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Report Highlights:

South Africa is currently harvesting its second largest corn crop in history and a fourth consecutive bumper crop. This creates a bearish outlook on local corn prices and will limit an expansion in the area to be planted with corn in marketing year (MY) 2023/24. Additionally, Post foresees that the positive trend in soybean plantings will continue, also limiting possible expansion of corn area. However, South Africa should maintain its status as a net exporter of corn under normal climatic conditions. Post estimates South Africa could export around 2.5 million metric tons (MMT) of corn in MY 2023/24, while exports in MY 2022/23 are expected to reach 4 MMT. In MY 2021/22, South Africa exported 3.7 MMT of corn, keeping exports on the same level as MY 2020/21.

Executive Summary

Post forecasts that South Africa should maintain its status as a net exporter of corn in MY¹ 2023/24 (May 2024 to April 2025) with 2.5 MMT of corn exports. Assuming normal weather conditions, South Africa's corn crop for the MY 2023/24 could reach 15.8 MMT on 2.9 million hectares (MHa), which is 7 percent lower than the expected corn crop of 17 MMT in MY 2022/23. The bearish outlook on local corn prices will limit an expansion of the area to be planted with corn in MY 2023/24. Additionally, Post foresees that the positive trend in soybean plantings will continue, limiting possible expansion in corn area.

The corn crop of MY 2022/23 is South Africa's second largest on record, which means that South Africa's five largest corn crops were produced in the past seven years, driven mainly by improved yields and favorable weather conditions. South Africa's corn yields have doubled in the past 20 years with the use of new production technologies and more efficient and effective farming practices. The bumper crop of the current MY places South Africa in a position to export 4 MMT of corn in MY 2022/23. In the first two months of MY 2022/23, South Africa already exported 747,724 MT of corn, primarily to Taiwan, South Korea, Vietnam, and Japan.

In MY 2021/22, South Africa exported 3.7 MMT of corn to nearly 20 countries, keeping exports on the same level as in MY 2020/21. South Africa exported almost 2.2 MMT of yellow corn and 1.5 MMT of white corn in MY 2021/22. The top seven markets were Taiwan, Japan, Vietnam, Mexico, Italy, Botswana, and South Korea.

US\$1 = Rand 18.74 (07/10/2023)

¹ *The MYs 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.*

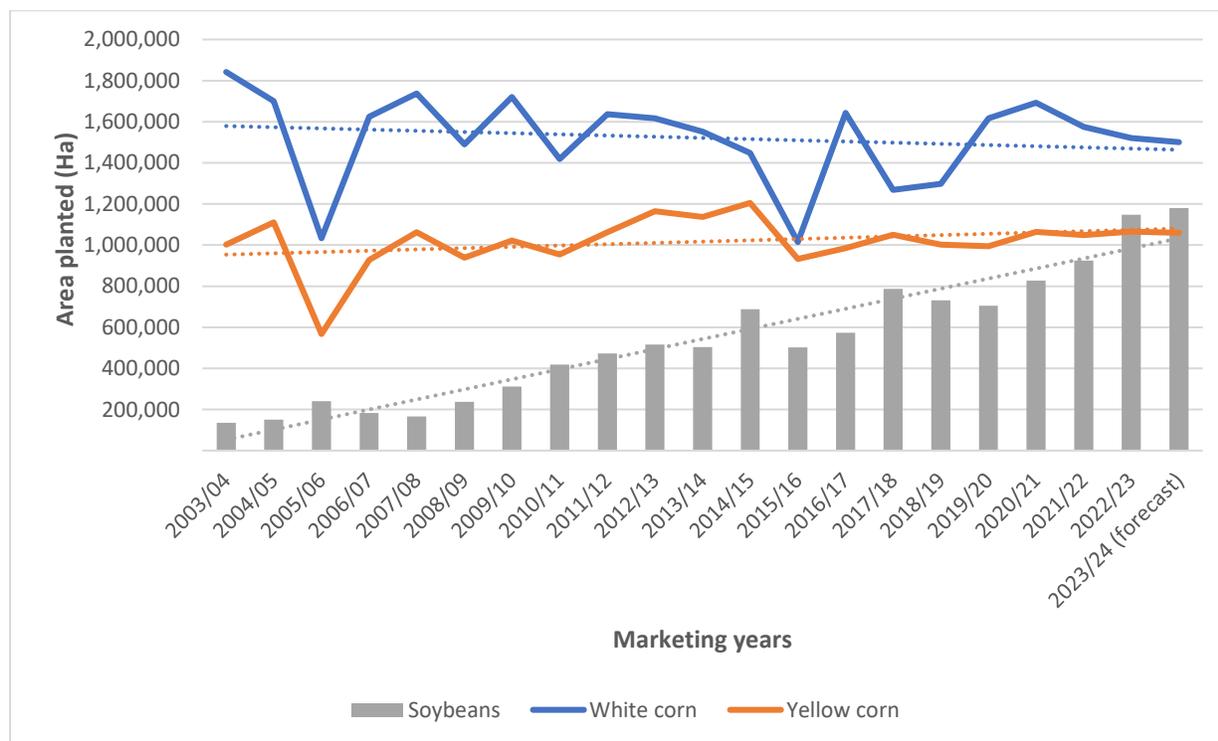
CORN

Production

Post forecasts South Africa's corn area will stay flat at 2.9 MHa in MY 2023/24. With a bumper crop of more than 17 MMT expected in MY 2022/23, the bearish outlook on local corn prices will limit expansion of corn planted area later in 2023 (for the MY 2023/24 crop). Additionally, Post foresees that the positive trend in soybean plantings will continue in MY 2023/24, also limiting possible expansion of corn area. In MY 2022/23, farmers planted a record soybean area of 1.1 MHa, an upsurge of 24 percent from the previous marketing year, surpassing yellow corn area for the first time. Post foresees that this positive trend in soybean plantings will continue at a less aggressive pace in MY 2023/24 but will still deter expansion in corn area (see Figure 1).

Figure 1

Trends in the Areas Planted with Corn and Soybeans in South Africa



Source: South African Grain Information Services (Sagis)

Assuming a 3-year average yield and normal weather conditions, South Africa's corn crop for MY 2023/24 could reach 15.8 MMT on 2.9 MHa, which is 7 percent lower than the expected corn crop of 17 MMT in MY 2022/23. Table 1 details area planted, yield, and production figures for commercial white corn and yellow corn, as well as corn produced by subsistence farmers for MY 2021/22 (actual), MY 2022/23 (estimate), and MY 2023/24 (forecast).

Table 1*Area Planted, Yield, and Production of Commercial and Subsistence Corn in South Africa*

	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT
MY	2021/22 (actual)			2022/23 (estimate)			2023/24 (forecast)		
<u>Commercial Production</u>									
White	1,575	5.0	7,850	1,521	5.7	8,638	1,500	5.1	7,660
Yellow	1,048	7.3	7,620	1,065	7.2	7,716	1,060	7.1	7,540
Sub Total	2,623	5.9	15,470	2,586	6.3	16,354	2,560	5.9	15,200
<u>Subsistence Production</u>									
White	297	1.6	482	279	1.7	473	220	1.8	400
Yellow	82	2.3	185	80	2.4	191	80	2.5	200
Sub Total	379	1.8	667	359	1.8	664	300	2.0	600
TOTAL	3,002	5.4	16,137	2,945	5.8	17,018	2,860	5.5	15,800

Source: Crop Estimates Committee (CEC) and Post estimates

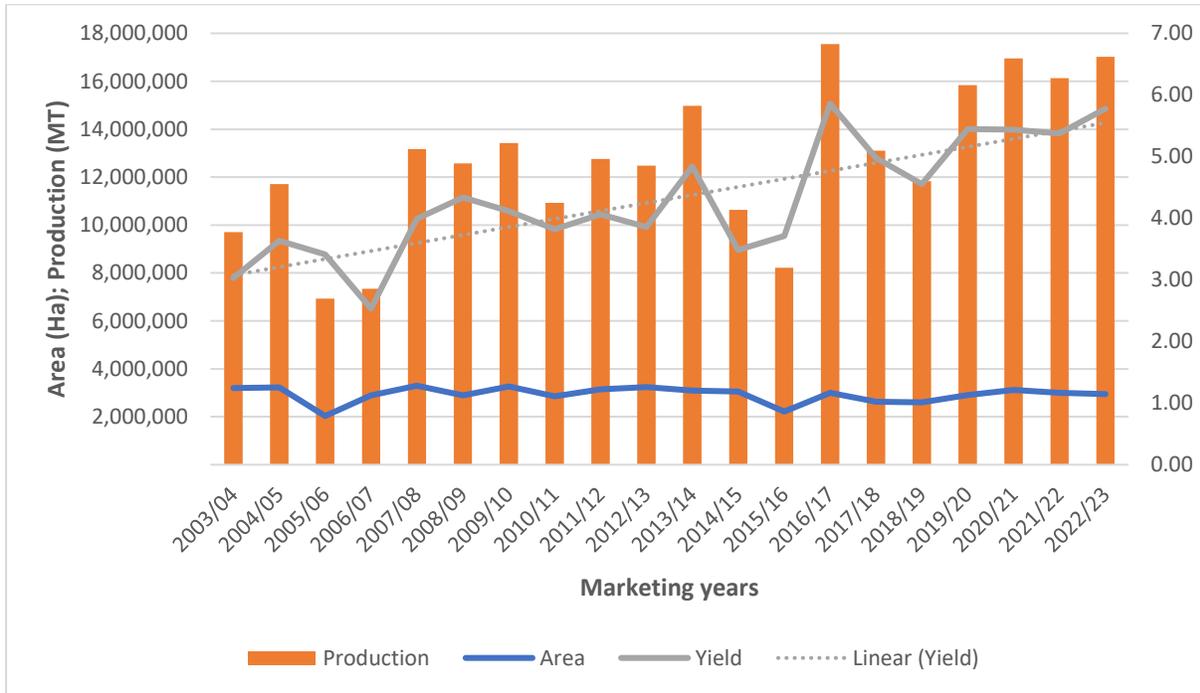
In terms of MY 2022/23, the South Africa's Crop Estimates Committee (CEC) released its fifth production estimate for summer rainfed crops on June 27, 2023 (see <http://www.old.dalrrd.gov.za/Home/Crop-Estimates>). According to the CEC, South Africa produced its fourth bumper crop in a row and second largest commercial corn crop on record in MY 2022/23 at 16.4 MMT on 2.6 MHa. The CEC estimates a national average yield of 6.3 MT/ha. The commercial white corn crop is estimated at 8.6 MMT and the commercial yellow corn crop at 7.7 MMT.

The CEC also released the production estimates for the subsistence farming sector's corn crop. According to the CEC, subsistence farmers planted 358,620 ha of corn in MY 2022/23, 5 percent less than in the previous marketing year. Corn production by the subsistence sector is estimated at 664,040 MT, marginally smaller than the 667,000 MT produced in MY 2021/22.

This means that South Africa's total corn crop for MY 2022/23 MY is estimated at 17 MMT on 2.9 MHa, which is 5 percent larger than MY 2021/22's corn crop of 16.1 MMT. The corn crop of MY 2022/23 is also South Africa's second largest on record, marginally smaller than the record crop of 17.6 MMT that was produced in MY 2016/17. This means that South Africa's five largest corn crops on record were produced in the past seven years, driven mainly by improved yields and favorable weather conditions (see Figure 2). South Africa's corn yields have doubled in the past 20 years with the use of new production technologies, such as genetically engineered seed and more efficient and effective farming practices, including precision and conservation farming.

Figure 2

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



Source: Sagis

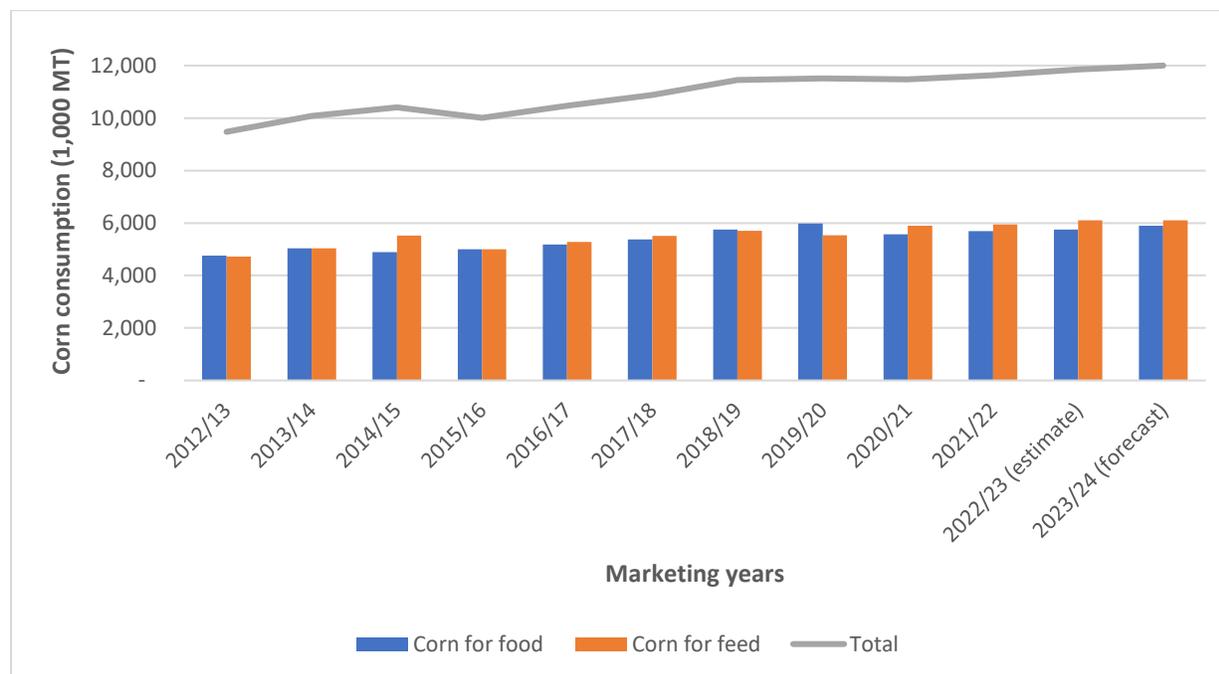
Consumption

Post maintains its previous estimates for commercial corn demand in MY 2022/23 and MY 2023/24 at 12 MMT and 12.2 MMT, respectively (see Table 2). This represents a marginal growth rate from MY 2021/22 and correlates with the average per annum growth rate in the consumption of corn during the past 10 years in South Africa (refer to Figure 3). However, Post lowers its previous estimate for corn consumption in the Production, Supply, and Distribution (PS&D) table (Table 5) to represent a marginal growth rate from MY 2021/22. Consumption figures in the PS&D table also include on-farm usage and corn utilized by the subsistence farming sector.

Post makes minor changes to its previous estimate for the commercial demand for corn in MY 2021/22 to correlate with the final consumption figures released by the South African Grain Information Services (Sagis) in June 2023. Total commercial corn consumption is estimated at 11.7 MMT, marginally more than the 11.6 MMT of corn consumed in MY 2020/21. White corn (primarily for human consumption) accounted for 56 percent, while yellow corn (primarily for feed) made up 44 percent of total local corn consumption. Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the MY 2021/22 (actual), MY 2022/23 (estimate), and MY 2023/24 (forecast).

Figure 3

Corn Consumption in South Africa



Source: Sagis

Table 2

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

CORN (1,000 MT)	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
	2021/22			2022/23			2023/24		
Human	4,983	702	5,685	5,100	650	5,750	5,200	650	5,900
Animal	1,583	4,365	5,948	2,000	4,100	6,100	2,000	4,100	6,100
Other	28	54	82	50	100	150	50	100	150
TOTAL	6,594	5,121	11,715	7,150	4,850	12,000	7,150	4,850	12,150

Source: Sagis

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

Trade

South Africa should maintain its status as a net exporter of corn in MY 2023/24. Post estimates South Africa could export around 2.5 MMT of corn in MY 2023/24 on an estimated commercial corn crop of more than 15 MMT.

For MY 2022/23, Post estimates South Africa will export 4 MMT after producing the second largest corn crop on record. In the first two months of MY 2022/23, South Africa already exported 747,724 MT of corn, primarily to Taiwan, South Korea, Vietnam, and Japan (see also Table 3).

In MY 2021/22, South Africa exported 3.7 MMT of corn to nearly 20 countries, keeping exports on the same level as MY 2020/21. South Africa exported almost 2.2 MMT of yellow corn and 1.5 MMT of white corn. The top seven markets were Taiwan, Japan, Vietnam, Mexico, Italy, Botswana, and South Korea. These countries represented 75 percent of South Africa's corn exports. Exports to the Asian countries consisted mainly of yellow corn, while corn exports to Mexico, Italy, and Botswana were largely white corn.

Table 3

South Africa's Exports of Corn in MY 2021/22 and MY 2022/23

Countries	MY 2021/22 (1,000 tons)			Countries	MY 2022/23* (1,000 tons)		
	White corn	Yellow corn	Total		White corn	Yellow corn	Total
Taiwan	0	720	720	Taiwan	0	245	245
Japan	0	605	605	South Korea	0	149	149
Vietnam	0	353	353	Vietnam	0	127	127
Mexico	337	0	337	Japan	0	92	92
Italy	262	4	266	Botswana	51	2	53
Botswana	211	28	239	Zimbabwe	17	2	19
South Korea	95	130	225	Eswatini	10	7	17
Namibia	101	36	137	Mozambique	8	8	16
Zimbabwe	119	10	129	Kenya	14	0	14
Eswatini	37	87	124	Namibia	1	9	10
China	0	108	108	Lesotho	5	0	5
Mozambique	52	51	103				
Kenya	87	0	87				
Lesotho	76	9	85				
Portugal	53	0	53				
Honduras	47	0	47				
Guatemala	22	0	22				
Angola	0	6	6				
Saudi Arabia	0	6	6				
TOTAL	1,499	2,153	3,652	TOTAL	106	641	747

Source: Sagis

**Preliminary export data from May 1 to June 30, 2023*

Marketing

South Africa's local corn is trading in correlation with export parity prices, an indication of the availability of surplus corn in the local market (see Figures 4 and 5). As a result, local corn prices dropped by 20 percent year-on-year, in line with the decline of global corn prices. Table 4 indicates the current and future prices of South African corn as of July 10, 2023. Local corn prices will continue to move with export parity levels in the future and will be impacted by the trend in global corn prices, the progression of the United States corn crop, and South Africa's volatile exchange rate.

Table 4

Local Corn Prices

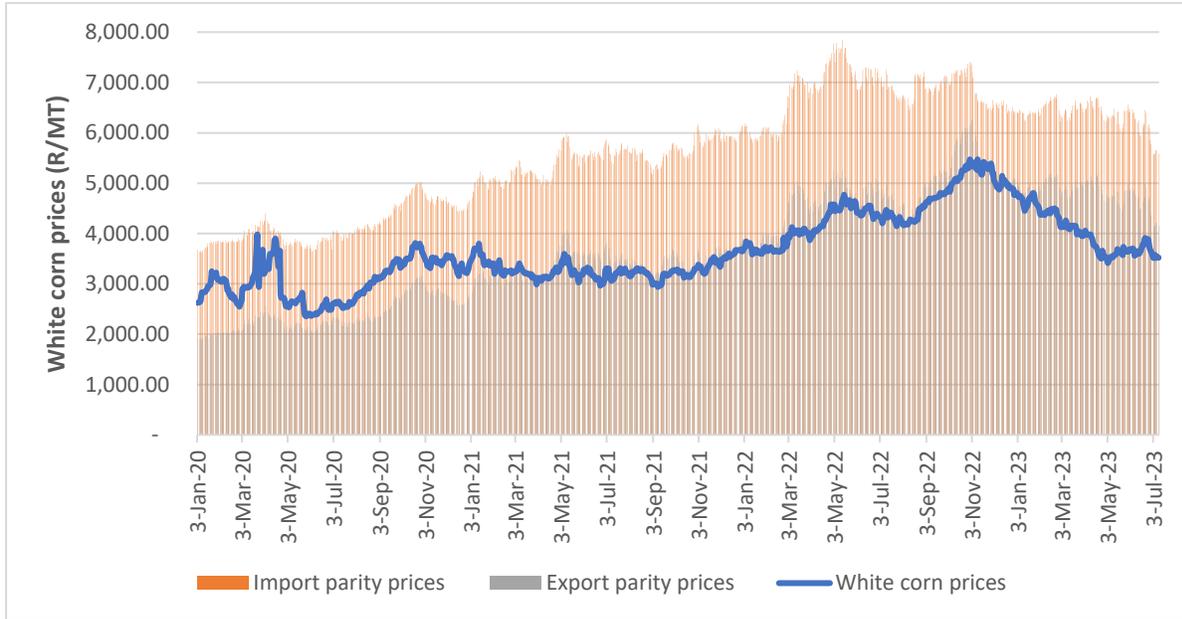
Commodity	Current and futures prices (year/month)				
	2023/07	2023/09	2023/12	2024/03	2024/05
White corn	R3,517/MT (\$188/MT)	R3,594/MT (\$192/MT)	R3,676/MT (\$196/MT)	R3,751/MT (\$200/MT)	R3,805/MT (\$203/MT)
Yellow corn	R3,562/MT (\$190/MT)	R3,650/MT (\$195/MT)	R3,742/MT (\$200/MT)	R3,788/MT (\$202/MT)	R3,780/MT (\$202/MT)

Source: GrainSA (as of 07/10/2023)

Note: US\$1 = Rand 18.74

Figure 4

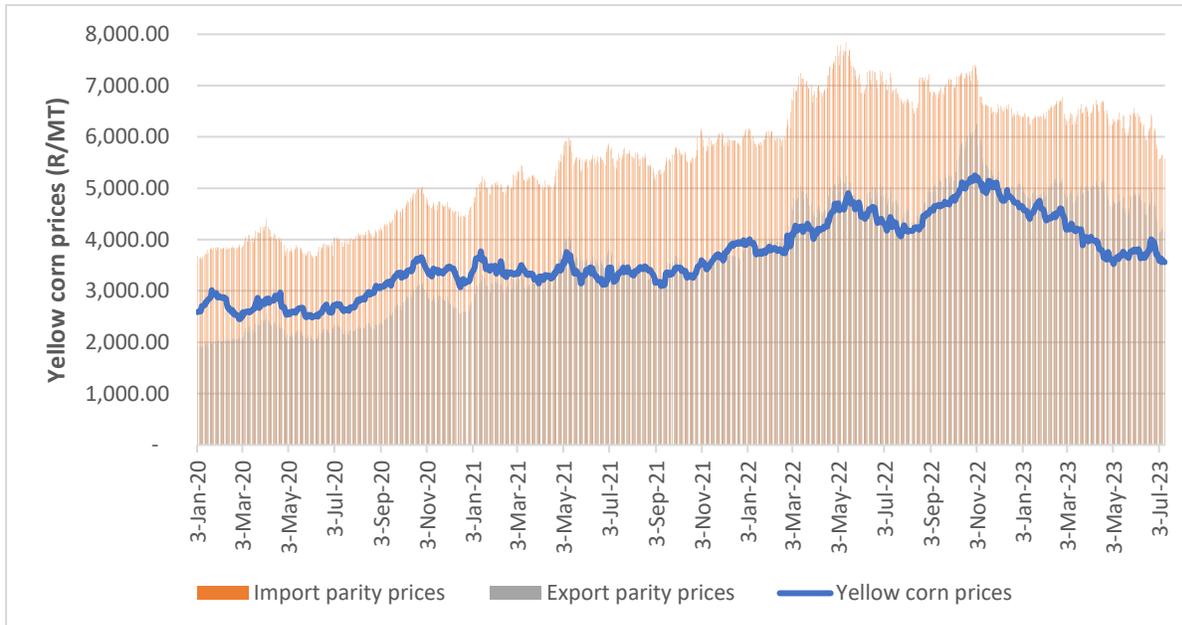
Trend in Local Price for White Corn Since January 2020



Source: GrainSA

Figure 5

Trend in Local Price for Yellow Corn Since January 2020



Source: GrainSA

Stocks

Ending stocks are estimated at nearly 2 MMT in MY 2021/22 and are expected to stay on the same level in MY 2022/23 and MY 2023/24 on higher production. All stocks are stored by producer-owned agribusinesses (formerly cooperatives), traders, and processors. However, more farmers are installing on-farm storage to sell directly to millers and feed manufacturers or for on-farm usage. South Africa's storage capacity for grain and oilseeds exceeds 20 MMT, but with bumper crops anticipated in both corn and soybeans, storage options may be scarce. In anticipation of this challenge, storage bunkers have been erected in potential higher production areas.

Table 5

Corn Production, Supply, and Distribution

Corn	2021/2022		2022/2023		2023/2024	
	May 2022		May 2023		May 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
South Africa						
Area Harvested (1000 HA)	3002	3002	3000	2945	3000	2860
Beginning Stocks (1000 MT)	2124	2124	1408	1954	1408	1872
Production (1000 MT)	16137	16137	17000	17018	16800	15800
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	2	2	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	18261	18261	18408	18972	18208	17672
MY Exports (1000 MT)	3653	3652	3700	4000	3400	2500
TY Exports (1000 MT)	3830	3830	3700	3700	3400	2000
Feed and Residual (1000 MT)	7200	6890	7300	7150	7300	7200
FSI Consumption (1000 MT)	6000	5765	6000	5950	6000	6100
Total Consumption (1000 MT)	13200	12655	13300	13100	13300	13300
Ending Stocks (1000 MT)	1408	1954	1408	1872	1508	1872
Total Distribution (1000 MT)	18261	18261	18408	18972	18208	17672
Yield (MT/HA)	5.3754	5.3754	5.6667	5.7786	5.6	5.5245

(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 2023/2024 = October 2023 - September 2024

Attachments:

No Attachments