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South Africa's consumer food price inflation nudged up in April 2025

- South Africa's consumer food price inflation accelerated to 3,3% in April, from 2,2% in the previous month. This increase was underpinned by the rise in price inflation of most of the products in the food basket, but most notably the cereal products, meat, oils and fats, and vegetables. This is unsurprising and reflects the pass-through of the higher agricultural commodity prices we observed at the end of last year and into the start of 2025, particularly with grains. In the case of meat, price increases are expected as a response to the slight recovery in consumer demand, which we have been highlighting in recent months. In the case of vegetables, we see the increases as a reflection of disruptions in field work caused by the excessive rains in recent weeks, which should be a temporary blip.
- Looking ahead, we suspect that the current mild quickening of food price inflation will prevail for much of the year's second and third quarters as the increases in the farm level of some of the key products, such as grains, continue to pass through to the retail level.
- Grain prices, while having softened recently, were elevated for much of the last quarter of 2024 and into the start of this year because of the tight maize stocks. There is generally a lag of three to five months before the increases at the farmgate begin to show at retail levels. Thus, while grain prices have now softened in anticipation of an ample harvest in the 2024-25 season, we will continue to see a different price direction in the food inflation basket for months. Still, we don't anticipate that the increases will be as sharp as the wheat and rice prices, which are other key cereals that have generally seen prices softening in the past few months.
- Regarding vegetables, the recent price increases partly reflect some regions' challenges with harvesting because of extra wet conditions. As such, we expect the prices to normalize in the coming months. Importantly, vegetables and fruits don't have a longer price lag than grains.
- In the case of meat products, the price direction may soon change because of the potential increase in domestic supplies. There is an outbreak of foot and mouth disease, resulting in a temporary closure of some key export markets and a likely rise in domestic red meat supplies. The counter factor to this possible moderating trend could be poultry prices. South Africa imports roughly 20% of its annual poultry consumption, and over two-thirds of imports from Brazil. There is now an outbreak of avian flu in Brazil, which could limit their poultry exports. Under such a scenario, the key determinant will be whether South Africa can boost domestic supplies or source additional imports from other regions. We suspect this may have slight upside pressures. Still, we think meat price inflation may be sideways to slowing. The recent uptick is unlikely to be a dominant trend in the coming months.
- South Africa's headline CPI was 2,8% in April 2025, down from 2,7% in March.