

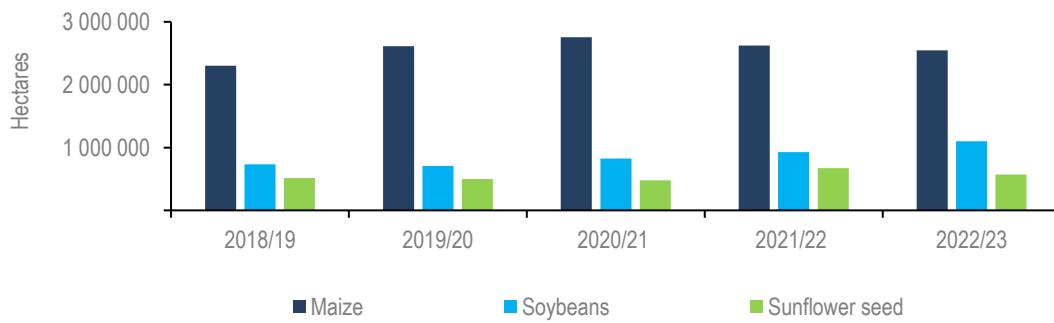
South Africa's 2022/23 summer grains and oilseeds plantings remain at decent levels

Since the start of the 2022/23 summer grains and oilseeds production season, we have maintained a positive view of the production conditions. The robust tractor sales, the La Niña-induced rains, and the relatively higher commodity prices were some of the factors that pointed to a decent area for summer crops in the 2022/23 season. The data recently released by the Crop Estimates Committee (CEC) broadly mirrors our optimism, placing the 2022/23 total area plantings for summer crops at 4,31 million hectares of summer grains and oilseeds in the 2022/23 season. This is down by 0,7% from the previous season, and 0,9% from the intentions to plant data released earlier in the season.

A deep dive into the numbers show a mixed picture. For example, the 2022/23 maize planting intention is 2,54 million hectares, down by 3% y/y (but well above the 10-year average area of 2,53 million hectares). About 1,47 million hectares is white maize (down by 6% y/y), and 1,07 million hectares is yellow maize (up 2% y/y). The sorghum area is down by 9% y/y to 34 000 hectares (well below the 10-year average of 51 102 hectares). The groundnut area declined by 28% from the 2021/22 production season to 31 200 hectares (lower than the 10-year average of 43 143 hectares). The sunflower seed planting estimate is 15% lower than the 2021/22 season, estimated at 568 550 hectares (slightly above the 10-year average of 579 955 hectares). Moreover, the dry bean plantings are at 34 500 hectares, down 20% y/y. Meanwhile, soybeans area plantings are set to increase by 19% from the 2021/22 production season to 1,09 million hectares, a record area.

While the picture is mixed, with most crops showing a decline, these are still welcome developments. Some feared that the rising input costs – fertilizer and agrochemicals – would potentially discourage plantings, and these data point to the opposite. Admittedly, as promising as the planting data are, the higher input costs will cut the farmers' profits this new season. Notably, prolonged load-shedding will likely reduce yields in the irrigation areas. Regarding the size of the crop, the CEC will release a revised area planting and first production estimates on 28 February 2023. Given that the weather conditions have generally been favourable although excessive rains delayed plantings at the start of the season, we believe that yields of most crops will be at decent levels, above the long-term average, which could compensate for the decline in area plantings of most crops.

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



Source: CEC and Agbiz Research

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