

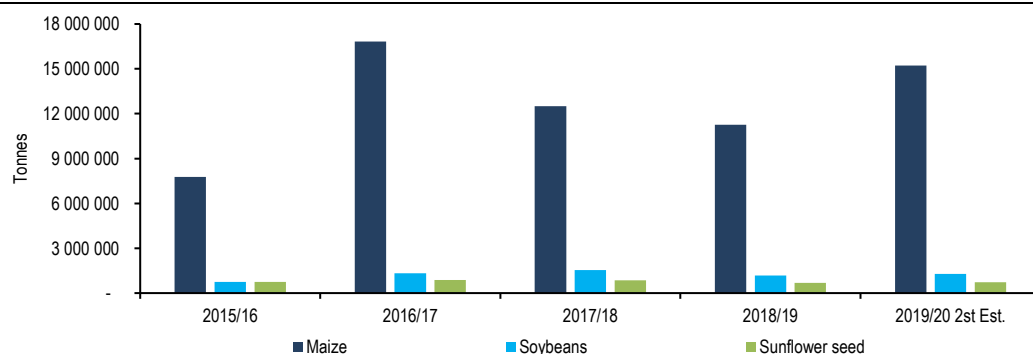
South Africa's 2019/20 summer grains and oilseeds harvest to be the second biggest on record

The data released this afternoon by the Crop Estimates Committee (CEC) show that South Africa's 2019/20 summer grains and oilseeds production could increase by 32% y/y to 17.5 million tonnes.¹ While this is only the third estimate for this season, with six more to follow, if it materialises, this could be the second-largest harvest on record after the 2016/17 crop. The major gains are maize, soybeans and sunflower seed as illustrated in Exhibit 1. The 2019/20 maize, soybeans and sunflower seed harvest are forecast at 15.2 million tonnes, 1.3 million tonnes, and 731 210 tonnes; which are up by 35%, 10% and 8%, respectively, from the 2018/19 production season. The increase is mainly supported by an expansion in area planted in the case of maize and expected improvements in yields on the back of favourable weather conditions during a greater part of the season. The harvest season for oilseeds has recently started, while for grains, it will likely gain momentum towards the end of May.

In the case of maize, the data essentially means that South Africa would remain a net exporter of at least 2.5 million tonnes in the 2020/21 marketing year which starts in May 2020 and ends in 2021 (corresponds with 2019/20 production season), up 80% y/y. This is at a time when Southern and East African maize import needs could outpace those of the previous year. For example, Zimbabwe's 2019/20 summer grains production season started on the back foot due to unfavourable weather conditions. The International Grains Council forecasts Zimbabwe's 2019/20 maize production at 800 000 tonnes, which is less than half of what the country needs (estimated at 2.0 million tonnes). In East Africa, Kenya, Somalia and Uganda could experience crop losses as locusts continue to spread. These countries will require maize imports.

What's more, a maize harvest of 15.2 million tonnes would enable South Africa to export maize beyond the African continent to other deep-sea markets such as Japan, Taiwan, Vietnam and South Korea who were not prominent in the 2019/20 marketing year, which ends this month. This, however, could be possible provided there are minimal disruptions on the supply chains amid the COVID-19 pandemic. Nevertheless, South Africa could remain a net importer of soybean products, specifically oil cake, and a net importer of sunflower oil, irrespective of the current improvement in the harvest because of growing domestic demand.

Exhibit 1: South Africa's selected summer crops production forecasts



Source: CEC, Agbiz Research

¹ Summer crops represents maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.

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