

Headline South African inflation slows for second month running

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South Africa's headline consumer inflation slowed for a second month in a row in September, to 7.5% year on year from 7.6% in August, though core inflation rose, data from Statistics South Africa has shown.



Source: Reuters.

On a month-on-month basis, headline consumer inflation was at 0.1% in September from 0.2% in the previous month.

The headline readings were in line with analysts' forecasts.

Inflation struck a 13-year high of 7.8% year on year in July.

Last week, the South African Reserve Bank (Sarb) governor said inflation might have peaked in the third quarter but the bank wanted to see it decline to firmly within its target range of 3% to 6%.

The central bank has raised interest rates at the last six monetary policy meetings since a tightening cycle began in November 2021. Its next rate decision is due in late November.

Analysts said the central bank was likely to be worried by the pickup in core inflation, which excludes prices of food, non-alcoholic beverages, fuel and energy and which rose to 4.7% year on year in September, from 4.4%.

Annabel Bishop at Investec said in a research note that the Sarb would probably raise its main lending rate by a further 100 basis points in November, having delivered 75 bps hikes at the past two monetary policy meetings.

On a month-on-month basis core inflation was at 0.5% in September from 0.2% in August.

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