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South Africa's farming sector registers modest growth in Q2 2026

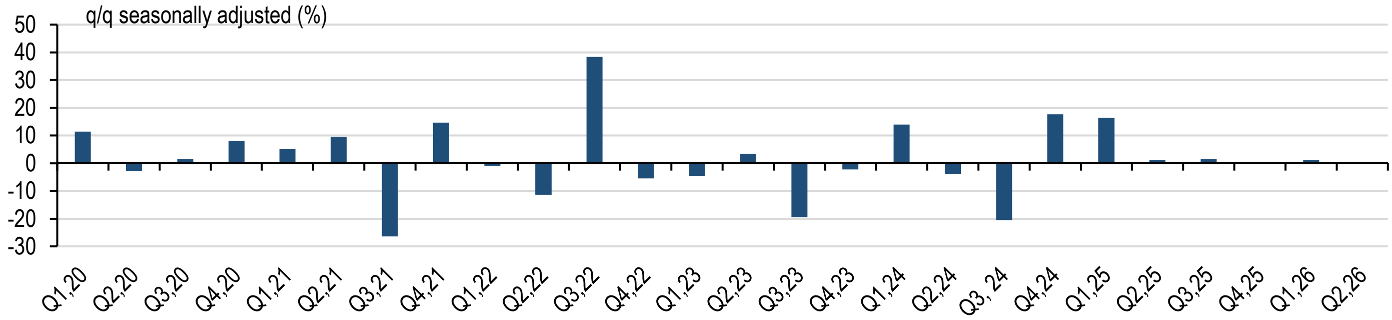
- The farming economy remains on a growth path, although the second-quarter uptick was more modest than expected. Data released by Statistics South Africa earlier today show that agricultural gross value added expanded by 0.3% quarter-on-quarter (seasonally adjusted), down from a revised 1.2% in the first quarter. The season for most field crops was delayed by roughly a month and a half, so harvests and deliveries also shifted to the third quarter. We saw some delays in harvesting fruits, whose fortunes may also fall in the third quarter. Thus, the growth figures were more modest than expected and do not quite mirror the ample harvests we have been writing about. The country also continues to struggle with foot-and-mouth disease in the cattle industry, although the vaccination programme is progressing.

- The generally ample agricultural harvest for the year is clear in the trade figures. For example, South Africa's agricultural exports totalled US$4.1 billion in the second quarter of 2026, up 10% from the same period a year ago. This again reflects both higher export volumes and better commodity prices. For the first half of 2026, South Africa's agricultural exports amounted to US$7.8 billion, up 11% from the first half of 2025. The products that dominated the exports list in the second quarter of 2026 were mainly citrus, apples and pears, maize, wine, dates, figs, pineapples, avocados, guavas, mangoes, wool, sugar, fruit juices, grapes, and nuts, amongst other products.

- The sector sentiment is generally positive, although fears of a likely drought in the coming season remain. For example, after remaining below the 50-neutral mark for two consecutive quarters, the Agbiz/IDC Agribusiness Confidence Index (ACI), a sentiment indicator in the sector, increased by 8 points in the third quarter of 2026 from the second quarter to 53 points. The current ACI level indicates that South African agribusinesses are optimistic about business conditions.

- Looking ahead, we expect much stronger growth in the third quarter and the last quarter of the year, as gains from ample harvests will likely be captured in these periods. But the outlook for 2027 is concerning because of the higher input costs from the Middle East war and the expected El Niño drought.

Exhibit 1: South Africa's agricultural gross value added



Source: Stats SA and Agbiz Research