

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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GAIN Report Number:

South Africa - Republic of

Grain and Feed Update

Quarterly Update

Approved By:

Ross Kreamer

Prepared By:

Dirk Esterhuizen

Report Highlights:

South Africa planted three million hectares of corn for the 2011/12 marketing year, eight percent less than the previous year. Most of South Africa's grain producing areas received good rains during December and January. However, some corn producing areas were reportedly affected by excessive rain, which will impact yields. Consequently, post revised its October 2010 corn crop estimate downwards by 615,000 tons to 12 million tons. South Africa's total corn crop for the 2010/11 marketing year was finalized at 13.421 million tons; hence, South Africa has approximately four million tons of surplus corn available for exports. Post estimates that South Africa will be able to export only about 1.7 million tons of the surplus corn in the 2010/11 marketing year due to current rail infrastructure constraints, the relative strength of the rand against other currencies, and the rejection of a grain export pool by the Competition Commission.

Post:

Pretoria

Executive Summary:

The first estimate for the area planted to corn by commercial farmers for the 2011/12 marketing year was released by the Crop Estimate Committee (CEC) and was set at 2.5 million hectares, in line with post's October 2010 estimate. Post forecasts subsistence farmers planted about 500,000 hectares of corn. This brings total corn plantings to three million hectares, which is eight percent less than in the 2010/11 marketing year. At an average commercial yield of 4.5 tons per hectare, another surplus corn crop of approximately 12 million tons can be produced by South Africa this year.

The CEC finalized the 2010/11 marketing year commercial corn crop at 12.815 million tons. The corn crop from subsistence farming was finalized at 605,864 tons. As a result, South Africa's total estimated corn crop for the 2010/11 marketing year is 13.421 million tons, 6.8 percent more than the 2009/10 marketing season's 12.567 million tons.

Local demand for corn is expected to grow to 10.6 million in the 2010/11 marketing year on lower corn prices; hence, South Africa will have approximately 4.0 million tons of surplus corn available for export. Post estimates that South Africa will be able to export only about 1.7 million tons of the surplus corn due to current rail infrastructure constraints, the relative strength of the rand against other currencies, and the rejection of a grain export pool by the Competition Commission.

US\$1 = Rand 7.04 (01/25/2011)

Sources:

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za
www.daff.gov.za

Corn

Production

The first estimate for the area planted to corn by commercial farmers for the 2011/12 marketing year (May 2011 to April 2012 and split year 2010/11 in the PS&D table) was released by the CEC on January 25, 2010. According to the CEC, commercial farmers planted 2.515 million hectares of corn for the 2011/12 marketing year, in line with post's estimate in October 2010. Post forecasts subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.016 million hectares, are eight percent less than in the 2010/11 marketing year. Commercial farmers planted 1.481 million hectares with white corn, 14 percent less than the previous year, and 1.035 million hectares with yellow corn, one percent more than the previous year. White corn plantings are down in response to South Africa's four million ton corn surplus, which is predominantly white corn.

Most of South Africa's grain producing areas received good rains during December and January, due to a very strong La Nina weather pattern. However, excessive rain in some fields might impact yields; consequently, post revised its October 2010 corn crop estimate downwards by 615,000 tons to 12 million tons.

On November 25, 2010 the CEC finalized the 2010/11 marketing year (2009/10 split year in the PS&D table) commercial corn crop at 12.815 million tons. This is 228,000 tons or 1.8 percent lower than the CEC's final crop estimate in September. The corn crop from subsistence farming was kept unchanged and finalized at 605,864 tons. As a result, South Africa's total corn crop for the 2010/11 marketing year is 13.421 million tons, 6.8 percent more than the previous season's 12.567 million tons. The CEC kept the area planted with corn unchanged at 3.263 million hectares, approximately 13 percent more than the previous year. Of the area planted with corn, 64 percent was white corn and 36 percent yellow corn.

Commercial white corn production for the 2010/11 marketing year was finalized at 7.83 million tons, nearly 16 percent more than the previous season on the back of increased plantings. Commercial yellow corn production was finalized at 4.985 million tons, five percent less than the previous season. Subsistence white corn production was finalized at 421,969 tons, 11 percent more than the previous season. Subsistence yellow corn production was finalized at 183,895 tons, compared to the 138,057 tons of the previous season.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

Table 1: Area planted and production of commercial and subsistence corn in South Africa

	Area 1,000ha	Yield t/ha	Prod. 1,000	Area 1,000ha	Yield t/ha	Prod. 1,000	Area 1,000ha	Yield t/ha	Prod. 1,000
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MY	2009/10			2010/11			2011/12		
Commercial corn									
White	1,489	4.6	6,775	1,720	4.5	7,830	1,481	4.3	6,368
Yellow	939	5.6	5,275	1,023	5.1	4,985	1,035	4.9	5,072
Sub Total	2,428	5.0	12,050	2,742	4.8	12,815	2,516	4.5	11,440
Subsistence corn									
White	356	1.1	379	372	1.1	422	350	1.1	380
Yellow	112	1.2	138	149	1.2	184	150	1.2	180
Sub Total	469	1.1	517	521	1.2	606	500	1.1	560
TOTAL	2,897	4.3	12,567	3,263	4.1	13,421	3,016	4.0	12,000

Source: SAGIS and CEC

Consumption

In the 2010/11 marketing season, Post estimates that corn demand in South Africa will increase from the previous marketing year, due to lower domestic corn prices. Human consumption of corn (mainly white corn) is expected to increase by almost four percent to 4.65 million tons. Animal consumption of corn (mainly yellow corn) is expected to increase by almost ten percent to 4.49 million tons. Hence, total commercial corn consumption is expected to increase by 6.8 percent to 9.97 million tons on lower prices.

Total commercial corn consumption for the 2011/12 marketing year is expected to be around 10 million tons. Corn for human consumption is expected to remain flat due to higher prices, while corn for feed purposes is expected to increase by two percent. As general economic conditions improve, middle-income consumers will consume more meat which will increase the demand for corn as the major animal feedstock. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

The following table outlines the commercial consumption for white and yellow corn for the 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

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

CORN 1,000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2009/10			2010/11			2011/12		
Human	4,132	346	4,478	4,300	350	4,650	4,250	350	4,600
Animal	362	3,739	4,101	1,400	3,090	4,490	500	4,300	4,580
Other	211	544	755	320	510	830	250	450	820
TOTAL	4,705	4,629	9,334	6,020	3,950	9,970	5,000	5,100	10,000

Source: SAGIS, Grain SA

Trade

With one of the largest corn crops ever produced in the country, South Africa has approximately 4.0 million tons of corn available for export in the 2010/11 marketing year. So far this season, South Africa has exported 1.247 million tons of corn, mainly yellow corn (see Table 3). It is one of the few seasons where more yellow corn than white has been exported by South Africa. The limited demand for white corn throughout the rest of Africa, South Africa's traditional market for white corn, reflects the reportedly good agricultural production seasons enjoyed in most east and southern Africa countries for the 2010/11 marketing year. The largest share was exported to Korea (408,499 tons of yellow corn), a new corn market for South Africa. Korea was followed by Botswana (127,205 tons) and Japan (97,880 tons).

With South Africa's current rail infrastructure constraints, the relative strength of the rand against other currencies, and the rejection of a grain export pool to export surplus corn by the Competition Commission, post estimates that South Africa will export only about 1.7 million tons of corn between May 2010 and April 2011. This means South Africa will have approximately 5.3 million tons of corn carry-over stock available for the next marketing year.

Table 3: Export and Import Countries for white and yellow corn (1,000 tons)

Marketing year	2009/10 (May 1, 2009 – Apr 30, 2010)		2010/11 (May 1, 2010 – Jan 25, 2011)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	144	28	114	13
Cameroon	1	2	8	5
Chad	1		3	
Guinea			5	
Iran		37		
Italy			24	
Japan				98
Kenya	837	15	41	
Korea				408
Kuwait		10		82
Lesotho	114	3	86	3
Mauritius				10
Madagascar	1	7		2
Malaysia		42		
Mozambique	109	25	53	17
Namibia	76	25	43	16
Nigeria			13	
Senegal		11		4
Seychelles		1		
Somalia			27	
Spain				26
Swaziland	24	52	28	37
Taiwan				51
Zimbabwe	101	4	30	
TOTAL EXPORTS	1,408	262	475	772
Import Suppliers				
Brazil	0	27	0	0
TOTAL IMPORTS	0	27	0	0

Source: SAGIS

Prices

The South Africa Future Exchange (SAFEX) prices as of October 21, 2011, are shown in Table 4. Currently, white corn prices are at R1,409 per ton and yellow corn prices at R1,522 per ton, both trading at export parity levels. Since October 2010, local white corn prices have increased by 8 percent and yellow corn prices by 10 percent, and on a year-on-year basis local white corn prices increased by 11 percent and yellow corn prices by 16 percent (see also Figure 1 and Figure 2). Since early 2008, white and yellow corn prices are trading at export parity levels, illustrating the oversupply of corn on the local market. The upward movement in local corn prices over the past few months follows the international trend although the total price impact was somewhat reduced by a nine percent increase in the value of the rand against the US\$ the past year.

Table 4: SAFEX prices for corn

SAFEX Futures prices (as of 01/21/2011)					
Commodity	2011/02	2011/03	2011/05	2011/07	2011/09
White corn	R1,409/t (\$200/t)	R1,425/t (\$202/t)	R1,453/t (\$206/t)	R1,480/t (\$210/t)	R1,508/t (\$214/t)
Yellow corn	R1,522/t (\$216/t)	R1,545/t (\$219/t)	R1,543/t (\$219/t)	R1,562/t (\$222/t)	R1,591/t (\$226/t)

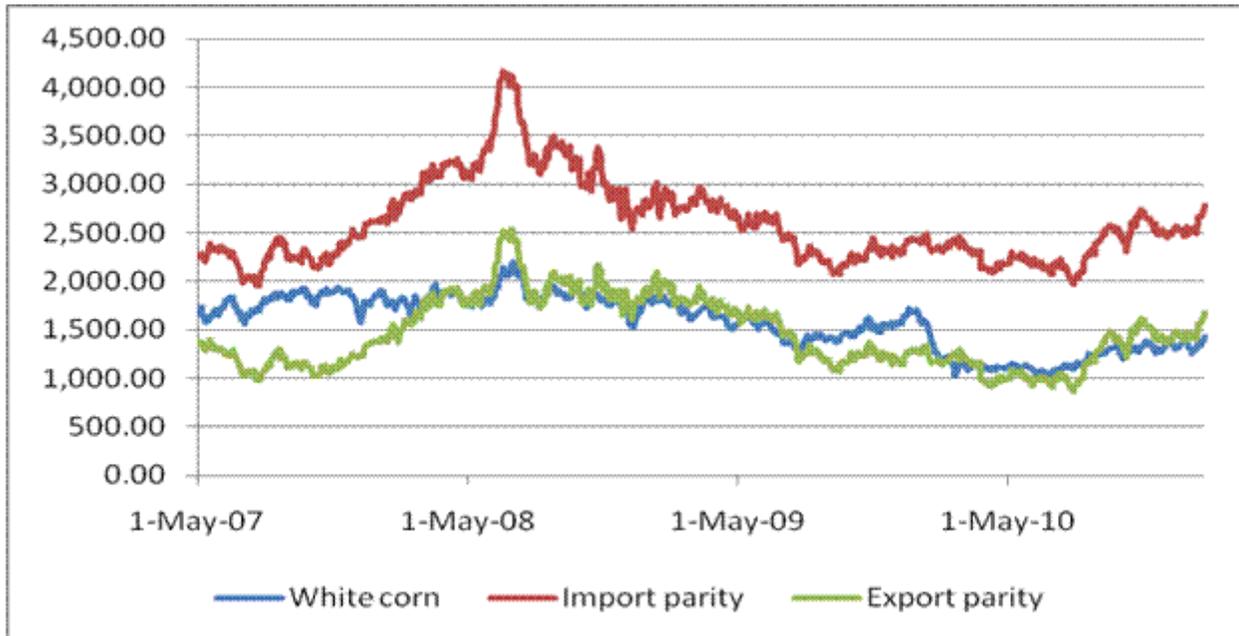


Figure 1: The trend in white corn prices in South Africa since 2007

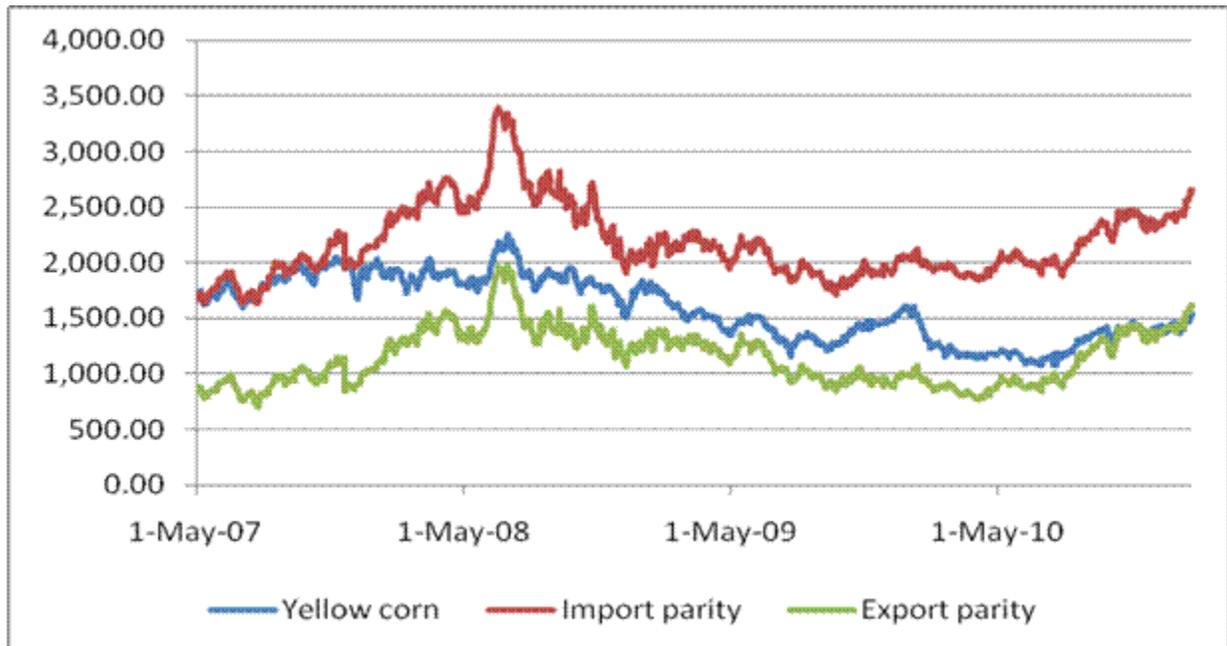


Figure 2: The trend in yellow corn prices in South Africa since 2007

PS&D Table

Corn South Africa	2008/2009		2009/2010		2010/2011	
	Market Year Begin: May 2009		Market Year Begin: May 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,896	2,896	3,263	3,263	3,000	3,000
Beginning Stocks	3,090	3,090	4,113	4,164	5,158	5,314
Production	12,567	12,567	13,420	13,420	12,500	12,000
MY Imports	27	27	25	0	25	25
TY Imports	27	27	27	0	25	25
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	15,684	15,684	17,558	17,584	17,683	17,339
MY Exports	1,671	1,670	2,000	1,700	2,500	1,700
TY Exports	2,111	2,111	1,586	1,586	2,500	1,500
Feed and Residual	4,300	4,250	4,700	4,700	5,000	4,800
FSI Consumption	5,600	5,600	5,700	5,870	5,700	5,760
Total Consumption	9,900	9,850	10,400	10,570	10,700	10,560
Ending Stocks	4,113	4,164	5,158	5,314	4,483	5,079
Total Distribution	15,684	15,684	17,558	17,584	17,683	17,339
Yield	4.	4.3394	4.	4.1128	4.	4.