

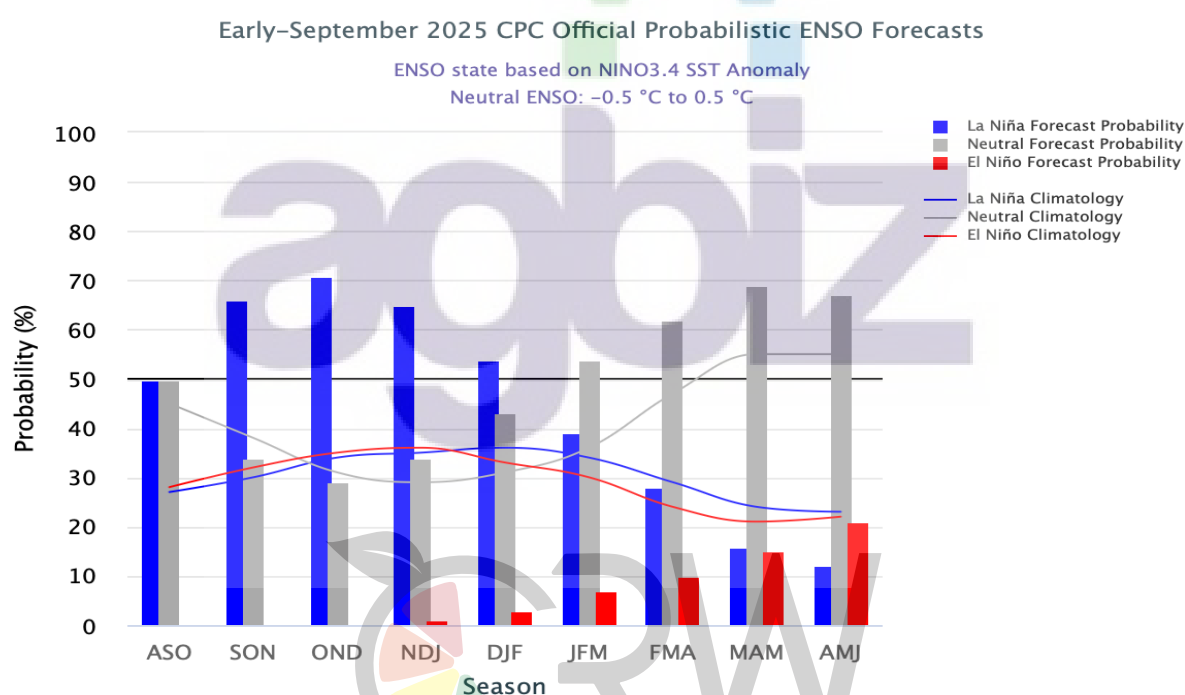
More reasons to be optimistic about the 2025-26 agricultural season in SA

- There are early indications that 2025-26 may yet be another strong production season for South Africa's agriculture. This is as we emerge from a solid 2024-25 season characterized by ample harvests in various crops, fruits and vegetables, and a better grazing veld, supported by the favourable La Niña-induced rains. Looking to the upcoming season, the International Research Institute for Climate and Society (IRI), which we have long leaned on for forecasts, released its monthly update on September 19, indicating an increased possibility of La Niña occurrence from October through to early next year. The IRI forecast indicates a moderate probability (56%) of La Niña conditions developing during September to November 2025. These La Niña conditions are expected to persist through December 2025 to February 2026, and weaken from March 2026 onwards. Ordinarily, La Niña brings above-normal rainfall in South Africa and the entire Southern Africa region, which would support agricultural activity.
- In the past, a La Niña has typically been followed by an El Niño, which brings below-normal rainfall and negatively impacts the agricultural sector. But more recently, we have witnessed some prolonged periods of La Niña rains. A case in point is the period from 2020 to 2023, during which South Africa and the entire Southern Africa region experienced La Niña rains. The early projections suggest that we are on a path to experiencing a second consecutive season of La Niña rains. But as is the case with any forecast, there is some uncertainty around the timing and intensity.
- Across South Africa, farmers will start preparing the land for various crops in the coming weeks. One that typically receives much attention is grains and oilseeds, as they are mainly rainfed (90%), with the rest under irrigation. The promising weather outlook will likely encourage farmers to plant a decent area for crops. In the 2024-25 season, which is on its tail end, farmers planted 4.44 million hectares of summer grains and oilseeds. This was slightly higher than the previous season. Because of the above-average rainfall, the sector was able to have an estimated summer grains and oilseeds harvest of 19.55 million tonnes (up 26% year-on-year).
- It does appear to us that farmers are gearing up for the next season. One of the indicators we monitor to assess the readiness for the upcoming season is tractor sales. We have observed that South Africa's tractor sales have increased for the past eight consecutive months. The recent data for August also paints an upbeat picture. For example, the tractor sales are up 22% year-on-year, with 700 units sold. Indeed, the increase in tractor sales partly reflects the positive sentiment in the sector regarding the 2024-25 field crop, horticulture, and wine grape harvest. Still, we cannot discount the likelihood that farmers are buying more tractors because they are upbeat about the upcoming season. Indeed, the

interest rates have eased somewhat from last year's levels, which also helps to boost the sales, amongst other factors.

- The one aspect that remains a concern to us is the higher input costs, particularly fertilizer. In August 2025, the prices of various fertilizer products, in rand terms, were generally up by over 10% from a year ago. This reflects the global environment of supply constraints in some key producing regions. Input costs will matter in planting decisions, and the shifts in various crops that farmers will plant, as they will have to assess the profitability levels.
- Still, having considered these factors, we remain upbeat that South Africa may be in for yet another favourable agricultural season in 2025-26. These are still early days, but the weather outlook and the robust tractor sales provide sufficient comfort for us to maintain an optimistic view about the season ahead for the various grains, oilseeds, fruits, vegetables and the grazing veld for the livestock subsector.

Exhibit I: La Niña forecasts



Source: The International Research Institute for Climate and Society (IRI)

WEEKLY HIGHLIGHT

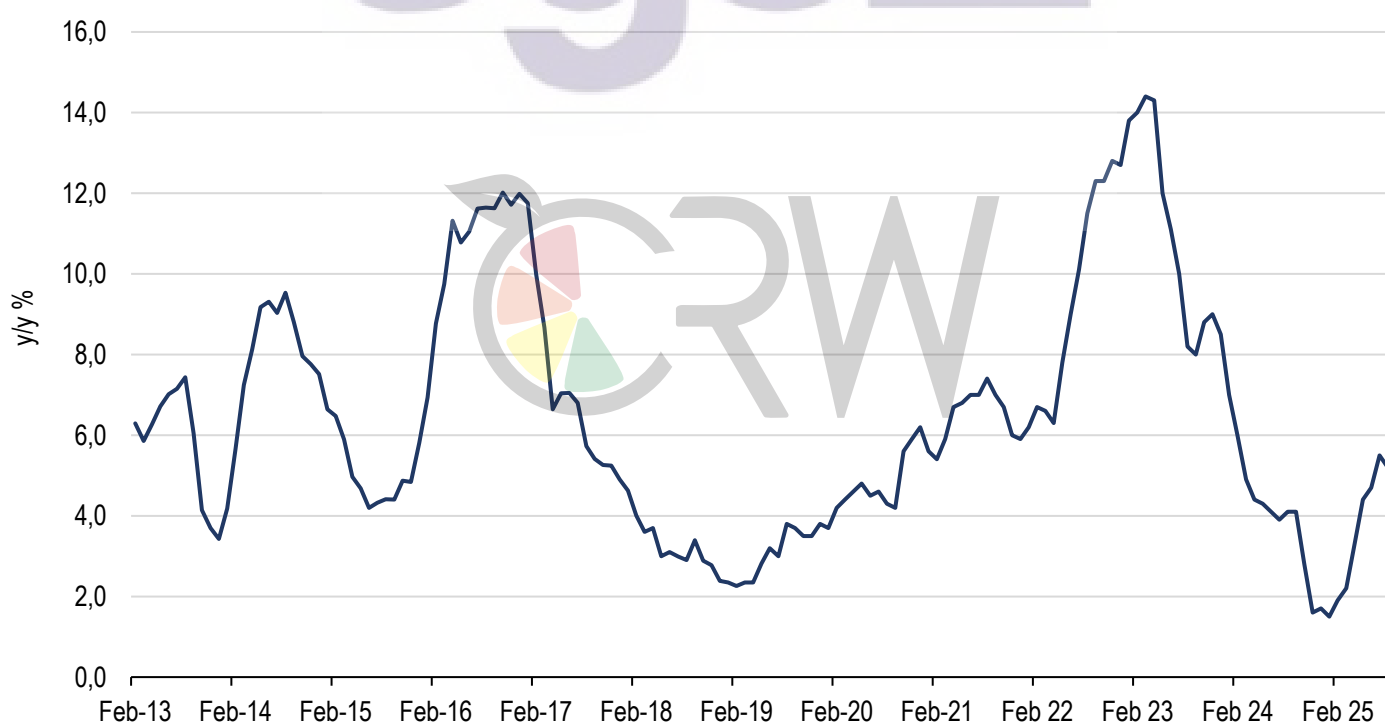
SA consumer food price inflation slightly eased in August 2025

- After accelerating for six consecutive months, South Africa's consumer food price inflation slowed, mildly, to 5.2% in August 2025, from 5.5% in the previous months. The primary drivers of the mild

moderation were cereal products, fruit and nuts, and vegetables. In all these products, South Africa has an abundant harvest, and the benefits of it are starting to show in prices. A key product that many are watching is meat, which has remained elevated, although slaughtering has resumed in major feedlots across the country. Initially, the panic buying, not necessarily a shortage of product, was the main driver of meat prices. The fact that while the supply has improved somewhat, the prices remain elevated illustrates that the consumer demand may be slightly more buoyant and able to contend with the current higher prices, to an extent. There may also be a slight delay in price adjustments at the retail level.

- Regarding the grains, South Africa has an abundant harvest, although with quality issues in some white maize regions. South Africa's 2024-25 summer grains and oilseed harvest is estimated at 19.55 million tonnes (up 26% year-on-year). There is an annual uptick in all the crops, mainly supported by favourable summer rains and the decent area plantings. The various fruits and vegetables also saw ample harvests.
- Regarding the meat price upside pressures, the driver has initially been two significant factors, which have now somewhat eased. First, the outbreak of avian influenza in Brazil led to South Africa temporarily restricting the imports of poultry products from Brazil, causing panic in the market. However, the restrictions have now been lifted, and imports are recovering. Second, South Africa experienced an outbreak of foot-and-mouth disease, which led to concerns about red meat supplies and some panic buying, thus pushing up prices. The slaughtering has now resumed in the major feedlots, although foot and mouth remains an issue. When there are outbreaks of disease, South Africa is temporarily restricted from various export markets, which, over time, increases the supply of red meat into the local market.
- South Africa's headline CPI was 3.3% in August 2025, from 3.5% in the previous month.

Exhibit 2: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research

WEEK AHEAD

What are we watching this week?

- This is another quiet week on the global front. Today, the United States Department of Agriculture (USDA) will release its weekly U.S. **Crop Progress** report. As of September 14, approximately 67% of the maize crop was rated as good or excellent, which is slightly higher than the 65% rating at the same time last year. The harvest has also recently started, and on September 14, about 7% of the U.S. maize had been harvested, which is roughly the same as the previous year. Moreover, approximately 63% of the soybean crop was again rated as good or excellent on September 14, which is slightly less than the 64% in the previous year. The harvest process has recently started, with only 5% of the soybean crop harvested so far, which is roughly the same as a year ago.
- The USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- 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 September 12, South African farmers delivered 118,246 tonnes of the new season maize to commercial silos. This was the 20th weekly delivery for the new season, bringing the overall maize deliveries so far to 14.07 million tonnes. South Africa's 2024-25 maize harvest is estimated at 15.80 million tonnes, a 23% 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 28 weeks, the soybean producer deliveries totalled 2.64 million tonnes, out of the expected harvest of 2.75 million tonnes. In the case of sunflower seeds, the first 28 weeks of the new 2025-26 marketing year's producer deliveries totalled 695,207 tonnes, of the expected harvest of 708,300 tonnes.
- Moreover, the wheat producer deliveries for the first 50 weeks of the 2024-25 marketing year stand at 1.89 million tonnes. The final harvest is 1.93 million tonnes, down from 2.05 million tonnes in the 2023-24 season. We will soon be focusing on the new season from October onwards.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of September 12, South Africa exported 15,164 tonnes of maize, all to the Southern African region. This placed South Africa's 2025-26 maize exports at 609,867 tonnes, out of the expected seasonal exports of 2.12 million tonnes. The current marketing year only ends in April 2026. 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.
- While South Africa has an ample harvest and will remain a net exporter of maize, we continue to see minor imports of yellow maize from Argentina for the coastal regions of South Africa. For example, so far in the 2025-26 marketing year, South Africa has imported 77,768 tonnes of yellow maize for feed in the coastal regions of the country. These importers mainly take advantage of the affordable prices of Argentinian supplies.

- South Africa is a net wheat importer, and September 12 was the 50th week in the 2024-25 marketing year, which ends this month. The imports to date have totalled 1.73 million tonnes. The seasonal import forecast is 1.74 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.
- Also on Thursday, Statistics South Africa will release **Producer Price Index (PPI)** data for August 2025. Our focus on this data will primarily be on the food category.

