FOOD INFLATION BRIEF

This BFAP Brief provides an overview of food inflation dynamics, its associated causes, and the cost of basic healthy eating based on February 2025 food prices.

BFAP
DATA DRIVEN INSIGHT

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SUMMARY OF FOOD INFLATION METRICS – February 2025 prices

		Year-on-year (YoY):	Month-on-month (MoM):	For more deta refer to:
Inflation: Food and non-alcoholic beverages (NAB)		+2.8%	+0.4%	**Section 1 of this brief**
CPI headline inflation:		+3.2%	0.9%	
Contribution of inflation on food & NAB to CPI headline inflation:		0.5 percentage points	0.1 percentage points	
Food categories with highest inflation:		NAB Fruits and nuts Sugar & sugar-rich foods Fish and other seafood Cereal products Oils and fats	Fruits and nuts Cereal products Fish and other seafood NAB	**Section 2 of this brief**
Food categories with lowest inflation:		Meat Dairy & eggs Vegetables	Vegetables Oils and fats Dairy & eggs Meat	

Cost of the BFAP Thrifty Healthy Food Basket

(For more detail refer to Section 3)

Feb ’25: R3 889 / / month

Jan’25: R3 870 / / month

Indicators for selected factors affecting food prices in South Africa:

(For more detail refer to Section 5)

Global food commodity prices

FAO Food Price Index

+8.2% YoY (Inflation on oils, dairy, meat; Deflation on sugar, cereals)

+1.6% MoM (Inflation on sugar, dairy, oils, cereals)

Exchange rate

R/$ exchange rate

YoY appreciation of 2.6% (R18.50/US$1 (Feb’25) vs R19.00/US$1 (Feb’24)

MoM appreciation of 3.0% (R18.50/US$1 (Feb’25) vs R18.72/US$1 (Jan’25)

Rising costs in value chain

SA CPI index for:

‘Electricity & other fuels’: +11.9% YoY; +0.1% MoM

‘Fuel’: -3.6% YoY; +3.9% MoM

SECTION 1: CPI headline and food inflation over time:

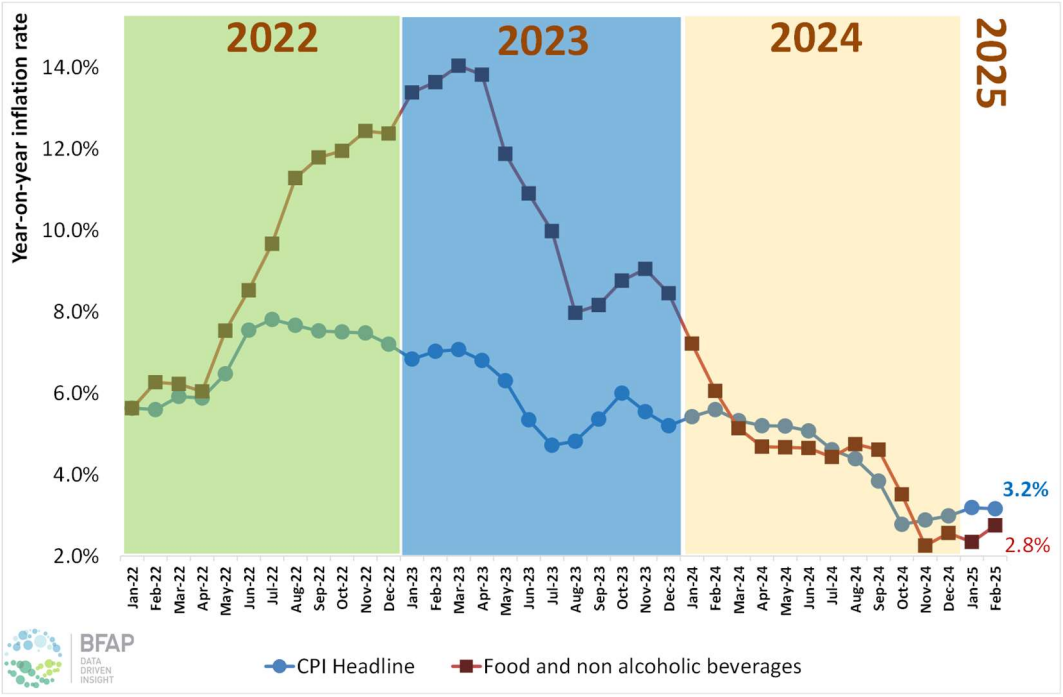

Figure 1: Year-on-year inflation 2022, 2023, 2024 & 2025 to date - CPI Headline and Food and NAB
Source: Stats SA, March 2025

CPI headline YoY inflation remained at 3.2% in February 2025, while YoY inflation on food and NAB increased to 2.8%. After a turning point of 2.3% in November 2024, YoY inflation on food and NAB has edged higher over the last three months, increasing by 0.5 percentage points. In February 2025 YoY inflation on food and NAB remained below the 6% upper-limit inflation target for the 12th consecutive month.

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

Table 1: Inflation on food categories in February 2025 (Source: Stats SA, February 2025)

Category:	YoY inflation	MoM inflation	Comments:
Cereal products	3.9%	1.0%	*2nd Highest MoM inflation among categories.*
Meat	0.0%	0.0%	-
Fish and other seafood	4.8%	0.8%	*3rd Highest MoM inflation among categories.*
Dairy and eggs	1.3%	0.0%	-
Oils and fats	2.3%	-0.4%	-
Fruits and nuts	6.8%	1.8%	*Highest MoM and 2nd Highest YoY inflation among categories.*
Vegetables	1.7%	-0.6%	-
Sugar & sugar-rich foods	5.5%	0.1%	*3rd Highest YoY inflation among categories.*
Non-alcoholic beverages	8.5%	0.6%	*Highest YoY inflation among categories.*

Table 2: Commonly purchased food items with high YoY inflation rates in February 2025

≥20%	≥10% to <20%	≥5% to <10%	Deflation
• Fruit juice concentrates • Instant coffee	• Maize meal, samp • Cabbage • Apples , bananas • Dried beans • Ceylon tea, canned fizzy drinks	• Hot cereals, some baked goods • Ham, polony • Spinach, cucumber, carrots, lettuce, peppers, frozen vegetables • Hake (fresh / frozen), canned pilchards • Powdered milk • Peanut butter • Rooibos tea, Amageu, mineral water • White sugar, some sugar-rich foods	• Wheat flour, pasta, potatoes, sweet potatoes • Beef (brisket, chuck, fillet, mince, corned meat) • Chicken (whole fresh, fresh portions, giblets) • Pork (fillet, ribs) • Sausages (beef, pork, mutton) • Eggs • Fresh low fat milk • Pumpkin, prepared salads • Avocados, oranges, pears • Brick margarine • Peanuts

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

THFB – February 2025:

R3 889/ /month

Month-on-month change: +R19 / +0.5%

Year-on-year change: +R155 / +4.1%

Affordability*: 31.4% food expenditure share

(Deteriorating from January 2025 [31.2%])

 # 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: Comparing food inflation in South Africa to other countries / regions

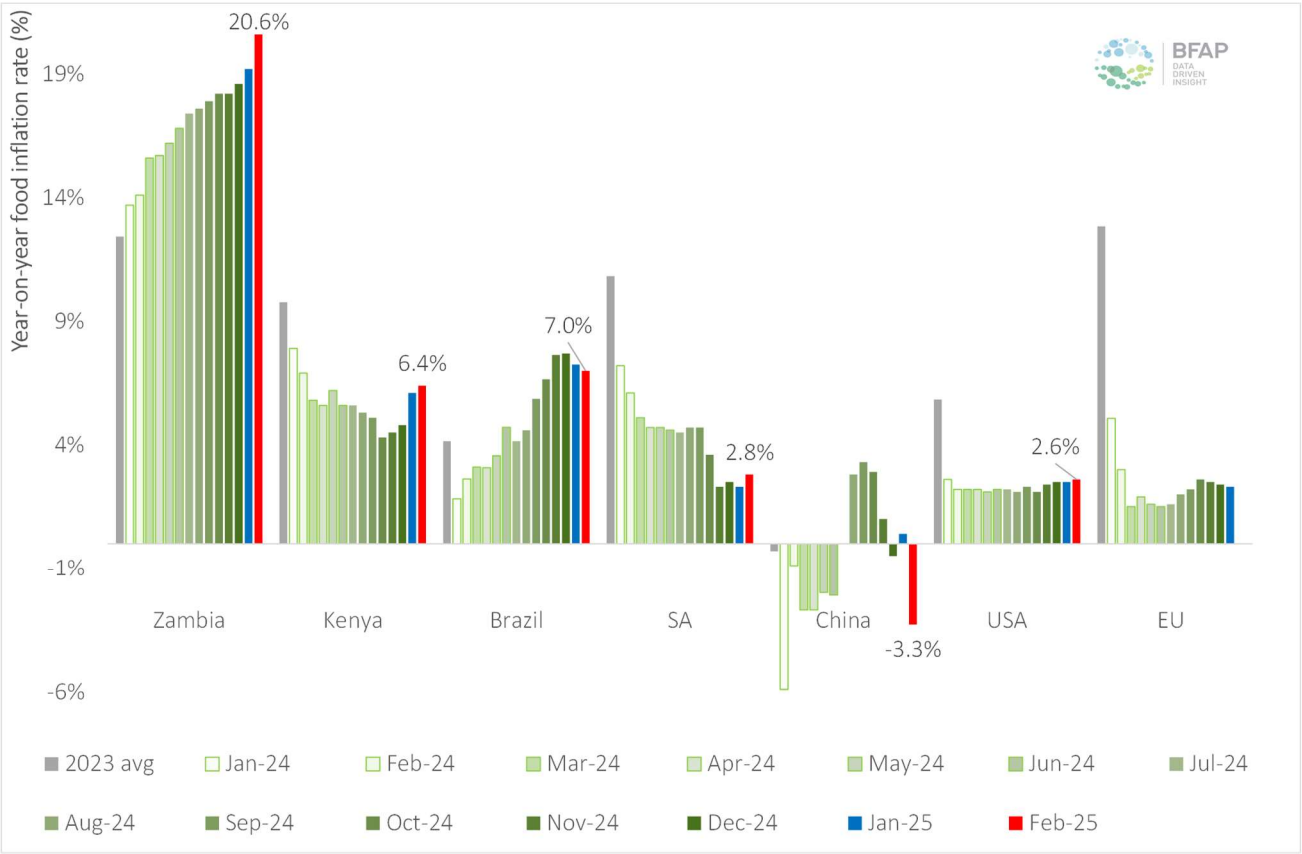

Figure 2: International food inflation comparison

Source: Official food inflation figures of the various countries/regions reported by national statistical agencies

Which countries/regions presented in Figure 2 had the highest and lowest food inflation in Jan and Feb 2025?

Highest food inflation overall in:

- Zambia, Brazil, Kenya

Lowest food inflation overall in:

- China, EU, USA, SA

Which countries/regions presented in Figure 2 had higher food inflation in Jan/Feb 2025 than South Africa?

Higher food inflation than in SA:

- Zambia, Brazil, Kenya

Lower food inflation than in SA:

- China, EU, USA

Is food inflation increasing or decreasing in the countries/regions presented in Figure 2 from Dec 2024 to Feb 2025?

Increasing food inflation:

- Zambia, Kenya, South Africa

Decreasing food inflation:

- Brazil, China, EU

SECTION 5: Drivers and expectations

The ***FAO Food Price Index (FPI)*** reached 127.1 index points in February 2025, 8.2% higher than a year ago and 1.6% higher than in January 2025, but still lower than the most recent index value high of 127.7 in November 2024. From January 2025 to February 2025 the most significant price increases were observed for sugar (+6.6% MoM) followed by dairy (+4.0% MoM) and edible oils (+2.0% MoM), while low inflation was observed for cereals (+0.7% MoM) and a horizontal price movement for meat. Compared to February 2024 (YoY change) (Figure 3) the most significant inflation was observed for oils (+29.1%), followed by dairy (+23.2%) and meat (+4.9%), while YoY deflation was reported for sugar (-15.8%) and cereals (-1.1%).

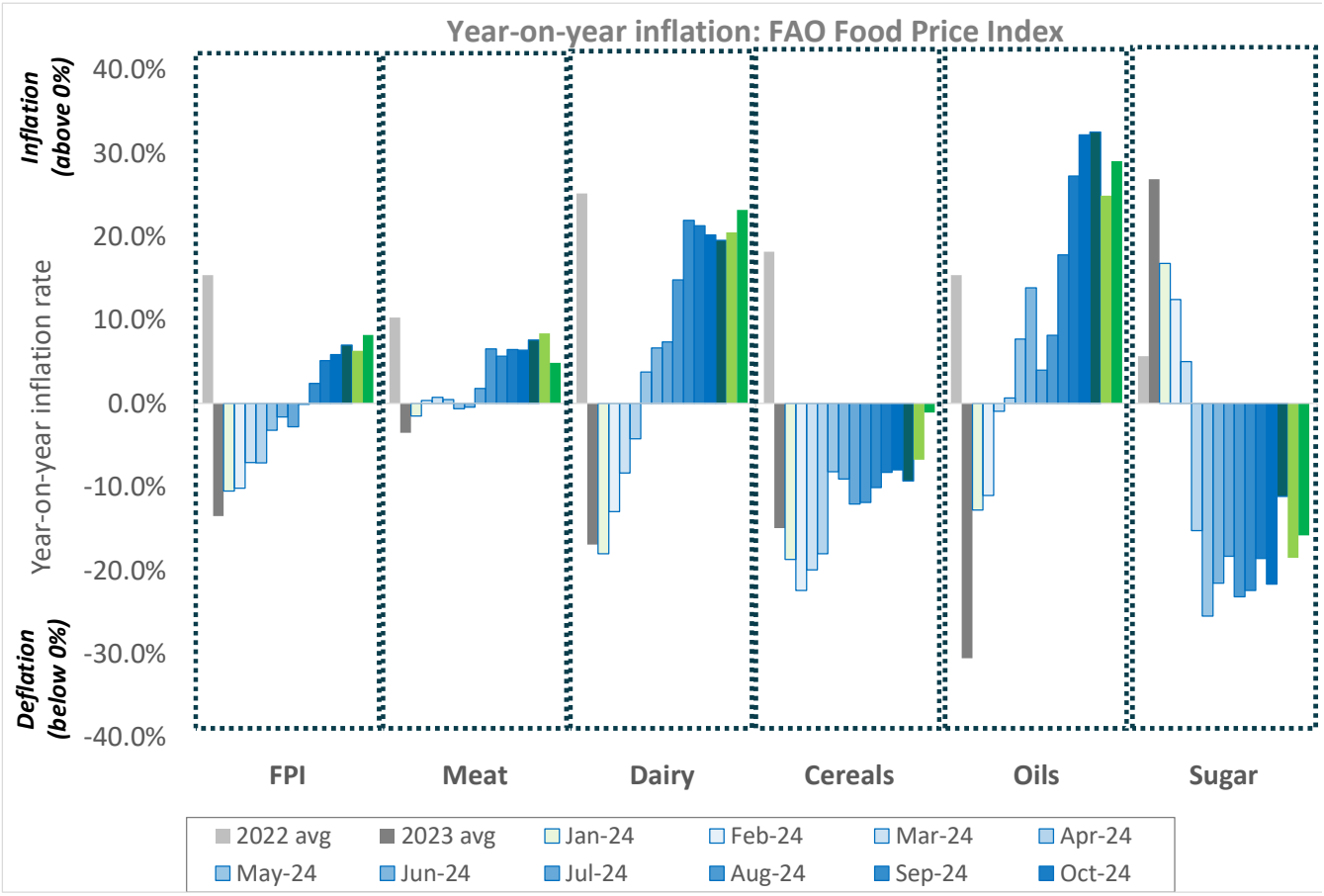

Figure 2: The FAO Food Price Index

Source: FAO, 2025 (https://www.fao.org/worldfoodsituation/foodpricesindex/en/)

Grains: Globally, wheat prices rose due to concerns over crop conditions in parts of Europe, Russia, and the United States. Tighter domestic supplies in the Russian Federation, which limited export volumes and shifted import demand to other suppliers, further added to price pressure. Global maize prices maintained their upward trend in February, driven by reduced seasonal supplies in Brazil, deteriorating crop conditions in Argentina, and robust export demand for U.S. maize, mainly from Japan, Mexico, South Korea, Colombia and Portugal.

In South Africa, grain prices moved counter to global trends due to a stronger rand relative to the dollar. Although summer crop prices are still higher compared to a year ago, the arrival of some US white maize imports in February eased some of the short term stock concerns and improved weather prospects that underpin the expected rebound in production from 2024 levels, further helped ease prices. The decline in prices in February was the first since May/June 2024, with prices down by 15.0% and 9.7% for white and yellow maize, respectively. Consecutive months of increases had been driven by tight domestic stock levels from 2024's low production, strong regional demand, and uncertainty about the 2025 season's production outlook due to the late start. In the wheat market, prices remained stable as the stronger exchange rate offset international price movements.

Oilseeds and edible oils: Global ***oilseed*** prices continued to rise in February, driven by higher prices for soybeans and canola seeds. The strong demand for crushing, due to profitable processing margins in Brazil and the U.S., along with ongoing concerns about dry conditions in key growing areas of Argentina, kept soybean prices elevated. In the canola market, global supply is tightening while demand for crushing remains strong, particularly in Canada. Conversely, despite tight global supplies, sunflower seed prices declined due to rapid export sales from key exporters in the Black Sea region. Increased production is expected to alleviate global supply constraints from March to August 2025. Domestically, oilseed prices fell by 5.5% for soybeans and 5.8% for sunflower. These price movements align with international trends (sunflower), a stronger exchange rate, and positive prospects for the current summer crop.

Global prices for all ***edible oils*** increased month-on-month, pushing the FAO Vegetable Oil Price Index up in February. Palm oil prices recovered after the brief decline in January, remaining more expensive than other oil types, where it would normally be the most affordable. This increase is attributed to seasonally reduced output in Southeast Asia and anticipated higher biodiesel demand in Indonesia due to the introduction of a higher blending mandate. Soybean oil prices rose due to strong global demand, as many consumers opted for the more affordable soybean oil over palm oil. Meanwhile, sunflower and canola oil prices also increased largely due to concerns about potential supply shortages in the coming months amid ongoing demand strength.

Meat: In the global meat market, poultry prices fell in February due to ample global supplies, especially from Brazil, despite the spread of Highly Pathogenic Avian Influenza (HPAI) in the U.S. Pig meat prices also dropped in the EU, due to a surplus following the imposition of trade restrictions on Germany after the detection of foot and mouth disease (FMD). Conversely, ovine meat prices increased due to strong global demand and reduced export volumes from New Zealand, but the magnitude of the increase was limited by higher slaughter rates in Australia. Bovine meat prices also increased moderately, with rising prices in Australia driven by strong U.S. demand offsetting softer prices in Brazil where supplies were plentiful.

The local meat market showed mixed trends. Prices for poultry, using Individually Quick Frozen (IQF) portions as a reference, fell following international trends, while the exchange rate supported a bigger decline locally. In the beef market, beef carcass prices were also down, suggesting increased supply following the mid-summer drought experienced between December and January. The weaner calf price continued its upward trend, driven by rising demand from feedlots in anticipation of Easter and expected reductions in feed prices with the summer crop harvest. Pig and sheep meat prices rose month on month, reflecting higher sheep meat prices globally, and persistently high feed costs that affect intensive pork production systems. In addition, slaughter numbers were marginally down in the pig market.

Animal disease outbreaks remain a concern in the local livestock industry. In the pork sector, no new African Swine Fever (ASF) outbreaks were reported following the confirmation of new cases in the Eastern Cape and North West provinces in January 2025. However, new cases of FMD emerged in KwaZulu-Natal in February 2025. In the poultry sector, the potential spread of Highly Pathogenic Avian Influenza (HPAI), carried by migratory wild birds from Europe, has raised significant concerns about vaccine availability and access as we approach the winter months. While HPAI is introduced by migratory birds travelling south to more favourable habitats during summer, the virus tends to thrive in cooler temperatures. On the other hand, egg producer prices are declining reflecting the ongoing recovery from the last HPAI outbreak, providing relief to consumers at the retail level.

Dairy: Global dairy product prices increased from January to February. International cheese prices climbed for the third consecutive month due to strong global import demand. Higher production in Europe was balanced by seasonal drops in output in Oceania. Whole milk powder (WMP), butter, and skim milk powder (SMP) prices also increased in February, driven by weak supplies from Oceania.

In the local dairy sector, the latest available information indicates that raw milk purchases were higher in January 2025 compared to January 2024 but lower than in December 2024. This trend reflects lower producer prices compared to a year ago and seasonally lower milk supply in January compared to December's festive season. Total dairy product imports declined significantly (-43.3%) in January 2025 compared to January 2024. Imports were also lower overall in 2024 compared to 2023 (-29.5%). While

imports remain a small share of the total market, the reduction points to increased use of domestic products, given a boost in milk supply without supply chain disruptions, such as loadshedding, that were widespread in 2023.

Fresh produce: Focusing on fresh produce products that showed upward price trends in February (see Table 2), municipal fresh produce data indicates that cabbage prices were extremely low at the beginning of 2024 but have since increased, possibly making production more viable for producers. The price per kilogram was 35% higher year-on-year (while sales volumes dropped by 9%), and the product available on the floor was up by 4%, indicating slower sales in response to the price increase. Long-term price cycles suggest that prices rise around this time of year due to a lack of availability from different regions. Prices are expected to ease with the new harvest in April/May. Despite the current high prices, cabbage remains one of the most affordable vegetables on the market.

Year-on-year data for apples shows that in February 2025 compared to February 2024, volumes were down by 19%, while revenue generated was up by 16%. The price per kilogram increased by 44%, indicating significantly better prices than a year ago but much lower volumes. Wind challenges in the port of Cape Town likely contributed to a slow-down in the packing of apples, resulting in smaller quantities exported and supplied to the local market, as harvesting in the southern parts of the country typically starts in late January. Month-on-month, we see higher volumes and slightly lower prices due to the new season's supply. In January, much of the supply was from stored fruit, but now additional volumes are being harvested, which is a normal cycle.

In February 2025, the total volumes of bananas received at the market were down by 24% compared to February 2024, and the price per kilogram was 35% higher. This was primarily due to flooding in Mozambique caused by tropical cyclones, and political conflict which affected the supply from this key source. Given the current situation, prices in retail are unlikely to decrease soon but can increase further if there are lags in the prices for contracted volumes reaching supermarkets. For example, delays like those experienced with avocados from Tanzania can temporarily push up prices. Overall, elevated price levels as a result of constrained supply are likely for the rest of the year unless the situation in Mozambique improves.

Looking ahead: Food inflation pressure is expected to rise modestly in the coming months, driven by global uncertainties associated with the policy direction from the new US government and potential impacts on the Rand exchange rate. Emerging market currencies such as the Rand tend to come under pressure when uncertainty in the global environment ramps up. The National Treasury's suggestion of gradually increasing Value Added Tax (VAT) will also affect food prices in the long run for items outside the zero-rated basket. On a positive front, the new summer crop harvest is anticipated to moderate gains in food inflation, providing relief to livestock producers through lower feed costs and easing the cost of core staples for consumers. The current summer crop seems to have recovered from initial planting challenges amid improved weather conditions, fostering a strong sense of optimism for the upcoming harvest. On the meat side, animal disease outbreaks are a critical factor to look out for, given their potential impact on supply and therefore prices.

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