

Mixed picture on SA's 2021/22 winter crop production forecast

Last week, the Crop Estimates Committee (CEC) released its third production forecast of the 2021/22 winter crops. There were minimal changes from the previous update of the end of September, with wheat production forecast up by 0,2% to 2,09 million tonnes. Meanwhile, barley, canola, and oats production forecasts were respectively down by 2%, 3%, and 2% from the previous forecast to 348 200 tonnes, 190 000 tonnes, and 80 473 tonnes.

For wheat, this production estimate is roughly in line with the previous season's crop of 2,12 million tonnes, while for oats and canola, this is the largest crop on record. The Western Cape, which is the region that grows more than two-thirds of South Africa's winter crops, has received favourable rainfall since the start of the season. These favourable weather conditions supported the planting activity and crop-growing conditions and resulted in higher yields in the province. Nevertheless, this could not overshadow the decline in production in other provinces. Hence, the national wheat production estimate is down by 1% from the 2020/21 production season, estimated at 2,09 million tonnes. This is primarily underpinned by a decline in area plantings and lower yields in the Free State, Northern and Eastern Cape.

The implication is that South Africa will remain a net importer of wheat. Still, even if the 2021/22 harvest could be lifted from the current forecast in the coming months or be slightly larger than the previous season, this would remain a reality of South Africa (see Exhibit 2). The import requirements for the 2021/22 marketing year, which started on 01 October 2021, is 1,53 million tonnes. This is up by 1% from the 2020/21 marketing year. This uptick is on the back of the slight decline in production, combined with a marginal increase in domestic consumption. The only winter crop that experienced a decline in planting is barley; farmers cut its area sharply by 33% y/y to 94 730 hectares. Consequently, the production figures are also down. This is partly because of lower demand for barley following temporary bans in alcohol sales at various intervals since the pandemic, combined with a large harvest in the previous season that boosted supplies.

Exhibit 1: South Africa's wheat market



Source: CEC, SAGIS and Agbiz Research

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