

Grain SA's Morning Grain Market Commentary

DATE 2019/10/18	DATE 2019/10/17		+ - LAST WEEK 2019/10/07		AT THE MONEY PUT OPTION FOR JUL 2020 DELIVERY				
	Δ	Δ%	Data	Δ%	Data	Jul '20 FUTURES PRICE	WM	YM	
DJIA-index	27026	23.90 ↑	0.09%	27002	1.7%	26574	Jul '20 FUTURES PRICE	R 2 813.00	R 2 720.00
Goud (Spot)	1491.89	3.41 ↑	0.23%	1488.48	-0.9%	1504.74	Put STRIKE PRICE	R 2 820.00	R 2 720.00
Brent \$/vat	59.61	0.64 ↑	1.1%	58.97	2.2%	58.33	Put PREMIUM	R 291.00	R 179.41
1 € / US\$	1.1123	0.00 ↑	0.43%	1.1075	1.3%	1.0979	MIN SAFEX PRICE	R 2 529.00	R 2 540.59
1 US\$ / ZAR	14.89	-0.06 ↓	-0.4%	14.89	-1.5%	15.06			
Corn Mar 19	R 2 303.78	8 ↑	0.4%	R 2 295.51			* CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day		
Wheat Mar 19	R 2 862.95	55 ↑	2.0%	R 2 807.79			* CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day		
Soybeans Mar 19	R 5 075.28	-2 ↓	0.0%	R 5 077.22			* CBOT Soy Nov cents / bushel 08:00 today vs. CBOT Soy Nov 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 Dec 19	394.60	3.00 ↑	0.8%	391.60	Parity prices delivered in				
Wheat Dec 19	525.40	12.20 ↑	2.4%	513.20	Randfontein. WEAT BDN				
Soybeans Nov 19	931.40	3.40 ↑	0.37%	928.00	import par not export par				
Latest MTM prices (SPOT = nearest contract month (Rand / ton))									
SORGHUM Mar '20	3469.00	0.00 ↑	0.0%	3469.00	Import parity	Export parity			
WMAZ Spot	2955.00	-1.00 ↓	0.0%	2956.00	3694.00	2040.00			
WMAZ Dec 19	2974.00	-1.00 ↓	0.0%	2975.00	4380.00	2940.00			
WMAZ Jul 20	2813.00	-3.00 ↓	-0.1%	2816.00	3580.00	2100.00	week 24 MAIZE PRODUCER DELIVERIES		
YMAZ Spot	2853.00	-14.00 ↓	-0.5%	2867.00	3700.00	2200.00	WEEK TOTAAL 16 121 11 630 27 751		
YMAZ Dec 19	2866.00	-14.00 ↓	-0.5%	2880.00	3580.00	2100.00	JTD TOTAAL 5 078 122 5 116 774 10 194 896		
YMAZ Jul 20	2720.00	-1.00 ↓	0.0%	2721.00	3700.00	2200.00	NOK SKATTING + REGSTELLINGS 5 378 240 5 192 720 10 570 960		
SOY spot	5940.00	0.00 ↑	0.0%	5940.00	6660.00	4640.00	% GELEWER VAN OES 94.4% 98.5% 96.4%		
SOY May 20	5780.00	0.00 ↑	0.0%	5780.00	7180.00	5020.00	Week 2 WHEAT IMPORTS		
SUN Spot	5559.00	-132.00 ↓	-2.3%	5691.00	6930.00	4881.00	2019/20 2018/19 5 Jr. GEM		
SUN May 20	5328.00	-22.00 ↓	-0.4%	5350.00	7180.00	5020.00	WEEK TOTAL 102 429 12 557 44 550		
WHEAT Spot	4487.00	20.00 ↑	0.4%	4467.00	4630.00	4312.00	YTD TOTAL 135 270 17 213 81 947		
WHEAT Dec 19	4515.00	-22.00 ↓	-0.5%	4537.00	4690.00	4380.00	TOTAL NEEDED 1 500 000 1 355 881 1 671 817		
WHEAT Jul 20	4773.00	0.00 ↑	0.0%	4773.00	5000.00	4680.00	YTD AS % OF NEEDED 9% 1% 5%		

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

Market overview: The rand has moved sideways since yesterday's market close and this morning was trading at R14.82 / \$. Brent crude has risen 0.83% since yesterday and is trading at \$ 59.83 a barrel this morning. After 206 days without power failures, SA was plunged into darkness again on Wednesday when Eskom launched the second load of phase two to protect the system from total collapse. It was a wake-up call for the markets. The rand weakened past R15 / \$ for the first time this week. Government borrowing costs have also risen as the benchmark for ten-year yields has risen from 8,225% to 8,455%. Finance Minister Tito Mboweni announced that the medium-term budget policy is likely to be held a day earlier than planned. He made the announcement in his opening remarks at an economic colloquium held in Pretoria on Thursday. The timing of the medium-term budget has already been shifted from the usual second last week of October to the 30th of the month. The move was intended to cater to the international travel obligations of President Cyril Ramaphosa. However, Mboweni said it will probably take place on October 29, as the president may be out of the country. He made the announcement to "avoid any rumours in the market". Tito Mboweni, suggested to Treasury economic strategy paper proposals that SA waive inflation targets or launch a looser monetary policy. In his opening remarks on an economic colloquium on Thursday, Mboweni said he has provided Treasury officials that ideas that "internally contradict what we are trying to achieve" should not be taken on board. He specifically gave examples of proposals to abandon inflation targets to boost the economy, or that Treasury instructs the SA Reserve Bank to apply looser monetary policy and lower interest rates.

Maize: US maize prices closed a modest increase on Thursday, as concerns over lost production countered the demand. Traders expect last week's export sales to more than double the low of just 284,000 tons. Still, it will be well below the weekly rate needed to reach the USDA forecast for the 2019 crop. The government reported on Thursday that plants produced about 1% more ethanol last week as margins improved, but stock levels also increased. Total weekly production so far is about 5% lower than last year, although USDA forecasts a slight increase for the entire marketing year. **Local:** White maize prices moved much sideways yesterday, but closed downwards. Yellow maize prices moved down yesterday and closed weaker.

Soybeans: The price of soybeans in the US closed yesterday with a modest increase, which is higher than the two-week support line for November futures after the Brexit news broke. The support comes from positive remarks in Beijing and Washington about the preliminary trade treaty reached last week. The two parties are still talking and trying to sign the fine print in the first phase of the agreement. Despite the good conversation, tensions over other matters continue. No new purchase confirmation has been made by China. Traders expect export sales for the past week, slowing down due to Monday's holiday, to fall to around 1.224 million tonnes. Last week, USDA confirmed sales of 596,000 tonnes to China under its daily major procurement reporting system, with another 511,000 tonnes to unknown destinations before entering into the preliminary trade agreement. **Local:** Soybeans also moved sideways with small up and down movements across the various contracts.

Wheat: US wheat prices closed higher yesterday, given a boost from the sharply weaker dollar and concerns over unharvested wheat fields buried by the snow last week. As many as 1,360 million tonnes of spring wheat may be at risk from unharvested lands on the northern plains. While America is likely to take some of the big tender out of Saudi Arabia today, export business continues to be suppressed. Traders expect the weekly total to reach the government forecast rate of 381,000 tonnes per week on Friday - but not much more. **Local:** The day price of wheat moved upwards but the contracts that traded closed negative during yesterday's trading session.

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

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