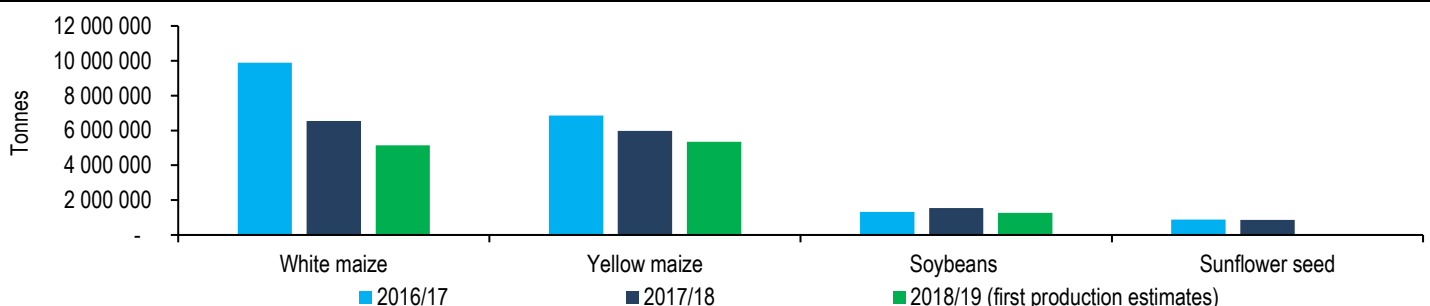


SA farmers increased summer crop area planting

- The recently released first estimate for South Africa's 2018/19 summer grains and oilseeds area plantings and production proved just how difficult it is to make predictions in a drier season. Fortunately, the numbers leaned more to the positive than the reduction that market analysts, ourselves included, previously feared. South African farmers planted 3.7 million hectares of all summer grains and oilseeds, up by 3% from the previous estimate, but still down by 3% from the 2017/18 season. From a yield perspective, the numbers are somewhat disappointing but not gloomier. For example, South Africa's maize production is estimated at 10.5 million tonnes, slightly below the lower end of market expectations of 10.7 million tonnes. Given that South Africa consumes roughly 10.8 million tonnes a year, if the aforementioned harvest materialises, the country would have sufficient supplies in 2019/20 marketing year, accounting for an opening stock of 3.5 million tonnes which will add into the supplies.
- To dive into more details, white maize area plantings were revised up to 1.3 million hectares from last month, while yellow maize area plantings were slashed from the previous estimate to 1.0 million hectares. This then boosted the production expectations to 5.2 million tonnes of white maize and 5.3 million tonnes of yellow maize. Although this will put South Africa in better footing than we previously feared, it is 16% lower than the 2017/18 harvest due to expectations of poor yields in some areas, following erratic rainfall at the start of the season.
- Moreover, the 2018/19 soybean plantings were revised down from last month by 2% to 730 500 hectares. This is 8% lower than the 2017/18 production season. From a yield perspective, production could amount to 1.3 million tonnes, which is slightly below our expectations of 1.4 million tonnes, and 17% lower than the 2017/18 season. Sunflowers seed area plantings were revised up from last month, and that captures the increased activity after late rainfall in parts of the North West. Be that as it may, production is still set to be 16% less than the 2017/18 production season (Figure 1). Other small grains harvest, sorghum and dry beans could be up from last season.
- Going forward, the weather will be an important determinate of whether South Africa receives a better harvest or not. At the moment, the outlook is favourable, with the South African Weather Service indicating a possibility of above-normal rainfall between February and April 2019 over most summer grains and oilseeds growing areas.

Figure 1: South Africa's summer crop first production estimates for 2018/19 season



Source: Crop Estimate Committee, Agbiz Research

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