

International wheat market

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

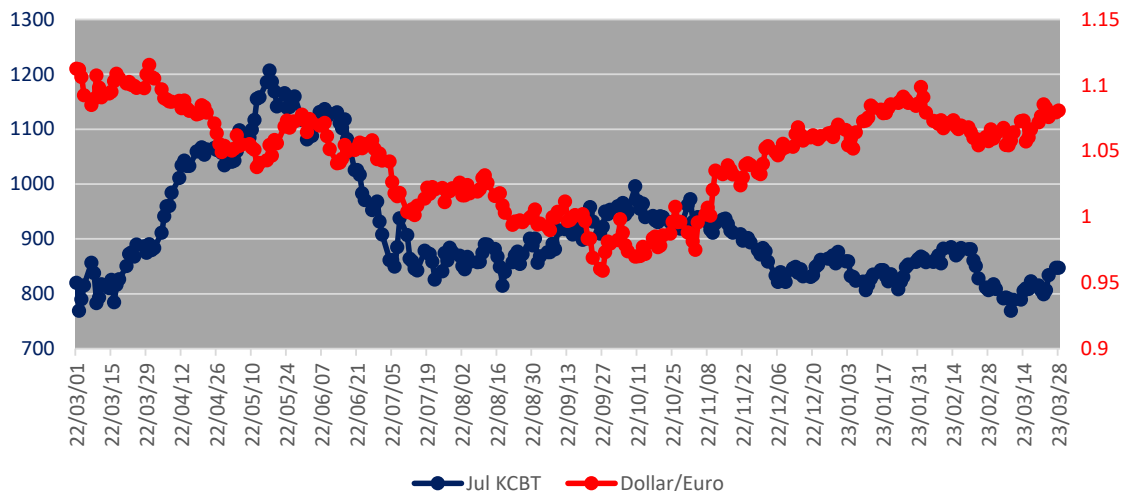
	Currently	21/03/2023	Weekly change (c/bu)	Monthly change (c/bu)
CME Jul-23	710 ¼	692 ½	17 ¾	-3 ½
KCBT Jul-23	851 ¼	806 ¾	44 ½	44 ¾

- US wheat prices traded higher in the past week with July KCBT wheat prices leading the way higher. On a monthly basis US wheat prices are mixed with July KCBT wheat giving up 0.5% in the past month while July KCBT wheat prices ended 5.5% higher in the past month.
- On the chart for July KCBT wheat we see that July KCBT wheat prices did get some support around \$8.00/bushel and the market traded higher after that. July KCBT wheat broke above the 40-day average and some more follow through buying was seen after that. In the electronic session today July KCBT wheat also broke above the 100-day average seen at \$8.52/bushel. July KCBT wheat prices are entering the overbought territory.
- US and world wheat prices traded higher in the past week with the uncertainty with regard to future supplies out of the Black Sea region adding some support. There are some talks out of Russia of possible restrictions on exports going forward.
- US wheat prices and more specifically KCBT wheat prices are being supported by the drought conditions in the US winter wheat areas which is putting some pressure on winter wheat crop conditions. Very little moisture relief is forecasted for the US winter wheat areas.

July KCBT wheat and dollar/euro

- The graph below presents the US July KCBT wheat prices and the dollar/euro seen in the past few months. July KCBT wheat prices posted some good gains in the past week with July KCBT wheat gaining 5.1% in the past week. The dollar is slightly weaker and currently trading at 1.0809 to the euro which is 0.4% weaker than the levels seen a week ago.

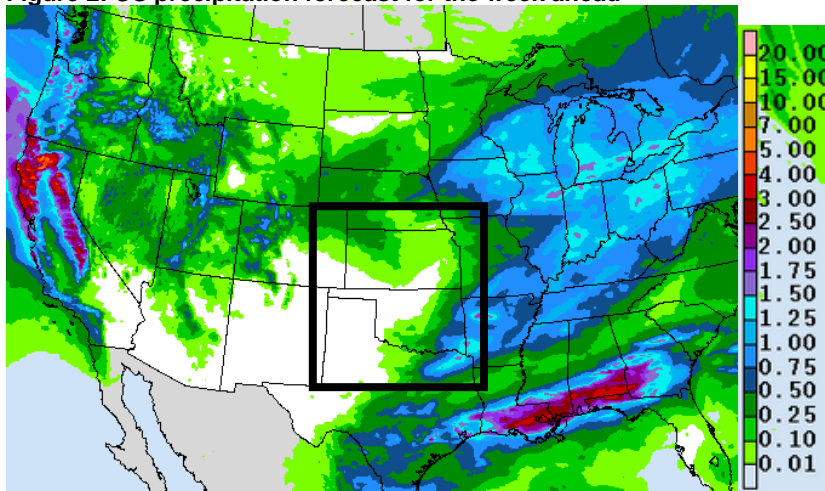
Figure 1: July KCBT wheat and dollar/euro



US weather conditions

- Weather map below presents the US weather forecast for the week ahead. From the weather map below we see that very little moisture relief is forecasted for the key winter wheat areas of the US in the week ahead with very little if any rainfall expected in the key States of Kansas and Oklahoma which could put some more pressure on winter wheat crop conditions.

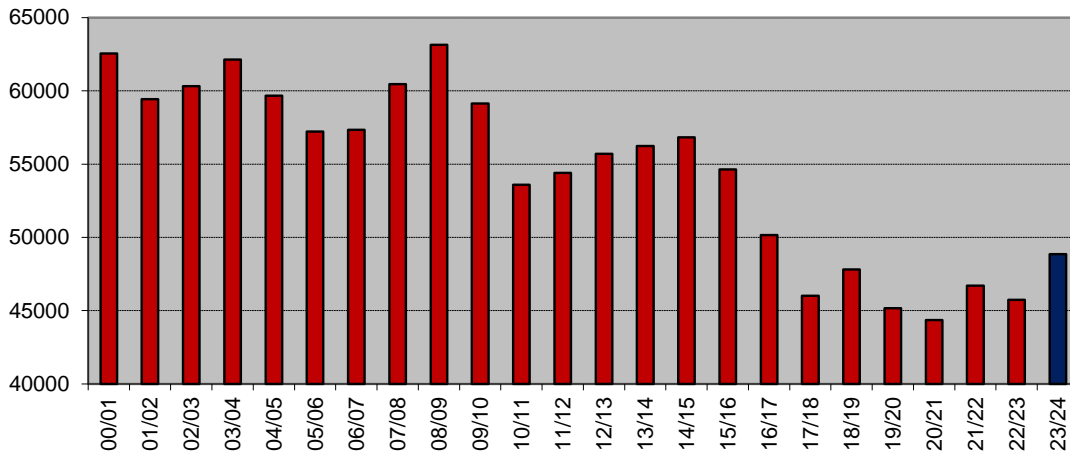
Figure 2: US precipitation forecast for the week ahead



USDA acreage and stocks report

- The USDA will release their March 31st US acreage and stocks report on Friday. The average market expectation of the US March 1st all wheat stocks is seen at 934 million bushels compared to the 1.029 billion bushels seen the same time last year.
- The average market expectation of the 2023 US all wheat area planted is seen at 48.852 million bushels which is up from the 45.738 million acres planted in 2022. The graph below presents the US all wheat area planted in the past few seasons with the 2023 estimates based on the market expectation ahead of the USDA report.

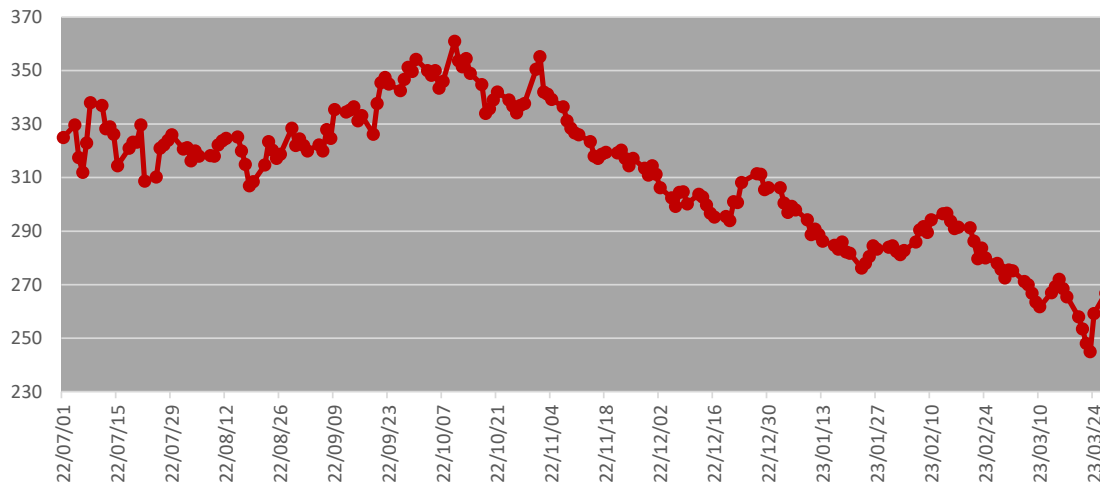
Figure 3: US all wheat area planted (000 acres)



European wheat prices

- European wheat prices posted some good gains in the past few sessions with May wheat prices currently trading at €266.75/ton which is 3.4% higher. The uncertainty with regard to future supplies out of the Black Sea region is supporting global wheat prices.

Figure 4: Matif May-23 wheat prices (Euro/ton)

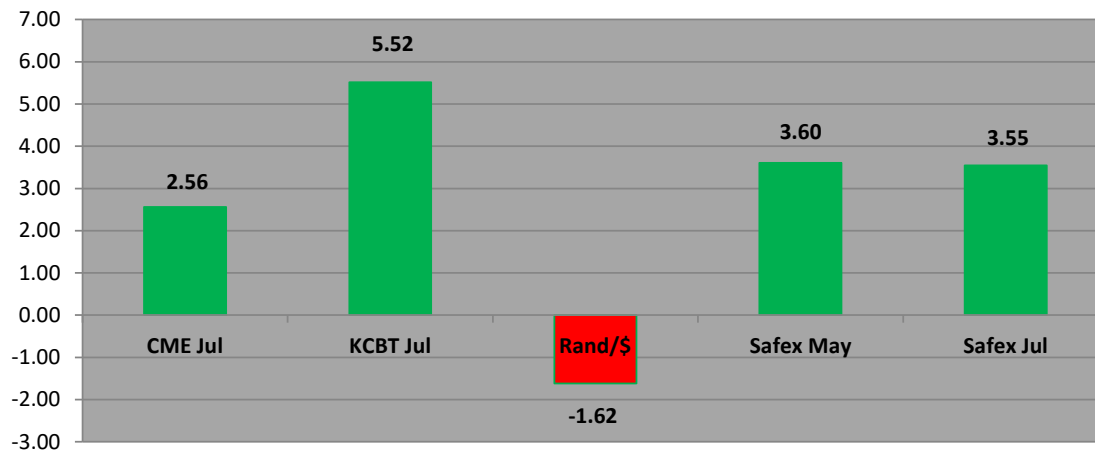


Local wheat market

- South African wheat prices traded higher in the past week with May and July Safex wheat contracts ending 3.6% and 3.5% higher in the past week respectively. South African wheat prices were supported by the higher KCBT wheat prices while the stronger rand probably limited some of the gains in our market. KCBT July futures gained 5.5% in the past week.

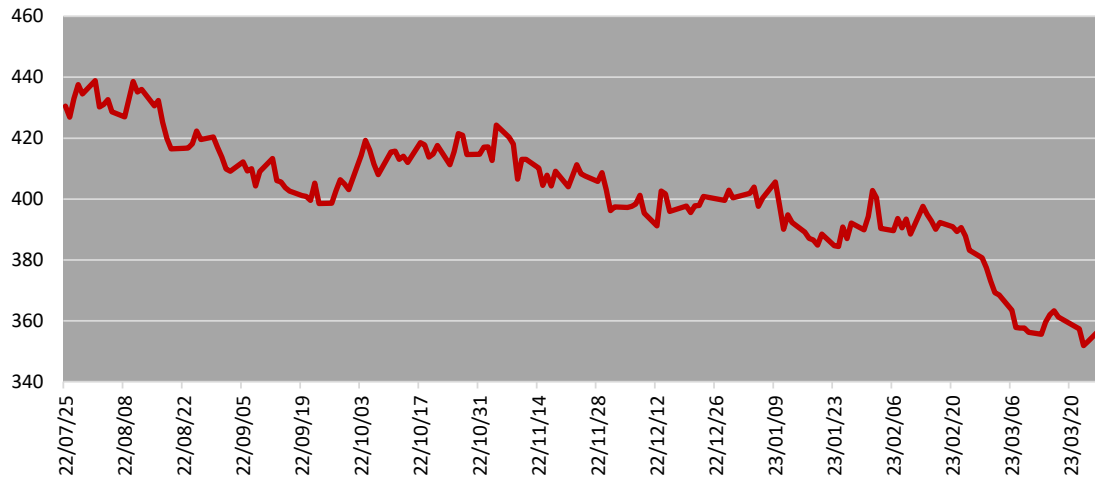
- The rand is currently trading at R18.25/\$ compared to the R18.55/\$ seen a week ago. The rand traded to a low of R18.00/\$ in the past week and the rand did get some support around the 40-day average and pulled off the lows after that. Support is seen at the 40-day currently around R18.10 and resistance is seen at the 9-day average around R18.31/\$.
- On the chart for July Safex wheat we see that the local wheat market initially sold off and traded as low as R6291/ton in the session on the 24th and wheat prices pushed higher after that with the market recovering from the oversold conditions and there was some divergence between the RSI and prices. The market has since gapped higher and resistance is seen at the 40-day average at R6806 and the 100-day average seen at R6870.

Figure 5: Safex wheat, rand and US wheat prices



- The graph below presents the Safex July wheat prices in dollar terms in the past few months. In dollar terms South African wheat prices posted some strong gains in the past week and gained 3.4% in the past week. In dollar term July wheat prices are trading at \$371/ton which is based on a spot rand of R18.26/\$.

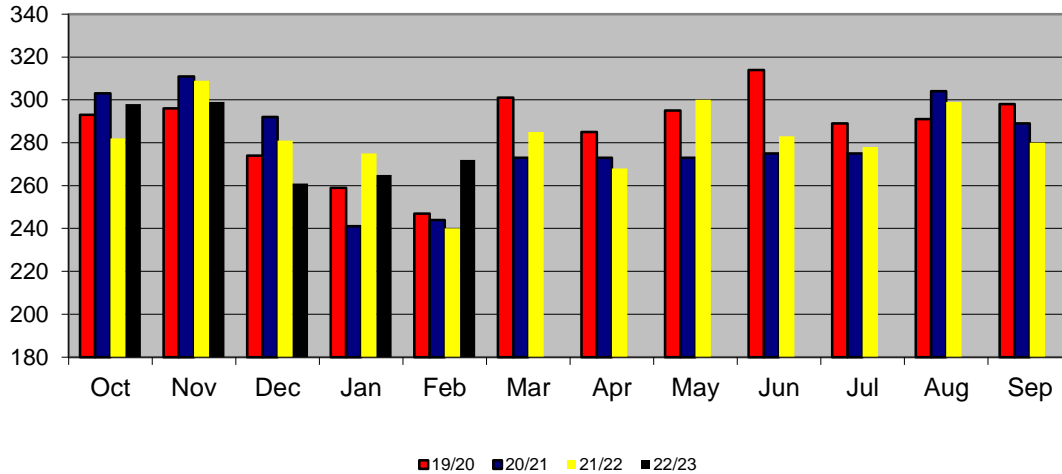
Figure 6: Safex July-23 wheat prices (\$/ton)



Sagis monthly bulletin

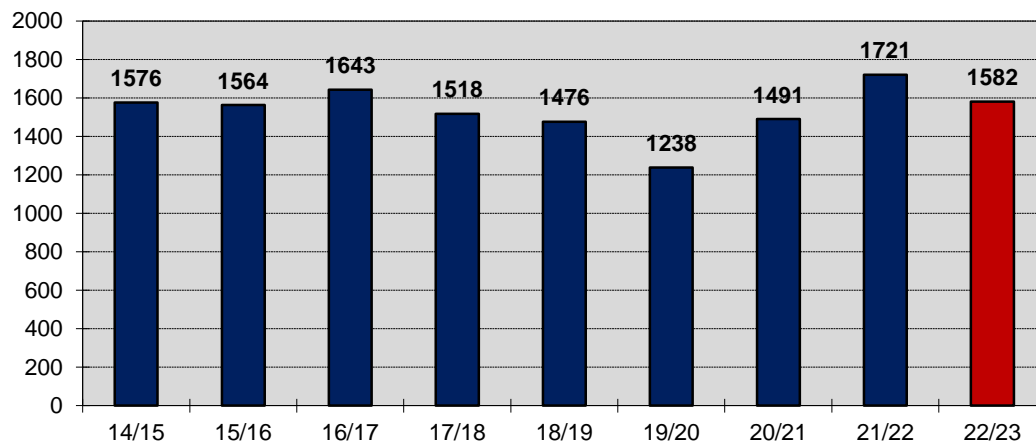
- The Sagis monthly bulletin was released earlier this week. On the supply side of the South African wheat market we see that 72 761 tons of wheat was delivered in the month of February 2023 bringing the cumulative deliveries at the end of February 2023 at 1.923 million tons.
- Still on the supply side of the South African wheat market the South African wheat imports for the month of February 2023 totaled 48 504 tons. The cumulative wheat imports at the end of February 2023 is seen at 559 718 tons.
- On the demand side of the South African wheat market the total wheat processed for the local market in the month of February 2023 was reported at 272 149 tons which is up from the 264 942 tons seen in the previous month. The cumulative wheat processed for the local market in the season to date is seen at 1.395 million tons which is slightly higher than the 1.389 million tons seen the same time last year. The graph below presets the monthly wheat processed for the local market in the current season as well as in the past few seasons. From the graph below we see that the wheat processed for the local market usually reaches a low around February and recovers into the end of the marketing season. The local wheat processed in February 2023 is well above the quantity processed this time of the year in the past 3-years.

Figure 7: Monthly wheat processed for the local market (000 tons)



- Still on the demand side of the South African wheat market we see that the South African wheat exports (whole wheat and products) in the month of February 2023 was reported at 29 897 tons compared to the 28 752 tons seen in the previous month. The cumulative total wheat exports in the season to date is seen at 112 114 tons compared to the 83 822 tons seen the same time last year.
- The South African wheat stocks at the end of February 2023 was reported at 1.582 million tons compared to the 1.721 million tons seen the same time last year. The South African wheat demand (local demand excluding exports) in the season to date is seen at around 283 000 tons/month and the stock at the end of February 2023 should be enough for 5.6 months of consumption.

Figure 8: South African wheat stocks end of Feb the past few seasons (000 t)



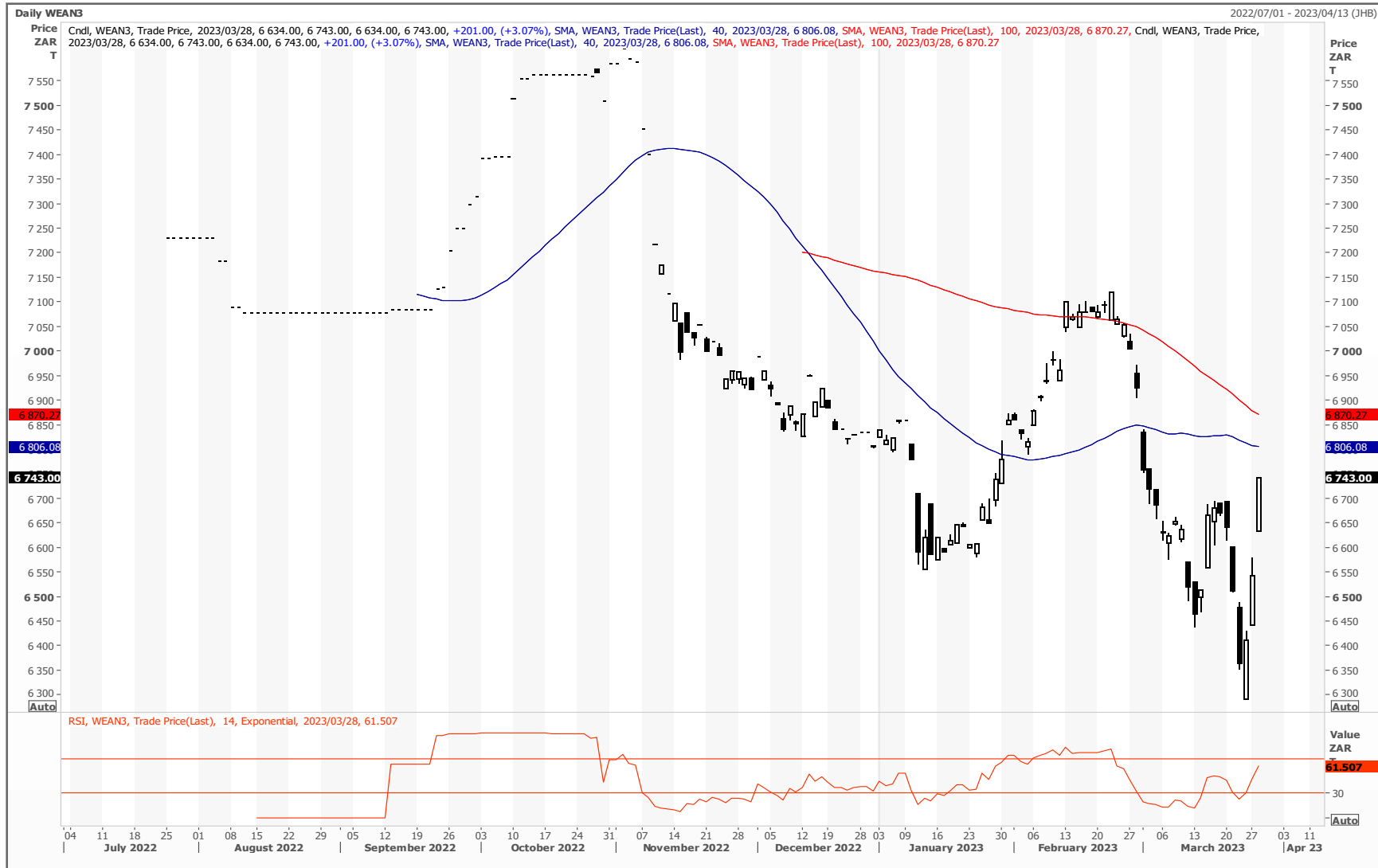


See the technical graphs below:

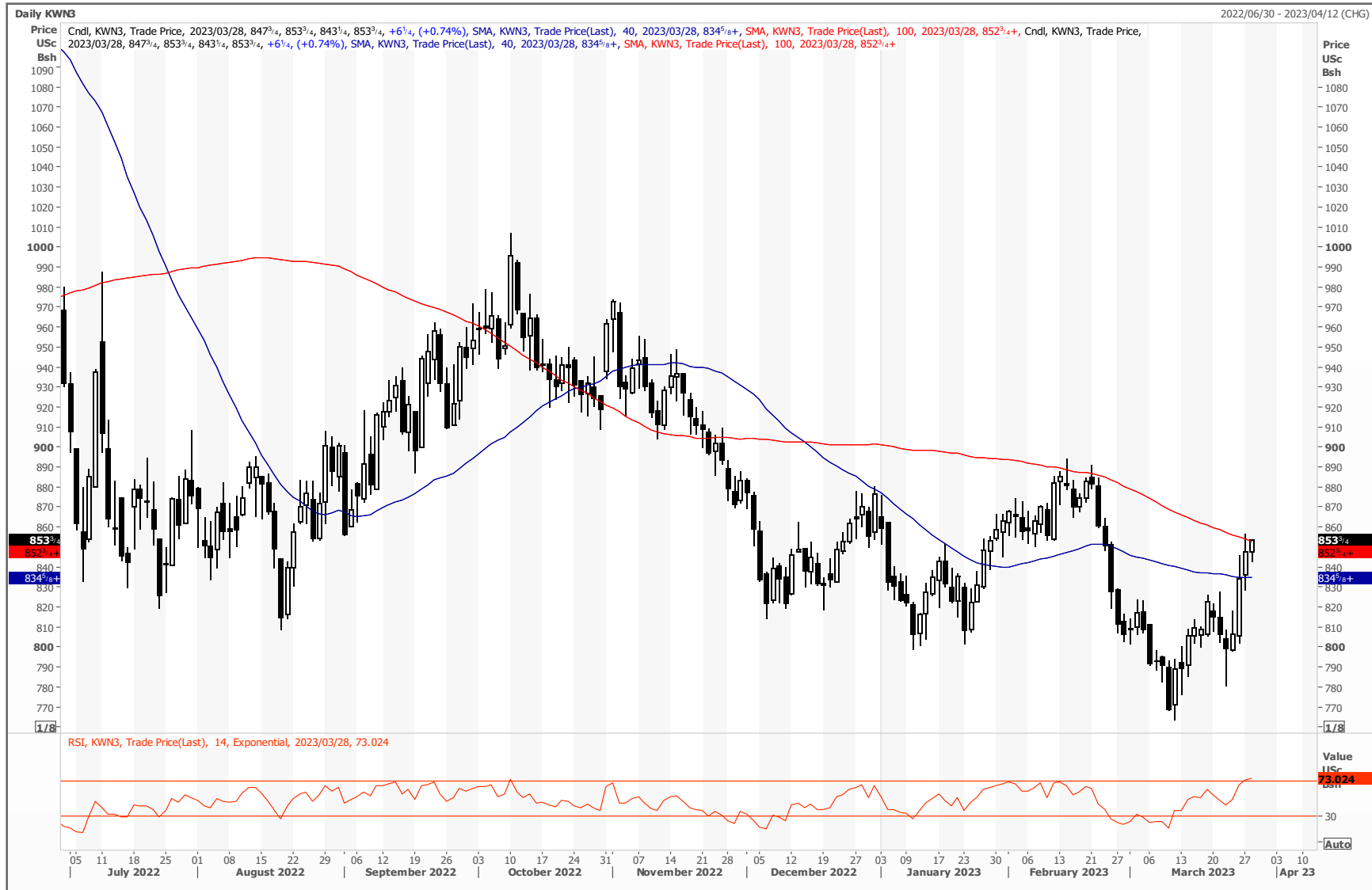
- Safex July-23 wheat prices
- KCBT July-23 wheat prices



WEEKLY WHEAT REPORT 28 MARCH 2023



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