

The Weekly Weighbridge

20 June 2019

Important facts for the week

- According to agribusiness consultancy Agroconsult, Brazilian farmers is expected to export a record 38 MMT of corn this year, as their crop becomes more competitive due to a record harvest and historic US planting delays. Agroconsult increased its estimate for exports this year to 38 MMT from 31 MMT and also increased the estimate for the crop to 101.2 MMT of corn in the 2018-19 season from 100.4 MMT.
- Australia lowered its estimate for wheat exports over the 2019/20 season by nearly 18% as a drought deteriorates the crop. This comes after Australia's chief commodity forecaster decreased the country's production estimate for the 2019/20 harvest by more than 11% as the drought leaves crops struggling to survive.
- The US soybean crush fell below trade estimates last month and lagged behind the year-earlier monthly crush rate for a third straight month, according to NOPA data. NOPA members, which handle about 95 percent of all soybeans crushed in the US, processed 4.212 MMT of soybeans in May 2019, which is lower than 4.354 MMT in April 2019 and below the 4.451 MMT crushed in May 2018, the record for the month.

		ZAR/mt		Week					
		20 June 2019	13 June 2019	Move			20 June 2019	13 June 2019	
SAFEX	Jul'19 White Maize	R 2,843	R 2,873	-R 30	ZAR/USD		R 14.30	R 14.86	
SAFEX	Sep'19 White Maize	R 2,894	R 2,921	-R 27	EUR/USD		\$ 1.1266	\$ 1.1275	
SAFEX	Jul'19 Yellow Maize	R 2,830	R 2,859	-R 29	ZAR/EUR		R 16.11	R 16.76	
SAFEX	Sep'19 Yellow Maize	R 2,882	R 2,911	-R 29	ZAR/GBP		R 18.15	R 18.83	
SAFEX	Jul'19 Soybeans	R 5,472	R 5,462	R 10	Important dates				
SAFEX	Sep'19 Soybeans	R 5,568	R 5,557	R 11	19/06/2019	Weekly producer deliveries			
SAFEX	Jul'19 Sunflower	R 5,259	R 5,281	-R 22	20/06/2019	Weekly Imports and exports			
SAFEX	Sep'19 Sunflower	R 5,349	R 5,375	-R 26	21/06/2019	Weekly USA export intentions			
SAFEX	Jul'19 Wheat	R 4,512	R 4,476	R 36					
SAFEX	Sep'19 Wheat	R 4,502	R 4,482	R 20					
Export Parity					Import Parity				
		USD/mt		Week	Protein		ZAR/mt		Week
		FOB Origin		Move	level				Move
Soybeans					Wheat		FCA Durban		
SA	Jul'19 Soybeans	\$ 421	\$ 403	\$ 18	US (HRW)	Spot Wheat	10.1%	R 5,208	R 99
US	Jul'19 Soybeans	\$ 355	\$ 346	\$ 9	US (SRW)	Spot Wheat		R 5,195	R 75
Brazil	Jul'19 Soybeans	\$ 370	\$ 365	\$ 6	Germany	Spot Wheat	11.0%	R 4,933	R 198
Argentina	Jul'19 Soybeans	\$ 355	\$ 350	\$ 5	France	Spot Wheat	10.1%	R 4,586	R 174
					Russia	Spot Wheat	11.0%	R 4,629	R 168
					Australian APW	Spot Wheat	9.2%	R 4,837	R 42
					Argentina	Spot Wheat	10.6%	R 4,644	R 130
Maize					Wheat		FCA Randfontein		
SA	Jul'19 Yellow Maize	\$ 223	\$ 215	\$ 7	South Africa	Spot Wheat	12.0%	R 4,496	R 44
SA	Jul'19 White Maize	\$ 223	\$ 216	\$ 7					
US	Jul'19 Yellow Maize	\$ 202	\$ 198	\$ 4	Yellow Maize		FCA Klipheuwel		
Argentina	Jul'19 Yellow Maize	\$ 181	\$ 177	\$ 4	US	July'19 Yellow Maize	R 3,766	-R 57	
Brazil	Jul'19 Yellow Maize	\$ 186	\$ 186	\$ -1	Argentina	July'19 Yellow Maize	R 3,389	-R 39	
Black Sea	Spot Yellow Maize (non GM)	\$ 183	\$ 180	\$ 3	Brazil	July'19 Yellow Maize	R 3,455	-R 118	
					South Africa	July'19 Yellow Maize	R 3,180	-R 29	
					White Maize		FCA Randfontein		
					US	July'19 White Maize	R 4,213	-R 158	
					Mexico	July'19 White Maize	N/A	N/A	
(Wheat quality based on 12 % moisture & import tariff included)									
					Wheat	Published Tariff	R 958.00		

News for the week

Corn/Maize

International corn prices traded higher this past week after US speculators briefly stopped their aggressive closing of short positions in Chicago-traded futures only to restart the bullish sentiment after the USDA decreased the estimated US corn production. Constant rainfall in the US Corn Belt over the last several months has severely hindered planting, holding planting progress to a record-slow pace.

According to agribusiness consultancy Agroconsult, Brazilian farmers is expected to export a record 38 MMT of corn this year, as their crop becomes more competitive due to a record harvest and historic US planting delays. Agroconsult increased its estimate for exports this year to 38 MMT from 31 MMT and also increased the estimate for the crop to 101.2 MMT of corn in the 2018-19 season from 100.4 MMT.

Brazilian pork and poultry processors, who have profited from strong exports to China amid the African swine fever outbreak, are starting to feel the pressure as prices continue to increase for domestic corn, which is used as the main ingredient in animal feed. Brazilian corn prices increased sharply in recent weeks despite estimates for a record harvest above 100 MMT.

The latest US corn planting report showed US planting at 92% complete versus the long-term average of 100%. The corn in Illinois is 88% planted (average is 100%), Indiana is 84% (average is 100%), Ohio is 68% (average is 100%), and Michigan is 84% (average is 98%). The slowest state in the western Corn Belt is South Dakota where 78% of the corn has been planted (average is 100%).

South African (SA) maize prices traded lower for July 2019 and September 2019 this past week with white maize and yellow maize trading lower mainly due to stronger ZAR.

Wheat

International wheat prices traded sideways this past week following the changes in global benchmark Chicago prices.

Mexican bread and flour tortilla makers will likely use significantly more wheat which is bought from the US this year despite the increasing unease with President Donald Trump. Wheat shipments to Mexico from Russia are also expected to repeat last year's big jump in volume, while Argentine wheat is seen gaining market share as the Mexican industry continues to diversify its suppliers.

Strategie Grains decreased EU soft wheat exports to third countries by more than 1 MMT in its estimate for the 2019/20 season. Strategie Grains now expects the EU to export 22.1 MMT of soft wheat in the season starting on 1 July 2019, which is lower than 23.2 MMT estimated last month.

Australia lowered its estimate for wheat exports over the 2019/20 season by nearly 18% as a drought deteriorates the crop. This comes after Australia's chief commodity forecaster

decreased the country's production estimate for the 2019/20 harvest by more than 11% as the drought leaves crops struggling to survive.

The heavy rainfall that have hit eastern Argentina over the past few days will cause planting delays in next season's wheat crop, but they could also help farmers grow more of the grain thanks to replenished water reserves. Argentina, has recently been benefiting from adverse weather hitting US wheat crops, with the local exchange estimating record wheat production in the 2019/20 season.

According to the Department of Rural Economics, farmers in Southern Brazil are in the process of planting their 2019 winter wheat crop. In the state of Parana, which is the largest wheat producing state in Brazil, farmers have planted 74% of their intended wheat hectares. Wheat hectares in Parana is expected to decline 6% to approximately 1 million hectares. The recent wheat crops in Parana have been hit by dry weather at planting, late season frosts and then heavy rains at harvest. It's the rains at harvest that are the biggest problem because they lower the quality of the grain which then can only be sold as feed wheat for animal rations.

South African (SA) wheat prices traded higher for July 2019 and September 2019 this past week with import parity pushing wheat prices higher after a higher import tariff of R958.00 was announced.

Soybeans

International soybean prices traded higher this past week with planting delays for US soybean, above average rainfall for the and below average temperatures affecting the US crop conditions.

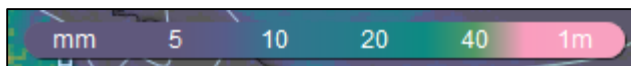
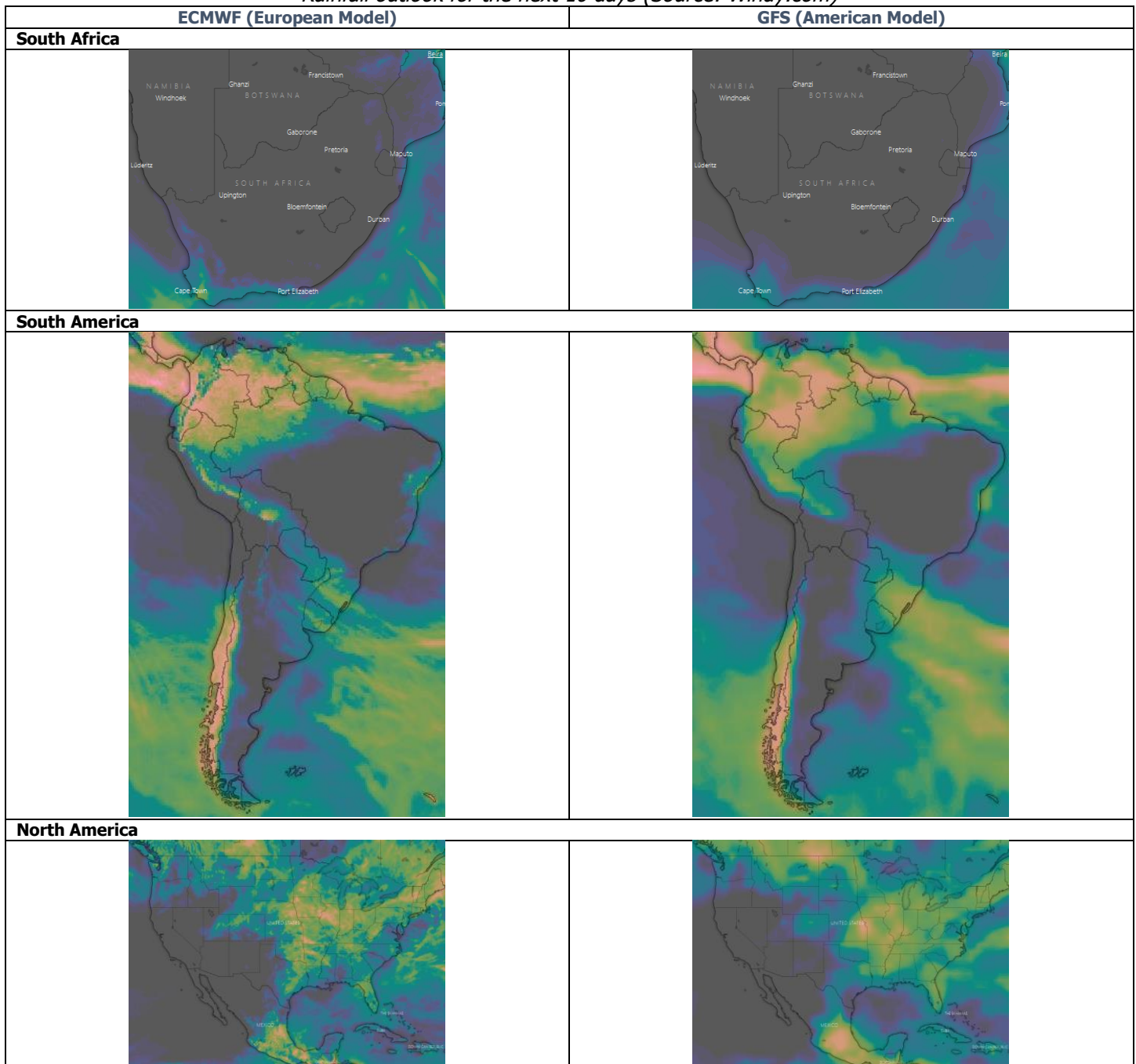
Planting progress for the 2019 US soybean crop at 77% planted compared to 96% last year and 93% for the 5-year average. As with the corn, the slowest soybean planting is in the eastern Corn Belt with 70% of the soybeans planted in Illinois (average is 95%), Indiana is 64% (average is 94%), Ohio is 46% (average is 94%), and Michigan is 53% (average is 94%). Soybean planting is also very slow in Missouri with 57% (average is 81%) and South Dakota where 70% of the soybeans have been planted (average is 96%)

The US soybean crush fell below trade estimates last month and lagged behind the year-earlier monthly crush rate for a third straight month, according to NOPA data. NOPA members, which handle about 95 percent of all soybeans crushed in the US, processed 4.212 MMT of soybeans in May 2019, which is lower than 4.354 MMT in April 2019 and below the 4.451 MMT crushed in May 2018, the record for the month.

South African (SA) soybean prices traded higher for July 2019 and September 2019 this past week with soybeans trading higher mainly due to higher international prices.



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



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