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South Africa, Republic of

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Quarterly Update

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Report Highlights:
The Crop Estimates Committee revised the 2008/09 marketing year crop up to 12.7 million tons. Although rainfall in the corn producing areas of South Africa was less than normal during the past two months, above average rainfall is expected in the coming months and is projected to result in another corn surplus. South Africa has to date exported 1.382 million tons of corn in the 2008/09 marketing year. Most of the corn was exported to other countries in Africa. The estimated area planted for the 2009/10 marketing year is 2.6 million hectares of corn which is 7.3 percent less than the 2.8 million hectares planted during the 2008/09 marketing year.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
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[SF]

The size of the 2008/09 marketing year commercial corn crop has now been set at 12.7 million tons. The final white corn crop estimate was set at 7.5 million tons on 1.7 million hectares which is 75 percent more white corn than the previous year. The final yellow corn crop estimate was set at 5.2 million tons on 1.1 million hectares which is 86 percent more than the previous season. South Africa is expected to have approximately 2.1 million tons of corn, mainly white, available for export during the 2008/09 marketing year. To date, South Africa has thus far exported 1.382 million tons of corn of which 1.152 million tons were white corn and 230.891 tons yellow corn.

The human consumption of white corn in South Africa increased by 15.5 percent in the first eight months of the 2008/09 marketing year compared to the same period in the 2007/08 marketing year. Total corn consumption for the 2008/09 marketing season is estimated at approximately 9.3 million tons, an increase of 9.2 percent from the previous season.

The first estimate of area planted with corn for the 2009/10 marketing year released on January 27, 2009, indicated that 2.6 million hectares of corn were planted, which is 7.3 percent or 203,000 hectares less than the previous season. However, above-average rainfall is expected during the summer in the grain production region of South Africa. The rainy period is expected during mid-January - March 2009 and is expected to yield a second consecutive corn surplus.

US$1 = Rand 10.01 (01/27/08)

Sources:

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

Production

The Crop Estimates Committee (CEC) increased its final corn crop production estimate for the 2008/09 marketing year above the figure released on August 27, 2008 (see SF8039). The corn production figures were increased after incorporating the actual deliveries to date as recorded by the South African Grain Information Service and on-farm use and retentions as determine by a maize utilization survey. The area harvested remains unchanged at 2.8 million hectares.

The CEC's final crop estimate announced in August 2008, underestimated the commercial corn and groundnuts crops by 5.4 percent and 3.9 percent respectively. As for sunflower seed, soybeans and sorghum, the CEC overestimated the crops by 1.6 percent, 9.3 percent and 2.1 percent respectively.

The size of the 2008/09 marketing year commercial corn crop is now estimated at 12.7 million tons. The white corn crop was finalized at 7.5 million tons on 1.7 million hectares which is 75 percent more white corn than the previous year. The yellow corn crop was finalized at 5.2 million tons on 1.1 million hectares which is 86 percent more than the previous season. By the end of December 2008, 7.2 million tons of white corn and 4.6 million tons of yellow corn had been delivered by producers.

The 2008/09 corn crop of 12.7 million tons is the second highest crop recorded by South Africa in the past 50 years. The highest was the 1981/82 marketing year with a crop size of 14.9 million tons. The 1981/82 crop was, however, produced on 4.5 million hectares compared to the 2.8 million hectares of the current year's crop. In fact, the 2008/09 marketing year's average corn crop yield of 4.5 tons per hectare is the highest ever recorded by South Africa. The 2007/08 production year was indeed, climatically, a very favorable year for corn farmers in South Africa. In 2006/07, South Africa experienced El Niño conditions and suffered a terrible drought. In 2007/08 the effects of La Niña brought above-normal rainfall over the majority of South Africa. Isolated areas of the eastern half of the country were the exception.

The first estimate of the area planted with corn for the 2009/10 marketing year was released on January 27, 2009. It is estimated that 2.6 million hectares of corn were planted, which is 7.25 percent or 203,000 hectares less than the previous season. The area planted is, however, 1.3 percent more than the projected planted area of 2.562 million hectares released during October 2008. The area estimate for white corn is 1.6 million hectares, which represents a decrease of 8.0 percent from the previous season. The area estimate for yellow corn is 997,500 hectares, which is 6.1 percent less than the 1.1 million ha planted last season.

Although the increase in input costs and the availability of credit played a role in the decrease in the hectares planted with corn, the primary reason was less than normal rainfall in the corn producing areas of South Africa before and during the planting season. Overall corn planting was done much later than usual. In some areas farmers planted up to two weeks later than normal. Some plantings even took place after the optimum planting dates for the region and this could reduce the yield.

The estimate of the area planted with sunflower seed is 600,000 hectares, which is 6.3 percent more than the 564,300 hectares planted during the previous season. It is estimated that 198,000 hectares have been planted with soybeans, which represents an increase of 19.7 percent compared to the 165,400 ha planted last season. Groundnuts area planted is estimated at 50,450 hectares which is 6.9 percent less than the 54,200 hectares planted for the previous season. The area estimate for sorghum is basically the same as last season at 86,600 hectares.

Above-average rainfall is expected over the summer and should benefit the grain production region of South Africa from mid-January - March 2009. The rainfall expectations are positive because of the cooler than normal sea temperatures over the Pacific Ocean. With 2.6 million hectares planted with corn and the favorable weather outlook for the rest of the season, the conditions are ripe for South Africa to produce back-to-back corn surpluses.

The following table contains area planted and production figures of white and yellow corn for the 2007/08 (actual), 2008/09 (estimate) and 2009/10 (forecast) marketing years.

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

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	**2007/08**			**2008/09**			**2009/10**		
White	1.625	2.7	4.309	1.737	4.3	7.480	1.599	3.8	6.000
Yellow	927	2.8	2.575	1.062	4.9	5.220	998	4.0	4.000
TOTAL	2.552	2.7	6.884	2.799	4.5	12.700	2.596	3.9	10.000

Source: SAGIS and CEC

Table 2: Area planted of corn by provinces in South Africa

	2008/09 (Estimate)	2009/10 (Forecast)
	Area	Area
	1000 Ha	1000 Ha
WHITE CORN		
Western Cape	1	2
Northern Cape	3	3
Free State	690	656
Eastern Cape	3	4
KwaZulu-Natal	41	37
Mpumalanga	268	240
Limpopo	41	33
Gauteng	80	75
North West	610	550
TOTAL	**1.737**	**1.599**
YELLOW CORN		
Western Cape	3	4
Northern Cape	52	48
Free State	480	430
Eastern Cape	13	12
KwaZulu-Natal	42	39
Mpumalanga	250	255
Limpopo	16	15
Gauteng	36	35
North West	170	160
TOTAL	**1.062**	**998**
TOTAL		
Western Cape	4	5
Northern Cape	55	51
Free State	1.170	1.086
Eastern Cape	16	16
KwaZulu-Natal	83	76
Mpumalanga	518	495
Limpopo	57	48
Gauteng	116	110
North West	780	710
TOTAL	**2.799**	**2.596**

Source: CEC

Consumption

In South Africa human consumption of corn (mainly white corn) increased by 15.5 percent in the first eight months of the 2008/09 marketing year compared to the same period for the 2007/08 marketing year. This is attributable to the higher retail price for wheat products such as bread and macaroni that increased on average by more than 37 percent and rice by more than 90 percent since October 2007 while the price of corn meal has only increased by 7 percent (see also SF8011 and SF8043). Many South Africans are returning to buying cheaper basic grains rather than more expensive foods because of the current economic pressures.

For the 2008/09 marketing season it is estimated that approximately 4.5 million tons of corn, mainly white corn, will be used for human consumption and approximately 4.3 million tons, mainly yellow corn, for animal consumption. The total corn consumption for the 2008/09 marketing season is estimated at approximately 9.3 million tons, an increase of 9.2 percent from the previous season.

The following table contains the commercial consumption for white and yellow corn for the 2007/08 (actual), 2008/09 (estimate) and 2009/10 (forecast) marketing years:

Table 3: The commercial consumption of white and yellow corn in South Africa

CORN 000 t	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
Marketing year	**2007/ 08**			**2008/ 09**			**2009/ 10**		
Human	3.552	257	3.809	4.140	310	4.450	4.200	250	4.450
Animal	1.142	3.016	4.158	900	3.425	4.325	900	3.500	4.400
Other	233	277	510	198	282	480	310	360	670
TOTAL	4.927	3.550	8.477	5.238	4.017	9.255	5.410	4.110	9.520

Source: SAGIS, Grain SA

Trade

During the 2007/08 marketing year South Africa imported 1.1 million tons of corn mostly from Argentina. Corn exports, mainly white corn to neighboring countries, for the same period were 469,058 tons.

For the 2008/09 marketing year South Africa will have approximately 2.1 million tons of corn, mainly white corn, available for export. As of January 23, 2009, South Africa had exported 1.382 million tons of corn of which 1.152 million tons were white corn and 230.891 tons yellow corn. Of the 1.382 million tons exported, 1.170 million tons were destined for countries in Africa. Zimbabwe (368,866), Mozambique (205,975) and Botswana (202,154) were the primary destinations. According to Grain South Africa about 400,000 tons of corn was exported through the World Food Program and distributed throughout Africa.

Table 4 shows the different export and import countries for white and yellow corn for the 2007/08 marketing year and so far for the 2008/09 marketing year (from May 2008 to January 23, 2009).

Table 4: Export and Import Countries for white and yellow corn for marketing years 2007/08 and 2008/09 (May 2008 to Jan 2009) (1 000 tons)

Marketing year	**2007/08 (1 May 2007 – 30 April 2008)**		**2008/09 (1 May 2008 – 23 Jan 2009)**	
	White corn	**Yellow corn**	**White corn**	**Yellow corn**
Export Destinations				
Angola			2	
Botswana	132	3	202	1
Benin			4	
Cameroon			4	
Ethiopia			9	
Ghana			2	
Guinea			1	2
Iran			33	104
Kenya			93	
Lesotho	77	8	63	8
Mauritius			12	
Malaysia				34
Mozambique	47		192	14
Namibia	56	18	61	13
Senegal			5	
Somalia			43	
Swaziland	39	44	7	27
Tanzania			45	
Togo			2	
Yemen				28
Zambia			1	
Zimbabwe	45		368	1
TOTAL EXPORTS	**397**	**72**	**1.152**	**231**
Import Suppliers				
Argentina		1.074		
Brazil				23
Zambia	42			
Malawi	1			
Tanzania	4			
TOTAL IMPORTS	**46**	**1.074**	**0**	**23**

Source: SAGIS

Import Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Imports for:	2007/08		**2008/09***
U.S.	0	U.S.	0
Others		Others	
Argentina	1073511		
Zambia	42017		
Malawi	805		
Tanzania	3528		
Brazil			23

Total for Others	1119861		23
Others not Listed	0		0
Grand Total	1119861		23

***May 2008 - 23 January 2009**

Export Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Exports for:	2007/08		**2008/09***
U.S.	0	U.S.	0
Others		Others	
Botswana	134625		202154
Lesotho	84648		70838
Namibia	73589		73913
Mozambique	47315		205975
Swaziland	83214		33908
Zimbabwe	45668		368866
Iran			137748
Somalia			42958
Yemen			27500
Mauritius			12400
Malaysia			34089
Tanzania			45357
Kenya			92532
Ethiopia			9386
Total for Others	469058		1357624
Others not Listed	0		24815
Grand Total	469058		1382439

*** May 2008 - 23 January 2009**

Prices

The SAFEX prices as of January 23, 2009 are shown in the following Table. White corn is trading at about the same level as a year ago but around R100/ton less than in October 2008. Current yellow corn prices are less than the R1900 per ton compared to a year ago. Both yellow corn and white corn prices are around export parity price levels. The deterioration of the rand exchange rate supports higher export parity prices levels which in turn impact positively on domestic price levels. As a result of the rand value, corn prices moved only slightly downward the past three months but dropped significantly in dollar terms. Given the current situation, corn price levels should remain near export parity levels with the rand exchange rate the most unstable variable.

SAFEX Futures prices (01/23/2009)					
Commodity	**2009/02**	**2009/03**	**2009/05**	**2009/07**	**2009/09**
White corn	R1805/t ($180/t)	R1790/t ($179/t)	R1815/t ($181/t)	R1824/t ($182/t)	R1847/t ($185/t)
Yellow corn	R1735/t ($173/t)	R1740/t ($174/t)	R1756/t ($175/t)	R1785/t ($178/t)	R1820/t ($182/t)

Corn South Africa (1000 HA) (1000 MT)	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: May 2007			Market Year Begin: May 2008			Market Year Begin: May 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Harvested	2,900	2,552	2,552	3,300	2,799	2,799	3,000	3,200	2,596
Beginning Stocks	2,308	2,308	2,308	1,661	1,366	1,366	3,325	1,876	2,761
Production	7,300	6,884	6,884	13,164	11,598	12,700	10,500	11,450	10,000
MY Imports	1,121	1,120	1,120	200	0	50	200	0	100
TY Imports	996	996	996	521	523	521	300	0	300
TY Imp. from U.S.	0	0	0	1	0	0	0	0	0
Total Supply	10,729	10,312	10,312	15,025	12,964	14,116	14,025	13,326	12,861
MY Exports	468	469	469	2,000	2,100	2,100	2,500	2,300	1,700
TY Exports	431	431	431	1,124	1,000	1,124	2,500	1,200	1,000
Feed Consumption	4,400	4,158	4,158	5,000	4,400	4,325	5,000	4,400	4,400
FSI Consumption	4,200	4,319	4,319	4,700	4,588	4,930	4,600	4,720	5,120
Total Consumption	8,600	8,477	8,477	9,700	8,988	9,255	9,600	9,120	9,520
Ending Stocks	1,661	1,366	1,366	3,325	1,876	2,761	1,925	1,906	1,641
Total Distribution	10,729	10,312	10,312	15,025	12,964	14,116	14,025	13,326	12,861