

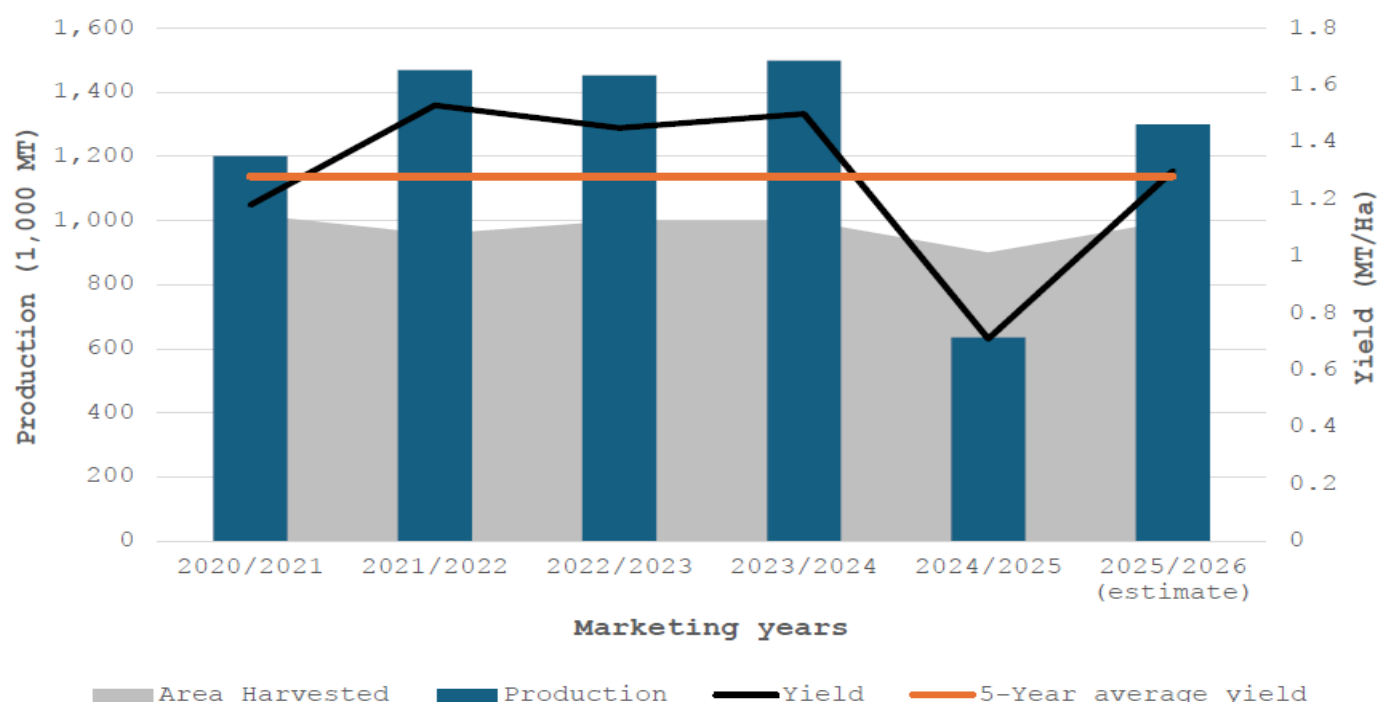
Zimbabwe's maize production is recovering, but import needs remain substantial

- Maize demand in the Southern African region is expected to remain strong in the 2025-26 marketing year, which commenced in May (this marketing year corresponds with the 2024-25 production season). One of the countries that imported most maize in Southern Africa in the 2024-25 marketing year was Zimbabwe. The country accounted for 56% of South Africa's maize exports of 2.3 million tonnes that year. In the 2025-26 marketing year, Zimbabwe's maize demand is expected to be smaller but remain substantial. The previous season presented unique challenges, primarily the mid-summer drought. This led to a 60% decline in Zimbabwe's maize production, leaving the country with only 635,000 tonnes of harvest. This was far below the 2,0 million tonnes Zimbabwe required for its domestic annual consumption. Thus, imports played a crucial role in meeting domestic needs.
- But the current season has brought some recovery. Zimbabwe's 2024-25 maize production is forecast at 1.3 million tonnes, according to recent data from the Pretoria-based unit of the United States Department of Agriculture (USDA). This is just more than twice the output from the previous season. This recovery is primarily driven by improved weather conditions and an increase in the area that farmers managed to plant for maize. Still, Zimbabwe's potential maize harvest of 1.3 million tonnes will not be sufficient to meet the country's domestic needs of 2.0 million tonnes, leaving it to import the balance.
- In the last marketing year, South Africa supplied nearly all of Zimbabwe's maize imports. However, in the 2025-26 marketing year, there may be some changes, with Zambia becoming an exporter again. Zambia, the second largest maize producer in the Southern Africa region, has seen a recovery in its 2024-25 maize production, now estimated at 3.66 million tonnes, up from 1.5 million tonnes in the previous season, according to Zambia's government data. Similarly to Zimbabwe, and South Africa, this increase in the harvest is due to favourable weather conditions and decent area plantings. The harvest is underway in the country. This means Zambia could return to being a net exporter of maize, as its domestic maize consumption is about 2.8 million tonnes, far surpassed by the expected harvest of 3.66 million tonnes.
- Moreover, South African maize supplies are also robust, with the 2024-25 harvest estimated at 14.64 million tonnes, a 14% increase year-on-year. There is an increase in both white and yellow maize. Also worth noting is that South Africa's relatively more modest increase reflects that fact that output damage during the 2024 drought period was more limited. The improved seed cultivars, along with relatively higher fertilizer usage and other interventions, ensured that South Africa's maize production decline last year was moderate. Importantly, the 2024-25 harvest seems likely to be well above South Africa's yearly maize needs of about 12 million tonnes, which implies that South Africa will remain a net exporter of maize. Zimbabwe will likely remain one of the key beneficiaries, as we have already witnessed imports since the start of the marketing year in May. Still, we anticipate that the large volumes of imports may

materialize at the end of the year or early 2026. In the near term, Zimbabwe will likely rely on its maize harvest.

- Indeed, the maize needs in the Southern Africa region for the 2025-26 marketing year are expected to be less severe than those witnessed in the 2024-25 marketing year, when Zambia's maize harvest was down by half and Zimbabwe's by 60%. There were also significant losses in other countries, such as Mozambique, Lesotho, and Malawi, among others. This time around, the better weather conditions have supported production. Still, Zimbabwe may remain the major maize importer in Southern Africa.

Exhibit I: Zimbabwe's maize production



Source: USDA

WEEKLY HIGHLIGHT

South Africa's consumer food price inflation accelerated in May 2025

- South Africa's consumer food price inflation has continued to accelerate; however, this should not be a concern, as the recent upticks are in line with expectations and may be short-lived. The data released last week by Statistics South Africa shows that consumer food price inflation accelerated to 4.4% in May from 3.3% in April 2025. The acceleration in price inflation of meat, fish, and other seafood, oils and fats, fruit and nuts, and vegetables mainly underpinned the uptick. Meanwhile, the other products remained roughly unchanged, while others experienced slowing price inflation.

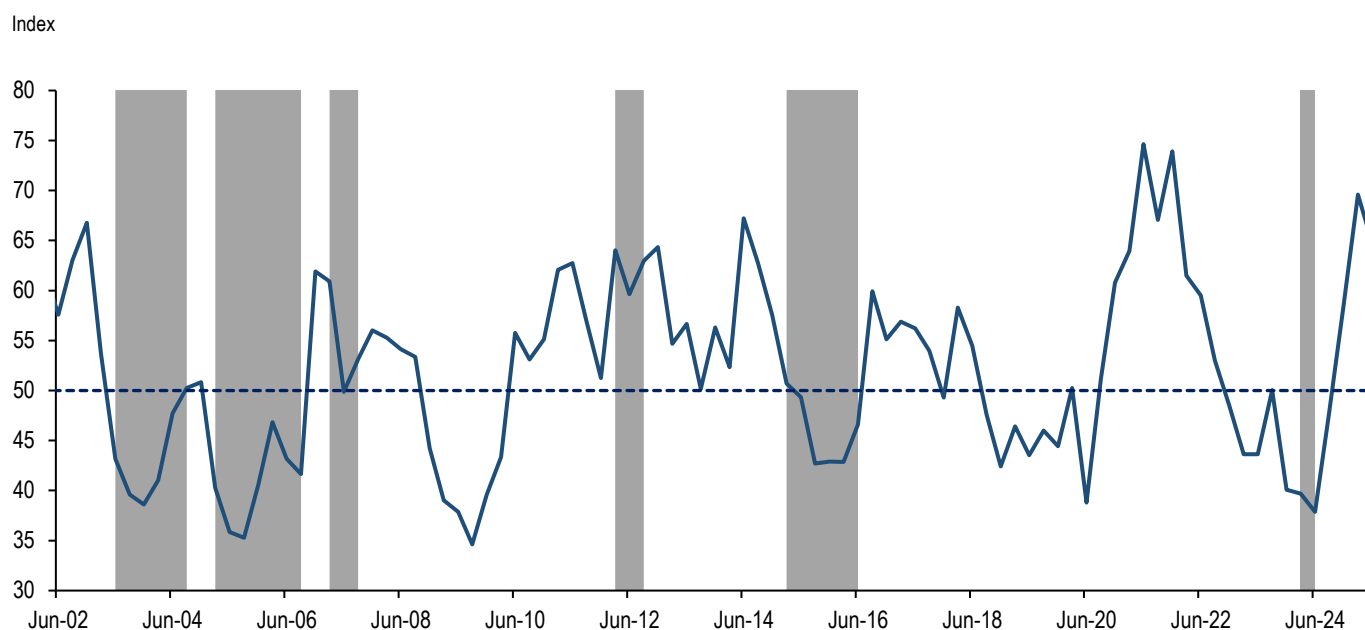
- Regarding meat, the key issues that have dominated the headlines are the outbreak of avian influenza in Brazil and its potential impact on domestic poultry supplies and prices. The second concern relates to beef supplies following the outbreak of foot-and-mouth disease. Still, we believe the effects of these two events have not yet been fully factored into the current price trends. The price increases we observe are essentially a continuation of the past few months, mainly due to base effects, the rising domestic demand, and the suppliers' window to pass on some costs they have experienced stemming from higher feed prices over the past couple of months before the recent cooling of maize and soybean prices.
- In the case of beef, it is essential to note that, unlike what is generally stated in the commentary, when an outbreak occurs, red meat exports are temporarily banned, which increases local supplies. In the past, such led to a mild decline in red meat prices. This is why we have doubts about the talk of potential sharp increases in red meat prices in the coming months due to the outbreak of foot-and-mouth disease.
- Regarding poultry, South Africa has temporarily restricted imports from Brazil, one of its largest poultry product suppliers, due to an influenza outbreak there. However, this ban is for the short term, and the authorities have indicated that South Africa will restrict imports only in the affected areas, not the entire country of Brazil. This means that any poultry supply issue, if it arises, will be temporary. Based on these two factors, we are inclined to believe that the recent uptick in meat inflation may prove to be short-lived.
- Regarding fruits and vegetables, we observe the supply of various products recovering in the fresh produce markets and suspect that prices may moderate in the coming months. The recent increases reflect the disruptions in supplies that have occurred in recent months, some of which are related to weather issues. Similarly, oil and fat prices may soften in the coming months as we are starting to see this trend internationally, and we are an importer of a range of vegetable oils. For example, the FAO Vegetable Oil Price Index averaged 152.2 points in May, 4% lower than in April. Lower prices of palm, rapeseed, soy, and sunflower oils drove this.
- On a positive note, we see a moderation in grain-related product prices, which reflects the better harvest in the 2024-25 season domestically, as well as the better rice, wheat, and maize harvest globally. We expect this current moderation to continue in the coming months.
- South Africa's headline CPI was 2,8% in May 2025, unchanged from the previous month.

Agbiz/IDC Agribusiness Confidence Index declines mildly in Q2, 2025

- After a notable uptick in Q1 2025, the Agbiz/IDC Agribusiness Confidence Index (ACI) fell by 5 points in Q2 2025 to 65. Most respondents pointed to the uncertain global trade environment, lingering geopolitical tensions, and the domestic animal disease challenge as some of the key factors constraining the sector. Despite the slight decline, the current level of the ACI, implies that South African agribusinesses remain optimistic about business conditions in the country. The better summer rains and improvements at the ports which have enabled exports with minimal interruptions, are some of the positives. This survey was conducted in the second week of June, covering various agribusinesses operating in all agricultural subsectors across South Africa.

- In essence, the ACI results for Q2 2025 illustrate that the mood in the sector remains upbeat about the recovery this year. Still, the results also show that the recovery will likely be uneven as some key subsectors struggle with animal disease.
- The dominance of geopolitical concerns amongst respondents' views illustrates South Africa's agricultural sector's strong dependence on export markets and the need to work to diversify markets. China, India, Saudi Arabia, and Egypt are among the key markets we should expand into. Still, as we drive the diversification, we must work vigorously to retain the access we have in various markets in the EU, UK, Africa, Asia, Middle-East and Americas, amongst others.
- Also important is the collaborative efforts between business and government on addressing the biosecurity issues in South Africa's agriculture, along with pushing for more efficient network industries, better management of the municipalities, and the implementation of the Agriculture and Agro-processing Master Plan, which is key for the long term growth of the sector.

Exhibit 2: Agbiz/IDC Agribusiness Confidence Index¹



Source: Agbiz Research, South African Weather Service
(Shaded areas indicate periods indicate periods of drought in South Africa.)

WEEK AHEAD

¹ The Agbiz/IDC Agribusiness Confidence Index reflects the perceptions of at least 25 agribusiness decision-makers on the 10 most important aspects influencing a business in the agricultural sector (i.e. turnover, net operating income, market share, employment, capital investment, export volumes, economic growth, general agricultural conditions, debtor provision for bad debt and financing cost). It is used by agribusiness executives, policymakers and economists to understand the perceptions of the agribusiness sector, and also serves as a leading indicator of the value of the agricultural output while providing a basis for agribusinesses to support their business decisions.

What are we watching this week?

- We begin with a global focus, and today, the United States Department of Agriculture (USDA) will release its weekly U.S. **Crop Progress** report. The U.S. farmers have completed the planting, and the new season crop is emerging. For example, as of June 15, approximately 94% of the maize crop have already emerged, compared with 92% at the same time in 2024. Moreover, about 84% of the soybean crop had already emerged, compared with 80% in the same week in 2024. Also worth noting is that the USDA will the **U.S. Food Price Outlook** on Wednesday. The USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On the domestic front, on Wednesday, the South African Grain Information Services (SAGIS) will release the **weekly data on South Africa's Grains and Oilseeds Producer Deliveries**. In the previous release on June 13, South African farmers delivered 851 814 tonnes of the new season maize to commercial silos. This was the seventh delivery for the new season, bringing the overall maize deliveries so far to 3,3 million tonnes. If you compare this with the overall volume delivered during the same period in the previous season, the volumes are down 46% due to the season's slow start. We are roughly a month behind schedule. South Africa's 2024-25 maize harvest is estimated at 14,64 million tonnes, a 14% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first 15 weeks, the soybean producer deliveries totalled 2,4 million tonnes, which is well above the expected harvest for the season. In the case of sunflower seed, the first 15 weeks of the new 2025-26 marketing year's producer deliveries were 521 859 tonnes out of the expected 727 800 tonnes. Moreover, the wheat producer deliveries for the first 37 weeks of the 2024-25 marketing year stand at 1,86 million tonnes. The final harvest is 1,93 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the first seven weeks of the 2025-26 marketing year, which started in May, the total maize exports amounted to 157 407 tonnes, out of the seasonal export forecast of 2,0 million tonnes. Approximately 30% of the exports went to Zimbabwe, 20% to Vietnam, and the remainder distributed among the neighbouring countries. We will likely see more robust export activity later in the year once farmers have completed the harvest and there is grain in the silos for export. Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any are made, they will be small, mainly for the coastal regions that will take advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and June 13 was the 37th week in the 2024-25 marketing year. The imports so far amounted to 1,16 million tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes in the past season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.
- On Friday, the Crop Estimates Committee will release **South Africa's fifth production forecast for summer field crops for 2025**.