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21 October 2026

South Africa's consumer food price inflation nudged up mildly in September

- **South Africa's consumer food price inflation remains relatively low, although it has nudged up mildly in recent months. Data released by Statistics South Africa this morning show that consumer food price inflation accelerated to 1.0% in September 2026, up from 0.7% in the previous months. The uptick was mainly driven by fish and other seafood; milk, other dairy, and eggs; oils and fats; and vegetables.**

- The uptick in oils and fats aligns with what we are seeing internally, supported by global palm oil prices due to the impact of dry weather on production prospects in Southeast Asia. Fish and other seafood also follow the global trend because of the supply blip. For vegetables, milk, and other dairy and eggs, base effects are the main driver, as these products were in deflation in September 2025.

- Overall, the products with major weighting in the food basket continue to moderate, and thus, ultimately keeping consumer food price inflation at relatively lower levels. These are mainly cereal products, fruit and nuts, which remain in deflation. Meat price inflation is also softening as domestic supplies remain decent, supported by ongoing slaughtering activity. It also seems like the fears of foot-and-mouth disease have softened as the vaccination campaign in cattle is underway.

- 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.

- Regarding meat, the cattle slaughter continues, and 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. Essentially, the 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 continues 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. Moreover, the El Niño drought in the 2026-27 season, starting now, is a concern, but it may only affect the direction of 2027 food price inflation, as it affects next season's crop, currently being planted across the country, and will come to market in mid-2027.

- South Africa's headline inflation was 4.5% in September 2026, up from 4.4% in August.

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