

## Grain SA's Morning Grain Market Commentary

GRAIN SA GRAAN SA	DATE	DATE			+ - LAST WEEK		+ - LAST MONTH		+ - LAST YEAR	
	2017/09/21	2017/09/20			2017/09/11		2017/08/21		2016/09/19	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	Data
DJIA-index	22413	41.79	0.2%	22371	2.8%	21798	3.4%	21675	23.7%	18120
Goud (Spot)	1298.50	-13.72	-1.0%	1312.22	2.9%	1337.86	1.0%	1286.27	1.3%	1316.06
Brent \$/vat	56.02	0.71	1.3%	55.31	3.7%	54.04	6.5%	52.59	22.3%	45.81
1 € / US\$	1.1882	-0.01	-1.1%	1.2016	1.1%	1.2015	1.1%	1.1750	6.4%	1.1172
1 US\$ / ZAR	13.34	0.100	0.8%	13.24	3.4%	12.90	1.3%	13.17	4.7%	14.00
Corn	R 1 838.09	11	0.6%	R 1 827.58	*CBOT Corn Sep cents / bushel 08:00 today vs. CBOT Corn Sep 12:00 the previous day					
Wheat	R 2 200.82	41	1.9%	R 2 160.00	* CBOT Wheat Sep cents / bushel 08:00 today vs. CBOT Wheat Sep 12:00 the previous day					
Soybeans	R 4 754.56	41	0.9%	R 4 714.06	* CBOT Soy Sep cents / bushel 08:00 today vs. CBOT Soy Sep 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 Sep 17	350.00	2.00	0.6%	348.00	2%	344.00	-1%	352.00	-5%	368.00
Wheat Sep 17	449.00	5.00	1.1%	444.00	9%	413.00	8%	416.00	-3%	462.75
Soybeans Sep 17	970.00	1.00	0.1%	969.00	1%	956.00	4%	937.00	0%	972.50
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)										
SORGHUM Dec '17	2750.00	0.00	0.0%	2750.00	1.8%	2800.00	3.2%	3170.00		NA
WMAZ Spot	1833.00	-8.00	-0.4%	1841.00	1.2%	1811.00	1.0%	1815.00	-2.3%	3841.00
WMAZ Dec 17	1899.00	-18.00	-0.9%	1917.00	0.5%	1889.00	3.6%	1833.00	-1.0%	3878.00
WMAZ Mar 18	1937.00	-18.00	-0.9%	1955.00	0.4%	1929.00	1.1%	1916.00	-9.0%	3796.00
YMAZ Spot	1949.00	-12.00	-0.6%	1961.00	0.7%	1936.00	0.2%	1945.00	-8.6%	3175.00
YMAZ Dec 17	2011.00	-19.00	-0.9%	2030.00	0.2%	2006.00	2.4%	1963.00	-7.8%	3231.00
YMAZ Mar 18	2057.00	-18.00	-0.9%	2075.00	0.3%	2050.00	0.8%	2041.00	-5.3%	3181.00
SOY Spot	4702.00	-17.00	-0.4%	4719.00	1.1%	4650.00	3.8%	4528.00	-6.8%	6420.00
SOY Dec 17	4824.00	-20.00	-0.4%	4844.00	1.0%	4775.00	5.9%	4554.00	-5.7%	6490.00
SUN Spot	4803.00	-10.00	-0.2%	4813.00	1.9%	4715.00	2.6%	4682.00	-4.4%	6350.00
SUN Dec 17	4887.00	-21.00	-0.4%	4908.00	0.8%	4849.00	3.9%	4703.00	-5.1%	6525.00
WHEAT Spot	4350.00	120.00	2.8%	4230.00	4.3%	4170.00	6.8%	4666.00	6.5%	4084.00
WHEAT Dec 17	3974.00	-6.00	-0.2%	3980.00	0.7%	3946.00	1.2%	4024.00	0.6%	3999.00

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

**Market overview:** This morning, the rand trades weaker than yesterday midday. On Wednesday, the rand recovered from its weakness after the consumer inflation figures were announced. CPI for August 2017 is at 4.8%, up from the 4.6% of July 2017 with alcoholic beverages & tobacco as well as transportation as the main contributors to a higher inflation rate, while all other contributing groups declined or remained unchanged. The inflation rate figures still suggest a possibility for an interest rate cut but only a modest cut can be expected, which the market is anticipating to be around 25 basis points. At the time of writing, the rand is trading at around R13.32 to the dollar ahead of the interest rate decision by the Reserve Bank. On the international front, the Federal Reserve bank decided not to raise US interest rates, however, they warned of a possible increase by the end of the year. On the commodities front, Brent crude oil prices extended gains and are now currently trading at its highest since March 2017. Bren crude oil prices climbed higher on the heels of stronger oil demand in the US and expectations that OPEC will decide to extend its production-cut deal in order to continue supporting oil prices. At the time of writing, Brent crude oil was trading at around US\$56.02 per barrel.

**Maize:** US maize prices rebounded higher, clawing back some of its losses seen on Tuesday's trade helped by some buying. Maize prices settled higher for both December and March contract. Maize harvest is currently under way, which is current market focus and harvest progress was reported to be 7% complete by Sunday. Another market focus is export sales, and ahead of the USDA weekly export sales being released today and are expected to come in slightly higher than a week ago. Last week's export sales came in at 713 778 tons. In the ethanol market, daily production has eased from the record-volumes, providing relief for large ending stocks which are expected to remain low for 2017 but higher than 2016 levels. US maize ending stocks are still at high levels which has recently kept prices under pressure but looking ahead, harvest progress and export inspections remain market focus. **Local:** South African maize prices continued to close in the negative territory for its 3<sup>rd</sup> straight session this week as the parity prices were mostly negative. White and yellow maize spot ended the day lower by 0.4% and 0.6% at R1 833 and R1 949, respectively but above the 20-day moving averages. The weekly producer deliveries reported by SAGIS came in higher than a week ago, with white maize deliveries amounting to 30 761, and yellow maize at 50 892 tons. The total maize deliveries for the season so far amount to 14.566 million tons.

**Soybeans:** The US soybean prices found support yesterday and continues to trade higher with large exports sales that has been reported yesterday by private exporters. Large exports sales has been reported to the USDA for eight of the previous nine days which gave support to the markets. The two large exports sales that were reported yesterday was to China and unknown destinations. The sale that were reported to a unknown destination was one of the ten largest sales in record since the USDA has started to track these sales in 1977. From this export sale reported around 90% thereof will be delivered in the 2017/18 marketing season and the remaining 10% are set to be delivered in the 2018/19 season. The trade estimates for this week's export sales is that the sales for the week are likely to be slightly higher than last week's exports. The report will be released by the USDA later today. Despite the record expected US crop for the season the prices find some support by the increase in demand which is also seen with the large exports sales lately. The weather conditions in the South American markets will also be a very important factor to watch in the soybean markets since the US and South America is producing more than 80% of the world's soybeans unfavourable conditions there could have an severe impact on the stock levels. **Local:** The local soybean market were under pressure yesterday closing slightly lower for the day in most of the contract months that are listed currently. The latest monthly SAGIS data will be released next week and that would be an key indication of the soybean crushing activity for the season this far.

**Wheat:** The US wheat prices found some support yesterday by some technical buying and short covering and the unfavourable weather in Australia which could damage the wheat crop there to cut production by around 10% for the 2017/18 season. In the US the SRW, HRW and spring wheat markets closed higher for the day in yesterday's trading session. The trade estimates for the week's export sales report is slightly lower than last week's exports sales that were reported. The export sales report for the week will be released later today by the USDA. The international wheat prices is still mostly under pressure as there are large world stock levels of wheat available. The world ending stocks of just over 260 million tons is very high and there is very few fundamental news in the international perspective that would bring significant changes in the general tendency of the international wheat prices. **Local:** Locally the wheat market traded mixed yesterday with very strong buying power on the September contract which closed R120/ton higher for the day, while the December contract closed almost unchanged to mostly lower. The current wheat stock levels locally is low as the imports are behind the pace needed to get the stock levels at the end of the marketing season to at least 6 weeks carry-over stocks. Large imports will be needed in the last two weeks of the marketing season. There is however uncertainties around how much will be imported in the next two months that could still fill up the low local stock levels before the new crop starts to enter the markets.

Domestic Market Insights & Data: [www.grainsa.co.za](http://www.grainsa.co.za) / [www.sagis.co.za](http://www.sagis.co.za)

International Market Insights & Data: [www.usda.co.za](http://www.usda.co.za)

Compiled by: Luan van der Walt & Michelle Mokone / For any queries, contact [luan@grainsa.co.za](mailto:luan@grainsa.co.za) or [Michelle@grainsa.co.za](mailto:Michelle@grainsa.co.za)

Thank you for the Maize Trust for partially funding this project

