

The Weekly Weighbridge

23 January 2019

Important facts for the week

- According to Strategie Grains, the EU faces higher stock of grains next season as cereal production is expected to rebound after last year's drought-damaged harvest, outpacing rising demand. In a monthly report, Strategie Grains cut its forecast of 2019 EU production of soft wheat, the bloc's main cereal crop, by 600,000 tonnes to 146.4 MMT, but this was nonetheless up 15% from 2018.
- South African grain and red meat farmers are bracing for hard times after dry weather conditions and an outbreak of the highly contagious foot and mouth disease suspended meat exports. Maize prices have increased amid concerns that dry conditions in the main part of South Africa's maize belt have delayed crop plantings outside the optimum planting window, threatening yields for the staple food that is also used in livestock feed.
- Russian wheat export prices increased over the past week based on seasonally lower supply, a stronger rouble and concerns over state plans to build up sectoral regulation. Stronger controls on grain exports are being considered by Russia's state agriculture watchdog while the agriculture ministry plans to regulate domestic grain prices through subsidies on rail transport from remote regions and other previously used mechanisms.
- According to the National Oilseed Processors Association (NOPA) the monthly US soybean processing pace jumped in December to the third-highest level on record and the most ever for the final month of the year. NOPA members, which handle about 95% of all soybeans processed in the US, crushed 4.674 MMT of soybeans last month, well ahead of the 4.543 MMT processed in November and the 4.526 MMT in December 2017, the previous record for the month.

ZAR/mt								Week		23 January 2019								16 January 2019																	
23 January 2019								16 January 2019		Move		23 January 2019								16 January 2019															
SAFEX	Mar'19 White Maize	R	3,086	R	3,132	-R	46	ZAR/USD				R	13.95	R	13.68																				
SAFEX	Jul'19 White Maize	R	3,185	R	3,226	-R	41	EUR/USD				\$	1.1363	\$	1.1397																				
SAFEX	Mar'19 Yellow Maize	R	2,797	R	2,799	-R	2	ZAR/EUR				R	15.85	R	15.59																				
SAFEX	Jul'19 Yellow Maize	R	2,789	R	2,770	R	19	ZAR/GBP				R	18.06	R	17.62																				
SAFEX	Mar'19 Soybeans	R	4,968	R	4,822	R	146	Important dates																											
SAFEX	Jul'19 Soybeans	R	5,163	R	5,013	R	150																												
SAFEX	Mar'19 Sunflower	R	5,770	R	5,713	R	57																												
SAFEX	Jul'19 Sunflower	R	5,349	R	5,320	R	29																												
SAFEX	Mar'18 Wheat	R	4,474	R	4,445	R	29																												
SAFEX	Jul'19 Wheat	R	4,580	R	4,542	R	38																												
Export Parity																		Import Parity																	
USD/mt								Week		Protein level								ZAR/mt		Week															
FOB Origin								16 January 2019		Move		Origin Country																							
Soybeans												Wheat								FCA Durban															
SA	Mar'19 Soybeans	\$	407	\$	405	\$	3	US (HRW)	Spot Wheat	10.1%	R	4,826	R	366																					
US	Mar'19 Soybeans	\$	346	\$	340	\$	5	US (SRW)	Spot Wheat		R	4,602	R	333																					
Brazil	Mar'19 Soybeans	\$	349	\$	340	\$	9	Germany	Spot Wheat	11.0%	R	4,797	R	257																					
Argentina	Mar'19 Soybeans	\$	344	\$	336	\$	8	France	Spot Wheat	10.1%	R	4,470	R	283																					
								Russia	Spot Wheat	11.0%	R	4,760	R	294																					
	Maize							Australian APW	Spot Wheat	9.2%	R	5,057	R	9																					
SA	Mar'19 Yellow Maize	\$	236	\$	238	\$	-3	Argentina	Spot Wheat	10.6%	R	4,529	R	84																					
SA	Mar'19 White Maize	\$	261	\$	269	\$	-8																												
US	Mar'19 Yellow Maize	\$	179	\$	178	\$	1		Yellow Maize			FCA Klipheuwel																							
Argentina	Mar'19 Yellow Maize	\$	170	\$	164	\$	6	US	Mar'19 Yellow Maize		R	3,271	R	108																					
Brazil	Mar'19 Yellow Maize	\$	162	\$	162	\$	-	Argentina	Mar'19 Yellow Maize		R	3,174	R	42																					
Black Sea	Spot Yellow Maize (non GM)	\$	178	\$	179	\$	-1	Brazil	Mar'19 Yellow Maize		R	3,162	R	68																					
									White Maize			FCA Randfontein																							
								US	Mar'19 White Maize		R	3,814	R	112																					
								Mexico	Mar'19 White Maize		N/A	N/A	N/A	N/A																					

News for the week

Corn/Maize

US corn prices traded mostly sideways this past week with the US government shutdown and US-China trade war increasing uncertainty in the US Corn Market.

Logum, the company operating Brazil's sole ethanol pipeline, is looking to develop the system into central Brazil to reach more plants and possibly the promising corn-based ethanol industry, which is expected to grow. Logum has secured financing for an expansion to link new mills in the state of Minas Gerais, boost delivery to Sao Paulo state and reach total capacity of 6 billion litres per year.

A sharp decrease in US ethanol production related to the trade war with China is increasing expenses for American farmers who feed a by-product of the corn-based biofuel to hogs, cattle and chickens. Sales of the feed, known as distillers' dried grains, were one of the bright spots for ethanol makers after China all but stopped buying corn ethanol, contributing to oversupply.

According to Strategie Grains, the EU faces higher stock of grains next season as cereal production is expected to rebound after last year's drought-damaged harvest, outperforming rising demand. In a monthly report, Strategie Grains cut its forecast of 2019 EU production of soft wheat, the bloc's main cereal crop, by 600,000 tonnes to 146.4 MMT, but this was nonetheless up 15% from 2018.

EU maize imports are running at a record pace, turning the bloc into a net cereal importer for the first time in a decade, as the livestock industry uses a bumper Ukrainian harvest to make up for a lack of feed caused by a hot and dry summer. Demand is such that the European Union is set in 2018/19 comfortably to beat last season's haul of about 18 MMT, already a record, and reinforce its status as the world's largest importer of maize.

South African grain and red meat farmers are bracing for hard times after dry weather conditions and an outbreak of the highly contagious foot and mouth disease suspended meat exports. Maize prices have increased amid concerns that dry conditions in the main part of South Africa's maize belt have delayed crop plantings outside the optimum planting window, threatening yields for the staple food that is also used in livestock feed.

South African (SA) maize prices traded slightly for March 2019 and July 2019 this past week with white maize and yellow maize trading lower due to some expected rainfall forecasted over maize producing regions.

Wheat

International wheat prices traded higher this past week due to increasing demand for major exporters stocks. There is talks of China wanting to buy up to 7 MMT tons of US wheat that provided the most support of Chicago prices.

Russian wheat export prices increased over the past week based on seasonally lower supply, a stronger rouble and concerns over state plans to build up sectoral regulation. Stronger controls on grain exports are being considered by Russia's state agriculture watchdog while the agriculture ministry plans to regulate domestic grain prices through subsidies on rail transport from remote regions and other previously used mechanisms.

According to meteorologists the National Weather Service maps shows a winter storm this weekend followed by a plunge in temperatures, coupled with another cold push late this month, could threaten livestock in the US Plains and possibly winter wheat in parts of the Midwest. The storm should bring 2 to 8 inches (5 to 20 centimetres) of snow from South Dakota to northern Ohio, with up to 10 inches (25 cm) in northern Iowa.

South African (SA) wheat prices traded higher this past week for March 2019 and July 2019 with a weaker ZAR and higher international prices resulting in higher prices.

Soybeans

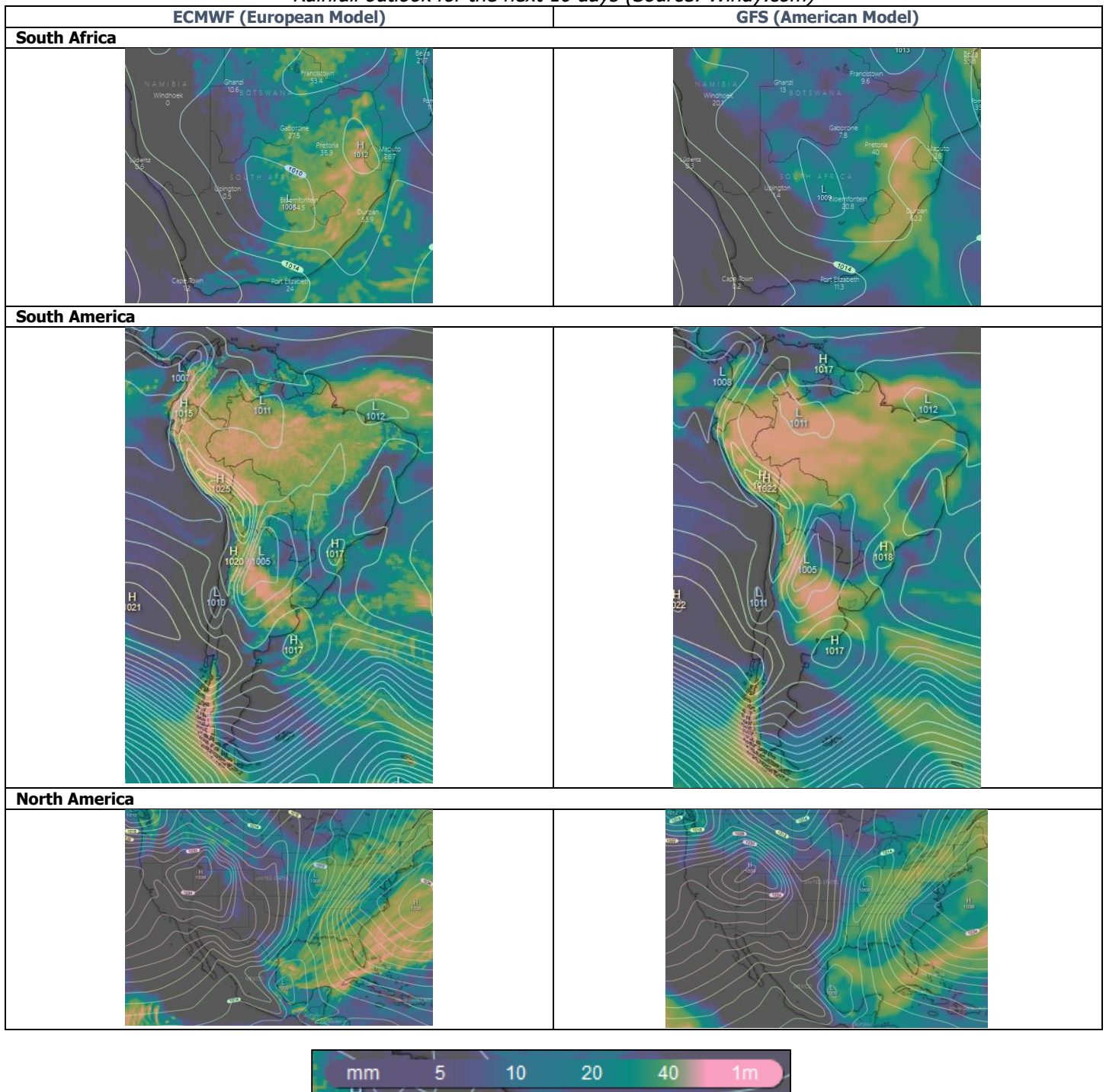
US soybean prices traded higher this past week. Bullish news is driving prices higher with positive developments in the US-China trade war that could increase demand for US Soybeans. Hot and dry weather in Brazil and floods in Argentina also provided price support for US prices.

According to the National Oilseed Processors Association (NOPA) the monthly US soybean processing pace jumped in December to the third-highest level on record and the most ever for the final month of the year. NOPA members, which handle about 95% of all soybeans processed in the US, crushed 4.674 MMT of soybeans last month, well ahead of the 4.543 MMT processed in November and the 4.526 MMT in December 2017, the previous record for the month.

China's December soybean imports dipped to the lowest levels for the month since 2011, this is expected since the US has shipped an abnormally low volume to the China ever since the trade dispute intensified mid-last year. Data from China's General Administration of Customs shows that the country's soybean imports in the final two months of 2018 plunged by 39% from the previous year, including no US imports at all in November.

South African (SA) soybean prices traded higher this past week for March 2019 and July 2019 with ZAR weakness and effect of the uncertain weather conditions pushing prices higher in South Africa.

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



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