

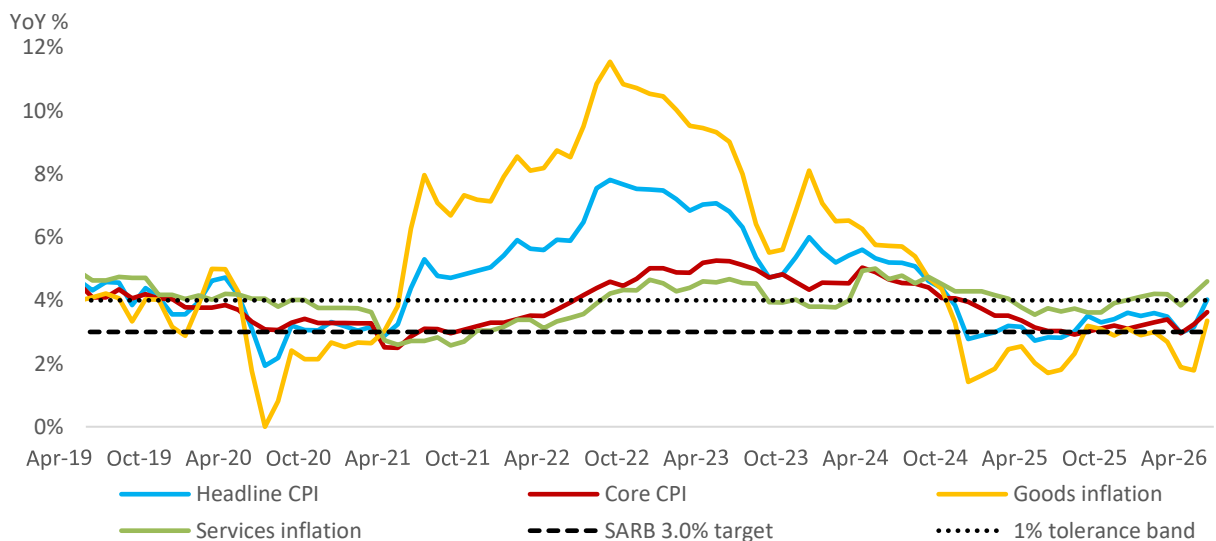
<b>Current (Actual)</b>	<b>4.0% ▲</b>	<b>April 2026 – Statistics SA</b>
Previous month	3.1%	March 2025 – Statistics SA
Inflation target band <sup>1</sup>	3% ± 1%	

<b>Medium-term Inflation Forecasts</b>			
<b>Institution</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
SARB (March MPC)	3.7%	3.3%	3.0%
National Treasury (February '26 Budget)	3.4%	3.3%	3.2%

<b>Repo Rate</b>	<b>Prime Lending Rate</b>
6.75%	10.25%
(Next SARB interest rate decision due: 28 May 2026 @ 15:00)	

As expected, South Africa’s **Consumer Price Index (CPI)** increased to the upper end of the South African Reserve Bank’s (SARB) target range, rising from 3.1% year-on-year (y-o-y) in March to **4.0%** in **April 2026**. The outcome was in line with Bloomberg’s market consensus, indicating that inflation developments broadly met expectations. **Core** inflation, which excludes the more volatile food and energy components, accelerated, rising to **3.6%** from 3.2% in March. The uptick in both headline and core inflation suggests the **initial pass-through** of higher global prices linked to the ongoing conflict in the Middle East. Given that the conflict persists, these pressures are unlikely to have fully played out. Inflation has not peaked yet. The early impact in terms of magnitude is most evident in goods prices, largely reflecting imported cost pressures, with **goods** inflation rising to **3.4%** y-o-y from 1.8%. **Services** inflation also edged higher, increasing to **4.6%** from 4.2% in March.

**Figure 1: Goods and services inflation spiked in April**



Source: Statistics SA & Minerals Council

<sup>1</sup> 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%.

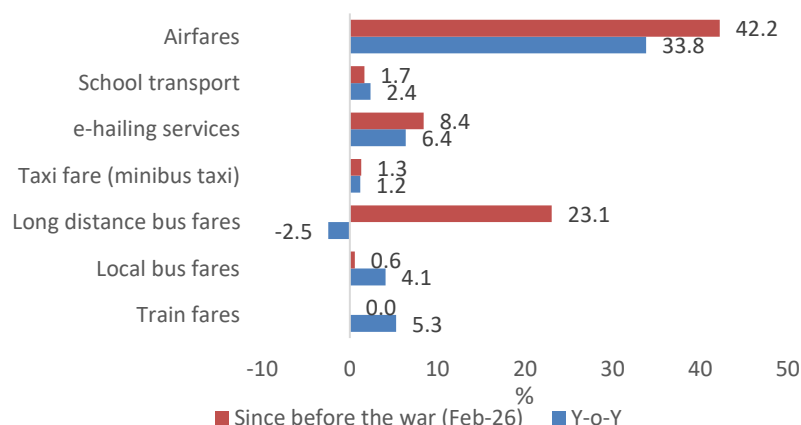
The main drivers of the inflationary increase came from four categories, namely housing and utilities, transport (mostly due to increased fuel prices), insurance and financial services and food and non-alcoholic beverages.

Group	Contribution (% point) April 2026
Housing and utilities	1.2
Transport	0.7
Insurance and financial services	0.6
Food and non-alcoholic beverages	0.5
Restaurants and accommodation services	0.3
Alcoholic beverages and tobacco	0.2
Health	0.1
Recreation, sport and culture	0.1
Education services	0.1
Residual	0.1
All items	<b>4.0</b>

#### Breakdown:

- Housing and utilities** remained the primary driver of inflation, contributing 1.2 percentage points to the overall 4.0% CPI rate. Within this category, the main pressures continue to stem from administered prices, notably electricity (+10.4% y-o-y), water supply (+12.0%), refuse collection (+6.6%), and sewage removal (+6.5%). Maintenance and repair services also recorded notable annual increases, including electricians (+10.0%) and plumbers (+3.4%). Overall, housing and utilities typically undergo annual tariff adjustments, exerting sustained pressure on household budgets.
- Transport** was the second-largest contributor to inflation in April, driven primarily by a sharp **18.2%** month-on-month **surge in fuel prices**. This reflects the fallout from the escalating conflict in the Middle East, which disrupted global oil markets, most notably through the temporary closure of the Strait of Hormuz, while also weakening the rand. In March, the rand depreciated by around 4.8% against the US dollar, while crude oil prices surged by 43.2%, significantly raising South Africa's import cost of fuel.

As a result, domestic fuel prices rose markedly in April: both **93** and **95** octane petrol increased by 306 cents per litre, while **diesel** prices surged by over 7 rand per litre (0.005% sulphur to R26.11/litre and 0.05% sulphur to R25.90/litre). These increases occurred despite a temporary R3 per litre reduction in the fuel levy, underscoring the scale of external price pressures. The resulting fuel price increases have also exerted pressure on airfares, bus fares and other forms of transport.



Source: Statistics SA & Minerals Council

- 3. Insurance and financial services** were the third-largest contributor to headline inflation. As anticipated in earlier commentary, the increase was primarily driven by health insurance. In April, health insurance premiums rose by 1.8% month-on-month, lifting the annual rate to 8.3%. By comparison, funeral policy premiums increased marginally by 0.2% month-on-month, underscoring that the bulk of inflationary pressure within this category was driven by health insurance.
- 4. Food and non-alcoholic beverages** recorded a moderation in price pressures, with annual inflation easing to 2.8% y-o-y from 3.4% in March. According to the Agricultural Business Chamber, this reflects a broad-based deceleration across key food categories, driven primarily by lower grain, fruit, and vegetable prices on the back of ample domestic and global supplies, as well as easing vegetable oil prices.

Despite recent floods in parts of the Eastern and Western Cape, fruit harvests and export volumes have remained robust, which will likely continue placing downward pressure on prices. The Agricultural Business Chamber further notes that meat price inflation is not expected to pose a significant risk in the near term. Base effects, together with continued cattle slaughter, have contributed to a moderation in meat prices, reinforcing the overall easing in food inflation.

That said, risks remain tilted to the upside over the medium term. The ongoing conflict in the Middle East may place upward pressure on fertiliser prices and availability, with potential pass-through to food prices. In addition, forecasts of an El Niño event in the upcoming season could place further strain on the agricultural sector.

### Outlook:

April's inflation outcome reflects the initial impact of the Iran war and the broader escalation of tensions in the Middle East, with fuel prices emerging as the primary transmission channel. The conflict has heightened investor uncertainty, with markets unsettled by the lack of a clear resolution and ongoing risks of escalation. The continued disruption to the Strait of Hormuz - despite a limited resumption of vessel movements - has sustained supply concerns in global oil markets.

As a result, crude oil prices in the first two weeks of May were approximately 52.4% higher compared to February 2026 (before the onset of the conflict), while the rand has depreciated by 4.2% over the same period. This combination of higher oil prices and currency weakness fed directly into domestic fuel price increases in April, as reflected in the latest Stats SA data, with further increases observed in May. Petrol prices (both 93 and 95 octane) rose by 327 cents per litre, while diesel increased by more than R5 per litre, reaching R31.38/litre (0.005% sulphur) and R31.18/litre (0.05% sulphur). These increases are partially mitigated by the R3 per litre relief extended by National Treasury into May.

Looking ahead, current estimates from the Central Energy Fund point to a potential easing in diesel prices in June, in the order of R4–R5 per litre, while petrol prices are expected to remain broadly flat or increase marginally by 5–15 cents per litre. However, the outlook remains highly contingent on whether National Treasury extends or withdraws the current fuel levy relief.

The South African Reserve Bank's Monetary Policy Committee (MPC) is scheduled to meet next Thursday against this more uncertain inflation backdrop. While there had previously been a consensus toward further monetary easing, the magnitude of the oil price shock, described by the International Energy Agency as one of the most significant disruptions in recent history, has shifted expectations. There is now a growing view among economists that the SARB may consider raising interest rates to pre-empt potential second-round inflationary effects.

That said, the SARB may opt to remain cautious and hold rates steady until its next meeting in July, when more data will be available to assess whether these cost pressures are feeding more broadly into inflation. With inflation now at the upper end of the SARB's target range, a split decision within the MPC appears increasingly likely.

Ultimately, as has been the case since the COVID-19 period, the global environment remains characterised by elevated uncertainty. The trajectory of inflation will depend heavily on the evolution of the conflict and the extent to which current price shocks persist or begin to unwind.

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