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South Africa, Republic of

Grain and Feed

Monthly Update

2005

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Report Highlights:
The estimate of the 2004 South African corn crop was revised from 12.4 to 11.7 million tons after disappointing deliveries. A substantial cutback in area planted is expected for the 2005 planting season as a result of both market and weather factors. This has already alleviated the oversupply perception and bolstered domestic prices. The crop is still very dependent on weather conditions over the next few months but could reach about 7.3 million tons. Exports continue unabated and imports are expected to resume soon.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[SF]

Summary

South Africa's 2005/06, summer rainfall season started at the beginning of November this year. Although late, the rains allowed planting to start especially in the eastern production areas where the optimum time for planting ended at the end of October. Since then rainfall has been poor. The big question is how much land farmers are planting. Grain SA recommended not planting at all but commercial farmers are likely to cut the area planted to 2.2 million hectares from the 2.8 million hectares planted in 2005. The cutback is partly due to an effort to limit the oversupply that led to low prices earlier in the current season, and the weather conditions. If the area planted on commercial farms is cut back to 2.2 million hectares the crop could still reach 7 million tons. Adding the crop in the emerging sector could take the total to 7.25 million tons.

The current, FAS 2004, crop on commercial farms was revised downwards from 12.2 million tons to 11.45 million tons, a 6% adjustment. This alleviated the oversupply somewhat and helped domestic prices to recover significantly.

US$1 = Rand 6.35 (12/28/05)

www.sagis.org.zag
www.grainsa.co.za
www.safex.co.za
www.fews.net
www.wfp.org

CORN

PSD Table

Country	South Africa					
Commodity	Corn					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin		05/2004		05/2005		05/2006
Area Harvested	3300	3240	3223	3223	2600	2600
Beginning Stocks	2443	2420	2956	2935	3572	2750
Production	9700	9710	11716	11715	7500	7250
TOTAL Mkt. Yr. Imports	219	222	150	150	200	250
Oct-Sep Imports	495	553	131	175	200	175
Oct-Sep Import U.S.	61	62	0	5	0	0
TOTAL SUPPLY	12362	12352	14822	14800	11272	10250
TOTAL Mkt. Yr. Exports	729	773	2300	2100	1000	1000
Oct-Sep Exports	797	449	1517	1500	1500	1500
Feed Dom. Consumption	4077	4040	4300	4700	4200	4400
TOTAL Dom. Consumption	8677	8644	8950	9950	8900	8950
Ending Stocks	2956	2935	3572	2750	1372	300
TOTAL DISTRIBUTION	12362	12352	14822	14800	11272	10250

Production

In early December the National Crop Estimates Committee finally revised the area planted as well as production for the commercial corn crop planted in 2004. The revisions were based on the SAGIS delivery figures as well as a utilization survey done by the National Department of Agriculture. The following table compares the revised figures to the previous estimate:

FAS 2004	Last GEC est.		Revised final	
MY 2005/06	Area planted	Production	Area planted	Production
	1,000 ha.	1,000 MT	1,000 ha.	1,000 MT
White corn	1845.0	7264.5	1700 (-7.9%)	6540.7 (-10%)
Yellow corn	1084.5	4915.8	1110 (+2.4%)	4909.3 (-.1%)
Total	2929.5	12180.3	2810 (-4.1%)	11450.0 (-6%)

The revision does not clear up the doubts about the true size of the 2004 commercial crop as deliveries up to the end of November only amounted to 10 million tons, implying farm retentions of 1.45 million tons, about one million tons more than the norm. This explains the high consumption figure shown in the PS&D above.

The 2005 crop is causing more concern. At the end of October a survey showed that the intention was to cut the new season’s area planted by about 50%. In addition to price pressure, the early part of the planting season was very hot and dry and the optimum planting dates in Mpumalanga passed before the first rains arrived in November. Rainfall has been poor since then.

A more likely 2005 scenario is that the commercial area to be planted to corn will be cut to 2.2 million hectares from the 2.8 million ha. planted in 2004, 1.3 million hectares white and 900,000 hectares yellow corn. This could still yield a 7 million ton crop at average yields. The lack of early rains and the hot and dry spring caused much concern, which manifested itself in increased futures prices. In early November rainfall increased and planting commenced in the eastern production areas. There is still time to plant till the end of December in the western production areas. Rainfall has been disappointing to date and the area planted and crop prospects are in jeopardy. January rainfall will have a major effect on the potential crop.

The futures market already expects a disaster and the market hit a 22-month high on December 27 with January 2006 white corn quoted at R1, 212/MT ($191/MT), more than double the prevailing prices earlier this year.

A forecast based on the five-year average yields and normal rainfall from now on follows:

Commercial	2004 area planted ’000 ha.	Yield MT/ha	Production 2004,final revision ’000 MT	2005 area planted ’000 ha.	Yield MT/ha	Production 2005, forecast ’000 MT
White corn	1,700	3.8	6,540	1,300	3.0	3,900
Yellow	1,110	4.4	4,910	900	3.4	3,100
Total	2,810	4.1	11,450	2,200	3.2	7,000
Developing						
White	325	0.6	203	325	0.6	200
Yellow	88.5	0.7	63	75	0.7	50
Total	413.5	0.6	266	400	0.6	250
Total corn						
White	2,025	3.3	6,743	1,625	2.5	4,100
Yellow	1,198.5	4.1	4,973	975	3.2	3,150
TOTAL	3,223,5	3.6	11,716	2,600	2.8	7,250

Consumption

We include deliveries for March and April in our delivery figure as, depending on the season, the new crop becomes available from March each year. Deliveries up to the end of November 2005 are shown in the following table:

Deliveries ’000 MT	White corn	Yellow corn	Total corn
March 2005	18	53	71
April	37	104	141
May – Nov.	5,964	3,819	9,783
TOTAL	6,019	3,976	9,995

We would normally expect to get in an additional 80,000 tons from December to end of February 2006. The fact is that there is still more than 1.4 million tons of the revised crop unaccounted for. We can consider this as farm retentions although it is much higher than usual. A commercial PS&D based only on deliveries from March to November can be supplied to highlight the current situation.

FAS 2004	MY May05/April 06	Commercial S&D	'000 MT
'000 Metric tons	White	Yellow	Total
B/Stocks, May 1, 05	2345	590	2935
Revised Production	6540	4910	11450
Deliveries, March –Nov	6020	3975	9995
Farm retentions	520	935	1455
Total supply	8365	4565	12930
Expected exports	1725	375	2100
Expected consumption	4770	3460	8230
Ending stocks forecast	1870	730	2600

The analysis above does not take imports into account, which are expected to resume in January 2006 with about 50,000 tons of yellow corn from Argentina. Further imports are foreseen in both MY 2005/06 and MY 2006/07.

The apparently smaller 2004 crop and the proposed cutback in the 2005 crop can cut the surplus considerably. We can give a 2006/07 PS&D forecast to illustrate the point.

FAS 2005 forecast	MY May 06/April 07	Commercial S&D	'000 MT
B/Stocks	1870	730	2600
Crop forecast	3900	3100	7000
Farm retentions	100	350	450
Expected Deliveries	3800	2750	6550
Supply	5670	3480	9150
Exports	900	100	1000
Consumption	4750	3350	8100
E/Stock	20	30	50

Obviously stocks will have to be supplemented by imports. Some yellow corn may also be used in lieu of white corn for human consumption.

Trade

In the meantime exports continue unabated with about 123,000 tons exported in the first three weeks of December. Zimbabwe continues to be the main market taking 62% of white corn exports through December 16. Zimbabwe pronounced its intention to import 1.2 million tons this season and is averaging more than 90,000 tons per month. Both Malawi and Zambia must pick up their rate of imports substantially over the next few months to avert famine. Current high price levels and clogged supply lines are slowing down the process. Zambia, like Zimbabwe, requires GMO free corn. The high prices also killed off the possibility of major overseas sales.

EXPORTS MT White corn	11/26-12/02/05	12/03-12/09/05	12/10-12/16/05		Cumulative since 04/30
Angola					11 978
Benin					2 278
Botswana	4 151	4 870	2 931		116 023
Cameroon					1 774
Ghana					7 638
Kenya					33 614
Lesotho	385	591	393		47 980
Madagascar					387
Malawi	1 603	2 111	19 085*		34 310
Mali					2 258
Mozambique	7 625	2 909	2 765		77 556
Namibia	1 713	3 228	2 921		14 205
Sudan					28 272
Swaziland	1 495	1 400	1 354		14 360
Tanzania			10 000*		
Zambia	1 808	2 400	3 134		16 187
Zimbabwe	14 401	11 523	12 321		674 359
Total	33 181	30 032	54 904		1 093 175
Yellow corn					
Angola					204
Botswana	646	653	538		10 588
Indonesia					49 500
Iran					93 284
Japan					113 098
Lesotho					1 637
Mozambique	404	766	79		5 566
Namibia	258	443	489		11 970
Swaziland	346	571	745		19 398
Zimbabwe	34		124		1 353
Total	1 688	2 433	1 975		306 598
Grand total	34 869	32 465	55 879		1 399 773

*Durban, 17,146 tons by sea to Malawi and 10,000 tons to Dar-as-Salaam, (probably also for Malawi)

Prices

During December, the March, May and July 2006 white corn SAFEX prices have been moving up to $190/ton compared to $150/ton in November and $125/ton in October. The same yellow corn prices moved up to $157/ton compared to $125/ton in November and $119/ton in October. The high prices are likely to depress both consumption and exports. The prices reflect the market's belief in a major cutback in area planted and a drought induced crop failure. The area planted is expected to decline, but weather will be, as usual, the main factor determining crop size.

RSA, SAFEX futures exchange quotes:

Rand/MT	US$/MT			
White corn	December 05	**March 06**	August 05	October 05
06/27/05	R634=$94.5	R670=$99.9	R574=$85.5	R593=$88.4
07/27/05	R671=$100.9	R709=$106.6	R619=$122.6	R632=$107.8
08/31/05	R735=$114.0	R766=$118.8	**May 06**	R695=$107.8
09/30/05	R847=$133.4	R868=$136.7	R867=$136.5	R823=$129.6
11/03/05	R834=$125.4	R851=$128.0	R856=$128.7	**July 06**
11/30/05	R959=$147.5	R978=$150.5	R975=$150.0	R980=$150.8
12/27/05		R1227=$193.2	R1204=$189.6	R1195=$188.2
Yellow corn	December 05	**March 06**	August 05	October 05
06/27/05	R669=$99.7	R705=$105.1	R607=$90.5	R629=$93.7
07/27/05	R667=$100.3	R697=$104.8	R625=$94.0	R635=&95.5
08/31/05	R683=$105.9	R708=$109.8	**May 06**	R645=$100
09/30/05	R772=$121.6	R780=$122.8	R786=$123.8	R755=$118.9
11/03/05	R777=$116.8	R789=$118.6	R801=$120.9	**July 06**
11/30/05	R797=$122.6	R804=$123.7	R837=$128.8	R814=$125.2
12/27/05		R995=$156.7	R1005=158.3	R1005=$158.3
Wheat	December 05	**March 06**	August 05	October 05
06/27/05	R1481=$220.7	R1521=$226.7	R1603=$238.9	R1580=$235.5
07/27/05	R1475=$221.8	R1520=$228.6	R1537=$231.1	R1542=$231.9
08/31/05	R1379=$213.8	R1429=$221.6	**May 06**	R1490=$231.0
09/30/05	R1421=$223.8	R1460=$229.9	R1473=$232.0	R1440=$226.8
11/03/05	R1463=$220.0	R1484=$223.2	R1520=$228.6	**July 06**
11/30/05	R1369=$210.6	R1401=$215.5	R1421=$218.6	R1432=$220.3
12/27/05		R1450=$228.3	R1464=$230.6	R1470=$231.5

WHEAT

PSD Table

Country	South Africa					
Commodity	Wheat					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin		10/2003		10/2004		10/2005
Area Harvested	748	748	830	830	800	801
Beginning Stocks	898	897	598	614	560	585
Production	1540	1540	1680	1680	1800	1800
TOTAL Mkt. Yr. Imports	1278	1278	1396	1395	1300	1200
Jul-Jun Imports	911	837	1407	1350	1300	850
Jul-Jun Import U.S.	475	414	270	265	0	250
TOTAL SUPPLY	3716	3715	3674	3689	3660	3585
TOTAL Mkt. Yr. Exports	379	380	324	326	350	325
Jul-Jun Exports	356	320	338	350	350	325
Feed Dom. Consumption	10	32	10	23	10	25
TOTAL Dom. Consumption	2739	2721	2790	2778	2750	2800
Ending Stocks	598	614	560	585	560	460
TOTAL DISTRIBUTION	3716	3715	3674	3689	3660	3585

Production

According to the fifth official estimate the expected 2005 wheat crop is 1.8 million tons, 2% smaller than the fourth estimate mainly due to dry conditions in the Free State. The expected yield is 2.24 MT/ha. The production estimate for the Western Cape is 645,000 tons at 2.15 MT/ha. and the Free State 532,000 MT at 1.4 MT/ha. The total area planted is unchanged at 800,500 ha.

Commercial human consumption increased by 3.1% from 2.652 million tons in MY2003/04 to 2.734 million tons in MY 2004/05. Imports increased from 1.278 million tons in 2003/04 to 1.394 million tons in 2004/05 and are expected to reach 1.2 million tons in 2005/06.

Trade

IMPORTS	MY 03/04	Oct./Sept.		MY 04/05	Oct./Sept.	
MT	For Africa	For RSA	Total	For Africa	For RSA	Total
Argentina	73 816	268 218	342 034	111 654	574 600	686 254
USA	146 660	413 429	560 089	43 078	281 165	324 243
Australia		298 504	298 504		154 112	154 112
Germany	3 873	12 199	16 072	12 603	115 332	127 935
Canada	13 767		13 767		43 766	43 766
Ukraine					29 935	29 935
UK		22 420	22 420		27 586	27 586
France	2	25 016	25 016			
TOTAL	238 116	1 039 786	1 277 902	167 335	1 226 496	1 393 831

South Africa actually imported about 116,000 tons more in 2004/05 than in 2003/04. Although the US share sunk from 43% to 23%, U.S. exports to South Africa still reached 324,000 tons.

Imports during the 2005/06 season continue unabated, from October 1 to December 16, 341,000 tons were imported. The following table contains the details.

From	For Africa	For RSA	Total
USA	18,600	52,761	71,361
Australia		42,517	42,517
Argentina		26,460	26,460
Germany	27,643	55,334	82,977
Ukraine		34,831	34,831
Total	46,243	211,903	341,123

EXPORTS MT	2003/04	2004/05
Botswana	88,559	77,033
Lesotho	74,656	75,956
Swaziland	40,634	34,543
Zimbabwe	102,598	40,738
Zambia	37,430	55,826
Namibia	12,622	16,904
Total	356,499	301,000
Products	23,001	21,000
Grand total	379,500	322,000

Whole grain exports only reached 301,000 tons in 2004/05 after 356,000 tons were exported in 2003/04. Product export data are added for a total of 322,000 tons in 2004/05 including 135,000 tons of SA origin wheat, the same as in 2003/04.

Since October 1, 2005 about 46,000 tons were exported including 8,600 tons to Botswana, 19,700 tons to Lesotho, 1,700 tons to Namibia, 9,600 tons to Swaziland and 6,200 tons to Zambia.