

Grain SA's Morning Grain Market Commentary

Grain SA GRAIN SA	DATE	DATE		+ - LAST WEEK		+ - LAST MONTH		+ - LAST YEAR	
	2017/01/19	2017/01/18		2016/01/09		2016/12/19		2016/01/18	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%
DJIA-index	19805	-21.45	-0.1%	19826	-0.8%	19964	-0.2%	19843	23.9%
Goud (Spot)	1202.64	-12.23	-1.0%	1214.87	2.4%	1174.90	5.6%	1139.05	10.5%
Brent \$/vat	54.38	-1.28	-2.3%	55.66	-4.4%	56.88	-2.2%	55.59	87.5%
1 € / US\$	1.0637	-0.006	-0.5%	1.0693	1.1%	1.0525	1.7%	1.0458	-2.2%
1 US\$ / ZAR	13.59	0.020	0.1%	13.57	-1.2%	13.76	-3.1%	14.02	-19.1%
Corn	R 1,952.79	5	0.3%	R 1,947.44	* CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day				
Wheat	R 2,152.19	-7	-0.3%	R 2,158.99	* CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day				
Soybeans	R 5,367.98	48	0.9%	R 5,320.19	* CBOT Soy Jan cents / bushel 08:00 today vs. CBOT Soy Jan 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 Dec 16	365.00	1.00	0.3%	364.00	2%	358.00	3%	356.00	-8%
Wheat Dec 16	431.00	-2.00	-0.5%	433.00	2%	423.00	5%	409.00	-21%
Soybeans Jan 17	1075.00	8.00	0.7%	1067.00	9%	986.00	4%	1036.00	21%
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)									
SORGHUM Jul '17	3220.00	0.00	0.0%	3220.00	-2.4%	3300.00	-2.4%	3300.00	-9.3%
WMAZ Spot	3415.00	40.00	1.2%	3375.00	-3.8%	3551.00	-17.6%	4142.00	-33.3%
WMAZ Mar 17	3322.00	-37.00	-1.1%	3359.00	-3.6%	3447.00	-12.5%	3795.00	-30.8%
WMAZ Jul 17	2315.00	-15.00	-0.6%	2330.00	-5.2%	2441.00	-18.8%	2850.00	-38.8%
YMAZ Spot	3263.00	61.00	1.9%	3202.00	-1.9%	3325.00	-2.1%	3332.00	-21.0%
YMAZ Mar 17	3163.00	46.00	1.5%	3117.00	-2.0%	3226.00	-2.5%	3244.00	-19.8%
YMAZ Jul 17	2348.00	-20.00	-0.8%	2368.00	-3.2%	2425.00	-13.1%	2701.00	-35.8%
SOY Spot	6595.00	85.00	1.3%	6510.00	4.7%	6300.00	0.5%	6565.00	-13.2%
SOY May 17	6090.00	45.00	0.7%	6045.00	4.5%	5830.00	-0.7%	6130.00	-10.4%
SUN Spot	5485.00	-15.00	-0.3%	5500.00	0.1%	5480.00	-7.4%	5925.00	-27.9%
SUN May 17	5590.00	15.00	0.3%	5575.00	-0.9%	5639.00	-6.8%	6000.00	-23.7%
WHEAT Spot	3935.00	-10.00	-0.3%	3945.00	-0.6%	3958.00	-0.2%	3944.00	-20.1%
WHEAT May 17	4101.00	-4.00	-0.1%	4105.00	0.6%	4078.00	-1.2%	4152.00	-19.0%

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

Market Overview: The rand trades relatively the same as yesterday midday but slightly weaker by 0.1%. On Wednesday, the dollar strengthened against its major peers, clawing back its losses following Donald Trump's comments that the dollar was "too strong" which implied a currency war. At the time of writing, the Rand was trading at R13.59 to the dollar. On Wednesday, inflation figures were released by Stats SA which has placed the December headline inflation at 6.8% year-on-year (y-o-y) which is 0.2% higher than November's figure. The food and non-alcoholic beverages inflation increased to 11.7% y-o-y in December 2016 from 11.6% in November. On the global front, the Brent crude oil slipped below the US\$55 mark. The rising US shale output threatens the OPEC's pact to curtail supply in support of prices. According to the EIA report released on Tuesday, oil production from 7-major US shale producers is forecast to rise by 41 000 barrels per day in February from January which has now placed pressure on Brent crude oil prices which at the time of writing, was trading at US\$54.38 per barrel.

Maize: US maize ended the day a few cents lower in the two lead contracts. The March maize prices remained a few cents of chart resistance at the 200-day moving average near US\$3.70. Maize harvest is set to begin in Argentina and Brazil in a few weeks, which may move demand away from the US. Markets still keep an eye on the Argentina weather, although the Brazil record crop could offset some Argentinian yield losses. Flooding in Argentina's central area is a major issue, however, there are talks about dryness in the coming days but some models are showing light showers may continue. Elsewhere, maize ended the day higher on China's Dalian market while the European maize for March was about unchanged. **Local:** South African maize prices closed mixed on Wednesday. White and yellow spot prices clawed back some of its losses from Tuesday, closing in the positive territory by 1.2% and 2% at R3 415 and R3 263, respectively. White and yellow maize July contract remained under pressure, closing lower for the day. Producer deliveries still continue at silos and in the latest report by SAGIS, for the week ending 13 January 2017, a total of 4 021 tons of white maize was delivered bringing the 2016/17 season total to 2 911 564. Yellow maize producer deliveries amounted to 6 532, bringing the total for the 2016/17 season to 3 515 123 tons.

Soybeans: The US soybeans still found some support due to the unfavourable weather conditions in Argentina. The expectations are that the Argentinian crop are likely to be lower this season due to weather conditions that ranged from too wet in one area of the country up to too dry conditions in other parts of the country. There are mixed reactions in Argentina about the possible crop size which will be harvested. The estimation of the possible crop size range from 50 million tons up to 57 million tons which is the estimation by the USDA for the Argentinian crop. In the US the stronger dollar placed some pressure on the soybean market as the stronger dollar make the US less competitive in terms of exports. The expectations in the market are also that the large Brazilian crop will be sufficient to offset the losses seen in the Argentinian crop. The Brazilian crop are estimated to reach record levels this season of around 104 million tons. The good crop expectations in Brazil are mainly due to favourable weather conditions that were seen in the markets. **Local:** The local soybean market traded strongly yesterday closing the day higher for all the contract months which is currently listed. The local prices fund support by the international market that trades higher and this is seen by the derived prices as well that traded higher. The gap between the local price and the derived prices has narrowed even further with the derived price that posted some good gains.

Wheat: The US wheat market traded mixed yesterday with the soft red winter wheat that closed lower yesterday while the hard red winter wheat and the spring wheat gained a few cents and closed higher for the day. The Kansas city's HRW price is the highest since June 2016 after the USDA reported larger than expected declines in the area planted. The weather forecast for the next few days indicates that parts of the High Plains and the Midwest where wheat is produced should receive some rain. The weekly export line up of wheat includes tenders from Taiwan for US wheat with results expected to be released on Friday and the tender from Japan for US or Canadian wheat should be announced on Thursday. The main focus now in the international market are the weather conditions in the US as there are no other big news now in the international wheat markets. Rain are expected to move through the central plains later this week, while the expectation for the 6 - 10 day weather forecast that the southern plains are likely to be dry. **Local:** The local wheat prices traded strongly downwards early in yesterday's trading session but managed to gain some of the losses back and the market closed only slightly lower for all the contract months which are listed currently. The contract volumes were yet again lower yesterday in the wheat market.

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

International Market Insights & Data: www.usda.co.za

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