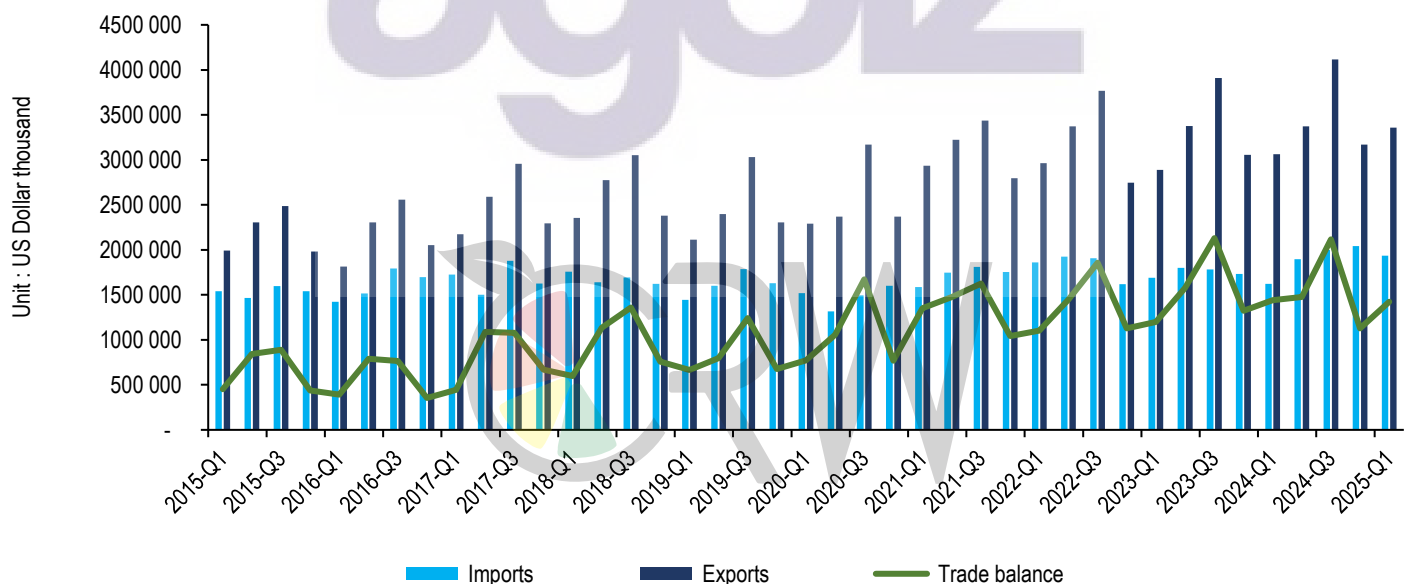


June 2 2025

South Africa's agricultural exports remained robust in Q1, 2025

- In a year where trade has dominated the headlines since the U.S. started imposing higher tariffs against its trading partners, agricultural export activity is worth paying close attention to. Encouragingly, the start of the year has remained positive for the sector. In the first quarter of 2025, South Africa's agricultural exports totalled US\$ 3.36 billion, up 10% from the same period a year ago, according to data from Trade Map. This is a function of both higher volumes of various product exports and better commodity prices.
- The products that dominated the exports list in the first quarter were mainly grapes, maize, apples, pears, apricots, cherries, peaches, wine, wool, fruit juices, nuts, dates, avocados, pineapples, and beef, among other products. While the ports remain a challenge and require further improvement and investment, the agricultural export season in the first quarter experienced less friction than in the recent past.

Exhibit I: South Africa's agricultural trade

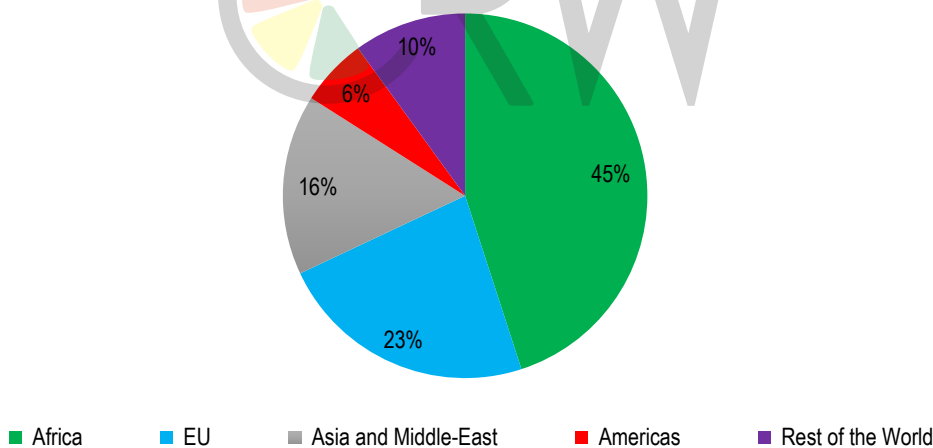


Source: Trade Map and Agbiz Research

- From a regional perspective, the African continent maintained the lion's share of South Africa's agricultural exports in the first quarter of 2025, accounting for 45% of the total value. The products leading the exports list in the African continent were maize, maize meal, sugar, apples and pears, fruit juices, wine, soybean oil, sunflower oil, oilcake, and wheat, amongst other products.

- The EU was South Africa's second-largest agricultural market, accounting for a 23% share. Grapes, apricots, cherries, peaches, nectarines, wine, apples and pears, wool, dates, figs, pineapples, avocados, mangos, guavas, fruit juices, and nuts were amongst the primary agricultural products South Africa exported to the EU in the first quarter of 2025.
- As a collective, Asia and the Middle East were the third largest agricultural markets, accounting for 16% of the total agricultural exports in the first quarter of 2025. The exports to this region primarily included apples and pears, grapes, wool, beef, apricots, cherries, peaches, nectarines, citrus, lamb, nuts, and strawberries, among other products.
- The Americas region accounted for 6% of South Africa's agricultural exports in the first quarter of the year. The main exported products include grapes, apricots, cherries, wine, fruit juices, nuts, apples and pears, and citrus.
- Given ongoing concerns about South Africa's participation in the AGOA (Africa Growth and Opportunity Act) trade arrangement and the current higher tariffs imposed by the U.S., it is worth highlighting that South Africa's agricultural exports to the U.S. were still 4% in the first quarter of 2025 (which is part of the 6% exports to the Americas region we mention above). Notably, South Africa's agricultural exports to the U.S. increased by 14% in the first quarter of 2025, from the same period a year ago, at US\$202 million.
- This share is roughly unchanged from the previous years. Importantly, the 4% is not a small value, as few specific industries are primarily involved in these agricultural exports to the U.S. 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 U.S. has remained at these levels. From now on, a great deal hinges on whether South Africa succeeds in securing favourable trade terms with the U.S.
- The rest of the world, including the United Kingdom, accounted for 10% of South African agricultural exports in the first quarter of 2025.

Exhibit 2: South Africa's agricultural exports by region in Q1, 2025



Source: Trade Map and Agbiz Research

- South Africa does not engage in one-way trade. The country imports various agricultural products. In the first quarter of 2025, South Africa's agricultural imports totalled US\$ 1.94 billion, a 19% increase year-over-year, according to data from Trade Map. The increase resulted from higher value and volume of major products South Africa imports, such as wheat, palm oil, rice, poultry, and whiskies.
- As we have argued before, South Africa lacks favourable climatic conditions for growing 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 was once one of the country's major wheat-growing regions, production has declined notably over time due to unfavourable weather conditions and profitability challenges of wheat compared to other crops. Meanwhile, imports account for around 20% of the annual domestic poultry consumption. Given the current ban on Brazil's poultry imports, we may see an increase in volume from other regions, or a recovery in domestic production, as the local producers indicate.
- Subsequently, when we account for the exports and imports, South Africa's agriculture sector recorded a trade surplus of US\$ 1.42 billion in the first quarter of 2025, down 1% from the previous year.

Policy considerations

- In the current environment of heightened geoeconomic tensions, South Africa's export-oriented agricultural sector must work to maintain its current export markets and expand into new ones. 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 port and rail infrastructure, as well as improving roads in farming towns.
 - Second, South Africa must work diligently to maintain its existing markets in the EU, Africa, Asia, the Middle East, and the Americas.
 - Lastly, the South African Department of Trade, Industry and Competition, the Department of International Relations and Cooperation, and the Department of Agriculture should lead the way in expanding exports to current markets and exploring new ones. 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 import tariffs and address artificial phytosanitary barriers that hinder deeper trade within this grouping. The discussion in BRICS should move beyond the general rhetoric of intentions to meaningful trade agreements or arrangements.

WEEKLY HIGHLIGHT

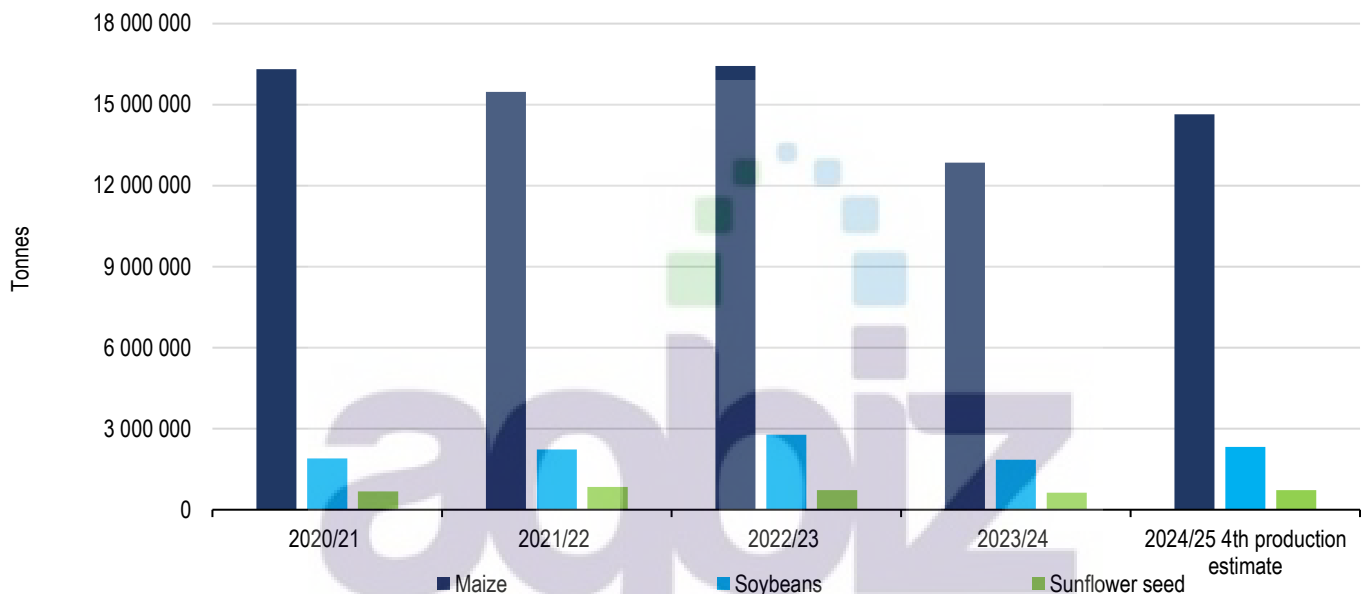
South Africa's 2024-25 summer grain and oilseeds harvest slightly lowered from last month but remains on a path for a better season

- The 2024-25 summer grain and oilseeds harvest is underway across South Africa. However, the season and harvest progress are lagging behind last year's pace due to the late start and the prolonged rains through to April. The late rains also raised concerns about crop quality, but so far, we have not received many complaints, and the crops delivered to the silos thus far are of fair quality.
- Notably, in its fourth production estimate for the season, the Crop Estimates Committee has also not significantly slashed the output, although this has been a lingering concern. In data released last week, the 2024-25 summer grain and oilseeds harvest is lowered slightly by 0.19% from the April estimate to 17.98 million tonnes. This is still 16% higher than the previous season, which again illustrates the recovery this year after a drought period in the 2023-24 production season.
- A closer look at the data reveals that the monthly downward revisions were primarily in maize (-0.14%), sunflower seed (-2.02%), and groundnut (-1.68%). Meanwhile, the rest of the other crops were roughly unchanged from the previous month.
- More specifically, South Africa's maize harvest is now forecast at 14.64 million tonnes, which is 14% higher than the 2023-24 season. Of these 14.64 million tonnes, about 7.65 million tonnes is white maize, and 6.99 million tonnes is yellow maize. Importantly, these forecasts are well above South Africa's annual maize needs of approximately 11.80 million tonnes, implying that South Africa will have a surplus and remain a net exporter of maize.
- Regarding oilseeds, the soybean harvest is estimated at 2.33 million tonnes, unchanged from April 2025 but still up 26% year-over-year. The annual uptick is primarily due to improved yields recovering from last year's drought. Sunflower seeds are down 2.02% from April, but still up 15% from the previous season and are estimated at 727,800 tonnes.
- The groundnut harvest is estimated at 63 510 tonnes (up 22% y/y), sorghum production is estimated at 137 970 tonnes (up 41% y/y), and the dry beans harvest is at 71 415 tonnes (up 41%). The base effects also boost the significant annual increases, given the poor harvest we recorded in 2023-24 during the drought.
- In essence, while the overall harvest has been slightly lower than last month, this is shaping up to be a better agricultural season and a year of recovery in the sector. Moreover, the sunnier and drier conditions will help support the harvest in the coming months. We will learn more about the quality of the crop as the harvest gains momentum in the coming weeks and months.
- When the market closed on May 27, the white maize spot price traded around R4,470 per tonne, down roughly 13% from the same period last year. The yellow maize spot price traded around R4,030 per tonne, roughly unchanged from a year ago. The soybean spot price traded around R7,157 per tonne,

down approximately 20% from a year ago, and the sunflower seed spot price was around R9,070 per tonne, which is roughly 2% higher than a year ago.

- From a consumer perspective, we continue to observe generally softening commodity prices, driven by the expected large harvest, which bodes well for a more comfortable food inflation path in the second half of the year. This quarter, specifically for grain-related products in the food inflation basket, may still reflect the effects of the recent higher prices and tight grain supplies at the start of this year before we receive the new season's deliveries.

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



Source: CEC and Agbiz Research

WEEK AHEAD

What are we watching this week?

- We start off with a global focus, and today the United States Department of Agriculture (USDA) will release its weekly **US Crop Progress** report. The US farmers have made significant progress in planting the new season crop. For example, on May 25, about 87% of the intended area for maize had already been planted, compared with 81% at the same time in 2024.
- Moreover, about 76% of the soybean area had already been planted, compared with 66% in the same week in 2024. Also worth noting is that the USDA will release its weekly **US Grains and Oilseed Export Sales** data on Thursday.

- The Food and Agriculture Organization of the United Nations (FAO) will release the May 2025 results of its monthly **global Food Price Index** on Friday. This is a measure of the monthly change in international prices of a basket of agricultural commodities.
- On the domestic front, Statistics South Africa (Stats SA) will release the **Gross Domestic Product (GDP)** data for the first quarter of 2025 on Tuesday. Our primary focus on the data will be agriculture, and we are generally optimistic the sector will bounce back after poor performance in 2024 because of drought and animal diseases.
- On Wednesday, we will receive the **weekly South Africa's Grains and Oilseeds Producer Deliveries** data from SAGIS. In the previous release on May 23, the South African farmers delivered 446 296 tonnes of the new season maize to the commercial silos. This was the fourth delivery for the new season, and placed the overall maize deliveries so far at 941 038 tonnes. If you compare this with the overall volume delivered this time in the previous season, the volumes are down 71% because of the season's slow start. We are roughly a month behind the typical season. South Africa's 2024-25 maize harvest is estimated at 14.64 million tonnes, up 14% year-on-year, primarily benefiting from expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first twelve weeks, the soybean producer deliveries totalled 1,9 million tonnes out of the expected harvest of 2,3 million tonnes. In the case of sunflower seed, the first twelve weeks of the new 2025-26 marketing year's producer deliveries were 407 290 tonnes out of the expected 727 800 tonnes.
- Moreover, the wheat producer deliveries for the first 34 weeks of the 2024-25 marketing year stand at 1,85 million tonnes. The final harvest is 1,93 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- On Thursdays, SAGIS generally publishes its **weekly South Africa's Grains and Oilseeds Trade** data. In the first four weeks of the 2025-26 marketing year, which started in May, the total maize exports amounted to 65 695 tonnes, out of the seasonal export forecast of 2,0 million tonnes. About 46% of the exports went to Zimbabwe, with the rest spread across the neighbouring countries.
- We will likely see more robust export activity later in the year when farmers have completed the harvest, and there is grain in the silos for exports. Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any, they will be small, mainly for the coastal regions that will be taking advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and May 23 was the 34th week in the new 2024-25 marketing year. The imports so far amounted to 1,13 million tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.