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Report Highlights:

After last season's second-largest corn crop on record and a fourth consecutive bumper corn crop, the positive outlook for the South African grain industry will continue in marketing year 2023/24. As a result, Post forecasts South Africa will maintain a corn area of 2.9 million hectares and, under normal climatic conditions, its status as a net exporter of corn. Consequently, South Africa could export around 3.0 million metric tons of corn in MY 2023/24, while exports in marketing year 2022/23 are expected to reach 4.0 million metric tons. In marketing year 2021/22, South Africa exported 3.7 million metric tons of corn, keeping exports on the same level as in marketing year 2020/21.

Executive Summary

Post forecasts that South Africa should maintain its status as a net exporter of corn in marketing year (MY¹) 2023/24 (May 2024 to April 2025) with 3.0 million metric tons (MMT) of corn exports. Assuming normal weather conditions, South Africa's corn crop for the MY 2023/24 could reach 15.8 million metric tons on 2.9 million hectares (MHa), which is 7 percent lower than the expected corn crop of 17.1 MMT in MY 2022/23.

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. The bumper crops places South Africa in a position to export 4.0 MMT of corn in MY 2022/23. In the first five-and-a-half months of MY 2022/23, South Africa already exported almost 2.1 MMT of corn, primarily to Taiwan, South Korea, Japan, Vietnam, and Botswana. In addition, South Africa is facing the worst outbreak of Highly Pathogenic Avian Influenza since 2017 with around 7.5 million chickens being culled since May 2023 to contain the outbreak in seven provinces. Due to the extent of the outbreak and the number of birds affected, Post estimates that the local demand for corn as animal feed could drop by approximately 6 percent in MY 2022/23.

US\$1 = Rand 18.97 (10/16/2023)

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 will maintain a corn area of 2.9 million in MY 2023/24. South Africa harvested its second-largest crop on record in MY 2022/23, putting downward pressure on local corn prices that will limit expansion of corn planted area in MY 2023/24. Local corn prices are more than 20 percent lower than a year ago. 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. Although Post foresees that this positive trend in soybean plantings will continue at a less aggressive pace in MY 2023/24, it will still deter expansion in corn area (see [South Africa oilseeds and products annual](#)).

Post's estimates on area planted with corn in MY 2023/24 is in line with the results of the Crop Estimates Committee's (CEC) "intention to plant survey" that was released on October 26, 2023. According to the CEC survey, commercial producers will plant 2.6 MHa of corn in MY 2023/24, including 1.6 MHa of white corn and 1.0 MHa of yellow corn.

Nevertheless, many producers have not yet started corn plantings as early season rainfall have been limited and scattered. However, there is still sufficient time to plant corn. In the eastern regions of South Africa, including the provinces of Mpumalanga, KwaZulu-Natal, and the eastern Free State, the optimal planting window for corn is from the middle of October to the middle of November. For the western regions (Northwest and western Free State provinces) the optimal planting window is between the middle of November to late December.

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 corn crop of 17.1 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*

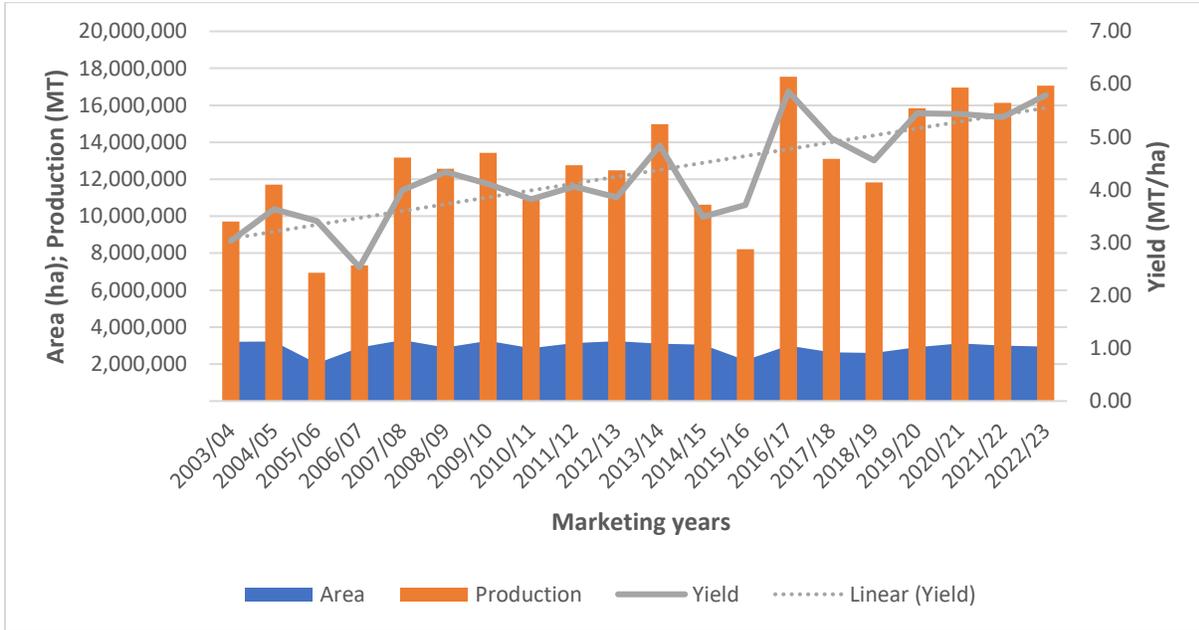
	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT
MY	2021/22 (actual)			2022/23 (estimate)			2023/24 (forecast)		
<u>Commercial Production</u>									
White	1,575	5.0	7,850	1,521	5.6	8,500	1,500	5.1	7,660
Yellow	1,048	7.3	7,620	1,065	7.4	7,895	1,060	7.1	7,540
Sub Total	2,623	5.9	15,470	2,586	6.3	16,395	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	17,059	2,860	5.5	15,800

Source: Crop Estimates Committee (CEC) and Post estimates

In terms of MY 2022/23, the CEC released its ninth production estimate for summer rainfed crops on October 26, 2023 (see [Crop Estimates](#)). According to the CEC, South Africa produced its fourth bumper crop in a row and second-largest corn crop on record in MY 2022/23 at 17.1 MMT on 2.9 MHa. 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 1). South Africa's corn yields almost 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 (see Figure 2). The CEC estimates a national average yield of 5.8 MT/ha, marginally lower than the record of 5.9 MT/ha set in MY 2016/17. The white corn crop is estimated at 9.0 MMT and the yellow corn crop at 8.1 MMT.

Figure 1

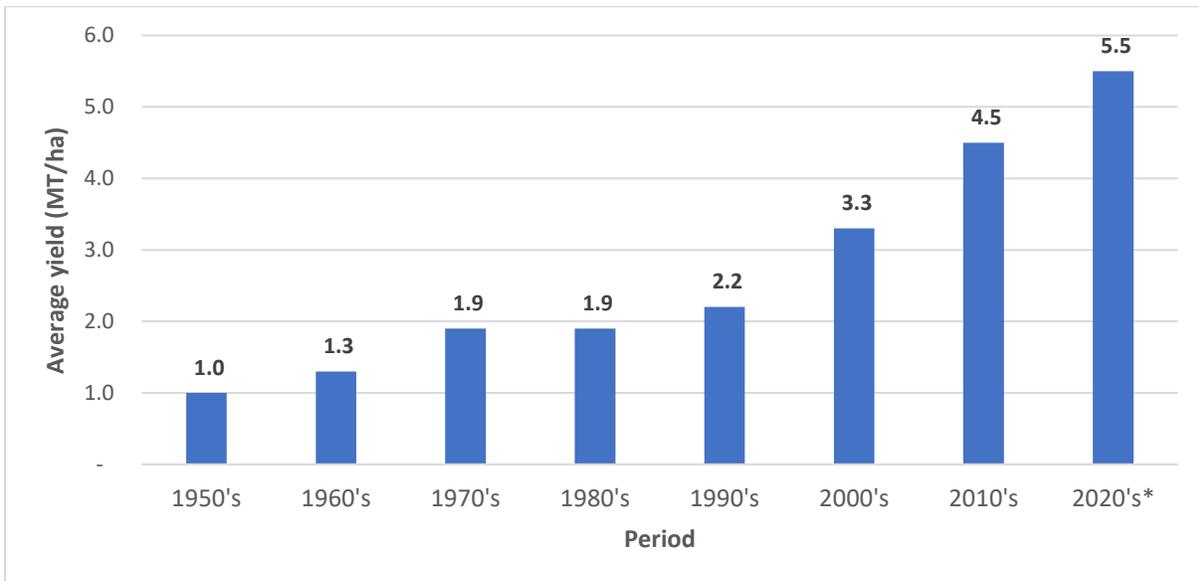
Area Planted, Production, and Yields of Corn in South Africa



Source: Sagis

Figure 2

Trends in the Average Corn Yields in South Africa



Source: Sagis

Note: *Includes only the first three marketing years of the 2020's (i.e., MY 2020/21, MY2021/22 and MY 2022/23)

Consumption

Post lowered its previous estimates for commercial corn demand in MY 2022/23 and MY 2023/24 to 11.7 MMT and 12.0 MMT, respectively (see Table 2). South Africa is currently facing the worst outbreak of Highly Pathogenic Avian Influenza (HPAI) since 2017 with seven of the nine provinces in the country reporting outbreaks. According to the government and the South African Poultry Association (SAPA) around 7.5 million chickens were culled since May 2023 to contain the outbreak of avian influenza that created a shortage of eggs and threatens the supply of chicken meat for consumers. The number of culled birds includes approximately 5.0 million layers and 2.5 million broiler breeders (also see [South Africa battles highly pathogenic avian influenza](#)). This equates to about 20 percent of South Africa's total layer hen population and 30 percent of broiler breeders. South Africa began to import fertilized eggs to mitigate the impact of HPAI on the placement of broiler chicks and possible shortage in chicken meat. However, due to the extent of the outbreak and the number of birds affected, Post estimates that the local demand for corn as animal feed could drop by approximately 6 percent to 5.6 MMT in MY 2022/23.

In addition, South Africa's economic growth outlook over the medium term continues to be lackluster. The country's Gross Domestic Product (GDP) only grew by 2 percent in 2022 and is projected to grow by only 0.3 percent in 2023, and 1 percent in 2024. South Africa's unemployment rate eased slightly to 33 percent in the second quarter of 2023, down from a record high of 35 percent in the last quarter of 2021. The reasons for South Africa's trivial economic growth includes prevailing policy uncertainty, structural constraints, including restraints in electricity generation (see [Load shedding-economic strain on food supply chains](#)), and accelerating food and fuel price inflation (see [South Africa food inflation surged 14-year high](#)). This will hinder significant investments to increase the capacity of the broiler and feed manufacturing industries in the near term, making a major upsurge in feed demand for corn in South Africa unlikely.

On the other hand, Post raised the estimate for human consumption of corn in MY 2022/23 and MY 2023/24 by 4 percent and 3 percent, respectively. White corn, in the form of a meal, is the staple food for many South African households as it is a relatively inexpensive source of carbohydrates. Consumers are facing high levels of food inflation and are raising consumption of affordable grains. 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).

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
MY	2021/22			2022/23			2023/24		
Human	4,983	702	5,685	5,200	700	5,900	5,350	700	6,050
Animal	1,583	4,365	5,948	1,800	3,800	5,600	1,800	4,000	5,800
Other	28	54	82	50	100	150	50	100	150
TOTAL	6,594	5,121	11,715	7,050	4,600	11,650	7,200	4,800	12,000

Source: Sagis

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

Trade

Post increased the forecast for South Africa's corn export in MY 2023/24 to 3.0 MMT due to higher estimated beginning stocks and lower local corn demand on the back of the HPAI outbreak.

For MY 2022/23, Post estimates South Africa will export 4.0 MMT after producing the second-largest corn crop on record. In the first 24 weeks of MY 2022/23, South Africa already exported almost 2.1 MMT of corn, primarily to Taiwan, South Korea, Japan, Vietnam, and Botswana (see also Table 3). These countries represented 80 percent of South Africa's corn exports in MY 2022/23. Exports to the Asian countries consisted mainly of yellow corn, while corn exports to Botswana were largely white corn. South Africa's exports to the Asian markets started to decline in the past couple of weeks after the Northern hemisphere countries corn harvest and consequent entry to the world market. However, South Africa will continue exporting corn to countries where it has a competitive price advantage, including neighboring countries.

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	463	463
Japan	0	605	605	South Korea	0	436	436
Vietnam	0	353	353	Japan	0	415	415
Mexico	337	0	337	Vietnam	0	179	179
Italy	262	4	266	Botswana	123	4	127
Botswana	211	28	239	Mozambique	49	29	78
South Korea	95	130	225	Kenya	68	0	68
Namibia	101	36	137	Namibia	33	28	61
Zimbabwe	119	10	129	China	0	56	56
Eswatini	37	87	124	Eswatini	17	33	50
China	0	108	108	Zimbabwe	37	13	50
Mozambique	52	51	103	Guatemala	43	0	43
Kenya	87	0	87	Lesotho	24	0	24
Lesotho	76	9	85	Ghana	4	0	4
Portugal	53	0	53	Malawi	0	1	1
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	397	1,658	2,055

Source: Sagis**Preliminary export data from May 1 to October 13, 2023***Marketing**

South Africa's local corn prices dropped by more than 20 percent year-on-year, in line with the decline of global corn prices, but was supported by a depreciation in the value of the South Africa Rand. Local corn is trading in correlation with export parity prices, an indication of the availability of surplus corn in the local market (see Figures 3 and 4). Local corn prices are expected to continue to move with export parity levels for the rest of the year but will be affected by the trend in global corn prices, local production conditions and South Africa's volatile exchange rate. Table 4 indicates the current and future prices of South African corn as of October 16, 2023.

Table 4

Local Corn Prices

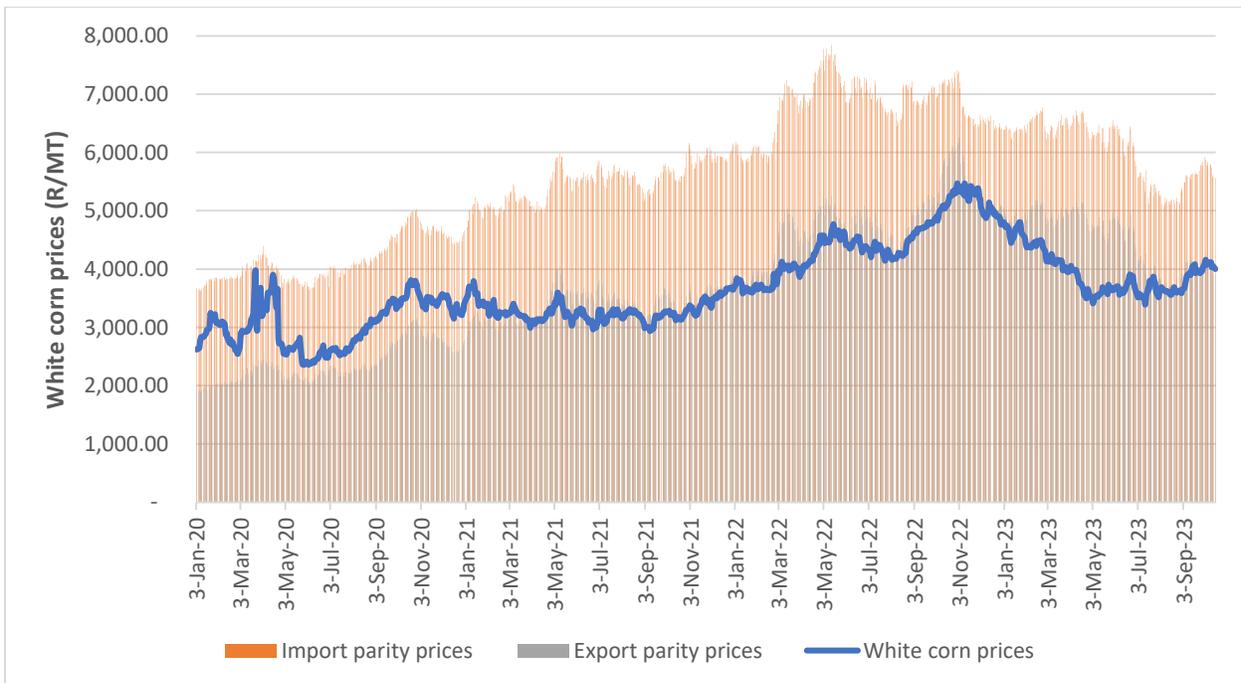
Commodity	Current and futures prices (year/month)				
	2023/10	2023/12	2024/03	2024/05	2024/07
White corn	R3,998/MT (\$210/MT)	R4,031/MT (\$212/MT)	R4,054/MT (\$214/MT)	R4,069/MT (\$214/MT)	R4,047/MT (\$213/MT)
Yellow corn	R3,827/MT (\$202/MT)	R3,914/MT (\$206/MT)	R3,974/MT (\$209/MT)	R3,971/MT (\$209/MT)	R3,960/MT (\$209/MT)

Source: GrainSA (as of 10/16/2023)

Note: US\$1 = Rand 18.97

Figure 3

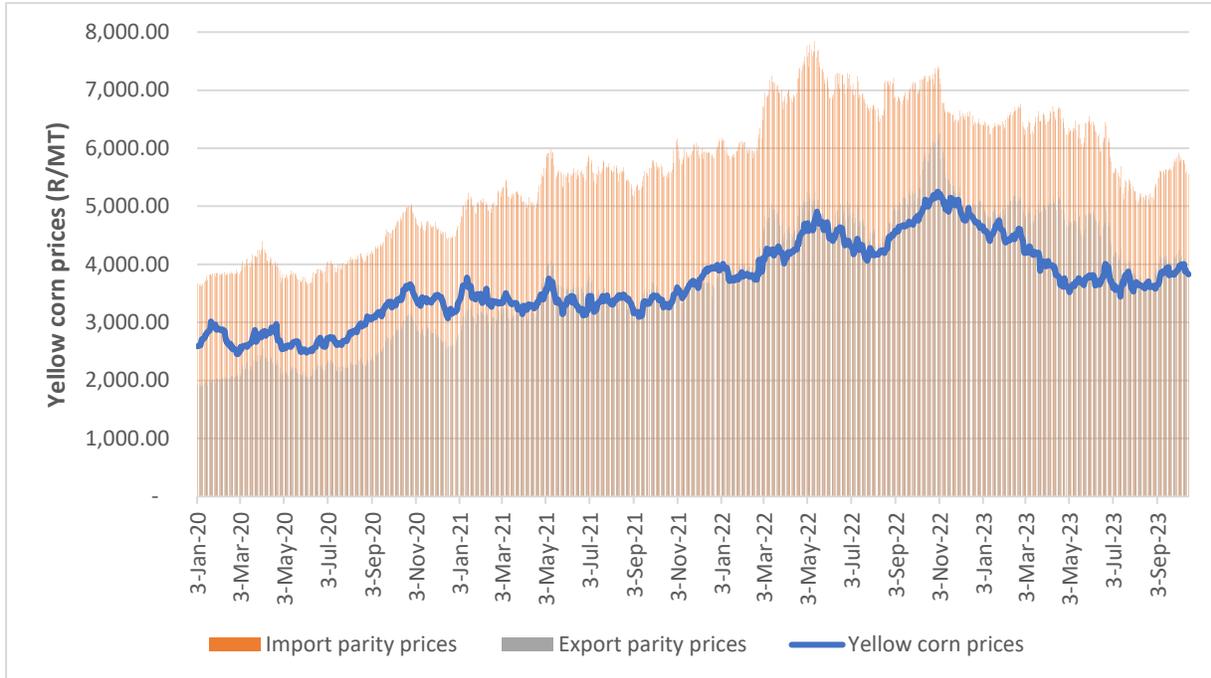
Trend in Local Price for White Corn Since January 2020



Source: GrainSA

Figure 4

Trend in Local Price for Yellow Corn Since January 2020



Source: GrainSA

Stocks

Ending stocks are estimated to increase by 16 percent to 2.3 MMT in MY 2022/23 on lower domestic demand due to the outbreak of HPAI in South Africa. However, stock levels are expected to fall back to levels of around 2.0 MMT in MY 2023/24, equaling about eight weeks of commercial utilization. Stocks are primarily 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 in both corn and soybeans in MY 2022/23 temporary storage bunkers have been erected in 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	2945	2945	3000	2860
Beginning Stocks (1000 MT)	2124	2124	1954	1954	1854	2263
Production (1000 MT)	16137	16137	17100	17059	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	19054	19013	18654	18063
MY Exports (1000 MT)	3652	3652	3800	4000	3400	3000
TY Exports (1000 MT)	3830	3830	3700	3700	3400	3000
Feed and Residual (1000 MT)	6855	6855	7400	6650	7300	6850
FSI Consumption (1000 MT)	5800	5800	6000	6100	6000	6250
Total Consumption (1000 MT)	12655	12655	13400	12750	13300	13100
Ending Stocks (1000 MT)	1954	1954	1854	2263	1954	1963
Total Distribution (1000 MT)	18261	18261	19054	19013	18654	18063
Yield (MT/HA)	5.3754	5.3754	5.8065	5.7925	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