



Producer Inflation

ECONOMICS | SOUTH AFRICA

Producer inflation (PPI) accelerated sharply in April.

- PPI rose from 2.3% in March to 4.8% in April, higher than our and the market's forecast of 3.5%.
- The largest contributor to the rise stemmed from a sharp rise in fuel costs, followed by meaningful increases in food, beverages and tobacco and paper and printed products. The only decline in inflation was recorded for transport equipment.
- The outlook has deteriorated sharply amid global price pressures stemming from the Iran war. If producer prices rise further, there is greater risk of a more pronounced pass-through to consumer prices.

April 2026

Producer inflation
(yoy %)

4.8%

Above expectations

Key metrics:

yoy %		Headline
Outcome	Mar-26	2.3
	Apr-26	4.8
Forecasts	Nedbank	3.5
	Market	3.5

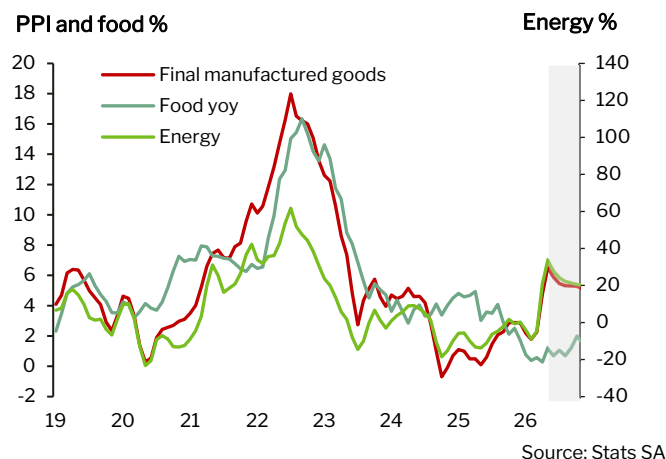
Source: Stats SA, Nedbank, Reuters Poll

Some details:

yoy %	Feb-26	Mar-26	Apr-26
Food products	0.4	0.6	0.3
Meat & meat products	11.2	8.3	1.0
Fruits & vegetables	-0.8	0.1	0.1
Coke & petroleum	-8.9	-4.8	20.9
Petrol	-12.8	-11.5	8.6
Diesel	-12.4	-8.2	33.8
Machinery & equipment	2.5	2.4	2.5

Source: Stats SA

Chart 1: Producer inflation driven by high energy prices



Source: Stats SA

Quick insights

PPI increased from 2.3% in March to 4.8% in April, driven by a significant jump in fuel costs alongside increases in inflation in most other sectors. After rising moderately in March, the global energy price shock drove petrol and diesel prices up by 18.3% and 39.4% in April, respectively. As a result, the yoy rate of petrol prices rose from -11.5% to 8.5%, and that for diesel from -8.2% to 33.8%. Consequently, inflation in coke and petroleum products increased from -7.8% to 20.9%. The 'other' and 'chemical products and rubber' categories also exerted upward pressure.

Inflation for food, beverages and tobacco moderated from 2.2% to 1.9%. The downward pressure came from meat and meat products, which eased from 8.3% to 1%, suggesting progress in foot-and-mouth disease vaccinations and support from imports. There were also softer increases in dairy products, and other food products and beverages. Deflation in grain mill products, starches and starch products and animal feeds subsided.

Inflation for metals, machinery, equipment and computing equipment rose slightly from 2.4% to 2.5%, lifted by a jump in structural and fabricated metal products (from 5.3% yoy to 5.9%). This increase offset a moderation in general and special purpose machinery (from 2% to 1.6%) and steeper deflation in household appliances and office machinery (from -13.6% to -17.4%).

In other measures, price movements varied. PPI for intermediate goods picked up from 9.1% to 10% due to rising chemicals, rubber and plastic products prices, which increased from -9.7% to 5.3%. Glass and glass products also added to the upside and so did shallower declines in basic iron and steel. Mining inflation decelerated from 33% to 24.9%. Coal and gas, gold and other metal ores and non-ferrous metal ores prices moderated, while deflation in stone quarrying, clay and diamonds eased.



Inflation for electricity and water fell from 17.9% to 12.5%, as electricity prices dropped from 19% to 12.7%, while water declined to 11% after holding steady at 11.6% over the previous 9 months. Deflation in agriculture, forestry and fishing deepened from 2.9% to 6.5%. The rate of decline in crops and horticultural products went from 17.5% to 19.1%. Within this category, prices of cereals and other crops fell by 27.8%, more than March's 25.4% drop. Likewise, the rate of decline in fruit and vegetable prices deepened from 7.5% to 9.6%. The continued decline in these categories reflects the impact of good rains in most regions. Live animals and animal products costs slowed from 14.2% to 5.7%, suggesting that the pressure from the foot-and-mouth outbreak was easing.

Chart 2: Meat and grain prices continue to ease

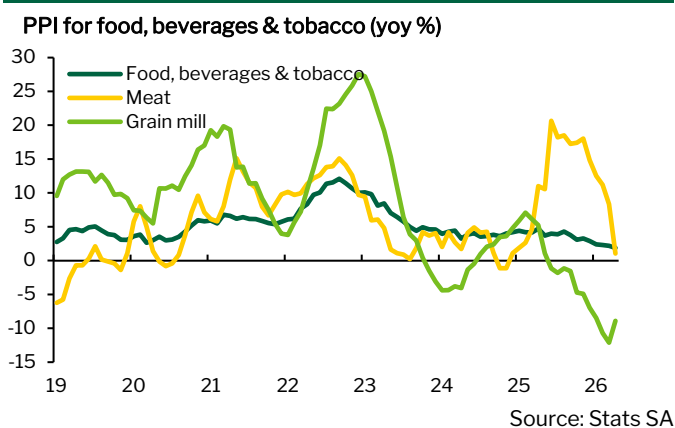
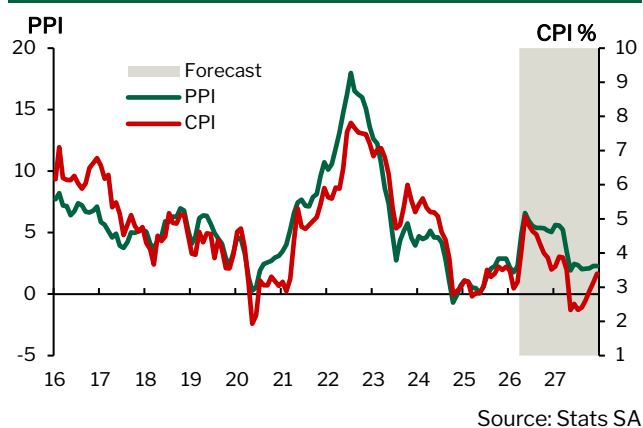


Chart 3: Inflation forecasts



Outlook and implications

The inflation outlook has deteriorated since the start of the Iran war. The closure of the Strait of Hormuz caused a surge in Brent crude oil prices, driving up petrol and diesel prices. These fuel-related pressures are expected to largely offset the ongoing disinflation in food prices. Food inflation is expected to moderate, supported by lower global food commodity prices, strong domestic crop production, and some moderation in meat prices due to increased imports and vaccinations against foot-and-mouth disease. These will outweigh 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. Taken together, these developments point to a higher inflation trajectory in the second quarter of the year. We expect PPI to peak at 6.6% in May, then ease gradually to end the year at 5.0% and average 4.6% in 2026. Risks remain skewed to the upside. Should producer cost pressures persist, the pass-through to consumer prices is likely to increase. This would amplify second-round effects, leading to higher inflation expectations, and, ultimately, consumer inflation outcomes that exceed current projections.



Table 1: Producer inflation

	Weights	Apr-25	Mar-26	Apr-26	
		Yoy %	Yoy %	Yoy %	Ppts contr
Final manufactured goods	100	0.5	2.3	4.8	4.77
Food products, beverages and tobacco products	29.2	4.7	2.2	1.9	0.55
Food products	17.3	4.9	0.6	0.3	0.05
Meat, fish, fruit, vegetables, oils and fats	4.5	8.7	4.7	1.9	0.08
Meat and meat products	2.1	11.0	8.3	1.0	0.02
Fish and fish products	0.5	6.6	5.5	5.4	0.03
Fruit and vegetables	1.0	5.5	0.1	0.1	0.00
Oils and fats	0.9	7.7	-0.4	3.0	0.03
Dairy products	1.5	0.2	2.3	2.2	0.03
Grain mill products, starches and starch products and animal feeds	2.3	5.2	-12.1	-8.9	-0.21
Grain mill products	1.2	4.3	-10.5	-9.2	-0.11
Starches, starch products and animal feeds	1.1	6.7	-13.7	-8.7	-0.10
Other food products	9.0	4.3	2.0	2.0	0.18
Bakery products	3.1	6.0	4.3	3.1	0.09
Sugar	1.4	-2.4	-9.5	-8.9	-0.12
Other food	4.5	5.4	3.9	4.0	0.18
Beverages	9.7	4.0	4.0	3.5	0.34
Tobacco products	2.2	6.2	6.6	6.6	0.15
Textiles, clothing and footwear	5.1	6.8	2.3	1.3	0.07
Textile	1.5	5.0	5.4	5.4	0.08
Clothing	3.2	7.8	1.2	0.0	0.00
Footwear	0.5	7.5	-0.1	-2.6	-0.01
Paper and printed products	8.4	-3.5	4.4	6.4	0.54
Coke, petroleum, chemical, rubber and plastic products	22.7	-5.5	-1.5	11.8	2.67
Coke and petroleum products	12.1	-13.2	-4.8	20.9	2.53
Petrol	4.4	-16.3	-11.5	8.6	0.38
Diesel	4.2	-14.5	-8.2	33.8	1.43
Other	3.5	-6.8	8.3	21.3	0.74
Chemical products	7.9	4.3	2.9	2.3	0.18
Rubber and plastic products	2.7	3.7	-0.1	3.8	0.10
Non-metallic mineral products	2.7	2.7	7.1	7.0	0.19
Metals, machinery, equipment and computing equipment	15.8	1.0	2.4	2.5	0.40
Structural and fabricated metal products	6.5	0.1	5.3	5.9	0.38
General and special purpose machinery	8.6	1.8	2.0	1.5	0.13
Household appliances and office machinery	0.8	1.5	-13.6	-14.4	-0.12
Electrical machinery and communication and metering equipment	3.5	2.7	3.9	6.2	0.21
Transport equipment	8.5	-3.8	1.0	-0.8	-0.07
Motor vehicles	2.6	-2.3	1.7	2.1	0.06
Parts for transport equipment	5.9	-4.5	0.7	-1.9	-0.11
Furniture and other manufacturing	4.0	8.5	14.1	9.0	0.36

Source: Stats SA, Nedbank calculations



GROUP ECONOMIC UNIT

Analysts/Economists:

Crystal Huntley

Nicky Weimar

Telephone numbers:

+27 10 221 8468

+27 10 234 8357

Emails:

crystalhu@nedbank.co.za

NickyWe@nedbank.co.za

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