

# Consumer inflation

## ECONOMICS | SOUTH AFRICA

### Inflation steady in May as food inflation rose while fuel prices dropped.

- **Headline consumer inflation** was unchanged at 2.8% yoy in May, above our forecast but in line with the market consensus. The main driver was food inflation, although housing and utilities, as well as alcoholic beverages and tobacco, also contributed. The upside price pressures continued to outweigh fuel deflation. **Core inflation**, which excludes food and energy costs, was also steady at 3% yoy.

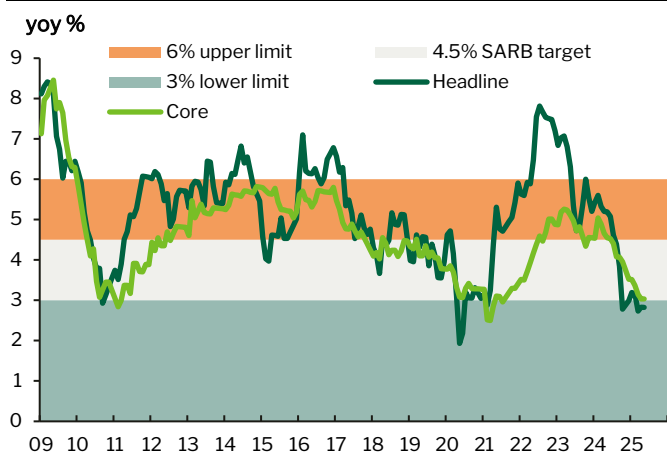
**Table 1: Key Inflation Outcomes**

	May-25		Apr-25	Forecasts (yoy %)	
	yoy %	mom %	yoy %	Nedbank	Reuters
Headline	2.8	0.2	2.8	2.3	2.8
Core	3.0	0.0	3.0	2.9	3.1

Source: Stats SA, Nedbank GEU, Refinitiv

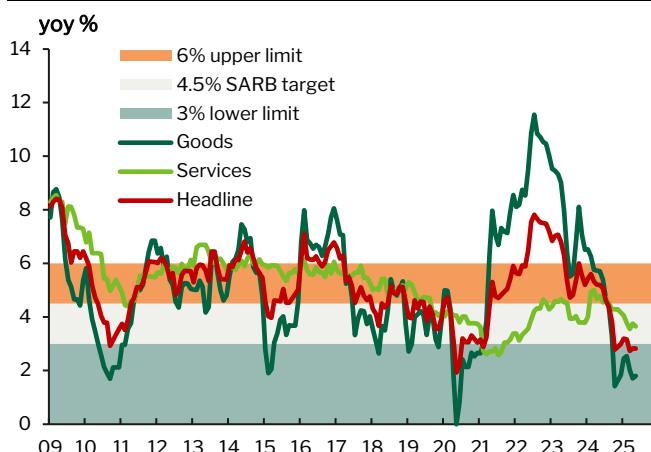
- **Food and non-alcoholic beverages prices** increased by 4.8% yoy from 4% in April, contributing 0.9 percentage points to the headline figure. The increase was led by a jump in food inflation to 4.4% from 3.3%. Meat prices were up by 4.4% from 3.0%. At the same time, fruit costs surged by 13.5% from 7.4%, the highest rate since November 2020, while vegetables rose by 10.3% from 4.5%.
- **Transport deflation** deepened to -4.5% yoy from -3.9%. The biggest drag came from a sharper dip in fuel prices (-14.9% from -13.4%), while public and private transport operation costs also decreased.
- **Housing and utilities inflation** rose slightly to 4.5% from 4.4% due to a faster rise in maintenance and repair costs, which increased by 2.4% yoy from 0.6%.
- **Alcoholic beverages and tobacco inflation** eased to 4.3% from 4.7%, mainly reflecting lower prices in alcoholic beverages (4.4% from 4.7%).

**Chart 1: Headline inflation and core steady.**



Source: Stats SA

**Chart 2: Goods inflation rose slightly while services eased.**



Source: Stats SA

- **Goods inflation** increased slightly to 1.8% yoy from 1.7% due to a rise in prices of non-durable goods, which rose by 2.3% from 2.1%. Meanwhile, services inflation eased.
- We see inflation drifting upwards in the second half of the year, but still averaging a muted 3.5% in 2025. However, risks to the inflation outlook have worsened in recent days, as the rand weakened and global oil prices jumped due to the conflict in the Middle East. Food prices will increase as the base continues to normalise. However, favourable crop prices resulting from good rainfall, as well as increased livestock slaughtering, will contain the upside. The biggest concern is the rand. While the domestic currency has been resilient in recent weeks, it remains vulnerable to unfavourable global economic and geopolitical developments. The MPC will have to weigh the benign inflation outlook against the potential upside risks

emanating from the highly volatile and uncertain global environment. At this stage, we still see room for the SARB to cut further in July.

Table 2: CPI Breakdown

		May-25			Apr-25	May-24
CPI Basket	Weight Base 2022	Mom%	Yoy%	Contribution (PPTS)	Yoy%	Yoy%
<b>CPI for all urban areas: Headline</b>	<b>100.00</b>	<b>0.2</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>5.2</b>
Food & non-alcoholic beverages	18.23	1.1	4.8	0.9	4.0	4.7
Food	16.84	1.2	4.4	0.7	3.3	4.3
Non-alcoholic beverages	1.39	0.1	6.8	0.1	7.6	7.8
Alcoholic beverages & tobacco	4.64	0.2	4.3	0.2	4.7	4.4
Clothing & footwear	3.90	0.1	1.3	0.1	1.2	2.0
Housing & Utilities	24.10	0.1	4.5	1.1	4.4	5.8
Household content & maintenance	3.33	0.1	2.0	0.1	1.7	1.8
Health	1.78	0.2	4.4	0.1	4.2	5.3
Transport	13.89	-0.2	-4.8	-0.7	-3.9	6.3
Communication	5.47	0.0	1.0	0.1	0.7	-0.3
Recreation & culture	2.94	0.0	1.7	0.1	1.7	2.9
Education	2.41	0.0	4.5	0.1	4.5	6.4
Restaurants & hotels	6.12	-0.4	1.8	0.1	3.0	6.5
Insurance	8.41	0.0	8.2	0.7	8.2	8.0
Financial Services	2.00	0.0	5.0	0.1	5.0	5.6
Personal care & miscellaneous services	2.78	0.1	1.7	0.0	1.6	7.2

yoy %	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
<b>All goods</b>	<b>1.8</b>	<b>2.4</b>	<b>2.5</b>	<b>2.0</b>	<b>1.7</b>	<b>1.8</b>
Durable goods	0.9	0.8	0.8	0.7	0.3	0.1
Semi-durable goods	1.5	1.2	1.2	1.2	0.7	0.7
Non-durable goods	2.0	2.9	3.1	2.2	2.1	2.3
Services	4.2	4.0	3.8	3.5	3.8	3.6

<b>Core CPI</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>
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Source: Stats SA

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