

FOOD INFLATION BRIEF

This BFAP Brief provides an overview of food inflation dynamics, its associated causes, and the cost of basic healthy eating for January 2025.



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SUMMARY OF FOOD INFLATION METRICS – January 2025

		Year-on-year (YoY):	Month-on-month (MoM):	For more details refer to:
Inflation: Food and non-alcoholic beverages (NAB)		+2.3%	+0.4%	Section 1 of this brief
CPI headline inflation:		+3.2%	0.3%	
Contribution of inflation on food & NAB to CPI headline inflation:		0.4 percentage points	0.1 percentage points	
Food categories with highest inflation:		NAB Sugar & sugar-rich foods Fish Cereal products Oils & fats	Vegetables Meat Oils & fats Cereal products NAB	Section 2 of this brief
Food categories with lowest inflation:		Meat Vegetables Dairy & eggs Fruit	Fruit Dairy & eggs Sugar & sugar-rich foods Fish	

Cost of the BFAP

Thrifty Healthy Food Basket:

(For more detail refer to Section 3)



Jan '25: R3 870 / / month
Dec '24: R3 833 / / 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

+6.2% YoY (Inflation on oils, dairy, meat; Deflation on sugar, cereals)
-1.6% MoM (Inflation on dairy, cereals; Deflation on sugar, oils, meat)

Exchange rate



R/\$ exchange rate

YoY appreciation of 0.4% (R18.72/US\$1 (Jan'25) vs R18.79/US\$1 (Jan'24))
MoM depreciation of 3.0% (R18.72/US\$1 (Jan'25) vs R18.18/US\$1 (Dec'24))

Rising costs in value chain



SA CPI index for:

'Electricity & other fuels': +11.8% YoY; +0.4% MoM

'Fuel': -4.5% YoY; +0.9% MoM

SECTION 1: CPI headline and food inflation over time:

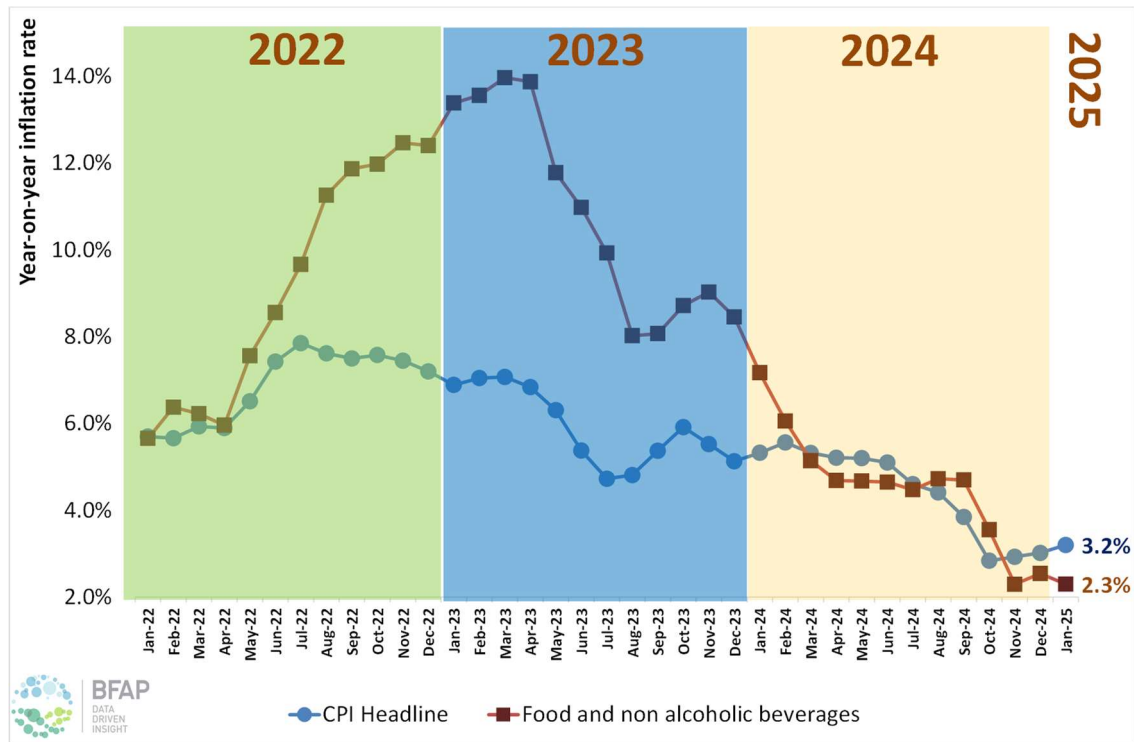


Figure 1: Year-on-year inflation 2022, 2023, 2024 & 2025 to date - CPI Headline and Food and NAB

Source: Stats SA, February 2025

- Following the reweighting of the South African CPI index in January / February 2025, CPI headline YoY inflation increased by 0.2 percentage points from 3.0% in December 2024 to 3.2% in January 2025, while YoY inflation on food and NAB decreased by 0.2 percentage points from 2.5% in December 2024 to 2.3% in January 2025.
- YoY inflation on food and NAB has decreased by 6.7 percentage points since November 2023.
- In January 2025 YoY inflation on food and NAB fell below the 6% upper-limit inflation target for the 11th consecutive month.

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

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

Category:	YoY inflation	MoM inflation	Comments:
Bread and cereals	+3.8%	+0.6%	-
Meat	-0.6%	+0.8%	2 nd Highest MoM inflation among categories -
Fish	+4.2%	+0.2%	3 rd Highest YoY inflation among categories.
Dairy & eggs	+1.7%	-0.5%	-
Oils and fats	+2.8%	+0.7%	3 rd Highest MoM inflation among categories.
Fruit	+2.1%	-1.3%	-
Vegetables	+0.7%	+0.9%	Highest MoM inflation among categories.
Sugar & sugar-rich foods	+5.7%	-0.1%	2 nd Highest YoY inflation among categories.
Non-alcoholic beverages	+9.0%	+0.6%	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"> Fruit juice concentrates Avocados 	<ul style="list-style-type: none"> Mutton / Lamb offal Dried beans Cabbage, bananas, oranges Rooibos tea, Ceylon tea, instant coffee 	<ul style="list-style-type: none"> Rice, baked goods, maize meal Beef offal, polony, ham Frozen hake, fish fingers Powdered milk, whiteners Mageu Peanut butter Tomatoes, cucumber, carrots Brown sugar 	<ul style="list-style-type: none"> Instant noodles, wheat flour Beef (mince, fillet, stew), Pork (chops, ribs, fillet), Mutton/Lamb (rib chops, loin chops, leg, neck, stew), Chicken (whole fresh, fresh portions, frozen non-IQF portions, giblets), Prepared custard, eggs Sunflower and canola oil Pears, lettuce, pumpkin, onions, potatoes, sweet potatoes

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



THFB – January 2025:

R3 870/  **/month**

Month-on-month change: +R37 / +1.0%

Year-on-year change: +R133 / +3.6%

Affordability*: 31.2% food expenditure share
(Deteriorating from December 2024 [30.9%])

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.

*The 2025 revision of the Stats SA CPI basket composition and weights:

In January 2025 Stats SA updated the CPI basket composition and weights for the basket of goods and services used to measure consumer inflation, based on the latest Stats SA Income and Expenditure Survey 2022 (released in 2025). This basket is periodically revised to better reflect changes in consumer spending habits, with adjustments made to product selections as well as to product weights and category weights. The latest update includes the addition of 71 new products, the removal of 53 products, and the reorganization of 29 products through merging, splitting, or reclassification. The total number of products in the basket is now 391, down from 396. Previously food and NAB contributed 17.14% to the CPI All Items index, revised to 18.23% - indicative of a higher share of total income spent on food by the typical SA household.

Table 3: CPI basket food item changes (Source: Stats SA, 2025: CPI weights 2023)

Group:	Added:	Removed:
Cereal products:	Basmati rice, sorghum meal.	Other pasta, ready mix flour.
Meat:	Meat bones, boerewors, Viennas, Russians, meat patties, chicken nuggets / strips.	-
Fish and other seafood:	Crumbed fish, frozen shrimps / prawns.	-
Milk, other dairy products and eggs:	Parmesan cheese.	Condensed milk, cream, flavoured milk.
Oils and fats:	Butter, olive oil	-
Other foods:	Garlic, honey, ready-made meals, natural spices / herbs.	Canned vegetables, frozen potato chips, coffee beans, drinking chocolate.

Table 4: Food group contribution to weighting of CPI for food and NAB (Source: Stats SA 2025: CPI Weights 2023)

Group:	New weighting (2023 weights, released in 2025):	Previous weighting (2019 weights, released in 2022):
Cereal products	4.14 (23% contribution) (Higher)	3.16 (18% contribution)
Meat	5.10 (28%) (Lower)	5.42 (32%)
Fish and other seafood	0.43 (2%)	0.40 (2%)
Milk, other dairy products and eggs	Dairy 1.83 (7%) (Lower) Eggs 0.49 (3%) (Higher)	Dairy 2.53 (12%) Eggs 0.40 (2%)
Oils and fats	0.82 (4%) (Higher)	0.45 (3%)
Fruits and nuts	0.62 (3%) (Higher)	0.33 (2%)
Vegetables	1.74 (10%) (Higher)	1.27 (7%)
Sugar, sugar-rich foods	0.92 (5%) (Higher)	0.58 (3%)
Other food	1.24 (7%)	1.16 (7%)
Non-alcoholic beverages	1.39 (8%) (Lower)	1.84 (11%)

SECTION 4: Drivers and expectations

The **FAO Food Price Index (FPI)** reached 124.9 index points in January 2025 (decreasing from a recent high of 127.7 in November 2024). This leaves it 1.6% lower than in December 2024, and 6.2% higher than a year ago. From December 2024 to January 2024 the most significant price increases were observed for dairy (+2.4% MoM) followed by cereals (+0.3% MoM), while deflation was observed for sugar (-6.8% MoM), oils (-6.6% MoM) and meat (-1.4% MoM). Compared to January 2024 (YoY change) (Figure 3) the most significant inflation was observed for oils (+24.9%), followed by dairy (+20.4%) and meat (+8.1%), while YoY deflation was reported for sugar (-18.5%) and cereals (-6.9%).

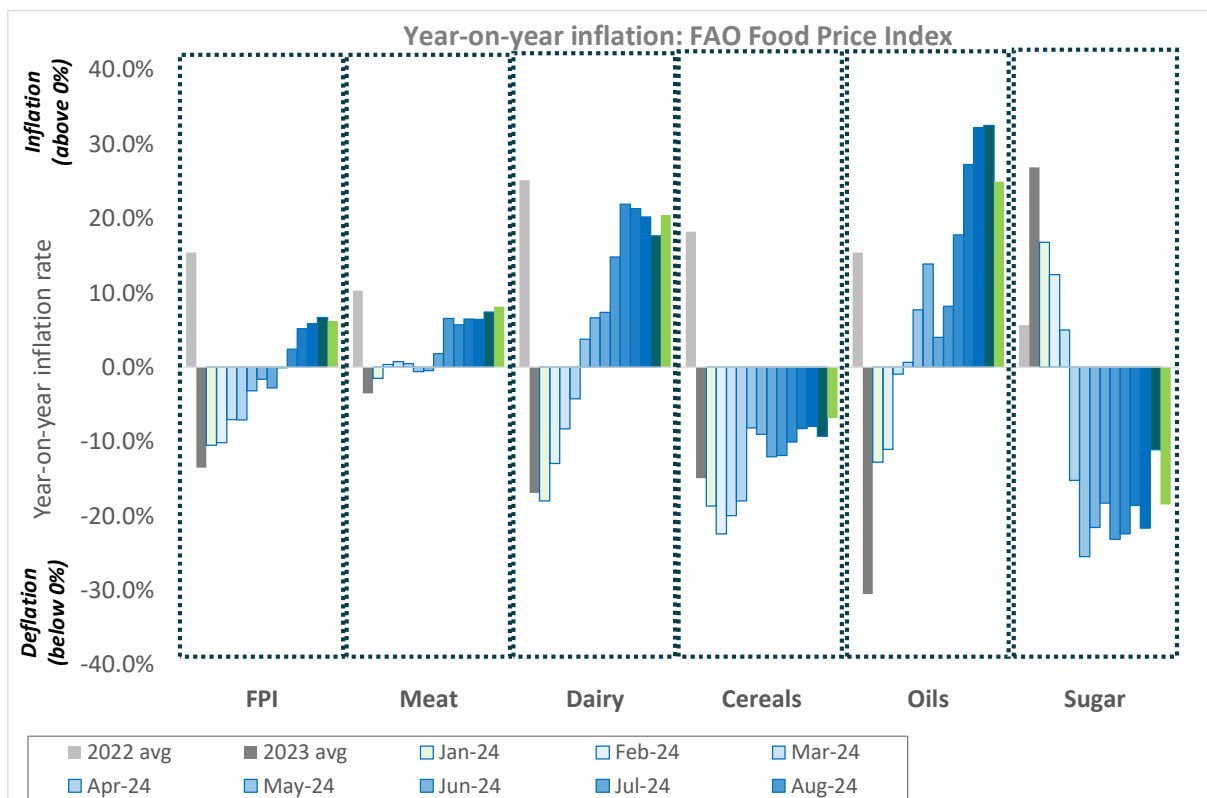


Figure 2: The FAO Food Price Index

Source: FAO, 2024

Grains: The FAO Cereal Price Index saw a slight increase in January 2025, though it remained 6.9% lower than its value in January 2024. Maize prices rose in January, driven by limited supplies and adverse conditions during planting in Argentina, delayed progress in Brazil's principal crop (*safrinha* corn, as the second maize planting is known), and revised lower production forecasts in the USA. Wheat prices declined due to low import demand, while tighter supply in Russia and varied winter crop conditions in Europe, Russia, and the USA helped cap the decline. The World Agricultural Supply and Demand Estimates (WASDE) reported a slight decline in global wheat production, with a cut in forecasts for the Russian Federation due to unfavourable weather. Export supply from Russia was down by 1.0 million tons in January from December and is expected to decline further with the implementation of the new grain export quota from mid-February to the end of June 2025.

In South Africa, maize prices increased in January as domestic stock levels tightened, world prices rose, and the exchange rate weakened slightly. Prices grew by 4.6% for white maize and 6.9% for yellow maize month on month and were substantially up from the comparable period in the previous year (75.7% for white maize and 52.3% for yellow maize) due to lower drought-induced production. The Crop Estimates Committee's most recent (February 27, 2025) national crop forecasts suggest a decline in maize area planted for 2025 compared to 2024. Given improved yield prospects, the first estimate for the 2025 crop (white and yellow maize) has been pegged at 13.9 million tonnes – an 8% increase year on year in total maize production. The season faced a difficult start, as rains started late but then fell quite widely. The end of January also brought extremely wet conditions, delaying some replanting in parts of the western production regions. According to GrainSA's crop conditions report (22 January 2025), maize crop conditions were inconsistent due to differences in seasonal rainfall, although certain areas show good potential. This is reflected in the CEC estimate, which remains below the 5 year average. Widespread rain in late February and early March could improve prospects for the next estimate. Prices for other grains, specifically wheat, were also up by 2.7%, due predominantly to exchange rate dynamics.

Meat: Global meat prices for ovine, pig, and poultry declined, contributing to a drop in the FAO Meat Price Index and offsetting the rise in bovine meat prices. While lower month on month, the index was higher (8.2%) compared to January 2024. Ovine prices contracted by 6.8% following increases during the end-of-year holidays. Pig prices dipped by 1.5% due to lower quotes in the European Union, where a foot-and-mouth disease outbreak in Germany led to import bans by several major importing nations, including the United Kingdom, South Korea, and Mexico. This created a surplus of supplies, further compounded by backlogs from abattoir closures over the winter holidays. Poultry prices fell by 2.2% due to an excess supply, especially from Brazil, where output was bolstered by competitive feed prices. Brazil is expected to drive the growth in world poultry meat exports in 2025 as it maintains its disease-free status from Highly Pathogenic Avian Influenza (HPAI). Additionally, the Newcastle Disease (NCD) in Rio Grande do Sul had minimal impact on production and trade, as most restrictions were resolved promptly, and those that remain do not affect total Brazilian exports. The remaining restrictions only limit exports from Rio Grande do Sul.

Bovine prices rose by 1.2% due to strong demand from markets such as China, South Korea, the U.S. and the United Kingdom. Production in the U.S. and EU is expected to decline further in 2025, allowing Brazil and Australia to gain an increased share in these markets. Reduced cattle stocks in the U.S. have significantly increased the disparity between the U.S. beef imports and exports, with imports reaching their highest level in a decade.

Local poultry and pig meat markets moved in line with global trends. Meat prices are easing in the domestic market after receiving support from festive season demand, except for sheep meat, which remains the most expensive meat type locally. Poultry prices were down, with Individually Quick Frozen (IQF) chicken portions priced lower by 2.2% in January, and pig meat prices by 1.8%. While the poultry industry is recovering from HPAI, in the pig meat sector a new case of African Swine Fever (ASF) was reported in the North West Province in January 2025. Regarding red meat, the average A2/A3 beef carcass price softened by 1.7% in January from December, while weaner calf prices were marginally up by 4.6%. This reflects rising demand from feedlots, in anticipation of Easter and the possibility of lower feed prices when the summer crop harvest comes in.

Dairy: The FAO Dairy Price Index surged in January, marking a 20.4% rise YoY. Price gains were boosted by rising cheese prices amid strong global import demand, a slow pace in output and robust domestic retail sales, mainly in Oceania. Conversely, butter prices declined despite rising demand from food processors in Europe and Oceania. Additionally, prices for skim and whole milk powders decreased because of a recovery in European production and weak domestic and import demand.

In the local dairy sector, the latest data, from January 2025 by StatsSA, shows that raw milk prices remained stable from December 2024, declining by 5.9% compared to January 2024. The industry benefited from higher production levels in 2024, thanks to the absence of supply chain disruptions like loadshedding. This stability supported market availability through increased raw milk purchases for the production of dairy products.

Edible oils: The FAO Vegetable Oil Price Index decreased MoM, although it remained 24.9% higher than in January 2024. The decline is attributed to softer palm oil prices, which fell due to demand rationing after consistent increases and multi-year highs. Palm oil production is still low, typically during the first quarter, but global production is projected to recover starting in April 2025, led by Indonesia. Sunflower oil prices are supported by setbacks in oilseed processing in the EU and Ukraine, while lower demand for biodiesel and easing fuel prices pushed canola prices down in the EU. Soybean oil prices are strengthening due to increased demand amid reduced supply of palm oil substitutes.

The global oilseed market also saw higher prices in January due to a combination of factors including downward revisions in production from some major producing regions (soybeans) and tightening global supplies (sunflower). Although Brazil is expecting a record crop, there remain some concerns given persistent dry conditions in southern Brazil and heavy rainfall in the central-west areas, which slowed down harvesting, especially in the Mato Grosso, the largest soybean producing state. World sunflower seed output is also anticipated to be low due to production failures in key regions, including Europe and the Black Sea region. In the canola market, supply is tightening in the EU and Ukraine, while export supply from Ukraine dropped to a seven-month low due to the season ending early. In Canada, local supply shortages are impacting prices more than potential US trade restrictions.

In South Africa, local summer crop forecasts outweighed a weak exchange rate and global market trends, leading to a decline in sunflower seed prices (-2.7%) MoM. Conversely, local soybean prices rose (4.6%) in line with the weaker exchange rate and fairly stable world prices. According to the CEC national crop estimates, sunflower area is expected to increase (5.1%) in 2025, with planting activities continuing in certain regions throughout January. The soybean area has been revised upward in February to the same level as in 2024.

Fresh Produce: Municipal fresh produce markets recorded similar YoY (January 2025 compared to January 2024) volume and price trends for potatoes and onions. However, the price of tomatoes increased by 9.8%, linked to a decrease (-5.6%) in volumes delivered to the market, which were more comparable to January 2023. In the fruits department, apple prices spiked by 46.6%, likely due to low stock as South Africa exported record volumes in 2024. It is expected that local availability will increase in February with the new harvest. The avocado market saw a significant drop in volumes (-37.4%) and elevated prices (42.3%) due to challenges with availability, altered harvest schedules in KwaZulu-Natal, diminished yields in the Eastern Cape, and logistical hurdles with importing product from Tanzania to balance domestic supply and demand.

Banana volumes were down by 9.2% and prices were up by 12.4% in January 2025 compared to January 2024. Post-election riots in Mozambique caused disruptions in agricultural production and cross-border trade. South Africa halted the flow of cargo at the Lebombo border post, with some consignments returning to the farms in Mozambique. This disruption in trade prompted a shortage of bananas in the local market and higher prices. Local table grape sales in January decreased by 10.2% compared to the previous season as the flow of exports improved. This can be attributed to improved operations at the Cape Town port due to more equipment and less wind in that period, compared to the same period last year. With fewer issues in the port, the industry had less products moving to the local market as an outlet to avoid the risk of quality related issues due to product sitting too long in the port or storage before shipment. Prices on the municipal fresh produce markets increased (24.1%), driven by both smaller volumes, fast turnaround in stock and, as a result, better quality.

Sugar: International sugar prices fell in January from December, and were also down by 18.5% from January 2024, reaching their lowest level since October 2022. This drop is due to an improved global supply forecast for the 2024/2025 season, mostly because of favourable weather conditions in Brazil over the past few months, which have positively impacted the sugarcane crops set to be harvested starting in April 2025. India also indicated that they will resume sugar exports after restrictions since October 2023.

Looking ahead: Food inflation pressure is expected to increase in the coming months, driven by factors such as global uncertainty associated with the new US government, and possible effects on the Rand exchange rate. Domestic grain and oilseed prices are expected to remain high in the first quarter of the year, due to low stock levels and the new harvest only coming in through Q2. The exchange rate is a core factor to keep an eye on, affecting not only prices of products that are frequently traded in the global market, but also several cost drivers through the value chain. Despite delays in the national budget speech (or perhaps because of the delay – showing the GNU is working), the rand has strengthened against the US dollar recently, but there is also dollar weakness due to uncertainty over US tariffs. Generally, the high levels of uncertainty in global markets are not supportive of Rand strength and further depreciation would push food inflation higher in the short term. Once the new summer crop harvest comes in, lower maize prices could aid in moderating the cost of core staples, while also offering much-needed relief for livestock producers through lower feed costs. This should moderate any gains in food inflation.

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