

The Weekly Weighbridge 13 August 2018

Important facts for the week

- The USDA, in their monthly world S&D report, increased the US production estimate by 9 Mmt to a total of 370.5 Mmt., due to a significantly higher yield estimate.
- The USDA, in its monthly world S&D report, lowered the EU production estimate by 7.5 Mmt to a total of 137.5 Mmt, in line with market expectations.
- The drought in Eastern Australia remains in the news, with talk that they are having the worst drought in decades. This could see further cuts in the Australian wheat production forecast. The market was surprised that the USDA that left their Australian production estimate unchanged at 22Mmt while other forecasters are closer to 18-20Mmt.
- The USDA, in their monthly world S&D report, increased the US production estimate by 7.5 Mmt to a total of 125Mmt., also due to a materially higher yield estimate.

		ZAR/mt 13 Aug'18	Week move			13 Aug'18	6 Aug'18	
SAFEX	Sep'18 WM	2 297	74	ZAR/US\$		14.23	13.42	
SAFEX	Dec'18 WM	2 396	87	ZAR/EUR		16.24	15.51	
SAFEX	Sep'18 YM	2 363	85	ZAR/GBP		18.17	17.37	
SAFEX	Dec'18 YM	2 462	93					
SAFEX	Sep'18 Soyb	4 498	106	Important dates				
SAFEX	Dec'18 Soyb	4 634	79					
SAFEX	Sep'18 Suns	4 920	0					
SAFEX	Dec'18 Suns	5 055	35					
SAFEX	Sep'18 WH	4 304	71					
SAFEX	Dec'18 WH	4 392	122					
Export				Import				
US\$/t		FOB origin	Week move	ZAR/t		Protein basis	FCA Durban	Week move
SA	Sep'18 YM	192	-5	US (HRW)	Wheat(spot)	11.0%	4 579	218
SA	Sep'18 WM	194	-6	Black Sea	Wheat(spot)	11.0%	4 262	212
US	Sep'18 YM	167	-8	German	Wheat(spot)	11.0%	4 579	272
Arg	Spot YM	168	-7	South American	Wheat(spot)	11.0%	n/a	
Brazil	Spot YM	n/a		Australia APW (WA)	Wheat(spot)	10.4%	n/a	
Black Sea	Spot YM (non GM)	198		US (DNS)	Wheat(spot)	13.8%	4 967	280
SA	Sep'18 soybeans	369	-15	(Wheat quality based on 12% moisture & R281.70/t imp. tariff included)				
US	Sep'18 soybeans	330	-18					
Brazil	Spot soybeans	n/a						
Argentina	Spot soybeans	n/a						

News for the week

Corn/Maize

US corn prices traded lower this past week. The main pressure factor was the USDA's significantly higher US production estimate released at end of the week.

The USDA, in their monthly world S&D report, increased the US production estimate by 9 Mmt to a total of 370.5 Mmt. Consumption, exports and ending stocks were all adjusted higher by 3 Mmt. The Brazilian production estimate is lowered by 1.5 Mmt to a total of 94.5 Mmt and the EU is lowered by 2 Mmt to a total of 60 Mmt. The Ukrainian production estimate is increased by 1 Mmt to a total of 31 Mmt. World ending stocks are also increased by 3.5 Mmt to a total of 155.5 Mmt.

The market was expecting the USDA to forecast a 176 bpa US yield but their projection came in at 178.4 bpa, which is 4.4 bpa higher from last month's trend based projection.

China increased its maize production estimate by 2 Mmt to a total of 211.5 Mmt, which is still well below the USDA estimate of 225 Mmt.

USDA reported US corn crop conditions at 71% good/excellent, which is 1% lower on last week and well above last year's 60%.

South African (SA) maize prices traded higher this past week. Lower international prices were not able to counteract significant ZAR weakness completely.

Wheat

International wheat prices traded sideways to higher this past week. Production concerns for the EU, Australia and to a lesser extent the Black Sea remains price supportive.

The USDA, in its monthly world S&D report, increased the US export estimate by 1.5 Mmt. The EU production estimate is lowered by 7.5 Mmt to a total of 137.5 Mmt, which is in line with market expectations. The Pakistan production estimate is increased by 1 Mmt and Russia lowered by the same margin. World ending stocks are lowered by 2 Mmt to a total of 259 Mmt. Most of the lower production estimates was counteracted by a lower feed wheat consumption estimate.

The drought in Eastern Australia remains in the news. There is talk that they are having the worst drought in decades. This could see further cuts in the Australian wheat production forecast. The market was surprised that the USDA that left their Australian production estimate unchanged at 22Mmt while other forecasters are closer to 18-20Mmt.

The Ukraine Agriculture ministry signed a memorandum to allow 16Mmt of wheat exports which includes 8Mmt of milling wheat. This is more or less in line with the soft caps set last year. There is talk that the Ukraine might limit its milling

grade wheat export program significantly, however this is not completely true.

USDA reported US spring wheat crop conditions at 74% good/excellent versus last week's 78% and last year's 32%.

South African (SA) wheat prices traded higher this week mainly supported by significant ZAR weakness.

Soybeans

US soybean prices traded significantly lower this past week. The main price pressure factor was the marginal increase in the USDA US production estimate.

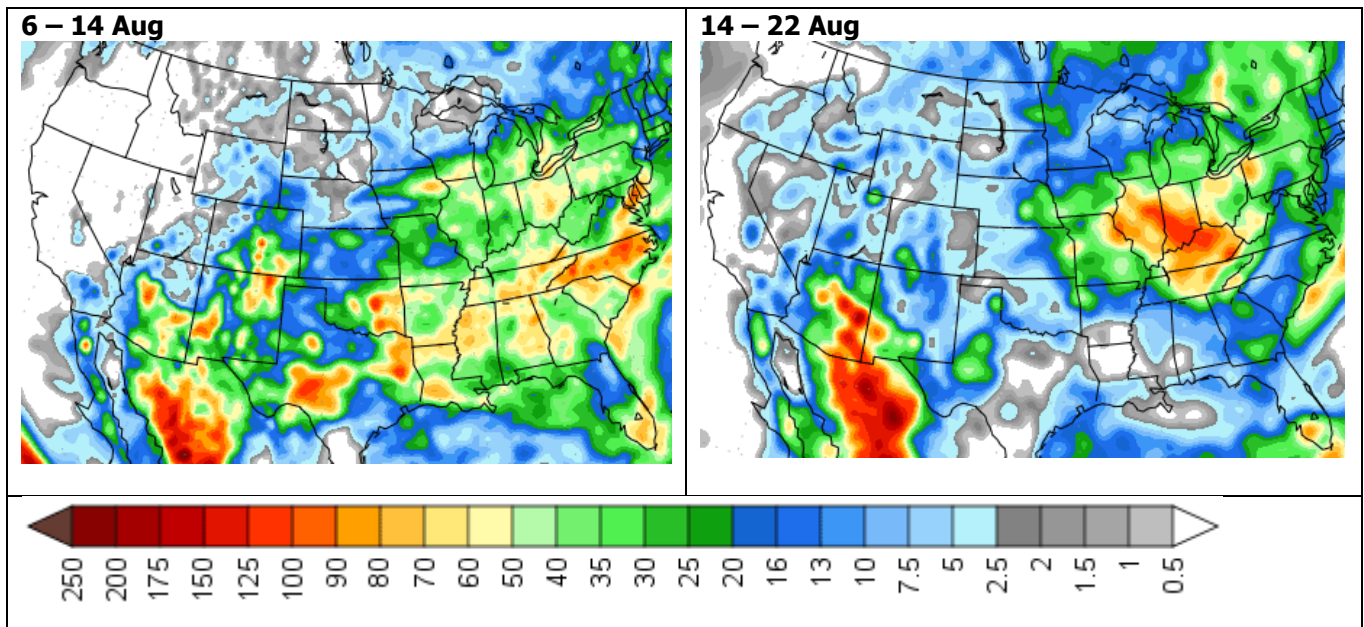
The USDA, in their monthly world S&D report, increased the US production estimate by 7.5 Mmt to a total of 125Mmt. Ending stocks are increased by 5.5 Mmt as exports will probably not increase much due to the US/China trade war. The Chinese consumption estimate is down by 1.5 Mmt, probably also the result of the trade war. World ending stocks are increased by 7.5 Mmt to a total of 106 Mmt.

The market was expecting the USDA to forecast a 49.6 bpa US yield but their projection came in at 51.6 bpa, which is well above last month's trend based projection.

USDA reported US soybean crop conditions at 67% good/excellent, which 3% lower than last week and well above last year's 60%.

South African (SA) soybean prices traded higher this past week. Lower US prices only counteracted significant ZAR weakness to an extent.

US rainfall outlook for the next two weeks (Source: Wxmaps)



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