

MARKETS

White maize price climbs again due to heatwave and lack of summer rain

Lower yields and higher prices could see food inflation back on the rise

BL PREMIUM

15 APRIL 2024 - 18:53

by WANDILE SIHLOBO

ADVERTISEMENT



Picture: UNSPLASH/JORAN QUINTEN

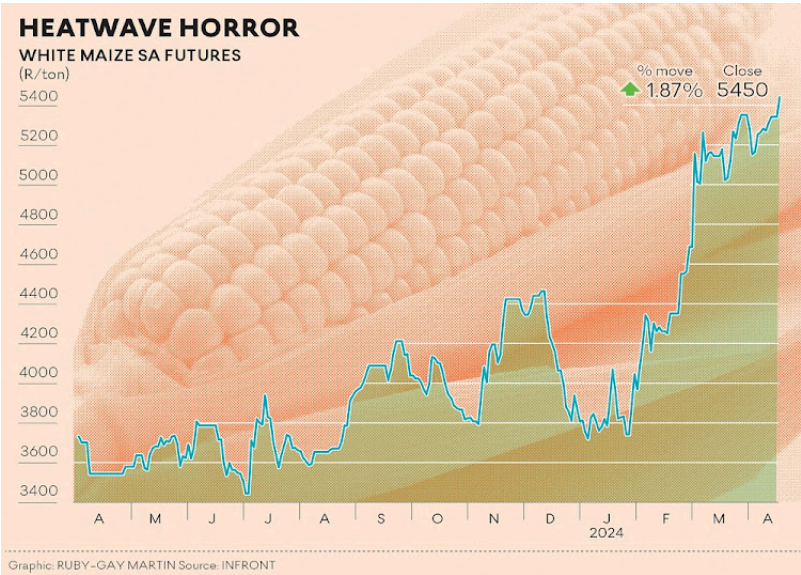
The SA spot price for white maize gained another 2% on Monday, bringing the increase so far this year to about 36%, sparking fears of the effect it will have on food prices and inflation.

By market close the spot price of white maize on the SA exchange had risen R110 to R5,450 a tonne.

Beyond the effect at the farm gate, the higher prices will put consumers under pressure while they are already battling high interest rates and inflation.

While it may be a few months before consumers feel the effects, white maize is a staple crop for most South Africans, primarily low-income households, where it is used in the form of maize meal and samp.

The extreme heat and prolonged dryness in February and March destroyed maize fields and other crops in various regions of the country. At the end of March, the national crop estimates committee lowered its 2023/24 white maize production forecast to 6.9-million tonnes, a drop of 25% on the previous year.



The problem is not unique to SA, with Zambia having lost about half of its maize crop. Zimbabwe, Malawi, and other Southern African countries face a similar challenge.

The culprit behind the regional crop failure is the El Niño weather event, which brought drought conditions. The 2023/24 season began with excellent rains, prompting farmers across Southern Africa to plant their typical area of maize. However, a heatwave and extreme dryness hit the region from the start of February when the crop was nearing its pollination stage.

Despite the price rise, SA is still in a better place than it has been in other drought years as the country only needs about 5.5-million tonnes of white maize for domestic use.

Fears the government will be tempted to restrict maize exports to secure supplies for local markets have been put to bed after the agriculture department said recently it was committed to the existing open market policy. The higher prices this year will incentivise farmers to plant more next year.

ADVERTISEMENT

But there are near-term challenges. South African farmers that lost their crop will face financial pressures, with calls being raised to the government for assistance.

Production volumes are forecast to recover in the 2024/25 season.

In the near term consumers in the broader Southern Africa region are likely to see much higher prices due to maize shortages in some countries. This may result in the need for the likes of Zimbabwe and Zambia to import from Mexico and the US as farmers there start their production season this month.

While yellow maize is their predominant crop, they can plant white maize on contracts for Southern African countries, and that maize could arrive timely at the end of the year and into early 2025.

BDTV

[Read more →](#)

Stock Watch - 15 April 2024

16 hours ago

26:22

Next video

7:13

Market Report - 15 April 2024 | The Close

17 hours ago

11:13

WATCH: Xiluva party in focus

17 hours ago

18:14

WATCH: Trade Of The Week | 15 April 2024

19 hours ago

6:04

WATCH: Concourt's landmark ruling a feat for...

20 hours ago

Market R 2024 | Bu

20

