



Retail and Business Bank  
Sector Economics  
Agribusiness  
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## Agri Trends: Grains and Oilseed Report

# Tight global supplies supporting soya oil and meal prices

**Maize:** US Kansas yellow corn prices decreased 2.5% week-on-week for the week ended 6 November 2020. Import parity prices of white corn from the US and yellow corn from Argentina were down 3.9% and 3.0%, respectively, week-on-week. The crop progress report released by the United States Department of Agriculture (USDA) on 2 November 2020 indicates that the US has harvested approximately 82% of its corn crop. Domestic maize prices tracked the downward movement in international corn prices this week.

**Wheat:** The price of Soft Red Winter wheat decreased 0.2% week-on-week but was up 20.2% year-on-year. The USDA's crop progress report indicates that the US has planted approximately 89% of its winter wheat crop. The spot price of wheat increased 0.7% week-on-week. A new import tariff of R102.69/ton was triggered on 20 October 2020.

**Oilseeds:** US soybean prices decreased 0.3% week-on-week, while US soya oil and soya meal prices increased 2.1% and 0.1%, respectively. Unusually dry weather conditions continued in southern Brazil and Argentina in the first week of November, increasing the risk of drought damage for soybean crops. In the local market, spot prices of soybean and sunflower seed increased 1.5% and 1.6% week-on-week. The processing of soybeans and sunflower seed in South Africa has risen, resulting in increased production of oils, fats and oil meals. With rising prices amid tight global supplies of sunflower oil, South Africa is seen to be trimming sunflower oil imports in the 2020/21 season.

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## Maize Market Trends

### International Maize Market

US Kansas yellow corn prices decreased 2.5% week-on-week for the week ended 6 November 2020, while the premium for white corn (over yellow corn) at USD7.48/ton was 17.4% lower than the previous week's premium of USD9.05/ton. Import parity prices of white corn from the US and yellow corn from Argentina were down 3.9% and 3.0%, respectively, week-on-week. Unusually dry weather conditions continued in southern Brazil and Argentina in the first week of November, increasing the risk of drought damage to corn and soybean crops. The crop progress report released by the USDA on 2 November 2020 indicates that the US has harvested approximately 82% of its corn crop. This is well above the five-year average of 69%.

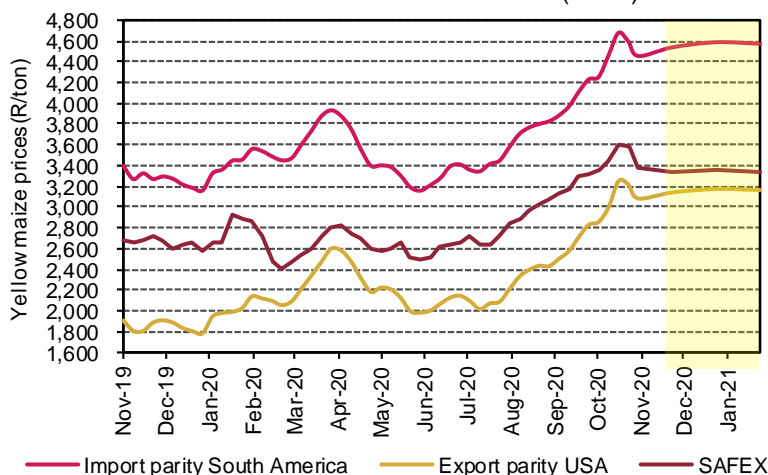
	R/USD	US Yellow Corn (USD/ton)	Kansas White Corn Premium (USD/ton)	USA WM Import Parity (R/ton)	Argentina YM Import Parity Worcester (R/ton)	USA YM Export Parity Randfontein (R/ton)
Price	16.02	219.00	7.48	4,679.16	4,454.85	3,082.45
w/w	-1.6%	-2.5%	-17.4%	-3.9%	-3.0%	-4.1%
m/m	-3.2%	4.6%	-41.5%	-1.7%	4.7%	7.9%
y/y	8.5%	26.4%	N/A	31.6%	31.2%	61.6%

### Local Maize Market

Domestic maize prices followed the downward movement of the international corn prices this week. The spot prices of white and yellow maize decreased 7.6% and 6.0% week-on-week, respectively. White and yellow maize spot prices were up 27.5% and 26.4% year-on-year, respectively. The yellow maize spot price is trading closer to the export parity price.

	JSE WM Spot Price, Randfontein (R/ton)	White Maize Oct-20 (R/ton)	White Maize Mar-21 (R/ton)	JSE YM Spot Price, Randfontein (R/ton)	Yellow Maize Oct-20 (R/ton)	Yellow Maize Mar-21 (R/ton)
Price	3,421.40	3,370.00	3,347.00	3,375.80	3,361.00	3,331.00
w/w	-7.6%	-6.0%	-6.0%	-6.0%	-4.7%	-4.7%
m/m	-0.8%	-0.5%	-0.1%	0.7%	0.9%	1.2%
y/y	27.5%	25.2%	23.0%	26.4%	25.3%	23.8%

Yellow Maize Price Trends (R/ton)



\*3-month forecasts

### Outlook

International corn prices are likely to rebound in the short term if the ongoing weather concerns in Brazil and Argentina persist.

Local maize prices are likely to continue to track international corn prices.

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# Wheat Market Trends

## International Wheat Market

The price of Soft Red Winter wheat decreased 0.2% week-on-week but was up 20.2% year-on-year, while Hard Red Winter wheat price was up 1.2% week-on-week and 27.6% year-on-year. The USDA's crop progress report indicates that the US has planted approximately 89% of its winter wheat crop. This is above the five-year average of 86%.

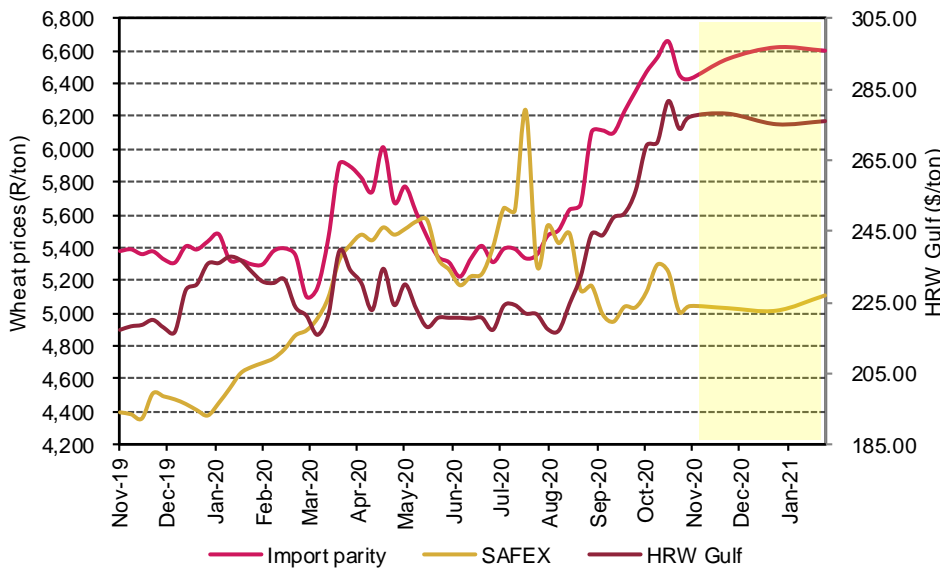
	R/USD	Soft Red Winter Gulf (USD/ton)	Hard Red Winter Gulf (USD/ton)	Published Import Tariff (R/ton)
Price	16.02	272.80	277.20	832.10
w/w	-1.6%	-0.2%	1.2%	832.10
m/m	-3.2%	1.8%	3.0%	832.10
y/y	8.5%	20.2%	27.6%	1008.60

## Local Wheat Market

The spot price of wheat increased 0.7% week-on-week. Futures prices for old season (December 2020) and new season wheat (March 2021) both decreased 1.0% from a week ago. Prices were higher than a year ago. Conditions remain favourable for the upcoming wheat harvest. A new import tariff of R102.69/ton was triggered on 20 October 2020. The R544.21 tariff that was triggered on 15 September 2020 has not yet been published.

	JSE Spot Price (R/ton)	Mar-21 (R/ton)	Dec-20 (R/ton)	USA Import Parity (R/ton)
Price	5043.00	5108.00	5015.00	6429.10
w/w	0.7%	-1.0%	-1.0%	-0.4%
m/m	-1.7%	2.7%	2.9%	-0.6%
y/y	14.7%	11.5%	11.5%	19.5%

Wheat Price Trends



\*3-month forecasts

## Outlook

Both international and domestic wheat prices should remain relatively stable in the short term.

As South Africa is a net importer of wheat, domestic wheat prices will likely track the rand/US dollar exchange rate movements.

## Oilseed Market Trends

### International Oilseed Market

US soybean prices decreased 0.3% week-on-week, while US soya oil and soya meal prices increased 2.1% and 0.1%, respectively. Unusually dry weather conditions continued in southern Brazil and Argentina in the first week of November, increasing the risk of drought damage for soybean crops. Tight global supplies are supporting soya oil and meal prices. China's strong demand for soybeans continues as it rebuilds its hog herd.

	R/USD	Soybean Gulf (USD/ton)	CBOT Soya Oil (USc/lb.)	CBOT Soya Meal (USD/ton)
Price	16.02	426.16	34.43	381.64
w/w	-1.6%	-0.3%	2.1%	0.1%
m/m	-3.2%	4.1%	3.2%	7.1%
y/y	8.5%	19.9%	8.9%	26.0%

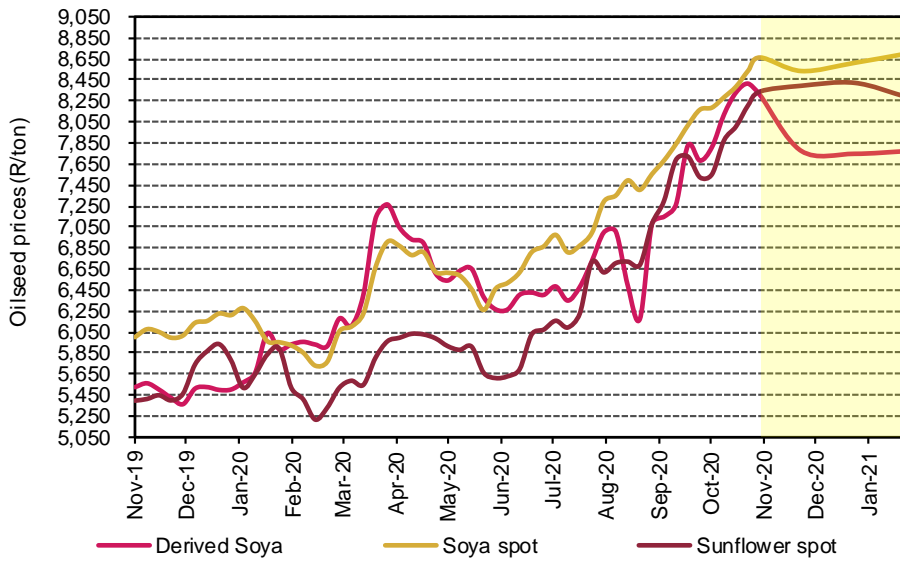
### Local Oilseed Market

Spot prices of soybean and sunflower seed increased 1.5% and 1.6% week-on-week and 44.3% and 54.5% year-on-year, respectively. The soybean crushing margin decreased 193.3% from last week (-R122.26/ton) and is 24.4% up versus a year ago (-R474.39/ton). The processing of soybeans and sunflower seed in South Africa has risen resulting in increased production of oils, fats and oil meals. With rising prices amid tight global supplies of sunflower oil, South Africa is seen to be trimming sunflower oil imports in the 2020/21 season. The majority of sunflower oil is imported from the EU, and due to preferential import duties, there is an increasing trend of soya oil being imported from the EU. Increasing domestic production of soya meal is resulting in reduced imports of soya meal, the bulk of which originate from Argentina.

	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	8303.24	8661.80	-358.56	8338.20
w/w	-1.3%	1.5%	-193.3%	1.6%
m/m	6.3%	5.8%	4.5%	10.4%
y/y	50.2%	44.3%	24.4%	54.5%

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

Oilseed Price Trends (R/ton)



\*3-month forecasts

### Outlook

International soybean and soya meal prices could rise in the short term due to the uncertainties around soybean production in South America and the strong demand from China.

Domestic soybean prices are expected to receive some support from increasing international prices; however, they are likely to remain relatively stable in the short term.