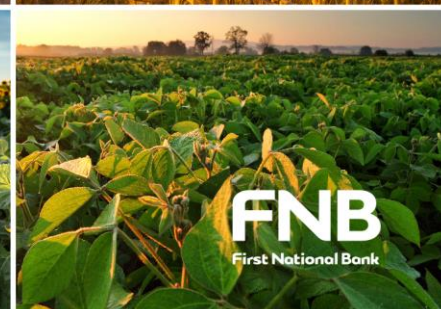


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Grains, Oilseeds and Sugar

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Paul Makube: pmakube@fnb.co.za | 01 May 2017

Weekly update on Grains, Sugar & Oilseed markets

Maizemarkettrends:

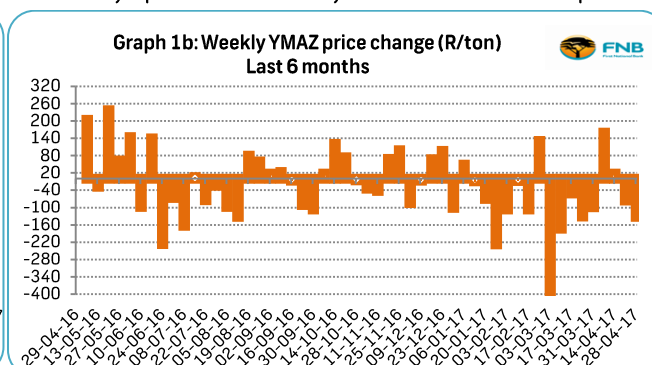
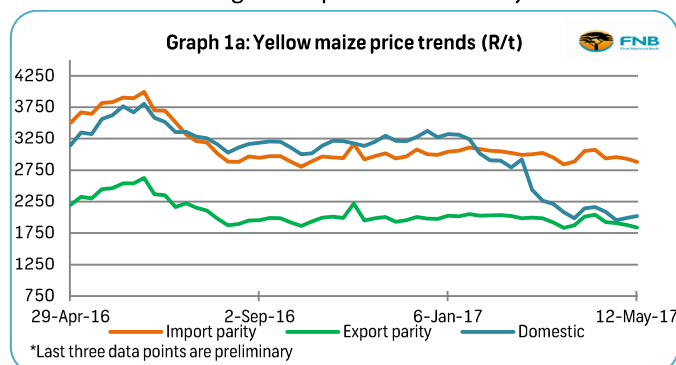
Weekly average	SAFEX (Rand/ ton)					CME (US\$/t)		
	WMAZ	% w/w	YMAZ	% w/w	CBOT Corn	% w/w	US CORN	% w/w
28 April 2017	R 1,873	-3.9%	R 1,955	-6.3%	R 1,872	-1.4%	156.12	0.3%
Daily average								
28 April 2017	R 1,914	0.7%	R 1,987	0.5%	R 1,908	0.6%	156.87	3.1%
28 April 2017	WMAZ	% d/d	YMAZ	% d/d	CBOT Corn	% d/d	US CORN**	%d/d
Jul-2017	R 1,903	0.7%	R 2,004	0.4%	R 1,948	-0.2%	148.70	3.0%
Sep-2017	R 1,957	0.6%	R 2,049	0.3%	R 2,095	0.2%	151.53	2.8%
Dec-2017	R 2,031	0.6%	R 2,126	0.5%	R 2,175	0.6%	155.39	2.4%
Mar-2018	R 2,072	0.6%	R 2,157	0.0%	-	-	159.18	2.4%

Source: JSE, USDA, CME, ** This week's prices

Commentary

International yellow maize market:

- US maize prices moved sideways last week as late week rains delayed planting and provided some support. Meanwhile, Brazil is reportedly moving to impose tariffs on US ethanol despite domestic shortages. This is likely to dent the demand for the maize-to-ethanol processing in the US.
- The average weekly maize prices were almost unchanged week-on-week (w/w) but still down 7% year-on-year (y/y) to US\$156.10 per ton.
- Maize prices started this week on a stronger note due to rains that hit most areas and would further delay plantings which were reportedly behind last year this time. US maize planting progress was reported to have reached 34% complete as of Sunday 30 April compared to 43% last year, but still closer to the 5-year average. Crop emergence came in at 9% emerged compared to 12% last year. Prices closed Monday up 3.1% from Friday's level at US\$156.87 per ton.



Sources: JSE, SAGIS, USDA, Own Calculations

Domestic yellow maize:

- Weakness in the domestic maize market continued as favourable production conditions paved way for a bumper crop for the 2016/17 season. This saw the average weekly yellow maize prices falling by 6.3% w/w and 38% y/y at R1,955/ton, which is below the R2,000/t level.
- The National Crop Estimates Committee (CEC) report last week showed an even larger crop. The yellow maize crop came in up 1.8% from last month at 5.92 million tons.
- There were no imports of yellow maize in the past three weeks to 21 April 2017. Season-to-date imports have so far reached 1.593 million tons, which is 99% of the seasonal import forecast. Exports for the week ended 21 April 2017 were pegged at 2,678 tons, reaching 285,976 tons for the 2016/17 season-to-date.

Figure 1c: Yellow maize imports (tons)

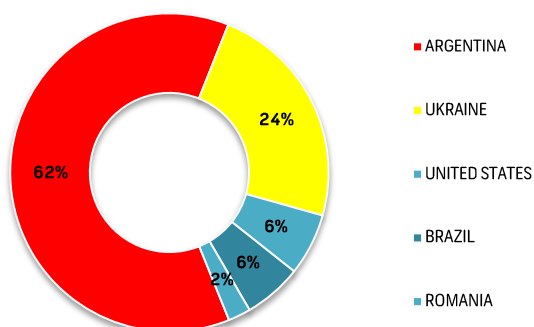
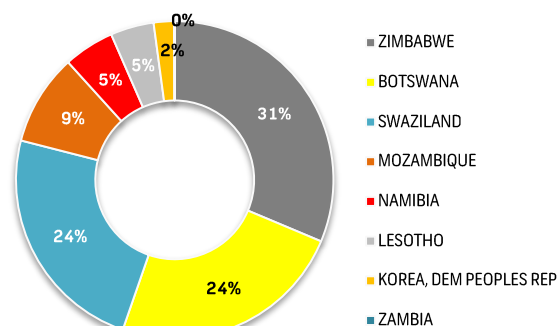


Figure 1d: Yellow maize exports (tons)



Source: Sagis

28 April 2017

Calculated Yellow Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

Jul-17			Sep-17			Dec-17		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
2,040	114	78	2,080	145	114	2,160	185	151
2,000	92	96	2,040	123	132	2,120	163	169
1,960	73	117	2,000	103	152	2,080	143	189

International white maize market:

- US white maize prices were a bit softer for the week on weak export demand and the bullish supply outlook. The average weekly white maize prices eased to US\$137.70 per ton but still down 58% y/y.
- In this week's trade, white maize prices closed Monday on a stronger note on concerns over planting delays. Prices closed up 2.6% from Friday's level at US\$140.86 per ton.

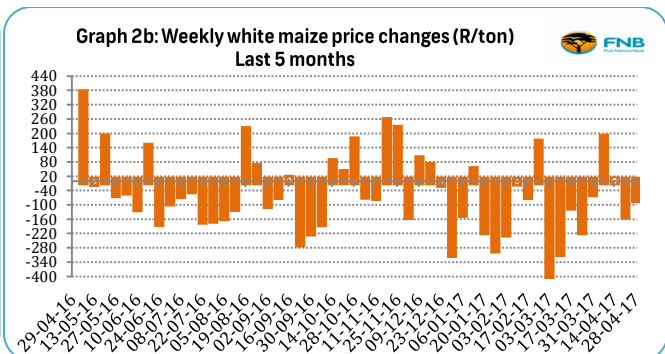
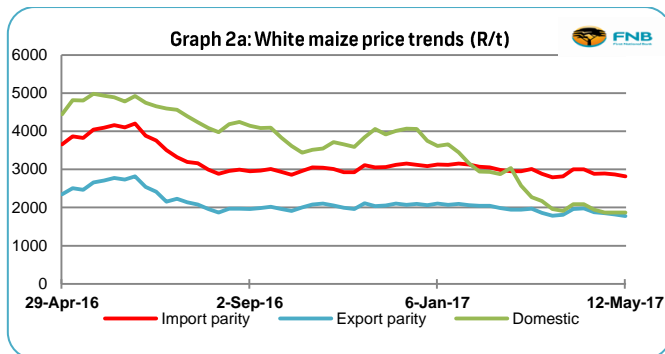
Domestic white maize:

- Weekly white maize prices continued to post modest losses under pressure due to the bullish domestic supply outlook and further rand gains. The implications of a higher output are the increased export availability for the local product. The average weekly white maize prices fell by 3.9% w/w and 58% y/y at R1,873/ton.
- The CEC confirmed an even larger maize crop for the 2016/17 season following favourable rains. The white maize crop was estimated at 8.62 million tons, up 1.2% from the previous estimate. The total maize crop (white and yellow) was projected at 14.54 million tons, up 1.5% m/m and has edged closer to the last record of 14.66 million tons over 37 years ago.

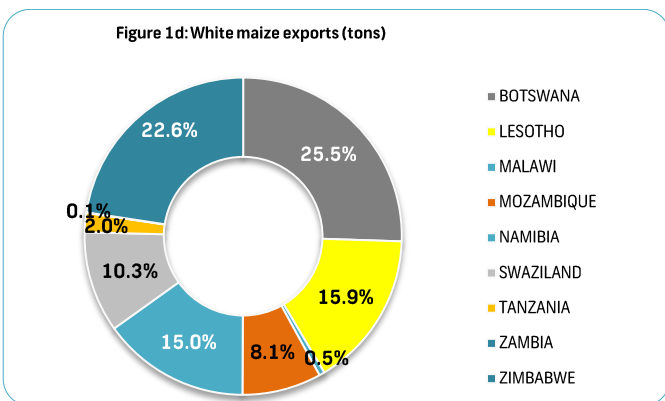
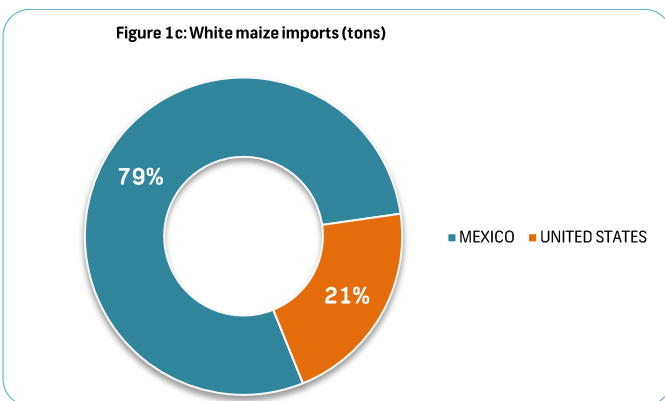
28 April 2017

Calculated White Maize Options prices (R/ton) RMB commodity desk (Tel: 011 269 9005)

Jul-17			Sep-17			Dec-17		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
1,940	112	75	2,000	150	107	2,080	210	161
1,900	90	93	1,960	128	125	2,040	187	178
1,860	70	113	1,920	108	145	2,000	166	197



- There were no imports in the last three weeks to 21 April 2017. The last import consignment was 14,068 tons during the week ended 31 March 2017 which brought the total WMZ imports for the season-to-date to 668,481 tons. The country continues to export white maize and last week's volume was down 13% w/w at 8,476 tons, which brings the year-to-date figure to 515,641 tons.
- The total maize imports (WMAZ+YMAZ) reached 2.3 million tons, which is 99% of the import forecast. Total maize exports increased to 11,154 tons for the week with the total for the season-to-date reaching 801,617 tons.



Source: Sagis

OUTLOOK

Fundamentals remain bearish for the local market and there is limited upside potential on the international market. Prices have now trending closer to export parity and the increased availability due to the bumper crop will boost exports in the year ahead. However, a significant rand blow out of over R15.50 to R16/ US dollar will reverse this trend and pull the domestic prices again closer to import parity.

Wheat market trends:

28 April 2017	JSEWHEAT (R/t)	% w/w	US HRW (US\$/t)	% w/w	US SRW (US\$/t)	% w/w
Weekly average	R 4,472	1.8%	165.08	0.8%	167.57	-1.6%
28 April 2017	(R/t)	% d/d	US HRW (US\$/t)**	% d/d	US SRW (US\$/t)**	% d/d
Daily average	R 4,530	0.9%	168.91	0.9%	171.94	2.1%
28 April 2017	(R/t)	% w/w	US HRW (US\$/t)**	% w/w	US SRW (US\$/t)**	% w/w
Jul-2017	R 4,563	1.0%	171.08	6.5%	167.55	5.5%
Sep-2017	R 4,402	0.1%	176.15	5.9%	172.18	5.2%
Dec-2017	R 4,200	0.4%	184.23	5.1%	180.04	4.7%
Mar-2018	R 4,246	0.4%	188.93	4.5%	167.55	5.5%

Source: JSE, USDA, CME; ** This week's prices

Commentary

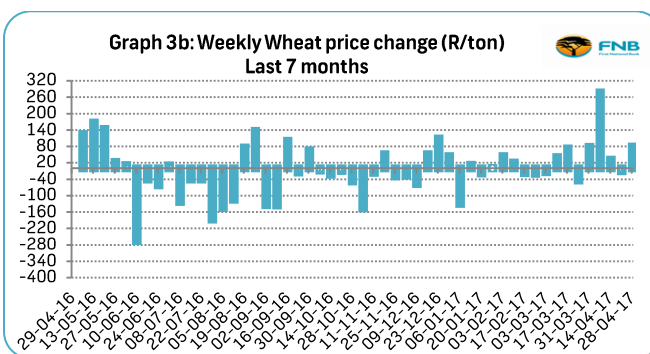
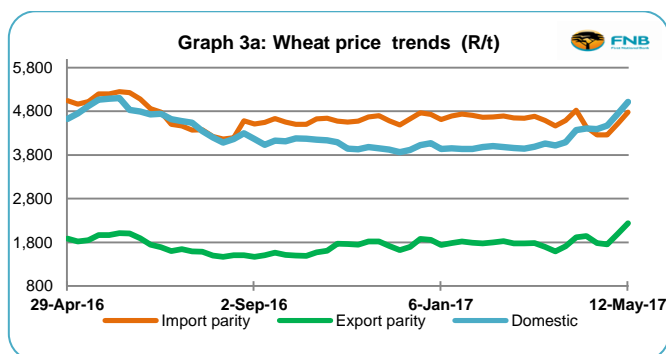
International wheat market

- In last week's trade, US spot wheat prices ended mixed with gains in the HRW as cold weather hit some of the producing areas. Gains were however limited as export sales were weak, coming in at 367,100 tons and 61,700 tons for the 2016/17 marketing season.

- USDA reported US Spring wheat at 31% planted, well behind the average of 46% and last year's 52%.
- The US HRW wheat prices were a bit firmer by 0.8% w/w but still down 14% y/y at US\$165.08/t. The SRW wheat weakened further by 1.6% w/w and 38% y/y at US\$167.57/t.
- This week however started on a strong note with the HRW and the SRW wheat prices closing up 6.1% and 4.8% from Friday's level to US\$179.20/t and US\$180.12/t respectively.

Domestic wheat market

- Last wheat saw a modest rebound in wheat prices as persistent dry conditions in the Western Cape coupled with expectations of a reduced planted area for the 2017/18 season. The preliminary planting estimates indicate that area under wheat will contract by 2% y/y to about 496350 hectares (CEC). The average weekly wheat prices closed up 1.8% w/w but still down 3.4% y/y at R4,472/ ton.
- Weekly imports for the week ended 21 April 2017 were pegged at 29,625 tons sourced from Germany (56%) and the Czech Republic (44%). So far, Germany accounts for 36% of the total followed by the Czech Republic (17%), Poland (13%), Russia (12%), and Argentina (8%). The minority are the US (4%), Romania (4%) and Canada (6%). The cumulative season to date imports reached 452,561 tons.
- Nonetheless, exports continued despite SA being a net importer of wheat. Weekly wheat exports dropped sharply in a shorter business week, coming in at 1,056 tons with the year-to-date reaching 59,832 tons.
- Most of the exports are destined for the neighbouring countries with Zimbabwe so far accounting for 36% of the total, followed closely by Lesotho (25%), Zambia (14%), Namibia (9%), Botswana (9%), Mozambique (5%), and Swaziland (2%).



Source: JSE, USDA, Own Calculations *Last three data points are preliminary

28 April 2017 Calculated Wheat Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-17			Sep-17			Dec-17		
Ask	Put	Call	May-1	Put	Call	Ask	Put	Call
4,600	202	165	4,440	285	247	4,240	338	298
4,560	180	183	4,400	263	265	4,200	317	317
4,520	160	203	4,360	243	285	4,160	295	335

OUTLOOK

Focus has now turned to weather developments for the Western Cape as rains are needed for the winter wheat planting. The region is still gripped by drought with dam levels at critically low levels below 25% full. Nonetheless, the medium range weather forecasts indicate a slight improvement in rainfall expectations for the Western Cape that may however delay planting.

Oilseed market trends:

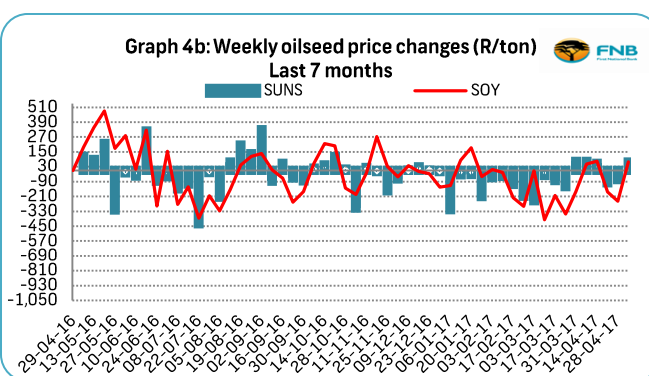
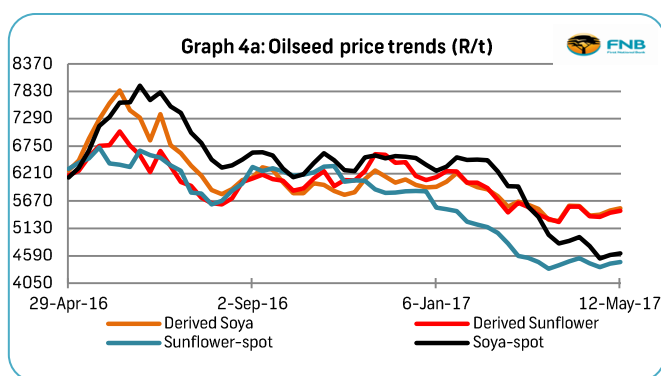
28 April 2017	JSE SUNS (R/t)	% w/w	JSE SOYA (R/t)	% w/w	US SOYA (US\$/t)	% w/w
Weekly average	R 4,368	-1.6%	R 4,536	-5.2%	360.72	0.5%
28 April 2017	(R/t)	% d/d	(R/t)	% d/d	(US\$/t)**	% d/d
Daily average	R 4,494	2.4%	R 4,500	-0.3%	359.23	-0.1%
28 April 2017	(R/t)	% d/d	(R/t)	% d/d	(US\$/t)**	% d/d
Jul-2017	R 4,640	2.2%	R 4,620	-0.2%	356.49	1.5%
Sep-2017	R 4,738	2.0%	R 4,729	0.0%	355.31	1.3%
Dec-2017	R 4,867	2.2%	R 4,820	-0.5%	-	-
Mar-2018	R 4,864	2.2%	R 4,900	0.0%	357.30	1.1%

Source: JSE, USDA, CME; ** This week's prices

Commentary

International oilseed market

- US soybean and by-products continued to strengthen on weather concerns and strong export demand particularly from China given the competitive US prices and no offerings from Brazil due to lower prices and the stronger real. China has reportedly imported 6.33 million tons of soybeans during March, which is 3.7% higher y/y. The average weekly soybean prices were up 0.5% w/w but still down by 6.5% y/y at US\$360.72/t. Soymeal prices closed up 1.4% w/w but still down 8% y/y at US\$310/t while soyoil remained firm at US\$30 c/lb but still down 6% y/y.
- In this week's trade, soybeans posted good gains on better export data which showed 521,218 tons for export were almost 167% larger than last year this time. However, the crushing report showed a modest slow down with the soybeans processed during March coming in below expectations at 4.4 million tons which is 4% lower than last year according to the USDA Oilseed Crush Report. US soybean planting progress was reported to have increased slightly to 10% compared to last year's 3% and still ahead of the long term average.
- Soybean prices had a good start to this week, closing up 1.5% from last Friday's level at US\$364.50/t.



Source: JSE, USDA, Own Calculations *Last three data points are preliminary

Domestic oilseed market

- The trend in the domestic oilseed market was downwards as renewed rand gains and the generally better crop weighed heavily on the market. Weekly sunflower prices finished the week down 1.6% w/w and 31% y/y at R4,368/ ton. Weekly soybean prices fell further by 5% w/w and 26% y/y at R4,536/ ton.
- The sunflower crop estimate was cut further in the recent CEC report. The expected sunflower crop came in down 4.8% from last month's estimate at 853,470 tons. The soybean crop estimate was however bullish, coming in up 6.1% higher from the previous month at 1.23 million tons which is a new record in South Africa's crop history.

OUTLOOK

Indications so far are that the soybean crop will finish the season on a positive note due to rains in the outlooks for the week ahead. The reduced sunflower crop remains the only supportive feature for this market. Rand volatility will continue to influence further direction in the short to medium term.

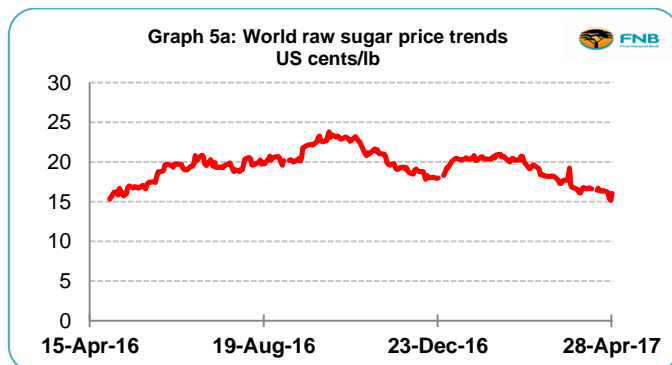
Oilseeds Futures 28 April 2017			Jul-17	Aug-17	Sep-17	Oct-17	Dec-17	
CBOT Soya oil (US c/lb)			32.16	32.27	32.38	32.44	32.66	
CBOT Soya cake meal (US\$/t)			315.80	317.00	317.30	316.10	317.00	
28 April 2017								
Calculated Sunflower Option prices (R/ton) RMB commodity desk (Tel: 011 269 9005)								
Jul-17			Sep-17			Dec-17		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,680	204	164	4,780	291	249	4,900	355	322
4,640	183	183	4,740	270	268	4,860	334	341
4,600	163	203	4,700	249	287	4,820	313	360

Sugar market trends:**Commentary****International sugar market**

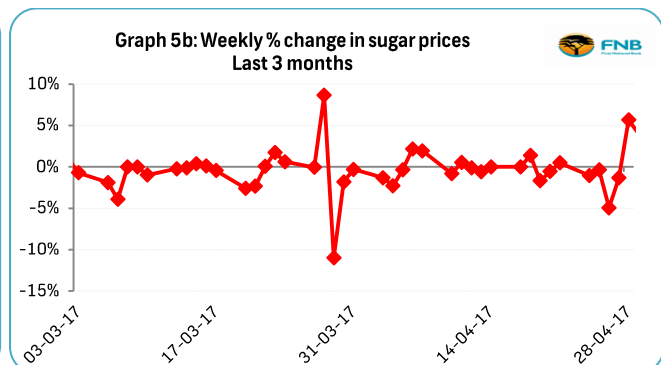
- World raw sugar prices continued to weaken due to the improved production outlook in some of the major producing areas. India is expecting a normal monsoon while Brazil is likely to have a good crop during the 2017/18 season. Elsewhere, sugar stocks are reportedly tight in the EU and prices have been firming.
- In Brazil, sugarcane industry association UNICA has reportedly projected the country's centre-south producing region to crush a total of 585 million tons during the 2017/18 crop year starting April 1, 2017. This is lower than the 607.14 million tons believed to have been crushed from the same region during the 2016/17 crop year that officially ended in March 31, 2017.
- Weekly raw sugar prices finished down 4% w/w but were almost 2% higher y/y at US15.80 c/lb. Raw sugar futures on the InterContinental Exchange (ICE) were down across the board with the Oct-17 and Mar-18 contracts closing the week down 1.9% and 1.7% w/w at US16.32 c/lb and US16.86 c/lb respectively.
- This week however saw a slight rebound in raw sugar futures with Oct-17 and Mar-18 contracts finishing a bit firmer by 0.5% and 0.6% d/d at US16.40 c/lb and US16.96 c/lb respectively.

ICESugarFutures Sugar No. 11 (US c/lb)	Jul-17	Oct-17	Mar-18	May-18	Jul-18
28 April 2017	16.13	16.32	16.86	16.82	16.78
% Change w/w	-2.3%	-1.9%	-1.7%	-1.8%	-1.9%
28 April 2017	16.18	16.40	16.96	16.93	16.91
% Change d/d	0.3%	0.5%	0.6%	0.7%	0.8%

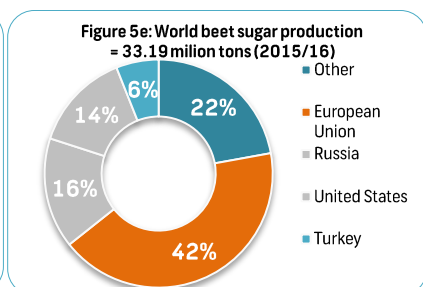
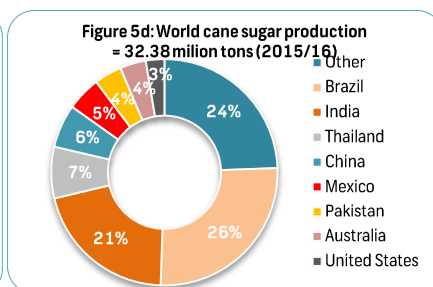
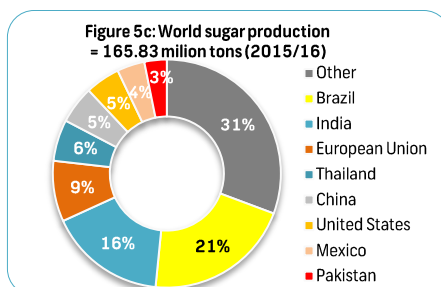
Source: InterContinental Exchange (ICE)



Source: InterContinental Exchange (ICE)

**Domestic sugar market**

- In the latest update from the South African Cane Growers Association (SACGA), the final Recoverable Value (RV) price for the marketing season 2016/17 was declared at R4,931/ton. This is up R78.07/ton compared to the February price on the back of a 7.8% increase in the notional sugar price which was implemented at the beginning of March. The downside pressure came from the lower sugar:RV ratio which was down by 0.08% to 90.04%. Gross sugar output is therefore estimated at 1.553m tons, which is 2,304 lower than the previous estimate. Export availabilities were also lowered and the local market demand estimate (LMDE) was reduced by 2,443 tons to 1.534m tons.



Source: USDA, PSD

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