

## **SA has enough food supplies and prices should ease in coming months**

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May to July each year is a busy time in South Africa's agriculture. Farmers in the summer crop-growing areas are harvesting key crops, which include maize, soybeans, sunflower seed, sorghum and dry beans.

During the planting period of the current season's crop, from October 2021 to December 2021, some people worried that the excessive rains would force farmers to reduce the area planting, and the yields in planted areas would likely be poor. But the pause and later moderation of the heavy rains from the start of 2022 paid off. Farmers returned to the fields and planted an area roughly similar to the previous seasons, just over four million hectares.

With time, we now have the fifth production estimate and four more estimates to come. Given that the harvest is in full swing and we continue to get encouraging views from farmers about the decent yields they receive, one can assume that the data we have right now about the harvest size is unlikely to change significantly.

For example, South Africa's 2021/22 maize production is estimated at [14,68 million tonnes](#), down by 10% from the 2020/21 season crop. Fortunately, this is well above the 10-year average maize harvest of 12,80 million tonnes and annual domestic consumption of 11,80 million. About 7,47 million tonnes of this expected harvest is white maize, and 7,21 million tonnes is yellow maize.

Notably, a harvest size of 14,68 million tonnes means that South Africa will remain a net exporter of maize. I estimate the maize exports to be just over 3,0 million tonnes in the 2022/23 marketing season (note: the 2022/23 marketing year corresponds with the 2021/22 production season).

There is reason to be cheerful if we consider other summer crops such as soybeans and sunflower seeds. For example, South Africa's soybeans harvest for the 2021/22 season is estimated to be a record 2,09 million tonnes. This is on the back of an expansion in area plantings, combined with relatively large yields. The domestic soybean harvest improvement will help lessen South Africa's reliance on soybean oilcake imports. In a typical season when the crop isn't as this large, South Africa imports just under half a million tonnes of soybean oilcake. This volume should fall notably this year.

On 24 June 2022, about 1,97 million tonnes or 94% of the expected 2,09 million tonnes of soybeans had already been delivered to commercial silos.

In the case of sunflower seed, unsurprisingly, the 2021/22 season harvest is estimated at 961 350 tonnes. This is the second-largest harvest on record, mainly on the back of an expansion in area plantings and moderately better yields. Unlike soybeans, where the harvest has advanced, the sunflower seed harvest is slightly delayed because of the season's late start.

On 24 June 2022, roughly 623 343 tonnes or 65% of the expected harvest had already been delivered to commercial silos.

Aside from these major summer crops, there is a decent harvest of other crops such as sorghum, dry beans and groundnuts. That said, the expected harvest is lower than the previous 2020/21 season.

Overall, these optimistic production data will have minimal impact on prices. As with the previous few years, the domestic grains and oilseeds prices primarily follow the global markets. The Russia-Ukraine war worries and concerns about 2022/23 global production continue to present upside support on prices, reflected in the South African grains market.

Still, the fact that supplies improved provides comfort regarding the availability of essential grains and oilseeds. The upside price movements or elevated prices bode well for farmers in areas that didn't experience much crop damage. They stand to benefit from slightly higher grains and oilseeds prices.

Meanwhile, the users of grains -- consumers, livestock, dairy, sheep, goats and poultry producers -- will likely experience increased costs over the foreseeable future.

For this reason, I expect the grains-related food products and vegetable oils to remain elevated within the consumer food price inflation basket. The challenge is not caused by the constraints on domestic supplies but by the global dynamics and their impact on the South African agricultural market.

The comforting point for the local consumer is that South Africa doesn't have supply shortage risks of staple grains over the foreseeable future.

Moreover, some food products within the food price inflation basket will likely soften in the second half of the year. Such products include fruit, vegetables and meat due to improved supplies and the fact that their prices are not as strongly linked to the global market as the grains and oilseeds.

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