

# The Weekly Weighbridge

## 29 August 2019

### Important facts for the week

- According to the government's Crop Estimates Committee (CEC), South Africa is expected to harvest more maize in 2019 compared with the previous month's estimate with higher crop yields estimated from Limpopo, Gauteng and KwaZulu-Natal provinces. The CEC estimated production at 11.016 MMT compared with the July estimate of 10.913 MMT.
- According to French consultancy Agritel, France is expected to export 20.1 MMT of soft wheat after harvesting its second-largest crop in history. France, the EU's largest wheat producer and exporter, has only reached that level of exports three times before.
- China's July soybean imports from the US increased three-fold from the previous year, as cargoes booked by Chinese state firms during a trade truce arrived. China, the world's top buyer of soybeans, brought 911 888 MT of soybeans from the US, which is higher than last year's 308,127 MT. The figures were also 48.3% higher than 614 805 MT in June 2019.

		ZAR/mt		29 August 2019		22 August 2019		Week Move				29 August 2019		22 August 2019	
SAFEX	Sep'19 White Maize	R	2,734	R	2,803	R	(69)	ZAR/USD		R	15.40	R	15.24		
SAFEX	Dec'19 White Maize	R	2,829	R	2,888	R	(59)	EUR/USD		\$	1.1082	\$	1.1078		
SAFEX	Sep'19 Yellow Maize	R	2,633	R	2,697	R	(64)	ZAR/EUR		R	17.07	R	16.89		
SAFEX	Dec'19 Yellow Maize	R	2,711	R	2,767	R	(56)	ZAR/GBP		R	18.80	R	18.67		
SAFEX	Sep'19 Soybeans	R	5,550	R	5,617	R	(67)	<b>Important dates</b>							
SAFEX	Dec'19 Soybeans	R	5,622	R	5,696	R	(74)	28/08/2019	Weekly producer deliveries						
SAFEX	Sep'19 Sunflower	R	5,511	R	5,561	R	(50)	29/08/2019	Weekly imports and exports						
SAFEX	Dec'19 Sunflower	R	5,686	R	5,715	R	(29)	30/08/2019	Weekly USA export intentions						
SAFEX	Sep'19 Wheat	R	4,698	R	4,618	R	80								
SAFEX	Dec'19 Wheat	R	4,677	R	4,679	R	(2)								
Export Parity								Import Parity							
		USD/mt		22 August 2019		Week Move		Origin Country		Protein level		ZAR/mt		Week Move	
		FOB Origin													
<b>Soybeans</b>								<b>Wheat</b>		<b>FCA Durban</b>					
SA	Sep'19 Soybeans	\$	390	\$	396	\$	(7)	US (HRW)	Spot Wheat	10.1%	R	5,110	R	32	
US	Sep'19 Soybeans	\$	335	\$	336	\$	(1)	US (SRW)	Spot Wheat		R	5,110	R	65	
Brazil	Sep'19 Soybeans	\$	377	\$	380	\$	(3)	Germany	Spot Wheat	11.0%	R	4,702	R	18	
Argentina	Sep'19 Soybeans	\$	355	\$	348	\$	6	France	Spot Wheat	10.1%	R	4,480	R	49	
<b>Maize</b>								Russia	Spot Wheat	11.0%	R	4,872	R	5	
SA	Sep'19 Yellow Maize	\$	184	\$	190	\$	(6)	Australian APW	Spot Wheat	9.2%	R	4,983	R	59	
US	Sep'19 Yellow Maize	\$	166	\$	166	\$	-	Argentina	Spot Wheat	10.6%	R	4,996	R	37	
Argentina	Sep'19 Yellow Maize	\$	148	\$	145	\$	3	<b>Wheat</b>		<b>FCA Randfontein</b>					
Brazil	Sep'19 Yellow Maize	\$	156	\$	155	\$	1	South Africa	Spot Wheat	12.0%	R	4,698	R	79	
Black Sea	Spot Yellow Maize (non GM)	\$	194	\$	194	\$	-	<b>Yellow Maize</b>		<b>FCA Klipheuwel</b>					
SA	Sep'19 White Maize	\$	196	\$	202	\$	(6)	US	Sep'19 Yellow Maize		R	3,448	R	26	
US	Sep'19 White Maize	\$	213	\$	202	\$	11	Argentina	Sep'19 Yellow Maize		R	3,126	R	62	
Mexico	Sep'19 White Maize	\$	235	\$	235	\$	-	Brazil	Sep'19 Yellow Maize		R	3,246	R	41	
								South Africa	Sep'19 Yellow Maize		R	2,983	R	(64)	
								<b>White Maize</b>		<b>FCA Randfontein</b>					
								US	Sep'19 White Maize		R	4,251	R	193	
								Mexico	Sep'19 White Maize		R	4,505	R	34	
								(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 sideways this past week after US corn prices came under some more pressure due to the intensifying trade war between the US and China.

According to the Agriculture Minister, Michael Katambo, millers, stockfeed manufacturers and grain traders agreed in a meeting with the government to peg the price of maize at a maximum of 2,600 kwacha (\$198.93) per MT. Zambia has announced they will cap the price of maize in the country in an effort to keep the commodity affordable, causing protest from commercial grain farmers who accuse the government of implementing price control

The EU's crop monitoring service, MARS, decreased its estimate for EU corn yields due to damage from hot and dry weather in western and northern-central Europe. Corn have endured record-breaking temperatures together with drought conditions in June 2019 and late July 2019 in many parts of the bloc.

According to the government's Crop Estimates Committee (CEC), South Africa is expected to harvest more maize in 2019 compared with the previous month's estimate with higher crop yields estimated from Limpopo, Gauteng and KwaZulu-Natal provinces. The CEC estimated production at 11.016 MMT compared with the July estimate of 10.913 MMT.

The condition of the 2019 US corn crop improved by 1% to 57% rated good to excellent. Seven states indicated that the corn condition improved last week while 10 states indicated that the corn condition declined last week and 1 state was unchanged. Most of the improvements were found in the central Corn Belt while most of the decreases were found in the southern and northern areas.

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

US wheat prices traded lower in the past week with the spill over weakness from the lower US maize and soybean futures adding some price pressure. The US and world wheat stocks and the slow export progress out of the US are also limiting some of the buying interest in the market. The escalation of the US-China trade war with China implementing additional tariffs on US agricultural goods also weighed on markets.

Export prices for Russian wheat decreased last week due to a decrease in Chicago grain futures, a global benchmark for the market as well as strong competition with other producers. According to Russian agricultural consultancy, IKAR, Black Sea prices for wheat with 12.5% protein content decreased by \$3 to \$190 per MT on a free on board (FOB) basis by the end of last week.

EU soft wheat exports in the 2019/20 season that started on 1 July 2019 had reached 2.81 MMT by 25 Augustus 2019, which is 6% higher than last year.

According to French consultancy Agritel, France is expected to export 20.1 MMT of soft wheat after harvesting its second-largest crop in history. France, the EU's largest wheat producer and exporter, has only reached that level of exports three times before.

South African (SA) wheat prices traded mixed this past week with September 2019 trading higher and December 2019 trading lower with market participants awaiting the new import tariffs to be announced.

### Soybeans

US soybeans traded lower in the past week with the trade tensions between the US and China still weighing on the market. The Chinese government indicated that they will implement additional tariffs on US goods including soybeans in retaliation to the US which weighed on the markets. The improvement in the US soybean good/excellent rating particularly in the State of Illinois in the past week also limited some of the buying interest in US soybean futures.

China has bought about half of the US Soybeans it pledged to buy earlier this year, after a small sale was reported during the intensifying trade war. The US president, Donald Trump, has vowed to impose new tariffs on China starting in September, prompting China to halt imports of all US agricultural goods during the trade war that has impacted economic growth in both countries.

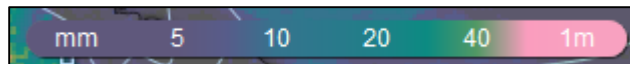
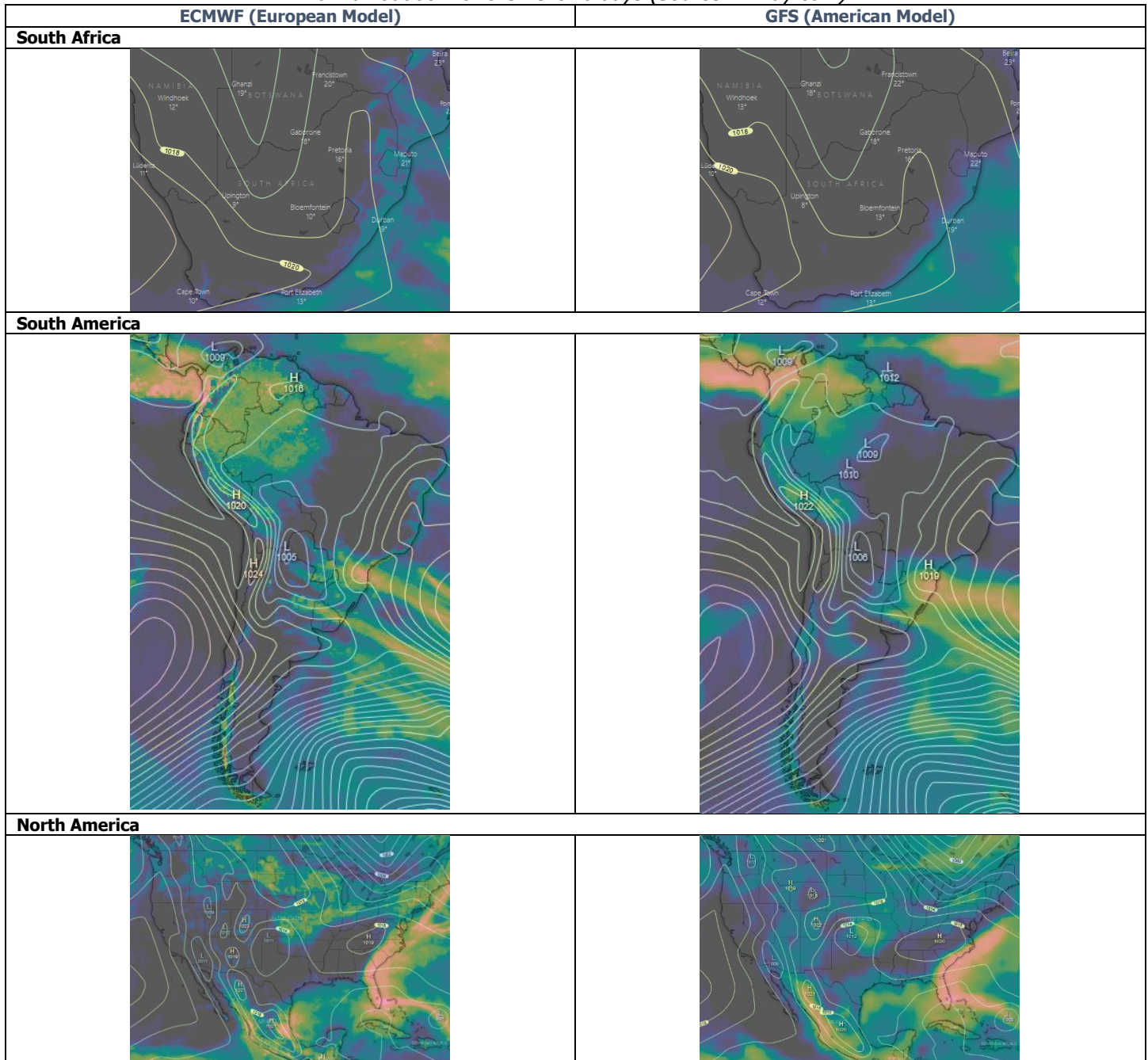
China's July soybean imports from the US increased three-fold from the previous year, as cargoes booked by Chinese state firms during a trade truce arrived. China, the world's top buyer of soybeans, brought 911 888 MT of soybeans from the US, which is higher than last year's 308,127 MT. The figures were also 48.3% higher than 614 805 MT in June 2019.

The condition of the 2019 US soybean crop improved by 2% last week to 55% rated good to excellent. Nine states indicated that the soybean condition improved last week while 7 states indicated that the soybean condition declined last week and 2 states were unchanged. Most of the improvements were found in the central Corn Belt while most of the declines were found in the southern and northern areas.

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



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



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