South Africa is in for a good grain harvest, despite the decline in area planted

South Africa's grain and oilseed market could be well supplied in the 2018/19 marketing season owing to expectations of relatively large maize and soybean harvest. The National Crop Estimates Committee placed its first production estimates for maize at 12.2 million tonnes, which is well above our estimate of 11.2 million tonnes, albeit having declined by 27% from the 2016/17 production season – this is still above the annual consumption of 10.5 million tonnes. Soybean harvest is estimated at 1.4 million tonnes, a record harvest. Admittedly, weather conditions have improved over the summer crop regions but the maize production estimates came as a surprise considering the decline in area planted.

- Although the estimate for total maize production is set to decline significantly from the 2016/17 production season, the expected 12.2 million tonnes means that South Africa is in for a good crop. If weather conditions remain favourable, as forecasters suggest, then the country will be well supplied in the 2018/19 marketing year which starts in May 2018 and ends in September 2019. In detail, white maize crop is estimated at 6.1 million tonnes, down by 38% y/y. Yellow maize crop is also estimated at 6.1 million tonnes, down by 11% y/y.
- Moreover, the 2017/18 soybean production is estimated at 1.4 million tonnes, up by 5% from the previous season owing to an increase in area planted, as well as expectations of higher yields. This is somewhat unsurprising given that the eastern sections of South Africa received fairly good rainfall throughout the season.
- With the exception of dry beans, all other crops registered a decline from levels seen in 2016/17 production season (Chart 1, *other small grain not included in the chart*). It is worth noting however that these are first production estimates, which means there could still be changes in the coming months, but will most likely be on the upside given the expectations of favourable weather conditions from this month until April 2018[1].

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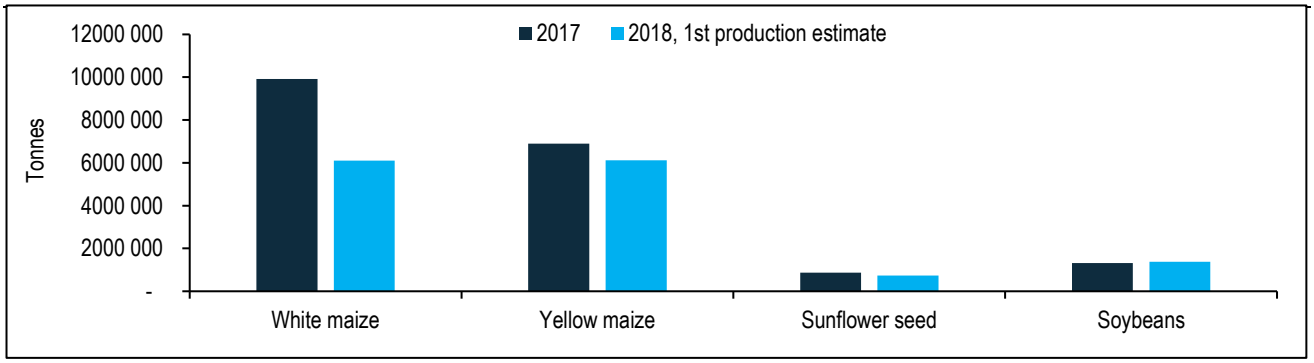

Chart 1: South Africa's 2017/8 first production estimates
Source: CEC, Agbiz Research

[1] See South African Weather Service Seasonal Climate Watch, 28 January 2018.

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