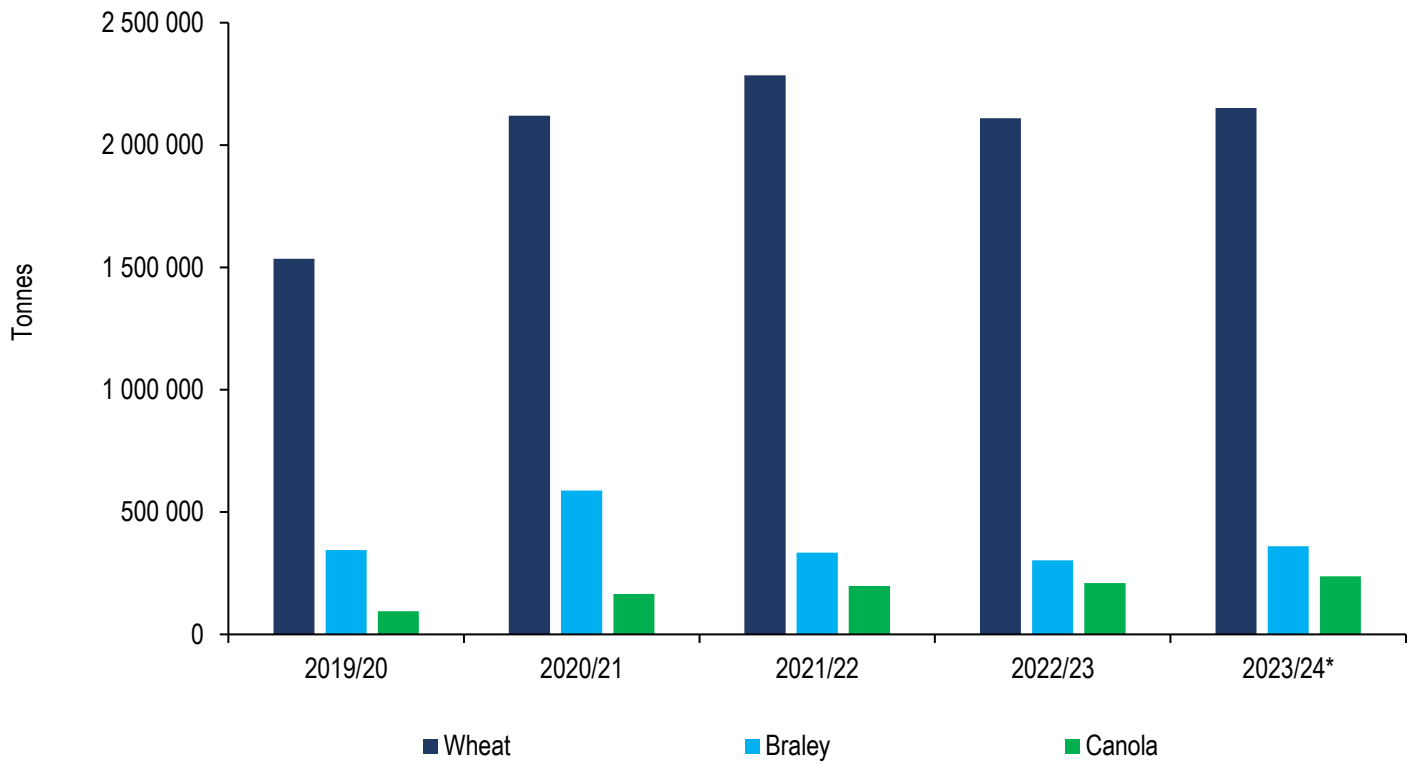


28 November 2023

SA winter crop size is decent, but quality concerns remain

- The data released this afternoon by the Crop Estimates Committee continue to paint a reasonably positive picture of South Africa's winter crop harvest, albeit with minor downward monthly revisions of the crop size. The primary issue on farmers' minds is perhaps not crop size but the deterioration in quality following heavy floods in the Western Cape in September. The Western Cape is a significant producer of winter crops, accounting for roughly two-thirds of South Africa's total winter crop output.
- The Crop Estimates Committee, in its fourth production estimates for the 2023/24 season, lowered the wheat harvest by 0,7% from October to 2,15 million tonnes. The marginal downward revision was mainly on the Western Cape's crop. Still, this projected overall harvest is 2% up from the last season.
- Broadly, the provinces behind the current robust national wheat harvest forecast are the Western Cape (53% of the overall harvest), Northern Cape, Free State and Limpopo. Admittedly, while the Northern Cape and Free State are still amongst the leading wheat producers, their expected harvest is less than the 2022/23 season. The expected large harvest in the Western Cape and Limpopo overshadows the decline in harvest in other provinces. There are also likely decent wheat harvests in other provinces such as KwaZulu-Natal, Eastern Cape and North West.
- The current expected crop of 2,15 million tonnes is well above the 10-year average harvest of 1,80 million tonnes. If there are no significant changes in the crop forecast in the coming months, South Africa will likely need to import about 1,60 million tonnes to meet domestic consumption in the 2023/24 season (down from the forecast 1,68 million tonnes in the 2022/23 season).
- Furthermore, the 2023/24 canola crop was unchanged from October estimates and is at a record 237 450 tonnes (up 13% y/y). The annual increase is also due to increased plantings and expected better yields. Regarding barley and oats, however, the Crop Estimates Committee lowered its production forecasts by 5% and 13% from last month to 360 220 tonnes and 36 200 tonnes, respectively. The recent floods damaged these crops more than wheat and canola. Notably, there are reportedly quality issues in barley, and the extent of it will be clear in the coming weeks.
- Overall, while the overall crop size is encouraging, and no major wheat quality issues have been reported so far, this remains a major concern to us, and would influence the import requirements for the season that we currently have at a consecutive estimate of 1,60 million tonnes. Still, it is too early to formulate a strong view on this matter. It will be some time before we start having a better sense of the wheat quality across the Western Cape's major wheat-producing regions. For now, one could consider this matter a potential downside risk worth monitoring.

Exhibit I: South Africa's winter crop production



Source: CEC and Agbiz Research