

Grain SA's Morning Grain Market Commentary

DATE 2020/04/01	DATE 2020/03/31		+ - LAST WEEK 2020/03/23		AT THE MONEY PUT OPTION FOR JUL 2020 DELIVERY				
	Data	Δ	Δ%	Data	Δ%	Data	WM	YM	
DJIA-index	21917	-410.32	-1.84%	22327	14.3%	19174	Jul '20 FUTURES PRICE	R 2 608.00	R 2 760.00
Goud (Spot)	1587.59	-26.53	-1.64%	1614.12	6.3%	1493.16	Put STRIKE PRICE	R 2 600.00	R 2 760.00
Brent \$/vat	25.82	-1.08	-4.0%	26.90	-0.8%	26.02	Put PREMIUM	R 147.90	R 139.88
1 € / US\$	1.1019	0.00	0.05%	1.1013	2.6%	1.0743	MIN SAFEX PRICE	R 2 452.10	R 2 620.12
1 US\$ / ZAR	17.87	-0.09	-0.5%	17.96	0.9%	17.71			
Corn Mar 20	R 2 396.14	-16	-0.7%	R 2 412.45	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Mar 12:00 the previous day				
Wheat Mar 20	R 3 733.49	-24	-0.6%	R 3 757.57	*CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day				
Soybeans Mar 20	R 5 817.57	-4	-0.1%	R 5 821.79	*CBOT Soy Mar cents / bushel 08:00 today vs. CBOT Soy Mar 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)									
Corn May 20	340.60	-0.60	-0.2%	341.20	Parity prices delivered in				
Wheat May 20	568.60	-0.80	-0.1%	569.40	Randfontein. WEAT BDN				
Soybeans May 20	886.00	3.80	0.43%	882.20	import par not export par				
Latest MTM prices (SPOT = nearest contract month (Rand / ton))									
SORGHUM Mar '20	3161.00	0.00	0.0%	3161.00	3660.00	2114.00			
WMAZ Spot	3450.00	-226.00	-6.1%	3676.00	4415.00	1950.00			
WMAZ May 20	2768.00	-29.00	-1.0%	2797.00	3570.00	2220.00			
WMAZ Jul 20	2608.00	-3.00	-0.1%	2611.00	3640.00	2280.00			
YMAZ Spot	2800.00	7.00	0.3%	2793.00	3350.00	1950.00			
YMAZ May 20	2762.00	-8.00	-0.3%	2770.00	3570.00	2220.00			
YMAZ Jul 20	2760.00	-3.00	-0.1%	2763.00	3640.00	2280.00			
SOY spot	6975.00	93.00	1.4%	6882.00	6540.00	4670.00			
SOY May 20	7000.00	124.00	1.8%	6876.00	7040.00	5030.00			
SUN Spot	6000.00	30.00	0.5%	5970.00	6370.00	4890.00			
SUN May 20	6069.00	75.00	1.3%	5994.00	6370.00	4890.00			
WHEAT Spot	5360.00	17.00	0.3%	5343.00	5000.00	4680.00			
WHEAT May 20	5282.00	-38.00	-0.7%	5320.00	5061.00	4740.00			
WHEAT Jul 20	5260.00	-55.00	-1.0%	5315.00	5061.00	4740.00			
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS									

Market Overview: The rand is trading at R17.87/4 this morning. The country lost its last investment-grade rating late on Friday when Moody's Investors Service cut it to Ba1, citing a weak economy and an unreliable power sector. When markets re-opened on Monday in Asia, the effect was immediate. The rand fell to a record low, weakening beyond 18 per dollar for the first time, before paring losses. The government's local-currency debt and Eurobonds, as well as banking stocks, also dropped. The rand weakened 0.1% to 17.93 against the dollar as of 06:45 in Johannesburg on Tuesday, extending its decline this year to 22%. There could be more to come. The downgrade will trigger South Africa's exclusion, probably around late April, from the FTSE World Government Bond Index. The gauge includes 14 currencies, including the dollar, yen and euro, and is tracked by around \$3 trillion of funds. Passive funds following the WGBI will have to dump rand bonds once they're excluded. South Africa has a 0.45% weighting in the main index, suggesting there could be roughly \$14 billion of passive money holding rand government bonds. But it's impossible to tell accurately since funds can be under- or overweight South Africa, which is the highest-yielding member of the WGBI. The Moody's downgrade may lead to \$6 billion of forced bond selling, London-based analysts Michael Kafe, Nikolaos Sgouropoulos and Andreas Kolbe said. If so, that would cause foreign holdings of the government's rand debt to fall to about 30%-32% of the total from 37%. Another downgrade is possible, they said, if South Africa doesn't quickly reduce a budget deficit that was expected to rise to a three-decade high in the next year even before the coronavirus struck. The Wall Street bank had previously estimated that South Africa would experience \$6.6 billion of outflows on a Moody's downgrade. "However, the event has been expected and thus priced in for a long time and, with markets also selling off significantly this month, the actual outflow is likely to be far smaller than the original estimate," Gina Schoeman, a Johannesburg-based economist at the bank, said on Monday. Deutsche had been advising clients to wait for a downgrade and then buy rand debt as yields rose. The coronavirus pandemic has changed that and it now thinks the rand could depreciate another 10% to 20 per dollar. "We find risk-reward as not attractive enough to get bullish immediately post the downgrade, considering the domestic challenges and the external backdrop," said Christian Wietoska, a strategist in London.

Maize: Maize prices buckled this morning after USDA reported larger-than-expected maize hectares in its prospective plantings report, but prices nearly recovered as the session drew to a close. Worries over waning ethanol demand still lurk in the background. USDA pegs 2020's maize footprint at 39.25 million hectares, the most since 2012 and the third-largest total on record, if realized. As expected, hectares should climb 8% above 2019. **Local:** Maize received the wind during yesterday's session and the prices of white and yellow maize took hold to end the day's trading in the red.

Soybeans: Soybean prices stayed in the green Tuesday after USDA reported fewer-than-expected soybean hectares in the yesterday morning's prospective planting report, which triggered some technical buying. Stocks also fell by about 27 million tons, but analysts were already anticipating a similar drop. USDA expects the total number of soybean hectares to climb from 30.79 million hectares a year ago up to 33.79 million hectares this spring, a net gain of around 10%. **Local:** Soybeans caught the wind from the back and saw good price increases to end the day's trading in the green.

Wheat: Wheat prices moved mostly higher on a round of technical buying Tuesday after USDA reported lower-than-expected stocks and fewer-than-expected hectares in two key reports this morning. All-wheat hectares are expected to reach an all-time low once again in 2020, at 18.07 million hectares, slipping another 1% below last year's tally. Wheat stocks moved lower, falling to 38 million tons. Disappearance of 11.648 million tons tracked 3% higher from a year ago. **Local:** Wheat traded volatile during yesterday's session, but mainly closed the day's trading in the red.

International trade updates during COVID-19: https://www.bollere-logistics.com/en/Pages/news/Coronavirus_Impact_Update.aspx
<https://www.nepia.com/industry-news/coronavirus-outbreak-impact-on-shipping/>

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