

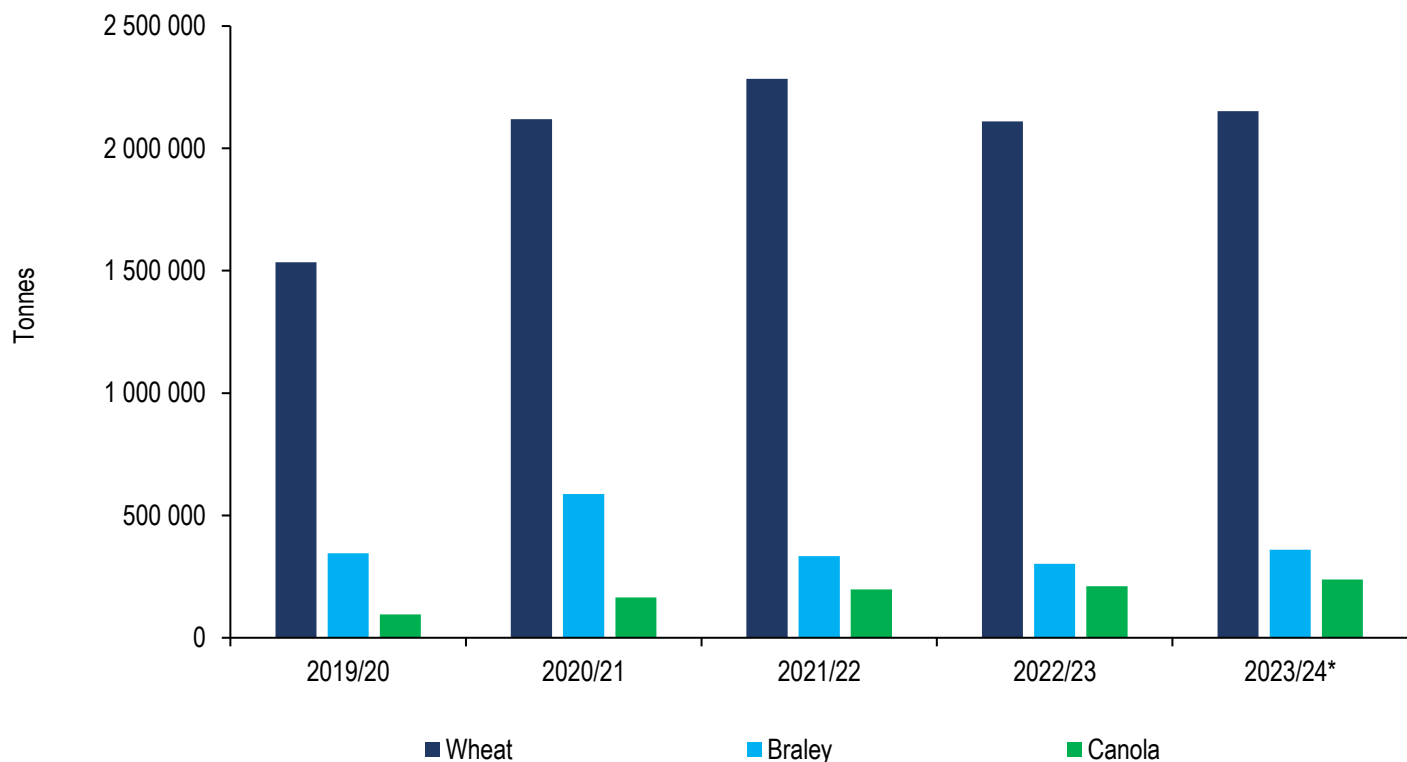
16 January 2024

SA's 2023/24 winter crop size is decent

- South Africa's 2023/24 winter crop season has turned out better than some feared. The data released at the end of December 2023 by the Crop Estimates Committee (CEC) painted a positive picture of South Africa's winter crop harvest. In its fifth production estimate for the 2023/24 season, the CEC kept the wheat harvest estimate unchanged from the previous month, at 2,15 million tonnes. This is 2% up from the last season's crop. The only concern some producers had was the crop quality following heavy rains earlier in the season. Still, we have not heard many complaints so far.
- Broadly, the provinces behind the current robust national wheat harvest forecast are the Western Cape (53% of the overall harvest), Northern Cape, Free State and Limpopo. Admittedly, while the Northern Cape and Free State are still amongst the leading wheat producers, their expected harvest is less than the 2022/23 season. The expected large harvest in the Western Cape and Limpopo overshadows the decline in harvest in other provinces. There are also likely decent wheat harvests in KwaZulu-Natal, Eastern Cape and North West regions.
- The harvest of this crop is nearly complete. Farmers had delivered 1,7 million tonnes of wheat to the commercial silos in the first week of January 2024. The rest of the deliveries will likely follow in the coming weeks. The deliveries of other winter crops are also nearly complete.
- The expected winter wheat crop of 2,15 million tonnes is well above the 10-year average harvest of 1,80 million. Suppose there are no significant changes in the crop forecast in the coming months. In that case, South Africa will likely need to import about 1,60 million tonnes to meet domestic consumption in the 2023/24 season (down from the forecast of 1,68 million tonnes in the 2022/23 season).
- Furthermore, the 2023/24 canola crop was unchanged from November estimates and is at a record 237 450 tonnes (up 13% y/y). The annual increase is also due to increased plantings and expected better yields. Regarding barley and oats, however, the CEC also kept their harvest forecast unchanged from last month at 360 220 tonnes and 36 200 tonnes, respectively. The recent floods damaged these crops more than wheat and canola. Notably, barley reportedly has quality issues due to the floods earlier in the season.
- In sum, while the overall crop size is encouraging, and no major wheat quality issues have been reported so far, this remains a significant concern to us and would influence the import requirements for the season we currently have at a consecutive estimate of 1,60 million tonnes. The quality challenges in barley will also present significant financial pressure on farmers, which is worth monitoring, particularly from agribusinesses and financial institutions that have clients in the barley

production regions. Overall, the South African winter crop season has turned out better from a volume perspective than some may have feared days after the Western Cape floods last year.

Exhibit I: South Africa's winter crop production



Source: CEC and Agbiz Research