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South Africa, Republic of

Grain and Feed

Monthly Update

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Report Highlights:

South Africa's 2002 corn crop is currently officially estimated at 9.1 million tons after the 2001 corn crop estimate was revised to 10 million tons. Commercial deliveries are expected to reach 8.3 million tons after 9.2 million tons were delivered from the 2001 crop. After the two big crops, an oversupply of white corn and a shortage of yellow corn is foreseen for 2003. This has caused a dramatic drop in domestic prices. An excess of 1 million tons will, however, again be available for export. However, food insecure countries in the region are hampered by financial constraints and will not be able to buy much from South Africa.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Pretoria [SF1], SF

Executive Summary

South Africa's official estimate for the 2001 corn crop has finally been adjusted to 10.05 million tons while the new, 2002 crop, is estimated at 9.13 million tons. The 10.4% increase to the 2001 crop, and the generally less favorable climatic conditions, make the 9% decline in production feasible as the area planted only decreased by about 1.5% from the revised 2001 figure. Deliveries from the 2002 crop are expected to reach about 8.3 million tons after about 9.2 million tons were delivered from the 2001 crop. The supply and distribution analysis is affected by early deliveries before the start of the official marketing season in May.

The two big crops in a row aggravate the oversupply situation with the carry over at the end of April this year expected to exceed 1.85 million tons. Because of a production shift, yellow corn deliveries in the new season will be nearly a million tons less than in the previous season, leading to a shortage and some imports. White corn is in surplus and a considerable quantity is expected to be used for feed in lieu of yellow. This is possible due to the drop in price with the current yellow price exceeding the white corn price.

Regional demand still exceeds supply by a wide margin (see fews.net website). However, food insecure countries in the region are probably even less able to buy grain this year due to their perilous financial positions, and will mainly depend on food aid. Lower domestic prices should, however, allow some commercial exports to overseas destinations to resume.

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za
www.fews.net
www.wfp.org
www.grains.org
www.sadc.int/

Corn

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		05/2002		05/2003		05/2004
Area Harvested	3350	3533	3500	3481	0	3250
Beginning Stocks	490	665	990	1870	540	1735
Production	9700	10050	9000	9130	0	9000
TOTAL Mkt. Yr. Imports	800	830	750	250	0	65
Oct-Sep Imports	726	725	800	300	0	100
Oct-Sep Import U.S.	403	300	0	0	0	0
TOTAL SUPPLY	10990	11545	10740	11250	540	10800
TOTAL Mkt. Yr. Exports	1200	1225	1200	1000	0	1200
Oct-Sep Exports	1182	1190	1400	1200	0	1000
Feed Dom. Consumption	4200	4000	4200	4065	0	4100
TOTAL Dom. Consumption	8800	8450	9000	8515	0	8650
Ending Stocks	990	1870	540	1735	0	950
TOTAL DISTRIBUTION	10990	11545	10740	11250	0	10800

Production

The second official estimate of South Africa's 2002 corn crop was released on March 19, 2003. The crop on commercial farms was estimated at 8.844 million tons, virtually unchanged from the first estimate. The crop in the developing agriculture was estimated at 286,000 tons, about 10% lower than in the previous season. The total crop thus amounts to 9.13 million tons.

The following table contains the details:

CORN	FAS 01, PY 01/02	MY 02/03	FAS 02, PY 02/03	MY 03/04
Commercial	Area ’000 ha.	Production ’000mt.	Area ’000 ha.	Production ’000mt.
White	1843	5537	2023	5641
Yellow	1174	4194	992	3203
Total	3017	9732	3015	8844
Developing Agric.				
White	408	245	368	221
Yellow	109	72	98	65
Total	517	317	466	286
Total crop				
White	2251	5782	2391	5862
Yellow	1283	4266	1090	3268
Grand total	3533	10049	3481	9130

More important is that the estimate for the crop planted in 2001was finally revised in line with our arguments on quantities delivered to the silos. The NCEC based the revision on deliveries and a farm retention survey amongst producers. As a result, the area planted was increased by 6.5% to 3.534 million hectare and the crop by 10.8% to 10.05 million tons. The following table highlights the adjustments.

FAS 2001	Final Estimate		Revised Est.	
MY 2002/2003	Area ‘000 ha.	Prod. ‘000 mt.	Area ‘000 ha	Prod. ‘000 mt.
Commercial				
Whit/e	1722	5066	1843 (+7.0%)	5537 (+9.3%)
Yellow	1112	3715	1174 (+5.6%)	4194 (+12.9%)
Total	2833	8781	3017 (+6.5%)	9732 (+10.8%)
Developing				
White	408	245	408	245
Yellow	109	72	109	72
Total	517	317	517	317
Total Corn				
White	2130	5311	2251 (+5.7%)	5782 (+8.9%)
Yellow	1221	3787	1283 (+5.1%)	4266 (+12.7%)
Total	3350	9099	3534 (+5.5%)	10049 (+10.4%)

The latest 2002 estimate of 9.13 million tons is thus more than 9% lower than the revised figure for 2001 crop of 10.05 million tons, but incorporates the information gained for the revision. The total area planted decreased by about 1.5% although the area planted on commercial farms are virtually unchanged. The latest adjustments are in line with our own assessment of the situation.

Consumption

While the ‘total’ production and consumption figures (as used in the report PS&D) are important, the trade is more interested in the actual physical quantities delivered to the silos. Deliveries from the 2001 commercial crop is estimated at 9.2 million tons, 5.45 white and 3.75 yellow from April 2002 to March 2003. This implies retentions on commercial farms of about 530,000 tons, 90,000 white and 440,000 yellow. The crop in the developing sector is, per definition, considered to be used on farm although there may be some stocks reaching the market.

The following table contains the "commercial" PS&D based on deliveries to the silos for the current and coming season. Retentions for the new season are taken as the same as for the previous season.

FAS 2001	MY 2002/2003		
'000 Metric ton	White corn	Yellow corn	Total corn
Beginning stocks*	325	340	665
Production	(5 785)	(4 265)	(10 050)
Deliveries*	5 450	3 750	9 200
Imports	275	555	830
Commercial supply	6 050	4645	10 695
Exports	820	405	1 225
Consumption	3 910	3 690	7 600
Ending stocks	1 320	550	1 870
FAS 2002	MY 2003/2004		
Beginning stocks*	1 320	550	1 870
Production	(5 860)	(3 270)	(9 130)
Deliveries*	5 550	2 765**	8 315
Imports	0	250	250
Commercial supply	6 870	3 565	10 435
Exports	1020	80	1 100
Consumption***	4 450	3 250	7 700
Ending stocks	1 400	235	1 635

*Adjusted to correspond with the crop
** 2002 deliveries of yellow corn expected to be about one million tons less than in 2001.
*** 500,000 tons of white corn to be used for feed.

As explained in previous reports, South African corn deliveries no longer correspond with the May/April marketing season. This is mainly due to opportunistic early planting and the increase in area planted under irrigation. About 210,000 hectares of the current area are estimated to be under irrigation, consisting of 100,000 hectares of white corn and 110,000 hectares of yellow. At an average yield of 12 tons per hectare this can produce 2.5 million tons for which deliveries could start in February (already 83,000 tons delivered in February 2003) and March. To collate the PS&D with a specific crop we use the April/March deliveries, adding April deliveries to the new crop and deducting it from the end of April carry over.

As a result of low prices from the oversupply of white corn we expect that a considerable quantity (500,000 tons) will be used for feed in lieu of yellow corn during the coming season. Yellow corn is in short supply as a result of the switch to white corn this season and this is reflected in the SAFEX futures prices.

Per metric ton	March 2003	May 2003	July 2003
November 1, 2002	$1= R10		
White corn	R1872 $187.20	R1847 $184.70	R1786 $178.60
Yellow	R1473 $147.30	R1523 $152.30	R1538 $153.80
December 4, 2002	$1= R9.25		
White corn	R1908 $206.27	R1930 $208.65	R1958 $211.67
Yellow	R1364 $147.75	R1405 $151.90	R1443 $156.00
January 2, 2003	$1= R8.55		
White corn	R1768 $206.78	R1733 $202.69	R1681 $196.61
Yellow	R1335 $156.14	R1359 $158.95	R1351 $158.01
February 5, 2003	$1= R8.30		
White	R1275 $153.61	R1296 $156.14	R1334 $160.72
Yellow	R1185 $142.77	R1185 $142.77	R1196 $144.10
March 10, 2003	$1= R7.90		
White	R932 $118.00	R962 $121.80	R992 $125.60
Yellow	R951 $120.40	R965 $122.15	R1000 $126.60
April 1, $1= R7.85	SEPTEMBER 03	May 2003	July 2003
White	R854 $108.80	R790 $100.65	R821 $104.60
Yellow	R909 $115.80	R852 $108.55	R870 $110.85

In December 2002 the May 2003 white corn premium amounted to $56.75/ton. This dropped to $43.74 in January and $13.37 in February. By March, the yellow corn price exceeded the white corn price and by April 1 the yellow corn premium amounted to $7.90/ton.

The strengthening of the SA Rand has aggravated farmers' woes, making imports cheaper and pushing domestic corn prices down. The May 2003 futures contract for white corn bought on December 4, 2002 for R1930/ton was only worth R790 on April 1, a loss of 59% in four months.

Trade

Imports:

Import Trade Matrix			
Country	South Africa, Republic of		
Commodity	Corn		
Time period	Jan -Dec	Units:	Metric tons
Imports for:	2001		2002
U.S.	1052	U.S.	469226
Others		Others	
Argentina	45569	Argentina	218085
China	0	China	185667
Brazil	60258	Brazil	124113
Mexico	0	Mexico	41923
Canada	0	Canada	15000
Zimbabwe	2275	Zimbabwe	340
Total for Others	108102		585128
Others not Listed	110		1001
Grand Total	109264		1055355

Unfortunately origin and destination figures for South African international trade is only locally available from the South African Revenue Service (SARS) compiled using customs data. The import matrix is mainly used to give an indication of the origin of imports. Since it uses customs data for the Southern African Customs Union (SACU), which includes Botswana, Lesotho, Namibia and Swaziland (the BLNS countries), it does not give a clear indication of South African trade. According to SAGIS, South Africa did not import corn (except seed) in 2001 and the quantities shown must be mainly transhipments into the BLNS countries or into the wider region or late or early recording of transactions. The following table contains trade patterns for the past four years.

SAC corn imports:

'000 metric tons	1999	2000	2001	2002
USA	256	200	1	469
Argentina	120	49	46	218

Brazil	0	0	60	124
China	0	0	0	186
others	3	4	2	58
Total	379	253	109	1055
SAGIS	na	0	0	899

Significant in this table are the small US sales in 2001 brought about by abundant local supplies and South African GMO requirements. In 2002, sales bounced back due to US white corn imports of 320,000 tons between April and October, which complied with the GMO requirements, as well as about 150,000 tons yellow corn donated to the World Food Program (WFP) for humanitarian relief in the region.

More significant is the appearance of Brazil as a supplier in 2001 followed by China late in 2002. Arrivals from China are continuing with 212,000 tons arriving in January and February and more expected in the new season.

The SAGIS import figure for South Africa only for 2002 is about 900,000 tons, the other 155,000 tons probably transhipments, mainly humanitarian assistance, as are the figures for 2001 and 2002.

Exports:

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Corn		
Time period	Jan -Dec	Units:	Metric tons
Exports for:	2001		2002
U.S.	0	U.S.	0

Others		Others	
Zimbabwe	1203	Zimbabwe	429468
Zambia	19602	Zambia	155964
Japan	423619	Japan	75378
Malawi	48828	Malawi	49780
Mozambique	43379	Mozambique	24703
Turkey	1118	Turkey	14146
Congo	5523	Congo	11679
Angola	20492	Angola	4294
Thailand	1699	Thailand	1053
Total for Others	565463		766465
Others not Listed	47796		8400
Grand Total	613259		774865

Significant in the export matrix is the loss of a big portion of the Japanese market in 2002. This market for high quality GMO free corn (mainly used for starch) was lost due to the high local prices. The industry is hoping to rekindle this market in 2003. The big jump in shipments to Zambia and Zimbabwe and the sales to Malawi were the result of the famine in the area and include commercial purchases as well as aid shipments.

We must also admit that we do not have much confidence in the official trade data. An interesting situation develops when we compare SAGIS exports with the trade data. SAGIS treats exports to the Customs Union as exports and the difference between the SAGIS exports and the customs data should then presumably be sales to the BLNS countries. According to the following table, this amounted to 762,000 tons in 2000, 718,000 in 2001 but only 371,000 tons in 2002.

South African corn exports: Metric tons.

Countries	CY 2000	CY 2001	CY 2002
Zimbabwe	4,416	1,203	429,468
Zambia	625	19,602	155,964
Japan	196,500	423,619	75,378
Malawi	337	48,828	49,780

Mozambique	53,911	43,379	24,703
Turkey	21,463	1,118	14,145
Congo	4,484	5,523	11,679
Angola	21,426	20,492	4,294
Others	341,261	49,495	9,454
SARS Total	644,423	613,259	774,865
BLNS ?	761,577	717,741	371,135
SAGIS Total	1,406,000	1,331,000	1,146,000

The decrease in calculated sales to the BLNS countries could be due to food aid received (Swaziland and Lesotho) but probably mainly due to the high South African prices during 2002.

Wheat

PSD Table						
Country	South Africa, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]

Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	959	959	941	941	0	841
Beginning Stocks	487	571	587	588	567	558
Production	2490	2493	2280	2320	0	2150
TOTAL Mkt. Yr. Imports	560	563	600	600	0	502
Jul-Jun Imports	560	500	600	370	0	400
Jul-Jun Import U.S.	18	20	0	25	0	40
TOTAL SUPPLY	3537	3627	3467	3508	567	3210
TOTAL Mkt. Yr. Exports	379	245	250	250	0	250
Jul-Jun Exports	379	270	250	300	0	250
Feed Dom. Consumption	10	100	10	50	0	50
TOTAL Dom. Consumption	2571	2794	2650	2700	0	2750
Ending Stocks	587	588	567	558	0	210
TOTAL DISTRIBUTION	3537	3627	3467	3508	0	3210

General

The NCEC recently surveyed 2400 farmers regarding their planting intentions for the 2003 wheat crop. The producers indicated that they intended to plant 841,000 hectares to wheat. This is 100,100 hectare (10.64%) less than in 2002. The largest expected decrease is in the Free State (18.75%), followed by Mpumalanga (18.2%) and the Eastern Cape with 14.3%. The decrease in the expected area to be planted to wheat can mainly be ascribed to lower wheat prices and dry conditions in some areas.

The 2003 crop could still reach 2.15 million tons on the smaller acreage compared to the 2.32 million tons current crop. Total domestic demand is about 2.7 to 2.75 million tons, with the shortfall easily supplied by imports. Imports of over 600,000 tons in the current season has yet again proved that wheat is highly tradeable internationally. It is currently possible to import fairly good wheat from non traditional sources. According to some commentators a 50/50 mixture of German A (13% protein) and German B (12% protein) quality wheat prices at around R1315/ton delivered in the coastal areas. This is compared to local wheat delivered at about R1445/ton. The imports are fueled by the current zero tariff and the relative strength of the SA Rand.

Current local futures prices at US Dollar 1 = Rand 7.90 are; April 2003, Rand 1480/ton, May, R1500, July 1540, September R1595, December R1605.

Trade

Import Trade Matrix			
Country	South Africa, Republic of		
Commodity	Wheat		
Time period	Jan -Dec	Units:	Metric tons
Imports for:	2001		2002

U.S.	22944	U.S.	68752
Others		Others	
Argentina	221871	Argentina	140390
Kazakhstan	0	Kazakhstan	116300
Germany	0	Germany	101294
Australia	3600	Australia	80825
Poland	0	Poland	55659
France	0	France	27635
U.K.	0	U.K.	24742
Croatia	0	Croatia	21712
Total for Others	225471		568557
Others not Listed	4484		20387
Grand Total	252899		657696

The significant development is the new suppliers listed in 2002. Kazakhstan, Germany, Poland, France, the UK and Croatia are new, and reportedly cost effective suppliers. One reason given is that the local industry has been working on improving the quality of the local crop and does not need to import high quality wheat for blending purposes. Another reason given is the very high local producer price expectations which virtually necessitated the imports. The industry is working on a voluntary import/export reporting scheme for the grain trade which should alleviate some uncertainties.

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Wheat		
Time period	Jan - Dec	Units:	Metric tons
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Zambia	79745	Zambia	119215

Malawi	21468	Malawi	27406
Zimbabwe	3000	Zimbabwe	17444
Congo	418	Congo	254
Mozambique	1638	Mozambique	15
Total for Others	106269		164334
Others not Listed	0		0
Grand Total	106269		164334

The table agin highlights destinations for whole wheat exports, mostly transhipments.