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Report Highlights:

South Africa should remain a net exporter of corn in the 2021/22 marketing year (MY) on excess supplies. In the 2020/21 MY, South Africa will be able to increase corn exports by 40 percent to 3.5 million tons, after the production of a second consecutive bumper crop. The 2020/21 MY corn crop is the second largest corn crop ever produced in South Africa, and pushed the 2019/20 MY's commercial corn crop into third place. This means that South Africa's three largest corn crops on record were produced in the past five years, driven mainly be increased yields. South Africa exported 2.5 million tons of corn in the 2019/20 MY, up 76 percent from the previous marketing year after a 35 percent increase in corn production.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Executive Summary

South Africa produced a second consecutive bumper crop in the 2020/21 MY that is putting downward pressure on local corn prices. Lower local corn prices will influence producers' decisions on the area to be planted with corn later in 2021, for the 2021/22 MY. Hence, Post forecasts a nine percent drop in the commercial corn area to 2.5 million hectares. Under normal climatic conditions, assuming average yields and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 15.0 million tons, which is a drop of nine percent from the 2020/21 MY expected corn crop. However, South Africa should remain a net exporter of corn in the 2021/22 MY, as corn supplies will still exceed local demand.

On 3.1 million hectares harvested, South Africa's total corn crop for the 2020/21 MY is estimated at 16.8 million tons, which is six percent larger than the 2019/20 MY's corn crop of 15.8 million tons. The 2020/21 MY corn crop is the second largest corn crop ever produced in South Africa, mainly due to favorable weather conditions and six percent increase in corn area. As a result, South Africa could increase corn exports by 40 percent to around 3.5 million tons in the 2020/21 MY.

South Africa exported 2.5 million tons of corn in the 2019/20 MY, up 76 percent from the prior marketing year after a 35 percent increase in corn production. South Africa exported 1.4 million tons of yellow corn and 1.1 million tons of white corn. Zimbabwe, South Korea, Taiwan, Japan and Botswana were the five major markets for South Africa's corn in the 2019/20 MY.

CORN

Production

South Africa produced its second largest corn crop on record in the 2020/21 MY[1]. This bumper crop is putting downward pressure on local corn prices, which will influence producers' decisions on the area to be planted with corn later in 2021, for the 2021/22 MY. Hence, Post forecasts a nine percent drop in the commercial corn area to 2.5 million hectares, which mirrors the past five year's average corn area. Under normal climatic conditions, assuming average yields and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 15.0 million tons, which is 11 percent less than the expected corn crop of 16.8 million tons in the 2020/21 MY (also refer to Table 1).

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)**
MY	**2019/20 (actual)**			**2020/21 (estimate)**			**2021/22 (forecast)**		
Commercial corn									
White	1,616	5.3	8,548	1,692	5.3	8,937	1,500	5.2	7,800
Yellow	995	6.8	6,752	1,063	6.9	7,296	1,000	6.6	6,600
Sub Total	**2,611**	**5.9**	**15,300**	**2,755**	**5.9**	**16,233**	**2,500**	**5.7**	**14,400**
Subsistence corn									
White	222	1.7	375	237	1.7	400	220	1.8	400
Yellow	75	2.2	168	83	2.3	187	80	2.5	200
Sub Total	**297**	**1.8**	**544**	**320**	**1.8**	**587**	**300**	**2.0**	**600**
TOTAL	**2,908**	**5.4**	**15,844**	**3,075**	**5.5**	**16,820**	**2,800**	**5.4**	**15,000**

Source: Crop Estimates Committee and Post estimates

On June 29, 2021, the Crop Estimates Committee (CEC) released its fifth commercial production estimate for South Africa's 2020/21 MY summer rainfall crops. The CEC estimates the South African commercial corn crop at 16.2 million tons on 2.8 million hectares at a national average yield of 5.9 tons per hectare. The CEC estimates the commercial white corn crop at 8.9 million tons, an increase of five percent from the previous season. The CEC estimates the commercial yellow corn crop at 7.3 million tons, eight percent larger than the 6.8 million tons produced in the 2019/20 MY.

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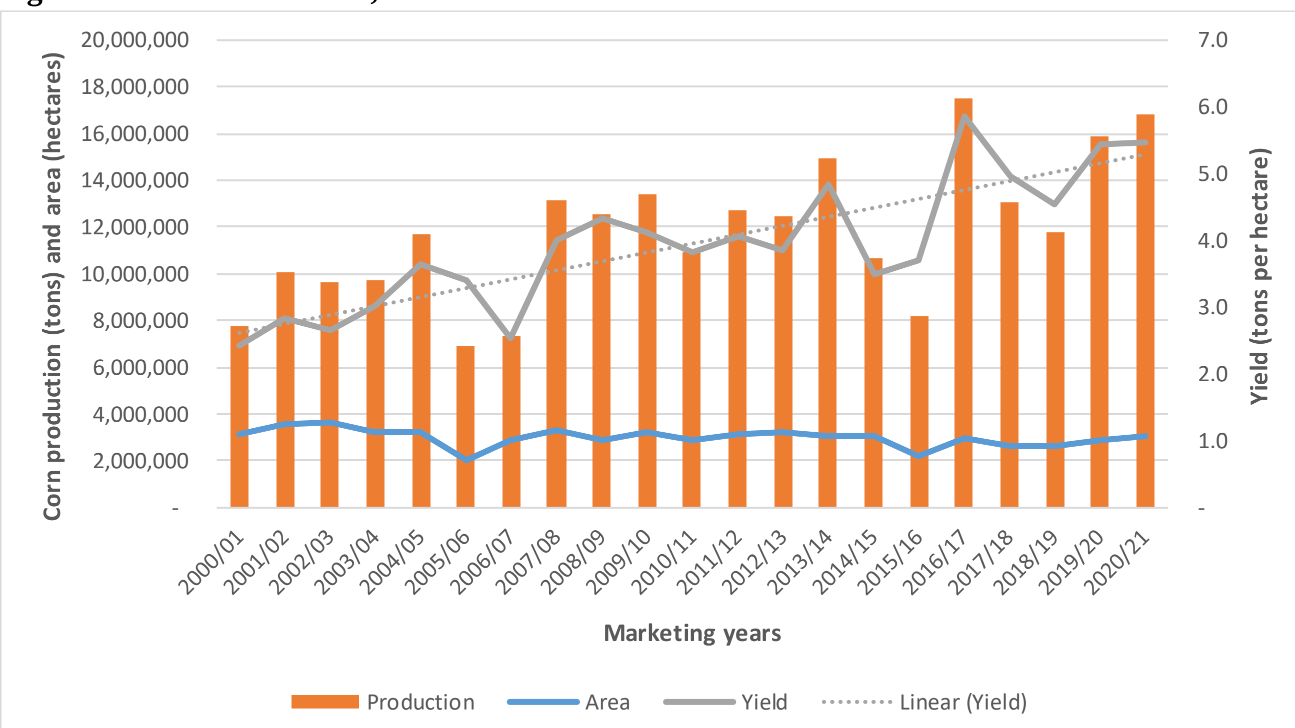
[1] The marketing years (MY) used in the text refers to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African grain industry.

The CEC also released the production estimates for the subsistence farming sector's corn crop. According to the CEC, subsistence farmers planted 319,460 hectares of corn in the 2020/21 MY, seven percent more than in the previous marketing year on favorable weather conditions. Corn production by the subsistence sector is estimated at 586,650 tons, eight percent larger than the 543,545 tons produced in the 2019/20 MY. This means South Africa's total corn crop for the 2020/21 MY is estimated at 16.8 million tons on 3.1 million hectares, which is six percent larger than the 2019/20 MY's corn crop of 15.8 million tons.

As already mentioned, the 2020/21 MY corn crop is the second largest corn crop ever produced in South Africa, pushing the 2019/20 MY's corn crop into third place. South Africa's largest corn crop of 17.6 million tons was produced in the 2016/17 MY. This means South Africa's three largest corn crops on record were produced in the past five years driven mainly be increased yields (see also 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: CEC

Consumption

Post lowered its previous estimate for the commercial demand for corn in the 2019/20 MY to 11.3 million tons to correlate with the final consumption figures released by the South African Grain Information Services (Sagis) in June 2021. This represents an increase of less than one percent from the previous year's commercial corn consumption. According to Sagis, 5.7 million tons of corn was used for human consumption, an increase of five percent from the previous marketing year. Corn milled for animal feed decreased by three percent to 5.5 million tons. Of the total commercial corn consumption, white corn represented 57 percent, mainly for human consumption, while yellow corn represented 43 percent, mainly for animal feed.

Post also lowered its previous estimates for the commercial consumption of corn in the 2020/21 MY and 2021/22 MY to represent a marginal growth rate from the 2019/20 MY. The consumption of corn (white and yellow corn) in South Africa increased, on average, by about two percent per annum over the past five years. Post estimates that this marginal increase in the commercial demand for corn will continue in the 2020/21 MY and 2021/22 MY to 11.6 million tons and 11.8 million tons, respectively. 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 local 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

CORN (1,000 Mt)	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
MY	**2019/20**			**2020/21**			**2021/22**		
Human	5,074	584	**5,658**	5,250	600	**5,850**	5,400	600	**6,000**
Animal	1,326	4,202	**5,528**	1,000	4,550	**5,550**	1,000	4,650	**5,650**
Other	27	94	**121**	50	100	**150**	50	100	**150**
TOTAL	**6,427**	**4,880**	**11,307**	**6,300**	**5,250**	**11,550**	**6,450**	**5,400**	**11,800**

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 2.0 million tons of corn, despite an expected nine percent drop in commercial production, as corn supplies will still exceed local demand. These exports will mainly be to South Africa's established markets in neighboring countries and if in demand, supplemented by deep-sea exports to Asia.

South Africa should be able to increase corn exports by almost 40 percent to 3.5 million tons in the 2020/21 MY, after the production of a second consecutive bumper crop. In the first eight weeks of the 2020/21 MY, South Africa already exported 605,000 tons of corn. This equates to an average of 75,000 tons of corn exports per week, compared to about 40,000 tons of corn exports per week during the same period in the 2019/20 MY. Vietnam, Taiwan and Spain are currently the three major markets for South Africa's corn (see also Table 3).

In the 2018/19 MY and 2019/20 MY, Zimbabwe was South Africa's main corn export market after Zimbabwe lifted restrictions on the importation of Genetically Engineered (GE) corn late in 2019. However, on May 21, 2021, the Zimbabwe's Agricultural Marketing Authority announced that it stopped issuing import permits for corn and corn meal to local grain millers. According to Zimbabwe's Ministry of Agriculture, the import restrictions are necessary as the domestic corn crop reached 2.7 million tons, the largest crop since 1984. As a result, Zimbabwe will have the largest corn surplus in nearly three decades. The expansion in the area planted, coupled with favorable rainfall since the start of the season supported this bumper crop.

With Zimbabwe as a potential export market out of the picture, and various regional corn producing and consuming countries in the Southern Africa region, such as Malawi, Zambia, Tanzania, and Mozambique, also expecting larger crops, regional demand for corn is weaker than usual. As a result, South Africa need to explore other markets for its surplus corn. The markets that South Africa will likely focus on in the 2020/21 MY are in the Far East, including Vietnam, Taiwan, Japan and South Korea.

According to Sagis, South Africa exported 2.5 million tons of corn in the 2019/20 MY, up 76 percent from the previous marketing year after a 35 percent increase in corn production. South Africa exported 1.4 million tons of yellow corn and 1.1 million tons of white corn. Zimbabwe (516,000 tons), South Korea (364,000 tons) and Taiwan (323,000 tons) were the three major markets for South Africa's corn (see also Table 3).

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[1] May 1, 2021 – Apr 30, 2022 (1,000 tons)			
Countries	**White corn**	**Yellow corn**	**Total**	**Countries**	**White corn**	**Yellow corn**	**Total**
Export Destinations				**Export Destinations**			
Zimbabwe	371	145	516	Vietnam	0	215	215
South Korea	0	364	364	Taiwan	0	107	107
Taiwan	0	323	323	Spain	0	104	104
Botswana	238	48	286	South Korea	0	46	46
Japan	0	205	205	Botswana	37	3	40
Mozambique	132	50	182	Italy	0	27	27
Namibia	109	62	171	Eswatini	5	17	22
Eswatini	58	111	169	Mozambique	11	6	17
Italy	128	0	128	Namibia	6	9	15
Vietnam	0	106	106	Lesotho	5	0	5
Lesotho	65	10	75	Zimbabwe	5	0	5
Ethiopia	20	0	20	Angola	0	2	2
Saudi Arabia	0	1	1				
TOTAL EXPORTS	**1,122**	**1,425**	**2,547**	**TOTAL EXPORTS**	**69**	**536**	**605**

Source: Sagis
Note: *1. Preliminary export data from May 1, 2021 to June 25, 2021*

Prices

South Africa's corn market operates in a relatively free market environment, where local and international factors have an impact on corn prices. As a result, local corn prices started to move closer to export parity levels in mid-January after industry role-players realized the possibility of another bumper crop, but were supported by increased export parity price levels. The increased export parity price levels were mainly driven by higher global grains prices and a relatively weak domestic exchange rate.

However, since the harvesting of local corn started in May, corn prices moved below export parity levels, reflecting on the abundance of corn available on the local market. The South African rand also gain value during this period, putting downward pressure on local corn prices. As a result, local corn prices dropped by 10 percent the past two months. However, year-on-year local corn prices are still 23 percent higher in line with increased global corn prices. Table 4 indicates the current and future prices of South African corn as on June 30, 2021, while Figure 2 and Figure 3 illustrates the trends in the local prices for white corn and yellow corn since January 2019.

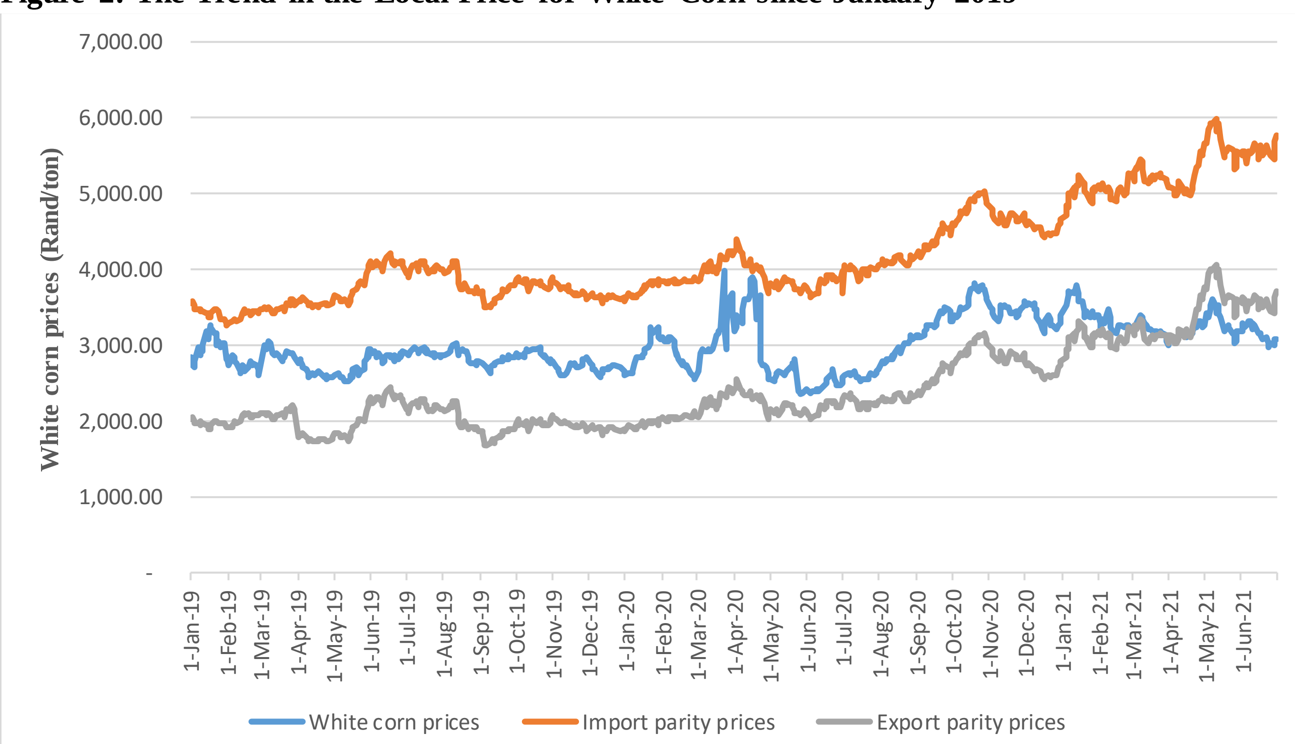
Local corn prices will continue to move with export parity levels as the marketing year continues and will be influenced by the progress in local corn exports, the international price of corn and global events that will have an impact on South Africa's volatile exchange rate.

Table 4: Local Corn Prices

	Futures prices (year/month)				
Commodity	**2021/06**	**2021/09**	**2021/12**	**2022/03**	**2022/05**
White corn	R3,069/t ($215/t)	R3,130/t ($219/t)	R3,200/t ($224/t)	R3,225/t ($226/t)	R3,184/t ($223/t)
Yellow corn	R3,199/t ($224/t)	R3,249/t ($227/t)	R3,326/t ($233/t)	R3,323/t ($232/t)	R3,180/t ($222/t)

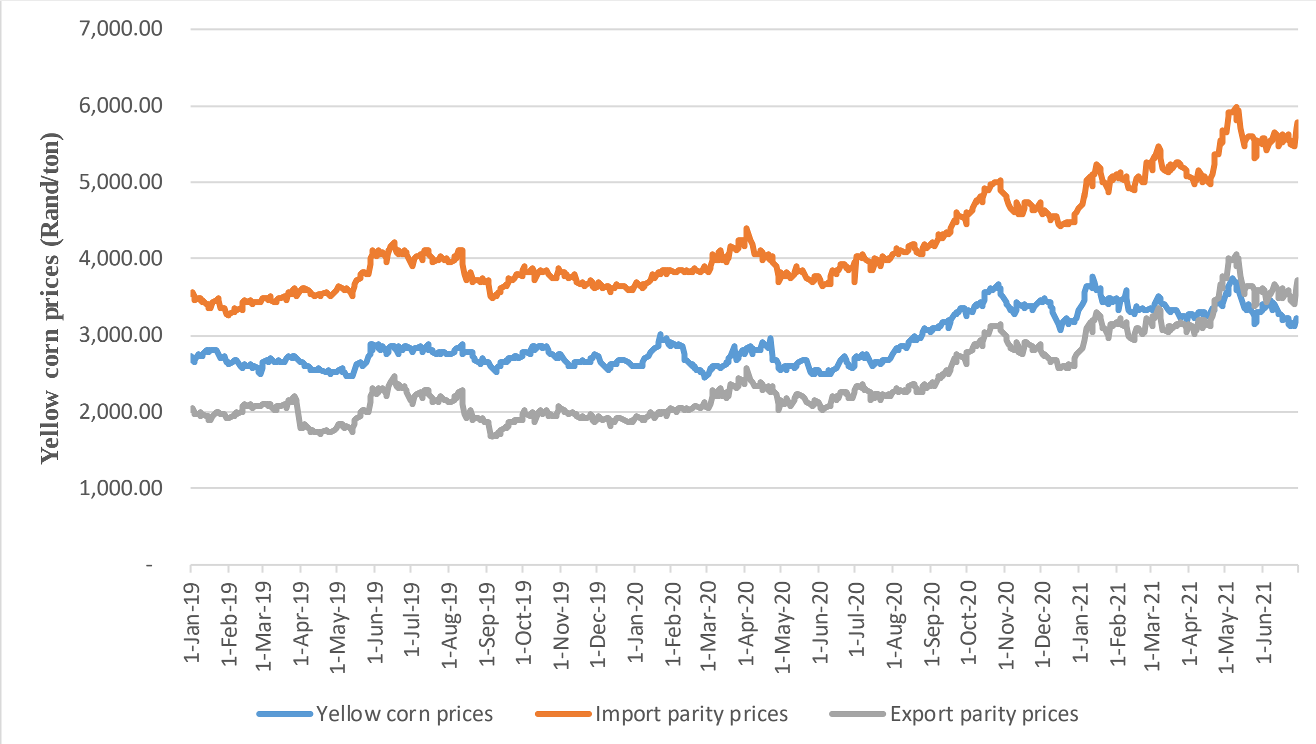
Source: GrainSA (as of 6/30/2021)
Note: US$1 = Rand 14.30

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: PS&D Table for Corn

Corn Market Begin Year South Africa	2019/2020 May-20		2020/2021 May-21		2021/2022 May-22	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	2909	2908	3075	3075	3100	2800
Beginning Stocks	1020	1020	2117	2117	3117	2937
Production	15844	15844	17000	16820	17000	15000
MY Imports	0	0	0	0	0	0
TY Imports	258	258	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16864	16864	19117	18937	20117	17937
MY Exports	2547	2547	3200	3500	3200	2000
TY Exports	2456	2456	3200	3500	3200	2000
Feed and Residual	6400	6400	7000	6500	7300	6600
FSI Consumption	5800	5800	5800	6000	6000	6150
Total Consumption	12200	12200	12800	12500	13300	12750
Ending Stocks	2117	2117	3117	2937	3617	3187
Total Distribution	16864	16864	19117	18937	20117	17937
(1000 HA) ,(1000 MT) ,(MT/HA)						

Attachments:

No Attachments