

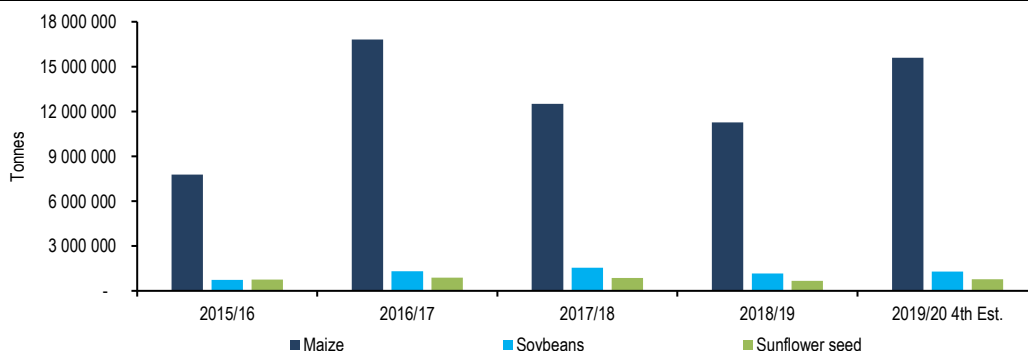
SA can expect bigger summer grains and oilseeds crop

South Africa's 2019/20 fourth summer crop production estimates data released this afternoon by the Crop Estimates Committee (CEC) did not introduce major adjustments from the previous estimates. Essentially, the maize production estimate was lifted by 2% from last month to 15.6 million tonnes (6.5 million tonnes are yellow maize, with 9.1 million tonnes being white maize). The current maize harvest is up 38% from the 2018/19 harvest, and is the second-largest harvest on record. With the crop having already matured and at harvest process, we doubt there will be notable adjustments in output levels in the upcoming five more reviews for this season. This is a case not only for maize, but all summer crops. Sunflower seed is another major oilseed that saw its production forecast lifted by 5% from last month to 765 960 tonnes because of relatively higher yields in regions of the Free State and North West. This crop is now 13% higher than the 2018/19 harvest. Meanwhile, the soybean production estimate was left unchanged at 1.3 million tonnes, which is up 10% y/y, as illustrated in Exhibit 1. The increase in this season's summer crop harvest is mainly supported by an expansion in area planted in the case of maize and favourable weather conditions which led to improvements in yields.

Also, worth noting is that the soybeans and sunflower seed harvest have progressed notably, with 79% and 36% of the expected crop having been delivered to commercial silos in the week of 22 May 2020. Whereas in the case of maize, the harvest process is still at initial stages, which is later than usual, in part, because of the late start of the 2019/20 maize production season on the back of dryness when farmers commenced planting. This too is clear from the maize producer deliveries data for the first three weeks of the 2020/21 marketing year (corresponds with the 2019/20 production season), which are down by 20% compared to the corresponding period last year, with about 623 833 tonnes delivered in the week of 22 May 2020.

In the case of maize, the data essentially mean that South Africa would remain a net exporter of at least 2.7 million tonnes in the 2020/21 marketing year which started in May 2020 and ends in 2021. This is at a time when Southern and East African maize import needs could outpace those of the previous year because of poor harvests on the back of drought and locust invasion. South Africa could also 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. This, however, could be possible provided there are minimal disruptions on the supply chains amid the COVID-19 pandemic.

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



Source: SA's Crop Estimates Committee, Agbiz Research

27 May 2020

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