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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:**

South Africa had an excellent start to the 2021/22 MY, with carry-over soil moisture and widespread rains that led corn producers to start plantings two to four weeks earlier than usual. Excessive rainfall during December to early January caused damage to planted crops in some areas that could impact crop size, although the extent will only become clear over the next few months. Hence, Post's estimate for South Africa's 2021/22 MY total corn crop (subsistence and commercial corn) remains unchanged at 16.1 million tons. This would enable South Africa to export about 3.0 million tons of corn in the 2021/22 MY. After producing the second largest crop in history in the 2020/21 MY, South Africa is heading to 3.5 million tons of corn exports.

## Executive Summary

Post's estimate for South Africa's 2021/22 MY<sup>1</sup> total corn crop (subsistence and commercial corn) remains unchanged at 16.1 million tons. South Africa had an excellent start to the 2021/22 MY, with carry-over soil moisture and widespread rains during October and November ensuring corn producers could start plantings two to four weeks earlier than usual. Favorable weather conditions continued during December and January over most of the summer rainfall production region providing conducive growing conditions. However, excessive rain caused damage to planted crops in some areas that could impact crop size. The extent of the impact will become clear over the next few months.

South Africa should remain a net exporter of corn in the 2021/22 MY. Post estimates South Africa may export around 3.0 million tons of corn, on an estimated commercial corn crop of 15.5 million tons. In addition, carry-over stocks from the previous marketing year could amount to around 3.0 million tons. South Africa is heading for 3.5 million tons of corn exports in the 2020/21 MY, after the production of the second largest corn crop on record of 16.9 million tons. Japan, Taiwan, South Korea Vietnam, and Botswana are currently the major markets for South Africa's corn.

US\$1 = Rand 15.60 (01/10/2022)

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<sup>1</sup> The marketing years (MY) 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**

Due to the promising start to the summer rainfall season and the current favorable weather conditions, Post's estimate for South Africa's 2021/22 MY total corn crop (subsistence and commercial production) remains unchanged at 16.1 million tons (also refer to Table 1). In addition, the medium-term weather forecast to March from the South African Weather Services appears favorable for continued rainfall (due to the La Niña weather pattern), adding to optimism for another surplus corn crop in the 2021/22 MY.

South Africa had an excellent start to the 2021/22 MY, with carry-over soil moisture and widespread rains during October and November ensuring corn producers could start plantings two to four weeks earlier than usual. Favorable weather conditions continued during December and January over most parts of the summer rainfall production region providing conducive growing conditions.

However, some growing regions received excessive rainfall with areas in the Free State province recording historically high rainfall figures. Excessive rainfall in parts of the western Free State and Northwest provinces led to flooding, which destroyed some corn fields. In addition, the sandy water-table soils in the areas are saturated causing damage to waterlogged planted crops. Fertilizer leaching also occurred in parts of the summer rainfall production area due to excessive rainfall.

However, the true impact of the excessive rains will only become clear over the next few months when the South African Crop Estimates Committee (CEC) releases its summer crop production estimates. The first production estimate of the 2021/22 MY summer rainfall crops is due at the end of February 2022.

On November 25, 2021, the CEC released its final production estimate for South Africa's 2020/21 MY summer rainfall crops. The CEC estimated the South African corn crop for the 2020/21 MY at 16.9 million tons (16.2 million tons from commercial producers and 636,440 tons from subsistence producers) on 3.1 million hectares at a national average yield of 5.4 tons per hectare. The 2020/21 MY crop is the second largest corn crop ever produced in South Africa and six percent larger than the 2019/20 MY's crop of 15.8 million tons. The three main corn producing areas in South Africa, namely the Free State (43 percent), Mpumalanga (24 percent) and North West (17 percent) provinces produced collectively 84 percent of the 2020/22 MY's corn crop.

The following table details area planted, yield and production figures for commercial white corn and yellow corn as well as corn produced by subsistence farmers for the 2019/20 MY (actual), 2020/21 MY (estimate), and 2021/22 MY (forecast).

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

	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)
<b>MY</b>	<b>2019/20 (actual)</b>			<b>2020/21 (estimate)</b>			<b>2021/22 (forecast)</b>		
<b><u>Commercial corn</u></b>									
White	1,616	5.3	8,548	1,692	5.1	8,609	1,600	5.2	8,300
Yellow	995	6.8	6,752	1,063	7.2	7,625	1,100	6.6	7,200
<b>Sub Total</b>	<b>2,611</b>	<b>5.9</b>	<b>15,300</b>	<b>2,755</b>	<b>5.9</b>	<b>16,234</b>	<b>2,700</b>	<b>5.7</b>	<b>15,500</b>
<b><u>Subsistence corn</u></b>									
White	222	1.7	375	276	1.7	445	220	1.8	400
Yellow	75	2.2	168	87	2.3	191	80	2.5	200
<b>Sub Total</b>	<b>297</b>	<b>1.8</b>	<b>544</b>	<b>363</b>	<b>1.8</b>	<b>636</b>	<b>300</b>	<b>2.0</b>	<b>600</b>
<b>TOTAL</b>	<b>2,908</b>	<b>5.4</b>	<b>15,844</b>	<b>3,118</b>	<b>5.4</b>	<b>16,870</b>	<b>3,000</b>	<b>5.4</b>	<b>16,100</b>

**Source:** Crop Estimates Committee and Post estimates

## Consumption

Post maintains its previous estimate for the commercial demand for corn in South Africa in the 2020/21 MY and 2021/22 MY at 11.6 million tons and 11.8 million tons, respectively. This represents marginal growth from the 2019/20 MY and correlates with the average increase of about two percent per annum over the past five years in the consumption of corn (white and yellow corn) in South Africa. Economic growth in South Africa is expected to remain under pressure in the next couple of years due to the impact of the COVID-19 pandemic and structural and policy constraints. The struggling domestic economy will hinder any major increase in the demand for corn, especially for animal feed purposes. Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the 2019/20 MY (estimate), 2020/21 MY (estimate), and 2021/22 MY (forecast).

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

<b>CORN (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>2019/20</b>			<b>2020/21</b>			<b>2021/22</b>		
<b>Human</b>	5,074	584	<b>5,658</b>	5,250	600	<b>5,850</b>	5,400	600	<b>6,000</b>
<b>Animal</b>	1,326	4,202	<b>5,528</b>	2,000	3,550	<b>5,550</b>	1,000	4,650	<b>5,650</b>
<b>Other</b>	27	94	<b>121</b>	50	100	<b>150</b>	50	100	<b>150</b>
<b>TOTAL</b>	<b>6,427</b>	<b>4,880</b>	<b>11,307</b>	<b>7,300</b>	<b>4,250</b>	<b>11,550</b>	<b>6,450</b>	<b>5,400</b>	<b>11,800</b>

**Source:** Sagis; Grain SA

**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 should remain a net exporter of corn in the 2021/22 MY. Post estimates South Africa may export around 3.0 million tons of corn, on an estimated commercial corn crop of 15.5 million tons and relatively large carry-over stocks from the previous marketing year.

South Africa is heading for 3.5 million tons of corn exports in the 2020/21 MY, after the production of the second largest corn crop on record. In the first eight months of the 2020/21 MY, South Africa already exported 2.5 million tons of corn (see also Table 3), equating to an average of almost 73,000 tons of corn exports per week. During this period, South Africa exported 2.1 million tons of yellow corn and 401,000 tons of white corn. Japan, Taiwan, South Korea Vietnam, and Botswana are currently the major markets for South Africa's corn. These five markets represent 80 percent of South Africa's corn exports.

**Table 3: South Africa's Exports of Corn in the 2019/20 MY and 2020/21 MY**

2019/20 MY May 1, 2020 – Apr 30, 2021 (1,000 tons)				2020/21 MY <sup>1</sup> May 1, 2021 – Apr 30, 2022 (1,000 tons)			
Countries	White corn	Yellow corn	Total	Countries	White corn	Yellow corn	Total
<b>Export Destinations</b>				<b>Export Destinations</b>			
Zimbabwe	371	145	516	Japan	0	723	723
South Korea	0	364	364	Taiwan	0	542	542
Taiwan	0	323	323	South Korea	0	319	319
Botswana	238	48	286	Vietnam	0	268	268
Japan	0	205	205	Botswana	164	7	171
Mozambique	132	50	182	Italy	82	27	109
Namibia	109	62	171	Spain	0	103	103
Eswatini	58	111	169	Eswatini	22	68	90
Italy	128	0	128	Mozambique	47	31	78
Vietnam	0	106	106	Namibia	33	32	65
Lesotho	65	10	75	Lesotho	44	0	44
Ethiopia	20	0	20	Angola	4	7	11
Saudi Arabia	0	1	1	Ghana	0	10	10
				Zimbabwe	5	0	5
				Saudi Arabia	0	2	2
				Seychelles	0	1	1
<b>TOTAL EXPORTS</b>	<b>1,122</b>	<b>1,425</b>	<b>2,547</b>	<b>TOTAL EXPORTS</b>	<b>401</b>	<b>2,140</b>	<b>2,541</b>
<b>Imports</b>				<b>Imports</b>			
				Zambia	7	0	7

Source: Sagis

Note: 1. Preliminary export data from May 1, 2021 to December 31, 2021

## Prices

South Africa's local corn prices are currently trading in correlation with export parity levels, an indication of the abundance of corn available on the local market. However, South Africa's local corn prices are supported by an increase in export parity price levels driven by a depreciation of the domestic exchange rate and generally higher global grains prices. As a result, local corn prices are trading at relatively high levels of around R3,800 per ton (\$244/ton) and increased by about 18 percent the past three months. Table 4 indicates the current and future prices of South African corn as on January 10, 2022, while Figure 1 and Figure 2 illustrates the trends in the local prices for white corn and yellow corn since January 2019.

Local corn prices will continue to move with export parity levels as the season continues and will be influenced by stronger evidence on the size of the local corn crop, the international price of corn, and global events that will have an impact on South Africa's volatile exchange rate. South Africa's corn market operates in a free market environment, where local and international factors have an impact on local corn prices.

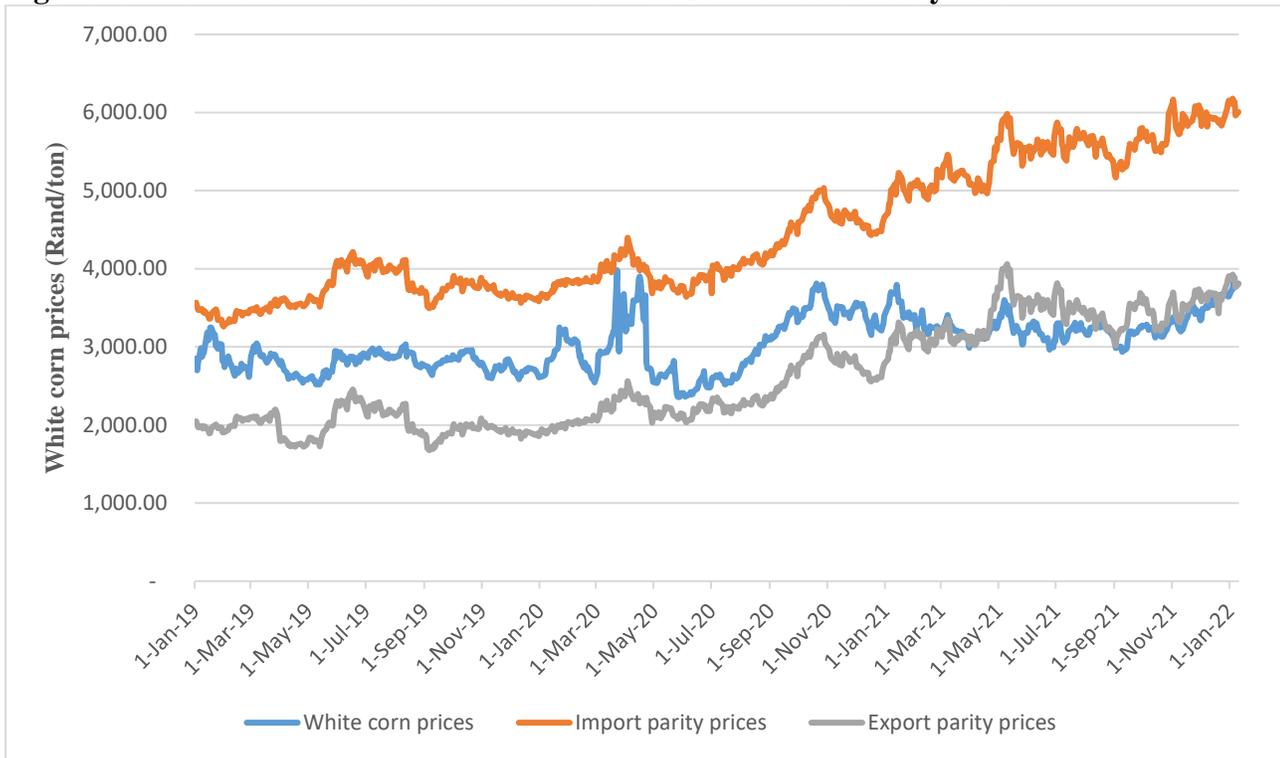
**Table 4: Local Corn Prices**

Commodity	Futures prices (year/month)				
	2022/01	2022/03	2022/05	2022/07	2022/09
White corn	R3,812/t (\$244/t)	R3,775/t (\$242/t)	R3,600/t (\$230/t)	R3,593/t (\$230/t)	R3,638/t (\$233/t)
Yellow corn	R3,940/t (\$253/t)	R3,912/t (\$250/t)	R3,650/t (\$234/t)	R3,650/t (\$234/t)	R3,699/t (\$237/t)

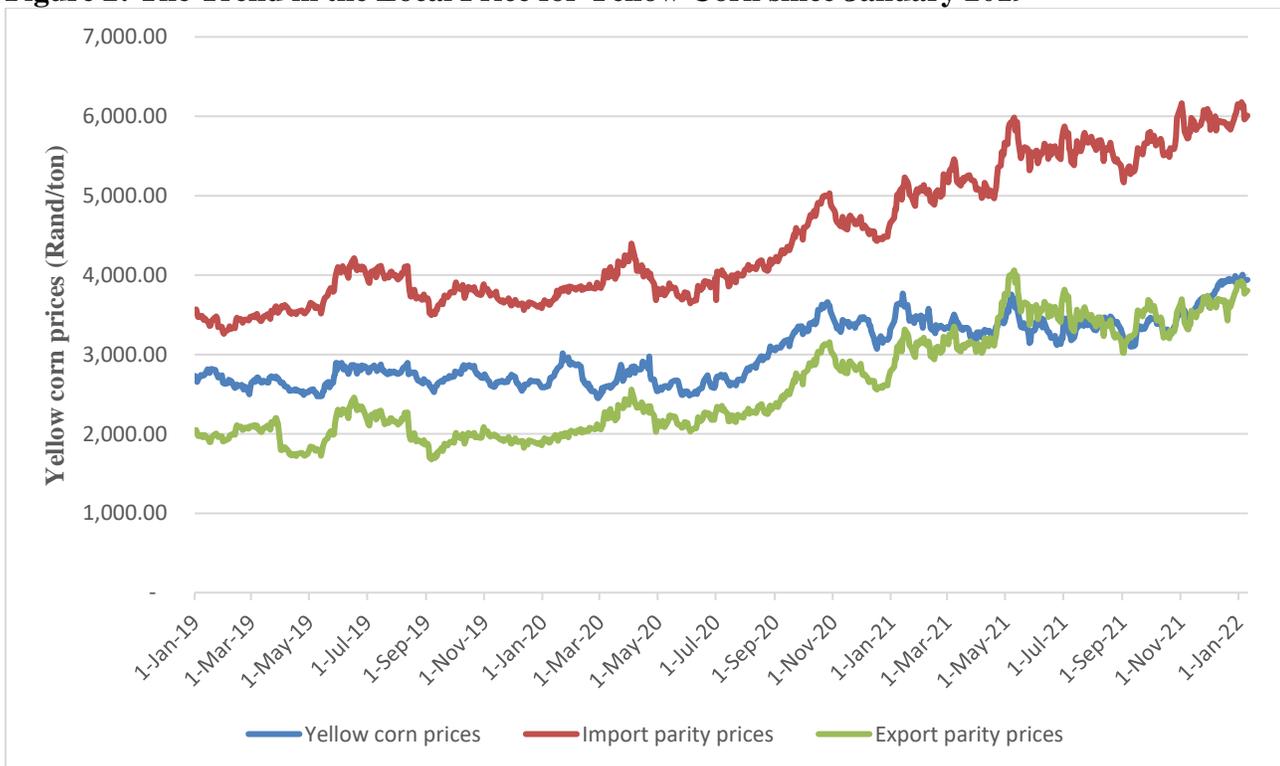
**Source:** GrainSA (as of 01/10/2022)

**Note:** US\$1 = Rand 15.60

**Figure 1: The Trend in the Local Price for White Corn since January 2019**



**Figure 2: The Trend in the Local Price for Yellow Corn since January 2019**



**Table 5: PS&D Table for corn**

<b>Corn</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>May-20</b>		<b>May-21</b>		<b>May-22</b>	
<b>South Africa</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	2908	2908	3120	3118	3100	3000
<b>Beginning Stocks</b>	1020	1020	2117	2117	2827	2997
<b>Production</b>	15844	15844	16900	16870	17000	16100
<b>MY Imports</b>	0	0	10	10	0	0
<b>TY Imports</b>	258	258	6	6	0	0
<b>TY Imp. from U.S.</b>	1	1	1	1	0	0
<b>Total Supply</b>	16864	16864	19027	18997	19827	19097
<b>MY Exports</b>	2547	2547	3200	3500	3200	3000
<b>TY Exports</b>	2456	2456	2751	2751	3200	3000
<b>Feed and Residual</b>	6400	6400	7200	6500	7300	6600
<b>FSI Consumption</b>	5800	5800	5800	6000	6000	6150
<b>Total Consumption</b>	12200	12200	13000	12500	13300	12750
<b>Ending Stocks</b>	2117	2117	2827	2997	3327	3347
<b>Total Distribution</b>	16864	16864	19027	18997	19827	19097
<b>Yield</b>	5.45	5.45	5.42	5.41	5.48	5.37

(1,000 HA), (1,000 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 2021/2022 = October 2021 - September 2022

**Attachments:**

No Attachments