

The Middle East conflict is putting increasing pressure on SA agriculture to seek new markets

- Four weeks since the war in the Middle East broke out, it remains unclear how long the conflict will continue, how bad the damage to infrastructure will be and how long it will take to undertake repairs in the affected countries. For every day the war drags on, the negative shock to the world economy grows. For exporting businesses, this is a risk we have to take seriously and start planning for alternative export markets where conditions permit. We are approaching the citrus export season in South Africa. The challenge for the current year is not only likely ample domestic supplies but also a recovery in Brazilian output, which will intensify competition against South African products in various export markets.
- The same is true of other fruits and berries, whose export seasons are fast approaching. Indeed, the Middle East is not South Africa's biggest market. The region accounted for about 8% of South Africa's agricultural exports, valued at US\$15.1 billion in 2025, according to data from Trade Map. However, the challenge of accessing the Middle East, at a time when South American fruit production is also recovering, suggests that there may be increased competition even in other markets where South Africa would have ordinarily increased its volumes during years of shortages in South America.
- The path ahead requires that the exporting industries, along with the Department of Agriculture, Department of Trade, Industry and Competition, as well as the Department of International Relations and Cooperation, are in communication about the risks and the prioritisation of new export markets that would have the capacity to absorb the extra produce from South Africa. The industry must lead the effort to outline the markets where many relationships already exist or are most likely to be established swiftly, and thereafter communicate this information to the relevant policy departments, which can then use the insight to plan and initiate conversations at the government level.
- Importantly, the various economic analysts in South African Missions across the world can also do their part in assessing whether, in the regions they serve, there is a possibility to advance South Africa's agricultural exports in the near term to avert the challenges posed by the Middle East conflict. Communication from these Missions can be through commodity associations or via the usual channels in Pretoria. Serving the South African business in times of such need is a key part of the country's economic diplomacy. Assistance to businesses in these critical times is a key part of demonstrating that South Africa has an effective economic diplomacy policy, and can also utilise it to serve businesses, which will ultimately help maintain jobs in South Africa.
- Beyond this challenge, the Middle East conflict once again exposes the need for South Africa to increase its focus on export diversification. This entails opening as many new export markets as possible to broaden growth opportunities for domestic businesses and reduce the risks associated with overexposure to a small number of markets. We should also never forget that South Africa's long-standing ambition to expand agricultural production through underutilised government-owned land would also lead to a major increase in production. Therefore, the discussion about the domestic

expansion of agricultural production in these new lands cannot be economically sustainable without ensuring we have new export markets to absorb the produce and, ultimately, keep farming businesses profitable.

- Ultimately, the risks we are seeing in the Middle East regarding South Africa's agricultural exports do not call for disregarding this region. It remains key to our long-term growth strategy as an export market. What we are facing now is an immediate challenge, and our responsibility is to cushion the South African businesses that create jobs in the country.

WEEKLY HIGHLIGHT

SA is set to have an ample summer grain and oilseed harvest in the 2025-26 season

- Progressively, the 2025-26 summer grains and oilseeds crop forecasts paint an upbeat picture about the harvest size. Admittedly, we must view these estimates with some caution, as the season is still in its early days and production conditions can change. Still, the data we received this afternoon from the Crop Estimates Committee, placing South Africa's 2025-26 summer grains and oilseeds production estimate at 20.3 million tonnes, which is 1% less than the 2024-25 production season, is comforting. We must not forget that the 2024-25 summer grains and oilseeds were the second-largest on record; therefore, being marginally lower than they were is not cause for concern but rather for comfort. This production figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. We see minor annual downward revisions in most crops, except for sunflower seed and groundnuts.
- If we zoom in on the major grains, the 2025-26 maize production estimate is 16.5 million tonnes, down 1% from the previous season but well above the long-term average production. Importantly, this expected harvest is well above South Africa's annual maize usage of 12.0 million tonnes. The 1% expected annual decline in the harvest is due to lower yields in some regions, despite higher plantings than in the previous season. About 8.8 million tonnes of white maize, with 7.7 million tonnes being yellow maize. Such a maize crop, combined with likely large carryover stocks from the current season, signals that South Africa will yet again remain a net exporter of maize in the 2026-27 marketing year that begins in May (this corresponds with the 2025-26 production season).
- The 2025-26 soybean harvest is estimated at 2.7 million tonnes, down 4% from the previous year, largely due to expected poor yields in some areas. Still, a harvest of 2.7 million tonnes is well above the long-term average and will keep South Africa in a net exporting position. The sorghum harvest will likely fall by 6% to 140,653 tonnes due to reduced planted area and expected poor yields in some regions. The dry beans harvest will be down by 11% to 80,704 tonnes, also due to reduced planted area.
- For sunflower seed, the 2025-26 harvest is forecast at 778,155 tonnes, up 11% from the previous season, benefiting from an expansion in planted area. The 2025-26 groundnut harvest is forecast at 69,360 tonnes (up 9% y/y).
- In essence, we are still in the early days. Still, this second production forecast for the season provides valuable guidance on the potential harvest size for South Africa's 2025-26 grains and oilseeds production season. We still have eight more monthly forecasts to follow, which may contain some revisions. Still, provided that weather conditions have generally been favourable across most regions of South Africa, we are inclined to believe that we are in for a better 2025-26 summer season for grains and oilseed

production. From a consumer perspective, these data will likely continue to put downward pressure on grain and oilseed prices, supporting our long-standing view of a moderating path of food price inflation in 2026. The major risk from the consumer food price inflation path currently is the higher fuel prices due to the Middle East conflict.

What are we watching this week?

- We start the week by looking at the global front, and the U.S. Department of Agriculture (USDA) will release the **U.S. Grain Stocks** data on Tuesday. Moreover, the Food and Agriculture Organization of the United Nations (FAO) will release the March 2026 results of its **global Food Price Index** on Friday. This is a measure of the monthly change in international prices of a basket of food commodities.
- On the domestic front, on Wednesday, the South African Grain Information Services (SAGIS) will publish its **weekly data on South Africa's Grain and Oilseed Producer Deliveries**. In the previous release on March 20, 2026, South African farmers delivered 92,581 tonnes of maize to commercial silos. This was the 47th weekly delivery for the 2025-26 marketing year (which corresponds with the 2024-25 production season), bringing the overall maize deliveries so far to 15.75 million tonnes. South Africa's 2024-25 maize harvest is at 16.65 million tonnes, a 28% year-on-year increase, driven by yield improvements.
- The 2026-27 oilseeds marketing year has just started this month, and the first 3-week deliveries were at 36,634 tonnes. We are a long way ahead, with the final crop estimate at 2.7 million tonnes, down 4% from the previous year, largely due to expected poor yields in some areas. In the case of sunflower seeds, the first 3 weeks of the new 2026-27 marketing year's producer deliveries totalled 57,318 tonnes. There is still a long way to go, as the forecast harvest for the season is 778,155 tonnes.
- South Africa's 2025-26 winter wheat harvest is complete. Some farmers continue to deliver the crop to commercial silos. In the first 25 weeks of this 2025-26 marketing year, farmers have delivered about 1.77 million tonnes of wheat to commercial silos. This is 93% of the expected season harvest of 1.89 million tonnes (down 2% y/y).
- On Thursday, SAGIS will publish its weekly **South Africa's Grains and Oilseeds Trade data**. In the week of March 20, 2026, South Africa exported 42,479 tonnes of maize, with about 54% going to Zimbabwe, 17% to Namibia, and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 1.8 million tonnes, out of the expected seasonal exports of 2.4 million tonnes. The current marketing year only ends in April 2026. We have seen much softer demand for maize this year, partly due to ample global supplies. It seems unlikely that we will meet the 2.4 million tonnes export target for the season.
- 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 110,448 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 March 20 marked the 25th week of the new 2025-26 marketing year. The cumulative imports to date have totalled 872,799 tonnes from Germany, the United States, Latvia, Canada, Australia, Brazil, Romania, Lithuania, Russia, and Poland. We expect South Africa's 2025-26 wheat imports to reach 1.85 million tonnes, roughly the same as the 2024-25 marketing year.