

The Weekly Weighbridge

16 January 2019

Important facts for the week

- According to the agricultural ministry of China, the country will produce 257.33 MMT of corn in the 2018/19 crop year, this is 20% higher from last month's forecast of 215.04 MMT. The higher outlook was based on China's most recent agriculture census, the ministry said in its monthly China Agricultural Supply and Demand Estimates report.
- According to France's farming agency its forecast for wheat exports outside the EU this season have been cut, warning that competition would continue to be tough in key North and West African markets. Traders and analysts have seen opportunity for France, the European Union's largest wheat producer, to accelerate its overseas sales in the second half of the July-June marketing season as supply tightens in top exporter Russia.
- According to consultancy AgRural Brazil's 2018/19 soybean crop forecast was cut to 116.9 MMT from 121.4 MMT late in November, blaming extreme heat and a dry spell in southern areas for the smaller projection. Last week, broker and analyst INTL FCStone had announced a similar reduction on its estimates for Brazil soy production.
- Brazilian agricultural consultancy Agroconsult also cut its forecast for Brazil's 2018/2019 soybean crop by 5.2 MMT, due to dry weather conditions that has lowered soybean yields. Brazilian soybean farmers are now expected to produce 117.6 MMT of the oilseeds this season, down from 122.8 MMT in a prior forecast.
- Agricultural consultancy Safras & Mercado also cut its forecast for Brazil's 2018/19 soybean crop by 6.5 MMT to 115.72 MMT due a prolonged dry spell in southern parts of the country. In November, Safras had projected the crop could reach a record high 122.22 MMT, based on positive planting and a larger cultivated area.

		ZAR/mt			Week									
		16 January 2019	09 January 2019		Move	16 January 2019		09 January 2019						
SAFEX	Mar'19 White Maize	R	3,119	R	2,975	R	144	ZAR/USD	R	13.75	R	13.84		
SAFEX	Jul'19 White Maize	R	3,202	R	3,066	R	136	EUR/USD	\$	1.1405	\$	1.1541		
SAFEX	Mar'19 Yellow Maize	R	2,819	R	2,788	R	31	ZAR/EUR	R	15.69	R	15.99		
SAFEX	Jul'19 Yellow Maize	R	2,801	R	2,778	R	23	ZAR/GBP	R	17.68	R	17.70		
SAFEX	Mar'19 Soybeans	R	4,850	R	4,849	R	1							
SAFEX	Jul'19 Soybeans	R	5,036	R	5,017	R	19							
SAFEX	Mar'19 Sunflower	R	5,727	R	5,530	R	197	Important dates						
SAFEX	Jul'19 Sunflower	R	5,285	R	4,932	R	353	16/01/2018	Weekly producer deliveries					
SAFEX	Mar'18 Wheat	R	4,479	R	4,496	-R	17	17/01/2018	Weekly Imports and exports					
SAFEX	Jul'19 Wheat	R	4,568	R	4,599	-R	31							
Export Parity						Import Parity								
		USD/mt			Week	Protein		ZAR/mt		Week				
		FOB Origin	09 January 2019		Move	level				Move				
Soybeans						Wheat		FCA Durban						
SA	Mar'19 Soybeans	\$	404	\$	401	\$	3	US (HRW)	Spot Wheat	10.1%	R	4,672	R	116
US	Mar'19 Soybeans	\$	340	\$	350	\$	-10	US (SRW)	Spot Wheat		R	4,472	R	123
Brazil	Mar'19 Soybeans	\$	340	\$	355	\$	-15	Germany	Spot Wheat	11.0%	R	4,755	R	124
Argentina	Mar'19 Soybeans	\$	336	\$	347	\$	-11	France	Spot Wheat	10.1%	R	4,404	R	87
								Russia	Spot Wheat	11.0%	R	4,678	R	202
Maize						Australian APW		Argentina						
SA	Mar'19 Yellow Maize	\$	238	\$	235	\$	3	Argentina	Spot Wheat	10.6%	R	4,464	-R	37
SA	Mar'19 White Maize	\$	267	\$	254	\$	13	Yellow Maize		FCA Klipheuwel				
US	Mar'19 Yellow Maize	\$	169	\$	173	\$	-4	US	Mar'19 Yellow Maize	\$	3,175	\$	-64	
Argentina	Mar'19 Yellow Maize	\$	169	\$	173	\$	-4	Argentina	Mar'19 Yellow Maize	\$	3,109	\$	-62	
Brazil	Mar'19 Yellow Maize	\$	162	\$	162	\$	-	Brazil	Mar'19 Yellow Maize	\$	3,003	\$	-5	
Black Sea	Spot Yellow Maize (non GM)	\$	179	\$	175	\$	4	White Maize		FCA Randfontein				
								US	Mar'19 White Maize	\$	3,731	\$	-53	
								Mexico	Mar'19 White Maize	N/A		N/A		
(Wheat quality based on 12 % moisture & import tariff included)														
								Wheat	Published Tariff		R	490.70		

News for the week

Corn/Maize

US corn prices traded mostly sideways this past week with the US government shutdown and US-China trade war increasing uncertainty in the US Corn Market.

According to US representatives China has vowed to buy a considerable amount of US agriculture, energy and other manufactured products, just one day after Beijing approved five genetically modified crops (GM) for import. Several market participants see China's new GM approvals, which include both corn and soybeans, as one more step toward finally ramping up purchases of US grains and oilseeds. But others have doubts as to whether this is truly the plan and if it will make any difference for the US export program.

According to the agricultural ministry of China, the country will produce 257.33 MMT of corn in the 2018/19 crop year, this is 20% higher from last month's forecast of 215.04 MMT. The higher outlook was based on China's most recent agriculture census, the ministry said in its monthly China Agricultural Supply and Demand Estimates report.

South Africa has exported 80.9% of the estimated white maize exports and 86.2% of the estimated yellow maize for the 2018/2019 season. Producer deliveries is currently reported at 90.9% for white maize and 88.1% for yellow maize for the 2018/2019 season.

South African (SA) maize prices traded higher for March 2019 and July 2019 this past week with white maize and yellow maize trading higher due to dry weather conditions and late maize planting increasing uncertainty for the production estimates for the coming harvest.

Wheat

International wheat prices traded mostly higher this past week due to increasing weather risk keeping prices for declining.

According to France's farming agency its forecast for wheat exports outside the EU this season have been cut, warning that competition would continue to be tough in key North and West African markets. Traders and analysts have seen opportunity for France to accelerate its overseas sales in the second half of the July-June marketing season as supply tightens in top exporter Russia.

Analyst APK-Inform increased its forecasts for grain exports from Ukraine in the 2018/19 July-June season by 2.1% to 46.07 MMT due to a higher corn shipments. The consultancy said in a statement Ukraine was likely to exports 25.75 MMT of corn, 15.5 MMT of wheat and 4.1 MMT of barley this season.

South African (SA) wheat prices traded lower this past week for March 2019 and July 2019 with strengthening in ZAR resulting in lower prices.

Soybeans

US soybean prices traded lower this past week. With a 6 MMT loss in Brazil production already being priced in the US soybean market. If the planted area for US Soybeans is down 3 million acres and yields are in line with trendline yield of 3.42 tonnes per hectare (50.9 bpa), the ending stocks in the US for the 2019/2020 season will grow to 1.1 billion bushels causing downward movement in US soybean prices for the coming months.

According to consultancy AgRural Brazil's 2018/19 soybean crop forecast was cut to 116.9 MMT from 121.4 MMT late in November, blaming extreme heat and a dry spell in southern areas for the smaller projection. Last week, broker and analyst INTL FCStone had announced a similar reduction on its estimates for Brazil soy production.

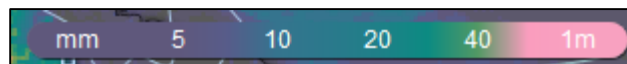
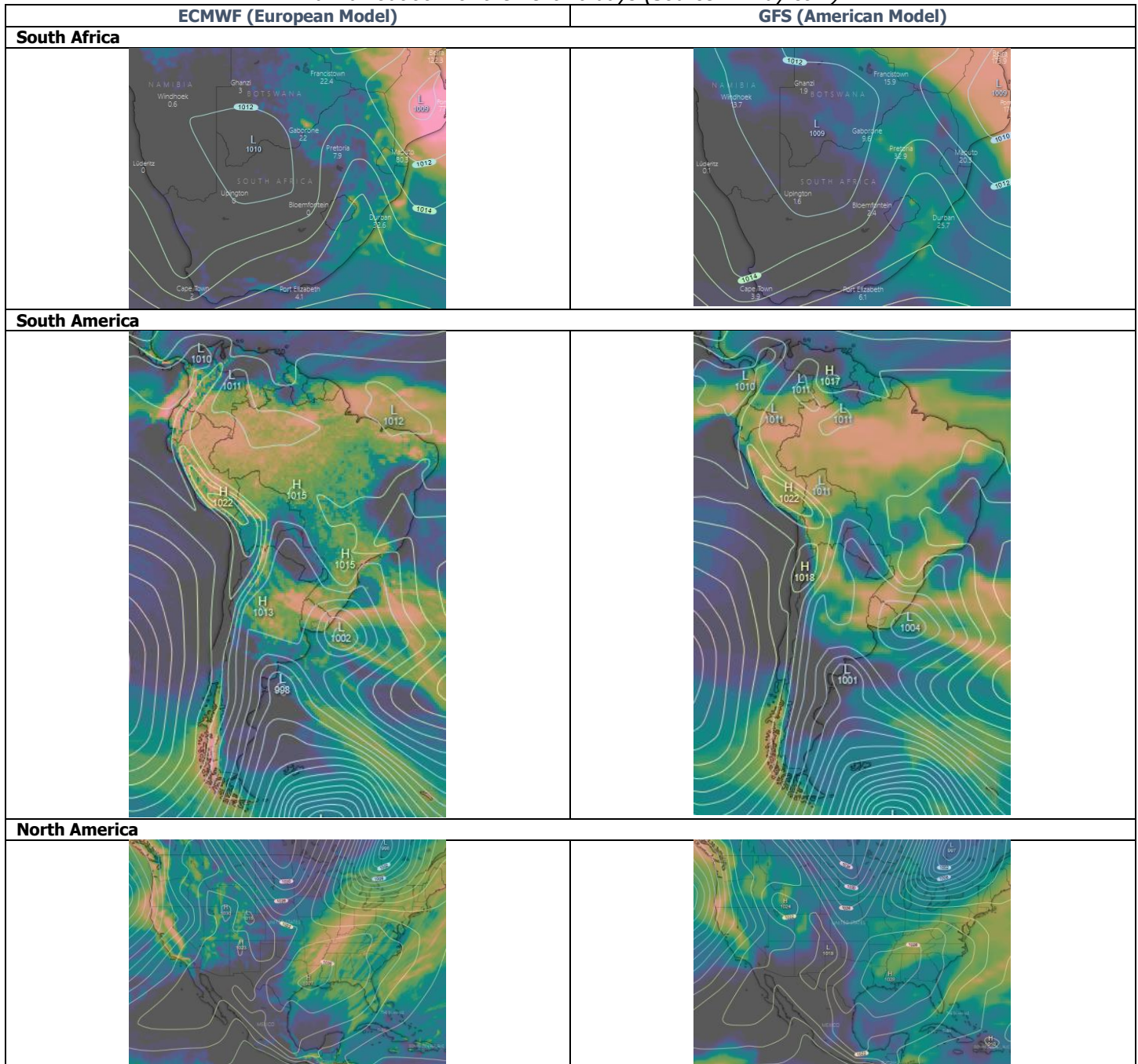
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According to customs data, China's December soybean imports plunged 40.1% from a year earlier, as China cut purchases from the United States, its second-largest supplier, because of the trade war between the two countries. Imports last month dropped to 5.72 MMT, the lowest for the month since December 2011.

South African (SA) soybean prices traded sideways this past week for March 2019 and July 2019 with ZAR strength combatting the effect of the uncertain weather conditions in South Africa.

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



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