

### Grain SA's Morning Grain Market Commentary

DATE 2020/01/23 Data	DATE 2020/01/22		DATE 2020/01/22		+ - LAST WEEK 2020/01/13		AT THE MONEY PUT OPTION FOR JUL 2020 DELIVERY			
	Δ	Δ%	Data	Δ%	Data	Δ%	Data	Jul '20 FUTURES PRICE	WM	YM
DJIA-index	29186	-9.77	-0.03%	29196	1.3%	28824		Jul '20 FUTURES PRICE	R 2 414.00	R 2 481.00
Goud (Spot)	1558.52	8.12	0.52%	1550.4	0.2%	1556.11		Put STRIKE PRICE	R 2 420.00	R 2 480.00
Brent \$/vat	62.24	-1.16	-1.8%	63.4	-4.0%	64.84		Put PREMIUM	R 137.14	R 129.15
1 € / US\$	1.1083	0.00	-0.01%	1.1084	-0.4%	1.1129		MIN SAFEX PRICE	R 2 282.86	R 2 350.85
1 US\$ / ZAR	14.34	-0.10	-0.7%	14.44	0.2%	14.31				
Corn Mar 19	R 2 193.79	-8	-0.4%	R 2 202.26				*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day		
Wheat Mar 19	R 3 043.40	-41	-1.3%	R 3 084.79				*CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day		
Soybeans Mar 19	R 4 813.80	-46	-1.0%	R 4 860.11				*CBOT Soy Jan cents / bushel 08:00 today vs. CBOT Soy Jan 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 Mar 20	388.60	1.20	0.3%	387.40				Parity prices delivered in		
Wheat Mar 20	577.60	-3.80	-0.7%	581.40				Randfontein. WEAT BDN		
Soybeans Mar 20	913.60	-2.40	-0.26%	916.00				import par not export par		
Latest MTM prices (SPOT = nearest contract month (Rand / ton))										
SORGHUM Mar '20	3215.00	0.00	0.0%	3215.00		3660.00	2114.00			
WMAZ Spot	3248.00	226.00	7.5%	3022.00		4415.00	1950.00			
WMAZ Mar 20	3070.00	100.00	3.4%	2970.00		3570.00	2220.00			
WMAZ Jul 20	2414.00	-9.00	-0.4%	2423.00		3640.00	2280.00			
YMAZ Spot	3013.00	112.00	3.9%	2901.00		3350.00	1950.00			
YMAZ Mar 20	2982.00	97.00	3.4%	2885.00		3570.00	2220.00			
YMAZ Jul 20	2481.00	2.00	0.1%	2479.00		3640.00	2280.00			
SOY spot	6085.00	-35.00	-0.6%	6120.00		6540.00	4670.00			
SOY May 20	5875.00	-55.00	-0.9%	5930.00		7040.00	5030.00			
SUN Spot	5896.00	46.00	0.8%	5850.00		6370.00	4890.00			
SUN May 20	5614.00	-24.00	-0.4%	5638.00		6370.00	4890.00			
WHEAT Spot	4661.00	1.00	0.0%	4660.00		5000.00	4680.00			
WHEAT Mar 20	4650.00	21.00	0.5%	4629.00		5061.00	4740.00			
WHEAT May 20	4680.00	10.00	0.2%	4670.00		5061.00	4740.00			
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS										

**Market overview:** The rand strengthened by 12 cents since yesterday's market closing time and this morning traded R14.34 against the dollar. The government may have little choice, but to increase VAT comes the February budget, as economic growth continues to struggle, weighing on the state's ability to collect taxes and meet the demands of state-run enterprises (SOEs). This is the comment Absa made in its review of the economy in the coming months. He has joined the International Monetary Fund (IMF), the World Bank and Nedbank to reduce its growth expectations for the economy. Absa now expects growth for 0.9% by 2020, down from 1.4%. Consumer price inflation (CPI) rose in December, in line with expectations, but even with this increase, analysts claim that inflation is likely to remain subdued in 2020. While it highlights a weak demand in a struggling economy and could boost the SA Reserve Bank's chamber for more interest rate relief, some analysts believe it can keep further cuts until it effects events, including the February budget and the review by the rating agency Moody's Investors Service following in March. In less than a month in 2020, SA companies have announced thousands of cuts. In a country where a third of the workforce is already unemployed, this will hamper demand and economic growth even more. Nearly 8,000 jobs are in danger as businesses, including Telkom, the country's largest fixed-line operator, and Walmart's local unit Massmart Holdings plan to cut their staff after a drop in earnings. That's after Sibanye Gold cut jobs at its Marikana operations as part of restructuring plans, and Glencore issued a notice of possible cuts to the ferrochrome smelting cell in Rustenburg.

**Maize:** Maize prices in the US survived a cracking session to close Wednesday's session with small gains. Grain traveling through the country's railways dropped again last week, with only 19,373 loads. Three weeks after 2020 and the total has so far been down 16%, with 57,292 loads. **Local:** Yesterday was an erratic day in the maize markets with yellow maize closing in green and white maize being erratic.

**Soybeans:** The price of soybeans fell slightly as a result of technical sales, as additional Chinese purchases so far this week did not materialize, and it had a strong shadow on prices. In Brazil, a recent Agroconsult crop tour will provide an additional context for the consultant's soybean production estimates of 124 million tonnes before the tour. Positive tour observations in the country's production state Mato Grosso in the country could lead to Agroconsult revising the estimates even higher. The crop is just starting to kick off, with 1.8% progress from January 16. **Local:** The markets also did not count in favour of soybean producers with the large downward movement experienced by the prices yesterday.

**Wheat:** US wheat prices were boosted by a round of technical sales and profit-taking after reaching a peak of more than one month earlier in the week. There are some positive fundamentals in world demand, which can help keep prices seasonally strong. Russia's grain exports this marketing year (which began on July 1) are down 16% from a year ago. The bulk (86%) of the total for 2019/20 is wheat exports, which reached 21,799 million tonnes on 16 January. Algeria bought about 400,000 tonnes of optional wheat flour in an international tender that closed yesterday. The grain was shipped in February or March. Earlier this week, Russia sold 59,000 tonnes of wheat to Egypt and since July 1, 56% of all wheat has been exported to Egypt. On January 28, Jordan issued another international tender to purchase 119,000 tonnes of wheat of optional origin. The grain will be shipped in August and September. The country struggled to finalize similar purchases over the past year, but has closed a handful of deals over the past few weeks. **Local:** Wheat was having a good day in the local market yesterday and closed positive.

Domestic Market Insights & Data: [www.grainsa.co.za](http://www.grainsa.co.za) / [www.sagis.co.za](http://www.sagis.co.za)  
International Market Insights & Data: [www.usda.gov](http://www.usda.gov)

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