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SA maize supply issues

- On November 25, 2024, the Pretoria office of the US Department of Agriculture (USDA) published a report on South Africa's maize market. It highlighted the difficulty caused by the recent mid-summer drought, which led to a 23% decline in maize production to 12,72 million tonnes. South Africa was not alone in this experience; Zimbabwe lost roughly 60% of its maize harvest, while Zambia lost half of its crop. Malawi, Mozambique, and others also experienced significant crop losses. This meant the Southern Africa region would require maize imports to meet its annual needs.

- The USDA report stated, "*South Africa could import approximately 800,000 metric tons of corn in marketing year (May 2024 – April 2025)*". This statement raised concerns about South Africa's maize supplies. Furthermore, the maize prices continued to surge, with white maize trading at just over R6 300 per tonne while yellow maize trades at over R5 000 per tonne. These price increases partly reflect the tight maize supplies, weaker domestic currency and stronger regional demand.

- We continue to believe South Africa has no problem like other Southern African countries. South Africa's maize harvest of 12,72 million tonnes is well above the annual needs of 11,8 million. Moreover, South Africa had large stocks of over two million tonnes from the last season, further boosting the supplies this year. This ultimately meant that while the supplies were tight, South Africa continued to export maize to the Southern African region to stabilize food supplies.

- South Africa's overall maize exports are estimated by industry stakeholders at 1.9 million tonnes through the April 2025 marketing year (about 1.2 million tonnes is white maize, and 700k tonnes is yellow). Over a million tonnes have been exported, mainly to Southern Africa.

- Therefore, if they materialize, the news of possible maize imports from the US would perhaps be for easing supplies for the Southern African region. The news does not necessarily imply a physical maize shortage in South Africa.

- One must also appreciate that the US generally does not produce white maize in any significant volume for export. Therefore, such maize would have been planted on contract for particular buyers. It is possible that such maize could be a few consignments for the coastal regions while South Africa ramps up exports to the broader Southern Africa region.

- Also worth noting is that the US produces quite different biotech maize events; thus, there was a need for the government to ensure that their possible cultivars for imports are aligned with South Africa.

- Regardless of whether the US maize imports materialize, South Africa will likely remain a net exporter of maize in the 2024-25 marketing year. The country will likely export just under two million tonnes of maize. Any possible imports will be far less, and maize will serve the broader Southern Africa region and the coastal areas of South Africa.

- For example, coastal regions will continue to import small volumes of yellow maize for animal feed because of price advantages. We have recently seen the imports of yellow maize from Argentina through Cape Town. South Africa's 2024-25 maize imports currently stand at 331k tonnes.

- Overall, these challenges are for the near term. We remain optimistic about the new season as farmers continue to till the land across South Africa, and the weather prospects are encouraging. We hope the broader Southern Africa region plants its usual maize area. Indeed, the La Niña rains are delayed by roughly a month, but the forecasts from various weather organizations remain active, promising a recovery.