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# The Weekly Weighbridge

## 19 September 2019

### Important facts for the week

- According to China's Ministry of Agriculture and Rural Affairs, the country's plan to implement a nationwide mandate for ethanol-blended gasoline in 2020 is unsure after a significant decrease in the country's corn stocks. The current stock levels of corn, the main raw material for ethanol production, have decreased to around a total of 56 MMT.
- According to FranceAgriMer, French soft wheat exports outside the EU are expected to increase to a four-year high in 2019/20 as the EU's biggest grain producer is harvesting a bumper crop. Exports of French soft wheat is estimated to increase by nearly 14% compared with last season to a total of 11 MMT, the highest volume since 2015/16.
- US soybean crush estimates topped trade expectations for a second straight month in August as processors notched their seventh largest crush for any month on record, according to National Oilseed Processors Association (NOPA). NOPA members, which handle about 95% of all soybeans processed in the US, crushed a total of 4.574 MMT of soybeans last month.

ZAR/mt					Week									
19 September 2019					12 September 2019		19 September 2019							
					Move		12 September 2019							
SAFEX	Dec'19 White Maize	R	2,828	R	2,801	R	27	ZAR/USD		R	14.67	R	14.59	
SAFEX	Mar'20 White Maize	R	2,833	R	2,819	R	14	EUR/USD		\$	1.1065	\$	1.1061	
SAFEX	Dec'19 Yellow Maize	R	2,698	R	2,657	R	41	ZAR/EUR		R	16.23	R	16.14	
SAFEX	Mar'20 Yellow Maize	R	2,680	R	2,643	R	37	ZAR/GBP		R	18.28	R	18.00	
SAFEX	Dec'19 Soybeans	R	5,765	R	5,616	R	149							
SAFEX	Mar'20 Soybeans	R	5,730	R	5,650	R	80	Important dates						
SAFEX	Dec'19 Sunflower	R	5,445	R	5,434	R	11	19/09/2019 Weekly producer deliveries						
SAFEX	Mar'20 Sunflower	R	5,445	R	5,460	R	(15)	20/09/2019 Weekly Imports and exports						
SAFEX	Dec'19 Wheat	R	4,515	R	4,532	R	(17)	21/09/2019 Weekly USA export intentions						
SAFEX	Mar'20 Wheat	R	4,620	R	4,639	R	(19)							
Export Parity							Import Parity							
		USD/mt		Week				Protein		ZAR/mt		Week		
		FOB Origin		12 September 2019		Move		Origin Country		level		Move		
Soybeans								Wheat		FCA Durban				
SA	Dec'19 Soybeans	\$	420	\$	418	\$	2	US (HRW)	Spot Wheat	10.1%	R	4,972	R	51
US	Dec'19 Soybeans	\$	339	\$	342	\$	(2)	US (SRW)	Spot Wheat		R	5,063	R	88
Brazil	Dec'19 Soybeans	\$	371	\$	369	\$	1	Germany	Spot Wheat	11.0%	R	4,587	R	17
Argentina	Dec'19 Soybeans	\$	358	\$	358	\$	-	France	Spot Wheat	10.1%	R	4,303	R	4
								Russia	Spot Wheat	11.0%	R	4,617	R	(5)
Maize								Australian APW	Spot Wheat	9.2%	R	5,000	R	33
SA	Dec'19 Yellow Maize	\$	196	\$	196	\$	(0)	Argentina	Spot Wheat	10.6%	R	5,035	R	68
US	Dec'19 Yellow Maize	\$	170	\$	166	\$	4	Wheat		FCA Randfontein				
Argentina	Dec'19 Yellow Maize	\$	155	\$	153	\$	2	South Africa	Spot Wheat	12.0%	R	4,820	R	208
Brazil	Dec'19 Yellow Maize	\$	165	\$	161	\$	4							
Black Sea	Spot Yellow Maize (non GM)	\$	158	\$	194	\$	(37)	Yellow Maize		FCA Klipheuwel				
								US	Dec'19 Yellow Maize		R	3,435	R	96
SA	Dec'19 White Maize	\$	210	\$	212	\$	(1)	Argentina	Dec'19 Yellow Maize		R	3,228	R	72
								Brazil	Dec'19 Yellow Maize		R	3,407	R	101
US	Dec'19 White Maize	\$	215	\$	213	\$	1	South Africa	Dec'19 Yellow Maize		R	3,048	R	41
Mexico	Dec'19 White Maize	\$	235	\$	235	\$	-							
								White Maize		FCA Randfontein				
								US	Dec'19 White Maize		R	4,181	R	70
								Mexico	Dec'19 White Maize		R	4,424	R	56
								(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 technical buying and expectations that US exports will increase supporting prices, with good weather forecasts applying some price pressure.

With the maize harvest starting in the EU, it is expected that yields will vary a great deal after a heatwave damaged crops in the West while sparing major producing countries in the Southeast. The EU has been hit by hot and dry weather over the summer with France seeing record-high temperatures that damaged maize in key development stages. According to the MARS service, the 2019 maize yield in the EU is expected to reach 7.63 MT per hectare (t/ha), which lower than the 7.93 t/ha estimated last month.

According to China's Ministry of Agriculture and Rural Affairs, the country's plan to implement a nationwide mandate for ethanol-blended gasoline in 2020 is unsure after a significant decrease in the country's corn stocks. The current stock levels of corn, the main raw material for ethanol production, have decreased to around a total of 56 MMT.

The 2019 US corn condition was left unchanged last week at 55% rated good to excellent. Nine states showed that the corn condition improved last week while 7 states shown that the corn condition declined and 2 states were left unchanged. Most of the improvements were found in the central areas while most of the declines were found in the eastern and western areas.

South African (SA) maize prices traded higher for White Maize and Yellow Maize for December 2019 and March 2020 due to higher Chicago traded corn future prices and weaker ZAR.

### Wheat

US wheat prices traded lower in the past week with US wheat prices trading lower for most of July and August with the abundant global wheat stocks and the inability of US wheat to compete in the global wheat export market.

According to FranceAgriMer, French soft wheat exports outside the EU are expected to increase to a four-year high in 2019/20 as the EU's biggest grain producer is harvesting a bumper crop. Exports of French soft wheat is estimated to increase by nearly 14% compared with last season to a total of 11 MMT, the highest volume since 2015/16.

The grain producer AgroGeneration has estimated that the soft wheat harvest in Ukraine would reach 116 448 MT, which is higher than the 104 261 MT harvested in 2018. However, despite the increase from 2018, wheat yields did not meet the group's target yield target.

South African (SA) wheat prices traded lower this past week with December 2019 trading lower and March 2020 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. South American prices traded mixed with dry conditions in Brazil pushing prices higher.

Brazil's soybean planting season for the 2019/20 season has started, but there might not be too many farmers out in the fields just yet as conditions are extremely dry. Weather forecasts expect practically bone-dry conditions in most of Brazil's producing regions for at least the next two weeks and this stands to threaten not only the soybean crop but the heavily exported second corn harvest as well.

According to China's Ministry of Agriculture and Rural Affairs, the country is expecting lower soybean imports for 2019/20 from an estimate released last month, due to US-China trade war and higher domestic production. Soybean imports for the year are estimated at a total of 84 MMT, which is 900 000 MT lower than last month's estimate.

China is back in the US soybean market for the first time in three months, but it appears to be motivated more by goodwill than necessity for now and its impact on US supply remains muted at this point. US soybean exports to China in the recently concluded marketing year were likely the smallest in about 12 years, so market participants pay extra attention anytime China is said to be buying the U.S. oilseed.

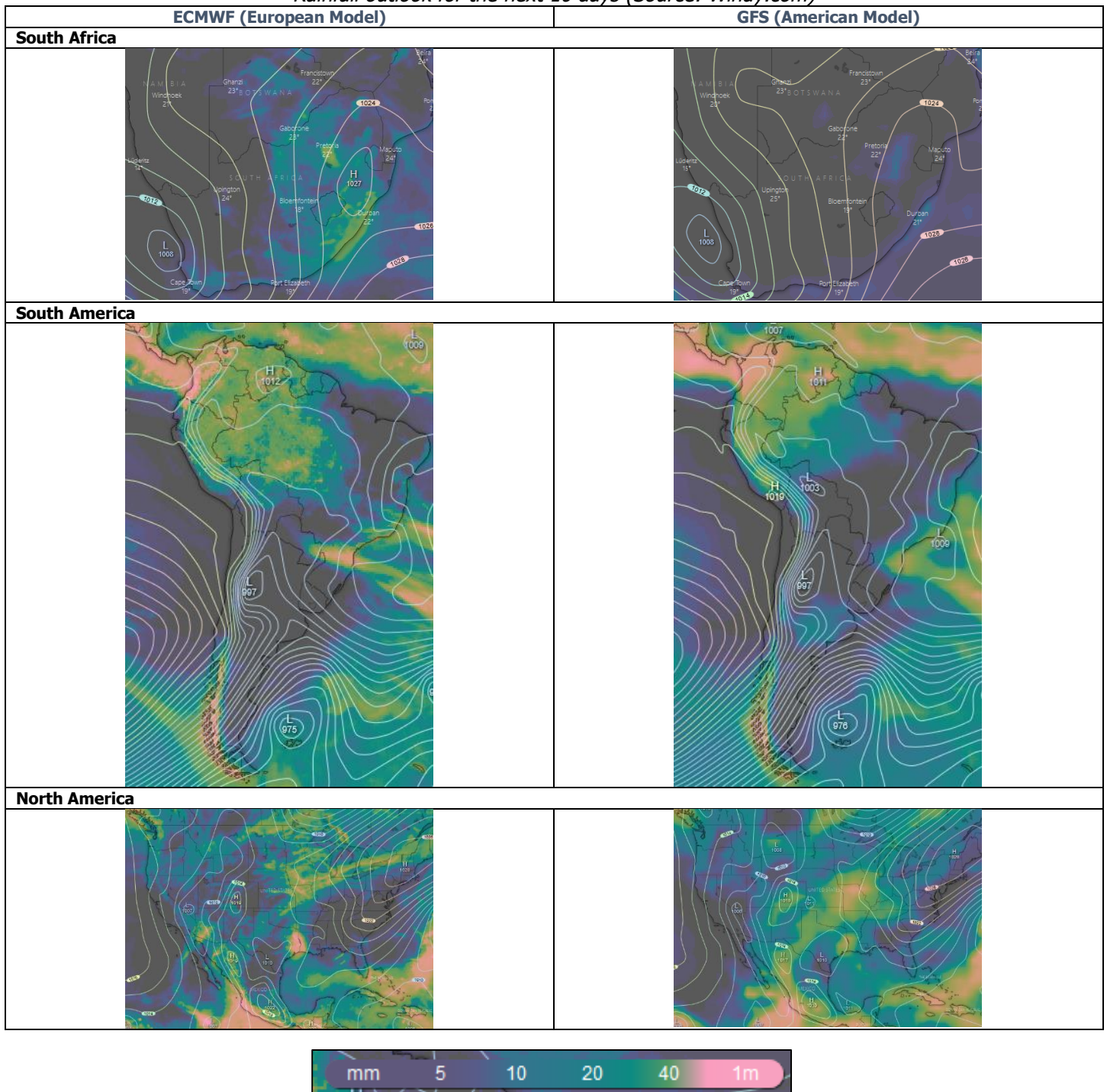
The USDA has stated that private exporters reported the sale of 256 000 MT of soybeans to China. The sales come ahead of trade talks between the world's two biggest economies and were expected as part of a purchase of more than 600 000 MT of US soybeans.

US soybean crush estimates topped trade expectations for a second straight month in August as processors notched their seventh largest crush for any month on record, according to National Oilseed Processors Association (NOPA). NOPA members, which handle about 95% of all soybeans processed in the US, crushed a total of 4.574 MMT of soybeans last month.

The 2019 US soybean condition declined 1% last week to 54% rated good to excellent. Five states indicated that the soybean condition improved last week while 12 states indicated that the soybean condition declined last week and 1 state was unchanged. Most of the improvements were found in the central locations while most of the declines were found in the eastern and western.

South African (SA) soybean prices traded higher for December 2019 and March 2020 this past week due to higher Chicago traded soybean future prices and weaker ZAR.

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



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