



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

SAFEX and CBOT maize prices followed divergent trends.

Maize: CBOT corn prices continue to weaken, trading close to three-year lows, with significant harvests from South America contributing to this trend. Additionally, U.S. farmers delayed sales early in their marketing season in hopes of higher prices fueled by expectations of smaller global harvests, however, prices remain subdued. The Crop Estimates Committee (CEC) forecasted the 2023/24 maize production to decline by 12.6% as a result of heat and sparse rainfall. SAFEX white maize increased by 16.5% on February 29 compared to a month ago and SAFEX yellow maize by 10.7% month-on-month.

Wheat: CBOT wheat prices decreased month-on-month by 2.3% and 7.5% for CBOT SRW and CBOT HRW respectively on the back of sluggish U.S. export demand coupled with large global stocks and strong competition from Russia. SAFEX wheat prices traded around the R5 979 per ton mark on February 29 and increased by 1.5% week-on-week. The final wheat production estimate for 2023 decreased by 0.98% compared to the season prior.

Oilseeds: CBOT soybean prices continue to lose momentum, decreasing by 4.6% month-on-month and by 25.9% year on year as cheap supplies from Brazil entered the already sufficiently supplied market. SAFEX Soybean prices traded sideways both week on week and month on month. Local SAFEX soybean prices are expected to follow global soybean price declines weighed by ample global and local soybean supplies.

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Maize market trends

International maize market

CBOT corn prices continue to lose momentum, trading near three-year lows underscored by big harvests from South America. As a result, CBOT corn prices decreased by 7.8% compared to a month ago. Contributing to the ample global supplies are record corn stock levels in the U.S. as farmers delayed sales early in their marketing season in hopes of higher prices fueled by expectations of smaller global harvests. The delayed soybean season in Brazil sparked expectations of a delayed second corn crop, however, improved weather in this region continues to weigh on prices. CBOT corn prices decreased by 36.7% year-on-year on February 29.

| | 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 | 19.19 | 161 | 4775 | 3181 | 3162 |
| w/w | 1.6% | 2.1% | -0.7% | -0.7% | 1.7% |
| m/m | 2.3% | -7.8% | -9.4% | -9.8% | -11.2% |
| y/y | 3.9% | -36.7% | -26.0% | -36.1% | -40.6% |

Local maize market

The Crop Estimates Committee (CEC) indicated that yield concerns for the summer crop-growing regions were not unjustified. They forecasted a 12.6% decline in maize production for 2023/24, attributed to yield losses induced by heat and sparse rainfall. White maize was forecasted to decline by 17.21% because it is predominantly produced in the Western parts of the country which received below-average rainfall. As a result, white maize is trading at a premium of about R575 per ton to yellow maize. SAFEX white maize increased by 16.5% on February 29 compared to a month ago and SAFEX yellow maize by 10.7% month-on-month.

| | JSE WM spot price Randfontein (R/ton) | White maize May-24 (R/ton) | White maize Jul-24 (R/ton) | JSE YM spot price Randfontein (R/ton) | Yellow maize May-24 (R/ton) | Yellow maize Jul-24 (R/ton) |
|-------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|
| Price | 4570 | 4479 | 4471 | 3995 | 3918 | 3905 |
| w/w | 3.8% | 5.4% | 7.9% | 4.9% | 5.0% | 5.1% |
| m/m | 16.5% | 16.3% | 16.1% | 10.7% | 5.9% | 7.7% |
| y/y | 7.5% | - | 4.0% | -7.5% | - | -10.8% |

Outlook

SAFEX maize prices are expected to remain firm over the next few weeks supported by the unfavourable production conditions and the weaker exchange rate. The maize crop is expected at 14.3 million tons as published by the CEC, which is just 500 000 tons shy of the five-year average but still above the local demand. The past four seasons of bumper harvests and favourable stock levels therefore limit the excessive upside price risks.

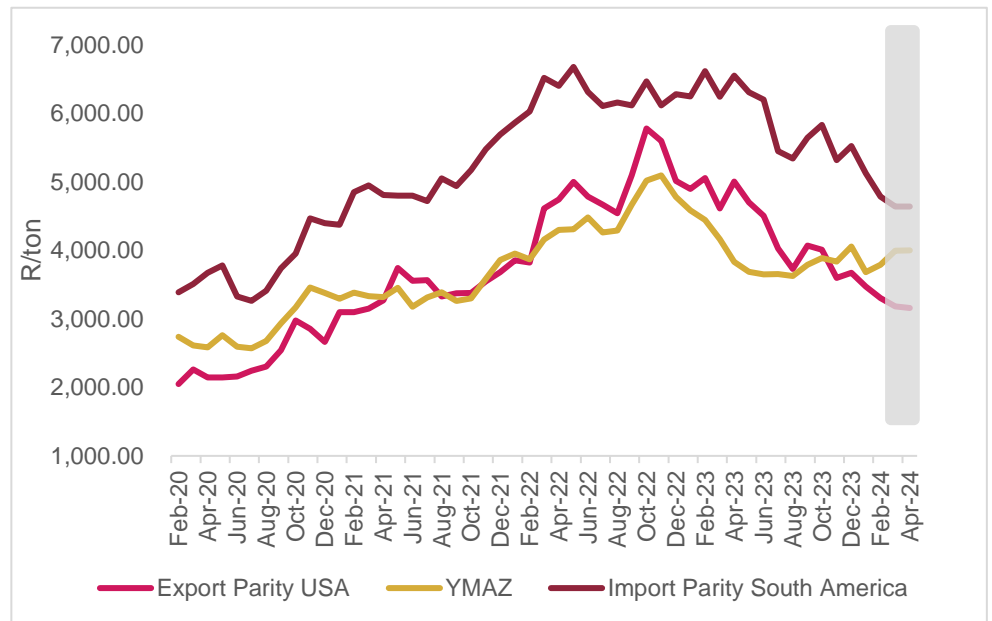


Figure 1: Yellow maize prices and price projections

*Section in grey represents Absa AgriBusiness forecasts

Wheat market trends

International wheat market

CBOT wheat prices also decreased month-on-month by 2.3% and 7.5% for CBOT SRW and CBOT HRW respectively on the back of sluggish U.S. export demand coupled with large global stocks and strong competition from Russia. CBOT SRW decreased by 15.8% year on year while CBOT HRW decreased by 29.5%.

| | R/USD | CBOT SRW (USD/t) | CBOT HRW (USD/t) |
|-------|-------|------------------|------------------|
| Price | 19.19 | 215 | 210 |
| w/w | 1.6% | 2.2% | 2.2% |
| m/m | 2.3% | -2.3% | -7.5% |
| y/y | 3.9% | -15.8% | -29.5% |

Local wheat market

SAFEX wheat prices increased by 1.5% week-on-week. Prices traded around the R5 979 per ton mark on February 29 and decreased by 2.6% month-on-month. The final wheat production estimate for 2023 came in at 2.07 million tons which are 0.98% lower than the 2022 wheat production.

| | JSE spot price (R/ton) | May-24 (R/ton) | USA import parity (R/ton) |
|-------|------------------------|----------------|---------------------------|
| Price | 5979 | 6061 | 6520 |
| w/w | 1.5% | 3.8% | 2.2% |
| m/m | -2.6% | -3.1% | -5.4% |
| y/y | -12.5% | - | -19.8% |

Outlook

SAFEX wheat prices are expected to trade sideways around the R6000 per ton mark for the coming few weeks.

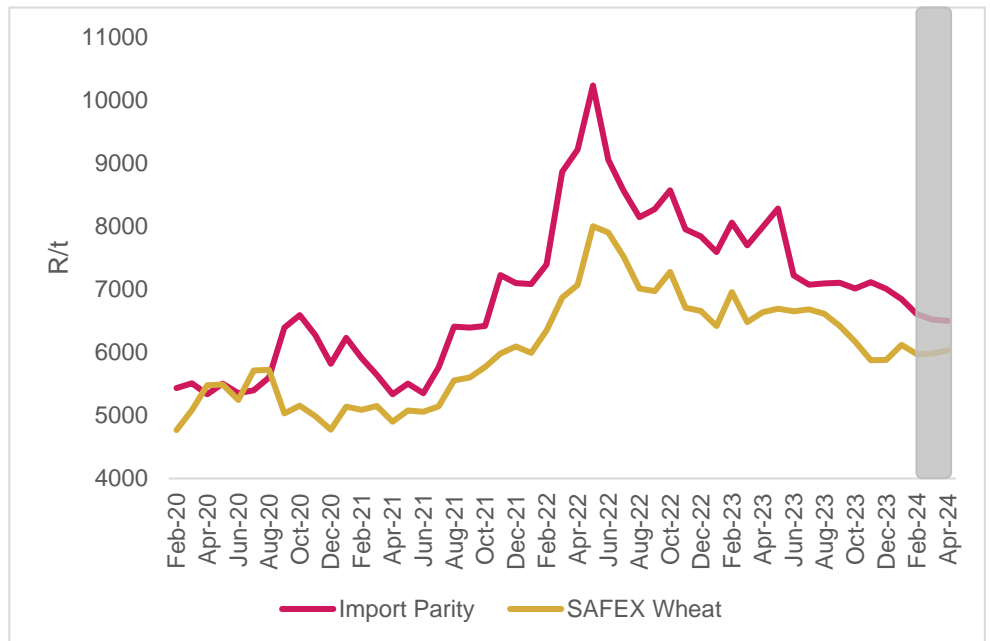


Figure 2: International and SAFEX wheat price projections

*Section in grey represents Absa AgriBusiness forecasts

Oilseed market trends

International oilseed market

CBOT soybean prices continue to follow a decreasing trend also hovering just above three-year lows. Prices decreased by 4.6% month-on-month and by 25.9% year-on-year as cheap supplies from Brazil entered the already sufficiently supplied market. The significant decline in CBOT soybean prices is attributed to agricultural agencies in the U.S. and Brazil revising their Brazilian soy harvest forecasts by less than anticipated. Furthermore, the U.S. Department of Agriculture's upward revision of its global supply projection to the highest on record has exerted additional pressure on prices.

| | R/USD | Soybean CBOT (USD/ton) | CBOT soy oil (USc/lb) | CBOT soya meal (USD/ton) |
|-------|-------|------------------------|-----------------------|--------------------------|
| Price | 19.19 | 417 | 45 | 328 |
| w/w | 1.6% | 0.1% | 1.5% | -0.2% |
| m/m | 2.3% | -4.6% | -0.2% | -7.2% |
| y/y | 3.9% | -25.9% | -26.3% | -32.0% |

Local oilseed market

SAFEX Soybean prices traded sideways both week on week and month on month. The 2023/24 soybean production season is not immune to the dryer and hotter production conditions. This is supported by the 22.76% forecasted soybean production decline by the CEC. Losses for SAFEX soybean were limited by the buffer provided by the record production of the 2022/23 season and the two previous seasons of bumper harvests.

| | Derived soybean price (R/ton)* | JSE soybean spot price (R/ton) | JSE sunflower seed spot price (R/ton) |
|-------|--------------------------------|--------------------------------|---------------------------------------|
| Price | 10 553 | 8035 | 8212 |
| w/w | 0.2% | -0.8% | -1.3% |
| m/m | -0.2% | -0.4% | -1.1% |
| y/y | -23.6% | -14.5% | -21.1% |

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

Outlook

Local SAFEX soybean prices are expected to follow global soybean price declines weighed by ample global and local soybean supplies.

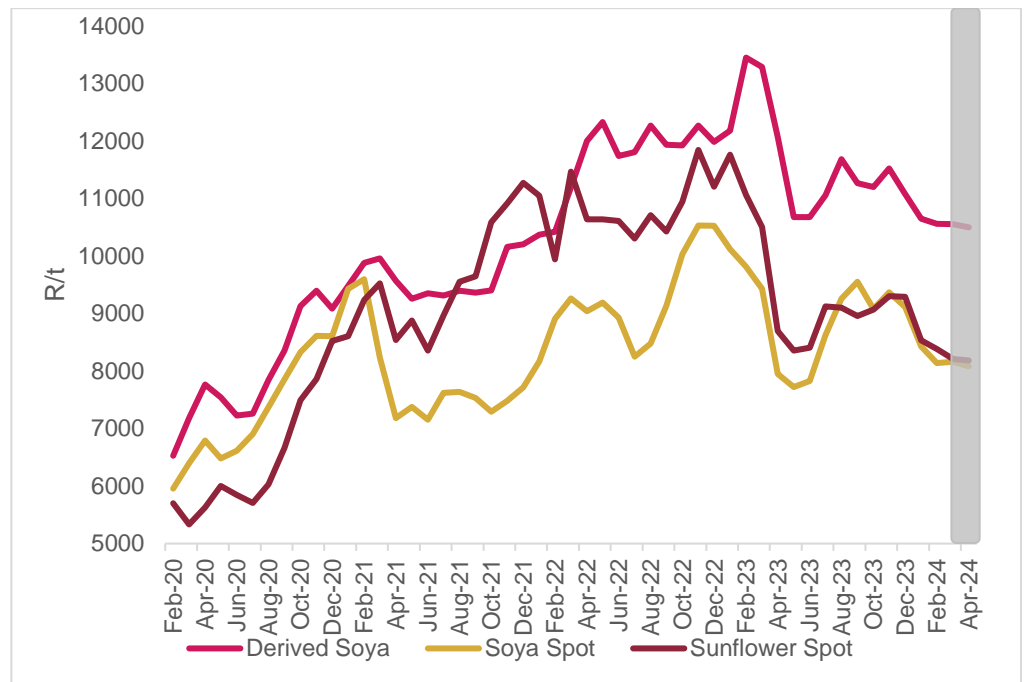


Figure 3: SAFEX oilseed price projections

*Section in grey represents Absa AgriBusiness forecast