

A critical period for SA winter crop-growing regions

- We are starting another critical period for South Africa's field crops, this time for winter crops. Farmers in the Western Cape will likely begin to prepare the soil for the 2024/25 winter crop production season by the end of April into May. Other major winter crop-producing provinces, such as Free State, Limpopo and the Northern Cape, will likely start around the end of May. The production of winter crops outside the Western Cape has sizable irrigation support. These regions should benefit from the relatively higher dam levels from the early summer rainfall. In major winter grains such as wheat, nearly half of the production in South Africa is produced under irrigation. The irrigation share in overall wheat production is essential in an environment where drier weather conditions and heat waves are causing significant damage to summer grains and oilseed regions.
- Admittedly, the weather forecasts for the Western Cape's winter season remain uncertain. We know the El Niño state is expected to end and return to neutral by early winter. This is according to the latest Seasonal Climate Watch from the South African Weather Service. The assumption is that at an El Niño neutral state, the Western Cape region could receive the average rainfall, which would support the winter crop season. Still, the farmers must regularly check the weather forecast and adjust their planting decisions with the latest data in their regions. The intensity of the current El Niño was also not obvious in the weather forecasts late last year.
- The past winter crop season had its fair share of challenges. The heavy floods in September 2023 damaged barley and canola crop quality. There were also reduced yields in winter wheat. The 2023/24 winter crop season had started on a positive footing, and we expected a decent harvest. The production conditions took a negative turn after the September 2023 floods. This is why the 2023/24 winter wheat harvest was down 2% year-on-year, at 2,08 million tonnes. The barley harvest was 376 195 tonnes (up 25%), and canola was 237 450 tonnes (up 13%). Still, the ample barley harvest had quality concerns that weighed on farmers' income. There were also infrastructure damages, such as roads and on-farm facilities, which increased costs for farmers in the Western Cape.
- Outside the Western Cape, the Free State is usually the third largest producer of winter crops, specifically wheat. With a harsh summer crop season that devastated summer grains and oilseed in the province, it is unclear if farmers will pull back on the usual area planting until they are confident about the weather. That decision is critical for the overall wheat harvest.
- Another possibility is that farmers may grow even more winter wheat areas to compensate for the lost harvest and time with summer crop regions. The Crop Estimates Committee will release the farmers' intentions to plant data on April 25. This data will give us a sense of the South African winter crop potential harvest and the farmers' decisions after a challenging summer grains and oilseed season.

- Aside from the weather conditions, input costs are another important consideration ahead of the winter crop planting season. Positively, the input prices have come off from the levels we saw last year. For example, in February 2024, essential herbicides such as glyphosate, acetochlor, and atrazine were down by 38% y/y, 20% y/y and 5% y/y, respectively. The prices of insecticide and fungicide have also declined notably from last year. Also worth noting is that in February 2024, essential fertilizers such as ammonia, urea, di-ammonium phosphate and potassium chloride are down 37%, 11%, 2% and 36%, respectively. Had the South African Rand not weakened during this period, the gains from the price decline would have been more significant.
- These price changes in inputs are important as they impact vast components of the grain input costs. For example, fertilizer accounts for a third of grain farmers' input costs, while other agrochemicals account for roughly 13%. This means that a decline in the prices of these inputs will result in a notable reduction in farmers' input costs. This partially compensates for the decline in crop prices over the past year. Over the past two years, the high wheat prices have helped farmers cope with elevated input costs. Fortunately, the input costs environment has now improved.
- In sum, we are in another crucial month for winter crops, with great uncertainty about the weather outlook. We should all keep an eye on the data on farmers' intentions figures, which are due for release at the end of this month.