

April 22 2025

The path ahead for SA's summer and winter grains production

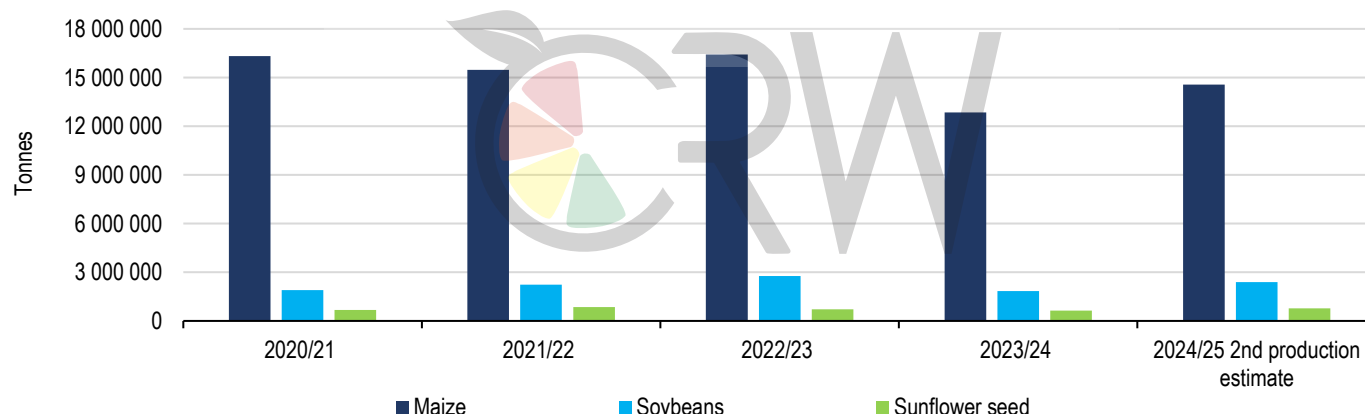
- April is an important month for South Africa's agriculture. On April 30 we are due to receive the Crop Estimate Committee's (CEC) third production forecast for the summer grains and oilseeds, which is typically a stronger indication of how the season's harvest will look as the crop has largely passed the pollination stages. At the same time, we get the CEC data on farmers' planting intentions for winter crops. These data provide broad guidance on how farmers perceive the upcoming winter crop season and their planting plans. The weather outlook, winter crop prices and the availability and cost of inputs, amongst other considerations, primarily inform this view.
- The outlook has remained broadly positive for the 2024-25 summer grains and oilseeds. At the end of March, CEC projections placed South Africa's 2024-25 grains and oilseed production at 18,0 million tonnes, up 16% from the previous season. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans. While planted late by roughly a month, the crop benefitted from the excellent rains these past few months.
- It is likely that when the CEC releases an update at the end of April, it will maintain a decent harvest or possibly lift the estimates slightly. We have already seen estimates from the Pretoria office of the United States Department of Agriculture (USDA) publishing slightly higher estimates for some grains than the Crop Estimates Committee.¹ The USDA forecasts South Africa's 2024-25 commercial maize production at 15,3 million tonnes, up 20% from the previous season. Meanwhile, the CEC forecasts South Africa's 2024-25 maize harvest at a slightly lower figure of 14,6 million tonnes, up 13% year-on-year. There are also differences in projections of the non-commercial maize harvest, with the USDA presenting a somewhat more optimistic figure. Thus, we believe that there remains a likelihood that the CEC could lift its figures a bit, as weather conditions have remained broadly positive since the last estimate.
- The one significant risk for the 2024-25 summer grains and oilseed is the excessive rains this month, which could present quality challenges in crops in regions that are planted early in the season. We are specifically worried about the oilseeds, mainly sunflower seeds and soybeans, planted early and in very wet areas. We are also concerned that the fertilizer application process may not have been as optimal in some areas because of the excessive rains. Still, this will likely be an excellent season regarding crop output size. However, the quality of the crop is something worth monitoring closely. When the CEC releases its crop forecasts, it may not opine on the quality issues. Therefore, engaging with commodity associations about how they see crop quality for various regions may be more beneficial to understanding seasonal crop prospects better.

¹ The USDA's report is available here:

https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Update_Pretoria_South%20Africa%20-%20Republic%20of_SF2025-0001.pdf

- Regarding the 2025-26 winter crop season, our focus will primarily be wheat, barley and canola. The major uncertainty is the weather prospects for the winter season. In its monthly Seasonal Climate Watch, the South African Weather Service (SAWS) has recently signalled prospects of a relatively drier winter season.² The SAWS stated that "the south-western parts of the country are expected to receive below-normal rainfall during the forecasted seasons". These regions include the Western Cape, where over two-thirds of South Africa's winter crops are cultivated. Still, it is too early to be certain. The update for this month will perhaps be more informative about the weather prospects for the season.
- A more comforting path for now regarding the upcoming winter crop season is input costs, largely down from last year. However, prices of some fertilizer products and agrochemicals are somewhat up from a year ago.³ South Africa is a net importer of fertilizers and agrochemicals and is exposed to exchange rate fluctuations that may also present some price risks in the current intense geoeconomic environment.
- Regarding commodity prices, while the 2025-26 global wheat prospects remain promising, with the International Grains Council forecasting the harvest at 805 million tonnes, up 1% year-on-year, the stocks are slightly tight.⁴ The tighter stocks result from strong consumption and usage of wheat. Thus, we continue to see prices elevated from last year's levels. For example, on April 16, South Africa's wheat spot price was up 7% from a year ago, trading at around R6 320 per tonne. We see similar price support in other wheat contract month prices. These price developments should support plantings for winter crops in South Africa this year.
- In essence, South Africa's agriculture is in a critical month that guides us about the possible fortunes of the sector. On both summer and winter grains, the weather remains the major risk on the path forward. Still, there is sufficient reason to be optimistic. Beyond the grains and oilseeds, trade policy is a significant focus for fruits and wines, as the U.S. has recently caused major disruptions in global trade policy. Animal diseases, especially in KwaZulu Natal province, are a significant focus area for the livestock sector. With all things considered, we believe 2025 will be a year of recovery for South Africa's agriculture. Importantly, the better agricultural conditions bode well for the South African consumer.

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



Source: CEC and Agbiz Research

² The SAWS report is accessible here: https://www.weathersa.co.za/Documents/SeasonalForecast/SCOLF202503_31032025122337.pdf

³ The input costs price trend is available here: https://www.grainsa.co.za/upload/report_files/Chemical-and-Fertilizer-Report-Mar-2025_.pdf

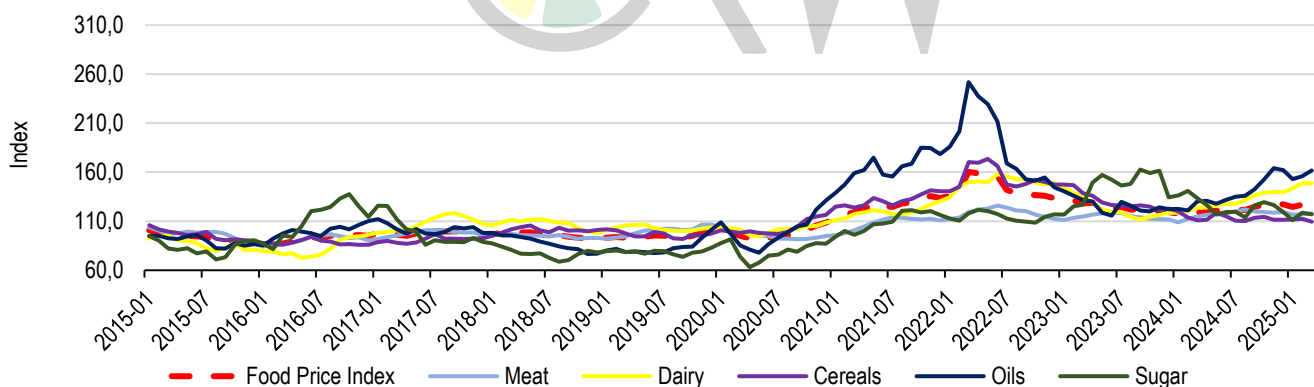
⁴ The global wheat production prospects are available here: https://www.igc.int/en/gmr_summary.aspx

WEEKLY HIGHLIGHT

The global grains and oilseed production prospects remain optimistic

- This past week, the International Grains Council released its monthly update of the 2025-26 global grains and oilseeds production forecasts. The forecasts paint a broadly optimistic view. For example, the 2025-26 total grains production is forecast at 2,4 billion tonnes, up 4% from the previous year. This forecast comprises all major global soft commodities – maize, wheat, rice and soybeans. A closer look at the data shows that the 2025-26 global maize production is forecast at 1,3 billion tonnes, up 8% year-on-year. The uptick is expected to be in all major maize-producing regions worldwide. The 2025-26 global wheat crop is forecast at 805 million tonnes, up 1% from the previous season. The 2025-26 global rice production is estimated at 540 million tonnes, up 1% from the prior season. The 2025-26 global soybean crop is estimated at 428 million tonnes, up 3% from the previous season.
- Admittedly, it is still too early to be confident about these crop prospects, and the northern hemisphere countries have recently started planting. A lot will unfold as the season progresses, including whether farmers will plant all the intended areas. Moreover, the southern hemisphere countries will only start tilling the land towards the end of the year – around October. The forecasts for this region so far are mainly based on historical plantings. What will matter the most from now on are the weather conditions. So far, the prospects remain relatively favourable for most regions; thus, the International Grains Council has maintained this broadly optimistic view of the 2025-26 global grains and oilseeds production.
- The better harvests also imply that commodity prices could remain contained for some time, albeit a few where their usage is high and weighing on stock-level prospects. For South Africa, this is an encouraging outlook for a consumer. South Africa generally imports around 1,8 million tonnes yearly, just under half of the country's annual consumption. South Africa also imports about a million tonnes of rice, which accounts for all consumption. South Africa does not produce rice because its semi-arid environment requires more moisture. In addition to the weather, the other issues we continue to monitor are geopolitical developments and trade policy, as they typically add downward pressure on agricultural commodities when China, a major grains and oilseeds buyer, cancels orders in its efforts to source more produce from South America. This is a developing issue that requires constant observation. Aside from that, the outlook for 2025-26 global grains and oilseed production remains broadly optimistic.

Exhibit 2: Global food price index



Source: FAO and Agbiz Research

WEEK AHEAD

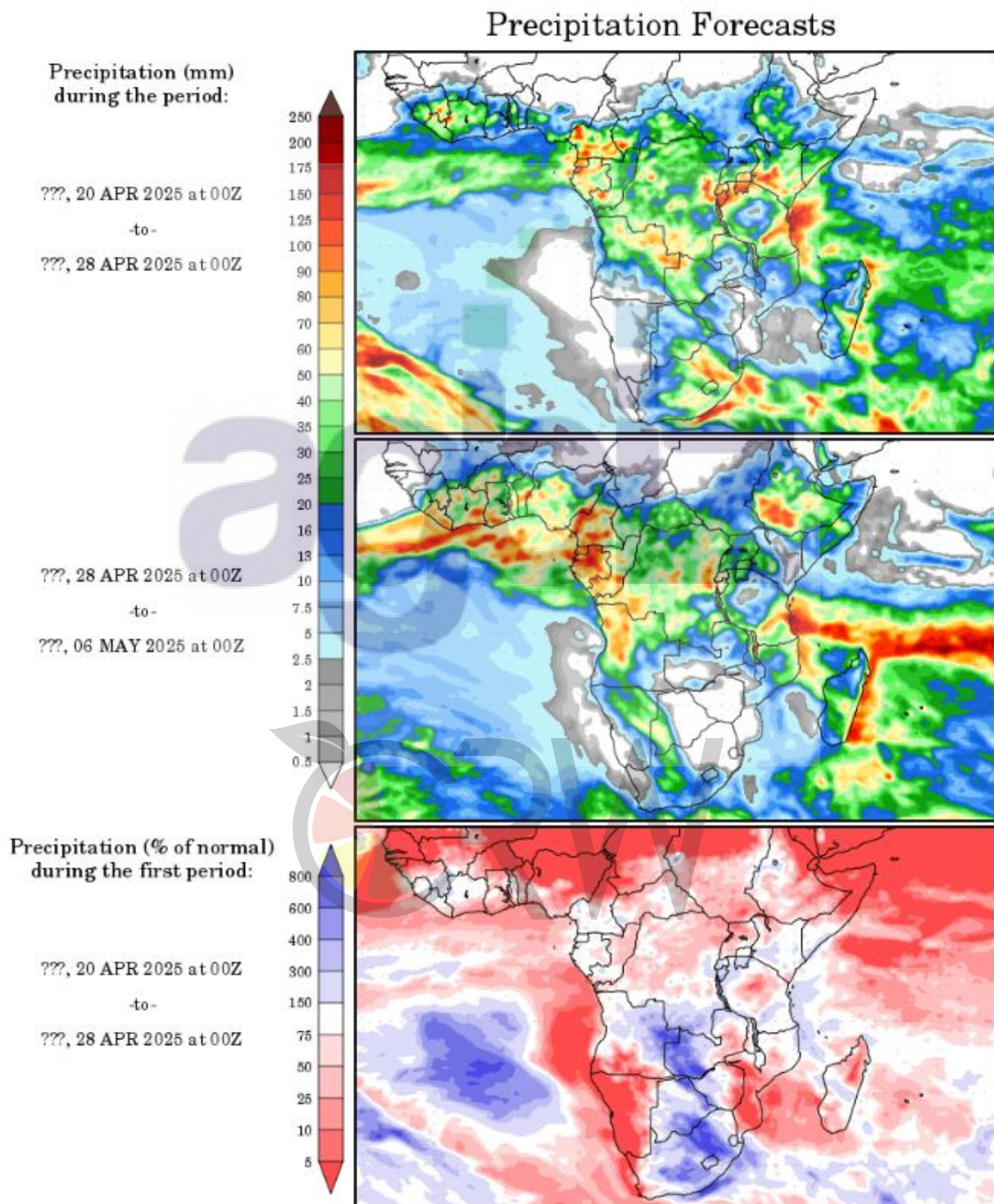
What we are watching this week

- We have a few data releases on the global front. We only have the USDA's **U.S. Milk Production** report today and the weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On the domestic front, on Wednesday, SAGIS will release its **weekly South Africa's Grains and Oilseeds Producer Deliveries** data. In the case of maize, we will receive a data release for the 51st week of the 2024-25 marketing year (corresponding with the 2023-24 production season). In the previous release on April 11, South Africa's weekly maize producer deliveries were about 43 314 tonnes. This puts the 2024-25 maize producer deliveries at 11,39 million tonnes out of the final harvest of 12,85 million tonnes. We are in the new 2025-26 marketing year for oilseeds, which started at the beginning of March 2025. In the first six weeks, the soybean producer deliveries totalled 110 860 tonnes out of the expected harvest of 2,4 million tonnes. In the case of sunflower seed, the first six weeks of the new marketing year's producer deliveries were 97 584 tonnes out of the expected 770 500 tonnes. We expect the early deliveries to remain relatively low and pick up later this month. Moreover, the wheat producer deliveries for the first 28 weeks of the 2024-25 marketing year stand at 1,83 million tonnes. The final harvest is 1,92 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- Also, on Wednesday, Statistics South Africa will release the **Consumer Price Index (CPI)** data for March 2025. Our focus in these data will be on the food category. To recap, South Africa's consumer food price inflation ticked up to 1,9% in February 2025 from 1,5% in January.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data for the 51st week of the 2024-25 marketing year. In the previous release on April 11, the 50th week of the 2024-25 marketing year, South Africa exported 35 739 tonnes of maize. Of this volume, 36% was exported to Zimbabwe, 33% to Mozambique, 16% to Botswana, and the balance was distributed to the neighbouring African countries. This puts South Africa's total maize exports in the 2024-25 marketing year at 2,2 million tonnes, slightly above the expected seasonal exports (but down from 3,44 million tonnes in the 2023-24 marketing year because of the drought).
- While South Africa will likely remain the net exporter of maize in the 2024-25 marketing year, the coastal regions continue to import some volumes of maize because of price competitiveness. We continue to see imports of yellow maize from Argentina and Brazil through the Port of Cape Town and white maize from the United States. South Africa's 2024-25 maize imports stand at 922 833 tonnes. The 2024-25 marketing year (corresponds with the 2023-24 production season) ends this month, April 2025.
- South Africa is a net wheat importer, and April 11 was the 28th week in the new 2024-25 marketing year. The imports so far amounted to 930 630 tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the suppliers of wheat to South Africa.
- Also, Statistics South Africa will release the **Producer Price Index (PPI)** data for March on Thursday.

South Africa's Precipitation forecast

- This week may bring showers in some regions of South Africa. While we generally welcome the rains during the season, we are starting to be concerned that continuous rains could compromise the crop quality in areas planted early and where the crop has matured. Still, this isn't an immediate issue.

Exhibit 3: South Africa's precipitation forecast



Source: George Mason University (wxmaps)