



Agri Trends: Grains and Oilseed Report

Grain supply increase assures food supply, amid WASDE forecast revision.

Maize: CBOT corn saw a 6.0% increase week-on-week. Prices were supported by persisting forecasted dry conditions in the USA after receiving low levels of rain. Dry conditions are anticipated to diminish yield rates. Further support was offered by the end of the Black Sea Grain Deal, which has created uncertainties in the global corn supply. Analysts note that Brazil's second bumper crop is expected to depose the USA as the biggest supplier for corn this season as well as offer assurance to a certain degree in global supply volumes. Brazil is expected to export 6.8 million tons, compared to 5.6 million tons in 2022. *The USDA Crop Progress report* illustrated a 57% good to excellent rating for corn for the week ending July 14th, up from 55% in the previous week. The July *WASDE report* notes an increase in supply for the 2023/24 season from area increases by Brazil, Canada, and Ukraine. Locally, SAFEX maize prices followed a slightly decreasing trend, supported by a 5.5% appreciation of the Rand.

Wheat: Wheat prices increased by 0.3% for CBOT SRW and decreased by 1.0% for CBOT HRW for the week ending July 14th. Prices firmed after Russia attacked the Black Sea port of Odesa, amid Moscow's quitting the deal. The air strike is reported to have damaged port infrastructure as well as stored grain. The port held a million tons of grain, destined for Africa and Asia. Prices also rose due to dry conditions reported in the US Midwest. *The USDA Crop Progress Report* informed us that 51% of spring wheat was in good to excellent condition. The USA has harvested 56% of winter wheat, behind the 69% five-year average. The July *WASDE report* notes that the outlook for the 2023/24 season anticipates lower global supply volumes. This is due to reduced forecasts by the EU, Argentina, and Canada as a result of expectations of dryer conditions in the regions. Locally, SAFEX wheat prices showed an increase of 0.56% week-on-week for the week ending June 14th.

Oilseeds: CBOT soybean prices increased by 0.7% week-on-week following anticipated dry weather conditions through the rest of July and August in the USA. The *USDA Crop Progress report* informed that 55% of soybeans were in good to excellent condition, up from 51% recorded in the previous week. The *July WASDE report* notes that the outlook for the 2023/24 season expects US soybean and sunflower seed production to decline, offset by increased production for canola and peanuts. However, global supplies remain supported by higher soybean, sunflower seed, and rapeseed production from Ukraine and Canada. Locally, SAFEX soybean prices followed a declining price trend, decreasing by 2.1% week on week for the week ending July 14th.

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Maize market trends

International maize market

CBOT corn prices were supported by the end of the Black Sea grain deal and persisting dry weather conditions in the USA. CBOT corn prices increased by 6.0% week-on-week. Month-on-month decreases were 15.5% and year-on-year decreases, in turn, amounted to 14.7%.

	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	18.02	252	5695	4268	3694
w/w	-5.5%	6.0%	0.8%	1.2%	-4.5%
m/m	-2.7%	15.5%	-5.2%	-5.2%	-5.9%
y/y	5.8%	-14.7%	-17.7%	-10.0%	-12.4%

Local maize market

Weekly SAFEX maize prices showed a reduced-price trend, falling by 0.3% for yellow maize and 0.3% for white maize respectively. This was supported by a week-on-week appreciation of the Rand for the week ending July 14th.

	JSE WM spot price Randfontein (R/ton)	White maize Sep-23 (R/ton)	White maize Dec-23 (R/ton)	JSE YM spot price Randfontein (R/ton)	Yellow maize Sep-23 (R/ton)	Yellow maize Dec-23 (R/ton)
Price	3537	3614	3698	3591	3658	3742
w/w	-0.2%	-0.3%	-0.1%	-0.3%	-0.9%	-0.9%
m/m	-1.7%	-2.2%	-2.2%	-1.6%	-3.0%	-2.9%
y/y	-18.5%	-	-	-15.8%	-	-

Outlook

At the time of writing SAFEX maize prices traded around R3800. Analysts note that prices will be influenced by risks associated with war escalations after the ending of the black sea grain deal in the longer term. Global corn prices are expected to trade downwards over the medium term, due to good USA crop volumes expected after area expansions. Brazil's second bumper crop is also expected to keep prices under pressure. Analysts note that the sentiment may change in the longer term, should global supply volumes lessen. Local prices are expected to see slight gains in price trends as futures prices for both white and yellow maize show potential.

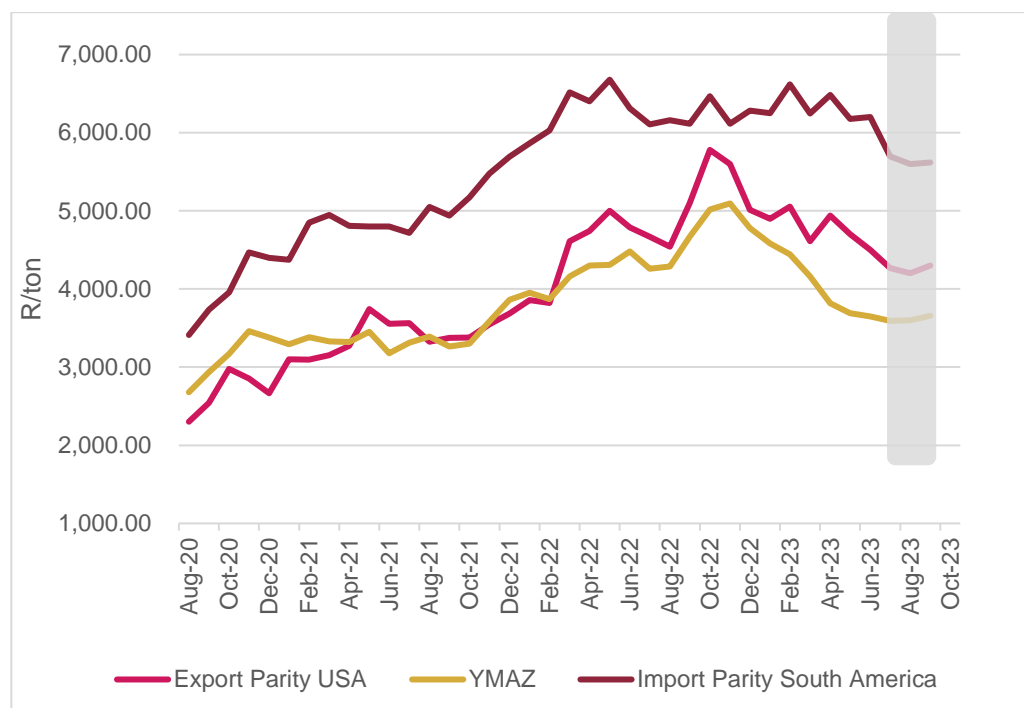


Figure 1: Yellow maize prices and price projections

*Section in grey represents Absa AgriBusiness forecasts

Wheat market trends

International wheat market

CBOT wheat prices increased by 0.3% and decreased by 1.0%, week-on-week for CBOT SRW and CBOT HRW respectively. Prices firmed after Russia attacked the Black Sea port of Odesa, amid Moscow's quitting the deal. The air strike is reported to have destroyed 60 000 metric tons of grain destined for China.

	R/USD	CBOT SRW (USD/t)	CBOT HRW (USD/t)
Price	18.02	252	318
w/w	-5.5%	0.3%	-1.0%
m/m	-2.7%	-6.8%	-3.9%
y/y	5.8%	-15.5%	-1.3%

Local wheat market

SAFEX wheat prices followed the global increasing price trend for the week ending July 14th. Wheat contracts depicted a 0.56% week-on-week price increase, despite an appreciation to the Rand.

	JSE spot price (R/ton)	Sep-23 (R/ton)	USA import parity (R/ton)
Price	6682	6556	7072
w/w	0.56%	-1.6%	-6.5%
m/m	0.48%	-0.3%	-2.05%
y/y	-13.2%	-	-12.2%

Outlook

SAFEX wheat prices are expected to trade below the R7 000 mark through August. Russia's withdrawal from the Black Sea grain deal is expected to drive prices higher in Asia, but the impact will be muted in the short term. In the medium term, global wheat prices are expected to decline as the USA increased its area production, however, analysts note that the scope for risk will be supported by Ukraine's vulnerability.

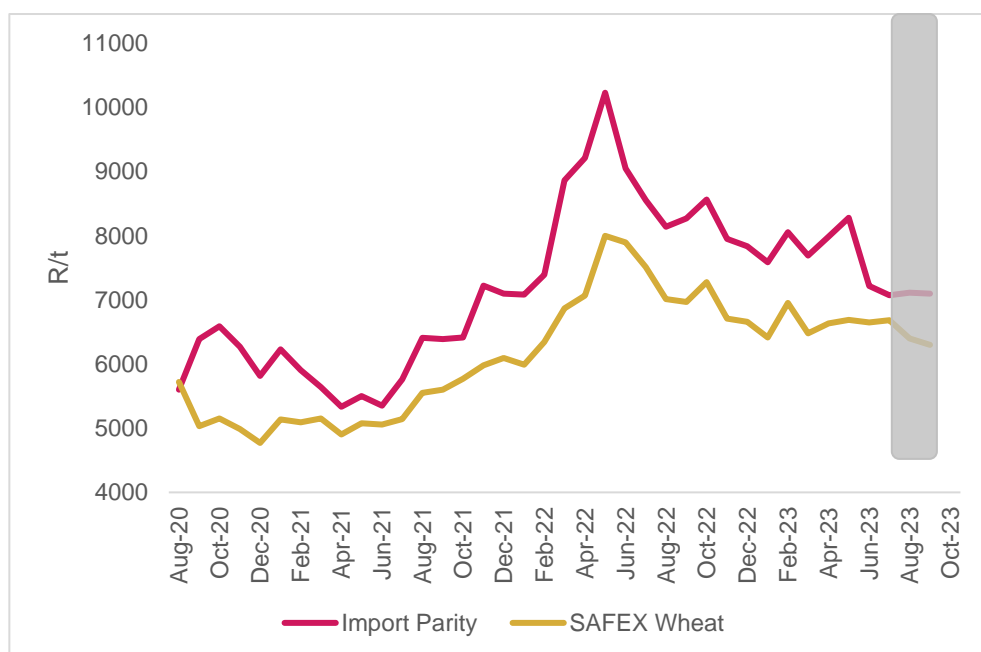


Figure 2: International and SAFEX wheat price projections

*Section in grey represents Absa AgriBusiness forecasts

Oilseed market trends

International oilseed market

CBOT soybean prices indicated a 0.7% increase week-on-week, amid dry weather forecasts in the USA for the rest of July and August. Brazil has been dominating the market, supplying China. Increasing their export volumes to the country by 31.6% in June. CBOT soybean prices increased by 2.0% month-on-month and increased by 4.3% year-on-year.

	R/USD	Soybean CBOT (USD/ton)	CBOT soy oil (USc/lb)	CBOT soya meal (USD/ton)
Price	18.02	550	68	430
w/w	-5.5%	0.7%	2.0%	5.0%
m/m	-2.7%	2.0%	13.7%	3.3%
y/y	5.8%	4.3%	12.5%	-0.3%

Local oilseed market

SAFEX Soybean prices followed a decreasing price trend, falling by 2.1% for the week ending July 14th. SAFEX local prices decreased, supported by a 5.5% appreciation of the Rand for the week ending July 14th. Sunflower seed followed global price gains, increasing by 1.7% week-on-week.

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	Derived soybean price (R/ton)*	JSE soybean spot price (R/ton)	JSE sunflower seed spot price (R/ton)
Price	11053	8502	8124
w/w	-3.3%	-2.1%	1.7%
m/m	3.5%	11.2%	8.5%
y/y	-7.5%	3.8%	-11.8%

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

Outlook

Analysts predict a slight upward trend for the rest of July into August due to dry weather conditions persisting in the USA, even after experiencing a short rainfall period. China is expected to purchase from Brazil into September, as USA prices are expected to increase due to lowered supply volumes. Ukraine's restriction is most likely to reduce their forecasted export volumes for soybeans.

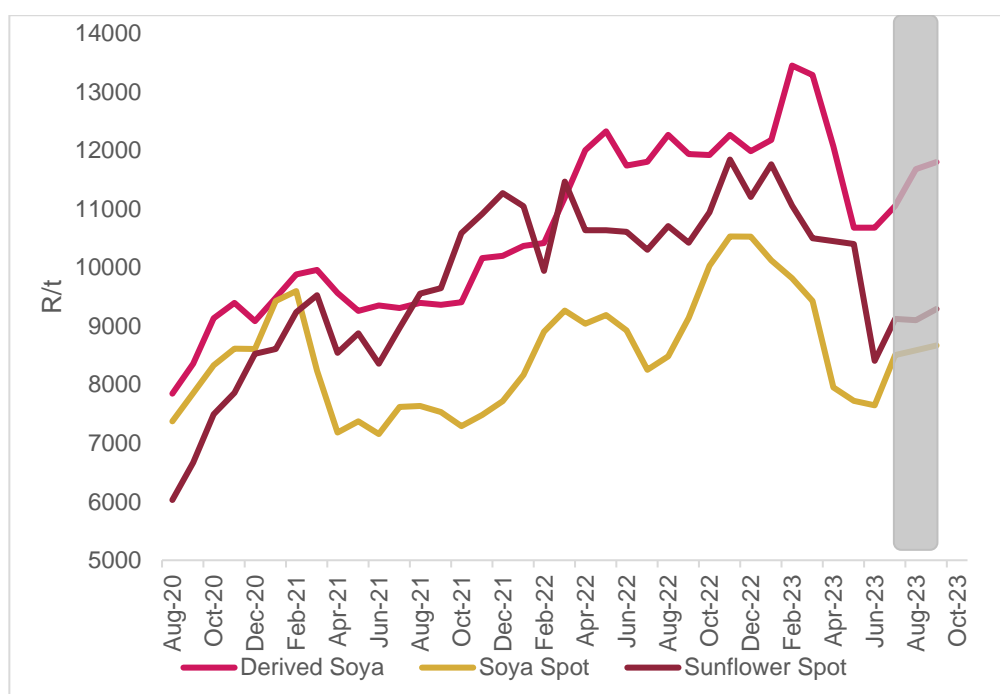


Figure 3: SAFEX oilseed price projections

*Section in grey represents Absa AgriBusiness forecast