WHEAT MARKET REPORT

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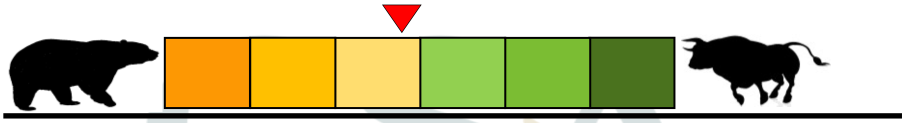

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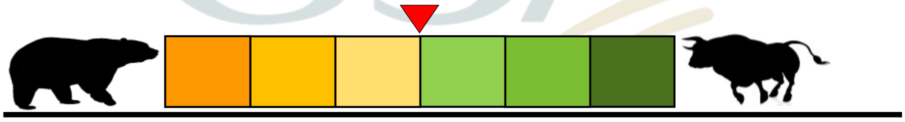


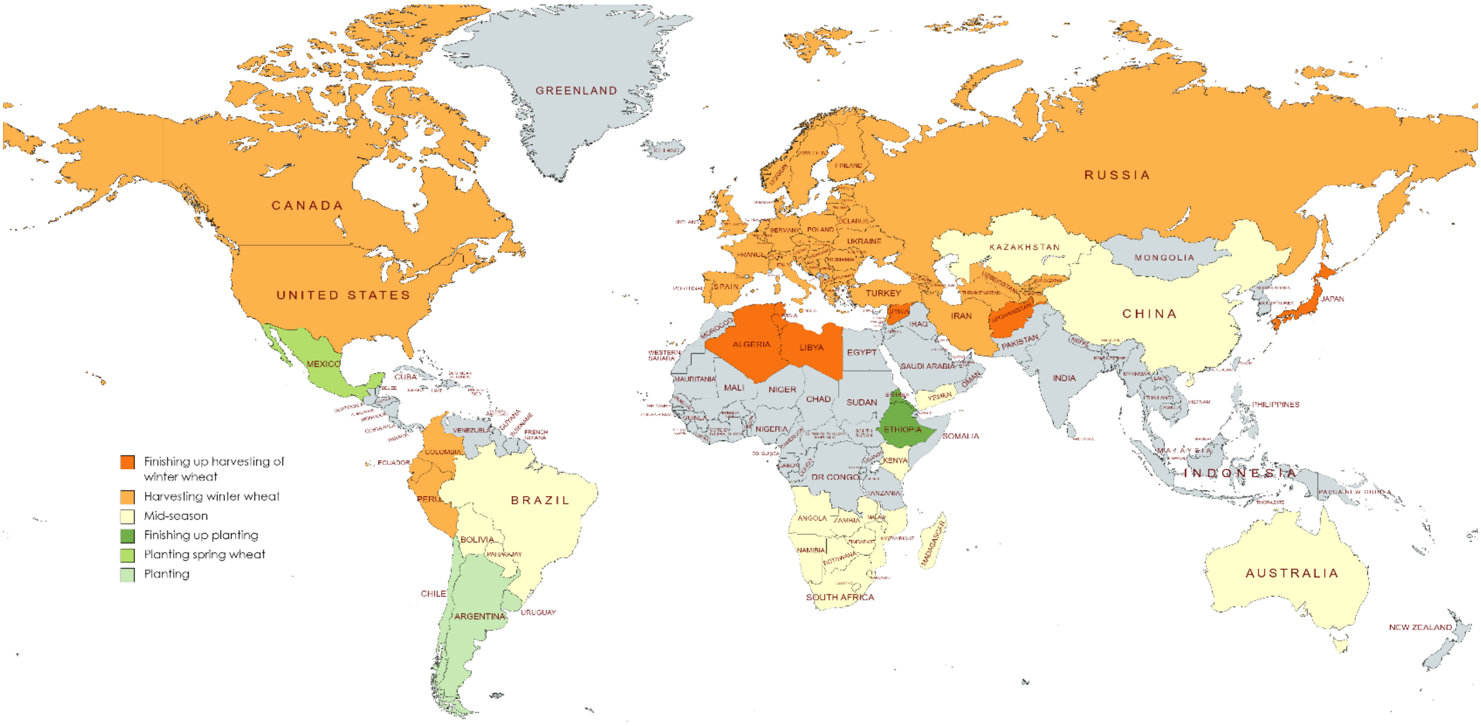
Bearish factors (price-negative)

- Harvest pressure and abundant feed grain supplies are capping rallies even as other factors stay supportive
- Russia and Ukraine are expecting above-average harvests due to favourable weather conditions.
- Total US wheat export commitments are running about 5% below the five-year average for this point in the marketing year, despite the war-driven price rally

Bullish factors (price-supportive)

- USDA's July WASDE cut 2026/27 US wheat production 23% year-over-year
- Escalating Russia-Ukraine attacks are threatening the key Black Sea export hub
- US Weather risk has resurfaced as a major driver, with crop conditions varying sharply field to field and adding fresh uncertainty
- Higher oil prices and shipping costs cause parity prices to increase.

International Production



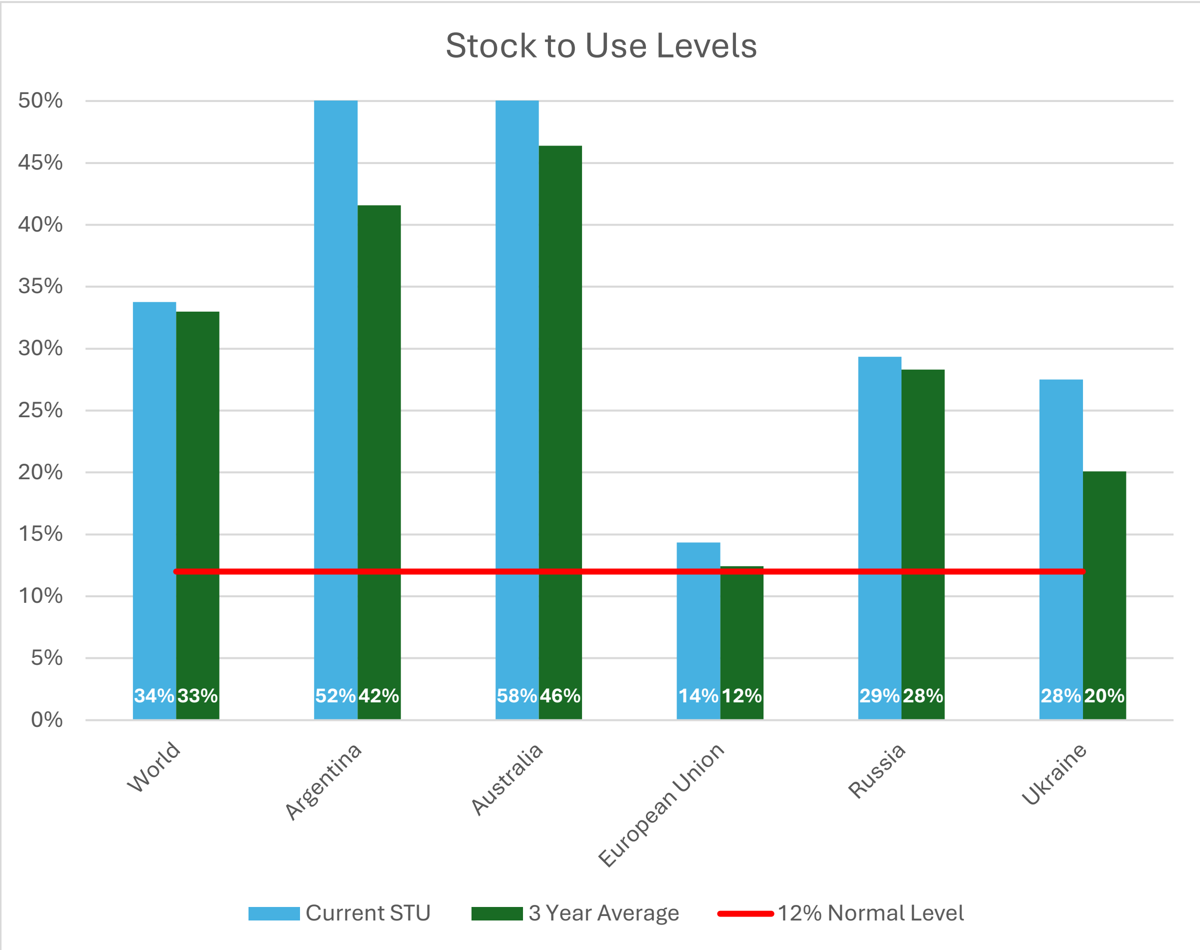
Comments on El Niño:

El Niño is confirmed for the second half of 2026, with super El Niño warnings issued for Southern Africa. Heatwaves and reduced rainfall in the summer rainfall regions are becoming more likely.

Crop Conditions Commentary

Country / Region	Current situation
United States	The winter wheat harvest is continuing with below-average yields, while the spring wheat conditions are more favourable.
European Union	Winter wheat is growing under mostly favourable conditions. Dry soils caused by heatwaves in western Europe may still have an impact on yields.
Canada	Conditions remain favourable as planting of spring wheat nears completion. Winter wheat is also progressing well.
Australia	Planting is nearing completion under good conditions, albeit with lower hectares.

Supply and Demand (WASDE)

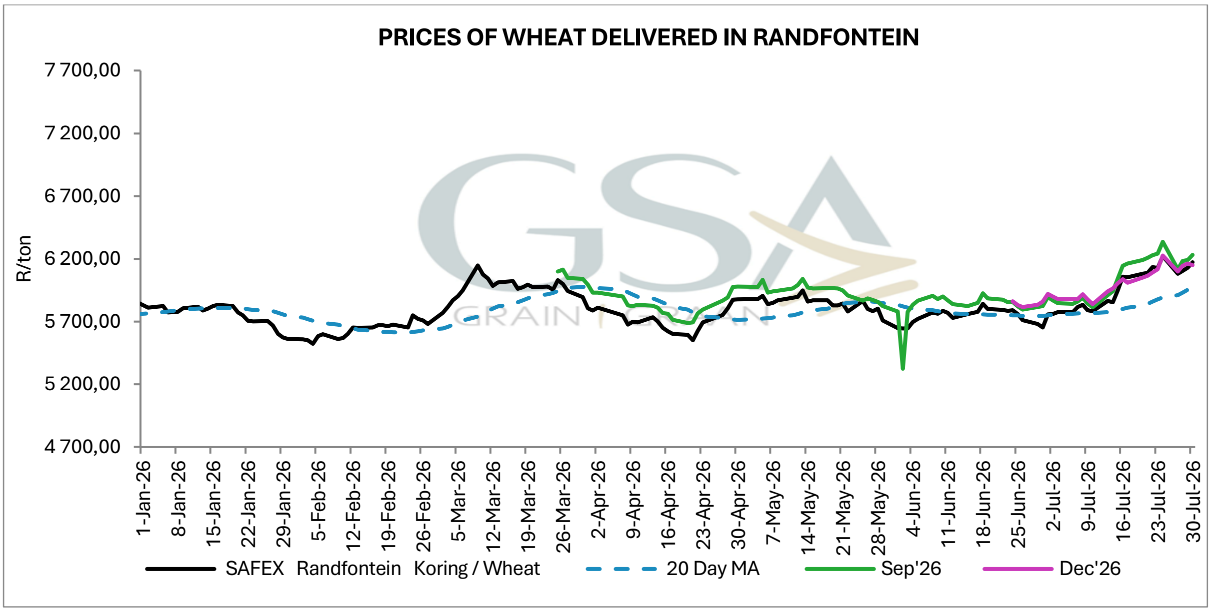


*Below the normal stock-to-use level, prices tend to react sharply in the market environment. By comparing current-year stock-to-use percentages to the norm, an indication of the direction of price trends can be inferred.

The major producers of wheat internationally have exceptionally high stock-to-use levels. This is following higher-than-anticipated yields in the 2025/26 season, with some countries having record harvests, which led to high beginning stocks for the current season. These higher stock levels put pressure on international markets.

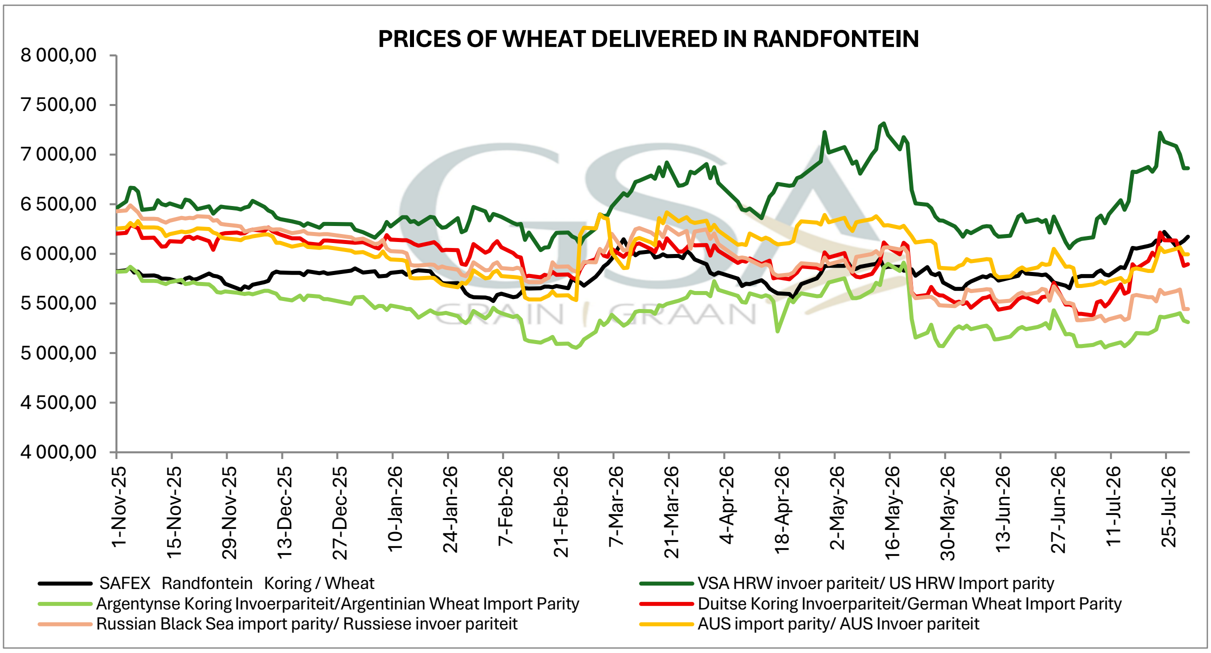
Local Market

Price Movements



Local SAFEX wheat prices have traded relatively horizontally since the start of the year, with limited support from fundamental factors. The September and December contracts are currently trading close to the spot price but have moved above the 20-day moving average in the past month. This temporary support is linked to the international parity prices that have seen some support due to export challenges, higher shipping costs, and the weakening exchange rate.

International vs Local Markets



Parity Prices

The SAFEX prices have followed international parity price trends closely. International parities have traded horizontally given the current oversupply in the market due to high yields and record harvests in the major producing countries. International prices have, however, seen some support in the past few weeks due to escalating tensions in the black sea region, where the Russian military attacked Ukrainian exports, as well as the US-Iran war that has escalated. The US-Iran war effectively closed the Strait of Hormuz, hindering all exports of inputs and oil. The sudden shortage of oil increases the cost of shipping and exports.

The price of US wheat has experienced a significant increase recently, driven by factors beyond the ongoing wars. According to the USDA's July WASDE report, US wheat production for the 2026/27 season is projected to decline by 23% compared to the previous year. Additionally, total ending stocks are forecasted to fall by 21%, reaching a three-year low of 722 million bushels. This would mark the smallest Hard Red Winter crop since the 1957/58 season. Extended forecasts pointed to persistent heat and dry conditions through most of the prime spring wheat region into early August, with much of Montana, South Dakota and northern Minnesota under drought, and USDA's good-to-excellent ratings for spring wheat nosedived through the second half of July.

Even with all that, the global 2026/27 balance sheet is still described as comfortable, with strong Russian and Ukrainian harvests offsetting the smaller US, Australian and Argentine crops, and world stocks near 275 million tonnes.