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South Africa may have planted the smallest wheat area in nearly a hundred years

- The overarching theme of South Africa's agricultural outlook for 2026 has been broadly positive, particularly for field crops and horticulture. But not all industries in these subsectors are experiencing favourable production conditions. The wheat industry is under strain. The ample global wheat supplies at lower prices at various times in the past few months, combined with higher input costs on the back of the Middle East war and the unfavourable weather conditions in some parts of South Africa's wheat-growing regions, have led to a reduction in area plantings. These pressures, amongst other things, contributed to the wheat industry's decision to seek an increase in the wheat import tariff, to cushion the domestic industry from the lower prices and subsidised imported wheat. These trade policy questions are important, and the import tariff adjustment approach must seek a balance between consumer welfare and farmers' welfare, amongst other considerations.

- Clearly, now the domestic wheat industry is under pressure, and the farmers are slashing the plantings. For example, in the 2026-27 winter wheat crop, South African farmers lowered wheat plantings to 473 900 hectares, down 8% from the previous season, according to the latest data from the Crop Estimates Committee (CEC). Worryingly, this is the smallest area planted to wheat since 1929, when 439 000 hectares were planted to wheat.

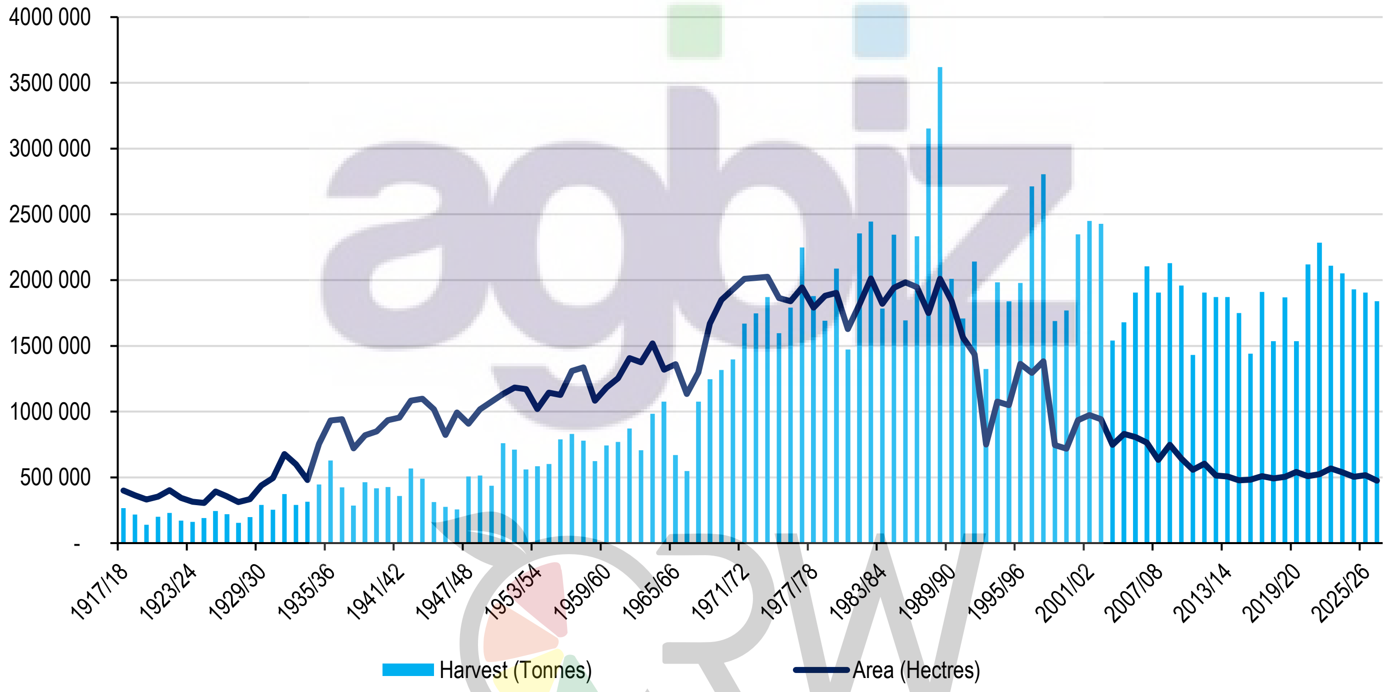
- About 69% of the area planted to wheat is in the Western Cape, followed by the Free State, which accounts for 11% of South Africa's winter wheat plantings, the Northern Cape with 8%, Limpopo with 5%, and other small plantings in KwaZulu-Natal, North West, Eastern Cape, Mpumalanga and Gauteng. Therefore, the provinces that are the anchors of South Africa's wheat industry are the Western Cape, Free State, Northern Cape and Limpopo. The plantings for the 2026-27 season have declined notably in most of these major provinces, with the Northern Cape roughly unchanged. It is unclear how much this decline in area plantings will mean for the overall harvest. The first official winter wheat production estimate will be released by the CEC on August 26, 2026.

- Still, if we take the average 5-year wheat yield of 3,88 tonnes per hectare, in an area of 473 900 hectares, then South Africa could end up with a crop of about 1.8 million tonnes. This would be down 4% from the 2025-26 season, and the smallest crop in six seasons. Given that the area plantings are the smallest in nearly a hundred years, a wheat harvest that would be the smallest in six seasons would be a much better outcome than some fear.

- With that said, the yield outcome, amongst other things, will be influenced by the weather conditions and the level of input the producers apply. Therefore, we will have a better understanding of the yield later this month, but it is probably fair to assume that if history is a better guide, we could end up with a wheat harvest of around 1.8 million tonnes in the 2026-27 production season. Such a harvest would mean that South Africa would have to import about 1.9 million tonnes of wheat in the 2026-27 season, which would be mildly up from the expected imports of 1.8 million tonnes in the current 2025-26 season.

- From a consumer side, while these figures and the extent of a decline in the winter wheat planting are worrying, supplies will be available. The ample global wheat supplies, which the International Grains Council forecast at 821 million tonnes, down 3% year-on -year, but well above the long-term average, will help. South Africa will be able to secure affordably priced wheat to serve domestic needs in the near term. Still, this doesn't take the focus away from the important policy questions of finding a balance in trade policy to support the domestic wheat industry, while also accommodating consumer well-being. These are important trade-offs that the government and industry must grapple with so that the wheat industry does not deteriorate further.

Exhibit 1: South Africa's winter wheat plantings and production over time



Source: Crop Estimates Committee and Agbiz Research

WEEKLY HIGHLIGHT

SA's 2025-26 summer grain and oilseed harvest lifted again

- We continue to see upside revisions of South Africa's summer grain and oilseed production estimates. On July 28, 2026, the Crop Estimates Committee released its sixth production forecast. It slightly nudged up the country's 2025-26 summer grain and oilseed harvest to 21.5 million tonnes, up 0.3% from the previous month, and up 4% year-on-year (y/y). This ample harvest is on the back of the expansion of the area under cultivation and the high yields from favourable La Niña summer rains.

- If we zoom in on the major grains, the 2025-26 maize production estimate is 17.4 million tonnes, up 4% from last season, and the largest harvest on record. About 9.39 million tonnes of white maize, with 7.97 million tonnes being yellow maize. Such a maize crop, combined with likely large carryover stocks from the current season, signals that South Africa will once again be a net exporter of maize in the 2026-27 marketing year (corresponding to the 2025-26 production season). South Africa's annual maize consumption is 12.00 million tonnes. Exports total over 3.0 million tonnes, with ample carryover stocks for next year. Notably, the harvest is still underway in the various parts of the country because of the late start of the season, and the quality of the crops in the areas that have been harvested is decent.

- The 2025-26 soybean harvest is estimated at a record 3.04 million tonnes, largely due to higher yields in some regions and large-area plantings (the harvest is up 9% y/y). The sunflower seed crop is estimated at 874 805 tonnes, down mildly from the previous month, but up by 23% y/y. There is also a decent harvest of small grains, such as groundnuts, sorghum, and dry beans.

- From a consumer perspective, these grain and oilseed production data will continue to put downward pressure on prices, supporting our long-standing view of a moderating path of consumer food price inflation in 2026. South Africa's consumer food price inflation has slowed, at 1.4% in June 2026, from 1.6% in May. This was the lowest level since December 2010. There was a broad deceleration across various food products, and grains were among the key products underpinning the moderation in consumer food price inflation.

- Looking ahead, the medium-term risk is the forecast El Niño drought, but it will affect the 2026-27 summer grain crop, which will only be planted from October 2026. This harvest will only enter the market in mid-2027. If the heatwaves we see in the northern hemisphere are any indication, then the upcoming summer crop season may be profoundly challenging for South Africa's agriculture. Notably, the expected El Niño drought also poses an upside risk to consumer food price inflation. Another major risk is the ongoing Middle East war and its impact on fertiliser and fuel prices.

What are we watching this week?

- We start the week by looking at the global front, and <u>today</u>, the U.S. Department of Agriculture (USDA) will release its **weekly U.S. crop progress report**, which provides insight into the crop growing conditions, mainly maize, sorghum, soybeans, and other major grains for the 2026-27 production season. In some regions of the U.S., crops are strained by heatwaves and are ranked slightly worse than a year ago during this period. For example, on July 27, 2026, about 63% of the maize crop was rated good or excellent, which is far behind last year's ranking of 73% in the same week. Also worth noting is that 63% of the soybean crop was rated good or excellent on July 27, 2026, which is slightly below the 70% rating in the same week last year.

- On Friday, the Food and Agriculture Organization of the United Nations (FAO) will release the July 2026 results of its **monthly Global Food Price Index**. This index measures 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**. We have recently started the new 2026-27 marketing year, and the harvest for this new year is still in its early stages. In the first 13 weeks of the new marketing year, farmers delivered 10.7 million tonnes of maize to commercial silos. This season is running 3% behind last season's pace. The delays in the start of the season and the longer rainfall period are among the key reasons for this. Still. South Africa is poised to harvest an ample 17.4 million tonnes of maize, the largest harvest on record.

- The 2026-27 soybean marketing year soybean harvest is towards completion. The first 21-week deliveries were 2.8 million tonnes, a record, out of an estimated crop of 3.04 million tonnes. For sunflower seeds, the first 21 weeks of producer deliveries in the new 2026-27 marketing year totalled 802,719 tonnes. There is still a long way to go, as the forecast harvest for the season is 874,805 tonnes.

- South Africa's 2025-26 winter wheat harvest is complete. Some farmers continue to deliver the small volumes of the crop to commercial silos. In the first 43 weeks of this 2025-26 marketing year, farmers have delivered about 1.84 million tonnes of wheat to commercial silos. This is 97% of the expected season harvest of 1.89 million tonnes (down 2% y/y).

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** only on Thursday. Last week, South Africa exported 68,364 tonnes of maize, with about 78% to Vietnam, and the rest to neighbouring countries. In the 2026-27 marketing year, which we recently started in May 2026, South Africa could export roughly 3 million tonnes of maize. This would be up from 2 million tonnes in the past season. South Africa has ample maize supplies on the back of robust production. South Africa’s maize exports so far in the 2026-27 marketing year total 880,504 tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and July 24 marked the 43rd week of the new 2025-26 marketing year. Cumulative imports to date total 1.6 million 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.