

Grain SA's Oilseed Market Commentary

Grain SA GRAIN SA	DATE	DATE		+ - WEEK AGO		+ - MONTH AGO		+ - YEAR AGO		
	2017/02/13	2017/02/10		2017/02/06		2017/01/16		2016/02/15		
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%	
Brent (\$/b)	56.62	-0.18	-0.3%	56.80	-0.6%	56.98	1.7%	55.70	63.4%	34.66
US\$: ? ZAR	13.38	0.050	0.4%	13.33	1.0%	13.25	-1.5%	13.58	-14.9%	15.72
Corn	R 1,970.02	55	2.9%	R 1,915.43	* CBOT Mar cents / bushel + -08 : 00 today vs CBOT Corn Mrt + -12 : 00 the previous day					
Wheat	R 2,207.42	101	4.8%	R 2,106.11	* CBOT Mar cents / bushel + -08:00 today vs. CBOT Wheat Mrt + -12 : 00 the previous					
Soybean	R 5,206.37	176	3.5%	R 5,030.18	* CBOT Mar cents / bushel + -08 : 00 today vs. CBOT Soy Mrt + -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 Spot	374.00	9.00	2.5%	365.00	2%	365.00	4%	358.50	-4%	391.00
Wheat Spot	449.00	19.00	4.4%	430.00	4%	430.00	5%	426.00	-11%	502.00
Soybean Spot	1059.00	32.00	3.1%	1027.00	3%	1027.00	2%	1042.50	19%	891.25
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	0	0.0%	3168	1.7%	3115	-2.5%	3250	-22%	4080
WMAZ SPOT	2917	-46	-1.6%	2963	-2.3%	2985	-15.9%	3470	-40.9%	4938
YMAZ SPOT	2886	-19	-0.7%	2905	-2.0%	2944	-10.4%	3222	-23.3%	3761
SOY 50 SPOT	6500	-25	-0.4%	6525	-0.8%	6550	1.5%	6405	-6.5%	6950
SUN SPOT	5170	0	0.0%	5170	-1%	5200	-6%	5491	-37%	8220
WHEAT SPOT	4000	-18	-0.4%	4018	1%	3980	1%	3959	-13%	4620
OILSEED (US\$/ton)	2017/02/10	Source: Oilworld			2017/02/03	Apr 2016	March 2015			
Soya-oil, Arg.	786				2%	768	-6%	839	16%	676
Soya-pell, Arg.	359				1%	355	3%	348	-2%	368
Soybean, Brazil	432				2%	422	2%	424	5%	410
USA Runner 40/50	1650				0%	1650	3%	1600	27%	1300
Sun-oil, Arg.	745				0%	745	-3%	765	-7%	800
Sun-oil, Black Sea	760				0%	760	-3%	780	1%	750
Sunseed, Black Sea	395				0%	395	-1%	400	-3%	409
Rapeseed, EU cif	453				1%	450	3%	440	14%	399
Palmk oil Mal, EU	1745				-1%	1760	8%	1610	68%	1037

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

Market Overview: This morning, the rand trades slightly weaker from the level seen at Friday midday but stronger than the jittery stage seen at Thursday prior to the State of The Nation Address (SONA). Focus is now on the upcoming budget speech as the SONA contained little market information. At the time of writing, the Rand was trading at around R13.38 to the dollar. On the commodities market, Brent crude oil showed off gains following a report by the International Energy Agency (IEA) said OPEC had achieved record initial compliance of 90% with their oil cut agreements while demand grew faster than expected, however, US producers are taking advantage of recovered oil prices by increasing drilling activity and daily output, which caps the prices at mid-US\$50 per barrel. At the time of writing, Brent crude oil was trading at around US\$56.62 per barrel.

Soybeans: Larger soybean production in Brazil and Argentina are likely to increase the South American soybean production by 8 million ton year on year. The world soybean exports are expected to rise by 5.6 million ton from January to August 2017. Chinese soybean imports are seen to be rising almost 3.5 million ton from last year to almost 20 million ton from January to March 2017. The large Brazilian crop which is expected are now moving into the market and can place the international soybean prices under pressure. The large crop in South America which could lead to high world stocks aren't reflected in the prices yet as reduced farmer's selling and possible export bottlenecks still keeps the demand for US soybeans fairly high. The stock losses in Argentina are not as bad as initially anticipated since the weather conditions there started to become more favourable lately. The international soybean prices found some support last week with the higher US exports that were reported. Larger Chinese soybean imports are seen mainly driven by positive crushing margins and the favourable demand for soybean meal. **Local:** The local soybean prices traded mostly positive last week ending the week higher on Friday than what it opened on Monday. The gap between the local Safex price and the derived soybean prices widened as the local prices posted some gains and the derived price traded lower early in the week. The derived price did find some support towards the end of the week.

Sunflower seed: The sharp increase in production and lower prices resulted in an increase of consumption of sunflower seed oil and meal in Russia and Ukraine. The prices of sunflower seed meal moved sideways lately and that favoured the use of sunflower seed meal in the European Union over that of rapeseed in animal feeds. In Russia the demand for sunflower seed meal and oil are expected to increase by 8% from October 2016 to September 2017. The Russian sunflower seed exports has also increased during December 2016. The Ukrainian sunflower seed meal and oil exports also increased during December as the large production in these two countries ensure that these products can be delivered at discounts to other vegetable meals and oils. **Local:** The local sunflower seed prices also traded stronger for the largest part of last week. The local sunflower seed prices traded currently below the derived sunflower seed price closer to the export parity prices.

Canola: The canola plantings in Canada are expected to rise by at least 5% this spring as the prices of canola are more favourable than other crops such as wheat. The larger expected area to be planted can lead to a bumper crop in Canada of around 20 million ton assuming normal weather conditions. Strong biodiesel demand from the US and large Canadian canola oil supplies boosted the Canadian biodiesel exports to a record of 53 000 tons in December 2016 and a new high of 361 000 ton in a calendar year in 2016. Large Canadian canola exports to China create uncertainties about the Canadian stocks balances. Canadian canola crushing has reached a record level of 832 000 tons in December 2016 and the estimation is that the crushing in January 2017 reached 790 000 tons. **Local:** The local canola production for the 2016/17 marketing season are estimated to be 105 460 ton. This is according to the Crop Estimates committee 6th production forecast. The production were revised downwards by 3.12% from the previous forecast which were 108 860 ton.

Groundnuts: The US peanut market remain strong with the stocks and the processing of peanuts number that are higher in the US. The peanut exports from the US are higher with China and Vietnam as the largest import destination of US peanuts. **Local:** Locally the groundnuts are looking favourable with rain that fell over large parts of the groundnut producing areas.

For any queries, please contact: Luan van der Walt , Email: luan@grainsa.co.za