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South Africa, Republic of

Grain and Feed

Monthly Update

2003

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Report Highlights:
South Africa's 2003 wheat crop is currently estimated at 1.6 million tons, 33% lower than the previous 2.3 million ton crop. The decline in production is due to drought and a cutback in area planted. Imports are expected to exceed 1 million tons this season, after 870,000 tons were imported during the 2002/03 season.
The 2003 corn crop now being planted is facing very dry conditions. Some rain has fallen, but good, widespread, follow-up rains are urgently needed. The situation is aggravated by low soil moisture after a long, dry winter. At this stage, and assuming normal weather for the rest of the season, we can only forecast a crop of about 7.5 million tons after 9.4 million tons were produced in the previous season. The smaller crop could lead to imports of at least 500,000 tons in 2004.

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

Executive Summary

Both South Africa's 2003 wheat crop, planted earlier this year, and the corn crop, currently being planted, are facing drought stress. After a long dry winter soil moisture levels are very low. The summer rainfall season finally started in mid October but the rains were concentrated in the east and northwest. The Free State basically did not receive much rain. As a result most farmers in the eastern growing areas of Mpumalanga can plant while only some farmers in the northwest are able to start planting corn. More rain is urgently needed.

The result is that the potential wheat crop is estimated 33% lower than in the previous season, partly also due to a decrease in the area planted. At this stage the corn crop is down about 15% from what could be expected under normal conditions. Rainfall over the next few weeks will, however, have a major effect on crop prospects.

Wheat is already being imported with the full season imports expected to exceed 1 million tons while corn imports are expected to reach at least 500,000 tons in 2004.

WHEAT

WHEAT	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
South Africa; Republic of					
Area Harvested (1000 HA)	718	934	959	941	748
Beginning Stocks (1000 MT)	800	550	571	588	897
Production (1000 MT)	1725	2349	2415	2389	1565
TOTAL Mkt. Yr. Imports (1000 MT)	909	438	563	870	1090
Jul-Jun Imports (1000 MT)	806	438	561	1018	1000
Jul-Jun Import U.S. (1000 MT)	123	110	18	63	250
TOTAL SUPPLY (1000 MT)	3434	3337	3549	3847	3552
TOTAL Mkt. Yr. Exports (1000 MT)	232	200	320	308	200
Jul-Jun Exports (1000 MT)	133	221	379	328	200
Feed Dom. Consumption (1000 MT)	10	10	10	10	10
TOTAL Dom. Consumption (1000 MT)	2652	2566	2641	2642	2650
Ending Stocks (1000 MT)	550	571	588	897	702
TOTAL DISTRIBUTION (1000 MT)	3434	3337	3538	3907	3682

Production

The third official crop estimate of the 2003 wheat crop was released on October 20. The estimate was decreased by 109,000 tons from the previous estimate to 1.565 million tons. This is 756,000 tons or 33% lower than the previous crop. The main production area is the Free State, with a production forecast of 552,500 tons or 35% of the crop, followed by the Western Cape with 520,000 tons or 33%. The area planted estimate remained unchanged at 748,000 hectares. The expected yield is 2.1 mt/ha. as against 2.5 mt/ha. for the previous season. The decrease is due to low rainfall. Parts of the Western Cape, a winter rainfall area, had an unusually dry winter season. In the Free State, a summer rainfall area, rain is urgently needed as the soil moisture is very low and as the wheat is now flowering, it is very sensitive to dry conditions. The following table contains the details:

Province	Area planted 2002	Production 2002/03	Area planted 2003	Prod. Estimate 2003/04
	Hectares	Tons	Hectares	Tons
Western Cape	383,000	938,350	325,000	520,000
Northern Cape	50,000	272,500	43,000	253,700
Free State	432,000	756,000	325,000	552,500
Eastern Cape	3,500	10,675	2,000	6,000
Natal	8,600	40,420	7,000	32,900
Mpumalanga	22,000	113,300	9,000	36,900
Limpopo	13,500	54,000	9,000	36,000
Gauteng	2,500	12,000	2,000	6,200
North-West	26,000	123,500	26,000	120,900
TOTAL	941,100	2,320,745	748,000	1,565,100

The production figures for previous seasons in the PS&D are based on actual deliveries and usually exceed the crop estimate.

Consumption

Preliminary utilization figures for the October 2002/September 2003 season amounts to 2.627 million tons, compared to 2.606 million tons for 2001/2002. Milling for human consumption amounted to 2.574 million tons compared to 2.518 million tons for the previous season, an increase of 2.2%. A similar small increase in consumption is foreseen for 2003/04.

Commercial PS&D's, based on actual movement through the silos, can be supplied for the previous two seasons:

Commercial wheat PS&D	MY 2001/2002 '000 mt.	MY 2002/2003 '000 mt.
Beginning stocks	571	588
Deliveries from farms	2415	2389
Imports for SA	407	747
Imports for re-export	156	123
Total imports	563	870
Total supply	3549	3847
Exports, from SA, products	75	41
Whole grain	74	136
Re-export	171	131
Total exports	320	308
Domestic disappearance	2641	2642
Ending stocks	588	897

Trade

Imports for the October 02 to September 03 season amounted to 747,000 tons compared to the 407,000 tons imported in 2001/02. In addition, imports for re-export reached 123,000 tons for total imports of 870,000 tons compared to a total of 563,000 tons for 2001/02. The increased imports were, amongst others, due to cheap wheat being available in Eastern Europe. Wheat from the US is currently reaching the market with sales reaching about 160,000 tons since June 2003. Imports for the 2003/04 season are expected to exceed 1 million tons, with a considerable quantity sourced from the United States.

Exports for the season amounted to 177,000 tons compared to 149,000 tons for the previous season. In addition 131,000 tons of imported stock were re-exported in 2002/03 compared to 171,000 tons in 2001/03. Total exports thus amounted to 308,000 tons in 2002/03 compared to 320,000 tons in 2001/02.

Stocks

It appears that 897,000 tons were carried over at the end of September 2003 compared with 580,000 tons at the end of September 2002.

Policy

A new formula tariff of R22/ton was announced on October 3. The previous tariff of R218/ton was only instituted on August 22 but since then price changes forced the formula to kick in and lower the tariff.

For further information about how the South African Government sets the tariff, please see www.sagis.org.za

CORN

CORN	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
South Africa; Republic of					
Area Harvested (1000 HA)	3814	3225	3533	3575	3253
Beginning Stocks (1000 MT)	863	2041	490	1945	2170
Production (1000 MT)	11455	8040	10050	9400	7500
TOTAL Mkt. Yr. Imports (1000 MT)	0	395	925	75	500
Oct-Sep Imports (1000 MT)	350	0	726	800	200
Oct-Sep Import U.S. (1000 MT)	261	0	403	0	0
TOTAL SUPPLY (1000 MT)	12318	10476	11465	11420	10170
TOTAL Mkt. Yr. Exports (1000 MT)	1423	1281	1070	1100	1100
Oct-Sep Exports (1000 MT)	836	1415	1182	900	1000
Feed Dom. Consumption (1000 MT)	4081	4148	4050	3925	3975
TOTAL Dom. Consumption (1000 MT)	8854	8705	8450	8150	8270
Ending Stocks (1000 MT)	2041	490	1945	2170	800
TOTAL DISTRIBUTION (1000 MT)	12318	10476	11463	11420	10170

Production

At this stage the 2003 corn crop currently being planted is in trouble. The October rainfall was going to be the deciding factor but it has been disappointing. The eastern production area, mainly in the Mpumalanga province, got some general rain in the middle of the month but it has been dry since. In the Northwest Province good rainfall was also reported but it has been dry in the Free State. The optimum planting window in the Eastern area is mid October to mid November and planting is continuing. Planting in the western areas can continue to mid December as the first date that frost can be expected determines planting times. Frost is likely to occur earlier in the higher, colder, eastern areas limiting the length of the growing season. Heavy general rain is urgently needed over the whole of the summer rainfall grain growing area, especially as soil moisture levels are very low after the long dry winter.

A planting intention survey was done earlier and while weather conditions over the next few weeks will determine developments, the data for the past two seasons plus a 2003 forecast is given in the following table:

CORN	FAS 01	MY 02/03	FAS 02	MY 03/04	FAS 03	MY 04/05
Commercial	Area '000 ha.	Production '000 mt.	Area '000 ha.	Production '000 mt.	Area '000 ha.	Production '000 mt.
White	1843	5537	2083	5862	1826	4500
Yellow	1174	4194	1017	3256	977	2800
Total	3017	9732	3100	9119	2803	7300
Developing Sector						
White	408	245	368	221	350	150
Yellow	109	72	98	65	100	50
Total	517	317	466	286	450	200
Total crop						
White	2251	5782	2451	6083	2176	4650
Yellow	1283	4266	1115	3321	1077	2850
Total	3533	10049	3566	9405	3253	7500

The FAS 02 crop estimate is still subject to review with the commercial white corn crop likely to be increased to about 6.3 million tons and the yellow corn crop decreased to about 3.1 million tons for a total of about 9.4 million tons. These adjustments are based on producer deliveries to date. For our analysis, the total crop estimate is not as important as the actual deliveries to the silos.

The FAS 03 forecast is preliminary and based on normal rainfall for the rest of the season. It includes a 15% downwards adjustment of what would be expected under normal conditions, for damage already caused by the dry, hot weather. These figures could change dramatically over the next few months.

Consumption

Commercial deliveries, that is corn delivered to the silos according to SAGIS, forms the basis of the commercial PS&D. Corn produced and consumed outside the formal trading environment is not well documented. To correlate the commercial PS&D with a specific crop we use the March to February deliveries and not the formal May to April marketing year. The reason is that the quantity of early deliveries has been increasing. The March and April deliveries are then deducted from the May 1 carry over and added to the new season's deliveries. The following table contains the details:

FAS 2002 est.	MY 2003/04 estimate		
‘000 Metric tons	White	Yellow	Total corn
Beginning stocks	1265	680	1945
Rev. Com. Crop est.	6300	3100	9400
Farm retentions	100	300	400
Delivery est.	6200	2800	9000
Imports	0	75	75
Total Supply	7465	3555	11020
Exports	1000	100	1100
Dom. Disappearance	4700*	3050	7750
Ending stocks	1765	405	2170

* Including an additional 300,000 tons used for feed.

A forecast for the 2004/05 season can be supplied:

FAS 2003 forecast	MY 2004/05 forecast		
‘000 Metric tons	White	Yellow	Total corn
Beginning stocks	1765	405	2170
Crop forecast	4500	2800	7300
Farm retentions	65	305	370
Deliveries	4435	2495	6930
Imports	0	500	500
Total Supply	6200	3400	9600
Exports	1000	100	1100
Dom. Disappearance	4400	3300	7700
Ending stocks	800	0	800

The table is only a forecast of how the new season could develop. Basically South Africa needs about 7.7 million tons for local use and about 1 million tons for exports into the region, for a total of 8.7 million tons. With the more than 2 million ton carry over expected at the end of the current season, the need drops to 6.7 million tons. About 1.7 million tons can be produced under irrigation, which cuts the amount needed from the dry land crop. In the table above, where the commercial crop is forecast at 7.3 million tons, at least 500,000 tons of imports will be needed to maintain stock levels.