

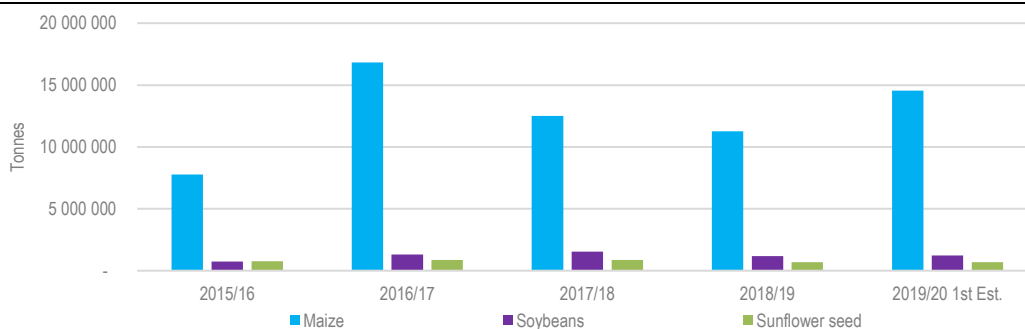
## SA's 2019/20 summer crop looks promising

This promises to be a good year for South Africa's agricultural sector, at least from a production front. The data released this afternoon by the Crop Estimates Committee (CEC) show that South Africa's 2019/20 summer crops production could increase by 26% y/y to 16.8 million tonnes.<sup>1</sup> While this is still the first estimate for this season, with eight more to follow, if it materialises, this could be the second-largest summer crops harvest on record after the 2016/17 crop. The major gains are on maize, soybeans and sunflower seed as illustrated in Exhibit 1.

The 2019/20 maize, soybeans and sunflower seed harvest are forecast at 14.6 million tonnes, 1.2 million tonnes, and 699 130 million tonnes. This is respectively up by 29%, 6% and 3% from the previous season. The increase is mainly supported by an expansion in area planted in the case of maize and expected improvements in yields on the back of favourable weather conditions. The maize production estimate is well above ours of 13.7 million tonnes, while the soybean and sunflower seed estimate are below ours of 1.5 million tonnes and 761 070 tonnes. The variation can largely be explained by adjustments in area plantings, which for maize was revised up and soybean and sunflower plantings slashed from the preliminary estimates released on the 29<sup>th</sup> of January 2020.

The weather conditions have generally been favourable over the past few weeks with a fair amount of rainfall which improved soil moisture across many regions of the country. As a result, the crop is in good condition, and thus, we are convinced that the CEC estimates are plausible. In the case of maize, the data essentially mean that South Africa would remain a net exporter in the 2020/21 marketing year which starts in May 2020 (corresponds with 2019/20 production season). This is at a time where Southern African maize import needs could outpace the previous year, with Zimbabwe in need of maize supplies to an extent that the country lifted a ban on the importation of genetically modified maize, which eases access for South African maize exporters. What's more, a maize harvest of 14.6 million tonnes would enable South Africa to export maize beyond the continent to other typical markets such as Japan, Taiwan, Vietnam and South Korea who are not prominent in the current marketing year. Unlike maize, however, South Africa could remain a net importer of soybean products, specifically oil cake, and a net importer of sunflower oil, irrespective of the potential improvement in the harvest. This is caused by the growing domestic demand for these particular oilseed products.

### Exhibit 1: South Africa's selected summer crops production forecasts



Source: CEC, Agbiz Research

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<sup>1</sup> Summer crops represents maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.