

Understanding the factors behind the weaker sentiment in SA agriculture

- Confidence in South Africa's farming and agribusiness sector has weakened, according to our latest quarterly survey. The Agbiz/IDC Agribusiness Confidence Index, a sentiment indicator in the sector, fell by 18 points in the first quarter of 2026 to 49. A level below the 50-neutral mark typically indicates pessimism. The change in sentiment from the upbeat tone we started the year with is justifiable. Less than a quarter into the year, there are worsening domestic and global challenges that will weigh on the sector's performance and will be top-of-mind for agribusinesses.
- On the domestic side, the ongoing challenge of animal diseases, mainly foot-and-mouth disease (FMD) in cattle and African swine fever in the pig industry, is a key concern. Vaccination is gaining momentum in the cattle industry. Still, the challenge of securing supplies at the start of the year had a significant impact on the dairy industry in KwaZulu-Natal and value chains in the beef industry in other provinces, such as the Free State, Gauteng, and North West. We now have the disease across the country in all provinces, so farmers are in a hurry to obtain vaccines to cushion their cattle herds.
- We have also observed devastating cases of spread in communal areas, where vaccination has also been inadequate. As the FMD spreads, the pig industry faces a similar challenge with the re-emergence of African swine fever. There is no vaccine against African swine fever. South Africa, along with countries like China, has in the past struggled with African swine fever, leading to notable financial losses in the industry. It remains difficult to assess what the financial impact is at the moment. It is critical that the disease is contained before it spreads widely in communities, as that would open another wave of an outbreak amongst informal pig farmers. This also calls for commitment of resources to the pig industry in addition to the constrained resources already devoted to the cattle industry.
- Outside of the livestock sector, the wheat and sugar industries in South Africa have faced the challenge of exposure to ample global supplies. The South African agricultural sector is interlinked with the world market, and commodity prices tend to follow what we observe globally. At the moment, the world is experiencing a record wheat harvest, and South African farmers are having to contend with these global developments. For example, the International Grains Council forecasts 2025-26 global wheat production at a record 842 million tonnes, up 5% year-on-year. This is on the back of ample harvests in the EU, Russia, the U.S., Canada, Australia, Argentina, Ukraine, and Kazakhstan, amongst others.
- It is partly these ample global supplies and lower global wheat prices that have led to calls for an increase in the domestic wheat import tariff. The wheat import tariff exists to provide some level of protection for domestic wheat producers while ensuring that consumer welfare is not sacrificed. The key is to find some level of balance. South Africa will likely have to import around 1.85 million tonnes of wheat for the current marketing year (which ends in September) the same as the previous season. We initially expected imports to be lower, but the recent downward revisions to domestic production may necessitate an increase in import volumes above our initial estimate of 1.75 million tonnes.

- The sugar industry partly faces the challenge of ample global supplies, which is driving down prices. For example, the Food and Agriculture Organisation of the United Nations (FAO) saw its global Sugar Price Index average 86.2 points in February 2026, down 27% from a year ago. In fact, the global Sugar Price Index is at its lowest level since October 2020. South African farmers are experiencing the effects of these supplies, in addition to domestic industry issues that also weigh on sentiment in the industry.
- The difficulties in the Port of Cape Town during the table grape and other fruit export period from November 2025 through to February 2026 were another major domestic development that has added to the dampened mood in the farming sector.
- As all these domestic matters evolve, the conflict in the Middle East is increasingly a concern for various stakeholders in the sector. South Africa's agriculture is exposed through exports of agricultural products and, from an import perspective, mainly fuel and fertilisers. We are now approaching a busy period of harvesting in the citrus and summer grains sectors from May 2026, which is a high-fuel-consumption period. We are also starting to plant winter crops around the same time. Therefore, higher fuel prices, combined with higher fertiliser prices, will constrain farmers' finances. In the case of exports, rising shipping costs and disruptions to shipping routes will weigh on shipments to the Middle East and some Asian markets. These are key regions that typically account for around 20% of South Africa's agricultural exports, valued at US\$15.1 billion in 2025, according to data from Trade Map.
- Therefore, the weaker sentiment in the farming sectors must be framed from the perspective of these challenges. One must also understand that while these factors are shaping sentiment, this does not imply that all subsectors are under pressure. The field crops for the 2025-26 season are in good production condition, along with various fruit, vegetable, wool, and wine harvests, amongst other value chains. These should support the sector's performance in 2026. Still, until we improve our management of challenges on the domestic side, the sentiment may remain subdued in the sector for some time.

WEEKLY HIGHLIGHT

South Africa's agriculture's broad performance was positive in 2025

- The figures released today by Statistics South Africa reflect the broad positive performance of South Africa's agriculture in 2025. The sector's gross value added grew 17.4% year-on-year in 2025, following a -8.4% year-on-year contraction in 2024. The ample harvest in field crops and horticulture, on the back of favourable rainfall, boosted the sector's fortunes. The base effects also supported the sector's performance.
- Admittedly, the sector could have performed more robustly, but the foot-and-mouth disease in cattle and African swine fever in the pig industry have weighed on the sector. These two industries are part of the major agricultural subsector. Notably, it is for the excellent production conditions in field crops (grains, oilseeds, and sugarcane) and horticulture (fruits, wine, and vegetables) that boosted South Africa's agricultural exports to a record US\$15.1 billion, up 10% from 2024.
- Currently, we continue to pursue a promising path for field crops and the horticultural industry. Since the start of the current 2025-26 production season, we have continued to receive the excellent La Niña rains, which have supported crop conditions, vegetable and fruit production, and the grazing veld across the country.

- For field crops, we now have the first production estimate for the 2025-26 summer grains and oilseeds season: 19.82 million tonnes. While this is 3% less than the 2024-25 season, it remains an encouraging estimate. 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. The favourable rainfall has also supported production conditions for various fruits, vegetables, and grazing veld. While we typically highlight grain production, the benefits of excellent rainfall extend beyond it.
- All things considered, the major challenge in agriculture right now is foot-and-mouth disease in cattle and African swine fever in the pig industry, both of which continue to pose risks to the sector's growth prospects for 2026. The accelerated pace of vaccination against foot-and-mouth disease is key, as the cattle industry remains under immense financial pressure. We see similar challenges in the pig industry.
- Of course, we are also learning the implications of the Middle East conflict, which could present challenges for our fruit, wine, grains, and beef exports. We are an export-oriented sector, and the rising shipping costs and logistical disruptions are a concern.
- As we have discussed previously, there are also implications for input costs, particularly fertiliser and fuel prices, if the conflict continues for some time. But these will impact the next season and next year's performance the most.

What are we watching this week?

- We start the week by looking at the global front, where today the U.S. Department of Agriculture (USDA) will release the **U.S. Sugar and Sweeteners Outlook**.
- On the domestic front, Statistics South Africa will release the **Consumer Price Index (CPI) data** for February 2026 on Wednesday. Our focus on these data will be on the food category. Looking back, consumer food price inflation in January 2026 was 4.4%, unchanged from December 2025.
- Also 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 6, 2026, South African farmers delivered 58,261 tonnes of maize to commercial silos. This was the 45th weekly delivery for the 2025-26 marketing year (which corresponds with the 2024-25 production season), bringing the overall maize deliveries so far to 15.55 million tonnes. South Africa's 2024-25 maize harvest is forecast 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 week's deliveries were at 3,350 tonnes. We are a long way ahead, with the final crop estimate at 2.66 million tonnes, down 5% from the previous year, largely due to expected poor yields in some areas.
- In the case of sunflower seeds, the first week of the new 2026-27 marketing year's producer deliveries totalled 8,059 tonnes. This is above the expected harvest of 754,475 tonnes, up 8% from the previous season, driven by an expansion in planted area.
- South Africa's 2025-26 winter wheat harvest is complete. Some farmers continue to deliver the crop to commercial silos. In the first 23 weeks of this 2025-26 marketing year, farmers have delivered about 1.74

million tonnes of wheat to commercial silos. This is 92% 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 6, 2026, South Africa exported 35,222 tonnes of maize, with about 54% going to Zimbabwe, 16% to Namibia, 10% to Mozambique, and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 1.7 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 6 marked the 23rd week of the new 2025-26 marketing year. The cumulative imports to date have totalled 723,876 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.