

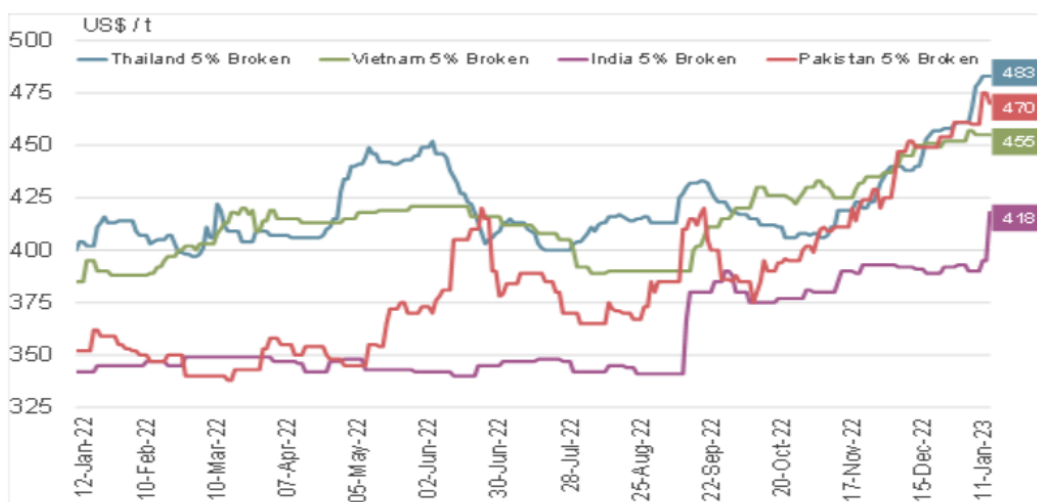
## South Africa's rice imports to remain at stable levels as of 2022, but rice in global prices will present new challenges

After a year of generally subdued global rice prices, this year started with a notable increase in prices from various origins. With South Africa being a net importer of rice, the worldwide surge of prices presents upside risks to consumer food price inflation. The comforting part, however, is that South Africa will likely import the same volume of rice as the previous year. The International Grains Council (IGC) forecasts South Africa's 2023 rice imports at 1,1 million tonnes. This is roughly unchanged from 2022, when about 73% of the imports originated from Thailand, 23% from India, and the rest from various countries, including India, Pakistan, Brazil, and Vietnam. These origins will likely remain the same in 2023.

Regarding supplies, the outlook is slightly downbeat compared to the previous season. IGC forecasts 2022/23 global rice production at 504 million tonnes, down by 2% year-on-year. This is mainly because of an expected decline in the harvest in India, Vietnam, the US, Pakistan, China, Bangladesh, the Philippines and Brazil. The unfavourable weather conditions and the reduction in planted area is the main driver behind this expected decline in rice harvest in these countries. Notably, they have overshadowed the forecast improvement in rice production in Thailand and Indonesia. Because of solid consumption levels and this expected decline in production, the global stocks are forecast at 168 million tonnes, down by 6% from the previous season.

These production dynamics are supportive of rice prices. Thailand (5% broken), Pakistan, and Vietnam rice prices are already trading at over US\$450 per tonne. These are the highest levels in nearly two years. The price trend is unlikely to change in the medium term as the supplies will remain reasonably tight this year. Ultimately, rice-importing countries such as South Africa will face an environment of relatively elevated prices this year compared to 2022, when rice was the anomaly from the general rise in agricultural commodity prices, especially in the months after the start of the Russia-Ukraine war.

### Exhibit 1: Global rice prices



Source: International Grains Council

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