

Grain SA's Morning Grain Market Commentary

DATE 2018/03/13	DATE 2018/03/12		DATE 2018/03/12		+ - LAST WEEK 2018/03/05		AT THE MONEY PUT OPTION			
	Data	Δ	Δ%	Data	Δ	Δ%		WM	YM	
DJIA-index	25179	-157.13	-0.6%	25336	2.6%	24538	JULY '18 FUTURES PRICE	R 2 057.00	R 2 133.00	
Goud (Spot)	1320.34	-2.88	-0.2%	1323.22	-0.5%	1326.58	PUT STRIKE PRICE	R 2 060.00	R 2 140.00	
Brent \$/vat	64.94	-0.64	-1.0%	65.58	0.5%	64.61	PUT PREMIUM	R 110.92	R 106.34	
1 € / US\$	1.2327	0.00	0.1%	1.2314	0.0%	1.2324	MINIMUM SAFEX PRICE	R 1 949.08	R 2 033.66	
1 US\$ / ZAR	11.82	-0.010	-0.1%	11.83	-1.4%	11.99				
Corn	R 1 814.78	9	0.5%	R 1 805.47			*CBOT Corn Mei cents / bushel 08:00 today vs. CBOT May 12:00 the previous day			
Wheat	R 2 128.12	29	1.4%	R 2 099.50			* CBOT Wheat Mei cents / bushel 08:00 today vs. CBOT Wheat May 12:00 the previous day			
Soybeans	R 4 521.17	9	0.2%	R 4 511.96			* CBOT Soy Mei cents / bushel 08:00 today vs. CBOT Soy May 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. 44			
Corn May 18	390.00	2.00	0.5%	388.00	Daily parity prices delivered in Randfontein		WM	YM	TM	
Wheat May 18	490.00	7.00	1.4%	483.00			WEEK TOTAL	9 487	5 185	14 672
Soybeans May 18	1041.00	3.00	0.3%	1038.00			YTD TOTAL	609 912	1 392 424	2 002 336
Latest MTM prices (SPOT = nearest contract month (Rand / ton))							EXPORTABLE			
SORGHUM Mar '18	3150.00	0.00	0.0%	3150.00	Import parity	Export parity	2 500 000	1 850 000	4 350 000	
WMAZ Spot	1953.00	13.00	0.7%	1940.00	3592.42	1727.23	YTD AS % OF EXPORTABLE	24%	73%	46%
WMAZ May 18	2015.00	16.00	0.8%	1999.00	3772.75	1550.60	PACE/WEEK NEEDED	236 261	57 197	293 458
WMAZ Jul 18	2056.00	7.00	0.3%	2049.00	3370.07	1700.89	MAIZE PRODUCER DELIVERIES			
YMAZ Spot	2048.00	3.00	0.1%	2045.00	3229.11	1550.60	WEEK TOTAL	2 589	1 652	4 241
YMAZ May 18	2104.00	10.00	0.5%	2094.00	3337.09	1668.56	YTD TOTAL	9 618 276	6 487 754	16 106 030
YMAZ Jul 18	2133.00	8.00	0.4%	2125.00	3370.07	1700.89	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000
SOY Spot	4541.00	-98.00	-2.1%	4639.00	6263.78	4123.48	% CROP DELIVERED	100%	101%	100%
SOY May 18	4631.00	-98.00	-2.1%	4729.00	6522.81	4264.73	PACE/WEEK NEEDED	3 059	-4 563	-1 504
SUN Spot	4800.00	-50.00	-1.0%	4850.00	5747.01	4006.17	WHEAT IMPORTS			
SUN May 18	4716.00	-31.00	-0.7%	4747.00	6522.81	4264.73	2017/18	2016/17	5 Yr. AVG	
WHEAT Spot	3640.00	5.00	0.1%	3635.00	4080.88	1661.38	WEEK TOTAL	90 094	66 158	38 182
WHEAT May 18	3697.00	-5.00	-0.1%	3702.00	4994.83	2452.11	YTD TOTAL	1 073 000	357 200	707 643
WHEAT Jul 18	3740.00	-15.00	-0.4%	3755.00	5065.18	2521.07	TOTAL NEEDED	2 000 000	930 728	1 622 999
							YTD AS % OF NEEDED	54%	38.4%	44%

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

Market overview: The rand is trading at R11.82/\$ this morning relatively unchanged from the levels it traded on yesterday with market closing. The rand found some support from the weaker levels it traded at last week as there was positive economic data that boosted the rand. The local GDP growth rate was reported last week by Stats SA and the economy grew by 1.3% during 2017. This was higher than the expectations in the market and also higher than the 2016 growth rate. This week more economic data will be released with the main focus which will be on the data of the mining and manufacturing output during January. The expectations is that both these sectors are likely to show some growth in January from the December figures. The South African bulk exports for February was released yesterday and the bulk exports increased by 4.3% for February which is lower than the record which was reported in January when the bulk exports increased by 54.6%. The iron ore and coal exports was some of the largest exports that took place with most of the coal and iron ore that went to China.

Maize: The US maize prices found some small support yesterday and traded marginally higher for the day in both the May and July futures contract. The support in the market were mostly due to the favourable export sales data of last week that was released by the USDA. An increase in the farmer sales kept the spot basis bids fairly low in many of the locations throughout the Midwestern locations. Private exporters reported two large maize exports sales to the USDA which was around 250 000 tons to Japan and 106 000 ton to unknown destinations. Both sales are reported for delivery in the current 207/18 marketing season. The weekly export inspections was reported on 1.37 million ton which was well above the average trade estimates for the week and also well above the previous week's exports that were reported. Japan was the biggest destination for the week in terms of exports. South Korea has purchased 137 000 ton of maize last week in two private tenders which will be sourced from the US or South America. This is in addition to another international tender of around 205 000 tons which they bought last week. There are currently an increasing buying power amongst international buyers as they are speculating that the prices in the international perspective may found some support. China has increased their processing capacity by around 30% last year in an attempt to make more ethanol and maize starch in order to trim its large state reserves. **Local:** The local maize prices found some support yesterday and closed slightly higher for the day in most of the contract months which is listed currently of both white and yellow maize.

Soybean: US soybean prices rebounded higher for the day, starting the weak in the positive territory after closing significantly low on Friday's session. Price movements were supported by some bargain buying and positive export data. Although last week's total export sales came in lower than the week prior, the sales managed to land on the higher end of trade estimates amounting to 1.015 million tons and also higher than the pace needed to meet ADA's forecast. China was once again the leading destination for the soybean crop. Soybean exports to China could double for the current season (2017/18), estimated to reach 2 million tons; as a result of reduced yields in Argentina's soybean production currently. Concern in the soybean market is fear of possible trade wars, with China as their largest soybean importer, the American Soybean Association expressed concern that China may retaliate against their sector over the recent tariff hikes on steel and aluminum tariffs. **Local:** South African soybean prices ended the day lower, with most key contract months' closing the day limits down. Sunflower prices also came under pressure, posting relatively significant losses for almost all contract months. Local oilseed prices ended the day at the back of possible showers forecasted for major production areas this week.

Wheat: US wheat prices ended the day higher, with all-wheat contracts clawing back some of the losses sustained on Friday. All wheat prices were assisted by a round of short-covering and relatively good export data. Wheat export sales also ended on the high end of trade expectations with 389 179 tons which represented a slight decline from the prior week's total of 400 000 tons. The top destination for the US wheat was the Philippines. On other export sales, South Korea purchased 59 874 tons of feed wheat from optional origins in a private deal last week deliverable in Late May. Focus on this week's wheat market will be the weather conditions, which continue to shape the overall US wheat conditions. On Monday, USDA released crop conditions report indicating that 12% of Kansas winter wheat is rated good/excellent down from last week's 13%. About 53% of the Kansas crop is rated as poor to very poor, up from 50% from the previous week which confirms the damage caused on the crop due to the drought. **Local:** South African wheat prices ended the day mixed, but mostly flat on Monday. There are currently still no certainty on when the new import tariff will be announced to the R394/ton from the current level of R716/ton. This week will be week 4 since the tariff was triggered to the lower level around mid February.

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

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