

Grain SA's Morning Grain Market Commentary

DATE 2017/02/23	DATE 2017/02/22				+ - 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	20776	32.60	0.2%	20743	2.5%	20269	4.8%	19827	25.0%	16621
Goud (Spot)	1237.21	9.86	0.8%	1227.35	0.6%	1229.35	1.7%	1216.70	1.3%	1221.20
Brent \$/vat	56.31	-0.72	-1.3%	57.03	-0.5%	56.62	1.3%	55.57	65.2%	34.08
1 € / US\$	1.0559	0.005	0.5%	1.0506	-0.6%	1.0622	-1.7%	1.0744	-4.3%	1.1036
1 US\$ / ZAR	13.01	-0.080	-0.6%	13.09	-2.8%	13.38	-3.6%	13.50	-14.6%	15.23
Corn	R 1,900.17	0	0.0%	R 1,900.17	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day					
Wheat	R 2,108.14	-61	-2.8%	R 2,169.20	* CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day					
Soybeans	R 4,885.52	-59	-1.2%	R 4,944.42	* 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	371.00	0.00	0.0%	371.00	-1%	374.00	0%	369.50	-7%	398.25
Wheat Mar '17	441.00	-10.00	-2.2%	451.00	-2%	449.00	2%	433.25	-13%	507.00
Soybeans Mar '17	1022.00	-6.00	-0.6%	1028.00	-3%	1059.00	-3%	1057.75	14%	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	3086.00	-71.00	-2.2%	3157.00	5.8%	2917.00	-11.4%	3483.00	-37.8%	4960
WMAZ May 17	2144.00	18.00	0.8%	2126.00	-25.2%	2866.00	-35.3%	3314.00	-54.8%	4740
WMAZ Jul 17	1996.00	-130.00	-6.1%	2126.00	-5.7%	2116.00	-12.6%	2284.00	-38.4%	3240
YMAZ Spot	2995.00	0.00	0.0%	2995.00	3.8%	2886.00	-8.0%	3254.00	-16.2%	3575
YMAZ May 17	2155.00	5.00	0.2%	2150.00	-24.3%	2845.00	-31.2%	3134.00	-36.5%	3392
YMAZ Jul 17	2092.00	-1.00	0.0%	2093.00	-4.5%	2191.00	-9.7%	2317.00	-27.9%	2900
SOY Spot	5930.00	-282.00	-4.5%	6212.00	-8.8%	6500.00	-9.5%	6555.00	-14.6%	6940
SOY May 17	5463.00	-82.00	-1.5%	5545.00	-5.6%	5786.00	-9.1%	6010.00	-9.0%	6000
SUN Spot	4922.00	33.00	0.7%	4889.00	-4.8%	5170.00	-8.9%	5402.00	-35.9%	7680
SUN May 17	5000.00	-10.00	-0.2%	5010.00	-5.7%	5300.00	-9.5%	5525.00	-34.2%	7599
WHEAT Spot	3974.00	-11.00	-0.3%	3985.00	-0.7%	4000.00	1.7%	3906.00	-15.2%	4685
WHEAT May 17	4060.00	-14.00	-0.3%	4074.00	-0.8%	4094.00	0.0%	4062.00	-14.8%	4765

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

Market Overview: This morning, the rand is fairly stronger than yesterday midday. Rand strengthened at the back of what seemed to be a well-received budget speech delivered on Wednesday by Finance Minister, Pravin Gordhan. It was widely anticipated that taxes would increase and as such, general fuel levy was increased by 30 cents per litre (c/l) and a 9 c/l increase in the Road accident fund fuel levy. From a ratings agency perspective, there seems to be good sentiment as it was noted that fiscal consolidation will continue; revenue will be increased through the introduction of a new tax rate of 45% on taxable income above R1.5 million and GDP is expected to improve. In the long term, this could assist in the upcoming credit rating of South Africa. At the time of writing, the rand was trading at around R13.01 to the dollar. On the international front, Brent crude oil is lower than yesterdays reported level. US stockpiles continue to extend but there has been an overall 90% compliance on OPEC's accord to curb supply. At the time of writing, Brent crude oil was trading at around US\$56.33 per barrel.

Maize: The US maize prices closed slightly higher for the second day in a row and the prices remain above key moving averages. The buying appears to be based on technical decisions as traders set align themselves before the USDA's acreage and supply numbers report which are released later today. The expectations in the market are that producers in the USA are likely to plant more soybeans and less maize in this season due to the profitability of maize which is currently under pressure in the US. Farm Futures estimates the US maize plantings for this season on 90.94 million acres down from the 94 million acres of last season. If this is the case during this season the international maize prices could find some support later this season if the US farmers are planting less maize. Funds in the US also favoured the long side of the corn market and the latest commitment of traders report indicated that the funds in the USA increased their net long position in the market by 60 000 contracts for the week that ended 14 Feb 2017. The news from the US export inspections for the week is mixed with South Korea that cancelled a purchase of 136 000 tons of US maize. **Local:** The local maize market closed mixed yesterday with large volatilities that were seen in the prices. Widespread rain fell over large parts of the country that could cause some damages in some areas. Irrigation lands next to the Crocodile river in North West and Limpopo suffers from floods that occur there. The weekly SAGIS producer delivery reports indicates 36 119 ton of WM and 10 858 ton YM.

Soybeans: US soybeans ended the day 0.3% lower again and kept the March contract under the 20- and 50-day moving average but held chart support at 100-days moving average at US\$10.20. The pressure on US soybean prices can be attributed to the overall good crop being harvested in Brazil, with about 50% of the planted area harvested in the major soybean production area Mato Grosso, which is higher than the 30% average. Harvest progress is speeding up in the next few days, despite some few showers that delayed harvest last week. Wet conditions still persists in Argentina causing a few delays in harvesting. Elsewhere, soybean harvest is set to begin in March in Australia. USDA is set to release the updated planting forecasts today and the market is expecting an increase in US soybean sowings. **Local:** Soybean prices came under pressure on Wednesday retracting some of the gains seen in the beginning of the week. The spot and May prices, which are the most active contracts, saw losses, closing lower by 1.2% and 1.5% at R5 930 and R5 463, respectively. Soybean prices have fallen below the R6 000 level.

Wheat: Wheat prices firmed on Wednesday's session, recovering from Tuesday's lows. The March soft red winter wheat held chart support at the 20-day average while the March hard red winter wheat rebounded after testing support at the 200-day average. On the export sales, Egypt bought 360 000 tons of wheat which included 300 000 tons from Russia and the rest from Ukraine while no US wheat was offered. Taiwan bought 102 950 tons of US wheat for shipment between April and May. On the weather outlook, winter wheat in the northern plains may have snow cover this week, while central and southern plains remain dry. **Local:** Wheat prices continue to be under pressure, closing the day a little lower for all contract months. The spot and May contract inched lower by 0.4% and 0.3% at R3 974 and R4 06, respectively. In the weekly producer deliveries by SAGIS, wheat delivered to Silo's for the week ending 17 February 2017 amounted to 7 569 which brings the total deliveries for the 2016/17 season to 1 784 285 tons.

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