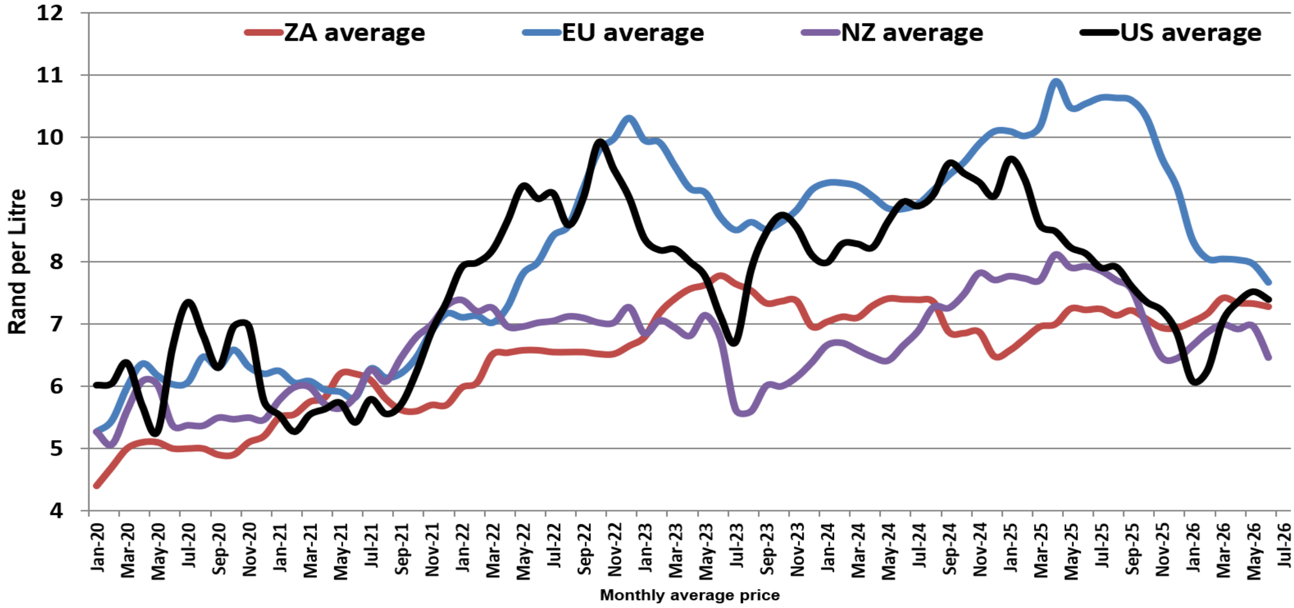
<u>MPO Pointer 5</u> **19 August 2026**

International farmgate prices



Sources: European Commission, CLAL data, MPO and the SARB.

Observation 1: The graph above reflects the ZAR-denominated farmgate prices of the different countries from January 2020 to June 2026, covering a period of 66 months. During 39 of these 66 months, the South African farmgate price was the lowest among the countries represented in the graph, while the New Zealand farmgate price was the lowest in 22 of the 66 months.

Observation 2: Towards the end of 2021, the farmgate price lines began to diverge sharply and decisively, reflecting increased volatility and higher levels of uncertainty. The trend in the SA farmgate price reflects greater stability. The COVID-19 pandemic was declared in March 2020, while Russia invaded Ukraine in February 2022. Both events, as well as their aftermath, introduced greater volatility into the farmgate prices shown above, driven by changes in both supply- and demand-side variables. The trade war initiated by the US president in January 2025 further intensified uncertainty in the global economy, with its effects continuing to manifest in the form of higher input costs across various markets.

Observation 3: From March 2026 onwards, the volatility oscillator regarding farmgate prices declined markedly compared with the period from January 2022 to February 2026. At the end of February 2026, the first strikes against Iran were carried out by the USA and Israel. Despite these continuing systemic shocks, it appears that, for the moment, volatility in the international farmgate price environment has subsided.

Observation 4: Looking at the sequence of events since the onset of COVID-19, it appears that continuous shocks are introducing new sources of risk, further complicating market dynamics. It also seems that the global economy is becoming more accustomed to these types of shocks and adjusting to the new environment quickly.

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