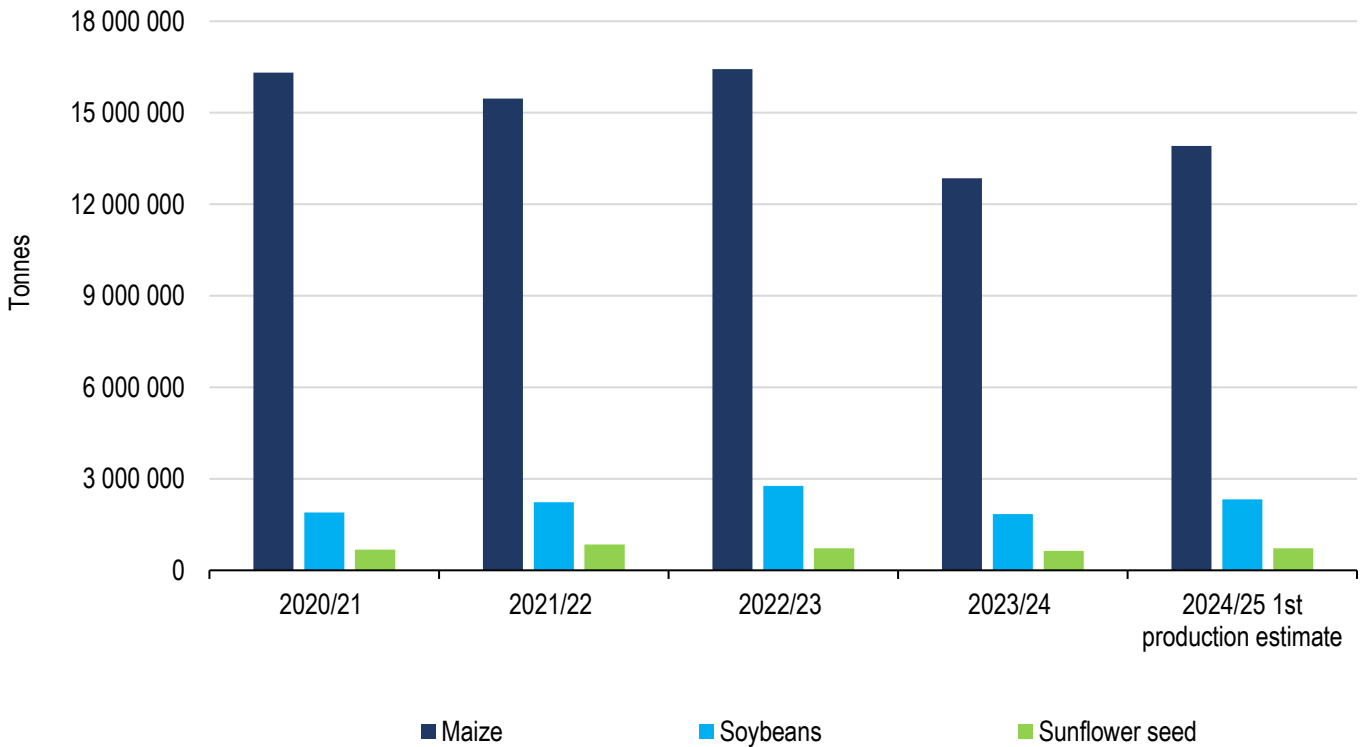


Encouraging crop production prospects for SA in the 2024-25 season

- We have been saying for some time that this will likely be a recovery year for South Africa's agriculture following a harsh mid-summer drought in the 2023-24 season that weighed on grains and oilseeds harvest. The first production estimates for 2024-25 summer grains and oilseeds point to the possibility of a better harvest. The Crop Estimates Committee forecasts the 2024-25 overall summer grains and oilseeds harvest at 17,2 million tonnes, up 11% from the previous season. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.
- The expected yield improvements primarily back better harvest prospects. The overall area planting is 4,4 million hectares, roughly unchanged from the last season. Provided this is a first production estimate and possibly does not fully account for the gains of the recent rains, we could see further upside revision in the coming months. After all, there are nine more estimates to follow monthly.
- A closer look at the data shows the first maize production estimate at 13,9 million tonnes, up 8% y/y. About 7,4 million tonnes is white maize (up 22% y/y), and 6,5 million tonnes is yellow maize (down 4% y/y). The difference is caused by the area switch, with white maize taking a more significant area and the yield expectations. The prospects of a better maize season have already added downward pressure on prices. For example, today, 27 February 2025, white maize spot price closed at R5 500 per tonne, down by roughly 18% from mid-January (although still up by about 30% y/y). The yellow maize spot price was around R4 780 per tonne, down 16% from mid-January (albeit up by roughly 26% y/y). If the production forecasts are lifted further in the coming months, as we suspect, the maize prices may continue on this moderating path. Importantly, these forecasts are well above South Africa's annual maize needs of about 11,8 million tonnes.
- Regarding oilseeds, soybean harvest is estimated at 2,3 million tonnes, up 26% y/y. This is on the back of anticipated better yields, as the area is roughly the same as the past season. Moreover, the sunflower seed harvest is forecast at 720 050 tonnes, up 14% y/y, also benefiting from expected higher yields.
- The groundnut harvest is estimated at 65 359 tonnes (up 26% y/y), sorghum production is estimated at 129 620 tonnes (up 32% y/y), and dry beans harvest is at 75 966 tonnes (up 50%). The significant annual increases are also boosted by the base effects given the poor harvest we recorded in 2023-24 during the drought.
- Overall, this is shaping up to be a better agricultural season. Still, the weather conditions in the coming months will matter more in determining how the crop conditions develop in the coming months. The season is late by roughly a month because of the late start of rains in some regions. This means the deliveries may be late.

- Importantly, South Africa must get favourable rains through to March as some crops may pollinate at that time. Fortunately, the weather prospects suggest that there could still be favourable rains next month.
- As encouraging as this picture is, some regions may not share it, whose crops have been affected by massive rains in recent weeks and some by erratic rains in the past month. For such areas, farmers may face financial challenges. Still, the national picture remains positive.

Exhibit I: SA's first summer crop production estimates (selected crops)



Source: CEC and Agbiz Research