

## The weather is again a central focus in South Africa's agriculture

The weather will be the main focus in South Africa's agriculture for both summer and winter crops, and to a lesser extent, horticulture in the near term. The summer crop growing areas are approaching a harvest period, with early planted soybeans and sunflower seed already being harvested across the country. In contrast, maize and sorghum harvesting has only started in a few areas, such as the early planted ones in Mpumalanga. The harvesting process requires dry weather conditions, and the same is needed for crops that are already maturing across the country. On 31 March 2021, the South African Weather Service confirmed that South Africa is still in a La Niña state. Its multi-model rainfall forecast indicates mostly above-normal rainfall during late-autumn (Apr-May-Jun) and early-winter (May-Jun-Jul).

Nevertheless, it is unclear how much rain will materialize. We hope that it will mostly be light showers with minimal impact on crops. Over the past few weeks, the weather conditions have generally been favourable across South Africa, although with frequent light rains, which so far have had minimal impact on crops.

As we've noted before, the Crop Estimates Committee forecasts South Africa's 2020/21 summer grain and oilseeds production at 18,7 million tonnes, up by 6% from the 2019/20 season. The upward adjustments were on maize, soybeans, sorghum and groundnuts, whereas sunflower seed and dry bean production are lower than the 2019/20 production season. Viewed from these data, South Africa is looking at its second-largest harvest on record. If weather conditions remain reasonably dry in the next few months, the crop quality could also be good, which will potentially bode well for farmers' incomes.

In winter crops – wheat, barley, canola and oats – the planting period will start towards the end of this month. Contrary to the summer crop-growing regions, the winter crop ones will require increased moisture to support crops' germination and growth process. The weather forecast, for now, remains uncertain. The South African Weather Service recently noted that "a mixed forecast is indicated for the far south-western parts of the country; thus, the expected rainfall conditions for this area are at this stage uncertain." Aside from the Western Cape, which typically accounts for two-thirds of winter wheat plantings and most barley and oats, and all canola plantings, soil moisture has improved for various regions of the country following higher summer rainfall. This should be beneficial for plantings later this month, and the dam levels are also in reasonably good shape in some provinces, which should be helpful for crops in the irrigation areas. The Western Cape conditions will mainly depend on how weather conditions develop from the current uncertain stage in the coming weeks, influencing the planting decisions in terms of the size of area plantings, and subsequently, crop conditions.

In terms of horticulture, the recent higher rainfall across the country has generally been favourable for fruits and vegetables. The significant fruits that will be harvested in the coming weeks are citrus, and the forecasts point to a large harvest. The Citrus Growers' Association recently noted that the "South African citrus industry would likely break all previous export season records with an estimated 158,7 million cartons in 2021. If the estimate is reached, it will represent a third consecutive season of record export volumes, with 130 million cartons exported in 2019, followed by 146 million cartons in 2020."

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In sum, the summer crop growing areas require drier weather conditions in the future as the harvest process begins. Such weather conditions are essential for maintaining the harvested grain and oilseeds' good quality and permitting the harvest process to gain momentum. Meanwhile, for winter crop growing areas, such as the Western Cape, rain is required to improve soil moisture and support the planting, germination, and growth of the crops. Other winter crop growing areas have reasonably good soil moisture from higher summer rains, and dam levels have improved, which all supports the winter crop planting process, which will begin at the end of this month.

## Weekly highlights

### SA's rice imports to increase marginally in 2021

Rice is one of the main staple foods South Africa imports, as the country doesn't have a conducive climate for its production. The International Grains Council forecasts South Africa's 2021 rice imports at 1.1 million tonnes, a 5% increase from the previous year. The imports are usually evenly spread across the year, with a slight peak in volumes in the last quarter of each year. About 70% of South Africa's rice is usually imported from Thailand, with other notable suppliers being Thailand, India, Pakistan, China and Vietnam. All these countries currently expect a reasonably good harvest, which supports the availability of supplies for exports. Worth noting is that, on average, about 10% of the imported rice each year is re-exported to the neighbouring countries, namely Swaziland, Botswana, Zimbabwe, Lesotho, Namibia and Zambia (Exhibit 1).

#### Exhibit 1: SA's rice trade



Source: International Grains Council, Trade Map and Agbiz Research

From a supply perspective, the global rice market is in relatively good shape. According to data from the International Grains Council, the 2020/21 global rice production is projected at a record 504 million tonnes, which is 1% up from the previous season. The vital contributing countries to the expected increase are India, Vietnam, Pakistan, Bangladesh, Thailand, Indonesia and the Philippines. The benefit of stable global rice production is reflected in prices which have flattened in the recent weeks, after an upsurge at the start of the year, which was partly underpinned by the growing demand in China (Exhibit 2). The stable prices are beneficial to rice-importing countries such as South Africa. The only risk for local importers in the near term is the weaker domestic currency.

## Exhibit 2: Global rice export prices



Source: International Grains Council

## Data releases this week

On Thursday, the South African Grain Information Service (SAGIS) will release the **weekly grain producer deliveries data** for 02 April 2021. This data cover summer and winter crops, although the focus will shift to mainly summer crops in the coming weeks as the harvest process gains momentum. For now, however, we still monitor developments in all grains. On 26 March, 5 037 tonnes of winter wheat were delivered by farmers to commercial silos. This placed the 2020/21 wheat producer deliveries at 1,99 million tonnes, which equates to 94% of the expected harvest of 2,11 million tonnes. In terms of summer crops, the harvesting process is still at the preliminary stages, as we previously stated.

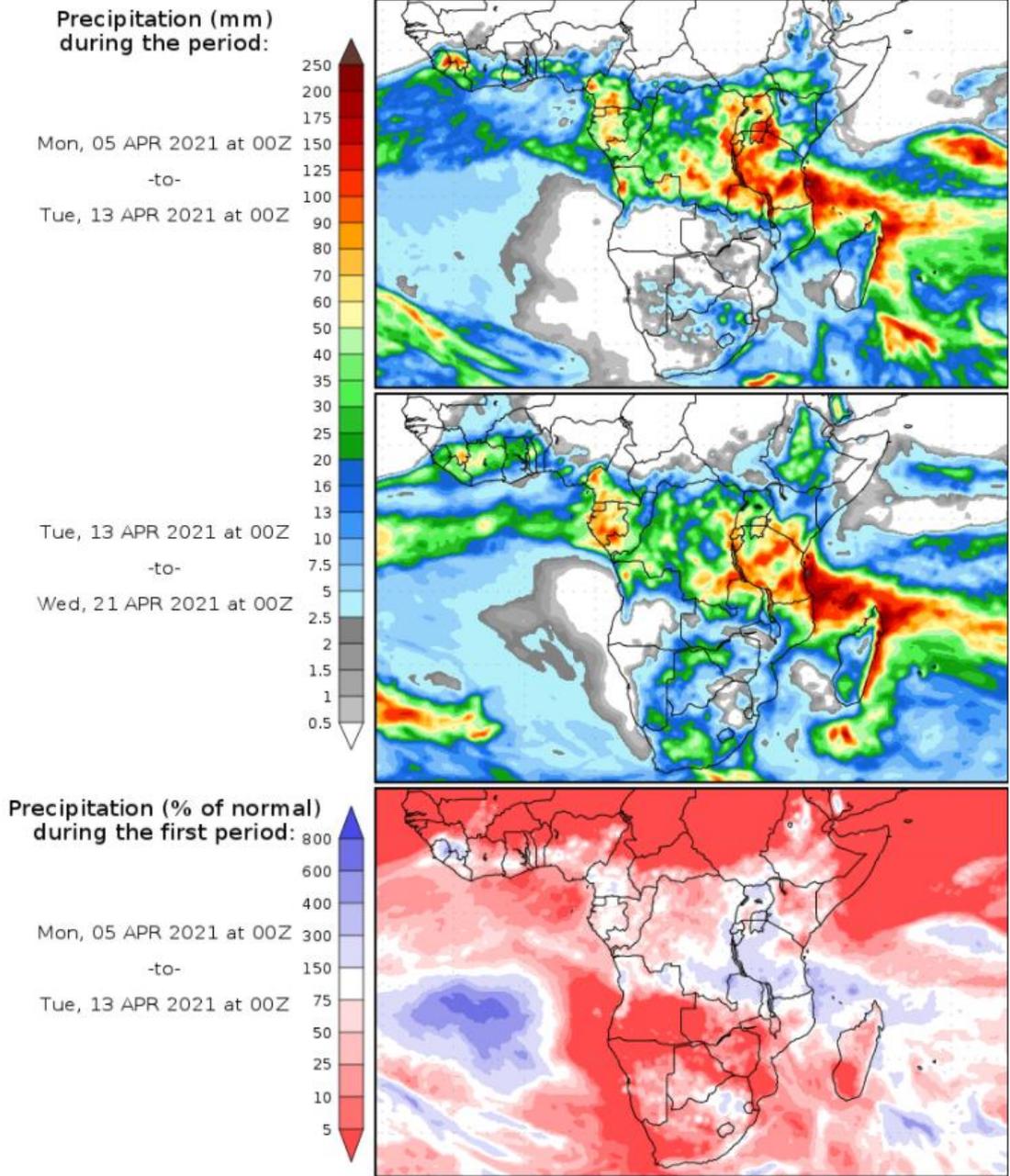
Nevertheless, we already see momentum in 2021/22 soybean and sunflower seed producer deliveries from the early planted areas. On 26 March, about 30 033 tonnes of soybeans were delivered to commercial silos. This placed the deliveries for the first four weeks of the new marketing year at 72 123 tonnes out of the expected harvest of 1,73 million tonnes. Similarly, about 22 219 tonnes of sunflower seed have already been delivered in the 2021/22 season, out of the anticipated crop of 696 290 tonnes.

On Friday, SAGIS will release the **weekly grain trade data** for the week of 02 April 2021. In the previous week of 26 March, South Africa's 2020/21 total maize exports were at 2,34 million tonnes, which equates to 87% of the seasonal export forecast of 2,69 million tonnes. In terms of wheat, South Africa is a net importer. On 26 March, imports amounted to 705 843 tonnes, which equates to 45% of the seasonal import forecast of 1,58 million tonnes.

Globally, the notable data release will be the **US weekly export sales data** released by the United States Department of Agriculture (USDA) on Thursday. Here, we will continue to monitor China's buying activity of US maize and soybeans. On Friday, the USDA will release an update of the **World Agricultural Supply and Demand Estimates report** for March 2021.

Exhibit 3: South Africa's precipitation forecast

### Precipitation Forecasts



The weather forecast for the week shows clear skies in most regions of South Africa, with prospects of light showers over the central and eastern regions.

The drier weather conditions are conducive to the harvesting and maturing process of crops, while rains could cause harvesting delays and affect crop quality (only if its sustained higher rainfall, however, which is not the case in this particular forecast).

Nevertheless, the week thereafter shows prospects of light showers in most regions of South Africa which is not ideal for crops.

Source: George Mason University (wxmaps)