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On table grape exports, AGOA issues, and the need for logistics efficiency in SA

- We are entering another busy period for table grape harvesting and exports. Export volumes and harvest quality look decent. Data from the South African Table Grape Industry show that the preliminary national crop estimate for 2026-27 is 78.4 million cartons inspected for export. This is down 4% from the previous season, which was an ample harvest, but 1% above the five-year average, indicating that the 2026-27 season is still broadly an excellent harvest. Favourable rainfall during the year and the resulting higher dam levels supported the crop.

- Table grapes are among the most valuable agricultural products South Africa exports to the world. For example, in 2025, when South Africa's overall agricultural exports reached a record US$15.1 billion, table grapes accounted for 8% of these exports, or US$1.1 billion. This accounts for both fresh and dried grapes. After the citrus industry, which accounted for about 17% of South Africa's agricultural exports in 2025, or US$2.5 billion, the table grape industry was South Africa's second-largest exportable product. The product's consistently high quality and established markets make it attractive across export markets.

- Key export markets for the South African table grape industry include the Netherlands, the United Kingdom, Germany, Canada, the U.S., the U.A.E., Israel, Russia, France, and Malaysia, among others. South Africa wants to expand its access to other markets across Asia and the Middle East. But in some of these markets, demand is weaker, and consumer buying power is lower than in European and North American markets. The table grape industry has long worried about losing the African Growth and Opportunity Act (AGOA), which allows the industry to access the U.S. market at better tariff levels.

- If South Africa were excluded from AGOA, the industry would face an additional Most Favoured Nation tariff of around 3.4% on the existing tariffs the current U.S. Administration added to various countries. Currently, South African farming products enter the U.S. market at 12.5% tariffs, except for some citrus and nut products, which are tariff-free. Without AGOA, these tariffs would rise to 15.9%, slightly reducing the competitiveness of South African agricultural products in the U.S. market.

- Still, one could argue that while this would be a challenging path, it would not necessarily be as catastrophic as the sector has faced in the past, when it faced much higher U.S. tariffs and still managed to compete. For example, in 2025, the South African farming sector faced tariffs of around 30%. Still, exports to the U.S. were strong. South Africa's agricultural exports to the U.S. in 2025 totalled US$504 million, down 3% from the previous year. This slight annual decline doesn't mean the previous 30% "Liberation Day tariffs" didn't hurt our agricultural sector. Exports to the US improved in the second

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quarter when tariffs paused. Still, this context matters as we consider the possible exclusion of South Africa from AGOA access.

- We are not trying to downplay the issue, but we felt it was important to consider these data in the event of such a challenge. For this reason, widening access in the Canadian market is even more important for South Africa, alongside broadening access with the U.K. and other European markets. This is key not only for the table grape industry, but also for other fruits and nuts, along with the wine industry, which follows the same trade pattern as table grapes.

- Beyond these trade issues, another important matter is ensuring South Africa's ports operate efficiently. This has been the major headache for the table grape industry for some time. Last season, some growers had to move some volume they typically export through the Port of Cape Town to the Eastern Cape. But moving the volume to the Eastern Cape in the current environment of higher fuel prices will be even more costly to the industry. Thus, Transnet, working with other logistics stakeholders and organised agriculture, must intensify its efforts to help the industry.

WEEKLY HIGHLIGHT

SA's consumer food price inflation nudged up mildly in September 2026

- South Africa's consumer food price inflation remains relatively low, although it has nudged up mildly in recent months. Data released by Statistics South Africa last week show that consumer food price inflation accelerated to 1.0% in September 2026, up from 0.7% in the previous months. Fish and other seafood mainly drove the uptick, along with milk, other dairy, eggs, oils and fats, and vegetables.

- The uptick in oils and fats aligns with what we are seeing internally, supported by global palm oil prices due to the impact of dry weather on production prospects in Southeast Asia. Fish and other seafood also follow the global trend because of the supply blip. For vegetables, milk, and other dairy and eggs, base effects are the main driver, as these products were in deflation in September 2025.

- Overall, the products with major weighting in the food basket continue to moderate, and thus, ultimately keeping consumer food price inflation at relatively lower levels. These are mainly cereal products, fruit and nuts, which remain in deflation. Meat price inflation is also softening as domestic supplies remain decent, supported by ongoing slaughtering activity. Fears of foot-and-mouth disease also seem to have softened as the cattle vaccination campaign is underway.

- If we zoom in on the key products, cereal products are in deflation, as we are in yet another year of better grain production. South Africa's summer grains and oilseeds production is forecast at a record 21.6 million tonnes, up 5% from the 2024-25 season. This figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. This ample harvest adds to already large stocks from the past season, keeping grain prices under pressure.

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- Regarding meat, the cattle slaughter continues, and another factor to keep in mind is that during foot-and-mouth disease outbreaks, the country is typically temporarily closed to some export markets, increasing domestic supplies even if slaughter has declined somewhat. Essentially, the base effects on meat prices, along with continued cattle slaughter, have helped ease price inflation. Poultry production conditions are also favourable.

- Looking ahead, the U.S.-Iran war remains the major near-term risk and continues to drive higher fuel costs. Fuel accounts for a substantial share of food distribution costs. Notably, over 80% of staple food products are transported by road. Moreover, the El Niño drought in the 2026-27 season, starting now, is a concern. Still, it may only affect the direction of 2027 food price inflation, as it affects next season's crop, currently being planted across the country, and will come to market in mid-2027.

- South Africa's headline inflation was 4.5% in September 2026, up from 4.4% in August.

What are we watching this week?

- We start the week with a global focus, and again the calendar is light for the week. Today, the U.S. Department of Agriculture (USDA) will release the **weekly U.S. crop progress report**, which provides insight into crop growing conditions, primarily for maize, sorghum, soybeans, and other major grains, for the 2026-27 production season. We are also getting insights into the harvest process. On October 18, 2026, about 56% of maize crops were rated good or excellent, still well behind last year's rating of around 60% in the same week. Moreover, the harvest is continuing actively across the various states in the U.S.

- In the same week, about 44% of the U.S. maize crop had already been harvested, which is slightly below the five-year average of 52%. Also worth noting: the soybean harvest is underway, with 64% of the crop harvested by October 18, 2026, roughly aligned with the five-year average of 65% progress.

- On Friday, the USDA will release the **U.S. Agricultural Prices** report.

- On the domestic front, on Tuesday, the Crop Estimates Committee will release the **nineth production forecast for summer field crops for 2026, as well as farmers' intentions to plant summer field crops for 2027**.

- On Wednesday, the South African Grain Information Services (SAGIS) will publish its **weekly data on South Africa's Grain and Oilseed Producer Deliveries**. The harvest for the 2025-26 production season is complete, and the focus is shifting towards the 2026-27 season, which started this month. In the first 25 weeks of the new marketing year, farmers delivered 15.3 million tonnes of maize to commercial silos. South Africa is poised to harvest an ample 17.5 million tonnes of maize, the largest harvest on record.

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- The 2026-27 soybean marketing year soybean harvest is complete, and farmers continue to deliver to the commercial silos the last volumes of grains for the season. In the first 33 weeks, deliveries totalled 2.8 million tonnes against an estimated crop of 3.01 million tonnes. For sunflower seeds, producer deliveries in the first 33 weeks of the new 2026-27 marketing year totalled 826,052 tonnes against an expected crop of 874,805 tonnes.

- South Africa's 2025-26 winter wheat harvest is complete, and the focus is on the new 2026-27 season. In the first three weeks of this 2026-27 marketing year, farmers have delivered about 109,079 tonnes of wheat to commercial silos. The expected harvest for the season is 1.81 million tonnes, down 5% year on year. This is the lowest harvest in eight years. The decline in area planted, combined with the prospect of poor yields due to dryness in parts of the Western Cape over the past few months, is a major factor behind the expected lower harvest.

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** on Thursday. Last week, South Africa exported 37,104 tonnes of maize. About 58% went to Zimbabwe, and the rest to neighbouring countries. In the 2026-27 marketing year, which started in May 2026, South Africa could export roughly 3.0 million tonnes of maize. This would be up from 2.4 million tonnes in the past season. South Africa has ample maize supplies, supported by robust production. South Africa's maize exports so far in the 2026-27 marketing year total 1.3 million tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and October 16, 2026, marked the first three weeks of the new 2026-27 marketing year, with imports of 128,087 tonnes of wheat from Australia, Latvia, Lithuania, and the U.S.

- Also on Thursday, Statistics South Africa will release the **Producer Price Index (PPI)** data for September 2026.

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