



MAIZE

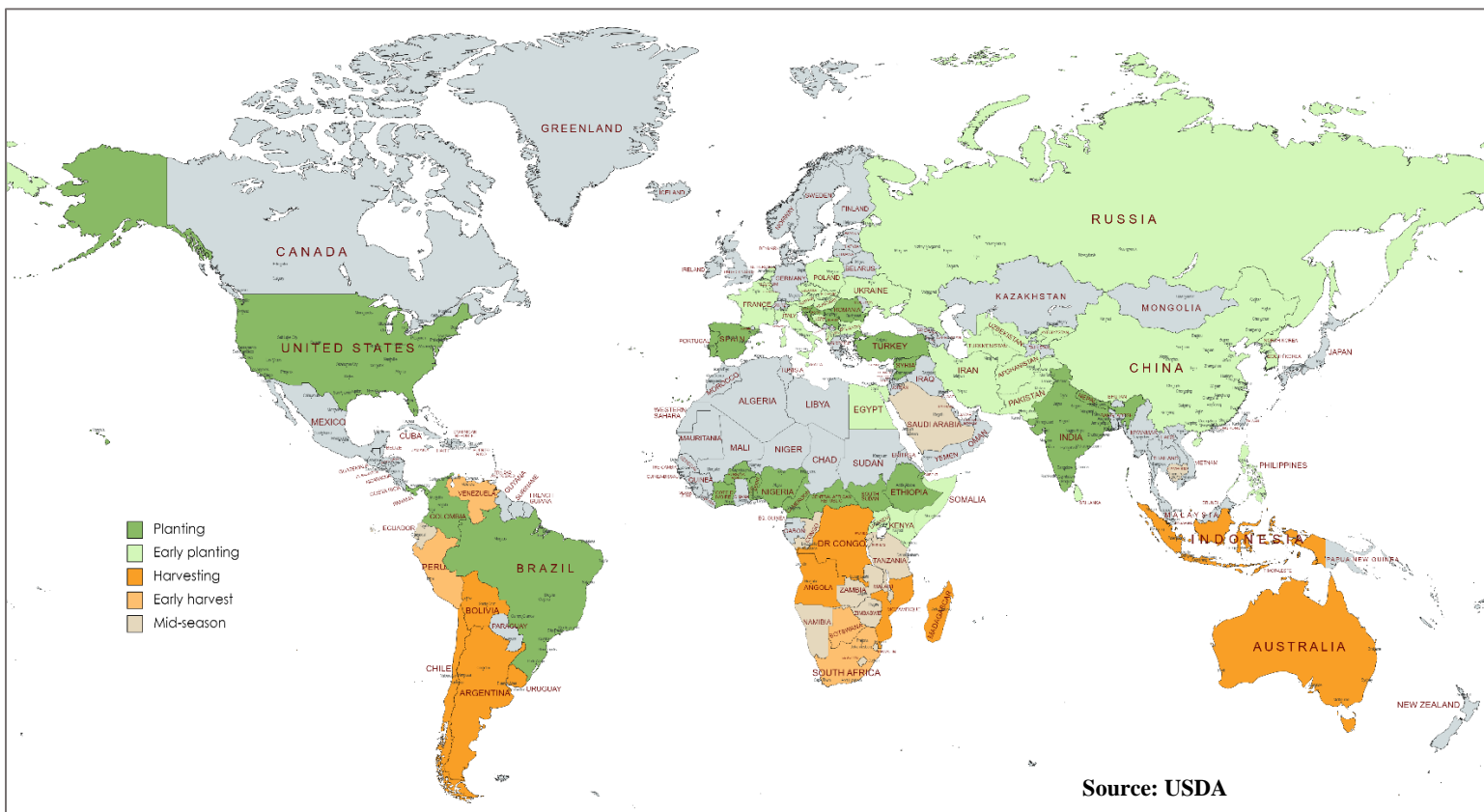


Grain SA
April 2022
Grain Market Outlook

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1. World maize production



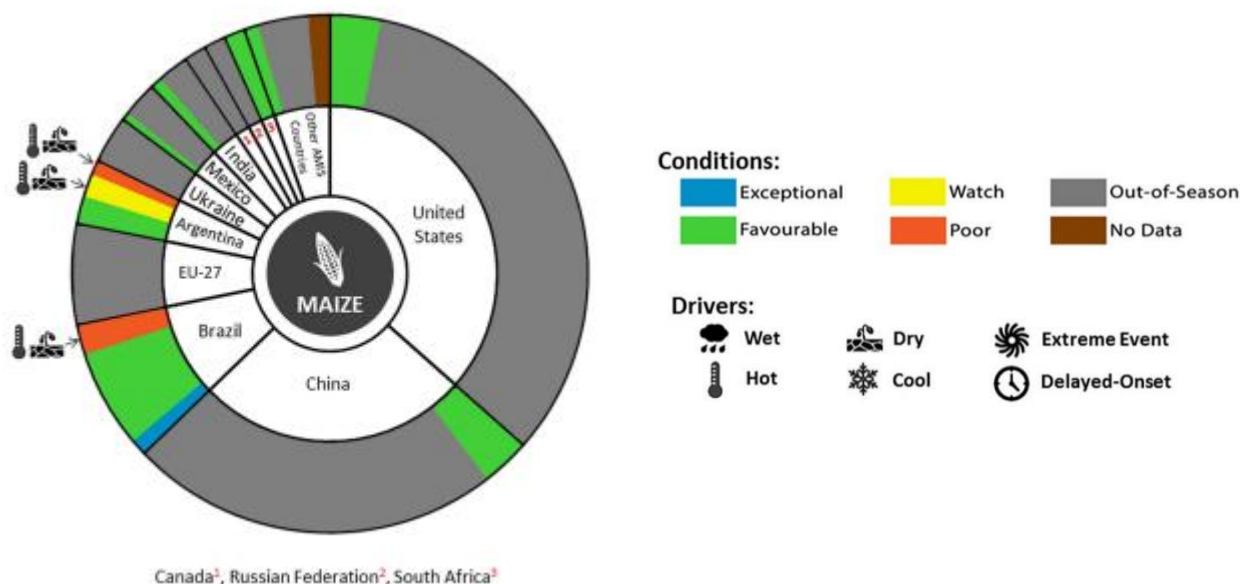
1.1. Global crop production conditions

In the Northern hemisphere planting is starting in the US and China with favourable conditions. Conditions are also favourable in India and Mexico. In the Southern hemisphere, harvesting is ongoing in Argentina and Brazil under poor to favourable conditions. Poor conditions are evident in the Southern part of Brazil and Northern part of Argentina.

Comments on La Niña: According to the IRI/CPC El Niño-Southern Oscillation (ENSO)¹ forecast, the expectation is that the La Niña phase will remain until at least June (80% chance) or July (65% chance). After that, conditions for La Niña and ENSO are equally likely.

¹International Research Institute for Climate and Society





Source: AMIS

Brazil: During the reproductive stages of the spring-planted area, crops experiences hot and dry conditions that resulted in reduced yields for the main producing southern region. The summer-planted crop, which is the larger season, is nearing the end of the planting stage under favourable conditions.

Argentina: Harvesting is currently ongoing for the early-planted crop, which is the larger season, with reduced yields due to the hot and dry season experienced throughout the season.

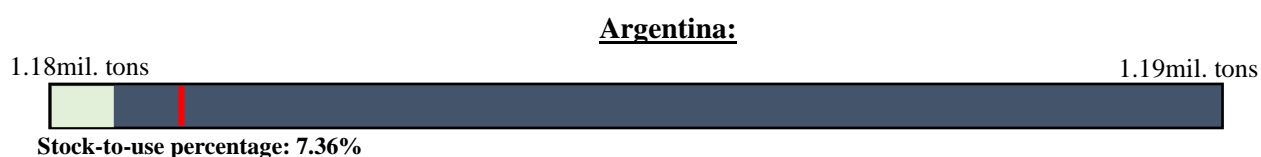
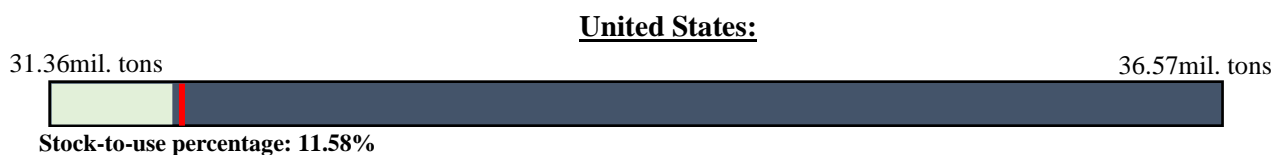
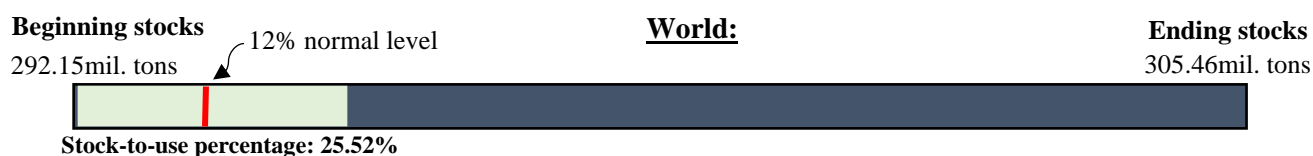
South Africa: In the early season most parts of the summer grain producing regions experienced above average rainfall. Crop development is supported by above-average rainfall throughout the rest of the season.

Mexico: Autumn-winter crop (smaller season) is currently under favourable conditions.

United States: Planting is underway with favourable conditions.

2. Supply and demand Estimates

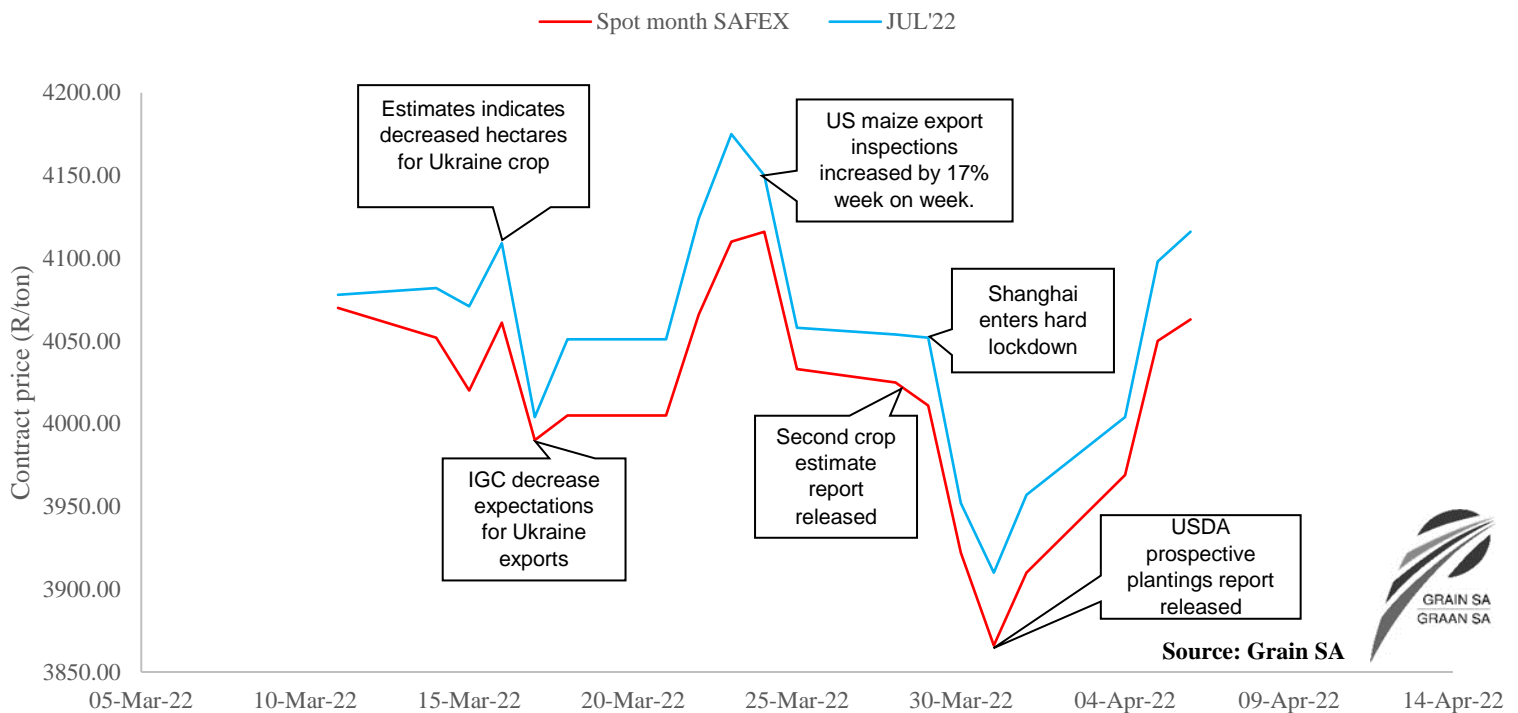
2.1. World Agricultural Supply and Demand (WASDE) APRIL overview



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)

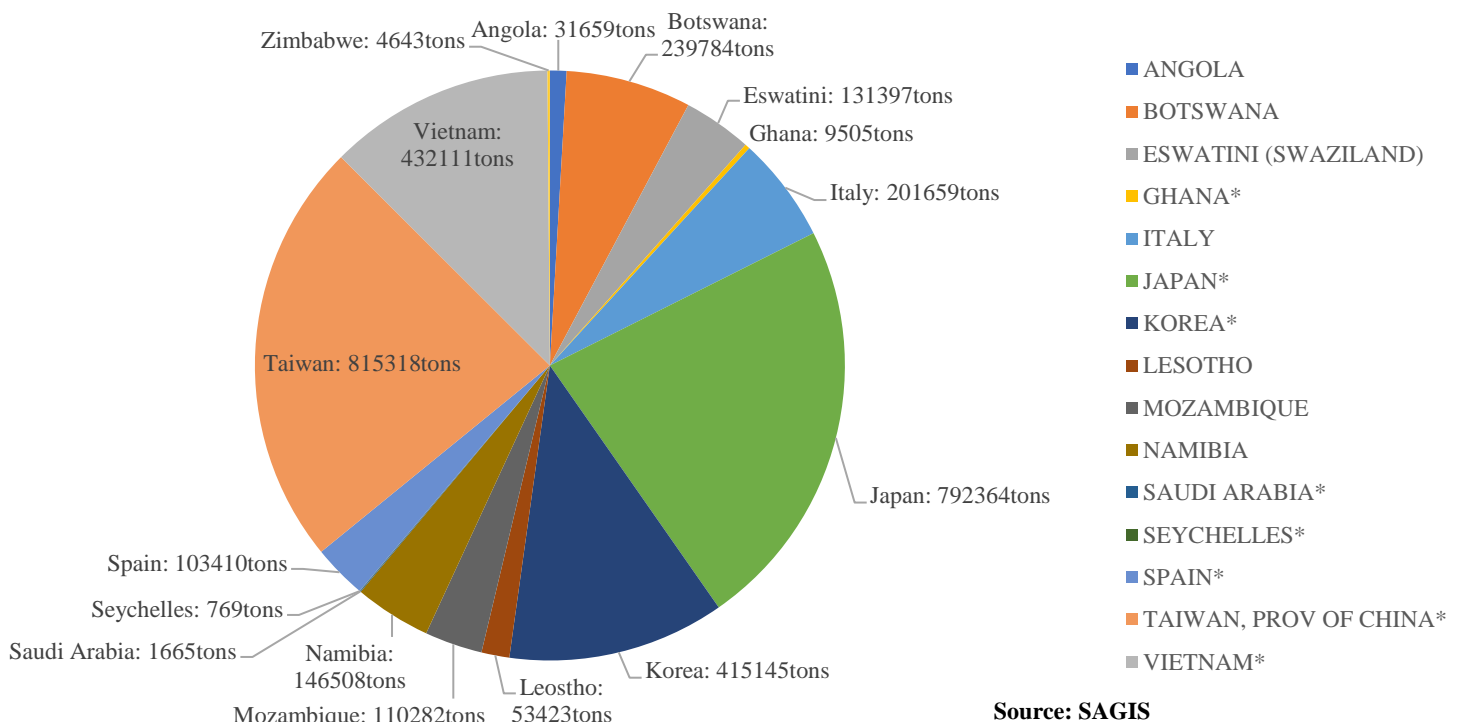
Events leading to White Maize contract price movements



Comments on market movements for maize contracts:

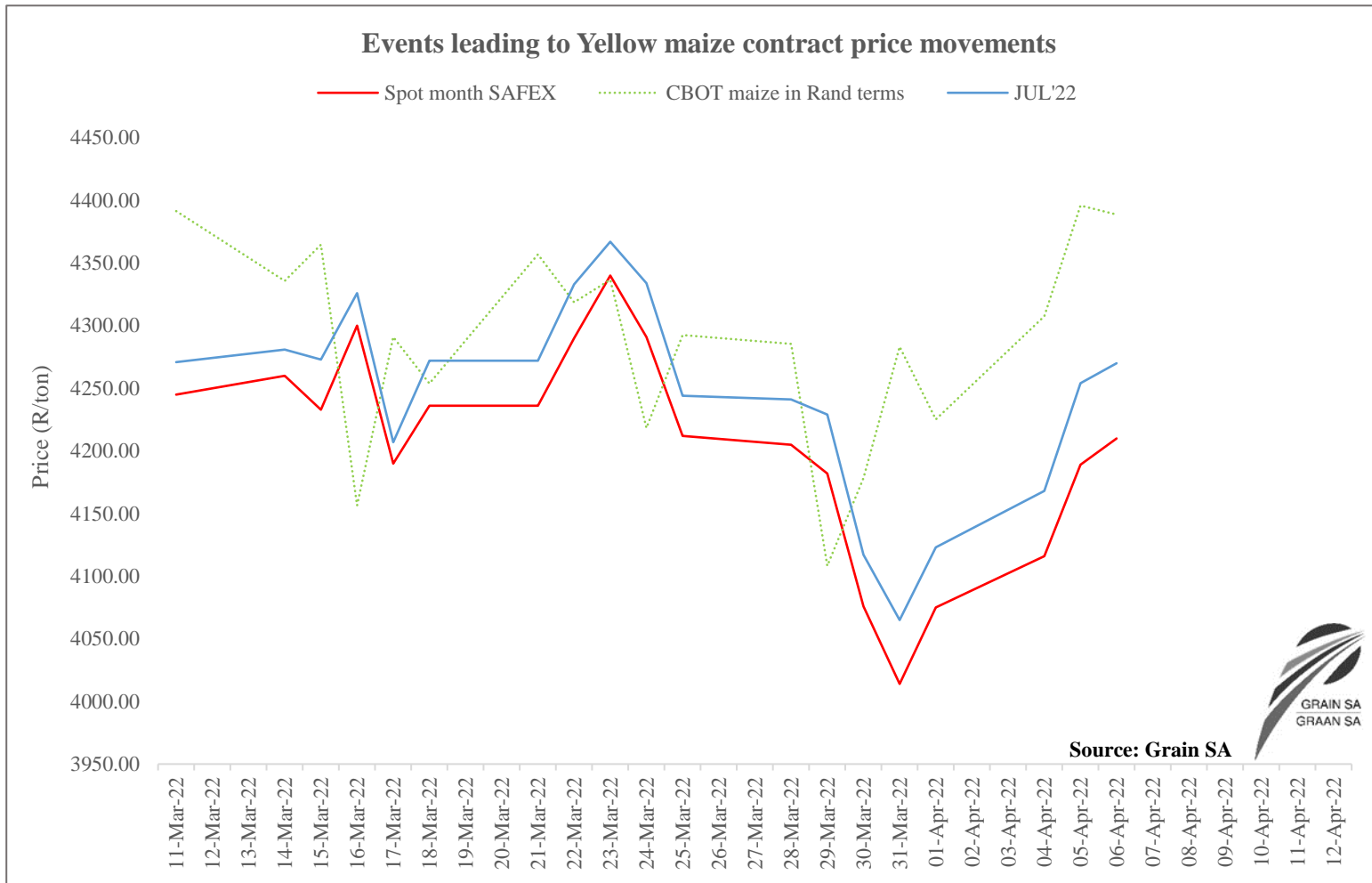
- Ukraine/Russia tension caused a lot of volatility in the market, leading to larger contract movements.
- The second crop estimate that was released on 28 March, indicated a 5% decrease in planted hectares for all maize, as per the prediction for the 2022/23 season.
- The USDA prospective plantings report indicated that the US intends to plant 4% less maize hectares. For the coming season the estimation is that soybean hectares tops maize hectares for the first time in more than 20 years.

Total Maize exports for the 2021/22 marketing year

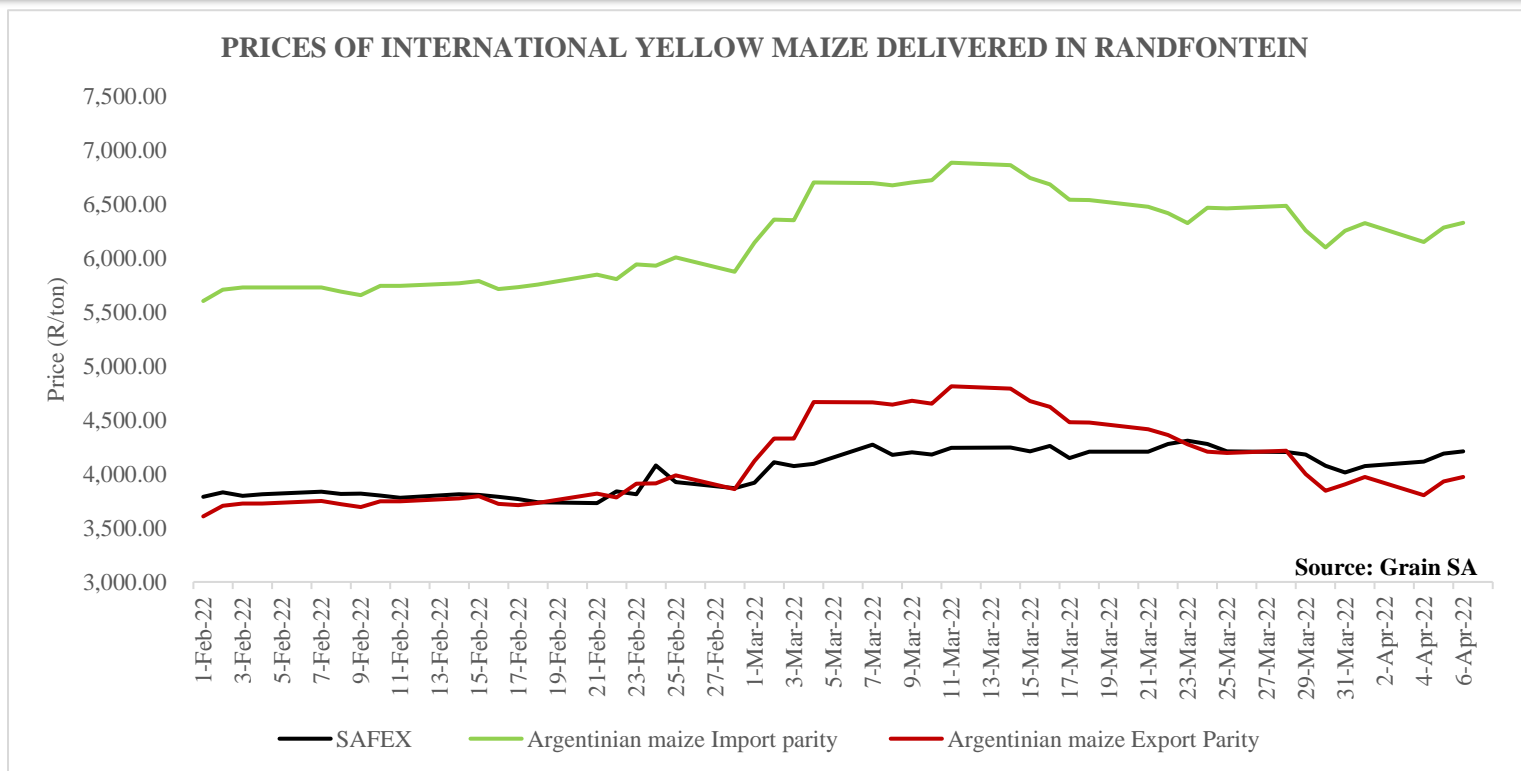


*countries that only imported yellow maize from South Africa

3. Monthly contract price movements (Yellow Maize)

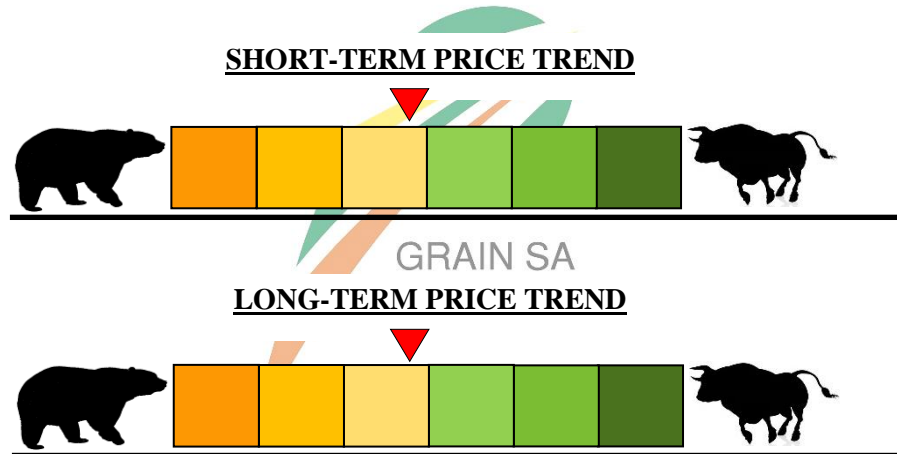


3.1. Import- and export parity movements



4. Final thoughts

Since the start of the Russia/ Ukraine conflict, markets- have been in an increased volatile state. Throughout the month of March, as well as the start of April, market movements have been reacting sharply to any news regarding these two countries. Although markets have been reacting sharply, the general trend has been on an upward incline. However, not all market influencing factors point to a bearish maize market.



Bullish factors:

- High input costs, especially fertilizer, threaten the planted hectares in the US, and globally, potentially tightening global supply.
- The expectation for the USDA prospective plantings report were guessed above the final figures released by the USDA.
- Yield reductions in Argentina and Brazil following early season hot and dry conditions.
- Increasing domestic maize exports.

Bearish factors:

- US plans on releasing oil from Federal reserves, other members of the International Energy Agency (IEA)
- US producers are putting pressure on the US Department of Agriculture to convert conservation program (CRP) hectares to maize planting hectares.
- Consumer resistance to increased maize prices.
- Changes of marketing season and initiation of harvesting bring increased supply into the local market.

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,

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