

Grain SA's Morning Grain Market Commentary

DATE 2017/10/20	DATE 2017/10/19			+ - LAST WEEK 2017/10/09			AT THE MONEY PUT OPTION			
	Data	Δ	Δ%	Data	Δ	Δ%	JULY '18 FUTURES PRICE	WM	YM	
DJIA-index	23163	5.44	0.0%	23158	1.3%	22774	PUT STRIKE PRICE	R 2 065.00	R 2 132.00	
Goud (Spot)	1283.54	5.80	0.5%	1277.74	0.0%	1283.16	PUT PREMIUM	R 2 080.00	R 2 140.00	
Brent \$/vat	57.43	-0.79	-1.4%	58.22	2.9%	55.83		R 231.44	R 208.46	
1 € / US\$	1.1804	0.00	-0.1%	1.1815	0.6%	1.1728	MINIMUM SAFEX PRICE	R 1 848.56	R 1 931.54	
1 US\$ / ZAR	13.58	0.330	2.5%	13.25	-0.9%	13.71				
Corn	R 1 865.81	0	0.0%	R 1 865.81			* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day			
Wheat	R 2 155.59	67	3.2%	R 2 088.60			* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day			
Soybeans	R 4 919.94	124	2.6%	R 4 795.51			* 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	349.00	0.00	0.0%	349.00	0.0%	350.00	24	WM	YM	TM
Wheat Sep 17	432.00	3.00	0.7%	429.00	2.2%	443.00	WEEK TOTAL	6 281	4 690	10 971
Soybeans Sep 17	986.00	1.00	0.1%	985.00	3.8%	972.00	YTD TOTAL	479 749	906 750	1 386 499
Latest MTM prices (SPOT = nearest contract month (Rand / ton)							EXPORTABLE	2 500 000	1 850 000	4 350 000
Sorghum Dec '17	2550.00	0.00	0.0%	2550.00	1.9%	2600.00	YTD AS % OF EXPORTABLE	19%	49%	32%
WMAZ Spot	1882.00	-2.00	-0.1%	1884.00	1.0%	1863.00	PACE/WEEK NEEDED	72 152	33 688	105 839
WMAZ Dec 17	1920.00	-6.00	-0.3%	1926.00	0.2%	1916.00	MAIZE PRODUCER DELIVERIES			
WMAZ Mar 18	1964.00	-6.00	-0.3%	1970.00	0.1%	1963.00	WEEK TOTAL	21 176	10 165	31 341
YMAZ Spot	1974.00	3.00	0.2%	1971.00	0.1%	1973.00	YTD TOTAL	9 357 228	6 281 499	15 638 727
YMAZ Dec 17	2013.00	-1.00	-0.0%	2014.00	-0.9%	2032.00	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000
YMAZ Mar 18	2061.00	3.00	0.1%	2058.00	-1.0%	2081.00	% CROP DELIVERED	97%	97%	97%
SOY Spot	4755.00	23.00	0.5%	4732.00	1.0%	4710.00	PACE/WEEK NEEDED	10 197	6 063	16 260
SOY Dec 17	4835.00	16.00	0.3%	4819.00	0.5%	4811.00	WHEAT IMPORTS			
SUN Spot	4500.00	0.00	0.0%	4500.00	-5.3%	4750.00	2017/18	2016/17	5 Yr. AVG	
SUN Dec 17	4559.00	-9.00	-0.2%	4568.00	-0.0%	4750.00	WEEK TOTAL	83 442	30 943	72 134
WHEAT Spot	4200.00	0.00	0.0%	4200.00	-1.4%	4851.00	YTD TOTAL	188 208	32 843	94 445
WHEAT Dec 17	4145.00	5.00	0.1%	4140.00	0.3%	4131.00	TOTAL NEEDED	1 800 000	930 728	1 568 763
WHEAT Mar 18	4224.00	0.00	0.0%	4224.00	-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 is currently trading weaker than yesterday midday and still trading at a one-week high. In the beginning of the week, the rand was trading relatively stronger helped by a weaker dollar but the strength was disrupted by President Zuma's unexpected cabinet reshuffle. The rand remained resilient, not weakening as sharp as with previous reshuffles. The higher consumer inflation figure of 5.1% which was released on Wednesday added more pressure to the rand, causing it to weaken further. On the international front, the Euro has strengthened against the dollar. Meanwhile, the big day to watch out for is Tuesday the 24th when President Donald Trump plans to meet with Republicans to discuss the tax reform. At the time of writing, the rand was trading at around R13.57 to the dollar. On the commodities front, Brent crude oil slipped slightly, currently trading at around US\$57.42 per barrel.

Maize: US maize prices rebounded a little higher after a week of 3-consecutive losses. Maize market was mostly under pressure this week, pressured by increased yield estimates which indicated near-record production for the US. What was main focus in terms of price movements was the export sales, which came in higher than expected. The weekly export sales reported by the USDA amounted to 1.270 million tons, beating trade expectations which were expected to range between 800 000 and 1 million tons. Total maize export sales were however 21% lower than a week ago but are 58% higher than the 4-week average. Harvest progress in the US could also be adding to price gains, with only 28% of the crop harvested indicating a lag in the progress. Harvest progress is expected to catch up for on Friday as no rain is forecasted for the Midwest. Showers are however expected in the Midwest on Saturday which could once again slow down harvest pace. **Local:** On the local front, maize prices retracted some of its gains seen on Wednesday to close the day mixed but mostly flat. White maize prices came under pressure, posting losses for all contract months while the yellow maize price posted modest gains while December and July 18 contract months closed lower. The maize export sales are currently lagging behind of the weekly pace needed to fulfil the exportable amount and this is current market concern as lower export sales would mean higher ending stocks for the local market. To date, maize exports for the 2017/18 marketing season amount to 1.386 million tons.

Soybeans: The US soybean market has break the three day trend yesterday to trade slightly higher for the day as the positive export demand news gave some support to the market. The soybean oil prices also posted some good gains yesterday that contributed to the support in the soybean markets. The soybean export sales for the week was lower than last week's export sales and lower than what the trade estimates was for the week. The weekly export sales were also lower than the four week average export sales at this time of the season. Despite the lower than expected export sales that were reported for the week the weekly export shipments that were reported were robust with large export shipments that were reported for the week. China was the largest import destination for the week with Spain, Pakistan, Germany and Turkey that followed. Private exporters has reported soybean export sales of 3.8 million ton to China for delivery in the 2017/18 marketing season which started the first of September 2017. The expectations in the market is that the US will be likely to plant slightly more soybeans for the 2018 than what was planted in the 2017 season. **Local:** The local soybean market found some support yesterday and traded mostly higher for all the contract months which is listed currently. Good buying power were seen in the soybean market yesterday. The sunflower market traded slightly lower yesterday in the nearby months, but found some support in the new season contracts.

Wheat: The US wheat prices has recovered slightly yesterday due to the stronger than expected export sales that were reported for the week and some short coverings that were seen in the market. Yesterday both the winter wheat markets, SRW wheat and the HRW wheat market closed slightly higher for the day while the spring wheat market showed higher gains for the day. The wheat markets has shown multiple weeks of lower than expected export sale volumes, but this week the wheat exports posted strong results. The weekly export sales of wheat was well above last week's exports sales and also well above the trade estimates that were seen in the market for the week. The export shipments for the week was however less impressive with the export shipments that were around 3% lower than a week ago and 34% lower than the four week average. Ethiopia has announced a tender to buy large quantities of milling wheat with the bids that will be due on the 24th of October. The expectation is that it would mainly be sourced from the Black Sea region and delivery will take place during February 2018. **Local:** The local wheat market closed mostly unchanged to slightly stronger yester with only the December contract that traded slightly higher for the day. The trading volumes in the market were low yesterday with slow trading that took place yesterday.

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

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

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