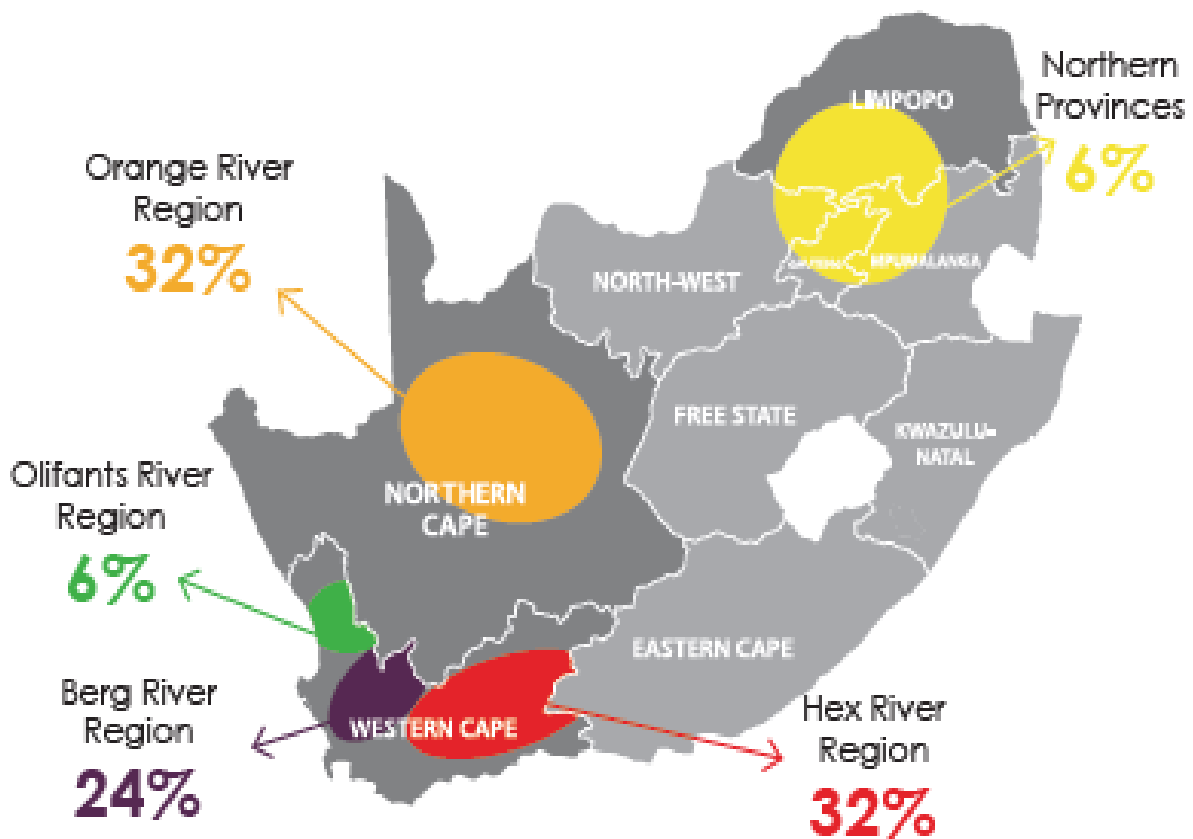


SA fruits, wine, and crop production is recovering, but the livestock faces challenges

- We continue to receive more encouraging data about the recovery of some subsectors of South Africa's agriculture in 2025. One of the latest industries that posted encouraging data is the table grapes. The industry harvested a decent output in the 2024-25 season. The total harvest inspected is 78,9 million cartons, which is up 4% year on year, according to data from the South African Table Grape Industry. This is primarily boosted by favourable weather conditions and better farming practices, improving the overall yields. The area planted was around 19 488 hectares, still down from the 21 798 hectares we saw in the 2018-19 season. Plantings have generally declined due to various factors, including cost pressures in certain regions.
- The table grape industry is export-oriented, and the improved output also means that the exports were robust. South Africa's table grapes exports reached 77,8 million cartons, which is up 5% from last year. The EU remains a significant export market, accounting for about two-thirds of South Africa's table grape exports, followed by the UK at 18%, North America at 10%, and the rest in the Middle East, Black Sea, Asia and Africa.
- The dominance of the EU, UK, and North America underscores our point about other commodities and the need for South Africa to manage its relationship with the existing export markets while continuously exploring new markets for diversification. This also highlights the importance of the US market for South Africa's agriculture. Table grapes, citrus, nuts, wine, ostrich products, and fruit juices are amongst the key agricultural products South Africa exports to the US. These are some of the sectors at risk from higher tariffs.
- The table grape industry is in a favourable season, similar to the wine industry. South Africa's wine grapes harvest is forecast at 1,244 million tonnes, an 11% recovery from the exceptionally poor harvest in 2024, according to data from SA Wine and Vinpro. Moreover, the quality of the harvest also promises to be exceptional, which again means the export activity will remain a primary focus.
- The wine industry also has considerable exposure to export markets, similar to table grapes. Notably, the wine industry also seeks further access at lower tariffs to key markets such as China, where South Africa still faces higher tariffs than its competitors from Australia and Chile. This year, we expect a robust harvest in other major fruits, such as citrus and deciduous fruits, which underscores the earlier point that at the farm level, the production conditions have been generally favourable; the focus now lies on export activity.

- Fortunately, the improvement in the logistics have also broadly supported the exports. This does not mean the challenges at the ports are over; far from it. It only suggests that the collaboration should continue to improve logistics for these export-oriented sectors.
- These fruits and wine harvests build on the positive observations in the grains and oilseeds. South Africa's 2024-25 summer grain and oilseed harvest is estimated at 18,01 million tonnes, up by 16% from the previous season, according to data from the Crop Estimates Committee. This is also due to favourable weather conditions and decent planting area.
- Still, not all is well in the sector. The livestock industry continues to battle foot and mouth disease and the temporary closure of various export markets. All this has placed immense financial pressure on the livestock industry, which was already struggling from the effects of the last outbreak and higher feed costs. This means that while the field crops and horticulture are seeing a better recovery, the subsector that accounts for nearly half of the South African farming economy will continue to struggle, thus leading to an uneven recovery.

Exhibit I: South Africa's table grape production by region



Source: South African Table Grape Industry (SATI)

WEEKLY HIGHLIGHT

South Africa's consumer food price inflation nudged up in April 2025

- South Africa's consumer food price inflation accelerated to 3,3% in April, from 2,2% in the previous month. This increase was underpinned by the rise in price inflation of most of the products in the food basket, but most notably the cereal products, meat, oils and fats, and vegetables. This is unsurprising and reflects the pass-through of the higher agricultural commodity prices we observed at the end of last year and into the start of 2025, particularly with grains.
- In the case of meat, price increases are expected as a response to the slight recovery in consumer demand, which we have been highlighting in recent months. In the case of vegetables, we see the increases as a reflection of disruptions in fieldwork caused by the excessive rains in recent weeks, which should be a temporary blip.
- Looking ahead, we suspect that the current mild quickening of food price inflation will prevail for much of the year's second and third quarters as the increases in the farm level of some of the key products, such as grains, continue to pass through to the retail level.
- Grain prices, while having softened recently, were elevated for much of the last quarter of 2024 and into the start of this year because of the tight maize stocks. There is generally a lag of three to five months before the increases at the farmgate begin to show at retail levels. Thus, while grain prices have now softened in anticipation of an ample harvest in the 2024-25 season, we will continue to see a different price direction in the food inflation basket for months. Still, we don't anticipate that the increases will be as sharp as the wheat and rice prices, which are other key cereals that have generally seen prices softening in the past few months.
- Regarding vegetables, the recent price increases partly reflect some regions' challenges with harvesting because of extra wet conditions. As such, we expect the prices to normalize in the coming months. Importantly, vegetables and fruits don't have a longer price lag than grains.
- In the case of meat products, the price direction may soon change because of the potential increase in domestic supplies. There is an outbreak of foot and mouth disease, resulting in a temporary closure of some key export markets and a likely rise in domestic red meat supplies. The counterfactor to this possible moderating trend could be poultry prices.
- South Africa imports roughly 20% of its annual poultry consumption and over two-thirds of its imports from Brazil. There is now an outbreak of avian flu in Brazil, which could limit their poultry exports. Under such a scenario, the key determinant will be whether South Africa can boost domestic supplies or source additional imports from other regions. We suspect this may have slight upside pressures. Still, we think meat price inflation may be sideways to slowing. The recent uptick is unlikely to be a dominant trend in the coming months.
- South Africa's headline CPI was 2,8% in April 2025, down from 2,7% in March.

WEEK AHEAD

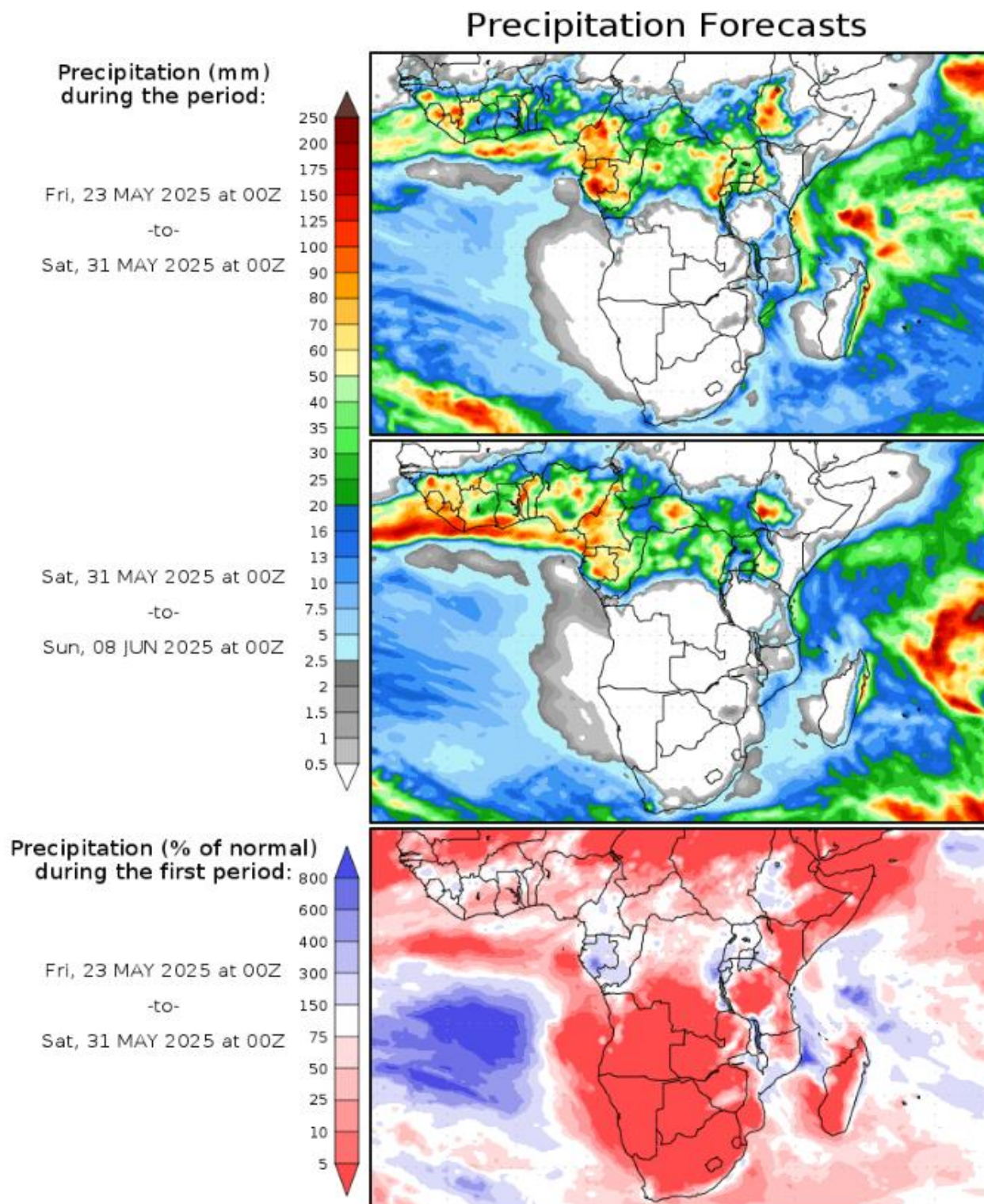
What are we watching this week?

- This is another quiet week on the global front, with only two releases. The United States Department of Agriculture (USDA) will release its weekly **US Crop Progress** report on Tuesday. The US farmers have made significant progress in planting the new season crop. For example, on May 18, about 78% of the intended area for maize had already been planted, compared with 67% at the same time in 2024. Moreover, about 66% of the soybean area had already been planted, compared with 50% in the same week in 2024. Also worth noting is that the USDA will release its weekly **US Grains and Oilseed Export Sales** data on Friday.
- On the domestic front, Statistics South Africa (Stats SA) will release the **General Household Survey (GHS)** data for 2024 on Tuesday. Moreover, Stats SA will also release the **food and beverages manufacturing** data for March 2025 on the same day.
- On Wednesday, we will receive the **weekly South Africa's Grains and Oilseeds Producer Deliveries** data from SAGIS. In the previous release on May 16, the South African farmers delivered 479 883 tonnes of the new season maize to the commercial silos. This was the third delivery for the new season. If you compare this with the overall volume delivered in the second week of the previous season, the volumes are down 77% because of the season's slow start. We are roughly a month behind the typical season. South Africa's 2024-25 maize harvest is estimated at 14.66 million tonnes, up 14% year-on-year, primarily benefiting from expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first eleven weeks, the soybean producer deliveries totalled 1,5 million tonnes out of the expected harvest of 2,4 million tonnes. In the case of sunflower seed, the first eleven weeks of the new 2025-26 marketing year's producer deliveries were 349 528 tonnes out of the expected 770 500 tonnes. Moreover, the wheat producer deliveries for the first 33 weeks of the 2024-25 marketing year stand at 1,85 million tonnes. The final harvest is 1,93 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- On Thursdays, SAGIS generally publishes its **weekly South Africa's Grains and Oilseeds Trade** data. In the first three weeks of the 2025-26 marketing year, which started in May, the total maize exports amounted to 47 997 tonnes, out of the seasonal export forecast of 2,0 million tonnes. About 42% of the exports went to Zimbabwe, with the rest spread across the neighbouring countries.
- We will likely see more robust export activity later in the year when farmers have completed the harvest, and there is grain in the silos for exports. Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any, they will be small, mainly for the coastal regions that will be taking advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and May 16 was the 33rd week in the new 2024-25 marketing year. The imports so far amounted to 1,13 million tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.

South Africa's precipitation forecast

- We continue to see favourable weather prospects for the summer crop regions. The summer crop harvest is underway in the country's northern areas, and the drier weather conditions are conducive.

Exhibit 2: South Africa's precipitation forecast



Source: George Mason University (wxmaps)