

MAIZE



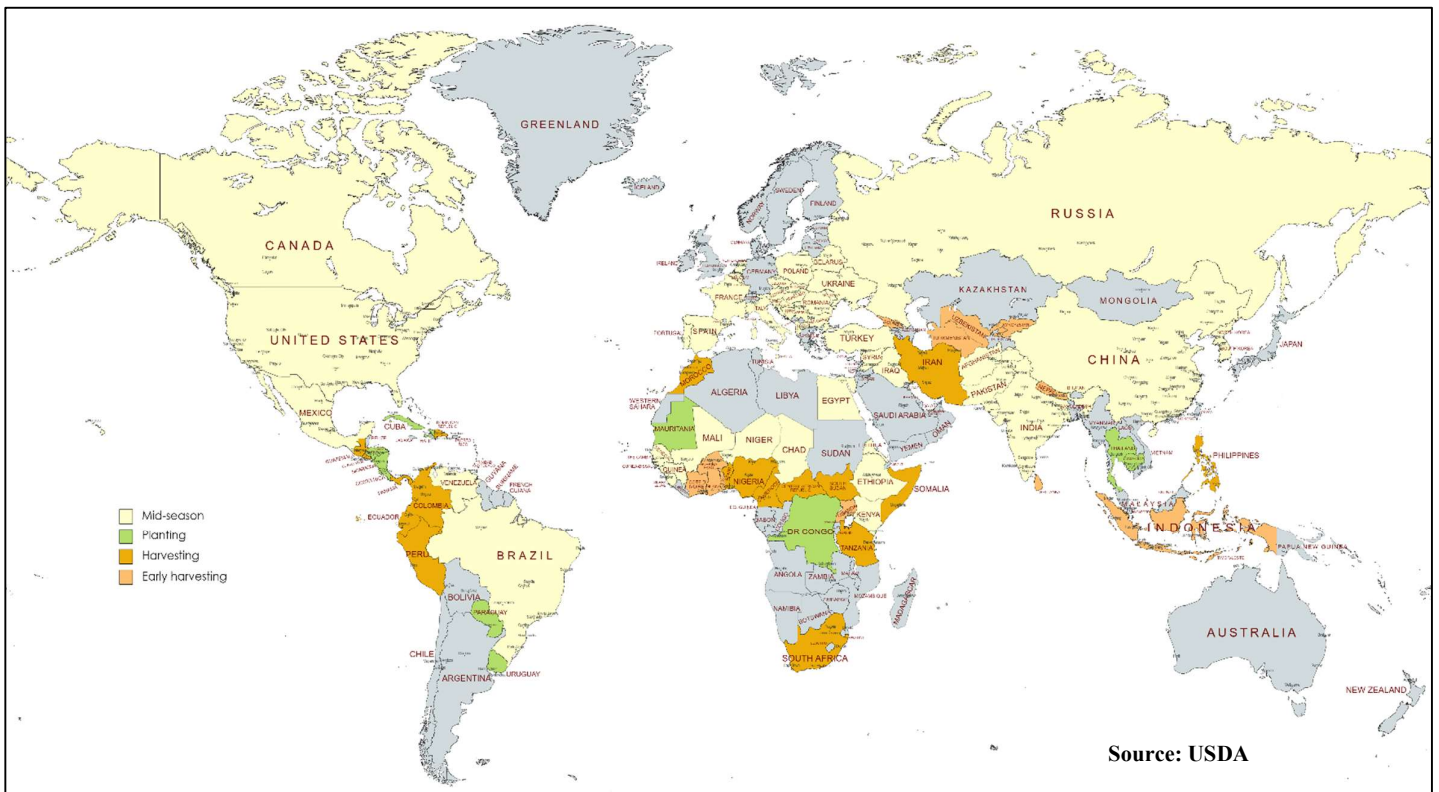
Grain SA
August 2022
Grain Market Outlook

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This report was compiled by the applied economics team of Grain SA. If you would like any further information, please feel free to contact Heleen at heleen@grainsa.co.za.

1. World maize production



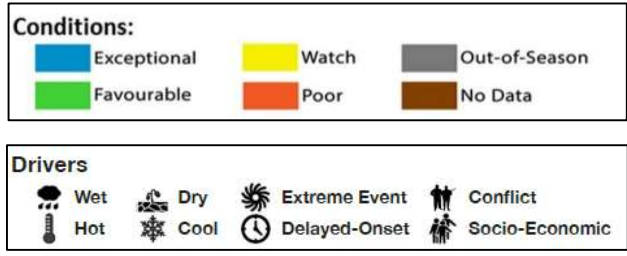
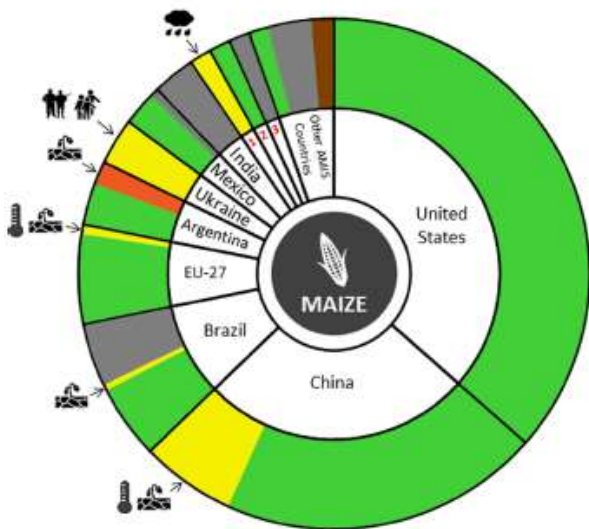
1.1. Global crop production conditions

In the **Southern hemisphere** harvesting is ongoing, especially for most parts of the African continent. However, South Africa is slightly behind with the harvesting process following excessive rainfall throughout the season. In the **Northern hemisphere**, crops are in the vegetative stages of growth under generally favorable conditions, except for some parts of China and European Union experiencing dry conditions.

Comments on La Niña: According to the IRI/CPC¹ El Niño-Southern Oscillation (ENSO) forecast, the expectation is that a weak La Niña phase will remain until though August until September (70% chance). After that, several models are predicting that La Niña will transition to neutral in January–March.



¹International Research Institute for Climate and Society



Canada¹, Russian Federation², South Africa³

Source: AMIS

United States: Growing conditions are generally favorable, despite earlier delays during the planting phase of the season. Persisting hot and dry weather is however starting to take its toll on the US maize crop.

South Africa: Harvesting is progressing with generally favorable conditions. However, South Africa is slightly behind with the harvesting process following excessive rainfall throughout the season.

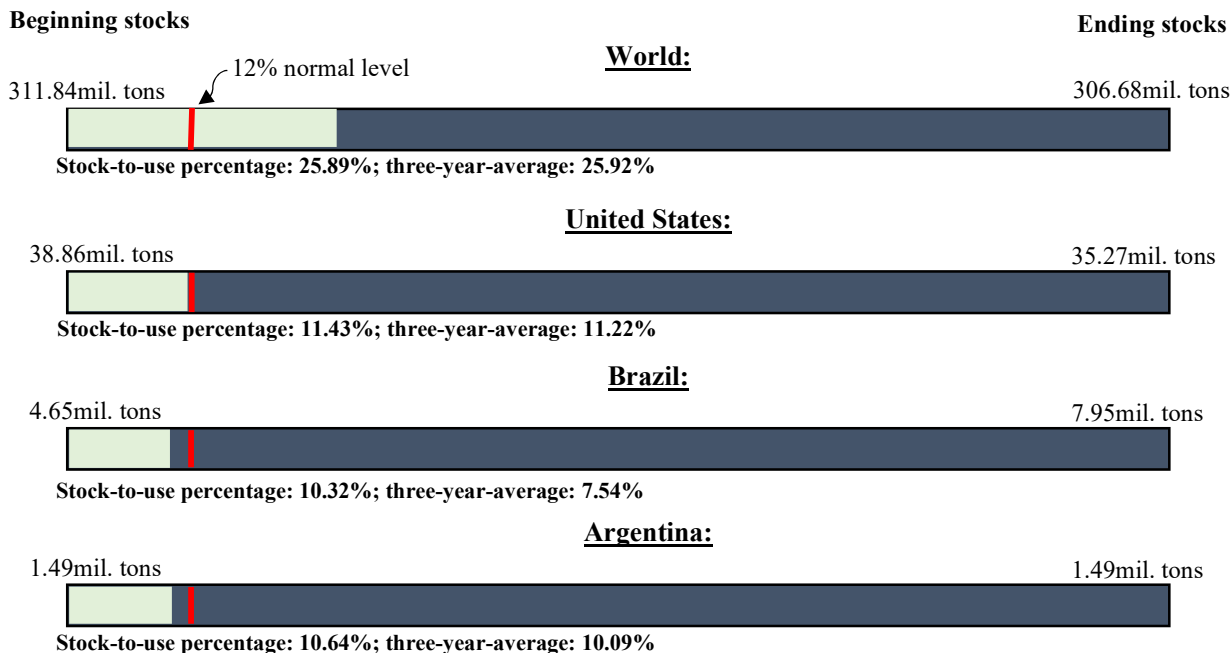
China: In the northern and southern planted areas, the maize crop is nearing the early stages of the harvesting process, under generally favorable conditions.

Ukraine: Conditions for field work remain mixed with the ongoing conflict with Russia. Compared to the previous year, this is a reduction in planted hectares.

Mexico: The spring-summer crop, which is the larger crop, is growing under generally favorable conditions.

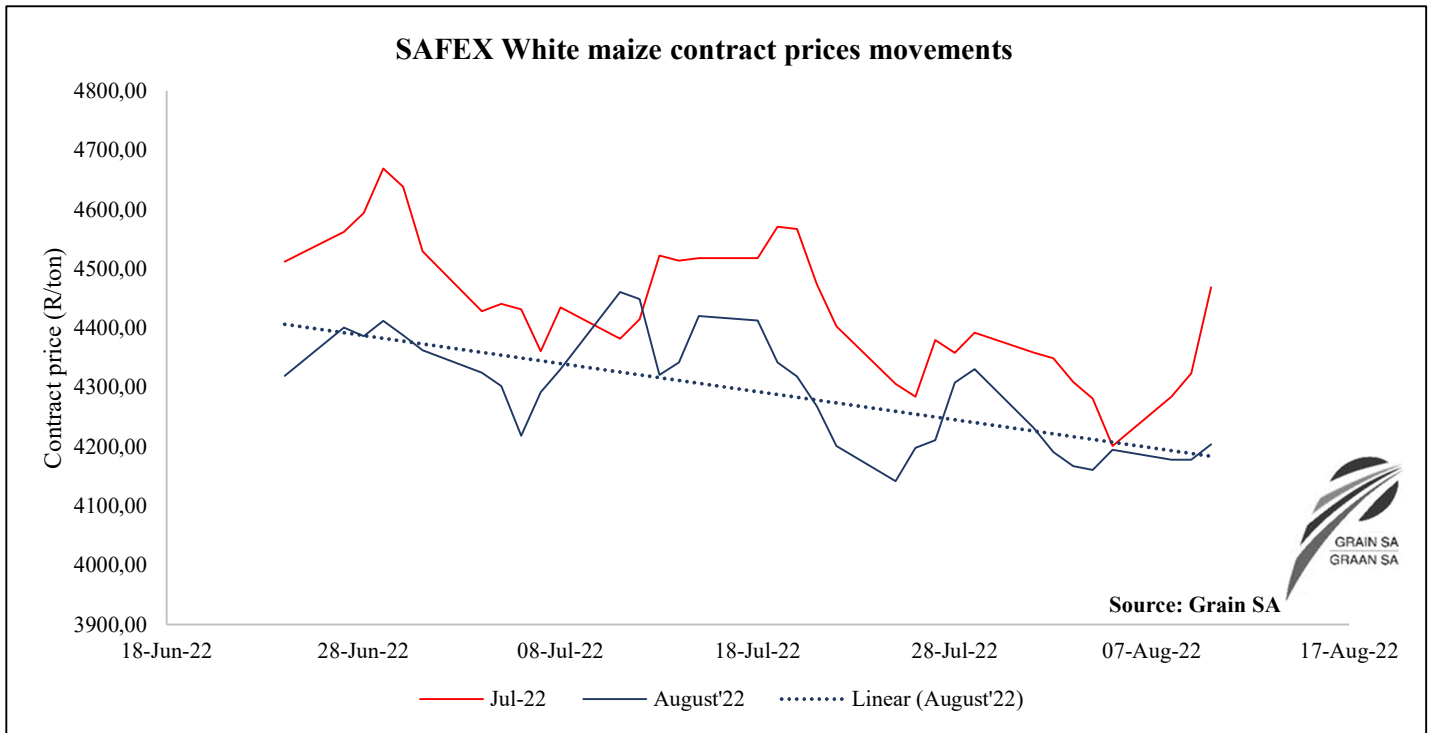
2. World supply and demand

2.1. World Agricultural Supply and Demand (WASDE) AUGUST overview



Below the normal stock-to-use level prices tend to react sharply in the market environment. By comparing current year stock-to-use percentages to the norm, an indication can be concluded regarding the direction of price trends.

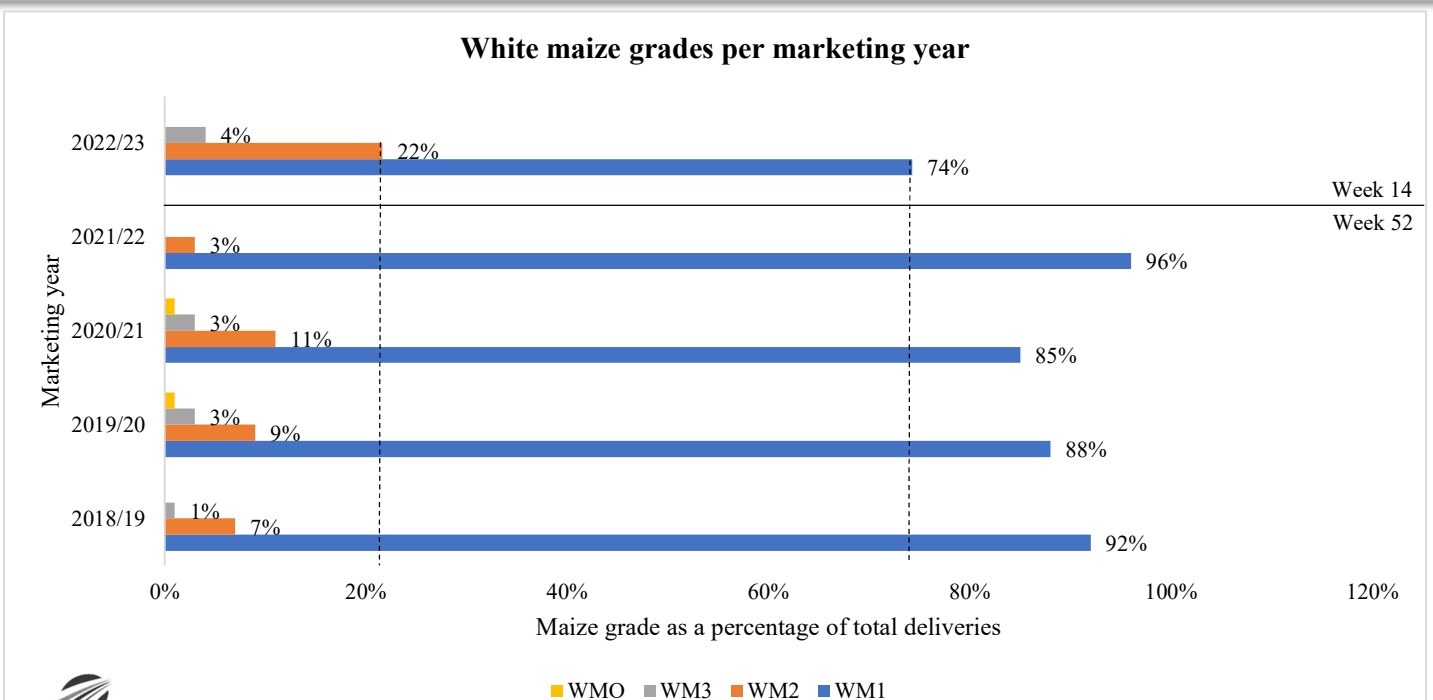
3. Monthly contract price movements (White Maize)



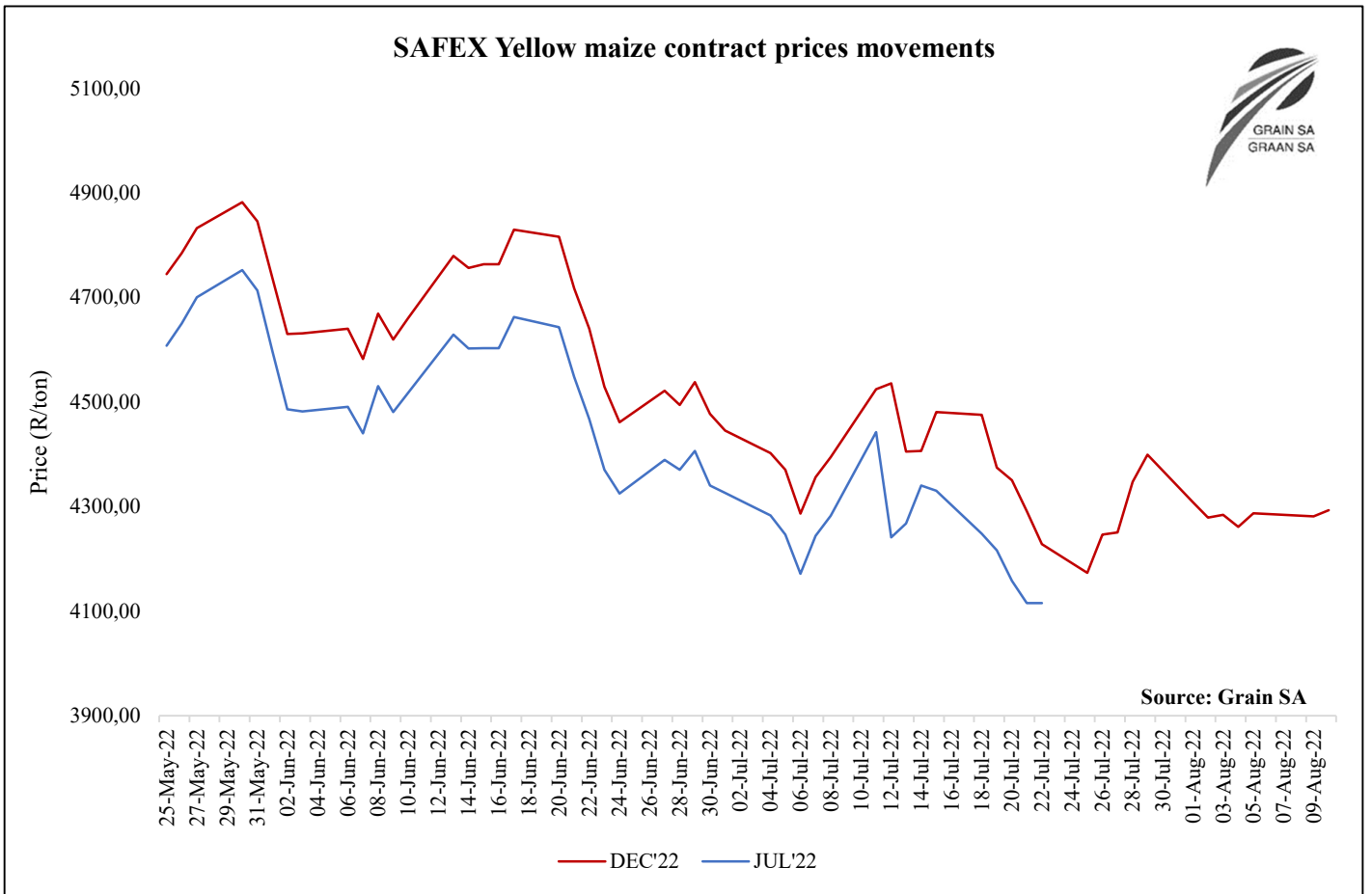
Comments on market movements for maize contracts:

- Through the months of July and August, local wheat contracts were subjected to price volatility following the export negotiations between Russia and Ukraine. Ongoing grain exports from Ukraine are applying additional price volatility and pressure.
- Local maize grading quality is a watchpoint for long term availability of white maize for human consumption. Local yellow maize exports are trending above the previous season’s trend, as well as the five-year average. These factors may add pressure on local supply. This is already evident in the market, with white maize prices trending higher than yellow maize prices.

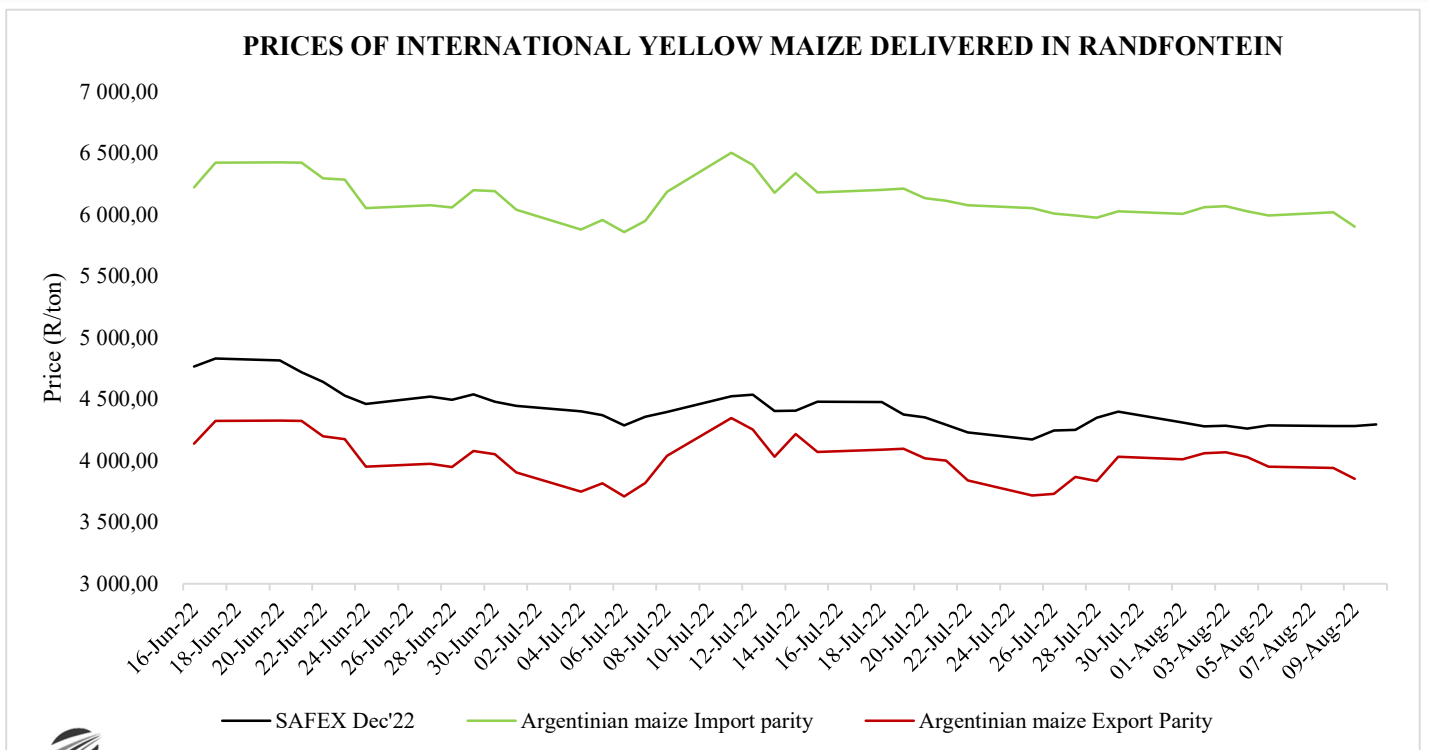
Grading trend of local white maize



(Yellow Maize)

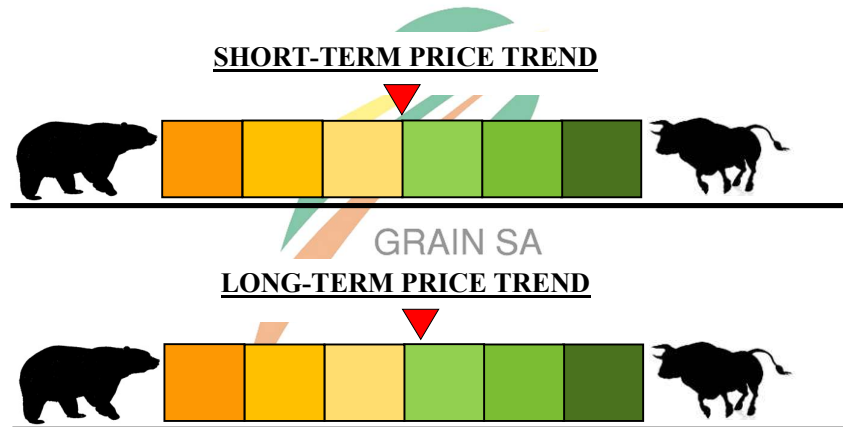


3.1. Import- and export parity movements



4. Final thoughts

Local white- and yellow maize prices traded with a slight downward trend from July through August. Contract prices are however still trading higher year-on-year. The most recent 2022/23 global maize production estimate was revised slightly downwards, with global maize production also being estimated to be lower year-on-year. The longer term focus will be on US production and stocks. The next few weeks will be critical for crop progression and yield expectations.



Bullish factors:

- Local maize grading is a watchpoint for longer term availability of white maize.
- Local yellow maize exports are trending above the previous seasons trend, as well as the five-year average.
- Persistent hot and dry weather conditions in the US may negatively affect US maize yields, which could also lower production.

Bearish factors:

- Global maize ending stocks was revised slightly upwards in the latest WASDE report, with global production and beginning stocks slightly increasing.
- News on Ukrainian grain exports continues to dominate market short term movements.

This report was compiled by the applied economics team of Grain SA. If you would like any further information, feel free to contact Heleen at heleen@grainsa.co.za.

Best regards,

Grain SA economy team

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