



Agri Trends: Grains and Oilseed Report

US storm supports global maize and soybean prices

Maize: US Kansas yellow corn prices increased 2.8% week on week. The import parity price of white corn from the US and yellow corn from Argentina rose 0.1% and 0.5%, respectively, week on week. The severe derecho storm that passed through the US has done significant damage to Iowa's corn crop. The spot price of white maize and yellow maize was up 3.8% and 2.2%, respectively, week on week. The Crop Estimates Committee released its seventh production forecast on 27 August, which was in line with industry expectations.

Wheat: The price of Soft Red Winter wheat and Hard Red Winter wheat increased 2.5% and 3.0%, respectively, week on week. Continued dry weather conditions could pose a threat to winter wheat farmers as they prepare for seeding. Prices in the domestic wheat market were lower this week. The spot price of wheat decreased 6.3% week on week. The Crop Estimates Committee released its first production forecast for wheat; the estimated area planted is 515,800ha.

Oilseeds: The price of US soybean and US soya oil rose 1.6% and 3.4%, respectively, week on week, while the price of soya meal fell 0.4%. Prices were supported by widespread weather concerns. The storm in Iowa has done significant damage to soybean crops, while concerns of dryness across several parts of the US Midwest have been prevalent throughout most of August. The spot price of soybean and sunflower seed decreased 1.2% and 0.5%, respectively, week on week, likely due to the strengthening rand. 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 2.8% week on week, while the premium for white corn (compared to yellow corn) remained the same as the previous week. The premium for white corn was 275% higher than a year ago, at which point the premium was USD2.36/ton. The import parity price of white corn from the US and yellow corn from Argentina was up 0.1% and 0.5%, respectively, week on week. The severe derecho storm that passed through the US has done significant damage to Iowa's corn crop. Farmers are still determining if any of the damaged crop can be salvaged for harvest. Between 180mn and 270mn bushels of corn are likely to be affected by the storm.

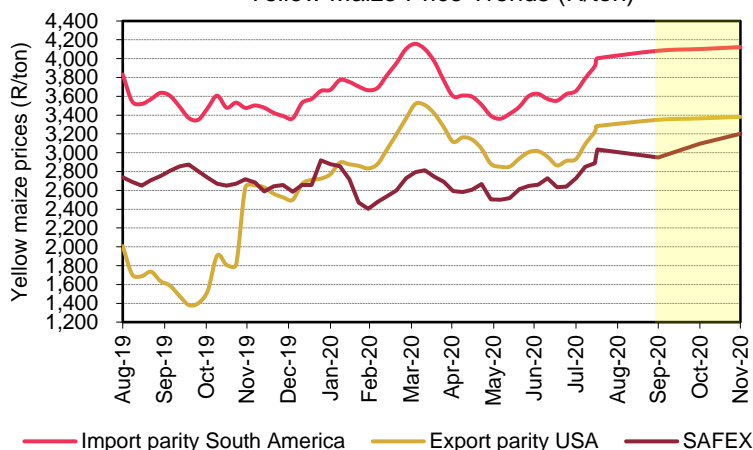
	R/USD	US Yellow Corn (USD/ton)	Kansas White Corn Premium (USD/ton)	USA WM Import Parity (R/ton)	Argentina YM Import Parity Worcester (R/ton)	Asia YM Export Parity Randfontein (R/ton)
Price	17.00	172.25	8.86	4,111.74	3,787.49	2,644.64
w/w	-2.2%	2.8%	0.0%	0.1%	0.5%	2.5%
m/m	2.3%	3.0%	2.3%	4.4%	9.9%	13.1%
y/y	11.2%	7.0%	275.0%	15.8%	4.4%	13.2%

Local Maize Market

The spot price of white maize and yellow maize increased 3.8% and 2.2%, respectively, week on week. Futures prices of white and yellow maize also found support compared to last week. The spot price of white maize and yellow maize was higher 7.1% and 10.9%, respectively, than a year ago. Local maize prices were supported by the increase in internal corn prices. The Crop Estimates Committee released its seventh production forecast on 27 August, which was in line with industry expectations. White maize production has been forecast down to 9.0mn tons, while yellow maize production has been forecast up to 6.5mn tons.

	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	3,054.60	3,079.00	3,101.00	3,034.80	3,058.00	3,125.00
w/w	3.8%	3.7%	2.2%	2.2%	2.7%	2.2%
m/m	15.3%	17.5%	14.6%	11.3%	13.1%	12.2%
y/y	7.1%	8.8%	8.8%	10.9%	12.8%	15.1%

Yellow Maize Price Trends (R/ton)



*Last 3 points 3 months forecast

Outlook

US corn prices are expected to rise in the short term until the full extent of the damage to the corn crop can be determined.

Local maize prices are expected to continue to increase in the short term, with support from increasing internal corn prices.

Wheat Market Trends

International Wheat Market

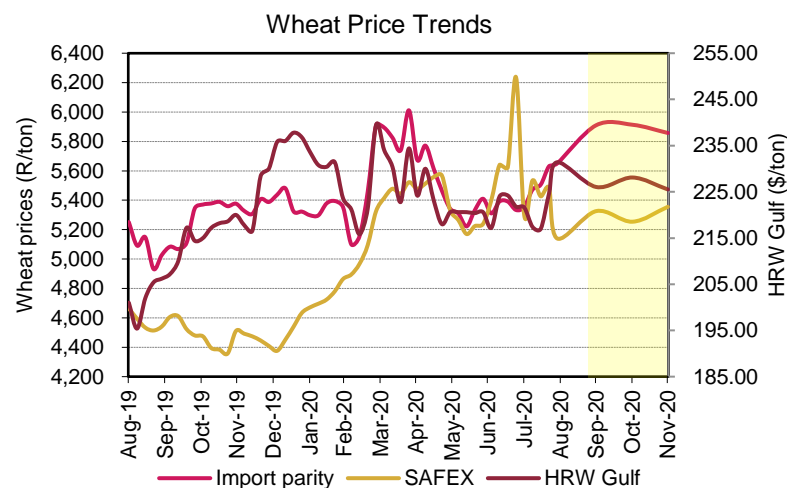
The price of Soft Red Winter wheat and Hard Red Winter wheat increased 2.5% and 3.0%, respectively, week on week. The current price of Hard Red Winter wheat is 15.1% higher than the price a year ago, while the price of Soft Red wheat is 16.0% higher. The current published import tariff is R516.60; however, a new tariff of R832.07 was triggered on 24 March 2020, which is yet to be published. Continued dry weather conditions could pose a threat to winter wheat farmers as they prepare for seeding.

	R/USD	Soft Red Winter Gulf (USD/ton)	Hard Red Winter Gulf (USD/ton)	Published Import Tariff (R/ton)
Price	17.00	239.80	231.40	516.60
w/w	-2.2%	2.5%	3.0%	516.60
m/m	2.3%	0.6%	4.4%	516.60
y/y	11.2%	16.0%	15.1%	958.00

Local Wheat Market

Prices in the domestic wheat market were lower this week. The spot price of wheat decreased 6.3% week on week. Futures prices for old season wheat (Sep 2020) declined 1.3%, while that for new season wheat (Dec 2020) fell 0.6% from the previous week. Prices were higher than a year ago. Wheat prices came under pressure due to the strengthening rand/US dollar exchange rate. The Crop Estimates Committee released its first production forecast for wheat; the estimated area planted is 515,800ha, down from 540,000ha in 2019. Wheat production has been forecast at 1.96mn tons, 27.8% higher than the final crop production of 1.53mn tons in 2019.

	JSE Spot Price (R/ton)	Dec-20 (R/ton)	Sep-20 (R/ton)	USA Import Parity (R/ton)
Price	5140	4887	5225	5650
w/w	-6.3%	-0.6%	-1.3%	0.3%
m/m	-2.9%	1.7%	1.6%	5.5%
y/y	17.0%	6.5%	20.8%	3.4%



*Last 3 points 3 months forecast

Outlook

International wheat prices are expected to increase in the short to medium term, owing to dry weather conditions, which pose a potential risk to winter wheat crops.

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

Oilseed Market Trends

International Oilseed Market

The price of US soybean and US soya oil increased 1.6% and 3.4%, respectively, week on week, while the price of soya meal decreased 0.4%. Prices were supported by widespread weather concerns. The storm in Iowa has done significant damage to soybean crops, while concerns of dryness across several parts of the US Midwest have been prevalent throughout most of August. Soybean supplies in Brazil are reported to be tighter than expected and the resulting soybean exports from Brazil are expected to decline quite severely.

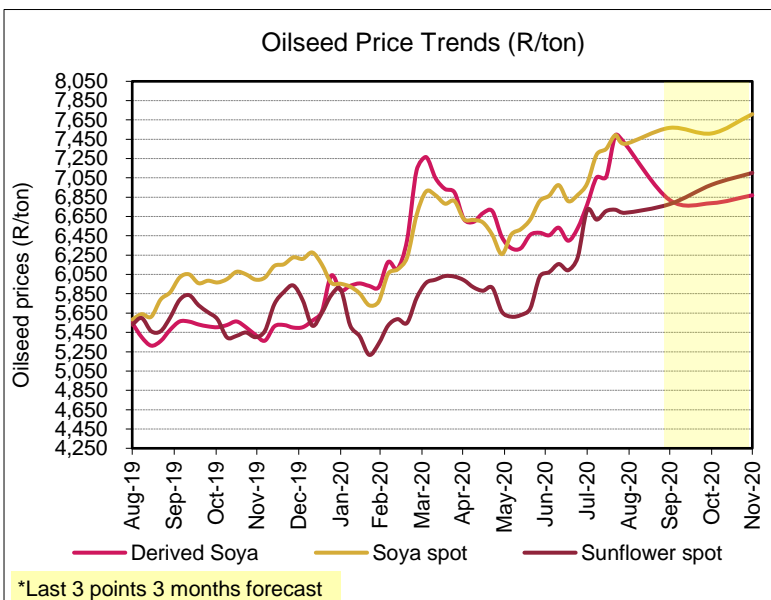
	R/USD	Soybean Gulf (USD/ton)	CBOT Soya Oil (USc/lb.)	CBOT Soya Meal (USD/ton)
price	17.00	368.84	32.52	293.74
w/w	-2.2%	1.6%	3.4%	-0.4%
m/m	2.7%	3.5%	9.5%	1.4%
y/y	14.7%	5.4%	7.7%	-2.9%

Local Oilseed Market

The spot price of soybean and sunflower seed decreased 1.2% and 0.5%, respectively, week on week, likely due to the strengthening rand. The soybean crushing margin is still poor; however, crushers are continuing to purchase soybeans to meet their obligations of soybean meal deliveries. The Crop Estimates Committee released its seventh production forecast; the soybean production estimate remained unchanged at 1.26mn tons.

	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	7402.80	7402.80	-1170.99	6688.40
w/w	-1.2%	-1.2%	-23.6%	-0.5%
m/m	9.3%	5.9%	-434.5%	-0.4%
y/y	33.4%	32.6%	N/A	20.9%

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



Outlook

International soybean prices are expected to increase if the poor weather conditions continue to prevail. However, should the weather conditions improve, international oilseed prices may decline, due to increased global production of soybean estimated by the USDA in its WASDE report.

Domestic soybean prices are expected to trade in line with the rand, while oilseed premiums remain high.