

**INTERNATIONAL MARKET**

**Table 1: CME and KCBT wheat prices and weekly change (cents/bushel)**

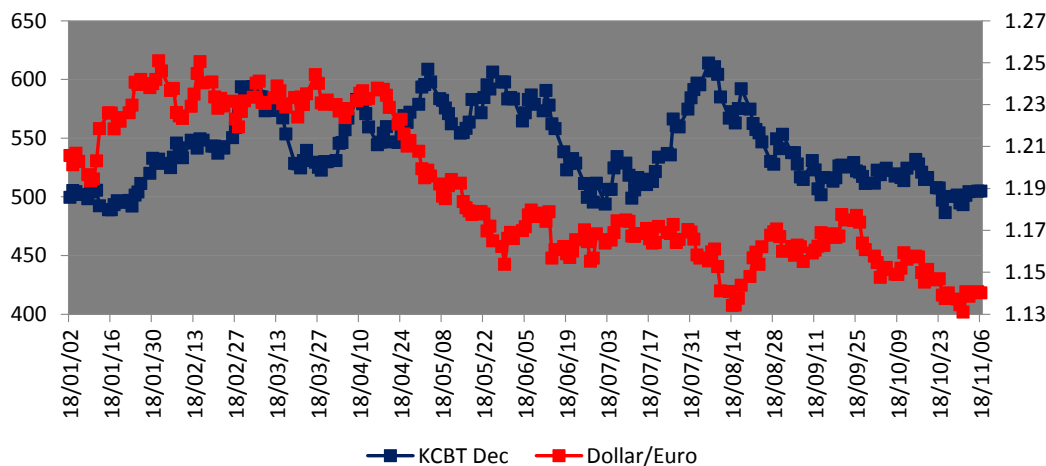
	Currently	30/10/2018	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Dec-18</b>	<b>509 ¼</b>	<b>499 ¾</b>	<b>9 ½</b>	<b>-11 ¾</b>
<b>KCBT Dec-18</b>	<b>507 ½</b>	<b>494 ¾</b>	<b>12 ¾</b>	<b>-16 ¾</b>

- US wheat prices managed some gains in the past week with December KCBT wheat prices leading the way higher. On a monthly basis US wheat prices are still trading lower with December CME and KCBT wheat prices giving up 2.2% and 3.2% in the past month respectively.
- On the technical chart for December KCBT wheat we see that prices sold off with December KCBT wheat finding some support around \$4.85 and prices has since pushed higher breaking above the 9-day average and once again breaking above the psychological \$5.00/bushel level. Immediate resistance is seen at the 40-day average seen around \$5.13/bushel.
- We did see some dollar weakness in the past week with the dollar pulling well off the 1.1300 to the euro level but the market is still looking for a recovery in US wheat exports. There have been talks that supplies out of Russia are tightening but the US is yet to feature in export tenders.

**US wheat market**

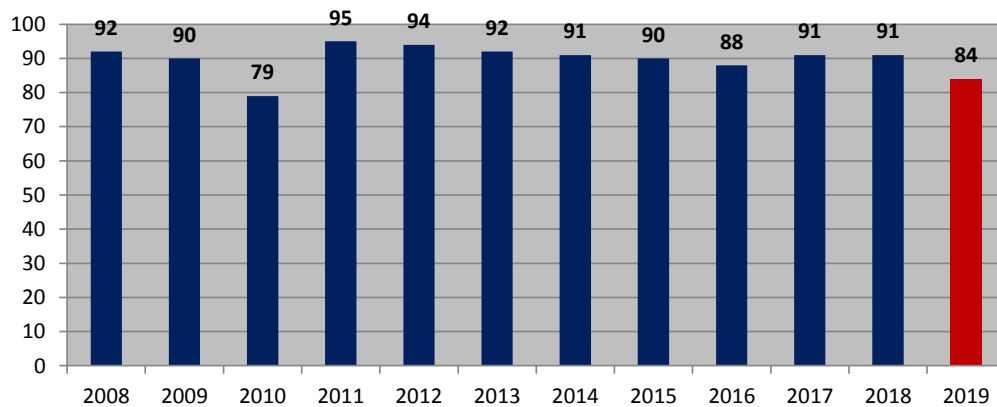
- US wheat prices managed some gains in the past week with December KCBT wheat breaking above the \$5.00/bushel once again with the slightly weaker dollar adding some support. The dollar initially posted some gains with the dollar finding some support around 1.1300 to the euro and is trading around 1.1400 to the euro currently. The slow export progress of US wheat remains a limiting factor for US wheat futures..

**Figure 1: December KCBT wheat and dollar/euro**



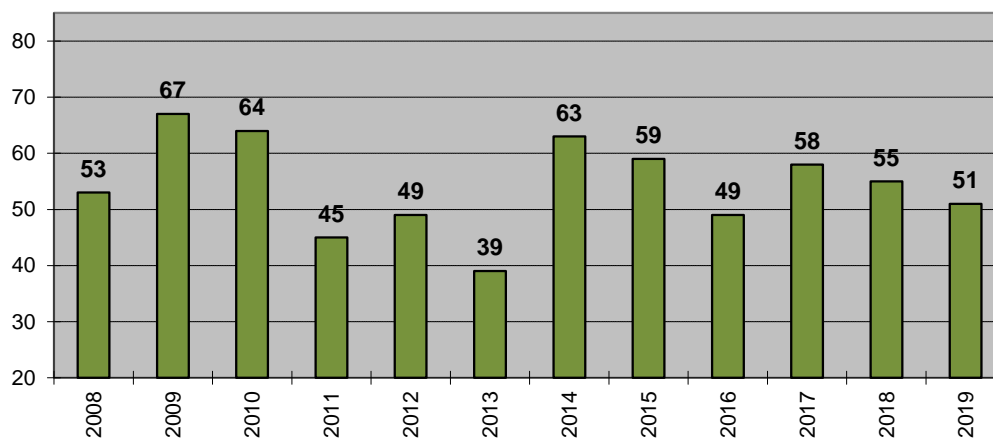
- The USDA in their weekly crop progress report indicated that 84% of the US winter wheat crop has been planted which is up from the 78% reported last week. The current US winter wheat planting progress is slightly behind the 5-year average seen at 90% planted this time of the year.

**Figure 2: US winter wheat planting progress (% complete)**



- The USDA in their crop conditions report indicated that 51% of the US winter wheat crop could be rated as good/excellent which is down from the 53% reported last week. The current good/excellent rating is also below the 55% in this category the same time last year.

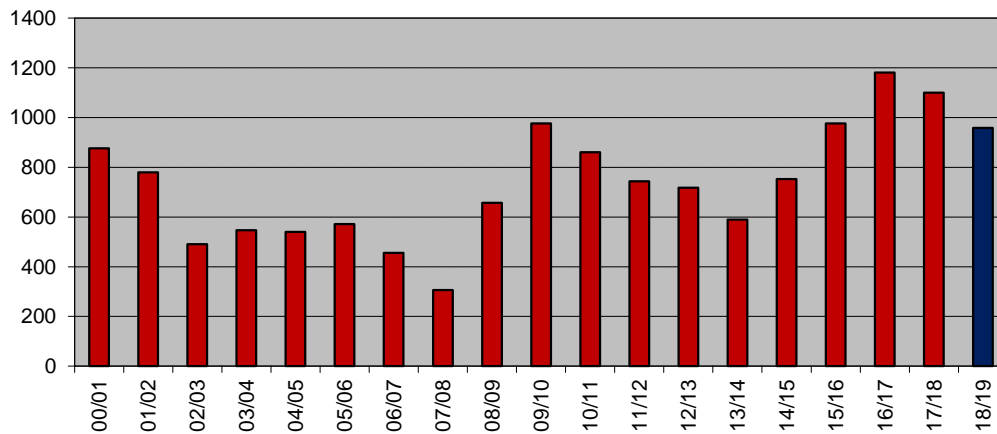
**Figure 3: US winter wheat crop conditions (% rated as good/excellent)**



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

- The USDA will release their November supply and demand estimates in their report on Thursday. The average market expectation of the 2018/19 US all wheat ending stocks is seen at 958 million bushels which is mostly unchanged from the October USDA estimate seen at 956 million bushels.
- From the data in the graph below we see that the 2018/19 US wheat ending stocks could be the lowest since the 2015/16 season.

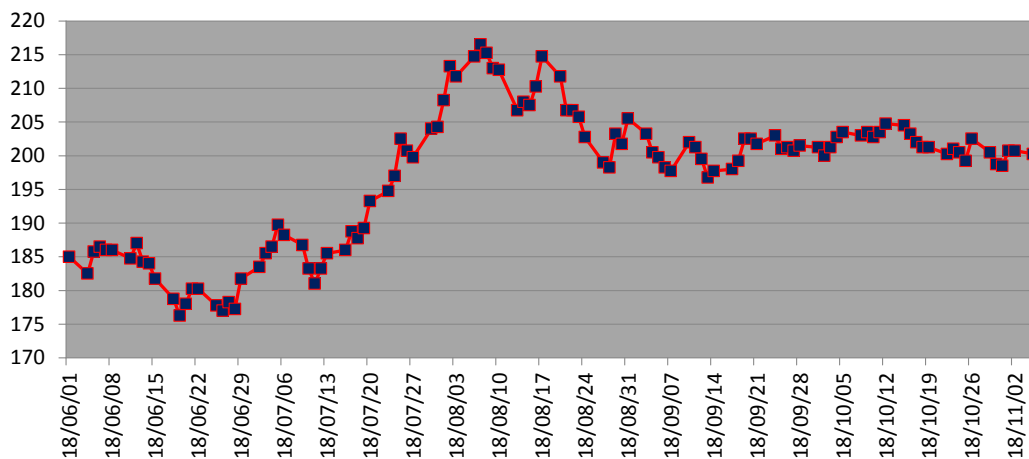
Figure 4: US wheat ending stocks (mil bushels)



### European wheat prices

- European milling wheat prices has been relatively flat in the past few trading sessions with wheat prices trading around €200/ton. European wheat prices once again dipped below the €200/ton level in the past week but is once again back in the €200-€205 range which has been the case in the past few weeks.

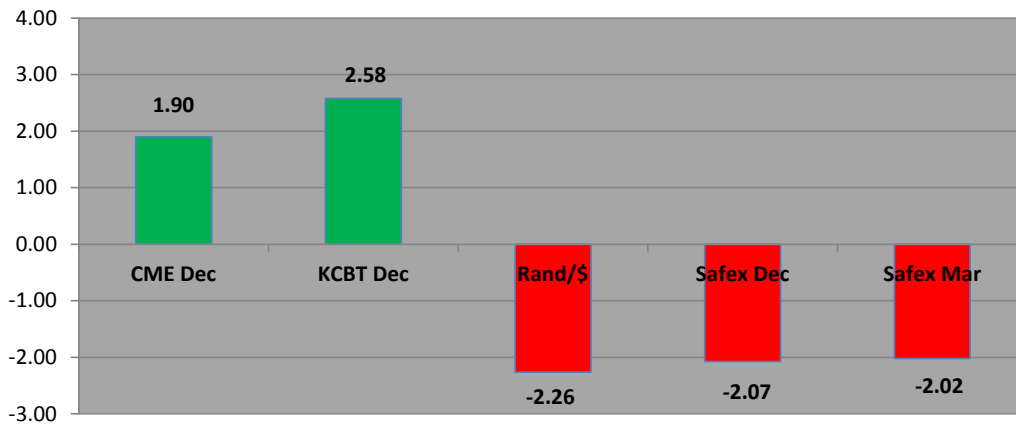
Figure 5: European milling wheat prices (euro/t)



### Local wheat market

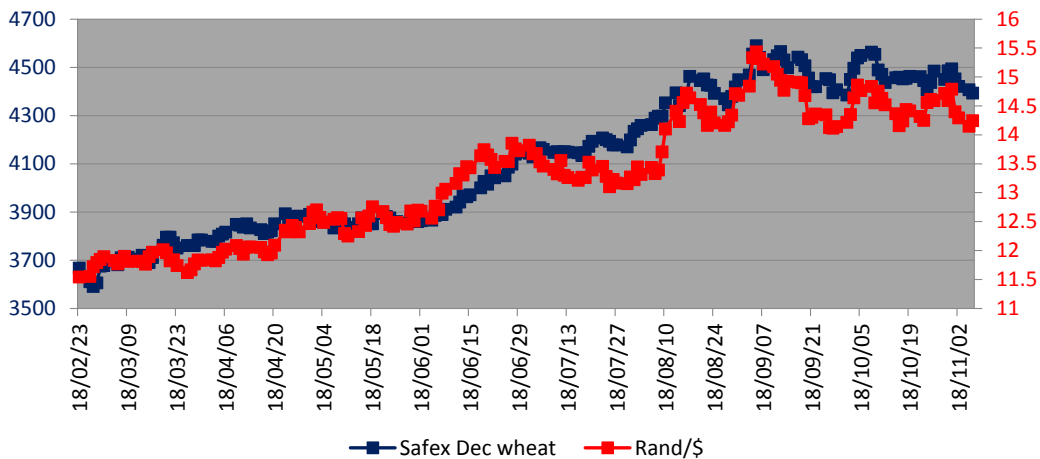
- South African wheat prices traded lower in the past week with Safex December and March wheat giving up 2.07% and 2.02% in the past week with the stronger rand adding some pressure. South African wheat prices failed to follow the US markets higher with December KCBT wheat gaining 2.58% in the past week.
- The rand has been a bearish factor for local wheat with the market breaking below some of the key average and traded to a low of R14.13/\$ in the session yesterday with the rand getting some support at the 100-day average.
- On the technical chart for December wheat we see that the market has broken below the 40-day and 9-day average and also below the R4400 level. Key support is seen at R4340 and resistance is seen at R4400.

Figure 6: Safex wheat, rand and US wheat prices



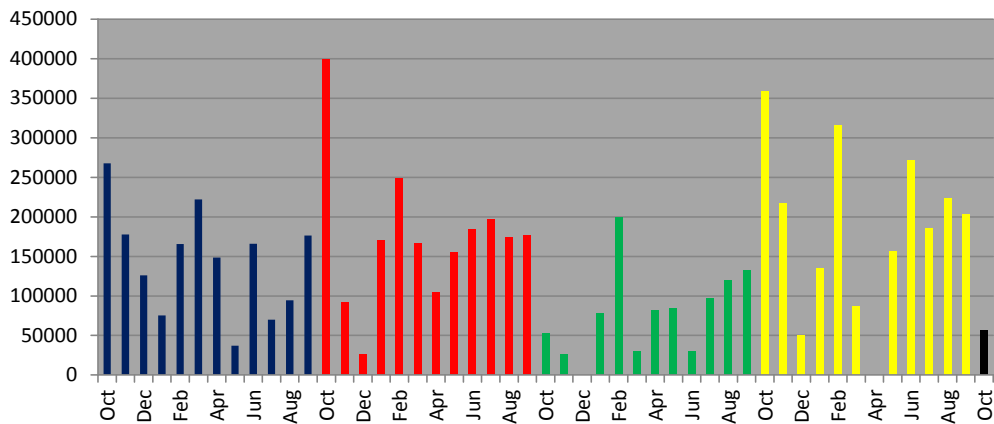
- South African wheat prices traded lower in the past week with our wheat market being pressured by the stronger rand that was seen in the past few trading sessions. December wheat contracts gave up 2.1% in the past week.
- The rand posted some gains in the past week with the rand failing to sustain a break at the higher end of the possible triangle formation and the rand has since gained back some ground. The rand has broken below the 40-day and 50-day averages and found some support at the 100-day average currently around R14.13/\$.

Figure 7: Safex Dec wheat and Rand/\$



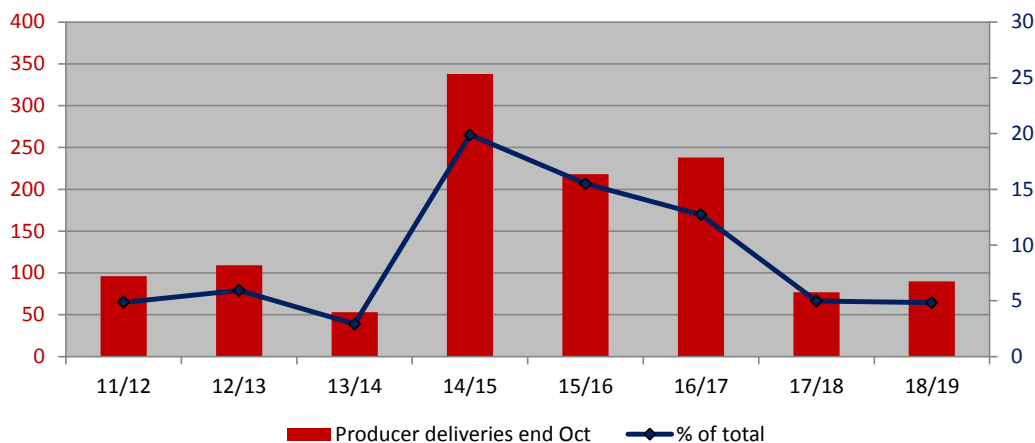
- The weekly South African wheat imports for the week ending the 26<sup>th</sup> of October indicated that 31 606 tons of wheat was imported in the past week including 15 846 tons of Canadian wheat and 15 760 tons of Russian wheat. This brings the cumulative wheat imports for the season to date at 55 828 tons.
- From the graph below we see that the wheat imports in October 2018 has been rather minimal especially compared to the October wheat imports seen in the past 3 seasons.

**Figure 8: South African monthly wheat imports (Tons)**



- The weekly South African producer deliveries of wheat for the week ending the 29<sup>th</sup> of October indicated that 78 731 tons of wheat was delivered in the past week. This brings the cumulative producer deliveries of wheat in the season to date at 89 963 tons.
- The graph below presents the wheat producer deliveries by the end of October in the past few seasons as well as the % of total wheat delivered by the end of October. On average in the past 7-years the wheat deliveries by the end of October represents around 9% of the total marketing year deliveries.

**Figure 9: Wheat producer deliveries end Oct and % of total**



## FOCUS FOR THE WEEK

- US wheat prices posted some gains in the past few trading sessions with the weaker dollar that was seen recently adding some support. The US need to secure some export business with the wheat exports remaining slow.
- On the technical chart for December KCBT wheat we see that the market did get some support around \$4.85 and prices posted some gains after that also breaking above \$5.00/bushel. Resistance is seen at \$5.13 and \$5.31.
- South African wheat prices traded lower in the past week with the stronger rand putting pressure on our wheat market. The rand traded as low as R14.13/\$ in the session yesterday and is trading around R14.25/\$ currently.
- The new South African wheat crop is also entering the market which is probably bringing some additional selling interest into our market.

- On the chart for December wheat we see that the market broke below some of the key average and the R4400 level in the past few sessions and support is seen at R4375 and the 100-day average seen at R4340

**See the technical graphs below:**

- Safex Dec-18 wheat prices
- KCBT Dec-18 wheat prices



*"Together we make a difference"*



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