

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 July 2025 food prices.



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SUMMARY OF FOOD INFLATION METRICS – July 2025 prices

| | | Year-on-year (YoY): | Month-on-month (MoM): | For more detail refer to: |
|--|--|---|--|---------------------------|
| Food and non-alcoholic beverages (NAB) inflation: |  | +5.7% | +0.6% | Section 1 of this brief |
| CPI headline inflation: |  | +3.5% | +0.9% | |
| Contribution of inflation on food & NAB to CPI headline inflation: |  | 1.0 percentage points | 0.1 percentage points | |
| Food categories with highest inflation: |  | Vegetables Meat Fruits & nuts | Meat | Section 2 of this brief |
| Food categories with lowest inflation: |  | Oils & fats NAB Sugar & sugar-rich foods Fish & seafood Cereal products Dairy & eggs | Fish & seafood Sugar & sugar-rich foods NAB Cereal products Dairy & eggs Vegetables Oils & fats Fruits & nuts | |

Cost of the BFAP

Thrifty Healthy Food Basket:

(For more detail refer to Section 3)



July '25: R3 963 /  / month
June '25: R3 979 /  / month

Indicators for selected factors affecting food prices in South Africa:

(For more detail refer to Sections 4 & 5)

Global food commodity prices



FAO Food Price Index

+7.6% YoY (Inflation on oils, dairy, meat; Deflation on sugar, cereals)
+1.6% MoM (Inflation on meat, oils; Deflation on sugar, cereals, dairy)

Exchange rate



R/\$ exchange rate

YoY appreciation of 2.7%: R17.76/US\$1 (July'25) vs R18.25/US\$1 (July'24)
MoM appreciation of 0.4%: R17.76/US\$1 (July'25) vs R17.84/US\$1 (June'25)

Costs in value chain



SA CPI index for:

Electricity & other fuels: +8.9% YoY; +8.6%* MoM

Fuel: -5.5% YoY; +2.6% MoM

*From 1 July 2025 Eskom implemented a 11.32% electricity tariff increase for municipalities, after a 12.74% electricity tariff increase for direct customers implemented on 1 April 2025

SECTION 1: CPI headline and food inflation over time:

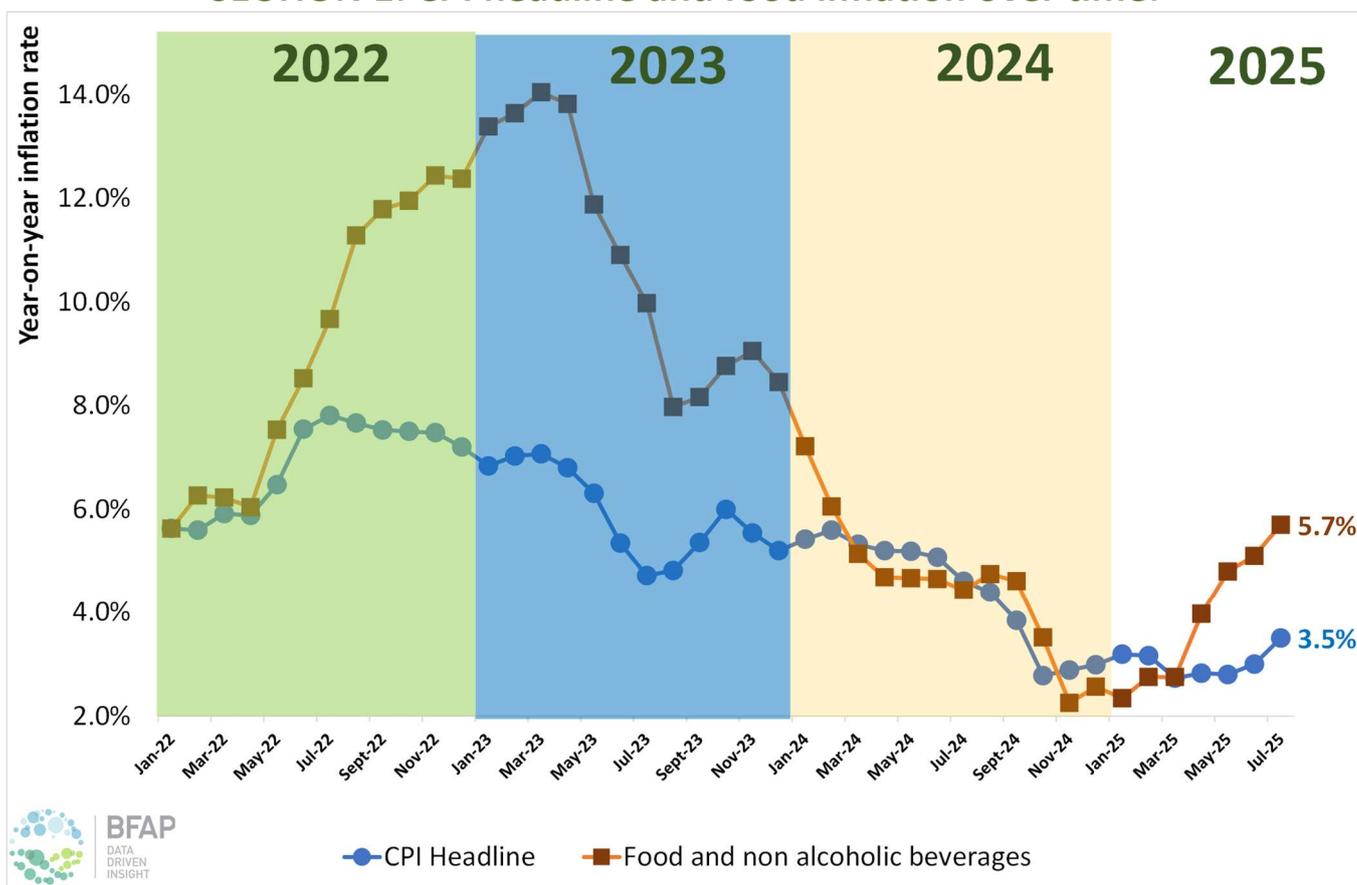


Figure 1: Year-on-year inflation 2022 to July 2025 - CPI Headline and Food and NAB

Source: Stats SA, July 2025

- CPI headline YoY inflation increased from 3.0% in June 2025 to 3.5% in July 2025.
- YoY inflation on food and NAB increased by 0.6 percentage points from 5.1% in June 2025 to 5.7% in July 2025 – an inflation rate last observed in February/March 2024.
- CPI headline inflation has remained below the 6% upper-limit inflation target of the SA Reserve Bank for 21 consecutive months (since November 2023). CPI headline inflation was below the bottom bound of 3% in March to May 2025.

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

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

| Category: | YoY inflation | MoM inflation | Comments: |
|--------------------------|---------------|---------------|---|
| Cereal products | 2.1% | -0.2% | - |
| Meat | 10.5% | 3.3% | Highest MoM & 2 nd highest YoY inflation among categories. |
| Fish & other seafood | 3.4% | 0.1% | 2 nd Highest MoM inflation among categories. |
| Dairy & eggs | -0.8% | -0.2% | - |
| Oils & fats | 4.6% | -1.3% | - |
| Fruits & nuts | 9.5% | -4.9% | 3 rd Highest YoY inflation among categories. |
| Vegetables | 14.6% | -0.8% | Highest YoY inflation among categories. |
| Sugar & sugar-rich foods | 3.7% | 0.1% | 3 rd Highest MoM inflation among categories. |
| Non-alcoholic beverages | 4.4% | 0.0% | - |

Figure 2 illustrates the YoY inflation on commonly purchased food items in South Africa in July 2025.

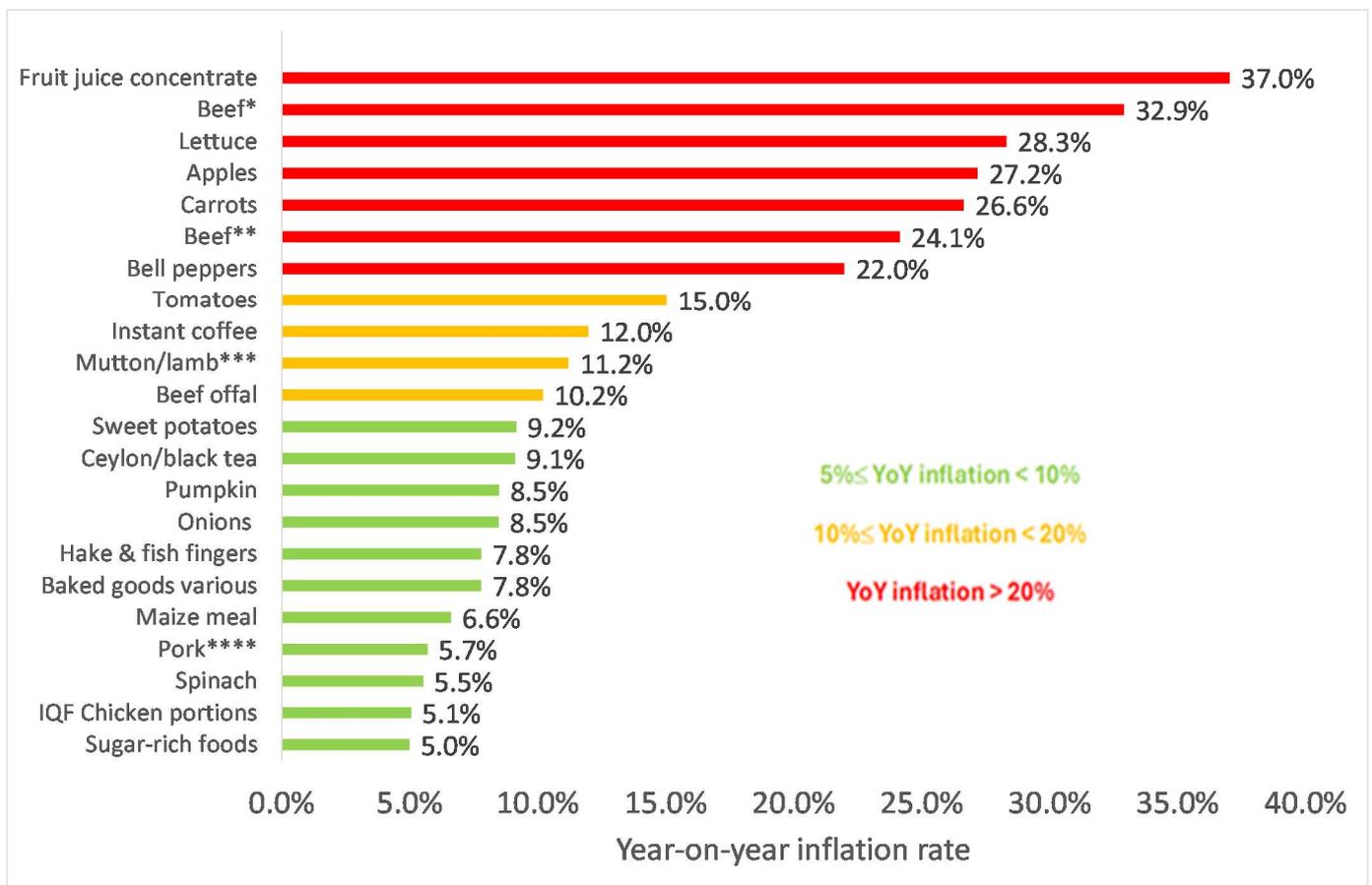


Figure 2: YoY Inflation above 5% on commonly purchased food items in July 2025 (Source: Stats SA, July 2025)

* Rump steak, sirloin, chuck, stew; ** Brisket, T-bone, mince, fillet; *** Stew, chops, neck, leg; **** Ribs, bacon, chops

Foods with the highest YoY inflation in July 2025 (10% and higher):

- Meat: Beef (offal, brisket, T-bone, mince, fillet, rump steak, sirloin, chuck, stew), mutton/lamb (stew, chops, neck, leg).
- Fresh produce: Tomatoes, peppers, carrots, lettuce, apples.

Foods with the lowest YoY inflation in July 2025 (below 5%):

- Starch-rich foods: Breakfast cereals, bread.
- Meat: Pork (ham, fillet), fish (canned pilchards), chicken (frozen non-IQF portions, fresh portions, giblets).
- Fresh produce: cabbages, mushroom, cucumber, avocados, pears, oranges.
- Legumes: Peanut butter, dried beans.
- Fats/oils: Cooking oil, margarine.
- Dairy: Yoghurt, cheddar cheese.
- NAB: Fruit juice, fizzy drinks.
- White sugar.

Foods with YoY deflation in July 2025:

- Starch-rich foods: Wheat flour, pasta, rice.
- Meat: Mutton/lamb offal, whole fresh chicken, canned tuna.
- Fresh produce: Bananas.
- Legumes: Canned baked beans.
- Dairy, eggs: UHT milk, sour milk, fresh milk, eggs.
- NAB: Rooibos tea.

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



THFB – July 2025:

R3 963/  **/month**

Month-on-month change: -R25 / -0.6%

Year-on-year change: +R202 / +5.4%

Affordability*: 30.6% food expenditure share
(Slightly lower than in June 2025)

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: Global food inflation perspectives

The **FAO Food Price Index (FPI)** for global agricultural commodity prices reached 130.1 index points in July 2025, 7.6% higher than a year ago and 1.6% higher than in June 2025.

From June 2025 to July 2025 (MoM changes):

- The most significant price increases were observed for oils (+7.1%), followed by meat (+1.2%).
- Deflation was observed for cereals (-0.7%), sugar (-0.3%) and dairy (-0.1%).

Compared to July 2024 (YoY changes) (Figure 3):

- The most significant inflation was observed for oils (+23.6%) and dairy (+21.5%), followed by meat (+6.1%).
- YoY deflation was reported for sugar (-13.6%) and cereals (-3.8%).

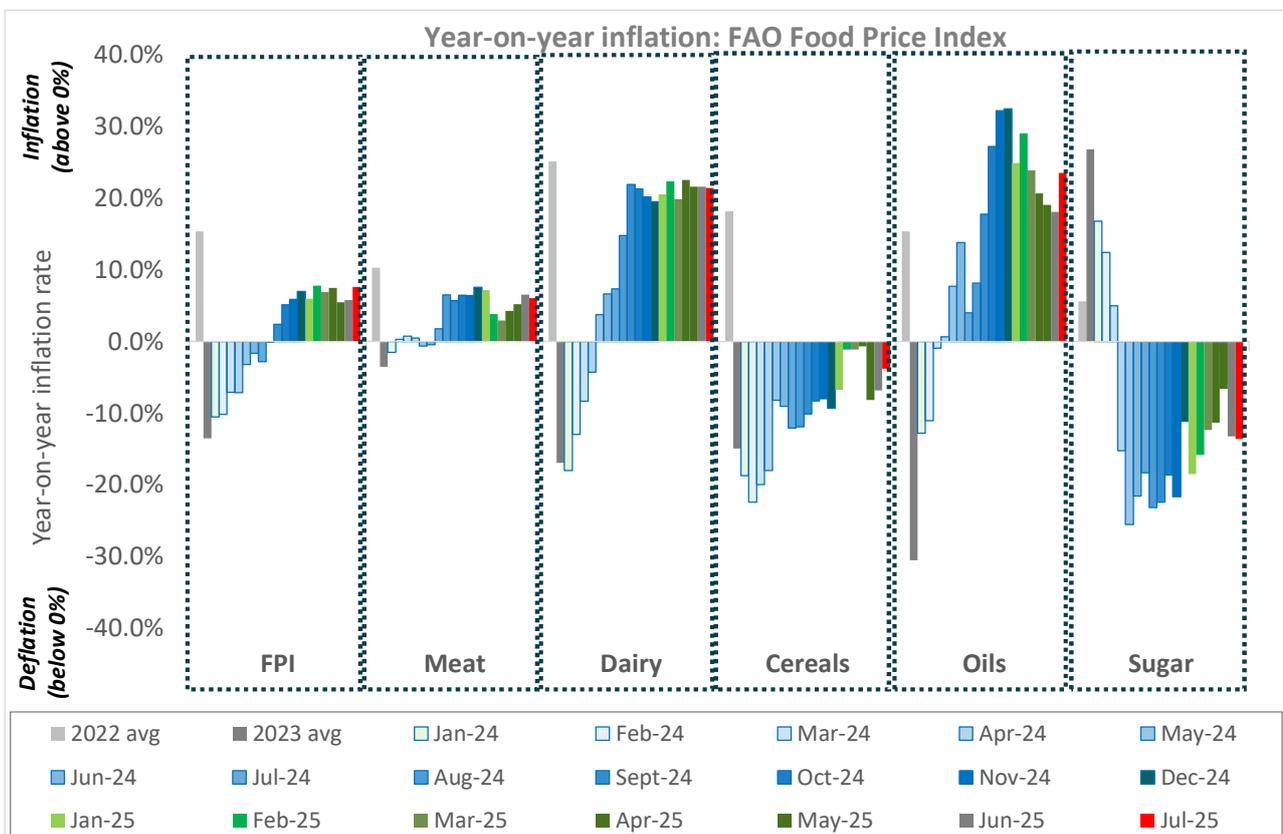


Figure 3: The FAO Food Price Index for global commodity and food prices

Source: FAO, 2025

SECTION 5: Drivers and expectations

Cereals: The FAO Cereal Price Index declined by 0.8% from June, bringing it 3.8% below the level from July 2024. Wheat prices came under pressure due to ample seasonal supply during the winter wheat harvest in the Northern Hemisphere. However, the potential decline was contained by dry conditions in North America, reserved farmer selling in Europe, and harvest delays in the Black Sea region (Russia). Maize prices increased, supported by tight export availability from Argentina, driven by export taxes and sluggish early-season export sales, as well as strong domestic demand in Brazil. Additionally, dry weather in Eastern Europe and Ukraine, coupled with seasonally tight supplies, contributed to the upward pressure.

Local maize prices rose after a consistent downward trend since February 2025, reflecting international market movements. The price of white maize increased by 5.6% month on month, while yellow maize saw a modest rise of 0.3%. On a year-on-year basis, white maize prices were still down 7.2%, whereas yellow maize prices were up 5.7%. White maize had been trading at a substantial premium for most of the past year, following the disproportionate impact of the 2024 drought in the Western parts of the country and strong import demand from the Southern African region. The recovery in 2025, both in South Africa's white maize crop and other regional surplus producers such as Zambia implies that white maize prices have normalized relative to yellow maize, though the late rain did cause some quality challenges, resulting in a larger than normal premium for first grade maize. Wheat prices, which largely reflect import parity, increased compared to both June 2025 and July 2024, despite softer international prices and a strengthening rand against the US dollar. According to the latest South African Grain and Oilseeds Supply and Demand Estimates from the Crop Estimates Committee, wheat imports for the 2024/25 season are projected to decline. This is attributed to sufficient supply, supported by higher opening stocks and imports from the previous season. Imports are expected to cover 48% of local consumption needs.

Plant oils: The FAO Vegetable Oil Price Index reached a three-year high, driven by increased demand for biofuel production, particularly in the United States, Brazil, and Indonesia and challenges in meeting global import requirements. Demand is rising, especially in China and India, supported by stock replenishment and the upcoming festival season in India. Improved price competitiveness compared to other vegetable oils, combined with firm domestic demand for biodiesel production in Indonesia continued to support palm oil prices. Seasonally tight supplies in the Black Sea region and strong demand for feedstock in the biodiesel industry bolstered sunflower seed and soy oil prices, respectively. In contrast, new crop supply in the EU exerted downward pressure on canola prices.

Oilseed prices generally trended downward. Favourable weather, positive crop prospects, and subdued demand from China amid trade uncertainty led to lower soybean prices in the United States. Weak new crop export sales to other countries added further pressure. Recently, China has shifted to sourcing soybeans from South America, resulting in U.S. prices trading at a discount compared to Brazilian soybeans. Exports from Argentina are expected to accelerate following a reduction in the export tax from 33.0% to 26.0%, while Brazil's bumper harvest should also yield substantial exports. Sunflower seed prices softened due to expectations of a larger crop from the Black Sea region, although actual production may fall short as dry and hot weather in June and early July caused crop damage. Similarly, improved soil moisture and crop conditions following much-needed rains in Canada and a good harvest in Europe weakened canola prices.

In the domestic market, soybean prices mirrored global trends, while the rand remained strong against the dollar. Additionally, the strong rebound in the local soybean crop in 2025 kept prices lower month-on-month (MoM) and year-on-year (YoY). Conversely, sunflower seed prices trended upward despite the expected recovery in the 2024/25 crop and the rand's appreciation. Sunflower seed producer deliveries were lower MoM.

Meat: The FAO Meat Price Index rose by 1.2% month-on-month (MoM) and 6.0% year-on-year (YoY), supported by higher prices for ovine, bovine, and poultry meat. Ovine meat recorded the largest increase, rising 6.1% MoM and 32.1% YoY, marking the fourth consecutive monthly gain. This was driven by limited supply from Oceania and sustained global demand. In New Zealand, tight old-season supply and strong EU demand are pushing lamb prices to record highs as the lambing season begins. In Australia, national lamb and sheep prices are rising due to low slaughter volumes and a shortage of lambs in the market.

Bovine meat prices reached a new record high, supported by strong import demand, particularly from China and the United States, while export supply remained limited. Rising beef prices in Brazil were also driven by foreign demand, especially from Japan and South Korea. In the U.S., domestic cattle inventories remain historically tight. Meanwhile, a decision to reopen livestock imports from Mexico, following a new case of New World Screwworm (NWS) in Ixhuatlán de Madero, was reversed.

Poultry prices saw a slight MoM increase but were lower YoY. The monthly rise was driven by higher Brazilian export prices following the lifting of HPAI-related import restrictions. In contrast, pig meat prices declined, particularly in the EU, where slaughter increased by 3.0% YoY, accompanied by higher average carcass weights. Strong competition from Brazil and a strong euro hindered exports, leading to oversupply amid stable consumption. The EU market also saw a resurgence of African Swine Fever (ASF), with 16 715 domestic pigs lost in July 2025, up from 5054 in June, according to the World Organisation for Animal Health (WOAH). On the trade front, U.S. pork exports to China have declined due to higher Chinese tariffs. Consequently, China has turned to Brazil, Chile, and the EU for supply, while the U.S. redirects exports to lower-value markets.

In the domestic meat market, trends mostly diverged from international patterns, underpinned by local supply dynamics in recent months. The price of Individually Quick Frozen (IQF) chicken was slightly higher in July compared to June, supported by higher global prices and 19.6% higher YoY. New cases of Highly Pathogenic Avian Influenza (HPAI) were confirmed in the Western

Cape in July, resulting in 40 bird deaths and 3100 susceptible domestic birds since the outbreak's confirmation in June. On the trade side, import restrictions on live poultry, meat, and other poultry products from Belgium, Denmark, and the Netherlands were lifted in July due to improved HPAI control, which will enable additional imports from these regions if required. Conversely, the Department of Agriculture issued a notice restricting imports from Spain due to the reappearance of HPAI.

Pig carcass prices increased in July and remained elevated YoY, reflecting strong demand for pork as a more affordable alternative amid high beef prices. Concerns over ongoing ASF cases are also exerting upward pressure on prices.

In the beef market, A2 (no permanent teeth, very lean meat) /A3 (no permanent teeth, moderate fat) carcass prices declined 5.0% MoM but remained 31.5% higher YoY, due to constrained supply and strong demand, which also led to lower slaughter weights, down 5.3% YoY, or 14.9kg per carcass. Weaner calf prices declined modestly in July. However, with Karan Beef, South Africa's largest producer, resuming slaughter operations following a quarantine period due to Foot-and-Mouth Disease (FMD) at their feedlots, weaner calf slaughter numbers are expected to remain elevated in the coming months, aiding in normalizing the supply situation and therefore resulting in further price corrections. Sheep carcass prices came under pressure in July for the first time in 2025, reflecting low demand as beef prices started easing. Nonetheless, prices remain elevated compared to July 2024.

Dairy: The FAO Dairy Price Index edged down slightly in July 2025, marking its first decline since April 2024, although it remained 21.5% higher than in July 2024. The decrease was driven by lower international prices for butter and milk powders. In Oceania, rising production and inventories weighed on butter prices, while in the EU limited cream supply and strong demand helped temper the decline. Abundant supply from Oceania and weak demand from Asia contributed to lower skim and whole milk powder prices. Despite soft cheese prices in Oceania and the USA, global cheese prices rose, supported by reduced export supply from the EU and strong demand from Asia and the Near East. In the local market, producer prices have been trending upward, primarily due to seasonal factors. The dairy producer price index has strengthened, while purchases of unprocessed milk have declined, indicating a low seasonal milk supply.

Fresh produce: In domestic municipal fresh produce markets, prices for the major vegetable groups (potatoes, onions, and tomatoes), were lower month-on-month (MoM) and year-on-year (YoY), with tomato prices showing a YoY increase. Potato prices recorded their lowest monthly level since December 2022, as July sales volumes exceeded those of July 2024 and July 2023 by 11.6% and 20.5%, respectively. Year-to-date (YTD) volume and price are on par with the previous season, but the impact of floods in Limpopo earlier this year was offset by higher volumes from other regions and lower prices over the past three months. Typically, prices rise in the second half of the year, but under current conditions of increased supply, this seasonal increase may be less pronounced.

Onion prices, which are usually higher at this time of year, were below July 2024 and July 2023 levels, although traded volumes rose 9.4% compared to June 2024. Tomato prices increased 6.7% YoY, while sales volumes dropped 4.2%, aligning with the YTD trend: supply down 5.0%, and prices up 8.2%.

Prices for other vegetables, including carrots and lettuce, were higher YoY but lower MoM. Carrot prices fell from the March 2025 peak of R10.62/kg, but remained elevated at R6.21/kg in July 2025, compared to R4.18/kg in July 2024. Sales volumes remain subdued, with YTD volumes trailing 2024 by 10.5%, and July 2024 levels by 14.2%. Lettuce prices, though still 21.6% higher YoY, have been trending downward since the March 2025 peak of R25.38/kg.

In the fruit category, apple prices increased MoM (5.2%) and YoY (5.7%), while banana and orange prices declined. Apple production was affected by frost in some regions, reducing yields. With exports on par with last year, domestic supply is lower, resulting in higher prices. Banana supply recovered in July, with prices similar to a year ago. However, YTD volumes are still down 14.2%, with prices up 12.5%. For oranges, lower juice prices redirected supply to the fresh produce market, leading to a price decline. Despite this, supply still lags behind 2023 levels, keeping prices slightly elevated.

Looking ahead: The rand's appreciation against the dollar continues to cushion local prices from rising international prices. Locally, a positive summer crop outlook is providing relief for grain and oilseed prices, with anticipated spillover effects on core staples and animal feed prices. Nonetheless, continued animal disease outbreaks pose risks to domestic supply and export opportunities, particularly for beef. In the coming months, exchange rate movements, especially in relation to uncertainty surrounding the policy direction of the new U.S. government, input costs in the form of energy and fuel prices, and the success of animal disease containment strategies remain key factors in stabilising food commodity prices.

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