

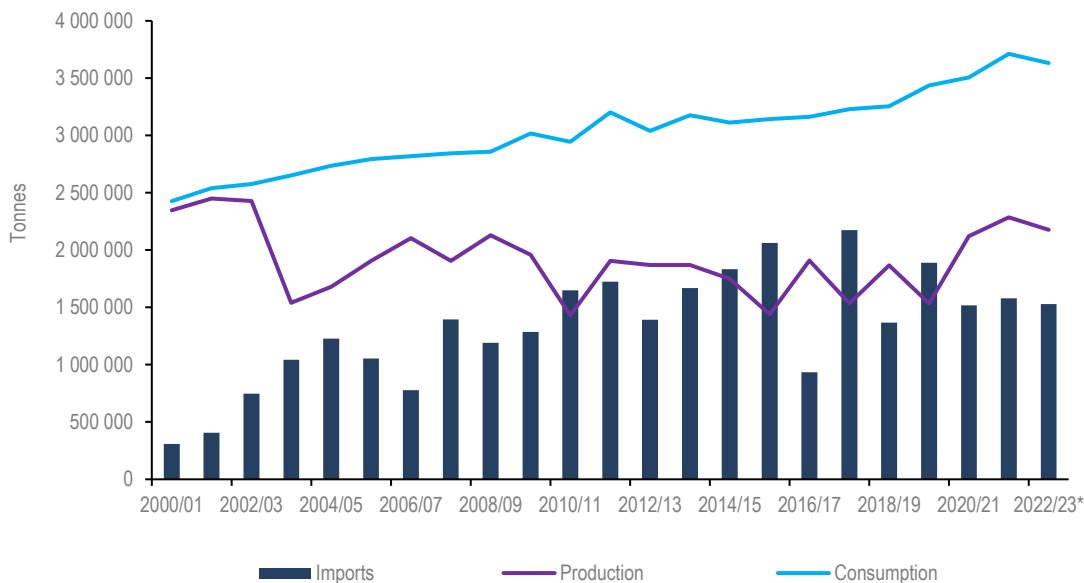
South Africa's wheat production estimates lowered amid poor yields in parts of the Western Cape

The drier weather conditions in the Western Cape, a major wheat producer in South Africa, have weighed on the 2022/23 wheat harvest. The impact of lower yields in parts of the province is evident in the recent Crop Estimates Committee's wheat production update, which placed the province's crop at 954 000 tonnes, down from 1,26 million tonnes in the 2021/22 season.

From a national perspective, South Africa's 2022/23 wheat harvest is at 2,18 million tonnes, down by 3% from December 2022 forecast and 2021/22 harvest. The challenge is poor yields in the Western Cape, not a reduced area planting. Farmers lifted the area plantings to 566 800 hectares, from 523 500 hectares in the previous year. This was on the back of attractive prices following a surge in wheat prices after Russia invaded Ukraine, as well as good soil moisture in various wheat-growing regions of the country. Notably, the decline in the Western Cape's crop was somewhat compensated by the increase in the harvest in the Northern Cape, Free State and Limpopo, amongst other provinces.

Overall, South Africa will remain a net importer of wheat. We expect the country to import 1,60 million tonnes, roughly unchanged from the previous year. The major wheat suppliers will likely remain Argentina, Lithuania, Brazil, Australia, Poland, Latvia and the US. As we stated in our previous notes, if one looks into South Africa's wheat imports data for the past five years, Russia was one of the major wheat suppliers, accounting for an average share of 26% yearly. The suppliers mentioned above have replaced this volume. But we are now seeing a return of Russia in the wheat suppliers for South Africa. Notably, Russia is one of the leading suppliers of wheat to South Africa in the current 2022/23 season.

Exhibit 1: South Africa's wheat market



Source: SAGIS, CEC and Agbiz Research

30 January 2022

Wandile Sihlobo

Chief Economist

+27 12 807 6686

wandile@agbiz.co.za

www.agbiz.co.za

Disclaimer:

Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.