

23 September 2026

South Africa's consumer food price inflation remains at lower levels

- **South Africa's consumer food price inflation remains at lower levels on the back of the gains from the ample 2025-26 agricultural season. Consumer food price inflation is likely to remain at these moderate levels for the rest of this year and may tick up next year as fears of the expected El Niño drought start to show in various food product prices. Base effects will also drive up consumer food price inflation in 2027. The data released by Statistics South Africa this morning shows that consumer food price inflation nudged up to 0.7% in August 2026, from 0.6% in the previous month. These levels are still at the lowest last seen in 2010, except for last month's lower figure.**
- The key products keeping consumer food price inflation at these lower levels are mainly grain-related products, fruits and vegetables, which are all currently in deflation. Meat price inflation has also continued to moderate, showing that slaughtering activity continues, although fears of foot-and-mouth disease have added upside pressure on red meat prices over the past few months. The only products that nudged up in August were fish and seafood, milk, dairy products and eggs. Still, these products have lower weighting and therefore are not materially increasing the headline food price inflation figure.
- If we zoom in on the key products, cereal products are in deflation, as we are in yet another year of better grain production. South Africa's summer grains and oilseeds production is forecast at a record 21.6 million tonnes, up 5% from the 2024-25 season. This figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. This ample harvest adds to already large stocks from the past season, keeping grain prices under pressure. Similarly, fruits and vegetables are trending lower. Clearly, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest remains ample, thereby exerting continued downward pressure. The production conditions for vegetables remain broadly favourable. Regarding meat, the pace of cattle slaughter has declined somewhat, though not notably. Another factor to keep in mind is that during foot-and-mouth disease outbreaks, the country is typically temporarily closed to some export markets, increasing domestic supplies even if slaughter has declined somewhat. Base effects on meat prices, along with continued cattle slaughter, have helped ease price inflation. Poultry production conditions are also favourable.
- Looking ahead, the U.S.-Iran war remains the major near-term risk and is likely to drive higher fuel costs. Fuel accounts for a substantial share of food distribution costs. Notably, over 80% of staple food products are transported by road. In the medium term, the forecast El Niño drought is a concern, but it may only affect the direction of 2027 food price inflation, as it affects next season's crop, which will be planted from next month, mid-October, and come to market in mid-2027.
- South Africa's headline inflation was 4.4% in August 2026, up from 4.3% in July.