

WHEAT



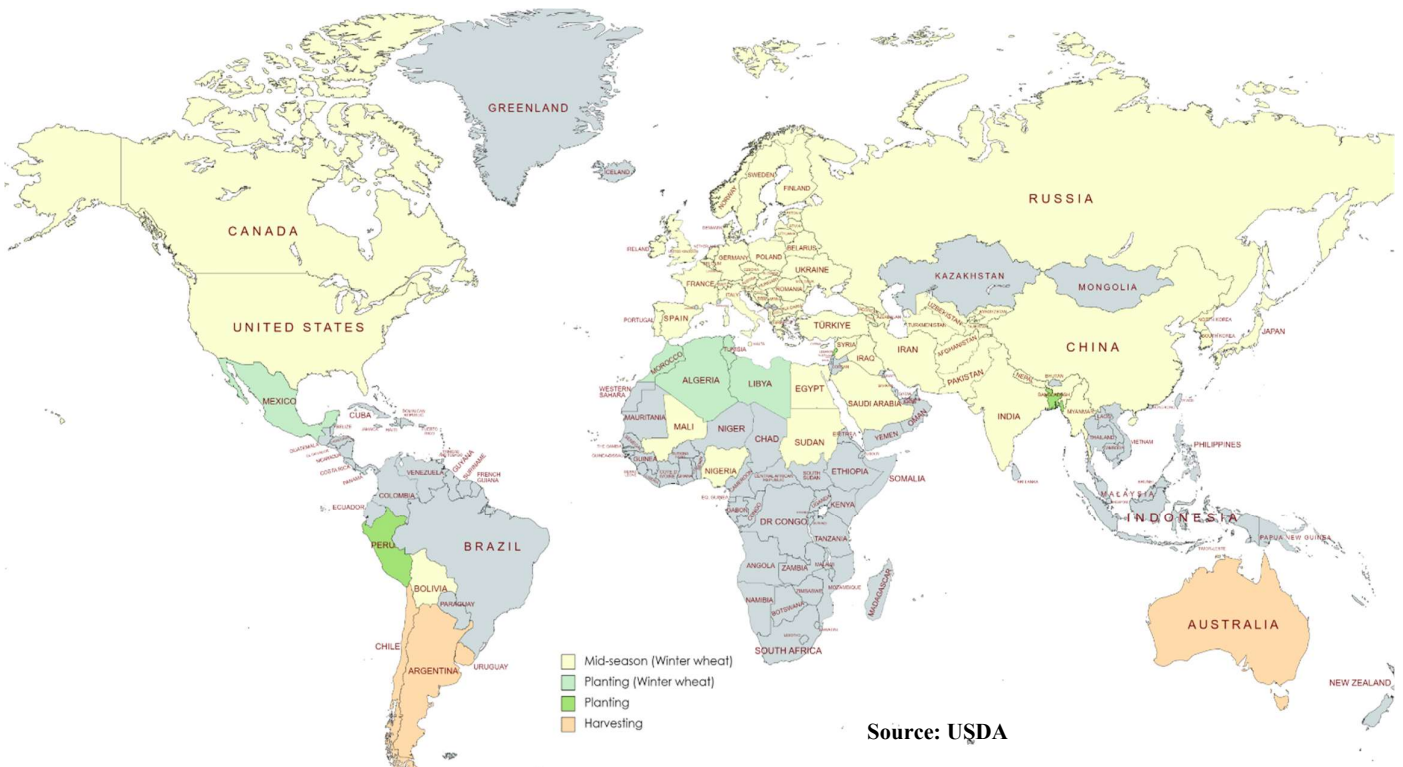
JANUARY 2025
Grain Market Outlook

Table of contents:

1. World wheat production.....1
2. World supply and demand.....2
3. Monthly contract movements.....3
 - 3.1. Import- and export parity prices.....3
4. Final thoughts.....4

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



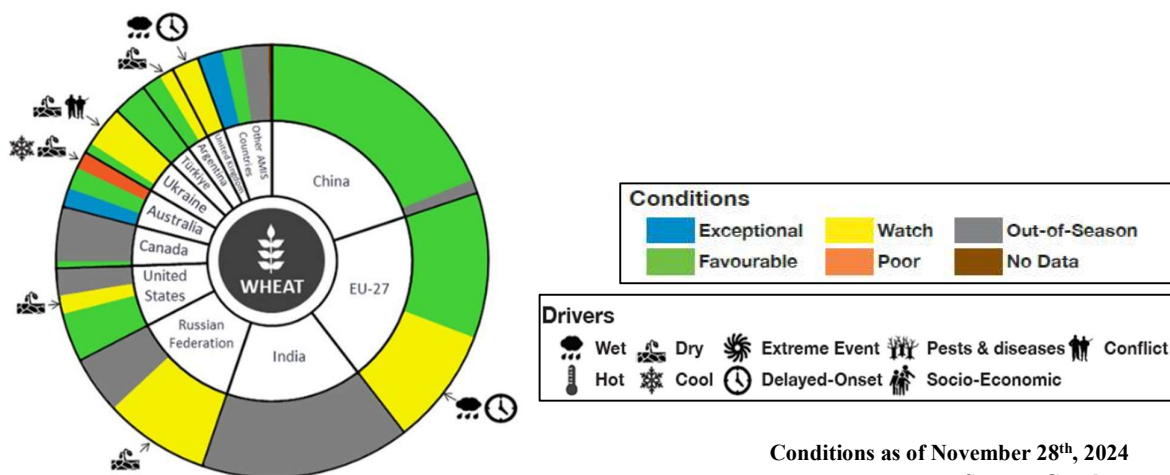
1. World production conditions

In the **Northern Hemisphere**, the majority of the winter wheat crop have been planted and is currently in the growing phase. In the **Southern Hemisphere**, harvesting is undergoing.

Comments on El Niño: The likeliness of La Niña conditions have slightly decreased. The CPC/IRI forecasts a 59% per cent chance of La Niña from November to January 2025. If La Niña does develop, it is expected to be weak and short-lived, with a return to ENSO-neutral conditions likely by December and February 2025.

¹International Research Institute for Climate and Society





European Union: Due to overly wet weather in the United Kingdom conditions remained mixed at the start of December. Above-average temperatures and drier weather helped accelerate planting and early crop development.

Russia: Winter wheat planting have wrapped up under mixed conditions due to dry weather.

Ukraine: a Large portion of the crop remains under developed (due to dry weather), even though some precipitation in December has improved soil moisture levels.

China: Winter wheat is growing under favourable conditions.

India: Planting is underway in the northern and central states.

United States: Planting has wrapped up with generally favourable conditions.

Australia: Harvest is well underway, across New South Whales and Queensland, yields are expected to be exceptionally high. However in the southeast yields is significantly reduced due to lack of rainfall and frost during September and October

Argentina: Harvest is progressing under mixed conditions, lower yields in the north and near average yields in the south and east.

2. World supply- and demand

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

Beginning stocks World: **Ending stocks**
267.47 mil. tons 258.82 mil. tons



Stock-to-use percentage: 32.3%; three-year-average: 33.51%

Beginning stocks Argentina: **Ending stocks**
4.54 mil. tons 3.50 mil. tons



Stock-to-use percentage: 49.6%; three-year-average: 57.33%

Beginning stocks Australia: **Ending stocks**
2.91 mil. tons 2.61 mil. tons



Stock-to-use percentage: 34.8%; three-year-average: 42.24%

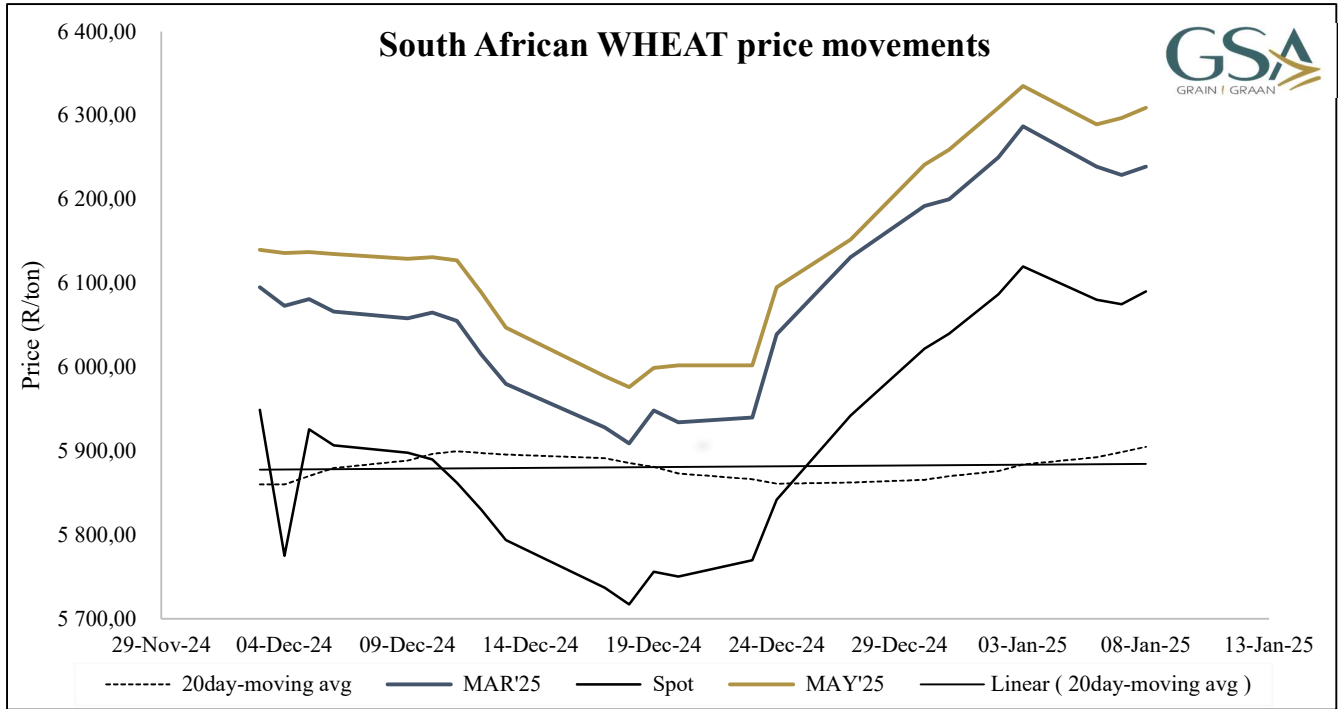
Beginning stocks European Union: **Ending stocks**
15.54 mil. tons 10.59 mil. tons



Stock-to-use percentage: 9.7%; three-year-average: 12.91%

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

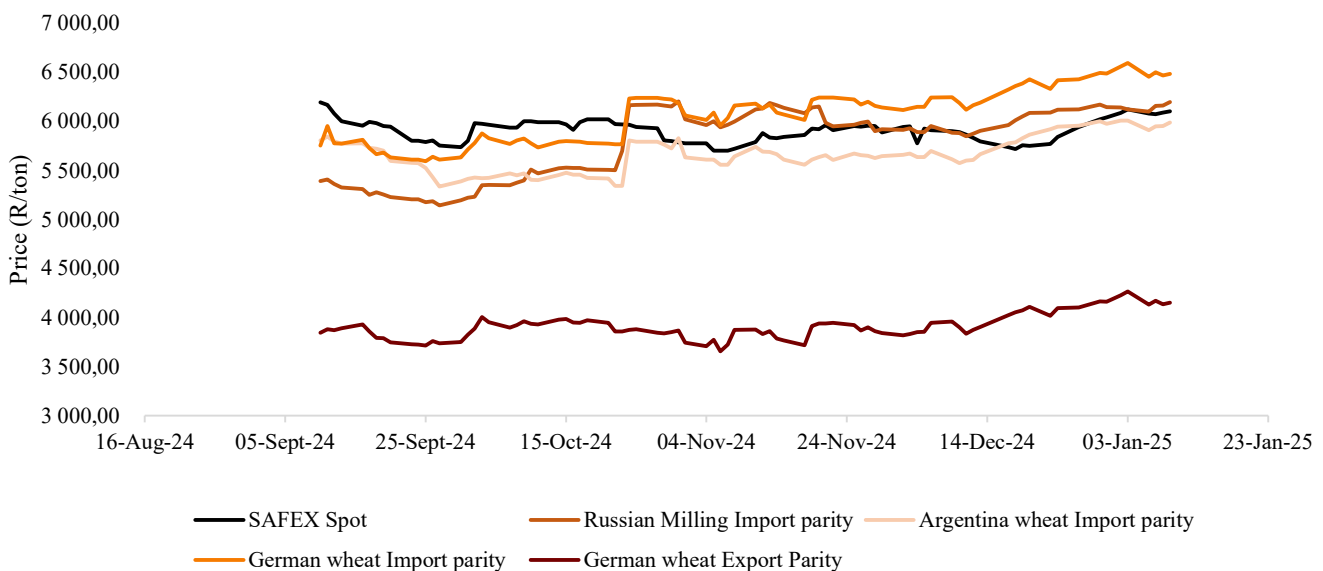


Comments on market movements for wheat contracts:

Local wheat contracts followed a strong upward trend since the end of December. The March 2025 contract continues to trade above the spot contracts.

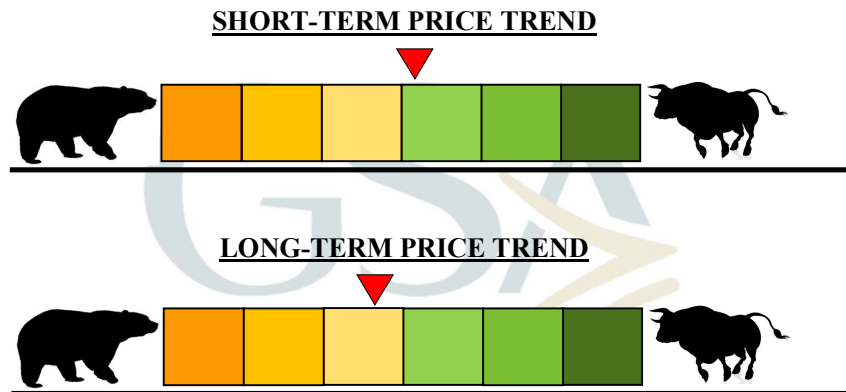
3.1. Import- and export parity movements

PRICES OF RSA and INTERNATIONAL WHEAT DELIVERED IN DURBAN



4. Final thoughts

Global wheat market participants have to keep a close eye on crop conditions in the US and Russia to estimate crop development, however, it is also important to watch harvesting conditions in the Southern Hemisphere for some price direction indications.



Bearish factors:

- The Southern Hemisphere is busy harvesting, which could apply some harvesting pressure to the global markets.

Bullish factors:

- 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.
- A wheat import tariff of R422/ton is currently active, which supports local prices.
- In the latest monthly IGC report, the agency revised global wheat ending stocks downward. The expectation is that ending stocks can decline by 9 million tons year-on-year.
- Russia announced that they will be cutting exports quotas by two-thirds between 15 Feb to 30 June 2025. This is a steep reduction from 29 million tons shipped in 2024, to an expected 11 million tons in 2025.
- Millers in India is struggling to find enough stocks amid strong demand and low local supplies. This could lead to increased imports and supported global prices.

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

Second floor | Alenti Office Park | Lynnwood road | Pretoria East

