



## Agri Trends: Grains and Oilseed Report

# WASDE reports lower yields – expected to support prices

**Maize:** US Kansas yellow corn prices increased 2.7% week-on-week, while the premium for white corn (compared with yellow corn) increased 60% from the previous week's premium of USD8.68/ton. A drop in the projected US corn yield from 181Bu/Acre to 178Bu/Acre for the 2020/21 US marketing year may be on the back of a derecho storm that recently passed through the US. The spot price of white maize and yellow maize increased 3.2% and 2.0%, respectively, week-on-week. Futures prices of white and yellow maize also found support compared with last week.

**Wheat:** The price of Soft Red Winter wheat increased 0.1% while the price of Hard Red Winter wheat decreased 0.1%, week-on-week. The domestic spot price of wheat decreased 3.3% week-on-week. The new import tariff of R832.10 was published on 1 September 2020.

**Oilseeds:** The price of US soybean, soya oil and soya meal increased 1.2%, 0.3% and 2.1%, respectively, week-on-week. The US soybean yield projection is estimated at 51.96Bu/Acre, which is lower than the August estimate of 53.31Bu/Acre. The spot price of soybean and sunflower seed increased 1.7% and 3.1%, respectively, week-on-week. The soybean crushing margin is still poor.

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## Agri Trends

# Maize Market Trends

### International Maize Market

US Kansas yellow corn prices increased 2.7% week-on-week, while the premium for white corn (compared with yellow corn) increased 60% from the previous week's premium of USD8.68/ton. The premium for white corn was 112.2% higher than a year ago, when white corn traded at a discount to yellow corn at USD1.72/ton. The import parity price of white corn from the US and yellow corn from Argentina was up 4.2% and 1.0%, respectively, week-on-week. The USDA release their World Agricultural Supply and Demand Estimates (WASDE) Report on 11 September 2020. The report indicates a drop in the projected US corn yield from 181Bu/Acre to 178Bu/Acre for the 2020/21 US marketing year, which may be on the back of the derecho storm that recently passed through the US.

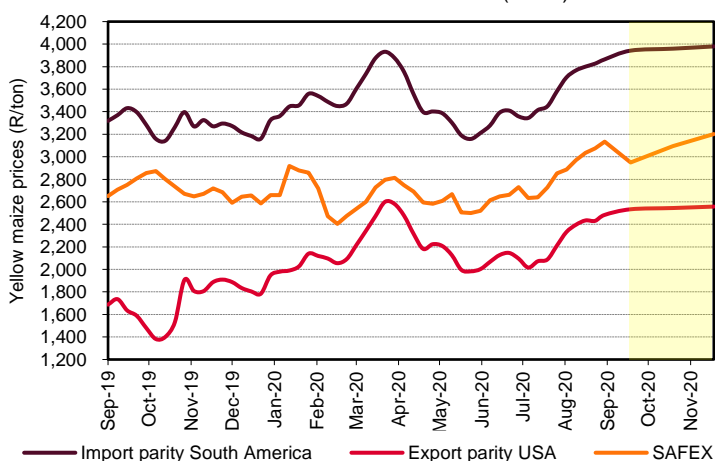
	R/USD	US Yellow Corn (USD/ton)	Kansas White Corn Premium (USD/ton)	USA WM Import Parity (R/ton)	Argentina YM Import Parity Worcester (R/ton)	USA YM Export Parity Randfontein (R/ton)
Price	16.77	182.00	14.17	4,343.67	3,864.69	2,483.86
w/w	0.4%	2.7%	60.0%	4.2%	1.0%	2.2%
m/m	-4.4%	10.4%	46.9%	5.7%	4.3%	6.5%
y/y	14.4%	12.3%	112.2%	27.6%	16.4%	47.2%

### Local Maize Market

The spot price of white maize and yellow maize increased 3.2% and 2.0%, respectively, week-on-week. Futures prices of white and yellow maize also found support compared with last week. The spot price of white maize and yellow maize was higher 15.2% and 18.3%, respectively, than a year ago. Local maize prices were supported by the increase in internal corn prices.

	JSE WM Spot Price, Randfontein (R/ton)	White Maize Sep-20 (R/ton)	White Maize Dec-20 (R/ton)	JSE YM Spot Price, Randfontein (R/ton)	Yellow Maize Sep-20 (R/ton)	Yellow Maize Dec-20 (R/ton)
Price	3,210.00	3,261.00	3,271.00	3,134.20	3,172.00	3,226.00
w/w	3.2%	4.8%	3.7%	2.0%	2.9%	2.5%
m/m	13.0%	14.9%	12.1%	8.5%	9.9%	8.8%
y/y	15.2%	19.2%	16.7%	18.3%	21.5%	20.6%

Yellow Maize Price Trends (R/ton)



\*Last 3 points 3 months forecast

### Outlook

US corn prices are expected to rise in the short to medium term following the reduced production forecasts released in the USDA WASDE report.

Local maize prices may receive some additional support from the increasing international corn prices; however, they are expected to remain relatively stable at these levels.

## Wheat Market Trends

### International Wheat Market

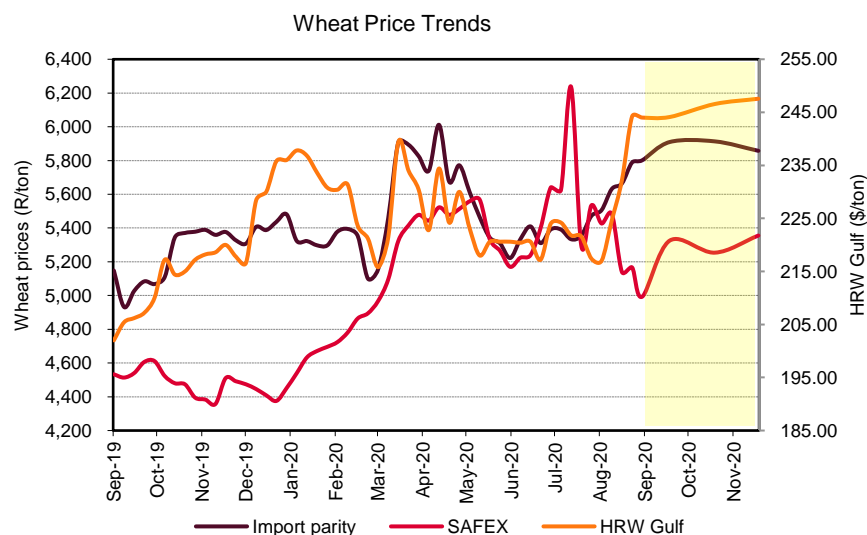
The price of Soft Red Winter wheat increased 0.1%, while the price of Hard Red Winter wheat decreased 0.1%, week-on-week. The current price of Hard Red Winter wheat is 20.8% higher than the price a year ago, while the price of Soft Red wheat is 16.5% higher, the WASDE report indicated an increase in their global wheat production, estimated from 766 million tonnes to 770 million tonnes.

	R/USD	Soft Red Winter Gulf (USD/ton)	Hard Red Winter Gulf (USD/ton)	Published Import Tariff (R/ton)
Price	16.77	247.20	244.00	832.10
w/w	0.4%	0.1%	-0.1%	832.10
m/m	-4.4%	8.8%	12.4%	516.60
y/y	14.4%	16.5%	20.8%	958.00

### Local Wheat Market

The spot price of wheat decreased 3.3% week-on-week. Futures prices for old season wheat (Sep 2020) increased 2.6%, while that for new season wheat (Dec 2020) rose 0.2% from the previous week. Prices were higher than a year ago. The new import tariff of R832.10 was published on 1 September 2020. The production estimates for Russia and the EU, two of South Africa’s main import destinations, remained relatively unchanged in the latest WASDE report.

	JSE Spot Price (R/ton)	Dec-20 (R/ton)	Sep-20 (R/ton)	USA Import Parity (R/ton)
Price	4993.40	4902.00	5050.00	6116.89
w/w	-3.3%	0.2%	2.6%	0.2%
m/m	-8.0%	-0.9%	-6.0%	5.4%
y/y	10.2%	7.6%	9.2%	12.7%



\*Last 3 points 3 months forecast

### Outlook

Both international and domestic wheat prices are expected to remain relatively stable in the short term.

As South Africa is a net importer of wheat, domestic wheat prices would be expected to trade in line with the rand/US dollar exchange rate movements.

# Oilseed Market Trends

## International Oilseed Market

The price of US soybean, soya oil and soya meal increased 1.2%, 0.3% and 2.1%, respectively, week-on-week. The US soybean yield projection is estimated at 51.96Bu/Acre, which is lower than the August estimate of 53.31Bu/Acre for the 2020/21 US marketing year. The extent of this reduced production estimate was unexpected. The reduction in yield is likely due to the derecho storm that passed through the US.

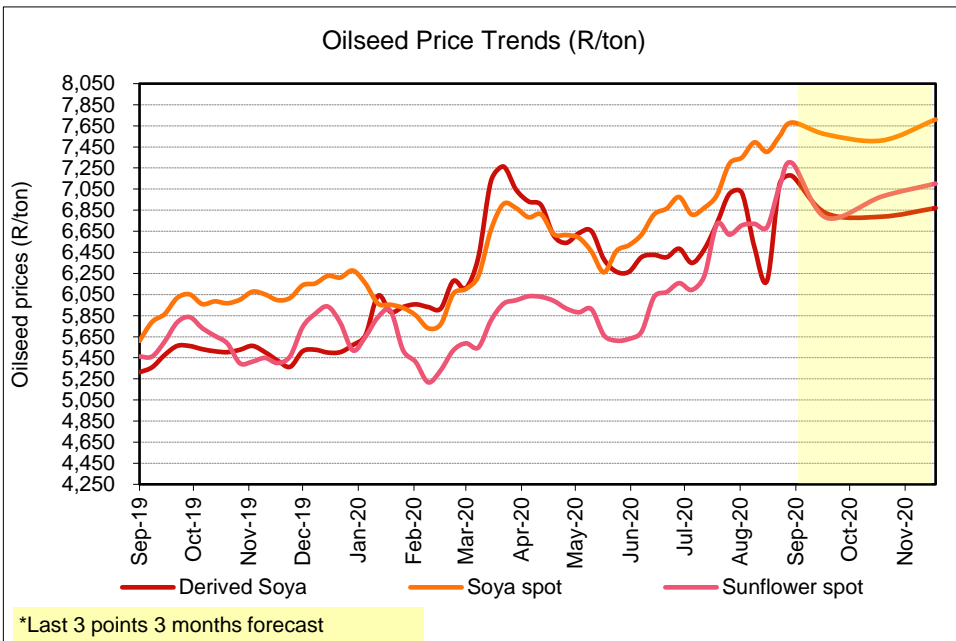
	R/USD	Soybean Gulf (USD/ton)	CBOT Soya Oil (USc/lb.)	CBOT Soya Meal (USD/ton)
price	16.77	382.70	33.35	311.48
w/w	0.4%	1.2%	0.3%	2.1%
m/m	-4.4%	7.9%	5.9%	9.2%
y/y	14.4%	17.8%	16.4%	6.3%

## Local Oilseed Market

The spot price of soybean and sunflower seed increased 1.7% and 3.1%, respectively, week-on-week. The soybean spot price and sunflower seed spot price is 36.9% and 33.6% higher, respectively, compared to prices a year ago. The soybean crushing margin is still poor; however, crushers are continuing to purchase soybeans to meet their obligations of soybean meal deliveries.

	Derived Soybean Price (R/ton)*	JSE Soybean Spot Price (R/ton)	Crushing Margin Before Tax (R/ton)	JSE Sunflower Seed Spot Price (R/ton)
Price	7173.93	7681.20	-507.27	7295.80
w/w	1.1%	1.7%	-11.7%	3.1%
m/m	2.3%	4.5%	-50.2%	8.8%
y/y	35.0%	36.9%	-69.7%	33.6%

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



## Outlook

International soybean prices are expected to increase in the short term, following the WASDE report.

Domestic soybean prices are expected to remain relatively stable at current levels in the short term.