

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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South Africa - Republic of

Post:

Pretoria

Grain and Feed Update

Quarterly Update

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Report Highlights:

Post forecasts South Africa will plant approximately 3.1 million hectares of corn, which should yield a crop of about 12.7 million tons, for the 2012/13 marketing year (MY). This should put South Africa in a position to export about two million tons. South Africa's total estimated crop for the 2011/12 MY at 11.172 million tons is two percent lower than post's July estimate due to the impact of flooding that occurred in producing areas during harvest time. South Africa already exported 1.575 million tons in the 2011/12 MY, with Mexico emerging as the major market. If corn exports continue at this pace, South Africa will be able to export almost three million tons.

Executive Summary:

Post forecasts that the corn area planted in late 2011 for the marketing year that will start May 2012 and end April 2013 (split year 2011/12 in the PS&D table) will be around 3.1 million hectares. This will, on a national average yield, result in a crop of about 12.7 million tons, 14 percent more than the previous season. This should put South Africa in a position to export about two million tons.

The Crop Estimates Committee's (CEC) final estimate for the 2011/12 MY corn crop is 11.172 million tons. This is two percent lower than post's July estimate of 11.419 million tons due to the impact of flooding that occurred in producing areas during harvest time. With the current crop of more than 11 million tons and carry-over stocks of approximately five million tons, South Africa has excess corn available to supply the global market.

Hence, for the first six and a half months of the 2011/12 MY (May 1, 2011 to October 15, 2011), South Africa already exported 1.575 million tons (929,709 tons of white corn and 645,675 tons of yellow corn). If exports continue at this pace, South Africa should be able to export almost three million tons. So far, Mexico has emerged as South Africa's major market with 608,456 tons of white corn imports. South Africa also exported 19,442 tons of white corn to the drought affected Somalia.

US\$1 = Rand 7.93 (10/26/2011)

Sources:

w.sagis.org.za

w.grainsa.co.za

w.safex.co.za

w.daff.gov.za

Corn

White	1,720	4.5	7,830	1,418	4.4	6,182	1,500	4.5	6,750
Yellow	1,023	5.1	4,985	954	4.6	4,426	1,100	4.9	5,400
Sub Total	2,742	4.8	12,815	2,372	4.4	10,608	2,600	4.7	12,150
Subsistence corn									
White	372	1.1	422	347	1.1	396	350	1.1	390
Yellow	149	1.2	184	140	1.2	168	150	1.2	180
Sub Total	521	1.2	606	487	1.1	564	500	1.1	570
TOTAL	3,263	4.1	13,421	2,872	3.9	11,172	3,100	4.1	12,720

Source: SAGIS and CEC

Consumption

For the 2012/13 MY, Post forecasts that the trend of the previous season will continue with corn for human consumption to remain basically flat, while the demand for corn for animal feed purposes will increase by two percent to 4.56 million tons. As a result, the total domestic demand for corn will increase to 10.060 million tons in the 2012/13 MY.

Total commercial consumption for the 2011/12 MY is estimated to be around 9.82 million tons, almost two percent more than the 9.652 million tons consumed in the 2010/11 MY. Corn for human consumption (mainly white corn) is expected to remain flat at 4.55 million tons due to higher prices, while corn for feed purposes (mainly yellow corn) is expected to increase by four percent to 4.47 million tons. As general economic conditions improve, middle-income consumers will consume more meat which will increase the demand for corn as the major animal feedstock.

The following table outlines the commercial consumption for white and yellow corn for the 2010/11 (estimate), 2011/12 (estimate) and 2012/13 (forecast) marketing years. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

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	4,159	356	4,515	4,200	350	4,550	4,250	350	4,600
Animal	1,658	2,613	4,271	1,530	2,940	4,470	500	4,060	4,560
Other	353	513	866	300	500	800	350	550	900
TOTAL	6,170	3,482	9,652	6,030	3,790	9,820	5,100	4,960	10,060

Source: SAGIS, Grain SA

Trade

In 2011, corn became South Africa's number one agricultural export product, surpassing citrus, wine, table grapes and apples. Between January 2011 and August 2011, South Africa exported 1.83 million tons of corn earning US\$540 million in foreign exchange.

For the first six and a half months of the 2011/12 MY (May 1, 2011 to October 15, 2011), South Africa exported 1.575 million tons (929,709 tons of white corn and 645,675 tons of yellow corn) (see also Table 3). If exports continue at this pace, South Africa will be able to export almost three million tons in the 2011/12 MY. With carry-over stocks of approximately five million tons and a current crop of

more than 11 million tons, South Africa has excess corn available to supply the global market. So far in the 2011/12 MY, Mexico has emerged as South Africa’s major market with 608,456 tons of white corn imports. Mexico is followed by Korea with 304,660 tons of yellow corn and 38,783 tons of white corn. Taiwan is currently South Africa’s third biggest market and imported 161,550 tons of yellow corn. South Africa also exported 19,442 tons of white corn to the drought affected Somalia.

With a smaller beginning stock and an estimated crop of 12.7 million tons , South Africa’s corn exports should normalized in the 2012/13 MY to about two million tons.

Table 3: Export and Import Countries for white and yellow corn (1,000 tons)

MY	2010/11 (May 1, 2010 – April 30, 2011)		2011/12 (May 1, 2011 – July 15, 2011)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	158	17	70	8
Cameroon	10	5		

Chad	3			
Ghana				8
Guinea	5			
Iran				41
Italy	131		68	
Japan		98		49
Kenya	41			
Korea	203	611	39	305
Kuwait		82		28
Lesotho	108	4	67	2
Mauritius		10		
Madagascar		6		3
Mexico	72		608	
Mozambique	74	24	26	8
Namibia	80	20	6	7
Nigeria	13			
Portugal	30	5		
Senegal	2	4		2
Somalia	27		19	
Spain		26		
Swaziland	55	55	1	22
Taiwan		51		162
Venezuela			26	
Zimbabwe	37			
TOTAL EXPORTS	1,049	1,018	930	645
Import Suppliers				
Zambia	0	0	8	0
TOTAL IMPORTS	0	0	8	0

Source: SAGIS

Prices

The South Africa Future Exchange (SAFEX) prices as of October 21, 2011, are shown in Table 4. Currently, white corn prices are at R2,360 per ton and yellow corn prices at R2,300 per ton. Since July 2011, local white corn prices have increased by almost 30 percent and yellow corn prices by 25 percent, and on a year-on-year basis local white corn prices increased by more than 80 percent and yellow corn prices by 78 percent. Both white corn and yellow corn is currently trading higher than with the commodity boom of 2008, when white corn prices were trading around R2,200 per ton and yellow corn prices at R2,250 per ton. The upward movement in local corn prices follows the global trend of rising commodity prices, while increased exports of corn by South Africa and the depreciation of the Rand against other major currencies also play a part in supporting higher domestic corn prices.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 10/21/2011)				
Commodity	2011/11	2011/12	2012/03	2012/05	2012/07

White corn	R2,360/t (\$298/t)	R2,364/t (\$298/t)	R2,360/t (\$298/t)	R2,100/t (\$265/t)	R1,911/t (\$241/t)
Yellow corn	R2,300/t (\$290/t)	R2,318/t (\$292/t)	R2,313/t (\$292/t)	R2,008/t (\$253/t)	R1,920/t (\$242/t)

PS&D Table

Corn South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,263	3,263	2,900	2,872	3,000	3,100
Beginning Stocks	4,113	4,113	5,169	5,206	4,094	2,978
Production	13,420	13,420	11,800	11,172	12,500	12,720
MY Imports	0	0	25	0	25	0
TY Imports	27	27	25	0	25	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17,533	17,533	16,994	16,378	16,619	15,698
MY Exports	2,064	2,067	2,500	3,000	2,000	2,000
TY Exports	1,586	1,586	2,800	2,800	2,300	1,500
Feed and Residual	4,600	4,560	4,700	4,700	4,900	4,800
FSI Consumption	5,700	5,700	5,700	5,700	5,900	5,800
Total Consumption	10,300	10,260	10,400	10,400	10,800	10,600
Ending Stocks	5,169	5,206	4,094	2,978	3,819	3,098
Total Distribution	17,533	17,533	16,994	16,378	16,619	15,698
1000 HA, 1000 MT, MT/HA						