

REGIONAL MAIZE SUPPLY AND MARKET OUTLOOK UPDATE January 9, 2017

Southern Africa

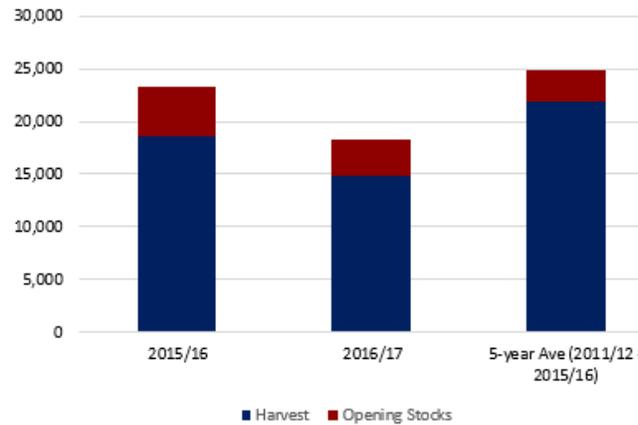
Key Messages

- Based on updated 2015/16 production, opening stock, consumption, and strategic reserve figures, the regional maize balance for the 2016/17 marketing year is now estimated to be a deficit of just over 5 million MT. On average, the region typically has an aggregate maize surplus of nearly 3,000,000 MT, making this year's shortage a significant anomaly (**Figure 1**). Zimbabwe's uncovered maize deficit remains the largest in the region, followed by Malawi and Mozambique.
- With the persistence of the maize export ban in Zambia, the main source of imports for maize deficit region's in the country will remain international imports, including those supplies re-exported from South Africa. Maize supplies are expected to be constrained through the lean season and prices will remain well above average across the region, especially in Malawi and Mozambique.
- Limited seed availability coupled with persistently low vegetative status following last year's drought may constrain regional production for another year and should be monitored closely.

UPDATED 2016/17 MARKETING YEAR (April 2016 – March 2017) MAIZE SUPPLY ESTIMATES

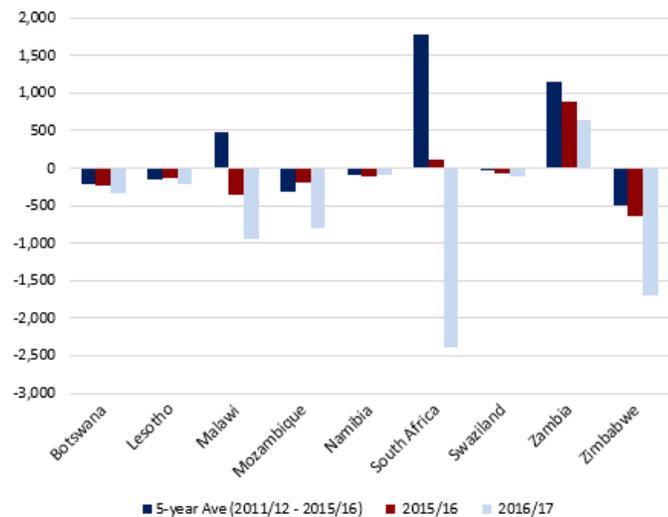
- The maize deficit for Mozambique is slightly lower than originally estimated based on updated harvest and carry-over stock levels assessments (**Figure 2**). However, regional supply is still well below average, resulting in a very wide import gap (over 5 million MT). As of mid December 2016 Zimbabwe, Malawi, and Mozambique have the largest remaining maize deficits (**Table 1**).

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



Source: FEWS NET estimates.

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



Source: FEWS NET estimates.

ABOUT THIS REPORT

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 2016.

Table 1. Update on status of regional surpluses and deficits Regional (MT)

Country	Average net supply	Estimated net supply, no trade	Trade flows to date as of October, 2016	Estimated net supply as of December 20
Zambia	1,155,000 MT	635,000 MT	87,693 MT Exports	533,647 MT
South Africa	1,790,000 MT	-2,395,000 MT	1,663,000 MT Imports 486,000 MT Exports	- 454,000 MT
Malawi	485,000 MT	-953,000 MT	200,000 MT Imports	-600,000 MT
Mozambique	-318,000 MT	-500,000 MT	40,000 MT Imports	N/A, substantial
Zimbabwe	-507,000 MT	-1,748,000 MT	516,000 MT	-1.1 million MT

Note: Does not account for regional informal trade in a substantive manner. Findings from a 2016 FEWS NET Market assessment suggest these trade flows are likely significant, especially informal exports from Zambia.

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

REGIONAL MAIZE TRADE SINCE APRIL 2016

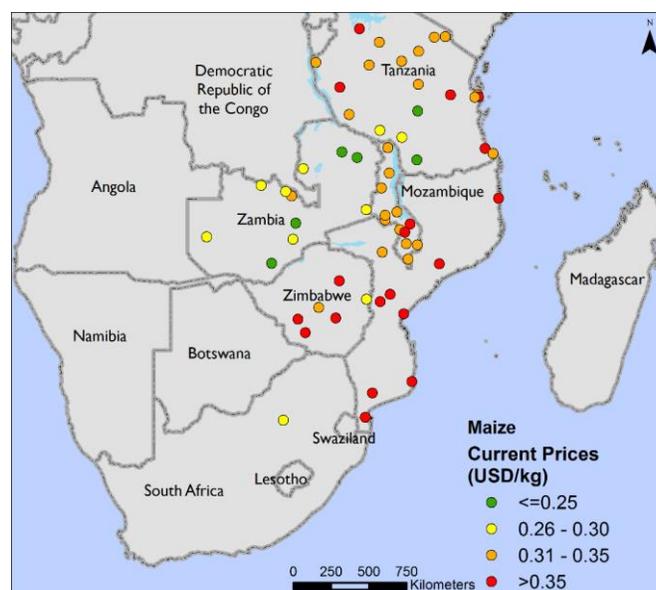
- As projected, the capacity of the private sector and government to import in order to offset the substantial deficits has varied widely across countries in Southern Africa. South Africa is well integrated with international grain markets and has been able to quickly and persistently import above average volumes from international markets, which have been used for domestic consumption and for re-export to regional markets (Table 1). The Government and private sector in Zimbabwe has managed to import over 500,000 MT of maize as of October 2016, which is at an above average rate. Malawi and Mozambique's capacity to import above normal levels of maize grain imports has been very limited.
- After playing a major role in regional maize supply and trade dynamics during the 2015/16 marketing year, Zambia's role in regional supply and trade during the current marketing year has been limited due to the effects of an extended export ban. Zambia has formally exported very modest quantities to Zimbabwe and Malawi (Table 1). Informal trade with neighboring countries nevertheless persistent, but the quantities are not well understood. Due to high market prices and relatively low institutional purchase prices, the Food Reserve Agency (FRA) was unable to purchase the targeted quantities for the current marketing year in Zambia. This has resulted in an atypically large role of the private sector (private traders) in domestic supply and trade.

CURRENT PRICE TRENDS

- November 2016 maize prices are highest in Zimbabwe, Mozambique, and parts of Tanzania (Figure 3). Maize prices remain above-average across the region (Figure 4). Maize prices increased seasonally across much of the region between October and November, with the progression of the lean season. In Zimbabwe, maize grain prices remained stable across much of the country between July and October due to the availability of large volumes of maize imported from regional and international markets and the availability of subsidized maize and maize meal (Table 2).

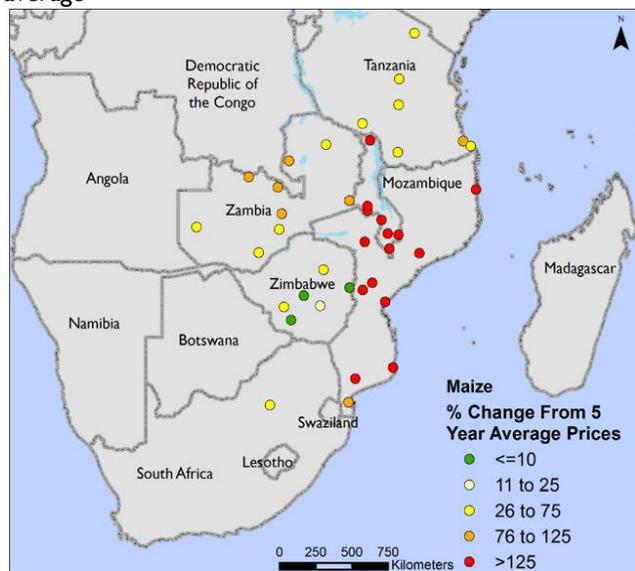
SUPPLY AND PRICE TRENDS THROUGH MARCH 2017

- South Africa will continue exporting to grain deficit countries while augmenting domestic supplies with international exports. While in kind humanitarian assistance is expected to increase in the coming months in Malawi and Zimbabwe, it is not clear how much of the cereal deficits will be offset by humanitarian imports.

Figure 3. November 2016 maize prices, (USD/kg)

Source: FEWS NET estimates

Figure 4. November 2016 maize prices compared to average



Source: FEWS NET estimates.

Table 2. Regional institutional and market maize grain prices (per kg), November, 2016

Country	Institutional		Market Price	
	Buy price	Sale price		
Malawi (MWK)	250.00	250.00	Min:	157.00
			Average:	219.00
			Max:	270.00
Mozambique (MZN)	N/A	N/A	Min:	22.89
			Average:	29.11
			Max:	45.71
Zambia (ZMW)	1.70	1.60	Min:	2.22
			Average:	2.54
			Max:	3.00
Zimbabwe (USD)	0.39	0.30	Min:	0.23
			Average:	0.38
			Max:	0.46

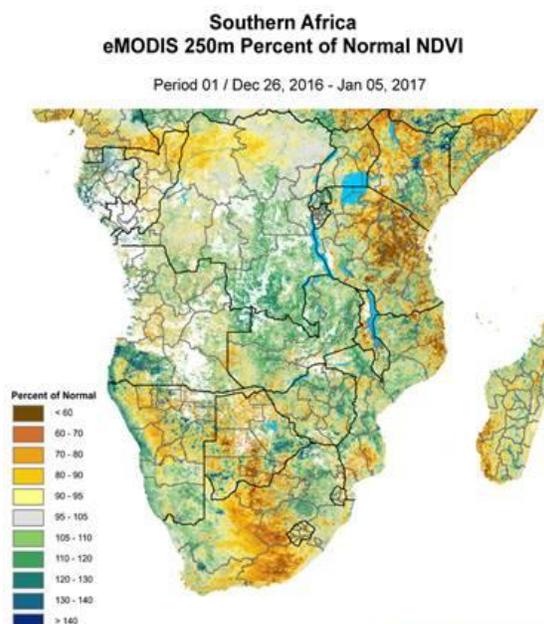
Source: FEWS NET estimates.

- Prices of maize are expected to continue increasing between December and February before starting to significantly decline between March and April when newly harvested maize starts to increase availability at household level easing demand pressure on the markets. Maize prices will remain well above their respective 2015 and five-year average levels between December and February as supplies will be below average. However, South Africa and Zimbabwe will be exceptions in that maize prices will not trend significantly above average due to influx of imported maize as well as food assistance and administered prices by the GMB in Zimbabwe. In Malawi and Mozambique maize prices may increase at higher than normal rates, particularly in February, at the peak of the lean season, because of uncovered cereal gaps.

ESTIMATED SUPPLY BEYOND MARCH 2017

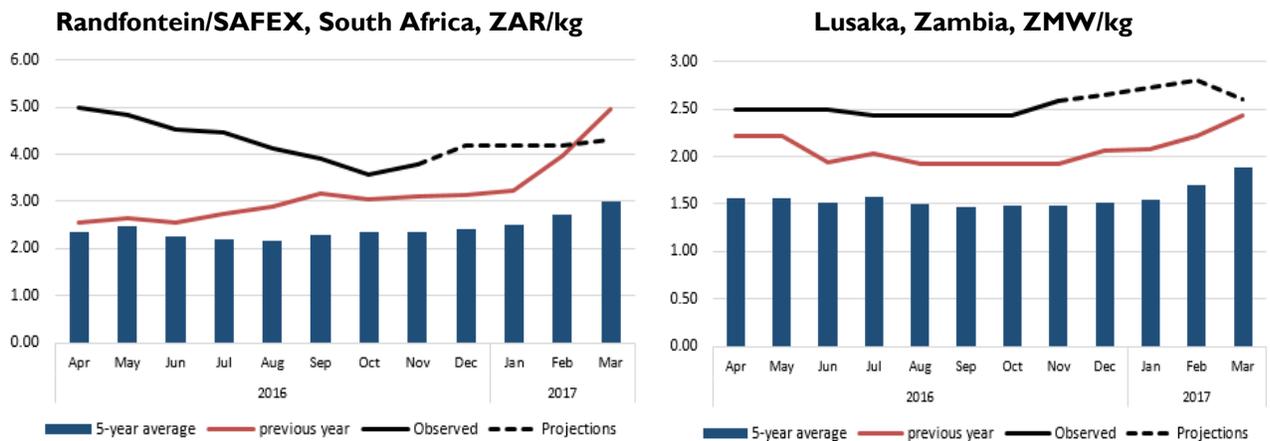
- Rains for the 2016/17 production (2017/18 Marketing) year are ongoing, and generally favorable ([SADC November 22, 2016](#)). Production may therefore be slightly higher than the previous season across most parts of the region. However, production may be constrained in Madagascar, Malawi, northern Tanzania, and northern Mozambique where sub-seasonal moisture deficits have been experienced (**Figure 5**). Limited availability of inputs (mainly seed) via producers, commercial seed traders and ongoing assistance measures may also constrain production in some parts of the region. As of December, 2016, the limited availability of seeds has been a limiting factor in terms of planting in a number of FEWS NET countries and should therefore be monitored closely in the coming weeks and months.

Figure 5. Southern Africa eMODIS 250m Percent of Normal NDVI, December 26, 2016 - January 05, 2017



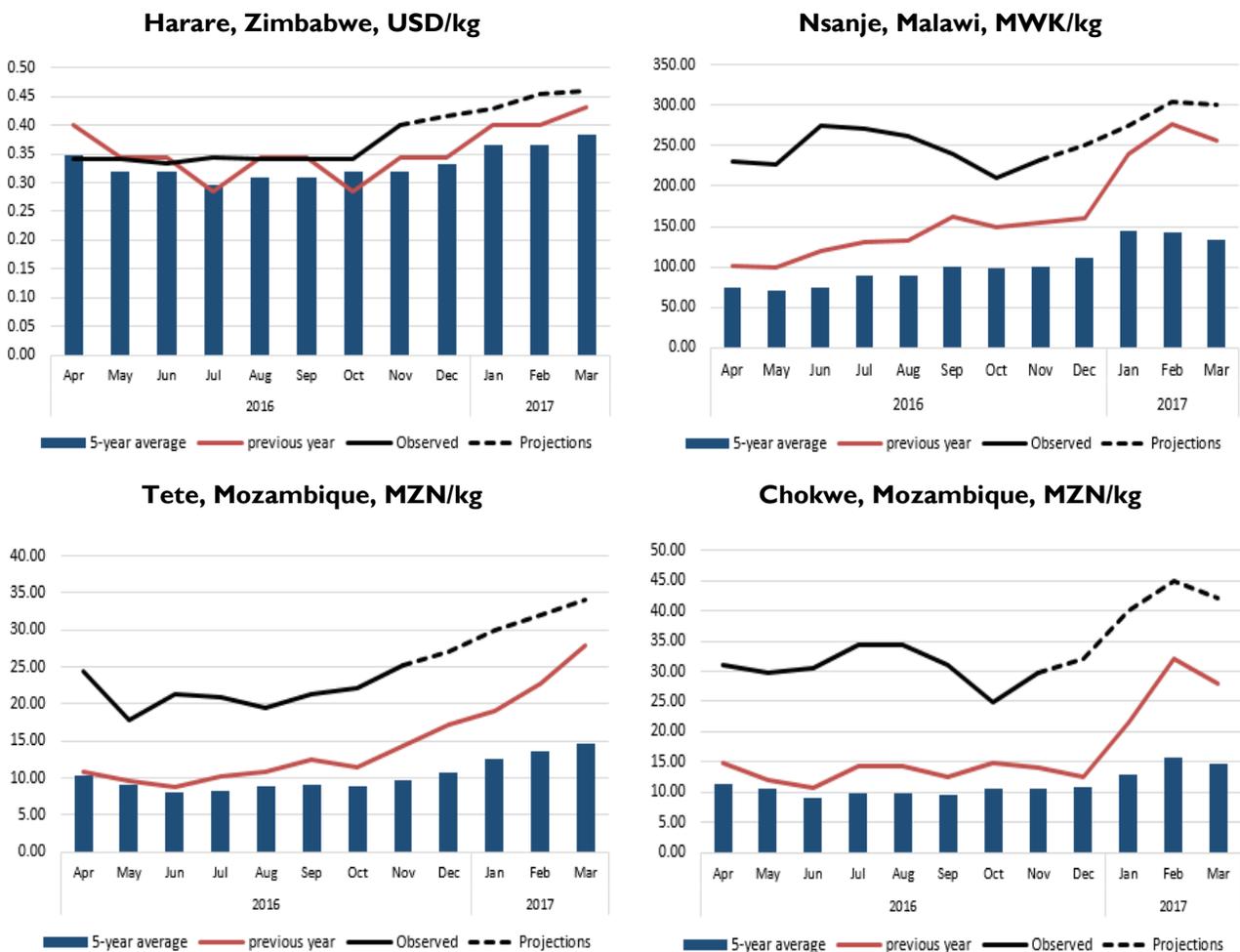
Source: USGS/EROS.

Figure 6. Maize price projections in structurally-surplus areas, December 2016 – March 2017



Source: FEWS NET estimates.

Figure 7. Maize price projections in structurally-deficit areas , December 2016 – March 2017



Source: FEWS NET estimates.