

REGIONAL MAIZE SUPPLY AND MARKET OUTLOOK UPDATE December, 2015

Southern Africa

ABOUT THIS UPDATE

This report provides a summary of changes to regional maize availability estimates and markets in Lesotho, Malawi, Mozambique, Zambia, and Zimbabwe (countries monitored by FEWS NET in southern Africa) as well as South Africa, Botswana, Namibia, and Swaziland. It updates FEWS NET's [Regional Maize Supply and Market Outlook Report](#) published in August 2015.

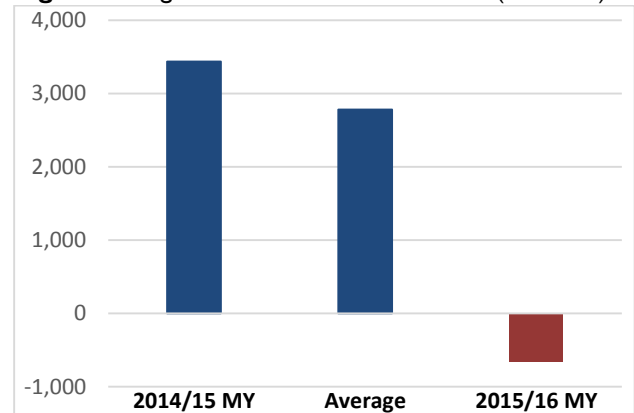
Key Messages

- Based on updated 2015/16 production, opening stock, consumption, and strategic reserve figures, the regional maize balance for the 2015/16 marketing year is now estimated to be a deficit of 500,000 MT to 600,000 MT (**Figure 1**). On average, the region typically has an aggregate maize surplus of nearly 3,000,000 MT, making this year's shortage a significant anomaly. Zimbabwe's maize deficit remains the largest in the region, followed by Malawi, and Mozambique.
- With less than 30 percent of surplus supplies remaining in Zambia, the main source of imports for Zimbabwe and Malawi, Zimbabwe and Malawi are expected to have maize shortages until the beginning of the next harvest (April 2016).
- Prices will remain well above average across the region, especially in Malawi and South Africa.

UPDATED MAIZE SUPPLY ESTIMATES FOR 2015/16 MARKETING YEAR (April 2015 – March 2016)

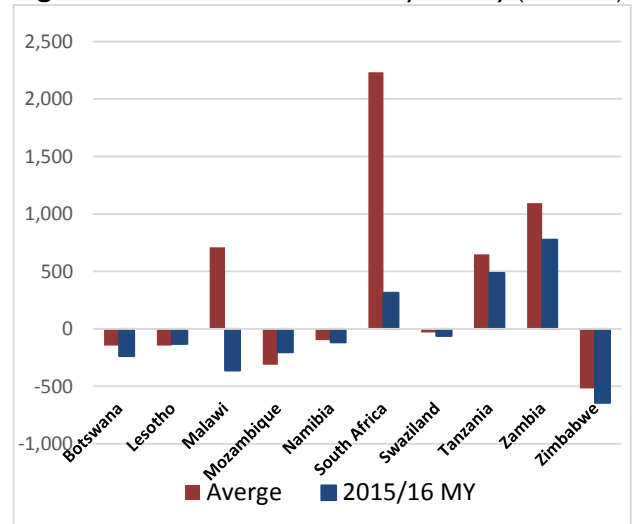
- Maize deficit estimates for Zimbabwe, Malawi, and Mozambique are less severe than originally expected based on updated assessments of harvest and carry-over stock levels. Mozambique's estimates are based on the Water Requirements Satisfaction Index (WRSI) due to the absence of official estimates.
- The new figures confirm initial expectations that Zimbabwe has the greatest deficit in the region, with a shortage of approximately 645,000 MT, followed by Malawi and Mozambique with deficits of approximately 360,000 MT and 200,000 MT, respectively (**Figure 2**).

Figure 1. Regional maize balance estimates (000s MT)



Source: FEWSNET calculations with data from SADC, WRSI, and government ministries.

Figure 2. Maize balance estimates by country (000s MT)



Source: FEWSNET calculations with data from SADC, WRSI, and government ministries.

REGIONAL MAIZE TRADE SINCE APRIL 2015

- As projected, Zambia has emerged as the leading maize exporter this year, far exceeding its average export levels and volumes exported by South Africa (typically the region’s major exporter). The majority of Zambia’s exports have been exported to Zimbabwe and Malawi.
- South Africa’s formal maize export volumes (yellow and white maize) to the region have been well below average since the end of the harvest. South Africa has imported large amounts of yellow maize from Argentina and Brazil, and very small amounts of white maize from Zambia and Mexico. The increased availability of yellow maize (mostly in the region used for livestock) from imports has allowed South Africa to export a much greater amount of yellow maize to the region than it typically does, while exports of white maize (used for human consumption in the region) to the region are below average (**Table I**). Most of South Africa’s white maize exports have been exported to Botswana, followed by Mozambique, Lesotho, and Namibia, while the yellow maize exports have been evenly distributed among Botswana, Mozambique, Namibia, and Swaziland.
- Although intra-regional trade has helped to alleviate deficits in the region, it has not been adequate to fill deficits in Zimbabwe or Malawi.

Table I. 2015 Regional Export Volumes compared to Average levels

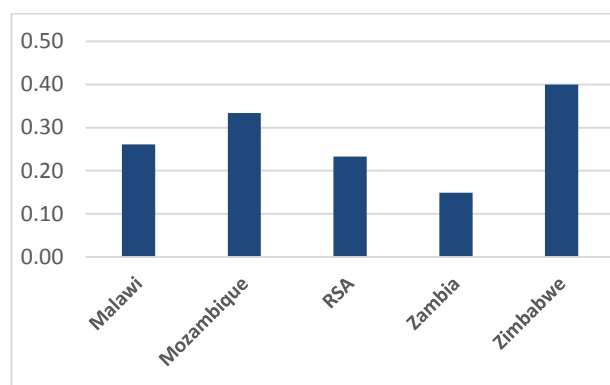
Country	Maize Type	Regional Exports
South Africa	White	Below-average
South Africa	Yellow	Above-average
Zambia	White	Above-average

Source: FEWS NET estimates based on figures from Zambia CSO and SAGIS.

CURRENT PRICE TRENDS

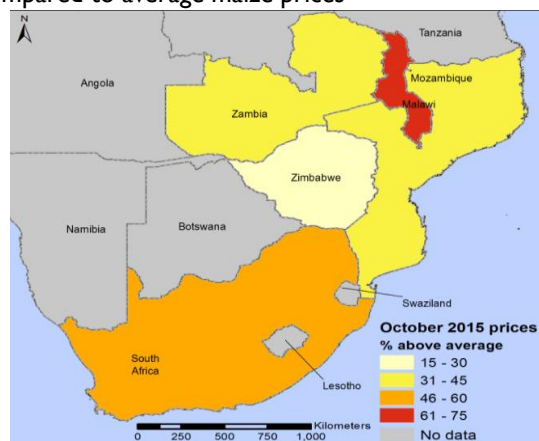
- National average maize prices are currently above their respective 2014 and average levels in every country in the region (**Figure 4**). In USD terms, prices are lowest in Zambia and highest in Zimbabwe, followed by Mozambique and then Malawi (**Figure 3**).
- Prices are seasonally increasing across most of the region. In Mozambique, post-harvest price increases were sharp and one to two months early. Significant increases have been noted in Gorongosa, a key supplier market for the central and southern regions.
- In Zimbabwe, maize grain prices have been uncharacteristically stable across the country between July and October. This atypical price stability is attributed to the high volumes of maize imported from Zambia at prices significantly lower than local maize prices.
- In Malawi, prices began to seasonally increase early (in August), but sales by Agricultural Development and Marketing Corporation (ADMARC) at subsidized prices (110MKW/kg compared to average market price of 150MKW/kg) in September has controlled maize price increases considerably.

Figure 3. National October 2015 maize prices (USD/kg)



Source: FEWS NET.

Figure 4. National October 2015 maize prices compared to average maize prices



Source: FEWS NET.

PROJECTED SUPPLY TRENDS THROUGH MARCH 2016

- Zambia and South Africa are both estimated to have adequate supplies to meet their domestic requirements for the remainder of the lean season. However, following several months of record high export volumes, recent information indicates that Zambia’s exportable maize surpluses are diminishing and that opportunities for exports are declining. This will reduce the main source of supply for Zimbabwe and Malawi. Without other major sources of maize supplies, Zimbabwe and Malawi are projected to have maize shortages for the remainder of the lean season until the next harvest begins.

- Furthermore, as a result of significant depreciation of the Zambian Kwacha over 2015, the exceptionally low export parity price of Zambian maize, compared to the rest of the region, make Zambian maize supplies highly sought after in other countries.
- The ongoing [El Niño](#) climate phenomenon is forecast to continue until mid-2016, causing abnormal rainfall patterns in Southern Africa, which may have a negative impact on the harvests in 2016. If 2016 harvests are below-average as a result of these effects, many countries in the region will face severe domestic maize supply shortages heading into the 2016/17 marketing year given the low carry-over stocks expected at the end of the current marketing year.

PROJECTED PRICE TRENDS THROUGH MARCH 2016

- Maize prices are expected to remain above their respective 2014 and average levels region wide for the remainder of the 2015/16 marketing year, reflecting the regional supply deficit and atypically thin markets (**Figures 8 and 9**). Prices are expected to be especially high in Zimbabwe and Mozambique (in USD terms). In Gwanda, a deficit area of southern Zimbabwe, prices are expected to remain very high given the scarcity of maize grain market supplies during the post-harvest period. Maize grain is not likely to be available on markets at the start of the marketing year and households in that particular area will only have access to maize meal sourced from Bulawayo and South Africa. This was also the case during the 2012/13 marketing year.
- During the remainder of the lean season (December 2015 to March 2016), prices will continue to increase across the region. Price increases in Malawi are expected to continue to be mitigated by ADMARC’s subsidized maize prices. In Zimbabwe, the seasonal price increase is expected to begin in December (very late), however the magnitude of the increases are uncertain given the atypical price behaviour exhibited in the country thus far.
- Current weather forecasts indicate below-average rainfall during the upcoming season, generating concerns over the 2016 harvest levels and market behavior implications for the 2016/17 marketing year. Given these uncertainties, prices may increase more than they typically do during the peak of the lean season, between January and March 2016.
- In April 2016, instead of seasonally decreasing at the start of the harvest period, maize prices are expected to stay atypically stable and then begin to increase again in the deficit countries earlier than usual. Prices in South Africa and Zambia may seasonally decrease, but less than average.
- Furthermore, in Zambia, South Africa, and Malawi, price trends may depend on the currency depreciation which has been volatile and unpredictable (**Figures 5, 6, and 7**). Ongoing depreciation of currencies throughout the region vis-à-vis the USD may impact import and export parity prices (**Figure 10**).

Figure 5. Lusaka, Zambia maize prices in USD and ZMK, 2015

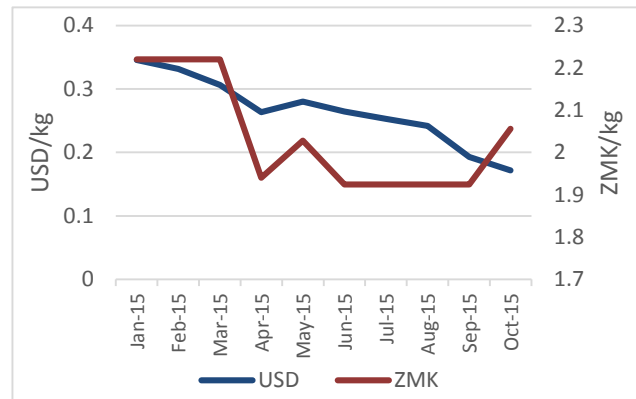


Figure 6. South Africa maize prices in USD and ZAR, 2015

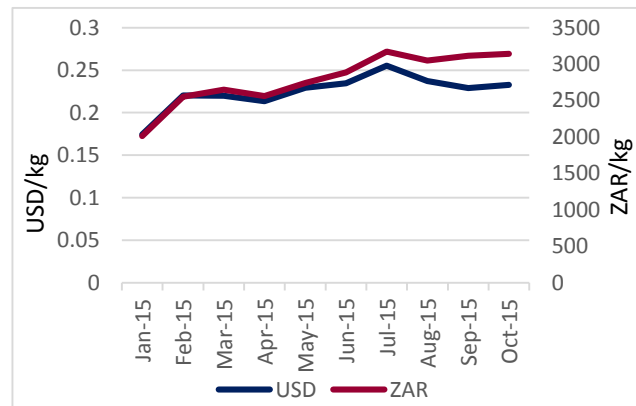
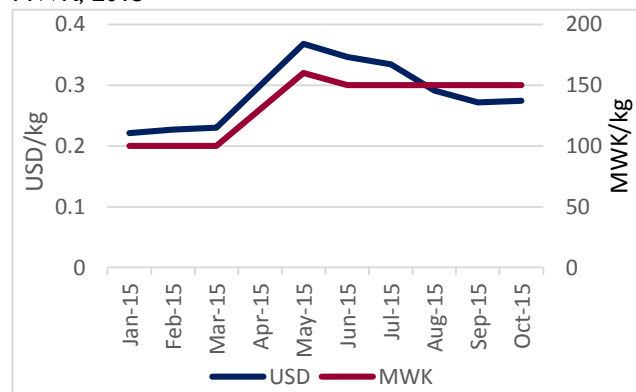


Figure 7. Lilongwe, Malawi maize prices in USD and MWK, 2015



Source: FEWS NET.

Figure 8. Maize price projections in structurally-surplus areas December 2015 – March 2016

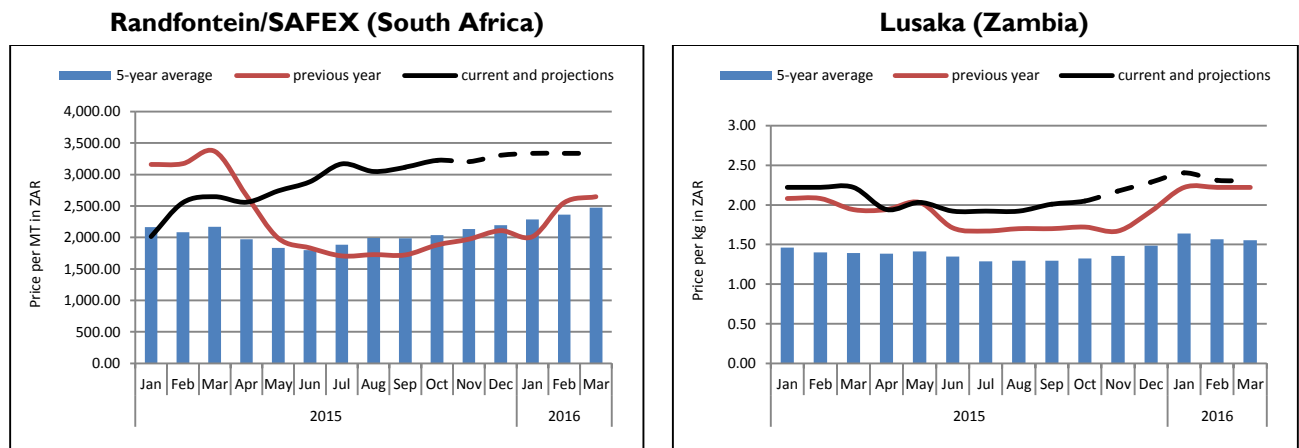


Figure 9. Maize price projections in structurally-deficit areas December 2015 – March 2016

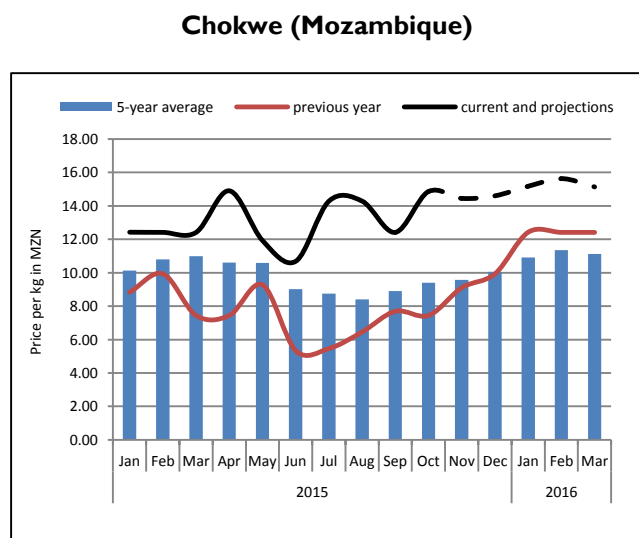
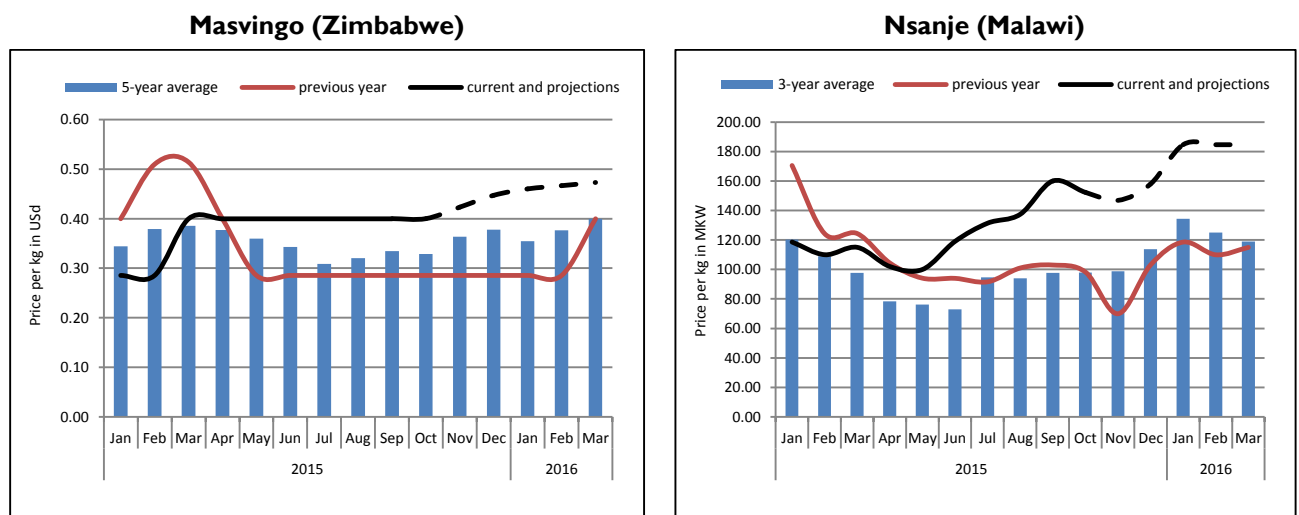
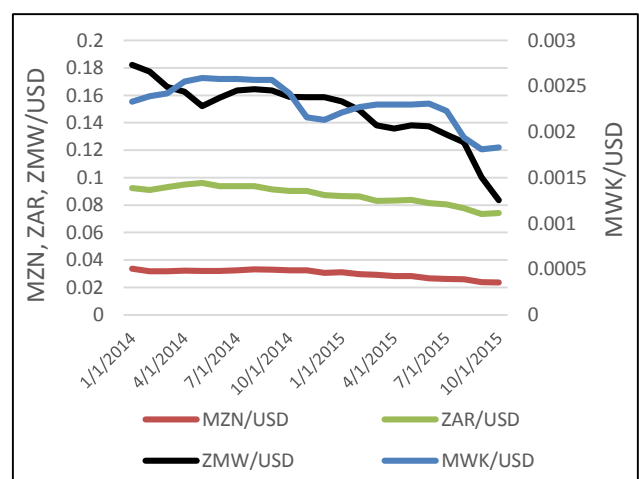


Figure 10. Regional exchange rates



Source: FEWS NET

Southern Africa Cereal Supply Projections 2015/16

Country	Item	2014/15	5-year average (14/15)	2015/16 estimate 11/05/2015	% change over one year	% change over 5 year average	Change one year	Change 5 year average
Botswana	Harvest	35	22	15	-57%	-32%	▼	▼
Botswana	Opening Stocks	10	10	3	-70%	-70%	▼	▼
Botswana	Total Supply	45	32	18	-60%	-44%	▼	▼
Botswana	Requirements	177	146	216	22%	48%	▲	▲
Botswana	SGR Carry over	38	32	40	5%	25%	►	▲
Botswana	Total Requirements	215	178	256	19%	44%	▲	▲
Botswana	Self sufficiency	21%	18%	7%	-67%	-61%	▼	▼
Lesotho	Harvest	86	83	74	-14%	-11%	▼	▼
Lesotho	Opening Stocks	25	25	43	72%	72%	▲	▲
Lesotho	Total Supply	111	108	117	5%	8%	►	►
Lesotho	Requirements	246	252	247	0%	-2%	-	►
Lesotho	SGR Carry over	2	2	2	0%	0%	-	►
Lesotho	Total Requirements	248	254	249	0%	-2%	-	►
Lesotho	Self sufficiency	45%	43%	47%	4%	9%	►	►
Malawi	Harvest	3929	3701	2418	-38%	-35%	▼	▼
Malawi	Opening Stocks	2	87	67	3250%	-23%	▲	▼
Malawi	Total Supply	3931	3788	2485	-37%	-34%	▼	▼
Malawi	Requirements	3298	2961	2731	-17%	-8%	▼	►
Malawi	SGR Carry over	150	118	115	-23%	-3%	▼	►
Malawi	Total Requirements	3448	3079	2846	-17%	-8%	▼	►
Malawi	Self sufficiency	114%	123%	87%	-24%	-29%	▼	▼
Mozambique	Harvest	1858	1745	1745	-6%	0%	►	►
Mozambique	Opening Stocks	40	157	393	883%	150%	▲	▲
Mozambique	Total Supply	1898	1902	2138	13%	12%	▲	▲
Mozambique	Requirements	2330	2212	2330	0%	5%	-	►
Mozambique	SGR Carry over	10	10	10	0%	0%	-	►
Mozambique	Total Requirements	2340	2222	2340	0%	5%	-	►
Mozambique	Self sufficiency	81%	86%	91%	12%	6%	▲	►
Namibia	Harvest	68	61	38	-44%	-38%	▼	▼
Namibia	Opening Stocks	10	10	17	70%	70%	▲	▲
Namibia	Total Supply	78	71	55	-29%	-23%	▼	▼
Namibia	Requirements	149	159	163	9%	3%	►	►
Namibia	SGR Carry over	10	10	10	0%	0%	-	►
Namibia	Total Requirements	159	169	173	9%	2%	►	►
Namibia	Self sufficiency	49%	42%	32%	-35%	-24%	▼	▼

Southern Africa Cereal Supply Projections 2015/16

Country	Item	2014/15	5-year average (14/15)	2015/16 estimate 11/05/2015	% change over one year	% change over 5 year average	Change one year	Change 5 year average
South Africa	Harvest	13890	12652	10514	-24%	-17%	▼	▼
South Africa	Opening Stocks	594	1494	2074	249%	39%	▲	▲
South Africa	Total Supply	14484	14146	12588	-13%	-11%	▼	▼
South Africa	Requirements	11056	10800	11081	0%	3%	-	►
South Africa	SGR Carry over	1128	1113	1193	6%	7%	►	►
South Africa	Total Requirements	12184	11913	12274	1%	3%	►	►
South Africa	Self sufficiency	119%	119%	103%	-13%	-13%	▼	▼
Swaziland	Harvest	101	84	94	-7%	12%	►	▲
Swaziland	Opening Stocks	2	1	3	50%	200%	▲	▲
Swaziland	Total Supply	103	85	97	-6%	14%	►	▲
Swaziland	Requirements	119	114	147	24%	29%	▲	▲
Swaziland	SGR Carry over	0	2	12	#N/A	500%	#N/A	▲
Swaziland	Total Requirements	119	116	159	34%	37%	▲	▲
Swaziland	Self sufficiency	87%	73%	61%	-30%	-16%	▼	▼
Zambia	Harvest	3351	2910	2618	-22%	-10%	▼	▼
Zambia	Opening Stocks	597	594	1345	125%	126%	▲	▲
Zambia	Total Supply	3948	3504	3963	0%	13%	-	▲
Zambia	Requirements	2295	2023	2587	13%	28%	▲	▲
Zambia	SGR Carry over	500	388	500	0%	29%	-	▲
Zambia	Total Requirements	2795	2411	3087	10%	28%	▲	▲
Zambia	Self sufficiency	141%	145%	128%	-9%	-12%	►	▼
Zimbabwe	Harvest	1456	1200	742	-49%	-38%	▼	▼
Zimbabwe	Opening Stocks	320	269	648	103%	141%	▲	▲
Zimbabwe	Total Supply	1776	1469	1390	-22%	-5%	▼	►
Zimbabwe	Requirements	1427	1767	1780	25%	1%	▲	►
Zimbabwe	SGR Carry over	0	221	255	#N/A	15%	▲	▲
Zimbabwe	Total Requirements	1427	1988	2035	43%	2%	▲	►
Zimbabwe	Self sufficiency	124%	74%	68%	-45%	-8%	▼	►
Regional Total	Harvest	24774	22458	18258	-26%	-19%	▼	▼
Regional Total	Opening Stocks	1600	2647	4593	187%	74%	▲	▲
Regional Total	Total Supply	26374	25105	22851	-13%	-9%	▼	►
Regional Total	Requirements	21097	20434	21282	1%	4%	►	►
Regional Total	SGR Carry over	1838	1896	2137	16%	13%	▲	▲
Regional Total	Total Requirements	22935	22330	23419	2%	5%	►	►
Regional Total	Self sufficiency	115%	112%	98%	-15%	-13%	▼	▼