

# The Weekly Weighbridge

## 18 April 2019

### Important facts for the week

- Speculators has established another record bearish position in Chicago traded corn this past week, but any short-covering rally in futures that might result is likely to be insignificant. US Corn stocks has increased to much larger levels than market participants were originally expecting and the harvests in Brazil and Argentina may be bigger than previously expected.
- The USDA in a weekly crop progress report rated 60% of the US winter wheat crop in good to excellent condition, which is higher than the 31% a year earlier, a sign of improved crop conditions compared to the previous season.
- The National Oilseed Processors Association (NOPA) reported that the monthly US soybean crush has increased more than expected in March 2019 to the second largest on record for the month. NOPA members, which handle about 95% of all soybeans processed in the US, crushed 4.629 MMT of soybeans last month, which is well ahead of the 4.204 MMT processed in February 2019, however is below the 4.677 MMT processed in Month 2018, the record for the month.

		ZAR/mt		Week							
		18 April 2019		Move	18 April 2019		11 April 2019				
SAFEX	May'19 White Maize	R	2,688	R 26	ZAR/USD	R	13.99	R	14.00		
SAFEX	Jul'19 White Maize	R	2,746	R 32	EUR/USD	\$	1.1294	\$	1.1250		
SAFEX	May'19 Yellow Maize	R	2,579	R 3	ZAR/EUR	R	15.80	R	15.76		
SAFEX	Jul'19 Yellow Maize	R	2,597	R 6	ZAR/GBP	R	18.24	R	18.27		
SAFEX	May'19 Soybeans	R	4,750	-R 27							
SAFEX	Jul'19 Soybeans	R	4,845	-R 34	<b>Important dates</b>						
SAFEX	May'19 Sunflower	R	5,005	R 22	18/04/2019	Weekly producer deliveries					
SAFEX	Jul'19 Sunflower	R	5,105	R 22	19/04/2019	Weekly Imports and exports					
SAFEX	May'18 Wheat	R	4,606	R 51	19/04/2019	Weekly USA export intentions					
SAFEX	Jul'19 Wheat	R	4,649	R 49							
Export Parity					Import Parity						
		USD/mt		Week	Protein		ZAR/mt		Week		
		FOB Origin		Move	level				Move		
Soybeans					Wheat		FCA Durban				
SA	May'19 Soybeans	\$	372	\$ -0	US (HRW)	Spot Wheat	10.1%	R	4,439	-R	55
US	May'19 Soybeans	\$	341	\$ -10	US (SRW)	Spot Wheat		R	4,189	-R	125
Brazil	May'19 Soybeans	\$	341	\$ -4	Germany	Spot Wheat	11.0%	R	4,577	R	10
Argentina	May'19 Soybeans	\$	315	\$ 2	France	Spot Wheat	10.1%	R	4,130	-R	86
					Russia	Spot Wheat	11.0%	R	4,525	R	11
Maize					Australian APW	Spot Wheat	9.2%	R	4,388	-R	136
SA	May'19 Yellow Maize	\$	206	\$ 1	Argentina	Spot Wheat	10.6%	R	4,342	-R	3
SA	May'19 Yellow Maize	\$	214	\$ 3	Wheat		FCA Randfontein				
US	May'19 Yellow Maize	\$	165	\$ -1	South Africa	Spot Wheat	12.0%	R	4,565	R	10
Argentina	May'19 Yellow Maize	\$	149	\$ -4	Yellow Maize		FCA Klipheuwel				
Brazil	May'19 Yellow Maize	\$	157	\$ -4	US	May'19 Yellow Maize	R	3,192	R	8	
Black Sea	Spot Yellow Maize (non GM)	\$	173	\$ -1	Argentina	May'19 Yellow Maize	R	2,888	-R	27	
					Brazil	May'19 Yellow Maize	R	3,002	-R	26	
					South Africa	May'19 Yellow Maize	R	3,029	R	3	
					White Maize		FCA Randfontein				
					US	May'19 White Maize	R	3,708	R	23	
					Mexico	May'19 White Maize	N/A	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

International corn prices traded lower this past week with the early season planting delays not supporting the markets as expected.

The US corn planting report showed US planting at 3% complete versus the long-term average of 5%. The weather conditions over the next few weeks and especially the first half of May 2019 will be critical to planting pace. According to current weather forecasts the weather should start turning to dryer conditions over the next week in the western corn belt which should allow farmers a chance to get in the fields.

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There are talks that the European Union will plant more maize for the 2019/2020 season with mild weather and the need to replace drought hit rapeseed fields encouraging farmers to plant more maize.

South African (SA) maize prices traded higher for May 2019 and July 2019 this past week with white maize and yellow maize trading higher due to a weaker ZAR.

### Wheat

US wheat prices traded lower this past week with the substantial global wheat stocks resulting in lower prices due to the large supply currently in the market. Wheat market competition with Russia is also creating problems for the US to export stocks at competitive prices. Also, adding to the bearish fundamental factors, the USDA in a weekly crop progress report rated 60% of the US winter wheat crop in good to excellent condition, which is higher than the 31% a year earlier, a sign of improved crop conditions compared to the previous season.

Crop consultancy Strategie Grains has decreased production estimates for EU soft wheat for the 2019/2020 season from 146.1 MMT estimated in March 2019 to 144.8 MMT with dry conditions experienced in the European Union.

Russia's SovEcon agriculture consultancy has increased its estimate for the country's wheat crop in 2019 to 83.4 MMT from 80 MMT because the wheat is in good condition in the majority of Russia's regions.

According to Germany's association of farm cooperatives, the country's 2019/2020 wheat harvest is expected to increase by 20.6% to a total of 24.44 MMT with rising expectations of a crop recovery after the drought-reduced harvest last year. The German crop in 2018/2019 suffered vast damage from a draught and heatwave which hit much of western Europe.

South African (SA) wheat prices traded higher this past week for May 2019 and July 2019 this past week with wheat trading higher due to a weaker ZAR.

### Soybeans

International soybean prices traded lower this past week with the substantial global soybean stocks resulting in lower prices due to the higher supply expected in the market.

Data published by the US Census Bureau showed that the United States exported 4.58 MMT of soybeans in February, which is the largest volume for the month in 3 years. China was the top buyer for US soybeans the first half of the current marketing year despite the ongoing trade war between China and the US.

As stated by both the Rosario Grains Exchange and the Buenos Aires Grains Exchange, Argentina's soybean production is expected to reach a total of 56 MMT for the 2018/2019 season, which is an increase from the previous estimates. Argentina's crop has been improved by early season rainfall followed by some drier weather, which in turn has bolstered the yields for the soybean crop.

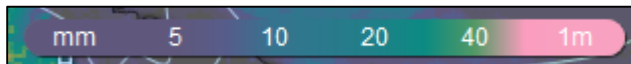
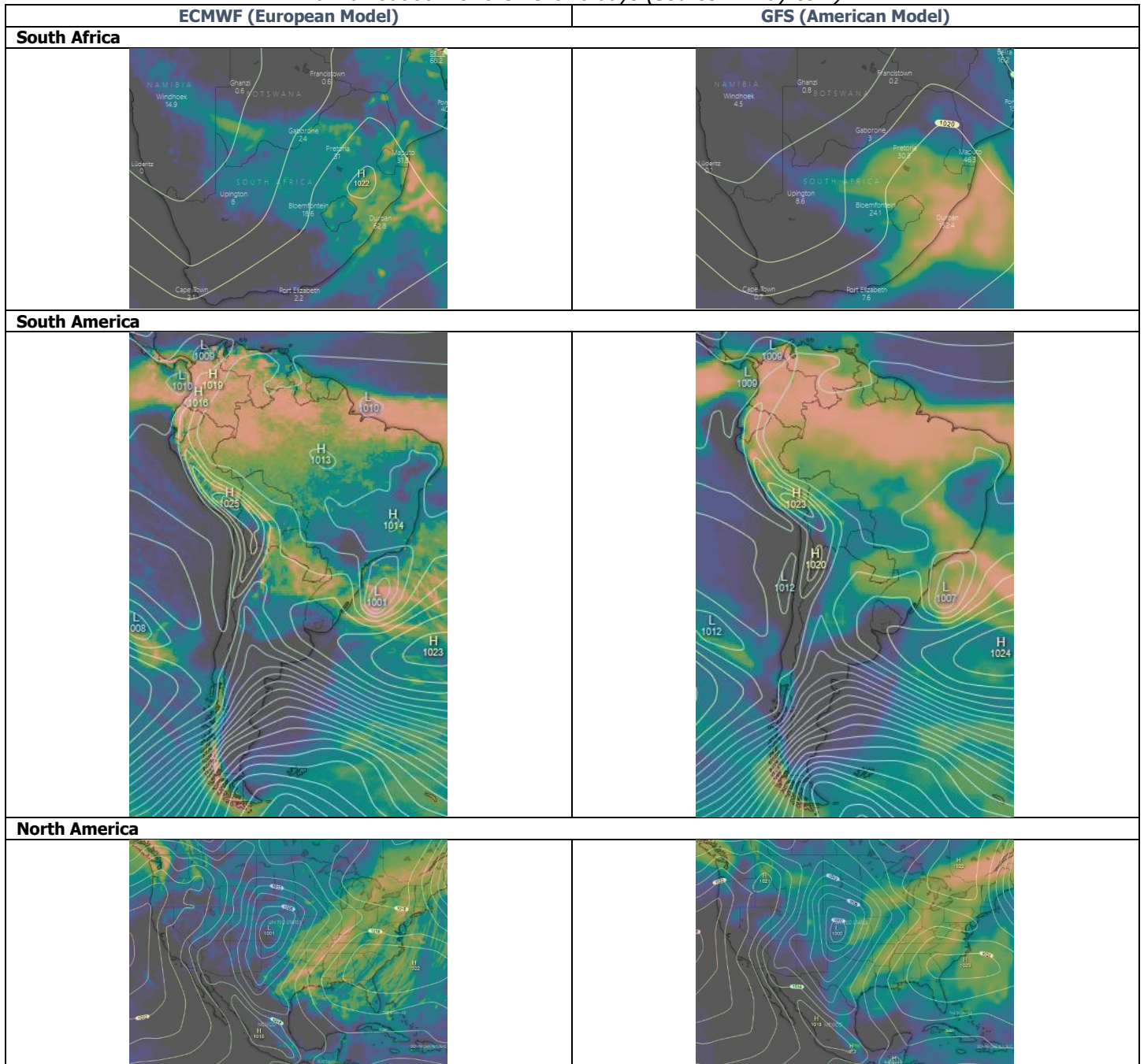
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According to agribusiness consultancy AgRural, Brazilian soybean farmers have harvested 88% of area planted in the country, which is ahead of last year's 85%.

South African (SA) soybean prices traded lower this past week for May 2019 and July 2019 this past week with soybeans trading lower due to a weaker ZAR this past week and lower international prices.



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



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