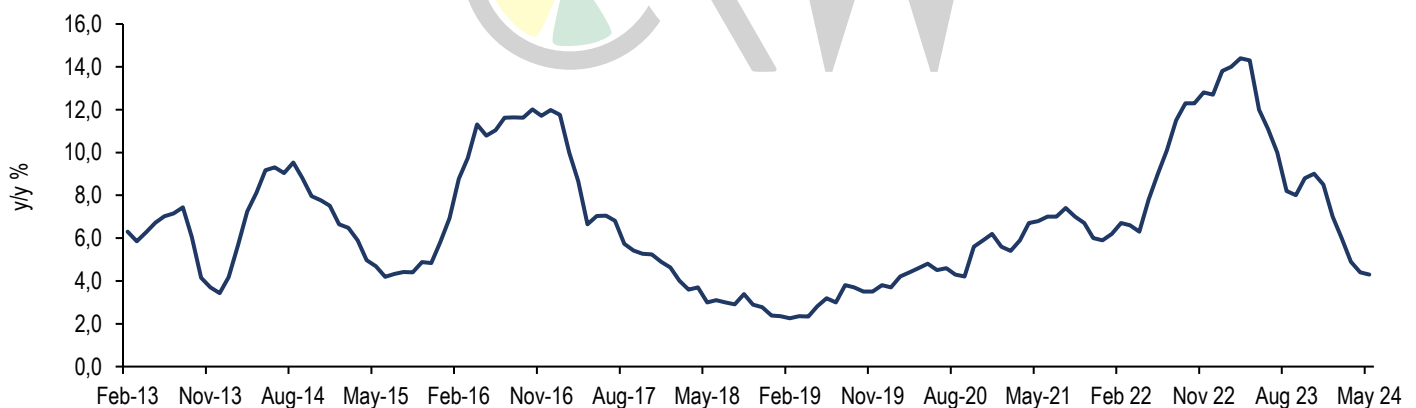


## A continued easing of SA consumer food inflation

- We continue to observe a welcome easing in South Africa's consumer food inflation. The data released this morning by Statistics South Africa shows that consumer food inflation slowed to 4,3% in May 2024, down from 4,4% in the previous month. This deceleration was primarily driven by price moderations in "bread and cereals", "milk, eggs and cheese", "oils and fats", and "sugar, sweets and desserts". Meanwhile, other products in the food basket experienced a mildly increase.
- However, in the coming months, we may start to see a slight change in the direction of consumer food price inflation, with potentially a slight uptick as the price increases of the past few months in the grain-related food products begin to filter through to the consumer. The mid-summer drought in South Africa resulted in a 25% decline in white maize harvest to an estimated 6,4 million tonnes. This led to a surge in white maize prices from the end of the first quarter to the second quarter. However, these price increases have not been fully reflected in grain-related food products, partly due to the lag between farm gate prices and retail prices. Despite this, we doubt if the increases will be sharper. The moderate wheat prices, supported by ample global supplies and a relatively firmer domestic currency, will somewhat mitigate the sharper price increase in this food category.
- Beyond the grain-related food products, "meat", "fish", "fruit", and "vegetable" prices may continue to show a slight uptick in the coming months. These price movements and our expectations of the price changes in grain-related food products may be sufficient to slightly nudge up the food inflation trend from the moderating trend we have observed in the past few months, even if ever more slightly. Globally, the [FAO Food Price Index](#) also shows a slight uptick monthly, mainly underpinned by increases in grains and dairy products.

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



Source: Stats SA and Agbiz Research