

INTERNATIONAL MARKET

Table 1: CME Soybean prices and weekly change (cents/bushel)

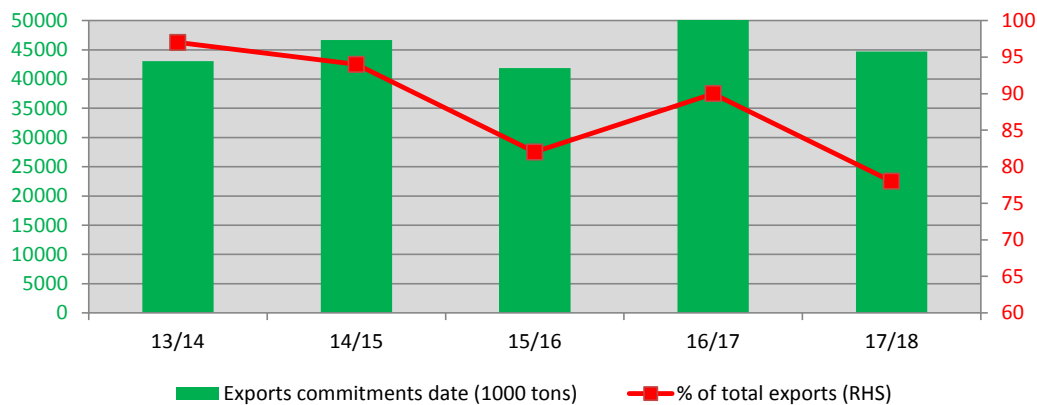
	Currently	22/02/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Mar-18	1051 ¾	1032	19 ¾	66 ¾
CME Jul-18	1070 ¼	1052 ½	17 ½	64 ¼

- US soybean prices posted some good gains in the past week with both March and July soybeans gaining ground. On a monthly basis US soybeans are also trading higher with March and July gaining 6.8% and 6.4% in the past week respectively.
- On the technical chart for July CME soybeans we see that the market posted some strong gains with the market trading to new highs of \$10.71 in the electronic session today. On the technical chart the moving averages and indicators are pulling higher which could continue to provide some support in the sessions ahead. Keep in mind that the market is overbought.
- US soybeans are being supported by the weather conditions in Argentina. The warm and dry weather conditions continue in the key growing areas of Argentina and the forecast expects very little relief which could continue to support the market.

US soybean market

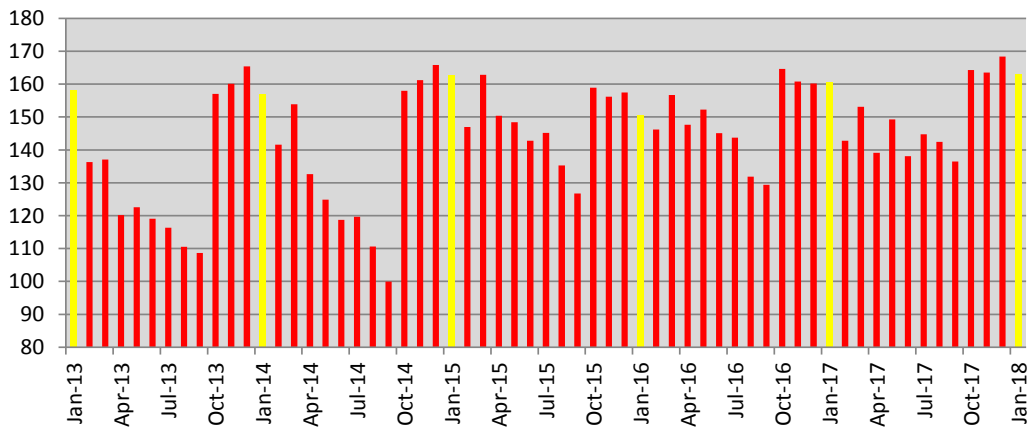
- US soybean contracts posted some gains with the weather conditions in Argentina and expected crop losses supporting the market. This could see some of the export demand for soybeans and soybean products shift to the US.
- The export progress seen in the 2017/18 season to date is still slightly behind the average seen in the past few seasons. In 2017/18 the soybeans committed for exports represents 78% of the USDA export estimate which is behind the 5-year average seen at 914% for this time of the year.

Figure 1: US soybean export progress (1000 tons)



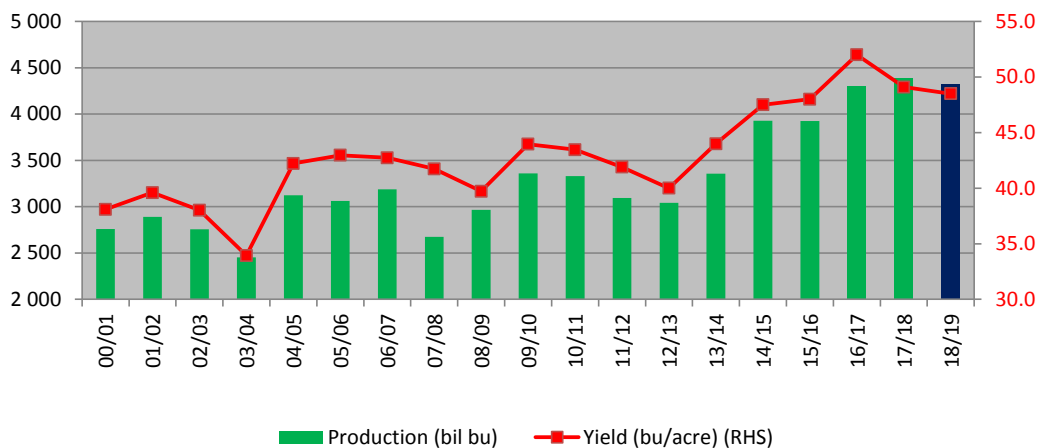
- The US NOPA soybean crush for January 2018 was reported at 163.1 million bushels which was slightly lower than the market expectation and down from the December crush of 166.3 million bushels.
- From the historical data we see that the US soybean crush usually reaches a high between October-February before coming under some pressure reaching a low around September.

Figure 2: NOPA US soybean crush estimates (mil bu)



- The USDA Outlook Forum released their preliminary 2018 estimates at the end of last week. The USDA estimated that the 2018 US soybean area will remain mostly unchanged year/year and the US soybean crop is seen at 4.320 billion bushels which is 2% down from the record soybean crop seen in the 2017 season.

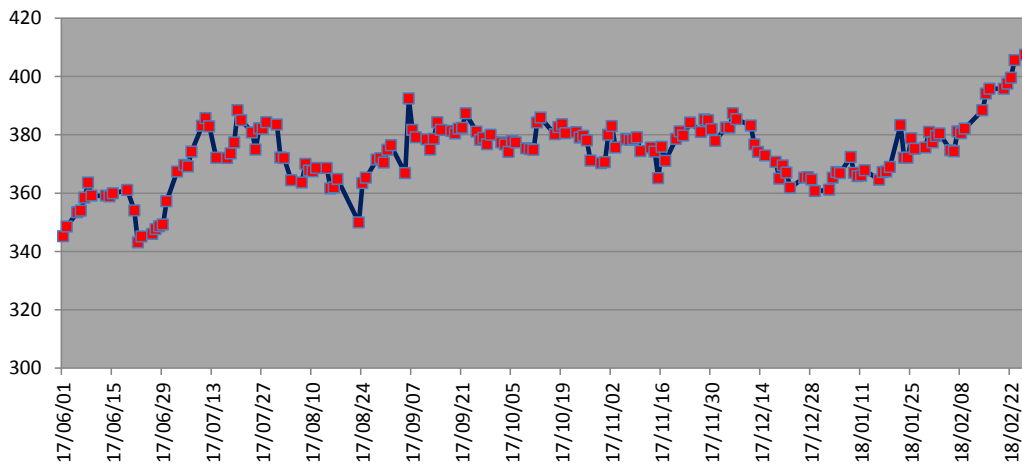
Figure 3: US soybean production and yield estimates



South American market

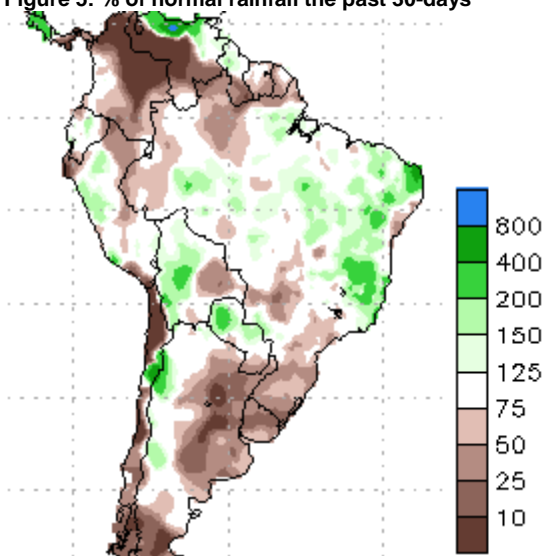
- The warm and dry weather conditions in Argentina supported global soybean prices in the past few weeks. Argentine soybean FOB prices are currently trading around \$408/ton which is its highest level since 3rd quarter 2016.

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



- The weather map below presents the % of normal rainfall seen in South America in the 30-days ending the 27th of February. From the rainfall map below we see that well below normal rainfall was seen in most of the key growing areas of Argentina in the past month.
- The weather forecast also expects drier and warmer conditions in Argentina in the week to 10-days ahead.

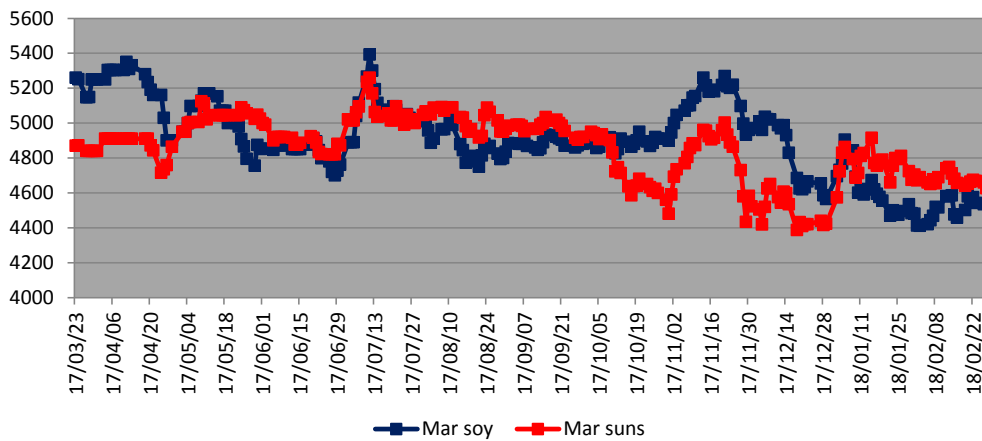
Figure 5: % of normal rainfall the past 30-days



LOCAL OILSEED MARKET

- South African oilseed prices ended higher in the past week with March sunflower seed and soybeans gaining 2.1% and 1.9% in the past week respectively.
- South African oilseed prices were supported by the sharply higher US soybeans seen recently and the weaker rand the past 2-3 sessions. The rand found support at R11.50/\$ earlier this week and has been under pressure since. The stronger dollar weighed on the rand.
- The larger area estimates for both sunflower seed and soybeans did very little to counter the momentum.

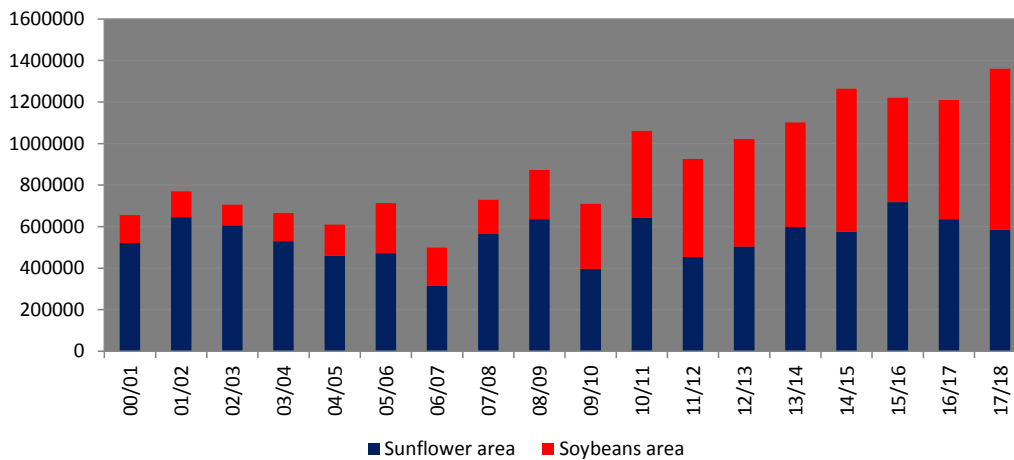
Figure 6: Safex March soybean and sunflower seed prices



CEC Crop estimates

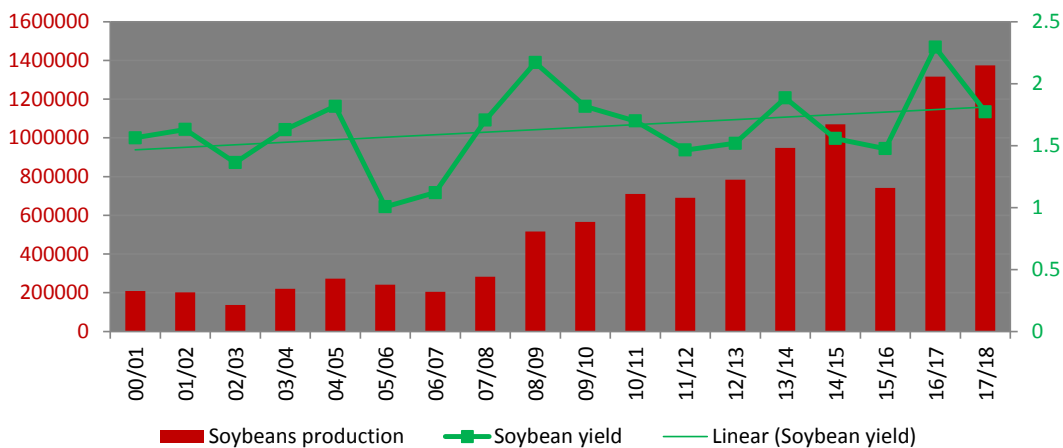
- The CEC released their revised area and 1st production estimates in their report yesterday. The South African soybean area planted was reported at 775 300 hectares which is 74 300 hectares higher than the previous estimate. The sunflower seed area was pegged at 584 900 hectares which is 24 800 hectares higher than the previous estimate.

Figure 7: South African sunflower seed and soybean areas planted



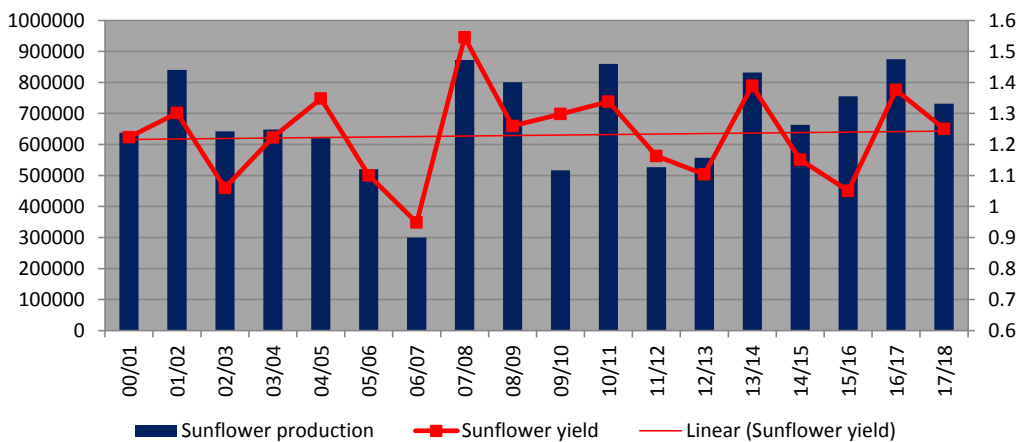
- The South African soybean crop was pegged at 1.375 million tons which is based on an average soybean yield of 1.77 tons/ha. The 2018 crop is seen at new record highs exceeding the 2017 soybean crop of 1.316 million tons.
- From the graph we see that the 2018 soybean crop is seen at new highs even though the 2018 yield is seen more than 20% below the 2.29 tons/ha seen in the previous season.

Figure 8: South African soybean production and yield



- The South African sunflower seed crop in the 2018 season is estimated at 731 505 tons which is based on an average national sunflower seed yield of 1.25 tons/ha. The 2018 sunflower seed crop is well below the 874 000 tons seen in the previous season.

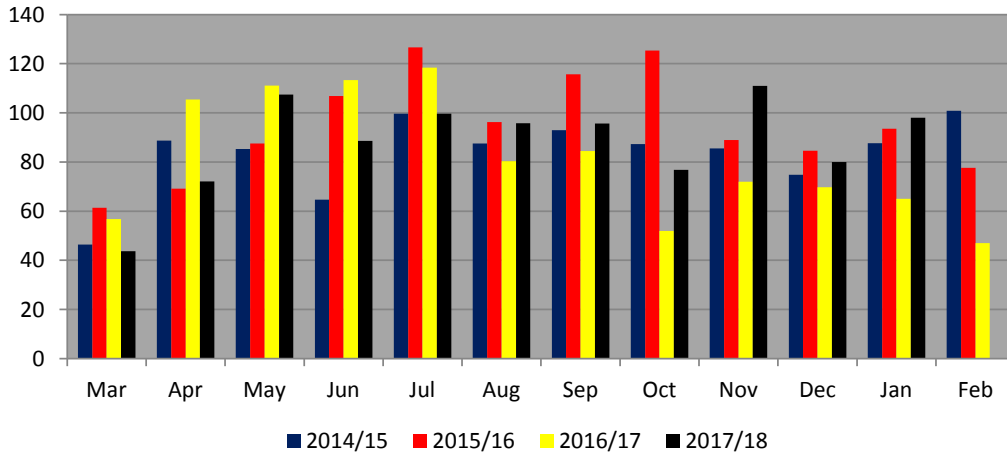
Figure 9: South African sunflower seed production and yield



Sagis monthly data: Soybeans

- The South African soybean processed for the local market in January 2018 was reported at 98 419 tons which is up from the 80 347 tons seen in the previous season. The cumulative soybeans processed in the season is seen at 969 052 tons which is 4.4% higher year/year.
- The soybeans processed in January 2018 are the highest monthly estimate for this time of the year on record.

Figure 10: Monthly soybean processed for local market (000 tons)

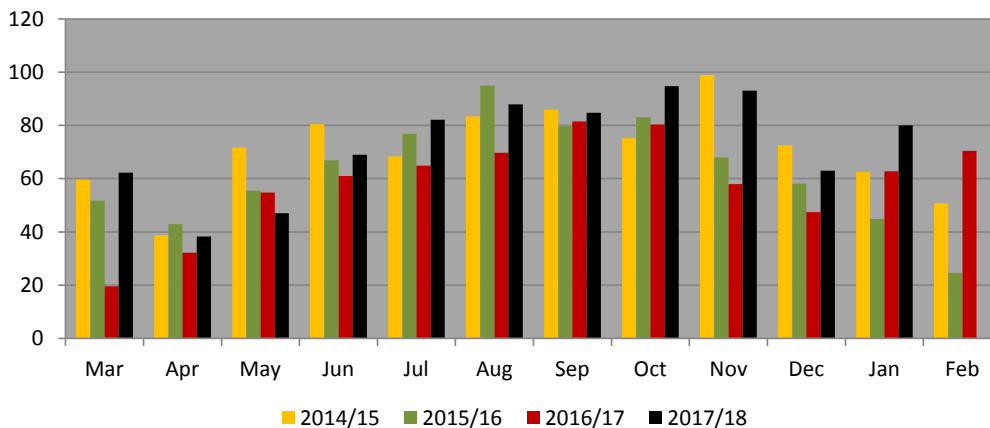


- The South African soybean ending stocks at the end of January 2018 was reported at 418 648 tons compared to the 126 313 tons seen in the previous season.
- Average soybeans processed for the local market in the season to date is seen at around 90 000 tons/month and based on this the soybean stocks should be enough for 4.6 months of consumption which should take us through to June 2018 before a new record soybean crop is expected.

Sagis monthly data: Sunflower seed

- The South African sunflower seed processed for the local market in January 2018 was reported at 79 774 tons which is up from the 63 408 tons seen in the previous season. The cumulative sunflower seed processed for the local market in the season to date is seen at 803 208 tons which is well above the 637 007 tons seen the same time last year.
- The January sunflower seed processed for the local market is up from the December estimate and the January 2018 sunflower seed processed is seen at new highs for this time of the year.

Figure 11: Sunflower seed processed for local market (000 tons)



- The South African sunflower seed ending stocks at the end of January 2018 was reported at 233 329 tons which is up from the 198 162 tons seen the same time last year. The average monthly sunflower seed processed for the local market in the season to date is seen at 73 000 tons/month. Based on this the stock at the end of January 2018 should be enough for 3.2 months of consumption.

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 soybeans posted some strong gains in the past week with the weather conditions in Argentina supporting the market. The crop losses in Argentina could boost the export demand out of the US. However keep in mind that the Brazilian crop is still in good shape.
- On the technical chart for July CME soybeans we see that the market surged higher trading to new contract highs and the moving averages and indicators are still pulling higher.
- South African oilseed prices posted some gains in the past week with the higher US soybean prices and the weaker rand supporting the market.
- The rand is under pressure and is quoted at R11.90/\$ currently with the recent dollar strength weighing on the market.
- The slightly drier weather forecast for the South African summer grain areas in the week ahead probably also added some support.

Technical graphs

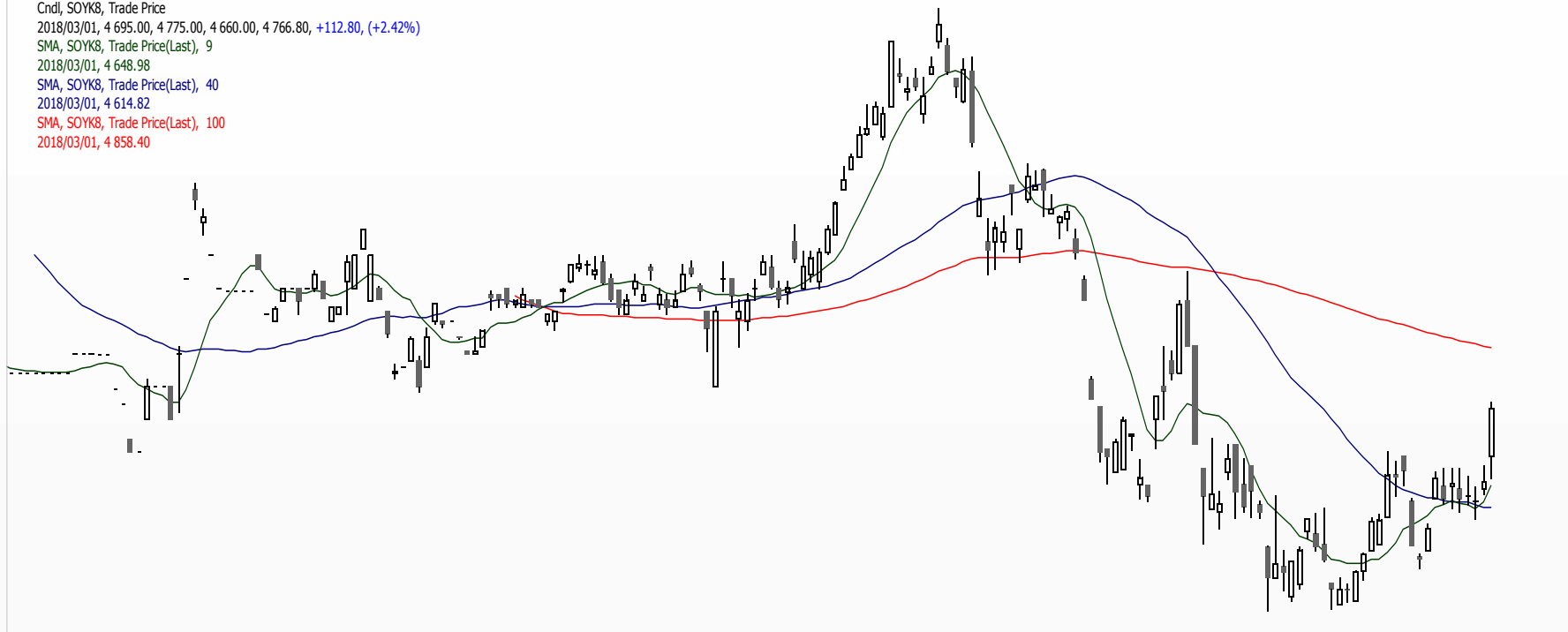
- Safex May-18 soybean prices
- CME Jul-18 soybean prices

Daily SOYK8

2017/06/07 - 2018/03/15 (JHB)

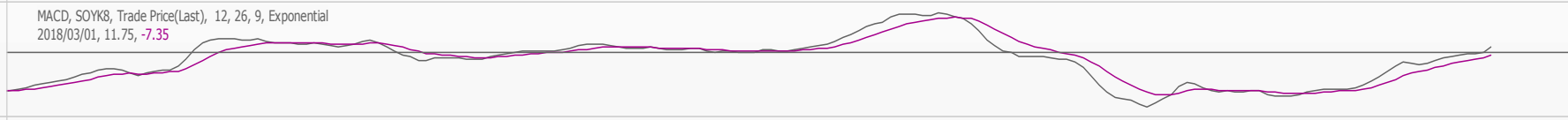
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 SMA, SOYK8, Trade Price(Last), 9
 2018/03/01, 4 648.98
 SMA, SOYK8, Trade Price(Last), 40
 2018/03/01, 4 614.82
 SMA, SOYK8, Trade Price(Last), 100
 2018/03/01, 4 858.40

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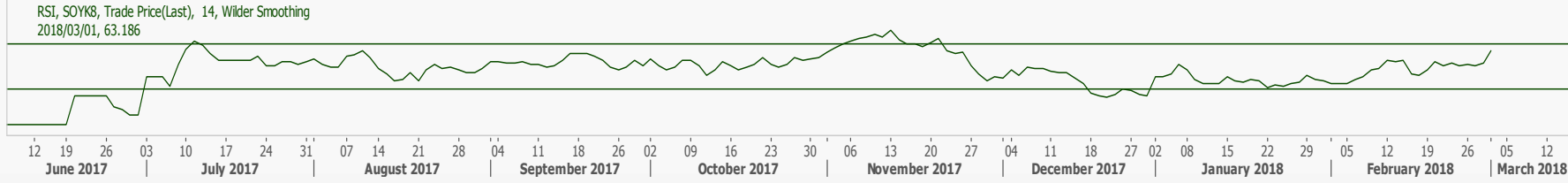
MACD, SOYK8, Trade Price(Last), 12, 26, 9, Exponential
 2018/03/01, 11.75, -7.35

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RSI, SOYK8, Trade Price(Last), 14, Wilder Smoothing
 2018/03/01, 63.186

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"Together we make a difference"