

# The Weekly Weighbridge

## 26 September 2018

### Important facts for the week

- Private analytics firm Informa Economics projected that US corn plantings would rise by 4.4% in 2019 to a total 37.654 million hectares (93.044 million acres). Informa forecast a U.S. 2019 corn crop of 387.522 MMT based on a yield of 11.97 tonnes per hectare (178.0 bpa).
- According to analysts, Russian wheat export prices rose further at the end of last week on a stronger rouble, which is trading at more than six-week highs against the dollar as well as tougher control of quality. Russia's food safety watchdog beefed up quality controls on grain exports after complaints from major buyers about falling crop standards in mid-September.
- According to the USDA WASDE the largest percentage of world ending stocks is currently located in China (136.12 MMT) and the US (25.45 MMT) which represent 52.1% and 9.7% of world ending stocks respectively.
- The US has unseated Brazil as the main supplier of soybeans to the European Union this week, having supplied 52.4% of the 2.9 MMT of soybeans imported into the bloc so far in 2018/19, as shown by official data published by the European Commission this past week.

		ZAR/mt	Week			26 September 2018	19 September 2018					
SAFEX	Dec'18 White Maize	R	2,401	R	14	R	14.33	R	14.67			
SAFEX	Mar19 White Maize	R	2,451	R	16	\$	1.1766	\$	1.1672			
SAFEX	Dec'18 Yellow Maize	R	2,434	R	7	R	16.87	R	17.09			
SAFEX	Mar19 Yellow Maize	R	2,477	R	10	R	18.88	R	19.29			
SAFEX	Dec'18 Soybeans	R	4,631	R	44							
SAFEX	Mar19 Soybeans	R	4,754	R	44							
SAFEX	Dec'18 Sunflower	R	5,150	-R	54	<b>Important dates</b>						
SAFEX	Mar19 Sunflower	R	5,103	-R	61	26/09/2018	CEC Crop Estimates					
SAFEX	Dec'18 Wheat	R	4,453	-R	53	26/09/2018	Weekly producer deliveries					
SAFEX	Mar'18 Wheat	R	4,580	-R	47	27/09/2018	RSA weekly imports and exports					
						28/09/2018	USA weekly exports					
Export				Import								
		USD/mt	Week	Origin Country		Protein level	ZAR/mt	Week				
		FOB Origin	Move			FCA Durban	Move					
SA	Dec'18 Yellow Maize	\$	196	\$	5	US (HRW)	Spot Wheat	10.1%	R	5,098	-R	122
SA	Dec'18 White Maize	\$	194	\$	6	US (SRW)	Spot Wheat		R	4,693	-R	99
US	Spot Yellow Maize	\$	162	\$	7	Germany	Spot Wheat	11.0%	R	4,586	-R	115
Argentina	Spot Yellow Maize	\$	165	\$	10	France	Spot Wheat	10.1%	R	4,319	-R	61
Brazil	Spot Yellow Maize	\$	176	\$	5	Russia	Spot Wheat	11.0%	R	4,751	-R	31
Black Sea	Spot Yellow Maize (non GM)	\$	172	\$	-	Australian APW	Spot Wheat	9.2%	R	5,729	R	221
						Argentina	Spot Wheat	10.6%	R	5,368	-R	149
SA	Dec'18 Soybeans	\$	366	\$	12	(Wheat quality based on 12 % moisture & import tariff included)						
US	Spot Soybeans	\$	314	\$	6	Wheat	Published Tariff		R	640.60		
Brazil	Spot Soybeans	\$	401	\$	0							
Argentina	Spot Soybeans	\$	344	\$	-28							

## News for the week

### Corn/Maize

US corn prices traded higher this past week. With the main bullish factor being the US reporting strong export figures with the high demand for US corn.

USDA reported US corn crop conditions at 69% good/excellent, which is 1% up from last week but still above last year's 61%.

An active weather pattern has recently brought heavier rain amounts to the Upper Midwest and Northern Plains, slowing field activity.

Private analytics firm Informa Economics projected that US corn plantings would rise by 4.4% in 2019 to a total 37.654 million hectares (93.044 million acres). Informa forecast a U.S. 2019 corn crop of 387.522 MMT based on a yield of 11.97 tonnes per hectare (178.0 bpa).

Brazil's largest poultry processor BRF SA has seen rising competition for corn supplies in the country's centre-west region coming from plants producing corn-based ethanol. Corn-based ethanol is a relatively new trend in Brazil, but has been developing quickly in centre-west states such as Mato Grosso due to the ample supplies of the cereal.

It was reported that so far in the 2018/19 season, which runs from July to June, Ukraine has exported 1.4 MMT of maize.

South African (SA) maize prices traded higher this past week. Higher US prices has supported prices and ZAR strength has pressured prices. The total exports for white maize for 2018/2019 for South Africa is currently reported at 147,779 tons and for yellow maize is currently reported at 1,092,162 tons.

### Wheat

International wheat prices traded lower this past week, with only Australian wheat trading higher as most analyst still expect the Australian crop to decrease below estimates.

According to analysts, Russian wheat export prices rose further at the end of last week on a stronger rouble, which is trading at more than six-week highs against the dollar as well as tougher control of quality. Russia's food safety watchdog beefed up quality controls on grain exports after complaints from major buyers about falling crop standards in mid-September.

It was reported that Australian suppliers have signed one of the country's first new-crop wheat export deals with a sale of 50,000 tonnes to Thailand. Australian Premium White (APW) wheat was sold to flour millers in Thailand at around \$280 a tonne, including cost and freight for arrival in December-January.

It was reported that so far in the 2018/19 season, which runs from July to June, Ukraine has exported 5.2 MMT of wheat.

According to the USDA WASDE the largest percentage of world ending stocks is currently located in China (136.12 MMT) and the US (25.45 MMT) which represent 52.1% and 9.7% of world ending stocks respectively.

South African (SA) wheat prices traded lower this past week. Lower US prices and ZAR strength has pressured prices. The current imports of wheat for 2017/2018 to South Africa is at 2,102,253 tons.

### Soybeans

US soybean prices traded higher this past week. With the US-China trade negotiations putting pressure on markets as well as the South Americas planting earlier than expected being the main bearish factors. However, the US Dollar Index is weaker this past week and this is supporting prices in the commodity markets.

USDA reported US soybean crop conditions at 68% good/excellent, which is 1% up from last week but still above last year's 60%.

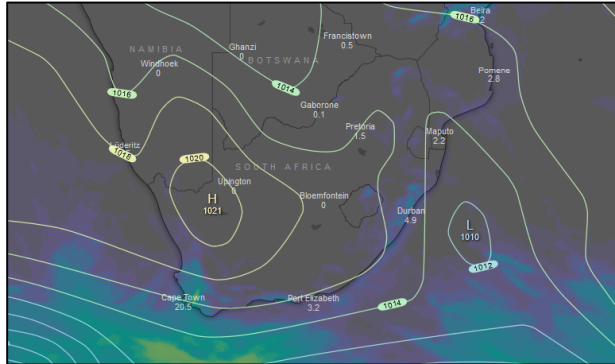
The US has unseated Brazil as the main supplier of soybeans to the European Union this week, having supplied 52.4% of the 2.9 MMT of soybeans imported into the bloc so far in 2018/19, as shown by official data published by the European Commission this past week. The EU had imported 1.54 MMT of US soybeans since the start of the season on 1 July 2018 up to 23 September 2018, while the second-largest supplier Brazil shipped 1.17 million, giving it a market share of 39.7%.

There are talks in the marketplace that at least two cargoes of US soybeans are heading for China as some buyers are willing to risk taking up historically cheap US soybeans even amid worries that Beijing may take further steps to deter imports amid mounting trade tensions with Washington. Grain traffic from the United States to China has nearly ground to a halt since Beijing hit \$50 billion in US imports, including soybeans, with hefty tariffs, in retaliation for a similar move by Washington.

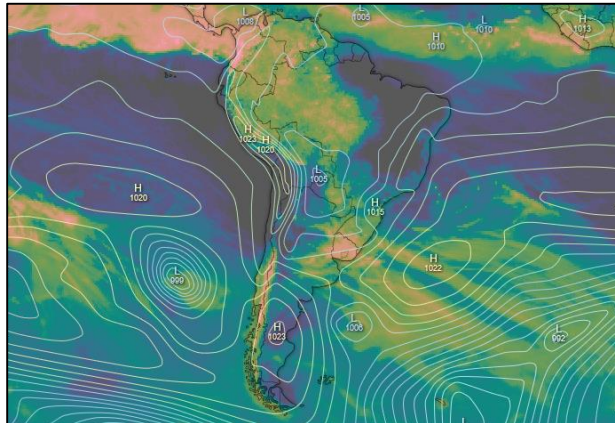
South African (SA) soybean prices traded slightly higher to this past week. Higher US prices has supported prices and ZAR strength has pressured prices.

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

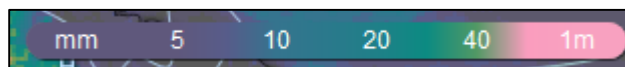
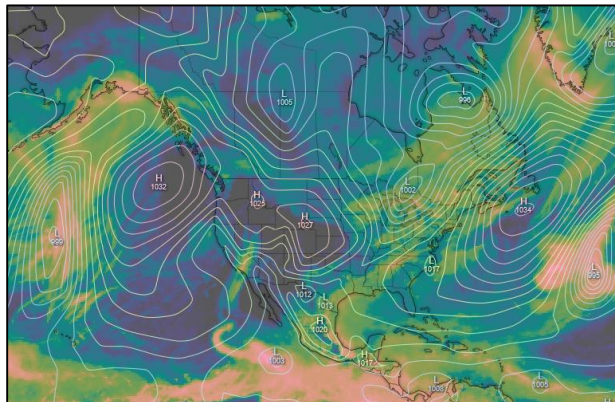
**South Africa**



**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.