

WEEKLY
FOOD-FOR
THOUGHT

DATE: 21 October 2021





INTERNATIONAL WEATHER

La Niña Brazil



PARITIES

Yellow maize parities



INTERNATIONAL AGRICULTURE

Market overview: grain and oilseed



AFRICAN AGRICULTURE

Agriculture focus: Uganda



LOCAL MARKET OVERVIEW

Top soybean producing countries





INTERNATIONAL WEATHER

LA NIÑA BRAZIL

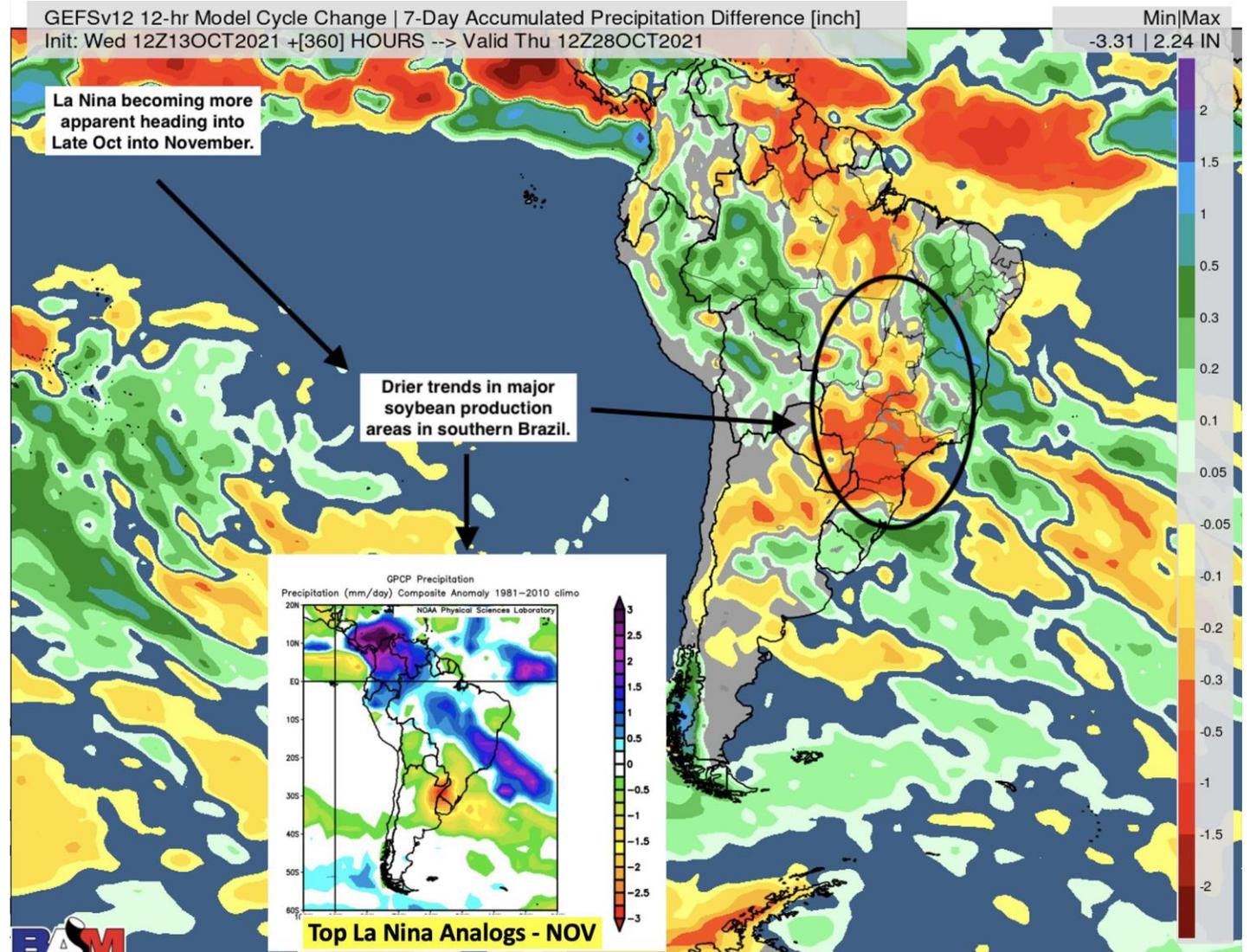


After wet weather last week, the week ending October 23 turns drier for much of southern Brazil.

Temperatures across the region will run below normal for the third week of October and this is forecast to be one of the coolest since 1991 for the major soybean growing region of Brazil.

Obstacles lie ahead in the 2021/2022 growing season as La Niña has re-emerged, as expected. During La Niña, Brazil's growing regions are at higher risk of below-normal precipitation and drought.

The continued signal for dry weather will likely be a major headwind for Brazil's agricultural industry in the months ahead. La Niña is expected to persist into Brazil's early autumn 2022 season.





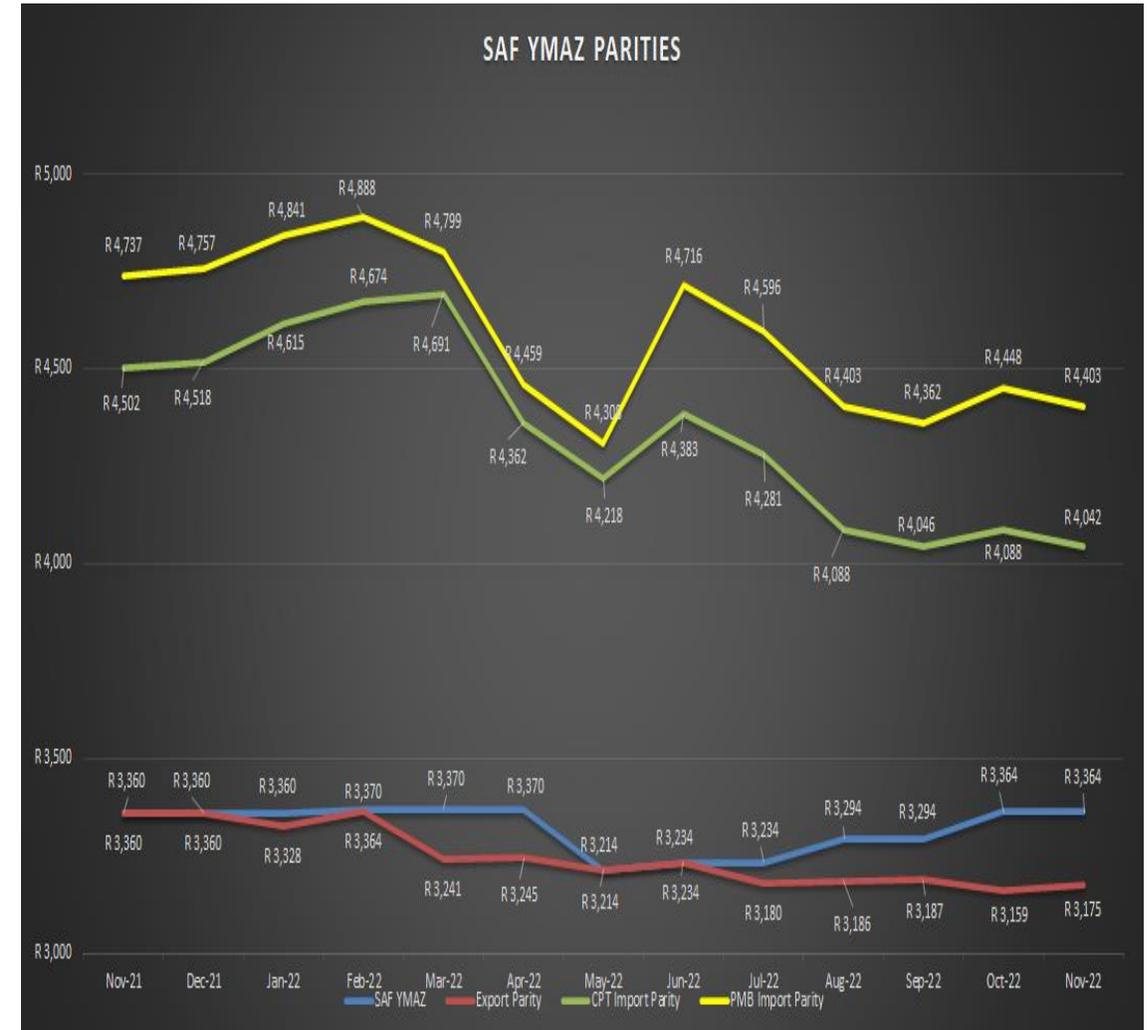
PARITIES



YELLOW MAIZE IMPORT & EXPORT

	Dec'21	Mar'22	Jul'22	Sept'22
PMB-import parity	R4 757	R4 799	R4 596	R4 362
CPT-import parity	R4 518	R4 691	R4 281	R4 046
SAFEX-yellow maize	R3 360	R3 370	R3 214	R3 294
DBN-export parity	R3 360	R3 241	R3 180	R3 187

Note: December'21 and May'22 yellow maize SAFEX price is currently trading at Durban export parity.





INTERNATIONAL AGRICULTURE

MARKET OVERVIEW: GRAINS AND OILSEEDS



- Brazil is forecast to harvest a record 118 million tonnes of corn in the 2021/22 marketing year, a nearly 40% increase from last year's drought-damaged crop, according to the latest USDA report. The first corn crop in Brazil is planted during September-December and harvested in February-May the following year. The second crop is planted in February-March and harvested in June-July. Brazil is usually the second-largest corn exporter in the world, after the US.
- The continued drought changes the Argentinian corn and soybean market dynamics significantly, slowing down plantings of both these crops and impacting on farmers' hedging decisions.
- China auctioned 1 million tonnes of wheat from state reserves on 20 October 2021. Feed producers purchased the grain on auction to replace corn in animal feed, as prices of the latter soared. China is expected to use 36 million tonnes of wheat in feed in the 2021/22 crop year, according to an analyst at China National Grain & Oils Information Center.
- U.S. wheat futures ended steady to higher amid bullish USDA data. US corn and soybean balance sheets have loosened, but the USDA was forced to peg exporter wheat stocks/use in 2021/2022 at a record low 12.69% amid downward revisions to production in the United States, Canada and Kazakhstan.
- The East and North Africa import demand are understated by some 5-7 million tons. This is significant and implies that Northern Hemisphere must have a acreage expansion to solve wheat's supply issues in the 2022/2023 crop year. Russian seedings are already projected to decline slightly year-on-year.
- Soybean harvest had last week reached 49% and is expected to be beyond 65 percent this week, according to the latest USDA report.

AFRICAN AGRICULTURE

UGANDA

Population: 47,6 million

Export of commodities: Mainly to Sudan (15 percent), Kenya (10 percent), DR Congo, Netherlands, Germany, South Africa and United Arab Emirates (UAE).

Import of commodities: Mainly from Kenya, UAE, China and India.

Main imports: Oil (24 percent of total imports), followed by pharmaceutical products and capital goods.

Main exports: Agricultural products (80 percent of total exports). The most important exports are coffee (22 percent of total exports), followed by tea, cotton, copper, oil and fish.



The country's cultivated lands are so fertile it has the potential to feed 200 million people. 80% of Uganda's land is farmable but only 35% of the 80% is being cultivated. In 2018/19 Uganda's agriculture accounted for 22% of its Gross Domestic Product (GDP) and 34% of export earnings.

Research conducted by the Uganda Bureau of Statistics (UBOS) has shown that an estimated 70% of Uganda's population is employed in the agricultural sector. The commercialisation of Uganda's agricultural sector is hindered by the farmers' limited use of fertiliser and quality seeds, as well as a lack of irrigation infrastructure, leaving the agriculture sector production vulnerable to climate extremes and pest infestations.

Sector growth is also compromised by the lack of quality packaging capabilities, insufficient storage facilities, poor post-harvest handling practices, shortage of agricultural credit, high freight costs,, a complicated and inefficient land tenure system and limited knowledge of modern production practices.



Uganda's maize production through the years 1960-2021



TOP SOYBEAN PRODUCING COUNTRIES:

In September 2021 the world's soybean production stood at 349 million tonnes, which is an increase from the previous month's 348 million tonnes. The 2021/22 foreign oilseed supply and demand forecast shows a higher beginning stock and lower production, exports and crush. Foreign oilseed production decreased since Canada's soybean production dropped. This will result in higher canola outputs in Australia and higher peanut production in India.

Brazil and the United States are the two largest exporters of soybeans, with both accounting for more than 80% of total annual global soybean export sales. Brazil ran out of soybean stock to sell last season and it currently seems as if the United States will be in the same position this season. Brazil recently announced the lifting of import restrictions to ensure it meets domestic demand, since the country sold too much of its locally grown soybean stock.

The United States, which is the second largest exporter of soybeans, is also running low on supply and will need to double its imports to meet domestic demand. Soybean prices have already responded by increasing notably since August 2020. The reason the two largest soybean exporters are running low on soybeans can be attributed to China's record-breaking imports from these countries. China is one of the largest soybean importers and is tipped to again break its own record for soybean imports this season.

The top soybean producing countries are:

1. **Brazil**, which is projected to be the largest producer of soybeans for this season with a total of 131 million tonnes in both August and September 2021, .
2. **The United States**, which produced a total of 108 million tonnes in September 2021, indicating an increase of 866 361 tonnes since August 2021.
3. **Argentina** produced 47 million tonnes of soybeans in both August and September 2021.
4. **China** produced 17 million tonnes in both August and September 2021.
5. **India** produced 10 million tonnes in both August and September 2021.
6. **Paraguay** produced a total of 9.5 million tonnes in August and September 2021.
7. **Canada** produced a total of 5.3 million tonnes in September 2021, which is a decrease of 181 436 tonnes from the previous month.

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.

+ 27 (013) 243 1166 | Info@randagri.co.za | www.randagri.co.za