

The Weekly Weighbridge

10 October 2018

Important facts for the week

- Private analytics firm Informa economics increased its US corn estimate to a total of 0.378 billion tonnes, based on an average yield of 12.25 tonnes per hectare (182.1 bpa).
- The Buenos Aires Grains exchange expects that Argentina's 2018/19 wheat crop to reach a record-high 19.7 million tonnes, with heavy rains in the last week improving conditions. Argentina's wheat harvest is expected to be 8.8% larger than last season due to favourable weather conditions and an expanded planting area of 6.2 million hectares.
- According to consultancy Safras & Mercado forward sales of the new Brazilian soybean crop are well ahead of last year's levels, as farmers take advantage of favourable prices and the United States-China trade dispute to clinch deals early in the season. Brazilian soybean producers have sold 27.3% of the crop that will start to be collected around January, compared with 14.1% that had been sold at this time last year.
- Private analytics firm Informa economics increased its US Soybean production estimate and is seen at 4.677 billion bushels, with yields averaging 3.56 tonnes per hectare (53.0 bpa).

ZAR/mt					Week									
10 October 2018					Move	10 October 2018					03 October 2018			
SAFEX	Dec'18 White Maize	R	2,500	R	100	ZAR/USD			R	14.55	R	14.64		
SAFEX	Mar19 White Maize	R	2,559	R	108	EUR/USD			\$	1.1504	\$	1.1476		
SAFEX	Dec'18 Yellow Maize	R	2,533	R	93	ZAR/EUR			R	16.74	R	16.80		
SAFEX	Mar19 Yellow Maize	R	2,586	R	95	ZAR/GBP			R	19.15	R	18.94		
SAFEX	Dec'18 Soybeans	R	4,725	R	128	Important dates								
SAFEX	Mar19 Soybeans	R	4,833	R	113									
SAFEX	Dec'18 Sunflower	R	5,282	R	54						03/10/2018	Weekly producer deliveries		
SAFEX	Mar19 Sunflower	R	5,260	R	77						04/10/2018	RSA weekly imports and exports		
SAFEX	Dec'18 Wheat	R	4,553	R	58						05/10/2018	USA weekly exports		
SAFEX	Mar'18 Wheat	R	4,687	R	72									
Export						Import								
USD/mt						Protein		ZAR/mt		Week				
FOB Origin						level		FCA Durban		Move				
Origin Country														
SA	Dec'18 Yellow Maize	\$	200	\$	8	US (HRW)	Spot Wheat	10.1%	R	4,807	-R	363		
SA	Dec'18 White Maize	\$	198	\$	8	US (SRW)	Spot Wheat		R	4,406	-R	365		
US	Spot Yellow Maize	\$	165	\$	1	Germany	Spot Wheat	11.0%	R	4,807	-R	308		
Argentina	Spot Yellow Maize	\$	161	\$	-2	France	Spot Wheat	10.1%	R	4,466	-R	319		
Brazil	Spot Yellow Maize	\$	176	\$	-1	Russia	Spot Wheat	11.0%	R	4,571	-R	322		
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$	-	Australian APW	Spot Wheat	9.2%	R	5,435	-R	225		
						Argentina	Spot Wheat	10.6%	R	4,337	-R	23		
SA	Dec'18 Soybeans	\$	367	\$	11	(Wheat quality based on 12 % moisture & import tariff included)								
US	Spot Soybeans	\$	323	\$	1									
Brazil	Spot Soybeans	\$	422	\$	8	Wheat	Published Tariff		R	298.50				
Argentina	Spot Soybeans	\$	405	\$	1									

News for the week

Corn/Maize

US corn prices traded slightly higher this past week. With the main bullish factor still being the US reporting strong export figures with the high demand for US corn. However higher expected crop estimates in the USDA report being released 11 October is restricting any signs of a significant increase in prices.

USDA reported the US corn crop conditions at 69% good/excellent, which is 0% change the prior week but still above last year's 61%.

Private analytics firm Informa economics increased its US corn estimate to a total of 0.378 billion tonnes, based on an average yield of 12.25 tonnes per hectare (182.1 bpa).

The South African Weather Service expects that South Africa's summer rainfall region, which includes the key maize belt, is expected to have good rain in the first half of the growing season followed by below-normal precipitation as the summer progresses. An El Nino weather pattern is seen occurring in the coming months, which generally heralds drought in southern Africa. The previous El Nino that hit three years ago triggered an historic drought which hit harvests and fuelled food inflation in the region.

The Australia's Bureau of Meteorology expects that the recent warming of the Pacific Ocean can lead to a 70% chance of an El Nino weather event developing this year. An El Nino weather event can trigger both floods and drought in different parts of the world and is associated with warmer, dry weather across the Asia Pacific.

South African (SA) maize prices traded higher this past week. Higher US prices and ZAR weakness has supported prices.

Wheat

International wheat prices traded lower this past week. The main bearish factors were the Russian export figures that were higher than expected and good weather conditions in Argentina and Australia than can benefit wheat development.

The heaviest rain in years has fallen across parts of drought-parched inland Australia, bringing relief to struggling farmers but likely not enough water to break a big dry that has crippled the country's most productive farmland.

Russia's agriculture safety watchdog, Rosselkhoznadzor, said it may temporarily suspend operations of 30 inland grain loading points in two of Russia's top grain exporting regions - Krasnodar and Rostov. They have been adding pressure on traders in recent weeks to pay more attention to the quality of grain in their supplies after complaints from major buyers about falling crop standards. Chicago wheat prices rose on Wednesday after the watchdog said on Tuesday it could temporarily suspend operations of 30 inland grain loading

points in two of Russia's top grain exporting regions - Krasnodar and Rostov.

The Buenos Aires Grains exchange expects that Argentina's 2018/19 wheat crop to reach a record-high 19.7 million tonnes, with heavy rains in the last week improving conditions. Argentina's wheat harvest is expected to be 8.8% larger than last season due to favourable weather conditions and an expanded planting area of 6.2 million hectares. The Buenos Aires Grains exchange added that 53.6% of the wheat planting area had adequate to optimal moisture conditions.

South African (SA) wheat prices traded higher this past week. With higher US prices and ZAR weakness supporting prices.

Soybeans

US soybean prices traded slightly higher this past week. However higher expected crop estimates in the USDA report released 11 October is restricting any signs of a rally in prices.

USDA reported US soybean crop conditions at 68% good/excellent, which is 0% change the prior week but still above last year's 60%.

According to consultancy Safras & Mercado forward sales of the new Brazilian soybean crop are well ahead of last year's levels, as farmers take advantage of favourable prices and the United States-China trade dispute to clinch deals early in the season. Brazilian soybean producers have sold 27.3% of the crop that will start to be collected around January, compared with 14.1% that had been sold at this time last year.

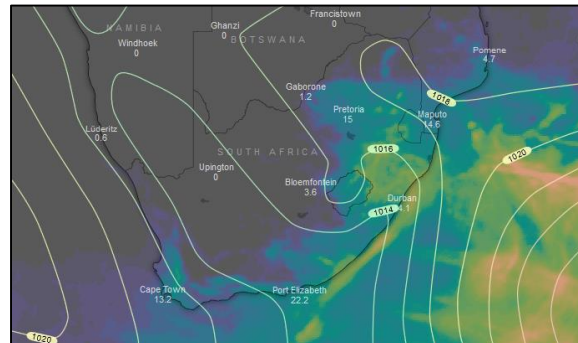
According to consultancy Safras & Mercado Brazilian soybean exports will reach an estimated 79 million tonnes in the 2019/2020 marketing year referring to the period between February 2019 and January 2020. If the United States and China continue to spar over trade, Brazilian soybean exports will continue to be strong in the 2018/2019 crop season, which is just starting in Brazil.

Private analytics firm Informa economics increased its US Soybean production estimate and is seen at 4.677 billion bushels, with yields averaging 3.56 tonnes per hectare (53.0 bpa).

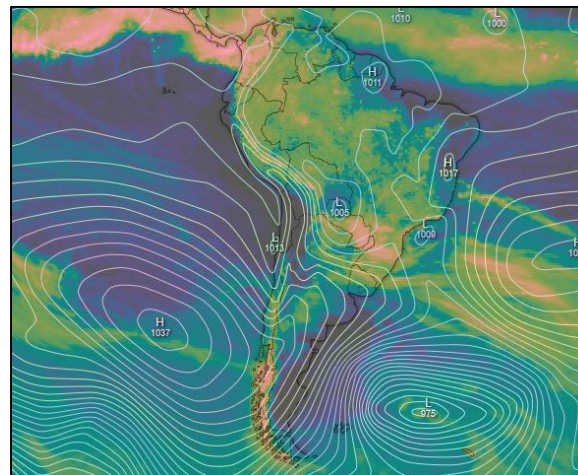
South African (SA) soybean prices traded higher this past week. With higher US prices and ZAR weakness supporting prices.

Rainfall outlook for the next 10 days (Source: Windy.com)

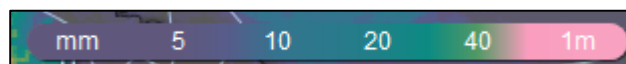
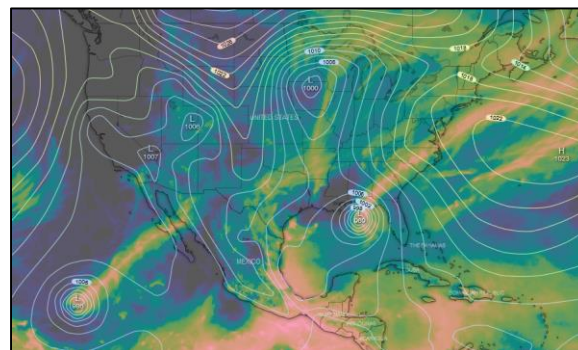
South Africa



South America



North America



Disclaimer

The opinions and assumptions expressed in this publication are not necessarily see the manner of OVK and OVK accepts no responsibility or liability for any claims that are made in the report. Copyright is reserved and content may only with written permission of the editor are reproduced.