

SOUTHERN AFRICA

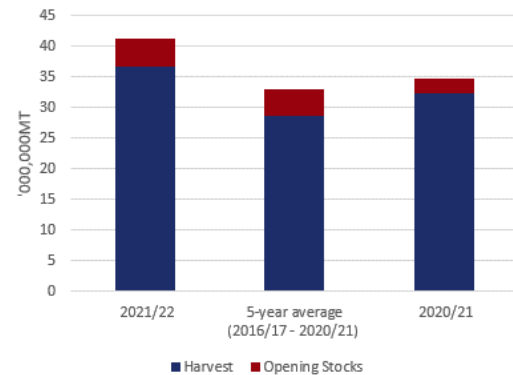
August 31, 2020

Regional Maize Supply and Market Outlook

KEY MESSAGES

- Maize supplies in Southern Africa are at their highest levels in the past decade, driven by above average production during the 2020/21 production year and above average regional opening stocks in the marketing year (MY) (**Figure 1**). Aggregate maize harvest and supply for MY 2021/22 are estimated at 12 percent above 2020/21 and 28 percent above the five-year average, with substantially above-average harvests in key maize producing countries (South Africa, Tanzania, and Zambia). Production and supplies are below average locally in drought-affected parts of southern Madagascar and northeastern Mozambique.
- South Africa, Zambia, Malawi, and Tanzania have a maize surplus in the 2021/22 MY while Zimbabwe and Mozambique are self-sufficient in maize (**Figure 2**). Angola has a minor maize deficit. Structurally grain deficit Botswana, Lesotho, Namibia and Eswatini (BLNE) and southern DRC will continue to source maize from regional markets. Mozambique and Madagascar have average rice import requirements that will be filled through imports from international markets.
- South Africa will continue exporting maize to international markets where prices are currently elevated. Given its strong trade linkages, prices in South Africa are expected to track international prices and transmit high prices to import dependent BLNE countries. Local prices are expected to remain above 2020 and average levels in South Africa and Zambia and the markets they serve. Prices in Tanzania and Malawi will remain below 2020 and average levels due to weak export demand. Global market trends and domestic exchange rate volatility will affect imported rice prices in Mozambique and Madagascar.
- While the outlook for regional maize availability is positive, household food access may be constrained by various factors. These include declining stocks with the progression of the marketing season or price transmission of elevated international prices to local markets in some countries, COVID-19 related disruptions to income-earning opportunities, poor macroeconomic trends, and the effects of ongoing local conflicts.
- Following the unrest in South Africa's Kwa Zulu Natal (KZN) and Gauteng provinces in mid-July, logistical networks linking ports to central warehouses and trading partners to the north (Mozambique, Zimbabwe, Zambia, and Namibia) were disrupted and distribution of food, fuel and medicines affected. While supply chain operations resumed shortly thereafter to their normal level under COVID-19 circumstances, the situation will continue to be monitored closely.

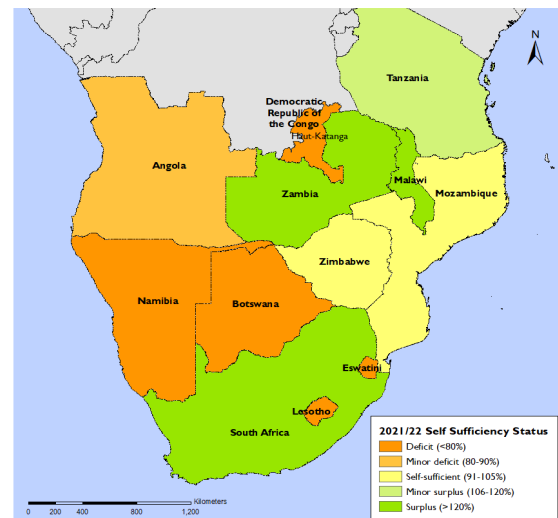
Figure 1. Regional maize supply estimates (000 000s MT)



Note: Figures presented in this chart include Angola, Botswana, DRC, Lesotho, Malawi, Mozambique, Namibia, South Africa, Eswatini, Tanzania, Zambia, and Zimbabwe.

Source: FEWS NET, IAPRI, WFP Estimates.

Figure 2. Maize Self-Sufficiency Status 2021/22 Marketing Year



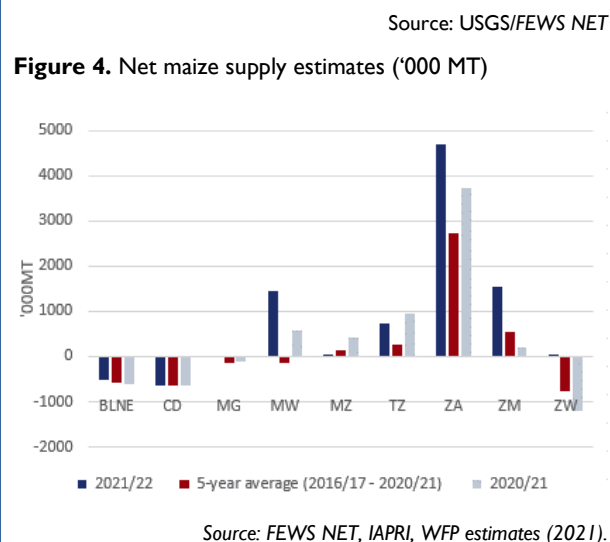
Source: FEWS NET, IAPRI, WFP estimates.

The Regional Supply and Market Outlook report provides a summary of regional staple food availability, surpluses and deficits during the current marketing year, projected price behavior, implications for local and regional commodity procurement, and essential market monitoring indicators. To learn more about typical market conditions in Southern Africa, readers are invited to explore the [Southern Africa Regional Maize Market Fundamentals Summary](#).

CURRENT MAIZE SUPPLY SITUATION 2021/22 MY¹

- Most of Southern Africa received cumulatively average to above-average rainfall, which supported crop growth during the 2020/21 rainy season (**Figure 3**). These favorable growing conditions resulted in above average domestic production in most parts of the region. However, conflict displaced producers and disrupted agricultural activities in some areas. Localized below average rainfall and/or flooding led to crop losses in affected areas Mozambique, Angola, Namibia, and South Africa. In Madagascar, severe drought conditions in the south led to widespread crop failure.
- Regional net maize supply in the 2021/22 marketing year (MY) is at its highest in the past decade following above-average production in the 2020/21 production year (**Annex I**). The effects of below-average opening stocks in South Africa, Zimbabwe, Mozambique, and Botswana, Lesotho, Namibia and Eswatini (BLNE) in 2021/22 MY (**Annex II**) were offset by above-average harvests in most countries across the region. An exception to this trend is Madagascar where maize harvests are below average owing to two consecutive drought seasons in the southern areas of the country.
- South Africa, the largest maize producer and exporter in the region has well above-average net maize supplies (4.6 million MT), having registered the second highest harvest this year (16.4 million MT), which is 23 percent above average (**Figure 4**). Zambia, the second leading regional exporter also has above-average net supplies (1.5 million MT), having realized a harvest 27 percent above average and exceptionally high opening stocks (53 per cent above average). Tanzania, which typically has a net surplus in maize, has net supplies of 0.7 million MT which also is above average. Malawi has record net supplies of 1.4 million MT, having realized a harvest 55 per cent above average and exceptionally high opening stocks 57 per cent above average.
- Since the beginning of the current marketing year, South Africa has exported yellow maize to international markets (i.e., Asia and Europe) because of high demand. Between April and July 2021, South Africa exported more than 800,000 MT of yellow maize grain (close to what was exported during the same period last year). While the typically maize-deficit countries of Mozambique and BLNE will continue to rely on regional supplies, this year's regional import gap is below average (**Annex II**). Domestic maize availability improved due to above average harvests in Zimbabwe, Mozambique, and BLNE countries. An exception to this trend is Madagascar where maize harvests are 12 percent below average, a trend that has been maintained for a fourth consecutive year. The rice supply deficit in Madagascar decreased compared to the previous season due to above average national production.

Figure 3. Seasonal Rainfall Accumulation Percent of Normal by Pentad, 2020 – 2021 season October - May



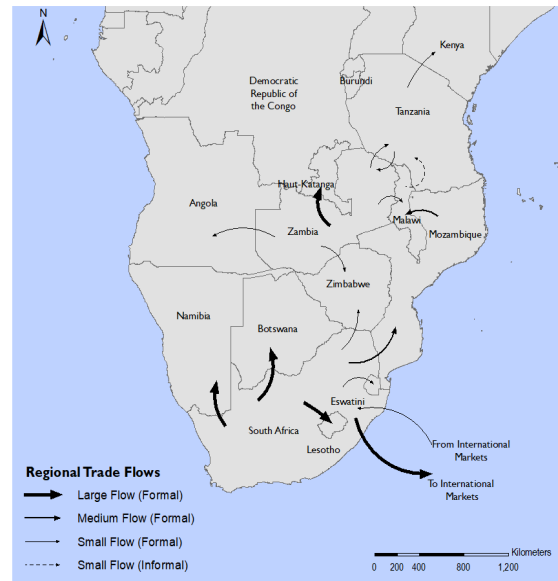
¹ The analysis in this report refers to white maize grain, unless otherwise specified.

- Informal maize trade in the region is subdued due to decreased demand in destination markets following the good harvests (Figure 6). The volume of trade is much lower compared to levels traded at this time in 2020/21MY. Surpluses from Zambia are being moved to DRC, Tanzania, and Angola. Maize is also being exported from Tanzania to DRC and East Africa, as is typically the case. Flows from parts of northern Mozambique into grain deficit southern parts of Malawi are also prominent and flows from northern Malawi to Tanzania are gathering pace due to price differences. Cross border flows of maize meal remain prominent between Zambia and DRC.
- Maize prices expressed in USD terms are trending down seasonally from a seasonal peak in December 2020 (Figure 7) across many markets in the region. While prices were on a downward trend in Malawi, Zimbabwe, Tanzania, and Madagascar, prices have remained atypically firm in South Africa. Maize meal prices also trended downwards in DRC during this same period. Prices in USA and Argentina were trending upwards due to strong global demand. Between Dec 2020 to June 2021, the dispersion of prices was least in South Africa (3%) due to predictable year-to-year supply and demand dynamics but highest in Malawi, DRC, and Zimbabwe due to unpredictable market shocks (Figure 7).
- Maize prices were above their five-year average levels in Zambia and South Africa due to gradual depreciation of the ZMW and strong export demand, respectively. Prices were below average in Malawi due to dumping of subsidized supplies onto markets and in Tanzania due to reduced export demand following stringent enforcement of mycotoxin tolerance levels on Kenyan maize imports from Tanzania (Figure 8). Prices were mixed in Mozambique, average in the north and central but above average in the south where markets are closely linked to South Africa.
- Parity prices (expressed in USD/kg) are comparatively low in Malawi and Zambia due to above average opening stocks and harvests (Figure 9). Meanwhile maize prices remained relatively elevated in Zimbabwe due to the combined effects of the volatile macroeconomic context and government setting of producer prices above prevailing market levels. In Mozambique, the recent appreciation of the MZN drove domestic prices to rise in USD terms.

MAIZE RESERVE REQUIREMENTS THROUGH MY 2021/22

- Given current national budget constraints, the capacity of state boards to purchase planned volumes of maize above prevailing market prices is expected to be limited. Not only is it a huge burden on national budgets but the distortion and business risk created is expected to squeeze private traders out of the market.

Figure 5. Estimated 2021/22 Regional Maize Trade Trends



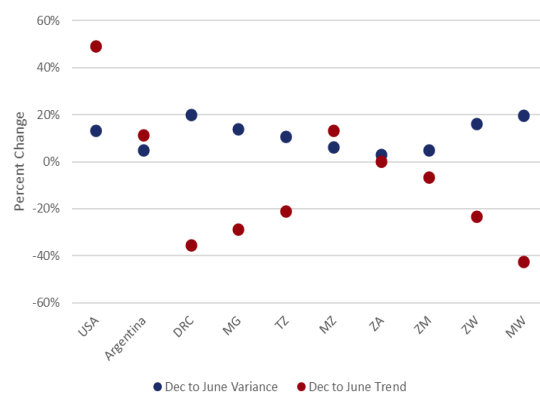
Source: FEWS NET.

Figure 6. Total volume of maize grain traded informally across borders, Southern Africa



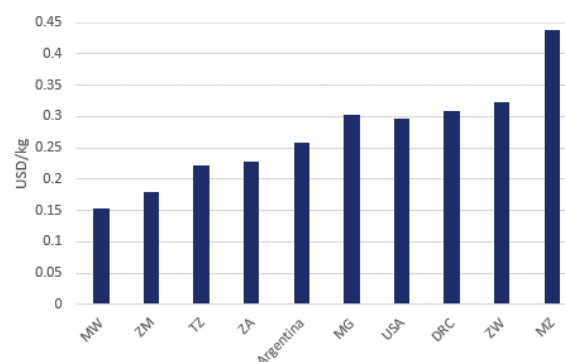
Source: FEWS NET, IAPRI, WFP estimates (2021).

Figure 7: Maize price (USD/kg) variance and trends (Dec 2020 to June 2021) for select markets



Source: FEWS NET estimates (2021).

- In Malawi, Agricultural Development and Marketing Corporation (ADMARC) and National Food Reserve Agency (NFRA) will purchase against typical targets of 300,000MT and 164,000MT, respectively, **(Table 1)**. The minimum producer price set by government for maize this year is 150 MWK/kg (down from 200 MWK/kg in previous season) but significantly above prevailing producer prices. Government opened a special window for maize exports and will be authorizing a formal exportable amount of 500,000 MT considering that there is an estimated surplus of around 1.3 million MT.
- In Zambia, Food Reserve Agency (FRA) will purchase maize at 3 ZMK/kg up from 2.2 ZMK/kg the previous season and above prevailing producer prices. FRA plans to purchase between 0.5 and 1 million MT this season an amount which is atypical. With the maize export ban lifted, farmers are expected to benefit from regional prices **(Figure 9)**. Export permits are being issued for both maize grain and flour mostly destined for the DRC market, but recent suspension of export permit issuance for animal feed will discourage private traders looking to export a near record net surplus of 1.5 million MT.
- In Zimbabwe, the Grain Marketing Board (GMB) is purchasing maize at a producer price of 32 ZWL/kg for the 2021/2022 MY. GMB's cost-plus profit margin price offer is above prevailing market levels. Through Statutory Instrument (SI) 145 of 2019, GMB will purchase all uncontracted maize from farmers and movement restrictions of maize will remain in force throughout 2021/22 MY. Grain movement restrictions will result in supply of more expensive industrial maize meal while creating artificial grain shortages especially for consumers in grain deficit areas. In addition, imports and exports of maize grain remain prohibited so domestic producers have a guaranteed maize market. Grain millers are expected to get their requirements from the GMB.

Figure 9: Comparison of June 2021 maize prices (USD/kg)

Source: FEWS NET estimates (2021).

Table 1: Government institutional maize purchase plans in select countries

Country	Institution	Opening Stock (MT)	Volume of Planned purchase (MT)	Currency	Institution Producer Price/MT	Institution selling price/MT	Prevailing June market producer price/MT	Prevailing June Retail Price/MT
ZW	GMB	0	1,800,000	ZWL	32,000	32,000	14,700	24,360
ZM	FRA	363,525	500,000 – 1,000,000	ZMK	3,000	No data available	2,800	2,980
MW	ADMARC & NFRA	139,382	464,000	MWK	150,000	160,000	100,000	140,000
TZ	NFRA	110,398	250,000	TZS	380,000	No data available	355,000	690,000

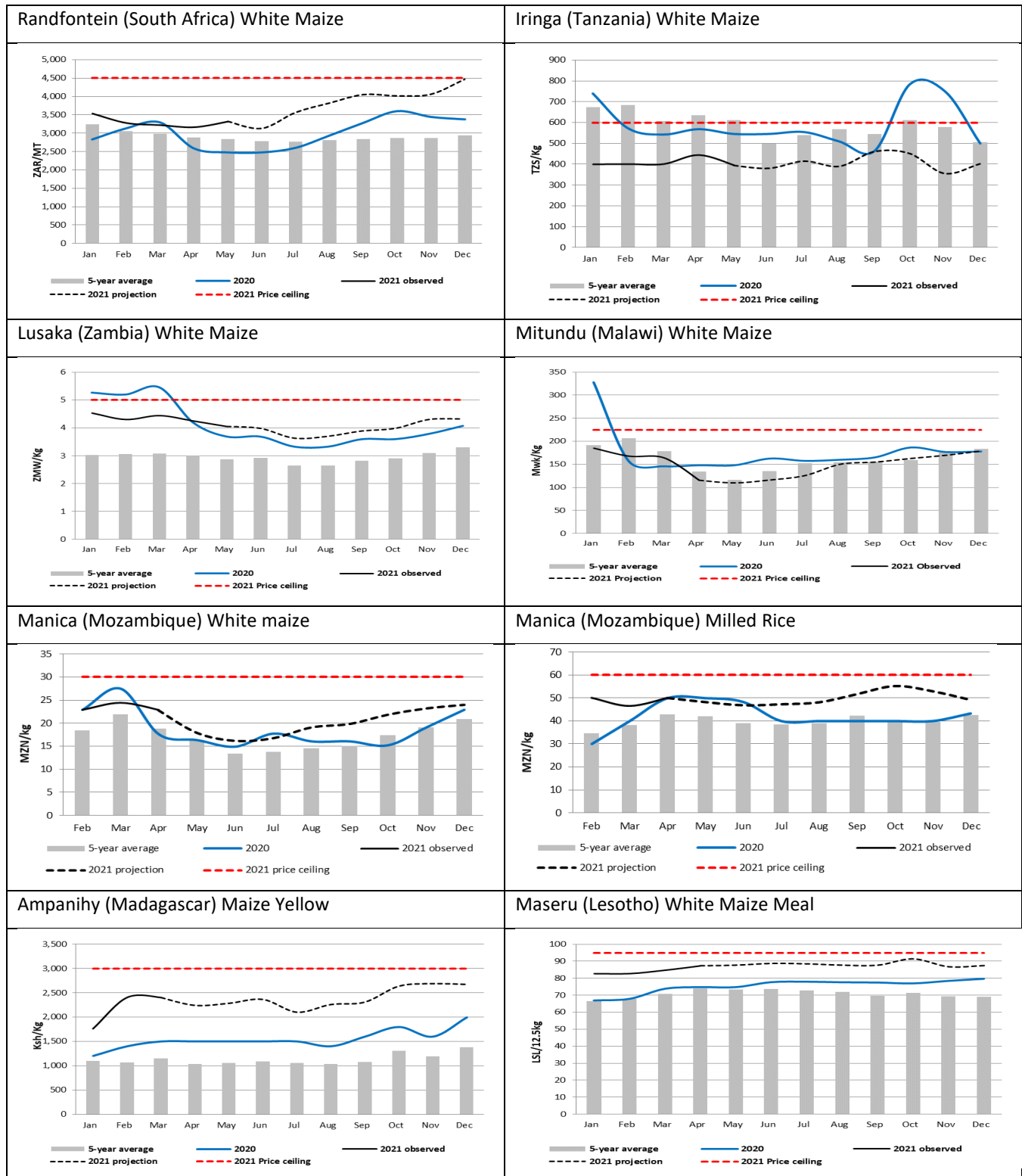
Source: FEWS NET estimates (2021).

PROJECTED MARKET TRENDS FOR 2021/22

- Marketable maize surpluses in South Africa, Zambia and Tanzania are expected to minimize national deficits within the region as per the norm. Formal and informal trade are expected to move surpluses around the region without major restrictions. Typical trade routes in 2021/22MY will be South Africa to Botswana, Lesotho, Namibia, Swaziland, Mozambique, and Zimbabwe; Zambia to DRC, Malawi, Tanzania, Angola, and Zimbabwe; Mozambique to Malawi; Malawi to Tanzania **(Figure 5)**. Even though South Africa's exports in 2020/21 MY were a record 2.5 million MT from a net surplus of 3.7 million MT, the net surplus position in 2021/22 is 4.6 million MT and exports are expected to exceed the five-year average of 1.8 million MT. Informal flows may remain subdued during the remainder of the season as domestic availability is better than last year.
- In most countries, maize grain prices are expected to follow seasonal trends above prior year levels and five-year average levels for the remainder of the marketing year **(Figure 10)**. The exception to this trend is Malawi and Tanzania due to low export demand. In Zambia, domestic maize prices are likely to remain competitive throughout the marketing year but

prices in South Africa are expected to track rising international prices and transmit high prices to import-dependent neighboring countries.

Figure 10: Maize price projections for selected regional markets May 2021 - Dec 2021



Source: FEWS NET estimates based on national market information system data 2021

MARKET MONITORING INDICATORS FOR 2021/22 MARKETING YEAR

Indicator	Justification
International maize prices	South Africa is likely to continue exporting to international markets and BLNE. Strong export demand may draw on net supplies from South Africa and elevate prices which could be transmitted to regional markets. Export parity prices should be monitored closely.
Regional maize trade flows	Regional maize grain and maize meal exports (private sector and government; formal and informal) volumes from Zambia, Tanzania, Malawi will assure that the needs of other maize deficit countries in the region will be met. Formal and informal trade flows, as well as prices should be monitored closely.
Disruption of supply chains and logistical networks in Southern Africa	Disturbances in South Africa's KwaZulu-Natal and Gauteng provinces in mid-July caused a decline in the movement of food, fuel, and other commodities in the country and across borders. While operations resumed, logistical networks have backlogs in deliveries. Any potential resurgence of unrest should be monitored.
SGR Purchases and Releases	Purchases and releases by national SGR have the potential to affect market behavior significantly. The status of government purchase plans and policies in Malawi, Zimbabwe, Tanzania, and Zambia will be monitored.
Currency fluctuations	The behavior of regional currencies vis-à-vis the USD affects maize and maize meal import and export parity prices. The macroeconomic context in Zimbabwe, Mozambique and Zambia will be monitored as the currency instability may have a negative impact on domestic food prices.
COVID 19 market and trade restrictions	While improved food availability will cushion households from severe food insecurity, the slowdown in economic activity and loss of income due to the pandemic will continue affecting food accessibility. The cases of infections and deaths and lockdown levels will be monitored.

Source: Authors' elaboration.

Annex I. Regional maize balance sheet, including Tanzania and DRC- Haut Katanga (April – March) in '000 MT

Item	2020/21	2021/22	5-year average (2016/17 - 2020/21)	% Change over one year	% change over five years	Change one year	Change 5-year average
Harvest	32,759	36,607	28,592	11.7%	28.0%	▲	▲
Opening Stocks	2,466	4,529	4,307	83.6%	5.2%	▲	►
Supply	35,225	41,136	32,899	16.8%	25.0%	▲	▲
Requirements	29,248	30,030	29,115	2.7%	3.1%	►	►
SGR Carry over	2,543	3,759	2,190	47.8%	71.7%	▲	▲
Net Supply	3,434	7,348	1,594	113.9%	360.9%	▲	▲
Self sufficiency	111%	122%	105%	9.9%	15.8%	▲	▲

Note: This table considers data from Botswana, DRC (Haut-Katanga), Lesotho, Malawi, Mozambique, Namibia, South Africa, Eswatini, Tanzania, Zambia, and Zimbabwe. Self sufficiency is defined as supply divided by the sum of requirements and the SGR carry over.

Source: FEWS NET, IAPRI, WFP Estimates based on SAGIS, SADC, FAO/GIEWS, and Ministry of Agriculture data.

Annex II. Maize balance sheets by country² (in '000 MT)

Country	Item	2020/21	2021/22	5-year average (2016/17 - 2020/21)	% Change over one year	% change over five years	Change one year	Change 5- year average
Angola	Harvest	2,097	1,842	2,457	-12.1%	-25.0%	▼	▼
Angola	Opening Stocks	0	140	140		0.0%	-	▼
Angola	Supply	2,097	1,982	2,596	-5.5%	-23.7%	▼	▼
Angola	Requirements	1,923	2,336	2,336	21.5%	0.0%	▲	►
Angola	SGR Carry over	0	0	3	-	-100.0%	-	▼
Angola	Net Supply	174	-354	257	-303.6%	-238.0%	▼	▼
Angola	Self sufficiency	109%	85%	111%	-22.2%	-23.5%	▼	▼
Botswana	Harvest	7	67	9	820.6%	643.1%	▲	▲
Botswana	Opening Stocks	3	3	2	5.7%	49.6%	►	▲
Botswana	Supply	10	70	11	592.0%	535.1%	▲	▲
Botswana	Requirements	120	269	221	124.2%	21.5%	▲	▲
Botswana	SGR Carry over	0	0	24	-	-	▲	▲
Botswana	Net Supply	-110	-199	-218	-	-	-	-
Botswana	Self sufficiency	8%	26%	5%	208.7%	422.8%	▲	▲
DRC – H. Katanga	Harvest	237	182	182	-23.2%	-0.2%	▼	►
DRC – H. Katanga	Opening Stocks	0	0	0	-	-	-	-
DRC – H. Katanga	Supply	237	182	182	-23.2%	-0.2%	▼	►
DRC – H. Katanga	Requirements	879	815	815	-7.3%	0.0%	▼	►
DRC – H. Katanga	SGR Carry over	0	0	0	-	-	-	-
DRC – H. Katanga	Net Supply	-642	-633	-633	-1.4%	0.0%	►	►
DRC – H. Katanga	Self sufficiency	27%	22%	22%	-17.2%	-0.2%	▼	►
Eswatini	Harvest	87	100	85	14.9%	17.0%	▲	▲
Eswatini	Opening Stocks	2	7	2	250.0%	182.3%	▲	▲
Eswatini	Supply	89	107	88	20.2%	21.7%	▲	▲
Eswatini	Requirements	139	149	137	7.2%	8.4%	▲	▲
Eswatini	SGR Carry over	3	30	1	900.0%	1927.0%	▲	▲
Eswatini	Net Supply	-53	-72	-51	35.8%	41.1%	▲	▲
Eswatini	Self sufficiency	63%	60%	63%	-4.6%	-5.5%	►	▼
Lesotho	Harvest	35	72	72	105.7%	0.0%	▲	►
Lesotho	Opening Stocks	30	30	30	0.0%	-0.4%	►	►
Lesotho	Supply	65	102	102	56.9%	-0.1%	▲	►
Lesotho	Requirements	263	258	258	-1.9%	0.2%	►	►
Lesotho	SGR Carry over	0	1	1	-	25.0%	-	▲
Lesotho	Net Supply	-198	-157	-156	-20.7%	0.4%	▼	►
Lesotho	Self sufficiency	25%	39%	40%	59.3%	-0.3%	▲	►

⁸ Data for the 2020/21 marketing year (MY 2020/21) are FEWS NET/IAPRI/WFP estimates as of June 2020; ► denotes less than 5 percent and greater than 10 percent decrease; ▲ denotes greater than or equal to 10 percent increase; ▼ denotes less than or equal to 10 percent decrease.

Country	Item	2020/21	2021/22	5-year average (2016/17 - 2020/21)	% Change over one year	% change over five years	Change one year	Change 5- year average
Madagascar	Harvest	215	225	255	4.7%	-11.8%	►	▼
Madagascar	Opening Stocks	0	0	0	-	-	-	-
Madagascar	Supply	215	225	255	4.7%	-11.8%	►	▼
Madagascar	Requirements	315	252	404	-20.0%	-37.6%	▼	▼
Madagascar	SGR Carry over	0	0	0	-	-	-	-
Madagascar	Net Supply	-100	-27	-149	-73.0%	-81.9%	▼	▼
Madagascar	Self sufficiency	68%	89%	63%	30.8%	41.4%	▲	▲
Malawi	Harvest	3,786	4,582	2,888	21.0%	58.7%	▲	▲
Malawi	Opening Stocks	254	420	268	65.5%	56.9%	▲	▲
Malawi	Supply	4,040	5,002	3,156	21.4%	55.3%	▲	▲
Malawi	Requirements	3,446	3,521	3,182	2.2%	10.7%	►	▲
Malawi	SGR Carry over	3	42	107	1300.0%	-60.7%	▲	▼
Malawi	Net Supply	591	1,439	-133	128.0%	-1097.8%	▲	▼
Malawi	Self sufficiency	117%	138%	96%	17.5%	43.3%	▲	▲
Mozambique	Harvest	2,126	2250	2,138	5.8%	5.2%	▲	▲
Mozambique	Opening Stocks	603	138	310	-77.1%	-55.5%	▼	▼
Mozambique	Supply	2,729	2,388	2,448	-12.5%	-2.4%	▼	►
Mozambique	Requirements	2,302	2328	2,310	1.1%	0.8%	►	►
Mozambique	SGR Carry over	9	10	9	8.7%	10.6%	▲	▲
Mozambique	Net Supply	418	50	128	-88.0%	-61.0%	▼	▼
Mozambique	Self sufficiency	118%	102%	106%	-13.5%	-3.2%	▼	►
Namibia	Harvest	64	86	56	34.7%	53.9%	▲	▲
Namibia	Opening Stocks	26	75	28	188.1%	171.4%	▲	▲
Namibia	Supply	90	161	84	79.0%	92.7%	▲	▲
Namibia	Requirements	196	198	184	1.0%	7.6%	►	▲
Namibia	SGR Carry over	10	10	10	0.0%	0.0%	►	►
Namibia	Net Supply	-106	-37	-100	-	-	-	-
Namibia	Self sufficiency	46%	77%	43%	77.3%	79.7%	▲	▲
South Africa	Harvest	15,408	16,431	13,316	6.6%	23.4%	▲	▲
South Africa	Opening Stocks	1,001	2,117	2,303	111.5%	-8.1%	▲	▼
South Africa	Supply	16,409	18,548	15,619	13.0%	18.8%	▲	▲
South Africa	Requirements	11,417	11,469	11,678	0.5%	-1.8%	►	►
South Africa	SGR Carry over	1,268	2,398	1,200	89.1%	99.8%	▲	▲
South Africa	Net Supply	3,724	4,681	2,742	25.7%	70.7%	▲	▲
South Africa	Self sufficiency	129%	134%	121%	3.4%	10.3%	►	▲

Country	Item	2020/21	2021/22	5-year average (2016/17 - 2020/21)	% Change over one year	% change over five years	Change one year	Change 5- year average
Tanzania	Harvest	6,711	6500	5,780	-3.1%	12.4%	►	▲
Tanzania	Opening Stocks	268	898	421	235.1%	113.2%	▲	▲
Tanzania	Supply	6,979	7,398	6,202	6.0%	19.3%	▲	▲
Tanzania	Requirements	5,790	6,400	5,645	10.5%	13.4%	▲	▲
Tanzania	SGR Carry over	250	268	278	7.2%	-3.5%	▲	►
Tanzania	Net Supply	939	730	279	-22.3%	161.9%	▼	▲
Tanzania	Self sufficiency	116%	111%	105%	-4.0%	6.0%	►	▲
Zambia	Harvest	3,387	3620	2,853	6.9%	26.9%	▲	▲
Zambia	Opening Stocks	179	841	547	369.1%	53.7%	▲	▲
Zambia	Supply	3,567	4,461	3,400	25.1%	31.2%	▲	▲
Zambia	Requirements	2,357	2,432	2,297	3.2%	5.9%	►	▲
Zambia	SGR Carry over	1,000	500	560	-50.0%	-10.7%	▼	▼
Zambia	Net Supply	210	1,529	543	627.7%	181.6%	▲	▲
Zambia	Self sufficiency	106%	152%	119%	43.2%	27.9%	▲	▲
Zimbabwe	Harvest	907	2,717	1,210	199.6%	124.5%	▲	▲
Zimbabwe	Opening Stocks	100	0	395	-100.0%	-100.0%	▼	▼
Zimbabwe	Supply	1,007	2,717	1,606	169.8%	69.2%	▲	▲
Zimbabwe	Requirements	2,200	2,200	2,368	2.2%	-5.1%	►	▼
Zimbabwe	SGR Carry over	0	500	0	-	-	-	-
Zimbabwe	Net Supply	-1,193	17	-763	-	-	-	-
Zimbabwe	Self sufficiency	46%	101%	68%	116.1%	45.9%	▲	▲

Source: FEWS NET, IAPRI, WFP Estimates based on SAGIS, SADC, FAO/GIEWS, and Ministry of Agriculture data.