

02 October 2023

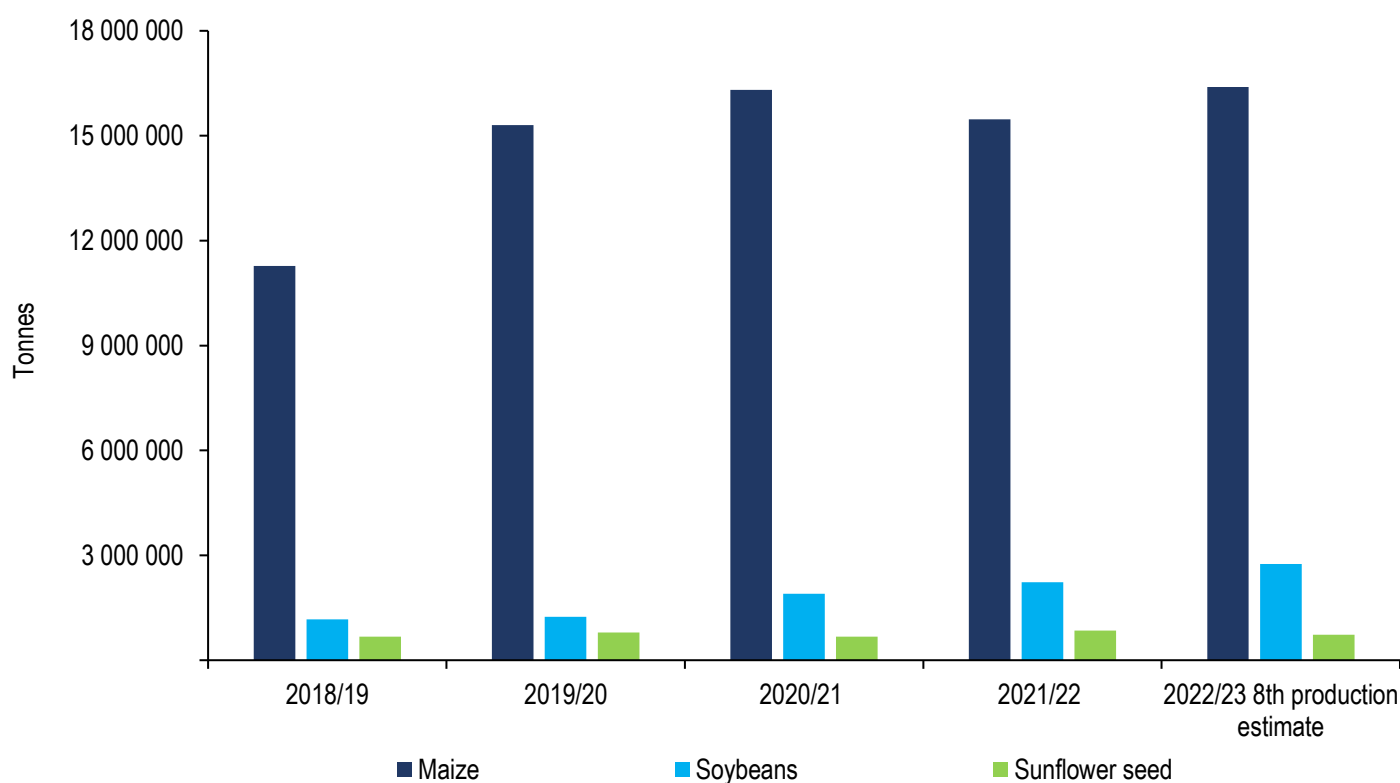
South Africa has a large summer crop, and the attention is now shifting to the upcoming 2023/24 season

- Last week, South Africa's Crop Estimates Committee (CEC) released its 2022/23 8th summer crop production forecasts. In these 2022/23 production estimates, there were no new surprises or significant adjustments to the existing forecasts.
- For example, if we can highlight maize, the 2022/23 commercial harvest is 16,4 million tonnes, roughly unchanged from August figures (-0,09% m/m). This crop is 6% more than the 2021/22 season and the second-largest harvest on record. The expected ample harvest is primarily on the back of large yields, as the area planted is slightly down from the 2021/22 season.
- Notably, a crop of 16,4 million tonnes implies South Africa will have sufficient supplies to meet domestic maize needs of roughly 11,4 million tonnes and have approximately 3,3 million tonnes for export markets in the 2023/24 marketing year (this marketing year corresponds with the 2022/23 production season).
- Furthermore, the soybeans harvest was unchanged from August's record estimate of 2,8 million tonnes (up 24% y/y). The annual crop improvement is due to an expansion in the area planted and higher yields. The ample soybean harvest means South Africa could meet its domestic demand and remain with about 420 000 tonnes of soybeans for export markets (from 277 504 tonnes in the previous season).
- There were, however, 2% month-on-month downward revisions in the sunflower seed harvest. The crop is forecast at 729 110 tonnes (down 14% y/y). The annual decline is due to the reduced area planted and the lower yields in the far western regions of the country. Consequently, South Africa will likely remain a net importer of sunflower seed. The Supply and Demand Estimates Committee forecasts South Africa's 2023/24 sunflower seed imports at 8 000 tonnes, marginally up from last season's 6 805 tonnes. There were no major adjustments in the production forecast for other small grains, such as groundnuts and dry beans.
- Notably, given that we are at the tail end of the season, the attention is shifting to the 2023/24 upcoming summer crop. The primary focus as we approach this season will be the weather outlook. As we stated recently, the uncertainty regarding the intensity of the El Niño weather event and the possible higher temperatures and lower-than-normal rainfall that this could bring is still a concern. However, the latest message from the South African Weather Service (SAWS) through their Seasonal Climate Watch on 28 August 2023 was encouraging, stating that "the multi-model rainfall forecast indicates above-normal rainfall for most of the country during mid-spring (Sep-Oct-Nov) and late-

spring (Oct-Nov-Dec)." The Weather Service added that "the early-summer (Nov-Dec-Jan), however, indicates below-normal rainfall over the central parts of the country and above-normal rainfall for the north-east." This means that some regions of the country, mainly central to western, may not have a similar start of the season to the eastern areas. Still, the broad sentiment is that showers will likely support crop germination during the beginning of the 2023/24 production season. This is also an encouraging message for horticulture and livestock, as the rains will help production conditions in these subsectors.

- Moreover, the central message from the SAWS report is that there are concerns about potentially below-normal rainfall, mainly from the start of 2024, while the current year could have showers in most regions. Aside from the planting and germination, the other critical point of crop development is pollination, which requires moisture and is typically around February if farmers plant crops from mid-October in the eastern regions and mid-November in the country's western areas. Importantly, with improved soil moisture from the last rainy seasons, mainly in east and central South Africa, the expected El Niño will likely have minimal impact on the agricultural conditions.

Exhibit I: South Africa's selected summer crop production



Source: CEC and Agbiz Research