

## Grain SA's Morning Grain Market Commentary

DATE 2017/02/24	DATE 2017/02/23		+ - LAST WEEK 2017/02/13		+ - LAST MONTH 2017/01/23		+ - LAST YEAR 2016/02/22		
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	
DJIA-index	20810	34.72	0.2%	20776	2.7%	20269	5.0%	19827	25.2%
Goud (Spot)	1250.13	12.92	1.0%	1237.21	1.7%	1229.35	2.7%	1216.70	2.4%
Brent \$/vat	56.55	0.24	0.4%	56.31	-0.1%	56.62	1.8%	55.57	65.9%
1 € / US\$	1.0581	0.003	0.3%	1.0547	-0.4%	1.0622	-1.5%	1.0744	-4.1%
1 US\$ / ZAR	12.87	-0.100	-0.8%	12.97	-3.8%	13.38	-4.7%	13.50	-15.5%
Corn	R 1,849.33	-20	-1.1%	R 1,869.59	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Corn Mar 12:00 the previous day				
Wheat	R 2,071.26	-88	-4.1%	R 2,158.84	*CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day				
Soybeans	R 4,780.93	-75	-1.6%	R 4,856.21	*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	365.00	-4.00	-1.1%	369.00	-2%	374.00	-1%	369.50	-8%
Wheat Mar '17	438.00	-15.00	-3.3%	453.00	-2%	449.00	1%	433.25	-14%
Soybeans Mar '17	1011.00	-8.00	-0.8%	1019.00	-5%	1059.00	-4%	1057.75	13%
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%
WMAZ Spot	2986.00	-100.00	-3.2%	3086.00	2.4%	2917.00	-14.3%	3483.00	-39.8%
WMAZ May 17	2044.00	-100.00	-4.7%	2144.00	-28.7%	2866.00	-38.3%	3314.00	-56.9%
WMAZ Jul 17	1951.00	-45.00	-2.3%	1996.00	-7.8%	2116.00	-14.6%	2284.00	-39.8%
YMAZ Spot	2895.00	-100.00	-3.3%	2995.00	0.3%	2886.00	-11.0%	3254.00	-19.0%
YMAZ May 17	2098.00	-57.00	-2.6%	2155.00	-26.3%	2845.00	-33.1%	3134.00	-38.1%
YMAZ Jul 17	2046.00	-46.00	-2.2%	2092.00	-6.6%	2191.00	-11.7%	2317.00	-29.4%
SOY Spot	5794.00	-136.00	-2.3%	5930.00	-10.9%	6500.00	-11.6%	6555.00	-16.5%
SOY May 17	5364.00	-99.00	-1.8%	5463.00	-7.3%	5786.00	-10.7%	6010.00	-10.6%
SUN Spot	4772.00	-150.00	-3.0%	4922.00	-7.7%	5170.00	-11.7%	5402.00	-37.9%
SUN May 17	4864.00	-136.00	-2.7%	5000.00	-8.2%	5300.00	-12.0%	5525.00	-36.0%
WHEAT Spot	3936.00	-38.00	-1.0%	3974.00	-1.6%	4000.00	0.8%	3906.00	-16.0%
WHEAT May 17	4032.00	-28.00	-0.7%	4060.00	-1.5%	4094.00	-0.7%	4062.00	-15.4%

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

**Market:** The rand found some good support and trades around R12.87/\$ this morning after it reached levels of below R12.80/\$ yesterday afternoon. The strengthening of the rand came after a decent budget speech by the minister of finances and a weaker dollar. The budget was in line with the deficit, debts and expenditure that were announced in the medium term budget last year. The economic growth figures for the year will be an important factor to watch in the economy as the year progress. Treasury estimates the growth figures for 2017 at 1.3%, 2% in 2018 and 2.2% in 2019. This is somewhat higher than other estimates such as these by the economists at the Reserve Bank. The growth figures announced by Treasury might be a little optimistic but there are several reasons that are looking positive and that could contribute to better economic growth rates. The expectation of higher agricultural output, the strengthening of commodity prices as well as the strengthening of the exchange rate all contributes to a possible better economic growth rate.

**Maize:** The US maize prices closed lower yesterday after stronger trading that were seen in the early part of trading. The March contract prices reached a new two week low and tested the 200 day moving average price. The USDA kept the 2017 estimated maize area planted on 90 million acres which was the initial estimation by the USDA in November last year. This figure was already known in the market and was anticipated by traders. The 90 million acres are ±4 million acres less than the area planted last season. The demand in the US that are slightly better are slowly working away some of the inventories, although it remains relatively close to the average demand. The ethanol production last week were reported to be 6 000 barrels per day lower, but the output remain strong and supplies only posted some small increases. The export business from the US remains good, but larger supplies from Argentina could provide competition for the US export business. The government in Argentina has placed the crop expectations there much higher than the previous USDA estimate, while the grain exchange in Argentina placed their estimation only slightly higher than the USDA's forecast. The weekly export sales report will be due today, one day later than normal which was due to Monday's public holiday. **Local:** The local maize prices traded strongly downwards yesterday and ended the day lower for most of the white and yellow maize contracts yesterday. The old season crops traded strongly downwards while the new season contracts did find some support due to the prices that reached some good buying levels with the July white maize contract that closed two consecutive days below the R2 000/ton mark.

**Soybeans:** The US soybean prices traded strongly downwards yesterday with the large South American supplies and an expected big increase in the area to be planted the coming season in the US. The March futures contract broke below its 200 day moving average prices and wiped out its Feb lows after double digit losses early in the session, before it were firming a little just before market closing. The USDA raised its forecast for the estimates area to be planted this season to 88 million acres which will be a record if this figure is achieved. This figure is around 2.5 million acres more than the previous estimation which were released November last year. The monthly processing firming in the US, but the export demand starting to decrease seasonally. The good stock levels in Brazil will also adds to the completion of US exports. The total old and new crop sales are expected to slip slightly downwards in the latest USDA export sales report released later today. **Local:** The local soybean prices traded lower yesterday for most of the contract months currently listed. The strengthening of the rand contributed to the pressure on the local oilseed prices. The local prices dipped below the derived prices after it traded above this level for quite a while. The crushing margin also starts to look more favourable.

**Wheat:** The US wheat prices closed mixed yesterday. The spring wheat basis firmed this week as the demand for this wheat remains good. The hard red winter wheat also firmed a little towards market closing. The USDA reported that all wheat acres planted for the season are 46 million acres, down from the November estimation that were left at 50.1 million acres. This came after producers planted much less winter wheat with the area of winter wheat planted that reached the lowest area since 1909. The hard red winter wheat may be finding some support due to concerns about the weather. The latest vegetation maps indicates that most of the country's winter wheat crop are well ahead of the average for this time of the year due to a warmer February. This could place the crop at risk for frost in April if the crops green up too fast. Rain over the southern plains are also expected to be limited over the next week and perhaps even longer. The export sales are expected to be slightly lower as the demand remains modest. Without a large export sales it is unlikely that the international prices would find some good support into 2018. **Local:** The local wheat prices traded slightly lower yesterday but remains at the levels that were seen lately of between R3 900/ton to R4 100/ton.

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