

# Maize estimates revised down

Erratic weather patterns and soaring oil prices put grain production under serious pressure

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**M**AIZE production seems to be under pressure after the downward revision by the Crop Estimates Committee (CEC) of the production forecast for the 2011-12 season.

The size of the expected commercial maize crop has been set at 11.036 million tons, which is 3.42% or 399 800 tons lower than the previous forecast of 11.705 million tons, the CEC said in a report.

The report showed that maize crop yields have been negatively affected by the dry spell in February and last month.

"The situation is very tight," said Jannie de Villiers, CEO of Grain SA.

"SA is currently importing small quantities."

He said the maize industry produced a surplus last year but exported a little bit more than the surplus.

"The rain came late this year and was very scattered and less than normal. This caused the CEC to reduce the crop estimates. We expect them to decrease the estimate even further come the end of this month," De Villiers said.

White maize exports were drastically cut, according to the SA Grain Information Service's weekly report. The report showed total white maize exported in the week ended April 6 was 6 056 tons, down from 37 871 tons the week before.

Annalene Badenhorst, a trader at Bester Feed and Grain, said ex-

ports were mostly new season crops. She said the revision was mostly weather-related.

"I think the CEC is overestimating and the estimate will be revised down to about 10.9 million tons," she said.

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Badenhorst said the maize price is quite high at the moment and the profit margins for farmers are also high.

"Following the dry and very hot season, we have noted some farmers are already commencing with

the harvest, which is earlier than normal. We have also noted that some producers have already decided to use their maize as silage. All of these factors indicate a lower crop and even tighter stock situation," said De Villiers.

The price of maize might jump in the short term, he said.

"Given the tight stock situation, we expect local prices to increase and/or move sideways until the final crop planting in the US is known."

De Villiers said maize price trends will depend on the weather when the US, the biggest maize exporter, enters its planting season. He said the high oil price will also play a role.

Badenhorst cautioned that "the market could run away".

"South Africa and Mexico are the only producers of white maize and Mexico has had some weather trouble. They've booked imports [from SA] until September of about 1.2 million tons and our local usage is about nine million tons, so there is very little surplus," she said.

But De Villiers said the future for maize production looks good.

"World demand is very strong and SA maize is sought after because of our superior quality. The drive from the government to create jobs via beneficiation and value-adding agriculture businesses will also stimulate production. Surplus maize production means that SA's local maize prices tend to be export parity, which is the cheapest way to maintain food security," De Villiers said.