

Grain SA's Morning Grain Market Commentary

DATE 2018/04/26	DATE 2018/04/25		+ - LAST WEEK 2018/04/16		AT THE MONEY PUT OPTION								
	Δ	Δ%	Δ	Δ%	WM	YM							
DJIA-index	24084	-365.17 ↓	-1.5%	24449	-1.6%	24483	JULY '18 FUTURES PRICE	R 2 057.00	R 2 157.00				
Goud (Spot)	1323.56	-3.98 ↓	-0.3%	1327.54	-1.7%	1346.3	PUT STRIKE PRICE	R 2 060.00	R 2 160.00				
Brent \$/vat	74.43	0.54 ↑	0.7%	73.89	3.6%	71.85	PUT PREMIUM	R 77.86	R 75.41				
1 € / US\$	1.2176	0.00	-0.3%	1.2209	-1.3%	1.2331	MINIMUM SAFEX PRICE	R 1 982.14	R 2 084.59				
1 US\$ / ZAR	12.42	-0.010 ↓	-0.1%	12.43	2.9%	12.07							
Corn	R 1 887.34	18 ↑	1.0%	R 1 869.29			*CBOT Corn Mei cents / bushel 08:00 today vs. CBOT May 12:00 the previous day						
Wheat	R 2 217.89	48 ↑	2.2%	R 2 169.44			* CBOT Wheat Mei cents / bushel 08:00 today vs. CBOT Wheat May 12:00 the previous day						
Soybeans	R 4 686.79	-8 ↓	-0.2%	R 4 695.13			* CBOT Soy Mei cents / bushel 08:00 today vs. CBOT Soy May 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 May 18	386.00	4.00 ↑	1.0%	382.00	Daily parity prices delivered in Randfontein					51	WM	YM	TM
Wheat May 18	486.00	11.00 ↑	2.3%	475.00						WEEK TOTAL	11 018	3 272	14 290
Soybeans May 18	1027.00	-1.00 ↓	-0.1%	1028.00						YTD TOTAL	762 086	1 418 170	2 180 256
Latest MTM prices (SPOT = nearest contract month (Rand / ton))					Import parity		Export parity		EXPORTABLE				
SORGHUM Mar '18	3130.00	0.00 ↑	0.0%	3130.00	3592.42	1727.23	YTD AS % OF EXPORTABLE						
WMAZ Spot	2006.00	14.00 ↑	0.7%	1992.00	3753.00	1584.00	30%						
WMAZ Jul 18	2057.00	17.00 ↑	0.8%	2040.00	3246.00	1584.00	PACE/WEEK NEEDED						
WMAZ Sept 18	2106.00	17.00 ↑	0.8%	2089.00	3285.00	1623.00	1 737 914						
YMAZ Spot	2116.00	17.00 ↑	0.8%	2099.00	3246.00	1584.00	431 830						
YMAZ Jul 18	2157.00	20.00 ↑	0.9%	2137.00	3246.00	1584.00	2 169 744						
YMAZ Sept 18	2207.00	21.00 ↑	1.0%	2186.00	3285.00	1623.00	MAIZE PRODUCER DELIVERIES						
SOY Spot	4630.00	43.00 ↑	0.9%	4587.00	6241.00	4019.00	WEEK TOTAL						
SOY Jul 18	4725.00	41.00 ↑	0.9%	4684.00	6241.00	4012.00	YTD TOTAL						
SUN Spot	4558.00	38.00 ↑	0.8%	4520.00	5735.00	4000.00	CEC ESTIMATE + ADJUSTMENTS						
SUN Jul 18	4685.00	36.00 ↑	0.8%	4649.00	6241.00	4012.00	% CROP DELIVERED						
WHEAT Spot	3902.00	17.00 ↑	0.4%	3885.00	4213.00	1808.00	PACE/WEEK NEEDED						
WHEAT Jul 18	3923.00	20.00 ↑	0.5%	3903.00	4613.00	2085.00	-						
WHEAT Dec 18	3880.00	13.00 ↑	0.3%	3867.00	4698.00	2168.00	-						
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS										WHEAT IMPORTS			
										2017/18	2016/17	5 Yr. AVG	
										WEEK TOTAL	-	-	31 882
										YTD TOTAL	1 157 865	387 007	913 879
										TOTAL NEEDED	2 000 000	930 728	1 622 999
										YTD AS % OF NEEDED	58%	41.6%	56%

Market overview: The rand is trading at R12.42/\$ this morning relatively unchanged from the levels it traded on yesterday afternoon with market closing. The rand were under further pressure yesterday traded just above the R12.50/\$ at one stage which was the weakest level the rand has seen since December 2017. The weakening of the rand is mainly due to the positive sentiment in the US and the rising bond yields there. Investors withdraw their money from emerging markets and rather invest in the bigger economies like the US as the investors turned more risk averse. The South African consumer confidence has reached a new high in a first quarter of 2018. This is according to the latest consumer confidence report that was released yesterday. The consumer confidence index was 34 index points higher to reach a record level of 26 for the first quarter of 2018. The consumer confidence was -8 in the fourth quarter of 2017. The general positive sentiment that was seen from the election of Cyril Ramaphosa as president helped the consumer confidence thus far in 2018. The expectation is however that the consumer confidence might come under pressure again as the strain of higher VAT rates would begin to take its toll in the next few months.

Maize: The US maize prices found some good support yesterday with the planting delays as one of the main contributing factors to the higher prices. There was also some spillover effect from other markets such as the wheat market that gave some support to the market yesterday. The expectations in the market for the weekly export sales report which will be released later today by the USDA is that the export sales for the week may be between 1 million tons and 1.6 million tons. In other international news the expectations are the maize production in China may be lower this season as there are an expected drop in the area that will be planted as producers are likely to plant more soybeans. In Brazil the ethanol production in the first two weeks of April was more than double the production in the last two weeks of March. South Korea did not make any purchases on an international tender that closed yesterday and the delivery should have been for the September 2018. The weather conditions in the US will be watched as there are some expectations of a bit warmer and more favourable weather in the next few days will be favourable for the plantings to continue. The US market is likely to remain volatile in the next few weeks especially towards weather conditions. **Local:** The local maize market found some support yesterday and traded mostly higher for all of the contract months of both white and yellow maize which is listed currently. The market found support by the weaker rand and the higher US prices yesterday that supported the parity prices for the day. In yesterday's 3rd production estimate for the season by the CEC the crop was revised higher for both the white and yellow maize. The WM production is estimated to be 6.6 million ton and the YM 6.2 million ton which brings the total maize production to an estimated 12.8 million ton.

Soybeans: After being under pressure for the most part since March, soybean prices managed to continue higher for the second straight session this week, ending the day higher in moderately good gains. Soybean prices took on pressure emanating from the US-China trade concerns. Apart from the current planting phase which has just begun, focus still remains on the export volumes which were also relatively low due to China's slowed demand for the commodity. Trade analysts have placed last week's inspection estimates between 800 134 tons and 1.4 million tons. This is slightly higher than last week's trade guesses. Analysts also anticipate soybean sales between 100 000 and 300 000 tons, while soy oil is estimated at 8 000 and 30 000 tons. In the latest International Grains Council estimate for Argentina's 2017/18 soybean production, estimates have been revised lower than the previous estimates as a result of the hot, dry weather that plagued the country's crop. **Local:** South African soybean prices ended the day significantly higher, obtaining support from a weaker rand which has been trading further from support levels for the entire week so far. Sunflower prices also posted gains, after ending the day mostly flat on Tuesday. In its 3rd production estimate report, the CEC placed soybean production at a projected 1.4 million tons, up 2.6% helped by recent rains received over the past 2 months. Sunflower production was also estimated higher by 5.8% from 749 205 tons to 792 255 tons.

Wheat: US wheat prices also posted relatively good gains, led higher by winter wheat crop which posted double-digit gains. Spring wheat also followed suit, but posting relatively modest gains in comparison to the winter wheat. There is more market influence in the winter wheat which is largely determined by the weather outlook. Parched rains received in the Plains raised concerns on the potentially lower-yielding winter wheat. It is still uncertain on the size of the winter wheat crop. Ahead of Thursday's weekly USDA report, trade analyst expect wheat exports to range between 50 000 tons and 500 000 tons. The spring wheat market was able to see gains, obtaining support from possible delays in spring wheat plantings. Currently, only 3% of the crop is planted, which is running well below the 5-year average of 25%. **Local:** South African wheat prices ended the day higher, with support mainly from a weaker rand as well as higher international prices. The CEC also released winter wheat intentions to plant for the season ahead, estimating area planted to wheat to amount to 500 500 ha, a 1.8% increase from last year's 491 600 ha. Locally, the wheat producers have geared themselves up ready to begin planting wheat; however weather remains dry in the Western Cape, yet according to the latest report, production is expected to hike slightly higher, with the canola as an exception, with a projected 6.6% decline in area planted.

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

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