

SA grains need sunshine more than rain at this point

by Wandile Sihlobo

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In the past, I have written about the prospects for another fantastic agricultural year in South Africa in 2021. My views mostly leaned on favourable weather conditions across the country and farmers' opinions about the area they intended to plant for summer crops, specifically.

We now have the [first summer crop plantings data](#), and it reaffirms this view. South African farmers probably planted 4.2 million hectares of summer crops in 2020/21 production season, up by 6% from 2019/20. This data comprises maize (white and yellow), soybeans, sunflower seed, groundnuts, sorghum and dry beans. There is an expansion in most crops, except sunflower seeds, whose plantings declined by 5% year-on-year (y/y) to 473 300 hectares, which would be the smallest area in nine years. This decline is mainly due to some hectares being shifted to white maize plantings in the western regions of South Africa because of favourable prices.

As I have commented in various notes, the weather conditions across South Africa have generally been favourable since the start of the production season in October 2020. Since then, the widespread rains allowed plantings to commence on time, except for a few Limpopo regions, specifically the Springbok plains, which were reasonably drier than most South Africa areas. Nevertheless, the past week's rains have changed fortunes even for those more parched Springbok plains of Limpopo.

In the Free State, where the crop was generally in good condition before the past week's rains; my only concern is the potential damages, particularly in farms around Bultfontein, Hoopstad, and Wesselsbron regions. In the week ahead, these regions will need sunshine to ensure that waterlogging is minimized and the crop recovers.

Aside from the Free State, the crops in other provinces of the country appear in good shape, with expectations of fairly average to above-average yields.

To show what the increased plantings mean for crops, I will focus on maize as an example. Suppose one applies South Africa's five-year average yield estimate of 5,30 tonnes per hectare to an estimated area planting of 2,78 million hectares (up 6% y/y); in that case, South Africa could have a harvest of 14,72 million tonnes in the 2020/21 season (15,41 million tonnes in 2019/20). This crop would be the fourth-largest maize harvest on record.

However, a realistic high road scenario could also be constructed by assuming a possible yield of 6,00 tonnes per hectare on the back of favourable rainfall which has improved crop conditions. When South Africa received higher rainfall in the 2016/17 production season, the average yield was 6,40 tonnes per hectare.

Therefore, a 6,00 tonnes per hectare yield assumption would not be far-fetched. Such a crop yield on 2,78 million hectares would potentially lead to a 16,66 million tonnes harvest. This would be the second-largest maize harvest on record.

The [Crop Estimates Committee](#) will release its first production forecast on 25 February 2021. It is only then that we will have a better sense of where the crop will be. Still, the favourable

crop conditions combined with an area planting of 2,78 million hectares, suggest that South Africa's maize harvest should be within the range of 14.72 and 16.50 million tonnes that we have provided above. This will be measured against an annual maize consumption of 11,47 million tonnes, which means South Africa will remain a maize net exporter.

However, the implications on maize prices will most likely be evident around the end of February and into March 2021. Over the past few months, the weaker domestic currency, growing demand for South Africa's maize in the Southern Africa region and the Far East, coupled with generally higher global grains prices provided support to the domestic maize prices. I think the domestic crop conditions will matter more for price movements from the end of February 2021 than it has been the case over the past few months. Still, the scale of [Cyclone Eloise's damage in Southern Africa's maize](#) (primarily in Mozambique and Zimbabwe), which is yet to be fully quantified, will likely have implications on the domestic market.

In sum, South Africa's agricultural production outlook remains buoyant, thanks to increased plantings and favourable weather conditions. What will be crucial this coming week and the week after that is sunshine, over the country's summer crop-growing regions. Additional rainfall at this point would most likely cause waterlogging which, in turn, would undermine the yields. While I have highlighted my view of what South Africa's maize harvest will potentially be, an important date to keep in mind when the [Crop Estimates Committee](#) releases the official data is 25 February 2020. This particular data could influence maize price movements and have implications for food price inflation. Still, the plantings data we have thus far provides comfort that South Africa could have yet another good maize and broader summer crop production season in 2020/21. This will keep food price inflation contained as I explained [here](#); provided the Cyclone damage in Southern Africa agriculture is not sizable.

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