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SA consumer food price inflation ticked up in March 2025

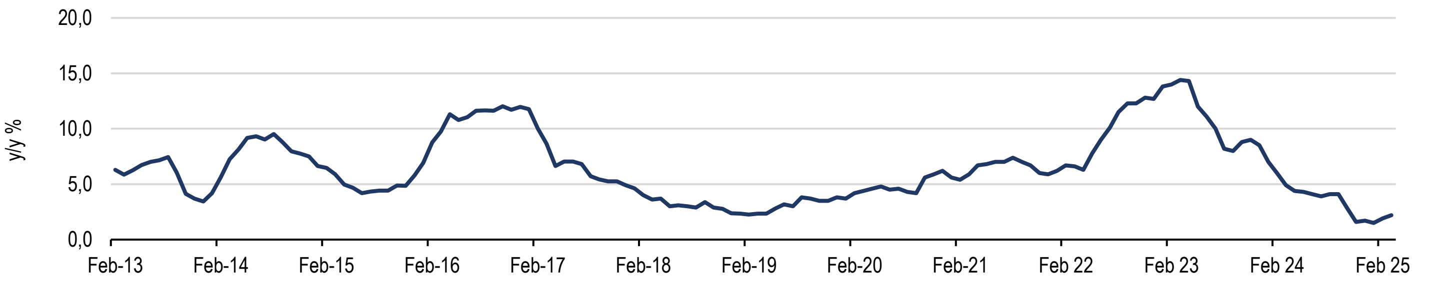
- South Africa's consumer food price inflation nudged to 2,2% in March 2025 from 1,9% in the previous month. Increases in the cereal products, meat, fish and other seafood ,fruit and nuts, and vegetables primarily underpinned this mild uptick.

- We suspect that the current mild quickening of food price inflation will prevail for much of the year's second quarter 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 between three and five months before the increases at Farmgate start 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 begin 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. We also expect fruit prices to soften as the citrus harvest season starts and we see domestic supplies recover. The harvest started this month in most regions. In the case of meat products, we expect a moderate lift in price inflation in the coming months, which is partly linked to a slight recovery in consumer demand. In conversations with many red meat producers, we continue to hear an encouraging message about a recovery in demand. Still, one will have to watch the impact of foot and mouth disease in provinces such as KwaZulu-Natal on prices. Ordinarily, when there is an outbreak and some export markets temporarily close, we see an artificial supply increase and a mild softening in prices domestically. We will get more clarity on this in the coming months.

- South Africa's headline CPI was 2,7% in March 2025, down from 3,2% in February.

Exhibit 1: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research