

The Weekly Weighbridge

26 September 2019

Important facts for the week

- As stated by Crop Estimates Committee (CEC), South Africa's estimate for the 2019 maize production increased slightly compared with the previous month's estimate in spite of a decrease in production from the North West province. The CEC, which gave its eighth estimate for the 2018/2019 season, estimated production at 11.080 MMT compared with the August estimate of 11.016 MMT. The estimate was slightly higher than the Reuters survey of traders and analysts, which estimated the total maize production at 11.035 MMT.
- Russia has succeeded in lowering insect damage in its local wheat in the past few years and the improved quality of the wheat is opening doors to supply markets such as Saudi Arabia as it aims to win a bigger share of Middle Eastern and North African markets from the EU and US.
- According to the Shanghai JC Intelligence Co Ltd, China will purchase about 20 MMT of soybeans from the US by the time a new round of trade talks starts in early October. China has already bought 14 MMT of soybeans from the US this year and has given new waivers to several importers to buy US soybeans exempt from retaliatory tariffs, in a goodwill gesture ahead of high-level trade talks next month. The waivers total around 5 MMT to 6 MMT.

ZAR/mt					Week									
26 September 2019					19 September 2019		Move		26 September 2019			19 September 2019		
SAFEX	Dec'19 White Maize	R	2,889	R	2,870	R	19	ZAR/USD			R	15.03	R	14.92
SAFEX	Mar'20 White Maize	R	2,894	R	2,875	R	19	EUR/USD			\$	1.0921	\$	1.1017
SAFEX	Dec'19 Yellow Maize	R	2,764	R	2,729	R	35	ZAR/EUR			R	16.41	R	16.45
SAFEX	Mar'20 Yellow Maize	R	2,750	R	2,709	R	41	ZAR/GBP			R	18.52	R	18.61
SAFEX	Dec'19 Soybeans	R	5,886	R	5,786	R	100							
SAFEX	Mar'20 Soybeans	R	5,840	R	5,751	R	89	Important dates						
SAFEX	Dec'19 Sunflower	R	5,629	R	5,487	R	142	26/09/2019 Weekly producer deliveries						
SAFEX	Mar'20 Sunflower	R	5,640	R	5,482	R	158	27/09/2019 Weekly Imports and exports						
SAFEX	Dec'19 Wheat	R	4,545	R	4,504	R	41	28/09/2019 Weekly USA export intentions						
SAFEX	Mar'20 Wheat	R	4,657	R	4,619	R	38							
Export Parity								Import Parity						
		USD/mt		Week				Protein		ZAR/mt		Week		
		FOB Origin		19 September 2019		Move		Origin Country		level		Move		
Soybeans								Wheat		FCA Durban				
SA	Dec'19 Soybeans	\$	418	\$	415	\$	2	US (HRW)	Spot Wheat	10.1%	R	4,787	R	(264)
US	Dec'19 Soybeans	\$	345	\$	341	\$	3	US (SRW)	Spot Wheat		R	4,803	R	(267)
Brazil	Dec'19 Soybeans	\$	365	\$	365	\$	0	Germany	Spot Wheat	11.0%	R	4,334	R	(296)
Argentina	Dec'19 Soybeans	\$	345	\$	358	\$	(14)	France	Spot Wheat	10.1%	R	4,095	R	(263)
								Russia	Spot Wheat	11.0%	R	4,434	R	(269)
	Maize							Australian APW	Spot Wheat	9.2%	R	4,797	R	78
SA	Dec'19 Yellow Maize	\$	196	\$	197	\$	(1)	Argentina	Spot Wheat	10.6%	R	4,824	R	31
US	Dec'19 Yellow Maize	\$	169	\$	169	\$	(0)		Wheat			FCA Randfontein		
Argentina	Dec'19 Yellow Maize	\$	156	\$	155	\$	1	South Africa	Spot Wheat	12.0%	R	4,550	R	(210)
Brazil	Dec'19 Yellow Maize	\$	166	\$	165	\$	1							
Black Sea	Spot Yellow Maize (non GM)	\$	159	\$	158	\$	1		Yellow Maize			FCA Klipheuwel		
								US	Dec'19 Yellow Maize		R	3,495	R	48
SA	Dec'19 White Maize	\$	209	\$	211	\$	(2)	Argentina	Dec'19 Yellow Maize		R	3,324	R	62
								Brazil	Dec'19 Yellow Maize		R	3,502	R	71
US	Dec'19 White Maize	\$	215	\$	215	\$	(0)	South Africa	Dec'19 Yellow Maize		R	3,114	R	35
Mexico	Dec'19 White Maize	\$	235	\$	235	\$	-							
									White Maize			FCA Randfontein		
								US	Dec'19 White Maize		R	4,276	R	59
								Mexico	Dec'19 White Maize		R	4,523	R	64
								(Wheat quality based on 12 % moisture & import tariff included)						
								Wheat	Published Tariff		R	664.70		

News for the week

Corn/Maize

International corn prices traded sideways this past week after technical selling and weak demand for US exports pressured prices.

According to the UN, the Northern Korea crop for the current harvest season is expected to decrease to its lowest level in five years, bringing serious food shortages for 40% of the population, as dry conditions and poor irrigation hit an economy already feeling pressure from sanctions over its weapons programmes.

As stated by Crop Estimates Committee (CEC), South Africa's estimate for the 2019 maize production increased slightly compared with the previous month's estimate in spite of a decrease in production from the North West province. The CEC, which gave its eighth estimate for the 2018/2019 season, estimated production at 11.080 MMT compared with the August estimate of 11.016 MMT. The estimate was slightly higher than the Reuters survey of traders and analysts, which estimated the total maize production at 11.035 MMT.

The condition of the 2019 US corn crop increased 2% last week to 57% rated good to excellent. Eight states shown that the corn condition improved last week while 6 states shown that the corn condition declined last week and 4 states were unchanged. Most of the improvements were found in the northern locations while most of the declines were found in the southern and eastern locations.

South African (SA) maize prices traded higher for White Maize and Yellow Maize for December 2019 and March 2020 due to a weaker ZAR.

Wheat

International wheat prices traded sideways in the past week with US wheat prices trading sideways with a diminishing frost threat and wet conditions in the West expected that could delay harvesting.

Strategie Grains increased its estimates for EU soft wheat production and exports for the second month in a row, refencing to a good harvest in France and Britain and fast exports from Romania and Bulgaria. Strategie Grains estimated 2019/20 soft wheat production in the EU at 144.5 MMT, which is higher than 142.9 MMT estimated in August.

Russia has succeeded in lowering insect damage in its local wheat in the past few years and the improved quality of the wheat is opening doors to supply markets such as Saudi Arabia as it aims to win a bigger share of Middle Eastern and North African markets from the EU and US.

Brazil plans to implement a 750 000 MT tariff-free quota for wheat imports from countries outside of the South American Mercosur trade agreement in November. According to Flavio Bettarello, the agriculture ministry's assistant secretary for

trade and foreign relations, that imposing the new tariff-free quota could help Brazil add new suppliers, including the US and Russia.

The Rosario grains exchange has stated that a lack of rainfall and late frosts over Argentina's main wheat-producing region are already leading to drop in crop yields. Argentina, who is a major global wheat exporter, had reported 6.87 million hectares (17 million acres) of growth in the planting area for the 2019/20 season.

Ukraine's grain exports have increased to 12.4 MMT (7.7 MMT which consists of wheat) thus far in the 2019/20 July-June export season, which is higher than 8.3 MMT exported over the same period last year.

South African (SA) wheat prices traded higher this past week with December 2019 and March 2020 trading higher with a weaker ZAR and the new import tariffs of R664.70 announced recently. Wheat import shipment delays has also given support to local wheat prices in recent weeks.

Soybeans

US soybeans traded slightly higher in the past week with the Chinese soybean purchases from the US, supporting soybean prices.

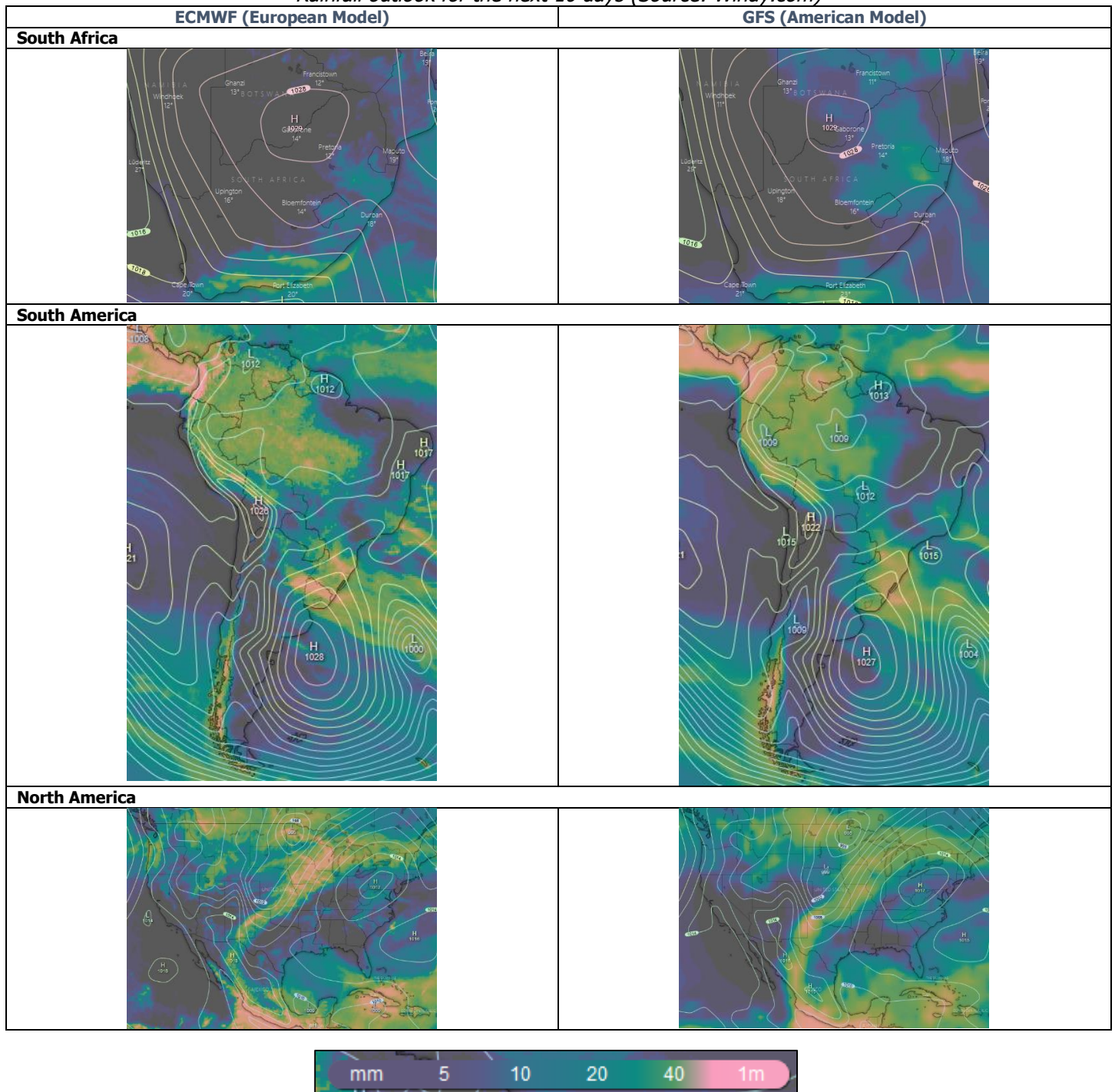
Argentina's agriculture ministry has confirmed that China has approved soymeal exports from seven soybean crushing plants in the country. The announcement comes less than two weeks after Argentina, the top soymeal supplier, announced that China, the world's biggest soymeal consumer, would allow imports from the country for the first-time following decades of trade talks.

According to the Shanghai JC Intelligence Co Ltd, China will purchase about 20 MMT of soybeans from the US by the time a new round of trade talks starts in early October. China has already bought 14 MMT of soybeans from the US this year and has given new waivers to several importers to buy US soybeans exempt from retaliatory tariffs, in a goodwill gesture ahead of high-level trade talks next month. The waivers total around 5 MMT to 6 MMT.

The condition of the 2019 US soybean crop held steady last week at 54% rated good to excellent. Five states shown that the soybean condition improved last week while 13 states shown that the soybean condition declined last week. Most of the improvements were found in the northern locations while most of the declines were found in the eastern and southern locations.

South African (SA) soybean prices traded higher for December 2019 and March 2020 this past week due to higher Chicago traded prices and a weaker ZAR.

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



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