

The Weekly Weighbridge

06 June 2019

Important facts for the week

- According to agribusiness consultancy Agroconsult, Brazil is expected to harvest 100.4 MMT of corn in the 2018/19 season, increasing its estimate by almost 2 MMT after field research revealed that good weather improved the estimates for Brazil's second-corn crop, which is planted after soybeans are harvested.
- According to Germany's association of farm cooperatives, the 2019 wheat harvest will increase by 21.9% to 24.70 MMT as optimism of a recovery continue to grow after drought caused massive harvest damage last year. Crops in Germany and much of western Europe crop were damaged by a drought and heatwave in the summer of 2018.
- Confronted with a decrease in prices for their crops prompted by the US-China trade war, Argentine soybean farmers have had little choice this year but to take the losses or hold onto their stocks in a bet on an eventual truce. The local Rosario grains exchange estimates that despite a bumper harvest, the decrease in soybean prices will result in a \$1.4 billion loss in the country's expected soybean-related income this season.

		ZAR/mt			Week										
		06 June 2019		30 May 2019	Move			06 June 2019		30 May 2019					
SAFEX	Jul'19 White Maize	R	2,893	R	2,880	R	13	ZAR/USD	R	14.86	R	14.72			
SAFEX	Sep'19 White Maize	R	2,945	R	2,934	R	11	EUR/USD	\$	1.1233	\$	1.1130			
SAFEX	Jul'19 Yellow Maize	R	2,855	R	2,837	R	18	ZAR/EUR	R	16.70	R	16.39			
SAFEX	Sep'19 Yellow Maize	R	2,911	R	2,893	R	18	ZAR/GBP	R	18.85	R	18.56			
SAFEX	Jul'19 Soybeans	R	5,222	R	5,072	R	150	Important dates							
SAFEX	Sep'19 Soybeans	R	5,318	R	5,165	R	153	05/06/2019	Weekly producer deliveries						
SAFEX	Jul'19 Sunflower	R	5,270	R	5,110	R	160	06/06/2019	Weekly Imports and exports						
SAFEX	Sep'19 Sunflower	R	5,397	R	5,249	R	148	07/06/2019	Weekly USA export intentions						
SAFEX	Jul'19 Wheat	R	4,542	R	4,475	R	67								
SAFEX	Sep'19 Wheat	R	4,509	R	4,467	R	42								
Export Parity					Import Parity										
		USD/mt		Week	Protein level		ZAR/mt		Week						
		FOB Origin		30 May 2019	Move	Origin Country		FCA Durban		Move					
Soybeans					Wheat										
SA	Jul'19 Soybeans	\$	388	\$	380	\$	8	US (HRW)	Spot Wheat	10.1%	R	4,960	-R	143	
US	Jul'19 Soybeans	\$	340	\$	348	\$	-8	US (SRW)	Spot Wheat		R	4,878	-R	147	
Brazil	Jul'19 Soybeans	\$	363	\$	362	\$	1	Germany	Spot Wheat	11.0%	R	4,591	-R	61	
Argentina	Jul'19 Soybeans	\$	343	\$	352	\$	-9	France	Spot Wheat	10.1%	R	4,436	R	39	
									Russia	Spot Wheat	11.0%	R	4,462	R	40
									Australian APW	Spot Wheat	9.2%	R	4,575	R	80
									Argentina	Spot Wheat	10.6%	R	4,492	-R	218
Maize					Wheat		FCA Randfontein								
SA	Jul'19 Yellow Maize	\$	216	\$	216	\$	0	South Africa	Spot Wheat	12.0%	R	4,500	R	74	
SA	Jul'19 White Maize	\$	218	\$	219	\$	-0								
US	Jul'19 Yellow Maize	\$	189	\$	197	\$	-9	Yellow Maize		FCA Klipheuwel					
Argentina	Jul'19 Yellow Maize	\$	169	\$	175	\$	-6	US	July'19 Yellow Maize		R	3,704	-R	79	
Brazil	Jul'19 Yellow Maize	\$	175	\$	183	\$	-8	Argentina	July'19 Yellow Maize		R	3,328	-R	32	
Black Sea	Spot Yellow Maize (non GM)	\$	180	\$	179	\$	1	Brazil	July'19 Yellow Maize		R	3,416	-R	79	
									South Africa	July'19 Yellow Maize		R	3,205	R	18
									White Maize		FCA Randfontein				
									US	July'19 White Maize		R	4,218	-R	84
									Mexico	July'19 White Maize		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 lower this past week after consistent rain continued to delay US farmers this past week, especially in parts of the Eastern Corn Belt, as planting progress for corn and soybeans failed to progress as much as needed. The Crop Watch farmers in Indiana and Ohio did not report that much progress, however the North Dakota farmers reported that recent planting progress in the area surpassed expectations and the Kansas finally enjoyed a stretch of dry days.

The latest US corn planting report showed US planting at 67% complete versus the long-term average of 96%. 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 31% versus the long-term average of 90%. Illinois, Ohio and Indiana are also more than 50% behind with their planting progress versus the long-term average.

According to agribusiness consultancy Agroconsult, Brazil is expected to harvest 100.4 MMT of corn in the 2018/19 season, increasing its estimate by almost 2 MMT after field research revealed that good weather improved the estimates for Brazil's second-corn crop, which is planted after soybeans are harvested.

Private analytics firm IEG Vantage estimated US 2019 corn plantings at 34.37 million hectares. The US Department of Agriculture (USDA) in March 2019 said US farmers intended to plant corn on 37.55 million hectares.

The International Grains Council (IGC) decreased its estimate for world corn production in the 2019/2020 season, mainly determined by a reduced outlook for the US crop. The IGC decreased its world corn crop estimate by 7 MMT to 1.118 billion MT. The US corn crop was estimated at 362 MMT, which is lower than a previous estimate of 371 MMT.

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

Wheat

International wheat prices traded lower this past week following a decrease in global benchmark Chicago prices.

The USDA in a weekly crop progress report rated 64% of the US winter wheat crop in good to excellent condition, which 3% lower than the estimates a week earlier. 76% of US Winter wheat has been harvested vs the long-term average of 84%.

According to Germany's association of farm cooperatives, the 2019 wheat harvest will increase by 21.9% to 24.70 MMT as optimism of a recovery continue to grow after drought caused massive harvest damage last year. Crops in Germany and

much of western Europe crop were damaged by a drought and heatwave in the summer of 2018.

SovEcon decreased its estimate for Russia's 2019 wheat crop due to dry weather in May 2019 and could decrease it further if June 2019 proves to be hot and dry too.

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

Soybeans

International soybean prices traded lower this past week with planting progress for the 2019 US soybean crop at 39% planted compared to 86% last year and 79% for the 5-year average. This indicates planting progress of 10% for the week.

The best soybean planting progress last week was in the North Western Corn Belt where the soybeans in North Dakota are 70% planted (average is 83%), Minnesota is 51% (average is 90%) and South Dakota is 14% (average is 82%). Farmers in the western Corn Belt did get some soybeans planted with Nebraska 64% planted (average is 87%), Iowa is 41% (average is 89%), Kansas is 26% (average is 53%), and Missouri is 18% (average is 63%). Soybean planting progress remains the slowest in the eastern Corn Belt with 21% of the soybeans planted in Illinois (average is 84%), Indiana is 17% (average is 80%), and Ohio is 18% (average is 76%). Soybean emergence is 19% compared to 65% last year and 56% for the 5-year average.

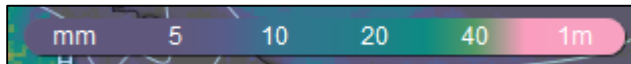
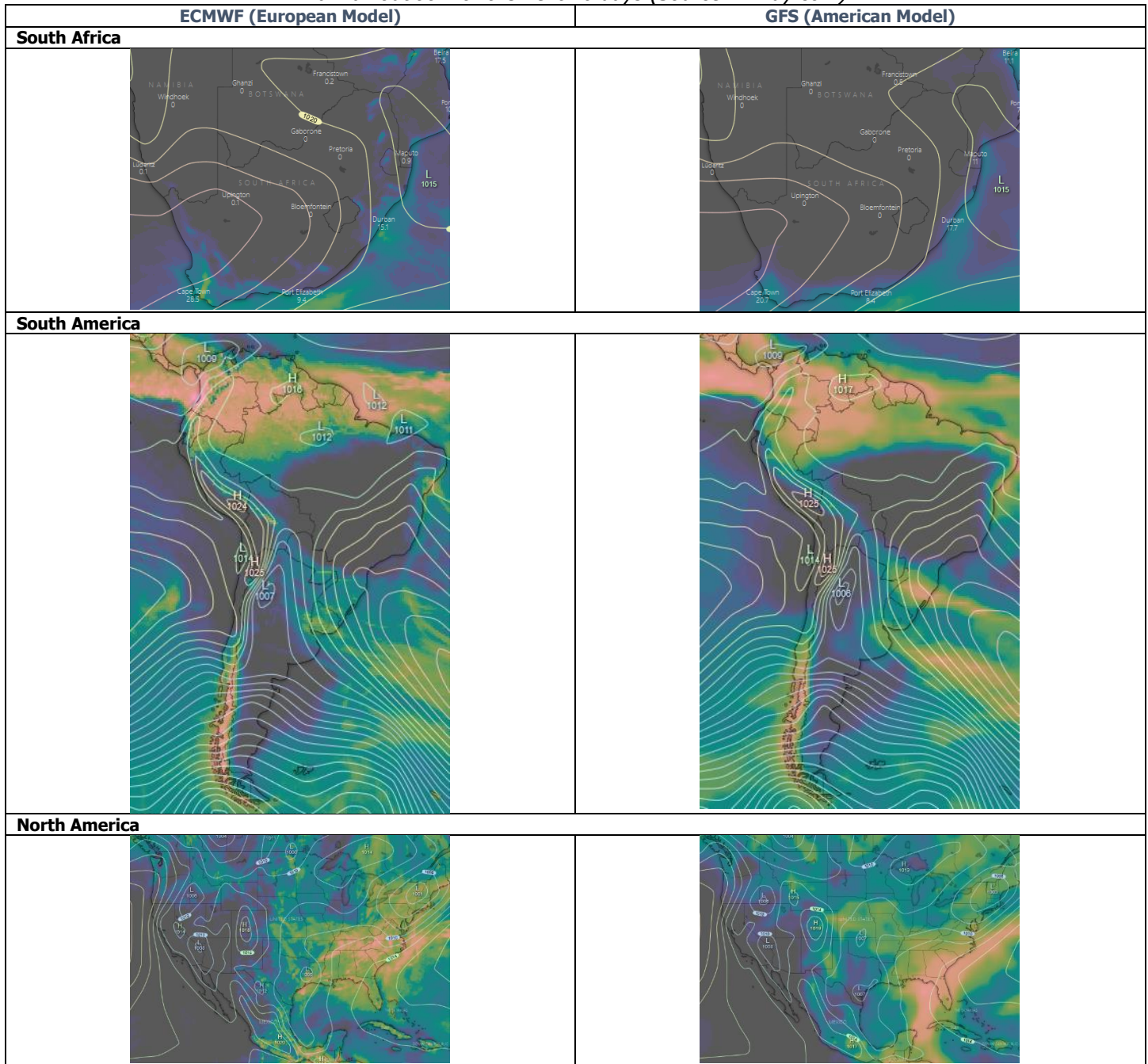
China will store up to 7 MMT of soybeans bought from the US during an earlier truce in the trade war between the nations, rather than crush them for immediate sale as a feed ingredient. The unusual move to store such large volumes of the US soybeans comes as China faces the ghost of a drawn-out trade war with the US.

Confronted with a decrease in prices for their crops prompted by the US-China trade war, Argentine soybean farmers have had little choice this year but to take the losses or hold onto their stocks in a bet on an eventual truce. The local Rosario grains exchange estimates that despite a bumper harvest, the decrease in soybean prices will result in a \$1.4 billion loss in the country's expected soybean-related income this season.

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



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