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28 February 2024

SA 2023/24 summer crop production forecasts lowered notably

- The excessive heat and scant rains across South Africa are a significant concern for farmers, particularly in the summer grains and oilseed-producing regions. The 2023/24 summer crop season started on favourable footing. We received widespread rains, which was unusual in an El Niño season, which would typically start with drier weather conditions. Those good early-season rains led us to believe the country would have a decent harvest in the 2023/24 production season. But this view has now changed. We worry about possible poor harvests if there is no widespread rain during these closing days of February into the first week of March. Indeed, the Crop Estimates Committee (CEC) also fears the possible decline in the summer grains and oilseed harvest. Its first production estimate for the 2023/24 season placed the summer grains and oilseed harvest at 17,4 million tonnes, down 13% y/y. This is a function of a reduction in planted area and the expected lower yields in some regions.

- A closer look at the data shows that white and yellow maize harvest could be 7,0 million tonnes (down 17% y/y) and 7,3 million tonnes (down 8% y/y), thus placing the overall maize production estimate at 14,3 million tonnes (down 13% y/y). The challenge for maize is the possible poor yield in some regions as the area plantings are higher than the 2022/23 season. While this expected harvest is significantly lower than the previous season, if it materializes, it would still meet South Africa's annual maize consumption of roughly 12,00 million tonnes, and the country would remain a net exporter of maize, although a much lower volume than the previous years.

- The 2023/24 soybean harvest is estimated at 2,1 million tonnes, down 23% y/y. This decline is a function of moderately lower area plantings and possible yield decline in various regions. Similarly to maize, a harvest of this size would still keep South Africa a net exporter of soybeans.

- The sunflower seed harvest estimate is 671 100 tonnes, down 8%/y. The area plantings are moderately up from the previous year, which means the major concern is possibly lower yields. The 2023/24 groundnut harvest estimate is 64 395 (up 22% y/y), sorghum is at 110 780 tonnes (up 17%), and dry beans are at 59 880 tonnes (up 19%).

- Overall, much of the crop prospects' damage occurred this month. The significance of February cannot be overemphasized in South Africa's agriculture. Significant summer grains such as maize, sunflower seed, and soybeans are in pollination stages this month. The crop should ideally have higher moisture levels during this pollination stage to boost yields. The crop has entered this growth stage with limited moisture across the major growing regions in Free State, North West, and Mpumalanga, amongst other provinces.

- In conversations with farmers and agricultural analysts, the consensus is that the last two weeks of February are critical for the crop. This means South Africa must receive widespread rains this week or next week for the crop to recover from its current worrying state.

- The significant worry is that the majority of the crops are rainfed. The irrigation regions of summer crops will benefit from the better dam levels. Still, only about 20% of maize and 15% of soybeans are under irrigation.

- Importantly, it is unclear how much of the current heat strain on crops the Crop Estimate Committee has factored into these estimates. Perhaps the key figures that will provide a better sense of the summer crop harvest is the March 2024 release, when the Committee has fully considered the weather events and how much of the crop would have successfully pollinated.

- In essence, while we started the 2023/24 summer crop season with optimism and even estimated that harvest would be decent at above-average levels, the outlook is now challenged by the excessive heat and limited rainfall across the major crop-growing regions.