Economic Insights | 22 April 2026

Consumer Inflation

ECONOMICS | SOUTH AFRICA

Inflation increased due to higher fuel, and housing and utilities costs.

- Consumer inflation (CPI) edged up from 3% in February to 3.1% in March.
- The outcome was in line with our and the market's forecast.
- The upward pressure emanated primarily from a surge in transport inflation and an acceleration in housing and utilities costs.
- Core inflation also rose from 3% to 3.2% as expected.
- Inflation is expected to accelerate in the coming months due to higher fuel cost pressures stemming from the war in Iran. We forecast CPI to peak at 4.6% in the second quarter before moderating gradually and ending the year at 3.7%.

March 2026

Consumer inflation (yoy %)

3.1%

In line with expectations

Key metrics:

yoy%		Headline	Core
Outcome	Feb-26	3.0	3.0
	Mar-26	3.1	3.2
Forecasts	Nedbank	3.1	3.2
	Market	3.1	3.2

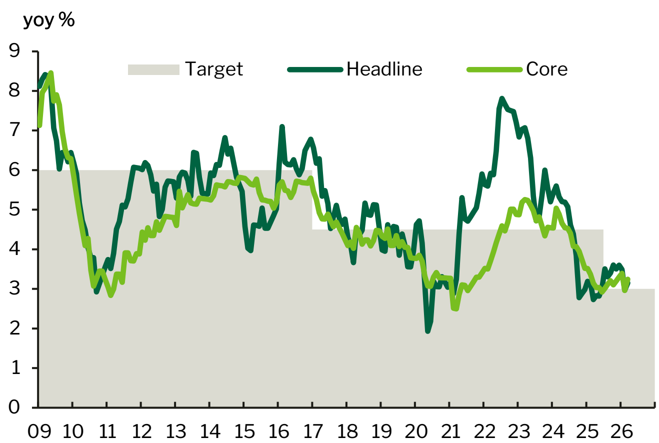
Source: Stats SA, Nedbank, Reuters Poll

Some details:

yoy %	Jan-26	Feb-26	Mar-26
Food	4.4	3.7	3.4
Cereal	0.6	-0.5	-1.0
Meat	13.5	12.2	11.6
Fuel	-3.7	-10.1	-8.7
Electricity	7.5	7.5	7.4
Water	7.0	7.1	7.0

Source: Stats SA

Chart 1: Headline and core inflation



Source: Stats SA

Quick insights

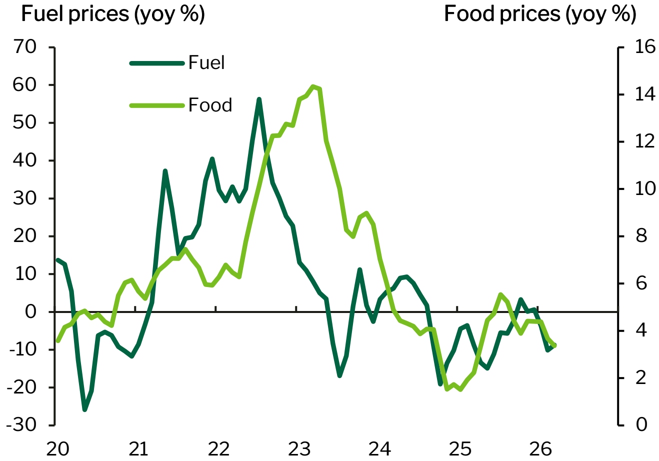
Headline consumer inflation increased marginally from 3% in February to 3.1% in March, primarily driven by higher transport, housing and utilities costs. Transport deflation slowed from -2.1% to -1.6% due to rising fuel costs. Over the month, petrol prices rose by 1% after two months of declines of more than 3%. The rise resulted from a jump in Brent crude oil prices following the closure of the Strait of Hormuz at the onset of the Iran conflict. The conflict also heightened global risk aversion, strengthening the US dollar and putting pressure on the rand. A combination of higher oil prices and currency weakness resulted in a surge in the rand oil price. Consequently, fuel deflation slowed from -10.1% in February to -8.7% in March. The rate of decline in private transport operation costs also moderated from -5.9% to -4.8%, while inflation for new vehicles eased slightly for the third consecutive month to 0.4%.

Inflation for housing and utilities surprised to the upside, rising from 4.8% to 5.1%, as actual rentals for housing and owners' equivalent rent increased despite lower interest rates. Maintenance and repair costs were unchanged at an elevated 3.8% yoy, the highest since April 2024. These outweighed the moderation in 'electricity and other fuel' and 'water and other services' costs.

Encouragingly, food inflation continued to decelerate, easing from 3.7% in February to 3.4% in March. The moderation was broad-based, with most food categories declining or increasing at slower rates. Meat prices remained elevated, still reflecting the impact of foot-and-mouth disease, but decelerated from 12.2% yoy to 11.6%. Crops and fruits benefited from a healthy summer harvest. Cereal products fell by 1% yoy, fruits by 9.6%, and vegetables by 1.3%. Inflation for 'oils and fats' moderated from 4% to 3.2%, and 'sugar, sweets, deserts and jam' eased from 3.5% to 3.1%.

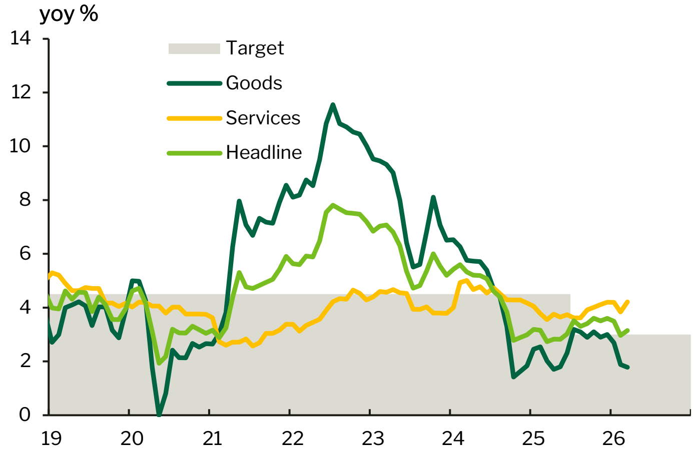
Core inflation, excluding food and fuel, rose from 3% in February to 3.2% in March, likely reflecting the impact of transport costs across industries, particularly services, and rising import prices on the back of a weaker rand.

Chart 2: Rising fuel costs outweigh easing food prices



Sources: Stats SA

Chart 3: Goods and services remained contained



Sources: Stats SA

Goods inflation fell further to a 11-month low of 1.8% in March from 1.9% in February. The drag came from durable goods, which fell by 1.5%, while semi-durables and non-durables prices held steady at 0.6% and 2.9%, respectively. In contrast, services inflation accelerated from 3.8% to 4.2%. Within services, the upward pressure came from 'restaurants and hotels' (up from 3.8% to 5.9%), education (up from 4.5% to 5.4%), and recreation and culture (up from 2.5% to 2.6%). However, inflation in public transport, health, insurance and financial services, and personal care services moderated.

Outlook and implications

We expect headline inflation to accelerate to more than 4% from April, driven primarily by higher fuel prices, tariffs and levies. The persistent conflict in the Middle East will sustain volatility in oil markets, while elevated global risk aversion will weigh on the rand. The combination of higher oil prices and currency weakness will cause a surge in the rand oil price. As a result, fuel inflation is expected to swing from -8.7% in March to 8.7% in April. Even so, the full impact of the oil shock will be partially offset by government intervention. National Treasury reduced the general fuel levy by R3 per litre for April to shield consumers and firms from the fuel price shock. These fuel-related pressures are expected to largely offset the ongoing disinflation in food prices. Food inflation should continue to moderate, supported by lower global food prices and strong domestic crop production. These will outweigh the pressures from foot-and-mouth disease on meat prices and the impact of higher fertiliser costs linked to supply-chain disruptions in the Middle East. Beyond food and transport costs, administered prices—notably electricity and water tariffs—will also continue to exert upward pressure on input and operating costs. The 8.76% Eskom tariff increase, approved by NERSA for the 2026/27 financial year, came into effect on 1 April. Taken together, these developments point to a higher inflation trajectory in the second quarter of the year. We expect headline inflation to peak above 4% during the second quarter, before gradually easing in the second half of the year. It will end 2026 at 3.7%, and average 3.9% for the year. Risks remain skewed to the upside. Second-round effects from higher fuel prices and sustained rand weakness could lift inflation expectations, potentially forcing the South African Reserve Bank to lean more actively against an inflationary spiral. While elevated real interest rates still provide the MPC with scope to remain on hold in the near term, the risk of a 25 basis-point hike in either May or July has increased materially.

Table 1: Breakdown of consumer inflation

	Weights	Mar-25	Feb-26	Mar-26	
		yoy %	yoy%	yoy %	ppts contribution
Headline (all items)	100	2.7	3.0	3.1	3.1
Food & non-alcoholic beverages	18.2	2.7	3.7	3.6	0.6
Food	16.8	2.2	3.7	3.4	0.6
Bread & cereals	4.1	4.3	-0.5	-1.0	0.0
Meat	5.1	0.4	12.2	11.6	0.6
Fruit	0.6	7.9	-7.2	-9.6	-0.1
Vegetables	1.7	3.3	-2.7	-1.3	0.0
Non-alcoholic beverages	1.4	7.9	4.3	4.9	0.1
Alcoholic beverages & tobacco	4.6	4.1	5.0	4.2	0.2
Clothing & footwear	3.9	1.3	1.2	1.2	0.0
Housing & utilities	24.1	4.4	4.8	5.1	1.2
Water & other services	3.8	5.5	7.1	7.0	0.3
Electricity & other fuels	4.1	11.9	7.5	7.4	0.3
Household contents & appliances	3.3	1.8	0.3	0.0	0.0
Health	1.8	4.2	4.4	3.9	0.1
Transport	13.9	-2.4	-2.1	-1.6	-0.2
Vehicles	5.6	2.4	0.5	0.4	0.0
Fuel	3.8	-8.8	-10.1	-8.7	-0.3
IT & communication	5.5	-0.4	0.5	0.7	0.0
Recreation & culture	2.9	2.3	2.5	2.6	0.1
Education	2.4	4.5	4.5	5.4	0.1
Restaurants & hotels	6.1	4.2	3.8	5.9	0.4
Insurance & financial services	10.4	n/a	n/a	4.6	0.5
Insurance	8.4	8.0	4.5	4.6	0.4
Financial services	2.0	5.0	4.9	4.9	0.1
Personal cares & other	2.8	1.5	2.8	2.8	0.1

Source: Stats SA, Nedbank calculations

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