

Grain SA's Morning Grain Market Commentary

GRAIN SA GRAAN SA	DATE	DATE			+ - LAST WEEK		+ - LAST MONTH		+ - LAST YEAR					
	2017/09/13	2017/09/12			2017/09/04		2017/08/14		2016/09/12					
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data				
DJIA-index	22119	61.49	↑	0.3%	22057	↑	0.6%	21988	↑	1.2%	21858	↑	20.7%	18325
Goud (Spot)	1330.67	6.22	↑	0.5%	1324.45	↓	-0.2%	1333.65	↑	3.3%	1287.72	↑	0.1%	1329.57
Brent \$/vat	54.23	0.44	↑	0.8%	53.79	↑	0.0%	52.65	↑	4.6%	51.85	↑	11.0%	47.99
1 € / US\$	1.1975	0.00	↑	0.1%	1.1959	↑	0.1%	1.1886	↑	1.4%	1.1810	↑	6.7%	1.1228
1 US\$ / ZAR	12.98	0.040	↑	0.3%	12.94	↑	0.4%	12.93	↓	3.2%	13.41	↓	9.2%	14.29
Corn	R 1 737.38	-77	↓	4.2%	R 1 814.03									
Wheat	R 1 998.35	-60	↓	2.9%	R 2 058.76									
Soybeans	R 4 502.25	-53	↓	1.2%	R 4 554.94									
*CBOT Corn Sep cents / bushel 08:00 today vs. CBOT Corn Sep 12:00 the previous day														
*CBOT Wheat Sep cents / bushel 08:00 today vs. CBOT Wheat Sep 12:00 the previous day														
*CBOT Soy Sep cents / bushel 08:00 today vs. CBOT Soy Sep 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	340.00	-15.00	↓	4.2%	355.00	↑	0%	340.00	↓	6%	360.00	↓	8%	370.75
Wheat Sep 17	419.00	-14.00	↓	3.2%	433.00	↓	0%	420.00	↓	5%	439.00	↓	11%	468.50
Soybeans Sep 17	944.00	-14.00	↓	1.5%	958.00	↑	0%	942.00	↑	1%	935.00	↓	1%	957.50
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	2800.00	0.00	↑	0.0%	2800.00	↓	5.7%	3000.00	↓	1.7%	3170.00			NA
WMAZ Spot	1831.00	16.00	↑	0.9%	1815.00	↑	1.3%	1808.00	↓	1.5%	1859.00	↓	5.5%	4309.00
WMAZ Dec 17	1912.00	12.00	↑	0.6%	1900.00	↑	1.2%	1890.00	↑	1.4%	1886.00	↓	5.8%	4324.00
WMAZ Mar 18	1956.00	16.00	↑	0.8%	1940.00	↑	1.0%	1936.00	↓	0.5%	1965.00	↓	1.8%	4060.00
YMAZ Spot	1951.00	16.00	↑	0.8%	1935.00	↑	1.5%	1923.00	↓	1.5%	1980.00	↑	4.5%	3281.00
YMAZ Dec 17	2025.00	11.00	↑	0.5%	2014.00			2005.00	↑	0.7%	2010.00	↑	3.6%	3351.00
YMAZ Mar 18	2070.00	13.00	↑	0.6%	2057.00	↑	0.9%	2052.00	↓	0.9%	2089.00	↑	3.2%	3296.00
SOY Spot	4635.00	-17.00	↓	0.4%	4652.00	↑	0.0%	4635.00	↓	0.9%	4675.00	↓	3.1%	6775.00
SOY Dec 17	4763.00	-16.00	↓	0.3%	4779.00	↓	-0.3%	4778.00	↑	1.2%	4707.00	↑	7.7%	6780.00
SUN Spot	4710.00	5.00	↑	0.1%	4705.00	↑	0.1%	4706.00	↓	0.6%	4739.00	↑	2.4%	6401.00
SUN Dec 17	4850.00	5.00	↑	0.1%	4845.00	↓	-0.5%	4874.00	↑	1.3%	4787.00	↓	5.5%	6600.00
WHEAT Spot	4283.00	58.00	↑	1.4%	4225.00	↑	1.9%	4082.00	↓	5.7%	4590.00	↑	0.8%	4250.00
WHEAT Dec 17	3940.00	-3.00	↓	0.1%	3943.00	↓	-1.5%	4001.00	↓	4.5%	4125.00	↓	5.3%	4207.00

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

Market overview: The rand trades at R12.97/\$ this morning which is slightly weaker than the levels that were seen yesterday with market closing. The rand traded mixed yesterday with some strengthening that were seen early in the day, were on the back foot later in the day. The rand traded weaker after the pound strengthened with the CPI rate in the UK that has accelerated more than what was expected and boost the odds of an possible interest rate hike by the Bank of England. The rating agency Moody's has held their Sub Sahara Africa regional conference yesterday. The agency has warned that the low business confidence, slow economic growth and weak consumer demand in South Africa will constrain the credit quality of the South African companies. They has also indicated that policy uncertainties from the local government is one of the largest risk factors affecting the abovementioned. The fiscal situation in the country is currently not looking favourable with SARS that has missed their first half of the year's tax revenue by around R13 billion. This could pace further pressure on the economic growth in the country and the focus will start turning on the medium term budget that is due in October.

Maize: The US maize prices came under pressure yesterday after the USDA has released its latest WASDE report which was mostly bearish for the commodity markets. The December contract traded double digits lower, but managed to gain back some of the large losses that were seen early in the session. In yesterday's report the production forecast in the US for the season was revised upwards from the previous estimates, while most of the market role players anticipated a slight downwards revision in the US yields. The US maize yields are now estimated on 169.9 bushels per acre, while the previous estimate were 169.5 bushel per acre and the US production was revised slightly higher for the season standing now on 360.30 million tons. The world ending stocks was revised higher by 1.6 million tons to 202.47 million ton. There is currently large stock levels of maize in the world that keeps the maize prices internationally under pressure. In Argentina there are concerns about the overly wet conditions that may cause some problems in the plantings of maize and soybeans for the season. The expectations are that some regions could cut their production in half this season due to this wet conditions, but in order for this scenario to be seen the extremely wet conditions needs to carry on at least into October. **Local:** The local maize prices traded slightly stronger yesterday and closed higher for most of the white and yellow maize contracts which is listed currently. In yesterday's export report that were released by SAGIS the weekly exports of white maize were reported on 6 418 ton and the weekly exports of yellow maize were reported on 2 367 ton. The total maize exports for the season this far is 1.19 million ton, while there is an exportable surplus of over 4 million ton available for the season.

Soybeans: As anticipated, US soybeans settled lower with pressure emanating from the latest USDA supply and demand estimates which raised US soybean production. USDA raised the US soybean production to 120 million tons, a 3% increase from a year prior and 1.1% higher than the previous estimate. Production estimates from the 3 largest exporters, mainly Argentina, Brazil and Paraguay remained unchanged. If the estimated soybean production would be realised, it would be the largest US soybean crop on record. Soybean ending stocks were revised a little lower from the previous estimate but are estimated to be higher from a year ago. Soybean prices were also down, while soy oil edged a little higher after USDA raised the oil used to make biodiesel higher. On the export sales, USDA reported export sales of 130 634 tons to unknown destinations for the new season. Soybean futures dropped to session lows on Tuesday's trade and are currently trading at their lowest since August 31st. **Local:** South African soybean prices came under pressure, settling lower for all contract months in light trading. Soybean spot settled lower by 0.37% at R4 635 while the most active contract also finished lower at R4 763 per ton. Pressure on local soybean was mainly at the back of lower international soybean prices which posted session lows on Tuesday's trade.

Wheat: US wheat prices settled the day mixed between winter wheat and spring wheat. Soft red winter wheat led the wheat markets higher, posting gains for both the spot and December contract, hard red December contract edged higher but fell behind with the spot price meanwhile the spring wheat still remains under pressure. In the latest USDA supply and demand estimates, US wheat production was left unchanged from the previous estimate but forecasted 25% lower than the 2016/17 production. This bullish view gave support to wheat prices. Main attention was on world ending stocks, which did not move significantly but were revised a little lower and still remain above estimates. Australia's production for the 2017/18 season also forecasted down, this is mainly due to the drought conditions in the area. **Local:** South African wheat futures also settled the day mixed, while the spot posted significant gains. The most active contract settled slightly lower, still below the R4 000 level, meanwhile later contract months ended the day in the positive territory but in modest gains. The wheat market is currently placing much attention on the wheat imports that should be coming in as the season draws to an end. The local stock levels is currently on the low side and the imports will be very important in the next 3 weeks in order to avoid a situation where the ending stocks for the season drop below at least 6 weeks pipeline stocks. The season to date imports is currently reported on 816 324 ton and the imports will have to take place at an tremendous pace for the last few weeks of the marketing season to avoid a supply squeeze in the market.

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

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Thank you for the Maize Trust for partially funding this project

