


Grain SA's Oilseed Market Commentary

	DATE	DATE		+ - WEEK AGO		+ - MONTH AGO		+ - YEAR AGO	
	2017/01/16	2017/01/13		2016/01/09		2016/12/19		2016/01/18	
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Δ%
Brent (\$/b)	56.88	1.82	↑	55.06	↑	55.59	↑	28.50	↑
US\$: ? ZAR	13.53	0.020	↑	13.51	↓	14.02	↓	16.70	↓
Corn	R 1,906.88	8	↓	R 1,898.74	↓				
Wheat	R 2,117.83	3	↓	R 2,114.70	↓				
Soybean	R 5,180.22	42	↓	R 5,137.82	↓				
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	358.00	1.00	↑	357.00	↑	355.00	↑	363.25	↓
Wheat Spot	426.00	0.00	↑	426.00	↑	409.00	↓	473.75	↓
Soybean Spot	1042.00	7.00	↑	1035.00	↑	1036.00	↑	879.00	↑
Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / tonne)									
SORGHUM SPOT	3215	-92	↓	3307	↓	3300	↓	3665	↓
WMAZ SPOT	3614	-46	↓	3660	↓	3551	↓	4965	↓
YMAZ SPOT	3260	-58	↓	3318	↓	3325	↓	4000	↓
SOY 50 SPOT	6385	25	↑	6360	↑	6300	↓	7410	↓
SUN SPOT	5500	-40	↓	5540	↓	5480	↓	7460	↓
WHEAT SPOT	3955	0	↑	3955	↓	3958	↑	4921	↓
OILSEED (US\$/ton)	2017/01/06	Source: Oilworld		2017/01/06	Apr 2016	March 2015			
Soya-oil, Arg.	831	↑	3%	803	↓	839	↑	676	↑
Soya-pell, Arg.	341	↓	0%	342	↓	348	↓	368	↓
Soybean, Brazil	417	↓	-1%	421	↓	424	↑	410	↑
USA Runner 40/50	1650	↑	3%	1600	↑	1600	↑	1300	↑
Sun-oil, Arg.	750	↑	0%	750	↓	765	↓	800	↓
Sun-oil, Black Sea	765	↑	0%	765	↓	780	↑	750	↑
Sunseed, Black Sea	395	↑	0%	395	↓	400	↓	409	↓
Rapeseed, EU cif	445	↑	1%	441	↑	440	↑	399	↑
Palm oil Mal, EU	1765	↑	7%	1650	↑	1610	↑	1037	↑

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

Market overview: The rand trades relatively unchanged from Friday 12:00 when it traded around R13.51/\$ and this morning around R13.53/\$. The rand found some support by the dollar that loss some ground after the first press conference of the newly elected US president Donald Trump who failed to give clear indications of his plans to grow the US economy. The South African economy remains under pressure and the retail sales and consumer demand data released later this week will be watched closely as it will provide a good indication of the possible economic growth in the fourth quarter of 2016. The weak consumer confidence and stricter credit regulations has affected the retail sector's performance with the sales expected to be stagnant. The mining output data for November will also be watched closely and will be released by Stats SA on Tuesday. In the political perspective the focus are likely to be on race for the new leader of the ANC as there are some mixed feeling within the party's structure about who should be the next leader of the ANC.

Soybeans: The US soybeans production forecast were revised lower from the previous estimation with both the area and the production that were revised downwards. The US soybean production are left on 117.2 million ton, 1.5 million ton lower than the previous estimation. The US ending stocks are estimated to be 9.5 million ton. The South American soybean production are now moving into the centre of interest as the main focus in the international soybean markets are mainly on the South American production forecast. The Brazilian soybean crop prospects are has improved and are estimated to be around 104 million tons for the season. This is an increase of 8 – 9 million tons from last year's production. The Brazilian exports are also likely to kick the season off with record volumes of 1.5 – 2.0 million ton, and that already started to place some pressure on the US soybean exports. As long as the Brazilian crop prospects are looking favourable the market are unlikely to find some good support and rally to levels above the current levels. Other factors that must be considered is the buying of China, reduced farmer selling and the crop progress in Argentina which is threatened by unfavourable weather conditions that have ranged from being too wet in some areas, while dryness in other areas were unfavourable for the production conditions. Internationally the soybean production in this season will exceed the consumption and this resulting in higher ending stocks at the end of the season and therefore there are no shortage in sight internationally. **Local:** The local soybean market traded mixed last week with the prices that trades in both directions. The spot month contracts for the soybeans closed higher for the week on Friday while the March 2017 contract also traded stronger for the largest part of the week ending the week higher than it opened on Monday. The overall production conditions of the soybean that have been planted are looking favourable and good rains that were seen over large parts of the summer rainfall production areas were favourable for the soybean crop progress.

Sunflower seed: The world sunflower seed production has been revised upwards by the USDA in the latest WASDE report that were released last week. The estimated world sunflower seed production for the season are 47.5 million ton. This is record production levels of sunflower seed and it is 12% higher that the production of the 2015/16 season. This record production left the world sunflower seed stocks at high levels and the prices of sunflower seed and products (oil and meal) are likely to be offered on discounts to rapeseed and rape oil until at least May to June 2017. There are however factors such as the buying policies of major vegetable oil consumers, especially their willingness to build stocks at these attractive prices, that is still a uncertainty and price might find support by favourable demand. The favourable prices and crushing margins internationally favoured the crushing of sunflower seed and were boosted globally by 1.1 million tons to 12.1 million tons in October to December 2016. This was a 10% increase from the previous year. **Local:** The local sunflower seed prices traded mixed during last week with the spot prices that traded higher initially during the week, but ended the week at the same levels it opened on Monday. The prices for delivery in May 2017 also traded mixed throughout the week, but closed lower on Friday. The local sunflower seed prices and the derived sunflower seed prices are trading at relative the same levels.

Canola: The Australian canola crop is estimated to be 4.1 million ton, 1.16 million ton higher than last year. This is mainly due to higher than expected yields in Australia. The better production in Australia are likely to take the edge of the currently tight EU rapeseed market. The higher Australian production may take the exports to a 4 year high and the Australian canola exports has already increase sizably during November 2016. The bumper Australian grain crops competing for the exports slots at the harbours and the canola exports may therefore still be a bit lower up to February 2017. The Canadian canola disposals reached a record of an estimated 8.2 million tons in Aug to Dec 2016 vs the 7.3 million during the same period in 2015. The Canadian exports the EU has fall short of expectation this far in the season, but higher shipments were seen to Pakistan, the UAE, Mexico and other destinations. **Local:** In the latest crop estimates report released in December 2016 the estimated local canola production for the season are revised slightly lower from the November estimation to 108 860 ton. The November estimation were 112 260 ton.

Groundnuts: The world groundnut production are estimated to be 29.8 million tons for the season which is 7.2% higher than the production that were seen in the 2015/16 season. The higher world production forecast came despite the downwards revision of the US groundnut production to 1.93 million ton from the 2.12 million ton that were estimated in the previous estimation. The US groundnut crushing and exports were boosted by a combined 19% in Aug to November 2016 mainly on account of higher opening stocks that were available in the US. The export demand for US groundnuts are likely to remain relative high for the remainder of the season in the view of the shortage of Argentinian export supplies at least in the near term. **Local:** The local groundnuts that are planted is looking favourable at this stage of the season. Good rain that were received over large parts of the summer rainfall regions were favourable for the production progress of the groundnuts.

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