

Grain SA's Morning Grain Market Commentary

DATE 2018/10/11	DATE 2018/10/10		+ - LAST WEEK 2018/10/03		AT THE MONEY PUT OPTION				
	Δ	Δ%	Data	Δ%	Data	JUL '19 FUTURES PRICE	WM	YM	
DJIA-index	25599	-831.83 ↓	-3.1%	26431	-3.6%	26562			
Goud (Spot)	1192.97	3.33 ↑	0.3%	1189.64	-0.5%	1198.74	PUT STRIKE PRICE	R 2 560.00	R 2 560.00
Brent \$/vat	82.59	-2.27 ↓	-2.7%	84.86	-2.3%	80.7	PUT PREMIUM	R 234.89	R 224.42
1 € / US\$	1.1548	0.00 ↑	0.3%	1.1510	-1.7%	1.1746	MIN SAFEX PRICE	R 2 325.11	R 2 335.58
1 US\$ / ZAR	14.74	0.230 ↑	1.6%	14.51	-2.6%	14.36			
Corn	R 2 104.11	24 ↑	1.1%	R 2 080.41			*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day		
Wheat	R 2 764.34	35 ↑	1.3%	R 2 729.73			* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day		
Soybeans	R 4 615.53	44 ↑	1.0%	R 4 571.24			* 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 day)					WEEK NR.				
Corn Dec 18	362.60	-1.60 ↓	-0.4%	364.20	Daily parity prices delivered in				
Wheat Dec 18	510.40	-1.60 ↓	-0.3%	512.00	Randfontein. WEAT BDN				
Soybeans Nov 18	852.20	-5.20 ↓	-0.6%	857.40	import par not export par				
Latest MTM prices (SPOT = nearest contract month (Rand / ton))					Import parity				
SORGHUM Mar '19	3600.00	0.00 ↑	0.0%	3600.00	3621.00	2283.00	EXPORTABLE		
WMAZ Spot	2387.00	-58.00 ↓	-2.4%	2445.00	3712.00	1872.00	YTD AS % OF EXPORTABLE		
WMAZ Dec 18	2434.00	-66.00 ↓	-2.6%	2500.00	3366.00	1872.00	PACE/WEEK NEEDED		
WMAZ Jul 19	2569.00	-68.00 ↓	-2.6%	2637.00	3505.00	2008.00	WEEK TOTAL		
YMAZ Spot	2433.00	-42.00 ↓	-1.7%	2475.00	3366.00	1872.00	YTD TOTAL		
YMAZ Dec 18	2478.00	-55.00 ↓	-2.2%	2533.00	3366.00	1872.00	CEC FORECAST + ADJUSTMENT		
YMAZ Jul 19	2550.00	-45.00 ↓	-1.7%	2595.00	3505.00	2008.00	% OF HARVESTED DELIVERIES		
SOY spot	4570.00	-60.00 ↓	-1.3%	4630.00	6102.00	4044.00	PACE/WEEK NEEDED		
SOY May 19	4817.00	-59.00 ↓	-1.2%	4876.00	7261.00	5185.00	WHEAT IMPORTS		
SUN Spot 18	5094.00	-77.00 ↓	-1.5%	5171.00	6345.00	4742.00	2017/18		
SUN Jul 19	5044.00	-50.00 ↓	-1.0%	5094.00	7261.00	5185.00	2016/17		
WHEAT spot 18	4390.00	-60.00 ↓	-1.3%	4450.00	4775.00	4455.00	5 Yr. AVG		
WHEAT Dec 18	4489.00	-64.00 ↓	-1.4%	4553.00	4833.00	4513.00	WEEK TOTAL		
WHEAT Mar 19	4619.00	-68.00 ↓	-1.5%	4687.00	4918.00	4598.00	YTD TOTAL		
					TOTAL NEEDED				
					YTD AS % OF NEEDED				

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

Market Overview: The rand traded at R14.74 / \$ this morning and weakened from the levels at which it traded on at market closing yesterday. The rand has shown great movements over the last two days as it has weakened to over R15 / \$ and strengthened again to around R14.50 / \$. The rand should remain so volatile in the next few weeks, with the big focus in the local market that will be the medium-term budget speech that will be done later this month. The big challenge for the new finance minister in the medium term budget will be to create a good framework with limited space due to the financial pressure already on the state budget. On the commodity front, Brent oil price is slightly lower this morning and traded at \$ 82.59 / barrel. The oil price is still high, making the overall energy prices more expensive and the high oil price coupled with the volatility of the exchange rate is not favorable for the local fuel prices.

Maize: The American maize market fell under pressure and closed about 0.7% lower for the day, mainly due to the expectation that the USDA will revise the US production forecast for the season higher in today's WASDE report from the previous estimate made a month ago. Both the December and March contracts closed lower for the day. Despite the rain in the production areas, the harvesting process in the USA continues to improve and 34% of the crop is already harvested which is significantly faster than the 5-year average pace of 26% completed at this time of the season. Production conditions in the USA are still good, so expectations are that production for the season may still be adjusted upwards. Together with the expected higher production forecast, the US ending stocks for the season will also be adjusted higher, which is negative news for US prices. In other international news, maize exports from Ukraine for the season are reported at 1.73 million tons. Total grain exports from Ukraine are 9% lower than a year ago. In France, the maize ending stocks for the season is approximately 20% lower than the previous estimate made during September. **Local:** The local maize market was mostly under pressure and closed lower for the day in most of the contract months currently listed for both white and yellow maize. The strengthening of the rand also contributed to the pressure on local maize prices. Yesterday's weekly producer deliveries report, reported that weekly WM deliveries were 17 674 tons and YM deliveries 14 312 tons. Total deliveries for the season so far are 11.42 million tons.

Soybeans: The American soybean market was also under pressure yesterday and closed lower for the day with role-players who positioned themselves in the market before announcing the latest WASDE report that will take place later today. The expectation is that US production as well as closing stocks for the season may be adjusted higher since the previous forecast. The trade war between the US and China also keeps US stocks high and keeps prices under pressure. The harvesting process in the USA has slowed slightly over the last two weeks due to rain. The latest USDA report indicates that the harvesting process is 32% complete over the 5-year average by this time of season which is 34% complete. The production conditions were mostly left unchanged from last week's estimate at 68% good to excellent. In other international news, China sold about 100 700 tons of state reserve soybeans on auction on Tuesday, which was the total amount offered for sale at the auction. **Local:** The local soybean market came under pressure yesterday and closed lower for the day in most of the contract months currently listed. In yesterday's weekly producer deliveries report, soybean deliveries for this week were reported at 415 tons, bringing total deliveries to 1.473 million tons for the season.

Wheat: The American wheat market also came under pressure yesterday and closed lower for the day, with the expectations in the market that the production as well as the ending stocks of US wheat will be adjusted higher in today's WASDE report. The losses for the day were limited due to the delays in the winter wheat plantings due to excess rain occurring in some parts. The winter wheat plantings are reported at 57% completed, which is still slightly faster than the 5-year average rate of 54% completed at this time of the season. Other international news reported that wheat exports from Ukraine for the 2018/19 season have so far reached 5.75 million tons. Russia's forecast is that the season's wheat production will be higher than in the previous estimates and the production estimated at between 68 and 69 million tons. China sold about 144 000 tons of state reserve wheat on an auction which was 7.2% of the total offered for sale. **Local:** The local wheat market came under pressure yesterday and closed lower for the day in most of the contract months currently listed. There is another import tariff of R490 / ton that has already been triggered, but has not yet been announced.

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

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