

Grain SA's Morning Grain Market Commentary

DATE 2020/07/13	DATE 2020/07/10			+ - LAST WEEK 2020/07/06		AT THE MONEY CALL OPTION FOR DECEMBER DELIVERY				
	Δ	Δ%	Data	Δ	Data	Dec '20 FUTURES PRICE	WM	YM		
DJIA-index	369.21	↑	1.44%	25706	↑	1.0%	2,768.00	2,875.00		
Goud (Spot)	4.41	↑	0.25%	1799.69	↑	1.8%	2,760.00	2,880.00		
Brent \$/vat	1.25	↑	3.0%	41.77	↓	-0.2%	167.57	129.60		
1 € / US\$	1.1322	↑	0.48%	1.1268	↑	0.3%	2,592.43	2,750.40		
1 US\$ / ZAR	16.73	↓	-1.2%	16.93	↓	-1.2%				
Corn Mar 20	R 2,241.96	↓	-4.2%	R 2,340.74						
Wheat Mar 20	R 3,292.45	↑	0.6%	R 3,273.34						
Soybeans Mar 20	R 5,479.63	↓	-1.9%	R 5,587.44						
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	340.40	↓	-3.1%	351.20	Parity prices delivered in Randfontein. WEAT BDN					
Wheat Jul 20	535.60	↑	1.8%	526.20	import par not export par					
Soybeans Jul 20	891.40	↓	-0.7%	898.20	WEEK TOTAL					
Latest MTM prices (SPOT = nearest contract month (Rand / ton))						EXPORTABLE				
SORGHUM Jul'20	3138.00	0.0%	0.0%	3138.00	5000.00	3000.00	1,640,000	1,060,000		
WMAZ Spot	2646.00	19.00	0.7%	2627.00	4000.00	2300.00	224,270	412,037		
WMAZ Sep 20	2679.00	21.00	0.8%	2658.00	4000.00	2300.00	2,240,000	1,496,307		
WMAZ Dec 20	2768.00	20.00	0.7%	2748.00	4000.00	2300.00	1,640,000	1,060,000		
YMAZ Spot	2741.00	14.00	0.5%	2727.00	4000.00	2300.00	14%	39%		
YMAZ Sep 20	2792.00	16.00	0.6%	2776.00	4000.00	2300.00	33,708	15,428		
YMAZ Dec 20	2875.00	17.00	0.6%	2858.00	4000.00	2300.00	2,447,982	3,160,107		
SOY spot	6995.00	63.00	0.9%	6932.00	7600.00	5300.00	8,863,776	6,104,258		
SOY Sep 20	7033.00	43.00	0.6%	6990.00	7600.00	5300.00	% GELEWER VAN OES	27.6%		
SUN Spot	5956.00	38.00	0.6%	5918.00	8200.00	5700.00	WHEAT IMPORTS			
SUN Sep 20	6074.00	37.00	0.6%	6037.00	8200.00	5700.00	2019/20	2018/19		
WHEAT Spot	5593.00	-58.00	-1.0%	5651.00	5100.00	4600.00	14,707	8,944		
WHEAT Sep 20	5198.00	1.00	0.0%	5197.00	5300.00	4800.00	1,527,021	858,212		
WHEAT Dec 20	4842.00	16.00	0.3%	4826.00	5300.00	4800.00	1,820,000	1,355,881		
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS						YTD AS % OF NEEDED				
						84%			63%	73%

Market Overview: The rand gained 2.23% against the dollar last week, but is still down more than 16% in 2020. The rand is trading at R 16,73 this morning against the US dollar. The JSE closed weaker on Friday as markets continue to be affected by the rising Covid-19 numbers both in the US and globally, even as economic data remains somewhat positive. The crucial vote on the business rescue practitioners' rescue plan for SAA is expected to take place at a creditors' meeting on Tuesday, hopefully giving clarity on the way forward for the ailing state-owned airline. Mining and inflation data for May will headline the week ahead's economic releases, while market activity may continue to be guided by rising Covid-19 cases in SA and elsewhere. Mining cratered in April, the month SA's level 5 lockdown was in full effect, with economists expecting a contraction in May, though with a slightly better performance as miners returned to work.

Maize: Maize prices slumped about 3% lower Friday on a round of technical selling and profit-taking as traders digested the latest weather forecasts and crop data from USDA. Private exporters reported the sale of 1.364 million tons of maize for delivery to China. It was the second largest maize purchase from China on record, according to USDA data. USDA noted "sharply lower supplies," and also lower feed and residual use with higher food, seed and industrial use in Friday's WASDE report. As expected, USDA also significantly trimmed its 2020 maize production forecast by 25.274 million tons, for a total production now at 381 million tons, which analysts largely expected after digesting the agency's June 30 hectares' report. World ending stocks for 2019/20 declined slightly. World ending stocks for 2020/21 also fell below analyst expectations. FranceAgriMer estimates that 83% of France's maize crop is in good-to-excellent condition through July 6, holding steady from a week ago. **Local:** The local maize market found support and traded mostly in the green on Friday.

Soybeans: Soybean prices faded about 1% lower Friday on a round of technical selling over more favourable weather forecasts and concerns over U.S.-China trade relations. Export projections didn't change, but supplies moved up 1.224 million tons and crush estimates also went up 408 000 tons, that left 2020/21 ending stocks at 11.566 tons. China raised its 2019/20 soybean imports forecast to 94 million tons based on strong crushing demand. The country signalled again it wants to increase imports from the U.S. to meet its phase-one trade promises. Meanwhile, trade relations between the U.S. and China remain relatively frosty. President Donald Trump noted earlier Friday that relations are "severely damaged" after each has accused the other of mishandling the coronavirus pandemic. Trump indicated a planned phase-two trade agreement is still on the table but is not a priority right now. **Local:** Soybeans found support and traded also in the green over all contracts that is listed at the moment.

Wheat: Wheat prices were mixed but mostly higher Friday on generally favorable supply and demand data from USDA this morning. Two large sales to China Friday morning lent additional support. USDA noted "larger supplies, lower domestic use, unchanged exports and increased stocks" for wheat. As a result, 2020/21 ending stocks rose 462 000 tons higher to 25.636 million tons. Analysts were expecting a slightly larger total. World ending stocks for 2019/20 wheat moved slightly higher, to 297 million tons, which was slightly below the average trade guess. World ending stocks for 2020/21 moved slightly lower, in contrast, to 314 million tons. Russia, the world's No. 1 wheat exporter, plans to replenish its state grain stockpile, which it had largely depleted earlier this year through domestic sales. Harvest has already kicked off in the southern regions of Russia. France's wheat harvest is now 10% complete, versus 4% a week ago, per consultancy FranceAgriMer. Total production could fall 21% year-over-year, meantime, amid hot, dry weather earlier this growing season. FranceAgriMer estimates that 55% of the crop is in good-to-excellent condition through July 6, down a point from last week. **Local:** July wheat traded R58 lower on Friday but all the other contracts that is listed at the moment traded in the green on Friday.

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

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