

South Africa's 2021/22 maize and soybeans harvest revised up further

South Africa's 2021/22 summer crop harvest is near completion, as we approach the new season which begins in two months. Still, there were important revisions brought by the Crop Estimate Committee this past week. For example, the 2021/22 maize harvest was lifted by 0,2% from June to 14,71 million tonnes. About 7,47 million tonnes is white maize, with 7,24 million tonnes being yellow maize. Essentially, this is down by 10% from the 2020/21 season crop but well above the 10-year average maize harvest of 12,80 million tonnes and annual domestic consumption of 11,80 million tonnes. Importantly, this means that South Africa will remain a net exporter of maize, which we anticipate to be just over 3,0 million tonnes in the 2022/23 marketing season (note: this marketing year corresponds with the 2021/22 production season).

Another important and most welcome adjustment in the data was the 3% increase in South Africa's soybeans harvest for the 2021/22 season to a fresh high of 2,15 million tonnes. This large soybean harvest will help lessen South Africa's reliance on soybean oilcake imports. In the week of 22 July 2022, about 2,09 million tonnes had already been delivered to commercial silos. Sunflower seed, unsurprisingly, was lowered for the second consecutive month by 4% from June estimates to 922 750 tonnes. This action is partly explained by the slow deliveries in sunflower seed regions. Still, the fact that the plantings started fairly late in these regions is also a factor to consider. For example, on 22 July 2022, about 792 050 tonnes had already been delivered to commercial silos.

Aside from these major summer crops, the sorghum harvest is estimated at 136 200 (-3% m/m), dry beans harvest at 51 720 tonnes (-3% m/m), and groundnuts are at 49 000 tonnes (-11% m/m).

In sum, as with the previous releases, these domestic production data will have minimal impact on prices. The domestic grains and oilseeds prices are mainly influenced by global events. The Russia-Ukraine war worries and concerns about 2022/23 global production following reports of heatwaves and drought in the Northern Hemisphere continue to present upside support on prices, which are ultimately reflected in the South African grains market. Still, the fact that domestic grains and oilseeds supplies are at fairly higher levels provides comfort regarding the domestic needs and even exports to our traditional markets. Ultimately, the relatively higher grains and oilseeds prices bode well for farmers in areas that didn't experience much crop damage at the start of the season. Meanwhile, the consumers, livestock, dairy, sheep, goats and poultry producers will likely experience increased costs over the foreseeable future.

A broad increase in SA winter crop plantings

This past week we received the preliminary estimates for South Africa's 2022/23 winter crop plantings, and most painted a broadly optimistic picture. For example, wheat plantings are estimated at 553 900 hectares, which is up 6% y/y, barley plantings are estimated at 106 600 hectares, up 13% y/y, and canola plantings are at 121 200 hectares, up 21% y/y. In the case of wheat, which is the one winter crop that is planted broadly beyond the Western Cape, a

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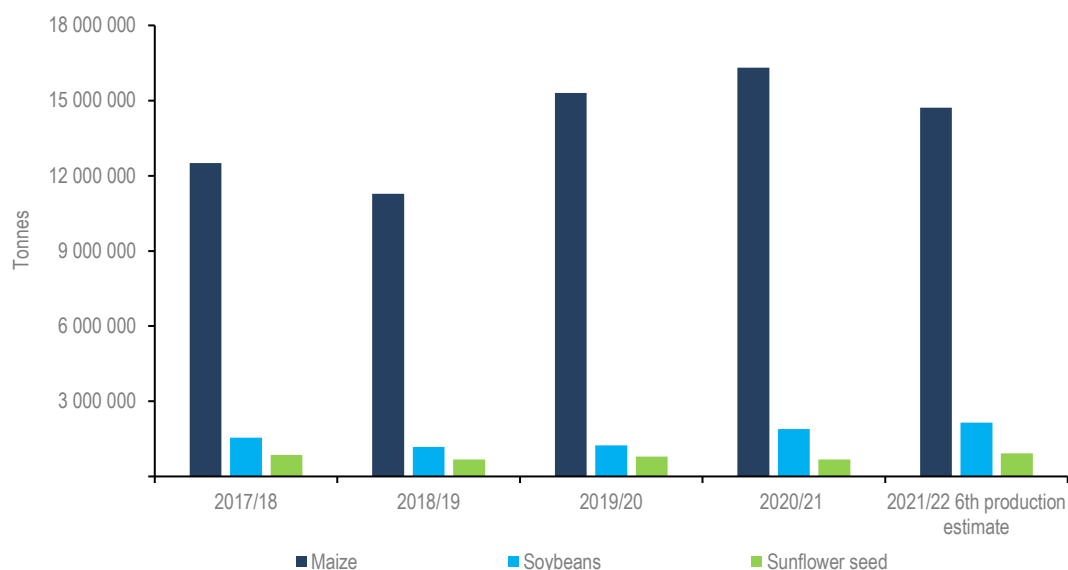
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dominant province for winter crops, the expansion in plantings is also in the Free State, Northern Cape, Eastern Cape, North West and Limpopo.

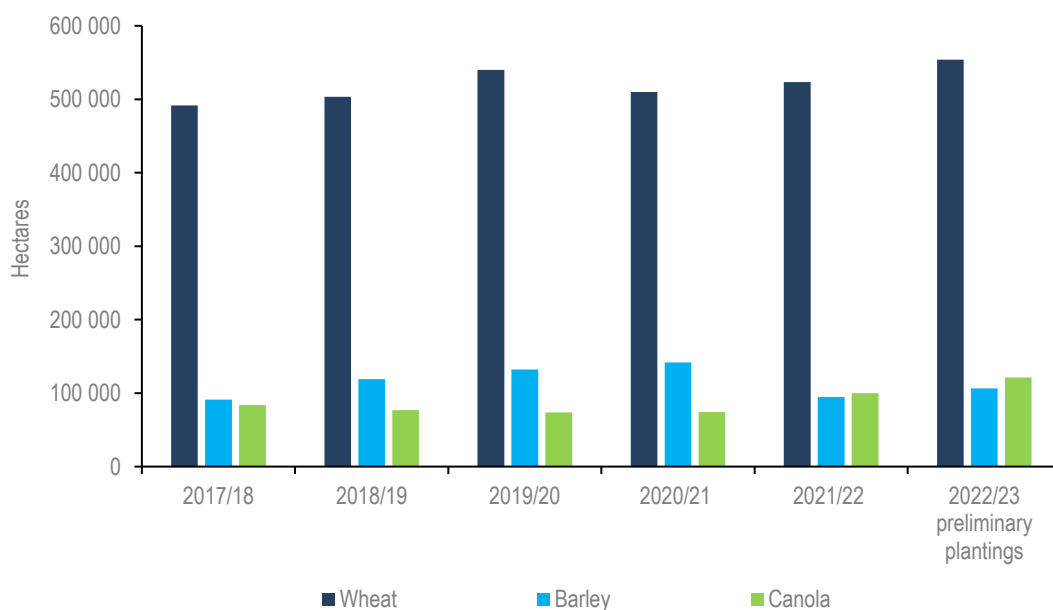
This broad expansion is unsurprising following the current attractive higher wheat prices. Still, these are early days in the season for one to know where the harvest could be this year. In the previous 2021/22 season, we had the largest wheat harvest in two decades. There are hopes for yet another good harvest this season, especially as the soil moisture has generally improved in most regions of the country following the heavy summer rains. Nevertheless, we will all take guidance about the actual harvest when the Crop Estimates Committee releases its revised area planted estimate and first production forecast for winter cereals for 2022 on 30 August.

Exhibit 1: South Africa's major summer grain and oilseeds production



Source: Crop Estimates Committee and Agbiz Research

Exhibit 2: South Africa's winter crop plantings



Source: Crop Estimates Committee and Agbiz Research