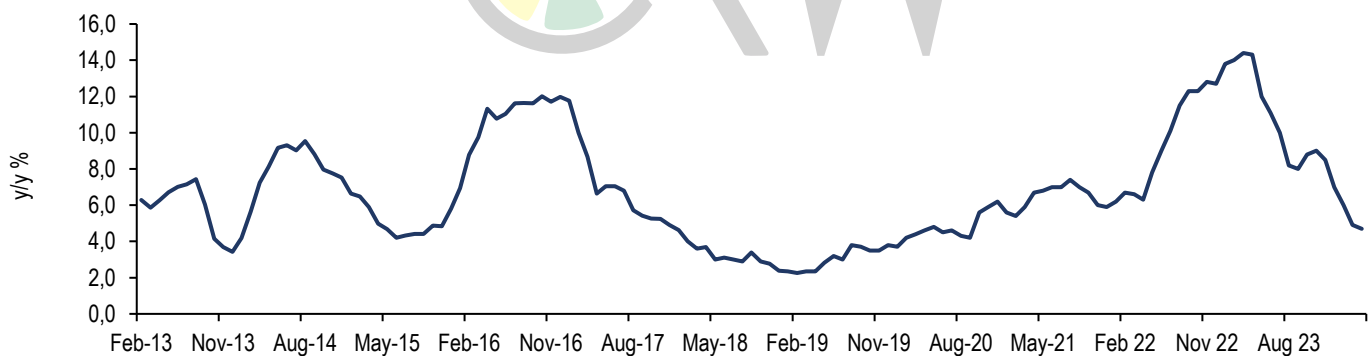


SA consumer food inflation decelerates further

- South Africa's consumer food inflation slowed to 4,7% in April 2024 (from 4,9% in the previous month). This was underpinned by the deceleration across most food products, except for "fruit and vegetables", which lifted mildly from the last month.
- The uptick in fruit and vegetables is mainly due to base effects, but these increases should remain mild as supplies of most products are abundant.
- A closer look at other major food products in the food basket shows the moderation in meat prices. This reflects an improvement in meat supplies after some constraints at the end of 2023 because of avian influenza. There is now anecdotal evidence that the restocking process is underway, and there is improvement in poultry product supplies nationwide.
- Moreover, the prices of rice and vegetable oils have continued to moderate due to increased global supplies, and South Africa is a significant importer of these products. Still, the exchange rate will also matter much in the months ahead, as South Africa imports ample volumes of wheat, rice, and palm oil.
- Overall, there remains increased uncertainty about South Africa's consumer food inflation path for 2024, with some upside risks in various products. Still, the underlying factors are not all one-sided, and one has to reflect on the price movements and weighting of multiple products when considering their food price forecast. Our primary concern remains the grains-related products in the food basket because of the domestic poor white maize harvest and the potential upside pressure on prices. South Africa's white maize harvest is down 25%, estimated at 6,4 million tonnes in the 2023/24 season. The risks of other food products are less pronounced, and recent price developments reflect this view.

Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research