

South Africa's consumer food price inflation remained flat in September

- After a slight increase to 4,1% in August 2024, South Africa's consumer food price inflation remained unchanged in September. However, there was a mild deceleration in some products' price inflation, including "bread and cereals", "meat", "sugar, sweets and desserts". The "oils and fats" are in deflation. The "milk, eggs and cheese" remained flat from the previous month. These moderating price trends were countered by the slight increase in the price inflation of "fish", "fruit", and "vegetables"; thus leading to an unchanged headline consumer food price inflation in September 2024. The base effects of higher consumer food price inflation a year ago have contributed to the generally moderate trend of some products this year. For example, this time last year, there were risks of higher grain prices after India banned rice exports, and avian influenza, which spread in various regions of the country, led to constraints on egg supplies and, ultimately, upside price risks. We are far from that worrying reality, as India has resumed rice exports and South Africa's poultry product supplies have normalized.
- While having eased in September 2024, the grain-related products remain the upside risk to consumer inflation following a poor crop harvest due to the drought. For example, South Africa's 2023-24 maize harvest is estimated at 12,80 million tonnes, down 22% year-year. This sharp decline in harvest signifies the harsh impact of the 2024 mid-summer drought, and the regions most affected were the white maize growing areas, a staple crop that is also scarce in the world market. Thus, white maize prices have rallied in recent months, while yellow maize prices have remained sideways. The additional challenge is the continuous demand for white maize from the Southern African region through the first quarter of 2025. That said, we don't expect the potential grain-related product price increase to be substantial as the forecasts from the International Grains Council signal the possible ample global wheat and rice harvest in 2024-25, which could cushion the region as substitutes. The increase in the prices of vegetable products will likely be temporary and mirror the disruptions due to weather-related issues. We have already seen the volume of various vegetable products improving in some fresh produce markets.

Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research