

The Weekly Weighbridge

27 March 2019

Important facts for the week

- After the second crop estimate released by the South African CEC on Tuesday, it is expected that South Africa will harvest 16 percent less maize in 2019 compared to the previous season after dry conditions delayed plantings.
- Chicago Wheat Futures rose on Tuesday, hitting their highest price in a month, due to the adverse weather conditions in various major producing regions, which could disrupt sowing in these regions.
- On Monday, CBOT Soybean futures closed firmer for the first time in three sessions on worries about the lagging demand for U.S. supplies as the dollar firms and the South American farmers harvest a bumper crop.
- China increased their Soybean purchases from the United States to 907 754 tonnes in February up 135 814 tonnes from January. The USDA also stated that they had inspected 857 970 tonnes of Soybeans for export last week, in line with trade estimates for 600 000 to 950 000 tonnes.

ZAR/mt					27 March 2019				
27 March 2019					20 March 2019				
Week					Move				
SAFEX	May'19 White Maize	R	2,949	R	2,911	R	38		
SAFEX	Jul'19 White Maize	R	3,005	R	2,973	R	32		
SAFEX	May'19 Yellow Maize	R	2,740	R	2,727	R	13		
SAFEX	Jul'19 Yellow Maize	R	2,758	R	2,744	R	14		
SAFEX	May'19 Soybeans	R	4,884	R	4,914	R	30		
SAFEX	Jul'19 Soybeans	R	4,983	R	4,994	R	11		
SAFEX	May'19 Sunflower	R	5,435	R	5,550	R	115		
SAFEX	Jul'19 Sunflower	R	5,425	R	5,520	R	95		
SAFEX	May'18 Wheat	R	4,685	R	4,671	R	14		
SAFEX	Jul'19 Wheat	R	4,725	R	4,711	R	14		
ZAR/USD					R 14.58				
EUR/USD					\$ 1.1262				
ZAR/EUR					R 16.42				
ZAR/GBP					R 19.29				
Important dates									
27/03/2019					Weekly producer deliveries				
28/03/2019					Weekly imports and exports				
28/03/2019					Weekly USA export intentions				

Export Parity					Import Parity				
USD/mt					Protein level				
FOB Origin					ZAR/mt				
Week					Move				
Soybeans					Wheat				
SA	May'19 Soybeans	\$	366	\$	375	\$	-9		
US	May'19 Soybeans	\$	351	\$	353	\$	-2		
Brazil	May'19 Soybeans	\$	352	\$	356	\$	-4		
Argentina	May'19 Soybeans	\$	334	\$	335	\$	-1		
Maize					FCA Durban				
SA	May'19 Yellow Maize	\$	209	\$	212	\$	-3		
SA	May'19 Yellow Maize	\$	223	\$	224	\$	-2		
US	May'19 Yellow Maize	\$	175	\$	172	\$	4		
Argentina	May'19 Yellow Maize	\$	161	\$	162	\$	-1		
Brazil	May'19 Yellow Maize	\$	169	\$	170	\$	-1		
Black Sea	Spot Yellow Maize (non GM)	\$	174	\$	172	\$	2		
					FCA Randfontein				
					Yellow Maize				
					FCA Klipheuwel				
					US	May'19 Yellow Maize	R	3,443	R 140
					Argentina	May'19 Yellow Maize	R	3,154	R 64
					Brazil	May'19 Yellow Maize	R	3,272	R 67
					South Africa	May'19 Yellow Maize	R	3,190	R 13
					White Maize				
					FCA Randfontein				
					US	May'19 White Maize	R	3,924	R 113
					Mexico	May'19 White Maize	N/A	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 are down by 0.1 percent on the May Corn contract CK9 and stood at \$3.79-1/4 a bushel. Corn, along with Wheat are seeing a lot of support regarding price, due to weather concerns which could disrupt sowing in parts of the U.S. The pattern of heavy snowfall, followed by sudden warmer temperatures could have a lot of waterlogged fields to effect, which could disrupt the planting progress in certain parts as previously mentioned. However, it is still too early to draw any conclusions on what the effect will be on the final harvest.

Demand on the Corn side has also increased after corn purchases by China and dwindling Wheat stocks in Russia. Financial investors have large net short positions in Wheat, Soybeans as well as Corn as we start the U.S. weather market with its traditional sharp price swings.

South African (SA) White maize prices traded higher for July 2019 this past week with a weakening in the ZAR due to a strengthening in the Dollar as well as various other factors. South African Yellow Maize prices traded sideways and ended the week with a R2 increase on the July Future.

After the second crop estimate released by the South African CEC on Tuesday, it is expected that South Africa will harvest 16 percent less maize in 2019 compared to the previous season after dry conditions delayed plantings. The CEC estimated the crop at 10.561 million tonnes compared to the 12.51 million tonnes harvested the previous year.

5.221 Million tonnes consist of the food staple White Maize, while 5.34 million tonnes of Yellow Maize used mainly in animal feed, are expected.

Wheat

Chicago Wheat Futures rose on Tuesday, hitting their highest price in a month, due to the adverse weather conditions in various major producing regions, which could disrupt sowing in these regions.

The Chicago Board of trade May Wheat WK9 was up 0.8 percent at \$4.73-1/2 a bushel at 1219 GMT. After Tuesday's peak price of \$4.74-3/4 a bushel – which was the highest since 27 February 2019.

Markets have been following U.S. and E.U. Wheat export performance to be able to assess how much business they will have after Russia's export domination over much of the year.

Egypt's state grains buyer, the General Authority for supply Commodities (GASC), said on Tuesday it bought 120 000 tonnes of United States Soft Red Wheat in an international purchase tender.

International Trading house COFCO stated that they are planning to double their volume of sourcing in the Black Sea region within the next two to three years, with the main goal

of increasing investments to serve markets beyond China. The firm traded 106 million tonnes of commodities last year.

The Japanese ministry of Agriculture, forestry and Fisheries said today that they were looking to buy 120 000 tonnes of feed Wheat, as well as 200 000 tonnes of feed Barley to be loaded by 31 July and arrive Japan by the end of September 2019.

South African (SA) Wheat prices traded higher this past week for March 2019 with ZAR weakness being the main contributor.

Soybeans

On Monday, CBOT Soybean futures closed firmer for the first time in three sessions on worries about the lagging demand for U.S. supplies as the dollar firms and the South American farmers harvest a bumper crop.

CBOT May Soybeans SK9 Settled up 2 -3/4 cents at \$9.06-1/2 per bushel. The U.S. Soybean plantings could be larger than previously thought this season as record flooding in the Western Corn belt may delay or even prevent corn growers from seeding Corn. The U.S department of Agriculture will release their prospective plantings on Friday.

China increased their Soybean purchases from the United States to 907 754 tonnes in February up 135 814 tonnes from January. The USDA also stated that they had inspected 857 970 tonnes of Soybeans for export last week, in line with trade estimates for 600 000 to 950 000 tonnes.

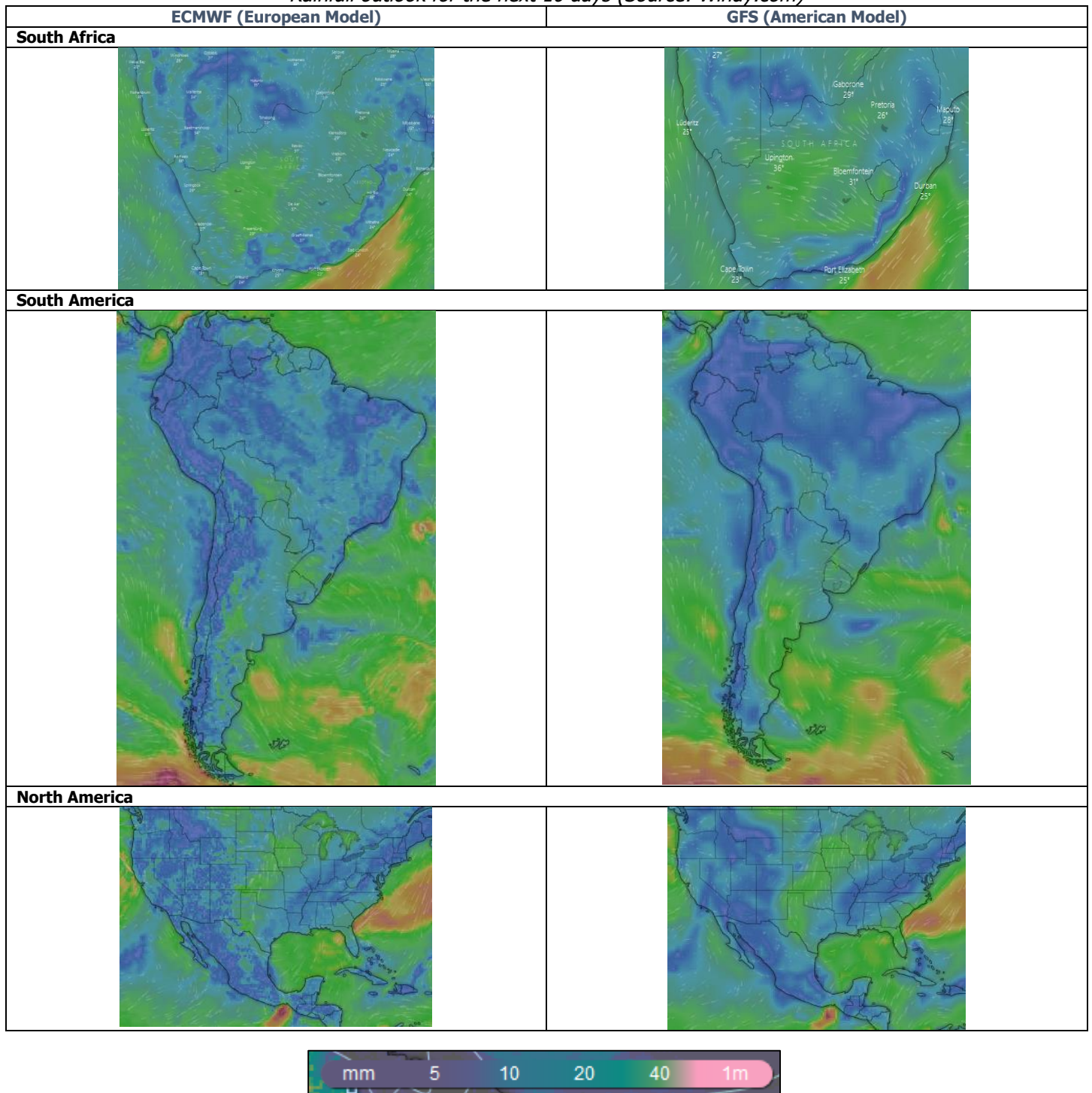
In an interview early in the week with a Nebraskan grain farmer, the farmer stated that he was barely breaking even after the U.S. – China trade war pushed prices for his Soybean crop to a decade low. A nearby river then burst its banks as flooding swept the farm. He has piles of mounting debts, and worries that President Trump may not be able to strike a deal with China that would end tariffs on U.S. Soybean exports. The farmer stated that they keep being hit by the ongoing trade negotiations. U.S. trade representatives arrive in China this week for another round of trade negotiations.

A near halt in exports has hit a rural economy already struggling after years of oversupply cut farm incomes by 50 percent in the past five years in the U.S.

South African (SA) soybean prices traded lower this past week for March 2019. The forecast for the production of Soybeans also remained unchanged at 1.276 Million tons. The estimated area planted to Soybeans is 730 500 ha and the current expected yield is 1.09t/ha.



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



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