

Grain SA's Morning Grain Market Commentary

DATE 2018/10/19	DATE 2018/10/18		+ - LAST WEEK 2018/10/09		AT THE MONEY PUT OPTION			
	Δ	Δ%	Δ	Δ%	JUL '19 FUTURES PRICE	WM	YM	
DJIA-index	25379	-327.23 ↓	-1.3%	25707	4.2%	26487	R 2 539.00	R 2 512.00
Goud (Spot)	1227.25	4.57 ↑	0.4%	1222.68	3.1%	1190.92	R 2 540.00	R 2 520.00
Brent \$/vat	78.72	-1.57 ↓	-2.0%	80.29	6.0%	83.76	R 237.96	R 216.67
1 € / US\$	1.1467	0.00	-0.2%	1.1487	0.0%	1.1468	MIN SAFEX PRICE R 2 302.04 R 2 303.33	
1 US\$ / ZAR	14.34	0.120 ↑	0.8%	14.22	3.3%	14.83		
Corn	R 2 092.17	-2 ↓	-0.1%	R 2 093.70	* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day			
Wheat	R 2 703.02	7 ↑	0.3%	R 2 696.08	* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day			
Soybeans	R 4 549.30	-64 ↓	-1.4%	R 4 613.64	* 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. 24			
Corn Dec 18	370.60	-3.40 ↓	-0.9%	374.00	Daily parity prices delivered in			
Wheat Dec 18	513.00	-3.00 ↓	-0.6%	516.00	Randfontein. WEAT BDN			
Soybeans Nov 18	863.40	-19.60 ↓	-2.2%	883.00	import par not export par			
Latest MTM prices (SPOT = nearest contract month (Rand / ton))					Import parity Export parity			
SORGHUM Mar '19	3600.00	0.00 ↑	0.0%	3600.00	3727.00	2020.00		
WMAZ Spot	2374.00	-6.00 ↓	-0.3%	2380.00	3833.00	2034.00		
WMAZ Dec 18	2401.00	-15.00 ↓	-0.6%	2416.00	3554.00	2034.00		
WMAZ Jul 19	2539.00	-16.00 ↓	-0.6%	2555.00	3693.00	2170.00		
YMAZ Spot	2395.00	-20.00 ↓	-0.8%	2415.00	3554.00	2034.00		
YMAZ Dec 18	2430.00	-17.00 ↓	-0.7%	2447.00	3554.00	2034.00		
YMAZ Jul 19	2512.00	-12.00 ↓	-0.5%	2524.00	3693.00	2170.00		
SOY spot	4610.00	-8.00 ↓	-0.2%	4618.00	6238.00	4150.00		
SOY May 19	4850.00	8.00 ↑	0.2%	4842.00	7526.00	5402.00		
SUN Spot 18	4994.00	-1.00 ↓	0.0%	4995.00	6273.00	4668.00		
SUN Jul 19	4937.00	33.00 ↑	0.7%	4904.00	7526.00	5402.00		
WHEAT spot 18	4365.00	8.00 ↑	0.2%	4357.00	4853.00	4533.00		
WHEAT Dec 18	4454.00	3.00 ↑	0.1%	4451.00	4912.00	4592.00		
WHEAT Mar 19	4573.00	-4.00 ↓	-0.1%	4577.00	5012.00	4692.00		
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS					WEEK TOTAL 4 419 25 570 29 989			
					YTD TOTAL 169 837 1 263 099 1 432 936			
					EXPORTABLE 1 550 000 2 455 000 4 005 000			
					YTD AS % OF EXPORTABLE 11% 51% 36%			
					PACE/WEEK NEEDED 49 292 42 568 91 859			
					MAIZE PRODUCER DELIVERIES			
					WEEK TOTAL 18 335 14 728 33 063			
					YTD TOTAL 6 112 134 5 373 598 11 485 732			
					CEC FORECAST + ADJUSTMENT 6 601 560 5 779 650 12 381 210			
					% OF HARVESTED DELIVEIRES 93% 93% 93%			
					PACE/WEEK NEEDED 24 471 20 303 44 774			
					WHEAT IMPORTS			
					2018/19 2017/18 5 Jr. GEM			
					WEEK TOTAL 12 557 84 743 76 239			
					YTD TOTAL 17 133 119 509 94 170			
					TOTAL NEEDED 1 400 000 2 176 546 1 727 637			
					YTD AS % OF NEEDED 1% 5% 5%			

Market Overview: The rand traded at R14.34 / \$ this morning and weakened sharply from the levels at which it traded on at market closing yesterday. The mining sector's output data for August was announced yesterday and a fairly large year on year decline was reported in the mining output. The decline in the output of the mining sector will have a negative impact on economic growth for the third quarter, which is certainly not beneficial for the country as a whole. The country is already in a technical recession after the first 2 quarters of the year showed negative growth. It is very important that the economy in SA should start to grow stronger as it will address many of the other underlying factors such as high unemployment. The other sectors, that also play a major role in the overall GDP, output data so far for the 3rd quarter of 2018 look pretty good and these sectors can stimulate economic growth despite the difficult conditions in the mining sector.

Maize: The American maize market was under pressure yesterday and traded lower for the day after disappointing export sales were announced this week. Weather conditions are also drier and more favorable for the harvesting process to take place at a good pace, which contributed to the pressure on prices. Both the December and March contracts closed lower for the day. Yesterday's weekly export sales report, reported by the USDA, indicated that the weekly export sales of maize reached only about 383 500 tons. It was less than half of the previous week's reported exports and also less than half the average weekly trading expectations in the market. The export listings reported for the week were 1.1 million tons. Although it is significantly better than the export sales report, it was still below the average rate required to meet the annual USDA estimate. In other international news, China sold approximately 3.2 million tons of state reserve maize on an auction which was approximately 81.1% of the total offered for sale at the auction. **Local:** The local market was mostly under pressure yesterday and closed lower for the day in most of the contract months of both white and yellow maize currently listed. In yesterday's weekly export report announced by SAGIS, WM exports were reported at 4 419 tons for the week and YM exports at 25 570 tons. Total exports for the season so far are 1.43 million tons. There are a further 277 771 tons of exports that were booked up to the first week of December.

Soybeans: The US soybean market was also under pressure yesterday as a result of low export sales, reports indicating a decline in Chinese imports for the season as well as favorable conditions for the harvesting process in the US. Both the November and January contracts dropped about 2.5% for the day. The weekly export sales reported yesterday were approximately 297 000 tons. Total export sales for the week are significantly lower than last week's export sales and also significantly lower than the weekly trade expectations in the market. The export shipments reported yesterday were 1.15 million tons, which was slightly higher than the weekly rate needed to meet the annual trading expectations. Most of the American soybeans exported so far have been to unknown destinations. The expectations in the market is that China's soybean imports for the fourth quarter of 2018 should be about 25% lower than last year's imports, which will cause China's imports to reach a 12-year low during this period. China accounts for about 60% of the world's soybean imports. **Local:** The local soybean market did not show major price movements yesterday and the market remained fairly close to unchanged for the day in most of the contract months currently listed.

Wheat: The American wheat market came under pressure yesterday and closed lower for the day due to a spillover effect from the maize and soybean market. All three American wheat markets closed lower for the day yesterday. In yesterday's weekly export sales report, the weekly export sales of wheat were reported at 476 000 tons, which is more than last week's reported export sales. It was also slightly above average trade expectations for the week. The export shipments reported were 492 600 tons and were below the weekly average required to meet the annual USDA estimate. The Philippines is still the largest buyer of American wheat for the 2018/19 season so far. In other international news, China sold about 6 450 tons of state reserve wheat on an auction, which was approximately 0.8% of the total purchased at the auction. **Local:** The local wheat market closed slightly higher until almost unchanged for the day. The wheat import tariff of R490.70 / ton was announced in the Government Gazette on Thursday. This is the latest triggered tariff currently.

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

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Thank you for the Maize Trust for partially funding this project

