

Grain SA's Morning Grain Market Commentary

DATE 2017/02/21	DATE 2017/02/20				+ - LAST WEEK 2017/02/13		+ - LAST MONTH 2017/01/23		+ - LAST YEAR 2016/02/22	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data
DJIA-index	20624	0.00	0.0%	20624	1.7%	20269	4.0%	19827	24.1%	16621
Goud (Spot)	1232.90	-1.25	-0.1%	1234.15	0.3%	1229.35	1.3%	1216.70	1.0%	1221.20
Brent \$/vat	56.18	0.37	0.7%	55.81	-0.8%	56.62	1.1%	55.57	64.8%	34.08
1 € / US\$	1.0584	-0.004	-0.3%	1.0621	-0.4%	1.0622	-1.5%	1.0744	-4.1%	1.1036
1 US\$ / ZAR	13.10	-0.020	-0.2%	13.12	-2.1%	13.38	-3.0%	13.50	-14.0%	15.23
Corn	R 1,897.85	-10	-0.5%	R 1,908.16	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day					
Wheat	R 2,122.72	-13	-0.6%	R 2,135.60	* CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day					
Soybeans	R 4,967.46	-22	-0.4%	R 4,989.50	* CBOT Soy Mar cents / bushel 08:00 today vs. CBOT Soy Mar 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 Mar '17	368.00	-2.00	-0.5%	370.00	-2%	374.00	0%	369.50	-8%	398.25
Wheat Mar '17	441.00	-2.00	-0.5%	443.00	-2%	449.00	2%	433.25	-13%	507.00
Soybeans Mar '17	1032.00	-3.00	-0.3%	1035.00	-3%	1059.00	-2%	1057.75	15%	896.75
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	3168.00	0.00	0.0%	3168.00	0.0%	3168.00	-1.6%	3220.00	-13.2%	3650
WMAZ Spot	3070.00	130.00	4.4%	2940.00	5.2%	2917.00	-11.9%	3483.00	-38.1%	4960
WMAZ Mar 17	3014.00	100.00	3.4%	2914.00	5.2%	2866.00	-9.1%	3314.00	-36.4%	4740
WMAZ Jul 17	2045.00	20.00	1.0%	2025.00	-3.4%	2116.00	-10.5%	2284.00	-36.9%	3240
YMAZ Spot	2935.00	130.00	4.6%	2805.00	1.7%	2886.00	-9.8%	3254.00	-17.9%	3575
YMAZ Mar 17	2885.00	100.00	3.6%	2785.00	1.4%	2845.00	-7.9%	3134.00	-14.9%	3392
YMAZ Jul 17	2150.00	33.00	1.6%	2117.00	-1.9%	2191.00	-7.2%	2317.00	-25.9%	2900
SOY Spot	6140.00	90.00	1.5%	6050.00	-5.5%	6500.00	-6.3%	6555.00	-11.5%	6940
SOY May 17	5523.00	18.00	0.3%	5505.00	-4.5%	5786.00	-8.1%	6010.00	-8.0%	6000
SUN Spot	4960.00	42.00	0.9%	4918.00	-4.1%	5170.00	-8.2%	5402.00	-35.4%	7680
SUN May 17	5030.00	-18.00	-0.4%	5048.00	-5.1%	5300.00	-9.0%	5525.00	-33.8%	7599
WHEAT Spot	3987.00	21.00	0.5%	3966.00	-0.3%	4000.00	2.1%	3906.00	-14.9%	4685
WHEAT May 17	4075.00	4.00	0.1%	4071.00	-0.5%	4094.00	0.3%	4062.00	-14.5%	4765

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

Market overview: The rand trades at R13.07/\$ this morning relatively unchanged from yesterday morning and slightly stronger than the R13.13/\$ of yesterday with market closing at 12:00. The inflation rate for January 2017 decreased to 6.6% year-on-year from the 6.8% that was seen in December 2016. The markets will be watching the build up to the budget speech by the minister of finances which is due tomorrow in parliament. The rand are currently trading steady against most of the larger market currencies despite some uncertainties in the markets that might occur in the political environment prior to the budget speech. All eyes are on the battle between the president Jacob Zuma and the finance minister Pravin Gordhan. The expectation for the budget speech is that we might see some increases in personal income tax and reduced state expenditure in order to reduce the deficit on the current account.

Maize: The US market were closed yesterday due to a public holiday in the US. In the overnight session in the US the maize market traded slightly higher. The US maize prices traded lower last week despite the higher trading that were seen recently. The lower closing of the US maize markets last week was the first weekly lower closing in three weeks as the markets found some support lately. Reports from Argentina confirmed that Mexican officials will travel to Argentina next week to start with discussions for imports of Argentinian Maize and soybeans. Uncertainties about trade agreements between Mexico and the USA with the policies set by the new US president Donald Trump motivated the Mexicans to do more business with other countries such as the South American countries. The South American crops are entering the markets and competing with the US in terms of world exports and could place the US prices under pressure again. In the US there are still large stock levels available and large exports would be needed in order to offset the pressure on the prices. There are some expectations in the market that the producers in the US would plant less hectares of maize this season due to the reduced profitability thereof. If this materializes the US maize prices could find some support towards the end of the season. **Local:** The local market found some good support yesterday and traded higher for all the contract months of both white and yellow maize. The March contract of both white and yellow maize closed limits up for the day, while the new season contracts did find some support but not as much as the old season. There were much more buyers in the market yesterday than sellers which gave support to the markets. The rain that fell over large parts of the country over the weekend as well as the rain that are predicted during the week could have a negative impact on the pace of the early delivery harvesting. There are also some concerns in areas where maize were planted a bit later that too much rain could also influenced the maize plants negatively.

Soybeans: This morning, US soybeans rose by 1% following market closure on Monday to commemorate Presidents' Day. In the previous week, soybeans finished lower for the week but rebounded this morning due to heavy rains reported over the weekend in Argentina which rose concerns over potential yield losses. According to *Safra & Mercado* consultancy, Brazil's soybean harvest reached 24.8% of planted area by February 17, which is above the 5-year average of 17.1% year-to-date; however, rain forecast this week is likely to slow down the progress. USDA expects 104.1 million tons harvest in Brazil but private forecast expects a bigger crop of about 105 million tons. Elsewhere, soybean and soyoil futures fell on Monday due to low demand and heavy supply in India. **Local:** South African Soybean ended the day higher for almost all contract months. The spot which reaches its expiration today, ended the day in positive territory, closing higher by 1.5% at R6 140. The March and May contract also ended the day higher, closing at R5 990 and R5 523 per ton. The recent heavy rains forecast over the Mpumalanga and Free State area may be disadvantageous to the crop planted in October and this can be attributed to the gains seen in Monday's trading session.

Wheat: US wheat prices ease this morning for the third session at the back of poor demand for US shipments. The US lost the bid in an international tender on Friday when Egypt bought 360 000 tons of lower-priced Russia, Ukraine and Romanian wheat. Elsewhere, wheat prices extended losses in France while the US markets closed for national holiday. According to *FranceAgriMer*, a French farm office, 92% of the wheat crop in France is in good to excellent conditions. On the global front, high wheat ending stocks are still weighing heavily on the markets, with grains market players waiting for a big revision of the US crop estimates. **Local:** Wheat prices ended the day in the positive territory. The spot and March contract ended the day a little higher at R3 987 and R3 993, respectively, but still below the R4 000 range. The May and July contract showed off a few gains, closing the day higher by 0.1% and 0.3%, respectively.

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

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

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