



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

### Lacklustre export demand weighed on prices

**Maize:** Corn production in Argentina is expected to increase by about 21 million tons year-on-year in the 2023/24 production season, offsetting the 10 million estimated year-on-year decrease anticipated for Brazil. The projected bumper production from the Southern Hemisphere continues to weigh on global corn prices, decreasing by 2.7% compared to a month ago and by 33.8% year-on-year. The SAFEX white and yellow maize prices decreased by 2.6% and 5.3%, respectively, compared to a month ago. White maize price decreases were less pronounced due to the receipt of lower rainfall for the western parts of the country where it is predominantly produced.

**Wheat:** CBOT SRW decreased by 5.2% month-on-month while CBOT HRW decreased by 4.7% underpinned by weak global demand, falling export prices for Russia, and increased supply from the South Hemisphere producers. SAFEX wheat prices traded sideways week-on-week around the R6100 per ton mark and increased by 2.2% month-on-month on the back of yield decreases for the 2023/24 production season. SAFEX wheat prices are expected to trade sideways around the R6100 per ton mark for the coming few months. Escalating shipping disruptions amid the Red Sea conflict present an upward price risk.

**Oilseeds:** CBOT soybean prices continue to lose momentum, decreasing by 2.2% month-on-month as increased supplies, coupled with weaker demand weigh on CBOT prices. CBOT prices were over 20% lower year-on-year for all soybean products. SAFEX Soybean prices fell below the R8 000 per ton mark for the first time since June 2023 underpinned by global price decreases as well as improved local production conditions. SAFEX Sunflower prices decreased by 11% month-on-month underpinned by the expectation of increased local production for the current production season. Prices are expected to follow a decreasing trend over the coming months on the back of lower global prices and ample global and local soybean supplies.

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## Maize market trends

### International maize market

CBOT corn prices closed lower month-on-month on January 31, decreasing by 2.7% weighed by expectations of big harvests in South America and worries about demand on the back of the weak Chinese economic data. Corn production in Argentina is expected to increase by about 21 million tons year-on-year in the 2023/24 production season, offsetting the 10 million estimated year-on-year decrease anticipated for Brazil. The projected ample production from this region continues to weigh on global corn prices, decreasing by 33.8% year-on-year.

|       | R/US  | Near-month<br>CBOT corn<br>(\$/ton) | USA YM<br>Import parity<br>Randfontein<br>(R/ton) | US YM<br>Export parity<br>Randfontein<br>(R/ton) | Argentina YM<br>Export parity<br>Randfontein<br>(R/ton) |
|-------|-------|-------------------------------------|---|--|---|
| Price | 18.72 | 176.5                               | 5207  | 3466   | 3485  |
| w/w   | -1.0% | 0.4%                                | -0.6%   | -0.7%  | -1.2%   |
| m/m   | 1.9%  | -2.7%                               | -4.2%   | -0.1%  | -1.6%   |
| y/y   | 7.3%  | -33.8%                              | -18.8%  | -29.8%   | -31.5%  |

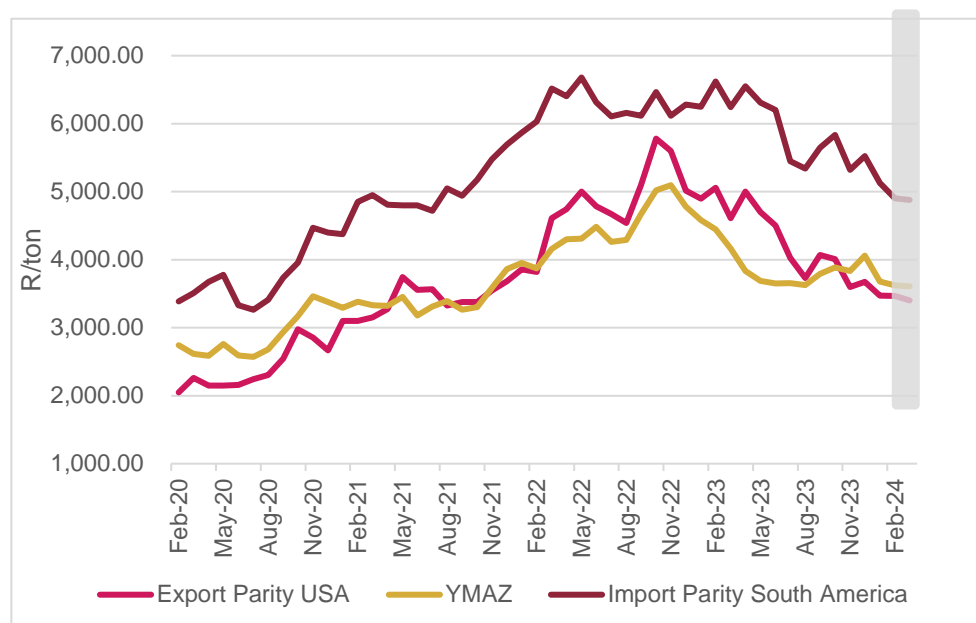
### Local maize market

The SAFEX white and yellow maize prices decreased by 2.6% and 5.3%, respectively, compared to a month ago. This was due to the receipt of good rainfall since the second half of December alleviating drought concerns associated with the El Nino weather patterns for most of the summer rainfall regions. The decreases in prices for white maize, primarily produced in the Western parts of the country, were less pronounced. This is a result of below average and high rainfall variation within close geographical proximity of this area. In yearly terms, SAFEX white maize decreased by 13.4% while SAFEX yellow maize decreased by 20%.

|       | JSE WM spot<br>price<br>Randfontein<br>(R/ton) | White maize<br>Mar-24<br>(R/ton) | White maize<br>May-24<br>(R/ton) | JSE YM spot price<br>Randfontein<br>(R/ton) | Yellow maize<br>Mar-24<br>(R/ton) | Yellow maize<br>May-24<br>(R/ton) |
|-------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|
| Price | 3900   | 3832                             | 3763                             | 3635  | 3640                              | 3655                              |
| w/w   | -4.1%  | -2.1%                            | -1.7%                            | -3.5%                                       | -1.7%                             | -1.7%                             |
| m/m   | -2.6%  | -2.9%                            | -5.1%                            | -5.3%                                       | -4.4%                             | -4.6%                             |
| y/y   | -13.4%   | -                                | -                                | -20.0%                                      | -                                 | -                                 |

### Outlook

Production prospects remain favourable due to better-than-expected weather conditions for most of the summer rainfall regions. This is further supported by good soil moisture content for most of the summer grain-producing regions. As a result, SAFEX prices are anticipated to follow a slight decreasing trend for the next few months. Early frost presents an upside price risk.



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

\*Section in grey represents Absa AgriBusiness forecasts

## Wheat market trends

### International wheat market

CBOT wheat prices have also extended losses month-on-month weighed by weak global demand and falling export prices for Russia. Additionally, the increased supply due to the arrival of recently harvested supplies in the southern hemisphere countries also presented price pressure. CBOT SRW decreased by 5.2% month-on-month while CBOT HRW decreased by 4.7%.

|       | R/USD | CBOT SRW<br>(USD/t) | CBOT HRW<br>(USD/t) |
|-------|-------|---------------------|---------------------|
| Price | 18.72 | 218                 | 226                 |
| w/w   | -1.0% | -2.1%               | -1.2%               |
| m/m   | 1.9%  | -5.2%               | -4.7%               |
| y/y   | 7.3%  | -21.8%              | -28.2%              |

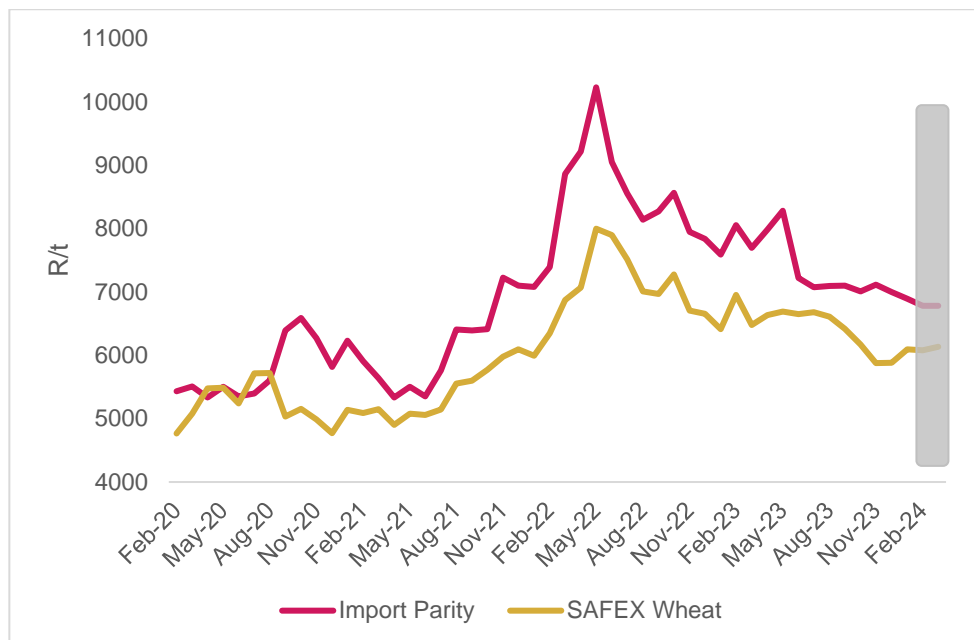
### Local wheat market

SAFEX wheat prices traded sideways week-on-week around the R6100 per ton mark and increased by 2.2% month-on-month on the back of yield decreases for the 2023/24 production season. Excessive rains during harvest led to lower yields for the major wheat-producing provinces. This is supported by the 2.9% decrease in the 2023/24 production forecast as shown by the Crop Estimates Committee (CEC) 's sixth production estimate.

|       | JSE spot price<br>(R/ton) | Mar-24<br>(R/ton) | USA import parity (R/ton) |
|-------|---------------------------|-------------------|---------------------------|
| Price | 6111                      | 6137              | 6680                      |
| w/w   | -0.4 %                    | -0.7%             | -3.6%                     |
| m/m   | 2.2%                      | 0.4%              | -4.6%                     |
| y/y   | -9.1%                     | -                 | -13.4%                    |

## Outlook

SAFEX wheat prices are expected to trade sideways around the R6100 per ton mark for the coming few months. Escalating shipping disruptions amid the Red Sea conflict as well as the weaker rand against the dollar 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 continue to lose momentum, decreasing by 2.2% month-on-month. South American soybean supplies for the 2023/24 season are expected to increase by about 25 million tons from the season prior, presenting CBOT price pressures. Increases are expected primarily from Argentina. On the demand side, China, being the largest soybean buyer, reduced its export demand due to weak economic factors and declining soybean crushing margins. This has added further pressure on CBOT soybean prices. CBOT prices were over 20% lower year-on-year for all soybean products.

|       | R/USD | Soybean CBOT (USD/ton) | CBOT soy oil (USc/lb) | CBOT soya meal (USD/ton) |
|-------|-------|------------------------|-----------------------|--------------------------|
| Price | 18.72 | 449                    | 46                    | 368                      |
| w/w   | -1.0% | 1.1%                   | -1.9%                 | 15.5%                    |
| m/m   | 1.9%  | -2.2%                  | -2.4%                 | -0.1%                    |
| y/y   | 7.3%  | -20.2%                 | -22.0%                | -25.8                    |

### Local oilseed market

SAFEX Soybean prices fell below the R8 000 per ton mark for the first time since June 2023 on January 31, decreasing by 7.3% week-on-week and by 10% month-on-month. Price decreases were underpinned by global price decreases as well as improved local production conditions. SAFEX Sunflower prices decreased by 11% month-on-month underscored by easing global oilseed prices as well as the expectation of increased local production for the current season as shown by the Crop Estimates Committee's (CEC) preliminary area planted

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report, which showed that the area planted for sunflower seeds increased by 10% while that of soybeans decreased by 9.7%. SAFEX soybean prices remain under pressure despite this decrease due to the previous season's record harvest which was significantly above the 5-year average.

|       | Derived soybean price (R/ton)* | JSE soybean spot price (R/ton) | JSE sunflower seed spot price (R/ton) |
|-------|--------------------------------|--------------------------------|---------------------------------------|
| Price | 10 545                         | 7982                           | 8250                                  |
| w/w   | -0.9%                          | -7.3%                          | -2.8%                                 |
| m/m   | -1.0%                          | -10.0%                         | -11.1%                                |
| y/y   | -17.7%                         | -17.0%                         | -28.4%                                |

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

Outlook

Prices are expected to follow a decreasing trend over the coming months on the back of lower global prices and ample global and local soybean supplies.

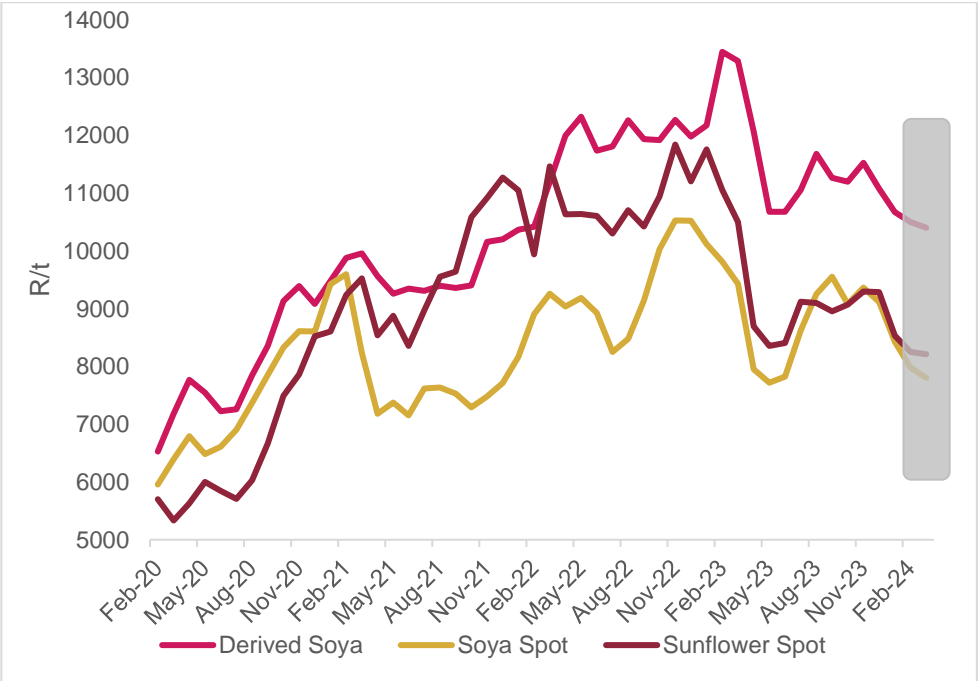


Figure 3: SAFEX oilseed price projections

\*Section in grey represents Absa AgriBusiness forecast