

# The Weekly Weighbridge

## 6 February 2019

### Important facts for the week

- According to the intended maize imports for South Africa as published by the South African Grain Information Service there is a total of 114,848 MT imports of yellow maize expected to enter the country until the middle of March 2019.
- The increase in Russian wheat export prices stalled last week after three weeks of growth as the country lost a major purchasing tender in Egypt, its largest wheat buyer. Egypt's grain buyer GASC said it had sufficient strategic wheat reserves to cover more than five months of demand. Egypt, the world's largest importer of wheat, purchased 360,000 MT of French and Romanian wheat in an international purchasing tender. The Russian wheat on offer was too expensive to be competitive.
- Hamburg-based oilseeds analysts Oil World estimates that weather damage to South American soybean crops could start pushing more soybean exports to the US and US export shipments could benefit from March. "South American soybean export supplies will be smaller in calendar year of 2019," Oil World stated in a report. "The United States should benefit and raise exports beyond expectations in March/August 2019."

ZAR/mt								Week															
06 February 2019								30 January 2019		Move		06 February 2019								30 January 2019			
SAFEX	Mar'19 White Maize	R	2,918	R	2,946	-R	28	ZAR/USD				R	13.46	R	13.32								
SAFEX	Jul'19 White Maize	R	3,020	R	3,038	-R	18	EUR/USD				\$	1.1383	\$	1.1477								
SAFEX	Mar'19 Yellow Maize	R	2,705	R	2,659	R	46	ZAR/EUR				R	15.33	R	15.30								
SAFEX	Jul'19 Yellow Maize	R	2,730	R	2,686	R	44	ZAR/GBP				R	17.41	R	17.47								
SAFEX	Mar'19 Soybeans	R	4,764	R	4,856	-R	92																
SAFEX	Jul'19 Soybeans	R	4,979	R	5,034	-R	55	Important dates															
SAFEX	Mar'19 Sunflower	R	5,459	R	5,611	-R	152	06/02/2019	Weekly producer deliveries														
SAFEX	Jul'19 Sunflower	R	5,235	R	5,384	-R	149	07/02/2019	Weekly Imports and exports														
SAFEX	Mar'18 Wheat	R	4,559	R	4,512	R	47	08/02/2019	Weekly USA export intentions														
SAFEX	Jul'19 Wheat	R	4,688	R	4,631	R	57																
Export Parity								Import Parity															
USD/mt								Week		Protein level								ZAR/mt		Week			
FOB Origin								30 January 2019		Move		Origin Country								Wheat		FCA Durban	
Soybeans												Wheat											
SA	Mar'19 Soybeans	\$	406	\$	417	\$	-11	US (HRW)	Spot Wheat	10.1%	R	4,742	R	4,742	R	122							
US	Mar'19 Soybeans	\$	354	\$	352	\$	2	US (SRW)	Spot Wheat		R	4,524	R	4,524	R	114							
Brazil	Mar'19 Soybeans	\$	356	\$	356	\$	-0	Germany	Spot Wheat	11.0%	R	4,725	R	4,725	R	26							
Argentina	Mar'19 Soybeans	\$	343	\$	341	\$	2	France	Spot Wheat	10.1%	R	4,324	-R	4,324	-R	17							
								Russia	Spot Wheat	11.0%	R	4,743	R	4,743	R	66							
								Australian APW	Spot Wheat	9.2%	R	4,822	-R	4,822	-R	90							
SA	Mar'19 Yellow Maize	\$	237	\$	239	\$	-2	Argentina	Spot Wheat	10.6%	R	4,547	R	4,547	R	37							
SA	Mar'19 White Maize	\$	257	\$	263	\$	-6																
Maize												Yellow Maize								FCA Klipheuwel			
US	Mar'19 Yellow Maize	\$	179	\$	183	\$	-3	US	Mar'19 Yellow Maize		R	3,208	R	3,208	R	50							
Argentina	Mar'19 Yellow Maize	\$	174	\$	164	\$	9	Argentina	Mar'19 Yellow Maize		R	3,140	R	3,140	R	35							
Brazil	Mar'19 Yellow Maize	\$	176	\$	176	\$	-	Brazil	Mar'19 Yellow Maize		R	3,140	R	3,140	R	39							
Black Sea	Spot Yellow Maize (non GM)	\$	181	\$	182	\$	-1																

## News for the week

### Corn/Maize

US corn prices traded mostly sideways this past week with cold conditions in the Northern Plains that can cause logistical difficulties causing some concerns for traders.

There is increasing public frustration in France over increasing fuel prices, this improved demand for crop-based ethanol fuel from motorists seeking cheaper deals on fuel. Ethanol, which is blended with gasoline as part of renewable energy policy targets by the French government, had already benefited from a favourable environment in France in the past two years.

According to the intended maize imports for South Africa as published by the South African Grain Information Service there is a total of 114,848 MT imports of yellow maize expected to enter the country until the middle of March 2019.

South African (SA) maize prices traded mixed for March 2019 and July 2019 this past week with white maize trading lower and yellow maize trading higher due to concerns of yield for the coming harvest causing uncertainty about crop size.

### Wheat

International wheat prices traded higher this past week due to increasing demand for major exporters stocks and lower international supply.

The increase in Russian wheat export prices stalled last week after three weeks of growth as the country lost a major purchasing tender in Egypt, its largest wheat buyer. Egypt's grain buyer GASC said it had sufficient strategic wheat reserves to cover more than five months of demand. Egypt, the world's largest importer of wheat, purchased 360,000 MT of French and Romanian wheat in an international purchasing tender. The Russian wheat on offer was too expensive to be competitive.

Iraq, a major Middle East grain importer, said they expect local wheat production for the 2018-2019 season to reach almost 3 MT due to higher rainfall. The total area of wheat planted using irrigation methods has shrunk from one million hectares in the 2017-2018 season to 550,000 hectares this season, but better rainfall will up the crop from the 2.17 MT produced in 2018.

A state agency in Pakistan is tendering to sell and export 250,000 MT of wheat in the latest stage of a government programme agreed in November. The tender from the Punjab regional government is expected to close on 18 February 2019.

Australia's west coast is facing hot, dry weather over the next three months resulting in a lower the production outlook for wheat production in the world's fourth-largest exporter. There is only a 20% chance that the state of Western Australia will receive average rainfall between 1 February 2019 and 30 April 2019.

South African (SA) wheat prices traded higher this past week for March 2019 and July 2019 with international prices still trading higher due to declining supply resulting in higher prices.

### Soybeans

US soybean prices traded mostly sideways this past week with China purchasing a second round 5 MMT of soybeans from the US as part of trade talks between Washington and Beijing. Brazil's production is expected to decrease by up to 10 MMT from the December estimates due to dry weather.

Hamburg-based oilseeds analysts Oil World estimates that weather damage to South American soybean crops could start pushing more soybean exports to the US and US export shipments could benefit from March 2019. "South American soybean export supplies will be smaller in calendar year of 2019," Oil World stated in a report. "The United States should benefit and raise exports beyond expectations in March/August 2019."

As stated by state agricultural research body Deral, Brazil's soybean harvest in the second-largest producing state of Paraná is well ahead of the prior season, with limited damage to the fields from a drought in December. Compared to the same time last year, no soybeans had been harvested in the state because of poor weather early in the crop season that had delayed planting and rains in January that further held up the harvest.

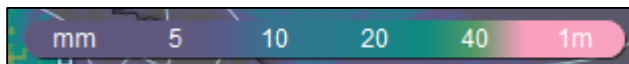
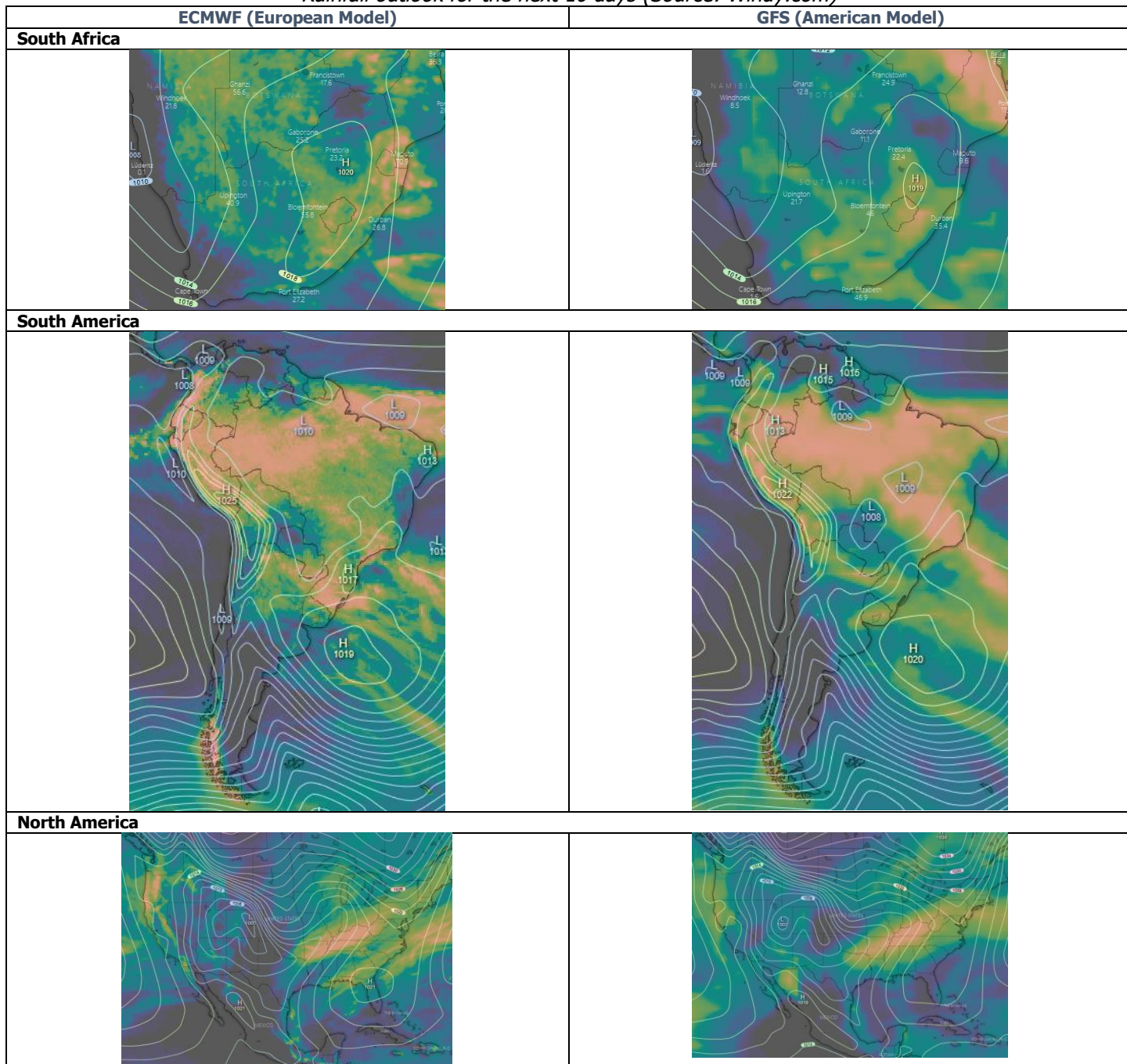
According to the European Commission US soybeans can be used in biofuels in the EU, as part of the bloc's attempt to improve strained trade relations with the US. However, industry sources said it was unlikely to lead to an overflow of further US soybean imports into Europe.

US soybean supply is estimated at record-high levels but speculators do not seem to be ready to close their Chicago-traded soybean futures just yet with expectations that that the US and China may be near to settling a trade deal. As of 2 February 2019, commodity funds are estimated to hold a net long position of about 6,000 contracts of CBOT soybean futures and options. That compares with an estimated net short of around 18,000 contracts in the middle of January.

South African (SA) soybean prices traded lower this past week for March 2019 and July 2019 with some signs of ZAR strength and better growing conditions in South Africa resulting in lower prices.



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



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