

Grain SA's Oilseed Market Commentary

GRAIN SA GRAIN SA	DATE	DATE		+ - WEEK AGO		+ - MONTH AGO		+ - YEAR AGO	
	2019/10/14	2019/10/11		2019/10/07		2019/09/16		2018/10/15	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%
Brent (\$/b)	59.98	0.44	0.7%	59.54	3.0%	58.26	-11.2%	67.58	-26.0%
US\$: Z ZAR	14.74	-0.280	-1.9%	15.02	-2.1%	15.06	0.8%	14.63	2.6%
ACBOT Maize 8vm : 12nm*	R 2 307.20	59.06	2.6%	R 2 248.14	*CBOT Dec cents / bushel + -08:00 today vs CBOT Corn Dec + -12 : 00 the previous day				
ACBOT Wheat 8vm : 12nm*	R 2 751.34	30.52	1.1%	R 2 720.82	*CBOT Dec cents / bushel + -08:00 today vs CBOT Wheat Dec + -12 : 00 the previous day				
ACBOT Soy 8vm : 12nm*	R 5 069.40	-26.76	-0.5%	R 5 096.16	* CBOT Nov cents / bushel + -08 : 00 today vs CBOT Soybeans Nov + -12 : 00 the previous day				
Latest CBOT prices during overnight trading (Signed between 06:00 - 07:00 vm 12:00 PM on the previous trading day)									
Corn Dec '19	397.60	17.40	4.6%	380.20	3%	384.60	6%	374.00	-3%
Wheat Dec '19	508.00	15.00	3.0%	493.00	4%	490.40	4%	488.60	-13%
Sojabone Nov '19	936.00	12.60	1.4%	923.40	2%	916.20	4%	900.00	-2%
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)									
SORGHUM	3469.00	0	0.0%	3469.00	0.0%	3469.00	0.0%	3469.00	-5.0%
WMAZ Spot	2907.00	-30	-1.0%	2937.00	1.5%	2865.00	5.0%	2769.00	23.0%
WMAZ Dec '19	2945.00	-31	-1.0%	2976.00	1.0%	2917.00	4.1%	2830.00	22.7%
YMAZ Spot	2815.00	-51	-1.8%	2866.00	1.3%	2780.00	6.7%	2638.00	17.3%
YMAZ Dec '19	2850.00	-50	-1.7%	2900.00	1.0%	2821.00	6.0%	2688.00	16.8%
SOY Spot	6021.00	-25	-0.4%	6046.00	0.4%	6000.00	6.4%	5660.00	30.9%
SOY Dec '19	6018.00	-40	-0.7%	6058.00	-0.3%	6037.00	5.7%	5694.00	28.8%
SUN Spot	5650.00	-88	-1.5%	5738.00	-0.8%	5695.00	7.3%	5265.00	11.6%
SUN Dec '19	5775.00	-84	-1.4%	5859.00	-0.7%	5818.00	6.8%	5406.00	12.5%
WHEAT Spot	4502.00	-43	-0.9%	4545.00	-1.4%	4566.00	-1.3%	4559.00	2.7%
WHEAT Dec '19	4583.00	-32	-0.7%	4615.00	-0.7%	4615.00	2.2%	4484.00	2.9%
OILSEED (US\$/ton)	2019/10/11	Source: Oilworld		2019/10/04	2019/03/22	2018/04/13			
Soya-oil, Arg.	657			0%	660	-4%	685	-3%	676
Soya-pell, Arg.	311			3%	303	-5%	326	-15%	368
Soybean, Brazil	385			1%	383	2%	379	-6%	410
USA Runner 40/50	1350			2%	1325	4%	1300	4%	1300
Sun-oil, Arg.	690			-2%	705	4%	665	-14%	800
Sun-oil, Black Sea	690			-0.7%	695	2%	675	-8%	750
Sunseed, Black Sea	335			0%	335	-9%	370	-18%	409
Rapeseed, EU cif	430			1%	425	3%	417	8%	399
Palmk oil Mal, EU	585			2%	575	-19%	720	-44%	1037

Soybeans: The global supply and demand balance of oilseeds in general is now much more under pressure, the opposite of last season's surplus oilseeds available in the global context. The latest reports show that the world soybean supply is about 7 million tons lower than projected a month ago. There was a downward adjustment in the US closing inventory for the 2018/29 season of approximately 2 million tons. The new season's production expectations are also very uncertain. There is still a great risk that cold damage could adversely affect production in the US. In some parts of the US, it is already slowing down the soybean harvesting process. In Brazil and Argentina, the current dry conditions prevail as it slows down the soybean plantings in these countries. US soybean production for the season is estimated at 96 million tons for the season which is 24 million tons lower than last season's production and it will also be the lowest soybean crop in 6 years in the US. In Brazil, only 3% of the soybean area have been planted, which is the slowest pace in the last 6 years. Last year, 9% of Brazilian soybeans were planted at this time of the season. In Argentina, the soybean area is expected to be slightly higher than initially anticipated for the season. The weather conditions there will also be an important determining factor for the area that will actually be planted. The processing of soybeans in the USA, Brazil and Argentina is increasing and the soybean oil production is expected to be about 1 million tons higher in the 2019/20 season than in the previous season. It is expected that biodiesel production in the US will continue to increase in the coming season, thus keeping US exportable soybean oil supplies fairly low. Argentina should therefore continue to be the largest exporter of soybean oil in the 2019/20 season. Concerns about US soybean production supported US prices and this in turn had an effect on soybean meal prices. US and Argentine soybean meal prices are about 3-4% higher than average September prices. **Local:** The local soybean market traded mixed last week with some of the contracts that found support while other contracts closed lower for the week. The local soybean processing is still looking good and this should put pressure on the available stocks later in the season.

Sunflower seed: The world sunflower seed production should reach a new record of 53.6 million tons in the 2019/20 season. This is 1.5 million tons more than last season's production and about 6.5 million tons more than the 5 year average production. The new record can mainly be attributed to the record production obtained in the Black Sea region. In Russia, very good yields are reported and total production has been adjusted upwards from the previous forecast. It is expected that the Russian sunflower seed production can be adjusted even higher than the current estimate. In Ukraine, the harvest process of sunflower seeds is also progressing well and the yields obtained there are also good. Ukraine should also have a new record production this season with the total production now estimated at 15.5 million tons. In the rest of the world, sunflower seed production for the 2019/20 season is expected to be lower than initially anticipated. Sunflower seed processing in the Black Sea countries is expected to increase well in the coming season and these countries will be the major players in terms of sunflower seed oil and oilcake exports. Sunflower oil exports should also increase in the 2019/20 season, given the high demand for vegetable oils in the international context. **Local:** The local sunflower seed market traded mixed last week with some contracts that found support while other contracts came under pressure for the week.

Canola: World canola production expectations for the 2019/20 season have weakened further this week with adverse weather in Canada and Australia. In Australia, hot and dry conditions had a negative impact on the production potential, while in Canada, wet conditions continue to slow down the harvesting and place yield expectations under pressure. Total world canola production should drop to an 8-year low of 61.9 million tons this season. In Canada, large canola supplies are still available that serve as a buffer against the impact of lower expected world production. **Local:** In the local market, the canola harvesting process is underway. The season's challenging weather conditions have once again taken its toll on the season's yield potential.

Groundnuts: The world groundnut production for the 2019/20 season is estimated at 30 million tons, which is approximately 700 000 tons more than last season's production. In the US, the groundnut harvesting process is underway and is reported to be 41% complete. This is better than the 5 year average rate of 30% completed at the same time of the season. The production conditions of groundnuts are estimated at 54% good to excellent, which is 1% weaker than the previous week's production conditions. **Local:** In the local market, the peanut planting season begins. Weather conditions will again be the major determining factor for the season's plantings.

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