

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/29/2012

GAIN Report Number:

South Africa - Republic of

Grain and Feed Update

Quarterly Update

Approved By:

Nicolas Rubio

Prepared By:

Dirk Esterhuizen

Report Highlights:

Post forecasts a five percent increase in South Africa's corn area for the 2012/13 MY to 3.3 million hectares on higher domestic corn prices, which should yield a crop of about 12.7 million tons. This will place South Africa in a position to export approximately 2.4 million tons of corn, 30 percent or 600,000 tons more than the current marketing year's expected exports of 1.8 million tons.

Post:

Pretoria

Executive Summary:

On a year-on-year basis, white corn and yellow corn prices in South Africa are, respectively, 10 percent and 14 percent higher as global corn stock are still tight due to the impact of the United States drought. As farmers usually reacts positively on higher prices, post forecasts a five percent increase in corn area for the 2012/13 MY [1] (2013/14 MY for South Africa). Post forecasts that commercial farmers will plant about 2.8 million hectares of corn and subsistence farmers 500,000 hectares. This will, based on a national average yields, result in a crop of about 12.7 million tons and 2.4 million tons of exports.

The final estimate for the area planted and production of corn by commercial and subsistence farmers for the 2011/12 MY (the 2012/13 MY in South Africa) was recently released by the Crop Estimates Committee's (CEC). According to the CEC, South Africa's final estimated total corn crop for the 2011/12 MY was 12.1 million tons, 11 percent more than in the 2010/11 MY on a 10 percent increase in hectares planted. Commercial farmers planted 2.7 million hectares of corn, 13 percent more than in the 2010/11 MY, yielding a crop of 11.5 million tons and subsistence farmers planted about 442,114 hectares of corn, marginally less than the previous season, and produced 638,463 tons of corn.

South Africa already exported 920,153 tons of corn in the first six months of the 2011/12 MY and post estimates that total exports could reach 1.8 million tons.

US\$1 = Rand 8.73 (10/25/2012)

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 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.

Production

White corn and yellow corn prices fell back slightly from their record levels in July, after good early

summer rains were received in most of the corn producing areas of South Africa (see Figure 1 and Figure 2). The CEC also increased its final corn crop estimate in September for the 2011/12 MY by almost three percent or 300,000 tons, based on physical deliveries, which put downward pressure on prices. However, on a year-on-year basis, white corn and yellow corn prices are, respectively, 10 percent and 14 percent higher as global corn stock are still tight due to the impact of the United States drought. As farmers usually reacts positively on higher prices, post forecast a five percent increase in corn area for the 2012/13 MY (2013/14 MY for South Africa). Post forecasts that commercial farmers will plant about 2.8 million hectares of corn and subsistence farmers 500,000 hectares. This will, based on a national average yields, result in a crop of about 12.7 million tons, five percent more than the 2011/12 MY's crop.

This forecast is in line with the “intention to plant survey” that was published by the CEC on October 25, 2012. According to the CEC commercial farmers indicated that they will plant 2.7 million hectares of corn for the 2012/13 MY. The intention by commercial farmers is to plant 1.6 million hectares of white corn and 1.1 million hectares of yellow corn.

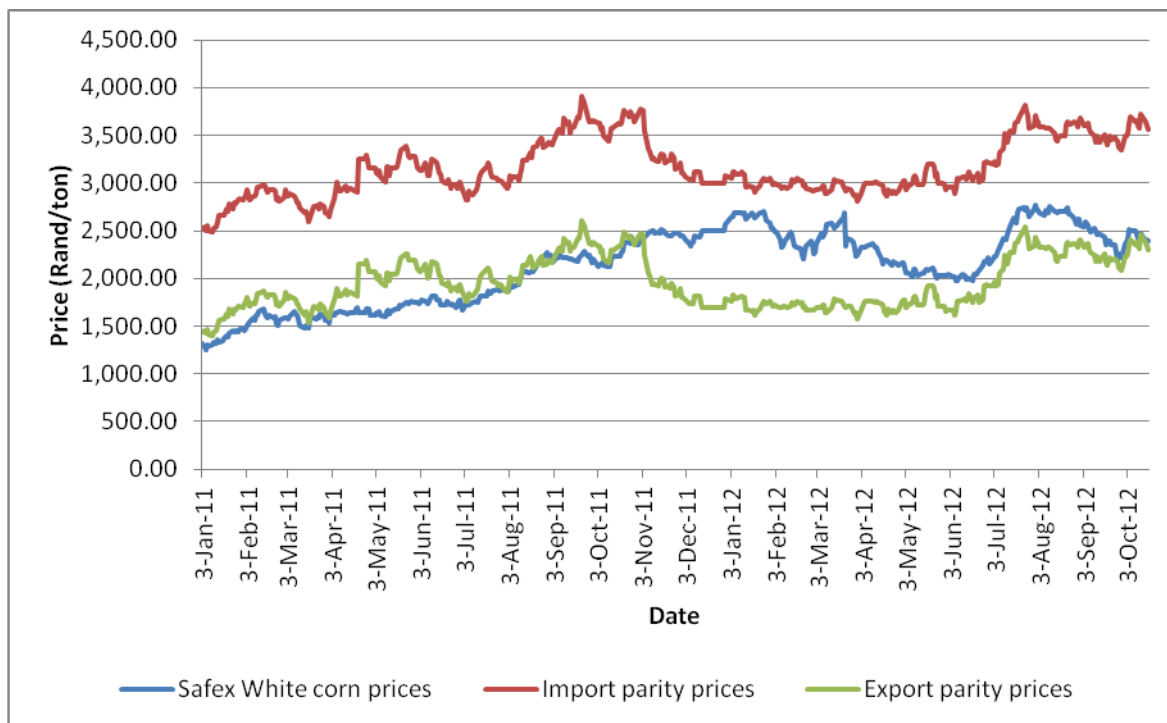


Figure 1: The trend in the SAFEX price for white corn since January 2011

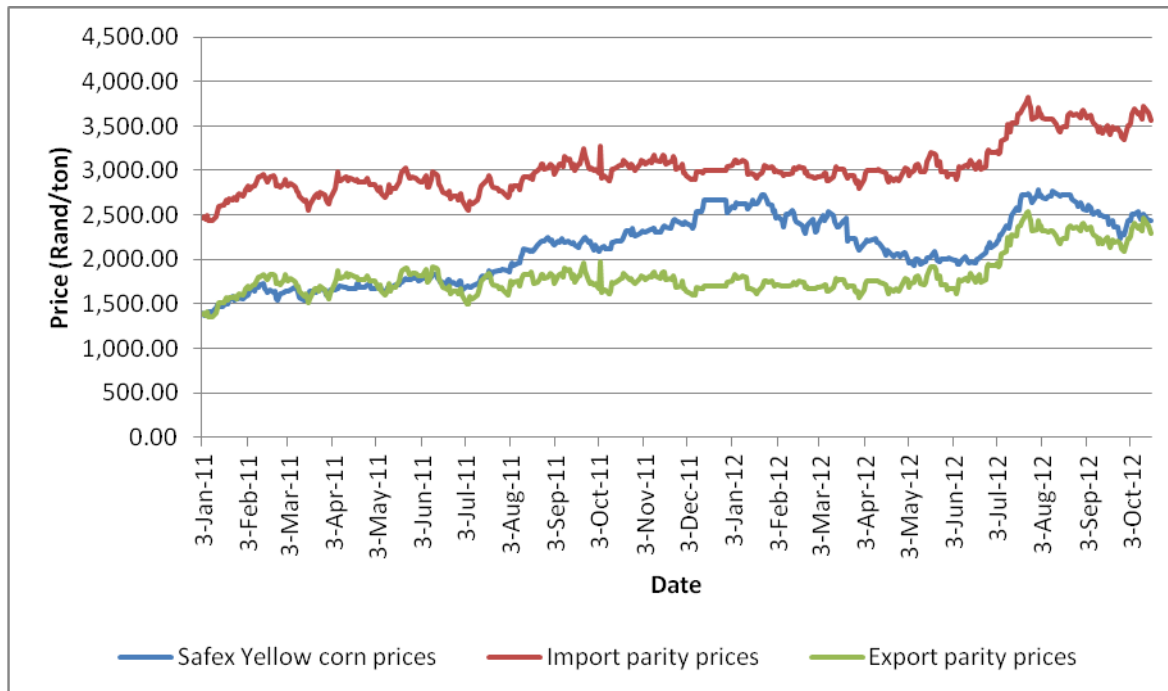


Figure 2: The trend in the SAFEX price for yellow corn since January 2011

The final estimate for the area planted and production of 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 September 26, 2012. According to the CEC, commercial farmers planted 2.7 million hectares of corn. This is 13 percent more than the corn hectares planted in the 2010/11 MY. The CEC estimates that subsistence farmers planted about 442,114 hectares of corn, marginally less than the previous season. Commercial farmers planted 1.6 million hectares with white corn, 15 percent more than the previous season, and 1.1 million hectares with yellow corn, 11 percent more than the previous season. Corn plantings were up in response to higher domestic corn prices during planting time compared to the previous season.

The CEC's final estimate for the 2011/12 MY's commercial corn crop was 11.5 million tons. This is 11 percent more than the previous year's crop of 10.4 million tons due to increased corn plantings. White corn production was estimated at 6.5 million tons, seven percent more than the previous season, while yellow corn production was estimated at 5.0 million tons, 16 percent more than the previous season. Furthermore, the CEC estimates that subsistence farmers produced 638,463 tons of corn for the 2011/12 MY, which brings South Africa's final estimated corn crop for the 2011/12 MY at 12.1 million tons, 11 percent more than in the 2010/11 MY.

The following table details area planted and production figures of white and yellow corn produced by commercial and subsistence farmers for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

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	4.0	6,506	1,700	4.2	7,150
Yellow	954	4.5	4,308	1,063	4.7	4,989	1,100	4.5	4,950
Sub Total	2,372	4.4	10,360	2,700	4.3	11,495	2,800	4.3	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	12,133	3,300	3.9	12,700

Source: SAGIS and CEC

Consumption

Post forecasts 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 4.6 million tons and 4.4 million tons, respectively, due to prospects of slower economic growth and higher corn prices. 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	4,200	400	4,600	4,200	400	4,600
Animal	1,202	3,160	4,362	380	3,980	4,360	400	4,000	4,400
Other	225	468	693	150	450	600	150	450	600
TOTAL	5,546	4,021	9,567	4,730	4,830	9,560	4,750	4,850	9,600

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 forecasts that South Africa will be able to export about 2.4 million tons of corn in the 2012/13 MY.

South Africa already exported 920,153 tons of corn in the first six months of the 2011/12 MY of which 832,416 tons were white corn and 87,737 tons yellow corn. Mexico continues to be a major market for South African white corn and 649,433 tons (70 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 estimate that South Africa will

export about 1.8 million tons of corn in the 2011/12 MY. This is 300,000 tons more than post's July estimate and is based on an increase in the final corn crop estimate, the current rate of exports and a decline in projected corn exports by the United States that is creating new export market opportunities for other corn producing countries.

For the 2010/11 MY, South Africa exported 2.4 million tons of corn which included 1.7 million tons of white corn and 711,816 tons of yellow corn. Almost half of the exports went to Mexico. South Africa also imported 288,304 tons of yellow corn from Romania and Ukraine, which was mostly used at the coastal regions of the country. A small amount of white corn (133,771 tons) was imported from Zambia and milled in the far northern parts of South Africa where there is especially a strong demand for corn meal from neighboring Zimbabwe. Total corn imports reached 422,075 tons in the 2010/11 MY.

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 – Oct 19, 2012)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	150	22	70	24
Ghana	0	8	0	0
Iran	0	41	0	0
Italy	68	0	0	0
Japan	0	49	0	0
Korea	45	302	0	12
Kuwait	0	28	0	0
Lesotho	140	7	86	7
Madagascar	0	4	0	2
Mexico	1,162	0	649	0
Mozambique	65	15	22	8
Namibia	38	16	2	11
Senegal	0	3	0	0
Somalia	19	0	0	0
Swaziland	14	56	3	24
Taiwan	0	162	0	0
Venezuela	31	0	0	0
TOTAL EXPORTS	1,734	712	832	88
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 October 19, 2012, are shown in Table 4. White corn and yellow corn prices fell back slightly from their record levels in July by eight percent and seven percent, respectively, after good early summer rains were received in most of the corn producing areas of South Africa. However, on a year-on-year basis, white corn and yellow corn prices is respectively ten percent and 14 percent higher as global corn stock are still tight due to the impact of the United States drought.

Table 4: SAFEX prices for corn

Commodity	SAFEX Futures prices (as of 10/19/2012)				
	2012/10	2012/12	2013/03	2013/05	2013/07
White corn	R2,506/t (\$287/t)	R2,544/t (\$291/t)	R2,558/t (\$293/t)	R2,250/t (\$258/t)	R2,227/t (\$255/t)
Yellow corn	R2,530/t (\$290/t)	R2,563/t (\$294/t)	R2,537/t (\$290/t)	R2,256/t (\$258/t)	R2,232/t (\$256/t)

Table 5: PS&D Table for Corn

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	3,200	3,142	3,300	3,300
Beginning Stocks	5,169	5,169	3,418	3,419	2,743	3,077
Production	10,924	10,924	11,500	12,133	13,500	12,700
MY Imports	421	422	25	25	25	25
TY Imports	6	6	425	425	25	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16,514	16,515	14,943	15,577	16,268	15,802
MY Exports	2,446	2,446	1,500	1,800	2,500	2,400
TY Exports	2,839	2,839	1,800	1,800	2,300	2,300
Feed and Residual	4,950	4,950	4,950	4,950	5,100	5,000
FSI Consumption	5,700	5,700	5,750	5,750	6,000	5,750
Total Consumption	10,650	10,650	10,700	10,700	11,100	10,750
Ending Stocks	3,418	3,419	2,743	3,077	2,668	2,652
Total Distribution	16,514	16,515	14,943	15,577	16,268	15,802

1000 HA, 1000 MT, MT/HA