



25 April 2017

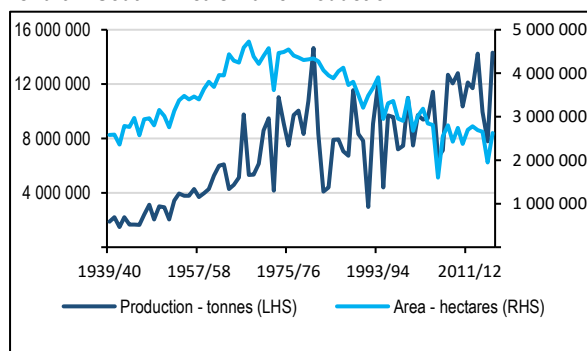
The CEC reaffirmed its view of large maize and soybean supplies this season

South Africa's Crop Estimate Committee (CEC) reaffirmed its expectation of the second biggest maize crop on record in 2017. The CEC revised up its forecast by 1% from the previous one to 14.54 million tonnes. This is against market expectations of a 1% decline to 14.20 million tonnes. This means that South Africa will regain its status as a net exporter of maize this season. We believe that total maize exports could at least reach 2.7 million tonnes. About 52% of this could be white maize, with 48% being yellow maize.

- White and yellow maize production estimates were revised up by 1% and 2% from the previous estimates to 8.6 million tonnes and 5.9 million tonnes, respectively (**Chart 1**). This is largely on the back of an increase in area planted, as well as expected higher yields on the back of favourable weather conditions.
- Soybean crop also retained its *gold trophy*, with production forecasts revised up 6% from the previous one to 1.23 million tonnes, the biggest crop on record (**Chart 2**). This is on the back of an increase in area planted, as well as expected higher yields. As a result, we do not foresee any soybean imports this season. We, however, believe that there could be at least 6 000 tonnes of exports to the neighbouring countries.
- **On the negative side**, sunflower seed production forecast was revised down by 5% from the previous one to 853 470 tonnes. This is due to persistent drier conditions over the past few weeks around the Free State province. We believe that there could be further downward revisions over the coming months following prolonged dryness in the past few weeks around the later planting areas of the North West province.
- Also worth noting is planting intentions data for wheat, which came in at 496 350 hectares, down by 2% from the previous season. However, this was above market expectations of 477 075 hectares. Weather forecast for the Western Cape remains dry. The longer term forecasts show a possibility of about 16 millimetres within the next two weeks. This could potentially slow planting activity.
- Overall, today's data suggest that maize and soybean prices could remain under pressure in the near term.

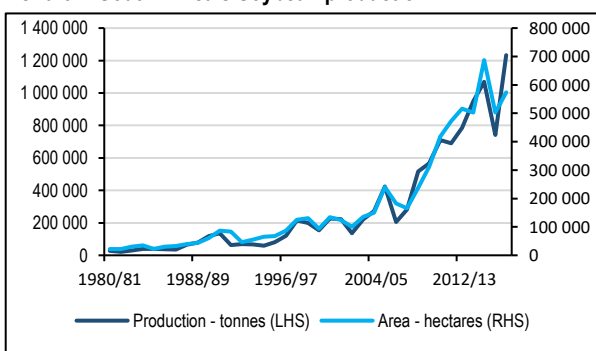
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Chart 1: South Africa's Maize Production



Source: CEC, Agbiz Research

Chart 2: South Africa's Soybean production



Source: CEC, Agbiz Research

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