

Grain SA's Morning Grain Market Commentary

DATE 2016/12/07	DATE 2016/12/06			+ - WEEK AGO 2016/11/28			+ - MONTH AGO 2016/11/07			+ - YEAR AGO 2015/12/07		
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	
DJIA-index	19252	35.54 ↑	0.2%	19216	0.5%	19152	7.6%	17888	8.6%	17731		
Goud (Spot)	1169.42	-3.71 ↓	-0.3%	1173.13	-1.9%	1192.38	-9.5%	1292.61	8.9%	1073.56		
Brent \$/vat	53.60	-0.91 ↓	-1.7%	54.51	13.6%	47.18	16.5%	46.02	30.9%	40.96		
1 € / US\$	1.0721	-0.005 ↓	-0.4%	1.0768	0.6%	1.0662	-3.2%	1.1071	-1.2%	1.0847		
1 US\$ / ZAR	13.66	0.070 ↑	0.5%	13.59	-2.4%	13.99	0.7%	13.57	-5.9%	14.52		
Corn	R 1,887.56	-38 ↓	-2.0%	R 1,925.20	*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day							
Wheat	R 1,952.47	-85 ↓	-4.2%	R 2,037.34	*CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day							
Soybeans	R 5,255.09	22 ↑	0.4%	R 5,233.16	*CBOT Soy Nov cents / bushel 08:00 today vs. CBOT Soy Nov 12:00 the previous day							
Latest CBOT prices during overnight trading (Recorded between 6 a.m. to 07:00 am vs 12:00 pm the previous trading day)												
Corn Dec 16	351.00	-7.00 ↓	-2.0%	358.00	1%	349.00	1%	348.00	-11%	395.75		
Wheat Dec 16	389.00	-19.00 ↓	-4.7%	408.00	-2%	395.00	-6%	414.00	-25%	519.50		
Soybeans Nov 16	1047.00	-1.00 ↓	-0.1%	1048.00	0%	1046.00	7%	981.00	16%	901.25		
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)												
SORGHUM Jul '17	3416.00	0.00 ↑	0.0%	3416.00	0.0%	3416.00	0.0%	3416.00		NA		
WMAZ Spot	4010.00	-120.00 ↓	-2.9%	4130.00	-2.2%	4099.00	11.1%	3609.00	12.6%	3560		
WMAZ Mar 17	3755.00	-130.00 ↓	-3.3%	3885.00	-5.3%	3966.00	7.9%	3480.00	4.8%	3582		
WMAZ Jul 17	2630.00	50.00 ↑	1.9%	2580.00	0.6%	2614.00	-0.6%	2645.00	-26.1%	3560		
YMAZ Spot	3226.00	-6.00 ↓	-0.2%	3232.00	-2.8%	3320.00	3.2%	3127.00	-6.8%	3461		
YMAZ Mar 17	3104.00	-43.00 ↓	-1.4%	3147.00	-4.2%	3241.00	2.6%	3024.00	-8.8%	3403		
YMAZ Jul 17	2581.00	47.00 ↑	1.9%	2534.00	0.2%	2577.00	1.4%	2546.00	-18.5%	3167		
SOY Spot	6590.00	40.00 ↑	0.6%	6550.00	0.6%	6550.00	6.3%	6200.00	8.4%	6081		
SOY May 17	6149.00	-71.00 ↓	-1.1%	6220.00	-1.0%	6211.00	0.7%	6108.00	9.2%	5630		
SUN Spot	5830.00	-80.00 ↓	-1.4%	5910.00	0.0%	5830.00	-5.8%	6186.00	-17.4%	7055		
SUN May 17	5990.00	-60.00 ↓	-1.0%	6050.00	0.7%	5950.00	1.5%	5900.00	3.2%	5805		
WHEAT Spot	3808.00	-45.00 ↓	-1.2%	3853.00	-3.5%	3945.00	-3.1%	3928.00	-18.4%	4664		
WHEAT May 17	4030.00	-40.00 ↓	-1.0%	4070.00	-2.3%	4126.00	-1.6%	4097.00	-14.4%	4709		

LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS

Market: The rand trades around R13.66/\$ this morning slightly weaker than the R13.59/\$ of yesterday 12:00. The rand seems to be a bit more stable at these levels after South Africa dodged a downgrade to junk status by all three major rating agencies. There are however a few uncertainties in the economy both local and international that still can have an impact on the value of the rand. Large movements of the currency in both directions that were seen throughout the year is an indication of the volatility and uncertainty currently in the value of the rand. The South African economic growth figures that were released by Stats SA were seen to be down to only 0.2% quarter on quarter for the third quarter of 2016. This is significantly lower than the 3.3% growth that were seen in the second quarter of 2016. The economic growth prospects for South Africa are under pressure and that place the whole economy in a difficult space. Economic growth is critical for South Africa in order to create jobs and stabilize the economy. There are however some forecasts that the SA economic growth rate might be more favourable in 2017.

Maize: The US maize prices closed slightly higher yesterday following the export sales to South Korea. This sale followed the weekly export inspections on Monday that were up 39% from the last week. This sharp increase in export sales supported the US maize prices strongly on Monday and a spike in the prices were seen. The USA has a record crop this year that leads to high stock levels. Large export sales will therefore be needed to offset the pressure on the prices which is created by the large stock levels in the USA. The latest USDA monthly crop report will be released on Friday. The expectations are that there might be a slight increase in the ending stocks. The expectations are also that the USDA might revise the Argentinian crop a little downwards, while the Brazilian crop are expected to be reported higher. The weather conditions were more favourable lately in Brazil, while there are still some concerns on the unfavourable weather in Argentina. The Brazilian National Grain Association predicts the exports for 2017 to increase significantly from 2016. The expected maize exports by Brazil for 2017 are 30 million tons compared to the 18.5 million ton of 2016. **Local:** The local market traded mixed yesterday with the old season contract prices that were under pressure and traded lower, while the new season contract found some support and ended the day higher. DAFF confirmed that the market for the US GMO maize are open and that it can be imported to South Africa. This imports will however be monitored very strictly and a few checks and balances needs to be in place in order for importers to import these maize. The current imports are progressing well. The latest SAGIS weekly import and export report reported the weekly WM imports to be 41 868 tons. This bring the total imports for the season to 595 489 ton. This is almost 63% of the total imports required for the season. The YM imports for the week were 51 511 ton, that brings the total imports for the season to 1.038 million ton, about 50% of the required imports. The new season prices are likely to be volatile towards the weather conditions especially towards the western parts of the country. Warm temperatures and strong winds might be negative for the young plants. The weather conditions will be watched closely for the new season contract prices.

Soybeans: The US soybean prices closed around 4 cents higher yesterday but traded very strong initially in the day. The prices were seen 17 cents higher at some stage throughout the day following the two export sales that were reported. The recent gains that were seen in the soybean markets made the new crop prices favourable for farmers and some farmer selling were seen for the 2017 crop. The US market also found support by the higher Malaysian palm oil prices that set a new four year high with the drop in production. The Chinese soybean market were also higher and traded around 10% higher last week. The Brazilian soybean crop is looking favourable and there are large possibilities of good yields. The harvesting in Brazil are likely to start in about a month's time. In Argentina the harvesting of soybeans are likely to only start in three months' time. Unfavourable weather was seen in Argentina that slowed down the planting process there. The expectations are that the Brazilian soybean exports might reach 60 million tons in 2017 compared to the 51 million tons of exports in 2016. The expectations are that the US soybean ending stocks might be slightly lower in the latest report released on Friday from the November report. **Local:** The local soybean market traded mixed yesterday with the nearby old season contracts that gained yesterday while the new season contracts months became under pressure and ended the day lower. The local crushing margins are still under pressure and the stronger rand against the dollar also not supports the market currently.

Wheat: The international wheat markets were mostly lower after slow trading took place and the bog global crop still keeps a cap on the international wheat prices. There are large world wide stocks available with Statistics Canada that reported on Monday that the country's harvest are 31.7 million tons which is 15% up from last year. Reports from Australia also indicates that Australia is busy harvesting a record crop. This is despite the unfavourable weather that were seen late in the season and during harvesting. In the USA the winter wheat crop is still progressing well and the 6-10 day weather forecast favour below normal temperatures for the next week while above normal precipitation