

The Weekly Weighbridge

5 December 2018

Important facts for the week

- The US Environmental Protection Agency (EPA) raised its annual blending mandate for advanced biofuels by 15% for 2019, while keeping steady the requirement for conventional biofuels like corn-based ethanol. The mandate includes 4.92 billion gallons for advanced biofuels that can be made from plant and animal waste, an increase from the EPA's initial proposal in June of 4.88 billion and above the 4.29 billion that had been set for 2018.
- According Andrey Sizov, the head of SovEcon agriculture consultancy, Russia may harvest 121 million tonnes of grain in 2019, consisting of 77.3 million tonnes of wheat. This year, Russia is expected to harvest 110 million tonnes of grain, consisting of 70 million tonnes of wheat, according to SovEcon's previous estimates.
- South Africa has imported 92,168 tonnes of wheat thus far for the 2018/2019 season, with Canada, Russia and Ukraine being the main origins. Producer deliveries is currently reported at 867,256 tonnes thus far for the 2018/2019 season.
- Brazil is expected to harvest a record soybean crop in the 2018/19 season as good weather and strong Chinese demand set farmers on course to produce a new bumper crop. Farmers are poised to collect nearly 121 million tonnes in the current cycle, a 1.2% increase from last year. Harvesting is set to begin as early as December thanks to a favourable climate in Brazil's agricultural heartland.

ZAR/mt					Week							
05 December 2018					Move	05 December 2018 28 November 2018						
SAFEX	Dec'18 White Maize	R	2,393	-R	44	ZAR/USD			R	13.83	R	13.76
SAFEX	Mar19 White Maize	R	2,470	-R	45	EUR/USD			\$	1.1322	\$	1.1366
SAFEX	Dec'18 Yellow Maize	R	2,376	R	17	ZAR/EUR			R	15.68	R	15.65
SAFEX	Mar19 Yellow Maize	R	2,433	R	1	ZAR/GBP			R	17.55	R	17.65
SAFEX	Dec'18 Soybeans	R	4,690	R	74	Important dates						
SAFEX	Mar19 Soybeans	R	4,832	R	78							
SAFEX	Dec'18 Sunflower	R	5,171	R	34							
SAFEX	Mar19 Sunflower	R	5,141	R	37							
SAFEX	Dec'18 Wheat	R	4,187	-R	88	05/11/2018	Weekly producer deliveries					
SAFEX	Mar'18 Wheat	R	4,306	-R	84	06/10/2018	Weekly Imports and exports					
						07/10/2018	USA weekly exports					
Export						Import						
USD/mt						Protein			ZAR/mt		Week	
FOB Origin						level			FCA Durban		Move	
Week						Origin Country						
SA	Dec'18 Yellow Maize	\$	199	\$	0	US (HRW)	Spot Wheat	10.1%	R	4,795	R	356
SA	Dec'18 White Maize	\$	200	\$	-4	US (SRW)	Spot Wheat		R	4,499	R	313
US	Spot Yellow Maize	\$	171	\$	9	Germany	Spot Wheat	11.0%	R	4,687	R	135
Argentina	Spot Yellow Maize	\$	172	\$	5	France	Spot Wheat	10.1%	R	4,376	R	202
Brazil	Spot Yellow Maize	\$	179	\$	4	Russia	Spot Wheat	11.0%	R	4,538	R	225
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$	-	Australian APW	Spot Wheat	9.2%	R	5,165	R	61
						Argentina	Spot Wheat	10.6%	R	4,288	-R	10
						(Wheat quality based on 12 % moisture & import tariff included)						
SA	Dec'18 Soybeans	\$	384	\$	3	Wheat	Published Tariff		R	490.70		
US	Spot Soybeans	\$	345	\$	8							
Brazil	Spot Soybeans	\$	377	\$	6							
Argentina	Spot Soybeans	\$	369	\$	18							

News for the week

Corn/Maize

US corn prices traded higher this past week. With the weaker US dollar index and higher soybean prices resulting in some buying of corn that pushed prices higher.

USDA reported on 26 November that 94% of US Corn has been harvested, which is in line with the 5-year average of 96%.

The US Environmental Protection Agency (EPA) raised its annual blending mandate for advanced biofuels by 15% for 2019, while keeping steady the requirement for conventional biofuels like corn-based ethanol. The mandate includes 4.92 billion gallons for advanced biofuels that can be made from plant and animal waste, an increase from the EPA's initial proposal in June of 4.88 billion and above the 4.29 billion that had been set for 2018.

The price for US ethanol decreased to the lowest levels in 13 years with pressure by bigger-than-expected production and larger supplies of the corn-based biofuel resulting in the decrease. Weekly US Energy Information Administration data showed that for the prior week ethanol production was up by 6,000 barrels per day, to an average of 1.048 million barrels per day while stockpiles increased 139,000 barrels to 22.93 million barrels.

South Africa has exported 63.9% of the estimated white maize exports and 84.6% of the estimated yellow maize for the 2018/2019 season. Producer deliveries is currently reported at 90% for white maize and 87% for yellow maize for the 2018/2019 season.

South African (SA) maize prices traded mixed for December and March this past week with white maize trading slightly lower and yellow maize trading slightly higher with changing Precipitation Outlook resulting in the movement in prices.

Wheat

International wheat prices traded higher this past week. With the lower seasonal supply wheat pushing international prices higher.

USDA reported on 26 November US winter wheat crop conditions at 55% good/excellent, which is a 1% decrease to the prior week but also lower than last year's 50%. 86% of US winter wheat has emerged, which is behind of the 5-year average of 92%.

SovEcon, one of the leading agricultural consultancies in Moscow, increased its estimate for Russia's 2018/19 grain exports to 43.2 million tonnes from a previously expected 42.6 million tonnes. It increased its wheat exports estimate to 34.7 million tonnes from 34.2 million tonnes.

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in 2019, consisting of 77.3 million tonnes of wheat. This year, Russia is expected to harvest 110 million tonnes of grain, consisting of 70 million tonnes of wheat, according to SovEcon's previous estimates.

According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), Australia have lowered its wheat production forecast by 11% to the smallest in a decade due to an extreme drought across the country's east coast that may cut exports. Wheat production during the 2018/19 season will total 16.95 million tonnes.

South Africa has imported 92,168 tonnes of wheat thus far for the 2018/2019 season, with Canada, Russia and Ukraine being the main origins. Producer deliveries is currently reported at 867,256 tonnes thus far for the 2018/2019 season.

South African (SA) wheat prices traded higher this past week with higher international wheat prices pushing prices higher.

Soybeans

US soybean prices traded higher this past week. With the weaker US dollar index and the 90-day trade war treaty that can possibly increase Soybean exports are supporting prices this past week.

USDA reported on 26 November that 94% of US Soybeans has been harvested, which is behind of the 5-year average of 98%.

A ship named, the Torrent, is approaching the end of a 5,000-mile trip carrying US soybeans to Argentina - a journey that only makes economic sense because of the US-China trade war.

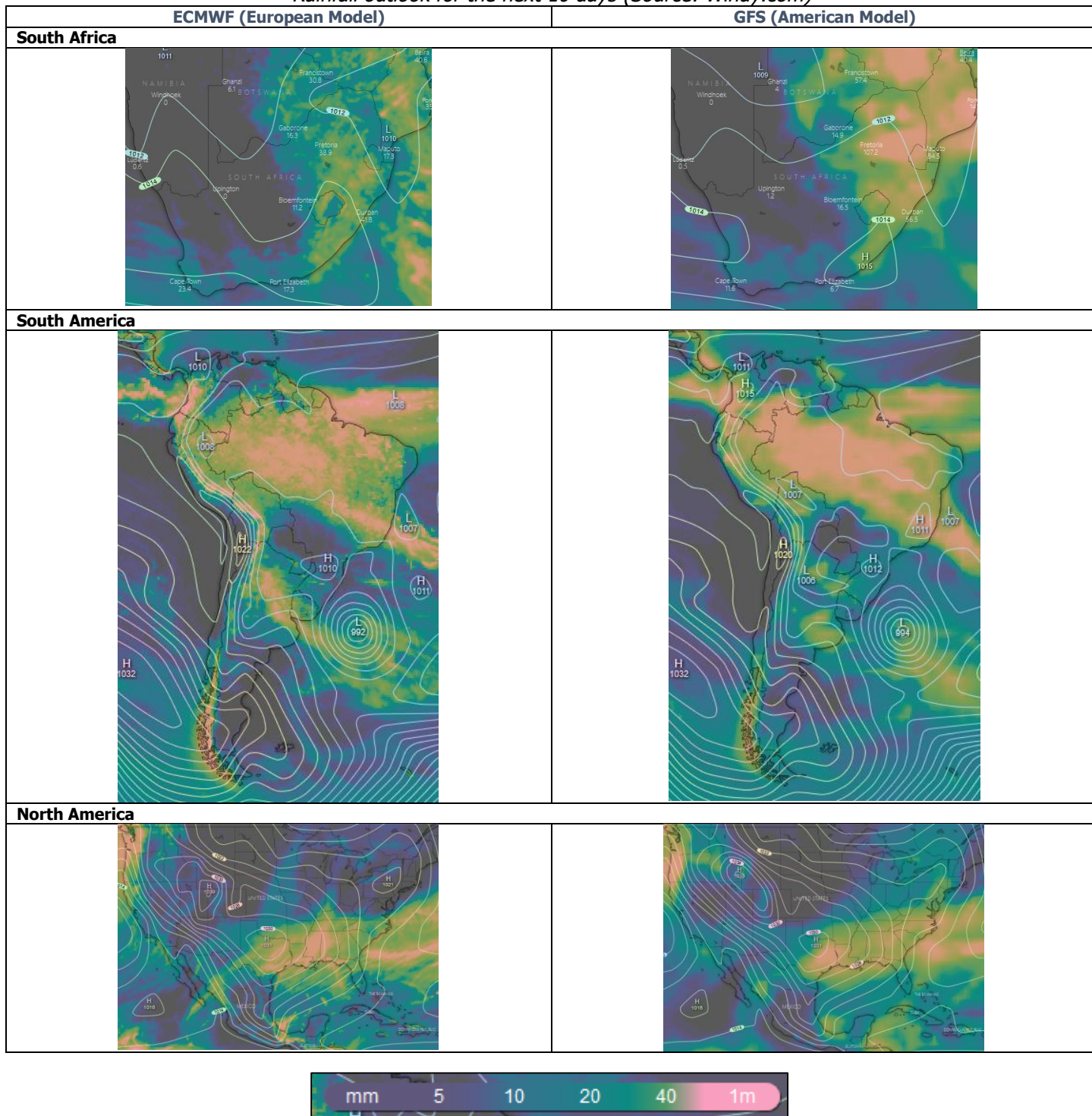
Brazil is expected to harvest a record soybean crop in the 2018/19 season as good weather and strong Chinese demand set farmers on course to produce a new bumper crop. Farmers are poised to collect nearly 121 million tonnes in the current cycle, a 1.2% increase from last year. Harvesting is set to begin as early as December thanks to a favourable climate in Brazil's agricultural heartland.

US soybean crushing in October is likely to total 5.488 million tons (182.9 million bushels), according to the average forecast of eight analysts surveyed by Reuters.

Brazilian soybean farmers anticipate lower prices if China lifts tariffs on US soybeans in March, when new trade terms between the world's two largest economies may be disclosed and South American nations will be collecting another bumper crop. If China's 25 percent tariff on soybeans were to be lifted in March, US soybeans could flood the market just as Brazil and Argentina are harvesting their crops.

South African (SA) soybean prices traded higher this past week with higher US prices resulting in higher prices.

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



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