

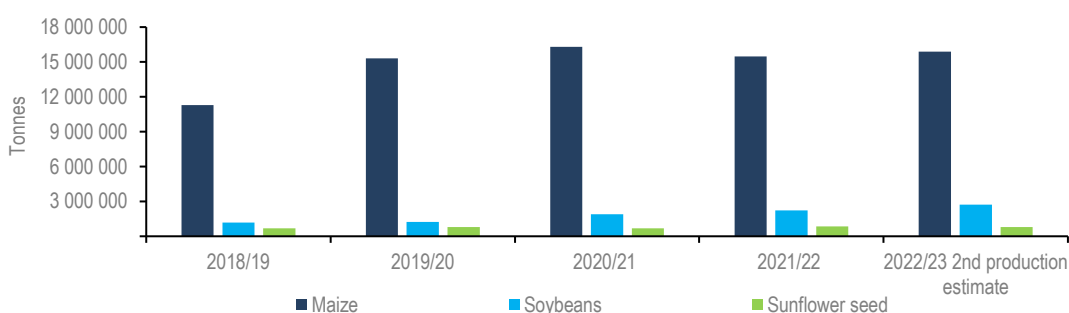
SA is in for another ample grains and oilseeds harvest

We have now received additional comforting information that the erratic weather conditions at the start of the 2022/23 summer production season had minimal impact on South Africa's summer grains and oilseeds. The data released by the Crop Estimates Committee this afternoon places South Africa's 2022/23 summer grains and oilseeds production at 19,6 million tonnes, up 2% from last month's figure and 5% higher than the previous season. This is primarily on the back of expected higher yields as the overall planted area for summer grains and oilseeds are 4,4 million hectares, roughly unchanged from the previous season. The persistent load-shedding raised concerns that areas under irrigation could receive poor yields. Thankfully, the favourable rainfall, at a moderate pace, from mid-February provided a much-needed breather and improved crop conditions. Within summer grains and oilseeds, roughly 20% of maize and 15% of soybeans are produced under irrigation. The various energy interventions, such as possible load curtailment and expansion of renewables, are some options that could assist the irrigation regions in the medium term.

The Crop Estimates Committee's data provides sufficient comfort that South Africa will have sufficient staple food supplies in the 2023/24 marketing year (which corresponds with the 2022/23 production season). For example, if we consider the large crops like maize, soybeans and sunflower seed, production is forecast at 15,9 million tonnes (up 3% y/y), 2,7 million tonnes (up 22% y/y), and 797 610 tonnes (down 6% y/y), respectively. To underscore our point, the expected improvement in the maize harvest is on the back of better yields, as the area plantings are down marginally from the 2021/22 season. Meanwhile, the robust forecast increase in soybeans results from both expected large yields and an expansion in planted areas. The fall in the sunflower seed production forecast mirrors the reduced planted area and yields in some areas. Other small crops, such as sorghum and groundnuts, have a reasonably large expected harvest of 109 400 tonnes and 47 930 tonnes, respectively.

South Africa's 2022/23 summer grains and oilseeds are now at pollination stages in some regions, and others are maturing. This could be another excellent harvest season if the weather conditions remain favourable. Notably, these data bode well with the already softening maize, which is now hovering around R4 000 per tonne, roughly at the same levels as a year ago and well below the higher levels we saw a few months ago. Sunflower seed and soybeans prices have also moderated notably, and spot prices currently trade around R8 192 per tonne and R8 660 per tonne, respectively.

Exhibit 1: South Africa's major summer grain and oilseeds production



Source: CEC and Agbiz Research

28 March 2023

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