

Grain SA's Morning Grain Market Commentary

GRAIN SA GRAAN SA	DATE	DATE			+ - LAST WEEK			+ - LAST MONTH			+ - LAST YEAR				
	2017/10/12	2017/10/11			2017/10/02			2017/09/11			2016/10/10				
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data			
DJIA-index	22873	42.21	↑	0.2%	22831	↑	2.1%	22405	↑	4.9%	21798	↑	25.4%	18240	
Goud (Spot)	1295.02	6.96	↑	0.5%	1288.06	↑	1.6%	1275.11	↓	-3.2%	1337.86	↑	2.6%	1262.40	
Brent \$/vat	56.71	-0.10	↓	-0.2%	56.81	↓	0.0%	56.73	↑	4.9%	54.04	↑	10.1%	51.51	
1 € / US\$	1.1874	0.01	↑	0.6%	1.1809	↑	0.9%	1.1764	↓	-1.2%	1.2015	↑	6.1%	1.1192	
1 US\$ / ZAR	13.50	-0.090	↓	-0.7%	13.59	↓	-0.5%	13.57	↑	4.7%	12.90	↓	-2.0%	13.78	
Corn	R 1 854.82	11	↑	0.6%	R 1 844.19	↑	*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day								
Wheat	R 2 157.77	-4	↓	-0.2%	R 2 162.17	↑	* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day								
Soybeans	R 4 791.75	-22	↓	-0.5%	R 4 813.71	↑	* 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 Sep 17	349.00	2.00	↑	0.6%	347.00	↓	-2%	355.00	↑	1%	344.00	↓	-7%	374.00	
Wheat Sep 17	435.00	2.00	↑	0.5%	433.00	↓	-3%	448.00	↑	5%	413.00	↓	-6%	463.50	
Soybeans Sep 17	966.00	2.00	↑	0.2%	964.00	↓	0%	968.00	↑	1%	956.00	↓	0%	968.75	
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)															
SORGHUM Dec '17	2570.00	-30.00	↓	-1.2%	2600.00	↓	-3.0%	2650.00	↓	-8.2%	2800.00	↓	NA	NA	
WMAZ Spot	1864.00	-14.00	↓	-0.7%	1878.00	↑	1.9%	1830.00	↑	2.9%	1811.00	↓	45.3%	3405.00	
WMAZ Dec 17	1915.00	-16.00	↓	-0.8%	1931.00	↑	1.2%	1893.00	↑	1.4%	1889.00	↓	44.1%	3428.00	
WMAZ Mar 18	1961.00	-14.00	↓	-0.7%	1975.00	↑	1.1%	1940.00	↑	1.7%	1929.00	↓	41.9%	3375.00	
YMAZ Spot	1965.00	-12.00	↓	-0.6%	1977.00	↑	0.6%	1953.00	↑	1.5%	1936.00	↓	35.2%	3032.00	
YMAZ Dec 17	2018.00	-16.00	↓	-0.8%	2034.00	↑	0.3%	2012.00	↑	0.6%	2006.00	↓	34.3%	3071.00	
YMAZ Mar 18	2066.00	-17.00	↓	-0.8%	2083.00	↑	0.3%	2060.00	↑	0.8%	2050.00	↓	31.7%	3023.00	
SOY Spot	4652.00	-53.00	↓	-1.1%	4705.00	↓	-0.6%	4682.00	↑	0.0%	4650.00	↓	25.4%	6236.00	
SOY Dec 17	4741.00	-64.00	↓	-1.3%	4805.00	↓	-0.8%	4778.00	↓	-0.7%	4775.00	↓	24.6%	6285.00	
SUN Spot	4568.00	-107.00	↓	-2.3%	4675.00	↓	-2.8%	4701.00	↓	-3.1%	4715.00	↓	25.1%	6095.00	
SUN Dec 17	4630.00	-114.00	↓	-2.4%	4744.00	↓	-4.3%	4836.00	↓	-4.5%	4849.00	↓	25.7%	6230.00	
WHEAT Spot	4158.00	28.00	↑	0.7%	4130.00	↑	2.3%	4063.00	↓	-0.3%	4170.00	↑	1.3%	4105.00	
WHEAT Dec 17	4108.00	-31.00	↓	-0.7%	4139.00	↑	1.3%	4055.00	↑	4.1%	3946.00	↓	0.0%	4110.00	

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

Market overview: The rand is trading at R13.50/\$ this morning and showed some good gains since yesterday. The market strengthened yesterday throughout the day and traded around R13.59/\$ yesterday at 12:00. The strengthening of the rand came as the dollar lost some ground relative to most if the biggest currencies. The rand is likely to remain volatile in the next few weeks as there are a lot of uncertainties going around both in the local market and the international perspective. Some analysts are of meaning that the rand might find more support towards the end of the year as the investors would start to look more towards good fundamental information in the market. The South African trade surplus that have the longest positive run in the past 6 years helped to narrow the deficit on the current account which is positive. The other factors which will be watched closely is the economic growth rates of the country. The expected growth rates for the season is still very low and it will be seen as a concern for the country. On the political front there are a few uncertainties as the ANC's leadership election is due in December. The rating agencies also warned the country that they can downgrade the local credit status further should there be no clear indication of recovery in the local policies and management of the state owned entities. This could have a negative impact on the rand and the value of the rand.

Maize: The US maize prices fell to a one week low yesterday ahead of today's latest WASDE report that will be released by the USDA. The prices came under pressure as analysts are of meaning that any downward revision of the US yield potential is very unlikely to happen now. Both the November 2017 and March 2018 contracts traded lower for the day. The latest weekly crop progress report showed that the pace of the harvesting is way behind the average pace of the previous 5 years at this time of the season, but the crop conditions were reported to be slightly better than the previous week. Private exporters has reported large maize export sales to Mexico for delivery in the 2017/18 marketing season. The weather conditions in the US and South America will be critical in the next few weeks. In the US the harvesting is under way and wet conditions there could bring some further delays to the harvesting which is already behind the average pace for the season. In the South American market the planting is under way. There are dry conditions in some regions of Brazil, while large areas in Argentina is affected by too much rain that causes delays in the planting process. **Local:** The local maize prices were mainly under pressure yesterday and most of the contract months for white and yellow maize closed lower for the day. In yesterday's producer delivery report the weekly WM deliveries were reported on 20 522 ton and the YM deliveries for the week were reported in 11 706 ton. The total deliveries for the season this far from the beginning of May 2017 is 14.76 million ton.

Soybeans: Soybean prices extended losses into the third day this week despite positive export demand news. This week so far, two large export sales have been announced. On Tuesday, private exporters also reported a sale of 131 994 tons, for delivery to unknown destinations during the 2017/18 marketing year and 263 989 tons to China. In the latest USDA crop progress report, the soybean crop condition was raised by 1 point, rated 61% good/excellent versus 60% of a week ago. Soybean harvest has also improved from the week prior, currently at 36% complete and although the progress is notably slow, it hasn't fallen behind as much as the maize harvest. Current market attention is now fixed on the USDA world supply and demand estimates which will be released today, with analysts expecting soybean crop production to be revised higher especially because of the recent improvement in crop conditions. Elsewhere, soybean market is being underpinned by dry weather in Brazil where planting is currently underway and this could ease production in the area. **Local:** South African soybean prices ended the day in the negative territory, posting significant losses for all contract months. Soybean spot ended the day lower by 1.13% at R4 652, while the December and March '18 contract months carried the biggest losses. Soybean prices came under pressure at the back of a stronger rand as markets closed and also underpinned by lower international soybean prices that have been under pressure for the 3rd straight session this week.

Wheat: US wheat prices ended the day mixed, but mostly flat. Winter wheat prices slipped to one-month lows, with the hard red winter wheat reversing its gains to close in the negative territory, meanwhile, spring wheat prices rebounded closing the day higher. US wheat exports are hard to come by with competition from Russian and Ukrainian wheat suppliers offering lower prices. While export sales are lagging, some private exporters sold 104 202 tons of hard red winter wheat to Mexico, which could support wheat prices if more of such sales would continue. Ukraine wheat export demand for the 2017/18 marketing season (which began in June 2017) is looking fairly good as it is running ahead of the year-to-date exports from a year ago. So far, Ukraine has exported 6.8 million tons of wheat, with overall grain exports expected to top the 2016/17 record breaking export volumes. USDA reported wheat plantings at 48% complete, which remains behind the pace of 2016 at 57% and the 5-year average of 58%. In the upcoming USDA world supply and demand estimates released today, analysts predict that US wheat stocks will be revised higher from September's estimates which could place further pressure on prices. **Local:** South African wheat prices ended the day mixed, with the spot posting some gains, while the December and March '18 contract months ended the day in the negative territory. Wheat spot ended the day higher by 0.7% at R4 158, while the December contract which is the most actively traded contract inched lower by 0.8% at R4 108. Wheat prices came in under pressure from a stronger rand and lower international prices. The 2017/18 SAGIS producer deliveries for the week ending 06 October 2017 amount to 660 tons. This is the first delivery for the new season. On the weather outlook, the Western Cape is expected to get some rain cross the coastal region over the weekend but not enough to lift some dryness in the wheat production areas.

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

International Market Insights & Data: www.usda.co.za

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