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## **Report Name:** Grain and Feed Update

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Grain and Feed

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### **Report Highlights:**

After last season's second consecutive bumper corn crop, the positive outlook for the South African grain industry will continue in the 2021/22 MY as evidenced by a 30 percent upsurge in tractor sales and the intention of commercial producers to maintain a corn area of 2.7 million hectares. As a result, South Africa's corn crop for the 2021/22 MY, under normal climatic conditions, could once again top 16.0 million tons, with the potential for 3.0 million tons of corn exports. In the current marketing year (2020/21 MY), after producing the second largest crop in history of 16.8 million tons, South Africa is heading to 3.5 million tons of corn exports.

## **Executive Summary**

Post increased its estimate for the commercial area to be planted with corn in the 2021/22 MY to 2.7 million hectares. This estimate is in line with the results of the Crop Estimates Committee's (CEC) "intention to plant survey" that was released on October 27, 2021. Relatively attractive local market prices, progressive exports and favorable weather forecasts are positively influencing producers planting decisions. Under normal climatic conditions and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 16.1 million tons on 3.0 million hectares and, as a result, South Africa should be able to export around 3.0 million tons of corn in the 2021/22 MY.

In the current marketing year (2020/21 MY), South Africa should be able to increase corn exports by almost 40 percent to 3.5 million tons. In the first 24 weeks of the 2020/21 MY, South Africa already exported 1.8 million tons of corn, 1.6 million tons of yellow corn and 237,000 tons of white corn. Japan, Taiwan, South Korea, and Vietnam are currently the major markets for South Africa's corn.

## **CORN**

### **Production**

Post increased its estimate for the commercial area to be planted with corn in the 2021/22 MY<sup>1</sup> by eight percent to 2.7 million hectares, down slightly from 2020/21 MY. This will be the second consecutive year that South African commercial corn producers will plant more than 2.7 million hectares of corn, well above the 10-year average corn area of 2.5 million hectares. The positive outlook in the South African grain industry is also evident in a 30 percent year-on-year upsurge in tractors and combine harvester sales. Relatively attractive local market prices, progressive exports and favorable weather forecasts are influencing producers planting decisions.

Post's estimates on area planted with corn in the 2021/22 MY is in line with the results of the CEC's "intention to plant survey" that was released on October 27, 2021. According to the CEC survey, commercial farmers indicated that they would plant 2.7 million hectares of corn in the 2021/22 MY. The intention by commercial farmers is to plant 1.6 million hectares of white corn and 1.1 million hectares of yellow corn.

Under normal climatic conditions, and taking into account the subsistence farming sector, South Africa's corn crop for the 2021/22 MY could reach 16.1 million tons on 3.0 million hectares, an increase of seven percent from Post's previous estimate of 15.0 million tons (also refer to Table 1).

Many corn producers have already started to plant in the summer rainfall areas of South Africa after receiving favorable early season rainfall in addition to reasonable carry-over soil moisture. In the eastern regions of South Africa, including the provinces of Mpumalanga, KwaZulu-Natal, and the eastern Free State, planting of summer grains usually commence from around the middle of October and ends around the middle of November. For the western regions (Northwest and western Free State provinces) the optimal planting window is between the middle of November to end of December.

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<sup>1</sup> The marketing years (MY) used in the text refers 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.

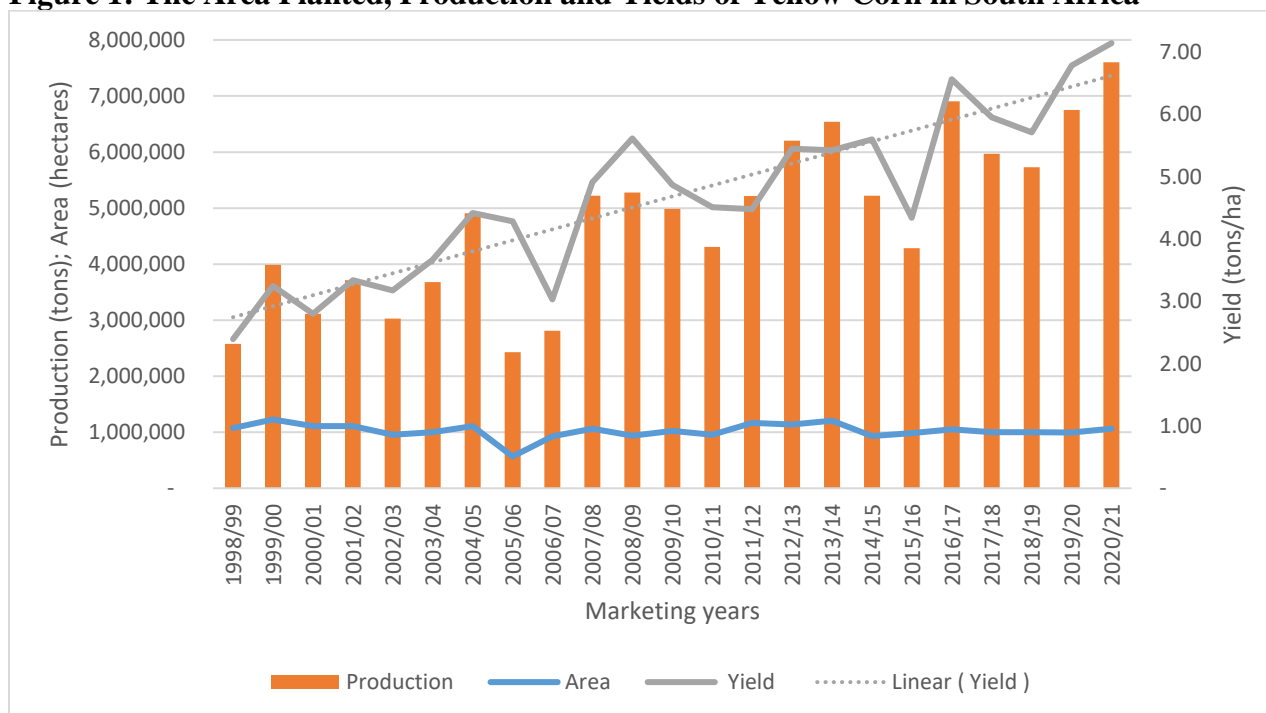
**Table 1: Area Planted, Yield and Production of Commercial and Subsistence Corn in South Africa**

	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)	Area (1,000ha)	Yield (t/ha)	Prod. (1,000 ton)
MY	2019/20 (actual)			2020/21 (estimate)			2021/22 (forecast)		
<b><u>Commercial corn</u></b>									
White	1,616	5.3	8,548	1,692	5.1	8,609	1,600	5.2	8,300
Yellow	995	6.8	6,752	1,063	7.2	7,602	1,100	6.6	7,200
<b>Sub Total</b>	<b>2,611</b>	<b>5.9</b>	<b>15,300</b>	<b>2,755</b>	<b>5.9</b>	<b>16,211</b>	<b>2,700</b>	<b>5.7</b>	<b>15,500</b>
<b><u>Subsistence corn</u></b>									
White	222	1.7	375	276	1.7	445	220	1.8	400
Yellow	75	2.2	168	87	2.3	191	80	2.5	200
<b>Sub Total</b>	<b>297</b>	<b>1.8</b>	<b>544</b>	<b>363</b>	<b>1.8</b>	<b>636</b>	<b>300</b>	<b>2.0</b>	<b>600</b>
<b>TOTAL</b>	<b>2,908</b>	<b>5.4</b>	<b>15,844</b>	<b>3,118</b>	<b>5.4</b>	<b>16,847</b>	<b>3,000</b>	<b>5.4</b>	<b>16,100</b>

**Source:** Crop Estimates Committee and Post estimates

On October 27, 2021, the CEC released its ninth production estimate for South Africa's 2020/21 MY summer rainfall crops. The CEC estimates the South African commercial corn crop at 16.2 million tons on 2.8 million hectares at a national average yield of 5.9 tons per hectare. The commercial white corn crop is estimated at 8.6 million tons, a marginal increase from the previous season, while the commercial yellow corn crop is expected to reach a historical high level of 7.6 million tons driven primarily by a record country-wide average yield of 7.2 tons per hectare (see Figure 1). The 2020/21 MY yellow corn crop is 13 percent larger than the 6.8 million tons produced in the 2019/20 MY.

**Figure 1: The Area Planted, Production and Yields of Yellow Corn in South Africa**



**Source:** CEC

The CEC also updated the production estimates for the subsistence farming sector's corn crop. According to the CEC, subsistence farmers planted 362,900 hectares of corn in the 2020/21 MY, 22 percent more than in the previous marketing year on favorable weather conditions. Corn production by the subsistence sector is estimated at 636,440 tons, 17 percent larger than the 543,545 tons produced in the 2019/20 MY. This means South Africa's total corn crop for the 2020/21 MY is estimated at 16.8 million tons on 3.1 million hectares, which is six percent larger than the 2019/20 MY's corn crop of 15.8 million tons. As previously noted, the 2020/21 MY corn crop is the second largest corn crop ever produced in South Africa, pushing the 2019/20 MY's corn crop into third place.

## Consumption

Post maintains its previous estimate for the commercial demand for corn in South Africa for the 2020/21 MY and 2021/22 MY at 11.6 million tons and 11.8 million tons, respectively. This represents marginal growth from the 2019/20 MY and correlates with the average increase of about two percent per annum over the past five years in the consumption of corn (white and yellow corn) in South Africa. Economic growth in South Africa is expected to remain under pressure in the next couple of years due to the impact of the COVID-19 pandemic and structural and policy constraints. The struggling local economy will hinder any major increase in the demand for corn, especially for animal feed purposes.

However, Post estimates a 14 percent increase in the local consumption of white corn in the 2020/21 MY as local feed millers increase white corn usage. The regional export market for white corn is limited as many Southern Africa countries recorded larger corn crops last season. On the other hand,

South Africa is focusing on yellow corn exports, especially to the Far East, which limits the availability for local consumption. As a result, more white corn will be milled for animal feed. Hence, Post estimates a 13 percent decline in local yellow corn consumption in the 2020/21 MY.

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the 2019/20 MY (estimate), 2020/21 MY (estimate), and 2021/22 MY (forecast).

**Table 2: The Commercial Consumption of White and Yellow Corn in South Africa**

<b>CORN (1,000 Mt)</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>
<b>MY</b>	<b>2019/20</b>			<b>2020/21</b>			<b>2021/22</b>		
<b>Human</b>	5,074	584	<b>5,658</b>	5,250	600	<b>5,850</b>	5,400	600	<b>6,000</b>
<b>Animal</b>	1,326	4,202	<b>5,528</b>	2,000	3,550	<b>5,550</b>	1,000	4,650	<b>5,650</b>
<b>Other</b>	27	94	<b>121</b>	50	100	<b>150</b>	50	100	<b>150</b>
<b>TOTAL</b>	<b>6,427</b>	<b>4,880</b>	<b>11,307</b>	<b>7,300</b>	<b>4,250</b>	<b>11,550</b>	<b>6,450</b>	<b>5,400</b>	<b>11,800</b>

**Source:** SAGIS; Grain SA

**Note:** *Varies from the consumption figures in the PS&D table, as those also include corn utilized by the subsistence farming sector and on-farm usages.*

## Trade

South Africa should remain a net exporter of corn in the 2021/22 MY. Post estimates South Africa may export around 3.0 million tons of corn, on a possible commercial corn crop of almost 16.0 million tons. In addition, carry-over stocks from the previous marketing year could amount to around 3.0 million tons.

South Africa should be able to increase corn exports by almost 40 percent to 3.5 million tons in the 2020/21 MY, after the production of a second consecutive bumper crop. In the first five and a half months of the 2020/21 MY, South Africa already exported 1.8 million tons of corn. This equates to an average of 77,000 tons of corn exports per week, compared to about 64,000 tons of corn exports per week during the same period in the 2019/20 MY. So far, South Africa exported 1.6 million tons of yellow corn and 237,092 tons of white corn. Japan, Taiwan, South Korea, and Vietnam are currently the major markets for South Africa's corn (see Table 3). Only yellow corn is exported to these markets, while South Africa mostly exports white corn to neighboring countries in Southern Africa. However, the regional demand for white corn is limited as many countries in Southern Africa increased corn production last season, hence the slow white corn exports.

According to South African Grain Information Service (SAGIS), South Africa exported 2.5 million tons of corn in the 2019/20 MY, up 76 percent from the previous marketing year after a 35 percent increase in corn production. South Africa exported 1.4 million tons of yellow corn and 1.1 million tons of white

corn. Zimbabwe (516,000 tons), South Korea (364,000 tons) and Taiwan (323,000 tons) were the three major markets for South Africa's corn (see also Table 3).

**Table 3: South Africa's Exports of Corn in the 2019/20 MY and 2020/21 MY**

2019/20 MY May 1, 2020 – Apr 30, 2021 (1,000 tons)				2020/21 MY <sup>1</sup> May 1, 2021 – Apr 30, 2022 (1,000 tons)			
Countries	White corn	Yellow corn	Total	Countries	White corn	Yellow corn	Total
<b><u>Export Destinations</u></b>				<b><u>Export Destinations</u></b>			
Zimbabwe	371	145	516	Japan	0	513	513
South Korea	0	364	364	Taiwan	0	378	378
Taiwan	0	323	323	South Korea	0	266	266
Botswana	238	48	286	Vietnam	0	215	215
Japan	0	205	205	Botswana	113	5	118
Mozambique	132	50	182	Spain	0	103	103
Namibia	109	62	171	Italy	39	27	66
Eswatini	58	111	169	Eswatini	10	45	55
Italy	128	0	128	Mozambique	32	21	53
Vietnam	0	106	106	Namibia	6	25	31
Lesotho	65	10	75	Lesotho	31	0	31
Ethiopia	20	0	20	Ghana	0	10	10
Saudi Arabia	0	1	1	Zimbabwe	5	0	5
				Angola	1	4	5
<b>TOTAL EXPORTS</b>	<b>1,122</b>	<b>1,425</b>	<b>2,547</b>	<b>TOTAL EXPORTS</b>	<b>237</b>	<b>1,612</b>	<b>1,849</b>
<b><u>Imports</u></b>				<b><u>Imports</u></b>			
				<b>Zambia</b>	<b>6</b>	<b>0</b>	<b>6</b>

**Source:** SAGIS

**Note:** 1. Preliminary export data from May 1, 2021 to October 15, 2021

## Prices

South Africa's corn prices are currently trading slightly below export parity levels, an indication of the abundance of corn available on the local market. However, local corn prices are still trading at relatively high levels of more than R3,000 per ton (\$200/ton), driven by increased global grain prices. Table 4 indicates the current and future prices of South African corn as on October 25, 2021, while

Figure 2 and Figure 3 illustrates the trends in the local prices for white corn and yellow corn since January 2019.

Local corn prices will continue to move with export parity levels throughout the marketing year but will be influenced by the progress in local corn exports, progress with the new marketing years' corn plantings, and South Africa's volatile exchange rate.

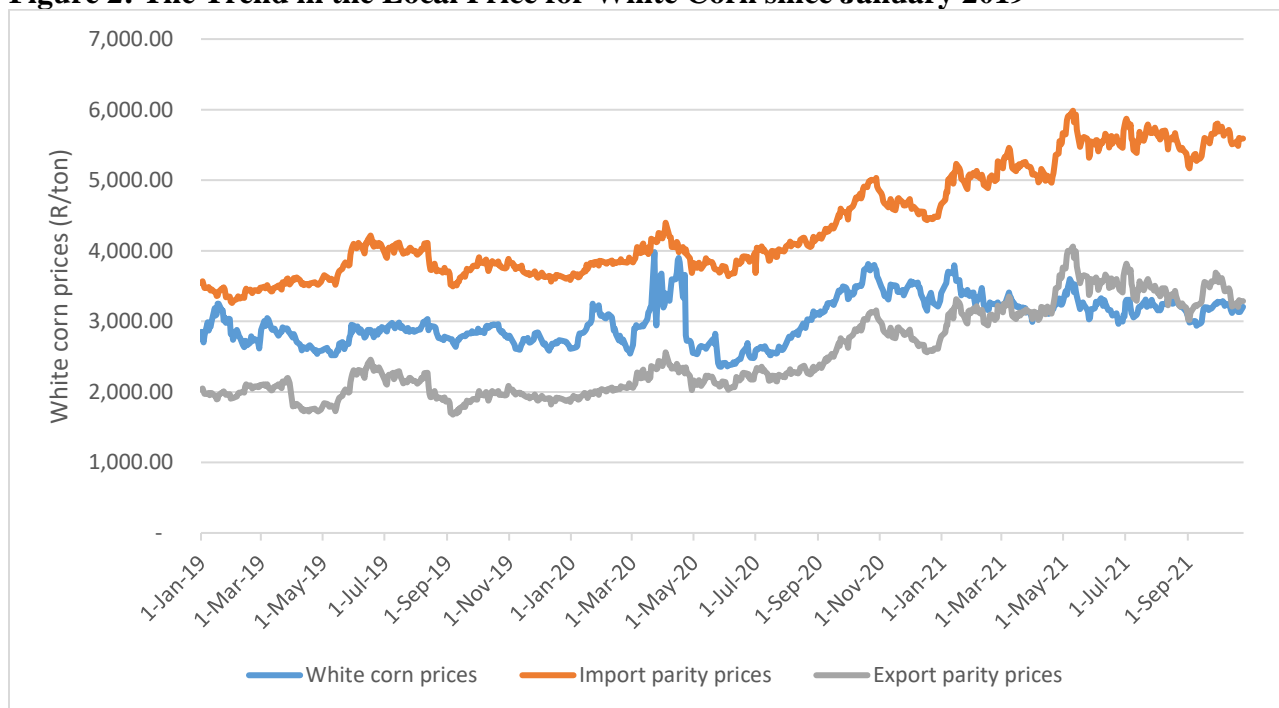
**Table 4: Local Corn Prices**

	Futures prices (year/month)				
Commodity	2021/10	2021/12	2022/03	2022/05	2022/07
White corn	R3,203/t (\$217/t)	R3,224/t (\$219/t)	R3,250/t (\$220/t)	R3,163/t (\$214/t)	R3,171/t (\$215/t)
Yellow corn	R3,347/t (\$227/t)	R3,380/t (\$229/t)	R3,397/t (\$230/t)	R3,288/t (\$223/t)	R3,302/t (\$224/t)

**Source:** GrainSA (as of 10/25/2021)

**Note:** US\$1 = Rand 14.75

**Figure 2: The Trend in the Local Price for White Corn since January 2019**



**Source:** GrainSA



Yellow corn prices (R/ton)

Yellow corn prices    Import parity prices    Export parity prices

### Table 5: PS&D Table for Corn

<b>Corn Market Begin Year South Africa</b>	<b>2019/2020 May-20</b>		<b>2020/2021 May-21</b>		<b>2021/2022 May-22</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	2908	2908	3120	3118	3100	3000
<b>Beginning Stocks</b>	1020	1020	2117	2117	2917	2970
<b>Production</b>	15844	15844	17000	16847	17000	16100
<b>MY Imports</b>	0	0	0	6	0	0
<b>TY Imports</b>	258	258	0	0	0	0
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	16864	16864	19117	18970	19917	19070
<b>MY Exports</b>	2547	2547	3200	3500	3200	3000
<b>TY Exports</b>	2456	2456	3000	3000	3200	3000
<b>Feed and Residual</b>	6400	6400	7200	6500	7300	6600
<b>FSI Consumption</b>	5800	5800	5800	6000	6000	6150
<b>Total Consumption</b>	12200	12200	13000	12500	13300	12750
<b>Ending Stocks</b>	2117	2117	2917	2970	3417	3320
<b>Total Distribution</b>	16864	16864	19117	18970	19917	19070
<b>Yield</b>	5.45	5.45	5.45	5.40	5.48	5.36

(1000 HA) ,(1000 MT) ,(MT/HA)

**Attachments:**

No Attachments