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**Key Data Releases in Agricultural Markets:**

- USDA's crop progress report: 09/07/2018
- SAGIS weekly grain trade data: 10/07/2018
- SAGIS producer deliveries data: 11/07/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 12/07/2018
- SAGIS monthly data: 25/07/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018

<b>ECONOMIC INDICATORS</b>	04/07/2018*	05/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,71	13,72	-0,07%
Rand/Euro	15,96	15,98	-0,13%
Euro/US Dollar	1,1640	1,1653	+0,11%
Gold Spot	1 257,05	1 255,04	-0,16%
Brent Crude Oil	78,24	77,81	-0,55%
Platinum Spot	842,10	844,20	+0,25%
Dow Jones Industrial Average	24 174,82	24 174,82	0,00%
JSE All Share	57 488,48	57 600,02	+0,19%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,40	4,40	0,00%
SA CPI – food (y/y %)	3,00	3,00	0,00%

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

- The Rand/US Dollar is currently 0.07 percent weaker compared to midday yesterday, trading around R13.72. The Rand's depreciation was roughly in line with other emerging market currencies, as well as marginal losses in global commodity prices. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil market pulled back from levels seen at midday yesterday, with the price down by 0.55 percent, trading around US\$77.81 per barrel. The Brent oil price has traded at levels over US\$70 per barrel mark since April 2018, with the key drivers of this being OPEC's deal to reduce oil production, coupled with a reduction in Venezuela's oil production, as well as prospects of a decline in Iran's oil output.



MAIZE/CORN	04/07/2018*	05/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 040	2 020	-0,98%
White maize Dec 18 (R/t)	2 173	2 151	-1,01%
Yellow maize Jul 18 (R/t)	2 129	2 113	-0,75%
Yellow maize Dec 18 (R/t)	2 260	2 243	-0,75%
CME corn July 18 (US cents/bushel)	343	343	0,00%

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

- The South African maize market opened yesterday's trade session on the negative footing and remained under pressure throughout the day as the slightly stronger Rand against the US Dollar and ongoing harvest process continued to add a bearish sentiment to the market.
- The harvest process is gaining momentum across the country, thanks to favourable weather conditions. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 968 284 tonnes in the week of 29 June 2018, up by 14 percent from the previous week.
- About 54 percent of this was yellow maize, with 46 percent being white maize. Unlike the past couple of weeks when progress was mainly in the central and eastern parts of the country, which predominantly produce yellow maize, the progress is now widespread as reflected on white maize deliveries. The total maize deliveries for the first nine weeks of the 2018/19 marketing year are estimated at 4.1 million tonnes, which equates to roughly a third of the estimated harvest of 13.2 million tonnes.<sup>1</sup> Yellow maize accounts for 61 percent of overall maize deliveries, with white maize accounting for 39 percent.
- More maize will be delivered in the coming weeks as the expected cool and drier weather conditions during the next two weeks could provide conditions conducive for the harvest process, particularly in the early planted areas in the eastern and central parts of the South African maize-belt. With that said, the near-term weather forecasts present a possibility of showers in the western parts of the country, which could slow the harvest process in white maize growing regions.
- Elsewhere, the harvest process is also gaining momentum in some parts of Zimbabwe. Media reports suggest that 160 000 tonnes had already been delivered to the country's Grain Marketing Board silos on 30 June 2018. This, however, does not change the view that Zimbabwe's 2018/19 maize imports could reach 300 000 tonnes.

Bottom line – Today the domestic maize market could experience a sideways movement if the ZAR/USD exchange and Chicago maize price maintain the current trends.

<sup>1</sup> The 2018/19 marketing year corresponds with 2017/18 production season.



WHEAT	04/07/2018*	05/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 989	4 024	+0,88%
SAFEX Wheat Dec 18 (R/t)	4 128	4 145	+0,41%
CME Wheat spot (US cents/bushel)	491	491	0,00%

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

- The SAFEX wheat price managed to claw back some of its recent losses and settled in positive territory. This was largely driven by global developments which were mirrored on the uptick in Chicago wheat prices, whilst the local key drivers such as the ZAR/USD and crop conditions were largely biased towards a decline in prices.
- The key driver of global wheat prices were reports of unfavourable weather conditions in parts of Russia and the EU. This adds to an already slightly bullish environment in the wheat market, following the International Grains Council report which placed 2018/19 global wheat production at 737 million tonnes, which is the smallest harvest in three seasons.<sup>2</sup> Also worth noting is that the 2018/19 global wheat ending stock is estimated at 256 million tonnes, which is 2 percent lower than the previous year.
- These developments are important to South Africa because the country is a net importer of wheat, with 2017/18 marketing year imports estimated at 1.9 million tonnes. About 84 percent of this had already been imported on 29 June 2018. An additional 16 percent will probably reach the South African shores before the end of the marketing year, which is September 2018.
- Locally, the theme hasn't changed. The weather will remain part of the discussion over the next couple of months as the crop is still in its growing stages. The week started on good footing with widespread rainfall across the Western Cape, a key wheat producing province, albeit not evenly distributed. The areas around Swartland and Overberg regions received higher rainfall, whilst the Southern Cape received moderate showers.
- In our previous notes, we talked a bit about expectations of higher rainfall over the Western Cape province within the next three months, leaning on the South African Weather Service and International Research Institute for Climate and Society's forecast.<sup>3</sup> These views have not changed. There is still some level of optimism regarding the weather in the medium term.

Bottom line – Today the local wheat prices could experience a sideways movement if the ZAR/USD exchange and Chicago wheat price maintain the current trends.

<sup>2</sup> The countries driving this decline are Russia, Ukraine, Kazakhstan, China, India and the EU region, with 2018/19 wheat production estimated at 70 million tonnes (-17% y/y), 26 million tonnes (-3% y/y), 14 million tonnes (-7% y/y), 127 million tonnes (-2% y/y), 96 million tonnes (-3% y/y) and 147 million tonnes (-3% y/y), respectively.

<sup>3</sup> South African Weather Service, 2018. *Seasonal Climate Watch*. [Online] Available on: <http://www.weathersa.co.za/media/data/longrange/afcsa/scw.pdf>



SOYBEAN	04/07/2018*	05/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 322	4 317	-0,12%
SAFEX Soybean Dec 18 (R/t)	4 554	4 555	+0,02%
CME Soybean Spot (US cents/bushel)	843	843	0,00%

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

- Yesterday the SAFEX soybean market experienced a fairly quiet day, with the spot price remaining under pressure due to the slightly stronger Rand against the US Dollar, as well as expected large supplies. Meanwhile, December 2018 contract month price settled in positive territory due to a slight increase in commercial buying.
- Aside from yesterday's price action, the fundamentals in the domestic soybean market remain unchanged, which means supplies are in good shape. South Africa's 2018/19 soybean supplies could reach 1.87 million tonnes, up by 33 percent from the previous year. The supplies figure include the expected record production, opening stock, as well as import estimate.<sup>4</sup>
- The past few week's cool and drier weather conditions provided conditions conducive for harvest process in most soybean growing areas. On 29 June 2018, about 1.46 million tonnes of soybeans had already been delivered to commercial silos. This accounts for 94 percent of the estimated harvest of 1.55 million tonnes.
- Yields in most areas varied between average and above-average, which is in line with the national Crop Estimate Committee's view. The producer deliveries which are almost on par with the estimated harvest clearly mirror that yield reports.
- Yesterday we noted a possibility of rainfall over some soybean growing areas which would have slightly slowed the harvest process. Fortunately, the forecasts have cleared this morning, which means that the harvest could progress with minimal interruptions in areas that have not yet completed.
- Elsewhere, the weather remains a key focus in the US soybean market as the crop is still in its early stages of development that require moisture. The next eight days could bring widespread showers over the Midwest which should improve soil moisture and crop conditions. On 01 July 2018, about 71 percent of the crop was rated good or excellent, still far better than last year's rating of 64 percent over the corresponding period.

Bottom line – Similar to other crops, today the SAFEX soybean prices could experience a sideways movement if the ZAR/USD exchange and Chicago soybean price maintain the current trends.

<sup>4</sup>The key driver of the uptick in supplies is the expected large harvest, which in turn, is underpinned by higher yields and an expansion in area planted.



<b>SUNFLOWER SEED</b>	04/07/2018*	05/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 783	4 805	+0,46%
SAFEX Sunflower seed Dec 18 (R/t)	5 032	5 027	-0,10%
EU (France) sunflower seed (US\$/t)	379	380	+0,26%

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

- Yesterday the SAFEX sunflower seed market settled on a mixed footing. The spot price was up due to commercial buying interest, whereas December 2018 contract month price settled on negative footing owing to a slight recovery in the domestic currency against the US Dollar.
- The favourable weather conditions that were experienced in the past couple of weeks have provided conducive conditions for sunflower seed harvest activity. This is evident from volumes delivered to commercial silos in the past couple of weeks. In the week of 29 June 2018, sunflower seed producer deliveries amounted to 71 729 tonnes, which is 41 percent higher than the previous week. This placed South Africa's 2018/19 sunflower seed producer deliveries at 558 194 tonnes, which equates to 70 percent of the estimated harvest of 792 255 tonnes.
- The general feedback from farmers regarding yields is encouraging at this stage, at least for areas that planted early in the season. The yields varied between average and above-average, which supports the national Crop Estimate Committee's view of higher yields of about 1.32 tonnes per hectare.
- However, it is not all rosy. The feedback from the late-planted areas points to fairly lower yields at a range of 0.8 and 0.9 tonnes per hectares, particularly the areas around western Free State and western parts of the North West. We will closely monitor these areas as the harvest activity progresses.
- Looking ahead, the harvest activity could slow in the near term as weather forecast show a possibility of light showers over sunflower seed growing areas in the week of 12 July 2018. At the time of writing, the weather charts were showing a likelihood of between 10 and 20 millimetres in areas over the North West province. If this materialises and lasts for a prolonged period, crop quality might deteriorate in some areas.
- Elsewhere, the EU's sunflower seed market had a good run in yesterday's trade session with the price up by 0.26 percent from the previous day, closing at US\$380 per tonne, supported by higher crude oil and vegetable oil prices. Overall, the weather remains a primary focus in the Northern Hemisphere as the new season crop is still in its early stages of development. The Black Sea and parts of the US sunflower seed areas could receive light showers this week, which should improve soil moisture and subsequently benefit the newly planted crop.

Bottom line – Today, the domestic sunflower seed market could gain ground due to a relatively weaker ZAR/USD exchange.



<b>POTATO</b>	04/07/2018*	05/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,34	31,93	-4,23%

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

- After a good run at the start of the week, the South African potato market pulled back in yesterday's trade session and settled in negative territory. The price was down by 4 percent from the previous day, closing at R31.93 per pockets (10kg bag) due to a relatively large stock of 1.03 million pockets (10kg bag) at the start of the session.
- Towards the end of the session, the market experienced a slight uptick in producer deliveries on the back of ongoing harvest activity in most parts of the country. This subsequently led to a 3 percent increase in daily stock to 1.06 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a relatively large stock of 1.06 million pockets (10kg bag).

<b>FRUIT (South Africa)</b>	04/07/2018*	05/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,33	6,77	+6,95%
Bananas (R/kg)	5,07	5,53	+9,07%
Oranges (R/kg)	2,14	2,23	+4,21%

\*Previous trading day's price survey in South African fresh produce markets

- The South African fruit market had a good run in yesterday's trade session due to strong commercial buying interest, which subsequently led to a decline in stocks. The price of apples was up by 7 percent from the previous day, closing at R6.77 per kilogram, due to a relatively lower stock of 494 000 tonnes.
- Furthermore, the prices of bananas and oranges were respectively up by 9 percent and 4 percent from the previous day, closing at R5.53 per kilogram and R2.23 per kilogram. This followed a 9 percent and 20 percent respective decline in daily stocks of bananas and oranges to 969 000 tonnes and 1.07 million tonnes.

Bottom line – Similar to previous sessions, the changes in traded volumes and buying interest or commercial selling are likely to be amongst the key factors underpinning the South African fruit market this week.

<b>BEEF CARCASS</b>	04/07/2018*	05/07/2018*	d-o-d (%Δ)
SAFEX Beef Sep 18 (R/kg)	47,50	47,50	0,00

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

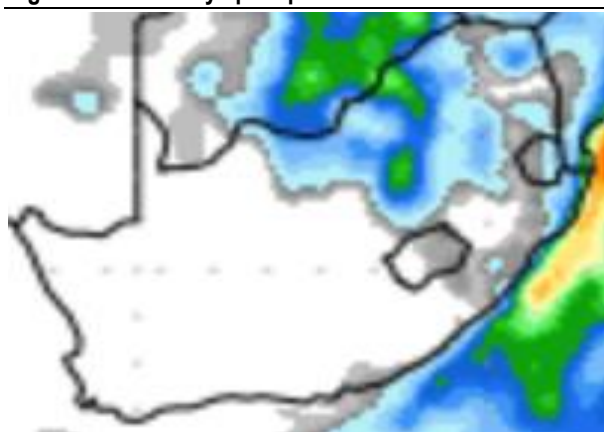
- Yesterday was again another quiet day in the SAFEX beef carcass market with the price unchanged from the previous day, closing at R47.50 per kilogram due to thinly traded volumes. With that said, the SAFEX beef carcass price might not be a true reflection of the physical market which continues to show solid activity.
- In terms of the supply, the South African farmers slaughtered 219 434 head of cattle in May 2018, down by 4 percent from the same period last year. The decline in slaughtering is on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. However, the trend could soon change as the USDA forecasts a 4 percent annual increase in the number of cattle to be slaughtered in South Africa in 2018 to 3.5 million cattle, due to the anticipated uptick in demand and a general recovery in the industry performance.

Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

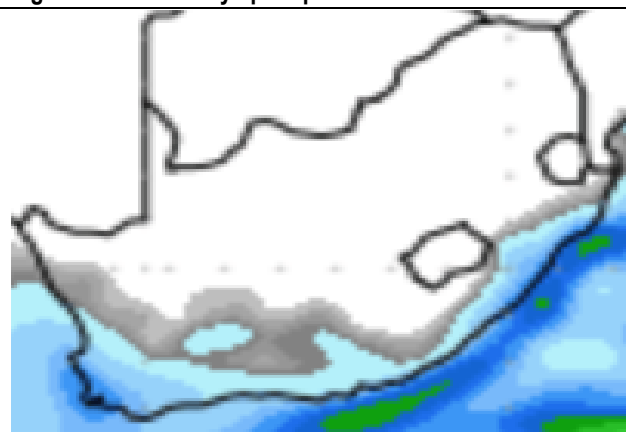
- The weather forecast for the next eight days shows clear skies over most parts of the country, with the exception of North West, Gauteng and parts of the Free State province which could receive light showers (figure 1). This could potentially slow the harvest activity, particularly in maize and sunflower seed areas.
- The expected rainfall in the aforementioned provinces will, nonetheless, be short-lived as a weather forecast for the week of 20 July 2018 shows clear skies over across the country, with light and scattered showers in parts of the Western Cape province (figure 2).

**Figure 1: Next 8-days precipitation forecast**



Source: wxmaps

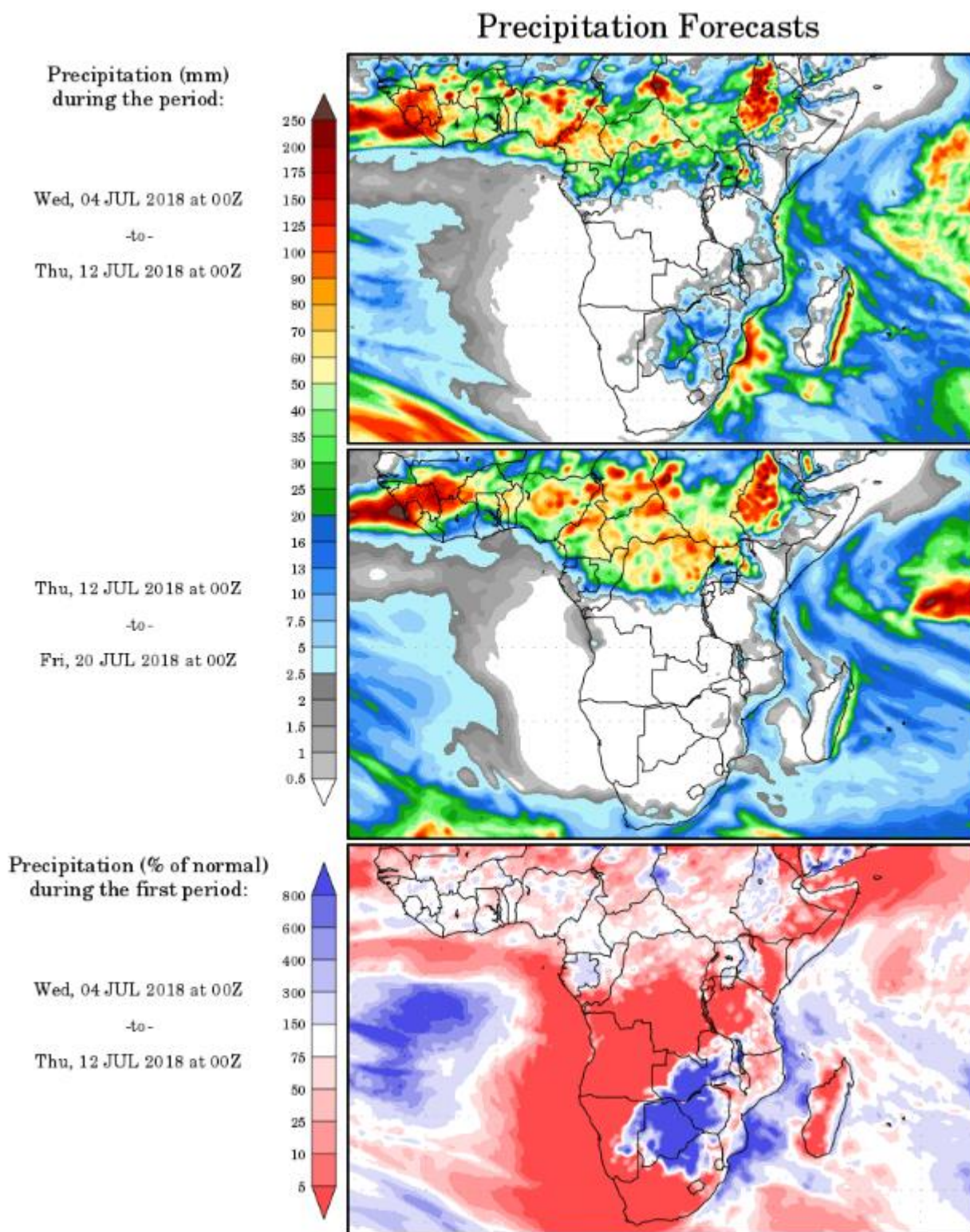
**Figure 2: Next 16-days precipitation forecast**



Source: wxmaps



Figure 3: Precipitation forecast



Source: wxmaps

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

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