

Grain SA's Morning Grain Market Commentary

DATE 2018/02/23 Data	DATE 2018/02/22		+ - LAST WEEK 2018/02/12		AT THE MONEY PUT OPTION						
	Δ	Δ%	Data	Δ	Data	WM	YM				
DJIA-index	24962	164.70 ↑	0.7%	24798	3.2%	24191	JULY '18 FUTURES PRICE	R 1 890.00	R 1 942.00		
Goud (Spot)	1328.55	4.55 ↑	0.3%	1324.00	0.4%	1323.56	PUT STRIKE PRICE	R 1 900.00	R 1 960.00		
Brent \$/vat	66.35	1.41 ↑	2.2%	64.94	4.7%	63.39	PUT PREMIUM	R 105.94	R 109.72		
1 € / US\$	1.2305	0.00 ↑	0.1%	1.2296	0.2%	1.2280	MINIMUM SAFEX PRICE	R 1 794.06	R 1 850.28		
1 US\$ / ZAR	11.67	-0.020 ↓	-0.2%	11.69	-2.4%	11.96					
Corn	R 1 681.49	0 ↑	0.0%	R 1 681.49			*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day				
Wheat	R 1 933.88	14 ↑	0.7%	R 1 920.02			*CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day				
Soybeans	R 4 425.21	-55 ↓	-1.2%	R 4 480.04			*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)					WEEK NR.		MAIZE EXPORTS				
Corn Mar 18	366.00	0.00 ↑	0.0%	366.00	42		WM	YM	TM		
Wheat Mar 18	451.00	4.00 ↑	0.9%	447.00	WEEK TOTAL		8 054	31 688	39 742		
Soybeans Jan 18	1032.00	-11.00 ↓	-1.1%	1043.00	YTD TOTAL		589 571	1 371 069	1 960 640		
Latest MTM prices (SPOT = nearest contract month (Rand / ton))					Import parity		EXPORTABLE		2 500 000	1 850 000	4 350 000
SORGHUM Mar '18	3000.00	0.00 ↑	0.0%	3000.00	3642.54	1793.24	YTD AS % OF EXPORTABLE		24%	74%	45%
WMAZ Spot	1791.00	-3.00 ↓	-0.2%	1794.00	3623.99	1515.62	PACE/WEEK NEEDED		191 043	47 893	238 936
WMAZ May 18	1846.00	-4.00 ↓	-0.2%	1850.00	3093.15	1446.37	MAIZE PRODUCER DELIVERIES				
WMAZ Jul 18	1890.00	-3.00 ↓	-0.2%	1893.00	3163.84	1515.66	WEEK TOTAL		3 139	6 287	9 426
YMAZ Spot	1881.00	0.00 ↑	0.0%	1881.00	3069.92	1411.74	YTD TOTAL		9 618 276	6 487 754	16 106 030
YMAZ May 18	1912.00	-3.00 ↓	-0.2%	1915.00	3093.15	1446.37	CEC ESTIMATE + ADJUSTMENTS		9 642 750	6 451 250	16 094 000
YMAZ Jul 18	1942.00	-8.00 ↓	-0.4%	1950.00	3163.84	1515.66	% CROP DELIVERED		100%	101%	100%
SOY Spot	4575.00	23.00 ↑	0.5%	4552.00	5907.81	3815.96	PACE/WEEK NEEDED		2 447	-3 650	-1 203
SOY May 18	4653.00	23.00 ↑	0.5%	4630.00	6357.88	4148.15	WHEAT IMPORTS				
SUN Spot	4675.00	11.00 ↑	0.2%	4664.00	5641.62	3908.30	2017/18		2016/17	5 Yr. AVG	
SUN May 18	4638.00	6.00 ↑	0.1%	4632.00			WEEK TOTAL		97 392	43 428	50 479
WHEAT Spot	3607.00	12.00 ↑	0.3%	3595.00	3919.58	1520.38	YTD TOTAL		923 576	246 186	246 178
WHEAT May 18	3648.00	11.00 ↑	0.3%	3637.00	4743.14	2160.72	TOTAL NEEDED		2 000 000	930 728	1 622 999
WHEAT Jul 18	3696.00	1.00 ↑	0.0%	3695.00	4752.32	2233.19	YTD AS % OF NEEDED		46%	26.5%	15%

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

Market Overview: The rand is trading stronger this morning, but trading in tight range as it is relatively on the same level as yesterday midday. Some local economic data has raised up the rand to remain resilient against a firmer dollar which was supported by higher Treasury yields on Wednesday. The government took a bold step by raising VAT from 14% to 15%, announcing this in the budget speech delivered by Finance Minister, Malusi Gigaba on Wednesday. Increasing VAT is estimated to raise an additional R368B and this decision was taken after the government announced free higher education. The government also plans to reduce the country's large debt pile and this stance was applauded by ratings agencies. At the time of writing, the rand was trading at around R11.66 to the dollar. On the commodities front, oil prices are beginning to gain ground again at the back after OPEC formed a long term alliance with Russia to keep oil prices stable by curbing supply. At the time of writing, oil prices were trading at around US\$66.35 per barrel.

Maize: US maize prices continued higher on Thursday, but mostly small gains for key contract months, March and July. Support can be attributed to the latest USDA planting estimates for 2018 which forecasted 2018 maize plantings at 90 million acres, 0.2% lower than the 2017 acreage. The forecast landed below industry expectations. On the export sale, private exporters reported a private sale of 129 547 tons to unknown destinations. South Korea sourced 119 386 tons of maize from the US in a tender that closed on Thursday. Ahead of the overall weekly trade data report, trade estimates range between 1 million and 1.6 million tons, this would fall between the week prior's 1.3 million tons. **Local:** The South African maize prices continued lower for the second straight day. But still posting modest losses which is mainly due to a stronger rand that has capped any possible gains. Local maize prices are facing challenges due to high ending stocks and a stronger local unit. The recent weather conditions brought forth good rainfall around some maize producing areas which is much needed for crop development after some drought conditions during the planting season.

Soybeans: The US soybean market did closed slightly lower yesterday despite the fact that the US intentions to plant report did not gave bearish news to the market yesterday. In USDA's intentions to plant report that were released yesterday the soybean hectares for the 2018 planting season was estimated to be slightly lower than the 2017 area planted. The expected area to be planted is still fairly high as there are only a small deviation from last year's area planted which were also high. In terms of the world trade, private exporters has announced a daily sale of around 109 000 ton of soybeans for delivery to unknown destinations, whereof the half of the volume is for delivery in the current marketing season and the balance for delivery in the 2018/19 marketing season. The weekly USDA export sales report will be released later today and the average trade estimates in the market range between 600 000 ton and 1.1 million ton. In Argentina the Grain exchange has lowered its production forecast for the Argentinian crop for the season again as the weather conditions there is still unfavourable. **Local:** The local soybean market found some support yesterday and traded mostly higher for the day in all of the contract months which is listed currently. The local sunflower seed market traded mostly sideways yesterday, but found some support towards the end of the session to show a slight increase for the day.

Wheat: The US wheat market traded mixed yesterday despite the USDA intentions to plant report that showed an increase in the wheat area to be planted in the 2018 season. The winter wheat markets closed higher yesterday as there were some short covering done in the markets for the day, while the spring wheat market lost some ground yesterday and closed mostly lower for the day. The first intentions to plant report indicated that the wheat area planted are likely to be around 500 000 acres more this season than in the previous season. This could lead to higher production and a further contribution to the large world wheat stocks. In terms of the world trade, the expectations in the market for the weekly wheat export sales report range between 250 000 ton and 600 000 ton for the week. The EU wheat exports for the season this far is around 19% lower than the same time of the season last year. Tunisia has purchased wheat on an international tender which can be sourced from an optional origin, while Jordan has issued another tender to purchase wheat for imports after they did not bought on last week's tender. **Local:** The local wheat market found some support yesterday and traded slightly higher for the day in most of the contract months which is listed currently although there were no large price movements that were seen in the market.

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

Compiled by: Michelle Mokone and Luan van der Walt For any queries, contact Michelle@grainsa.co.za / luan@grainsa.co.za
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