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Market News

India hikes wheat import duty to support local farmers
27 April - Arabnews

India has raised its import duty on wheat to 40 percent from 30 percent, the government said late on Friday, as the world's No. 2 producer of the grain tries to support local farmers.
The step comes as Prime Minister Narendra Modi's party looks to contain rural discontent due to lower crop prices amid voting in a general election that began on April 11 and ends on May 19.
Local wheat prices have fallen over 11 percent in 2019 due to ample supply from last year's crop and forecasts of record output.
The hike in duty is likely to make imports of wheat unviable for flour mills even after recent declines in global prices, potentially dragging further on global grain markets.
"Local wheat production is higher. The government is now trying to ensure prices remain above support levels," said Harish Galipelli, head of commodities and currencies at Inditrade Derivatives & Commodities in Mumbai.
India has raised the price at which it buys new-season wheat from local farmers by 6 percent to 1,840 rupees per 100 kg for 2019.
The government usually purchases about a quarter of such wheat from farmers at state-set prices to build stocks to run a major food welfare program.
India's wheat production will rise 2 percent in 2019 from the year before to a record 99.12 million tonnes, according to estimates from the country's agriculture department.
Only one wheat crop is grown in India each year, with planting starting in late October and harvesting in March.
Government wheat stocks stood at 17 million tonnes as of April 1, up nearly 30 percent from the same time a year ago.
"At 40 percent import duty, imports are not viable for flour mills. They have to buy local crop," said a Mumbai-based grain dealer with a global trading firm. He declined to be identified as he was not authorized to speak with media.
Indian flour millers imported 1.65 million tonnes of wheat in the 2017/18 fiscal year, down from 5.7 million tonnes the year before. Those shipments were mainly from Australia, Russia and Ukraine.

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China's huge grain stockpiles set to linger through next year
26 April - Reuters

China may be a minor participant in global grain trade, especially relative to the volume it consumes, but recent policy changes, the trade war with the United States, and the spread of African swine fever in its hog herds have drawn traders' attention to all things China.
The general theme of large grain stockpiles in China is not expected to change anytime soon, according to a recent report from the U.S. Department of Agriculture's attaché in Beijing, but the prognosis is more encouraging for corn than for wheat when it comes to reducing inventory.
If Chinese corn demand continues outpacing production at the same rate, corn stocks could normalize relative to the rest of the world in a few years. But wheat demand is stagnant and smaller than total output, which will continue to pad supplies.

According to USDA, about 65 percent of the world's corn and 51 percent of the world's wheat will be in China this year, but the country imports and exports very little.
USDA plans to highlight the global impact of China's large grain stocks in its next monthly report due on May 10, which will offer the first official projection of 2019-20 supply and demand. The agency will add a "World less China" line on all its global balance sheets to exclude China's massive inventories.
However, analysts should have already been performing this simple subtraction problem each month as the data has always been available and the growing stockpiles in China have been a big issue for several years now.
USDA's attaché projects China's 2019-20 corn ending stocks at 182.425 million tonnes, down 11 percent on the year and the smallest in five years. This includes a 255 million-tonne crop, down only 1 percent on the year, but the stock cut is driven by the pace of consumption versus output.
Total domestic corn consumption in China is set to outpace production by 27 million tonnes, the widest-ever margin. But the slowing rate of growth in domestic demand could be a bit concerning for the continued cutback in corn stocks in future years.
Projected by the attaché at 282 million tonnes, Chinese corn consumption in 2019-20 would be up only 1 percent on the year versus a yearly gain of 6.5 percent in the previous year. Expanded corn processing will outweigh lower feed use because of African swine fever.
In 2017, China announced it would require gasoline supplies nationwide to be blended with ethanol by 2020, which would require about 15 million tonnes of the biofuel annually. China had an ethanol production capacity of about 2.8 million tonnes in 2017, though that has recently expanded.
However, the attaché notes that processing capacity expansion has outpaced demand for processed corn products, and that will limit the upward expansion in corn demand for now.
The uncertainty around trade between the United States and China has left farmers in both countries unsure over plantings. Government subsidies in China's primary corn and soybean growing regions currently favor soybeans, but farmers are worried that profits at harvest could slip if soybean trade resumed with the United States.
The attaché sees China's harvested corn area dropping by 500,000 hectares in 2019 to 41.6 million hectares or 102.8 million acres, the largest corn area in the world.
The report also forecasts China's 2019-20 corn imports at 5 million tonnes, unchanged from last year, but it says some industry forecasts peg this number as high as 50 million. It also says that grain analysts throughout China agree that corn imports will rise over the previous year, though USDA's counterpart likely maintained the conservative view because the more aggressive forecasts depend on a positive outcome from the U.S.-China trade talks.
As it stands, U.S. corn is still uncompetitive into China because of tariffs. In 2017-18, Ukraine supplied 80 percent of China's corn imports.
The attaché places 2019-20 Chinese wheat ending stocks at a record-high 149.7 million tonnes, some 7 percent above the previous year. Domestic consumption is seen at 124 million tonnes, meaning that China has more than one year's worth of its wheat needs stored away.
Production is seen outpacing consumption with a crop of 131.5 million tonnes, up fractionally from a year ago on better yields.
In November, Beijing cut the minimum support price for wheat for the second year in a row, though the first cut in 2017 did not turn farmers away from wheat in a significant way. In the fall of 2018, prior to the second price reduction, Chinese farmers planted 24.1 million

hectares of wheat for the 2019-20 year, down from 24.3 million a year earlier. The latest price reduction will potentially influence planting decisions later this year.

China's price support system was originally enacted for the country to be self-sufficient with grains and not rely on imports, but without major crop losses, this has led to overproduction and enormous stockpiles. The recent price cuts are intended to reduce this side effect and to also encourage Chinese farmers to grow higher-quality crops.

It is uncertain why China would still be concerned that its wheat self-sufficiency might be at risk, especially now with large supplies and reliable production trends. Minimum support prices had certainly encouraged the steady uptrend in production, but the yields have not been subject to extreme volatility.

It has been 17 years since the last time China's wheat yield was lower than the average yield of the previous four harvests. At the global scale, it has been seven years since the last time that happened.

In 2018, the Chinese wheat harvest was smaller than the previous year's crop for the first time in 15 years.

According to USDA, spot prices for wheat in major Chinese markets were above the minimum purchase price as of early March. The government purchases wheat from farmers at the guaranteed rate when the market price drops below that level.

One of the criticisms of China's price support system is that it inflates domestic price relative to world prices, at least in recent years of ample global supply. China's 2019 wheat support price of 2,240 yuan per tonne ($332 per tonne) is well above the most-active wheat futures contract on the Chicago Board of Trade, which has recently traded around $160 per tonne.

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Australia begins wheat planting season as drought continues

25 April – Businesstimes.com.sg

Australian farmers kicked off this year's wheat planting season on Anzac Day in bone-dry soil conditions as a third consecutive year of drought across the country's key growing regions casts a pall over production prospects.

In a further blow to Australian farms wilting under the drought, planting season comes even as crop-friendly growing conditions in the northern hemisphere are expected to boost world supplies, keeping a lid on international prices.

"Last season was terrible," said Neil Westcott, a grain farmer in Parkes, nearly 360km west of Sydney. "If we do not get rains soon ... a bad crop will cost me my farm that has been in my family for six generations. I will sow but we are in desperate need of rain."

The planting season traditionally begins on the April 25 Anzac Day holiday, which commemorates Australians and New Zealanders killed in wars, conflicts and peacekeeping operations.

Farmers have a window of four to six weeks to plant wheat across the country, typically the world's fourth-largest exporter. Wheat is Australia's biggest rural export and overseas sales of the grain were worth an estimated A$5.5 billion (S$5.25 billion) last year.

But data from the Australian Bureau of Meteorology shows nearly the entire country has seen less than half the typical rainfall over the last three months.

As a result, soil moisture in the key grain-growing states of New South Wales, Victoria, South Australia and Western Australia are at historically low levels, according to Refinitiv data.

Australian farmers are already postponing buying fertiliser and other products they use to protect their crops as the drought darkens the outlook.

Even though Australia's chief commodity forecaster last month said wheat production is expected to jump 38 per cent in 2019/20 to 23.9 million tonnes from a year ago - when drought greatly depressed output - analysts are expecting a much lower crop.

"We expect a crop of 17-18 million tonnes, looking at the current conditions," said Ole Houe, director of advisory services at brokerage IKON Commodities. "The country's average is 24-25 million tonnes."

Meanwhile Australia's traditional customers have already turned to the Black Sea region to secure supplies.

Indonesia, the world's second largest importer which relied on Australia for much of its wheat supplies, has bought a record volumes from Russia and Ukraine.

Wheat production in the Black Sea region, Europe and North America is expected to rise for the 2019/20 crop, to be harvested around the middle of this year, likely depressing prices.

The most-active wheat contract on the Chicago Board of Trade, which was one of the best-performing commodities contracts in 2018, has already lost almost 13 per cent this year.

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Brazil and Argentina exports taking over US maize markets

25 April - MercoPress

US corn exports are facing increased competition from Brazil and Argentina, the two South American nations that are offering cargoes at competitive prices on the back of high crop output, a trend that could put downward pressure on Chicago corn prices in coming months, analysts said.

The changing trend should potentially see corn exports from Brazil and Argentina making double-digit gains in the 2018-19 marketing year, while the US corn exports will drop marginally, as buyers in South Korea, Taiwan, Japan, China, Egypt, and other traditional destinations of the US cargoes queue up for more attractively-priced South American offers.

Corn production in Brazil and Argentina in 2018-19 is forecast to be 17.1% higher at 96 million mt, and 47% higher to 47 million mt, respectively, from the year ago levels, according to the April World Agricultural Supply and Demand Estimates, WASDE, report by the US Department of Agriculture.

Exports from Brazil are seen rising 23% to 31 million mt in the current year, whereas Argentina is likely to export 30.5 million mt of corn, 45.2% higher than last year, USDA said in the report.

The US, however, is likely to see a 1.3% year on year drop in its corn production to 366.3 million mt, and a 5.7% drop in its exports at 58.4 million mt, the USDA data showed.

Export prices for corn from Brazil and Argentina are at relatively lower levels since February due to higher availability, whereas export prices for the US corn remain elevated because of concerns over planting delays caused by flooding in the Midwestern corn belt, the USDA said in its April grain report.

Argentine corn prices have fallen about $3/mt to $159/mt , while Brazilian prices, reflecting improved prospects for second-crop corn, were down $25/mt to $165/mt. US corn prices fell only $3/mt to $170 as larger than-expected planting intentions were mostly offset by concerns over planting delays and weather-related river logistics complications, according to the International Grains Council.

Corn prices in the US may witness additional pressure around July-August, as that is the peak shipping period for the second corn crop from Brazil, Reilly said, adding that the second corn crop from Brazil is expected to be least at 97 million mt, higher than USDA's projection of 96 million mt.

With abundance of corn in the global market, sales and shipments of the US corn have been slower than expected in recent months, the USDA grain report said. Outstanding sales by the end of March totaled about 13 million mt, relatively lower than the volumes recorded in the same period in the past several years, a sign that demand for the US corn would remain subdued for the rest of the year, it said.

The pace of exports from the US suggests that the country might fall short of meeting the USDA's export projections as competition from Brazil and Argentina intensifies. Lower exports from the US would also mean that the US stocks will grow larger which will keep prices under pressure into the 2019-2020 crop season as well, he said.

The USDA, in its April forecast, said it expects US ending stocks of corn for the 2018-19 year to be at 51.7 million mt, higher than its March forecast of 46.6 million mt.

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Worst margins in a decade set to keep fuelling US Ethanol deals

24 April - Bloomberg

A wave of consolidation washing through the U.S. ethanol industry has yet to run its course amid some of the worst returns in a decade, according to grain handler and ethanol-plant operator The Andersons Inc. Margins have taken a beating as President Donald Trump's trade war halts sales to China, exacerbating a glut of the corn-based biofuel. That's squeezed earnings at agribusiness giant Archer-Daniels-Midland Co. and prompted Pacific Ethanol Inc. to explore the sale of its Nebraska plants. Green Plans Inc. is also looking to sell more plants as it sharpens its focus on protein.

"There are publicly a lot of plants for sale and you can look at them and understand why the economics are so difficult," James Pirolli, who heads Andersons' ethanol business, said by telephone. "You are going to continue to see some consolidation, but that's just natural given this margin environment." Ethanol prices are near the lowest in a decade and margins were just above break-even at 15 cents a gallon on Tuesday amid high stockpiles, according to AgResource. That's down from 25 cents a gallon last year and the lowest for this time of year since 2009, said Ben Buckner, an analyst at the firm.

Valero Energy Corp., the second-biggest U.S. oil refiner by capacity, last year agreed to buy three ethanol plants from Green Plains for $319 million. The sale accounted for about 20 percent of capacity for the fourth-biggest producer of the fuel.

ADM, Poet LLC and Valero are the largest producers in the U.S., with about 1.7 billion gallons of annual capacity each. Andersons, which recently acquired Lansing Trade Group, declined to comment on whether it was looking to buy any of the plants that are for sale. The firm already runs biofuel facilities in Michigan, Indiana, Ohio and Iowa and is part of a joint venture building a new plant in Kansas that should start up midyear and be fully operational by the end of 2019.

"We always look for opportunities and we are assessing technologies, opportunities to grow and expand," Pirolli said. "We've been very diligent in the decisions that we've made historically. We want to continue to expand that model when we have opportunities to do that." U.S. ethanol producers expanded production capacity in recent years with an eye toward burgeoning demand, mainly in China.

The outlook for the ethanol industry could start to improve should the U.S. reach a trade agreement with the Asian nation.

There have been discussions about boosting sales and lifting China's anti-dumping and anti-subsidy tariffs on U.S. distillers dried grains, a byproduct of ethanol production that's used in animal feed.

"We have several markets that we are working on," Pirolli said. "There's ethanol going to Brazil, we are working on Mexico, India and several countries in southeast Asia. China is the one that has the infrastructure and the ability to import significant quantities of ethanol quickly."

"We are all up in the air when these disputes are going to be solved and what the details are going to be," he said.

"Obviously, we are hopeful and optimistic on that front." Demand for the biofuel could also get a boost if the U.S. Environmental Protection Agency implements a rule allowing year-round sales of E15, a blend of gasoline that contains 15 percent ethanol.

Agricultural interests are pressing the government to make good on promises to have the rule in place by the upcoming summer driving season. Andersons says there's still time. "The timing right now would still allow EPA to publish the final rule by the end of May," Pirolli said.

Lifting the restrictions could lift demand from E15 users by 9 percent from last year, "with more drivers likely to follow suit as the fuel's availability increases."

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Canadian spring wheat sowings to jump to 18-year high, as canola loses lustre

24 April – Agrimoney.com

Canada's wheat plantings this year will rise by more than had been expected, with spring crop area soaring to an 18-year high, as the country's stand-off with China deters plantings of canola, with soybeans falling out of favour too.

Total wheat sowings in Canada this year will rise by 940,000 acres to 25.67m acres, officials said - the highest figure since 2010, and comfortably above the 24.8m-acre figure that investors had expected.

The increase comes despite a fall of 1.16m acres to 5.02m acres in sowings of durum, the wheat used in making pasta, a decline "which is the largest since 2010," Statistics Canada said.

By contrast, plantings of spring wheat, which accounts for the bulk of the Canadian wheat crop, will jump by 2.08m acres year on year to 19.39m acres - the largest area since the 20.57m acres seeded in 2001.

"Canadian farmers anticipate planting more acres of wheat, corn, dry peas and oats in 2019 compared with 2018, while seeding intentions for canola, soybeans and lentils have declined," StatsCan said.

The switch "may have been influenced by ongoing issues, including lower prices for some crops as a result of global supply, tariffs and decreased foreign demand due to ongoing trade issues".

Indeed, for canola - of which Canada's exports are being undermined by a diplomatic spat with top customer China – plantings were pegged at 21.31m acres, a fall of 1.50m acres year on year, and the smallest area in three years.

The estimate was also some 500,000 acres below market expectations.

"Record high year-end stocks for the 2018 calendar year, coupled with concerns regarding limited access to China's canola market, possibly affected anticipated seeding area," StatsCan said.

"These factors have contributed to lower-than-average prices, which may have some farmers considering seeding fewer acres of canola or other crops."

For lentils, StatsCan forecast sowings falling by 360,000 acres to 3.41m acres, also against a backdrop of trade headwinds.

"An anticipated decrease in lentil area is likely influenced by ongoing tariffs on Canadian crops from major importers such as India, which has led to high Canadian lentil stocks and lower prices over the past year."

AAFC, Canada's farm ministry, estimates Canadian lentil prices averaging Can$370-400 a tonne in 2018-19, a fall of 16-22% year on year.

Meanwhile, soybean area was forecast falling by 674,000 acres year on year to 5.65m acres, undermined by poor harvest results.

"Dry conditions over the past two years in Western Canada contributed to lower yields, which may have contributed to some farmers deciding to decrease seeded area of soybeans," StatsCan said.

Minneapolis-based broker Benson Quinn Commodities termed the data "bearish" for spring wheat futures.

"With Canada in trade dispute with China over canola, as expected, Canadian producers are switching acres away from canola to wheat, but the wheat acreage number was bigger than expected," the broker said.

Minneapolis-traded spring wheat futures for july stood 1.6% lower at $4.38 a bushel in late deals.

Winnipeg canola futures, meanwhile, for July stood up Can$0.10 at Can$446.20 a tonne, managing to stay in positive territory, unlike rival oilseed soy which shed 0.7% in Chicago.

Statistics Canada, whose report was based on a survey last month of 11,500 farmers, highlighted the potential for sowings plans to change, depending on developments in issues such as trade disputes or tariffs, or on planting weather.

AAFC noted last week that "across Eastern and Western Canada, moisture conditions remain below normal".

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Russia tightens grip over grain exports with state-led association

23 April – Agriculture.com

Major grain traders in Russia have agreed to create a new exporters' association led by a state-controlled firm, increasing the government's influence over supplies from the world's biggest wheat exporter.

Russia's agriculture ministry has been meeting regularly with big exporters since September to monitor exports amid a lower 2018 crop. In February, it asked the industry to set up a new grain exporters' union, saying that would help it to better understand the needs of the market.

Eduard Zernin, deputy chief executive of Russia's state grain trader the United Grain Company (UGC), will head up the new association, the founders said in a statement on Tuesday, a copy of which has been reviewed by Reuters.

Membership of the new association, called the Russian Union Of Grain Exporters, is important for traders who want to keep attending the agriculture ministry's meetings with exporters, where it updates them on its view of Russian grain supplies.

The ministry previously said it would start discussing with traders in April Russia's export plans for the 2019/20 marketing season, which starts on July 1.

Russia’s grain supplies abroad could play a key role in President Vladimir Putin plan, announced a year ago, to increase the country’s exports of agricultural products to $45 billion by 2024.
That is a big challenge for the agriculture ministry, which is overseeing the initiative, as agricultural exports totalled $26 billion last year, including $10 billion of grain.
However, some traders have expressed concern the new association may lack independence, and could worsen the ministry’s understanding of the real situation in the market.
“The Russian government sets up a new grains association and then a state-controlled company heads it up. The question really has to be raised about government control,” said a German trader. “This all looks very strange, if a country is seeking more state control over a sector this is what it would do.”
The association’s founders include Russia’s two largest grain traders - Russian firm RIF and the local grain office of global trade giant Glencore, as well as Aston and a subsidiary of UGC.
“Its creation will help to improve the coordination of grain exporters among themselves and with government authorities,” the founders said in their statement.
The agriculture ministry welcomed the new association.
“The ministry hopes that the union will soon be able to unite all the major market participants who will take the most active part in working with the ministry ... to improve the regulatory framework, strengthen control over the quality and safety of grain, and increase the export potential of the industry and other areas,” it said.

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EU wheat exports down 1.47% on year but catching up

17 April - Platts

EU wheat exports totaled 16.1 million mt between July 1 and Sunday, 1.47% down year on year, data from the EU Crops Market Observatory showed.
Although the total volume is still behind the previous marketing year’s, the pace has accelerated due to higher Russian wheat prices and tender purchases by a range of countries in the Middle East and North Africa.
Four weeks ago, the pace of EU exports was down 7.32% year on year, but countries such as Algeria are understood to have been heavy buyers of French wheat.
Algeria booked 540,000 mt of wheat Thursday, another 120,000 mt on April 3 and 600,000 mt on February 15, sources say, adding that either French or US-origin wheat was booked.
Algeria has booked 4.4 million mt of EU wheat so far this marketing year, up 27.6% year on year.
The EU is forecasting a total of 19 million mt of wheat exports by the end of the marketing year.
In the 2019-2020 marketing year, the EU forecasts its wheat exports will total 25.5 million mt due to a larger planting area.

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Saudi barley purchases to bounce back in 2019-20 as wheat imports dip
10 April – Ukragroconsult

Saudi Arabia's imports of wheat will in 2019-20 take their turn for a sharp decline, taking over from barley, whose slip in shipments this season looks like being even larger than previously thought.
Saudi Arabia will import 2.60m tonnes of wheat next season, extending a decline from the 3.72m tonnes bought in during 2016-17, the US Department of Agriculture bureau in Riyadh said in their first forecasts for the marketing year starting in July.
Indeed, that would be the lowest figure in seven years, and reflect in part a relaxation of the kingdom's restrictions on wheat output introduced earlier in this decade to save groundwater.
In fact, the government has now decided to focus its water-saving drive on curtailing alfalfa output, "allowing some farmers to produce wheat," for which area for this year's harvest is estimated at 87,280 hectares – up from 2,000 hectares for 2018.
This will enable "Saudi wheat production of 500,000 tonnes for 2019-20, an increase of 490,000 tonnes from 10,000 tonnes produced in 2018-19," the bureau said.
Furthermore, a change of policy by the Saudi Arabia Grains Organization, Sago, the state grains agency, over its wheat stocks levels will put a temporary dampener on imports too.
"Sago no longer follows a policy of keeping wheat reserve stock level at annual consumption," the bureau said,
"The organisation is believed to maintain stocks at six months of consumption," as it "considers the world wheat supply to be reliable".
The reduction in imports will see inventories run down by more than 500,000 tonnes next season to 2.05m tonnes, a 12-year low.
By contrast, for barley, the bureau forecast a revival in Saudi Arabian imports in 2019-20 from a level this season which it downgraded by a further 1.0m tonnes from its estimate last month, to an eight-year low of 6.50m tonnes.
The cut for this year reflects unusually "good pasture conditions", which are "expected to continue to offer good grazing opportunities until the end of April".
However, assuming a resumption of "normal rain patterns", besides the dent to domestic forage production from the government's switch in water protection policy, the kingdom's demand for barley for feed will rebound by more than 1.0m tonnes in 2019-20.
Barley is traditionally "the preferred animal feed for Bedouins", the bureau said, noting that "it is easier to handle and store than processed feed.
"Approximately 80% of imported barley is fed to sheep, camels, and goats without further processing in combination with green forage," with most of the remaining 20% used in dairy feed.
Saudi barley imports in 2019-20 will amount to 8.0m tonnes, a three-year high, if remaining well below the record 11.2m tonnes imported in 2015-16.
The reduction in Saudi barley imports has - alongside a cut in purchases too by China, suffering an outbreak of African swine fever in its huge hog herd – been viewed as a key factor in an underperformance in prices of the grain.
In the French port of Rouen, for instance, feed barley prices, which entered the year in line with those of wheat, ended February at a E23-a-tonne discount, data from Agritel show.
However, that discount has now stabilised, with Agritel on Wednesday reporting feed barley delivered in Rouen priced at E168 a tonne, and wheat at E185 a tonne.

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South Africa stock sufficient to cover 2019

8 April – Business report

South Africa has a sufficient maize stock of nearly 18 million tons this season says the Grain Handling Organisation of Southern Africa (Gosa).

The organisation said on Friday that its members effectively handled 17.5 million tons of grain, produced locally and imported during the past season.

Gosa's retiring president, Annatjie Loio, announced this recently during the organisation's 36th annual general meeting held at Langebaan on the west coast. Loio said an estimated total of 13 million tons of grain will be received, financed, stored, transported, fumigated and processed in the current season.

According to the latest crop estimate, 2.3 million hectares of maize were planted, which could provide a potential crop of 10.5 million tons.

The association said that given the 10.5 million ton crop plus carry-over stock of 3 million tons, South Africa should have sufficient maize for the season ahead.

Loio said Nigeria will harvest 11 million tons of maize in the coming season, which will be 500 000 tons more than South Africa, making that country the top producer of maize in sub-Saharan Africa for the season, while Malawi's maize crop is expected to amount to 3.4 million tons.

She said Zimbabwe appears to have enough maize for local consumption, which is to their advantage as the US will probably extend its sanctions against the country for another year.

Loio said South Africa exported white and yellow maize to Botswana, Lesotho, Mozambique, Swaziland and Namibia during the current season.

Yellow maize was also exported to Ghana and white maize to Ethiopia.

Competitive prices during the second part of last year saw yellow maize imported from South America to Cape Town harbour and an estimated 170 000 tons of yellow maize will be imported through the harbour until the end of this month. Loio added that South Africa is a net importer of wheat, which in addition to the local production was imported from Canada, US, Argentina, Russia, Ukraine, the Czech Republic and Latvia.

Paul Makube, senior agricultural economist at FNB Agri-Business, supported Loio's sentiment. He said in a recent report that the latest crop production estimate showed an upward revision of the February estimate for maize to 10.56 million tons, following good rains since early January that stimulated farmers to increase the pace of planting.

Makube said that although the current estimate is down 16 percent by 1 percent year on year, it is better than earlier expectations of a further cut in maize output.

He said that the expected carry-over stock of 3.2 million tons by the end of the 2018/19 marketing season will bring the total supplies for 2019/20 to 13.76 million tons, which will meet the country's consumption requirements.

"Thus, we expect limited upside for maize prices in the medium term should the rand/dollar exchange rate continue to trade at current levels. As with maize, the oilseed complex also faces a decrease in output due to the reduced area planted relative to last year. The sunflower production forecast came in unchanged at 563 590 tons and is still down 35 percent year on year, which poses upside risk to the price outlook," said Makube.

He added that in the case of winter crops, the better wheat season particularly in the Western Cape has ensured a good crop of 1.84million tons which will help reduce the import demand by almost 36percent y/y to just over 1million tons.

"For the summer grains, the season is off to a good end with good rains boosting crop prospects. The only concern is the possible crop damage if frost comes in earlier than expected in areas where the maize plantings were very late," said Makube.

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Commodity Market Outlook – World Bank

Most commodity prices gained momentum in the first quarter of 2019 following last year's declines, and many have recovered from the previous quarter's lows. Energy prices have diverged as OPEC production cuts have lifted oil prices while record-high U.S. shale gas exports have depressed natural gas and, indirectly, coal prices. Most metal and mineral prices have recovered from losses in the last quarter of 2018, amid strengthening growth prospects for China and supply bottlenecks. Agricultural prices rose moderately in the first quarter on expectations of lower plantings. Crude oil prices, which averaged $68/bbl in 2018, are expected to average $66/bbl over 2019 and $65/bbl in 2020, with balanced risks primarily related to policy outcomes. Non-energy prices in 2019 are expected to remain below 2018 averages, before rising moderately in 2020 as the global economy emerges from its recent soft patch. A Special Focus section illustrates the adverse poverty implications of food price spikes that tend to be amplified by commonly used trade-related government responses.

Short-term outlook for EU agricultural markets

The Short-term outlook is based on reflections of market experts within the Directorate General for Agriculture and Rural Development of the European Commission, using the latest data available. It is published three times per year (in late winter, early summer and early autumn).

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