

Economy 

Spiralling oil prices could spell trouble for SA agriculture ... and consumers

Oil price shock could lead to a noticeable rise in consumer price inflation and higher interest rates.

 Nokukhanya Mntambo · 10 Mar 2026 ⌚ 04:03

CROOKES R18.01 3/16/2026, 10:29 AM	FIRSTRAND R87.89 -0.13% 3/16/2026, 10:29 AM	KAL GROUP R43.51 -1.34% 3/16/2026, 10:21 AM
RCL R8.86 -1.23% 3/16/2026, 10:18 AM	RFG R24.81 2.18% 3/16/2026, 9:31 AM	SASOL R193.13 0.59% 3/16/2026, 10:29 AM
BEE-SASOL R72.00 3/16/2026, 10:29 AM	STANBANK R295.22 0.28% 3/16/2026, 10:29 AM	TIGBRANDS R293.17 -0.03% 3/16/2026, 10:28 AM



One local economist says there is, so far, no scenario in which consumers come out unscathed. Image: AdobeStock

The South African agricultural industry has been cautioned to brace for tougher times as the US-Israel and Iran conflict enters a second week in the Middle East, with no signs of abating.

Some major oil producers, including Kuwait and the United Arab Emirates, have cut production to manage storage issues due to the closure of the Strait of Hormuz, pushing prices further.

Oil prices breached the ceiling on Monday, hitting levels above the \$100-per-barrel mark.

Read:

[Oil soars above \\$100 as Iran war forces more production cuts](#)

[SA bonds plunge as oil rise fuels inflation fears](#)

[Global bond selloff deepens as oil jump stokes stagflation fear](#)

The escalation has already raised fears of fresh inflationary pressures globally, and South Africa is no different.

Soon after the onset of the war, economists warned that the higher oil prices and weaker rand could add a few rands to the price of petrol and diesel. But it wouldn't end there.

Agriculture

Wandile Sihlobo, chief economist of the Agricultural Business Chamber of South Africa, says the conflict has put SA agriculture in a period of high input costs.

The sector faces the possibility of damaging fuel price increases as it enters the winter crop planting period and approaches the harvesting of citrus and summer grains.

These are all high-fuel-use periods.

"The other aspect we are watching closely is fertiliser prices, and no doubt we will see a surge in them soon," says Sihlobo.

Fertiliser is a significant cost of production in South Africa, with 80% of stocks being imported. Grain and sugar cane farmers are major users of fertiliser.

Food producers and retail

Keith McLachlan of Element Investment Managers, speaking on the MoneywebNOW podcast with Simon Brown on Monday (9 March), also weighed in on how the conflict will likely impact domestic food producers and retailers.

"I think we need to separate the food producers into those that have strong brands and those that offer commoditised products," he says.

"The commoditised products will pass on the costs, but they'll have to compete with the rest. So the commoditised ones will probably be all right, but they won't do spectacularly.

“And if the oil price comes back down, don’t expect those price decreases to happen as fast.”

“The branded ones will be able to pull the price lever a lot quicker – and it’s like a rocket taking off,” says McLachlan.

Consumers

Independent economist John Loos says there is so far no scenario where consumers come out unscathed.

Listen/read: [War-linked shipping delays threaten stock availability and costs in SA](#)

He says in a potential full-blown oil price shock scenario – with a resultant economic slowdown – transport and hospitality-related spending could be significantly impacted as consumers make spending adjustments.

“Should an oil price shock lead to a noticeable rise in consumer price inflation, the South African Reserve Bank could possibly start to hike interest rates,” says Loos.

“A higher cost of repaying outstanding credit would further eat into disposable income and raise the cost of many new credit-dependent purchases.”

The likely consumer spending response?

- › Cutting back on luxury and non-essential items;
- › Putting ‘postponeable’ spending (often essential items) on hold;
- › Postponing credit-dependent purchases such as homes, vehicles, furniture and appliances where possible;
- › Compromising on vehicle maintenance; and
- › Even cancelling certain forms of insurance or scaling back on medical cover.

Listen to that MoneywebNOW podcast with Simon Brown and Keith McLachlan (or read the transcript [here](#)):

[TOP STORY] \$100 oil risks reigniting food inflation

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