

MAIZE



JULY 2024

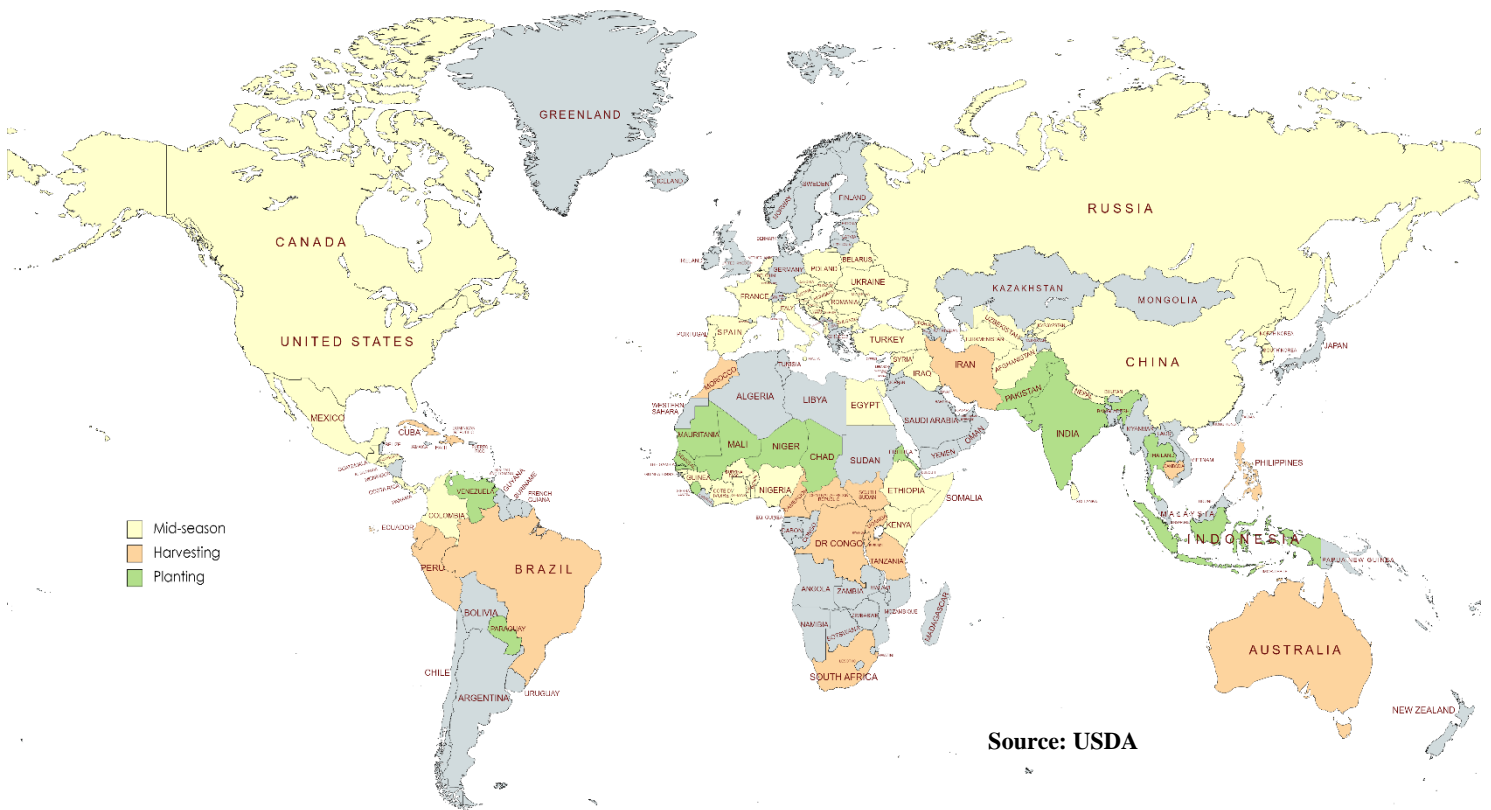
Grain Market Outlook

Table of contents:

1. World maize production.....1
2. World supply and demand (WASDE).....2
3. Monthly contract movements.....3
 - 3.1. Spread between maize contracts.....3
4. Final thoughts.....5

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



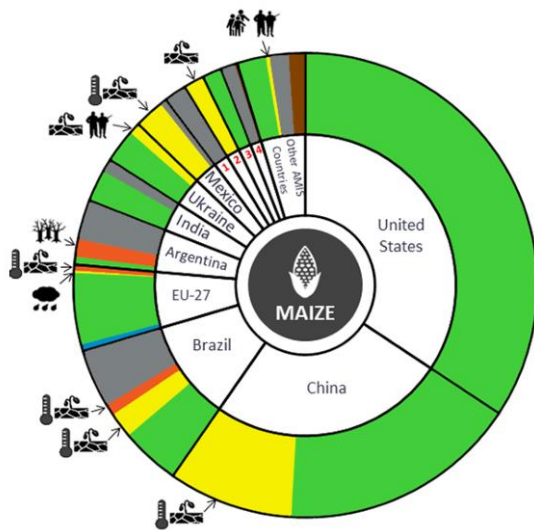
Global crop production conditions

In the **Southern hemisphere**, harvesting is ongoing under mixed conditions in Brazil, Argentina and South Africa. Lack of rain earlier in the season and high temperatures had constrained yield. In the **Northern Hemisphere**, planting is progressing under generally favourable conditions. However, areas of concern includes Mexico, China, Romania and Ukraine.

Comments on El Niño: The El Niño Oscillation (ENSO) have been in a neutral phase since May 2024. Forecasts currently estimate a 65% chance of La Niña during the end of 2024, and chances remain high going into 2025 according to the IRI¹.

¹International Research Institute for Climate and Society





South Africa¹, Russian Federation², Canada³, Indonesia⁴

Source: Geoglam
Conditions as of June 28th, 2024

Brazil: For the smaller season (planted in spring) the harvesting process is wrapping up with poor yields, mainly due to a lack of rain and persistent high temperatures. For the larger season (planted in the summer) harvesting is also continuing with some concern in the Southern parts due to the lack of rain and high temperatures.

Argentina: The harvesting of the smaller season crop is continuing with mixed conditions, mainly due to losses caused by *corn stunt disease*.

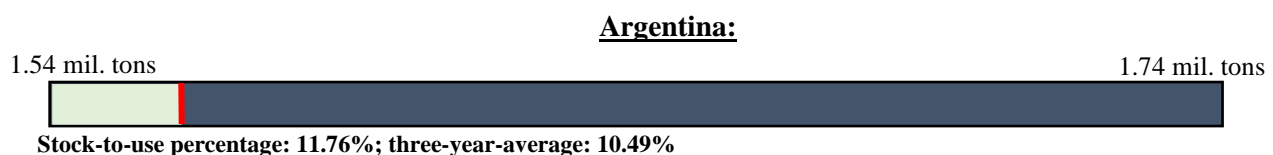
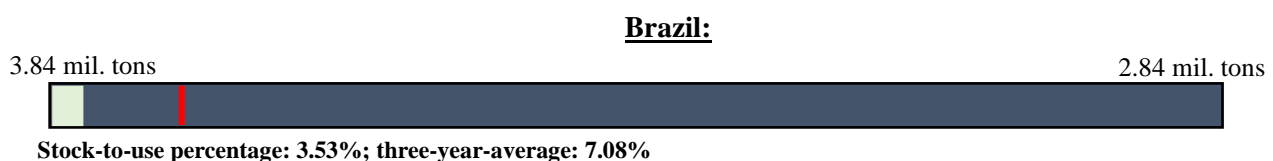
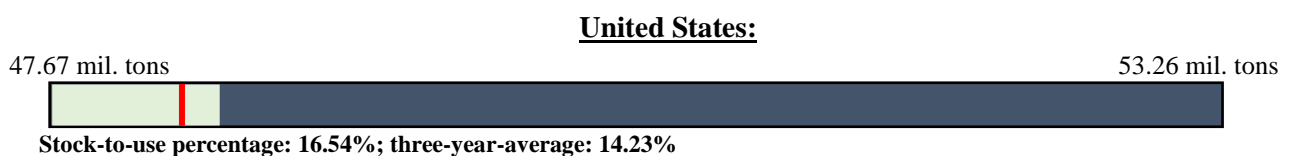
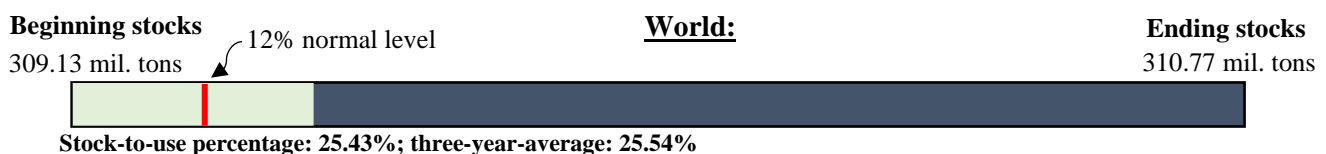
Mexico: Prolonged hot and dry weather during the harvest period of the smaller planted crop led to mixed conditions. The larger season is currently being planted.

China: Conditions are generally favourable, however persistent hot and dry conditions in the North are areas of concern.

United States: Most of the crops are emerging under favourable conditions, despite excessive heat in the east and excessive rainfall in the north western Corn Belt.

2. World supply and demand

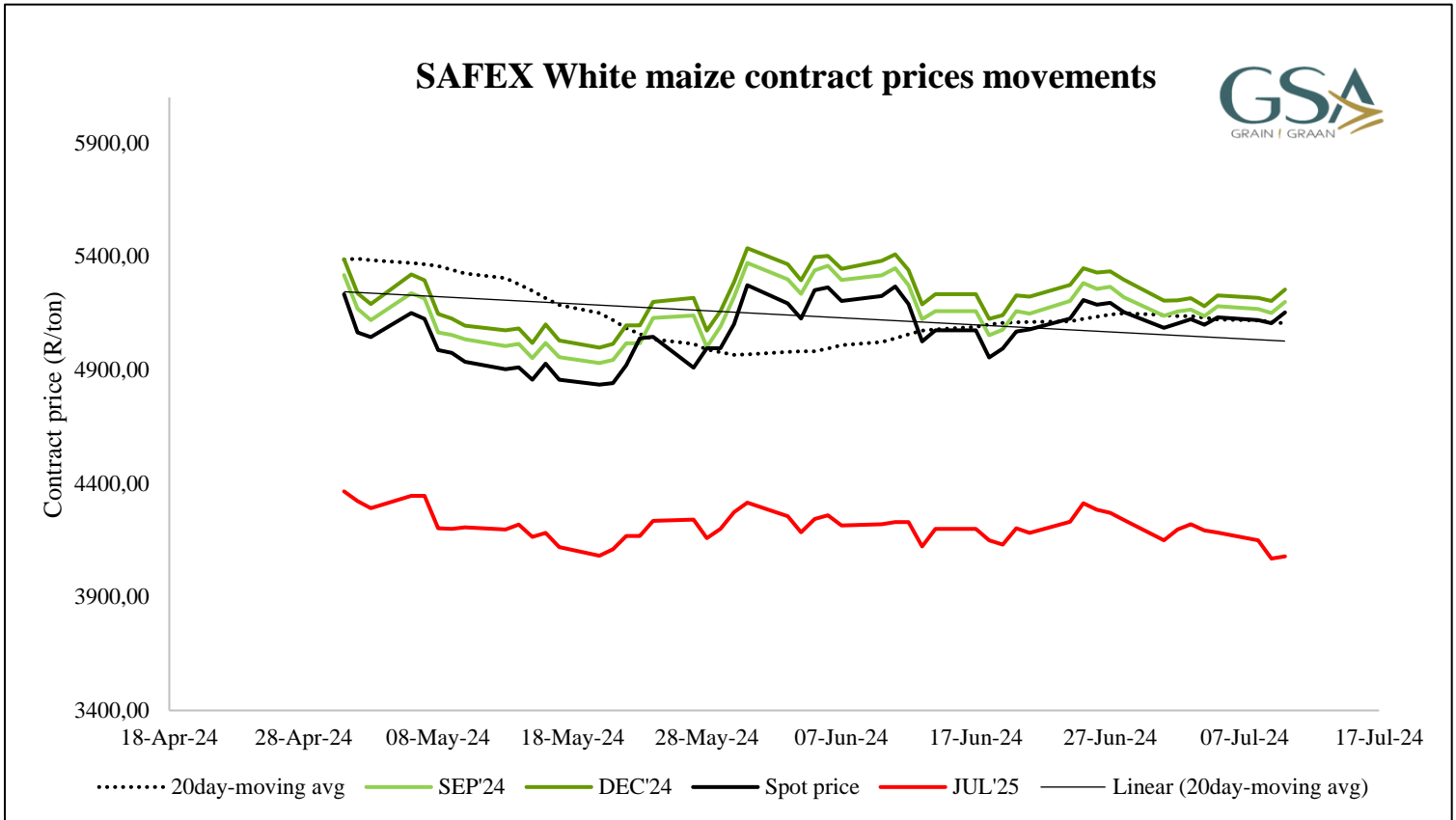
2.1. World Agricultural Supply and Demand (WASDE) JULY 2024/2025 overview



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)

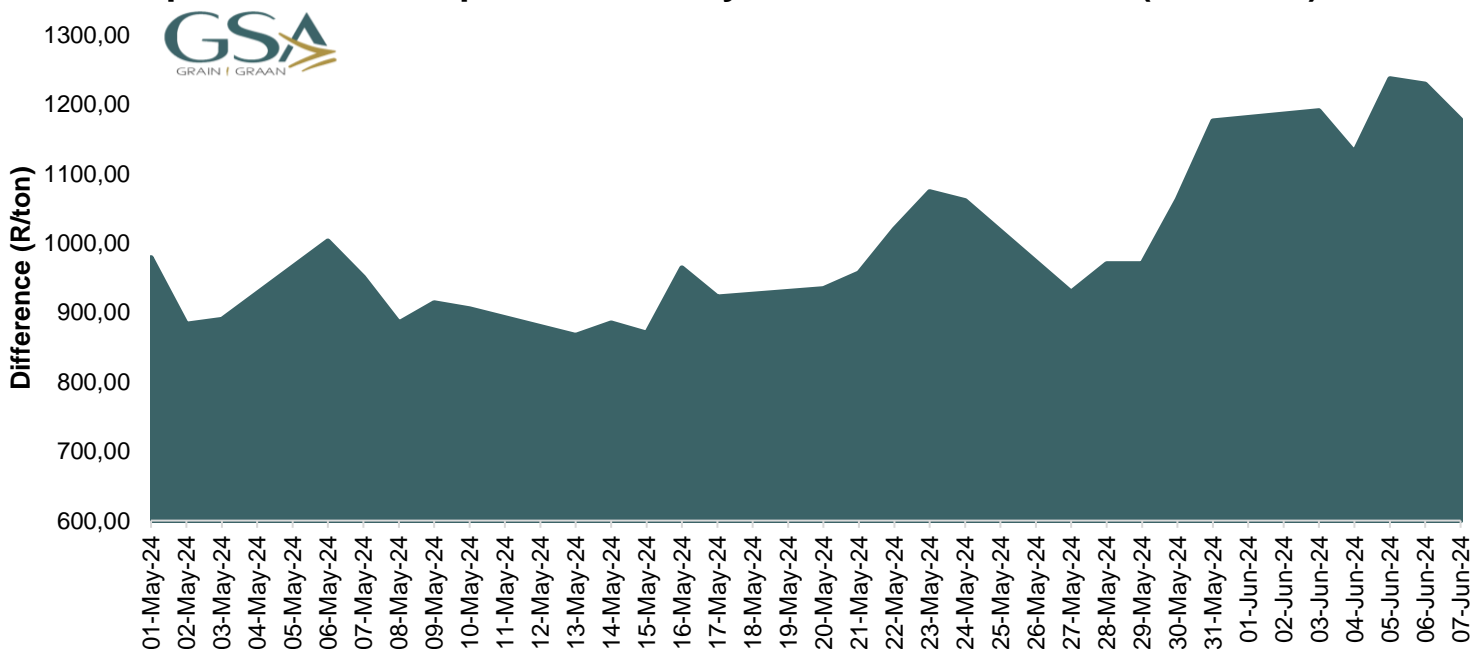


Comments on market movements for maize contracts:

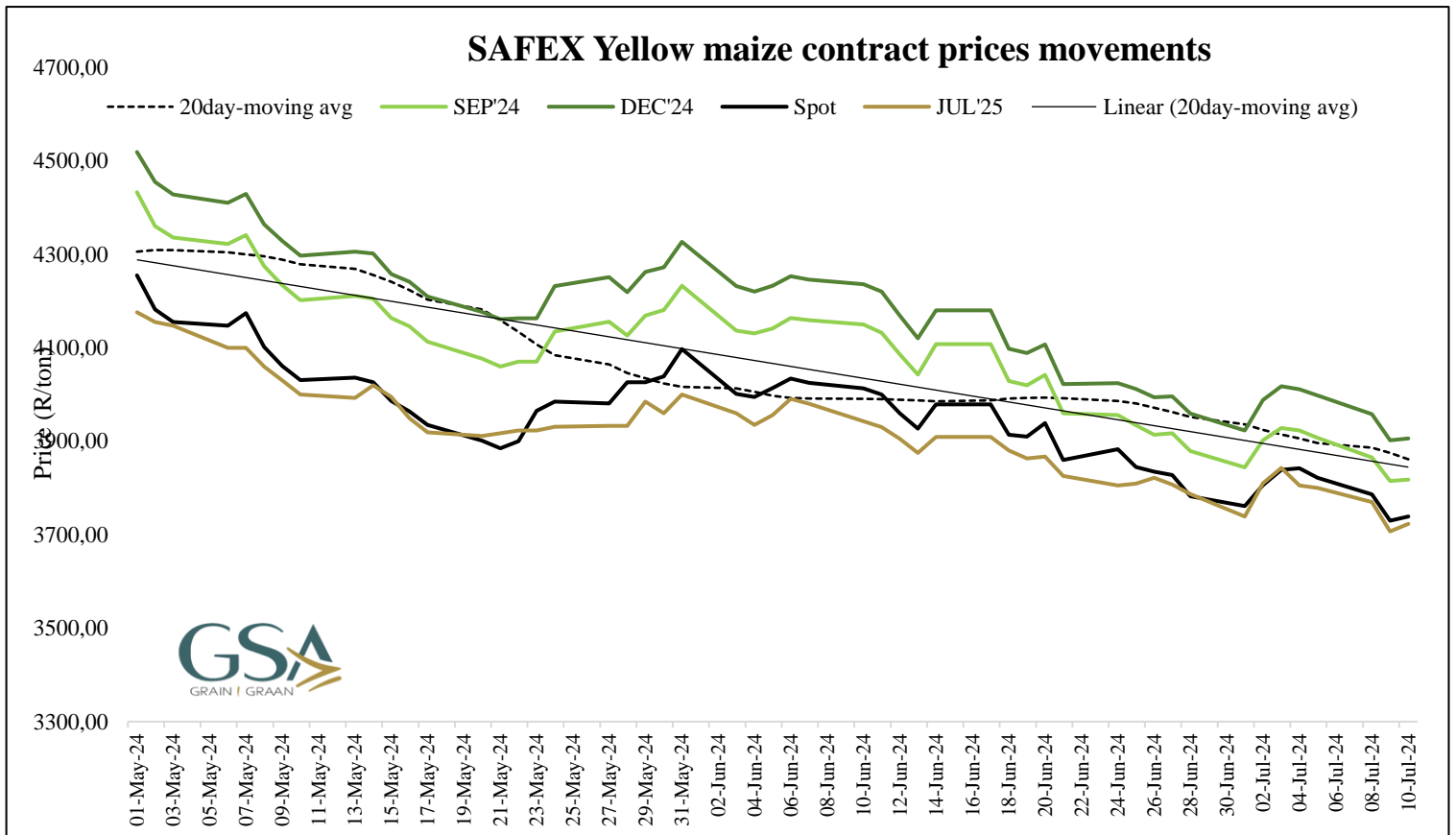
Generally, maize prices traded with a sideways, slightly downward trend since the end of April. Contracts in the future suggest price increases as we enter into the second half of the year. However, it is important that producers take note of the R900/ton lower price for the white maize July 2025 contract, which hints at higher planted hectares and production.

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

Spread between spot white- and yellow maize contracts (YM - WM)

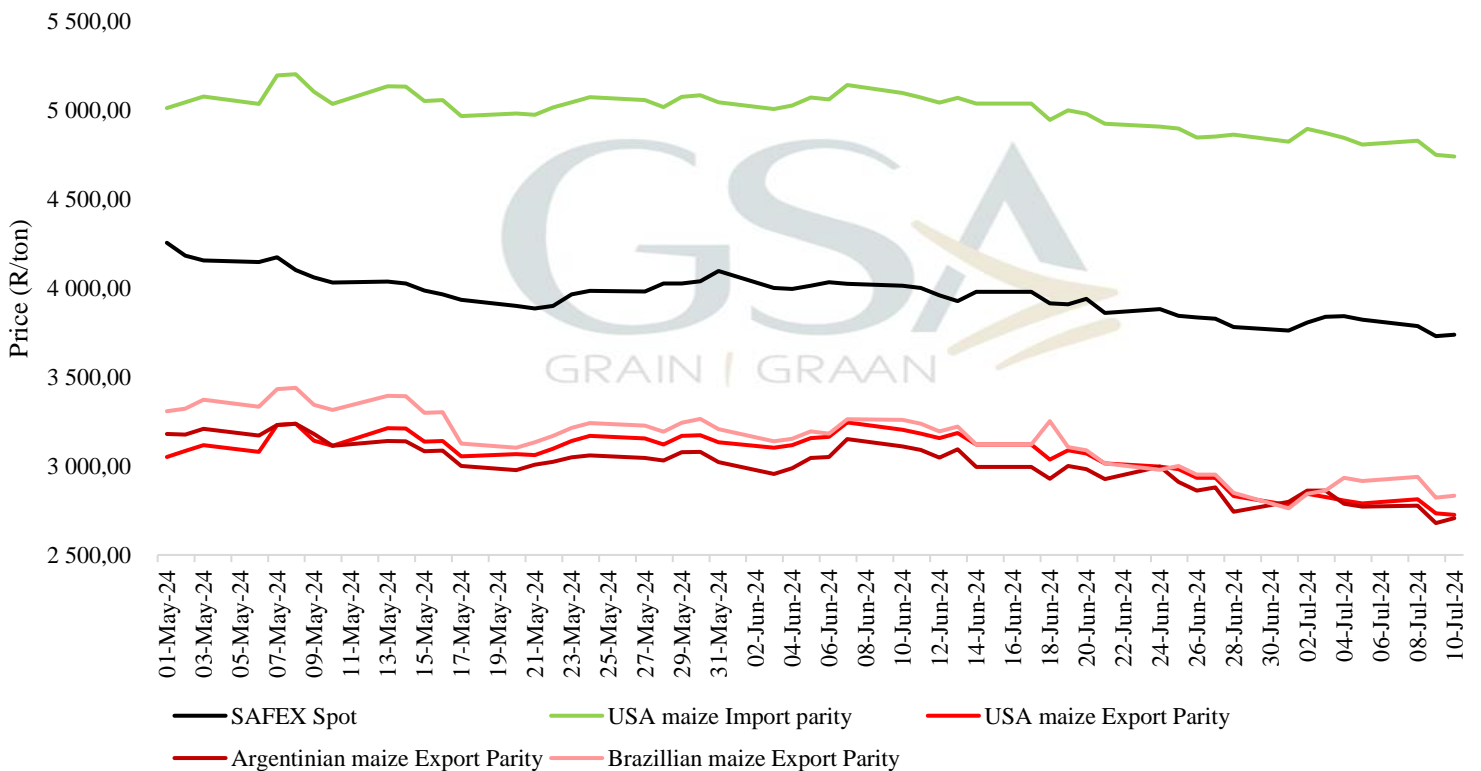


3. Monthly contract price movements (Yellow maize)



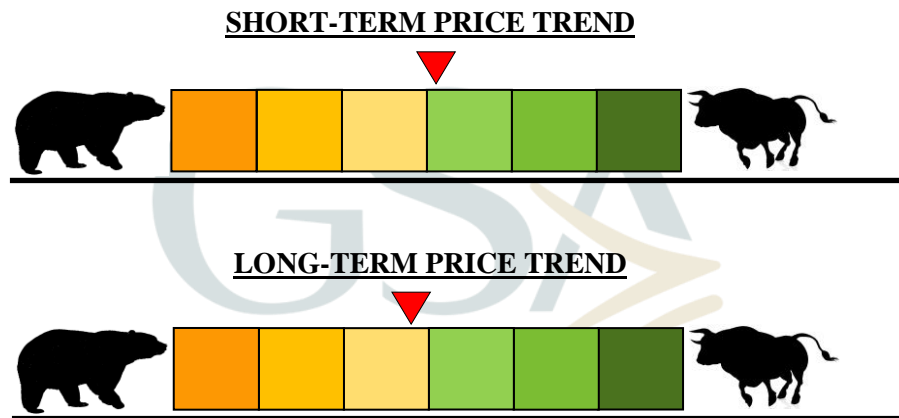
3.1. Import- and export parity movements

PRICES OF INTERNATIONAL YELLOW MAIZE DELIVERED IN RANDFONTEIN



4. Final thoughts

The markets are currently focused on the crop developing conditions of the US maize crop. The next few weeks will be important for crop development and market direction in the US. In the longer term, the larger crop from the US adds to ample supplies for the season.



Bearish factors:

- Lower priced import vessels in the Cape and PE can apply pressure on inland maize prices.
- Excellent crop conditions could apply pressure to the global market prices and increase export demand.

Bullish factors:

- The South Eastern region of Brazil is seeing reduced yields due to high temperatures earlier in the season.
- Lower maize production in South Africa supports prices. White maize prices are especially supported by higher demand for exports from neighbouring countries.
- A change to tax rules in Brazil could make Brazilian maize less competitive and shift export demand back to the US.

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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