



INTERNATIONAL MARKET

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

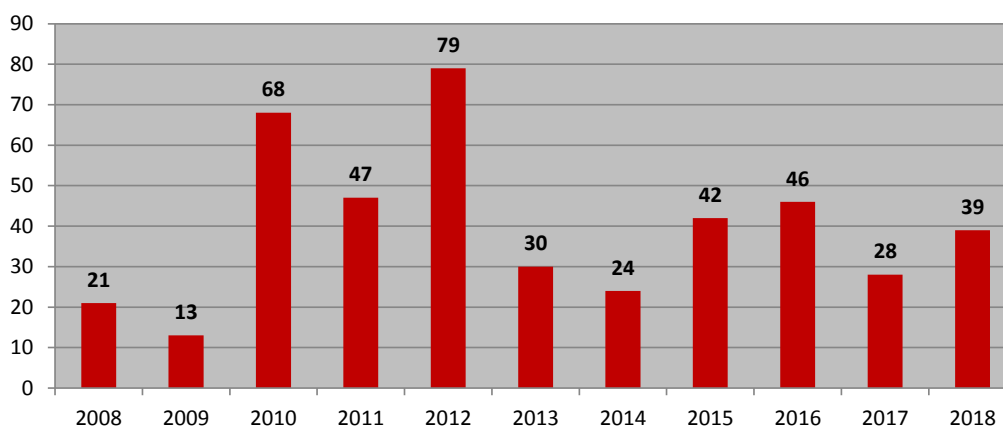
	Currently	10/10/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Dec-18	375	363	12	27
CME Mar-19	387 ½	374 ¾	12 ¾	27 ½

- US maize prices posted some good gains in the past week with both December and March maize gaining some ground. On a monthly basis US maize prices are also higher with CME December and March gaining 7.7% and 7.6% in the past month respectively.
- On the technical chart for December CME maize we see that the market posted some gains after breaking above \$3.70 and some more follow through buying was seen after that. The market managed to break above the 100-day average in the session on the 15th of October. December maize has pulled off the recent lows but is still above the 100-day average which is seen as support at \$3.72/bushel.
- US maize prices posted some gains on some short covering that was seen especially following the unexpectedly bullish USDA new crop maize production and ending stocks estimates. Some early harvesting delays in the US also added support.
- Keep in mind that investment funds are sitting on a net short position in US maize and the recent rally in US grains and oilseeds forced some short covering.

US Market

- The USDA in their crop conditions report indicated that 68% of the US maize crop could be rated as good/excellent which is unchanged week/week.
- The USDA in their crop progress report indicated that 39% of the US maize crop has been harvested which is up from the 34% reported last week. The current US maize harvesting progress is slightly ahead of the 5-year average seen at 35% harvested this time of the year.

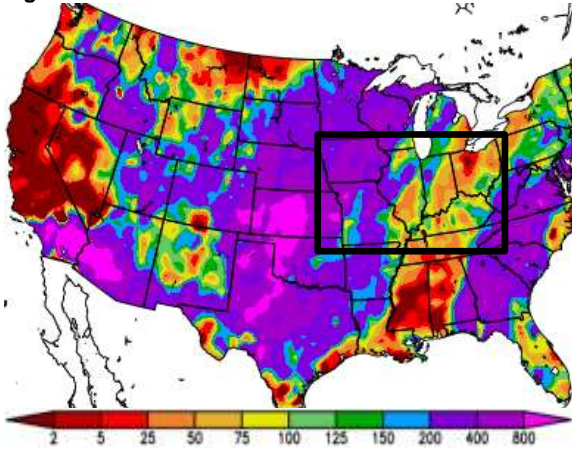
Figure 1: US maize harvesting progress (% complete)



US Weather

- The weather map below presents the % of normal rainfall that was seen in the week ending the 14th of October. From the weather map below we see that well above normal rainfall was seen in the western parts of the US Midwest in the past week which slowed the harvesting of maize and soybeans.
- The weather forecast for the week ahead expects drier conditions for most of the US Midwest in the week ahead which could speed up the harvesting in the Midwest.

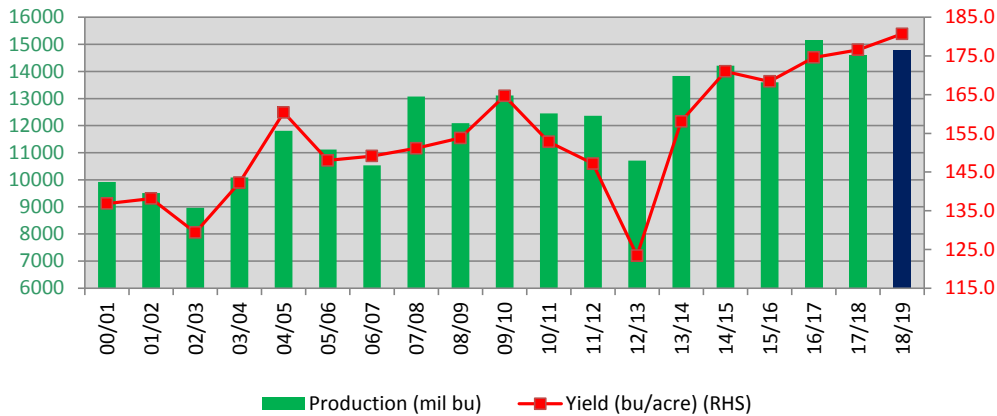
Figure 2: Cumulative rainfall forecast week ahead



USDA supply and demand estimates

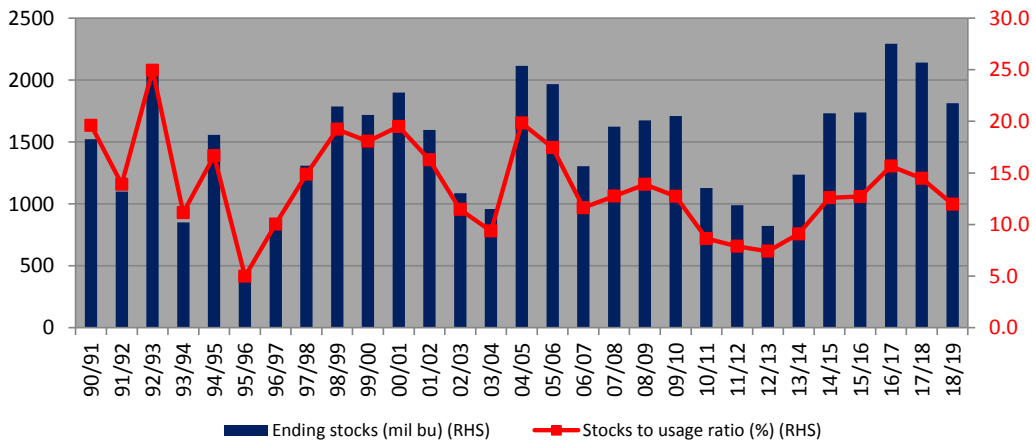
- The USDA released their supply and demand estimates last week. The USDA estimated the 2018 US maize crop at 14.778 billion bushels which was based on a yield estimate of 180.7 bushels/acre which was well below expectations (even lower than the September estimate) which supported prices.
- The lower US maize yield estimate is still the largest yield on record and the current maize crop estimate is the 2nd largest on record.

Figure 3: US maize production and yield estimates



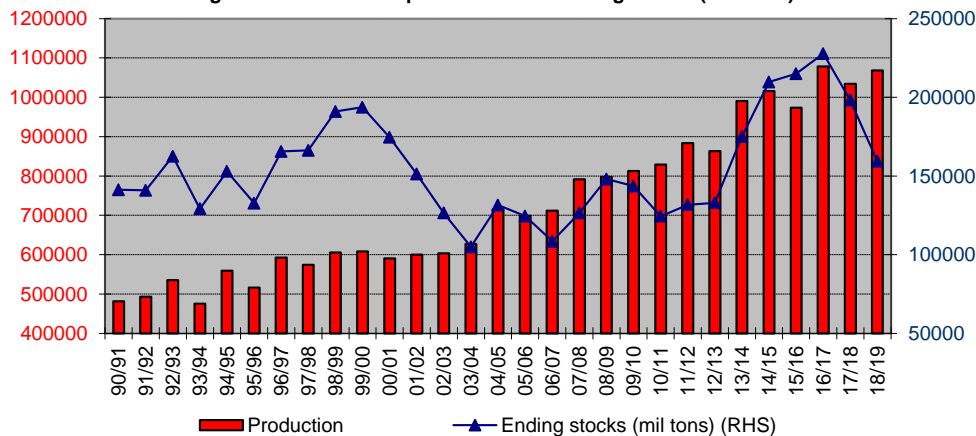
- The USDA estimated the 2018/19 US maize ending stocks at 1.813 billion bushels which was well below the market expectation seen at 1.919 billion bushels and higher than the September estimate seen at 1.774 billion bushels.
- Changes to the US balance included a smaller crop estimate and feed usage of maize was lowered by 25 million bushels. However the USDA raised the US maize export estimate by 75 million bushels.

Figure 4: US maize ending stocks and stock to usage



- In terms of the rest of the world the USDA estimated the 2018/19 world maize crop at 1 068.31 million tons which is slightly lower than the September estimate seen at 1 069 million tons. The 2018/19 world maize ending stocks was estimated at 159.35 million tons which is up from the September estimate seen at 157.03 million tons.

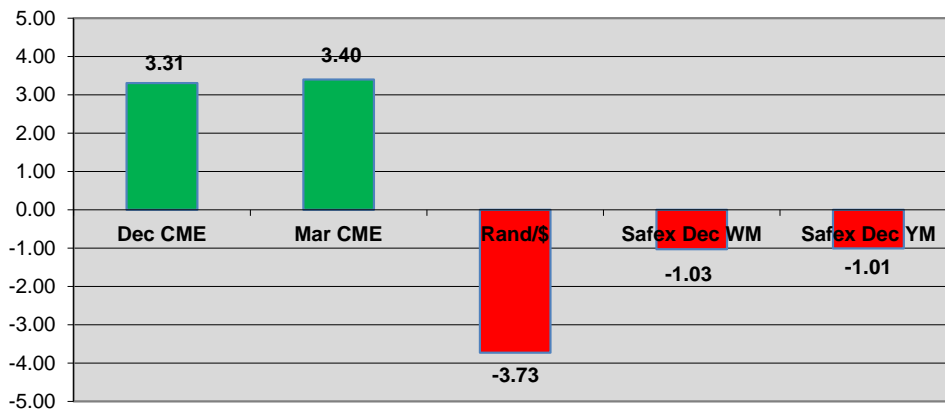
Figure 5: World maize production and ending stocks (000 tons)



LOCAL MAIZE MARKET

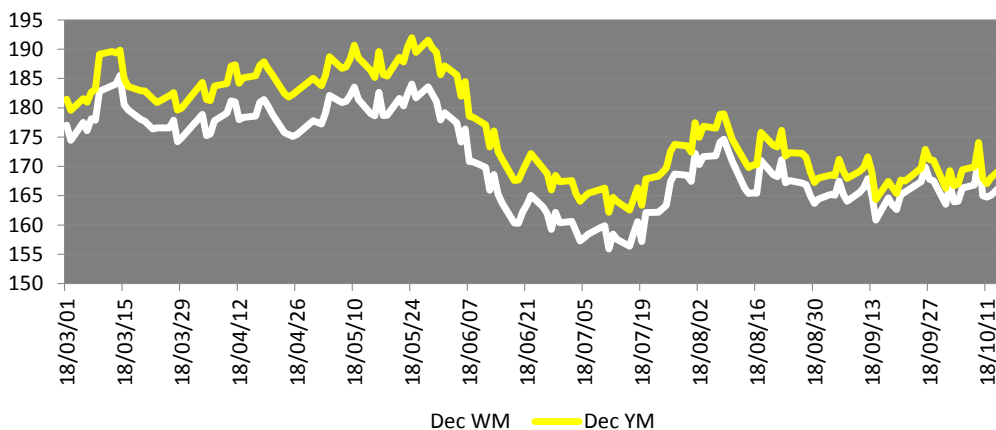
- South African maize prices traded lower in the past week with December white and yellow maize giving up 1.03% and 1.01% in the past week. Our market underperformed compared to the US markets with the stronger rand putting pressure on our market. The widespread rainfall seen the past weekend also added some pressure.
- The rand posted some good gains in the past week with the rand trading around R14.20/\$ this morning which is down from the R14.75/\$ seen a week ago. On the technical we see that the rand broke below the 40-day average and some more gains was seen after that. The market could be targeting R14.00/\$ with the 100-day average also seen at R13.95/\$. The market is also looking at the possible head and shoulders formation of the rand.

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



- In dollar terms South African maize prices posted some gains with December yellow maize trading around \$172 which is up from the lows of around \$167/ton seen in the past week. The higher US maize prices also supported our market. The stronger rand seen in the past few sessions also supported our market in dollar terms.

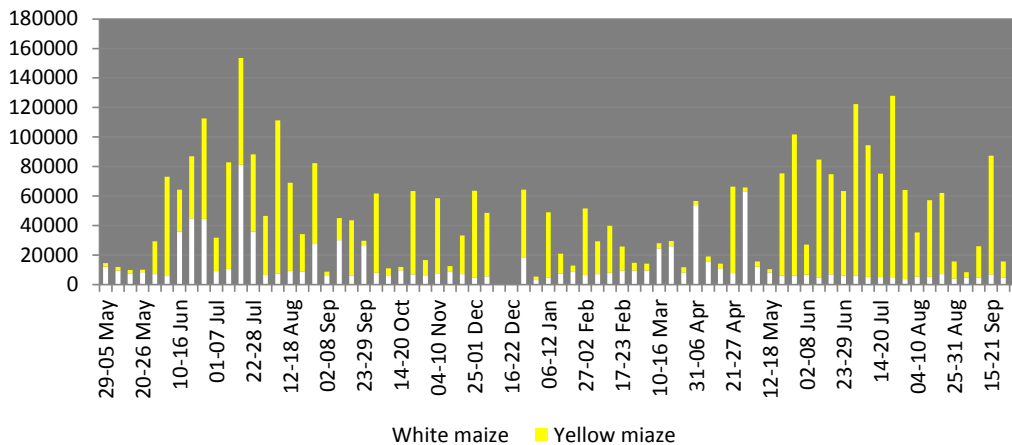
Figure 7: Safex December white and yellow maize (\$/ton)



South African maize exports

- The weekly South African maize exports for the week ending the 5th of October indicated that 57 974 tons of maize was exported in the past week. The maize exported included 4 331 tons of white maize and 53 643 tons of yellow maize. This brings the cumulative maize exports for the season to date at 1.403 million tons including 165 418 tons of white maize and 1.238 million tons of yellow maize.
- The maize intended for exports for the next 8-weeks through to the end of November indicate possible exports of another 247 854 tons including 102 354 tons of white maize and 145 500 tons of yellow maize.

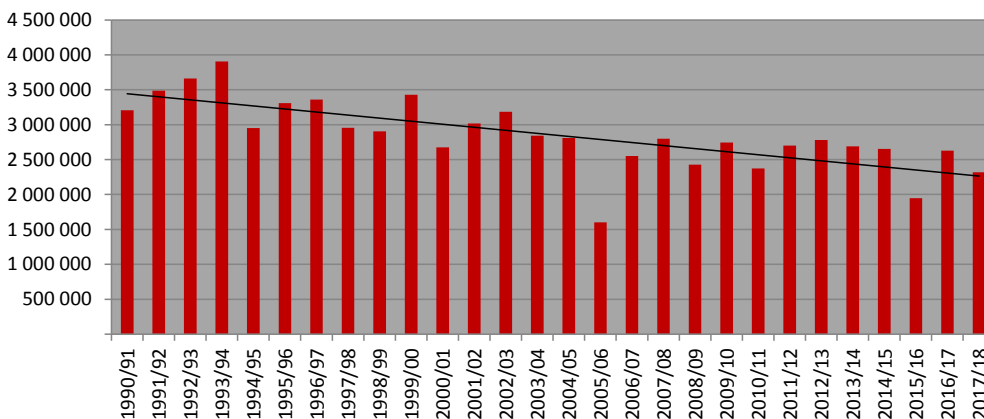
Figure 8: Weekly South African white and yellow maize exports



South African maize area

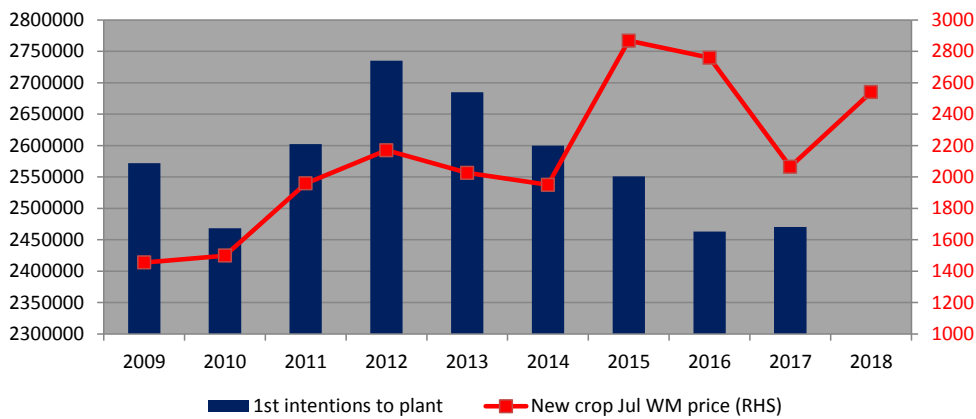
- The CEC will release their 1st intentions to plant maize in their report on the 25th of October. The graph below presents the longer term South African maize area planted. As a matter of interest the 5-year average maize area planted is seen at 2.447 million hectares and the 10-year average is seen at 2.525 million hectares.

Figure 9: South African maize area planted (hectares)



- As a matter of interest the graph below presents the 1st intentions released towards the end of October in the past few seasons as well as the new crop July white maize price seen around the 15th of October.
- From the graph below we see that the intentions to plant maize have been under pressure in the past few seasons despite the “higher” prices.
- The current July 2019 white maize prices are trading around R2540 which is up from the R2065 seen the same time last year (The July 18 prices in October 2017).
- Keep in mind that the new crop soybean prices (May-2019) is currently trading at R4924 and if we consider a 3-year average yield it points to an income of around R9400/ha. Considering the 3-year average total maize yield of 5.3 tons/ha and a price of R2 290 (July-19 of R2540 minus R250 differential) it points to an income of R12137/ha. However the input cost of maize is significantly more than for soybeans. But at the same time the feed cost factor of maize (oes reste) provides additional advantage.

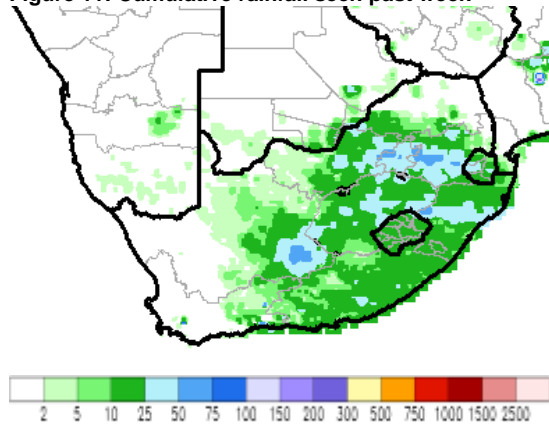
Figure 10: South African maize intentions to plant and avg price



Weather forecast

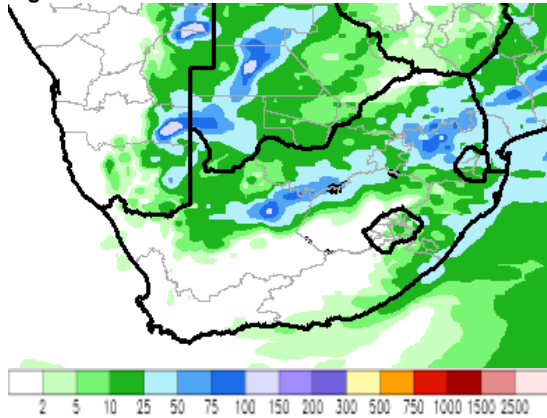
- The weather map below presents the cumulative rainfall that was seen for the week ending the 15th of October. From the weather map below we see that most of the eastern growing areas received rainfall of between 20-50mm with some areas receiving even more rainfall. The eastern parts of the Free State and the North West provinces also received some beneficial rainfall.

Figure 11: Cumulative rainfall seen past week



- The weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map below we see some more widespread rainfall is forecasted for the week ahead for most of the eastern parts with the majority of the rainfall forecasted today and once again on Saturday. Large parts of the North West and northern Free State could also see some rainfall.

Figure 12: Cumulative rainfall forecast week ahead



FOCUS FOR THE WEEK

- US maize prices posted some gains in the past week with the supportive USDA numbers seen last week adding some support. Some short covering and technical buying also added some support.
- On the technical chart we see that the market broke above the 100-day average in the past week which is providing support around \$3.72. Resistance is seen in the \$3.85-\$3.90 area.
- South African maize prices failed to follow the US markets higher in the past week with the stronger rand adding pressure. The rand is trading around R14.20/\$ with the possible head and shoulders formation suggesting an even stronger rand.
- Some widespread rainfall was seen the past weekend and the forecast expect some more rainfall this coming weekend.
- Key data for our market in the week ahead will be the Sagis monthly data and the CEC new crop intentions to plant due on Thursday next week.

Also see the technical graphs below

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

Daily MAWZ8

2018/01/23 - 2018/10/30 (JHB)

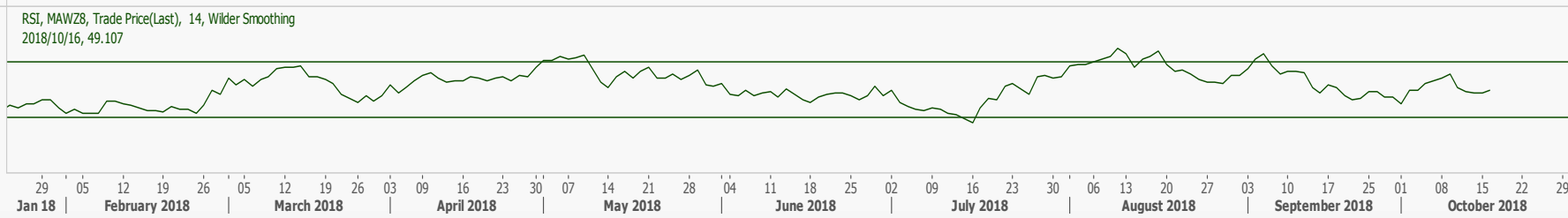
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 SMA, MAWZ8, Trade Price(Last), 100
 2018/10/16, 2 309.34
 SMA, MAWZ8, Trade Price(Last), 40
 2018/10/16, 2 427.53
 SMA, MAWZ8, Trade Price(Last), 9
 2018/10/16, 2 435.22
 SMA, MAWZ8, Trade Price(Last), 200
 2018/10/16, 2 227.22

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 2 520
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RSI, MAWZ8, Trade Price(Last), 14, Wilder Smoothing
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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 | 29
 Jan 18 | February 2018 | March 2018 | April 2018 | May 2018 | June 2018 | July 2018 | August 2018 | September 2018 | October 2018



"Together we make a difference"