

Grain SA's Morning Grain Market Commentary

DATE 2018/07/12	DATE 2018/07/11		+ - LAST WEEK 2018/07/05		AT THE MONEY PUT OPTION			
	Δ	Δ%	Δ	Δ%	DEC '18 FUTURES PRICE	WM	YM	
DJIA-index	24700	-219.82 ↓	-0.9%	24920	↑	2.2%	24175	
Goud (Spot)	1244.45	-6.78 ↓	-0.5%	1251.23	↓	0.7%	1253.5	
Brent \$/vat	74.1	-4.76 ↓	-6.0%	78.86	↓	3.2%	78.16	
1 € / US\$	1.1672	0.00 ↓	-0.3%	1.1703	↓	0.2%	1.1693	BREAKEVEN SAFEX PRICE R 2 227.67 R 2 315.81
1 US\$ / ZAR	13.51	0.020 ↑	0.1%	13.49	↓	0.3%	13.69	
Corn	R 1 766.84	-37 ↓	-2.0%	R 1 803.52	* CBOT Corn Jul cents / bushel 08:00 today vs. CBOT Jul 12:00 the previous day			
Wheat	R 2 363.89	-62 ↓	-2.6%	R 2 425.82	* CBOT Wheat Jul cents / bushel 08:00 today vs. CBOT Wheat Jul 12:00 the previous day			
Soybeans	R 4 122.17	-37 ↓	-0.9%	R 4 158.69	* 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)					WEEK NR.			
Corn July 18	332.20	-7.40 ↓	-2.2%	339.60	Daily parity prices delivered in			
Wheat July 18	476.20	-13.20 ↓	-2.7%	489.40	Randfontein. WEAT BDN			
Soybeans July 18	830.40	-8.60 ↓	-1.0%	839.00	import par not export par			
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	WEEK TOTAL	
WMAZ Spot	1998.00	-10.00 ↓	-0.5%	2008.00	4054.00	1950.00	6 026	116 272
WMAZ Sep 18	2044.00	-19.00 ↓	-0.9%	2063.00	3426.00	1950.00	93 923	574 407
WMAZ Dec 18	2113.00	-17.00 ↓	-0.8%	2130.00	3478.00	2007.00	1 550 000	2 455 000
YMAZ Spot	2074.00	-16.00 ↓	-0.8%	2090.00	3426.00	1950.00	EXPORTABLE	
YMAZ Sep 18	2132.00	-17.00 ↓	-0.8%	2149.00	3426.00	1950.00	6%	23%
YMAZ Dec 18	2198.00	-18.00 ↓	-0.8%	2216.00	3478.00	2007.00	YTD AS % OF EXPORTABLE	
SOY spot	4287.00	-37.00 ↓	-0.9%	4324.00	6441.00	4384.00	34 669	44 776
SOY Sep 18	4382.00	-40.00 ↓	-0.9%	4422.00	6440.00	4373.00	PACE/WEEK NEEDED	
SUN Spot 18	4600.00	-51.00 ↓	-1.1%	4651.00	6438.00	4905.00	79 445	
SUN Sep 18	4710.00	-45.00 ↓	-0.9%	4755.00	6438.00	4905.00	WEEK TOTAL	
WHEAT July 18	4021.00	1.00 ↑	0.0%	4020.00	4258.00	3938.00	500 481	429 280
WHEAT Sep 18	4085.00	-5.00 ↓	-0.1%	4090.00	4412.00	4095.00	2 111 673	2 982 021
WHEAT Dec 18	4139.00	-11.00 ↓	-0.3%	4150.00	4960.00	4646.00	6 379 660	5 797 150
					WEEK TOTAL			
					YTD TOTAL			
					TOTAL NEEDED			
					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, 52 against the dollar this morning, it lost 1.4% against the dollar yesterday as the trade war over tariffs between the US and China escalated. The sharp depreciation is just an indication of the local currency and many other emerging market currencies being heavily influenced by external factors. Analysts also said that local news regarding unions dismissing Eskom's latest wage offer, is also starting to have an impact on the rand. Crude oil is trading at \$74,10/barrel this morning. According to OPEC's forecast, their recent decision together with Russia and other allies to boost crude output by a combined 1 million barrels/day may be insufficient to meet global needs for the months ahead.

Maize: US maize prices are under pressure with the latest trade war shots between US and China, coupled by favourable weather conditions that might fuel a historically large crop. Ahead of the USDA's World Agricultural Supply and Demand Estimates (WASDE) due today, it is estimated that the agency will report the 2018 US maize production at 363 million tons, which would raise 2018/2019 ending stock from 40.0 million tons to 43.8 million tons. Analysts expect the USDA to lower estimates for the 2017/18 world ending stocks from 192.7 million tons to 190.0 million tons, it is also expected that the agency will raise estimates for 2018/19 maize world ending stocks from 154.7 million tons to 155.7 million tons. For South America, this year's maize production estimate is expected to be lowered to 32.6 million tons and Brazil's production estimate to 83.2 million tons. France has estimated their country ending stock to be up by 3.6% from a month ago to 2.9 million tons. Local: Local maize prices opened the day lower; with December white maize contract starting the day at R2102 and trading to a low of R2093 before closing the session around R2015. Weekly Producer deliveries for the previous week are reported at 929 761 tons; 500 481 tons of white maize and 429 280 tons of yellow maize.

Soybeans: The US soybean market was yet again under pressure and reached new contract lows during the day. Prices continue to be under pressure mainly as a result of the trade war between the US and China which continues, as well as favorable production conditions currently in the US and the expectation of good crops this season. The latest WASDE report is announced by the USDA later today and the expectation in the market is that US production and ending stocks for the season soybeans will both be revised higher than last month's estimate. However, the expectation is that the world's ending stocks will be adjusted slightly lower than the previous estimate for the season. The expectation is also that the production of South American countries will be adjusted lower in today's estimation. The latest weekly export sales report is also announced later today and trading expectations in the market are that the weekly soybean export sales should be between about 450 000 tons and 1.05 million tons. The market also expects that soybean meal exports for the week should be between 80 000 and 400 000 tons while soybean oil exports should be between 10 000 tons and 40 000 tons. Local: The local soybean market was mostly under pressure yesterday and traded lower for the day in most of the contract months currently listed. In yesterday's weekly producer's delivery report announced by SAGIS, the soybean deliveries for this week were reported at 17 258 tons. The total deliveries for the season are 1,482 million tons, which is approximately 96% of the CEC estimate.

Wheat: The American wheat market also closed mainly lower due to a spillover effect from other commodities yesterday. There are also generally more bearish market prospects for the 2018/19 season that are expected. The forecast in the market for today's WASDE report is that the production estimate of wheat in the USA will be higher adjusted from the previous estimate with the possible increases in the spring wheat that may exceed possible decreases in winter wheat. The expectation in the market is that the US stock for the 2017/18 season will be adjusted about 4.2% higher from the previous forecast, while stocks may be slightly lower for the 2018/19 season. The market forecast for the weekly export sales report announced later today is that wheat exports should be between 200 000 tons and 500 000 tons for the week. Local: The local wheat market did not show great price movements again yesterday and the market closed slightly lower to almost unchanged for the day. There is currently another import levy that triggered a level of R281 / ton, but has not yet been announced in the Government Gazette. The import tariff should be triggering higher again today to a level of R640/ton. The tariff is currently R437 / ton.

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

Compiled by: Luan van der Walt and Ikageng Maluleke For any queries, contact Ikageng@grainsa.co.za
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