

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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South Africa - Republic of

LOCK-UP REPORT

Grain and Feed Quarterly Update

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Report Highlights:

South Africa's 2009/10 marketing year commercial corn crop is finalized at 11.7 million tons on 2.4 million hectares. The corn crop yield is 4.8 tons per hectare, which is the highest corn yield per hectare ever recorded in South Africa. Corn exports are expected to reach 2.0 million tons in the 2009/10 marketing year. The commercial corn area to be planted for the 2010/11 marketing year is expected to decrease due to the substantial drop in corn prices, the prospects of an El Nino situation which usually results in midsummer drought conditions and the availability of production credit.

Post:
Pretoria

Commodities:
Corn

Executive Summary:

The Crop Estimates Committee (CEC) released its final estimate for the 2009/10 marketing year corn crop and increased it by 0.5 percent from the previous estimate to 11.7 million tons on 2.4 million hectares. The commercial area to be planted for the 2010/11 marketing year is expected to be lower than the previous year. Three factors will contribute to lower plantings, namely, the expectation of full-scale El Nino conditions in the coming production season, the substantial drop in corn prices and the availability of production credit.

For the 2009/10 marketing season it is estimated that human and animal consumption of corn will increase mainly due to relatively lower corn prices. Corn consumption is estimated at 9.5 million tons, an increase of 4.6 percent compared to the 2008/09 marketing season.

It is estimated that South Africa will export about 2.0 million tons of corn in the 2009/10 marketing year.

US\$1 = Rand 7.76 (10/28/09)

Sources:

www.sagis.org.za

www.grainsa.co.za

www.safex.co.za

www.nda.agric.za

Author Defined:

Production

The CEC released its final production estimate for the 2009/10 marketing year corn crop on September 23, 2009. The CEC estimates the South African 2009/10 marketing year commercial corn crop at 11.7 million tons on 2.4 million hectares. The size of the expected commercial corn crop increased by 0.5 percent from the previous estimate at end of August. The final estimate takes into account actual deliveries as well as what may be retained by producers. The Maize Trust is currently funding a project to do an accurate determination of the amount of corn retained on farms. SAGIS' figures are commonly used to verify the accuracy of the crop estimate. However,

SAGIS' figures reflect only actual deliveries of grain to commercial structures, while the crop estimate relates to the total production. Hence, there is a factor that should be added to the SAGIS figures in order to obtain a total crop figure. This factor consists largely of grain retained on farms.

The CEC estimated the hectares planted by the subsistence farming sector at 468,683 hectares, a decrease of 5.9 percent from the 497,980 hectares of the previous season. Due to favorable climatic conditions the expected corn crop for the subsistence farming sector is estimated at 516,633 tons, 11.3 percent higher than the 464,069 tons of last season.

White commercial corn production is estimated at 6.7 million tons on 1.5 million hectares and yellow commercial corn production at 5.0 million tons on 938,500 hectares. According to SAGIS, farmers have already delivered about 10.9 million tons of the 2009/10 marketing year's corn harvest.

Results from the "intention to plant" survey that was done in October by the Department of Agriculture, Forestry and Fisheries (DAFF), indicates that farmers' intentions are to plant 2.6 million hectares of corn for the 2010/2011 marketing year. This is an increase of 6.0 percent or 144,500 hectares from the previous season. Two reasons are given for this increase in area to be planted with corn, namely that less hectares will be planted with sunflower and that fallow wheat lands will be planted with corn.

However, post still forecasts that the commercial corn area to be planted for the 2010/11 marketing year will be lower than last year. Three factors will contribute to reduced plantings. The first one is the expectation of full-scale El Nino conditions in the coming production season. The El Nino conditions are expected to cause above-normal rainfall during spring, but below normal rainfall during midsummer in the corn producing areas of South Africa which may result in drought conditions.

The second factor that will contribute to lower corn planting for the 2010/2011 marketing year is the substantial drop in corn prices on the Safex agricultural market. Current price levels are 12.4 percent lower for white corn and 20.4 percent lower for yellow corn compared the same period last year and barely cover production costs for the new season, especially for low-yielding fields. White corn July 2010 future prices at a level of R1,570 per ton are 23.1 percent lower than last year. History suggests that South African corn farmers have the agility to respond to increases or decreases in prices.

The third factor is the availability of production credit.

Grain SA's recommendation to the farmers is to plant 2.2 million hectares of corn, 9.8 percent less than the 2009/10 marketing season.

The following table details area planted and production figures of white and yellow commercial corn for the 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years.

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

CORN	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t
Marketing year	2008/ 09			2009/ 10			2010/ 11		
White	1.737	4.3	7.480	1.489	4.6	6.771	1.350	4.0	5.400
Yellow	1.062	4.9	5.220	939	5.3	4.970	900	4.2	3.780
TOTAL	2.799	4.5	12.700	2.428	4.8	11.741	2.250	4.1	9.180

Source: SAGIS and CEC

Consumption

For the 2009/10 marketing season it is estimated that human and animal consumption of corn will increase mainly due to relatively lower corn prices. Corn consumption is estimated at 9.5 million tons, an increase of 4.6 percent compared to the 2008/09 marketing season.

The following table outlines the commercial consumption for white and yellow corn for the 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years:

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

CORN 000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
Marketing year	2008/ 09			2009/ 10			2010/ 11		
Human	4.197	326	4.523	4.300	365	4.665	4.400	350	4.750
Animal	661	3.350	4.011	200	4.000	4.200	200	4.100	4.300
Other	218	344	562	250	400	650	200	400	600
TOTAL	5.076	4.020	9.096	4.850	4.765	9.515	4.800	4.750	9.650

Source: SAGIS, Grain SA

Trade

For the 2009/10 marketing year so far, from May 1, 2009 to October 16, 2009, South Africa exported 816,988 tons of corn, mostly white corn. Kenya (509,183), Mozambique (79,067) and Botswana (64,107) were the primary destinations. Kenya has a major shortfall of corn after the current harvest and is expected to import substantial more quantities of white corn from South Africa in the next few months. Therefore, it is estimated that South Africa will export about 2.0 million tons of corn in the 2009/10 marketing year.

Table 3: Export and Import Countries for white and yellow corn for marketing years 2007/08 and 2008/09 (1 000 tons)

Marketing year	2008/09 (1 May 2008 – 30 April 2009)		2009/10 (1 May 2009 – 16 October 2009)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Angola	2	1		
Botswana	277	1	51	13
Benin	4			
Cameroon	4			
Chad			1	
Congo	1			
Ethiopia	9			
Ghana	2			
Guinea	1	3		
Iran	33	104		37
Kenya	387		494	15
Lesotho	91	5	38	1
Mauritius	12			
Madagascar			1	4
Malaysia		34		
Malawi	8			
Mozambique	279	25	68	11
Namibia	124	19	7	11
Senegal	5			9
Somalia	43			
Swaziland	16	39	2	20
Tanzania	50			
Yemen		28		
Zambia	23			
Zimbabwe	526	7	29	4
TOTAL EXPORTS	1.899	266	691	126
Import Suppliers				
Brazil		27		
TOTAL IMPORTS	0	27	0	0

Source: SAGIS

Import Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Imports for:	2008/09		2009/10*
U.S.	0	U.S.	0
Others	Others		
Argentina			
Zambia			
Malawi			
Tanzania			
Brazil	27		
Total for Others	27		0
Others not Listed	0		0
Grand Total	27		0

*(1 May 2009 – 16 October 2009)

Export Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Exports for:	2008/09		2009/10*
U.S.	0	U.S.	0
Others	Others		
Botswana	271706		64107
Lesotho	95684		38775
Namibia	141079		17383
Mozambique	299011		79067
Swaziland	56873		22772
Zimbabwe	520044		33256
Iran	137748		36803
Somalia	42958		
Yemen	27500		
Mauritius	12400		
Malaysia	34089		
Tanzania	50357		

Kenya	373724		509183
Ethiopia	9386		
Total for Others	2072559		801346
Others not Listed	56865		15642
Grand Total	2129424		816988

*(1 May 2009 – 16 October 2009)

Prices

The SAFEX prices as of October 23, 2009 are shown in the following Table. Currently, white corn prices are at R1,598 per ton and yellow corn prices at R1,440 per ton. Local corn prices are more than 20 percent lower than the same period last year. Corn price is expected to move sideways depending on the rand exchange rate and local climatic conditions.

SAFEX Futures prices (10/23/2009)					
Commodity	2009/10	2009/12	2010/03	2010/05	2010/07
White corn	R1598/t (\$206/t)	R1617/t (\$208/t)	R1652/t (\$213/t)	R1580/t (\$204/t)	R1571/t (\$202/t)
Yellow corn	R1440/t (\$186/t)	R1457/t (\$188/t)	R1495/t (\$193/t)	R1500/t (\$193/t)	R1504/t (\$194/t)

Corn Africa (1000ha) South 1000MT)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: May 2008			Market Year Begin: May 2009			Market Year Begin: May 2010		
	USDA Official Data	Old Post Data	USDA Official Data	Old Post Data	USDA Official Data	Jan Data			
Area Harvested	3,300	2,799	3,300	3,000	2,423	2,897	2,800	2,800	2,700
Beginning Stocks	1,661	1,661	1,661	3,490	3,122	3,130	4,165	3,314	3,412
Production	13,164	12,700	13,164	12,750	11,202	12,257	10,500	10,280	9,600
MY Imports	27	27	27	25	100	25	25	500	25
TY Imports	521	520	521	25	300	25	25	600	25
TY Imp. from U.S.	1	0	1	0	0	0	0	0	0
Total Supply	14,852	14,388	14,852	16,265	14,424	15,412	14,690	14,094	13,037
MY Exports	2,162	2,130	2,162	2,500	1,800	2,000	1,500	1,500	1,500

TY Exports	1,124	1,095	1,124	2,500	2,045	2,500	2,500	1,000	2,000
Feed Consumption	4,300	4,035	4,300	4,500	4,050	4,400	4,700	4,390	4,500
FSI Consumption	4,900	5,101	5,260	5,100	5,260	5,600	5,100	5,140	5,650
Total Consumption	9,200	9,136	9,560	9,600	9,310	10,000	9,800	9,530	10,150
Ending Stocks	3,490	3,122	3,130	4,165	3,314	3,412	3,390	3,064	1,387
Total Distribution	14,852	14,388	14,852	16,265	14,424	15,412	14,690	14,094	13,037
Yield	4.	5.	4.0	4.	5.	4.2	4.	4.	3.6