

The Weekly Weighbridge

19 September 2018

Important facts for the week

- The USDA surprised the markets last week with a higher than expected increase to the US corn harvest estimate due to prospects of achieving record yields in key production areas.
- France could boost wheat exports after its harvest was less affected by severe weather than other EU states.
- Asian flour millers are seeking rare wheat shipments from Argentina in coming months as a second year of drought in Australia curbs supplies.
- The USDA estimated soybean yields at an all-time high of 3.55 tons per hectare (52.8bpa) this past week, higher than last month's 3.47 tons per hectare (51.6bpa) with the production outlook also raised above its already record-high forecast.
- The Ministry of Agriculture and Rural Affairs in China, reduced its forecast for 2018/19 soybean imports and is currently pegged at 83.65 MMT, which is down 10.2 MMT from last month's estimate of 93.85 MMT.

ZAR/mt					Week Move	19 September 2018					12 September 2018	
19 September 2018												
SAFEX	Sep'18 White Maize	R	2,380	-R	51	ZAR/USD			R	14.86	R	14.94
SAFEX	Dec'18 White Maize	R	2,434	-R	75	EUR/USD			\$	1.1673	\$	1.1624
SAFEX	Sep'18 Yellow Maize	R	2,409	-R	78	ZAR/EUR			R	17.35	R	17.38
SAFEX	Dec'18 Yellow Maize	R	2,479	-R	85	ZAR/GBP			R	19.55	R	19.49
SAFEX	Sep'18 Soybeans	R	4,538	R	8							
SAFEX	Dec'18 Soybeans	R	4,665	R	7	Important dates						
SAFEX	Sep'18 Sunflower	R	5,155	R	18	19/09/2018	Weekly producer deliveries					
SAFEX	Dec'18 Sunflower	R	5,260	R	20	20/09/2018	Weekly imports-and exports					
SAFEX	Sep'18 Wheat	R	4,380	-R	34	21/09/2018	USA weekly exports					
SAFEX	Dec'18 Wheat	R	4,531	-R	34							
Export						Import						
USD/mt					Week Move	Protein			ZAR/mt		Week Move	
FOB Origin						level			FCA Durban			
SA	Sep'18 Yellow Maize	\$	186	\$	-4	US (HRW)	Spot Wheat	12.5%	R	5,023	-R	127
SA	Sep'18 White Maize	\$	184	\$	-2	US (SRW)	Spot Wheat		R	5,127	R	112
US	Spot Yellow Maize	\$	154	\$	-6	Germany	Spot Wheat	12.5%	R	4,994	-R	37
Argentina	Spot Yellow Maize	\$	150	\$	-11	France	Spot Wheat	12.5%	R	4,904	-R	37
Brazil	Spot Yellow Maize	\$	171	\$	4	Russia	Spot Wheat	12.5%	R	4,844	-R	66
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$	-10	Australian APW	Spot Wheat	12.5%	R	5,605	R	20
						Argentina	Spot Wheat	12.5%	R	4,785	-R	21
SA	Sep'18 Soybeans	\$	346	\$	2	(Wheat quality based on above moisture & import tariff included)						
US	Sep'18 Soybeans	\$	303	\$	-11							
Brazil	Sep'18 Soybeans	\$	431	\$	56	Wheat	Published Tariff		R	640.60		
Argentina	Sep'18 Soybeans	\$	372	\$	-2							

News for the week

Corn/Maize

US corn prices traded lower this past week. With the main bearish factor being the USDA announcing a much larger than expected crop.

USDA reported US corn crop conditions at 68% good/excellent, which is unchanged from last week but still above last year's 61%.

The USDA surprised the markets last week with a higher than expected increase to the US corn harvest estimate due to prospects of achieving record yields in key production areas.

In Europe, the French-based consultancy firm Strategie Grains cut its estimate for maize production in the European Union by 5% to a total of 58.4 MMT, which is down from 61.3 MMT estimated last month and 59.3 MMT that were harvested the previous year. This is due to crop conditions continuing to deteriorate due to severe heat and dryness that have curbed yields and could contribute to record import demand.

According to the Rosario Grains Exchange in Argentina, Argentina's corn harvest is expected to decrease to a total of 43 MMT, which is down from 45 MMT previously estimated for the 2018/19 season.

South African (SA) maize prices traded lower this past week. Lower US prices and ZAR strength has pressured prices. The total producer deliveries for white maize for 2018/2019 for South Africa is estimated at 5,716,008 tons and for yellow maize is estimated at 5,040,159 tons.

Wheat

International wheat prices traded lower this past week, with only Australian wheat trading higher as most analyst expect the Australian crop to decrease below estimates.

In Australia, widespread frost has dented hopes that wheat growing areas in Western Australia that could provide a boost to production with tightening supplies amid a prolonged drought. Commodity brokerage firm INTL FCStone pegged Australian wheat production below recently reduced official estimates, as a crippling drought in the Eastern parts of country shows no signs of easing. The brokerage forecasts Australian wheat production for the 2018/2019 season at a total of 18.78 MMT, which is below Australia's latest official estimate of 19.1 MMT.

France could boost wheat exports after its harvest was less affected by severe weather than other EU states. In its first supply-and-demand outlook for the 2018/19 season, FranceAgriMer projected French soft wheat exports outside the European Union at 8.5 MMT, which is up from 8.1 MMT in 2017/18.

According to the Rosario Grains Exchange in Argentina, estimates for wheat production during the 2018-19 season remained at 21 MMT, but would be updated in October.

Farmers had planted 6.32 million hectares of wheat this year, which is up from 5.7 million hectares the prior season.

There is talk that Asian flour millers are seeking rare wheat shipments from Argentina in coming months as a second year of drought in Australia curbs supplies. At present, Asian wheat importers, including the world's biggest buyer Indonesia, are buying most of their wheat from the Black Sea region.

South African (SA) wheat prices traded lower this past week. Lower US prices and ZAR strength has pressured prices. The estimated imports of wheat for 2017/2018 to South Africa is at 2,061,091 tons.

Soybeans

US soybean prices traded lower this past week. With the expected crop being the main bearish factor as well as the US-China trade agreements also putting pressure on markets.

USDA reported US soybean crop conditions at 67% good/excellent, which is down 1% on last week but still above last year's 60%.

The USDA estimated soybean yields at an all-time high of 3.55 tons per hectare (52.8 bpa) this past week, higher than last month's 3.47 tons per hectare (51.6bpa) with the production outlook also raised above its already record-high forecast.

The US processors sustained their strong crushing pace in August 2018 to benefit from the high profit margins currently being achieved for processing of soybeans into meal and oil. The National Oilseed Processors Association (NOPA) reported that US processors crushed 4.324 MMT of soybeans in August 2018, representing the largest August 2018 total on record. The August estimate however was down from the 4.564 MMT crushed in the month of July 2018.

According to the Rosario Grains Exchange in Argentina, Argentina's soybean harvest is expected to reach 50 MMT during the 2018/19 season.

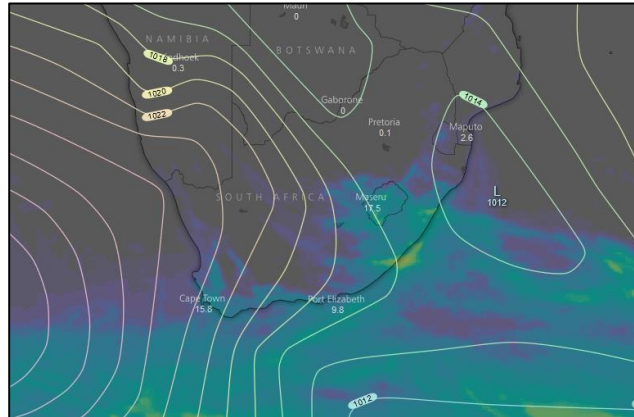
The Ministry of Agriculture and Rural Affairs in China, reduced its forecast for 2018/19 soybean imports and is currently pegged at 83.65 MMT, which is down 10.2 MMT from last month's estimate of 93.85 MMT.

The Brazilian government raised its estimate for soybean exports by 2 MMT to a total of 76 MMT amid strong Chinese demand, reducing the crop's ending stocks to the lowest on record. Brazilian based agricultural statistics agency CONAB, raised its estimate for the 2017/18 soybean crop by 300 000 tons to a total 119.3 MMT, the second-highest output ever, however ending stocks decreased to 434,000 tons.

South African (SA) soybean prices traded slightly higher to this past week. Lower US prices and ZAR strength has pressured prices with higher demand for Brazilian soybeans supporting prices.

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

South Africa



South America

