



INTERNATIONAL MARKET

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

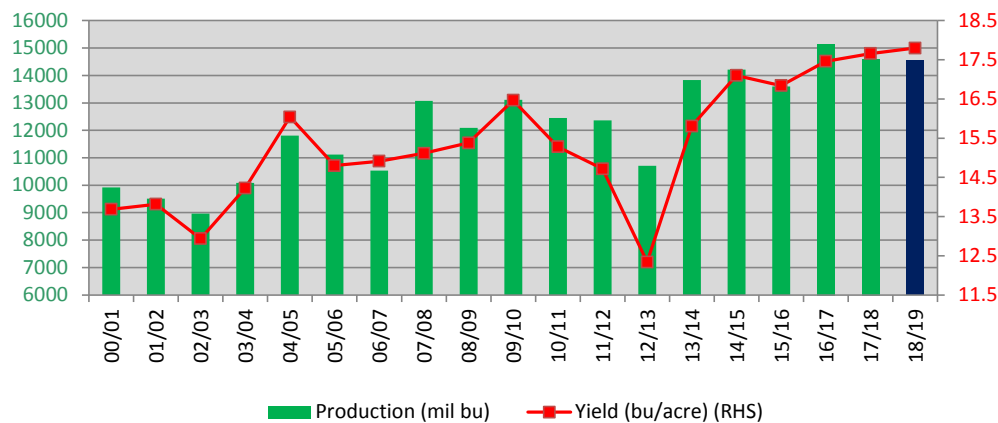
	Currently	02/01/2019	Weekly change (c/bu)	Monthly change (c/bu)
CME Mar-19	382	376	6	-2
CME Jul-19	396 ¾	391	5 ¾	-1

- US maize prices posted some gains in the past week with the nearby March CME leading the way higher. On a monthly basis US maize prices are slightly lower with March and July CME giving up 0.52% and 0.25% respectively.
- On technical chart for March CME maize we seen that the market did get some support and \$3.72 and prices pushed higher after that. US maize prices managed to break above the 40-day and 100-day average and the short term averages and indicators are pulling higher. Resistance is seen at \$3.84 and \$3.88 and support is seen at \$3.79-\$3.78/bushel.
- US maize prices posted some gains in the past week with spillover strength from the higher US soybean prices, weather conditions in South America and the weaker dollar seen in the past few sessions adding some support.
- Ongoing optimism that the recent US/China trade talks that resumed earlier this week are progressing well added to the positive sentiment at least in the electronic session this morning.

USDA Report

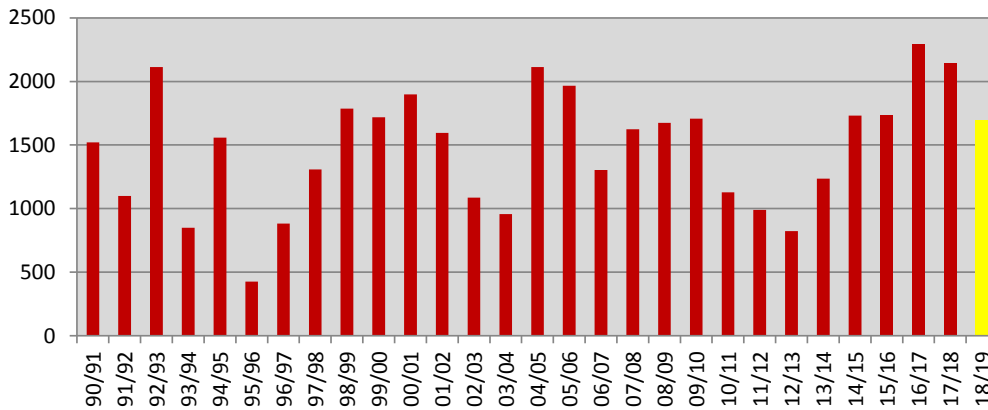
- The USDA is scheduled for release on the 11th of January but the report has been delayed due to the ongoing US government shutdown. Looking ahead at the report the average market expectation of the US 2018 maize crop is seen at 14.538 billion bushels based on a yield of 178 bushels/acre which is down from the November estimate seen at 14.626 billion bushels.

Figure 1: US maize production and yield estimates



- The average market expectation of the US 2018/19 maize ending stocks is seen at 1.694 billion bushels which is down from the November estimate seen at 1.781 billion bushels. The 2018/19 US maize ending stocks could be the lowest since the 2013/14 marketing season.

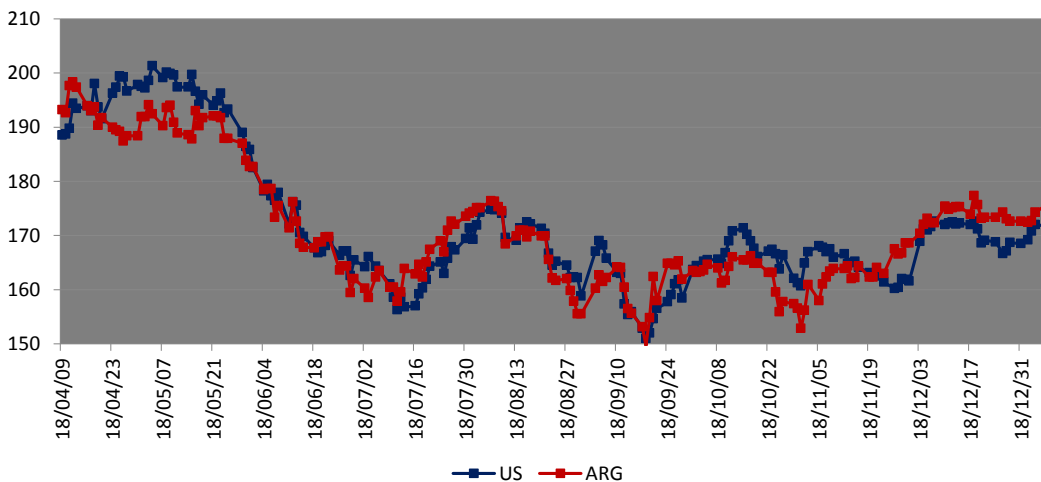
Figure 2: US maize ending stocks (million bushels)



US and Argentine prices

- The graph below presents the US and Argentine FOB maize prices in the past few months. US FOB prices are trading around \$171/ton currently which is 1.4% higher week/week while Argentine FOB prices are trading around \$174/ton which is 1% higher week/week.

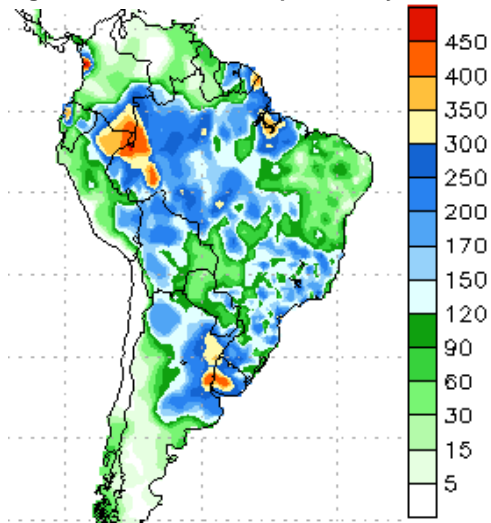
Figure 3: US and Argentine FOB maize prices



South American weather

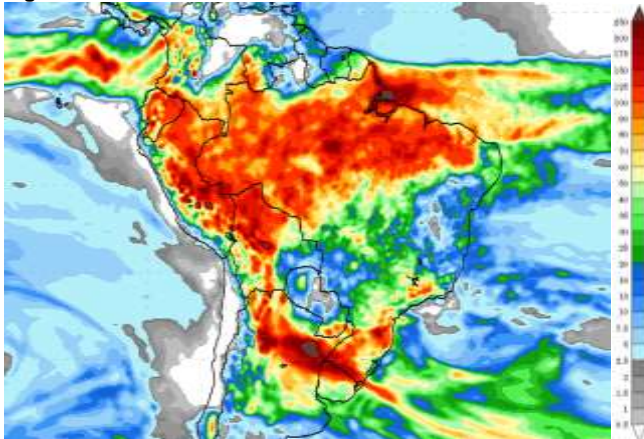
- The weather map below presents the cumulative rainfall seen in South America the past 30-days. From the weather map we see that some heavy rainfall amounts was seen in the central and northern parts of Argentina and the southern parts of Brazil while drier conditions dominated the central parts of Brazil.

Figure 4: Rainfall seen the past 30-days



- The weather map presents the rainfall forecast for the week ahead. From the weather map we see that some more excessive rainfall is forecasted for some of the key growing areas of Argentina and the southern parts of Brazil while the central parts of Brazil is expected to be drier once again.

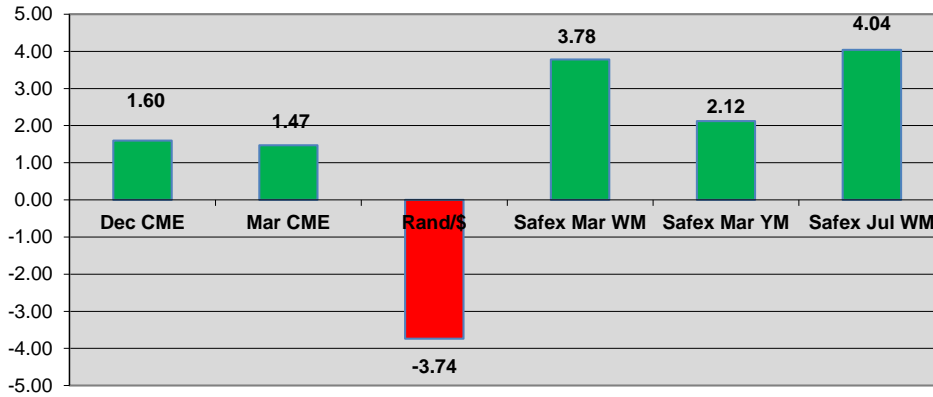
Figure 5: South American rainfall forecast week ahead



LOCAL MAIZE MARKET

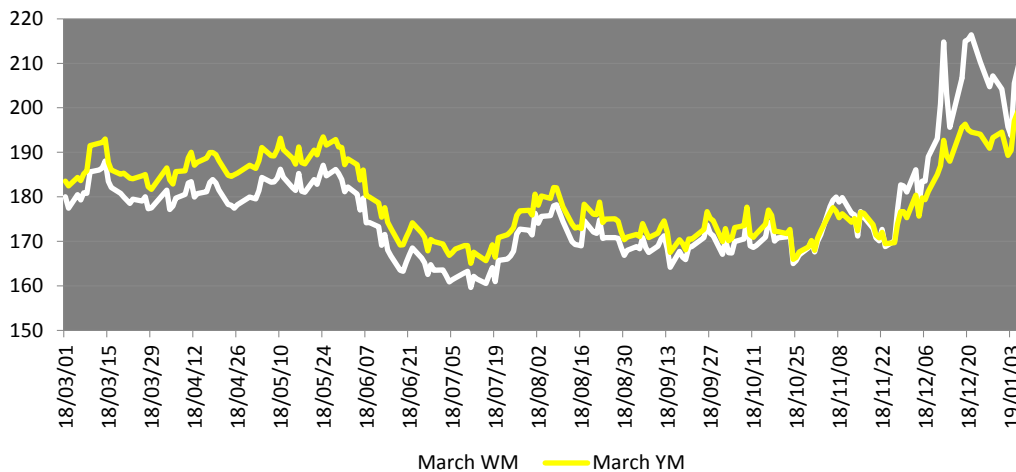
- South African maize prices posted some gains in the past week with white maize gaining more than yellow maize and the new crop July white maize leading the way higher. The weather conditions supported our market.
- Local maize prices posted some solid gains in the past week despite the strength of the rand with the local market focused in the weather and the planting of maize especially in the central and western parts of the country.

Figure 6: Safex WM and YM CME and rand/\$ (% change)



- We did see some extreme volatility in local maize prices from the beginning of December with the market being driven by changes in the weather. March white maize is currently trading around \$210/ton which is 3% higher week/week while yellow maize prices are trading at \$200/ton which is 2% higher week/week.

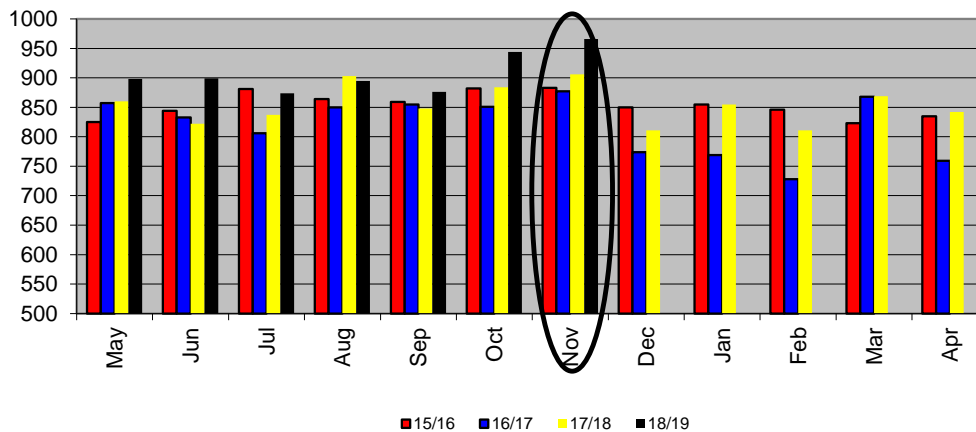
Figure 7: Safex March white and yellow dollar/t



Sagis monthly data

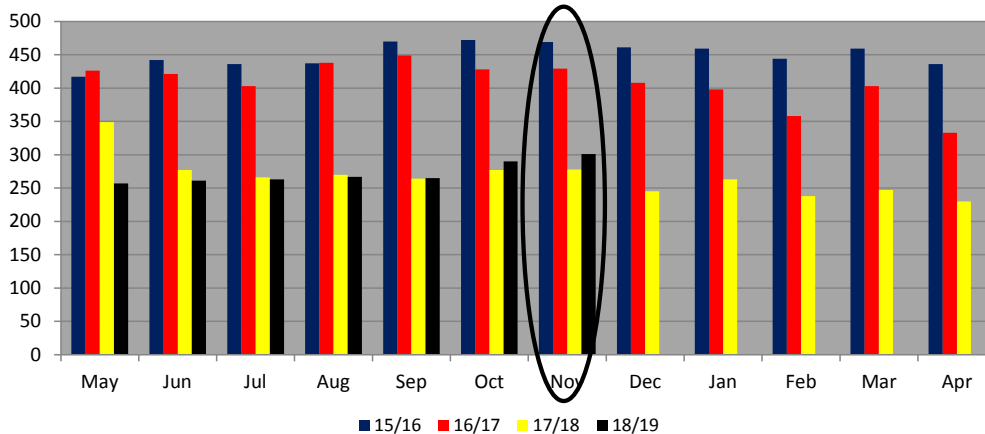
- The Sagis monthly data was released towards the end of December. On the supply side of the South African maize market we see that 128 949 tons of maize was delivered in November including 67 256 tons of white maize and 60 993 tons of yellow maize.
- On the demand side of the maize market we see that 966 538 tons of maize was processed for the local market in November which is up from the 944 251 tons seen in the previous month. The cumulative maize processed for the local market in the season to date is seen at 6.351 million tons which is 3.9% higher year/year. From the graph below we see that the maize processed for the local market in the month of November was the highest monthly total on record.

Figure 8: Total maize processed for local market (000 ton)



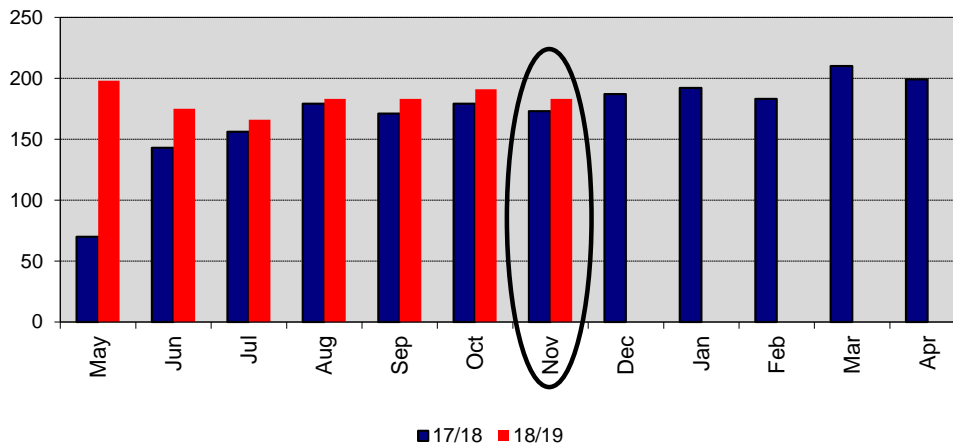
- The yellow maize used as animal feed in November 2018 was reported at 300 717 tons which is up from the 290 099 tons seen in the previous month. The cumulative yellow maize feed usage in the season to date is seen at 1.910 million tons which is down from the 1.994 million tons seen the same time last year.

Figure 9: Monthly feed usage of yellow maize



- The white maize used as animal feed in November 2018 was reported at 183 502 tons which is down from the 190 689 tons in the previous month. This brings the cumulative white maize used as animal feed in the season to date at 1.284 million tons which is up from the 1.089 million tons seen the same time last year. However the opening up of the white/yellow maize spreads could slow the usage of white maize usage in this sector.

Figure 10: Monthly usage of WM in animal/industrial sector

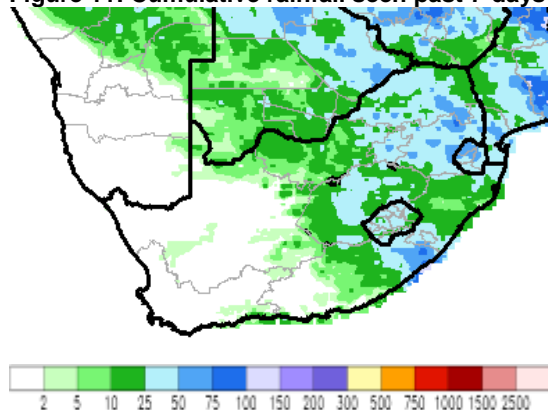


- The South African white maize stocks at the end of November 2018 was reported at 4.157 million tons which is down from the 5.247 million tons seen at the end of November 2017. The average monthly white maize usage (excluding exports) in the 2018/19 season to date is seen at around 590 000 tons/month and based on this the stock at the end of November 2018 should be enough for 7 months of consumption. White maize exports (whole maize and products) averaged 45 000 tons/month.
- The South African yellow maize stocks at the end of November 2018 was reported at 2.845 million tons which is down from the 2.965 million tons seen at the end of November 2017. The average monthly yellow maize usage (excluding exports) in the season to date is seen at 340 000 tons/month and based on this the stock at the end of November 2018 should be enough for 8 months of consumption. The deep sea exports of yellow maize has stopped and the yellow maize exports are also mostly to BLNS countries.

Weather conditions

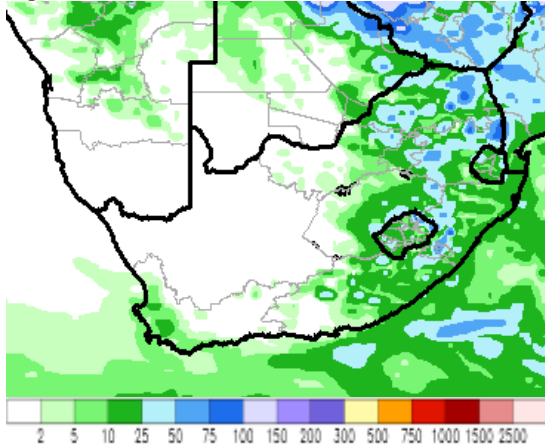
- The weather map below presents the cumulative rainfall that was seen in the past 7-days ending the 7th of January. From the weather map below we see that some good rainfall was seen the eastern and northeastern parts of the country. It must be said that the central and western parts of the country did see some rainfall yesterday (8th of January).

Figure 11: Cumulative rainfall seen past 7-days



- The weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map we see that very little rainfall is forecasted for the central and western parts of the country in the next 7-10 days and warmer temperatures are also forecasted. Some rainfall is possible in the eastern and northern parts of the country.

Figure 9: Cumulative rainfall forecast week ahead



FOCUS FOR THE WEEK

- US maize prices posted some gains in the past week with spill over strength from US soybeans, weaker dollar and optimism with regard to the US/China trade talks adding some support.
- On the technical chart for Mar CME maize we see that the market posted some good gains breaking above the 40-day and 100-day averages. Resistance is seen in the \$3.84-\$3.88 area while support is seen just below \$3.79/bushel.
- The market will also closely follow the weather in South America with conditions less than ideal recently.
- South African maize prices posted some strong gains in the past week with white maize leading the way higher and the new crop July contracts gaining the most ground. The recent drought conditions and uncertainty with regard to the area planted added support.
- We did see some rainfall and planting is still underway in the western parts of the country. However the weather forecast expects warmer and drier conditions in the week ahead

Also see the technical graphs below

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



"Together we make a difference"



"Together we make a difference"