

News for the week

Maize

US maize prices traded higher this past week due technical support. Market participants are monitoring US export figures to see how the spreading of the coronavirus is currently reducing demand for US maize at the export destinations, however increasing demand from the ethanol industry is a currently supporting factor for US maize prices.

While Brazilian farmers are in the midst of planting their safrinha maize, they are also watching their local maize prices in Brazil. According to the advisory firm Scot Consultoria, the month of February is ending with local maize prices in Brazil 20% higher than they were one year ago.

A number of factors have contributed to the higher prices including, 1) record maize exports in 2019, 2) historically weak Brazilian currency, 3) strong demand for maize from the livestock sector, 4) an increased use of maize to make ethanol in Brazil. All of these factors should remain in place for at least the first semester of 2020, so prices are not expected to decrease until farmers start harvesting their safrinha maize in June and July.

In addition to potential lower prices once the safrinha maize comes onto the market, prices in Brazil may also be pressured if US farmers go ahead and plant the 94.0 million acres of maize in 2020 estimated by the USDA. If the US has a good production season in 2020, the already burdensome US maize carryover could increase even further adding additional pressures to the international maize price.

According to Sagis, a total of 137 106 tons of South African white maize has been exported to Zimbabwe from 28 September 2019 until 28 February 2020 and a total of 80 084 tons of South African white maize has been exported to Mozambique from 28 September 2019 until 28 February 2020.

South African (SA) maize prices traded higher for White Maize and Yellow Maize for March 2020 and May 2020 this past week with the possible reason for the price increase being that buyers are still searching for good quality stock.

Wheat

US wheat prices traded lower this past week with adequate global wheat stocks dampening any significant prices rallies. Prices are also under pressure after the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimated a 40.4% increase in wheat production this year, with the recent heavy rainfall expected to encourage farmers to plant more wheat. The estimate from ABARES would increase the 2020/21 production to 21.3 MMT, compared to the twelve-year low of 15.17 MMT harvested in 2019/20.

According to the IGC, global wheat production is expected to increase to a record 769 MMT in the 2020/21 season, which is supported by a 2% increase in the expected planted area.

In its monthly update, the IGC also increased its 2019/20 global wheat crop estimate by 2 MMT to a total of 763 MMT.

FranceAgriMer has stated that the condition of soft wheat in France has deteriorated slightly in the week that ended 24 February 2020, with 64% of crops rated good/excellent versus 65% the prior week. That is a 21% decrease compared with an 85% good/excellent score reported in the same week last year.

The French soft wheat shipments outside the EU for last month reached their highest level for a February month in at least 10 years, suggesting that an easing of strikes against pension reform helped exporters take advantage of brisk demand.

South African (SA) wheat prices traded lower this past week with March and May trading lower with the stronger ZAR currently decreasing local prices and lower international prices.

Soybeans

International soybean prices traded higher this past week after the US Agriculture Secretary has stated that he expects China to enter the US market in late spring and summer to buy soybeans after China has promised to buy more US agricultural products in January 2020 as part of an interim trade deal. No major Chinese purchases of US agricultural products have not yet been reported which is increasing doubts among traders that Beijing will follow through on its promises.

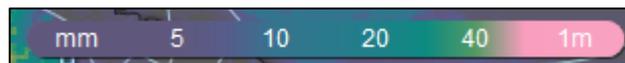
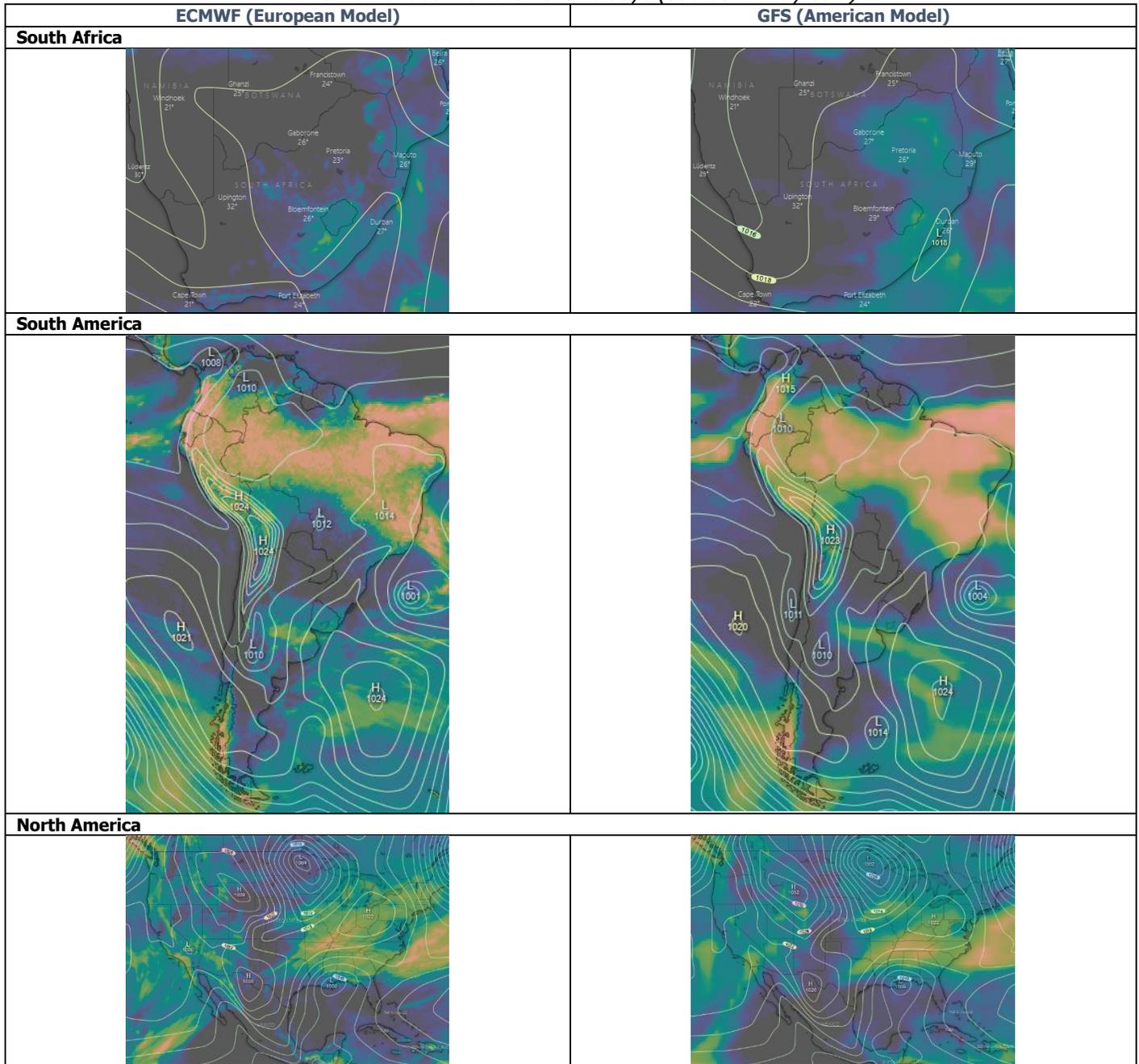
According to the Argentinian agricultural ministry, the country plans to increase taxes on soybeans, soyoil and soymeal exports to 33% from the current 30% in an attempt to increase revenue ahead of a planned sovereign bond restructure. The sales of grain in the country were at a standstill after the agriculture ministry suspended registration of grains exports, which bans grain exporters from making new deals.

The agribusiness consultancy, INTL FCStone has stated that Brazil is expected to harvest a record 124.2 MMT of soybeans in the 2019/20 season, increasing the previous estimated by 200,000 MMT. The revision comes despite of losses in Rio Grande do Sul, which is one of Brazil's largest producers, as bad weather caused some crop damage.

The USDA is expected to report the January 2020 soybean crush at 5.62 MMT (187.3 million bushels), according to the average forecast of six analysts surveyed by Reuters ahead of monthly data.

South African (SA) soybean prices traded higher for March 2020 and May 2020 due to higher international soybean prices.

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



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