

Grain SA's Morning Grain Market Commentary

DATE 2019/06/12	DATE 2019/06/11		+ - LAST WEEK 2019/06/03		AT THE MONEY PUT OPTION			
	Δ	Δ%	Data	Δ%	Data	WM	YM	
DJIA-index	26049	-14.17	-0.05%	26063	5.0%	24815	JUL '19 FUTURES PRICE R 2 795.00	R 2 777.00
Goud (Spot)	1332.45	3.56	0.3%	1328.89	1.5%	1312.57	PUT STRIKE PRICE R 2 800.00	R 2 780.00
Brent \$/vat	61.17	-1.30	-2.1%	62.47	-0.1%	61.26	PUT PREMIUM R 76.38	R 57.78
1 € / US\$	1.1338	0.00	0.20%	1.1315	1.4%	1.1177	MIN SAFEX PRICE R 2 723.62	R 2 722.22
1 US\$ / ZAR	14.65	-0.100	-0.7%	14.75	0.7%	14.55		
Corn Mar 19	R 2 466.14	53	2.2%	R 2 413.29	*CBOT Corn May cents / bushel 08:00 today vs. CBOT May 12:00 the previous day			
Wheat Mar 19	R 2 788.37	38	1.4%	R 2 749.95	*CBOT Wheat May cents / bushel 08:00 today vs. CBOT Wheat May 12:00 the previous day			
Soybeans Mar 19	R 4 625.03	-27	-0.6%	R 4 652.27	*CBOT Soy May cents / bushel 08:00 today vs. CBOT Soy May 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 Jul 19	427.60	12.00	2.9%	415.60	Parity prices delivered in			
Wheat Jul 19	518.00	10.60	2.1%	507.40	Randfontein. WEAT BDN			
Soybeans Jul 19	859.20	0.80	0.09%	858.40	import par not export par			
Latest MTM prices (SPOT = nearest contract month (Rand / ton))								
SORGHUM Sep '19	3280.00	0.00	0.0%	3280.00	3728.00	2100.00		
WMAZ Spot	2771.00	-49.00	-1.7%	2820.00	4096.00	2370.00		
WMAZ Jul 19	2795.00	-50.00	-1.8%	2845.00	3529.00	2129.00		
WMAZ Sep 19	2847.00	-53.00	-1.8%	2900.00	3584.00	2182.00		
YMAZ Spot	2755.00	-36.00	-1.3%	2791.00	3529.00	2129.00		
YMAZ Jul 19	2777.00	-33.00	-1.2%	2810.00	3529.00	2129.00		
YMAZ Sep 19	2833.00	-33.00	-1.2%	2866.00	3584.00	2182.00		
SOY spot	5286.00	-10.00	-0.2%	5296.00	6222.00	4486.00		
SOY Jul 19	5337.00	-13.00	-0.2%	5350.00	6485.00	4475.00		
SUN Spot	5175.00	-39.00	-0.7%	5214.00	6343.00	4855.00		
SUN Jul 19	5224.00	-43.00	-0.8%	5267.00	6343.00	4855.00		
WHEAT Spot	4449.00	-61.00	-1.4%	4510.00	4646.00	4326.00		
WHEAT Jul 19	4451.00	-76.00	-1.7%	4527.00	4718.00	4398.00		
WHEAT Sep 19	4467.00	-51.00	-1.1%	4518.00	4676.00	4356.00		
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS								

Market Review: The rand is trading at R14.65 this morning which is about 1% stronger than the basket of emerging market currencies due to positive market sentiments on the trade war that was averted between the US and Mexico. The rand closed at R14.69 to the dollar yesterday afternoon, with the day's range between R14.65 and R14.82. Stats SA reported the South Africa manufacturing production for the April at 4.6%, beating market expectations. This came in as a surprise to many analysts as the market had anticipated a weaker number. Positive contributions came from basic iron and steel, metal products and machinery, which added 9.4% of the overall manufacturing number. Today the country awaits the release of April retail sales, which are likely to remain weak. High unemployment, rapid electricity and fuel price hikes, below-inflation wage growth and higher taxes have eroded households' spending power. Brent crude oil is trading at \$61.17/barrel, which is 1.8% weaker than the previous day's trade.

Maize: US Maize futures saw strong buying strength as contracts finished 2.5% higher during yesterday's trade. Supported by a bullish surprise into yesterday's USDA supply and demand numbers, maize futures had traded off early session lows to finish at its highest price level in five days. In the USDA supply and demand report released yesterday. The USDA made adjustments on the 2019/20 maize outlook by sharply lowering production given current springs of weather conditions. The USDA lowered planted hectares by 1.2 million hectares. Despite making some changes in the demand side of the table, the loss of production shaved 20 mil tons out of projected ending carryout forecasting the 2019/20 carryout to 42 million tons, the lowest since 2013/14 crop years. **Local:** The local maize markets traded lower yesterday. July White maize contract traded to a high of R2845 and a low of R2792, before closing the day off R50 lower at R2795.

Soybeans: US Soybean futures stayed supported by the maize market and finished with mild. Yesterday's USDA supply and demand numbers for soybeans stayed bearish on the overall fundamental picture as the USDA made adjustments on the demand side of the equation to move ending stock levels for both the 2018/19 and the 2019/20 crop years over the million ton mark. The USDA reflected a 2 million ton reduction in potential exports for the 2018/19 crop year to bring projected carryout to 29 million tons, approximately 1.6 million tons above market expectations. Globally, the USDA raised 2019/20 global soybean supplies slightly lower to 355 million tons but still verifying that the world has ample supplies of beans with some global demand concerns on the table. **Local:** The local soybean maker traded mixed yesterday. The July soybean contract traded to a high of R5413 and a low R5332 before closing off the day R13 lower at R5337.

Wheat: US wheat futures moved moderately higher after USDA reported smaller-than-expected carryout, with additional support from surging maize prices. US Wheat futures saw early selling pressure as crop ratings stayed strong for both KC and spring wheat. 64% of the winter wheat crop was rated well to excellent, while 81% of the spring wheat crop was rated good to excellent. This is the highest rating for spring wheat since 2010. The focus of the trade yesterday though was on the USDA supply and demand numbers, which reduced its estimated US wheat ending stocks for 2019/20 to 29.17 million tons with an increase in feed demand, as well as an increase in old crop export estimates. With maize looking at a shortage due to weather conditions, the USDA felt it reasonable to add additional wheat feed usage into the balance sheets. Globally, the USDA did increase its estimated world ending stocks to 294.39 million tons, which is a record. World wheat production was expected to increase approximately 7% with strength seen in Ukraine and Russian crops. Again, yesterday's numbers confirmed that global supply for wheat is still plentiful which could weigh on prices. **Local:** Local wheat prices traded lower. July wheat contract traded to a high of R4534 and a low of R4444, before closing the day off R76 lower at R4451.

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

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Thank you for the Maize Trust for partially funding this project

