



## Agri Trends

12 March 2019

### Local market prices increase across commodities

The carry out of old season maize stocks by the end of April is sufficient but uncertainty about the production conditions for new season maize lead to higher counter-seasonal new season prices. New season white maize trade at a 12% premium above the price of yellow maize. The sharp decline in US HRW wheat prices will trigger the publication of a new wheat tariff of more than R650/ton soon. The current tariff is R491/ton. The new tariff should be published during May. Future soybean prices gain on sunflowerseed as both the imported price of soybean oil and soybean oilcake supports a favourably derived soybean price. Crushing margins improved since a year ago. The wool market ended up higher at the auctions for the week ending 8 March. The price of good long merino wools increased by 4% in Rand terms. Production of cotton lint is expected to increase year on year by 21% to 227 789 bales (200kg each). SA cotton prices are up 6% year on year.

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## Maize market trends

### International maize market

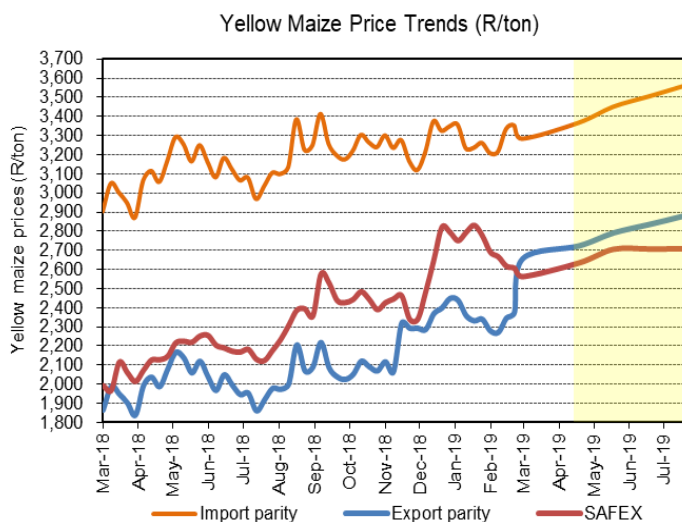
The USDA report last Friday indicated that the US corn ending stocks increased by 100 million bushels (2,54 million ton). Consequently, US corn prices decline because of the lower export volumes, less usage of corn in ethanol production and increased farmer selling. A possible deal with China and weather worries underpin market prices. In the meantime, the global uncertainty about Brexit and the China trade deal keep the US\$ strong. A strong US\$ make US corn exports more expensive.

	US Yellow Corn			RSA Maize		
	R/US\$	US Yellow Corn US\$/ton	Kansas White Corn Premium \$/ton	USA WM Import Parity	Argentina YM Import Parity Worcester	ASIA YM Export Parity Randfontein
Price	14.50	163.81	6.40	R3,453/ton	R3178/ton	R2,726/ton
w/w	3%	-2%	-9.7%	2.0%	2.3%	2.7%
m/m	6%	-3%	-8.9%	4.2%	2.2%	20.1%
y/y	22%	-7%	na	13.3%	8.0%	37.2%

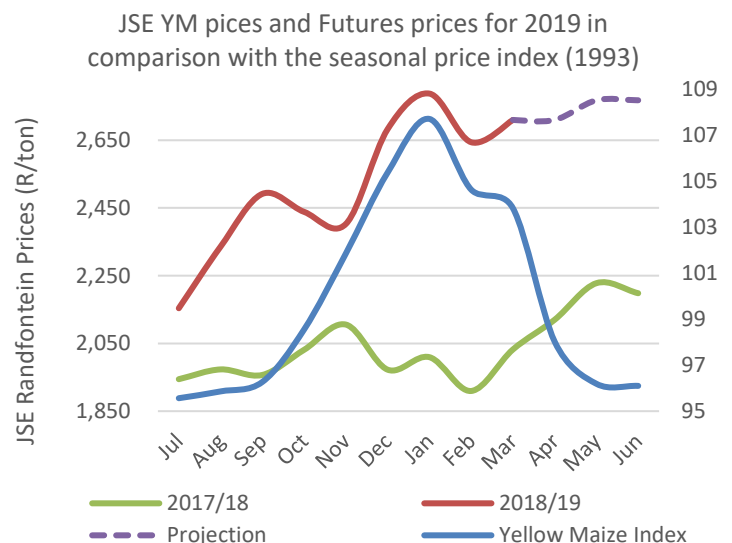
### Local maize market

The late plantings and uncertainty about yield (due to a lack of sufficient heat units and possible frost damage) continues to underpin white maize prices. The carry out of old season maize stocks by the end of April is sufficient but uncertainty about the production conditions for new season maize lead to higher counter-seasonal new season prices. New season white maize trade at a 12% premium above the price of yellow maize. The imported price of Brazilian maize in Cape Town is higher than maize landed from the inland production regions deterring follow up imports.

	White Maize			Yellow Maize		
	Spot price Randfontein	May-19	Jul 19	Spot price Randfontein	May-19	Jul 19
Price	3025	3097	3159	2708		2785
w/w	5%	11%	7%	3%		3%
m/m	9%	9%	9%	1%		3%
y/y	60%	63%	59%	38%		35%



\*Last 3 points 3 months forecast



## Wheat market trends

### International wheat market

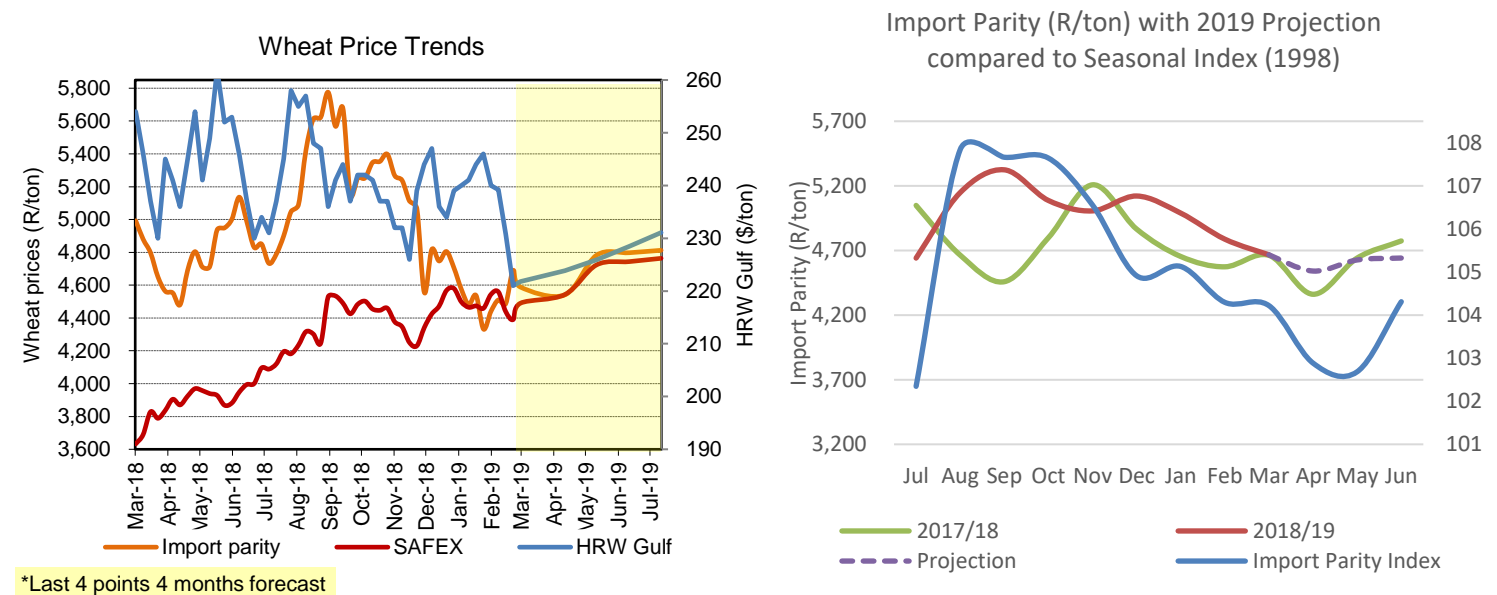
USA wheat ending stocks were increased 45 million bushels (1 224 689 ton or 4,3%) from last month to 1.055 billion bushels (28 727 290 ton). It is 36 million bushels (979 752 ton) above the average trade guess. A 35 million bushel (952 536 ton) cut to exports was the largest driver of the increase. Consequently, US wheat prices declined sharply week on week,

	R/US\$	Soft Red Gulf (\$/ton)	Hard Red Gulf (\$/ton)	Import tariff (R/ton)
Price	14.29	198.60	207.65	490.70
w/w	2.5%	-7.7%	-6.8%	490.70
m/m	5.9%	-11.6%	2.0%	490.70
y/y	20.2%	-4.1%	-18.2%	716.30

### Local wheat market

The sharp decline in US HRW wheat prices will trigger the publication of a new wheat tariff of more than R650/ton soon. The current tariff is R491/ton. The new tariff should be published during May. Dryland wheat producers will then be in full swing planting the next wheat crop. The industry reached consensus this week to amend the wheat grading regulations in an effort to revive the industry and bring it in line with international standards. At the same time to compensate producers for the production of good quality wheat. It is pending approval and publication by the Minister of Agriculture, Forestry and Fisheries. The suggested amendments include the introduction of a Super grade (>12,5% protein, 76 kg HLM)

	R/US\$	Spot price JSE (R/ton)	New season JSE Dec 2019	Old season JSE Mar 2019	USA Import Parity
Price	14.29	4490	4430	4512	4588
w/w	2.5%	2%	-	2%	-2%
m/m	5.9%	-1%	-	0%	3%
y/y	20.2%	24%	3%	Na	-8%



## Soybean market trends

### International soybean market

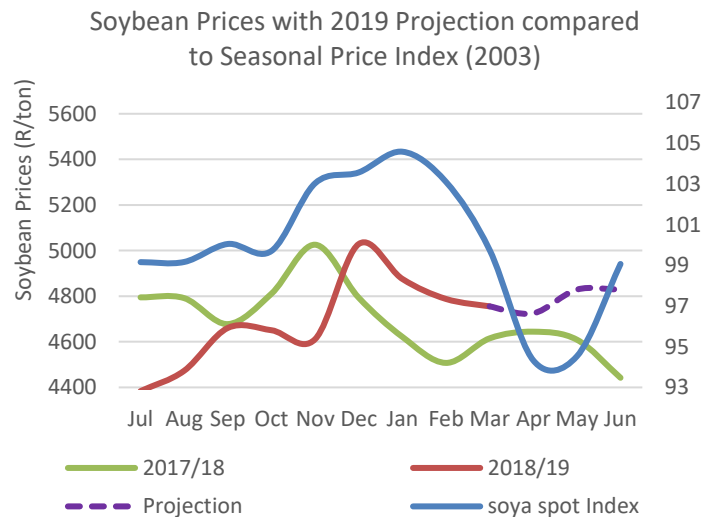
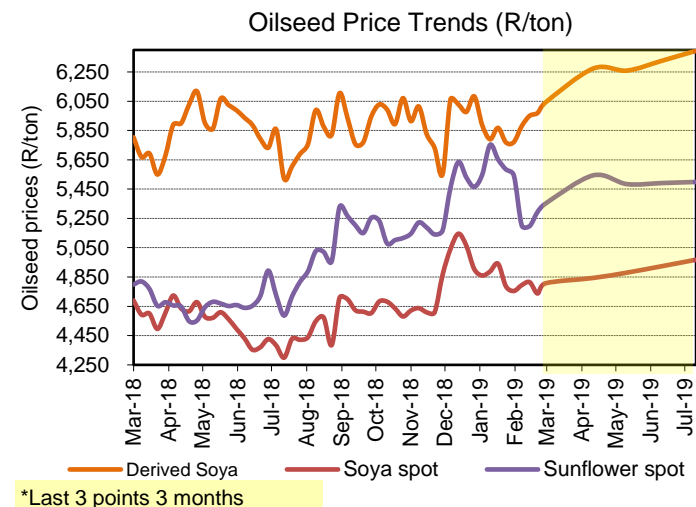
US soybean ending stocks were reduced by 10 million bushels (272 153 ton) from last month to 0.9 billion bushels (24 493 795 ton). This is 4 million bushels (108 861 ton) smaller than the average trade estimates. The world soybean ending stocks were reported at 107.2 million tons, 470 000 tons above last month and 570 000 tons above the average trade estimate.

	Soybeans			
	R/US\$	Soybean Gulf (\$/ton)	CBOT Oil USc/lb	CBOT Soya meal US\$/ton
Price	14.29	337	29.8	298
w/w	2.5%	-3%	0%	-2%
m/m	5.9%	-1%	-2%	-4%
y/y	20.2%	-15%	-6%	-19%

### Local soybean market

Since a year ago as South Africa is known to be a net importer of vegetable oils and soybean oilcake, local soybean and sunflowerseed prices enjoys underlying support from the weakening Rand (20% weaker). Future soybean prices gain on sunflowerseed as both the imported price of soybean oil and soybean oilcake supports a favourably derived soybean price. Crushing margins improved since a year ago.

	Soybeans				Sunflowerseed
	R/US\$	Derived bean Price	SAFEX spot price	(Crushing margin After tax) 25/02/2019	SAFEX spot price
Price	14.29	R5,950/ton	R5,271/ton	R542	R5,271/ton
w/w	2.5%	0%	1%	8%	1%
m/m	5.9%	3%	-6%	14%	-6%
y/y	20.2%	4%	12%	64%	12%



## Fiber market trends

### Wool market

**Australia:** The Eastern Market Indicator (EMI) fell for the second straight week losing 8 cents to 2008 Au c/kg clean. Buyers were keen to secure their share of a small selection of good style lots with higher strength, low mid-breaks and low VM. The remainder of the selection was of poorer quality. It is expected that the national offering of bales will continue to fall from 54 130 bales at the 8<sup>th</sup> of March to about 41 722 bales at the next auction.

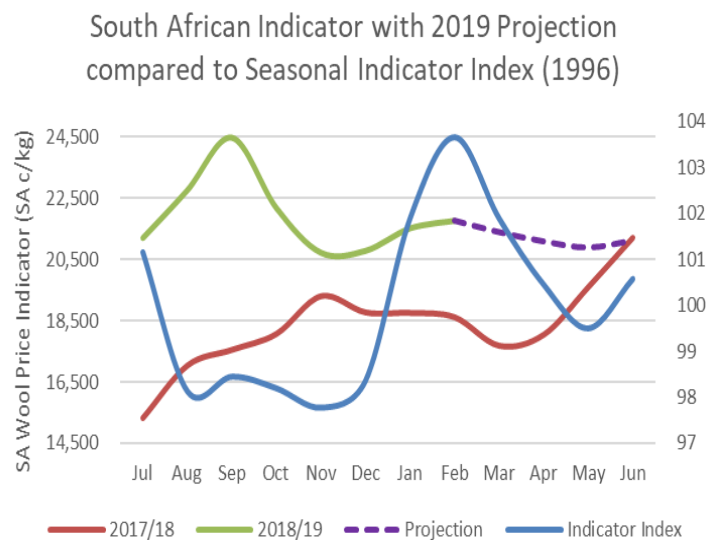
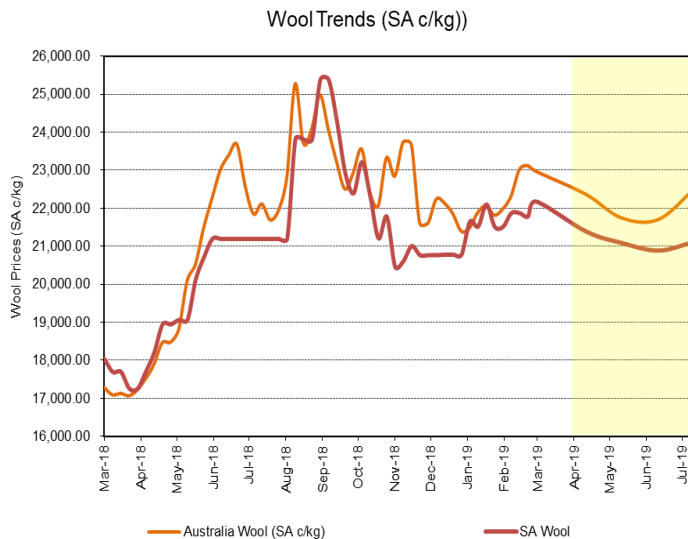
**Local:** The wool market ended up higher at the auctions for the week ending 8 March. The price of good long merino wools increased by 4% in Rand terms while the shorter wools were only up by 1.9% due to a lack of China competition. The offering comprised 10 476 bales of which 90.7% were sold.

### Cotton market

**USA:** US producers start to wrap up the harvesting of cotton in certain production areas of the US. Demand is moderate and supplies and producer offerings are moderate. US cotton prices is down 11% year on year.

**Local:** According to the latest 2<sup>nd</sup> crop estimate for the 2018/19 production year producers planted 23 292 hectares under irrigation and 19 362 ha dryland. The estimated yield under irrigation is 4,56 ton/ha and under dryland 0,92 ton./ha. Production of cotton lint is expected to increase year on year by 21% to 227 789 bales (200kg each). SA cotton prices are up 6% year on year.

	Exchange Rate (AU \$ / R)	Australian Wool (SA c/kg)	South African Wool (SA c/kg)	Cotton A Index	SA Cotton Price (Feb) (R/ton)
Price	R9,99	22,964 AU c/kg	22,178 SA c/kg	82.25	2468
w/w	0,49%	-1%	2%	2%	-
m/m	2%	4%	3%	-1%	-2%
y/y	8%	33%	23%	-11%	6%



\*Last 4 points 4 months forecast