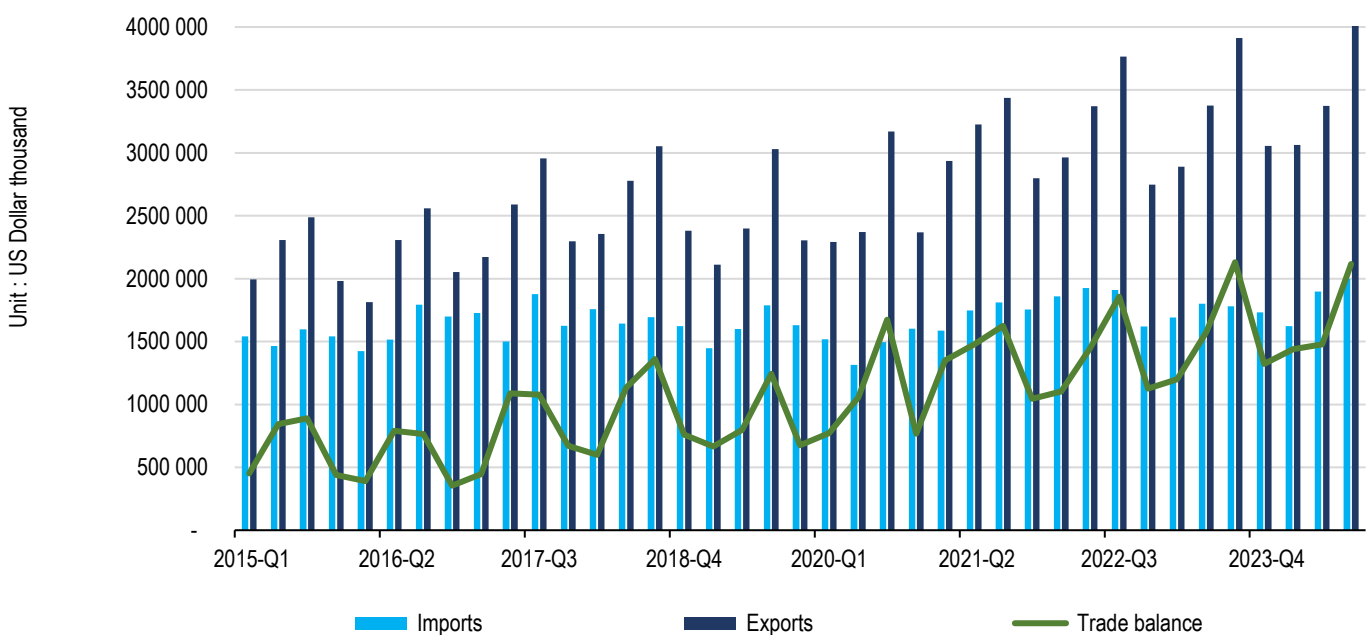


A strong recovery in South Africa's agricultural exports in Q3 2024

- South Africa's agriculture has had mixed fortunes this year. The mid-summer drought negatively affected field crops, with livestock also hampered by the animal disease. Fortunately, the horticultural sub-sector has had a fairly more positive year with decent harvests in various fruits. Several high-frequency data releases these past few quarters have mirrored this environment of mixed fortunes. But the trade data for the third quarter of the year paints an even more upbeat story of recovery in the sector's export performance.
- According to data from Trade Map, South Africa's agricultural exports were at US\$4,12 billion in the third quarter, a 5% increase relative to the same period in 2023. The cumulative export value for the first three quarters of 2024 is up 4% from the same period last year, at US\$10,55 billion. This reflects an uptick in the volume of various agricultural exports and the price surge in some products. Moreover, while logistics infrastructure efficiency remains a primary concern for the farming sector, the ongoing collaboration between Transnet, private industry, and the various logistical organizations assists in ensuring the continuous flow of products, even if there are delays in specific periods. The top exported products by value include citrus, nuts, maize, apples and pears, wine, fruit juices, sugar, dates, figs, avocados and mangos, berries, and grapes, amongst other products.

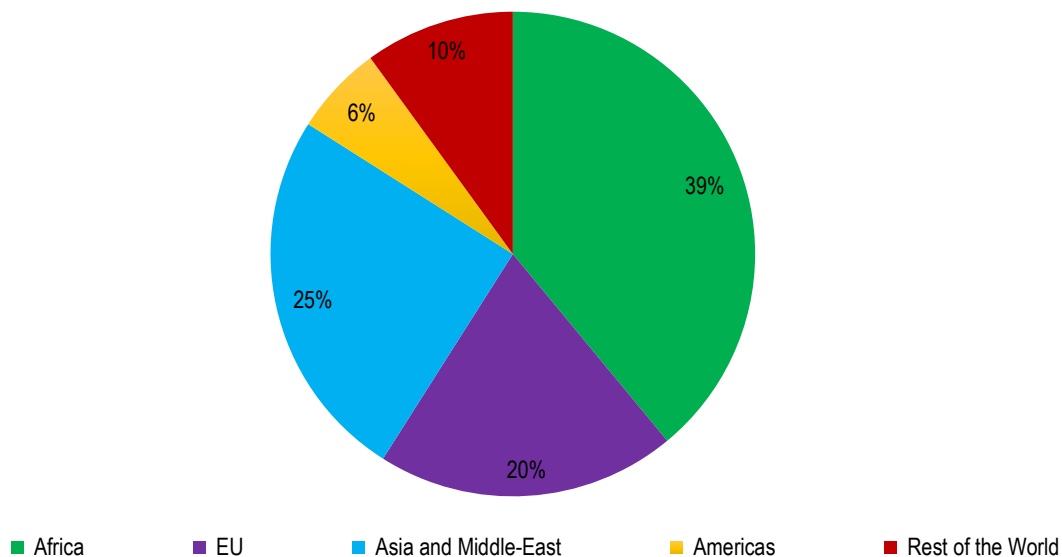
Exhibit I: South Africa's agricultural exports



Source: Trade Map and Agbiz Research

- From a regional perspective, the African continent maintained the lion's share of South Africa's agricultural exports in the third quarter of 2024, accounting for 39% of the total value. The products leading the exports list in the African continent were maize, maize meal, wheat, sugar, apples and pears, fruit juices, wine, soybean oil, sunflower oil, oilcake, and rice, amongst other products. As a collective, Asia and the Middle East were the second-largest agricultural markets, accounting for 25% of the share in overall agricultural exports in the third quarter of 2024. The exports to this region were mainly citrus, nuts, apples and pears, berries, sugar, beef, mutton, wool, wine, fruit juices, and maize.
- The EU was South Africa's third-largest agricultural market, with a share of 20%. Citrus, fruit juices, wine, dates, figs, pineapples, avocados, mangoes, nuts, apples and pears, berries, cut flowers, and wool were amongst the primary agricultural products South Africa exported to the EU in the third quarter of 2024. The Americas region accounted for 6% of South Africa's agricultural exports in the year's third quarter. The main exported products include citrus, nuts, fruit juices, wine, grapes, pears, peaches, apples and pears. The rest of the world, including the United Kingdom, accounted for 10% of the exports.

Exhibit 2: South Africa's agricultural exports by region in Q3, 2024



Source: Trade Map and Agbiz Research

- South Africa does not engage in one-way trade. The country imports various agricultural products. In the third quarter of 2024, South Africa's agricultural imports amounted to US\$1,99 billion, up by 12% year-on-year, according to data from Trade Map. The cumulative imports for the first three quarters of this year are up by 6% from the first three quarters of 2023, at US\$5,52 billion. The uptick resulted from a slightly higher volume of major products South Africa imports, like wheat, palm oil, rice, and poultry. The major products South Africa imported in the third quarter are similar to the country's dominant yearly imports.
- South Africa lacks favourable climatic conditions to grow rice and palm oil and thus relies on imports of these products. Regarding wheat, South Africa imports nearly half of the annual consumption. In the Free State province, which used to be amongst the major wheat-growing regions of the country, production has declined notably over time because of the unfavourable weather conditions and

profitability challenges of wheat relative to other crops. Meanwhile, imports are around 20% of the annual domestic consumption of poultry.

- Subsequently, when we account for the exports and the imports, South Africa's agriculture recorded a trade surplus of US\$2,12 billion, down 1% from the third quarter of 2023. Still, the year-to-date cumulative trade surplus is up 3%, at US\$5,03 billion.

Policy considerations

- South Africa generally has an export-oriented agricultural sector. The quarterly trade figures are usually noisy because of the usual seasonal changes in production volumes and glitches in logistics. The export-focus nature of the sector implies that beyond the quarterly activities, there are some policy considerations for South African policymakers to support this sector in its export growth ambition:
 - First, South Africa should maintain its focus on improving logistical efficiency. This entails investments in the port and rail infrastructure and improving roads in farming towns.
 - Second, South Africa must work hard to retain the existing markets in the EU, the African continent, Asia, the Middle East, and the Americas. This is even more important in the current climate, where US policymakers are increasingly discussing raising tariffs and promoting trade fragmentation.
 - Lastly, South Africa's Department of Trade, Industry and Competition, the Department of International Relations and Cooperation, and the Department of Agriculture should lead the way for export expansion in the current export markets and the search for new export markets. South Africa should expand market access to some of the key BRICS+ countries, such as China, India, Saudi Arabia, and Egypt. The emphasis for the BRICS+ grouping should be on the need for member countries to lower the import tariffs and address SPS barriers hindering deeper trade within this grouping.
 - Other strategic export markets for South Africa's agricultural sector include South Korea, Japan, Vietnam, Taiwan, Mexico, the Philippines and Bangladesh. The private sector and the South African government share this ambition for export market expansion.

WEEKLY HIGHLIGHT

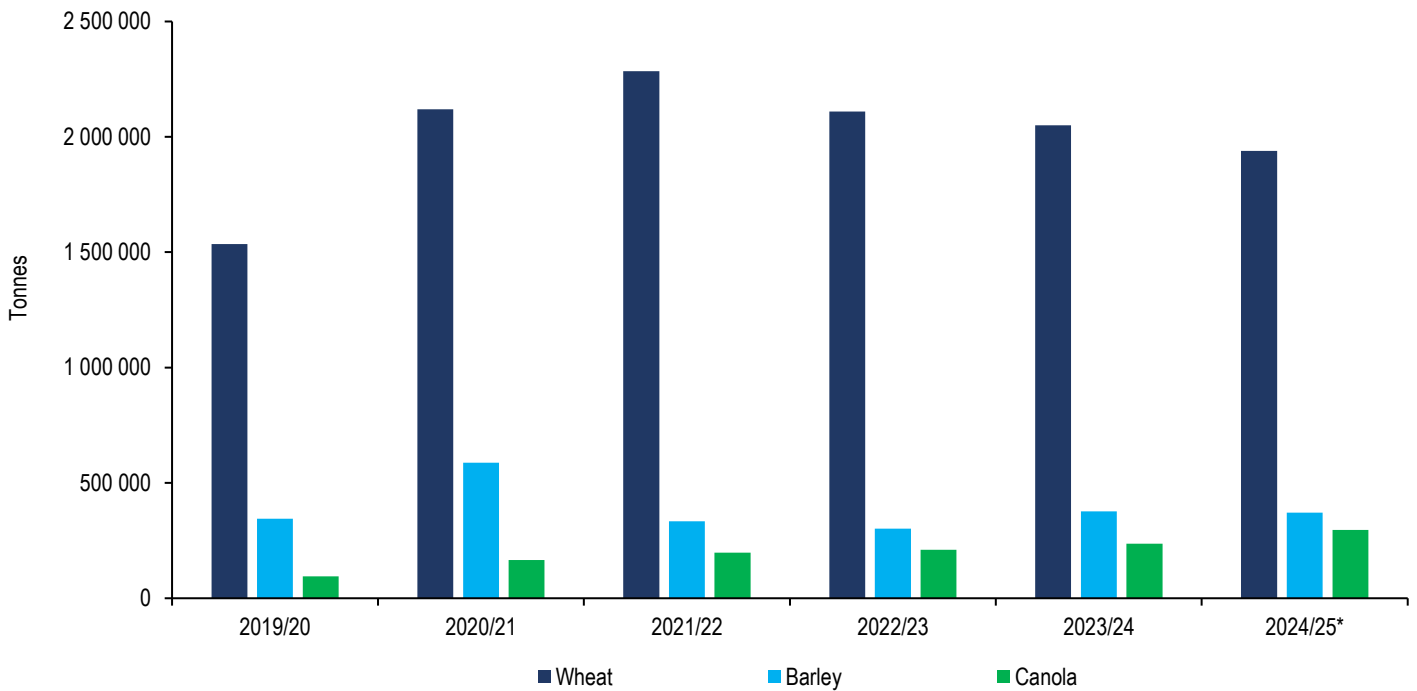
South Africa's 2024-25 winter crop harvest is underway

- South Africa's 2024-25 winter crop harvest is in full swing across the Western Cape and recently started in some provinces. We pay close attention to the Western Cape regarding the winter crops because of the province's significant contribution to these crops. For example, about 70% of the winter wheat plantings for the 2024-25 season are in the Western Cape. The area planted for barley, canola, and oats is also significant in the province as a winter rainfall region.
- Other major winter crop-producing provinces are the Northern Cape, Free State, and Limpopo, and the production in these provinces is mainly under irrigation. This year's primary challenge for these provinces was the mid-summer drought, which made farmers risk averse, and when the 2024-25 winter season started, they reduced the area plantings. The latest production data mirror these area reductions. For example, in the last week of November 2024, the Crop Estimates Committee released its fourth 2024-25 winter crop production estimates for South Africa. The Committee slashed its winter crop production estimate by 1,6% month-on-month (m/m) to 2,68 million tonnes. From an annual basis, the harvest is down by roughly the same percentage, 1,5%, from the 2023-24 season. This estimate comprises wheat, barley, canola, oats and sweet lupines.
- Wheat production is estimated at 1,94 million tonnes, down 1,3% m/m and 5% y/y. The crop losses are not in the Western Cape, the major wheat producer. The Western Cape expects a larger harvest than the 2023-24 season. The challenge is the poor harvest in other producing provinces, primarily the Northern Cape, Limpopo, and the Free State. These provinces have reduced area plantings for wheat this year. The relatively lower wheat prices at the start of the season may be one of the factors behind the decision to slash plantings.
- However, the challenge for the Free State and Limpopo is beyond the prices. These provinces experienced severe mid-summer drought, which led to significant summer grain losses. When the winter wheat season started in May, farmers' mood was downbeat, and they worried about soil moisture. Others may have wanted to conserve soil moisture for the new summer crop season. Thus, we saw lower plantings and relatively lower expected yields in some areas. These challenges have contributed to the 5% expected national decline in the 2024-25 South African winter wheat harvest.
- In a season like this with a reasonably expected lower harvest, one would assume that the imports would increase, especially as the consumption of wheat and wheat products in South Africa remains strong. However, the South African Grain and Oilseeds Supply and Demand Estimates Committee estimates suggest that 2024-25 wheat imports may fall 7% to 1,80 million tonnes. This closely aligns with a five-year average of wheat imports to South Africa. The major boost is the higher opening stocks, supplemented by the ample imports in the past season.
- Aside from wheat, the 2024-25 barley production is estimated at 371k tonnes, down 4% m/m and 1% y/y. On a more upbeat note, the 2024-25 canola production is forecast at 295k tonnes. This is the largest harvest on record, up 25% y/y. The improvement is underpinned by the expansion of the planted area and the better yields. Also worth highlighting is South Africa's 2024-25 oats production, estimated at

56k tonnes, down 9% m/m but up 37% y/y. This significant annual production results from a notable increase in the planted area, combined with positive yield prospects.

- These fourth production estimates paint a mixed picture of South Africa's winter crop prospects for the 2024-25 season. However, this should not be an issue, especially from a consumer perspective. The large imports in the last season have boosted the opening stocks when considering the major winter crop, wheat. This puts South Africa in a relatively good place regarding wheat supplies this new marketing year.

Exhibit 3: South Africa's winter crop production prospects



Source: SAGIS and Agbiz Research

WEEK AHEAD

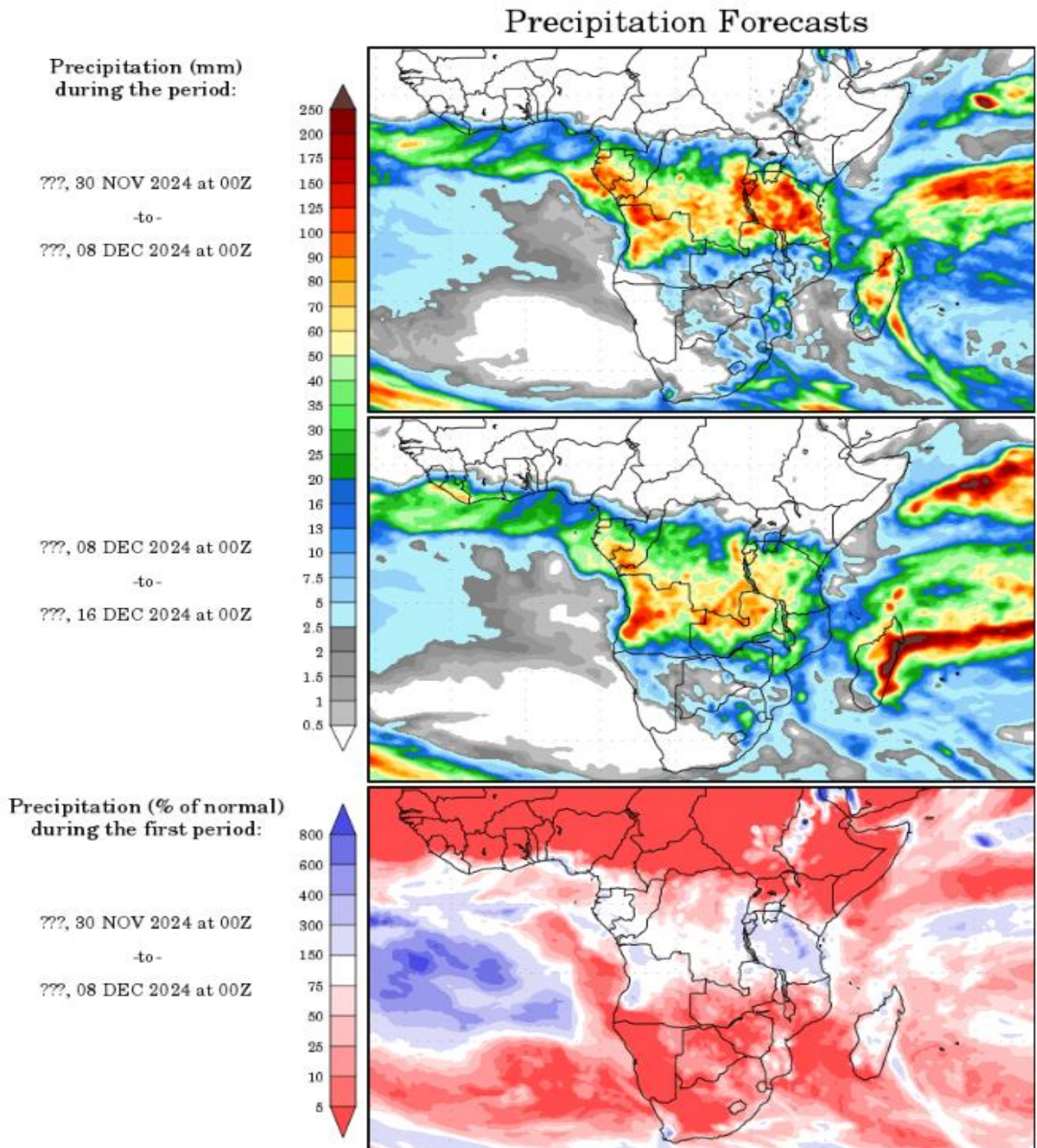
What we are watching this week

- On the global front, the calendar is light this week, with the United States Department of Agriculture (USDA) releasing its **weekly US Grains and Oilseed Export Sales** data on Thursday. Moreover, the Food and Agriculture Organization of the United Nations will release its monthly global **Food Price Index** results for November 2024 on Friday. This Index is a measure of the monthly change in international prices of a basket of food commodities.
- On the domestic front, Statistics South Africa will publish the **Gross Domestic Product (GDP)** data for the third quarter of 2024 on Tuesday. Our focus on this data will be on the agricultural gross value added. To recap, after a robust expansion of 13,5% quarter-on-quarter (seasonally adjusted) in the first quarter of 2024, South Africa's agricultural gross value added contracted by 2,1% in the second quarter.
- On Wednesday, SAGIS will release its **weekly South Africa's Grains and Oilseeds Producer Deliveries** data. In the case of maize, this week, we will receive a data release for the 31st week of the 2024-25 marketing year. In the previous release on November 22, South Africa's weekly maize producer deliveries were about 37k tonnes. This puts the 2024-25 maize producer deliveries at 10,46 million tonnes out of the final harvest of 12,72 million tonnes. The 2024-25 soybean deliveries in the first 39 weeks of this new marketing year amounted to 1,77 million tonnes out of the final harvest of 1,84 million tonnes. At the same time, the sunflower seed deliveries amounted to 629k tonnes out of the harvest of 636k tonnes.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data for the 31st week of the 2024-25 marketing year. In the previous release on November 22, the 30th week of the 2024-25 marketing year, South Africa exported 55k tonnes of maize. Of this volume, 59% was exported to Zimbabwe, 14% to Mozambique, and the balance to the neighbouring African countries. This puts South Africa's total maize exports in the 2024-25 marketing year at 1,31 million tonnes out of the expected 1,90 million tonnes (down from 3,44 million tonnes in the 2023-24 marketing year because of the mid-summer drought).
- Moreover, while South Africa will likely remain the net exporter of maize in the 2024-25 marketing year, the coastal regions will import small volumes of yellow maize for animal feed because of price advantage. We have recently seen the imports of yellow maize from Argentina through Cape Town. South Africa's 2024-25 maize imports currently stand at 331k tonnes.
- South Africa is a net wheat importer, and the week of November 22 was the eighth week in the new 2024-25 marketing year. The imports so far amounted to 294 tonnes. The leading suppliers are Russia, Poland, Lithuania, Latvia and Canada. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season.

South Africa's Precipitation forecast

- After a few weeks of frequent showers in various parts of South Africa, the coming week may be broadly dry in most regions of the country, with a return of scattered showers in the following week. This breather will help farmers progress with soil preparation and plating in various regions of the country.

Exhibit 4: South Africa's precipitation forecast



Source: George Mason University (wxmaps)