

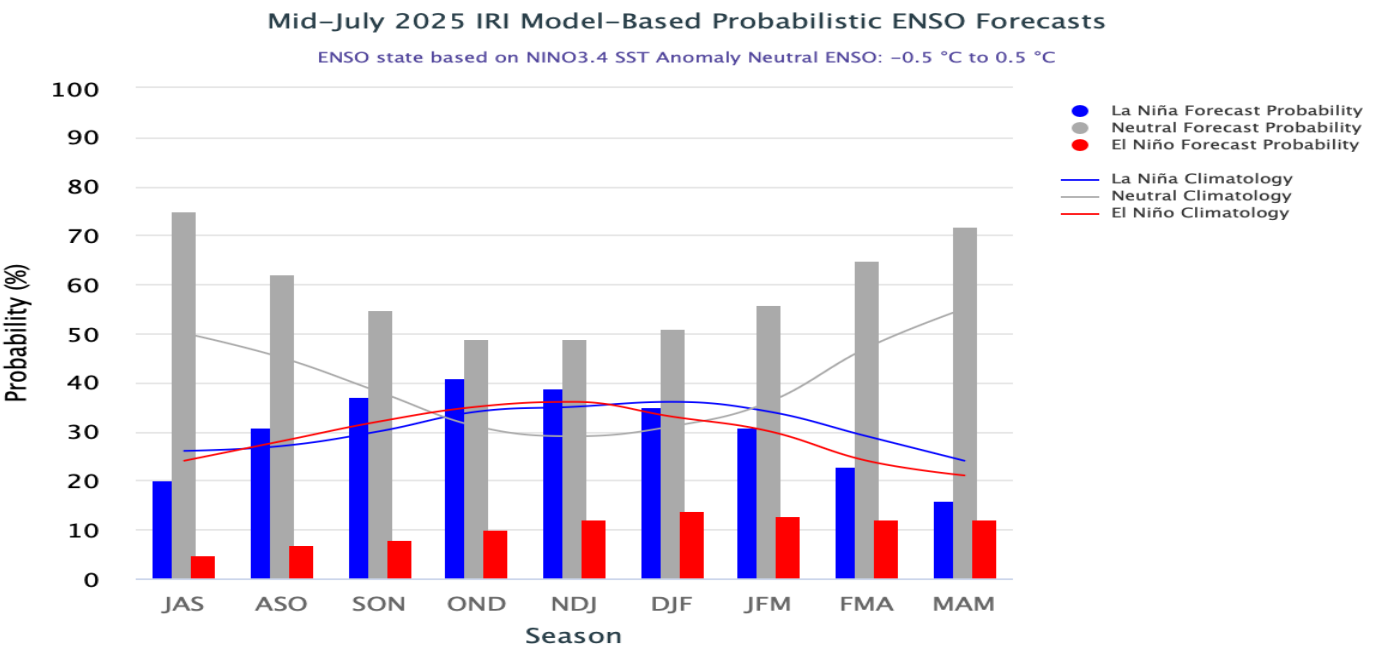
12 August 2025

A case for optimism about the upcoming 2025-26 agricultural season in South Africa

- We are about two months away from the start of South Africa's 2025-26 summer crop season. While some regions are still finalising the 2024-25 summer crop harvest process due to a late start to the season, many will soon begin tilling the land for the next season. This also means our interest in weather conditions and outlook will increase.
- One of the primary sources for the medium-term weather outlook is the South African Weather Service (SAWS), which recently signaled a more regular season ahead, which means normal rains. In its Seasonal Climate Watch report of August 5, the SAWS stated that "With the start of the spring and early summer seasons, the eastern parts of the country normally start receiving significant rainfall. During early- and mid-spring, the eastern and south-eastern areas of the country are expected to receive above-normal rainfall, with most other areas expected to be below-normal. During the late-spring season, however, most areas of the country are expected to receive below-normal rainfall." The point about specific regions of the country potentially receiving below normal rainfall in late spring is concerning. Still, it is too early to be sure.
- We also see more comforting projections from other weather forecasters, such as the International Research Institute for Climate and Society (IRI), which noted in its recent update that the weather conditions could be returning to some normality. This provided comfort as we worried about the risk of a change from the La Niña of the last season, which brought much-needed rains, to an El Niño, which would mean an increased chance of below-normal rains. The IRI sees a higher chance of generally normal weather conditions, allocating a probability of 75% for such an outcome, a 20% probability for a La Niña, and a 5% chance for an El Niño.
- There is also better soil moisture from the prolonged summer rains that will help facilitate the planting. It may be more opportune to plant early and benefit from the early rains before any potential unforeseen changes in the weather outlook later in the season. The conditions on the ground support the timely start of the next summer season.
- While we often focus on summer grains and oilseeds, which are the centre of the summer crop season, the better weather conditions benefit all field crops, including the sugar cane, which is predominantly in the eastern regions of South Africa that are set to receive more favourable rainfall. The horticulture subsector, which includes various fruits and vegetables, while generally under irrigation, also benefits from the favourable rainfall. More importantly, the long 2024-25 summer rainy season also meant that the dam levels in the various regions of South Africa improved, which is supportive of the horticulture subsector.

- In the case of the livestock industry, the better grazing veld always helps ease the feed costs to the various farming businesses. We are in an environment where South Africa has a large soybean harvest from the 2024-25 season, and also decent yellow maize supplies, which have already started to add downward pressure on the feed prices, which is all supportive of the livestock industry. The better rainy season, which further enhances the grazing veld, only further improves the operating conditions in the subsector that has gone through a challenging couple of months because of the foot and mouth disease. Any cost relief possible to the livestock industry will be immense in the coming months.
- In essence, there is reason to be optimistic about the 2025-26 agricultural season in South Africa, with the weather conditions likely to be more supportive. A lot, however, will unfold in the coming months as we approach the season.

Exhibit I: ENSO probability forecast



Source: International Research Institute for Climate and Society