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The Weekly Weighbridge

23 January 2020

Important facts for the week

- The recent hot and dry weather conditions in the South of Brazil could worsen an already short supply of maize in the region. The Southern parts of Brazil is the centre of hog and poultry production in brazil, but farmers in the region cannot produce enough maize to meet demand. Therefore, the needed maize is transported from central Brazil or imported from neighbouring Argentina or Paraguay.

- Strategie Grains has increased its estimate of EU soft red wheat exports for the current season, stating that the EU could benefit from strong demand due to reduced stock availability from other exporting countries. The Strategie Grains estimates EU exports of soft wheat, excluding durum, to reach a total of 30.5 MMT in the 2019/20 season, which is higher than its previous estimate of 28.7 MMT in December 2019.

- Rains in Argentina have helped to recharge the soil moisture, but the rainfall continues to be unevenly distributed across the country. Some of the last soybeans to be planted are in far northern Argentina, but previously dry weather in the region has allowed farmers to only plant about 50% of their soybeans, which is 40% below average.

		ZAR/mt 23 January 2020	16 January 2020	Week Move
SAFEX	Mar'20 White Maize	R 3,070	R 2,872	R 198
SAFEX	May'20 White Maize	R 2,612	R 2,561	R 51
SAFEX	Mar'20 Yellow Maize	R 2,982	R 2,813	R 169
SAFEX	May'20 Yellow Maize	R 2,543	R 2,518	R 25
SAFEX	Mar'20 Soybeans	R 6,005	R 6,025	R (20)
SAFEX	May'20 Soybeans	R 5,875	R 5,798	R 77
SAFEX	Mar'20 Sunflower	R 5,877	R 5,694	R 183
SAFEX	May'20 Sunflower	R 5,614	R 5,585	R 29
SAFEX	Mar'20 Wheat	R 4,650	R 4,559	R 91
SAFEX	May'20 Wheat	R 4,680	R 4,602	R 78

	23 January 2020	16 January 2020
ZAR/USD	R 14.34	R 14.41
EUR/USD	$ 1.1082	$ 1.1135
ZAR/EUR	R 15.90	R 16.05
ZAR/GBP	R 18.82	R 18.84

Important dates

23/01/2020	Weekly producer deliveries
24/01/2020	Weekly Imports and exports
25/01/2020	Weekly USA export intentions

Export Parity

		USD/mt FOB Origin	16 January 2020	Week Move
	Soybeans			
SA	Mar'20 Soybeans	$ 451	$ 449	$ 3
US	Mar'20 Soybeans	$ 361	$ 363	$ (1)
Brazil	Mar'20 Soybeans	$ 356	$ 361	$ (5)
Argentina	Mar'20 Soybeans	$ 343	$ 346	$ (3)
	Maize			
SA	Mar'20 Yellow Maize	$ 224	$ 212	$ 12
US	Mar'20 Yellow Maize	$ 180	$ 174	$ 6
Argentina	Mar'20 Yellow Maize	$ 187	$ 163	$ 24
Brazil	Mar'20 Yellow Maize	$ 171	$ 168	$ 3
Black Sea	Spot Yellow Maize (non GM)	$ 184	$ 182	$ 2
SA	Mar'20 White Maize	$ 235	$ 221	$ 14
US	Mar'20 White Maize	$ 226	$ 224	$ 2
Mexico	Mar'20 White Maize	$ 235	$ 235	$ -

Import Parity

Origin Country		Protein level	*ZAR/mt*	Week Move
	Wheat		**FCA Durban**	
US (HRW)	Spot Wheat	10.1%	R 5,248	R (212)
US (SRW)	Spot Wheat		R 5,487	R (189)
Germany	Spot Wheat	11.0%	R 5,020	R (203)
France	Spot Wheat	10.1%	R 4,824	R (181)
Russia	Spot Wheat	11.0%	R 4,915	R (279)
Australian APW	Spot Wheat	9.2%	R 5,104	R (34)
Argentina	Spot Wheat	10.6%	R 5,428	R (21)
	Wheat		**FCA Randfontein**	
South Africa	Spot Wheat	12.0%	R 4,661	R 116
	Yellow Maize		**FCA Klipheuwel**	
US	Mar'20 Yellow Maize		R 3,489	R 88
Argentina	Mar'20 Yellow Maize		R 3,554	R 345
Brazil	Mar'20 Yellow Maize		R 3,325	R 51
South Africa	Mar'20 Yellow Maize		R 3,402	R 169
	White Maize		**FCA Randfontein**	
US	Mar'20 White Maize		R 4,238	R 38
Mexico	Mar'20 White Maize		R 4,362	R 2

(Wheat quality based on 12 % moisture & import tariff included)

Wheat	Published Tariff	R 776.20

News for the week

Maize

International maize prices traded higher in the past week with US maize prices trading higher in the past week with March leading the way higher. On a monthly basis US maize prices are mostly flat with March increasing by 0.51% while July increasing by 0.12%.

Argentina's maize crop is still in the early growth stages and farmland soil ended the year 2019 being the driest in several years, however recent rainfall and expected temperature levels in the Pacific Ocean are growing to be more supportive of a good Argentine harvest. Through the first third of January, rainfall in Argentina's primary grain belt was running moderately below the monthly average, though December provided some much-needed relief.

According to the Buenos Aires Grain Exchange the maize in Argentina was 88% planted as of late last week. This represents planting progress of 4.7% for the week. The maize in Argentina is rated 54.8% good to excellent, which is better than last week.

The recent hot and dry weather conditions in the South of Brazil could worsen an already short supply of maize in the region. The Southern parts of Brazil is the centre of hog and poultry production in Brazil, but farmers in the region cannot produce enough maize to meet demand. Therefore, the needed maize is transported from central Brazil or imported from neighbouring Argentina or Paraguay.

South African (SA) maize prices traded higher for White Maize and Yellow Maize for March 2020 and May 2020. The large price increase in March 2020 was due to low availability of good quality white maize in certain parts of the country, the expected increase of white maize exports to Zimbabwe.

Wheat

International wheat prices traded higher the past week due to US and world wheat prices increasing with the strong cash market and concerns that supplies out of the major exporting countries are under some pressure.

Russia's agriculture ministry is looking to set a non-tariff quota for grain exports of 20 MMT in January-June, adding the quota would be scrapped later in the most active part of season for trading.

According to FranceAgriMer, its estimates of soft red wheat exports outside the EU have been increased for the fourth month in a row but warned that the ongoing transport strikes could cost the country exports as grain supplies fail to reach ports. FranceAgriMer estimated French soft red wheat exports outside the EU in the 2019/20 season at a total of 12.4 MMT, which is higher than 12.2 MMT estimated in December 2019.

Strategie Grains has increased its estimate of EU soft red wheat exports for the current season, stating that the EU could benefit from strong demand due to reduced stock availability from other exporting countries. The Strategie Grains estimates EU exports of soft wheat, excluding durum, to reach a total of 30.5 MMT in the 2019/20 season, which is higher than its previous estimate of 28.7 MMT in December 2019.

There are talks that Argentine wheat shipments to Asia are expected to increase to a record high over the next two months as a drought curbs Australian production and Black Sea inventories tighten. Indonesia, Asia's biggest importer, along with Vietnam, Thailand and the Philippines are expected to receive close to 1.2 MMT of wheat from Argentina.

South African (SA) wheat prices traded higher this past week with March 2020 and May 2020 trading higher due to higher international wheat prices, however import parity prices are lower due to a lower import tariff of R776.20 being announced.

Soybeans

International soybeans prices traded lower in the past week with China purchases not being confirmed as expected. China's pledge to buy US farm goods based on "market conditions" during the Phase 1 trade deal signing ceremony added to doubts among farmers and commodity traders over Beijing's remaining tariffs on US exports.

According to NOPA, the US soybean crush in December 2019 surpassed all trade estimates, increasing by 6% from November's lower-than-expected rate to the second highest level for any month on record. NOPA stated their members processed 174.812 million bushels (4.757 MMT) of soybeans last month, which is higher than the 164.909 million bushels (4.488 MMT) crushed in November 2019 and above the December 2018 crush of 171.759 million bushels (4.674 MMT).

According to AgRural, Brazil's soybean farmers have harvested only 1.8% of the soybean area thus far this season, reducing the ideal window for planting of the country's second corn that is planted after soybeans are harvested.

Rains in Argentina have helped to recharge the soil moisture, but the rainfall continues to be unevenly distributed across the country. Some of the last soybeans to be planted are in far northern Argentina, but previously dry weather in the region has allowed farmers to only plant about 50% of their soybeans, which is 40% below average.

South African (SA) soybean prices traded mixed for March 2020 and May 2020 with March 2020 prices trading lower and May 2020 prices trading higher due to stronger ZAR and lower US soybean prices.

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

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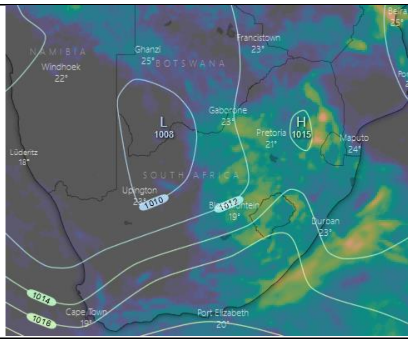
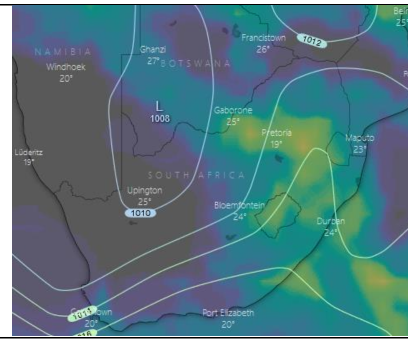
<tr><td></td><td></td></tr>
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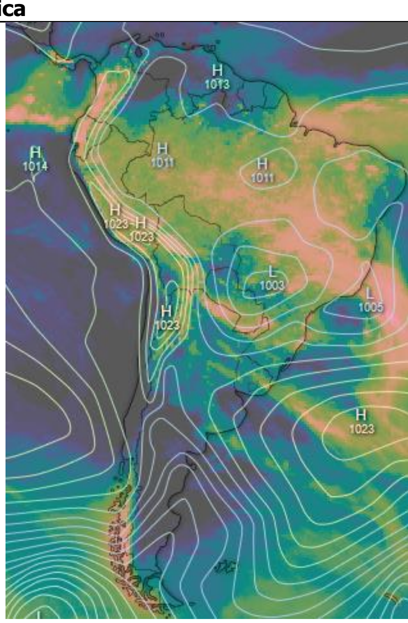
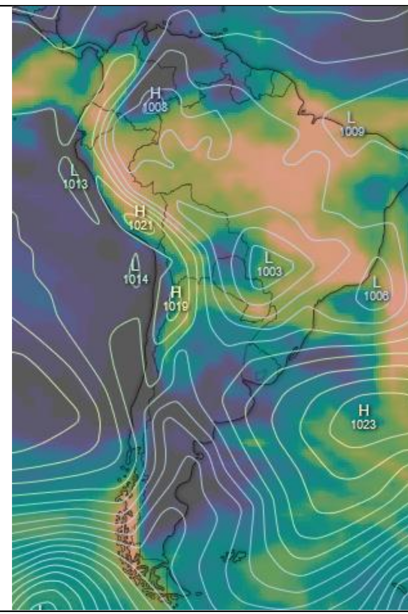
<tr><td></td><td></td></tr>
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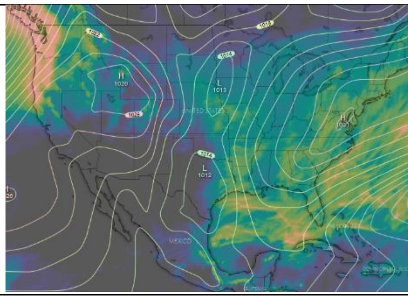
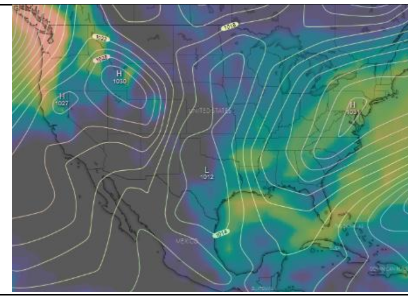
<tr><td></td><td></td></tr>
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