

Grain SA's Morning Grain Market Commentary

DATE 2017/11/14	DATE 2017/11/13			+ - LAST WEEK 2017/11/06			AT THE MONEY PUT OPTION			
	Data	Δ	Δ%	Data	Δ	Data		WM	YM	
DJIA-index	23440	17.49	0.1%	23422	-0.4%	23539	JULY '18 FUTURES PRICE	R 2 224.00	R 2 299.00	
Goud (Spot)	1276.50	0.90	0.1%	1275.60	0.5%	1269.85	PUT STRIKE PRICE	R 2 220.00	R 2 280.00	
Brent \$/vat	63.08	-0.60	-0.9%	63.68	1.0%	62.47	PUT PREMIUM	R 224.81	R 204.80	
1 € / US\$	1.1674	0.00	0.2%	1.1656	0.6%	1.1610	MINIMUM SAFEX PRICE	R 1 995.19	R 2 075.20	
1 US\$ / ZAR	14.48	-0.030	-0.2%	14.51	2.0%	14.20				
Corn	R 1 949.56	0	0.0%	R 1 949.56			* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day			
Wheat	R 2 255.89	-15	-0.7%	R 2 271.22			* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day			
Soybeans	R 5 123.63	-123	-2.3%	R 5 246.21			* CBOT Soy Nov cents / bushel 08:00 today vs. CBOT Soy Nov 12:00 the previous day			
Latest CBOT prices during overnight trading							WEEK NR.			
Corn Sep 17	342.00	0.00	0.0%	342.00	-2%	348.00	27	WM	YM	TM
Wheat Sep 17	424.00	-2.00	-0.5%	426.00	0%	425.00	WEEK TOTAL	5 643	10 419	16 062
Soybeans Sep 17	963.00	-21.00	-2.1%	984.00	-1%	977.00	YTD TOTAL	502 421	975 800	1 478 221
Latest MTM prices (SPOT = nearest contract month) (Rand / ton)							EXPORTABLE			
SORGHUM Dec '17	2620.00	0.00	0.0%	2620.00	0.0%	2620.00	YTD AS % OF EXPORTABLE	20%	53%	34%
WMAZ Spot	2074.00	49.00	2.4%	2025.00	3.1%	2011.00	PACE/WEEK NEEDED	79 903	34 968	114 871
WMAZ Dec 17	2092.00	49.00	2.4%	2043.00	2.6%	2039.00	MAIZE PRODUCER DELIVERIES			
WMAZ Mar 18	2140.00	49.00	2.3%	2091.00	2.7%	2084.00	WEEK TOTAL	9 708	5 229	14 937
YMAZ Spot	2179.00	62.00	2.9%	2117.00	3.8%	2100.00	YTD TOTAL	8 913 109	6 018 096	14 931 205
YMAZ Dec 17	2199.00	57.00	2.7%	2142.00	3.2%	2131.00	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000
YMAZ Mar 18	2245.00	60.00	2.7%	2185.00	3.4%	2172.00	% CROP DELIVERED	92%	93%	93%
SOY Spot	5128.00	106.00	2.1%	5022.00	4.2%	4923.00	PACE/WEEK NEEDED	29 186	17 326	46 512
SOY Dec 17	5168.00	109.00	2.2%	5059.00	4.5%	4945.00	WHEAT IMPORTS			
SUN Spot	4832.00	86.00	1.8%	4746.00	5.8%	4566.00	2017/18	2016/17	5 Yr. AVG	
SUN Dec 17	4860.00	81.00	1.7%	4779.00	5.1%	4622.00	WEEK TOTAL	82 712	7 146	51 048
WHEAT Spot	4230.00	34.00	0.8%	4196.00	0.8%	4196.00	YTD TOTAL	393 947	59 544	145 493
WHEAT Dec 17	4260.00	39.00	0.9%	4221.00	0.9%	4221.00	TOTAL NEEDED	1 800 000	930 728	1 568 763
WHEAT Mar 18	4349.00	33.00	0.8%	4316.00	-1.1%	4307.00	YTD AS % OF NEEDED	22%	6.4%	9%

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

Market Overview: November has come in as a tough month for the rand so far as it is now trading at a 1-year low amid fears of a credit downgrade. Next week, ratings agencies, S&P and Moody's will review the country's credit rating. Further weight on the rand weakness can be attributed to the general political uncertainty surrounding the upcoming ANC's national executive conference taking place in December. Last week, Treasury's deputy director general quit amid reports that President Jacob Zuma plan's to fund free education worth R40 billion within an already constrained budget. Concern surrounding increased public funds have also largely placed pressure on the rand, especially after the recent mid-term budget that highlighted overall slow economic growth and high government spending. At the time of writing, the rand is trading at around R14.47 to the dollar. On the commodities front, Brent crude oil is holding tight on its 2-year high gains. Higher oil prices and weaker rand signal higher local fuel price increases. At the time of writing, Brent crude oil was trading at around US\$63.03 per barrel.

Maize: US maize prices retracted some of its gains captured on Friday, to begin the week in the negative territory. The maize prices inched lower, partly due to a spillover of lower soybean prices but the largest contribution to lower maize prices can be attributed to the ample supply available during the 2017/18 marketing year. The USDA raised maize production to 370 million tons, up from 363 million tons in the previous estimate. Production is rising faster than consumption and this suggests that the upcoming supply and demand estimates will not necessarily contain much changes to lower the already existing large supply of maize and ending stocks. Export sales are also currently a significant element in maize prices movements; weekly sales amounted to 375 940 tons, which was below average expected according to trade expectations. The leading destinations included Mexico, Peru and Taiwan. **Local:** South African maize prices ended the day higher on Monday, posting good gains for both white and yellow maize. With not much significant news in the maize market except slow export sales and a possibility of large ending stocks, maize prices movements are generally influenced by the local currency. The weaker rand which is trading at a 1-year low gave support to maize prices, closing higher for all contract months. Planting season for summer grain is currently ongoing, however, recent dryness in the major production areas such as the Free State has slowed down planting as farmers await some rain, but slight rain is expected today through to Wednesday but dry again over the weekend.

Soybeans: The US soybean prices fell to a one month low with strong selling that were seen in the market yesterday. The market posted double digit losses and the January 2018 contract fell below the 200 day moving average price. An big expected soybean crop in the US together with good rain that fell in Brazil and competition from other South American countries contributed to the pressure that were seen in the US soybean market yesterday. In the weekly export inspections for last week was good in line with the trade expectations in the market with China as the biggest client of the US followed by Turkey, Netherlands and Saudi Arabia. Private exporters also announced large export sales of soybean meal to the Philippines for delivery in the 2017/18 season. In Argentina there are still some concerns that unfavourable weather conditions delay the planting progress there, while the expectations in Brazil are that this season's production will most probably be well below last season's production. **Local:** The local soybean market found some good support yesterday closing the day over R100/ton higher for almost all the contract months which is listed currently. The market found good support when the rand weakened sharply yesterday throughout the trading session. The local weather conditions will also be watched closely as there are still some areas in the eastern parts of the country where the soil moisture is still low and the planting of the summer grains running late.

Wheat: The US wheat prices traded lower yesterday and the largest contributing factor is still the large world wheat supplies and the competition from other origins in the export markets. All three of the US wheat markets, that includes the hard and soft red winter wheat and the spring wheat, closed lower for the day yesterday. The weekly export inspection of last week was on the low end of the trade estimates that were anticipated in the market with the top destinations that were Mexico, Indonesia, Japan and Trinidad. The Russian wheat export prices are down for the second consecutive week with the demand for Russian wheat that decreased slightly as the Russian currency weakened against the dollar. The Russian exports could however still hit an all-time record for the 2017/18 season. The year on year Russian export volume are 25% higher than the same time last year. **Local:** The local wheat market has started the day of trading relatively slow yesterday, but gained momentum as the day progressed and traded higher for the day.

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

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