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Poverty levels may rise in Southern Africa in 2027 as El Niño drought bites

- October is a special month in global agricultural and food organisations. On the 16th of this month, many celebrate World Food Day, which marks the founding of the United Nations (UN) Food and Agriculture Organisation (FAO) in 1945. On this day, countries also reflect on their food security conditions and outline plans to strengthen resilience and contribute to efforts to reduce poverty in countries that remain highly impoverished.

- But this year's World Food Day celebrations were different. Unlike in previous years, when some countries reported declining poverty levels, the outlook for 2027 is worrying, particularly in Southern Africa. Many countries in the region face rising costs because of ongoing geopolitical conflicts, which have not only increased energy costs but also complicated supply chains. Compounding the challenge in 2027 is the likely El Niño drought, which could push poverty up across most of Southern Africa.

- Already, the FAO suggests the region may face challenging conditions that could be worse than the 2015-16 drought. In late June 2026, commenting on Southern Africa's recent droughts of 2015-16 and the expected 2026-27 drought, the FAO stated that "the most recent El Niño cycle brought the region's worst drought in more than a century, leaving 61 million people in need of assistance, straining livestock, water systems and pasturelands, and pushing more than 8 million people into food insecurity. The forecast points to a greater than 50% probability of agricultural drought across large parts of Namibia and Botswana, extending into Angola, Zambia, Zimbabwe, South Africa and parts of Mozambique and Madagascar." Under such prospects, fears are rising that the Southern Africa region would face this challenge at a time when global humanitarian aid is also less available.

- Recent wars in the Black Sea and Middle East mean resources that would ordinarily be channelled to natural causes of poverty, such as the expected drought, are now constrained by competing needs in war zones. Moreover, the U.S. Administration's decision to abandon U.S. Aid also meant that the World Food Programme budget, which relied heavily on U.S. Aid funding, would have fewer resources to assist. Therefore, if the expected drought devastates agricultural production, the Southern Africa region may face a much tougher period than in the recent past in terms of food supplies.

- Right now, the region is already at a point where farmers have started planting crops for the 2026-27 season, although some know the coming months may bring challenges. This also means governments have a limited window to assist with the current season. Countries that can import need to ensure they have access to food supplies and that the private sector has a clearer pathway to import. This means that where there are limitations on grain imports, such as bans on non-genetically modified grains, such

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bans may need to be suspended for a period during the time of food needs. Moreover, ensuring feed supplies for livestock is another important consideration. Where fiscal space allows, household assistance may be necessary in the coming months, depending on whether the season turns out in the worrying way we fear.

- In countries with agricultural supplies in the region, it may be tempting to impose an export ban to protect domestic supplies. But such policy actions typically further exacerbate the challenge. They reduce incentives for agribusinesses and farmers to expand production in favourable seasons and cause price shocks that worsen conditions for importing countries. What matters is transparent, timely information sharing so market participants can make timely decisions, and prices that adjust quickly to reflect each country's realities in the region.

- Closer to home, South Africa remains in a more fortunate position than much of Southern Africa. The 2025-26 season was a period of abundance in grains and oilseeds, ensuring ample supplies to cushion the country going into the next year. For example, the maize harvest is at a record 17.5 million tonnes, against the annual consumption of 12.0 million tonnes. Stocks were also ample at the start of the year, which further improved supplies. Moreover, South African agribusinesses are better placed to import when supply glitches occur. The country's dam water supplies are over 80% full, which also suggests that fruit and vegetables typically produced under irrigation may be spared, to an extent, from the challenge we may witness in other countries in the region.

- In essence, Southern Africa is approaching a likely rise in poverty in 2027 because of the El Niño drought. While South Africa is as exposed to the drought challenge as the region, the impact may be much milder here. Still, the country may have to shoulder the region's challenges, and export produce to the neighbours to stabilise regional food needs.

WEEKLY HIGHLIGHT

The growing household poverty challenge in South Africa

- This past week (October 16), we celebrated World Food Day, which marks the founding of the United Nations' Food and Agriculture Organisation (FAO) in 1945. World Food Day also gives countries globally an opportunity to assess their food security conditions. So, we thought we should revisit some points we have discussed in the past about South Africa's food security. At the national level, South Africa is considered food secure; however, this looks different at the household level, where many families still struggle with food insecurity. We read daily about families' painful experiences.

- Food insecurity in our country has many different explanatory factors. Income poverty is one driver of household food insecurity in South Africa. Many people are out of work, and this continues to create pressure. Moreover, inefficient logistics and higher energy prices, among other factors that shape the economy's cost structure, create persistent cost pressure in the food value chain. These add upward

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pressure to food production costs, even in times of ample harvests. We are seeing this now with higher energy prices, although food price inflation is at its lowest level in 16 years (0.7% in August and 0.6% in July; we last saw these levels in 2010).

- Still, our robust agricultural sector, with surpluses, helps significantly boost food security at the national level. Had we not had an ample harvest this year, we would be having a different conversation about food prices and food security in our country currently. Indeed, South Africa remains a conundrum: the country is food secure at the national level yet a net exporter of roughly half of its agricultural and food products annually in value terms. Yet household food insecurity persists.

- Clearly, household food insecurity is not just an agricultural matter; it requires a broader economic policy response. This is especially true because household food insecurity largely stems from inadequate household income. Therefore, economic growth and job creation are likely to reduce poverty more than focusing on agriculture alone.

- This is not to negate agriculture's role. Indeed, the sector could play a positive role in creating jobs, especially for the rural poor, where other sectors of the economy tend to be much smaller. But the sector alone cannot address South Africa's household food insecurity challenge. Policymakers should focus on economic reforms that stimulate growth across sectors, boost investment, and increase employment.

- It could be argued that South African households, although not experiencing food prices rising at a faster pace than in other countries globally, still pay reasonably higher prices for specific products. As stated above, value chain-associated costs are a key driver of food-system costs, among other factors. Therefore, agricultural commodity prices alone are not a sufficient indicator of food prices. Other notable food costs include nationwide processing and distribution. In addition, South African households spend a substantial portion of their wages on transport costs because the public transport system has deteriorated. Therefore, public transport is another area that requires closer focus.

- Ultimately, South Africa should address constraints on growth, investment, and employment to alleviate rising poverty. The focus on agriculture is one aspect, but the policy response will need to be broader and focus on strengthening income security, particularly for the most vulnerable households.

What are we watching this week?

- We start the week with a global focus, and again the calendar is light for the week. 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. On October 11, 2026, about 56% of maize crops were rated good or excellent, still well behind last year's rating of around 60% in the same week. Also worth noting: 57% of soybean crops were rated good or excellent on October 11, 2026, also slightly below last year's rating of around 60% in the same week.

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- On Friday, the USDA will release the **U.S. Food Price Outlook** report. This report provides data on food prices and forecasts annual food price changes up to 18 months out.

- 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 virtually complete, and the focus is shifting towards the 2026-27 season, which started this month. In the first 24 weeks of the new marketing year, farmers delivered 15.2 million tonnes of maize to commercial silos. South Africa is poised to harvest an ample 17.5 million tonnes of maize, the largest harvest on record.

- The 2026-27 soybean marketing year soybean harvest is complete, and farmers continue to deliver to the commercial silos the last volumes of grains for the season. In the first 32 weeks, deliveries totalled 2.8 million tonnes against an estimated crop of 3.01 million tonnes. For sunflower seeds, producer deliveries in the first 32 weeks of the new 2026-27 marketing year totalled 825,079 tonnes against an 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. In the first two weeks of this 2026-27 marketing year, farmers have delivered about 48,538 tonnes of wheat to commercial silos. The expected harvest for the season is 1.81 million tonnes, down 5% year on year. This is the lowest harvest in eight years. The decline in area planted, combined with the prospect of poor yields due to dryness in parts of the Western Cape over the past few months, is a major factor behind the expected lower harvest.

- Also on Wednesday, Statistics South Africa will release the **Consumer Price Index (CPI)** data for September 2026. Looking at recent data, South Africa's 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 finance minister will also table the **Medium-Term Budget Policy Statement** on Wednesday.

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** on Thursday. Last week, South Africa exported 34,472 tonnes of maize. About 50% went to Zimbabwe, and the rest 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 October 9, 2026, marked the first two weeks of the new 2026-27 marketing year, with imports of 98,394 tonnes of wheat from Australia, Latvia, Lithuania, and the U.S.

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