

# The Weekly Weighbridge

## 26 June 2020

### Important facts for the week

- According to the Indian government, the country has authorised imports of 500 000 MT of maize this year at a concessional 15% import tax as it tries to supplement supply of maize for the poultry industry. India, the world's seventh-biggest maize producer, normally imposes a 60% import tax on maize.
- According to French consultancy Agritel, the wheat harvest in Russia is expected to reach 77.5 MMT this year, which is 4% higher than 2019 and the second largest crop on record despite varied results throughout the country. This wheat crop estimate was lower than the estimate from IKAR which increased its estimate to 79.5 MMT from a previously expected 78.5 MMT.
- The sales of US soybeans to China have finally started to bear a resemblance to the pre-trade war era, but among massive Brazilian soybean shipments and the record accumulation in Chinese soybean stocks, it seems possible that China will not need as much soybeans as the US hopes to export later in the year to the country. As of 11 June 2020, China had already bought 3.05 MMT of US soybeans for delivery in 2020-21.

		ZAR/mt			Week									
		26 June 2020	19 June 2020	Move										
SAFEX	Jul'20 White Maize	R	2,485	R	2,566	R	(81)	ZAR/USD			R	17.21	R	17.31
SAFEX	Sep'20 White Maize	R	2,525	R	2,617	R	(92)	EUR/USD			\$	1.1223	\$	1.1175
SAFEX	Jul'20 Yellow Maize	R	2,587	R	2,675	R	(88)	ZAR/EUR			R	19.32	R	19.36
SAFEX	Sep'20 Yellow Maize	R	2,636	R	2,723	R	(87)	ZAR/GBP			R	21.35	R	21.39
SAFEX	Jul'20 Soybeans	R	6,830	R	6,729	R	101	<b>Important dates</b>						
SAFEX	Sep'20 Soybeans	R	6,895	R	6,803	R	92	24/06/2020 Weekly producer deliveries						
SAFEX	Jul'20 Sunflower	R	5,860	R	5,774	R	86	25/06/2020 Weekly imports and exports						
SAFEX	Sep'20 Sunflower	R	5,960	R	5,873	R	87	26/06/2020 Weekly USA export intentions						
SAFEX	Jul'20 Wheat	R	5,320	R	5,249	R	71							
SAFEX	Sep'20 Wheat	R	5,042	R	5,054	R	(12)							
Export Parity					Import Parity									
		USD/mt			Week	Origin Country		Protein level	ZAR/mt		Week			
		FOB Origin	19 June 2020	Move						Move				
<b>Soybeans</b>					<b>Wheat</b>		<b>FCA Durban</b>							
SA	Jul'20 Soybeans	\$	423	\$	418	\$	5	US (HRW)	Spot Wheat	10.1%	R	5,319	R	66
US	Jul'20 Soybeans	\$	354	\$	356	\$	(3)	US (SRW)	Spot Wheat		R	5,132	R	116
Brazil	Jul'20 Soybeans	\$	365	\$	370	\$	(5)	Germany	Spot Wheat	11.0%	R	5,099	R	(203)
Argentina	Jul'20 Soybeans	\$	330	\$	330	\$	-	France	Spot Wheat	10.1%	R	4,886	R	(9)
								Russia	Spot Wheat	11.0%	R	4,915	R	(24)
								Australian APW	Spot Wheat	9.2%	R	5,115	R	(16)
								Argentina	Spot Wheat	10.6%	R	5,945	R	(30)
<b>Maize</b>					<b>Wheat</b>		<b>FCA Randfontein</b>							
SA	Jul'20 Yellow Maize	\$	160	\$	166	\$	(5)	South Africa	Spot Wheat	12.0%	R	5,320	R	50
US	Jul'20 Yellow Maize	\$	160	\$	163	\$	(3)							
Argentina	Jul'20 Yellow Maize	\$	145	\$	148	\$	(3)	<b>Yellow Maize</b>		<b>FCA Klipheuwel</b>				
Brazil	Jul'20 Yellow Maize	\$	155	\$	162	\$	(6)	US	Jul'20 Yellow Maize		R	3,765	R	(51)
Black Sea	Spot Yellow Maize (non GM)	\$	175	\$	175	\$	-	Argentina	Jul'20 Yellow Maize		R	3,470	R	(53)
SA	Jul'20 White Maize	\$	155	\$	160	\$	(5)	Brazil	Jul'20 Yellow Maize		R	3,648	R	(106)
US	Jul'20 White Maize	\$	202	\$	208	\$	(5)	South Africa	Jul'20 Yellow Maize		R	2,937	R	(88)
Mexico	Jul'20 White Maize	\$	183	\$	183	\$	-							
								<b>White Maize</b>		<b>FCA Randfontein</b>				
								US	Jul'20 White Maize		R	4,583	R	(88)
								Mexico	Jul'20 White Maize		R	4,240	R	6
								(Wheat quality based on 12 % moisture & import tariff included)						
								Wheat	Published Tariff		R	516.60		

## News for the week

### Maize

International maize prices traded lower this past week with the favourable weather conditions in the US Midwest adding some price pressure. There was also an increase in the US good/excellent crop rating in the past week which also added some price pressure with the market expecting a slight decrease.

The condition of the 2020 US maize crop increased by 1% last week to 72% rated good to excellent. Six states shown that the maize condition improved last week while 10 states shown that the maize condition declined last week and 2 were unchanged. Most of the improvements in crop condition were found in the western areas while most of the declines were found in the eastern areas.

According to the US Energy Information Administration, for the week that ended 19 June 2020, the US produced 893 000 barrels of ethanol, which is higher than 841 000 barrels of ethanol produced the week before.

According to the trading firm Germinar Corretora, Brazil has exported 900 000 MT of maize since the start of the export season compared to 4 MMT during the same time period in 2019. The lower volume of exports this year is due to the later planting of the safrinha corn compared to last year, which was a record fast planting pace. Brazil has already committed to exporting 26 to 28 MMT of maize until the end of the harvest year.

According to the Indian government, the country has authorised imports of 500 000 MT of maize this year at a concessional 15% import tax as it tries to supplement supply of maize for the poultry industry. India, the world's seventh-biggest maize producer, normally imposes a 60% import tax on maize.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for July 2020 and September 2020 this past week due to stronger ZAR and lower international prices.

### Wheat

US wheat prices traded lower this past week with the harvesting of winter wheat in the US and the increase of world wheat stocks and favourable weather conditions in Europe, all being factors that are adding some price pressure. Drier weather is also forecasted for the key winter wheat areas of the US this week which could once again accelerate the harvesting of winter wheat in the US.

With or without China, world wheat stocks are set to reach a new high by mid-2021, however record demand should prevent stockpiles from becoming too large. China is going on its eighth consecutive year of producing more wheat than it uses, further increasing already-massive stockpiles and pushing its share of global wheat supplies to a new record.

According to French consultancy Agritel, the wheat harvest in Russia is expected to reach 77.5 MMT this year, which is 4% higher than 2019 and the second largest crop on record despite varied results throughout the country. This wheat crop estimate was lower than the estimate from IKAR which increased its estimate to 79.5 MMT from a previously expected 78.5 MMT.

South African (SA) wheat prices traded mixed this past week with July 2020 trading higher and September 2020 trading lower due to the stronger ZAR.

### Soybeans

US soybean prices traded lower this past week with the new crop contracts trading lower due to favourable weather conditions in the US Midwest applying some price pressure although we did see a decrease in the good/excellent crop rating in the past week.

The condition of the 2020 US Soybean crop decreased by 2% last week to 70% rated good to excellent. Seven states shown that the soybean condition improved last week while 11 states shown that the soybean condition declined last week. Most of the improvements were found in the western and southern areas while most of the declines were found in the eastern and northern areas.

According to China's Ministry of Agriculture and Rural Affairs, the country has approved genetically modified (GM) safety certificates for two new varieties of soybean imports and renewed permits for six others. The two new GM crops approved are DBN-Ø9ØØ4-6 and MON87751 soybean, requested by Beijing Dabeinong Biotechnology Co Ltd and Monsanto Far East Ltd, respectively.

The sales of US soybeans to China have finally started to bear a resemblance to the pre-trade war era, but among massive Brazilian soybean shipments and the record accumulation in Chinese soybean stocks, it seems possible that China will not need as much soybeans as the US hopes to export later in the year to the country. As of 11 June 2020, China had already bought 3.05 MMT of US soybeans for delivery in 2020-21.

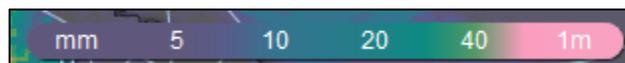
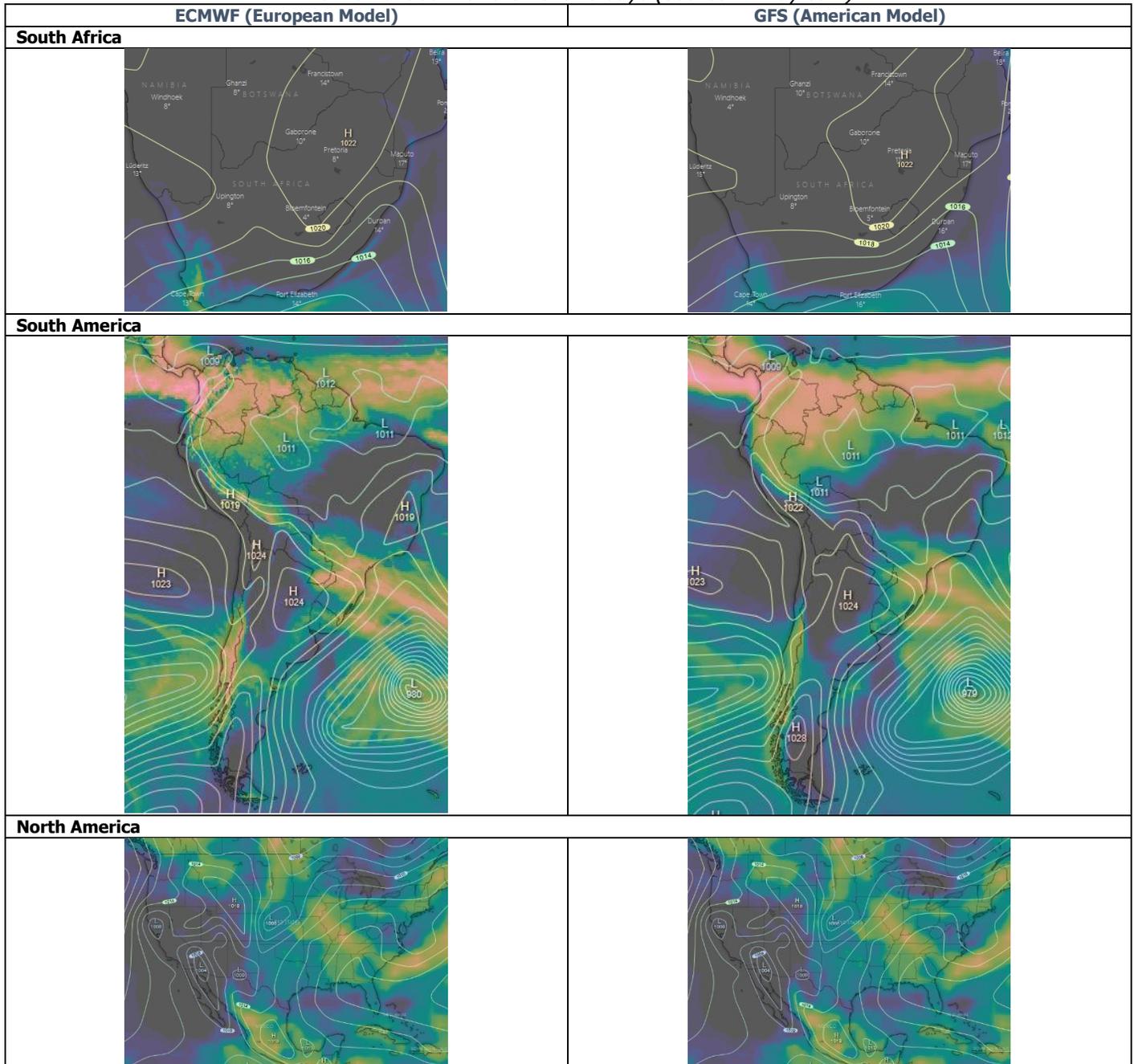
According to US, Brazilian and Canadian soybean industry officials, China's soybean buyers are asking exporters to sign a letter guaranteeing their cargoes are not contaminated with the novel coronavirus. China is trying to prevent any risk of new COVID-19 infections from imported goods as it takes aggressive measures to contain a recent spike in coronavirus infections linked to a sprawling wholesale food market in Beijing.

South African (SA) soybean prices traded higher this past week with July 2020 and September 2020 despite stronger ZAR and lower international prices.



SAAM BEREIK ONS MEER  
TOGETHER WE ACHIEVE MORE

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.