

## South Africa has a favourable summer and winter crop season

With the sixth summer crop production estimates for the 2022/23 season out, one can take these data with confidence that there will likely be no further significant adjustments. The upcoming four updates will likely reinforce our optimistic view, as farmers are completing the harvest activity, and yields remain high.

This afternoon the South African Crop Estimates Committee maintained the 2022/23 maize crop estimate at 16,4 million tonnes, unchanged from last month. This crop is 6% more than the 2021/22 season and the second-largest harvest on record. The expected ample harvest is primarily on the back of large yields, as the area planted is slightly down from the 2021/22 season. A crop of 16,4 million tonnes implies South Africa will have sufficient supplies to meet domestic maize needs of roughly 11,4 million tonnes and have over 3,0 million tonnes for export markets in the 2023/24 marketing year.

Moreover, the soybeans harvest was unchanged from June's record estimate of 2,8 million tonnes (up 24% y/y). The annual crop improvement is due to an expansion in the area planted and higher yields. The ample soybeans harvest means South Africa could meet its domestic demand and remain with over 300 000 tonnes of soybeans for export markets. After a few downward revisions, the sunflower seed production estimate remained unchanged at 758 610 tonnes (down 10% y/y). The annual decline in the sunflower seed production forecast mirrors the reduced planted area and yields in some areas.

### **Winter crops**

Regarding the winter crops, today we received the area plantings data for the 2023/24 season. Wheat plantings are down by 6% y/y, estimated at 532 300 hectares. The notable decline is in the Northern Cape, Free State and Limpopo. Meanwhile, the Western Cape is marginally up from the previous season. In our view, such an area planted, combined with favourable weather conditions as we have observed, would result in a decent harvest of 2,0 million tonnes (down 4% y/y). We assumed an average yield of 3,8 tonnes per hectare, which is a possibility if the weather conditions remain favourable throughout the season. With a wheat harvest of this size, South Africa will likely need to import about 1,5 million tonnes of wheat to meet domestic consumption in the 2023/24 season.

Moreover, farmers are estimated to have planted 109 600 hectares of barley, up 9% y/y. If we apply the same logic here of a five-year average yield of 3,4 tonnes per hectare in an area planting of 109 100 hectares, South Africa could have a barley crop of 372 640 tonnes in the 2023/24 season (up 23% y/y). The canola planting is estimated at 128 100 hectares, up by 4%, and a record area planting. If we combine it with an average yield of 1,7 tonnes per hectare, then such an area suggests 217 770 tonnes of harvest this season is possible. This is 4% higher than the previous year.

Overall, the winter crop is in good condition, and we will keep a close eye on weather conditions in the coming weeks and months. Another important date is August 29, when the Crop Estimates Committee will release the first production forecast. Regarding the summer

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crop, the focus will soon shift to the new season that starts in October. The current season is towards completion as few areas are still busy with the harvest, and yields are solid.