

Factors shaping the state of South African agriculture

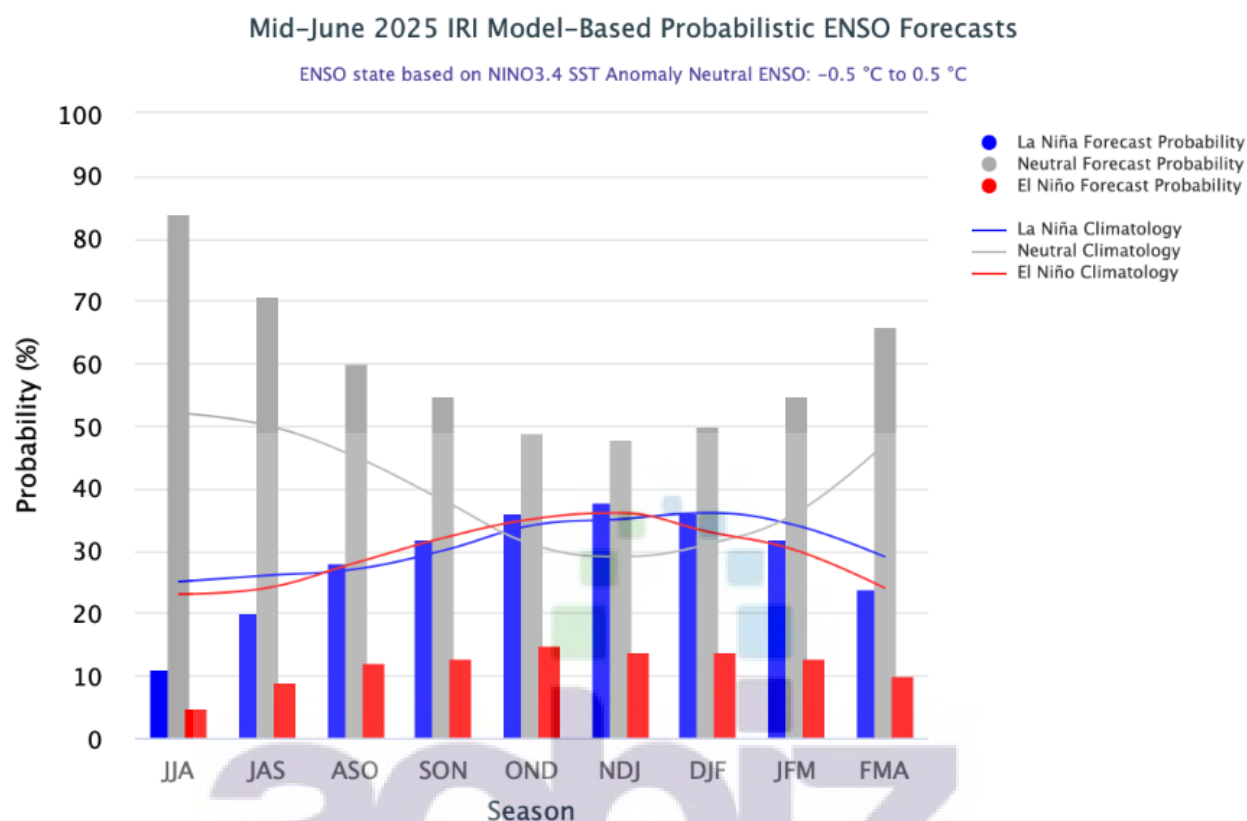
- Various factors, both positive and negative, continue to shape South Africa's agricultural sector. Starting on a positive note, early signs suggest a high likelihood that the upcoming 2025-26 summer season may also present favourable rainfall conditions across South Africa. Current forecasts indicate a neutral season, which would be generally favourable and with average rainfall.¹ But the occurrence of La Niña rains also remains a possibility, which helps to ease the worries of a swing from a La Niña rainy season in 2024-25 to the opposite, an El Niño.
- Admittedly, South African farmers will only start looking into these prospects with greater intensity in October, when the 2025-26 summer crop season begins. For now, the focus remains on the harvest activities of summer grains, oilseeds, and citrus, among other crops. The summer crop harvest is progressing well and nearing completion for oilseeds. The feedback we are hearing is that the crop quality is not as disappointing as some may have feared, especially in the soybean regions. The maize harvest remains far behind its typical schedule due to delayed plantings and prolonged rains through April, which have somewhat slowed the crop's maturity.
- Looking at the harvest coming into the commercial silos so far, we remain concerned about the quality of white maize, and less so in the yellow maize regions. The quality issues are generally a cost factor for farmers. However, from a consumer perspective, there should be no concerns about food supply difficulties, as the country's grain supplies remain intact. We see the agricultural output and the commodity prices as supportive of a moderating food price inflation path in the second half of 2025.
- We also continue to closely monitor winter crop conditions in the Western Cape province, which has been receiving excellent rainfall. The major crops currently grown during this winter season are wheat, barley, canola, and oats. The Western Cape produces over two-thirds of the crops, and therefore is a focus province for South Africa's winter crops. The crop conditions are generally favourable in the province, although farmers incurred much higher costs than usual in some regions due to the snail challenge for canola. Still, they seem to be managing well at the moment. In other provinces, the winter crop is benefiting from higher dam levels following a prolonged summer rain season in 2025.
- For the citrus industry, the harvest is proceeding well, and the focus remains on export markets, particularly the U.S. market. July 8 marks the end of the 90-day suspension period for the U.S. reciprocal tariffs announced in early April. It is unclear whether South Africa will continue to benefit from the 10% duties or if they will be readjusted back to the 31% duties we faced at the onset of the Liberation Day tariffs. The South African government, alongside organized agricultural groups such as Agbiz and other

¹ More information is available here: [https://iri.columbia.edu/our-expertise/climate/forecasts/enso/current/#:~:text=The%20onset%20of%20El%20Ni%C3%Bl o,Nov%2DJan%2C%202023\).](https://iri.columbia.edu/our-expertise/climate/forecasts/enso/current/#:~:text=The%20onset%20of%20El%20Ni%C3%Bl o,Nov%2DJan%2C%202023).)

groupings, including BUSA, among others, has been engaged with the matter and is pushing for better market access in the U.S., along with the formulation of a trade offer for a long-term trade agreement. These deliberations may take longer than desired, resulting in additional costs to businesses. The hope is for an extension of the current access while the discussions are underway.

- Many agricultural industries are at risk if the talks do not yield a favourable outcome. These include the table grapes, nuts, and wine, amongst others. Indeed, the conversation about the potential diversification of export markets has been tabled by some. However, it has limitations in the near term, as businesses cannot switch to new regions overnight. There must be market development work.
- Moreover, other regions, such as China and India, also continue to present various limitations to South African agricultural products, including higher tariffs and phytosanitary barriers, despite recent pronouncements by China regarding its willingness to reduce tariffs on products from Africa. This suggests that the South African authorities and businesses will have to continue engaging with the U.S., while also exploring new markets for future diversification. However, this approach cannot be viewed as a replacement for the U.S., but rather as an extension of it.
- The logistics at the ports have not been as challenging as they were in past years. The ongoing collaboration among Transnet, business, and government is helping to improve planning and operations, enabling better service to the sector. Still, we are far from achieving the desired efficiency, and improvements will require increased investments.
- Beyond the trade and harvest matters, biosecurity remains a challenge in South Africa. The foot-and-mouth disease continues to present increasing costs to businesses. The recent vaccination campaign is a crucial step towards resolving the current crisis, and it is being adequately managed by both the government and the private sector. The next critical step is the revival of domestic capacity for vaccine manufacture. This step must ensure that the process no longer relies solely on the state but also includes select private sector labs that can help boost capacity. We are in a new era of increased animal and plant disease outbreaks, and South Africa must apply all its capacity to confront this challenge.
- We also require agility in registering new vaccines, as disease outbreaks occur at a rapid pace. Another industry that will increasingly be in the spotlight is the poultry industry, particularly concerning avian flu outbreaks. South African authorities will need to assess a possible vaccine with speed, drawing on lessons learned from the past outbreak in 2023, which was costly to the industry and raised concerns about food security in the country.
- Overall, the challenges are immense, but there are also bright spots in the sector. The 2024-25 harvest of various field crops, horticulture, and wine is looking promising, with ample harvests expected. The upcoming 2025-26 season also looks promising, potentially facilitating this growth. Still, there should be no complacency on both animal and plant diseases, as these remain the major threats to South Africa's agricultural growth prospects and export potential.

Exhibit I: La Niña prospects



Source: The Columbia Climate School, Columbia University

WEEKLY HIGHLIGHT

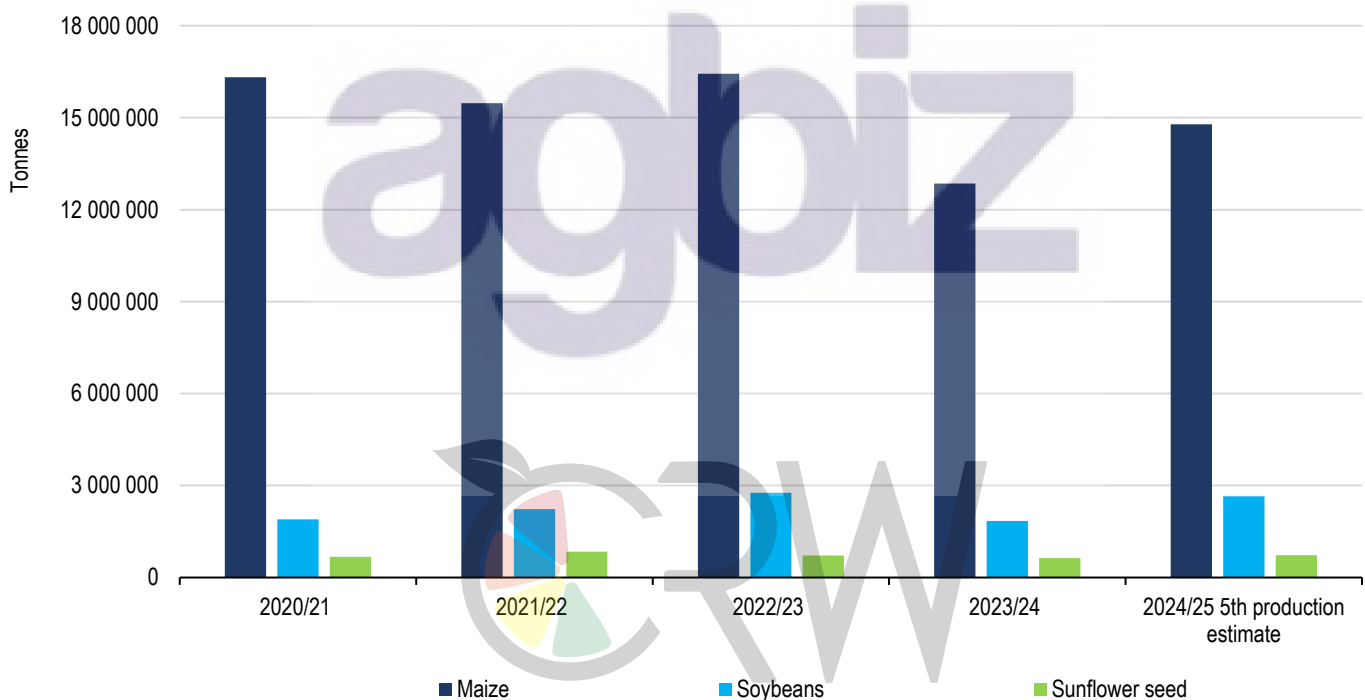
SA expects an ample grain and oilseeds harvest in the 2024-25 season

- The 2024-25 summer grains and oilseeds harvest is in full swing across South Africa, with oilseeds nearing completion. The feedback we are receiving from various farmers about the crop conditions remains fairly encouraging, although there are quality challenges in some regions. For maize, deliveries are still low, as the season is late by over a month compared to the usual period due to prolonged rains through to April. The data released this past week by the Crop Estimate Committee (CEC) illustrates this positive outlook. The CEC lifted South Africa's 2024-25 summer grains and oilseeds production by 3% from the May 2025 estimate to 18,43 million tonnes. This represents a 19% increase from the previous season.
- A closer look at the data reveals that the monthly upward revisions were primarily in maize (+1%), soybeans (+14%), and dry beans (+4%). 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 14.78 million tonnes, which is 15% higher than the crop for the 2023-24 season. Of these 14.78 million tonnes, about 7.65 million tonnes is white maize, and 7.13 million tonnes is yellow maize. Importantly, these forecasts

are well above South Africa's annual maize needs of approximately 12.00 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 2.65 million tonnes, representing a 43% year-over-year increase. The annual uptick is primarily due to improved yields resulting from favourable rainfall. Sunflower seeds are 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 74,299 tonnes (up 47%). The base effects and favourable agricultural conditions boosted the yields.
- In essence, South Africa is experiencing a recovery season for its grain and oilseed production, although some areas may face quality challenges. We see the benefit of the solid harvest in generally softening commodity prices, which are now at lower levels than last year, boding well for food price inflation.

Exhibit 2: SA's second summer crop production estimates (selected crops)



Source: CEC and Agbiz Research

WEEK AHEAD

What are we watching this week?

- We begin with a global focus, and this is a quiet week on this front. The United States Department of Agriculture (USDA) will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On Friday, the Food and Agriculture Organisation of the United Nations (FAO) will release its monthly flagship report, the **FAO Global Food Price Index**, a measure of the monthly change in international prices of a basket of food commodities. To recap, the FAO Food Price Index averaged 127.7 points in May 2025, down 1% from April.
- On the domestic front, on Wednesday, the South African Grain Information Services (SAGIS) will release its weekly data on South Africa's Grain and Oilseed **Producer Deliveries**. In the previous release on June 20, South African farmers delivered 1.1 tonnes of the new season maize to commercial silos. This was the eighth delivery for the new season, bringing the overall maize deliveries so far to 4.4 million tonnes. If you compare this with the overall volume delivered during the same period in the previous season, the volumes are down 35% due to the season's slow start. We are roughly a month behind schedule. South Africa's 2024-25 maize harvest is estimated at 14.8 million tonnes, a 15% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first 16 weeks, the soybean producer deliveries totalled 2.5 million tonnes, out of the expected harvest of 2.6 million tonnes. In the case of sunflower seeds, the first 16 weeks of the new 2025-26 marketing year's producer deliveries were 548,477 tonnes, out of the expected 727,800 tonnes. Moreover, the wheat producer deliveries for the first 38 weeks of the 2024-25 marketing year stand at 1.86 million tonnes. The final harvest is 1.93 million tonnes, down from 2.05 million tonnes in the 2023-25 season.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the first eight weeks of the 2025-26 marketing year, which commenced in May, the total maize exports totalled 213,975 tonnes, representing 10.7% of the seasonal export forecast of 2.0 million tonnes. Approximately 26% of these exports went to Vietnam, 24% to Zimbabwe, 14% to Botswana, 8% to South Korea, and the remainder distributed among the neighbouring countries.
- We will likely see more robust export activity later in the year once farmers have completed the harvest and there is grain in the silos for export. Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any are made, they will be small, mainly for the coastal regions that will take advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and June 20 was the 38th week in the 2024-25 marketing year. The imports so far amounted to 1.19 million tonnes. The seasonal import forecast is 1.80 million tonnes, down from 1.93 million tonnes in the previous season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.