

Grain SA's Morning Grain Market Commentary

DATE 2018/12/06 Data	DATE 2018/12/05		DATE 2018/11/26		AT THE MONEY PUT OPTION				
	Δ	Δ%	Δ	Δ%	W/M	Y/M			
DJIA-index	25027	0.00	25027	3.1%	24286	JUL '19 FUTURES PRICE	R 2 636.00	R 2 530.00	
Goud (Spot)	1239.63	5.73	1233.9	1.2%	1224.9	PUT STRIKE PRICE	R 2 640.00	R 2 540.00	
Brent \$/vat	61.52	0.23	61.29	2.9%	59.78	PUT PREMIUM	R 273.90	R 199.38	
1 € / US\$	1.1338	0.00	1.1318	-0.1%	1.1347	MIN SAFEX PRICE	R 2 366.10	R 2 340.62	
1 US\$ / ZAR	13.91	0.080	13.83	0.7%	13.82				
Corn	R 2 049.15	12	R 2 037.36			*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day			
Wheat	R 2 629.12	-9	R 2 638.40			*CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day			
Soybeans	R 4 668.43	36	R 4 632.44			*CBOT Soy Nov cents / bushel 08:00 today vs. CBOT Soy Nov 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 Dec 18	374.20	0.00	374.20		31	W/M	Y/M	T/M	
Wheat Dec 18	514.40	-4.80	519.20		Daily parity prices delivered in				
Soybeans Jan 18	913.40	1.80	911.60		Randfontein. WEAT BDN				
Latest MTM prices (SPOT = nearest contract month (Rand / ton)					import par not export par				
SORGHUM Mar '19	3700.00	50.00	3650.00	1.4%	3467.00	WEEK TOTAL	10 133	4 729	14 862
WMAZ Spot	2458.00	65.00	2393.00	2.7%	3890.00	YTD TOTAL	262 092	1 348 811	1 610 903
WMAZ Mar 19	2540.00	70.00	2470.00	2.8%	3397.00	EXPORTABLE	1 550 000	2 455 000	4 005 000
WMAZ Jul 19	2636.00	71.00	2565.00	2.8%	3474.00	YTD AS % OF EXPORTABLE	17%	55%	40%
YMAZ Spot	2430.00	54.00	2376.00	2.3%	3340.00	PACE/WEEK NEEDED	61 329	52 676	114 005
YMAZ Mar 19	2488.00	55.00	2433.00	2.3%	3397.00	MAIZE PRODUCER DELIVERIES			
YMAZ Jul 19	2530.00	53.00	2477.00	2.1%	3474.00	WEEK TOTAL	8 295	11 689	19 984
SOY spot	4700.00	10.00	4690.00	0.2%	4022.00	YTD TOTAL	6 255 836	5 475 418	11 731 254
SOY May 19	4921.00	2.00	4919.00	0.0%	4465.00	CEC FORECAST + ADJUSTMENT	6 601 560	5 779 650	12 381 210
SUN Spot 18	5170.00	-1.00	5171.00	0.0%	4306.00	% OF HARVESTED DELIVEIRES	95%	95%	95%
SUN May 19	4739.00	23.00	4716.00	0.5%	4306.00	PACE/WEEK NEEDED	26 594	23 402	49 997
WHEAT Dec18	4224.00	37.00	4187.00	0.9%	4145.00	WHEAT IMPORTS			
WHEAT Mar 19	4340.00	34.00	4306.00	0.8%	4214.00	2018/19	2017/18	5 Jr. GEM	
WHEAT May 19	4396.00	22.00	4374.00	0.5%	4452.00	WEEK TOTAL	2 905	57 195	37 425
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS					YTD TOTAL	92 168	520 235	355 067	
					TOTAL NEEDED	1 400 000	2 173 234	1 727 637	
					YTD AS % OF NEEDED	7%	24%	21%	

Market Overview: The rand trade this morning at R13.90 / \$ and weakened from the level at which it traded on at market closing yesterday. The rand again showed fairly high price movements and traded in a bandwidth of between R13.50 / \$ and R13.90 / \$. The volatility of the exchange rate can be attributed to various factors, including movements in the international context as well as local aspects. The local economy showed a growth of 2.2% in the 3rd quarter of 2018, which was very favorable after the economy was in a recession during the first two quarters of 2018. Although the local economy grew well during the third quarter there are still many other factors that create a lot of uncertainty in the markets and, in the long term, are not positive for economic growth prospects. The current momentum has a negative impact on output produced and will have a negative impact on economic growth. There are also many other policy uncertainty that will hold investors of major new investments in the country. It is therefore essential that these aspects be sorted out to stimulate good sustainable economic growth in the country.

Maize: The American maize market traded mostly sideways yesterday and no major price movements were seen in the market yesterday. The December contract closed almost unchanged for the day while the March contract closed slightly lower for the day. The latest WASDE report will be announced by the USDA next Tuesday and market participants will position themselves in the market before this report is released. The general expectation is that the USDA may adjust the US as well as the world, maize ending stocks for the season upwards from the previous estimate. In other international news, Ukraine's total grain production for the season is at a new record. The maize production in Ukraine is reported at 34 million tons. The EU has adjusted the expected maize imports for the season 13.5% upwards from the previous forecast and is now estimated at 18.49 million tons for the season. **Local:** The local maize market supported yesterday and traded higher for the day in most of the contract months currently listed for both white and yellow maize. The market will still follow the progress of the plantings with the next two weeks which will be a very critical time in the market. In yesterday's weekly producer delivery report, reported by SAGIS, WM deliveries for this week were reported at 8 295 tons and YM deliveries for the week at 11 689 tons. Total deliveries for the season so far are 11,735 million tons.

Soybean: US soybean prices closed the session higher yesterday, as optimism continues regarding the US-China trade negotiation, however concrete details are yet to emerge regarding these negotiations. Ahead of next week's December WASDE report from the USDA, it is expected that US soybean ending stocks will be at 25.7 million tons, down from 25.9 million tons in November, with world ending stocks expected to be 112.79 million tons, up from 112.08 in November. An executive of a farm group in Brazil mentioned that the country has a capacity of expand production by 42 million hectares, but did not mention the financial or environmental implications thereof. According to the Indonesian Biofuel Producer Association, biofuel exports for 2018 could range between 1.59 billion litres and 1.69 billion litres, which would be a 25% increase in exports; this is due to an expected rise in demand from China and Europe in 2019. **Local:** Local soybean prices traded mixed yesterday. March soybean contract traded to a low of R4830 and a high of R4900 and closed the session at R4835.

Wheat: US wheat prices traded lower yesterday due to the pressure of large global stocks and sluggish US exports. Ahead of next week's WASDE report from the USDA, it is expected that US wheat ending stocks will be 26.0 million tons, ahead of the November amount of 25.8 million tons, with world ending stocks expected to be 266.76 million tons. The EU increased its estimates for 2018/19 soft wheat by 14% to 129 million tons, with exports expected to remain unchanged at 20.08 million tons. China sold 261 295 tons of its wheat state reserves at an auction yesterday, which was 8.7% of the total available for sale. Japan plans to import 19 107 tons of feed quality wheat today. **Local:** Local wheat prices traded higher yesterday. March wheat contract traded to a low of R4335 and a high of R4359 and closed the session off at R4340.

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

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