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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 now estimated at 9.25 million tons compared to the 10 million tons produced in 2001. Total domestic consumption amounts to about 8.4 million tons per year, while the carry over on May 1, 2003, the start of the 2002 crop marketing season, is estimated at more than 2 million tons. South Africa is thus well supplied with corn. While white corn is oversupplied, yellow corn is short and the current yellow corn price is higher than the price for white. This could lead to some white corn being used for feed.

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

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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 now estimated at 9.26 million tons while the area planted was increased to 3.57 million hectares. The generally less favorable climatic conditions, make the 7.9% decline in production feasible in spite of the small increase in the area planted. Deliveries from the 2002 crop are expected to reach about 8.6 million tons after about 9.4 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 2.16 million tons. Because of a production shift, yellow corn deliveries in the new season will be more than 900,000 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	3566	0	3250
Beginning Stocks	490	665	990	2160	540	2180
Production	9700	10050	9000	9255	0	9000
TOTAL Mkt. Yr. Imports	800	830	750	220	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	11635	540	11245
TOTAL Mkt. Yr. Exports	1200	1070	1200	1100	0	1200
Oct-Sep Exports	1182	1190	1400	1200	0	1000
Feed Dom. Consumption	4200	4150	4200	4165	0	4175
TOTAL Dom. Consumption	8800	8315	9000	8355	0	8450
Ending Stocks	990	2160	540	2180	0	1595
TOTAL DISTRIBUTION	10990	11545	10740	11635	0	11245

Production

The third official estimate of South Africa's 2002/2003 summer field crops was released on April 23, 2003. The expected commercial corn crop is up to 8.97 million tons, 126,100 tons or 1.4% more than the second estimate. At the same time the area planted was increased by 85,000 hectares to 3.1 million hectares, of which 2.08 million hectare (up 60,000) or 67% is planted to white corn and 1.02 million hectare (up 25,000 hectare) or 33% is planted to yellow corn. About 5% of the area planted to white corn and 11% of the area planted to yellow is estimated to be under irrigation. The expected yield for white corn is 2.75 mt/ha. and 3.19 mt/ha. for yellow. The total area planted thus increased to 3.57 million hectare and the crop to 9.26 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	2083	5723
Yellow	1174	4194	1017	3247
Total	3017	9732	3100	8970
Developing Agric.				
White	408	245	368	221
Yellow	109	72	98	65
Total	517	317	466	286
Total crop				
White	2251	5782	2451	5944
Yellow	1283	4266	1115	3312
Grand total	3533	10049	3566	9256

Consumption

Commercial consumption for the current FAS 2001, MY 2002/2003 season is estimated at 7.625 million tons as shown in the following table. This is 4.2% down on the 2001/2003 sales mainly due to the higher prices seen during the season. Consumption for the new FAS 2002 season (MY2003/2004) is expected to rebound to 7.7 million tons again due to the lower prices currently applicable.

The carry over at the start of the new season on May 1, is estimated at about 2.160 million tons to which deliveries of about 8.6 million tons and imports of about 220,000 tons must be added for a total supply of nearly 11 million tons for the new marketing season. With commercial consumption estimated at 7.7 million tons the surplus amounts to more than 3 million tons. It is unlikely that export markets will be found for the exportable surplus of about 2.5 million tons of white corn and some white corn will have to be used for feed. Yellow corn is in short supply and small imports are foreseen

The following tables contains commercial PS&D estimates;

FAS 2001	MY 2002/2003		
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'000 Metric ton	White corn	Yellow corn	Total corn
Beginning stocks*	325	340	665
Production	(5 785)	(4 265)	(10 050)
Deliveries*	5 545	3 815	9 360
Imports	275	555	830
Commercial supply	6 145	4 710	10 855
Exports (whole grain)	725	345	1 070
Consumption	3 925	3 700	7 625
Ending stocks	1 495	665	2 160

FAS 2002	MY 2003/2004		
Beginning stocks*	1 495	665	2 160
Production	(5 945)	(3 310)	(9 255)
Deliveries*	5 700	2 900	8 600
Imports	0	220	220
Commercial supply	7 195	3 785	10 980
Exports	1 020	80	1 100
Consumption***	4 450	3 250	7 700
Ending stocks	1 725	455	2 180

* Adjusted to correspond with crop, basically April/March year.

** Including 500,000 tons of white corn 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. 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. The industry is looking at the situation as recent discrepancies between the crop estimates and deliveries are blamed for excessive price movements experienced lately. New season deliveries now start in February but it would be better if the marketing year is changed to the calendar year which will capture all deliveries from the previous year's plantings. Once the marketing year is officially changed we will adjust the figures for the PS&D years.

The following table contains current SAFEX futures prices:

Futures contracts/mt.	<u>March 2003</u>	<u>May 2003</u>	<u>July 2003</u>
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	<u>May 2003</u>	<u>July 2003</u>	<u>September 2003</u>
White	R780 \$100.65	R821 \$104.60	R854 \$108.80
Yellow	R852 \$108.55	R870 \$110.85	R909 \$115.80
May 5, \$1= R7.40			
White	R785 \$106.10	R808 \$109.20	R838 \$113.25
Yellow	R810 \$109.50	R835 \$112.85	R874 \$118.10

The May 2003 white corn price dropped from R1733/ton in January to R785/ton in May, a decrease of nearly 55% due to a massive oversupply. The yellow corn price dropped from R1359/ton in January to R810/ton in May, a decrease of about 40% as a result of a short crop. The price decrease for yellow corn was lower as supplies can easily be augmented by imports or the use of white corn in feed.

Wheat

The wheat situation is basically unchanged from the previous report sf 3010.