

# The Weekly Weighbridge

## 17 October 2018

### Important facts for the week

- Strategie Grains analysts sharply increased their estimate of the current seasons' maize harvest in the European Union as bumper yields in southeast Europe were seen offsetting a drought-hit crop further west.
- A quick start to France's wheat export season and less competition from Russian supplies led farming agency FranceAgriMer to raise its forecast for French soft wheat exports outside the European Union in 2018/19.
- According to National Oilseed Processors Association (NOPA) US processors crushed a larger-than-expected 4.375 million tonnes of soybeans in September, the largest-ever processing volume for the month.
- According to consultancy AgRural Brazilian farmers are planting the new soybean crop at a record pace, reaching 20% of the projected area. The previous record pace was in 2016, when farmers had advanced to 18% of the area by this time of the year. Last season, they were at only 12% of plantings. The five-year average is 10%.

		ZAR/mt		Week	17 October 2018				10 October 2018						
		17 October 2018		Move											
SAFEX	Dec'18 White Maize	R	2,409	-R 25	ZAR/USD			R	14.16	R	14.75				
SAFEX	Mar'19 White Maize	R	2,467	-R 26	EUR/USD			\$	1.1562	\$	1.1518				
SAFEX	Dec'18 Yellow Maize	R	2,453	-R 25	ZAR/EUR			R	16.38	R	17.00				
SAFEX	Mar'19 Yellow Maize	R	2,506	-R 24	ZAR/GBP			R	18.65	R	19.46				
SAFEX	Dec'18 Soybeans	R	4,680	R 23	<b>Important dates</b>										
SAFEX	Mar'19 Soybeans	R	4,800	R 28											
SAFEX	Dec'18 Sunflower	R	5,095	-R 98							17/10/2018	Weekly producer deliveries			
SAFEX	Mar'19 Sunflower	R	5,078	-R 108							18/10/2018	RSA weekly imports and exports			
SAFEX	Dec'18 Wheat	R	4,459	-R 30	19/10/2018	USA weekly exports									
SAFEX	Mar'18 Wheat	R	4,585	-R 34											
<b>Export</b>					<b>Import</b>										
		USD/mt		Week	Origin Country		Protein	ZAR/mt		Week					
		FOB Origin		Move			level	FCA Durban		Move					
SA	Dec'18 Yellow Maize	\$	200	\$ 6	US (HRW)	Spot Wheat	10.1%	R	4,749	-R 449					
SA	Dec'18 White Maize	\$	197	\$ 6	US (SRW)	Spot Wheat		R	4,374	-R 422					
US	Spot Yellow Maize	\$	170	\$ 3	Germany	Spot Wheat	11.0%	R	4,696	-R 514					
Argentina	Spot Yellow Maize	\$	165	\$ 4	France	Spot Wheat	10.1%	R	4,370	-R 484					
Brazil	Spot Yellow Maize	\$	180	\$ 5	Russia	Spot Wheat	11.0%	R	4,478	-R 487					
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$ -	Australian APW	Spot Wheat	9.2%	R	5,318	-R 146					
					Argentina	Spot Wheat	10.6%	R	4,236	-R 150					
SA	Dec'18 Soybeans	\$	374	\$ 17	(Wheat quality based on 12 % moisture & import tariff included)										
US	Spot Soybeans	\$	334	\$ 12											
Brazil	Spot Soybeans	\$	426	\$ 7							Wheat	Published Tariff		R	298.50
Argentina	Spot Soybeans	\$	406	\$ 5											

## News for the week

### Corn/Maize

US corn prices traded higher this past week. With the main bullish factor being China (216.5 million tonnes) and Brazil (89.7-91.1 million tonnes) adjusting their crop estimates lower than the USDA WASDE estimates due to possible crop damage. According to these estimates world ending stocks is expected to be at their lowest since 2013/2014.

USDA reported the US corn crop conditions at 68% good/excellent, which is a 0% change to the prior week but still above last year's 65%.

The USDA surprisingly cut its estimate for US corn with the corn harvest expected to be lower due to smaller-than-expected yields.

Strategie Grains analysts sharply increased their estimate of the current seasons' maize harvest in the European Union as bumper yields in Southeast Europe were seen offsetting a drought-hit crop further West. The EU's grain maize production in 2018 was now expected to reach 59.4 million tonnes, Strategie Grains said in a monthly report, a 1 million tonne increase from its September forecast and now stable compared with last year's crop.

South African (SA) maize prices traded lower this past week with ZAR strength pressuring prices.

### Wheat

International wheat prices traded mixed this past week with ZAR strength pushing import parity lower. Prices traded mixed due market players expecting USDA WASDE to increase world ending stocks however this was not the case with lower world ending stocks announced due to lower crops in Russia, Australia and Argentina that caused prices to increase.

Russia's Agriculture Ministry has proposed speeding up an increase in the country's grain export capacity part of efforts by one of the world's largest wheat exporters to move into new markets. Russia aims to increase its grain export capacity by 25 million tonnes to 77.7 million tonnes by 2024.

A quick start to France's wheat export season and less competition from Russian supplies led farming agency FranceAgriMer to raise its forecast for French soft wheat exports outside the European Union in 2018/19. FranceAgriMer pegged French soft wheat exports to non-EU destinations at 8.75 million tonnes, up from its initial outlook of 8.5 million in September and well above 8.1 million in 2017/18.

According to the Rosario Exchange Argentina's wheat harvest is expected to reach 19 million tonnes during the 2018-19 season, which is down from 21 million tonnes predicted previously. According to the Buenos Aires Grains Exchange frost and a lack of rain could scale back Argentina's wheat crop for the 2018-19 season, which is currently seen at a

record 19.7 million tonnes. According to the exchange's weekly report, a lack of moisture in the soil in northern Argentine provinces and late frosts in the central agricultural region could affect crop yields.

Britain's farm ministry estimated the current season UK wheat crop at a five-year low of 14.09 million tonnes, which is down 5.1% from the prior season. The decline was driven by a 5.3% decline in yields to 7.8 tonnes per hectare, which was only partially offset by a marginal 0.3% rise in area to 1.80 million hectares.

South African (SA) wheat prices traded lower this past week with ZAR strength pressuring prices.

### Soybeans

US soybean prices traded higher this past week. With the main bullish factor being heavy rainfall delaying the harvest.

USDA reported US soybean crop conditions at 66% good/excellent, which is a 2% change to the prior week but still above last year's 61%.

The USDA surprisingly cut its estimate for soybean production with the soybean cut stemming from a reduction in acres. Soybean production was seen falling from the government's September estimate due to a decrease in harvested acres in key states such as Illinois and Minnesota.

China's soybean imports fell slightly in September from a year earlier but were ahead of market expectations, boosted by large volumes from Brazil as buyers tried to shore up stocks. Soybean imports are being closely watched after Beijing in July imposed a 25% tariff on US products worth \$34 billion, including soybeans, in response to US penalties on Chinese goods worth the same amount.

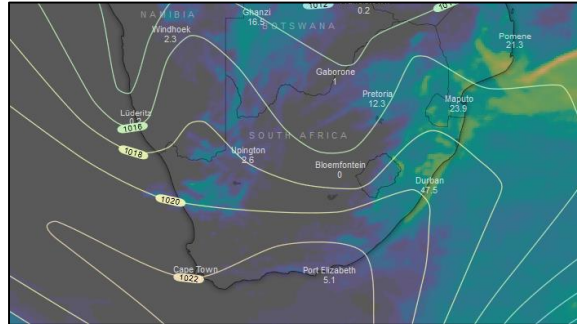
According to National Oilseed Processors Association (NOPA) US processors crushed a larger-than-expected 4.375 million tonnes of soybeans in September, the largest-ever processing volume for the month. The figure was up from the 4.324 million tonnes processed in August and well above the September 2017 crush of 3.712 million tonnes, according to NOPA, whose members handle about 95% of all soybeans processed in the US.

According to consultancy AgRural Brazilian farmers are planting the new soybean crop at a record pace, reaching 20% of the projected area. The previous record pace was in 2016, when farmers had advanced to 18% of the area by this time of the year. Last season, they were at only 12% of plantings. The five-year average is 10%.

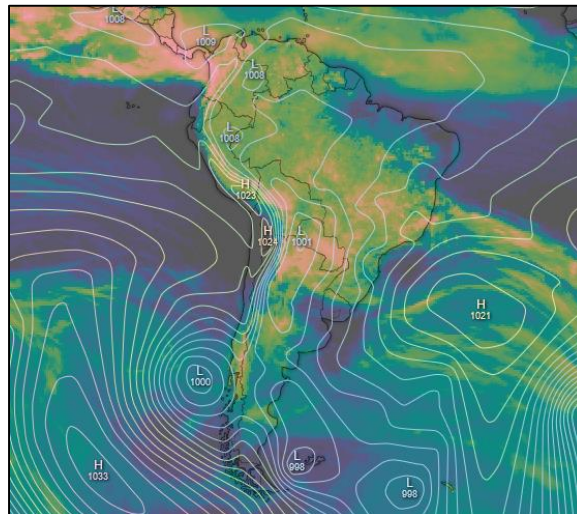
South African (SA) soybean prices traded higher this past week. With rallying US prices being the main supporting factor.

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

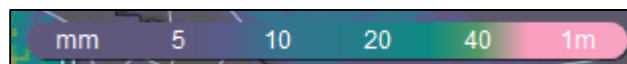
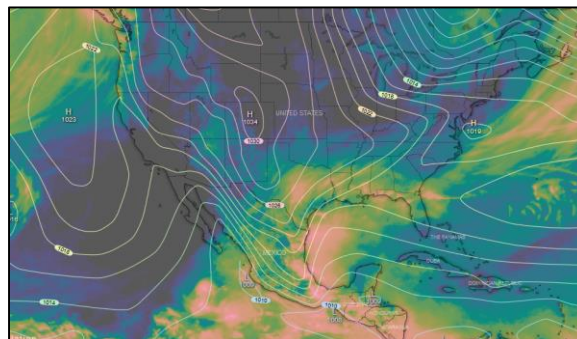
**South Africa**



**South America**



**North America**



**Disclaimer**

The opinions and assumptions expressed in this publication are not necessarily see the manner 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.