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SA's bread and maize meal production painted a mixed picture in Dec. 2016

South Africa produced a total of 182 million loaves (units) of bread in December 2016. Of this total, 50% was brown bread, 49% white bread and the balance was whole wheat bread (Chart 1). This is a 2% increase from the previous month and 12% increase from the corresponding period the previous year. At the same time, maize meal production fell by 17% month-on-month and 8% year-on-year reaching a level of 225 700 tons.

- **Bread perspective:** South Africa's total bread production saw a notable growth in 2016, starting the year with 171 million loaves in January 2016 and closing with 182 million loaves in December 2016. The significant improvement was on brown bread production, which was 82 million loaves in January (4% below white bread production) and ended the year at 90 million loaves (1% above white bread production). In fact, from October to December 2016, brown bread production was consistently higher than white bread.
- **Maize meal perspective:** Contrary to bread production, maize meal production assumed a negative growth, and dropped by 9%, year-on-year over the same period – to 225 700 tons in December 2016 (see **Chart 2**). About 76% of the total produced was super maize meal, trailing behind was special maize meal with a share of 14% and the balance was samp, sifted maize meal and “grits and rice”.
- Also, worth noting is that 30% of white maize production is consumed by the animal feed sector as “maize chop”, with only 70% of white maize making it to the final maize meal market (see **Chart 2**).
- More specifically, in a period between January 2016 and December 2016, super maize meal production fell by 4% to 176 254 tons. At the same time, special maize meal saw a significant decline of 24% to 28 837 tons. Other products manufacturing fell by 13% to 20 609 tons.
- **Looking ahead,** the historic trend suggests that, over short to medium term, total bread production could remain at levels between 160 and 186 million loaves, all things being equal. Moreover, we anticipate that maize meal production could soon recover to levels around 240 000 tons per month due to domestic demand. Overall, maize meal and bread are staple foods that are largely inelastic.

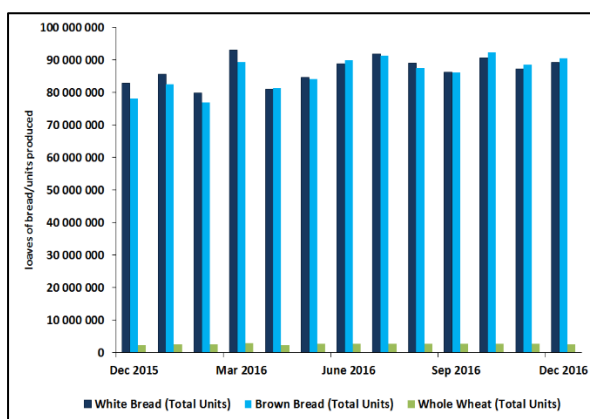


Chart 1: RSA monthly bread production

Source: SAGIS, Agbiz Research

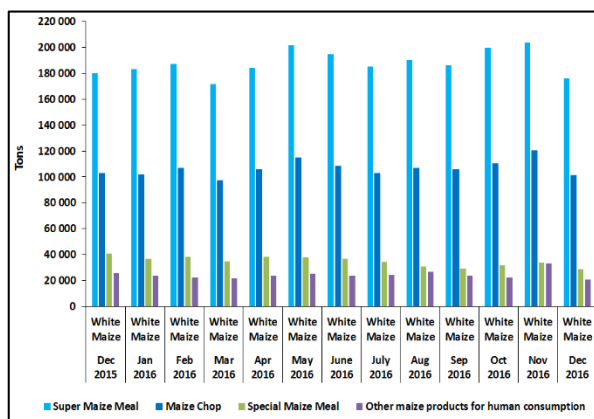


Chart 2: RSA white maize meal production

Source: SAGIS, Agbiz Research

Wandile Sihlobo (wandile@agbiz.co.za)

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