

Grain SA's Morning Grain Market Commentary

GRAIN SA GRAAN SA	DATE 2017/08/17		DATE 2017/08/16			+ - LAST WEEK 2017/08/07		+ - LAST MONTH 2017/07/17		+ - LAST YEAR 2016/08/15				
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data				
DJIA-index	22025	25.88	↑	0.1%	21999	↓	-0.3%	22093	↑	1.8%	21638	↑	18.2%	18636
Goud (Spot)	1288.18	14.93	↑	1.2%	1273.25	↑	1.4%	1258.38	↑	4.7%	1230.71	↓	4.3%	1345.79
Brent \$/vat	50.29	-0.66	↓	-1.3%	50.95	↓	-3%	51.99	↑	2.8%	48.94	↑	4.6%	48.06
1 € / US\$	1.1780	0.01	↑	0.7%	1.1703	↓	-0.1%	1.1794	↑	2.9%	1.1453	↑	5.1%	1.1213
1 US\$ / ZAR	13.17	-0.060	↓	-0.5%	13.23	↓	-1.6%	13.39	↑	1.2%	13.02	↓	-0.8%	13.28
Corn	R 1 825.03	-83	↓	-4.3%	R 1 907.99									
Wheat	R 2 027.60	-204	↓	-9.1%	R 2 231.29									
Soybeans	R 4 456.85	-45	↓	-1.0%	R 4 501.46									
*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 Aug cents / bushel 08:00 today vs. CBOT Soy Aug 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	352.00	-16.00	↓	-4.3%	368.00	↓	-4%	366.00	↓	-4%	365.00	↓	-4%	367.25
Wheat Sep 17	419.00	-40.00	↓	-8.7%	459.00	↓	-8%	454.00	↓	-15%	494.00	↓	-14%	488.25
Soybeans Sep 17	921.00	-5.00	↓	-0.5%	926.00	↓	-3%	949.00	↓	-6%	985.00	↓	-5%	966.75
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	3170.00	0.00	↑	0.0%	3170.00	↑	0.0%	3170.00	↓	-0.1%	3174.00			NA
WMAZ Spot	1792.00	-21.00	↓	-1.2%	1813.00	↓	-1.5%	1819.00	↓	-0.4%	1799.00	↓	-5.3%	4101.00
WMAZ Sept 17	1814.00	-23.00	↓	-1.3%	1837.00	↓	-1.2%	1855.00	↓	-1.5%	1842.00	↓	-5.9%	4114.00
WMAZ Dec 17	1891.00	-23.00	↓	-1.2%	1914.00	↓	-1.2%	1934.00	↓	-1.3%	1915.00	↓	-5.2%	4127.00
YMAZ Spot	1929.00	-21.00	↓	-1.1%	1950.00	↑	0.2%	1926.00	↑	0.5%	1919.00	↓	-3.7%	3093.00
YMAZ Sept 17	1951.00	-22.00	↓	-1.1%	1973.00	↓	-0.5%	1960.00	↓	-0.6%	1962.00	↓	-3.5%	3123.00
YMAZ Dec 17	2025.00	-22.00	↓	-1.1%	2047.00	↓	-1.0%	2045.00	↓	-1.2%	2049.00	↓	-3.3%	3177.00
SOY Spot	4486.00	-66.00	↓	-1.4%	4552.00	↓	-1.7%	4609.00	↓	-1.9%	4768.00	↓	-2.8%	6391.00
SOY Sept 17	4511.00	-71.00	↓	-1.5%	4582.00	↓	-1.0%	4650.00	↓	-2.0%	4853.00	↓	-2.8%	6425.00
SUN Spot	4690.00	-5.00	↓	-0.1%	4695.00	↓	-0.6%	4720.00	↑	0.8%	4654.00	↓	-1.1%	5799.00
SUN Sept 17	4718.00	-20.00	↓	-0.4%	4738.00	↓	-1.4%	4785.00	↓	-1.2%	4775.00	↓	-1.2%	5841.00
WHEAT Spot	4638.00	66.00	↑	1.4%	4572.00	↑	1.6%	4520.00	↑	1.2%	4585.00	↑	14.0%	4068.00
WHEAT Dec 17	4044.00	-62.00	↓	-1.5%	4106.00	↓	-1.3%	4099.00	↑	5.0%	3850.00	↓	-1.3%	4098.00

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

Market overview: The rand trades at R13.16/\$ this morning and found some good support from the levels it traded on with market closing yesterday. The latest figures on the retail sales that were released yesterday showed that the retail sales has risen in June and posed the biggest monthly expansion since November 2016. The good growth that were seen in the retail sector as well as some positive data from the other sectors could help SA to escape another possible quarter of negative economic growth. The country has posted two consecutive quarters of negative economic growth and therefore the country are in a technical recession. The poor growth figures that were seen during these two quarters were mainly due to lower consumer and investor's confidence in the country. The low confidence levels amongst these groups slowed down the spending and investment growth locally. The rating agency Moody's has yet again warned SA that the political uncertainty in the country remains the biggest factor which they will be watching since this is also one of the main factors that contributes to the weak economic growth rates in the country. Moody's warned that the country may face some further downgrades if the state owned entities do not post better performances and still needs to call on National Treasury for government guarantees. A further downgrade will be negative for the country.

Maize: The maize market in the US traded mixed yesterday and the losses in the market were limited as the soybean prices traded slightly higher and supported the maize prices. The market did however closed slightly lower for the day. The maize prices trades lower with the expectations that the US may still have a relative good crop this season despite some weather difficulties and crop problems that were seen earlier in the production season. The market also came under pressure despite the positive news on the maize usage at ethanol plants. The production of ethanol were close to record levels last week as the processors took advantage of the positive margins to produce ethanol last week. The higher output of ethanol last week increased the stock levels and placed the prices under pressure again that is unfavourable for the margins. The expectations in the market for tomorrow's weekly export sales report is that the exports for the week are likely to be lower than last week's exports sales with most of the sales expected to be new crop sales. The weather forecast in the US are mostly favourable throughout most of the maize producing regions and could keep prices under pressure. The US prices may also come under more pressure when the harvesting take full swing in the US. **Local:** The local maize market were under pressure yesterday and the market closed lower for the day in all the contract months which is listed currently of both white and yellow maize. In yesterday's weekly producer delivery report released by SAGIS the weekly producer deliveries were lower than last week and were reported on 279 359 tons of WM and 114 007 ton of YM. The total deliveries for the season this far is 14.34 million tons which is around 89% of the crop estimates for the season.

Soybeans: US soybeans found some support on Wednesday, after news that China signed a deal on Tuesday to buy 3.8 million tons of US soybeans. The September contract settled the day unchanged, while the November contract showed off modest gains. Buying in soybean peaked slightly yesterday but in light trading volume from the day prior. The soybean pre-harvest sales progress is running at the lowest in 8-years competition from large South American supplies weigh heavily on the world export market. In the weekly export sales to be released today, soybean sales are expected to be down from a week ago, which could weigh on soybean market. **Local:** Domestic soybean market ended the day lower for all contract months, showing off significant losses. Soybean markets were mainly pressured by a stronger rand as markets closed, sending the spot price to trade at its lowest since early July.

Wheat: US wheat prices gave a mixed picture on Wednesday's session. Spring wheat managed to break a weaker trend, showing off double-digit gains amid bargain buying, while the winter wheat futures settled lower. Winter wheat came in under pressure as beneficial rain moves across the Plains and boosting moisture for planting. Egypt has released its latest tender out of the Black sea but Russia and Ukraine remain cheaper than US wheat offerings. In the export sales out tomorrow, the wheat sales figures are expected to run close to last week's sales of 465 382 tons, which would be in line with USDA's forecast for the marketing year. **Local:** The local wheat market traded mixed yesterday with the spot month contract that traded higher for the day, while the other months came under pressure yesterday. The international wheat prices that traded lower placed some pressure on the local market as well. The wheat tariff was triggered lower around mid-July to a level of R379.34/ton, but was never announced in the government gazette. The tariff was then triggered again to a level of R752.35/ton last week with the international prices that came under pressure again. The tariff which is currently in place is as it was published in the Government Gazette during June on R947.20/ton.

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