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South Africa, Republic of

Grain and Feed

Monthly Update

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Report Highlights:
In spite of a late start to the rainfall season, the planting of corn has started in the eastern production areas. As a result of overproduction and low prices, Grain SA still recommends that farmers do not plant at all this season. Prices have recovered and producers may be tempted to plant again. The 2004 corn crop is unofficially estimated at 11.7 million tons and the new, 2005 crop could reach about 7 million tons. This will alleviate the oversupply.

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

Summary

South Africa's 2005/06, summer rainfall season started at the beginning of November this year. Although late, the rains allowed planting to start especially in the eastern production areas where the optimum time for planting ended at the end of October. The big question is how much land farmers are going to plant. Grain SA still recommends not planting at all but commercial farmers are likely to cut the area planted by 30% from the 3 million hectares five year average. If the area planted on commercial farms is cut back to 2.1 million hectares the crop could still reach 6.7 million tons. Adding the crop in the emerging sector could take the total to 7 million tons.

The current, FAS 2004, crop on commercial farms is officially estimated at 12.2 million tons and unofficially at 11.4 million tons. Even if the official estimate is decreased, the immediate oversupply situation will persist.

US$1 = Rand 6.50 (11/30/05)

www.sagis.org.zag
www.grainsa.co.za
www.safex.co.za
www.fews.net
www.wfp.org

CORN

PSD Table

Country	South Africa					
Commodity	Corn					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin		05/2004		05/2005		05/2006
Area Harvested	3300	3240	3500	3343	2800	2450
Beginning Stocks	2443	2420	2956	2935	3856	2650
Production	9700	9710	12000	11665	8000	7000
TOTAL Mkt. Yr. Imports	219	222	150	0	200	200
Oct-Sep Imports	495	553	131	75	200	0
Oct-Sep Import U.S.	61	62	0	5	0	0
TOTAL SUPPLY	12362	12352	15106	14600	12056	9850
TOTAL Mkt. Yr. Exports	729	773	2300	2000	1500	750
Oct-Sep Exports	797	449	1517	1500	1800	600
Feed Dom. Consumption	4077	4040	4300	4700	4200	4400
TOTAL Dom. Consumption	8677	8644	8950	9950	8900	8750
Ending Stocks	2956	2935	3856	2650	1656	350
TOTAL DISTRIBUTION	12362	12352	15106	14600	12056	9850

Production

The South African National Crop Estimates Committee released its final estimate of the 2004 (year of planting) summer crops on September 20, 2005. The commercial corn estimate, at 12.2 million metric tons, was unchanged from the previous estimate. The NCEC is currently reviewing the estimate, as deliveries to the silos were less than expected. Based on considerations detailed below we estimate the commercial crop at about 11.4 million tons and the total crop at about 11.7 million tons.

The following table contains the details:

Commercial	2003 area ha.	Yield MT/ha	2003 crop MT	2004 area ha.	Yield MT/ha	2004, final est. MT	Yield MT/ha	AgPretoria revised, MT
White corn	1,842,000	3.2	5,805,000	1,845,000	3.9	7,264,500	3.7	6,850,000
Yellow	1,001,300	3.7	3,677,000	1,084,500	4.5	4,915,800	4.2	4,550,000
Total	2,843,300	3.3	9,482,000	2,929,500	4.2	12,180,300	3.9	11,400,000
Developing								
White	281,890	0.6	170,890	324,960	0.6	202,755	0.6	202,755
Yellow	78,920	0.7	57,180	88,480	0.7	63,193	0.7	63,193
Total	360,810	0.6	228,070	413,440	0.6	265,948	0.6	265,948
Total corn								
White	2,123,890	2.8	5,975,890	2,169,960	3.4	7,467,255	3.3	7,052,755
Yellow	1,080,220	3.5	3,734,180	1,172,980	4.2	4,978,993	3.9	4,613,193
TOTAL	3,240,110	3.0	9,710,070	3,342,940	3.7	12,446,248	3.5	11,665,948

There are still major concerns about the size of the 2004 crop as only about 81% of the officially estimated crop was delivered to the silos by the end of October 2005. Deliveries from March to October amounted to 9.9 million tons implying that 2.3 million tons of the official crop estimate were still unaccounted for at the start of the next planting season. Delivery to the silo means that grain is stored in the commercial facilities on behalf of the owners i.e. farmers, traders or users.

Farmers also earlier implied that they intend to cut the new season, 2005, area planted to corn by about 40% because of low prices. At the end of October another survey showed that the intention was to cut the area planted by about 53% from the 2.93 million ha. planted in 2004 to 1.37 million ha. in 2005. In addition to the price pressure, the early part of the planting season was very hot and dry and the optimum planting dates in Mpumalanga passed before the first rains arrived in November. The following table contains the planting intention details:

Hectares	Area 2004	Intention 2005	Change	% Change
White corn	1,845,000	744,360	-1,100,640	-59.7%
Yellow corn	1,084,500	627,180	-457,320	-42.2%
Total corn	2,929,500	1,371,540	-1,557,960	-53.2%
Sorghum	98,240	30,300	-67,940	-69.2%
Peanuts	42,800	65,000	+22,200	+51.9%
Sunflower seed	460,000	592,100	+132,100	+28.7%
Soybeans	150,000	231,800	+81,800	+54.5%
Dry beans	49,300	58,600	+9,300	+18.9%
Total crops	3,730,000	2,349,000	-1,381,000	-37.0%

The farmers thus indicated that they intended to cut the area planted to corn by about 1.6 million hectares and the total area planted to summer crops by about 1.4 million hectares. In 1986 the area planted to summer crops amounted to 6.2 million hectares and 4.9 million hectares in 1996. This means a loss of 3.9 million hectares (63%) since 1986 and 2.6 million hectares (53%) since 1996. The decrease in area planted is the direct result of the implementation of the free market system in the nineties and could be an indicator to other countries planning to go that way.

A more likely 2005 scenario is that the area to be planted to corn will be cut by about 30% from the 5-year average of 3 million ha. to 2.1 million hectares, 1.2 million hectares white and 900,000 hectares yellow corn. This could still yield a 6.7 million ton crop at average yields. The lack of early rains and the hot and dry spring caused much concern, which manifested itself in increased futures prices. Since early November rainfall increased and planting commenced in the eastern production areas. The optimum planting window in Mpumalanga ends at the end of October and a lot of the area planted can be considered as late plantings. In the Eastern Free State the best time for planting ends at the end of November and again, most of the area planted can be looked at as late. There is still time to plant in December for the western production areas. Rainfall over the next four weeks will have a major effect on the area planted this year, and consequently the crop expectations.

A forecast based on the 1999-2003 average yields and normal rainfall from now on follows:

RSA Corn	2004	Revised	MY 05/06	2005	Forecast	MY 06/07
Production	Area	Yield	Production	Area	Yield	Production
Commercial	‘000 ha	MT/ha	‘000 MT	‘000 ha.	MT/ha	‘000 MT
White	1845	3.7	6850	1200	3.0	3600
Yellow	1085	4.2	4550	900	3.4	3100
Total	2930	3.9	11400	2100	3.2	6700
Developing	413	0.6	266	350	0.8	300
TOTAL	3343	3.5	11666	2450	2.9	7000

Consumption

We include deliveries for March and April in our delivery figure as, depending on the season, the new crop becomes available from March each year. Deliveries up to the end of October 2005 are shown in the following table:

Deliveries	White corn	Yellow corn	Total corn
March 2005	18	53	71
April	37	104	141
May – Oct.	5,909	3,784	9,693
TOTAL	5,964	3,941	9,905

We would normally expect to get in an additional 150,000 tons from November to end of February 2006. The fact is that there is still more than 1.5 million tons of the revised estimate unaccounted for. We can consider this as farm retentions although it is much higher than usual. A commercial PS&D based only on deliveries from March to October can be supplied to highlight the current situation.

FAS 2004	MY May05/April 06	Commercial S&D	‘000 MT
’000 Metric tons	White	Yellow	Total
B/Stocks, May 1	2345	590	2935
Deliveries, March –Oct	5965	3940	9905
Total supply	8310	4530	12840
Expected exports	1650	350	2000
Expected consumption	4860	3330	8190
Ending stocks forecast	1800	850	2650

The apparently smaller 2004 crop and the proposed cutback in the 2005 crop can cut the surplus considerably. We can give a 2006/07 PS&D forecast to illustrate the point.

FAS 2005 forecast	MY May 06/April 07	Commercial S&D	‘000 MT
B/Stocks	1800	850	2650
Crop estimate	3600	3100	6700
Farm retention	100	350	450
Deliveries	3500	2750	6250
Supply	5300	3600	8900
Exports	450	100	550
Consumption	4850	3200	8050
E/Stock	0	300	300

Obviously exports will be higher and stocks will be supplemented by imports while some yellow corn may be used for human consumption in lieu of white corn.

Trade

In the meantime exports continue unabated with about 136,000 tons exported in November. Zimbabwe continues to be the main market taking 65% of the white corn and 50% of the total exported up to November 25, including another shipload from East London in week three. It appears that the Cairo-based Africa Export-Import bank (Afreximbank) and the African Development Bank could be involved in financing the purchases. Zimbabwe pronounced its intention to import 1.2 million tons this season and is averaging more than 90,000 tons per month. Both Malawi and Zambia must pick up their rate of imports substantially over the next few months to avert famine. Current high price levels and clogged supply lines may slow down the process. Zambia, like Zimbabwe, requires GMO free corn. The high prices also killed off any major overseas sales.

RSA exports white	10/29-11/04	11/05-11/11	11/12-11/18	11/19-11/25	Progressive since May 1
Angola					11978
Benin					2278
Botswana	3533	4104	3541	5329	104071
Cameroon		452			1774
Ghana					7638
Kenya					33614
Lesotho	61		97	1248	46611
Madagascar				387	387
Mali				108	2258
Malawi	881	1221	1733	868	11511
Mozambique	3274	1253	3610	2638	59387
Namibia				189	6343
Sudan					28272
Swaziland	759	349	628	1671	10111
Zambia	930	1209	2306	523	8845
Zimbabwe	10180	8461	52496*	15220	634592
TOTAL	19,618	17,049	64,411	28,181	969,670
Yellow corn					
Angola					204
Botswana	255	570	445	515	8751
Indonesia					49500
Iran					93284
Japan					113098
Lesotho	10				1637
Mozambique	69	623	221	336	4317
Namibia	428	240	549	496	10780
Swaziland	416	477	485	367	17736
Zimbabwe	297	272	208		1195
TOTAL	1,475	2,182	1,908	1714	300,502
TOTAL CORN	21,093	19,231	66,319	29,895	1,270,172

* Including 38,850 tons by ship through East London.

Prices

During November, the December 05, March, May and July 06, white corn SAFEX prices has been moving around $150/ton compared to $125/ton on October. The same yellow corn prices hovered around $125/ton compared to about $119/ton in October. The high prices are likely to depress both consumption and exports. The prices are probably based on the assumption of a major cutback in production as Grain SA still recommends that farmers do not plant corn this year. The area planted is expected to decline somewhat, but weather will be, as usual, the main factor determining crop size.

RSA, SAFEX futures exchange quotes:

Rand/MT	US$/MT			
White corn	December 05	March 06	August 05	October 05
06/27/05	R634=$94.5	R670=$99.9	R574=$85.5	R593=$88.4
07/27/05	R671=$100.9	R709=$106.6	R619=$122.6	R632=$107.8
08/31/05	R735=$114.0	R766=$118.8	May 06	R695=$107.8
09/30/05	R847=$133.4	R868=$136.7	R867=$136.5	R823=$129.6
11/03/05	R834=$125.4	R851=$128.0	R856=$128.7	July 06
11/30/05	R959=$147.5	R978=$150.5	R975=$150.0	R980=$150.8
Yellow corn	December 05	March 06	August 05	October 05
06/27/05	R669=$99.7	R705=$105.1	R607=$90.5	R629=$93.7
07/27/05	R667=$100.3	R697=$104.8	R625=$94.0	R635=&95.5
08/31/05	R683=$105.9	R708=$109.8	May 06	R645=$100
09/30/05	R772=$121.6	R780=$122.8	R786=$123.8	R755=$118.9
11/03/05	R777=$116.8	R789=$118.6	R801=$120.9	July 06
11/30/05	R797=$122.6	R804=$123.7	R837=$128.8	R814=$125.2
Wheat	December 05	March 06	August 05	October 05
06/27/05	R1481=$220.7	R1521=$226.7	R1603=$238.9	R1580=$235.5
07/27/05	R1475=$221.8	R1520=$228.6	R1537=$231.1	R1542=$231.9
08/31/05	R1379=$213.8	R1429=$221.6	May 06	R1490=$231.0
09/30/05	R1421=$223.8	R1460=$229.9	R1473=$232.0	R1440=$226.8
11/03/05	R1463=$220.0	R1484=$223.2	R1520=$228.6	July 06
11/30/05	R1369=$210.6	R1401=$215.5	R1421=$218.6	R1432=$220.3

WHEAT

PSD Table

Country	South Africa					
Commodity	Wheat					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin		10/2003		10/2004		10/2005
Area Harvested	748	748	830	830	820	801
Beginning Stocks	898	897	598	614	560	585
Production	1540	1540	1680	1680	2000	1835
TOTAL Mkt. Yr. Imports	1278	1278	1396	1395	1100	1200
Jul-Jun Imports	911	837	1407	1350	1100	850
Jul-Jun Import U.S.	475	414	270	265	0	250
TOTAL SUPPLY	3716	3715	3674	3689	3660	3620
TOTAL Mkt. Yr. Exports	379	380	324	326	350	325
Jul-Jun Exports	356	320	338	350	350	325
Feed Dom. Consumption	10	32	10	23	10	25
TOTAL Dom. Consumption	2739	2721	2790	2778	2750	2800
Ending Stocks	598	614	560	585	560	495
TOTAL DISTRIBUTION	3716	3715	3674	3689	3660	3620

Production

According to the fourth official estimate the expected 2005 wheat crop is 1.835 million tons, 16,000 tons less than the previous estimate. The yield expected is 2.29 mt/ha as against 2.31 mt/ha of the previous estimate. Production in the Western Cape is put at 660,000 tons at 2.2 mt/ha and the Free Sate 551,000 tons at 1.45 mt/ha. The area planted remained unchanged.

Commercial human consumption increased by 3.1% from 2.652 million tons in MY2003/04 to 2.734 million tons in MY 2004/05. Imports increased from 1.278 million tons in 2003/04 to 1.394 million tons in 2004/05 and are expected to reach 1.2 million tons in 2005/06.

Imports

MT	MY 03/04	Oct./Sept.		MY 04/05	Oct/Sept	
	For Africa	For RSA	Total	For Africa	For RSA	Total
Argentina	73 816	268 218	342 034	111 654	574 600	686 254
USA	146 660	413 429	560 089	43 078	281 165	324 243
Australia		298 504	298 504		154 112	154 112
Germany	3 873	12 199	16 072	12 603	115 332	127 935
Canada	13 767		13 767		43 766	43 766
Ukraine					29 935	29 935
UK		22 420	22 420		27 586	27 586
France	2	25 016	25 016			
TOTAL	238 116	1 039786	1 277 902	167 335	1 226 496	1 393 831

South Africa actually imported about 116,000 tons more in 2004/05 than in 2003/04. Although the US share sunk from 43% to 23%, U.S. exports to South Africa still reached 324,000 tons.

Exports

Metric tons	2003/04	2004/05
Botswana	88 559	77 033
Lesotho	74 656	75 956
Swaziland	40 634	34 543
Zimbabwe	102 598	40 738
Zambia	37 430	55 826
Namibia	12 622	16 904
Total	356 499	301 000
Products	23 001	21 000
Grand total	379 500	322 000

Whole grain exports only reached 301,000 tons this season after 356,000 tons were exported in 2003/04. Product export data are added for a total of 322,000 tons in 2004/05 including 135,000 tons of SA origin wheat, the same as in 2003/04.