

The Weekly Weighbridge

30 January 2020

Important facts for the week

The International Grains Council increased its estimates for global maize production in the 2019/20 season, driven mainly by increased production for China and the US. In its monthly update the IGC increased its global maize crop estimate by 8 MMT to a total of 1.111 billion MT, which is still below the previous season's 1.129 billion MT.

According to the head of Egypt's agriculture quarantine, the country is studying the possible addition of Indian wheat as an acceptable origin for its international import tenders. Egypt, the world's largest wheat importer, would not be affected if any country's wheat was scarce in the market due to its diverse list of acceptable origins.

According to the Buenos Aires Grain Exchange, the soybeans in Argentina were 97.6% planted late last week compared to 99.2% average. This represents progress of 2.3% for the week. The only soybeans left to plant are in the far northern part of the country. The Argentina soybeans are rated 65.5% good to excellent, which is an improvement compared to last week.

		ZAR/mt			Week									
		30 January 2020		23 January 2020	Move	30 January 2020		23 January 2020						
SAFEX	Mar'20 White Maize	R	3,033	R	3,068	R	(35)	ZAR/USD	R	14.63	R	14.39		
SAFEX	May'20 White Maize	R	2,582	R	2,650	R	(68)	EUR/USD	\$	1.1014	\$	1.1052		
SAFEX	Mar'20 Yellow Maize	R	2,870	R	2,955	R	(85)	ZAR/EUR	R	16.13	R	15.90		
SAFEX	May'20 Yellow Maize	R	2,534	R	2,540	R	(6)	ZAR/GBP	R	19.05	R	18.88		
SAFEX	Mar'20 Soybeans	R	5,965	R	5,895	R	70							
SAFEX	May'20 Soybeans	R	5,837	R	5,790	R	47							
SAFEX	Mar'20 Sunflower	R	5,995	R	5,856	R	139							
SAFEX	May'20 Sunflower	R	5,572	R	5,578	R	(6)							
SAFEX	Mar'20 Wheat	R	4,673	R	4,633	R	40							
SAFEX	May'20 Wheat	R	4,700	R	4,663	R	37							
						Important dates								
						29/01/2020		Weekly producer deliveries						
						30/01/2020		Weekly imports and exports						
						31/01/2020		Weekly USA export intentions						
Export Parity						Import Parity								
		USD/mt			Week	Protein level		ZAR/mt		Week				
		FOB Origin		23 January 2020	Move	Origin Country								
Soybeans						Wheat		FCA Durban						
SA	Mar'20 Soybeans	\$	437	\$	440	\$	(4)	US (HRW)	Spot Wheat	10.1%	R	5,248	R	(13)
US	Mar'20 Soybeans	\$	354	\$	360	\$	(6)	US (SRW)	Spot Wheat		R	5,494	R	(25)
Brazil	Mar'20 Soybeans	\$	348	\$	357	\$	(9)	Germany	Spot Wheat	11.0%	R	5,045	R	21
Argentina	Mar'20 Soybeans	\$	340	\$	344	\$	(5)	France	Spot Wheat	10.1%	R	4,754	R	(31)
						Russia		Spot Wheat		11.0%	R	5,065	R	50
						Australia APW		Spot Wheat		9.2%	R	5,125	R	17
						Argentina		Spot Wheat		10.6%	R	5,515	R	72
Maize						Wheat		FCA Randfontein						
SA	Mar'20 Yellow Maize	\$	211	\$	222	\$	(11)	South Africa	Spot Wheat	12.0%	R	4,666	R	26
US	Mar'20 Yellow Maize	\$	178	\$	182	\$	(4)	Yellow Maize		FCA Klipheuwel				
Argentina	Mar'20 Yellow Maize	\$	180	\$	183	\$	(2)	US	Mar'20 Yellow Maize		R	3,530	R	17
Brazil	Mar'20 Yellow Maize	\$	171	\$	174	\$	(2)	Argentina	Mar'20 Yellow Maize		R	3,526	R	37
Black Sea	Spot Yellow Maize (non GM)	\$	185	\$	186	\$	(1)	Brazil	Mar'20 Yellow Maize		R	3,396	R	35
SA	Mar'20 White Maize	\$	227	\$	235	\$	(8)	South Africa	Mar'20 Yellow Maize		R	3,290	R	(85)
US	Mar'20 White Maize	\$	224	\$	228	\$	(3)	White Maize		FCA Randfontein				
Mexico	Mar'20 White Maize	\$	235	\$	235	\$	-	US	Mar'20 White Maize		R	4,288	R	38
						Mexico		Mar'20 White Maize			R	4,447	R	91
						(Wheat quality based on 12% moisture & import tariff included)								
						Wheat		Published Tariff			R	776.20		

News for the week

Maize

US maize prices traded lower this past week. The US China phase 1 deal was signed but there has been very little interest for US maize and soybeans from China at this time. The outbreak and spread of the coronavirus have resulted in some concerns about future demand and growth which once again weighed on the market.

The International Grains Council increased its estimates for global maize production in the 2019/20 season, driven mainly by increased production for China and the US. In its monthly update the IGC increased its global maize crop estimate by 8 MMT to a total of 1.111 billion MT, which is still below the previous season's 1.129 billion MT.

According to traders and shipping data, there are some Asian feed makers having to pay higher prices for higher-quality maize from the Black Sea region as the US struggles with a weather-damaged crop. China, South Korea and Bangladesh have all turned to Ukraine for a part of their feed maize demand for February shipment.

According to the Zimbabwean agriculture minister, the country has only 100 000 MT of grain in its strategic reserves, which is enough to last just over a month, as the southern African nation suffers the effects of a severe drought. More than half the country's population faces food shortages after maize harvests halved last year. According to Sagis, a total of 36 546 tons of South African white maize has been exported to Zimbabwe from 28 September 2019 until 17 January 2020.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for March 2020 and May 2020 this past week. South African maize prices traded lower with March 2020 leading the way lower on some long liquidation. Liquidation of the long March/short July spreads also weighed on the old crop contracts.

Wheat

US wheat traded lower this past week with Kansas wheat prices leading the way lower. On a monthly basis US wheat prices traded mixed with March Kansas wheat trading mostly flat while March Chicago wheat increased by 2.4% in the past month. The strong world wheat cash market has been a supportive factor with the tighter stock levels of the Black Sea region and the drought conditions in Australia limiting some of the global stock. The world wheat cash prices have started to trade lower once again.

The recent increase in Chicago-traded wheat futures to 17-month highs has lasted longer than most market participants probably expected, but prices faced a setback on Wednesday after surging to another high early in the session. Investors have packed on the long positions in CBOT wheat over the last month, with a large focus on tightening stocks globally and challenges in some major exporting countries.

According to the head of Egypt's agriculture quarantine, the country is studying the possible addition of Indian wheat as an acceptable origin for its international import tenders. Egypt, the world's largest wheat importer, would not be affected if any country's wheat was scarce in the market due to its diverse list of acceptable origins.

According to the Ministry for Development of Economy, Trade and Agriculture, Ukraine grain exports in the 2019/20 July-June season were about 29% higher year on year at a total of 35 MMT as of 27 January 2020, helped by higher wheat and corn exports. Wheat exports increased by 4.2 MMT to 15.6 MMT.

South African (SA) wheat prices traded higher this past week with March and May wheat increasing 0.86% and 0.79% in the past week. Local wheat prices were supported by the weaker rand while US Chicago and Kansas wheat prices traded lower.

Soybeans

US soybean contracts traded lower this past week with both March and July soybeans trading lower. The US soybean export demand remains slow despite the signing of the phase 1 deal between the US and China. The spreading coronavirus could slow demand going forward while the US soybeans continues to face some stiff competition out of Brazil.

AgRural has stated that Brazilian farmers have harvested 4.2% of their planted area which is less than the 13% seen in the same year-ago period because of planting delays.

According to Agroconsult, yields and production in the soybean fields of Mato Grosso are positively surprising farmers. After surveying fields around the world's soybean capital Sorriso and close-by grain towns including Sinop, Agroconsult said initial field work show soybean yields between 10% and 15% higher than last season.

SIMConsult is estimating that Brazil will export 77 MMT of soybeans in 2020 with 62 MMT going to China and 15 MMT to the rest of the world. The big advantage for Brazil is that Brazilian soybeans are cheaper, cleaner and they have 46-48% protein compared to 42% for soybeans from the US.

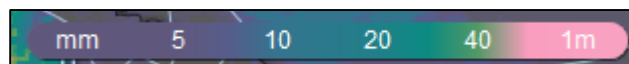
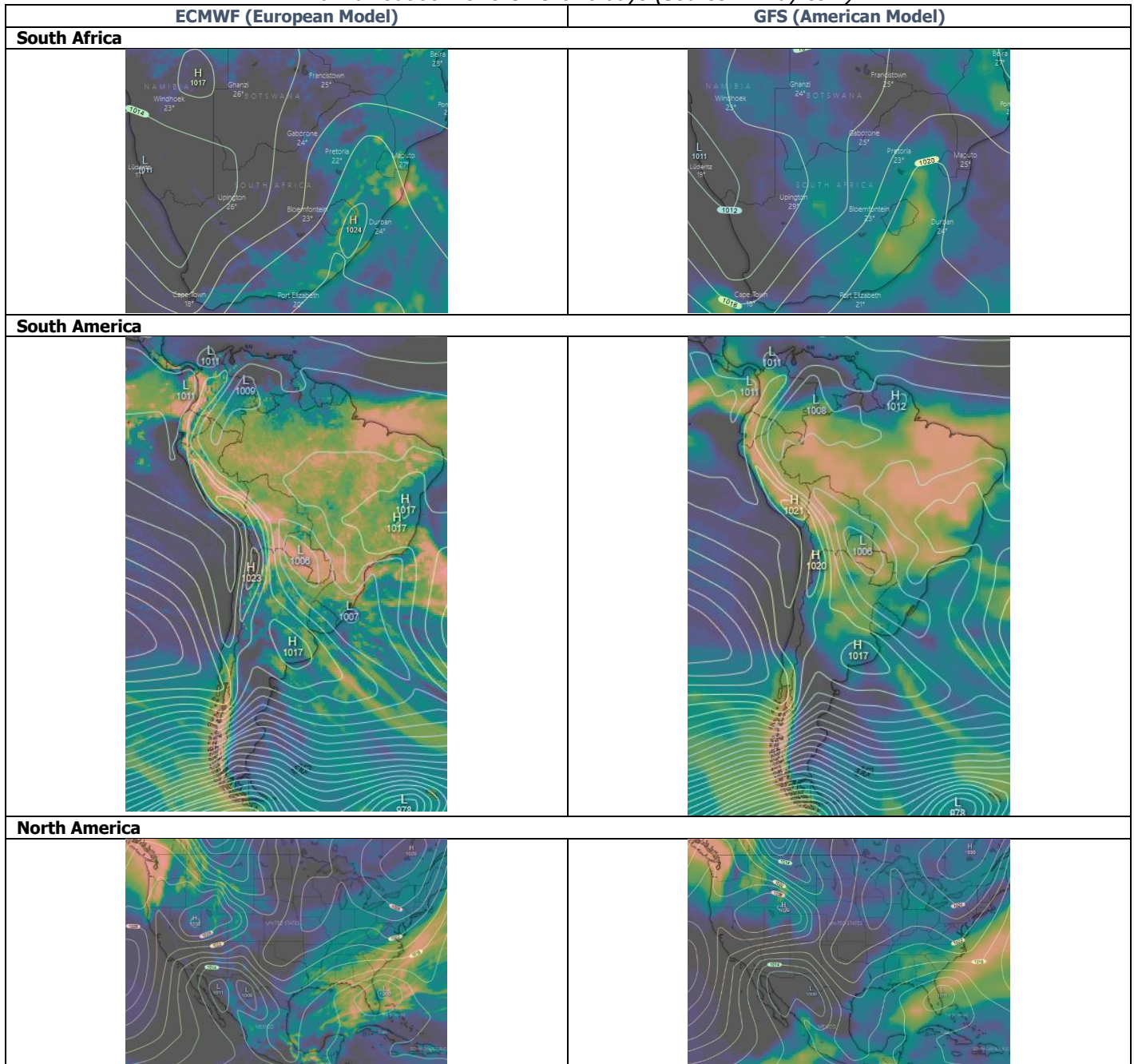
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South African (SA) soybean prices traded higher for March 2020 and May 2020 due to weaker ZAR.



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



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