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Report Highlights:

South Africa should remain a net exporter of corn in the 2021/22 MY on excess supplies. In the 2020/21 MY, South Africa should be able to increase corn exports by 40 percent to 3.5 million tons, after the production of a second consecutive bumper crop. Post forecasts an increase in the imports of wheat and wheaten products in the 2021/22 MY to 1.7 million tons due to an expected seven percent drop in wheat production. On the other hand, South Africa's imports of wheat and wheaten products in the 2020/21 MY is expected to drop by 20 percent to 1.6 million tons on a sharp increase in local wheat production. In the 2021/22 MY, South Africa's rice imports are expected to increase by one percent to 1.06 million tons on a marginal rise in demand. In the 2020/21 MY, Post estimates South Africa will import about 1.05 million tons of rice.

Executive Summary

South Africa is expecting a bumper corn crop in the 2020/21 MY that will put downward pressure on local corn prices and influence producers' decisions on the area to be planted with corn later in 2021, for the 2021/22 MY. Hence, Post forecasts a nine percent drop in the commercial corn area to 2.5 million hectares. Under normal climatic conditions, assuming average yields and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 15.0 million tons, which is a drop of nine percent from the 2020/21 MY expected corn crop. However, South Africa should remain a net exporter of corn in the 2021/22 MY, as corn supplies will still exceed local demand.

South Africa had an exceptional start to the 2020/21 MY, with widespread rains during October 2020 and November 2020, ensuring corn producers completed plantings on time. Favorable weather conditions continued into February 2021 over most of the summer rainfall production region, providing conducive growing conditions that have impacted positively on anticipated yields. In addition, corn area increased by five percent. As a result, South Africa could produce 16.5 million tons of corn in the 2020/21, its second largest corn crop on record, pushing the 2019/20 MY's bumper crop to third place. This second consecutive bumper crop will enable South Africa to increase corn exports by 40 percent to around 3.5 million tons in the 2020/21 MY.

Post foresees a 10 percent increase in the area planted with wheat to 560,000 hectares in the 2021/22 MY. After an excellent 2020 production season that has seen record yields and record wheat prices, wheat producers in South Africa are optimistically looking forward to the 2021 production season. Post believes this optimism will convert into more wheat area. Under normal climatic conditions and an assumed 5-year average yield, a wheat area of 560,000 hectares could realize a crop of about 2.0 million tons, seven percent less than the previous marketing year. As a result, Post forecasts only a marginal increase in the imports of wheat and wheaten products to 1.7 million tons in the 2021/22.

In the 2020/21 MY, South Africa recorded a historical high average yield for wheat of 4.1 tons per hectare on the back of favorable weather conditions. This enabled South Africa to produce its highest wheat crop since the 2008/09 MY. The 2.1 million tons of wheat produced in the 2020/21 MY represents a sharp increase of 37 percent from the previous marketing year's crop of 1.5 million tons. Due to the sharp increase in local wheat production, South Africa's imports of wheat and wheaten products in the 2020/21 MY are expected to drop by 20 percent to 1.6 million tons.

With economic growth in South Africa expected to continue to be sluggish, due to the COVID-19 pandemic and structural and policy constraints, Post foresees only a marginal increase in the demand for rice in the 2020/21 MY and 2021/22 MY to 900,000 tons and 925,000 tons, respectively. As a result, South Africa's rice imports are expected to increase by only one percent to 1.06 million tons in the 2021/22 MY. In the 2020/21 MY, Post estimates South Africa will import about 1.05 million tons of rice.

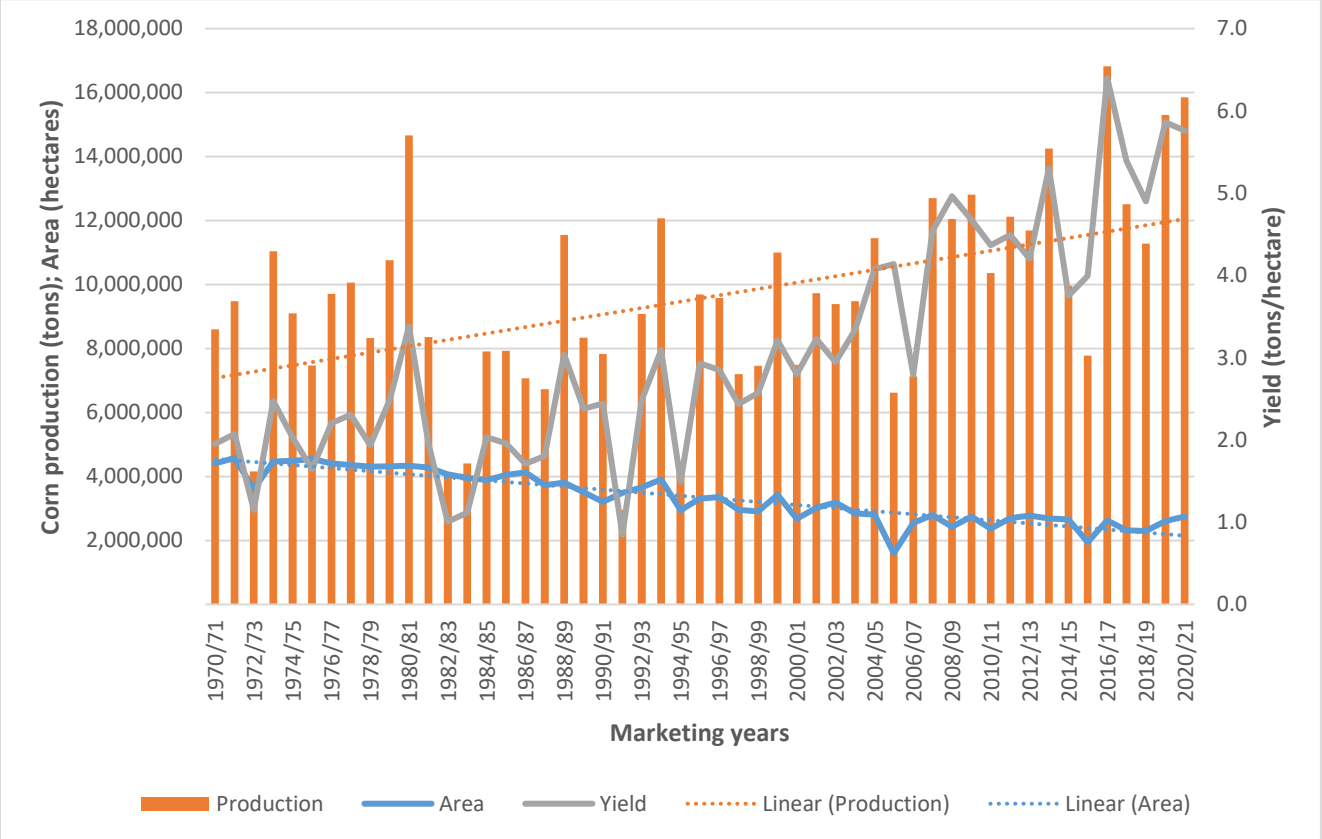
US$1 = Rand 15.15 (3/10/2021)

CORN

Production

South Africa is expecting its second largest corn crop on record in the 2020/21 MY[1] (see also Figure 1). This bumper crop will put downward pressure on local corn prices, which will influence producers' decisions on the area to be planted with corn later in 2021, for the 2021/22 MY. Hence, Post forecasts a nine percent drop in the commercial corn area to 2.5 million hectares, which mirrors the past five year's average corn area. Under normal climatic conditions, assuming average yields and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 15.0 million tons, which is nine percent less than the expected corn crop of 16.5 million tons in the 2020/21 MY (also refer to Table 1).

Figure 1: The area planted, production and yields of commercial corn in South Africa the past 50 years



Source: South African Grain Information Services (Sagis)

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[1] The marketing years (MY) 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.

South Africa had an exceptional start to the 2020/21 MY, with widespread rains during October 2020 and November 2020 ensuring corn producers completed plantings on time. Favorable weather conditions continued into February 2021 over most of the summer rainfall production region, providing conducive growing conditions that have impacted positively on anticipated yields. This was clear when South Africa's Crop Estimates Committee (CEC) released its first commercial production estimate for South Africa's summer rainfall crops on February 25, 2021. According to the CEC, the South African commercial corn crop for the 2020/21 MY could reach 15.8 million tons on 2.8 million hectares at a national average yield of 5.8 tons per hectare. This represents an increase of four percent from the 15.3 million tons of commercial corn crop produced in the 2019/20 MY. The CEC estimates the commercial white corn crop at 8.8 million tons and the commercial yellow corn crop at 7.0 million tons. If realized it could be the largest commercial yellow corn crop ever produced in South Africa.

Post kept its production estimate for subsistence producers unchanged at 600,000 tons. Thus, total corn production for South Africa in the 2020/21 MY is estimated at 16.5 million tons, four percent larger than the 2019/20 MY's crop of 15.8 million tons. If realized this could be South Africa's second largest corn crop on record, pushing the 2019/20 MY's bumper crop to third place.

In terms of the 2019/20 MY, on February 11, 2021, the CEC finalized South Africa's summer rainfall crops. The CEC finalized the size of the 2019/20 MY commercial corn crop at 15.3 million tons, one percent lower than the final estimate that was published in November 2020. The CEC finalizes the South African corn crop annually in February after considering total producer deliveries and on-farm usage. Hence, South Africa's total corn crop (including commercial and subsistence producers) for the 2019/20 MY was finalized at 15.8 million tons on 2.9 million hectares at a national average yield of 5.4 tons per hectare. As already mentioned, the 2019/20 MY's corn crop is the third largest ever produced in South Africa.

The following table details area planted, yield and production figures for commercial white corn and yellow corn as well as corn produced by subsistence farmers for the 2019/20 MY (actual), 2020/21 MY (estimate), and 2021/22 MY (forecast).

Table 1: Area planted, yield and production of commercial and subsistence corn in South Africa

	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)
MY	**2019/20**			**2020/21**			**2021/22**		
Commercial corn									
White	1,616	5.3	8,548	1,682	5.2	8,800	1,500	5.2	7,800
Yellow	995	6.8	6,752	1,068	6.6	7,050	1,000	6.6	6,600
Sub Total	**2,611**	**5.9**	**15,300**	**2,750**	**5.8**	**15,850**	**2,500**	**5.7**	**14,400**
Subsistence corn									
White	222	1.7	375	220	1.8	400	220	1.8	400
Yellow	75	2.2	168	80	2.5	200	80	2.5	200
Sub Total	**297**	**1.8**	**543**	**300**	**2.0**	**600**	**300**	**2.0**	**600**
TOTAL	**2,908**	**5.4**	**15,843**	**3,050**	**5.4**	**16,450**	**2,800**	**5.4**	**15,000**

Source: CEC and Post estimates

Consumption

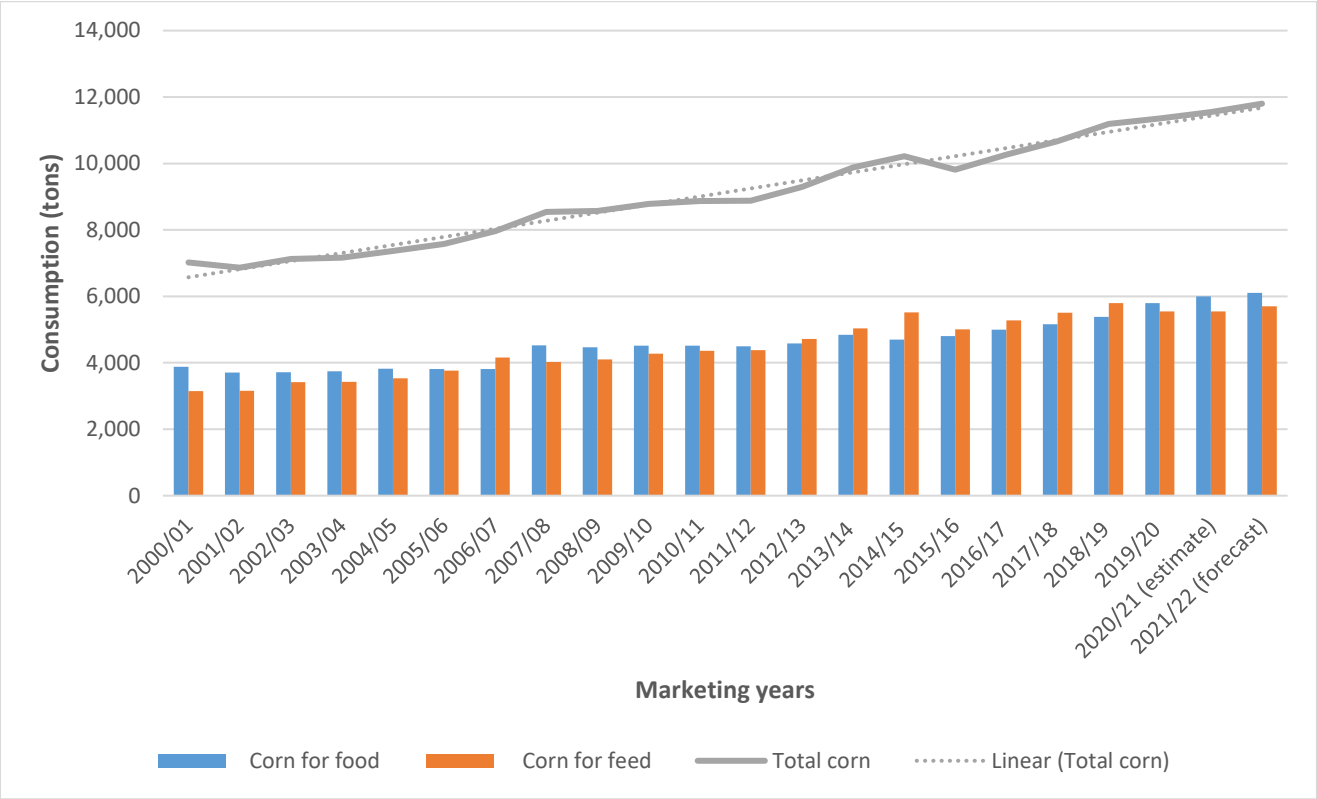
The commercial consumption of corn (white and yellow corn) in South Africa increased, on average, by more than two percent per annum over the past ten years, driven by the increased food demand for corn as well as an increased animal feed demand (also refer to Figure 2). White corn, in the form of a meal, is the staple food for many South African households, especially for lower income consumers, as it is a relatively inexpensive source of carbohydrates. On the other hand, yellow corn is used as the primary ingredient for animal feed, especially in the broiler industry. With South Africa's downward trend in economic growth the past 10 years and increasing unemployment rate (currently at 33 percent), many consumers, especially lower income consumers, are shifting more to white corn meal, as relatively inexpensive source of carbohydrates. The same holds true for chicken meat, as relatively inexpensive and ubiquitous, it has grown to be the most important protein source in the diet of the majority of South Africans over the past 20 years. With the expansion in the local broiler industry to serve the local market, the demand for yellow corn as feed source also increased.

Economic growth in South Africa is expected to remain sluggish in the next couple of years, due to the impact of the COVID-19 pandemic and structural and policy constraints. As a result, Post foresees that the abovementioned trends in the demand for corn will continue in the 2020/21 MY and 2021/22 MY, with South Africa's commercial corn consumption increasing by about two percent per year to 11.7 million tons and 12.0 million tons, respectively.

Post kept its previous estimate for the commercial demand for corn in South Africa for the 2019/20 MY unchanged at 11.5 million tons. This figure represents a two percent increase in the demand for corn from the previous marketing year and correlates positively with the latest consumption figures

released by the South African Grain Information Services (Sagis). Post expects 5.8 million tons of corn will be used for human consumption and 5.6 million tons for animal feed.

Figure 2: The commercial consumption of corn in South Africa since the 2000/01 MY



Source: Sagis

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the 2019/20 MY (estimate), 2020/21 MY (estimate), and 2021/22 MY (forecast).

Table 2: The commercial consumption of white and yellow corn in South Africa

CORN (1,000 Mt)	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
MY	**2019/20**			**2020/21**			**2021/22**		
Human	5,200	600	**5,800**	5,400	600	**6,000**	5,500	600	**6,100**
Animal	1,300	4,250	**5,550**	1,000	4,550	**5,550**	1,000	4,700	**5,700**
Other	50	100	**150**	50	100	**150**	50	100	**150**
TOTAL	**6,550**	**4,950**	**11,500**	**6,450**	**5,250**	**11,700**	**6,550**	**5,400**	**11,950**

Source: Sagis; Grain SA

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 remain a net exporter of corn in the 2021/22 MY. Post estimates South Africa may export around 1.5 million tons of corn, despite an expected nine percent drop in commercial production, as corn supplies will still exceed local demand. These exports will mainly be to South Africa's established markets in neighboring countries and if in demand, supplemented by deep-sea exports to Asia.

South Africa should be able to increase corn exports by 40 percent in the 2020/21 MY, after the production of a second consecutive bumper crop that will increase the availability of corn for exports. Post predicts South Africa should be able to export around 3.5 million tons of corn in the 2020/21 MY.

Post estimates South Africa will export about 2.5 million tons of corn in the 2019/20 MY, up 72 percent from the previous marketing year after a 35 percent increase in corn production. In the first 10 months of the 2019/20 MY, South Africa already exported 2.2 million tons of corn (1.3 million tons of yellow corn and 902,408 tons of white corn). Zimbabwe (421,000 tons), South Korea (364,000 tons) and Taiwan (323,000 tons) are the three major markets for South Africa's corn. Early in the 2019/20 MY, most of the corn exports (especially yellow corn) were destined for countries in the Far East particularly South Korea, Taiwan and Japan (see Table 3). However, South Africa's exports to these markets ceased in September 2020, after the Northern hemisphere countries corn harvest and consequent entry to the world market. South Africa, however, continued exporting corn to its neighboring countries. In fact, almost all of South Africa's white corn exports in the 2019/20 MY are destined to South Africa's neighboring countries with Zimbabwe, Botswana and Mozambique the major markets. South Africa, with amble corn stocks, is in the perfect position to continue supplying the Southern Africa region with corn.

Table 3: South Africa's exports and imports of corn in the 2019/20 MY

2019/20 MY[1] May 1, 2020 – Apr 30, 2021 (1,000 tons)			
	White corn	**Yellow corn**	**Total**
Export Destinations			
Zimbabwe	299	122	421
South Korea	0	364	364
Taiwan	0	323	323
Botswana	197	40	237
Mozambique	119	44	163
Japan	0	153	153
Eswatini (Swaziland)	41	94	135
Namibia	75	53	128
Vietnam	0	106	106
Italy	95	0	95
Lesotho	56	6	62
Ethiopia	20	0	20
TOTAL EXPORTS	**902**	**1,305**	**2,207**
Import suppliers			
TOTAL IMPORTS	**0**	**0**	**0**

Source: Sagis
Note: 1. Preliminary export and import data from May 1, 2020 to February 28, 2021

Prices

Local corn prices started to move closer to export parity levels in mid-January when industry role-players realized the possibility of another bumper crop in South Africa. However, local corn prices are supported by increased export parity price levels, mainly driven by higher global grains prices and a relatively weak domestic exchange rate. As a result, white corn prices and yellow corn prices are, respectively, 14 percent and 33 percent higher than a year ago, despite the expectations of another bumper crop. Table 4 indicates the current and future prices of South African corn as on March 10, 2021, while Figure 1 and Figure 2 illustrates the trends in the local prices for white corn and yellow corn since January 2018.

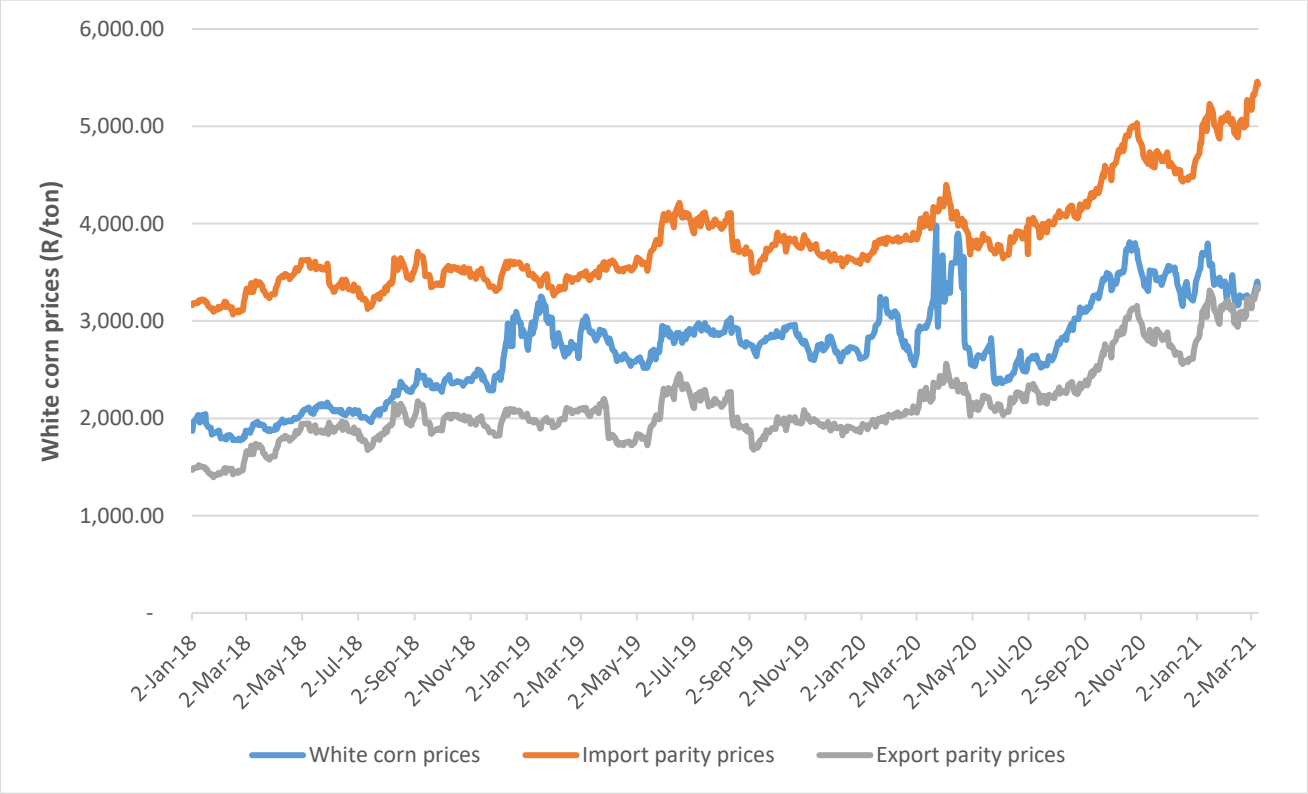
Local corn prices will continue to move with export parity levels as the season continues and will be influenced by the international price of corn and global events that will have an impact on South Africa's volatile exchange rate. South Africa's corn market operates in a relatively free market environment, where local and international factors have an impact on local corn prices.

Table 4: Local corn prices

	Futures prices (year/month)				
Commodity	**2021/03**	**2021/05**	**2021/07**	**2021/09**	**2021/12**
White corn	R3,334/t ($220/t)	R3,212/t ($212/t)	R3,161/t ($209/t)	R3,220/t ($213/t)	R3,301/t ($218/t)
Yellow corn	R3,445/t ($227/t)	R3,317/t ($219/t)	R3,281/t ($217/t)	R3,340/t ($220/t)	R3,412/t ($225/t)

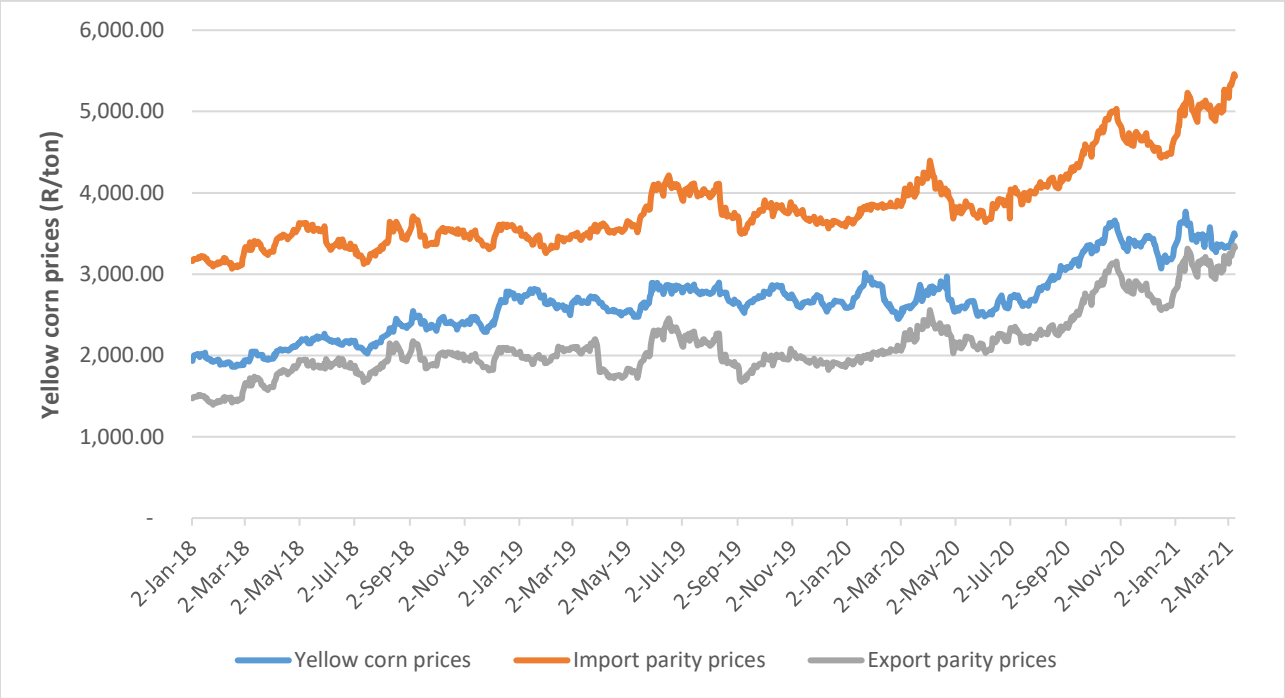
Source: GrainSA (as of 03/10/2021)
Note: US$1 = Rand 15.15

Figure 3: The trend in the local price for white corn since January 2018



Source: GrainSA

Figure 4: The trend in the local price for yellow corn since January 2018



Source: GrainSA

Table 5: PS&D Table for corn

Corn Market Begin Year South Africa	2019/2020 May-20		2020/2021 May-21		2021/2022 May-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2910	2908	3100	3050	0	2800
Beginning Stocks	1020	1020	1920	1613	0	1563
Production	16000	15843	16500	16450	0	15000
MY Imports	0	0	0	0	0	0
TY Imports	258	258	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17020	16863	18420	18063	0	16563
MY Exports	2500	2500	3000	3500	0	1500
TY Exports	2456	2456	3000	3500	0	1500
Feed and Residual	6800	6800	7000	6850	0	7000
FSI Consumption	5800	5950	5800	6150	0	6250
Total Consumption	12600	12750	12800	13000	0	13250
Ending Stocks	1920	1613	2620	1563	0	1813
Total Distribution	17020	16863	18420	18063	0	16563
Yield	5.50	5.45	5.32	5.39	0.00	5.36
(1000 HA) ,(1000 MT) ,(MT/HA)						

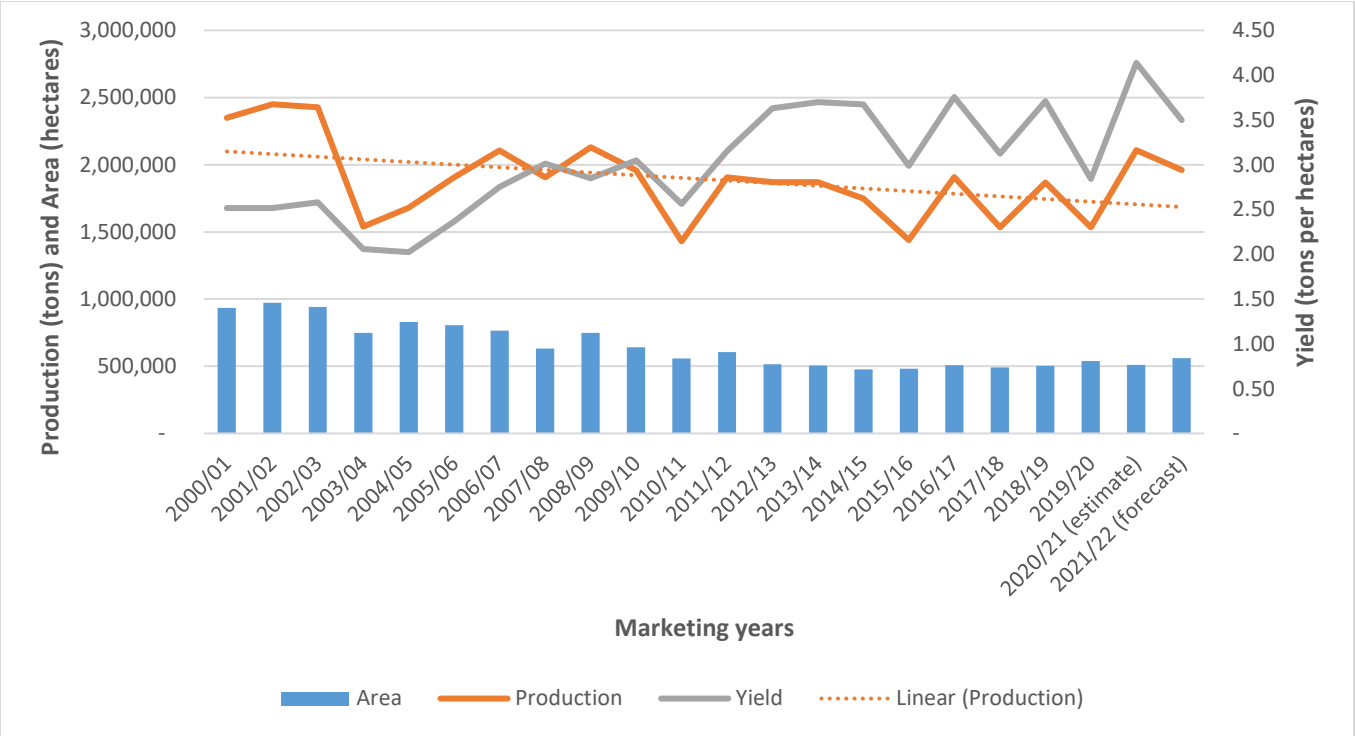
WHEAT

Production

South Africa's wheat area declined after the deregulation of agricultural markets in the late 1990's, but stagnated at around 500,000 hectares per annum the past 10 years (see also Figure 5). However, Post foresees a 10 percent increase in the area planted with wheat to 560,000 hectares in the 2021/22 MY. After an excellent 2020 production season that has seen record yields and record wheat prices, wheat producers in South Africa are optimistically looking forward to the 2021 production season. Post believes this optimism will convert into more wheat plantings. In addition, Post foresees a sharp decline in barley planted area which will translate to increased wheat plantings, especially in the winter rainfall area of the Western Cape province, where more than half of South Africa's wheat are produced. Under normal climatic conditions and an assumed 5-year average yield of 3.5 tons per hectare, a wheat area of 560,000 hectares could realize a crop of about 2.0 million tons, seven percent less than the previous marketing year (see also Table 6).

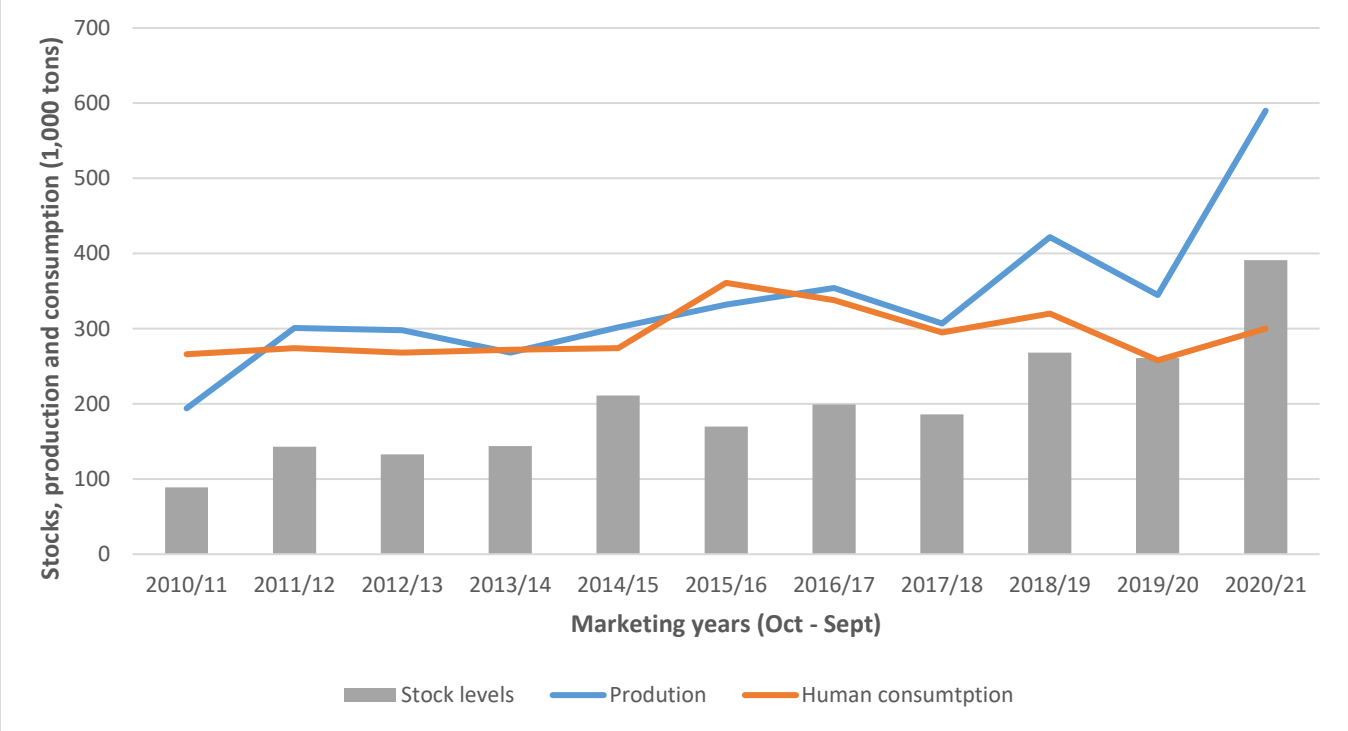
Malt barley is an important crop within the winter grain production area of South Africa that has limited crop choices. In the 2020/21 MY, South Africa produced a historical high barley crop of 589,846 tons on 141,690 hectares. However, due to COVID-19, the South African government banned the sale of alcohol three times since March 2020. As a result, the demand for barley that is use in the beer making process declined evidently. With historically high production, a decline in demand and limited export opportunities, barley stock levels in South Africa have increased to record levels. This situation will have a negative impact on the area planted with barley in the 2021/22 MY (see also Figure 6).

Figure 5: The trends in wheat area, production and yields in South Africa (2010/11 MY – 2020/21 MY)



Source: Sagis

Figure 6: The production, consumption and stock levels of barley in South Africa



Source: Sagis

On February 25, 2021, CEC released its final estimate for wheat production in South Africa for the 2020/21 MY. The CEC estimated that South Africa produced 2.1 million tons of wheat, which represents a sharp increase of 37 percent from the previous marketing year's crop of 1.5 million tons. This is also the highest wheat crop in South Africa since the 2008/09 MY (see also Figure 5). The main contributor to the increase in wheat production was favorable weather conditions that impacted positively on yields, as wheat area planted decreased by 6 percent from the previous season to 509,800 hectares. The Western Cape province, where more than 60 percent of South Africa's wheat crop is planted under rain fed condition, received favorable rains throughout the season. As a result, average yields in the Western Cape increased by 65 percent from the previous season. This enabled South Africa to record a historical high average yield for wheat of 4.1 tons per hectare in the 2020/21 MY.

The following table reflects the area planted, yield and production figures of wheat in South Africa for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast).

Table 6: Area planted and production of wheat in South Africa

MY	Area (1,000 hectares)	Yield (tons/ha)	Production (1,000 tons)
2019/20 (actual)	540	2.8	1,535
2020/21 (estimate)	510	4.1	2,109
2021/22 (forecast)	560	3.5	1,960

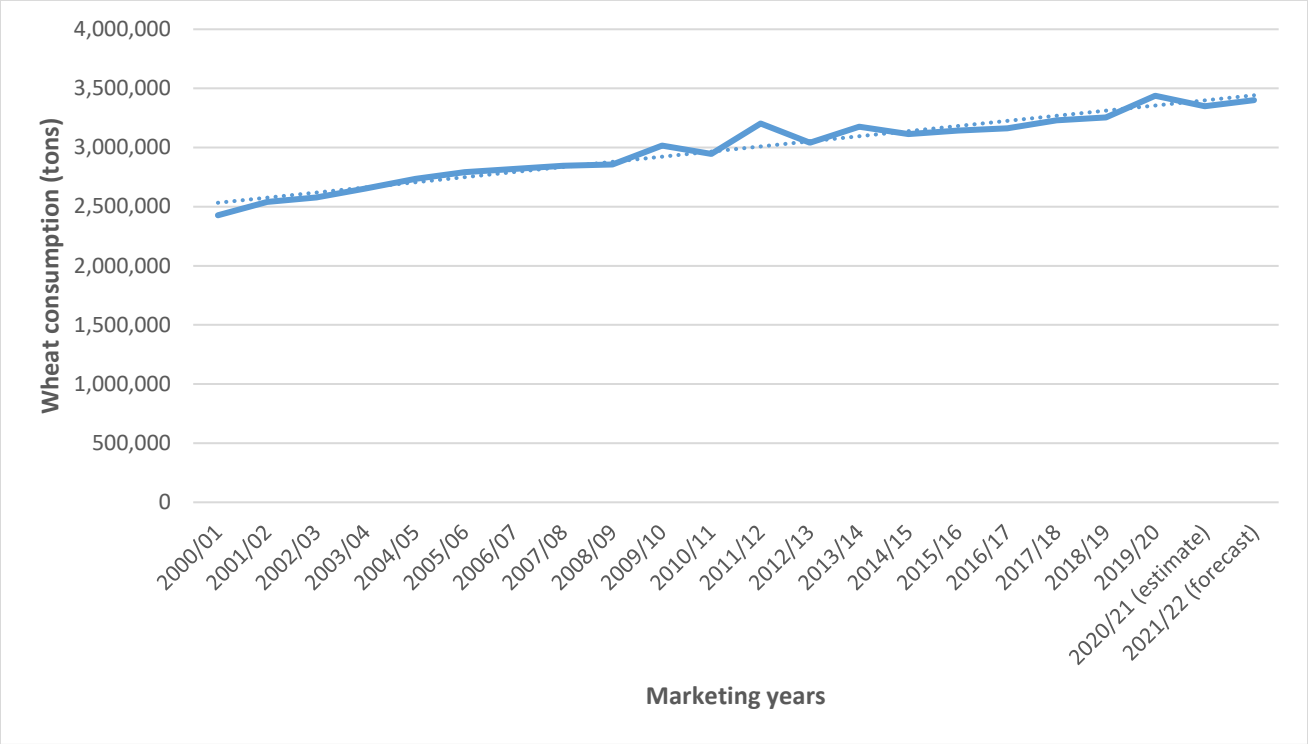
Source: CEC

Consumption

South Africa's annual wheat consumption increased on average by about one percent per annum the past 10 years (see Figure 7). Post expects this trend to continue in the 2021/22 MY with wheat consumption reaching 3.6 million tons. Due to slow economic growth and a second consecutive bumper corn crop, major increases in the consumption of wheat products are not foreseen in the 2020/21 MY. Wheat demand in the 2020/21 MY is expected to be around 3.5 million tons, (also refer to Table 7), marginally lower than the 3.6 million tons of wheat consumed in the 2019/20 MY.

South Africa's wheat consumption increased by five percent in the 2019/20 MY or by almost 170,000 tons to 3.6 million tons, despite local wheat price reaching record high levels in April 2020 and again in August 2020. The main reason for this above-trend increase in wheat consumption was the COVID-19 pandemic and resulting lockdowns. Due to a stay-home policy to reduce the spread of COVID-19, many people shift to home baking, increasing the demand for cake and bread flour. According to Sagis, the usage of cake flour and bread flour increased by seven percent and four percent, respectively, in the 2019/20 MY. However, Post believes wheat demand should return to the trend line in the 2020/21MY as more people resume normal economic activities.

Figure 7: The consumption of wheat in South Africa since the 2000/01 MY



Source: Sagis

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 96kg/person, followed by wheat (55kg/person) and then rice (15kg/person). Consumers can substitute rice, wheat, and corn products based on price and taste preferences. However, the demand for corn and wheat products is relatively price inelastic, diminishing major shifts in consumption due to price movements. In Table 7, the consumption of wheat in South Africa is illustrated for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast).

Table 7: Consumption of wheat in South Africa

Wheat (1,000 tons)					
Marketing year	**Human[1]**	**Animal**	**Seed**	**Other**	**TOTAL**
2019/20 (actual)	3,559	25	16	5	**3,605**
2020/21 (estimate)	3,460	20	15	5	**3,500**
2021/22 (forecast)	3,510	20	15	5	**3,550**

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 South Africa's imports of wheat and wheaten products for the 2021/22 MY at 1.7 million tons, five percent more than in the 2020/21 MY, mainly due to an estimated seven percent drop in local production.

Due to the sharp increase in local wheat production, South Africa's imports of wheat and wheaten products in the 2020/21 MY are expected to drop by 20 percent compared to the 2019/20 MY. Post estimates South Africa should import about 1.6 million tons of wheat and wheaten products in the 2020/21 MY, down 400,000 tons from the 2.0 million tons of wheat and wheaten products imported in the 2019/20 MY. For the first 5 months of the 2020/21 MY, South Africa imported 573,754 tons of wheat, 17 percent less than the same period of the 2019/20 MY. For the 2020/21 MY thus far, Poland, Lithuania, and Russia have been the major exporters of wheat to South Africa (see also Table 8). The United States is the sixth leading supplier of wheat to South Africa at 19,806 tons.

In the 2019/20 MY, South Africa's wheat and wheaten products imports increased by 35 percent to 2.0 million tons due to an 18 percent drop in local wheat production. South Africa imported 1.9 million tons of wheat and about 140,000 tons (wheat equivalent) of wheaten products in the 2019/20 MY. Poland, Russia, and Germany were the major supplies of wheat to South Africa. The United States was the sixth leading supplier of wheat to South Africa at 58,092 tons.

Table 8: South Africa's imports of wheat by country

	2019/20 MY (Oct 1, 2019 – Sept 30, 2020) Tons	**2020/21 MY[1] (Oct 1, 2020 – Sept 30, 2021) Tons**
Import Suppliers		
Poland	543,325	178,504
Lithuania	202,656	157,620
Russia	536,757	88,418
Canada	51,001	62,681
Germany	274,283	53,697
United States	58,092	19,806
Ukraine	94,726	7,341
Latvia	54,803	3,532
Czech Republic	52,365	2,155
Finland	21,860	0
TOTAL IMPORTS	**1,889,868[2]**	**573,754**

Source: Sagis

Notes: *1. Preliminary import data from October 1, 2020 to February 26, 2021*

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 also 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 wheaten products are expected increase to approximately 200,000 tons in the 2021/22 MY and 2020/21 MY on increased production. In the 2019/20 MY, South Africa exported 84,467 tons of wheat and 40,875 tons (wheat equivalent) of wheaten products to countries in the Southern Africa region according to Sagis.

Table 9: South Africa's exports of wheat by country

	2019/20 MY	**2020/21 MY[1]**
	(Oct 1, 2018 – Sept 30, 2019) Tons	**(Oct 1, 2019 – Sept 30, 2020) Tons**
Export destinations		
Botswana	4,930	7,426
Namibia	14,958	5,664
Zimbabwe	10,324	3,939
Eswatini (Swaziland)	12,682	3,653
Lesotho	2,000	3,238
Zambia	39,573	3,168
Mozambique	0	1,010
TOTAL EXPORTS	**84,467**	**28,098**

Source: Sagis

Notes: *1. Preliminary export data from October 1, 2020 to February 26, 2021*

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's current import tariff for wheat, effective from March 10, 2021, is zero Rand per ton (R0/ton). The previous import tariff that was published on February 12, 2021, was R102.70 per ton ($7/ton). The South African wheat tariff is calculated by means of a variable tariff formula in order to ensure that local wheat prices are maintained when the international prices are decreasing and *vice versa* to support local consumers when international wheat prices are increasing. The latter is the reason for the current zero tariff on imported wheat. The current zero rate 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 tons of wheat imported from countries in the EU. The wheat imported under the TRQ must be destined for final consumption in South Africa and is only allowed to enter from February 1 to October 31 every year. In order to fulfil South Africa's commitment under the World Trade Organization agreement regarding market access, an annual quota of 108,279 tons of wheat can also enter South Africa at a rebate of 14.4 percent from the full duty (see also Table 10).

Table 10: South Africa's import tariffs for wheat as of 03/10/2021

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

Prices

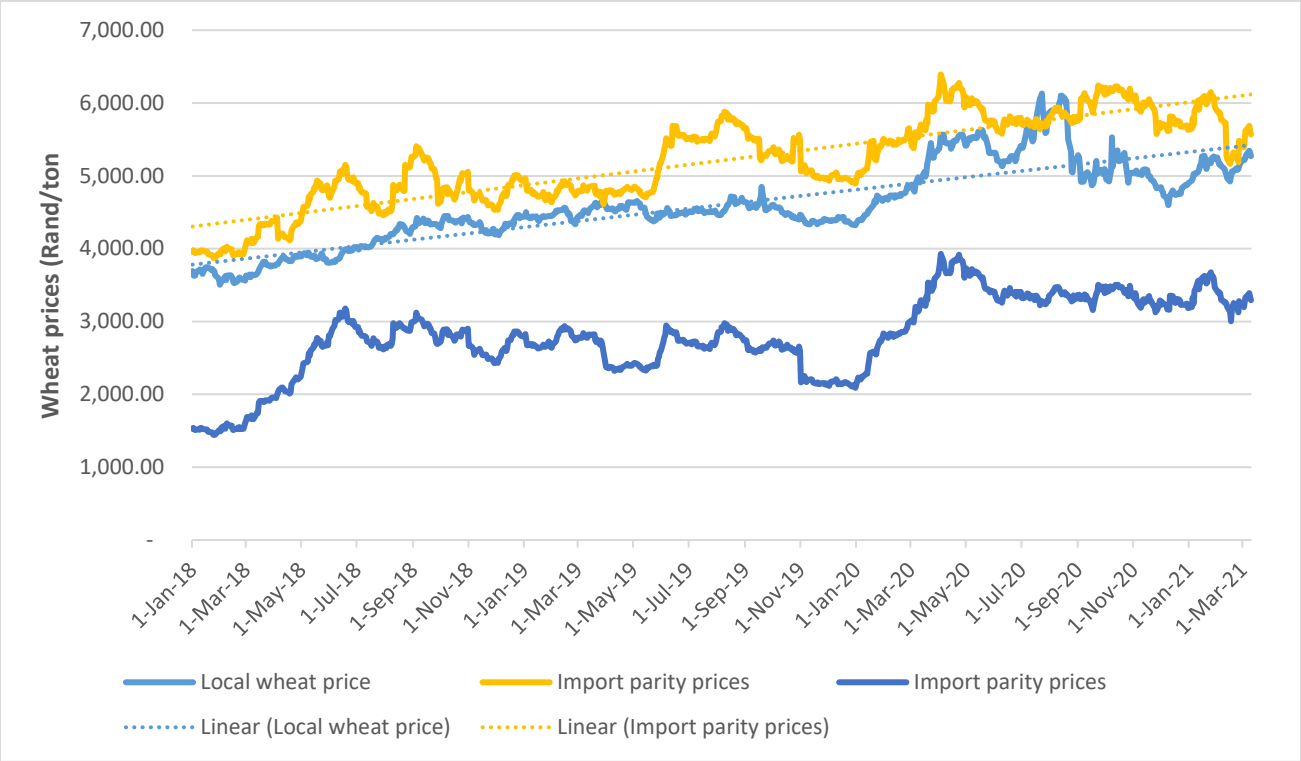
South Africa's local wheat prices are illustrated in Table 11. As a net importer of wheat in a relatively free market environment, local wheat prices usually follow the overall trend in import parity prices (see also Figure 8). As such, local wheat prices are primarily influenced by developments in the global market as well as the strength of the South African Rand exchange rate, the fluctuations in transport costs, the import tariff and at a lesser extent by changes in local production. As of March 10, 2021, local wheat prices trade at around R5,271 per ton ($348/ton), seven percent higher than the previous year. In August 2020, the local wheat price reached record high levels of around R6,100 per ton ($405/ton), amidst the COVID-19 pandemic and resulting lockdown, resulting in a sharp depreciation of the South African Rand- U.S. dollar exchange rate. Local wheat prices are expected to continue to trade at import parity levels in the foreseeable future.

Table 11: Local prices for wheat

	Futures prices (year/month)				
Commodity	**2021/03**	**2021/05**	**2021/07**	**2021/09**	**2021/12**
Wheat	R5,271/t ($348/t)	R5,321/t ($351/t)	R5,359/t ($354/t)	R5,088/t ($336/t)	R4,980/t ($329/t)

Source: GrainSA (as of 03/10/2021)
Note: US$1 = Rand 15.15

Figure 8: The trend in the local price for wheat since January 2018



Source: GrainSA

Table 12: PS&D Table for Wheat

Wheat Market Begin Year South Africa	2019/2020 Oct-19		2020/2021 Oct-20		2021/2022 Oct-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	540	540	510	510	0	560
Beginning Stocks	637	637	471	471	0	480
Production	1535	1535	2100	2109	0	1960
MY Imports	2029	2029	1800	1600	0	1700
TY Imports	2174	2174	1800	1600	0	1700
TY Imp. from U.S.	80	80	0	50	0	50
Total Supply	4201	4201	4371	4180	0	4140
MY Exports	125	125	250	200	0	200
TY Exports	143	143	250	200	0	200
Feed and Residual	30	30	30	25	0	25
FSI Consumption	3575	3575	3650	3475	0	3525
Total Consumption	3605	3605	3680	3500	0	3550
Ending Stocks	471	471	441	480	0	390
Total Distribution	4201	4201	4371	4180	0	4140
Yield	2.84	2.84	4.12	4.14	0	3.50
(1000 HA) ,(1000 MT) ,(MT/HA)						

RICE

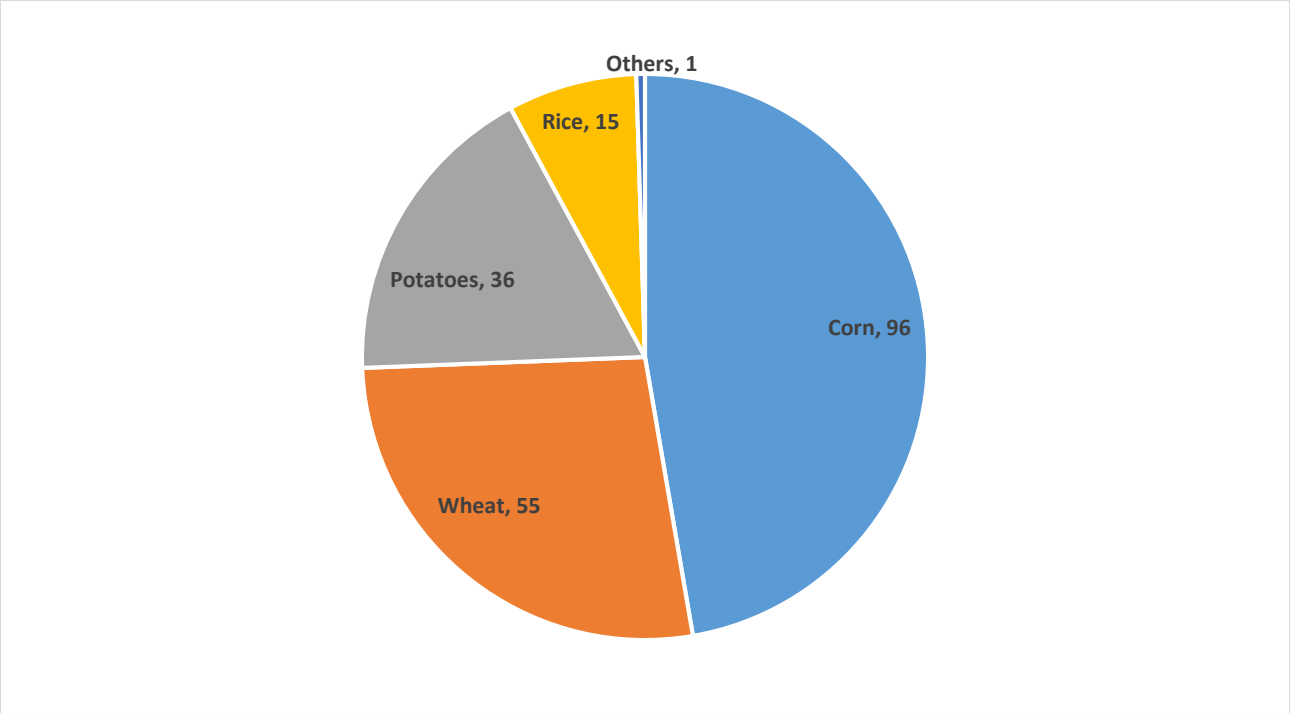
Production

South Africa is dependent on rice imports to meet the local demand as rice production is insignificant in the country, due to the high-water requirements of the crop. As a result, rice imports are duty free and local consumption is derived from publicly available import data.

Consumption

Corn, in the form of a meal, wheat products, potatoes and rice are the four major starches consumed in South Africa. The annual per capita consumption of corn is the highest at 96kg/person, followed by wheat (55kg/person), potatoes (36kg/person) and then rice (15kg/person) (see also Figure 9). Consumers can substitute rice, wheat and corn products based on price and taste preferences. However, the demand for corn and wheat products is also relatively price inelastic, diminishing major shifts in consumption due to price movements. This makes the rice market in South Africa extremely price sensitive. 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

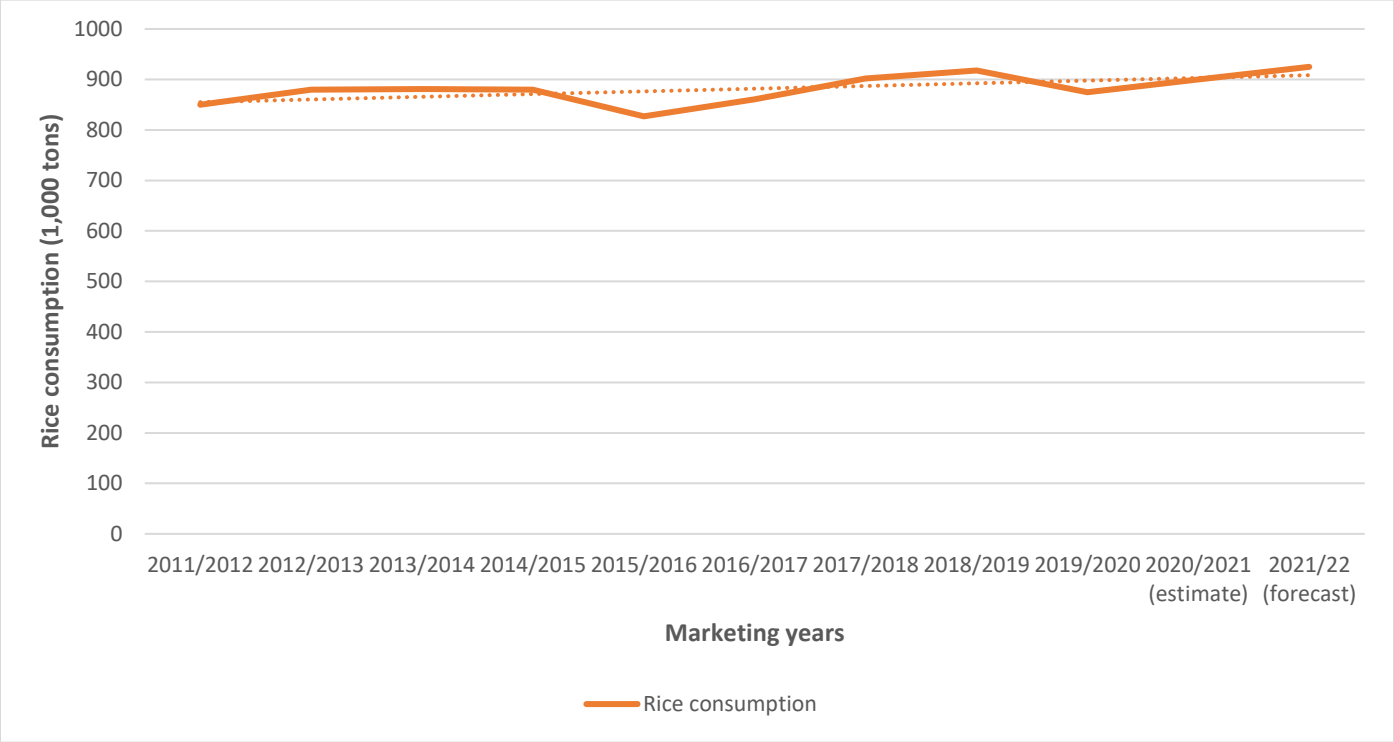


Source: Sagis, Department of Agriculture, Land Reform and Rural Development (Dalrrd) and Post calculations

Over the past 10 years, South Africa's demand for rice has increased marginally (see also Figure 10). Poor economic growth and an increased in the demand of relatively cheaper corn meal, hindered a substantial increase in the demand for rice. With economic growth in South Africa expected to

continue to be sluggish, due to the COVID-19 pandemic and structural and policy constraints, Post foresees that the marginal increase in the demand for rice will continue in the 2020/21 MY and 2021/22 MY to 900,000 tons and 925,000 tons, respectively (also refer to Table 13). In the 2019/20 MY, Post estimates South Africa consumed 875,000 tons of rice, marginally lower than the estimated 918,000 tons consumed in 2018/19 MY.

Figure 10: The trend in consumption of rice in South Africa



Source: Post calculations

Table 13: The consumption of rice in South Africa

Marketing years	2019/20 (1,000 tons)	2020/21 (estimate) (1,000 tons)	2021/22 (forecast) (1,000 tons)
Consumption (milled rice equivalent)	875	900	925

Source: Post calculations

Imports

South Africa's rice imports are dominated by two countries, namely Thailand and India. Together, Thailand and India supplied around 95 percent of South Africa's rice demand, with Thailand's contribution around 75 percent (see also Table 14). In the 2021/22 MY, South Africa's rice imports are expected to increase by only one percent to 1.06 million tons on a marginal increase in demand. In the 2020/21 MY, Post estimates South Africa will import about 1.05 million tons of rice. In the first nine

months of the 2020/21 MY, South Africa already imported 813,000 tons of rice. Rice imports for the 2019/20 MY totaled 960,000 tons, a decrease of five percent from the previous year on weaker demand.

Table 14: South Africa imports of rice (milled rice equivalent)

Countries	2019/20 MY (May 1, 2019 – Apr 30, 2020) (1,000 tons)	2020/21MY[1] (May 1, 2020 – Apr 30, 2021) (1,000 tons)
Thailand	729	518
India	178	229
Others not Listed	53	66
Total	**960**	**813**

Source: Trade Data Monitor
Note: *1. Preliminary import data from May 1, 2020 to January 31, 2021*

Exports

South Africa imports relatively small amounts of rice to re-export to neighboring countries, especially to Eswatini and Botswana. In the 2019/209 MY, South Africa exported about 115,000 tons of rice to neighboring countries. Post estimates rice exports would will increase marginally to 120,000 tons in the 2020/21 MY and 2021/22 MY on limited demand.

Table 15: PS&D Table for rice

Rice, Milled Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	May-19		May-20		May-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	55	55	25	25	0	55
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate (.9999)	0	0	0	0	0	0
MY Imports	960	960	1050	1050	0	1060
TY Imports	1000	1000	1050	1050	0	1060
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1015	1015	1075	1075	0	1115
MY Exports	115	115	125	120	0	120
TY Exports	115	115	125	120	0	0
Consumption and Residual	875	875	900	900	0	920
Ending Stocks	25	25	50	55	0	75
Total Distribution	1015	1015	1075	1075	0	1115
(1000 HA) ,(1000 MT) ,(MT/HA)						

Attachments:

No Attachments