

Supply and Demand

World maize production for the 2022/23 season was set at 1 163.1 million tons according to the *International Grains Council Grain Market Report GMR 559 – 17 October 2024*, with the major maize producing countries being the USA, China and Brazil. Brazil, The USA, Argentina and Ukraine are the biggest exporters of maize. Maize usage figures are 137.0, 305.9 and 703.3 million tons respectively for food, industrial and feed purposes. World production for the 2023/24 season is estimated at 1 229.2 million tons and the 2024/5 figure is forecasted to be 1 223.7 million tons.

According to *The Bureau for Food and Agricultural Policy (BFAP) Baseline, Agricultural Outlook 2023 – 2032*, prospects for demand growth amongst the various summer crops differ substantially, depending on typical use of the products. Grains such as white maize and sorghum are predominantly consumed as staple foods. While the bulk of yellow maize consumption is attributed to the animal feed industry, where it provides the primary energy source in most feed rations. When white maize prices fall far enough below yellow maize, white maize can also be used as animal feed. By 2032 relative to the 2020-2022 base period, rising consumption of basic staples such as maize meal is projected and maize used as food could increase by 7%, whereas maize used as animal feed is expected to rise by 17%.

Relative consumption trends for white and yellow maize reflect typical marketing channels, but also the relative substitutability in the animal feed market. This is particularly relevant in the 2020-2022 base period, when white maize consumption was abnormally high, firstly due to exceptional strain on consumer spending power and secondly due to its relative affordability compared to yellow maize, which resulted in large white maize volumes being consumed as animal feed, with yellow maize exported instead. As these factors normalise, white maize consumption could decline by 2032 relative to the base period, whereas yellow maize consumption could rise by 40%. This implies that a much smaller share of yellow maize will be exported, whereas substantially less white maize will be consumed as animal feed, being prioritised in maize meal manufacture instead.

Strong profitability in summer crop production in recent years was a key factor that drove summer crop area expansion. The reduction in producer margins over the outlook, as prices decline and yields normalise, is a key factor contributing to the expected consolidation in summer crop area over the next 2-3 years, when total summer crop area is expected to contract by roughly 200 000 hectares. The relative composition of summer crops over the total area will also reflect relative profitability amongst them, as well as the popularity of different cropping rotation systems in different parts of the country.

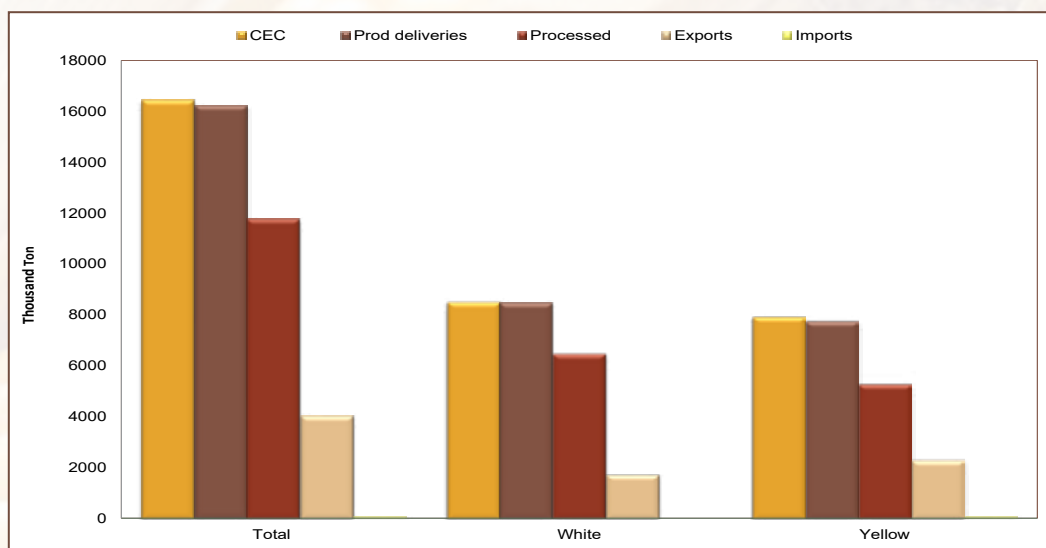
Most of the decline in summer crop area over the next few years is attributed to white maize. Some white maize hectares will be replaced by soybeans, whereas others will likely return to pasture crops. Additional pasture will be required to accommodate the expansion in beef herds that occurred over the past three years. By 2032, the white maize area is expected to reach 1.2 million hectares, compared to a million hectares of yellow maize and 1.1 million hectares of soybeans. This provides a fairly equal split between the major crops, with a further 500 000 hectares expected to be planted to sunflower.

Yields achieved over the past three years reflect favourable weather conditions, together with exemplary farming practices and investment into efficiency gains. For yellow maize, yield gains of 11% over the ten-year period is projected. This is also the case for white maize, but to a much lesser extent, as white maize yields in 2022 were not as strong as that of yellow maize. At the same time, the loss of further, mostly marginal, area for white maize production, sees average yield levels rise faster than that of yellow maize, where area reductions will likely be small.

The combination of area and yield dynamics will have different price effects for the various commodities. The outlook shows that maize prices are expected to remain at export parity levels in the short term, but over the course of the coming decade, as area declines, a smaller share of the total crop is expected to be exported. Some white maize exports will continue to flow into neighbouring countries, but beyond direct neighbouring countries such as Mozambique and Namibia, Zambia has become a more competitive exporter in normal weather years than South Africa. However, in years of reduced rainfall the Zambian authorities are prone to controlling the volume of exports, thus providing additional opportunities to South African exporters. Yellow maize exports will remain likewise, but with a smaller share of the total crop moving through South Africa's ports.

Local Supply and Demand figures, compiled from Tables S1 - S3, are provided in Graph 14 below and in tables and graphs on pages 9 to 14.

Graph 14: Maize supply and demand overview 2023/24 marketing season



Information provided by SAGIS.

