

INTERNATIONAL MARKET

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

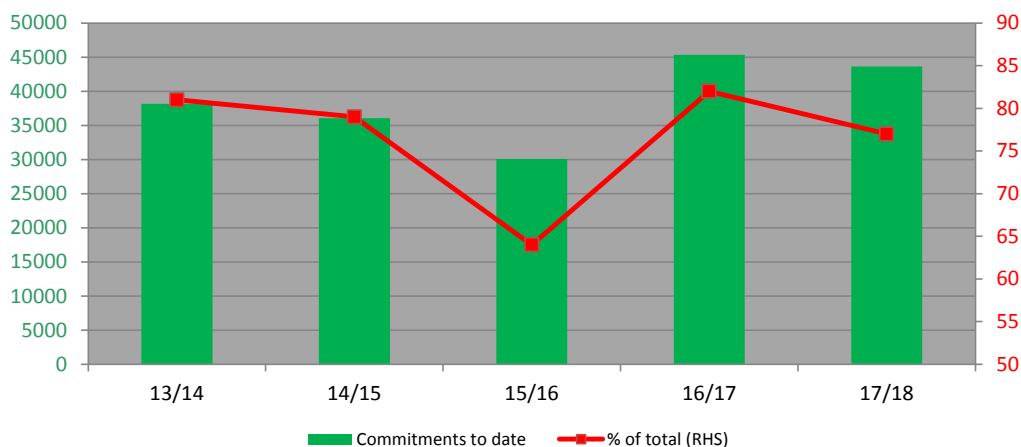
	Currently	15/03/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME May-18	375 ¾	386 ¾	-11	1
CME Jul-18	383 ¾	394 ½	-10 ¾	1 ¼

- US maize prices did come under some pressure in the past week with both CME May and July coming under some pressure. On a monthly basis CME maize prices are mostly flat to slightly higher.
- On the technical chart for July CME maize we see that the market initially posted some gains but the market failed to sustain a break above the psychological \$4.00/bushel level and some selling/long liquidation was seen after that. The market sold off sharply breaking below the 40-day average and prices are currently finding some support just above \$3.80/bushel.
- US maize prices traded lower in the past week with some technical selling and long liquidation that was in CME maize while the spillover weakness from the lower US soybean and wheat prices also added some pressure.
- Some moisture relief was also seen in some of the key growing areas of Argentina in the past week which could help the late planted maize and some more showers are possible.
- The weekly US CFTC report indicated that investment funds in the US are sitting on the largest net long position in US maize in almost 2-years. This makes the market vulnerable for some long liquidation.

US MARKET

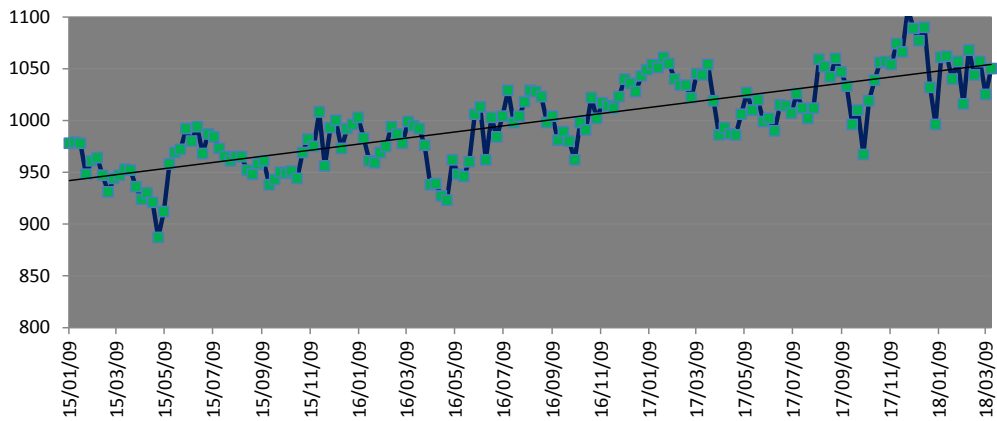
- The US maize exports remain strong with the demand being supported by the crop losses and drought conditions in Argentina. This has been a supportive factor for US maize prices in the past week.
- The 2017/18 cumulative maize committed for exports is slightly below the cumulative commitments seen in the previous season. The 2017/18 maize committed for exports represents 77% of the USDA export estimate which is in line with the 5-year average seen for this time of the year.

Figure 1: US maize committed for exports and % of total



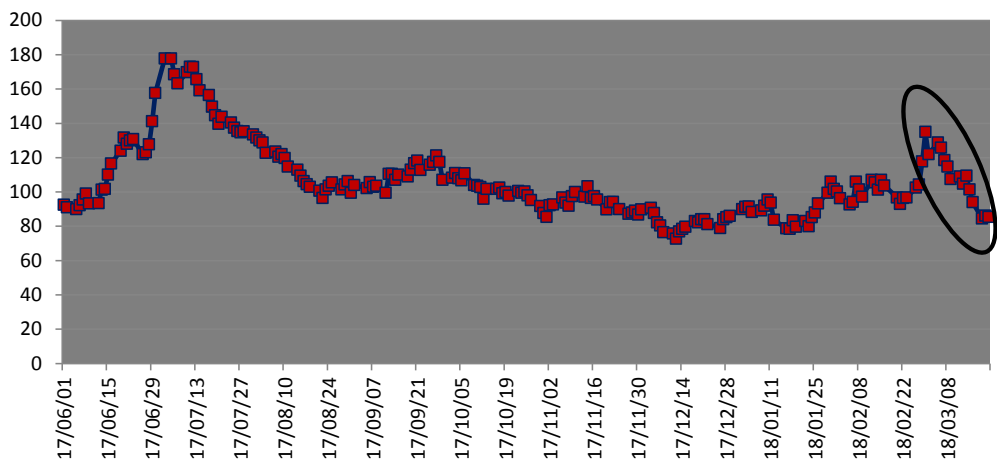
- Still on the demand side of the US maize market the weekly ethanol production for the past week was reported at 1.050 million barrels/day which is up from the 1.025 million barrels reported last week.
- The weekly US ethanol production is seen back at the longer term trend average.

Figure 2: Weekly US ethanol production (000 barrels)



- US wheat market sold off sharply in the past week and this resulted in the CME July maize/wheat spread coming under pressure in the past few sessions. The spread traded as high as \$1.35/bushel in early March and has since pulled lower to around \$0.85/bushel, which has been an area of support for the spread in the past.

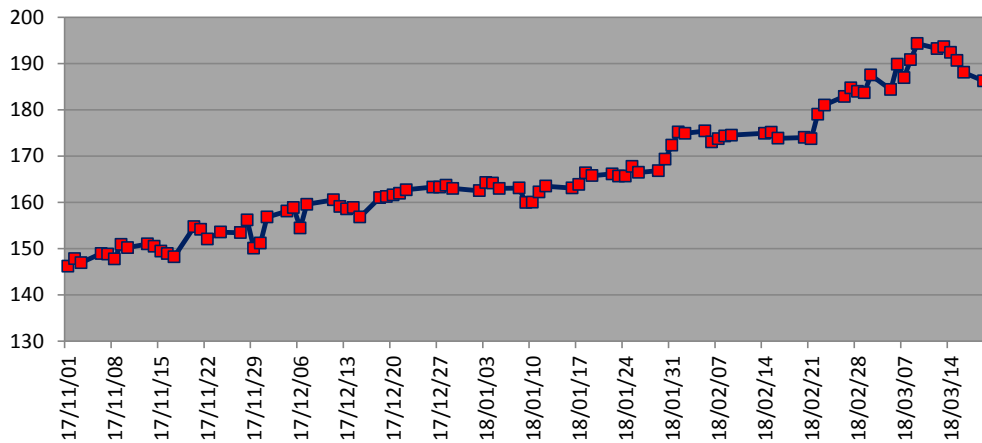
Figure 3: CME Maize/Wheat spread (c/bu)



SOUTH AMERICA

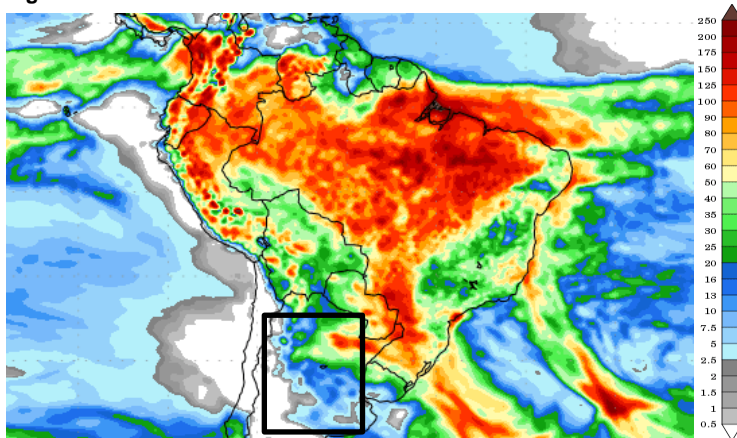
- The dry weather conditions and crop losses in Argentine supported global maize and soybean prices in the past few weeks. Argentine FOB prices traded to a high of around \$195/ton on the 9th of March but prices has since pulled slightly lower. Argentine FOB maize prices are currently trading around \$183/ton.

Figure 4: Argentine FOB maize prices (\$/ton)



- The weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map below we see that some moisture is forecasted for the central and eastern growing areas of Argentina in the week ahead while drier conditions will once again dominate in the south.

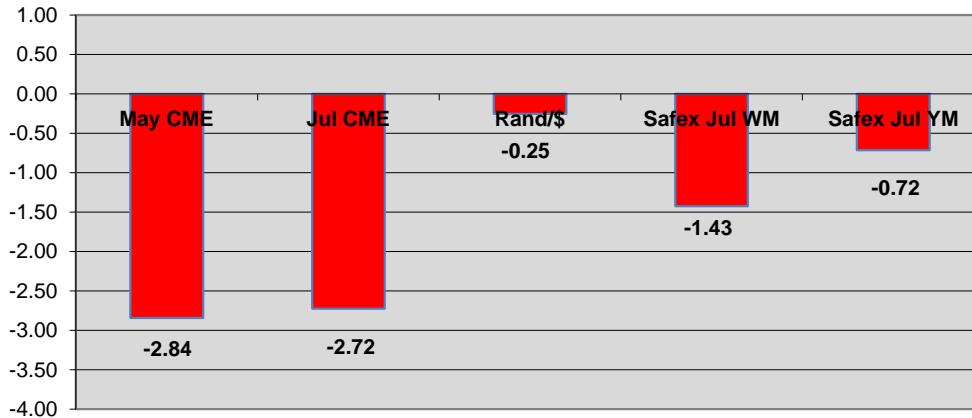
Figure 5: Cumulative rainfall forecast for week ahead



LOCAL MAIZE MARKET

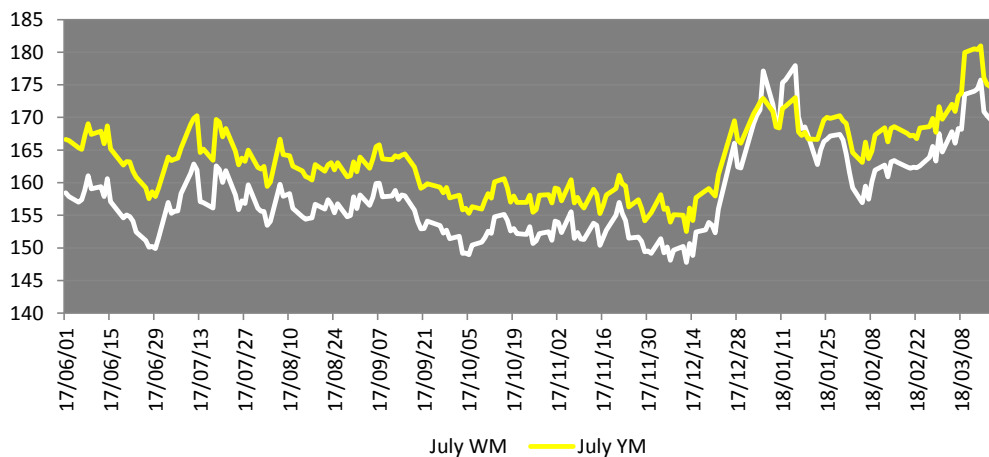
- South African maize prices did come under some pressure in a shortened trading week with July white and yellow maize prices ending 1.43% and 0.72% lower in the past week. CME maize prices are lower with May and July ending 2.84% and 2.72% lower and the rand also posted some gains.
- The rand initially did come under pressure trading as high as R12.10/\$ on the 19th of March but the rand posted some good gains after that and is currently trading around R11.85/\$.
- The improved weather conditions in the summer grain producing areas with some widespread showers also weighed on South African new crop prices.

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



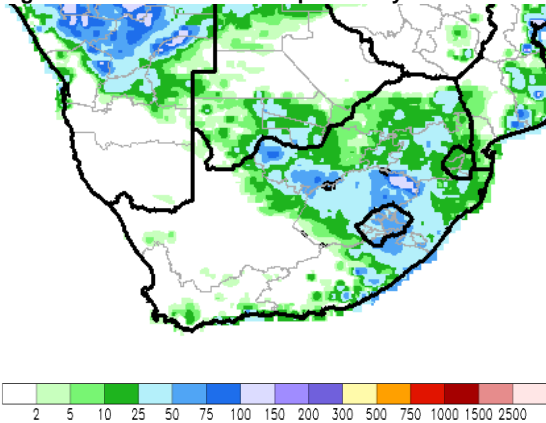
- South African maize prices did come under some pressure in dollar terms with yellow maize prices trading to a high of around \$181/ton by mid-March and came under pressure after that. Safex July yellow maize are currently trading around \$173/ton. Safex July white maize are trading at \$168/ton.

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



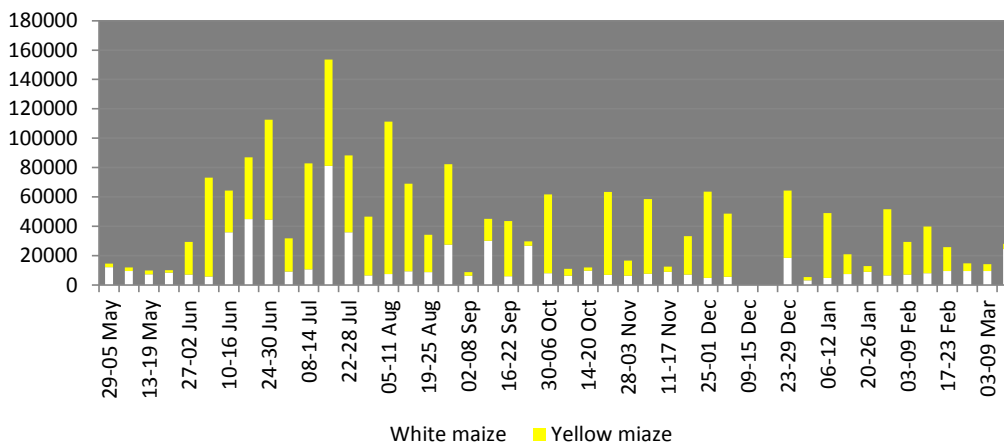
- The weather map below presents the cumulative rainfall for the past week ending the 20th of March. From the weather map below we see that some good widespread rainfall was seen in the central and eastern parts of the Free State and the western half of the North West province.
- Significantly less rainfall was once again seen in most of Mpumalanga and the eastern parts of the North West province in the past week. However the rainfall forecast for the week ahead is expecting some good widespread rainfall.

Figure 8: Rainfall seen in the past 7-days



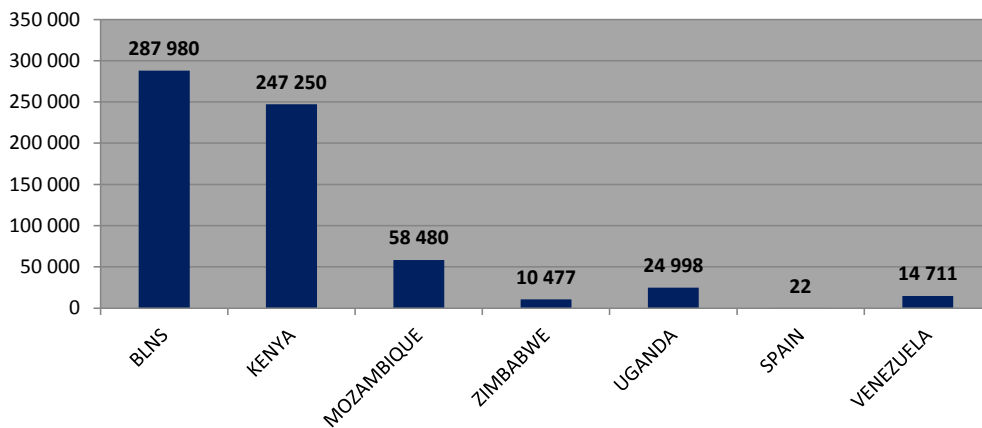
- The weekly South African maize exports in the past week was reported at 28 117 tons including 24 494 tons of white maize and 3 623 tons of yellow maize. Most of the white maize was exported to Venezuela.
- This brings the cumulative maize exports for the season to date at 2.044 million tons including 643 918 tons of white maize and 1.401 million tons of yellow maize.

Figure 9: Weekly South African white and yellow maize exports



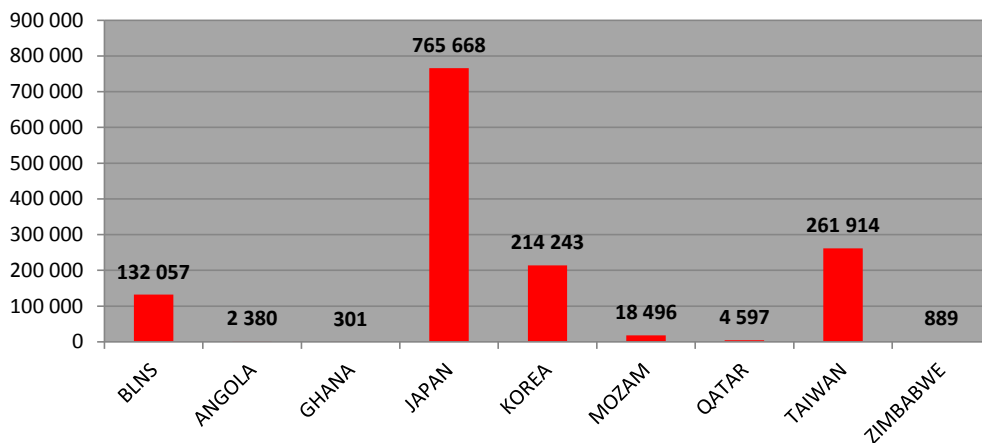
- The graph below presents the breakdown of the South African whole white maize exports seen in the season to date. From the graph below we see that BLNS countries imported 287 980 tons or 45% of our white maize exports to date. Kenya imported 38% of our white maize exports.
- More recently we did see some interest out of Venezuela and Spain.

Figure 10: White maize exports per country (tons)



- The graph below presents the breakdown of the South African whole yellow maize exports seen in the season to date. From the graph below we see that 765 668 tons or 55% of our yellow maize exports was imported by Japan. Korea and Taiwan imported 15% and 19% respectively.

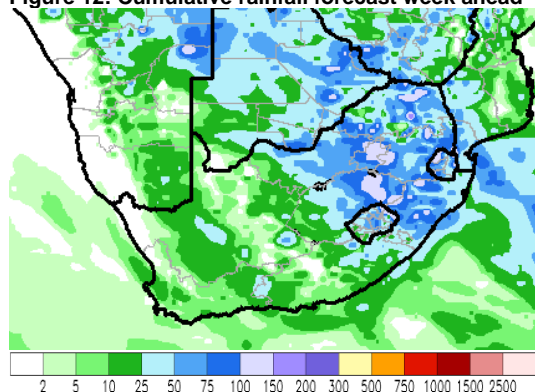
Figure 11: Yellow maize exports per country (tons)



Weather forecast

- The weather forecast for the week ahead expects some widespread rainfall in most of the summer grain producing areas of the country in the week ahead. Most of the rainfall is forecasted for today and tomorrow.

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 did come under pressure in the past week with the spill over weakness from soybeans and wheat and some technical selling weighing on market. Some investment fund long liquidation also weighed on prices.
- Some rainfall was seen in some of the growing areas of Argentina in the past week which should bring some relief to late planted maize but the damage has been done in some areas.
- On the technical chart for July maize we see that the market did get some resistance around \$4.00 and pulled lower after that. The market broke below the 40-day average and is currently finding some support just above \$3.80/bushel.
- South African maize prices did come under some pressure in the past week with the lower US maize prices, stronger rand (especially this morning) and improved weather putting pressure on local maize prices.
- On the technical chart for July white maize we see that our market did come under some pressure breaking below the key averages including the 100-day and 200-day with the market also closing the gap back just above R2000/ton. The indicators are under some pressure and support is seen at R2000 and the 40-day seen around R1960.
- The next key data release for the local market will be the Sagis monthly data due on Tuesday and the CEC crop estimate due on Wednesday.

Also see the technical graphs below

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





"Together we make a difference"