



## INTERNATIONAL MARKET

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

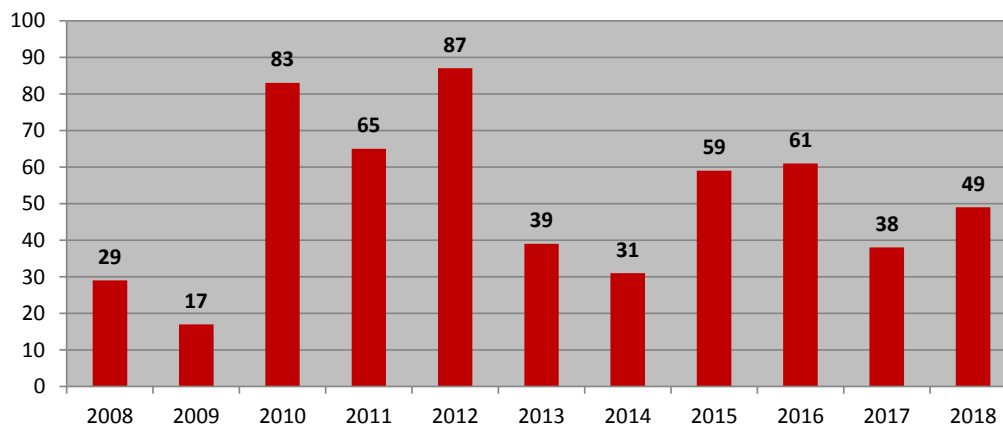
	Currently	18/10/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Dec-18	367	370 <sup>3</sup> / <sub>4</sub>	-3 <sup>3</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>4</sub>
CME Mar-19	379 <sup>1</sup> / <sub>4</sub>	383	-3 <sup>3</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>2</sub>

- US maize prices traded lower in the past week with both December and March maize coming under some pressure. On a monthly basis US maize prices are slightly lower with December and March gaining 0.90%.
- On the technical chart for December CME maize we see that the market did come under pressure in the past week with the market testing the 100-day as resistance several times and once again failing in the session yesterday. The market is caught between the 40-day as support \$3.63 and the 100-day as resistance seen at \$3.69.
- The harvesting of US maize has gained some momentum with improved weather conditions in the Midwest. The record yields and huge maize crop is limiting some of the buying interest in maize futures.
- Adding to this the weakness in the outside markets and the ongoing dollar strength that was seen also added some pressure.

## 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 unchanged week/week.
- The USDA in their weekly crop progress report indicated that 49% of the US maize crop has been harvested which represents a weekly gain of 10%. The current harvesting progress is in line with the 5-year average seen at 47% harvested this time of the year.

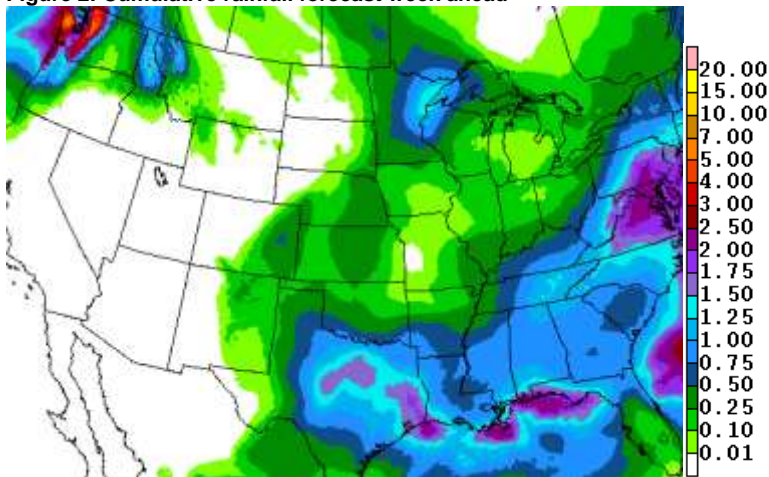
Figure 1: US maize harvesting progress (% complete)



## US Weather

- The weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map below we see that only very light rainfall is forecasted in the week ahead. The harvesting delays of maize and soybeans should be limited in the week ahead.
- The extended 6-10 day forecast expects normal/below normal temperatures and above normal rainfall for most of the Midwest.

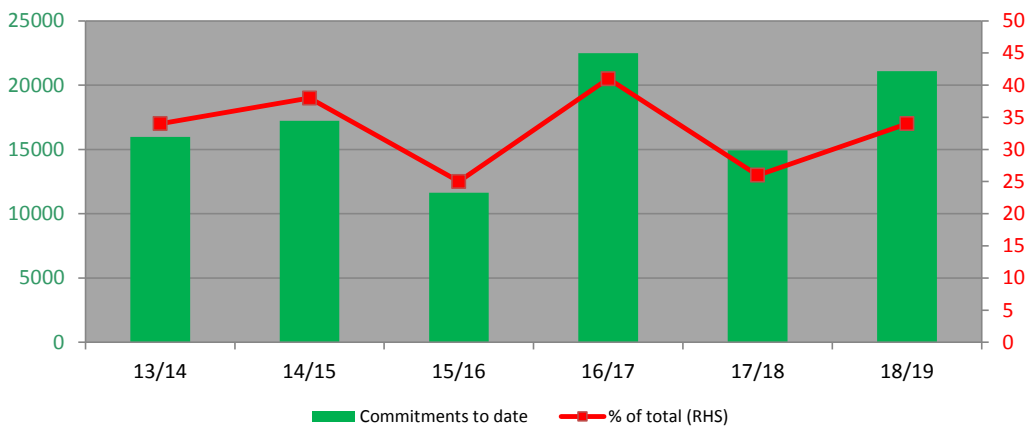
**Figure 2: Cumulative rainfall forecast week ahead**



**US maize export progress**

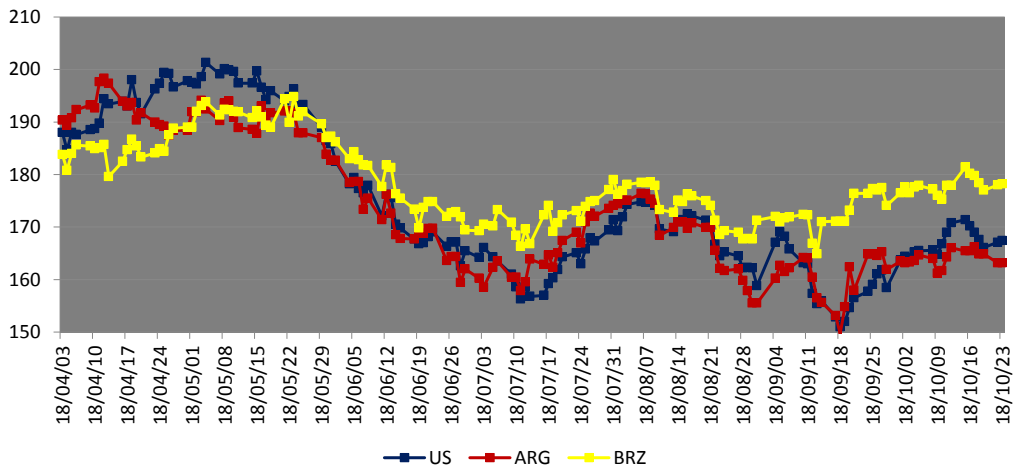
- The graph below presents the US maize committed for exports this time of the year in the past few seasons as well as the % of the USDA export estimate that has been committed to date.
- In the 2018/19 marketing season the US maize committed for exports represents 34% of the USDA export estimate which is in line with the 5-year average seen at 33% for this time of the year.

**Figure 3: US maize committed for exports and % of total**



- The graph below presents the US, Argentine and Brazilian FOB maize prices seen in the past few months. Nearby US FOB maize is currently quoted at \$166/ton while Argentine maize prices are trading around \$160/ton. US FOB prices have declined 1.6% in the past week.

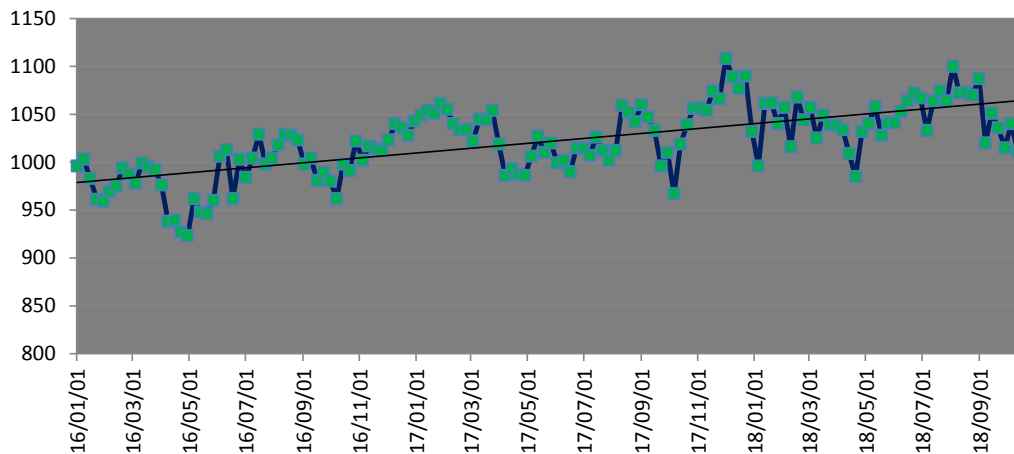
**Figure 4: US, Arg and Brazilian FOB maize prices**



### **US ethanol production**

- The weekly US ethanol production for the past week was reported at 1.011 million barrels/day which is down from the 1.040 million barrels reported last week. The weekly ethanol production was the lowest weekly total since the 20<sup>th</sup> of April 2018.

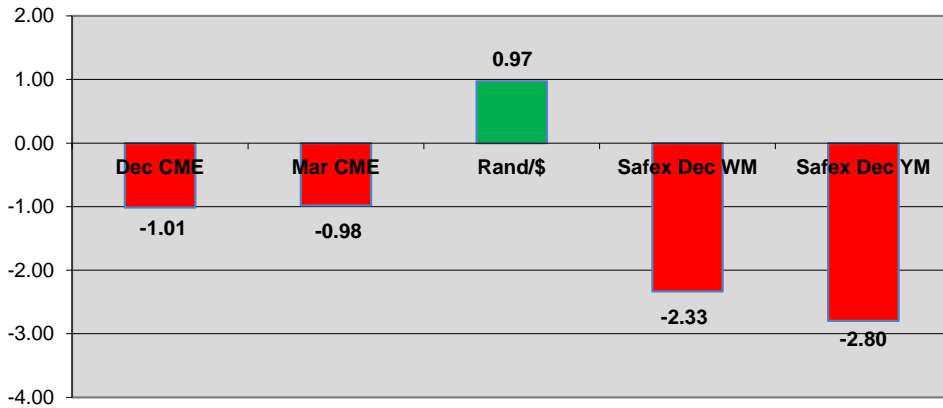
**Figure 5: Weekly US ethanol production (000 barrels)**



### **LOCAL MAIZE MARKET**

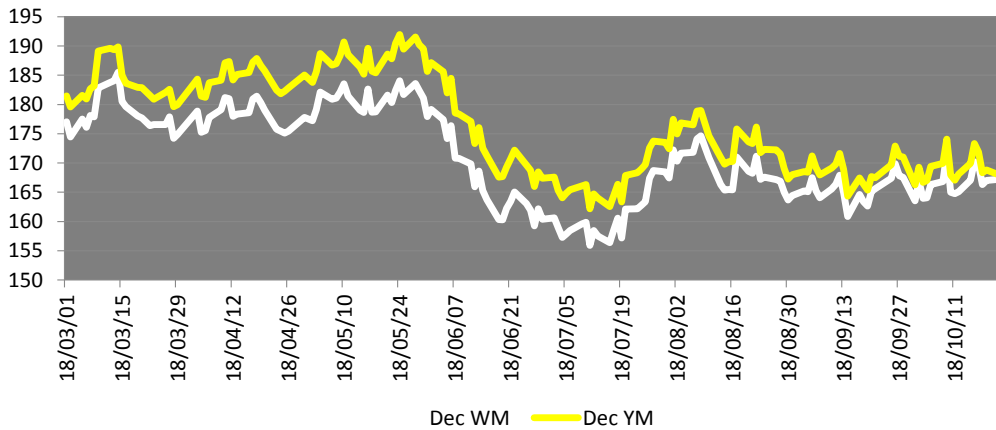
- South African maize prices did come under pressure with December white and yellow maize giving up 2.3% and 2.8% in the past week respectively with most of the weakness seen in the session yesterday. The lower US maize prices and the stronger rand for most of the past week added pressure.
- The rand posted some gains for most of the week ahead of the medium term budget statement. However the rand sold off sharply after the budget yesterday. The rand is currently trading around R14.55/\$ which should be supportive for local maize prices in the session today.

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



- In dollar terms South African maize prices are sharply lower with the sharp selloff seen in the session yesterday and the weaker rand overnight weighing on prices in dollar terms. December white maize is seen at \$161 while yellow maize prices are trading at \$162/ton. The weaker rand this morning should be supportive for local maize prices.

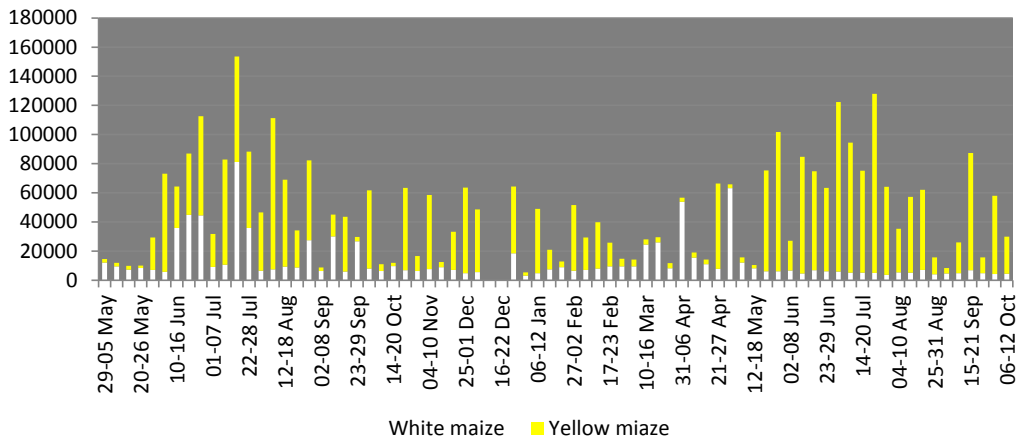
**Figure 7: Safex December white and yellow maize (\$/ton)**



### **South African maize exports**

- The weekly South African maize exports for the week ending the 12<sup>th</sup> of October indicated that 29 989 tons of maize was exported in the past week. The maize that was exported included 4 419 tons of white maize and 25 570 tons of yellow maize.
- This brings the cumulative maize exports for the season to date at 1.433 million tons including 169 837 tons of white maize and 1.263 million tons of yellow maize.

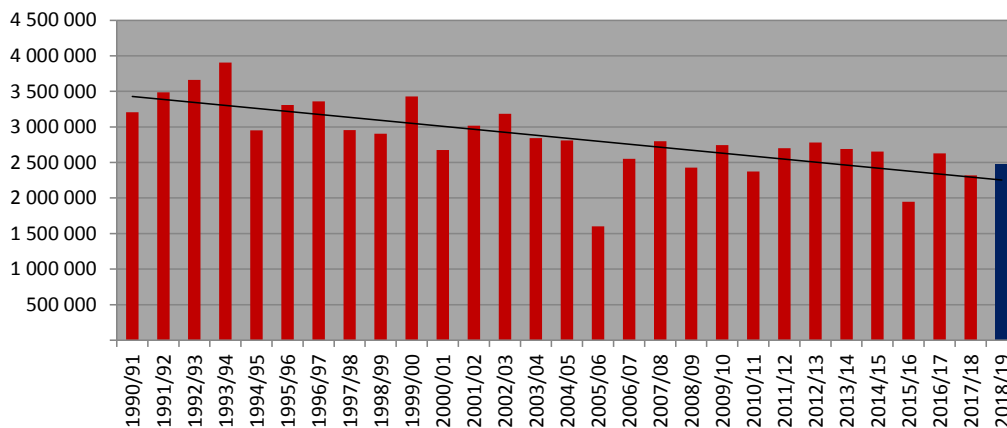
**Figure 8: Weekly South African white and yellow maize exports**



**South African maize area**

- The CEC will release their 1<sup>st</sup> intentions to plant maize in their report on the 25<sup>th</sup> of October. In a survey done by Reuters the South African new crop maize area planted is seen at 2.469 million hectares which is up from the 2.318 million hectares seen in the 2017/18 season.

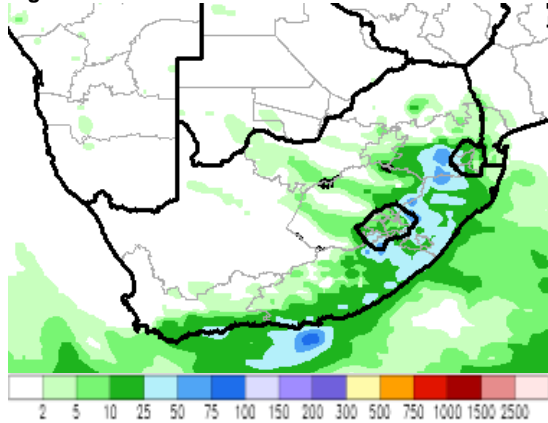
**Figure 9: South African maize area planted (hectares)**



**Weather forecast**

- After a drier week the weather forecast for the week ahead expects some rainfall mainly in the eastern parts of the country. The rainfall that is forecasted is expected from Tuesday/Wednesday next week.

Figure 10: Cumulative rainfall forecast week ahead



### FOCUS FOR THE WEEK

- US maize prices traded lower in the past week with the harvesting of the large US maize crop gaining some momentum. Drier conditions in the US Midwest increased the harvesting tempo.
- The weakness in the outside markets with a stronger dollar, lower commodity prices especially crude oil and a sharp selloff in global equities limited some of the buying interest in US grains and oilseeds.
- On the technical chart for December CME maize we see that the market did come under pressure breaking below the 100-day average. Key support is seen at the 40-day average seen at \$3.63/bushel.
- South African maize prices traded lower in the past week with the stronger rand for most of the past week and the lower US maize prices adding pressure. However the weaker rand this morning should be supportive for our market.
- Key data for the local market will be the Sagis monthly data and the CEC intentions to plant maize due later today.

### *Also see the technical graphs below*

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



*"Together we make a difference"*



*"Together we make a difference"*