

The Weekly Weighbridge

3 May 2019

Important facts for the week

- China may be considered to be a small contributor in the global grain trade, especially relative to the volume it consumes, but recent policy changes, the trade war with the United States and the spread of African swine fever in its hog herds have drawn traders' attention to all things China. According to the USDA representative in Beijing, the large grain stockpiles in China is not expected to change anytime soon, but the forecast is more encouraging for corn than for wheat when it comes to reducing inventory.
- The International Grains Council (IGC) increased its estimate for world wheat production in the 2019/2020 season, largely due to an improved outlook for Russia's crop. The inter-governmental body, in a monthly update, increased its global wheat crop estimate by 3 MMT to a total of 762 MMT with Russia's production seen at 79.5 MMT, which is higher than 77.1 MMT seen previously.
- China's imports of soybeans from the United States increased in March from the previous month as more cargoes were booked during a truce in the trade dispute between the two countries. According to the General Administration of Customs, China imported 1.51 MMT of soybeans from the United States in March, which is higher than the February's shipments of 907,754 MT.

		ZAR/mt		26 April 2019		Week			03 May 2019		26 April 2019	
		03 May 2019				Move						
SAFEX	Jul'19 White Maize	R	2,667	R	2,624	R 43	ZAR/USD		R	14.53	R	14.38
SAFEX	Sep'19 White Maize	R	2,729	R	2,684	R 45	EUR/USD		\$	1.1173	\$	1.1148
SAFEX	Jul'19 Yellow Maize	R	2,580	R	2,532	R 48	ZAR/EUR		R	16.23	R	16.04
SAFEX	Sep'19 Yellow Maize	R	2,645	R	2,589	R 56	ZAR/GBP		R	18.93	R	18.57
SAFEX	Jul'19 Soybeans	R	4,753	R	4,806	-R 53	Important dates 02/05/2019 Weekly producer deliveries 03/05/2019 Weekly imports and exports 03/05/2019 Weekly USA export intentions					
SAFEX	Sep'19 Soybeans	R	4,850	R	4,894	-R 44						
SAFEX	Jul'19 Sunflower	R	5,058	R	5,115	-R 57						
SAFEX	Sep'19 Sunflower	R	5,209	R	5,230	-R 21						
SAFEX	Jul'19 Wheat	R	4,679	R	4,675	R 4						
SAFEX	Sep'19 Wheat	R	4,554	R	4,540	R 14						
Export Parity							Import Parity					
		USD/mt		26 April 2019		Week	Origin Country		Protein level	ZAR/mt		Week
		FOB Origin				Move						Move
Soybeans							Wheat		FCA Durban			
SA	Jul'19 Soybeans	\$	365	\$	370	\$ -6	US (HRW)	Spot Wheat	10.1%	R	4,431	R 2
US	Jul'19 Soybeans	\$	326	\$	332	\$ -5	US (SRW)	Spot Wheat		R	4,246	R 27
Brazil	Jul'19 Soybeans	\$	327	\$	327	\$ 0	Germany	Spot Wheat	11.0%	R	4,571	R 6
Argentina	Jul'19 Soybeans	\$	302	\$	311	\$ -9	France	Spot Wheat	10.1%	R	4,205	R 58
							Russia	Spot Wheat	11.0%	R	4,551	R 39
							Australian APW	Spot Wheat	9.2%	R	4,500	R 60
							Argentina	Spot Wheat	10.6%	R	4,478	R 38
Maize							Wheat		FCA Randfontein			
SA	Jul'19 Yellow Maize	\$	203	\$	200	\$ 2	South Africa	Spot Wheat	12.0%	R	4,629	-R 10
SA	Jul'19 White Maize	\$	208	\$	207	\$ 2						
US	Jul'19 Yellow Maize	\$	166	\$	164	\$ 3	Yellow Maize		FCA Klipheuwel			
Argentina	Jul'19 Yellow Maize	\$	151	\$	145	\$ 6	US	July'19 Yellow Maize	R	3,296	R 83	
Brazil	Jul'19 Yellow Maize	\$	159	\$	155	\$ 3	Argentina	July'19 Yellow Maize	R	2,995	R 130	
Black Sea	Spot Yellow Maize (non GM)	\$	169	\$	168	\$ 2	Brazil	July'19 Yellow Maize	R	3,110	R 88	
							South Africa	July'19 Yellow Maize	R	2,930	R 48	
							White Maize		FCA Randfontein			
							US	July'19 White Maize	R	3,875	R 89	
							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 with unfavourable weather that can delay planting in the US. However, speculators closed out April with their most pessimistic views of all time toward Chicago-traded corn and soybeans. Commodity funds are likely more comfortable than usual in taking massive short positions in grains and oilseeds because of the ample stockpiles, particularly in the United States. They also know that the producers will eventually have to sell, potentially at unfavourable prices, but producers are hoping that funds will be forced to cover shorts first.

The US corn planting report showed US planting at 15% complete versus the long-term average of 27%. In the Western and Southern parts of the corn belt corn planting progress is on schedule, however moving from Illinois East is where the delay is currently occurring. Illinois's planting progress is estimated at 9% versus the long-term average of 43%.

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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 higher international prices and a depreciating ZAR.

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 higher than the 62% a week earlier, a sign of improving crop conditions.

Hard red winter wheat fields in southwestern Kansas were in good shape and showed better-than-average yield potential, but the crop is less mature than normal for this time of year. Planting delays last fall and cold weather over the winter and spring slowed the crop's development, which could leave the wheat vulnerable to weather stress in the coming weeks.

The Indian government has increased its import duty on wheat to 40% from the previous 30% as the world's second largest producer of the grain tries to support local farmers.

Rain brought some relief to wheat crops in the European Union, but more rain will be needed in the coming weeks to prevent a second successive year of drought damage. An increase in wheat planting by farmers followed by a mild winter has put the EU on course for a rebound from last year's drought-hit harvest.

According to Australia's Bureau of Meteorology the country's west coast will experience more rain than average over the next three months which can boost the wheat production in the world's fourth largest exporter.

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South African (SA) wheat prices traded slightly higher this past week for July 2019 and September 2019 this past week with a depreciating ZAR contributing to the increasing prices.

Soybeans

International soybean prices traded lower this past week with a lack of export demand and fear that acreage in the US is now switching from corn into soybeans have caused the aggressive sell-off resulting in lower prices.

According to a Reuters poll, Brazil's 2018/19 soybean crop is expected to be the second largest on record, as good agricultural yields in late-maturing fields partially offset losses caused by a dry spell in December and January. According to the average of 12 forecasts, farmers will collect 115.46 MMT of the oilseeds this season, 1 MMT above the average estimate on a previous Reuters poll and below only last year's record output of 119.3 MMT.

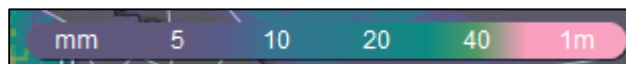
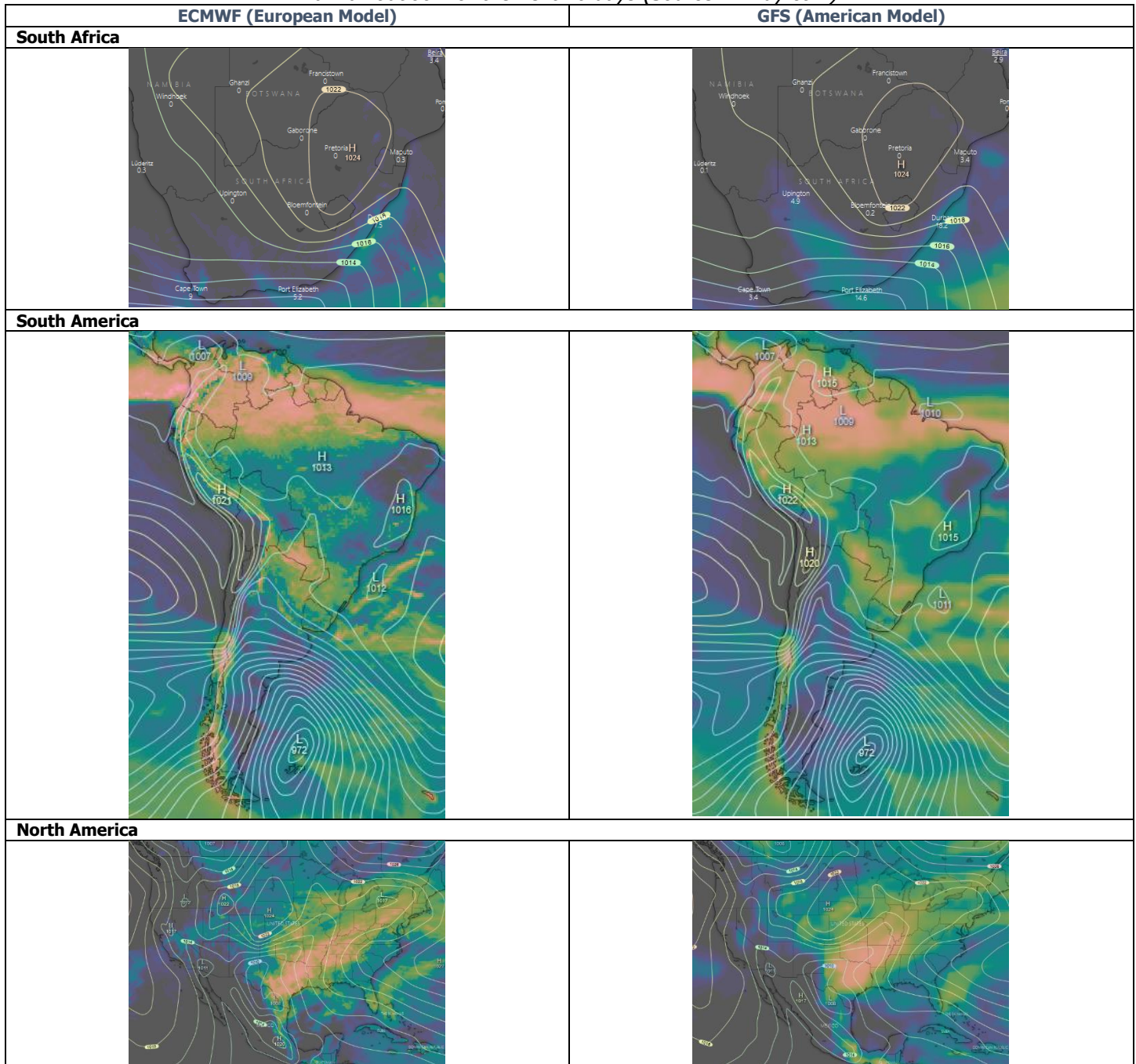
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South African (SA) soybean prices traded lower this past week for July 2019 and September 2019 this past week with soybeans trading lower due to lower international prices and abundant world supply.



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



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