

The Weekly Weighbridge

22 Augustus 2019

Important facts for the week

- Most market participants severely underestimated last weeks' US corn production ahead of a highly anticipated government report, but speculators were much lighter sellers of Chicago-traded corn than expected due to the dramatic market reaction. The USDA estimated US domestic corn production at 0.353 billion MT, which is 5% more than the market was expecting.
- Strategie Grains increased its estimate for EU production and exports of soft wheat this season due to larger production estimates in France and Britain together with increasingly competitive EU export prices. Strategie Grains estimated the 2019/20 soft wheat production in the EU at 142.9 MMT, which is higher than 140.6 MMT estimated in July 2019.
- According to National Oilseed Processors Association (NOPA) data, the US soybean crush in July 2019 surpassed most trade estimates and surged from a 21-month low in June 2019 to the sixth-highest for any month on record. NOPA members crushed a total of 4.574 MMT of soybeans in July 2019, the highest-ever for the month and the largest monthly crush since March 2019.

		ZAR/mt		Week			22 August 2019		15 August 2019					
				Move										
SAFEX	Sep'19 White Maize	R	2,846	R	2,942	R	(96)	ZAR/USD						
SAFEX	Dec'19 White Maize	R	2,936	R	3,034	R	(98)	EUR/USD						
SAFEX	Sep'19 Yellow Maize	R	2,731	R	2,783	R	(52)	ZAR/EUR						
SAFEX	Dec'19 Yellow Maize	R	2,804	R	2,859	R	(55)	ZAR/GBP						
SAFEX	Sep'19 Soybeans	R	5,620	R	5,718	R	(98)							
SAFEX	Dec'19 Soybeans	R	5,695	R	5,785	R	(90)							
SAFEX	Sep'19 Sunflower	R	5,550	R	5,523	R	27	Important dates						
SAFEX	Dec'19 Sunflower	R	5,719	R	5,670	R	49	21/08/2019	Weekly producer deliveries					
SAFEX	Sep'19 Wheat	R	4,627	R	4,669	R	(42)	22/08/2019	Weekly Imports and exports					
SAFEX	Dec'19 Wheat	R	4,660	R	4,639	R	21	23/08/2019	Weekly USA export intentions					
Export Parity					Import Parity									
		USD/mt		Week			Protein	ZAR/mt		Week				
		FOB Origin		Move	Origin Country		Level			Move				
Soybeans					Wheat		FCA Durban							
SA	Sep'19 Soybeans	\$	398	\$	402	\$	(4)	US (HRW)	Spot Wheat	10.1%	R	5,038	R	2
US	Sep'19 Soybeans	\$	336	\$	337	\$	(2)	US (SRW)	Spot Wheat		R	5,033	R	(27)
Brazil	Sep'19 Soybeans	\$	378	\$	373	\$	5	Germany	Spot Wheat	11.0%	R	4,667	R	(30)
Argentina	Sep'19 Soybeans	\$	348	\$	349	\$	(1)	France	Spot Wheat	10.1%	R	4,417	R	(33)
								Russia	Spot Wheat	11.0%	R	4,866	R	(22)
								Australian APW	Spot Wheat	9.2%	R	4,927	R	21
								Argentina	Spot Wheat	10.6%	R	4,958	R	(7)
Maize					Wheat		FCA Randfontein							
SA	Sep'19 Yellow Maize	\$	192	\$	195	\$	(4)	South Africa	Spot Wheat	12.0%	R	4,611	R	(39)
US	Sep'19 Yellow Maize	\$	167	\$	166	\$	1							
Argentina	Sep'19 Yellow Maize	\$	147	\$	148	\$	(0)							
Brazil	Sep'19 Yellow Maize	\$	155	\$	154	\$	1							
Black Sea	Spot Yellow Maize (non GM)	\$	194	\$	194	\$	-							
					Yellow Maize		FCA Klipheuwel							
SA	Sep'19 White Maize	\$	204	\$	211	\$	(7)	US	Sep'19 Yellow Maize		R	3,453	R	26
US	Sep'19 White Maize	\$	212	\$	201	\$	11	Argentina	Sep'19 Yellow Maize		R	3,105	R	(3)
Mexico	Sep'19 White Maize	\$	235	\$	235	\$	-	Brazil	Sep'19 Yellow Maize		R	3,213	R	15
								South Africa	Sep'19 Yellow Maize		R	3,081	R	(52)
					White Maize		FCA Randfontein							
								US	Sep'19 White Maize		R	4,223	R	175
								Mexico	Sep'19 White Maize		R	4,483	R	6
(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 lower this past week after US corn prices traded lower following the unexpected bearish US new crop area and crop estimates released by the USDA earlier in August 2019. The weather conditions in the US Midwest has been mostly favourable and some more rainfall is expected which could counter the 1% decrease in the good/excellent rating seen this week.

Most market participants severely underestimated last weeks' US corn production ahead of a highly anticipated government report, but speculators were much lighter sellers of Chicago-traded corn than expected due to the dramatic market reaction. The USDA estimated US domestic corn production at 0.353 billion MT, which is 5% more than the market was expecting.

The condition of the 2019 US corn crop decreased 1% last week to 56% rated good to excellent. Six states indicated that the corn condition improved last week and 10 states indicated that the corn condition declined last week with 2 states unchanged. Most of the improvements were found in the central Corn Belt while most of the declines were found in the eastern and western Corn Belt.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for September 2019 and December 2019 due lower Chicago traded corn future prices.

Wheat

International wheat prices traded sideways this past week with US wheat prices trading lower with the spill over weakness from the lower US corn and US soybean prices also adding some price pressure. There has been very little new input in the US wheat market while the slow export demand also adding price pressure.

Strategie Grains increased its estimate for EU production and exports of soft wheat this season due to larger production estimates in France and Britain together with increasingly competitive EU export prices. Strategie Grains estimated the 2019/20 soft wheat production in the EU at 142.9 MMT, which is higher than 140.6 MMT estimated in July 2019.

According to the grain traders' union UZA, Ukraine's 2019 wheat harvest is expected to increase to a total of 27.72 MMT from 24.83 MMT last year. Wheat exports could reach 21 MMT in the 2019/20 season compared with 15.53 MMT in 2018/19.

FranceAgriMer has estimated that 89% of this year's French soft wheat crop was displaying a protein content of 11% or above. The results published were in line with initial signs that most of the 2019 crop would meet the 11% minimum protein generally required by millers.

South African (SA) wheat prices traded mixed this past week with September 2019 trading lower and December 2019

trading higher with market participants awaiting the new import tariffs to be announced.

Soybeans

US soybean prices traded lower this past week with some beneficial rainfall seen in the US Midwest at the start of this week and the weather forecast expecting some more rain in the week ahead with mostly normal temperatures for this time of the year.

According to National Oilseed Processors Association (NOPA) data, the US soybean crush in July 2019 surpassed most trade estimates and surged from a 21-month low in June 2019 to the sixth-highest for any month on record. NOPA members crushed a total of 4.574 MMT of soybeans in July 2019, the highest-ever for the month and the largest monthly crush since March 2019.

Brazil's local soybean processors are competing more with Chinese buyers for Brazilian soybeans, triggering prices in local currency to increase. While traders reported the Chinese buyers buying more than 1 MMT of soybeans from Brazil and Argentina in the last two days alone, Brazilian farmers have also been selling their soybeans to local crushers, who need them to produce biofuel and animal feed.

In June, the Brazilian Association of Vegetable Oil Industries (Abiove) estimated that Brazil would end the year with a carryover of 5.6 MMT of soybeans. Abiove have since lowered their estimate to 2.6 MMT and it may decrease more.

The reason for the declining stocks is China's aggressive buying of Brazilian soybeans. Brazil has already exported more than 57.7 MMT of soybeans this year according to the Export Secretary (Secex) and recent purchases by China is destined to push the volume even higher.

It was originally estimated that Brazil would export 68 million tons of soybeans in 2019, but some analysts think it might reach 75 million. Part of the uncertainty is due to Conab's announcement that they are going to reevaluate their Brazilian soybean production data for the last two years. Many private analysts feel Brazil may have produced as much as 6 million tons more soybeans during the last two years than what Conab reported.

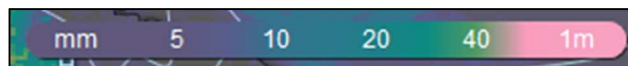
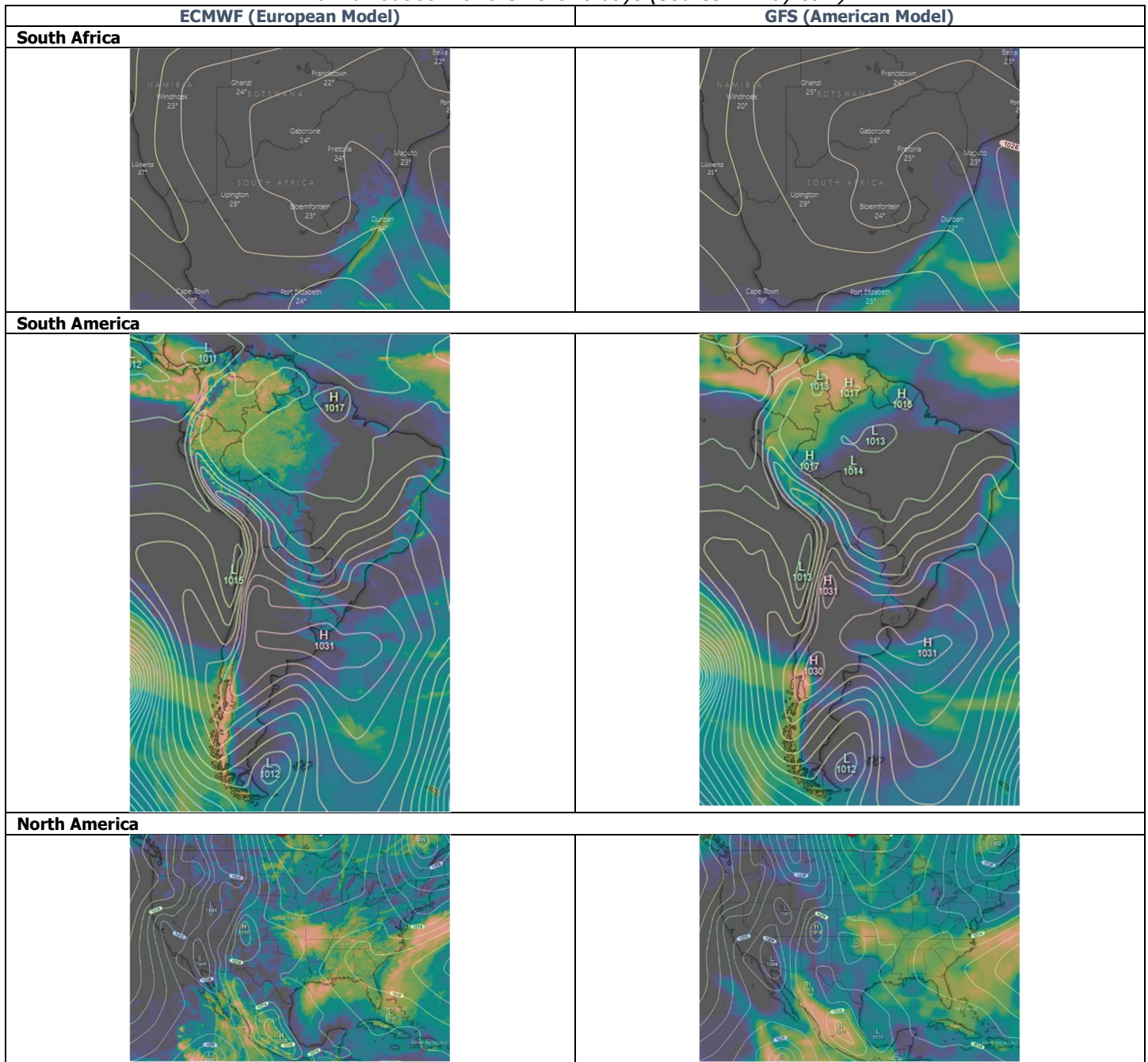
The condition of the 2019 US soybean crop decreased 1% last week to 53% rated good to excellent. Six states indicated that the soybean condition improved last week while 11 states indicated that the soybean condition declined last week and 1 state was unchanged. Most of the improvements were found in the central Corn Belt while most of the declines were found in the southern locations.

South African (SA) soybean prices traded lower for September 2019 and December 2019 this past week due lower international soybean prices.



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



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