

### Grain SA's Morning Grain Market Commentary

DATE	DATE		+ - LAST WEEK		AT THE MONEY PUT OPTION				
	2017/10/18	2017/10/17	2017/10/09						
Data	Δ	Δ%	Data	Δ%	Data	WWM	YM		
DJIA-index	22997	40.48	22957	0.2%	22774	JULY '18 FUTURES PRICE	R 2 065.00	R 2 132.00	
Goud (Spot)	1284.55	-7.93	1292.48	0.7%	1283.16	PUT STRIKE PRICE	R 2 080.00	R 2 140.00	
Brent \$/vat	58.27	0.42	57.85	0.7%	55.83	PUT PREMIUM	R 231.44	R 208.46	
1 € / US\$	1.1765	0.00	1.1763	0.0%	1.1728	MINIMUM SAFEX PRICE	R 1 848.56	R 1 931.54	
1 US\$ / ZAR	13.41	0.040	13.37	0.3%	13.71				
Corn	R 1 847.73	5	R 1 842.45	0.3%		*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day			
Wheat	R 2 138.46	-8	R 2 146.82	0.4%		* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day			
Soybeans	R 4 848.49	0	R 4 848.77	0.0%		* 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	350.00	1.00	349.00	0.3%	350.00	24	WWM	YM	TM
Wheat Sep 17	434.00	-3.00	437.00	0.7%	443.00	WEEK TOTAL	6 281	4 690	10 971
Soybeans Sep 17	984.00	-3.00	987.00	0.3%	972.00	YTD TOTAL	479 749	906 750	1 386 499
Latest MTM prices (SPOT = nearest contract month (Rand / ton)					EXPORTABLE				
SORGHUM Dec '17	2550.00	0.00	2550.00	0.0%	2600.00	YTD AS % OF EXPORTABLE	2 500 000	1 850 000	4 350 000
WMAZ Spot	1876.00	2.00	1874.00	0.1%	1863.00	PACE/WEEK NEEDED	72 152	33 688	105 839
WMAZ Dec 17	1916.00	-2.00	1918.00	0.1%	1916.00	MAIZE PRODUCER DELIVERIES			
WMAZ Mar 18	1964.00	0.00	1964.00	0.0%	1963.00	WEEK TOTAL	20 522	11 706	32 228
YMAZ Spot	1974.00	4.00	1970.00	0.2%	1973.00	YTD TOTAL	9 311 799	6 253 762	15 565 561
YMAZ Dec 17	2012.00	-2.00	2014.00	0.1%	2032.00	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000
YMAZ Mar 18	2055.00	-7.00	2062.00	0.3%	2081.00	% CROP DELIVERED	97%	97%	97%
SOY Spot	4711.00	-34.00	4745.00	0.7%	4710.00	PACE/WEEK NEEDED	11 820	7 053	18 873
SOY Dec 17	4800.00	-27.00	4827.00	0.6%	4811.00	WHEAT IMPORTS			
SUN Spot	4470.00	-26.00	4496.00	0.6%	4750.00	2017/18	2016/17	5 Yr. AVG	
SUN Dec 17	4518.00	-35.00	4553.00	0.8%	4750.00	WEEK TOTAL	83 442	30 943	72 134
WHEAT Spot	4165.00	23.00	4142.00	0.6%	4851.00	YTD TOTAL	188 208	32 843	94 445
WHEAT Dec 17	4150.00	6.00	4144.00	0.1%	4131.00	TOTAL NEEDED	1 800 000	930 728	1 568 763
WHEAT Mar 18	4229.00	7.00	4222.00	0.2%	4152.00	YTD AS % OF NEEDED	10%	3.5%	6%

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

**Market Overview:** The Rand weakened against the dollar on Tuesday and is currently trading slightly weaker than yesterday midday. The rand came in under pressure following the 12<sup>th</sup> Cabinet Reshuffle by President Jacob Zuma which once again intensifies local political uncertainty that shakes up investor confidence, particularly because this reshuffle, like many others is viewed as a strategic move for Zuma to force through the nuclear deal. The rand has however remained resilient, only weakening 0.1% from Tuesday midday and is currently trading at around R13.39 to the dollar. While part of the market focuses on political factors, what will also be on focus today is the September consumer inflation figures released by Statistics SA. In August, CPI ticked up 4.8% from 4.6% in July. It is expected that September inflation could possibly climb up higher mainly due to higher fuel prices and higher meat prices. On the commodities front, Brent crude oil is continuing to strengthen gains at the back of falling US crude inventories as well higher oil demand in China. At the time of writing, Brent crude oil was trading at around US\$58.28 per barrel.

**Maize:** US maize prices remained in the negative territory for the second straight session this week. Modest losses seen in both December and March '18 contract can be mainly attributed to concerns of an expected near-record harvest in the US after maize yields were revised higher in the latest USDA supply and demand estimates. On Tuesday, private exporters reported maize export sale of 114 306 tons to Mexico and 144 788 tons to unknown destinations. Both sales are for the 2017/18 marketing season. In order for maize prices to lift up from the current pressure, strong demand would be required through export sales particularly if production continues to increase in the US. On Maize harvest progress for the week ending 15 October is still lagging far behind the 5-year average and showed a slight improvement from the week prior, currently at 28% complete. Maize crop conditions improved by 1 point to 65% good/excellent, while only 1% was rated poor. This supports the sentiment that maize harvest this year will yield a large crop for the US. **Local:** South African maize prices ended the day mixed but were mostly flat for both white and yellow maize. Later contract months ended the day unchanged while earlier contract months posted modest gains. White and yellow spot ended the day slightly higher by 0.1% and 0.2% at R1 876 and R1 974, respectively. The latest import and export data reported by SAGIS for the week ending 13 October 2017 showed an overall decline in maize exports for both white and yellow maize. White maize exported 6 281 tons with Botswana and Mozambique as the leading buyers, while yellow maize exports amounted to 4 690, a 91% decline from the previous week with Swaziland and Japan as the leading buyers. Total maize exports amount to 1.386 million tons, a 0.8% increase from the week prior.

**Soybeans:** The US soybean prices were under pressure yesterday closing lower as the weather conditions turn favourable in both the US, where the harvesting of soybeans take place currently, and in Brazil where the soybean plantings is under way. Both the November 2017 and March 2018 prices closed lower for the day, while the soybean meal and soybean oil prices also posted some losses yesterday. The soybean harvesting in the US progressed well from last week's 36% done to this week's 49% done. The pace of the harvesting is still well below the 5 year average pace of 59% done at this time of the season and the slower pace of the harvesting was mainly due to rain that fell over large parts of the country production areas where the harvesting is taking place. The weather that is expected to become more favourable for the harvesting are likely to result in the harvesting to catch up on the pace. The USDA is still expecting good yields for the season and the US is likely to have yet another record soybean crop for the season. The soybean crop conditions also showed a small improvement from last week. In China the soybean production for the season are expected to be 11% higher than last year's production there, while the soybean imports to China is around 15.5% higher as a year ago. China remains the largest importer of US soybeans. The weather conditions in Brazil starts to look more favourable for the plantings to continue after dry weather caused some delays in the pace of the plantings that took place there. **Local:** The local oilseed market was mainly under pressure yesterday during the trading session and closed lower for the day in most of the contract months which is listed currently. The sunflower market were sharply under pressure, while the soybean market were slightly stronger than the sunflower seed market for the day. Some buying power was seen in the sunflower market towards the end of the session and the market gained some of the losses back that were seen early in the session. The latest monthly SAGIS report will be released next week and that would give an good indication of the oilseed processing and the expectations for the stock levels and the ending stocks.

**Wheat:** The winter wheat markets in the US continues the lower trend with the market that traded lower for the 5<sup>th</sup> time in the last 6 trading sessions. The SRW market and the HRW wheat markets traded lower yesterday, while the spring wheat market posted some small gains yesterday. The winter wheat plantings were reported to be 60% done up from the 48% a week ago, but still behind the pace of last year which was 70% complete at this time of the season and the 5 year average of 71%. The wheat exports that took place from Russia was a bit lower during September, but the exports during October was the highest on record. The most active buyers of Russian wheat during October was countries like Egypt, Turkey, Bangladesh, Indonesia, South Africa and Vietnam. In the international context there are large wheat stock levels with the USDA that revised the wheat stocks even higher in their latest estimates. The large world wheat stocks keep the international prices in a sideways direction at the fairly low levels seen lately. **Local:** The local wheat market posted small gains yesterday in most of the contract months which is listed currently, but the trading activity in the wheat market was very slow yesterday with low contract volumes that were seen. In yesterday's weekly import and export report that were released by SAGIS the weekly wheat imports were reported on 83 442 ton. The total imports for the 2017/18 marketing season, which started the 1<sup>st</sup> of October, is 118 208 ton. Most of the imports that took place were from the Black sea region, while around 22 871 tons were from the US.

Domestic Market Insights & Data: [www.grainsa.co.za](http://www.grainsa.co.za) / [www.sagis.co.za](http://www.sagis.co.za)  
International Market Insights & Data: [www.usda.co.za](http://www.usda.co.za)

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