



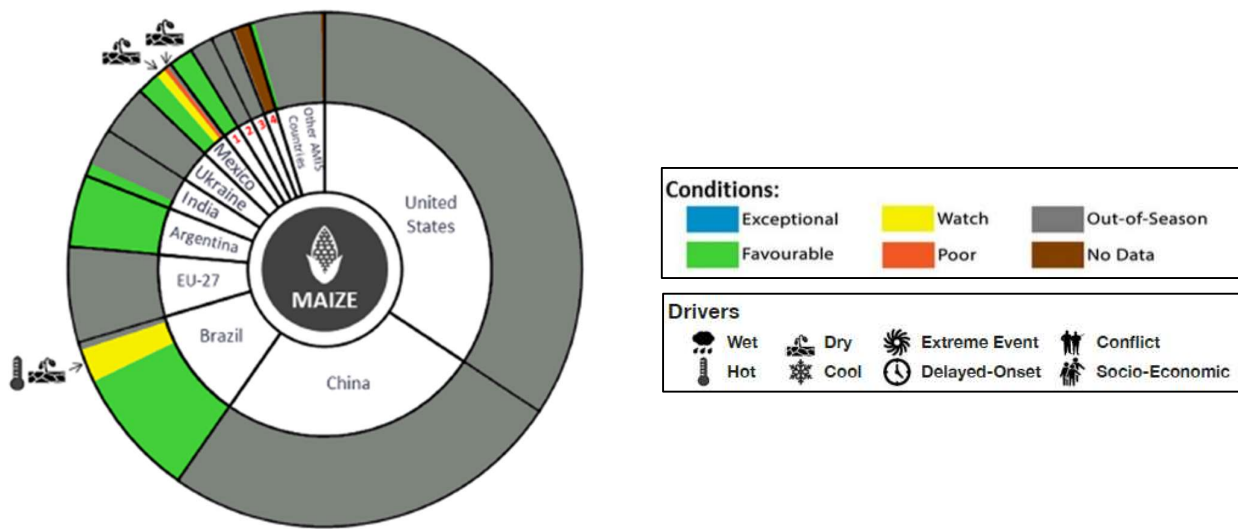
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1. World maize production



Comments on El Niño: The El Niño Oscillation (ENSO) is currently in the El Niño phase, with forecasts of a weakening event increasing. The possibility for ENSO-neutral conditions is likely during April and June (73% chance). According to the IRI¹, a La Niña event has a 64% likelihood during August and October.

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South Africa¹, Russian Federation², Canada³, Indonesia⁴

Source: Geoglam
Conditions as of January 28th, 2024

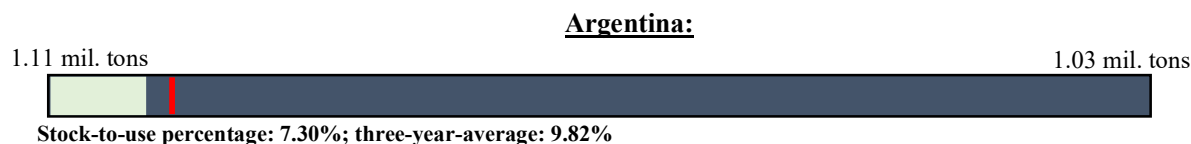
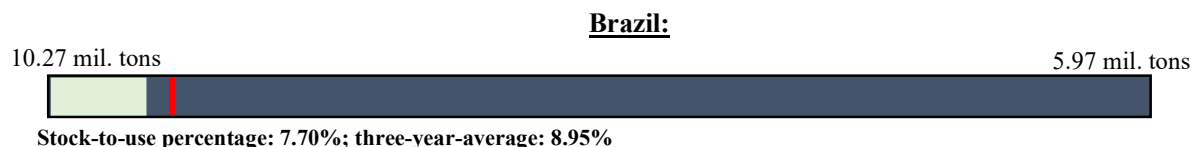
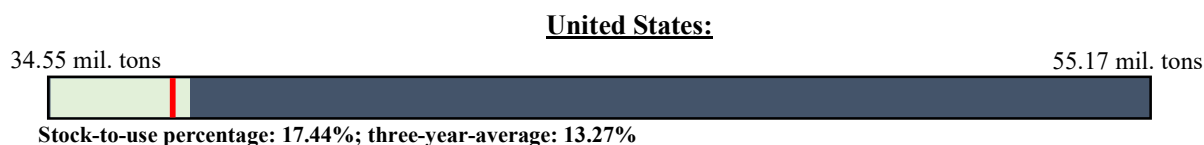
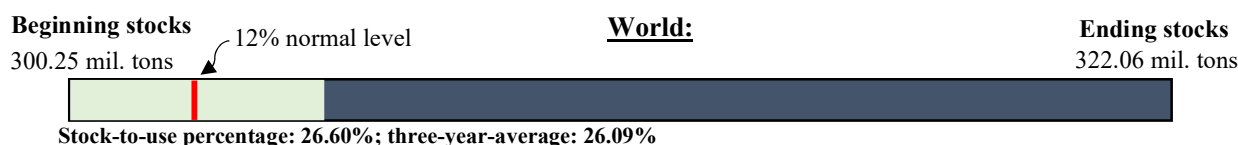
Brazil: The harvesting of the spring-planted crop, which makes up about 27% of the total production, is underway with mixed conditions due to a lack of rain and high temperatures at the onset of the season. However, a recent improvement in rainfall is expected to facilitate the recovery of crop. A reduction in the total sown area is expected compared to the previous season. Planting of the summer-planted crop (larger season) is beginning with favourable conditions.

Argentina: Currently, conditions are favourable for both the early-planted crop (larger season) and the late-planted crop (smaller season), which is at the early vegetative state.

Mexico: The harvesting of the spring-summer crop (larger season) is wrapping up as the planting of Autumn-winter crop (smaller season) remains with hot and dry conditions.

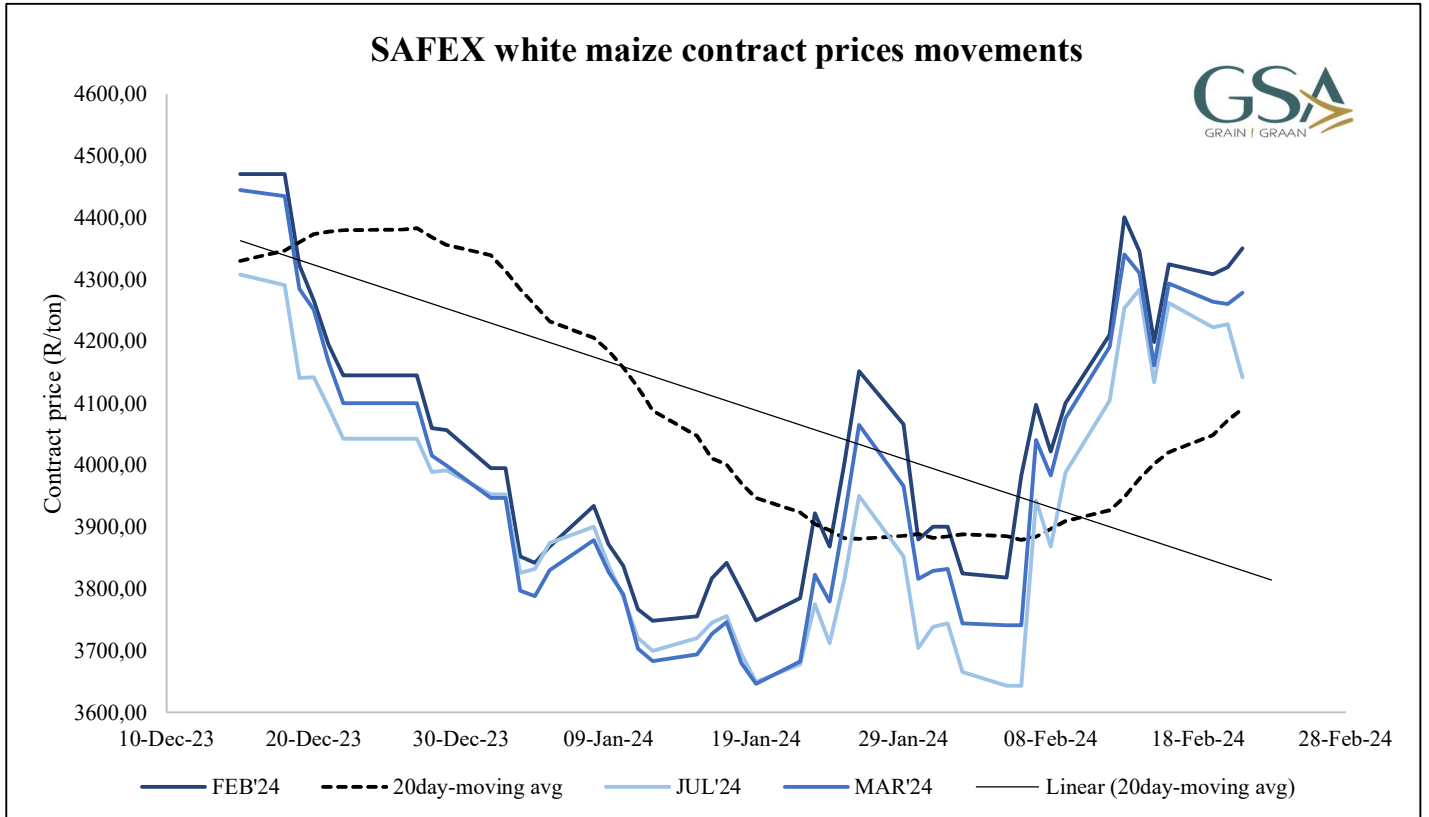
2. World supply and demand

2.1. World Agricultural Supply and Demand (WASDE) FEBRUARY 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.

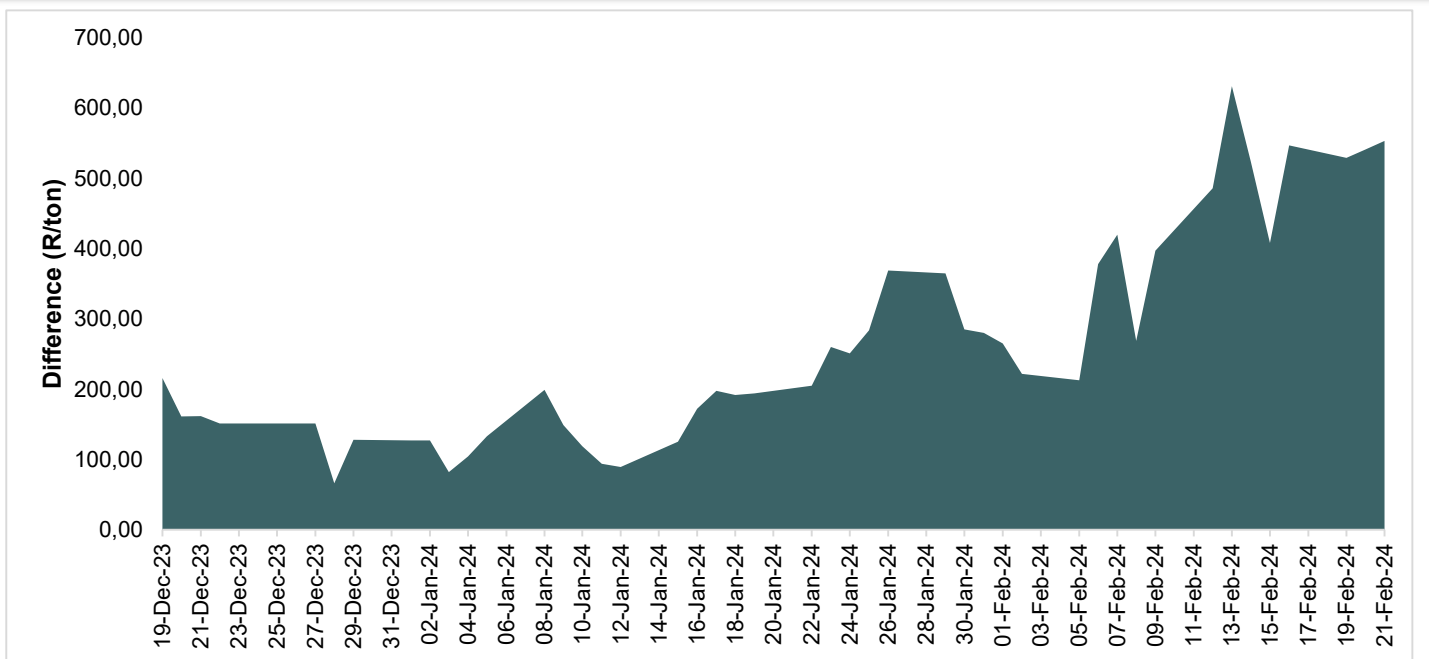
3. Monthly contract price movements (white maize)



Comments on market movements for maize contracts:

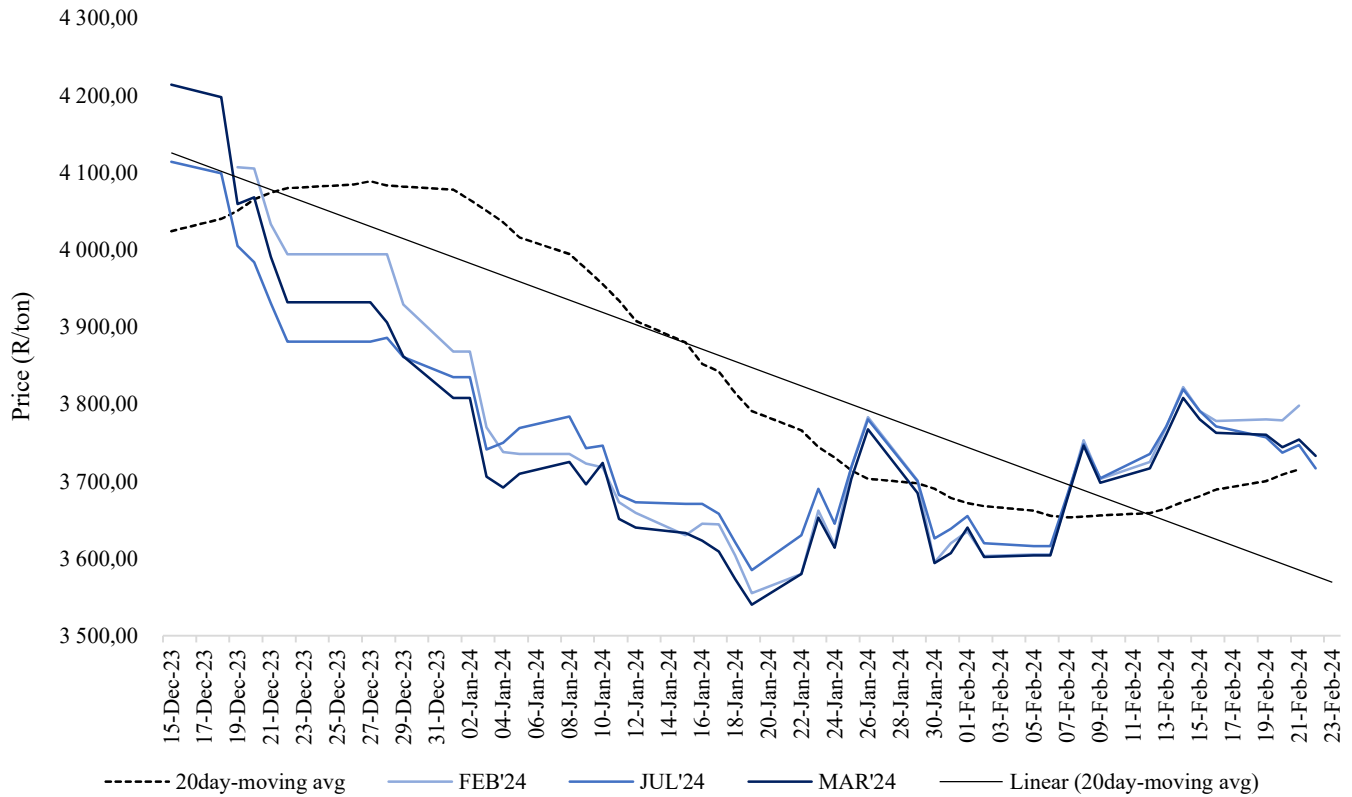
- During December month both white- and yellow maize contracts traded with a strong downward trend. However, since the middle of January white maize contracts have trading with a stronger upward trend. This is evident when looking at the spread between white and yellow maize contracts, shown below.

Spot price comparison of yellow- and white maize (YM – WM)



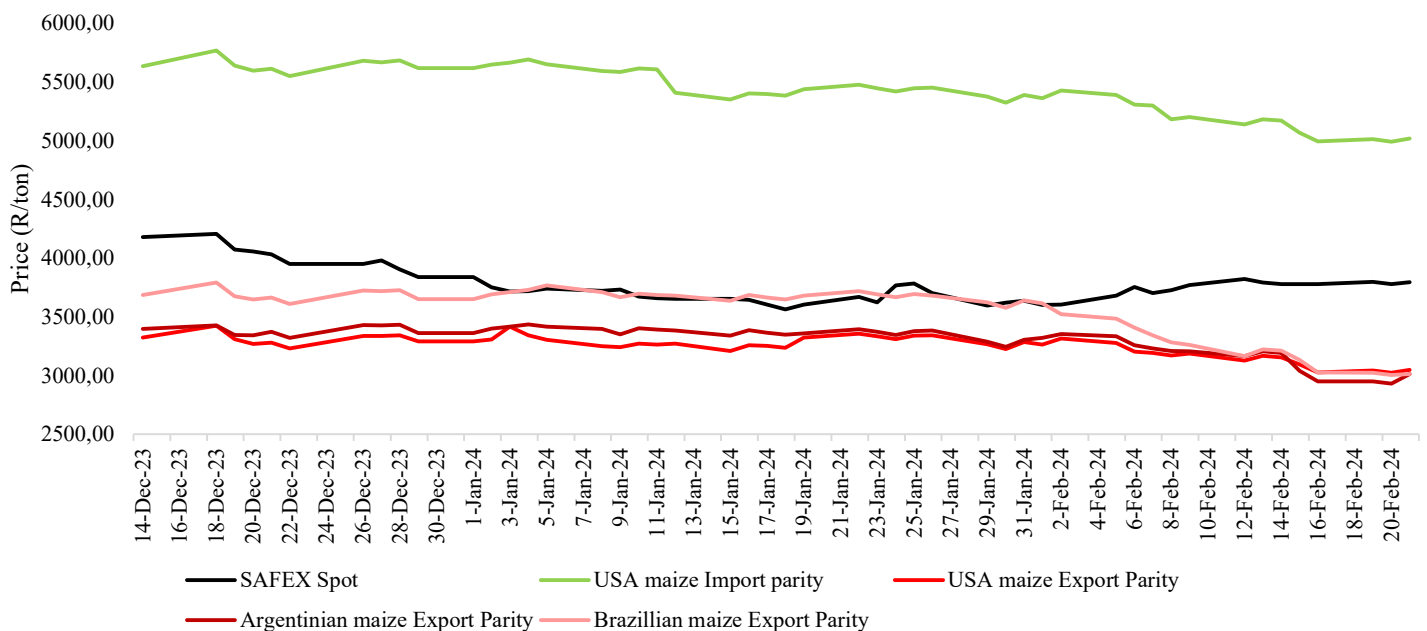
(Yellow maize)

SAFEX Yellow maize contract prices movements



3.1. Import- and export parity movements

PRICES OF INTERNATIONAL YELLOW MAIZE DELIVERED IN RANDFONTEIN



4. Final thoughts

In global markets, most of the Southern Hemisphere has wrapped up planting is commencing with the growing season under generally favorable conditions. Weather conditions in South America continue to dictate short term market movements. In the longer terms large, expected crops, especially for South America, has the potential to weigh down markets. In the local market, maize growing conditions are dry and has experienced below average rainfall. Markets are focussed on weather predictions for market movements.



Bearish factors:

- Large South American crops can increase global supplies and weigh on global markets.
- Improved weather in Argentina and rapid plantings in Brazil are weighing on maize prices short term.

Bullish factors:

- The export program for white maize is picking up speed. This is bought on by increased export demand from Zimbabwe and Botswana.
- (Local) Hot and dry conditions in major production areas lends support to markets. However, the release of the first production estimate on 28 Feb will give clear insight into market direction.

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

Second floor | Alenti Office Park | Lynnwood road | Pretoria East

