

# The Weekly Weighbridge

## 27 February 2019

### Important facts for the week

- The International Grains Council (IGC) increased its world corn crop estimate by 33 MMT to 1.109 billion tonnes, with China's production estimated at 257 MMT, which is higher than the previous estimate of 220 MMT. The IGC also increased its estimate for world corn production in the 2018/2019 season, mainly due to a large increase during revisions for China's crop.
- According to a private US-based weather forecaster, dry conditions are expected for the next six months in parts of Australia's east coast that is expected to limit wheat crop yields for a third straight year in the world's fourth largest exporter of the grain. Australia has been dealing with consecutive years of drought that have devastated crops and left some farmers struggling to stay in business.
- According to the Chinese agriculture ministry, the country will still depend on foreign purchases for supplies of soybeans, even as it tries to improve domestic production. China plans to increase the quantity of land they use to produce soybeans and other oilseeds by around 330,000 hectares in 2019. The ministry did not give numbers for country's oilseed hectares in 2018, but the soybean area in the 2017/18 crop year that ended last September was 8.245 million hectares. The vast majority of China's oilseed crop is made up of soybeans.

ZAR/mt								Week											
27 February 2019								20 February 2019		Week		27 February 2019							
								Move											
SAFEX	Mar'19 White Maize	R	2,688	R	2,764	-R	76	ZAR/USD			R	13.84	R	14.02					
SAFEX	Jul'19 White Maize	R	2,837	R	2,897	-R	60	EUR/USD			\$	1.1374	\$	1.1335					
SAFEX	Mar'19 Yellow Maize	R	2,525	R	2,602	-R	77	ZAR/EUR			R	15.75	R	15.88					
SAFEX	Jul'19 Yellow Maize	R	2,601	R	2,691	-R	90	ZAR/GBP			R	18.33	R	18.28					
SAFEX	Mar'19 Soybeans	R	4,694	R	4,823	-R	129	Important dates											
SAFEX	Jul'19 Soybeans	R	4,892	R	4,985	-R	93												
SAFEX	Mar'19 Sunflower	R	5,241	R	5,170	R	71								27/02/2019	Weekly producer deliveries			
SAFEX	Jul'19 Sunflower	R	5,250	R	5,223	R	27								28/02/2019	Weekly imports and exports			
SAFEX	Mar'18 Wheat	R	4,336	R	4,472	-R	136	01/03/2019	Weekly USA export intentions										
SAFEX	Jul'19 Wheat	R	4,468	R	4,636	-R	168												
Export Parity								Import Parity											
USD/mt								Protein level											
FOB Origin								ZAR/mt											
								Week											
								Move											
Soybeans								Wheat											
SA	Mar'19 Soybeans	\$	392	\$	394	\$	-3	US (HRW)	Spot Wheat	10.1%	R	4,520	-R	95					
US	Mar'19 Soybeans	\$	356	\$	351	\$	4	US (SRW)	Spot Wheat		R	4,312	-R	130					
Brazil	Mar'19 Soybeans	\$	355	\$	361	\$	-6	Germany	Spot Wheat	11.0%	R	4,660	-R	68					
Argentina	Mar'19 Soybeans	\$	341	\$	342	\$	-1	France	Spot Wheat	10.1%	R	4,180	-R	64					
								Russia	Spot Wheat	11.0%	R	4,731	-R	92					
								Australian APW	Spot Wheat	9.2%	R	4,455	-R	185					
SA	Mar'19 Yellow Maize	\$	223	\$	226	\$	-2	Argentina	Spot Wheat	10.6%	R	4,501	-R	173					
SA	Mar'19 White Maize	\$	236	\$	238	\$	-2												
Maize								Yellow Maize											
US	Mar'19 Yellow Maize	\$	175	\$	175	\$	1	US	Mar'19 Yellow Maize		R	3,332	-R	6					
Argentina	Mar'19 Yellow Maize	\$	161	\$	166	\$	-5	Argentina	Mar'19 Yellow Maize		R	3,072	-R	33					
Brazil	Mar'19 Yellow Maize	\$	176	\$	176	\$	-	Brazil	Mar'19 Yellow Maize		R	3,223	-R	23					
Black Sea	Spot Yellow Maize (non GM)	\$	175	\$	176	\$	-2												

## News for the week

### Corn/Maize

International corn prices traded slightly lower this past week with the ending stocks decreasing by 5% compared to the prior year and if China buys corn this coming season this figure could decrease further.

The International Grains Council (IGC) increased its world corn crop estimate by 33 MMT to 1.109 billion tonnes, with China's production estimated at 257 MMT, which is higher than the previous estimate of 220 MMT. The IGC also increased its estimate for world corn production in the 2018/2019 season, mainly due to a large increase during revisions for China's crop.

According to the USDA, US corn and soybean stocks are expected to tighten towards the end of the 2019/20 marketing year. The corn crop was seen increasing by 3% to a total of 0.378 billion tonnes, based on an average yield of 11.84 tonnes per acre. Ending stocks for the 2019/20 crop year were estimated at 0.041 billion tonnes, which is 5% lower than the prior marketing year.

South African (SA) maize prices traded lower for March 2019 and July 2019 this past week with white maize trading 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 still due an abundance of cheaper supplies around the globe with US wheat not being competitive with European wheat and more specifically French wheat.

According to the Iraqi trade minister, the Middle Eastern grain buyer does not yet consider Russian wheat appropriate for imports because of the current quality problems. Iraq is usually dependent on the US as a source for grain, however Iraq is one of the few remaining Middle East markets not yet dominated by Russian and Black Sea wheat.

Brazilian commodities trader Gavilon do Brasil, a subsidiary of Japan's Marubeni Corp, has made a strategic decision not to pursue the process of wheat milling in Brazil. Gavilon is part of a growing group of non-traditional grains traders challenging industry heavyweights in Brazil by using "asset-light" models that abandon investing in capital-intensive assets like port facilities or processing plants.

According to a private US-based weather forecaster, dry conditions are expected for the next six months in parts of Australia's East Coast that is expected to limit wheat crop yields for a third straight year in the world's fourth largest exporter of the grain. Australia has been dealing with consecutive years of drought that have devastated crops and left some farmers struggling to stay in business.

Wheat imports by Indonesia, the world's second largest buyer of the grain, are likely to decrease in 2019 with lower demand for the commodity from animal feed makers. Indonesia has developed to the world's second-largest wheat importer in recent years as individuals shift away from rice, consuming more noodles and bakery products.

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 announcement that President Donald Trump delayed the tariff increases. Other international countries traded lower this past week with rainfall over parts of Southern America.

According to the Chinese agriculture ministry, the country will still depend on foreign purchases for supplies of soybeans, even as it tries to improve domestic production. China plans to increase the quantity of land they use to produce soybeans and other oilseeds by around 330,000 hectares in 2019. The ministry did not give numbers for country's oilseed hectares in 2018, but the soybean area in the 2017/18 crop year that ended last September was 8.245 million hectares. The largest majority of China's oilseed crop is made up of soybeans.

As stated by Agroconsult, Brazil is expected to export 70.2 MMT of soybean in 2019, this is a decrease of 73 MMT for its previous estimate as a trade war between China and the US will have a less positive impact for Brazil this year. China agreed to restart some purchases of US soybean as part of a 90-day treaty with the US as the two sides attempt to negotiate a deal to end the trade war before a 1 March 2019 deadline.

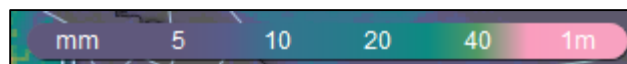
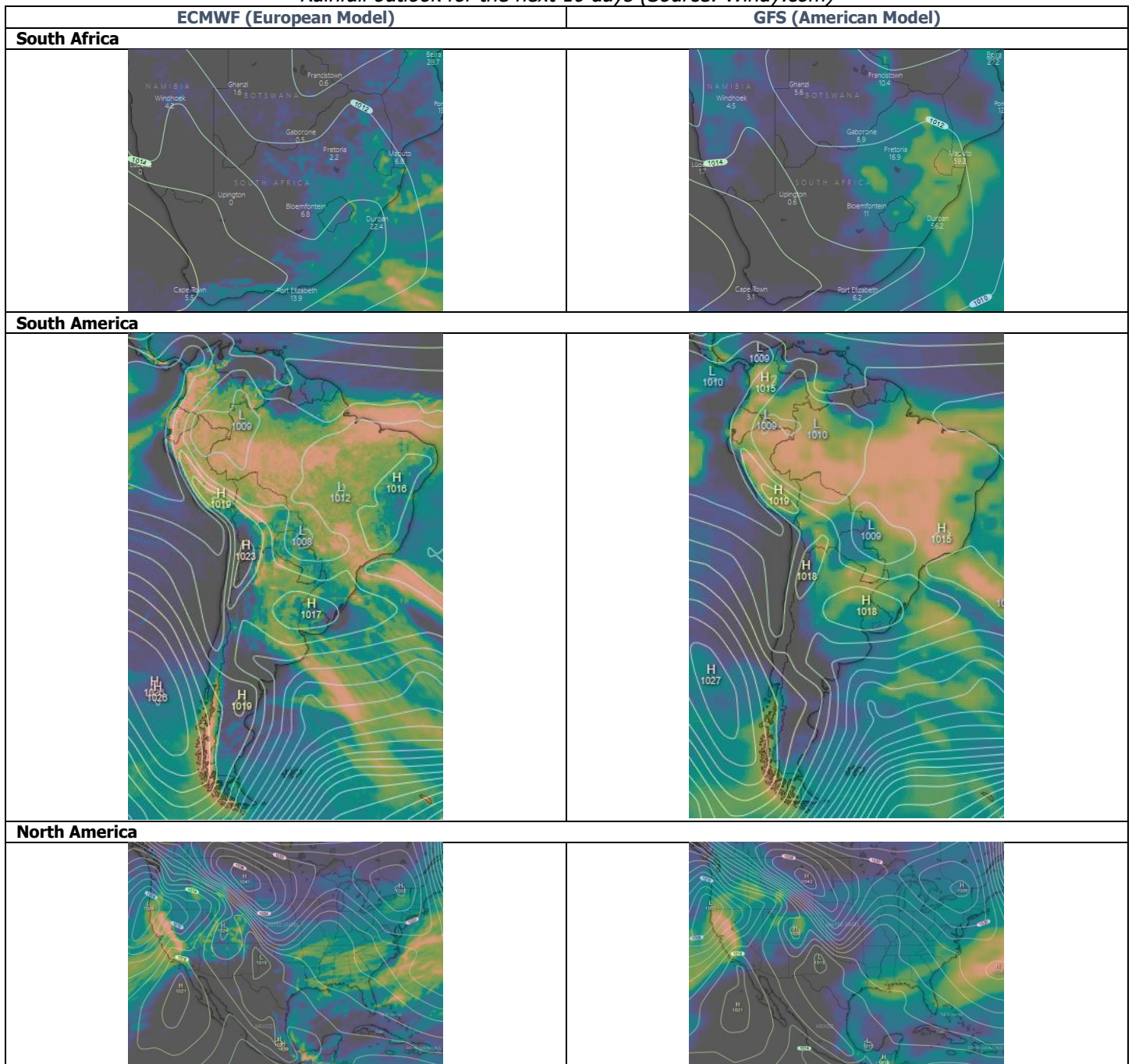
The second half of the 2018-19 US soybean marketing year will begin this Friday, although it is still uncertain exactly how the coming six months will play out as a US-China trade deal hangs in the balance and South American stock enters the market. However, the next six months could still be challenging for US soybean shipments despite recent commitments from China.

Rain which has increased Argentina's soybean heartland after a hot, dry spell should ensure a bumper crop as yields are set and the harvesting season approaches. The rains should keep the country on track for an estimated 53 MMT soybean harvest, critical for the country's economy after it was battered last year by an extended drought.

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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