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Initial impressions about South Africa's 2023/24 agricultural season

- Over the past few weeks, we travelled across most regions of South Africa for meetings with our members, which was also an opportunity to view the summer crop planting progress. Positively, in the various areas, farmers planted early in the season, with soil preparations having started as early as September, particularly in the eastern and central parts of South Africa. The planting is in full swing in these parts of the country, with mainly the western regions yet to see notable progress. The advantageous part of the season was the favourable soil moisture of the past season. Furthermore, the rains of the past couple of weeks further improved field conditions and added to the already existing optimism about the season.
- Still, the concerns of an El Nino are not lost in the minds of South African farmers. They are watching this, and they are worried about its impact. What has provided comfort so far are the favourable rainfall we have received and the weather forecasts that consistently paint a promising picture that rain may continue until early March 2024, which is when the El-Nino-induced dryness may begin. Be that as it may, the farmers we have interacted with were not deterred by these concerns. They believe that the South African Crop Estimates Committee's estimates that 2023/24 summer grains and oilseed planting would increase by 2% to 4,5 million hectares will likely materialize. Moreover, the view from farm inputs organizations suggests that they also saw reasonably encouraging sales, further supporting the optimistic view about crop planting.
- These promising production conditions are also favourable for broader field crops, horticulture, and livestock and poultry subsectors. For the horticulture industry, all production is under irrigation, and the dam levels have improved notably and above average levels in most areas. Still, with consistent electricity interruptions, rainfall plays a pivotal role in supplementing the irrigation system. So, the expected showers over the next three months will support production conditions in fruit and vegetables.
- The same is true for the livestock industry, where the past rainy seasons improved the grazing veld and thus supported the industry. The next few months' rainfall is vital to further improve the vegetation conditions and thus provide necessary feed when the time of need arises during the winter season and the dry patch of an El Nino. Notably, the livestock and poultry sectors mainly depend on feed availability and affordability, mostly yellow maize and soybeans. Therefore, the conducive production conditions for such crops, in turn, support the livestock and poultry industry.
- The one aspect worth monitoring, as we have communicated previously, is heat levels or temperatures. The South African Weather Service has signalled that "Minimum and maximum temperatures are expected to be mostly above-normal countrywide." Given the challenging conditions

and excessive heat presented to farmers in the northern hemisphere, this will be something livestock and poultry farmers will have to watch and try to find ways to minimize animal heat stress.

- Assuming the positive outlook we have painted above materializes, the fears of an El Nino impact on food prices will be eased in the first quarter of 2024. In recent South African Reserve Bank Monetary Policy Committee communications, this weather phenomenon was rightly outlined as a potential risk to watch. But if it only intensifies from March 2024, as the South African Weather Service recently noted, South Africa would have a good agricultural season, with ample supplies, which should help to ease the food price inflation concerns. While constant risk of weather will be top of mind over the coming months, it is also important to keep a close eye on geopolitics and their impact on global agriculture. South Africa is a small, open economy, and agricultural prices mainly follow the global trend. So, in addition to domestic production conditions, global factors are also worthwhile monitoring.
- Overall, all else being equal, we remain optimistic about South Africa's 2023/24 agricultural production performance.