

# The Weekly Weighbridge

## 31 October 2019

### Important facts for the week

- The EU crop monitoring service (MARS), decreased its estimate for the current season's EU corn yield. The 2019 corn yield in the EU is currently expected to reach 7.57 t/ha, which is lower than the 7.63 t/ha estimated last month and 9.3% below last year's estimate.
- The International Grains Council (IGC) decreased its estimate by 2 MMT to 762 MMT for global wheat production in the 2019/20 season as the estimate for Australia's crop decreased.
- Data from the General Administration of Customs showed that China's soybean imports from the US in September surged as cargoes bought earlier during an easing in the trade war between the world's top two economies cleared customs. China bought 1.73 MMT of soybeans from the US in September, which is higher than 132 248 MT imported last year.

ZAR/mt							Week Move							
31 October 2019			24 October 2019			31 October 2019					24 October 2019			
SAFEX	Dec'19 White Maize	R	2,809	R	2,871	R	(62)	ZAR/USD		R	15.17	R	14.70	
SAFEX	Mar'20 White Maize	R	2,832	R	2,890	R	(58)	EUR/USD		\$	1.1157	\$	1.1104	
SAFEX	Dec'19 Yellow Maize	R	2,755	R	2,775	R	(20)	ZAR/EUR		R	16.93	R	16.31	
SAFEX	Mar'20 Yellow Maize	R	2,757	R	2,770	R	(13)	ZAR/GBP		R	19.67	R	18.89	
SAFEX	Dec'19 Soybeans	R	6,040	R	5,960	R	80	Important dates 31/10/2019 Weekly producer deliveries 01/11/2019 Weekly Imports and exports 02/11/2019 Weekly USA export intentions						
SAFEX	Mar'20 Soybeans	R	6,010	R	5,940	R	70							
SAFEX	Dec'19 Sunflower	R	5,640	R	5,645	R	(5)							
SAFEX	Mar'20 Sunflower	R	5,669	R	5,670	R	(1)							
SAFEX	Dec'19 Wheat	R	4,515	R	4,457	R	58							
SAFEX	Mar'20 Wheat	R	4,615	R	4,550	R	65							
Export Parity								Import Parity						
		USD/mt		24 October 2019		Week Move		Protein level		ZAR/mt		Week Move		
		FOB Origin						Origin Country						
Soybeans								Wheat		FCA Durban				
SA	Dec'19 Soybeans	\$	424	\$	434	\$	(11)	US (HRW)	Spot Wheat	10.1%	R	5,329	R	115
US	Dec'19 Soybeans	\$	360	\$	360	\$	-	US (SRW)	Spot Wheat		R	5,390	R	86
Brazil	Dec'19 Soybeans	\$	375	\$	381	\$	(6)	Germany	Spot Wheat	11.0%	R	5,107	R	112
Argentina	Dec'19 Soybeans	\$	327	\$	332	\$	(5)	France	Spot Wheat	10.1%	R	4,941	R	131
								Russia	Spot Wheat	11.0%	R	5,127	R	108
	Maize							Australian APW	Spot Wheat	9.2%	R	5,147	R	154
SA	Dec'19 Yellow Maize	\$	194	\$	203	\$	(9)	Argentina	Spot Wheat	10.6%	R	5,377	R	116
US	Dec'19 Yellow Maize	\$	176	\$	175	\$	2		Wheat			FCA Randfontein		
Argentina	Dec'19 Yellow Maize	\$	157	\$	157	\$	-	South Africa	Spot Wheat	12.0%	R	4,460	R	17
Brazil	Dec'19 Yellow Maize	\$	174	\$	172	\$	3							
Black Sea	Spot Yellow Maize (non GM)	\$	166	\$	165	\$	2		Yellow Maize			FCA Klipheuwel		
								US	Dec'19 Yellow Maize		R	3,609	R	138
SA	Dec'19 White Maize	\$	203	\$	215	\$	(12)	Argentina	Dec'19 Yellow Maize		R	3,286	R	103
								Brazil	Dec'19 Yellow Maize		R	3,543	R	149
US	Dec'19 White Maize	\$	222	\$	221	\$	1	South Africa	Dec'19 Yellow Maize		R	3,155	R	(20)
Mexico	Dec'19 White Maize	\$	235	\$	235	\$	-							
									White Maize			FCA Randfontein		
								US	Dec'19 White Maize		R	4,386	R	149
								Mexico	Dec'19 White Maize		R	4,587	R	146
									(Wheat quality based on 12 % moisture & import tariff included)					
								Wheat	Published Tariff		R	1,008.60		

## News for the week

### Corn/Maize

International corn prices traded slightly higher this past week with colder weather conditions expected over 2/3 of the US corn belt and US exports currently lagging behind market expectations and the tempo needed to reach the USDA estimates.

The EU crop monitoring service (MARS), decreased its estimate for the current season's EU corn yield. The 2019 corn yield in the EU is currently expected to reach 7.57 t/ha, which is lower than the 7.63 t/ha estimated last month and 9.3% below last year's estimate.

According to analysts from S&P Global Platts, the demand for ethanol in Brazil is expected to increase by 2.5% per year in coming years, due to a new federal policy that can increase use and to the price advantage over gasoline in the local market. The ethanol production increase expected for Brazil, the world's second largest market for the biofuel, will not be enough to cope with increasing demand and the country will continue importing fuel from the US to cover the shortfall.

According to the South African Crop Estimates Committee, South African maize farmers aim to plant 9.47% in the 2019/2020 season, after the previous season's planting was delayed and profitability of the crop improved. Farmers are expected to plant 2.519 million hectares of maize next season compared to 2.301 million hectares planted for the 2018/2019 season.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for December 2019 and March 2020 due to better rainfall expected in South Africa within the next 2 weeks.

### Wheat

International wheat prices traded sideways in the past week with large production losses expected for Australia's wheat crop for the third year in a row and Argentine wheat production also decreased to 18.8 MMT this past week.

The International Grains Council (IGC) decreased its estimate by 2 MMT to 762 MMT for global wheat production in the 2019/20 season as the estimate for Australia's crop decreased.

According to preliminary data from APK-Inform consultancy, Ukrainian wheat exports from sea harbours increased to 776 000 MMT in the week of 19-25 October 2019 from 386 000 MT a week earlier.

Russian state news agency TASS reported that Russia, the world's largest wheat exporter, has restarted shipments to Vietnam after a temporary postponement on Vietnam's request. Vietnam decreased its purchases significantly a year ago after finding imports contained thistle seed. Earlier in October Vietnam requested Russia's agriculture safety

watchdog to temporarily suspend issuing wheat export certificates.

According to Argentina's export company chamber, the country could export up to 2 MMT of wheat to Vietnam per year, replacing shipments from Russia which were suspended because of the presence of thistle seed.

South African (SA) wheat prices traded higher this past week with December 2019 and March 2020 trading higher with weaker ZAR after the South African midterm budget speech.

### Soybeans

US soybeans traded lower in the past week with the uncertainty surrounding the US-China trade talks still applying pressure to Chicago traded futures. Doubts about weather conditions that may affect the harvest proses is supporting prices.

Data from the General Administration of Customs showed that China's soybean imports from the US in September surged as cargoes bought earlier during an easing in the trade war between the world's top two economies cleared customs. China bought 1.73 MMT of soybeans from the US in September, which is higher than 132 248 MT imported last year.

According to USDA, private exporters reported the sale of 264 000 MT of US soybeans to China for delivery in the 2019/20 marketing year amid hopes for a partial trade deal between the world's two largest economies. That marked the first US government confirmation of a soybean sale to the top buyer of soybeans since President Donald Trump said on 11 October 2019 that China would buy up to \$50 billion in American farm products as part of a trade agreement.

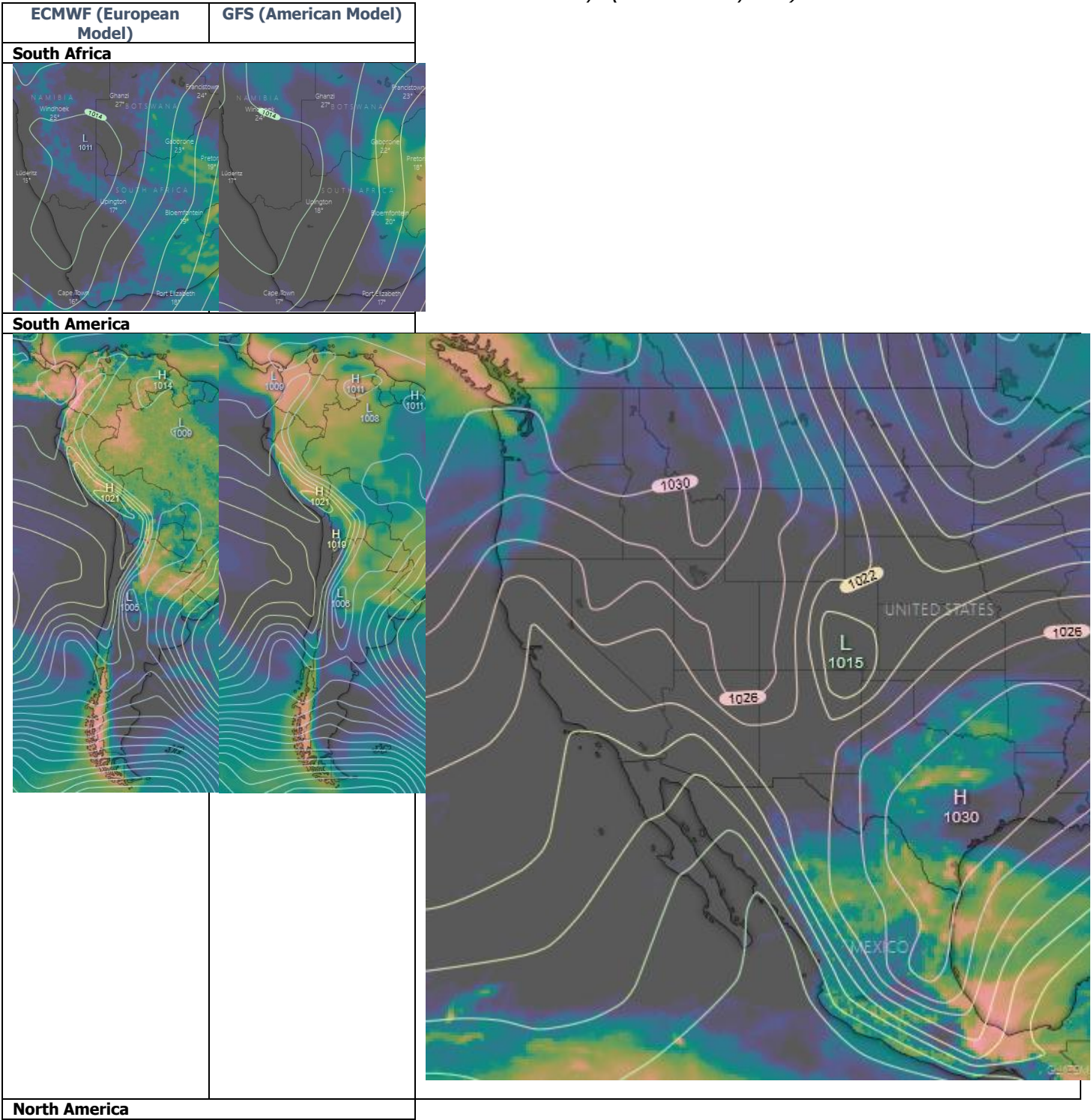
Soybean planting is expected start in the days ahead after rainfall over Argentina's agricultural belt, but the moisture arrived too late for wheat yields to recover from damage caused by weeks of dryness in some key farm areas.

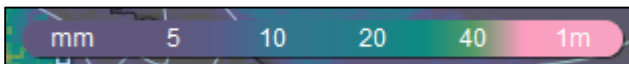
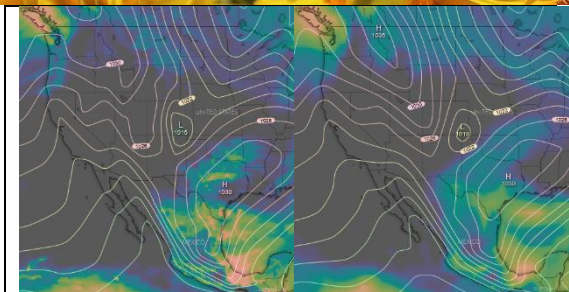
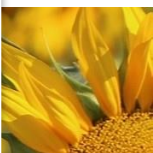
According to the average estimate of eight analysts surveyed by Reuters ahead of monthly data. The USDA is expected to report that 4.854 MMT (161.8 million bushels) of soybeans were crushed at US processing plants in September with estimates ranging from 161.3 million bushels to 162.5 million bushels, with a median of 161.7 million bushels.

South African (SA) soybean prices traded higher for December 2019 and March 2020 due to the weaker ZAR after the South African midterm budget speech.



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





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