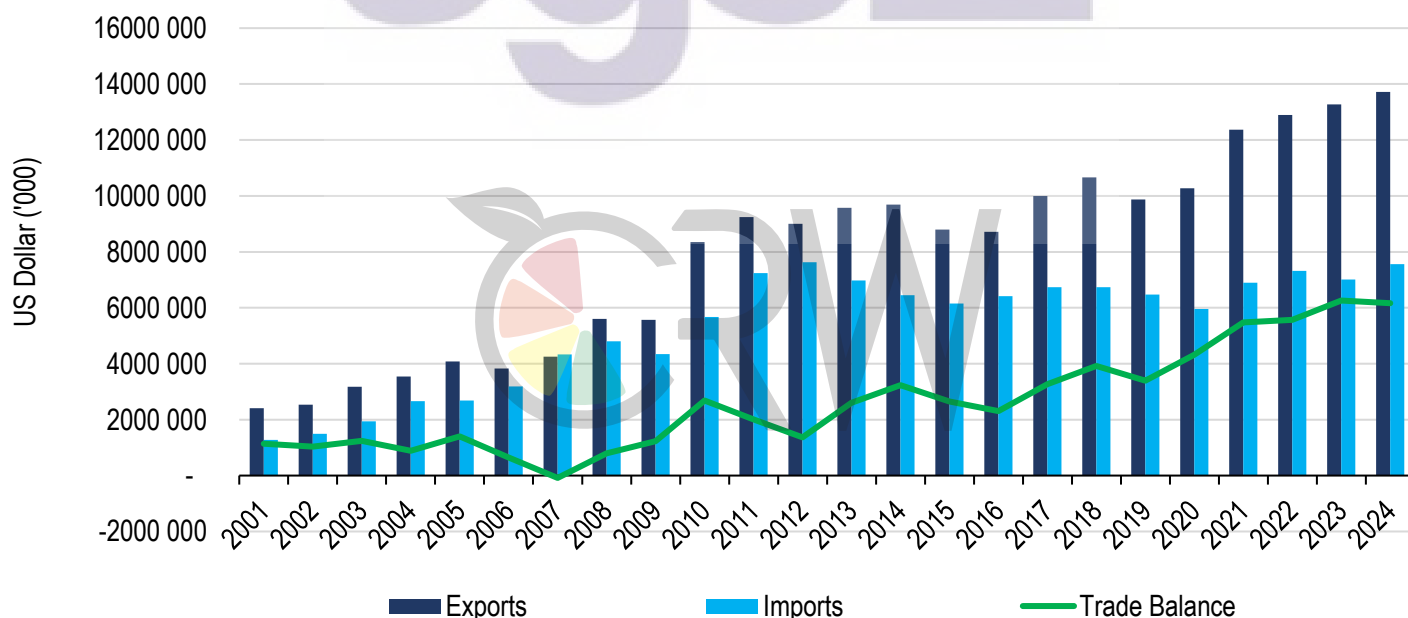


South Africa's agricultural exports reach a fresh high in 2024

- While the 2024 mid-summer drought resulted in a poor grains and oilseed output, the robust harvest of fruit, combined with the recovery in livestock and the better stocks of grains from the previous season, supported South African agricultural export growth in 2024. Agricultural exports reached a new record of US\$13,7 billion in 2024, up 3% from the previous year, according to data from Trade Map. This reflects both an increase in the volume of agricultural exports and higher prices of some products.
- Moreover, while logistics infrastructure efficiency remains a primary concern for the farming sector, the ongoing collaboration between Transnet, private industry, and the various logistical organizations assists in ensuring the continuous flow of products, even if there are delays in specific periods.
- The top exported products by value include citrus, grapes, maize, apples and pears, wine, nuts, fruit juices, sugar, berries, dates, pineapples, avocados, wool, apricots and peaches, ciders, and beef, amongst other products.

Exhibit I: South Africa's agricultural trade



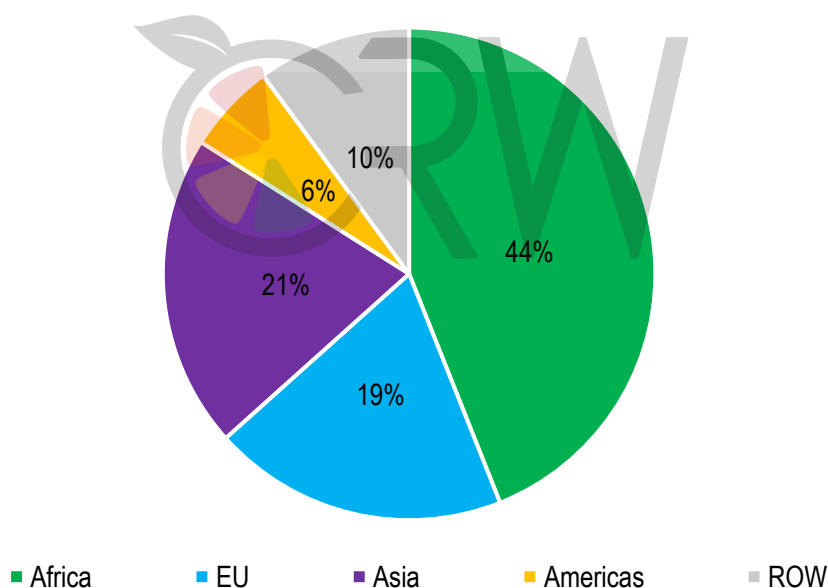
Source: Trade Map and Agbiz Research

- From a regional perspective, the African continent maintained the lion's share of South Africa's agricultural exports in 2024, accounting for 44% of the total value. The products leading the exports list

in the African continent were maize, maize meal, wheat, sugar, apples and pears, fruit juices, wine, soybean oil, sunflower oil, oilcake, and rice, amongst other products.

- As a collective, Asia and the Middle East were the second-largest agricultural markets, accounting for 21% of the share of overall farm exports in 2024. The exports to this region were mainly citrus, nuts, apples and pears, wool, berries, sugar, beef, mutton, wool, wine, fruit juices, maize, apricots and peaches.
- The EU was South Africa's third-largest agricultural market, with a share of 19%. Citrus, grapes, wines, dates, avocados, pineapples, fruit juices, apples and pears, berries, apricots and cherries, nuts, and wool were amongst the top agricultural products South Africa exported to the EU in 2024.
- The Americas region accounted for 6% of South Africa's agricultural exports in 2024. The main exported products include citrus, grapes, wine, fruit juices, and nuts. The rest of the world, including the United Kingdom, accounted for 10% of the exports.
- Given ongoing concerns about South Africa's participation in the AGOA (Africa Growth and Opportunity Act) trade arrangement, it is worth highlighting that South Africa's agricultural exports to the US are 4% (which is part of the 6% exports to the Americas region we mention above). Still, this is not to minimize their value, as few specific industries are primarily involved in these agricultural exports to the US. These are mainly citrus, grapes, wine, and fruit juices. Since the start of AGOA, the percentage share of South Africa's agricultural exports to the US has remained at these levels.
- If South Africa were excluded from AGOA, the country would face an average import duty of about 3% (at the Most Favored Nations Rate). This underscores the fact that AGOA mainly offers price competitiveness to the products South Africa exports to the US. The 3% tariff would advantage other competitors that access the US market duty-free (as South Africa currently does under the AGOA).

Exhibit 2: South Africa's agricultural exports by region in 2024



Source: Trade Map and Agbiz Research

- South Africa does not engage in one-way trade. The country imports various agricultural products. In 2024, South Africa's agricultural imports amounted to US\$7,6 billion, up by 8% year-on-year, according to data from Trade Map. The uptick resulted from a slightly higher value and volume of major products South Africa imports, like wheat, palm oil, rice, poultry and whiskies.
- South Africa lacks favourable climatic conditions to grow rice and palm oil and thus relies on imports of these products. Regarding wheat, South Africa imports nearly half of the annual consumption. In the Free State province, which used to be amongst the major wheat-growing regions of the country, production has declined notably over time because of the unfavourable weather conditions and profitability challenges of wheat relative to other crops. Meanwhile, imports are around 20% of the annual domestic consumption of poultry.
- Subsequently, when we account for the exports and the imports, South Africa's agriculture recorded a trade surplus of US\$6,2 billion in 2024, down 2% from the previous year. The decline is primarily because of the jump in the import value.

Policy considerations

- In the current environment of heightened geopolitical tension, South Africa's export-oriented agricultural sector must work to maintain the current export markets and broaden to new markets. The focus for both policymakers and agribusinesses and organized agriculture should be on the following aspects:
 - First, South Africa should maintain its focus on improving logistical efficiency. This entails investments in the port and rail infrastructure and improving roads in farming towns.
 - Second, South Africa must work hard to retain the existing markets in the EU, the African continent, Asia, the Middle East, and the Americas. This is even more important in the current climate, where US policymakers are increasingly discussing raising tariffs.
 - Lastly, South Africa's Department of Trade, Industry and Competition, the Department of International Relations and Cooperation, and the Department of Agriculture should lead the way for export expansion in the current export markets and the search for new export markets. South Africa should expand market access to some key BRICS countries, such as China, India, Saudi Arabia, and Egypt. The BRICS grouping should emphasize the need for member countries to lower the import tariffs and address artificial phytosanitary barriers hindering deeper trade within this grouping.
 - Other strategic export markets for South Africa's agricultural sector include South Korea, Japan, Vietnam, Taiwan, Mexico, the Philippines and Bangladesh. The private sector and the South African government share this ambition for export market expansion. In the current fragmented world, more resources and marketing must be used for this work.

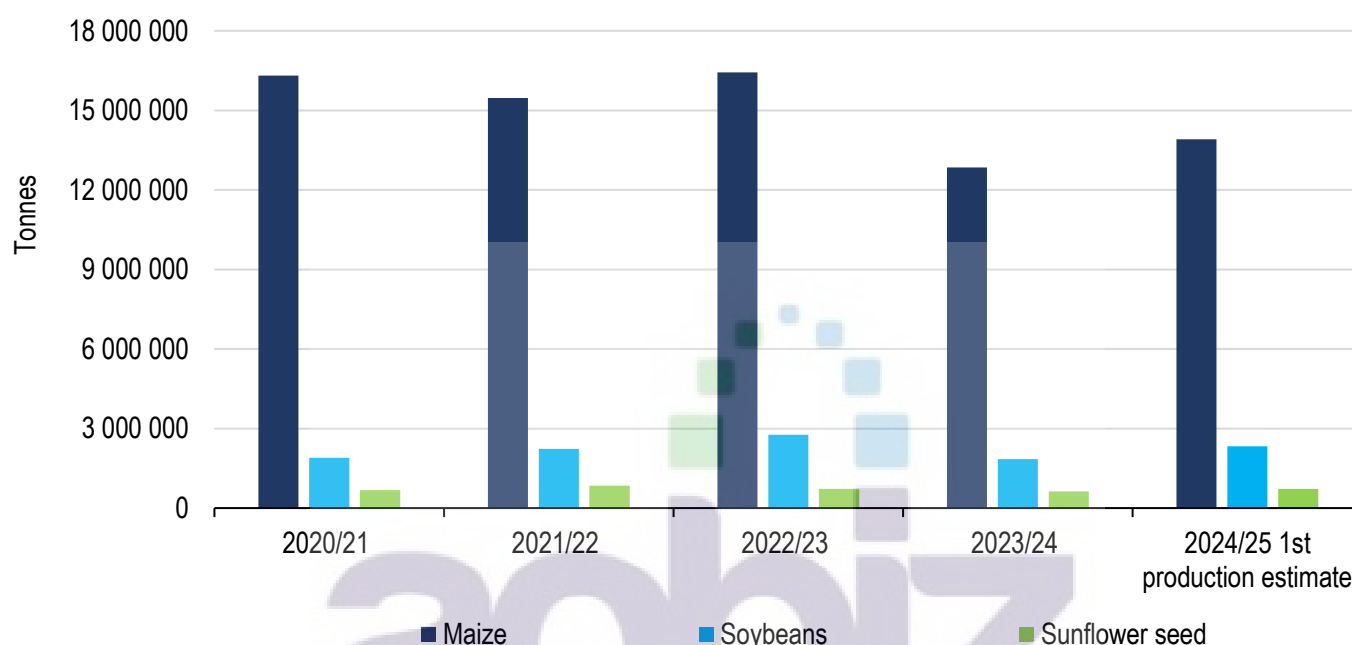
WEEKLY HIGHLIGHT

Encouraging crop production prospects for SA in the 2024-25 season

- We have been saying for some time that this will likely be a recovery year for South Africa's agriculture following a harsh mid-summer drought in the 2023-24 season that weighed on grains and oilseeds harvest. The first production estimates for 2024-25 summer grains and oilseeds point to the possibility of a better harvest. The Crop Estimates Committee forecasts the 2024-25 overall summer grains and oilseeds harvest at 17,2 million tonnes, up 11% from the previous season. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.
- The expected yield improvements primarily back better harvest prospects. The overall area planting is 4,4 million hectares, roughly unchanged from the last season. Provided this is a first production estimate and possibly does not fully account for the gains of the recent rains, we could see further upside revision in the coming months. After all, there are nine more estimates to follow monthly.
- A closer look at the data shows the first maize production estimate at 13,9 million tonnes, up 8% y/y. About 7,4 million tonnes is white maize (up 22% y/y), and 6,5 million tonnes is yellow maize (down 4% y/y). The difference is caused by the area switch, with white maize taking a more significant area and the yield expectations. The prospects of a better maize season have already added downward pressure on prices. For example, on 27 February 2025, white maize spot price closed at R5 500 per tonne, down by roughly 18% from mid-January (although still up by about 30% y/y). The yellow maize spot price was around R4 780 per tonne, down 16% from mid-January (albeit up by roughly 26% y/y).
- If the production forecasts are lifted further in the coming months, as we suspect, the maize prices may continue on this moderating path. Importantly, these forecasts are well above South Africa's annual maize needs of about 11,8 million tonnes.
- Regarding oilseeds, soybean harvest is estimated at 2,3 million tonnes, up 26% y/y. This is on the back of anticipated better yields, as the area is roughly the same as the past season. Moreover, the sunflower seed harvest is forecast at 720 050 tonnes, up 14% y/y, also benefiting from expected higher yields.
- The groundnut harvest is estimated at 65 359 tonnes (up 26% y/y), sorghum production is estimated at 129 620 tonnes (up 32% y/y), and dry beans harvest is at 75 966 tonnes (up 50%). The significant annual increases are also boosted by the base effects given the poor harvest we recorded in 2023-24 during the drought.
- Overall, this is shaping up to be a better agricultural season. Still, the weather conditions in the coming months will matter more in determining how the crop conditions develop in the coming months. The season is late by roughly a month because of the late start of rains in some regions. This means the deliveries may be late.
- Importantly, South Africa must get favourable rains through to March as some crops may pollinate at that time. Fortunately, the weather prospects suggest that there could still be favourable rains next month.

- As encouraging as this picture is, some regions may not share it, whose crops have been affected by massive rains in recent weeks and some by erratic rains in the past month. For such areas, farmers may face financial challenges. Still, the national picture remains positive.

Exhibit 3: SA's first summer crop production estimates (selected crops)



Source: CEC and Agbiz Research

SA food price inflation continued to slow in January 2025

- The reweighting of the CPI basket has not shifted the trend of moderating food price inflation we have been observing in recent months. The data released last week by Statistics South Africa shows that consumer food price inflation slowed to 1.5% in January 2025 from 1.7% in December 2024. This deceleration was underpinned by most products in the food basket, particularly “meat,” “fish and other seafood,” “milk, other dairy and eggs,” and “fruit and nuts.”
- Essentially, the base effects and the recovery in supplies of various products continue to be the primary drivers of the slowing rate of food price increases. At the start of 2024, the challenges of lower vegetable supplies following the impact of load-shedding on irrigation the previous year and the tail-end effects of avian influenza on poultry were the topical issues underpinning food price inflation. We are far from that scenario now, and supplies have recovered.
- The outlook for 2025 remains promising that consumer food price inflation could be relatively comfortable. The recent rains across South Africa have benefitted agricultural production, and farmers planted a decent area of crops. For example, the preliminary plantings data released by the Crop

Estimates Committee last month showed that South African farmers likely planted 4,45 million hectares of summer grains and oilseeds in the 2024-25 season, up mildly by 0,3% from the previous season.

- We see similar and better production conditions for fruits and vegetables. With that said, for the first half of 2025, grain-related products remain the upside risk to consumer inflation following a surge in white maize prices in recent months because of the poor crop harvest due to the drought.
- Moreover, we suspect that poultry products and other red meat prices could increase moderately in the coming months because of higher feed costs, mainly soybeans and yellow maize prices, which are elevated as the country awaits a new crop season. Still, these product price increases are unlikely to be notable as the consumer is also broadly under pressure, and the demand may still be relatively weak.
- The headline CPI was 3,2% in January 2025, up from 3,0% in December 2024.

Exhibit 4: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research

WEEK AHEAD

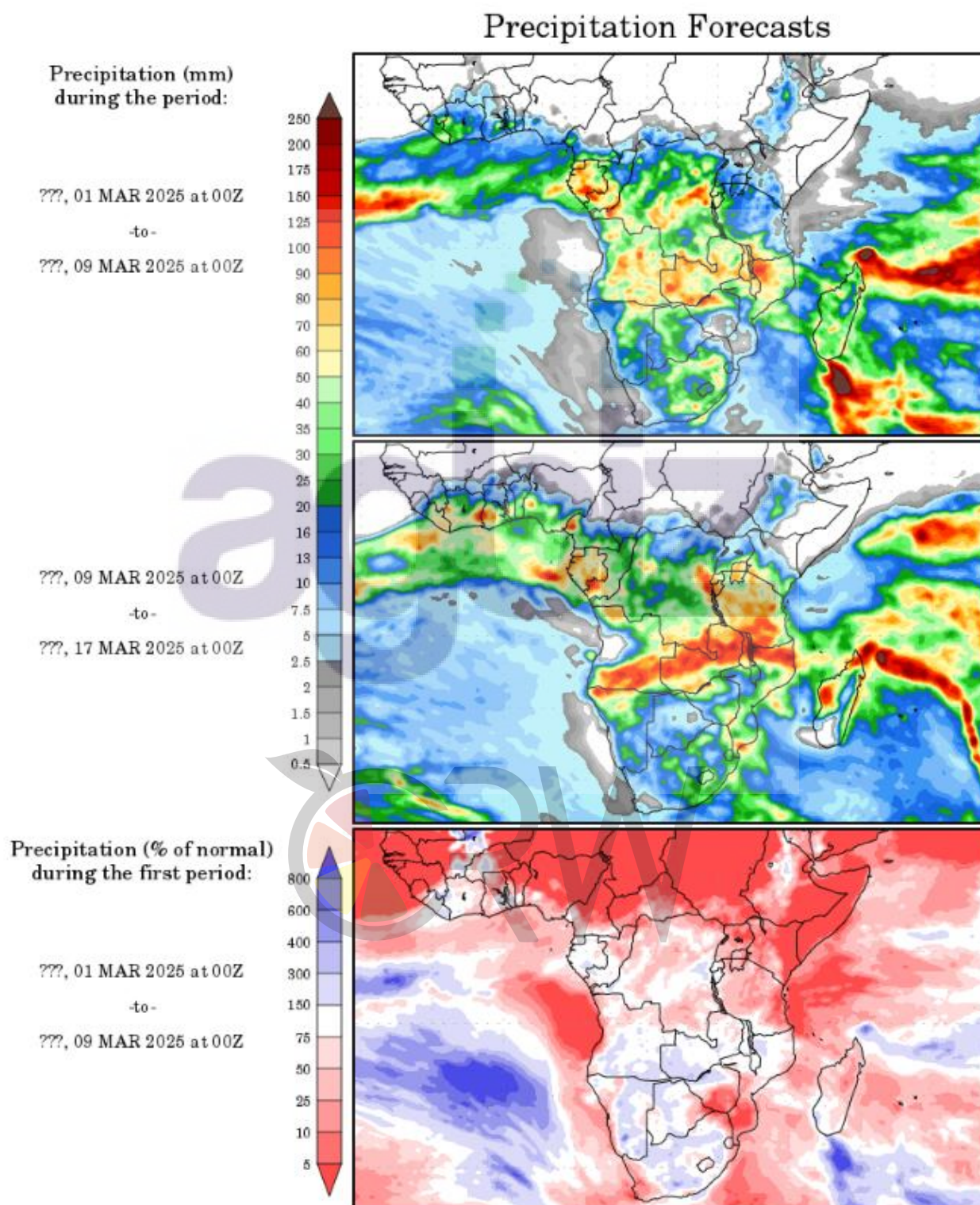
What we are watching this week

- We only have two major data release on the global side this week: the United States Department of Agriculture (USDA) will release its weekly **US Grains and Oilseed Export Sales** data on Thursday.
- Moreover, the Food and Agriculture Organization of the United Nations will release its global **Food Price Index** for February 2024, a measure of the monthly change in international prices of a basket of agricultural commodities, on Friday.
- On the domestic front, Statistics South Africa will release the **Gross Domestic Product (GDP) data for the fourth quarter of 2024** on Tuesday. Our focus on this data will primarily be on agriculture. The third quarter data may also be revised up from the sharp contraction reported last year. We also expect the fourth quarter reading to be better.
- On Wednesday, SAGIS will release its **weekly South Africa's Grains and Oilseeds Producer Deliveries** data. In the case of maize, we will receive a data release for the 44th week of the 2024-25 marketing year. In the previous release on February 21, South Africa's weekly maize producer deliveries were about 20 309 tonnes. This puts the 2024-25 maize producer deliveries at 10,99 million tonnes out of the final harvest of 12,85 million tonnes. The 2024-25 soybean deliveries in the first 52 weeks of this new marketing year amounted to 1,81 million tonnes out of the final harvest of 1,85 million tonnes. At the same time, the sunflower seed deliveries amounted to 631k tonnes out of the harvest of 632k tonnes.
- Moreover, the wheat producer deliveries for the first 21 weeks of the 2024-25 marketing year stand at 1,77 million tonnes. The final harvest for the season is 1,92 million tonnes, down from the 2,05 million tonnes of the past season because of the reduced area planted and the poor yields in some regions.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data for the 44th week of the 2024-25 marketing year. In the previous release on February 21, the 43rd week of the 2024-25 marketing year, South Africa exported 43 178 tonnes of maize. Of this volume, 57% was exported to Zimbabwe, 13% to Botswana, 12% to Namibia, and the balance was distributed to the neighbouring African countries. This puts South Africa's total maize exports in the 2024-25 marketing year at 1,94 million tonnes out of the expected 2,0 million tonnes (down from 3,44 million tonnes in the 2023-24 marketing year because of the mid-summer drought).
- Moreover, while South Africa will likely remain the net exporter of maize in the 2024-25 marketing year, the coastal regions will import small volumes of yellow maize for animal feed because of price advantage and tight domestic supplies. We have recently seen the imports of yellow maize from Argentina and Brazil through the Port of Cape Town and white maize from the United States. South Africa's 2024-25 maize imports currently stand at 702 876 tonnes.
- South Africa is a net wheat importer, and February 21 was the 21st week in the new 2024-25 marketing year. The imports so far amounted to 662 664 tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season.

South Africa's Precipitation forecast

- After a breather this past week, South Africa could receive some rainfall over the summer crop growing regions this week, which will continue to support the crop-growing conditions and the grazing veld.

Exhibit 5: South Africa's precipitation forecast



Source: George Mason University (wxmaps)