



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 1/31/2008

GAIN Report Number: SF8001

South Africa, Republic of

Grain and Feed

Quarterly Update

2008

Approved by:

Scott Sindelar
U.S. Embassy, Pretoria

Prepared by:

Dirk Esterhuizen

Report Highlights:

The National Department of Agriculture released its final official figure for the 2007/08 marketing year corn crop. The size of the total corn crop has been set at 7.125 million tons with 4.315 million tons of white corn and 2.810 million tons of yellow corn. Approximately 1.525 million tons of corn, mainly yellow corn, will need to be imported. For the 2008/09 marketing year it is estimated that 2.786 million hectares of corn were planted, which is 9.2% more than the 2.552 million hectares planted for the previous season. The continuous good rains across the corn producing areas of South Africa are extremely favourable for this year's corn crop and there are already speculations of a corn crop exceeding 11 million tons.

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

Executive Summary

The size of the commercial corn crop available for the 2007/08 marketing year has been set at 7.125 million tons. The white corn crop was finalized at 4.315 million tons on 1.625 million hectares which is only 2% less than the previous year. The yellow corn crop was finalized at 2.810 million tons on 927 000 hectares which is 22% more than the previous season. With a local demand of approximately 8.880 million tons of corn, it is estimated that about 1.525 million tons of corn, mainly yellow corn, will need to be imported. As of January 18, 2008, 1.028 million tons of yellow corn has already been imported from Argentina. The white corn supply should be sufficient to service the local demand, mainly because of a carry-over-stock of 1.630 million tons

For the 2008/09 marketing year it is estimated that 2.786 million hectares of corn were planted, which is 9.2% more than the previous season. The continuous good rains across the corn producing areas of South Africa are extremely favourable for this year's corn crop, and a corn crop exceeding 11 million tons is a good possibility.

US\$1 = Rand 7.0 (01/25/08)

Sources:

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za

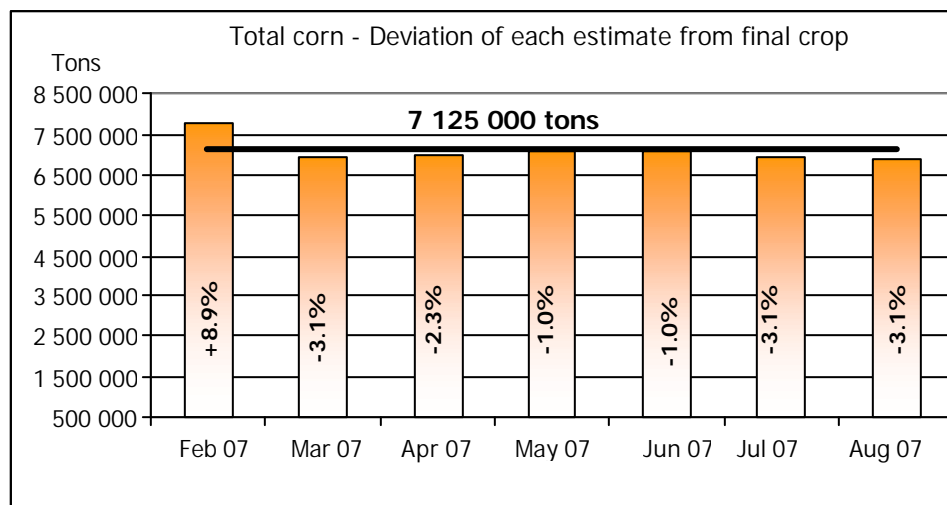
Production

The National Department of Agriculture released its final official figure for the 2007/08 marketing year corn crop on November 29, 2007. The size of the commercial corn crop available for the 2007/08 marketing year has been set at 7.125 million tons. The estimated total production figures from the Crop Estimates Committee (CEC) were revised, using the actual deliveries data of the South Africa Grain Information Service and the figures from a maize utilization survey which determined on-farm usage and retentions. Comparing the re-calculated crop figures with the numbers set by the CEC on August 28, 2007, the CEC underestimated the commercial corn crop by only 3.1%. The aim of the CEC is to set the final estimate within 5% of the final calculated crop. The area planted figures were not adjusted.

The white corn crop was finalized at 4.315 million tons on 1.625 million hectares which is only 2% less than the previous year. The yellow corn crop was finalized at 2.810 million tons on 927,000 hectares which is 22% more than the previous season. The following table contains area planted and production figures of white and yellow corn for the 2005/06, 2006/07 and 2007/08 marketing years.

CORN	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t
Marketing year	2005/ 06			2006/ 07			2007/ 08		
White	1.700	3.6	6.108	1.033	4.3	4.392	1.625	2.6	4.315
Yellow	1.110	3.6	3.947	567	4.1	2.315	927	3.0	2.810
TOTAL	2.810	3.6	10.055	1.600	4.2	6.707	2.552	2.8	7.125

The following graph gives an indication of how the first forecast to the final estimate deviated from the final crop during the 2007 production season.



The first estimate on the area planted with corn for the 2008/09 marketing year was released on January 24, 2008. It is estimated that 2.786 million hectares of corn were planted, which is 9.2% more than the 2.552 million hectares planted for the previous season. The area estimate for white corn is 1.714 million hectares, which represents an increase of 5.5% from the previous season. The area estimate for yellow corn is 1.072 million hectares, which is 15.6% more than the 927,000 ha planted last season.

The area estimate for sunflower seed is 482,250 hectares, which is 52.4% more than the 316,350 hectares planted the previous season. It is estimated that 165,000 ha have been planted to soybeans, which represents a decrease of 9.8% compared to the 183,000 ha planted last season. For groundnuts the area estimate is 47,100 hectares which is 15.5% more than the 40,770 hectares planted for the previous season. The area estimate for sorghum increased by 19.1%, from 69,000 hectares to 82,200 hectares against the previous season.

The continuous good rains across the corn producing areas of South Africa are extremely favorable for this year's corn crop. There are already speculations of a corn crop exceeding 11 million tons.

Consumption

For the 2007/08 marketing season approximately 4.020 million tons of corn, mainly white corn, will be used for human consumption and approximately 4.250 million tons, mainly yellow corn will be used for feed consumption.

The following table contains the actual commercial consumption of white and yellow corn:

CORN 000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
Marketing year	2005/ 06			2006/ 07			2007/ 08		
Human	3.731	266	3.997	3.718	290	4.008	3.750	270	4.020
Animal	543	3.468	4.011	787	3.260	4.047	850	3.400	4.250
Other	91	49	140	78	6	84	185	425	610
TOTAL	4.365	3.783	8.148	4.583	3.556	8.139	4.785	4.095	8.880

With the exclusion of corn as feedstock for ethanol production in the new Bio-fuels Industrial Strategy, approved by the South African Government (Government) on December 5, 2007 (see also SF7044), the hope for an additional outlet for corn in a "fairly stagnant" domestic market was crumbled. Corn as a feedstock for ethanol production was excluded amid concerns about food security and fears of price increases. The new strategy recommends sugar cane and sugar beet for bio-ethanol production and soy beans, canola and sunflower as feedstock for biodiesel. The Government has indicated that up to 3 million hectares of arable farm land will be made available to emerging farmers for production of bio-fuels feedstock. This has been described by the Government as a major step in the process of social development in rural South Africa.

Trade

In the marketing year ended April 2007 approximately 931 000 tons of yellow corn were imported from Argentina. Corn exports, mainly white corn, for the same period amounted to approximately 548 000 tons. It is estimated that for this marketing year (May 2007 – April 2008) approximately 1.525 million tons of corn, mainly yellow corn, will need to be imported. The carry-over-stock of yellow corn is relatively small at approximately 440 000 tons. As of January 18, 2008, 1.028 million tons of yellow corn has already been imported from Argentina. The white corn supply should be sufficient to service the local demand, mainly because of a carry-over-stock of 1.630 million tons.

The following table shows the different export and import countries for white and yellow corn for marketing years 2005/06, 2006/07 and 2007/08. For 2007/08 the actual figures from May 2007 to January 18, 2008 are shown.

Marketing year	2005/06 (May - April)		2006/07 (May - April)		2007/08 (May – January)	
	White corn	Yellow corn	White corn	Yellow corn	White corn	Yellow corn
Exports Countries	'000 tons					
Angola	14		4			
Benin	2					
Botswana	176	21	118	13	80	2
Cameroon	3					
Der-es- Salaam	10		9			
Ghana	8					
Indonesia		50				
Japan		113				
Kenya	40		3			
Lesotho	83	4	73	6	51	8
Madagascar	1		1			
Malawi	68					
Mali	2					
Mexico			27			
Mozambique	139	11	43		31	
Namibia	54	17	51	16	30	13
Sudan	28					
Swaziland	26	35	18	52	25	32
Somalia	3					
Zambia	89					
Zimbabwe	1.035	11	111		5	2
TOTAL EXPORTS	1.781	356	459	88	222	55
Import Countries						
Argentina		361		931		1.028
Zambia					21	
Malawi					1	
Tanzania					3	
TOTAL IMPORTS		361		931	25	1.028

Prices

The SAFEX prices as of 01/25/2008 are shown in the following Table. Local prices for the current crop remain high, at levels around R1750/ton, due to the shortage in local supply and high international prices. Prices for the new corn crop are currently trading at lower levels of around R1500/ton due to expectations that the local crop will exceed 11 million tons.

SAFEX Futures prices (01/25/2008)					
Commodity	2008/03	2008/05	2008/07	2008/09	2008/12
White corn	R1747/t (\$250/t)	R1510/t (\$216/t)	R1478/t (\$211/t)	R1511/t (\$216/t)	R1558/t (\$223/t)
Yellow corn	R1901/t (\$272/t)	R1555/t (\$222/t)	R1547/t (\$221/t)	R1577/t (\$225/t)	R1629/t (\$233/t)

PSD Table

Country	South Africa								
Commodity	Corn								
1000HA, 1000MT	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		05/2006	05/2006		05/2007	05/2007		05/2008	05/2008
Area Harvested	2032	2032	2032	2900	2897	2552	3200	3300	2786
Beginning Stocks	3190	3190	3190	2308	2000	2308	2008	175	1578
Production	6935	6935	6935	7300	6500	7125	10000	11000	11144
MY Imports	931	915	931	1500	1000	1525	250	250	250
TY Imports	896	896	896	996	1050	996	900	0	900
TY Imp. from U.S.	36	36	36	0	0	0	0	0	0
Total Supply	11056	11040	11056	11108	9500	10958	12258	11425	12972
MY Exports	548	540	548	500	525	500	800	550	3000
TY Exports	1406	1406	1406	431	500	431	800	0	800
Feed Consumption	4000	4150	4000	4400	4300	4250	4800	4350	4350
FSI Consumption	4200	4350	4200	4200	4500	4630	4400	4550	4600
Total Consumption	8200	8500	8200	8600	8800	8880	9200	8900	8950
Ending Stocks	2308	2000	2308	2008	175	1578	2258	1975	1022
Total Distribution	11056	11040	11056	11108	9500	10958	12258	11425	12972