



19 February 2021

WEEKLY

FOOD-FOR-THOUGHT



FOOD-FOR-THOUGHT

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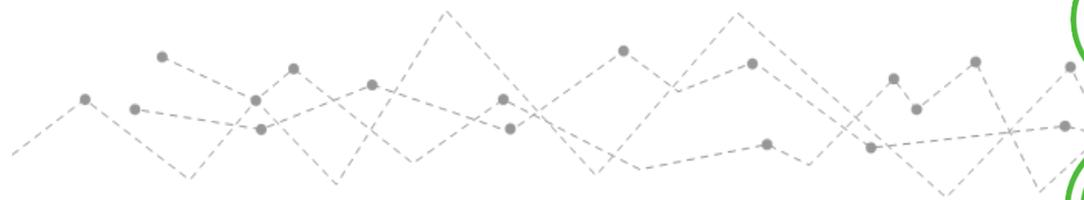
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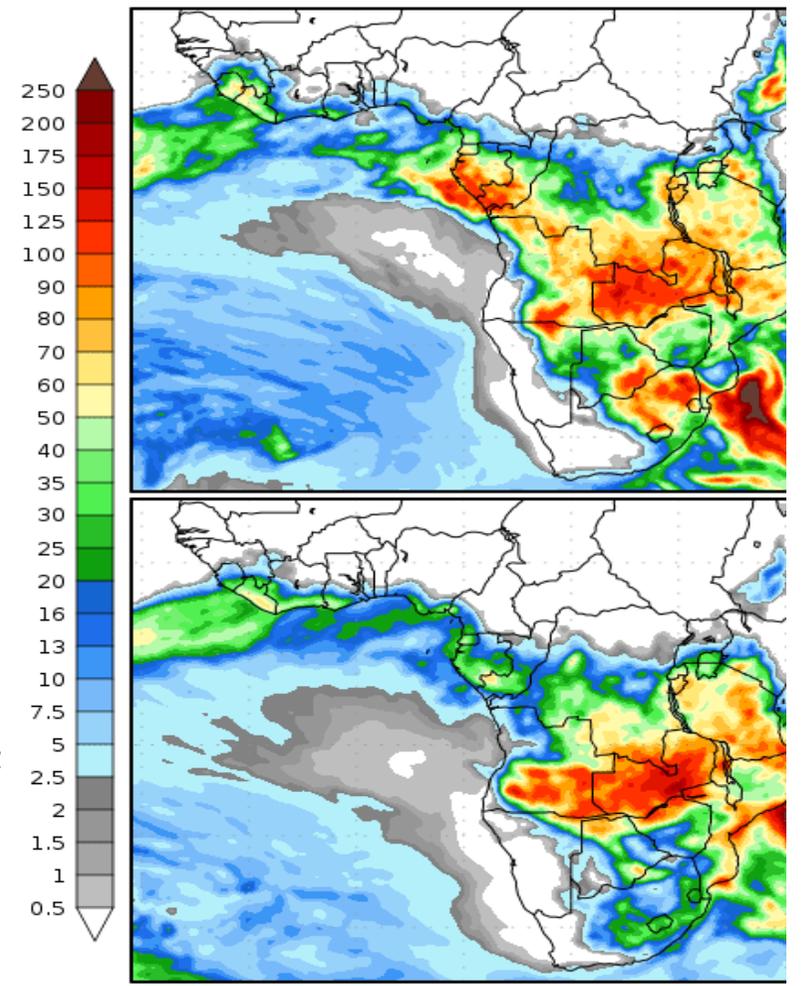


LOCAL
WEATHER

Precipitation (mm)
during the period:

Thu, 18 FEB 2021 at 12Z
-to-
Fri, 26 FEB 2021 at 12Z

Fri, 26 FEB 2021 at 12Z
-to-
Sat, 06 MAR 2021 at 12Z



14-day weather forecast

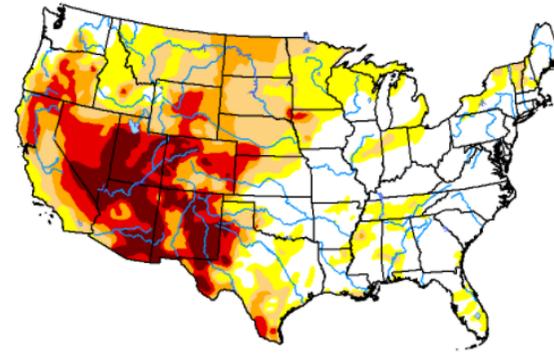
Good rainfall is forecast for parts of the western interior over the next ten days. Wetter conditions can however only be expected from Wednesday onwards.

USA Drought Monitor

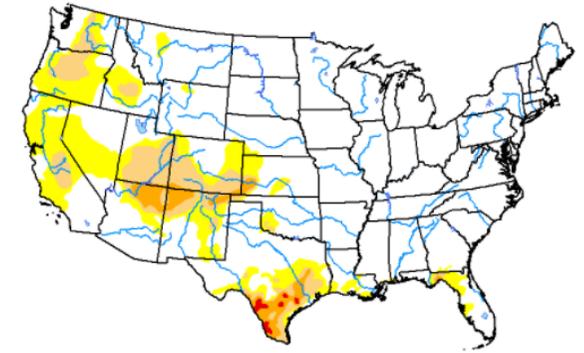
Very dry conditions still prevail in the USA. Market players will start keeping a close eye on weather conditions in Northern America from March.

Follow the link to stay up to date with the latest drought conditions in North America: <https://droughtmonitor.unl.edu/CurrentMap.aspx>

17 February 2021



18 February 2020



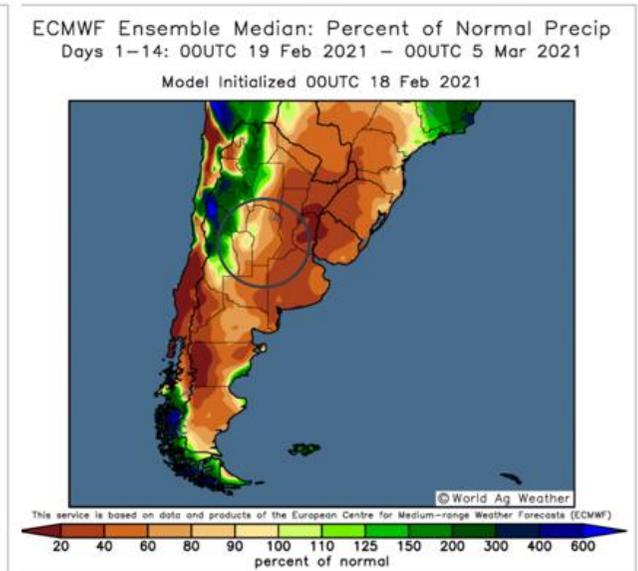
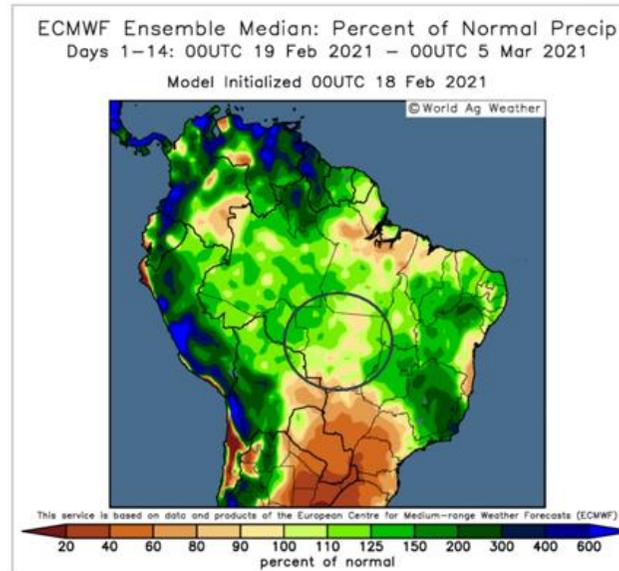
INTERNATIONAL

WEATHER



10-day weather forecast: South America

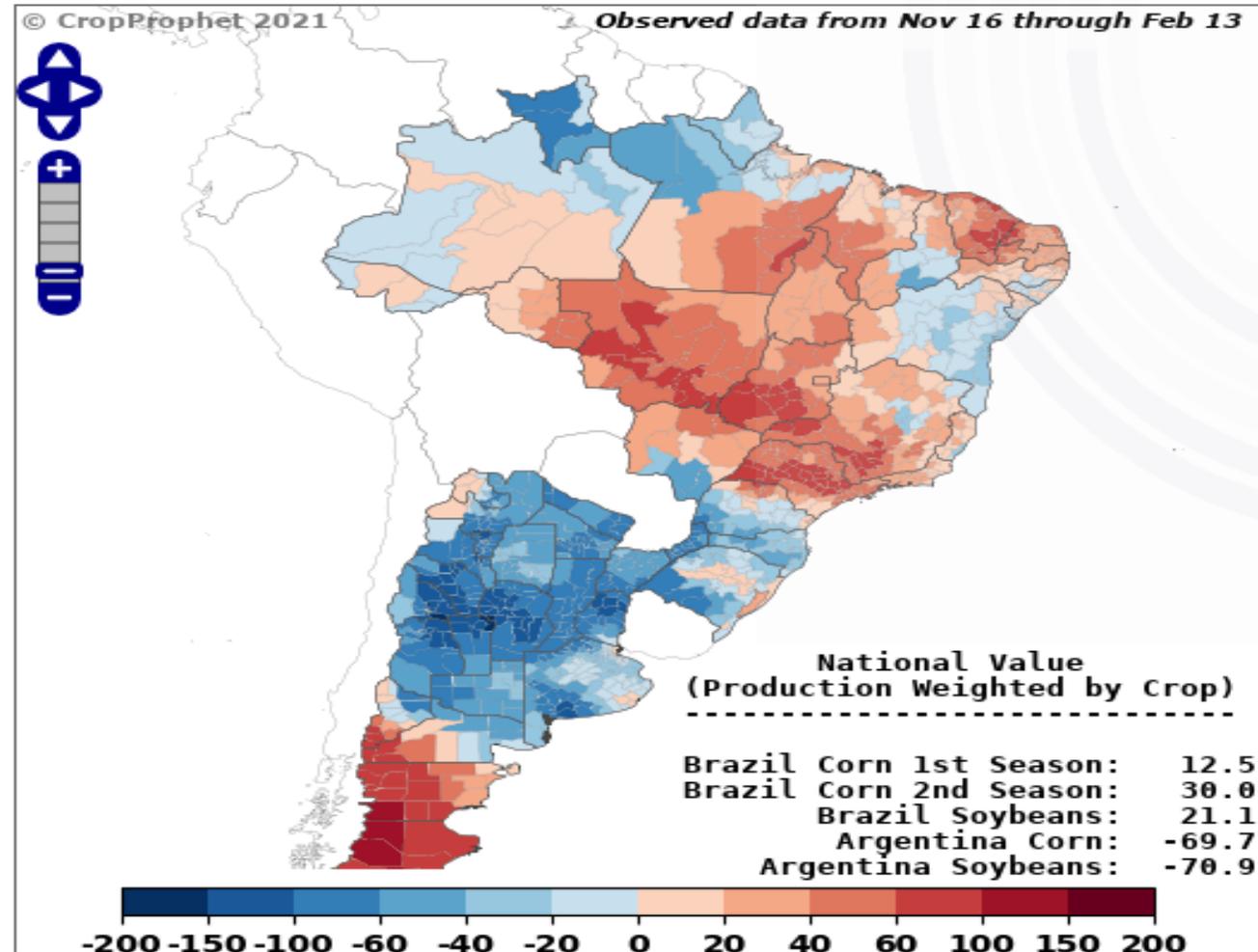
Average rainfall can be expected in some parts of the Mato Grosso, while dryer conditions are forecast for Argentina.





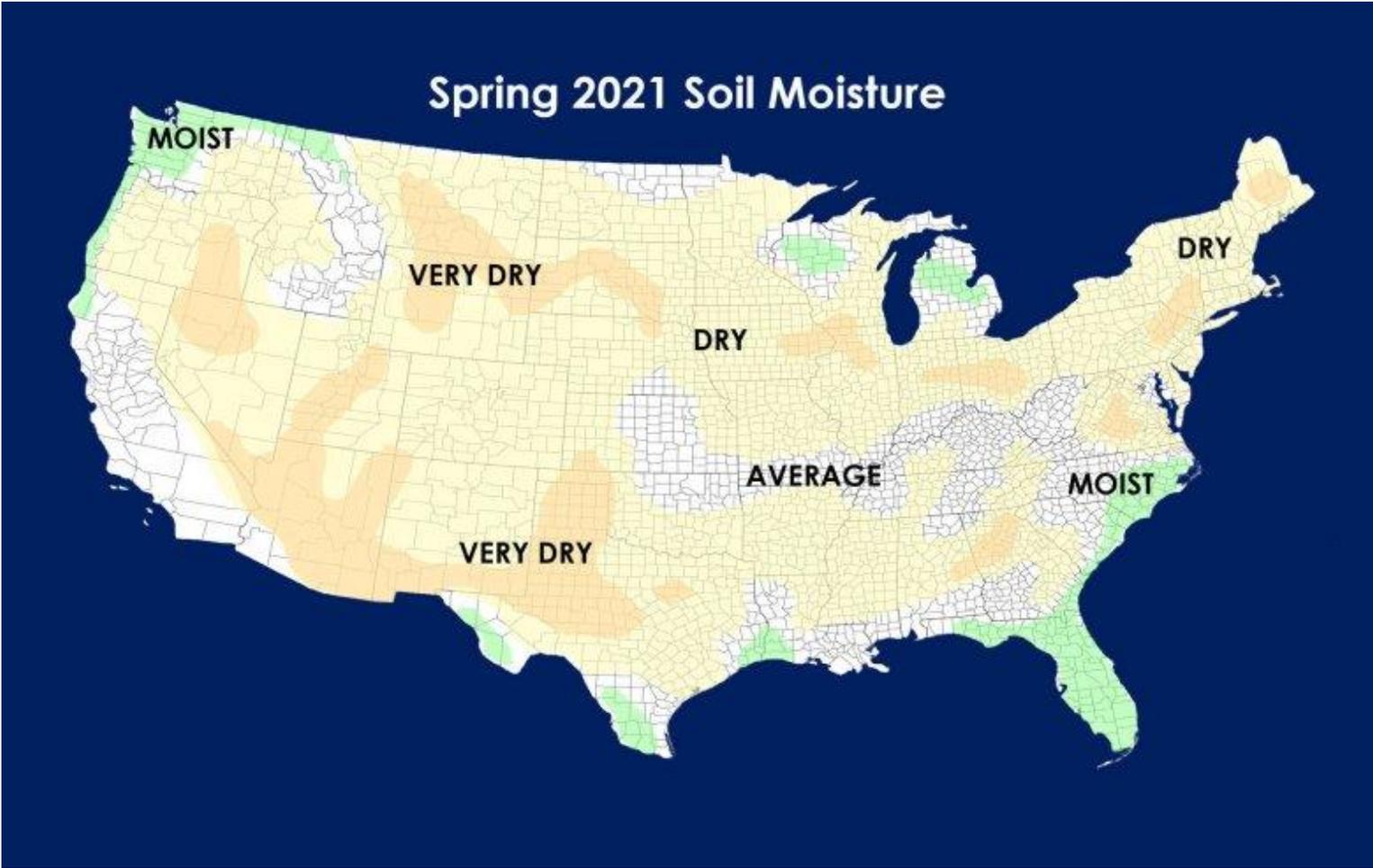
CropProphet - Observed Weather Anomalies

Growing Degree Day Anomaly (°F)
90 Days Ending 13 February 2021

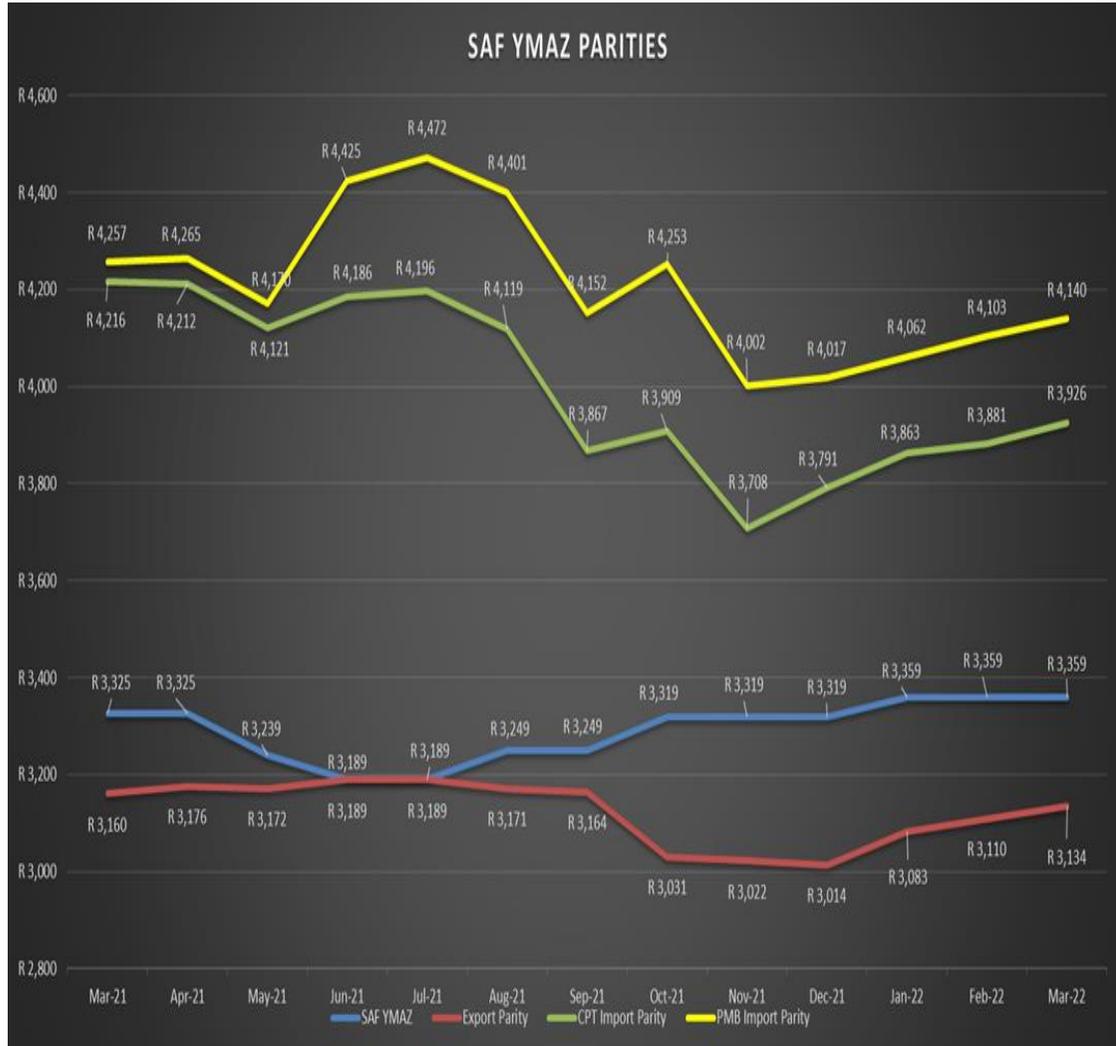


Above average temperatures were experienced in large parts of Brazil over the past week. Temperatures in Argentina were however below average.

Large parts of the grain producing areas in Argentina received favourable rainfall over the past week.



IMPORT & EXPORT PARITIES



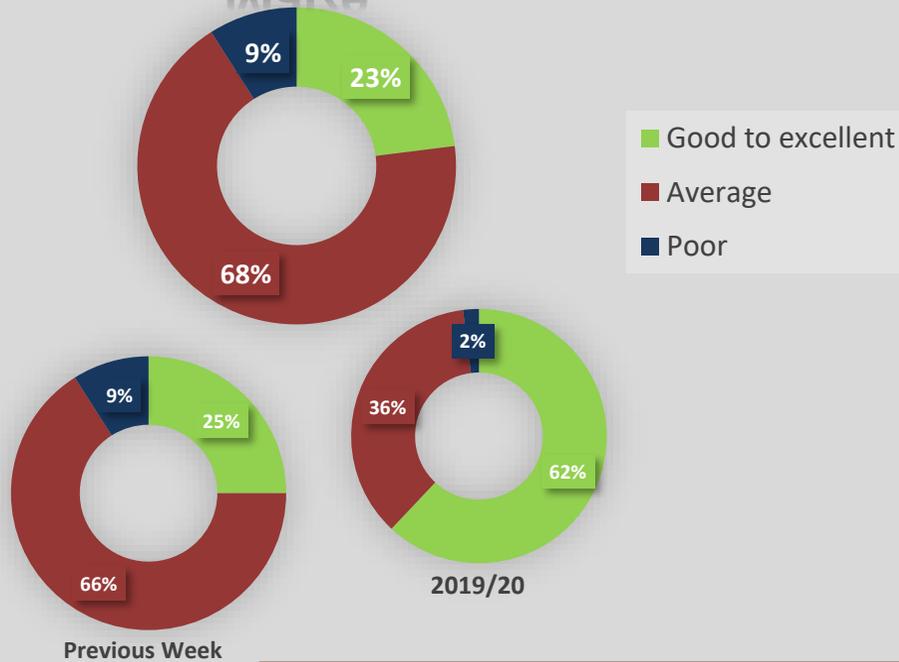
	Mar'21	May'21	Jul'21	Sept'21
PMB import parity	R 4 257	R 4 170	R 4 472	R 4 152
CPT export parity	R 4 216	R 4 121	R 4 196	R 3 867
SAFEX yellow maize	R 3 325	R 3 239	R 3 189	R 3 249
DBN export parity	R 3 160	R 3 172	R 3 189	R 3 164



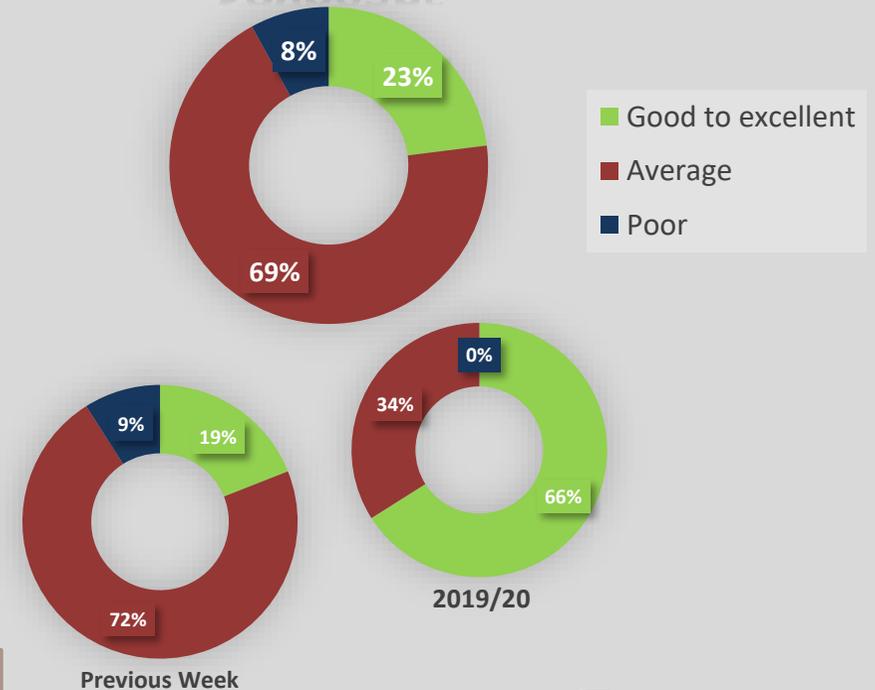


Argentinian crop conditions up to 12 February 2021

Maize



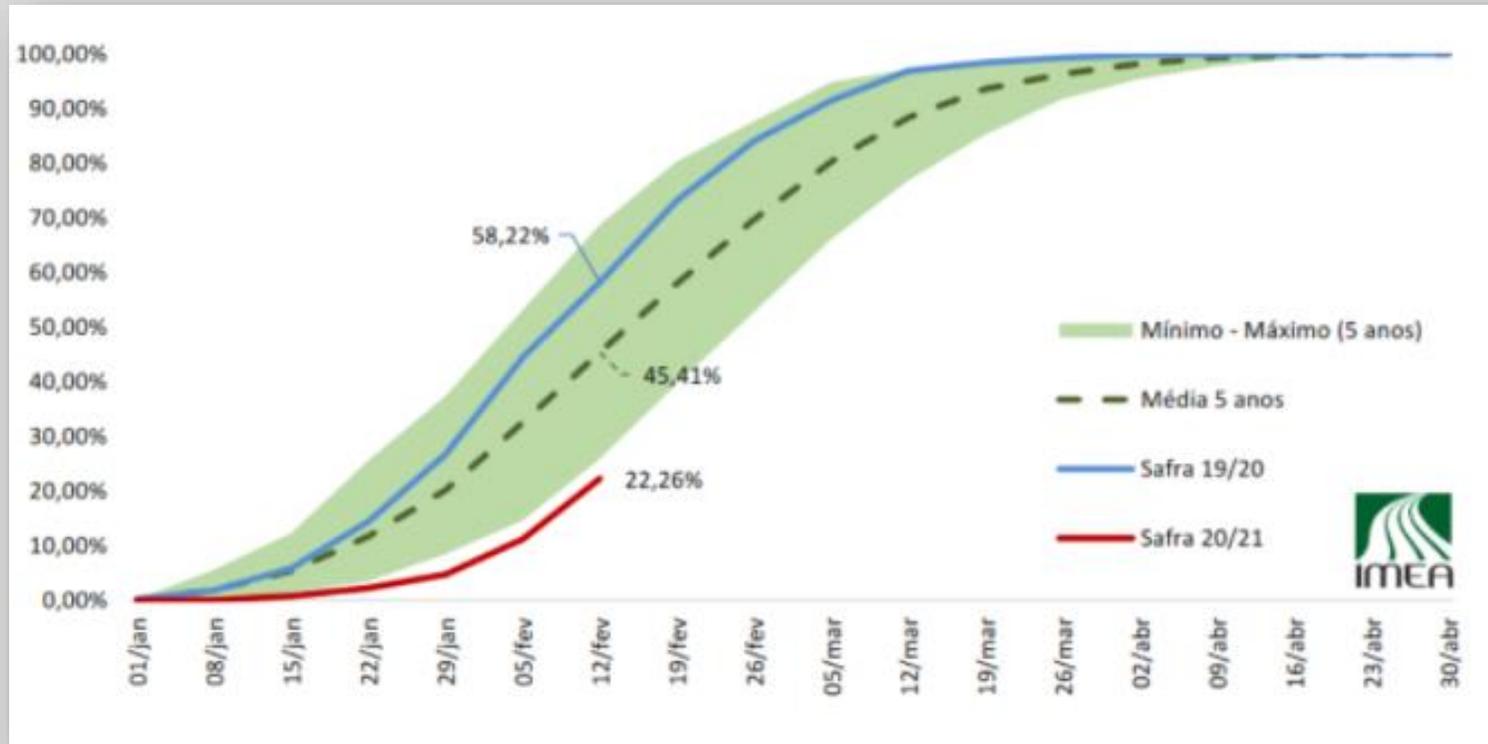
Soybeans



Crop conditions for maize deteriorated over the past week while conditions for soybeans improved.



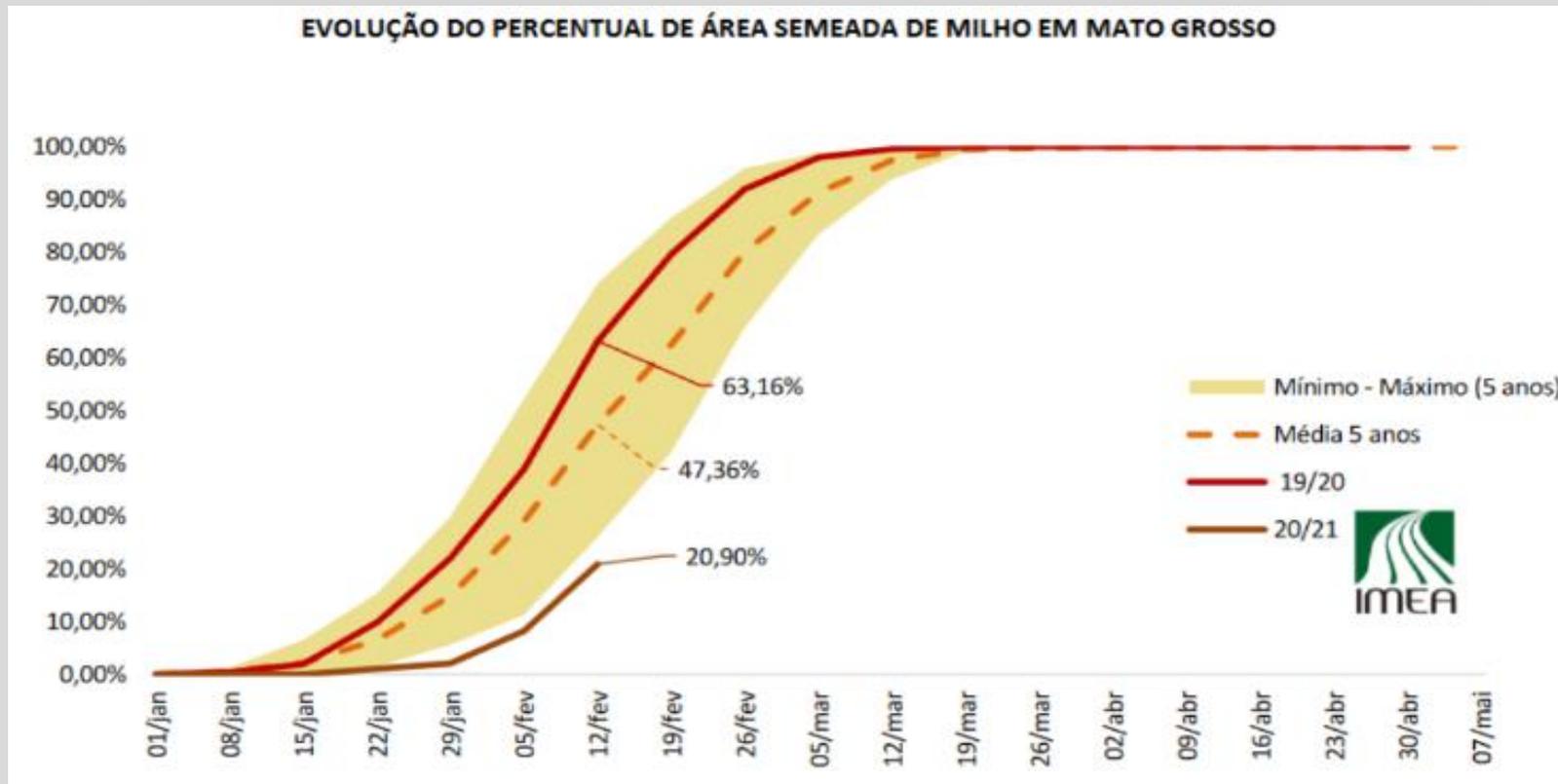
Brazil soybean harvest up to 12 February 2021



In the Mato Grosso district of Brazil the soybean harvest is currently 35,96 % behind the 2019 tempo



Brazil maize harvest up to 12 February 2021



In the Mato Grosso district of Brazil the maize harvest is currently 42,26% behind the 2019 tempo.



On 11 February, CONAB released their fifth production forecast for Brazilian crops.

The 2020/21 soybean harvest was increased by 0,12 million tons to 133,81 million. The projected area planted increased by 3,6% compared to the 2019/20 harvest and is roughly 38,26 million hectares.

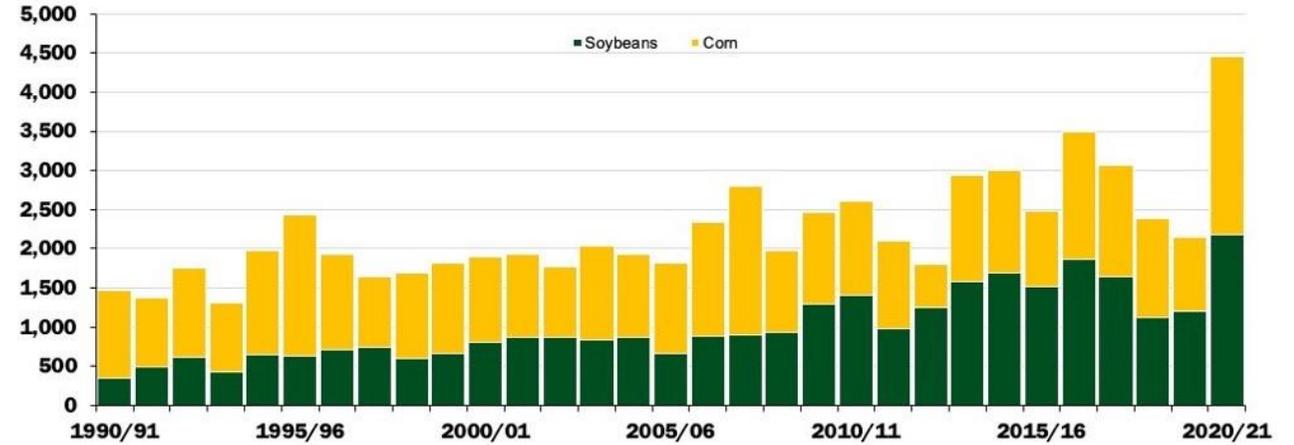
Maize prices reached record levels in 2020, which encouraged producers to increase their maize acres. According to CONAB is the 2020/21 Safrinha area planted, 4,4% higher than in 2019/20. (14,35 million hectares)

The safrinha harvest, which is the second corn harvest of the season, is projected at 80,07 million tons.

Read more: [Soybean And Corn Advisor \(soybeansandcorn.com\)](http://soybeansandcorn.com)

RECORD CORN & SOYBEAN EXPORT COMMITMENTS
4.45 BILLION BUSHELS COMBINED THROUGH WEEK 23 OF THE MARKETING YEAR

U.S. Soybean and Corn Export Commitments, Million Bushels



Source: USDA FAS, Farm Bureau Calculations



The Brazilian total maize production consists of 3 separate maize crops and their weight is:

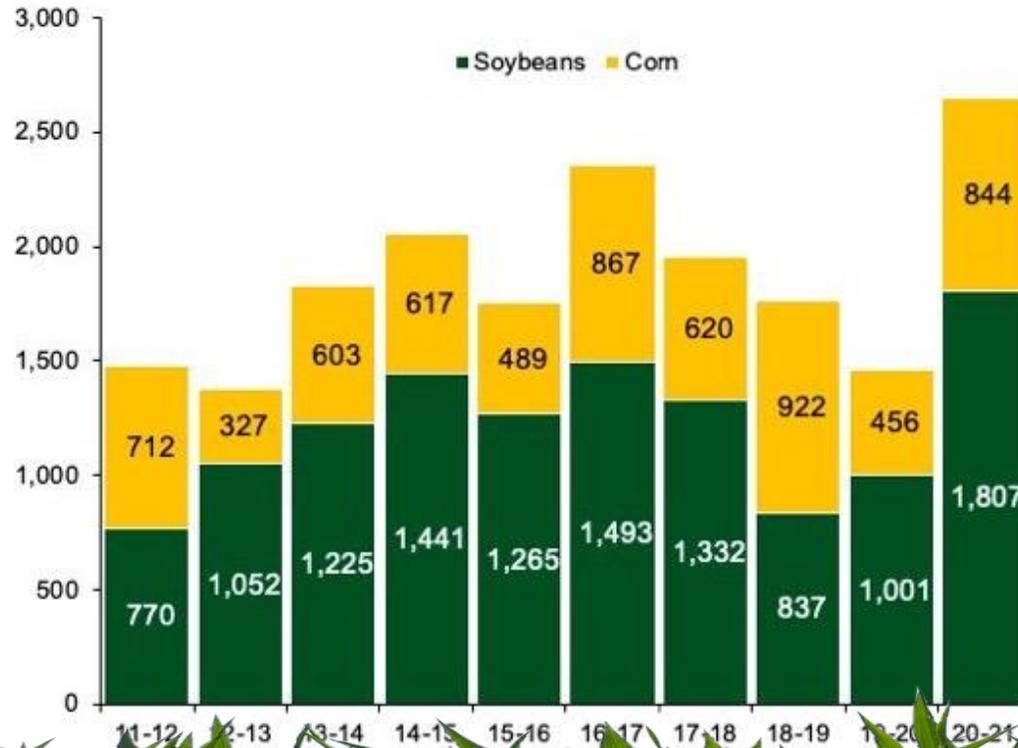




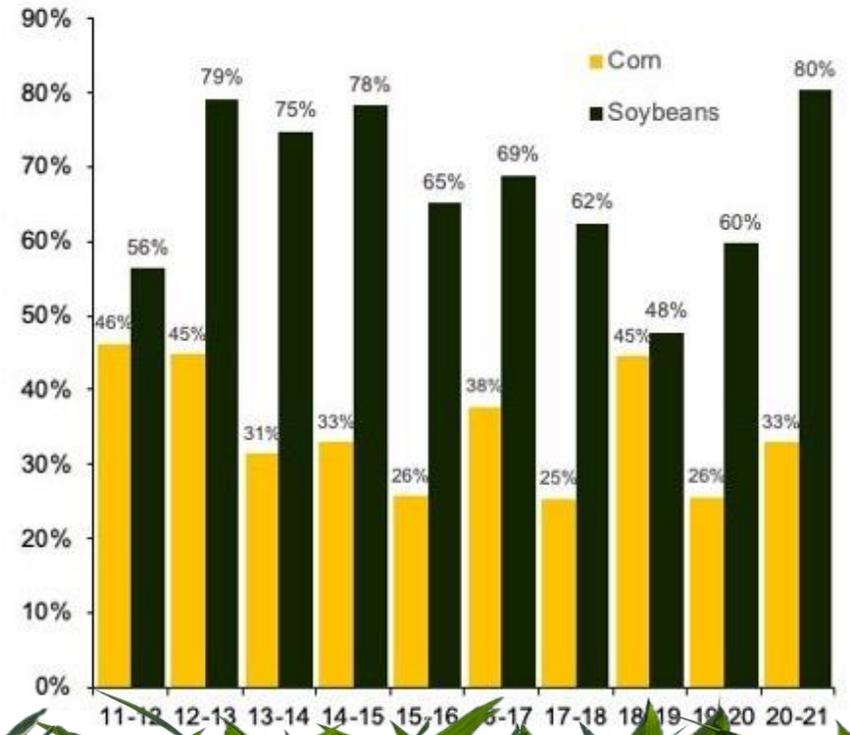
CORN & SOYBEAN EXPORT INSPECTIONS

2.65 BILLION BUSHELS COMBINED THROUGH WEEK 23 OF THE MARKETING YEAR

U.S. Soybean and Corn Export Inspections, Million Bushels



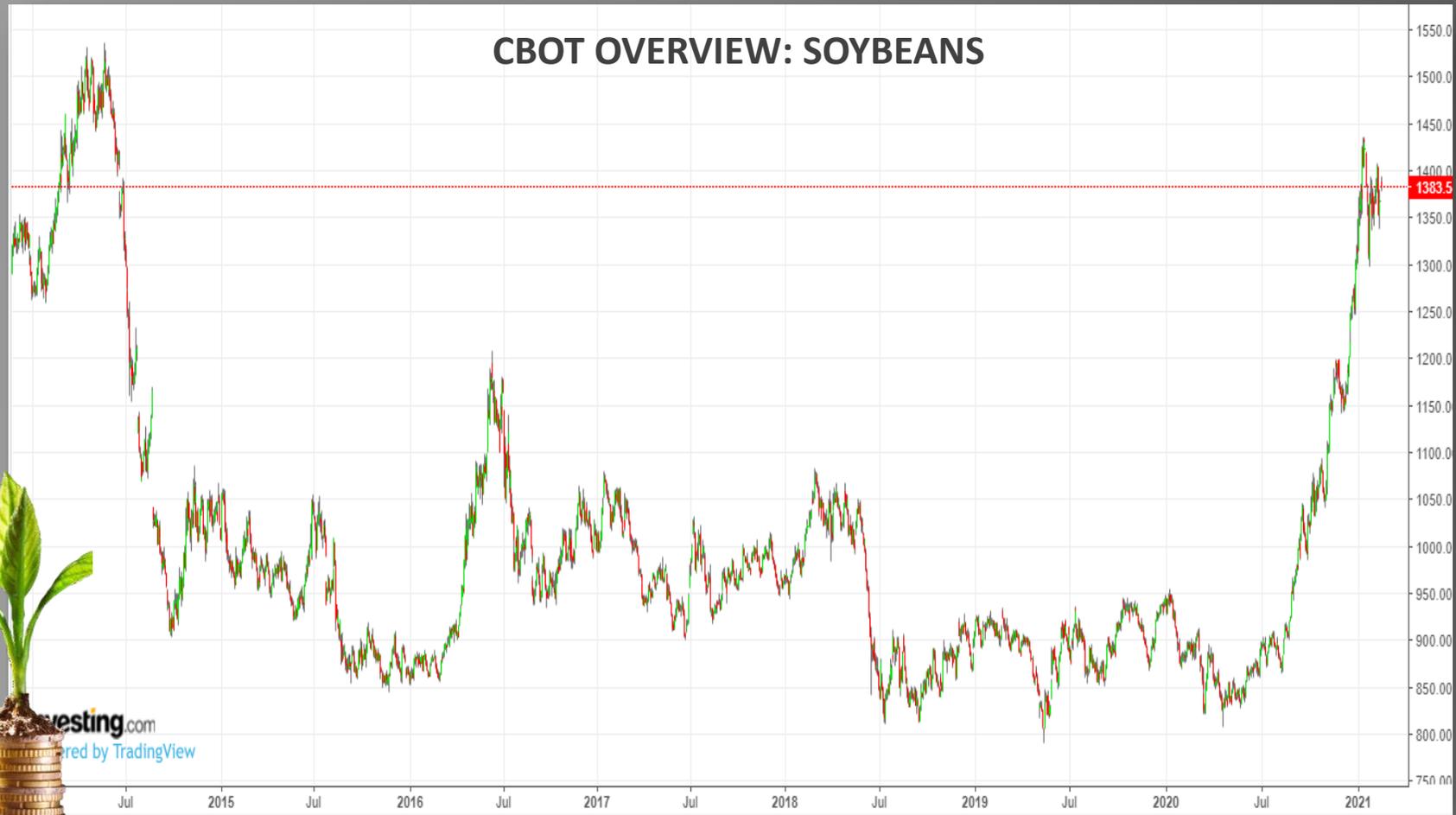
U.S. Soybean and Corn Export Inspections, Percent to WASDE



INTERNATIONAL AGRICULTURE



CBOT OVERVIEW: SOYBEANS



According to economists of the OCBC group, low stock levels and continued buying from China could give good support to soybean prices in the coming season.

Trade expectations show that US soybean exports will be 78% complete by week 23. Should the US only export 70 000 tons per week, the estimated 2,25 billion bushels will be met in 6 weeks.

The February WASDE also showed that the world and US ending stocks are at concerning low levels. This is also be a strong indicator that prices could reach higher levels in the next 8 weeks.

*Read more: [Soybean prices to set a new record high above \\$17.50 – OCBC \(fxstreet.com\)](https://www.fxstreet.com/analysis/soybean-prices-to-set-a-new-record-high-above-17-50-ocbc/)



AGRICULTURE



White Maize

- Exports week ending 12 February: 41 153 t
- *Previous week:* 20 962 t
- Imports: 0 t
- Export intentions: 115 103 t (Next 8 weeks)

Destination for most exports:

WMAZ exports:
Italy 17 008 t



Yellow Maize

- Exports week ending 12 February: 7514 t
- *Previous week:* 8 722 t
- Imports: 0 t
- Export intentions: 69 108 t (Next 8 Weeks)

YMAZ exports:
Zimbabwe 3 261 t





Cumulative local deliveries up to 12 February 2021

White maize

Week ending 12 February: 9 105 t
Previous week: 5 870 t
Total: 8 123 761 t (92,3%)

Yellow maize

Week ending 12 February: 5 163 t
Previous week: 2 679 t
Total: 6 095 701 t (92,1%)

Soybeans

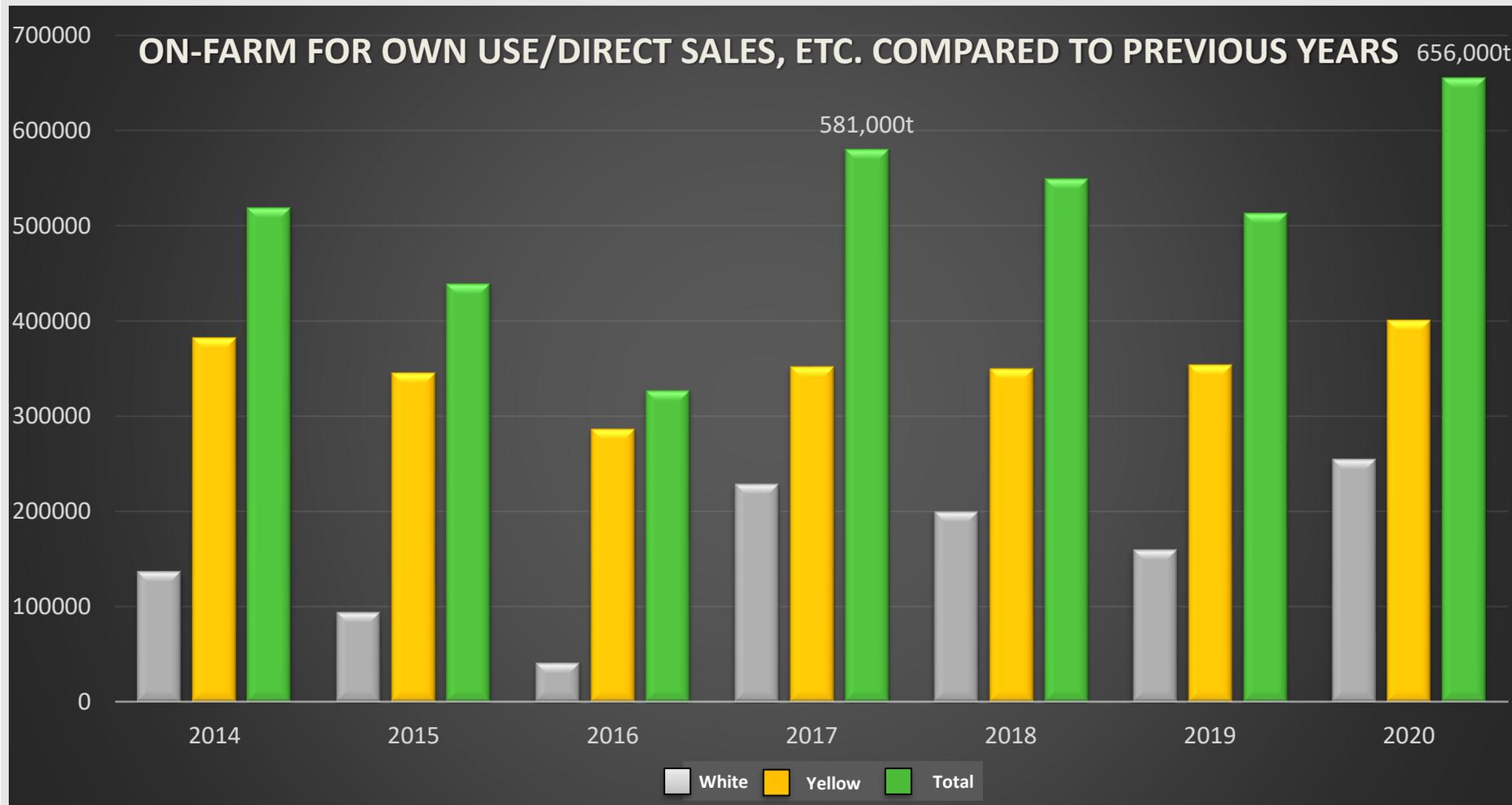
Week ending 12 February: 904 t
Previous week : 738 t
Total: 1 217 680 t (96,5%)

Sunflower

Week ending 12 February: 204 t
Previous week: 57 t
Total: 786 346 t (100%)



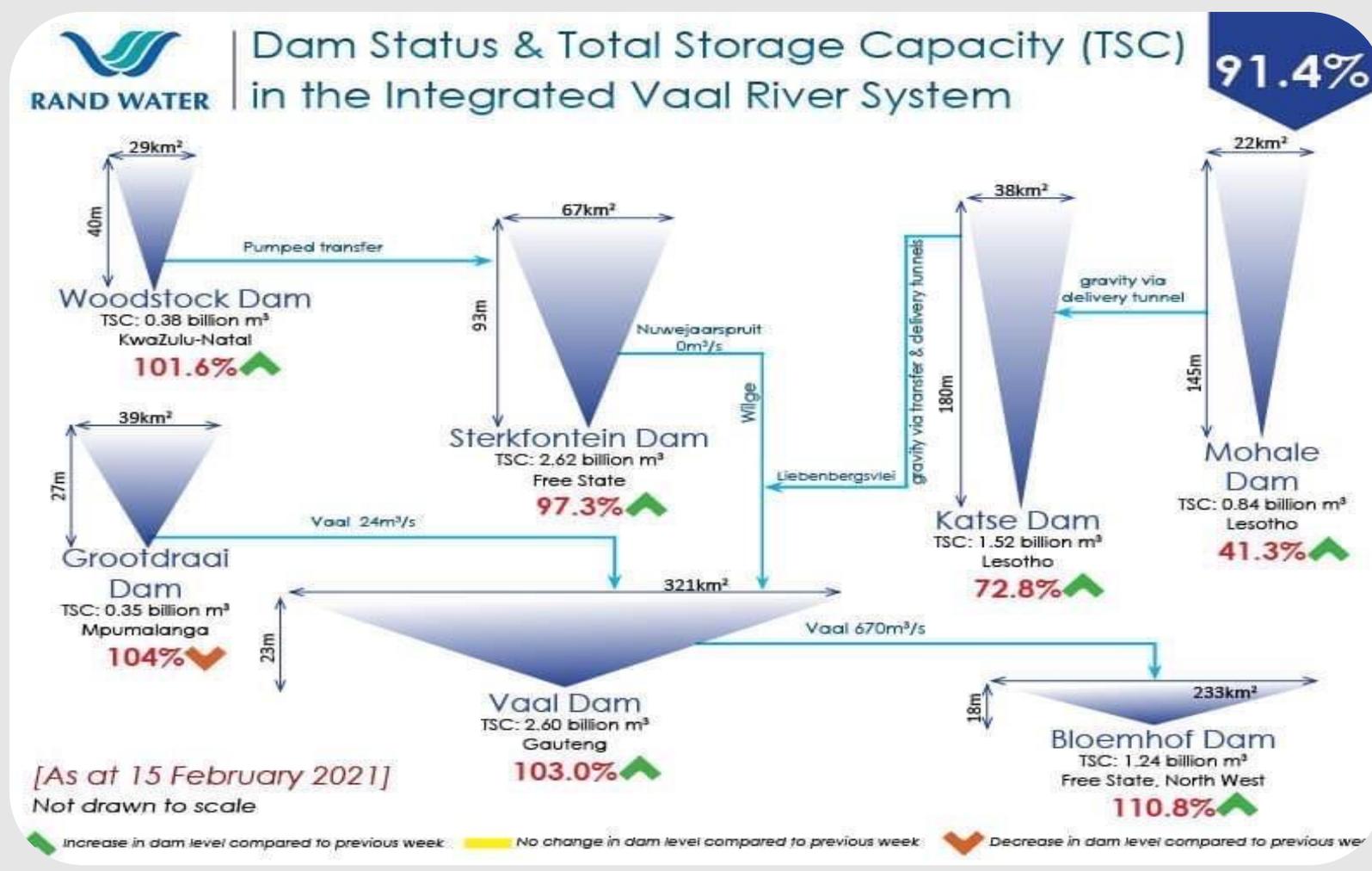
Finalising of 2020 harvest



On-farm use and direct sales achieved record highs in 2020



Dam levels as at 15 February 2021





The South African rand has strengthened to its strongest levels since January 2020.

From a technical point of view, the USDZAR trend is still bearish. Earlier in the week the rand broke a strong support level of 14,50, which made analysts optimistic about a stronger rand.

These levels were unfortunately short-lived and a quick pullback to 14,70 indicating that a weakening to 15,38 rand is possible in the coming weeks.

* [USDZAR Remains In A Down Trend \(but watch out for a base\) | TechFinancials](#)

Doing away with the grain differential...

If it is ever your intention to stir, and instigate a heated debate at a farmers' association meeting, just throw in the D-word. The issue of differentials never fails to result in strong differences of opinion.

Let's look at differentials from the macro-perspective of parities, that is, import and export parities.

What happens when we have to export?

Imagine we are in an export year, with excess production and a low price environment that allows us to export grains from the country because we are cheaper than for example Brazil or Argentina.

- Let's say you farm in the Warden district and your differential is minus R300, Safex is R3 200, the rand trades at R15 against the dollar and Argentinian maize lands in Vietnam at \$193.
- Let's assume South African maize arrives there at \$190 and that RSA grain is purchased rather than the Argentinian grain
- You sell your maize at Safex minus the R300 differential and transport it to Durban harbour at R400. The maize lands in Durban at Safex +R100.
- Now remove the differential: $300/15 = \$20/t$. Suddenly, RSA maize costs $\$190 + \$20 = \$210/t$ delivered in Vietnam.
- To reach export parity, the market price (Safex) must decrease by R300 (\$20). The total "advantage" of removing the differential is therefore lost.

Overview compiled by: Christoph Grey – CEO, Rand Agri

Let's take exporting to Zimbabwe as an example:

- Middelburg maize trades at Safex minus differential of R250 + R250 location premium = Safex
- Transport to Harare = R1 300
- Without considering other detail costs along the way, in Harare, Middelburg maize costs Safex + R1 300
- Assume that a producer in Hoopstad wants to sell his maize to Harare and he competes against the Middelburg producer
- Transport from Hoopstad to Harare amounts to R1 650, thus there is a R350 differential compared to Middelburg.
- If the differential is removed, Middelburg maize still costs Safex minus null and Hoopstad now costs Safex minus R350

What happens when we have to import?

- Let's assume Safex is at R4 300
- Argentinian maize lands in Durban at R4 000 + R120 transport to Pietermaritzburg = R4 120
- Argentinian maize lands in Randfontein at R4 000 + R350 transport = R4 350
- Safex maize lands in Pietermaritzburg at R4 300 minus R300 from Warden + R300 transport = R4 300
- The market thus forces Warden to sell maize to the interior (Rand or Randfontein) at R4 300 minus 300+ 50 premium + 3 000 transport = R4 350
- If the differential is removed, then Warden is R4 300 minus null = R4 300 + R300 transport to the Rand = R4 650
- Safex must now decrease by R300 since Argentinian maize lands at the Rand at R300 cheaper than Warden maize
- Prices once again correct to the levels dictated by parities.

The above examples are based only on parities and the macro grain trading environment.

RAND AGRI

Trader Snapshot





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Dear Market Participant,

1. Standard storage rate for soya beans

The standard storage rate for marketing season 1 March 2021 – 28 February 2022, will be increased based on the PPI rate as published in December 2020, namely 3.0%. The standard storage rate applied to outstanding storage in completion of a futures contract will increase to **R0.89 per ton per day**.

Please ensure that when making delivery of JSE silo receipts issued in the previous marketing season, all storage is paid up to and including 28 February 2021.

2. Proposed soya beans location differentials for 2021/22 marketing season

The 2021/22 soya bean marketing season is approaching and we are pleased to submit the provisional location differentials for the new marketing season.

Based on submissions from transporters, the Maize location differentials remain the best proxies for the Soya differentials. We have therefore taken the Maize Location Differentials for 2020-21, adjusted them for the new distances to Randfontein, and then applied a 3.1% December 2020 CPI published in January 2021.

This became the benchmark for determining the Soya differentials by taking 25% of the adjusted Maize rates in the first year and phasing it in over a period of four (4) years. The JSE has also resolved to approach the industry in the next few weeks to explore possibility of determining location differentials in future using publicly available inputs and no longer having to rely on transporters. Further details will be communicated in this regard.

The attached spreadsheet is presenting the new location differentials for Soya for the 2021-22 marketing season. For ease of reference, we have also included the provisional Soya differentials we had published last year, and you will see that, for some locations, there are some significant differences. Again here, changes in distances that we have introduced are contributing to these disparities.

PLEASE REVIEW THE ATTACHED SPREADSHEET WITH PROVISIONAL LOCATION DIFFERENTIALS AND REPORT ANY INACCURACIES IN WRITING BY NO LATER THAN CLOSE OF BUSINESS WEDNESDAY, 24 FEBRUARY 2021 TO commodities@jse.co.za

Should you have any queries please contact Commodities team on 011 520 7039 or e-mail commodities@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>

18 FEBRUARY

Market Notice

This communication regarding the proposed 2021/22 soybean location differential was issued yesterday, 18 February, by the JSE.

The JSE proposes a deductible soybean location differential for the season of ±25% of the 2020/21 maize differential.

Click on the link to consult the JSE spreadsheet for the proposed soybean location differentials for the 2021/22 marketing season.

[Market Notice 048B/2021 Proposed Location Differentials for Soya for 2021-22 Marketing Season](#)



SUMMARY

- CONAB fifth production forecast shows higher corn and soybean yields
- RSA: 2020 domestic use and private sales at record levels
- The South African rand strengthened to its strongest levels since January 2020

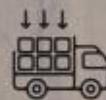


SAFEGUARDING FOOD PROSPERITY

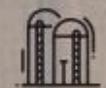
Rand Agri, a bulk grain and supply chain trader, safeguards food prosperity in Southern Africa by connecting farmers and processors. Our services reach across the grain supply chain. It includes:



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



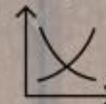
Logistics including sourcing, storage, export and delivery of grains and agricultural lime directly to customers.



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



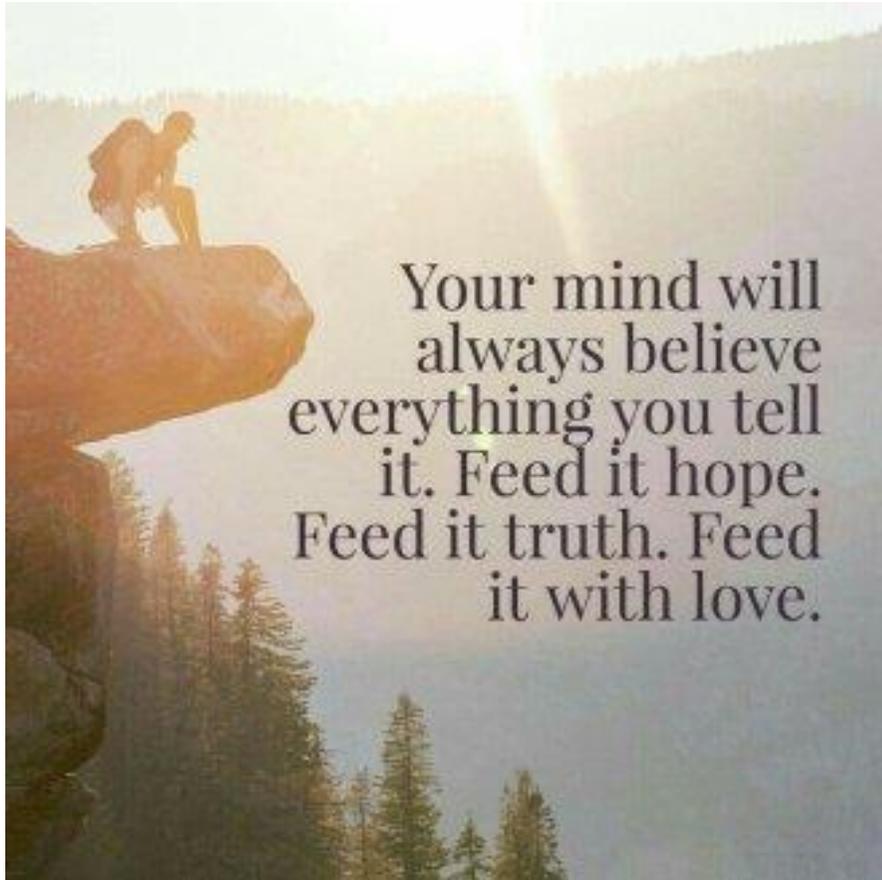
Process and supply animal feed by-products such as hominy chop, wheat bran, molasses, as well as soybean, cotton and sunflower oilcakes.



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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