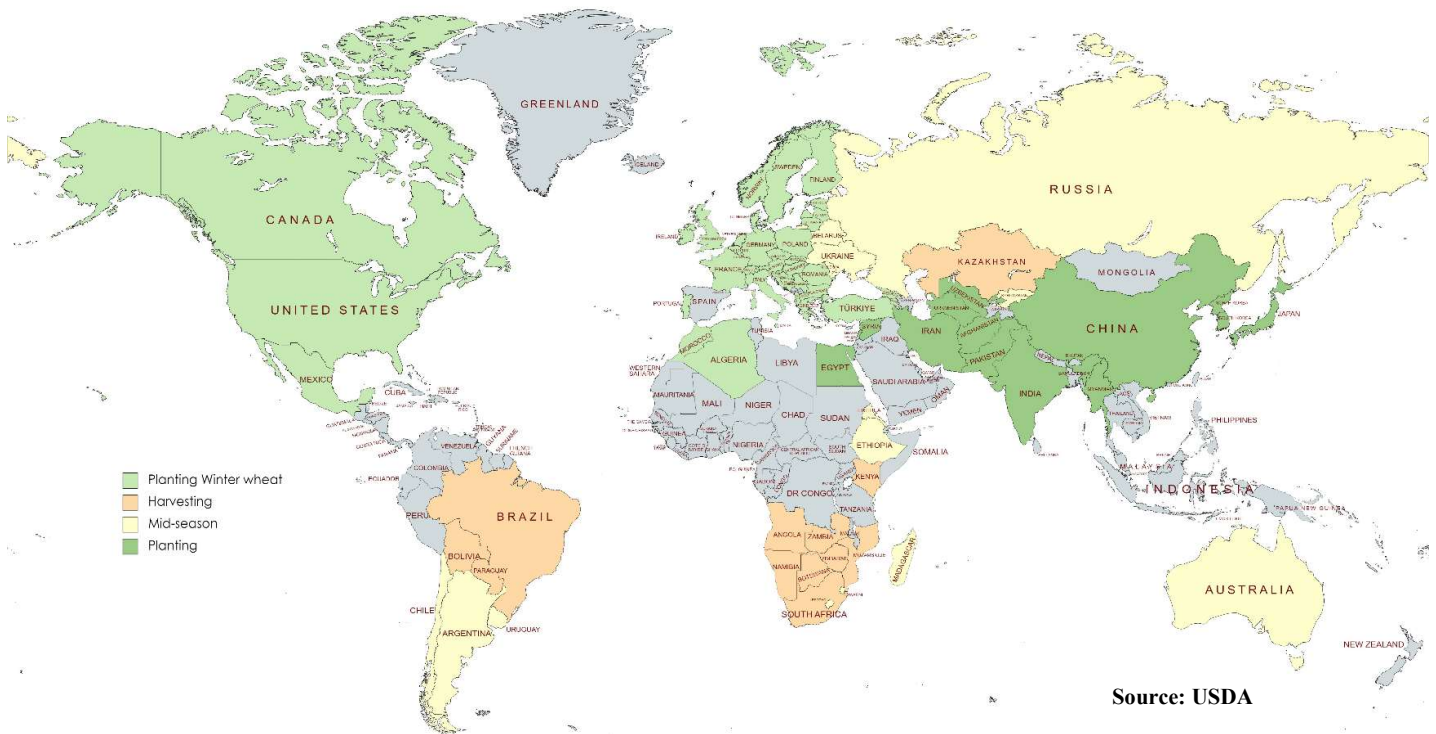




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This report was compiled by the applied economics team of Grain SA. If you would like any further information or to subscribe to the monthly mailing list, please feel free to contact Heleen at heleen@grainsa.co.za.

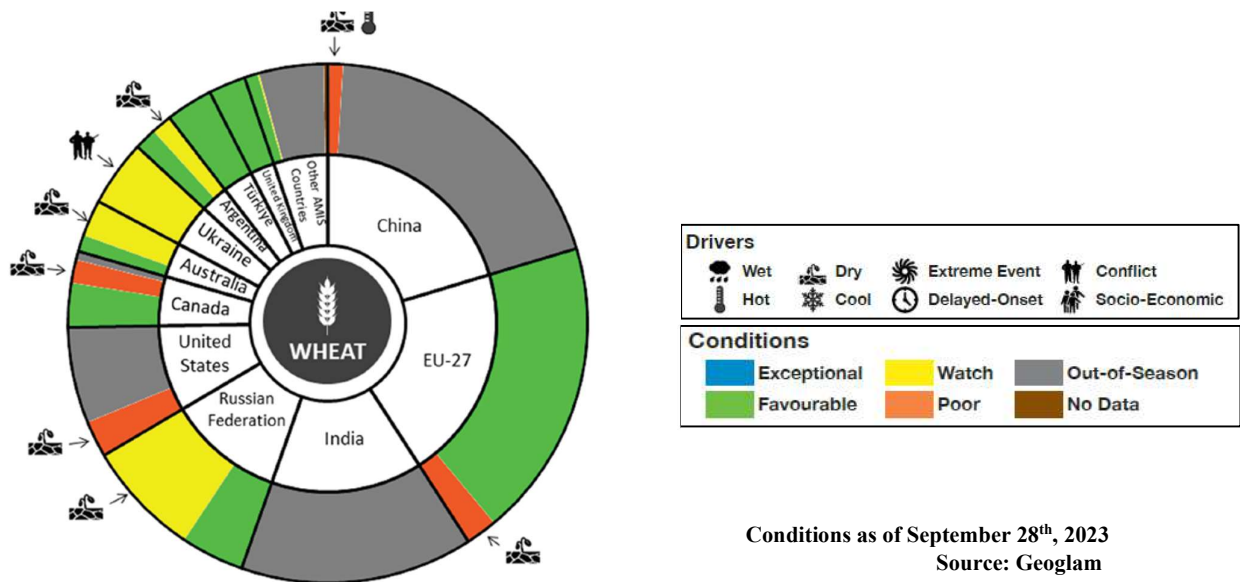
1. World wheat production



1. World production conditions

In the **Northern hemisphere**, the spring wheat harvesting is wrapping up under mixed conditions with persistent drought experienced in several regions, especially in Canada, the US and China. In the **Southern hemisphere**, concerns are expanding with drought conditions developing in Argentina and Australia. Other regions are progressing with the harvesting process.

Comments on El Niño: The El Niño Oscillation (ENSO) is currently in the El Niño phase. Forecasts is for the phase to have reach peak intensity during October 2023 to January 2024 and remain active until March to May (78% chance), according to the IRI¹.



European Union: The harvesting of the winter wheat crop finalized with poor yields, especially in the Northern parts.

Turkey: Conditions are favorable as the planting season is set to commence.

Ukraine: The Summer-autumn drought is impacting timely sowing activities, and rainfall outcomes in early October will determine the possibility of improvement.

Russian Federation: The spring crop was harvested under favorable conditions, despite drought earlier in the season.

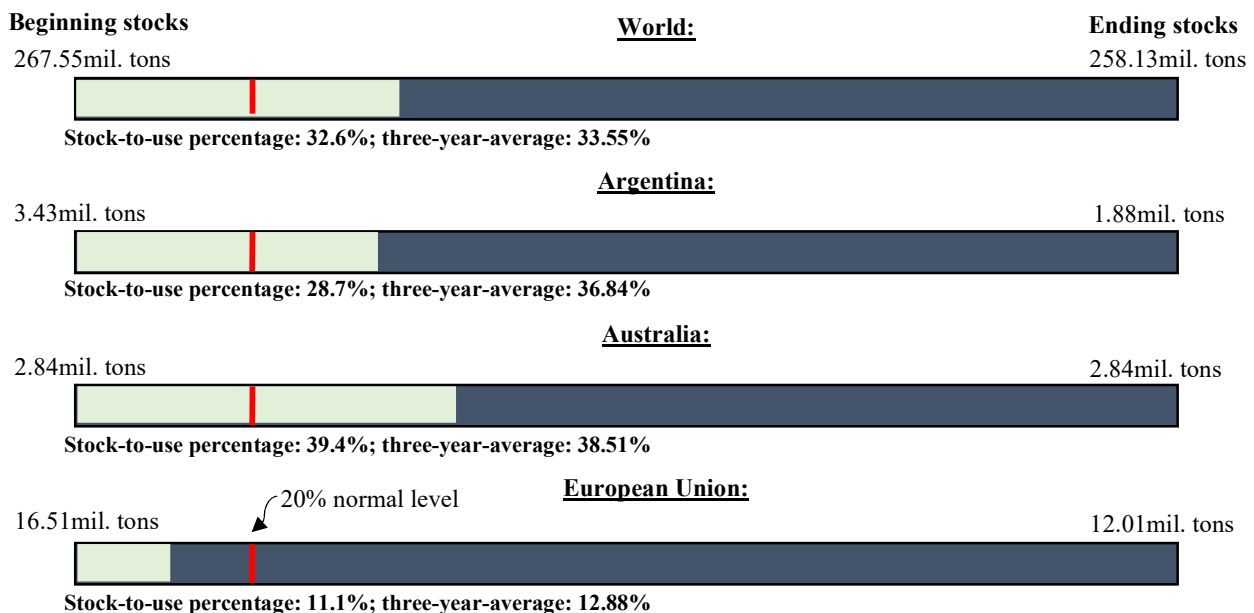
China: Harvesting finalized under mixed conditions for the spring-planted crop due to impacts of drought and heat stress along the north and northwest.

United States: Harvesting of the spring wheat crop is mostly complete, with below average yields due to dry conditions throughout the season.

Canada: Spring wheat harvesting was finalized under mixed conditions due to dry conditions, which led to a large drop in national yields.

2. World supply- and demand

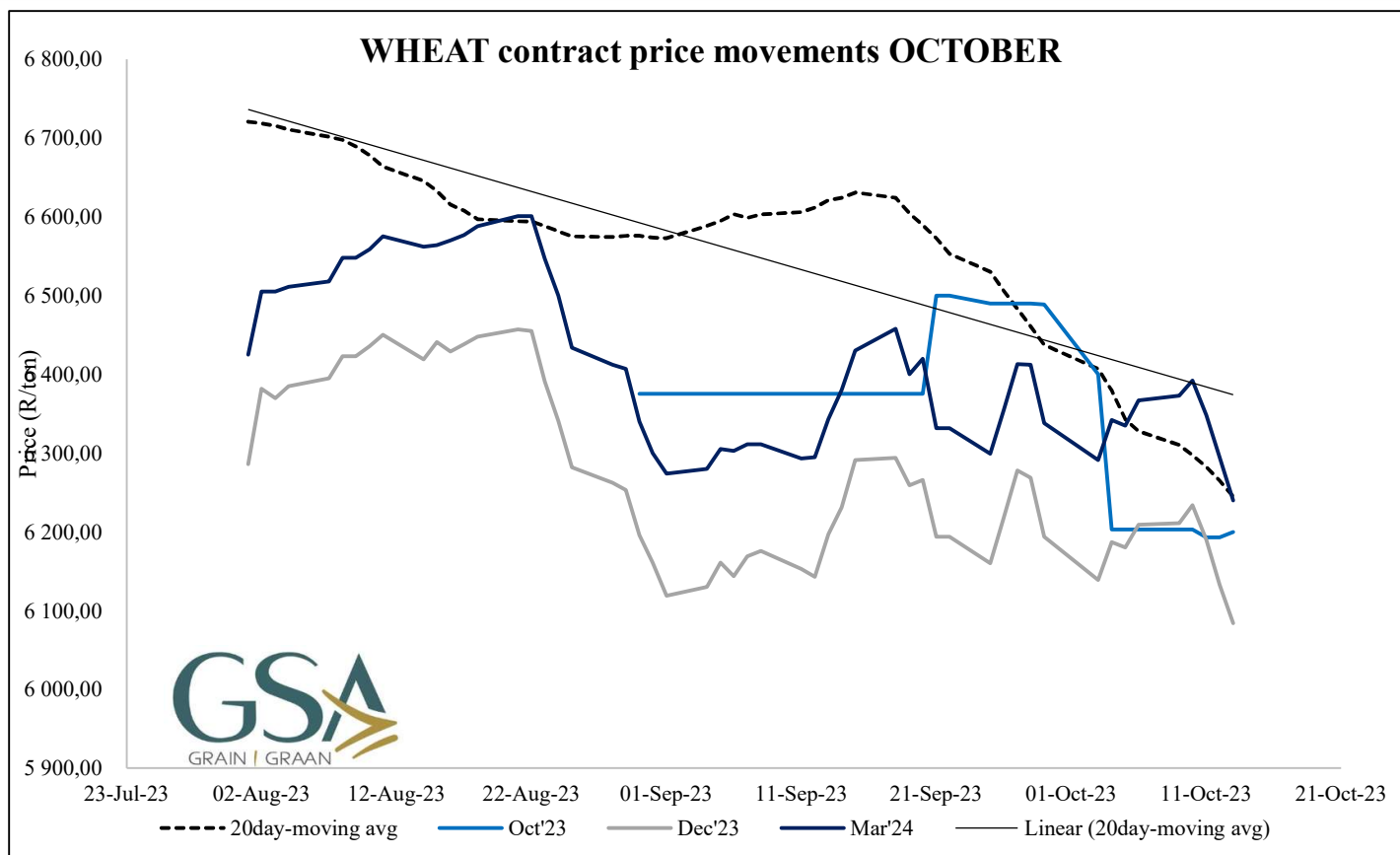
2.1. World Agricultural Supply and Demand (WASDE) OCTOBER 2023/2024 overview



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.



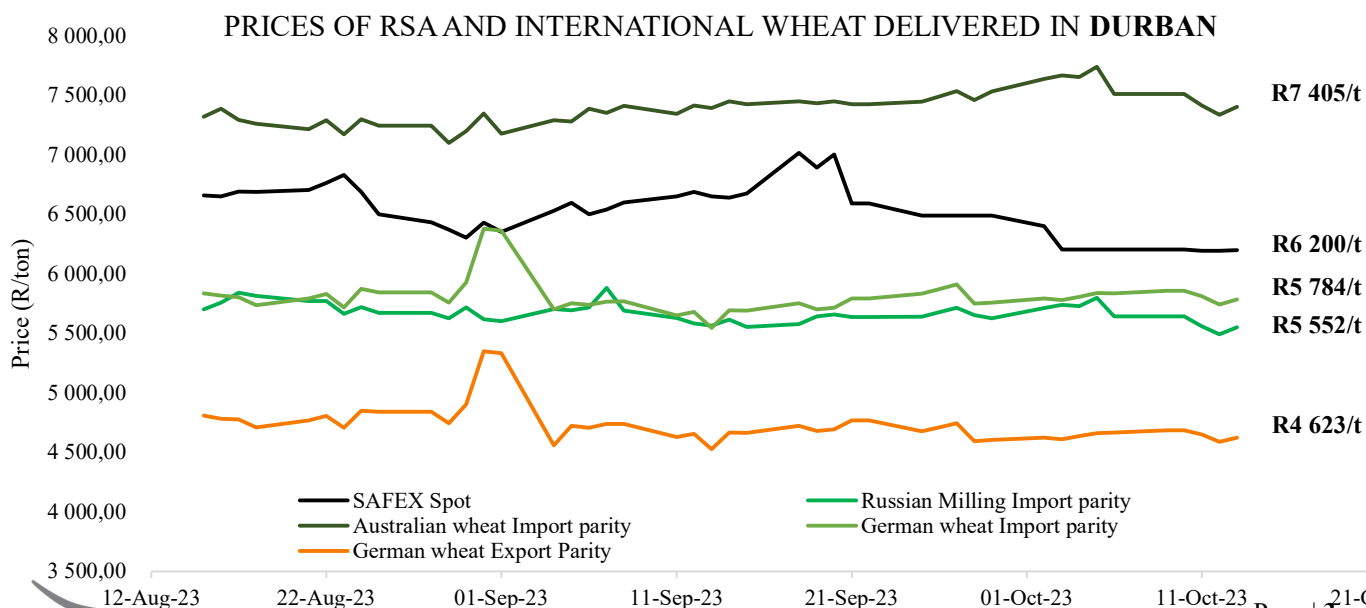
3. Monthly contract price movements



Comments on market movements for wheat contracts:

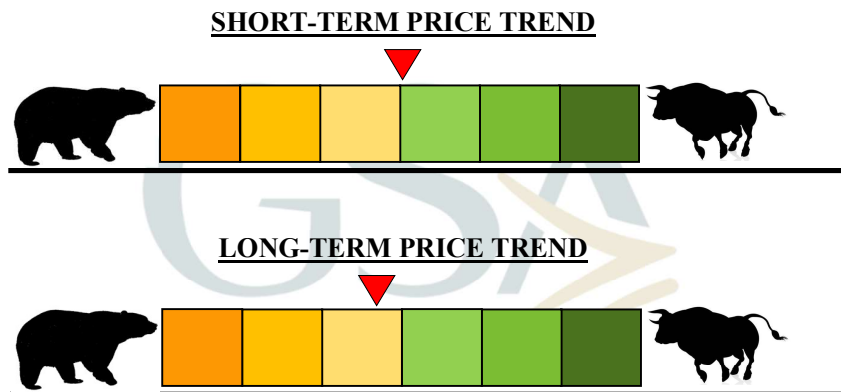
- At the end of September, when the SEP23 contract was closing, spot prices increased significantly as role-players rolled out positions to either the OCT23 or DEC23 contracts. It can be seen that the OCT23 contract has little movement at the start of the contract, and at the end of September saw sharp increases as the market movement from the SEP23 contract rolled over. However, generally wheat contract have been trading with a downward trend since the beginning of August.

3.1. Import- and export parity movements



4. Final thoughts

Globally, most of the Northern hemisphere has wrapped up the harvesting of the spring wheat crop and the planting of the winter wheat crop is commencing with drought conditions persisting in major producing countries. Conditions in Russia and Ukraine still, to a lesser degree, determine market movements. The strong Russian export pace is still a factor for markets. But for now, this is being offset by the threat of smaller Southern Hemisphere, plus higher crude oil prices.



Bearish factors:

- A Plentiful global maize supply, in the longer term, will place pressure on the feed markets.
- South Africa is estimated to produce a 2.14 million ton crop this season, which is a slight increase from the previous season.
- Local producers have started with the harvesting process, which could add harvesting pressure to prices.

Bullish factors:

- Global wheat production is estimated to decrease slightly this season.
- Drought conditions in major producing countries may affect yields.

This report was compiled by the applied economics team of Grain SA. If you would like any further information, feel free to contact Heleen at heleen@grainsa.co.za.

Best regards,

Grain SA economy team

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