


Grain SA's Morning Grain Market Commentary

	DATE		DATE			+ - LAST WEEK		+ - LAST MONTH		+ - LAST YEAR				
	2017/09/22		2017/09/21			2017/09/11		2017/08/21		2016/09/19				
	Data	Δ	Δ%	Data	Δ	Data	Δ%	Data	Δ%	Data				
DJIA-index	22359	-53.36	↓	-0.2%	22413	↑	2.6%	21798	↑	3.2%	21675	↑	23.4%	18120
Goud (Spot)	1298.05	-0.45	↓	0.0%	1298.50	↓	3.0%	1337.86	↑	0.9%	1286.27	↓	1.4%	1316.06
Brent \$/vat	56.24	0.22	↑	0.4%	56.02	↑	4.1%	54.04	↑	6.9%	52.59	↑	22.8%	45.81
1 € / US\$	1.1965	0.00	↑	0.4%	1.1915	↓	0.4%	1.2015	↑	1.8%	1.1750	↑	7.1%	1.1172
1 US\$ / ZAR	13.25	-0.080	↓	-0.6%	13.33	↑	2.7%	12.90	↑	0.6%	13.17	↓	5.4%	14.00
Corn	R 1 825.69	5	↑	0.3%	R 1 820.47									
Wheat	R 2 200.58	6	↑	0.3%	R 2 194.28									
Soybeans	R 4 722.49	1	↑	0.0%	R 4 721.61									
*CBOT Corn Sep cents / bushel 08:00 today vs. CBOT Corn Sep 12:00 the previous day														
*CBOT Wheat Sep cents / bushel 08:00 today vs. CBOT Wheat Sep 12:00 the previous day														
*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	1.00	↑	0.3%	349.00	↑	2%	344.00	↓	-1%	352.00	↓	-5%	368.00
Wheat Sep 17	452.00	4.00	↑	0.9%	448.00	↑	9%	413.00	↑	9%	416.00	↓	-2%	462.75
Soybeans Sep 17	970.00	6.00	↑	0.6%	964.00	↑	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	1823.00	-10.00	↓	-0.5%	1833.00	↑	0.7%	1811.00	↑	0.4%	1815.00	↓	-2.5%	3841.00
WMAZ Dec 17	1890.00	-9.00	↓	-0.5%	1899.00	↑	0.1%	1889.00	↑	3.1%	1833.00	↓	-1.3%	3878.00
WMAZ Mar 18	1935.00	-2.00	↓	-0.1%	1937.00	↑	0.3%	1929.00	↑	1.0%	1916.00	↓	-4.9%	3796.00
YMAZ Spot	1945.00	-4.00	↓	-0.2%	1949.00	↑	0.5%	1936.00	↑	0.0%	1945.00	↑	-3.7%	3175.00
YMAZ Dec 17	2008.00	-3.00	↓	-0.1%	2011.00	↑	0.1%	2006.00	↑	2.3%	1963.00	↑	-7.9%	3231.00
YMAZ Mar 18	2054.00	-3.00	↓	-0.1%	2057.00	↑	0.2%	2050.00	↑	0.6%	2041.00	↑	-5.4%	3181.00
SOY Spot	4686.00	-16.00	↓	-0.3%	4702.00	↑	0.8%	4650.00	↑	3.5%	4528.00	↑	-7.0%	6420.00
SOY Dec 17	4808.00	-16.00	↓	-0.3%	4824.00	↑	0.7%	4775.00	↑	5.6%	4554.00	↑	-5.9%	6490.00
SUN Spot	4785.00	-18.00	↓	-0.4%	4803.00	↑	1.5%	4715.00	↑	2.2%	4682.00	↑	-4.6%	6350.00
SUN Dec 17	4873.00	-14.00	↓	-0.3%	4887.00	↑	0.5%	4849.00	↑	3.6%	4703.00	↓	-5.3%	6525.00
WHEAT Spot	4311.00	-39.00	↓	-0.9%	4350.00	↑	3.4%	4170.00	↓	7.6%	4666.00	↑	5.6%	4084.00
WHEAT Dec 17	3980.00	6.00	↑	0.2%	3974.00	↑	0.9%	3946.00	↓	1.1%	4024.00	↓	0.5%	3999.00

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

Market Overview: The rand is trading stronger than yesterday midday, strengthening slightly after the South African Reserve bank decided to keep rates unchanged. Prior to the announcement, the rand was trading in tight range at weaker levels due to the market expectations of an interest rate cut of 25 basis point, but the repo rate was kept unchanged at 6.25% and prime rate at 10.25%. This decision was on the basis of the deteriorating assessment of the balance of risks in the economy and also came after the inflation rate for August was reported to be higher at 4.8% versus 4.6% of July 2017. SARB Governor, Lesetja Kganyago cited imminent risks that continues to prevail in the local economy, more particularly the political uncertainties which could pose a threat to a possibility of further ratings downgrade in the future. At the time of writing, the Rand was trading at around R13.26 to the dollar. On the commodities front, Brent crude oil prices are trading at a 5-month high backed up by higher oil demand and possibility of an extended oil production-cut proposed by OPEC. At the time of writing, oil prices were trading at around US\$56.24 per barrel.

Maize: US maize prices continued higher for the second straight session but posted modest gains. Further gains were capped by lower-than-expected export sales. In the weekly USDA export sales report, maize old crop sales amounted to 525 808 tons, which was below last week's total sales of 1.046 million tons. Leading destinations for US maize was Mexico, Japan and Columbia. As US export sales are closely watched, export sales came as a disappointment with analysts indicating that sales are about 39% behind the pace needed to meet the annual USDA forecast. Maize prices are generally flat as the harvest of a large crop gathers pace. Maize harvest is reported at 7% complete and this could be a second week of losses in the US maize market. China indicated that they are likely to import more maize in order to meet their demand with the expansion of their ethanol production for the new fuel plan their want to have implemented by 2020. Their imports are expected to be higher than the current estimate of the USDA for China. **Local:** South African maize prices still remain under pressure, closing lower for the fourth straight session this week. White and yellow maize posted negative gains for all contract months, with pressure emanating from a stronger rand. Local export sales have also remained behind expected pace which could also be placing pressure on prices as slow export movements could result in large ending stocks. Total maize exports for the 2017/18 season amount to 1.239 million tons.

Soybeans: The US soybeans prices are caught between the bullish news of the high export demand and the bearish news about the high world stock levels. The prices closed slightly higher to unchanged yesterday. There were a lot of daily export sales reported to the USDA in the last two weeks and the daily sales are only reported if the export contract is more than 100 000 tons. Most of these large daily export sales that were reported in the last two weeks are to countries like China, Mexico, Taiwan and Pakistan. A lot of these export sales are also indicated to go to unknown destinations. The main focus in the soybean market will currently be on the US harvesting that are under way. There were a lot of mixed emotions regarding the yield expectations for the US and the yields that gets reported as the harvesting continues will be watched by market participants. The USDA estimates the US crop for the season on around 120 million ton which will be a new record production for the US if this crop materializes. The USDA also expects the world ending stocks to rise to around 97.5 million ton for the 2017/18 marketing season, while the ending stocks for the 2017/17 marketing season is reported on 95.9 million ton. The South American production for the season will also play a key role in the contribution to the world stock levels. Brazil and Argentina is the two largest soybean producers in South America and any major problems in terms of production in any of these two countries can have a large impact on the world stock levels. Therefore the international prices may be sensitive towards the weather conditions in these two countries in the next few weeks as the planting of soybeans is under way there. **Local:** The local soybean market traded mixed yesterday as it found some support early in the session, but came under pressure later in the session to close lower for the day. The trading activity in the market was still relatively low with fairly low contract volumes that were seen yesterday in the soybean market.

Wheat: The US wheat market had a good price rally yesterday with all three US wheat markets that closed higher for the day. The soft red winter wheat market found good support yesterday to trade at highs that were not seen since mid-August. The funds in the US still has a large net short position in the market and some of the price support was due to short coverings that took place. The market is also watching the weather conditions in other countries that give some support to the international prices. In Australia it is currently very dry in large areas of the wheat producing areas, while the wheat producing areas in Argentina has excessive moisture available which is also not favourable conditions currently. The weekly wheat sales were 3% lower than a week ago and the around 24% lower than the four week average at this time of the season. The old crop sales were lower than the trade forecast and also lower than the levels that was estimated by the USDA for the season. The export shipments were also lagged behind with the weekly export sales for week as well as for the four week average. **Local:** The local wheat market traded mixed yesterday with Sep contract that traded in a big range yesterday. The market was trading around R750/ton higher during one stage of the trading session before the market retracted to close R39/ton lower for the day. It was last trading day for the September contract yesterday and there was much more buyers in the market initially which supported the prices before the sellers got into the market. There are currently a lot of uncertainties in the wheat market as the local stock levels is low, but the expectations is that a lot of imports might take place in the next two months which will fill the gap in the stock levels until the local harvesting starts to take place.

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

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