

Grain SA's Morning Grain Market Commentary

DATE	DATE		+ - LAST WEEK		AT THE MONEY PUT OPTION						
	2017/10/17	2017/10/16	2017/10/09								
Data	Δ	Δ%	Data	Δ%	Data	W/M	Y/M				
DJIA-index	22957	85.24 ↑	0.4%	22872	0.8%	22774	JULY '18 FUTURES PRICE	R 2 065.00	R 2 138.00		
Goud (Spot)	1292.48	-9.89 ↓	-0.8%	1302.37	0.7%	1283.16	PUT STRIKE PRICE	R 2 080.00	R 2 140.00		
Brent \$/vat	57.85	-0.01 ↓	0.0%	57.86	3.6%	55.83	PUT PREMIUM	R 221.67	R 206.13		
1 € / US\$	1.1769	0.00 ↓	-0.2%	1.1795	0.3%	1.1728	MINIMUM SAFEX PRICE	R 1 858.33	R 1 933.87		
1 US\$ / ZAR	13.33	-0.010 ↓	-0.1%	13.34	2.8%	13.71					
Corn	R 1 847.20	5 ↑	0.3%	R 1 841.96			*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day				
Wheat	R 2 150.19	-2 ↓	-0.1%	R 2 151.81			*CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day				
Soybeans	R 4 897.94	21 ↑	0.4%	R 4 877.10			*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.		MAIZE EXPORTS				
Corn Sep 17	352.00	1.00 ↑	0.3%	351.00	1%	350.00	23	W/M	Y/M	TM	
Wheat Sep 17	439.00	0.00 ↓	0.0%	439.00	1%	443.00	WEEK TOTAL	7 942	54 041	61 983	
Soybeans Sep 17	1000.00	5.00 ↑	0.5%	995.00	3%	972.00	YTD TOTAL	473 468	902 266	1 375 734	
Latest MTM prices (SPOT = nearest contract month (Rand / ton)					EXPORTABLE		2 500 000			1 850 000	4 350 000
SORGHUM Dec '17	2550.00	50.00 ↑	2.0%	2500.00	1.9%	2600.00	YTD AS % OF EXPORTABLE	19%	49%	32%	
WMAZ Spot	1874.00	18.00 ↑	1.0%	1856.00	0.6%	1863.00	PACE/WEEK NEEDED	69 880	32 680	102 561	
WMAZ Dec 17	1918.00	15.00 ↑	0.8%	1903.00	0.1%	1916.00	MAIZE PRODUCER DELIVERIES				
WMAZ Mar 18	1964.00	16.00 ↑	0.8%	1948.00	0.1%	1963.00	WEEK TOTAL	20 522	11 706	32 228	
YMAZ Spot	1970.00	13.00 ↑	0.7%	1957.00	0.2%	1973.00	YTD TOTAL	9 311 799	6 253 762	15 565 561	
YMAZ Dec 17	2014.00	12.00 ↑	0.6%	2002.00	0.9%	2032.00	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000	
YMAZ Mar 18	2062.00	12.00 ↑	0.6%	2050.00	0.9%	2081.00	% CROP DELIVERED	97%	97%	97%	
SOY Spot	4745.00	0.00 ↓	0.0%	4745.00	0.7%	4710.00	PACE/WEEK NEEDED	11 412	6 810	18 222	
SOY Dec 17	4827.00	-3.00 ↓	-0.1%	4830.00	0.3%	4811.00	WHEAT IMPORTS				
SUN Spot	4496.00	-62.00 ↓	-1.4%	4558.00	5.3%	4750.00	2017/18	2016/17	5 Yr. AVG		
SUN Dec 17	4553.00	-67.00 ↓	-1.5%	4620.00	4.1%	4750.00	WEEK TOTAL	37 337	1 900	22 311	
WHEAT Spot	4142.00	28.00 ↑	0.7%	4114.00	14.6%	4851.00	YTD TOTAL	37 337	1 900	22 311	
WHEAT Dec 17	4144.00	17.00 ↑	0.4%	4127.00	0.3%	4131.00	TOTAL NEEDED	1 800 000	930 728	1 568 763	
WHEAT Mar 18	4222.00	13.00 ↑	0.3%	4209.00	0.2%	4152.00	YTD AS % OF NEEDED	2%	0.2%	1%	

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

Market Overview: The rand has extended its strength into the second day this week. The rand along with other emerging markets strengthened against the dollar which came under pressure at the back of US inflation concerns that question the likelihood of an interest rate hike by the US Fed. The Federal Reserve Governor, Janet Yellen has however indicated that there is a possibility of an inflation rate hike, citing the strengthening of labour markets which would support the higher inflation for 2018. On the local front, a court ruling that upholds corruption charges against President Jacob Zuma, who isn't the favourite amongst investors, helped further strengthen the rand. Currently the rand is trading at around R13.32 to the dollar and what will be watched this week in terms of the rand's movements is the upcoming CPI figures to be released by Stats SA this week as well as local political factors that may roll out. On the commodities front, Brent crude oil prices, which have an influence on local fuel prices, has extended gains at the back of strong crude oil demand particularly from China which imported 37 million tons of oil in September, up 9% from the same period a year ago.

Maize: US maize prices retracted some of its gains seen the past two sessions, with both the December and March contract months ending the day lower. Although prices found support from a slow harvest progress and last week's good export sales, it still does not rule out the possibility of a large US maize crop after yield estimates were revised up last week. With the harvest that is underway, there is still enough time for the US to harvest near-record maize in the US which could limit further gains in the maize market. In the latest USDA crop progress report, maize harvest is still lagging behind the 5-year average and made very small improvement from the week prior. Maize harvest is currently 28% complete versus 22% from a week ago. This was however expected due to some rains received in the Midwest last week which slowed down harvest progress. The crop condition continues to improve and is currently rated 65% good/excellent, a point up from a week ago but still well below the 74% of the same period a year ago. Weather in the Midwest this week seems dry which should aid harvest progress. **Local:** South African maize prices rebounded higher from Friday's modest gains. White and yellow maize spot ended the day in the positive territory closing higher by 1% and 0.7% higher at R1 874 and R1 970, respectively. The December contract for both commodities inched higher but trading volume for yellow maize was down slightly while white maize volume increased. Maize prices found some support from the rand which weakened 0.4% by midday on Monday. Current focus in the maize market today will be the SAGIS weekly export volumes of maize which are running slightly behind expectations. Total maize exports for the season currently amount to 1.375 million tons.

Soybeans: The US soybean prices were under pressure yesterday and took a dip to close lower for the day, but the losses that were seen in the market were limited by good export news for the week. Both the November 2017 and January 2018 soybean contracts closed lower for the day, while the soybean meal and soybean oil prices also closed lower yesterday. The weekly US soybean inspections that were released yesterday was higher than the average trade estimates for the week, but the volumes that were reported was well below the totals that were reported a year ago. The year to date export totals also fell behind the pace of the 2016/17 season. Private exporters reported a large daily sale of soybeans to unknown destinations for delivery in the 2017/18 marketing season. In the latest weekly crop progress report released by the USDA the soybean crop conditions was rated to be 61% in a good to excellent state with an 1% increase in the excellent state from last week's report. The soybean harvesting is reported to be 49% done for the season which is well behind the pace of the 5 year at this time of the season. The 5 year average harvesting pace for this time of the season is 60% complete. The weather conditions in the US will be watched in the next few weeks as the harvesting progresses. The pace of the soybean harvesting is already behind the 5 year average pace and if rain occurs in the regions where the harvesting still needs to take place the harvesting could fall further behind. **Local:** The local soybean market were under pressure yesterday and traded lower for the day in most of the contract months which is listed currently. The local market traded fairly in line with the parity prices for the day. The latest SAGIS monthly data will be released next week and that would show important information about the pace of the soybean crushing and would give an good indication of what can be expected for the crushing towards the end of the season.

Wheat: The US wheat market were mainly under pressure yesterday and traded lower due to concerns about the low export demand. All the wheat markets that includes the soft red winter, hard red winter and the spring wheat markets closed lower for the day. The weekly export inspections that were reported yesterday was on the lower end of the weekly trade estimates and lower than the exports that were reported the previous week. The year to date wheat export sales is also lower than the total that were exported the same period last season. The wheat of other origins such as the black sea regions is cheaper than the US wheat and therefore the US find it difficult to compete in the international exporting markets. In the weekly crop progress report which was released yesterday the winter wheat planted was reported to be 60% done which is behind the 5 year average of 71% done at this time of the season. The wheat that has emerged up to date is reported on 37% which is also slightly behind the 5 year pace of 43% emerged at this time of the season. Large wheat stock levels in the international markets keep the international wheat prices under pressure. **Local:** The local wheat market found some support yesterday and all of the wheat contracts which is listed currently traded higher for the day. The market started the day slightly lower but strong buying power was seen in the market as the day progressed. The contract volumes on the December contract was also higher for the day. The latest SAGIS weekly import and export report will be released later today and the expectations is that there will be quite a lot of imports entering the country in the next few weeks.

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

Compiled by: Michelle Mokone and Luan Van der Walt / For any queries, contact Michelle@grainsa.co.za / Luan@grainsa.co.za
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