

Brief Overview of the Current South African Grain Supplies

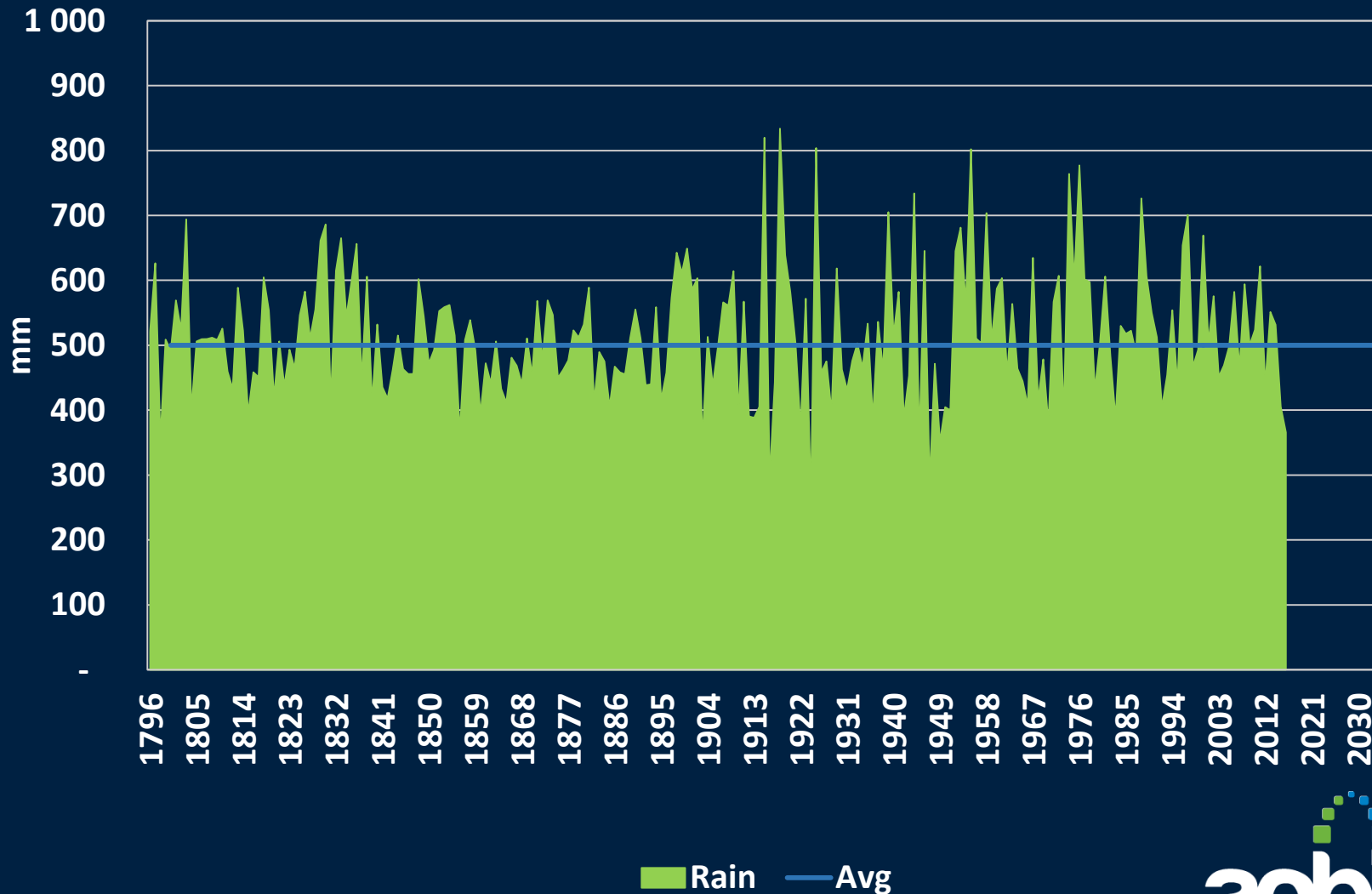
Wandile Sihlobo, Agricultural Economist

03 May 2016

USDA, Pretoria, RSA



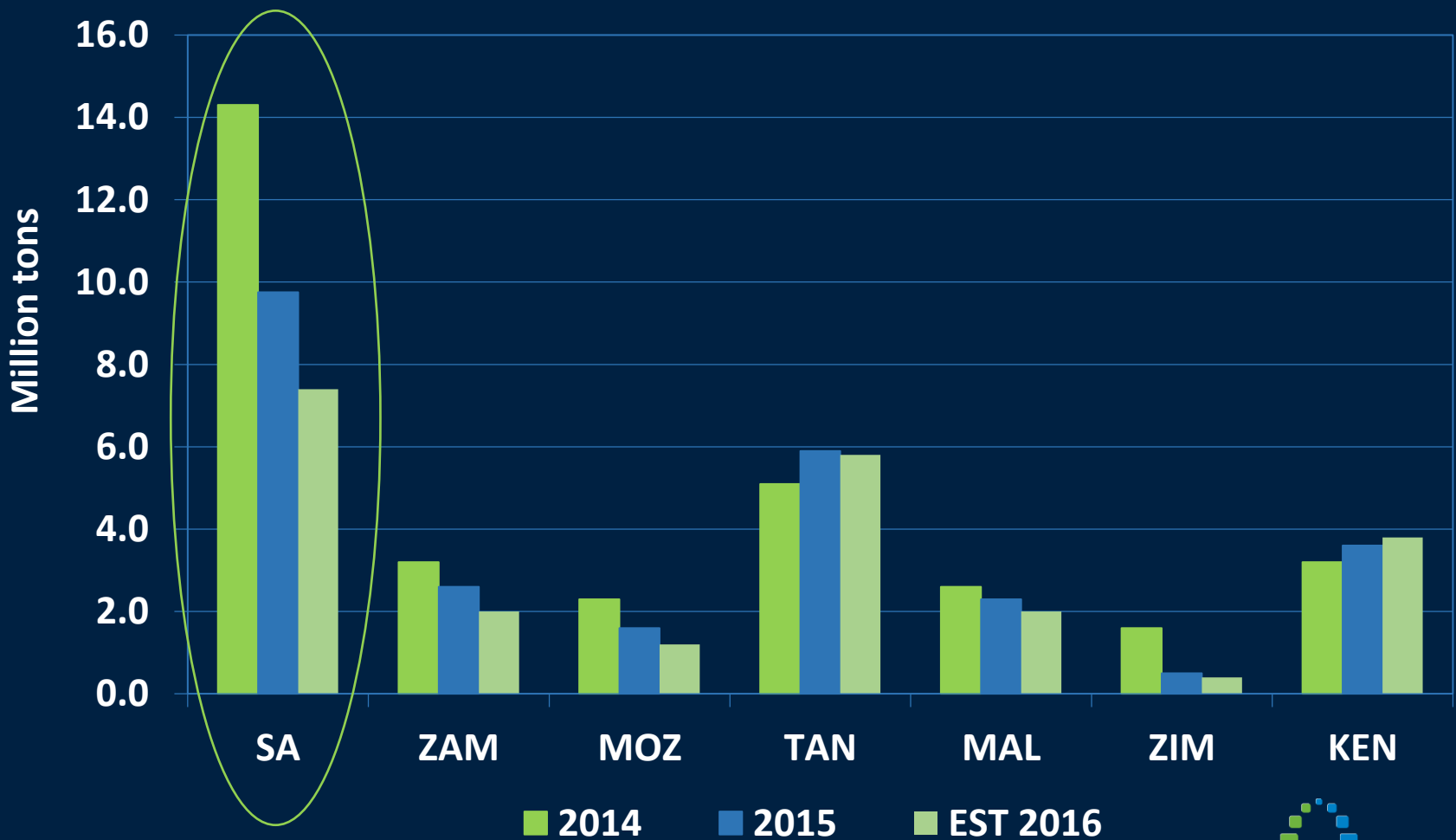
RSA Rainfall at the Lowest Levels Since Early 1900's



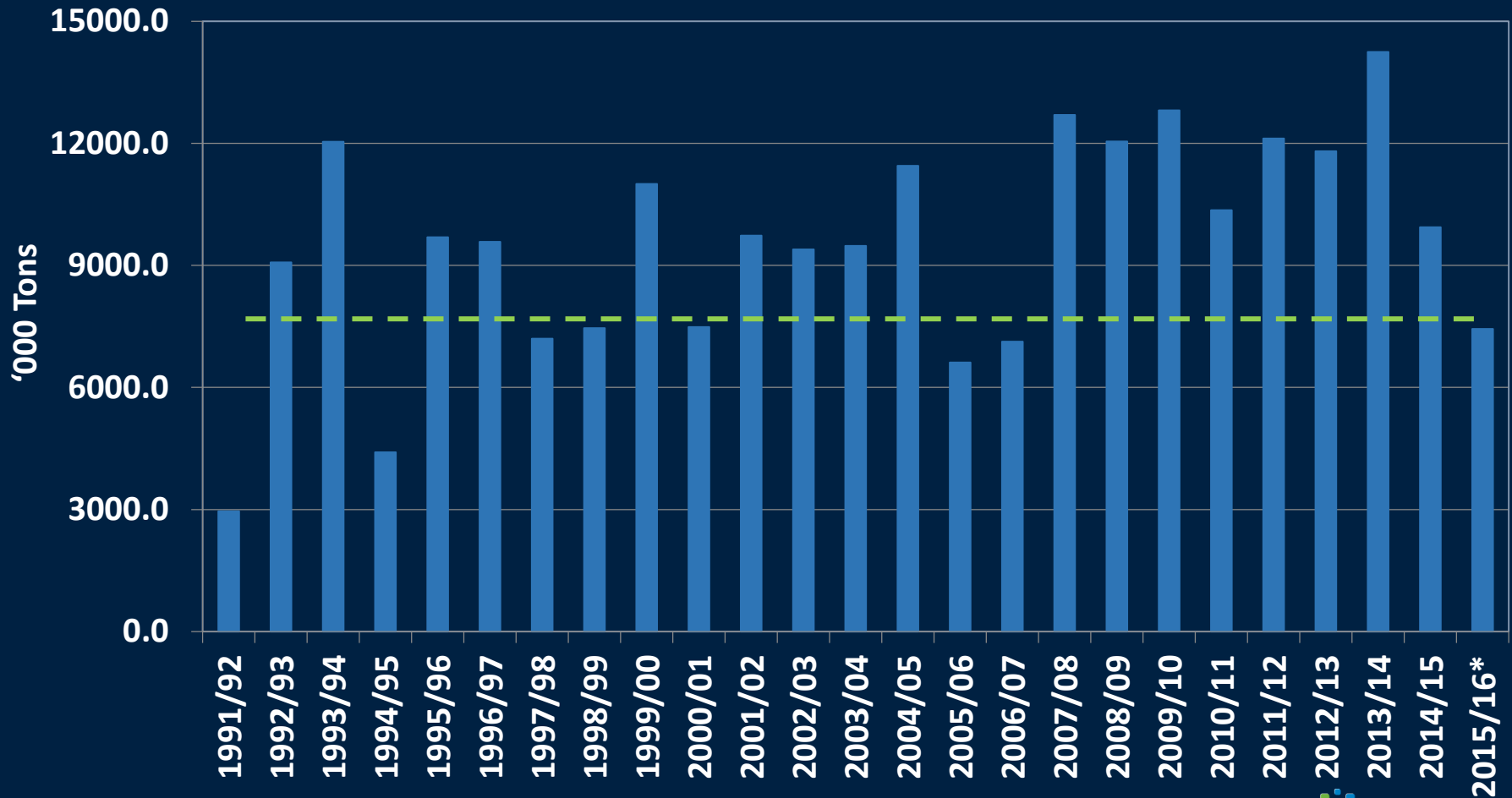
Background on the Grain Supply Industry

- RSA growers produce 42% of all maize in SADC
- SADC is a net importer of RSA maize
- RSA summer grain production yield decreases 27%y/y in 2015 (maize -30%y/y). ↓
- RSA 2016 maize production could decrease further by 29%y/y. ↓

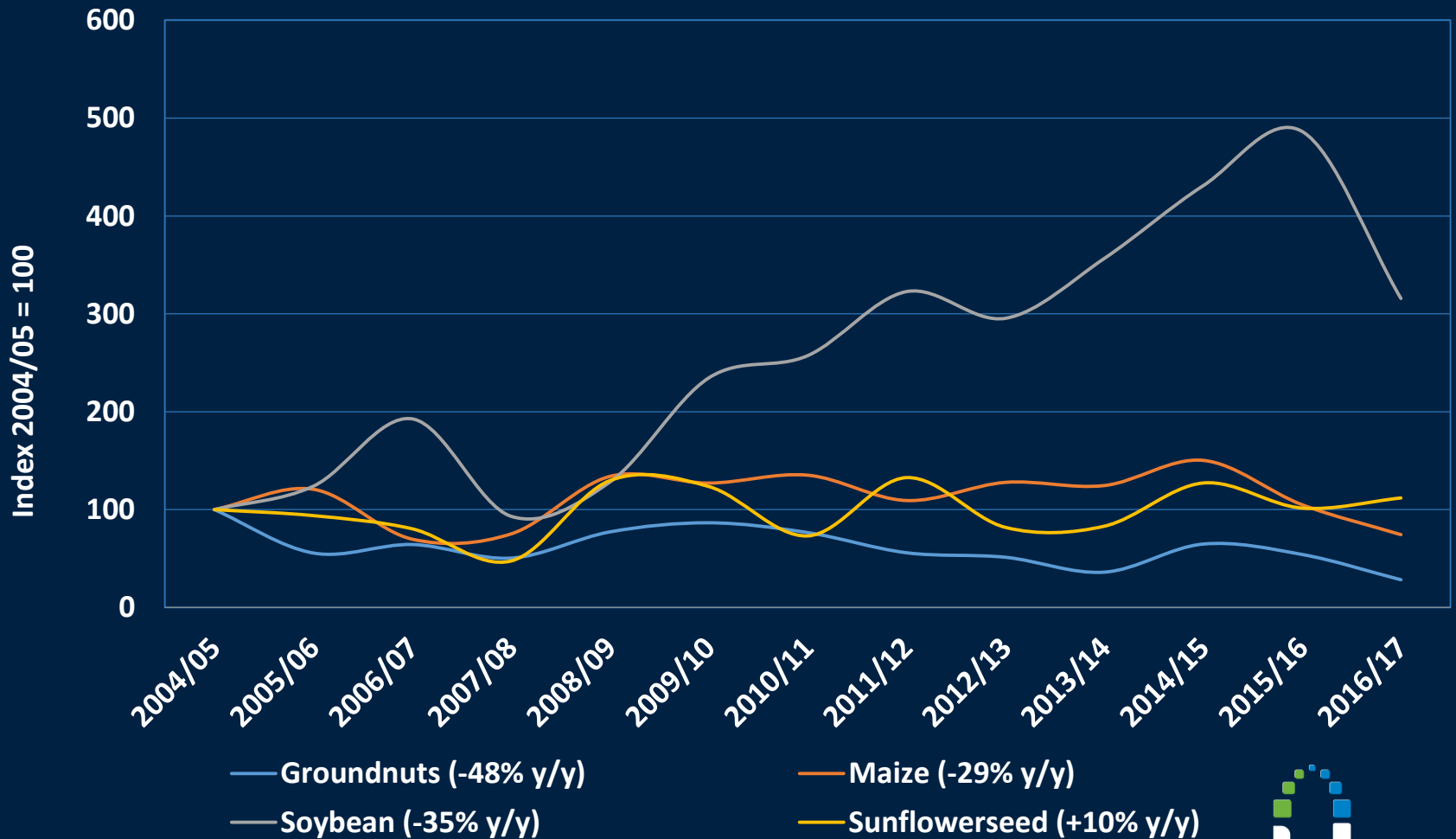
Maize Production : Negatively Affected Across the Region



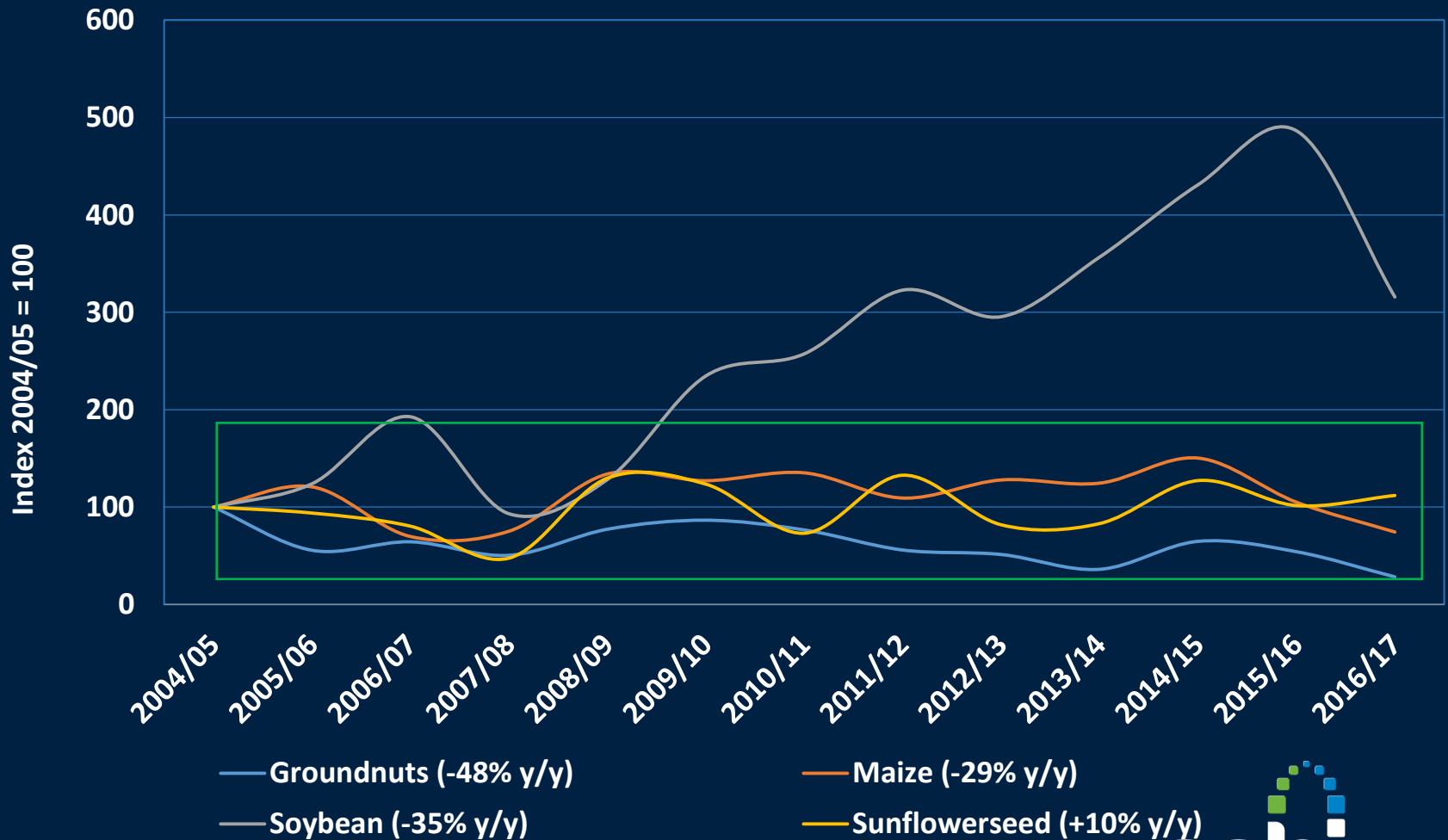
RSA Total Maize Production Lowest since 2006/07...



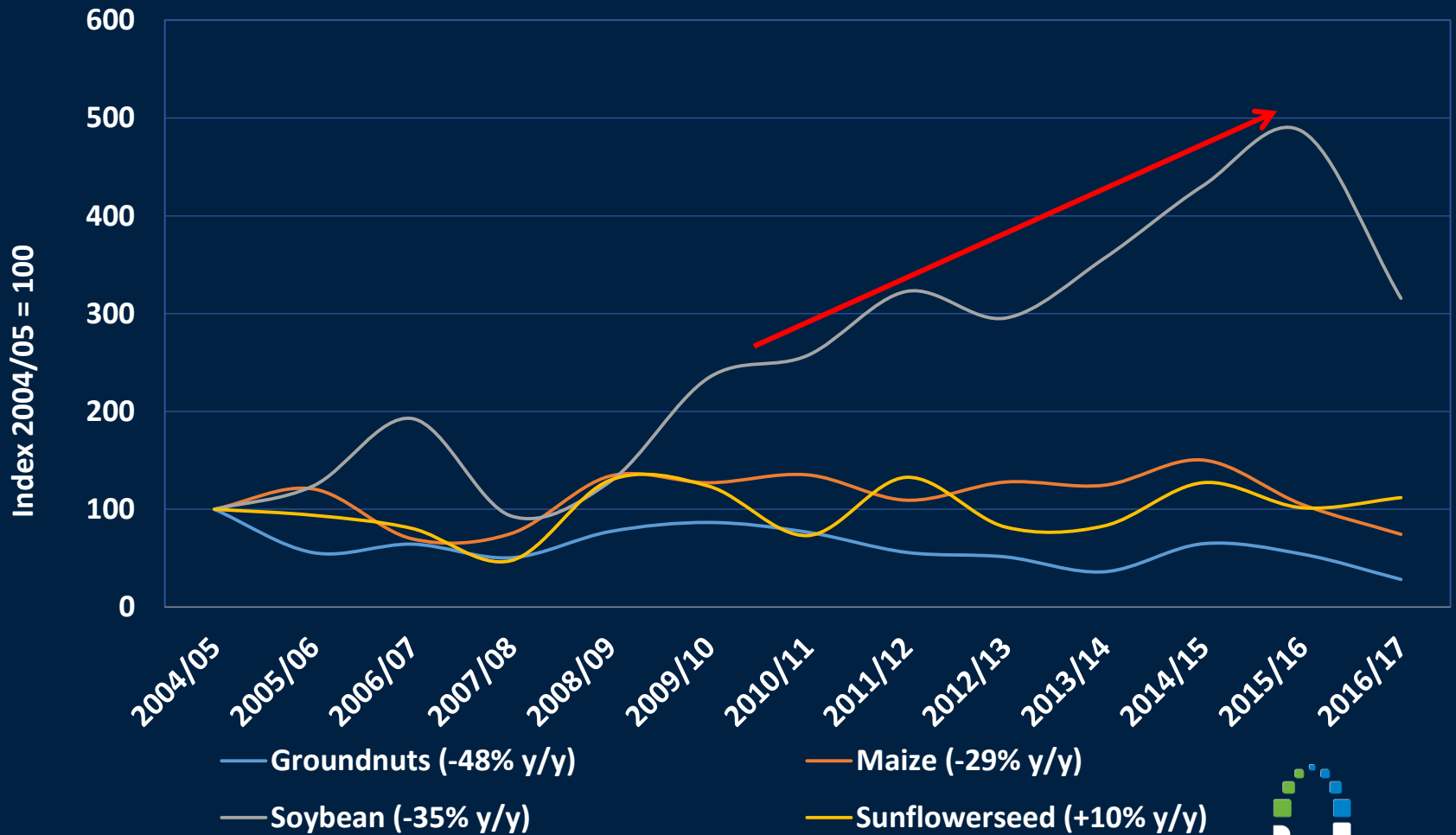
RSA Production: Majority of Summer Crops have been Negatively Affected



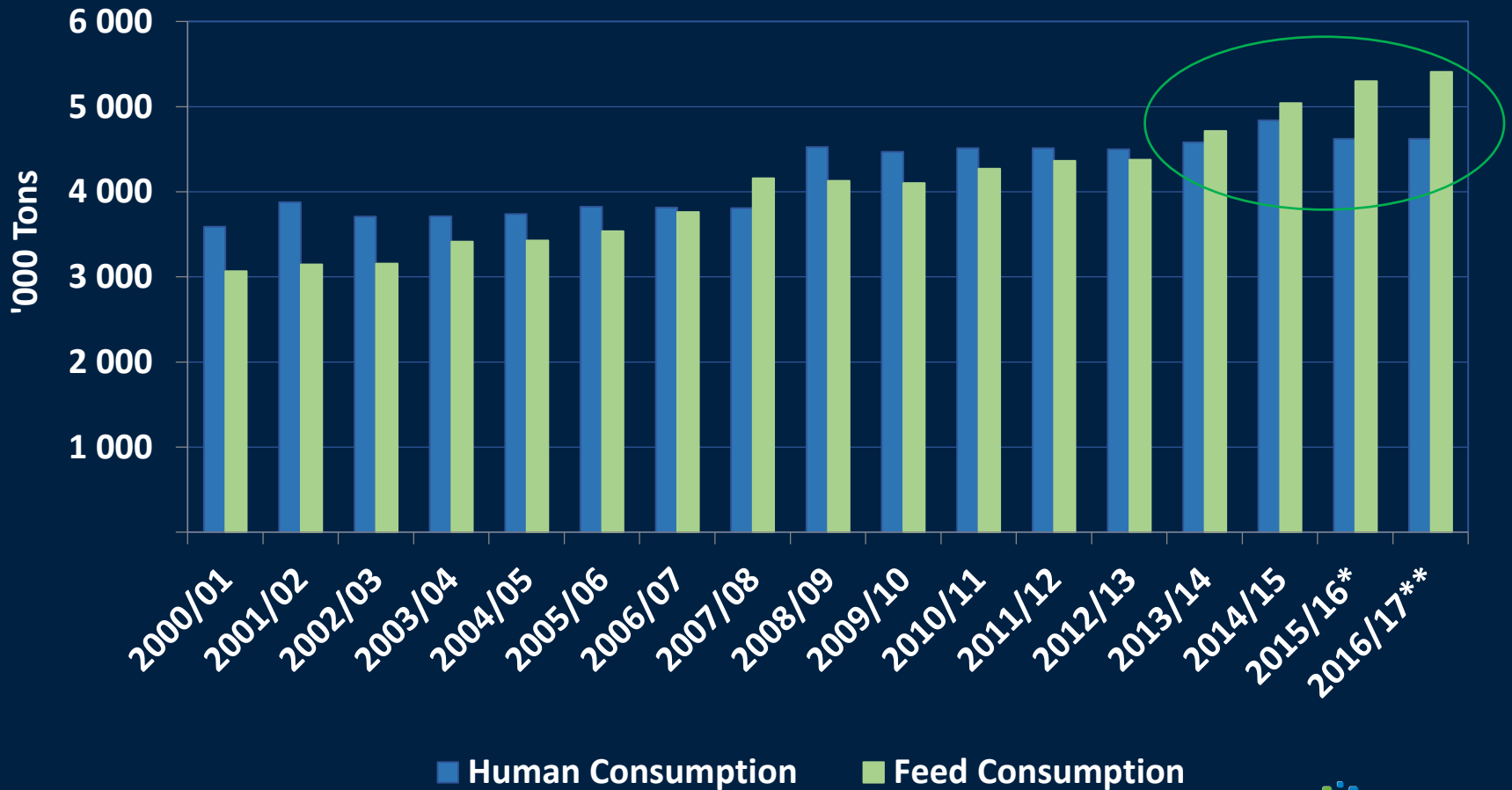
RSA Production: Majority of Summer Crops have been Negatively Affected



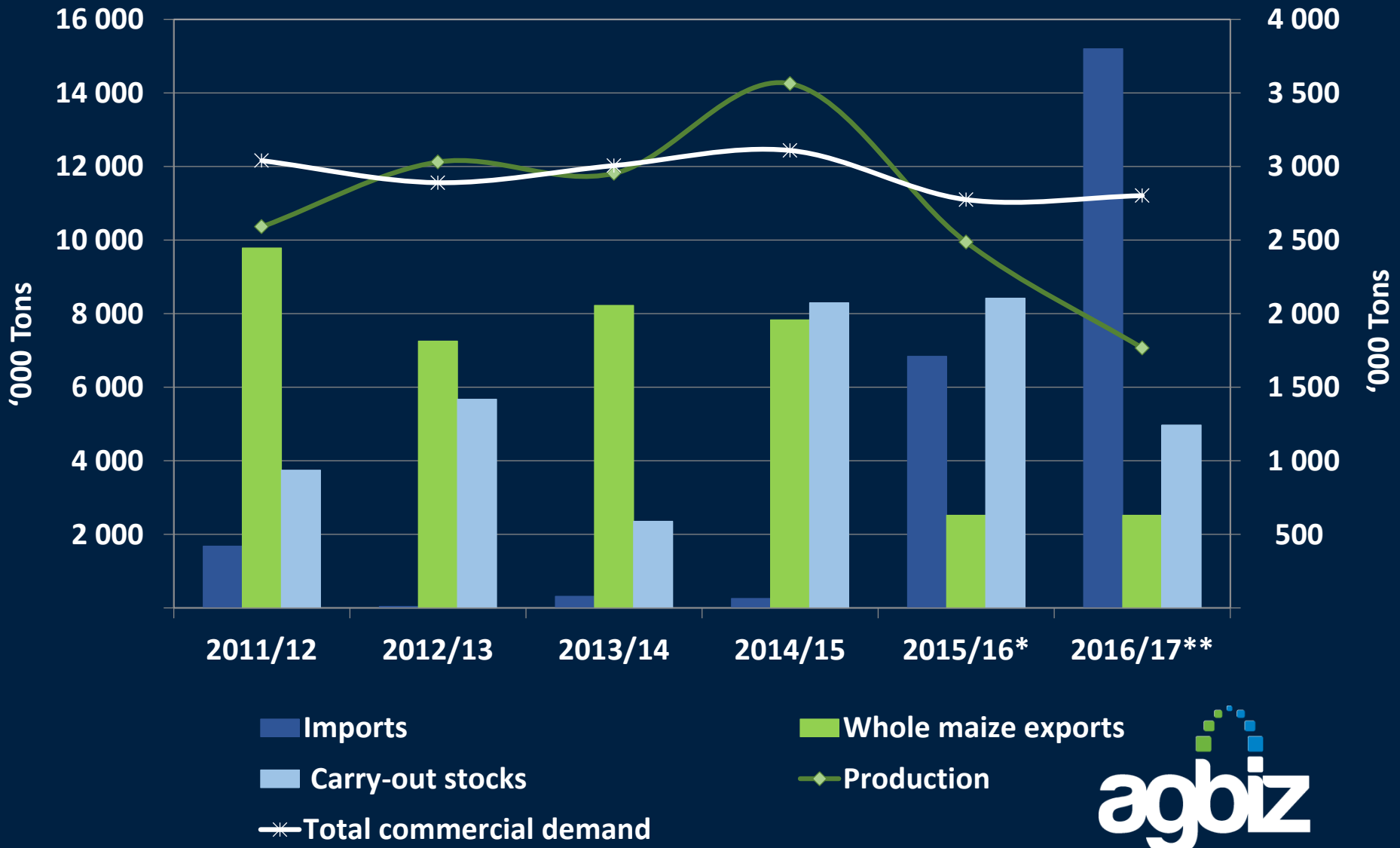
RSA Production: Majority of Summer Crops have been Negatively Affected



Continuous Growth in Demand of RSA Maize for Feed Consumption

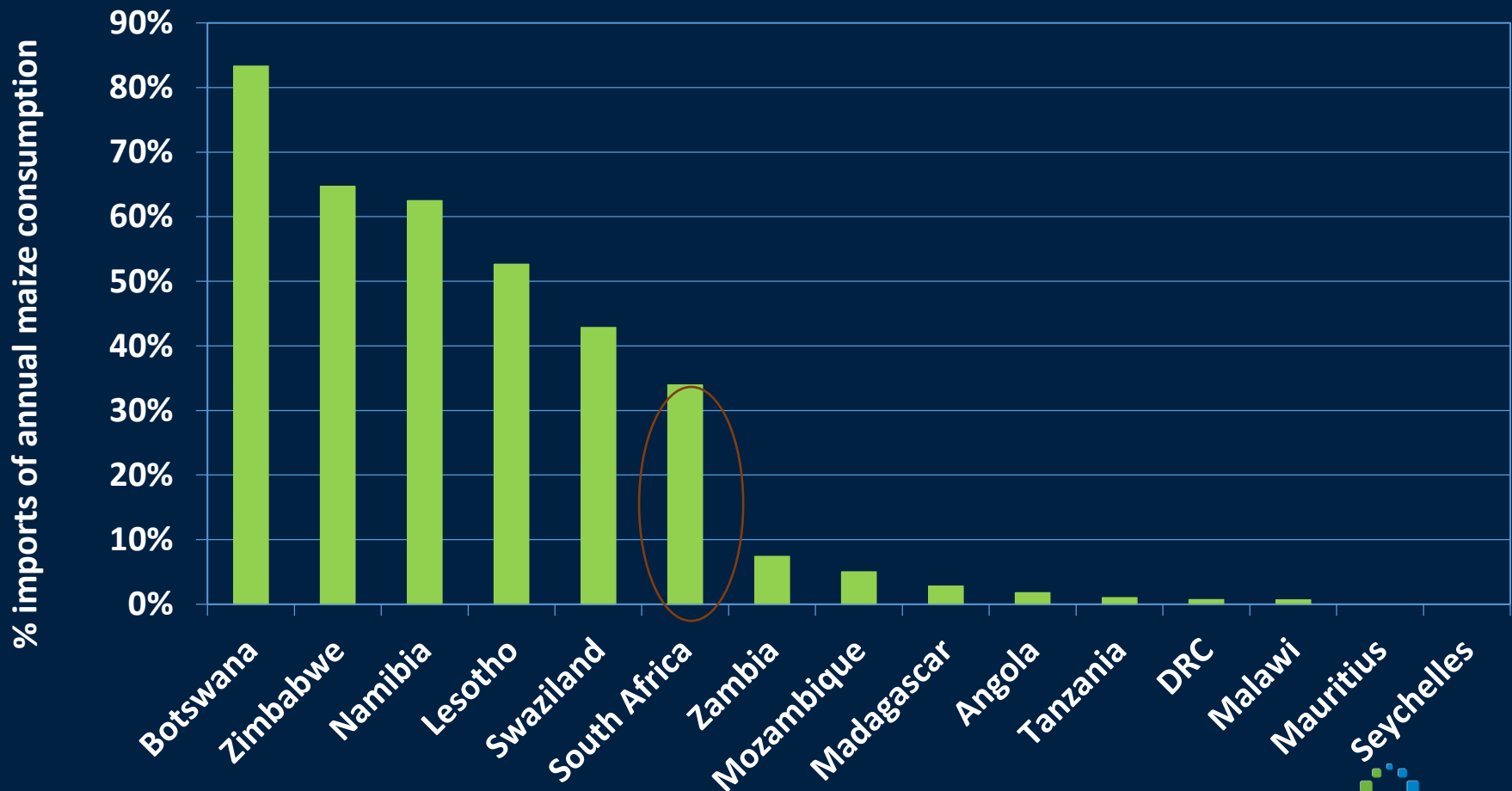


RSA Maize Commercial Demand Remains Strong

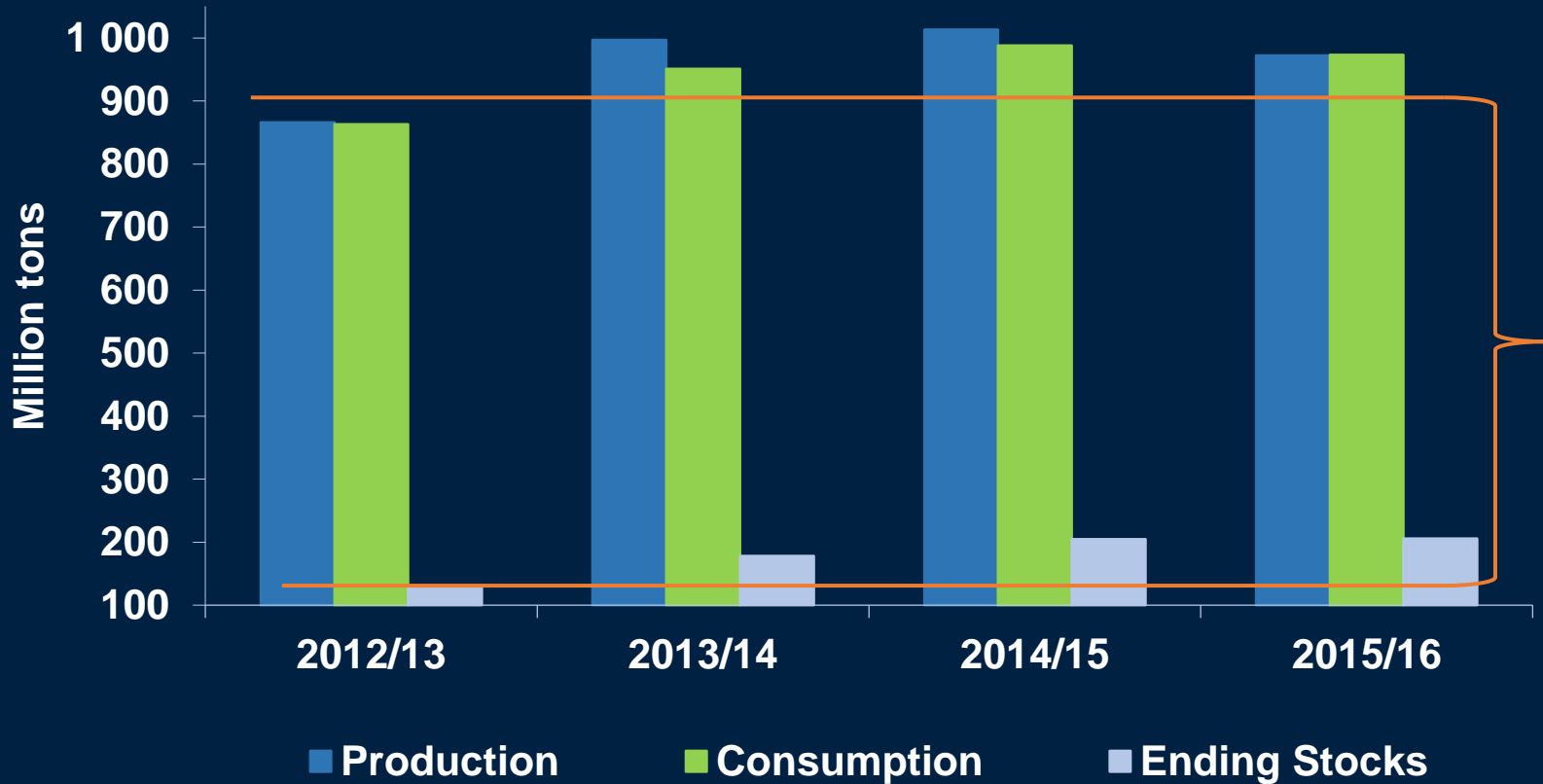


Source: Grain SA and Agbiz Research

SADC: Expected % Imports of Annual Domestic Consumption



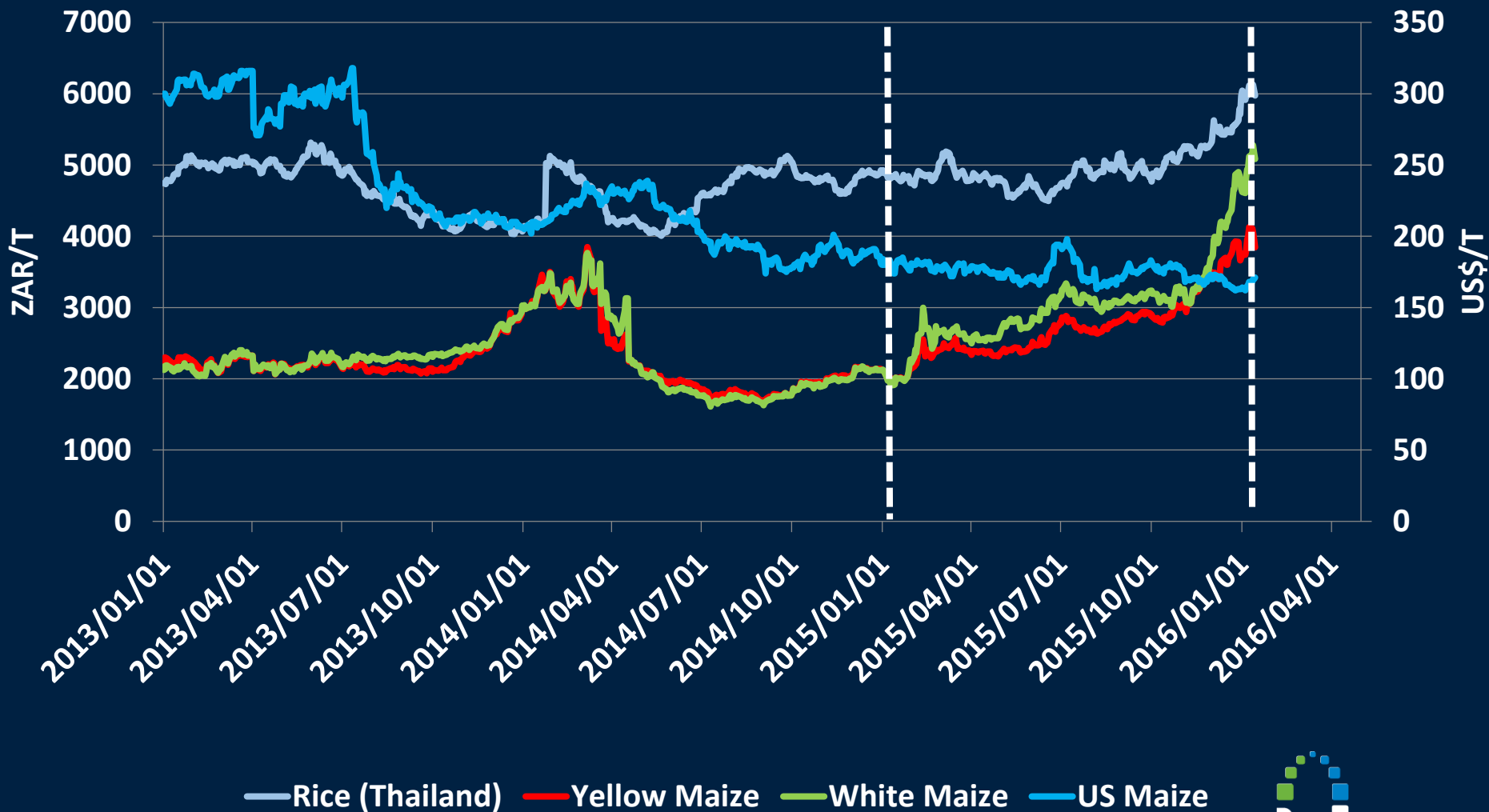
Global Maize Supply Remains at High Levels



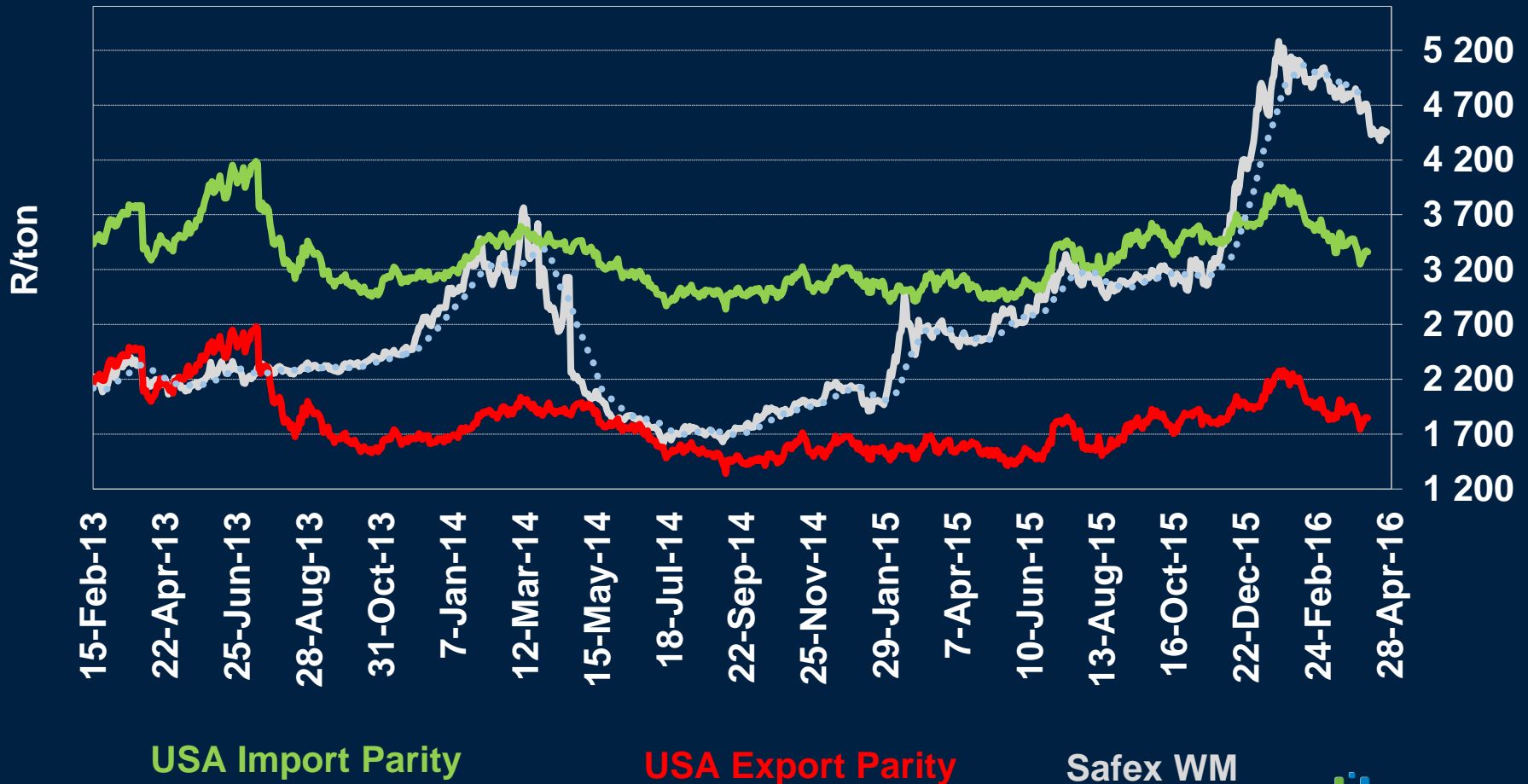
KEY COMMODITY PRICE MOVEMENTS



Maize and Rice Prices Peaked in January 2016...



White Maize Price is well Above the Import Parity Price



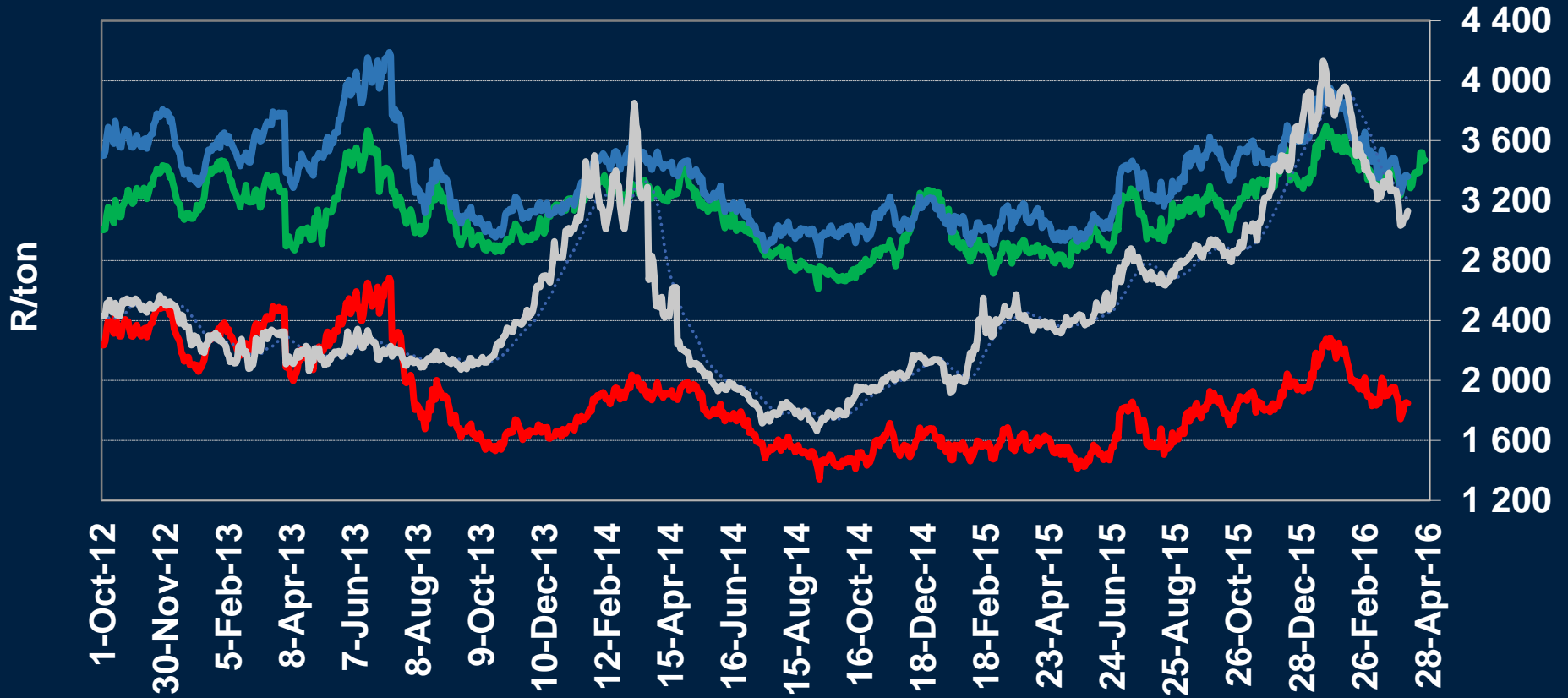
USA Import Parity

USA Export Parity

Safex WM



Yellow Maize Price is at Import Parity Price Level



USA Import parity

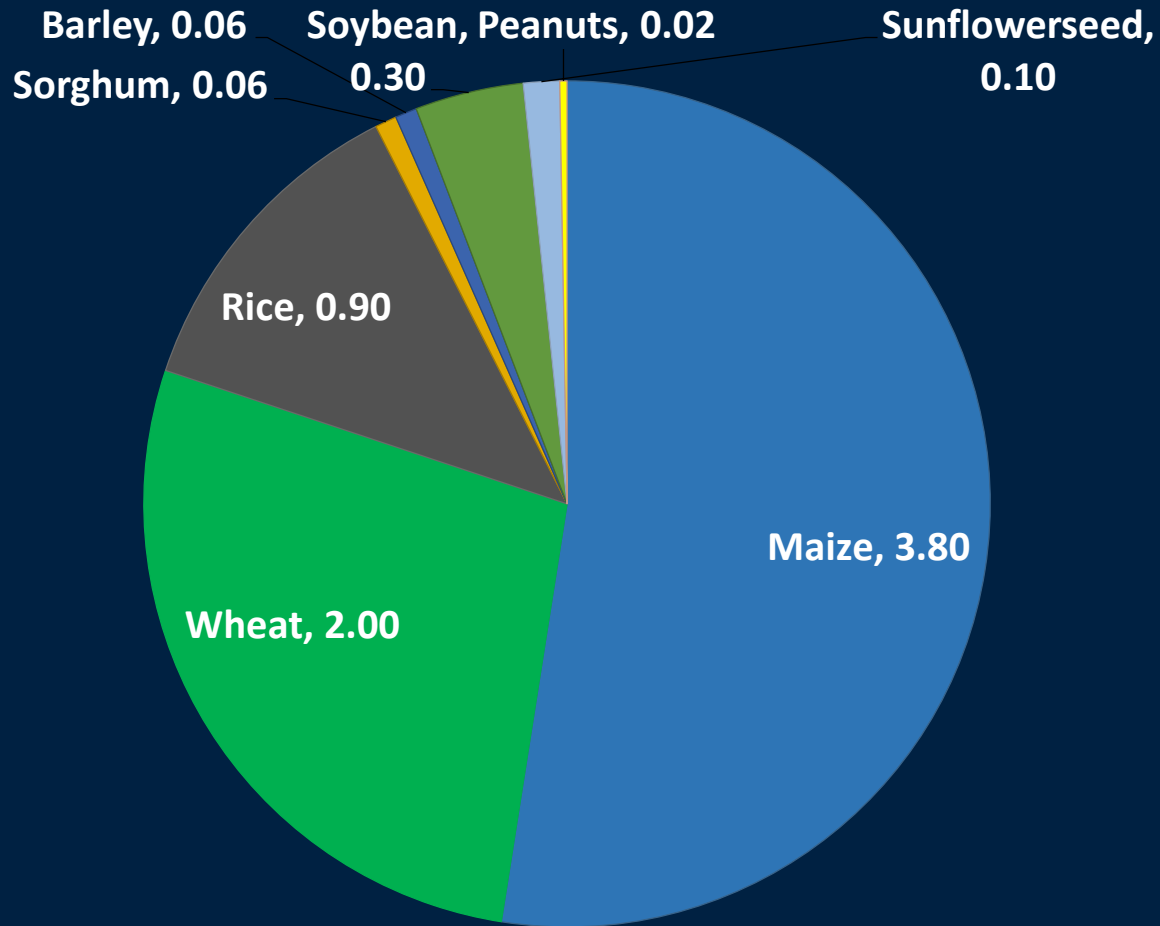
ARG Import Parity

USA Export Parity

Safex YM



RSA Total Grain and Oilseed Import Estimates for 2016 – April 2017 is 7.24 million tons...



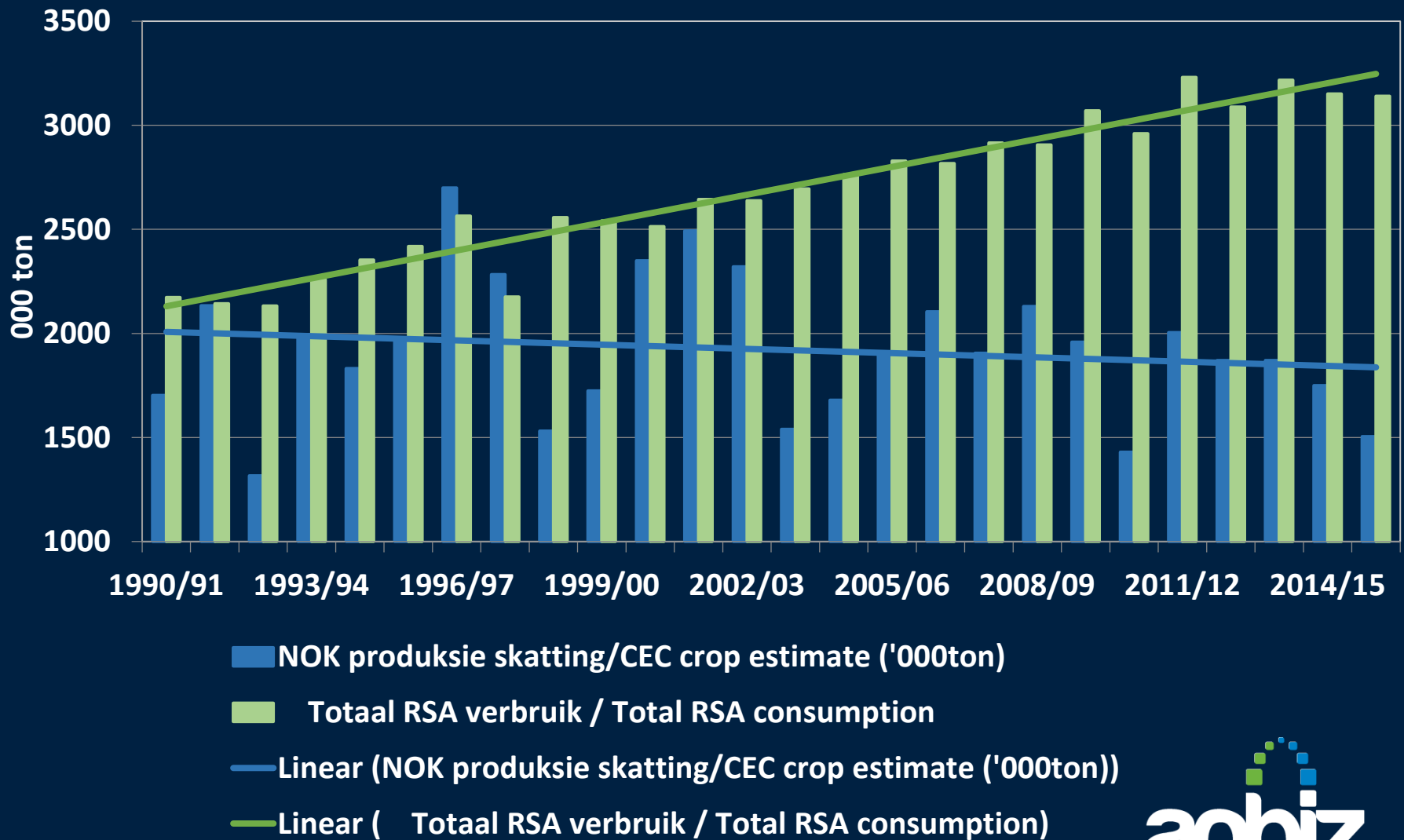
Units: million tons



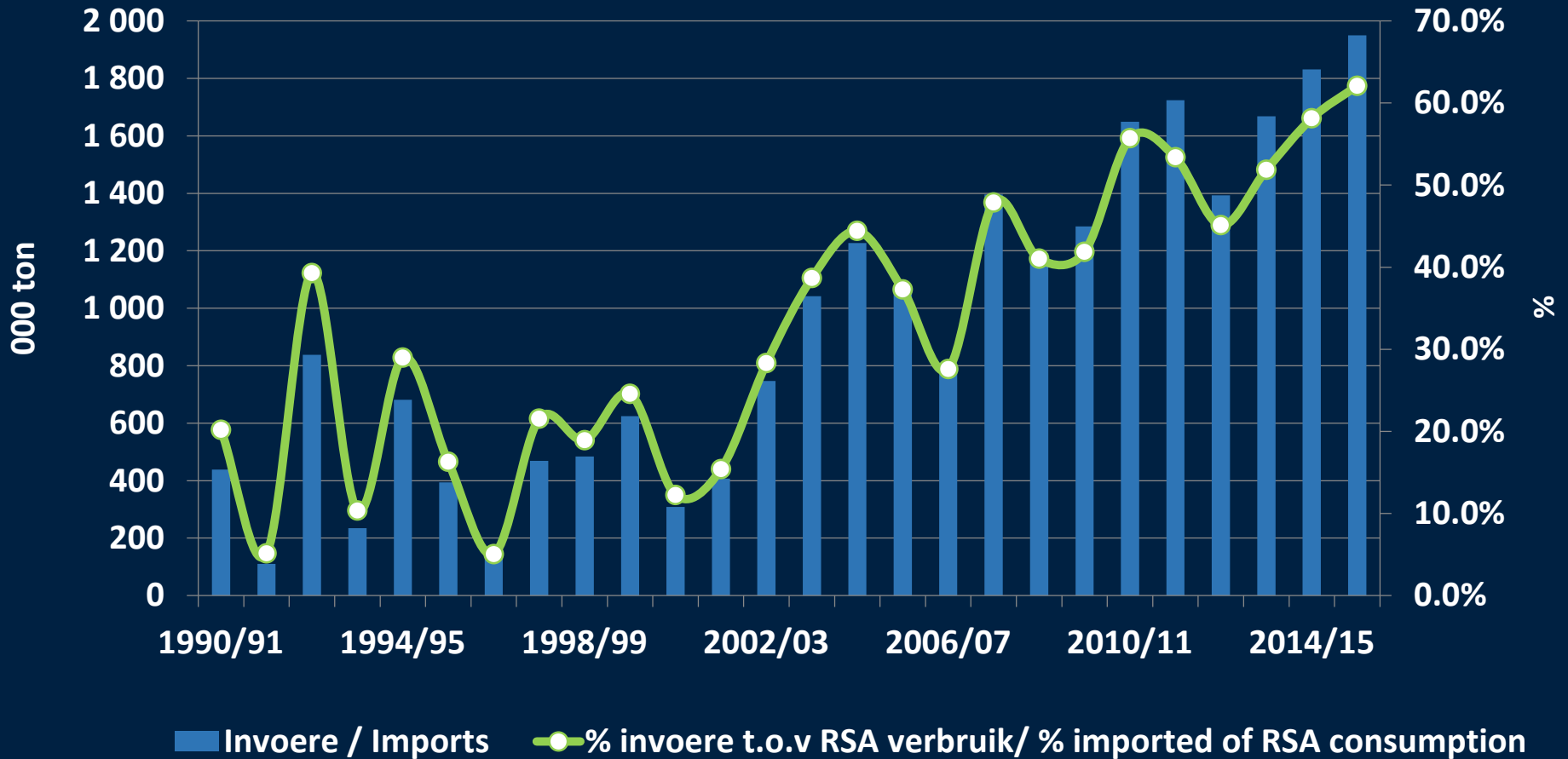
SOUTH AFRICAN WHEAT PRODUCTION



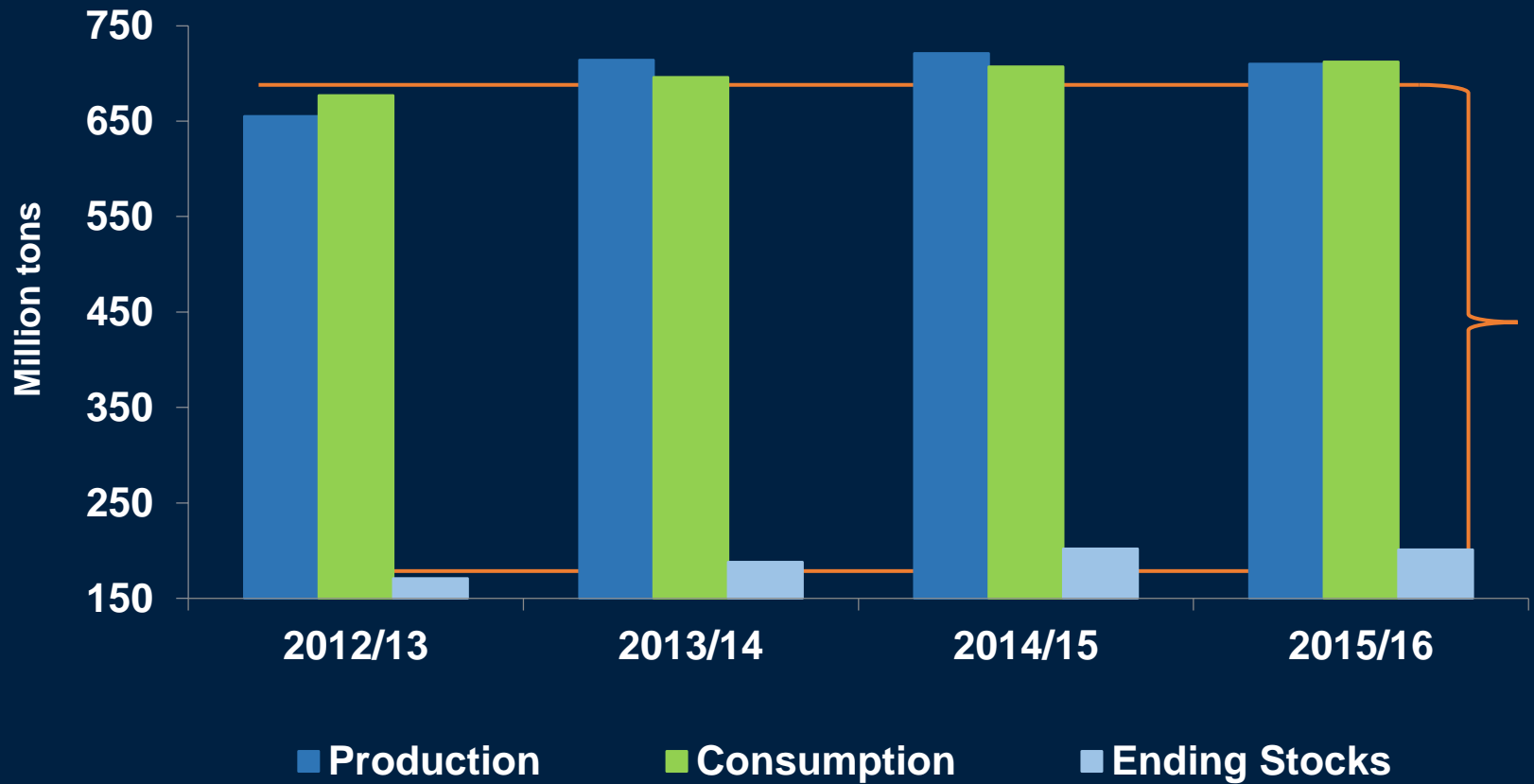
RSA Wheat Production is under Pressure...



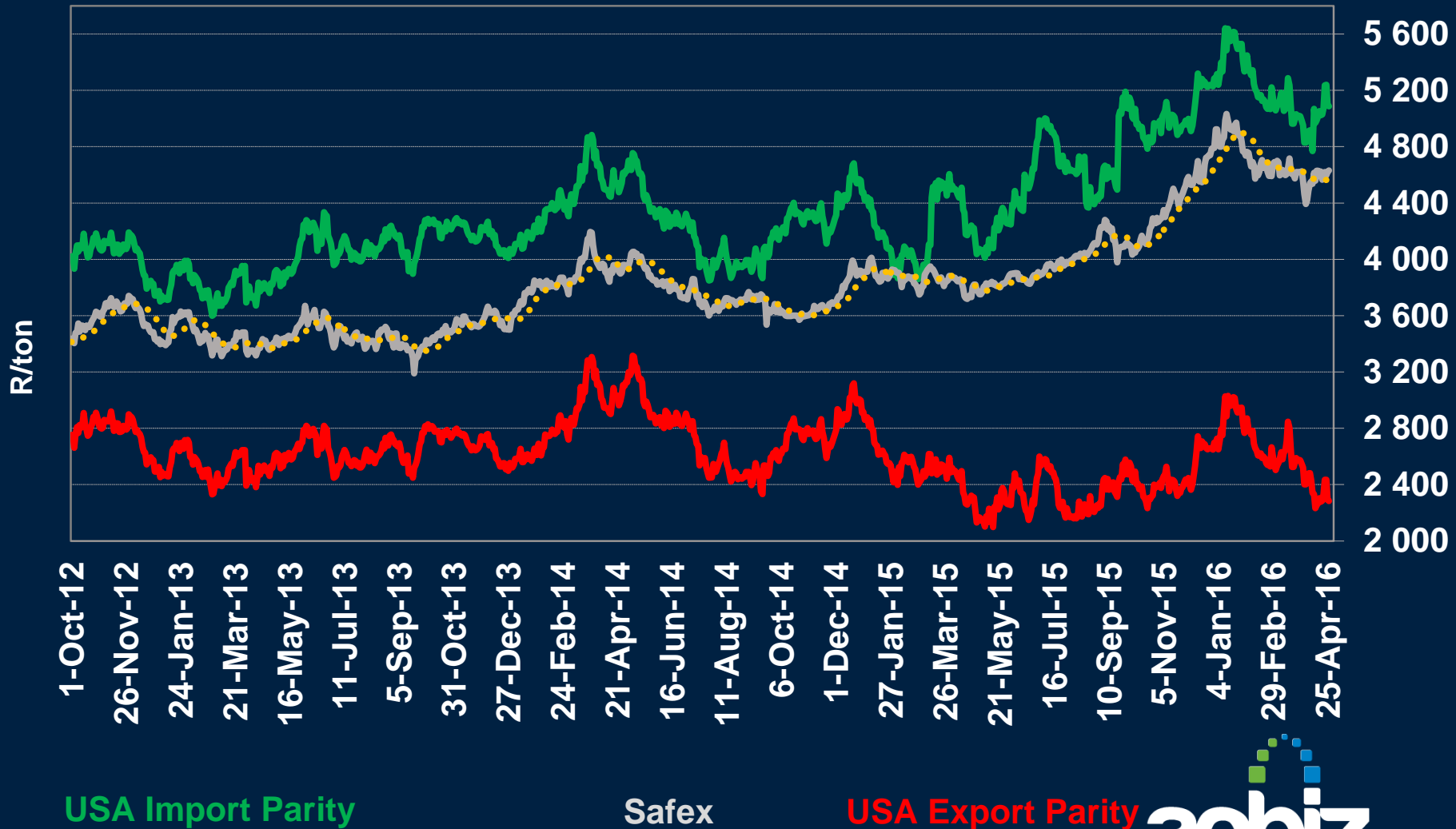
RSA is Increasingly Importing more Wheat....



Global Wheat Supply Remains at High Levels



Wheat Prices Trade Along Import Parity Prices...

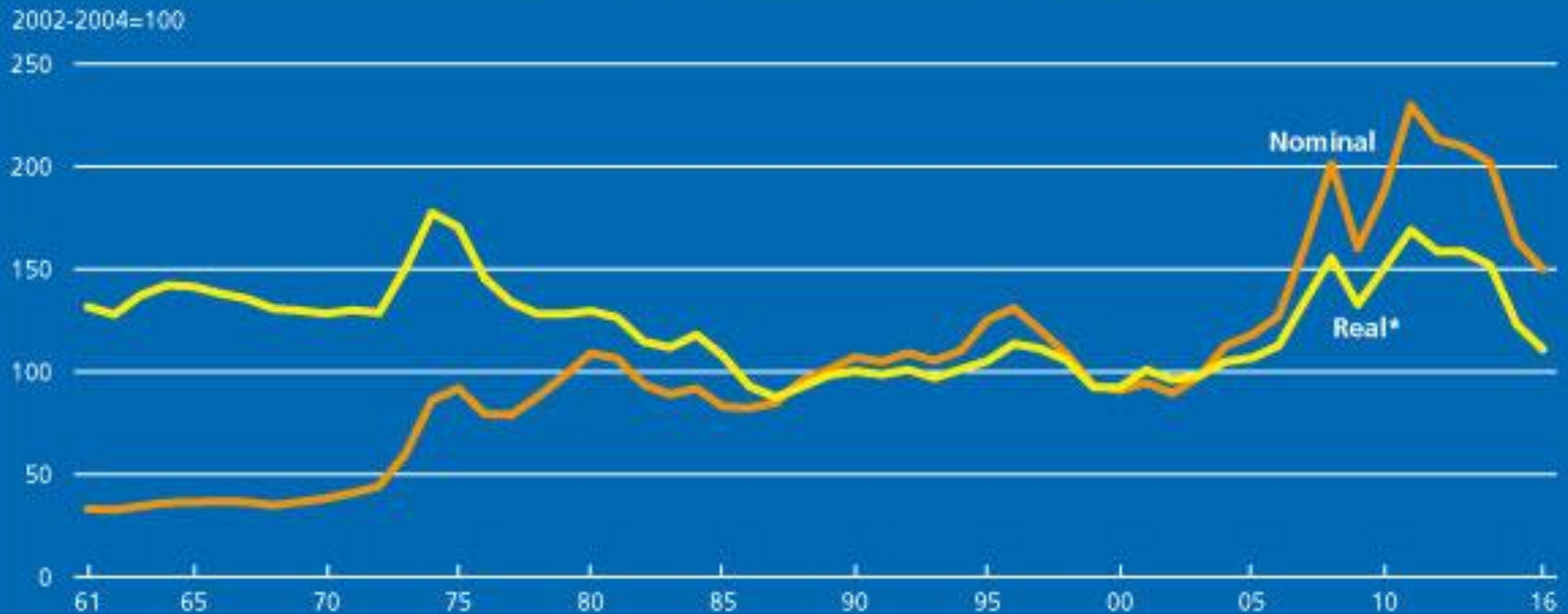


2016 will see the **toughest consumer** environment

- WMAZ Spot price have increased by +80% y-o-y (April 16)
- YMAZ Spot price have increased by +30% y-o-y (April 16)
- CPI bread & cereal increased by 13.3% y-o-y (March 16)
- PPI cereals & crops increased by 50% y-o-y (March 16)
- Maize meal prices increased by 47% y-o-y (March 16)
- Rice prices increased by 5% y-o-y (March 16)
- Beef prices increased by 9% y-o-y (March 16)
- Milk prices increased by 3% y-o-y (March 16)
- Egg prices increased by 12% y-o-y (March 16)
- Sunflower oil prices increased by 33% y-o-y (March 16)

FAO Food Price Index

FAO Food Price Index in nominal and real terms



* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MU/V)



Thank you for your attention

Contact details:

Wandile Sihlobo

Agbiz Agricultural Economics Research

Email: wandile@agbiz.co.za

www.agbiz.co.za

