

WHEAT



OCTOBER 2024

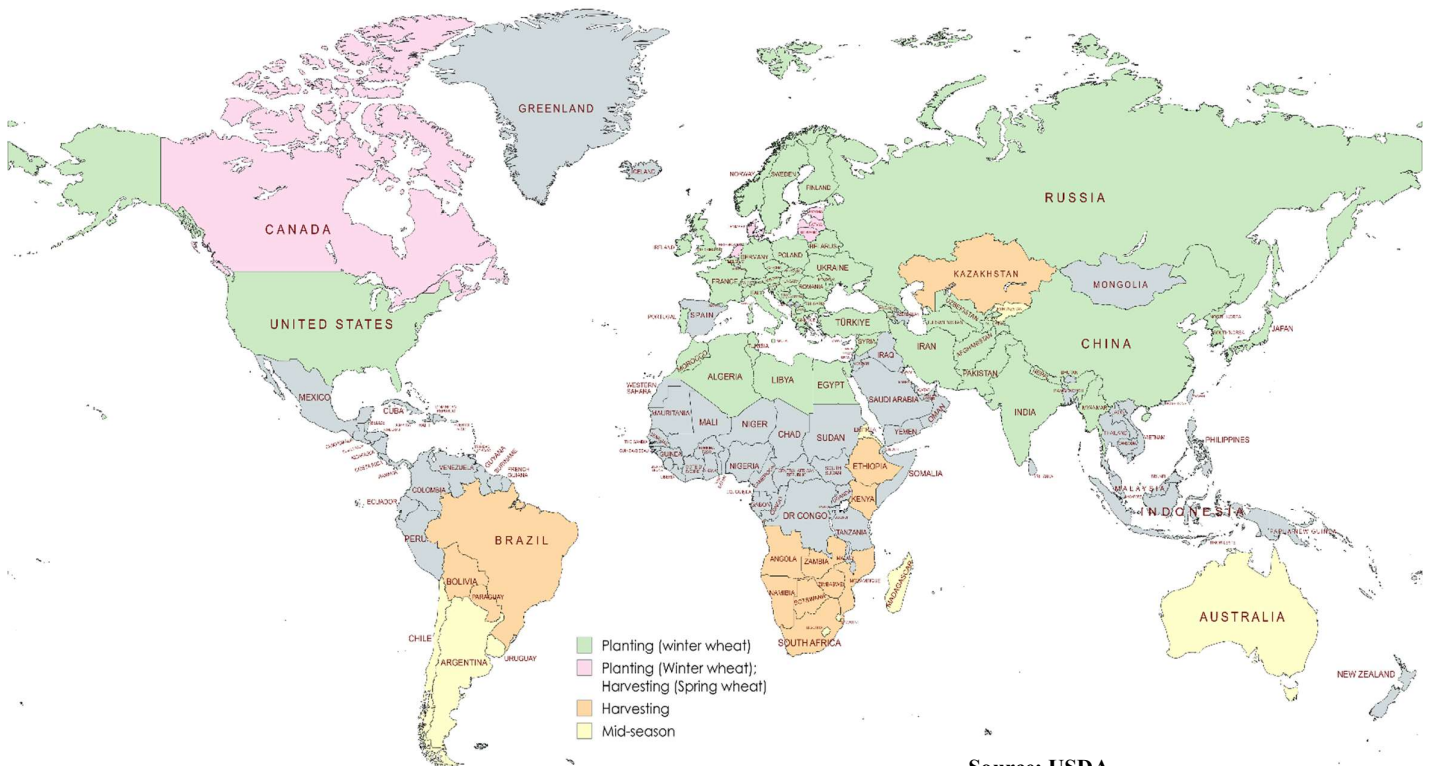
Grain Market Outlook

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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 subscribe to the monthly mailing list, please feel free to contact Heleen Viljoen at heleen@grainsa.co.za.

1. World wheat production



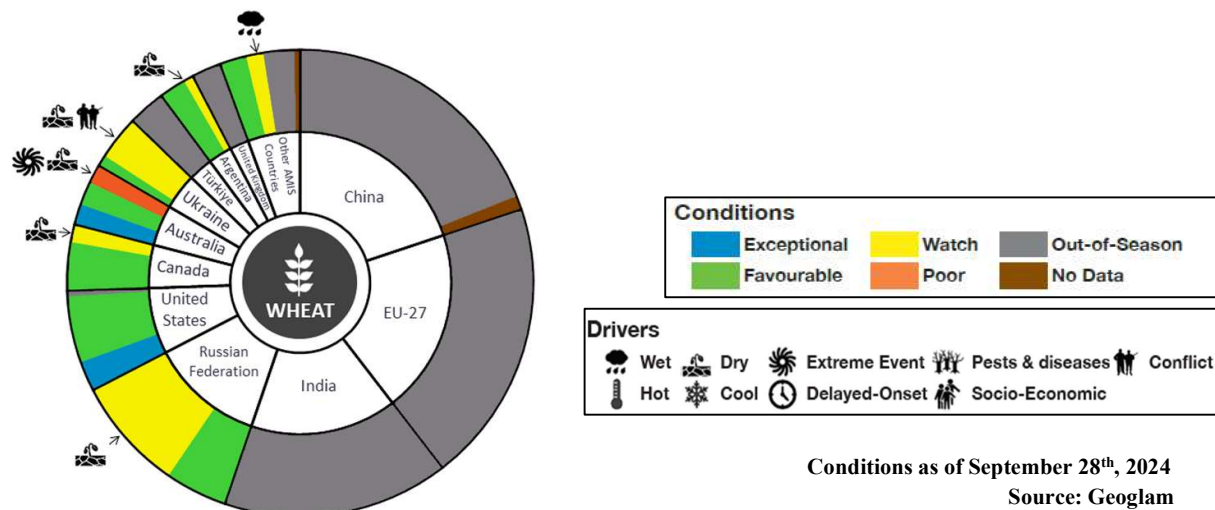
1. World production conditions

In the **Northern Hemisphere**, spring wheat harvesting is wrapping up as the planting of the winter wheat crop begins. In the **Southern Hemisphere**, conditions are generally favourable.

Comments on El Niño: The El Niño Oscillation (ENSO) conditions have been present since June 2024. La Niña conditions are likely to develop during the next several months. The CPC/IRI predicts there is a 71 to 83 percent chance of La Niña during October 2024 to February 2025.

¹International Research Institute for Climate and Society





European Union: The planting process of the winter wheat crop is on the horizon, depending on weather conditions.

Russia: Spring wheat harvesting is currently experiencing generally favourable conditions but is slowed by Siberian rainfall. Sowing for winter wheat has begun under mixed conditions as crops are sown into dry soils.

United States: Spring wheat harvesting is nearing completion as the winter wheat sowing begins. Spring wheat has experienced an above average yield during this harvesting season.

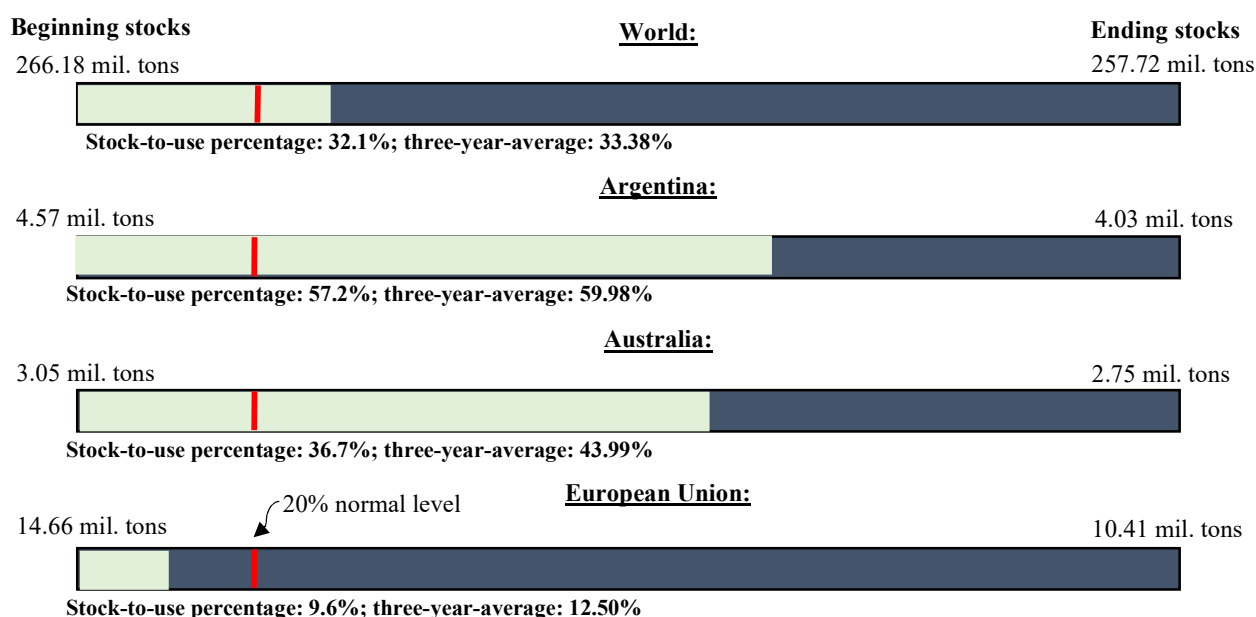
Australia: Conditions are exceptional in large parts of Australia. However, dry conditions remain in parts of South Australia and Victoria which could impact production.

Argentina: Conditions are mixed due to a lack of soil moisture and low temperatures in the central and northern regions, delaying crop growth.

Ukraine: Winter wheat sowing is behind schedule due to dry soils in more than half of the country especially in the main southern and central growing regions.

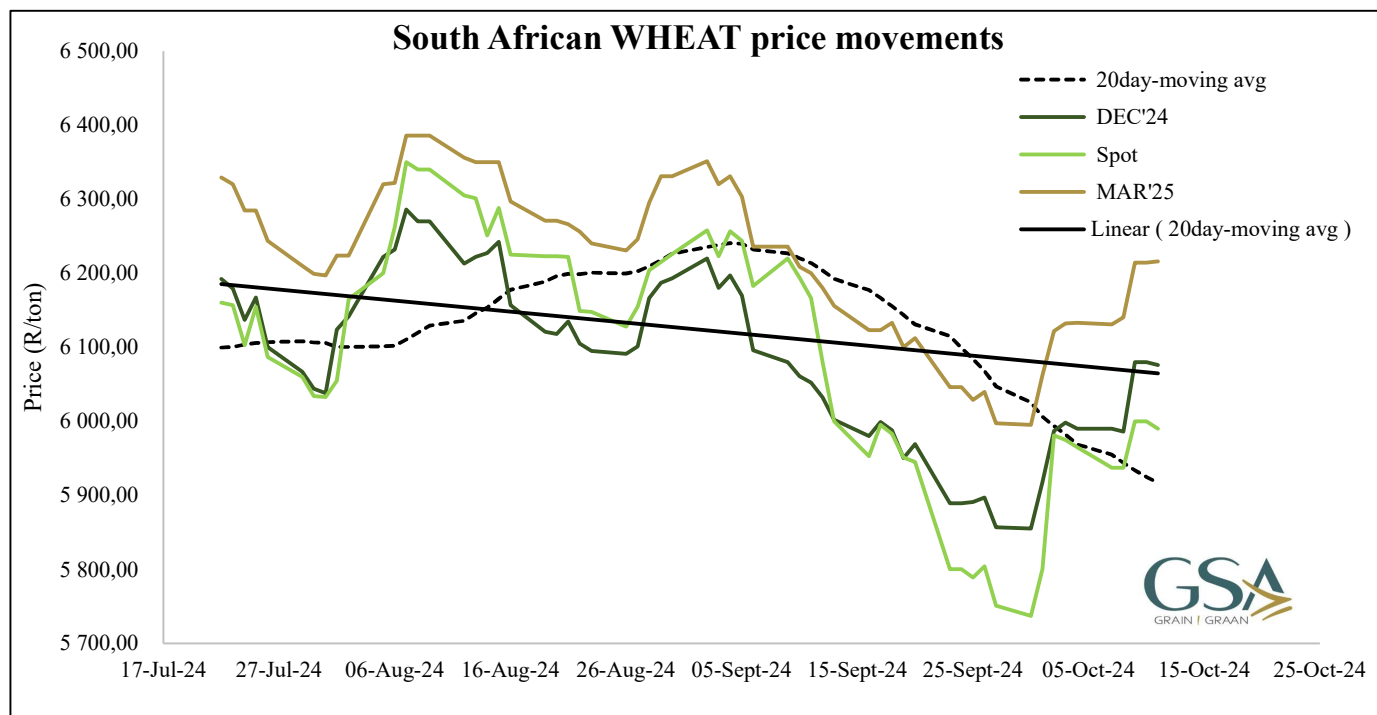
2. World supply- and demand

2.1. World Agricultural Supply and Demand (WASDE) OCTOBER 2024/2025 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

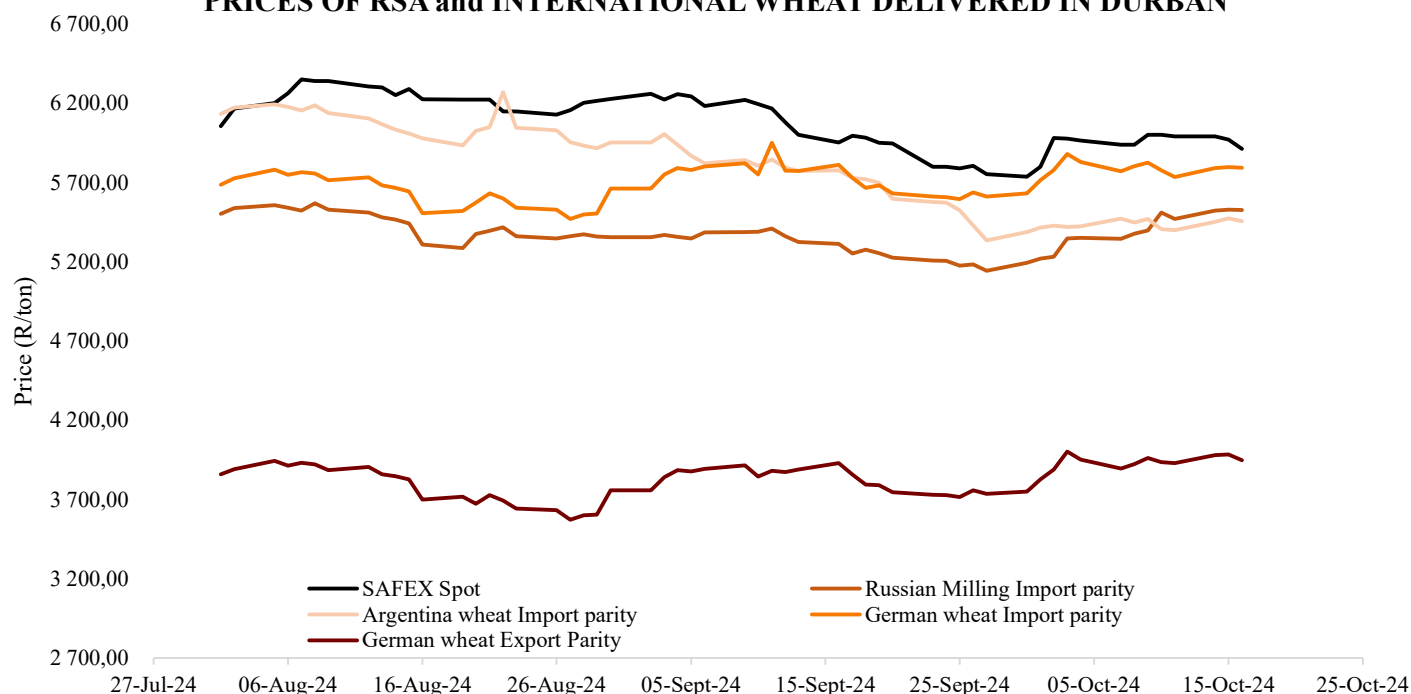


Comments on market movements for wheat contracts:

Local wheat contracts continued with their strong downward trend throughout the month of September but turned into a steady upward movement at the start of October. The March 2025 contract continues to trade above the spot and December 2024 contracts, which suggests that stock levels are to decline towards the month of March as the harvesting season concludes.

3.1. Import- and export parity movements

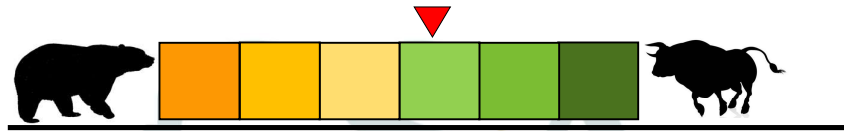
PRICES OF RSA and INTERNATIONAL WHEAT DELIVERED IN DURBAN



4. Final thoughts

Once again, conditions in the Black Sea region influences global wheat prices. Ukraine remains under attack, however, it has been reported that grain exports since the previous season has so far increased by 7.7 million tons. It is important to keep in mind that Ukraine has a limit on their wheat exports for the season, to protect local supply. Forecasts of rainfall over key wheat growing regions in Russia alleviate recent dryness concerns. However, attacks on Ukrainian port infrastructure and unfavourable weather in France leading to delayed plantings, offers support.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



Bearish factors:

- In the September'24 USDA Small Grains report the overall wheat production for 2024 was estimated to be up 9% from 2023.

Bullish factors:

- Wet weather in the UK has taken its toll on wheat production. The UK estimates the crop to be down 22% in 2024.
- Ukraine exports are expected to remain under pressure as recent attacks hindered harbours, together with other challenges like energy blackouts.
- In the latest USDA WASDE report global wheat production was slightly reduced. However, global ending stocks remained balanced. Production was reduced for Russia and the EU.
- In October Russia (the worlds largest wheat exporter) released indicative wheat prices. Prices are predicted to increase with \$10/ton between October and December 2024.

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

Best regards,

Grain SA economy team

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