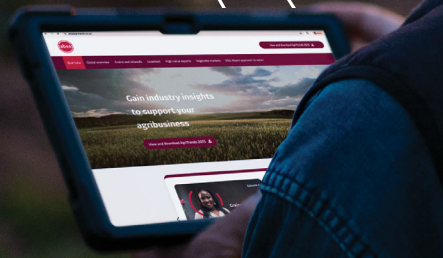
Business Banking

AgriTrends 2026

Autumn Edition

Your next choice shapes
your next season.



Your story matters

absa

01

02

03

04

05

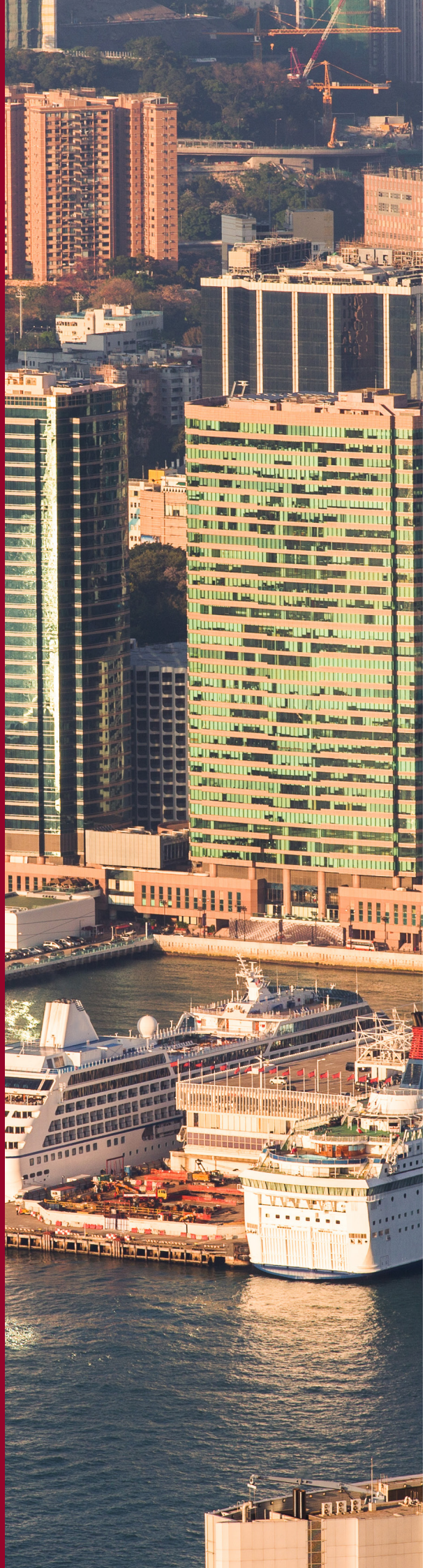
06

01

Macroeconomics

A view on exchange rate dynamics

The rand outlook is clouded with considerable uncertainty, but FX hedging costs are still at decade lows.



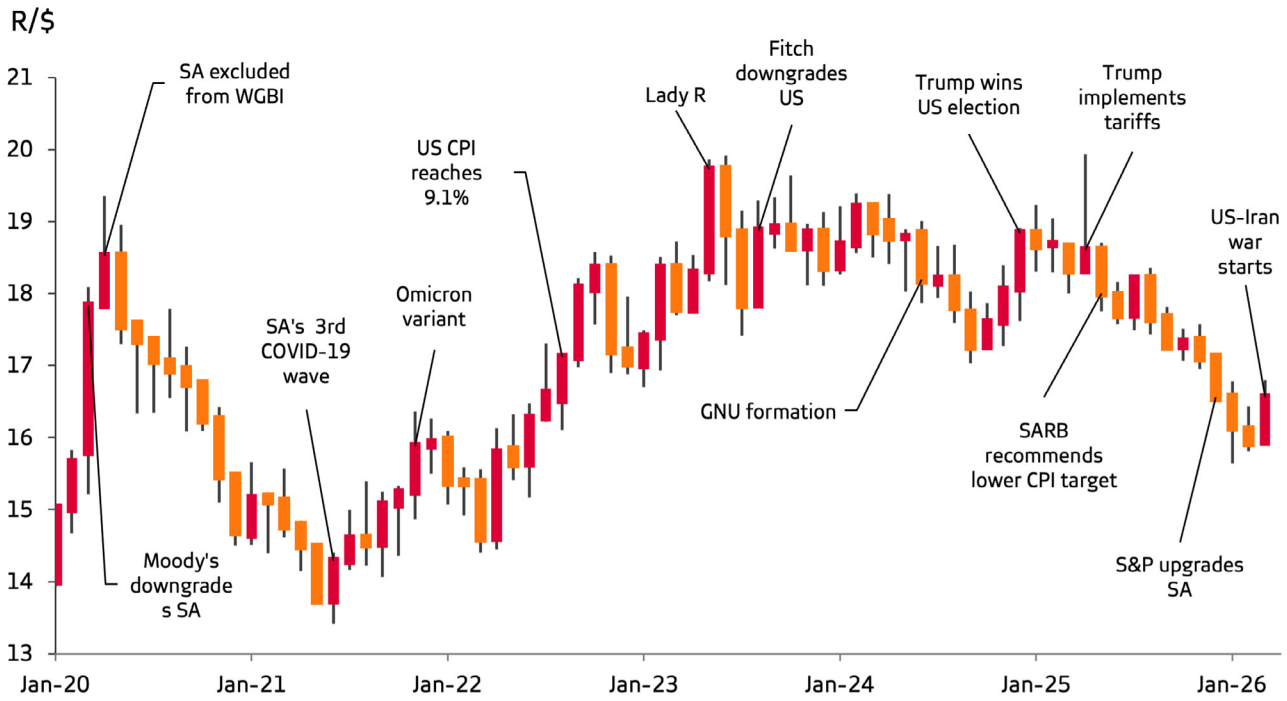
Introduction

The rand has recovered by almost 30% against the dollar from the record lows that were seen at the start of the second quarter of 2025. Even though market positioning is no longer as stretched as it was before the outbreak of the war in the Middle East, most of Absa's valuation models suggest that South Africa's improved fundamentals are already priced into the exchange rate, and the price action has become considerably less bullish. Absa Research expects the ZAR to surrender a bit more of its recent gains over the coming quarters, but given the extent to which oil prices are simultaneously rising, the farming community should consider taking advantage of lower FX hedge costs to generate more certainty.

At the beginning of April 2025, the rand was trading at R19.93/USD, its weakest level since the Lady R sell-off in May 2023. At the time, markets reacted sharply to the introduction of reciprocal tariffs by the United States (US) administration, triggering significant volatility in emerging market currencies and pushing the rand to levels not seen in almost two years. However, the story has changed dramatically since then. Over the subsequent quarters, the rand staged a notable recovery, strengthening steadily and reaching R15.64/USD by January this year, its strongest level in roughly four years. This rebound has surprised many market participants and raised important questions about what is driving the currency and, more importantly, what it means for South African exporters, including the agricultural sector (see Figure 1.1). Several key developments explain the rand's recovery. Internationally, the currency has benefited from broad-based weakness in the US dollar. As global investors reassessed the outlook for the US economy and interest rates, the dollar softened against many emerging market currencies. At the same time, global precious metal prices surged to record highs, boosting sentiment toward commodity-linked currencies such as the rand.

The rand's reaction to market events

Figure 1.1



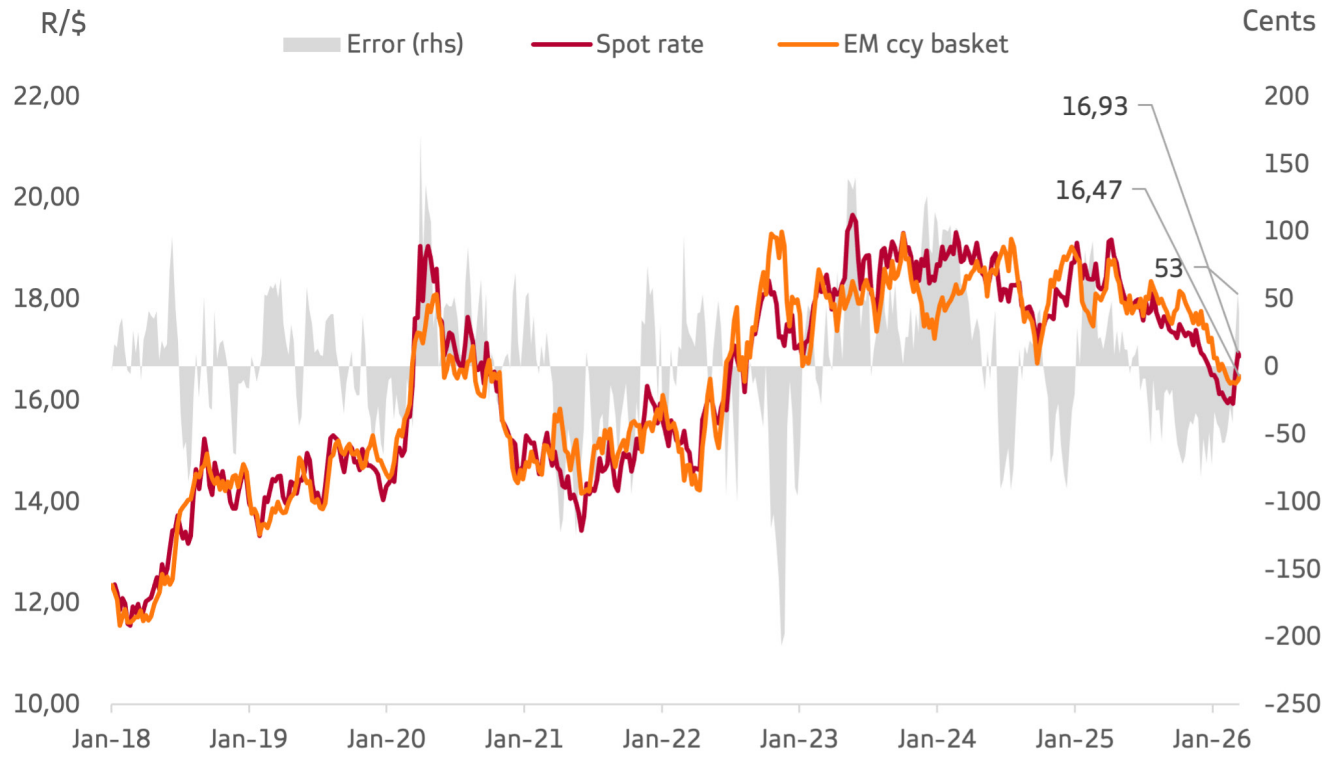
Source: Bloomberg and Absa Research, 2026

Domestically, the improvement has been supported by meaningful policy and economic developments. The South African Reserve Bank's (SARB's) move to adopt a lower inflation target has strengthened policy credibility and signalled a commitment to price stability. In addition, Standard & Poor's decision to upgrade South Africa's sovereign credit rating (the country's first upgrade in nearly two decades) has provided a strong vote of confidence in South Africa's economic outlook. Together, these developments have helped improve investor sentiment toward South African assets and contributed to renewed demand for the rand. When one compares the rand's performance to other emerging market currencies (see Figure 1.2) and commodity-based currencies (see Figure 1.3) over the past several years, there is no denying that the rand has significantly outperformed the peer group in more recent quarters.

This implies that the currency's appreciation has not been driven solely by global factors such as a weaker US dollar or higher gold prices, but also because South Africa's domestic fundamentals have improved. Unfortunately, the rand's relative outperformance also made it especially vulnerable to the latest bout of global risk aversion that has accompanied the US/Iran war. Indeed, the fact that market positioning was heavily biased toward rand strength prior to the outbreak of the war helps explain the speed and magnitude with which the ZAR has weakened over the past fortnight.

Emerging market currency peer model

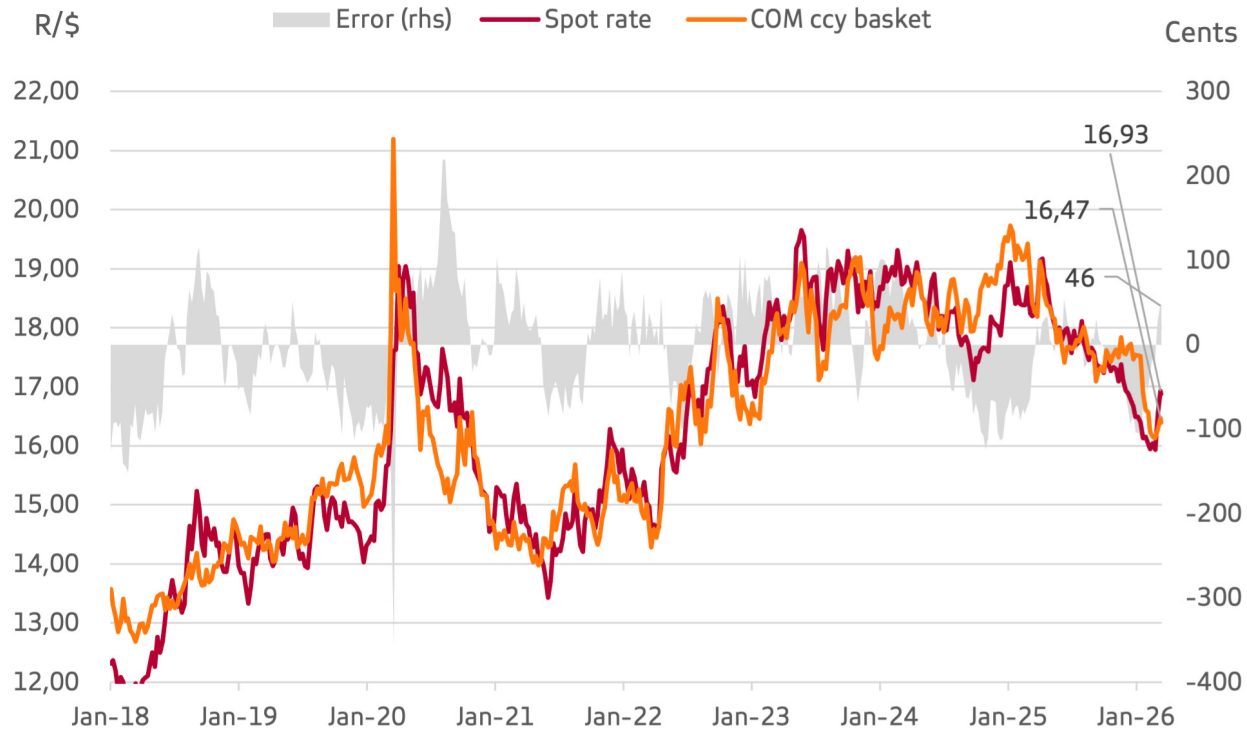
Figure 1.2



Source: Bloomberg and Absa Research, 2026

Commodity-based currency peer model

Figure 1.3

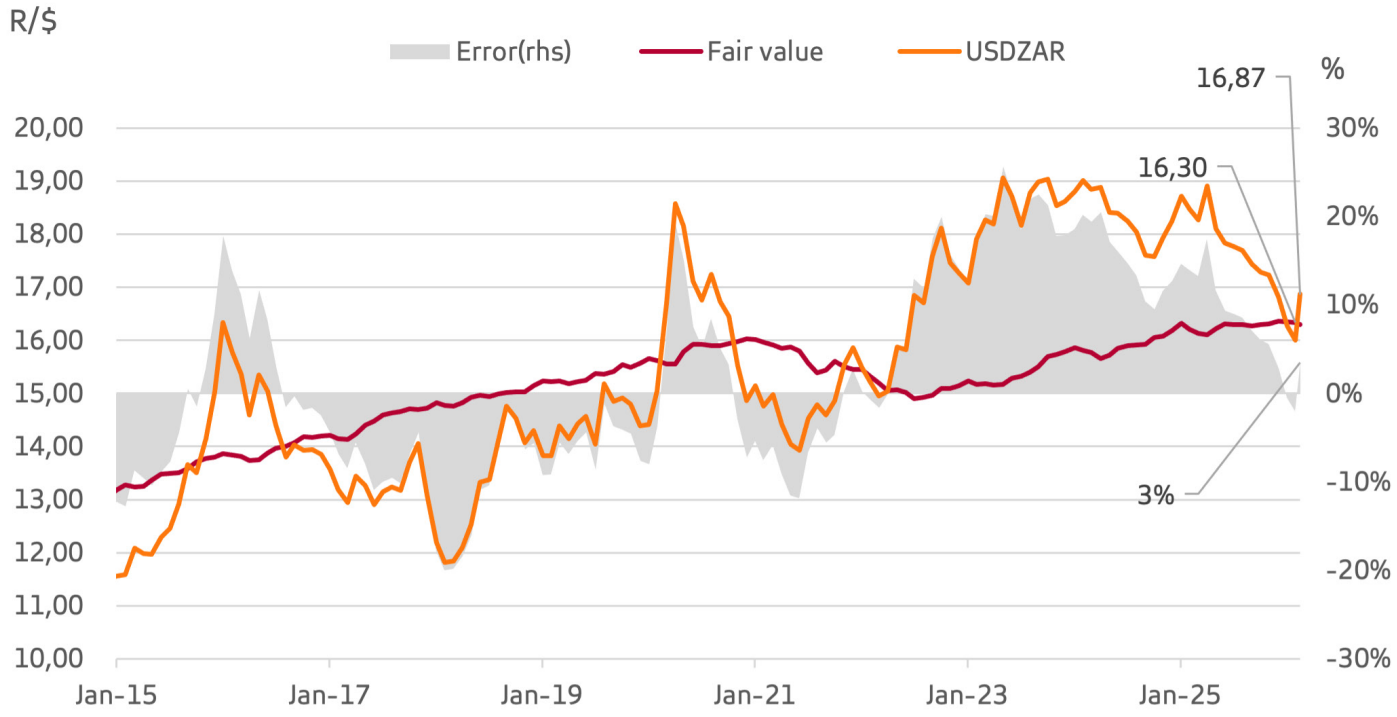


Source: Bloomberg and Absa Research, 2026

Although rand positioning is no longer excessively bullish, most of our fundamental fair value models still suggest that the rand is not a competitive exchange rate. From the perspective of exporters, including farmers who rely heavily on global markets, this development may be somewhat concerning, considering that a stronger currency reduces the rand value of export earnings, which in turn can squeeze profit margins in sectors such as agriculture. Granted, Absa's purchasing power parity model suggests that the rand is still slightly undervalued, given that the fair value of this Public-Private Partnership (PPP) model currently stands at R16.33/USD, based on the prevailing inflation differentials between South Africa and the United States (see Figure 1.4). However, a model based on estimated quarter 1 2026 current account surplus reading of 0.9% of GDP suggests that the exchange rate's equilibrium level is around R16.75/USD. Finally, South Africa's 10-year bond yield and policy rate differentials with the US suggest even weaker fair value levels of around R17.21/USD and R17.18/USD, respectively.

Purchasing power parity model

Figure 1.4



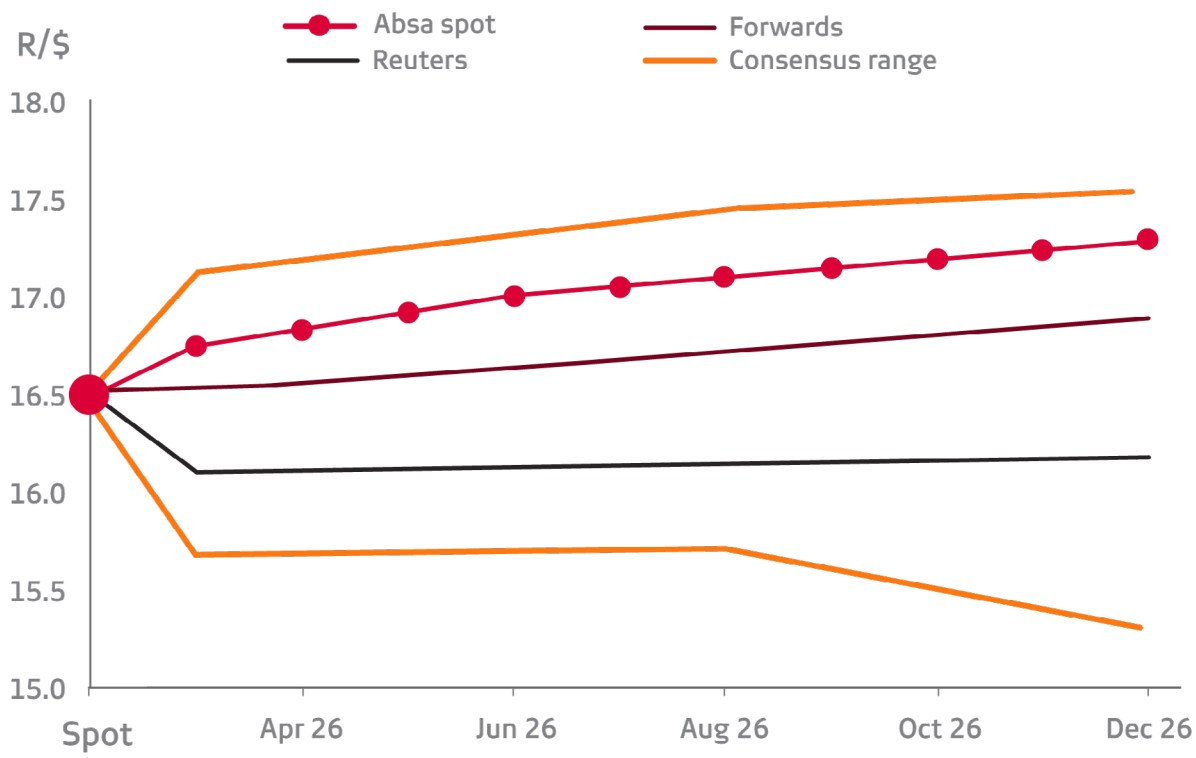
Source: Bloomberg and Absa Research, 2026

Important to highlight, since the outbreak of war in Iran, currency price action has become noticeably less supportive for the rand. The spot exchange rate is almost back to its 200-day moving average, while volatility in the currency options market has risen sharply. In other words, market momentum is no longer as firmly rand-positive as it was at the start of the year. Hence, based on the valuation and market momentum indicators, our view is that the rand may continue to surrender some of Its recent gains over the coming quarters. More specifically, the baseline view is that the currency is likely to weaken to around R17.00/USD by mid-year and R17.30/USD by the end of the year (see Figure 1.5).

Our view is that the rand may continue to surrender some of its recent over the coming quarters.

Comparative exchange rate view

Figure 1.5



Source: Bloomberg and Absa Research 2026

Exchange rate dynamics in the dawn of the Middle East war

The recent escalation in the Middle East has introduced renewed volatility into global markets, with direct implications for South Africa's agricultural sector. Although a weaker rand typically supports export earnings by lifting local-currency returns, these gains are increasingly outweighed by higher fuel and logistics costs driven by the sharp rise in crude oil prices. As of mid-March, Brent crude has breached the $100-per-barrel level, and the duration of this disruption remains highly uncertain.

In the current environment, producers and exporters may consider using forward exchange contracts to manage currency exposure. The interest-rate differential between South Africa and the United States remains relatively narrow by historical standards, which keeps the cost of hedging comparatively low. With global uncertainty rising, managing currency risk has become as important as managing production risk—monitoring rand movements is now essential.

Potential impact of the Middle East conflict

Beyond currency effects, the conflict influences the agricultural value chain through rising input costs, disrupted trade flows and heightened logistical risk. The conflict has intensified instability across major shipping routes. With the Strait of Hormuz partially disrupted, carriers are suspending routes, rerouting vessels or omitting ports to manage delays and operational risks. As a result, Middle Eastern markets face the possibility of reduced availability of fresh produce, particularly where transit times extend. These logistical disruptions (listed below) materially elevate the cost and risk profile for South African exporters:

- South African exporters face higher freight costs, driven by elevated bunker fuel surcharges, doubled surcharges on some routes and restricted vessel availability.
- Longer transit times raise the risk of fruit arriving in poor condition, potentially missing optimal market windows.
- Diversions to alternative markets may reduce sales value, especially where phytosanitary rules or size specifications restrict market access.

Fertiliser prices have also responded to the conflict. Urea has exceeded $500 per tonne in early March, with additional adjustments expected across other fertiliser categories. Producers who have not secured their requirements will face higher costs and tighter supply availability as global supply chains remain strained. Higher global crude prices will flow through to domestic fuel markets. Current estimates point to an increase of R4–R8/litre for April. This poses challenges for producers entering planting or harvesting phases when diesel consumption peaks. Rising fuel prices also carry wider inflationary effects across the economy and may delay anticipated interest-rate cuts.

Industry exposure to Middle Eastern markets

In 2025, approximately 8% of South Africa's total agricultural exports were destined for the Middle East, with a notable share directed to Gulf economies currently affected by the conflict. This trade exposure creates differentiated risks across commodities. Pome fruit exports face the most acute vulnerability, as the season is already underway and consignments have largely been committed, limiting exporters' short-term ability to adjust market strategies. The citrus industry represents a secondary but growing source of exposure; although the season has only recently commenced, its early phase remains sensitive to logistical disruptions and cost developments that could influence export performance over the remainder of the season.

About **19%** of total citrus exports are directed to the Middle East.

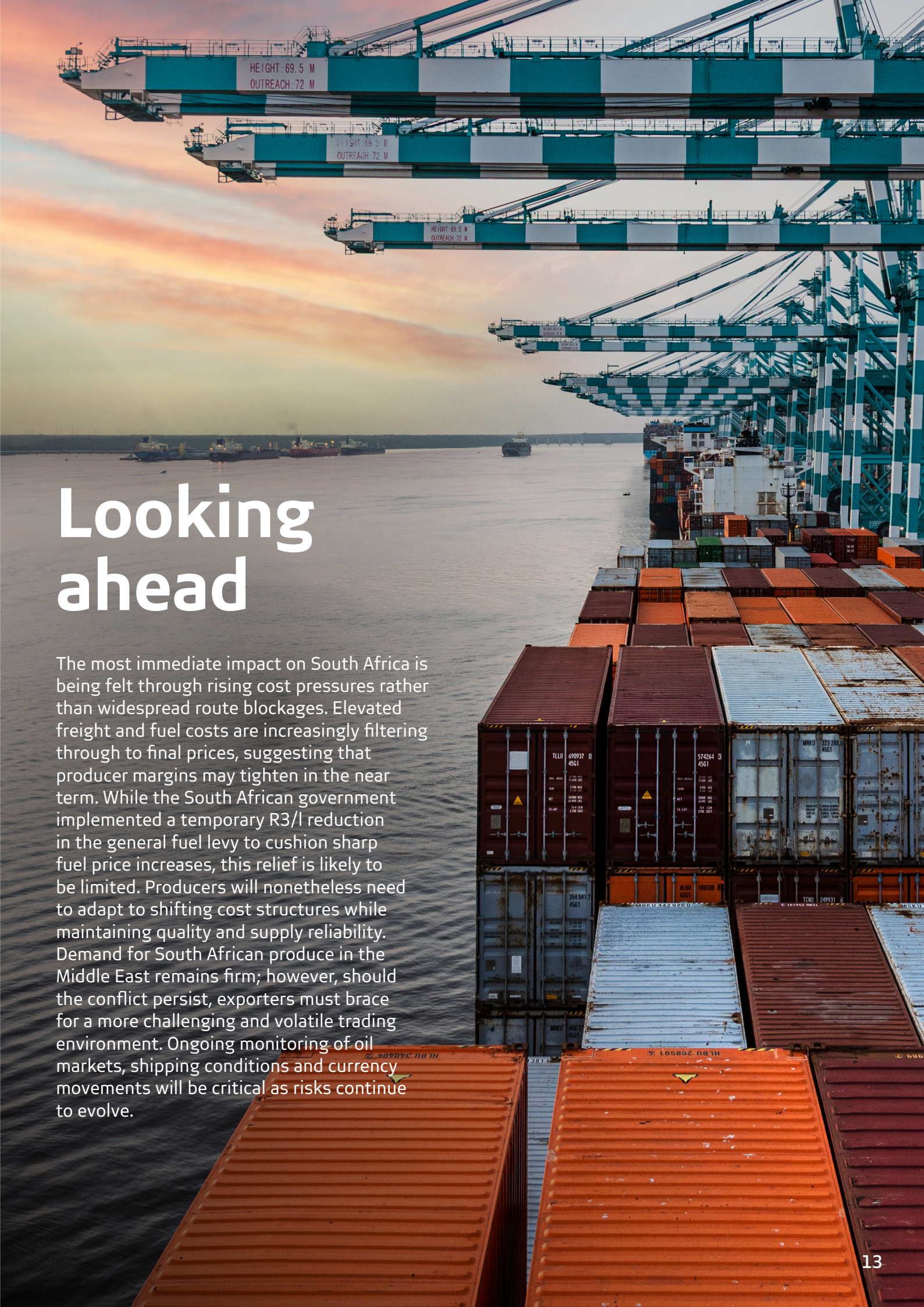
For pome fruits, apples hold a **12%** market share, while pears reach **21%.**

While **19%** of stone fruit is exported to the Middle East, with notable shares for apricots and peaches

Exposure is lower for table grapes, with export shares reaching about **4.1%.**

These figures illustrate the vulnerability of high-value fruit categories should conditions deteriorate.

Beyond currency effects, the conflict influence the agricultural value chain through rising input costs, disrupted trade flows and heightened logistical risk.



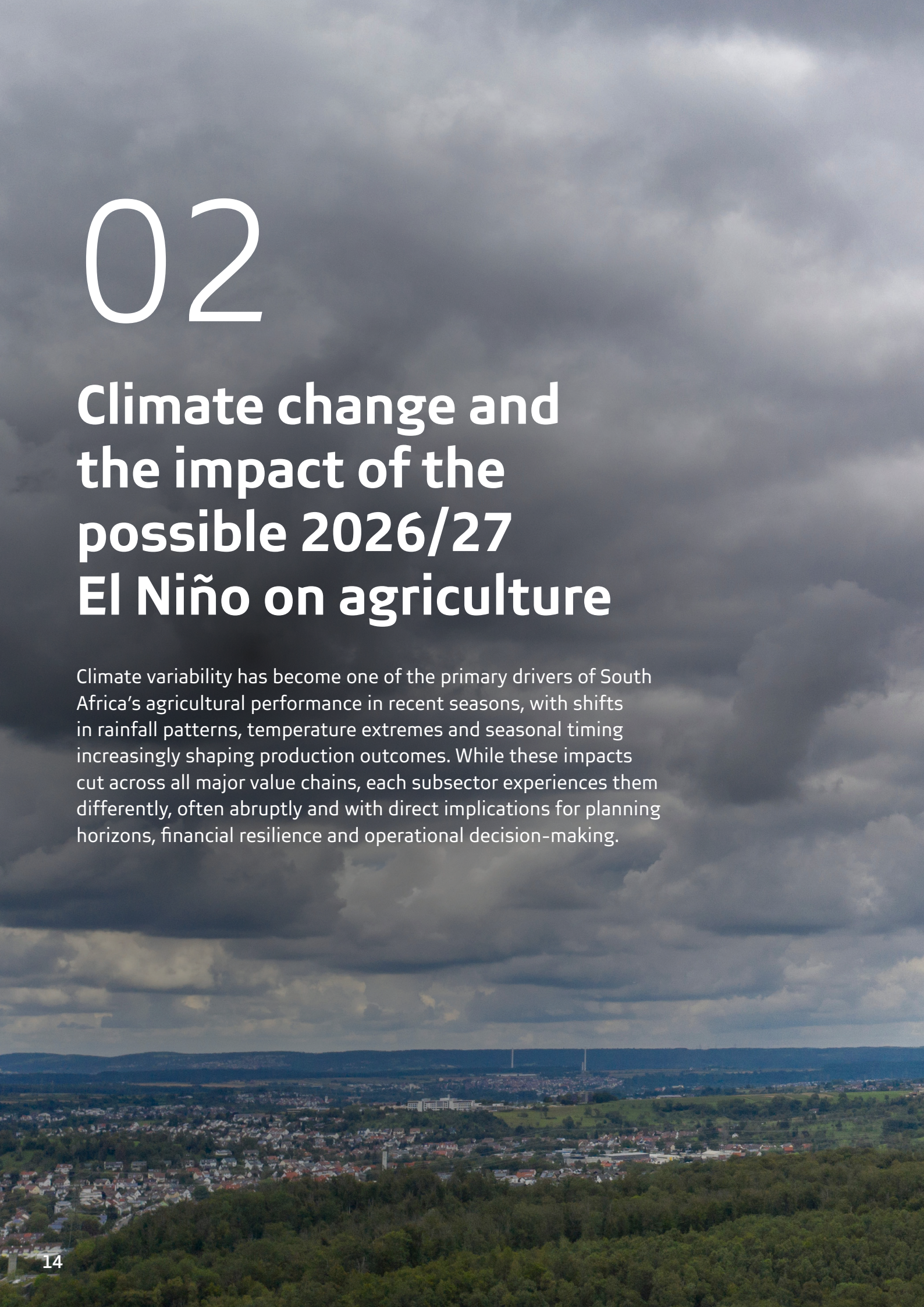
Looking ahead

The most immediate impact on South Africa is being felt through rising cost pressures rather than widespread route blockages. Elevated freight and fuel costs are increasingly filtering through to final prices, suggesting that producer margins may tighten in the near term. While the South African government implemented a temporary R3/l reduction in the general fuel levy to cushion sharp fuel price increases, this relief is likely to be limited. Producers will nonetheless need to adapt to shifting cost structures while maintaining quality and supply reliability. Demand for South African produce in the Middle East remains firm; however, should the conflict persist, exporters must brace for a more challenging and volatile trading environment. Ongoing monitoring of oil markets, shipping conditions and currency movements will be critical as risks continue to evolve.

02

Climate change and the impact of the possible 2026/27 El Niño on agriculture

Climate variability has become one of the primary drivers of South Africa's agricultural performance in recent seasons, with shifts in rainfall patterns, temperature extremes and seasonal timing increasingly shaping production outcomes. While these impacts cut across all major value chains, each subsector experiences them differently, often abruptly and with direct implications for planning horizons, financial resilience and operational decision-making.



In developing this view, we drew on the specialised insights of Johan van der Berg, an agricultural meteorologist whose expertise has been central in interpreting the evolving climate signals relevant to the sector. His guidance has been particularly valuable in understanding how the anticipated 2026/27 El Niño cycle may interact with broader climatic trends.

Rising climate variability is reshaping agricultural production outcomes.

To assess how climatic conditions could influence agricultural performance, it is essential to recognise the structural climate patterns that have emerged over the past decade. These include the combined effects of long-term global warming and recurring El Niño-Southern Oscillation (ENSO) phases, both of which provide critical context for interpreting current seasonal behaviour and evaluating the production risks producers face in the coming cycle.

Climate system trends underpinning seasonal variability

Earth's average temperature has increased by approximately 1.5°C since 1920, with the fastest warming occurring since 1980. The hottest years were 2024 followed by 2023 and 2025. Temperature spikes often coincide with El Niño events, such as those in 2023/24, 2018/19, 2014–2016 and 1991/92, beyond overall global warming trends. This underscores the increasing interaction between natural climate cycles and long-term warming.

A significant portion of this additional heat is absorbed by the oceans, which store three to four times more heat than land surfaces. As the oceans warm, they intensify tropical cyclones, storms and rainfall. For every 1°C increase in air temperature, the atmosphere can hold about 7% more moisture, leading to heavier rainfall in some regions and stronger high-pressure, dry systems elsewhere. These dynamics create the backdrop against which South African agricultural systems must now operate.

Sectoral impacts of climate variability

To better understand how El Niño might affect production in 2026/27, it is useful to reflect on how recent climatic extremes have already manifested across key value chains. Although impacts differ by subsector, climate variability consistently emerges as a central determinant of performance.

Grain systems remain highly sensitive to ENSO cycles. La Niña periods have tended to deliver wetter conditions and stronger production, while El Niño phases are typically characterised by reduced soil moisture, shorter planting windows and higher heat stress risk. These factors can rapidly shift harvest prospects and underscore the sector's exposure to seasonal volatility.

While livestock farmers experience climate variability primarily through veld condition changes, the 2024 season, for example, showed how quickly rangeland productivity can collapse when rainfall deficits align with elevated temperatures. Feed shortages and rising supplementary feed costs often lead to herd reductions, with recovery requiring multiple seasons.

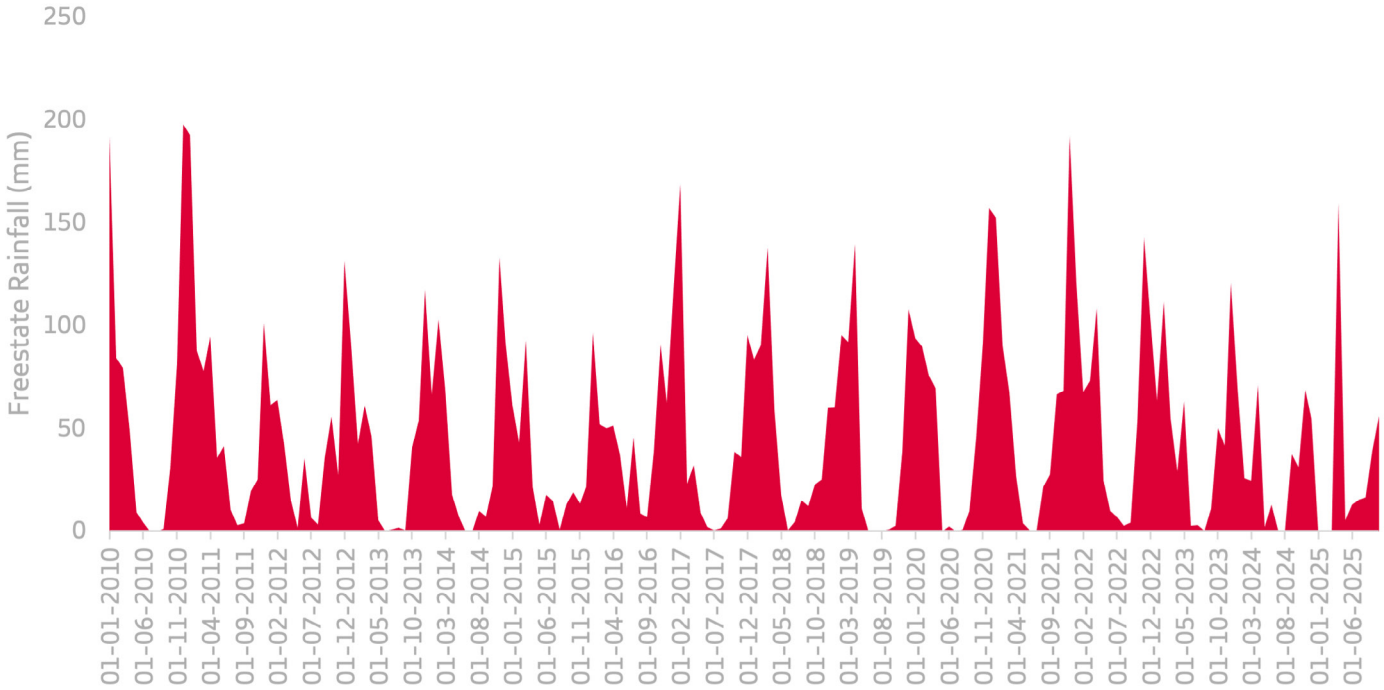
Fruit and nut producers have faced increasingly frequent and severe weather-related losses. Heavy rainfall and hailstorms have caused localised but costly damage, affecting pack-out volumes and export programmes. Weather volatility has also challenged logistics, particularly at the Port of Cape Town, where strong winds have contributed to vessel

delays and operational backlogs. Vegetable supply systems, especially in key producing regions like Limpopo, have experienced some of the most erratic rainfall behaviour. Rapid shifts between dry spells and intense rainfall episodes complicate irrigation planning, disease management and field accessibility, leading to disruptions in the consistency of marketable supply.

Despite these challenges, overall agricultural performance has remained more resilient than expected. However, as climate variability intensifies, it has shifted from being a background risk to a defining feature of South African agriculture. Rainfall patterns in the summer rainfall area have changed markedly, with reduced winter-spring precipitation and heavier rainfall concentrated in mid-summer. One important example is the decline in dryland wheat production in the Free State, where planted area dropped from over a million hectares to under 50 000 hectares over recent decades. Figure 2.1 illustrates these midsummer rainfall surges in the Free State, highlighting how rainfall intensity between November and March has become more pronounced.

Free State rainfall

Figure 2.1 *Free State rainfall showing increased surges in mid-summer (November–March)*



Source: South African Weather Services (SAWS), 2026

This pattern increases the likelihood of flooding and waterlogging during critical crop stages.

Temperature trends and their agricultural implications

Temperature behaviour within seasons has also shifted. While average temperatures are rising, extreme minimums in some regions have trended lower, with last frost dates now occurring up to four weeks later compared to two or three decades ago. Frost damage has, therefore, become more common, even in areas once considered relatively frost-free.

At the same time, extreme heat events and heat waves are growing more frequent and intense. The widening gap between minimum and maximum temperatures places pressure on plant adaptation and increases physiological stress across a range of crops.

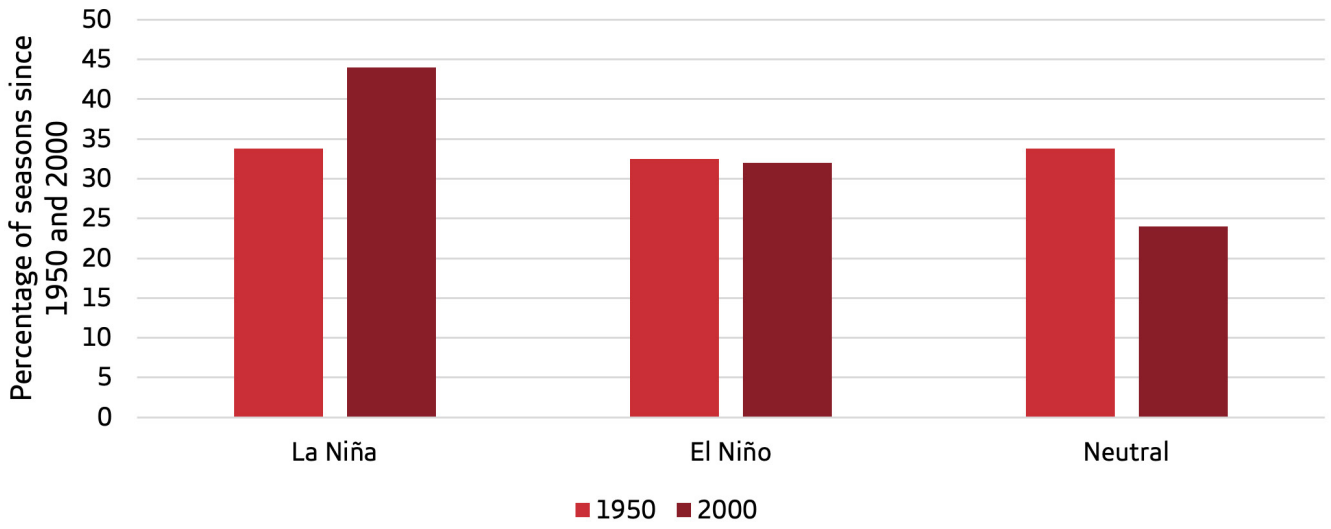
The road to 2026/27: ENSO behaviour and expected El Niño impact

South Africa's climate system has displayed an atypical ENSO cycle since 2020, including one El Niño event, two moderate-to-strong La Niñas and two weak La Niñas. These patterns have shaped recent production outcomes and set the stage for the coming season. Figure 2.2 indicates a post-2000 shift toward more frequent La Niña conditions and fewer neutral seasons, with El Niño frequency remaining relatively stable.

Post-2000 climatic conditions showed fewer neutral seasons and more frequent La Niña events.

El Niño, La Niña and neutral phases

Figure 2.2 *Percentage of La Nina, El Nio and neutral years since 1950 and since 2000*



Source: Johan van der Berg, 2026

The weak La Niña of 2025/26 ended in February 2026, and sea surface temperatures are expected to remain neutral until May–June before transitioning into a new El Niño event lasting through March–April 2027, as shown in Figure 2.3.

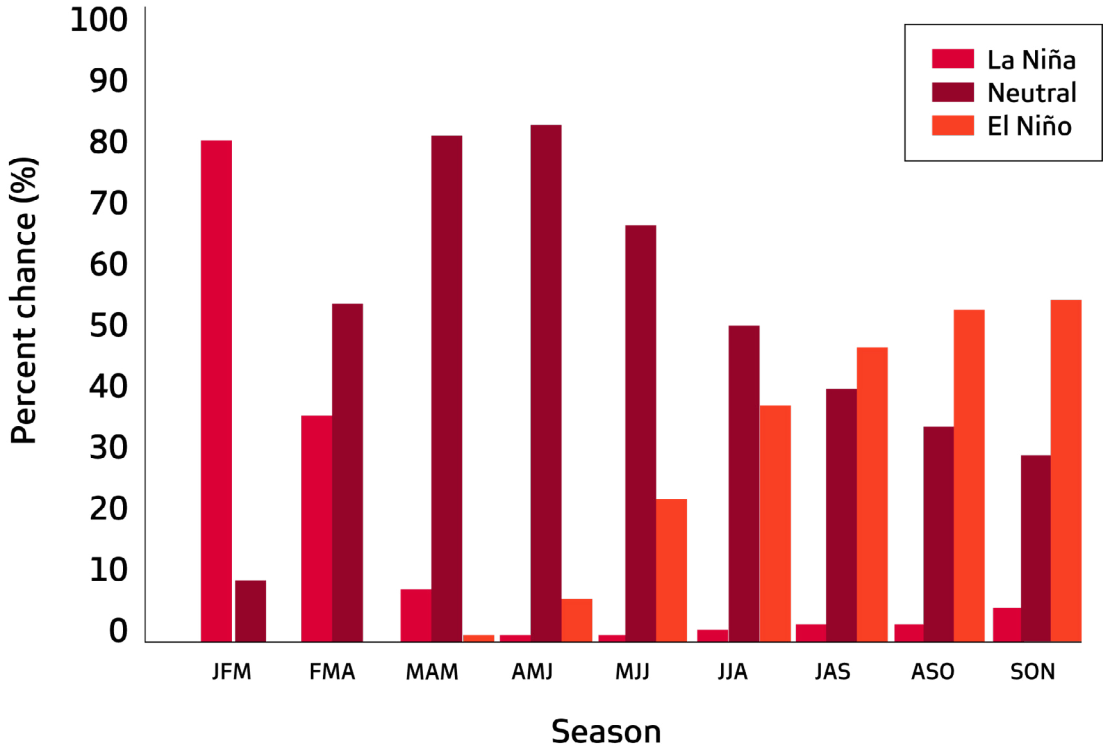
Given current conditions, several risks require close attention during the approaching 2026/27 summer:

- Frost risk may increase during late winter, spring and even early summer, affecting early-planted vegetables, grapes, nuts, fruits and both winter and summer wheat.
- Heat waves and extreme temperatures may intensify due to the combined effects of global warming and El Niño.
- Rainfall behaviour during El Niño years typically delivers favourable early-summer rain, followed by hot, dry conditions from December to March – a critical period for summer crops entering reproductive stages.
- Livestock systems may experience significant pressure if February–March rangeland productivity declines, as these months contribute over half the annual dry matter yield.

Figure 2.3 provides the official ENSO probability forecast, reinforcing expectations of a dry late summer period.

Official NOAA CPC ENSO probabilities (issued February 2026)
based on -0.5°/+0.5°C thresholds in ERSSTv5 relative Niño-3.4 index

Figure 2.3 *The official Climate Prediction Centre's (CPC's) ENSO probability forecast*



Source: Columbia Climate School, 2026

Long-term climate tendencies and implications

Rainfall cycles in Southern Africa often follow multiyear sequences of above- or below-average rainfall. While the summer rainfall area has been relatively wet since 2020, with the exception of the 2023/24 El Niño, longer-term projections indicate a shift towards reduced rainfall beginning with the 2026/27 El Niño.

These drier years are expected to become more frequent throughout the remainder of the decade. With this comes heightened pressure on water availability for domestic use and irrigation, reinforcing the urgent need for strategic water management, improved efficiency and adaptive production systems.

Conclusion

South African agriculture stands at a pivotal moment. Climate variability is no longer a background consideration but a central factor shaping production, sustainability and long-term planning. As the sector approaches the anticipated 2026/27 El Niño, it becomes essential to understand the interplay between warming, shifting rainfall patterns and ENSO dynamics.

The likely transition into a drier multiyear cycle underscores the need for proactive adaptation across value chains. These climate-driven pressures recur throughout this edition of Absa AgriTrends Autumn 2026, influencing grains, livestock, horticulture and high-value export commodities alike.

03

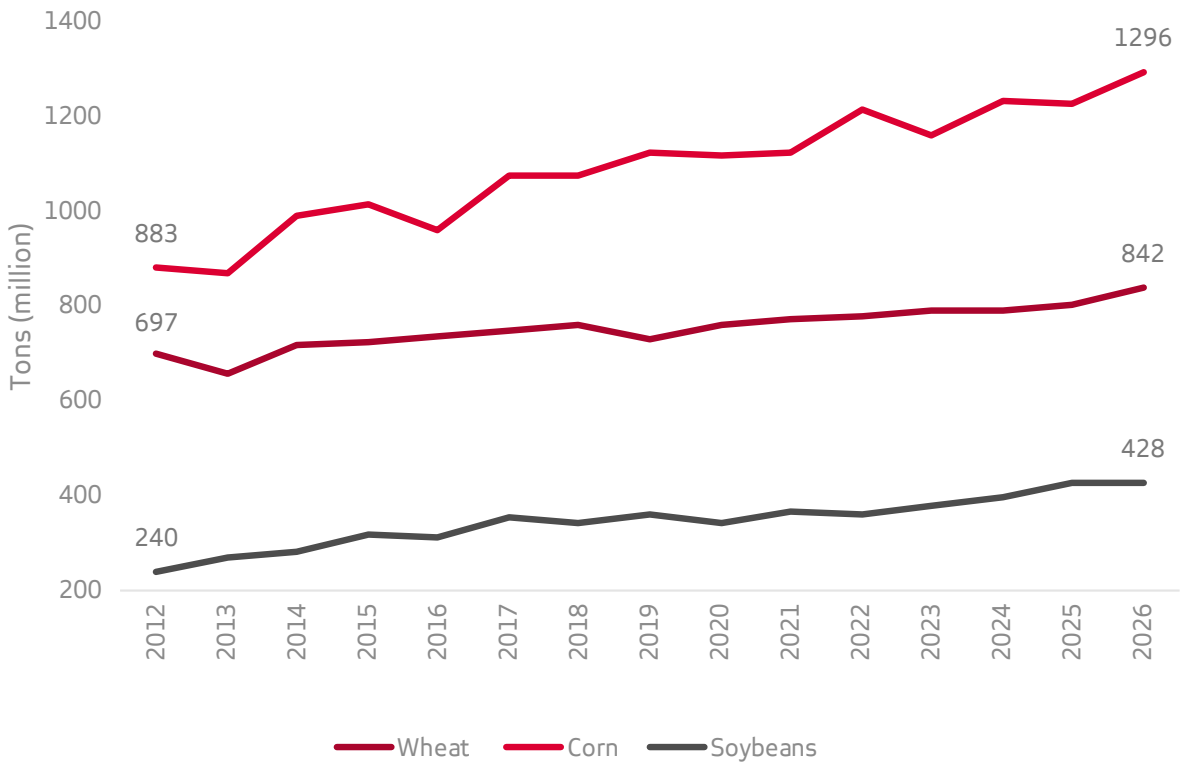
Grains and oilseeds dynamics

The era of abundance

Global grains and oilseeds markets are firmly in a phase of abundance, with consecutive strong harvests across major exporting regions. Maintaining a supply environment that comfortably meets and, in many cases, exceeds demand. Increasing production in the US, Brazil, the Black Sea and parts of Asia has kept international markets oversupplied, reinforcing a downward bias in benchmark prices. While demand has held up, it has not accelerated meaningfully. Industrial uses such as biofuels have offered some support, but the uplift stems from ongoing baseline blending requirements rather than a sharp step-up in consumption, meaning biofuels added stability to demand rather than driving a significant increase. In South Africa, supplies are also ample on the back of a bumper 2024/25 season. The good production conditions, during the 2025/26 summer crops production season, informed a positive outlook that points to yet another strong harvest for both South Africa and much of Southern Africa. This alignment between global and regional abundance has kept price momentum contained.

Record-breaking growth in global grain and oilseed production

Figure 3.1



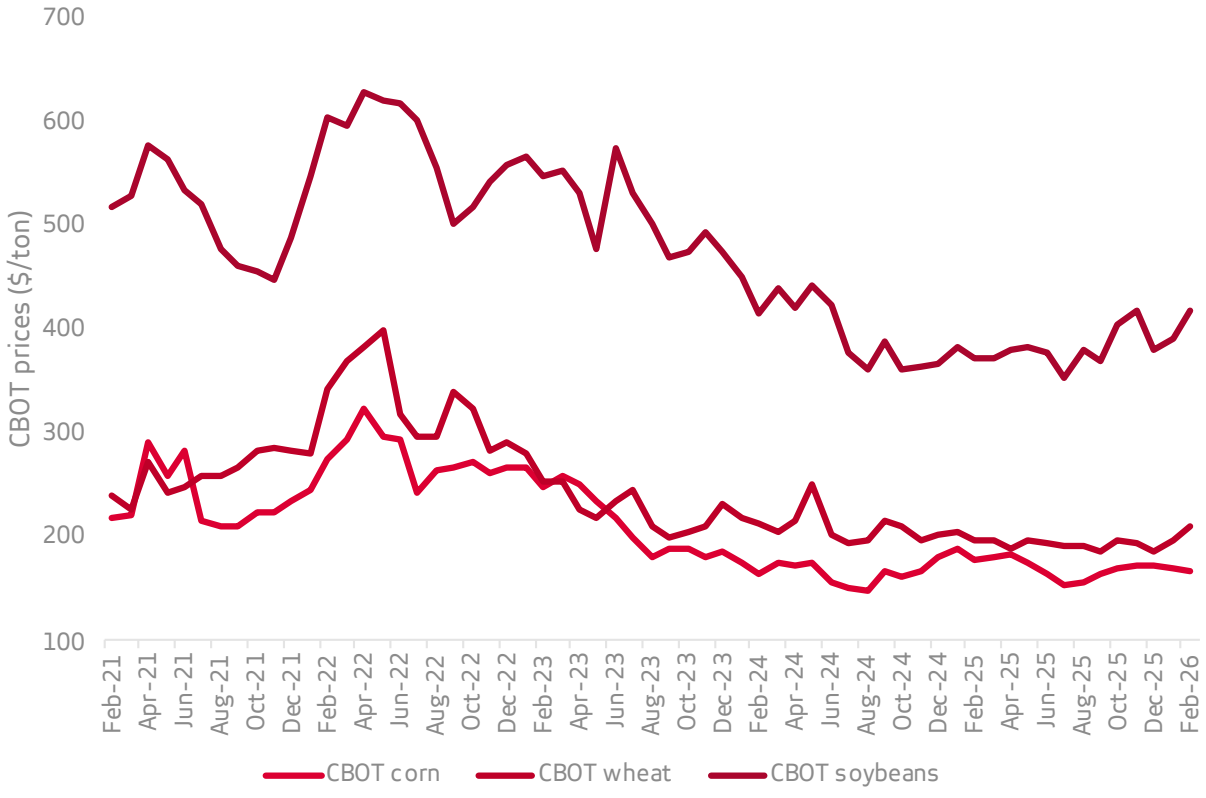
Source: US Department of Agriculture (USDA), 2026

Historically, when markets moved into surplus phases, producers and market behaviour shifted in consistent ways. Abundance sharpened the focus on cost discipline, prompting producers to prioritise efficiencies in how and when they applied inputs. Buyers, on the other hand, tended to operate on a hand-to-mouth basis, as plentiful supplies and a bearish tone in the market removed any incentive to build stocks. During these surplus periods, prices often moved in a muted way, and when prices did increase, the gains were usually short-lived because the market was still weighed down by abundant supply.

These dynamics have shaped the current price environment. Chicago Board of Trade (CBOT) grain prices generally moved within a narrow band (see Figure 3.2), and the structure of the market supported a steady flow of grain through the system, which limited any meaningful upward movement. Over the past month, CBOT soybean prices recovered on the back of renewed demand, despite the demand having been relatively slow earlier in their marketing season. Here, US exports lagged under the weight of tariffs and a cautious buying pattern from key destinations. The renewed price support came as renewed Chinese interest returned to the market, with China committing to additional US soybean purchases, which helped lift sentiment. Even with this improvement in US export prospects, expectations of another record Brazilian soybean crop continue to anchor the broader grains and oilseeds complex in abundance. In the absence of a meaningful supply shock (such as the war-related surge in crude oil prices being sustained for longer) or a stronger global demand impulse, upside price movement is unlikely.

CBOT prices continue to trade within narrow band

Figure 3.2



Source: London Stock Exchange Group (LSEG), 2026

Local grain dynamics

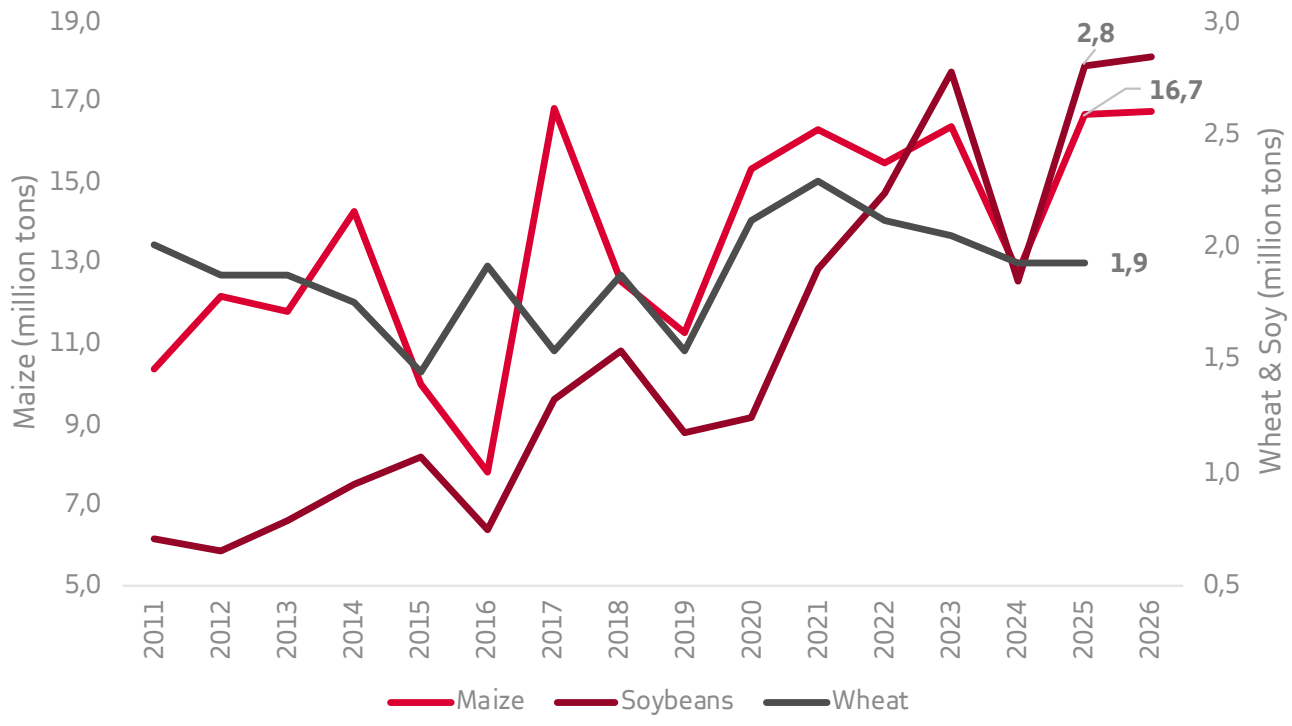
South Africa heads into the new marketing season with ample grain supplies, driven by the 2024/25 season recovery from the prior production season's drought conditions and the benefit of broadly favourable rainfall in the 2025/26 production season. Additionally, global surpluses and the softer regional demand continue to anchor domestic prices closer to export parity levels. Notably, production behaviour has diverged across commodities. Here, summer crops rebounded notably on the back of improved weather, while wheat trended lower since 2021. Together, these dynamics frame a season defined by abundance, weighed prices and a continued focus on margin resilience across the major grain industries.

Maize

South Africa's maize and soybean production broadly moved in the same upward direction as global production, but with more pronounced fluctuations (see Figure 3.3) reflecting sharper sensitivity to weather signals. During drier years, harvests typically fall sharply, and when good rain returns, the rebound is just as strong. This played out clearly over the past two seasons. After a difficult 2023/24 production season marked by drought, the 2024/25 harvest bounced back, with production increasing by 31% for maize and 52% for soybeans. The current 2025/26 production season benefited from mild La Niña rains, which supported early planting and good crop development. As a result, another maize harvest, notably above the local average demand of about 12 million tons, is expected.

South Africa's summer crop bounty meets global glut.

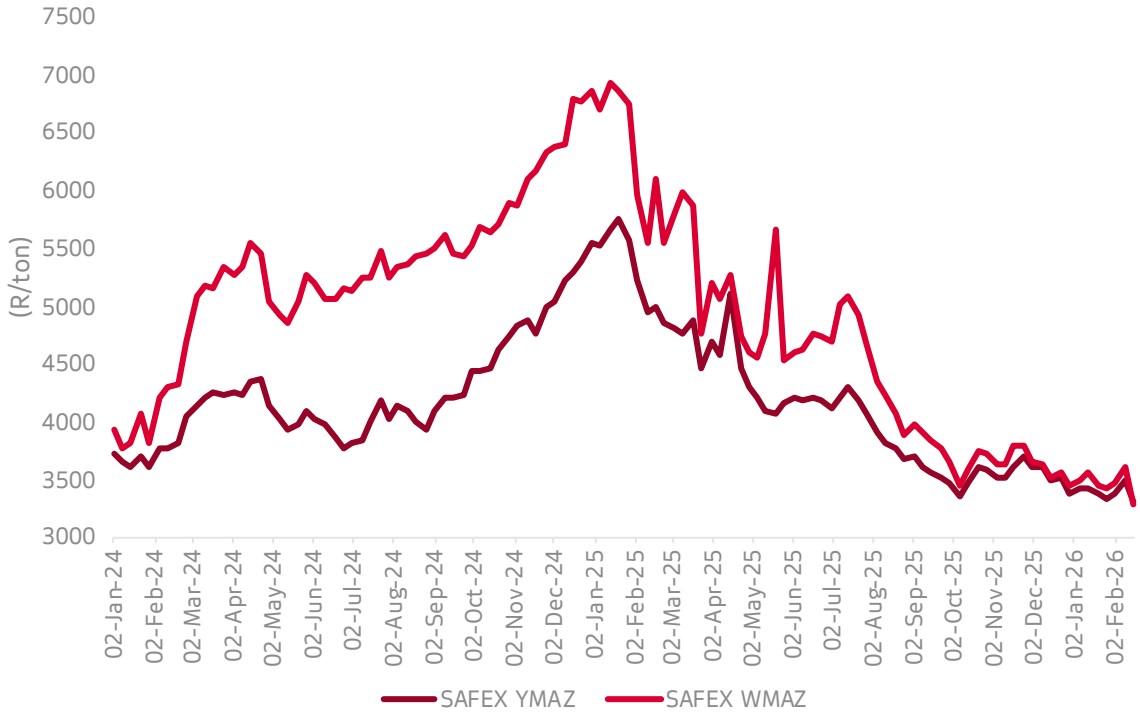
Figure 3.3



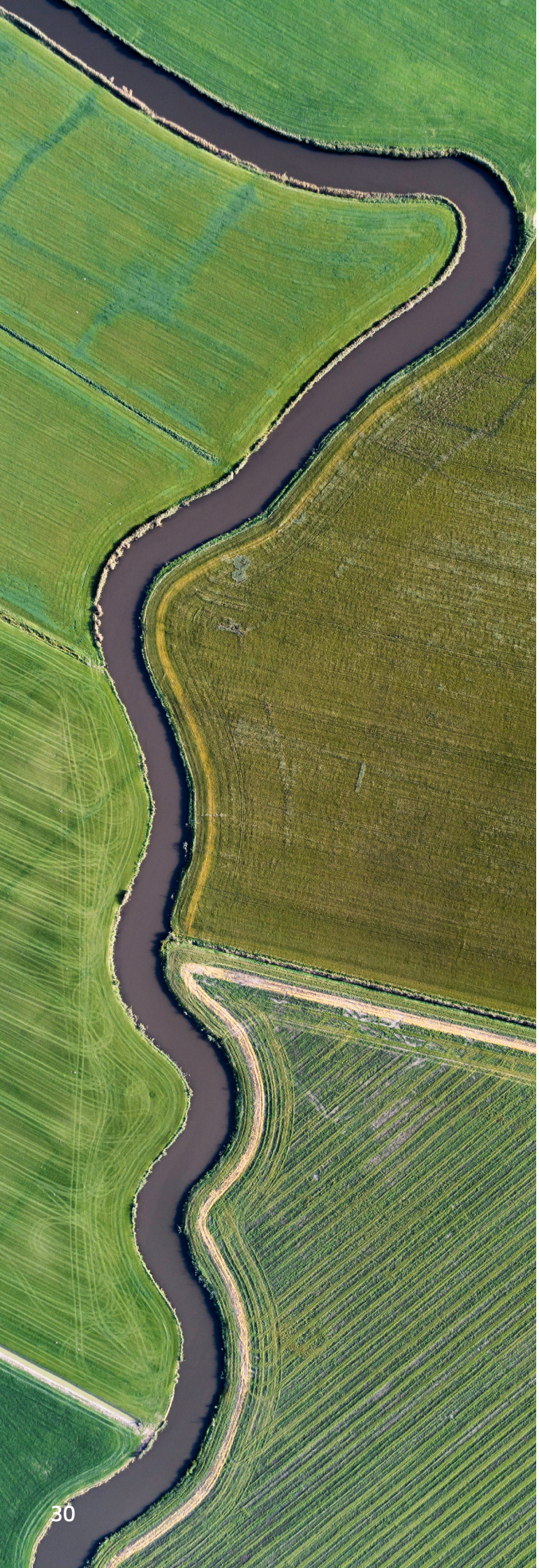
Source: South African Grain Information Service (SAGIS), 2026

South African Futures Exchange (SAFEX) maize prices weighed by abundance

Figure 3.4



Source: Grain SA, 2026



When strong local harvests align with abundant global supplies, the price environment typically remains subdued. This season, regional dynamics add an additional layer of softness, especially for white maize prices. Neighbouring countries that previously depended on South Africa for white maize are also expecting improved production outcomes. Zambia, in particular, remains an important swing factor in the regional outlook. A combination of expanded plantings, sizeable government-held reserves and the potential for average yields could result in a notable recovery in its maize production. Under such conditions, Zambia would likely become significantly more competitive in regional markets. This increased regional supply would heighten competition and, in turn, place additional downward pressure on South African white maize prices.

Beyond Zambia, regional conditions across Eastern and Southern Africa continue to soften the demand outlook. Kenya's long-rain crop was better than expected, reducing near-term import needs and delaying its usual buying window, even as short-rain failures in some regions create localised pressure that does not materially alter national supply or commercial demand. Tanzania's strong carry-over stocks, held largely by traders and their federal reserve, add to the region's overall availability and limit upside price pressure.

Abundant global and local supplies continue to limit price upside.

Closer to home, Mozambique and Malawi remain well supplied, with weak consumer demand for white maize. This is driven largely by tight liquidity on the back of limited foreign exchange availability and broader economic strain, thus holding prices down and reducing both local and import demand. Zimbabwe continues to import from South Africa, albeit at lower-than-expected volumes. Overall, firmer production across the region, healthy stocks and lower-than-expected import demand point to a softer regional market, reinforcing the broader abundance narrative and keeping South African white maize prices trading closer to export
parity levels.

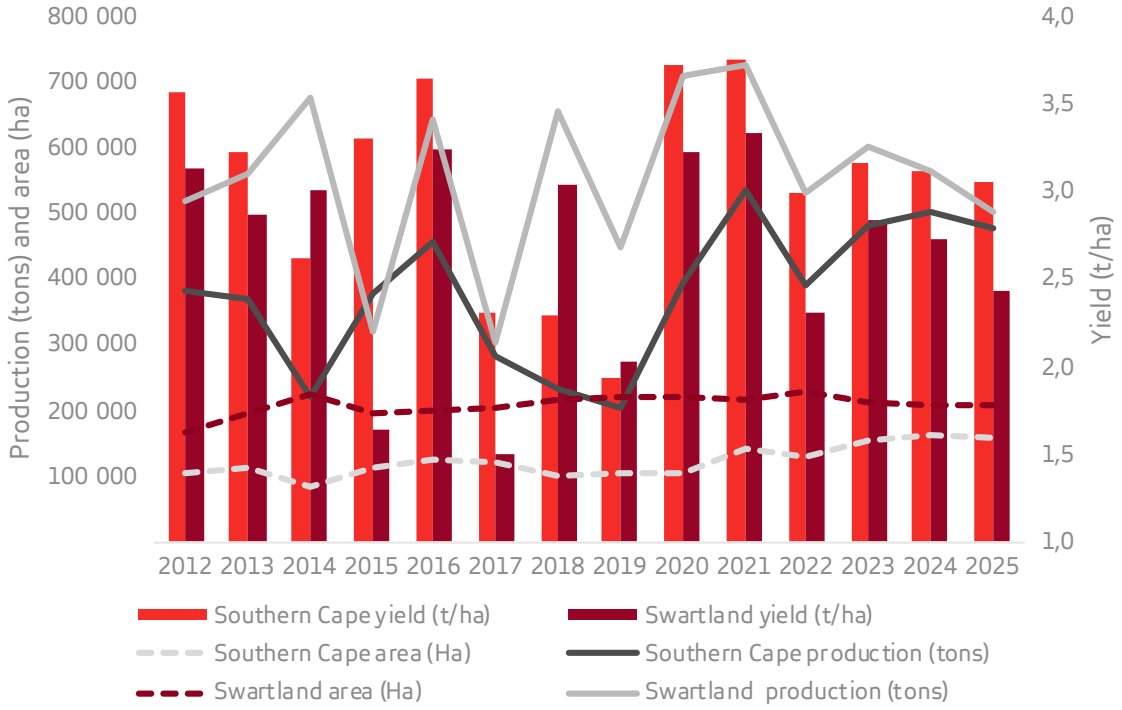
Wheat

In contrast to the summer crops, South Africa's wheat landscape softened over the past few seasons, with production easing slightly since 2021 and settling just below two million tons in the last two production seasons (see Figure 3.3). Production has been shaped less by changes in area, given that 2025 plantings declined only marginally from the previous year and remained above the five-year average, and more by weather-related yield disruptions (see Figure 3.5).

Excessive rains and late frost weighed on yields in 2024, while the 2023 season suffered from widespread flooding. In contrast, 2022 was defined by hotter and drier conditions, which curbed yield potential. This cyclical pattern underscores how strongly winter grains respond to in-season rainfall timing and temperature stress, particularly in the Western Cape, where most of the country's dryland wheat is concentrated.

Western Cape wheat production

Figure 3.5



Source: Department of Agriculture, 2026

The 2025 winter grain season captured similar weather variability. Although the year trended hotter and drier, the early part of the season benefited from more favourable rainfall, which helped establish crops and prevented deeper yield losses later on. In the Western Cape, the season began on an encouraging note. Timely April and May rains supported early access to lands in parts of the Overberg, with some areas even reporting the earliest starts in over a decade. However, this early momentum did not hold uniformly. Dryness persisted in the Swartland region, delaying planting until June for some growers. From mid-July onwards, rainfall in the Overberg tapered off sharply.

As the season progressed, spatial variability in rainfall became more pronounced. Caledon and parts of the southern Overberg received relatively better precipitation, while the eastern Overberg, stretching from Riversdale to Swellendam, remained persistently dry during the critical August–September window. Pest pressure, particularly snails, added further strain, with some farmers applying significantly more bait than normal and incurring higher pesticide costs. By December, parts of the Overberg recorded some of their driest conditions in more than a century, and the cumulative lack of rainfall became evident in final yields. Although outcomes in some pockets were comparable with longer-term averages, yields for wheat and barley were notably lower than initially expected in many areas.

Overall, the 2025 harvest fell short of early-season expectations. While strong early rainfall moderated the severity of yield losses, the late season dryness ultimately constrained the crop. Margins tightened further as producers grappled with rising repair and replacement costs for machinery and equipment, an increasingly pressing concern in a high-cost environment. Looking ahead to 2026, rotation cycles and the search for more resilient gross margins are expected to drive a shift toward increased canola plantings in many parts of the Western Cape, continuing a trend observed over recent years.

Looking ahead

Maize

- In the case of maize, we expect prices to remain anchored firmly at export parity levels in the medium term. Here, the key driver will be the forecasted bumper crop expected for the 2025/26 season, which will follow a season of recovery and higher stock levels. Additionally, neighbouring countries are also expecting better production outcomes. This combination is expected to keep prices at export parity and limits sustained upside momentum.
- With global maize markets still characterised by comfortable stocks and steady demand, international benchmarks remain range-bound. This broader softness filters into local pricing channels, limiting the potential for domestic price rallies unless weather-related risks materialise for key global producers.
- While current crop conditions are favourable, any late-season dryness could provide episodic support. However, in the absence of a meaningful weather shock, prices are expected to trade sideways to softer.
- The rand is currently stronger than usual, trading near the lower end of its range, but is expected to soften gradually toward R17.00 per dollar over the coming months. Maize prices face a mixed currency impact. In the near term, the firmer rand is expected to contain domestic maize prices by lowering export parity levels, but as the currency gradually weakens back toward fair value, the modest depreciation is expected to add some upward adjustment to local maize parity, although the effect will be contained by the broader abundance of local and regional supply.

Wheat

- Global wheat markets continue to reflect comfortable availability, with major exporters carrying healthy stocks. This soft international backdrop keeps South Africa's import parity rising sharply and anchors domestic prices within a relatively narrow range.
- Although domestic wheat output has softened in recent seasons, production reflects a longer-term upward trend shaped by better cultivars and improved management. The recent moderation is largely the result of weather-driven yield variation, not structural decline, and the sector remains well placed to sustain investment as conditions normalise and efficiency gains continue.
- Locally, estimated production declines, a stronger rand against the dollar and a higher wheat reference price are expected to keep wheat trading above the R6 000 per ton mark over the medium term.
- The wheat market continues to face downside price risks associated with low-priced wheat imports that enter the market during the local harvest window, increasing supply coupled with delays in the variable tariff mechanism.
- The resulting oversupply environment places persistent pressure on local prices, eroding producer margins, particularly in the Western Cape where exposure to import competition is highest.

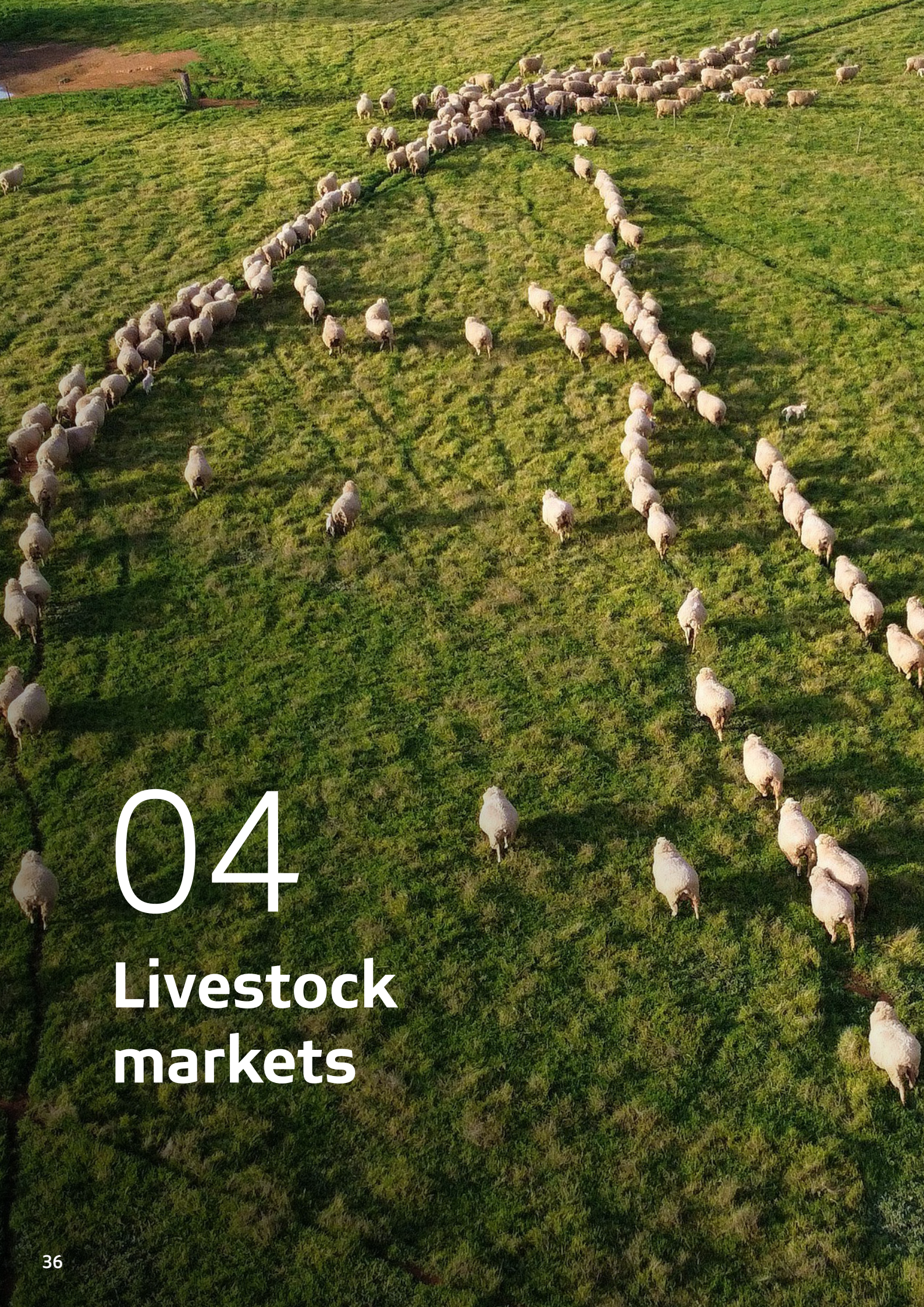
Average maize prices (2023–2025) **and price forecasts** (2026–2028)

Table 3.1

Date	SAFEX YM (R/t)	SAFEX WM (R/t)	SAFEX Wheat (R/t)
2023	3 945	3 983	7 009
2024	4 218	5 258	6 084
2025	4 229	4 723	6 174
		Forecasts	
2026	3 681	3 792	6 075
2027	3 435	3 338	6 100
2028	3 396	3 483	6 230

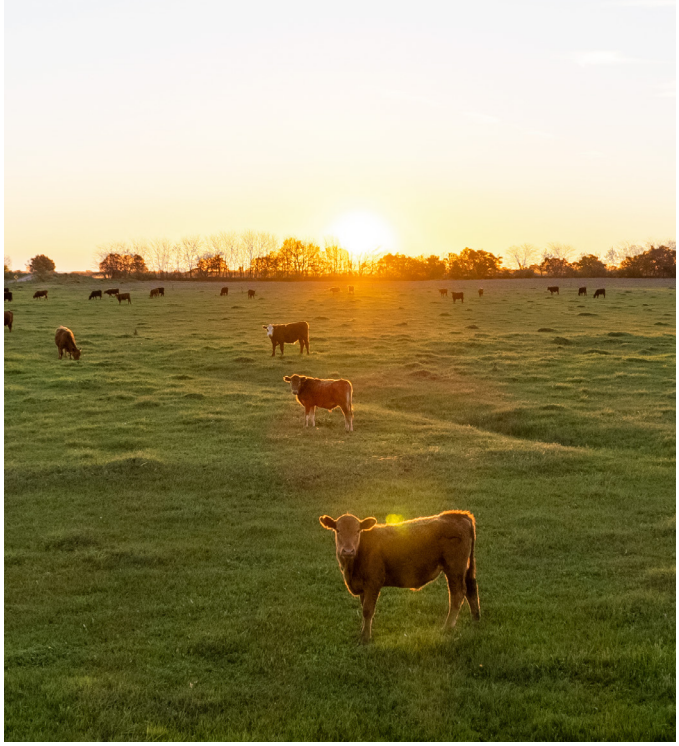
Source: Absa AgriBusiness, 2026

Weather variability remains the dominant wheat production constraint.



04
Livestock markets

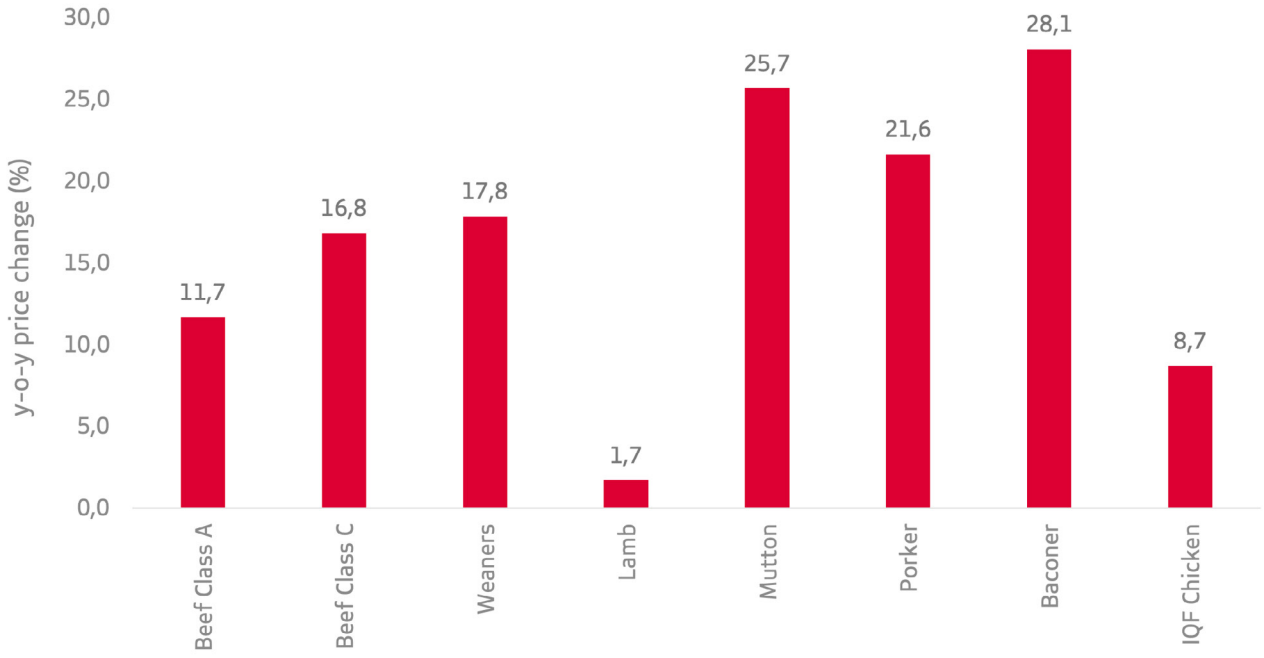
South Africa's livestock sector faced domestic pressures, resulting in a generally bullish price environment over the past year. As illustrated in Figure 4.1, prices increased across the board but not at the same rate for the different categories. Beef carcass prices strengthened across both Class A and Class C, supported by a price impulse and tighter supply conditions. The shortages were driven by herd losses caused by the 2024 drought that triggered herd liquidations followed by the widespread foot-and-mouth disease (FMD) outbreaks and associated movement controls in 2025. Together, these factors led to a decline of weaners in the market and notable price increases.



Mutton recorded one of the strongest year-on-year price increases. Lamb prices remained comparatively muted but stayed fairly strong due to supportive global conditions which persisted since the end of 2024. In the pork complex, prices of both porkers and baconers increased notably, supported by cross-price effects from beef and additional pressure from African swine fever (ASF) and ongoing FMD outbreaks. Poultry prices also increased as a result of a temporary shortage of mechanically deboned meat (MDM) caused by Brazil's first highly pathogenic avian influenza (HPAI) outbreak. In addition, relative price movements in the meat basket helped to push poultry prices higher.

Livestock prices increased notably compared to last year

Figure 4.1



Source: Absa AgriBusiness, 2026

Beef market dynamics

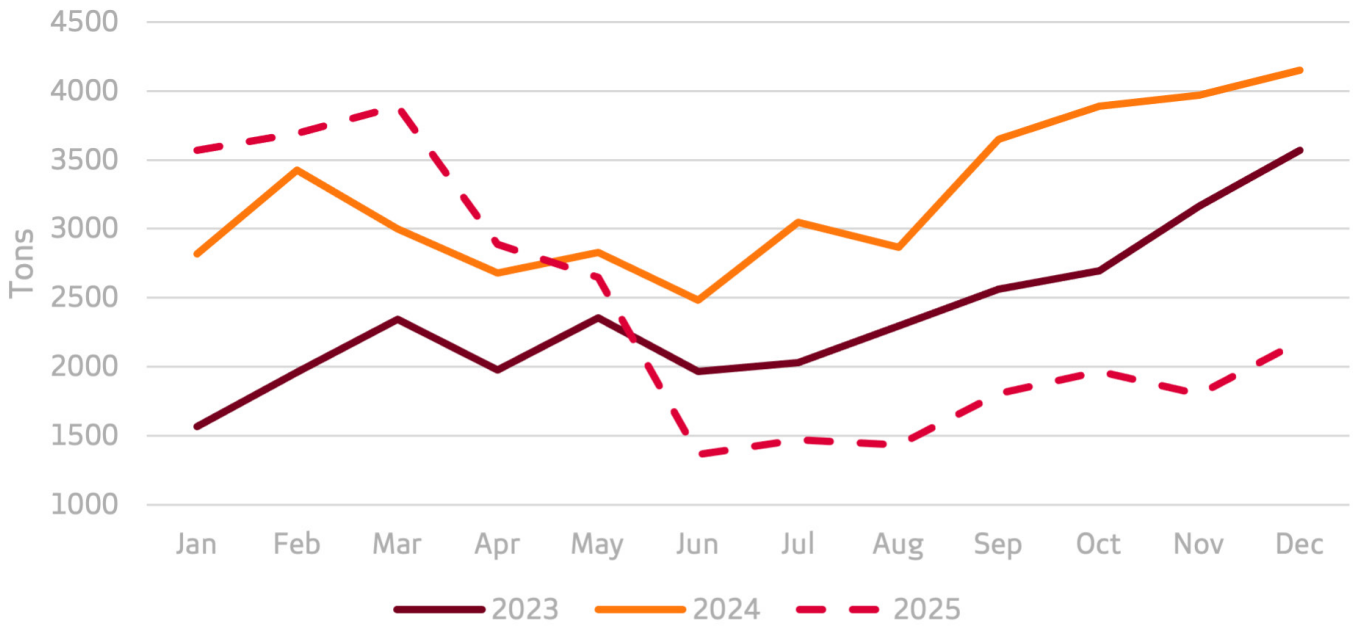
South Africa lost its FMD-free without vaccination status after outbreaks spread beyond the country's usual disease-control zones and affected multiple provinces. As the virus spread more widely, traditional containment measures such as movement controls and quarantines became more difficult to enforce.

In response to the growing risk to the livestock sector, the president declared FMD a national disaster, allowing government to coordinate response measures more effectively and allocate additional resources to disease control. Given that growth in the South African beef industry depends strongly on export performance (amid relatively weak domestic buying power), the sector has collectively committed to transitioning towards an FMD-free with vaccination status. This approach prioritises wider vaccination programmes, improved disease surveillance and clearer disease-control zoning to stabilise the beef supply chain and gradually restore access to export markets.

Historically, South Africa's status as FMD-free without vaccination was a strategic asset. It underpinned access to a range of export markets that typically impose swift and far-reaching import bans when outbreaks occur in exporting countries. China's response to South African FMD outbreaks in recent years illustrates this dynamic, with suspensions cutting off an important outlet for beef just as global prices were supportive on the back of tightening global supplies. Repeated outbreaks over the past three years fundamentally altered this landscape, with export performance weakening in 2025. According to Red Meat Industry Services (RMIS), export volumes declined by 26.1% year on year in 2024, as illustrated in Figure 4.2.

SA beef exports

Figure 4.2: *Average monthly beef exports (Jan 2023–Dec 2025)*



Source: RMIS, 2026

The repeated FMD disruption of the domestic production base necessitated a biosecurity strategy that is a shift away from reliance on “FMD-free without vaccination” towards a vaccination-based control system. With the shift toward FMD-free with vaccination as the new point of departure, progress was significant, from record imports of high-potency vaccines and diversified procurement to the restart of local vaccine production and regulatory reforms streamlining movement and slaughter. However, given these uncharted territories, South Africa can draw lessons from major beef exporters that have operated successfully under FMD-free with vaccination and consider how this new point of departure may reshape local production, demand and price formation across the meat basket.

FMD-free with vaccination marks a structural reset for the South African livestock industry.

Brazil, having been recognised as FMD-free without vaccination in 2025 by the World Organisation for Animal Health (WOAH), presents the most relevant learning case. Its eradication path illustrates the value of a long- term approach built on mass vaccination, strict zoning, effective traceability systems and disciplined movement controls. Brazil’s ability to successfully expand its production and export share over the years, trading as an FMD-free with vaccination country , is an indication that vaccination is the foundation for restoring biosecurity, stabilising supply and eventually regaining export competitiveness.

Looking ahead

The Bureau for Food and Agricultural Policy (BFAP) trajectory report, commissioned by RMIS, provides a useful framework for understanding how changes in animal health conditions could affect beef prices and industry performance. From a price perspective, two broad scenarios could possibly develop over the next few years.

In the first scenario, vaccination helps stabilise domestic supply, but export recovery remains slow and limited. As biosecurity restrictions gradually ease, more cattle enter the market and beef availability increases. This could keep beef prices within a relatively higher trading band, although the increase in supply may limit further price increases. Weaner calf prices remain elevated due to restricted animal movement under FMD protocols, fewer live cattle imports from neighbouring countries and stronger incentives for producers to retain and background calves as grazing conditions improve.

In the second scenario, vaccination supports a more credible recovery in export market access. Some higher-value markets for beef reopen or expand, particularly those able to accept beef from countries that are FMD-free with vaccination . In this case, export volumes could recover and potentially exceed the historical share of production exported during previous FMD-free periods, which historically averaged about 5% of total production. Exports exceed their pre-FMD share of production, supporting beef carcass prices. In both scenarios, prices are expected to remain higher than pre-FMD levels.

Average beef prices (2022–2025) **and price forecasts** (2026–2027)

Table 4.1

	Class A (R/kg)	Class C (R/kg)	Weaner calf (R/kg)
2022	59.60	48.20	37.90
2023	53.80	47.60	34.32
2024	56.00	46.80	33.50
2025	58.80	48.30	34.51
Forecasts			
2026	61.62	49.75	35.47
2027	63.78	51.14	36.54

Source: Absa AgriBusiness, 2026

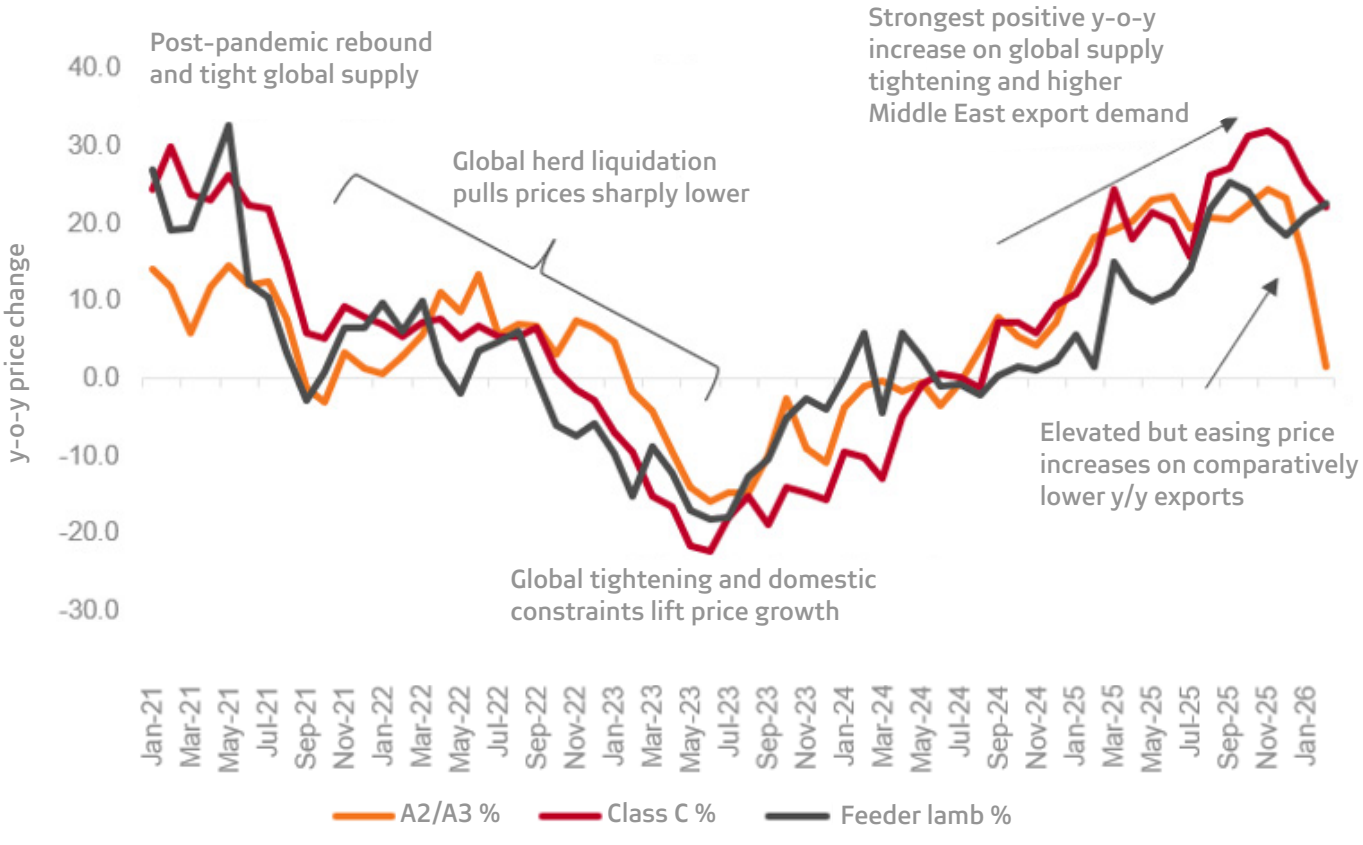
Lamb and mutton market dynamics

In recent years, lamb and mutton prices have evolved under the joint influence of global market trends and strengthening domestic fundamentals. The sharp year-on-year price decreases in 2023 were largely a result of Oceania's flock liquidation (see Figure 4.3). As producers reduced flock numbers due to El Niño-related pressure, Australia recorded exceptionally high supplies, which pushed global reference prices downward and, in turn, affected South Africa. As liquidation slowed and signs of early rebuilding emerged in 2024–2025, local prices strengthened steadily. This recovery was further supported by South Africa's structurally tight flock and an export mix dominated by carcasses and half-carcasses to the Middle East, which moderates volatility compared to cut-heavy exporters.

On the supply side, South Africa's slaughter numbers increased through 2024 by 36% year-on-year as producers managed cashflow and drought risk, but both exports and slaughter were comparatively lower year-on-year in 2025 by 4.6%, indicating the start of moderation that helped sustain the price recovery into late 2025 and early 2026. This was further underpinned by lower slaughter numbers recorded in January 2026, with total slaughters declining to 183 669 head, below the five-year average of 192 653 and 16% lower year-on-year compared to January 2025, according to RMIS slaughter statistics.

Year-on-year changes in South African sheep meat prices (Jan 2023–Dec 2025)

Figure 4.3



Source: Absa AgriBusiness, 2026

Looking ahead

Supply from Australia and New Zealand is expected to tighten. In Australia, lamb slaughtering is expected to be weighed by producer efforts to retain more breeding ewes to support a flock rebuild from the 2025 lows. Against this backdrop, heightened geopolitical tensions in the Middle East, including temporary shipping disruptions through the Strait of Hormuz, introduced an emerging logistics risk for Middle East-bound lamb trade. Initial impacts on New Zealand exports highlighted the potential for routing delays and higher freight costs, with similar challenges relevant for other Southern Hemisphere suppliers. While reduced Oceania slaughter and steady Middle East and US demand continued to underpin global prices, the duration and severity of shipping disruptions remained a key uncertainty for the price outlook.

Average lamb and mutton (2022–2025) **and price forecasts** (2026–2028)

Table 4.2

	Class A (R/kg)	Class C (R/kg)	Feeder lamb (R/kg)
2022	86.98	69.14	44.76
2023	94.00	72.26	45.55
2024	85.10	60.75	40.80
2025	84.50	58.00	40.30
Forecasts			
2026	90.84	61.83	43.4
2027	95.11	63.99	45.53
2028	98.53	65.59	46.89

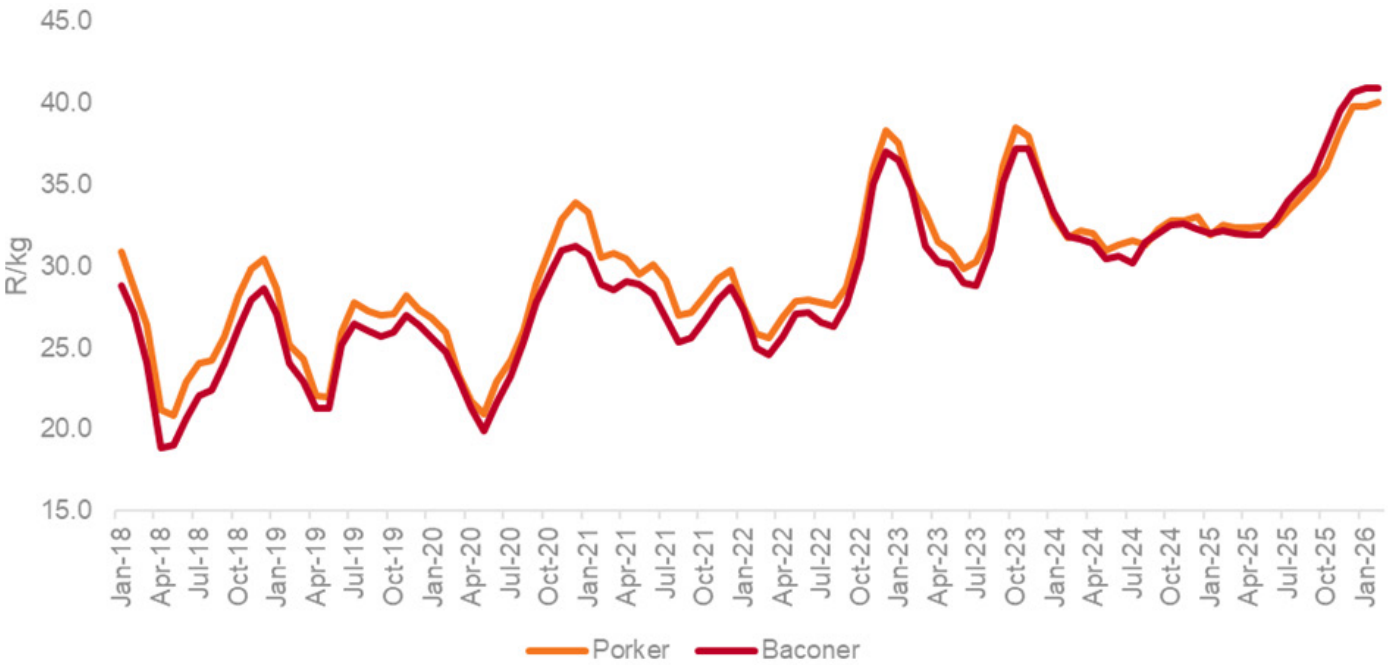
Source: Absa AgriBusiness, 2026

Pork market dynamics

Biosecurity considerations moved to the centre of the pork market dynamics in 2026 as FMD and ASF caused major supply disruptions. In contrast to cattle, there is no approved FMD vaccine for pigs yet in South Africa. Outbreak management, therefore, relies on quarantines, movement control and controlled slaughter at designated abattoirs. These value-chain disruptions, together with consumers' continued shift toward more affordable protein options, supported strong price momentum, with pork prices reaching multi-year highs in 2026 (see Figure 4.4).

Pork prices reached record highs on disease-induced supply disruptions.

Figure 4.4



Source: Absa AgriBusiness, 2026

Pork price dynamics remained closely tied to the interaction of supply, consumer demand and the relative pricing of competing proteins. Prices traded largely sideways during 2024 as higher slaughter numbers were countered by improved demand conditions. More recently, the disease-related disruptions within the livestock industry created a firmer undertone in the market as supply came under pressure. However, the broader trend continues to be shaped by cross-price signals from class-C beef and poultry. Changes in relative prices within the meat complex influence consumption patterns and, in turn, affect prices across proteins. As a result, the disease-related price increases for beef and poultry provided spill-over price support to pork prices.

Pork producers face heightened strain amid overlapping FMD and ASF outbreaks.

Looking ahead

Supply disruption on the back of ASF or FMD outbreaks is expected to continue presenting price support for pork, while industry efforts for smoother movement protocols and additional designated abattoirs could limit the upside. Additionally, the arrival of approved pork FMD vaccines could alleviate supply pressures for beef. However, the increasing demand for pork due to its relative affordability compared to other meat products is also expected to present some price support for the remainder of 2026.

Average porker and baconer prices (2022–2025) **and price forecasts** (2026–2027)

Table 4.3

	Porker (R/kg)	Baconer (R/kg)
2022	29.40	28.40
2023	34.00	33.00
2024	32.60	31.85
2025	34.80	34.08
	Forecasts	
2026	32.70	34.42
2027	37.47	35.56

Source: Absa AgriBusiness, 2026

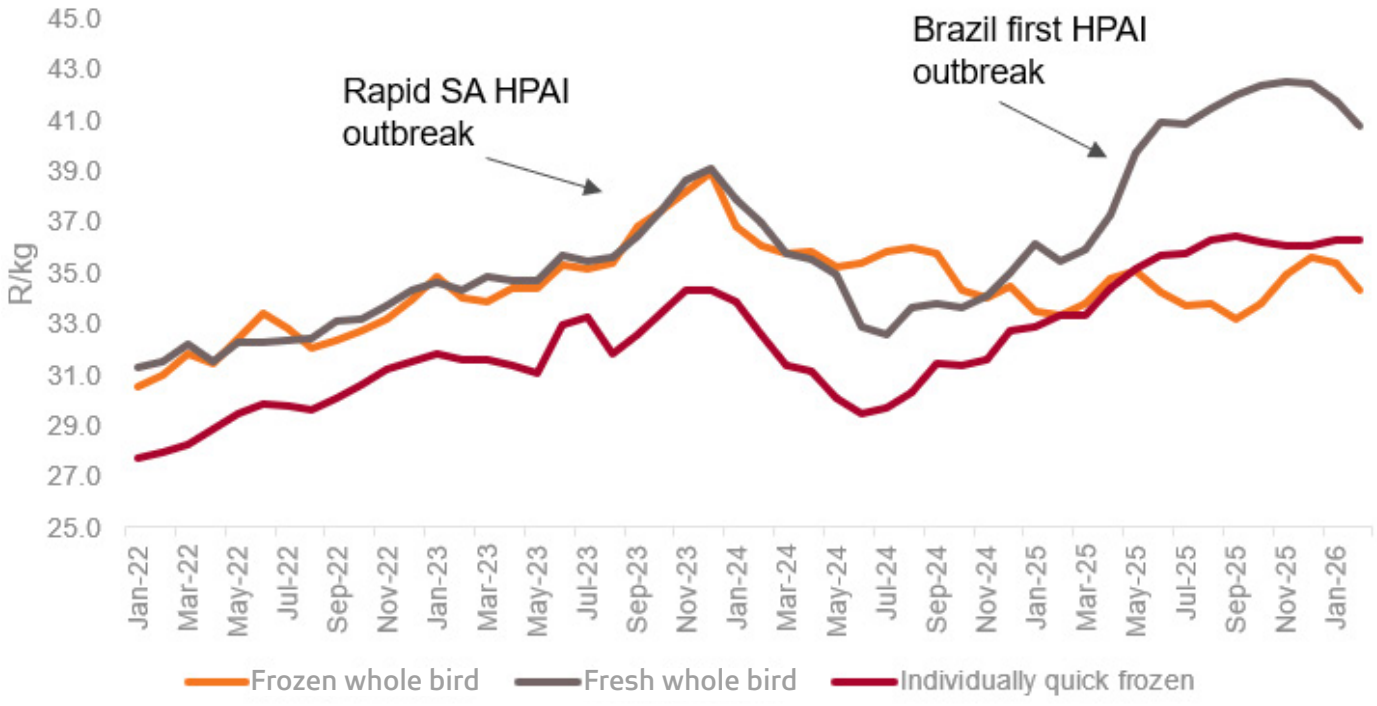
Poultry market dynamics

South Africa's poultry industry entered 2026 in a position of gradual recovery but remains highly exposed to biosecurity risks, international market volatility and an uneven consumer environment. The sector continues to operate under the shadow of the severe 2023 HPAI outbreak, which created deep structural and supply disruptions. Because poultry is South Africa's primary and most affordable protein source, biosecurity-related disruptions often translate swiftly into price spikes.

The sector's large, stable demand base means that any sudden supply contraction leads to notable price increases. This is because South Africa imports around 20% of its domestic broiler meat requirements, making international market conditions a key determinant of local pricing dynamics. The impact of this exposure became evident in 2025 when Brazil, South Africa's primary supplier of MDM, which plays a critical role in South Africa's food system and serves as a key input in the production of affordable processed meat products such as polony, viennas and sausages, reported its first-ever HPAI outbreak. This prompted temporary trade suspensions and contributed to noticeable price increases in the South African market. Although Brazil successfully contained the outbreak and exports to South Africa later resumed, poultry prices remained elevated. This persistence reflected not only the lagged effects of earlier supply disruptions but also the broader biosecurity concerns facing South Africa's livestock sector, where recurring disease events have reinforced market uncertainty and kept pricing conditions firm.

Average monthly poultry prices are highly sensitive to both local and global supply disruptions.

Figure 4.5



Source: Absa AgriBusiness, 2026

Average poultry prices (2022–2025) **and price forecasts** (2026–2027)

Table 4.4

	Frozen whole bird (R/kg)	Fresh whole bird (R/kg)	IQF (R/kg)
2021	29.22	29.66	25.40
2022	32.30	32.60	29.00
2023	35.79	35.71	30.80
2024	35.50	34.80	31.30
2025	34.20	39.80	35.20
Forecasts			
2026	34.88	40.96	36.32
2027	35.58	41.62	36.68

Source: Absa AgriBusiness, 2026

Looking ahead

Broiler output is expected to expand moderately in 2026 as the sector benefits from a significantly improved feed-cost environment. Softer global and local maize and soybean prices, driven by consecutive strong harvests and ample global stocks, translate into more favourable input costs for poultry producers. The relative affordability of poultry, especially in the context of elevated red meat prices and increasingly price-sensitive consumers, continues to shift protein consumption toward lower-cost options and is expected to sustain strong poultry demand in the months ahead.

On the back of lower global poultry prices, local poultry prices are expected to soften slightly but remain elevated relative to pre-HPAI levels. This is further supported by a stronger rand and improved supply conditions. HPAI outbreaks remain highly seasonal and globally disruptive. Any shock for key global players such as Brazil or South Africa would tighten supply and increase prices.

Price shifts within the meat basket drive substitution and broader price support.

05
High-value export industries

Citrus industry market dynamics

During 2025, the Northern Hemisphere citrus season unfolded within a landscape shaped by structural pressures and a notable uptick in climatic volatility. While factors such as orchard age and economic conditions influenced production, the shift from ENSO-neutral conditions to a weak La Niña around September added instability during critical growing stages. Poor flowering, followed by intermittent heat waves, uneven rainfall and moisture stress, resulted in a reduced fruit set and delayed ripening. Spain experienced these effects acutely, with adverse weather during bloom contributing to its smallest orange harvest in sixteen years. In the US, Florida entered the season still recovering from Hurricane Milton, and ongoing heat and drought further limited the region's ability to rebound.

These combined factors have contributed to a lower citrus production estimate for 2025/26, now expected to decline by 1.51%. By category, oranges are forecast to fall by 2.16%, while lemons are expected to decline by 12.28%. Soft citrus, however, is projected to increase by 5.91%, supported by production expansions and improved seasonal performance among the major supplying countries, despite broader climate variations. It is worthy to note that climate variability was not the sole driver of regional declines, but it intensified pressures where challenges already existed and complicated early-season development.

For the European Union (EU) market, slightly lower orange and lemon volumes are likely to create modest supply gaps and provide some price support. This is particularly positive considering South Africa's upward production outlook, suggesting markets may have the capacity to absorb additional volumes. South African citrus exports are forecast to rise by at least 3-5% for the upcoming season high for the second consecutive year, supported by stable weather conditions in key domestic production regions, which contributed to a higher share of export-quality fruit.

Juicing

South Africa has also remained dominant in fresh orange exports, diverting fruit away from juicing amid weaker global orange juice prices. These prices are expected to remain under pressure due to improved processing capacity in Brazil and Egypt. Brazil is showing signs of recovery after a low-production 2024 season, with output estimated to rise 3.84% to 13.5 million tons, due to more favourable weather and improved greening management. Egypt is also emerging as a key competitor, with production projected to increase by 14.29% as favourable weather and maturing orchards boost supply,

Seasonal prospects for South African exports to the US

The US remains a key counter-seasonal market for South African citrus, though access conditions have shifted significantly. Following trade policy changes in 2025, ahead of the 2026 season, the US ultimately exempted oranges, restoring a 0% duty access and reaffirming South Africa's strategic role in stabilising US summer supply. In contrast, soft citrus (mandarins) remained subject to the full 30% tariff at the start of the year. However, the landscape shifted once again after the US Supreme Court's February 2026 ruling, which found that several of President Trump's tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were unconstitutional. In response, President Trump immediately invoked Section 122 of the Trade Act of 1974, which authorised temporary, across-the-board tariffs in the event of significant balance of payments deficits. Under this provision, the administration announced a 10% global tariff, which may be revised to 15%, the maximum permitted. These tariffs apply universally, regardless of trading partner, and will remain in force for 150 days unless extended by Congress. As a result, South African citrus export categories that are not exempt will face these duties, which are scheduled for review in July 2026.

Despite uncertainty about US trade, our view is that the citrus industry has already demonstrated its ability to adapt to rapid policy shifts. In 2025, exporters accelerated shipments to the US ahead of the expected tariff increases, mitigating potential losses. Given the current pause, and provided that logistical performance matches last season's, the industry may once again display the same level of resilience this season.

On the broader trade framework, the African Growth and Opportunity Act (AGOA) officially expired on 30 September 2025, adding uncertainty for exporters. The United States has since granted a one-year extension, keeping South Africa within the programme until late 2026 but without any long-term renewal commitments. Because existing US tariffs override AGOA benefits for most citrus categories, this extension offers continuity rather than meaningful preferential access. The downside risk is that the temporary renewal does little to anchor policy stability, especially as US negotiators remain noncommittal about AGOA's future beyond 2026.

Looking ahead

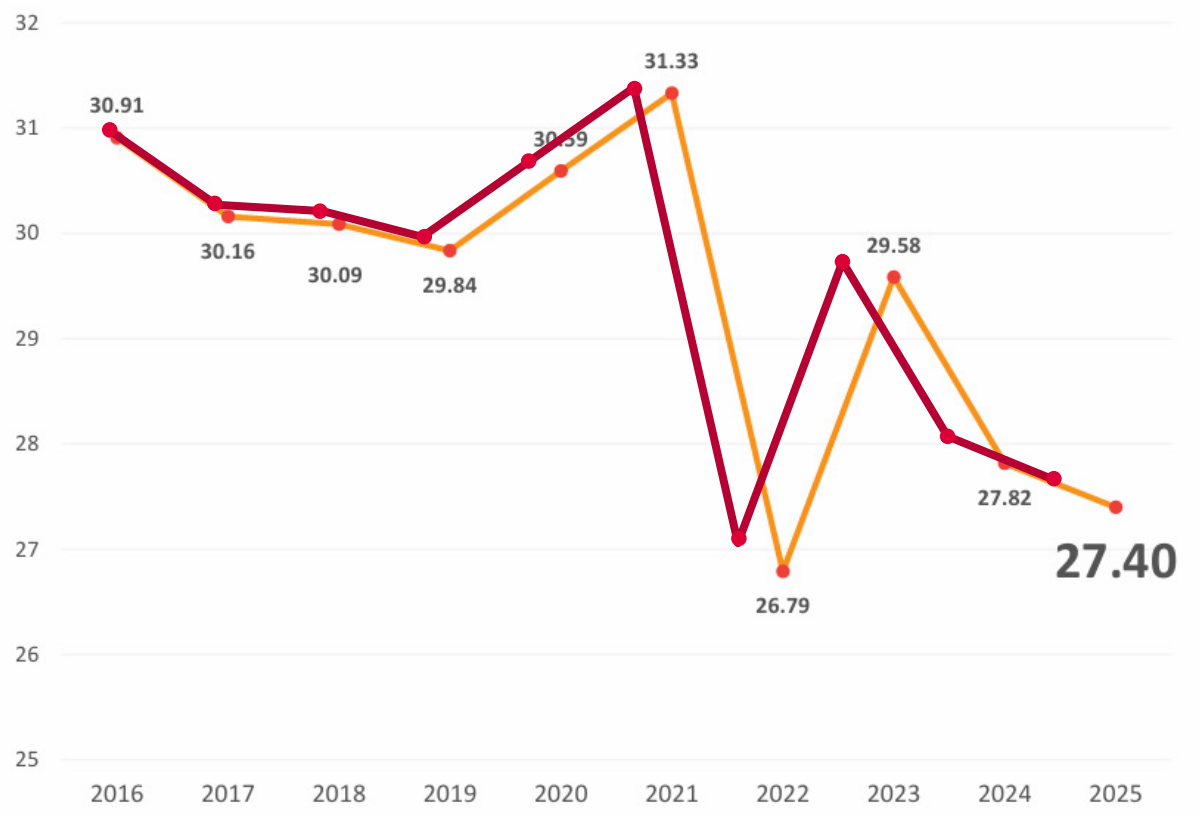
Seasonal sentiments for lemons remain optimistic, supported by an early start to the South African harvest. This timing positions growers well for premium pricing in the Northern Hemisphere, where early-season demand is strong due to limited supply. However, several downside risks remain. Rising shipping and freight costs may compress producer margins, and uncertainty around access to Middle Eastern markets continues to pose challenges. Fruit typically destined for the Middle East often includes smaller-sized lemons and volumes affected by citrus black spot (CBS). This creates diversion difficulties, as alternative markets may restrict entry due to phytosanitary concerns or may prefer different size profiles, limiting the ability to reroute fruit efficiently.

For oranges, duty-free access to the US and the tightening Northern Hemisphere supply will contribute to a favourable pricing environment. Yet, with approximately 35% of South Africa's orange crop traditionally exported to the Middle East, certain varieties may see limited price upside if access to premium markets is disrupted. While Southeast Asian markets offer potential absorption capacity, persistently elevated freight costs may continue to weigh on producer margins.

In contrast, the soft citrus outlook remains more conservative. Early- and late-season pricing in Europe is expected to perform slightly better than mid-season levels. However, the potential for oversupply in the EU could result in some value erosion, particularly in premium segments. Additionally, downside risks persist, especially given unresolved US–South Africa trade negotiations, which could alter market access conditions with little notice. These challenges are further compounded by heightened geopolitical tensions in the Middle East, which are expected to continue driving up producer costs.

Northern Hemisphere citrus production (million t)

Figure 5.1: *Northern Hemisphere citrus production forecast for the 2025/26 season*



Source: World Citrus Organisation, 2026

Average orange, soft citrus, lemon and macadamia prices (2023–2025) and price forecasts (2026–2027)

Table 5.1

Year	Oranges	Soft citrus	Lemons	Macadamias
	(USD/ton)	(USD/ton)	(USD/ton)	(USD/ton)
2023	643	935	640	2 760
2024	683	919	624	3 060
2025	685	928	650	3 110
		Forecasts		
2026	695	949	659	3 265
2027	702	962	662	3 310

Source: Absa AgriBusiness, 2026

Pome fruit

South African pome fruit market outlook: Supply, demand and price dynamics for 2026

South Africa's pome fruit industry enters the 2026 season with a resilient outlook following a strong performance in 2025. Export growth in 2025 was driven by young orchards that came to full production and favourable weather conditions. Apple shipments increased by 4.68%, while pear exports rose by 15%, bringing total exports between the two to 65.9 million 15kg-equivalent cartons. Apple gains were supported by high-yielding orchards, while pears benefited from a cool, wet winter that promoted strong fruit set and sufficient chill accumulation. As a result, the 2025 season outperformed expectations by approximately 5%.

According to HORTGRO, early indications for 2026 (as of February) point to slightly lower export volumes. Apple exports are projected to decline by 11%, largely due to hail damage in Langkloof and the Koue Bokkeveld during February 2026, as well as orchard and varietal replacements affecting long-standing cultivars such as Golden Delicious and Granny Smith. Pear exports are projected to ease by 1%, with Packham's Triumph hectares alone declining by 3% following a wet spring weather that reduced fruit set and affected quality.

Despite these downward revisions, industry sentiment remains optimistic. Favourable growing conditions in the Elgin, Grabouw, Vyeboom and Villiersdorp (EGVV) region, especially warmer spring temperatures, have led to an earlier start and reduced pest pressure. Although the shortened growing season has resulted in smaller fruit sizes, our view is that the current season's forecasts will be adjusted slightly upwards as the season progresses. Logistical disruptions continue to pose challenges. High wind speeds in Cape Town during late 2025 and early 2026, combined with teething issues associated with the introduction of new equipment, contributed to delays at the port. However, apples and pears are less perishable than other fruits, giving exporters more flexibility to manage quality risks even when vessel movements slow down.

On the demand side, South Africa is increasingly focused on diversifying export markets. While uncertainty persists in the US market, several developments are improving global market prospects. For example, under the China-Africa Economic Partnership Agreement (CAEPA), China's 10% tariff on South African apples and pears may fall to 0% by May 2026. This can significantly improve market access and competitiveness. India remains a strategic focus despite high import duties of 50% on apples and 30–35% on pears. Furthermore, exporters continue to pursue export opportunities in other markets, such as Thailand, Taiwan, the Philippines and Brazil.

The price outlook for 2026 is modest. With a weakening rand expected for the rest of this year (see chapter 1), a weaker exchange rate may slightly support market prices, however, a potential downside risk is elevated European stocks, which are likely to suppress mid-season demand. EU apple inventories have increased by 12.8%, and pear stocks are up 3.6%, resulting in greater domestic supply. This higher carry-over is expected to place downward pressure on prices as Europe works through its volumes, reducing competitiveness specifically for late-arriving South African fruit. Geopolitical tension in the Middle East continues to hang over the pome fruit market. With exporters facing the risk of longer shipping routes as of March 2026, rising logistics costs remain a clear downside risk to pricing and producer returns. Despite these challenges, strategic diversification and strong orchard fundamentals position the industry to navigate a more competitive landscape in 2026.

Although the shortened growing season has resulted in smaller fruit sizes, our view is that the current season's forecasts will be adjusted slightly upwards as the season progresses.

Average apple and pear prices (2024–2025) and price forecasts (2026–2029)

Table 5.2

	Apples (R/tonne)	Pears (R/tonne)
2024	8 613	9 357
2025	9 202	9 120
	Forecasts	
2026	9 111	9 093
2027	9 534	9 344
2028	9 883	9 745
2029	10 101	9 988

Source: Absa AgriBusiness, 2026

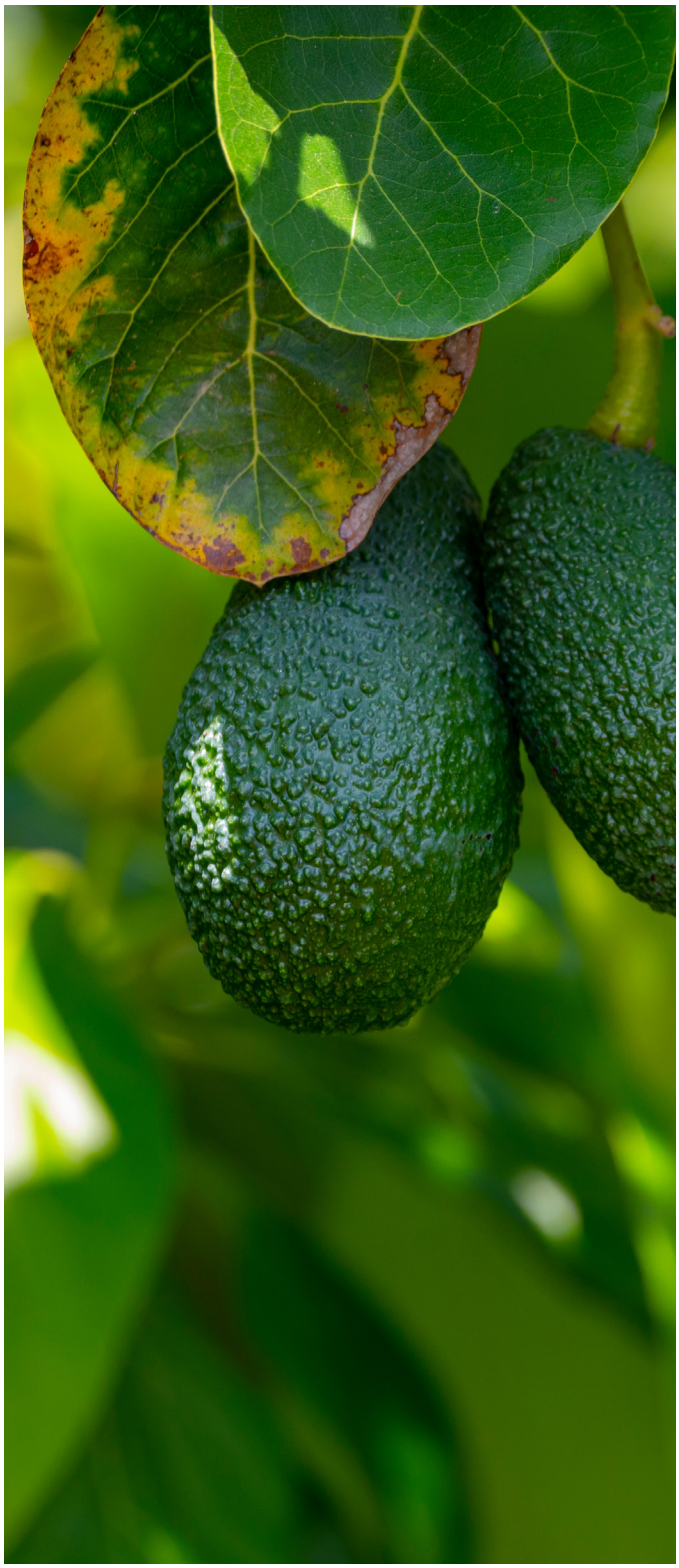
Avocado market trends

Global avocado supply is expected to increase in the 2026 season, mainly due to a strong recovery in exports from Peru. Peru exported an estimated 722 754 tons in 2025, a year-on-year increase of 38%, supported by improved orchard productivity rather than area expansion. Early indications suggest that Peru's export volumes could increase by a further 10–15% in 2026. As in previous years, Peruvian exports are expected to rise sharply from late March, with peak shipments into the EU markets occurring between weeks 20 and 33. This period has historically placed pressure on prices in the EU market due to higher supply. In response, producers in South Africa and other Southern Hemisphere exporters are aiming to harvest and ship fruit as early as possible to capture stronger early-season prices before Peruvian supply peaks.

Although larger Peruvian volumes present a familiar risk to midseason pricing in the EU market, some structural shifts could moderate this pressure. The opening of the Chancay deepwater port in late 2024 enabled direct shipping routes to China, removing traditional intermediate stops and improving transit times. This logistical advantage has resulted in a growing share of Peru's fruit diverted into Asian markets over the medium term, particularly during peak supply months.

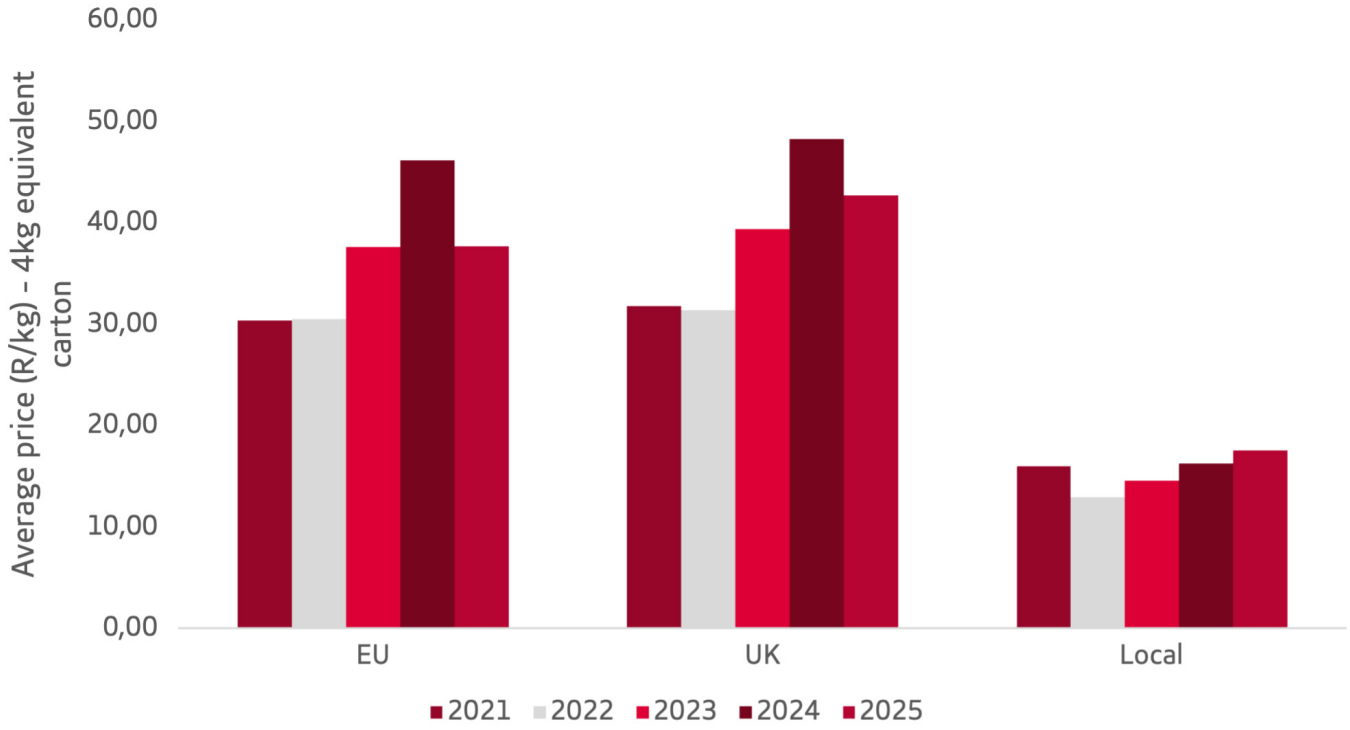
Demand conditions in the EU and the United Kingdom (UK) remain supportive. Consumption has remained steady through 2024 and early 2025, supported in part by promotional campaigns from the World Avocado Organisation. At the same time, Peru has slowed the pace of new avocado plantings over the past two years, which marks a change from the rapid expansion seen over the previous decade. This slowdown in supply growth, together with stable demand in Europe and growing interest from Asian markets, supports a more balanced outlook for the global avocado market over the medium term.

Figure 5.2 illustrates that EU/UK market prices came under pressure in 2025 due to a significant oversupply of Peruvian avocados relative to 2024. In response to the weaker export environment, many South African producers diverted volumes to the domestic market, where prices remained comparatively stable. Strong local prices were partly driven by early-season shortages caused by rainfall delays that disrupted harvesting and affected fruit quality.



Avocado prices (R/kg)

Figure 5.2: *Average avocado prices (R/kg)*



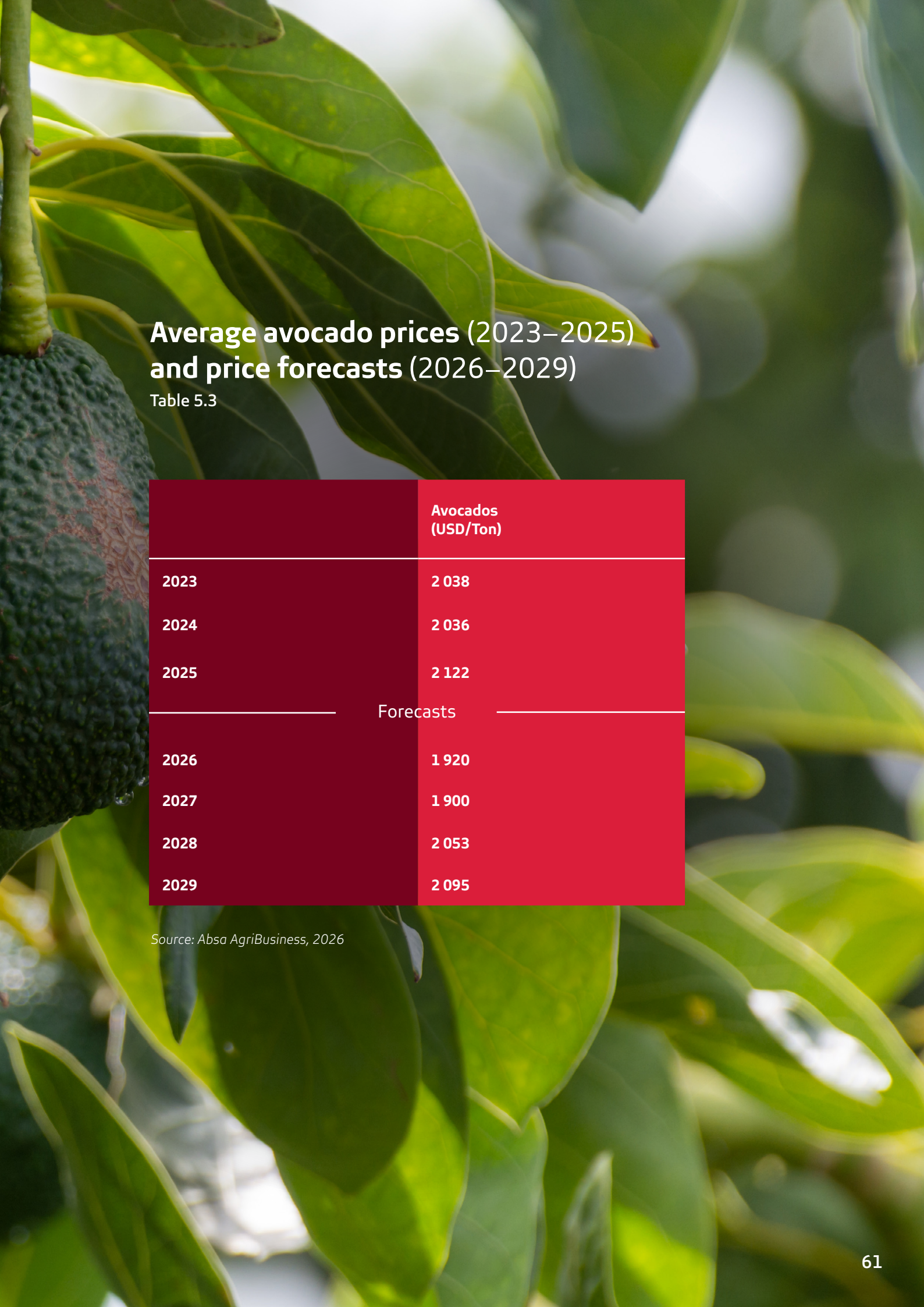
Source: Trademap & Dept of Agriculture municipal markets, 2026

South Africa enters the 2026 season with a somewhat constrained early-season supply following frost damage in Limpopo during July 2025. This reduced early export potential, despite expectations of a larger national crop overall. The South African Avocado Growers Association (SAAGA) projects exports of around 22 million 4 kg cartons for 2026, up from approximately 19 million cartons last season, inclusive of fruit from Mozambique and Zimbabwe. Good weather conditions between November 2025 and February 2026 are expected to support larger fruit sizes, although very dry conditions in the Southern Cape could pose some downside risk.

Looking ahead

The EU and UK are expected to remain South Africa's primary export markets, as limited market access in high-potential regions such as India and China continues to restrict diversification opportunities. However, increased overlap with Peru's expanding shipments from late April onwards is likely to limit strong price gains during the mid-season period.

Currency movements may also affect returns. A stronger rand presents a double-edged effect: it reduces the cost of imported agricultural inputs priced in the United States dollar, but it can also lower export earnings when the rand strengthens against the euro, which is the main pricing currency for South African avocado exports. In previous seasons, a weaker rand helped offset softer euro prices, but this buffer may be limited in 2026 if the currency remains relatively strong.



Average avocado prices (2023–2025) **and price forecasts** (2026–2029)

Table 5.3

	Avocados (USD/Ton)
2023	2 038
2024	2 036
2025	2 122
Forecasts	
2026	1 920
2027	1 900
2028	2 053
2029	2 095

Source: Absa AgriBusiness, 2026

06

Vegetable market dynamics

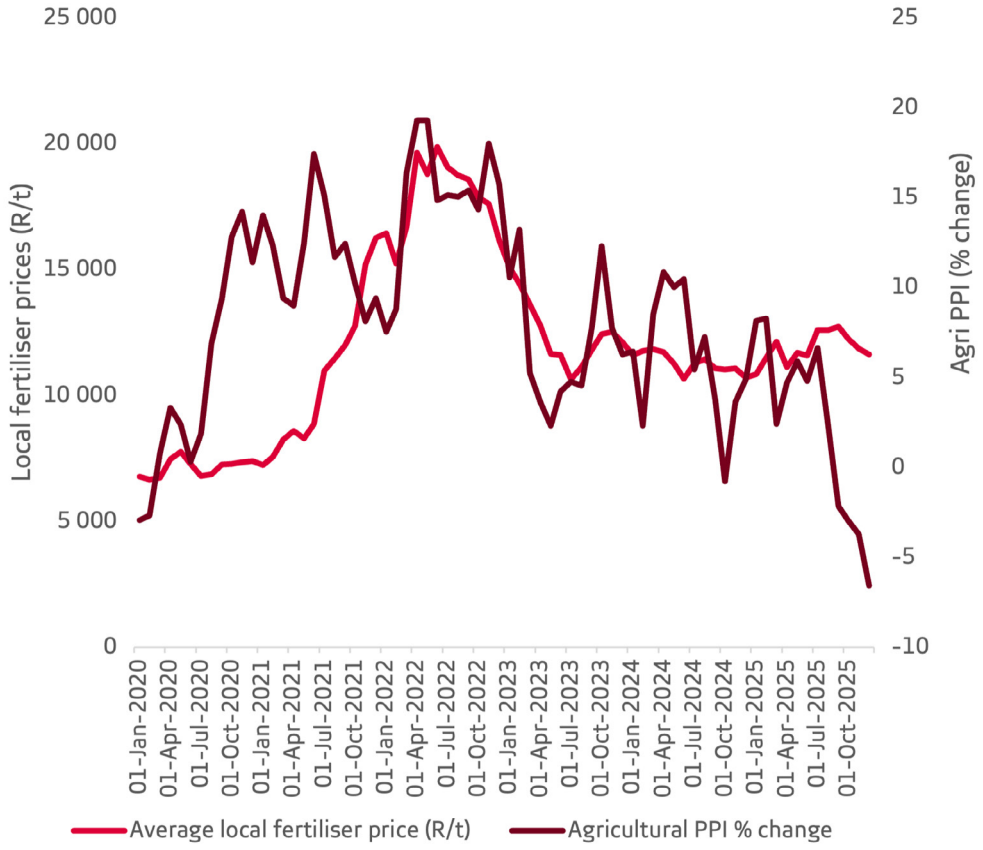
The story of input costs in the vegetable industry

The agricultural Producer Price Index (PPI) increased steadily through most of 2025 before declining notably from September onward. Over the last quarter of 2025, the agricultural PPI fell by an average of 4.41% (see Figure 6.1), signalling a clear shift in the pricing movement. For vegetable producers, a declining PPI generally implies weaker revenue prospects, particularly when output prices soften faster than production costs. However, the softening of input costs was notable. Prices for key inputs, particularly fertilisers and fuel, remained subdued, reinforcing the downward pressure on the agricultural PPI. Fertiliser, a cost component that typically accounts for approximately 15% of total high-value vegetable production costs, declined by 5.83% between Q3 and Q4 of 2025, while fuel prices fell by 0.53% during the same period. These reductions in the cost of major inputs likely contributed to the softening in the agricultural PPI towards the end of the year.

Climatic conditions were among the driving factors behind this movement in the PPI. Frequent rainfall and the absence of a frost event supported higher than expected production volumes in key producing regions. A strengthening rand also supported lower local input costs by reducing the rand-denominated value of imported fertilisers. Even though, the pass-through from currency appreciation to fertiliser prices tends to lag and be modest. Global fertiliser markets, shaped by international supply constraints, geopolitical disruptions and shipping costs, have a much stronger influence on local pricing than exchange-rate movements alone. We have seen how this has played out during quarter 1 of 2026, with the war between the USA and Iran, affecting global input markets through higher prices. Coming from a moderate year of input prices, producers are already facing a challenge of higher input costs for the current season.

Agricultural PPI and local fertiliser prices

Figure 6.1: *Local fertiliser prices as an indicator of the agricultural PPI*



Source: Stats SA and Grain SA, 2026

Potatoes and climate variability

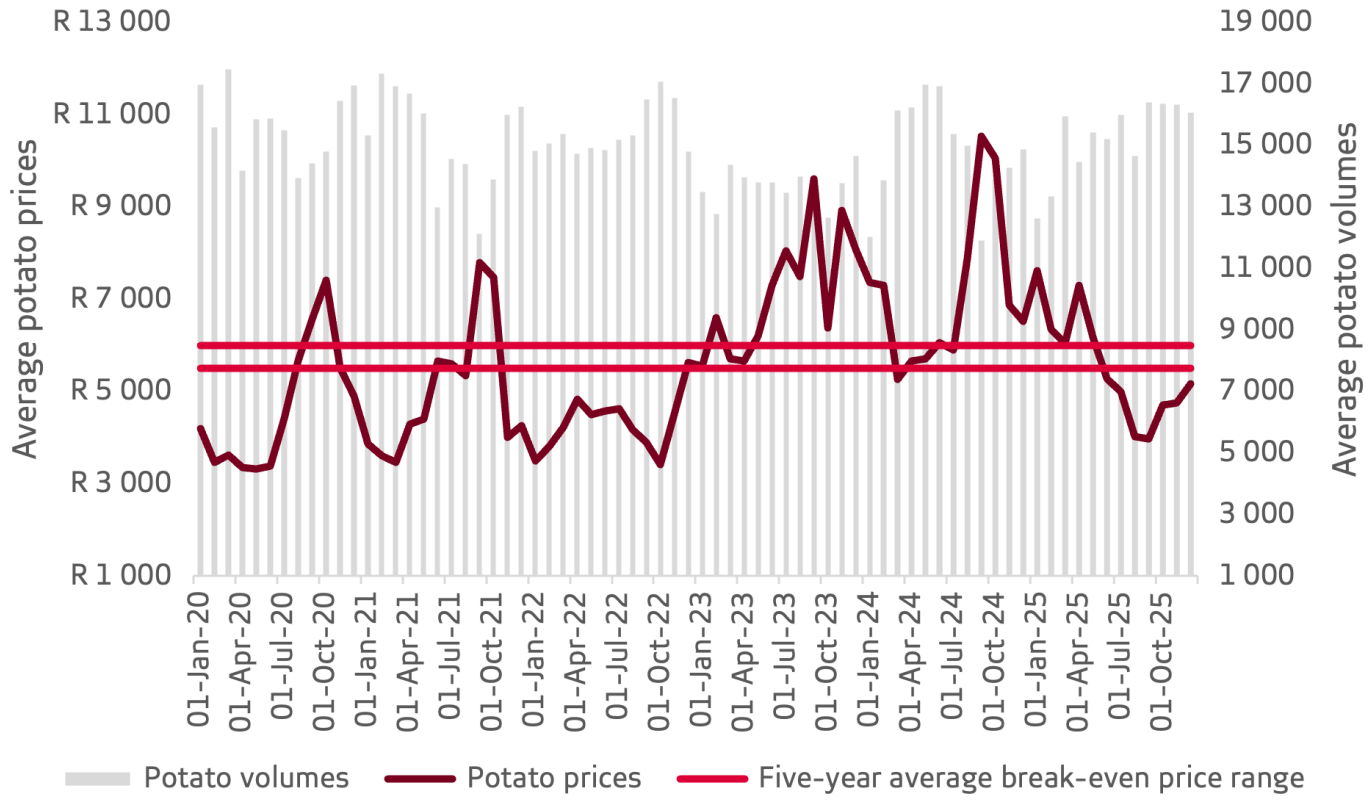
Potato production in South Africa is highly sensitive to unexpected weather events. While national volumes reflect output from multiple regions, Limpopo, the largest producer and dominant supplier during the second half of each year, serves as a leading indicator of weather-related disruptions. We have seen this play out during 2024, when a black frost event occurred during July, affecting the Limpopo growing season. Although South Africa has other key potato-producing regions, Limpopo's dominance during August and December increases the sector's vulnerability. When market supply becomes concentrated in one major region, weather disruptions have a greater impact on total market volumes and can lead to more volatile prices. This risk was evident during the third and fourth quarters of 2025, when Limpopo experienced significant price declines.

When comparing the fourth quarter of 2025 to the same period in 2024, average potato prices were 37.6% lower during 2025 compared to 2024, with a 11.6% increase in average volumes supplied. This was largely the result of a bumper crop driven by improved weather conditions relative to the previous season. Additional downward pressure came from heavy summer rainfall in the Free State, which delayed planting and resulted in a later harvest that only concluded between late August and early September 2025, overlapping with the start of Limpopo's harvest season.

Figure 6.2 illustrates how average prices fell below the five-year average break-even range for the first time since 2022, due to a range of contributing factors listed above that put significant pressure on producer margins.

Potato average volumes and prices

Figure 6.2: *First decline in average prices below the five-year break-even range since 2022*



Source: Absa Agribusiness, 2026

Looking ahead

For the 2025/26 season, we anticipate that producers will reduce potato-planting areas to support price recovery following a difficult season. Some are considering shifting a part of their potato area to a substitute crop, typically maize. However, relative maize price movements (discussed in chapter 3) will influence these decisions. Our view is that potato prices are likely to recover in the 2026 season due to reduced planted area. However, erratic weather remains a key downside risk that may slow or disrupt the pace of recovery.

A note on the impact of the war: Rising input costs are likely to impact planting intentions, particularly for producers in Limpopo, where the planting season occurs in winter and harvesting takes place later in the year. Farmers who secured fertiliser well in advance should still be able to proceed as planned. However, concerns about potential diesel shortages may prompt some producers to scale back their planting. Reduced planting, combined with elevated production costs, could further drive up potato inflation as price expectations strengthen.

Tomato trends

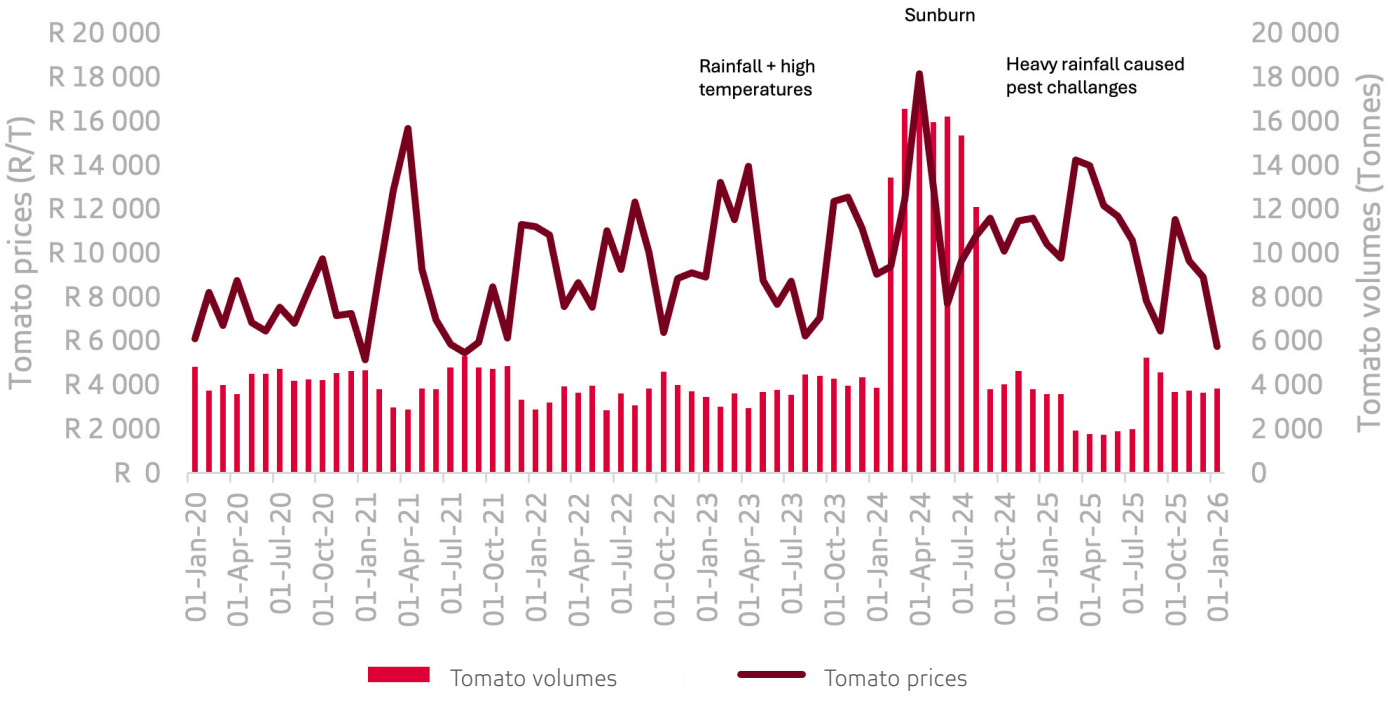
Tomatoes have shown significant volatility over the past two seasons, driven by extreme weather, pest pressures and shifting supply dynamics. Limpopo remains the main production hub, growing about two thirds of the country's output, with smaller supplies from the Onderberg (Mpumalanga) and Border region (Eastern Cape), while winter production remains restricted to frost-free areas.

In late 2023, tomato prices surged by 46% due to hail, persistent rainfall and high temperatures, which limited marketable volumes and accelerated ripening (see Figure 6.5). Despite short-term supply spikes, prices remained elevated year-on-year because of high fertiliser and fuel costs, as well as irrigation challenges linked to load shedding. Weather disruptions continued into early 2024, contributing to quality losses due to sunburn and supporting record price levels in April 2024 (reaching a peak of R18 163 per tonne). Although volumes improved later as Cape regions entered the market, producers remained vulnerable to climatic shocks during December.

By 2025, easing input costs helped restore a more typical relationship between supply and pricing, though volatility persisted. Heavy rainfall in Limpopo in February temporarily reduced volumes and quality before conditions stabilised in March. Unlike other vegetables affected by late-March rainfall, tomato crops escaped major damage. Pest pressure remained a key constraint in the first half of 2025, with widespread outbreaks of Tuta absoluta, aphids and whitefly. National volumes were generally lower, but prices did not rise proportionally, reflecting weak consumer demand that limited the market's ability to absorb higher prices. Even so, tomato prices remained firm relative to 2024, reaching around R12 000 per tonne in June 2025, supported by earlier supply disruptions and ongoing pest challenges.

Tomato dynamics

Figure 6.3: *Tomato market supplies and average prices with key weather events resulting in rapid spikes in prices*



Source: Absa Agribusiness, 2026

Import dynamics also shaped market conditions heading into H2 2025. The suspension of Namibian tomato imports in the previous season had driven prices up by 70% during a period of domestic disease-related production constraints. Because Namibia is a key supplier during local shortfalls, the suspension significantly tightened the market. However, once a major Namibian producer regained its import permit by mid-2025, imported volumes helped ease upward pressure on prices despite continued low domestic supply.

Looking ahead, tomato prices will remain sensitive to fluctuations in supply, given the crop's vulnerability to weather extremes and pests. While easing input costs have improved production conditions relative to 2023 and 2024, structural vulnerabilities, particularly pest pressures and climatic uncertainty, continue to pose risks to both volumes and price stability through the remainder of the 2026 season.

Looking ahead, tomato prices will remain sensitive to fluctuations in supply, given the crop's vulnerability to weather extremes and pests.

Average potato and tomato prices (2023–2025) **and price forecasts** (2026–2029)

Table 6.1

	Potatoes (R/ton)	Tomatoes (R/ton)
2024	7 009	11 304
2025	5 534	10 604
	Forecasts	
2026	6 500	11 010
2027	7 030	10 308
2028	6 990	10 980
2029	7 756	10 010

Source: Absa AgriBusiness, 2026

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