

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 1/28/2013

GAIN Report Number:

South Africa - Republic of

Grain and Feed Update

Quarterly Update

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Report Highlights:

First estimates for the 2012/13 MY indicate that South African commercial corn producers planted 2.8 million hectares, up three percent from the previous season. This should yield a commercial crop of about 12.1 million tons, which will place South Africa in a position to export approximately 2.4 million tons of corn.

Post:

Pretoria

Executive Summary:

The first estimate for the area planted to corn by commercial farmers for the 2012/13 MY [1] was released by the Crop Estimates Committee (CEC) on January 24, 2013. According to the CEC, commercial farmers planted 2.78 million hectares of corn, up three percent from the previous season; on the back of higher corn prices due to tight global corn stocks after the United States' drought. Post forecasts that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.3 million hectares, are four percent more than in the 2011/12 MY.

Current growing conditions in most of the corn producing regions are satisfactory and for the rest of the season the South African Weather Service is forecasting average to above average rainfall. Hence, post kept its October 2012 commercial corn crop estimate for the 2012/13 MY unchanged at 12.1 million tons.

With an estimated commercial corn crop of 12.1 million tons, post expects that South Africa will export about 2.4 million tons of corn in the 2012/13 MY as the local demand for corn is expected to stay unchanged due to prospects of slower economic growth and relatively high corn prices.

South Africa already exported 1.2 million tons of corn in the first nine months of the 2011/12 MY.

Mexico continues to be a major market for South African white corn and 736,367 tons (63 percent of total exports) of corn has been exported to Mexico. Post estimates that South Africa will export about 1.8 million tons of corn in the 2011/12 MY, as the weakening R/\$US exchange rate is increasing South Africa's international corn price competitiveness. The rand already lost seven percent of its value since the beginning of the year, due to South Africa's financial and labor uncertainties and expectations are that this trend will continue.

US\$1 = Rand 9.04 (01/24/2013)

Sources:

www.sagis.org.za

w.grainsa.co.za

w.safex.co.za

w.daff.gov.za

^[1]The marketing years (MY) used in the text refer 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

The first estimate for the area planted to corn by commercial farmers for the 2012/13 MY (the 2013/14 MY in South Africa) was released by the CEC on January 24, 2013. According to the CEC, commercial farmers planted 2.78 million hectares of corn. This estimate by the CEC is in line with post's estimate of 2.8 million hectares made in October 2012. Post estimates that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.3 million hectares, are four percent more than in the 2011/12 MY. Corn plantings were up in response to higher corn prices during the planting period, compared to the previous season, as global corn stock were tight due to the impact of the United States' drought. Commercial farmers planted 1.62 million hectares with white corn, marginally less than the previous season, and 1.16 million hectares with yellow corn, nine percent more than the previous season.

The corn producers in the Northwest province had a late start to the season as dry weather conditions persisted during the normal planting period and most of the corn crop was planted later than optimal. However, current growing conditions in most of the corn producing regions are satisfactory and for the rest of the season the South African Weather Service is forecasting average to above average rainfall. Hence, post kept its corn crop estimate for the 2012/13 MY unchanged at 12.7 million tons.

At the end of November 2012, the CEC finalized the 2011/12 MY commercial corn crop at 11.8 million tons. This was 335,350 tons or three percent higher than the CEC's final crop estimate in September. To determine the final crop, the CEC uses actual corn deliveries by producers, projected deliveries for the rest of the marketing year and retentions on farms for own use. The corn crop from subsistence farming was kept unchanged and finalized at 638,463 tons. As a result, South Africa's final total corn crop for the 2011/12 MY was estimated at 12.5 million tons, 14 percent more than the previous season's 10.9 million tons, due to an increase in area planted. The area planted with corn in the 2011/12 MY at 3.1 million hectares, was 10 percent more than the previous year.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2010/11 (actual), 2011/12 (actual) and 2012/13 (estimate) 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 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t
MY	2010/11			2011/12			2012/13		
Commercial corn									
White	1,418	4.3	6,052	1,637	4.1	6,740	1,620	4.2	6,800
Yellow	954	4.5	4,308	1,063	4.8	5,090	1,160	4.6	5,300
Sub Total	2,372	4.4	10,360	2,700	4.4	11,830	2,780	4.4	12,100
Subsistence corn									
White	347	1.1	396	302	1.4	429	350	1.1	400
Yellow	140	1.2	168	140	1.5	209	150	1.3	200
Sub Total	487	1.1	564	442	1.4	638	500	1.2	600
TOTAL	2,859	3.8	10,924	3,142	3.9	12,468	3,280	3.9	12,700

Source: SAGIS and CEC

Consumption

Post estimates that the commercial demand for corn for human consumption and animal feed in the 2012/13 MY and 2011/12 MY will stay constant at approximately 4.5 million tons and 4.4 million tons, respectively, due to prospects of slower economic growth and relative high corn prices. South Africa's economy is expected to grow by less than three percent in 2013 as labor unrest, financial uncertainties and prospects of slower global economic recovery will impact negatively on economic growth. The rand is also expected to weaken further against the United States' dollar in 2013, which will impact on the price of corn. This means total annual commercial corn demand is expected to stay at the same levels as in the 2010/11 MY, e.g. 9.6 million tons.

Table 2 outlines the commercial consumption for white and yellow corn for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

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	2010/11			2011/12			2012/13		
Human	4,119	393	4,512	4,100	400	4,500	4,200	400	4,500
Animal	1,202	3,160	4,362	650	3,750	4,400	400	4,000	4,400
Other	225	468	693	170	480	650	150	500	650
TOTAL	5,546	4,021	9,567	4,730	4,830	9,550	4,750	4,850	9,550

Source: SAGIS; Grain SA

Note: Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors and provision for commercial on farm usages.

Trade

With an estimated commercial corn crop of 12.1 million tons, post estimates that South Africa will be able to export about 2.4 million tons of corn in the 2012/13 MY.

South Africa already exported 1.2 million tons of corn in the first nine months of the 2011/12 MY of which one million tons were white corn and 136,187 tons yellow corn. Mexico continues to be a major market for South African white corn and 736,367 tons (63 percent of total exports) of corn has been exported to Mexico (see also Table 3). The rest of the corn was exported to South Africa's neighboring countries e.g. Botswana, Lesotho, Mozambique, Swaziland and Namibia. Post estimates that South Africa will export about 1.8 million tons of corn in the 2011/12 MY as the weakening R/US\$ exchange rate is increasing South Africa's corn price competitiveness. The rand lost almost seven percent of its value already since the beginning of the year due to South Africa's financial and labor uncertainties and expectations are that this trend will continue.

Table 3: Export and import countries for white and yellow corn (1,000 tons)

MY	2010/11 (May 1, 2011 – Apr 30, 2012)		2011/12 (May 1, 2012 – Jan 18, 2013)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	150	22	107	30
Ghana	0	8	0	0
Iran	0	41	0	0
Italy	68	0	0	0
Japan	0	49	0	0
Korea	45	302	0	20
Kuwait	0	28	0	0
Lesotho	140	7	116	7
Madagascar	0	4	0	2
Mexico	1,162	0	736	0
Mozambique	65	15	39	13
Namibia	38	16	17	22
Senegal	0	3	0	0
Somalia	19	0	0	0
Swaziland	14	56	13	42
Taiwan	0	162	0	0
Venezuela	31	0	0	0
TOTAL EXPORTS	1,734	712	1,029	136
Import Suppliers				
Zambia	134	0	10	0
India	0	1	0	0
Ukraine	0	146	0	0
Romania	0	141	0	0
TOTAL IMPORTS	134	288	10	0

Source: SAGIS

Prices

SAFEX prices as of January 18, 2013, are shown in Table 4. White corn and yellow corn prices fell back slightly since October last year, by 11 percent and eight percent, respectively. On a year-on-year basis, white corn and yellow corn prices is 18 percent and 15 percent lower, respectively, as South Africa's corn stock levels are in a better position than in the same period last year. However, corn prices are expected to stay at relatively high levels due to the depreciation of the R/\$US exchange rate and the fact that global corn stock are continue to be tight after the United States' drought.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 1/18/2013)				
Commodity	2013/01	2013/03	2013/05	2013/07	2013/09
White corn	R2,154/t (\$238/t)	R2,181/t (\$241/t)	R2,071/t (\$229/t)	R2,046/t (\$226/t)	R2,074/t (\$226/t)
Yellow corn	R2,299/t (\$254/t)	R2,317/t (\$256/t)	R2,159/t (\$240/t)	R2,099/t (\$232/t)	R2,124/t (\$235/t)

PS&D Table

Corn South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,859	2,859	3,146	3,142	3,300	3,280
Beginning Stocks	5,169	5,169	3,418	3,419	3,060	3,402
Production	10,924	10,924	12,417	12,468	13,500	12,700
MY Imports	421	422	25	15	25	10
TY Imports	6	6	424	425	25	0
TY Imp. from U.S.	0	0	2	0	0	0
Total Supply	16,514	16,515	15,860	15,902	16,585	16,112
MY Exports	2,446	2,446	2,000	1,800	2,500	2,400
TY Exports	2,839	2,839	1,831	1,800	2,500	2,300
Feed and Residual	4,950	4,950	5,000	4,950	5,100	4,950
FSI Consumption	5,700	5,700	5,800	5,750	6,000	5,750
Total Consumption	10,650	10,650	10,800	10,700	11,100	10,700
Ending Stocks	3,418	3,419	3,060	3,402	2,985	3,012
Total Distribution	16,514	16,515	15,860	15,902	16,585	16,112

1000 HA, 1000 MT, MT/HA