

The path ahead for SA's summer and winter grains production

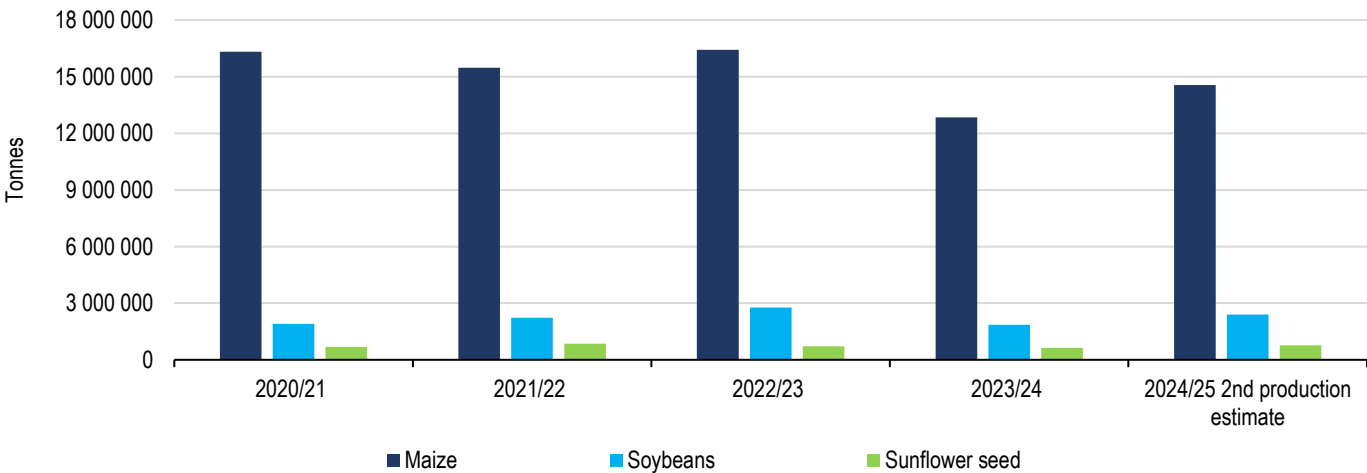
- April is an important month for South Africa's agriculture. On April 30 we are due to receive the Crop Estimate Committee's (CEC) third production forecast for the summer grains and oilseeds, which is typically a stronger indication of how the season's harvest will look as the crop has largely passed the pollination stages. At the same time, we get the CEC data on farmers' planting intentions for winter crops. These data provide broad guidance on how farmers perceive the upcoming winter crop season and their planting plans. The weather outlook, winter crop prices and the availability and cost of inputs, amongst other considerations, primarily inform this view.
- The outlook has remained broadly positive for the 2024-25 summer grains and oilseeds. At the end of March, CEC projections placed South Africa's 2024-25 grains and oilseed production at 18,0 million tonnes, up 16% from the previous season. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans. While planted late by roughly a month, the crop benefitted from the excellent rains these past few months.
- It is likely that when the CEC releases an update at the end of April, it will maintain a decent harvest or possibly lift the estimates slightly. We have already seen estimates from the Pretoria office of the United States Department of Agriculture (USDA) publishing slightly higher estimates for some grains than the Crop Estimates Committee.¹ The USDA forecasts South Africa's 2024-25 commercial maize production at 15,3 million tonnes, up 20% from the previous season. Meanwhile, the CEC forecasts South Africa's 2024-25 maize harvest at a slightly lower figure of 14,6 million tonnes, up 13% year-on-year. There are also differences in projections of the non-commercial maize harvest, with the USDA presenting a somewhat more optimistic figure. Thus, we believe that there remains a likelihood that the CEC could lift its figures a bit, as weather conditions have remained broadly positive since the last estimate.
- The one significant risk for the 2024-25 summer grains and oilseed is the excessive rains this month, which could present quality challenges in crops in regions that are planted early in the season. We are specifically worried about the oilseeds, mainly sunflower seeds and soybeans, planted early and in very wet areas. We are also concerned that the fertilizer application process may not have been as optimal in some areas because of the excessive rains. Still, this will likely be an excellent season regarding crop output size. However, the quality of the crop is something worth monitoring closely. When the CEC releases its crop forecasts, it may not opine on the quality issues. Therefore, engaging with commodity associations about how they see crop quality for various regions may be more beneficial to understanding seasonal crop prospects better.

¹ The USDA's report is available here:

https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Update_Pretoria_South%20Africa%20-%20Republic%20of_SF2025-0001.pdf

- Regarding the 2025-26 winter crop season, our focus will primarily be wheat, barley and canola. The major uncertainty is the weather prospects for the winter season. In its monthly Seasonal Climate Watch, the South African Weather Service (SAWS) has recently signalled prospects of a relatively drier winter season.² The SAWS stated that "the south-western parts of the country are expected to receive below-normal rainfall during the forecasted seasons". These regions include the Western Cape, where over two-thirds of South Africa's winter crops are cultivated. Still, it is too early to be certain. The update for this month will perhaps be more informative about the weather prospects for the season.
- A more comforting path for now regarding the upcoming winter crop season is input costs, largely down from last year. However, prices of some fertilizer products and agrochemicals are somewhat up from a year ago.³ South Africa is a net importer of fertilizers and agrochemicals and is exposed to exchange rate fluctuations that may also present some price risks in the current intense geoeconomic environment.
- Regarding commodity prices, while the 2025-26 global wheat prospects remain promising, with the International Grains Council forecasting the harvest at 805 million tonnes, up 1% year-on-year, the stocks are slightly tight.⁴ The tighter stocks result from strong consumption and usage of wheat. Thus, we continue to see prices elevated from last year's levels. For example, on April 16, South Africa's wheat spot price was up 7% from a year ago, trading at around R6 320 per tonne. We see similar price support in other wheat contract month prices. These price developments should support plantings for winter crops in South Africa this year.
- In essence, South Africa's agriculture is in a critical month that guides us about the possible fortunes of the sector. On both summer and winter grains, the weather remains the major risk on the path forward. Still, there is sufficient reason to be optimistic. Beyond the grains and oilseeds, trade policy is a significant focus for fruits and wines, as the U.S. has recently caused major disruptions in global trade policy. Animal diseases, especially in KwaZulu Natal province, are a significant focus area for the livestock sector. With all things considered, we believe 2025 will be a year of recovery for South Africa's agriculture. Importantly, the better agricultural conditions bode well for the South African consumer.

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



Source: CEC and Agbiz Research

² The SAWS report is accessible here: https://www.weathersa.co.za/Documents/SeasonalForecast/SCOLF202503_31032025122337.pdf

³ The input costs price trend is available here: https://www.grainsa.co.za/upload/report_files/Chemical-and-Fertilizer-Report-Mar-2025_.pdf

⁴ The global wheat production prospects are available here: https://www.igc.int/en/gmr_summary.aspx