# Grain SA's Morning Grain Market Commentary

| GRAIN SA GRAAN SA | DATE 2018/07/11 | DATE 2018/07/10 | | | + - LAST WEEK 2018/07/04 | |
|---|---|---|---|---|---|---|
| | Data | Δ | Δ% | Data | Δ% | Data |
| DJIA-index | 24920 | 143.25 | 0.6% | 24777 | 3.1% | 24175 |
| Goud (Spot) | 1251.23 | -7.25 | -0.6% | 1258.48 | -0.5% | 1257.84 |
| Brent $/vat | 78.86 | 0.70 | 0.9% | 78.16 | 1.2% | 77.92 |
| 1 € / US$ | 1.1734 | 0.00 | 0.1% | 1.1718 | 0.5% | 1.1673 |
| 1 US$ / ZAR | 13.40 | -0.090 | -0.7% | 13.49 | -2.3% | 13.72 |
| Corn | R 1 791.49 | -44 | -2.4% | R 1 835.39 | *CBOT Corn Jul cents / bushel 08:00 today vs. CBOT Jul 12:00 the previous day | |
| Wheat | R 2 409.64 | -106 | -4.2% | R 2 516.03 | * CBOT Wheat Jul cents / bushel 08:00 today vs. CBOT WheatJul 12:00 the previous day | |
| Soybeans | R 4 130.95 | -90 | -2.1% | R 4 221.15 | * CBOT Soy Jul cents / bushel 08:00 today vs. CBOT Soy Jul 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 | | | | | | |
| Corn July 18 | 339.60 | -6.00 | -1.7% | 345.60 | Daily parity prices delivered in Randfontein. WEAT BDN import par not export par | |
| Wheat July 18 | 489.40 | -18.20 | -3.6% | 507.60 | | |
| Soybeans July 18 | 839.00 | -12.60 | -1.5% | 851.60 | | |
| Latest MTM prices (SPOT = nearest contract month (Rand / ton) | | | | | Import parity | Export parity |
| SORGHUM Jul '18 | 3200.00 | 0.00 | 0.0% | 3200.00 | 3774.00 | 2079.00 |
| WMAZ Spot | 2008.00 | -6.00 | -0.3% | 2014.00 | 4054.00 | 1950.00 |
| WMAZ Sep 18 | 2063.00 | -5.00 | -0.2% | 2068.00 | 3426.00 | 1950.00 |
| WMAZ Dec 18 | 2130.00 | -8.00 | -0.4% | 2138.00 | 3478.00 | 2007.00 |
| YMAZ Spot | 2090.00 | -6.00 | -0.3% | 2096.00 | 3426.00 | 1950.00 |
| YMAZ Sep 18 | 2149.00 | -3.00 | -0.1% | 2152.00 | 3426.00 | 1950.00 |
| YMAZ Dec 18 | 2216.00 | -9.00 | -0.4% | 2225.00 | 3478.00 | 2007.00 |
| SOY spot | 4324.00 | -12.00 | -0.3% | 4336.00 | 6441.00 | 4384.00 |
| SOY Sep 18 | 4422.00 | -4.00 | -0.1% | 4426.00 | 6440.00 | 4373.00 |
| SUN Spot 18 | 4651.00 | -39.00 | -0.8% | 4690.00 | 6438.00 | 4905.00 |
| SUN Sep 18 | 4755.00 | -45.00 | -0.9% | 4800.00 | 6438.00 | 4905.00 |
| WHEAT July 18 | 4020.00 | -3.00 | -0.1% | 4023.00 | 4258.00 | 3938.00 |
| WHEAT Sep 18 | 4090.00 | 16.00 | 0.4% | 4074.00 | 4412.00 | 4095.00 |
| WHEAT Dec 18 | 4150.00 | 4.00 | 0.1% | 4146.00 | 4960.00 | 4646.00 |

| AT THE MONEY PUT OPTION | | | |
|---|---|---|---|
| | WM | YM | |
| DEC '18 FUTURES PRICE | R 2 130.00 | R 2 216.00 | |
| CALL STRIKE PRICE | R 2 140.00 | R 2 220.00 | |
| CALL PREMIUM | R 107.59 | R 116.26 | |
| BREAKEVEN SAFEX PRICE | R 2 247.59 | R 2 336.26 | |

| WEEK NR. | MAIZE EXPORTS | | |
|---|---|---|---|
| 10 | WM | YM | TM |
| WEEK TOTAL | 6 026 | 116 272 | 122 298 |
| YTD TOTAL | 93 923 | 574 407 | 668 330 |
| EXPORTABLE | 1 550 000 | 2 455 000 | 4 005 000 |
| YTD AS % OF EXPORTABLE | 6% | 23% | 17% |
| PACE/WEEK NEEDED | 34 669 | 44 776 | 79 445 |
| | MAIZE PRODUCER DELIVERIES | | |
| WEEK TOTAL | 444 993 | 523 291 | 968 284 |
| YTD TOTAL | 1 694 309 | 2 624 187 | 4 318 496 |
| CEC FORECAST + ADJUSTMENT | 6 379 660 | 5 797 150 | 12 176 810 |
| % OF HARVESTED DELIVEIRES | 27% | 45% | 35% |
| PACE/WEEK NEEDED | 137 804 | 93 322 | 231 127 |
| | WHEAT IMPORTS | | |
| | 2017/18 | 2016/17 | 5 Yr. AVG |
| WEEK TOTAL | 56 050 | 25 883 | 28 263 |
| YTD TOTAL | 1 637 148 | 581 125 | 1 111 823 |
| TOTAL NEEDED | 1 930 000 | 930 728 | 1 622 999 |
| YTD AS % OF NEEDED | 85% | 62% | 69% |

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

**Market overview**: The rand is trading at R13.40 against the dollar this morning and found some good support from the levels it traded on yesterday with market closing. This newfound strength is due to the dollar weakness currently affecting our local currency. Emerging markets currencies are gaining momentum as investors are starting to carry trade; this could be a sign that fears over trade wars are subsiding and central banks of developing nations are winning back the confidence of investors. Crude oil is trading at $ 78,86/barrel this morning. The South African business confidence report which was released yesterday indicated that the business confidence came under pressure during June as it dropped from the 94 in May to 93.7 in June, which was the lowest level in the last 8 months.

**Maize:** The US maize prices continue to take a dip as the production conditions in the US for the season is good which supports the likelihood of a large crop this year. The production conditions for the season are reported that 75% of the crop is in a good to excellent state. This is well above the levels that were reported the same time of the season last year. The USDA reported US maize exports by a private sale of 113 000 tons sold to Egypt. The weather forecast is showing cooler conditions with rain in the US Midwest for the next week to 10 days, which should benefit the maize crop and with large parts going into pollination. Brazil estimated that their second corn crop would be 56.0 million tons, down 3.8% from the previous projections; they estimated the country’s total corn production for 2017/2018 to be 82.92 million tons. **Local:** The local maize market were mostly under pressure yesterday and traded lower for the day in most of the contract months currently listed of both white and yellow maize. South African weekly exports for the past week are reported to be 122 298 tons, with 6026 tons of white maize and 116 272 tons of yellow maize.

**Soybeans:** The American soybean market found support yesterday and traded slightly stronger for the day with many buyers entering the market because the market has reached bargain levels. The US price that has fallen sharply during the past few weeks has dropped to new lows which made it more attractive to other international buyers and importers. US production conditions of soybeans are still favourable with the latest report which indicated that it was in a 71% good to excellent condition, while overall market expectations were that the conditions would be about 70% good to excellent. In general, conditions are good and it is expected that US production will be good for the season. In Brazil it is expected that production for the season will be even higher than the initial expectations were of the country's production forecast for the season slightly adjusted upwards from a previous estimate and now estimated at around 118.8 million tons. **Local:** The local soybean market traded mixed yesterday with the near-month contracts that came under pressure while the further month contracts found support and traded higher for the day.

**Wheat:** The American wheat market was under pressure yesterday and traded lower for the day after it traded lower on Monday also. Most contracts of the various wheat markets closed on average 2% to 3% lower for the day. The soft red winter wheat market showed the biggest losses for the day. The winter wheat harvesting process is proceeding well and is reported at 63% done, which is better than the 5-year average of 61%. The spring wheat production conditions are estimated to be 80% good to excellent condition that is better than last week's and last season’s production conditions at this time of the year. The spring wheat is maturing at a faster pace this season than the previous season and the 5 year average pace. In other international news, French production for the season is estimated at about 1.4% lower than last season's production. Egypt, Japan and Jordan allotted international tenders this week to buy wheat for import purposes. **Local:** The local wheat market traded mixed yesterday, but there were no big price movements seen in the market. In yesterday's weekly SAGIS import and export report, weekly wheat imports were reported at 56 050 tons, bringing total imports for the season to 1.637 million tons.

**Domestic Market Insights & Data:** *www.grainsa.co.za /www.sagis.co.za*
**International Market Insights & Data***: www.usda.co.za*

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