

# WHEAT



JUNE 2025

## Grain Market Outlook

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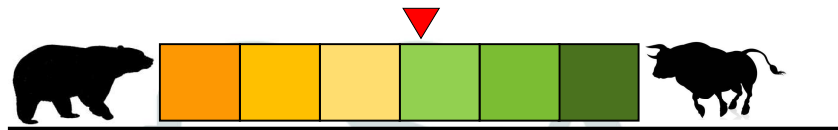
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This report was compiled by the Applied Economics team of Grain SA. If you would like any further information or to be added to the monthly contact list, please feel free to contact Heleen Viljoen ([heleen@grainsa.co.za](mailto:heleen@grainsa.co.za)) or Cathrine Mathekga ([cathrine@grainsa.co.za](mailto:cathrine@grainsa.co.za))

## 1. Bearish And Bullish Factors

Global wheat markets are relatively stable. While exports have improved, the large global supply, especially from Russia and the U.S., is expected to keep downward pressure on futures unless there is a notable increase in demand.

### SHORT-TERM PRICE TREND



### LONG-TERM PRICE TREND



#### Bearish Factors

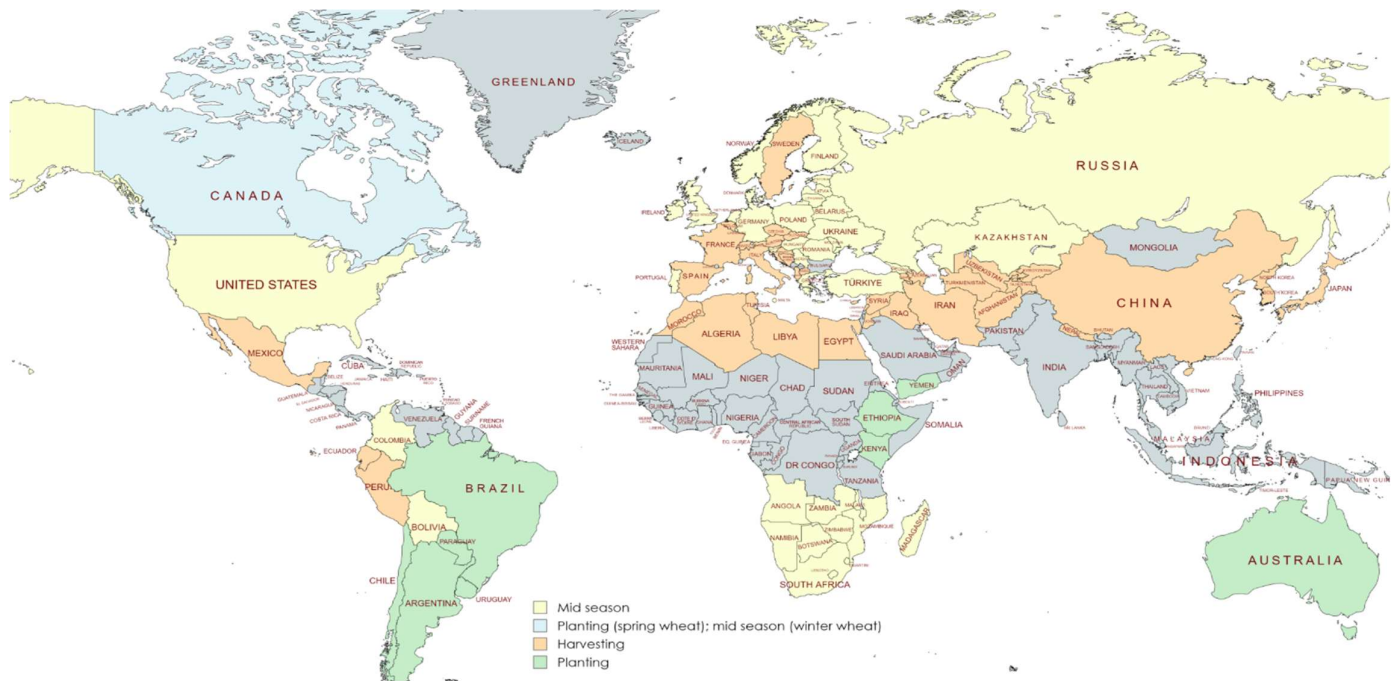
- The WASDE projected wheat supply to be higher, unchanged domestic use and lower ending stocks for the 2025/26 season. Larger global supplies can apply pressure.
- As of the week ending on the 8<sup>th</sup> of June, 54% of the US crop has been rated good/excellent, which is 2% better than the previous week.

#### Bullish Factors

- The U.S wheat harvest has been delayed due to unfavourable weather conditions.
- Increased tensions in the Black Sea earlier this month caused traders to increase the risk premium due to trade and logistics instability.
- Dry conditions in China could affect yields, potentially offering support to global prices.
- A tariff of R856/ton triggered on the 27<sup>th</sup> of May in South Africa. The tariff is not active yet and still needs to be published in the Government Gazette.



## 2. World Wheat Production



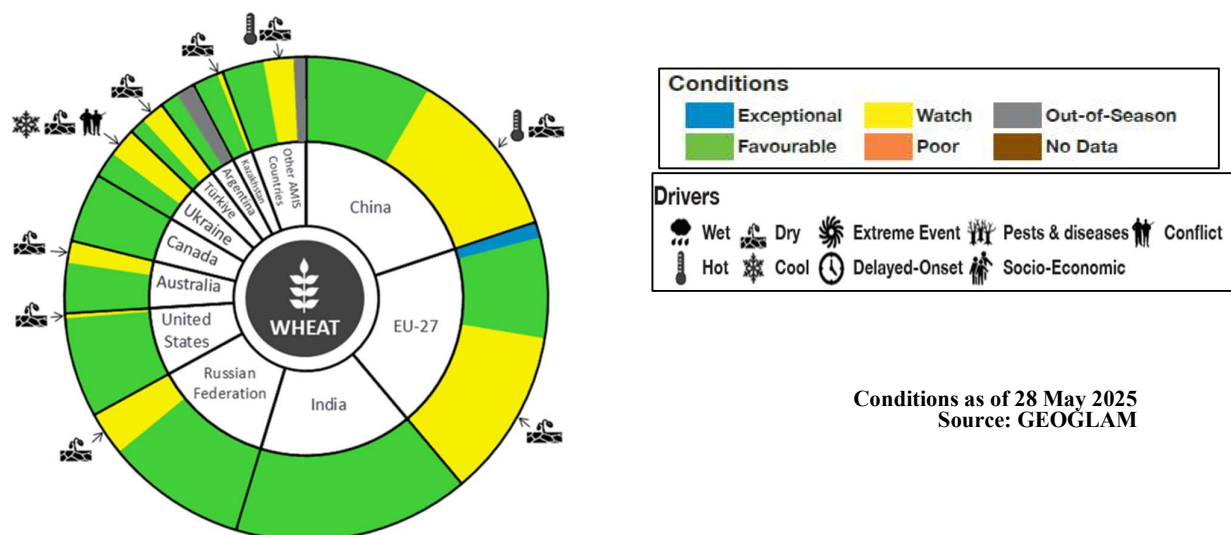
Source: USDA

### 2.1 World Production Conditions

In the Northern Hemisphere, weather conditions continue to be dry in China, Europe and the U.S. Planting has commenced in the Southern Hemisphere.

### 2.2 Comments on El Niño

The climate is currently in an ENSO-neutral state, and forecasts currently estimate a 98 to 54% chance of ENSO-neutral conditions. It will likely stay that way until at least October 2025, according to the IRI<sup>1</sup>. At this time of the year, there is limited long-range ENSO predictability.



Conditions as of 28 May 2025  
Source: GEOGLAM

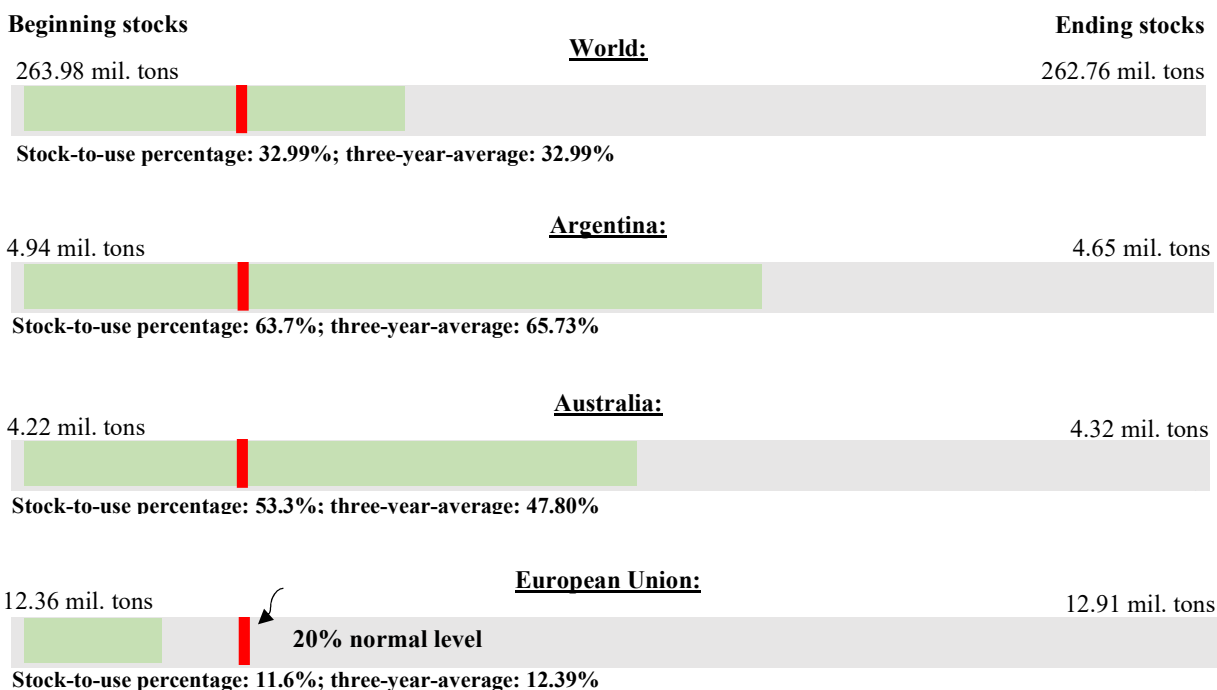
<sup>1</sup> International Research Institute for Climate and Society

## 2.3 Crop Conditions Commentary

<b>European Union</b>	The northern and central parts of the region are dry, and this is concerning because winter wheat production is in its important flowering stage.
<b>Türkiye</b>	The prolonged dry weather conditions have reduced the yield prospects, especially in Southeastern Anatolia.
<b>Russian Federation</b>	Winter wheat is growing under mixed conditions, and in certain areas, spring wheat planting is progressing.
<b>Ukraine</b>	The central and western regions have been supported by the rains in May; however, prolonged droughts and frost are affecting the crops in the southern and eastern regions.
<b>Kazakhstan</b>	Planting of spring wheat is commencing, while winter wheat continues.
<b>China</b>	Weather conditions are favourable for spring and winter wheat production; however, the recent hot and dry weather may negatively affect yields across various provinces.
<b>India</b>	Conditions are favourable and harvesting is almost complete.
<b>United States</b>	Spring wheat planting is continuing, while winter wheat harvesting has started under favourable conditions.
<b>Canada</b>	The planting of spring wheat is progressing well across the prairies, and winter wheat is developing in the east.
<b>Australia</b>	Planting is progressing; however, more rainfall is needed to support germination, especially in the southern region and in western Victoria.
<b>Argentina</b>	Planting has started.

## 3. World Supply- and Demand

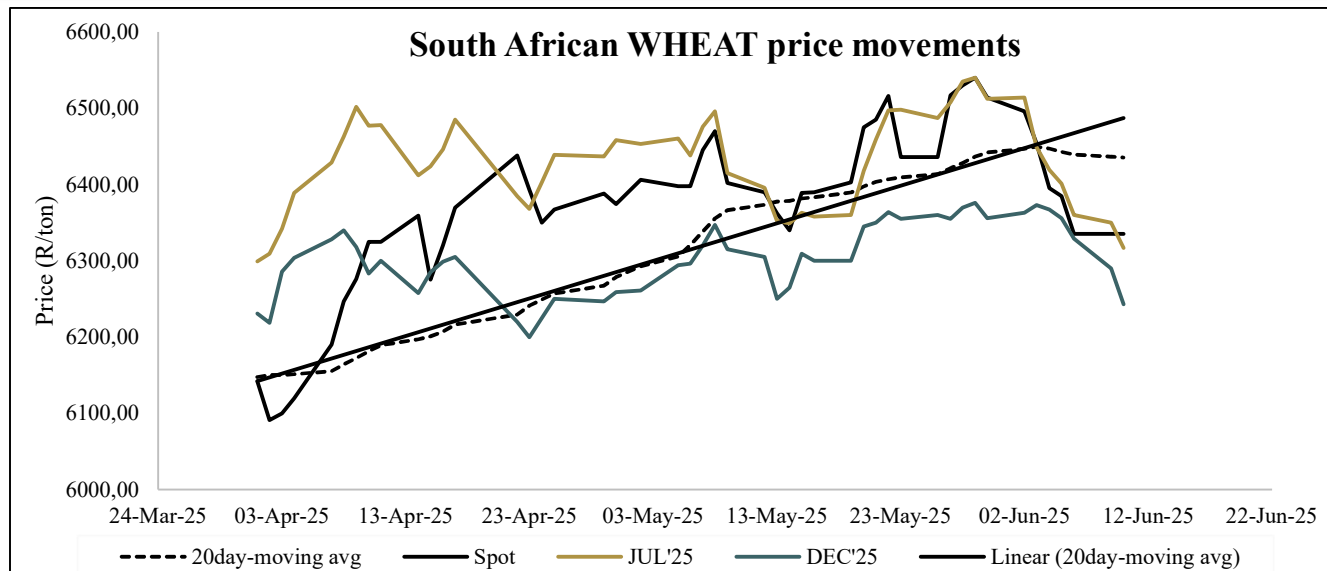
### 3.1. World Agricultural Supply and Demand (WASDE) JUNE 2025/2026 Overview



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.



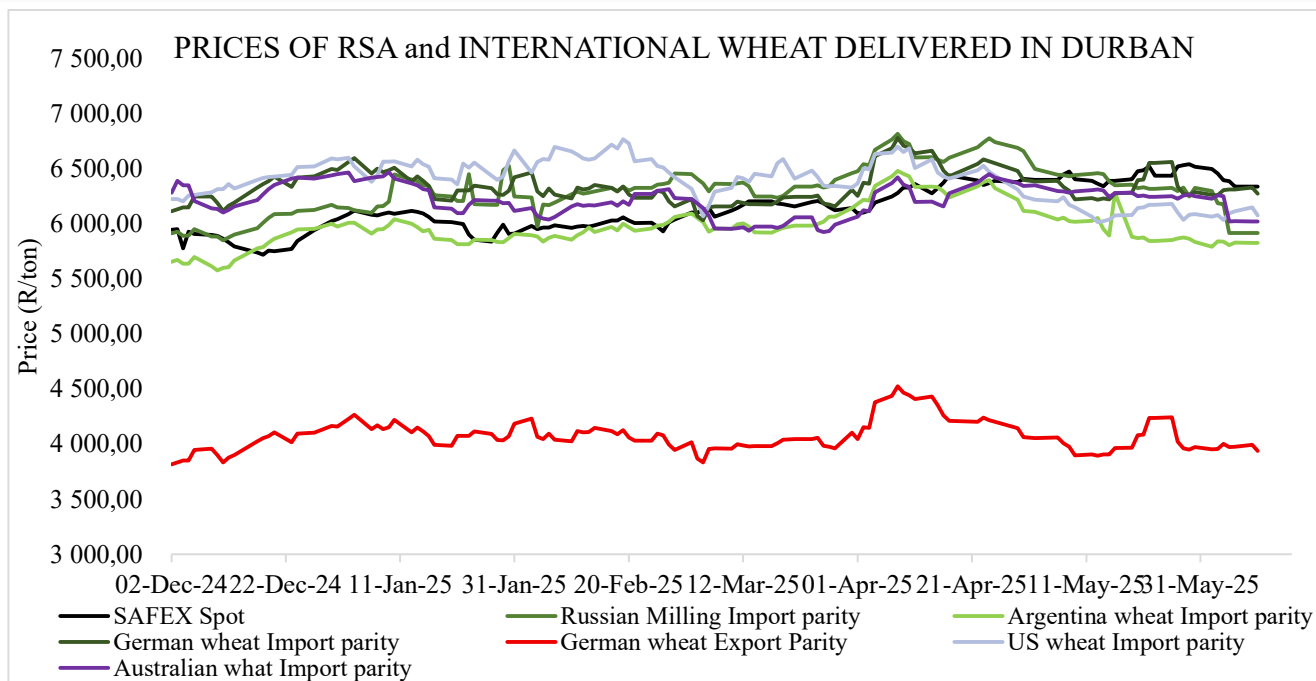
## 4. Monthly Wheat Contract Price Movements



### Comments on market movements for wheat contracts:

South African wheat prices have been trading with a general upward trend since March, bringing much-needed support to local wheat producers. From mid-April, the Jul'25 contract traded above the spot contract, while the Dec'25 contract traded lower than the spot price.

## 5. Import- And Export Parity Movements



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Best regards,

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