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South Africa, Republic of

Grain and Feed

Update

2000

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Report Highlights:

The main news this month is that domestic corn consumption slowed down near the end of the previous season in April 2000. As a result the carry over into the new season exceeds one million tons. The 1999 crop of 9.6 million tons is currently being harvested and with the carry over could lead to an exportable surplus of nearly 2 million tons. The surplus is already depressing domestic prices.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Pretoria [SF1], SF

Executive Summary 1

CORN 2

WHEAT 4

Executive Summary

This month’s update shows a greater than expected, 1 million ton plus, corn carry over at the end of April 2000. Coupled to the big current crop of about 9.6 million tons this could lead to an exportable surplus of nearly 2 million tons and pressure on producer prices.

The 2000 wheat situation is promising, but unchanged.

U.S. Dollar = Rand 7.10

CORN

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Corn					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		05/1999		05/2000		05/2001
Area Harvested	3491	3568	3980	3865	3700	3700
Beginning Stocks	807	807	685	1020	1285	1000
Production	7723	7723	9630	9640	8500	8500
TOTAL Mkt. Yr. Imports	500	527	300	300	300	300
Oct-Sep Imports	410	410	150	150	150	150
Oct-Sep Import U.S.	250	250	100	100	100	100
TOTAL SUPPLY	9030	9057	10615	10960	10085	9800
TOTAL Mkt. Yr. Exports	550	508	1300	1900	1335	1000
Oct-Sep Exports	450	450	750	750	350	350
Feed Dom. Consumption	3580	3580	3765	3765	3800	3800
TOTAL Dom. Consumption	7795	7529	8030	8060	8150	8150
Ending Stocks	685	1020	1285	1000	600	650
TOTAL DISTRIBUTION	9030	9057	10615	10960	10085	9800

The latest estimate for South Africa's current, 1999, corn crop is 9.640 million tons, 10,000 tons more than the previous estimate. The Diplodia disease (cob rot) brought about by the late season wet weather is causing concern because it affects the quality of the crop. The small increase in production is not significant but the increased carry over at the end of April 2000 is. Carry over stocks at the end of the 1998 season exceeded 1 million tons, 335,000 tons more than expected. It appears that consumption slowed down at the end of the season as supplies became tight and prices increased. Millers and feed manufacturers were obviously waiting for new crop deliveries to start to take advantage of the depressed prices brought about by the big crop. Yellow corn supplies were very tight and some white corn was used in the feed industry. The following table contains the latest white/yellow corn PS&D incorporating preliminary data up to the end of the season on April 30, 2000.

South Africa, White/Yellow Corn PS&D, '000 metric tons:

		1999/2000			2000/2001	
'000 Mt.	White	Yellow	Total	White	Yellow	Total
Stocks 05/01/99	543	264	807	675	345	1020
Production	4922	2801	7723	5815	3825	9640
Deliveries	4669	2442	7111	5550	3460	9010
Retention	253	359	612	265	365	630
Imports	0	527	527	0	300	300
Commercial supply	5212	3233	8445	6225	4105	10330
+ Retention.	5465	3592	9057	6490	4470	10960
Exports	474	34	508	1440	460	1900
Consumption	4316	3213	7529	4400	3660	8060
Stocks	675	345	1020	650	350	1000

The main result of the bigger carry over is that the 1999 exportable surplus is getting close to 2 million tons which will entail considerable export losses and affect producer prices. Grain S.A. , the producer association, is trying to put together a voluntary export pool where farmers can deliver 15% of their crop for export. The idea is that removing most of the surplus will stabilize producer prices. The current July 2000 futures price for white corn is R637/ton (\$89.7) and yellow corn R658/ton (\$92.7). The U.S.# 2 (Gulf) price for July is \$97.45/ton. The problem is that the South African surplus is located inland and transport and handling costs to the harbor are about \$20/ton with the result that the export parity price is more likely to be \$77/ton, or R545/ton.

WHEAT

PSD Table						
Country:	South Africa					
Commodity:	Wheat					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	748	748	718	718	809	828
Beginning Stocks	1005	1005	771	771	535	535
Production	1884	1884	1747	1747	2000	2050
TOTAL Mkt. Yr. Imports	483	483	600	600	500	500
Jul-Jun Imports	432	432	500	500	450	450
Jul-Jun Import U.S.	77	77	250	250	250	250
TOTAL SUPPLY	3372	3372	3118	3118	3035	3085
TOTAL Mkt. Yr. Exports	74	74	70	70	75	75
Jul-Jun Exports	70	70	70	70	70	70
Feed Dom. Consumption	58	58	75	75	50	50
TOTAL Dom. Consumption	2527	2527	2513	2513	2560	2560
Ending Stocks	771	771	535	535	400	450
TOTAL DISTRIBUTION	3372	3372	3118	3118	3035	3085

The main change this month is that a planting intentions survey indicated that the area to be planted to wheat this year will increase to 828,000 hectares, up from the early survey of 809,000 hectares and the 1999 area planted of 718,000 hectares. Conditions are favorable and a crop of 2.05 million tons can be expected. The PS&D is not materially affected by this change.