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## INTERNATIONAL MARKET

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

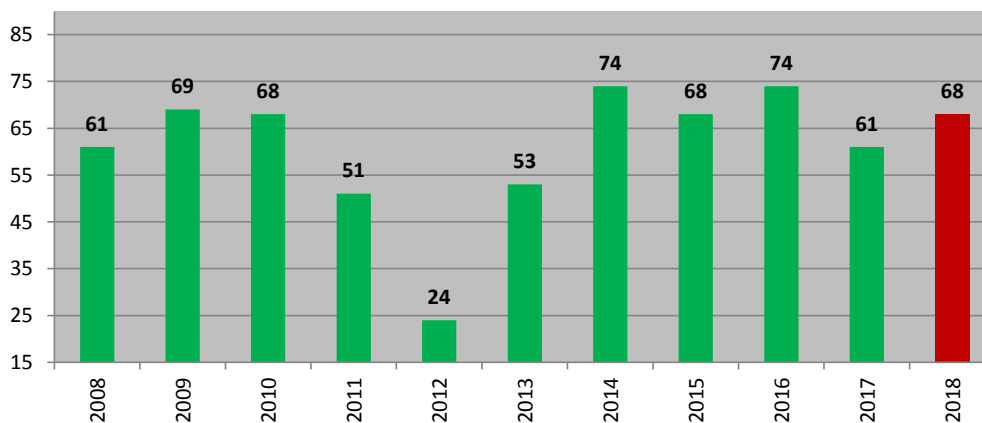
	Currently	12/09/2018	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Sep-18</b>	<b>344</b>	<b>353</b>	<b>-9</b>	<b>-33</b>
<b>CME Dec-18</b>	<b>356</b>	<b>365</b>	<b>-9</b>	<b>-32 ½</b>

- US maize prices traded lower in the past week with December CME setting new contract lows. On a monthly basis US CME December and March are still sharply lower with December and March maize giving up 8.8% and 8.3% in the past month respectively.
- On the technical chart for December CME maize we see that the market has been under pressure breaking below the \$3.50/bushel support level earlier this week and the market did trade to a new contract low of \$3.43/bushel. The moving averages and indicators remain under pressure and the market is heavily oversold.
- The harvesting of maize is underway which is probably limiting some of the buying interest in US maize futures. The rainfall forecast for the week ahead expects some widespread rainfall which could slow some of the fieldwork.
- The spillover weakness from the lower US soybean prices also added some pressure. US new crop soybeans traded to a 10-year low in the past week as a result of the ongoing/escalating trade war between the US and China.

### US Market

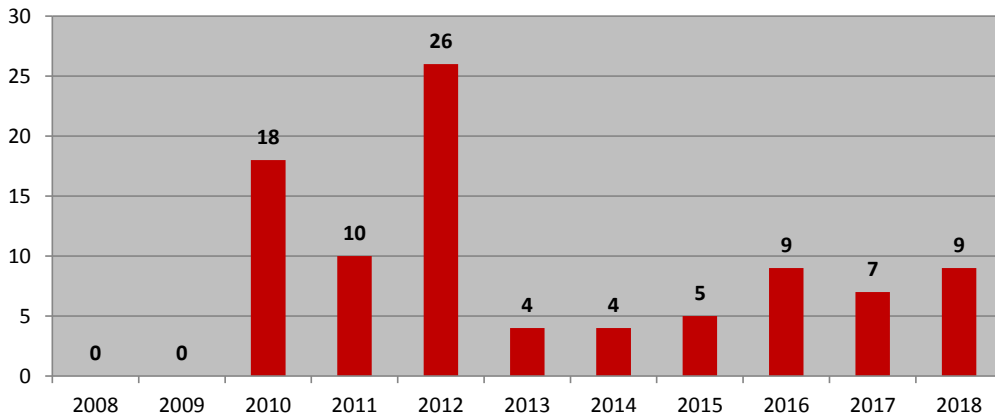
- The USDA in their crop conditions report indicated that 68% of the US maize crop could be rated as good/excellent which is unchanged week/week. The current good/excellent rating is still well above the 61% seen the same time last year.

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



- The USDA in their crop progress report indicated that 54% of the US maize crop could be considered as mature which is up from the 35% reported last week and the 5-year average seen at 36% mature this time of the year.
- The USDA in their report also indicated that 9% of the US maize crop has been harvested which is up from the 5% reported last week. The current US maize harvesting progress is slightly ahead of the 5-year average seen at 6% harvested this time of the year.

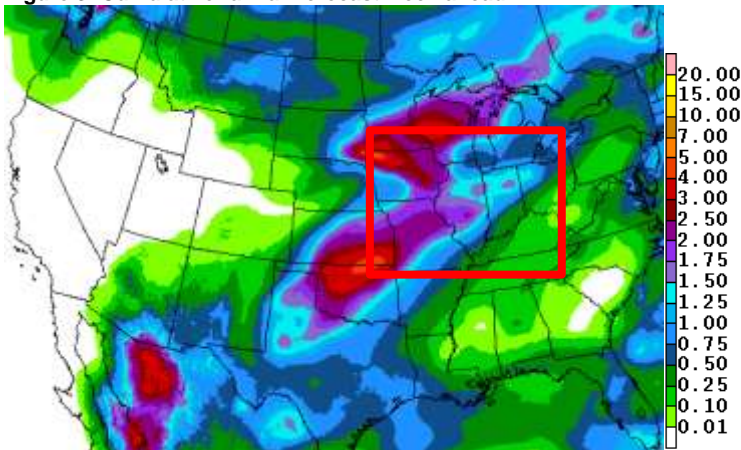
**Figure 2: US maize harvesting progress (% complete)**



### **US Weather**

- The weather forecast for the US Midwest expects some widespread heavy rainfall in the central and western parts of the US Midwest in the week ahead. The rainfall that is forecasted could delay some of the fieldwork/harvesting of maize in the US Midwest.

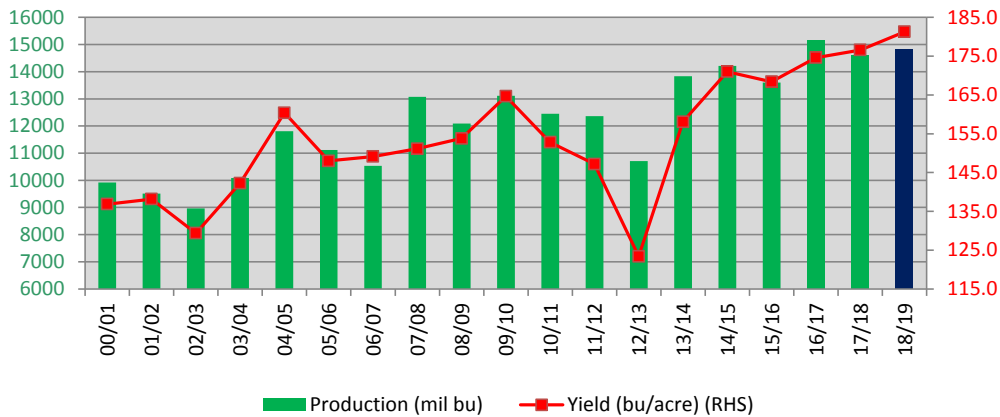
**Figure 3: Cumulative rainfall forecast week ahead**



### **USDA supply and demand estimates**

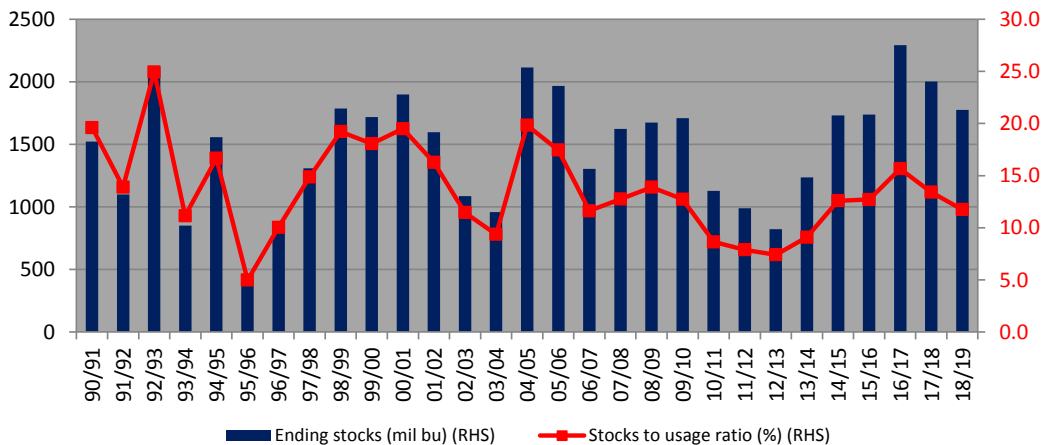
- The USDA released their September supply and demand estimates last week. The USDA in their report estimated the 2018 US maize crop at 14.827 billion bushels at a yield of 181.3 bushels/acre which was both well above expectations and this pressured the market.
- The graph below presents the US maize production and yield estimates seen in the past few seasons. From the graph below we see that the 2018 US maize crop is the 2<sup>nd</sup> largest in record and a new record US maize yield is forecasted for the 2018/19 season.

**Figure 4: US maize production and yield estimates**



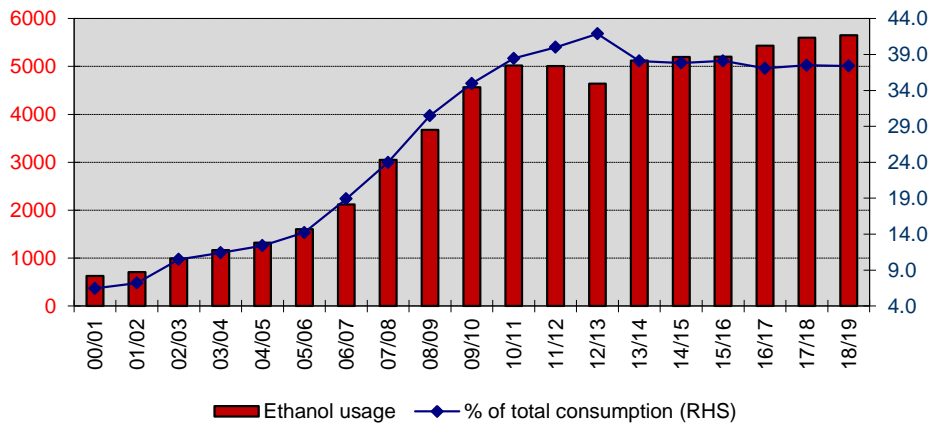
- The 2017/18 US maize ending stocks was reported at 2.002 billion bushels which was slightly lower than the market expectation seen at 2.028 billion bushels.
- The 2018/19 US maize ending stocks was estimated at 1.774 billion bushels which was well above the market expectation seen at 1.639 billion bushels and higher than the August estimate seen at 1.684 billion bushels. Changes to the US balance sheet included a larger US maize crop estimate while the USDA raised their feed usage of maize by 50 million bushels and the food usage by 25 million bushels. The USDA raised their US maize export estimate by 50 million bushels and also raised the maize used in the production of ethanol by 25 million bushels.
- The graph below presents the US maize ending stocks and stock to usage ratio seen in the past few seasons. The 2018/19 US maize stock to usage ratio is seen at 11.7% which is lowest since the 2013/14 season.

**Figure 5: US maize ending stocks and stock to usage**



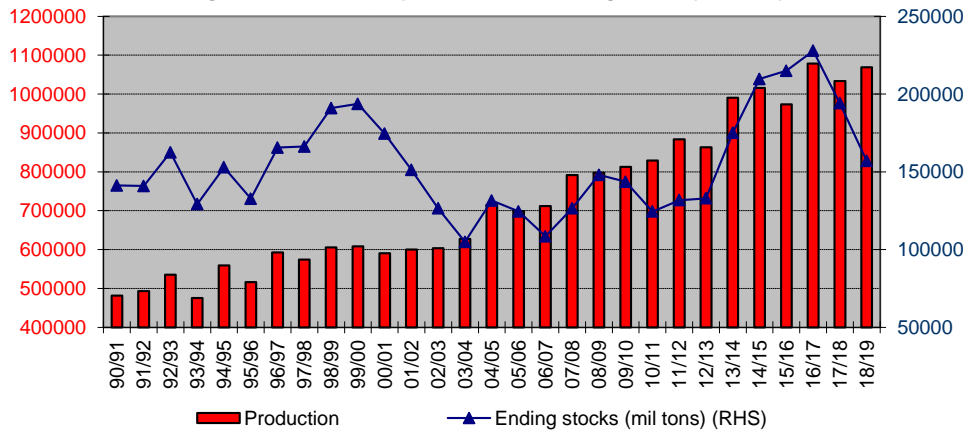
- The graph below presents the US maize used in the production of ethanol in the past few seasons. From the graph below we see that that has been a strong surge between 2000 and 2010 and the maize used has increased marginally since.
- The maize used in the production of ethanol represents 37% of total consumption which has been flat for the past 6-years.

Figure 6: Ethanol usage of maize and % of total consumption (mil bu)



- In terms of the rest of the world the 2018/19 world maize crop was estimated at 1 069 million tons which is up from the 1 061 million tons estimated in their report last month. The larger world maize crop is due to larger estimates for the US (+6.1 million tons) and the European Union (+1 million tons). The 2018/19 world maize ending stocks was estimated at 157.03 million tons which is up from the August estimate seen at 155.49 million tons.

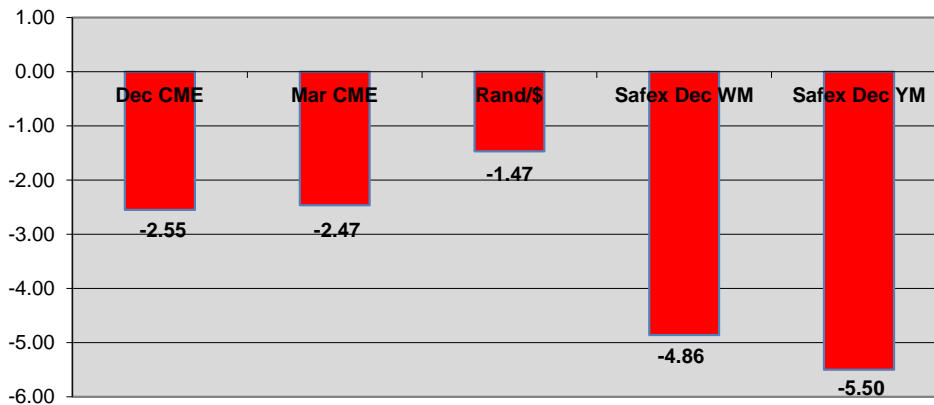
Figure 7: World maize production and ending stocks (000 tons)



## LOCAL MAIZE MARKET

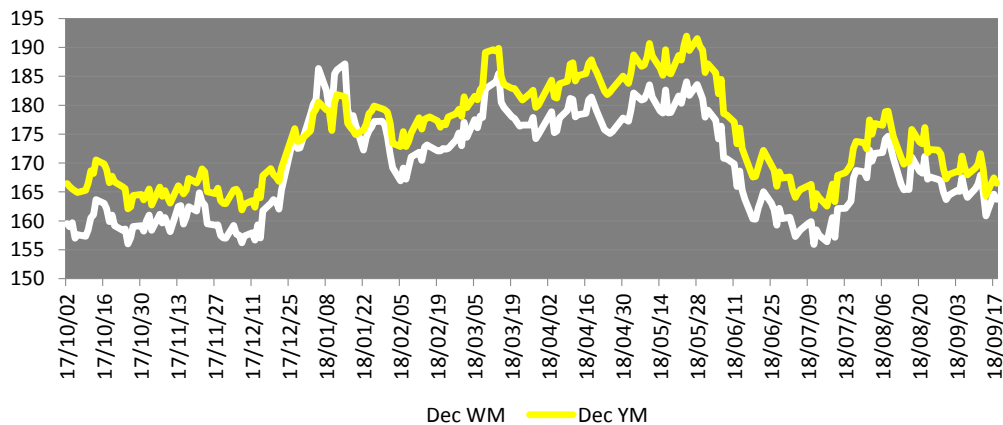
- South African maize prices traded lower in the past week with December white and yellow maize ending 4.86% and 5.50% lower in the past week respectively. South African maize prices were pressured by the lower US maize prices and the stronger rand seen for most of the past week.
- The rand posted some gains especially in the session today with the rand trading around R14.65/\$ currently and key support is seen at R14.60/\$ which is the low seen on the 13<sup>th</sup> of September.
- On the technical chart for December white maize we see that the market broke below R2460 and some more follow through selling was seen after that. The market broke below the 40-day average in the session today.

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



- South African maize prices in dollar terms has been under pressure in the past week with December yellow maize trading as low as \$164/ton late last week and maize prices has pulled slightly off that level. December yellow maize is currently trading at \$166/ton. Keep in mind that the recent lows for December yellow maize is seen around \$162/ton seen in July 2018 and December 2017.

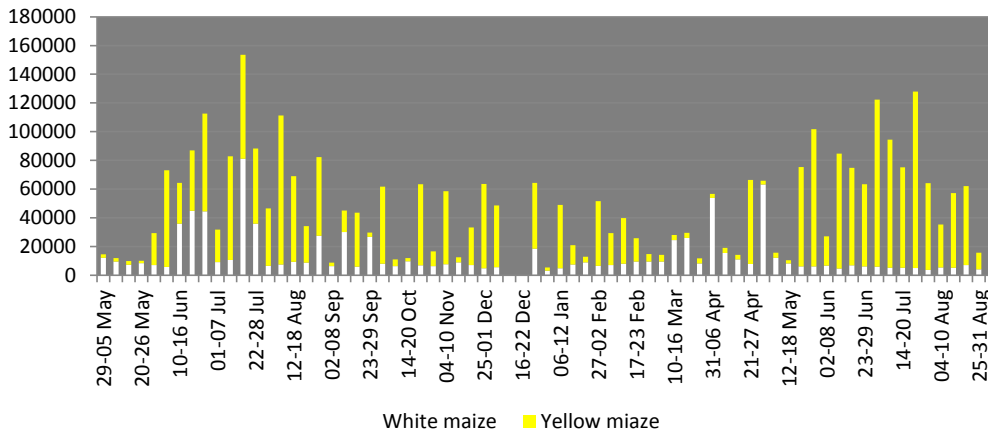
Figure 9: Safex December white and yellow maize (\$/ton)



### South African maize exports

- The weekly South African maize exports for the week ending the 7<sup>th</sup> of September indicated that 8 390 tons of maize was exported including 4 623 tons of white maize and 3 767 tons of yellow maize. This brings the cumulative maize exports for the season to date at 1.241 million tons including 142 949 tons of white maize and 1.071 million tons of yellow maize.
- Looking at the maize intended for exports for the 8-weeks ahead we see that there is planned exports of 347 996 tons including 99 904 tons of white maize and 248 092 tons of yellow maize.

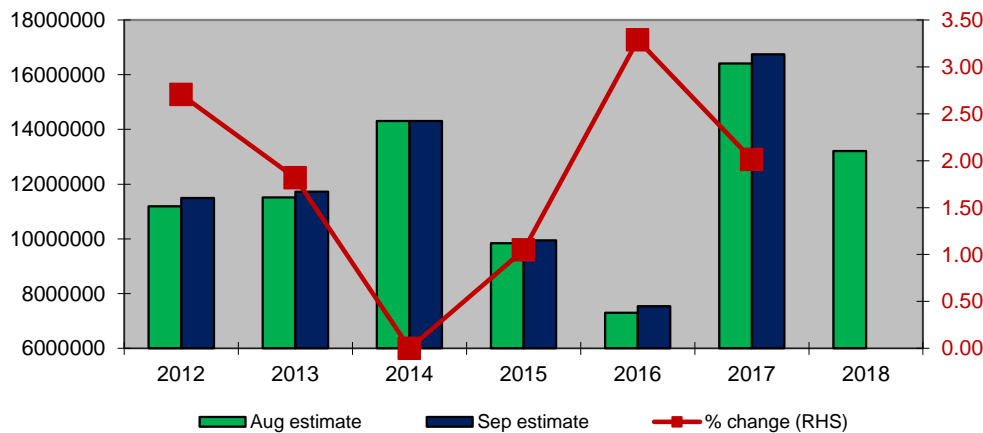
**Figure 10: Weekly South African white and yellow maize exports**



**CEC crop estimates**

- The final South African maize crop estimate will be released on Wednesday next week. In August the South African maize crop estimate was left unchanged at 13.207 million tons.
- The graph below presents the August and September maize crop estimates and the % change between the 2 estimates in the past few seasons. It is interesting to see that in 5 of the past 6 years did we see a higher maize crop estimate in September and only in 2014 was the final September estimate left unchanged. Therefore based on historical stats the bias is for a larger crop estimate this time of the year.

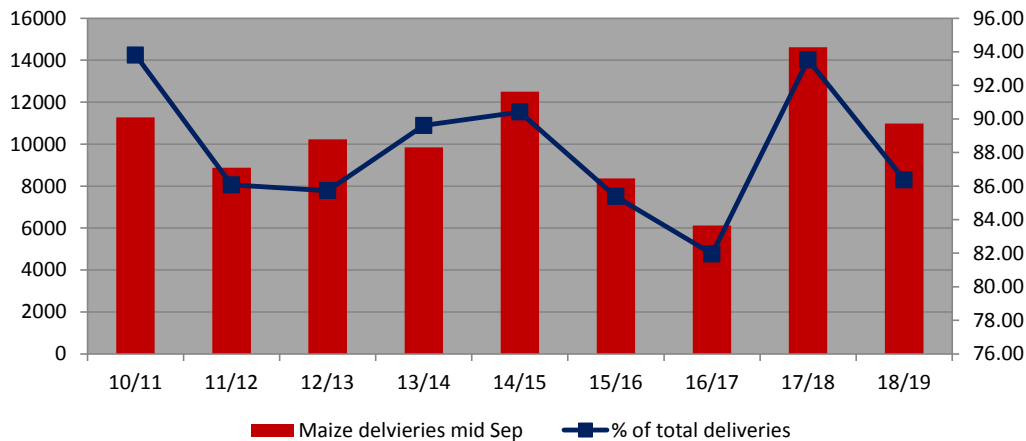
**Figure 11: CEC Aug and Sep maize production estimates and % change**



- As a matter of interest the graph below presents the South African producer deliveries from May through to mid-September in the past few seasons as well as the % of total deliveries seen by mid-September.
- Keep in mind we only look at in season deliveries from the beginning of May through to mid-September and do not include early deliveries.
- In 2018/19 we estimate total deliveries as the CEC estimate (13.207 million tons) minus our estimate of farm retentions seen at 500 000 tons.
- From the data in the graph below we see that on average 88.3% of in season deliveries was delivered by mid-September and in 2018/19 the deliveries to date represents 86% of our estimate of total deliveries.
- With the in season deliveries in 2018/19 behind the longer term average we do not foresee a larger crop estimate in the report next week. Once again we stress that we only include in season deliveries in the analysis below.

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

**Figure 12: Maize producer deliveries mid September and % of total**



### FOCUS FOR THE WEEK

- US maize prices traded lower in the past week with December CME maize prices setting new contract lows. The harvesting of maize in the US and the ongoing trade war between the US and China weighing on maize and soybean prices.
- On the technical chart we see that the market sold off sharply in the past week following a break below the \$3.55-\$3.50 support area and the market traded to a new low of \$3.43/bushel. Moving averages and indicators remain under pressure but the market is heavily oversold.
- South African maize prices traded lower in the past week with December yellow maize leading the way lower. The lower US maize and stronger rand added some pressure. The December white/yellow maize spreads also narrowed quite sharply in the past week.
- On the technical chart for December white maize we see that the market traded lower in the past week with December white maize breaking below R2400 and the 40-day average. Support is seen in the R2370-R2340 area.

### *Also see the technical graphs below*

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

Daily MAWZ8

2018/02/12 - 2018/10/02 (JHB)

CndI, MAWZ8, Trade Price  
 2018/09/19, 2 405.00, 2 407.00, 2 376.00, 2 387.00, -47.00, (-1.93%)  
 SMA, MAWZ8, Trade Price(Last), 100  
 2018/09/19, 2 283.60  
 SMA, MAWZ8, Trade Price(Last), 40  
 2018/09/19, 2 389.73  
 SMA, MAWZ8, Trade Price(Last), 9  
 2018/09/19, 2 460.67  
 SMA, MAWZ8, Trade Price(Last), 200  
 2018/09/19, 2 201.63

Price  
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 2 520  
 2 490  
 2 460  
 2 430  
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*"Together we make a difference"*