

## Grain SA's Morning Grain Market Commentary

DATE 2016/12/08	DATE 2016/12/07			+ - WEEK AGO 2016/11/28		+ - MONTH AGO 2016/11/07		+ - YEAR AGO 2015/12/07	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%
DJIA-index	19550	297.84 ↑	1.5%	19252	2.1%	19152	9.3%	17888	10.3%
Goud (Spot)	1178.61	9.19 ↑	0.8%	1169.42	-1.2%	1192.38	-8.8%	1292.61	9.8%
Brent \$/vat	53.03	-0.57 ↓	-1.1%	53.60	12.4%	47.18	15.2%	46.02	29.5%
1 € / US\$	1.0772	0.005 ↑	0.5%	1.0721	1.0%	1.0662	-2.7%	1.1071	-0.7%
1 US\$ / ZAR	13.47	-0.060 ↓	-0.4%	13.53	-3.7%	13.99	-0.7%	13.57	-7.2%
Corn	R 1,856.00	-48 ↓	-2.5%	R 1,903.73	* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day				
Wheat	R 1,910.46	-103 ↓	-5.1%	R 2,013.43	* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day				
Soybeans	R 5,191.90	-23 ↓	-0.4%	R 5,215.02	* CBOT Soy Jan cents / bushel 08:00 today vs. CBOT Soy Jan 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	350.00	-9.00 ↓	-2.5%	359.00	0%	349.00	1%	348.00	-12%
Wheat Dec 16	386.00	-19.00 ↓	-4.7%	405.00	-2%	395.00	-7%	414.00	-26%
Soybeans Nov 16	1049.00	0.00 ↑	0.0%	1049.00	0%	1046.00	7%	981.00	16%
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	3300.00	0.00 ↑	0.0%	3300.00	-3.4%	3416.00	-3.4%	3416.00	NA
WMAZ Spot	3976.00	-34.00 ↓	-0.8%	4010.00	-3.0%	4099.00	10.2%	3609.00	11.7%
WMAZ Mar 17	3656.00	-99.00 ↓	-2.6%	3755.00	-7.8%	3966.00	5.1%	3480.00	2.1%
WMAZ Jul 17	2598.00	-32.00 ↓	-1.2%	2630.00	-0.6%	2614.00	-1.8%	2645.00	-27.0%
YMAZ Spot	3199.00	-27.00 ↓	-0.8%	3226.00	-3.6%	3320.00	2.3%	3127.00	-7.6%
YMAZ Mar 17	3080.00	-24.00 ↓	-0.8%	3104.00	-5.0%	3241.00	1.9%	3024.00	-9.5%
YMAZ Jul 17	2523.00	-58.00 ↓	-2.2%	2581.00	-2.1%	2577.00	-0.9%	2546.00	-20.3%
SOY Spot	6585.00	-5.00 ↓	-0.1%	6590.00	0.5%	6550.00	6.2%	6200.00	8.3%
SOY May 17	6118.00	-31.00 ↓	-0.5%	6149.00	-1.5%	6211.00	0.2%	6108.00	8.7%
SUN Spot	5800.00	-30.00 ↓	-0.5%	5830.00	-0.5%	5830.00	-6.2%	6186.00	-17.8%
SUN May 17	5950.00	-40.00 ↓	-0.7%	5990.00	0.0%	5950.00	0.8%	5900.00	2.5%
WHEAT Spot	3865.00	57.00 ↑	1.5%	3808.00	-2.0%	3945.00	-1.6%	3928.00	-17.1%
WHEAT May 17	4047.00	17.00 ↑	0.4%	4030.00	-1.9%	4126.00	-1.2%	4097.00	-14.1%

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

**Market:** The rand posted some good trading strengthening overnight and trades this morning around R13.47/\$. This is stronger than the R13.53/\$ of yesterday 12:00. The rand showed the same trend as many of the emerging markets currencies and strengthened to the dollar and trades relatively stable at the current levels. The South African business confidence level showed a slight improvement in November, but good economic growth would however be very important for South Africa. There are a few local and international factors that still creates uncertainties in the economic perspective that can still influence the value of the rand. The Brent Crude oil prices increases sharply and trades around 53\$/barrel with the OPEC countries that agreed on freezing some of the supplies in order to stabilize the oil markets.

**Maize:** The US maize prices closed slightly lower yesterday for the first time in three days after the recent gains that were seen in the market. The March contract, which traded very actively still remains above the 20, 50 and 100 day moving averages. The ethanol futures for January closed higher and set a contract high despite a weekly energy report that showed an increase in supplies and production last week. The January price is however still lower than the December contract expiry price which were a six month high. The weekly export sales report by the USDA are released later today and the expectations are that the weekly export sales might be the same to a little higher than last week's figures. There are a lot of mixed feelings amongst analysts in regards to the monthly USDA crop report. Some analysts expects the USDA to raise the maize ending stocks from the November report, while other anticipate a slight decrease in the ending stocks. The expectations are the USDA will probably increase the expected Brazilian maize crop while they are likely to decrease the expected Argentinian crop. Argentina had some weather concerns with unfavourable conditions that ranges from being too dry in some regions and too wet in other regions. **Local:** The local maize market were under pressure yesterday and closed the day lower for most of the contract months of both white and yellow maize. The latest SAGIS weekly producer deliveries report showed WM deliveries for the week to be 2 711 ton and YM weekly deliveries of 5 728 ton. The total deliveries for the season of WM and YM are 2.873 million ton and 3. 474 million ton respectively. The focus in the market are likely to remain on the weather and rainfall especially towards the western parts of the country. In the eastern parts of the country the current conditions are looking more favourable.

**Soybeans:** The US soybean market closed a little higher yesterday, but were unable to reach the highs that was seen on Tuesday. The Asian markets were a little lower yesterday with the palm oil markets correcting a bit after the recent four year high. The export sales to China and unknown destinations provided support to the US soybean markets. The Chinese soybean market eased a little this week after the 10% increase in the market that was seen last week. China is the biggest buyer of US soybeans and most of the shipments that went out of the US this far in the season went to China. Weather forecasts Argentinian soybean areas to be dry the next two weeks, while rain are predicted in the Brazilian soybean planting areas. The soybean harvesting in Brazil are likely to start in more or less a month's time while the Argentinian harvesting are likely to start within three months from now. The Brazilian crop are looking favourable for good yields and the early harvesting may place some pressure on the US markets. A good South American crop is however needed to fulfil the large world soybean demand for a large part of 2017. The expectations are that the USDA might revise the world ending stocks of soybeans a little lower than in the November estimation. The weekly export sales are expected to be slightly lower than last week. **Local:** The local soybean market were mostly under pressure yesterday together with most of the other local commodities. The soybean future contracts closed lower for most of the contract months. The gap between the local SAFEX price and the derived soybean price starts to widen again as the derived price decreased with the strengthening of the exchange rate.

**Wheat:** The wheat markets closed lower with contract lows that were seen in most of the hard red winter wheat months. The wheat markets continued to be pressured by abundant world supplies. Australia is harvesting a record wheat crop this year, while Canada also announced higher than expected stock levels as Canada had a good season in terms of wheat production this year. The Canadian crop are reported to be 15% up from last year and up from an average trade forecast. The Argentinian wheat crop is also looking favourable and good yields are reported there. The US winter wheat crop is still progressing well despite some concerns about dry weather in many of the wheat producing areas. Large world supplies are likely to keep the international prices under pressure and good increases in demand will be needed to offset the pressure on the prices created by the large world stock levels. The expectations are that there might be a few changes in the wheat stocks in the latest USDA report released tomorrow. The expectations for the weekly export sales reports are that the weekly export sales might be down from last week's figures. **Local:** The local wheat market found some support yesterday and traded the day higher for most of the contract months. The wheat market were under extreme pressure lately and sharp decreases in the prices were seen. The latest SAGIS weekly producer delivery reports showed the weekly producer deliveries to be 132 018 ton. The total deliveries this far in the 2016/17 marketing season are 1.244 million ton. This is ± 70.5% of the CEC 4<sup>th</sup> production forecast of 1.766 million ton.

**Domestic Market Insights & Data:** [www.grainsa.co.za](http://www.grainsa.co.za) / [www.sagis.co.za](http://www.sagis.co.za)

**International Market Insights & Data:** [www.usda.co.za](http://www.usda.co.za)

*Compiled by: Luan van der Walt/ For any queries, contact: luan@grainsa.co.za*