

Consumer inflation

ECONOMICS | SOUTH AFRICA

Inflation increased slightly due to higher food prices

- Headline consumer inflation** rose to 2.8% in April from 2.7% in March, slightly above ours and the markets' forecasts of 2.7%. The upward pressure mainly came from food prices, which continued to increase off a low base. Housing and utilities also contributed. These outweighed the impact of fuel deflation. Underlying price pressures also cooled further. **Core inflation**, which excludes food and energy costs, moderated to 3% from 3.1%, its lowest since July 2021.

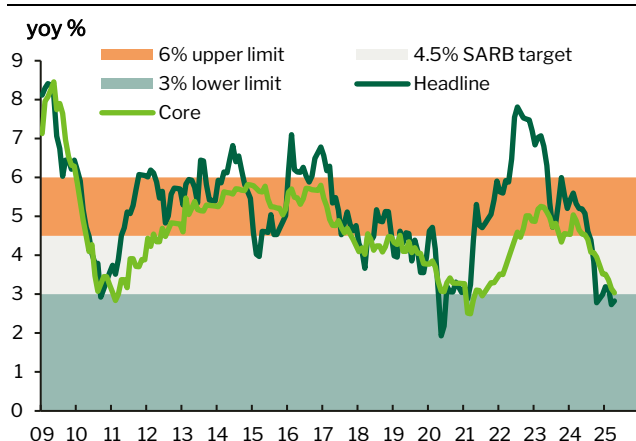
Table 1: Key Inflation Outcomes

	Apr-25		Mar-25	Forecasts (yoy %)	
	yoy %	mom %	yoy %	Nedbank	Reuters
Headline	2.8	0.3	2.7	2.7	2.7
Core	3.0	0.1	3.1	3.1	3.2

Source: Stats SA, Nedbank GEU, Refinitiv

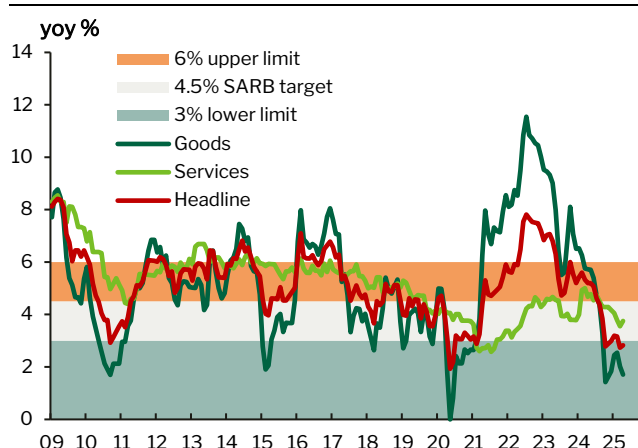
- Food and non-alcoholic beverages prices** jumped by 4% yoy, increasing from 2.2%, as food inflation rose to 3.3% from 2.2%. The increase in food prices was broad-based. Meat prices accelerated by 3% from 0.4%, oils and fats (4.8% from 2.2%), sugar and sweets (5.6% from 4.6%) and vegetables (4.5% from 3.3%). Fruit and fish prices also remained elevated and edged down slightly to 7.4% and 4.8%, respectively, from 7.9% and 4.9%.
- Transport deflation** continued, with prices dropping by 3.9%, faster than March's -2.4%, led by a decline in fuel prices. The yoy rate of decline in fuel prices deepened to 13.4% from -8.8%, reflecting the impact of lower global oil prices.
- Housing and utilities inflation** was unchanged at 4.4% yoy for a third consecutive month. Actual rentals for housing and owners' equivalent rent, and water prices were steady, while electricity and other fuels, as well as maintenance and repairs costs, decreased slightly
- Restaurant and accommodation inflation** moderated to 3% from 4.2% as catering services and accommodation costs eased.

Chart 1: Inflation rose, but core inflation eased further.



Source: Stats SA

Chart 2: Goods inflation moderated, but services increased.



Source: Stats SA

- Goods inflation** moderated from 2% to 1.7%, its lowest since November 2024, as durable, semi-durable and non-durable goods eased. In contrast, services inflation accelerated to 3.8% from 3.5%.
- We forecast inflation to remain relatively subdued in the second quarter before drifting moderately upwards in the second half of the year. However, it will still average a muted 3.6% in 2025. During the second quarter, the downward pressure will mainly emanate from low fuel prices. Global oil prices are expected to remain low due to excess supply due to subdued demand, higher stockpiles in the US and increased output from OPEC. At the same time, the rand has recovered some ground from the US tariff shock. The local currency is hovering around R18.00/\$ against the US dollar, up from R18.59/\$

at the end of April. However, during the second half of the year, Crude oil prices could start trending slightly higher. Easing US-China trade tensions suggest that the tariff hikes could be less aggressive, and therefore, the damage to global growth could be reduced. Food prices will also increase as the base continues to normalise and global food inflation rises. Even so, the upward pressure will partly be contained by crop prices, which will benefit from good rains.

- The biggest concern is the rand, which, despite its recent recovery, remains vulnerable to the persistent uncertainty in the global economy. The MPC will have to weigh the benign inflation outlook against the potential upside risks that could emanate from the highly volatile and uncertain global environment. The US Fed has decided to keep interest rates unchanged in May and assess the impact of the tariffs. We expect the SARB to take a similar move next week, leaving interest rates unchanged. However, economic fundamentals show that there is still room for further cuts as monetary policy is still restrictive.

Table 2: CPI Breakdown

		Apr-25			Mar-25	Apr-24
CPI Basket	Weight Base 2022	Mom%	Yoy%	Contribution (PPTS)	Yoy%	Yoy%
CPI for all urban areas: Headline	100.00	0.3	2.8	2.8	2.7	5.2
Food & non-alcoholic beverages	18.23	1.3	4.0	0.7	2.7	4.7
Food	16.84	1.3	3.3	0.6	2.2	4.4
Non-alcoholic beverages	1.39	0.4	7.6	0.1	7.9	7.2
Alcoholic beverages & tobacco	4.64	1.3	4.7	0.2	4.1	4.2
Clothing & footwear	3.90	0.1	1.2	0.0	1.3	2.4
Housing & Utilities	24.10	0.0	4.4	1.1	4.4	5.8
Household content & maintenance	3.33	-0.2	1.7	0.1	1.8	1.7
Health	1.78	0.4	4.2	0.1	4.2	5.9
Transport	13.89	-1.0	-3.9	-0.5	-2.4	5.8
Communication	5.47	1.9	0.7	0.0	-0.4	-0.1
Recreation & culture	2.94	0.1	1.7	0.1	2.3	2.8
Education	2.41	0.0	4.5	0.1	4.5	6.4
Restaurants & hotels	6.12	-0.5	3.0	0.2	4.2	7.5
Insurance	8.41	0.2	8.2	0.7	8.0	8.0
Financial Services	2.00	0.0	5.0	0.1	5.0	5.6
Personal care & miscellaneous services	2.78	0.2	1.6	0.0	1.5	7.3

yoy %	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
All goods	1.6	1.8	2.4	2.5	2.0	1.7
Durable goods	1.2	0.9	0.8	0.8	0.7	0.3
Semi-durable goods	1.5	1.5	1.2	1.2	1.2	0.7
Non-durable goods	1.4	2.0	2.9	3.1	2.2	2.1
Services	4.3	4.2	4.0	3.8	3.5	3.8

Core CPI	3.7	3.5	3.5	3.4	3.1	3.0
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Source: Stats SA

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