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GAIN Report

Global Agricultural Information Network

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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:

Post forecasts that South Africa will plant around 3.2 million hectares of corn in the 2014/15 MY, which could realize a total corn crop of about 13.0 million tons. South Africa's corn crop for the 2013/14 MY, at 14.6 million tons, is 17 percent more than the 2012/13 MY's corn crop of 12.5 million tons and the largest since the 1980/81 MY. As a result, South Africa should have sufficient stocks to export about 3.5 million tons of corn in the 2013/14 MY and 2.5 million tons of corn in the 2014/15 MY.

Post:

Pretoria

Executive Summary

Post forecasts that the area planted with corn later in 2014, for the 2014/15 MY, will be around 3.2 million hectares. Based on national average yields, an area of 3.2 million hectares could realize a total corn crop (commercial and subsistence producers) of about 13.0 million tons.

Since the beginning of February, the corn producing areas in South Africa, especially the western side, received particularly good rains. As a result, the 2013/14 MY corn crop will be the biggest since the 1980/81 MY, yielding 14.6 million tons, 17 percent more than the 2012/13 MY's corn crop of 12.5 million tons.

For the 2014/15 MY, post estimates that South Africa will have sufficient stocks to export about 2.5 million tons of corn, as commercial production is expected to exceed 12.0 million tons. For the 2013/14 MY, post estimates that South Africa will export around 3.5 million tons of corn as commercial production is estimated at almost 13.9 million tons. The 2012/13 MY corn export figures have been finalized. According to the South African Grain Information Services (Sagis), South Africa exported almost 2.1 million tons of corn of which 1.1 million tons were yellow corn and 926,000 tons were white corn.

US\$1 = Rand 10.50 (07/23/2014)

^[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

Post forecasts that the area planted with corn later in 2014, for the 2014/15 MY, will be around 3.2 million hectares. Commercial farmers will plant about 2.7 million hectares and subsistence farmers 500,000 hectares. This forecast is based on the average hectares planted with corn in the past five years in South Africa. Based on national average yields, an area of 3.2 million hectares could realize a total corn crop of about 13.0 million tons.

Since the beginning of February, the corn producing areas, especially the western side, received particularly good rains and as a result, the 2013/14 MY corn crop will be the largest in South Africa since the 1980/81 MY. The fifth production forecast for corn by the Crop Estimates Committee (CEC) on June 26, 2014, estimates the 2013/14 MY commercial corn crop at 13.9 million tons on 2.7 million hectares. Post estimates the subsistence corn crop at 700,000 tons on 500,000 hectares, setting South Africa's total corn crop for the 2013/14 MY at 14.6 million tons, 17 percent more than the 2012/13 MY's corn crop of 12.5 million tons.

Total white corn production is estimated at 8.2 million tons, 35 percent higher than the previous season, while total yellow corn production is estimated at 6.4 million tons, which is at the same level as in the 2012/13 MY.

In May 2014, the CEC revised the 2012/13 MY corn crop upwards by one percent to 11.8 million tons. The main reason for the upwards revision was that actual corn deliveries between November, 2013 and February, 2014 were higher than the projected figures. As a result, post also revised its production figures upwards for the 2012/13 MY.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2012/13 MY (actual), 2013/14 MY (estimate) and 2014/15 MY (forecast).

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

	Area 1,000h a	Yiel d t/ha	Prod. 1,000 t	Area 1,000h a	Yiel d t/ha	Prod. 1,000 t	Area 1,000h a	Yiel d t/ha	Prod. 1,000 t
MY	2012/1 3			2013/1 4			2014/1 5		
<u>Commercial corn</u>									
White	1,620	3.5	5,607	1,551	5.0	7,697	1,550	4.2	6,550
Yellow	1,160	5.3	6,204	1,137	5.4	6,193	1,150	5.0	5,750
Sub Total	2,780	4.2	11,81 1	2,688	5.2	13,89 0	2,700	4.6	12,30 0
<u>Subsistence corn</u>									
White	320	1.4	460	350	1.4	480	350	1.4	480
Yellow	137	1.6	215	150	1.5	220	150	1.5	220
Sub Total	457	1.5	675	500	1.4	700	500	1.4	700
TOTAL	3,237	3.9	12,48 6	3,188	4.6	14,59 0	3,200	4.1	13,00 0

Source: SAGIS and CEC

Consumption

The commercial demand for corn for food increased on average by two percent per year for the past 15 years, while the commercial demand for feed corn increased on average by three percent per year. Post projects that this marginal increases in demand will continue in the 2014/15 MY, with corn demand expected to reach 10.6 million tons in the 2014/15 MY.

Post estimates that the commercial demand for corn will increase by about five percent in the 2013/14 MY to 10.3 million, due to lower corn price compared to the previous season, which will increase corn demand. However, a higher percentage increase in demand is restricted by poor economic growth estimates. The South African economy is expected to grow by only 1.7 percent in 2014 and by 2.9 percent in 2015, due to labor unrest and strikes, upward inflationary pressures and electricity constraints. Post estimates that South Africa will use 4.8 million tons of corn for human consumption and 4.9 million tons of corn for animal feed in the 2013/14 MY.

The commercial consumption for corn in the 2012/13 MY, was finalized at 9.8 million tons, two percent more than the previous year and in line with post's previous estimate. According to Sagis, 4.9 million tons of both white corn and yellow corn were consumed, while 4.6 million tons of corn were used for human consumption and 4.7 million of corn for animal feed.

Table 2 outlines the commercial consumption for white and yellow corn for the 2012/13 MY (estimate), 2013/14 MY (estimate) and 2014/15 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	2012/13			2013/14			2014/15		
Human	4,118	464	4,582	4,400	400	4,800	4,500	400	4,900
Animal	652	4,063	4,715	700	4,200	4,900	700	4,400	5,100
Other	114	367	481	100	500	600	100	500	600
TOTAL	4,884	4,894	9,778	5,200	5,100	10,300	5,300	5,300	10,600

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 commercial on-farm usages.

Trade

For the 2014/15 MY, post estimates that South Africa will have sufficient stocks to export about 2.5 million tons of corn, as commercial production is expected to exceed 12.0 million tons.

For the 2013/14 MY, post estimates that South Africa will export around 3.5 million tons of corn on a commercial production estimate of 13.9 million tons and increased corn price competitiveness in the world market, due to a weakening R/US\$ exchange rate and a 50 percent decrease in local corn prices the past six months. The rand already lost more than 20 percent of its value since the beginning of 2013, due to South Africa's labor unrests and expectations are that this trend will continue. The Department of Agricultural, Forestry and Fisheries (DAFF) already issued permits for the exporting of corn containing Genetically Modified Organisms, of more than two million tons in the past three months. Permits were issued mainly for corn exports to Japan (510,000 tons), Korea (550,000 tons) and Taiwan (one million tons). So far in the 2013/14 MY, South Africa has already exported 474,000 tons of mainly yellow corn (see also Table 3).

The 2012/13 MY corn export and import figures have been finalized. According to Sagis, South Africa exported almost 2.1 million tons of corn of which 1.1 million tons were yellow corn and 926,000 tons were white corn. Japan (596,315 tons of yellow corn), Zimbabwe (257,594 tons of white corn and 29,219 tons of yellow corn) and Botswana (165,789 tons of white corn and 46,694 tons of yellow corn) were the top three markets. Other deep sea markets included Mexico (190,097 tons of white corn), Taiwan (166,360 tons of yellow corn) and Korea (148,044 tons of yellow corn). About 80,000 tons of yellow corn were imported from the Ukraine at the beginning of the year, to augment stock levels before the harvesting of the 2013/14 MY crop started.

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

MY	2012/13 (May, 2013 – Apr, 2014)		2013/14 May, 2014 – Jul 11, 2014	
	White corn	Yellow corn	White corn	Yellow corn
<u>Export Destinations</u>				
Angola	6	2	0	0
Botswana	166	47	33	8
Cameroon	1	1	0	4
Italy	0	0	0	50
Japan	0	596	0	48
Korea	0	148	0	2
Lesotho	50	9	26	3
Madagascar	0	8	0	0
Mexico	190	0	0	0
Mozambique	80	23	9	5
Namibia	152	46	8	11
Nigeria	0	14	0	0
Portugal	0	0	0	26
Swaziland	23	41	0	2
Taiwan	0	166	0	207
Zimbabwe	258	29	28	4
TOTAL EXPORTS	926	1,130	104	370
<u>Import Suppliers</u>				
Ukraine	0	80	0	0
TOTAL IMPORTS	0	80	0	0

Source: SAGIS

Prices

SAFEX prices as of July 15, 2014 are shown in Table 4. Both white corn and yellow corn prices fell back from their record high levels early this year as prices moved from import parity levels to export parity levels (see also Figure 1 and Figure 2). Corn prices are almost 50 percent lower than six months ago as stock levels have recovered and exports have resumed after the harvesting of the largest corn crop the past 33 years in South Africa. On a year-on-year basis, white corn and yellow corn prices are 28 percent and 21 percent lower, respectively. Post foresees that local corn prices will stay close to export parity levels for the remainder of this calendar year.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 03/11/2014)				
Commodity	2014/07	2014/09	2014/12	2015/03	2015/07
White corn	R1,660/t (\$158/t)	R1,695/t (\$161/t)	R1,738/t (\$166/t)	R1,768/t (\$168/t)	R1,837/t (\$175/t)
Yellow corn	R1,726/t (\$164/t)	R1,766/t (\$168/t)	R1,818/t (\$173/t)	R1,846/t (\$176/t)	R1,876/t (\$179/t)

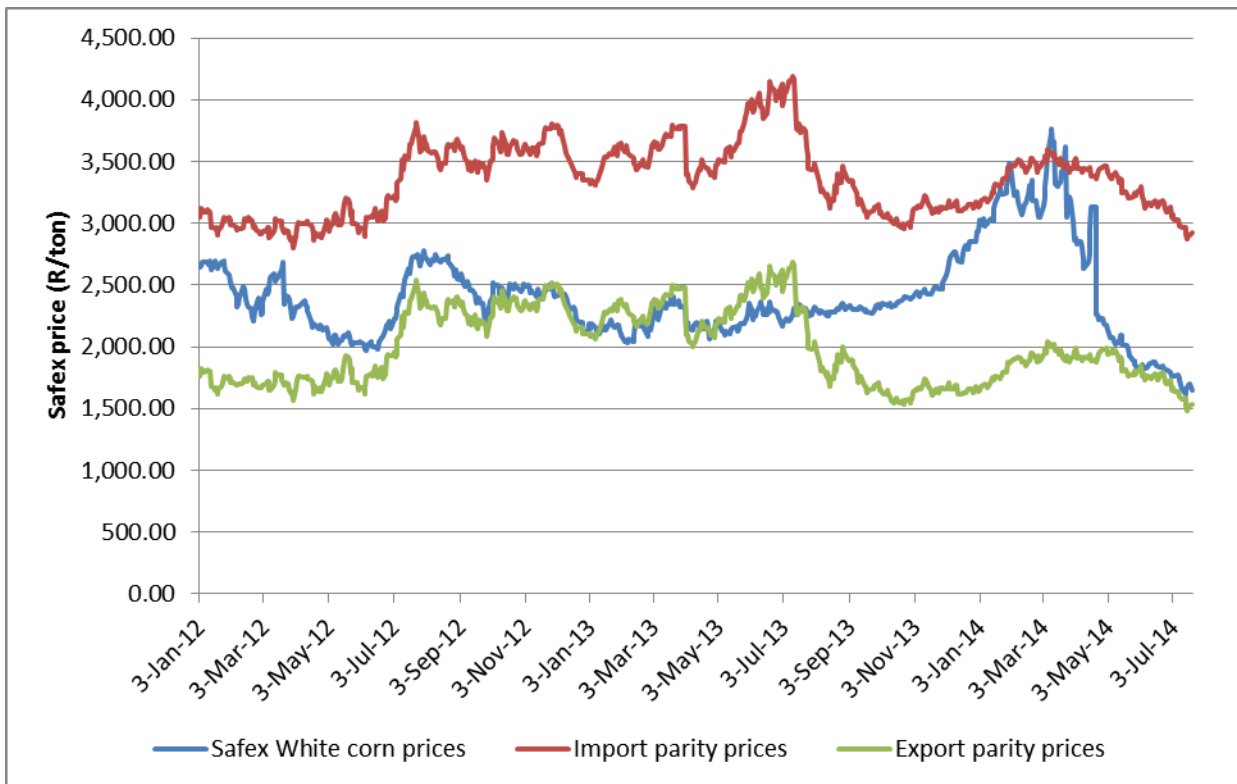


Figure 1: The trend in the SAFEX price for white corn since January 2012



Figure 2: The trend in the SAFEX price for yellow corn since January 2012

Table 5: PS&D Table for Corn

Corn South Africa	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2013		Market Year Begin: May 2014		Market Year Begin: May 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,238	3,237	3,200	3,188	3,200	3,200
Beginning Stocks	3,676	3,676	3,067	3,186	3,092	2,776
Production	12,365	12,486	14,500	14,590	13,500	13,000
MY Imports	80	80	25	0	25	0
TY Imports	0	0	80	80	25	0
TY Imp. from U.S.	3	0	0	0	0	0
Total Supply	16,121	16,242	17,592	17,776	16,617	15,776
MY Exports	2,054	2,056	3,000	3,500	2,200	2,500
TY Exports	2,398	2,398	2,300	3,000	2,500	2,500
Feed and Residual	5,100	5,100	5,200	5,400	5,300	5,600
FSI Consumption	5,900	5,900	6,300	6,100	6,100	6,200
Total Consumption	11,000	11,000	11,500	11,500	11,400	11,800
Ending Stocks	3,067	3,186	3,092	2,776	3,017	1,476
Total Distribution	16,121	16,242	17,592	17,776	16,617	15,776

1000 HA, 1000 MT, MT/HA

