

MAIZE



JUNE 2024

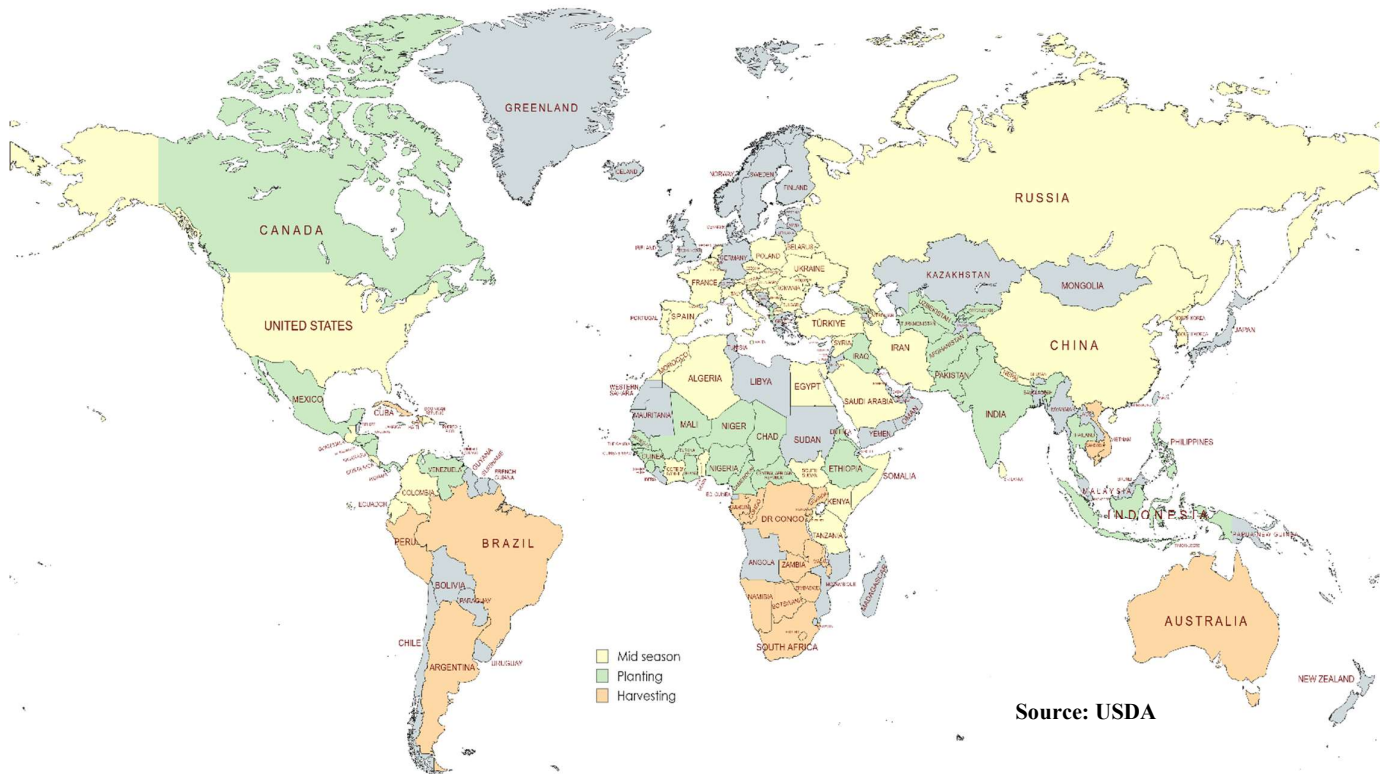
Grain Market Outlook

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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

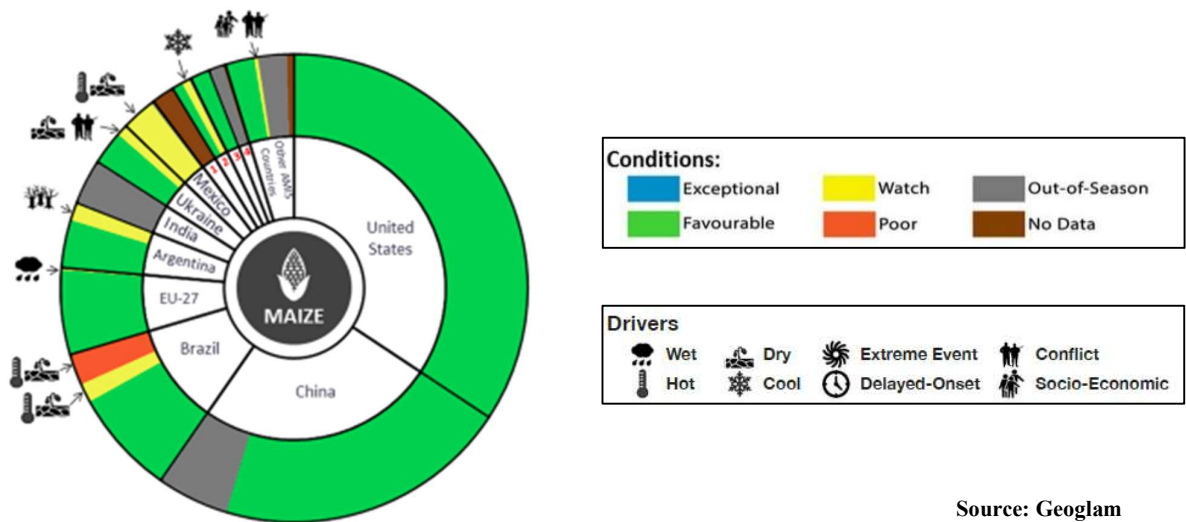


1.1. Global crop production conditions

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.

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 July to September (69% chance), and chances remain high into 2025 - according to the IRI¹.

¹International Research Institute for Climate and Society



Source: Geoglam
Conditions as of May 31st, 2024

South Africa¹, Russian Federation², Canada³, Indonesia⁴

Brazil: Harvesting of the spring-planted crop (smaller season) is delayed with yields below the 5-year average in the Southeast- and Northeast region due to an earlier lack of rainfall and high temperatures. The summer-planted crop (larger season) is also being harvested with recent rainfalls stabilising conditions.

Argentina: Harvesting of early-planted crop (larger season) is coming to an end with mostly favourable conditions, albeit with delays due to recent rains. For the late-planted crop (smaller season) as the harvesting progress begins, initial yields are highly variable due to the impact of the widespread maize leafhopper insect.

South Africa: Harvesting is starting to wrap up with poor conditions, especially in the Free State and North-West.

Mexico: Drought conditions remain as the autumn-winter crop (smaller season) is being harvested alongside the planting of the spring-summer crop (larger season)

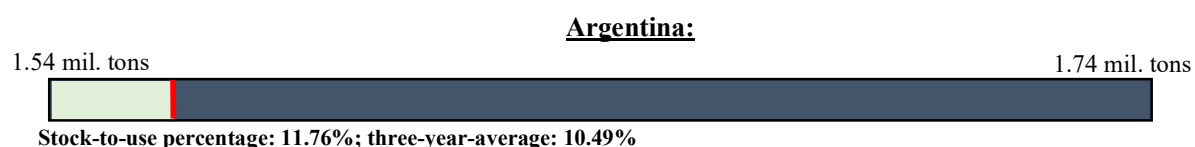
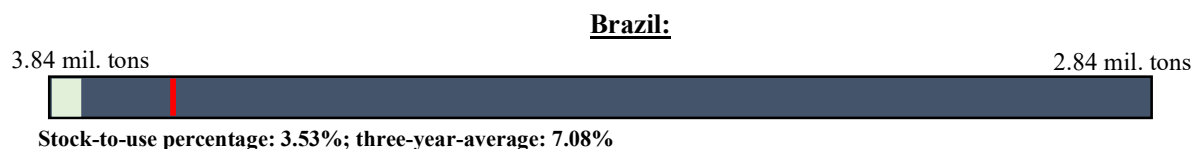
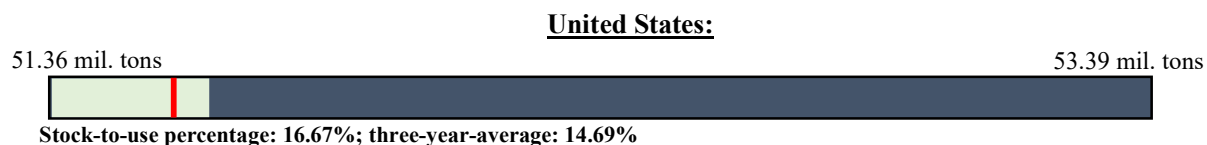
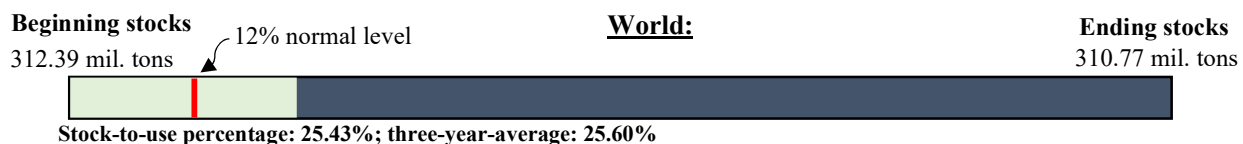
China: Conditions are favourable for the developing spring planted maize and the planting of the summer crop.

US: Planting is progressing with favourable conditions.

EU: Planting is coming to an end with some delays in France and Bulgaria due to cold and wet weather.

2. World supply and demand

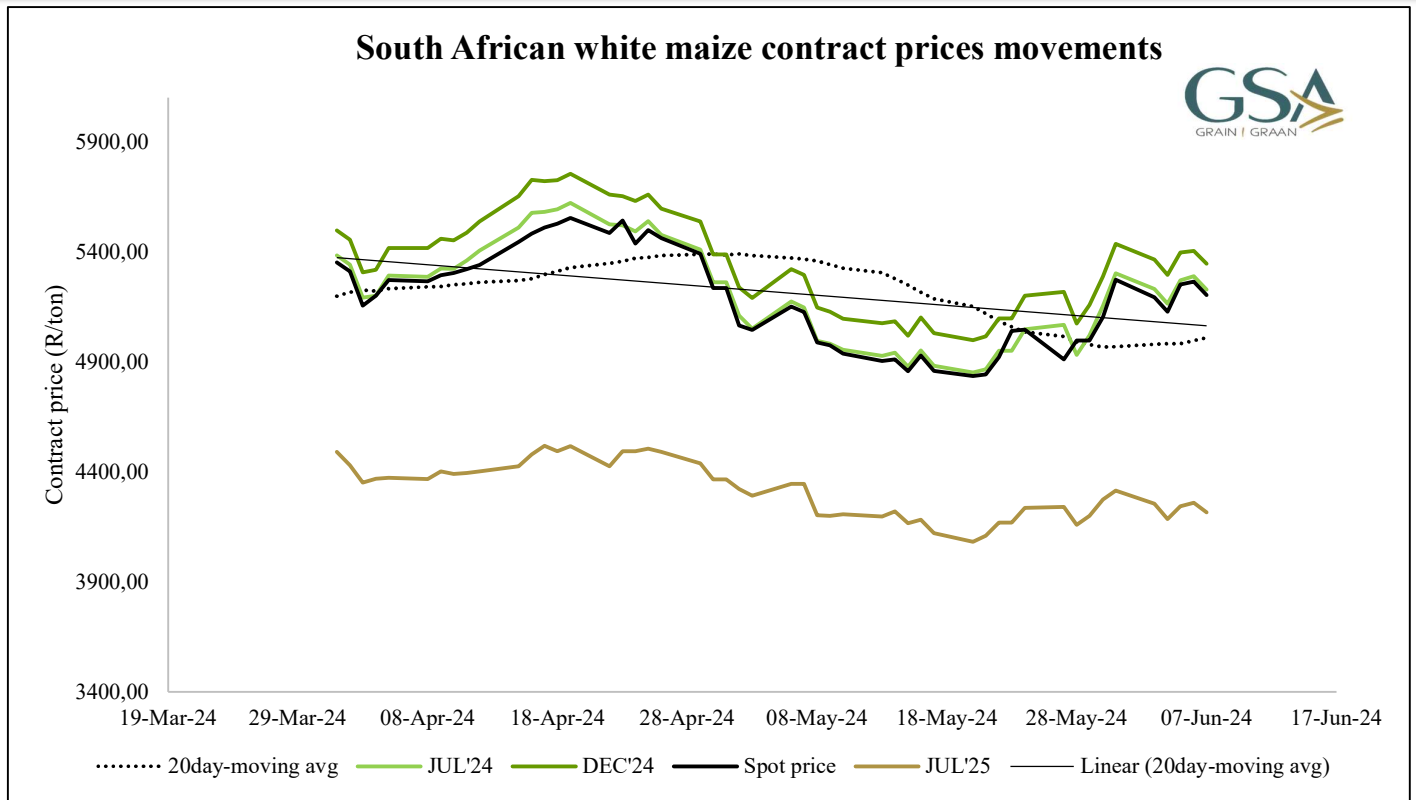
2.1. World Agricultural Supply and Demand (WASDE) JUNE 2024/2025 overview



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.



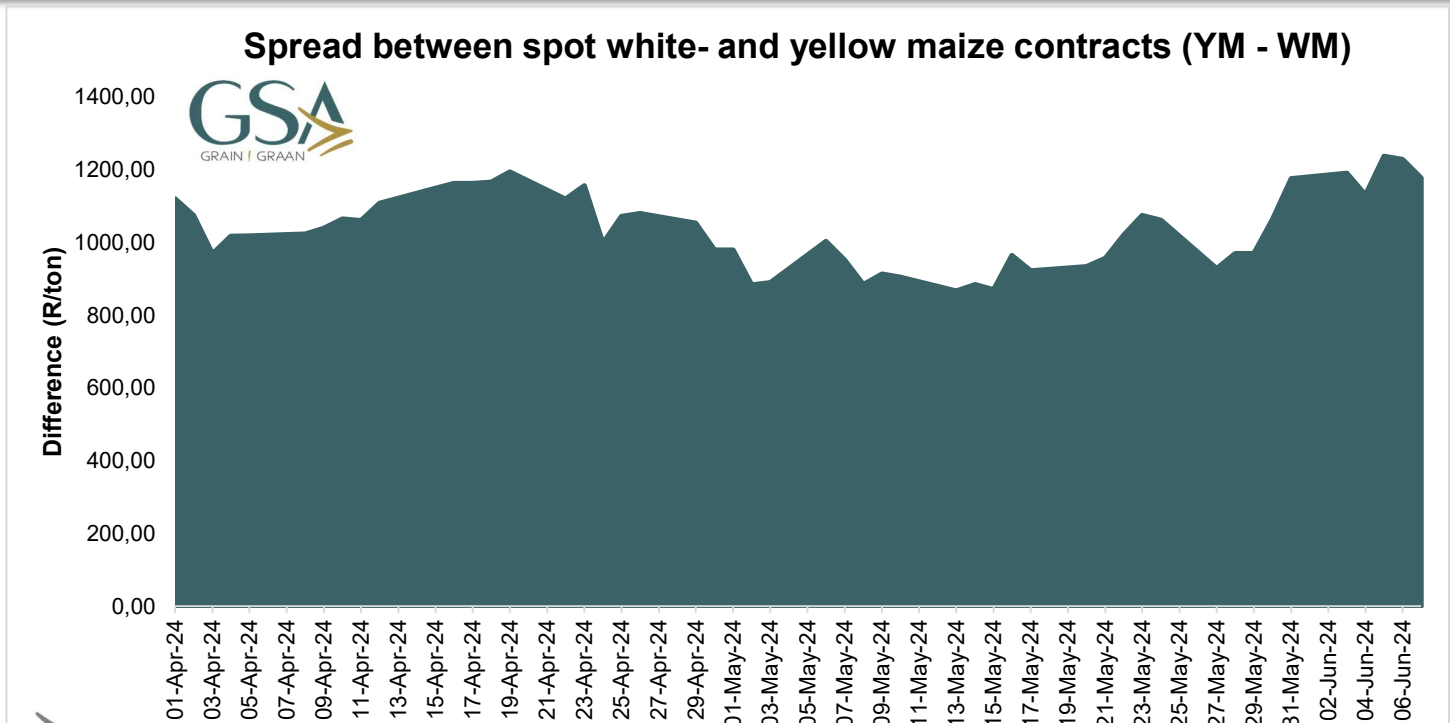
3. Monthly contract price movements (White maize)



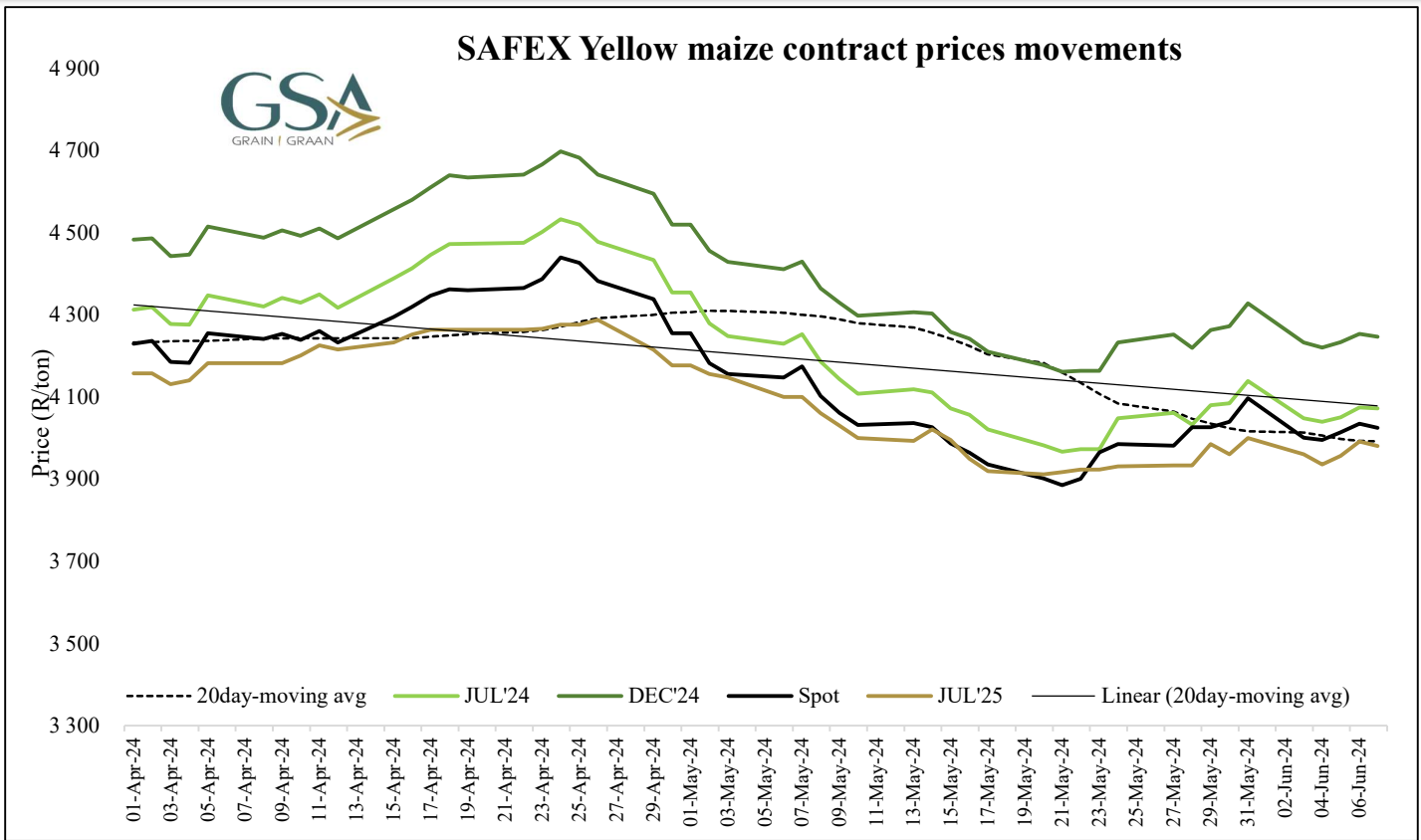
Comments on market movements for maize contracts:

Generally, maize prices traded with a sideways, slightly downward trend since the end of March. 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)

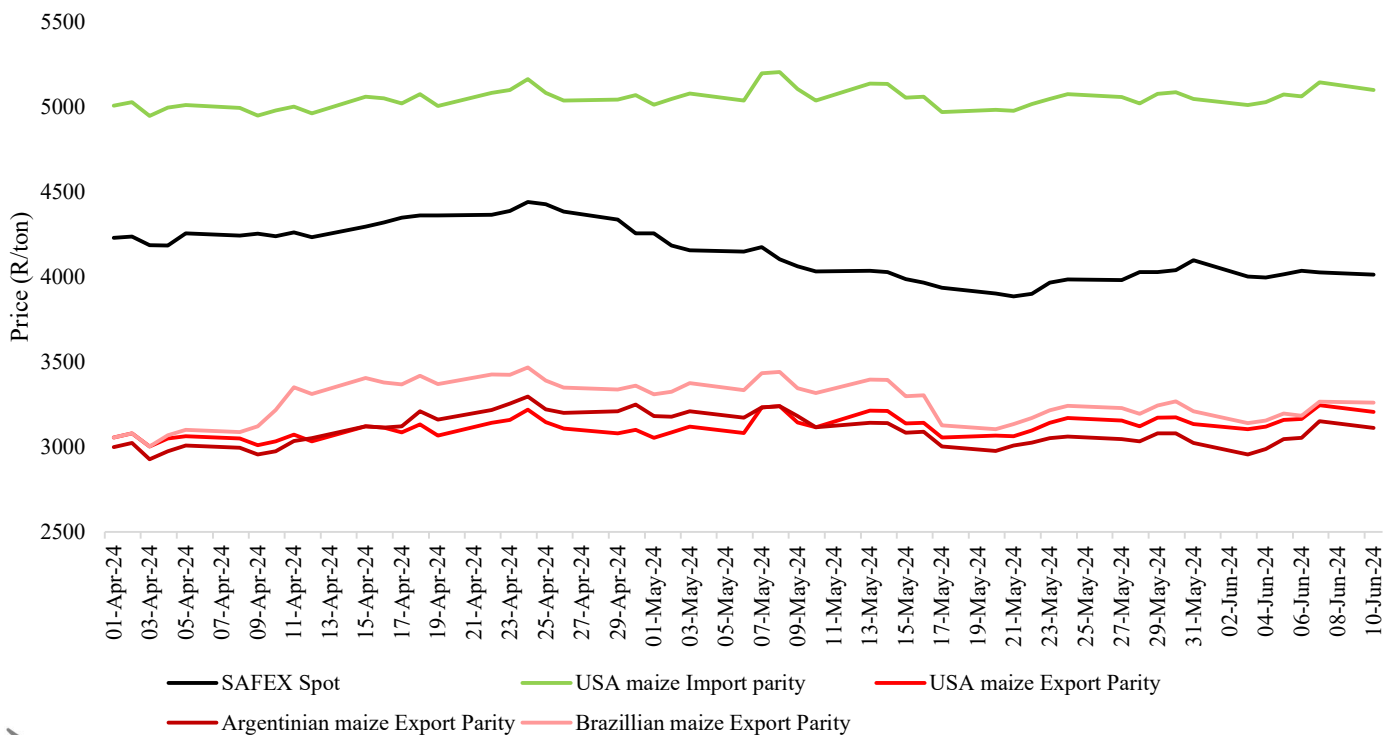


3. Monthly contract price movements (Yellow maize)



3.1. Import- and export parity movements

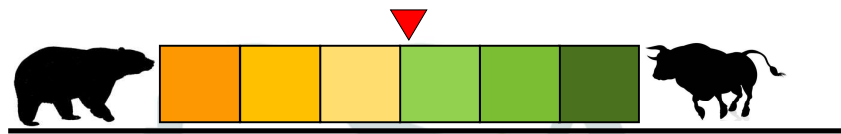
PRICES OF INTERNATIONAL YELLOW MAIZE DELIVERED IN RANDFONTEIN



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.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



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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