

WEEKLY
FOOD-FOR
THOUGHT

DATE: 30 September 2021





WEATHER

- Temperature and precipitation probability
- La Niña- watch



INTERNATIONAL AGRICULTURE

- Market briefing: grain and oilseed
- Brazil corn crop 2020/21



AFRICAN AGRICULTURE

Botswana agriculture focus



RAND AGRI SNAPSHOT

Field report: Top maize-producing countries





INTERNATIONAL WEATHER

TEMPERATURE AND PRECIPITATION PROBABILITY

Periods of showers slowly moving through the Plains and Corn Belt, with widespread beneficial weather conditions in South America, were the weather factors holding the market's attention on Tuesday.

Favourable conditions for Midwest harvest

Drier conditions and increasing temperatures in the Midwest are helping soils to dry out, promoting harvest. Showers will move into western areas late this week or weekend, moving through the rest of the Midwest region this weekend or early next week.

Isolated showers might slightly hinder Delta harvest

Dry and hot conditions were noted in the Delta over the weekend and Monday, benefiting harvest of cotton and soybeans. However, there is a chance for showers to develop.

Cooler and drier conditions benefits Russia and Ukraine

A large blocking high pressure system will keep the Black Sea region (including Russia

and Ukraine) cool and dry this week, benefitting corn and sunflower harvest. However, these regions continues to need more rain for winter wheat development.

Widespread showers will benefit Brazil corn planting

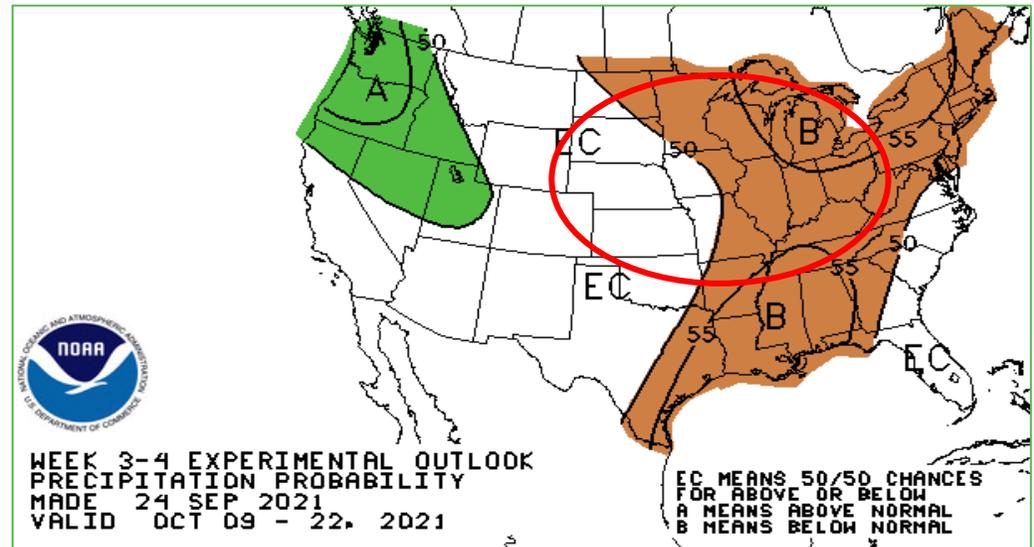
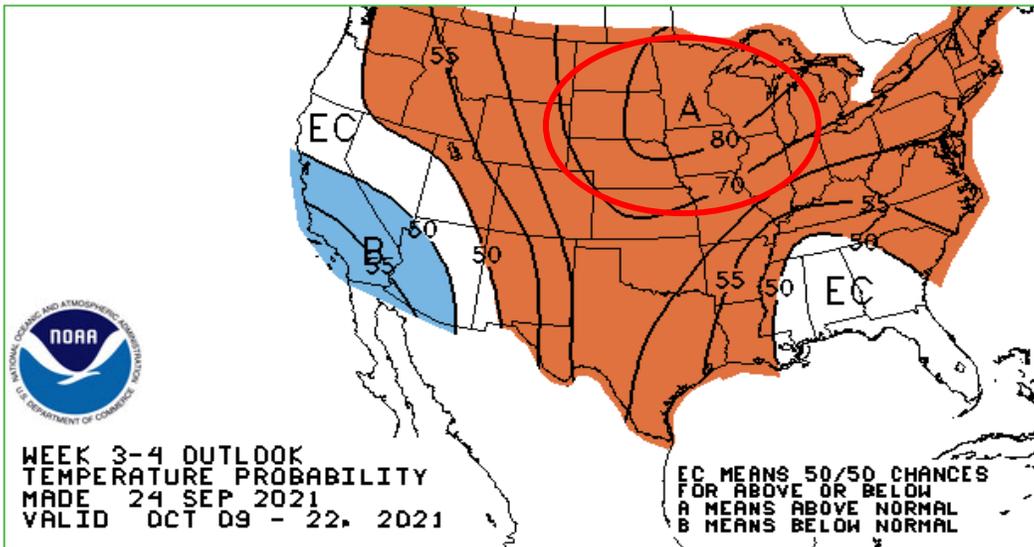
Scattered showers developed over central Brazil over the weekend, but more are needed to officially start the wet season in many areas. The predicted scattered showers over central areas this week will be favourable for corn and soybean planting.

Dry weather needed for crop plantings in Argentina

Dry weather continued in Argentina this weekend, though more is required for corn and soybean planting and establishment..

China corn harvest delayed by isolated showers

Isolated showers in central and northeast China are delaying the harvest of corn.





INTERNATIONAL WEATHER

LA NIÑA WATCH

There is a 70% to 80% chance that La Niña conditions will develop in time for the northern hemisphere winter months.

Although ENSO is currently in a neutral state, a La Niña is expected to develop during autumn. Atmospheric conditions have begun to resemble a La Niña state, with stronger easterly surface winds across the equatorial Pacific Ocean.

El Niño Southern Oscillation (ENSO) is a large, naturally occurring ocean-to-atmosphere phenomenon located over the equatorial Pacific Ocean. Its positive phase is an El Niño, and negative phase is a La Niña, closely monitored year-round as it can influence weather patterns across the northern hemisphere, especially during the fall and winter months.





INTERNATIONAL AGRICULTURE

MARKET BRIEFING: GRAINS AND OILSEEDS



Oilseed

The US Department of Agriculture's (USDA) confirmed export sales of 334 000 tonnes of U.S. soybeans for delivery to China – the world's largest soybean buyer in the 2021/2022 marketing year. It is the largest single purchase in more than a month.

AgResource has learned that China secured another 5-7 cargoes of U.S. soybeans on Monday for November forward.

U.S. soybean exports rose to a six-month high last week, while corn shipments were the highest in a month as Louisiana Gulf Coast terminals steadily ramped up operations that had been disrupted by Hurricane Ida nearly a month ago. However, the pace of exports is still well below normal for this time of year, as several terminals remain closed, or are operating at reduced capacity.

China's Golden Week Holiday will start this weekend (1-7 October). With China celebrating its national holiday week, trading activity is likely to be low. The Chinese are significantly underbought on soybeans for this time of year, which is taken as an indication that they expect prices to move lower.

Almost 20 soybean crush plants in China were shut down this week alone as power was cut off due to increased enforcement of emission legislation, triggering a rise in soy meal prices. This is one of many surprise moves seen recently in the Chinese market, with possible global implications.

Grains

A potential increase in volatility might be added to the market by Thursday's USDA Quarterly Grain Stocks report, due to lower-than-expected corn yields in the eastern-Midwest, and the potential for a lower-than-expected Ukraine corn crop, offering a bullish outlook for corn.

China's 2020/2021 marketing year corn imports from all origins will be raised to 29-29,5 million tonnes, with world stocks expected to decline a similar amount. The late USDA progress report indicates that the U.S. corn crop is 10% harvested, while 6% soybeans have been cut.

U.S. export inspections for the week ending 23 September are 20,4 million bushels of corn, 16,2 million bushels of soybeans and 10,5 million bushels of wheat.

The totals from the latest USDA weekly Export Sales Report:

Corn: 373 000 t, versus the trade's expectation of 300 000 to 800 000 t.

Soybeans: 912 900 t versus the trade's expectation of 500 000 to 1 100 000 t.

Wheat: 355 900 t versus the trade's expectation of 250 000 to 600 000 t.

Soybean meal: 261 400 t versus the trade's expectation of 30 000 to 175 000 t.



INTERNATIONAL AGRICULTURE

BRAZIL CORN CROP



The stark contrast between expectation and reality is familiar to commodity markets. One of the most recent examples is the case of Brazil's corn production. In December 2020, the USDA expected corn production in Brazil to hit 110 million tonnes for the agricultural year 2020/21. In the same month, the National Supply Company (CONAB) from the Brazilian Ministry of Agriculture estimated a corn production of 102,59 million tonnes.

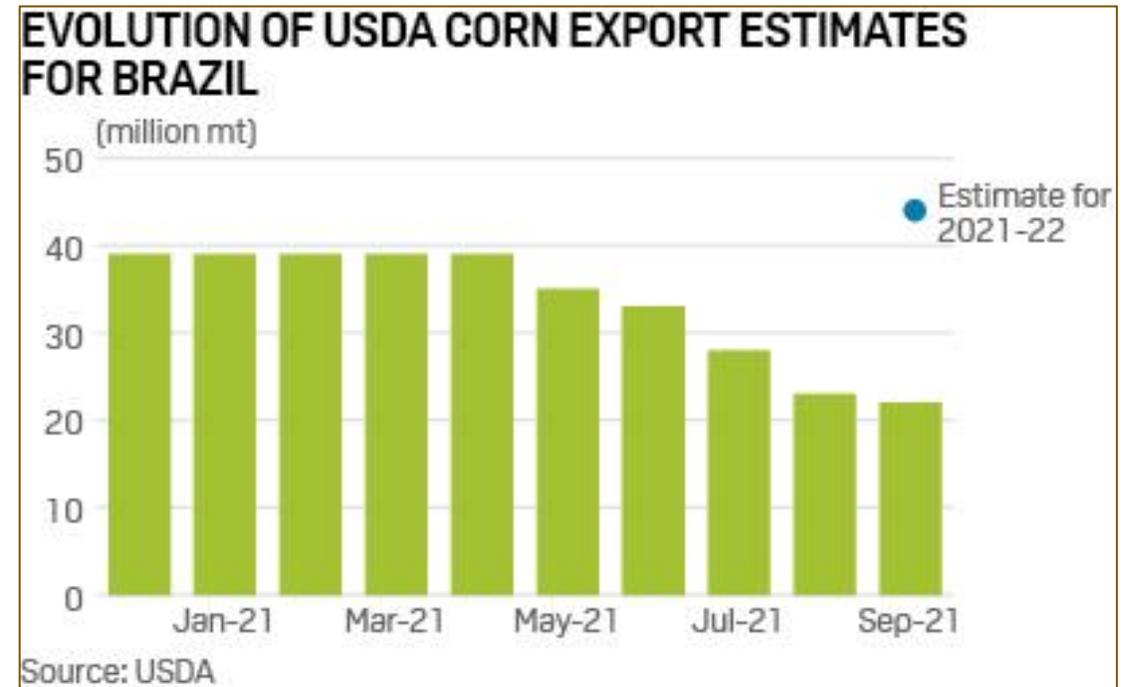
In April, CONAB raised its projection to 108,97 million tonnes. These estimates were record highs, taking into consideration an increase in planting acreage following good prices in the previous cycle, which gave a good incentive to farmers.

The USDA report released 10 September reduced its forecast for Brazil's production by 22% to just 86 million tonnes. CONAB likewise reduced its projections by 16% from the December 2020 estimates and by 21% from the April estimates to harvests of just 85,749 million tonnes.

According to the USDA, Brazil exported 35,23 million tons of corn in the 2019/20 marketing year. The initial estimates for the 2020/21 period were 39 million tonnes, and the USDA has lowered this to 22 million tonnes – a 44% drop between what was expected in December 2020 versus what was estimated in September.

It is expected that the estimates of Brazilian exports will continue to fall due to the strengthening of domestic demand and the poor quality of the grain that is being harvested, due to frost damage.

An increase in corn exports by the US, Argentina and South Africa are filling the gap left by Brazil.



AFRICAN AGRICULTURE BOTSWANA

Population: 2 410 014 million

Export of commodities: Mainly to the United Kingdom (56% of total exports), South Africa, Israel and Belgium.

Import of commodities: Mainly from South Africa (75% of total imports), China, Israel, Namibia and Zimbabwe.

Main imported commodities: Fuel, food, beverages and tobacco.

Main exported commodities: Diamonds (more than 60% of total exports), copper and nickel.



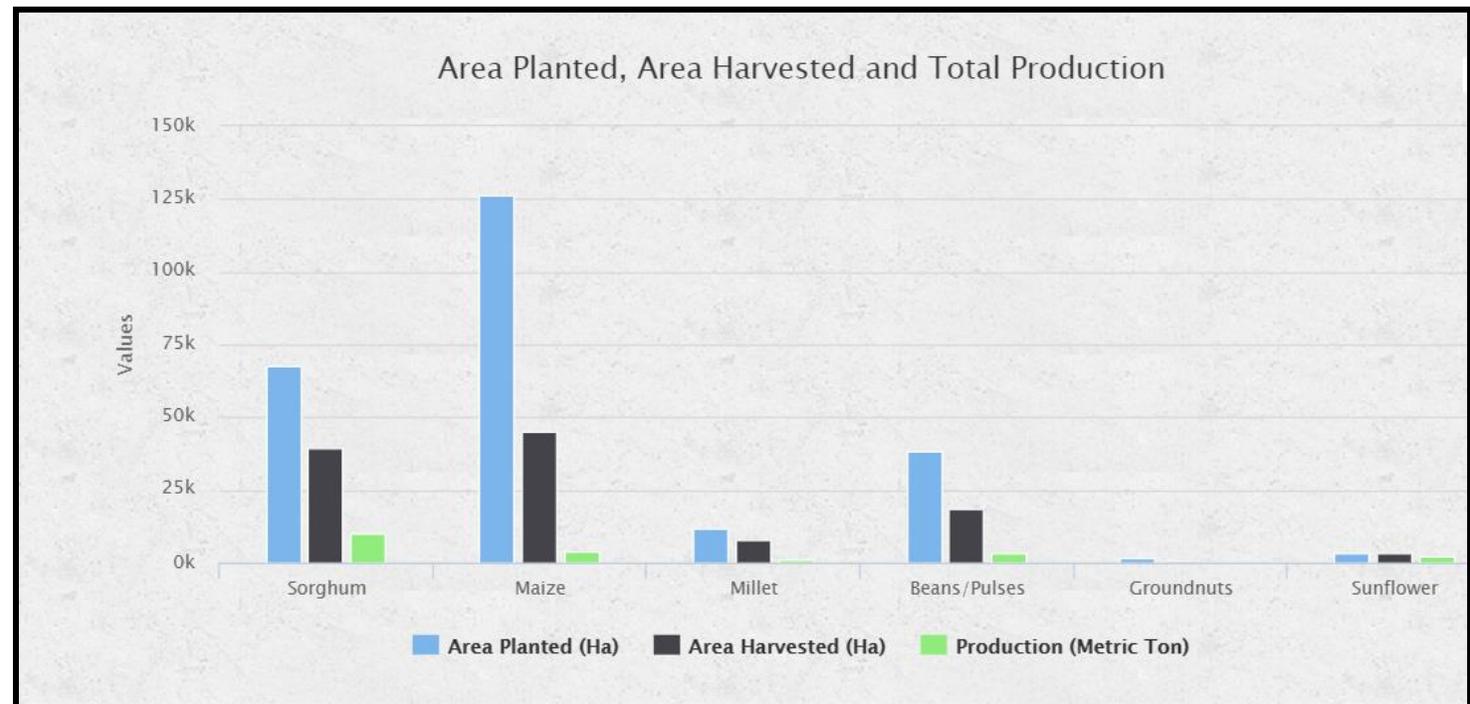
According to the Botswana Agricultural Marketing Board (BAMB) the main commodities planted and harvested in Botswana are sorghum, maize and millet. The country also plants beans, ground nuts and sunflowers.

Sorghum is Botswana's staple food, planted locally. The four main staple food products that are made from sorghum in Botswana include sorghum grain, sorghum meal, sorghum bran and sorghum rice.

In addition, the country also plants white and yellow maize. White maize in Botswana is sold mostly to maize millers or individual consumers. Botswana has an annual demand of more than 100 000 tonnes of white maize but produces only an estimated of 10 000 tonnes on average, thus forcing the country to import the rest.

Yellow maize is sold mostly to individual consumers, and demand for it in the animal feed industry is growing. Farmers are motivated to plant yellow maize as local demand exceeds local production.

Millet is another whole grain grown locally in Botswana and is very popular in the central and northern areas of the country. Millet is gluten-free, high in antioxidants and contains many minerals. The latest research indicates that millet is helpful in controlling diabetes and inflammation..



Botswana 2021: area- planted, harvested and total production



TOP MAIZE-PRODUCING COUNTRIES

The top six maize producing countries are the United States, China, Brazil, Argentina, Ukraine and India.

Maize is the most important crop in the **United States**. Over the last couple of years, the country's maize farmers experienced a constant increase in annual revenues. The United States is the world's largest producer and exporter of maize, with total production for 2019/2020 being 346 million tonnes. In America more than 36 million hectares of land are planted with maize and a large percentage of the total yield is for domestic consumption and livestock feed. The leading buyers of U.S maize are Japan and Mexico, at 12,1 million tonnes and 11,31 million tonnes respectively.

China is the next-largest producer, with an estimated maize production for this season of 260,8 million tonnes. Although they are one of the major maize producers, the amount of land China has available for planting and harvesting is expected to decline because the government has ended price supports on domestic maize. Farmers will be expected to change to higher-value crops like soybeans in the future. If China cannot meet its domestic maize demand, imports will increase.

Brazil is a large producer of many crops, including coffee, sugar and soybeans. Brazil is the world's third-largest maize producer with an estimated 102 million tonnes of maize produced annually – most of which is consumed domestically.

Argentina is also an important producer and exporter of maize, with an estimated annual production of 51 million tonnes. Argentina does not consume much locally, with most of the crop exported.

Ukraine produced an estimated 35,9 million tonnes in 2019. Because of their rich soil Ukraine has not produced less than 25 million tonnes of maize since 2017.

India is slowly moving up the list of top maize producers, with a total of 26 million tonnes harvested locally.

Rand Agri

FIELD

AGENT

OVERVIEW



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.



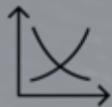
Logistics including sourcing, storage, export and delivery of grains and agricultural lime directly to customers.



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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