

INTERNATIONAL MARKET

Table 1: CME and KCBT wheat prices and weekly change (cents/bushel)

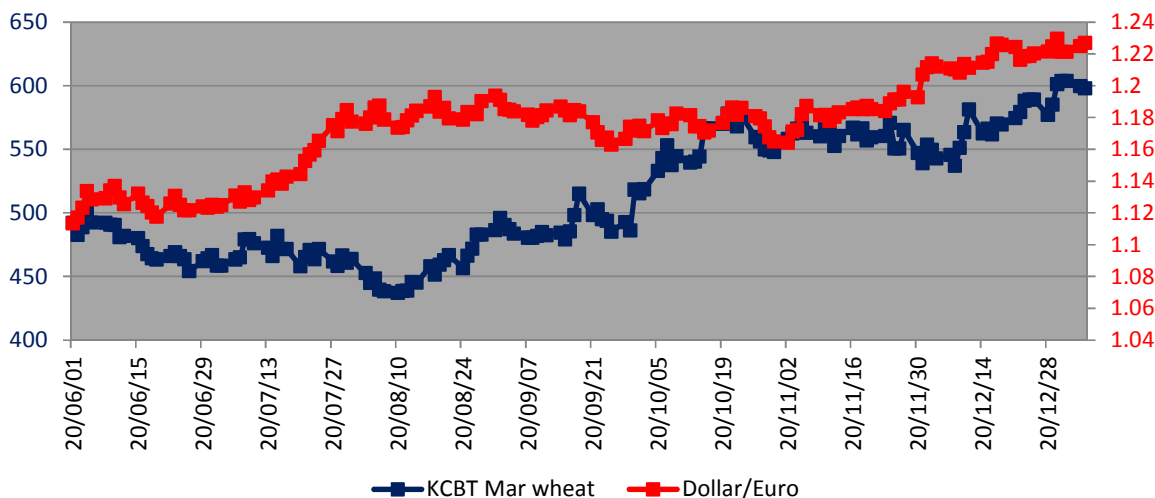
	Currently	29/12/2020	Weekly change (c/bu)	Monthly change (c/bu)
CME March-21	642 ¾	618 ½	24 ¼	67 ¼
KCBT March-21	598 ¼	585	13 ¼	55 ½

- US wheat prices posted some gains in the past week with both March CME and KCBT wheat setting new contract highs. On a monthly basis US wheat prices are also sharply higher with March CME and KCBT wheat gaining 11.6% and 10.2% in the past month respectively.
- On the chart for March KCBT wheat we see that the market surged higher in the past month with March KCBT wheat setting a new high of \$613 ¾ in the session yesterday but has since pulled off that level. The moving averages are still pulling higher but the market is overbought and the RSI is looking to recover from the overbought territory. There could also be some divergence between the RSI and prices.
- US wheat prices did get some support from the spillover strength from the higher US maize and soybean prices (both trading at 6 ½ year highs) while the recent dollar weakness also added some support.
- The strong world wheat export market also added some support with European and Black Sea wheat export prices on the rise. The planned export tax for Russian wheat could see some of the export demand being shifted to other countries such as the US. Ukrainian wheat export prices also traded at a new 6-year high earlier this week.

US wheat market

- Graph below presents the US March KCBT wheat prices and the dollar/euro seen in the past few months. The dollar has been under some pressure recently and is currently trading at 1.2270 to the euro which is 0.18% weaker week/week.
- The weaker dollar is usually supportive for commodity prices and grain prices with the weaker dollar making US grains more competitive in the global market. March KCBT wheat prices gained 2.22% in the past week.

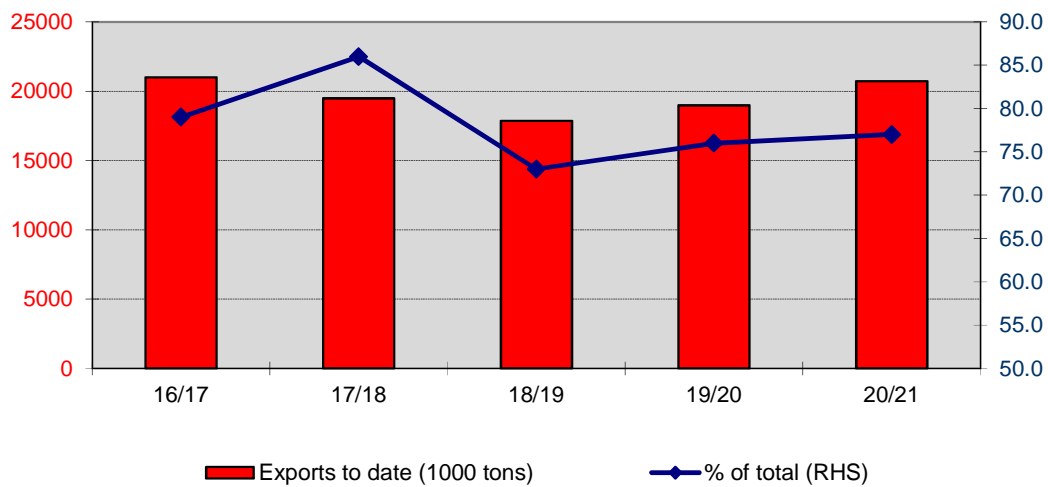
Figure 1: KCBT March wheat and dollar/euro



US wheat export progress

- Graph below presents the US wheat export progress seen this time of the year in the past few seasons. The 2020/21 cumulative wheat committed for exports is well above the commitments seen this time of the year in the past 3-years.
- The 2020/21 US wheat committed for exports represents 77% of the USDA wheat export estimate which is slightly behind the 5-year average seen at 79% committed this time of the year.

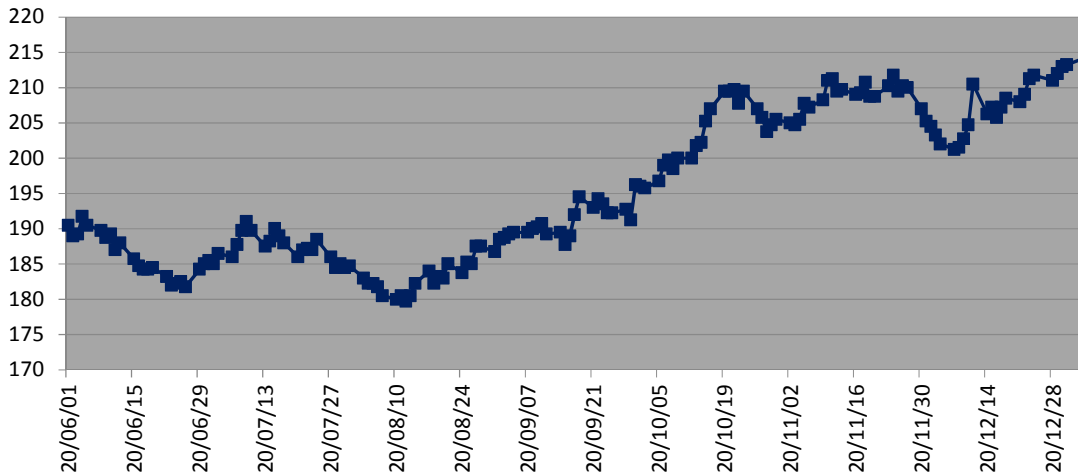
Figure 2: US wheat export commitments to date and % of total (000 tons)



European wheat prices

- Graph below presents the Matiff milling wheat prices seen in the past few months. European wheat prices traded to new highs yesterday of €214.25/ton which is 1.54% higher week/week.
- Global wheat export prices are on the rise due to the global demand while Russian and Ukrainian wheat prices also traded at multiyear highs with the planned export tax on Russian wheat supporting export prices as importers secure supplies.

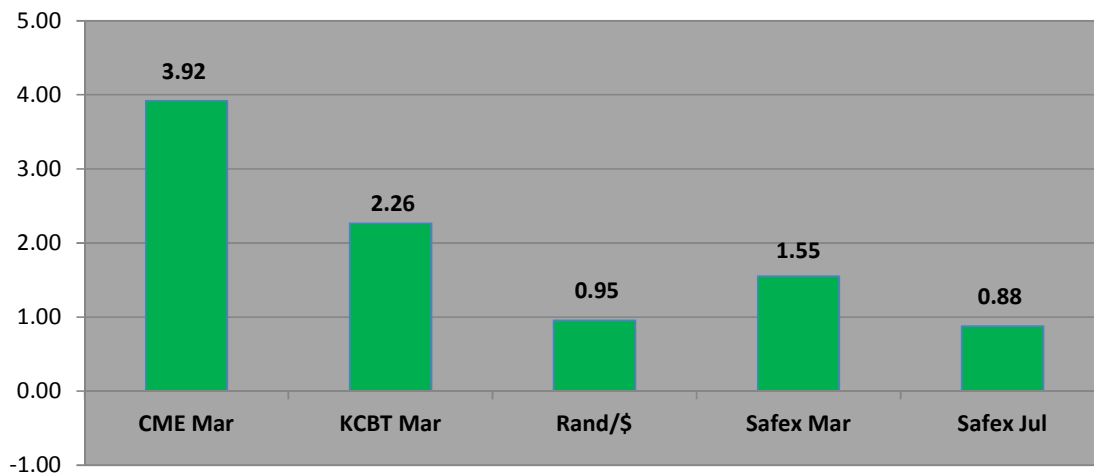
Figure 3: March-21 Matif wheat prices (euro/ton)



Local wheat market

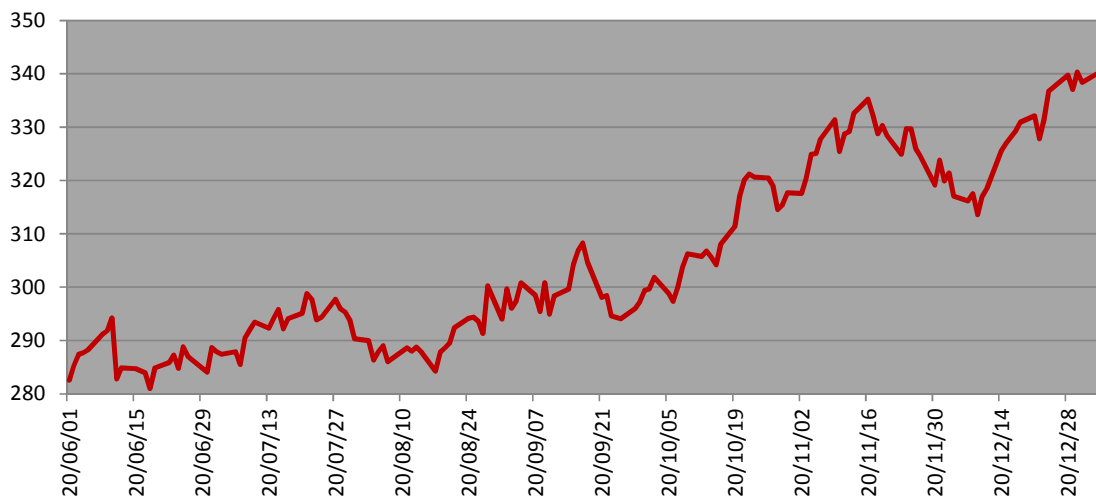
- South African wheat contracts posted some gains in the past week with March and July Safex wheat ending 1.55% and 0.88% higher. South African wheat prices were supported by the higher US CME and KCBT wheat prices and the weaker rand that was seen.
- The rand did come under some pressure in the past 2 trading sessions with the rand currently trading at R14.85/\$ which is 0.95% weaker than the levels seen a week ago. On the chart for the rand we see that the currency broke above the 9-day average and resistance is seen at R15.00 with the 40-day average also seen around R15.03/\$.
- On the chart for March Safex wheat we see that the market posted some good gains breaking above the key averages including the 100-day average. The moving averages and indicators are still pulling higher but the market is rather overbought.

Figure 4: Safex wheat, rand and US wheat prices



- Graph below presents the Safex March wheat prices in dollar/ton seen in the past few months. March wheat prices in dollar terms posted some gains in the past week ending 0.63% higher. In dollar terms South African wheat prices are trading at \$339.2/ton after trading at new highs of \$340.5/ton earlier this week.

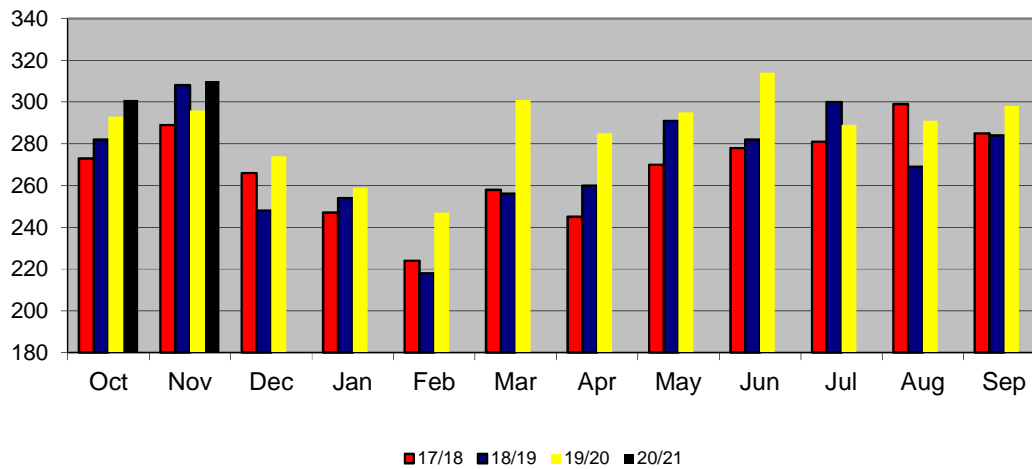
Figure 5: Safex March wheat prices (\$/ton)



Sagis monthly data

- The Sgais monthly bulletin was released towards the end of December. On the supply side of the South African wheat market in the month of November we see that 994 745 tons of wheat was delivered in the month. We did see imports of 151 356 tons in the month of November.
- On the demand side of the South African wheat market we see that the wheat processed for the local market in November 2020 was reported at 310 493 tons which was up from the 301 256 tons seen in the previous month. The cumulative wheat processed for the local market in the season to date at seen at 611 749 tons which is 4.5% higher year/year.
- Graph below presents the monthly wheat processed for the local market in the current seasons as well as in the past few seasons. The 2020/21 season got off to a strong start but the seasonal trend is for the wheat processed to come under some pressure from this point forward through to February.

Figure 6: Monthly wheat processed for the local market (000 tons)



- Still on the demand side we see that the total wheat exports (whole wheat and products) in the month of November 2020 was reported at 5 277 tons which is up from the 3 427 tons seen in the previous month. The cumulative exports in the season to date is seen at 8 704 tons.
- The South African wheat stocks at the end of November 2020 was reported at 1.245 million tons which is slightly lower than the 1.296 million tons of wheat in stock the same time last year. The average monthly demand (excluding exports) in the season to date is seen at 306 000 tons/month and based on this the wheat in stock at the end of November should be enough for 4.1 months of consumption. However South African is sitting on a large new wheat crop and deliveries in December should boost local stocks.

See the technical graphs below:

- Safex March-21 wheat prices
- KCBT March-21 wheat prices

