

Grain SA's Morning Grain Market Commentary

DATE 2018/03/20	DATE 2018/03/19		DATE 2018/03/19		+ - LAST WEEK 2018/03/12		AT THE MONEY PUT OPTION					
	Δ	Δ%	Data	Δ	Δ%	Data		WM	YM			
DJIA-index	24947	0.49 ↑	0.0%	24947	↓	-1.5%	25336	JULY '18 FUTURES PRICE	R 2 025.00	R 2 090.00		
Goud (Spot)	1316.48	4.80 ↑	0.4%	1311.68	↓	-0.5%	1323.22	PUT STRIKE PRICE	R 2 040.00	R 2 100.00		
Brent \$/vat	66.26	0.34 ↑	0.5%	65.92	↑	1.0%	65.58	PUT PREMIUM	R 105.31	R 100.31		
1 € / US\$	1.2336	0.00 ↓	0.0%	1.2341	↑	0.1%	1.2319	MINIMUM SAFEX PRICE	R 1 934.69	R 1 999.69		
1 US\$ / ZAR	12.02	-0.280 ↓	-2.3%	12.30	↑	1.2%	11.88					
Corn	R 1 779.24	-9 ↓	-0.5%	R 1 788.70	*CBOT Corn Mei cents / bushel 08:00 today vs. CBOT May 12:00 the previous day							
Wheat	R 2 009.55	-60 ↓	-2.9%	R 2 069.92	*CBOT Wheat Mei cents / bushel 08:00 today vs. CBOT Wheat May 12:00 the previous day							
Soybeans	R 4 531.43	-155 ↓	-3.3%	R 4 686.70	*CBOT Soy Mei cents / bushel 08:00 today vs. CBOT Soy May 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)								WEEK NR.				
Corn May 18	376.00	-2.00 ↓	-0.5%	378.00	45				MAIZE EXPORTS			
Wheat May 18	455.00	-3.00 ↓	-0.7%	458.00	Daily parity prices delivered in Randfontein				WM	YM	TM	
Soybeans May 18	1026.00	-11.00 ↓	-1.1%	1037.00	Import parity				WEEK TOTAL	9 512	4 498	14 010
Latest MTM prices (SPOT = nearest contract month (Rand / ton))					Export parity				YTD TOTAL	619 424	1 396 922	2 016 346
SORGHUM Mar '18	3698.00	0.00 ↑	0.0%	3698.00	3592.42	1727.23	1727.23	EXPORTABLE	2 500 000	1 850 000	4 350 000	
WMAZ Spot	1936.00	-1.00 ↓	-0.1%	1937.00	3772.75	1550.60	1550.60	YTD AS % OF EXPORTABLE	25%	76%	46%	
WMAZ May 18	1984.00	-10.00 ↓	-0.5%	1994.00	3337.09	1668.56	1668.56	PACE/WEEK NEEDED	268 654	64 725	333 379	
WMAZ Jul 18	2025.00	-13.00 ↓	-0.6%	2038.00	3370.07	1700.89	1700.89	MAIZE PRODUCER DELIVERIES				
YMAZ Spot	2006.00	7.00 ↑	0.4%	1999.00	3229.11	1550.60	1550.60	WEEK TOTAL	5 299	7 988	13 287	
YMAZ May 18	2056.00	-7.00 ↓	-0.3%	2063.00	3337.09	1668.56	1668.56	YTD TOTAL	9 650 216	6 544 387	16 194 603	
YMAZ Jul 18	2090.00	-5.00 ↓	-0.2%	2095.00	3370.07	1700.89	1700.89	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000	
SOY Spot	4615.00	16.00 ↑	0.3%	4599.00	6263.78	4123.48	4123.48	% CROP DELIVERED	100%	101%	101%	
SOY May 18	4682.00	23.00 ↑	0.5%	4659.00	6522.81	4264.73	4264.73	PACE/WEEK NEEDED	-1 067	-13 305	-14 372	
SUN Spot	5250.00	164.00 ↑	3.2%	5086.00	5747.01	4006.17	4006.17	WHEAT IMPORTS				
SUN May 18	4905.00	20.00 ↑	0.4%	4885.00	6522.81	4264.73	4264.73	2017/18	2016/17	5 Yr. AVG		
WHEAT Spot	3795.00	59.00 ↑	1.6%	3736.00	4080.88	1661.38	1661.38	WEEK TOTAL	55 958	29 807	23 533	
WHEAT May 18	3834.00	54.00 ↑	1.4%	3780.00	4994.83	2452.11	2452.11	YTD TOTAL	1 142 693	387 007	731 176	
WHEAT Jul 18	3837.00	57.00 ↑	1.5%	3780.00	5065.18	2521.07	2521.07	TOTAL NEEDED	2 000 000	930 728	1 622 999	
								YTD AS % OF NEEDED	57%	41.6%	45%	

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

Market Overview: The local currency is trading in tight range, remaining relatively unchanged from yesterday midday, slightly above the psychological R12 level. The local market has shifted focus from political events, and currently placing focus on the fiscal path of the country. This week, Moody's is due to deliver its first credit rating review for the country on Friday, and while some economic fundamentals still remain the same, fear mounts on what decision will be taken by the agency. Moody's currently has the country one notch above sub-investment level, with current rating on review for a downgrade. Further to this, the US Federal Reserve is having its meeting on Wednesday, with big speculation leaning on a greater possibility of interest rate hikes that placed pressure on emerging markets. At the time of writing, the rand was trading at around R12.02 to the dollar. On the commodities front, Brent crude oil has jumped to its highest in two weeks and currently trades at around US\$66.26 per barrel.

Maize: US maize prices took a knock again on Friday, starting the week lower due to a spillover weakness from other crops such as the wheat and soybean which posted significant losses amid forecasts of rain in Argentina and the US Plains. US maize prices have recently had a round of bullish data, particularly from export sales but this was overshadowed by lower commodity prices of either wheat or soybean. On Monday, private exporters reported a sale of 205 751 tons of maize for delivery to Japan during the 2018/19 marketing season, which begins on 1 September 2018. A second sale for the amount of 114 306 tons was also reported, for delivery to an unknown destination during the current marketing season. For the week ending 15 March, total weekly sales of maize amounted to 1.4 million tons, reaching the high end of trade forecasts and were slightly higher than the prior week's total. **Local:** South African maize prices ended the day lower on Monday, closing mostly flat for both white and yellow maize contract despite a weaker rand. Maize which is currently under production could benefit from rain forecasted for major production areas over the next week and this aspect could have placed prices under pressure. White spot posted modest losses, meanwhile yellow spot was the exception, closing slightly higher.

Soybean: The International soybean market posted steep losses in yesterday's trading session after much needed rain fell over large parts of the soybean producing areas of Argentina. The dry weather there gave some good support to the international prices over the recent few weeks. Both the May and July contract closed sharply lower yesterday. The soybean meal prices also posted double digit losses yesterday. The US soybean export inspections of 490 000 ton was well below the average trade estimates which was around 850 000 tons for the week. The weekly exports was also well below the previous week's exports and that has raised the pace needed in order to meet the annual USDA forecast for the season. The lower exports for the week was due to the absence of China which did not make such large purchases this week. China typically accounts for the around 60% to 70% of the total weekly exports, but this week China only accounted for around 25% of the total weekly exports. The year to date soybean exports for the current season is around 12% less than the year to date exports that were reported the same time of the season last year. A large portion of the international exports for the season came from South American countries, but the more tight supplies there will shift the international dependence more towards the US imports. The US still has large stocks available and the new they starting with the new season plantings. **Local:** The local oilseed market found some support yesterday and traded mostly higher for the day with both the soybean and sunflower seed market traded higher for the day. The sunflower seed market posted good gains with the March sunflower seed contract that closed R164/ton higher for the day.

Wheat: The US wheat markets posted the largest losses of all commodities yesterday after much needed rain fell over large parts of the US Plains over the weekend. All three the US wheat markets closed lower yesterday with the hard red winter wheat which posted the biggest losses for the day, followed by the soft red winter and the spring wheat market. The wheat exports inspections for the week was reported on around 440 000 tons which was higher than the average trade estimates of around 350 000 tons and also higher than the previous week's exports. Morocco was the largest import destination this week of the US wheat. In the EU the average wheat yield for the season is expected to be 1.4% higher than the previous seasons yield as the crop is looking fairly well there in general. In the other international trade Japan's regular tender closes on Thursday and the tender includes purchases of food quality wheat sourced from either the US or Canada. **Local:** The local wheat market found some good support yesterday and traded mostly higher for the day in most of the contact months which is listed currently despite the parity prices for the day which was mostly negative. The wheat import tariff has traded lower last week for week two and if the tariff might be triggered lower this week again depending on the weekly US wheat price.

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 luan@grainsa.co.za
Thank you for the Maize Trust for partially funding this project

