MAIZE

AUGUST 2024

Grain Market Outlook

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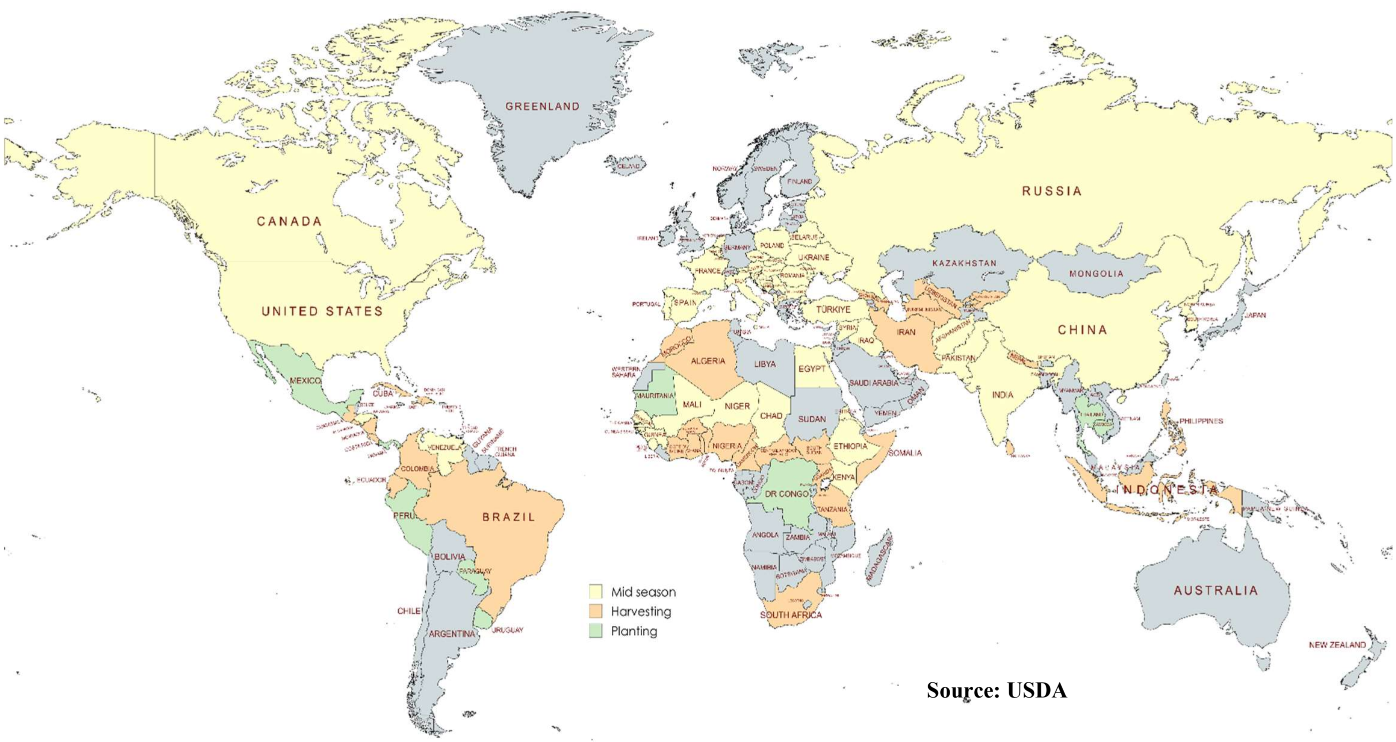
This report was compiled by the applied economics team of Grain SA. If you would like any further information, or to be added to the monthly contact list, please feel free to contact Heleen Viljoen at heleen@grainsa.co.za.

1. World maize production



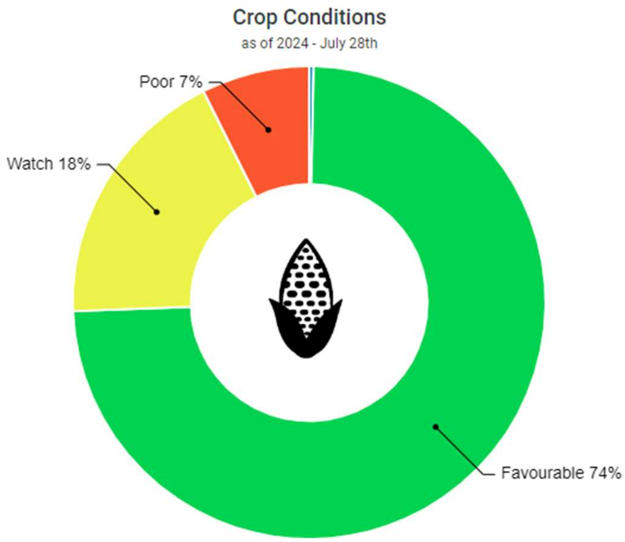
Source: USDA

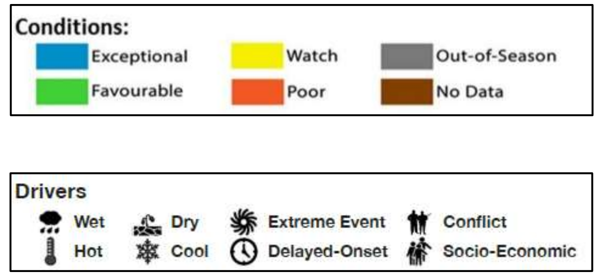
Global crop production conditions

In the **Southern hemisphere,** harvesting is ongoing under mixed conditions in Brazil. 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 IRI[1].

[1]International Research Institute for Climate and Society





Source: Geoglam
Conditions as of July 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. Generally conditions are favourable.
Argentina: The later planted crop is currently in the ripening to harvest stage with conditions mixed. The Southern parts are favourable, however, the more Northern production area is experiencing poor conditions.
Mexico: Prolonged hot and dry weather during the harvest period of the smaller planted crop led to mixed conditions. The larger season is currently is the early vegetative stages.
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) AUGUST 2024/2025 overview

Beginning stocks | **World:** | **Ending stocks**

308.52 mil. tons — 12% normal level — 310.77 mil. tons

Stock-to-use percentage: 25.46%; three-year-average: 25.55%

United States:

47.42 mil. tons — 52.67 mil. tons

Stock-to-use percentage: 16.37%; three-year-average: 14.15%

Brazil:

3.84 mil. tons — 2.84 mil. tons

Stock-to-use percentage: 3.53%; three-year-average: 7.08%

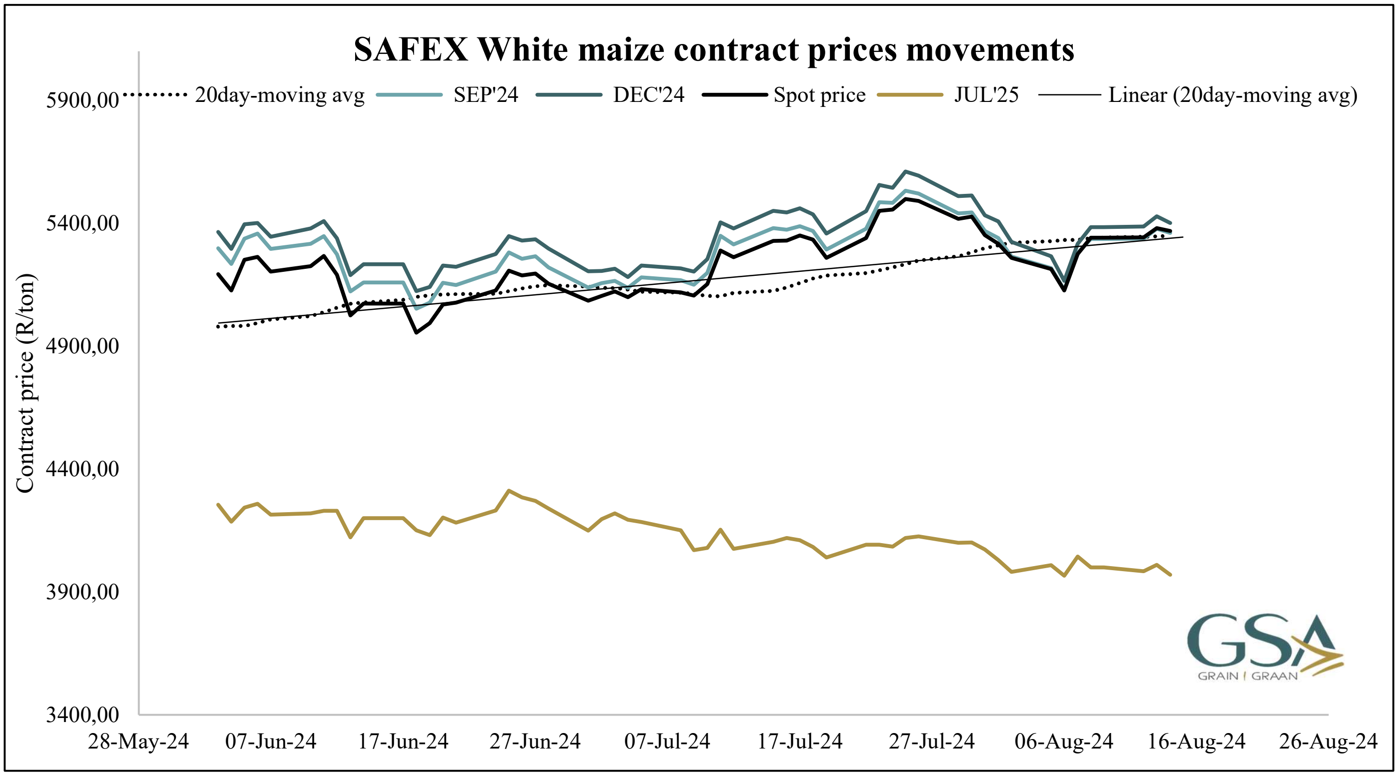
Argentina:

1.54 mil. tons — 1.74 mil. tons

Stock-to-use percentage: 11.76%; three-year-average: 10.49%

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.

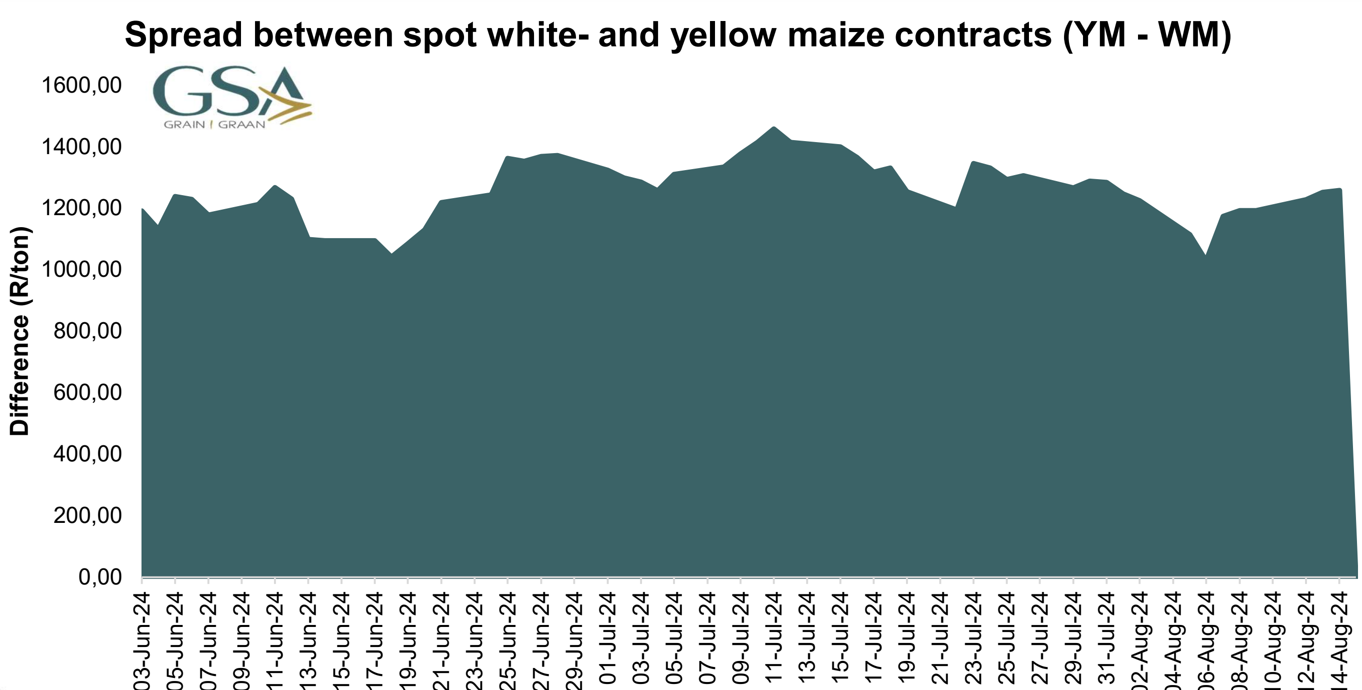
3. Monthly contract price movements (White maize)



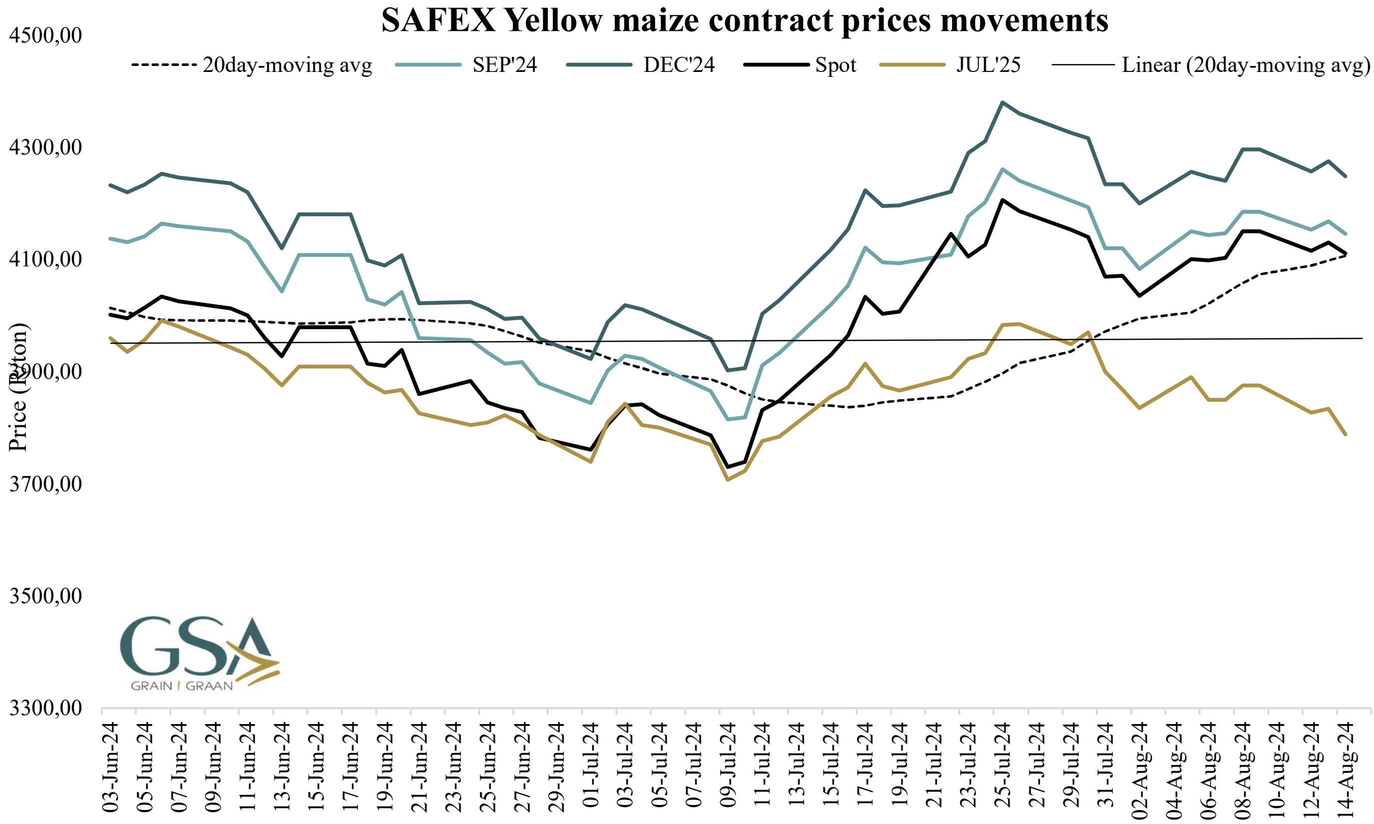
Comments on market movements for maize contracts:

Generally, maize prices traded with a sideways, slightly upward trend since the end of May. It is important that producers take note of the R1 000/ton lower price for the white maize July 2025 contract, which hints at higher planted hectares and production.

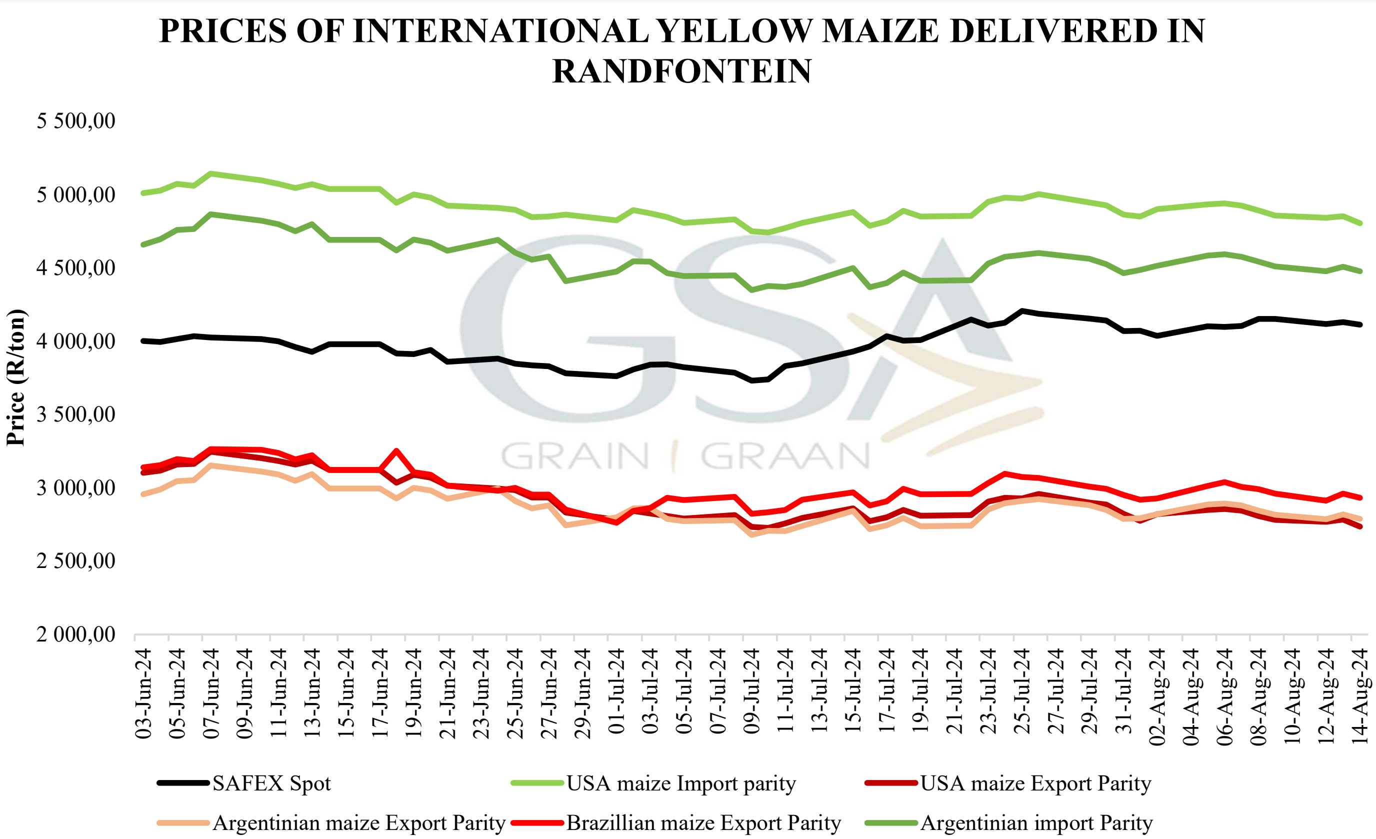
Spot price comparison of yellow- and white maize (YM – WM)



3. Monthly contract price movements (Yellow maize)



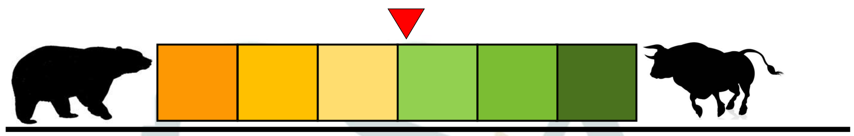
3.1. Import- and export parity movements



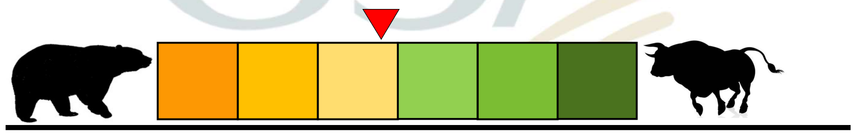
4. Final thoughts

The markets are currently focused on the crop developing conditions of the US maize crop. Current dry weather forecasts support especially the US maize prices. Market participants are paying close attention to the monthly WASDE report, and weekly USDA crop progress report. 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 in the US could apply pressure to the global market prices and increase export demand.
- Looking at the next season, SAFEX white maize contracts is trading at a significant lower price than old season prices, which could apply downward pressure in the future.

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.
- Kenya has extended the implementation of regulations that allow the country, and others in East Africa, to continue importing duty-free raw materials for feed manufacturing from within the region as the government attempts to address the high feed prices.
- Ukraine exports are expected to remain under pressure as recent attacks hindered harbours, together with other challenges like energy blackouts.

For more information of South Africa’s supply and demand scenario, please refer to:

https://www.grainsa.co.za/upload/report_files/Supply-and-Demand-one-pager.pdf

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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