

WEEKLY
FOOD-FOR
THOUGHT

DATE: 4 June 2021





WEATHER

- International weather forecast, USA
- International weather forecast, Brazil



PARITIES

Import and export parities for yellow maize



INTERNATIONAL AGRICULTURE

- Argentina harvest progress
- USA plant progress
- Brazil
- CBOT



NATIONAL AGRICULTURE

- Yellow maize producer deliveries
- White maize producer deliveries
- South Africa harvest progress
- Durban port vessel schedule



EXCHANGE RATE

Overview – USD/ZAR



RAND AGRI SNAPSHOT

- Trader snapshot: The oilseed complex
- Field report: An 70/30 contract example



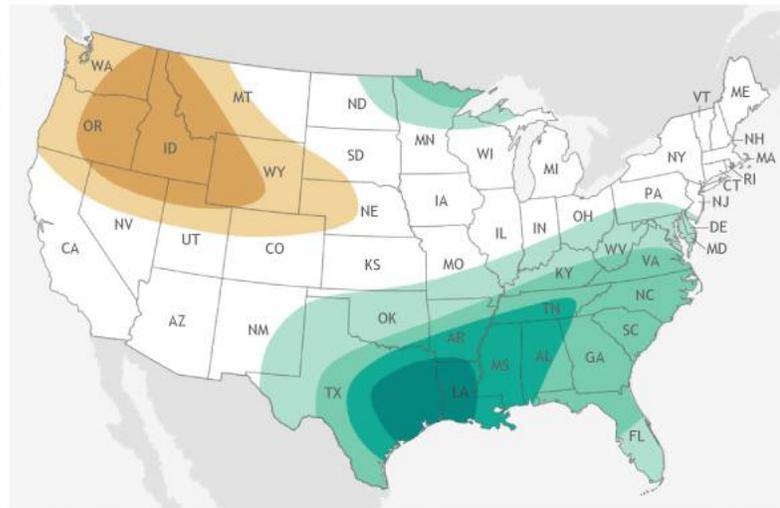
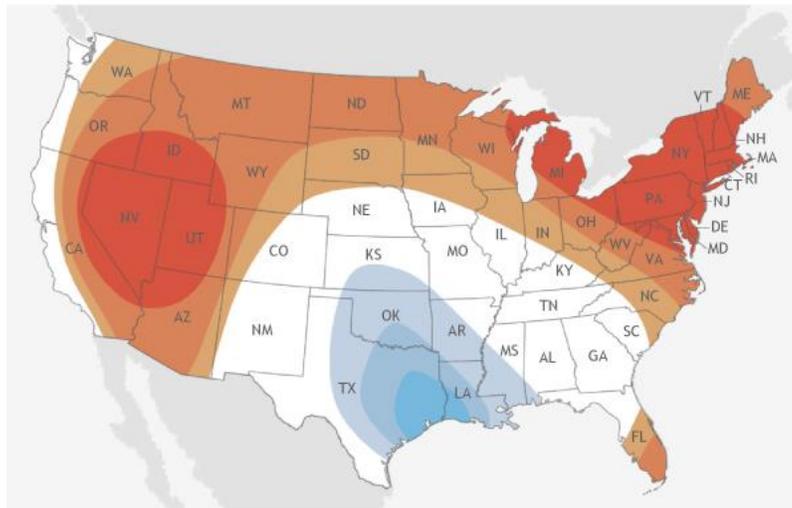


INTERNATIONAL WEATHER

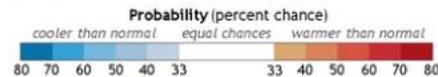
USA WEEKLY FORECAST

CHANCES FOR A **COOLER** OR **WARMER** THAN AVERAGE JUNE

CHANCES FOR A **WETTER** OR **DRIER** THAN AVERAGE JUNE

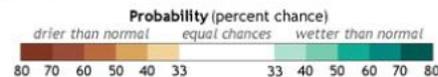


Temperature Outlook
for June 2021
Issued 31 May 2021



Climate.gov
Data: CPC

Precipitation Outlook
for June 2021
Issued 31 May 2021



Climate.gov
Data: CPC

June is expected to be warmer than average, especially in the northern corn belt.

The lower corn belt is expected to be wetter than normal in June. It does however seem that the entire growing area could expect near normal rainfall.

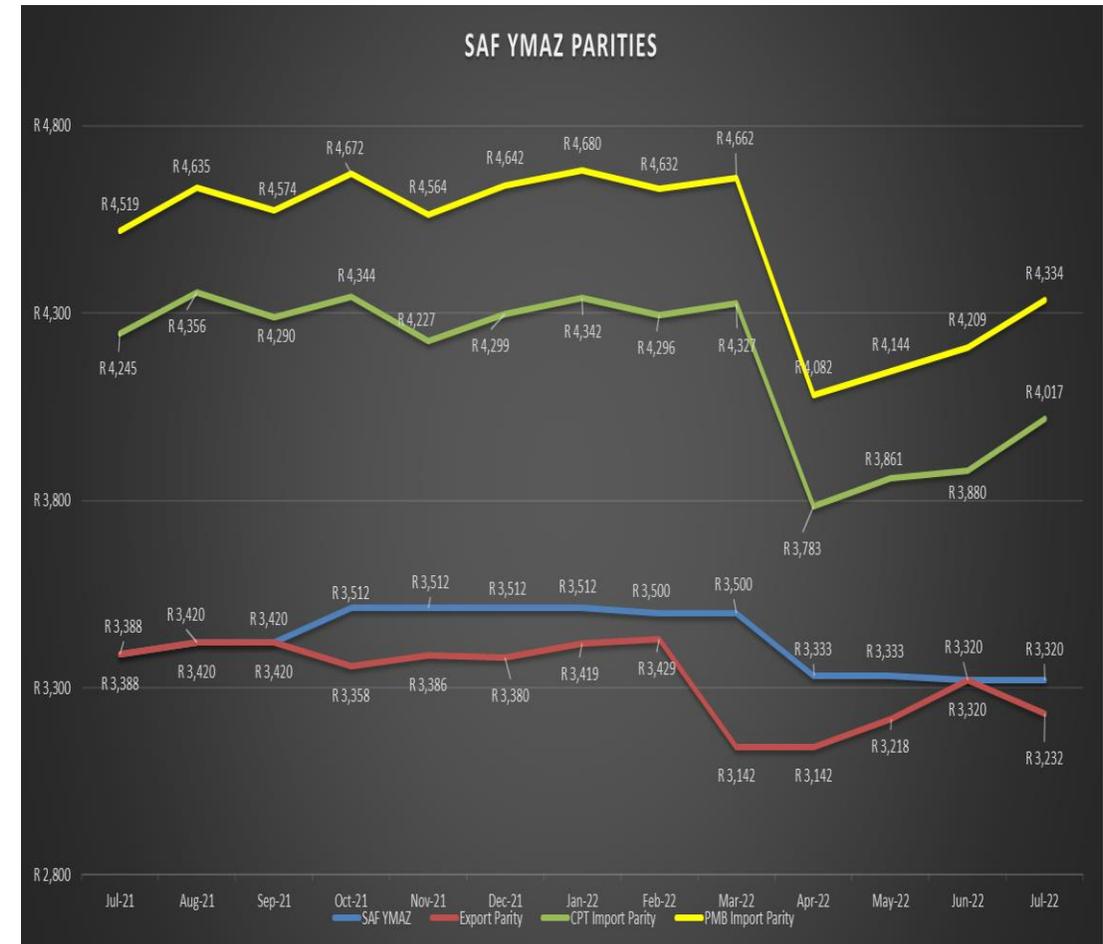


PARITIES



YELLOW MAIZE IMPORT & EXPORT

	Jul'21	Sept'21	Dec'21	Mar'22
PMB-import parity	R4 519	R4 574	R4 642	R4 662
CPT-import parity	R4 245	R4 290	R4 299	R4 327
SAFEX-yellow maize	R3 388	R3 420	R3 512	R3 500
DBN-export parity	R3 388	R3 420	R3 380	R3 142



AGRICULTURE

ARGENTINA

Maize-harvest tempo

43% of maize was harvested in Argentina last week.

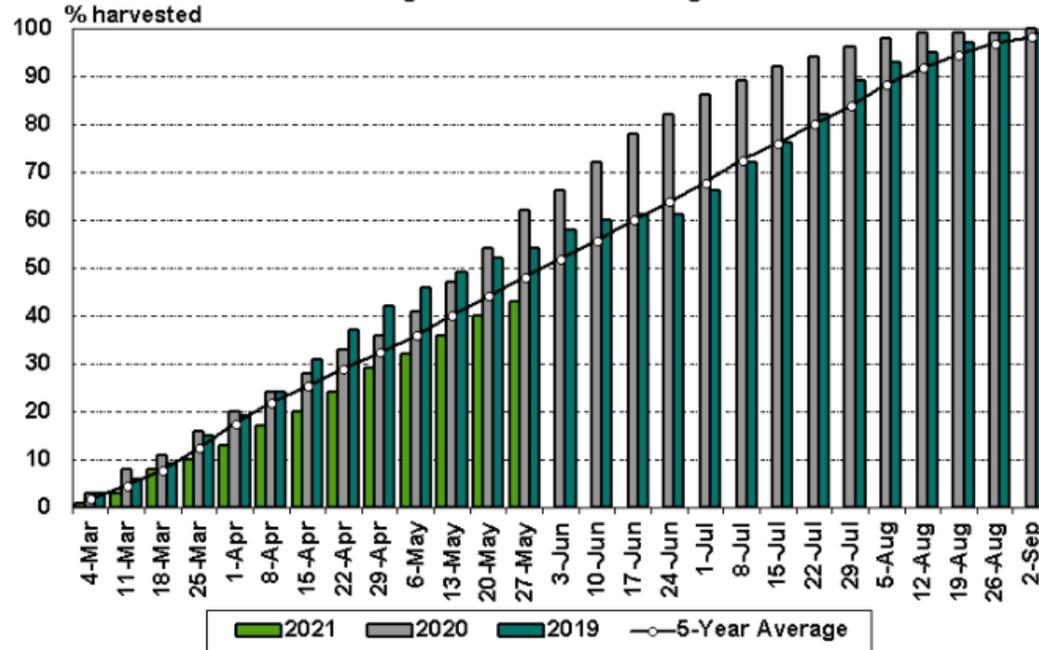


Soybean-harvest tempo

90% of soybeans were harvested in Argentina last week.

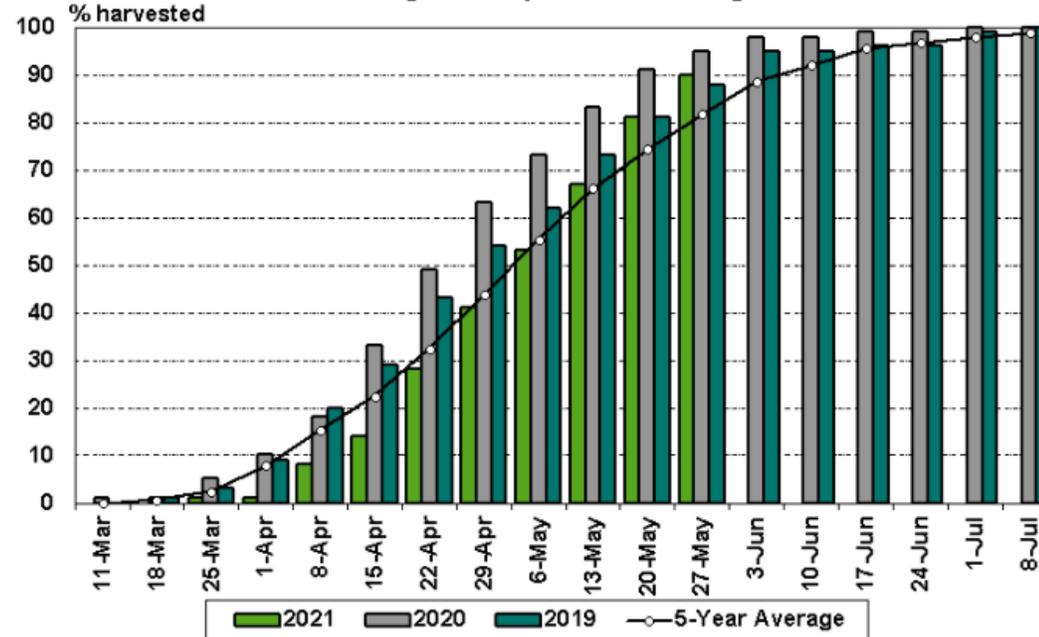
RJO'Brien

Argentine Corn Harvest Progress



RJO'Brien

Argentine Soybean Harvest Progress





INTERNATIONAL AGRICULTURE

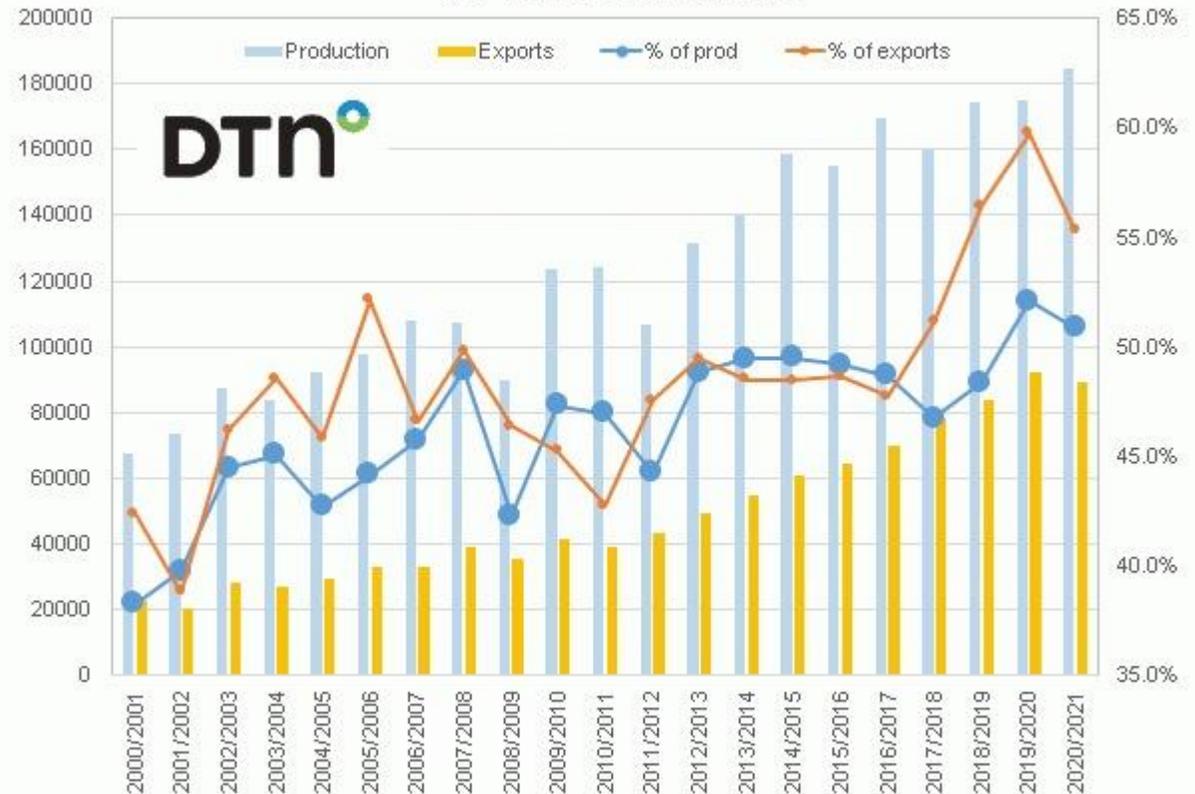
BRAZIL

Brazil's soybean exports reached 16.4 million tons in May, a record for this time of year. This record is just 1 million ton below the all-time record exported in April.

About 781 114 tons of soybeans were loaded daily (per working day) in May, which is 10.7% higher than last year this time.

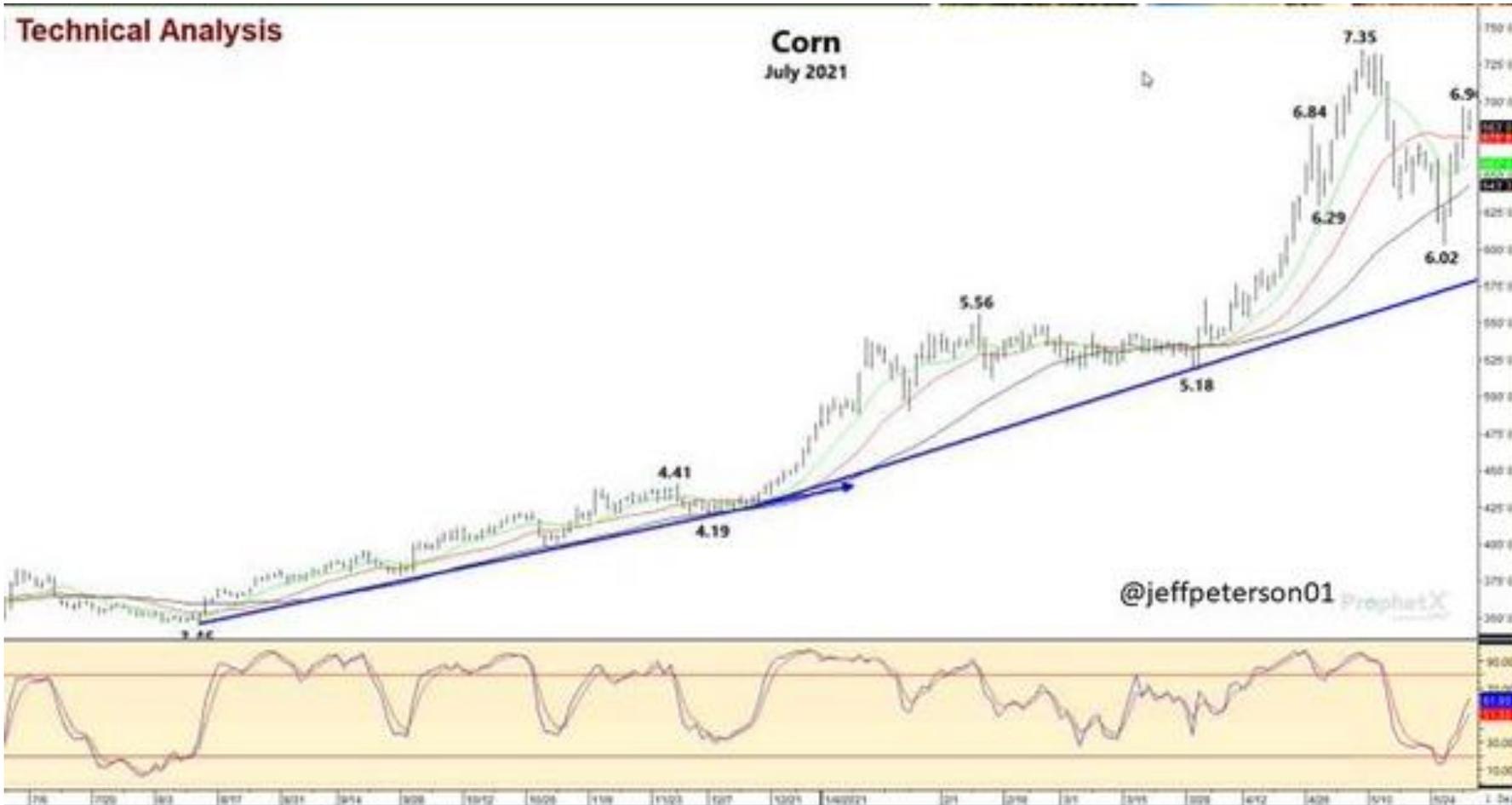
Brazil exported only 13 919 tons of maize in May, which is 46,8% lower than last year, although the lower maize export volume is normal for May as the safrinha maize has yet to be harvested.

Combined Argentine and Brazilian soybean production and exports in 1000 metric tons and as % of world totals





CBOT CORN



CBOT CORN JULY:

Corn broke through the top resistance of \$6,84 on Wednesday to \$6,94. The next top resistance is \$7,35.



CBOT SOYBEANS



Technical Analysis

Soybeans July 2021

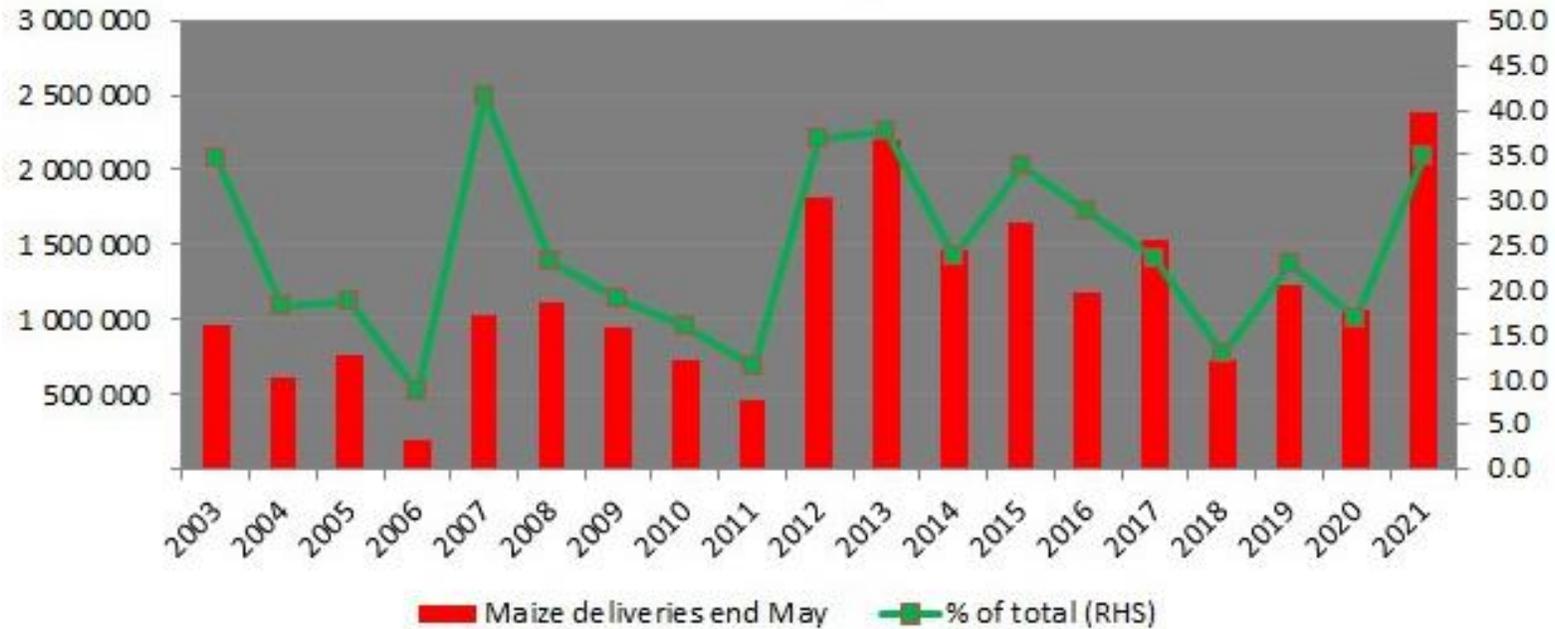


CBOT SOYBEANS JULY:

Soybeans are still in an upwards trend and broke through the top resistance of \$15,74.



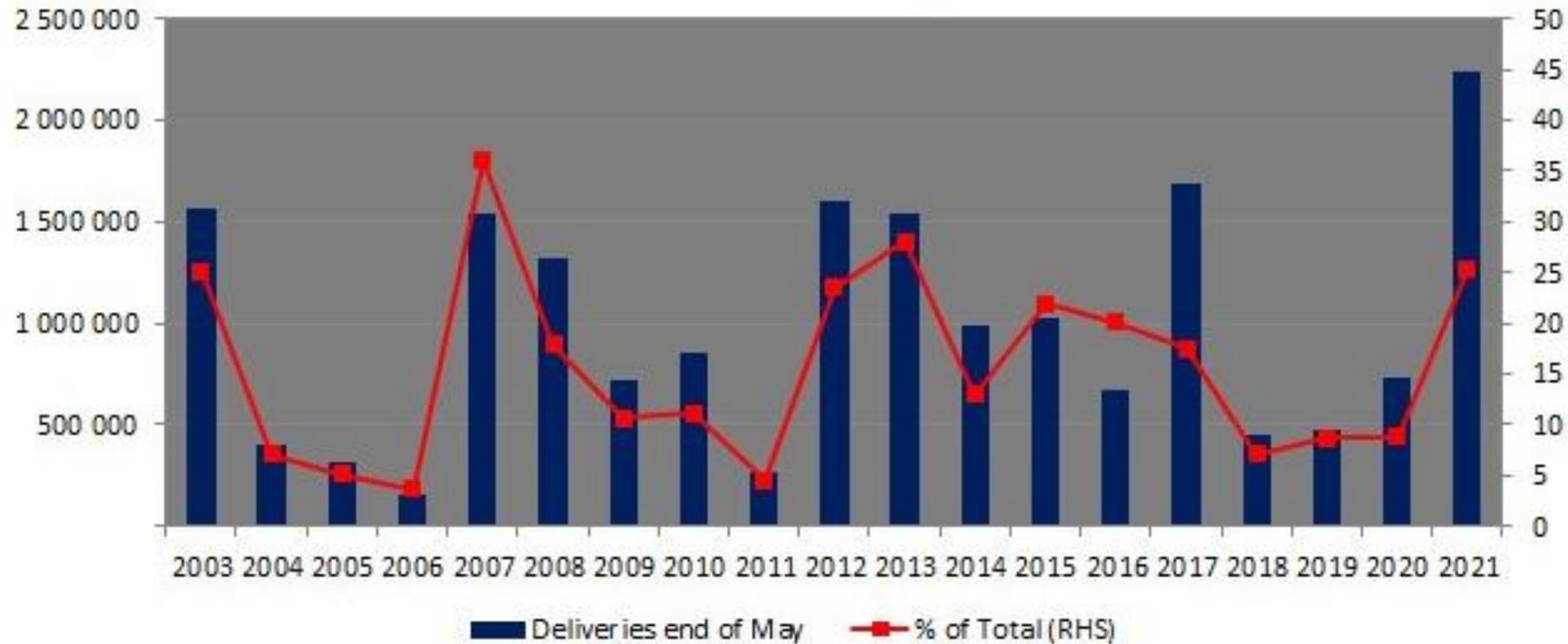
YELLOW MAIZE PRODUCER DELIVERIES



Resource: BVG



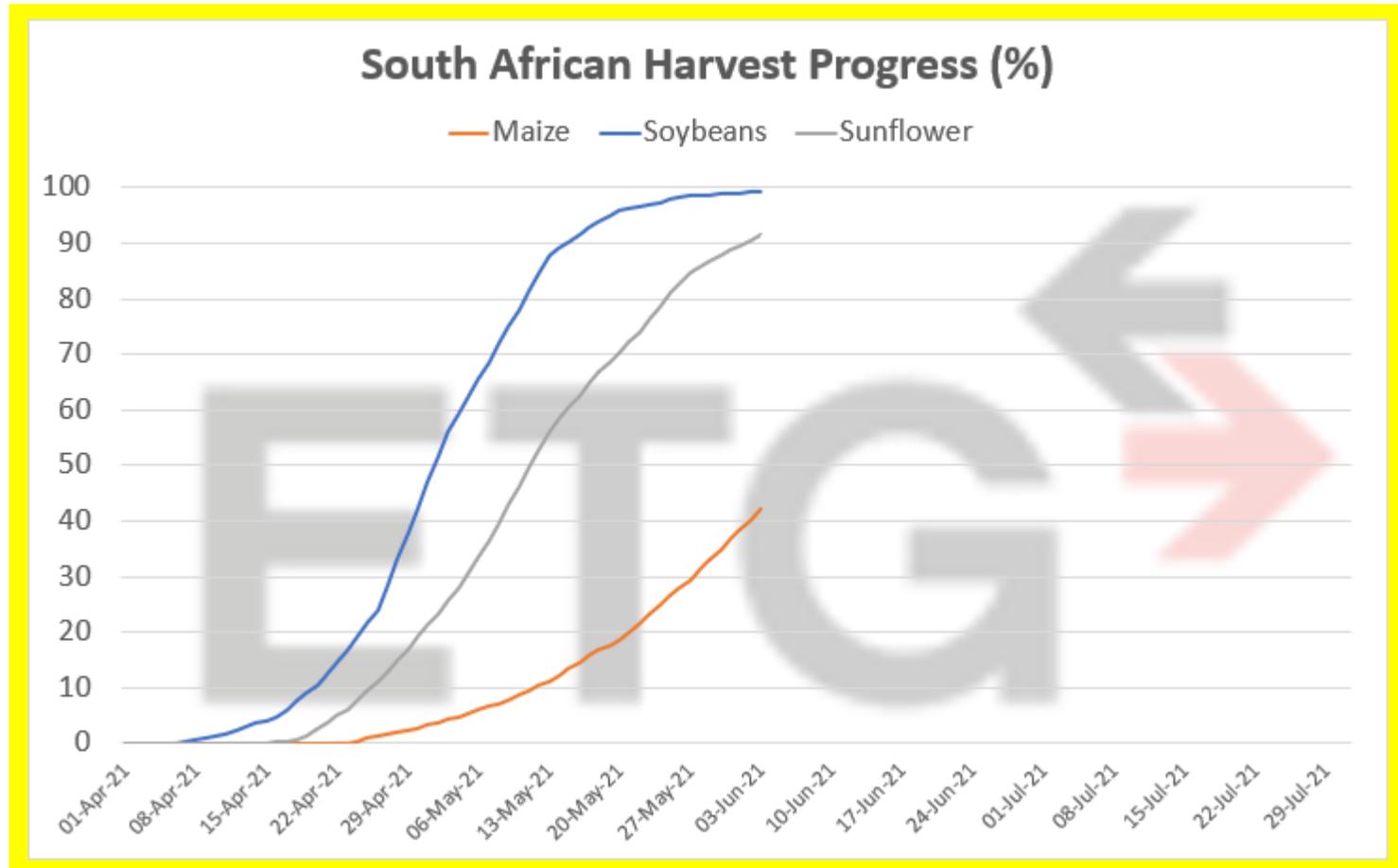
WHITE MAIZE PRODUCER DELIVERIES



Resource: BVG



SOUTH AFRICAN HARVEST PROGRESS



SAF HARVEST PROGRESS 27 MAY 2021 (%)			
REGION	Maize	Soy	Suns
North West (West)	13	100	79
North West (East)	6	100	66
Free State (West)	36	100	97
Free State (East)	20	97	85
Mpumalanga (North)	49	100	n/a
Mpumalanga (South)	51	99	n/a
SAF TOTAL	29	99	85

Resource: ETG



DURBAN VESSEL SCHEDULE

AGRIPORT							
VESSEL	ETA	ETB	ETD	COUNTRY	TONS	L/D	CARGO
Friendly Islands	In port	In port	02-Jun	Italy	27170	load	Y/Maize
PMS Edelweiss	Anchor	02-Jun	06-Jun	Tiawan	30000	load	Y/Maize
Y/Maize TBN	02nd half June	tbc	tbc	tbc	40000	load	Y/Maize

DURBAN							
DBS TERMINAL							
VESSEL	ETA	ETB	ETD	COUNTRY	TONS	L/D	CARGO
Bulk Titan	@ RBT	02-Jun	04-Jun	Spain	22260	load	Y/Maize
PMS Edelweiss	01-Jun	06-Jun	08-Jun	Tiawan	22000	load	Y/Maize
Santa Angelina	10-Jun	10-Jun	14-Jun	Vietnam	53618	load	Y/Maize
Oriente Gloria	07-Jun	14-Jun	16-Jun	Vietnam	27500	load	Y/Maize
Olita	12-Jun	16-Jun	17-Jun	Aus	2200	disch	Wheat
Y/Maize TBN	18-22 June	18-Jun	22-Jun	tbc	55000	load	Y/Maize
Y/Maize TBN - top up	15-30 June	23-Jun	25-Jun	tbc	15000	load	Y/Maize
Alkyoni SB	23-Jun	25-Jun	28-Jun	Aus	3000 tbc	disch	Wheat

RBT TERMINAL							
VESSEL	ETA	ETB	ETD	COUNTRY	TONS	L/D	CARGO
Bulk Titan	In port	In port	02-Jun	Spain	31350	load	Y/Maize
Cape Morton	01-Jun	02-Jun	04-Jun	Aus	28308	disch	Wheat
Darya Sita	04-Jun	05-Jun	06-Jun	Canadian	13100	disch	Wheat
Oriente Gloria	07-Jun	08-Jun	11-Jun	Vietnam	25000	load	Y/Maize
San Nicholas RBT ready	09-Jun	11-Jun	14-Jun	Thailand	26700	disch	Rice
Diamond Land	13-Jun	14-Jun	15-Jun	US	11000	disch	Wheat
Zagori	10-Jun	15-Jun	18-Jun	BS	33000	disch	Wheat
Hamburg Eagle	14-Jun	19-Jun	21-Jun	Canadian	15956	disch	Wheat
Medi Hakata	17-Jun	21-Jun	22-Jun	Aus	5550	disch	Wheat
Belpareil	19-Jun	22-Jun	24-Jun	Aus	29000	disch	Wheat
Olita	12-Jun	24-Jun	27-Jun	Aus	36800	disch	Wheat
Alkyoni SB	23-Jun	01-Jul	04-Jul	Aus	34316 tbc	disch	Wheat
NM Cherry Blossom	25-Jun	07-Jul	10-Jul	Thailand	33000	disch	Rice

Current deliveries at the Durban Bulk Shipping (DBS) and Remote Bulk Terminal (RBT) terminals have been stopped due to the full storage capacity.





EXCHANGE RATE

USD/ZAR



On Thursday the USD/ZAR reached a new low last seen in February 2019. The USD/ZAR continued to decline after the relatively positive South African PMI data. According to Standard Bank, the country's PMI dropped from 53.7 in April to 53.2 in May this year. Recent data showed that the country is still facing substantial levels of unemployment at 32,6%, which is 0,1% higher than in April. The USD/ZAR is trading below all moving averages and the 61.8% Fibonacci retracement, therefore, the path of least resistance for the pair is lower, with the next support at R13,12.





DISCUSSING THE OILSEED COMPLEX

By Johan Gouws, Senior Oil Seed Grand Dealer, Rand Agri

To better understand the oilseed complex, we should discuss the fundamental factors of supply and demand in the complex:

Soybeans and sunflower seed supply

Production of these oilseeds are taking an interesting turn, thanks to the substantial research and effort invested in the development of better cultivars, especially sunflower. Processors pay significant premiums for sunflower seed with a good oil content.

Please contact Rand Agri if you would like more information or are interested in these cultivars.

As far as soybean cultivation is concerned, we note that more and more soybeans are being planted in the west (west of the N1 highway) and used for crop rotation, not only because the new cultivars are very well suited to the area, but also because of the significantly higher yields of subsequent maize crops.

The current soybean balance sheet appears to be "heavy", and thus as if there is a surplus of soybeans available to local processors. "In my opinion this conclusion is not correct, since the processing capacity of almost every plant in South Africa has greatly increased. What is more, there is good money in soybean processing - you can earn up to R800/t. If South Africa achieves the estimated harvest of 1,9 million tons of soybeans, these margins will no doubt encourage local processors to try to process all of it."

Processing margins on sunflower is also currently extremely high. Processors are therefore trying to get hold of every last kernel in order to process it further. The difference is however that unlike in the case of local soybeans, a record sunflower crop is not on the cards. The price of sunflowers is therefore likely to move closer to import parity by year-end, which will place sunflower processing margins under pressure or even wipe it out.



TRADER SNAPSHOT



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Demand for soybean and sunflower products

Soybeans

Over the last few years, a great deal of progress has been made with regard to the quality of soybean meal, which is mainly used as chicken feed. Soybeans are mainly processed as soybean meal (SBM) whereas the oil (18%) is the cherry on top - merely a by-product. The improvement in quality and the fact that local SBM consumers are using increasingly more South African SBM (a 16% increase), makes a huge contribution to the industry, due to the fact the less soybean meal is imported from Argentina. This healthy competition also drives the quality of the soybean processing chain upwards. The soybean industry appears to be healthy thanks to an increasing demand, larger production capacity, more profitable production and also because it improves the soil quality and the fertility of soil for maize crops.

Sunflowers

The immediate demand for sunflower seed is very high, due to the high processing margins and oil prices on the international market which is the best in months. Sunflower is mainly processed for oil (42%) and not for sunflower oil cakes (SFM) as is the case for soybeans.

The demand for sunflower oil is usually at a peak by the end of the year, but it seems likely that we will have to import sunflower oil by year-end, since there will not be any local sunflower seed left for processing. What is more, the margins on sunflower oils are currently so much higher that from a profit perspective, it does not make sense to hold onto sunflower oils until December and to then sell it at much lower margins

The sunflower industry will have to make the necessary adjustments quickly, given that the new kid on the block, soybeans, is currently enjoying prominence.

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TRADER SNAPSHOT



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These adjustments/improvements will have to be improvement of sunflower oil production in the seed. Nevertheless, sunflower production currently remains profitable, and there is a strong demand for oil products.

In conclusion

The oilseed complex is a highly integrated playing field where different commodities and production areas interact with each other in a variety of ways and where the outcomes are infinite. The oilseed complex appears to be a growing market, due to a growing population across the entire Southern Africa. This market offers positive prospects for our buyers of oilseed products and local producers alike.



TRADER SNAPSHOT



FIELD AGENT OVERVIEW



70/30 CONTRACT EXAMPLE

	Short Position	Dec SAFEX price	Long Position
June SAFEX price	R3 410,00		R3 560,00
Minus basis (example)	<u>-R200,00</u>		
Contract price	<u>R3 210,00</u>		
70% of the amount - payout	R2 247,00 per ton		
30% of the amount - holdback	R963,00 per ton		
Dec SAFEX price	R3 560,00		
Minus 30% of the amount held back	<u>R963,00</u>		
Knock-out level	<u>R2 597,00</u> per ton		

Suppose you want to close the position the 1st of Sept' 21

Dec '21 SAFEX level the 1st of Sept is for example

Long position: contract price

Profit/loss

Amount held back

Amount to pay in

	R3 000,00		
	<u>R3 560,00</u>		
	<u>-R560,00</u> per ton	(loss)	
	R963,00		
	<u>R403,00</u> per ton	The farmer must pay this amount in	

or

Suppose you want to close the position the 1st of Sept '21

Dec '21 SAFEX level the 1st of Sept is for example

Long position: Contract price

Profit/loss

Amount held back

Payout amount

	R3 800,00		
	<u>R3 560,00</u>		
	<u>R240,00</u> per ton	(profit)	
	R963,00		
	<u>R1 203,00</u> per ton	This amount is paid out to the farmer.	



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.
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