

SA agriculture's uneven growth may persist into 2026

- It is looking increasingly likely that the mixed performance of South Africa's farming sector in 2025 will continue into 2026. The favourable weather outlook, farmers' exuberant intentions to increase the area they will plant for summer grains and oilseeds, and the general positive sentiment in the horticulture industry, are encouraging factors going into 2026.
- We may be approaching another year of ample harvests in these subsectors, which will boost the South African farming economy. During the 2024-25 production season, summer grains and oilseeds output increased by 30%, reaching 20.08 million tonnes. This came after a year of mid-summer drought, which weighed on the farming sector. Various fruits, wine, and vegetables also saw robust harvests compared with the previous season. It is due to such harvests that we remain optimistic that South Africa's farming sector will experience a strong recovery in 2025 and that this momentum is likely to continue into 2026. However, this outlook does not extend across the sector. The livestock industry, which accounts for nearly half of the South African farming economy, has been under strain.
- Earlier in the year, the livestock industry faced two significant challenges: higher feed costs and the outbreak of foot-and-mouth disease (FMD). Feed prices have now eased substantially due to the ample grain harvest, but the FMD disease remains a significant challenge. While the government and the private sector have been collaborating on vaccination and improving surveillance, among other interventions, the spread has not abated. The continuation of the spread also means that various key export markets remain closed, which weighs on the finances of the livestock farming businesses.
- We are now approaching the end of 2025, and it appears likely that we will enter 2026 with similar challenges still present in the South African livestock industry. Beyond the need to control the spread of the disease, South Africa has yet to make meaningful progress in the manufacturing of the FMD vaccine and other vaccines. The weakening of the Onderstepoort Biological Products (OBP) and the Agricultural Research Council (ARC) capabilities remains a significant constraint. While we are aware that policymakers are currently discussing this, we have yet to see meaningful progress on plans to revive the organisations and build up their capabilities.
- As the work to revive the OBP and the ARC continues, there is a need also to assess the deep involvement of the private sector, not only in planning but also in the manufacturing of some animal vaccines that South Africa needs. A scan of the firms that can collaborate with the government to ensure the country has the necessary vaccines, not only for FMD disease, but also for other diseases, should be a priority for the Department of Agriculture. It is increasingly clear that, unlike in the past, the occurrence of animal diseases is more frequent these days, derailing the country from its long-term objective of being an export-oriented livestock industry.

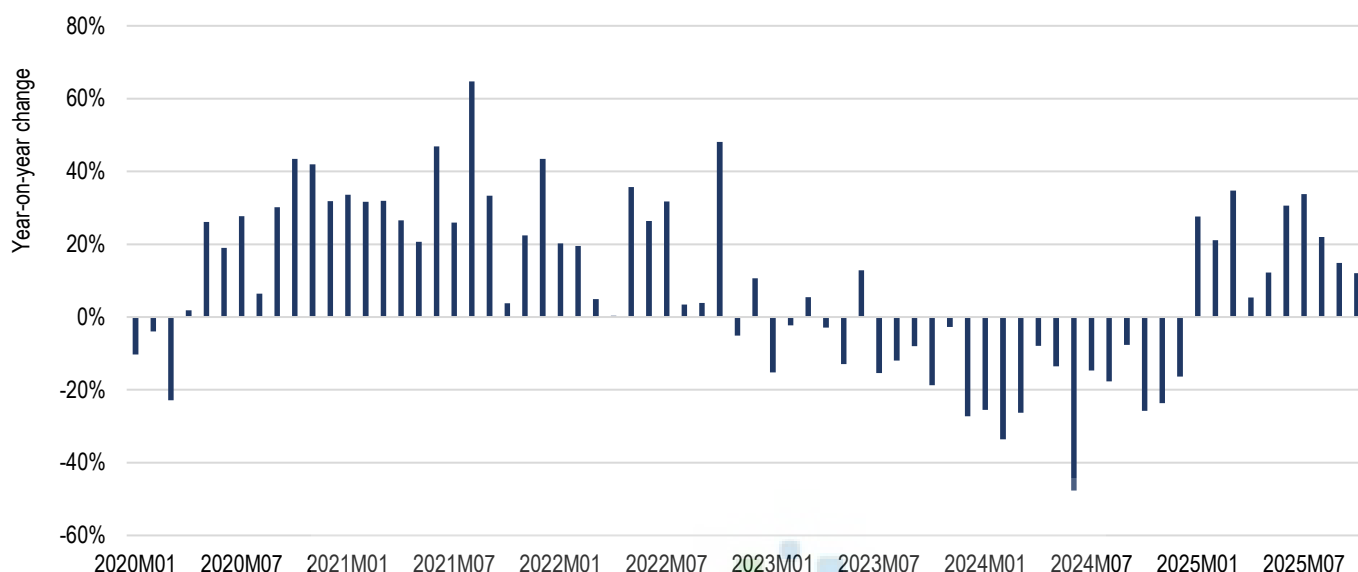
- The frequent outbreaks of animal disease also pose reputational risks to other industries that are not directly affected. A case in point is the wool industry, whose exports were once temporarily restricted in China due to FMD disease. The disease was not in sheep, but in cattle. Still, China feared risks and closed imports. Indeed, a protocol exists for handling wool exports to China during outbreaks; however, reputational risks remain.
- In essence, it seems likely that we will transition into 2026 with prospects of another uneven growth in South Africa's agriculture. The livestock industry may remain constrained by animal diseases, while the horticulture and field crop subsectors are expected to benefit from favourable weather conditions and a vibrant export market that remains resilient despite U.S. tariffs.

WEEKLY HIGHLIGHT

SA's tractor sales have remained strong since the start of 2025

- When the agricultural sector is experiencing favourable production conditions, the interlinked industries tend to benefit. We are seeing such benefits in the agricultural machinery industry, which has seen robust sales for much of this year. More specifically, the tractor sales have increased for the past ten months, while combine harvester sales have cooled in the last five months, having started on a solid momentum.
- This is evident in the October 2025 sales data. For example, the tractor sales are up 12% y/y, with 857 units sold. Meanwhile, the combine harvester sales were down 39%, with 17 units sold. The soft sales in combine harvester sales are not a significant concern, given the higher volume of sales in the past few months. Importantly, the cumulative sales of combine harvesters for the first nine months of 2025 are up 4% from the corresponding period in 2024, with 197 units sold.
- The increase in agricultural machinery sales primarily reflects the financial gains from the better 2024-25 agricultural season, particularly in field crops, horticulture, and wine grape harvests, which were mainly supported by favourable weather conditions.
- Moreover, the strong tractor sales signal farmers' optimism about the 2025-26 agricultural season, which has recently started. This is likely to be another favourable season as there are prospects of La Niña rains, which should support production conditions across various subsectors of agriculture. In the case of summer grains and oilseeds, farmers intend to plant 4.1 million hectares in the 2025-26 season, up 1% from the previous year.
- In essence, it is increasingly evident that South Africa's agricultural machinery sales will likely remain strong this year. In addition to the improved agricultural production conditions for the 2024-25 season and the new 2025-26 season, interest rates have eased somewhat from last year's levels, which supports sales. Also worth noting is that some farmers may continue with machinery replacement in the coming months, which will ultimately support sales.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research

WEEK AHEAD

What are we watching this week?

- On the global front, we continue to experience challenges with key data from the U.S. Department of Agriculture (USDA) due to the Government Shutdown. As a result, we doubt the USDA will release its weekly **U.S. Crop Progress** report scheduled for today. Additionally, the USDA's flagship report, the **World Agricultural Supply and Demand Estimates Reports (WASDE)**, is due for release today, but we doubt it will be available. We also don't think the USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data scheduled for Thursday.
- On the domestic front, on Tuesday, Statistics South Africa will release the **Quarterly Labour Force Survey (QLFS)** data for the third quarter of 2025. Our focus on these data will be on the agricultural figures. Looking back to the second quarter of the year, the number of farm jobs in South Africa declined mildly by 3% from the first quarter, to 906k.
- 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 October 31, South African farmers delivered 53,410 tonnes of new-season maize to commercial silos. This was the 27th weekly delivery for the new season, bringing the overall maize deliveries so far to 14.53 million tonnes. South Africa's 2024-25 maize harvest is estimated at 16.32 million tonnes, a 27% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 oilseeds marketing year began at the start of March 2025. In the first 35 weeks, soybean producer deliveries totalled 2.68 million tonnes, accounting for 97% of the expected harvest of 2.75

million tonnes. In the case of sunflower seeds, the first 33 weeks of the new 2025-26 marketing year's producer deliveries totalled 693,140 tonnes, of the expected harvest of 708,300 tonnes.

- South Africa's 2025-26 winter wheat season began at the start of October. But we are seeing that farmers have begun delivering the new season crop, which was planted from the start of May. In the first five weeks of this year, farmers have delivered about 425,190 tonnes of wheat to commercial silos. These are still early days, and the harvest is expected to gain momentum in the coming months. South Africa's 2025-26 winter wheat harvest is forecast at 2.03 million tonnes, a 5% increase from the previous year.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of October 31, South Africa exported 46,478 tonnes of maize, with approximately 67% going to Zimbabwe and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 897,891 tonnes, out of the expected seasonal exports of 2.24 million tonnes. The current marketing year only ends in April 2026. We will likely see more robust export activity later in early 2026, when demand in the region is expected to be strong.
- While South Africa has an ample harvest and will remain a net exporter of maize, minor imports of yellow maize from Argentina are expected to continue for South Africa's coastal regions. For example, so far in the 2025-26 marketing year, South Africa has imported 77,524 tonnes of yellow maize for feed in the country's coastal regions. These importers mainly take advantage of the affordable prices of Argentinian supplies.
- South Africa is a net wheat importer, and October 31 marked the fifth week of the new 2025-26 marketing year. The imports to date have totalled 241,754 tonnes from the United States and Latvia. Australia, Lithuania, Russia and Poland. We expect South Africa's 2025-26 wheat imports to reach 1.74 million tonnes, down from 1.83 million tonnes in the 2024-25 marketing year, due to a slight recovery in the domestic harvest.

