

Grain SA's Oilseed Market Commentary

| Grain SA | DATE | DATE | | | | DATE | | | | DATE | | | | DATE | | | |
|--|------------|------------------|----|-------|------------|------------|-------|---------|------|------------|--------|----|------|------------|----|------|--------|
| | 2016/08/29 | 2016/08/26 | | | | 2016/08/22 | | | | 2016/08/01 | | | | 2015/08/31 | | | |
| | Data | Δ | Δ% | Δ% | Data | Δ | Δ% | Δ% | Data | Δ | Δ% | Δ% | Data | Δ | Δ% | Δ% | Data |
| Brent (\$/b) | 49.34 | -0.23 | ↓ | -0.5% | 49.57 | ↓ | -2% | 50.22 | ↓ | 17% | 42.34 | ↓ | -6% | 52.65 | ↓ | -6% | 52.65 |
| US\$: ? ZAR | 14.31 | 0.190 | ↑ | 1.3% | 14.12 | ↓ | 5% | 13.58 | ↓ | 3% | 13.91 | ↓ | 8% | 13.24 | ↓ | 8% | 13.24 |
| Corn | R 1,780.20 | -18 | ↓ | -1.0% | R 1,798.25 | ↓ | -1.0% | | | | | | | | | | |
| Wheat | R 2,013.82 | -68 | ↓ | -3.3% | R 2,081.77 | ↓ | -3.3% | | | | | | | | | | |
| Soybean | R 5,205.44 | 26 | ↑ | 0.5% | R 5,179.13 | ↓ | -0.5% | | | | | | | | | | |
| * CBOT Sep cents / bushel + -08 : 00 today vs CBOT Corn Sep + -12 : 00 the previous day | | | | | | | | | | | | | | | | | |
| * CBOT Sep cents / bushel + -08:00 today vs. CBOT Wheat Sep + -12 : 00 the previous day | | | | | | | | | | | | | | | | | |
| * CBOT Sep cents / bushel + -08 : 00 today vs. CBOT Soy Sep + -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 | 316.00 | -7.50 | ↓ | -2.3% | 323.50 | ↓ | -5% | 334.00 | ↓ | -3% | 325.75 | ↓ | -18% | 386.25 | ↓ | -18% | 386.25 |
| Wheat Spot | 383.00 | -18.25 | ↓ | -4.5% | 401.25 | ↓ | -10% | 427.00 | ↓ | -6% | 406.00 | ↓ | -22% | 490.25 | ↓ | -22% | 490.25 |
| Soybean Spot | 990.00 | -8.25 | ↓ | -0.8% | 998.25 | ↓ | -4% | 1027.00 | ↓ | -1% | 996.00 | ↑ | 11% | 892.25 | ↑ | 11% | 892.25 |
| Latest MTM prices (Recorded between 07:00 am - 08:00 am on the last two dates) SPOT = nearest contract month (Rands / ton) | | | | | | | | | | | | | | | | | |
| Sorghum Spot | 3435 | 35 | ↑ | 1.0% | 3400 | ↑ | 0% | 3435 | ↓ | 0% | 3450 | ↑ | 16% | 2974 | ↑ | 16% | 2974 |
| WMAZ Spot | 4244 | 13 | ↑ | 0.3% | 4231 | ↓ | -1% | 4297 | ↑ | 4% | 4080 | ↑ | 36% | 3130 | ↑ | 36% | 3130 |
| YMAZ Spot | 3165 | 5 | ↑ | 0.2% | 3160 | ↑ | 0% | 3161 | ↑ | 1% | 3141 | ↑ | 13% | 2808 | ↑ | 13% | 2808 |
| SOY 50 Spot | 6470 | -80 | ↓ | -1.2% | 6550 | ↑ | 2% | 6352 | ↓ | -2% | 6576 | ↑ | 23% | 5245 | ↑ | 23% | 5245 |
| SUN Spot | 6230 | 150 | ↑ | 2.5% | 6080 | ↑ | 6% | 5900 | ↑ | 12% | 5585 | ↑ | 13% | 5500 | ↑ | 13% | 5500 |
| WHEAT Spot | 4305 | -10 | ↓ | -0.2% | 4315 | ↑ | 0% | 4290 | ↑ | 3% | 4188 | ↑ | 2% | 4226 | ↑ | 2% | 4226 |
| OILSEED (US\$/ton) | 2016/08/26 | Source: Oilworld | | | | 2016/08/19 | | | | Apr 2016 | | | | March 2015 | | | |
| Soya-oil, Arg. | 758 | | | | | ↓ | -4% | 787 | ↑ | 4% | 729 | ↑ | 12% | 676 | ↑ | 12% | 676 |
| Soya-pell, Arg. | 371 | | | | | ↓ | -3% | 382 | ↑ | 12% | 332 | ↑ | 1% | 368 | ↑ | 1% | 368 |
| Soybean, Brazil | 420 | | | | | ↑ | 0% | 420 | ↑ | 6% | 396 | ↑ | 2% | 410 | ↑ | 2% | 410 |
| USA Runner 40/50 | 1550 | | | | | ↑ | 0% | 1550 | ↑ | 33% | 1163 | ↑ | 19% | 1300 | ↑ | 19% | 1300 |
| Sun-oil, Arg. | 785 | | | | | ↓ | -1% | 790 | ↑ | 2% | 771 | ↓ | -2% | 800 | ↓ | -2% | 800 |
| Sun-oil, Black Sea | 775 | | | | | ↑ | 1% | 765 | ↓ | -3% | 797 | ↑ | 3% | 750 | ↑ | 3% | 750 |
| Sunseed, Black Sea | 385 | | | | | ↑ | 0% | 385 | ↓ | -7% | 413 | ↓ | -6% | 409 | ↓ | -6% | 409 |
| Rapeseed, EU cif | 428 | | | | | ↑ | 0% | 427 | ↑ | 2% | 421 | ↑ | 7% | 399 | ↑ | 7% | 399 |
| Palmk oil Mal, EU | 1450 | | | | | ↓ | -1% | 1460 | ↑ | 11% | 1304 | ↑ | 40% | 1037 | ↑ | 40% | 1037 |

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

Market overview: The rand trades at R14.31 to the dollar this morning. Last week was the worst performing week for the rand since May 2016. The rand reacted after the news that the Finance minister Pravin Gordhan is likely to be arrested by the Hawks as part of a fraud case when he was commissioner of SARS. The debate on a possible credit rating downgrade for South Africa is yet again on the table and the current uncertainties South Africa, ranging from political to economic may lead to a credit rating downgrade to junk status. A report by Reuters indicates that a number of economic analysts warned about the possible downgrade of the South African credit rating. The report by the US Fed Bank on Friday indicated that the US interest rates are likely to be hiked during the year, but will be done in a slow pace. The Fed's analysts are satisfied with the US economic figures. The gold prices trades at nearly a one month low as investors were awaiting the speech by the chairperson of the US Federal Bank. The Brent Crude oil prices edged higher, but the market remains weak as OPEC's key producers indicates doubt about possibility of cutting output.

Soybeans: International perspective: World soybean demand is likely to rise by 17 million ton reaching new highs of 332.5 million ton. The bearishness of the US soybeans due to the higher production forecasts contrasts with the unusual high demand for soybeans globally. The crop tours that took place in the USA confirm good production forecasts for a record USA crop as the reports indicates that the crop conditions are looking good. The total export sales of US soybeans from June 2 to August 18 amounted to 18.3 million tons compared to the 7.9 million tons a year ago. This is a good indication if the world's dependence on the US soybeans. The current estimations is that the soybean exports from South America will be significantly lower in this season compared to last season. The estimations are that the US soybean exports to all destinations would increase by 24% in this season from last season. **Local:** In the latest crop estimates report the production forecast of soybeans was left unchanged from the previous estimations on 750 250 ton. The rate of soybeans used to extract oilcake did however increase locally during the previous two months according to the latest monthly SAGIS figures released last Wednesday. The crushing margin for soybeans are still under pressure, but with the sharp decreases in prices which was seen from middle June the negative margins got smaller and more crushing were likely to took place.

Sunflower seed: International perspective: The world estimates is that sunflower production is likely to rise for the second consecutive year by around 3.9 million ton to a new record of 46.1 million ton. The 2016/2017 world sunflower seed supply and demand situation would remain a critical point in the sunflower markets. The market is caught between prospects of good growth in crops, but the demand is also likely to higher in this season which eliminates the large supply pressure on the prices. Harvesting has already started in some areas of the black sea region. Good crops are expected in Ukraine and Russia where the expected productions are likely to reach new record highs. Sunflower seed production in the EU is likely to be lower as unfavourable weather caused damages to some of the crops. In Argentina the sunflower production that will be harvested early 2017 are estimated to reach a 9 year high of 3.7 -3.8 million tons. **Local:** The local sunflower market is very volatile with large price movements that took place the recent few weeks. The latest monthly SAGIS figures also indicated an increase in sunflower crushing the last two months. The sunflower prices fell sharply from February 2016 and the prices trades currently on par with the derived sunflower (oil & Oilcake) prices, while the prices were significantly higher than the derived prices earlier the year.

Canola: International perspective: The international production forecasts for canola and rapeseeds are likely to be sharply lower this year even if the forecasted higher production in Canada, Australia and India materializes. The expectation is that the imports by the EU are likely to increase as the EU production forecasts are lower for the year. The world exports of canola and rapeseed are likely to stagnate this season around 14.4 million tons. The major swing factors to watch will be the production in Canada and Australia. **Local:** In the latest crop estimated report the canola area planted for the season are estimated on 68 000 hectares which is lower than the 78 050 hectares planted last season. The production however for the current season in the 1st production estimates are estimated on 102 000 tons which is higher than the 93 000 ton produced last season. Even with the lower hectares planted the total production are likely to be higher.

Peanuts international: The international groundnut markets are characterized by qualitative and quantitative losses in Argentina crops as well as outstanding import demand from China. The Argentinian harvesting is likely to be dragged on into September owing to bad weather situations which slow the harvesting down. The estimations are that the Argentinian exports are likely to be 40% down from last year. The lower Argentinian exports boosted the world dependence of US groundnuts and the US exports increased by roughly 45%. The dependence on the US groundnuts is likely to remain high in the coming months. The expected yields in the US are still looking favourable and the US crop is likely to be high. Chinese imports of groundnuts more than doubled to 309 000 ton in Jan/July 2016. **Local:** In the latest crop estimates report the groundnut production estimates are revised downwards from the previous estimates. The total production for the season are estimated on 26 550 tons. This is significantly lower than the 62 300 tons of the 2015/2016 season. The total area planted for the current season is estimated on 22 600 hectares while the total area planted was 58 000 hectares last season.

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