

WEEKLY
FOOD-FOR
THOUGHT

DATE: 21 May 2021





WEATHER

- International weather forecast USA
- International weather forecast Brazil



PARITIES

Import and export parities for yellow maize

INTERNATIONAL AGRICULTURE



- Argentina harvest progress
- VSA plant progress
- China
- Ethanol production
- CBOT



EXCHANGE RATE

Overview – USD/ZAR



RAND AGRI SNAPSHOT

- Trader snapshot: A 70/30 management option (strategy)
- Sorghum fact sheet



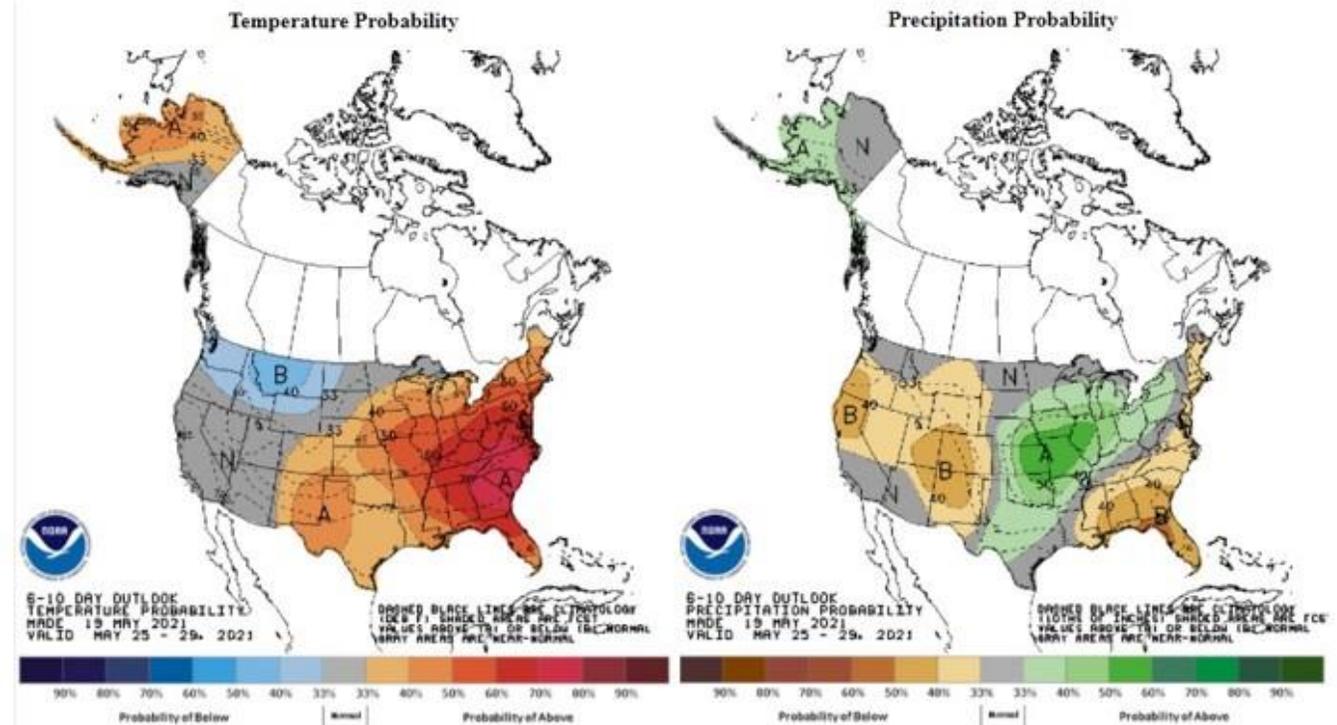


INTERNATIONAL WEATHER

USA WEEKLY FORECAST

Above normal levels of rain are expected next week over large parts of the central and southern corn belt.

Next week's temperatures are warmer and above normal especially over the Eastern USA.

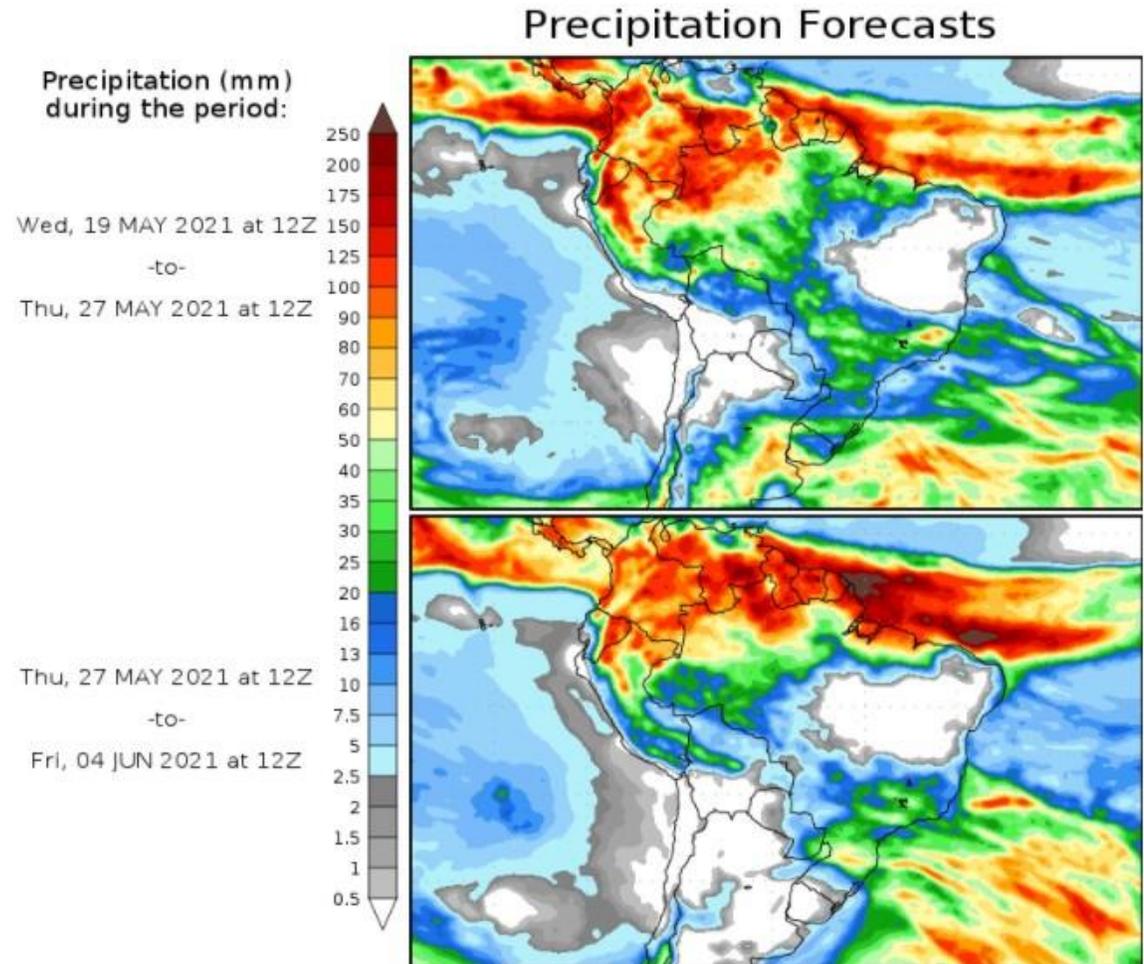




INTERNATIONAL WEATHER

BRAZIL

Rain is expected in Brazil in the drought-stricken central and southern states for the next two weeks, although it may already be too late for large parts of the Safrinha corn crop.



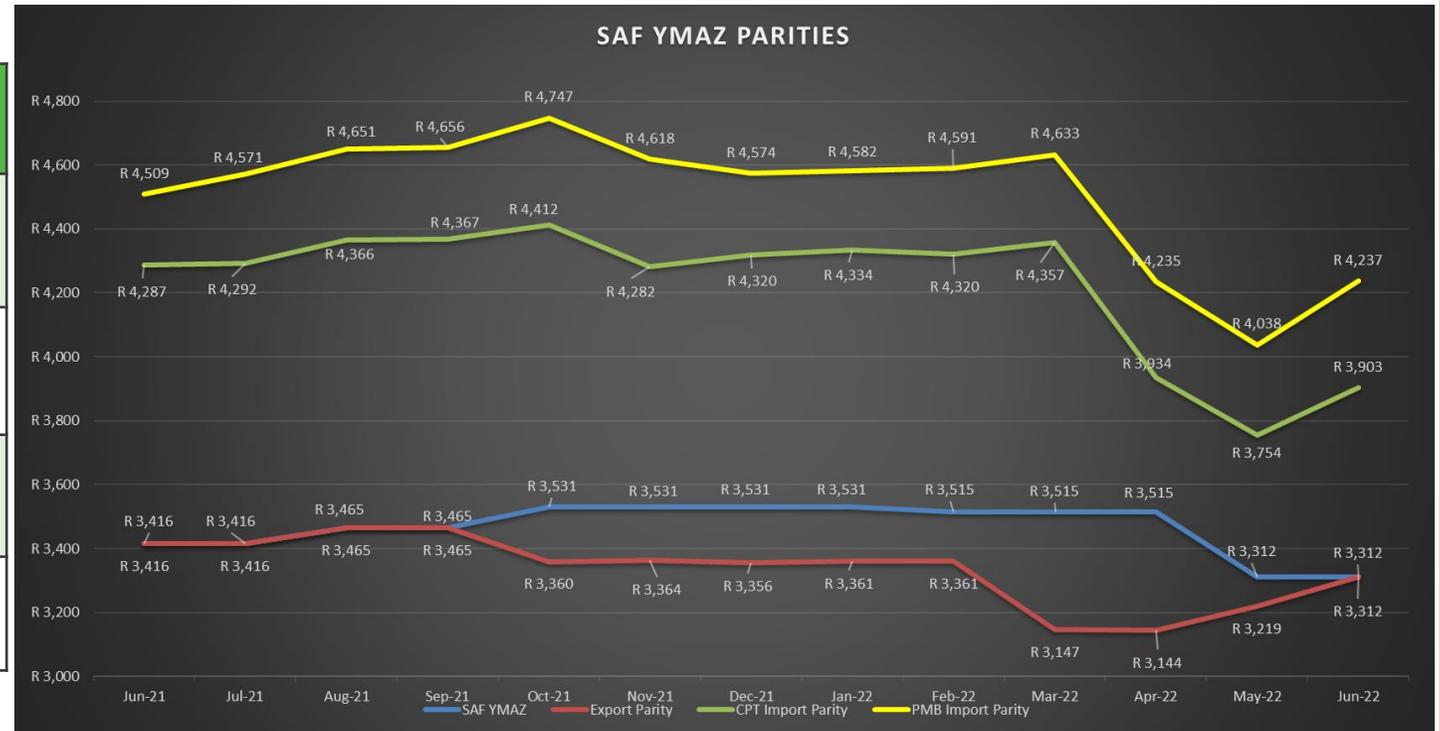


PARITIES



YELLOW MAIZE IMPORT & EXPORT

	Jun'21	Aug'21	Oct'21	Dec'21
PMB-import parity	R4 509	R4 651	R4 747	R4 574
CPT-import parity	R4 287	R4 366	R4 412	R4 320
SAFEX-yellow maize	R3 416	R3 465	R3 531	R3 531
DBN-export parity	R3 416	R3 465	R3 360	R3 356



AGRICULTURE ARGENTINA

Maize harvest tempo

Last week Argentina harvested 24,6% maize.

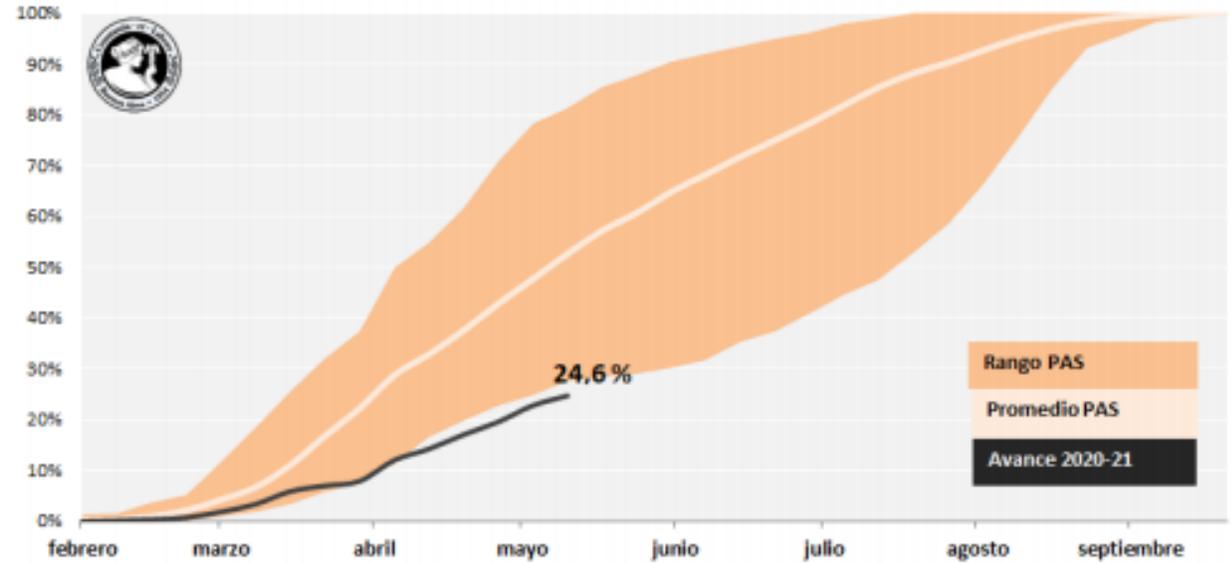


Soybean harvest tempo:

Last week Argentina harvested 70,6% soybeans.

COSECHA DE MAÍZ: PROGRESO NACIONAL

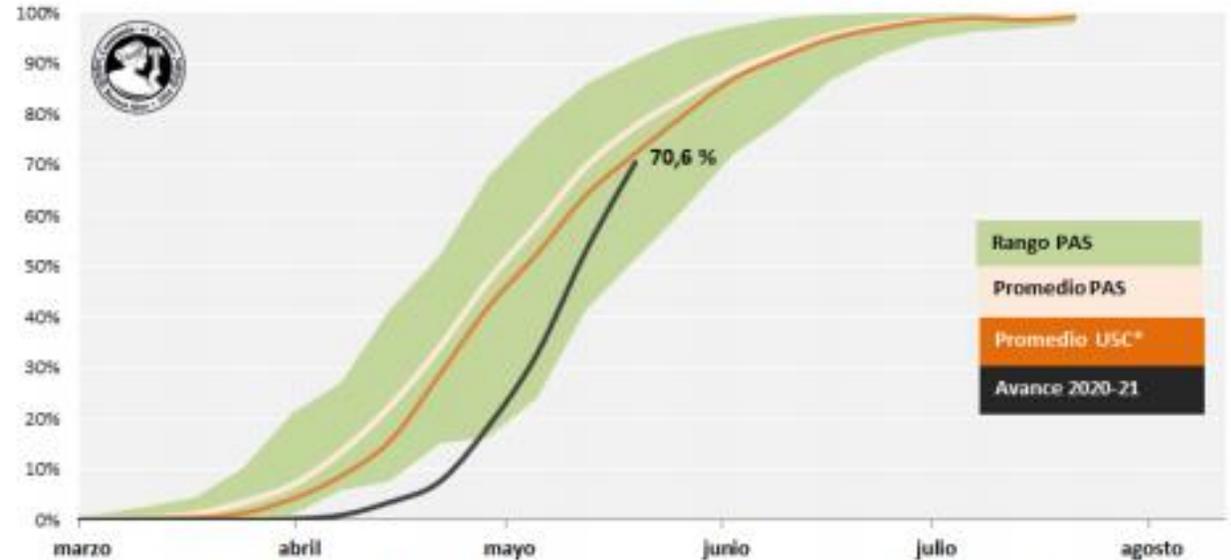
Datos al 12/05/2021



Fuente: Depto. Estimaciones Agrícolas - Bolsa de Cereales

COSECHA DE SOJA: PROGRESO NACIONAL

Datos al 12/05/2021



Fuente: Depto. Estimaciones Agrícolas - Bolsa de Cereales

*Promedio últimas cinco campañas

AGRICULTURE USA

Corn:

80% of corn was planted as of 16 May, compared to last year's tempo of 78% and the 5-year average of 68%.

Soybeans:

61% Soybeans were planted as of 16 May, compared to the 5-year average of 37% and 51% last year.

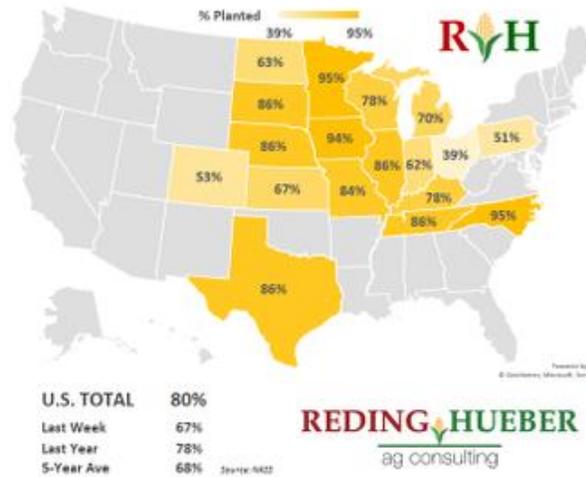
Wheat:

85% of spring wheat was planted as of 16 May, which is 14% above the 5-year average planting tempo of 71%.

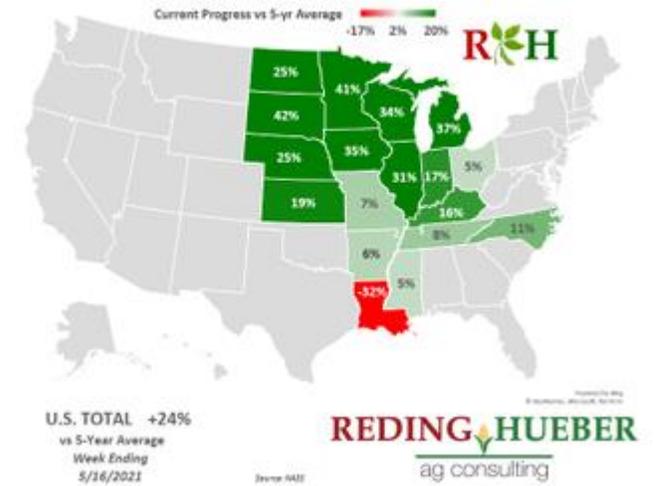
Winter wheat conditions were rated 48% good/excellent, compared to 54% last year.



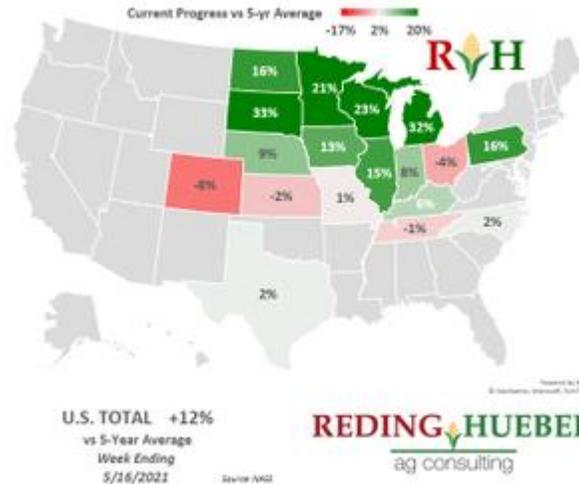
CORN PLANTING PROGRESS - AS OF 05/16/2021



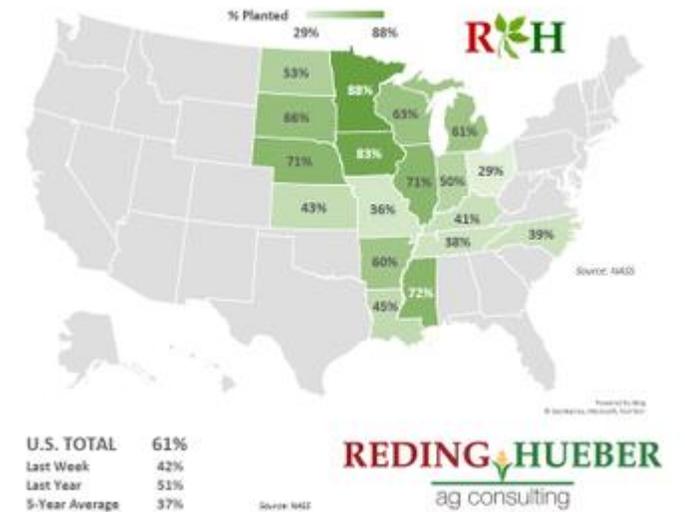
SOYBEAN PLANTING PROGRESS - VS 5-YEAR AVERAGE



CORN PLANTING PROGRESS - VS 5-YEAR AVERAGE



SOYBEAN PLANTING PROGRESS - AS OF 05/16/2021





INTERNATIONAL AGRICULTURE

CHINA

“The 2021-22 marketing year is still a few months away, but China within the last few days has secured nearly a third of its expected corn needs out of the United States for next season.

The volume and timing of the recent purchases are stronger and earlier than those of a year ago.

USDA last week projected China will import 26 million tonnes of corn from all suppliers in 2021-22, unchanged from the current year, so the recent sales are not outside the scope of market expectations.

With the recent Chinese sales, new-crop U.S. corn commitments to all destinations stand near 12 million tonnes at minimum. The 2020-21 total had first crossed that mark in mid-August 2020, and that had been record pace. Sales to China had passed 8.2 million tonnes around 1 September and the biggest volumes at that time had been sold in July 2020.” - Nasdaq

<https://www.nasdaq.com/articles/column-china-snaps-up-a-third-of-next-years-corn-needs-from-u.s.-exporters-braun-2021-05>

Export Announcements	Tons of Corn
7 May	1360000
10 May	1020000
11 May	680000
13 May	680000
14 May	1360000
17 May	1700000
18 May	1360000
19 May	1360000
20 May	1224000
Total (2021/22)	1074000



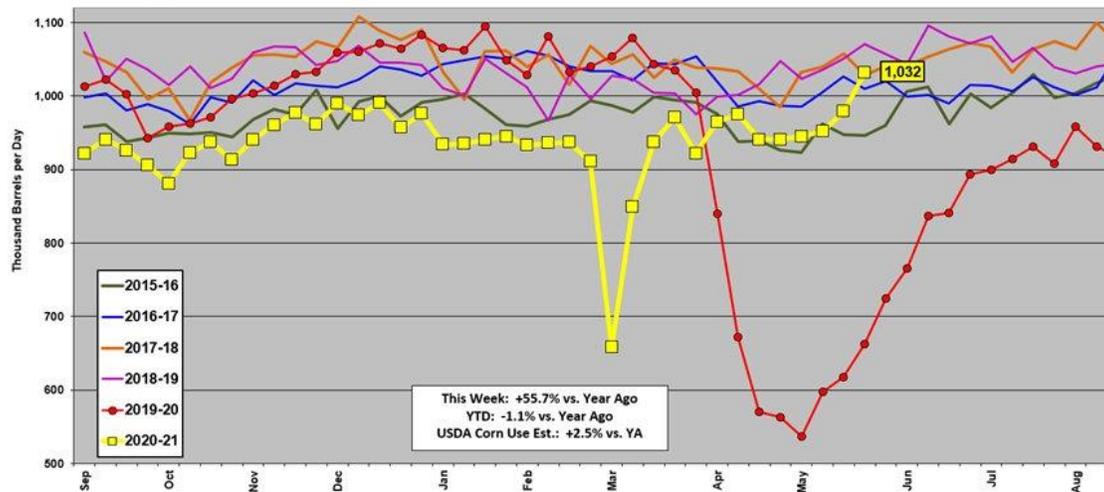
INTERNATIONAL AGRICULTURE

ETHANOL PRODUCTION

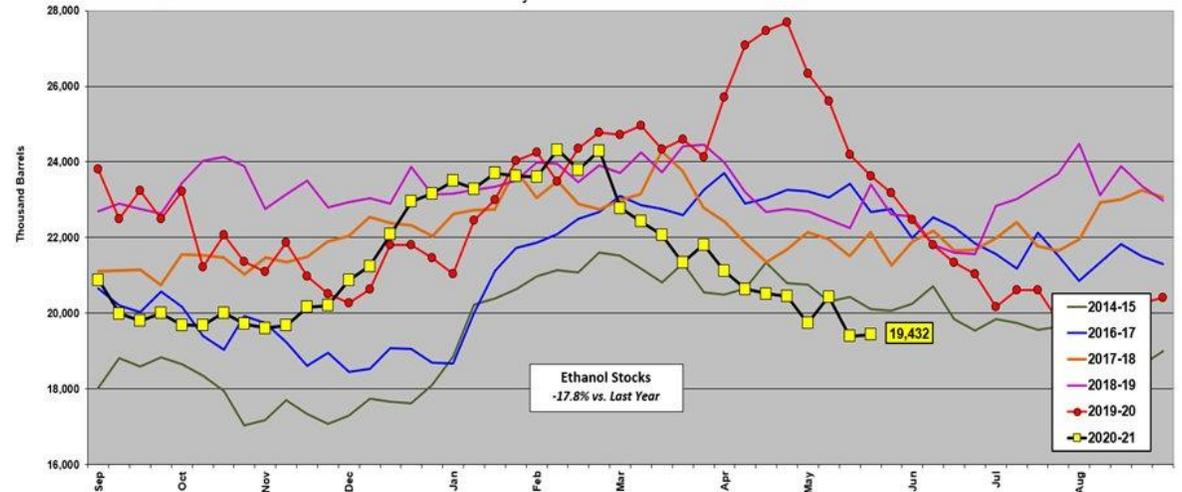
The weekly ethanol production increased by 5% the past week to 1,032 million barrels per day. This rise in ethanol production brings us closer to pre-pandemic levels, and has stabilised the corn market.

Ethanol fuel stock levels were almost unchanged from last week at 19,433 million barrels, and is still the lowest level in 7 years.

Weekly Ethanol Production



Weekly Stocks of Fuel Ethanol





CBOT

CORN AND SOYBEANS



CBOT SOYBEANS JULY

- Soybeans dropped \$1.45 from last week's high.
- The uptrend is still active, but pulling back and might move a more sideways range.



CBOT CORN JULY:

- Corn dropped \$1.02 from last week's high.
- Corn is moving into the oversold area and has reached a technical support at \$6.33.





EXCHANGE RATE

USD/ZAR

The USD/ZAR strengthened slightly on Wednesday after South Africa's annualized retail sales figure came in at minus 2.5% for March 2021. This number was much lower than the consensus of 1.9% and previous figures of 2.2%. The USD/ZAR is on a decline ahead of South Africa's interest rate decision. Economists expect the monetary policy committee (MPC) to leave the benchmark repo rate unchanged at 3.5%. On a two-hour chart, the USD/ZAR is slightly above the 25 and 50-day exponential moving averages.





A 70/30 management option (strategy)

In view of the volatility of markets, producers would be wise to consider hedging (protection) of their grain marketing strategy.

Most of you are probably already familiar with the 70/30 strategy, where the producer sells their grain and buys it back on Safex in a future month. Thus, the producer participates in the term market, rand for rand, positive and negative.

We are all aware of the fact that markets are currently especially volatile, and that the possibility exists that the market could drop to such levels that producers could lose their 30% and would be forced to close the position. To prevent such losses, producers can exercise a put option at the minimal cost of R25 to protect the lower close-out position.

This means that the producers won't lose their position if markets decline significantly during the period between delivery and the future month in which the producer has taken a buy-back option. Rand Agri would therefore like to strongly recommend that producers protect themselves in this manner.

Please note that a December option expires by 24 November and thus no longer offers protection against the long position after the date.

Feel free to contact your Rand Agri grain marketer in this regard so that we can explain the 70/30 strategy in more detail.



TRADER SNAPSHOT



SORGHUM FACT SHEET

By: The Agricultural Research Council



INTRODUCTION

Sorghum [*Sorghum bicolor* (L.) Moench] is an indigenous crop to Africa, and though commercial needs and uses may change over time, sorghum will remain a basic staple food for many rural communities. The latter is especially true in the more drought prone areas of South Africa where this hardy crop provides better household food security than maize. Sorghum is mainly cultivated in drier areas, especially on shallow and heavy clay soils.

The production of sorghum in South Africa varies from 100 000 tonnes (130 00 ha) to 180 000 tonnes (150 000 ha) per annum. The Free State and Mpumalanga provinces are the largest contributors to the area planted to sorghum and sorghum production. In recent years, there has been a shift in sorghum production from the drier western production areas to the wetter eastern areas. This change in production area has resulted in the identification and development of cultivars, which are more tolerant to lower temperatures.

GROWTH REQUIREMENTS AND ADAPTATION

The optimum growth requirements of sorghum plants, in order to exploit its inherit yield potential, are a deep well-drained fertile soil, a medium to good and fairly stable rainfall pattern during the growing season, temperate to warm weather (20 to 30 °C) and a frost-free period of approximately 120 to 140 days.

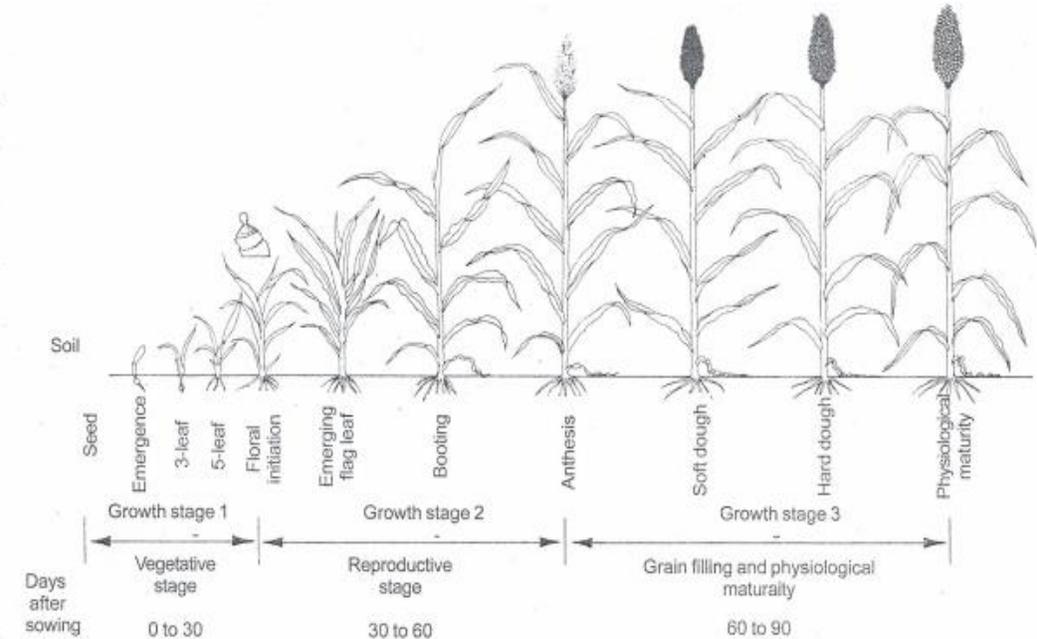


Fig. 3. Growth stages of a 9-day-old sorghum plant (After: MURDY, D.S., TABO, R & AJAYI, O. 1994. Sorghum Hybrid Seed Production and Management)

GRADING

For grading purposes sorghum is divided into the following classes:

Class GM T

This includes malt sorghum that does not have a dark testa (condensed tannins), is listed as a GM cultivar, and meets the requirements of Class GM sorghum as stipulated by the grading regulations.

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Class GL

This includes sorghum, which does not have a dark testa (condensed tannins), is from a GM cultivar that cannot be graded in the Class GM sorghum, or from a GL cultivar as stipulated in the cultivar list, and meets the requirements of Class GL sorghum as stipulated by the grading regulations.

Class GH

This includes malt sorghum, which has a dark testa (condensed tannins) and is from a GH cultivar as determined by the cultivar list, and meets the requirements of Class GH sorghum as stipulated by the grading regulations.

Other sorghum

This includes sorghum, which that does not meet the requirements of Class GM, Class GL and Class GH sorghum.

SORGHUM PRODUCTS FOR THE CONSUMER

Malt

Commercial malt is produced from GM cultivars with specific characteristics. Industrial malt is produced from GM and GH cultivars. Condensed tannins in GH cultivars are neutralized before malting commences. The malt is used in the industrial production of sorghum beer.

Beer

Preparation of beer is a lengthy process covering three days. Ingredients for the preparation of beer are malt, meal and yeast.

Beer powder

Instant beer powder is a pre-mixed product that consists mainly of sorghum malt, a starch component and brewer's yeast. A 24-hour period is needed before the beer can be consumed.

Sorghum meal

Sorghum meal, also known as "Mabele", directly competes with maize meal. Sorghum with condensed tannins is not used for the manufacture of meal.

Sorghum rice

Sorghum rice or "Corn Rice" is whole, decorticated sorghum.

Livestock feed and other animal products

Livestock feed is the most important market for surplus sorghum, as it competes effectively with other grain products in terms of price and quality. Sorghum is an important component in poultry feed and good progress has been made in the manufacturing of dog food, pigeon and ostrich food.

Source: the article is an extraction from an ARC Fact Sheet – read the in-depth version <https://www.arc.agric.za/arc-gci/Fact%20Sheets%20Library/Sorghum%20Production.pdf>



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 trading and supply chain needs.
+ 27 (013) 243 1166 | Info@randagri.co.za | www.randagri.co.za