



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

# Locust outbreaks in three of SA provinces

Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza, announced on 3 December 2020 that there were locust outbreaks in three of South Africa's provinces: the Free State, the Northern Cape and the Western Cape. In a statement, the department said that 'control measures are currently being implemented to curb the spread of the locusts and that strong winds are aiding the flight and spread of the locusts.' Producers are urged to alert the department if they sight locusts in their area.

**Maize:** US Kansas yellow corn prices decreased 2.5% week-on-week for the week ended 4 December 2020. The United States Department of Agriculture (USDA) will release its World Supply and Demand Estimates (WASDE) report on 10 December 2020. The spot prices of white and yellow maize increased 3.6% and 2.5%, respectively, week-on-week. On 26 November 2020, the Crop Estimates Committee (CEC) released its final production estimate for the 2019/20 production season; the estimate for total commercial maize was revised downwards slightly.

**Wheat:** The price of Soft Red Winter wheat decreased 2.7% compared with the previous week, while Hard Red Winter wheat price was down 1.6% week-on-week. The spot price of wheat decreased 1.6% week-on-week. The R544.21 tariff that was triggered on 15 September 2020 has now been published.

**Oilseeds:** US soybean prices decreased 1.2% week-on-week, while US soya oil and soya meal prices decreased 0.9% and 1.2%, respectively. Argentina's soybean planting progress reached 48% as of 2 December 2020. Spot prices of soybean and sunflower seed increased 0.5% and 2.5% week-on-week, respectively.

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## Maize Market Trends

### International Maize Market

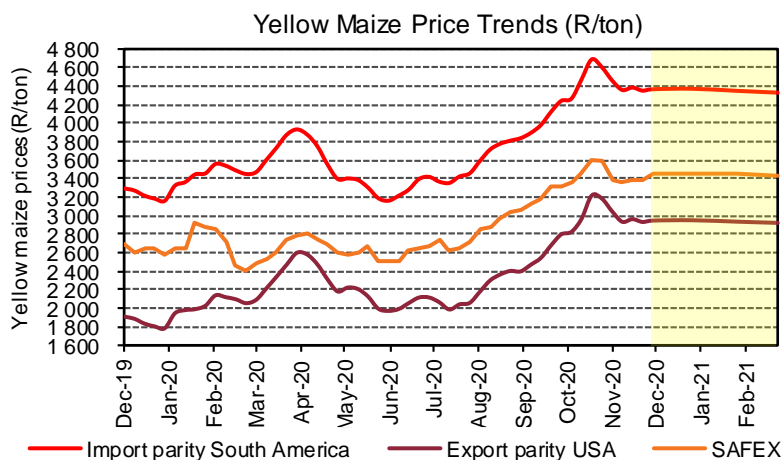
US Kansas yellow corn prices decreased 2.5% week-on-week for the week ended 4 December 2020, while the premium for white corn (over yellow corn) at USD10.04/ton was 15.0% lower than the previous week's premium of USD11.81/ton. Import parity prices of white corn from the US were down 2.2% and yellow corn from Argentina were up 0.4%, respectively, week-on-week.

	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	15.29	220.00	10.04	4 572.40	4 365.60	2 947.01
w/w	0.4%	-2.5%	-15.0%	-2.2%	0.4%	0.5%
m/m	-4.6%	0.4%	34.2%	-2.7%	-2.1%	-3.3%
y/y	4.5%	28.7%	#DIV/0!	32.0%	32.5%	54.3%

### Local Maize Market

The spot prices of white and yellow maize increased 3.6% and 2.5%, respectively, week-on-week. White and yellow maize spot prices were up 29.8% and 28.9% year-on-year, respectively. The yellow maize spot price is trading closer to the export parity price. Futures prices for white and yellow maize for the December 2020 and March 2021 contracts increased week-on-week. On 26 November 2020, the Crop Estimates Committee (CEC) released their final production estimate for the 2019/20 production season. The estimate for total commercial maize was revised downwards slightly to 15,408,180 tons (down 0.1% from the previous forecast). This downward revision was due to white maize estimated at 8,666,310 tons (down 0.9% from the previous forecast); yellow maize was estimated at 6,741,870 tons (up 1.0% from the previous forecast).

	JSE WM Spot Price, Randfontein (R/ton)	White Maize Dec-20 (R/ton)	White Maize Mar-21 (R/ton)	JSE YM Spot Price, Randfontein (R/ton)	Yellow Maize Dec-20 (R/ton)	Yellow Maize Mar-21 (R/ton)
Price	3 545.60	3 546.00	3 496.00	3 460.40	3 456.00	3 426.00
w/w	3.6%	2.4%	1.5%	2.5%	1.8%	1.3%
m/m	3.6%	3.1%	2.2%	2.5%	1.8%	1.3%
y/y	29.8%	32.1%	29.1%	28.9%	30.1%	28.4%



### Outlook

The United States Department of Agriculture (USDA) will release their World Supply and Demand Estimates (WASDE) report on 10 December 2020. Internal corn prices will be impacted by the results of the WASDE report if it goes against expectations. Weather concerns in South America persist.

Local maize prices are likely to continue to track international corn prices. Seasonality indicates increases in domestic white and yellow maize prices leading up to and in January next year.

# Wheat Market Trends

## International Wheat Market

The price of Soft Red Winter wheat decreased 2.7% week-on-week but was up 9.4% year-on-year, while Hard Red Winter wheat price was down 1.6% week-on-week and up 21.0% year-on-year. Australia has had good growing conditions, resulting in a significant recovery of their winter crop production. Their wheat production is estimated to have doubled to 31.2 million tons this year.

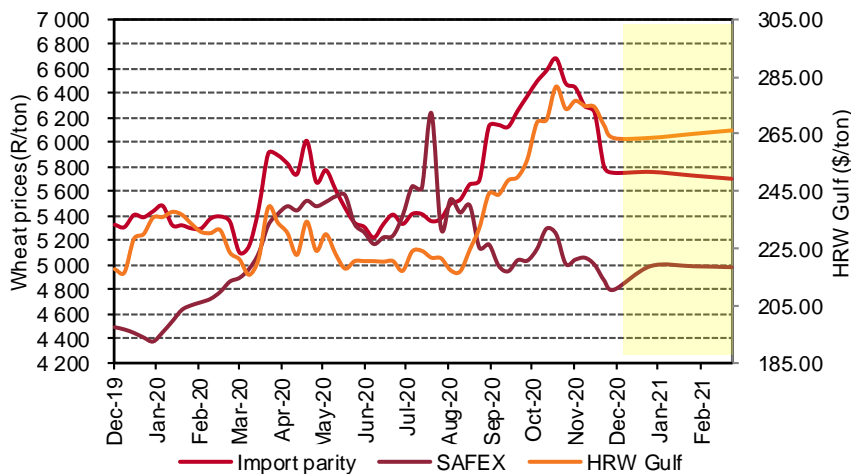
	R/USD	Soft Red Winter Gulf (USD/ton)	Hard Red Winter Gulf (USD/ton)	Published Import Tariff (R/ton)
Price	15.29	262.60	263.60	544.20
w/w	0.4%	-2.7%	-1.6%	544.20
m/m	-4.6%	-3.6%	-4.7%	832.10
y/y	4.5%	9.4%	21.0%	1008.60

## Local Wheat Market

The spot price of wheat decreased 1.6% week-on-week. Futures prices for old season (December 2020) and new season wheat (March 2021) decreased 2.6% and 2.3%, respectively, from a week ago. Prices were higher than a year ago. 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 now been published. The CEC's fourth production forecast for winter cereals for the 2020/21 production season indicates an upward revision to the wheat production estimate to 2,149,270 tons (up 0.7% from the previous estimate).

	JSE Spot Price (R/ton)	Mar-21 (R/ton)	Dec-20 (R/ton)	USA Import Parity (R/ton)
Price	4796.80	4900.00	4822.00	5750.29
w/w	-1.6%	-2.3%	-2.6%	-0.8%
m/m	-4.9%	-6.2%	-6.5%	-10.8%
y/y	6.8%	6.5%	7.2%	7.9%

Wheat Price Trends



\*Last 3 points 3 months forecast

## Outlook

Both international and domestic wheat prices should remain relatively stable in the short term. Prices will be impacted by the results of the WASDE report if it goes against expectations.

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 1.2% week-on-week, while US soya oil and soya meal prices decreased 0.9% and 1.2%, respectively. Reduced soybean prices in the US resulted in improved crush margins, propelling the crushing of soybeans to meet the strong demand and large export commitments the US has made. Argentina's soybean planting progress reached 48% as of 2 December 2020; this is aligned to the 49% progress reached by the same time last year. Weather developments in South America remains important, rainfall on 30 November, and 1 and 2 December 2020 caused soya futures prices to come under pressure. The moisture shortage is still critical in many soybean-growing areas of South America with some potentially irreversible crop damage already having occurred.

	R/USD	Soybean Gulf (USD/ton)	CBOT Soya Oil (USc/lb.)	CBOT Soya Meal (USD/ton)
Price	15.29	453.44	38.12	391.54
w/w	0.4%	-1.2%	-0.9%	-1.2%
m/m	-4.6%	6.4%	10.7%	2.6%
y/y	4.5%	32.3%	25.8%	32.7%

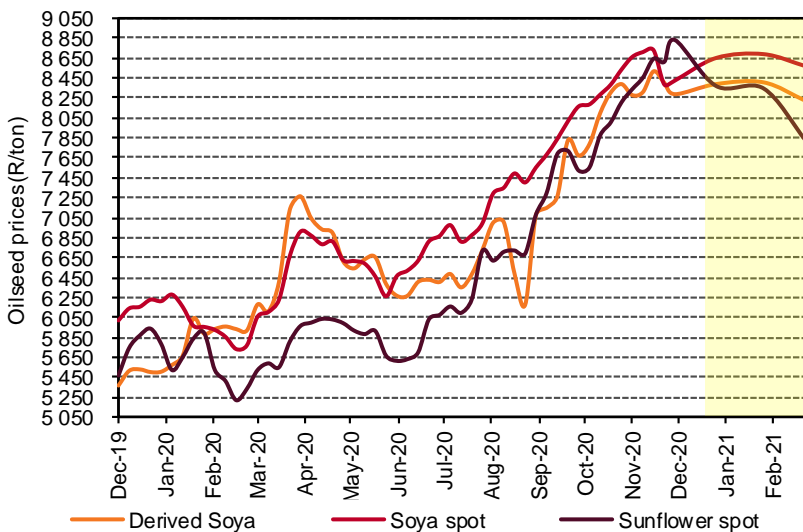
## Local Oilseed Market

Spot prices of soybean and sunflower seed increased 0.5% and 2.5% week-on-week, respectively. Compared with a year ago, spot prices of soybean are up 40.0% and of sunflower seed are up 61.6%. The soybean crushing margin returned back to its negative state this week, decreasing 112.2% from last week (+R16.76/ton). The crush margin is 79.0% up versus a year ago (-R653.27/ton).

	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	8288.55	8426.00	-137.45	8831.20
w/w	-1.3%	0.5%	-112.2%	2.5%
m/m	0.1%	-2.7%	64.0%	5.9%
y/y	54.5%	40.0%	79.0%	61.6%

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

Oilseed Price Trends (R/ton)



\*Last 3 points 3 months forecast

## Outlook

Uncertainties around soybean production in South America continue to weigh on the international soya prices.

Domestic soybean prices are expected to remain relatively stable in the short term and would likely track larger shifts in international prices should they materialise.