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The current heat and scant rains are worrying for S.A. agriculture

- The excessive heat across South Africa currently is a significant concern for the farming sector. The 2023/24 summer crop season started on favourable footing. We received widespread rains, which was unusual in an El Niño season, which would typically start with drier weather conditions. According to data from the Crop Estimates Committee, the farmers managed to plant a sizable summer grain and oilseed area of 4,4 million hectares, up by 0,4% from the 2022/23 season. For a while, it appeared as though South Africa was on track for yet another excellent harvest. But since the start of February, the rain has been scant across the summer crop-growing regions of South Africa, thus raising concerns about the yield potential of the crops. Perhaps we should not have been completely surprised by the current difficulty. At the end of January 2024, the South African Weather Service warned about such a possibility, stating that its " multi-model rainfall forecast indicates mostly below-normal rainfall over most of the country during February to June, except for some central parts of South Africa during March to May where enhanced probabilities for above-normal rainfall is predicted."
- The significance of February cannot be overemphasized in South Africa's agriculture. This month, significant summer grains such as maize, sunflower seed, and soybeans are in pollination stages. During this pollination stage, the crop should ideally have higher moisture levels to boost yields. The crop is entering this growth stage with limited moisture across the major growing regions in Free State, North West, and Mpumalanga, amongst other provinces. These current weather conditions have raised fears about the possible yields loss. Indeed, in various regions we visited these past few weeks, the crops were visibly strained.
- In conversations with farmers and agricultural analysts, the consensus is that the last two weeks of February are critical for the crop. This means South Africa must receive widespread rains this week or next week for the crop to recover from its current worrying state. Also making the challenge worse for South Africa's farming sector is the excessive heat. Even areas that receive frequent patchy rains suddenly evaporate with the high temperatures.
- While the immediate concern is mainly for summer grains and oilseeds, the higher temperatures and limited rain is also a challenge for other subsectors of agriculture, such as horticulture and livestock. The vegetable and fruit areas are primarily saved because nearly all production is under irrigation and can thrive even with frequent load-shedding. Notably, the dam levels in various regions of the country are healthy, having improved from the past few years' heavy rains and the good showers at the start of the current season. The irrigation regions of summer crops certainly will also benefit from the better dam levels. Still only about 20% of maize, 15% of soybean, 34% of sugarcane are under irrigation, with majority rainfed. The livestock industry, over time, could also feel the impact of the current harsh temperatures if there is no relief from rain to help boost the grazing veld. Still, the conditions are

manageable so far, with the veld benefitting from the last few years of rains and a favourable start to the season.

- At the end of this month, the Crop Estimate Committee will release its revised 2023/24 area and first production forecast for summer crops. So far, it is unclear how much of the current heat strain on crops the Crop Estimate Committee will factor into their estimates. Even our initially optimistic crop forecast of above-average yields in maize, soybeans, and sunflower seed is now highly uncertain because of rainfall scarcity. Perhaps the key figures that will provide a better sense of the summer crop harvest is the March 2024 release, when the Committee has fully considered the weather events and how much of the crop would have successfully pollinated.
- In essence, while we started the 2023/24 summer crop season with optimism and even estimated that harvest would be decent at above-average levels, the outlook is now challenged by the excessive heat and limited rainfall across the major crop-growing regions. Still, it is not too late, but the next two weeks are vital for the crop. The season's outcome will not only affect the farming output but also have implications for food price inflation, for which we had generally held a positive view of possible moderation because of potential supply recovery and base effects, amongst other factors. The next two weeks are critical for the crop outlook.