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The Middle East remains a key potential export market for SA agriculture

- As the conflict in the Middle East persists, there are clear risks to energy, gas, and fertiliser supplies, and this has been a major focus in recent weeks. However, the conflict may also disrupt exports of various products to the region. For South Africa's agriculture, the region is a key export market, accounting for an average of 8% of agricultural exports by value over the past 5 years. South Africa's agricultural exports to the world market were at a record US$15.1 billion in 2025, up 10% from a year ago, according to data from Trade Map.

- The United Arab Emirates, Saudi Arabia, Iraq, Kuwait, Jordan, and Qatar are some of South Africa's key agricultural export markets in the region. From a product-specific perspective, citrus, apples and pears, beef, strawberries, goat and sheep meat, grapes, apricots, cherries, peaches, various nuts, and maize are some of the key agricultural products South Africa exports to this region.

- South Africa's agricultural exports to the Middle East, worth US$1.3 billion in 2025, or 8% of overall agricultural exports, are at risk from this crisis. Shipping costs are rising. Agricultural businesses that export to the Middle East will now be exploring whether other markets can absorb their products. South Africa's citrus, strawberry, and maize harvest seasons will soon begin across the country, and as the conflict in the Middle East drags on, trade interruptions will persist.

- Thus, exploring whether countries such as China, India, Singapore, and other Asian markets can increase their share of agricultural product imports from South Africa is key. This also involves assessing whether the EU can increase its typical share of agricultural product imports from South Africa and the United Kingdom. Fortunately for the citrus industry, South Africa now also has relatively lower tariffs on exports to the United States. The tariff rate is 10%, and for some products, such as nuts, oranges, and juices, there are no duties.

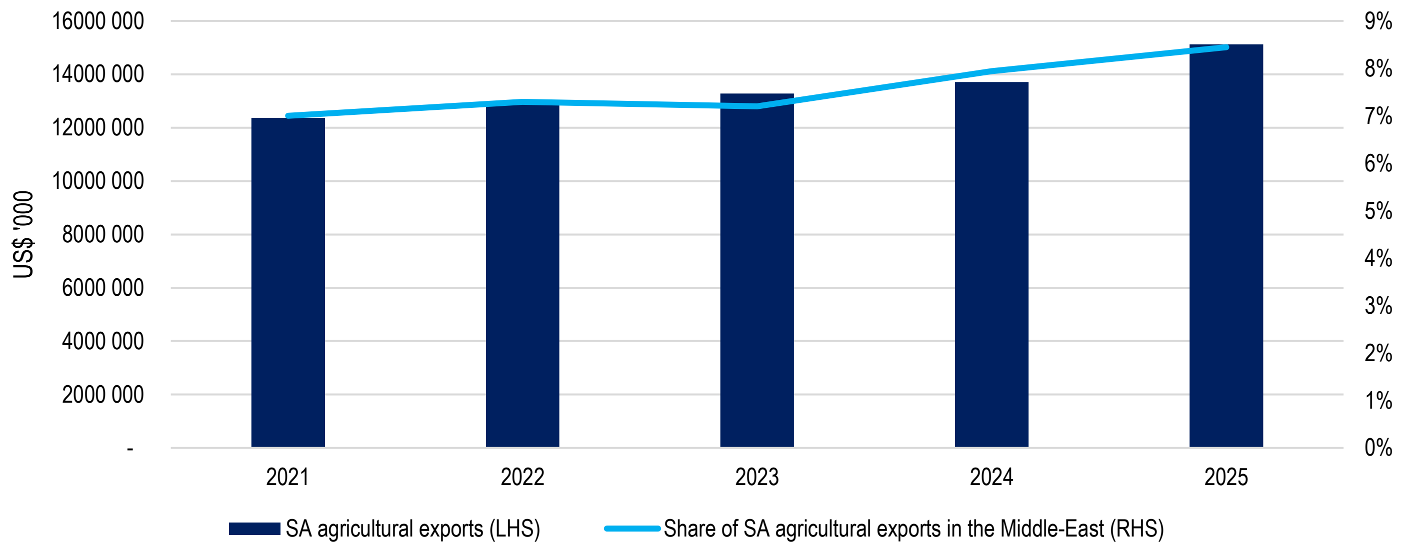
- While the conflict will impose major costs on businesses, South Africa must remain focused on its long-term agricultural export growth strategy, which targets the Middle East as a key market. In times of peace and reconstruction, this region would be a key agricultural export market. We believe there remains room to increase exports in peacetime. At the moment, South Africa plays a peripheral role in the region's agricultural markets. For example, according to Trade Map data, Saudi Arabia imports, on average, around US$29 billion of agricultural products a year. South Africa is one of the smallest exporters, accounting for only 1% of Saudi Arabian imports and ranking 31st on the list of agricultural imports.

- Moreover, the UAE is a large agricultural market and typically imports around US$23 billion of agricultural products. South Africa has about a 2% share and is the 16th-largest supplier. Qatar imports US$4 billion of agricultural products. But here, South Africa also plays a small role, ranking 10th among suppliers to Qatar and holding a 2% market share in Qatar's agricultural imports.

- The countries with the largest market share in these Middle Eastern countries are India, Brazil, Australia, the United States, Canada, New Zealand, the United Kingdom, Denmark, the Netherlands, Italy, Spain, Argentina, Russia, France, and Turkey. Regarding products, the Middle East primarily imports meat products, grains, oilseeds, and fruits, among others.

- Given that South Africa has some of these products in surplus, the country could benefit from increasing its market share if there is targeted promotion and marketing, along with government support to nudge Middle Eastern countries to address any remaining phytosanitary barriers to South African products. The current conflict must not shift South Africa's established view that this region is key to expanding agricultural exports.

Exhibit 1: South Africa's agricultural exports and the Middle East's share



Source: Trade Map and Agbiz Research

WEEKLY HIGHLIGHT

SA consumer food price inflation slowed to 3.7% in February 2026

- We started the year with optimism, expecting South Africa's consumer food price inflation to moderate in 2026. We haven't shifted from this view, but we are increasingly worried that higher fuel prices due to the Middle East war may change this optimistic food inflation path if the war continues for longer. The latest data released last week by Statistics South Africa has not accounted for the Middle East war and still indicates a moderating food price inflation path, underpinned by ample domestic grain, fruit, and vegetable supplies. The data show that consumer food price inflation slowed to 3.7% in February 2026, down from 4.0% in January.

- Essentially, the lower grain, fruit, and vegetable prices on the back of ample domestic and global supplies, and moderating vegetable oil prices, are among the factors that will underpin the softening of price inflation. From now on, we believe meat presents minimal risks to inflation. We will likely see base effects on meat, along with continued cattle slaughtering, continue to help.

- On cereal products price inflation, these are still early days for South Africa's 2025-26 summer grains and oilseeds production season, but from its very start, it appears that we are in yet another better production year ahead. The favourable weather conditions since the start of the season in October 2025, combined with the expansion in area plantings, have always underpinned our optimism.

- We now have the first production estimate for the 2025-26 season, at 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. 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. As we stated previously, we observed severe flooding in parts of Limpopo and Mpumalanga over the past few weeks. But these came after the potato season had ended. Thus, there appears to be no notable vegetable damage.

- On meat, it is worth noting that the pace of cattle slaughter has declined somewhat, though not notably. In fact, for 2025, when foot-and-mouth disease began to intensify, cattle slaughter was down by roughly 5% from 2024. This is important context to keep in mind because it shows that meat supplies are not constrained. Another fact worth keeping in mind is that during foot-and-mouth disease outbreaks, the country is typically temporarily closed to some export markets, leading to increased domestic supplies.

- In essence, we expect South Africa's consumer food price inflation to slow in 2026, but the fuel price remains a major upside risk, as it accounts for a substantial share of food product distribution costs. Fuel accounts for 13% of grain farmers' input costs, but farmers are price takers and can't pass this cost on to consumers except through adjustments in their planting decisions in the next season.

- South Africa's headline inflation was 3.0% in February 2026, from 3.5% in January.

What are we watching this week?

- We start the week by looking at the global front, and the calendar is generally quiet. The only notable data release is the U.S. Department of Agriculture (USDA) U.S. Oil Crops Yearbook, due today.

- 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 13, 2026, South African farmers delivered 77,287 tonnes of maize to commercial silos. This was the 46th weekly delivery for the 2025-26 marketing year (which corresponds with the 2024-25 production season), bringing the overall maize deliveries so far to 15.63 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 2-week deliveries were at 16,073 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 2 weeks of the new 2026-27 marketing year's producer deliveries totalled 30,793 tonnes. There is still a long way to go, as the forecast harvest for the season is 754,475 tonnes.

- South Africa's 2025-26 winter wheat harvest is complete. Some farmers continue to deliver the crop to commercial silos. In the first 24 weeks of this 2025-26 marketing year, farmers have delivered about 1.76 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 13, 2026, South Africa exported 58,045 tonnes of maize, with about 38% going to Zimbabwe, 28% to Mauritius, 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 13 marked the 24th week of the new 2025-26 marketing year. The cumulative imports to date have totalled 786,171 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.

- Statistics South Africa will release the **Producer Price Index (PPI)data** for February 2026 on Thursday. Our focus on these data will be on the food category.

- Also on Thursday, the Crop Estimates Committee will release the **second production forecast for summer field crops for 2026.**