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Report Highlights:

Due to the promising start the summer rainfall season and the current favorable weather conditions, there is increased optimism that South Africa will produce a second consecutive bumper corn crop in the 2020/21 MY. As a result, post increased its estimate for South Africa's 2020/21 MY total corn crop (subsistence and commercial corn) by 14 percent to 16 million tons. This would enable South Africa to export about 3.0 million tons of corn in the 2020/21 MY. In the current marketing year (2019/20 MY), after producing the second largest crop in history, South Africa is heading to 2.5 million tons of corn exports.

Executive Summary

Post increased its estimate for South Africa's 2020/21 MY total corn crop by 14 percent to 16 million tons. This estimate is on the same level as the 2019/20 MY corn crop. Increased optimism for a bumper 2020/21 MY corn crop is driven by favorable weather conditions. South Africa had an exceptional start to the 2020/21 MY, with widespread rains during October and November that ensured corn producers completed plantings on time. Favorable weather conditions continued during December and January over most of the summer rainfall production region providing conducive growing conditions.

Post increased its previous estimate for the commercial demand for corn in South Africa for the 2019/20 MY from 11.4 million tons to 11.5 million tons. The increase is mainly driven by a rise in the demand for corn for human consumption. With South Africa's relatively weak economy and high unemployment rate, many consumers, especially lower income consumers, are shifting more to white corn, in the form of a meal, as relatively inexpensive source of carbohydrates. Post also increased its forecast for the commercial demand for corn in the 2020/21 MY to 11.7 million tons, driven mainly by an increase in the human consumption of corn.

South Africa will remain a net exporter of corn in the 2020/21 MY on an estimated second consecutive bumper corn crop that will see the estimated commercial production exceeding local consumption. Post predicts South Africa should be able to export around 3.0 million tons of corn in the 2020/21 MY. In addition, Post estimates South Africa will export about 2.5 million tons of corn in the 2019/20 MY. In the first 8 months of the 2019/20 MY, South Africa already exported 1.9 million tons of corn with South Korea, Taiwan, Zimbabwe, Botswana and Japan the major markets.

US\$1 = Rand 15.15 (01/14/2021)

¹⁾ *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

South Africa had an exceptional start to the 2020/21 MY, with widespread rains during October and November ensuring corn producers completed plantings on time. Favorable weather conditions continued during December and January over most of the summer rainfall production region providing conducive growing conditions. The medium term weather forecast to March from the South African Weather Services appears favorable for continues rainfall (La Niña weather pattern), adding to optimism for a bumper corn crop in the 2020/21 MY. Although, heavy rains carry a risk of crop damage, this risk appears limited at this stage.

Due to the promising start the summer rainfall season and the current favorable weather conditions, post increased its estimate for South Africa's 2020/21 MY total corn crop (subsistence and commercial corn) by 14 percent to 16 million tons. This estimate is on the same level as the 2019/20 MY corn crop (also refer to Table 1). The South African Crop Estimates Committee (CEC) will release its first estimate of the 2020/21 MY summer rainfall crops at the end of February 2021.

In terms of the 2019/20 MY, on November 26, 2020, the CEC released its final production estimate for South Africa's summer rainfall crops. The CEC estimated the South African commercial corn crop for the 2019/20 MY at 15.4 million tons on 2.6 million hectares at a national average yield of 5.9 tons per hectare. The 2019/20 MY corn crop is the second largest commercial corn crop ever produced in South Africa and 37 percent larger than the 2018/19 MY's commercial crop of 11.3 million tons. The three main corn producing areas in South Africa, namely the Free State (45 percent), Mpumalanga (21 percent) and North West (18 percent) provinces produced collectively 84 percent of the 2019/20 MY's corn crop.

The CEC kept the 2019/20 MY's production estimate for the subsistence farming sector's corn crop unchanged at 543,545 tons, marginally lower than the 549,180 tons produced in the 2018/19 MY. This means South Africa's total corn crop for the 2019/20 MY is estimated at 16.0 million tons on 2.9 million hectares, which is 35 percent more than the 2018/19 MY's corn crop of 11.8 million tons.

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 2018/19 MY (actual), 2019/20 MY (estimate), and 2020/21 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 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t
MY	2018/19			2019/20			2020/21		
<u>Commercial corn</u>									
White	1,298	4.3	5,545	1,616	5.4	8,666	1,450	5.4	7,800
Yellow	1,002	5.7	5,730	995	6.6	6,742	1,150	6.6	7,600
Sub Total	2,300	4.9	11,275	2,611	5.9	15,408	2,600	5.9	15,400
<u>Subsistence corn</u>									
White	221	1.7	379	222	1.7	375	220	1.8	400
Yellow	75	2.3	170	75	2.2	168	80	2.5	200
Sub Total	296	1.9	549	297	1.8	543	300	2.0	600
TOTAL	2,596	4.6	11,824	2,908	5.5	15,952	2,900	5.5	16,000

Source: CEC

Consumption

Post increased its previous estimate for the commercial demand for corn in South Africa for the 2019/20 MY from 11.4 million tons to 11.5 million tons. This change is based on the latest information published by the South African Grain Information Services (Sagis). The increase is mainly driven by an increase in the demand for corn for human consumption. With South Africa's relatively weak economy and high unemployment rate, many consumers, especially lower income consumers, are shifting more to white corn, in the form of a meal, as relatively inexpensive source of carbohydrates. Post increased its estimate of the human consumption for corn in the 2019/20 MY to 5.8 million tons, an increase of 8 percent from the previous marketing year.

On the other hand, the shrinking local economy is limiting an increase in the demand for animal protein. Yellow corn is used as the primary ingredient for animal feed, especially in the broiler industry. Post reduced its estimate for the demand for corn for animal feed in the 2019/20 MY to 5.6 million tons, and decrease of 3 percent from the 2018/19 MY's level of 5.7 million tons.

As a result of the changes in the local demand for corn discuss above, Post also increased its consumption forecast for corn in the 2020/21 MY to 11.7 million tons, mainly driven by an increase in the human consumption of corn. South Africa's economic growth will still be under pressure in 2021, due to the ongoing COVID-19 pandemic and structural and policy constraints.

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the 2018/19 MY (actual), 2019/20 MY (estimate), and 2020/21 MY (forecast).

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

CORN 1,000 Mt	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2018/19			2019/20			2020/21		
Human	4,809	578	5,387	5,200	600	5,800	5,400	600	6,000
Animal	629	5,069	5,698	1,300	4,250	5,550	1,000	4,500	5,500
Other	42	136	178	50	100	150	50	150	200
TOTAL	5,480	5,783	11,263	6,550	4,950	11,500	6,350	5,350	11,700

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 commercial on-farm usages.

Trade

South Africa will remain a net exporter of corn in the 2020/21 MY on an estimated second consecutive bumper corn crop that will see commercial production exceeding local consumption. Post predicts South Africa should be able to export around 3.0 million tons of corn in the 2020/21 MY.

Post estimates South Africa will export about 2.5 million tons of corn in the 2019/20 MY. In the first 8 months of the 2019/20 MY, South Africa already exported 1.9 million tons of corn (1.2 million tons of yellow corn and 667,175 tons of white corn). Early in the 2109/20 MY, most of the yellow corn exports were destined for countries in the Far East particularly South Korea, Taiwan and Japan (see Table 3). However, South Africa's exports to these markets ceased in September 2020, after the Northern hemisphere countries corn harvest and consequent entry to the world market. South Africa, however, continued exporting yellow corn to its neighboring countries.

Almost all of South Africa's white corn exports in the 2019/20 MY are destined to South Africa's neighboring countries. So far in the 2019/20 MY, Zimbabwe (206,692 tons), Botswana (162,127 tons) and Mozambique (101,606 tons) were the major markets for South Africa's white corn. South Africa, with ample white corn stocks, is in the perfect position to continue supplying the region with corn.

Table 3: South Africa's exports and imports of corn in the 2018/19 MY and 2019/20 MY

2018/19 MY May 1, 2019 – Apr 30, 2020 (1,000 tons)				2019/20 MY ¹ May 1, 2020 – Apr 30, 2021 (1,000 tons)			
Countries	White corn	Yellow corn	Total	Countries	White corn	Yellow corn	Total
Export Destinations				Export Destinations			
Zimbabwe	268	72	340	South Korea	0	364	364
Botswana	191	85	276	Taiwan	0	323	323
Namibia	181	66	247	Zimbabwe	207	88	295
Mozambique	162	50	212	Botswana	162	32	194
Eswatini	45	109	154	Japan	0	153	153
Ethiopia	74	0	74	Mozambique	101	36	137
Lesotho	52	13	65	Eswatini	33	77	110
Somalia	23	0	23	Vietnam	0	106	106
Tanzania	23	0	23	Namibia	47	44	91
Uganda	20	0	20	Lesotho	48	2	50
North Korea	0	9	9	Italy	49	0	49
South Korea	0	6	6	Ethiopia	20	0	20
				Saudi Arabia	0	1	1
TOTAL EXPORTS	1,039	410	1,449	TOTAL EXPORTS	667	1,226	1,893
Import suppliers							
Argentina	0	460	460				
Brazil	0	50	50				
TOTAL IMPORTS	0	510	510	TOTAL IMPORTS	0	0	0

Source: SAGIS

Note: 1. Preliminary export and import data from May 1, 2020 to January 1, 2021

Prices

South Africa's local corn prices are supported by an increase in export parity price levels driven by a relatively weak domestic exchange rate, a stable demand for South Africa's corn in the region and generally higher global grains prices. As a result, white corn prices and yellow corn prices are, respectively, 34 percent and 38 percent higher than a year ago, despite early signs of another bumper crop. Table 4 indicates the current and future prices of South African corn as on January 13, 2021, while Figure 1 and Figure 2 illustrates the trends in the local prices for white corn and yellow corn since January 2018.

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 CEC's first production estimate will be the end of February), 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)				
	2021/01	2021/03	2021/05	2021/07	2021/09
White corn	R3,796/t (\$250/t)	R3,729/t (\$246/t)	R3,239/t (\$214/t)	R3,159/t (\$209/t)	R3,215/t (\$212/t)
Yellow corn	R3,769/t (\$249/t)	R3,700/t (\$244/t)	R3,314/t (\$219/t)	R3,274/t (\$216/t)	R3,333/t (\$220/t)

Source: GrainSA (as of 01/13/2021)

Note: US\$1 = Rand 15.15

Figure 1: The trend in the local price for white corn since January 2018

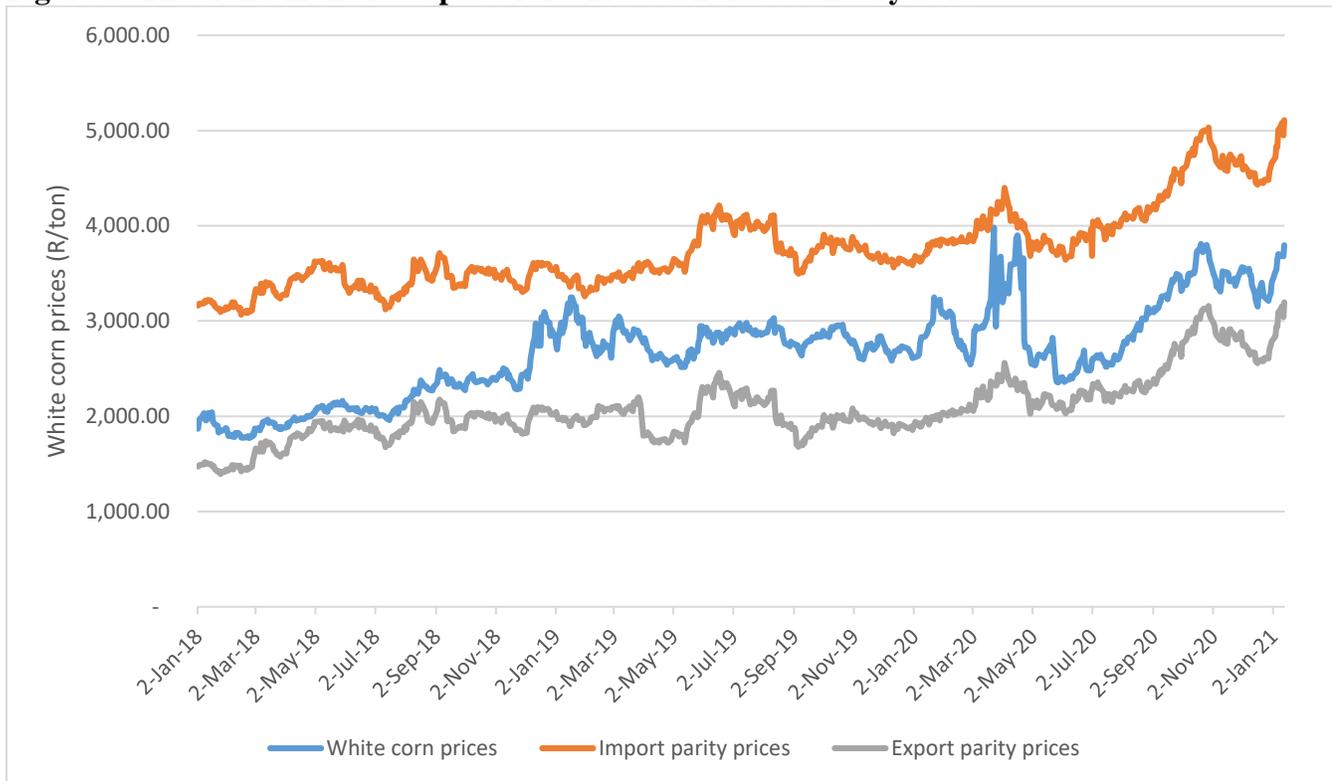


Figure 2: The trend in the local price for yellow corn since January 2018

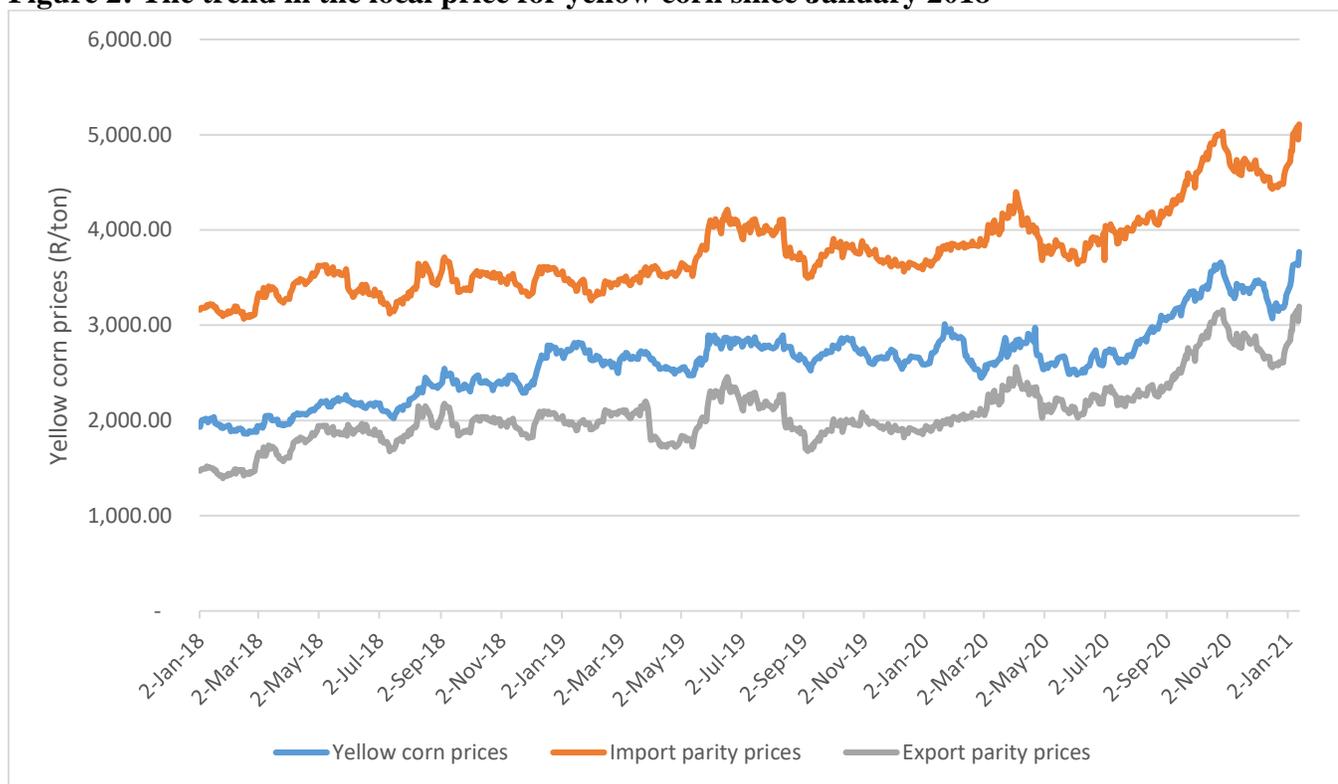


Table 5: PS&D Table for corn

Corn	2018/2019		2019/2020		2020/2021	
	May-19		May-20		May-21	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
South Africa						
Area Harvested	2,597	2,597	2,910	2,908	3,000	2,900
Beginning Stocks	2,672	2,672	1,020	1,020	1,920	1,722
Production	11,824	11,824	16,000	15,952	16,000	16,000
MY Imports	509	509	0	0	0	0
TY Imports	423	423	258	258	0	0
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	15,005	15,005	17,020	16,972	17,920	17,722
MY Exports	1,449	1,449	2,500	2,500	2,800	3,000
TY Exports	1,183	1,183	2,456	2,456	2,800	3,000
Feed and Residual	7,036	7,046	6,800	6,800	7,000	6,850
FSI Consumption	5,500	5,500	5,800	5,950	5,800	6,150
Total Consumption	12,536	12,546	12,600	12,750	12,800	13,000
Ending Stocks	1,020	1,010	1,920	1,712	2,320	1,712
Total Distribution	15,005	15,005	17,020	16,972	17,920	17,722
Yield	4.55	4.55	5.50	5.49	5.33	5.52

(1,000 HA), (1,000 MT), (MT/HA)

Attachments:

No Attachments