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South Africa - Republic of

Grain and Feed Update

Quarterly Update

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Report Highlights:

South Africa's commercial corn crop for the 2011/12 marketing year (MY) is estimated at 10.855 million tons on 2.372 million hectares. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. In total South Africa exported 2.067 million tons of corn in the 2010/11 MY. So far in the 2011/12 MY, South Africa already exported 644,289 tons of corn of which Mexico was the major importer with 341,148 tons of white corn. If corn exports continue at the current pace for the rest of the marketing year, South Africa can export almost three million tons of corn in the 2011/12 MY. With a carry-over stock of approximately five million tons and a current crop of around 11 million tons, South Africa has excess corn available to supply the global market. With the current drought in the Eastern Africa, South Africa is expected to become a major supplier of corn to these affected countries.

Post:

Pretoria

Executive Summary:

The sixth estimate for the area planted and production of corn in South Africa for the 2011/12 MY, was released by the Crop Estimate Committee (CEC) on July 26, 2011. According to the CEC, commercial farmers planted 2.372 million hectares of corn. This is 13 percent less than the corn hectares planted in the 2010/11 MY, in response to South Africa's five million ton carry-over stock. Additionally, the CEC estimates the 2011/12 MY commercial corn crop at 10.855 million tons. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. The CEC estimates that subsistence farmers planted about 486,760 hectares of corn in the 2011/12MY which produced 564,335 tons of corn. This brings South Africa's total estimated corn crop for the 2011/12 MY to 11.419 million tons.

Total commercial corn consumption for the 2011/12 MY is estimated to be 9.82 million tons. Corn for human consumption is expected to remain flat due to higher prices, while corn for feed purposes is expected to increase by three percent on the back of better expected economic growth.

For the first two and a half months of the 2011/12 MY, South Africa exported 644,289 tons of corn. If corn exports continue at this pace, South Africa will be able to export almost three million tons of corn in the 2011/12 MY. With a carry-over stock of approximately five million tons and a current crop of more than 11 million tons, South Africa has excess corn available to supply the global market. With the current drought in the Eastern Africa, South Africa is expected to become a major supplier of corn to these affected countries.

US\$1 = Rand 6.67 (07/27/2011)

Sources:

www.sagis.org.za

www.grainsa.co.za

www.safex.co.za

www.daff.gov.za

Corn

Production

Post forecasts that the area planted to corn later in 2011 for the marketing year that will start May 2012 and end April 2013 (2012/13 MY for South Africa and split year 2011/12 in the PS&D table) will be around three million hectares. Commercial farmers will plant about 2.5 million hectares on the back of higher corn prices and subsistence farmers 500,000 hectares. This will, on a national average yield, result in a crop of about 12.3 million tons.

The sixth estimate for the area planted and production of corn by commercial farmers for the 2011/12 MY (May 2011 to April 2012 and split year 2010/11 in the PS&D table) was released by the CEC on July 26, 2011. According to the CEC, commercial farmers planted 2.372 million hectares of corn for the 2011/12 MY. This is 13 percent less than the corn hectares planted in the 2010/11 MY. The CEC estimates that subsistence farmers planted about 486,760 hectares of corn in the 2011/12MY, marginally less than the previous season. Commercial farmers planted 1.418 million hectares with white corn, 18 percent less than the previous year, and 954,000 hectares with yellow corn, seven percent less than the previous year. Corn plantings were down in response to South Africa's four million ton corn surplus that developed after three excellent crop years in a row.

The CEC estimates the 2011/12 MY commercial corn crop at 10.855 million tons. This is 15 percent less than the previous year's crop of 12.815 million tons due to lower corn plantings. White corn is estimated at 6.302 million tons, 20 percent less than the previous season, while yellow corn is estimated at 4.553 million tons, nine percent less than the previous year. Furthermore, the CEC estimates that subsistence farmers produced 564,335 tons of corn for the 2011/12 MY, which brings South Africa's total estimated corn crop for the 2011/12 MY at 11.419 million tons. This is marginally lower than post's April estimate of 11.443 million tons due to the impact of flooding that occurred in corn producing area during harvest time.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2010/11 (actual), 2011/12 (estimate) and 2012/13 (forecast) marketing years.

Table 1: Area planted and production of commercial and subsistence corn in South Africa

	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t
MY	2010/11			2011/12			2012/13		
Commercial corn									
White	1,720	4.5	7,830	1,418	4.4	6,302	1,400	4.5	6,330
Yellow	1,023	5.1	4,985	954	4.8	4,553	1,100	4.9	5,400
Sub Total	2,742	4.8	12,815	2,372	4.6	10,855	2,500	4.7	11,730
Subsistence corn									
White	372	1.1	422	347	1.1	396	350	1.1	390
Yellow	149	1.2	184	140	1.2	168	150	1.2	180
Sub Total	521	1.2	606	487	1.1	564	500	1.1	570
TOTAL	3,263	4.1	13,421	2,872	4.0	11,419	3,000	4.1	12,300

Source: SAGIS and CEC

Consumption

In the 2010/11 marketing season, South Africa's corn consumption increased by nearly 3.5 percent to 9.65 million tons on the back of lower domestic corn prices. Human consumption of corn (mainly white corn) increased by almost one percent to 4.52 million tons while animal consumption of corn (mainly yellow corn) increased by more than four percent to 4.27 million tons.

Total commercial corn consumption for the 2011/12 MY is estimated to be around 9.82 million tons. Corn for human consumption is expected to remain flat due to higher prices, while corn for feed purposes is expected to increase by three percent. As general economic conditions improve, middle-income consumers will consume more meat which will increase the demand for corn as the major animal feedstock.

For the 2012/13 MY, Post forecasts that the trend of the previous season will continue with corn for human consumption to remain basically flat, while the demand for corn for animal feed purposes will increase by almost three percent to 4.5 million tons. As a result, the total domestic demand for corn will increase by two percent to 10 million tons in the 2012/13 MY.

The following table outlines the commercial consumption for white and yellow corn for the 2010/11 (estimate), 2011/12 (estimate) and 2012/13 (forecast) marketing years. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

Table 2: The commercial consumption of white and yellow corn in South Africa

CORN 1,000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2010/11			2011/12			2012/13		
Human	4,159	356	4,515	4,200	350	4,550	4,250	350	4,600
Animal	1,658	2,613	4,271	500	3,890	4,390	500	4,000	4,500
Other	353	513	866	350	530	880	350	550	900
TOTAL	6,170	3,482	9,652	5,050	4,770	9,820	5,100	4,900	10,000

Source: SAGIS, Grain SA

Trade

For the first two and a half months of the 2011/12 MY, South Africa exported 644,289 tons of corn (see also Table 3). If corn exports continue at this pace, South Africa will be able to export almost three million tons of corn in the 2011/12 MY. With carry-over stocks of approximately five million tons and a current crop of more than 11 million tons, South Africa has excess corn available to supply the global market. So far in the 2011/12 MY, Mexico has emerged as South Africa's major market with 341,148 tons of white corn imports. Mexico is followed by Korea (60,987 tons of yellow corn) and Taiwan (59,800 tons of yellow corn). However, with the current drought in the Eastern Africa, South Africa is expected to become a major supplier of corn to those countries.

South Africa exported 2.067 million tons of corn in the 2010/11 MY, to 23 countries around the world, of which 1.049 million tons was white corn and 1.018 million tons yellow corn. The largest share was exported to Korea, which acquired 610,721 tons of yellow corn and 203,087 tons of white corn. Korea was followed by Botswana (175,103 tons) and Italy (131,107 tons). It was one of the few seasons where more than a million tons of yellow corn was exported, which illustrates South Africa's ability to

supply new markets with yellow corn outside its traditional white corn exports to African markets.

Table 3: Export and Import Countries for white and yellow corn (1,000 tons)

MY	2010/11 (May 1, 2010 – April 30, 2011)		2011/12 (May 1, 2011 – July 15, 2011)	
	White corn	Yellow corn	White corn	Yellow corn
Export Destinations				
Botswana	158	17	30	3
Cameroon	10	5		
Chad	3			
Ghana				7
Guinea	5			
Iran				
Italy	131		33	
Japan		98		
Kenya	41			
Korea	203	611	39	61
Kuwait		82		
Lesotho	108	4	16	1
Mauritius		10		
Madagascar		6		3
Malaysia				
Mexico	72		341	
Mozambique	74	24	7	2
Namibia	80	20	5	3
Nigeria	13			
Portugal	30	5		
Senegal	2	4		3
Seychelles				
Somalia	27		20	
Spain		26		
Swaziland	55	55	1	9
Taiwan		51		60
Zimbabwe	37			
TOTAL EXPORTS	1,049	1,018	492	152
Import Suppliers				
Brazil	0	0	0	0
TOTAL IMPORTS	0	0	0	0

Source: SAGIS

Prices

The South Africa Future Exchange (SAFEX) prices as of July 22, 2011, are shown in Table 4. Currently, white corn prices are at R1,842 per ton and yellow corn prices at R1,837 per ton, both trading at export parity levels. Since April 2011, local white corn prices have increased by 12 percent and yellow corn prices by 9 percent, and on a year-on-year basis local white corn prices increased by almost 70 percent and yellow corn prices by 62 percent. The upward movement in local corn prices follows the

global trend of rising commodity prices, while increased exports of corn by South Africa also play a part in supporting higher domestic corn prices.

Table 4: SAFEX prices for corn

	SAFEX Futures prices (as of 07/22/2011)			
Commodity	2011/08	2011/09	2011/12	2012/03
White corn	R1,842/t (\$247/t)	R1,863/t (\$251/t)	R1,914/t (\$256/t)	R1,935/t (\$264/t)
Yellow corn	R1,837/t (\$255/t)	R1,853/t (\$259/t)	R1,890/t (\$264/t)	R1,911/t (\$271/t)

PS&D Table

Corn South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,263	3,263	2,900	2,872	3,000	3,000
Beginning Stocks	4,113	4,113	5,169	5,206	4,594	3,246
Production	13,420	13,420	12,000	11,420	12,500	12,300
MY Imports	0	0	25	0	25	0
TY Imports	27	0	25	0	25	
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17,533	17,533	17,194	16,626	17,119	15,546
MY Exports	2,064	2,067	2,000	3,000	2,000	2,000
TY Exports	1,586	1,586	2,200	1,500	2,000	1,500
Feed and Residual	4,600	4,560	4,800	4,670	4,900	4,790
FSI Consumption	5,700	5,700	5,800	5,710	5,900	5,780
Total Consumption	10,300	10,260	10,600	10,380	10,800	10,570
Ending Stocks	5,169	5,206	4,594	3,246	4,319	2,976
Total Distribution	17,533	17,533	17,194	16,626	17,119	15,546

1000 HA, 1000 MT, MT/HA