

Grain SA's Morning Grain Market Commentary

DATE 2020/11/26 Data	DATE 2020/11/25 Data		+ - LAST WEEK 2020/11/16		AT THE MONEY PUT OPTION FOR JULY 2021 DELIVERY				
	Δ	Δ%	Δ	Data	Δ%	Data			
DJIA-index	29872	-173.77 ↓	-0.58%	30046	↑	1.3%	29480	Jul '21 FUTURES PRICE R 2,920.00 R 2,960.00	
Goud (Spot)	1810.62	5.34 ↑	0.30%	1805.28	↓	-4.5%	1895.93	Put STRIKE PRICE R 2,920.00 R 2,960.00	
Brent \$/vat	48.81	0.65 ↑	1.3%	48.16	↑	12.9%	43.24	Put PREMIUM R 233.76 R 203.52	
1 € / US\$	1.1923	0.00 ↑	0.17%	1.1903	↑	0.6%	1.1848	BREAKEVEN SAFEX PRICE R 2,686.24 R 2,756.48	
1 US\$ / ZAR	15.10	-0.08 ↓	-0.5%	15.18	↓	-2.3%	15.45		
Corn Sep	R 2,496.71	-47 ↓	-1.8%	R 2,543.41	*CBOT Corn Dec cents / bushel 08:00 today vs. CBOT Dec 12:00 the previous day				
Wheat	R 3,263.51	-146 ↓	-4.3%	R 3,409.09	*CBOT Wheat Dec cents / bushel 08:00 today vs. CBOT Wheat Dec 12:00 the previous day				
Soybeans	R 6,569.19	-75 ↓	-1.1%	R 6,644.15	*CBOT Soy Dec cents / bushel 08:00 today vs. CBOT Soy Dec 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 Dec 20	420.00	-5.60 ↓	-1.3%	425.60	Parity prices delivered in			29	
Wheat Dec 20	588.20	-23.00 ↓	-3.8%	611.20	Randfontein. WEAT BDN			WM	
Soybeans Jan 21	1184.00	-7.20 ↓	-0.6%	1191.20	import par not export par			YM	
Latest MTM prices (SPOT = nearest contract month (Rand / ton))								TM	
SORGHUM Dec'20	4360.00	0.00 ↑	0.0%	4360.00	5700.00	3600.00	WEEK TOTAL	17,236	
WMAZ Spot	3398.00	29.00 ↑	0.9%	3369.00	3800.00	2800.00	YTD TOTAL	549,598	
WMAZ Mar 21	3392.00	10.00 ↑	0.3%	3382.00	4600.00	2800.00	EXPORTABLE	1,170,000	
WMAZ Jul 21	2920.00	4.00 ↑	0.1%	2916.00	4700.00	2800.00	YTD AS % OF EXPORTABLE	47%	
YMAZ Spot	3378.00	42.00 ↑	1.3%	3336.00	4600.00	2800.00	PACE/WEEK NEEDED	26,974	
YMAZ Mar 21	3358.00	11.00 ↑	0.3%	3347.00	4600.00	2800.00	MAIZE PRODUCER DELIVERIES		
YMAZ Jul 21	2960.00	5.00 ↑	0.2%	2955.00	4700.00	2800.00	WEEK TOTAAL	7,665	
SOY spot	8366.00	-65.00 ↓	-0.8%	8431.00	9200.00	6700.00	JTD TOTAAL	7,969,362	
SOY May 21	7545.00	-65.00 ↓	-0.9%	7610.00	9400.00	6700.00	NOK SKATTING + REGSTELLINGS	8,863,776	
SUN Spot	8526.00	-124.00 ↓	-1.4%	8650.00	9900.00	7900.00	% GELEWER VAN OES	89.9%	
SUN May 21	7785.00	-85.00 ↓	-1.1%	7870.00	9900.00	7900.00	WHEAT IMPORTS		
WHEAT Spot	4871.00	-28.00 ↓	-0.6%	4899.00	5900.00	5400.00	WEEK TOTAL	56,609	
WHEAT Mar 21	4986.00	-64.00 ↓	-1.3%	5050.00	5800.00	5300.00	YTD TOTAL	403,835	
WHEAT Jul 21	5052.00	-28.00 ↓	-0.6%	5080.00	5900.00	5300.00	TOTAL NEEDED	1,700,000	
LATEST MARKET INFORMATION TO 23:00 (RSA TIME) AS OBTAINED FROM VARIOUS MARKET REPORTS								YTD AS % OF NEEDED	24%

Market overview: SA's business confidence jumped to a two-and-a-half year high in the fourth quarter, which is a signal that the economy is out of intensive care but is still in hospital, Rand Merchant Bank (RMB) said on Wednesday. Business confidence continued its recovery in the fourth quarter after its worst slump on record in the second, with demand for consumer goods, in particular, showing health as SA adapts to the fallout from the Covid-19 pandemic. The JSE closed firmer on Wednesday with investor sentiment supported by an improving near-term world economic outlook. Positive Covid-19 vaccine trial results and the market-friendly selection of Janet Yellen as US treasury secretary boosted investor sentiment this week. The formal start of US president elect Joe Biden's transition to the White House also helped. The rand is trading at R 15.10/\$ this morning. Consumer inflation, as measured by the change in the consumer price index (CPI), accelerated to its highest rate in seven months in October, driven by rising food prices, data from Stats SA showed on Wednesday. CPI rose to 3.3% year on year in October, from 3% in September, higher than the 3.1% forecast by economists, according to macroeconomics website Trading Economics. In spite of this, economists said this was unlikely to be of much concern to the Reserve Bank, and SA may even see further interest-rate cuts in coming months as the economy battles to escape recession. Food and non-alcoholic beverages increased by 5.4% year on year, and contributed 0.9 of a percentage point to the CPI figure, offsetting the effects of lower fuel prices, Stats SA. CPI has remained within the SA Reserve Bank's 3%-6% target band since July, and below the midpoint target of 4.5% since March. Inflation looks set to remain at about 3% for the remainder of 2020, and below the Reserve Bank's 4.5% target for at least a year, said Nedbank Group Economic unit economists Busisiwe Radebe and Nicky Weimar in a note.

Maize: US maize prices tilted more than 1% lower Wednesday on a round of technical selling and profit-taking. Spillover weakness from struggling wheat prices applied additional headwinds. The latest batch of data from the U.S. Energy Information Administration showed ethanol production jumping to a daily average of 990 000 barrels for the week ending November 20, up from the prior week's daily average of 962 000 barrels and threatening to top 1 million barrels per day for the first time since late March. Ukraine's 2020 maize harvest is nearing completion and could see a total production of around 29 million tons, according to deputy economy minister Taras Vysotskiy. If realised, that would be a 16% decline from 2019's total. Ukraine has struggled through periods of drought this season, and total grain production could fall as much as 13% year-over-year. Russian consultancy Sovecon downgraded its maize export estimates for 2020/21, lowering it to 3.899 million tons. **Local:** The local maize market mostly found support on Wednesday and traded higher for the day in most of the contract months of both white and yellow maize currently listed. The white maize market traded for delivery in July 2021 R6 / ton higher for the day to close at R2 922 / ton. The yellow maize market traded R5 / ton higher for delivery in July 2021 to close at R2 960 / ton.

Soybeans: US soybean prices faced downward pressure Wednesday on spillover weakness from maize and wheat, which spurred some technical selling. Bullish supply and demand fundamentals are still holding strong, however, and prices remain near the highest levels since June 2016. Chinese imports of U.S. soybeans in October jumped 196% higher month-over-month to 3.399 million tons as the country shored up its domestic needs and attempts to catch up on its phase-one trade deal commitments. China also purchased 4.231 million tons of soybeans from Brazil last month, a 12% increase from September. **Local:** The local soybean market mostly came under pressure on Wednesday and traded lower for the day in most of the contract months currently listed. The local soybean market traded for delivery in May 2021, R80 / ton lower for the day to close at R7 530 / ton.

Wheat: US wheat prices tumbled substantially lower Wednesday on a wave of technical selling and profit-taking. Some additional pressure occurred after traders liquidated positions ahead of first notice day for deliveries on December contracts, which is coming up quickly next Monday. An uptick in expected Russian exports applied additional headwinds. Russian consultancy Sovecon has more bullish expectations for the country's 2020/21 wheat exports, raising its estimates by 998 000 tons to reach 40 million tons, based on higher production estimates and the current pace of exports. That puts Russia on pace for near-record wheat exports this marketing year, second only to 2017/18. **Local:** The local wheat market mostly came under pressure on Wednesday and closed lower for the day in most of the contract months currently listed. The local wheat market traded for delivery in March 2021, R23 / ton lower to close at R4 986 / ton.

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

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