

22 January 2025

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- South Africa ended 2024 with lower consumer food price inflation. After slowing to 1,6% in November 2024, the lowest level since October 2010, South Africa's consumer food price inflation slightly nudged to 1,7% in December. The products that underpinned the mild uptick in December 2024 were "oils & fats", "fruit", "vegetables", and "sugar, sweets, and dessert". Still, the price uptick in all these products was mild. The price inflation of other food products was roughly unchanged from the moderate levels we saw in November. The 2024 food price inflation averaged 4,1%, down from 11,0% in 2023.
- The broad story of the second half of 2024, when food product price inflation moderated notably, was the base effects and the recovery in supplies of various products. For example, in the second half of 2023, vegetable prices were elevated because of supply constraints due to load-shedding-related disruptions in some fields. Moreover, the avian influenza outbreak constrained egg supplies, exacerbating price risks. This was also the case with meat. In 2024, these challenges had eased, and the supply improved. For this reason, both vegetables and meat were deflated in November 2024 and remained low in December. Also worth noting is that grain prices faced upward pressure in 2023 following India's rice export ban. In 2024, India resumed rice exports, and prices slowed generally. The generally lower wheat prices also added to the moderation of grain-related product prices.
- For the first half of 2025, grain-related products remain the upside risk to consumer inflation following a surge in white maize prices in recent months because of the poor crop harvest due to the drought. For example, South Africa's 2023-24 maize harvest was 12,72 million tonnes, down 23% year-year. The strong demand from Southern Africa presented additional upside pressure on prices. From the second half of the year, prices should moderate as grain supplies recover because of favourable La Niña rains.

### Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research