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South Africa, Republic of

Grain and Feed

Update

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Report Highlights:

A late summer heatwave and drought has severely damaged South Africa's current corn crop. The crop is currently expected to reach about 6.4 million tons, 1 million tons less than normal domestic demand. Carry over stocks will limit yellow corn imports to about 600,000 tons during the 1999/2000 season while exports of white corn could reach 300,000 tons.

Wheat farmers are planning to cut the area planted again this year which could lead to a further cutback in production and an increase in imports.

Includes P.D. changes: Yes
Includes Trade Matrix: Yes

Unscheduled Report

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Executive Summary

A dry and hot spell at the end of February, early March, severely damaged South Africa's corn crop. The crop estimate dropped by 1.3 million tons or 17% to about 6.4 million tons. This is about 1 million tons short of normal domestic demand but with the carry over from the previous crop, imports will probably be limited to about 600,000 tons of yellow corn while about 300,000 tons of white corn should still be available for export.

Wheat farmers have had enough and intend to plant only about 614,000 hectares this year, the smallest area in forty years which, should, under favorable conditions produce a crop of about 1.4 million tons. This is also about 1 million tons less than normal domestic demand and will lead to big imports. The pressure on the balance of payments brought about by the need to import basic foods will increase pressure on the South African Rand.

U.S. Dollar = Rand 6.20 (03/31/99)

PS&D Corn

P.D. Table						
Country:	South Africa, Republic of					
Commodity:	Corn					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Area Harvested	2956	2956	3000	2905	3000	3000
Beginning Stocks	2459	2459	1421	1421	510	660
Production	7544	7544	7690	6389	8500	8000
TOTAL Mkt. Yr. Imports	48	48	49	600	50	250
Oct-Sep Imports	50	48	49	300	50	250
Oct-Sep Import U.S.	0	0	0	50	0	50
TOTAL SUPPLY	10051	10051	9160	8410	9060	8910
TOTAL Mkt. Yr. Exports	1250	1250	1250	300	1250	1000
Oct-Sep Exports	500	1040	750	750	750	750
Feed Dom. Consumption	3350	3350	3400	3400	3450	3450
TOTAL Dom. Consumption	7380	7380	7400	7450	7450	7450
Ending Stocks	1421	1421	510	660	360	460
TOTAL DISTRIBUTION	10051	10051	9160	8410	9060	8910

Production

The second official estimate of South Africa's FAS 98 corn crop is 6.389 million tons, 1.3 million tons less than the initial estimate of 7.69 million tons. The 17% decrease in the estimate is the direct result of the dry and hot spell the grain growing areas suffered in late February, early March 1999. Rains started again after the first week of March, but conditions are still dry in many areas with rain needed again soon. Recent field trips through parts of the Free State and North West Province confirmed the crop losses. The damage to the crop increases the further west you go, all the way to total losses in the far western areas. Conditions improve towards the east but it is interesting to see the effect of planting date on the crop. Crops that were planted early and reached the critical flowering stage when the drought hit were severely damaged while crops that were planted later are now looking better after the rains. Post is convinced that the damage has been more severe than the estimate reflects and the final crop may only reach six million tons. The following table contains the detailed summer crop estimate based on conditions around March 15, 1999.

	Area planted 1997	Final estimate 1998	Area planted 1998	First estimate 1999	Second est. 1999
Commercial	Hectares	Metric tons	Hectares	Metric tons	Metric tons
White corn	1 797 200	4 383 000	1 829 700	4 420 000	3 571 500
Yellow	1 158 800	2 699 000	1 075 000	2 847 000	2 423 500
Total	2 956 000	7 082 000	2 904 700	7 267 000	5 995 000
Developing agriculture					
White corn	466 000	322 690	429 490	286 298	262 600
Yellow	137 750	138 730	157 080	136 736	131 500
Total	603 750	461 690	586 570	423 034	394 100
Total corn	3 559 750	7 543 690	3 491 270	7 690 034	6 389 100
Sorghum	131 277	264 600	103 100	206 000	153 500
Peanuts shelled	59 100	65 160	110 200	130 900	113 850
Sunflower-seed	511 000	562 067	828 000	905 000	808 500
Soy beans	125 000	200 900	130 500	210 000	188 100
Dry beans	38 805	42 150	64 800	82 200	75 000
Total grains	4 424 935	8 678 567	4 727 870	9 224 134	7 728 050

The corn crop estimate by province follows:

Prov.	Area	planted	1998	First	estimate	1999	Second	estimate	1999
CORN:	White ha.	Yellow ha.	Total ha.	White tons	Yellow tons	Total tons	White tons	Yellow tons	Total tons
Cape	7 700	25 000	32 700	38 000	179 000	217 000	38 000	169 500	207 500
Free State	682 000	360 000	1042000	1750000	860000	2610000	1450000	670000	2120000
Natal	37 000	51 000	88 000	110 000	174 000	284 000	93500	145000	238500
Mpumalanga	237 000	313 000	550 000	711 000	950 000	1661000	650 000	865 000	1515000
North	34 000	3 000	37 000	88 000	8 000	96 000	55 000	5 000	60 000
Gauteng	60 000	60 000	120 000	168 000	160 000	328 000	145 000	144 000	289 000
N.West	772 000	263 000	1035000	1555000	516000	2071000	1140000	425000	1565000
Total Comm.	1829700	1075000	2904700	4420000	2847000	7267000	3571500	2423500	5995000
Developing area	429 490	157 080	856 570	286 298	136 736	423 034	262 600	131 500	394 100
TOTAL	2259190	1232080	3491720	4706298	2983736	7690037	3834100	2555000	6389100

As expected the major losses occurred in the North West province where crop expectations decreased by 24.4%, followed by the Free State with 18.8%, mostly in the western areas. As you move east the losses diminish, Gauteng only lost about 12% and Mpumalanga in the east only 8.8%. The losses also differ from east to west, in the far west some fields were totally lost while others show poor cob development with very few seeds. As you move east the cobs are filled better but not all the way while the actual weight of the pip is poor and secondary cob development retarded. The crop on commercial farms decreased by 17.5% between the two estimates but average yield is still above 2 tons per hectare compared to the 2.8 tons per hectare expected initially. The crop in the developing sector is only expected to decrease by 6.8% and this is a cause of some concern. The crop is more likely to decrease at about the same, or a higher rate than the commercial crop, as a lot of the area planted in this sector also lies in the drier areas. If the damage was similar to the damage suffered by the commercial crop the estimate should be around 349,000 tons and the total crop estimate 6.344 million tons. This reporter still favors a total crop of about 6 million tons.

Consumption

Domestic corn prices increased during the drought to a high of about R975/ton for white (\$157.26) and R970/ton for yellow (\$156.45). The May futures price for white in March was about 50% higher than it was in January. After the rain and with reports of export contracts being canceled and yellow corn being imported the prices steadied. The current spot price for white in Gauteng is about R875/ton (\$141.13) and yellow R820/ton

(\$132.26). The May futures price for white has dropped to R873/ton (\$140.81) and for yellow to R789/ton (\$127.26) with the July prices at R856 (\$138.06) and R766 (\$123.55) respectively.

The white yellow mix in the total crop is of outmost importance because of the use of white corn for human consumption. At this stage indications are that there still is a surplus of white corn if the MY 98/99 exports are restricted. Up to the end of February 1999 exports for the season amounted to 816,000 tons of white corn and 258,000 tons of yellow for a total of 1,074,000 tons. The current high domestic price levels must be inhibiting export sales but there is a report that another 100,000 tons of white corn has been sold for export, while other reports claim that major export sales were canceled. Reports of yellow corn imports also abound. At this stage an estimated white/yellow PS&D for the present and coming season can be supplied:

South Africa, Corn yellow/white supply and distribution, '000 Metric tons.

'000 Mt.	White	Yellow	Total	White	Yellow	Total
		1998/1999			1999/2000	
Beginning stocks 05/01	1 179	1 280	2 459	905	516	1 421
Production	4 706	2 838	7 544	3 834	2 555	6 389
Imports	0	48	48	0	600	600
Total Supply	5 885	4 166	10 051	4 739	3 671	8 410
Exports	950	300	1 250	300	0	300
Consumption	4 030	3 350	7 380	4050	3400	7450
Ending stock	905	516	1 421	389	271	660

The table would suggest substantive imports of yellow corn and smaller exports of white corn.

PS&D Wheat

P.D. Table						
Country:	South Africa					
Commodity:	Wheat					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Harvested	1382	1392	1500	748	1000	700
Beginning Stocks	643	576	250	920	200	430
Production	2283	2450	2600	1531	1900	1400
TOTAL Mkt. Yr. Imports	524	524	500	600	550	950
Jul-Jun Imports	325	663	500	650	550	900
Jul-Jun Import U.S.	0	133	0	100	350	250
TOTAL SUPPLY	3450	3550	3350	3051	2650	2780
TOTAL Mkt. Yr. Exports	150	72	150	50	50	50
Jul-Jun Exports	150	204	150	50	50	50
Feed Dom. Consumption	15	82	10	50	50	50
TOTAL Dom. Consumption	3050	2558	3000	2571	2580	2580
Ending Stocks	250	920	200	430	20	150
TOTAL DISTRIBUTION	3450	3550	3350	3051	2650	2780

Production

A planting intentions survey for the coming 1999 wheat crop was recently released by the National Crop Estimates Committee. Apparently farmers only intend to plant 613,500 hectares of wheat this year, less than half of the area planted in 1997 and the smallest area planted in forty years. The survey was done at a stage when farmers were facing low prices and serious financial problems caused by the competition from imported wheat. It is more likely that farmers will plant about 700,000 hectares this year but that would still be a serious cutback. According to the survey producers intend to plant 134,500 hectares (18%) less than in 1998. The Western Cape shows a decrease of almost 7% while the northern provinces indicate a decrease of more than 30%. The decrease can mainly be ascribed to low price expectations and high input costs. Another aspect indicated was new grading regulations for wheat with more emphasis on quality considerations. The following table contains the details:

Intentions to plant wheat:

Province	Area planted 1997	Area planted 1998	Planting intentions 1999
	'000 Hectares	'000 Hectares	'000 Hectares
Western Cape	400	300	280.5
Northern Cape	65	36	34.5
Free State	790	350	243
Eastern Cape	13	5	4.8
Kwazulu-Natal	5.8	5	5.5
Mpumalanga	22	9	6.15
Northern Province	17	9	7.65
Gauteng	3	2	1.4
North-West	66.5	32	30
TOTAL	1382.3	748	613.5

Trade

Even if the area planted to wheat later this year reaches 700,000 hectares and a good average yield of 2 metric tons per hectare is reached this would only produce a 1.4 million tons crop. Domestic demand is at least 2.4 to 2.5 million tons which means that nearly a million tons will have to be imported. At about R1,000/ton this means about R1 billion in foreign exchange which the country can hardly afford. We can expect a tariff adjustment or some form of import regulation as the free market system is obviously not working for this staple food.