

WHEAT



AUGUST 2025

Grain Market Outlook

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This report was compiled by the Applied Economics team of Grain SA. If you would like any further information or to be added to the monthly contact list, please feel free to contact the team at economist@grainsa.co.za

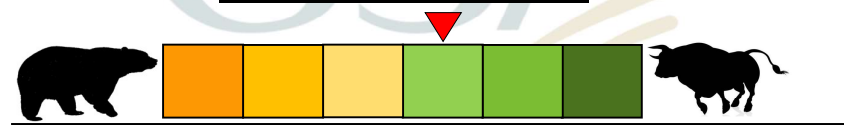
1. Bearish And Bullish Factors

Global market participants are keeping a watchful eye on the Northern Hemisphere as harvesting progresses. Globally we are set for another bumper crop, however demand exceeds supply for another season, which could give global prices support. As harvesting is commencing, uncertainty rains as crop conditions deteriorates in the EU.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



Bearish Factors

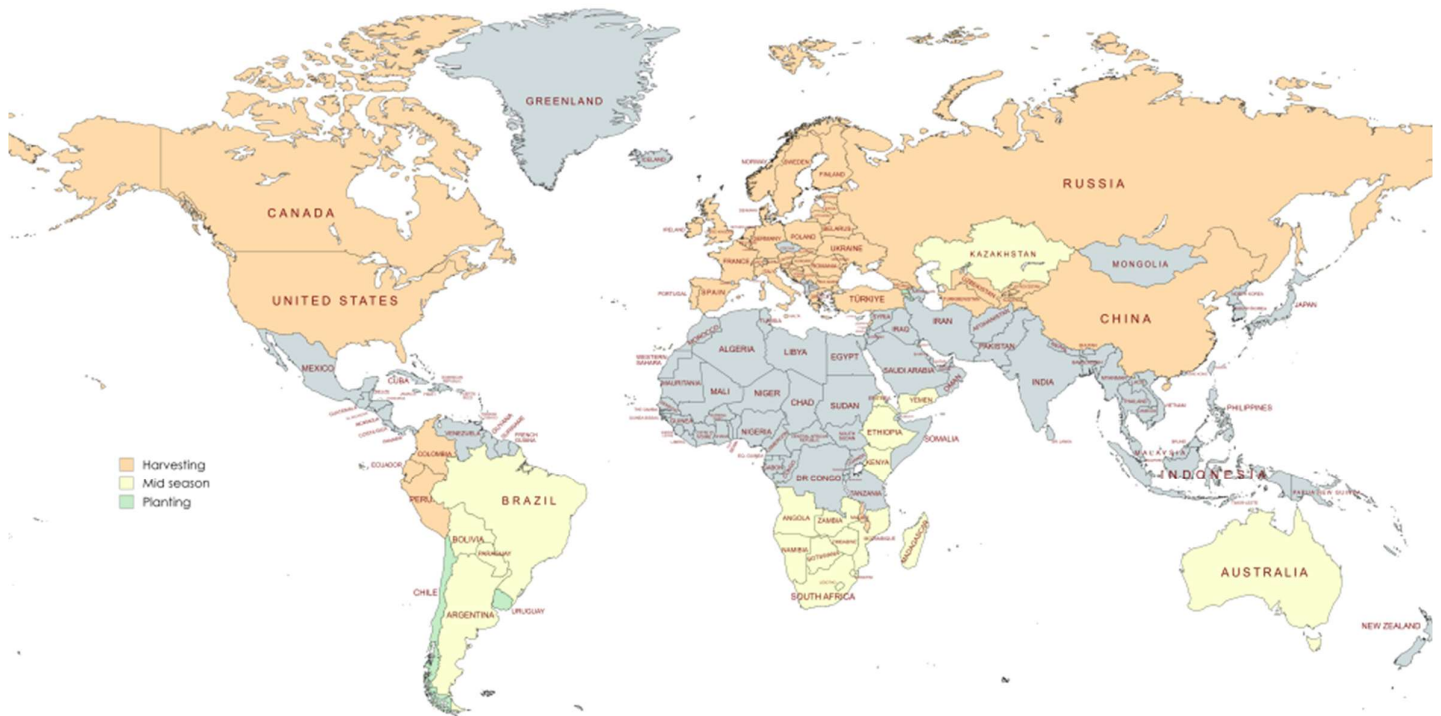
- Harvesting in the EU has started and could apply pressure to global markets as their record crop enters the market. Conditions remain uncertain in France and the United Kingdom.
- South Africa is set to start harvesting in October, bringing new stock to the local market. Conditions are favourable.
- In the next two weeks, approximately 528 000 tons of wheat is destined to be imported to South Africa. This could apply significant price pressure as local producers start to harvest.

Bullish Factors

- Globally demand exceeds supply again this season, leading to the lowest ending stocks in the past seven seasons. This could give global price support.
- Global exports are expected to increase for countries that generally produce a higher quality wheat, i.e. Australia and the US.
- A hot and dry spell in parts of the EU have increased concerns for crop quality and yield. The market is keeping a watchful eye on conditions, which seem to worsen month-on-month.



2. World Wheat Production



A. World Production Conditions

In the Northern Hemisphere, the harvesting of this year's winter wheat crop has kicked off. In the Southern Hemisphere crops are still developing in some major producing countries.

B. Comments on El Niño

The status of the El Niño–Southern Oscillation (ENSO) is neutral. Forecasts from most international models (6 out of 8) indicate that neutral ENSO conditions are likely to persist until at least January 2026, while 2 models suggest borderline La Niña levels could emerge during the southern spring and early summer. The relatively large spread in model projections signals higher-than-usual uncertainty in the outlook. This suggests that while neutral conditions dominate for now, the potential for La Niña development later in 2025 cannot be ruled out. In addition, the Indian Ocean Dipole (IOD) is currently neutral.

C. Crop Conditions Commentary

European Union	Conditions are mixed, but generally favourable. Spain, and Romania is experiencing exceptional conditions. The United Kingdom and parts of France has areas with drought, which could affect yields.
Türkiye	Prolonged hot and dry weather conditions have left the production in poor condition.
Russian Federation	The winter wheat harvest is ongoing in the south under generally favourable conditions, and spring wheat conditions are also favourable.
Ukraine	In Ukraine, the harvest is well underway with favourable conditions, despite some overly dry areas and the ongoing war.
Kazakhstan	In Kazakhstan, conditions are generally favourable.
China	In China, the winter wheat harvest is wrapping up under mostly favourable conditions, despite earlier hot and dry weather.



United States

Winter wheat harvesting is progressing well, with conditions ranging between favourable and exceptional.

Canada

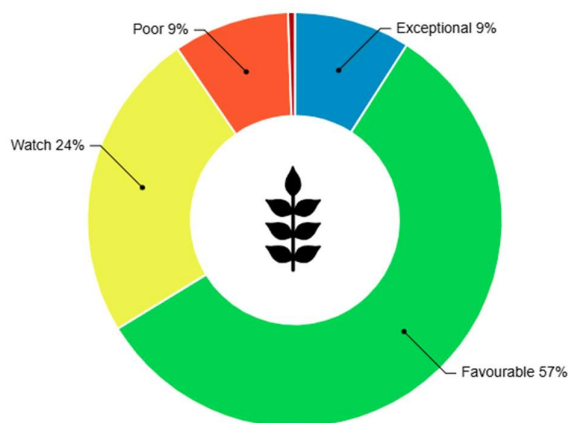
In Canada, conditions are generally favourable for both winter and spring wheat.

Australia

Conditions are generally favourable as the season progresses.

Argentina

Conditions are generally favourable.



Conditions



Drivers



Conditions as of 28 July 2025
Source: GEOGLAM

3. World Supply- and Demand

3.1. World Agricultural Supply and Demand (WASDE) AUGUST 2025/2026 Overview

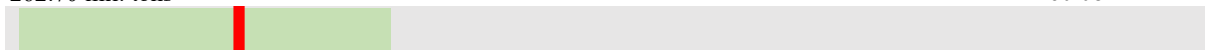
Beginning stocks

262.70 mil. tons

World:

Ending stocks

260.08 mil. tons



Stock-to-use percentage: 32.1%; three-year-average: 32.87%

Argentina:

4.94 mil. tons

4.35 mil. tons

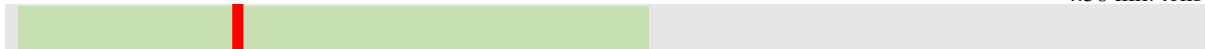


Stock-to-use percentage: 69.6%; three-year-average: 64.36%

Australia:

4.25 mil. tons

4.38 mil. tons

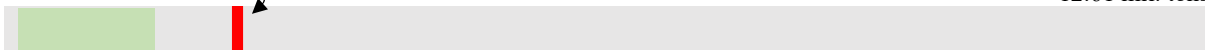


Stock-to-use percentage: 54.1%; three-year-average: 48.17%

European Union:

12.36 mil. tons

12.61 mil. tons

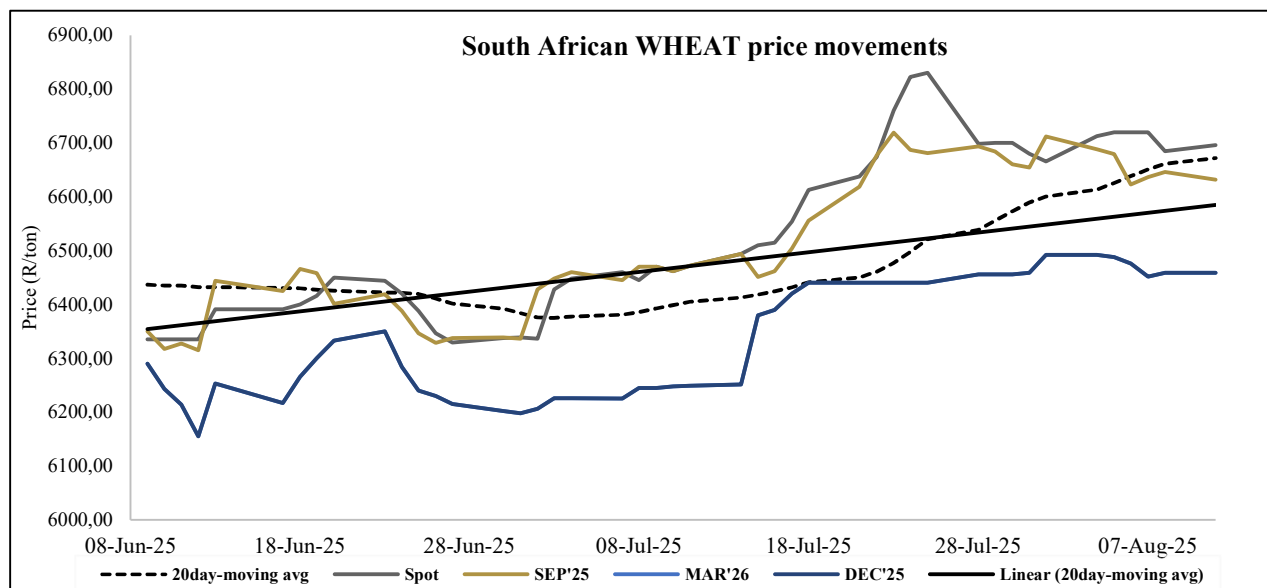


Stock-to-use percentage: 11.3%; three-year-average: 12.27%

Below the normal stock-to-use level, prices tend to react sharply in the market environment. By comparing current year stock-to-use percentages to the norm, an indication can be concluded regarding the direction of price trends.



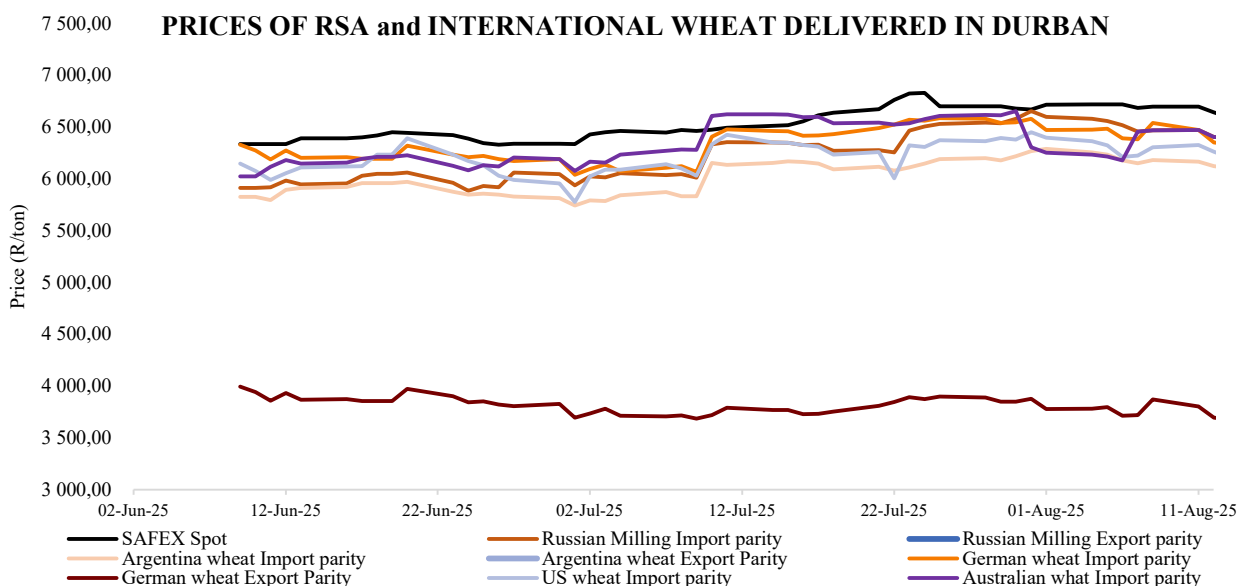
4. Monthly Wheat Contract Price Movements



Comments on market movements for wheat contracts:

Wheat prices traded with a slight upward trend since the start of June. The major wheat producing area is currently in mid-season, with conditions looking promising.

5. Import- And Export Parity Movements



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Best regards,

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