

WEEKLY
FOOD-FOR
THOUGHT

DATE: 07 October 2021





INTERNATIONAL WEATHER

- Temperature and precipitation probability
- La Niña-watch: Minnesota



PARITIES

Yellow maize import and export parities



INTERNATIONAL AGRICULTURE

Market briefing: grain and oilseed



AFRICAN AGRICULTURE

- Agriculture focus: Lesotho
- Weather: precipitation forecast



RAND AGRI SNAPSHOT

Field report: US Corn Belt





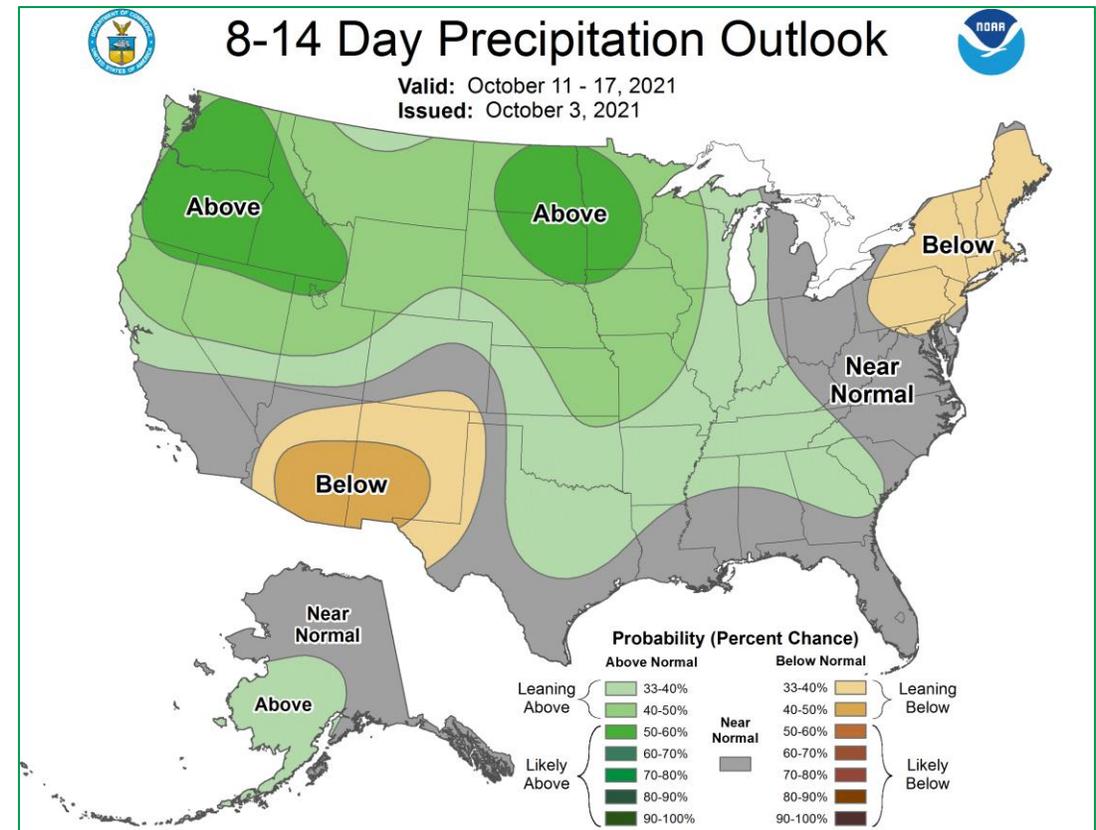
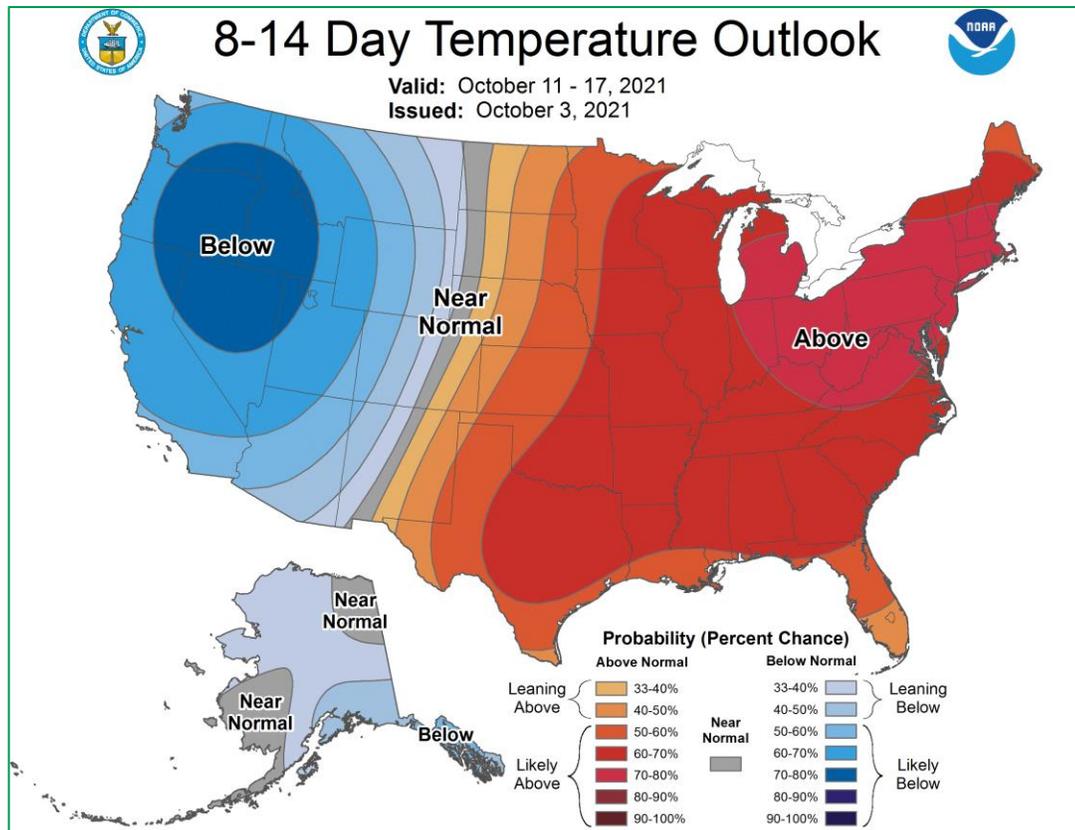
INTERNATIONAL WEATHER

TEMPERATURE AND PRECIPITATION PROBABILITY

With strong ridge forecast over northeastern North America, above-normal temperatures are likely for the central and eastern contiguous United States. Below-normal temperatures are expected over the western contiguous United States underneath the predicted trough.

Predicted troughing increases the odds of near to above-normal precipitation over most of the western and central contiguous United States.

Near to below-normal precipitation is likely for most of the eastern third of the contiguous United States, underneath the forecast ridge.





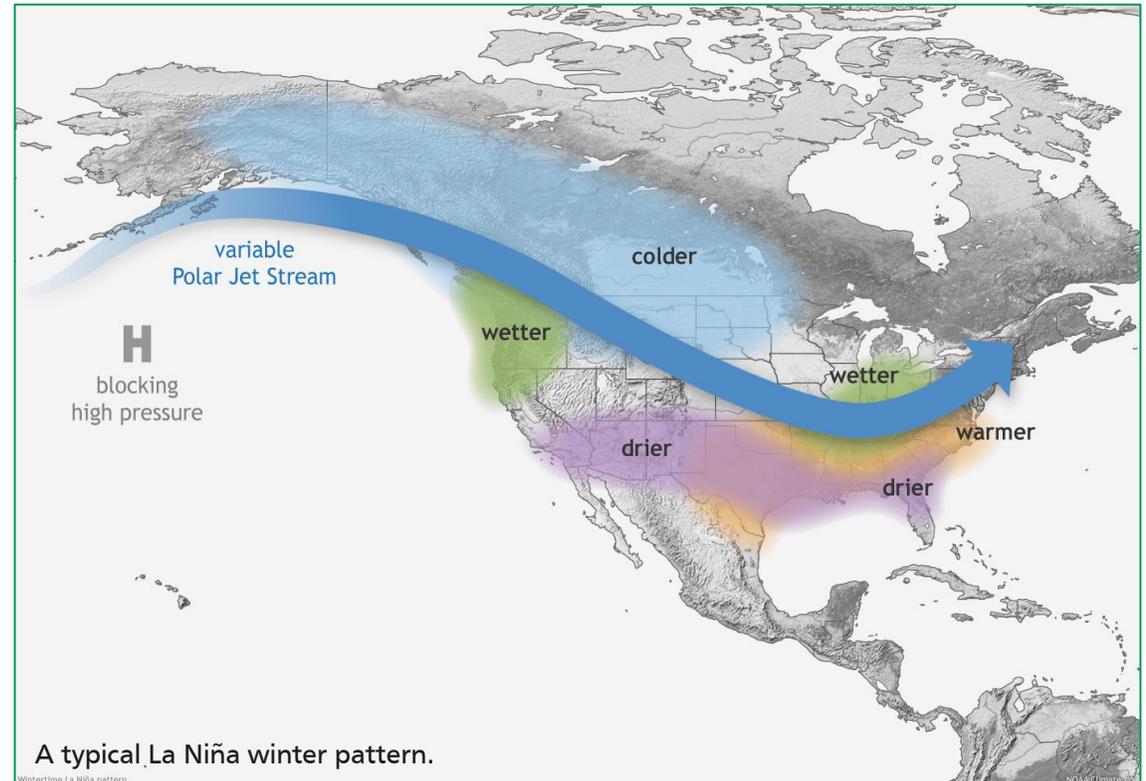
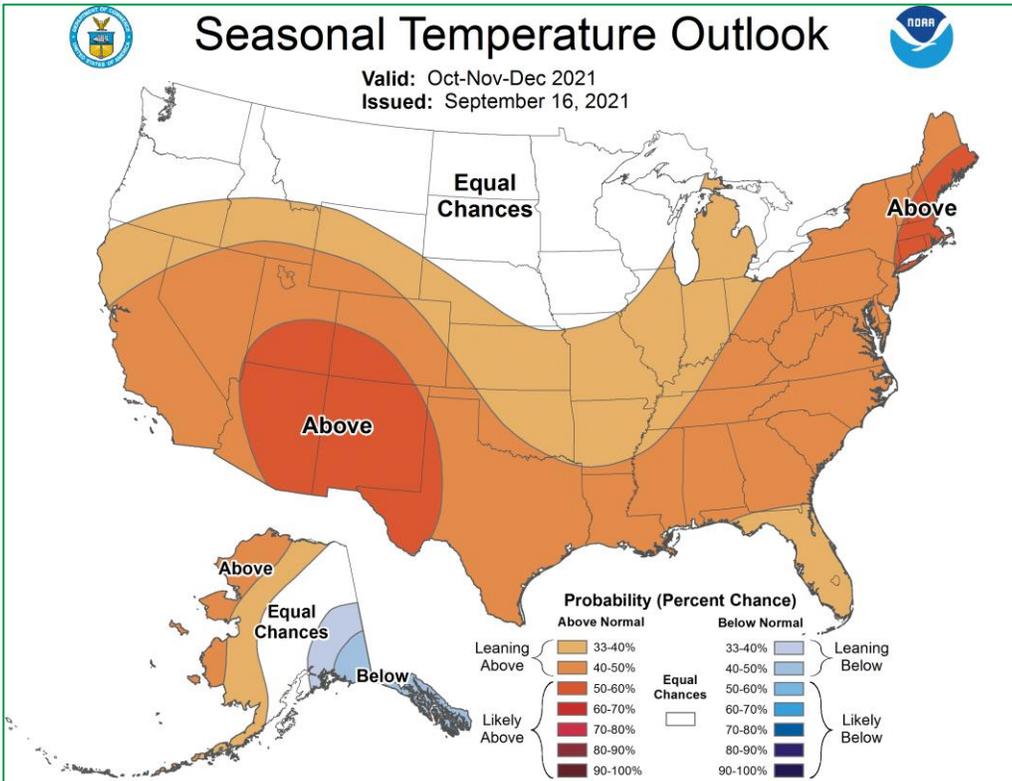
INTERNATIONAL WEATHER



LA NIÑA-WATCH: MINNESOTA

A weak La Niña event could signal a closer-to-average winter for Minnesota. La Niña events historically cause colder, snowier winters in the state, though this conflicts with the trend of milder winters driven by climate change. Any La Niña event will need to overcome this strengthening trend toward milder winters in Minnesota and the Upper Midwest. Overall, Minnesota winters have warmed by about 5°C to 6°C since 1970.

At this time, forecasters anticipate La Niña to be of weak strength (seasonal average Niño-3.4 index values between -0.5°C to -0.9°C). In summary, a transition from ENSO-neutral to La Niña is favoured in the next couple of months, with a 70-80% chance of La Niña during the Northern Hemisphere winter 2021-22.





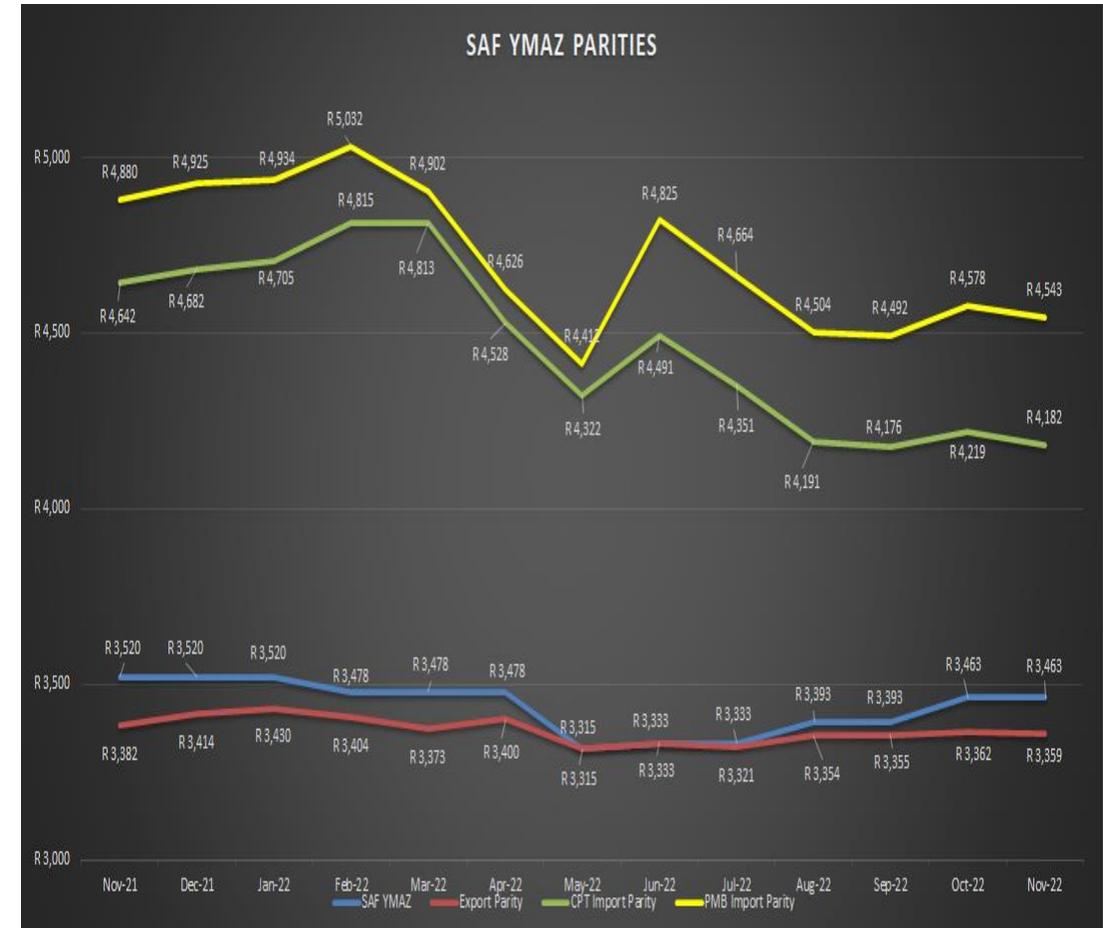
PARITIES



YELLOW MAIZE IMPORT & EXPORT

	Dec'21	Mar'22	Jul'22	Sept'22
PMB-import parity	R4 925	R4 902	R4 664	R4 492
CPT-import parity	R4 682	R4 813	R4 351	R4 176
SAFEX-yellow maize	R3 520	R3 478	R3 333	R3 393
DBN-export parity	R3 414	R3 373	R3 321	R3 355

Note: The Jul'22 and Sept'22 yellow maize SAFEX price is currently close to Durban export parity.



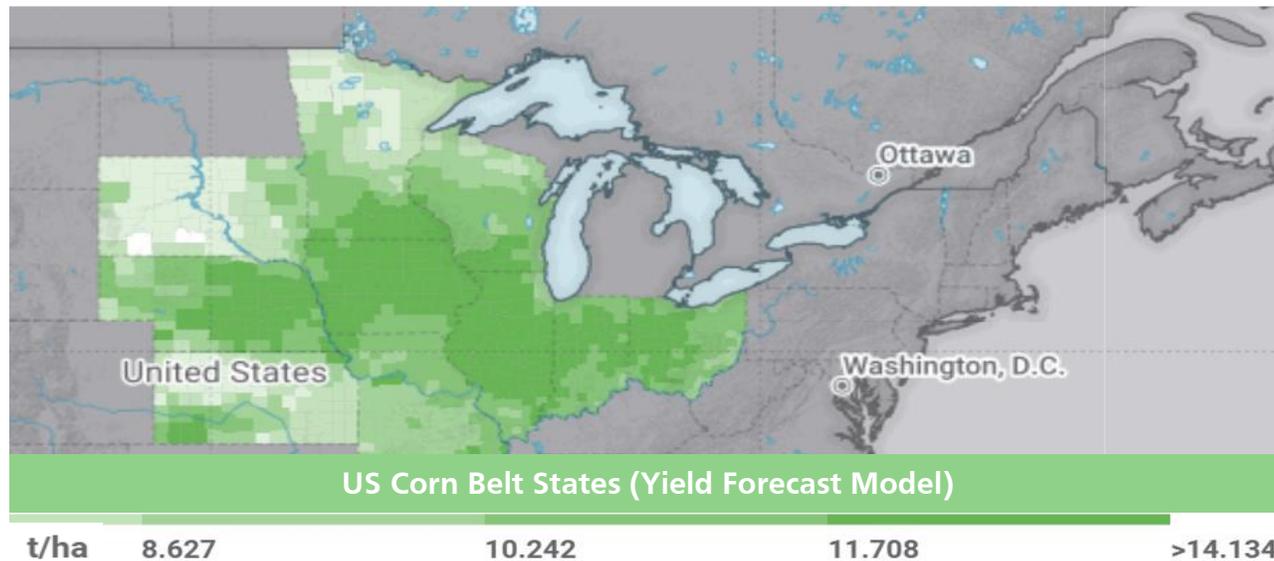


INTERNATIONAL AGRICULTURE



MARKET BRIEFING: GRAINS AND OILSEEDS

- Russia's production of **crude sunflower oil** fell by 19% to 3.2 million tonnes in January-August 2021, compared with the same period last year, the Federal State Statistics Service (Rosstat, a statistic service in Russia) reported.
- The United States **soybean harvest** rose by 10 percentage points to 16% in the week ending September 26, still 2 percentage points lower year on year, while soybean rated as 'good-to-excellent' remained at 58%, according to the latest Crop Progress report.
- China has recently implemented power rationing as coal supplies have started to shrink. As a result, several Chinese **soybean crushing plants** in multiple provinces were forced to reduce or stop their operations, amid increasing demand.
- **Soybean and soybean meal export premiums** continued to rise in Brazil, boosted by robust foreign demand, especially from China, according to the CEPEA (*Comprehensive Economic Partnership for East Asia*).
- The beginning of **wheat's** main Northern Hemisphere harvests has recently helped keep prices in check. While this season's supply is approximately known, fundamental sentiment will be influenced in coming weeks by 2022 winter wheat planting and crop weather updates. A larger Ukrainian wheat area may help offset a smaller Russian one, but dry soils remain an issue in parts of the former Soviet Union and North America. The USDA has forecast world imports this season rising about 1% to a new peak of around 201 million tonnes. The most significant growth factor in recent seasons has been China (up from 4 million to 10 million tonnes), partly due to the country using more wheat in animal feed. The US, Europe and Australia have also reportedly been competitive suppliers in this trade.



AFRICAN AGRICULTURE

LESOTHO



Population: 2 163 498 million

Export of commodities: Mainly to the United States (35 percent) and South Africa (30 percent), followed by Belgium and Canada.

Import of commodities: Mainly from South Korea, China, Taiwan, Hong Kong, United States and South Africa.

Main imported commodities: Food, fuel, machinery and building materials.

Main exported commodities: Diamonds (22%), wool and tobacco.

Agriculture in Lesotho is of great importance to the country since more than 70% of its population lives in rural areas. These rural areas are directly and indirectly dependent on agriculture and require regular growth in the agricultural sector to survive and to reduce poverty in Lesotho.

The agricultural sector is the primary source of income and food supply for more than half of the population that lives in rural areas. Lesotho's agricultural sector accounts for an average of 17% of the country's Gross Domestic Product (GDP). Despite Lesotho's need for growth, productivity remains low and activities in the sector are limited. A combination of Lesotho's low agricultural input and output, limited productivity and poverty brings on food insecurity, which in turn leads to increased food imports.

Since Lesotho's imports are high, the country's food costs are high. Lesotho's private sector has begun to recognise the importance of the agricultural sector for job creation and economic growth. However, the country does not have enough land available for cultivation as only 10% of all available land is classified as farmable land.

Lesotho's maize production has experienced volatility over the years, due to climate change, low productivity and little growth. In the year 2000 Lesotho's maize production was an average of 107 000 tonnes and in 2021, 100 000 tonnes was recorded. As shown in the graph below, the lowest production in the last 21 years was recorded in 2012 (17 000 tonnes) and 2016 (19 000 tonnes). The highest production was in 2017 with 173 000 tons and represented growth of 810,53%.



Lesotho's maize production from 1960 to 2021

AFRICAN WEATHER

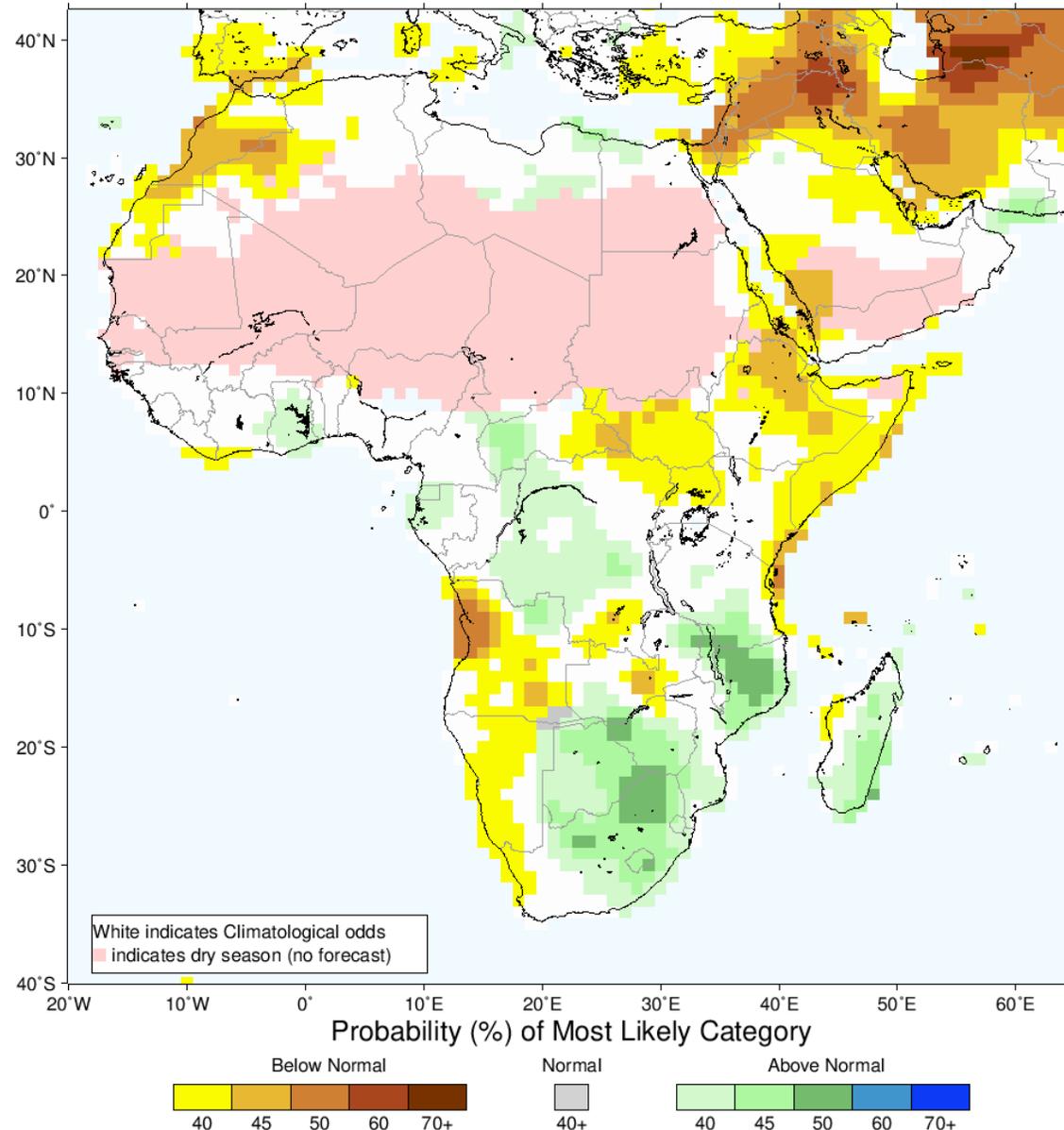
PRECIPITATION FORECAST



The precipitation forecast for the October-December season shows enhanced probability of below-normal precipitation over the eastern part of Africa. These signals continue through to the January-March season. Many, though not all, of these precipitation patterns are consistent with historical La Niña events.

The October-December and November-January forecasts expect above-normal temperatures over most land areas. Temperature forecasts for the past two seasons (December-February and January-March) over most of these regions showed weakened likelihood for above-average conditions, as confidence typically decreases with greater forecast lead time.

IRI Multi-Model Probability Forecast for Precipitation for November-December-January 2022, Issued September 2021





US CORN BELT

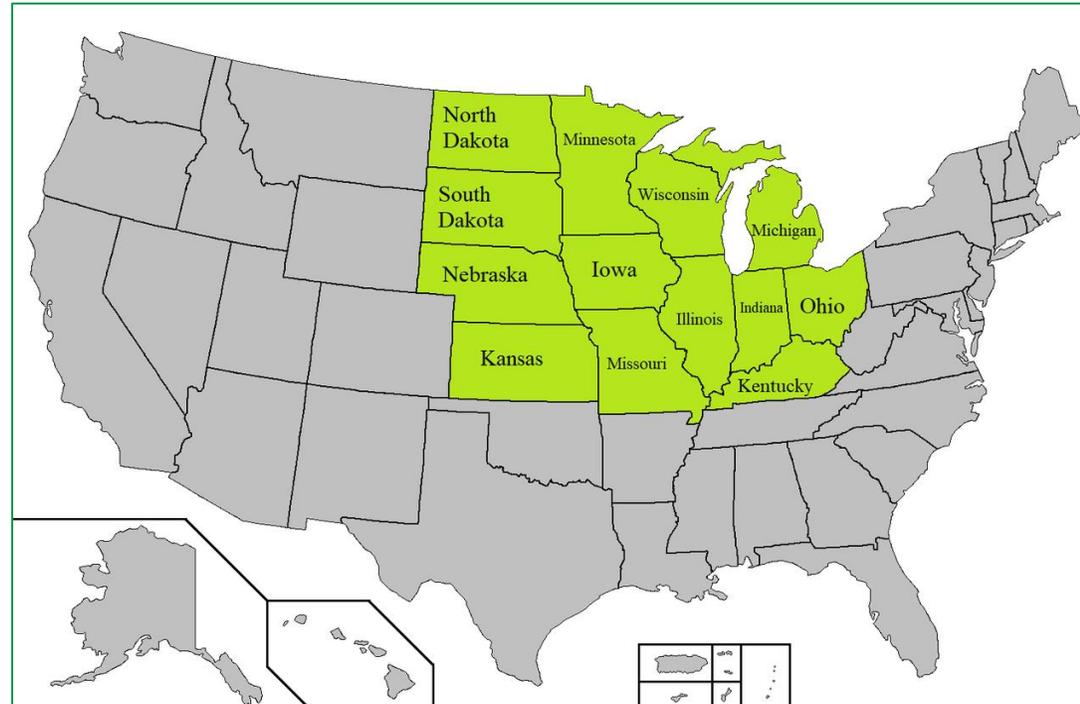
The US Corn Belt is an area in the midwestern United States covering western Indiana, Illinois, Iowa, Missouri, eastern Nebraska and eastern Kansas, where maize (corn) and soybeans are the dominant crops.

USDA tonnage per hectare estimates compared to 2020:

State	Illinois	Indiana	Ohio	Nebraska	South Dakota	North Dakota	Wisconsin
2020	14.39 ton/ha	13.05 ton/ha	13.05 ton/ha	12.5 ton/ha	8.94 ton/ha	7.13 ton/ha	11.23 ton/ha
2021	12.91 ton/ha	12.58 ton/ha	11.5 ton/ha	12.17 ton/ha	10.89 ton/ha	9.35 ton/ha	11.7 ton/ha

The fertile soils and temperate climate make the Corn Belt one of the world's most agriculturally productive regions. The United States is the world's largest producer of corn and soybeans, and 75% of the corn and 60% of the soybeans produced in the United States are grown in the Corn Belt. As of 2008, the top four corn-producing states were Iowa, Illinois, Nebraska and Minnesota, accounting for more than half of the corn grown in the US.

Recent studies show that more than one-third of the Corn Belt in the Midwest – nearly 30 million acres – has completely lost its carbon-rich topsoil, according to University of Massachusetts Amherst. The research indicates that the US Department of Agriculture has significantly underestimated the true magnitude of farmland erosion.



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



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