

The Weekly Weighbridge

15 May 2019

Important facts for the week

- Increasing global stocks have been a major bearish factor for the corn market over the past couple of months and recent trade data suggests that US stocks could increase even further over the next year, potentially to multi-decade highs. Record US corn exports set the tone in the market last year as South American droughts decreased crops there. US corn demand increased and early on domestic carryout was seen hitting a five-year low in the current year.
- Australia will import its first shipment of wheat in more than a decade as a drought across the country's east coast decreases supplies in the world's fourth largest exporter of the staple grain.
- China expects its soybean production to hit the highest level in 14 years in 2019/20, improved by a plan to rejuvenate the nation's production of soybeans. The country is expected produce 17.27 MMT of soybeans in the 2019/20 crop year, which is 7.9% higher than the year before.

ZAR/mt								Week											
15 May 2019								08 May 2019		Move									
SAFEX	Jul'19 White Maize	R	2,599	R	2,632	-R	33	ZAR/USD				R	14.24	R	14.35				
SAFEX	Sep'19 White Maize	R	2,659	R	2,696	-R	37	EUR/USD				\$	1.1208	\$	1.1191				
SAFEX	Jul'19 Yellow Maize	R	2,519	R	2,554	-R	35	ZAR/EUR				R	15.96	R	16.08				
SAFEX	Sep'19 Yellow Maize	R	2,580	R	2,615	-R	35	ZAR/GBP				R	18.38	R	18.67				
SAFEX	Jul'19 Soybeans	R	4,658	R	4,694	-R	36	Important dates											
SAFEX	Sep'19 Soybeans	R	4,743	R	4,794	-R	51												
SAFEX	Jul'19 Sunflower	R	5,041	R	5,016	R	25												
SAFEX	Sep'19 Sunflower	R	5,162	R	5,155	R	7												
SAFEX	Jul'19 Wheat	R	4,540	R	4,662	-R	122	15/05/2019	Weekly producer deliveries										
SAFEX	Sep'19 Wheat	R	4,470	R	4,533	-R	63	16/05/2019	Weekly Imports and exports										
								17/05/2019	Weekly USA export intentions										
Export Parity								Import Parity											
USD/mt								ZAR/mt											
FOB Origin								Protein level											
Week								Week											
Move								Move											
Soybeans								Wheat											
SA	Jul'19 Soybeans	\$	365	\$	364	\$	1	US (HRW)	Spot Wheat	10.1%	R	4,389	-R	2					
US	Jul'19 Soybeans	\$	322	\$	322	\$	-0	US (SRW)	Spot Wheat		R	4,283	R	22					
Brazil	Jul'19 Soybeans	\$	340	\$	328	\$	12	Germany	Spot Wheat	11.0%	R	4,426	-R	57					
Argentina	Jul'19 Soybeans	\$	299	\$	307	\$	-8	France	Spot Wheat	10.1%	R	4,090	-R	42					
								Russia	Spot Wheat	11.0%	R	4,476	-R	30					
	Maize							Australian APW	Spot Wheat	9.2%	R	3,907	-R	313					
SA	Jul'19 Yellow Maize	\$	202	\$	202	\$	-0	Argentina	Spot Wheat	10.6%	R	4,405	-R	29					
SA	Jul'19 White Maize	\$	208	\$	208	\$	-0												
US	Jul'19 Yellow Maize	\$	169	\$	168	\$	1	Wheat											
Argentina	Jul'19 Yellow Maize	\$	149	\$	145	\$	4	South Africa	Spot Wheat	12.0%	R	4,505	-R	115					
Brazil	Jul'19 Yellow Maize	\$	158	\$	156	\$	2	Yellow Maize											
Black Sea	Spot Yellow Maize (non GM)	\$	167	\$	168	\$	-1	US	July'19 Yellow Maize		R	3,273	R	3					
								Argentina	July'19 Yellow Maize		R	2,919	R	53					
								Brazil	July'19 Yellow Maize		R	3,052	R	19					
								South Africa	July'19 Yellow Maize		R	2,869	-R	35					
								White Maize											
								US	July'19 White Maize		R	3,807	R	10					
								Mexico	July'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

International corn prices traded higher this past week after funds started closing their record short positions and with unfavourable weather resulting in delays in planting in the US corn belt.

The latest US corn planting report showed US planting at 30% complete versus the long-term average of 66%. Illinois is the furthest behind with their planting progress and is estimated at 11% versus the long-term average of 82%.

According to the French ministry, farmers are expected to plant more maize in 2019. In its first estimate of the country's 2019 maize planting area, they estimated the planted area at 1.43 million hectares, which is 4.9% higher than 2018, but remains 3.8% below the average of the past five years.

There are talks that India has imported an extra 27,000 MT of non-genetically modified corn from Ukraine to offset a shortage triggered by pest infestations and dry weather. Earlier this year, India imported 57,000 MT of corn from Ukraine, in what was the country's first overseas purchase since 2016.

Private analytics firm IEG Vantage, estimated US 2019 corn plantings at 36.70 million hectares. The IEG figure is below the USDA March estimate of 37.55 million hectares.

Increasing global stocks have been a major bearish factor for the corn market over the past couple of months and recent trade data suggests that US stocks could increase even further over the next year, potentially to multi-decade highs. Record US corn exports set the tone in the market last year as South American droughts decreased crops there. US corn demand increased and early on domestic carryout was seen hitting a five-year low in the current year.

South African (SA) maize prices traded lower for July 2019 and September 2019 this past week with white maize and yellow maize trading lower due to a stronger ZAR and harvesting starting in parts of the country.

Wheat

Chicago wheat prices traded lower this past week with the substantial global wheat stocks still being the main factor resulting in lower prices with the top exporting countries, US and Russia, expected to have above average production for the year. The USDA in a weekly crop progress report rated 64% of the US winter wheat crop in good to excellent condition, which is in line with the estimates a week earlier, a sign of improved crop conditions compared to the previous season.

Australia will import its first shipment of wheat in more than a decade as a drought across the country's east coast decreases supplies in the world's fourth largest exporter of the staple grain.

Germany's 2019 wheat harvest is expected increase 19.8% on the year to 24.28 MMT as conditions point to a recovery after a drought caused massive harvest damage last year. Crops in Germany and much of western Europe suffered huge damage from a drought and heatwave in summer 2018.

Farming agency FranceAgriMer increased its estimate for French soft wheat exports outside the EU in 2018/19 for a fourth straight month, confirming a brisk second half of the season for the EU's biggest wheat exporter. The increased outlook was nonetheless below the 10 MMT levels that some market players had anticipated during a large amount of shipments in March 2019 and April 2019, with calm demand at the end of season curbing expectations.

South African (SA) wheat prices traded lower this past week for July 2019 and September 2019 this past week with a stronger ZAR contributing to the decreasing prices.

Soybeans

International soybean prices traded mixed this past week with soybeans in Brazil approximately 98% harvested with a few soybeans left to harvest in Rio Grande do Sul and in North Eastern Brazil.

Private analytics firm IEG Vantage, estimated US 2019 soybean plantings at 34.97 million hectares, above the USDA's March forecast of 34.23 million hectares.

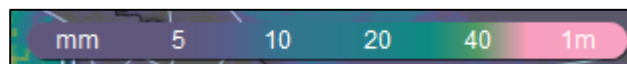
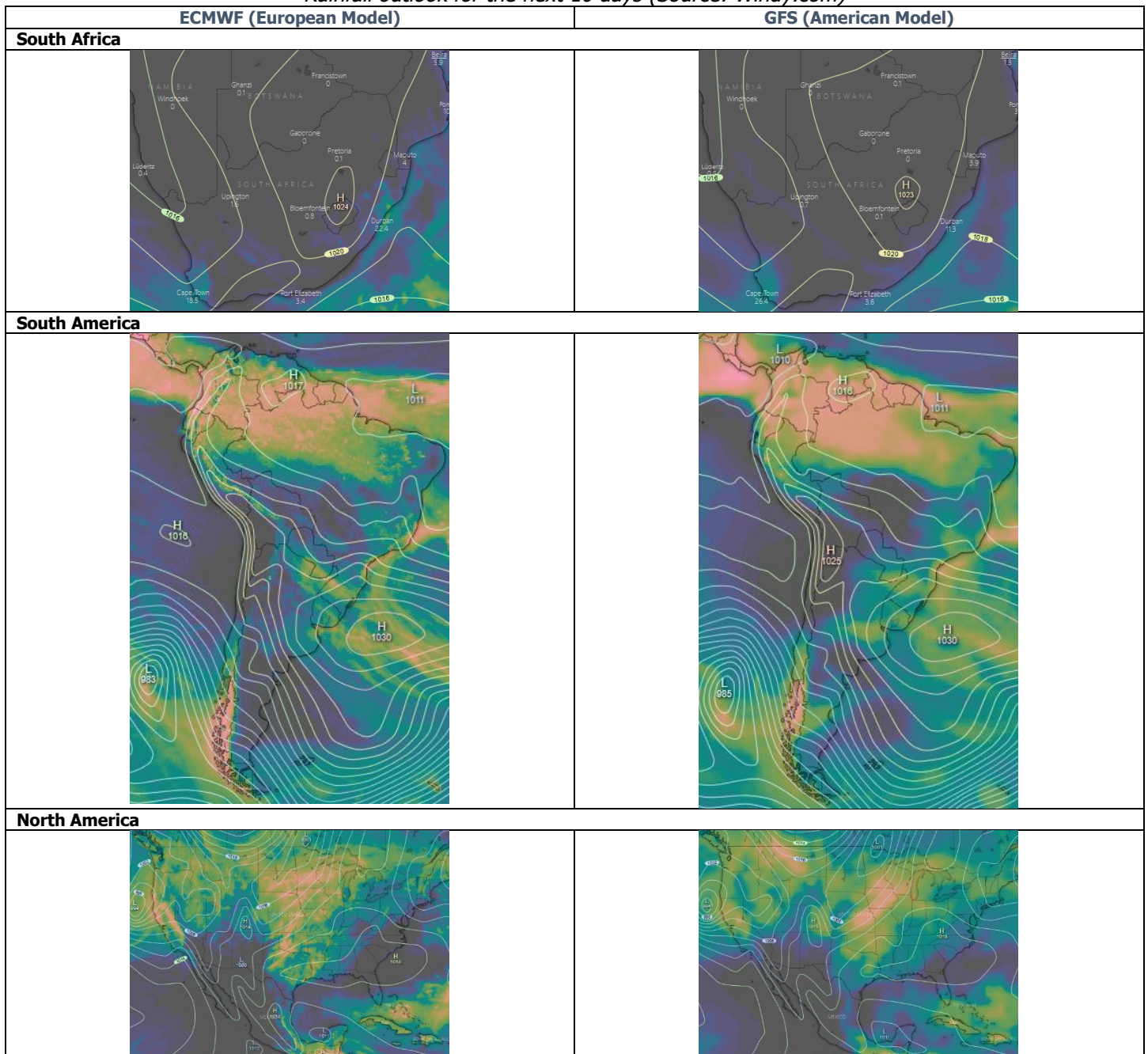
The US this year shipped a record volume of soybeans for the month of March, but that did absolutely nothing to prevent Chicago soybean futures from decreasing to more than decade lows on huge stocks and tensions with top buyer China. US soybean exports have been historically slow since Beijing imposed tariffs on the US Soybeans mid-last year.

China expects its soybean production to hit the highest level in 14 years in 2019/20, improved by a plan to rejuvenate the nation's production of soybeans. The country is expected produce 17.27 MMT of soybeans in the 2019/20 crop year, which is 7.9% higher than the year before.

According to National Oilseed Processors Association (NOPA) data, the monthly US soybean crush fell below the prior-year level for a second straight month in April 2019 and was below most trade estimates. NOPA members, which handle about 95 percent of all soybeans crushed in the US, processed 4.354 MMT of soybeans last month, which is lower than 4.627 MMT in March 2019 and below the 4.382 MMT crushed in April 2018, the record for the month.

South African (SA) soybean prices traded lower this past week for July 2019 and September 2019 this past week with soybeans trading lower due to mixed international prices and a stronger ZAR and harvesting starting in parts of the country.

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



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