

SA Maize and Soybean Production Forecasts Revised Up

South Africa is in for a fairly good harvest in 2017/18 production season, albeit being less than the record achieved in 2016/17 season. This was confirmed by the fifth production forecasts released by the National Crop Estimate Committee earlier today. Most summer crop production forecasts were revised up from previous month's levels, with the exception of sunflower seed, sorghum and dry beans which were left unchanged. Meanwhile, groundnuts production forecast was revised down by 11% from last month to 60 600 tonnes. On balance, this bodes well for trade and food inflation dynamics, as production volumes of major crops such as maize are set to be well above domestic consumption needs. At the same time, the higher soybean production will benefit the animal feed industry. Considering the domestic annual maize need of roughly 10.8 million tonnes, at the back of expected 13.2 million tonnes of production, coupled with an opening stock of 3.7 million tonnes, South Africa could see exports exceeding 2.5 million tonnes in the 2018/19 marketing year which ends on 30 April 2019.

- South Africa's commercial maize production forecast was lifted by 2% from last month to 13.2 million tonnes. Of this, 6.9 million tonnes are white maize, with yellow maize at 6.3 million tonnes. Meanwhile, subsistence farmers' maize production forecast (white and yellow) was left unchanged from last month at 593 975 tonnes.
- Soybeans production estimate was also revised upwards from last month by 8% to a new record level of 1.6 million tonnes, underpinned by a large area planted, as well as expected higher yields on the back of favourable weather conditions (see Chart 1). This will lead to a further decline in South Africa's soybean and soybean oilcake imports. We estimate that South Africa's soybean and oilcake imports could decline by 27% and 17% year-on-year in the 2018/19 marketing year, to 20 000 tonnes and 458 992 tonnes, respectively.
- Going forward, the weather will remain a key factor that could influence the harvest activity in some parts of the country. The soybean areas are towards completion, while maize areas are still at initial stages due to the late start of the season. Overall, this could put pressure on these commodities prices in the near term.

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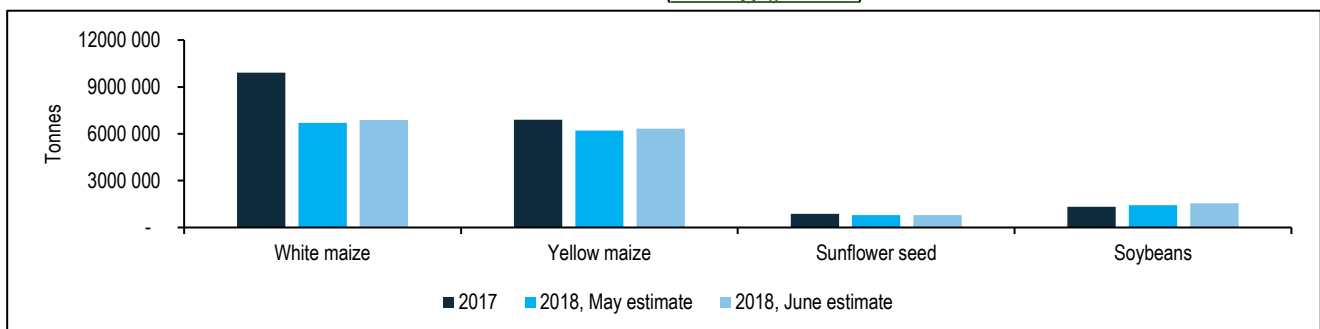


Chart 1: South Africa's 2017/18 fifth production estimates

Source: CEC, Agbiz Research

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