

The Weekly Weighbridge

21 February 2019

Important facts for the week

- The private analytics firm IEG Vantage estimates the 2019 US corn plantings at 37.06 million hectares, which is higher than its previous estimate of 37.03 million hectares. The firm estimates the 2019 corn production at 0.378 billion tons based on a yield of 11.9 tons per hectare.
- According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the country's wheat production decreased to an 11-year low during the 2018/19 season after an east coast drought wilted crops in the world's fourth largest exporter. Production totalled 17.3 MMT, which is lower than the 21.24 MMT produced the prior year.
- Preliminary data from the General Administration of Customs showed that China's soybean imports decreased by 13% in January from the same month the previous year as a substantial duty imposed on shipments from the US restricted purchases. China purchased 7.38 MMT of soybeans in January, which is lower than 8.48 MMT purchased the previous year, January's imports were up 29% from 5.72 MMT in December.

ZAR/mt					Week											
21 February 2019					14 February 2019	Move	21 February 2019					14 February 2019				
SAFEX	Mar'19 White Maize	R	2,764	R	2,743	R	21	ZAR/USD			R	13.99	R	14.13		
SAFEX	Jul'19 White Maize	R	2,897	R	2,856	R	41	EUR/USD			\$	1.1342	\$	1.1299		
SAFEX	Mar'19 Yellow Maize	R	2,602	R	2,641	-R	39	ZAR/EUR			R	15.88	R	15.95		
SAFEX	Jul'19 Yellow Maize	R	2,691	R	2,677	R	14	ZAR/GBP			R	18.24	R	18.09		
SAFEX	Mar'19 Soybeans	R	4,823	R	4,874	-R	51	Important dates								
SAFEX	Jul'19 Soybeans	R	4,985	R	5,030	-R	45									
SAFEX	Mar'19 Sunflower	R	5,170	R	5,250	-R	80		20/02/2019 Weekly producer deliveries							
SAFEX	Jul'19 Sunflower	R	5,223	R	5,255	-R	32		21/02/2019 Weekly imports and exports							
SAFEX	Mar'18 Wheat	R	4,472	R	4,577	-R	105		22/02/2019 Weekly USA export intentions							
SAFEX	Jul'19 Wheat	R	4,636	R	4,715	-R	79									
Export Parity								Import Parity								
USD/mt								Protein							ZAR/mt	Week
FOB Origin								14 February 2019	Move	Origin Country	level					Move
Soybeans										Wheat			FCA Durban			
SA	Mar'19 Soybeans	\$	395	\$	395	\$	0	US (HRW)	Spot Wheat	10.1%	R	4,608	-R		176	
US	Mar'19 Soybeans	\$	351	\$	351	\$	0	US (SRW)	Spot Wheat		R	4,436	-R		173	
Brazil	Mar'19 Soybeans	\$	361	\$	356	\$	5	Germany	Spot Wheat	11.0%	R	4,723	-R		170	
Argentina	Mar'19 Soybeans	\$	342	\$	340	\$	2	France	Spot Wheat	10.1%	R	4,240	-R		131	
								Russia	Spot Wheat	11.0%	R	4,815	-R		125	
								Australian APW	Spot Wheat	9.2%	R	4,569	-R		362	
SA	Mar'19 Yellow Maize	\$	226	\$	225	\$	1	Argentina	Spot Wheat	10.6%	R	4,668	-R		81	
SA	Mar'19 White Maize	\$	239	\$	234	\$	5									
								Yellow Maize			FCA Klipheuwel					
US	Mar'19 Yellow Maize	\$	175	\$	176	\$	-1	US	Mar'19 Yellow Maize		R	3,346	-R		10	
Argentina	Mar'19 Yellow Maize	\$	166	\$	169	\$	-3	Argentina	Mar'19 Yellow Maize		R	3,113	-R		80	
Brazil	Mar'19 Yellow Maize	\$	176	\$	176	\$	-	Brazil	Mar'19 Yellow Maize		R	3,255	-R		16	
Black Sea	Spot Yellow Maize (non GM)	\$	176	\$	180	\$	-4									
								White Maize			FCA Randfontein					
								US	Mar'19 White Maize		R	3,780	-R		36	
								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 slightly lower this past week with the US-China trade talks still causing uncertainty in the US markets due to doubt that China will buy US grains this coming season.

The private analytics firm IEG Vantage estimates the 2019 US corn plantings at 37.06 million hectares, which is higher than its previous estimate of 37.03 million hectares. The firm estimates the 2019 corn production at 0.378 billion tons based on a yield of 11.9 tons per hectare.

Below-normal monsoon rainfall and an invasion of the fall armyworm, which devastated African crops in 2017, have reduced India's corn production and increased prices, increasing the probability that the Indian government will allow duty-free corn imports for the first time since 2016. The shift to imports in the world's seventh-largest corn producer, which typically exports to Asia, highlights the extent of the crop losses due to the drought and armyworm.

According to the Rosario Grains Exchange, Argentina's corn crop for the season is now estimated at 46.5 MMT, compared to the 44 MMT estimated before.

As stated by the Crop Estimates Committee, South Africa's 2018 maize production was 26% lower than the record crop in the previous year after dry conditions were experienced in the western part of the South African maize belt and delayed crop plantings in other parts of the country. The 2018 harvest totalled 12.510 MMT maize, which is lower than the 16.82 MMT harvested in 2017 after favourable weather conditions boosted yields.

South African (SA) maize prices traded mixed for March 2019 and July 2019 this past week with white maize trading higher and yellow maize trading lower with ZAR strength and lower international prices driving import parities lower.

Wheat

International wheat prices traded lower this past week due an abundance of cheaper supplies around the globe that has made US wheat less desirable to overseas buyers in recent months.

According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the country's wheat production decreased to an 11-year low during the 2018/19 season after an east coast drought wilted crops in the world's fourth largest exporter. Production totalled 17.3 MMT, which is lower than the 21.24 MMT produced the prior year.

Egypt's agriculture ministry announced it would allow the imports of Serbian wheat into the country. The world's largest wheat buyer had been researching the possibility of allowing Serbian wheat back into its market and the decision came as

the export of Egyptian potatoes and grapes to Serbia were also unlocked.

As stated by the secretary general of Iran's Federation of Food Industry Associations, Iran, Russia and Kazakhstan are making headway on organising finance for a long-planned wheat deal that could double or triple supplies to Iran.

South African (SA) wheat prices traded lower this past week for March 2019 and July 2019 with international prices trading lower and ZAR strength pushing import prices lower.

Soybeans

US soybean prices traded slightly higher this past week with the US-China trade talks still causing uncertainty in the US markets due to doubt that China will buy US grains this coming season.

Preliminary data from the General Administration of Customs showed that China's soybean imports decreased by 13% in January from the same month the previous year as a substantial duty imposed on shipments from the US restricted purchases. China purchased 7.38 MMT of soybeans in January, which is lower than 8.48 MMT purchased the previous year, January's imports were up 29% from 5.72 MMT in December.

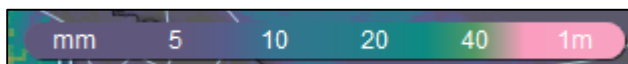
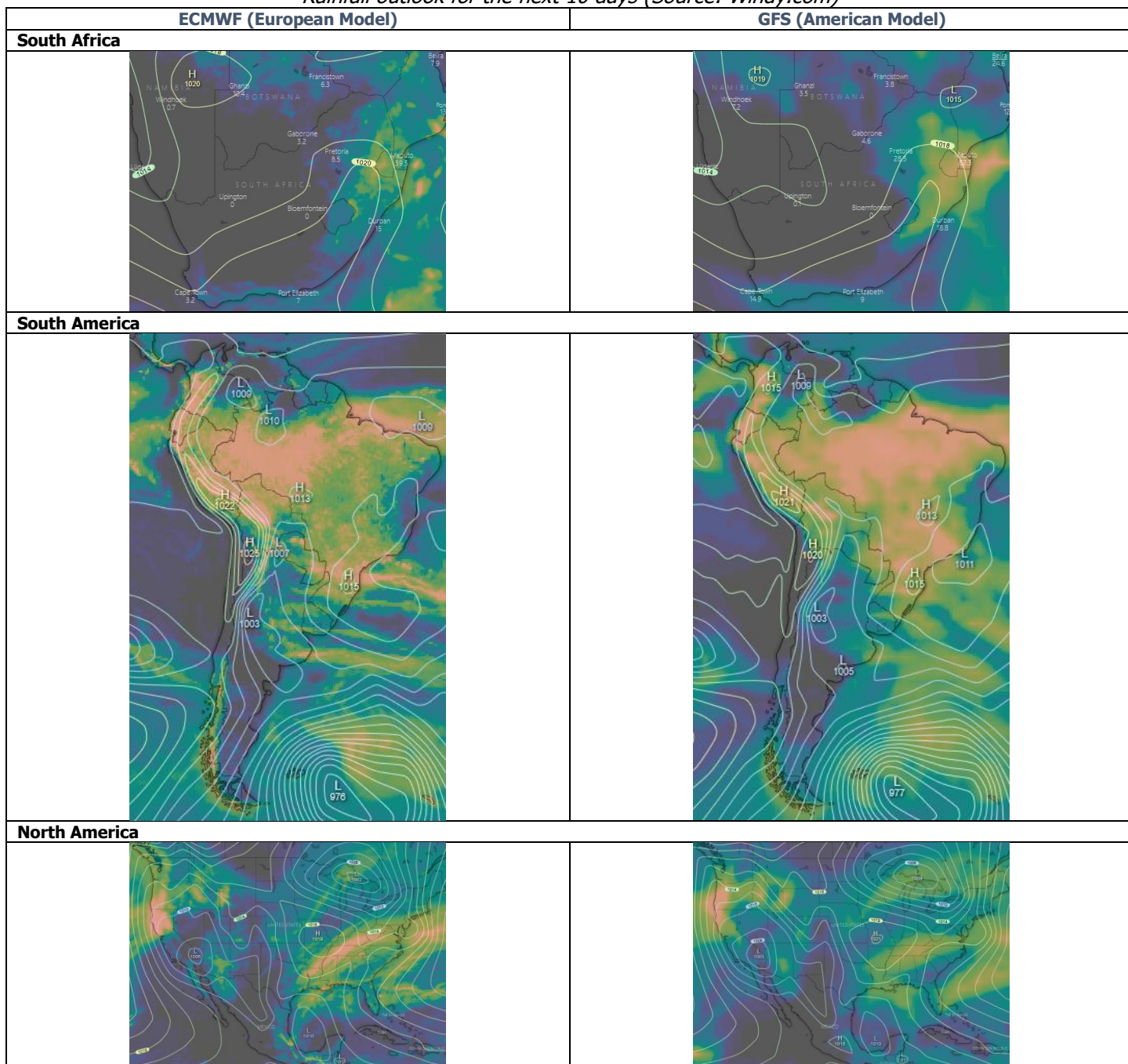
According to the Rosario Grains Exchange, Argentina's soybean crop is expected to reach 52 MMT during the 2018-19 season, which is higher than the 50 MMT previously estimated.

Brazilian agribusiness consultancy Safras & Mercado announced a small decrease in its estimate for the country's 2018/2019 soybean crop. Safras decreased its estimate to 115.402 MMT from a 115.718 MMT estimate in January, as the effects of a drought that has stressed fields, lessened.

Brazil's 2018/2019 soybean harvest has progressed to 36% of the planted area, 19% higher than this time last season as some farmers planted soybeans earlier and then speeded up harvesting due to dry and hot weather. According to consultancy AgRural, in spite of being ahead of last year and above a 19% five-year average, harvesting slowed slightly over the past few days due to the return of the rains.

South African (SA) soybean prices traded lower this past week for March 2019 and July 2019 due to lower international prices and ZAR strength.

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



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