

GRAIN MARKET INFORMATION DAY

Shift Towards Soybean Production

By: Keolebogile **Digoamaje**

On 20 October 2022 the National Agricultural Marketing Council (NAMC) hosted a Grain Market Information Day. Participants included the Department of Agriculture Land Reform and Rural Development (DALRRD), South African Grain Information Service (SAGIS) and SA Cultivar & Technology Agency (SACTA).

The session was intended to expose smallholder farmers with issues relating to market information within the grain industry. regions and the Russian-Ukraine war that affected the shipment of this commodity.

Mr Molahlegi Mphateng from DALRRD gave an overview of the South African Grain Market. He touched base on Market Observations, Global Supply and Demand Overview, Domestic Supply and Demand Overview on Maize, Wheat and Soybean as well as issues of interests.

“Based on market observation, prices of food remain high due to various factors including low-stock-touse ratios for some commodities. With most of the countries experiencing increase in food prices between 10 and 30% over the previous year, domestic food price inflation is troubling, particularly to the financially disadvantaged who spend most of their income on food” he said.

DALRRD observed key considerations shaping the movement of the grains industry, namely; an experienced increase in maize production, utilization remaining high and production is more likely to slightly go lower due to challenges in the South American countries.

With regards to maize import, China dominated the market in terms of utilization purchase of these commodities given the highly industrialized sector and the usage for animal feed. Closing stock for wheat has been increasing, however it is not enough to sustain global demand with the production experiencing fluctuations due to the adverse weather conditions that took place at some parts of the major producing

Mphateng added that “the production however was enough to sustain the global utilization and increase in global production of wheat is anticipated.”

The grain industry also estimated that for the 2022/23 season, soybean production was anticipated to be approximately 2.1 million. This was due to increases in domestic utilization of the commodity is and demand. Throughout 2022, grain markets have been highly volatile, with prices for many staple food commodities reaching record or near-record heights. The driving force behind was price volatility has been low global stocks held by major exporters.

Ms Fonzani Sundani from the NAMC presented on Supply and Demand Estimates on the grain market. According to her presentation there has been fluctuations in sunflower production however, the good thing is that it has a long planting period and has minimal usage of fertilizer.

“Sorghum was seen as an alternative for maize because it costs lower to produce but there has been a decline in production over the years due to low profit margins compared to maize. There is also limited market availability for sorghum hence the decline in production. The 2022 crop is estimated to drop as high as 42.5% from the 2021 crop” she said.

SACTA presented on farmer perspective and highlighted that there was shift towards more soybean production.

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