

FOR ANY QUERIES, PLEASE CONTACT:

 Wandile Sihlobo: wandile@agbiz.co.za
Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 17/10/2017
- SAGIS producer deliveries data: 18/10/2017
- USDA weekly export sales data: 19/10/2017
- USDA crop progress report: 23/10/2017
- National Crop Estimate Committee's data: 26/10/2017

ECONOMIC INDICATORS	16/10/2017*	17/10/2017*	d-o-d (%Δ)
Rand/US Dollar	13,34	13,33	+0,08%
Rand/Euro	15,74	15,71	+0,19%
Euro/US Dollar	1,1789	1,1778	-0,09%
Gold Spot	1 304,31	1 299,45	-0,37%
Brent Crude Oil	57,99	57,92	-0,12%
Platinum Spot	941,00	930,72	-1,09%
Dow Jones Industrial Average	22 871,72	22 956,96	+0,37%
JSE All Share	58 300,44	58 163,56	-0,23%
SA repo rate	6.75	6.75	0,00%
SA CPI (%)	4,80	4,80	0,00%
SA CPI – food (%)	5,70	5,70	0,00%

*Previous day's prices are from midday (12h00) and today's ones were captured before 08h00

- This morning the domestic currency slightly recovered, along with other emerging markets currencies. The Rand/US Dollar is currently 0.08% stronger compared to levels seen at midday yesterday, trading around R13.33. From a data front, it is likely to be a quiet day with no major data releases in the domestic market.
- After experiencing a good run at the start of this week, the Brent crude oil market took a breather this morning with the price down by 0.12% from levels seen at midday yesterday. Moreover, the expectations of an increase in US oil production in November 2017 also added bearish pressure to the market. At the time of writing, oil price traded around US\$57.92 per barrel.



MAIZE/CORN	16/10/2017*	17/10/2017*	d-o-d (%Δ)
White maize Spot (R/t)	1 856	1 874	+0,97%
White maize Dec 17 (R/t)	1 903	1 918	+0,79%
Yellow maize Spot (R/t)	1 957	1 970	+0,66%
Yellow maize Dec 17 (R/t)	2 002	2 014	+0,60%
CME corn Spot (US cents/bushel)	352	350	-0,57%

* Previous day's prices are from midday (12h00) and today's ones were captured before 08h00

- The South African maize market started the week on a positive footing owing to a relatively weaker Rand against the US Dollar, higher Chicago maize prices, as well as strong commercial buying interest.
- The weather is a primary focus in the South African maize market as the new season planting commences in the eastern regions. The weather forecasts paint a positive picture of widespread showers across the maize belt within the next two weeks. This might slow the plantings activity, but will replenish soil moisture will benefit the new season crops.
- Apart from the weather, lower commodity prices could present challenges for farmers, particularly the white maize producing regions. The large supplies from the 2016/17 production season could keep white maize prices under pressure for some time.
- As a consequence, there are talks in the market that some farmers could reduce the area planted to white maize and switch to other crops such as oilseeds and yellow maize due to price competitiveness. More information on this will be available when the National Crop Estimate Committee releases its "intentions-to-plant" data next week, 26 October 2017.
- On the global front – This morning the Chicago maize price was down by 0.57% from levels seen at midday yesterday as forecast drier weather in the western parts of the Midwest could aid the harvest process.
- With that said, the expected rainfall across the north-eastern parts of the US Midwest could slow the harvest activity within the next eight days. At the beginning of this week, about 28% of the US maize crop had already been harvested, which is 16-points behind the corresponding period last year.
- Overall, the USDA forecasts the country's 2017/18 maize production at 363 million tonnes, down by 6% lower than the previous season's harvest due to a decline in acreage and expected lower yields in some regions.

Bottom line – In today's trade session, the domestic maize market could experience marginal losses due to lower Chicago maize prices, as well as a stronger ZAR/USD exchange.



WHEAT	16/10/2017*	17/10/2017*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 114	4 142	+0,68%
SAFEX Wheat Dec 17 (R/t)	4 127	4 144	+0,41%
CME Wheat Spot (US cents/bushel)	440	437	-0,68%

*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The South African wheat market had a good run in yesterday's trade session due to a combination of factors which include the relatively weaker domestic currency, higher Chicago wheat prices, as well as lingering concerns of dryness in the Western Cape province.
- The weather forecasts show a possibility of the dry and cool conditions across the central and northern parts of the Western Cape province within the next two weeks. This is with the exception of the coastal areas which could receive light showers. On balance, the persistent dryness could potentially worsen the crop conditions, which are already not in good shape in large parts of the province.
- More emphasis is placed in the Western Cape because the province produces almost half of South Africa's wheat crop. This season's national winter wheat crop is estimated at 1.7 million tonnes, down by 11% from the previous season. The National Crop Estimate Committee will release an updated estimate on 26 October 2017.
- There are still no new developments on the wheat import tariff front. After triggering to R909.99 per tonne on 12 September 2017, the wheat import tariff again triggered to R716.33 per tonne on 10 October 2017. Both of these rates have not yet been published in the government gazette.
- The wheat import tariff is still R752.40 per tonne. This means that the tariff will first increase to R909.99 per tonne, then be revised down to R716.33 per tonne. The timeframe for these adjustments is unclear at the moment.
- On the global front – This morning the Chicago wheat price fell by 0.68% from levels seen at midday yesterday due to expected large wheat supplies in the Black Sea region.
- Back in the US, the forecast rainfall in some parts of the Midwest could slow the winter wheat planting activity. At the beginning of this week, about 60% of the intended winter wheat acreage had already been planted, which is 10-points behind the corresponding period last year.
- Moreover, the US wheat production is set to take a beating this season, estimated at 47 million tonnes, down by 25% from the 2016/17 season. This is due to expected lower yields in some areas, and a decline in acreage.

Bottom line – The domestic wheat market could see marginal losses in today's trade session due to lower Chicago wheat prices, as well as a relatively stronger ZAR/USD exchange.



SOYBEAN	16/10/2017*	17/10/2017*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 745	4 745	0,00%
SAFEX Soybean Mar 18 (R/t)	4 911	4 892	-0,39%
CME Soybean Spot (US cents/bushel)	996	990	-0,60%

*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The South African soybean market ended the day mixed in yesterday's trade session. The spot price remained flat owing to thinly traded volumes, whereas March 2018 contract month price lost ground partly due to favourable prospects for the upcoming season.
- The weather models show a possibility of rainfall in the eastern parts of the country within the next two weeks, which should improve soil moisture and benefit the new season crop. With that said, this could delay plantings but that is not much of an issue as the optimal planting window only closes at the beginning of December.
- As we set out in yesterday's note, the calendar for this week is light with no major data releases, the market performance will largely be guided by the Chicago soybean price and domestic currency movements.
- In global markets – This morning the Chicago soybean prices lost ground with the price down by 0.60% from the previous day owing to expected large supplies.
- The USDA forecasts the US 2017/18 soybean production at 120 million tonnes, up by 3% from the previous season due to an increase in acreage, as well as higher yields. However, a large part of the crop is not in good shape. Only 61% of the crop is rated good/excellent, which is 13-points lower than the same period last year.
- The forecast rainfall in the north-eastern part of the Midwest could slow the soybean harvest process. At the beginning of last week, 49% of the US soybean had already been harvested, which is 10-points behind the corresponding period last year.
- From a demand front, China is set to remain a key buyer of soybeans. The country's 2017/18 soybean imports are estimated at 95 million tonnes, up by 3% from the 2016/17 season. In addition, the EU is also expected to remain a key buyer with imports estimated at 14 million tonnes, up by 6% from the 2016/17.
- The recent data from China's General Administration of Customs show that the country imported 8.1 million tonnes of soybeans in September 2017, down by 5% from the corresponding period last year.

Bottom line – In today's trade session, the domestic soybean market could also experience marginal losses due to a stronger ZAR/USD exchange, relatively large supplies, as well as lower Chicago soybean prices.



SUNFLOWER SEED	16/10/2017*	17/10/2017*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 558	4 496	-1,36%
SAFEX Sunflower seed Mar 18 (R/t)	4 714	4 637	-1,63%
EU (France) sunflower seed (US\$/t)	389	388	-0,26%

*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- Yesterday the South African sunflower seed market continued on its roller-coaster ride due to prospects of an increased acreage in the new season, as well as commercial selling.
- As indicated in our previous note, it is still an off-season period in the domestic sunflower seed market and this week's calendar is light with no major data releases. Therefore, the market will most likely be driven by the domestic currency movements and traded volumes in the local market.
- In the global market – Yesterday the EU's sunflower seed market withdrew its recent gains with the price down by 0.26% from the previous session, closing at US\$388 per tonne. This was partly on the back of expected large supplies in the EU region.
- The European Commission forecasts the region's 2017/18 sunflower seed production at 9.2 million tonnes, up by 8% from the previous season due to expected higher yields and an increase in acreage.
- Elsewhere, there was not much happening in the Black Sea's sunflower oil market. The prices remained unchanged from the previous day, closing at US\$763 per tonne.
- With that said, in the fields, the harvest process is underway across the Black Sea region. At the beginning of this week, Russia and Ukraine had harvested 50% and 90% of this season's sunflower seed crop, respectively.
- The harvest process is also underway in the US. At the beginning of this week, 12% of the area had already been harvested. However, this is 16-points behind the corresponding period last year and 12-points behind a 5-year average progress. The delays are largely due to wet weather conditions.
- In Argentina, the sunflower seed planting activity for the 2017/18 season has already commenced. The most recent data from the Buenos Aires Grain Exchange shows that on the 11 October 2017, about 40% of the intended area for sunflower seed crop had already been planted.

Bottom line – The domestic sunflower seed market could experience extended losses in today's trade session due to a relatively stronger ZAR/USD exchange.



FRUIT (South Africa)	16/10/2017	17/10/2017*	d-o-d (%Δ)
Apples (R/kg)	7,54	6,83	-9,42%
Bananas (R/kg)	6,44	6,19	-3,88%
Oranges (R/kg)	5,92	4,33	-26,86%

*Previous trading day's price survey in Johannesburg fresh produce market

- The fruit market saw widespread losses in yesterday's trade session due to large stocks and increase commercial selling. The prices of apples and bananas were down by 9% and 4% from the previous day, closing at R6.83 and R6.19 per kilogram, respectively. These losses followed a 94% and 3% increase in stocks of apples and bananas to 263 592 tonnes and 223 956 tonnes, respectively.
- The oranges market lost 27% from the previous day, closing at R4.33 per kilogram due to strong commercial selling. However, this could soon be reversed due to lower stocks of 40 704 tonnes.

Bottom line – Today, the traded volumes and buying interest are likely to be the key determinants of the price movements in the South African fruit market.

POTATO	16/10/2017	17/10/2017*	d-o-d (%Δ)
RSA Potato (R/10kg)	47,55	45,22	-4,90%

*Previous day's price survey across RSA fresh produce markets

- The South African potato market started the week on a negative footing due to large stocks of 986 753 pockets (10kg bag). The price was down by 5% from the previous trading session, closing at R45.22 per pocket (10kg).
- However, during the session, the market saw a continued increase in commercial buying interest, coupled with a decline in deliveries on the back of slow harvest activity over the weekend. This subsequently led to a 27% drop in daily stocks to 718 115 pockets (10kg bag).

Bottom line – In today's trade session the potato price could see marginal gains due to relatively lower stock of 718 115 pockets (10kg bag).



BEEF CARCASS	16/10/2017*	17/10/2017*	d-o-d (%Δ)
SAFEX Beef Dec 2017 (R/kg)	46,00	46,00	0,00%

*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The SAFEX beef market saw a quiet start of the day with prices flat at R46.00 per kilogram due to thinly traded volumes. This implies that the SAFEX beef carcass prices might differ from the physical market, which continues to show solid activity and higher traded volumes.
- The South African cattle industry is normalising after the 2015-16 drought. The most recent data from the Red Meat Levy Admin shows that farmers slaughtered 228 632 head of cattle in August 2017, up by 12% from the previous month, but still down by 5% from the same period last year. That said, it is unclear whether this will be a temporary blip or full recovery. We will closely monitor the developments over the coming months.

Bottom line – The movements of the SAFEX beef carcass prices will largely depend on the volumes traded at the stock exchange.

WEATHER FORECAST: South Africa

- The central, eastern and northern parts of South Africa could receive light showers this week, which will replenish soil moisture ahead of the new season summer crop (figure 1). Meanwhile, the northern parts of the Western Cape and Northern Cape provinces could remain dry, which is not conducive for winter crops.
- The long-term weather forecast presents a possibility of widespread showers across the country (figure 2). However, this is with the exception of the western parts of the Western Cape and Northern Cape provinces which could remain dry and warm over the observed period.

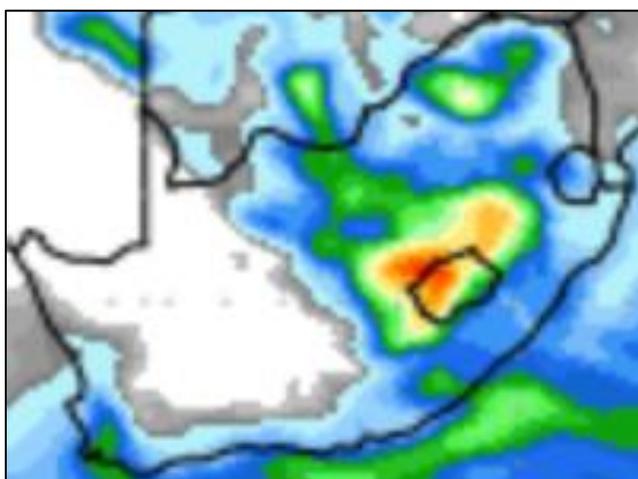


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

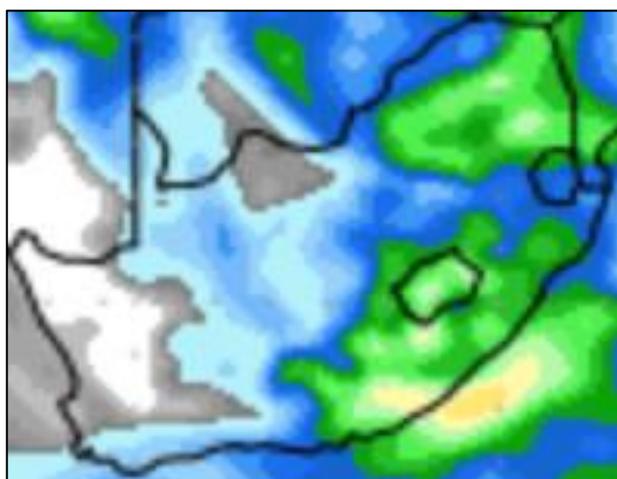


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

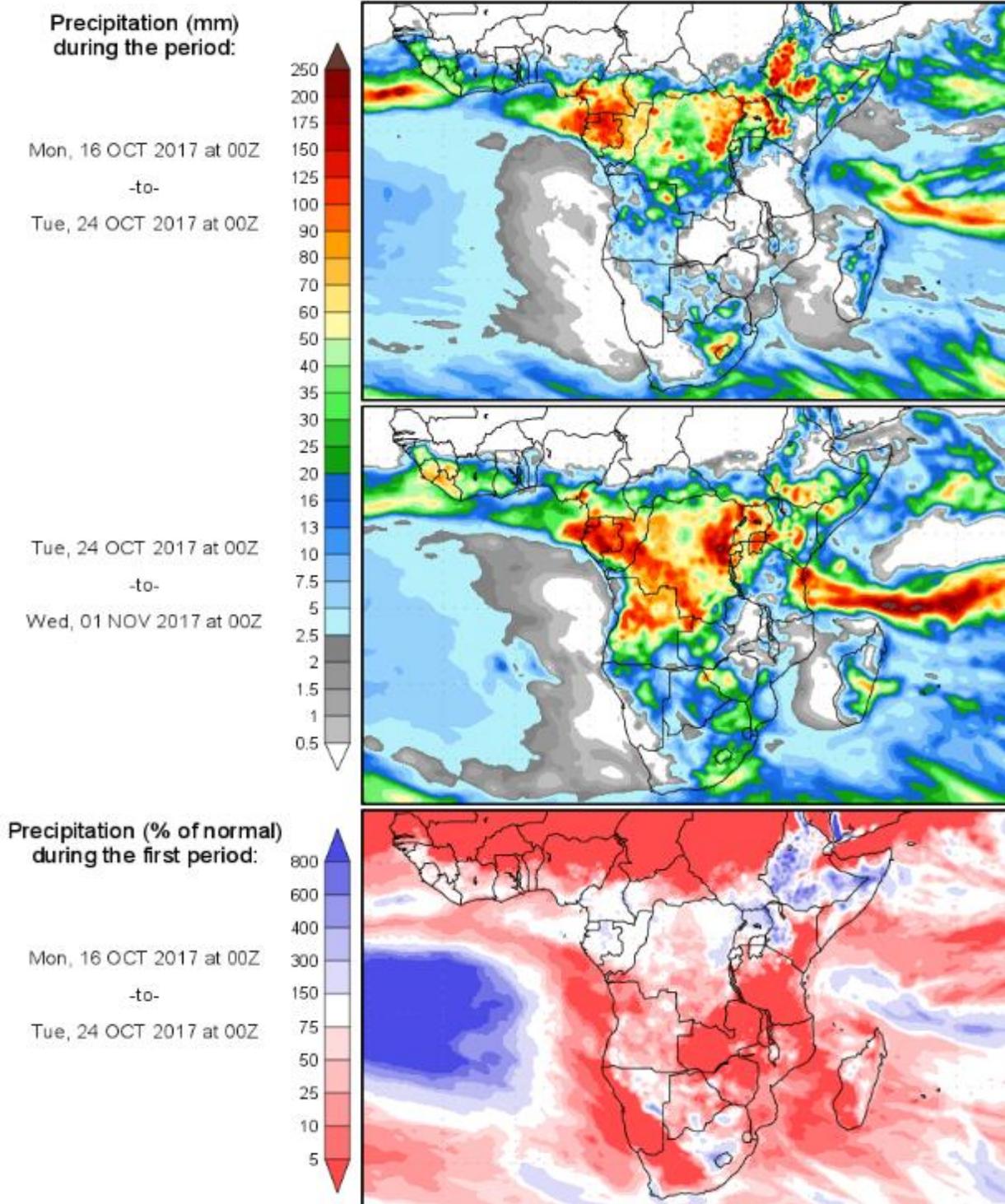


Figure 3: Precipitation forecast
Source: wxmaps

Key Data Sources: JSE, CME, Potatoes SA, Johannesburg Fresh Produce Market, Red Meat Levy, Reuters, SAGIS, USDA, International Grains Council, National Crop Estimate Committee, Earth Institute: Columbia University, South African Weather Services, Sunseedman and wxmaps.

[@WandileSihlobo](#) [@AgriChamber](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.