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South Africa set to harvest the biggest maize crop on record

After the CEC revised its maize production forecast to 14.54 million tonnes in April, it has further lifted its forecast to 15.63 million tonnes – making this season’s crop the largest on record. This means that exportable maize surplus could at least reach 3.00 million tonnes (52% white maize and 48% yellow maize).

- White and yellow maize production estimates were revised up by 9% and 4% from the previous estimates to 9.47 million tonnes and 6.16 million tonnes, respectively. This is largely on the back of an increase in area planted, as well as expected higher yields on the back of favourable weather conditions.
- All other crops were left unchanged from the previous forecast - soybean (1.23 million tonnes), sunflower seed (853 470 tonnes), groundnuts (86 600 tonnes), (sorghum (153 480 tonnes) and dry beans (68 450 tonnes). With that said, production is significantly higher than the last year (see **Chart 1**).
- **Implications on maize market** - There is solid demand for yellow maize in the global market which should support the domestic industry. For white maize, exports typically go to African markets.
- We initially expected an uptick in white maize exports to African markets, but the dynamics have changed dramatically across the region this season. Zambia, Malawi and Zimbabwe are expecting notable improvements in domestic maize production. This will not only limit South Africa’s export opportunities to these respective countries but will also present competition to other African markets.
- In East African markets that currently need maize such as Kenya, Burundi and Tanzania, the genetically modified (GM) seed restrictions remain a key barrier. Thus, presenting an opportunity to non-GM maize producers such as Zambia and Malawi, as they have recently lifted the maize export bans. About 85% of South Africa’s maize production is grown with GM seeds.
- Overall, this upward revision in production will add pressure on maize prices in the short-to-medium term and weigh on farmers’ financials. A possible short-term option is to increase white maize consumption within the domestic animal feed market and push for higher exports of yellow maize. In the longer term, a possible shift towards more yellow maize production could be a viable option.

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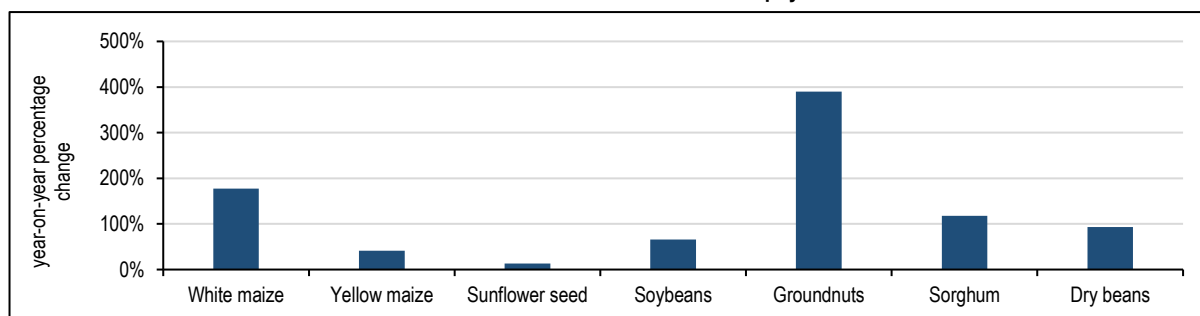


Chart 1: Year-on-year changes in South Africa’s summer crops production

Source: CEC, Agbiz Research

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