

# The Weekly Weighbridge

## 20 August 2018

### Important facts for the week

- International wheat prices found some support after reports that Russia's agriculture ministry had discussed export volumes with traders. This stimulated fears that they might limit export volumes.
- The drought in Eastern Australia remains in the news headlines. This could see further cuts in the Australian wheat production forecast in due course.
- Some support this week for US soybean prices based on reports that China and the US will have lower level trade talks during the next month. This brought hope that the two governments could resolve the growing trade war.
- Following rumours for quite some time, the Argentine government confirmed the suspension for six months of its 0.5% monthly reduction in soymeal and soy oil export taxes.

		ZAR/mt 20 Aug'18	Week move						20 Aug'18	13 Aug'18
SAFEX	Sep'18 WM	2 336	39	ZAR/US\$					14.52	14.23
SAFEX	Dec'18 WM	2 440	44	ZAR/EUR					16.57	16.24
SAFEX	Sep'18 YM	2 411	48	ZAR/GBP					18.50	18.17
SAFEX	Dec'18 YM	2 511	49							
SAFEX	Sep'18 Soyb	4 618	120	Important dates						
SAFEX	Dec'18 Soyb	4 755	121							
SAFEX	Sep'18 Suns	5 031	111							
SAFEX	Dec'18 Suns	5 155	100							
SAFEX	Sep'18 WH	4 360	56							
SAFEX	Dec'18 WH	4 445	53							
Export				Import						
US\$/t		FOB origin	Week move	ZAR/t		Protein basis	FCA Durban		Week move	
SA	Sep'18 YM	191	-1	US (HRW)	Wheat(spot)	11.0%	4 720		141	
SA	Sep'18 WM	193	-1	Black Sea	Wheat(spot)	11.0%	4 251		-11	
US	Sep'18 YM	171	4	German	Wheat(spot)	11.0%	4 574		-5	
Arg	Spot YM	171	3	South American	Wheat(spot)	11.0%	n/a			
Brazil	Spot YM	185		Australia APW (WA)	Wheat(spot)	10.4%	n/a			
Black Sea	Spot YM (non GM)	198		US (DNS)	Wheat(spot)	13.8%	5 028		61	
SA	Sep'18 soybeans	370	1	(Wheat quality based on 12% moisture & R281.70/t imp. tariff included)						
US	Sep'18 soybeans	342	12							
Brazil	Spot soybeans	403								
Argentina	Spot soybeans	n/a								

## News for the week

### Corn/Maize

US corn prices traded higher this past week. The main support came from healthy US export numbers and dry conditions in several other maize producing countries.

Most of the EU, Black Sea and China remains dry which supported maize prices this week.

Good US export numbers, ahead of market expectations, is also supporting US prices.

USDA reported US corn crop conditions at 70% good/excellent, which is down 1% from last week but still well above last year's 62%.

South African (SA) maize prices traded higher this past week. Higher US prices and ZAR weakness were the main supportive factors.

### Wheat

International wheat prices traded mixed this past week with some origins trading higher and others trading lower. Probably some price consolidation after marginal increases in prices over the last few weeks.

International wheat prices found some price support after reports that Russia's agriculture ministry had discussed export volumes with traders. This stimulated fears that they might limit export volumes. The ministry denied that they were thinking of curbing export volumes, however, some traders indicated the ministry mentioned it might consider curbing 2018/19 wheat exports once it reached 30 Mmt. So, there are concerns if Russia will export 35 Mmt during 2018/19 as forecasts by both the Russian agriculture ministry and the USDA. We understand the Russian agriculture ministry will meet this week to discuss exports.

If Russia does choose to limit exports it could make a marginal dent in the global exportable surplus, especially if smaller than expected crops in both the EU and Australia is taken into consideration. This could support international wheat prices.

The drought in Eastern Australia remains in the news headlines. This could see further cuts in the Australian wheat production forecast in due course. Eastern Australian demand for wheat from Southern and Western Australia has seen this origin being uncompetitive in the international export market (prices are too high). Australian wheat production estimates at a total of 16-19Mmt (USDA 22Mmt).

Argentina's planting process is complete and soil moisture levels are generally adequate.

USDA reported US spring wheat crop conditions at 75% good/excellent versus last week's 74% and last year's 33%.

South African (SA) wheat prices traded higher this week mainly supported by ZAR weakness and higher US prices.

### Soybeans

US soybean prices traded higher this past week. Support came from the change in Argentine export levies on soymeal and soy oil, healthy US soymeal exports, record US crushing volumes during July and lower US crop ratings.

Some support came this week for US soybean prices on reports that China and the US will have lower level trade talks during the next month. This brought hope that the two governments could resolve the growing trade war.

Declining stock levels in Brazil could force China to look at US soybean imports to meet their needs.

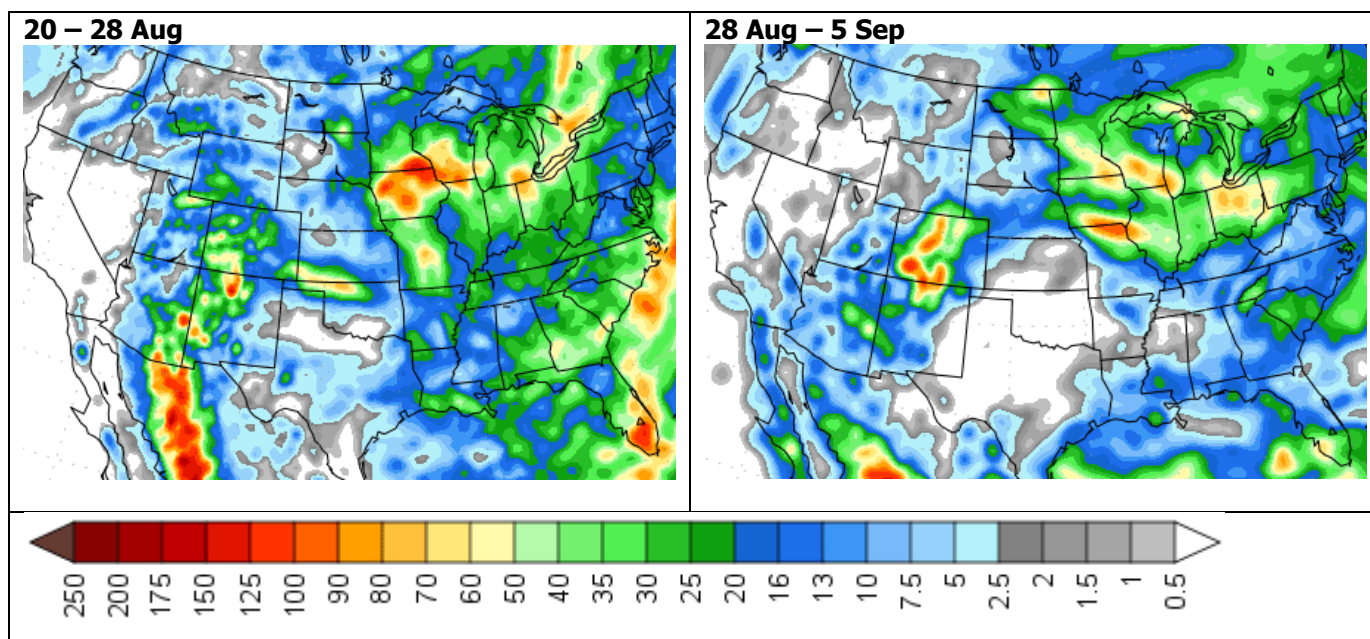
US soybean crush for July came in at the third highest number ever.

Following rumours for quite some time, the Argentine government confirmed the suspension for six months of its 0.5% monthly reduction in soymeal and soy oil export taxes. Currently both is sitting at 23%.

USDA reported US soybean crop conditions at 66% good/excellent, which is down 1% on last week and above last year's 59%.

South African (SA) soybean prices traded higher. Higher US prices and ZAR weakness were price supportive.

*US rainfall outlook for the next two weeks (Source: Wxmaps)*



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