

Production conditions in South Africa's agriculture in 2025 and the outlook for 2026

- As we approach the end of 2025, it is fair to characterise the year as one of mixed fortunes for South Africa's agriculture. On the upside, we have the robust field crops, horticulture, and wine. On the downside, it has been a more challenging time for the livestock industry, mainly cattle farming, due to foot-and-mouth disease.
- Among the year's positives, early concerns that late rains would disrupt plantings of summer grains and oilseeds disappeared relatively quickly. We received excellent showers lasting much longer than usual through to the end of April 2025. This led to further concerns about grain quality due to excessive moisture. Indeed, we struggled with the quality of maize, particularly white maize. However, this was not severely damaging.
- We ended the 2024-25 summer grains and oilseeds production season with a harvest of 20.2 million tonnes, up 30% from the previous season. This figure comprises maize, soybean, sunflower seed, groundnuts, sorghum, and dry beans. There was an annual uptick across all crops. In fact, the soybean harvest reached a record 2.771 million tonnes. Moreover, the 2024-5 maize crop was the second largest on record at 16.44 million tonnes.
- The gains of the favourable La Niña rains did not end in grains and oilseeds. We saw ample harvests in sugar, as well as various fruits, vegetables and wine. For example, South African sugar production for the 2024-25 production season is forecast at 2.09 million tonnes, up by 7% year-on-year. We also received encouraging production data from SA Wine and Vinpro, forecasting South Africa's wine grape harvest at 1.244 million tonnes, an 11% recovery from the poor harvest of 2024.
- Moreover, the South African Table Grape Industry has also posted some upbeat production figures, indicating that the 2024-25 total harvest inspected is 78.9 million cartons, 4% higher year-on-year. Citrus production was also robust, and boosted exports. In the 2025 export season, Southern African citrus growers packed 203.4 million 15kg cartons for delivery to global markets, up 22% from 2024. Driving the growth are favourable weather conditions in the growing regions and the many young trees that came into fruit this season. We also see encouraging production data from various fruits and vegetables.
- In poultry production, the ample maize and soybean harvest led to lower prices, benefiting the industry. Maize and soybean typically account for around 60-70% of poultry production costs. Therefore, a decline in prices greatly improves operating conditions.

- These ample harvests boosted overall agricultural exports this year. The cumulative value of South Africa's agricultural exports for the first three quarters of 2025 is US\$11.7 billion, representing a 10% increase from the corresponding period in 2024. This is an encouraging development showing that South Africa's agricultural exports have remained strong since the start of the year despite significant trade policy shifts and uncertainty. The improvements in port logistics, which contributed to better export performance alongside better harvests, were another positive this year.
- On the downside, the cattle industry has been under pressure throughout 2025 due to the spread of foot-and-mouth disease, which led to temporary closures of some export markets. This also created financial pressure on the farmers. Therefore, while much of the sector seems to have had a positive year, the cattle industry struggled. Fortunately, as the year draws to a close, the country has taken a significant step toward vaccinating the roughly 12 million national herd of cattle, with 7.2 million in commercial production. The logistics of successfully carrying out this process will become clearer in 2026 as the vaccination process gains momentum. Another important realization of the year was that South Africa needed to revive its vaccination program and possibly involve the private sector.
- Fortunately, this year, the foot-and-mouth disease challenge in the cattle industry did not spill over into the wool industry. In 2022-23 outbreaks, we saw China block South Africa's wool imports due to foot-and-mouth disease, which affected cattle, not sheep. This time around, we did not face such a risk, and wool exports continued smoothly.
- Overall, we are ending this year with renewed optimism in the sector, as La Niña rains are expected to continue, and vaccination will help address the foot-and-mouth disease challenge. The Agbiz/IDC Agribusiness confidence index is up, having increased by 5 points to 67 points in the last quarter of 2025. This shows the improvement in sentiment as the Index is well above its 50-neutral mark, which separates optimism and pessimism (when below 50). Therefore, 2026 may be a broad growth year, an improvement on the mixed recovery of 2025.

WEEKLY HIGHLIGHT

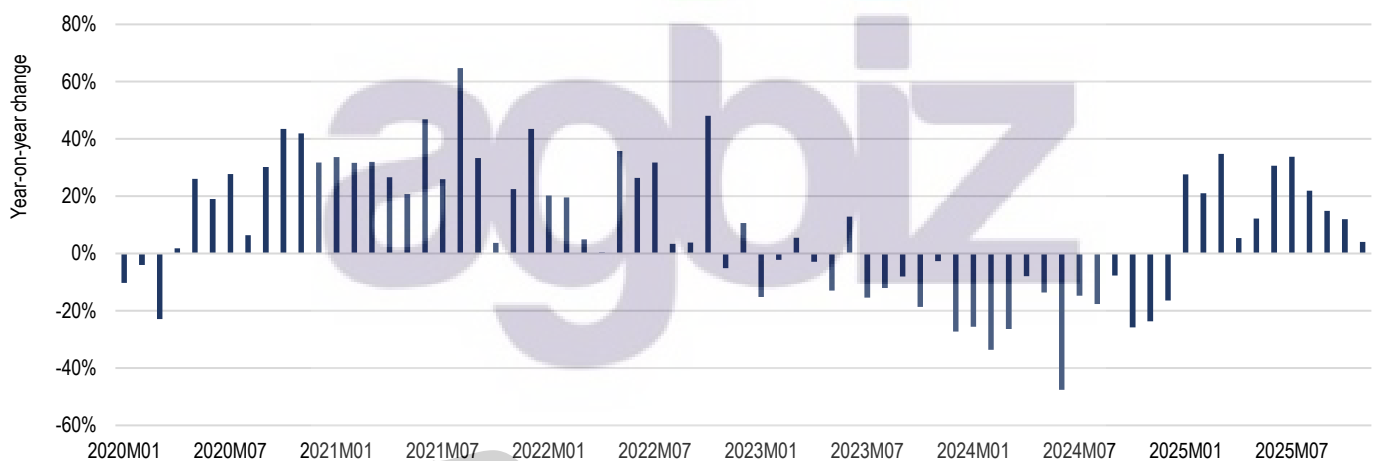
SA agricultural machinery sales remain robust

- We are ending 2025 on a strong note in the agricultural machinery industry. We now have data for the 11 months of 2025. Cumulative tractor sales are 7,176 units, up 19% year-on-year. The combine harvesters sales for the 11 months are at 200 units, up by 3%. Sales have been generally robust throughout the year, with combine harvesters only cooling in recent months. But the broad picture for the year will be a period of recovery.
- Amongst other things, 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. The 2025-26 season will likely deliver another year of ample harvests, as La Niña rains are expected to support production across various agricultural subsectors. 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. We will likely see decent plantings in other crops.

- We now have comfort that South Africa's agricultural machinery sales will be strong in 2025, resembling the gains in agriculture. In addition to the improved agricultural production conditions for the 2024-25 season and the promising prospects for the new 2025-26 season, interest rates have eased somewhat from last year's levels, and the affordable cost of capital supports sales.
- Most importantly, we don't see the strong sales as a matter of just 2025. We are optimistic that we can continue on this path through 2026, as the cost of capital remains affordable and the sector is likely to deliver another year of ample harvests.

Exhibit I: South Africa's tractor sales



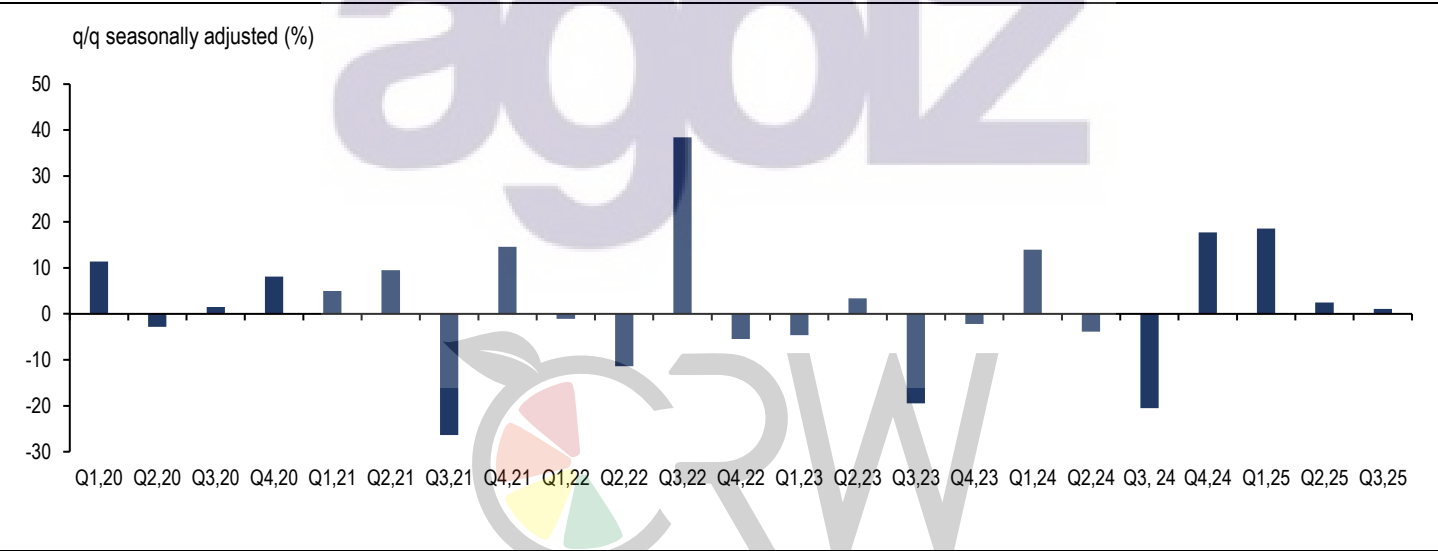
Source: South African Agricultural Machinery Association and Agbiz Research

SA agriculture sees a mild performance in the third quarter of 2025

- We have long signalled that 2025 will be a recovery period for South Africa's agriculture. But this recovery is uneven. On the positive side, ample grain, oilseed, sugarcane, fruit, wine, and vegetable production support annual recovery. Meanwhile, on the negative side, foot-and-mouth disease continues to add pressure to the sector. The livestock and poultry account for nearly half of the farming sector's fortunes, and therefore, when they experience challenges, the entire sector feels the impact.

- It is this nuance that has led to yet another mild growth of South Africa's agriculture in the third quarter of 2025. South Africa's agricultural gross value added expanded by 1.1% quarter-on-quarter (seasonally adjusted) in the third quarter, from a 2.5% q-o-q expansion in the second quarter.
- While the subdued performance remains encouraging, it does also dwarf the excellent performance in the various crops. For example, South Africa's 2024-25 summer grains and oilseeds production is at 20.2 million tonnes, up by 30% from the previous year. This figure comprises maize, soybean, sunflower seed, groundnuts, sorghum, and dry beans. In the case of maize, we have the second-largest harvest on record, and in soybeans, the largest on record due to favourable La Niña-induced rains. The various fruits and vegetables also achieved excellent harvests, as reflected in healthy export volumes.
- Still, the primary challenge for cattle is the foot-and-mouth disease. South Africa will start vaccinating its roughly 12 million cattle. The vaccination will take a while, and the logistics of carrying it out and sourcing the vaccine remain the primary focus. That said, a plan is in place to address the challenge.
- Overall, this third-quarter growth underscores the view that agriculture will generally recover in 2025, albeit likely a mixed recovery from a subsector perspective. Notably, the sector is poised for better performance in 2026, as La Niña rains are expected to persist and support production.

Exhibit 2: South Africa's agricultural gross value added



Source: Stats SA and Agbiz Research

WEEK AHEAD

What are we watching this week?

- We start on the global front with two main data releases from the U.S. Department of Agriculture (USDA). On Tuesday, the USDA will release a monthly update of its flagship report, the **World**

Agricultural Supply and Demand Estimates Report (WASDE). This will provide key insights about the global grains and oilseed outlook for the 2025-26 season. The USDA will also release its **weekly U.S. Grains and Oilseed Export Sales data** scheduled for Thursday.

- On the domestic front, on Wednesday, Statistics South Africa will release **Labour Market Dynamics in South Africa data for 2024**.
- Also 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 November 28, South African farmers delivered 41,586 tonnes of new-season maize to commercial silos. This was the 31st weekly delivery for the new season, bringing the overall maize deliveries so far to 14.75 million tonnes. South Africa's 2024-25 maize harvest is estimated at 16.44 million tonnes, a 28% 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 39 weeks, soybean producer deliveries totalled 2.69 million tonnes, accounting for 97% of the expected harvest of 2.77 million tonnes. In the case of sunflower seeds, the first 39 weeks of the new 2025-26 marketing year's producer deliveries totalled 693,933 tonnes, of the expected harvest of 708,300 tonnes.
- South Africa's 2025-26 winter wheat season began in October. But we are seeing that farmers are moving quickly to deliver the new season's crop to commercial silos. This crop was planted from the start of May. In the first nine weeks of this 2025-26 marketing year, farmers have delivered about 1.11 million tonnes of wheat to commercial silos. This is just over half of the expected harvest for the season. 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 November 28, South Africa exported 45,917 tonnes of maize, with approximately 57% going to Zimbabwe, 14% to Botswana, and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 1.11 million 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 November 28 marked the eighth week of the new 2025-26 marketing year. The cumulative imports to date have totalled 429,625 tonnes from the United States, 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.