

The Weekly Weighbridge

10 April 2019

Important facts for the week

- The USDA increased its estimates of US corn stocks at the end of the 2018/19 marketing year to 0.052 billion MT, which is higher than the 0.047 billion MT estimated in March 2019. The USDA also increased its estimate of 2018/19 global corn ending stocks to 314.01 MMT, from 308.53 MMT estimated in March 2019.
- The International Grains Council (IGC) which are issuing its first supply and demand estimates for 2019/20, estimated an increased in world corn production to 1.124 billion MT from 1.114 billion MT in 2018/19.
- The drought in Turkey has finally ended, with rain from October 2018 until February 2019 being significantly higher than the previous two years. Despite decreasing planting area, Turkey's wheat production estimate for 2019/20 is expected to remain the same at 19.0 MMT. The wet spring and good returns on other crops are decreasing corn planted area with a production forecast of 5.5 MMT. Despite the economic downturn in Turkey, demand from the feed sector continues to grow and wheat products exports remain strong.
- The USDA in its monthly report decreased its estimate of US 2018/19 soybean stocks to 24.358 MMT, which is lower than 24.494 MMT estimated in March 2019 and roughly in line with trade estimates. The US soybean ending stocks was still expected to be the biggest on record with more than double the number of soybeans being carried over into the current marketing year.

ZAR/mt								Week		10 April 2019				03 April 2019					
10 April 2019								03 April 2019		Move									
SAFEX	May'19 White Maize	R	2,686	R	2,837	-R	151	ZAR/USD				R	14.04	R	14.14				
SAFEX	Jul'19 White Maize	R	2,736	R	2,889	-R	153	EUR/USD				\$	1.1271	\$	1.1234				
SAFEX	May'19 Yellow Maize	R	2,599	R	2,674	-R	75	ZAR/EUR				R	15.82	R	15.88				
SAFEX	Jul'19 Yellow Maize	R	2,606	R	2,682	-R	76	ZAR/GBP				R	18.35	R	18.61				
SAFEX	May'19 Soybeans	R	4,775	R	4,823	-R	48	Important dates											
SAFEX	Jul'19 Soybeans	R	4,880	R	4,913	-R	33												
SAFEX	May'19 Sunflower	R	5,042	R	5,190	-R	148												
SAFEX	Jul'19 Sunflower	R	5,150	R	5,225	-R	75												
SAFEX	May'18 Wheat	R	4,582	R	4,607	-R	25	10/04/2019		Weekly producer deliveries									
SAFEX	Jul'19 Wheat	R	4,639	R	4,652	-R	13	11/04/2019		Weekly Imports and exports									
								11/04/2019		Weekly USA export intentions									
Export Parity								Import Parity											
USD/mt								Protein		ZAR/mt		Week							
FOB Origin								level				Move							
Soybeans								Wheat		FCA Durban									
SA	May'19 Soybeans	\$	372	\$	372	\$	1	US (HRW)	Spot Wheat	10.1%	R	4,488	-R	101					
US	May'19 Soybeans	\$	352	\$	352	\$	-0	US (SRW)	Spot Wheat		R	4,318	-R	111					
Brazil	May'19 Soybeans	\$	346	\$	350	\$	-4	Germany	Spot Wheat	11.0%	R	4,584	-R	17					
Argentina	May'19 Soybeans	\$	317	\$	326	\$	-9	France	Spot Wheat	10.1%	R	4,235	R	13					
								Russia	Spot Wheat	11.0%	R	4,524	-R	27					
								Australian APW	Spot Wheat	9.2%	R	4,524	-R	12					
								Argentina	Spot Wheat	10.6%	R	4,355	-R	26					
Maize								Wheat		FCA Randfontein									
SA	May'19 Yellow Maize	\$	207	\$	210	\$	-3	South Africa	Spot Wheat	12.0%	R	4,530	-R	77					
SA	May'19 Yellow Maize	\$	213	\$	221	\$	-8												
US	May'19 Yellow Maize	\$	167	\$	168	\$	-1	Yellow Maize		FCA Klipheuwel									
Argentina	May'19 Yellow Maize	\$	151	\$	159	\$	-8	US	May'19 Yellow Maize	R	3,201	-R	30						
Brazil	May'19 Yellow Maize	\$	159	\$	167	\$	-8	Argentina	May'19 Yellow Maize	R	2,908	-R	122						
Black Sea	Spot Yellow Maize (non GM)	\$	174	\$	174	\$	1	Brazil	May'19 Yellow Maize	R	3,021	-R	122						
								South Africa	May'19 Yellow Maize	R	3,049	-R	75						
								White Maize		FCA Randfontein									
								US	May'19 White Maize	R	3,714	-R	20						
								Mexico	May'19 White Maize	N/A	N/A								
(Wheat quality based on 12 % moisture & import tariff included)																			
								Wheat	Published Tariff	R	490.70								

News for the week

Corn/Maize

US corn prices traded lower this past week after the USDA increased its estimates of US corn stocks at the end of the 2018/19 marketing year to 0.052 billion MT, which is higher than the 0.047 billion MT estimated in March 2019. The USDA also increased its estimate of 2018/19 global corn ending stocks to 314.01 MMT, from 308.53 MMT estimated in March 2019.

Commodity funds currently hold an enormous net short position in CBOT corn futures, leaving the market vulnerable to stretches of short-covering.

The US corn planting report showed US planting at 2% complete versus the long-term average of 2%. With a spring snowstorm bearing down on the US Plains and North Western Midwest that could further delay spring planting.

The International Grains Council (IGC) which are issuing its first supply and demand estimates for 2019/20, estimated an increased in world corn production to 1.124 billion MT from 1.114 billion MT in 2018/19.

EU 2018/19 maize imports were estimated at 18.9 million MT, which is 40% higher than a year earlier.

South African (SA) maize prices traded lower for May 2019 and July 2019 this past week with white maize and yellow maize trading lower due to good rainfall this past week over grain producing regions, stronger ZAR and lower US corn prices.

Wheat

US wheat prices traded lower this past week with the USDA in its monthly report increasing its estimate of 2018/19 world wheat ending stocks to 275.61 MMT, topping the highest in a range of trade expectations. Also, adding to the bearish fundamental factors, the USDA in a weekly crop progress report rated 60% of the US winter wheat crop in good to excellent condition, which is higher than the 56% a week earlier, a sign of improving yield projections.

Soft wheat crops were rated 84% good/excellent. That is a 1% decrease from 85% rated the previous week, which was revised upward from an initial estimate of 82% published last week.

There are talks that a group of importers in the Philippines has issued an international tender to purchase up to 165,000 MT of feed wheat.

The International Grains Council (IGC) estimated world wheat production would increase in the 2019/20 season to 759.0 MMT, which is higher than the prior season's 735.0 MMT.

According to data published by the European Commission, EU soft wheat exports in the 2018/19 season that started in July

2018 had reached 15.0 MMT, which is 4% lower than a year earlier.

The drought in Turkey has finally ended, with rain from October 2018 until February 2019 being significantly higher than the previous two years. Despite decreasing planting area, Turkey's wheat production estimate for 2019/20 is expected to remain the same at 19.0 MMT. The wet spring and good returns on other crops are decreasing corn planted area with a production forecast of 5.5 MMT. Despite the economic downturn in Turkey, demand from the feed sector continues to grow and wheat products exports remain strong.

South African (SA) wheat prices traded lower this past week for May 2019 and July 2019 with ZAR strength and lower US wheat prices.

Soybeans

International soybean prices traded lower this past week with news that the US-China trade deal may wait until June 2019.

The USDA in its monthly report decreased its estimate of US 2018/19 soybean stocks to 24.358 MMT, which is lower than 24.494 MMT estimated in March 2019 and roughly in line with trade estimates. The US soybean ending stocks was still expected to be the biggest on record with more than double the number of soybeans being carried over into the current marketing year.

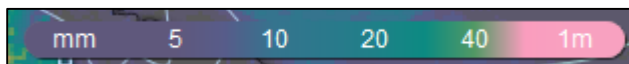
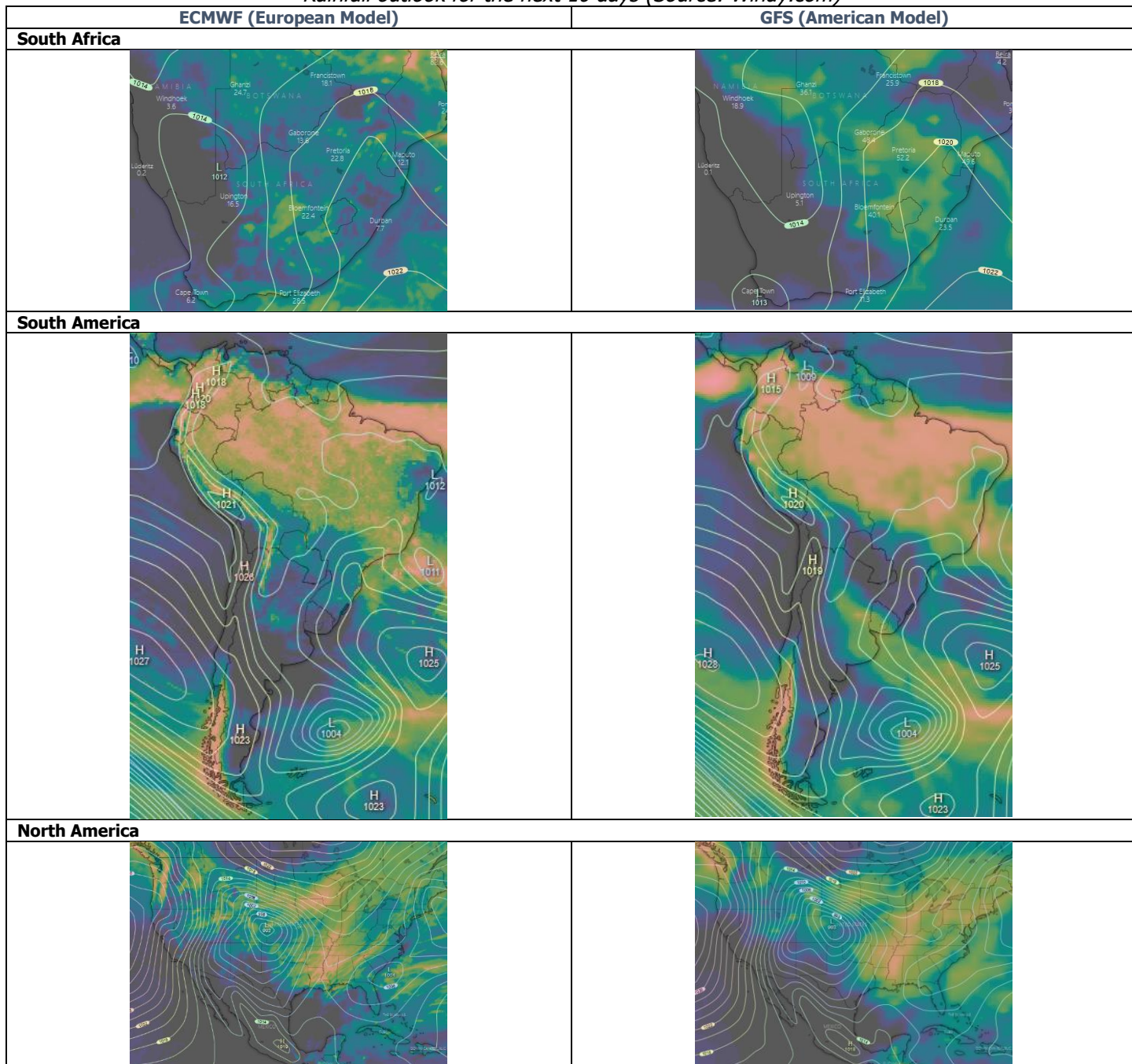
The USDA also increased its estimate of Brazil's 2018/19 soybean harvest to 117 MMT, which is higher than the 116.5 million estimated in March 2019 and at the top end of a range of analyst expectations.

The National Oilseed Processors Association (NOPA), estimated that its members processed 4.205 MMT of soybeans in February, which was less than analysts had expected. That was down from 4.671 MMT in January but still the largest-ever February crush.

Brazilian exports of soybeans in the first quarter of 2019 were larger compared to the same period a year earlier, as shown by data released by the country's economy ministry. Brazil exported 8.95 MMT of soybeans in March, more than the 8.81 MMT in the same month last year, leading total exports in the quarter to 17.2 MMT. Soy exports in the first quarter of 2018 reached 13.2 MMT

South African (SA) soybean prices traded lower this past week for May 2019 and July 2019 this past week with soybeans trading lower due to good rainfall this past week over grain producing regions, stronger ZAR and lower US soybean prices.

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



Disclaimer

The opinions and assumptions expressed in this publication are not reflective of OVK and OVK accepts no responsibility or liability for any claims that are made in the report. Copyright is reserved and content may only with written permission of the editor are reproduced.