

Grain SA's Oilseed Market Commentary

DATE 2017/02/20	DATE 2017/02/17		+ - WEEK AGO 2017/02/13		+ - MONTH AGO 2017/01/23		+ - YEAR AGO 2016/02/22			
	Data	Δ	Δ%	Data	Δ%	Data	Δ%	Data		
Brent (\$/b)	55.81	0.05	0.1%	55.76	-1.4%	56.62	0.5%	55.55	66.6%	33.49
US\$: ? ZAR	13.07	0.070	0.5%	13.00	-2.3%	13.38	-3.0%	13.48	-15.1%	15.40
Corn	R 1,893.50	0	0.0%	R 1,893.60	* CBOT Mar cents / bushel +08 : 00 today vs CBOT Corn Mrt + -12 : 00 the previous day					
Wheat	R 2,117.86	2	0.1%	R 2,116.07	*CBOT Mar cents / bushel + -08:00 today vs. CBOT Wheat Mrt + -12 : 00 the previous					
Soybean	R 4,956.08	12	0.2%	R 4,943.87	* 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	368.00	-2.00	-0.5%	370.00	-2%	374.00	1%	366.00	0%	368.25
Wheat Spot	441.00	-2.00	-0.5%	443.00	-2%	449.00	4%	423.00	-5%	462.25
Soybean Spot	1032.00	-3.00	-0.3%	1035.00	-3%	1059.00	-4%	1070.00	17%	882.75
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	0.0%	3168	-1.0%	3200	-22%	4080
WMAZ SPOT	2940	59	2.0%	2881	0.8%	2917	-15.6%	3483	-39.8%	4880
YMAZ SPOT	2802	12	0.4%	2790	-2.9%	2886	-13.9%	3254	-20.0%	3502
SOY 50 SPOT	6050	-170	-2.7%	6220	-6.9%	6500	-7.7%	6555	-9.9%	6715
SUN SPOT	4918	-72	-1.4%	4990	-5%	5170	-9%	5402	-36%	7659
WHEAT SPOT	3966	7	0.2%	3959	-1%	4000	2%	3906	-15%	4658
OILSEED (US\$/ton)	2017/02/17	Source: Oilworld			2017/02/10	Apr 2016		March 2015		
Soya-oil, Arg.	759				-3%	786	-10%	839	12%	676
Soya-pell, Arg.	366				2%	359	5%	348	-1%	368
Soybean, Brazil	431				0%	432	2%	424	5%	410
USA Runner 40/50	1650				0%	1650	3%	1600	27%	1300
Sun-oil, Arg.	740				-1%	745	-3%	765	-8%	800
Sun-oil, Black Sea	755				-1%	760	-3%	780	1%	750
Sunseed, Black Sea	395				0%	395	-1%	400	-3%	409
Rapeseed, EU cif	458				1%	453	4%	440	15%	399
Palmk oil Mal, EU	1590				-9%	1745	-1%	1610	53%	1037

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

Market overview: The rand trades at good levels this morning of around R13.04/\$. The rand trades relatively stable currently despite the anticipation in the market that we might see a cabinet reshuffle by the president before the budget speech which will be delivered by the minister of finances on Wednesday. Investors in the marketplace are currently more focussed on the fundamental information in the markets, such as the stronger commodity prices, rather than the political instabilities within the country. The main focus during the course of the week in the South African economic environment will be on the budget speech. The expectation in the market are that we might see higher tax rates and reduced state spending in order to cure the deficit on the current account.

Soybeans: The US soybean crushing exceeds expectations at an estimated 4.63 million ton in January. The high January crushing brings the cumulative crushing of soybeans in the USA to a new high of 22.4 million ton from September 2016 to January 2017. The soybean prices has been supported the recent few weeks mainly due to the inflow of speculative money motivated by possible crop losses in South America. The harvesting in Argentina haven't started yet and in Brazil the harvesting in Brazil are still to proceed for several weeks. Unfavourable conditions can however still place a burden on the South American supplies. The yields so far in Brazil are reported to be high and supports the expectation of a large Brazilian crop for the season. The Brazilian exports are gaining momentum and the expectations are that it would be unusually large this month, but harvest pressure on prices has not yet been reflected in the prices. This is mainly due to the stronger currency in Brazil that leads to reduced farmer's selling. The US soybean export sales are still relatively high as the old crop sales were seen increased sharply primarily on account of sales to unknown buyers, Taiwan, Egypt and partly to the EU. Sales to Mexico and Japan declined and exports to China has stayed relative the same lately. **Local:** The local soybean prices traded mostly lower last week. The spot and March 2017 contracts traded lower for the largest parts of the week and closed the week lower on Friday. The local prices traded closer to the derived soybean with the local prices that traded lower this week.

Sunflower seed: The world production and exports of sunflower seed meal showed good growth rates in the first few months of the 2016/17 season. The arrival of the new crop supplies in the Black Sea region placed the prices of sunflower meal under pressure in order to find a demand for the record levels produced. The prices are currently attractive to use in animal feed rations and the expectations are that the prices may stay attractive in the coming few months as there are large world stocks available. In September to December 2016 the exports of the 3 key supplying countries were boosted 1.9 million tons, 12% higher than a year ago. The largest growth in exports came from Ukraine. Sunflower seed oil imports to India was boosted to a record of 215 000 tons in January 2017 as a result of high price competitiveness on the world markets. **Local:** The local sunflower seed prices traded mainly lower last week with the prices of both the spot and the March contract that traded lower last week ending the week lower on Friday. The local sunflower seed prices dropped below the derived prices and trade closer the export parity price.

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. The February crop estimates report will be released on the 28th of February.

Groundnuts: In China the market are relative stable and posted some small price increases, but the demand are likely to increase after the Chinese holiday period. The higher demand together with the short supplies can give some good support to the peanut prices. In Argentina the crop development is going well and the people are very positive after the bad crop which were seen in 2016. In the US there are few of the 2016 crop left with the focus that mainly shifts to the new season crops. In Brazil heavy rainfall that has been received lately could have a severe impact on the quality of the Brazilian crop although the extend of possible damages are still unknown. In India large prices increases were seen mainly due to quality problems there. **Local:** Locally the groundnuts which has been planted are looking favourable currently.

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