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## **Report Name:** Grain and Feed Update

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Grain and Feed

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### **Report Highlights:**

The sharp upsurge in the cost of farming inputs for corn farmers in South Africa intensified the risk of production in a weather dependent industry, despite record-high commodity prices. As a result, Post forecasts that South Africa's corn area will stay flat in marketing year 2022/23. However, South Africa should maintain its status as a net exporter of corn under normal weather conditions. South Africa's corn crop in marketing year 2021/22 is estimated at 15.3 million metric tons, a drop of nine percent from the previous year's crop of 17.0 million metric tons, mainly due to excessive rainfall during the early parts of the season. However, marketing year 2021/22's corn crop is the fourth largest on record for South Africa and the third consecutive year of surpassing 15.0 million metric tons of corn.

## Executive Summary

Post forecasts that South Africa's commercial corn area that will be planted in marketing year (MY<sup>1</sup>) 2022/23, will remain flat at 2.6 million hectares (MHa). The current high input cost environment is deterring any bullish outlook in expanding corn area, despite record high commodity prices. In addition, Post foresees that the positive trend in soybean plantings will continue in MY 2022/23, affecting an expansion in corn area. Assuming normal weather conditions and including the subsistence farming sector, South Africa's total corn crop for MY 2022/23 is forecast to reach 15.6 million metric tons (MMT). As a result, South Africa should maintain its status as a net exporter of corn in MY 2022/23. Post estimates South Africa could export around 2.5 MMT of corn on an estimated commercial corn crop of 15.0 MMT.

South Africa's corn crop for MY 2021/22 is estimated at 15.3 MMT, which is nine percent less than MY 2020/21's corn crop of 17.0 MMT, mainly due to excessive rainfall at the start of the growing season and a four percent drop in area. However, MY 2021/22's corn crop is the fourth largest on record and the third-consecutive year of production surpassing 15.0 million tons. South Africa's four largest corn crops on record were produced in the past six years, mainly driven by increased yields.

In MY 2021/22, Post estimates South Africa will export 2.2 MMT. Taiwan, Japan, and Vietnam are currently the three major markets for South Africa's corn. In MY 2020/21, South Africa exported 3.7 MMT of corn, an upsurge of 47 percent from MY 2019/20 after the production of the second largest corn crop on record. Taiwan, Japan, Vietnam, South Korea, and Botswana were the major markets for South Africa's corn in MY2020/21.

US\$1 = Rand 17.14 (7/11/2022)

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<sup>1</sup> *The marketing years used in the text refers 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 forecasts that South Africa’s commercial corn area in MY 2022/23 will stay flat at 2.6 MHa (also refer to Table 1). The current high input cost environment is deterring any bullish outlook in expanding corn area. The record high commodity prices and three consecutive bumper crops provide financial support to absorb some of these costs, but higher input costs intensify the risk of production in a weather-dependent industry. In addition, Post foresees that the positive trend in soybean plantings will continue in the MY 2022/23 MY, affecting the expansion in corn area. Farmers in South Africa planted a record area of 925,300 ha with soybeans in MY 2021/22, an increase of 12 percent from the previous marketing year. As a result, soybeans now represent more than 20 percent of the area planted with summer rainfall field crops, while twenty years ago it was a mere four percent. Post foresees that this positive trend in soybean plantings will continue in MY 2022/23 (for additional information please refer to [South Africa: Oilseeds and Products Annual | USDA Foreign Agricultural Service](#)). As soybean generally use fewer farming inputs, especially fertilizer, than corn, the high cost of inputs will further contribute to soybean expansion.

Assuming normal weather conditions and including the subsistence farming sector, South Africa’s total corn crop for the MY 2022/23 could reach 15.6 MMT, which is slightly larger than the expected corn crop of 15.3 MMT in MY 2021/22 (refer to Table 1). Post contacts indicate that adequate fertilizer is available in the market, and commercial farmers are incentivized by record corn prices to promote strong yields.

**Table 1**

*Area Planted, Yield and Production of Commercial and Subsistence Corn in South Africa*

|                                      | <b>Area<br/>1,000ha</b>     | <b>Yield<br/>MT/ha</b> | <b>Prod.<br/>1,000MT</b> | <b>Area<br/>1,000ha</b>       | <b>Yield<br/>MT/ha</b> | <b>Prod.<br/>1,000MT</b> | <b>Area<br/>1,000ha</b>       | <b>Yield<br/>MT/ha</b> | <b>Prod.<br/>1,000MT</b> |
|--------------------------------------|-----------------------------|------------------------|--------------------------|-------------------------------|------------------------|--------------------------|-------------------------------|------------------------|--------------------------|
| <b>MY</b>                            | <b>2020/21<br/>(actual)</b> |                        |                          | <b>2021/22<br/>(estimate)</b> |                        |                          | <b>2022/23<br/>(forecast)</b> |                        |                          |
| <b><u>Commercial production</u></b>  |                             |                        |                          |                               |                        |                          |                               |                        |                          |
| White                                | 1,692                       | 5.1                    | 8,600                    | 1,575                         | 4.8                    | 7,470                    | 1,550                         | 5.2                    | 8,100                    |
| Yellow                               | 1,063                       | 7.3                    | 7,715                    | 1,048                         | 6.7                    | 7,208                    | 1,050                         | 6.5                    | 6,900                    |
| <b>Sub Total</b>                     | <b>2,755</b>                | <b>5.9</b>             | <b>16,315</b>            | <b>2,623</b>                  | <b>5.6</b>             | <b>14,678</b>            | <b>2,600</b>                  | <b>5.7</b>             | <b>15,000</b>            |
| <b><u>Subsistence production</u></b> |                             |                        |                          |                               |                        |                          |                               |                        |                          |
| White                                | 276                         | 1.7                    | 445                      | 297                           | 1.6                    | 482                      | 220                           | 1.8                    | 400                      |
| Yellow                               | 87                          | 2.3                    | 191                      | 82                            | 2.3                    | 185                      | 80                            | 2.5                    | 200                      |
| <b>Sub Total</b>                     | <b>363</b>                  | <b>1.8</b>             | <b>636</b>               | <b>379</b>                    | <b>1.8</b>             | <b>667</b>               | <b>300</b>                    | <b>2.0</b>             | <b>600</b>               |
| <b>TOTAL</b>                         | <b>3,118</b>                | <b>5.4</b>             | <b>16,951</b>            | <b>3,002</b>                  | <b>5.1</b>             | <b>15,345</b>            | <b>2,900</b>                  | <b>5.4</b>             | <b>15,600</b>            |

**Source:** Crop Estimates Committee (CEC) and Post estimates

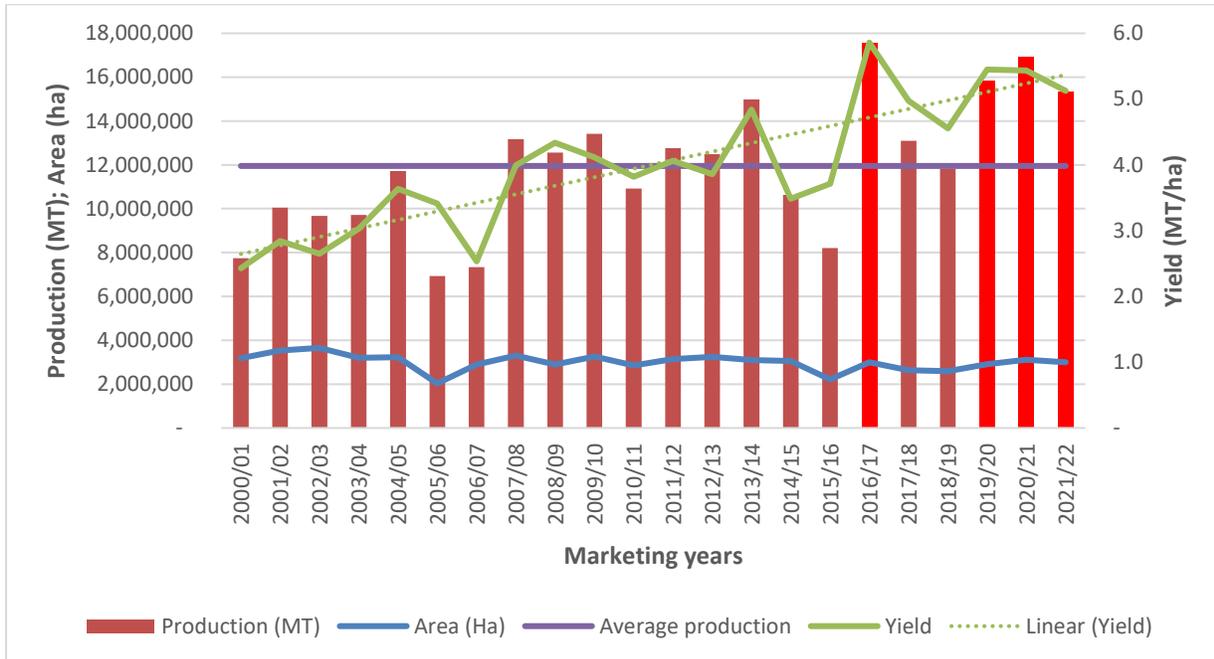
On June 22, 2022, the Crop Estimates Committee (CEC) released South Africa's fifth commercial production estimate for summer rainfall crops in MY 2021/22 (see [Dalrrd-Crop Estimates](#)). The CEC estimates the South African commercial corn crop at 14.7 MMT on 2.6 MHa at a national average yield of 5.6 MT/ha. The CEC estimates the commercial white corn crop at 7.5 MMT, a decline of 13 percent from the previous season. The CEC estimates the commercial yellow corn crop at 7.2 million tons, seven percent lower than the 7.7 MMT produced in MY 2020/21.

The CEC also released the production estimates for the subsistence farming sector's corn crop. According to the CEC, subsistence farmers planted 378,800 ha of corn in MY 2021/22, marginally more than in the previous marketing. Corn production by the subsistence sector is estimated at 667,000 MT, five percent larger than the 636,440 MT produced in MY 2020/21. This means South Africa's total corn crop for MY 2021/22 MY is estimated at 15.3 MMT on 3.0 MHa, which is nine percent smaller than MY 2020/21's corn crop of 17.0 MMT, mainly due to excessive rainfall at the start of the growing season that impacted negatively on yields and a four percent drop in area.

However, MY 2021/22's corn crop is the fourth largest crop ever produced in South Africa and the third consecutive year of surpassing 15 million tons of corn. This means that South Africa's four largest corn crops on record were produced in the past six years, mainly driven by increased yields (see Figure 1). South Africa's corn yields more than doubled the past 20 years, substantiating the positive impact the adoption of new production technologies, such as Genetically Engineered seed, precision farming, reduce/no-tillage etc. have on production output.

**Figure 1**

*The Area Planted, Production and Yields of Corn in South Africa*



**Source:** South Africa Grain Information Service (Sagis)

### Consumption

South Africa’s economic growth outlook over the medium term continues to be lackluster due to prevailing policy uncertainty, structural constraints, including restrains in electricity generation, the impact of the Russia/Ukraine conflict and the remaining consequences of the COVID-19 pandemic. The struggling domestic economy will hinder any major upsurges in the demand for corn, especially with the current upward trend in commodity prices. As a result, Post maintains its previous estimate and forecast for the commercial demand for corn in South Africa in MY 2021/22 and MY 2022/23 at 11.8 MMT and 12.0 MMT, respectively. This represents a marginal growth rate from MY 2020/21.

Post made marginal changes to its previous estimate for the commercial demand for corn in MY2020/21 to correlate with the final consumption figures released by the South African Grain Information Services (Sagis) in June 2022. Total commercial consumption is estimated at 11.6 MMT, with white corn (primarily for human consumption) contributing 63 percent, and yellow corn (primarily for feed) contributing 37 percent.

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the MY 2020/21 (actual), MY 2021/22 (estimate), and MY 2022/23 (forecast).

**Table 2***Commercial Consumption of White and Yellow Corn in South Africa*

| <b>CORN<br/>(1,000 MT)</b> | <b>White</b>   | <b>Yellow</b> | <b>Total</b>  | <b>White</b>   | <b>Yellow</b> | <b>Total</b>  | <b>White</b>   | <b>Yellow</b> | <b>Total</b>  |
|----------------------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|
| <b>MY</b>                  | <b>2020/21</b> |               |               | <b>2021/22</b> |               |               | <b>2022/23</b> |               |               |
| <b>Human</b>               | 4,887          | 688           | <b>5,575</b>  | 5,000          | 650           | <b>5,650</b>  | 5,100          | 650           | <b>5,750</b>  |
| <b>Animal</b>              | 2,407          | 3,491         | <b>5,898</b>  | 1,000          | 5,000         | <b>6,000</b>  | 1,000          | 5,100         | <b>6,100</b>  |
| <b>Other</b>               | 29             | 73            | <b>102</b>    | 50             | 100           | <b>150</b>    | 50             | 100           | <b>150</b>    |
| <b>TOTAL</b>               | <b>7,323</b>   | <b>4,252</b>  | <b>11,575</b> | <b>6,050</b>   | <b>5,750</b>  | <b>11,800</b> | <b>6,150</b>   | <b>5,850</b>  | <b>12,000</b> |

**Source:** Sagis

**Note:** Please note that consumption figures in the PS&D table vary, as those also include corn utilized by the subsistence farming sector and on-farm usages.

**Trade**

South Africa is expected to maintain its status as a net exporter of corn in MY 2022/23. Post estimates South Africa will export around 2.5 MMT of corn on an estimated commercial corn crop of 15.0 MMT.

For MY 2021/22, Post estimates South Africa will export 2.2 MMT. In the first eight weeks of MY 2021/22, South Africa already exported 708,878 MT of corn, primarily to Taiwan, Japan, and Vietnam (see also Table 3).

In MY 2020/21, South Africa exported 3.7 MMT of corn, an upsurge of 47 percent from MY 2019/20, after the production of the second largest corn crop on record. South Africa exported almost 3.0 MMT of yellow corn and 734,942 MT of white corn. Taiwan, Japan, Vietnam, South Korea, and Botswana were the major markets for South Africa's corn. These five markets represented almost 80 percent of South Africa's corn exports in MY 2020/21.

**Table 3***South Africa's Exports of Corn in the 2020/21 MY and 2021/22 MY*

| <b>Countries</b>           | <b>2020/21 MY</b>                 |                    |              | <b>Countries</b>                  | <b>2021/22 MY<sup>1</sup></b> |                    |              |
|----------------------------|-----------------------------------|--------------------|--------------|-----------------------------------|-------------------------------|--------------------|--------------|
|                            | <b>White corn</b>                 | <b>Yellow corn</b> | <b>Total</b> |                                   | <b>White corn</b>             | <b>Yellow corn</b> | <b>Total</b> |
|                            | <b>May 1, 2021 – Apr 30, 2022</b> |                    |              | <b>May 1, 2022 – Apr 30, 2023</b> |                               |                    |              |
|                            | <b>(1,000 tons)</b>               |                    |              | <b>(1,000 tons)</b>               |                               |                    |              |
| <b>Export Destinations</b> |                                   |                    |              | <b>Export Destinations</b>        |                               |                    |              |
| Taiwan                     | 0                                 | 880                | 880          | Taiwan                            | 0                             | 230                | 230          |
| Japan                      | 0                                 | 825                | 825          | Japan                             | 0                             | 136                | 136          |
| Vietnam                    | 0                                 | 500                | 500          | Vietnam                           | 0                             | 110                | 110          |
| South Korea                | 0                                 | 430                | 430          | Portugal                          | 53                            | 0                  | 53           |
| Botswana                   | 243                               | 12                 | 255          | South Korea                       | 0                             | 52                 | 52           |
| Italy                      | 174                               | 27                 | 201          | Italy                             | 45                            | 0                  | 45           |
| Namibia                    | 123                               | 44                 | 167          | Botswana                          | 32                            | 1                  | 33           |
| Eswatini                   | 46                                | 103                | 149          | Eswatini                          | 7                             | 10                 | 17           |
| Mozambique                 | 74                                | 44                 | 118          | Mozambique                        | 6                             | 6                  | 12           |
| Spain                      | 0                                 | 103                | 103          | Lesotho                           | 9                             | 1                  | 10           |
| Lesotho                    | 53                                | 0                  | 53           | Namibia                           | 4                             | 4                  | 8            |
| Angola                     | 17                                | 16                 | 33           | Angola                            | 0                             | 2                  | 2            |
| Ghana                      | 0                                 | 10                 | 10           |                                   |                               |                    |              |
| Zimbabwe                   | 5                                 | 0                  | 5            |                                   |                               |                    |              |
| Saudi Arabia               | 0                                 | 2                  | 2            |                                   |                               |                    |              |
| Seychelles                 | 0                                 | 1                  | 1            |                                   |                               |                    |              |
| <b>TOTAL EXPORTS</b>       | <b>735</b>                        | <b>2,997</b>       | <b>3,732</b> | <b>TOTAL EXPORTS</b>              | <b>156</b>                    | <b>552</b>         | <b>708</b>   |

**Source:** Sagis**Note:** 1. Preliminary export data from May 1, 2021, to June 24, 2022

## Prices

South Africa's local corn prices are trading in correlation with export parity levels, an indication of the availability of surplus corn in the local market (see Figure 2 and Figure 3). However, during the past four months local corn prices surged by almost 30 percent following the trend of higher global corn prices driven largely by uncertainty in the market created by the Russia-Ukraine conflict. Local yellow corn prices reached a record high of R4,905/MT (\$286/MT) on May 16, 2022, while local white corn prices were also trading above R4,500/MT (\$263/MT) nearing the record prices of R5,280/MT (\$308/MT) reached during the drought of MY 2015/16. Table 4 indicates the current and future prices of South African corn as of July 11, 2022. Local corn prices will continue to move with export parity levels for the rest of the season and will be influenced by the uncertainty created Russia-Ukraine conflict, the United States corn crop, the progress in local corn exports, and South Africa's volatile exchange rate.

**Table 4**

### *Local Corn Prices*

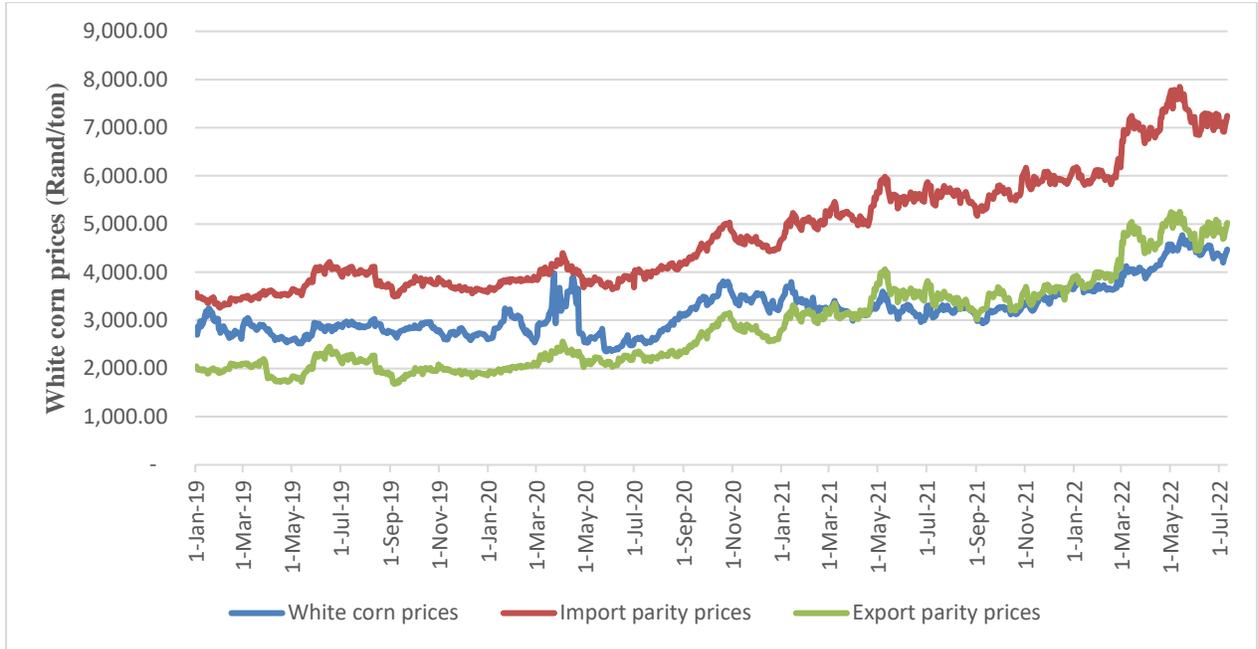
| Commodity   | Futures prices (year/month) |                         |                         |                         |                         |
|-------------|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|             | 2022/07                     | 2022/09                 | 2022/12                 | 2023/03                 | 2023/05                 |
| White corn  | R4,469/MT<br>(\$261/MT)     | R4,492/MT<br>(\$262/MT) | R4,539/MT<br>(\$265/MT) | R4,510/MT<br>(\$263/MT) | R4,142/MT<br>(\$242/MT) |
| Yellow corn | R4,442/MT<br>(\$259/MT)     | R4,457/MT<br>(\$260/MT) | R4,524/MT<br>(\$264/MT) | R4,502/MT<br>(\$263/MT) | R4,200/MT<br>(\$245/MT) |

**Source:** GrainSA (as of 7/11/2022)

**Note:** US\$1 = Rand 17.14

**Figure 2**

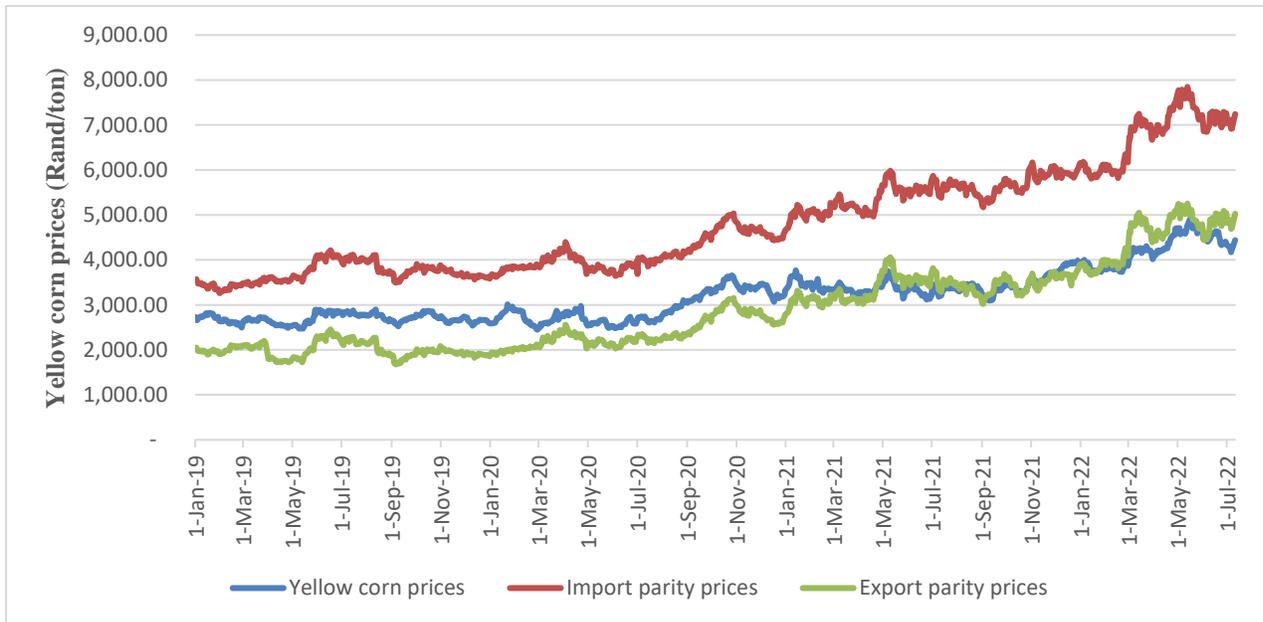
*The Trend in the Local Price for White Corn since January 2019*



Source: GrainSA

**Figure 3**

*The Trend in the Local Price for Yellow Corn since January 2019*



Source: GrainSA

**Table 5***Corn Production, Supply and Distribution*

| Corn<br>Market Year Begins<br>South Africa | 2020/2021     |          | 2021/2022     |          | 2022/2023     |          |
|--|---------------|----------|---------------|----------|---------------|----------|
|  | May 2020      |          | May 2021      |          | May 2022      |          |
|  | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| <b>Area Harvested</b> (1000 HA)            | 3118          | 3118     | 3000          | 3002     | 3100          | 2900     |
| <b>Beginning Stocks</b> (1000 MT)          | 2117          | 2117     | 2578          | 2124     | 2378          | 1969     |
| <b>Production</b> (1000 MT)                | 16951         | 16951    | 16300         | 15345    | 17300         | 15600    |
| <b>MY Imports</b> (1000 MT)                | 10            | 8        | 0             | 0        | 0             | 0        |
| <b>TY Imports</b> (1000 MT)                | 6             | 0        | 0             | 0        | 0             | 0        |
| <b>TY Imp. from U.S.</b> (1000 MT)         | 1             | 0        | 0             | 0        | 0             | 0        |
| <b>Total Supply</b> (1000 MT)              | 19078         | 19076    | 18878         | 17469    | 19678         | 17569    |
| <b>MY Exports</b> (1000 MT)                | 3800          | 3732     | 3200          | 2200     | 3700          | 2500     |
| <b>TY Exports</b> (1000 MT)                | 2751          | 2751     | 3500          | 2000     | 3700          | 2000     |
| <b>Feed and Residual</b> (1000 MT)         | 6900          | 7200     | 7300          | 7300     | 7300          | 7400     |
| <b>FSI Consumption</b> (1000 MT)           | 5800          | 6020     | 6000          | 6000     | 6000          | 6100     |
| <b>Total Consumption</b> (1000 MT)         | 12700         | 13220    | 13300         | 13300    | 13300         | 13500    |
| <b>Ending Stocks</b> (1000 MT)             | 2578          | 2124     | 2378          | 1969     | 2678          | 1569     |
| <b>Total Distribution</b> (1000 MT)        | 19078         | 19076    | 18878         | 17469    | 19678         | 17569    |
| <b>Yield</b> (MT/HA)                       | 5.4365        | 5.4365   | 5.4333        | 5.1116   | 5.5806        | 5.3793   |
|  |               |          |               |          |               |          |

(1000 HA) ,(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

**Attachments:**

No Attachments