

Current (Actual)	3.0% ▼	February 2026 – Statistics SA
Previous month	3.5%	January 2025 – Statistics SA
Inflation target band ¹	3% ± 1%	

Medium-term Inflation Forecasts

Institution	2026	2027	2028
SARB (January MPC)	3.3%	3.2%	3.0%
National Treasury (February '26 Budget)	3.4%	3.3%	3.2%

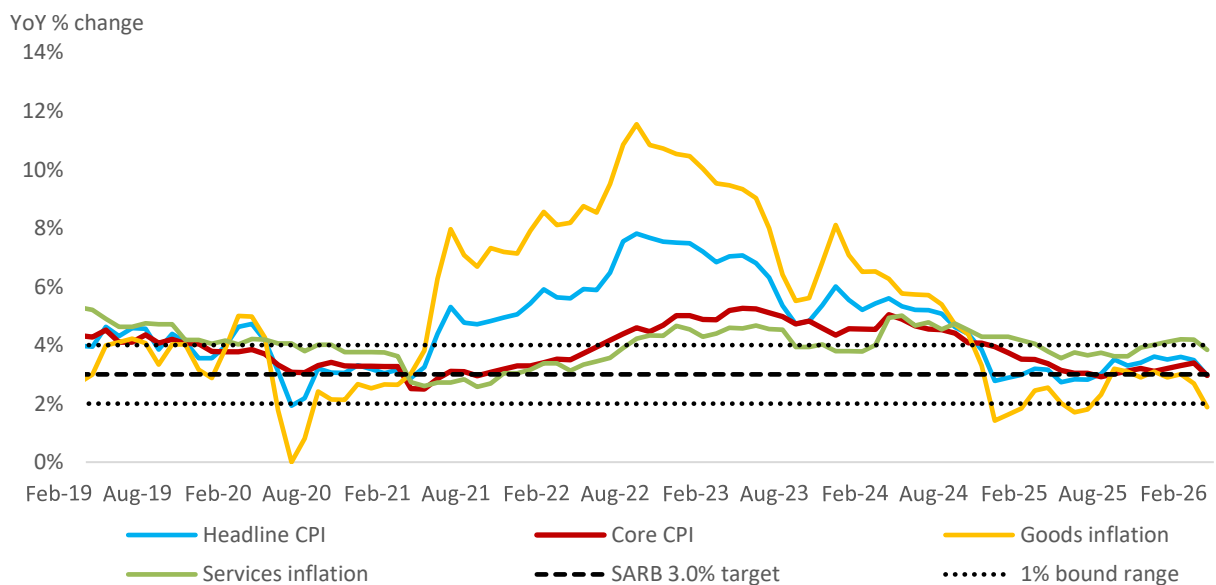
Repo Rate
6.75%

Prime Lending Rate
10.25%

(Next SARB interest rate decision due: 26 March 2026 @ 15:00)

South Africa’s **Consumer Price Index (CPI)** eased more than expected, slowing from 3.5% year-on-year (y-o-y) in January to **3.0%** in **February 2026**. The February reading came in below Bloomberg’s market consensus of 3.1%, modestly outperforming expectations. **Core inflation**, which excludes volatile food and energy prices, also moderated sharply to **3.0%** from 3.4% in January. This notable softening in both headline and core inflation would have set a constructive tone for the year were it not for the supply shock triggered by the outbreak of conflict in Iran at the end of February. **Goods** inflation eased further to 1.9% year-on-year from 2.7%, while **services** inflation moderated to 3.8% from 4.2% in January, reinforcing the broad-based disinflation evident across the consumer basket.

Figure 1: All major items, apart from services inflation, on the 3% target



Source: Statistics SA & Minerals Council

¹ In November 2025, National Treasury formally adopted a 3% inflation target with a 1-percentage-point tolerance band to allow for temporary shocks. Prior to this shift, South Africa operated within a 3–6% target range, with policy generally guided toward the informal midpoint of 4.5%.

Breakdown:

1. **Housing and utilities** remained the biggest driver of inflation in February, contributing 1.1 percentage points to the overall 3.0% CPI rate. There were no month-on-month (m-o-m) increases in this category, but the scheduled March survey of this category will update housing and utility costs for the first quarter.
2. **Food and Non-Alcoholic Beverages (NAB):** Prices in this category fell by 0.3% month-on-month in February, bringing the annual rate down to 3.7% from 4.0% in January. This outcome was broadly in line with expectations. The continued strength and resilience of the agricultural sector have supported a favourable food-price environment, helping to ease pressure across key items. In February, the following categories saw monthly price increases slow:
 - **Meat** (-1.1% m-o-m): The largest price declines were recorded for **stewing** beef (-3.7% m-o-m), beef **mince** (-3.2%), and beef **steak** (-2.6%). Other notable decreases included pork (-1.6%) and lamb & mutton (-1.4%).
 - **Processed foods** (-0.7% m-o-m).
 - **Oils and fats** (-0.4% m-o-m): Olive oil fell by 2.1% m-o-m, while sunflower oil declined by 0.6% and margarine spread by 0.4%.

The Agricultural Business Chamber expects South Africa's consumer food inflation to continue moderating through 2026, but warns that the conflict in the Middle East now presents a significant upside risk. The conflict and resulting pressure on fuel prices comes at a challenging time for the agricultural sector: from late April, farmers in the Western and Northern Cape begin land preparation for the 2026/27 winter crop season, with other provinces following in May for wheat, canola, barley and oat plantings. May also marks the start of citrus harvesting and the export season, while early harvesting of the 2025/26 summer grains and oilseeds begins toward the end of the month. This cluster of activity is typically associated with elevated fuel consumption. With roughly 13% of agricultural input costs linked to fuel, sustained price increases would directly coincide with peak usage and could erode the deceleration recently observed in overall food inflation.

3. **Insurance and Financial Services:** Prices in this subcategory increased by 4.7% y-o-y, contributing 0.5 percentage points to the headline figure.
 - A key factor behind February's outcome was the delay in implementing some **medical aid insurance** contribution increases. Discovery Medical Aid, the largest medical scheme, postponed its annual adjustments to April, which helped soften or delay the usual February rise in health insurance costs. As a result, the category increased by only 6.4% y-o-y, well below the 10.5% increase recorded in February 2025. However, once the postponed increases take effect later in the year, they will feed through to overall inflation.
4. **Transportation costs** fell by 3.1% m-o-m in February, mainly due to lower fuel prices. Fuel was 10.1% cheaper than a year earlier, providing significant relief at the pump. During the month, both 95- and 93-octane petrol prices declined by 65 cents per litre, while diesel also eased — with 0.005% sulphur diesel down 57 cents to R17.95/litre and 0.05% sulphur diesel down 50 cents to R17.91/litre. These reductions filtered through to broader transport costs across the economy.

However, this momentum reversed in March. Fuel prices increased again, and preliminary Central Energy Fund data point to a particularly difficult April. The conflict in the Middle East has pushed global oil prices higher while also weighing on the rand, and current estimates show diesel set to rise by more than R8 per litre in April, with petrol increases exceeding R4 per litre. There are also fears of fuel, especially diesel shortages, which would impact on real sector production operations. In this context, South Africa's strategic fuel reserves would come handy. However, the country's fuel reserves are currently considered insufficient, with warnings that if imports stopped completely, reserves would likely last only around 6 - 8 weeks, depending on consumption levels and whether the mandated stockpile is actually in place.

Outlook:

February brought a welcome easing in headline consumer inflation, helped by lower fuel prices, delayed medical aid contribution increases and softer food inflation. Although these are consumer-side developments, they nonetheless support mining indirectly by easing cost-of-living pressures on workers and helping stabilise wage expectations. However, this brief improvement began to unwind as fuel prices reversed course in March and global oil markets reacted to the outbreak of conflict in the Middle East on 28 February 2026.

Looking ahead, April and May are likely to be far more challenging if the conflict continues. Brent crude has already risen by more than 40% month-on-month, the rand has weakened, and early estimates point to sharp fuel price increases, alongside medical aid contribution hikes and an 8.76% industrial electricity tariff increase. These pressures will lift headline inflation again and, in turn, may feed into wage negotiations, household financial stress in mining communities and higher borrowing costs if the SARB delays interest-rate cuts. As things stand, April and May are likely to see excessive inflationary pressure with possible second-round implications for the mining sector.

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