

Grain SA's Morning Grain Market Commentary

DATE 2020/06/02	DATE 2020/06/01			+ - LAST WEEK 2020/05/25			AT THE MONEY PUT OPTION FOR JUL 2020 DELIVERY					
	Data	Δ	Δ%	Data	Δ%	Data	Jul '20 FUTURES PRICE	WM	YM			
DJIA-index	25475	91.91	0.36%	25383	4.1%	24465	R 2 423.00	R	R 2 549.00			
Goud (Spot)	1736.82	-5.14	-0.30%	1741.96	0.6%	1726.82	R 2 420.00	R	R 2 540.00			
Brent \$/vat	38.58	1.05	2.8%	37.53	9.9%	35.10	R 50.09	R	R 51.68			
1 € / US\$	1.1127	0.00	-0.11%	1.1139	2.2%	1.0887	R 2 369.91	R	R 2 488.32			
1 US\$ / ZAR	17.38	-0.05	-0.3%	17.43	-1.0%	17.55						
Corn Mar 20	R 2 211.38	-23	-1.0%	R 2 234.21	*CBOT Corn Mar cents / bushel 08:00 today vs. CBOT Mar 12:00 the previous day							
Wheat Mar 20	R 3 290.10	-44	-1.3%	R 3 334.15	* CBOT Wheat Mar cents / bushel 08:00 today vs. CBOT Wheat Mar 12:00 the previous day							
Soybeans Mar 20	R 5 366.84	-17	-0.3%	R 5 383.56	* 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)							WEEK NR.					
Corn Jul 20	323.20	-2.40	-0.7%	325.60	Parity prices delivered in Randfontein. WEAT BDN			4				
Wheat Jul 20	515.20	-5.40	-1.0%	520.60	import par not export par			WEEK TOTAL				
Soybeans Jul 20	840.40	-0.20	-0.02%	840.60				20 458				
Latest MTM prices (SPOT = nearest contract month (Rand / ton))							EXPORTABLE			1 640 000		
SORGHUM Jul'20	3138.00	0.00	0.0%	3138.00	5000.00	3100.00	YTD TOTAL			51 249		
WMAZ Spot	2410.00	6.00	0.2%	2404.00	4600.00	2000.00	YTD AS % OF EXPORTABLE			3%		
WMAZ Jul 20	2423.00	6.00	0.2%	2417.00	4600.00	2000.00	PACE/WEEK NEEDED			33 099		
WMAZ Sep 20	2470.00	1.00	0.0%	2469.00	4600.00	2100.00	WEEK TOTAAL			1 36 426		
YMAZ Spot	2533.00	1.00	0.0%	2532.00	3600.00	2000.00	JTD TOTAAL			253 925		
YMAZ Jul 20	2549.00	6.00	0.2%	2543.00	3600.00	2100.00	NOK SKATTING + REGSTELLINGS			8 579 470		
YMAZ Sep 20	2591.00	1.00	0.0%	2590.00	3700.00	2100.00	% GELEWER VAN OES			3.0%		
SOY spot	6400.00	50.00	0.8%	6350.00	7200.00	5000.00	WEEK 34			WHEAT IMPORTS		
SOY Jul 20	6448.00	48.00	0.8%	6400.00	7700.00	5300.00	2019/20			2018/19		
SUN Spot	5570.00	-25.00	-0.4%	5595.00	8400.00	5900.00	5 Jr. GEM			26 963		
SUN Jul 20	5628.00	-24.00	-0.4%	5652.00	8400.00	5900.00	WEEK TOTAL			61 206		
WHEAT Spot	5317.00	1.00	0.0%	5316.00	5300.00	4800.00	YTD TOTAL			1 252 011		
WHEAT Jul 20	5310.00	10.00	0.2%	5300.00	5300.00	4800.00	TOTAL NEEDED			1 820 000		
WHEAT Sep 20	5100.00	-45.00	-0.9%	5145.00	5300.00	4800.00	YTD AS % OF NEEDED			69%		

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

Market Overview: The rand is trading at R17.38 against the dollar this morning. The strengthening rand has taken many by surprise as the country's economy still reals due to the Covid-19 pandemic, along with rising US-China tensions over security legislation in Hong Kong. Regardless of the rand, rebounding there is still risks ahead, the rising tensions between the US and China could spill over into emerging-markets, while South Africa's economy has yet to show the full hit of the coronavirus lockdown. Crude oil is trading at \$38.67 per barrel this morning. The main reason for the higher oil prices is that OPEC, Russia and other oil-producing nations agreed to reduce oil production by about 10 million barrels per day during a meeting in April 2020, effectively removing about 10% of the global supply of oil. This will be felt on Wednesday 3rd of June when fuel price increases to R1.18/litre for petrol and 22c/litre for diesel. Considering the Covid-19 shocks, the IMF projects that the gross government debt-to-GDP ratio for emerging economies will reach 85.6% of GDP by the end of 2021. Financial support packages by international lenders such as the International Monetary Fund (IMF) are likely to be of little help to emerging economies, which are already reeling from huge debt piles, a global trade credit insurer said. Economists have predicted that South Africa's budget deficit for 2020 could be double the 6.8% tabled in the February budget.

Maize: US maize futures closed in negative territory with losses yesterday for July and December contracts. Trade concerns were highlighted again yesterday just as they were loud at the end of last week. Tensions between the US and China are on the rise as China is cracking down on protests in Hong Kong. Weather conditions continued to suggest a good start to the growing season. Expectations are that 95% of the US maize crop will be in the ground as of Sunday. A slow start to the growing season for some due to cool temperatures will be likely made up over the next two weeks, as most of the Midwest will experience normal to above normal temperatures. The big picture perspective continues to suggest ample inventory in the near term and for next year, which, unless the weather is a concern, will keep price rally potential in check. **Local:** Local maize futures traded slightly higher yesterday. July white maize contracts traded to a low of R2399 and high of R2426 before closing the session off at R2423.

Soybeans: US Soybean futures closed mixed with little change yesterday. There is continued concern over the relationship between the US and China, which had the markets defensive yesterday as China, had told its internal buyers to temporarily stop purchases of soybeans and pork from the US. Still, the export market remains active and many believe China will be buying US soybeans. The question now is if Phase One of the deal with China will take place as planned. Recently reported export inspections at just under 408 240 tons was termed neutral to slightly negative. **Local:** Local soybean futures traded higher during yesterday's session. July soybean contracts traded to a low of R6405 and a high of R6450 and closed off the session at R6448.

Wheat: July wheat futures closed lower yesterday. US grain export inspections were low again this week, with 499 353 tons. Wheat exports are 2% off the pace needed to meet the expectation of 26 million tons in exports. Crop condition report released yesterday noted the following; winter wheat condition is 51% good/excellent versus last week's 54%. Spring wheat planted 91% compared to the 5-year average of 96%. Spring wheat emerged 67% versus the 5-year average of 80%. Spring wheat condition at 80% versus 74% last year. **Local:** Local wheat futures traded mixed yesterday. July wheat contracts traded R10 higher yesterday, closing the session at R5310.

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/>
<https://www.macmap.org/en/covid19>

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

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