

What the month of April means for SA agriculture

Each year, the months of April and October are critical periods in the seasonal cycle of South Africa's agriculture. These months correspond with summer and winter crops' planting and harvesting periods. In October, the winter crops are typically maturing and approaching the harvesting stages, while the summer crop regions usually commence plantings around the same time (see Exhibit 1). In April, it is the opposite – typically marked by the planting of winter crops and the approach of the harvesting season for summer crops. Notably, the harvesting period also approaches around this time for major fruits such as citrus. These events make the weather an even more important consideration during this period. The planting regions of winter crops would need increased moisture, whereas the harvesting period of summer crops and horticulture would require cooler and drier weather conditions.

This time around, however, the weather conditions might not be as optimal for harvesting summer crops and planting winter crops. In its Seasonal Climate Watch of 31 March, the South African Weather Service noted that its "multi-model rainfall forecast indicates above-normal rainfall for the north-east of the country and below-normal rainfall for the southwest during late autumn through to early winter." The ideal conditions would be average rainfall to dryness for the northeast regions of the country and slightly above-normal rain in the southwest. The south-western regions of South Africa, specifically the Western Cape are winter crop regions and account for roughly two-thirds of the winter crop plantings.

The current weather forecast does not spell disaster for farming. Rather, a need for farmers to plan the planting activity with the prospects of dryness in the earlier part of the winter crop season. We do not foresee this as a threat to the winter crops, especially if the weather conditions normalize later. The soil moisture in the winter crop growing areas of South Africa is at reasonably better levels following higher rainfall in the past season and the 2021/22 summer. Notably, better soil moisture in provinces such as Free State, Limpopo and Northern Cape could help boost winter crop plantings, specifically for wheat. The current wheat prices, with spot prices up 35% y/y at the end of March at R6 615 per tonne, could also incentivize farmers to increase plantings, in our view. As we discussed in the previous notes, the ongoing Russia-Ukraine war is a major factor behind the increases in wheat prices globally. The Crop Estimates Committee will release the data on farmers' planting intentions for winter crops at the end of this month (26 April). We expect these data to show more robust plantings than the 2021/22 production season, where wheat plantings were at 523 500 hectares, canola at 100 000 hectares, and oats at 36 250 hectares. These plantings were also higher than the 2020/21 season.

At the same time, the summer crop regions are not necessarily at risk of crop damage or deterioration in quality because of the current showers. However, what could happen is a delay in harvesting compared with the previous year's schedule. It is also worth noting that some summer crop regions did not plant during the traditional optimal periods because of excessive rains at the start of the season. Some areas had to replant following damages caused by the rains. This means that the harvesting period or maturing of crops could be slightly behind the normal periods, making the prolonged rains less dramatic on the yield potential. South Africa's summer crop harvest is at relatively good levels when viewed from a long-term basis. The 2021/22 maize harvest is projected at 14,7 million tonnes, which is well

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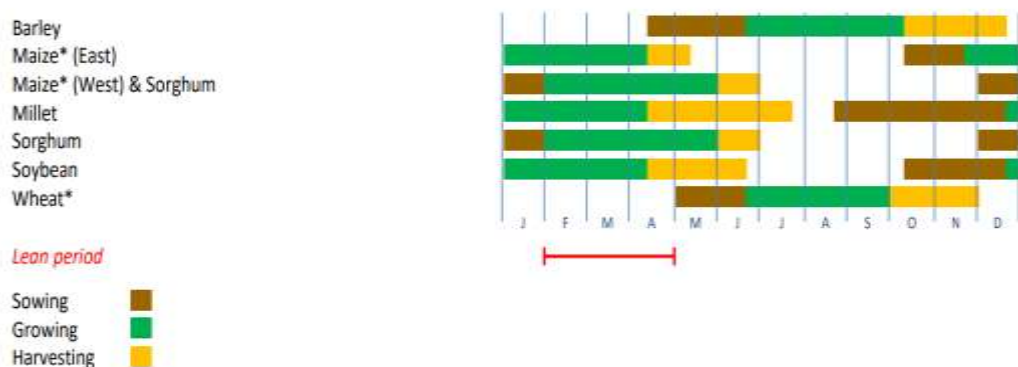
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above the 10-year average of 12,8 million tonnes and annual maize consumption of 11,8 million tonnes. The sunflower seed and soybeans harvests are projected to be the second-largest on record, at 959 450 tonnes and 1,9 million tonnes, respectively.

In the horticulture industry, the citrus harvest outlook remains positive. The heavy rains during the year caused minimal damage to the industry from a national perspective. The primary focus in the citrus industry is logistics, specifically ports efficiency, and the need to widen export markets as a significant share of the export market, roughly 7% in Russia, has been interrupted by the ongoing war in Ukraine.

In sum, the weather is again a significant focus in agriculture as we get into April. The outlook from the South African weather authorities is not favourable for both planting of winter crops and harvesting of summer crops and fruits. Still, this is not something to worry about, in our view. Instead, it is a major factor to monitor and plan with its uncertainty in mind. We remain optimistic about South Africa's agricultural activity in the coming months.

Exhibit 1: South Africa's crop calendar



Source: The Food and Agriculture Organization of the United Nations