

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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South Africa - Republic of

Grain and Feed Update

Quarterly Update

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Report Highlights:

First estimates for the 2013/14 MY indicate that South African commercial corn producers planted 2.7 million hectares, up four percent from post's previous estimate. This could yield a commercial crop of about 11.5 million tons, which will place South Africa in a position to export approximately 2.0 million tons of corn.

Post:

Pretoria

Executive Summary

First estimates for the area planted to corn by commercial farmers for the 2013/14 MY [1] (the 2014/15 MY in South Africa) indicates that commercial farmers planted 2.7 million hectares of corn, four percent more than post's October 2012 estimate of 2.6 million hectares. In addition, post estimates that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.2 million hectares, are at the same level as in the 2012/13 MY. Weather conditions so far this season are a mixture of satisfactory growing conditions in the east and drought conditions prevailing in the west. Hence, post kept its total corn crop estimate for the 2013/14 MY unchanged at 12.2 million tons.

Post forecasts that the local commercial demand for corn will only grow marginally, to 9.7 million tons, in the 2013/14 MY, with high corn prices decelerating a greater growth rate. On the other hand, exports are expected to reach 2.0 million tons. Post estimates that South Africa will export around 1.9 million tons of corn in the 2012/13 MY.

US\$1 = Rand 11.00 (01/28/2014)

^[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

The first estimate for the area planted to corn by commercial farmers for the 2013/14 MY was released by the Crop Estimates Committee (CEC) on January 28, 2014. According to the CEC, commercial farmers planted 2.7 million hectares of corn. This estimate by the CEC is four percent more than post's October 2012 estimate of 2.6 million hectares. In addition, post estimates that subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.2 million hectares, are at the same level as in the 2012/13 MY. Commercial farmers planted 1.6 million hectares with white corn and 1.1 million hectares with yellow corn.

The prevailing drought conditions in the western side of the corn producing area are impacting negatively on corn yields. However, growing conditions in the rest of the corn producing regions are satisfactory, especially in the Mpumalanga and the eastern Free State provinces. Hence, post kept its total corn crop estimate for the 2013/14 MY unchanged at 12.2 million tons.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2011/12 MY (actual), 2012/13 MY (estimate) and 2013/14 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	2011/1 2			2012/1 3			2013/1 4		
<u>Commercial corn</u>									
White	1,637	4.2	6,904	1,615	3.5	5,545	1,570	3.9	6,100
Yellow	1,063	4.9	5,217	1,165	5.3	6,145	1,140	4.7	5,400
Sub Total	2,700	4.5	12,121	2,780	4.2	11,690	2,710	4.2	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	3.8	12,365	3,210	3.8	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. Since 2008, the demand for corn for human consumption and animal feed has flattened, due to relatively high corn prices and slow economic growth. Corn meal is a staple food for many South Africans, but can be substituted, at the right price level, by bread or rice. Hence, the demand for wheat and rice increased by respectively, 12 percent and 22 percent the past five years. On a year-to-year basis the price of wheat only increased by six percent (see also Figure 1), compared to the 50 percent increase in corn prices, explaining the growth in the demand for wheat.

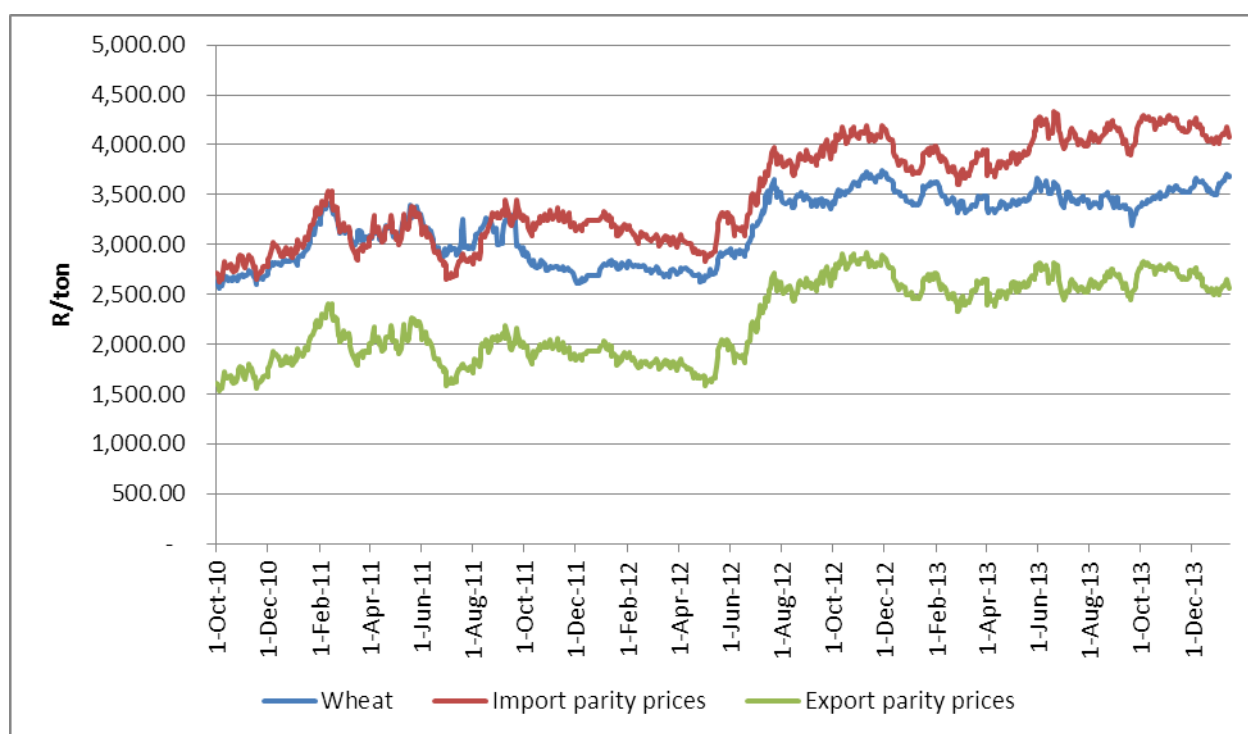


Figure 1: The trend in the SAFEX price for wheat since October 2010

Post estimates total commercial corn consumption for the 2012/13 MY at the same level as in the 2011/12 MY, i.e. 9.6 million tons. Hence, the commercial demand for corn for human consumption and animal feed in the 2012/13 MY will stay relatively constant at approximately 4.6 million tons and 4.4 million tons, respectively,

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	4,150	400	4,550	4,200	350	4,550
Animal	905	3,475	4,380	600	3,800	4,400	450	4,000	4,450
Other	180	495	675	150	500	650	200	500	700
TOTAL	5,180	4,375	9,555	4,900	4,700	9,600	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 forecasts that South Africa will have sufficient stocks to export about 2.0 million tons of corn. For the 2012/13 MY, post estimates that South Africa will export around 1.9 million tons of corn. In the first nine months of the 2012/13 MY, South Africa already exported 1.7 million tons of corn of which one million tons were yellow corn and 674,273 tons white 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), South Africa's six neighboring countries are currently the major markets with 35 percent of total corn exports (481,807 tons white corn and 136,571 tons yellow corn). Drought in many parts of southern Africa impacted negatively on crops, rising food security concerns. Post foresees that South Africa will continue corn exports to its neighboring countries, while some mills at the coast might start importing corn in the remainder of the 2012/13 MY.

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 – Jan 17, 2014)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Angola	0	1	2	1
Botswana	160	37	122	35
Cameroon	0	0	0	1
Chad	1	0	0	0
Italy	61	0	0	0
Japan	0	139	0	596
Korea	50	20	0	148
Lesotho	136	8	35	7
Mali	3	0	0	0
Madagascar	0	3	0	5
Mexico	820	0	190	0
Mozambique	64	18	59	18
Namibia	73	30	100	32
Nigeria	0	0	0	14
Swaziland	24	57	12	30
Taiwan	0	100	0	169
Zimbabwe	8	0	154	15
TOTAL EXPORTS	1,400	413	674	1,071
Import Suppliers				
Zambia	11	0	0	0
TOTAL IMPORTS	11	0	0	0

Source: SAGIS

Prices

SAFEX prices as of January 21, 2014, are shown in Table 4. Since post's last report in October, both white corn and yellow corn domestic prices sharply increased by 38 percent and 60 percent, respectively, to reach record levels. This price increase occur despite international corn prices decreasing, as domestic corn prices moved away from export parity price levels and closer to import parity price levels (see also Figure 2 and Figure 3). The movement to import parity prices was driven by the anticipation of possible corn imports realizing as stock levels are under pressure. The drought conditions prevailing in the Northwest province also played a role in the increase corn prices. On a year-to-year basis yellow corn and white corn prices are respectively, 48 percent and 50 percent, higher.

The deterioration of the rand exchange rate is also supporting higher corn prices. The rand has depreciated by almost 20 percent against the United States dollar on a year-to-year basis and by nearly 5

percent in the first three weeks of the 2014 (see also Figure 4). The rand stumbled to a fresh five-year low against the dollar on January 24, after the start of another labor strike in the mining sector. South Africa's budget and current account deficits, strikes in the manufacturing and mining sectors, and the 2014-elections, make the currency more vulnerable than most emerging market peers during a period of global risk aversion.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 01/21/2014)				
Commodity	2014/01	2014/03	2014/05	2014/07	2014/09
White corn	R3,261/t (\$296/t)	R3,021/t (\$275/t)	R2,671/t (\$243/t)	R2,363/t (\$215/t)	R2,396/t (\$218/t)
Yellow corn	R3,302/t (\$300/t)	R2,958/t (\$269/t)	R2,472/t (\$225/t)	R2,292/t (\$208/t)	R2,232/t (\$203/t)

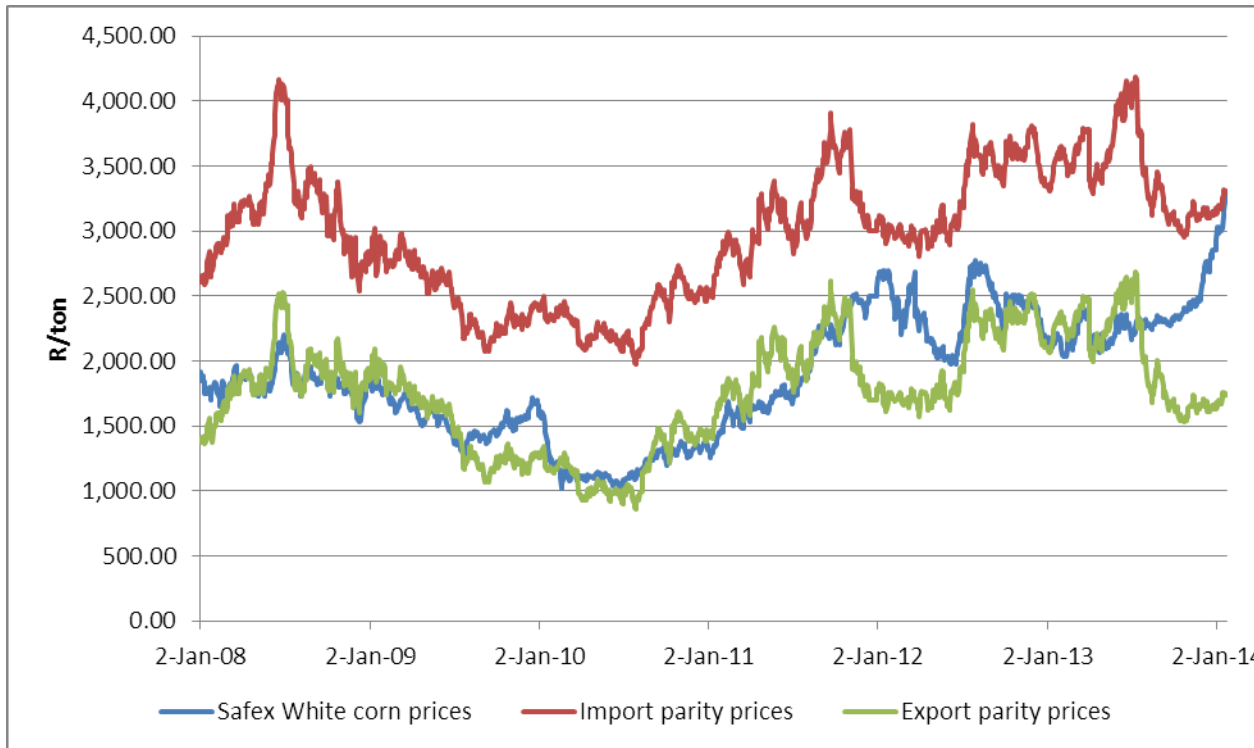


Figure 2: The trend in the SAFEX price for white corn since January 2008

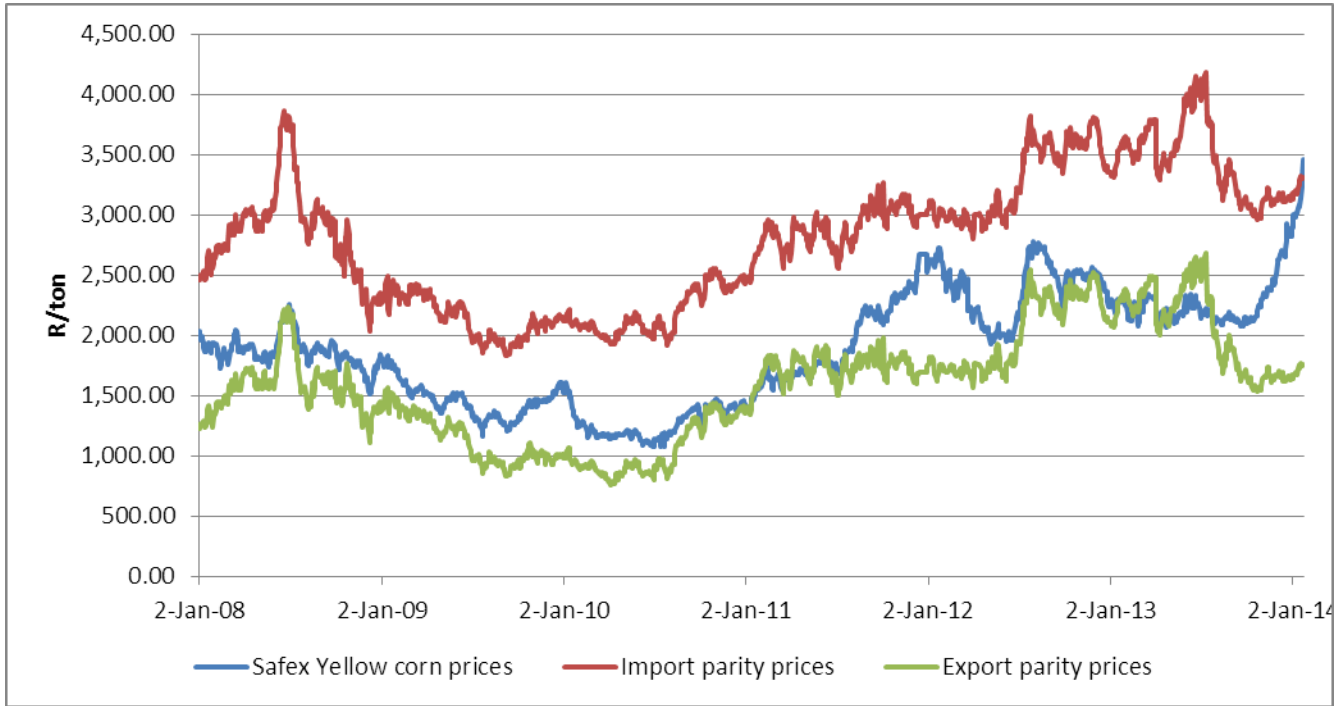


Figure 3: The trend in the SAFEX price for yellow corn since January 2008

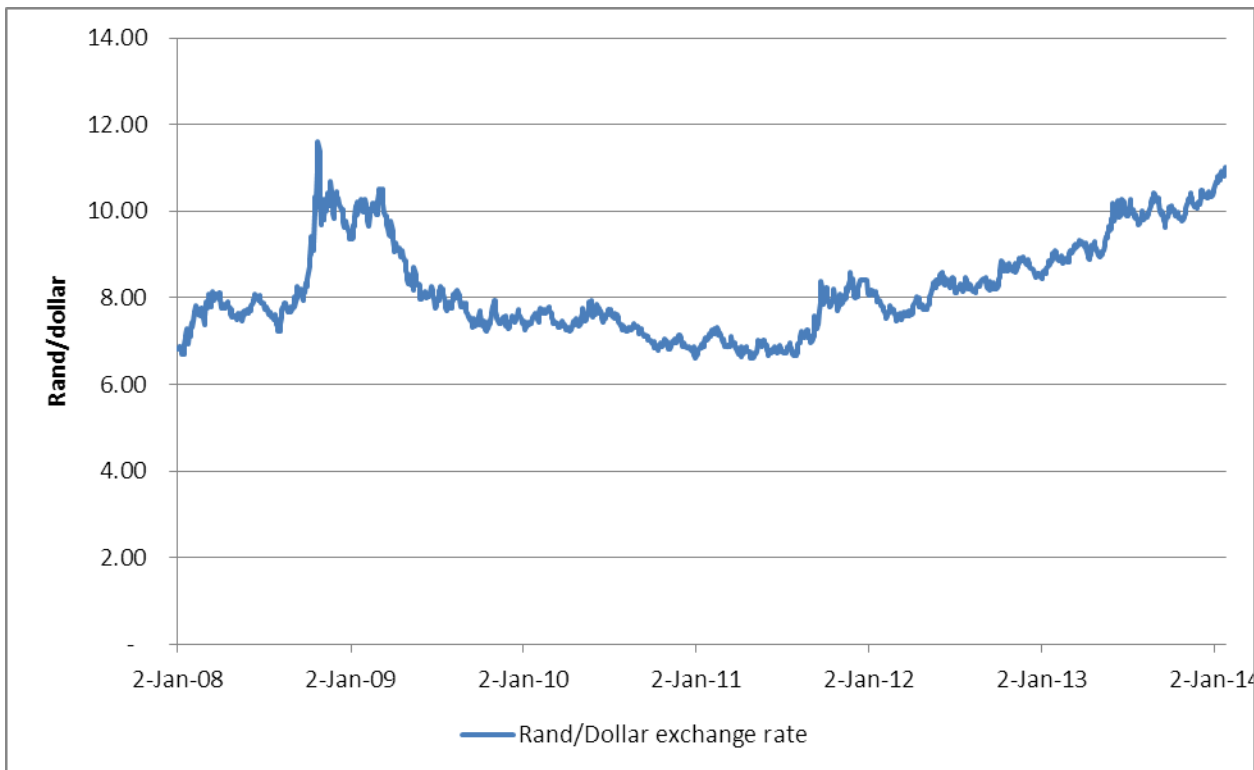


Figure 4: Rand/dollar exchange rate

Source: Reserve Bank

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	3,238	3,237	3,200	3,210
Beginning Stocks	3,418	3,418	3,676	3,676	3,166	3,416
Production	12,759	12,759	12,365	12,365	13,000	12,200
MY Imports	11	11	25	25	25	10
TY Imports	424	424	0	25	25	10
TY Imp. from U.S.	2	2	3	0	0	0
Total Supply	16,188	16,188	16,066	16,066	16,191	15,626
MY Exports	1,812	1,812	2,100	1,900	2,000	2,000
TY Exports	1,831	1,831	2,398	2,200	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	3,676	3,166	3,416	3,191	2,726
Total Distribution	16,188	16,188	16,066	16,066	16,191	15,626

1000 HA, 1000 MT, MT/HA