

SA expects a big summer crop, while winter grains show a decline

After the National Crop Estimate Committee revised its maize production forecast to 15.69 million tonnes in July, it has further lifted its forecast to 16.41 million tonnes – making this season's crop the largest on record. As indicated in our previous notes, this big crop means South Africa would, ideally, export over 4.0 million tonnes of maize in total for the 2017/18 season. However, weak global demand for white maize could lead to relatively lower exports of 2.2 million tonnes. This will leave a large carry-over stock to the new season, which will essentially keep maize prices under pressure for some time.

- The 2017 total summer grains production could reach 18.91 million tonnes, which is double the previous season's volume¹. The higher yields and an increase in area plantings are the key drivers of this notable recovery.
- White and yellow maize production estimates were revised up by 2% and 5% respectively from the previous estimate to 9.65 million and 6.76 million tonnes. In total, reaching a record level of 16.41 million tonnes.
- Sunflower seed production was also revised up by 6% from the previous estimate to 870 095 tonnes. Meanwhile, the soybean production estimate was revised down by 2% to 1.32 million tonnes, which is still a record harvest. All other summer crops remained unchanged from the previous estimates.
- **Winter grains** – The first production estimate for wheat confirmed the market expectations of a possible decline in production due to persistent drier weather conditions in key wheat producing provinces, as well as a decline in acreage. The data shows that the 2017 winter wheat crop could fall by 16% from the previous season to 1.60 million tonnes. A notable decline is recorded for the Western Cape and Free State provinces. With that said, it is still early to be certain about the actual size of the crop. We will monitor the developments over the coming months in order to ascertain the potential impact on stocks and prices.

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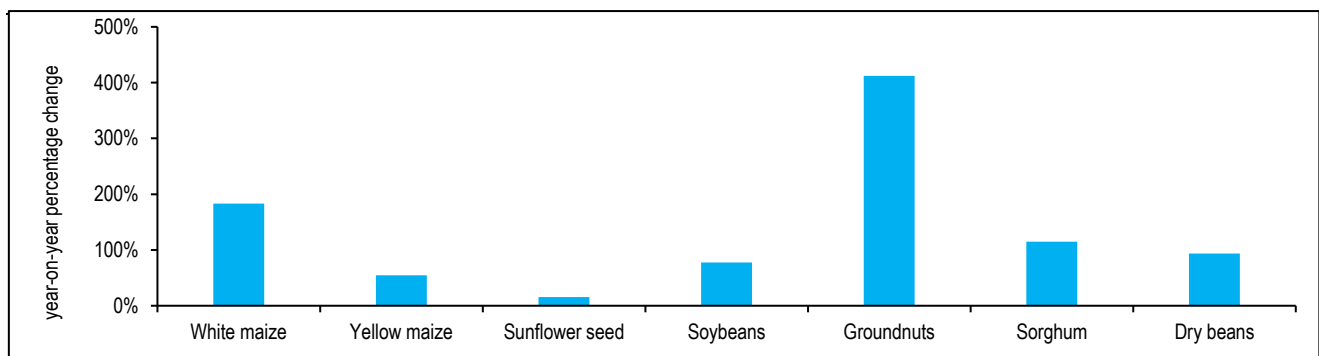


Chart 1: South Africa's summer crop production estimates (year-on-year percentage changes)

Source: CEC, Agbiz Research

¹ Summer grains represents maize, sunflower seed, soybean, groundnuts, sorghum and dry beans.