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South Africa, Republic of

Grain and Feed

Quarterly update

2008

Approved by:

Scott Sindelar
U.S. Embassy

Prepared by:

Dirk Esterhuizen

Report Highlights:

South Africa's final corn crop estimate for the 2008/09 marketing year is set at 12.0 million tons, 73.9 percent more than the 6.9 million tons of the previous season. South Africa will have 2.1 million tons of corn available for exports in the 2008/09 marketing year. So far South Africa has already exported 902,112 tons of corn, mainly white corn. The forecast for the 2009/10 marketing year corn crop under normal climatic conditions is 9.1 million tons on 2.6 million hectares.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Quarterly Report
Pretoria [SF1]
[SF]

Executive Summary

The corn crop estimate increased by 3.7 percent to 12.0 million tons since our last report in July. The area harvested stayed the same at 2.8 million hectares. The corn crop estimate of 12.0 million tons is 73.9 percent more than the 6.9 million tons of the previous season. The production estimate for white corn is 7.1 million tons which is 65.1 percent more than the 4.3 million tons of last season. Yellow corn production is estimated at 4.9 million tons, 88.5 percent more than the 2.6 million tons in the 2007/08 marketing year.

For most parts of the corn producing area in South Africa planting for the 2009/10 marketing season has not yet started as most of the region has not yet received enough rain. It is estimated that 8.5 percent fewer hectares of corn will be planted this season. Farmers intend to plant 1.6 million hectares of white corn, and 1.0 million hectares of yellow corn. The main reasons the drop in hectares to be planted with corn is the sharp year-on-year increase in input costs and a decrease in international corn prices.

The estimate is that South Africa will have approximately 2.1 million tons of corn, mainly white corn, available for exports during the 2008/09 marketing year. In the first six months of the 2008/09 marketing year South Africa already has exported an estimated 902,112 tons of corn with Zimbabwe (210,420 tons), Botswana (140,574 tons) and Iran (127,837 tons) the major customers.

US\$1 = Rand 11.34 (10/24/08)

Sources:

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za

Production

The Crop Estimates Committee (CEC) released its final corn production forecast for the 2008/09 marketing year on August 27, 2008. The final production estimate of the commercial corn crop has been set at 12.0 million tons. This is 3.7 percent more than the previous forecast of 11.6 million tons (see SF 8029). The final estimate has been increased due to higher yields realized by farmers. The area harvested remains unchanged at 2.8 million hectares. The corn crop estimate of 12.0 million tons is 73.9 percent more than the 6.9 million tons of the previous season.

The production estimate for white corn for the 2008/09 marketing season is 7.1 million tons on 1.7 million hectares which is 65.1 percent more than the 4.3 million tons of the previous season. The yield estimate for white corn is 4.1 tons/hectare compared to the 2.7 tons/hectare the previous season. Yellow corn production is estimated at 4.9 million tons on 1.1 million hectares, 88.5 percent more than the 2.6 million tons in the 2007/08 marketing year. The yield estimate for yellow corn season is 4.6 tons/hectare compared to 2.8 tons/hectare the previous season.

As on October 17, 2008 corn already delivered from farms and accounted for in the corn supply chain is set at 11.1 million tons, of which 6.8 million tons is white corn and 4.3 million tons yellow corn.

In the previous report in July 2008 (SF 8029) post forecast 3.2 million hectares (14.3 percent more than in 2007) of corn to be planted later in 2008 under normal climatic conditions. History shows that farmers usually react positively towards high product prices and if the corn price stayed above R2 000/ton farmers would have planted more corn. However, given current market and production conditions, the profitable production of corn seems to be a difficult task. Farmers will have to pay about 60 percent more than last year to plant corn after the sharp year-on-year increase in input costs. This will make it extremely difficult to recoup production costs even if above average yields are achieved at a price of R2 000/ton. This means farmers most likely can only afford to plant their best fields this year.

Furthermore, planting conditions in the major corn region of South Africa are currently not optimal as the region has not yet received enough rain to start planting. For the Northwest Mpumalanga the optimum period for planting ends 31 October and for the southeast Mpumalanga it already ended 20 October. For the Free State and Northwest provinces there is still some time left to wait for the rains as the optimum planting window only ends in the middle of December.

The National Department of Agriculture also recently published the results of the "intention to plant" survey. According to the survey results the expected area to be planted with corn for the 2009/10 marketing season is estimated at 2.6 million hectares, which is 8.5 percent less than the 2.8 million ha planted the previous season. Farmers intend to plant 1.6 million hectares of white corn, 7.9 percent less than in the previous season and 1.0 million hectares of yellow corn, 9.4% less than in the previous season.

Farmers indicated the main reasons for the estimated decrease in the area to be planted with corn are the higher input costs, the current lower international corn prices, the availability and cost of credit and the current weather patterns. If the rains are late there will likely be an increase in sunflower production and a decrease in corn production.

If 2.6 million hectares is planted with corn, a crop of about 9.1 million tons can be expected under normal conditions for the 2009/10 marketing year.

The following table contains area planted and production figures for white and yellow corn for the 2007/08 (actual), 2008/09 (estimate), 2009/10 (forecast) marketing years.

Table 1: Area planted and production of corn in South Africa

CORN	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t
Marketing year	2007/ 08			2008/ 09			2009/ 10		
White	1.625	2.7	4.309	1.737	4.0	7.098	1.600	3.5	5.600
Yellow	927	2.8	2.575	1.062	4.5	4.923	1.000	3.7	3.700
TOTAL	2.552	2.7	6.884	2.799	4.1	12.021	2.600	3.5	9.100

Source: SAGIS and CEC

Stock levels

Corn stock levels are at their lowest point the past five years. The total corn carry-over stock at the end of the 2007/08 marketing season is approximately 1.3 million tons. If one takes in account that the pipeline requirement (45 days of commercial consumption) is approximately 1.0 million tons then the surplus above the pipeline requirement is only about 300,000 tons. The primary reasons for this low stock level are poor production in the previous season because of drought conditions, high international prices and the limited availability of yellow corn which resulted in more white corn being used by the animal feed market. Given the larger harvest this year stock levels will recover to levels above 2.1 million tons at the end of the next marketing season (30 April 2009).

Consumption

South Africa's total domestic use of corn in the 2007/08 marketing year was about 8.5 million tons. For the 2008/09 marketing season it is estimated that approximately 4.1 million tons of corn, mainly white corn, will be used for human consumption and approximately 4.5 million tons, mainly yellow corn, for animal consumption. Total corn consumption for the 2008/09 marketing season is estimated at approximately 9.2 million tons, an increase of 8.2 percent from the previous season.

The following table contains the commercial consumption of white and yellow corn for the 2007/08 (actual), 2008/09 (estimate) and 2009/10 (forecast) marketing years:

Table 3: The commercial consumption of white and yellow corn in South Africa

CORN 000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
Marketing year	2007/ 08			2008/ 09			2009/ 10		
Human	3.552	257	3.809	3.850	250	4.100	4.000	250	4.250
Animal	1.142	3.016	4.158	1.000	3.450	4.450	900	3.600	4.500
Other	233	277	510	260	358	618	310	360	670
TOTAL	4.927	3.550	8.477	5.110	4.058	9.168	5.210	4.210	9.420

Source: SAGIS, Grain SA

Trade

During the 2007/08 marketing year South Africa imported 1.1 million tons of corn. Most of the imported corn was yellow corn from Argentina. Corn exports, mainly white corn to neighboring countries, for the same period were 469,058 tons. Table 4 shows the different export and import countries for white and yellow corn for the 2007/08 marketing year and so far for the 2008/09 marketing year (from May 2008 to October 17, 2008).

The estimate is that South Africa will have approximately 2.1 million tons of corn, mainly white corn, available for exports during the 2008/09 marketing year. In the first six months of the 2008/09 marketing year South Africa already has exported 902,000 tons of corn with Zimbabwe (210,420 tons), Botswana (140,574 tons) and Iran (127,837 tons) being the major customers. According to Grain South Africa about 400,000 tons of corn was exported through the World Food Program and distributed throughout Africa where there is a need for staple foods.

Table 4: The different export and import countries for white and yellow corn for marketing years 2007/08 and 2008/09 (May to July) (1 000 tons)

Marketing year	2007/08 (1 May 2007 – 30 April 2008)		2008/09 (1 May 2008 – 17 Oct 2008)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	132	3	140	
Benin			5	
Cameroon			2	
Ethiopia			9	
Ghana			2	
Guinea			6	
Iran			33	94
Kenya			62	
Lesotho	77	8	34	4
Mauritius			12	
Malaysia				34
Mozambique	47		86	7
Namibia	56	18	19	8
Senegal			3	
Somalia			36	
Swaziland	39	44	3	16
Tanzania			43	
Togo			2	
Yemen				28
Zambia			1	
Zimbabwe	45		210	1
TOTAL EXPORTS	397	72	709	193
Import Suppliers				
Argentina		1.074		
Zambia	42			
Malawi	1			
Tanzania	4			
TOTAL IMPORTS	46	1.074	0	0

Source: SAGIS

Import Trade Matrix**Country** South Africa**Commodity** Corn

Time Period

May/April

Units:

MT

Imports for:

2007/08

2008/09*

U.S.

0

U.S.

0

Others

Others

Argentina	1073511		
Zambia	42017		
Malawi	805		
Tanzania	3528		

Total for Others 1119861 0

Others not Listed

Grand Total

1119861

0

Mei 2008 to 17 October 2008*Export Trade Matrix****Country** South Africa**Commodity** Corn

Time Period

May/April

Units:

MT

Exports for:

2007/08

2008/09*

U.S.

0

U.S.

0

Others

Others

Botswana	134625		140574
Lesotho	84648		37583
Namibia	73589		27248
Mozambique	47315		93166
Swaziland	83214		18941
Zimbabwe	45668		210420
Iran			127837
Somalia			36367
Yemen			27500
Mauritius			12400
Malaysia			34089
Tanzania			43324
Kenya			61588
Ethiopia			9386

Total for Others 469058 21689

Others not Listed

Grand Total

469058

902112

*** Mei 2008 to 17 October 2008**

Prices

The SAFEX prices as of 10/17/2008 are shown in the following Table. Current corn price levels reflect export parity prices at levels above R1800/ton. The drop in international corn prices did not affect local corn prices too much as the value of the Rand also decreased against the United States Dollar at the same time. As a result the Rand value prices of corn moved only slightly downwards the past three months but dropped significantly in Dollar terms.

Table 5: SAFEX prices for white and yellow corn

SAFEX Futures prices (10/17/2008)					
Commodity	2008/10	2008/12	2009/03	2009/05	2009/07
White corn	R1825/t (\$161/t)	R1869/t (\$165/t)	R1946/t (\$172/t)	R1986/t (\$175/t)	R2045/t (\$180/t)
Yellow corn	R1810/t (\$160/t)	R1857/t (\$164/t)	R1930/t (\$170/t)	R1963/t (\$173/t)	R2031/t (\$179/t)

Source: SAFEX

Corn South Africa (1000 MT) (1000 HA)	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: May 2007			Market Year Begin: May 2008			Market Year Begin: May 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Harvested	2900	2552	2552	3300	2799	2799	3400	3200	2600
Beginning Stocks	2308	2308	2308	1661	1366	1366	3261	1876	2119
Production	7300	6884	6884	12500	11598	12021	11500	11450	9100
MY Imports	1121	1120	1120	200	0	0	200	0	600
TY Imports	996	996	996	500	523	523	300	0	300
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	10729	10312	10312	14361	12964	13387	14961	13326	11819
MY Exports	468	469	469	1500	2100	2100	2500	2300	700
TY Exports	431	431	431	1000	1000	1000	2500	1200	500
Feed Consumption	4400	4158	4158	5000	4400	4450	5000	4400	4500
FSI Consumption	4200	4319	4319	4600	4588	4718	4600	4720	4920
Total Consumption	8600	8477	8477	9600	8988	9168	9600	9120	9420
Ending Stocks	1661	1366	1366	3261	1876	2119	2861	1906	1699
Total Distribution	10729	10312	10312	14361	12964	13387	14961	13326	11819