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Ending a year of grain abundance and heading into a challenging one

- **While the focus of South Africa's agriculture is already on the upcoming 2026-27 season and the expected El Niño drought, the data remind us that we are closing one of the periods of production abundance. The Crop Estimates Committee released its 7th production estimate for the 2025-26 season this afternoon, slightly nudging up the expected harvest by 0.02% from the previous month to 21.6 million tonnes. This is up 5% from the 2024-25 production season, setting a record. The figure comprises maize, sunflower seed, soybeans, groundnuts, sorghum, and dry beans. We generally see ample harvests across most of these crops.**

- If we zoom in on the major grains, the 2025-26 maize production estimate is 17.4 million tonnes, up 4% from last season, and the largest harvest on record. About 9.5 million tonnes of white maize, with 7.9 million tonnes being yellow maize. Such a maize crop, combined with likely large carryover stocks from the current season, signals that South Africa will once again be a net exporter of maize in the 2026-27 marketing year (corresponding to the 2025-26 production season). South Africa's annual maize consumption is 12.0 million tonnes. There are over 3.0 million tonnes for exports and ample carryover stocks for next year. Notably, the harvest is still underway across the country due to the late start of the season, and crop quality in harvested areas is decent.

- The 2025-26 soybean harvest is estimated at a record 3.0 million tonnes, largely due to higher yields in some regions and large-area plantings (up 9% y/y). The sunflower seed crop is estimated at 874,805 tonnes, up by 23% y/y. There is also a decent harvest of small grains, such as groundnuts, sorghum, and dry beans.

- From a consumer perspective, the large harvest has, over the past few months, added downward pressure on prices, supporting our view of a moderating path of consumer food price inflation in 2026. South Africa's consumer food price inflation has slowed to 0.6% in July 2026, the lowest level since 2010. There was a broad deceleration across various food products, and grains were in deflation, among the key products underpinning the deceleration in consumer food price inflation.

- Looking ahead, the medium-term risk is the forecast El Niño drought, but it will affect the 2026-27 summer grain crop, which will only be planted from October 2026. This harvest will only enter the market in mid-2027. If the heatwaves we see in the Northern Hemisphere are any indication, then the upcoming summer crop season may be profoundly challenging for South Africa's agriculture. Notably, the expected El Niño drought also poses an upside risk to consumer food price inflation. Another major risk is the ongoing war in the Middle East and its impact on fertiliser and fuel prices.