

INTERNATIONAL MARKET

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

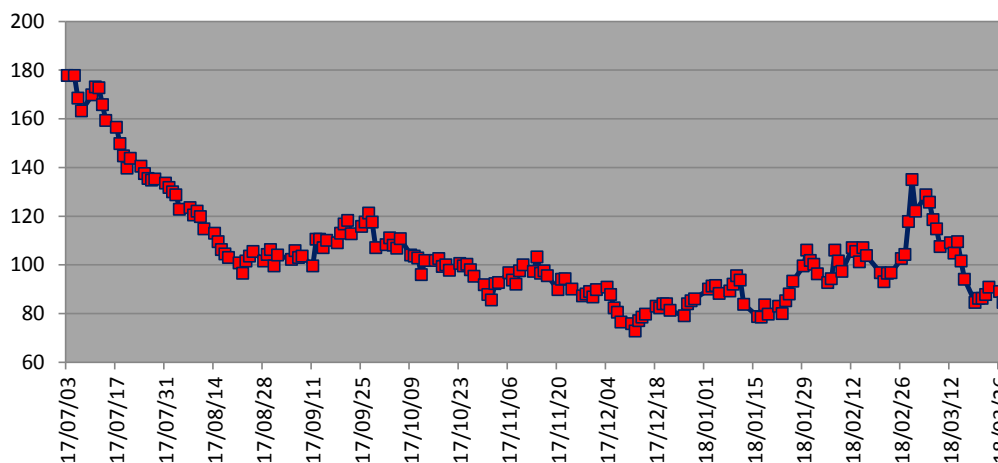
| | Currently | 21/03/2018 | Weekly change (c/bu) | Monthly change (c/bu) |
|-------------------|--------------|------------|----------------------|-----------------------|
| CME May-18 | 374 ¼ | 375 | -3/4 | -7 ¾ |
| CME Jul-18 | 382 ½ | 383 | -1/2 | -7 |

- US maize prices ended slightly lower in the past week with CME May and July ending marginally lower. On a monthly basis US maize prices are under pressure with May and July giving up 2.0% and 1.8% in the past month respectively.
- On the technical chart for July CME maize we see that the market did come under some pressure in the 2nd half of March after prices failed around \$4.00/bushel. The market sold off after that breaking below the 40-day average and is currently finding some support around \$3.82-\$3.80/bushel. July maize prices are caught between the averages with the 40-day as resistance seen at \$3.86 and the 100-day as support seen at \$3.76.
- US maize export remain strong which is a supportive factor for the market but the spillover weakness from the lower US soybean and wheat futures and some positioning ahead of the USDA acreage and stocks report probably limited some of the buying interest.
- The US cash markets did pull well off the highs seen in the previous week and the rally in South American maize prices also stalled.

US MARKET

- US maize prices did come under some pressure in the past week with the spillover pressure from the lower US soybean and wheat prices adding some pressure.
- The graph below presents the CME maize/wheat spread in the past few months. From the graph below we see that the spread has narrowed significantly as the weather premium was taken out of the wheat market to a large extent. We see that the \$0.80/bushel level has been a strong support for the CME maize/wheat spread.

Figure 1: CME maize/wheat spread (c/bu)

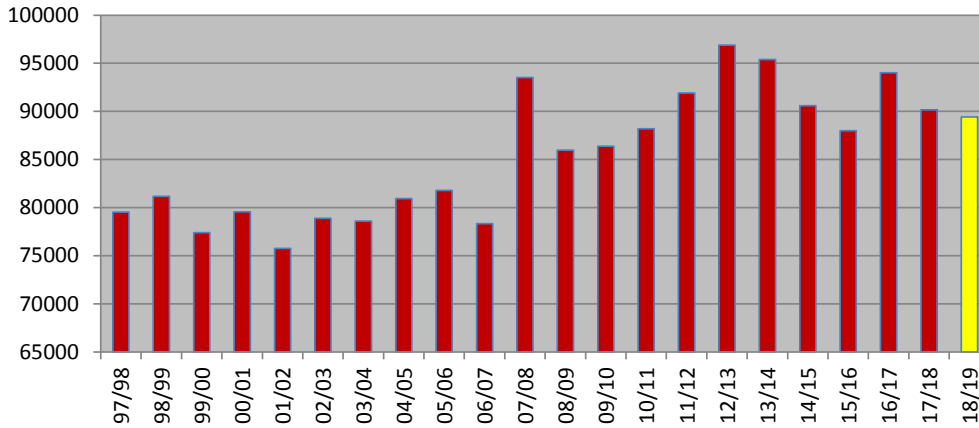


USDA quarterly acreage and stocks report

- The USDA will release their quarterly acreage and stocks report on Thursday. The average market expectation of the US March 1st maize stocks is seen at 8.703 billion bushels which is up from the 8.622 billion bushels of maize in stock the same time last year and a new record high for this time of the year.

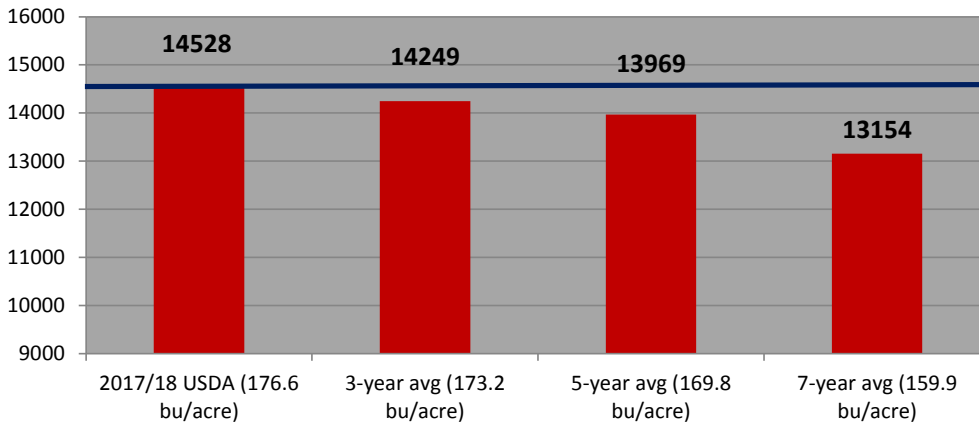
- The average market expectation of the US 2018 maize area planted is seen at 89.420 million acres which is down from the 2017 maize area planted seen at 90.167 million acres and slightly lower than the USDA Outlook Forum estimate of 90 million acres.
- From the graph below we see that the trade estimate for the 2018 maize area planted could be the 2nd lowest US maize area planted in the past 8-years.

Figure 2: US maize area planted (000 acres)



- Matter of interest the graph below presents several production scenarios for US maize based on the area estimate mention above. We assume that 92% of the planted area will be harvested.
- We included the yield seen in 2017/18 (record yield) and we also included the 3-year, 5-year and 7-year averages. Based on this the crop could range between 13.154 billion bushels and 14.528 billion bushels.
- The blue line in the graph below in the total maize demand seen in the 2017/18 season which is seen around 14.5 billion bushels.

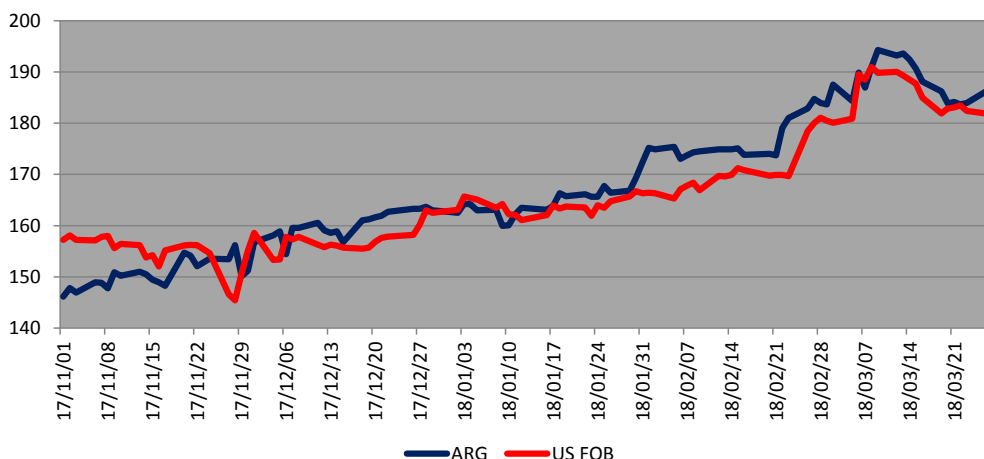
Figure 3: US 2018 maize production scenarios



SOUTH AMERICA

- The Argentine prices has pulled lower in the past week with Argentine FOB prices currently trading around \$182/ton which is down from the \$184/ton seen a week ago. The US FOB prices also came under some pressure and currently trading around \$182/ton.

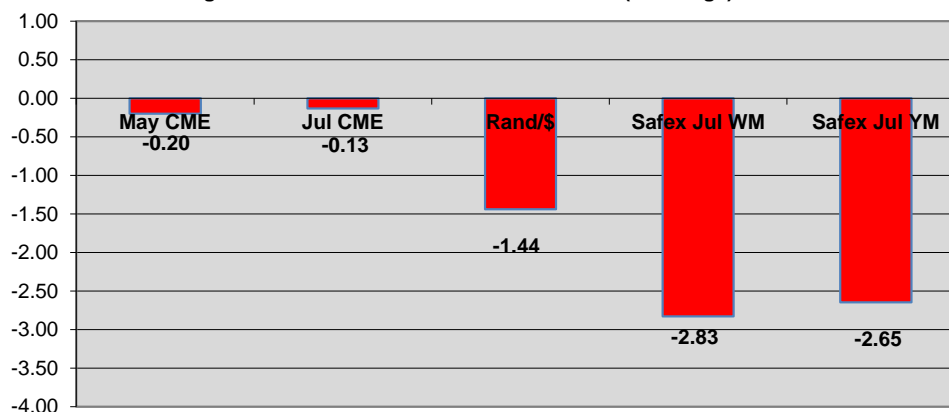
Figure 4: US and Argentine FOB prices (\$/ton)



LOCAL MAIZE MARKET

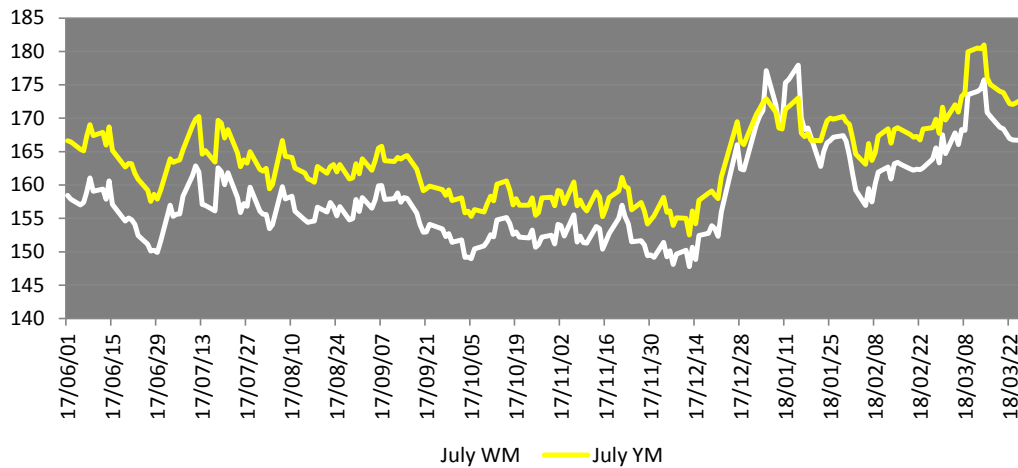
- South African maize prices did come under some pressure in the past week with July white and yellow maize contracts ending 2.83% and 2.65% lower in the past week respectively. South African maize prices were pressured by the lower US maize and stronger rand.
- The rand posted some gains following the decision by Moody's to leave our credit rating unchanged. The rand gained 1.44% in the past week.
- On the technical chart for July white maize we see that the market sold off sharply breaking below the 40-day average and prices did get some support around R1920-R1900 and prices pushed higher after that probably due to some short covering. The moving averages and most of the indicators remain under some pressure.

Figure 5: Safex WM and YM CME and rand/\$ (% change)



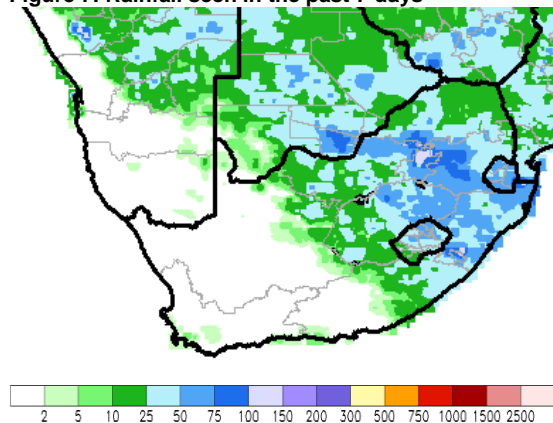
- South African maize price has started to pull slightly higher in dollar terms with yellow maize trading to a recent low of \$172/ton and has since pulled slightly higher while white maize are currently trading around \$168/ton.

Figure 6: Safex July white and yellow maize prices (\$/ton)



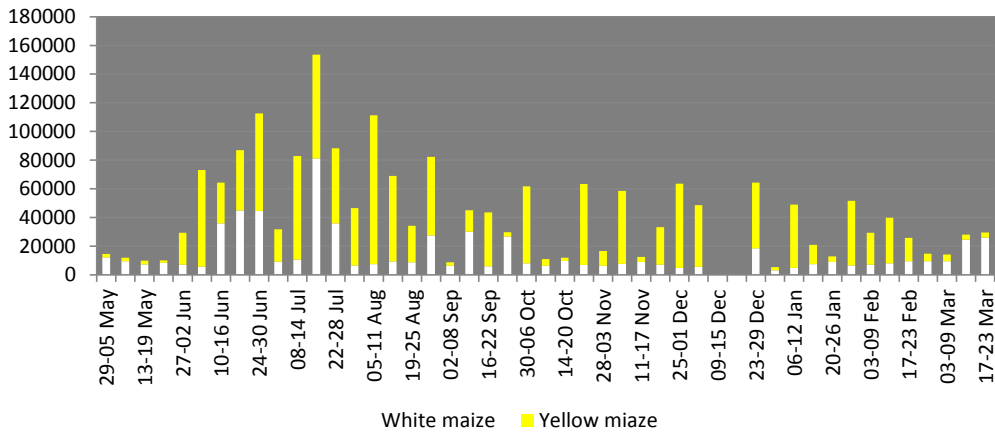
- The weather map below presents the cumulative rainfall for the week ending the 26th of March. From the weather map below we see that some widespread rainfall was seen in the past week with most of the major growing areas receiving some good rainfall amounts. The rainfall that was seen certainly boosted crop potential going forward.

Figure 7: Rainfall seen in the past 7-days



- The weekly South African maize export figures for the past week was reported at 29 477 tons including 25 944 tons of white maize and 3 533 tons of yellow maize. The majority of the white maize was once again exported to Venezuela.
- This brings the cumulative maize exports for the season to date at 2.076 million tons including 672 238 tons of white maize and 1.404 million tons of yellow maize.

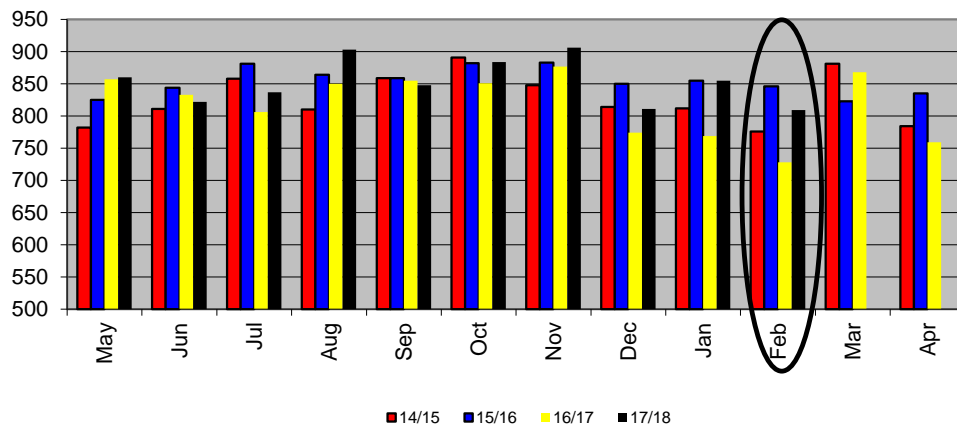
Figure 8: Weekly South African white and yellow maize exports



Sagis monthly data

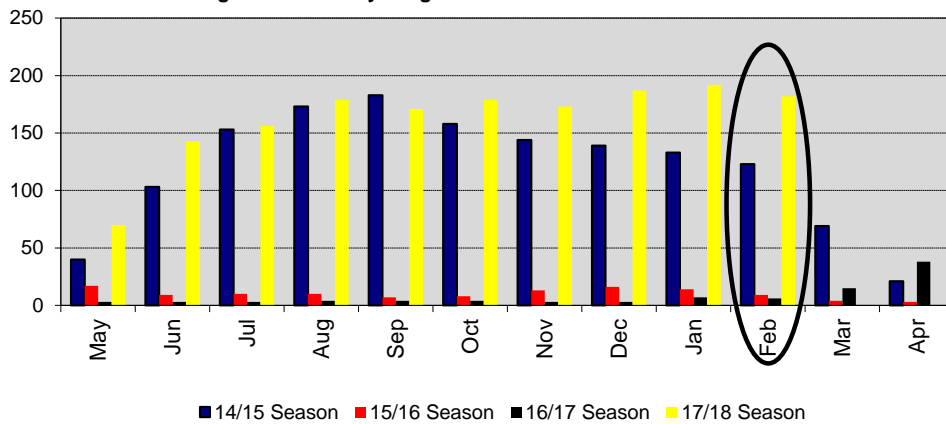
- The monthly Sagis data for the South African maize market was released yesterday. On the supply side of the market we see that 92 695 tons of maize was delivered in February 2018 including 36 714 tons of white maize and 55 981 tons of yellow maize.
- On the demand side of the South African maize market we see that the total maize processed for the local market in February 2018 was reported at 809 461 tons which is down from the 854 706 tons seen in the previous month. The cumulative maize processed for the local market in the season to date is seen at 8.588 million tons which is 4.6% higher year/year.
- The maize processed for the local market in February 2018 was the lowest monthly total in the season to date.

Figure 9: Total maize processed for local market (000 ton)



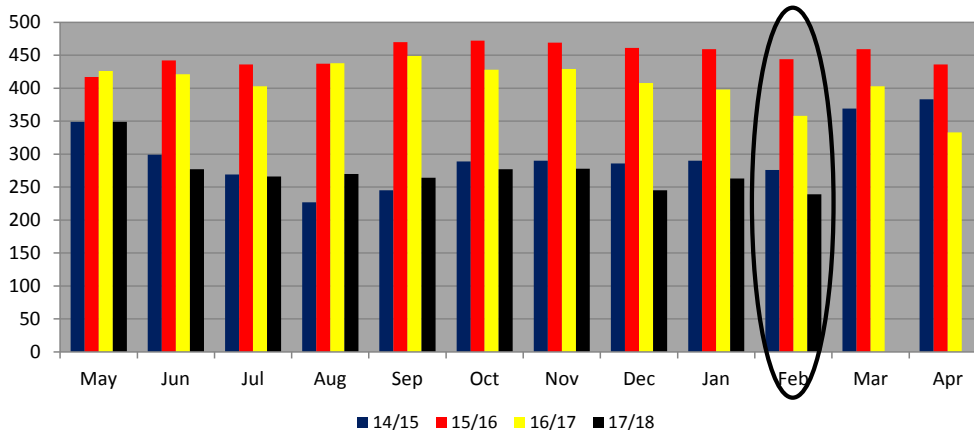
- Looking at white maize demand we see that the human consumption of white maize in February 2018 was reported at 346 471 tons which is slightly lower than the 352 226 tons seen in the previous month.
- The feed usage of white maize in February 2018 was reported at 181 514 tons which is down from the 191 660 tons seen in the previous month. The cumulative white maize used as animal feed in the season to date is seen at 1.650 million tons which is sharply higher year/year.

Figure 10: Monthly usage of WM in animal/industrial sector



- In the yellow maize market the feed usage of yellow maize in February 2018 was reported at 238 545 tons which is down from the 263 409 tons seen in the previous month. The cumulative yellow maize used as animal feed in the season to date is seen at 2.756 million tons which is down from the 4.182 million tons seen in the previous season, with more white maize used in this sector due to the spreads.
- The yellow maize used as animal feed in February 2018 was the lowest monthly total seen in the season to date.

Figure 11: Monthly feed usage of yellow maize

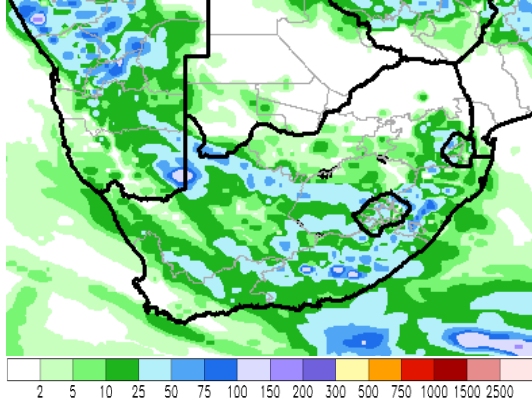


- The South African white maize stocks at the end of February 2018 was reported at 3.663 million tons which is significantly higher than the 984 293 tons seen the same time last year. The average white maize consumption (excluding exports) seen in the season to date is seen around 540 000 tons/month and based on this the stock at hand should be enough for 6.8 months of consumption. Export in the season to date is seen at 66 000 tons/month.
- The South African yellow maize stocks at the end of February 2018 was reported at 1.847 million tons which is well above the 875 351 tons seen the same time last year. The average yellow maize consumption (excluding exports) seen in the season to date is seen at 340 000 tons/month and based on this the stock at hand should be enough for 5.4 months of consumption. Exports averaged around 150 000 tons/month in the season to date.

Weather forecast

- The weather forecast for the week ahead expects slightly warmer and drier conditions in most of the summer grain producing areas. After the rainfall seen last weekend the slightly drier conditions will be welcomed.

Figure 12: Cumulative rainfall forecast week ahead



FOCUS FOR THE WEEK

- US maize prices ended unchanged to slightly lower in the past week. The spill over weakness from the lower US wheat and soybean prices did add some pressure. However the exports out of the US remain robust.
- On the technical chart for July CME maize we see that the market is caught between the moving averages with the 100-day as support at \$3.76 and the 40-day as resistance seen at \$3.86/bushel.
- Key data for the US market will be the USDA acreage and stocks report due to be released on Thursday.
- South African maize prices did come under some pressure in the past week with the lower US maize and stronger rand weighing on the market. The idea that the rainfall the past week will also boost crop prospects also weighed on the market.
- Key data for the local market will be the CEC crop estimates due to be released later today.

Also see the technical graphs below

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



