

INTERNATIONAL MARKET

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

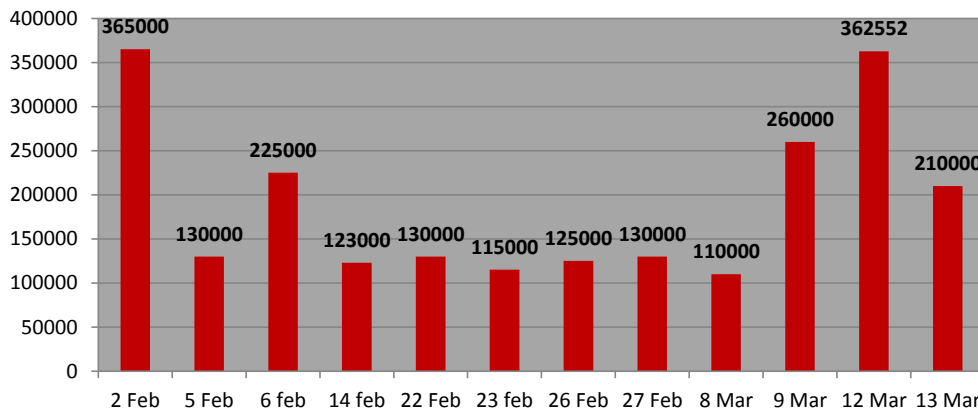
	Currently	07/03/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME May-18	391	387 ¼	3 ¾	16 ¼
CME Jul-18	399	394 ½	4 ½	16 ½

- US maize prices posted some gains in the past week with both May and July gaining some ground. On a monthly basis US maize prices are also higher with CME May and July gaining 4.3% in the past month.
- On the technical chart for July CME maize we see that the market posted some good gains recently with US maize prices briefly breaking above \$4.00/bushel in the session yesterday but the market has since pulled off that level. The moving averages are still pulling higher which could continue to provide some support. There is a possibility for some divergence between prices and the RSI which could attract some long liquidation.
- US maize prices were supported by the drought conditions seen in Argentina and the fact that some of the export demand has shifted to US maize. USDA announced several private sales in the past week.
- US maize prices were also supported by the lower than expected US maize ending stocks seen in the USDA report at the end of last week.

US MARKET

- US maize prices posted some gains in the past week with the weather conditions in Argentina and the spillover strength from the higher US wheat prices providing support.
- The demand for US maize has been very strong in the past few weeks with the drought conditions in Argentina shifting some of the demand to the US.
- The graph below presents the private export sales announced by the USDA since the beginning of February.

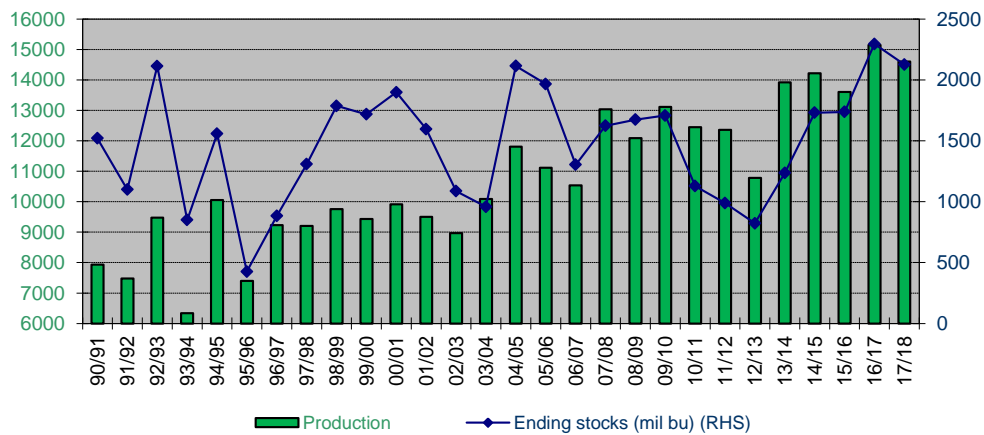
Figure 1: US maize private export sales past month



USDA REPORT

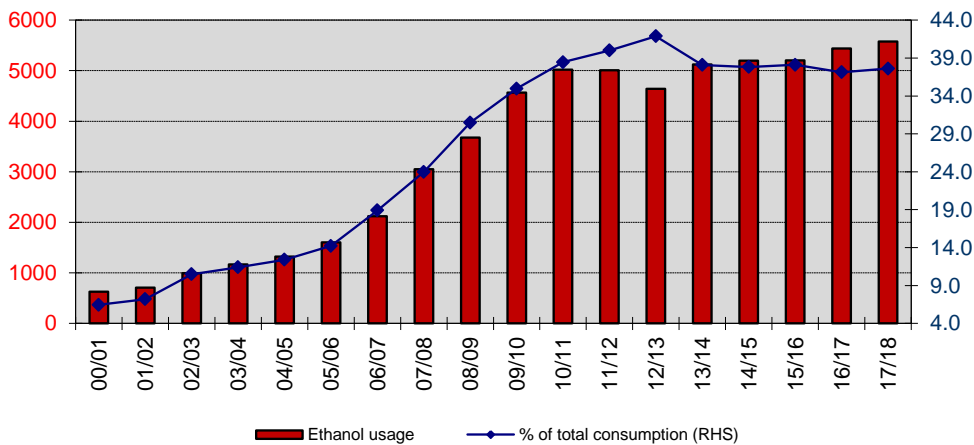
- The USDA in their report estimated the 2017/18 US maize ending stocks at 2.127 billion bushels which was well below the market expectation seen at 2.312 billion bushels and below the February estimate seen at 2.352 billion bushels.
- From the graph below we see that the 2017/18 US maize crop is the 2nd largest on record and ending stocks are expected just off the record levels seen in the previous season.

Figure 2: US maize production and ending stocks (mil bu)



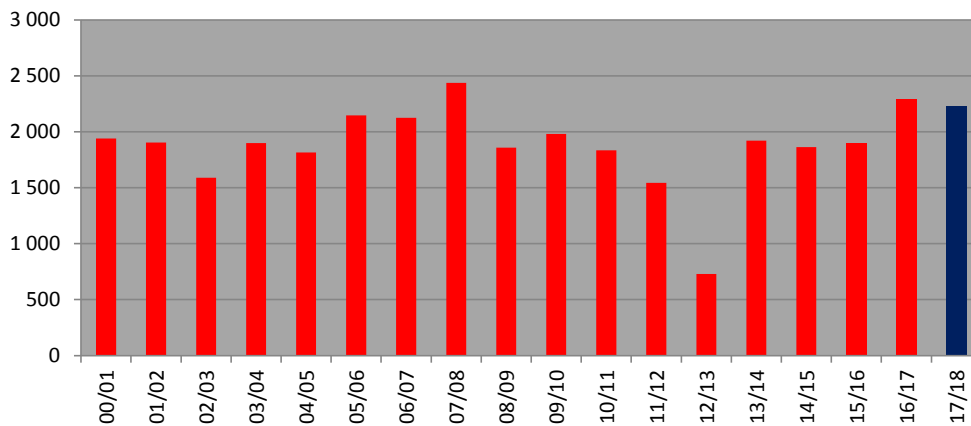
- Changes to the US maize balance sheet in the 2017/18 included a 50 million bushel increase in the food/seed and industrial usage while the USDA also increased the ethanol usage of maize by 50 million bushels to a new record of 5.575 billion bushels.
- The maize used in the production of ethanol in the US has stabilized around 37%-38% of total consumption.

Figure 3: Ethanol usage of maize and % of total consumption (mil bu)



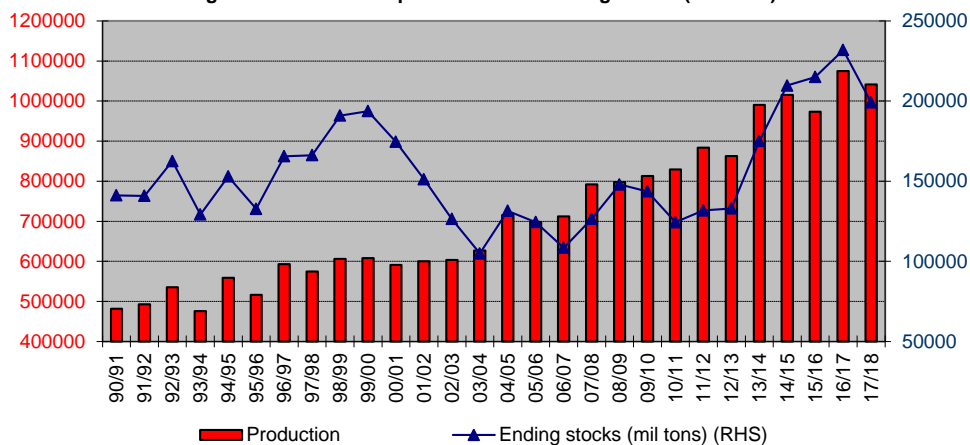
- As mentioned the USDA also raised their US maize export estimate by 50 million bushels as a result of the export demand seen recently. The production losses seen in Argentina have shifted some of the demand towards US maize.
- The 2017/18 US maize export estimate of 2.225 billion bushels should be the 2nd largest export estimate in the US in the past 10-years.

Figure 4: US maize exports (mil bushels)



- In terms of the rest of the world the USDA estimated the world maize crop at 1 041.74 million tons which is mostly unchanged from the production estimate seen last month. The USDA lowered the Argentine and Brazilian maize crop estimates by 3 million and 500 000 tons respectively. This was countered by larger crop estimates for the EU and South Africa.
- The 2017/18 world maize ending stocks was estimated at 199.17 million tons which is down from the February estimate seen at 203.09 million tons.

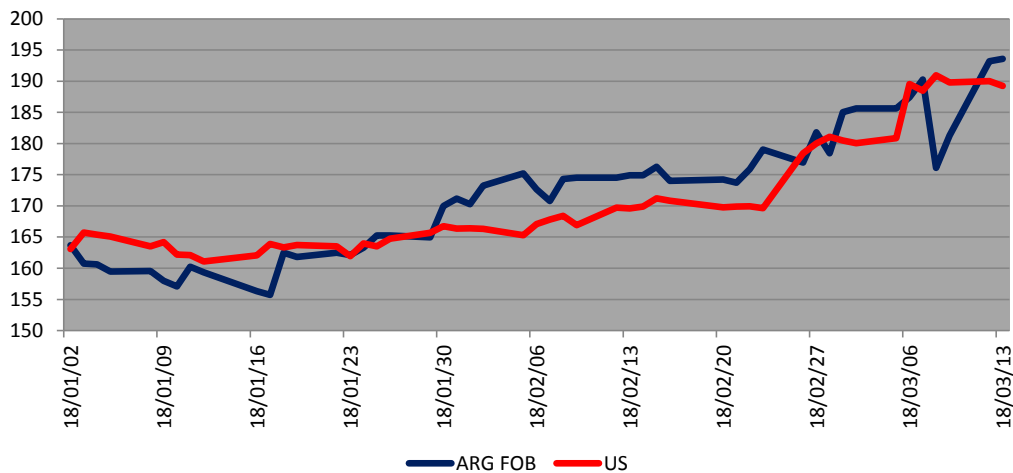
Figure 5: World maize production and ending stocks (000 tons)



SOUTH AMERICA

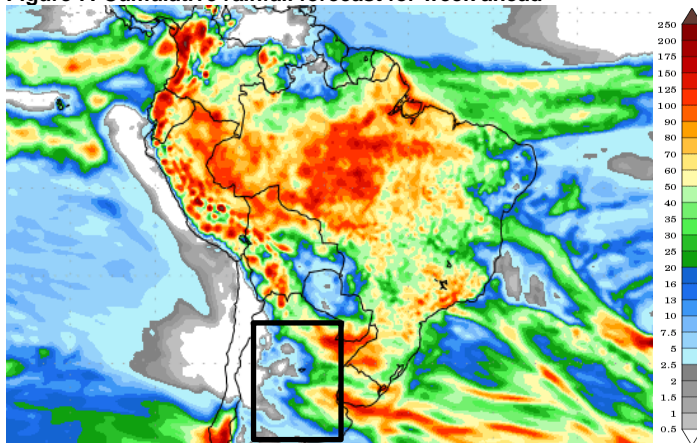
- The drought conditions in Argentina supported maize and soybean prices globally with some of the export demand shifting elsewhere. The graph below presents the Argentine FOB prices in the past few weeks. The Argentine surged to new highs of \$193/ton in the past week.
- The strong demand supported the cash market in the US and the US No2 gulf FOB prices also posted some strong gains in the past few weeks with prices seen just below \$190/ton.

Figure 6: US and Argentine FOB prices



- The weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map we see that some rainfall is forecasted for the southern and eastern growing areas of Argentina in the week ahead.

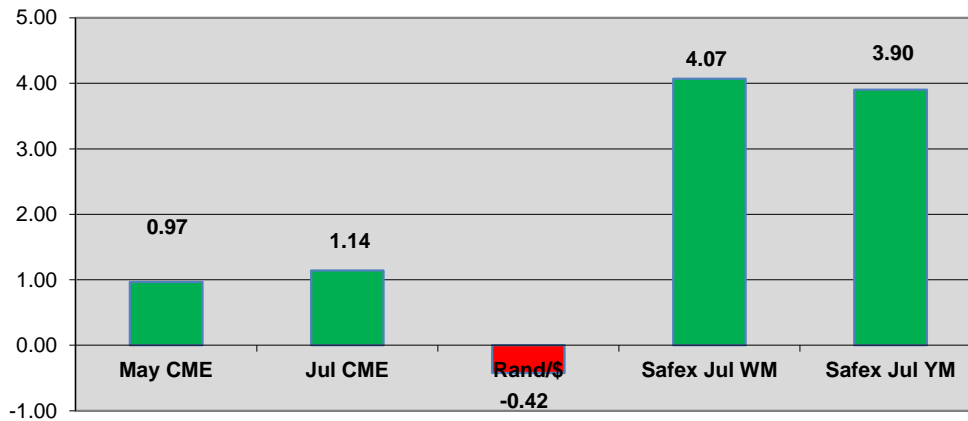
Figure 7: Cumulative rainfall forecast for week ahead



LOCAL MAIZE MARKET

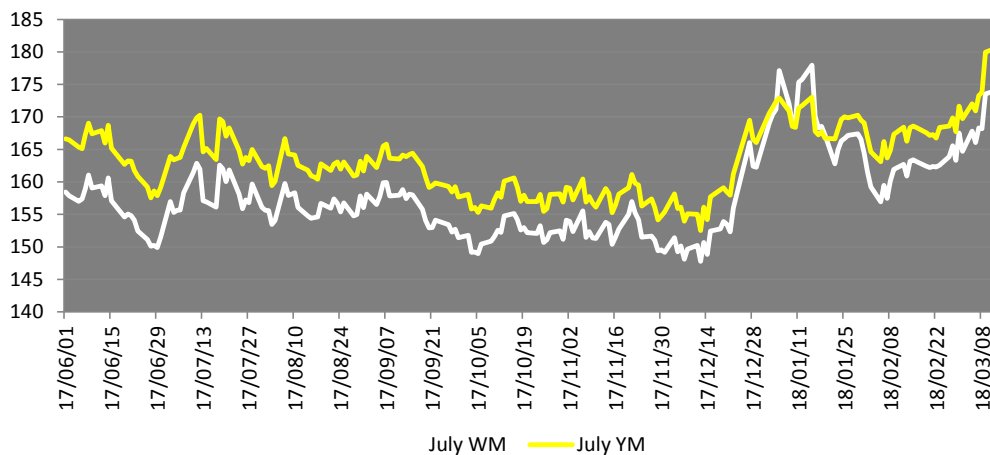
- South African maize prices posted some strong gains in the past week with July white and yellow maize ending 4.07% and 3.90% higher in the past week respectively. South African maize prices did get some support from the higher US maize prices.
- South African maize prices were also supported by the fact that we are seeing some export interest for South African maize. The rally in world maize prices and the strength of the cash markets has left local maize more competitive in the export market.
- The rand is mostly flat with the rand trading around R11.77/\$ currently. We have seen some dollar weakness recently which is supporting the rand.

Figure 8: Safex WM and YM CME and rand/\$ (% change)



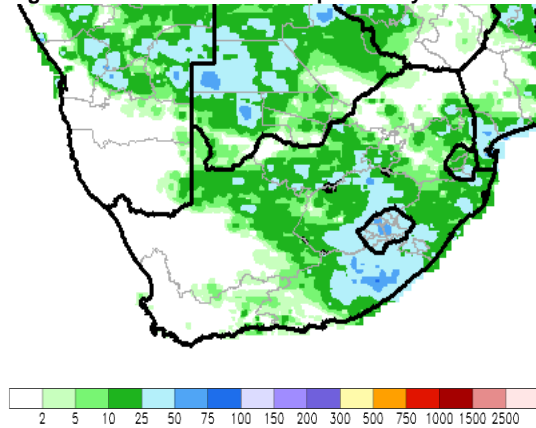
- The South African maize prices surged higher in the past week with South African yellow maize in dollar terms trading as high as \$180/ton which is new recent highs.
- South African maize prices became more competitive in the global export market given the surge in the global cash market. South African maize featured in some of the global export tenders to Taiwan and South Korea which supported our market.

Figure 9: Safex July white and yellow maize prices (\$/ton)



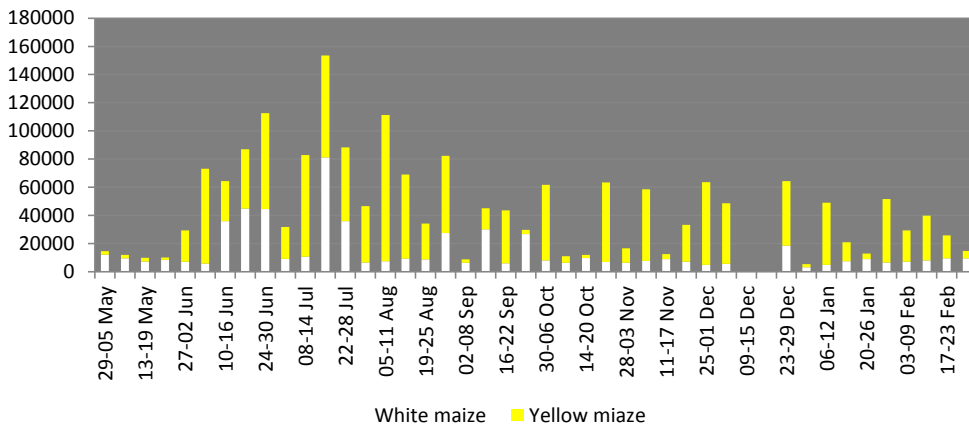
- The weather map below presents the cumulative rainfall that was seen for the week ending the 12th of March. From the rainfall map we see some areas in the central and eastern Free State did see some good rainfall amounts in the past week.
- However the mostly dry conditions in Mpumalanga is a concern especially for maize planted later in the season and the soybean crops.

Figure 10: Rainfall seen in the past 7-days



- The weekly South African maize exports for the past week was reported at 14 010 tons including 9 512 tons of white maize and 4 498 tons of yellow maize.
- The cumulative maize exports for the season to date is seen at 2.016 million tons including 619 424 tons of white maize and 1.397 million tons of yellow maize.

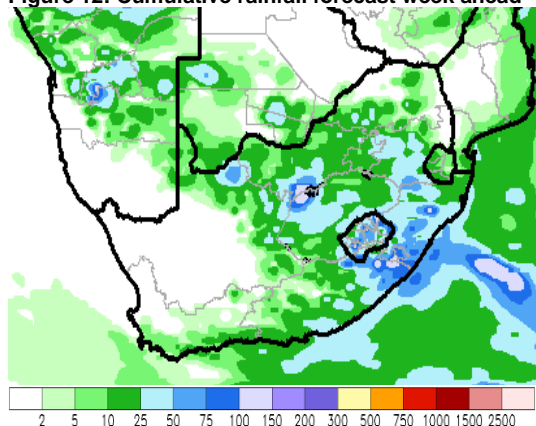
Figure 11: Weekly South African white and yellow maize exports



Weather forecast

- The weather forecast for the week ahead expects some rainfall in the central parts of the country in the week ahead including the central part of the Free State and parts of the North West province. Some rainfall is also possible in the eastern parts of the country. Most of the rainfall is forecasted for Friday and into this coming weekend.

Figure 12: Cumulative rainfall forecast week ahead



Although everything has been done to ensure the accuracy of the report Unigrain (Pty) Ltd cannot be held responsible for any losses incurred as a result of the use of the information contained in the report

FOCUS FOR THE WEEK

- US maize prices posted some more gains in the past week with the drought conditions in Argentina and the export demand for US maize providing some support. The USDA in their report raised their US maize export and ethanol production estimates.
- On the technical chart for July CME maize we see that the market posted some strong gains with the market briefly trading above \$4.00/bushel. The market traded to a 7-month high but has since pulled below \$4.00 once again.
- South African maize prices posted some good gains in the past week with both white and yellow maize gaining some ground. Local maize were supported by the higher US maize and some export interest for local maize.
- On the technical chart for July Safex white maize we see that our market posted some strong gains breaking above the 100-day and 200-day averages with the market at a 2-month high. The shorter moving averages and indicators remain well supported.

Also see the technical graphs below

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





"Together we make a difference"