

INTERNATIONAL MARKET

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

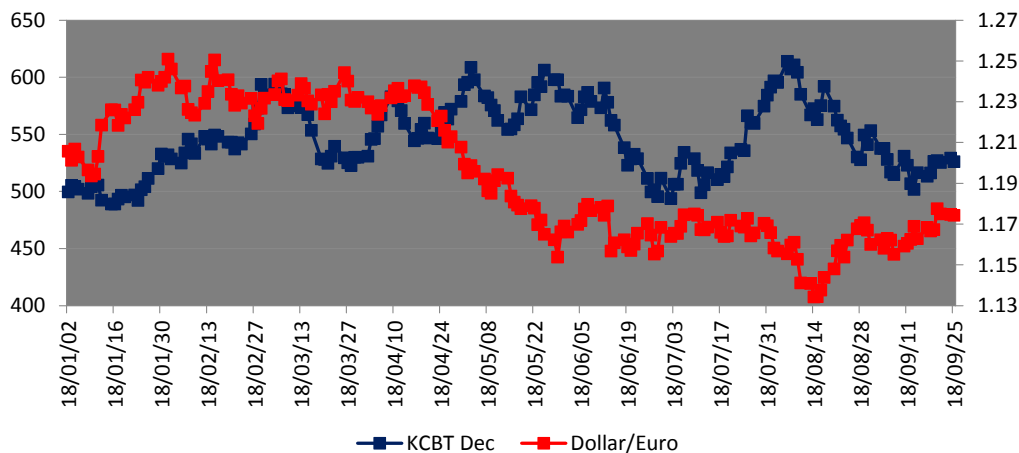
	Currently	18/09/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Dec-18	521 ½	510 ½	11	-1
KCBT Dec-18	524 ¾	516	8 ¾	-5 ¼

- US wheat prices traded higher in the past week with December CME wheat prices leading the way higher. On a monthly basis US wheat prices are still trading slightly lower with December CME and KCBT wheat giving up 0.19% and 0.99% in past month respectively.
- On the technical chart for December KCBT wheat we see that the market sold off sharply initially with the market finding some support around \$5.00/bushel and prices pulled well higher after that. The market managed to break above the 9-day average and resistance is seen at around \$5.50-\$5.55 and support is seen at \$5.20/bushel.
- The supportive factors in the global wheat market continues to be the supply issues in some of the major wheat exporting countries although the USDA kept their global wheat forecasts mostly unchanged.
- We have seen some dollar weakness in the past week which is also a supportive factor in that the weaker dollar could make US wheat more competitive in the global wheat export market. However to date Russia continues to dominate the world wheat export market.

US wheat market

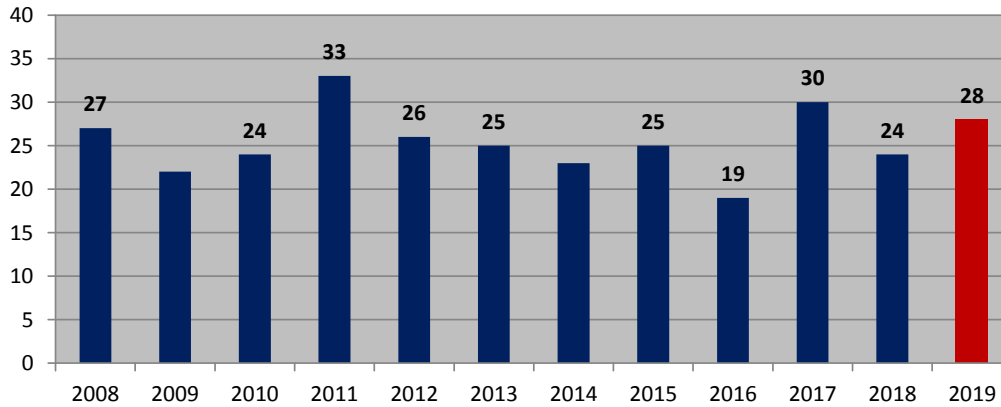
- US wheat prices posted some gains in the past week with the dollar also weaker in the past few trading sessions. The dollar did get some support around 1.1600 by mid-September and the dollar has weakened since breaking well above 1.1700 to the euro. The weaker dollar is usually supportive for US grain and oilseed prices.

Figure 1: December KCBT wheat and dollar/euro



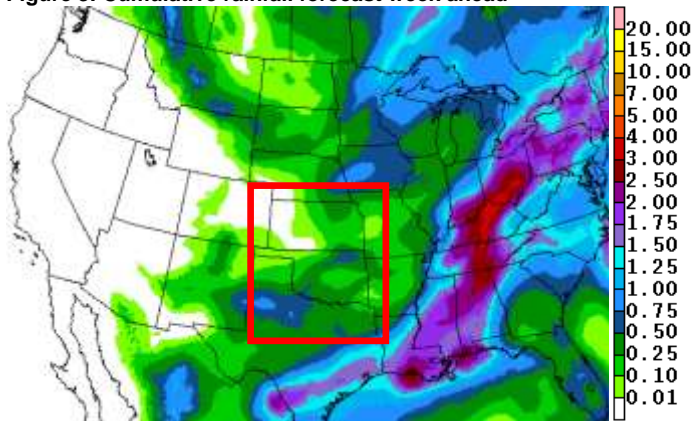
- The USDA in their crop progress report indicated that 28% of the US winter wheat crop has been planted which is up from the 13% reported last week. The current winter wheat planting progress is slightly ahead of the 5-year average seen at 26% planted this time of the year.

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



- The weather forecast for the US winter wheat areas in the week expects slightly drier conditions in the week ahead which should be beneficial for the planting of winter wheat for the 2019 season. The extended 6-10 day forecast expects normal/above normal rainfall in the key winter wheat areas.

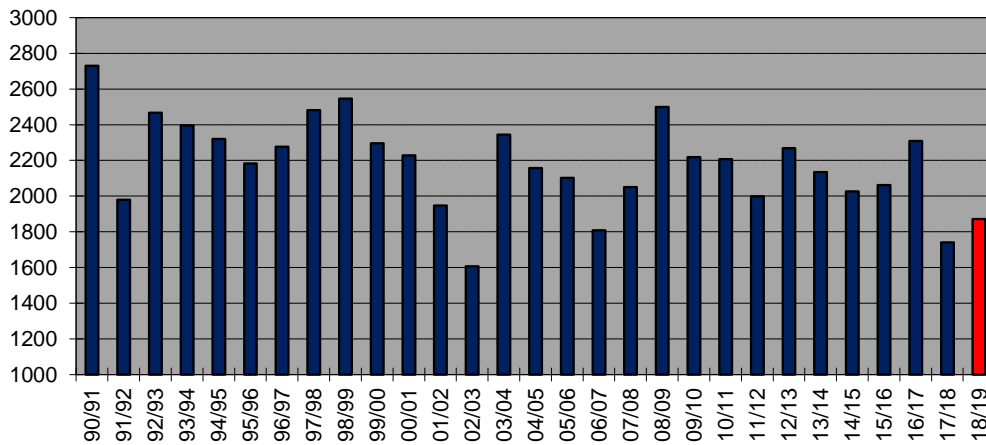
Figure 3: Cumulative rainfall forecast week ahead



USDA quarterly report

- The USDA will release their quarterly production and stocks report on Friday. The average market expectation of the US September 1st wheat stocks are seen at 2.343 billion bushels which is well above the 2.266 billion bushels seen the same time last year.
- The average market expectation of the US 2018 all wheat crop is seen at 1.872 billion bushels which is slightly lower than the August USDA estimate seen at 1.877 billion bushels.
- The graph below presents the US all wheat crop seen in the past few seasons. From the graph below we see that the 2018 crop is expected to be slightly higher year/year but the 2018 crop could still be the 2nd smallest crop since 2006/07.

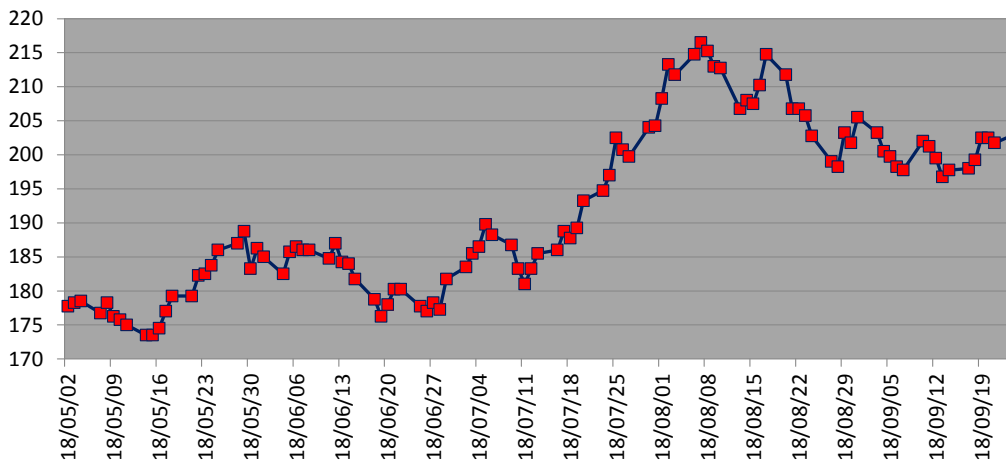
Figure 4: US all wheat production (000 bushels)



European wheat prices

- From the graph below we see that European milling wheat prices posted some good gains in the 2nd half of September with wheat prices finding some support just above €195/ton and has since broke above €200/ton once again. The crop losses seen in the major exporters are driving prices higher. European milling wheat prices are currently trading around €203/ton.

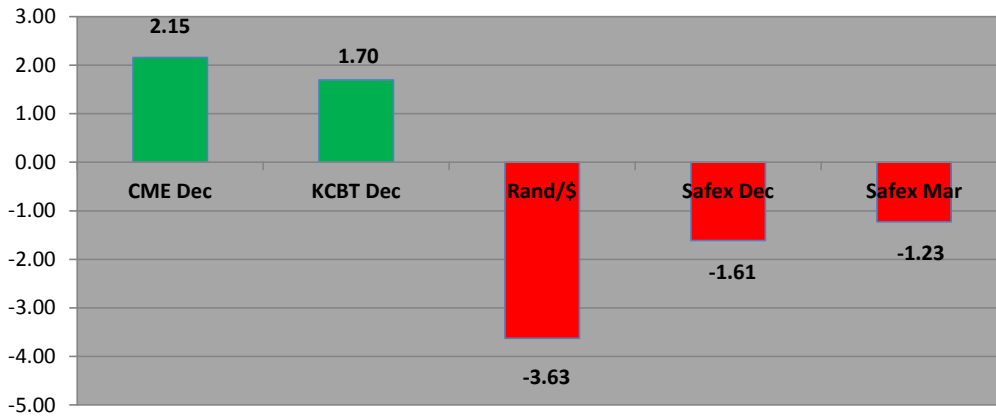
Figure 5: European milling wheat prices (Euro/ton)



Local wheat market

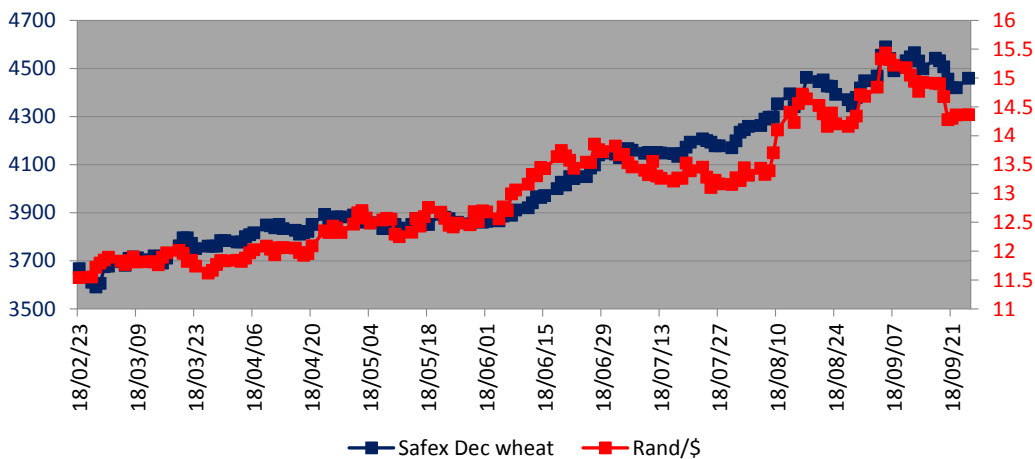
- South African wheat prices traded lower in the past week with December and March Safex wheat giving up 1.61% and 1.23% in the past week respectively. South African wheat prices are being pressured by the stronger rand. The rand is quoted at R14.35/\$ currently which is 3.6% stronger than the levels seen a week ago.
- The official South African wheat import tariff is still R640/ton while the market awaits the publication of the R298/ton and R491/ton tariffs which was triggered in the past few weeks.

Figure 6: Safex wheat, rand and US wheat prices



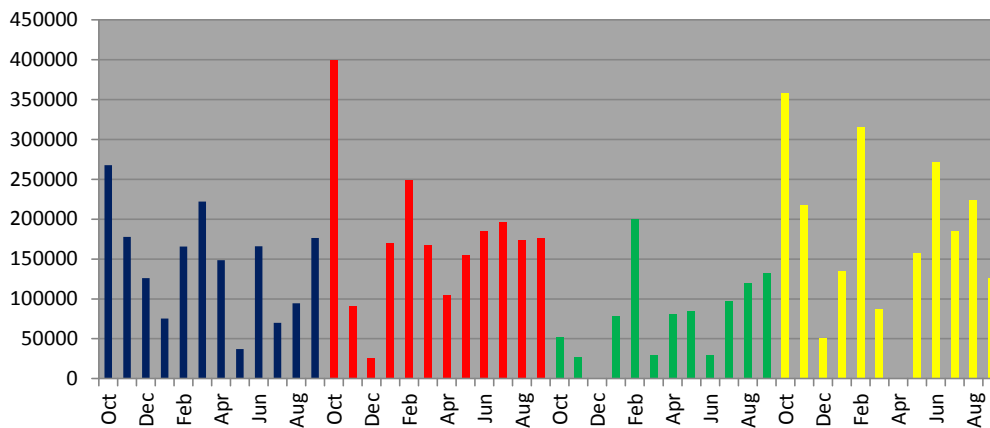
- The rand posted some gains in the past week with some strong gains that was seen in the session on the 19th and 20th of September. The rand has since got some support just below R14.20/bushel and has weakened slightly after that. South African wheat prices are lower as a result of the stronger rand.

Figure 7: Safex Dec wheat and Rand/\$



- The weekly South African wheat imports for the week ending the 14th of September indicated that 41 299 tons of wheat was imported in the past week. The wheat that was imported in the past week once again originated from Russia. This brings the cumulative wheat imports for the season to date at 2.102 million tons.

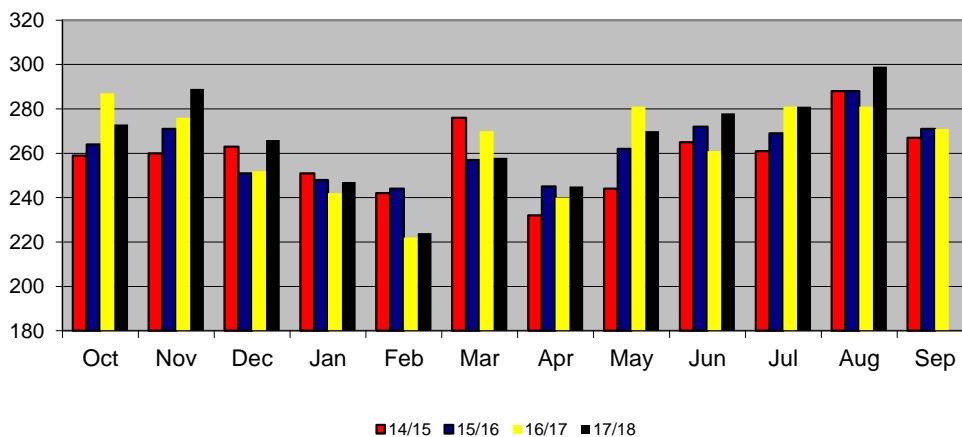
Figure 8: South African monthly wheat imports (Tons)



Sagis monthly data

- The Sagis monthly data for the South African market was released earlier today. On the supply side of our market we see that 15 005 tons of wheat was delivered in the month of August and imports totaled 223 631 tons in the month of August.
- On the demand side of the South African wheat market we see that the total wheat processed for the local market in August 2018 was reported at 299 178 tons which is up from the 280 776 tons seen in the previous month. The cumulative wheat processed for the local market in the season to date is seen at 2.924 million tons which is 1.1% higher year/year.
- From the graph below we see that the wheat processed in August 2018 was the largest monthly estimate in the season to date and in fact it was the largest monthly usage in recent history.

Figure 9: Monthly wheat processed for the local market (000 tons)



- Still on the demand side the total wheat exports (whole wheat and wheat products) for August 2018 was reported at 9 923 tons which is up from the 8 764 tons seen in the previous month. The cumulative wheat exports in the season to date is seen at 102 125 tons which is mostly unchanged year/year.
- The South African wheat stocks at the end of August 2018 was reported at 813 424 tons compared to the 473 971 tons seen the same time last year. Keep in mind that the average monthly usage (excluding exports) is seen around 268 000 tons/month and based on this the stock at the end of August 2018 should be enough for 3 months of consumption, which should take us through to December which is also the arrival of our new wheat crop.

FOCUS FOR THE WEEK

- US wheat prices managed some gains in the past week with the slightly weaker dollar supporting prices. The uncertainty with regard to crop losses in some of the major exporting countries is also supportive for world wheat prices.
- On the technical chart for December KCBT wheat we see that the market did get some support around \$5.00 and prices pushed higher after that. The market is caught between the averages with the 9-day as support around \$5.20 while the 40-day and 100-day average could provide resistance around \$5.50/bushel.
- South African wheat prices traded lower in the past week with the stronger rand adding pressure in the past week. In the session today December wheat contracts did pull well off the session lows.
- The rand posted some ground in the past week with the weaker dollar driving the rand lower. The rand did break below its 40-day average in the past week.
- On the technical chart for December Safex wheat we see that the market did pull lower and find some support at the 40-day average and some buying was seen in the session today. Resistance is seen around R4500.

See the technical graphs below:

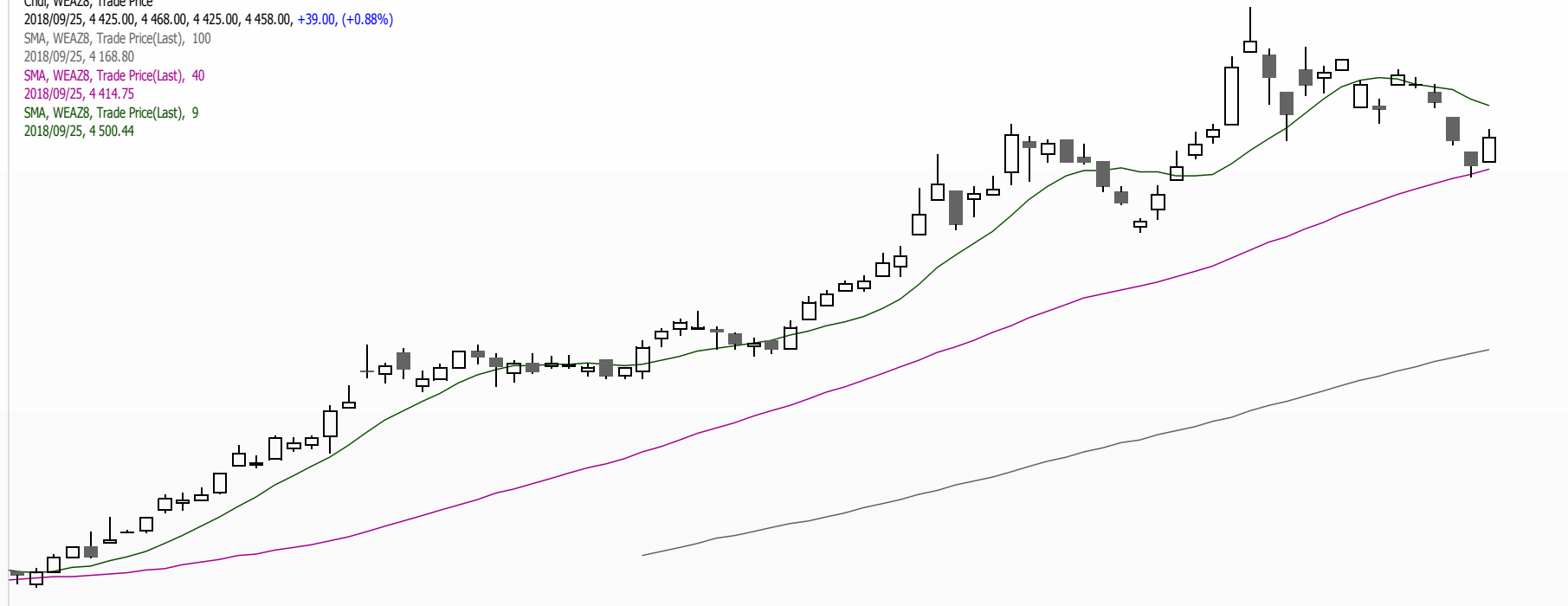
- Safex Dec-18 wheat prices
- KCBT Dec-18 wheat prices

Daily WEAZ8

2018/06/01 - 2018/10/01 (JHB)

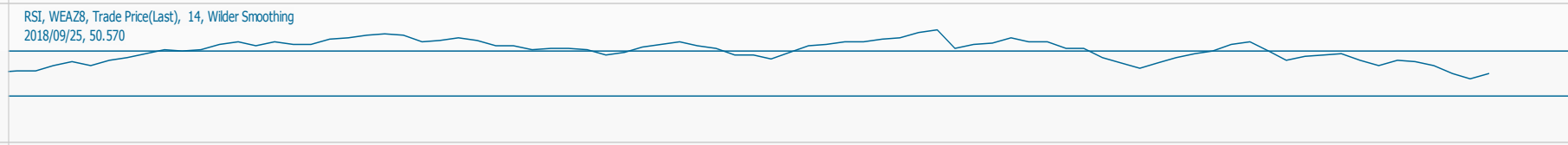
CndI, WEAZ8, Trade Price
 2018/09/25, 4 425.00, 4 468.00, 4 425.00, 4 458.00, +39.00, (+0.88%)
 SMA, WEAZ8, Trade Price(Last), 100
 2018/09/25, 4 168.80
 SMA, WEAZ8, Trade Price(Last), 40
 2018/09/25, 4 414.75
 SMA, WEAZ8, Trade Price(Last), 9
 2018/09/25, 4 500.44

Price
 ZAR
 T
 4 550
 4 500
 4 450
 4 400
 4 350
 4 300
 4 250
 4 200
 4 150
 4 100
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 3 950
 3 900
 3 850
 Auto



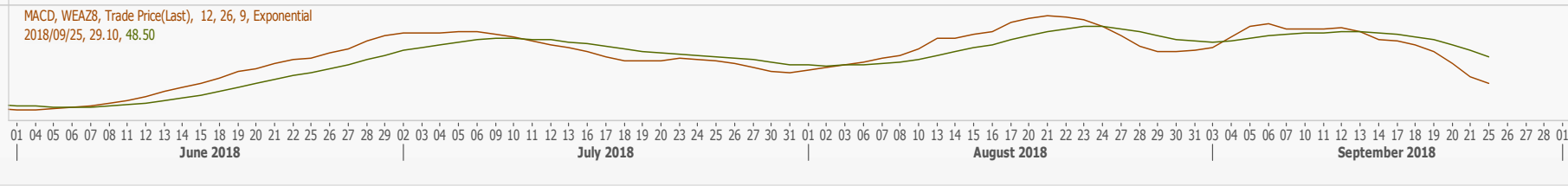
RSI, WEAZ8, Trade Price(Last), 14, Wilder Smoothing
 2018/09/25, 50.570

Value
 ZAR
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MACD, WEAZ8, Trade Price(Last), 12, 26, 9, Exponential
 2018/09/25, 29.10, 48.50

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"Together we make a difference"