



**Astral Foods will be using bread wheat to feed its chickens in the Western Cape.**

PHOTO: SIMPHWE MBOKAZI

## High maize prices force Astral to swop to wheat for chicken feed

**Ayanda Mdluli**

IN A BID to cut costs in the midst of record high grain prices, chicken producer Astral Foods said on Friday that for the first time ever, the company would start using bread wheat as chicken feed in the Western Cape.

Astral chief executive Chris Schutte said the option was taken to curb transport costs.

The company pays R280 a ton to transport yellow maize from Gauteng to the Western Cape. It would save about 75 percent in transport costs by switching to wheat, he said.

"We want to avoid transport costs and bread wheat will only be used in the Western Cape. We are no longer transporting maize to the Western Cape. It's the first time in our history that we will use bread grade wheat," he said.

The turn of events is likely

to have an impact on bread producers, who may now compete with chicken farmers for wheat supplies.

The Western Cape produces about 40 percent of the country's wheat.

Bloomberg reported last week that the difference between the cost of wheat produced in the Western Cape and maize transported from provinces in the eastern parts of the country was making wheat an affordable alternative.

Local maize prices have increased after national stocks sank by 40 percent at the end of November, the biggest slump in at least a decade, because of a surge in exports.

A ton of wheat used to be approximately R900 more expensive than a ton of yellow maize, but the difference had narrowed, Bloomberg said.

Yellow maize for March

delivery on Friday closed trade on the SA Futures Exchange at R2 629.60 a ton, and has increased by 60 percent in the past six months. Wheat for delivery in the same month closed at R2 844, a difference of R214.40. Six months ago, wheat was trading R950 a ton higher than yellow maize.

White and yellow maize saw record increases last week, pushing the grains just above R2 700 a ton. It was forecast that local stocks would be depleted by the end of April, and in addition, the industry would experience a shortfall of between 200 000 and 500 000 tons.

The knock-on effect of over-exporting grain would affect consumer prices, not just on chicken and maize meal but on bread as well, because chicken producers in the Western Cape buying wheat would disturb the balance of supply of the commodity, Schutte said.