

**FOR ANY QUERIES, PLEASE CONTACT:**

Wandile Sihlobo: [wandile@agbiz.co.za](mailto:wandile@agbiz.co.za)

**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 31/10/2017
- SAGIS producer deliveries data: 01/11/2017
- USDA weekly export sales data: 02/11/2017
- USDA crop progress report: 06/11/2017

ECONOMIC INDICATORS	30/10/2017*	31/10/2017*	d-o-d (%Δ)
Rand/US Dollar	14,11	14,05	+0,43%
Rand/Euro	16,41	16,33	+0,49%
Euro/US Dollar	1,1633	1,1628	-0,04%
Gold Spot	1 271,67	1 275,52	+0,30%
Brent Crude Oil	60,42	60,71	+0,48%
Platinum Spot	918,43	922,53	+0,45%
Dow Jones Industrial Average	23 434,19	23 348,74	-0,36%
JSE All Share	58 801,39	58 879,14	+0,13%
SA repo rate	6,75	6,75	0,00%
SA CPI (%)	5,10	5,10	0,00%
SA CPI – food (%)	5,40	5,40	0,00%

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

- The domestic currency has slightly recovered from yesterday's levels, along with other emerging markets currencies. Higher commodity prices also added support to the market. The Rand/US Dollar is currently 0.43% stronger compared to midday yesterday, trading around R14.05. From a data front, Stats SA will release the Quarterly Labour Force Survey data for the third quarter of 2017.
- This morning the Brent crude oil price was up by 0.48% from levels seen at midday yesterday, with support stemming from expectations that OPEC might extend its oil production cut strategy beyond March 2018. More details on this will be available after OPEC's official meeting which is scheduled for 30 November 2017. At the time of writing, oil price traded around US\$60.71 per barrel.

MAIZE/CORN	30/10/2017*	31/10/2017*	d-o-d (%Δ)
White maize Spot (R/t)	1 980	1 979	-0,05%
White maize Jul 18 (R/t)	2 139	2 141	+0,09%
Yellow maize Spot (R/t)	2 083	2 091	+0,38%
Yellow maize Jul 18 (R/t)	2 222	2 221	-0,05%
CME corn Spot (US cents/bushel)	349	348	-0,29%

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

- The South African maize market was once again mixed in yesterday's trade session. White maize July 2018 and yellow maize spot prices gained ground on the back of a weaker Rand against the US Dollar, and commercial buying interest. Meanwhile, other contract month prices remained under pressure due to large supplies and optimism regarding the new 2017/18 production season.
- With the new season planting activity underway in the eastern parts of the country, the weather will remain a primary focus in the market for some time. The expected rainfall across the eastern parts of the South African maize belt within the next two weeks could improve soil moisture, albeit slowing the planting process.
- However, this will not be an issue as the optimal planting window for maize only closes around mid-November in the eastern parts of the country. In the western parts, the optimal maize planting window only opens in mid-November and closes around mid-December<sup>1</sup>.
- On the global front – This morning the Chicago maize price was down by 0.29% from levels seen at midday yesterday owing to expected large supplies in the US market.
- The wet weather conditions in the US Midwest have slowed the harvest process. At the beginning of this week, only 54% of the US maize crop had already been harvested, which is 19-points behind the corresponding period last year. At the same time, about 66% of the US maize crop was rated good/excellent, compared to 74% in the corresponding period last year.
- Elsewhere, the European Commission revised its 2017/18 maize production estimate down by 600 000 tonnes from the previous month to 59 million tonnes. This is 3% lower than the previous season's harvest and also in line with the International Grains Council's estimate.

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

<sup>1</sup> The South African farmers intend to reduce total maize area plantings by 6% from the 2016/17 production season to 2.47 million hectares. The decline will only be on white maize.

<b>WHEAT</b>	30/10/2017*	31/10/2017*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 215	4 200	-0,36%
SAFEX Wheat Dec 17 (R/t)	4 252	4 232	-0,47%
CME Wheat Spot (US cents/bushel)	427	426	-0,23%

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

- The South African wheat market started yesterday's trade session on a negative footing and remained under pressure throughout the day. This was in line with lower Chicago wheat prices, as well as thinly traded volumes.
- After weeks of persistent dryness, the Western Cape province could receive light showers this week. This might slow harvest process in areas that have already started, particularly the Southern Cape and Swartland regions. Meanwhile, the areas that planted late in the season could still benefit from expected rainfall as the crop is at grain filling stages of development.
- More emphasis is placed in the Western Cape because the province produces almost half of South Africa's wheat crop. Last week, the National Crop Estimate Committee revised its production estimate for the province down by 8% from the previous month to 749 800 tonnes<sup>2</sup>.
- Not of urgency but worth noting is that Ethiopia is still in the market looking for 400 000 tonnes of milling wheat from the optional origin. This has been upgraded from the last week's volume of 200 000 tonnes.
- On the global front – This morning the Chicago wheat price was down by 0.23% from levels seen at midday yesterday due to large global supplies (boosted by a good harvest in the Black Sea region).
- The expected rainfall within the next eight days in the eastern regions of the US Midwest could benefit the new season crop, albeit delaying planting processes<sup>3</sup>. On the 29<sup>th</sup> of October 2017, about 84% of the intended winter wheat hectares had already been planted, which is 1-points behind the corresponding period last year.
- The International Grains Council forecasts a 25% year-on-year decline in US 2017/18 all-wheat production to 47 million tonnes. This is a result of an expected decline in area plantings, and anticipation for lower yields in some regions. Overall, the 2017/18 global wheat production is estimated at 749 million tonnes, down by 1% from the previous season.

Bottom line – The domestic wheat market could also see marginal losses due to lower Chicago wheat prices, as well as a relatively stronger ZAR/USD exchange.

<sup>2</sup> South Africa's 2017/18 wheat production is estimated at 1.66 million tonnes, down by 13% from the previous season.

<sup>3</sup> Please see the link for more details on US weather forecasts: <http://wxmaps.org/pix/prec1.html>

SOYBEAN	30/10/2017*	31/10/2017*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 770	4 748	-0,46%
SAFEX Soybean Mar 18 (R/t)	4 911	4 910	-0,02%
CME Soybean Spot (US cents/bushel)	981	975	-0,61%

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

- The domestic soybean market continued on its rollercoaster ride with large stocks and expected an increase in area plantings being the key drivers of the market<sup>4</sup>. In addition, the lower Chicago soybean prices also added bearish pressure to the market.
- 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 subsequently benefit the new season crop. With that said, this could delay planting activity, but that is not much of an issue as the optimal planting window only closes in 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 price was down by 0.61% from the level seen at midday yesterday due to harvest pressure.
- At the beginning of this week, about 83% of the US soybean had already been harvested, which is 2-points behind the corresponding period last year. The weather remains a primary focus in the US soybean market. The expected rainfall within the next two weeks in the eastern parts of the Midwest could slow the harvest and maturation process of the soybean crop.
- The International Grains Council forecasts the US 2017/18 soybean production at 121 million tonnes, up by 3% from the previous season due to expected higher yields and an increase in area planted.
- In contrast, there is a marked drawdown expected in South American soybean production due to the anticipation of a decline in area plantings, as well as lower yields. Brazil, Argentina, Paraguay and Uruguay's 2017/18 soybean production is estimated at 108 million tonnes (-5% y/y), 54 million tonnes (-2% y/y), 9 million tonnes (-10% y/y) and 3 million tonnes (-10% y/y), respectively.

Bottom line – The higher Chicago soybean prices could remain under pressure in today's trade session due to lower Chicago soybean prices, as well as a relatively stronger domestic currency.

<sup>4</sup> Farmers intend to increase the area plantings by 25% from the previous production season to 720 000 hectares - the largest area on record.

SUNFLOWER SEED	30/10/2017*	31/10/2017*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 445	4 386	-1,33%
SAFEX Sunflower seed Mar 18 (R/t)	4 599	4 560	-0,85%
EU (France) sunflower seed (US\$/t)	381	377	-1,05%

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

- The South African sunflower seed market remained under pressure in yesterday's trade session with increased commercial selling and large stocks underpinning the market. Moreover, the expected increase in area plantings in the 2017/18 season also added bearish pressure to the market<sup>5</sup>.
- The sunflower seed optimal planting window opens this week across the country and only closes at the beginning of January 2018. The expected drier weather conditions in the Free State and North West provinces this week could add momentum to the planting activity. The week thereafter could bring widespread rainfall which should replenish soil moisture.
- Apart from this, 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 saw extended losses with the price down by 1.05% from the previous day, closing at US\$377 per tonne. This bearish pressure emanated from expected large supplies in the EU market.
- Stratégie Grains revised its 2017/18 EU's sunflower seed production estimate up by 200 000 tonnes from the previous month to 9.0 million tonnes. This revision was largely supported by expected higher yields. With that said, this is still below the European Commission's estimate of 9.2 million tonnes. Above all, this year's crop is expected to be well above the 2016/17 harvest of 8.4 million tonnes.
- There was not much happening in the Black Sea region's sunflower oil market. The prices remained flat at US\$759 per tonne due to thinly traded volumes. In the fields, sunflower seed harvest process is almost over. On the 30<sup>th</sup> of October 2017, Russia and Ukraine had harvested 65% and 95% of this season's sunflower seed crop, respectively. That said, the expected light rainfall this week could slow the harvest process.

Bottom line – The domestic sunflower seed market could see extended losses in today's trade session owing to a relatively stronger domestic currency, as well as large domestic supplies.

<sup>5</sup> The National Crop Estimates Committee indicated that South African farmers intend to increase sunflower seed plantings by 5% from the previous season to 665 500 hectares.



POTATO	30/10/2017	31/10/2017*	d-o-d (%Δ)
RSA Potato (R/10kg)	36,56	35,85	-1,94%

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

- The South African potato market started the week on a negative footing with the price down by 2% from the previous trading session, closing at R35.85 per pocket (10kg). This was mainly due to large stocks of 1.19 million pockets (10kg bag) at the start of the trading session.
- However, during the session, the market saw strong commercial buying interest, coupled with a decline in deliveries on the back of slow harvest activity over the weekend. This subsequently led to a 32% decline in daily stocks to 804 965 pockets (10kg bag).

Bottom line – Today's trade session could present support to the domestic potato market due to relatively lower stock of 804 965 pockets (10kg bag).

FRUIT (South Africa)	30/10/2017	31/10/2017*	d-o-d (%Δ)
Apples (R/kg)	7,37	6,88	-6,65%
Bananas (R/kg)	6,69	6,59	-1,49%
Oranges (R/kg)	6,11	6,47	+5,89%

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

- The fruit market was once again mixed in yesterday's trade session. The prices of apples and bananas were down by 7% and 1% from the previous day, closing at R6.88 and R6.59 per kilogram, respectively. This was due to large stocks of 289 574 tonnes of apples and 282 651 tonnes of bananas.
- Meanwhile, the oranges market gained 6% from the previous day, closing at R6.47 per kilogram due to commercial buying interest, as well as the lower stock of 47 727 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.

BEEF CARCASS	30/10/2017*	31/10/2017*	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

- Yesterday's trade session presented more of the same in the SAFEX beef carcass market. The prices remained 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 most recent data from the Red Meat Levy Admin shows that farmers slaughtered 209 322 head of cattle in September 2017, down by 12% from the previous month, and the corresponding period last year. This proves that August 2017 uptick in slaughtering activity was somewhat a temporary blip. We will closely monitor the data in the next few months in order to ascertain the impact on prices.

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 southwestern and eastern parts of South Africa could receive light rainfall of between 13 and 25 millimetres within the next eight days (figure 1). Meanwhile, the Northern Cape, North West and Free State provinces could remain dry and cool. Thus, providing a breather, so that the planting activity can gain momentum.
- The long-term weather forecast presents a possibility of heavy rainfall in the north-eastern parts of the country. This could improve soil moisture and subsequently benefit summer crops (figure 2). However, this is with the exception of the south-western regions, which might remain dry and cool over the observed period.

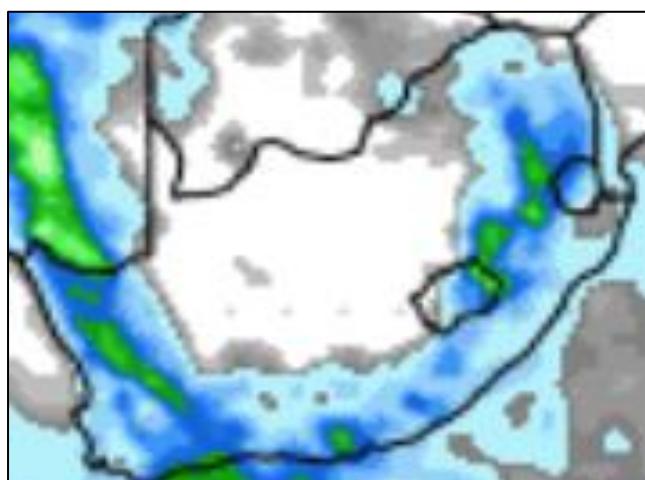


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

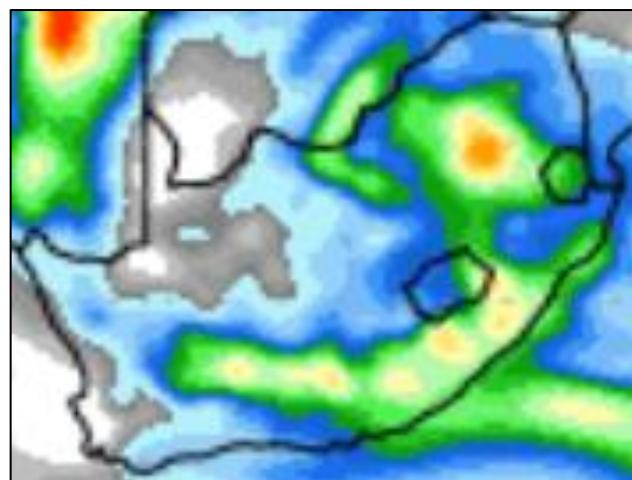


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps

## Precipitation Forecasts

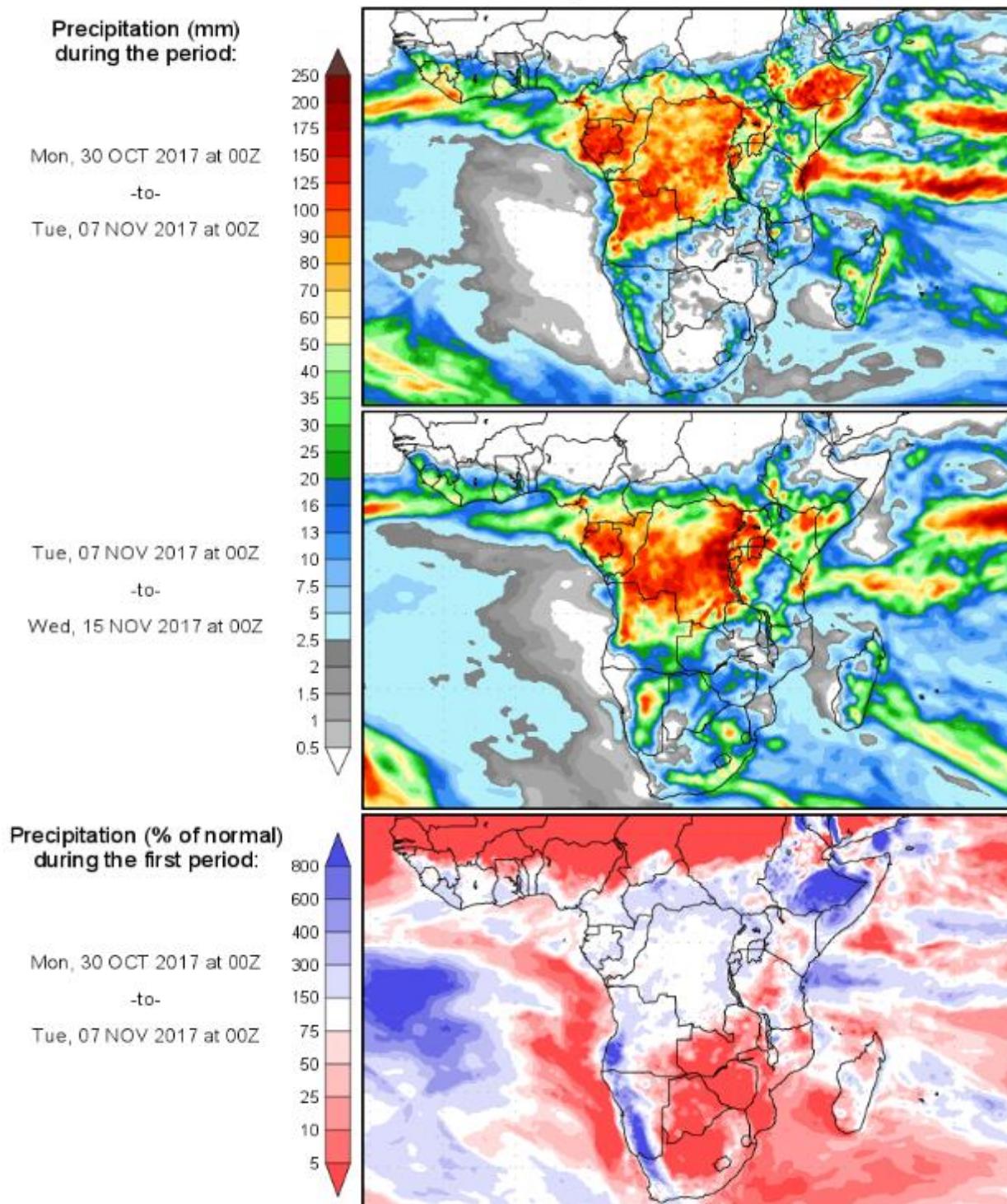


Figure 3: Precipitation forecast

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

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