24 July 2025

MINERALS COUNCIL
SOUTH AFRICA

CPI Inflation Brief: **June 2025**

SA's annual headline inflation increased to 3.0% in June 2025

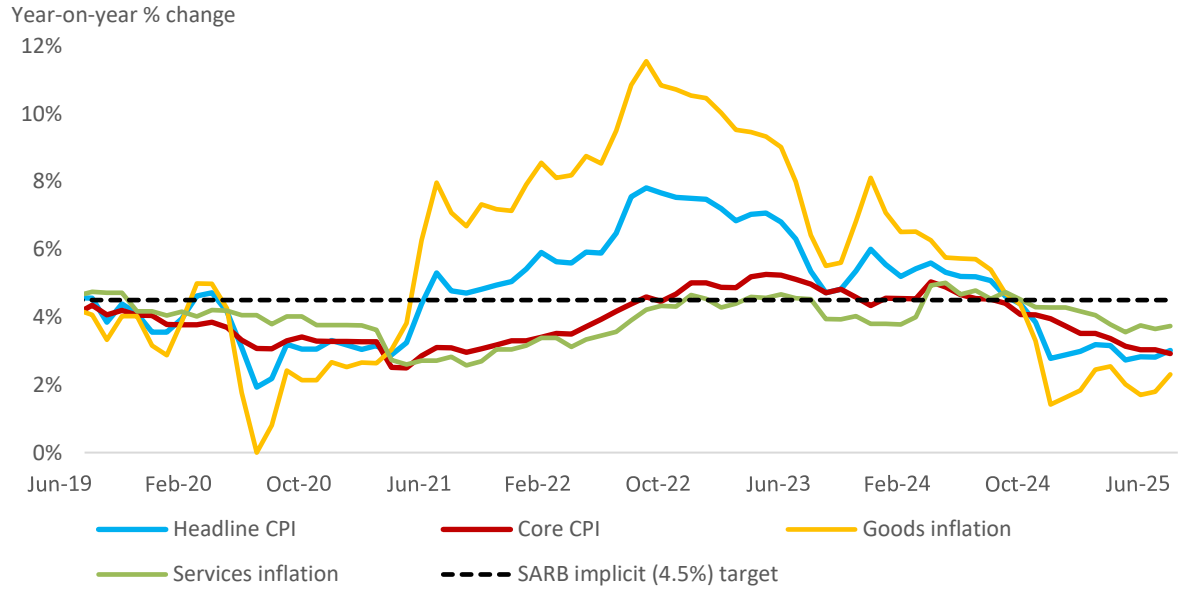
Current (Actual)	**3.0%**	**June 2025 – Statistics SA**	
Previous month	2.8%	May 2025 – Statistics SA	
Average year-to-June	3.0%		
Medium-term Inflation Forecasts			
Institution	**2025**	**2026**	**2027**
SARB (May MPC)	3.2%	4.2%	4.4%
National Treasury (May Budget)	3.7%	4.2%	4.3%
Minerals Council SA (July)	3.4%	4.5%	n/a
Repo Rate 7.25%		**Prime Lending Rate** 10.75%	
(Next SARB interest rate decision due: 31 July 2025)			

Headline Inflation Breakdown:

Food and housing were the main drivers of headline inflation in June with South Africa's **headline** Consumer Price Index (CPI) inflation rate increasing to 3.0% year-on-year (y-o-y), matching the Bloomberg market consensus.

At 2.9% y-o-y, **core inflation**, which excludes volatile food and energy prices, eased in June. This surprised slightly to the downside, coming in below the consensus forecast of 3.0%. Breaking it down further: **goods inflation** edged up further to 2.3% y-o-y in June from 1.8% in May, while **services inflation** increased slightly to 3.7% from 3.6% in the previous month.

Figure 1: Key Inflation Measures Remain Well-Contained



Source: Statistics SA & Minerals Council SA.

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In June, the headline Consumer Price Index rose by 0.3% month-on-month (m-o-m) compared to May. This marks the third consecutive month in which the increase was primarily driven by higher prices for food and non-alcoholic beverages, particularly meat, as well as housing and utilities. Beef continued to exert upward pressure on food inflation. Additionally, June was a survey month for rentals, motor vehicle insurance, and public transport fares.

The main contributors to the 0.3% m-o-m increase in the overall CPI are outlined in more detail below:

Housing and Utilities: This subcomponent recorded a 0.5% m-o-m increase and a 4.4% y-o-y rise, contributing 1.0 percentage point to the headline increase. The main contributors were a 1.0% m-o-m increase in housing rentals and a 0.8% rise in owners' equivalent rent, both surveyed by Stats SA in June. Additionally, water supply and miscellaneous services posted a modest 0.1% m-o-m increase. In contrast, maintenance and repair costs declined by 0.2%, while electricity, gas, and other fuels fell by 0.3%.

Food and Non-Alcoholic Beverages (NAB): Prices in this category rose by 0.7% m-o-m and 5.1% y-o-y. The annual rate of increase was the highest in 15 months. This contributed 0.9 percentage points to the headline inflation rate. Within the food category, meat remained the primary driver of food inflation, increasing by 2.2% m-o-m and 6.6% y-o-y. Although South Africa had temporarily restricted poultry imports from Brazil due to an avian flu outbreak, these restrictions have since been lifted, and import volumes are expected to recover in the coming months. Beef was the most significant contributor to meat inflation, largely due to the outbreak of foot-and-mouth disease in South Africa, which has placed upward pressure on red meat prices. Notably, stewing beef rose by 21.2% y-o-y - the highest annual increase recorded since Stats SA began tracking these prices in January 2017. Beef mince and beef steak also saw substantial annual increases of 15.3% and 17.6%, respectively.

Processed foods increased by 0.9% m-o-m and 6.9% y-o-y, while fruit and nuts rose by 13.2% y-o-y and vegetables by 13.6%. Looking ahead, the Agricultural Business Chamber expects food price inflation to moderate over the coming months. This outlook is supported by ample domestic grain supplies, a promising fruit harvest, and an anticipated easing in meat prices. Vegetable prices are also expected to decline, as the recent spike is largely attributed to a weather anomaly, with both supply and pricing conditions likely to stabilise in the second half of the year.

Alcoholic Beverages and Tobacco: Overall, alcoholic beverage prices rose by 0.3% m-o-m and 4.4% y-o-y, while tobacco prices increased by 0.2% m-o-m and 4.2% y-o-y. Among alcoholic drinks, wine recorded the largest monthly increase at 0.5% m-o-m, with red wine rising by 0.7% and white wine by 0.4%. In contrast, prices for spirits and liqueurs declined by 0.3%, while beer prices edged up slightly by 0.1% m-o-m.

Other notable changes include:

Transportation: Transportation costs fell by 0.1% m-o-m, driven largely by a decrease in fuel prices. Overall, fuel prices are 11.2% lower in June than the same time last year. In June, fuel prices declined marginally: 95-octane petrol fell to R21.35 per litre (down 5 cents from May), 93-octane to R21.24 per litre (also down 5 cents), and 0.005% diesel was flat. June marked the fourth consecutive month of fuel price declines but this streak was interrupted in July which saw a substantial increase

in the price of fuel (+52 cents for 95-octane petrol and +55 cents for 93-octane). Looking ahead, preliminary data from the Central Energy Fund indicates that petrol prices will decrease again in August, with cuts expected to range between 20 to 30 cents per litre. However, this relief will be partially offset by a projected increase of around 60 cents per litre in diesel prices, which will somewhat dilute the overall benefit of lower petrol costs.

Passenger transport services declined by 0.1% m-o-m and approximately 2.2% y-o-y. Within this category, taxi fares decreased by 0.3% m-o-m, while airfares saw a more pronounced drop of 2.8%. In contrast, bus fares rose slightly by 0.2% m-o-m, and train fares recorded a notable increase of 3.3% m-o-m.

Outlook:

South Africa's inflation print in June 2025 reflects a continued environment of contained price pressures, with headline CPI rising modestly and core inflation easing slightly below expectations. While food and housing remain the dominant contributors to monthly and annual inflation, the broader inflation landscape is still comfortably at the bottom end of the South African Reserve Bank's (SARB's) inflation target range, suggesting limited immediate risk to price stability.

Looking ahead, food inflation is expected to moderate, supported by favourable domestic grain market conditions and easing meat prices. Similarly, fuel price volatility - which recently saw a reversal in the downward trend - is expected to ease again in August, but only for petrol prices. Diesel prices, by contrast, are projected to rise, limiting the extent of relief for overall transport-related costs. Alongside subdued core inflation, these developments strengthen the case for a further easing in the policy interest rate. The SARB is scheduled to meet on 31 July to review the repurchase rate, which currently stands at 7.25%. We expect another 25bps reduction in the policy rate at next week's meeting.

The scope for further cuts beyond next week depends on whether upside inflation risks materialise. Global supply chain uncertainties, tariff disruptions, and geopolitical tensions could reintroduce volatility, particularly in energy and food markets, as well as the rand exchange rate. The timing of a looming change in the SARB's inflation target is also likely to influence future interest rate decisions.

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Yours sincerely,

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