

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

Approved By:

Nicolas Rubio

Prepared By:

Dirk Esterhuizen

Report Highlights:

Based on a trend analysis, post estimates that the commercial area planted to corn for the South African 2013/14 marketing year (MY) will decrease by six percent to 2.6 million hectares. This could realize a commercial corn crop of about 11.5 million tons and an exportable surplus of two million tons. For the 2012/13 MY, post kept its commercial corn crop estimate unchanged at 11.1 million tons and exports at around 1.9 million tons.

Executive Summary

Post forecasts that the total area planted to corn later in 2013 by commercial and subsistence farmers for the 2013/14 MY [1] (May 2014 to April 2015), will be around 3.1 million hectares. Commercial farmers will plant about 2.6 million hectares and subsistence farmers 500,000 hectares. This forecast is based on the decreasing trend in hectares planted with corn over the past 10 years in South Africa. Based on national average yields, 3.1 million hectares could realize a total corn crop of about 12.2 million tons and an exportable surplus of two million tons.

The Crop Estimates Committee (CEC) in June estimated the commercial corn crop for the 2012/13 MY at 11.4 million tons, which is already one million tons or eight percent lower than its first estimate in February. The area planted was kept unchanged at 2.8 million hectares. The drought that hit the Northwest and Free State Provinces earlier this year, severely affected the summer crops. Expectations are that the CEC will decrease its production estimate for commercial corn even more by the end of July. Hence, post kept its commercial corn crop estimate unchanged at 11.1 million tons. According to the CEC, subsistence farmers produced 675,090 tons of corn on 456,900 hectares in the 2012/13 MY. This means that South Africa's total corn crop for the 2012/13 MY is estimated at 11.8 million tons on 3.2 million hectares.

In the first three months of the 2012/13 MY, South Africa already exported 701,818 tons of corn. Post estimates that South Africa will export around 1.9 million tons of corn in the 2012/13MY. The 2011/12 MY's corn exports were finalized at 1.8 million tons.

US\$1 = Rand 9.80 (07/22/2013)

^[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

MY	2011/12			2012/13			2013/14		
<u>Commercial corn</u>									
White	1,637	4.2	6,904	1,620	3.5	5,700	1,600	4.2	6,720
Yellow	1,063	4.9	5,217	1,160	4.7	5,400	1,000	4.8	4,800
Sub Total	2,700	4.5	12,121	2,780	4.0	11,100	2,600	4.4	11,500
<u>Subsistence corn</u>									
White	302	1.4	429	320	1.4	460	350	1.4	490
Yellow	140	1.5	209	137	1.6	215	150	1.4	210
Sub Total	442	1.4	638	457	1.5	675	500	1.4	700
TOTAL	3,142	4.1	12,759	3,237	3.6	11,775	3,100	3.9	12,200

Source: SAGIS and CEC

Consumption

Post forecasts that the local commercial demand for corn will only grow marginally, to 9.7 million tons, in the 2013/14 MY. As illustrated in Figure 1, the demand for corn for human consumption and animal feed has flattened the past three years, due to relatively high corn prices and slow economic growth. South Africa's economy is expected to grow by less than three percent in 2013 and 2014 as labor unrest, financial uncertainties, and prospects of slower global economic recovery will impact negatively on economic growth. The Rand also depreciated against major currencies the past year and expectations are that this will continue through 2013, which will have an impact on the price of corn.

The commercial consumption for corn in the 2011/12 MY was finalized at 9.6 million tons, precisely on the same level as the previous year. According to the South African Grain Information Services (SAGIS), 5.2 million tons of white corn and 4.4 million tons of yellow corn were consumed, while 4.5 million tons were used for human consumption and 4.4 million for animal feed.

Post estimates that the commercial demand for corn for human consumption and animal feed in the 2012/13 MY will also stay relatively constant at approximately 4.5 million tons and 4.4 million tons, respectively, due to slow economic growth and relatively high corn prices.

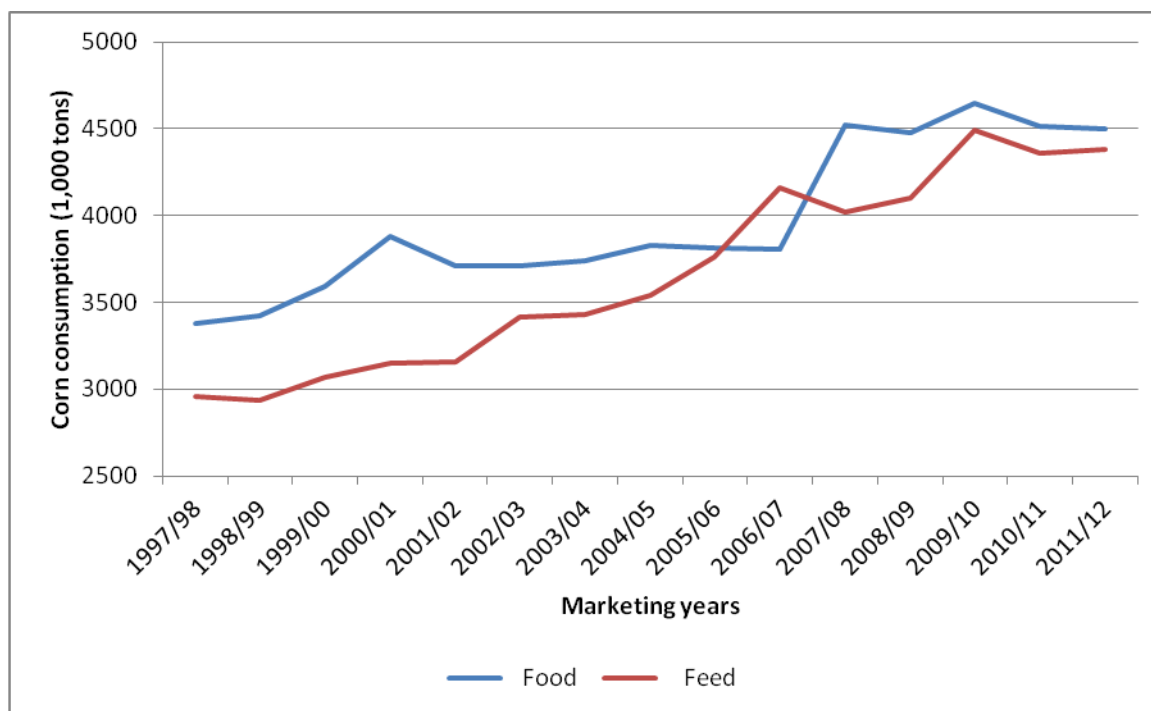


Figure 1: The commercial consumption of corn in the food and feed markets of South Africa since the 1997/98 MY.

Table 2 outlines the commercial consumption for white and yellow corn for the 2011/12 MY (actual), 2012/13 MY (estimate) and 2013/14 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	2011/12			2012/13			2013/14		
Human	4,095	405	4,500	4,100	400	4,500	4,200	350	4,550
Animal	905	3,475	4,380	900	3,500	4,400	450	4,000	4,450
Other	180	495	675	150	500	650	200	500	700
TOTAL	5,180	4,375	9,555	5,150	4,400	9,550	4,850	4,850	9,700

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 2013/14 MY, post estimates that South Africa will have sufficient stocks to export about 2.0 million tons of corn. In the first three months of the 2012/13 MY, South Africa already exported 701,818 tons of corn of which 545,399 tons were yellow corn and 108,611 ton white corn. The 2011/12 MY's corn exports were finalized at 1.8 million tons of which 1.4 million tons were white corn and 413,152 tons yellow corn (see also Table 3).

Where Mexico was South Africa's major market in the 2011/12 MY, receiving 45 percent of total corn exports (mainly white corn), Japan is currently the major market with more than 56 percent of total corn exports (mainly yellow corn). Due to the uncertainty of the total impact of the drought that hit the Northwest and parts of the Free State Provinces during the corn growing season (where predominately white corn is produce), South Africa is currently exporting more yellow corn of which an exportable surplus are available.

Post estimates that South Africa will export around 1.9 million tons of corn in the 2012/13MY. This estimate is based on the permits issued by the Department of Agricultural, Forestry and Fisheries (DAFF) for the exporting of corn containing Genetically Modified Organisms and the weakening R/US\$ exchange rate that is increasing South Africa's corn price competitiveness. The rand lost more than 14 percent of its value since the beginning of the year, due to South Africa's financial and labor uncertainties, and expectations are that this trend will continue.

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

MY	2011/12 (May 1, 2012 – Apr 30, 2013)		2012/13 (May 1, 2013 – Jul 12, 2013)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Angola	0	1	0	0
Botswana	160	37	27	7
Chad	1	0	0	0
Italy	61	0	0	0
Japan	0	139	0	395
Korea	50	20	0	0
Lesotho	136	8	8	2
Mali	3	0	0	0
Madagascar	0	3	0	0
Mexico	820	0	73	0
Mozambique	64	18	11	3
Namibia	73	30	18	7
Swaziland	24	57	3	6
Taiwan	0	100	0	126
Zimbabwe	8	0	17	0
TOTAL EXPORTS	1,400	413	156	546
Import Suppliers				
Zambia	11	0	0	0
TOTAL IMPORTS	11	0	0	0

Source: SAGIS

Prices

SAFEX prices as of July 16, 2013, are shown in Table 4. Since March, both white corn and yellow corn traded in a price range of between R2,100 per ton and R2,400 per ton. However, on a year-to-year basis yellow corn and white corn prices are respectively, 15 percent and 13 percent lower and replicate the decline in world corn prices, due to an expected record corn crop in the United States.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 07/16/2013)				
Commodity	2013/07	2013/09	2013/12	2014/03	2014/07
White corn	R2,299/t (\$235/t)	R2,315/t (\$236/t)	R2,372/t (\$242/t)	R2,369/t (\$242/t)	R2,171/t (\$222/t)
Yellow corn	R2,191/t (\$224/t)	R2,218/t (\$226/t)	R2,255/t (\$230/t)	R2,240/t (\$229/t)	R2,115/t (\$216/t)

Table 5: PS&D Table for Corn

Corn South Africa	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,142	3,142	3,250	3,237	3,200	3,100
Beginning Stocks	3,418	3,418	3,676	3,675	3,201	2,810
Production	12,759	12,759	12,200	11,775	13,000	12,200
MY Imports	11	11	25	10	25	10
TY Imports	424	424	25	10	25	10
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	16,188	16,188	15,901	15,460	16,226	15,020
MY Exports	1,812	1,813	1,900	1,900	2,000	2,000
TY Exports	1,831	1,813	1,900	1,900	1,900	1,900
Feed and Residual	4,950	4,950	5,000	4,950	5,100	5,050
FSI Consumption	5,750	5,750	5,800	5,800	5,900	5,850
Total Consumption	10,700	10,700	10,800	10,750	11,000	10,900
Ending Stocks	3,676	3,675	3,201	2,810	3,226	2,120
Total Distribution	16,188	16,188	15,901	15,460	16,226	15,020

1000 HA, 1000 MT, MT/HA