

# The Weekly Weighbridge

## 11 July 2019

### Important facts for the week

- According to the Indian government, import taxes will be lowered on an additional 400,000 MT of corn to 15%, in an attempt to offset an increase in the price of animal feed in the country following a drought last year. India allowed imports of 100,000 MT of corn at the concessional tax rate in June.
- French crop consultancy Agritel has stated that Ukrainian wheat production could increase by 16.9% to a total of 28.8 MMT this year, with favourable growing weather expected to result in record yields. Agritel's estimate is expected to also be almost 12% above the average production level of the past five years.
- According to Soufflet, protein levels in the early stages of this year's wheat harvest in France were improving after initial samples on the west coast showed levels below export requirements. France is on track to harvest 37.0 MMT of soft wheat this year, which is 8.5% more than in 2018, supporting market expectations of a bigger crop in the European Union's largest wheat producer. The initial production estimate for the soft wheat crop was also 3.6% above the average of the past five years, the French ministry said in a crop report.
- The weekly producer deliveries of soybeans for the week ending the 5th of July indicated that 3146 tons of soybeans was delivered. This brings the cumulative soybean deliveries for the season to date at 1.086 million tons which represents 89.3% of the South African soybean crop estimate.

		ZAR/mt		Week			11 July 2019		04 July 2019					
		11 July 2019		Move			11 July 2019		04 July 2019					
SAFEX	Jul'19 White Maize	R	2,923	R	2,925	-R	2	ZAR/USD	R	13.93	R	14.03		
SAFEX	Sep'19 White Maize	R	2,977	R	2,976	R	1	EUR/USD	\$	1.1275	\$	1.1284		
SAFEX	Jul'19 Yellow Maize	R	2,815	R	2,832	-R	17	ZAR/EUR	R	15.70	R	15.84		
SAFEX	Sep'19 Yellow Maize	R	2,869	R	2,884	-R	15	ZAR/GBP	R	17.46	R	17.64		
SAFEX	Jul'19 Soybeans	R	5,350	R	5,270	R	80	<b>Important dates</b>						
SAFEX	Sep'19 Soybeans	R	5,430	R	5,345	R	85	10/07/2019	Weekly producer deliveries					
SAFEX	Jul'19 Sunflower	R	5,155	R	5,217	-R	62	11/07/2019	Weekly imports and exports					
SAFEX	Sep'19 Sunflower	R	5,291	R	5,367	-R	76	12/07/2019	Weekly USA export intentions					
SAFEX	Jul'19 Wheat	R	4,555	R	4,505	R	50							
SAFEX	Sep'19 Wheat	R	4,522	R	4,460	R	62							
<b>Export Parity</b>					<b>Import Parity</b>									
		USD/mt		Week	Origin Country		Protein level	ZAR/mt		Week				
		FOB Origin		Move						Move				
<b>Soybeans</b>					<b>Wheat</b>		<b>FCA Durban</b>							
SA	Jul'19 Soybeans	\$	422	\$	412	\$	11	US (HRW)	Spot Wheat	10.1%	R	4,984	-R	37
US	Jul'19 Soybeans	\$	352	\$	351	\$	1	US (SRW)	Spot Wheat		R	4,872	-R	150
Brazil	Jul'19 Soybeans	\$	360	\$	362	\$	-2	Germany	Spot Wheat	11.0%	R	4,662	-R	58
Argentina	Jul'19 Soybeans	\$	341	\$	343	\$	-2	France	Spot Wheat	10.1%	R	4,276	-R	122
<b>Maize</b>					Russia		Spot Wheat	11.0%	R	4,544	-R	93		
SA	Jul'19 Yellow Maize	\$	227	\$	226	\$	1	Australian APW	Spot Wheat	9.2%	R	4,815	-R	194
US	Jul'19 Yellow Maize	\$	198	\$	196	\$	1	Argentina	Spot Wheat	10.6%	R	4,628	-R	23
Argentina	Jul'19 Yellow Maize	\$	182	\$	182	\$	-	<b>Wheat</b>		<b>FCA Randfontein</b>				
Brazil	Jul'19 Yellow Maize	\$	184	\$	186	\$	-3	South Africa	Spot Wheat	12.0%	R	4,555	R	50
Black Sea	Spot Yellow Maize (non GM)	\$	194	\$	185	\$	10	<b>Yellow Maize</b>		<b>FCA Klipheuwel</b>				
SA	Jul'19 White Maize	\$	235	\$	233	\$	3	US	July'19 Yellow Maize		R	3,612	R	6
US	July'19 White Maize	\$	234	\$	233	\$	0	Argentina	July'19 Yellow Maize		R	3,327	R	1
Mexico	July'19 White Maize	\$	250	\$	250	\$	-	Brazil	July'19 Yellow Maize		R	3,344	-R	48
					South Africa		July'19 Yellow Maize		R	3,165	-R	17		
					<b>White Maize</b>		<b>FCA Randfontein</b>							
					US		July'19 White Maize		R	4,171	-R	23		
					Mexico		July'19 White Maize		R	4,312	-R	44		
(Wheat quality based on 12% moisture & import tariff included)														
					Wheat	Published Tariff		R	958.00					

## News for the week

### Corn/Maize

International corn prices traded mixed this past week after market participants are hardly changing their opinions toward Chicago-traded grains following a very bearish government report, although market participants expected the report would have triggered a substantial selling of grain futures. The USDA's acreage survey published on 28 June 2019 showed US corn plantings at 91.7 million acres, which is more than 5 million acres above the average trade guess.

According to the Indian government, import taxes will be lowered on an additional 400,000 MT of corn to 15%, in an attempt to offset an increase in the price of animal feed in the country following a drought last year. India allowed imports of 100,000 MT of corn at the concessional tax rate in June.

The 2019 US corn condition improved by 1% last week to 57% rated good to excellent. Eleven states indicated that the corn condition improved last week and 6 states indicated that the corn condition declined with one state unchanged. Most of the improvements were found in the western and northwestern Corn Belt while most of the declines were found in the central Corn Belt.

The slight improvement in the corn condition is the result of the warmer and dryer weather. The warmer temperatures encouraged more rapid growth of the corn, which resulted in the improved rating. A lot of the corn in the eastern Corn Belt will pollinate during August instead of July. The latest planted corn will not pollinate until early September and it is going to have a very difficult time maturing before the first frost.

South African (SA) maize prices traded mixed for July 2019 and September 2019 this past week with white maize trading sideways and yellow maize trading lower.

### Wheat

International wheat prices traded lower this past week with Chicago-traded wheat prices trading lower with the harvesting of US winter wheat weighing on the market. The weather forecast expects mostly favourable harvesting conditions in the week ahead which could speed up the harvesting of US winter wheat.

French crop consultancy Agritel has stated that Ukrainian wheat production could increase by 16.9% to a total of 28.8 MMT this year, with favourable growing weather expected to result in record yields. Agritel's estimate is expected to also be almost 12% above the average production level of the past five years.

According to SovEcon and IKAR, they decreased their estimate for Russia's 2019 wheat crop as they continued to assess the negative impact of June's hot, dry weather. Russia, the world's largest wheat exporter, has decreased a number of crop estimates in recent weeks because of a June heatwave.

As stated by a Reuters Poll, the wheat exports from Russia, Ukraine and Kazakhstan is expected to increase by 4% in the 2019/20 marketing season, as June's heatwave failed to offset favourable weather in the winter, signalling tough competition with the European Union.

According to Soufflet, protein levels in the early stages of this year's wheat harvest in France were improving after initial samples on the west coast showed levels below export requirements. France is on track to harvest 37.0 MMT of soft wheat this year, which is 8.5% more than in 2018, supporting market expectations of a bigger crop in the European Union's largest wheat producer. The initial production estimate for the soft wheat crop was also 3.6% above the average of the past five years, the French ministry said in a crop report.

Hot, dry weather is expected by the Australian weather bureau to continue across Australia's east coast until at least October, signalling no relief for drought-hit farmers in one of the world's largest agricultural producers.

South African (SA) wheat prices traded higher for July 2019 and September 2019 this past week with seasonal trends and ZAR movement being the main factors that influence prices.

### Soybeans

International soybean prices traded mixed this past week with US soybean Chicago prices trading higher after the USDA crop conditions report with the 53 % of the US soybean crop rated as good/excellent. South American soybean prices traded lower.

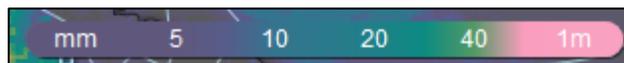
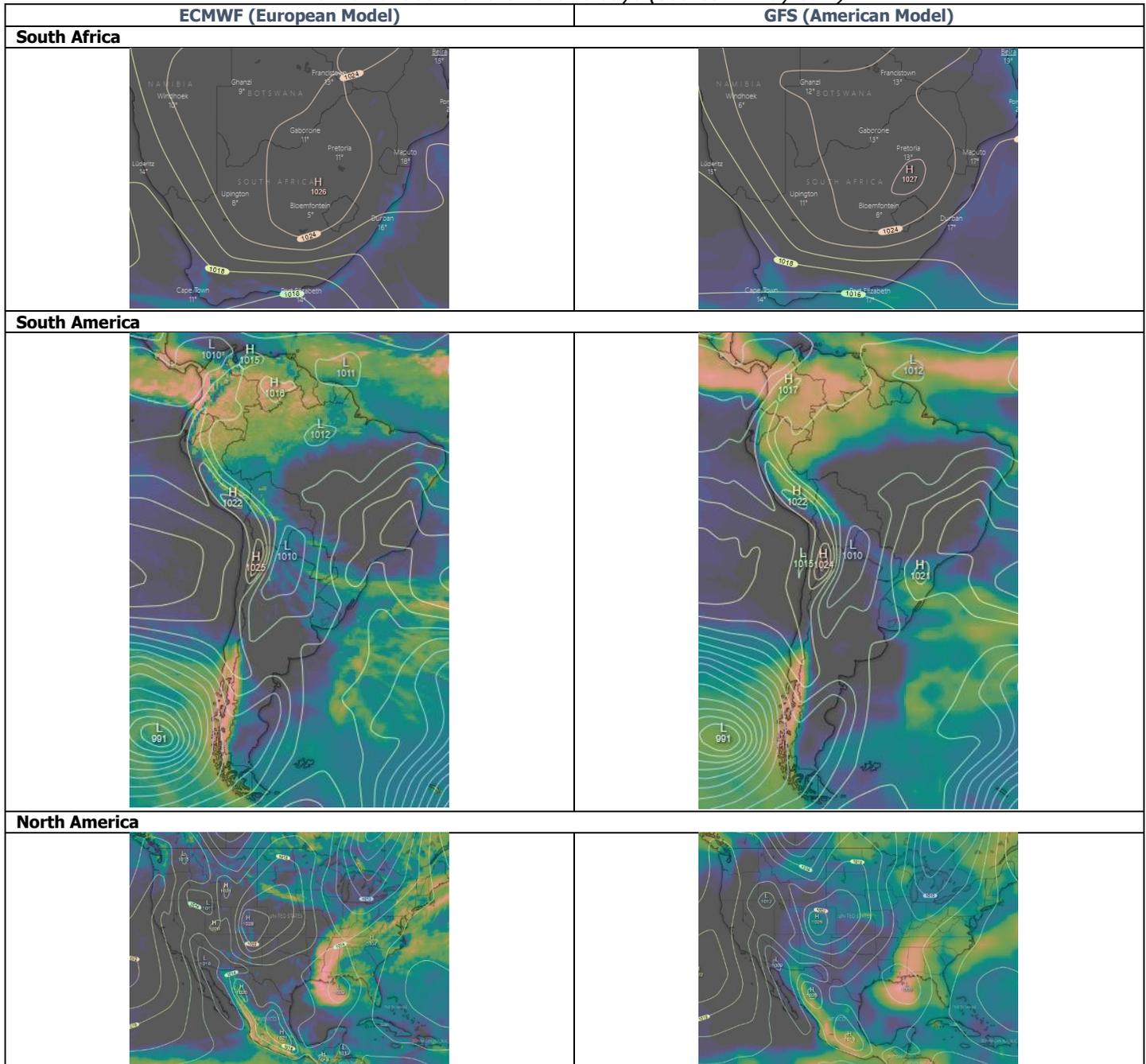
The 2019 US soybean condition declined by 1% last week to 53% rated good to excellent. Ten states indicated that the soybean condition improved last week and 7 states indicated that the soybean condition declined last week with 1 unchanged. Most of the improvements were found in the western and southern locations while most of the declines were found in the central Corn Belt.

The warmer and dryer weather helped some of the soybeans, but continued wet conditions are still causing problems especially for the later planted soybeans. Continued warm weather would be beneficial if it is accompanied by moderate rainfall. Any prolonged period of dry weather would not be beneficial for the late planted soybeans that are very small. Their shallow root system could be "stuck" in the dry topsoil.

The weekly producer deliveries of soybeans for the week ending the 5th of July indicated that 3146 tons of soybeans was delivered. This brings the cumulative soybean deliveries for the season to date at 1.086 million tons which represents 89.3% of the South African soybean crop estimate.

South African (SA) soybean prices traded higher for July 2019 and September 2019 this past week with RSA soybean delivers lagging behind the expected crop of 1,216,395 MT.

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



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