

The Weekly Weighbridge

13 March 2019

Important facts for the week

- As negotiations continue in the ongoing US-China trade war, US grain exporters will need to produce big numbers in the future months in hopes to reach government export estimates for the current marketing year. Corn shipments will need to average about 5.6 MMT per month until the end of August to meet the US government current estimates of 2.45 billion bushels. This would be the second-highest pace on record for the time frame behind last year's blistering 7 MMT.
- According to the USDA, US Wheat estimates is increased with regards to supplies due to higher imports. Wheat exports are lowered 0.952 MMT to a total of 26.262 MMT with decreases in Hard Red Spring and White due to tougher than expected export competition for these classes.
- Europe's oddly warm winter has created good preliminary conditions for this summer's harvest, with frost damage barely seen in top producing regions. Farmers are also starting early with fertilizer spraying, giving the wheat crop condition an early increase.
- China increased its estimate for soybean imports during the 2018/19 crop year to 85 MMT, which is an increase from 83.65 MMT in last month's outlook, after the country's customs agency suspended some imports of competing oilseed canola. According to China's Ministry of Agriculture and Rural Affairs even though African swine fever was decreasing demand for soymeal in pig feed, canola imports were expected to decrease, which would benefit soymeal consumption.

		ZAR/mt		Week					
		13 March 2019	06 March 2019	Move	13 March 2019		06 March 2019		
SAFEX	May'19 White Maize	R 2,941	R 3,019	-R 78	ZAR/USD	R 14.37	R 14.26		
SAFEX	Jul'19 White Maize	R 3,000	R 3,079	-R 79	EUR/USD	\$ 1.1285	\$ 1.1305		
SAFEX	May'19 Yellow Maize	R 2,700	R 2,740	-R 40	ZAR/EUR	R 16.22	R 16.13		
SAFEX	Jul'19 Yellow Maize	R 2,702	R 2,746	-R 44	ZAR/GBP	R 18.83	R 18.78		
SAFEX	May'19 Soybeans	R 4,829	R 4,936	-R 107					
SAFEX	Jul'19 Soybeans	R 4,925	R 5,032	-R 107					
SAFEX	May'19 Sunflower	R 5,384	R 5,425	-R 41	Important dates				
SAFEX	Jul'19 Sunflower	R 5,364	R 5,420	-R 56	13/03/2019 Weekly producer deliveries				
SAFEX	May'18 Wheat	R 4,550	R 4,558	-R 8	14/03/2019 Weekly Imports and exports				
SAFEX	Jul'19 Wheat	R 4,588	R 4,593	-R 5	14/03/2019 Weekly USA export intentions				
Export Parity					Import Parity				
		USD/mt		Week	Protein level		ZAR/mt		Week
		FOB Origin	06 March 2019	Move	Origin Country				Move
Soybeans					Wheat				
SA	May'19 Soybeans	\$ 367	\$ 376	\$ -9	US (HRW)	Spot Wheat	10.1%	R 4,683	R 90
US	May'19 Soybeans	\$ 350	\$ 350	\$ -0	US (SRW)	Spot Wheat		R 4,446	R 41
Brazil	May'19 Soybeans	\$ 350	\$ 352	\$ -2	Germany	Spot Wheat	11.0%	R 4,711	-R 41
Argentina	May'19 Soybeans	\$ 329	\$ 336	\$ -7	France	Spot Wheat	10.1%	R 4,222	-R 20
					Russia	Spot Wheat	11.0%	R 4,605	-R 114
					Australian APW	Spot Wheat	9.2%	R 4,549	R 102
SA	May'19 Yellow Maize	\$ 209	\$ 212	\$ -4	Argentina	Spot Wheat	10.6%	R 4,569	R 0
SA	May'19 Yellow Maize	\$ 225	\$ 232	\$ -6					
					Wheat				
US	May'19 Yellow Maize	\$ 169	\$ 171	\$ -2	South Africa	Spot Wheat	12.0%	R 4,490	-R 68
Argentina	May'19 Yellow Maize	\$ 168	\$ 159	\$ 8					
Brazil	May'19 Yellow Maize	\$ 176	\$ 167	\$ 8	Yellow Maize				
Black Sea	Spot Yellow Maize (non GM)	\$ 170	\$ 171	\$ -1	US	May'19 Yellow Maize	R 3,306	R 8	
					Argentina	May'19 Yellow Maize	R 3,210	R 155	
					Brazil	May'19 Yellow Maize	R 3,326	R 156	
					South Africa	May'19 Yellow Maize	R 3,150	-R 40	
					White Maize				
					US	May'19 White Maize	R 3,820	R 2	
					Mexico	May'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 market waiting in anticipation of the outcome of the US-China trade talks and the funds adding to their short side positions.

As negotiations continue in the ongoing US-China trade war, US grain exporters will need to produce big numbers in the future months in hopes to reach government export estimates for the current marketing year. Corn shipments will need to average about 5.6 MMT per month until the end of August to meet the US government current estimates of 2.45 billion bushels. This would be the second-highest pace on record for the time frame behind last year's blistering 7 MMT.

The USDA issued an unexpected increase in its estimates for US corn supplies by decreasing usage by exporters and ethanol producers. The quantity of US Corn used to produce ethanol is decreased by 0.635 MMT to a total of 0.140 billion MT based on the latest data from the Grain Crushing and Co-Products Production report and the pace of weekly ethanol production during February as indicated by Energy Information Administration data. Exports are decreased 1.905 MMT to a total of 0.060 billion MT, reflecting reduced US price competitiveness and prospects of increased exports for Brazil and Argentina.

South African (SA) maize prices traded lower for May 2019 and July 2019 this past week with white maize and yellow maize trading lower due to good rainfall this past week over grain producing regions.

Wheat

International wheat prices traded lower this past week with the funds adding to their short side positions. US exports have decreased and also a decrease in world consumption is causing international prices to fall.

According to the USDA, US Wheat estimates is increased with regards to supplies due to higher imports. Wheat exports are lowered 0.952 MMT to a total of 26.262 MMT with decreases in Hard Red Spring and White due to tougher than expected export competition for these classes.

Global wheat supplies are decreased, mainly due to lower production estimates for Kazakhstan and Iraq. Estimated 2018/19 world trade flows is slightly higher as larger volumes of EU and Brazil exports more than offset decreased volumes for the US and Mexico. Global imports are increased for Algeria, Morocco and the Philippines while decreased for Bangladesh, the EU, Mexico and Venezuela. The estimated 2018/19 world consumption is decreased by 5.1 MMT with India accounting for 3.0 MMT of the decrease as its total wheat consumption is lowered to 95.0 MMT, compared to last year's 95.8 MMT. This reduction is based on an upward revision to the official Indian government wheat supplies estimate for 2018/19.

According to Egypt's the supply minister the country, the world's largest wheat buyer, wants to buy 3.6 MMT of wheat from local farmers in the coming season that starts in April.

Europe's oddly warm winter has created good preliminary conditions for this summer's harvest, with frost damage barely seen in top producing regions. Farmers are also starting early with fertilizer spraying, giving the wheat crop condition an early increase.

South African (SA) wheat prices traded slightly lower this past week for May 2019 and July 2019 with ZAR weakness and lower international prices having a conflicting effect on prices.

Soybeans

International soybean prices traded lower this past week with the market waiting in anticipation of the outcome of the US-China trade talks that could increase US demand for soybeans if an agreement is met.

The USDA lowered its estimates for US soybean supplies by increasing crush estimates.

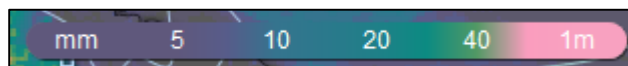
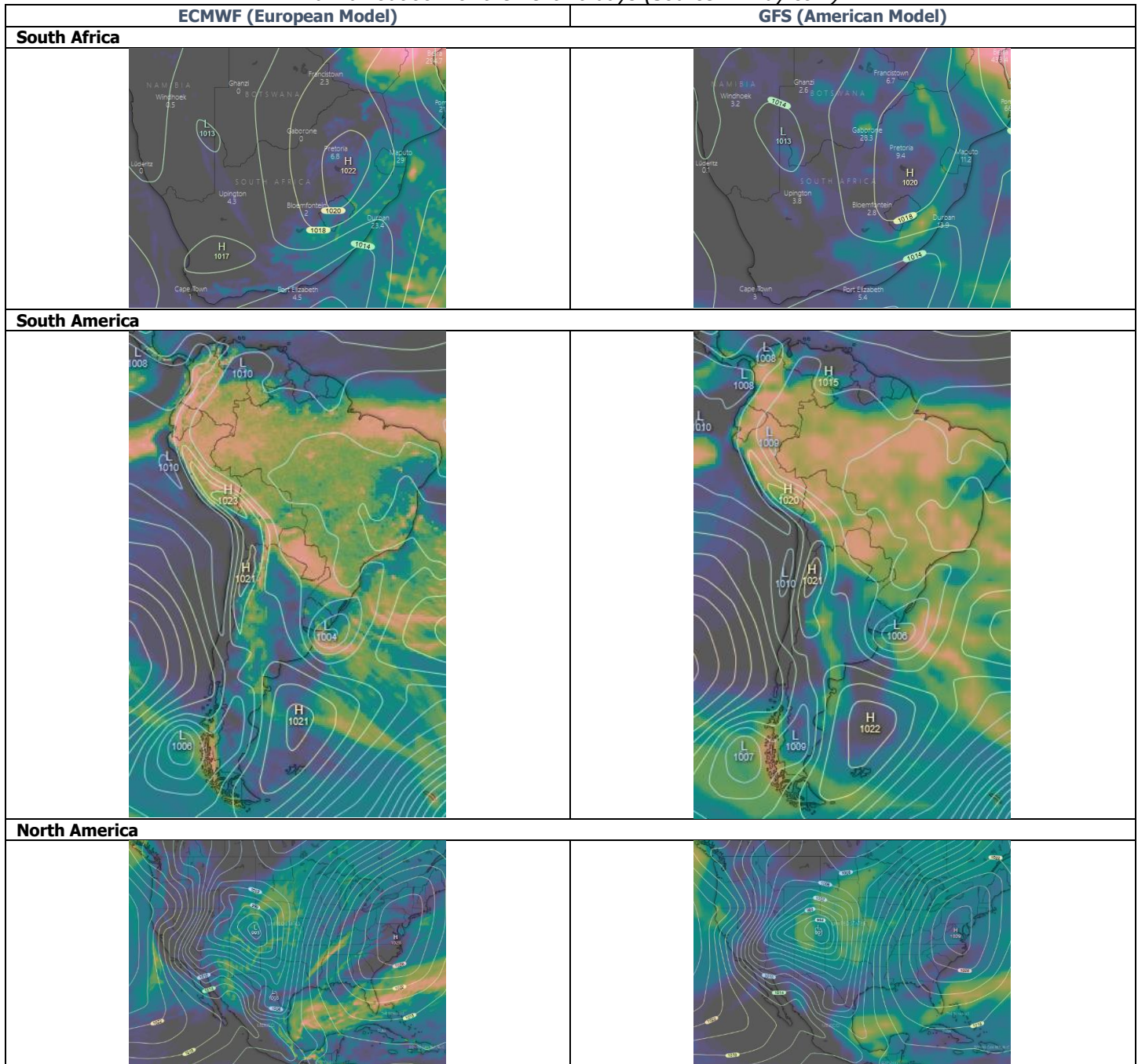
China's soybean imports in February decreased to their lowest monthly level in four years, as reduced buying amid uncertainties over trade relations with the US and flat demand for soymeal. The world's top buyer of soybeans imported 4.46 MMT of soybeans in February, according to data from the General Administration of Customs. That was 17% lower than the same month a year earlier as a hefty tariff on soybeans from the US, China's second-largest supplier, weighed.

China increased its estimate for soybean imports during the 2018/19 crop year to 85 MMT, which is an increase from 83.65 MMT in last month's outlook, after the country's customs agency suspended some imports of competing oilseed canola. According to China's Ministry of Agriculture and Rural Affairs even though African swine fever was decreasing demand for soymeal in pig feed, canola imports were expected to decrease, which would benefit soymeal consumption.

In the grains production region of Rosario on the banks of Argentina's Parana River, the local soybean crushing plants are seeing the effects of the trade war between the US and China. Some of the huge plants along the river have been idled and some have laid off workers. The Argentinean industry is losing market share for the soymeal produced from raw soybeans.

South African (SA) soybean prices traded lower this past week for May 2019 and July 2019 due to international market prices trading lower and good rainfall this past week over producing regions.

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



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