

News for the week

Corn/Maize

International corn prices traded lower this past week due to another week of disappointing US exports and firmer dollar although bearish price movement was capped by a lower-than-expected US production estimate.

The USDA decreased its corn production estimate as cold and wet conditions late in the growing season decreased yields in key production areas such as South Dakota, Nebraska and Minnesota. The USDA lowered US corn yields to 167.0 bushels per acre (bpa) from 168.4 (bpa) estimated in their October estimate, but kept harvested acres at 81.82 million. US corn stocks were decreased to a still-abundant 0.048 billion tons, while exports were lowered by 1.270 MMT.

According to FranceAgriMer, French farmers have harvested 65% of this year's maize crop this past week, which is higher than the 46% estimated a week earlier. The harvest progress remained well below last year's, when 96% of the crop had been harvested by that time.

A great deal rainfall and an October snowstorm have delayed the harvest in the US grain belt's northern parts, which is another setback for farmers already struggling with the effects of planting delays and a trade war that has pressured commodity prices. The corn harvests are especially delayed in North Dakota and Minnesota. These states are suffering the most from the US-China trade war due to their dependence on exporting to Asia through West Coast ports.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for December 2019 and March 2020 due to good rainfall experienced in South Africa this past week.

Wheat

International wheat prices traded sideways in the past week with some technical selling after USDA's latest supply and demand data failed to show any big changes for the currently massive domestic and global stock.

The USDA has lowered harvested wheat acres by 900 000 acres, meaning that total US wheat production decreased by 1.143 MMT (all in spring wheat). The USDA lowered their estimate of Argentina's wheat harvest by 500 000 MT to a total of 20 MMT, while Australia's decreased by 2 MMT down to a total of 18 MMT.

According to the Buenos Aires Grains Exchange, Argentina's 2019/20 wheat harvest is lowered to 18.8 MMT from the previous estimate of 19.8 MMT due to bad weather.

INTL FCStone has stated that according to a poll of its clients, the estimated Australian wheat production during the 2019/20 season could be nearly 20% lower than official estimates. The poll has pegged Australian wheat production at 15.54 MMT, which is 19.1% lower than Australia's official estimate of 19.2 MMT.

Brazil has put into effect a tariff-free import quota for 750 000 MT of wheat per year that is open to any country and has no end-date. The zero-tariff wheat quota was announced in March when President Jair Bolsonaro visited the White House, much to the concern of traditional suppliers in Argentina, Brazil's partner in the South American common market Mercosur.

South African (SA) wheat prices traded lower this past week with December 2019 and March 2020 trading lower due to technical selling with cheaper imports currently flowing into the local market also pressuring prices.

Soybeans

US soybeans traded sideways in the past week with the USDA WASDE not influencing Chicago prices much, however the uncertainty surrounding the US-China trade talks are still applying pressure to Chicago traded futures.

The USDA has left its soybean production estimate unchanged after what has been a complicated growing season for farmers struggling with dwindling income due to a trade war with China in addition to poor weather. The USDA kept US soybean yields unchanged at 46.9 bushels per acre (bpa) and kept harvested acres at 75.63 million.

According to USDA, China purchased 481 000 MT of US soybeans for the week that ended on 24 October and shipped more than half a million MT, the most since August 2019. Buying of US agricultural products are seen as key to securing a deal to end a bilateral trade war between the US and China that has lasted more than a year.

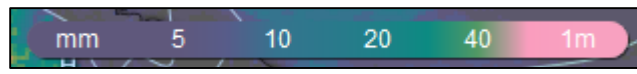
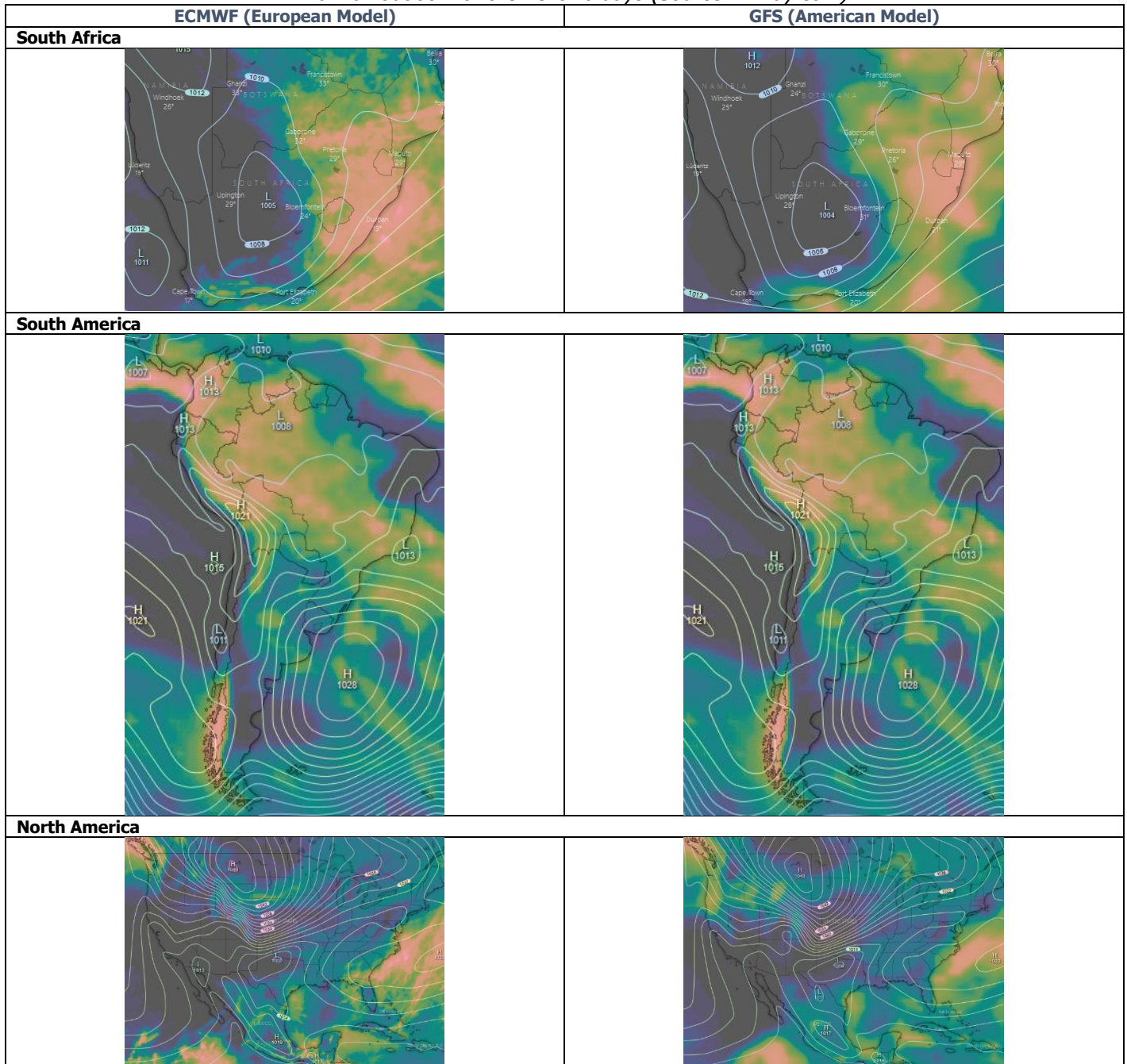
Private exporters reported the sale of 132 000 MT of US soybeans to China, which is the latest in a string of purchases the China has booked as the world's two largest economies negotiate to end a bilateral trade war that has lasted more than a year. The deal, which calls for delivery by 31 Augustus, brings China's total US soybean purchase commitments to 6.322 MMT for the marketing year.

Agribusiness consultancy AgRural has stated that Brazilian soybean farmers have planted 46% of the estimated area in the 2019/2020 crop, which they started planting around September. Despite the slower pace of soybean planting compared with 2018, soybean planting is above a five-year average of 43% of the area for this time of the year.

The US exported 3.89 MMT of soybeans in September, according to data published by the US Census Bureau. That is 17% more than in the previous year and the second-largest ever for the month, behind 4.5 MMT in 2017.

South African (SA) soybean prices traded higher for December 2019 and March 2020 due to the weaker ZAR and sideways trading international markets.

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



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