



Retail and Business Banking
Sector Economics
AgriBusiness
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Agri Trends: Grains and Oilseed Report

Weather improvements in key grain-growing regions lowered global prices.

Maize: CBOT corn experienced a 1.1% decrease for the week ending July 28th, compared to a 6.0% decrease year-on-year. This was due to improved weather prospects in the Midwest, slow US corn exports to China, and Russian President Putin's pledge to donate free grain to African countries. However, ongoing war and attacks in Ukraine may exacerbate supply concerns and drive global prices upward. Locally, SAFEX maize prices followed the global decreasing price trend, supported by a 0.5% appreciation of the Rand. Local prices continue to trade below both US and Argentinian export parities, pressured by lowered global prices.

Wheat: The week ending July 28th saw CBOT SRW wheat prices rising at 1.0% and CBOT HRW falling by 0.5%. A U.S. production projection increase and long-awaited rains in Argentina lowered CBOT HRW prices. CBOT SRW prices were boosted by news of drought in important U.S. growing regions. As war escalations threaten market supplies, wheat prices are expected to rise. The week ending July 28th saw SAFEX wheat prices rise locally. Wheat prices rose 0.2% week-on-week after the *Crop Estimates Committee* reported a 6.09% drop in planted areas from 2022.

Oilseeds: CBOT soybean prices fell 0.9% week-over-week due to cooler and rainier US weather in late July and early August. CBOT soybean prices fell 4.5% monthly and 7.3% annually. As August dries up and the US credit rating declines, price increases are prone to prevail. SAFEX Local soybean prices gained 1.3% the week ending July 28th. A committee estimated 2,755 million tons of crop. Following global price gains, sunflower seeds gained 0.5% weekly.

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

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

Zama Sangweni
+27 60 901 7786
Zamangwane.sangweni@absa.africa

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

Maize market trends

International maize market

Improved USA weather projections for early August showers lowered CBOT corn prices. After drought conditions in important areas reduced soil moisture levels and yield estimates in July. CBOT corn prices are down 1.1% week-over-week. Month-on-month declines were 6.0% and year-on-year 14.6%.

	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	17.9	205	5301	3893	3927
w/w	-0.5%	-1.1%	-2.2%	-2.7%	3.2%
m/m	-5.6%	-6.0%	-13.1%	-16.1%	-2.5%
y/y	8.4%	-14.6%	-20.1%	-12.3%	2.4%

Local maize market

Weekly SAFEX maize prices showed a reduced-price trend, falling by 5.2% for yellow maize and 4.9% for white maize respectively. This was supported by a week-on-week appreciation of the ZAR and an unchanged estimate for the local maize crop.

	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	3598	3635	3747	3595	3658	3742
w/w	-4.9%	-4.9%	-4.8%	-5.2%	-5.6%	-0.9%
m/m	-3.4%	-4.4%	-3.5%	-5.2%	-5.7%	-2.9%
y/y	-16.7%	-	-10.8%	-14.9%	-	-

Outlook

SAFEX maize prices are trading at R3600, with hostilities between Russia and Ukraine threatening global food security. US Midwest weather is predicted to worsen in August, impacting crop quality and yield. Brazil's bumper harvest is expected to offset US shortages, leading to global corn prices falling. South African commercial maize crop is expected to be 5.71% higher this season.

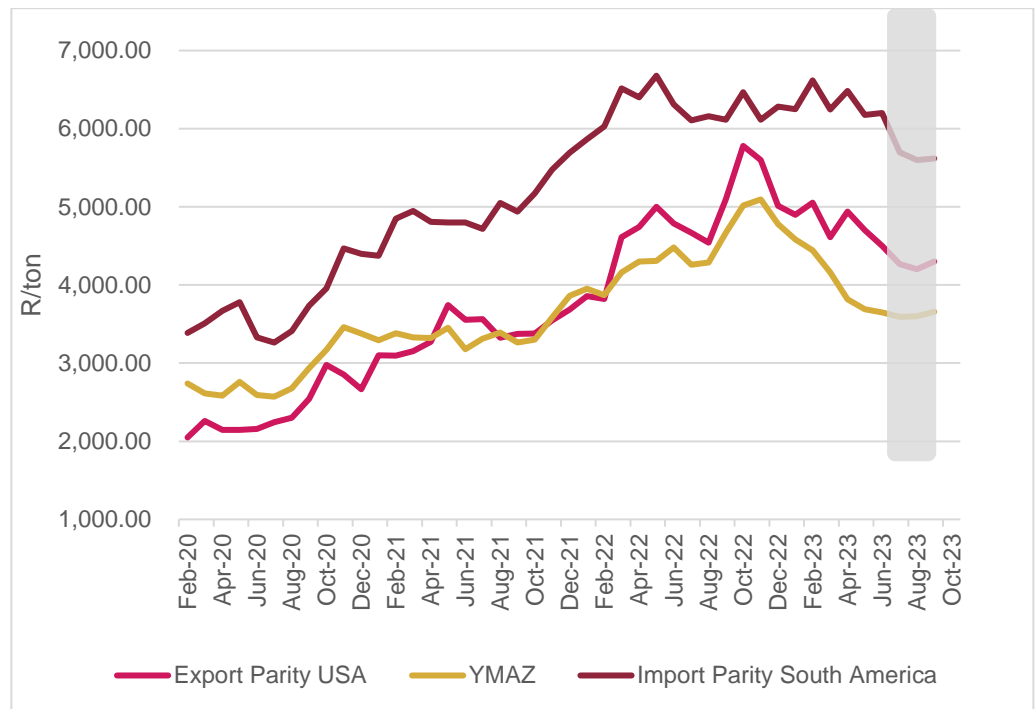


Figure 1: Yellow maize prices and price projections

*Section in grey represents Absa AgriBusiness forecasts

Wheat market trends

International wheat market

CBOT SRW prices rose 1.0% and CBOT HRW prices were down 0.5% week-on-week. The U.S. production outlook and Argentina weather improved, lowering CBOT HRW prices. Drought in important U.S. spring wheat growing regions supported CBOT SRW prices.

	R/USD	CBOT SRW (USD/t)	CBOT HRW (USD/t)
Price	17.9	277	337
w/w	-0.5%	1.0%	-0.5%
m/m	-5.6%	10.7%	6.9%
y/y	8.4%	-9.2%	0.9%

Local wheat market

SAFEX wheat prices followed an increasing price trend for the week ending July 28th. Wheat contracts depicted a 0.2% week-on-week price increase, supported by a 6.09% decrease in planted area estimates in this season, compared to 2022.

	JSE spot price (R/ton)	Sep-23 (R/ton)	USA import parity (R/ton)
Price	6800	6750	7336
w/w	0.2%	3.0%	-2.6%
m/m	1.9%	2.2%	-3.1%
y/y	-7.9%	-	-7.1%

Outlook

SAFEX wheat prices are anticipated to remain below the R7 000 mark from August to September. Improved US production and Argentinian weather are projected to lower global wheat prices in the medium run. Analysts note that decreasing black sea supplies could raise prices.

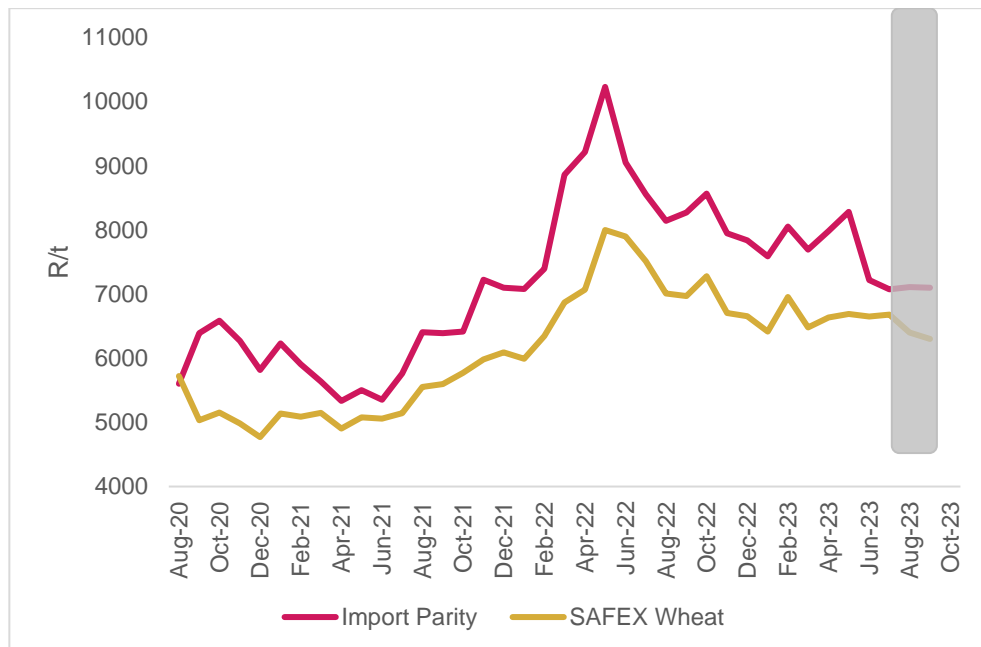


Figure 2: International and SAFEX wheat price projections

*Section in grey represents Absa AgriBusiness forecasts

Oilseed market trends

International oilseed market

CBOT soybean prices indicated a 0.9% decrease week-on-week, due to weather improvements for early August, a crucial development phase for the crop in the Midwest of the US. CBOT soybean prices decreased by 4.5% month-on-month and decreased by 7.3% year-on-year.

	R/USD	Soybean CBOT (USD/ton)	CBOT soy oil (Such/lb)	CBOT soya meal (USD/ton)
Price	17.9	546	68	452
w/w	-0.5%	-0.9%	-2.6%	-0.7%
m/m	-5.6%	-4.5%	4.0%	10.3%
y/y	8.4%	-7.9%	-1.4%	-13.1%

Local oilseed market

SAFEX Soybean prices followed an increasing price trend, rising by 1.3% for the week ending July 28th despite an appreciation to the rand and an unchanged South African crop estimate at 2,755 million tons. Sunflower seed followed global price gains, increasing by 0.5% week-on-week.

	Derived soybean price (R/ton)*	JSE soybean spot price (R/ton)	JSE sunflower seed spot price (R/ton)
Price	11414	8801	9330
w/w	0.3%	1.3%	0.5%
m/m	4.1%	10.5%	10.4%
y/y	-4.1%	2.9%	-8.8%

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

Outlook

Global soybean prices are predicted to follow a slightly increasing price trend as weather conditions in the USA are expected to become drier into August. Locally, the reduction by Fitch of the U.S. government's top credit rating will put pressure on commodity markets, weakening the Rand and increasing commodity prices in the medium term.

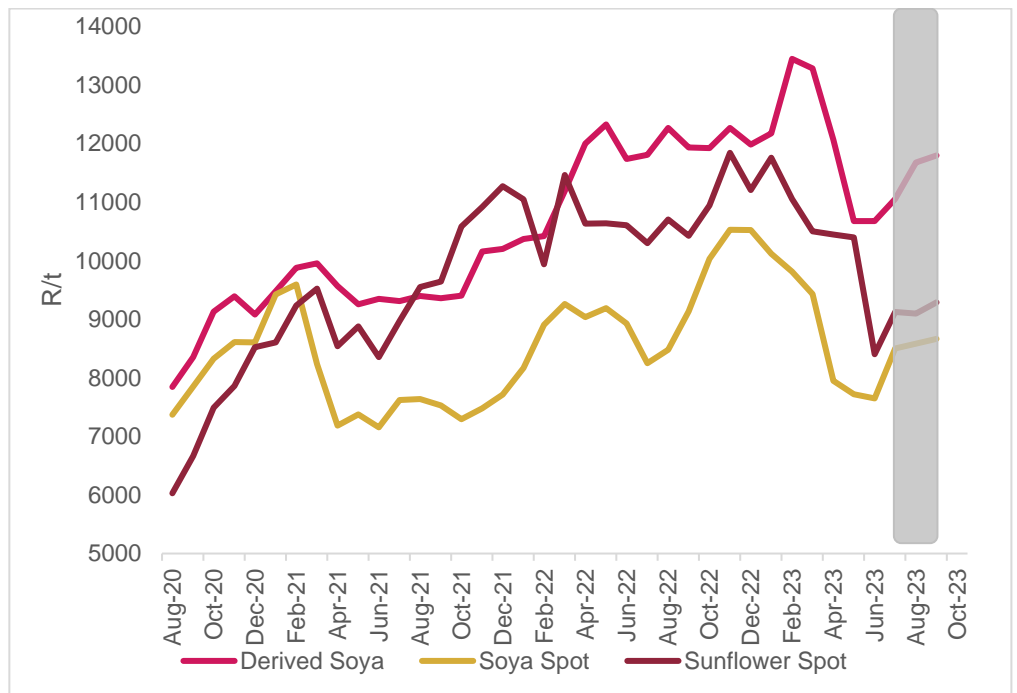


Figure 3: SAFEX oilseed price projections

*Section in grey represents Absa AgriBusiness forecast