

Required Report: Required - Public Distribution
2022

Date: November 03,

Report Number: SF2022-0037

Report Name: Grain and Feed Update

Country: South Africa - Republic of

Post: Pretoria

Report Category: Grain and Feed

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Report Highlights:

Post forecasts that South Africa's corn area will stay flat in marketing year 2022/23. The current high input cost environment and an upsurge in soybean plantings are deterring any bullish outlook in expanding corn area, despite record high commodity prices and three consecutive bumper crops. Higher farming input costs are escalating the risk of production in a weather-dependent industry. Nevertheless, South Africa should maintain its status as a net exporter of corn under normal weather conditions. South African corn crop in marketing year 2021/22 is estimated at 16.0 million metric tons, surpassing marketing year 2019/20 as the third largest corn crop ever produced in South Africa. Consequently, South Africa is heading for 3.0 million metric tons of corn exports in marketing year 2021/22.

Executive Summary:

Post forecasts that South Africa's commercial corn area in marketing year (MY¹) 2022/23, will remain flat at 2.6 million hectares (MHa). The current high input cost environment is deterring any bullish outlook in expanding corn area, despite record high commodity prices. In addition, Post foresees that the positive trend in soybean plantings will continue in MY 2022/23, affecting an expansion in corn area. Post's estimates on area planted with corn in MY 2022/23 correlates with the results of the Crop Estimates Committee (CEC) "intention to plant survey" that indicated farmers will plant nearly 2.6 MHa of corn. Assuming normal weather conditions and including the subsistence farming sector, South Africa's total corn crop for MY 2022/23 is forecast to reach 15.6 million metric tons (MMT). Consequently, South Africa should maintain its status as a net exporter of corn in MY 2022/23.

South Africa's corn crop for MY 2021/22 is estimated at 16.0 MMT, surpassing MY 2019/20 as the third largest corn crop ever produced in South Africa. This is also the third-consecutive year corn production in South Africa surpassed 15.0 MMT. Consequently, South Africa is heading for 3.0 MMT of corn exports. The top five markets and representing more 80 percent of South Africa's corn exports in MY 2021/22, are Japan, Taiwan, Vietnam, Botswana, and South Korea.

US\$1 = Rand 18.18 (10/21/2022)

¹ *The marketing years 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.*

CORN

Production

Post forecasts that South Africa's commercial corn area in MY 2022/23 will stay flat at 2.6 MHa. The current high input cost environment is deterring any bullish outlook in expanding corn area. The record high commodity prices and three consecutive bumper crops provide financial support to absorb some of these costs, but higher input costs intensify the risk of production in a weather-dependent industry. In addition, Post foresees that the positive trend in soybean plantings will continue in the MY 2022/23 MY, affecting the expansion in corn area. Farmers in South Africa planted a record area of 925,300 ha with soybeans in MY 2021/22, an increase of 12 percent from the previous marketing year. As a result, soybeans now represent more than 20 percent of the area planted with summer rainfall field crops, while twenty years ago it was a mere four percent. Post foresees that this positive trend in soybean plantings will continue in MY 2022/23 (for additional information please refer to [South Africa: Oilseeds and Products Annual | USDA Foreign Agricultural Service](#)). As soybean generally use fewer farming inputs than corn, the high input cost environment will further contribute to soybean expansion.

Post's estimates on area planted with corn in MY 2022/23 correlates with the results of the CEC's "intention to plant survey" that was released on October 26, 2022 (see [Intention to plant 2022](#)). According to the CEC survey, commercial farmers indicated that they would plant close to 2.6 MHa of corn in MY 2021/22. The intention by commercial farmers is to plant 1.5 MHa of white corn and 1.1 MHa of yellow corn.

Nevertheless, many producers have not yet started corn plantings as early season rainfall have been limited and scattered. While this is not an ideal situation, there is still sufficient time to plant corn. In the eastern regions of South Africa, including the provinces of Mpumalanga, KwaZulu-Natal, and the eastern Free State, the optimal planting window for corn is from the middle of October to 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.

Assuming normal weather conditions and including the subsistence farming sector, South Africa's total corn crop for the MY 2022/23 could reach 15.6 MMT, which is slightly less than the expected corn crop of 15.9 MMT in MY 2021/22 (refer to Table 1).

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

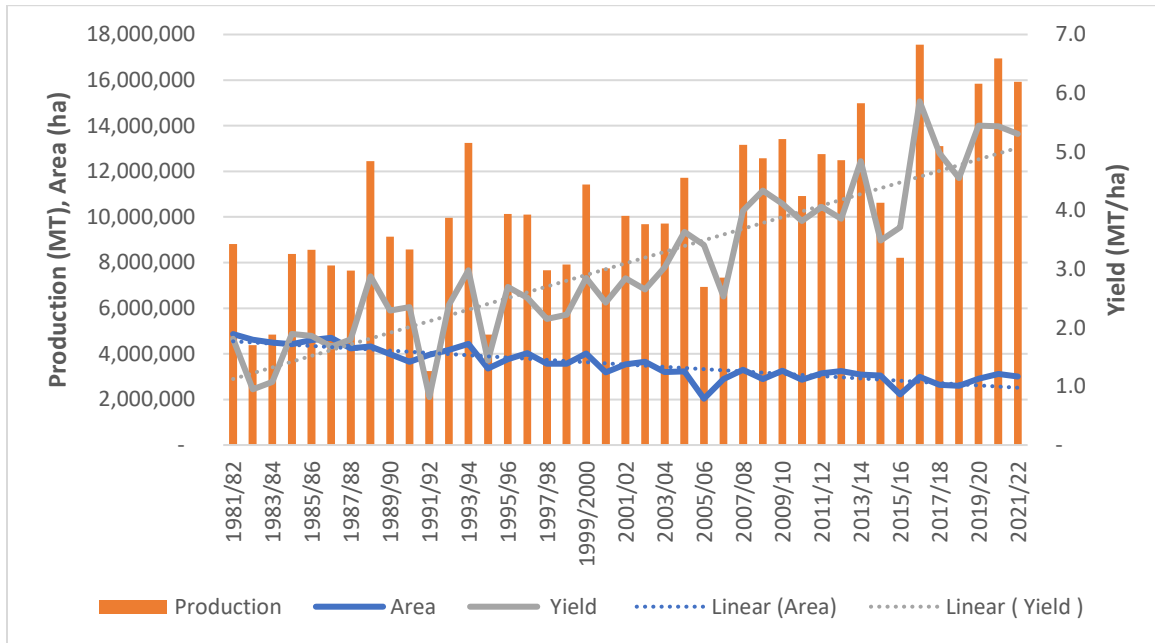
	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT	Area 1,000ha	Yield MT/ha	Prod. 1,000MT
MY	2020/21 (actual)			2021/22 (estimate)			2022/23 (forecast)		
<u>Commercial production</u>									
White	1,692	5.1	8,600	1,575	4.9	7,790	1,550	5.2	8,100
Yellow	1,063	7.3	7,715	1,048	7.2	7,539	1,050	6.5	6,900
Sub Total	2,755	5.9	16,315	2,623	5.8	15,329	2,600	5.7	15,000
<u>Subsistence production</u>									
White	276	1.7	445	297	1.6	482	220	1.8	400
Yellow	87	2.3	191	82	2.3	185	80	2.5	200
Sub Total	363	1.8	636	379	1.8	667	300	2.0	600
TOTAL	3,118	5.4	16,951	3,002	5.3	15,996	2,900	5.4	15,600

Source: Crop Estimates Committee (CEC) and Post estimates

On October 26, 2022, the CEC released South Africa's ninth production estimate for summer rainfall crops in MY 2021/22 (see [Dalrrd-Crop Estimates](#)). The CEC estimates the South African corn crop at 16.0 MMT on 3.0 MHa at a national average yield of 5.3 MT/ha, surpassing MY 2019/20 as the third largest corn crop ever produced in South Africa. The long-term trend in corn production indicates that South Africa is producing more corn on less area. In fact, South Africa's four largest corn crops on record were produced in the past six years and is driven mainly by increased yields (see Figure 1). Overall, South Africa's corn yields have more than doubled in the past 30 years (see Figure 2), substantiating the positive impact that adoption of new production technologies, such as Genetically Engineered seed and more efficient and effective farming practices, including precision and conservation farming, have on production output.

Figure 1

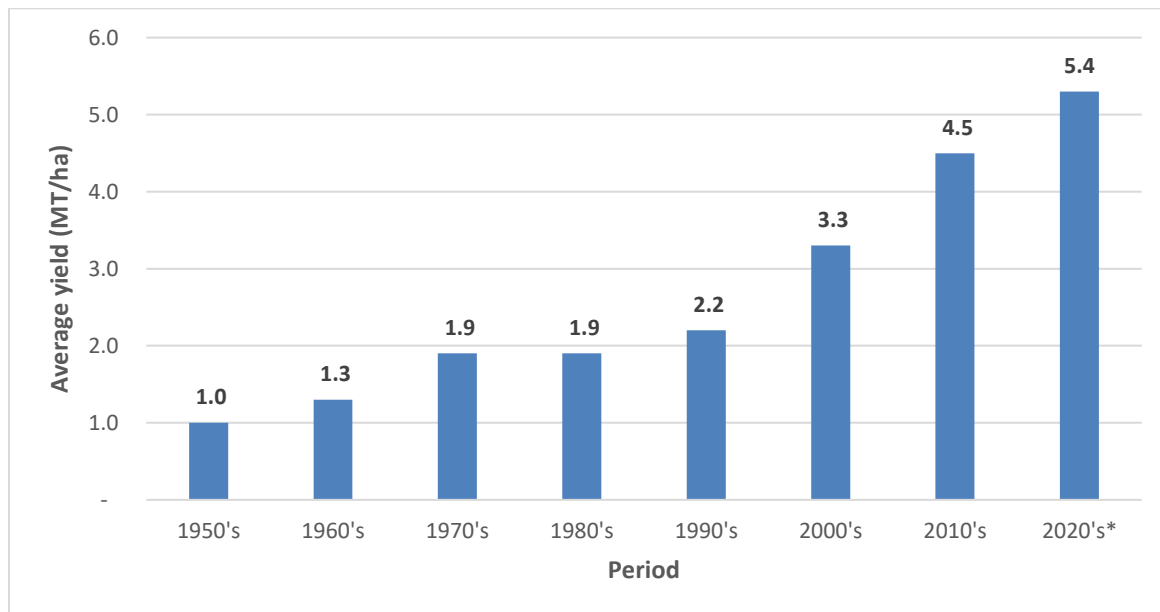
The Area Planted, Production and Yields of Corn in South Africa



Source: South African Grain Information Services (Sagis)

Figure 2

Trends in the Average Corn Yields in South Africa



Source: South African Grain Information Services (Sagis)

Note: *Include only the first two years of the 2020's

Consumption

Post maintains its previous estimate and forecast for the commercial demand for corn in South Africa in MY 2021/22 and MY 2022/23 at 11.8 MMT and 12.0 MMT, respectively. This represents a marginal growth rate from MY 2020/21. South Africa's economic growth outlook over the medium term continues to be lackluster due to prevailing policy uncertainty, structural constraints, including limited electricity generation (see [Load shedding: The Achilles Heel to the South African Agricultural Sector](#)), and accelerating food and fuel price inflation, mainly due to the impact of the Russia/Ukraine conflict (see [South Africa: Food and Fuel Feed Rising Inflation](#)). The struggling domestic economy will hinder any major upsurges in the demand for corn, especially with the current high commodity price environment.

Table 2 outlines the commercial consumption for white corn and yellow corn in South Africa for the MY 2020/21 (actual), MY 2021/22 (estimate), and MY 2022/23 (forecast). Corn is the main field crop produced in South Africa and is used for both human consumption (mainly white corn) and animal feed (mainly yellow corn). However, continuing from MY 2020/21, local animal feed millers are increasing white corn usage. South Africa is focusing on yellow corn exports, especially to Asia, which limits the availability for local consumption. Consequently, a greater amount of white corn is milled for animal feed.

Table 2

Commercial Consumption of White and Yellow Corn in South Africa

CORN (1,000 MT)	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
	2020/21			2021/22			2022/23		
Human	4,887	688	5,575	5,000	650	5,650	5,100	650	5,750
Animal	2,407	3,491	5,898	2,200	3,800	6,000	2,000	4,100	6,100
Other	29	73	102	50	100	150	50	100	150
TOTAL	7,323	4,252	11,575	7,250	4,550	11,800	7,150	4,850	12,000

Source: Sagis

Note: Please note that consumption figures in the PS&D table vary, as those also include corn utilized by the subsistence farming sector and on-farm usages.

Trade

South Africa is expected to maintain its status as a net exporter of corn in MY 2022/23. Post estimates South Africa will export around 2.5 MMT of corn on an estimated commercial corn crop of 15.0 MMT.

For MY 2021/22, South Africa is heading for 3.0 MMT of corn exports. In the first five and a half months of MY 2021/22, South Africa already exported 1.9 MMT of corn (see Table 3). This

equates to an average of almost 79,000 MT of corn exports per week. So far, South Africa exported 1.5 MMT of yellow corn and 365,192 MT of white corn. The top five markets, replicating MY 2020/21, are Japan, Taiwan, Vietnam, Botswana, and South Korea. These countries represent more 80 percent of South Africa's corn exports. Exports to the Asia countries consist exclusively of yellow corn, while corn exports to Botswana are mainly white corn.

In MY 2020/21, South Africa exported 3.7 MMT of corn, an upsurge of 47 percent from MY 2019/20, after the production of the second largest corn crop on record. South Africa exported almost 3.0 MMT of yellow corn and 734,942 MT of white corn (see Table 3).

Table 3

South Africa's Exports of Corn in MY 2020/21 and MY 2021/22

MY 2020/21 May 1, 2021 – Apr 30, 2022 (1,000 tons)				MY ¹ 2021/22 May 1, 2022 – Apr 30, 2023 (1,000 tons)			
Countries	White corn	Yellow corn	Total	Countries	White corn	Yellow corn	Total
<u>Export Destinations</u>				<u>Export Destinations</u>			
Taiwan	0	880	880	Japan	0	555	555
Japan	0	825	825	Taiwan	0	482	482
Vietnam	0	500	500	Vietnam	0	300	300
South Korea	0	430	430	Botswana	108	2	110
Botswana	243	12	255	South Korea	0	105	105
Italy	174	27	201	Italy	89	0	89
Namibia	123	44	167	Portugal	53	0	53
Eswatini	46	103	149	Eswatini	9	34	43
Mozambique	74	44	118	Mexico	40	0	40
Spain	0	103	103	Lesotho	33	5	38
Lesotho	53	0	53	Mozambique	16	18	34
Angola	17	16	33	Namibia	4	20	24
Ghana	0	10	10	Zimbabwe	13	1	14
Zimbabwe	5	0	5	Angola	0	4	4
Saudi Arabia	0	2	2	Saudi Arabia	0	3	3
Seychelles	0	1	1				
TOTAL EXPORTS	735	2,997	3,732	TOTAL EXPORTS	365	1,530	1,895

Source: Sagis

Note: 1. Preliminary export data from May 1, 2021, to October 14, 2022

Prices

South Africa's local corn prices are trading in correlation with export parity levels, an indication of the availability of surplus corn after the production of three consecutive bumper crops (see Figure 3 and Figure 4). Nevertheless, local white corn and yellow prices are trading, respectively, 68% and 57% higher than a year ago following the trend of higher global corn prices supported by a weakening exchange rate. The South African rand lost 19 percent of its value to the United States dollar over the past year. Local yellow corn prices reached a record high of R5,115/MT (\$281/MT) on October 14, 2022, while local white corn prices are nearing the record prices of R5,280/MT (\$290/MT) reached during the drought of MY 2015/16. Table 4 indicates the current and future prices of South African corn as of October 21, 2022. Local corn prices will continue to move with export parity levels in the near future and will be impacted by weather conditions and the planting progress of the local corn crop, the trend in global corn prices and South Africa's volatile exchange rate.

Table 4

Local Corn Prices

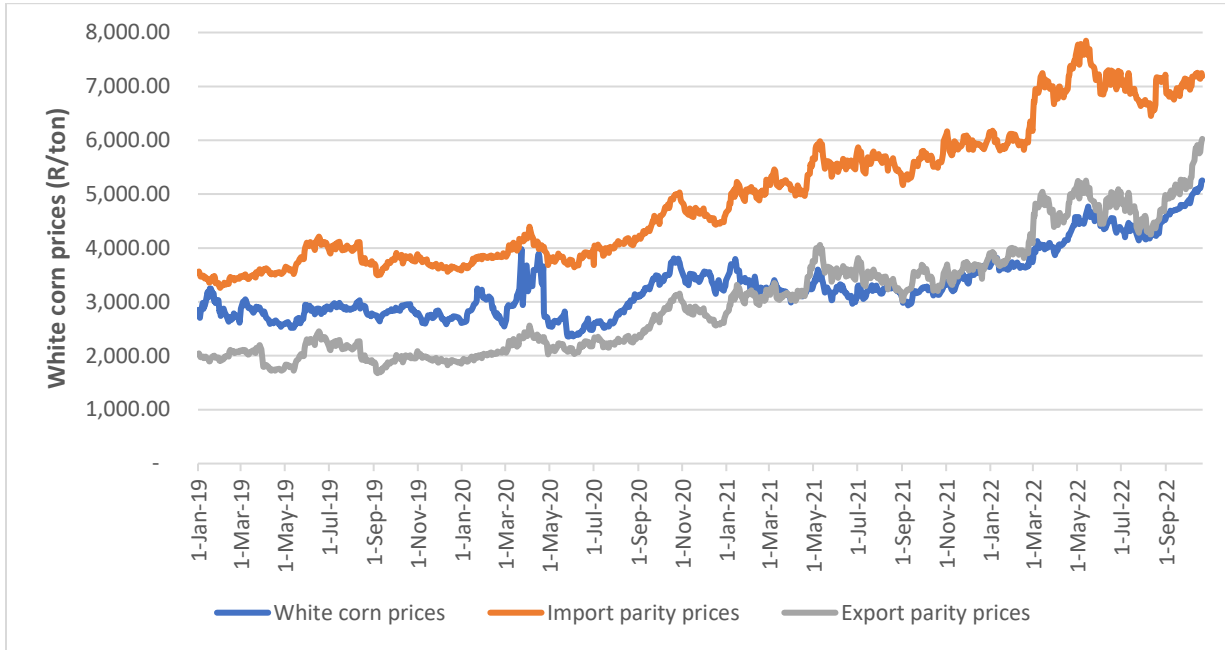
Commodity	Futures prices (year/month)				
	2022/10	2022/12	2023/03	2023/05	2023/07
White corn	R5,255/MT (\$289/MT)	R5,297/MT (\$291/MT)	R5,278/MT (\$290/MT)	R4,859/MT (\$267/MT)	R4,847/MT (\$267/MT)
Yellow corn	R5,106/MT (\$280/MT)	R5,177/MT (\$285/MT)	R5,150/MT (\$283/MT)	R4,810/MT (\$265/MT)	R4,793/MT (\$264/MT)

Source: GrainSA (as of 10/21/2022)

Note: US\$1 = Rand 18.18

Figure 3

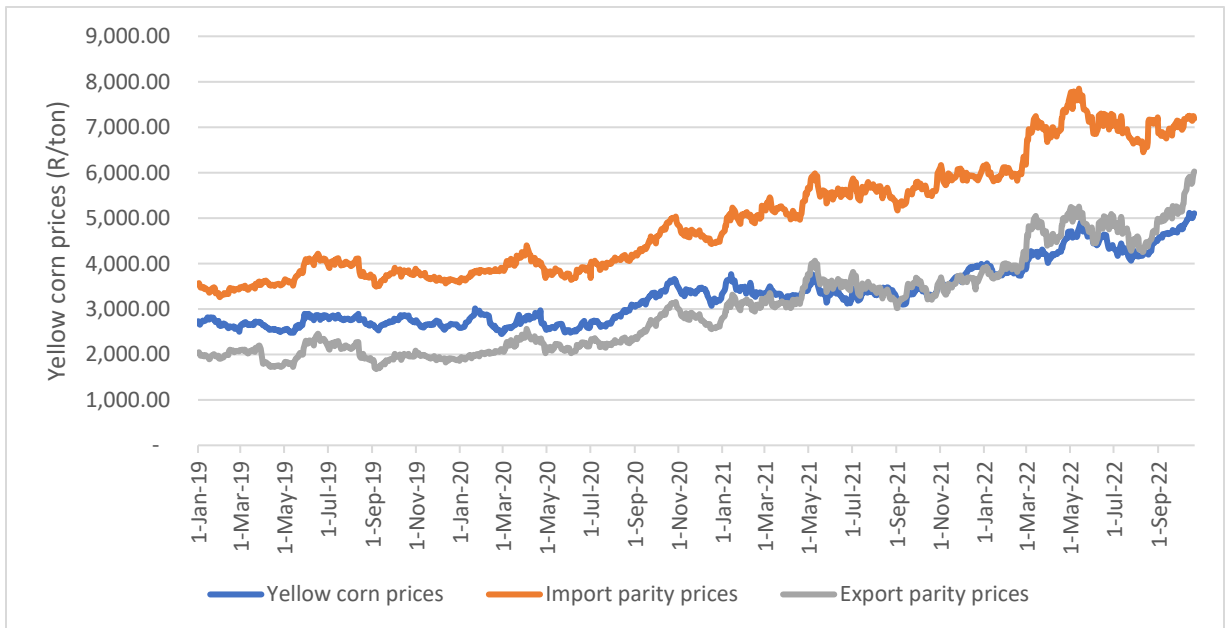
The Trend in the Local Price for White Corn since January 2019



Source: GrainSA

Figure 4

The Trend in the Local Price for Yellow Corn since January 2019



Source: GrainSA

Table 5*Corn Production, Supply and Distribution*

Corn Market Year Begins South Africa	2020/2021		2021/2022		2022/2023	
	May 2020		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3118	3118	3000	3002	3100	2900
Beginning Stocks (1000 MT)	2117	2117	2124	2124	1924	1820
Production (1000 MT)	16951	16951	16300	15996	17300	15600
MY Imports (1000 MT)	8	8	0	0	0	0
TY Imports (1000 MT)	6	6	0	0	0	0
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	19076	19076	18424	18120	19224	17420
MY Exports (1000 MT)	3732	3732	3200	3000	3700	2500
TY Exports (1000 MT)	2751	2751	3750	3550	3700	2000
Feed and Residual (1000 MT)	7220	7220	7300	7300	7300	7400
FSI Consumption (1000 MT)	6000	6000	6000	6000	6000	6100
Total Consumption (1000 MT)	13220	13220	13300	13300	13300	13500
Ending Stocks (1000 MT)	2124	2124	1924	1820	2224	1420
Total Distribution (1000 MT)	19076	19076	18424	18120	19224	17420
Yield (MT/HA)	5.4365	5.4365	5.4333	5.3284	5.5806	5.3793
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023						

Attachments:

No Attachments

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