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

South Africa's white maize production estimate revised up.

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Maize: CBOT corn prices rose by 3.1% both week-on-week and month-on-month, buoyed by weather-related concerns in the U.S. during planting. However, the USDA reported that U.S. corn planting reached 27% complete on April 29, up from 12% the previous week and surpassing the five-year average of 22%. CBOT corn prices remained notably lower year-on-year, decreasing by 30.8%. SAFEX maize prices decreased week-on-week by 1.7% and 0.6% for white and yellow maize respectively for the week ending April 26 undermined by better than expected maize production forecasts. Despite the challenging El Niño conditions, domestic supply is still projected to meet domestic demand. However, the anticipated deterioration of the white maize harvests is expected to provide price support over the next few months for producers.

Wheat: CBOT wheat prices followed an increasing price trend, reaching four-month highs on April 26 on weather-driven price support. Adverse weather for major wheat producing countries in the Northern Hemisphere raised concerns about crop stress and yield prospects. Nonetheless, wheat conditions remain relatively robust, aligning with forecasts indicating a shift in global wheat supplies towards a surplus, in contrast to the shortages experienced over the past several years. SAFEX wheat prices increased by 2.6% week-on-week and by 3.0% month-on-month for the week ending April 26 supported by gains in CBOT wheat prices and the expected local production decrease on the back of reduced area planted.

Oilseeds: CBOT soybean prices traded sideways week-on-week for the week ending April 26 and decreased by 2.1% month-on-month on rising South American competition. SAFEX soybean prices declined by 2.6% week-on-week and 4.3% month-on-month, while sunflower seed prices also decreased by 2.7% week-on-week and 5.5% month-on-month. These price declines were attributed to better-than-expected local production forecasts, despite dryer and hotter production conditions as well as lower CBOT soybean prices. The CEC revised the local sunflower production forecast up by 4.4% compared to the second production estimate and they left soybean production unchanged.

Maize market trends

International maize market

CBOT corn prices rose by 3.1% both week-on-week and month-on-month, buoyed by weather-related concerns in the U.S. during planting. Wet weather and colder temperatures were anticipated to slow down planting progress, which presented some price support. However, the USDA reported that U.S. corn planting reached 27% complete on April 29, up from 12% the previous week and surpassing the five-year average of 22%. CBOT corn prices remained notably lower year-on-year, decreasing by 30.8%. Market participants continue to monitor weather developments for the 2024/25 U.S. corn planting.

	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	18.80	173	4855	3287	3380
w/w	-1.5%	3.1%	-0.9%	-1.0%	-0.5%
m/m	-1.0%	3.1%	1.4%	2.7%	7.5%
y/y	2.9%	-30.8%	-22.2%	-29.4.6%	-20.3%

Local maize market

SAFEX maize prices decreased week-on-week by 1.7% and 0.6% for white and yellow maize respectively for the week ending April 26. Prices were undermined by better than expected maize production forecasts. The Crop Estimates Committee (CEC), in their third summer crops production forecast, surprised with a 2% upward revision for white maize compared to their previous forecast. Although the third production estimates for maize showed a more positive outlook compared to previous estimates, maize production is still anticipated to decrease significantly by 24.7% and 11.9% for white and yellow maize respectively compared to last year. As a result, SAFEX white maize prices were 52.6% higher year-on-year and SAFEX yellow maize prices were 20% higher compared to a year ago.

	JSE WM spot price Randfontein (R/ton)	White maize Jul-24 (R/ton)	White maize Sep-24 (R/ton)	JSE YM spot price Randfontein (R/ton)	Yellow maize Jul-24 (R/ton)	Yellow maize Sep-24 (R/ton)
Price	5391	5410	5467	4337	4433	4515
w/w	-1.7%	-2.1%	-1.8%	-0.6%	-0.9%	-0.9%
m/m	0.8%	0.5%	0.7%	2.6%	2.8%	2.9%
y/y	52.6%	42.0%	-	20.0%	15.1%	-

Outlook

Despite the challenging El Niño conditions, domestic supply is still projected to meet domestic demand. However, the anticipated deterioration of the white maize harvests, both in South Africa and neighbouring countries, has heightened regional demand. This is expected to provide price support over the next few months for producers.

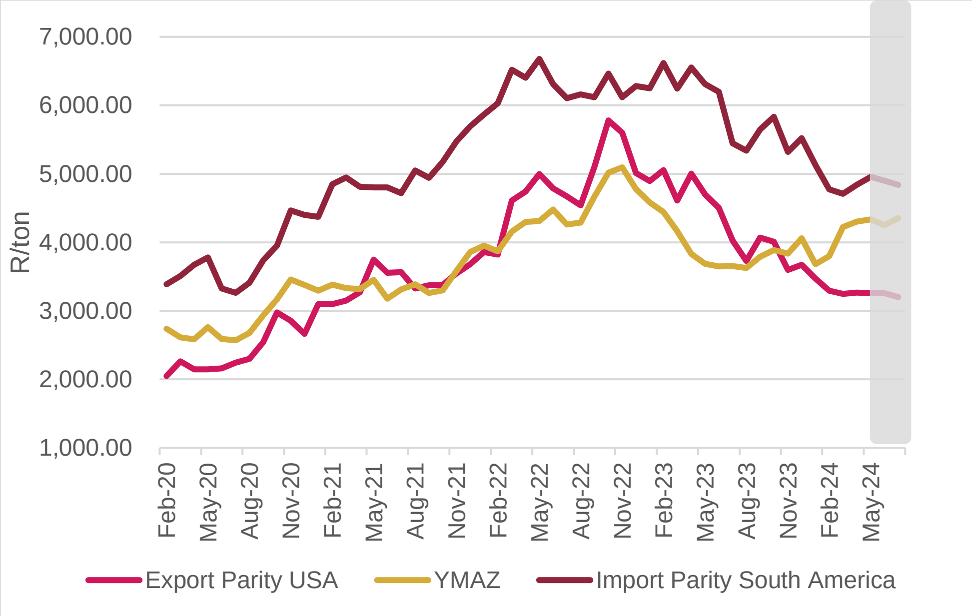

Figure 1: Yellow maize prices and price projections

*Section in grey represents Absa AgriBusiness forecasts

Wheat market trends

International wheat market

CBOT wheat prices followed an increasing price trend, reaching four-month highs on April 26 on weather-driven price support. Dry weather in Russia, freezing temperatures, and rain-disrupted planting in the EU, along with the expanding drought in the U.S. winter wheat belt, have raised concerns about crop stress and yield prospects. The USDA weekly crop progress report showed 49% of U.S. winter wheat crops in good-to-excellent condition, down from 55% two weeks earlier as dry weather hit hard red winter wheat production in the U.S. Nonetheless, the U.S. winter wheat crop in good-to-excellent condition was 21 percentage points higher than a year ago for the week ending April 26. Consequently, wheat conditions remain relatively robust, aligning with forecasts indicating a shift in global wheat supplies towards a surplus, in contrast to the shortages experienced over the past several years.

	R/USD	CBOT SRW (USD/t)	CBOT HRW (USD/t)
Price	18.80	217	239
w/w	-1.5%	3.5%	8.0%
m/m	-1.0%	5.4%	12.2%
y/y	2.9%	-4.8%	-14.1%

Local wheat market

SAFEX wheat prices increased by 2.6% week-on-week and by 3.0% month-on-month for the week ending April 26 supported by gains in CBOT wheat prices and the expected local production decrease on the back of reduced area planted. In their 2024 Intentions to Plant Winter Cereals report, the CEC indicated that producers are expected to reduce the area planted for wheat by 3.3%. This is despite positive production sentiments on the back of the favourable moisture content in the winter grain production regions. This decrease in production reflects the price response to lower wheat prices and increased input costs.

	JSE spot price (R/ton)	Jul-24 (R/ton)	USA import parity (R/ton)
Price	6326	6389	6506
w/w	2.6%	3.2%	3.4%
m/m	3.0%	3.0%	2.2%
y/y	-2.3%	-	-14.7%

Outlook

SAFEX wheat prices are anticipated to trade sideways, hovering around the R6300 per ton mark for the next few weeks. Despite the positive start to the 2024 local wheat production season, the decrease in area planted is expected to somewhat limit losses. Weather woes and the continued uncertainty in the Black Sea region are keeping the market on high alert and restraining excessive declines in global wheat prices.

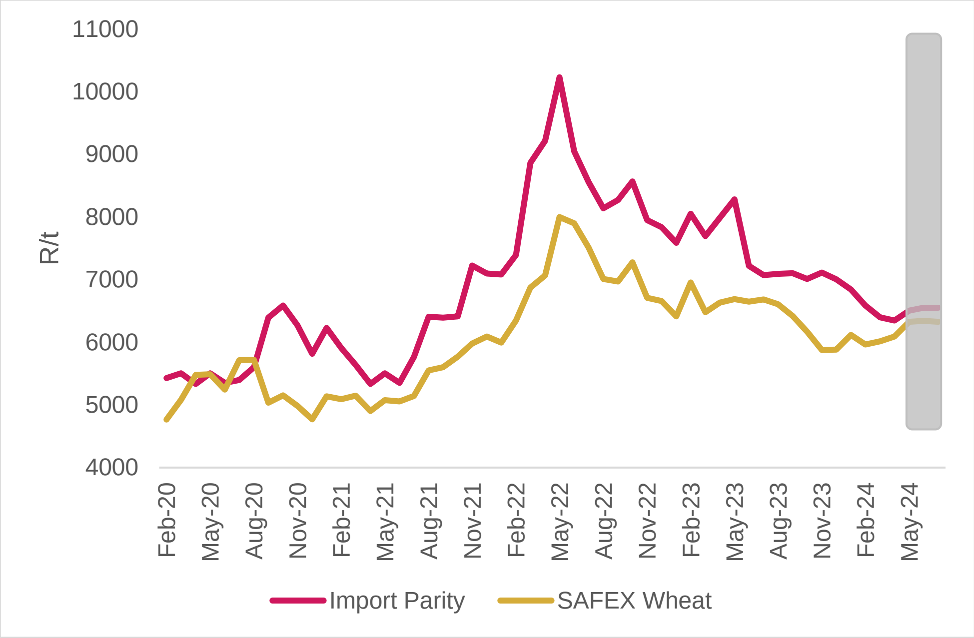

Figure 2: International and SAFEX wheat price projections

*Section in grey represents Absa AgriBusiness forecasts

Oilseed market trends

International oilseed market

CBOT soybean prices traded sideways week-on-week for the week ending April 26 and decreased by 2.1% month-on-month on rising South American competition. With Brazil having built up dominance in Chinese exports, increased production from Argentina is expected to further pressure CBOT soybean prices. CBOT soybean prices decreased by 19.6% year-on-year. The U.S. planting progress was 18% complete on April 29, ahead of the five-year average of 10%.

	R/USD	Soybean CBOT (USD/ton)	CBOT soy oil (USc/lb)	CBOT soya meal (USD/ton)
Price	18.80	427	44	348
w/w	-1.5%	0.0%	-3.0%	1.2%
m/m	-1.0%	-2.1%	-8.9%	3.1%
y/y	2.9%	-19.6%	-15.2%	-20.0%

Local oilseed market

SAFEX soybean prices declined by 2.6% week-on-week and 4.3% month-on-month, while sunflower seed prices also decreased by 2.7% week-on-week and 5.5% month-on-month. These price declines were attributed to better-than-expected production forecasts, despite dryer and hotter production conditions as well as lower CBOT soybean prices. The CEC revised the local sunflower production forecast up by 4.4% compared to the second production estimate and they left soybean production unchanged. Production for both oilseeds is expected to decrease year-on-year by 34.5% for soybeans and by 14.6% for sunflower seeds. Consequently, the SAFEX oilseed prices were higher compared to a year ago, increasing by 14.8% for soybeans and by 9.8% for sunflower seeds.

	Derived soybean price (R/ton)*	JSE soybean spot price (R/ton)	JSE sunflower seed spot price (R/ton)
Price	10 593	8449	9024
w/w	-1.5%	-1.0%	-2.7%
m/m	-2.1%	-4.3%	-5.5%
y/y	-7.9%	14.8%	9.8%

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

Outlook

At the time of writing, SAFEX soybeans traded around the R8 450 per ton mark and are expected to follow a slightly increasing trend for the coming months. Sunflower seed prices are also expected to follow a slightly increasing trend supported by dryer and hotter conditions. Weaker global oilseed prices present downward price risks.

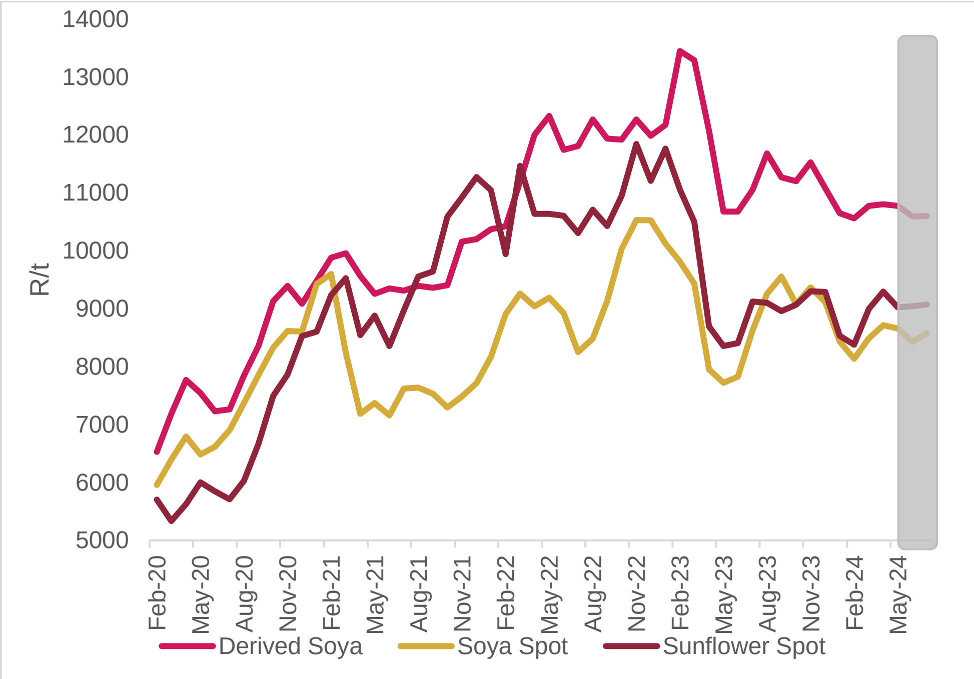

Figure 3: SAFEX oilseed price projections

*Section in grey represents Absa AgriBusiness forecast