



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 12/1/2004

**GAIN Report Number:** SF4049

## South Africa, Republic of

### Grain and Feed

### Monthly Update

## 2004

**Approved by:**

Scott Reynolds

U.S. Embassy, South Africa

**Prepared by:**

Herman Germishuis

---

**Report Highlights:**

South Africa's 2004/05-summer rainfall to date has been disappointing. A late start to the season delayed planting. Fortunately the eastern production areas were able to plant in time while there is still time for planting in the west. The intention is to increase the area planted to corn to 3.5 million hectares, which could produce a ten million ton crop. This will supply South African and regional needs and further increase carry over stocks. Rainfall over the next few months will be critical. The wheat crop already suffered damage and a million tons will probably be imported during marketing year 2004/05.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Pretoria [SF1]  
[SF]

## Summary

South Africa experienced a hot and late start to the 2004/05-summer rainfall season. In Mpumalanga and the eastern Free State early rains did allow planting but the western and northwestern production areas only recently received some rain allowing field preparation. More rain is urgently needed over the whole production area. In a recent survey commercial farmers indicated an intention to increase the 2004 area planted by about 400,000 ha. (15%) compared to the previous season. Including the small-scale sector, the area planted could reach 3.5 million ha. compared to about 3 million in 2003. Taking the late planting, low rainfall and extreme heat into account it is unlikely that the 2003 yields will be reached. Based on normal conditions for the rest of the season a crop of about 10 million tons can be expected compared to the 9.6 million tons produced 2003. With a high carry over this could aggravate the over supply situation.

The wheat crop also suffered drought damage and is currently estimated at 1.86 million tons compared to 1.54 million tons in 2003. Imports in MY 2004/05 are thus likely to reach a million tons again after 1.3 million was imported in MY 2003/04.

US\$1=Rand 5.75 on 12/01/2004.

[www.sagis.org.za](http://www.sagis.org.za)

[www.grainsa.co.za](http://www.grainsa.co.za)

[www.safex.co.za](http://www.safex.co.za)

[www.fews.net](http://www.fews.net)

[www.wfp.org](http://www.wfp.org)

[www.grains.org](http://www.grains.org)

[www.weathersa.co.za](http://www.weathersa.co.za)

**CORN****Country South Africa  
Commodity Corn**

1000ha. 1000 mt.	2002	Revised	2003	Estimate	2004	Forecast
	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	05/2003		05/2004		05/2005	
Area Harvested	3650	3651	3200	3007	3300	3500
Beginning Stocks	1943	1945	2443	2420	2077	2970
Production	9675	9675	8934	9600	9300	10000
TOTAL Mkt. Yr. Imports	441	465	400	300	400	250
Oct-Sep Imports	617	730	500	420	300	200
Oct-Sep Import U.S.	21	82	0	10	0	10
TOTAL SUPPLY	12059	12085	11777	12320	11777	13220
TOTAL Mkt. Yr. Exports	1096	1125	1000	750	1000	1000
Oct-Sep Exports	1141	818	900	550	1000	500
Feed Dom. Consumption	4000	4000	4100	4000	4100	4050
TOTAL Dom. Consumption	8520	8540	8700	8600	8700	8500
Ending Stocks	2443	2420	2077	2970	2077	3720
TOTAL DISTRIBUTION	12059	12085	11777	12320	11777	13220

**Production**

The second planting intentions report for the 2004 crop currently being planted was released by the National Crop Estimates Committee on November 22. Based on replies received from producers the expected area to be planted to corn on commercial farms was 3.05 million hectares of which 1.9 million ha. (62%) was earmarked for white corn and 1.2 million ha. (38%) for yellow. The commercial producers thus intended to increase the total area planted by 405,000 ha. (15%) compared to the previous season.

The survey was done at the end of October when the farmers were still optimistic about the weather prospects for the new season. The following table contains the potential commercial crop scenario, including our revision to the 2003 commercial crop:

CORN	Area 1000 ha.	Yield Mt./ha.	Revised production 1000 mt.	Intentions 1000 ha	Yield Mt./ha.	Forecast production 1000mt.
	FAS 03*		My 04/05	FAS 04*	Py 04/05	My 05/06
White	1728	3.36	5800	1881	3.0	5650
Yellow	918	3.92	3600	1170	3.5	4100
Total	2646	3.55	9400	3051	3.2**	9750

\* Denotes year of planting.

\* Lower yield due to late planting.

Under normal conditions taking the late plantings and increased area into account, the 2004 crop could produce 9.75 million tons, compared to the current 9.4 million ton crop. If the 450,000 hectares and potential 250,000 ton crop in the developing sector is added the total area jumps to 3.5 million hectares and the crop to 10 million tons compared to 3 million hectares and 9.6 million tons in 2003. In our predictions we always assume normal weather for the rest of the season.

In the summer grain growing areas, however, the new season's rainfall to date has been low and the prediction is for below normal rainfall and above normal temperatures into

December. Fears of a severe drought and serious crop damage have been voiced. The late planting window has passed in some areas. In Mpumalanga a high percentage was planted in time. In the Eastern Free State late planting can continue up to December 15 and planting is in full swing. In the Western areas planting can continue through December and even early January but rains only started over the past few days and many farmers have not yet received enough rain to plough. Any further hot and dry weather will impact on the potential yield.

South Africa's 2003 (referring to the year of planting), commercial corn crop is officially estimated at 8.7 million tons, but we estimate the commercial crop at 9.4 million tons, about 700,000 tons more than the official estimate. We base the bigger crop on actual deliveries to the silos, from March to the end of October 2004 about 8.96 million tons was received. Between November and the end of February 2005 another 40,000 tons can be delivered pushing the total to 9 million tons. Farm retentions are considered to be about 400,000, which must be added for a total commercial crop of 9.4 million tons.

If the 200,000 tons from the developing sector is added, the total crop estimated increases to 9.6 million tons and the average yield to 3.2 tons per hectare, the second highest on record. The role of irrigation cannot be ignored. Although the area planted under irrigation declined in 2003 due to the dry start to the season, it is estimated that about 170,000 hectares were planted under full or supplemental irrigation, probably producing 1.7 million tons of the total. Because of the decline in total area planted, the irrigated crop plays a proportionally bigger role in the total production.

Since the introduction of the free market system the area planted to corn has dropped about 25% from the recent high of 4 million hectares in 1996 and 40% of the all time high of about 5 million hectares in 1975.

### Consumption

Commercial deliveries, that is corn delivered to the silos according to the South African Grain Information Service (SAGIS), forms the basis of the commercial supply and distribution.

To correlate the commercial S&D with a specific crop we use the March to February deliveries and not the formal May to April marketing year. The March and April deliveries are then added to the new season's deliveries and deducted from the May 1 carry over. Imports for re-exports, and the relevant stocks, are incorporated in the figures.

The latest commercial PS&D's are summarized below:

<b>FAS 2002 final</b>	<b>My 2003/04</b>	<b>Commercial S&amp;D</b>	
'000 Metric tons	White	Yellow	Total corn
Beginning stocks	1265	680	1945
Estimate	6365	3025	9390
Retentions	165	255	420
Delivery, March/Feb	6200	2770	8970
Imports	60	405	465
Total Supply	7525	3855	11380
Export	1015	110	1125
Dom. Disappearance	4480*	3355	7835
Ending stocks	2030	390	2420

\*Including an additional 500,000 tons of white corn used for feed.

FAS 2003 estimate	My 2004/05	Commercial S&D	
'000 Metric tons	White	Yellow	Total
B/Stocks	2030	390	2420
Adjusted crop est.	5750	3650	9400
Farm retentions	100	300	400
Delivery forecast	5650	3350	9000
Imports	0	300	300
Total supply	7680	4040	11720
Exports	700	50	750
Dom. Disappearance	4500*	3500	8000
Ending stocks	2480	490	2970

\*Including an additional 500,000 tons of white corn used for feed.

The expected carry over of nearly 3 million tons at the end of April 2005 will alleviate price pressure if weather conditions deteriorate further.

### Prices

Producer prices on the futures exchange were initially bolstered by an R31.67/ton import tariff levied in October. The tariff is formula driven as explained on the SAGIS website. Over the last month Rand prices dropped due to profit taking and perceived better crop prospects. Dollar prices dropped due to a further strengthening in the SA Rand.

Futures prices	March 2005	May 2005	July 2005	December 2004
White corn/mt.				
08/03/04	R1007=\$160.9	R1017=\$162.5		R969=\$154.8
08/27/04	R1076=\$163.5	R1089=\$165.5		R1034=\$157.1
10/04/04	R975=\$151.2	R1000=\$155.0		R935=\$145.00
11/01/04	R1071=\$175.6	R1089=\$178.5	R1100=\$180.3	R1041=\$170.7
11/29/04	R976=\$166.8	R993=\$169.7	R1009=\$172.5	R943=\$161.2
Yellow corn/mt.				
08/03/04	R1008=\$161.0	R990=\$158.2		R983=\$157.0
08/27/04	R1070=\$162.6	R1044=\$158.7		R1041=\$158.2
10/04/04	R977=\$151.47	R1000=\$155.04		R965=\$149.61
11/01/04	R1041=\$170.7	R1005=\$164.8	R1010=\$165.6	R1018=\$166.9
11/29/04	R927=\$159.0	R912=\$155.9	R930=\$159.0	R912=\$155.9

### Trade

During the 2003/04 May to April marketing season South Africa imported 468,000 tons and exported 1,126,000 tons of corn. This included imports and re-exports.

Exports during the current, 2004/05, marketing season are not doing well. Between May 1 and the end of November 2004 South Africa exported 362,000 tons of corn, or about 52,000 tons per month. Exports to date were slow as neighboring states had reasonable crops and stocks after harvest. Sales are now expected to pick up as these stocks are run down.

Kenya (270,000 tons), Malawi (250,000 tons) and Zimbabwe (500,000 tons?) are seen as the major deficit countries in this region this year. South African sales to Kenya to date amount to 121,000 tons while they also purchased or are expected to purchase 92,000 tons from Tanzania and 54,000 tons from Uganda.

Malawi purchased corn from northern Mozambique and may buy another 70,000 tons from Zambia. Zambia produced an 185,000 tons exportable surplus of which about 15,000 tons were sold to the World Food Program and 80,000 tons to Angola. Zimbabwe may have purchased some stocks from Zambia and is currently in the South African market for a sizable parcel if financing can be found.

The following table contains South African corn exports between May 1 and November 26, 2004.

Metric tons	White corn	Yellow Corn	Total corn
Angola	18,627	0	18,627
Botswana	56,726	5,750	62,476
Kenya	120,966		120,966
Lesotho	57,459	3,700	61,159
Mozambique	17,587	3,713	21,300
Namibia	284	8,627	8,911
Swaziland	5,636	12,272	17,908
Zimbabwe	48,283	96	48,379
Madagascar	1,942		1,942
Total	327,510	34,158	361,668

Based on the 362,000 tons exported to date it is likely that the 750,000-ton target for the season will be reached.

May to November 2004 imports (yellow corn) amounted to 93,402 tons and are expected to reach the PS&D figure of 300,000 tons for the whole season.

## WHEAT

## PSD Table

**Country** South Africa  
**Commodity** Wheat

1000 ha.	2002	Revised	2003	Estimate	2004	Forecast
1000 mt.	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	10/2002		10/2003		10/2004	
Area Harvested	941	941	748	748	850	851
Beginning Stocks	587	588	898	897	688	614
Production	2320	2387	1540	1540	2125	1864
TOTAL Mkt. Yr. Imports	871	870	1200	1278	900	1000
Jul-Jun Imports	1024	831	911	837	900	850
Jul-Jun Import U.S.	63	59	488	414	0	500
TOTAL SUPPLY	3778	3845	3638	3715	3713	3378
TOTAL Mkt. Yr. Exports	310	310	300	379	300	375
Jul-Jun Exports	331	328	356	320	300	350
Feed Dom. Consumption	10	12	10	30	10	30
TOTAL Dom. Consumption	2570	2638	2650	2722	2660	2725
Ending Stocks	898	897	688	614	753	378
TOTAL DISTRIBUTION	3778	3845	3638	3715	3713	3378

**Production**

The fourth National Crop Estimates Committee estimate of South Africa's 2004 wheat crop was released on November 20, 2004. According to the estimate the expected crop decreased by 112,875 tons from 1.98 million tons to 1.86 million tons over the past month. The current estimate is still 232,600 tons, or 21% higher than the crop for the previous season, mainly due to an increase in area planted. The main producing areas are the Free State, with 637,500 tons or 34% of the total and the Western Cape with 587,400 tons or 32%. The main reason for the decrease over the past month is drought in the Free State and the Western Cape.

The crop will be insufficient to satisfy domestic demand, currently around 2.7 million tons, and the needs of the region. As a result imports of about 1,000,000 tons are expected for the 2004/05 season after 1.278 million tons were imported during 2003/04. Import figures for the 2003/04 season are:

Origin, Metric tons	For Africa via RSA	For South Africa	TOTAL, MY2003/04
USA	146,660	413,429	560,089
Canada	13,767	0	13,767
Germany	3,873	12,199	16,072
United Kingdom	0	22,420	22,420
Australia	0	298,504	298,504
Argentina	73,816	268,218	342,034
France	0	25,016	25,016
TOTAL	238,116	1,039,786	1,277,902

During My 2003/04 the US supplied 560,089 tons, or 43.8% of the wheat imported followed by Argentina with 26.8% and Australia with 23.4%.

In October and November 2004, the first two months of the new 2004/05 marketing year, imports amounted to 265,000 tons of which 121,000 tons were supplied by Argentina and 95,000 tons by the US.

The whole grain export figures for the 2003/04 season were:

Botswana	88,559
Lesotho	74,656
Swaziland	40,634
Zimbabwe	102,598
Zambia	37,430
Namibia	12,622
TOTAL	356,499

In addition, 23,000 tons of products were exported.