

**INTERNATIONAL MARKET**

**Table 1: CME Maize prices and weekly changes (cents/bushel)**

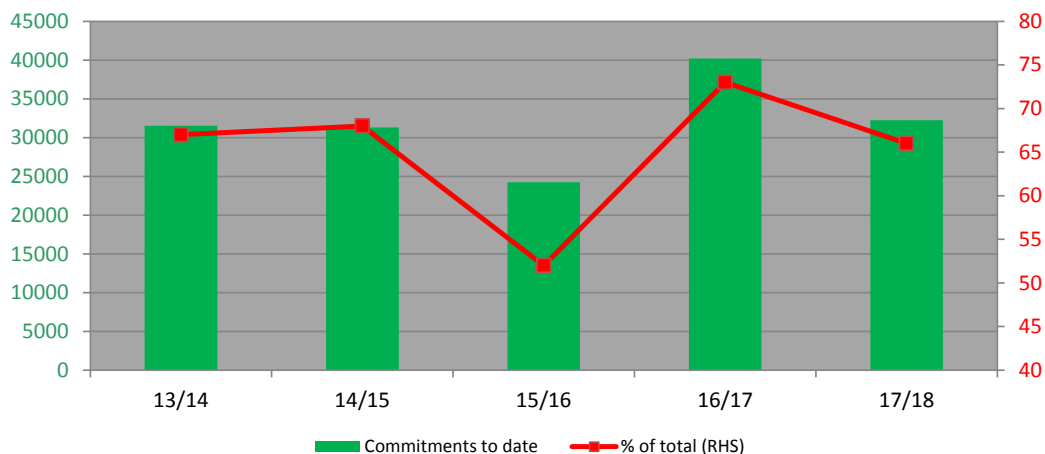
	Currently	31/01/2018	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Mar-18</b>	<b>364 ½</b>	<b>361 ½</b>	<b>3</b>	<b>17 ¼</b>
<b>CME Jul-18</b>	<b>379 ½</b>	<b>377 ¼</b>	<b>2 ¼</b>	<b>15 ¾</b>

- US maize prices posted some gains in the past week with both March and July maize posting some gains. On a monthly basis US maize prices are also trading higher with March and July CME gaining 4.9% and 4.3%.
- On the technical chart for March CME we see that the market did gain some good ground with March maize breaking above the 100-day average and the market is currently trading around \$3.65/bushel which is a level last seen in early November. The shorter moving averages and indicators are pulling higher which could continue to provide some support but the market is rather overbought.
- Factors supporting US maize in the past week are the export interest for US maize with US maize very well priced in the global export market as well as the weather concerns in South America. Some buying was also seen ahead of the USDA report due later today.

**US MAIZE MARKET**

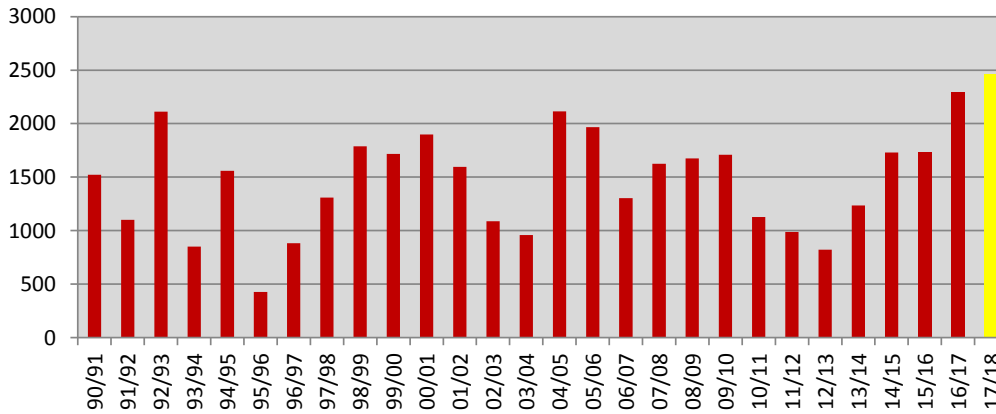
- US maize prices did get some support in the past week from the recent export demand for US maize while the weather conditions in the key growing areas of Argentina also added some support.
- The US maize committed for exports in the 2017/18 season is below the total commitments seen in the previous season and represents 66% of the USDA export estimate which is in line with the 5-year average seen for this time of the year.
- Ongoing production issues in South America could shift some of the demand for US maize in the months ahead.

**Figure 1: US maize committed for exports and % of total**



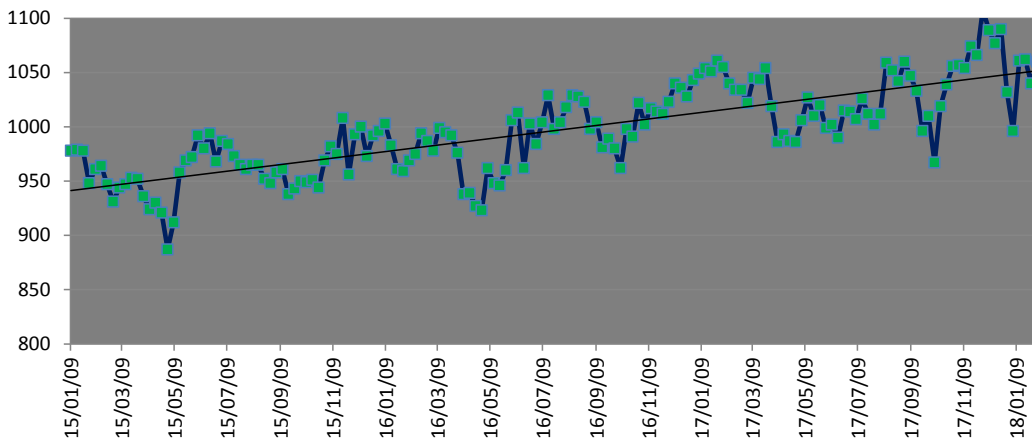
- The next data release for the US maize market will be the USDA February supply and demand estimates due today. The average market expectation of the US 2017/18 maize ending stocks is seen at 2.468 billion bushels which is slightly down from the January estimate seen at 2.477 billion bushels.
- In terms of the rest of the world the market will closely look at the USDA crop estimates for South America.

**Figure 2: US maize ending stocks (million bushels)**



- Still on the demand side the US ethanol production did increase in the past week and was reported at 1.060 million barrels/day which is up from the 1.040 million barrels seen in the previous week. Production is off the record highs of 1.1 million barrels/day seen in early December 2017.
- In the longer run the uptrend remains intact.

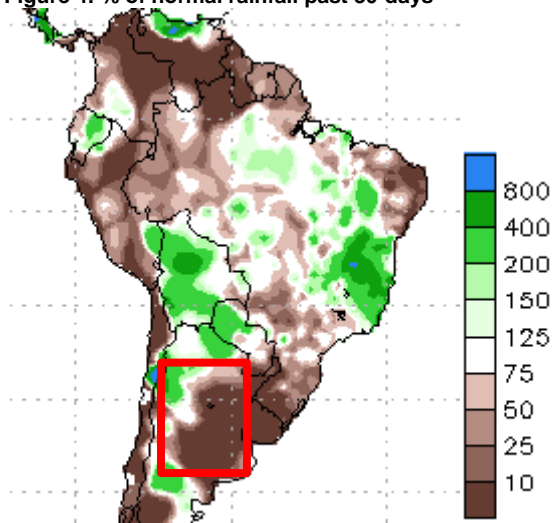
**Figure 3: Weekly US ethanol production (000 barrels)**



## SOUTH AMERICA

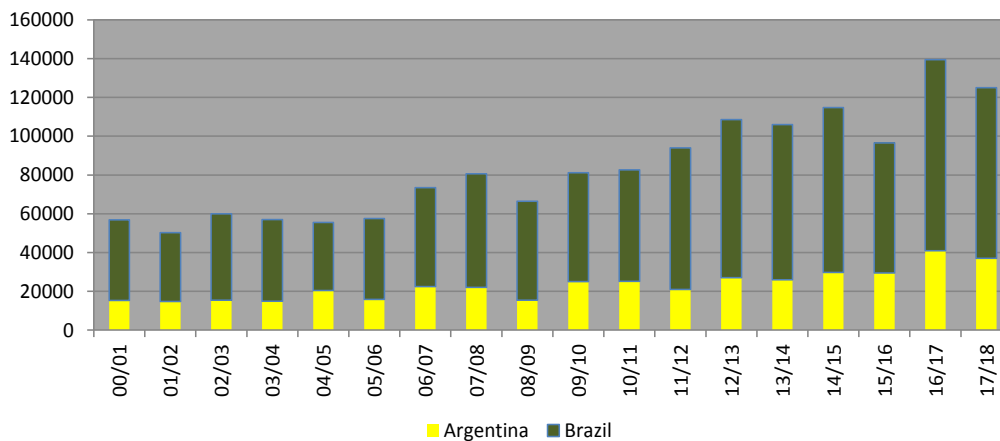
- Global maize and soybean markets are keeping an eye on the weather conditions in South America. Warm and dry conditions dominated the key areas of Argentina in the past week. Argentine maize prices posted some gains with FOB prices seen around \$175/ton currently compared to the \$169/ton seen a week ago.

Figure 4: % of normal rainfall past 30-days



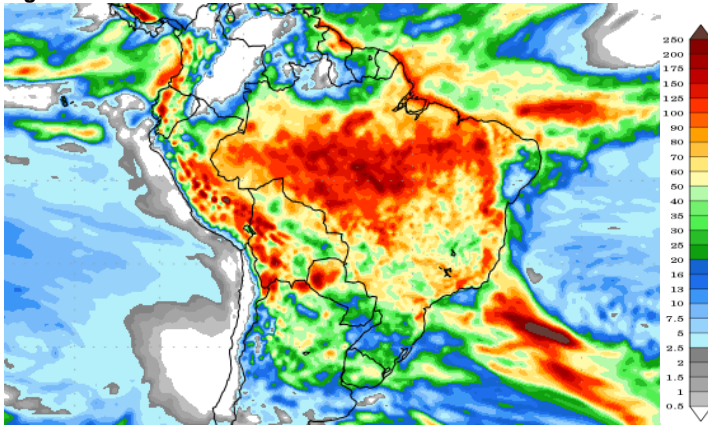
- In the past week the forecaster Informa Economics estimated the Argentine maize crop at 37 million tons which is 5 million tons lower than their previous estimate.
- The USDA in their January report estimated the Argentine maize crop at 42 million tons. Therefore we could see a smaller crop estimate in their report later today.

Figure 5: Argentine and Brazilian maize production



- The weather forecast expects some moisture relief in the growing areas of Argentina with some rainfall forecasted for this coming weekend. The temperature forecast expects above normal temperatures for the week ahead.
- Some of the weather models expect better growing conditions in Argentina in the 2<sup>nd</sup> half of February.

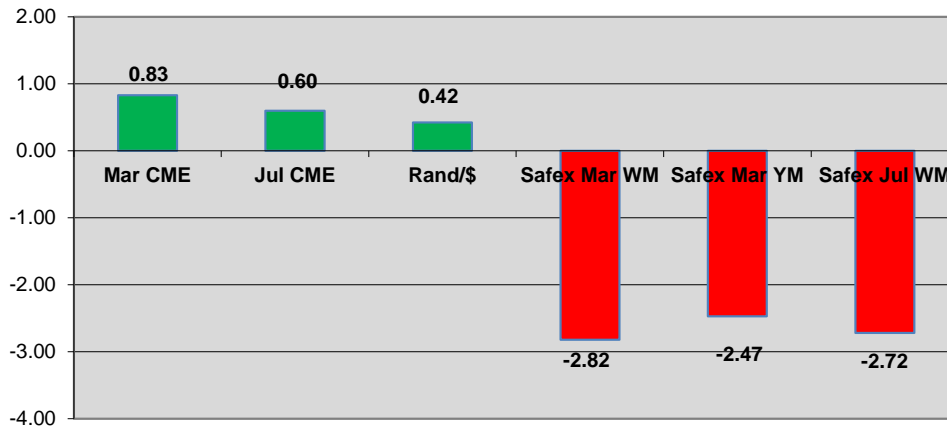
Figure 6: Cumulative rainfall forecast for week ahead



**LOCAL MAIZE MARKET**

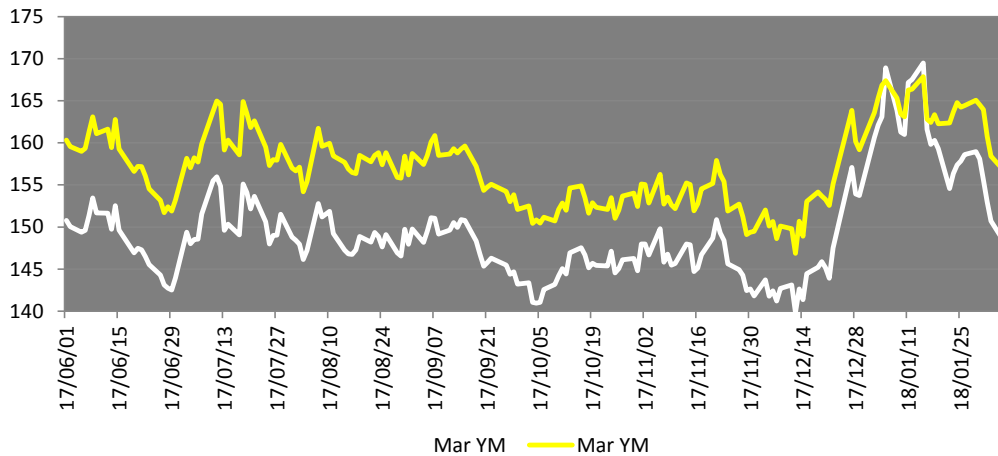
- South African maize prices traded lower in the past week with March white and yellow maize 2.82% and 2.47% lower while the new crop July white maize ended 2.72% lower in the past week.
- South African maize prices came under pressure despite the slightly weaker rand that was seen in the past week and the fact that US maize contracts also posted some gains.

Figure 7: Safex WM and YM CME and rand/\$ (% change)



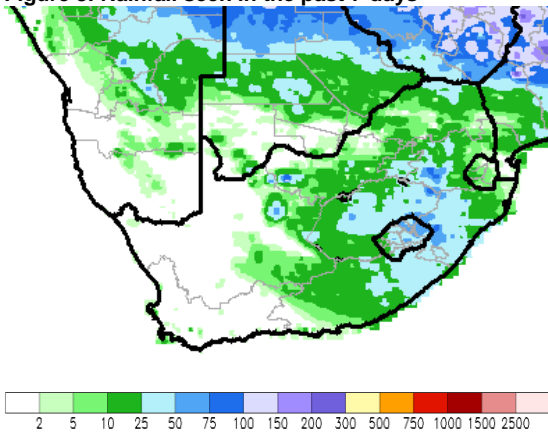
- South African March white and yellow maize in dollar terms traded to new 2018 lows in the past week before some buying was seen.
- March white maize traded as low as \$148/ton and March yellow maize traded as low as \$156/ton.

**Figure 8: Safex March white and yellow maize prices (\$/ton)**



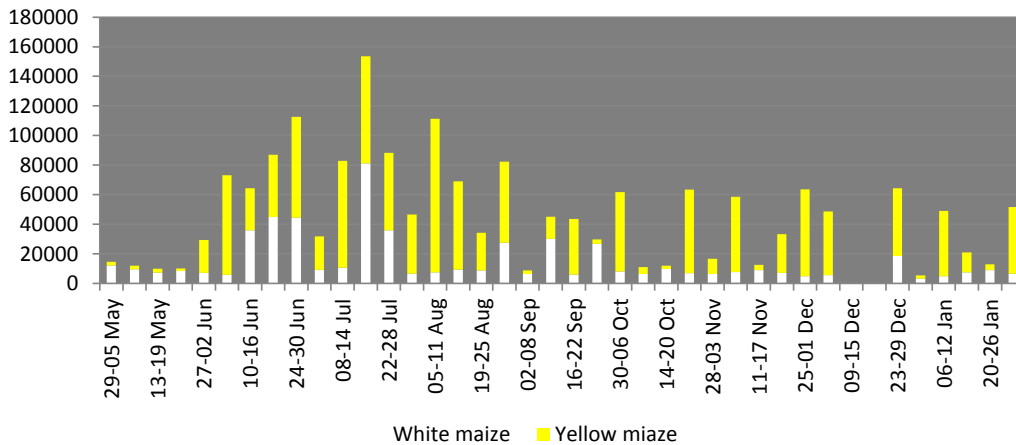
- Cumulative rainfall for the past week in the map below (week ending 6<sup>th</sup> of February). Heaviest rainfall amounts in the past week seen in parts of the Free State, parts of Mpumalanga and most of KZN. Lighter rainfall amounts seen in the North West province.

**Figure 8: Rainfall seen in the past 7-days**



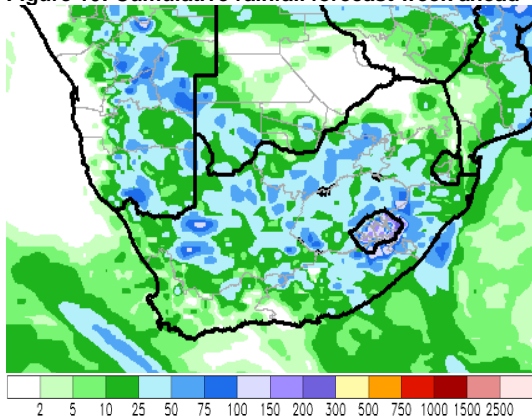
- The weekly South African maize export in the past week was reported at 51 593 tons including 6 481 tons of white maize and 45 112 tons of yellow maize. Cumulative maize exports for the season seen at 1.892 million tons including 575 105 tons of white maize and 1.317 million tons of yellow maize.

**Figure 9: Weekly South African white and yellow maize exports**



- The weather forecast for the week ahead expects some more widespread rainfall in the week ahead with most of the summer grain producing areas expected to see some rainfall in the week ahead.

**Figure 10: Cumulative rainfall forecast week ahead**



### FOCUS FOR THE WEEK

- US maize prices posted some gains in the past week with the export interest for US maize and the production conditions in South America providing support.
- Some positioning was also seen ahead of the USDA report due today. Market expectation is for slightly lower US maize ending stocks and lower South American crop estimate.
- On the technical chart for March CME maize we see that the market posted some strong gains trading to a 3-month high. The moving averages and indicators are still pulling higher but the market is in the overbought territory.
- South African maize prices failed to follow the US markets higher despite the fact that the rand is also slightly weaker. Weather/growing conditions remain mostly favourable.
- On the technical chart for March white maize support is seen around R1780 but the moving averages and indicators are under some pressure. The market is rather oversold.

***Also see the technical graphs below***

- Safex March-17 white maize prices
- CME March-17 corn prices





