

# The Weekly Weighbridge

## 30 May 2019

### Important facts for the week

- According to a Reuters poll of 11 analysts, Brazilian corn farmers is expected to harvest an estimated 97.5 MMT of the maize this season as good weather and more planted area increased expectations the 2018-19 crop. If estimates are confirmed, Brazil's total corn crop will be just below the record of 97.8 MMT two years ago and 21% larger than the previous season, when a drought caused crop failure in large Brazilian producing states.
- According to the Moroccan Government, Morocco will increase the import duty on soft wheat from 30% to 135% on 1 June 2019 to help local farmers sell the domestic harvest. The government council approved the import duty increase with low prices in international markets that can result in lower sales of the local harvest.
- China's soybean imports from the US increased in April, supported by an earlier easing of trade tensions with US, while imports from Brazil increased after buyers backloaded their March orders to benefit from a tax cut on agricultural products. China brought in 1.75 MMT of the soybeans from the US, which is 15.9% higher than 1.51 MMT in March.

		ZAR/mt		Week			30 May 2019		23 May 2019	Week			30 May 2019		23 May 2019		
				Move						Move							
SAFEX	Jul'19 White Maize	R	2,936	R	2,695	R	241	ZAR/USD			R	14.63	R	14.47			
SAFEX	Sep'19 White Maize	R	2,990	R	2,751	R	239	EUR/USD			\$	1.1133	\$	1.1180			
SAFEX	Jul'19 Yellow Maize	R	2,886	R	2,655	R	231	ZAR/EUR			R	16.30	R	16.19			
SAFEX	Sep'19 Yellow Maize	R	2,942	R	2,711	R	231	ZAR/GBP			R	18.48	R	18.31			
SAFEX	Jul'19 Soybeans	R	5,000	R	4,729	R	271	<b>Important dates</b>									
SAFEX	Sep'19 Soybeans	R	5,091	R	4,820	R	271	29/05/2019	Weekly producer deliveries								
SAFEX	Jul'19 Sunflower	R	5,185	R	5,035	R	150	30/05/2019	Weekly Imports and exports								
SAFEX	Sep'19 Sunflower	R	5,270	R	5,188	R	82	31/05/2019	Weekly USA export intentions								
SAFEX	Jul'19 Wheat	R	4,505	R	4,378	R	127										
SAFEX	Sep'19 Wheat	R	4,485	R	4,395	R	90										
<b>Export Parity</b>										<b>Import Parity</b>							
		USD/mt		Week			Protein		ZAR/mt	Week			Protein		ZAR/mt	Week	
		FOB Origin		Move			level			Move			level			Move	
<b>Soybeans</b>																	
SA	Jul'19 Soybeans	\$	379	\$	363	\$	16	US (HRW)	Spot Wheat	10.1%	R	4,939	R	219			
US	Jul'19 Soybeans	\$	342	\$	321	\$	21	US (SRW)	Spot Wheat		R	4,870	R	204			
Brazil	Jul'19 Soybeans	\$	361	\$	350	\$	11	Germany	Spot Wheat	11.0%	R	4,631	R	133			
Argentina	Jul'19 Soybeans	\$	319	\$	319	\$	-	France	Spot Wheat	10.1%	R	4,378	R	58			
								Russia	Spot Wheat	11.0%	R	4,402	-R	107			
<b>Maize</b>																	
SA	Jul'19 Yellow Maize	\$	222	\$	207	\$	14	Australian APW	Spot Wheat	9.2%	R	4,478	R	264			
SA	Jul'19 White Maize	\$	225	\$	210	\$	15	Argentina	Spot Wheat	10.6%	R	4,689	R	41			
US	Jul'19 Yellow Maize	\$	191	\$	176	\$	15	<b>Wheat</b>									FCA Randfontein
Argentina	Jul'19 Yellow Maize	\$	172	\$	160	\$	12	South Africa	Spot Wheat	12.0%	R	4,461	R	88			
Brazil	Jul'19 Yellow Maize	\$	176	\$	165	\$	11	<b>Yellow Maize</b>									FCA Klipheuwel
Black Sea	Spot Yellow Maize (non GM)	\$	179	\$	171	\$	8	US	July'19 Yellow Maize		R	3,676	R	268			
								Argentina	July'19 Yellow Maize		R	3,324	R	228			
								Brazil	July'19 Yellow Maize		R	3,389	R	200			
								South Africa	July'19 Yellow Maize		R	3,236	R	231			
								<b>White Maize</b>									FCA Randfontein
								US	July'19 White Maize		R	4,177	R	207			
								Mexico	July'19 White Maize		N/A	N/A	N/A	N/A			
								(Wheat quality based on 12 % moisture & import tariff included)									
								Wheat	Published Tariff		R	675.10					

## News for the week

### Corn/Maize

International corn prices traded higher this past week after the slow, rain-plagued US corn planting season finally concerned speculators last week as they bought a record amount of Chicago-traded corn with no real progress in planting expected in the future due to wet weather. Commodity funds had built an extremely large bearish corn position that peaked a month ago and they remained historically short in the weeks since as they awaited a break in the rains and some decent planting progress.

The USDA released its much-anticipated aid package for US farmers to reimburse them for losses due to recent trade conflicts, particularly with China. This led market participants to believe that planted acres may not decrease as much as expected despite the extreme weather that has plagued farmers this spring. This excessive rain this spring has caused US planting to fall seriously behind schedule with farmers still having to plant 116 million acres of combined corn and soybeans, far more than they ever had on the date. The previous high was 91 million acres in 1995.

The latest US corn planting report showed US planting at 58% complete versus the long-term average of 90%. Planting progress has been slower in the eastern Corn Belt where South Dakota is the furthest behind with their planting progress and is estimated at 25% versus the long-term average of 90%. Illinois, Ohio and Indiana are also more than 55% behind with their planting progress versus the long-term average.

According to a Reuters poll of 11 analysts, Brazilian corn farmers is expected to harvest an estimated 97.5 MMT of the maize this season as good weather and more planted area increased expectations the 2018-19 crop. If estimates are confirmed, Brazil's total corn crop will be just below the record of 97.8 MMT two years ago and 21% larger than the previous season, when a drought caused crop failure in large Brazilian producing states.

According to the Mato Grosso Institute of Agricultural Economics (Imea), the safrinha corn harvest in Mato Grosso has started earlier than last year and the 5-year average. The safrinha corn is 1.2% harvested compared to 0.2% last year.

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

### Wheat

International wheat prices traded higher this past week following an increase in global benchmark Chicago prices. Russian export prices for the new wheat crop, due to arrive on the market in the summer, increased further last week alongside an increase in global benchmark prices in Chicago.

The USDA in a weekly crop progress report rated 61% of the US winter wheat crop in good to excellent condition, which is 5% lower with the estimates a week earlier. 66% of US Winter wheat has been harvested vs the long-term average of 76%.

According to the Moroccan Government, Morocco will increase the import duty on soft wheat from 30% to 135% on 1 June 2019 to help local farmers sell the domestic harvest. The government council approved the import duty increase with low prices in international markets that can result in lower sales of the local harvest.

According to the Egyptian agriculture ministry, the country will have bought 3 MMT of local wheat from this year's harvest. The agriculture ministry expects farmers to sell more than 3.6 MMT of wheat to the government this season, which began in April 2019.

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

### Soybeans

International soybean prices traded higher this past week with planting progress for the 2019 US soybean crop being very slow with 29% planted compared to 74% last year and 66% for the 5-year average.

The soybean planting progressed only 10% last week. The soybean planting is progressing faster in the western Corn Belt with Nebraska 56% planted (average is 74%), Iowa 32% (average is 77%), Kansas is 22% (average is 41%), and Missouri is 12% (average is 53%). Soybean planting is furthest behind in the eastern Corn Belt with Illinois 14% planted (average is 70%), Indiana is 11% (average is 63%), and Ohio is 11% (average is 55%). Soybean planting in the northwestern Corn Belt was led by North Dakota at 46% planted (average is 65%), Minnesota is 35% (average is 77%), and South Dakota is 6% (average is 64%).

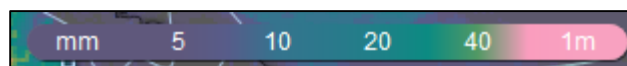
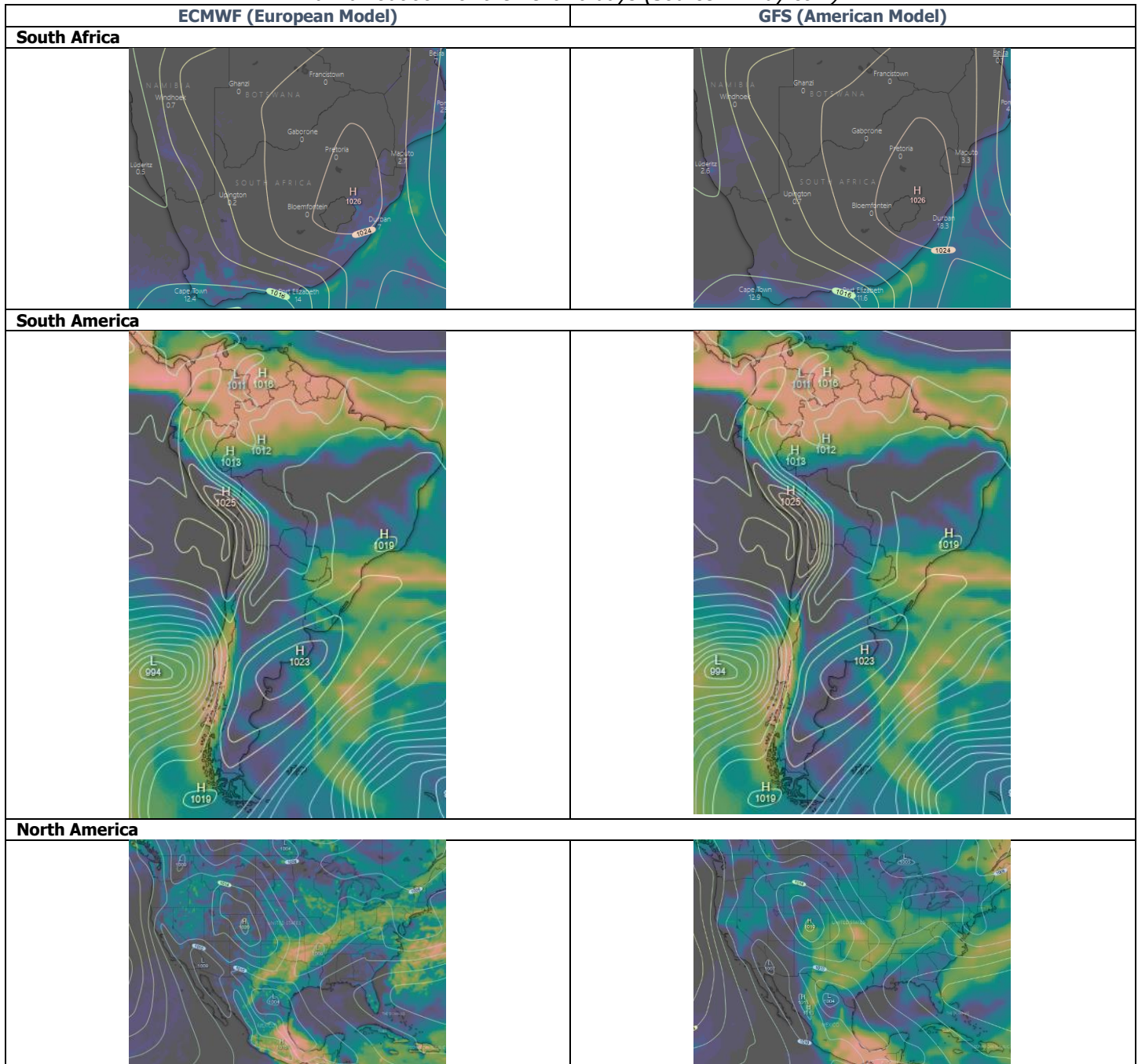
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South African (SA) soybean prices traded higher for July 2019 and September 2019 this past week with soybeans trading higher due to a depreciating ZAR and higher international prices. starting in parts of the country.



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



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