



INTERNATIONAL MARKET

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

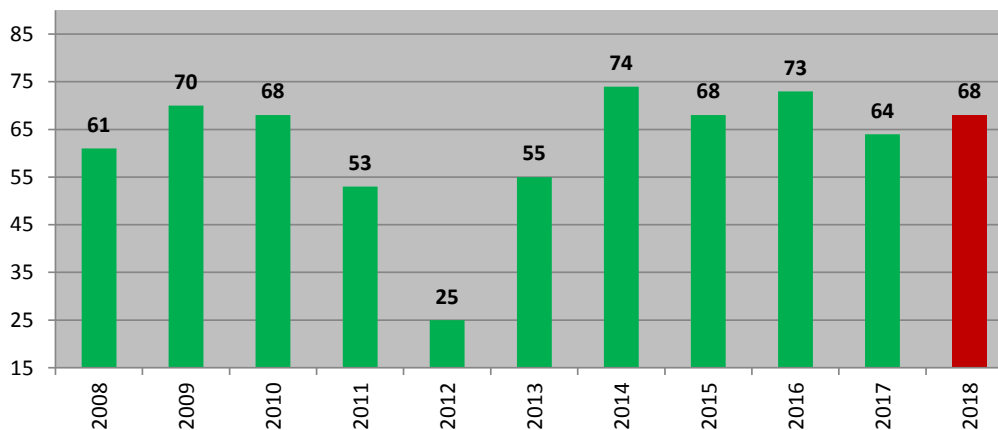
| | Currently | 04/10/2018 | Weekly change (c/bu) | Monthly change (c/bu) |
|-------------------|------------|--------------|----------------------|-----------------------|
| CME Dec-18 | 362 | 367 ½ | -5 ½ | -4 ¾ |
| CME Mar-19 | 374 | 379 ¼ | -5 ¼ | -4 ½ |

- US maize prices ended slightly lower in the past week with both CME December and March maize coming under some pressure. On a monthly basis US maize prices are also slightly lower with December and March ending 1.2% and 1.1% lower in the month respectively.
- On the technical chart for December CME maize we see that the market posted some gains but December maize did get some overhead resistance around \$3.70/bushel and the failure to break that level resulted in some selling/long liquidation. The market has been under pressure in the past 3 trading sessions breaking below the 9-day average and this morning the electronic prices are looking to break below the 40-day average.
- US harvest is well underway with roughly 1/3 of the crop already harvested and the harvesting pace is ahead of the 5-year average. Mostly favorable harvesting conditions are expected in the next 10-days.
- The USDA will release their October supply and demand estimates in their report later today. The market is looking for a larger US maize production and yield estimates as well as a larger new crop 2018/19 maize ending stocks.

US Market

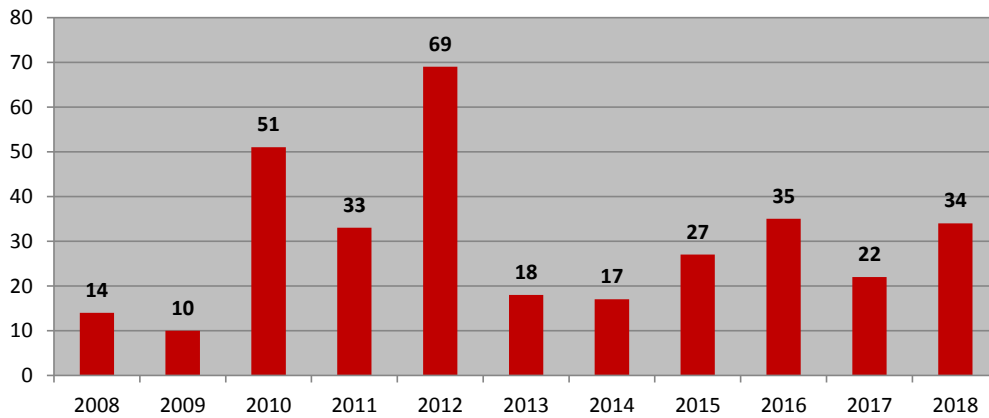
- The USDA in their weekly crop conditions report indicated that 68% of the US maize crop could be rated as good/excellent which is 1% lower than the good/excellent rating seen in the report last week.

Figure 1: US maize crop conditions (% rated good/excellent)



- The USDA in their crop progress report indicated that 93% of the maize crop is considered mature which is up from the 86% reported last week. The 5-year average for this time of the year is seen at 83% mature.
- The USDA in their report also indicated that 34% of the US maize crop has been harvested which is up from the 26% harvested last week. The current harvesting progress is slightly ahead of the 5-year average seen at 26% harvested this time of the year.

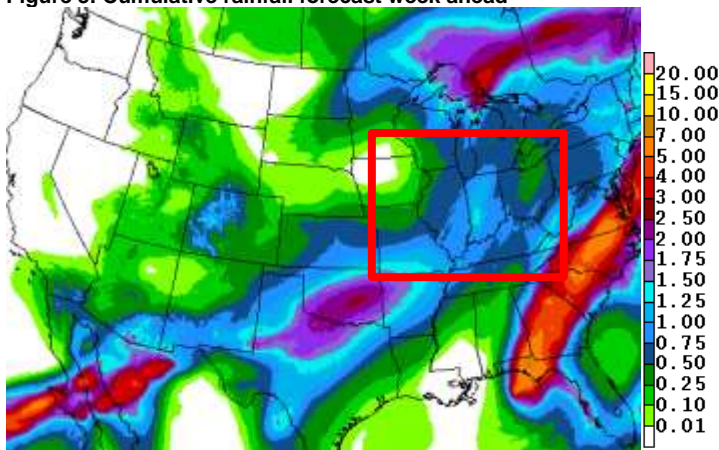
Figure 2: US maize harvesting progress (% complete)



US Weather

- The weather forecast expects some rainfall in the central parts of the US Midwest in the week ahead with rainfall amounts of up to 1.5 inches possible in some areas the next few days. Drier conditions are expected in the western parts of the Midwest. Overall based on the current forecast harvesting delays should be limited.

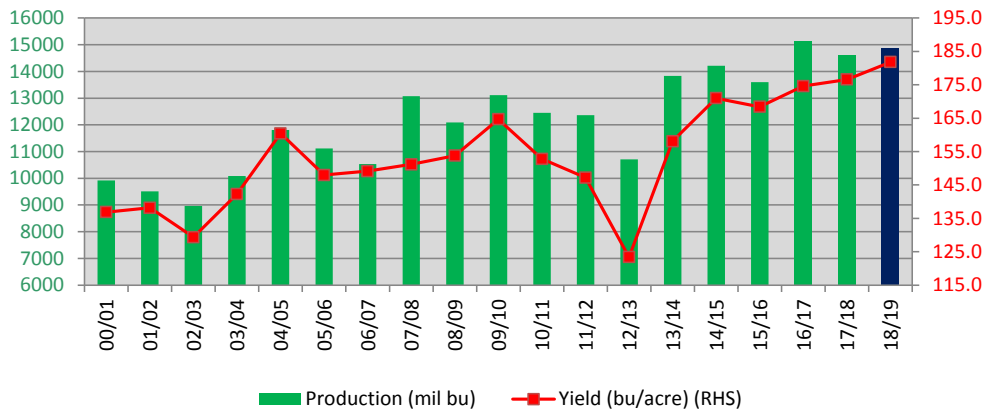
Figure 3: Cumulative rainfall forecast week ahead



USDA supply and demand estimates

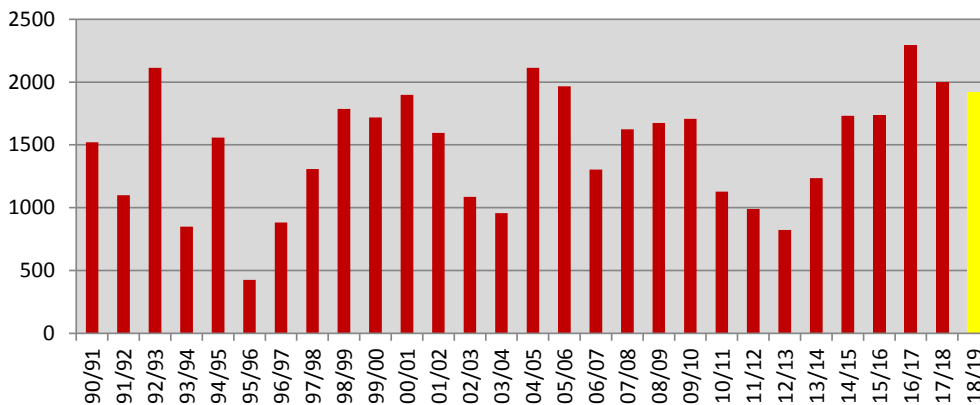
- The USDA will release their October supply and demand estimates in their report later today. The average market expectation of the 2018 US maize crop is seen at 14.872 billion bushels which is up from the September estimate seen at 14.827 billion bushels. The average market expectation of the US maize yield is seen at 181.8 bushels/acre.
- The market expectation should be the 2nd largest US maize crop on record and the 181.8 bushel/acre yield estimate should be a new record maize yield in the US.

Figure 4: US maize production and yield estimates



- The average market expectation of the 2018/19 US maize ending stocks is seen at 1.919 billion bushels which is up from the September USDA estimate seen at 1.774 billion bushels.

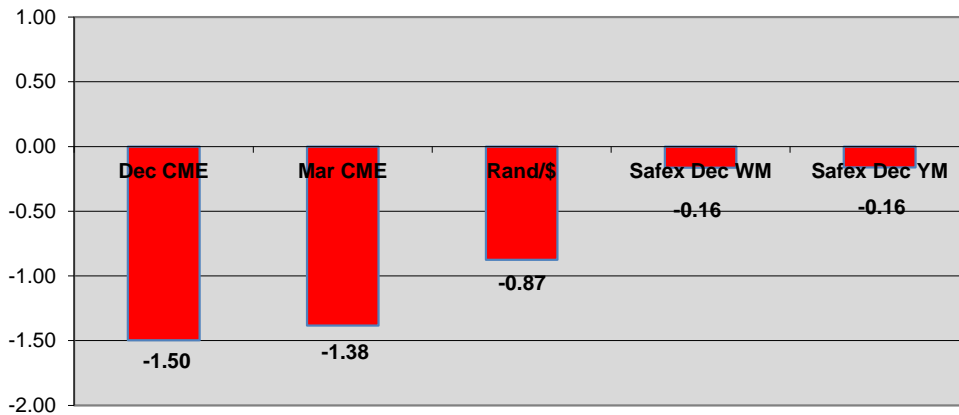
Figure 5: US maize ending stocks (million bushels)



LOCAL MAIZE MARKET

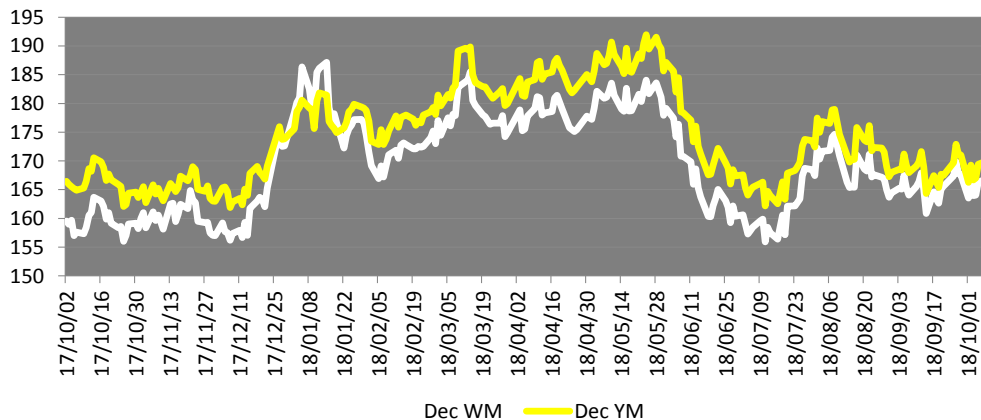
- South African maize prices traded lower in the past week but our market outperformed the US markets with December white and yellow maize ending 0.16% lower in the past week. US maize prices gave up in excess of 1% in the past week.
- The volatility in the rand continued in the past week with the rand trading in a R14.50-R15.06 trading range. The news that Tito Mboweni is the new finance minister was well received by markets and the rand posted gains on this.
- The market will start to focus more on the weather conditions with the growing season ahead. Some rainfall possible in the eastern parts of the country this coming weekend.

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



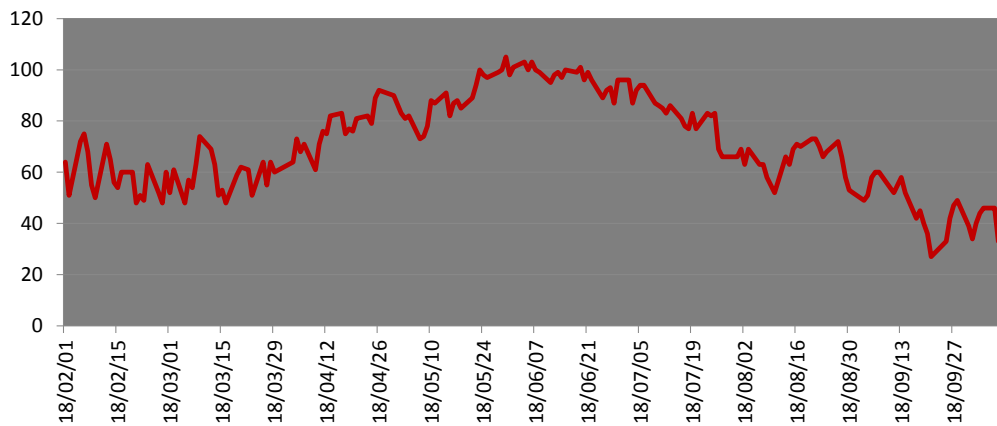
- In dollar terms the South African maize prices traded higher for most of the past week with December yellow maize trading as high as \$174/ton but has since pulled lower once again with the selloff that was seen in our market in the session today. December yellow maize is currently trading around \$169/ton.

Figure 7: Safex December white and yellow maize (\$/ton)



- It is also interesting to see that the South African December white/yellow maize spread has been under pressure in the past few months after the spread traded just above R100/ton in early June.
- The discount of white maize compared to yellow maize has pulled more white maize into the feed market but the narrowing of the spread could see yellow maize entering the feed market once again.
- The slowdown in the yellow maize exports (looking at the intended maize exports) it also explains the narrowing of the spread.

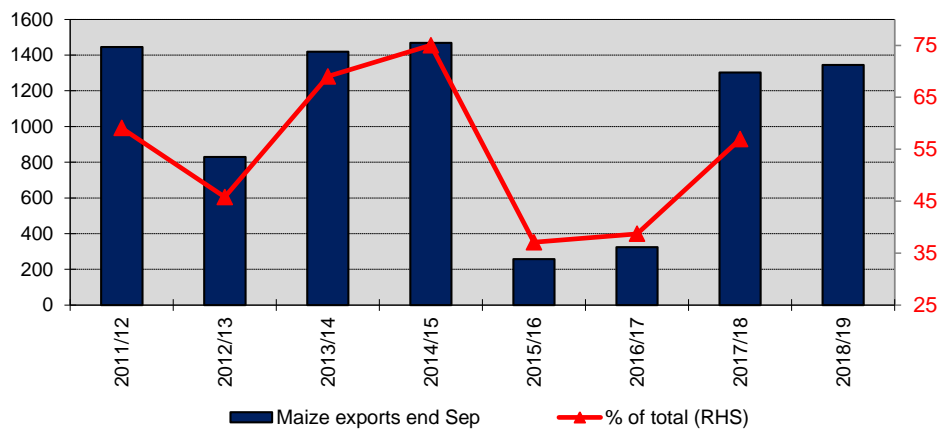
Figure 8: Safex December white/yellow spread



South African maize exports

- The weekly South African maize exports for the week ending the 28th of September indicated that 15 556 tons of maize was exported in the past week. The maize that was exported included 4 834 tons of white maize and 10 722 tons of yellow maize. This brings the cumulative maize exports for the season to date at 1.345 million tons including 161 053 tons of white maize and 1.184 million tons of yellow maize.
- The graph below presents the cumulative whole maize exports seen by the end of September seen in the past few seasons as well as the % of total whole maize exported by the end of September. On average in the past 7-years the exports by the end of September represented 55% of the total marketing year exports.

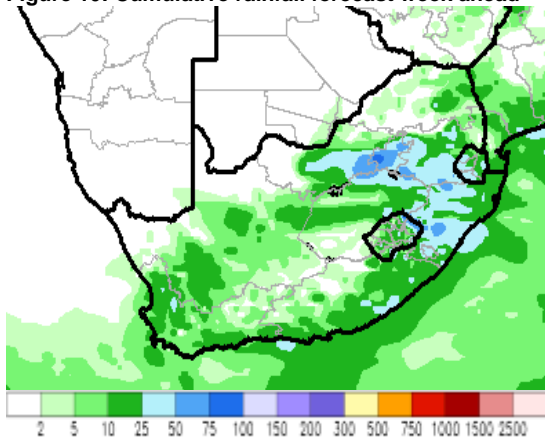
Figure 9: South African whole maize exports end of Sep and % of total



Weather forecast

- The weather forecast for the week ahead expects some rainfall in the eastern parts of the country. The majority of the rainfall is forecasted from Friday through to Sunday

Figure 10: Cumulative rainfall forecast week ahead



FOCUS FOR THE WEEK

- US maize prices traded lower in the past week with the huge US maize crop and the harvesting progress seen to date limiting some of the buying interest. Mostly favourable weather is forecasted for the week ahead.
- Key data for the US market will be the USDA supply and demand estimates due later today. The market is looking for a larger US maize production and yield estimate.
- South African maize prices ended slightly lower in the past week with our market outperforming the US markets in the past week. The volatility in the rand continued in the past week with the rand trading around R14.70/\$ this morning.
- The market will be looking at the weather conditions with the forecast calling for some rainfall in the eastern parts of the country this weekend.

Also see the technical graphs below

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



Daily MAWZ8

2018/01/17 - 2018/10/24 (JHB)

CndI, MAWZ8, Trade Price
2018/10/10, 2 451.00, 2 455.00, 2 426.20, 2 434.00, N/A, N/A
SMA, MAWZ8, Trade Price(Last), 100
2018/10/10, 2 304.08
SMA, MAWZ8, Trade Price(Last), 40
2018/10/10, 2 432.03
SMA, MAWZ8, Trade Price(Last), 9
2018/10/10, 2 421.11
SMA, MAWZ8, Trade Price(Last), 200
2018/10/10, 2 221.29

Price
ZAR
T
2 520
2 490
2 460
2 430
2 400
2 370
2 340
2 310
2 280
2 250
2 220
2 190
2 160
2 130
2 100
2 070
2 040
2 010
1 980
Auto

Value
ZAR
T
30
Auto

RSI, MAWZ8, Trade Price(Last), 14, Wilder Smoothing
2018/10/10, 51.858

22 29 05 12 19 26 05 12 19 26 03 09 16 23 30 07 14 21 28 04 11 18 25 02 09 16 23 30 06 13 20 27 03 10 17 25 01 08 15 22
January 2018 | February 2018 | March 2018 | April 2018 | May 2018 | June 2018 | July 2018 | August 2018 | September 2018 | October 2018

"Together we make a difference"



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