

Grain SA's Morning Grain Market Commentary

GRAIN SA GRAAN SA	DATE	DATE			+ - LAST WEEK		+ - LAST MONTH		+ - LAST YEAR					
	2017/01/20	2017/01/19			2016/01/09		2016/12/19		2016/01/18					
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data				
DJIA-index	19732	-72.32	↓	-0.4%	19805	↓	-1.2%	19964	↓	-0.6%	19843	↑	23.4%	15988
Goud (Spot)	1208.06	5.42	↑	0.5%	1202.64	↑	2.8%	1174.90	↑	6.1%	1139.05	↑	11.0%	1088.11
Brent \$/vat	54.38	0.00	↑	0.0%	54.38	↓	-4.4%	56.88	↓	-2.2%	55.59	↑	87.5%	29.00
1 € / US\$	1.0679	0.002	↑	0.2%	1.0660	↑	1.5%	1.0525	↑	2.1%	1.0458	↓	-1.8%	1.0878
1 US\$ / ZAR	13.52	-0.020	↓	-0.1%	13.54	↓	-1.7%	13.76	↓	-3.6%	14.02	↓	-19.5%	16.80
Corn	R 1,948.05	11	↑	0.5%	R 1,937.40	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day								
Wheat	R 2,101.36	-38	↓	-1.8%	R 2,139.29	*CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day								
Soybeans	R 5,315.49	-23	↓	-0.4%	R 5,338.28	*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	366.00	2.00	↑	0.5%	364.00	↑	2%	358.00	↑	3%	356.00	↓	-8%	398.50
Wheat Dec 16	423.00	-7.00	↓	-1.6%	430.00	↑	0%	423.00	↑	3%	409.00	↓	-22%	543.75
Soybeans Jan 17	1070.00	-3.00	↓	-0.3%	1073.00	↑	9%	986.00	↑	3%	1036.00	↑	20%	889.00
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%	3550
WMAZ Spot	3505.00	90.00	↑	2.6%	3415.00	↓	-1.3%	3551.00	↓	-15.4%	4142.00	↓	-31.5%	5120
WMAZ Mar 17	3378.00	56.00	↑	1.7%	3322.00	↓	-2.0%	3447.00	↓	-11.0%	3795.00	↓	-29.6%	4800
WMAZ Jul 17	2300.00	-15.00	↓	-0.6%	2315.00	↓	-5.8%	2441.00	↓	-19.3%	2850.00	↓	-39.2%	3780
YMAZ Spot	3269.00	6.00	↑	0.2%	3263.00	↓	-1.7%	3325.00	↓	-1.9%	3332.00	↓	-20.8%	4130
YMAZ Mar 17	3173.00	10.00	↑	0.3%	3163.00	↓	-1.6%	3226.00	↓	-2.2%	3244.00	↓	-19.6%	3945
YMAZ Jul 17	2355.00	7.00	↑	0.3%	2348.00	↓	-2.9%	2425.00	↓	-12.8%	2701.00	↓	-35.7%	3660
SOY Spot	6575.00	-20.00	↓	-0.3%	6595.00	↑	4.4%	6300.00	↑	0.2%	6565.00	↓	-13.5%	7600
SOY May 17	6056.00	-34.00	↓	-0.6%	6090.00	↑	3.9%	5830.00	↓	-1.2%	6130.00	↓	-10.9%	6800
SUN Spot	5488.00	3.00	↑	0.1%	5485.00	↑	0.1%	5480.00	↓	-7.4%	5925.00	↓	-27.9%	7610
SUN May 17	5590.00	0.00	↑	0.0%	5590.00	↓	-0.9%	5639.00	↓	-6.8%	6000.00	↓	-23.7%	7326
WHEAT Spot	3928.00	-7.00	↓	-0.2%	3935.00	↓	-0.8%	3958.00	↓	-0.4%	3944.00	↓	-20.2%	4924
WHEAT May 17	4083.00	-18.00	↓	-0.4%	4101.00	↑	0.1%	4078.00	↓	-1.7%	4152.00	↓	-19.3%	5060

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

Market Overview: This morning, the rand trades 0.15% stronger than the level seen yesterday at midday. The rand was bordering R13.60/US\$ on Thursday morning but recovered by midday. At the time of writing, the rand is trading at R13.52 to the dollar. On the global front, the dollar has strengthened against its major peers ahead of the inauguration of Donald Trump which will take place today in Washington DC. The dollar also reacted to a speech by the Federal Reserve chair, Janet Yellen, hinting that the US interest rates could gradually rise further this year. On the commodities, Brent crude oil trades relatively at the same levels seen as yesterdays reported level. OPEC and other 11 oil producing countries are making a determined effort to cut oil output to support prices, which still holds above the US\$50 per barrel mark. In the beginning of the week, oil was trading above the US\$55 per barrel mark but lost ground at news that US shale production would rise. At the time of writing, Brent crude oil was trading at US\$54.38 per barrel.

Maize: US maize closed a few cents higher on Thursday's trading session in light trading. Meanwhile the contract remained a few cents of chart resistance, still at the 200-day moving average moving near US\$3.70. This week was not met with major market data, which lead to prices moving in a steady fashion. On Thursday, the USDA reported an export sale of 110 490 tons of the 2016/17 US maize to unknown destinations. The official weekly export sales report has been delayed and will be released today. In South America, Argentina is experiencing some dryness this week which is needed after damaging rains were reported last week and early this week, some few showers have been forecast for next week. Elsewhere, the market followed the trend seen on Wednesday's session as the China's Dalian maize price for March closed higher and the European maize for March was about unchanged. **Local:** Maize prices ended the day mixed with the white maize later month contracts still under pressure. White and yellow spot prices ended the day in the positive territory, closing higher by 2.6% and 0.2% at R3 505 and R3 269, respectively. White and yellow March contract also closed higher while the white maize July contract slipped a few rands lower, closing at R2 300. On the neighbouring front, Zambia has also been plagued by the armyworms breakout which has affected Zimbabwe and Malawi and this could be a boost for the South African maize export. Factors still needs to be considered in the local market is the importance of follow up rain especially during the pollination phase.

Soybeans: The US soybean prices closed slightly lower yesterday after the gains that were seen lately in the market. Despite the prices that were under pressure yesterday and closed a little lower the US market still trades near the recent six month high. The dollar that trades stronger also make the US markets less competitive in terms of exports and that contributes to the pressure on the prices in the US. The losses were however limited by the crop conditions in Argentina that are not too favourable at this point of stage in the season. Argentina is the world third largest producer of soybean and the top exporter of soybean meal and oil. A lower soybean crop in Argentina could lead so lower export supplies of soybean meal and oil. The Buenos Aires Grain Exchange cut back on the soybean planting estimates and it is now estimated to be 19.2 million ton from the 19.3 million ton earlier. They also reported that more than half of the area could be lost all depending on how the weather situation is playing out in the next few weeks. The Argentinian crop is currently estimated on 52.9 million ton down from the 54.4 million ton which was estimated earlier the season. Farm Futures released a planting survey yesterday that indicated that producers in the US are likely to plant around 8.5% more acres of soybean than in 2016, while the maize area are expected to decrease by around 3.7% from last year. The switch can mainly be attributed to the better profit potential for the oilseed. **Local:** The local soybean market traded mixed yesterday as there were contracts that posted some gains while others were somewhat more under pressure yesterday.

Wheat: The US wheat markets traded mixed yesterday with the winter wheat that came under pressure after recent gains that were seen, while the spring wheat was higher in the nearby months. The Kansas City HRW had the largest setback yesterday with the prices of the nearby month contracts down 10 cents. The prices of the Kansas City wheat were seen rising sharply lately with the USDA that showed a strong decrease in the area planted. The wheat markets came under pressure as there are talks about a weakening in demand as the wheat prices climbed to the highest level since August. Parts of the High Plains winter wheat area should receive some rain in the next few days as well as the Midwest. In terms of the exports Japan bought 117 605 ton of US and Canadian wheat, while Egypt, Taiwan and Ethiopia seeks to buy wheat from the US and/or other origins. The international wheat prices remain at relatively low levels as there are ample stocks available and large price rallies in the wheat market is very unlikely due to the large stock levels. The forecast in a Reuters poll for the weekly export sales were fairly both sides of last week's sales and it can either be above or below last week's figure. **Local:** The local wheat market were under pressure yesterday trading closing the day slightly lower.

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

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

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