



FOOD INFLATION BRIEF

This Brief provides an overview of food inflation dynamics, its associated causes, and the cost of basic healthy eating for November and December 2024.






We also present a recap of food inflation dynamics in 2024.

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SUMMARY OF FOOD INFLATION METRICS – November & December 2024

		Year-on-year (YoY):	Month-on-month (MoM):	For more detail refer to:
Inflation: Food and non-alcoholic beverages (NAB)		+2.5% (Dec'24) +2.3% (Nov'24)	+0.2% (Dec'24) -0.4% (Nov'24)	Section 1 of this brief
CPI headline inflation:		+3.0% (Dec '24) +2.9% (Nov '24)	+0.1% (Dec '24) +0.0% (Nov '24)	
Contribution of inflation on food & NAB to CPI headline inflation:		0.5 percentage points (Dec '24) 0.4 percentage points (Nov '24)	0.0 percentage points (Dec '24) -0.1 percentage points (Nov '24)	
Food categories with highest inflation:		For December 2024: NAB Sugar & sugar-rich foods Fruit Fish Bread and cereals	For December 2024: Fruit Oils & fats Meat Sugar & sugar-rich foods	Section 2 of this brief
Food categories with lowest inflation:		For December 2024: Oils & fats Dairy & eggs Vegetables Meat	For December 2024: NAB Bread and cereals Dairy & eggs Fish Vegetables	

Cost of the BFAP

Thrifty Healthy Food Basket:

(For more detail refer to Section 3)



Dec '24: R3 833 /  / month
Nov '24: R3 803 /  / month

Indicators for selected factors affecting food prices in South Africa:

(For more detail refer to Section 4)

Global food commodity prices



FAO Food Price Index

Dec '24: +6.7% YoY (↓ cereal, sugar; ↑ dairy, oils, meat)
Dec '24: 0.5% MoM (Dec '24: ↑ meat; ↓ sugar, oils, dairy, cereals)
[Nov '24: +5.8% YoY, +0.5% MoM]

Exchange rate



R/\$ exchange rate

YoY appreciation of 2.6% (R18.18/US\$1 (Dec '24) vs R18.67/US\$1 (Dec'23)
MoM depreciation of 1.4% (R18.18/US\$1 (Dec '24) vs R17.94/US\$1 (Nov'24))

Rising costs in value chain



SA CPI index for:

'Electricity & other fuels': +11.4% YoY; 0.0% MoM

(Highest index values for 2024 in Q4 2024)

'Fuel': -10.2% YoY; +1.1% MoM

(Lowest index values for 2024 in Q4 2024)

SECTION 1: CPI headline and food inflation over time:

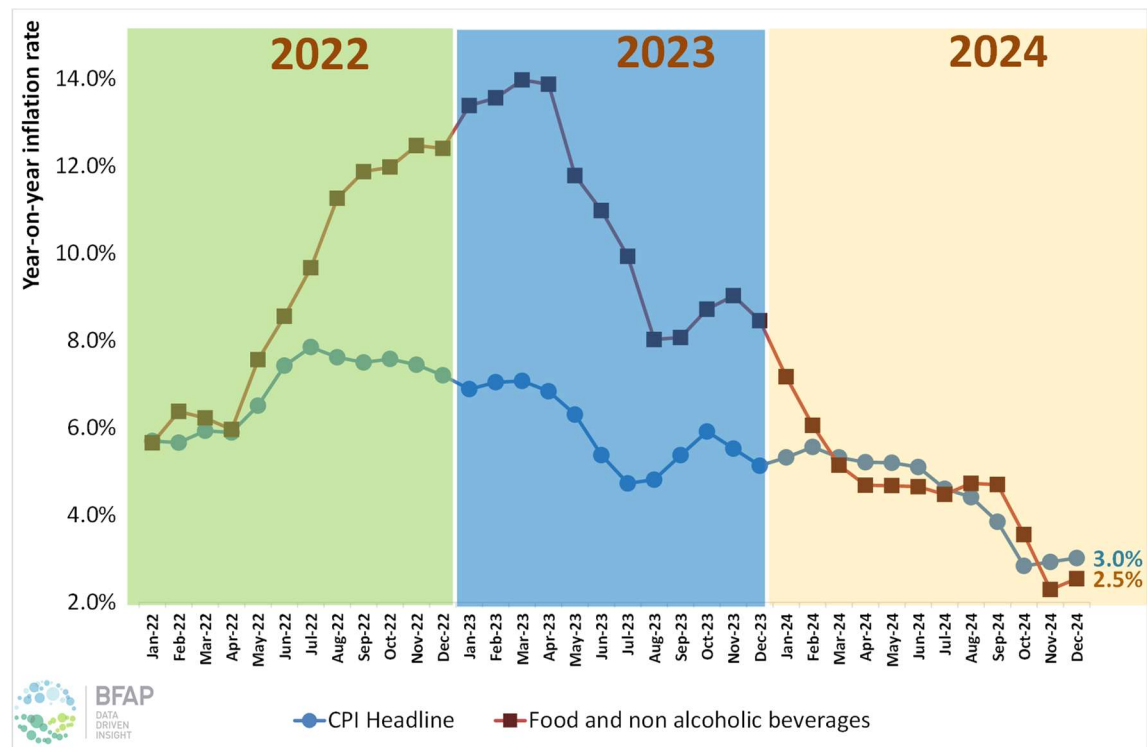


Figure 1: Year-on-year inflation 2022, 2023 & 2024 - CPI Headline and Food and NAB

Source: Stats SA, December 2024

- In 2024, CPI Headline inflation improved from 5.3% in Jan-24 to 2.8% in Oct-24, subsequently increasing to 3.0% in Dec-24. Food inflation improved from 7.2% in Jan-24 to 2.3% in Nov-24, followed by an increase to 2.5% in Dec-24.
- Even though both CPI Headline inflation and food inflation increased in the last two months of 2024, both indexes remained well below the upper limit of the inflation target bracket of 6%.

SECTION 2: The contribution of different food categories & food items to inflation:

- From January to December 2024, on average:**
 - The highest annual average YoY inflation among food categories was observed for: Sugar & sugar-rich foods (11.7%) > NAB (8.7%) > Dairy & eggs (7.2%) > Vegetables (5.2%) > Bread & cereals (5.0%).
 - The lowest inflation was observed for Oils & fats (-1.7%), meat (0.8%) and fruit (4.2%) in 2024.
- Looking at the most recent month, December 2024:**

Table 1: Inflation on food categories in December 2024 (Source: Stats SA, December 2024)

Category:	YoY inflation	MoM inflation	Comments:
Bread and cereals	3.7%	-0.2%	-
Meat	-0.4%	0.5%	3 rd Highest MoM inflation among categories.
Fish	4.6%	-0.3%	-
Dairy & eggs	2.1%	-0.2%	-
Oils and fats	2.3%	0.8%	2 nd Highest MoM inflation among categories.
Fruit	4.9%	3.8%	Highest MoM and 3 rd Highest YoY inflation among categories.
Vegetables	0.5%	-0.4%	-
Sugar & sugar-rich foods	6.8%	0.4%	2 nd Highest YoY inflation among categories.
Non-alcoholic beverages	8.7%	-0.1%	Highest YoY inflation among categories

Table 2: Commonly purchased food items with high YoY inflation rates in December 2024

≥20%	≥10% to <20%	≥5% to <10%	Deflation
<ul style="list-style-type: none"> Avocados 	<ul style="list-style-type: none"> Mutton/Lamb offal Cabbage Oranges, bananas Dried beans Coffee, tea 	<ul style="list-style-type: none"> Rice, maize meal Cucumber, tomatoes, carrot, beetroot, frozen vegetables Beef offal, polony, ham Frozen fish fingers, frozen hake Peanut butter Powdered milk Brown sugar 	<ul style="list-style-type: none"> Pasta, potatoes, wheat flour, instant noodles Onions, broccoli, pumpkin, lettuce, sweet potatoes Papaya, pears, pineapple Various beef, mutton/lamb, pork and chicken cuts / options, eggs Sunflower oil (incl canola oil) Sugar-rich foods

Let’s recap YoY inflation on prominent foods in SA for 2024:

<i>In 2024, the highest inflation was observed for:</i>	<i>In 2024, the lowest inflation was observed for:</i>
<ul style="list-style-type: none">Starch-rich foods: rice, frozen potato chips, sweet potatoes, potatoesFruit: papaya, oranges, apples, avocadosProteins from livestock products: eggsLegumes: peanut butter, dried beansNAB: Ceylon tea, coffee, Rooibos teaWhite sugar.	<ul style="list-style-type: none">Starch-rich foods: pastaVegetables: lettuce, onions, pumpkinProteins from livestock products: various beef cuts, various mutton/lamb cuts, various pork cutsSugar-rich foodsSunflower / canola oil.
<i>In the 4th quarter of 2024, increasing inflation was observed for:</i>	<i>In the 4th quarter of 2024, decreasing inflation was observed for:</i>
<ul style="list-style-type: none">The dominant staple food in South Africa: maize mealRed meat: beef, pork, mutton/lambOther animal-sourced foods: frozen fish and milkThe dominant plant oil consumed in South Africa: sunflower / canola oilVarious fruits: oranges, bananasVarious vegetables: potatoes, spinach, tomatoes, pumpkin, onionsA popular ready-to-eat plant protein food in South Africa: canned baked beansWhite sugar and Rooibos tea.	<ul style="list-style-type: none">Important staples foods in South Africa: rice, bread, wheat flourThe dominant meat type in South Africa: chickenA popular ready-to-eat fish protein food: canned fishOther animal-sourced foods: cheddar cheese, eggsImportant legume-based foods: peanut butter, dried beansA dominant plant oil-based food: margarineSelected fresh produce: apples, cabbage, carrots, sweet potatoesPopular non-alcoholic beverages: instant coffee and Ceylon tea.

SECTION 3: The BFAP Thrifty Healthy Food Basket (THFB)#

- In 2024, the average cost of the BFAP THFB amounted to R3 635 (4.2% higher than in 2023, compared to a more severe increase of 11.3% for 2022/23).
- The highest value of the BFAP THFB was observed in May 2024 (R3 852/household/month).
- After decreasing from May’24 to July’24, the BFAP THFB showed an increasing trend, from R3 761 (July ’24) to R3 833 (December ’24) (+R72).
- The BFAP THFB was relatively more affordable in 2024 than in 2023. In 2023 a household with two full-time wage earners who also benefited from Child Support Grants and school meals had to spend 32.1% on average of available income on the basket, compared to a slightly improved expenditure share of 31.0% for 2024.



THFB – December 2024:

R3 833/  /month

Month-on-month change: +R30 / +0.8%

Year-on-year change: +R139 / +3.8%

Affordability*: 30.9% food expenditure share

(NOTE: Slightly worse affordability compared to Nov 2024 [30.7% expenditure share])

The BFAP Thrifty Healthy Food Basket (THFB) measures the cost of basic healthy eating for low-income households in South Africa. The methodology considers national nutrition guidelines, typical food intake patterns of lower-income households, official Stats SA food retail prices, and typical household demographics. Consisting of a nutritionally balanced combination of 26 food items from all the food groups, the BFAP THFB is designed to feed a reference family of four (consisting of two adults, an older and a younger child) for a month. The BFAP THFB comprises a smaller staple component and relatively more items from food groups contributing to dietary diversity than the CPI index. The CPI index is more reflective of ‘typical’ food preferences.

SECTION 4: Drivers and expectations

Looking back at 2024:

In 2024 international food commodity prices, as measured by the FAO Food Price Index (FPI), contracted (-2.1%) from its 2023 value (see Figure 2).

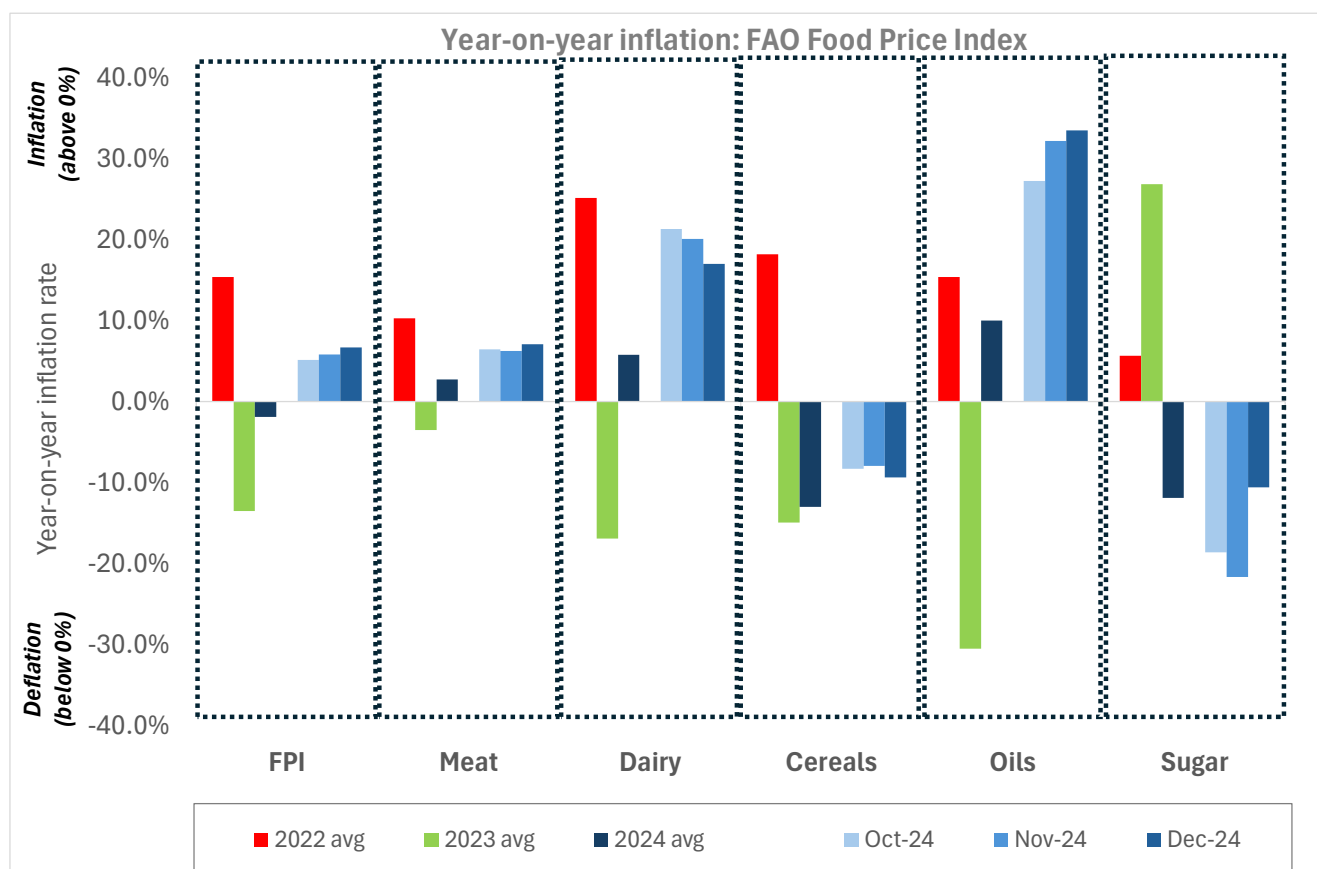


Figure 2: The FAO Food Price Index

Source: FAO, 2024

Prices in the respective food commodity groups showed mixed trends in 2024 in terms of average year-on-year changes. Cereal and sugar prices dipped below -10%, while vegetable oils, dairy and meat prices were higher by 10.0%, 5.8%, and 2.7% respectively.

- The cereal price index was down given softer prices for wheat and coarse grains. In the global maize market, adverse weather conditions influenced planting, harvesting and crop development, specifically in Brazil, the EU, the USA and the Russian Federation. Also, the logistical challenges caused by damage to shipping infrastructure, following conflict in the Red Sea and Black Sea regions, have disrupted maritime routes and kept maize prices up for some months. However, positive production prospects softened prices towards the end of the year.
- Declining sugar prices were largely driven by record sugar exports from Brazil and an optimistic global supply outlook for the 2024/25 season.
- Vegetable oil prices found support from various factors, including elevated crude oil prices, tight global supply of palm oil amid El Nino weather, growing demand from the biodiesel sector, as well as geopolitical tensions that continue to affect trade routes for sunflower. On the oilseed side, challenging weather conditions have negatively impacted planting and/or harvesting in South America (soybeans) and crop conditions in Europe (sunflower and canola), pushing prices up.
- Dairy prices were generally on an upturn, underpinned by geopolitical tensions disrupting supply chains and restrained export availability in the EU.
- Highlights from the meat market are the strong demand for beef, specifically from the US where supply is tight given a reduction in cattle inventory. The global poultry industry faced outbreaks of the Highly Pathogenic Avian Influenza (HPAI) and Newcastle Disease (ND), leading to trade restrictions. On the other hand, average pig meat prices decreased due to weaker import demand, especially from China.

Local commodity markets are driven by global market trends, the exchange rate, and local supply and demand dynamics. For 2024 these included:

- Lower production due to *El Nino* induced weather led to an upswing in maize prices. White maize production in particular declined substantially due to the drought conditions being worse in the Western production regions. Price gains were further exacerbated by strong demand for South African maize in the rest of Southern Africa, where harvests were also lower due to the dry conditions. This affects mostly white maize, resulting in a persistent price premium for white maize over yellow maize through 2024. Yellow maize is more readily available on the international market, enabling import flows to close the local shortfall. While yellow maize imports already started in May 2024 (from Argentina), the first white maize imports only arrived in early January 2025 from the USA. A strengthening rand against the dollar has helped to cap price hikes between October and November 2024.
- Consumer demand dynamics, seasonal supply fluctuations, animal disease impacts, world market dynamics and the exchange rate have driven mixed trends in meat prices. While poultry prices have eased following recovery from the Avian Influenza outbreak in 2023, pig meat prices were up marginally amid reports of African Swine Fever in early 2024 and the persistence of high feed costs. In the beef industry, export performance has been strong, aided by rising world prices as well as the reestablishment of Limpopo and Mpumalanga's FMD-free status, with the previous outbreak being brought under control in these provinces.
- Prices eased in the local dairy sector as stable electricity supply enabled increased milk production in 2024.
- Seasonality continues to be the main determinant of prices in the fruit industry. On the contrary, market forces such as challenging weather conditions that included extreme heat waves and frost damage in some regions constrained supply, and determined price trends in the vegetable market.

Food price drivers for December 2024:

Grains:

Global wheat prices remained steady in December, with supply concerns in Russia offsetting downward pressure from weak global demand and improved harvests in Argentina and Australia. Maize prices saw a slight increase, fuelled by stronger demand for Ukrainian exports and tighter USA supplies.

In the local grains market, maize prices continued to climb, backed by a weakening exchange rate, stronger international prices, and uncertainty about the 2025 planting season amid relatively depleted carry-over stock. The spot white maize price was up by 8.0% to a new record level, while yellow maize increased by 7.8%. Year-on-year price comparisons for December reflect significant increments in white maize prices (51.4%), while yellow maize increased by 29.4%. While much-needed rain has fallen over most of the main producing regions since December, rains have been either late or sporadic in some regions. In addition, wet weather conditions have delayed planting in some regions. Although it is still early in the season, it is expected that tight stock levels and existing export demand from the region will continue to drive prices in the earlier months of 2025. Domestic prices for other grains, specifically wheat, remained steady.

Meat:

Global meat prices edged higher by 0.4% from November, reversing three months of declines. This is attributable to growing prices for bovine meat (2.0%) fuelled by strong global demand, mostly in China and the USA. The USA has seen large reductions in the national herd driving import growth in recent years. Also, prices for ovine products improved (1.6%) due to robust worldwide demand (especially in Asia and the Middle East) and production constraints brought on by regular end-of-year maintenance shutdowns at processing facilities in significant exporting countries. Similarly, a decline in the number of animals in Australia that were ready for slaughter also contributed to a rise in the price of ovine meat along with increased and strong demand in the Middle East, Asia (China), and to an extent in Africa. However, pig meat prices fell (-1.3%), influenced by weak demand in the European Union and higher domestic production in China, a major importer of pork. Poultry prices dropped slightly (-0.5%) amid abundant exports from Brazil.

In the domestic meat market, prices were generally higher given strong demand over the festive season and are in line with the global market and exchange rate movements. In December 2024, weaner calf prices were flat (0.01%), with an overall Q4 recovery of 1.8%. The average A2/A3 beef carcass prices moved higher by 7.7%, the highest MoM increase in 2024, supported by stronger international beef prices and increased demand in December. The price for Individually Quick Frozen (IQF) chicken was higher by 5.0% in December from November – this reflects improvements in the consumer environment, festive season demand and a weaker Rand, which boosted the cost of IQF imports which had increased in 2024 due to the introduction of temporary import tariff rebates earlier in the year to mitigate the impact

of HPAI. The sheep meat price (average A2/A3 carcass) was also up by 3.0%, while pig meat prices softened (-0.3%). The livestock sector is anticipated to rebuild and recover further following outbreaks of animal diseases, as feed production recovers (yellow maize and veld grazing) with the prerequisite that La Nina rains are sustained in the rest of the summer.

Dairy:

In December 2024 the prices of butter, cheese and skim milk powder were pushed down by reduced demand globally and excess supply (butter). On the other hand, the strong demand in Asia and the limited supply in Western Europe caused whole milk powder to rise.

In South Africa, the latest available data (November 2024) from StatsSA indicates a further reduction in milk prices from previous months. The milk producer price index (PPI) was lower by 3.2% in November from October. The index was also down YoY (-7.7%). Monthly milk production was generally higher in 2024 compared to the past 3 years, continuously pushing prices down. On the other hand, while the price index for raw milk has declined, the combined maize and soybean price index (70% of the yellow maize price and 30% of the soybean price) increased. Weather conditions in the summer rainfall region determine the production of grazing pastures, hay, silage and concentrated feed ingredients, yellow maize and sunflower. How the weather plays out will impact milk production and prices in the coming months.

Oils:

Prices for soybean, canola, and sunflower oils all declined in December, having increased substantially for several months before that. Palm oil prices continued to rise due to heavy rains and flooding affecting production and logistics in major Southeast Asian producing countries, as well as a potential rise in Indonesia's palm oil use for biofuel following the introduction of a higher blending mandate. This led to elevated export taxes and levies in Indonesia. Conversely, soya oil prices fell because of ample crushing in Argentina and weaker demand in the USA. Soft demand moved canola and sunflower oil prices down. Early production prospects for 2025 in the Southern Hemisphere, particularly Brazil, are such that prices fell in the oilseeds market, particularly soybeans. Oilseed prices remain high compared to the first half of 2024.

The domestic oilseed market showed mixed price trends in December, with soybean prices increasing MoM (1.7%) and sunflower seed prices declining (-4.6%), both tracking global trends combined with a weak exchange rate. In the soybean market, the smaller crop in 2024 continues to impact prices owing to reduced stock levels and crush volumes. This bolstered soybean product imports, both meal and oil, which in turn influenced domestic prices for beans. Similar to maize, intentions to plant indicate a revival in the area planted in 2025 compared to 2024, although the difficult start to the season has resulted in varying crop conditions in different regions.

Fresh Produce

The fresh produce sector registered lower volumes (-1.0%) and higher value (3.5%) in December. Looking at trends in the vegetable market, potato volumes increased by 10.1% in December 2024 compared to December 2023, while prices are 17.0% lower compared to a year ago. Prices did follow 2023 YTD fairly well, and so it could be that producers anticipated that prices would hold. An expansion in the planted area and the increase in volumes resulted in a decrease in price in October, with prices trending below 2023 levels ever since. Onion volumes were more by 10.6% in December 2024 compared to December 2023, while prices are 6% lower compared to a year ago. Although the monthly price trend followed the pattern of 2023 quite consistently throughout 2024, it was from a lower level as prices, on average, are 21% down year-on-year. Tomato volumes are comparable to November 2024, prices are 10.0% higher than December 2023 and 25.6% higher than December 2022. Full year volumes are 8% less than a year ago. After the cold weather in Limpopo that troubled producers of various crops, the lower supply to the market in August and September was followed by restoration of volumes in October.

The supply to the domestic market of fruit in season was generally lower because of better export opportunities in the absence of loadshedding. Apple sales volumes on the municipal markets were slightly lower than in 2024, while the volume of avocados available domestically was down by a third, with a corresponding price impact (41.2%) in December 2024 compared to a year ago. The banana market remained stable YTD, but with a modest increase in volume and price. Volumes are still nowhere near the 2022 levels, with prices consequently also substantially higher.

Sugar:

International sugar prices shrunk (-5.1%) from November and moved below the previous year's levels by 10.6%. This decline was driven by higher-than-expected sugar production in Brazil and a weaker Brazilian Real. Improved prospects for Brazil's 2025 sugarcane harvest and the ongoing crushing season in India and Thailand also contributed.

Looking ahead:

Given the current low level of food inflation and the uncertainty around the summer crop following a difficult start to the season, prices of grain and oilseed products could be expected to remain elevated through the first quarter of 2025. This would be expected to support some increases in food inflation through early 2025, but from a low level. How long the higher prices last will very much depend on the ultimate size of South Africa's summer crop, but if the widespread rain that fell in January is sustained through February and March, food inflation would be expected to stabilize again through quarter 2. Another factor that influences food inflation is the exchange rate, owing to its price influence on products that are frequently traded in the global market. With ample uncertainty globally since the inauguration of President Trump in the USA, as well as growing concerns about the stability of the GNU in South Africa in recent weeks, the Rand has depreciated. An acceleration in this trend would drive increased food inflation, but the converse is also true if the Rand were to strengthen.

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