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Report Highlights:

South Africa is on course to produce a fourth consecutive bumper corn crop in MY 2022/23, which creates a bearish outlook on local corn prices and will limit growth in the area to be planted with corn in MY2023/24. However, South Africa should maintain its status as a net exporter of corn. Local wheat prices fell by more than 20 percent from historical high levels reached in May 2022. As farmers were simultaneously disappointed by a drop in yields realized in the previous season, an upsurge in wheat plantings in MY 2023/24 is unlikely. However, Post forecasts only a marginal rise in wheat imports and flattened rice imports, as there is growing pressure on consumer spending. South Africa is currently experiencing unprecedented power outages, high utility costs, inflation, and rising interest rates. These challenges are likely to limit investment in the processing sector and push consumers to increased consumption of low-cost starches.

Executive Summary

The Grain and Feed annual report provides information regarding the production, supply and distribution for corn, wheat, and rice in South Africa for MY¹ 2021/22, MY 2022/23 and MY 2023/24.

Post forecasts that South Africa should maintain its status as a net exporter of corn in MY 2023/24 with 2.3 million metric tons (MMT) of corn exports. Assuming normal weather conditions, South Africa's corn crop for the MY 2023/24 could reach 15.8 MMT on 2.9 million hectares (MHa), which is slightly lower than the expected corn crop of 16.2 MMT in MY 2022/23. The bearish outlook on local corn prices will limit an expansion on the area to be planted with corn in MY 2023/24. In addition, Post foresees that the positive trend in soybean plantings will continue in the MY 2023/24, also affecting a possible expansion in corn area.

Post forecasts a six percent drop in wheat area to 530,000 hectares (ha) in MY 2023/24. Last year, local producers expanded wheat area by eight percent due to the Russia-Ukraine conflict that created uncertainty in the global commodity markets and pushed local wheat prices to record high levels. However, an upsurge in wheat plantings in MY 2023/24 is unlikely as local wheat prices fell by more than 20 percent from its historical high levels. In addition, with South Africa's continuous power outages, an expansion in wheat plantings under irrigation is unlikely. Post forecasts only a marginal rise in wheat imports as the struggling domestic economy will hinder any major upsurges in the demand for wheat.

While a myriad of economic and infrastructure challenges plagues South African producers, processors, and consumers, load shedding, or rolling blackouts, has reached unprecedented levels and is impacting business decisions. Irrigation farmers noted reductions in plant populations, reducing anticipated yields across irrigated commodities. Many producers and processors have focused investments on securing alternative energy sources as a critical farming input. Meanwhile, consumers are facing relatively high levels of food inflation driven by an upsurge in the cost of production, which are driving a growing demand of affordable grains, specifically corn, particularly amongst lower-income consumers.

South Africa is dependent on duty-free rice imports to meet the local demand as rice production is insignificant in South Africa. In MY 2023/24, South Africa's rice imports are expected to flatten at 1.1 MMT as local demand is under pressure.

US\$1 = Rand 18.42 (03/17/2023)

¹ *The MY's used in the text refers to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African grain industry.*

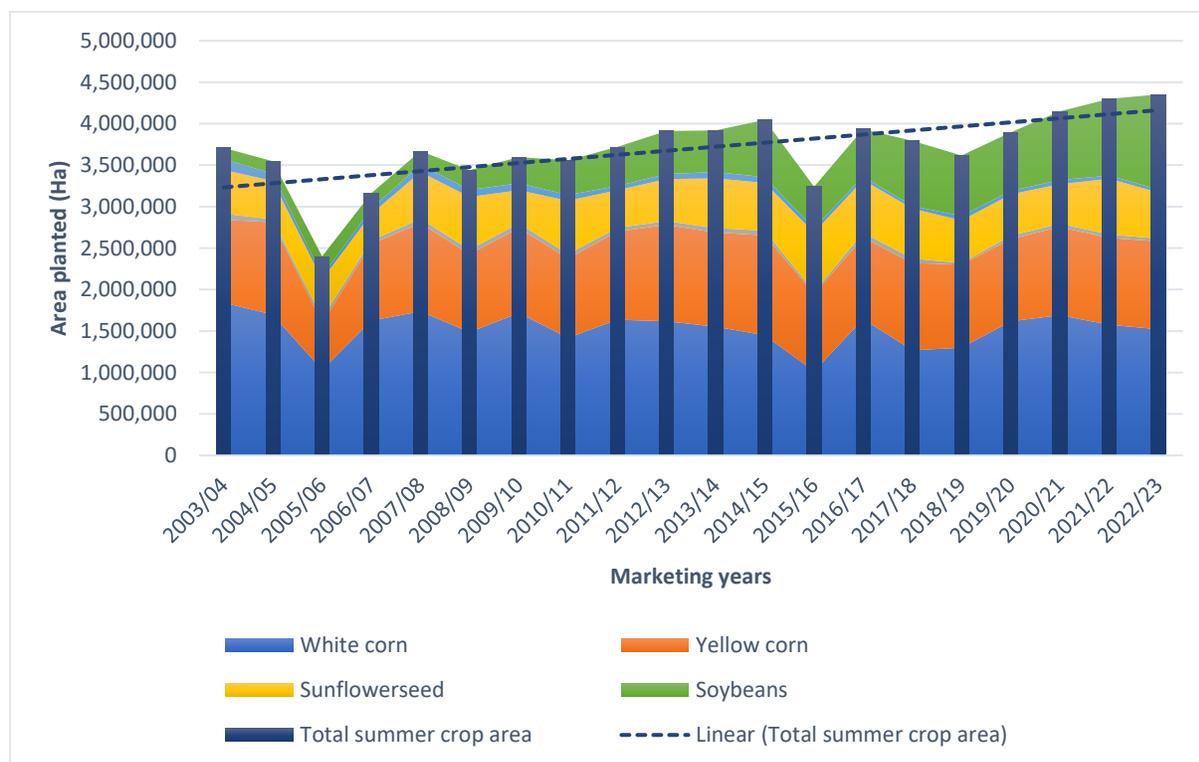
CORN

Production

Post forecasts that South Africa's corn area will stay flat at 2.9 MHa in MY 2023/24. With a bumper crop of more than 16.0 MMT expected in MY 2022/23, the bearish outlook on local corn prices will limit an expansion in the area to be planted with corn later in 2023 for MY 2023/24. In addition, Post foresees that the positive trend in soybean plantings will continue in the MY 2023/24 (see Figure 1), also limiting a possible expansion in corn area.

Figure 1

Trends in the Areas Planted with Summer Rainfall Field Crops in South Africa



Source: South African Grain Information Services (Sagis)

South Africa has experienced an upsurge in soybean plantings during the past 20 years that enabled farmers to plant a 30-year high of 4.4 MHa with summer rainfall field crops in MY 2022/23. Corn and sunflower area stayed relatively flat during the past 20 years, while there was a definite decline in peanuts and sorghum plantings. However, South Africa expanded soybean area by almost 9-fold during the past 20 years as farmers developed an improved affinity to use soybeans as a rotational crop with corn coupled with the availability of better yielding cultivars. In addition, the local demand for soybeans improved through extensive investments in oilseed processing plants. In MY 2022/23 farmers planted a record soybean area of 1.1 MHa, an upsurge of 24 percent from the previous marketing year, surpassing yellow corn area for the first time.

Post foresees that this positive trend in soybean plantings will continue at a less aggressive pace in MY 2023/24, but still deterring expansion in corn area. While much of the surge in soy plantings MY 2022/23 was driven by higher input costs, softening prices may lead some producers to turn back to corn.

Assuming a 3-year average yield and normal weather conditions, South Africa’s corn crop for the MY 2023/24 could reach 15.8 MMT on 2.9 MHa, which is slightly lower than the expected corn crop of 16.2 MMT in MY 2022/23. Table 1 details area planted, yield and production figures for commercial white corn and yellow corn as well as corn produced by subsistence farmers for MY 2021/22 (actual), MY 2022/23 (estimate), and MY 2023/24 (forecast).

Table 1

Area Planted, Yield and Production of Commercial and Subsistence Corn in South Africa

	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT
MY	2021/22 (actual)			2022/23 (estimate)			2023/24 (forecast)		
<u>Commercial Production</u>									
White	1,575	5.0	7,850	1,521	5.4	8,187	1,500	5.1	7,660
Yellow	1,048	7.3	7,620	1,062	7.0	7,428	1,060	7.1	7,540
Sub Total	2,623	5.9	15,470	2,583	6.0	15,615	2,560	5.9	15,200
<u>Subsistence Production</u>									
White	297	1.6	482	220	1.8	400	220	1.8	400
Yellow	82	2.3	185	80	2.5	200	80	2.5	200
Sub Total	379	1.8	667	300	2.0	600	300	2.0	600
TOTAL	3,002	5.4	16,137	2,883	5.6	16,215	2,860	5.5	15,800

Source: Crop Estimates Committee (CEC) and Post estimates

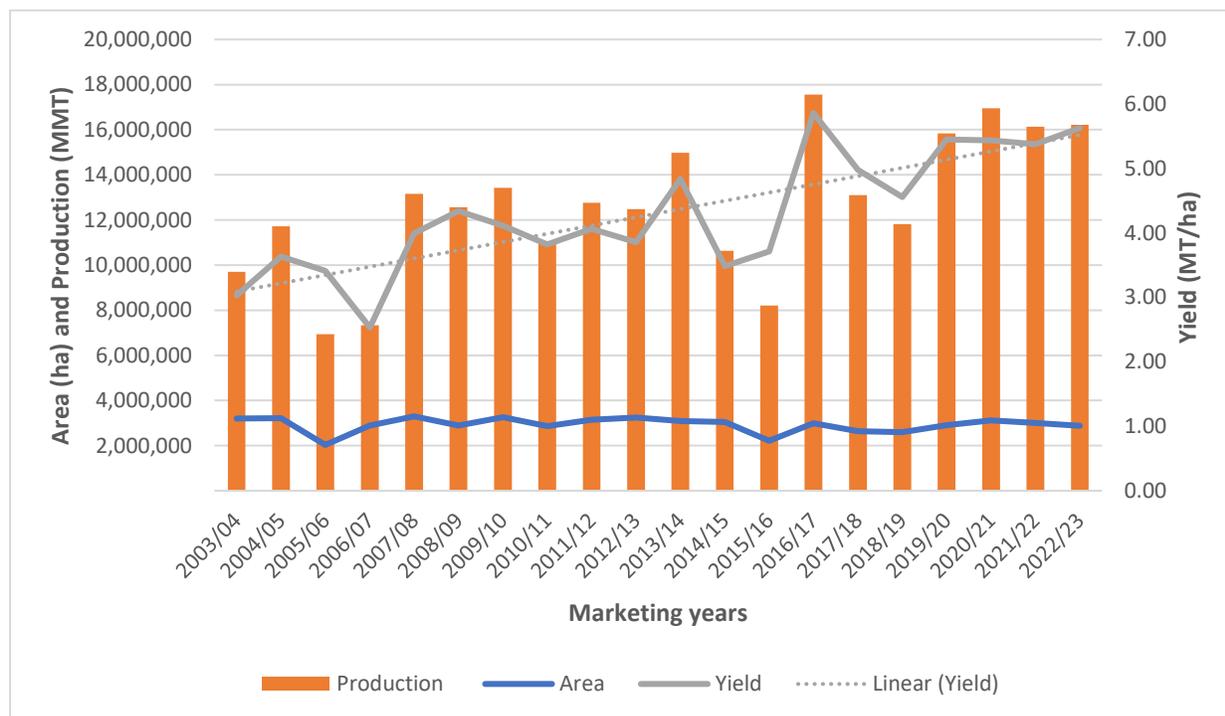
In terms of MY 2022/23, South Africa’s grain production was off to a decent start in with above-average rains over most parts of the summer rainfall production area during November and December 2022 that boosted crop plantings. Though excessive rains in some parts of the Mpumalanga, the eastern Free State and Kwazulu-Natal provinces delayed planting operations to outside the optimal planting window (from October to mid-November), favorable conditions in January with warmer and sunnier days provided conducive growing conditions for the developing crop. However, in small pockets of the grain producing area, excessive heat damaged the corn crop. The warmer weather was followed by above-average rains in February month over most parts of the summer rainfall production area boosting plant growth and positively affected anticipated yields. This was clear when South Africa’s Crop Estimates Committee (CEC) released its first commercial production estimate for summer rainfall crops on February 28, 2023

(see <http://www.old.dalrrd.gov.za/Home/Crop-Estimates>). According to the CEC, South Africa could produce its third largest commercial corn crop on record in MY 2022/23 at 15.6 MMT on 2.6 MHa. The CEC estimates the national average yield of 6.0 MT/ha. The commercial white corn crop is estimated at 8.2 MMT and the commercial yellow corn crop at 7.4 MMT.

In mid-March, Post visited the major corn producing areas of South Africa to interview industry analysts and producers and to assess crop conditions. As a result, Post increased its previous estimate for the MY 2022/23 corn crop by four percent to bring it in line with the CEC’s first commercial estimate. Post kept its production estimate for subsistence producers unchanged at 600,000 MT, taking South Africa’s total corn production in MY 2022/23 to an estimated at 16.2 MMT at an average yield of 5.6 MT/ha, marginally larger than the 16.1 MMT produced in MY 2021/22. However, follow-up rains in March and the absence of early frost can push the current anticipated average corn yields even higher. This is expected to be the third consecutive year with corn production above 16.0 MMT (see Figure 2), mainly due to favorable weather conditions and the use of new production technologies, such as genetically engineered seed and more efficient and effective farming practices, including precision and conservation farming.

Figure 2

Area Planted, Production and Yields of Corn in South Africa over the Past 20 years



Source: Sagis

On February 9, 2023, the CEC finalized South Africa’s commercial corn crop in MY 2021/22 at 15.5 MMT, after total producer deliveries for the marketing year and on-farm usage were considered. This means that South Africa’s total corn crop, which includes both commercial and subsistence producers, for MY 2021/22 reached 16.1 MMT on 3.0 MHa at a national average

yield of 5.4 MT/ha. This represents the fourth largest corn crop ever produced in South Africa while the commercial yellow corn crop at 7.6 MMT with an average yield of 7.2 MT/ha was the second largest on record.

Consumption

During the past 10 years, South Africa maintained an average marginal growth rate of about two percent per annum in the consumption of corn (refer to Figure 3). This trend is mainly driven by the increase in demand through population growth and expansion in the local broiler industry to serve the local market. Yellow corn is used as the primary ingredient for animal feed, especially in the broiler industry. Chicken meat has grown to be the most important protein source in the diet of the majority of South Africans over the past 20 years.

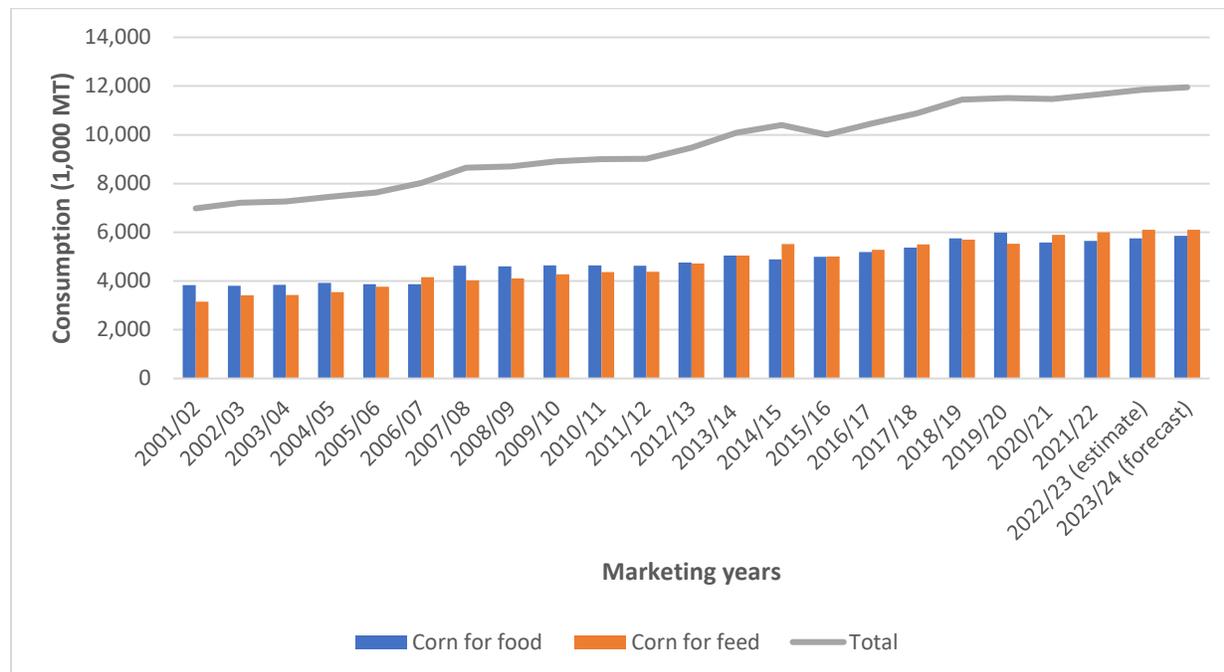
However, for MY 2023/24, corn demand for animal feed is expected to flatten. South Africa's economic growth outlook over the medium term remains lackluster due to prevailing policy uncertainty and structural constraints. The deterioration of infrastructure, including roads, rail, water and, most notably, the electricity supply (also read [Load Shedding the Achilles Heel of the South African Agricultural Sector](#)) will hinder significant investments to increase the capacity of the broiler and feed manufacturing industries. As a result, a major upsurge in the animal feed demand for corn in South Africa is unlikely in the near future.

On the other hand, Post foresees a three percent growth in the human consumption of corn in MY 2023/24. White corn, in the form of a meal, is the staple food for many South African households as it is a relatively inexpensive source of carbohydrates. Consumers are facing high levels of food inflation driven by an upsurge in the cost of production and are growing consumption of affordable grains.

Post maintains its previous estimates for the commercial demand for corn in South Africa in MY 2021/22 and MY 2022/23 at 11.8 MMT and 12.0 MMT, respectively. This represents a marginal growth rate from MY 2020/21 and correlates with the latest utilization figures published by the South African Grain Information Services (Sagis). Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the MY 2021/22 (estimate), MY 2022/23 (estimate), and MY 2023/24 (forecast).

Figure 3

The Consumption of Corn in South Africa



Source: Sagis

Table 2

Commercial Consumption of White and Yellow Corn in South Africa

CORN (1,000 MT)	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
	2021/22			2022/23			2023/24		
Human	5,000	650	5,650	5,100	650	5,750	5,200	650	5,900
Animal	1,650	4,350	6,000	2,000	4,100	6,100	2,000	4,100	6,100
Other	50	100	150	50	100	150	50	100	150
TOTAL	6,700	5,100	11,800	7,150	4,850	12,000	7,150	4,850	12,150

Source: Sagis

Note: Please note that consumption figures in the PS&D table vary, as those also include corn utilized by the subsistence farming sector and on-farm usages.

Trade

South Africa should maintain its status as a net exporter of corn in MY 2023/24 and MY 2022/23. Post estimates South Africa could export around 2.3 MMT of corn in MY 2023/24 and 2.5 MMT of corn in MY 2022/23 on bumper commercial corn crops.

For MY 2021/22, South Africa is heading for 3.5 MMT of corn exports. With seven weeks remaining in MY 2021/22, South Africa already exported 3.0 MMT of corn (see Table 3). So far, South Africa exported 1.8 MMT of yellow corn and 1.2 MMT of white corn. The top six markets are Japan, Taiwan, Vietnam, Mexico, Italy, and Botswana. These countries represent 75 percent of South Africa's corn exports. Exports to the Asia countries consist exclusively of yellow corn, while corn exports to Mexico, Italy and Botswana are mainly white corn.

Table 3

South Africa's Exports of Corn in MY 2021/22

MY¹ 2021/22			
May 1, 2022 – Apr 30, 2023			
(1,000 MT)			
Countries	White corn	Yellow corn	Total
<u>Export Destinations</u>			
Japan	0	605	605
Taiwan	0	588	588
Vietnam	0	353	353
Mexico	337	0	337
Italy	217	2	219
Botswana	193	20	213
South Korea	51	105	156
Eswatini	30	76	106
Namibia	66	32	98
Mozambique	40	42	82
Lesotho	59	9	68
Zimbabwe	53	6	59
Portugal	53	0	53
Honduras	47	0	47
Guatemala	22	0	22
Kenya	10	0	10
Angola	0	6	6
Saudi Arabia	0	6	6
TOTAL EXPORTS	1,178	1,850	3,028

Source: Sagis

Note: 1. Preliminary export data from May 1, 2022, to March 10, 2023

Marketing

South Africa's local corn prices are trading in correlation with export parity levels, an indication of the availability of surplus corn and a positive outlook for the current season. As a result, local white corn and yellow prices dropped by 24 percent and 20 percent, respectively, from the historical high levels recorded on October 31, 2022, of R5,471/MT (\$297/MT) for white corn and R5,251/MT (\$285/MT) for yellow corn, due to the decline in global corn prices. Nevertheless, local white corn and yellow prices are trading marginally higher than a year ago, mainly supported by an almost 20 percent depreciation in the local currency. Table 4 indicates the current and future prices of South African corn as of March 17, 2023. Local corn prices will continue to move with export parity levels in the near future and will be impacted by the development of the local corn crop, the trend in global corn prices, planting progress of the United States corn crop and South Africa's volatile exchange rate.

Table 4

Local Corn Prices

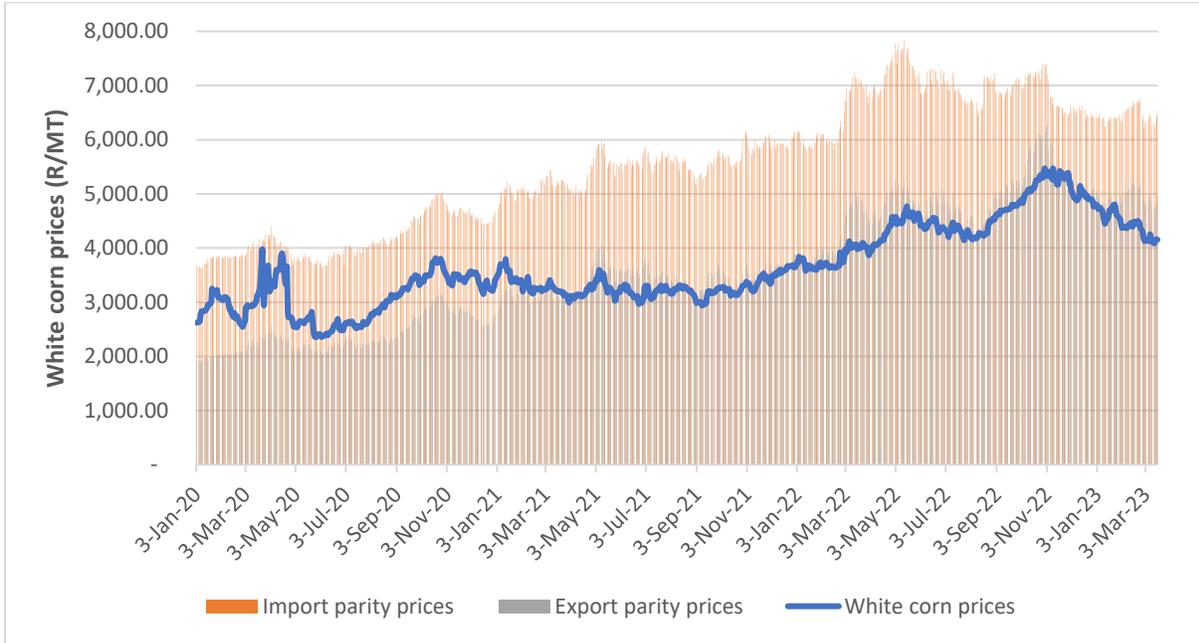
Commodity	Current and futures prices (year/month)				
	2023/03	2023/05	2023/07	2023/09	2023/12
White corn	R4,153/MT (\$225/MT)	R4,063/MT (\$220/MT)	R3,988/MT (\$217/MT)	R4,067/MT (\$221/MT)	R4,180/MT (\$227/MT)
Yellow corn	R4,201/MT (\$228/MT)	R4,208/MT (\$228/MT)	R4,183/MT (\$227/MT)	R4,258/MT (\$231/MT)	R4,353/MT (\$236/MT)

Source: GrainSA (as of 03/17/2023)

Note: US\$1 = Rand 18.42

Figure 4

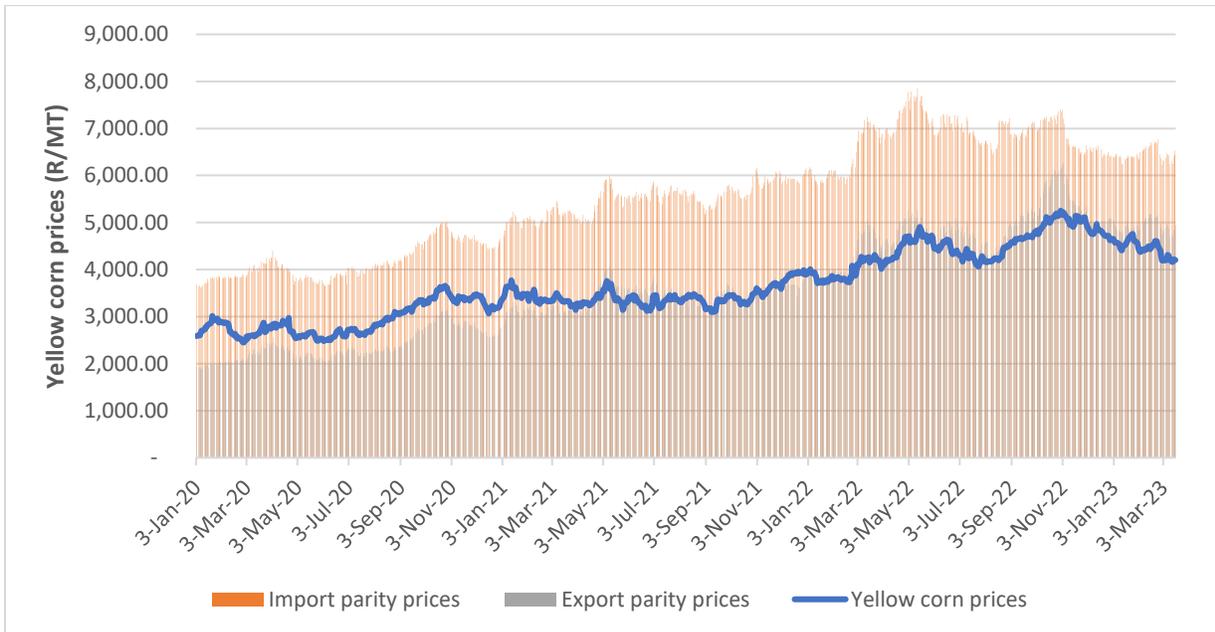
The Trend in the Local Price for White Corn since January 2020



Source: GrainSA

Figure 5

The Trend in the Local Price for Yellow Corn since January 2020



Source: GrainSA

Table 5*Corn Production, Supply and Distribution*

Corn Market Year Begins	2021/2022		2022/2023		2023/2024	
	May 2022		May 2023		May 2024	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3002	3002	3000	2883	0	2860
Beginning Stocks (1000 MT)	2124	2124	1961	1461	0	1676
Production (1000 MT)	16137	16137	16700	16215	0	15800
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	18261	18261	18661	17676	0	17476
MY Exports (1000 MT)	3200	3500	3400	2500	0	2300
TY Exports (1000 MT)	3830	3830	3400	2000	0	2000
Feed and Residual (1000 MT)	7200	7200	7300	7300	0	7300
FSI Consumption (1000 MT)	5900	6100	6000	6200	0	6350
Total Consumption (1000 MT)	13100	13300	13300	13500	0	13650
Ending Stocks (1000 MT)	1961	1461	1961	1676	0	1526
Total Distribution (1000 MT)	18261	18261	18661	17676	0	17476
Yield (MT/HA)	5.3754	5.3754	5.5667	5.6243	0	5.5245
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

WHEAT

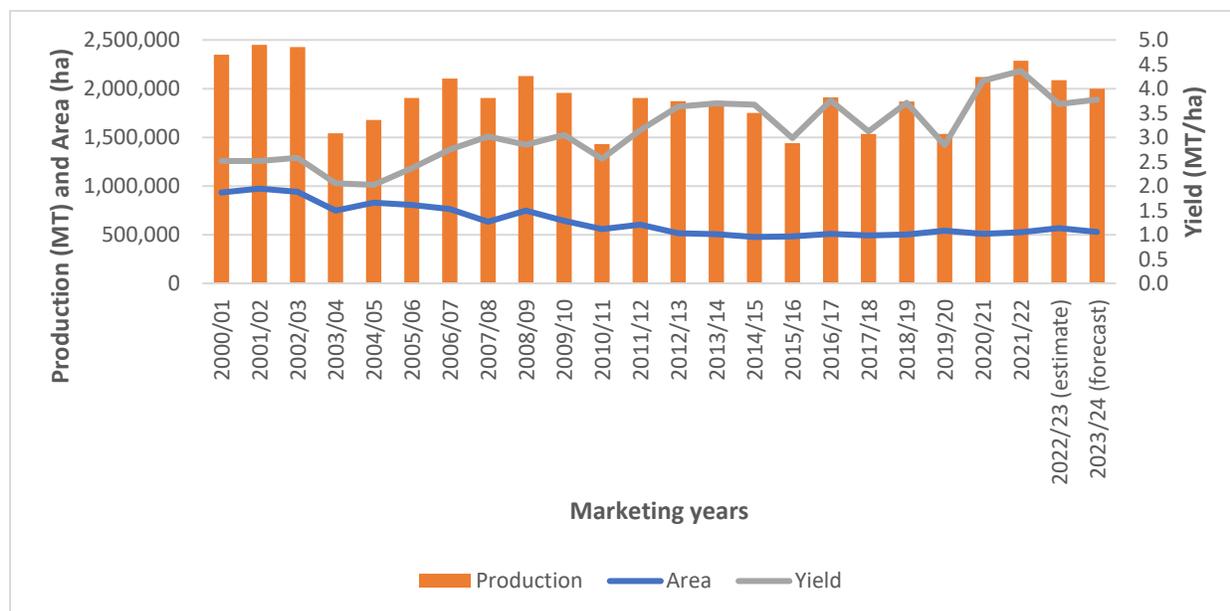
Production

South Africa’s wheat area stagnated at around 500,000 ha per annum during the past 10 years (see also Figure 6). This is almost a million hectares less than 25 years ago, before the deregulation of the wheat market in the late 1990s. In a free-market environment producers plant more profitable crops such as canola, oats, corn, and soybeans. In many regions, farmers feel that wheat is no longer viable due to climactic change of later rains. However, in some areas of South Africa, especially in the Western Cape province, wheat remains a competitive crop. As a result, more than 60 percent of South Africa’s wheat is planted in the Western Cape province.

Last year, local producers expanded wheat area by eight percent due to the Russia-Ukraine conflict that created uncertainty in the global commodity markets and pushed local wheat prices to record high levels. However, an upsurge in wheat plantings in MY 2023/24 is unlikely. Local wheat prices fell by more than 20 percent from its historical high levels and, coupled with a 12 percent drop in yields realized in the previous season, optimism for an upsurge in wheat plantings is fading. In addition, with South Africa’s continuous power outages an expansion of wheat plantings under irrigation is unlikely. As a result, Post forecasts a six percent drop in wheat area to 530,000 ha in MY 2023/24, which equates to the 5-year average. Under normal climatic conditions and an assumed 5-year average yield of 3.8 MT/ha, an area of 530,000 ha could realize a wheat crop of about 2.0 MMT in MY 2023/24.

Figure 6

Trends in Wheat Area, Production and Yields in South Africa



Source: Sagis

The following table reflects the area planted, yield and production figures of wheat in South Africa for MY 2021/22 (actual), MY 2022/23 (estimate) and MY 2023/24 (forecast).

Table 6

Area Planted and Production of Wheat in South Africa

MY	Area (1,000 ha)	Yield (MT/ha)	Production (1,000 MT)
2021/22 (actual)	524	4.4	2,285
2022/23 (estimate)	567	3.7	2,089
2023/24 (forecast)	530	3.8	2,000

Source: CEC

On February 28, 2023, the CEC released the final estimate for MY 2022/23's wheat crop. The CEC estimated the wheat crop at 2.1 MMT, a drop of nine percent from the previous marketing year's crop of 2.3 MMT. Although wheat area surged by more than eight percent to 566,800 ha (the highest during the past 10 years), drier weather conditions in the Western Cape province, a winter rainfall area, impacted negatively on yields. Wheat yields dropped by 26 percent in the Western Cape province to 2.6 MT/ha. Nevertheless, the wheat crop of MY 2022/23 is the third largest during the past 20 years in South Africa (see also Figure 6).

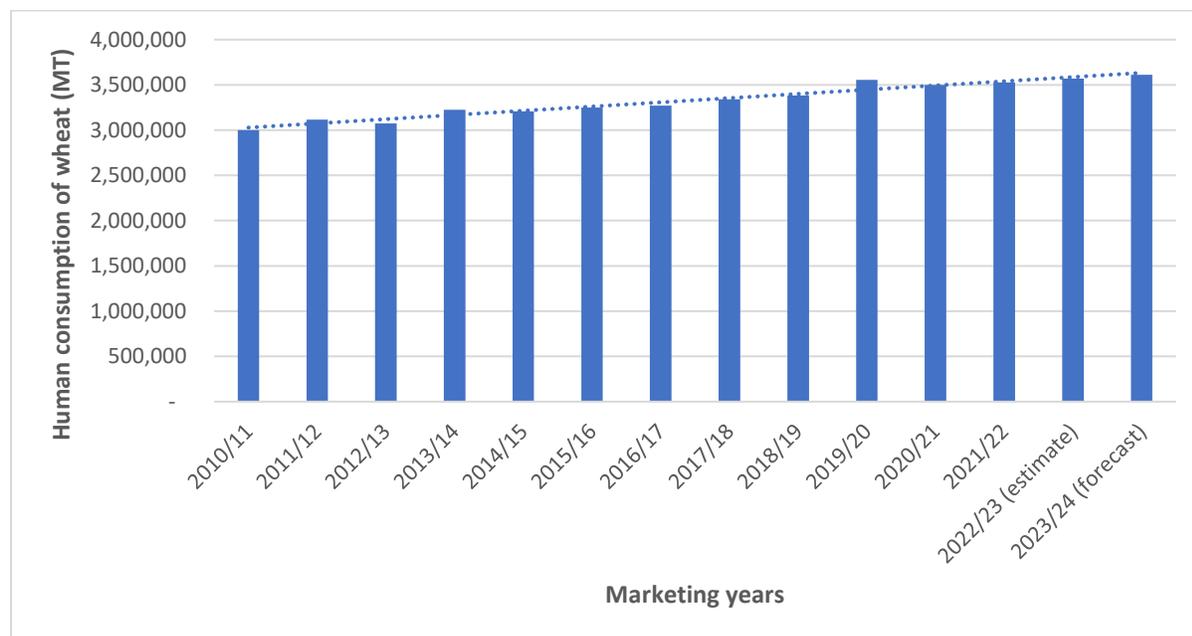
Consumption

Wheat is the second most important grain commodity consumed in South Africa after corn. The annual per capita consumption of corn, in the form of a meal, is the highest at 90kg/person, followed by wheat (60kg/person) and then rice (16kg/person). South Africa consumes around 2.4 billion loaves of bread per annum or 40 loaves of bread per person per year.

During the past 10 years, population growth has driven the human consumption of wheat to grow by approximately one percent per annum (see Figure 7). Post expects this trend to continue in MY 2023/24 with local wheat consumption marginally growing to 3.7 MMT. Investment in processing facilities is expected to be limited due to numerous economic challenges, including continuous power outages higher interest rates and amplified electricity costs. The struggling domestic economy will hinder any major upsurges in the demand for wheat. Post estimates wheat demand in MY 2022/23 at 3.6 MMT, marginally higher than in MY 2021/22.

Figure 7

Human Consumption of Wheat in South Africa from MY 2000/01



Source: Sagis

In Table 7, the consumption of wheat in South Africa is illustrated for MY 2021/22 (actual), MY 2022/23 (estimate) and MY 2023/24 (forecast).

Table 7

Consumption of Wheat in South Africa

Marketing year	Wheat (1,000 MT)				TOTAL
	Human ¹	Animal	Seed	Other	
2021/22 (actual)	3,530	20	20	13	3,583
2022/23 (estimate)	3,570	40	20	5	3,635
2023/24 (forecast)	3,630	20	20	5	3,675

Source: Sagis, Trade Data Monitor and Grain SA

Notes: 1. Human consumption figures include local manufactured wheat products as well as imported products like wheat flour, uncooked pasta, and couscous.

Trade

Post forecasts that South Africa's wheat and wheat products imports for MY 2023/24 will rise to 1.9 MMT as local wheat production is expected to drop by four percent. For MY 2022/23, post estimates that wheat imports could grow by five percent to 1.85 MMT on a nine percent drop in local production. For the first 23 weeks of MY 2022/23 (October 2022 – March 2023), South Africa already imported 616,881 MT of wheat. So far in MY2022/23, Brazil, Germany, Poland, Russia, and Latvia have been the major suppliers of wheat to South Africa (see also Table 8).

In MY 2021/22, South Africa's wheat and wheat products imports grew by six percent to 1.8 MMT. South Africa imported 1.6 MMT of wheat and 163,438 MT (wheat equivalent) of wheat products in MY 2021/22. Australia, Lithuania, Argentina, Poland, and Brazil were the major suppliers of wheat to South Africa. Zero wheat from Russia was imported by South Africa in MY 2021/22 due to the conflict in Ukraine. The United States supplied 32,333 MT of wheat to South Africa in MY 2021/22.

Table 8

South Africa's Imports of Wheat by Country

	MY 2021/22 (Oct 1, 2021 – Sept 30, 2022) MT	MY ¹ 2022/23 (Oct 1, 2022 – Sept 30, 2023) MT
<u>Sources of Imports</u>		
Brazil	242,639	135,781
Germany	2,732	117,592
Poland	282,262	100,732
Russia	0	93,220
Latvia	47,391	76,754
Argentina	298,543	33,444
Australia	382,604	23,605
United States	32,333	18,547
Lithuania	312,795	17,206
TOTAL IMPORTS	1,601,299²	616,881

Source: Sagis

Notes: 1. Preliminary import data from October 1, 2022, to March 10, 2023

2. Trade figures in the PS&D table include the trade in wheat flour and other wheat products like uncooked pasta and couscous.

South Africa exports wheat to nearby countries in the Southern Africa region and acts as a conduit for grain imported from outside the region (also refer to Table 9). South Africa's exports of wheat and wheat products are expected to reduce to approximately 250,000 MT in MY 2023/24 and MY 2022/23, due to lower local production. In MY 2021/22, South Africa

exported 271,192 MT of wheat and 25,918 MT (wheat equivalent) of wheat products, a surge of 150 percent from the previous marketing year on the back of higher local production and greater demand in the Southern Africa region, especially in countries such as Zimbabwe, Botswana, Namibia, and Lesotho.

Table 9

South Africa's Exports of Wheat by Country

	MY 2021/22 (Oct 1, 2021 – Sept 30, 2022) MT	MY ¹ 2022/23 (Oct 1, 2022 – Sept 30, 2023) MT
<u>Export Destinations</u>		
Botswana	64,736	40,459
Zimbabwe	72,187	39,954
Namibia	56,653	17,078
Lesotho	38,554	6,549
Eswatini	666	3,243
Zambia	38,396	2,443
TOTAL EXPORTS	271,192	109,726

Source: Sagis

Notes: 1. Preliminary export data from October 1, 2022, to March 10, 2023

2. Trade figures in the PS&D table include the trade in wheat flour and other wheat products like uncooked pasta and couscous.

Effective from July 2, 2021 there is no import tariff on wheat. The South African wheat tariff is calculated by means of a variable tariff formula to ensure that local wheat prices are maintained when the international prices are declining to support local producers and *vice versa* to support local consumers when international wheat prices are rising. The latter is the reason for the current zero tariff on imported wheat. The current zero import tariff effectively nullifies the Economic Partnership Agreement (EPA) between South Africa and the European Union (EU) that came into effect in 2016. The EPA allows for an annual Tariff Rate Quota (TRQ) of 300,000 MT of wheat imported from countries in the EU.

Table 10*South Africa's Import Tariffs for Wheat as of 03/17/2023*

General	European Union (EU)	European Free Trade Association (EFTA)	Southern Africa Development Community (SADC)	Mercosur	WTO Minimum Market Access	
					Annual quota	Extent of rebate
Free	Free	Free	Free	Free	108,279	Full duty less 14.4%

Source: South African Revenue Services (SARS), Sagis**Marketing**

South Africa's current and future wheat prices as of March 17, 2023, are indicated in Table 11. As a net importer of wheat in a free market environment, local wheat prices usually follow the overall trend in import parity prices (see also Figure 8). In May 2022, local wheat prices reached a record level of R8,409/MT (\$457/MT) following the trend of higher global wheat prices due to the uncertainty created by the Russia-Ukraine conflict. However, wheat prices started to decline from the record levels and as of March 17, 2023, local wheat prices stood at R6,639/MT (\$360/MT), a marginal year-on-year decline, but a 21 percent drop from the record price levels. Local wheat prices will continue to be influenced by developments in the global market, especially Russia's war in Ukraine, as well as fluctuations in the South African exchange rate, and the production progress of the local wheat crop.

Table 11*Local Prices for Wheat*

Commodity	Futures prices (year/month)				
	2023/03	2023/05	2023/07	2023/09	2023/12
Wheat	R6,639/MT (\$360/MT)	R6,615/MT (\$359/MT)	R6,671/MT (\$362/MT)	R6,603/MT (\$358/MT)	R6,375/MT (\$346/MT)

Source: GrainSA (as of 03/17/2023)**Note:** US\$1 = Rand 18.42

Figure 8

The Trend in the Local Price for Wheat since January 2020



Source: GrainSA

Table 12

Wheat Production, Supply and Distribution

Wheat Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	524	524	567	567	0	530
Beginning Stocks (1000 MT)	455	455	453	625	0	679
Production (1000 MT)	2257	2285	2090	2089	0	2000
MY Imports (1000 MT)	1718	1765	1850	1850	0	1900
TY Imports (1000 MT)	1645	1645	1800	1850	0	1900
TY Imp. from U.S. (1000 MT)	36	36	0	0	0	0
Total Supply (1000 MT)	4430	4505	4393	4564	0	4579
MY Exports (1000 MT)	297	297	300	250	0	250
TY Exports (1000 MT)	228	228	320	250	0	250
Feed and Residual (1000 MT)	30	33	30	45	0	25
FSI Consumption (1000 MT)	3650	3550	3650	3590	0	3650
Total Consumption (1000 MT)	3680	3583	3680	3635	0	3675
Ending Stocks (1000 MT)	453	625	413	679	0	654
Total Distribution (1000 MT)	4430	4505	4430	4564	0	4579
Yield (MT/HA)	4.3073	4.3607	3.6861	3.6843	0	3.7736

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

RICE

Production

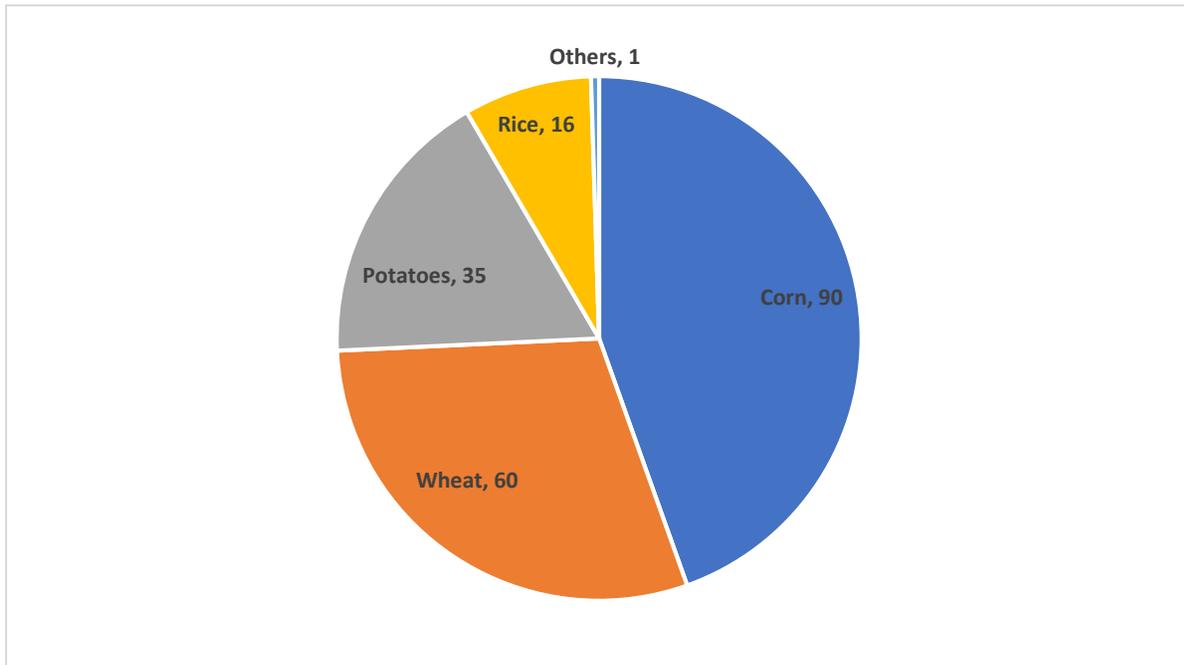
Rice production is insignificant in South Africa as farmers mainly focus on planting field crops such as corn, wheat, soybeans, and sunflower. These crops have a long history of production in South Africa and cultivars better adaptable to the local climatical conditions were developed over time. Rice cultivation was never part of these developments due to the high-water requirements of the crop in a relative water-scarce country like South Africa. Therefore, South Africa is dependent on duty free rice imports to meet the local demand.

Consumption

Corn, in the form of a flour, wheat products, potatoes and rice are the four major starches for human consumption in South Africa. The annual per capita consumption of corn is the highest at 90kg/person, followed by wheat (60kg/person), potatoes (35kg/person) and then rice (16kg/person) (see also Figure 9). Corn and wheat demand is also relatively price inelastic, averting any major shifts in demand due to rising prices. However, rice is the predominant food source of carbohydrates in some South African households, especially amongst the local Indian population. More than 90 percent of rice consumed in South Africa is parboiled with the balance made up primarily of the Basmati variety.

Figure 9

The Annual Per Capita Consumption (Kg/person) of the Major Starches in South Africa

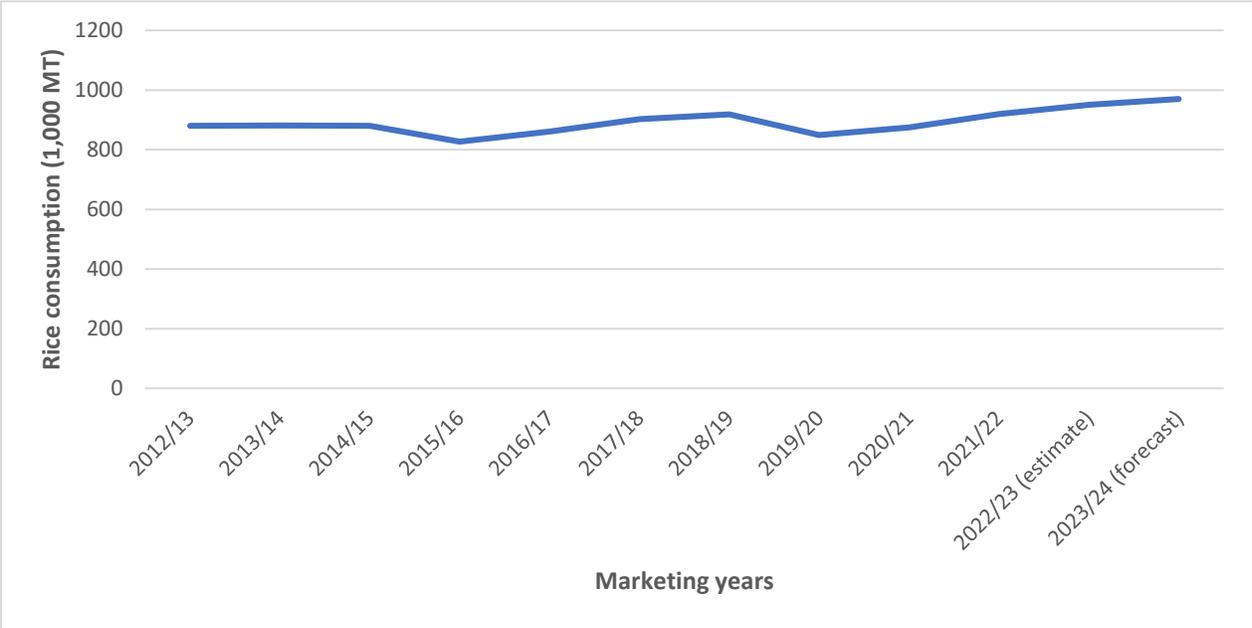


Source: Sagis, Department of Agriculture, Land Reform and Rural Development (DALRRD)

During the past 10 years, there were no major surges in South Africa’s demand for rice (see also Figure 10). Post foresees that the marginal increases in the demand for rice will continue in MY 2022/23 and MY 2023/24 to 950,000 MT and 970,000 MT, respectively. Rice importing countries like South Africa are facing an environment of relatively higher global rice prices compared to the previous year. Coupled with high food-price inflation, consumption is not expected to grow significantly in the short term.

Figure 10

Trends in the Consumption of Rice in South Africa



Source: USDA’s Production, Supply and Distribution Online

Imports

South Africa’s rice imports are traditionally dominated by Thailand and India. Together, these two countries supply more than 95 percent of South Africa’s rice demand (see also Table 14). In MY 2023/24, South Africa’s rice imports are expected to flatten at 1.1 MMT as local demand is under pressure. In MY 2022/23, Post estimates South Africa will import about 1.1 MMT of rice, up four percent from MY 2021/22. In the first nine months of MY 2022/23, South Africa already imported 827,000 MT of rice.

Table 13*South Africa Imports of Rice (milled rice equivalent)*

	MY 2021/22 (May 1, 2021 – Apr 30, 2022) (1,000 MT)	MY¹ 2022/23 (May 1, 2022 – Apr 30, 2023) (1,000 MT)
<u>Sources of Imports</u>		
Thailand	794	677
India	228	134
Others not Listed	32	16
Total	1,054	827

Source: Trade Data Monitor, LLC**Note:** 1. Preliminary import data from May 1, 2021, to December 31, 2022**Exports**

South Africa imports relatively small amounts of rice to re-export to neighboring countries, especially to Botswana, Eswatini, Zimbabwe, Namibia, and Lesotho. In MY 2021/22, South Africa exported 130,557 MT of rice to neighboring countries, up 14 percent on higher exports to Zimbabwe and Namibia. However, due to the global upsurge in rice prices, Post estimates only a marginal rise in South Africa's rice exports to 135,000 MT in MY 2022/23 and MY 2023/24.

Table 14*Rice Production, Supply and Distribution*

Rice, Milled Market Year Begins South Africa	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	26	26	49	29	0	44
Milled Production (1000 MT)	0	0	0	0	0	0
Rough Production (1000 MT)	0	0	0	0	0	0
Milling Rate (.9999) (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	1054	1054	1100	1100	0	1100
TY Imports (1000 MT)	1034	1034	1100	1100	0	1100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1080	1080	1149	1129	0	1144
MY Exports (1000 MT)	131	131	135	135	0	135
TY Exports (1000 MT)	145	145	130	130	0	135
Consumption and Residual (1000 MT)	900	920	950	950	0	970
Ending Stocks (1000 MT)	49	29	64	44	0	39
Total Distribution (1000 MT)	1080	1080	1149	1129	0	1144
Yield (Rough) (MT/HA)	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024						

Attachments:

No Attachments