

Observations about South Africa's 2025-26 winter crop production outlook

- This month, farming businesses in the Western Cape will start preparing the land for the 2025-26 winter crop production season. In the northern regions of South Africa, we had excellent rains, and perhaps excessive rains in certain areas. Rainy weather has cleared in these regions as the winter sets in and producers prepare for harvest. In the Western Cape, a winter crop region, the focus will be on whether the province can receive much-needed rains to support the 2025-26 winter crop production season in a similar way we saw with the summer crop regions of the country.
- In its monthly Seasonal Climate Watch released on 2 May, the South African Weather Service (SAWS) signalled a worrying outlook about the rain prospects for these regions. The SAWS stated that, "the south-western parts and the southern and eastern coastal areas are expected to receive mostly below-normal rainfall early-, mid- and late-winter."¹ These regions include the Western Cape, where over two-thirds of South Africa's winter crops are cultivated. Still, we are early in the season, and this view may change in the coming months. The most important thing is for the producers to consistently assess the weather prospects for their regions and the soil moisture and make the planting decisions, amongst other considerations.
- As we stated recently, aside from the uncertain weather prospects, input prices are relatively more favourable for farmers in the winter crop-growing regions as these are largely down from last year. With that said, the prices of some fertilizer products and agrochemicals are somewhat up from a year ago.² 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 volatile geoeconomic environment. Still, the start of the season this month, when there is a high usage of inputs, is at a time when prices are still more accommodative.
- Fortunately, the farmers are optimistic about the 2025-26 winter crop production season. For example, the Crop Estimates Committee show that the 2025-26 winter crop farmers planting intentions are at 827 970 hectares, up by 1% from the previous season. This comprises wheat, barley, canola, oats, and sweet lupines. A closer look at the major crops shows some minor deviations, with all crop area plantings increasing while barley is falling.
- The farmers intend to plant the 2025-26 wheat crop in 513 200 hectares, up 2% from the previous season. If we assume relatively favourable weather conditions and a decent yield of 3,97 tonnes per

¹ The full SAWS report is accessible here:

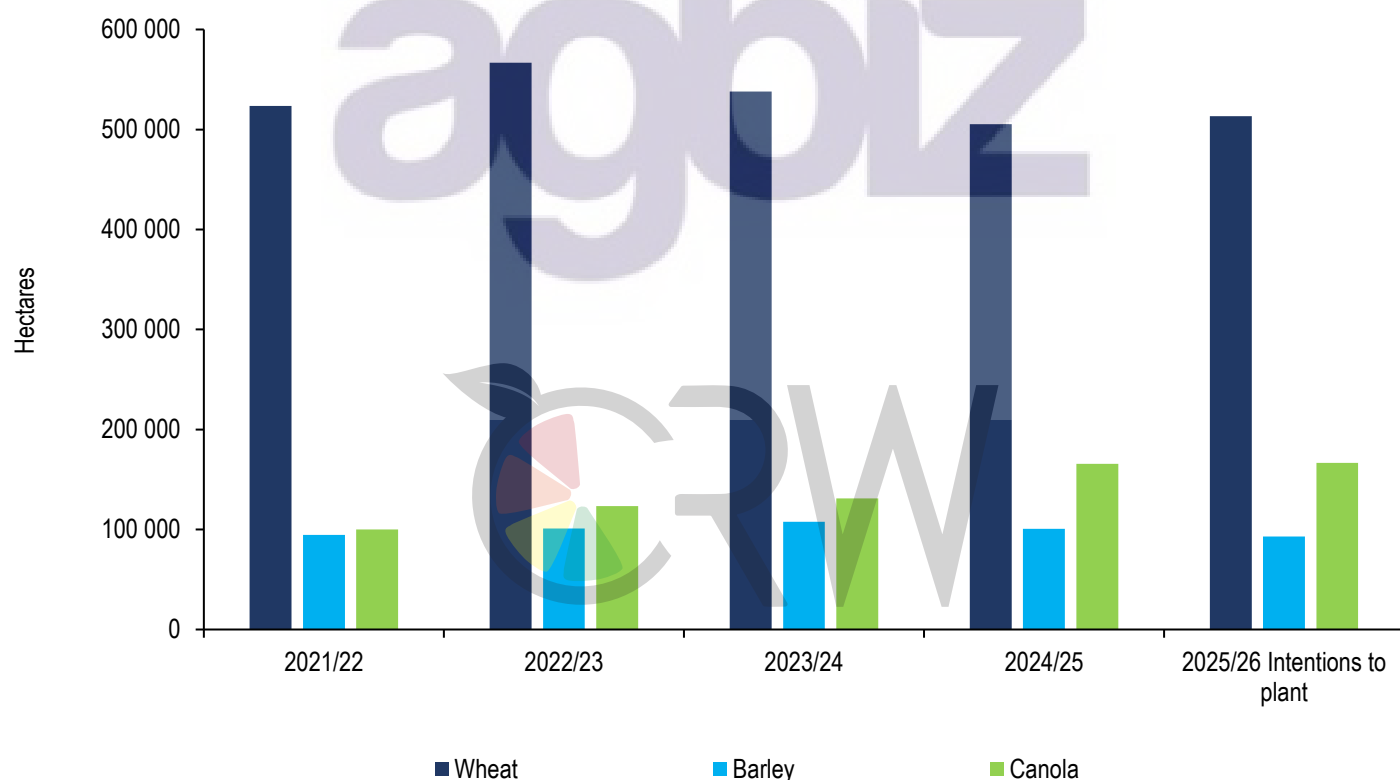
https://www.weathersa.co.za/Documents/SeasonalForecast/SCOLF202504_02052025133032.pdf

² The input costs price trend is available here: https://www.grainsa.co.za/upload/report_files/Chemical-and-Fertilizer-Report-Mar-2025_.pdf

hectare, which aligns with a five-year average, South Africa's wheat harvest would be 2,04 million tonnes. This would be up 6% from the 2024-25 production season.

- In the case of canola, the farmers intend to plant 166 500 hectares, up by 0,5% from the previous season. Similarly, if we apply a five-year average yield of 1,89 tonnes per hectare, South Africa could harvest 314 685 tonnes, up 9% from the previous season. Regarding oats, the farmers intend to plant 34 520 hectares, up 11% from the 2024-25 season. Applying an average yield of 1,54 tonnes per hectare means the harvest could be 53 161 tonnes, up 24%.
- Unlike other crops, the farmers intend to slash the barley plantings by 8% to 93,050 hectares in the 2025-26 season. If we apply a five-year average yield of 3,58 tonnes per hectare on barley, we will have a harvest possibility of 333,119 tonnes, down by 11% from the previous season.
- Overall, it is still too early to tell where the winter crop harvest could be and whether farmers will successfully manage to plant the area they intend to till. So far, the focus is on the weather, and the near-term prospects are concerning. Still, we will have to monitor closely this month's update and the outlook for specific regions. Aside from the weather issues, winter crops' general input cost conditions are more accommodating.

Exhibit I: South Africa's selected winter crop plantings



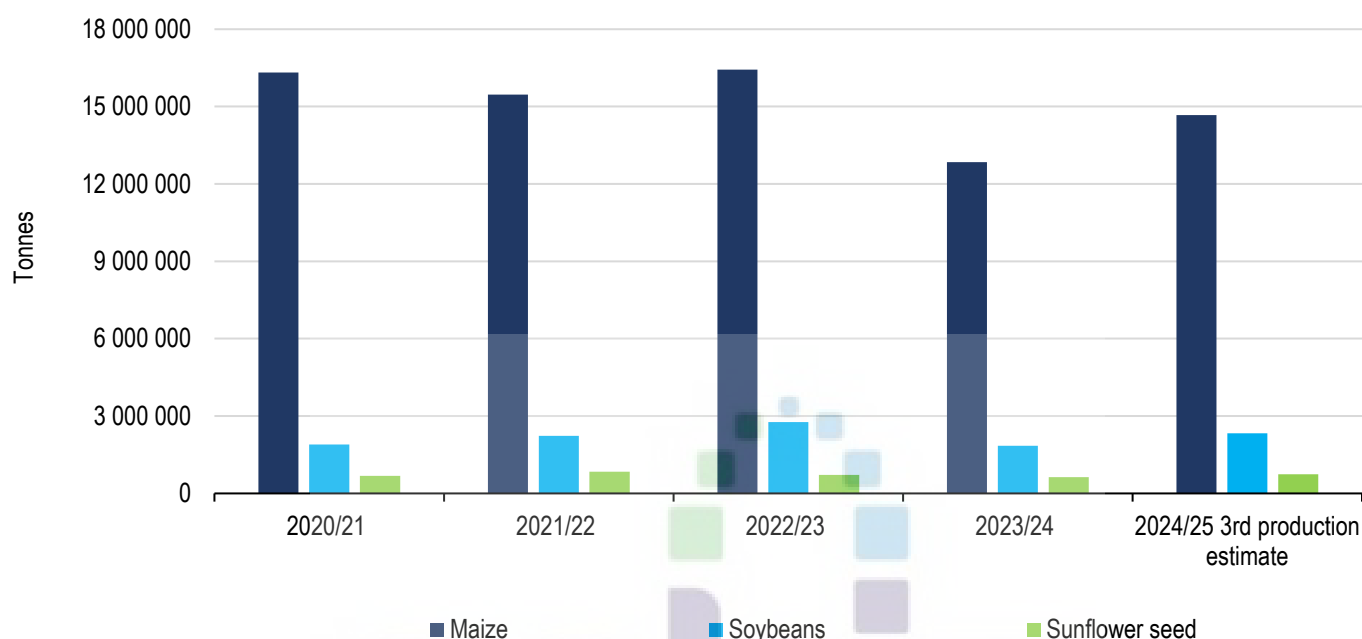
Source: CEC and Agbiz Research

WEEKLY HIGHLIGHT

South Africa expects an ample grain and oilseeds harvest this year

- We continue to see encouraging data about South Africa's 2024-25 summer grain and oilseeds production outlook, although the crop quality in some regions may be challenging. For example, the Crop Estimates Committee (CEC) forecasts South Africa's 2024-25 summer grain and oilseeds production at 18.01 million tonnes, up 0.05% from March 2025. Indeed, this is a mild uptick, but it remains crucial when some are worried that we might see a downward revision of the crop due to the excessive rains. This estimate comprises yellow and white maize, sunflower seeds, soybeans, groundnuts, sorghum, and dry beans.
- Essentially, this harvest estimate is 16% higher than the 2023-24 production season, representing a decent recovery from drought. Indeed, while the overall production figure was mildly up, there were some adjustments in the various commodities. For example, the maize harvest is up 1% from the March 2025 estimate to 14.66 million tonnes. There is an increase in white and yellow maize, with harvests now at 7.75 million tonnes and 6.91 million tonnes, respectively. Overall, the maize harvest of 14.66 million tonnes is up 14% year-on-year, primarily benefiting from expected yield improvements on an annual basis. Importantly, these forecasts are well above South Africa's annual maize needs of about 11.8 million tonnes, which implies that South Africa will have a surplus and remain a net exporter of maize.
- Regarding oilseeds, the soybean harvest is estimated at 2.3 million tonnes, down 2.5% from March 2025 (but still up 26% year-over-year). This monthly downward revision reflects concerns about yield damage following the recent rains. Still, the annual uptick is mainly due to better yields from last year's drought. We see a similar pattern with sunflower seeds, down 4% from March 2024 but still up 18% from the previous season, estimated at 742,800 tonnes.
- The groundnut harvest is estimated at 64,595 tonnes (up 24% y/y), sorghum production is estimated at 137,970 tonnes (up 41% y/y), and the dry beans harvest is at 70,540 tonnes (up 40%). 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. Moreover, the improving weather prospects with likely sunnier and drier conditions will help support the harvest in the coming months. Admittedly, the excessive rains of the past few weeks likely caused some quality damage in some regions. We will learn more about its extent when the harvest gains momentum in the coming weeks and months.
- From a consumer perspective, the crop quality issues in a few regions are not a significant concern. We continue to observe generally softening commodity prices, driven by the expected large harvest, which bodes well for a comforting food inflation path in the year's second half. This quarter, specifically for grain-related products in the food inflation basket, may still reflect the effects of the recent higher prices and tight grain supplies at the start of this year before we receive the new season's deliveries.

Exhibit 2: SA's second summer crop production estimates (selected crops)



Source: CEC and Agbiz Research

WEEK AHEAD

What we are watching this week

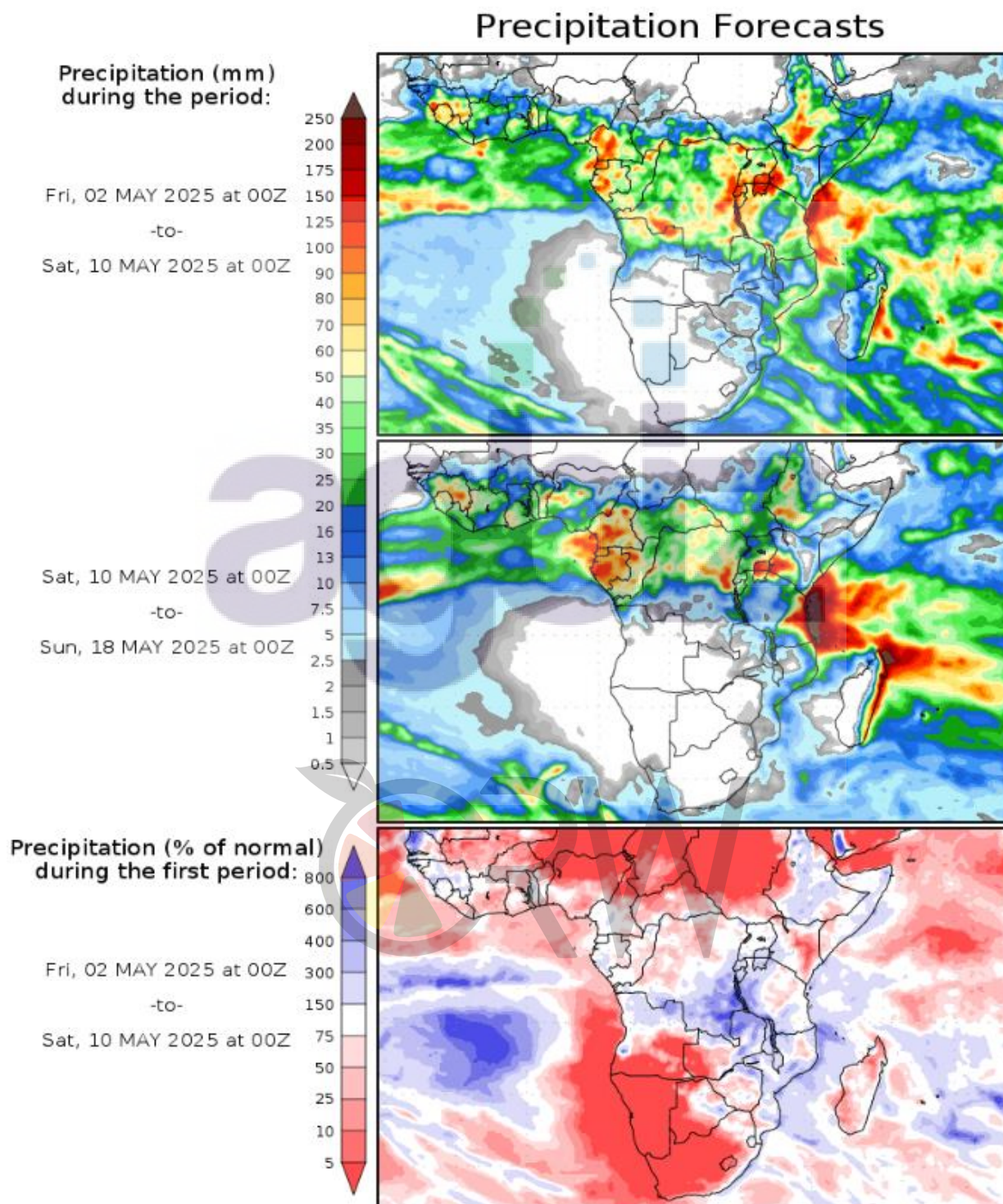
- We start the week with a focus on the global front, and today, the United States Department of Agriculture (USDA) will release its weekly **U.S. Crop Progress** report. On April 27, 2025, about 24% of the intended area for the U.S. 2025-26 maize crop had been planted, which is down mildly from the 25% area at the same time in 2024. In addition, about 18% of the intended area for soybeans had been planted compared with 17% on April 27, 2024.
- Moreover, the USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On the domestic front, on Wednesdays, we will receive the **weekly South Africa's Grains and Oilseeds Producer Deliveries** data from SAGIS. We will likely have data update for two weeks, where there were no reports because of public holidays. Importantly, the next release will be for the completion of the 2024-25 marketing year, as the 2025-26 year starts in May.
- In the previous release on April 18, South Africa's weekly maize producer deliveries were about 70 697 tonnes. This puts the 2024-25 maize producer deliveries at 11,45 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 seven weeks, the soybean producer deliveries totalled 241 117 tonnes out of the expected harvest of 2,4 million tonnes.
- In the case of sunflower seed, the first seven weeks of the new 2025-26 marketing year's producer deliveries were 142 061 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 29 weeks of the 2024-25 marketing year stand at 1,84 million tonnes. The final harvest is 1,92 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- On Thursdays, SAGIS generally publishes its **weekly South Africa's Grains and Oilseeds Trade** data. Again, we will likely have data update for two weeks, where there were no reports because of public holidays. Importantly, the next release will be for the completion of the 2024-25 marketing year, as the 2025-26 year starts in May.
- In the previous release on April 18, the 51st week of the 2024-25 marketing year, South Africa exported 21 253 tonnes of maize. Of this volume, 61% was exported to Zimbabwe, 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 939 979 tonnes. The 2024-25 marketing year (corresponds with the 2023-24 production season) ends on April 30.
- South Africa is a net wheat importer, and April 18 was the 29th week in the new 2024-25 marketing year. The imports so far amounted to 983 947 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 wheat suppliers to South Africa.

South Africa's precipitation forecast

- The weather forecast for the next two weeks remains favourable across South Africa, with clear skies. This will support the summer grains and oilseeds harvesting, and also the citrus harvest activity.

Exhibit 3: South Africa's precipitation forecast



Source: George Mason University (wxmaps)