

Grain SA's Morning Grain Market Commentary

DATE 2017/12/07	DATE 2017/12/06			+ - LAST WEEK 2017/11/27			AT THE MONEY PUT OPTION				
	Data	Δ	Δ%	Data	Δ%	Data	WM	YM	TM		
DJIA-index	24141	-39.73	-0.2%	24181	2.5%	23558	JULY '18 FUTURES PRICE	R 2 027.00	R 2 108.00		
Goud (Spot)	1262.99	-3.77	-0.3%	1266.76	-2.1%	1290.14	PUT STRIKE PRICE	R 2 020.00	R 2 100.00		
Brent \$/vat	61.20	-1.43	-2.3%	62.63	-4.1%	63.82	PUT PREMIUM	R 187.29	R 178.96		
1 € / US\$	1.1790	0.00	-0.4%	1.1840	-1.2%	1.1929	MINIMUM SAFEX PRICE	R 1 832.71	R 1 921.04		
1 US\$ / ZAR	13.52	0.000	0.0%	13.52	-4.0%	14.09					
Corn	R 1 804.34	0	0.0%	R 1 804.34			* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Corn Dec 12:00 the previous day				
Wheat	R 1 977.16	-40	-2.0%	R 2 016.91			* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day				
Soybeans	R 4 977.69	-30	-0.6%	R 5 007.49			* CBOT Soy Jan cents / bushel 08:00 today vs. CBOT Soy Jan 12:00 the previous day				
Latest CBOT prices during overnight trading							WEEK NR.		MAIZE EXPORTS		
Corn Dec 17	339.00	0.00	0.0%	339.00	-1%	342.00	31	WM	YM	TM	
Wheat Dec 17	398.00	-8.00	-2.0%	406.00	-4%	414.00	WEEK TOTAL	4 862	58 727	63 589	
Soybeans Jan 18	1002.00	-6.00	-0.6%	1008.00	1%	995.00	YTD TOTAL	534 396	1 117 505	1 651 901	
Latest MTM prices (SPOT = nearest contract month) (Rand / ton)							EXPORTABLE		2 500 000		4 350 000
SORGHUM Mar '18	2850.00	0.00	0.0%	2850.00	8.8%	2620.00	YTD AS % OF EXPORTABLE	21%	60%	38%	
WMAZ Spot	1870.00	20.00	1.1%	1850.00	-6.0%	1990.00	PACE/WEEK NEEDED	93 600	34 881	128 481	
WMAZ Mar 18	1923.00	18.00	0.9%	1905.00	-6.7%	2061.00	MAIZE PRODUCER DELIVERIES				
WMAZ Jul 18	2027.00	22.00	1.1%	2005.00	-5.5%	2144.00	WEEK TOTAL	8 457	5 287	13 744	
YMAZ Spot	1984.00	19.00	1.0%	1965.00	-5.7%	2103.00	YTD TOTAL	9 504 860	6 376 134	15 880 994	
YMAZ Mar 18	2034.00	17.00	0.8%	2017.00	-5.4%	2150.00	CEC ESTIMATE + ADJUSTMENTS	9 642 750	6 451 250	16 094 000	
YMAZ Jul 18	2108.00	13.00	0.6%	2095.00	-4.7%	2212.00	% CROP DELIVERED	99%	99%	99%	
SOY Spot	4950.00	86.00	1.8%	4864.00	-3.4%	5124.00	PACE/WEEK NEEDED	6 566	3 577	10 143	
SOY Mar 18	5120.00	81.00	1.6%	5039.00	-1.9%	5220.00	WHEAT IMPORTS				
SUN Spot	4427.00	91.00	2.1%	4336.00	-6.5%	4737.00	2017/18	2016/17	5 Yr. AVG		
SUN Mar 18	4560.00	106.00	2.4%	4454.00	-6.3%	4864.00	WEEK TOTAL	56 189	-	26 900	
WHEAT Spot	3993.00	-60.00	-1.5%	4053.00	-4.9%	4200.00	YTD TOTAL	575 856	79 213	335 776	
WHEAT Mar 18	4106.00	-55.00	-1.3%	4161.00	-4.3%	4290.00	TOTAL NEEDED	2 000 000	930 728	1 568 763	
WHEAT May 18	4160.00	-40.00	-1.0%	4200.00	-4.9%	4319.00	YTD AS % OF NEEDED	29%	8.5%	21%	

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

Market overview: The rand is trading unchanged from the levels it traded on yesterday with market closing and it traded at R13.52/\$ this morning. The South African business confidence is improving according to the South African Chamber of Commerce and Industry (Sacci). The improvement in the business confidence can mainly be attributed to the expected change in policies after the December presidential election by the ANC. The market is mainly anticipating a more favourable outcome although there are still much uncertainty around who will be the next president of the ANC. The November business confidence level was reported on 95.1 up from the 92.9 that was recorded in October. The favourable economic growth that was reported to the second and third quarter of 2017 also contributed to the better business confidence as economic growth is very important to attract investors and create opportunities to invest in the country and economy.

Maize: The US maize prices traded mostly steady throughout the trading session but closed slightly lower for the day. New fundamental news in the markets remain limited and the traders will now start to align themselves in the market for the USDA monthly WASDE report which will be released on the 12th of December. The expectations for the WASDE report is that there might be minor changes in some areas which could have an influence on the ending stocks for the season. The US production are expected to remain unchanged from the previous estimate. The ethanol production data showed that the weekly production reached another all-time high last week which pushed the ethanol inventories higher and the ethanol prices slipped around 3% yesterday after the data was released. The USDA export sales report will be watched as the total US maize exports for the first two months of the marketing season are 37% down from the exports that were reported the same time of the year last season. The higher ethanol production currently suggest that the USDA estimates for the season are too low and the higher ethanol production may offset the slow US export pace partly. **Local:** The local maize market found some support yesterday and traded higher in most of the contract months of both white and yellow maize. The maize producer deliveries is still entering the markets and the weekly deliveries reported by SAGIS was 8 457 ton of white maize and 5 287 ton of yellow maize. The total deliveries for the season this far is reported on 15 880 994 which is around 99% of the crop estimates figures. Widespread rain has fell over large parts of the country where the maize are produced. Some regions will now be able to start their plantings comfortably.

Soybeans: The US soybean market found some support lately mostly due to the weather concerns in South America, but the fairly unfavourable trade data and signs of profit taking has placed the US soybean prices under pressure yesterday. The October export sales data were reported to be 16% lower than the October 2016 exports and 6% lower than the October 2015 exports. The soybean export data for the first two months of the marketing year that was released yesterday showed that the exports were around 7% lower than the previous year's exports for the same time. The Brazilian export from September to November were reported to be 15% higher than the 2015 record Brazilian exports for the same time of the year. The USDA has forecasted an increase of soybean exports from the previous year which is not seen yet. The crop conditions in South America will however be a big factor to watch and that could give some good support to the US soybean exports should the production for the season there be significantly lower. The soybean production prospects in Brazil starts to look better with good rain that has fell over large parts of the central and western parts of the country. The weather conditions are still expected to remain mostly dry in Argentina in the next two weeks which remain a concern for the crops there. The international soybean oil prices also came under pressure and traded lower for the day following the trend of the international vegetable oil prices for the day. **Local:** The local soybean market has found some good support yesterday trading higher for the day in all of the contract months which is listed currently. The local oilseed market were very volatile the last two to three weeks with large price movements that were seen in the market in both directions.

Wheat: The international wheat prices were yet again under pressure yesterday and traded lower for the day as the US dollar has posted some gains yesterday to a two week high. The winter wheat markets took the biggest knock for the day with both the hard and soft red winter wheat that traded sharply lower for the day. The spring wheat market also closed marginally lower for the day. The expectations for the weekly wheat export sales is that the sales are likely to be in a tight range for the week. The wheat market remain under pressure as there are large stock levels and competition currently in the international markets. Large exports are seen from the Black Sea region and the as the grain output in countries like Russia and Ukraine are high. **Local:** The local wheat market were mainly under pressure yesterday posting fairly large losses in most of the contract months which is listed currently. The wheat harvesting in the Western Cape is mostly done while the harvesting is still under way in other areas of the country. In yesterday's weekly producer delivery report the wheat deliveries were reported on 81 318 ton and the total deliveries for the season this far is reported on 742 029 ton. There are also still an import tariff of R716.33/ton which was triggered but not published in the Government Gazette yet. The current tariff that is in place is R910/ton.

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

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