

# The Weekly Weighbridge

## 20 February 2020

### Important facts for the week

- The Rosario grains exchange in Argentina increased its estimate for this season's maize harvest by 1 MMT to a total of 50 MMT due to favourable rainfall.
- FranceAgriMer increased its estimate of French soft wheat exports outside the EU this season for the fifth month in a row referring to strong demand notably from China. In monthly supply and demand estimate FranceAgriMer estimated French exports outside the EU in the 2019/20 July/June season at 12.6 MMT, which is higher than the 12.4 MMT estimated in January 2020.
- According to agribusiness consultancy AgRural, Brazilian soybean production in the 2019/2020 is expected to reach a record of 125.6 MMT. The estimate was revised from 123.9 MMT in January, when harvesting was still in the early stages.

ZAR/mt							Week							
		19 February 2020		12 February 2020		Week	Move		19 February 2020		12 February 2020			
SAFEX	Mar'20 White Maize	R	2,655	R	2,850	R	(195)	ZAR/USD		R	15.09	R	14.94	
SAFEX	May'20 White Maize	R	2,380	R	2,437	R	(57)	EUR/USD		\$	1.0791	\$	1.0840	
SAFEX	Mar'20 Yellow Maize	R	2,581	R	2,681	R	(100)	ZAR/EUR		R	16.29	R	16.20	
SAFEX	May'20 Yellow Maize	R	2,462	R	2,500	R	(38)	ZAR/GBP		R	19.42	R	19.49	
SAFEX	Mar'20 Soybeans	R	5,895	R	5,870	R	25	Important dates 18/02/2020 Weekly producer deliveries 19/02/2020 Weekly Imports and exports 20/02/2020 Weekly USA export intentions						
SAFEX	May'20 Soybeans	R	5,750	R	5,745	R	5							
SAFEX	Mar'20 Sunflower	R	5,215	R	5,340	R	(125)							
SAFEX	May'20 Sunflower	R	5,250	R	5,272	R	(22)							
SAFEX	Mar'20 Wheat	R	4,732	R	4,750	R	(18)							
SAFEX	May'20 Wheat	R	4,793	R	4,755	R	38							
Export Parity								Import Parity						
		USD/mt		12 February 2020		Week		Protein		ZAR/mt		Week		
		FOB Origin				Move		level				Move		
Soybeans								Wheat		FCA Durban				
SA	Mar'20 Soybeans	\$	416	\$	422	\$	(6)	US (HRW)	Spot Wheat	10.1%	R	5,391	R	127
US	Mar'20 Soybeans	\$	355	\$	355	\$	0	US (SRW)	Spot Wheat		R	5,645	R	161
Brazil	Mar'20 Soybeans	\$	351	\$	354	\$	(3)	Germany	Spot Wheat	11.0%	R	5,095	R	23
Argentina	Mar'20 Soybeans	\$	339	\$	338	\$	1	France	Spot Wheat	10.1%	R	4,838	R	38
								Russia	Spot Wheat	11.0%	R	5,020	R	(142)
	Maize							Australian APW	Spot Wheat	9.2%	R	5,086	R	6
SA	Mar'20 Yellow Maize	\$	186	\$	196	\$	(10)	Argentina	Spot Wheat	10.6%	R	5,651	R	44
US	Mar'20 Yellow Maize	\$	177	\$	177	\$	0		Wheat			FCA Randfontein		
Argentina	Mar'20 Yellow Maize	\$	171	\$	180	\$	(9)	South Africa	Spot Wheat	12.0%	R	4,760	R	25
Brazil	Mar'20 Yellow Maize	\$	165	\$	165	\$	(0)							
Black Sea	Spot Yellow Maize (non GM)	\$	181	\$	180	\$	2		Yellow Maize			FCA Klipheuwel		
								US	Mar'20 Yellow Maize		R	3,610	R	53
SA	Mar'20 White Maize	\$	196	\$	212	\$	(16)	Argentina	Mar'20 Yellow Maize		R	3,480	R	(92)
								Brazil	Mar'20 Yellow Maize		R	3,394	R	41
US	Mar'20 White Maize	\$	222	\$	223	\$	(1)	South Africa	Mar'20 Yellow Maize		R	3,001	R	(100)
Mexico	Mar'20 White Maize	\$	235	\$	235	\$	-							
									White Maize			FCA Randfontein		
								US	Mar'20 White Maize		R	4,375	R	44
								Mexico	Mar'20 White Maize		R	4,568	R	60

## News for the week

### Maize

US maize prices traded mixed this past week with March trading slightly higher while July trading slightly lower this past week. The spreading of the coronavirus could reduce future demand while the strength of the dollar is also making US maize less competitive in the global export market.

The Rosario grains exchange in Argentina increased its estimate for this season's maize harvest by 1 MMT to a total of 50 MMT due to favourable rainfall.

It is estimated that roughly 74% of Brazil's total 2019/20 corn production will be safrinha corn planted after the first crop of soybeans are harvested.

1. According to Deral, the full-season maize in Parana is 46% mature and 13% harvested. Early yields indicate average maize yields.
2. Emater reported that the full-season maize in the state was 43% harvested. The earlier planted maize is doing better than the later planted maize and the maize in the northern part of the state is better than the maize in the southern part of the state.
3. The Mato Grosso Institute of Agricultural Economics (Imea) reported that 63.1% of the intended safrinha maize hectares had been planted by late last week compared to 74.2% last year and 52.1% average.

According to Sagis, a total of 105 313 tons of South African white maize has been exported to Zimbabwe from 28 September 2019 until 14 February 2020 and a total of 106 834 tons of South African white maize has been exported to Mozambique from 28 September 2019 until 14 February 2020.

South African (SA) maize prices traded lower for White Maize and Yellow Maize for March 2020 and May 2020 this past week. Maize prices traded lower despite a weaker ZAR and US prices trading mainly sideways.

### Wheat

US wheat prices traded higher this past week with March Chicago wheat prices leading the way higher. The smaller Australian wheat crop estimate is lowering global supplies and some of the global demand could shift to the US. The limiting factor for US wheat continues to be the strength of the dollar, which is making US wheat less competitive.

FranceAgriMer increased its estimate of French soft wheat exports outside the EU this season for the fifth month in a row referring to strong demand notably from China. In monthly supply and demand estimate FranceAgriMer estimated French exports outside the EU in the 2019/20 July/June season at 12.6 MMT, which is higher than the 12.4 MMT estimated in January 2020.

According to Strategie Grains, wheat prices in the EU could decrease from the spring as the prospect of a bumper harvest in Russia and ample feed grain supplies offset an expected decrease in EU wheat production. The French firm decreased its estimates for this year's EU soft wheat harvest to 138.6 MMT from 139.8 MMT as it continued to factor in rain-disrupted planting in parts of western Europe.

India is expected to produce a record 106.21 MMT of wheat this year as favourable weather conditions helped to improve crop yields, with production far exceeding demand and further increasing stock at grain silos.

South African (SA) wheat prices traded mixed this past week with March trading lower and May trading higher. Higher international prices and weaker ZAR is currently supporting prices.

### Soybeans

US soybean contracts traded slightly higher this past week. However, on a monthly basis US soybean contracts are still trading sharply lower with March and July soybeans trading 5.9% and 5.8% lower in the past month respectively. US soybean contracts has been under massive pressure in recent weeks with the slow demand out of China despite the Phase 1 trade deal and the spreading coronavirus is weighing on the market.

US soybean exports to China decreased to their lowest in nearly 10 months as the coronavirus outbreak has raised concerns about demand from China. A weekly government report showed that exporters shipped just 69 009 MT of soybeans, about one cargo, to China in the week ended 6 February 2020.

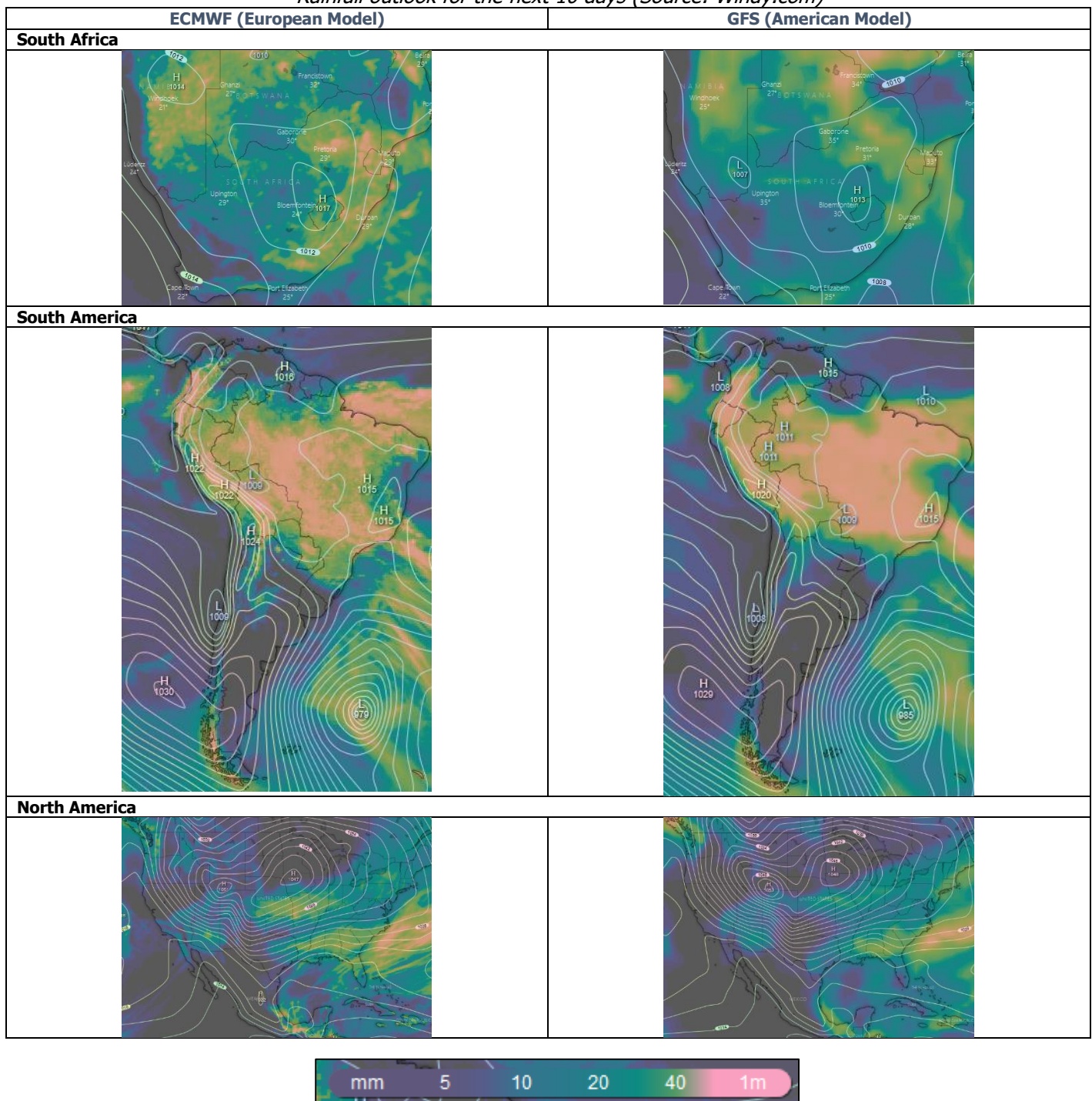
According to agribusiness consultancy AgRural, Brazilian soybean production in the 2019/2020 is expected to reach a record of 125.6 MMT. The estimate was revised from 123.9 MMT in January, when harvesting was still in the early stages.

US soybean processing plants crushed a record volume of soybeans in January, while soybean stocks increased to the highest in 21 months, according to National Oilseed Processors Association (NOPA). NOPA said its members, which handle about 95% of all soybeans crushed in the US, processed 4.815 MMT of soybeans last month, which is higher than 4.757 MMT crushed in December.

Soybean production in Paraguay could exceed 10 MMT in the current 2019/2020 season, which would mark an important recovery from the previous drought-hit crop. Paraguay has already harvested about half of the 3.5 million hectares that had been planted in October 2019 and November 2019.

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

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



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