

The Weekly Weighbridge

7 November 2018

Important facts for the week

- According to USDA, US farmers are likely to expand plantings of both corn and wheat while reducing soybean and cotton for the upcoming marketing year. The USDA forecasts that farmers will plant 37.23 million hectares of corn in the 2019/20 crop year, up from 36.06 million for 2018/19.
- The Ukrainian winter wheat planting are basically done with nearly 6.07 million hectares planted, up more than 200,000 hectares year-over-year.
- In Australia, crop progress is switching over to harvested numbers as harvesting has started. It might be a quick harvest though as ABARES recently lowered their estimates for the crop in the Australia significantly. Specific to wheat, ABARES is now estimating a harvest of just 16.53 million MMT.
- US soybean crushing in September likely totalled 4.653 million tons, according to the average forecast of nine analysts surveyed by Reuters ahead of a monthly USDA report. Estimates ranged from 4.632 million tons to 4.670 million tons, with a median of 4.653 million tons.

		ZAR/mt		Week					
		07 November 2018		Move			07 November 2018	31 October 2018	
SAFEX	Dec'18 White Maize	R	2,476	R 47	ZAR/USD		R 14.07	R 14.78	
SAFEX	Mar19 White Maize	R	2,528	R 50	EUR/USD		\$ 1.1451	\$ 1.1310	
SAFEX	Dec'18 Yellow Maize	R	2,456	R 23	ZAR/EUR		R 16.11	R 16.71	
SAFEX	Mar19 Yellow Maize	R	2,504	R 20	ZAR/GBP		R 18.47	R 18.87	
SAFEX	Dec'18 Soybeans	R	4,639	R 69					
SAFEX	Mar19 Soybeans	R	4,760	R 71	<i>Important dates</i>				
SAFEX	Dec'18 Sunflower	R	5,156	R 38	08/11/2018	USDA WASDE			
SAFEX	Mar19 Sunflower	R	5,166	R 21	08/11/2018	RSA weekly imports and exports			
SAFEX	Dec'18 Wheat	R	4,387	-R 106	09/11/2018	USA weekly exports			
SAFEX	Mar'18 Wheat	R	4,510	-R 109					
Export					Import				
		USD/mt		Week			ZAR/mt		Week
		FOB Origin		Move	Origin Country		FCA Durban		Move
SA	Dec'18 Yellow Maize	\$	202	\$ 11	US (HRW)	Spot Wheat	10.1% R	4,854	R 125
SA	Dec'18 White Maize	\$	203	\$ 13	US (SRW)	Spot Wheat	R	4,484	R 71
US	Spot Yellow Maize	\$	168	\$ 7	Germany	Spot Wheat	11.0% R	4,910	R 102
Argentina	Spot Yellow Maize	\$	161	\$ 8	France	Spot Wheat	10.1% R	4,492	R 134
Brazil	Spot Yellow Maize	\$	179	\$ 4	Russia	Spot Wheat	11.0% R	4,626	-R 6
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$ -	Australian APW	Spot Wheat	9.2% R	5,257	-R 134
					Argentina	Spot Wheat	10.6% R	4,307	-R 249
SA	Dec'18 Soybeans	\$	374	\$ 23	(Wheat quality based on 12 % moisture & import tariff included)				
US	Spot Soybeans	\$	328	\$ 8	Wheat	Published Tariff	R	490.70	
Brazil	Spot Soybeans	\$	398	\$ 7					
Argentina	Spot Soybeans	\$	376	\$ -0					

News for the week

Corn/Maize

US corn prices traded higher this past week. With the main bullish factor being good demand for US Corn due to higher Ethanol production in the US as well as the USDA estimating US corn to be good value at \$3.90 to \$4.10.

USDA reported that 76% of US Corn has been harvested, which is in line with the 5-year average of 77%.

According to USDA, US farmers are likely to expand plantings of both corn and wheat while reducing soybean and cotton for the upcoming marketing year. The USDA forecasts that farmers will plant 37.23 million hectares of corn in the 2019/20 crop year, up from 36.06 million for 2018/19.

Competitiveness on the international grain market and low export demand for US soybeans led to speculative selling across the board in Chicago, but there was a revival of optimism late last week. Investors continued to be bullish in US corn for the third week in a row, but with caution as US supply builds amid the ongoing harvest. Overseas demand for US corn has also faced some headwinds in recent weeks from South American and Black Sea rivals.

US farmers are finding increased levels of a plant toxin known as vomitoxin in this year's corn harvest, adding insult to injury for farmers already suffering as the US-China trade war hurts soybean exports and crop prices. Vomitoxin sickens livestock and can also make humans and pets fall ill and grain buyers can reject cargoes or fine farmers for shipments that contain it.

South Africa has exported 57% of the estimated white maize exports and 83% of the estimated yellow maize for the 2018/2019 season. Producer deliveries is currently reported at 88.93% for white maize and 86% for yellow maize for the 2018/2019 season.

South African (SA) maize prices traded higher this past week with higher US prices and late rain in important maize producing regions of South Africa pushing prices higher.

Wheat

International wheat prices traded mixed this past week. With funds in the US being net short wheat with the biggest position in 6 months. Low demand for US wheat is also adding to the bearish sentiment.

USDA reported US winter wheat crop conditions at 51% good/excellent, which is a 2% decline to the prior week but also lower than last year's 55%. 70% of US winter wheat has emerged, which is behind of the 5-year average of 77%.

Egypt announced that they've got enough wheat to cover them until March 2019. This means that US wheat might not make it back into an Egyptian wheat purchase. Wheat futures traded higher on signs of improving export demand as the US

gained a share of a large Egyptian wheat tender, along with Russia and Ukraine.

Winter wheat prices remain under pressure as actual US total wheat exports are tracking 21% lower year-over-year and the crop progress of winter wheat planting gets back on track.

The Ukrainian winter wheat planting are basically done with nearly 6.07 million hectares planted, up more than 200,000 hectares year-over-year.

In Australia, crop progress is switching over to harvested numbers as harvesting has started. It might be a quick harvest though as ABARES recently lowered their estimates for the crop in the Australia significantly. Specific to wheat, ABARES is now estimating a harvest of just 16.53 million MMT.

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

Soybeans

US soybean prices traded higher this past week. With the main bullish factor being higher international prices.

USDA reported that 83% of US Soybeans has been harvested, which is behind of the 5-year average of 89%.

According to Hamburg-based oilseeds analysts Oil World, China is likely to buy a wider range of processed vegetable oils and animal feed meals on global markets in the coming weeks as the US-China trade war continues to reduce supplies of soybeans for China's oilseeds processing industry.

Shipping data showed that a vessel carrying soybeans from the US to China changed its destination to South Korea amid a trade war that has decimated US shipments of the commodity to the world's top oilseed importer.

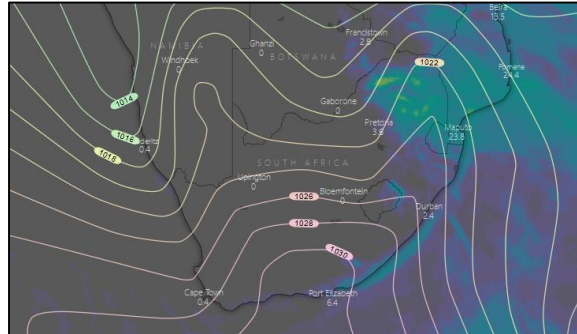
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China's purchases of Brazilian soybeans in September jumped 28% from the prior year as buyers stocked up ahead of an expected shortfall in the fourth quarter. This is the first time that China has provided data on the country of origin for its commodity imports since the month of March.

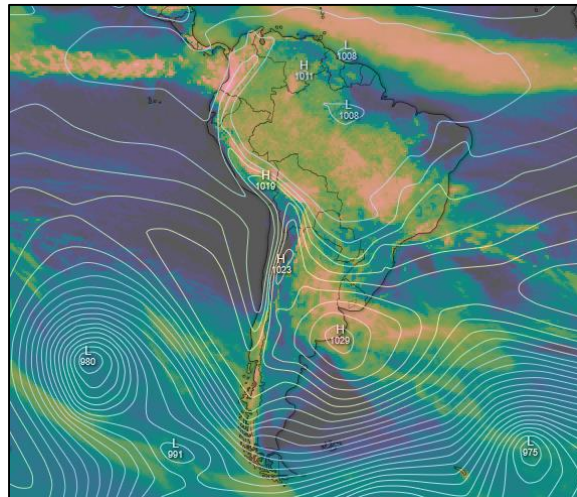
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Rainfall outlook for the next 10 days (Source: Windy.com)

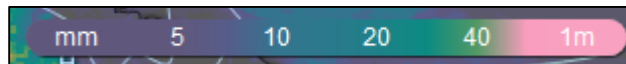
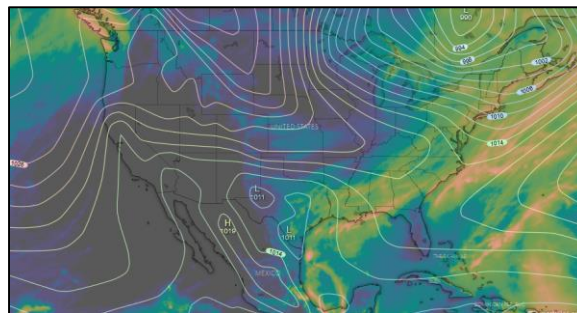
South Africa



South America



North America



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