

Maize estimates breach 11m tonnes, boosting supply outlook

By [Paul Makube](#)

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The latest production estimate showed a further upward adjustment to the crop estimates with maize, South Africa's major staple food, now just above 11 million tonnes. This together with considerable carryover stock 2.7 million tonnes ensures sufficient supplies for the 2018/19 marketing season.



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Maize prices have responded accordingly with the nearby futures for both white and yellow falling by 5% and 3% respectively relative to the previous week and now below R3,000/t at R2,844/t and R27,21/t respectively.

This bodes well for the livestock sector as lower maize prices, a major input in animal feed, improves feeding margins in intensive production systems such as poultry, pork and feedlots. The winter cereal supply outlook for 2019 is also bullish with the production estimate for the largest crop, wheat, back above 1.9 million tonnes at 1.92 million tonnes which would be at a record high since 2010.

Nonetheless, we are still a net importer of wheat given that we produce just over 50% of the country's consumption requirements. This is positive from a food inflation perspective which has so far been contained at 3% year-on-year with headline CPI moderating to 4.0% year-on-year in July 2019 from 4.5% in June. Further implications are for a downside in the interest rate outlook in the medium term.

A modest uptick of 3.9% month-on-month sunflower production forecast pegged at 680,940 tonnes although still sharply down by 21% year-on-year. Soybean production estimate came in unchanged at 1.17m tonnes but still 17% relative to the previous season. Focus turns to the new summer crop season and weather will be a major driver in price direction in the short to medium term.

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