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South Africa - Republic of

Grain and Feed Update

The supply and demand for grain and feed in South Africa

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Report Highlights:
Post kept its estimate for the area planted with corn in the 2014/15 MY unchanged at 3.1 million hectares (including subsistence farming). So far, South Africa's summer season has been satisfactory for corn production. Hence, post also kept its corn production estimate, based on average yields, for the 2014/15 MY unchanged at 12.9 million tons. As a result, South Africa should have sufficient stocks to export about 2.5 million tons of corn in the 2014/15 MY.

Post:
Pretoria

Executive Summary

Post kept its estimate for the area planted with corn in the 2014/15 MY[1] unchanged at 3.1 million hectares. Post estimates that commercial farmers planted about 2.7 million hectares of corn and subsistence farmers about 400,000 hectares.

So far, South Africa's summer season was satisfactory for corn production. However, as January was drier than normal, follow-up rains are needed in the next three weeks to secure an adequate crop. Two cyclones east of Mozambique hindered rainfall in South Africa over the past few weeks. However, the possibility for normal rainfall in February exists as the cyclones weaken. Hence, post kept its corn production estimate, based on average yields, for the 2014/15 MY unchanged at 12.9 million tons (12.3 million tons for commercial farmers and 600,000 tons for subsistence farmers).

For the 2014/15 MY, post estimates that South Africa will have sufficient stocks to export about 2.5 million tons of corn, as commercial production is expected to exceed 12.0 million tons. For the 2013/14 MY, post brought its export estimate down by 1.0 million tons to 2.5 million tons, as South Africa's deep sea corn exports basically stopped, since last year October, due to an oversupply of corn in world markets. The major markets for South African corn in the 2013/14 MY includes Taiwan, Korea, Japan and Botswana.

US$1 = Rand 11.43 (01/26/2015)

[1] The marketing years (MY) used in the text refer to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African grain industry.

CORN

Production

Post kept its estimate for the area planted with corn in the 2014/15 MY unchanged at 3.1 million hectares. Post estimates that commercial farmers planted about 2.7 million hectares of corn and subsistence farmers about 400,000 hectares. This estimate is based on the average hectares planted with corn in the past five years in South Africa, information from industry contacts and the first area estimate by the Crop Estimates Committee (CEC) that was published on January 27, 2015.

Except for Mpumalanga and Kwazulu-Natal, that had a late start to the planting season, all other corn producing areas in South Africa had a normal start to the season. During December most corn producing areas received normal to above-normal rainfall. However, January was drier than normal as two cyclones east of Mozambique hindered rainfall in South Africa. As a result, follow-up rains are needed in the next three weeks, especially in the Mpumalanga province and the eastern and central parts of the Free State province. With the cyclones in the process of moving away, the possibility for normal rainfall in February exists. Hence, post kept its corn production forecast, based on average yields, for the 2014/15 MY unchanged at 12.9 million tons (12.3 million tons for commercial farmers and 600,000 tons for subsistence farmers). This means the 2014/15 MY corn crop will be 14 percent less than the record corn crop of 15.0 million tons harvested in the 2013/14 MY.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2012/13 MY (actual), 2013/14 MY (estimate) and 2014/15 MY (forecast).

Table 1: Area planted and production of commercial and subsistence corn in South Africa

	Area 1,000ha	**Yield t/ha**	**Prod. 1,000 t**	**Area 1,000ha**	**Yield t/ha**	**Prod. 1,000 t**	**Area 1,000ha**	**Yield t/ha**	**Prod. 1,000 t**
MY	**2012/13**			**2013/14**			**2014/15**		
Commercial corn									
White	1,620	3.5	5,607	1,551	5.0	7,697	1,550	4.2	6,550
Yellow	1,160	5.3	6,204	1,137	5.8	6,610	1,150	5.0	5,750
Sub Total	**2,780**	**4.2**	**11,811**	**2,688**	**5.3**	**14,307**	**2,700**	**4.6**	**12,300**
Subsistence corn									
White	320	1.4	460	288	1.6	447	300	1.5	450
Yellow	137	1.6	215	120	1.9	228	100	1.5	150
Sub Total	**457**	**1.5**	**675**	**408**	**1.7**	**675**	**400**	**1.5**	**600**
TOTAL	**3,237**	**3.9**	**12,486**	**3,096**	**4.8**	**14,982**	**3,100**	**4.2**	**12,900**

Source: CEC

Consumption

Post forecasts only a marginal increase in the demand for corn in the 2014/15 MY to 10.6 million tons, as South Africa's economy will continue to stay under pressure due to electricity constraints and a relatively weak exchange rate.

Post is keeping its previous estimate for a five percent increase in the commercial demand for corn in the 2013/14 MY unchanged. Due to lower corn price compared to the previous season, post foresees a five percent increase in commercial corn demand. Commercial corn demand is expected to reach 10.3 million tons with South Africa consuming 6.2 million tons of white corn and 4.1 million tons of yellow corn. Post expects commercial corn usage for human consumption will be equal to corn usage for animal consumption at 4.9 million tons.

Table 2 outlines the commercial consumption for white and yellow corn for the 2012/13 MY (actual), 2013/14 MY (estimate) and 2014/15 MY (forecast).

Table 2: The commercial consumption of white and yellow corn in South Africa

CORN 1,000 Mt	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
MY	**2012/13**			**2013/14**			**2014/15**		
Human	4,118	464	4,582	4,420	500	4,920	4,500	400	4,900
Animal	652	4,063	4,715	1,620	3,310	4,930	700	4,400	5,100
Other	114	367	481	160	290	450	100	500	600
TOTAL	**4,884**	**4,894**	**9,778**	**6,200**	**4,100**	**10,300**	**5,300**	**5,300**	**10,600**

Source: South African Grain Information Services (SAGIS); Grain SA

Note: *Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors and commercial on-farm usages.*

Trade

For the 2014/15 MY, post estimates that South Africa will have sufficient stocks to export about 2.5 million tons of corn, as commercial production is expected to exceed 12.0 million tons.

For the 2013/14 MY, post estimates that South Africa will export about 2.5 million tons of corn. This estimate is 1.0 million tons lower than post's previous estimate of 3.5 million tons, as South Africa's deep sea corn exports basically stopped since last year October, due to an oversupply of corn in world markets. In December 2014, South Africa signed a protocol for phytosanitary requirements for corn exports to China. This agreement opens the approximately 2.5 million tons China corn market for South Africa. However, South Africa will most probably only make use of this opportunity in the 2014/15 MY.

So far in the 2013/14 MY (up to January, 16), South Africa has already exported 1.7 million tons of mainly yellow corn (see also Table 3). The major markets for South African corn in the current marketing year include Taiwan (679,185 tons yellow corn), Korea (214,474 tons yellow corn and 2,188 tons white corn), Japan (198,197 tons yellow corn) and Botswana (117,870 tons white corn and 20,835 tons yellow corn).

Table 3: Export and import countries for white and yellow corn (1,000 tons)

MY	**2012/13 (May, 2013 – Apr, 2014)**		**2013/14 May, 2014 – Jan 16, 2015**	
	White corn	**Yellow corn**	**White corn**	**Yellow corn**
Export Destinations				
Angola	6	2	0	1
Botswana	166	47	118	21
Cameroon	1	1	0	4
Italy	0	0	0	50
Japan	0	596	0	198
Korea	0	148	2	214
Lesotho	50	9	82	8
Madagascar	0	8	0	0
Mexico	190	0	0	0
Mozambique	80	23	64	18
Namibia	152	46	44	24
Nigeria	0	14	0	0
Portugal	0	0	0	53
Swaziland	23	41	17	32
Saudi Arabia	0	0	0	56
Taiwan	0	166	0	679
Zimbabwe	258	29	58	4
TOTAL EXPORTS	**926**	**1,130**	**385**	**1,362**
Import Suppliers				
Ukraine	0	80	0	0
TOTAL IMPORTS	**0**	**80**	**0**	**0**

Source: SAGIS

Prices

SAFEX prices as of January 20, 2015 are shown in Table 4. Both white corn and yellow corn prices are only marginally higher than three months ago driven mainly by the depreciation in the South African exchange rate (the rand depreciated by almost five percent against the United States dollar over the past three months). On a year-on-year basis, corn prices are almost 40 percent lower, as corn prices traded at import parity levels a year ago, driven mainly by relatively low stock levels and drought conditions in the Northwest province (see also Figure 1 and Figure 2).

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 01/20/2015)				
Commodity	**2015/01**	**2015/03**	**2015/05**	**2015/07**	**2015/09**
White corn	R1,999/t ($175/t)	R2,033/t ($178/t)	R2,040/t ($178/t)	R2,035/t ($178/t)	R2,071/t ($181/t)
Yellow corn	R2,014/t ($176/t)	R2,052/t ($180/t)	R2,059/t ($180/t)	R2,052/t ($180/t)	R2,091/t ($183/t)

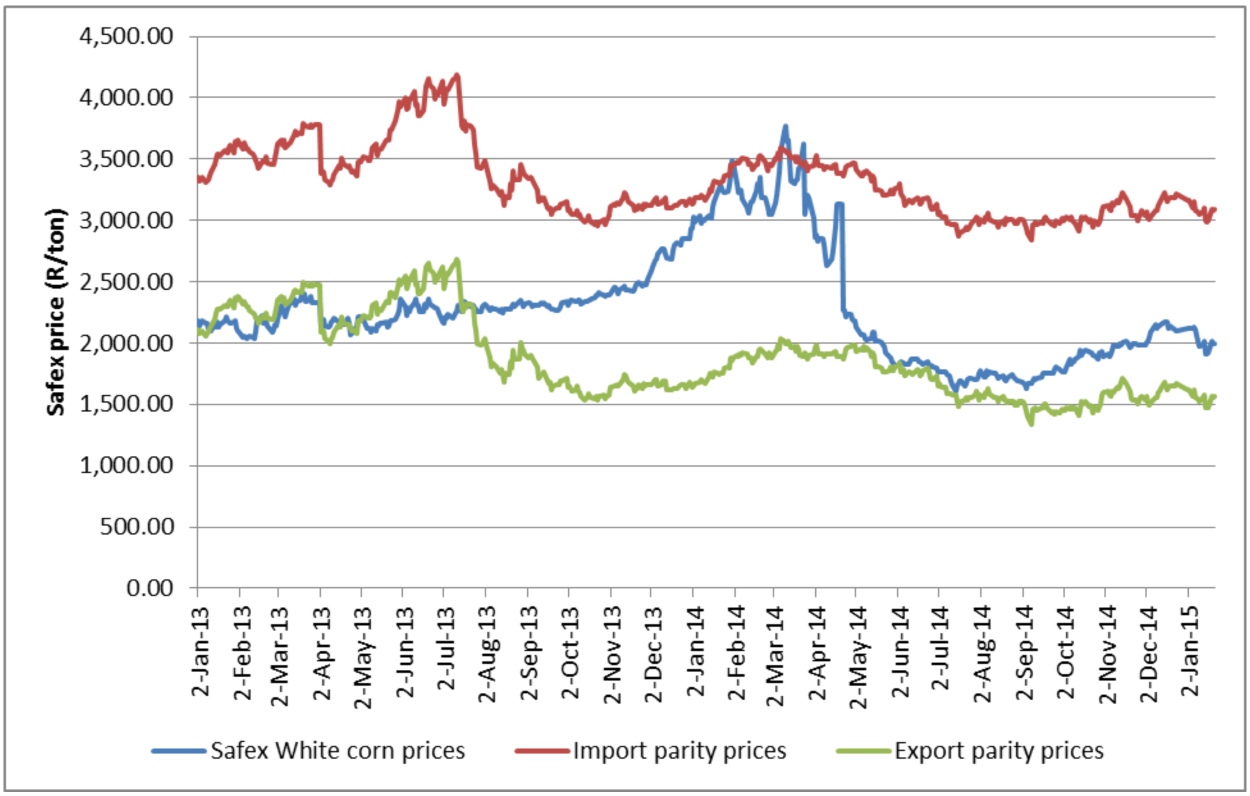

Figure 1: The trend in the SAFEX price for white corn since January 2013
Source: GrainSA

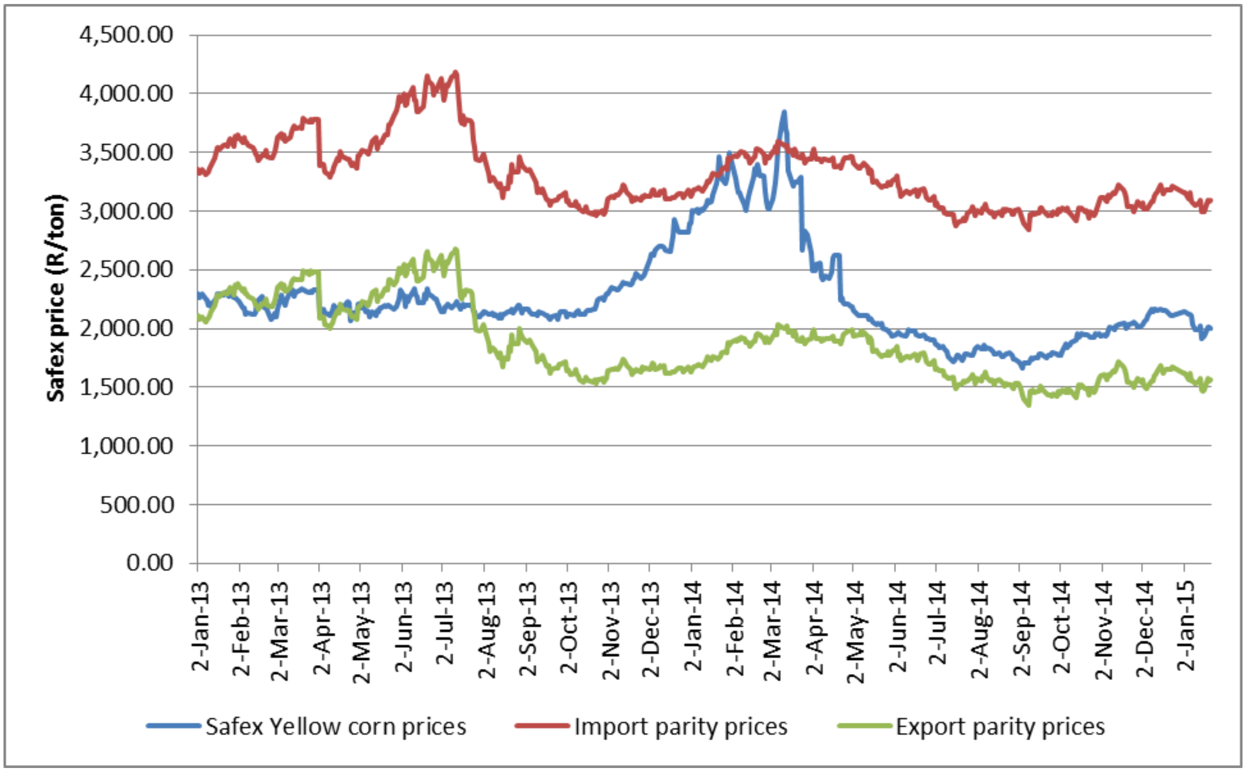

Figure 2: The trend in the SAFEX price for yellow corn since January 2013
Source: GrainSA

Table 5: PS&D Table for Corn

Corn	2012/2013		2013/2014		2014/2015	
Market Begin Year	May 2013		May 2014		May 2015	
South Africa	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	3,238	3,237	3,100	3,096	3,200	3,100
Beginning Stocks	3,676	3,676	3,064	3,186	3,339	4,168
Production	12,365	12,486	14,750	14,982	13,500	12,900
MY Imports	79	80	25	0	25	0
TY Imports	0	0	79	80	25	0
TY Imp. from U.S.	3	0	4	0	0	0
Total Supply	16,120	16,242	17,839	18,168	16,864	17,068
MY Exports	2,056	2,056	3,000	2,500	2,200	2,500
TY Exports	2,398	2,398	2,104	3,000	2,500	2,500
Feed and Residual	5,100	5,100	5,400	5,400	5,600	5,500
FSI Consumption	5,900	5,900	6,100	6,100	6,200	6,300
Total Consumption	11,000	11,000	11,500	11,500	11,800	11,800
Ending Stocks	3,064	3,186	3,339	4,168	2,864	2,768
Total Distribution	16,120	16,242	17,839	18,168	16,864	17,068
1000 HA, 1000 MT, MT/HA						