



WEEKLY

29 January 2021

FOOD-FOR-THOUGHT

FOOD-FOR-THOUGHT

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- Weather outlook for North and South America



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- Import and export parities of white and yellow maize



International agriculture

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- Agricultural News: Chinese Pork Herd
- Agricultural News: CBOT Price Movements



Local agriculture

- Import and export of maize
- SAF Maize balance sheet
- Monthly consumption



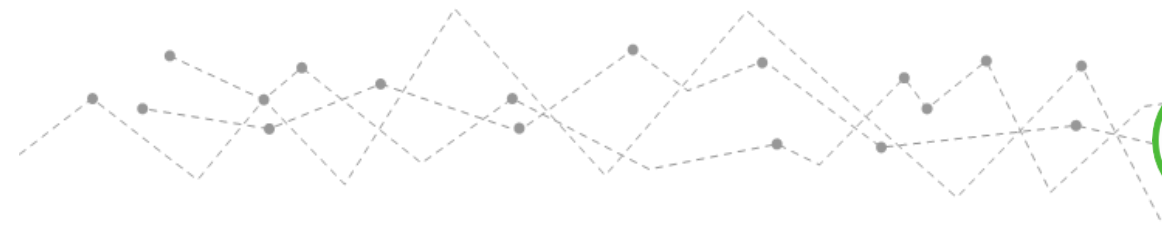
Exchange Rate

- Overview of the ZAR and US dollar movement



Price Risk Management

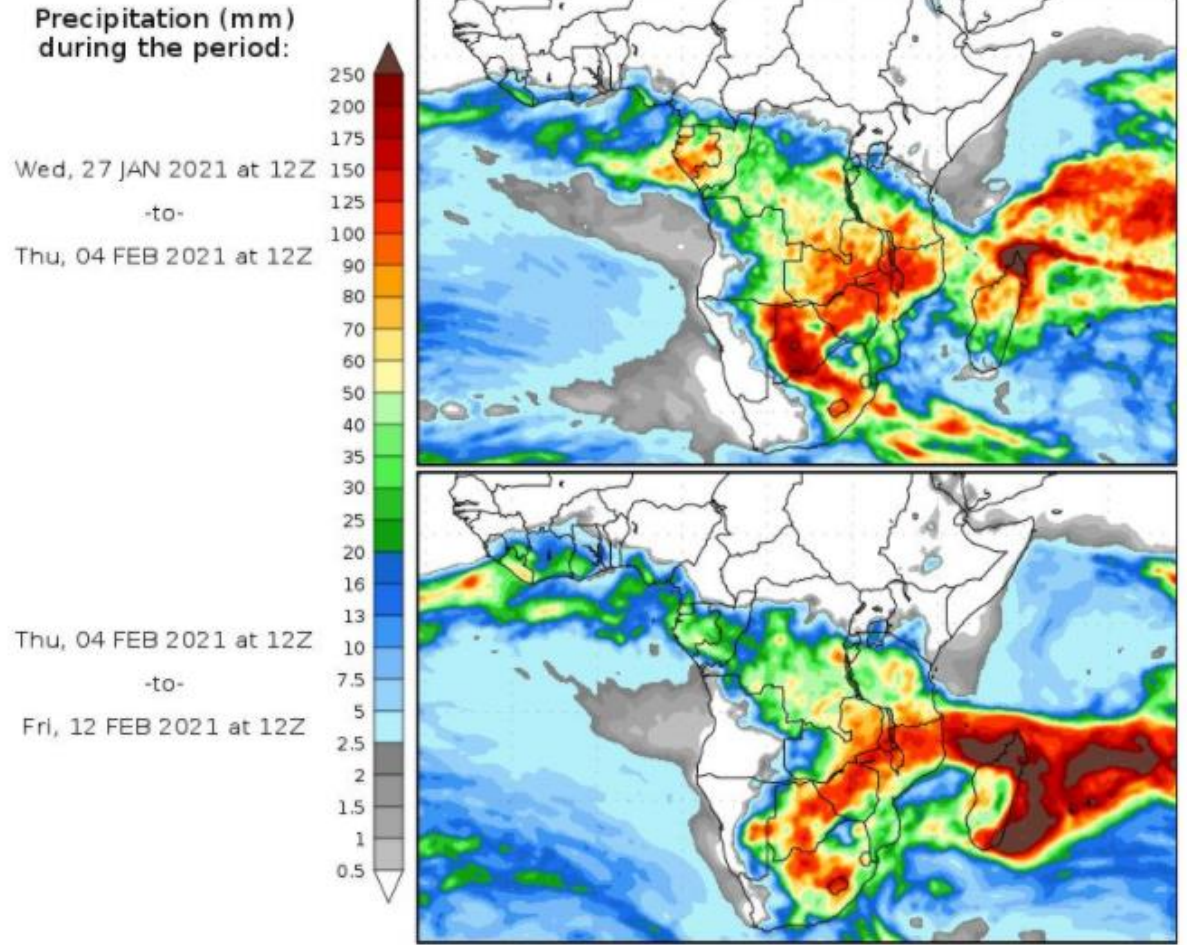
- Minimum/maximum option strategy





LOCAL
WEATHER

Precipitation Forecasts



Fourteen-day forecast:

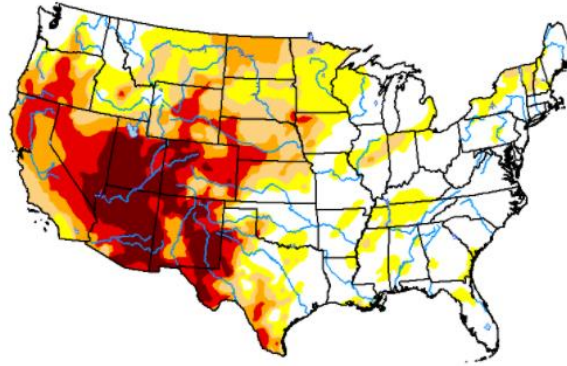
Continual rainfall is forecasted across most of the country for the coming days. The Weather Bureau predicts that the rainy weather will start clearing up from Tuesday.

US Drought Monitor: North America

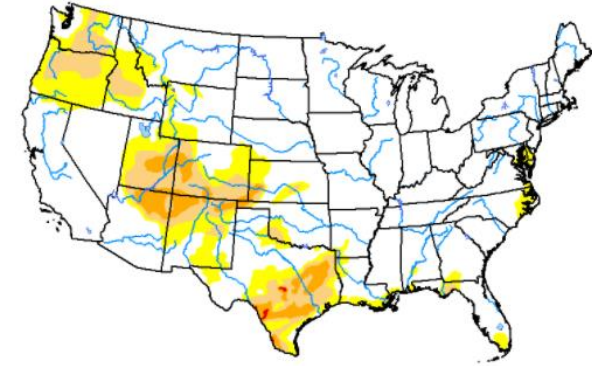
Follow the link to watch the Drought Monitor for North America:

<https://droughtmonitor.unl.edu/CurrentMap.aspx>

19 January 2021



21 January 2021

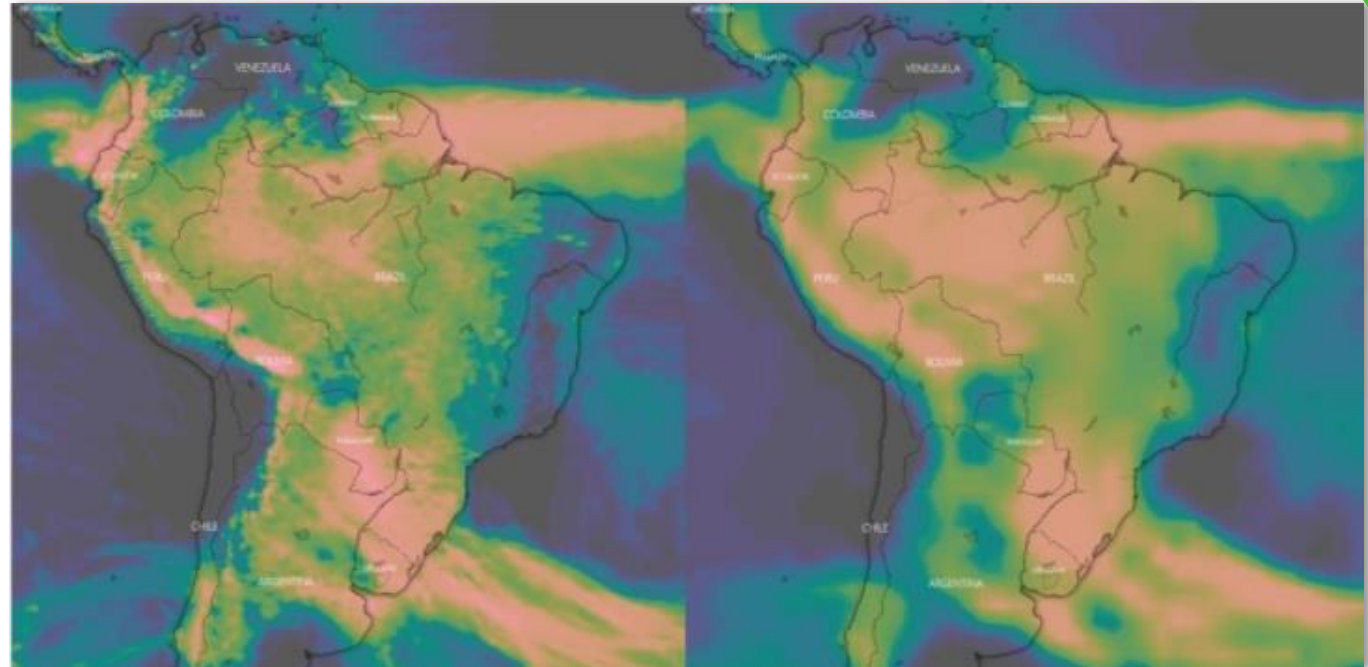


INTERNATIONAL

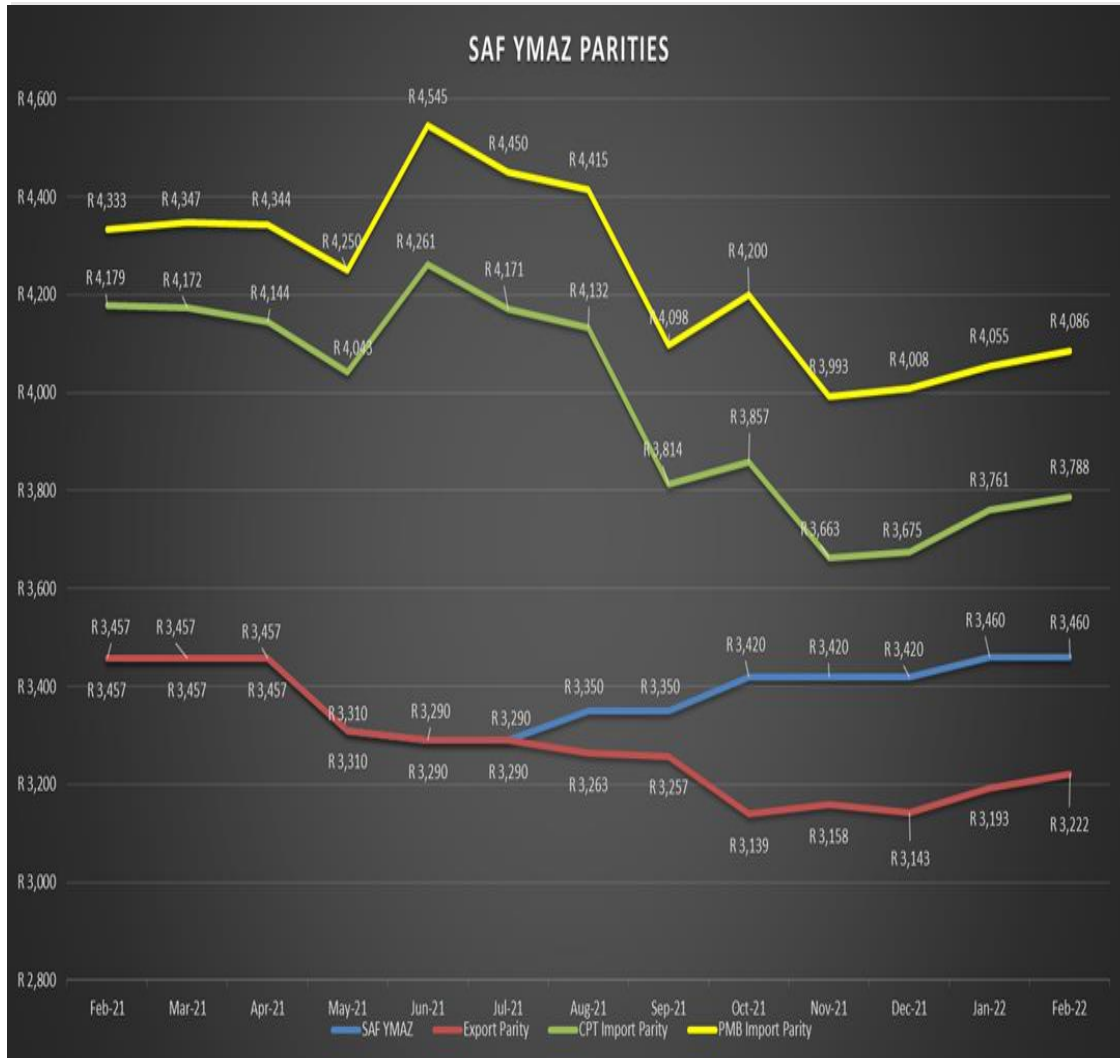
WEATHER

10-day weather prospect: South America

According to American and European forecast models ongoing rainfall is expected in main production areas of South America.



IMPORT AND EXPORT PARITIES



	Feb'21	Mar'21	May'21	Jul'21
PMB-import parity	R 4 333	R 4 347	R 4 250	R 4 450
CPT-import parity	R 4 179	R 4 172	R 4 043	R 4 171
SAFEX yellow maize	R 3 457	R 3 457	R 3 310	R 3 290
DBN-Export parity	R 3 457	R 3 457	R 3 310	R 3 290

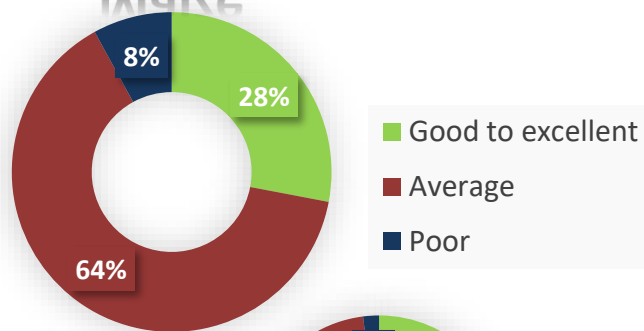


AGRICULTURE OVERVIEW

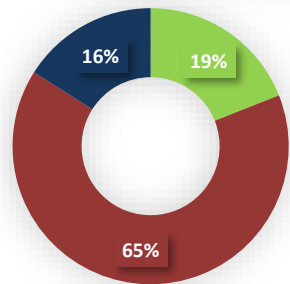
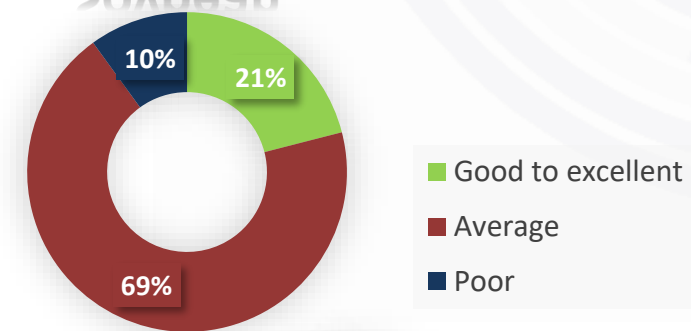


South American crop conditions up to 21 January 2021

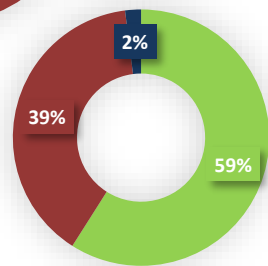
Maize



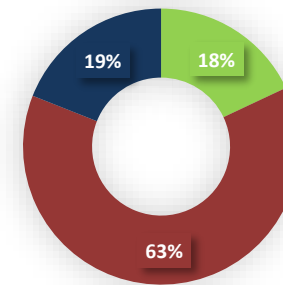
Soybean



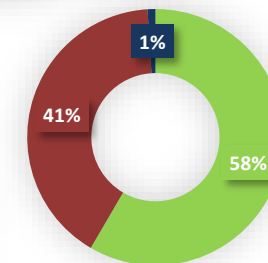
Previous week



2019/20



Previous Week



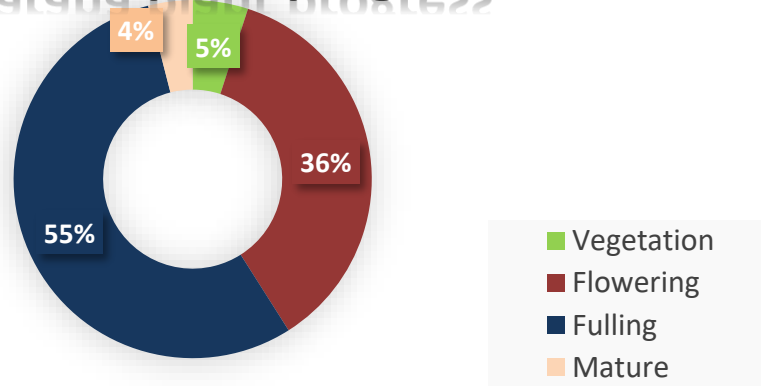
2019/20

South American crop conditions have improved further over the past week due to good rainfall in producing regions.

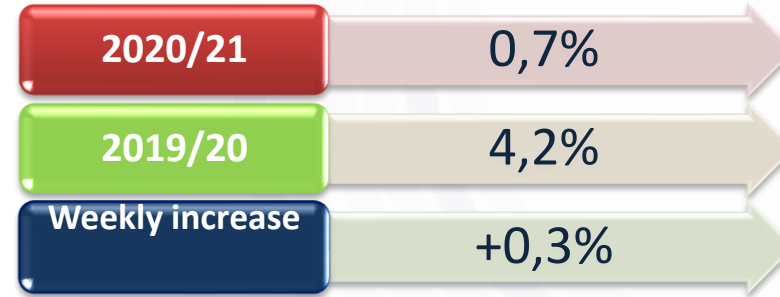
AGRICULTURE OVERVIEW



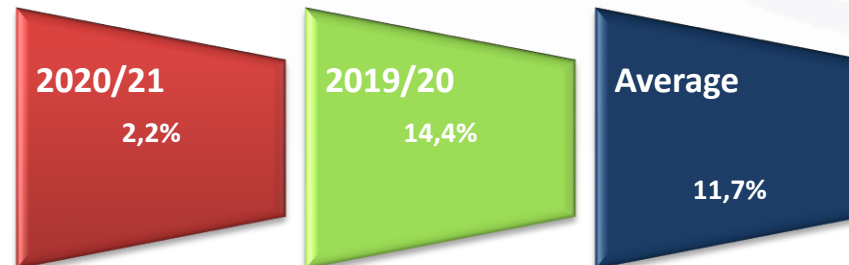
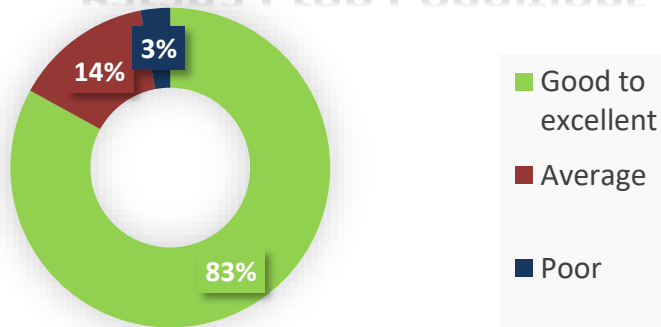
Parana plant progress



Brazil crop progress



Parana Crop Conditions



Mato Grosso Harvest Progress



Chinese Pig Herd Recovered After Swine Flu

China's total pig output decreased by 3,3% in 2020 compared to the drastic decline of 20,3% in 2019. The NBS (National Bureau of Statistics) announced earlier this week that total production for 2020 stands at 41,13 million tons.

However, analysts expected greater downward adjustments. Pan Chenjun, senior analyst for Rabobank says that the market expectation was between 10-15%. Total output climbed by 15 million tons in the fourth quarter of 2020. This is about 21% higher compared to the previous year.

According to this data, China's total pig herd increased to about 406,5 million animals at the end of 2020.

That's about 36 million more than data disclosed in late September. The Chinese customs data also indicates that a record 4,39 million tons of pork was imported in 2020.

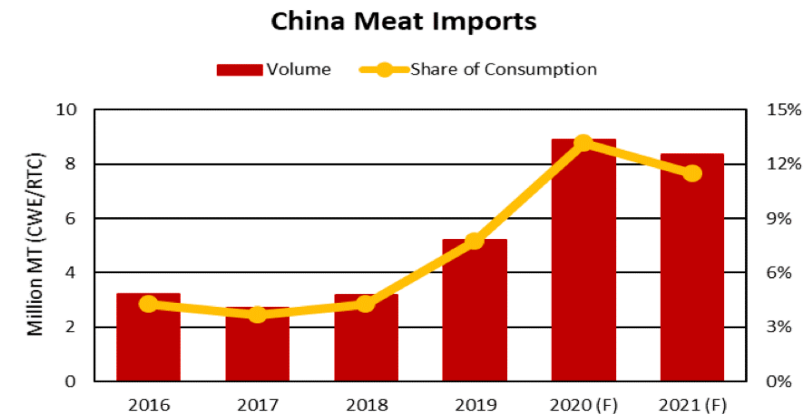
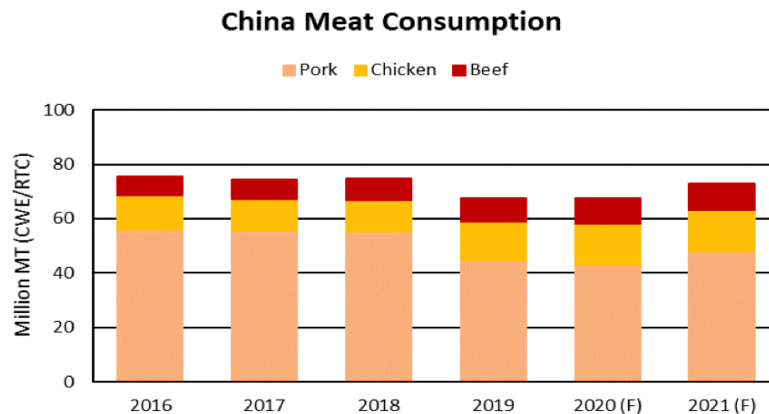
Despite a major production year and record purchases, prices are still increasing, which is a good indication that China is facing huge food shortages.

Food inflation increased by about 3,2% last week Wednesday after about 30 000 tons of pork was taken from the national erven on 21 January to supply local consumption.

* Read more: [Livestock Markets: Pork Export Variables and China – AgFax](#)



China Meat Consumption Expected to Rebound in 2021



INTERNATIONAL AGRICULTURE



American soy and maize prices traded strongly negatively early in the week due to better yield expectations in South America as well as swine flu among the Chinese pig herd.

However, the market sentiment quickly turned around and prices climbed to record levels later in the week.

-Maize: Prices showed strong reaction after the USDA confirmed, on Tuesday, corn exports of about 1,36 million tons to China. That's the 16th largest purchase by China since April 1977.

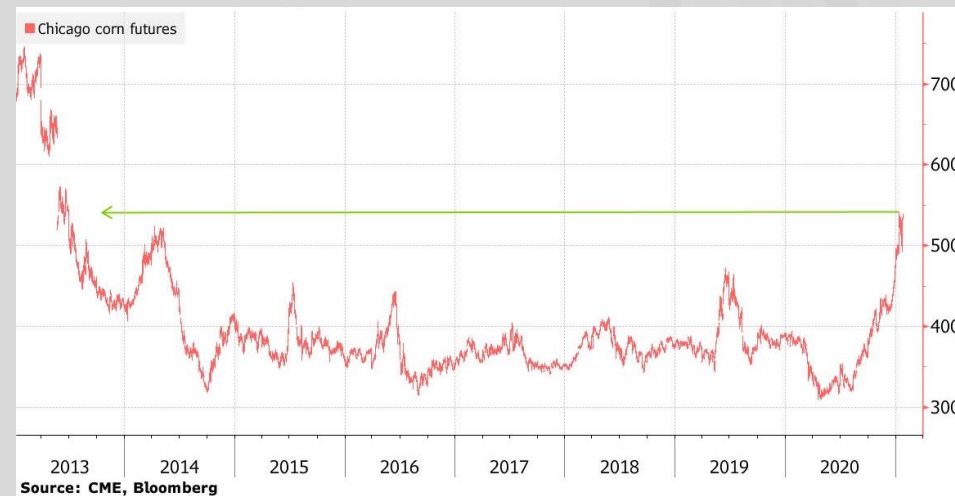
According to Archer- Daniels- Midland Co. (ADM), these record purchases are the beginning of a trend that could continue for years. ADM predicts that China will import 25 million tons of maize this season, which is a sustainable level to work on in the future. Maize futures contracts are already 12% higher for 2021.

-Soybeans: Soy prices have also gained upward momentum due to good demand from China from U.S. stockpiles. Soy crops in Brazil, the world's top soy producer, started at a slower pace due to severe drought early in the planting season and heavy rains are currently slowing down the harvest process.

Juan Luciano, CEO of ADM, believes that restoring and building world stock levels for all crops will take 18 to 24 months. Thus, the sentiment is still bullish (upwards) for U.S. and international grain prices.

*Read more: <https://www.bloomberg.com/news/articles/2021-01-27/corn-approaches-seven-year-high-on-unrelenting-demand-from-china>

CBOT Price Movements 25 tot 28 January 2021



AGRICULTURE



White maize

- Exports week ended January 22: 23 244 t
- Previous week: 23 244 t
- Imports: 0 t
- Intended Exports:

Destination for most exports:

WMAZ exports:
Zimbabwe 10 529 t



Yellow maize

- Exports week ended January 22: 8 8676 t
- Previous week = 8 8676 t
- Imports: 0 t
- Intended Exports:

YMAZ exports:
Zimbabwe 3 505 t



AGRICULTURE



Cumulative local deliveries up to 22 January 2021

White maize deliveries

Week ended 22 January: 7 152 t
Previous week: 5 580 t
Total: 8 084 246 t (91,8%)



Soybean deliveries

Week ended 22 January: 1 407 t
Previous week : 1 660 t
Total: 1 213 778 t (96,2%)



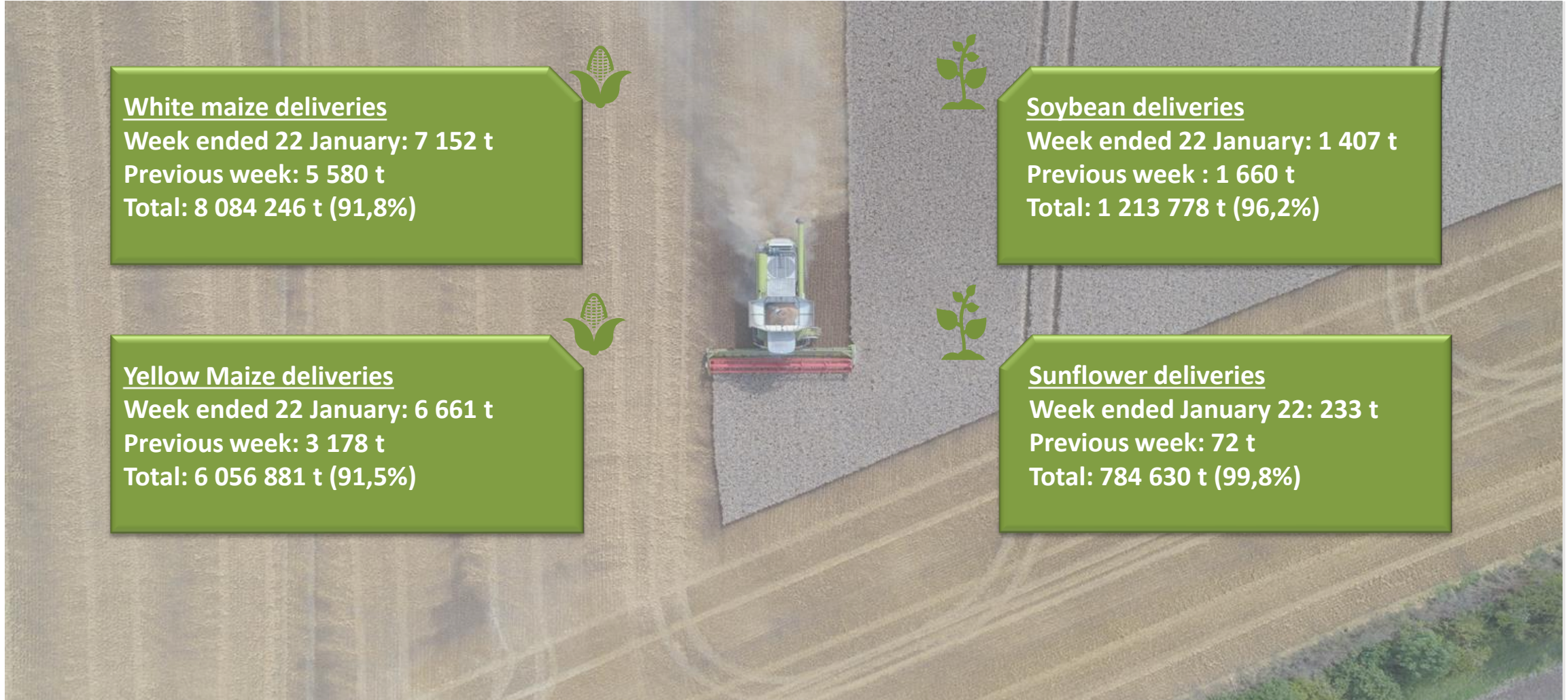
Yellow Maize deliveries

Week ended 22 January: 6 661 t
Previous week: 3 178 t
Total: 6 056 881 t (91,5%)



Sunflower deliveries

Week ended January 22: 233 t
Previous week: 72 t
Total: 784 630 t (99,8%)



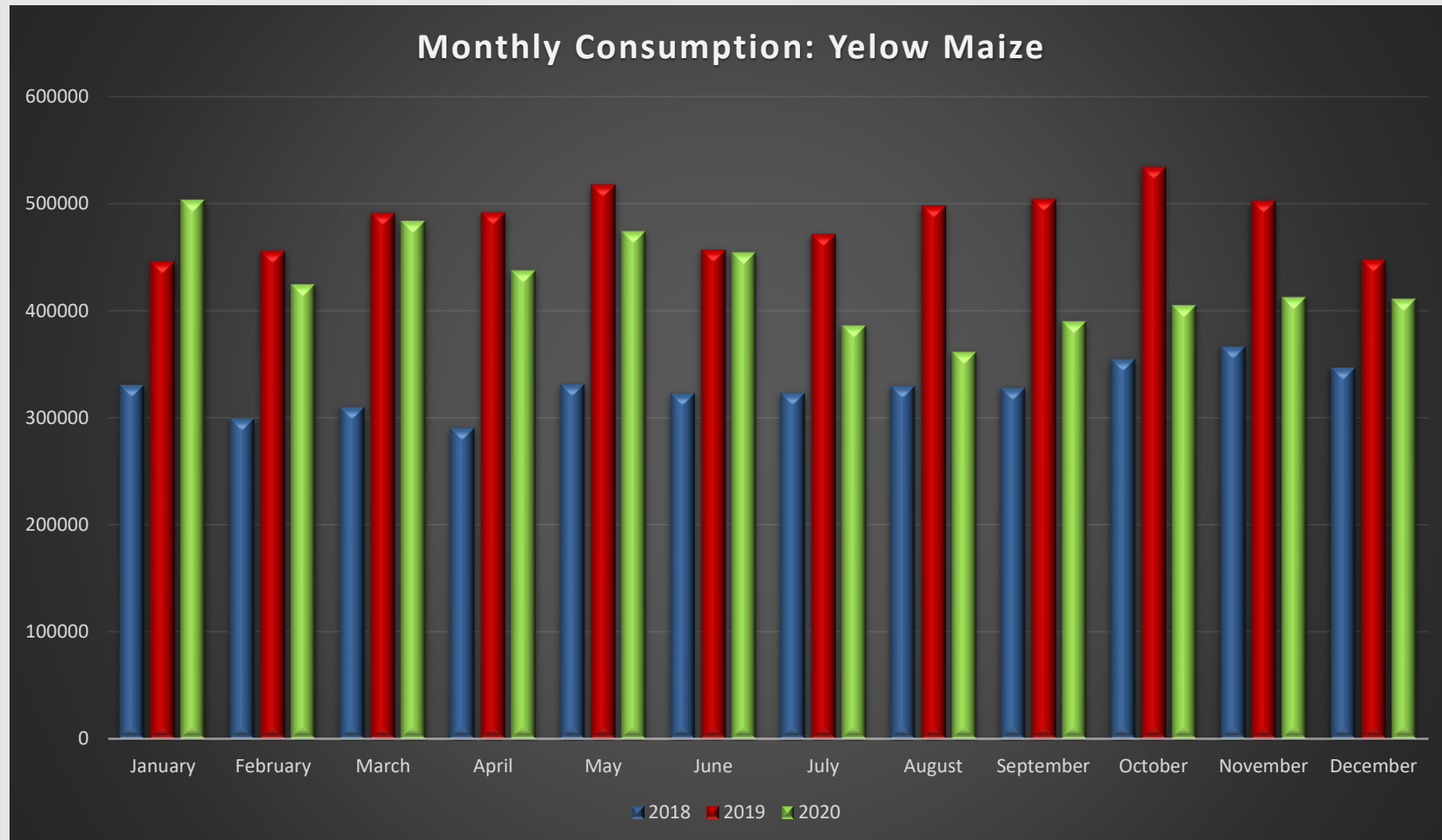


SAF MAIZE BALANCE SHEET

SOUTH AFRICAN MAIZE BALANCE SHEET			
Crop	9309	7227	16536
Yield	5.47	6.72	5.95
Acreage	1702	1075	2777
WM / YM B\$	21/22 WM	21/22 YM	21/22 Total
011 MAY	1033	506	1539
ON FARM	186	361	547
DELIVERIES	8973	6616	15589
EARLY DELIVERIES Prev YR	-150	-250	-400
IMPORTS	0	0	0
TOTAL SUPPLY	10042	7233	17275
DOM CONS	7392	4382	11774
STOCK BEFORE EXPORTS	2650	2851	5501
TOTAL EXPORTS	1050	2065	3115
EARLY DELIVERIES	150	250	400
CLOSING STOCKS 30 APR	1750	1036	2786
STOCKS / USE	21%	16%	19%

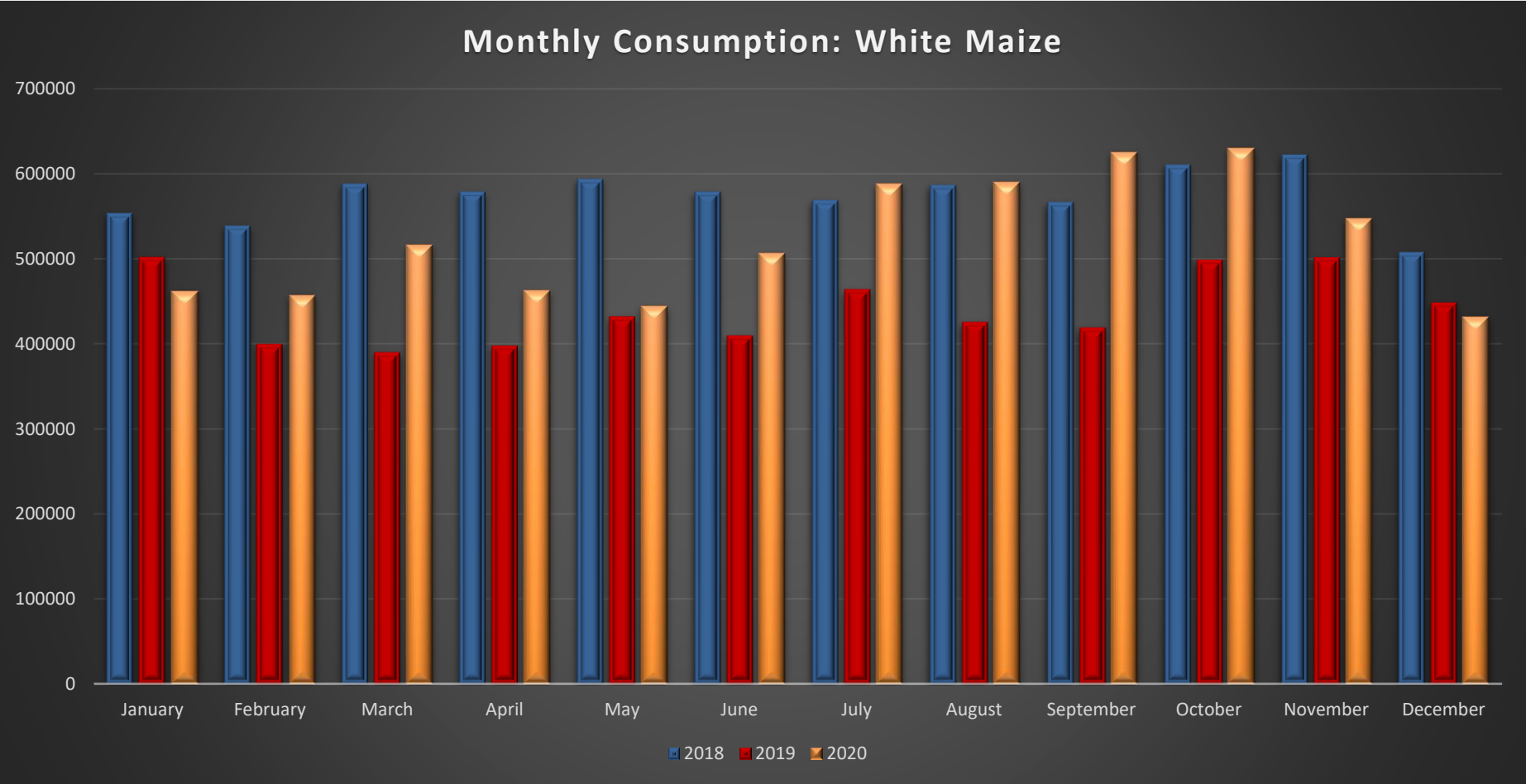


Monthly SAGIS Data



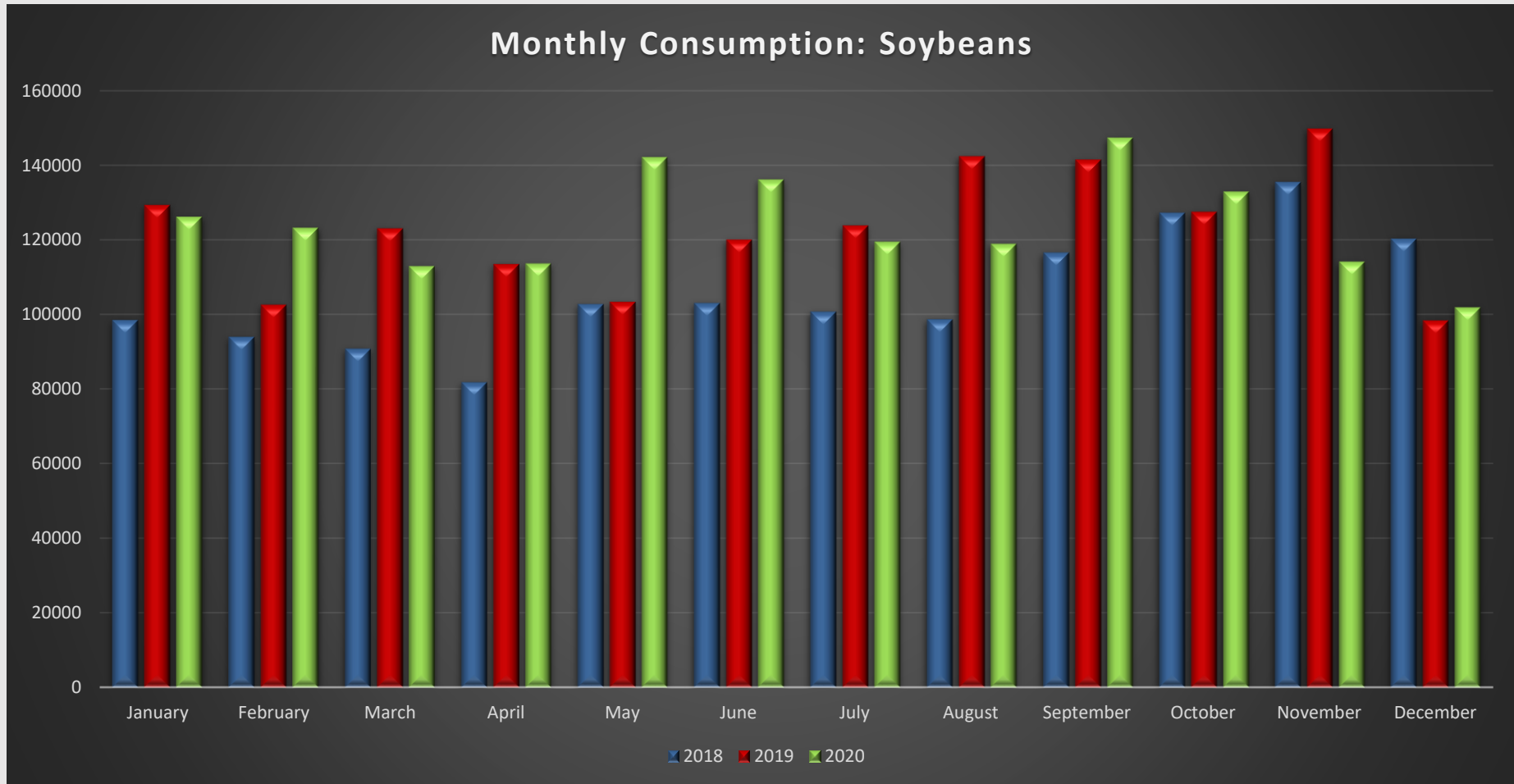


Monthly SAGIS Data



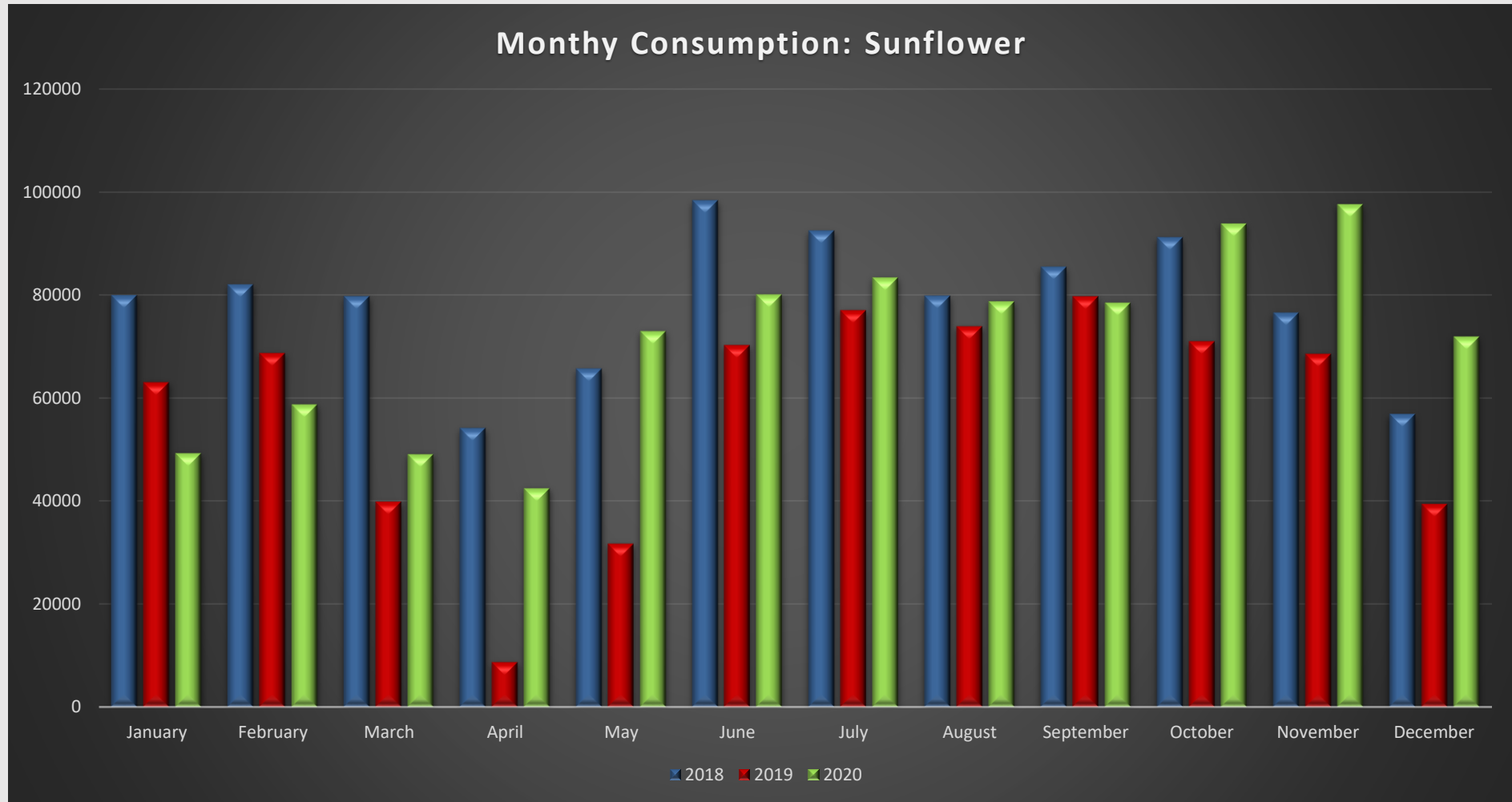


Monthly SAGIS Data





Monthly SAGIS Data





crispus9 published on TradingView.com, January 26, 2021 12:39:28 MSK
OANDA:USDZAR, 240 15.27204 ▲ +0.02659 (+0.17%) O:15.30648 H:15.37378 L:15.25766 C:15.27204



The South African currency was very volatile over the past week.

The rand is currently trading between resistance levels and the short-term outlook indicates a weakening of the rand against the U.S. Dollar.

Market players are of the opinion that a bearish outlook for February seems realistic.

According to technical resistance, the speculative movement is between R14,48 and R15,73 for the second month of 2021.

There is support at R15,00 – should levels move below that, the next support level is R14,54

There is also resistance at R15,37 – should levels trade above this point the following resistance level is R15,67

*Read More: <https://www.dailyforex.com/forex-technical-analysis/2021/01/usdzar-forecast-february-2021-january-27-2021/157424>



Summary

- Continued heavy rains raise concerns about damage to plantings.
- Chinese imports drive CBOT Prices to record levels.
- The South African currency is trading stronger against the US dollar due to political turmoil in Washington.
- Monthly SAGIS data shows maize consumption at below-average levels for December 2020.

RISK MANAGEMENT



“Put” Option

How does it work?

- A put option is purchased for the client to determine a minimum level if the market sentiment is bearish.
- This is when a customer invests a long put position at a premium.
- If the minimum level of the market price is reached, the customer is assured that he can deliver at the minimum level, regardless of how far the market drops below the level.

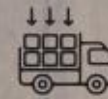


SAFEGUARDING FOOD PROSPERITY

Rand Agri, a bulk grain and supply chain trader, safeguards food prosperity in Southern Africa by connecting farmers and processors. Our services reach across the grain supply chain. It includes:



Trading grain crops such as soybean, wheat, sunflower, GMO/non-GMO white and yellow maize, sorghum and sugarbeans.



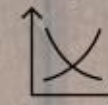
Logistics including sourcing, storage, export and delivery of grains and agricultural lime directly to customers.



Milling, processing and selling of white and yellow maize meal, yellow maize grits, starch and super fine maize meal.



Process and supply animal feed by-products such as hominy chop, wheat bran, molasses, as well as soybean, cotton and sunflower oilcakes.



Price and risk management by our experienced traders.

Rand Agri - the vital connection between farm and plate

Contact us today for your grain trading and supply chain needs.
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