

The Weekly Weighbridge

31 July 2020

Important facts for the week

- According to the Crop Estimates Committee (CEC), South Africa is estimated to harvest 15.545 MMT of maize in the 2020/21 season, which is slightly higher than the previous month's estimate, after favourable weather conditions and higher yields in the Free State and Gauteng provinces. With its sixth production estimate for the 2020 crop, the CEC estimated that harvest would be 38% higher compared with 11.275 MMT harvested in the previous year when yields were impacted by dry weather conditions.
- Just months after rainfall broke Australia's crippling three-year drought, fields of grain have sprung to life, lifting estimates for a bumper wheat harvest and revitalising the agricultural sector through increased tractor sales and increased lending.
- China's soybean imports in June 2020 from Brazil increased to a record high, driven by growing demand for soybeans as China's pig herd recovers after deadly outbreaks of African swine fever. China bought 10.51 MMT of soybeans from the South American country in June 2020, which is 91% than the 5.5 MMT bought last year.

| ZAR/mt | | | | | 31 July 2020 | | | | | 24 July 2020 | | | | | Week Move | | | | |
|---|---------------------|---|-------|---|--------------|---|-----|--|--|--------------|---------------------|---|-------|---|-----------|---|----|--|--|
| SAFEX | Sep'20 White Maize | R | 2,670 | R | 2,613 | R | 57 | | | SAFEX | Sep'20 White Maize | R | 2,753 | R | 2,696 | R | 57 | | |
| SAFEX | Dec'20 White Maize | R | 2,737 | R | 2,714 | R | 23 | | | SAFEX | Sep'20 Yellow Maize | R | 2,823 | R | 2,793 | R | 30 | | |
| SAFEX | Dec'20 Yellow Maize | R | 7,028 | R | 7,026 | R | 2 | | | SAFEX | Sep'20 Soybeans | R | 7,070 | R | 7,066 | R | 4 | | |
| SAFEX | Sep'20 Soybeans | R | 6,372 | R | 6,260 | R | 112 | | | SAFEX | Dec'20 Sunflower | R | 6,468 | R | 6,381 | R | 87 | | |
| SAFEX | Dec'20 Sunflower | R | 5,401 | R | 5,120 | R | 281 | | | SAFEX | Sep'20 Wheat | R | 4,848 | R | 4,826 | R | 22 | | |
| SAFEX | Dec'20 Wheat | R | | R | | | | | | SAFEX | Dec'20 Wheat | R | | R | | | | | |
| Important dates | | | | | | | | | | | | | | | | | | | |
| 29/07/2020 Weekly producer deliveries | | | | | | | | | | | | | | | | | | | |
| 30/07/2020 Weekly imports and exports | | | | | | | | | | | | | | | | | | | |
| 31/07/2020 Weekly USA export intentions | | | | | | | | | | | | | | | | | | | |

| Export Parity | | | | | Import Parity | | | | |
|---|----------------------------|-------|-----|--------|---------------|---------|-----|--|--|
| USD/mt | | | | | ZAR/mt | | | | |
| FOB Origin | | | | | Protein level | | | | |
| Soybeans | | | | | Wheat | | | | |
| SA | Sep'20 Soybeans | \$ | 404 | \$ | 405 | \$ | (2) | | |
| US | Sep'20 Soybeans | \$ | 368 | \$ | 371 | \$ | (3) | | |
| Brazil | Sep'20 Soybeans | \$ | 390 | \$ | 388 | \$ | 2 | | |
| Argentina | Sep'20 Soybeans | \$ | 347 | \$ | 349 | \$ | (3) | | |
| Maize | | | | | Yellow Maize | | | | |
| SA | Sep'20 Yellow Maize | \$ | 176 | \$ | 178 | \$ | (2) | | |
| US | Sep'20 Yellow Maize | \$ | 164 | \$ | 170 | \$ | (6) | | |
| Argentina | Sep'20 Yellow Maize | \$ | 158 | \$ | 164 | \$ | (6) | | |
| Brazil | Sep'20 Yellow Maize | \$ | 171 | \$ | 171 | \$ | 0 | | |
| Black Sea | Spot Yellow Maize (non GM) | \$ | 175 | \$ | 175 | \$ | - | | |
| SA | Sep'20 White Maize | \$ | 173 | \$ | 173 | \$ | (0) | | |
| US | Sep'20 White Maize | \$ | 202 | \$ | 205 | \$ | (4) | | |
| Mexico | Sep'20 White Maize | \$ | 182 | \$ | 182 | \$ | - | | |
| Wheat | | | | | White Maize | | | | |
| US (HRW) | Spot Wheat | 10.1% | R | 5,276 | R | (10) | | | |
| US (SRW) | Spot Wheat | | R | 5,459 | R | (41) | | | |
| Germany | Spot Wheat | 11.0% | R | 5,378 | R | 97 | | | |
| France | Spot Wheat | 10.1% | R | 5,158 | R | 43 | | | |
| Russia | Spot Wheat | 11.0% | R | 4,925 | R | 17 | | | |
| Australian APW | Spot Wheat | 9.2% | R | 5,476 | R | 151 | | | |
| Argentina | Spot Wheat | 10.6% | R | 5,537 | R | 20 | | | |
| Wheat | | | | | Yellow Maize | | | | |
| South Africa | Spot Wheat | 12.0% | R | 5,848 | R | (1,052) | | | |
| Wheat | | | | | White Maize | | | | |
| US | Sep'20 Yellow Maize | | R | 3,769 | R | (33) | | | |
| Argentina | Sep'20 Yellow Maize | | R | 3,633 | R | (36) | | | |
| Brazil | Sep'20 Yellow Maize | | R | 3,852 | R | 72 | | | |
| South Africa | Sep'20 Yellow Maize | | R | 3,137 | R | 23 | | | |
| Wheat | | | | | White Maize | | | | |
| US | Sep'20 White Maize | | R | 4,495 | R | 21 | | | |
| Mexico | Sep'20 White Maize | | R | 4,159 | R | 75 | | | |
| (Wheat quality based on 12 % moisture & import tariff included) | | | | | | | | | |
| Wheat | Published Tariff | | R | 516.60 | | | | | |

News for the week

Maize

US maize prices traded lower this past week due to the favourable growing conditions seen in the US Midwest and the improvement in the latest good/excellent crop ratings despite the market expecting the crop ratings to remain unchanged.

The condition of the 2020 US maize crop improved by 3% last week at 72% rated good to excellent. Nine states shown that the soybean condition improved last week while eight states shown that the corn condition declined last week and one states was left unchanged. Most of the improvements were found in the eastern and western areas, while most of the declines were found in the southern and northern areas.

According to the SAGIS weekly producer deliveries report for the week that ended on 2020/07/24, maize deliveries in South Africa for the 2020/21 harvest season have reached a total of 4 595 082 MT for White Maize and 4 637 669 MT for Yellow Maize.

According to the SAGIS weekly import/export report for the week that ended on 2020/07/24, white maize exports for the 2020/21 harvest season have reached a total of 271 441 MT, with 113 680 MT exported to Zimbabwe, 64 483 MT exported to Botswana, 20 014 MT exported to Ethiopia, 35 195 MT exported to Mozambique. Yellow maize exports for the 2020/21 harvest season have reached a total of 719 814 MT, with 269 657 MT exported to Taiwan, 203 757 MT exported to Korea, 102 500 MT exported to Japan and 54 668 MT exported to Vietnam.

According to the Crop Estimates Committee (CEC), South Africa is estimated to harvest 15.545 MMT of maize in the 2020/21 season, which is slightly higher than the previous month's estimate, after favourable weather conditions and higher yields in the Free State and Gauteng provinces. With its sixth production estimate for the 2020 crop, the CEC estimated that harvest would be 38% higher compared with 11.275 MMT harvested in the previous year when yields were impacted by dry weather conditions.

South African (SA) maize prices traded higher for White Maize and Yellow Maize this past week due to weaker ZAR.

Wheat

US wheat prices traded higher this past week with the weaker dollar making the US wheat more competitive in the global export market. However, the harvesting of winter wheat limited some of the gains in KCBT wheat futures.

According to the Buenos Aires Grains Exchange, dryness in northern and central Argentina is affecting the development of recently planted wheat fields, resulting in them having to reduce its planting estimate in recent weeks due to persistently bad weather. The exchange expects 6.5 million hectares of wheat to be planted this season, which is lower than the original estimate of 6.8 million hectares.

Agritel has stated that the soft wheat crop in France this season will be among the smallest in 25 years with production estimated at 29.22 MMT after adverse weather damaged both area and yields.

IKAR has increased its estimate for Russia's 2020 wheat crop to 78 MMT from the previously estimated 76.5 MMT due to high yields in some regions. Russia, the world's second-largest wheat exporter after the EU, is harvesting its crop after dry weather in its south, where the main grain producing and exporting regions are located. However, yields are improving in the central regions.

Just months after rainfall broke Australia's crippling three-year drought, fields of grain have sprung to life, lifting estimates for a bumper wheat harvest and revitalising the agricultural sector through increased tractor sales and increased lending.

South African (SA) wheat prices traded higher this past week due to the weaker ZAR. Wheat imports are expected to address the shortage of wheat in the local wheat market however any delays may result in further support in the Sep'20 prices.

Soybeans

International soybean prices traded higher this past week with strong demand from China for soybeans pushing prices higher. The weaker dollar that was seen in the past few weeks also added some price support.

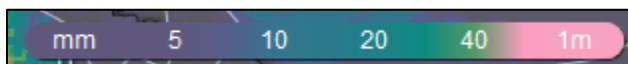
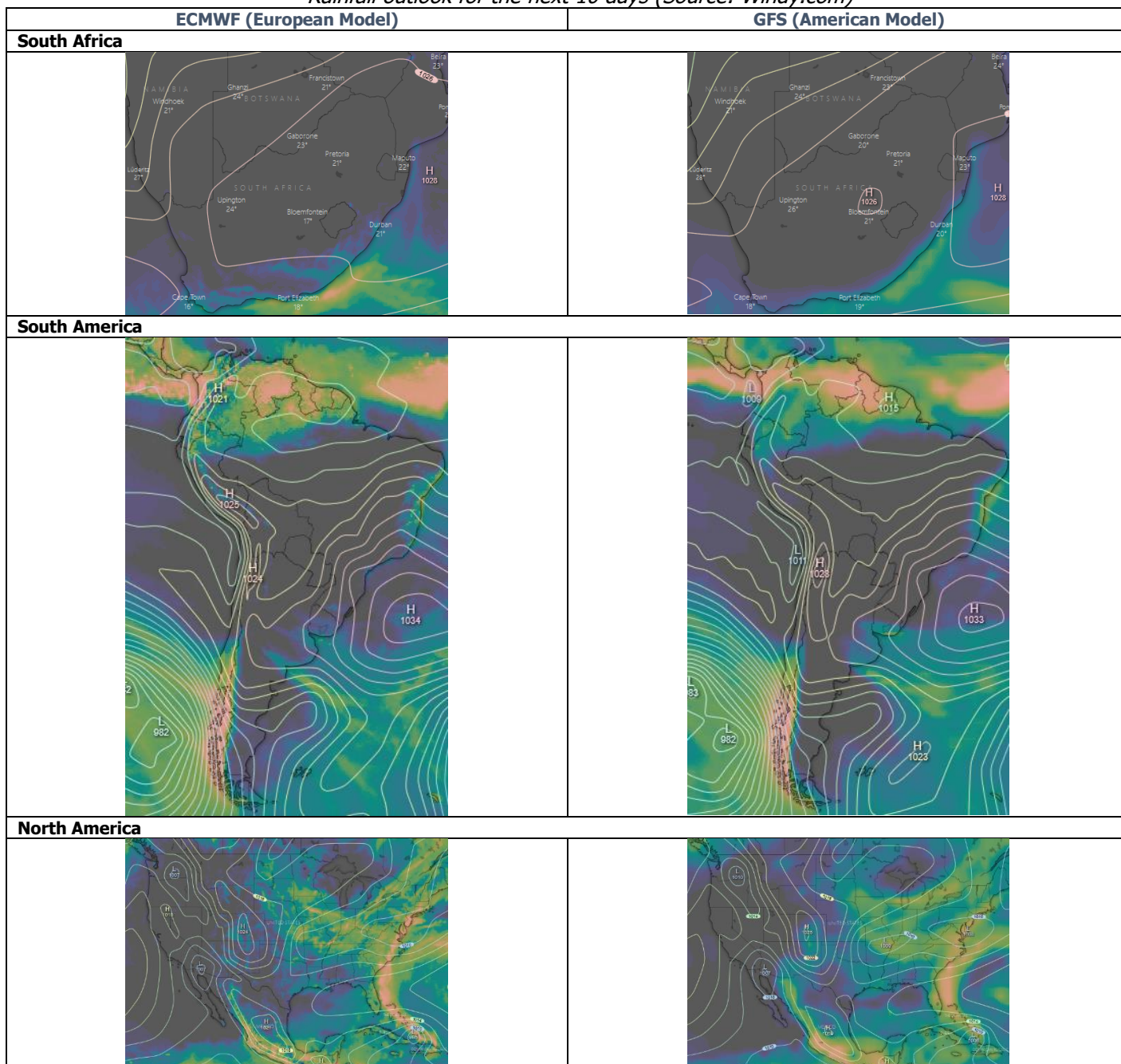
The condition of the 2020 US Soybean crop improved by 3% last week to 72% rated good to excellent. Twelve states shown that the soybean condition improved last week while five states shown that the soybean condition declined last week and one state was left unchanged. Most of the improvements were found in the eastern and western areas while most of the declines were found in the southern and northern areas.

According to Céleres, Brazilian soybean production in the 2020/2021 season is estimated at 130.8 MMT as farmers look to increase planted area. Brazil's soybean planted area will increase by 1.3 million hectares to an estimated 38.2 million in the 2020/2021 season. In the 2019/2020 season Brazil harvested an estimated 124.7 MMT of soybeans, making it the world's largest producer.

China's soybean imports in June 2020 from Brazil increased to a record high, driven by growing demand for soybeans as China's pig herd recovers after deadly outbreaks of African swine fever. China bought 10.51 MMT of soybeans from the South American country in June 2020, which is 91% than the 5.5 MMT bought last year.

South African (SA) soybean prices traded sideways this past week due to lower international prices opposing the effect of the weaker ZAR.

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



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