



26 February 2021

WEEKLY

FOOD-FOR-THOUGHT

FOOD-FOR-THOUGHT

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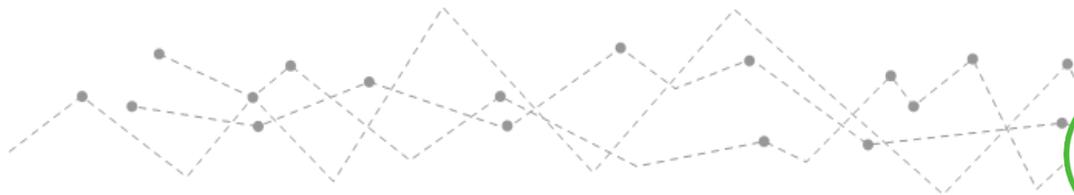
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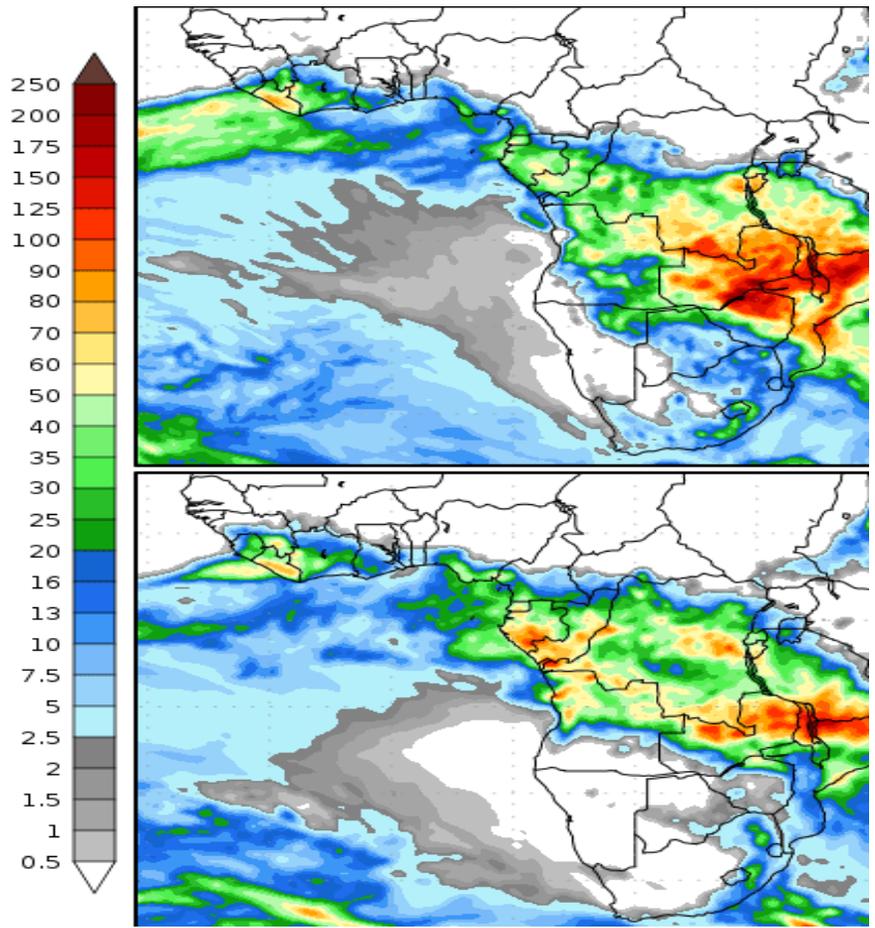


LOCAL
WEATHER

**Precipitation (mm)
during the period:**

Fri, 26 FEB 2021 at 00Z
-to-
Sat, 06 MAR 2021 at 00Z

Sat, 06 MAR 2021 at 00Z
-to-
Sun, 14 MAR 2021 at 00Z



14-day weather forecast

Drier weather is expected over South Africa for the next 2 weeks. The local crops are still in crucial developing stages. Higher temperatures will help crops but it will need rain in March.

USA Drought Monitor

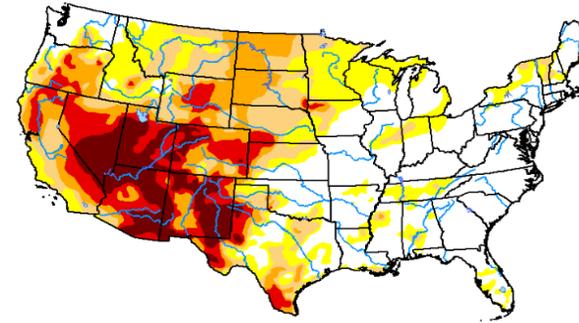
According to the US Drought Monitor, conditions have worsened over the past week, especially over the plains and Texas.

See the comparison against the same time in 2013. It is the closest resemblance in recent history to the current season.

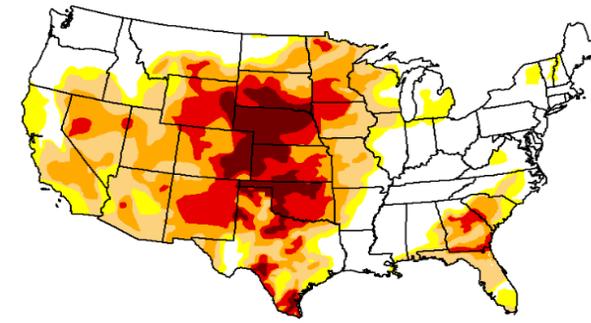
Follow the link to stay up to date with the latest drought conditions in North America:

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

23 February 2021



19 February 2013



INTERNATIONAL WEATHER

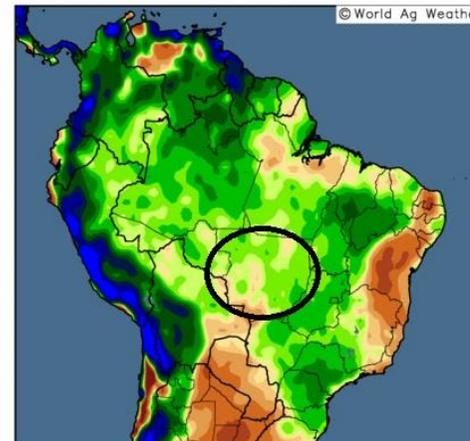


10-day weather forecast: South America

Brazil can expect normal weather over the next 14 days while below average rainfall is forecasted for large parts of the Argentinian production areas.

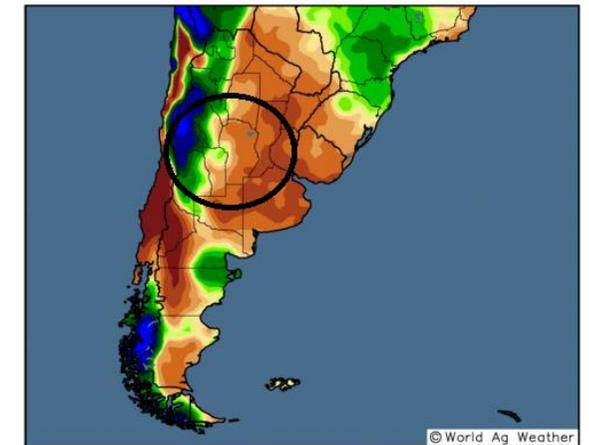


GEFS Ensemble Median: Percent of Normal Precip
Days 1-14: 00UTC 26 Feb 2021 - 00UTC 12 Mar 2021
Model Initialized 00UTC 25 Feb 2021



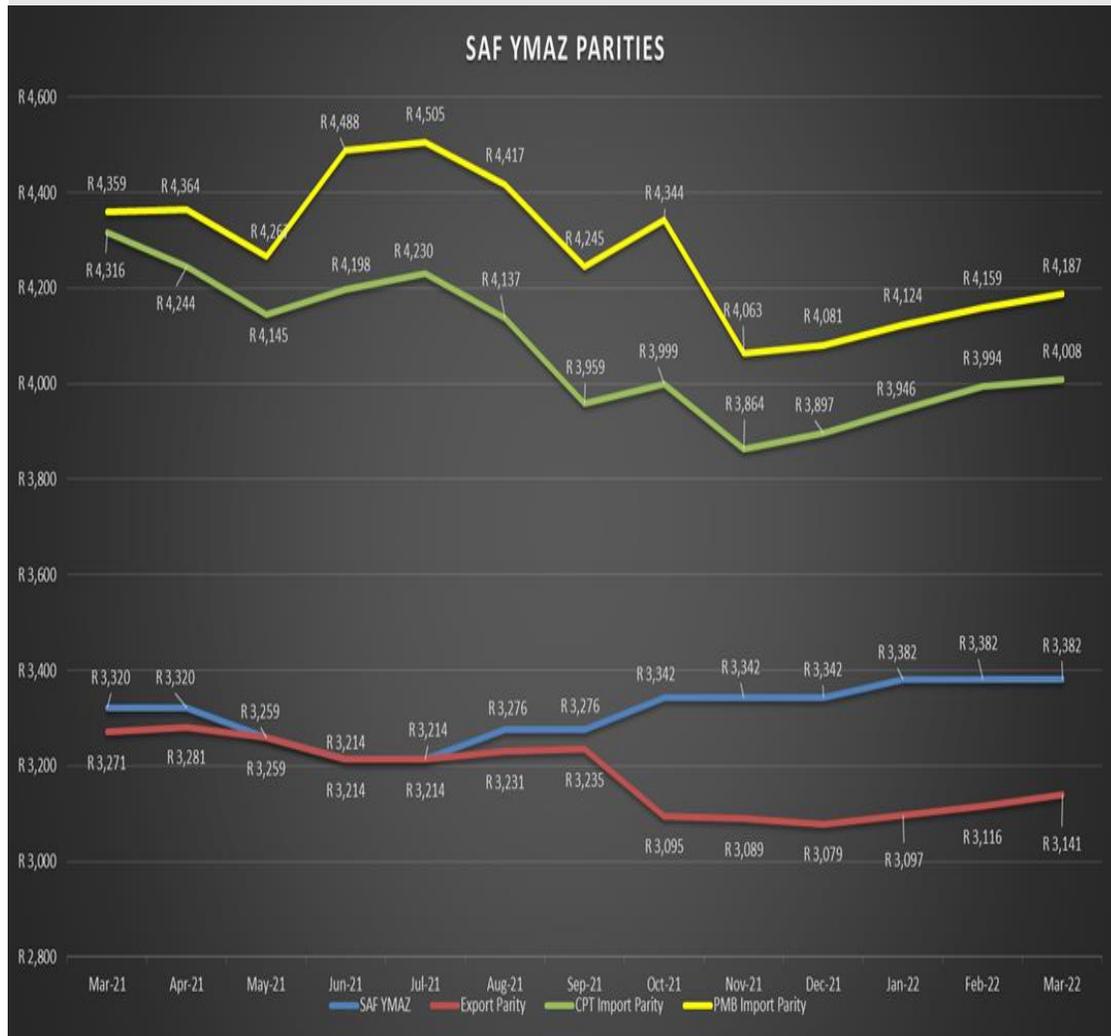
20 40 60 80 90 100 110 125 150 200 300 400 600
percent of normal

GEFS Ensemble Median: Percent of Normal Precip
Days 1-14: 00UTC 26 Feb 2021 - 00UTC 12 Mar 2021
Model Initialized 00UTC 25 Feb 2021



20 40 60 80 90 100 110 125 150 200 300 400 600
percent of normal

IMPORT & EXPORT PARITIES



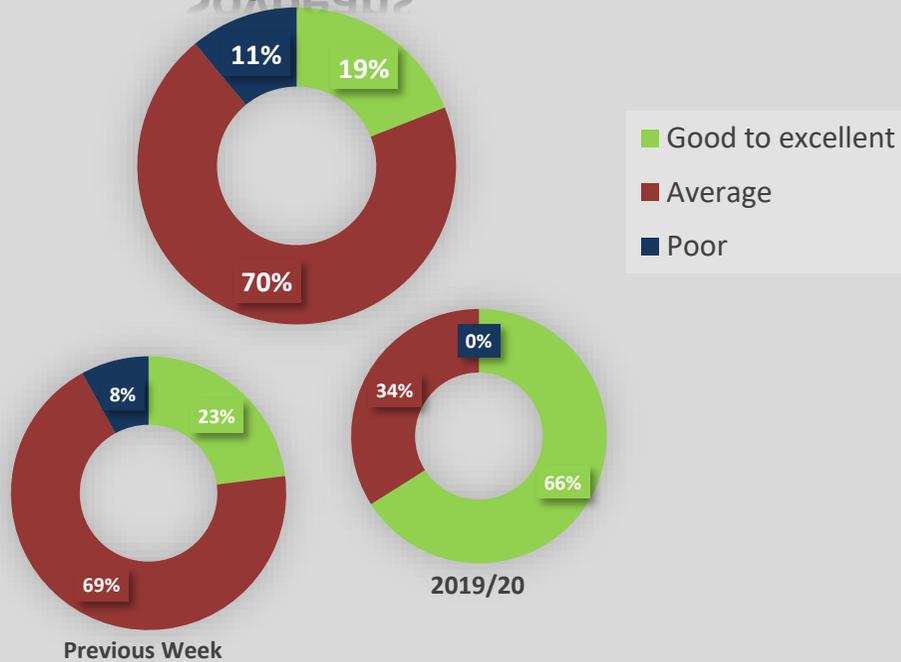
	Mar'21	May'21	Jul'21	Sept'21
PMB import parity	R 4 359	R 4 263	R 4 505	R 4 245
CPT export parity	R 4 316	R 4 145	R 4 230	R 3 959
SAFEX yellow maize	R 3 320	R 3 259	R 3 214	R 3 276
DBN export parity	R 3 271	R 3 259	R 3 214	R 3 235



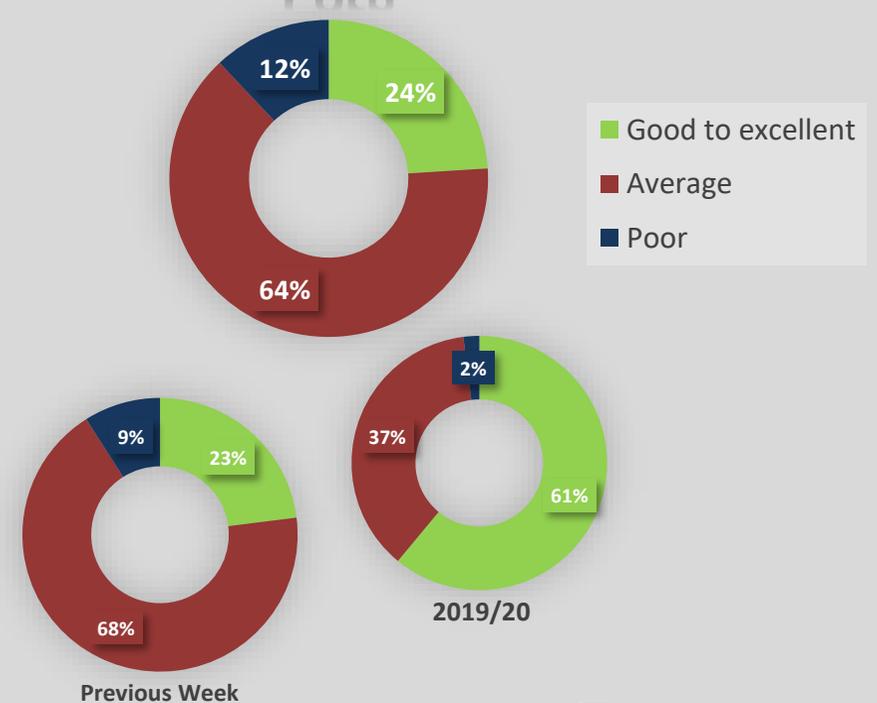


South American crop conditions up to 19 February 2021

Soybeans



Corn

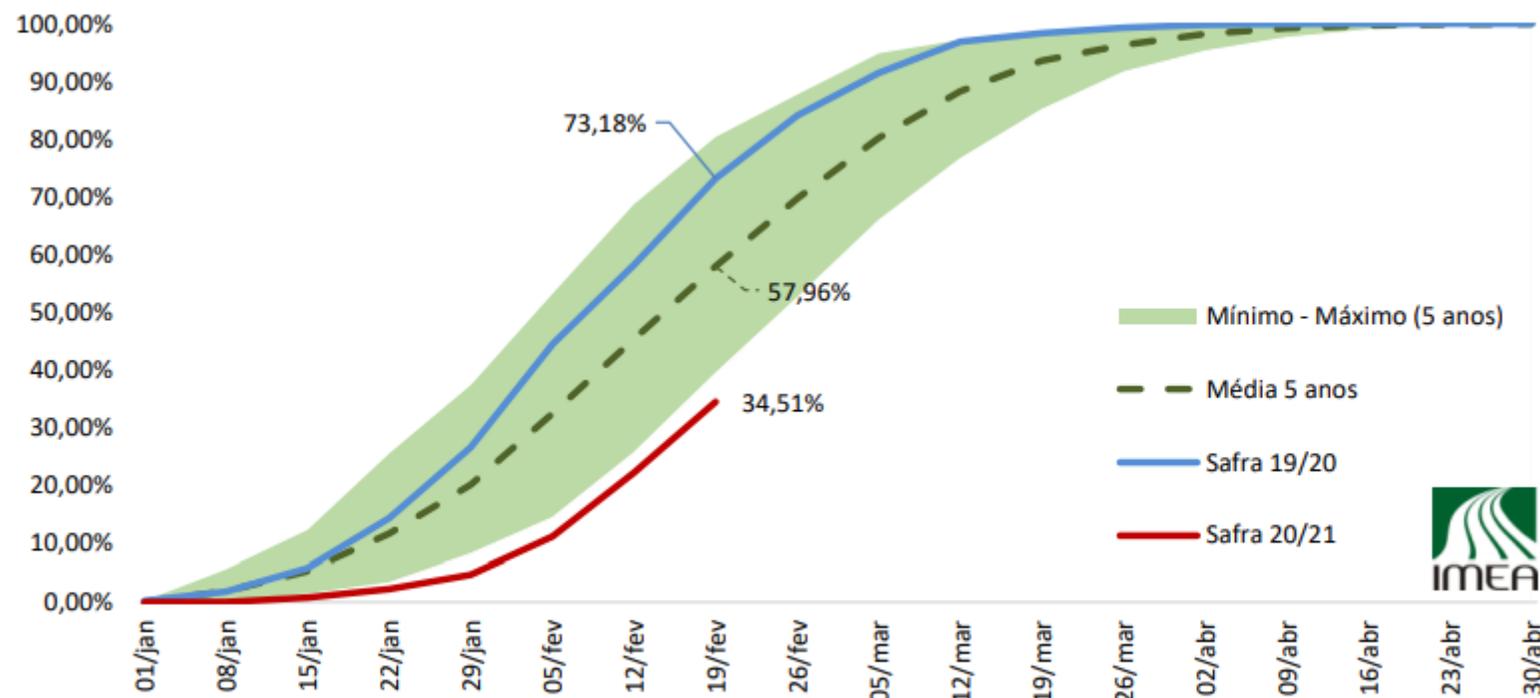


Soybean and corn conditions deteriorated slightly over the past week.



Brazil: soybean harvest up to 19 February 2021

EVOLUÇÃO DO PERCENTUAL DE ÁREA COLHIDA DE SOJA EM MATO GROSSO



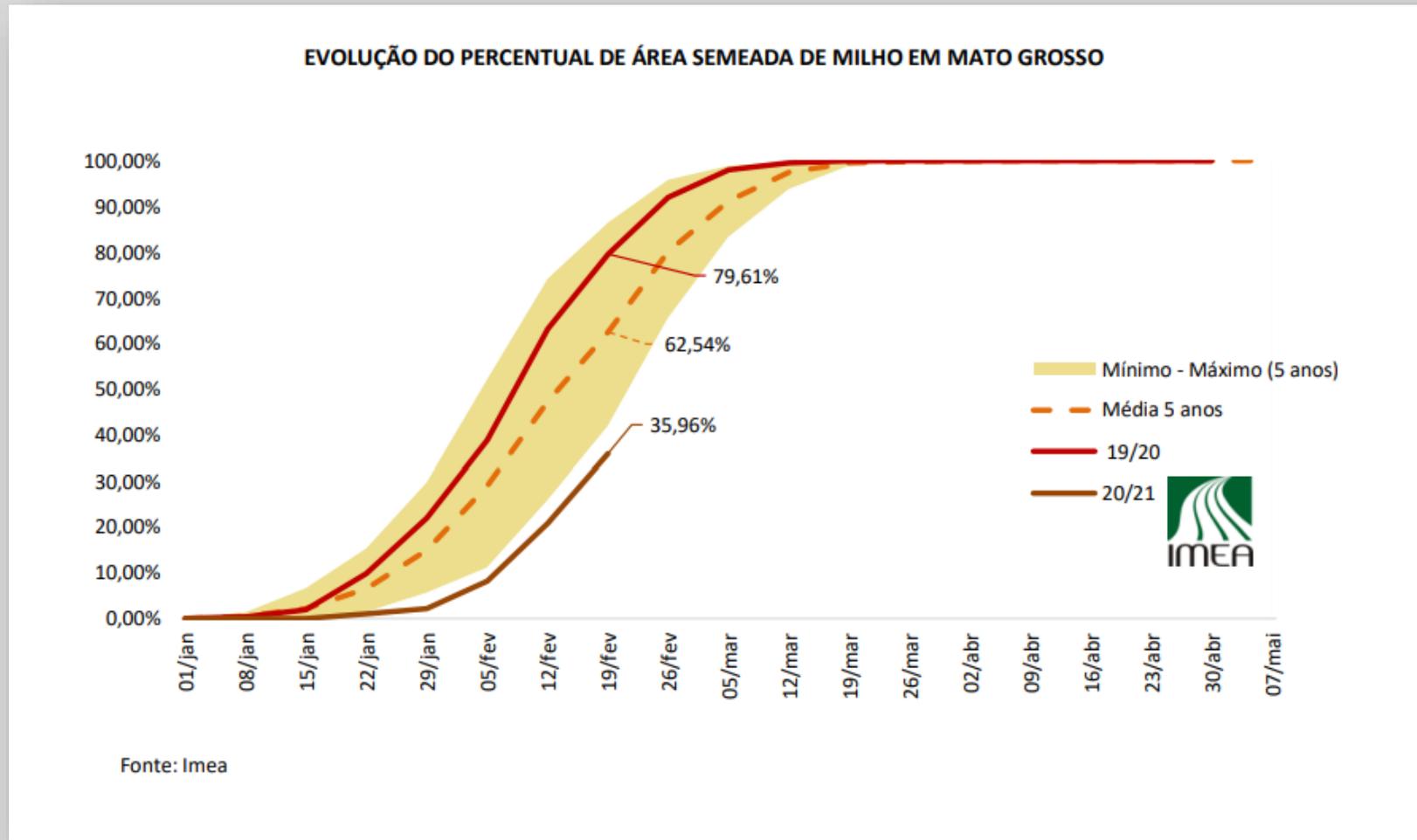
Fonte: Imea



In the Mato Grosso district of Brazil the soybean harvest is currently 35% behind the 2019 tempo, currently the slowest in 10 years.



Brazil: corn plant tempo up to 19 February 2021



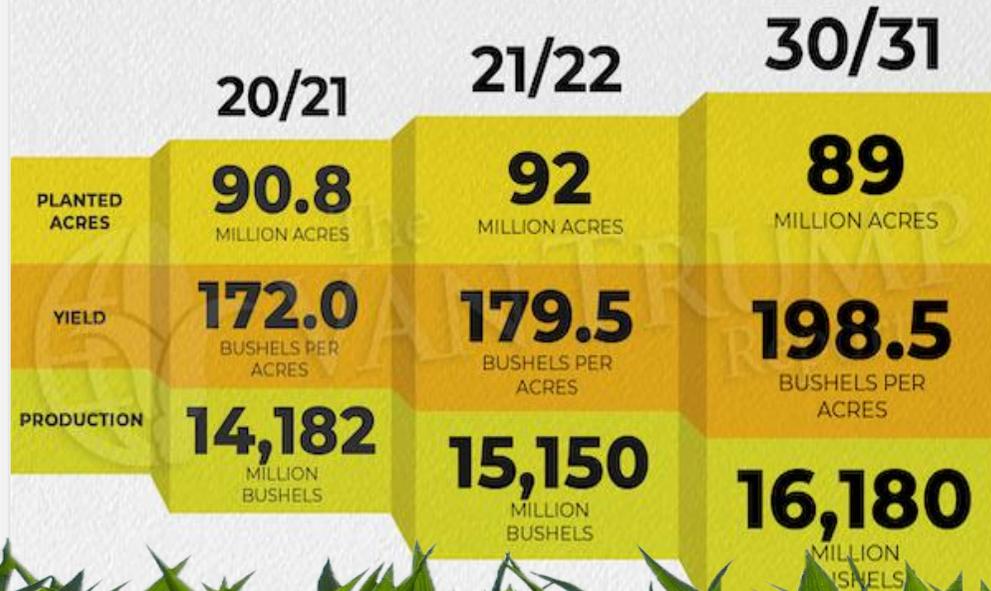
In the Mato Grosso district of Brazil the safrinha corn plant tempo is currently 44% behind the 2019 tempo.



US PROJECTED CORN AND SOYBEAN PRODUCTION

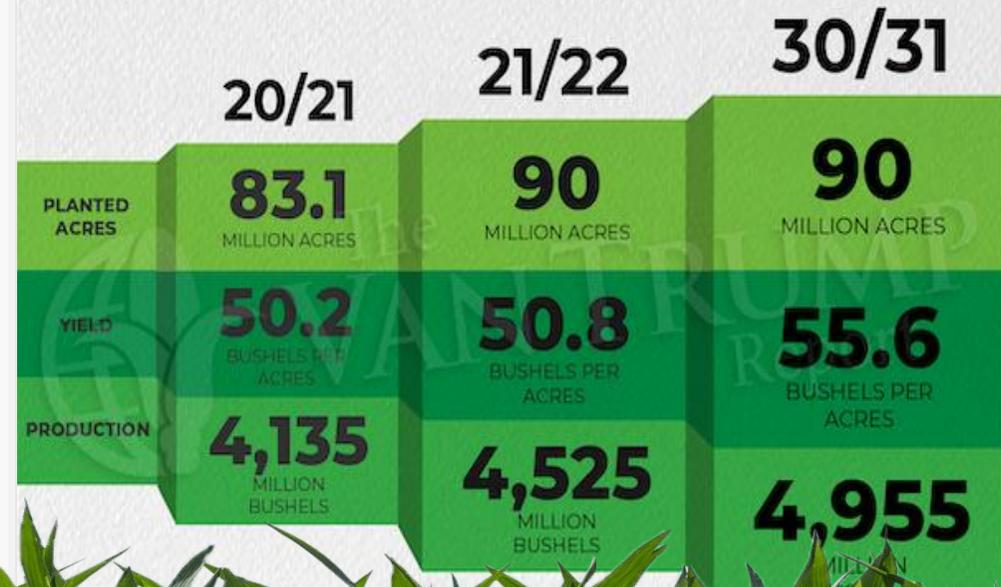
CORN

U.S. PRODUCTION



SOYBEANS

U.S. PRODUCTION





CBOT OVERVIEW: Corn

Earlier this week American corn prices strengthened due to the slow planting pace of Brazilian safrinha. Future contracts traded higher in reaction to last week's USDA publication which indicated a sharp increase in local demands, exports and ethanol production.

Market players are keeping a close eye on North America which is currently experiencing one of their driest pre-seasons in 30 years. These drier conditions are mainly due to the La Nina weather pattern which usually brings in drier weather to certain parts of North and South America.

AGRICULTURE



White Maize

- Exports week ending 19 February: 55 815 t
- *Previous week:* 41 153 t
- Imports: 0 t
- Export intentions: 118 041 t
(Next 8 weeks)

Destination for most exports:

WMAZ exports:
Italy 29 628 t



Yellow Maize

- Exports week ending 19 February: 8 448 t
- *Previous week:* 7 514 t
- Imports: 0 t
- Export intentions: 66 480 t
(Next 8 Weeks)

YMAZ exports:
Zimbabwe 3 741 t



LOCAL AGRICULTURE



2020/21 CEC production estimates:

The 2020/21 local maize crop is expected to increase by about 3,59% to 15 848 million ton.

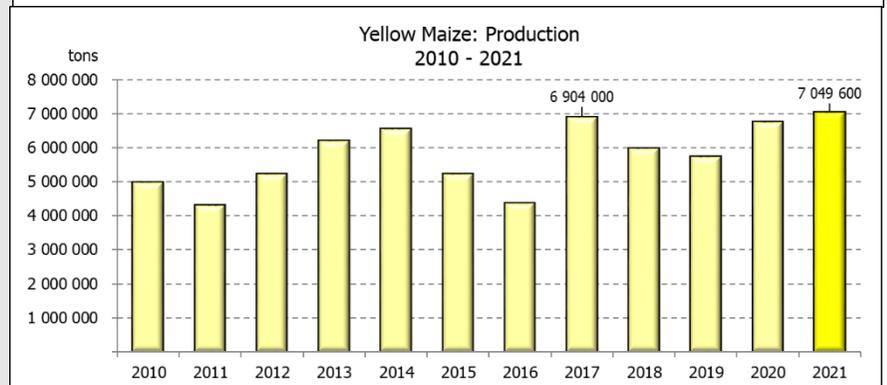
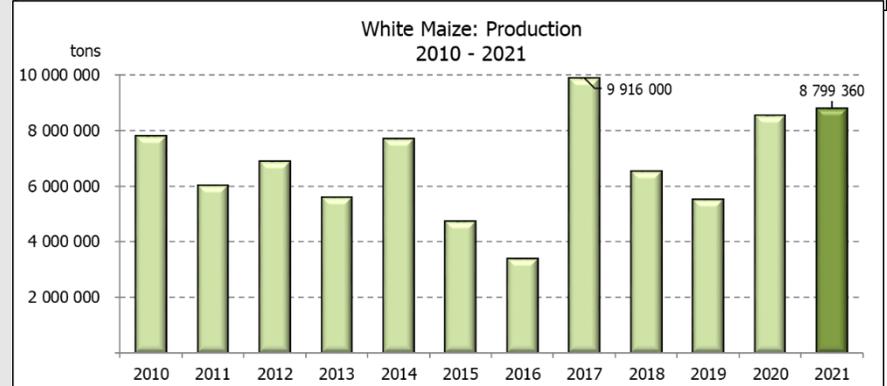
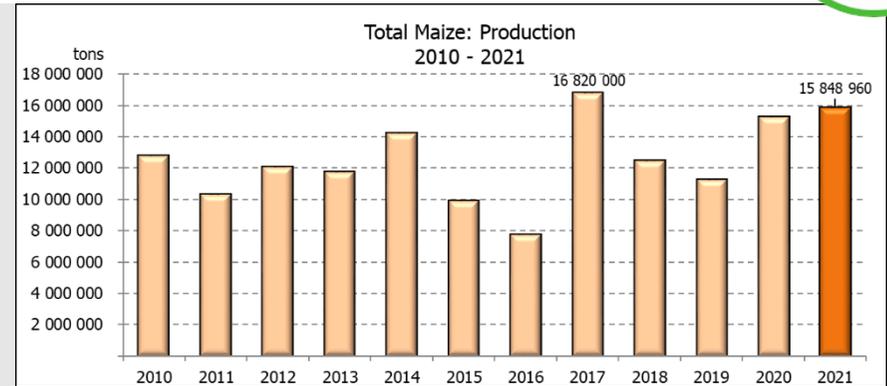
Soybean production is expected to increase by a mammoth 30,14% whilst there is a decrease expected in the production of sunflower.

This was the first production estimate made by the CEC and changes are still expected during the season.

INTERESTING – the previous record for production of 16,82 million ton. In 2017's first estimate was under 14 million ton.

The market remains optimistic for a record season, although heavy rain and floods in January could have damaged the crops.

Source – CEC Estimates





2020/21 Projected SASDE versus the past five years

SOYBEANS

	2020/21	2019/20	2018/19	2017/18	2016/17
Supply	1 469 955	1 646 518	1 854 850	1 405 037	1 075 008
Demand	1 376 100	1 508 063	1 352 609	1 074 502	990 216
Ending stock	93 855	138 455	502 241	330 535	84 792
Days' stock	25	34	140	113	32

SUNFLOWER

	2020/21	2019/20	2018/19	2017/18	2016/17
Supply	928 635	804 816	1 854 850	1 047 984	880 392
Demand	854 650	669 491	1 352 609	893 143	717 306
Ending stock	73 985	135 325	502 241	154 841	163 086
Days' stock	32	74	140	64	84



2020/21 Projected SASDE versus the past five years

MAIZE

	White	Yellow		White	Yellow		White	Yellow		White	Yellow		White	Yellow
2020/21			2019/20			2018/19			2017/18			2016/17		
Supply	8 893 033	6 878 516		7 241 472	6 846 292		7 241 472	6 846 292		7 241 472	6 846 292		5 535 827	6 686 000
Demand	7 703 500	6 406 000		6 767 508	6 319 655		6 767 508	6 319 655		6 767 508	6 319 655		4 937 990	6 189 199
Ending stock	1 189 533	472 516		473 964	526 637		473 964	526 637		473 964	526 637		597 837	496 801
Days' stock	67	36		32	34		32	34		32	34		50	33

EXCHANGE RATE

R/\$



The South African rand weakened against the US dollar overnight. This is mainly due to the budget speech delivered on Wednesday highlighting a great deal of debt in the current economical times with an increase expected in the near future.

The consolidated government income is expected at R1,52 billion whilst expenses is estimated at R2,02 billion.

The dollar also received a bit of support overnight with equity markets that came under pressure in early trade. The traditional safe haven is in play when equity markets come under pressure.

Current Resistance: 15,10 (tested this morning)
Current Support: 14,72

Two parallel markets - Safex and the physical market

During negotiations - whether it concerns grain or cattle - the buyer and seller must be on the same page before they can reach an agreement. As far as grain is concerned, it often happens that the buyer focusses on the Safex price, while the seller is stuck on deductions and that can lead to confusion.

To clarify, we will use yellow maize as an example of the Safex market and the physical market.

Safex market:

Firstly, a few macro-economic factors such as parities and the CBOT should be taken into consideration.

Furthermore, the Safex part of grain marketing is to a certain extent separate from the physical market. Since other elements such as speculators and funds also participate in the Safex arena. Funds and speculators will very seldom take positions in the delivery month or the nearby months.

These role players do however create liquidity, to the benefit of everyone in the further months.

If the farmer therefore wants to hedge his prices, the first important factor is **the period within which hedging is sought. The delivery month is very important**, since it is determined from where the Safex hedging will be done.

Let's take yellow maize as an example, and assume that the seller receives ± R 40 more on Safex for a May delivery than for a July delivery (since less maize is expected in May than in July).

This could have as much as a 5% effect on the price and it is therefore important to obtain the correct information about parities, the CBOT and more.

The physical market:

The physical market refers to the physical distribution of grain across South Africa, Africa and the rest of the world.

Let's suppose the intention this year is to export mainly to the East via Durban. As mentioned, the expectation (according to Safex) is that maize will be more scarce in May than in July and therefore the basis for the exports, namely Durban, should be slightly better for May than July.

What should be considered is **whether the pricing month from which the maize is sold (which at first glance appears better in basis terms) was perhaps done from a lower pricing month.**

If sold **ex-farm, the transportation component** is another major **factor playing a role in the physical market**, since demand is at a peak during harvesting period. Transport cost can increase by up to 10% during this time due to the increased demand for trucks. This can ultimately result in as much as a 1,5% difference in the total price.

If the grain is however sold from silos, the administrative costs and ability to pay will most likely be the major determining factors.

In conclusion:

It is often the case that grain sellers do not compare apples with apples during a negotiation, and what is more, they often leave negotiations until harvesting time when all parties are extremely busy. The seller frequently only looks at the basis and not the entire picture, which includes Safex as well as the basis.

Bases between different buyers should trade within a close bond. **The value of a well-informed Safex decision should not be underestimated: it can easily make a 5% difference to the realised price.** It is however often overlooked.

It is therefore advisable that sellers should familiarise themselves with the factors playing a role in the physical market as well as the factors affecting Safex. Take a holistic look at your business to determine which factors have the biggest impact and what the possible value is.

Do attend Rand Agri's training session and make sure that you compare like with alike when it comes to the marketing of your grain and the comparison of various buyers.

Contact Rand Agri today to book a training session - call 013 243 1166 send an email to info@randagri.co.za

RAND AGRI

Trader Snapshot



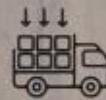


SAFEGUARDING FOOD PROSPERITY

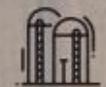
Rand Agri, a bulk grain and supply chain trader, safeguards food prosperity in Southern Africa by connecting farmers and processors. Our services reach across the grain supply chain. It includes:



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



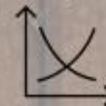
Logistics including sourcing, storage, export and delivery of grains and agricultural lime directly to customers.



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.



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"Our greatest glory is
not in never falling,
but in rising every
time we fall."

CONFUCIUS



Tel: +27 (0) 13 243 1166

E-mail: info@randagri.co.za

Web: www.randagri.co.za

Address: 24, Samora Machel Street
Middelburg, Mpumalanga

