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Report Highlights:

Due to relatively attractive local corn prices, progressive exports and favorable weather forecasts, South Africa is entertaining a positive outlook for the 2020/21 MY's corn plantings. Post estimates South Africa's commercial corn producers could plant 2.6 million hectares in the 2020/21 MY, sustaining an upward trend in corn plantings. As a result, South Africa may export about 2.0 million tons of corn under normal climatic conditions 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 raised its previous estimate for the commercial area to be planted with corn in the 2020/21 MY[1] by 12 percent to 2.6 million hectares. Relatively attractive local corn prices, progressive exports and favorable weather forecasts are influencing producers planting decisions positively. Under normal climatic conditions and taking into account the subsistence farming sector, South Africa's total corn crop for the 2020/21MY could reach 14.0 million tons on 2.9 million hectares, an increase of 11 percent from Post's previous estimate of 12.6 million tons. As a result, South Africa should be able to export around 2.0 million tons of corn in the 2020/21 MY.

The Crop Estimates Committee (CEC) released its ninth commercial production estimate for South Africa's 2019/20 MY's summer rainfall crops in October 2020. The CEC estimates the South African total corn crop for the 2019/20 MY 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 2019/20 MY corn crop is the second largest commercial corn crop ever produced in South Africa. As a result, South Africa should be able to export about 2.5 million tons of corn in the 2019/20 MY. Through the first 25 weeks of the 2019/20 MY, South Africa has exported 1.6 million tons of corn with the major markets being South Korea, Taiwan, Zimbabwe and Japan.

US$1 = Rand 16.35 (10/28/2020)

[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

Post increased its previous estimate for the commercial area to be planted with corn in the 2020/21 MY by 12 percent to 2.6 million hectares, to keep it at the same level as in the 2019/20 MY. Mainly, three factors are contributing to the increased area estimate. Firstly, local corn prices are trading at more than 30 percent higher than a year ago, giving commercial producers an incentive to plant more fields to corn. Expectations are that local corn prices will remain at relative high levels for the rest of this year. Secondly, corn exports are progressing at a favorable rate and decreasing local stock levels. Expectations are that corn demand in the Southern Africa region could increase in the coming months, specifically from Zimbabwe. South Africa, with ample corn stocks, is in the perfect position to supply the region. Thirdly, favorable weather conditions for the season (a La Niña weather pattern) are forecast over most of the summer rainfall areas of South Africa, which adds to optimism and is influencing producers planting decisions positively.

Under normal climatic conditions and taking into account the subsistence farming sector, South Africa's corn crop for the 2020/21 MY could reach 14.0 million tons, an increase of 11 percent from Post's previous estimate of 12.6 million tons (also refer to Table 1).

Post's estimates on area planted with corn in the 2020/21 MY is in line with the results of the CEC's "intention to plant survey" that was released on October 28, 2020. According to the CEC survey, commercial farmers indicated that they could plant 2.7 million hectares of corn in the 2020/21 MY. The intention by commercial farmers is to plant 1.7 million hectares of white corn and 1.0 million hectares of yellow corn.

Some corn producers have already started to plant in the summer rainfall areas of South Africa after receiving favorable early season rainfall. In the eastern regions of South Africa, including the provinces of Mpumalanga, KwaZulu-Natal, and the eastern Free State, planting of summer grains usually commences from around the middle of October and ends around 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 end of December. An added advantage this season is that the western summer grain production region still has reasonable carry-over soil moisture from rain that fell in late autumn this year.

In terms of the 2019/20 MY, on October 28, 2020, the CEC released its ninth commercial 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 CEC estimates the commercial white corn crop at 8.7 million tons, an increase of almost 60 percent from the previous season. The CEC estimates the commercial yellow corn crop at 6.7 million tons, 16 percent larger than the 5.7 million tons produced in the 2018/19 MY. The three main corn producing areas in South Africa, namely the Free State, Mpumalanga and North West provinces produced collectively 84 percent of the 2019/20 MY's corn crop.

The CEC maintained the 2019/20 MY's production estimate for the subsistence farming sector's corn crop 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**		
Commercial corn									
White	1,299	4.3	5,545	1,616	5.4	8,746	1,630	4.7	7,650
Yellow	1,002	5.7	5,730	995	6.7	6,674	1,000	5.8	5,800
Sub Total	**2,301**	**4.9**	**11,275**	**2,611**	**5.9**	**15,420**	**2,630**	**5.2**	**13,450**
Subsistence corn									
White	221	1.7	379	222	1.7	375	220	1.7	375
Yellow	75	2.3	170	75	2.2	168	80	2.2	175
Sub Total	**296**	**1.9**	**549**	**297**	**1.8**	**544**	**300**	**1.9**	**550**
TOTAL	**2,597**	**4.6**	**11,824**	**2,908**	**5.5**	**15,964**	**2,930**	**4.9**	**14,000**

Source: CEC

Consumption

Post predicts a marginal increase in the commercial demand for corn in the 2020/21 MY to 11.6 million tons as South Africa's economic growth will be under pressure in 2021, due to the COVID-19 pandemic and structural and policy constraints.

Post kept its previous estimate for the commercial demand for corn in South Africa for the 2019/20 MY unchanged at 11.4 million tons. This figure represents a one percent increase in the demand for corn from the previous season. The main reasons for estimating a marginal increase in demand for corn are weak economic growth and higher local corn prices. The South African economy recorded its fourth consecutive quarter of economic decline, falling by 51 percent in the second quarter of 2020 due to the COVID-19 pandemic. This followed contractions of 1.8 percent in the first quarter of 2020 and 1.4 percent and 0.8 percent in the fourth and third quarters of 2019, respectively. It is still too early to predict the precise impact of COVID-19 on the South African economy in the third quarter and fourth of 2020, but economist estimate that the economy could shrink by as much as 10 percent in 2020.

White corn, in the form of a meal, is the staple food for many South African households, especially for lower income consumers, as it is a relatively inexpensive source of carbohydrates. Post predicts a 3 percent increase in the human consumption of corn in the 2019/20 MY to 5.6 million tons. On the other hand, yellow corn is used as the primary ingredient for animal feed, especially in the broiler industry. Post foresees that the demand for corn for animal feed in the 2019/20 MY will stay at the 2018/19 MY's level of 5.7 million tons, as the shrinking local economy will limit an increase in the demand for animal protein.

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	4,950	600	5,550	5,100	600	5,700
Animal	629	5,069	5,698	1,000	4,650	5,650	1,000	4,700	5,700
Other	42	136	178	50	150	200	50	150	200
TOTAL	**5,480**	**5,783**	**11,263**	**6,000**	**5,400**	**11,400**	**6,150**	**5,450**	**11,600**

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 as the estimated commercial production will exceed local consumption. Post predicts South Africa should be able to export around 2.0 million tons of corn in the 2020/21 MY.

Post estimates South Africa should be able to export about 2.5 million tons of corn in the 2019/20 MY on a bumper crop. In the first 25 weeks of the 2019/20 MY, South Africa already exported 1.6 million tons of corn (1.1 million tons of yellow corn and 434,165 tons of white corn). Corn exports continued amidst a COVID-19 lockdown that started on March 27, 2020, as the South African government designated the food supply system as an essential sector that needed to remain uncompromised and functional. Most of the yellow corn exports were destined for countries in the Far East particularly South Korea, Taiwan and Japan (see Table 3). South Africa's exports to these 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 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, especially Zimbabwe. Zimbabwe is in need of at least 1.0 million tons of corn in the 2019/20 MY to meet local demand after drought conditions impacted negatively on crop yields (also see [Zimbabwe Grain and Feed]), but is currently still relying on stocks from local production. However, with the depletion of Zimbabwe's local corn stock levels, South Africa's white corn exports to Zimbabwe should increase in the coming weeks. South Africa, with amble white corn stocks, is in the perfect position to supply Zimbabwe 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	153	47	200
Mozambique	162	50	212	Japan	0	153	153
Eswatini	45	109	154	Botswana	117	25	142
Ethiopia	74	0	74	Vietnam	0	106	106
Lesotho	52	13	65	Mozambique	75	24	99
Somalia	23	0	23	Eswatini	19	50	69
Tanzania	23	0	23	Namibia	13	32	45
Uganda	20	0	20	Lesotho	37	2	39
North Korea	0	9	9	Ethiopia	20	0	20
South Korea	0	6	6				
TOTAL EXPORTS	**1,039**	**410**	**1,449**	**TOTAL EXPORTS**	**434**	**1,126**	**1,560**
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 October 16, 2020*

Prices

Table 4 reflects the current and future prices of South African corn as on October 28, 2020, while Figure 1 and Figure 2 illustrates the trends in the local prices for white corn and yellow corn since January 2018. As of October 28, 2020, white corn prices and yellow corn prices were, respectively, 34 percent and 33 percent higher than a year ago, despite the local bumper crop. Local prices are supported by an increase in export parity price levels on increased international corn prices, coupled with a relatively weak domestic exchange rate.

Local corn prices will continue to move with export parity levels as the season continues and will be influenced by 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, as well as, international factors have an impact on local corn prices.

Table 4: Local Corn Prices

	Futures prices (year/month)				
Commodity	**2020/10**	**2020/12**	**2021/03**	**2021/05**	**2021/07**
White corn	R3,733/t ($228/t)	R3,728/t ($228/t)	R3,682/t ($225/t)	R3,184/t ($195/t)	R3,049/t ($186/t)
Yellow corn	R3,615/t ($221/t)	R3,633/t ($222/t)	R3,588/t ($219/t)	R3,170/t ($194/t)	R3,104/t ($190/t)

Source: GrainSA (as of 10/28/2020)
Note: US$1 = Rand 16.35

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

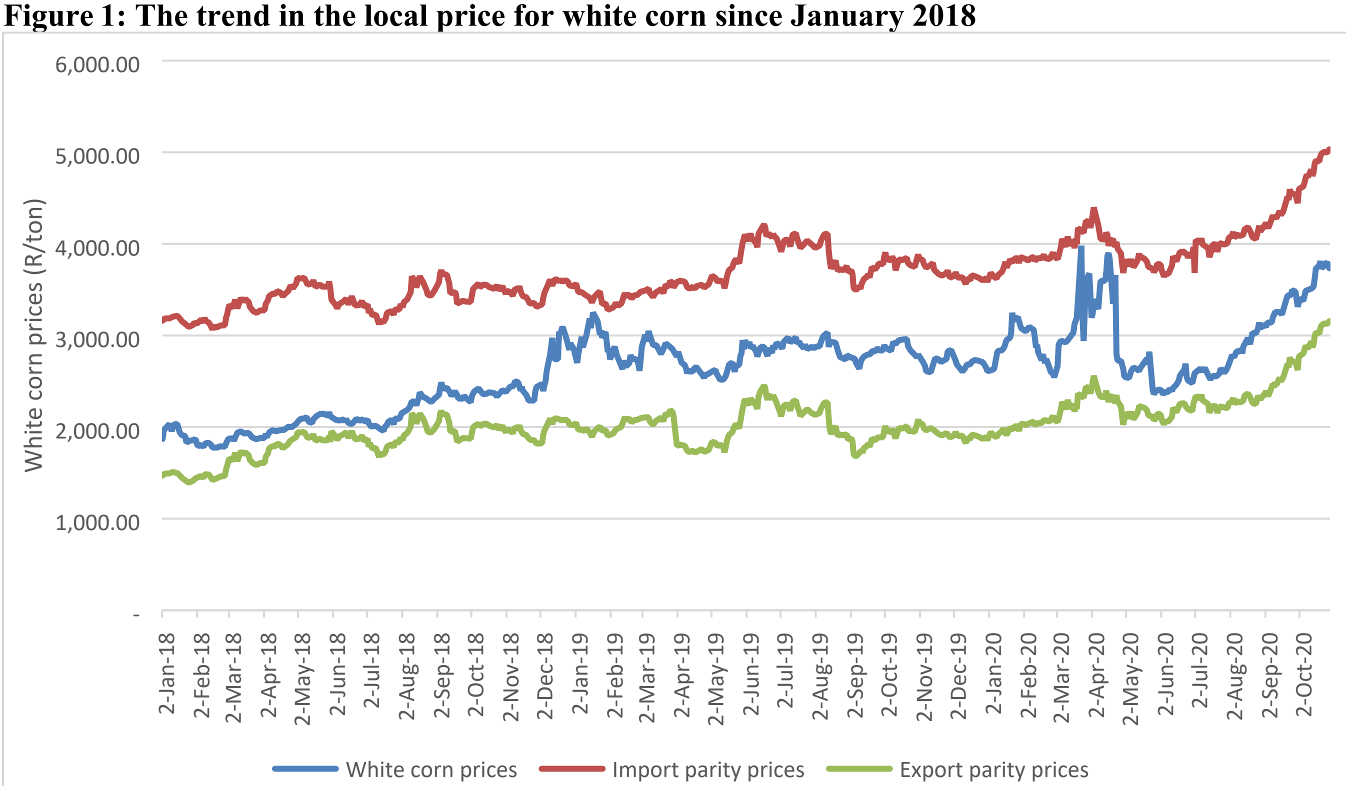

Figure 2: The trend in the local price for yellow corn since January 2018

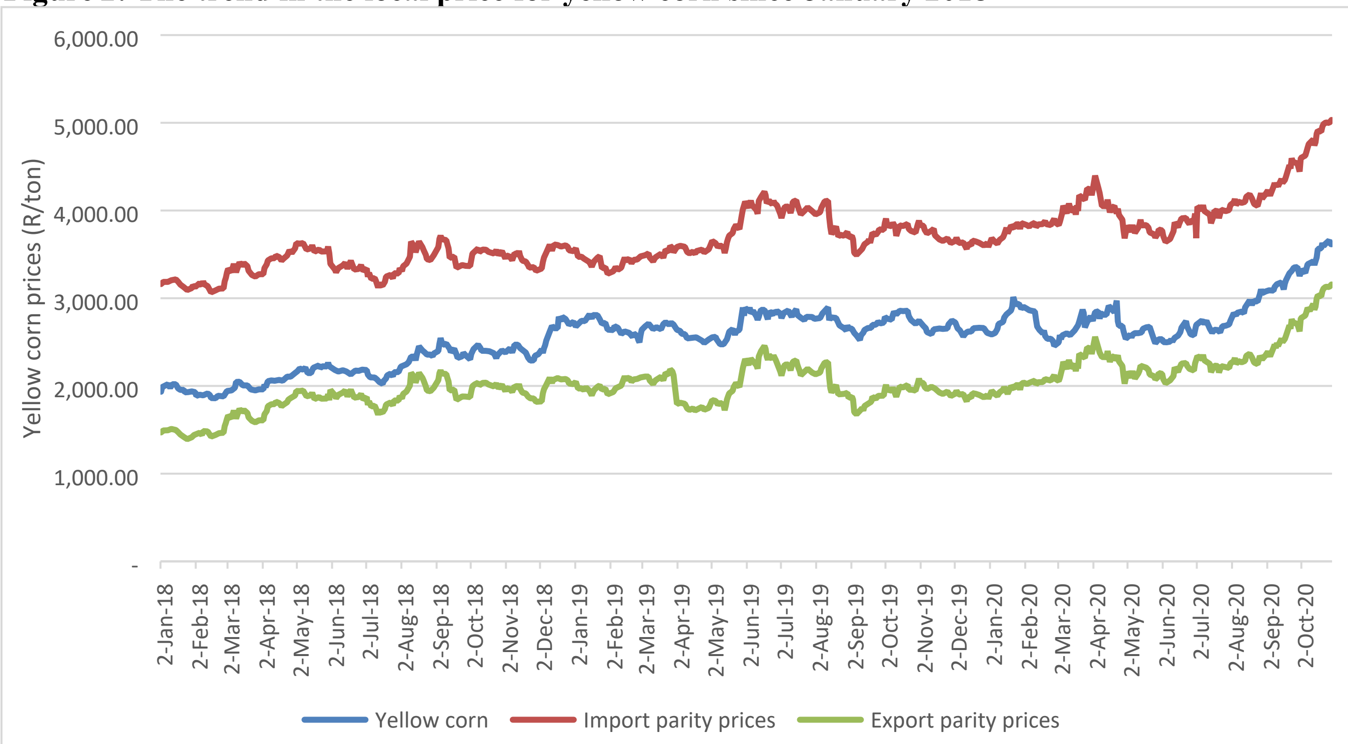

Table 5: PS&D Table for corn

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	May-19		May-20		May-21	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2597	2597	2910	2908	2700	2930
Beginning Stocks	2672	2672	1056	1057	2206	1921
Production	11824	11824	16250	15964	14000	14000
MY Imports	509	510	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	15005	15006	17306	17021	16206	15921
MY Exports	1449	1449	2500	2500	2300	2000
TY Exports	1183	1183	2500	2500	2300	2000
Feed and Residual	7000	6600	6800	6600	6600	6650
FSI Consumption	5500	5900	5800	6000	5700	6150
Total Consumption	12500	12500	12600	12600	12300	12800
Ending Stocks	1056	1057	2206	1921	1606	1121
Total Distribution	15005	15006	17306	17021	16206	15921
Yield	4.55	4.55	5.58	5.49	5.19	4.78
(1000 HA) ,(1000 MT) ,(MT/HA)						

Attachments:
No Attachments