

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 1/27/2012

GAIN Report Number:

South Africa - Republic of

Grain and Feed Update

Quarterly Update

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Report Highlights:

Commercial farmers in South Africa planted 2.63 million hectares of corn for the 2011/12 MY (2012/13 MY for South Africa), almost 11 percent more than the previous season's 2.37 million hectares on the back of higher domestic corn prices. Conditions in most of the corn producing regions look satisfactory, however, due to dry weather conditions that persisted during planting season most of the corn crop was planted two to four weeks later than optimal. Consequently, post revised its October 2011 commercial corn crop estimate downwards to 11.5 million tons. South Africa has exported almost 2.15 million tons of corn so far in the 2010/11 MY, but with reports that current stock levels could be depleted before the start of the new marketing season, which resulted in a sharp increase in domestic prices, post expects corn exports to slow down over the next few months to reach 2.4 million tons by the end of the marketing year.

Post:

Pretoria

Summary

According to the Crop Estimates Committee's (CEC) first estimate, commercial farmers planted 2.63 million hectares of corn for the 2011/12 MY¹ (the 2012/13 MY in South Africa which runs from May 2012 to April 2013). Furthermore, post forecasts that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.13 million hectares, are almost nine percent more than in the 2010/11 MY. Corn plantings are up in response to record high domestic corn prices on the back of reports that corn stock levels in South Africa are decreasing due to increased exports and over concerns that a drought in Argentina would limit global supplies.

Currently, conditions in most of the corn producing regions look satisfactory. However, due to dry weather conditions that persisted during planting season most of the corn crop was planted two to four weeks later than optimal. This will have an impact on yields hence post revised South Africa's total corn crop (including both the commercial and subsistence sectors) estimate for the 2011/12 MY downwards to 12.07 million tons. For the rest of the season, above average rainfall is forecasted for the grain producing areas due to the presents of a strong La Nina weather pattern.

South Africa has so far for the 2010/11 MY exported almost 2.15 million tons of corn which includes 1.47 million tons of white corn and 684,000 tons of yellow corn. With reports that current stock levels could be depleted before the start of the new marketing season, post expects corn exports to slow down in the next few months to reach 2.4 million tons by the end of the marketing year. With an estimated total corn crop of 12 million tons in the 2011/12 MY, post forecast that South Africa will be able to export another two million tons of corn in the 2011/12 MY.

South Africa has also started to import corn on the back of a stronger Rand and a downward movement in international corn prices, making corn imports more attractive. Post expects that corn imports could reach 300,000 tons in the 2010/11 MY.

US\$1 = Rand 7.90 (01/26/2012)

Sources:

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

^[1]The marketing years (MY) used in the text refers to the USDA marketing years in the PS&D table and not to the marketing years used by the South African corn industry.

Corn

Production

The first estimate for the area planted to corn by commercial farmers for the 2011/12 MY (the 2012/13 MY in South Africa which runs from May 2012 to April 2013) was released by the CEC on January 24, 2012. According to the CEC, commercial farmers planted 2.63 million hectares of corn. This estimate by the CEC on hectares planted for the 2011/12 MY is in line with post's estimate of 2.6 million hectares in October 2011. Furthermore, post forecasts that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.13 million hectares, are almost nine percent more than in the 2010/11 MY. Corn plantings are up in response to higher domestic corn prices (almost double) compared to the previous season. Domestic corn prices are up on the back of reports that corn stock levels in South Africa are decreasing due to increased exports and over concerns that a drought in Argentina would limit global supplies. Commercial farmers planted 1.59 million hectares with white corn, 12 percent more than the previous year, and 1.04 million hectares with yellow corn, nine percent more than the previous year.

Currently, conditions in most of the corn producing regions look satisfactory. However, due to dry weather conditions that persisted during planting season most of the corn crop was planted two to four weeks later than optimal. This will have an impact on yields hence post revised South Africa's total corn crop estimate for the 2011/12 MY downwards to 12.07 million tons. For the rest of the season, above average rainfall is forecasted due to the presents of a strong La Nina weather pattern.

On December 1, 2011 the CEC finalized the 2010/11 MY commercial corn crop at 10.36 million tons. This is 248,400 tons or two percent lower than the CEC's final crop estimate in September. The corn crop from subsistence farming was kept unchanged and finalized at 564,335 tons. As a result, South Africa's total corn crop for the 2010/11 marketing year is 10.92 million tons, almost 19 percent lower than the previous season's 13.42 million tons on the back of lower yields and a decrease in area planted. The area planted with corn at 2.87 million hectares, was approximately 12 percent less than the previous year. Of the area planted with corn, 62 percent was white corn and 38 percent yellow corn.

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

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

	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
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	1,000ha	t/ha	1,000 t	1,000ha	t/ha	1,000 t	1,000ha	t/ha	1,000 t
MY	2009/10			2010/11			2011/12		
Commercial corn									
White	1,720	4.5	7,830	1,418	4.3	6,052	1,590	4.3	6,800
Yellow	1,023	5.1	4,985	954	4.5	4,308	1,040	4.5	4,700
Sub Total	2,742	4.8	12,815	2,372	4.4	10,360	2,630	4.4	11,500
Subsistence corn									
White	372	1.1	422	347	1.1	396	350	1.1	390
Yellow	149	1.2	184	140	1.2	168	150	1.2	180
Sub Total	521	1.2	606	487	1.1	564	500	1.1	570
TOTAL	3,263	4.1	13,421	2,872	3.8	10,924	3,130	3.9	12,070

Source: SAGIS and CEC

Consumption

For the 2011/12 MY, post forecasts that the commercial demand for corn for human consumption and animal feed purposes will remain basically flat at 4.7 million tons and 4.6 million tons, respectively, on the back of increased corn prices.

Total commercial corn consumption for the 2010/11 MY is estimated to be around 10 million tons, three percent more than the 9.7 million tons consumed in the 2009/10 MY, driven mainly by an increase in the demand for corn for feed purposes (mainly yellow corn). Corn for human consumption (mainly white corn) is expected to reach be 4.65 million tons, while corn for feed purposes is expected to reach 4.5 million tons.

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. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

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	4,159	356	4,515	4,250	400	4,650	4,300	400	4,700
Animal	1,658	2,613	4,271	1,300	3,200	4,500	1,000	3,600	4,600
Other	353	513	866	300	500	800	300	500	800
TOTAL	6,170	3,482	9,652	5,850	4,100	9,950	5,600	4,500	10,100

Source: SAGIS, Grain SA

Trade

With an estimated total corn crop of 12.07 million tons, post forecast that South Africa will be able to export about 2 million tons of corn in the 2011/12 MY.

South Africa has so far for the 2010/11 MY exported almost 2.15 million tons of corn which includes 1.47 million tons of white corn and 684,000 tons of yellow corn (see also Table 3 below). Almost half of the corn exports (1.02 million tons of white corn) went to Mexico. With reports that current stock levels could be depleted before the start of the new marketing season, which resulted in a sharp increase

in domestic prices, post expects corn exports to slow down in the next few months. Furthermore, export parity prices for white corn and yellow corn decreased, respectively, by 35 percent and nine percent the past three months on the back of a stronger Rand and a downward movement in international corn prices, making corn exports less attractive. As a result, post expects corn exports to reach about 2.4 million tons in the 2010/11 MY. South Africa has also started to import yellow corn from Romania and small amounts of white corn from Zambia. Post expects that corn imports could reach 300,000 tons in the 2010/11 MY.

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

MY	2009/10 (May 1, 2010 – April 30, 2011)		2010/11 (May 1, 2011 – Jan 20, 2012)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	158	17	108	18
Cameroon	10	5		
Chad	3			
Ghana				8
Guinea	5			
Iran				41
Italy	131		68	
Japan		98		49
Kenya	41			
Korea	203	611	45	302
Kuwait		82		28
Lesotho	108	4	105	4
Mauritius		10		
Madagascar		6		3
Mexico	72		1,021	
Mozambique	74	24	46	13
Namibia	80	20	16	13
Nigeria	13			
Portugal	30	5		
Senegal	2	4		3
Somalia	27		20	
Spain		26		
Swaziland	55	55	5	40
Taiwan		51		162
Venezuela			31	
Zimbabwe	37			
TOTAL EXPORTS	1,049	1,018	1,465	684
Import Suppliers				
Zambia			60	0
Romania				93
TOTAL IMPORTS	0	0	60	93

Source: SAGIS

Prices

The South Africa Future Exchange (SAFEX) prices as of January 20, 2012, are shown in Table 4. Currently, white corn prices and yellow corn prices are at record highs as the price of both commodities are progressing towards import parity levels on the back of reports that South Africa's corn export push might have exhausted stocks. Since October 2011, the SAFEX March contract price for white corn increased by almost 12 percent and the yellow corn price by 14 percent. On a year-on-year basis, local white corn prices have increased by more than 90 percent and yellow corn prices by almost 76 percent.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 01/20/2012)				
Commodity	2012/01	2012/03	2012/05	2012/07	2012/09
White corn	R2,800/t (\$354/t)	R2,642/t (\$334/t)	R2,264/t (\$287/t)	R1,965/t (\$249/t)	R1,995/t (\$252/t)
Yellow corn	R2,919/t (\$369/t)	R2,641/t (\$334/t)	R2,244/t (\$284/t)	R1,926/t (\$244/t)	R1,961/t (\$248/t)

PS&D Table

Corn South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,263	3,263	2,859	2,872	3,000	3,130
Beginning Stocks	4,113	4,113	5,169	5,166	2,893	3,490
Production	13,420	13,420	10,924	10,924	12,500	12,070
MY Imports	0	0	100	300	25	0
TY Imports	27	27	6	6	100	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17,533	17,533	16,193	16,390	15,418	15,560
MY Exports	2,064	2,067	3,000	2,400	2,000	2,000
TY Exports	1,586	1,586	2,839	2,839	2,300	2,300
Feed and Residual	4,600	4,600	4,700	4,800	4,800	4,850
FSI Consumption	5,700	5,700	5,600	5,700	5,700	5,750
Total Consumption	10,300	10,300	10,300	10,500	10,500	10,600
Ending Stocks	5,169	5,166	2,893	3,490	2,918	2,960
Total Distribution	17,533	17,533	16,193	16,390	15,418	15,560

1000 HA, 1000 MT, MT/HA