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Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

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Major events in the global wheat market that matter for South Africans

- The global wheat market has been eventful in recent weeks. As a net wheat importer, South Africa closely watches major shifts in price and supply. In the 2026-27 season, South Africa will likely need even slightly bigger wheat import volumes than the previous season. The domestic harvest isn't in good condition; the dryness of the past few months, combined with reduced area plantings, are some of the challenges that generally weigh on domestic wheat supplies. Thus, making the global environment even more important.

- If one looks closely at the wheat market over the past few months, market participants have focused on disruptions at Ukrainian shipping ports due to Russia's attack, driving up global wheat prices. Moreover, diesel shortages in parts of Russia have also raised fears in grain markets more broadly, as they signal potential delays in product movements. Elsewhere in Europe, summer heatwaves and drought have been major concerns over the past few months. Together, these factors have reshaped the global wheat market, from the low prices we saw at the start of the year to a surge in recent months. For example, US Hard red winter wheat traded below US$300 per tonne through April 2026. But that price has increased to US$351 per tonne now as we end September 2026. This is nearly a 20% increase from the end of April. On an annual basis, wheat prices are up by roughly 56%. The events we mention above are the major price drivers so far.

- Fortunately, the world is not facing wheat supply constraints per se, but rather logistics disruptions. Despite the intense heatwave and drought across various regions of the Northern Hemisphere, global wheat supplies remain broadly solid. For example, this month, the International Grains Council placed the 2026-27 global wheat production forecast at 820 million tonnes. Looking at this figure year on year may be worrying, signalling a 3% drop from the 2025-26 season. But over the long term, a harvest of 820 million tonnes is well above the long-term level of about 790 million tonnes. This further underscores our view that wheat supplies are broadly plentiful in the world market; the near-term issue is logistics. Even when assessing stock levels, the picture is similar: a 2% year-on-year decline to an expected 278 million tonnes of stocks in the 2026-27 season. But in the near term, these stock levels suggest long-term levels around 270 million tonnes, again implying available wheat supplies in the world market.

- Therefore, this supply availability suggests that if logistics disruptions ease in the coming months, the global wheat market may see some relief from recent price surges driven by uncertainty, not supply constraints per se. Under such an environment, importing countries such as South Africa would stand to benefit. South Africa has had its fair share of challenges in the wheat market. Thus, the data from the Crop Estimates Committee show that South Africa's 2026-27 winter wheat production estimate is 1.8

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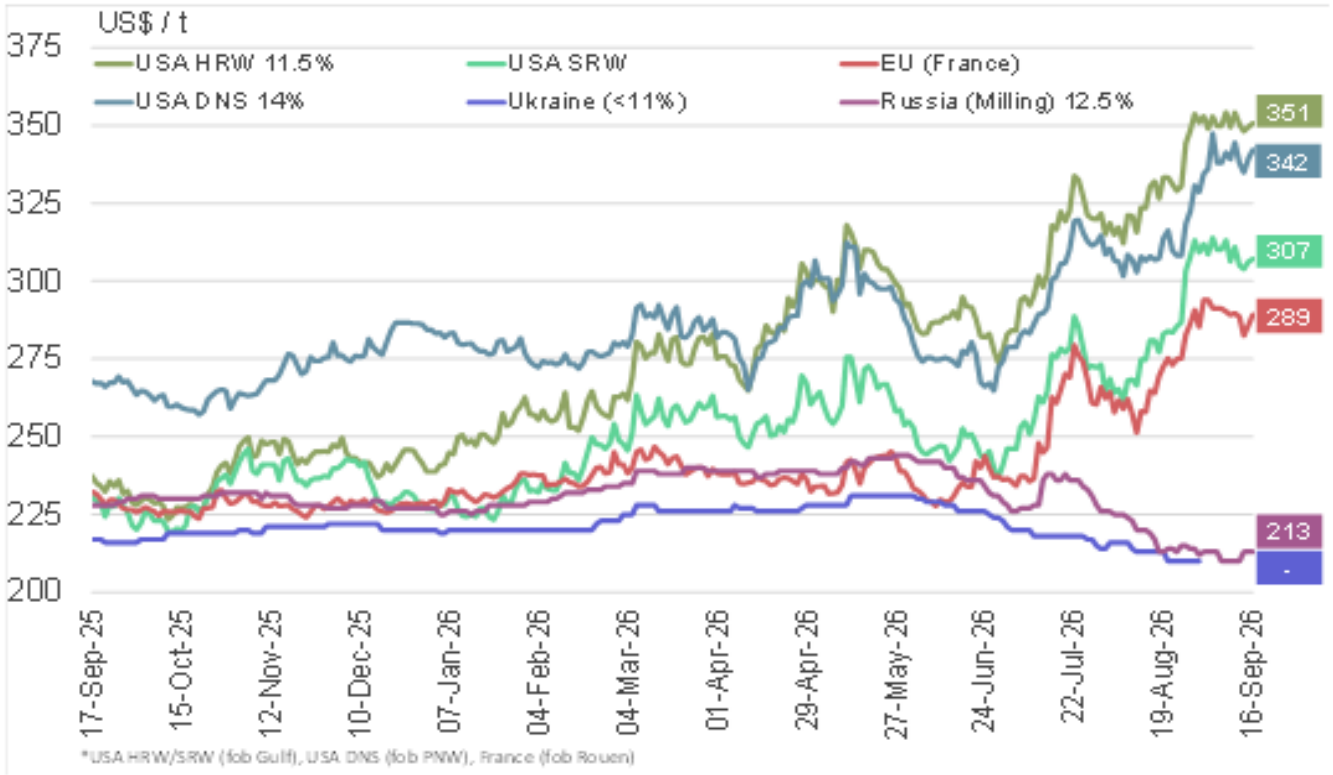
million tonnes. This is down 8% from the previous season and is the lowest expected harvest in eight years. Consequently, South Africa will likely increase wheat imports to around 2.0 million tonnes, up from 1.8 million tonnes last season. Indeed, production figures may still change as the season continues. Still, based on what we have observed on the ground and insights from farmers, we are more convinced that the 2026-27 season will remain challenging for wheat, and the country's import requirements will be higher going forward. The new marketing year starts in October 2026 and ends in September 2027, and the country may require more wheat imports during this period to meet local supply. Under these conditions, South African wheat users and consumers should watch global events that ultimately affect the price South Africans pay for wheat products.

Exhibit 1: Global wheat prices



Source: International Grains Council

WEEKLY HIGHLIGHT

South Africa's consumer food price inflation remains at lower levels

- South Africa's consumer food price inflation remains at lower levels on the back of the gains from the ample 2025-26 agricultural season. Consumer food price inflation is likely to remain at these moderate levels for the rest of this year and may tick up next year as fears of the expected El Niño drought start to show in various food product prices. Base effects will also drive up consumer food price inflation in

2027. Data released by Statistics South Africa last week shows that consumer food price inflation nudged up to 0.7% in August 2026, from 0.6% the previous month. These levels are still at the lowest seen since 2010, except for last month's lower figure.

- The key products keeping consumer food price inflation at these lower levels are mainly grain-related, fruits and vegetables, which are all currently in deflation. Meat price inflation has also continued to moderate, suggesting slaughtering activity remains steady. However, fears of foot-and-mouth disease have added upside pressure on red meat prices over the past few months. The only products that nudged up in August were fish and seafood, milk, dairy products and eggs. Still, these products have lower weighting and therefore are not materially increasing the headline food price inflation figure.

- 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. Similarly, fruit and vegetable prices are trending lower. Clearly, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest remains ample and continues to exert downward pressure. The production conditions for vegetables remain broadly favourable. Regarding meat, the pace of cattle slaughter has declined somewhat, though not notably. 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. 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 is likely 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. In the medium term, the forecast El Niño drought is a concern, but it may only affect the direction of 2027 food price inflation, as it affects next season's crop, which will be planted from next month, mid-October, and come to market in mid-2027.

- South Africa's headline inflation was 4.4% in August 2026, up from 4.3% in July.

What are we watching this week?

- We start the week with a global focus. 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, but it remains in the early stages. Focusing on crop conditions, about 57% of maize crops were rated good or excellent on September 20, 2026, well behind last year's 66% in the same week. Also worth noting: 58% of the soybean crops were rated good or excellent on September 20, 2026, slightly below last year's 61% in the same week.

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- On Friday, the Food and Agriculture Organisation of the United Nations (FAO) will release one of its monthly flagship publications, the **FAO global food price index** results for September 2026. The FAO Food Price Index measures the monthly change in international prices of a basket of food commodities.

- 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**. The harvest for the 2025-26 production season is nearing completion. In the first 21 weeks of the new marketing year, farmers delivered 14.9 million tonnes of maize to commercial silos. South Africa is poised to harvest an ample 17.4 million tonnes of maize, the largest harvest on record. The 2026-27 soybean marketing year soybean harvest is nearing completion. In the first 29 weeks, deliveries totalled 2.8 million tonnes against an estimated crop of 3.01 million tonnes. For sunflower seeds, the first 29 weeks of producer deliveries in the new 2026-27 marketing year totalled 823 150 tonnes out of the 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. Moreover, the weather conditions in the Western Cape, the major-producing province, have not been favourable. Still, some farmers continue to deliver small volumes of the old crop to commercial silos. In the first 51 weeks of this 2025-26 marketing year, farmers have delivered about 1.85 million tonnes of wheat to commercial silos. This is 97% of the expected season harvest of 1.89 million tonnes (down 2% y/y).

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** on Thursday. Last week, South Africa exported 16 078 tonnes of maize, all 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 1.2 million tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and September 18, 2026, marked the 51st week of the new 2025-26 marketing year. Cumulative imports to date total 1.84 million 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. The 2025-26 marketing year ends in September 2026.

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