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South Africa - Republic of

Grain and Feed Update

The supply and demand for grain and feed in South Africa

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Report Highlights:
South Africa's corn crop in the eastern side of the country is in a fairly good condition after good rainfall, while the western side of the corn producing area is struggling under a mid-summer drought. However, Post kept its estimate for the 2017/18 MY corn crop (including commercial and subsistence producers) unchanged at 12 million tons on 2.8 million hectares. Post estimates that South Africa will export about 2.0 million tons of corn in the 2017/18 MY, drawing on a relatively large carry-over stock from the 2016/17 MY. In the 2016/17 MY, South Africa produced a record 17.5 million tons of corn and exports are expected to reach about 2.5 million tons.

Post:
Pretoria

Executive Summary

South Africa's corn crop in the eastern side of the country is in a fairly good condition after good rainfall has been recorded between October and December of last year. Unfortunately the western side of South Africa's corn producing area is struggling under a mid-summer drought. However, it is still early in the season and good rainfall during February and March will have a positive impact on corn yields. Hence, Post kept its estimate for the 2017/18 MY[1] South African corn crop (including commercial and subsistence producers) unchanged at 12 million tons on 2.8 million hectares. This is 32 percent less than the estimated corn crop of 17.5 million tons that was produced in the 2016/17 MY

Post estimates that South Africa will export about 2.0 million tons of corn in the 2017/18 MY, drawing on a relatively large carry-over stock from the 2016/17 MY. In the first 36 weeks of the 2016/17 MY, South Africa has exported 1.8 million tons of corn, which included 546,063 tons of white corn and 1.2 million tons of yellow corn. As a result, Post kept its estimate of South Africa's total corn exports in the 2016/17 MY unchanged at 2.5 million tons.

US$1 = Rand 12.30 (1/17/2018)

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

South Africa's corn crop in the eastern side of the country is in a fairly good condition after good rainfall has been recorded between October and December of last year. However, the western side of South Africa's corn producing area is struggling under a mid-summer drought, resulting in low soil moisture. The drought had an impact on corn planting activities in the west with estimates that producers only planted about 70 percent of the intended corn area. The Crop Estimates Committee (CEC) will release its preliminary area planted estimates on January 30th, which will paint a clearer picture of the area planted with corn in South Africa in the 2017/18 MY. It will also indicate the impact the mid-summer drought in the western side of the corn producing area, had on the final area planted with corn. However, it is still early in the season and good rainfall during February and March will have a positive impact on corn yields. Hence, Post kept its estimate for the 2017/18 MY South African corn crop (including commercial and subsistence producers) unchanged at 12 million tons on 2.8 million hectares. This is 32 percent less than the estimated corn crop of 17.5 million tons that was produced in the 2016/17 MY (also refer to Table 1).

The CEC will finalize the size of the 2016/17 MY commercial corn crop in early February. According to the South African Grain Information Services (Sagis), 15.2 million tons of corn or 90 percent of the estimated commercial corn crop of 16.7 million tons has already been delivered to the market. Hence, Post kept its estimate for South Africa's total corn crop (including commercial and subsistence farming) for the 2016/17 MY unchanged at 17.5 million tons on 3.0 million hectares, which is more than double than drought-reduced corn crop of 8.2 million tons in the 2015/16 MY.

The following table details area planted and production figures for commercial white corn and yellow corn as well as corn produced by subsistence farmers for the 2015/16 MY (actual), 2016/17 MY (estimate), and 2017/18 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	**2015/16**			**2016/17**			**2017/18**		
Commercial corn									
White	1,015	3.4	3,409	1,643	6.0	9,893	1,400	4.2	5,950
Yellow	932	4.7	4,370	986	6.9	6,851	1,000	5.3	5,350
Sub Total	**1,947**	**4.0**	**7,779**	**2,629**	**6.4**	**16,744**	**2,400**	**4.6**	**11,300**
Subsistence corn									
White	191	1.5	286	249	1.9	464	300	1.6	500
Yellow	75	2.0	150	118	2.3	267	100	2.0	200

Sub Total	**266**	**1.6**	**436**	**367**	**2.0**	**731**	**400**	**1.7**	**700**
TOTAL	**2,213**	**3.7**	**8,215**	**2,996**	**5.8**	**17,475**	**2,800**	**4.2**	**12,000**

Source: CEC

Consumption

Post increased the estimated human consumption of corn in South Africa in the 2016/17 MY by four percent to 5.2 million tons, after taking into consideration the current consumption information from Sagis. Post, however, kept the demand estimate for animal feed unchanged at 5.2 million tons. The relatively lower corn prices after the record crop in the 2016/17 MY is the main driver for the increased demand for corn for human consumption. This means that the total commercial demand for corn in the 2016/17 MY will increase to 10.7 million tons, which is six percent higher than the commercial consumption of corn the 2015/16 MY. Post kept the commercial demand estimate for corn in the 2017/18 MY unchanged at 10.7 million tons.

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the 2015/16 MY (actual), 2016/17 MY (estimate) and 2017/18 MY (forecast).

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

CORN 1,000 Mt	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
MY	**2015/16**			**2016/17**			**2017/18**		
Human	4,233	577	4,810	4,580	570	5,150	4,550	500	5,050
Animal	86	4,918	5,004	1,300	3,900	5,200	500	4,800	5,300
Other	33	245	278	100	200	300	100	200	300
TOTAL	**4,352**	**5,740**	**10,092**	**5,980**	**4,670**	**10,650**	**5,150**	**5,500**	**10,650**

Source: SAGIS; Grain SA

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

Trade

Post estimates that South Africa will export about 2.0 million tons of corn in the 2017/18 MY, drawing on a relatively large carry-over stock from the 2016/17 MY.

In the first 36 weeks of the 2016/17 MY (May 1, 2017 to January 5, 2018), South Africa has exported 1.8 million tons of corn, which included 546,063 tons of white corn and 1.2 million tons of yellow corn (see also Table 3). As a result, Post kept its estimate of South Africa’s total corn exports in the 2016/17 MY unchanged at 2.5 million tons. This will leave a relatively large carry-over stock, especially in white corn, for the next marketing year. White corn was mainly exported to Kenya (247,250 tons) and Botswana (132,974 tons). The major markets for South Africa’s yellow corn were Japan (715,304 tons), Taiwan (213,926 tons) and South Korea (159,693 tons).

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

	2015/16 MY May 1, 2016 – Apr 30, 2017			2016/17 MY[1] May 1, 2017 – Apr 30, 2018		
	White corn	**Yellow corn**	**Total**	**White corn**	**Yellow corn**	**Total**
Export Destinations						
Angola	0	0	0	0	2	2
Botswana	135	70	205	133	12	145
North Korea	0	6	6	0	2	2
Kenya	16	0	16	247	0	247
Lesotho	84	13	97	52	2	54
Japan	0	0	0	0	715	715
Malawi	3	0	3	0	0	0
Mozambique	42	27	69	45	14	59
Namibia	81	15	96	14	30	44
South Korea	0	0	0	0	160	160
Swaziland	54	70	124	19	58	77
Taiwan	0	0	0	0	214	214
Tanzania	10	0	10	0	0	0
Uganda	0	0	0	25	0	25
Zimbabwe	121	90	211	11	1	12
TOTAL EXPORTS	**546**	**291**	**837**	**546**	**1,209**	**1,755**
Imports						
Argentina	0	990	990	0	0	0
Brazil	0	94	94	0	0	0
Mexico	500	0	500	0	0	0
Romania	0	36	36	0	0	0
Ukraine	0	372	372	0	0	0
United States	145	100	245	0	0	0
TOTAL IMPORTS	**645**	**1,592**	**2,237**	**0**	**0**	**0**

Source: SAGIS

Note: *1. Preliminary export and import data from May 1, 2017 to January 5, 2018*

Prices

On January 16, 2018, local yellow corn was trading at R1,972 per ton (US$160/ton) and white corn at R1,944 per ton (US$158/ton) (see also Table 4). Year-on-year, local yellow corn and white corn prices are, respectively, 39 percent and 44 percent lower, indicating the effect of the 2016/17 MY's bumper crop on local corn prices. With the oversupply of corn in the local market, especially white corn, corn prices are likely to trade close to export parity levels for the remainder of the 2016/17 MY (see also Figures 1 and Figure 2).

Table 4: Local prices for corn

	Futures prices as of 1/16/2018				
Commodity	**2018/01**	**2018/03**	**2018/05**	**2018/07**	**2018/09**
White corn	R1,944/t ($158/t)	R1,983/t ($161/t)	R2,031/t ($165/t)	R2,087/t ($170/t)	R2,149/t ($175/t)
Yellow corn	R1,972/t ($160/t)	R1,998/t ($162/t)	R2,044/t ($166/t)	R2,059/t ($167/t)	R2,121/t ($172/t)

Source: Sagis

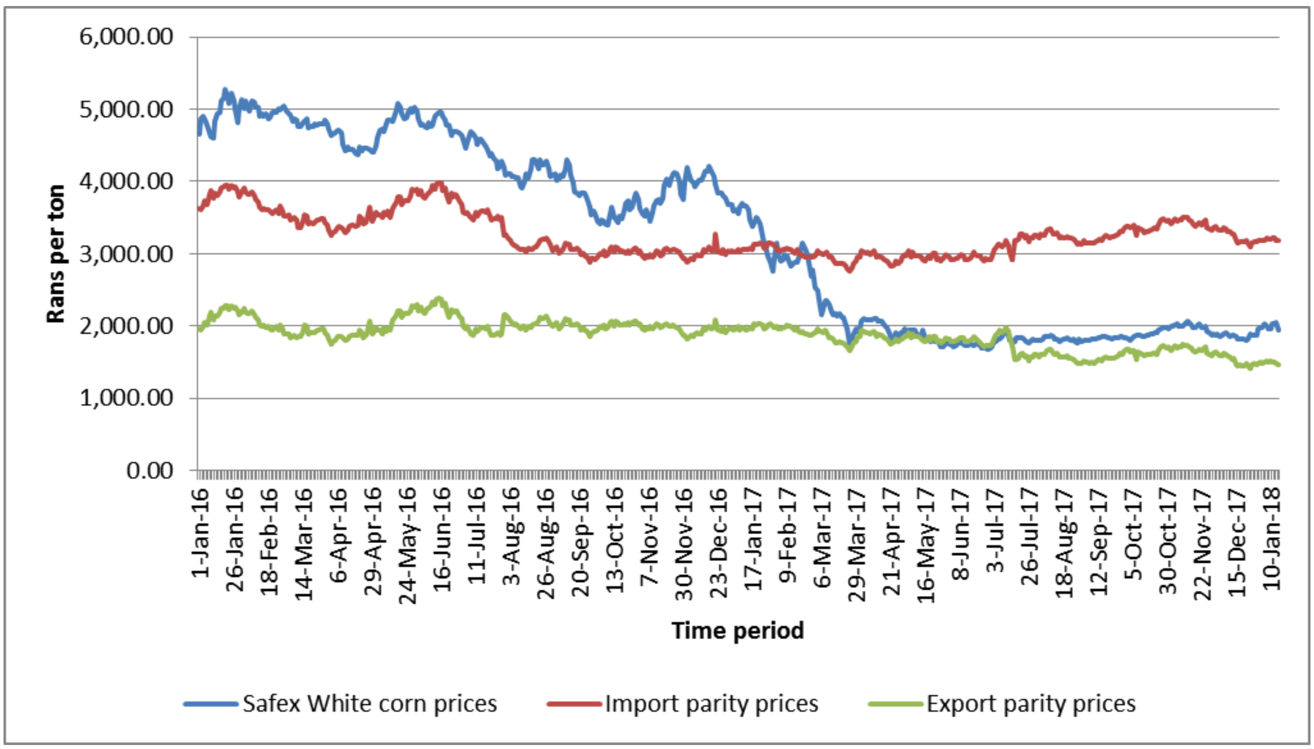

Figure 1: The trend in white corn prices in South Africa since January 2016

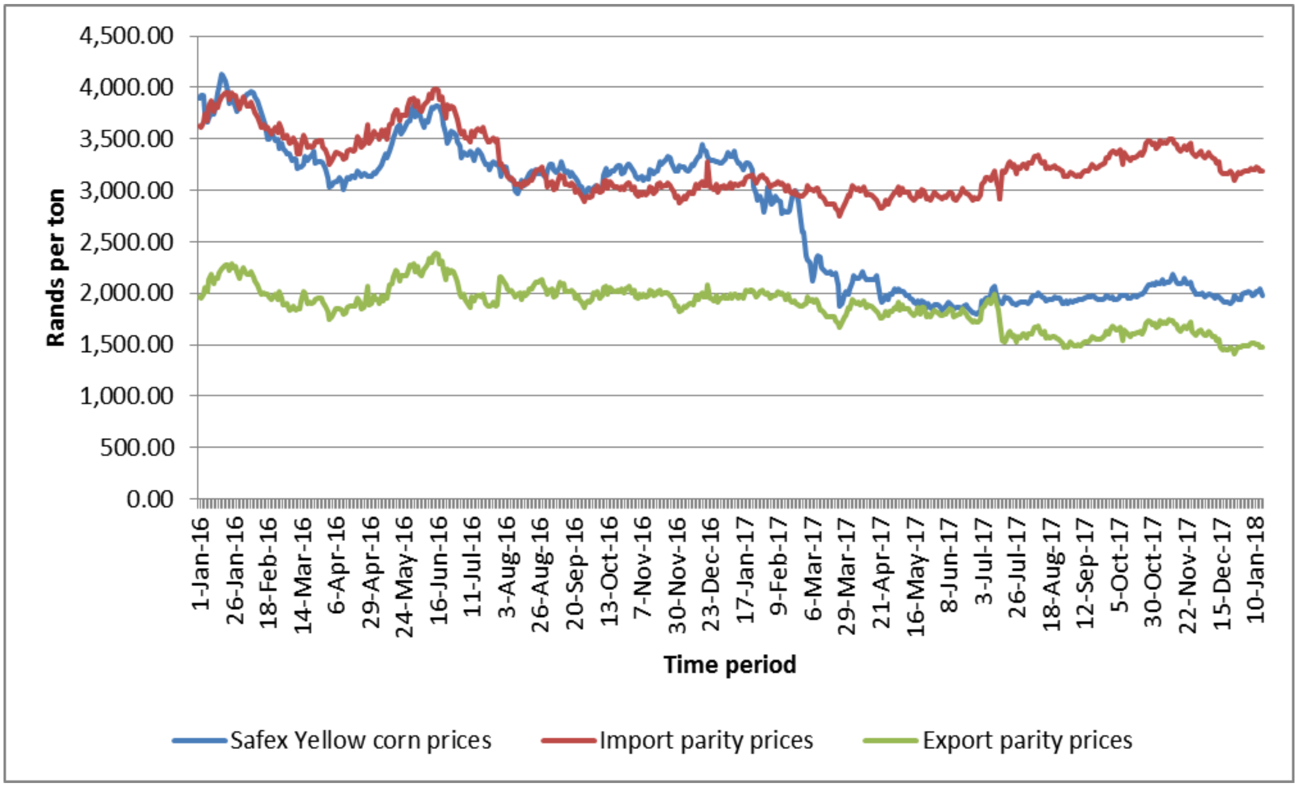

Figure 2: The trend in yellow corn prices in South Africa since January 2016

Table 5: PS&D Table for Corn

Corn	2015/2016		2016/2017		2017/2018	
Market Begin Year	May 2016		May 2017		May 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2213	2213	3000	3000	2900	2800
Beginning Stocks	2448	2448	1096	1096	2996	4191
Production	8214	8214	17475	17475	12500	12000
MY Imports	2241	2241	50	0	100	0
TY Imports	2579	2579	1171	1171	100	0
TY Imp. from U.S.	110	110	284	284	0	0
Total Supply	12903	12903	18621	18571	15596	16191
MY Exports	837	837	2500	2500	1700	2000
TY Exports	759	759	2110	2110	1900	1900
Feed and Residual	5700	5700	7125	6080	5800	6100
FSI Consumption	5270	5270	6000	5800	5900	5750
Total Consumption	10970	10970	13125	11880	11700	11850
Ending Stocks	1096	1096	2996	4191	2196	2341
Total Distribution	12903	12903	18621	18571	15596	16191
Yield	3.7117	3.7117	5.825	5.825	4.3103	4.2857
(1000 HA) ,(1000 MT) ,(MT/HA)						