

**INTERNATIONAL MARKET**

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

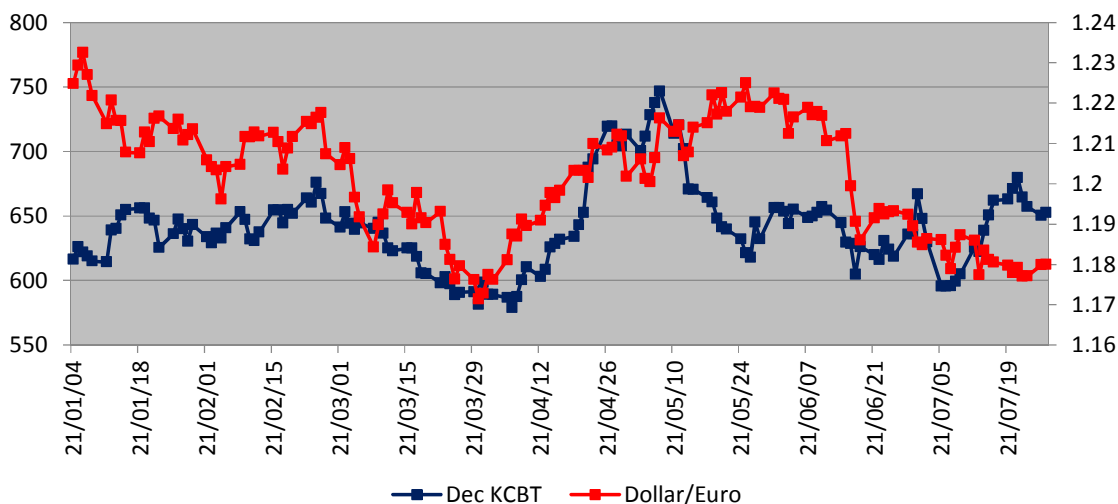
	Currently	20/07/2021	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Dec-21</b>	<b>683 ¾</b>	<b>708 ¾</b>	<b>-25</b>	<b>25</b>
<b>KCBT Dec-21</b>	<b>651 ¼</b>	<b>671 ¼</b>	<b>-20</b>	<b>15 ¼</b>

- US wheat prices traded lower in the past week with CME wheat leading the way lower. On a monthly basis US wheat prices are still trading higher with December CME and KCBT wheat gaining 3.8% and 2.4% in the past month respectively.
- On the chart for December KCBT wheat we see that the market did come under some pressure in the past few sessions after the market failed to hold above \$6.80. December KCBT wheat has since broken below the 9-day average and key support is seen at the 40-day at \$6.43 and the 100-day at \$6.39/bushel. The shorter moving averages and indicators are under some pressure.
- US wheat prices traded lower in the past week with the weakness in the US maize and soybean prices seen for most of the past week and some technical selling adding some pressure. Some concerns about the slow demand for US grains and oilseeds also limited some of the buying interest in the market.

**US wheat market**

- The graph below presents the US December KCBT wheat prices and the dollar euro seen in the past few months. From the graph below we see that US wheat prices did come under some pressure in the past week with December KCBT wheat trading at \$6.52/bushel which is 2.8% lower week/week.
- US wheat prices did come under some pressure in the past week despite the slightly weaker dollar that was seen in the past few sessions. The dollar is currently trading at 1.1800 to the euro which is 0.2% weaker week/week.

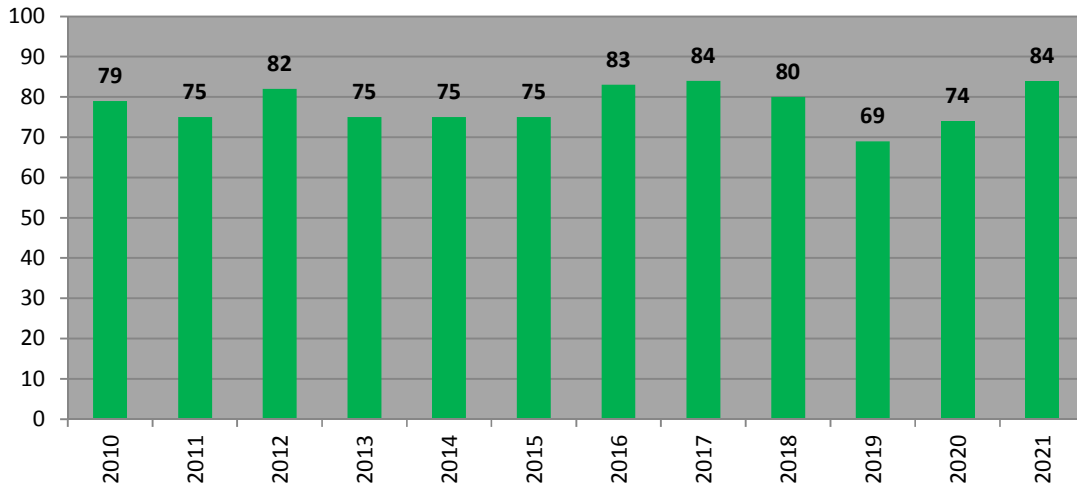
**Figure 1: KCBT December wheat and dollar/euro**



**USDA crop progress and conditions report**

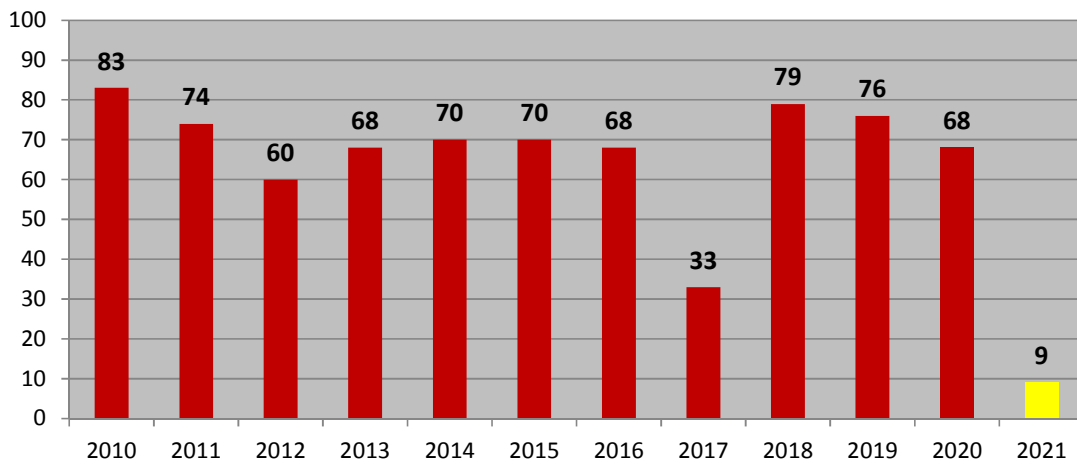
- The USDA in their crop progress report indicated that 84% of the US winter wheat crop has been harvested which is up from the 73% reported last week. The current winter wheat harvesting progress is slightly ahead of the 5-year average seen at 81% harvested this time of the year.

**Figure 2: US winter wheat harvesting progress (% complete)**



- The USDA in their crop conditions report indicated that only 9% of the US spring wheat crop could be rated as good/excellent which is down from the 11% rated as good/excellent in the report last week.
- The USDA in their crop progress report also indicated that 3% of the US spring wheat crop has been harvested which is in line with the 5-year average seen at this time of the year.

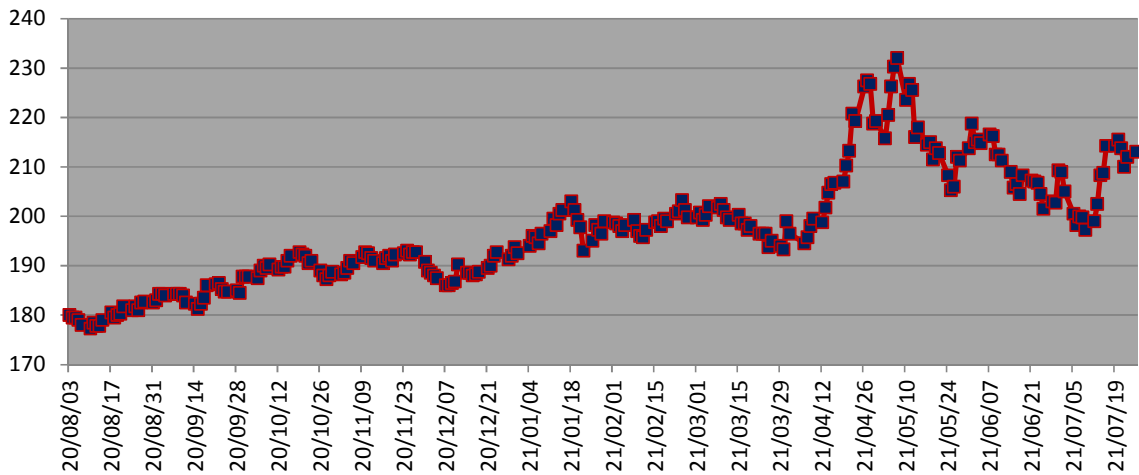
**Figure 3: US spring wheat crop conditions (% good/excellent)**



### European wheat prices

- The graph below presents the September European milling wheat prices seen in the past few months. European wheat prices for September are trading at €213/ton which is 0.58% lower week/week. On the chart below we see that European wheat prices did get some support around €210/ton in the past week.

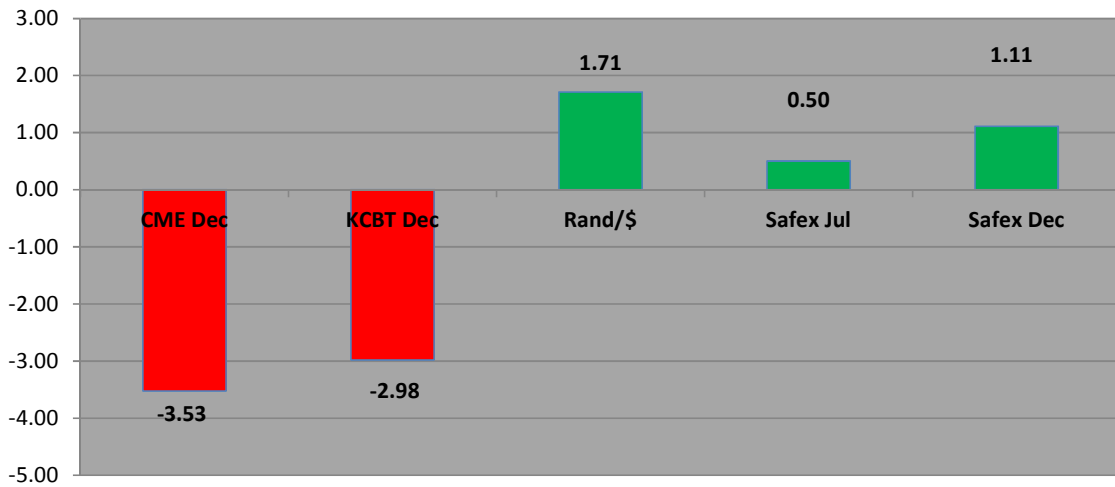
**Figure 4: Sep-21 Matiff wheat prices (euro/ton)**



### Local wheat market

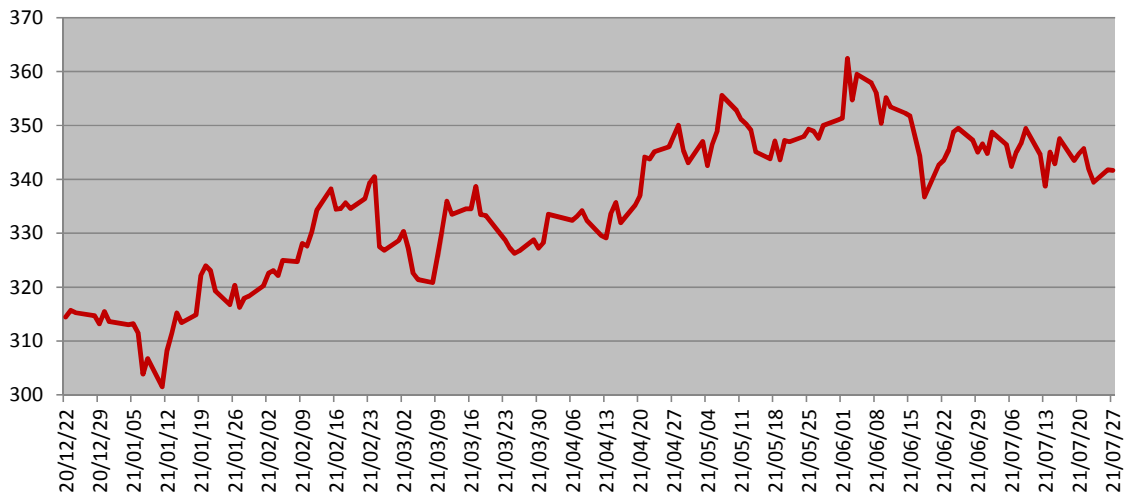
- South African wheat contracts posted some gains in the past week with September and December wheat contracts gaining 0.50% and 1.11% in the past week. South African wheat prices outperformed the US markets with the weaker rand adding support.
- The rand is currently trading at R14.85/\$ which is up from the R14.60/\$ seen a week ago. On the chart for the rand we see that the currency broke above the 200-day average (1<sup>st</sup> time since October 2020). Resistance for the rand is seen at R15.00/\$.
- On the chart for December South African wheat prices we see that the market posted some strong gains trading above all the key average. December wheat traded to a new contract high of R5090 and the market ended the day at the session highs. The moving averages and indicators are still pulling higher and the market is overbought.

Figure 5: Safex wheat, rand and US wheat prices



- Graph below presents the South African wheat prices in dollar terms in the past few months. From the graph below we see that December wheat prices in dollar terms has been under some pressure and is currently trading at \$341.60/ton which is based on a spot rand of R14.85/\$. In dollar terms South African wheat prices are 0.91% lower in the past week.

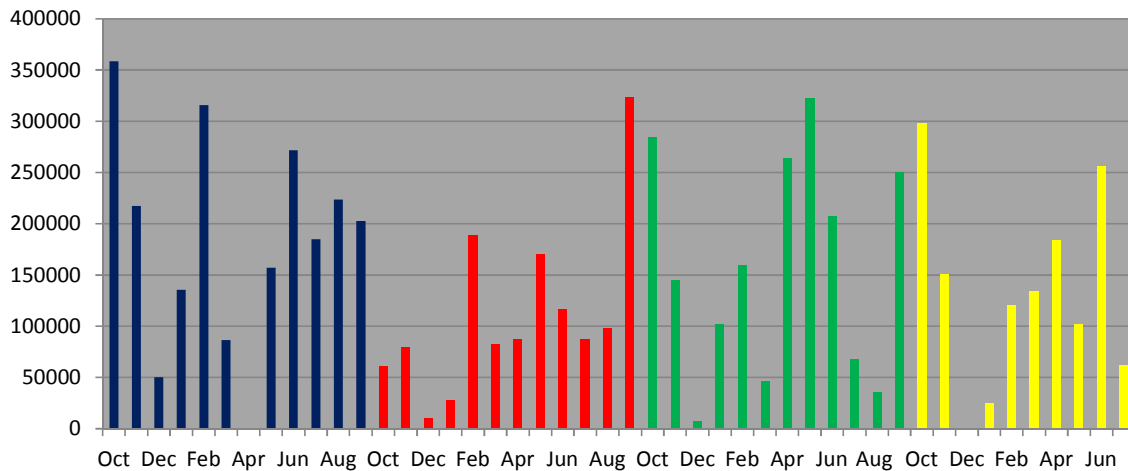
Figure 6: Safex December wheat (\$/ton)



### South African wheat imports

- The weekly South African wheat imports for the week ending the 16<sup>th</sup> of July indicated that 7 568 tons of wheat was imported in the past week. The wheat that was imported originated from Australia. This brings the cumulative wheat imports for the season to date at 1.342 million tons.

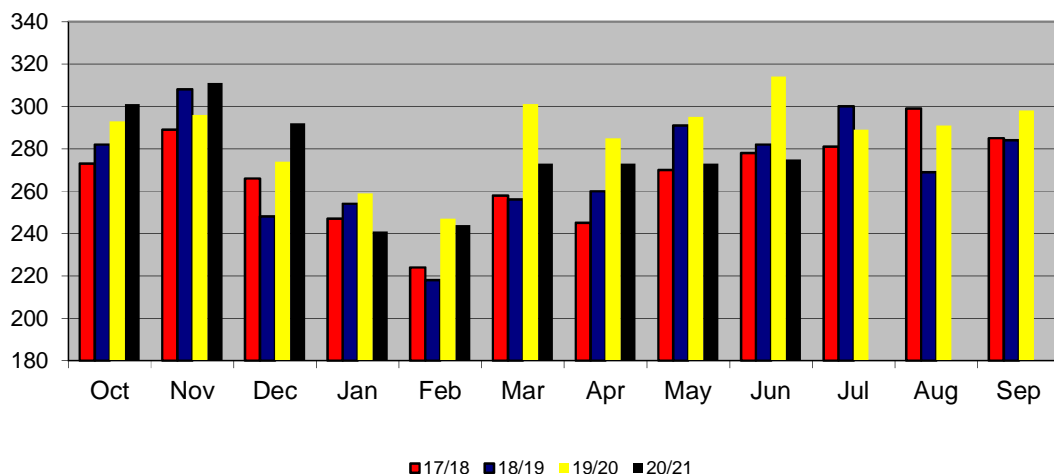
**Figure 7: South African monthly wheat imports (Tons)**



**Sagis monthly data**

- The Sagis monthly data was released earlier today. On the supply side of the South African wheat market we see that 9 112 tons of wheat as delivered in the month of June. Adding to this we did see wheat imports for 256 664 tons in the month of June 2021.
- On the demand side of the South African wheat market we see that the total wheat processed for the local market in June 2021 was reported at 275 135 tons which is up from the 272 770 tons seen in the previous month. The cumulative wheat processed for the local market in the season to date is seen at 2.483 million tons which is 3% lower month/month.
- Still on the demand side the South African wheat exports (whole wheat and products) in the month of June 2021 was reported at 7 908 tons which is sharply lower than the 18 217 tons seen in the previous month. The cumulative total wheat exports seen in the season to date (end of June) is seen at 94 356 tons which is roughly 4% lower year/year.

**Figure 8: Monthly wheat processed for the local market (000 tons)**





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- The South African wheat stocks at the end of June 2021 was reported at 1.103 million tons which is well above the 867 037 tons of wheat in stock the same time last year. The average total wheat processed for the local market in the 2020/21 season to date is seen at 279 000 tons/month. Based on this the South African wheat stocks at the end of June 2021 should be enough for 3.9 months of consumption.

**See the technical graphs below:**

- Safex Dec-21 wheat prices
- KCBT Dec-21 wheat prices



