

Grain SA's Morning Grain Market Commentary

| DATE 2020/08/14 | DATE 2020/08/13 | | + - LAST WEEK 2020/08/03 | | AT THE MONEY CALL OPTION FOR DECEMBER DELIVERY | | |
|--|--------------------|--------|-----------------------------|------------|---|-----------|---|
| | Δ | Δ% | Δ | Data | WM | YM | |
| DJIA-index | 27897 | -80.12 | -0.29% | 27977 | 5.6% | 26428 | Dec '20 FUTURES PRICE R 2,941.00 R 2,988.00 |
| Goud (Spot) | 1950.6 | 12.60 | 0.65% | 1938 | -1.1% | 1973.26 | Call STRIKE PRICE R 2,940.00 R 2,980.00 |
| Brent \$/vat | 45.01 | -0.33 | -0.7% | 45.34 | 3.8% | 43.35 | Call PREMIUM R 167.79 R 123.56 |
| 1 € / US\$ | 1.1820 | 0.00 | 0.08% | 1.1811 | 0.5% | 1.1767 | BREAKEVEN SAFEX PRICE R 2,772.21 R 2,856.44 |
| 1 US\$ / ZAR | 17.40 | -0.06 | -0.3% | 17.46 | 2.1% | 17.05 | |
| Corn Sep | R 2,227.62 | 67 | 3.1% | R 2,161.07 | *CBOT Corn Sep cents / bushel 08:00 today vs. CBOT Sep 12:00 the previous day | | |
| Wheat | R 3,174.97 | 24 | 0.8% | R 3,151.27 | * CBOT Wheat Sep cents / bushel 08:00 today vs. CBOT Wheat Sep 12:00 the previous day | | |
| Soybeans | R 5,800.10 | 88 | 1.5% | R 5,712.32 | * CBOT Soy Aug cents / bushel 08:00 today vs. CBOT Soy Aug 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 Sep 20 | 325.20 | 10.80 | 3.4% | 314.40 | 14 | | |
| Wheat Sep 20 | 496.60 | 5.40 | 1.1% | 491.20 | WEEK TOTAL 10,046 50,092 60,138 | | |
| Soybeans Aug 20 | 907.20 | 16.80 | 1.9% | 890.40 | YTD TOTAL 281,487 769,902 1,051,389 | | |
| Latest MTM prices (SPOT = nearest contract month (Rand / ton)) | | | | | EXPORTABLE | | |
| SORGHUM Sep 20 | 3900.00 | 0.00 | 0.0% | 3900.00 | 1,640,000 | 1,060,000 | 2,700,000 |
| WMAZ Spot | 2880.00 | 76.00 | 2.7% | 2804.00 | YTD AS % OF EXPORTABLE 17% 73% 39% | | |
| WMAZ Sep 20 | 2865.00 | 72.00 | 2.6% | 2793.00 | PACE/WEEK NEEDED 35,750 7,634 43,385 | | |
| WMAZ Dec 20 | 2941.00 | 70.00 | 2.4% | 2871.00 | WEEK TOTAAL 703,222 333,230 1,036,452 | | |
| YMAZ Spot | 2895.00 | 66.00 | 2.3% | 2829.00 | JTD TOTAAL 5,299,372 4,976,973 10,276,345 | | |
| YMAZ Sep 20 | 2908.00 | 64.00 | 2.3% | 2844.00 | NOK SKATTING + REGSTELLINGS 8,863,776 6,104,258 14,968,034 | | |
| YMAZ Dec 20 | 2988.00 | 62.00 | 2.1% | 2926.00 | % GELEWER VAN OES 59.8% 81.5% 68.7% | | |
| SOY spot | 7317.00 | 55.00 | 0.8% | 7262.00 | WEEK 44 | | |
| SOY Sep 20 | 7352.00 | 76.00 | 1.0% | 7276.00 | WHEAT IMPORTS | | |
| SUN Spot | 6698.00 | 108.00 | 1.6% | 6590.00 | 2019/20 | 2018/19 | 5 Jr. GEM |
| SUN Sep 20 | 6746.00 | 97.00 | 1.5% | 6649.00 | 26,460 | 0 | 33,065 |
| WHEAT Spot | 6100.00 | 90.00 | 1.5% | 6010.00 | WEEK TOTAL 26,460 0 33,065 | | |
| WHEAT Sep 20 | 5459.00 | 130.00 | 2.4% | 5329.00 | YTD TOTAL 1,575,315 939,463 1,332,910 | | |
| WHEAT Dec 20 | 4925.00 | 6.00 | 0.1% | 4919.00 | TOTAL NEEDED 1,820,000 1,355,881 1,671,817 | | |
| | | | | | YTD AS % OF NEEDED 87% 69% 80% | | |

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

Market overview: The rand was little changed at R17.3902/\$ last night at 19h17, while it had weakened 0.22% to R20.5739/€ and 0.21% to R22.7642/£. The rand is trading at R17,40 / \$ this morning. The JSE ended Thursday unchanged as the political deadlock over a new US stimulus package weighed on investor sentiment. Locally, hospitality and gaming stocks outperformed once again as rumours of a move to level two of the coronavirus lockdown continue to circulate. Leisure stocks extended recent gains on speculation that President Cyril Ramaphosa might relax lockdown restrictions in his next address to the nation, with a possible lifting of the ban on the sale of tobacco and alcohol, which has cost the economy billions, expected to be the focal point of his address. Mining production declined in June, even as the mining industry ramped up to full capacity under alert level 3, according to Stats SA data released on Thursday. The contraction suggests the sector will weigh on growth, said economists, while it is likely to continue to face challenges in its recovery, not least from the lack of reliable electricity supply. On Thursday, power utility Eskom announced renewed bouts of load-shedding after increased breakdowns at a number of its power plants. Mining production declined 28.2% year-on-year in June, somewhat worse than the revised 27.6% contraction recorded in May. At the start of June, the state eased lockdown restrictions that allowed the industry, including deep-level mines, to open up full production. After a sharp recovery in May on a month-on-month, seasonally adjusted basis, production fell 1.4% in June. Meanwhile production fell 30.2% in the second quarter of 2020 compared with the first quarter of 2020, suggesting the sector will continue to be a drag on growth. During the first quarter of 2020, before the pandemic set in, mining was the biggest drag on GDP growth, in an economy already in recession, according to Stats SA data.

Maize: Maize prices moved noticeably higher Thursday in the US on a wave of technical buying supported by export optimism and worries over damage caused by violent Midwestern storms earlier this week. Maize export shipments boosted 43% above the prior four-week average. China was the No. 1 destination, accounting for nearly a third of the total. **Local:** The local maize market on Thursday mostly supported and had a stronger trade over all contract months currently listed. The white maize market traded R72 / ton higher for delivery in September 2020 for the day to close at R2 865 / ton. The yellow maize market traded R65 / ton higher for delivery September 2020 to close at R2 909 / ton.

Soybeans: Soybean prices enjoyed double-digit gains Thursday on another round of technical buying spurred by export optimism and worries over damaged crops from this week's severe storms. Old crop soybean sales jumped 96% above the prior four-week average. Soybean exports sales moved 36% higher week-over-week and bested the prior four-week average by 83%. China was the No. 1 destination. U.S.-China trade talks are expected to continue via videoconference this weekend. Total Chinese imports from the U.S. is down 3.5% year-over-year between January and July, which is below its phase one trade targets so far. "Under the current situation, it is required that the both sides need to work together and step up cooperation to overcome the difficult times," according to China's assistant minister of commerce Ren Hongbin. Ukraine is more known for growing maize and wheat, but the country does produce a modest amount of soybeans. But analyst APK-Inform has clipped its estimates for the country's 2020 soybean harvest by 9.5% due to lower-than-expected planted hectares. **Local:** The local soybean market also found support on Thursday, ending the day's trades on all the contract months currently listed in the green. The local soybean market traded for delivery in September 2020, R69 / ton higher for the day to close at R7 345 / ton.

Wheat: Wheat prices followed maize and soybean prices higher, with contracts closing as much as a 1.5% higher yesterday. Dry conditions in Argentina lent further support. Wheat export sales were lackluster, spilling 45% below the prior four-week average. That was also on the low end of trade estimates. Cumulative totals for the first five weeks of the 2020/21 marketing years reached 4.996 million tons, which is a bit higher than last year's pace so far. Wheat export shipments slid 18% below the prior four-week average. The Philippines topped all destinations. European Union consultancy Strategie Grains has lowered the region's outlook for 2020 wheat production every month since December on a bevy of ongoing adverse weather conditions. The latest estimate is for 127 million tons. **Local:** The local wheat market found support on Thursday and traded positive in most of the contract months currently listed. The local wheat market traded R10 / ton higher for delivery in December 2020 to close at R 4 929 / ton.

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

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