

The Weekly Weighbridge

14 November 2018

Important facts for the week

- The USDA WASDE report can often be mundane in November, but Thursday's update was far from uneventful, with loads of changes. However, the new data did not seem to significantly change traders' opinions toward Chicago-traded grains and oilseeds. The report ultimately revealed an expected tightening of global grain supplies into mid-2019 and an expansion of soybean stocks, especially in the US.
- Brazil wheat imports are expected to increase 11% in 2019 to 7 MMT as the country contends with crop failures this year. In Brazil, weather problems including rainfall during the harvest have contributed to the forecast for Brazil's 2018 wheat crop being cut to 5.3 MMT from the 6 MMT projected originally.
- China's soybean imports jumped by nearly a fifth in October from a year earlier, with buyers stocking up on Brazilian beans amidst uncertainties over tight supply in the fourth quarter due to the US-China trade war. China, the world's top soybean buyer, bought in 6.92 million tonnes of the oilseed in October, up 18% from 5.85 million tonnes in the same month last year.
- Brazilian exporters are estimated to sell a record volume of soybeans this year as China's appetite for the oilseed remains strong amid a trade war with the US. Shipments from Brazil, the world's largest exporter of the oilseed, are expected to surpass 80 million tonnes in 2018.

ZAR/mt						Week		14 November 2018						07 November 2018	
14 November 2018						Move									
SAFEX	Dec'18 White Maize	R	2,487	R	37	ZAR/USD				R	14.44	R	13.90		
SAFEX	Mar19 White Maize	R	2,541	R	40	EUR/USD				\$	1.1287	\$	1.1424		
SAFEX	Dec'18 Yellow Maize	R	2,486	R	83	ZAR/EUR				R	16.30	R	15.88		
SAFEX	Mar19 Yellow Maize	R	2,529	R	73	ZAR/GBP				R	18.75	R	18.24		
SAFEX	Dec'18 Soybeans	R	4,668	R	80										
SAFEX	Mar19 Soybeans	R	4,791	R	82	Important dates									
SAFEX	Dec'18 Sunflower	R	5,260	R	153	16/11/2018	Weekly producer deliveries								
SAFEX	Mar19 Sunflower	R	5,213	R	131	26/10/2018	USA weekly exports								
SAFEX	Dec'18 Wheat	R	4,398	R	32										
SAFEX	Mar'18 Wheat	R	4,513	R	25										
Export						Import									
USD/mt						Protein				ZAR/mt		Week			
FOB Origin						Origin Country		level		FCA Durban		Move			
SA	Dec'18 Yellow Maize	\$	199	\$	-2	US (HRW)	Spot Wheat	10.1%	R	4,896	R	261			
SA	Dec'18 White Maize	\$	199	\$	-5	US (SRW)	Spot Wheat		R	4,609	R	319			
US	Spot Yellow Maize	\$	165	\$	-2	Germany	Spot Wheat	11.0%	R	4,961	R	301			
Argentina	Spot Yellow Maize	\$	164	\$	2	France	Spot Wheat	10.1%	R	4,559	R	319			
Brazil	Spot Yellow Maize	\$	177	\$	-2	Russia	Spot Wheat	11.0%	R	4,702	R	314			
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$	-	Australian APW	Spot Wheat	9.2%	R	5,260	R	41			
						Argentina	Spot Wheat	10.6%	R	4,455	R	134			
(Wheat quality based on 12 % moisture & import tariff included)															
SA	Dec'18 Soybeans	\$	366	\$	-8	Wheat	Published Tariff		R	490.70					
US	Spot Soybeans	\$	334	\$	2										
Brazil	Spot Soybeans	\$	381	\$	-15										
Argentina	Spot Soybeans	\$	369	\$	0										

News for the week

Corn/Maize

US corn prices traded sideways this past week. With the strong US dollar index preventing any significant rally in prices.

USDA reported that 84% of US Corn has been harvested, which is in line with the 5-year average of 87%.

China, the world's second largest corn producer, revised its corn production figures sharply higher for the past 10 years, a change that should have wide impacts for global supply and demand scenarios. The adjustment of historical data follows the agricultural census China conducted last year, which led the National Statistics Bureau to revise a broad swathe of data.

The USDA WASDE report can often be mundane in November, but Thursday's update was far from uneventful, with loads of changes. However, the new data did not seem to significantly change traders' opinions toward Chicago-traded grains and oilseeds. The report ultimately revealed an expected tightening of global grain supplies into mid-2019 and an expansion of soybean stocks, especially in the US.

US ethanol producers described a bleak picture of their industry in quarterly reports describing how the critical farm belt business has been shocked by President Trump's trade war with China and biofuels management policies that have tilted toward oil refiners. The ethanol business had grown for years at rapid pace but its outlook has reduced due to Washington's aggressive protectionist stance and the administration's unpredictable management of its renewable fuel program.

South African (SA) maize prices traded higher this past week with late rain in important producing regions of South Africa and ZAR weakness pushing prices higher.

Wheat

International wheat prices traded higher this past week. With the higher demand for US wheat pushing prices higher, as well as a reduction in Australian wheat yield pushing Australian wheat prices higher.

USDA reported US winter wheat crop conditions at 54% good/excellent, which is a 3% increase to the prior week but also lower than last year's 55%. 77% of US winter wheat has emerged, which is behind of the 5-year average of 83%.

Agriculture analysts have become used to the routine of deducting China's wheat stocks from the world total for a better representation of exportable world supply since the Asian country is a minimal participant in wheat trade. China's grain stocks have increased in the last decade in a bid for food security and self-sufficiency, but this has led to the overproduction and hoarding of corn and wheat.

Brazil wheat imports are expected to increase 11% in 2019 to 7 MMT as the country contends with crop failures this year. In Brazil, weather problems including rainfall during the harvest have contributed to the forecast for Brazil's 2018 wheat crop being cut to 5.3 MMT from the 6 MMT projected originally.

Russia and China are in discussions about more Russian regions being approved to export wheat to China. Russia exported about 18,000 MT of wheat to China in 2017, only 0.4% of the country's total imports.

South African (SA) wheat prices traded higher this past week with ZAR weakness and higher wheat parity prices pushing prices higher.

Soybeans

US soybean prices traded sideways this past week. With the strong US dollar index preventing any significant rally in prices.

USDA reported that 88% of US Soybeans has been harvested, which is behind of the 5-year average of 93%.

Argentine soybean crushing factories want to revive their business with a deal permitting them to export soymeal livestock feed to China. The crushing plants that are situated on the banks of the Parana River are working at only about half their capacity due to fallout from the US-China trade war. According to the head of the local grains exporting chamber, the government hopes to announce the soymeal-to-China agreement at the G20 meeting in Buenos Aires later this month.

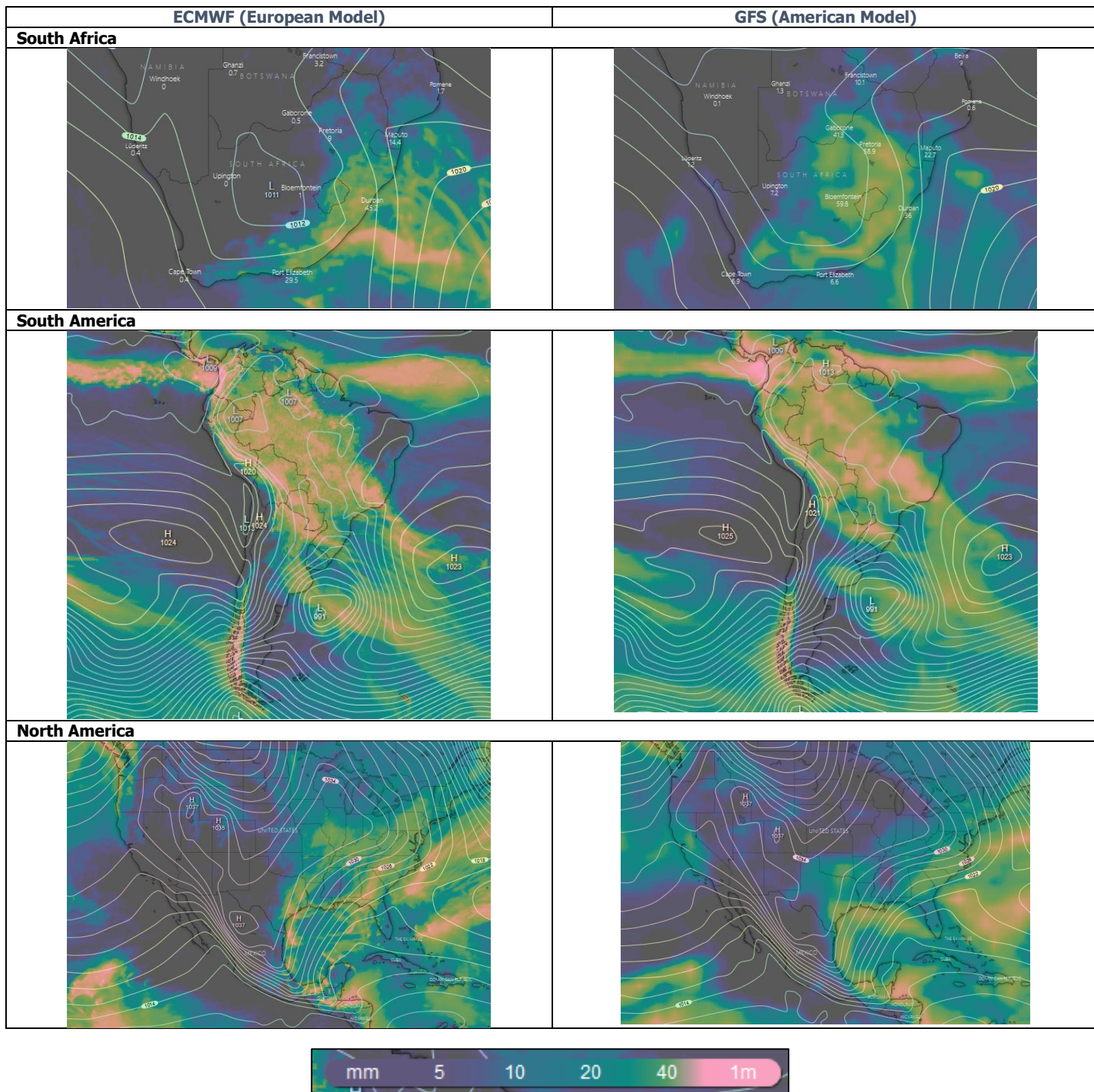
China's soybean imports jumped by nearly a fifth in October from a year earlier, with buyers stocking up on Brazilian beans amidst uncertainties over tight supply in the fourth quarter due to the US-China trade war. China, the world's top soybean buyer, bought in 6.92 million tonnes of the oilseed in October, up 18% from 5.85 million tonnes in the same month last year.

The US soybean crop will be smaller than expected but stocks are estimated to increase sharply as a trade war with China weighs heavily on exports.

Brazilian exporters are estimated to sell a record volume of soybeans this year as China's appetite for the oilseed remains strong amid a trade war with the US. Shipments from Brazil, the world's largest exporter of the oilseed, are expected to surpass 80 million tonnes in 2018.

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



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