

# The Weekly Weighbridge

## 13 June 2019

### Important facts for the week

- As stated by the US Crop Watch producers report, a lot of progress was made on planting last week as most areas finally got a favourable stretch of dry weather. Although much of the corn was planted a lot later than usual due to the overly wet spring, the farmers that corn conditions in are varying depending on planting date and moisture levels and most of the producers feel their crops have been held back since planting by predominantly cool weather.
- According to Canadian Grain Commission data, Canada has sent the most wheat to China in 14 years, opposing an unexpected standstill in canola trade amid a diplomatic dispute between the countries, as Chinese buyers avoided the US. China bought 1.5 MMT of wheat from Canada from August 2018 through April 2019, nearly double the volume a year earlier and the most since 2004-05.
- Australia decreased its wheat production estimate for the 2019/20 harvest by more than 11% as an unrelenting drought across the country's East coast threatens crops for a third year in a row. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimated production of the country's largest rural export at 21.2 MMT, which is lower than its previous estimate in March of 23.9 MMT.
- According to data from the General Administration of Customs, China's soybean imports decreased by 24% in May 2019 from the same month last year, as the ongoing China-US trade war and deadly African swine fever decreased demand. China bought in 7.36 MMT of soybeans in May 2019, which is lower than 9.69 MMT a year ago.

ZAR/mt								Week													
13 June 2019								06 June 2019		Move		13 June 2019								06 June 2019	
SAFEX	Jul'19 White Maize	R	2,814	R	2,865	-R	51	ZAR/USD				R	14.91	R	14.99						
SAFEX	Sep'19 White Maize	R	2,869	R	2,919	-R	50	EUR/USD				\$	1.1298	\$	1.1274						
SAFEX	Jul'19 Yellow Maize	R	2,808	R	2,832	-R	24	ZAR/EUR				R	16.85	R	16.91						
SAFEX	Sep'19 Yellow Maize	R	2,861	R	2,888	-R	27	ZAR/GBP				R	18.92	R	19.04						
SAFEX	Jul'19 Soybeans	R	5,312	R	5,243	R	69														
SAFEX	Sep'19 Soybeans	R	5,407	R	5,329	R	78	Important dates													
SAFEX	Jul'19 Sunflower	R	5,185	R	5,275	-R	90	12/06/2019 Weekly producer deliveries													
SAFEX	Sep'19 Sunflower	R	5,324	R	5,402	-R	78	13/06/2019 Weekly Imports and exports													
SAFEX	Jul'19 Wheat	R	4,470	R	4,538	-R	68	14/06/2019 Weekly USA export intentions													
SAFEX	Sep'19 Wheat	R	4,465	R	4,523	-R	58														
Export Parity								Import Parity													
USD/mt								ZAR/mt													
FOB Origin								06 June 2019		Week		Protein level		Move		Week					
Soybeans										Move		Origin Country		Wheat		FCA Durban					
SA	Jul'19 Soybeans	\$	393	\$	384	\$	9	US (HRW)	Spot Wheat	10.1%	R	5,094	R	5,085	R	47					
US	Jul'19 Soybeans	\$	343	\$	339	\$	4	US (SRW)	Spot Wheat		R	5,085	R	5,085	R	68					
Brazil	Jul'19 Soybeans	\$	359	\$	361	\$	-2	Germany	Spot Wheat	11.0%	R	4,807	R	4,807	R	164					
Argentina	Jul'19 Soybeans	\$	346	\$	343	\$	3	France	Spot Wheat	10.1%	R	4,426	-R	4,426	-R	42					
								Russia	Spot Wheat	11.0%	R	4,473	-R	4,473	-R	19					
								Australian APW	Spot Wheat	9.2%	R	4,525	-R	4,525	-R	83					
SA	Jul'19 Yellow Maize	\$	212	\$	212	\$	0	Argentina	Spot Wheat	10.6%	R	4,503	-R	4,503	-R	19					
SA	Jul'19 White Maize	\$	213	\$	214	\$	-1														
US	Jul'19 Yellow Maize	\$	194	\$	191	\$	4														
Argentina	Jul'19 Yellow Maize	\$	175	\$	171	\$	3	South Africa	Spot Wheat	12.0%	R	4,450	-R	4,450	-R	46					
Brazil	Jul'19 Yellow Maize	\$	182	\$	177	\$	5														
Black Sea	Spot Yellow Maize (non GM)	\$	180	\$	178	\$	2														

## News for the week

### Corn/Maize

International corn prices traded higher this past week after the USDA reduced its estimate of US corn production for the current season as heavy rain in key corn areas throughout the spring forced farmers to decrease their acreage and caused planting delays that threatened the size of the harvest.

According to data from the US Commodity Futures Trading Commission, speculators have been on a record buying streak in Chicago-traded corn in recent weeks, but buying likely stalled out late last week as many US farmers got a break in the rains to continue the historically slow planting effort. In the week that ended 4 June 2019, hedge funds and other money managers switched to a net long position in CBOT corn futures and options of 87,243 contracts from their net short of 20,736 a week earlier.

As stated by the US Crop Watch producers report, a lot of progress was made on planting last week as most areas finally got a favourable stretch of dry weather. Although much of the corn was planted a lot later than usual due to the overly wet spring, the farmers that corn conditions in are varying depending on planting date and moisture levels and most of the producers feel their crops have been held back since planting by predominantly cool weather.

The latest US corn planting report showed US planting at 83% complete versus the long-term average of 99%. Planting progress has been slower in the Eastern Corn Belt where Ohio is the furthest behind with their planting progress and is estimated at 50% versus the long-term average of 96%. Indiana, Michigan and South Dakota are also more than 30% behind with their planting progress versus the long-term average.

If the trade conflict continues between the US and Mexico despite a recent deal, the Argentine grain exporters are ready to step in to meet Mexican food demand.

South African (SA) maize prices traded lower for July 2019 and September 2019 this past week with white maize and yellow maize trading lower mainly due to stronger ZAR.

### Wheat

International wheat prices traded higher this past week following a decrease in global benchmark Chicago prices.

Flour millers in Asia have been caught on the wrong side of a rally in wheat prices as they waited for the market to decline, a stark contrast to animal feed producers who booked cargoes of corn several months before prices increased. Benchmark Chicago corn futures increased by almost a fifth in May 2019 as heavy rain and flooding across the US Midwest delayed planting. Wheat increased by a similar amount, largely following the corn market higher.

According to Canadian Grain Commission data, Canada has sent the most wheat to China in 14 years, opposing an unexpected standstill in canola trade amid a diplomatic dispute between the countries, as Chinese buyers avoided the US. China bought 1.5 MMT of wheat from Canada from August 2018 through April 2019, nearly double the volume a year earlier and the most since 2004-05.

Australia decreased its wheat production estimate for the 2019/20 harvest by more than 11% as an unrelenting drought across the country's East coast threatens crops for a third year in a row. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimated production of the country's largest rural export at 21.2 MMT, which is lower than its previous estimate in March of 23.9 MMT.

The USDA in a weekly crop progress report rated 64% of the US winter wheat crop in good to excellent condition, which 0% change from the estimates a week earlier. 4% of US Winter wheat has been harvested vs the long-term average of 10%.

South African (SA) wheat prices traded lower for July 2019 and September 2019 this past week with wheat trading lower mainly due to a stronger ZAR.

### Soybeans

International soybean prices traded higher this past week with the soybean market showing little fear over US crop prospects so far this month despite the slow planting and record-late crop development. The complacency has been largely driven by the substantial domestic supplies and the longer time frame available to plant soybeans versus corn.

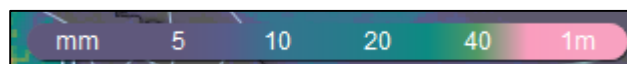
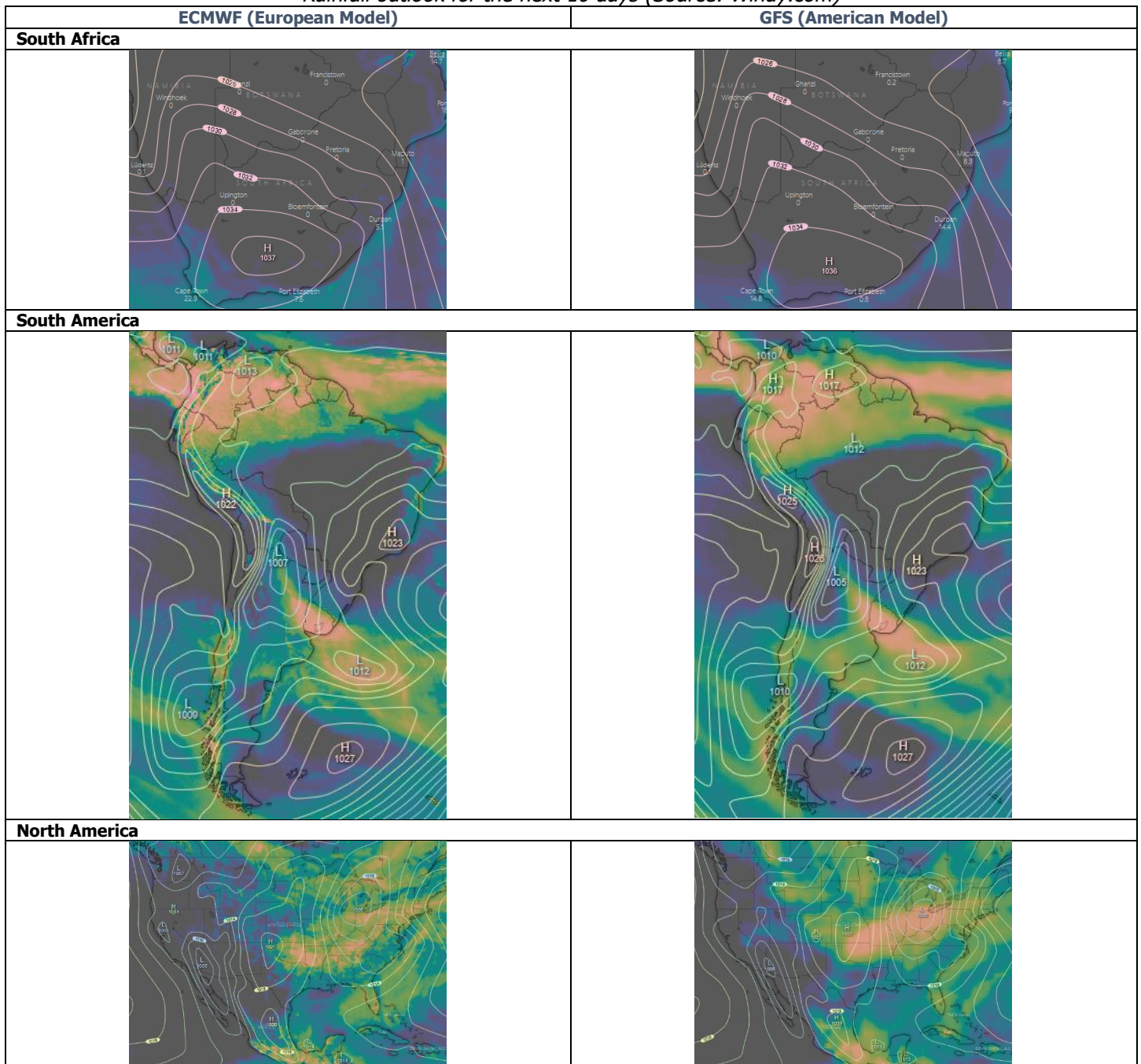
Planting progress for the 2019 US soybean crop at 60% planted compared to 92% last year and 88% for the 5-year average. This indicates planting progress of 21% for the week.

Once again, the slowest planting progress is in the Eastern Corn Belt with the Illinois soybeans 49% planted (average is 91%), Indiana is 42% (average is 89%), Michigan is 45% (average is 87%), and Ohio is 32% (average is 89%). Soybean emergence is 34% compared to 81% last year and 73% for the 5-year average.

According to data from the General Administration of Customs, China's soybean imports decreased by 24% in May 2019 from the same month last year, as the ongoing China-US trade war and deadly African swine fever decreased demand. China bought in 7.36 MMT of soybeans in May 2019, which is lower than 9.69 MMT a year ago.

South African (SA) soybean prices traded higher for July 2019 and September 2019 this past week with soybeans trading higher mainly due to a higher international prices.

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



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