



Retail and Business Banking
Sector Economics
AgriBusiness
18 July 2024



Agri Trends: Grains and Oilseed Report

Ample global supplies continue to pressure CBOT grain and oilseed prices.

Maize: Good U.S. corn rating, coupled with expectations of large harvests in the U.S. weighed on CBOT corn prices, decreasing by 9.0% month-on-month. SAFEX yellow maize continued to trade above export parity prices while white maize prices continued to trade at a premium of about R1 300 to yellow maize. High white maize demand from neighboring countries continued to support prices, increasing by 44.7% compared to a year ago.

Wheat: In mid-July, CBOT wheat prices reached four-month lows, with notable declines for CBOT HRW wheat due to the pressure from advancing harvests in the northern hemisphere. CBOT wheat prices decreased by 5.0% compared to a month ago and remain notably lower compared to a year ago. July began with extreme weather conditions for the Western Cape, leading to excessive rainfall however little damage was reported on the crops. SAFEX wheat prices lost momentum, decreasing by 3.9% month-on-month on July 17 as lower global wheat prices continued to put pressure on local prices.

Oilseeds: The CBOT soybean market continued to lose momentum, decreasing by 3.9% week-on-week on July 17 and by 6.0% month-on-month. This decline is attributed to good production prospects for the 2024/25 U.S. season, with minimal concerns over supplies due to favorable weather conditions. CBOT soybean oil traded higher month-on-month, increasing by 6.3% on the back of firm U.S. biofuel demand. SAFEX soybean prices lost momentum month-on-month, decreasing by 5.0% following the global soybean price declines. SAFEX sunflower seed prices regained momentum following global sunflower seed price increases, increasing by 3.0% month-on-month.

Abrie Rautenbach
+27 67 417 1645
Abrie.Rautenbach@absa.africa

Marlene Louw
+27 60 881 2450
Marlene.Louw@absa.africa

Nkhensani Mashimbyi
+27 76 419 2926
Nkhensani.Mashimbyi@absa.africa

<https://www.absa.co.za/business/sector-solutions/agribusiness/agri-smart-insights/>

Agri Trends

Maize market trends

International maize market

According to the July World Agricultural Supply and Demand Estimate (WASDE) report, corn production for the U.S. is projected to increase by 1.6% on the back of increased area planted. Favorable weather during the production season led to better crop conditions compared to last season. The corn condition was rated 68% good-to-excellent on July 15, up from the 57% rating a year ago. The good U.S. corn rating, coupled with expectations of large harvests in the U.S. weighed on CBOT corn prices, decreasing by 9.0% month-on-month.

	R/US	Near-month CBOT corn (\$/ton)	USA YM Import parity Randfontein (R/ton)	US YM Export parity Randfontein (R/ton)	Argentina YM Export parity Randfontein (R/ton)
Price	18.17	156	4605	2952	2899
w/w	0.4%	-1.1%	0.8%	1.3%	1.4%
m/m	-0.1%	-9.0%	-5.2%	-10.6%	-8.7%
y/y	0.8%	-24.9%	-11.8%	-22.4%	-20.5%

Local maize market

SAFEX yellow maize continued to trade above export parity prices while white maize prices continued to trade at a premium of about R1 300 to yellow maize. Local estimated maize production cuts continued to present price support for both white and yellow maize, increasing by 4.4% and 6.3% week-on-week respectively. Production estimates suggest that South Africa barely maintained its net exporter status for white maize, producing just enough for local consumption with a minor surplus. However, the high demand from neighboring countries continues to support prices, increasing by 44.7% compared to a year ago.

	JSE WM spot price Randfontein (R/ton)	White maize Sep-24 (R/ton)	White maize Dec-24 (R/ton)	JSE YM spot price Randfontein (R/ton)	Yellow maize Sep-24 (R/ton)	Yellow maize Dec-24 (R/ton)
Price	5329	5373	5444	3964	4053	4154
w/w	4.4%	4.3%	4.6%	6.3%	6.2%	6.5%
m/m	5.0%	4.1%	-	-0.4%	-1.3%	-
y/y	44.7%	-	-	6.6%	-	-

Outlook

SAFEX maize prices are expected to continue trading higher year-on-year despite lower global maize prices and adequate local production underpinned by the high regional demand.

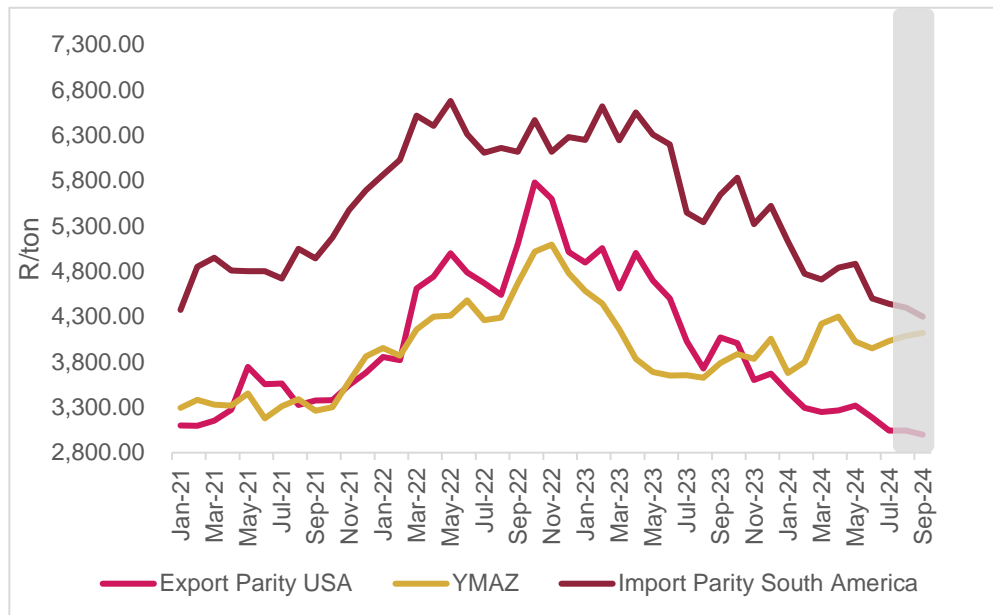


Figure 1: Yellow maize prices and price projections

*Section in grey represents Absa AgriBusiness forecasts

Wheat market trends

International wheat market

In mid-July, CBOT wheat prices reached four-month lows, with notable declines for CBOT HRW wheat due to the pressure from advancing harvests in the northern hemisphere. The U.S. winter wheat harvest was 71% complete on July 15, exceeding last year's pace by 18 percentage points. The USDA left production estimates for Russia unchanged at 83 million tons, down from 91.5 million tons last year as shown by the July WASDE report. Nevertheless, cheaper exportable supplies continue to flow from the Black Sea region, curbing demand for U.S. grain. As a result, CBOT wheat prices decreased by 5.0% compared to a month ago and remain notably lower compared to a year ago.

	R/USD	CBOT SRW (USD/t)	CBOT HRW (USD/t)
Price	18.17	195	202.2
w/w	0.4%	-1.3%	-8.9%
m/m	-0.1%	-5.5%	-5.3%
y/y	0.8%	-23.9%	-36.0%

Local wheat market

July began with extreme weather conditions for the Western Cape, leading to excessive rainfall however little damage was reported on the crops. The local wheat production sentiments remain optimistic. SAFEX wheat prices lost momentum, decreasing by 2.0% and 3.9% week-on-week and month-on-month respectively on July 17. Lower global wheat prices continue to put pressure on local prices.

	JSE spot price (R/ton)	Sep-24 (R/ton)	USA import parity (R/ton)
Price	6025	5980	5885
w/w	-2.0%	-1.7%	-3.4%
m/m	-3.9%	-5.9%	-2.2%
y/y	-11.2%	-	-18.5%

Outlook

SAFEX wheat prices will likely follow a decreasing trend over the coming weeks weighed by lower global wheat prices. The slight Black Sea export demand recovery due to lower prices noted over the past weeks is expected to limit excessive price decreases. Locally, continued rainfall in the major producing province poses a risk of excessive moisture, which might lead to crop stunting. This presents an upside price risk as the crop progresses.

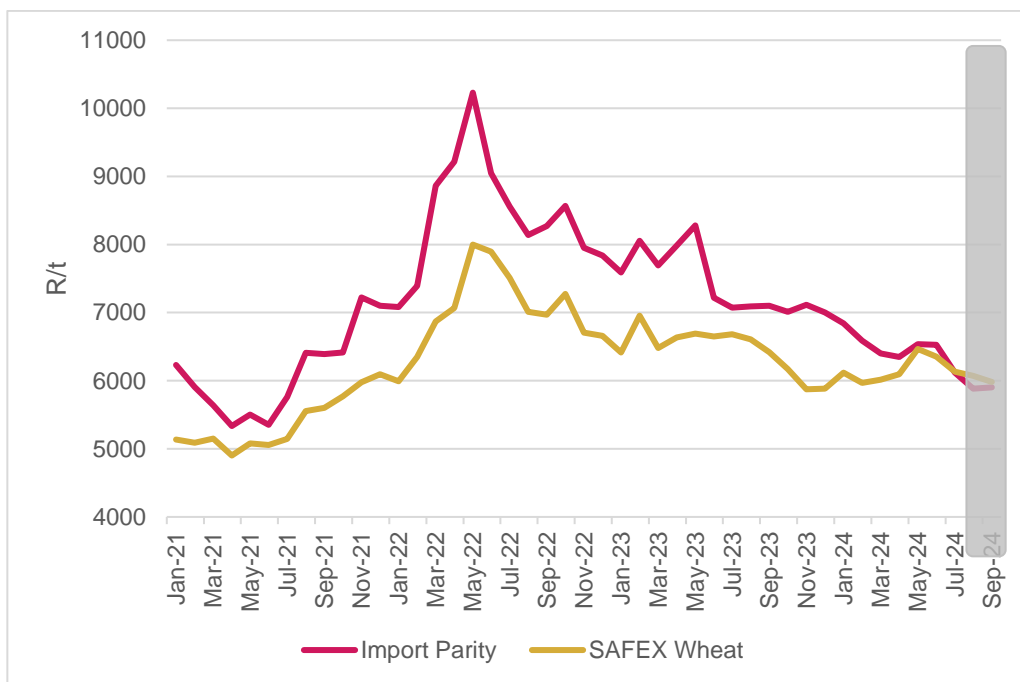


Figure 2: International and SAFEX wheat price projections

*Section in grey represents Absa AgriBusiness forecasts

Oilseed market trends

International oilseed market

The CBOT soybean market continued to lose momentum, decreasing by 3.9% week-on-week on July 17 and by 6.0% month-on-month. This decline is attributed to good production prospects for the 2024/25 U.S. season, with minimal concerns over supplies due to favorable weather conditions. The U.S. soybean crop condition was rated 68% good-to-excellent on July 15, ahead of last year’s 55% during the same period. CBOT soybean oil traded higher month-on-month, increasing by 6.3% on the back of firm U.S. biofuel demand. Prices remain notably lower in yearly terms, with CBOT soybean prices decreasing by 27.3% while soybean oil and meal prices decreased by 32.7% and 24.3% respectively.

All data in this document is the intellectual property of Absa Bank. Although everything has been done to ensure the accuracy of the information, Absa Bank takes no responsibility for actions or losses that might occur due to the use of this information.

	R/USD	Soybean CBOT (USD/ton)	CBOT soy oil (USc/lb)	CBOT soya meal (USD/ton)
Price	18.17	401	47	335
w/w	0.4%	-3.9%	-1.8%	-9.0%
m/m	-0.1%	-6.0%	6.3%	-7.3%
y/y	0.8%	-27.3%	-32.7%	-24.3%

Local oilseed market

SAFEX soybean prices lost momentum month-on-month, decreasing by 5.0% following the global soybean price declines. SAFEX sunflower seed prices regained momentum following global sunflower seed price increases, increasing by 3.0% month-on-month.

	Derived soybean price (R/ton)*	JSE soybean spot price (R/ton)	JSE sunflower seed spot price (R/ton)
Price	10 891	8530	9172
w/w	0.0%	-0.8%	3.3%
m/m	-0.2%	-5.0%	3.0%
y/y	-1.8%	-0.3%	0.0%

*Derived soybean price: Calculated price based on the imported price for soybean oil and oilcake

Outlook

Soybean prices traded around the R8,530 per ton mark and are likely to trend slightly upwards in the coming months. Sunflower seed prices are expected to follow an increasing trend due to supply concerns in the Black Sea region. Production in this area is anticipated to decrease because of lower yield prospects for Russia and Ukraine, driven by hot and dry weather conditions early in the season.

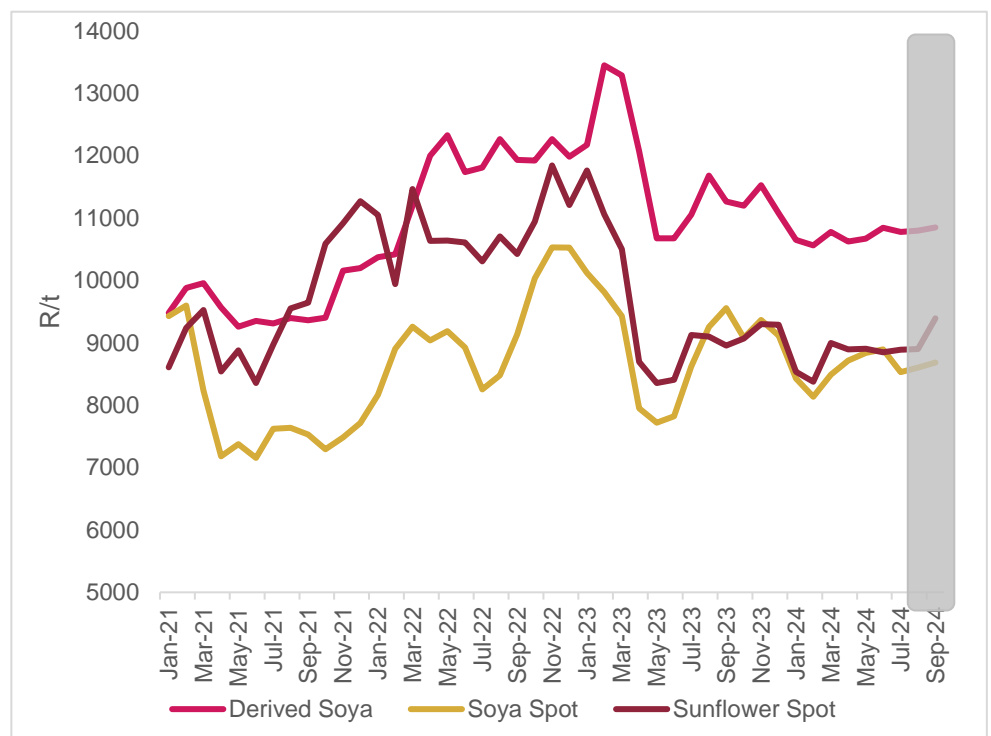


Figure 3: SAFEX oilseed price projections

*Section in grey represents Absa AgriBusiness forecast