



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

### Local market focus shifts to the upcoming summer crop season.

**Maize:** CBOT corn prices decreased by 1.1% week on week for September 12, following the release of the U.S. crop estimates which were better than expected. Corn harvest has started in the U.S., with the condition rated at 52% good to excellent, down 1% from a year ago. SAFEX maize prices followed a divergent price trend when compared to global corn prices, increasing both week on week and month on month with white maize prices increasing by 7.6% compared to a month and yellow maize increasing by 6%. Weather developments will be important to monitor both locally and for the other Southern Hemisphere regions as they come into production and focus shifts from the Northern Hemisphere production.

**Wheat:** CBOT wheat prices continued their downward price trend, weighed by the lack of demand for U.S. wheat coupled with large supplies from top exporter Russia. The CEC's 1st production forecast for the 2023 season is 1.5% higher than the previous season at 2.14 million tons despite a 5.4% decrease in area planted for the season. SAFEX wheat prices traded sideways month on month.

**Oilseeds:** CBOT soybean prices followed a decreasing trend since the end of August, decreasing by 5% month on month for September 12. This came even after the WADSE report revised the U.S soybean production down by 1% as analysts had expected the crop to be extremely adversely affected by the dry and hot weather which persisted during the period when the U.S soybean crop is most prone to climatological damage. SAFEX Soybean prices traded sideways week on week and were 5.5% higher when compared to a month ago for September 12. SAFEX sunflower seeds traded sideways both weekly and monthly.

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## Maize market trends

### International maize market

CBOT corn prices decreased by 1.1% week on week for September 12, following the release of the U.S. crop estimates. While analysts had expected the US Department of Agriculture (USDA) to lower production estimates in the September World Agricultural Supply and Demand Estimates (WASDE) report, the report showed that the USDA raised its corn forecast by 0.2% easing supply concerns. Corn harvest has started in the U.S., with the condition rated at 52% good to excellent, down 1% from a year ago. On a month-on-month basis, CBOT corn prices were 2.2% lower while year-on-year decreases were more pronounced at 31.5%.

	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	18.90	182.7	5618.4	4141.2	4103.67
w/w	-1.7%	-1.1%	2.3%	3.1%	1.7%
m/m	0.1%	-2.2%	7.9%	10.2%	9.8%
y/y	10.6%	-31.5%	-16.8%	-17.2%	-8.9%

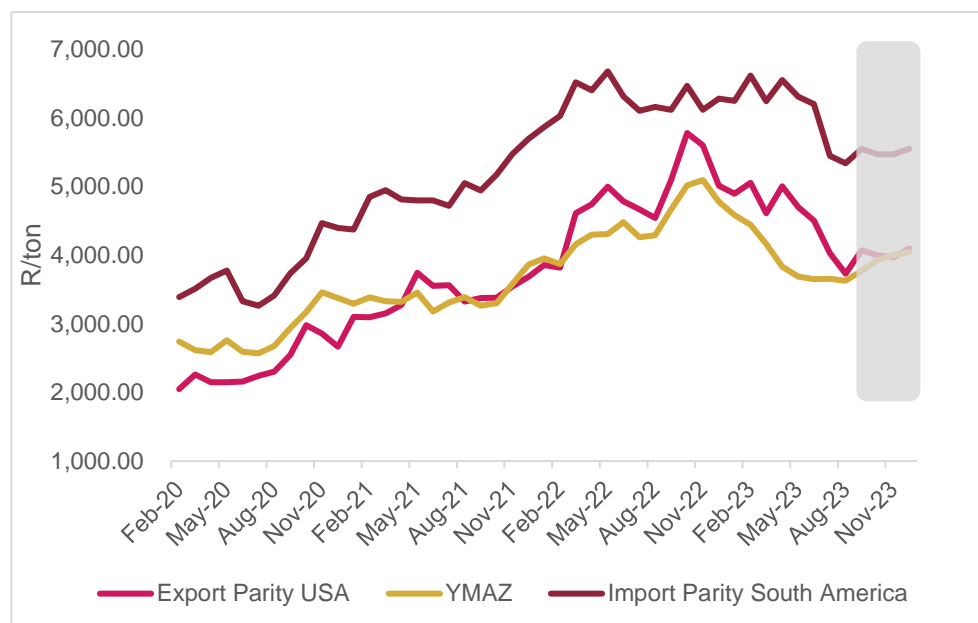
### Local maize market

At the end of August, the Crop Estimates Committee revised the total commercial maize production up by 0.34% on the back of the increased yellow maize production forecast, cementing the 2022/23 production season's position as the second-largest maize crop. Despite this local supply increase, SAFEX maize prices followed a divergent price trend when compared to global corn prices, increasing both week on week and month on month. White maize prices were 7.6% higher compared to a month ago while yellow maize increased by 6% despite easing global corn prices. This is because the focus has now shifted from the 2022/23 summer crop season to the 2023/24 production season which commences in October. According to early predictions, the El Nino weather phenomenon may result in below-average rainfall for the 2024 season, however, South Africa could still have a good season.

	JSE WM spot price Randfontein (R/ton)	White maize Dec-23 (R/ton)	White maize Mar-24 (R/ton)	JSE YM spot price Randfontein (R/ton)	Yellow maize Dec-23 (R/ton)	Yellow maize Mar-24 (R/ton)
Price	3898	4002	4052	3850	3996	4044
w/w	4.7%	3.8%	3.4%	4.1%	4.0%	3.2%
m/m	7.6%	6.3%	-	5.9%	5.0%	-
y/y	-17.0%	-12.9%	-	-17.5%	-13.0%	-

### Outlook

At the time of writing SAFEX maize prices traded around the R3850 per ton mark and are expected to follow a modest increasing trend over the coming months. Weather developments will be important to monitor both locally and for the other Southern Hemisphere regions as they come into production and focus shifts from the Northern Hemisphere production. Better than expected production prospects locally as the new production season commences present downward price risks.



**Figure 1: Yellow maize prices and price projections**

\*Section in grey represents Absa AgriBusiness forecasts

## Wheat market trends

### International wheat market

CBOT wheat prices were 10.6% and 4.3% lower month on month for CBOT SRW and CBOT HRW respectively on September 12. CBOT wheat prices continued their downward price trend, weighed by the lack of demand for U.S. wheat coupled with large supplies from top exporter Russia. For wheat, the March WASDE report showed tighter global supplies on the back of decreased production forecasts for Australia, Canada, and the E.U. However, the sizable supplies from Russia as well as the low demand for U.S. wheat continued to put pressure on prices.

	R/USD	CBOT SRW (USD/t)	CBOT HRW (USD/t)
Price	18.90	209.1	265.8
w/w	-1.7%	-2.1%	0.3%
m/m	0.1%	-10.6%	-4.3%
y/y	10.6%	-34.4%	-24.8%

### Local wheat market

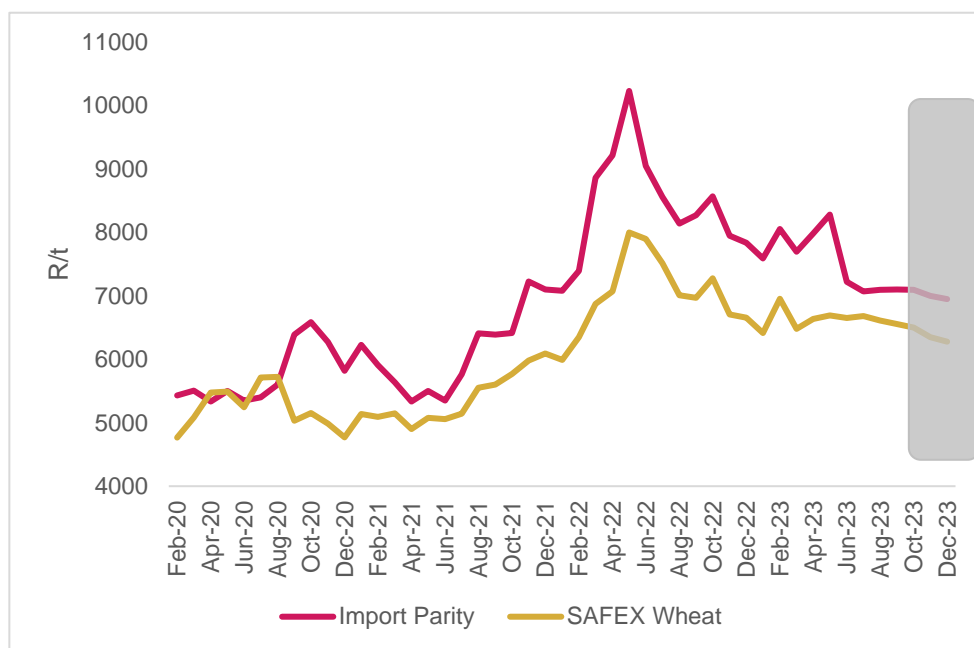
The CEC's 1st production forecast for the 2023 season is 1.5% higher than the previous season at 2.14 million tons despite a 5.4% decrease in area planted for the season. This was due to an increase in production forecasted for the Western Cape on the back of higher yield expectations. SAFEX wheat prices traded sideways month on month.

	JSE spot price (R/ton)	Dec-23 (R/ton)	USA import parity (R/ton)
Price	6690	6143	7094
w/w	1.4%	-0.3%	0.5%
m/m	-0.6%	-4.8%	-1.5%
y/y	-4.4%	-	-12.0%

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## Outlook

SAFEX wheat prices are expected to follow a decreasing trend over the coming months. This is based on the expectation of favourable weather conditions throughout the season and a favorable yield for the primary producing province Western Cape. Despite expectations that global exportable stocks will remain low in the coming months, cheap Russian wheat supply has dominated the market, pushing down global prices. The El Nino-induced dry weather has decreased expected crops in Southern Hemisphere exporters like Australia and Argentina. Developments from these regions present an upward price risk.



**Figure 2: International and SAFEX wheat price projections**

\*Section in grey represents Absa AgriBusiness forecasts

## Oilseed market trends

### International oilseed market

CBOT soybean prices followed a decreasing trend since the end of August, decreasing by 5% month on month on September 12. This came even after the WADSE report revised U.S. soybean production down by 1%. Analysts had expected the downward revision to be worse due to hot and dry weather conditions in August, a period when the U.S. soybean crop is most prone to climatological damage. Adverse soybean yield developments in the U.S. pose an upward price risk as there remain uncertainties over weather impacts on the soybean crop.

	R/USD	Soybean CBOT (USD/ton)	CBOT soy oil (USc/lb)	CBOT soya meal (USD/ton)
Price	18.90	489	62.7	405
w/w	-1.7%	-1.3%	-5.0%	-0.3%
m/m	0.1%	-5.0%	-5.5%	-7.3%
y/y	10.6%	-11.4%	-8.5%	-12.2%

## Local oilseed market

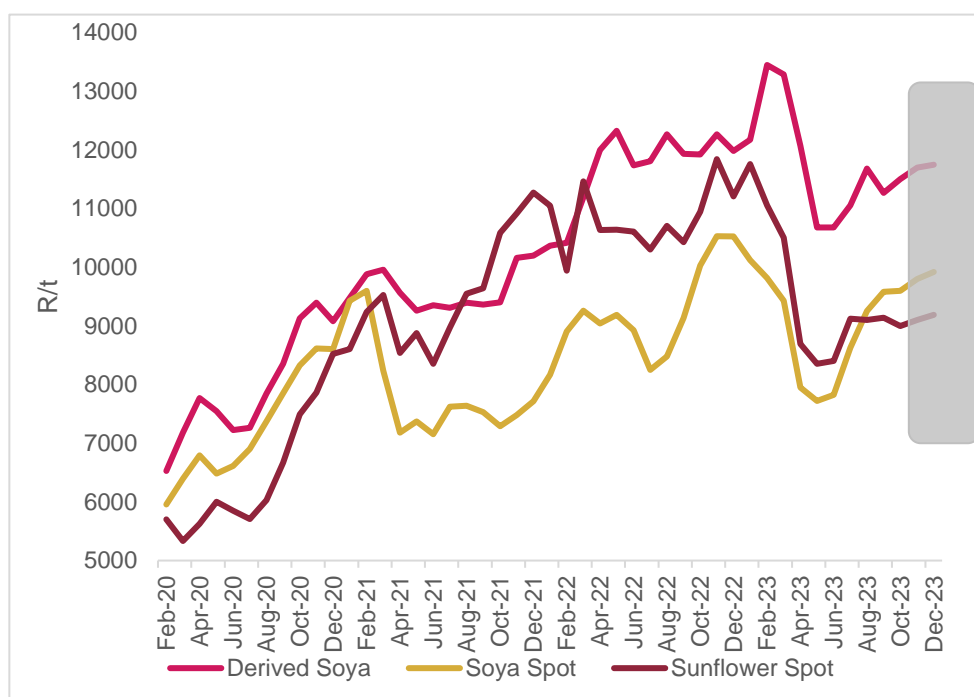
SAFEX Soybean prices traded sideways week on week and were 5.5% higher when compared to a month ago for September 12. SAFEX sunflower seeds traded sideways both weekly and monthly. The CEC kept both the soybean and sunflower seed production forecasts the same. The harvest of the record oilseed crop is almost nearing completion.

	Derived soybean price (R/ton)*	JSE soybean spot price (R/ton)	JSE sunflower seed spot price (R/ton)
Price	11 266	9 583	9 133
w/w	-1.4%	0.0%	-0.2%
m/m	-3.3%	5.5%	-0.6%
y/y	-1.6%	8.7%	-13.3%

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

## Outlook

Soybean prices are expected to follow a modest upward price trend over the coming months. As with maize, weather developments will be important to monitor both locally and for the other Southern Hemisphere regions as they come into production.



**Figure 3: SAFEX oilseed price projections**

\*Section in grey represents Absa AgriBusiness forecast