

MAIZE



DECEMBER 2023

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, or to be added to the monthly contact list, please feel free to contact Heleen Viljoen at heleen@grainsa.co.za.

1. World maize production



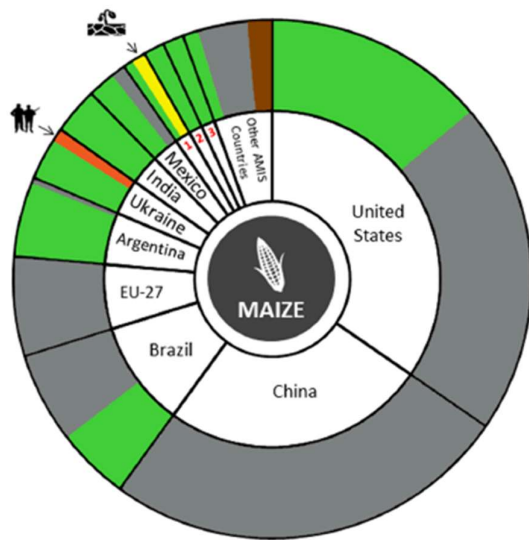
Source: USDA

1.1. Global crop production conditions

In the **Southern hemisphere**, the planting process is commencing smoothly. In the **Northern hemisphere** conditions remain generally mixed as the harvesting process is wrapping up.

Comments on El Niño: The El Niño Oscillation (ENSO) is currently in the El Niño phase. Forecasts for a strong event early in 2024 remains, with the possibility for a historically strong event increasing (35% chance). Conditions will remain active until March to May (88% chance) and transition to neutral by May to July (55% chance), according to the IRI¹.

¹International Research Institute for Climate and Society



South Africa¹, Russian Federation², Canada³

Source: Geoglam

Conditions as of November 28th, 2023

United States: The harvesting process is wrapping up in the Northern parts of the country under favourable conditions.

Mexico: With less overall planted area than the previous year, harvesting is still going on during the larger Spring-Summer season. The planting of the smaller autumn-winter season is starting.

Canada: The harvesting process is wrapping up under favourable conditions.

India: Conditions are favourable as the harvesting of the Kharif (larger season) crop wraps up and the sowing of the Rabi (smaller season) crop begins.

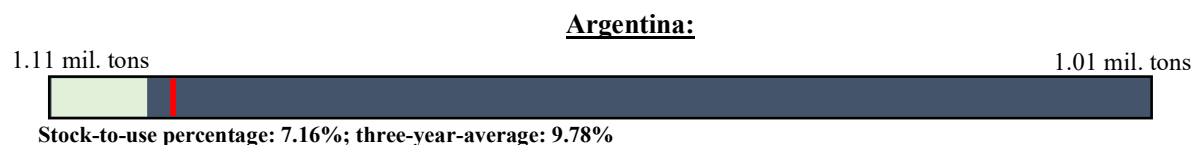
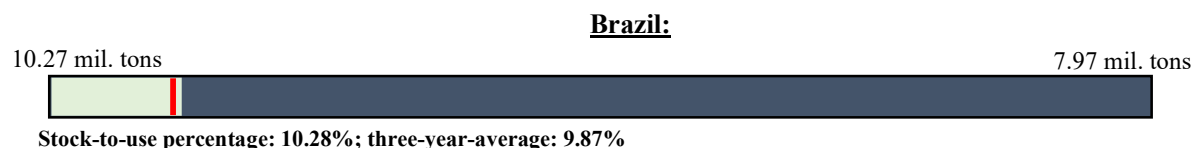
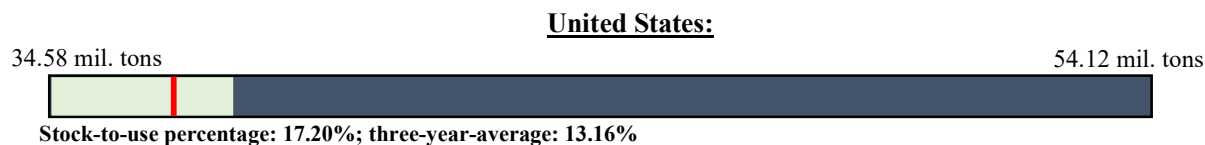
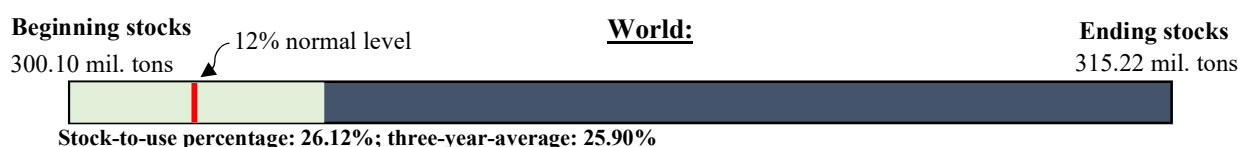
Ukraine: Away from the conflict zones, the harvesting process is wrapping up under generally favourable conditions.

Brazil: The smaller season (spring-planted crop) has not been planted as quickly as previous seasons because of unfavourable weather and the focus remaining on soybean management. For the spring-planted crop, less total planted area is anticipated compared to the previous year.

Argentina: In Buenos Aires, Entre Ríos, Santa Fe, and, to a lesser extent, Córdoba, the early-planted crop (larger season) is enjoying better conditions thanks to the recent rains. Furthermore, the rains have created favourable conditions for the smaller season (late-planted crop) to be planted.

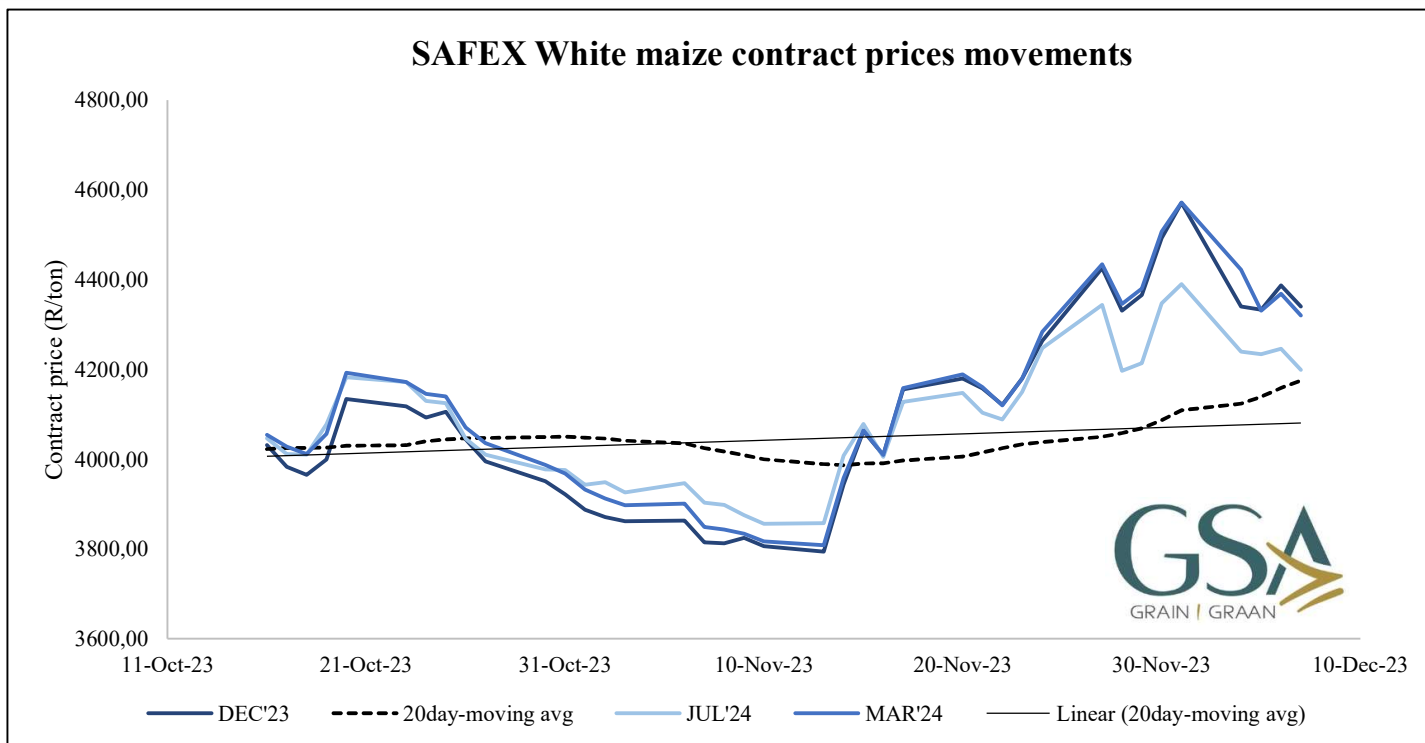
2. World supply and demand

2.1. World Agricultural Supply and Demand (WASDE) DECEMBER 2023/2024 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.

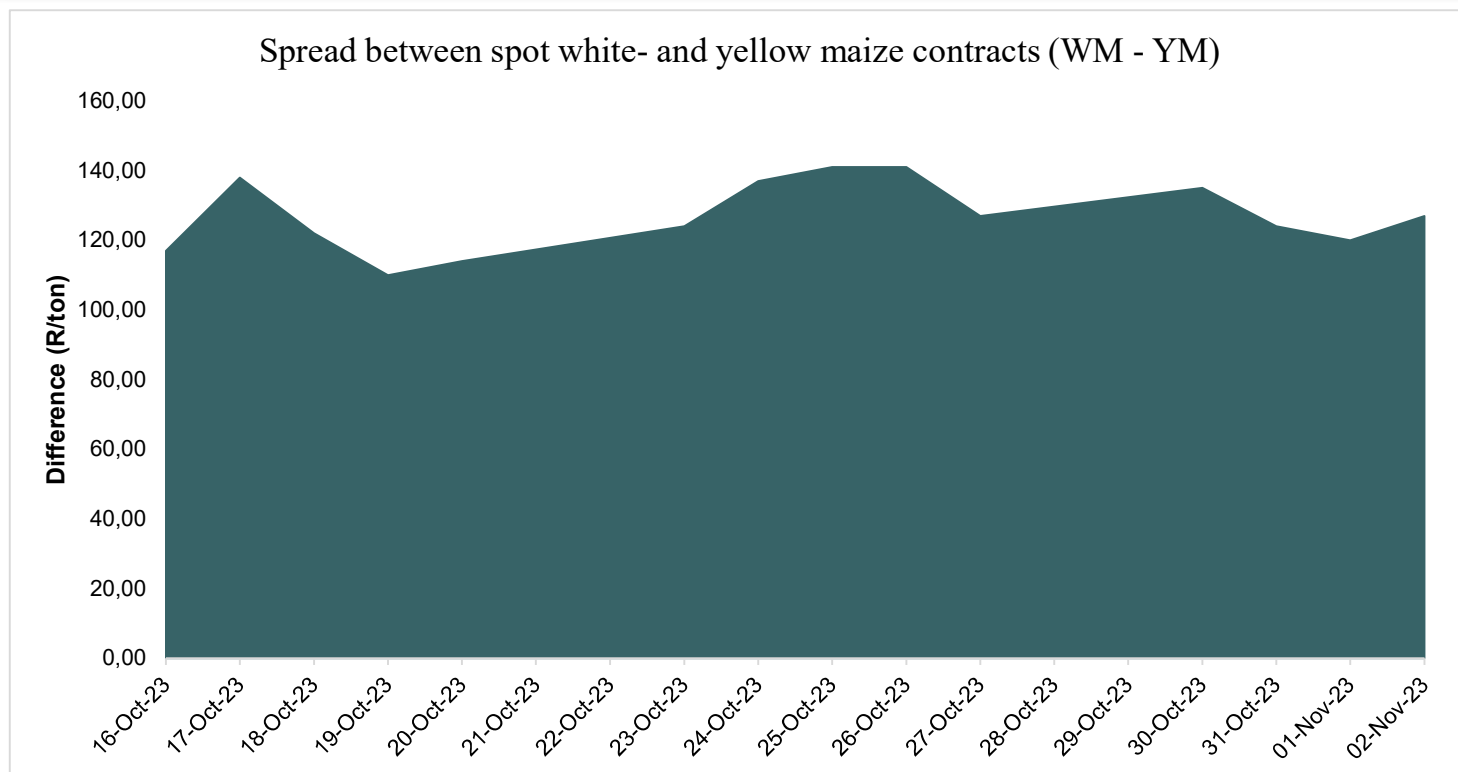
3. Monthly contract price movements (White Maize)



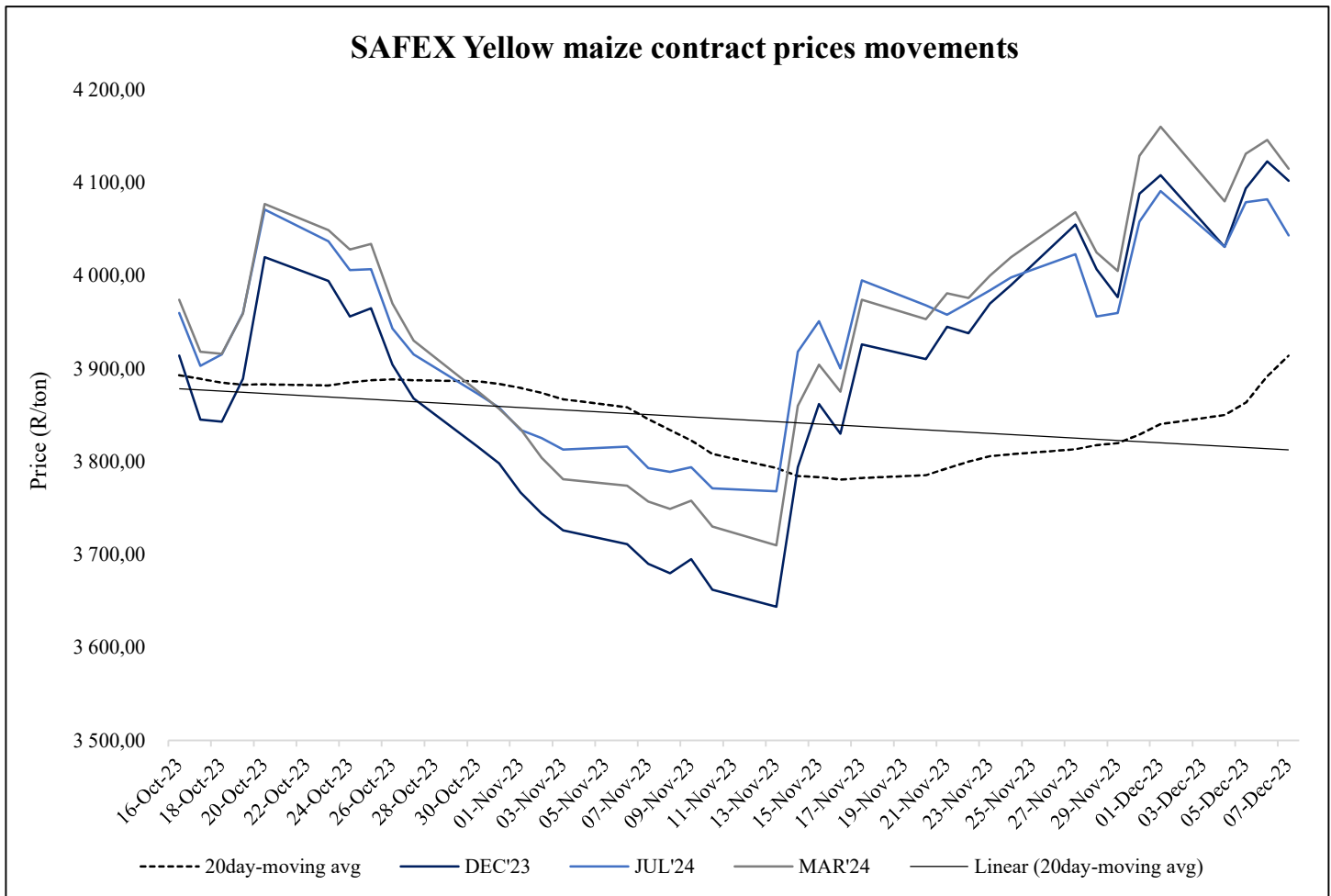
Comments on market movements for maize contracts:

- Generally, both white- and yellow maize contracts traded with a slight downward trend since the middle of October 2023. However, as the planting process commenced and drought conditions started to become a concern, maize prices started to find support in the middle of November.

Spot price comparison of yellow- and white maize

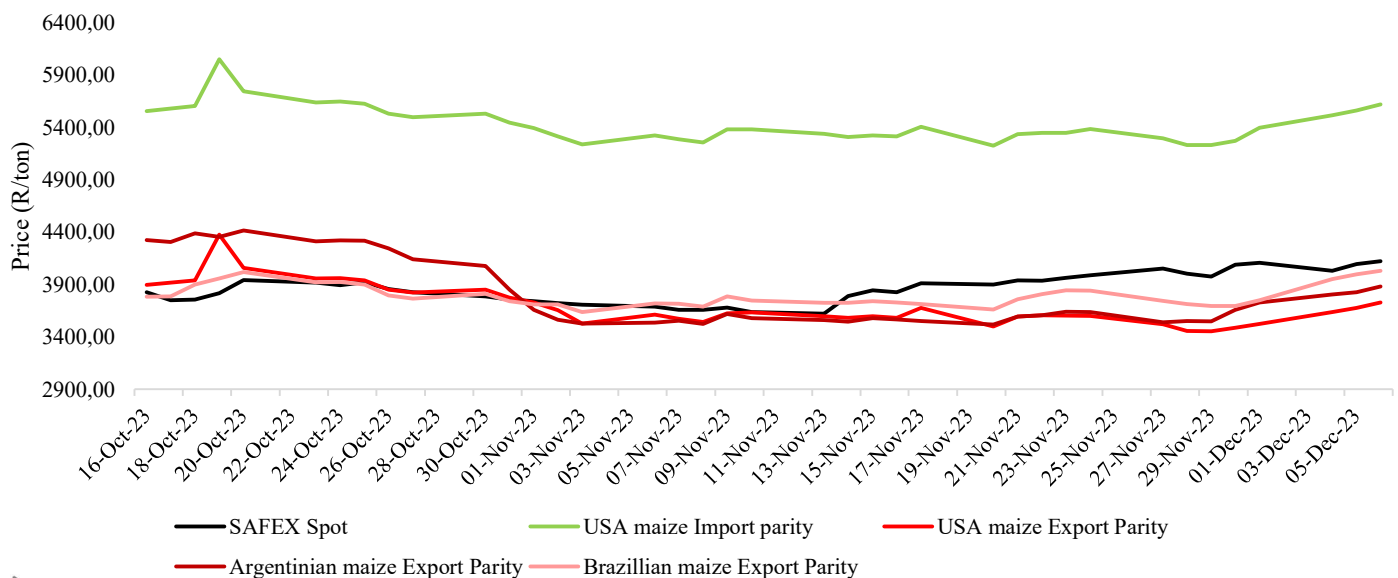


(Yellow Maize)



3.1. Import- and export parity movements

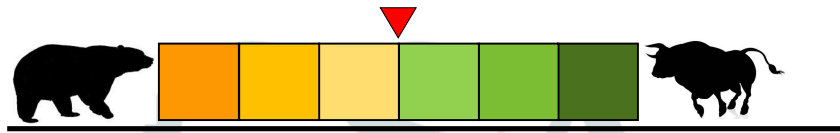
PRICES OF INTERNATIONAL YELLOW MAIZE DELIVERED IN RANDFONTEIN



4. Final thoughts

In global markets, the Southern Hemisphere is well underway with the planting process. With the market focus remaining on the production conditions in South America, especially for Brazil. Generally, conditions are favourable, with some areas in Brazil experiencing unfavourable planting conditions. With a large Brazilian maize crop currently forecast, heavy global supplies are expected to pressure prices in 2024.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



Bearish factors:

- Global maize stocks are expected to be slightly higher for the 2023/24 production season, due to increased production in Russia, Ukraine, and the EU.
- The exporting program for both white- and yellow maize is well underway and should reach the estimated projections for the 2023/2024 season.

Bullish factors:

- Below average rainfall in the Western part of South Africa is delaying the planting progress and may affect the planted hectares.

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

Best regards,

Grain SA economy team

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