USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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South Africa - Republic of

Grain and Feed Update

Quarterly Update

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Report Highlights:
Post forecasts planted area for corn in the 2012/13 MY at three million hectares. This should result in a crop of about 11.4 million tons. South Africa's commercial corn crop estimate for the 2011/12 MY, dropped by two percent to 11.1 million tons due to unfavorable weather conditions. However, despite the drought conditions, South Africa's commercial farmers will produce seven percent more corn than in the 2010/11 MY, on a 14-percent increase in planted area. Hence, South Africa is expected to continue to be a net exporter of corn in the 2011/12 MY and 2012/13 MY. Post expects exports for both marketing years at 1.5 million tons.

Post:
Pretoria

Executive Summary:

Post forecasts that the area planted to corn later in 2012 for the 2012/13 MY [1] (2013/14 MY for South Africa) will be around three million hectares, just down from the 3.2 million hectares planted in the previous marketing year. This will, on a national average yield basis, result in a corn crop of about 11.4 million tons. In their third estimate, the Crop Estimates Committee's (CEC) decreased the South African commercial corn crop by almost two percent to 11.1 million tons due to drought conditions experienced through the growing season. Post estimates that subsistence farmers planted about 500,000 hectares of corn and will produce 500,000 tons of corn. This means that South Africa's total corn crop for the 2011/12 MY is estimated at 11.6 million tons on 3.2 million hectares compared to the 10.9 million tons on 2.9 million hectares of the 2010/11 MY.

Post forecasts that South Africa will be able to export about 1.5 million tons of corn in the 2012/13 MY. Despite the unfavorable climatic conditions in the 2011/12 MY, South Africa is expected to continue to be a net exporter of corn due to the increase of hectares planted. Post estimates that these exports will also be around 1.5 million tons. For the 2010/11 MY, South Africa exported 2.4 million tons of corn, which included 1.7 million tons of white corn and 710,334 tons of yellow corn.

US$1 = Rand 7.76 (04/25/2012)

Sources:

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za
www.daff.gov.za

[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.

Production

The long term trend in corn production indicates South Africa is producing more corn on less area. The main reasons for this trend are more efficient and effective farming methods and practices, the use of less marginal land in the corn production systems, better seed cultivars, the adoption of biotechnology and the deregulation of the corn industry in the mid-nineties. As a result, the average corn yields almost doubled in the past 15 years. Indications are that this trend of producing more corn on fewer hectares will continue in future. Consequently, post forecasts that the area planted to corn later in 2012 for the 2012/13 MY (2013/14 MY for South Africa) will be around three million hectares. Commercial farmers will plant about 2.5 million hectares and subsistence farmers 500,000 hectares. This will, based on a national average yields, result in a crop of about 11.4 million tons.

The third estimate for the area planted and production of corn by commercial farmers for the 2011/12 MY (the 2012/13 MY in South Africa which runs from May 2012 to April 2013) was released by the CEC on April 24, 2012. The CEC dropped the South African commercial corn crop by almost two percent to 11.1 million tons. The main reason for the drop is that seasonal rainfall from October through February over the corn producing areas of South Africa was below average, despite expectations of above-average rainfall due to a La Niña year. Corn typically is planted from October through December in South Africa. In addition, an unexpected dry-spell from mid-February through early March impacted negatively on yields, and subsequently corn yields are less than last year.

However, despite the drought conditions, South Africa's commercial farmers will produce seven percent more corn than in the 2010/11 MY due to a 14-percent increase in the planted area. According to the CEC, commercial farmers planted 2.7 million hectares of corn for the 2011/12 MY. Corn plantings were up in response to higher domestic corn prices during planting time (almost double) compared to the previous season. Domestic corn prices were up on the back of speculation that corn stock levels in South Africa are decreasing due to increased exports. Commercial farmers planted 1.6 million hectares with white corn, 15 percent more than the previous year, and 1.1 million hectares with yellow corn, 11 percent more than the previous year.

Post estimates that subsistence farmers planted about 500,000 hectares of corn and will produce 500,000 tons on corn. This means that South Africa's total corn crop for the 2011/12 MY is estimated at 11.6 million tons on 3.2 million hectares, compared to the 10.9 million tons on 2.9 million hectares of the 2010/11 MY.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 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	2010/11			2011/12			2012/13		
Commercial corn									
White	1,418	4.3	6,052	1,637	3.9	6,415	1,500	4.3	6,370
Yellow	954	4.5	4,308	1,063	4.4	4,705	1,000	4.5	4,450
Sub Total	**2,372**	**4.4**	**10,360**	**2,700**	**4.1**	**11,120**	**2,500**	**4.4**	**10,820**
Subsistence corn									
White	347	1.1	396	350	1.0	350	350	1.1	390
Yellow	140	1.2	168	150	1.0	150	150	1.2	180
Sub Total	**487**	**1.1**	**564**	**500**	**1.0**	**500**	**500**	**1.1**	**570**
TOTAL	**2,872**	**3.8**	**10,924**	**3,200**	**3.6**	**11,620**	**3,000**	**3.8**	**11,390**

Source: SAGIS and CEC

Consumption

Since 2008, the human consumption of corn grew only by one percent per annum, while the demand for animal feed corn grew by almost three percent per annum on the back of improved general economic conditions which increased the demand for meat. However, slower growth for the South African economy is predicted for the next two years, which will also slow down the demand for meat. South Africa's economy is expected to grow by 2.7 percent in 2012 and by 3.6 percent in 2013 due mainly to the financial difficulties in Europe, South Africa's biggest regional export market. As a result, post forecasts that the demand for corn for human consumption will increase by one percent to 4.9 million tons in the 2012/13 MY, while the demand for corn for animal feed purposes will increase by two percent to 4.8 million tons. Hence, post predicts that the total domestic demand for corn will increase to 10.4 million tons in the 2012/13 MY.

Table 2 outlines the commercial consumption for white and yellow corn for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

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

CORN 1,000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	**2010/11**			**2011/12**			**2012/13**		
Human	4,335	395	4,730	4,400	400	4,800	4,450	400	4,850
Animal	1,235	3,450	4,685	1,200	3,500	4,700	1,200	3,600	4,800
Other	230	475	705	200	500	700	250	500	750
TOTAL	**5,800**	**4,320**	**10,120**	**5,800**	**4,400**	**10,200**	**5,900**	**4,500**	**10,400**

Source: SAGIS; Grain SA

Note: *Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.*

For the 2011/12 MY, post estimates that commercial demand for corn for human consumption and animal feed purposes will remain basically flat from the previous season at 4.8 million tons and 4.7 million tons, respectively, due to relative high domestic corn prices which will dampen demand.

Total commercial corn consumption increased marginally in the 2010/11 MY to 10.1 million tons on economic growth of about three percent. The steady increase in the local corn price from June 2011 that reached record levels in January this year, which almost doubled the price levels from a year ago, dampened higher growth in corn demand. This increase in corn price was also channeled through to the consumer as can be seen in Table 3, where the increasing trend since January 2011 in the retail prices of corn meal, a staple food for many South Africans, are shown.

Table 3: The trend in the retail price of maize meal since January 2011

	Jan 2011	**Apr 2011**	**Oct 2011**	**Jan 2012**	**Percentage change Jan 2012 – Jan 2011**	**Percentage change Jan 2012 – Oct 2011**
Corn special meal (5kg)	R16.11	R16.66	R20.26	R26.41	64%	30%
Corn super meal (5kg)	R22.83	R23.12	R26.99	R32.26	41%	20%
Corn prices (R/ton)	R1,370	R1,650	R2,252	R2,655	94%	18%

Sources: National Agricultural Marketing Council; Grain SA

Trade

With an estimated total corn crop of 11.4 million tons, post forecasts that South Africa will be able to export about 1.5 million tons of corn in the 2012/13 MY. Despite the unfavorable climatic conditions in the 2011/12 MY, South Africa is expected to continue to be a net exporter of corn due to the increase of hectares planted with corn. Post estimates that these exports will also be around 1.5 million tons.

For the 2010/11 MY, South Africa exported 2.4 million tons of corn which included 1.7 million tons of white corn and 710,334 tons of yellow corn (see also Table 4 below). Almost half of the corn exports (1.1 million tons of white corn) went to Mexico. Other major export destinations included Korea (302,259 tons of white corn and 45,234 tons of yellow corn), Taiwan (161,550 tons of yellow corn) and the countries neighboring South Africa (399,632 tons of white corn and 114,170 tons of yellow corn). South Africa imported 290,795 tons of yellow corn from Romania and Ukraine, which was mostly used at the coastal regions of the country. A small amount of white corn (114,500 tons) was also imported from Zambia and milled in the far northern parts of South Africa where there is especially a strong demand for corn meal from neighboring Zimbabwe. Total corn imports reached 405,295 tons in the 2010/11 MY.

Table 4: Export and import countries for white and yellow corn (1,000 tons)

MY	**2010/11 (May 1, 2011 – Apr 20, 2012)**	
	White corn	**Yellow corn**

Export Destinations		
Botswana	150	22
Ghana		8
Iran		41
Italy	68	
Japan		49
Korea	45	302
Kuwait		28
Lesotho	138	7
Madagascar		4
Mexico	1,131	
Mozambique	65	15
Namibia	35	16
Senegal		2
Somalia	19	
Swaziland	12	54
Taiwan		162
Venezuela	31	
TOTAL EXPORTS	**1,694**	**710**
Import Suppliers		
Zambia	115	0
Ukraine	0	149
Romania	0	141
TOTAL IMPORTS	**115**	**290**

Source: SAGIS

Prices

SAFEX prices as of April 20, 2012, are shown in Table 5. Currently, white corn prices are at R2,179 per ton and yellow corn prices at R2,070 per ton. White corn and yellow corn prices are, respectively, 18 percent and 22 percent lower than three months ago, as prices are moving towards export parity levels again, illustrating the start of the harvesting season in South Africa. Although prices have moved downwards, white corn prices are still 30 percent higher and yellow corn prices 20 percent higher on a year-on-year basis (see also Figure 1 and Figure 2).

Table 5: SAFEX prices for corn

	SAFEX Futures prices (as of 04/20/2012)				
Commodity	**2012/05**	**2012/07**	**2012/09**	**2012/12**	**2013/03**
White corn	R2,179/t ($322/t)	R2,136/t ($319/t)	R2,169/t ($288/t)	R2,200/t ($257/t)	R2,208/t ($261/t)
Yellow corn	R2,070/t ($331/t)	R2,072/t ($321/t)	R2,103/t ($283/t)	R2,125/t ($253/t)	R2,140/t ($257/t)

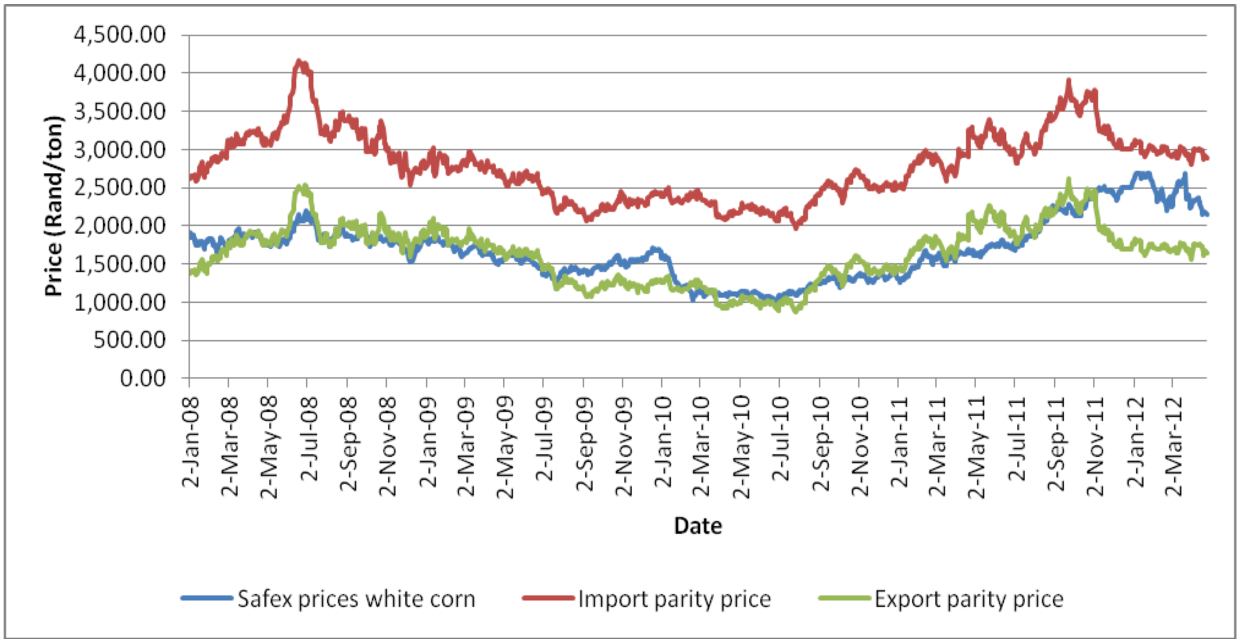

Figure 1: The trend in the SAFEX price for white corn since January 2008

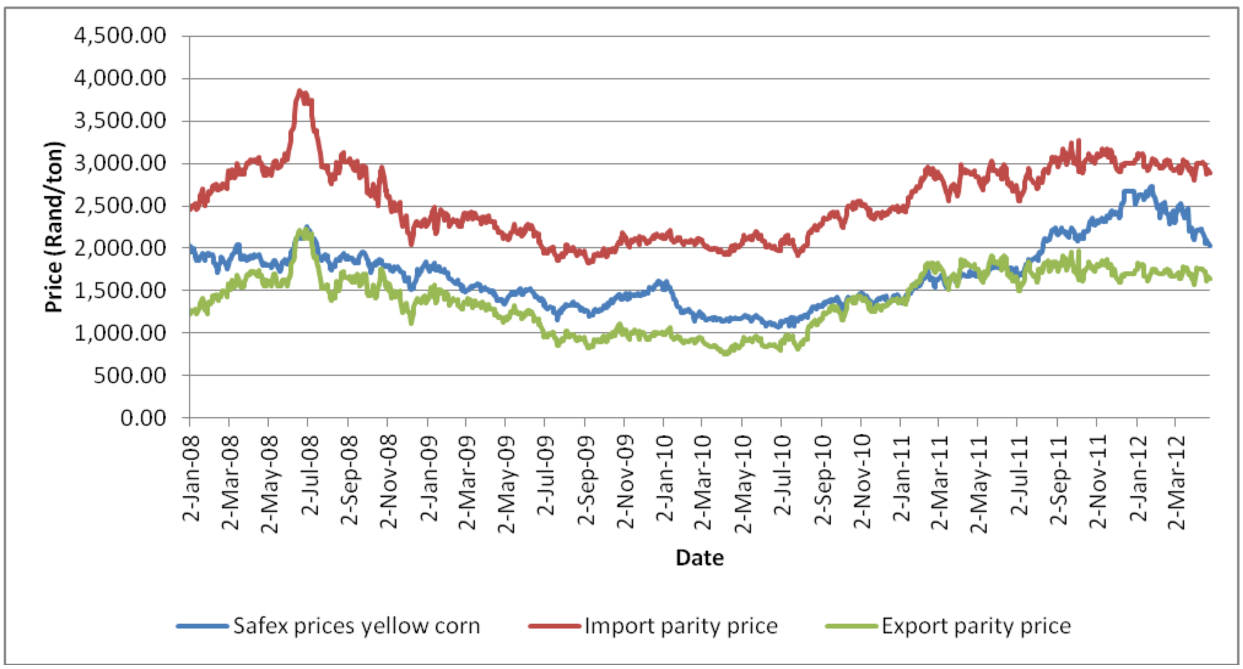

Figure 2: The trend in the SAFEX price for yellow corn since January 2008

Table 6: PS&D Table for Corn

Corn South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,859	2,872	3,200	3,200		3,000
Beginning Stocks	5,169	5,169	3,493	3,438		2,858
Production	10,924	10,924	11,500	11,620		11,390
MY Imports	300	400	25	0		0
TY Imports	6	6	300	400		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	16,393	16,493	15,018	15,058		14,248
MY Exports	2,400	2,405	2,000	1,500		1,500
TY Exports	2,839	2,839	2,000	1,500		1,500
Feed and Residual	4,800	4,950	4,850	4,950		5,050
FSI Consumption	5,700	5,700	5,750	5,750		5,850
Total Consumption	10,500	10,650	10,600	10,700		10,900
Ending Stocks	3,493	3,438	2,418	2,858		1,848
Total Distribution	16,393	16,493	15,018	15,058		14,248
1000 HA, 1000 MT, MT/HA						