

The Weekly Weighbridge

24 October 2018

Important facts for the week

- Ukraine's agriculture ministry has increased its estimate for the 2018 grain harvest to 64 million tonnes from the previous estimate of 63.1 million tonnes. They said a higher than expected harvest of corn was the reason for the new forecast.
- South Africa has exported 48% of the estimated white maize exports and 82% of the estimated yellow maize for the 2018/2019 season. Producer deliveries is currently reported at 88% for white maize and 86% for yellow maize for the 2018/2019 season.
- According to the USDA, the US wheat exports look set for a strong second half of the 2018/19 season when shipments from Russia are expected to slow. The USDA is forecasting that US wheat exports in the 2018/19 season will rise to 27.9 million tonnes, up from 24.52 million tonnes in the previous season.
- Soybean planting by Brazilian farmers for the 2018-19 season progressed to 34% of the expected area this week, way ahead of seeding at the same stage last year as favourable weather in most regions speeded up field work. According to an AgRural consultancy weekly report the overall soybean planting in Brazil advanced 14% points from the previous week. For comparison, at this time last year planting was at 20% of the area. The five-year average is 18%.

			ZAR/mt	Week				
			24 October 2018	Move			24 October 2018	17 October 2018
SAFEX	Dec'18 White Maize	R	2,397	-R 19	ZAR/USD		R 14.26	R 14.24
SAFEX	Mar'19 White Maize	R	2,451	-R 21	EUR/USD		\$ 1.1468	\$ 1.1499
SAFEX	Dec'18 Yellow Maize	R	2,406	-R 41	ZAR/EUR		R 16.35	R 16.38
SAFEX	Mar'19 Yellow Maize	R	2,460	-R 44	ZAR/GBP		R 18.51	R 18.67
SAFEX	Dec'18 Soybeans	R	4,655	-R 26				
SAFEX	Mar'19 Soybeans	R	4,780	-R 19				
SAFEX	Dec'18 Sunflower	R	5,096	R 49				
SAFEX	Mar'19 Sunflower	R	5,116	R 80				
SAFEX	Dec'18 Wheat	R	4,445	-R 6				
SAFEX	Mar'18 Wheat	R	4,570	-R 7				
Export					Import			
			USD/mt	Week			ZAR/mt	Week
			FOB Origin	Move	Origin Country		Protein level	FCA Durban
SA	Dec'18 Yellow Maize	\$	195	\$ -3	US (HRW)	Spot Wheat	10.1% R	4,879 R
SA	Dec'18 White Maize	\$	195	\$ -2	US (SRW)	Spot Wheat		4,517 R
US	Spot Yellow Maize	\$	167	\$ -2	Germany	Spot Wheat	11.0% R	4,887 R
Argentina	Spot Yellow Maize	\$	163	\$ -3	France	Spot Wheat	10.1% R	4,525 R
Brazil	Spot Yellow Maize	\$	178	\$ -2	Russia	Spot Wheat	11.0% R	4,698 R
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$ -	Australian APW	Spot Wheat	9.2% R	5,372 -R
					Argentina	Spot Wheat	10.6% R	4,454 R
SA	Dec'18 Soybeans	\$	370	\$ -2	(Wheat quality based on 12 % moisture & import tariff included)			
US	Spot Soybeans	\$	325	\$ -9				
Brazil	Spot Soybeans	\$	411	\$ -12				
Argentina	Spot Soybeans	\$	398	\$ -8				
					Wheat	Published Tariff	R	490.70

News for the week

Corn/Maize

US corn prices traded lower this past week. With the main bearish factor being good weather conditions supporting harvest progress.

USDA reported the US corn crop conditions at 68% good/excellent, which is a 0% change to the prior week but still above last year's 66%. 49% of US Corn has been harvested, which is ahead of the 5-year average of 47%.

Ukraine's agriculture ministry has increased its estimate for the 2018 grain harvest to 64 million tonnes from the previous estimate of 63.1 million tonnes. They said a higher than expected harvest of corn was the reason for the new forecast. A higher harvest would allow Ukraine to export 42.5 million tonnes of grain this season versus 39.4 million tonnes a season earlier. According to the agriculture ministry, Ukraine has exported 11.1 million tonnes of grain since the season began in July, down from around 13 million tonnes at the same point last season. Ukraine has exported 6.7 million tonnes of wheat, 2.3 million tonnes of barley and 1.9 million tonnes of maize.

It was a busy week for producers across the US Corn Belt as favourable weather conditions finally allowed harvest progress to pick up speed after being delayed by frequent, soaking rains.

South Africa has exported 48% of the estimated white maize exports and 82% of the estimated yellow maize for the 2018/2019 season. Producer deliveries is currently reported at 88% for white maize and 86% for yellow maize for the 2018/2019 season.

South African (SA) maize prices traded lower this past week with ZAR strength and lower US prices pressuring prices.

Wheat

International wheat prices traded mixed this past week with a new published wheat tariff of R490.70 pushing import parity higher. With stronger export demand currently being the main bullish factor influencing Russia and Argentina prices.

According to the USDA, the US wheat exports look set for a strong second half of the 2018/19 season when shipments from Russia are expected to slow. The USDA is forecasting that US wheat exports in the 2018/19 season will rise to 27.9 million tonnes, up from 24.52 million tonnes in the previous season.

One of the three Brazilian wheat mills involved in a deal to import a cargo of Russian wheat this year, the first such deal since 2010, said the quality was good and that they would possibly buy again if the price is right. Earlier this year, Brazilian wheat mills J Macedo, Dias Branco and Grande Moinho Cearense made a joint purchase of 25,000 tonnes of

Russian wheat via the Kaliningrad port for discharge in the Northeast Brazilian port of Fortaleza.

Jordan's state grains buyer purchased 60,000 tonnes of hard milling wheat to be sourced from optional origins in a tender for up to 120,000 tonnes. It was bought at \$263 a tonne CIF for shipment in the second half of December.

Morocco will suspend their customs duty on soft wheat from 1 November 2018 until 31 December 2018 and will impose a 30% duty starting on 1 January 2019. The government council decided to cut duties on soft wheat to 30% from 1 November 2018 from 135% currently.

South African (SA) wheat prices traded sideways this past week with ZAR strength pressuring prices and US wheat currently trading in a consolidating phase.

Soybeans

US soybean prices traded lower this past week. With the main bearish factor being good weather and record high world ending stocks. Another bearish factor is that cumulative soybean sales stands at 37.2% of USDA forecast vs 5-year average of 54.8% which indicates lower demand for US soybeans.

USDA reported US soybean crop conditions at 66% good/excellent, which is a 0% change to the prior week but still above last year's 61%. 53% of US Soybeans has been harvested, which is behind of the 5-year average of 69%.

China's soybean imports are set to drop by a 25% in the quarter of 2018, their biggest fall in at least 12 years as buyers curb purchases amid the US-China trade war and high domestic stocks. Soybeans, crushed to make protein-rich animal feed ingredients and vegetable oils, have been at the heart of the retaliatory trade dispute between the world's top two economies.

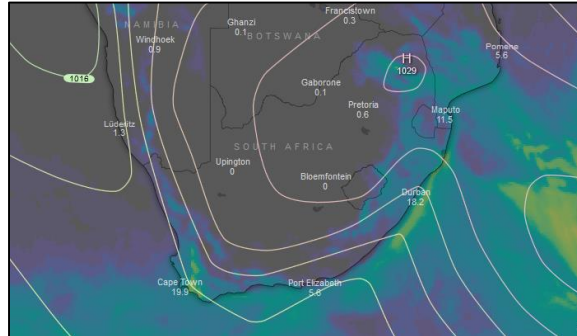
According to the Ministry of Agriculture and Rural Affairs of China, China has abundant supplies of soybeans and significant price fluctuations are unlikely. Chinas' domestic soybean planting acreage has increased and China is set for a bumper harvest, supported by government subsidies and crop rotation policies.

Soybean planting by Brazilian farmers for the 2018-19 season progressed to 34% of the expected area this week, way ahead of seeding at the same stage last year as favourable weather in most regions speeded up field work. According to an AgRural consultancy weekly report the overall soybean planting in Brazil advanced 14% points from the previous week. For comparison, at this time last year planting was at 20% of the area. The five-year average is 18%.

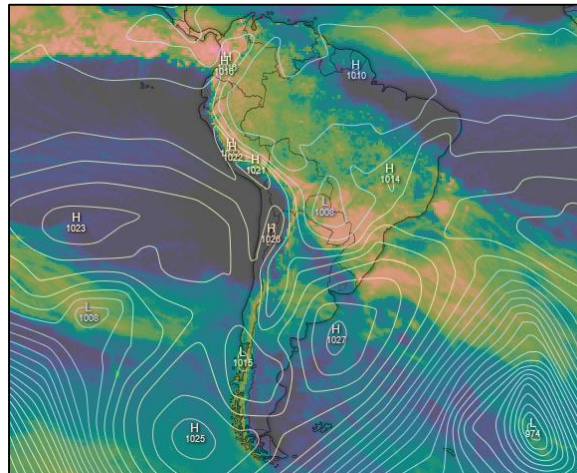
South African (SA) soybean prices traded lower this past week with ZAR strength and lower US prices pressuring prices.

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

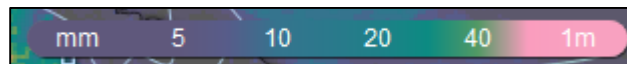
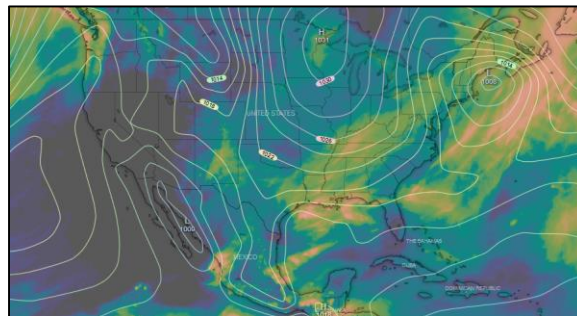
South Africa



South America



North America



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