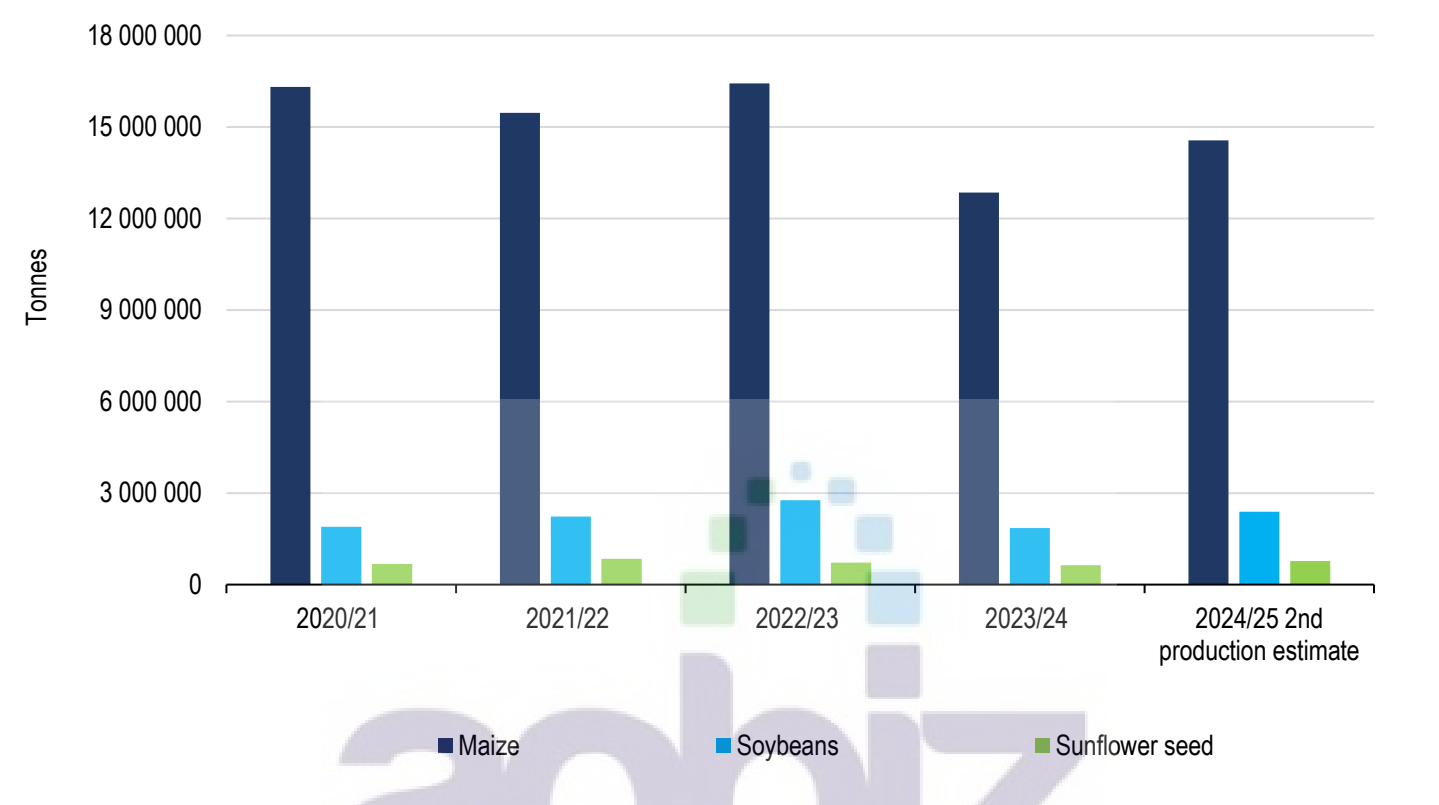


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## SA summer crop harvest set to recover robustly in 2024-25

- South Africa's agriculture is recovering after a challenging mid-summer drought that led to significant crop losses in the 2023-24 season. The Crop Estimates Committee (CEC) 's data released this afternoon paints an encouraging picture of this new season's summer crop production prospects. For example, the 2024-25 summer grain and oilseeds production is forecast at 18,0 million tonnes, up 5% from the previous month's estimate and 16% of the prior season's crop. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.
- The expected yield improvements after favourable rains underscore the better harvest prospects. The overall area planting is 4,4 million hectares, roughly unchanged from the last season. Provided this is a second production estimate and possibly still does not fully account for the gains of the favourable weather conditions in recent weeks, we could see further upside revision in the coming months, even if mildly. After all, there are eight more production estimates to follow monthly.
- A closer look at the data shows the second maize production estimate at 14,6 million tonnes, up 5% month-on-month (m-o-m) and 13% year-on-year (y/y). About 7,7 million tonnes is white maize (up 26% y/y), and 6,9 million tonnes is yellow maize (up 1% y/y). The difference is caused by the area switch, with white maize taking a more significant area and the yield expectations. The prospects of a better maize season have already added downward pressure on prices, which currently trade below last year's. Importantly, these forecasts are well above South Africa's annual maize needs of about 11,8 million tonnes, which implies that, if the crop materializes, South Africa will remain a net exporter of maize.
- Regarding oilseeds, soybean harvest is estimated at 2,4 million tonnes, up 29% y/y. This is on the back of anticipated better yields, as the area is roughly the same as the past season. Moreover, the sunflower seed harvest is forecast at 770 500 tonnes, up 22% y/y, benefiting from expected higher yields.
- The groundnut harvest is estimated at 66 929 tonnes (up 29% y/y), sorghum production is estimated at 137 435 tonnes (up 40% y/y), and dry beans harvest is at 79 007 tonnes (up 56%). The base effects also boost the significant annual increases given the poor harvest we recorded in 2023-24 during the drought.
- Overall, this is shaping to be a better agricultural season and a year of recovery in the sector. Indeed, there may be regions that aren't fully recovering and suffered from erratic weather. Still, the national picture is solid.
- From a consumer perspective, the softening commodity prices on the back of the expected large harvest paints a comforting food inflation path for the year's second half. The next quarter, specifically for grain-related products in the food inflation basket, may still reflect the effects of the recent higher prices of tight grain supplies at the start of this year, which is before we get the new season deliveries.

Exhibit I: SA's second summer crop production estimates (selected crops)



Source: CEC and Agbiz Research