FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

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

ECONOMIC INDICATORS	06/07/2018*	09/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,60	13,43	+1,27%
Rand/Euro	15,92	15,81	+0,70%
Euro/US Dollar	1,1714	1,1761	+0,40%
Gold Spot	1 254,84	1 258,90	+0,32%
Brent Crude Oil	76,80	77,51	+0,92%
Platinum Spot	841,00	857,80	+2,00%
Dow Jones Industrial Average	24 356,74	24 456,48	+0,41%
JSE All Share	57 022,17	57 313,88	+0,51%
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 started the week on a positive footing, strengthening by 1.27 percent against the US Dollar from levels seen at midday Friday. The Rand's appreciation was in line with the US Dollar depreciation against major currencies and higher global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R13.43. From a domestic data front, today's calendar is fairly light with no major releases.

- This morning the Brent crude oil price was up by 0.92 percent from levels seen at midday yesterday, trading around US$77.51 per barrel. These gains were partially on the back of the weaker US Dollar against major currencies, as well as prospects of a decline in Venezuela and Iran oil production.

MAIZE/CORN	06/07/2018*	09/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 006	2 006	0,00%
White maize Dec 18 (R/t)	2 136	2 132	-0,19%
Yellow maize Jul 18 (R/t)	2 098	2 099	+0,05%
Yellow maize Dec 18 (R/t)	2 230	2 226	-0,18%
CME corn July 18 (US cents/bushel)	342	348	+1,75%

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

- The SAFEX maize market ended Friday's trade session on a mixed footing. The spot prices were almost flat from the previous day, marginally supported by higher Chicago maize prices. Meanwhile, December 2018 contract month prices settled in negative territory due to large domestic maize supplies, coupled with commercial selling.

- Although the maize harvest process is behind schedule due to the late start of the season on the back of unfavourable weather conditions in the central and western parts of South Africa, there has been good progress in the past couple of weeks. This 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.

- This placed South Africa's maize deliveries for the first nine weeks of the 2018/19 marketing year at 4.1 million tonnes, which equates to roughly a third of the estimated harvest of 13.2 million tonnes. [1] Yellow maize accounts for 61 percent of overall maize deliveries, with white maize accounting for 39 percent.

- An update of the producer deliveries data for the week of 06 July 2018 will be released at midday on Wednesday. The data will most likely show an uptick as weather conditions were quite favourable throughout the past week.

- Looking ahead, the maize harvest process could slow this week due to prospects of light showers of between 16 and 25 millimetres over parts of the South African maize-belt. This will, nonetheless, be a temporary blip, as the weather forecast for the week of 24 July shows clear skies over the maize-belt.

- Overall, the fundamentals have not changed in the market. South Africa is in good shape with 2018/19 maize supplies estimated at 16.7 million tonnes, well above annual consumption of roughly 10.8 million tonnes. The supplies figure include the opening stock and expected commercial maize production.

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.

[1] The 2018/19 marketing year corresponds with 2017/18 production season.

WHEAT	06/07/2018*	09/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 034	4 037	+0,07%
SAFEX Wheat Dec 18 (R/t)	4 166	4 159	-0,17%
CME Wheat spot (US cents/bushel)	504	509	+0,99%

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

- The SAFEX wheat market ended Friday's session on a mixed footing. The spot price was up marginally, in line with the Chicago wheat prices, whereas December 2018 contract month prices were under pressure.

- The Free State and Northern Cape provinces are the two biggest wheat growing provinces after the Western Cape, accounting for 19 percent and 7 percent of the intended area of 500 500 hectares in the 2018/19 production season. The winter wheat planting window in these provinces typically runs between June and July of each year. The planting activity started last month, but at a fairly slower pace as farmers were still busy with the summer crop harvest process.

- We expected a pick up on the pace of planting within the coming weeks, as the summer crop harvest process has largely been completed in some regions. The good summer rainfall has improved soil moisture and dam levels in these provinces, which should support the winter wheat season. Worth noting is that a share of the crop in these provinces is under irrigation, which should benefit from improved dam levels (*see Chart 1*).

- Elsewhere, the Eastern Cape farmers in areas around Matatiele, Ugie and Maclear towns are preparing field trials for various dryland winter wheat cultivars. We will monitor the developments over the coming months in order to see whether the new cultivars adapt well, and the implications thereof for the next seasons. The Eastern Cape province is generally not a major wheat producer, with about 2 000 hectares intended for planting in the 2018/19 production season.

- South Africa's leading wheat-producing province, the Western Cape, experienced fairly good weather conditions over the weekend, the following rainfall in the past couple of days.[2] The crop is generally in good condition across the province, but the Southern Cape region will soon need to follow up rainfall in order to sustain the crop in a fair condition. Fortunately, the weather forecast for the week shows a possibility of between 16 and 25 millimetres of rainfall over the province, which should slightly improve soil moisture. This should also improve dam levels, which had recovered to 42 percent in the week of 02 July 2018, up by 19 percentage points from the corresponding period last year.

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

[2] The Western Cape province is a leading producer of wheat in South Africa, accounting for 64 percent of the intended area of 500 500 hectares for the 2018/19 season.

SOYBEAN	06/07/2018*	09/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 318	4 308	-0,23%
SAFEX Soybean Dec 18 (R/t)	4 550	4 542	-0,18%
CME Soybean Spot (US cents/bushel)	836	867	+3,71%

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

- The SAFEX soybean prices lost ground on Friday due to the slightly strengthening Rand against the US Dollar. Furthermore, the available large soybean supplies in the local market, coupled with lower Chicago soybean prices also added a bearish pressure to the market.

- Soybean remains at the heart of the US-China trade war, hence prices were under pressure on Friday on the back of the introduction of tariffs. For context, China is the world's largest soybean consumer and heavily reliant on imports. The key underpinning factor behind the country's appetite for soybeans is the growing demand for animal feed, which in turn has been stimulated by increases in the demand for high protein food. China is a leading market for US soybean exporters, therefore tariffs could negatively affect US farmers' incomes.

- The USDA forecasts China's 2018/19 soybean imports at 103 million tonnes, which equates to 65 percent share of global imports. This is 6 percent higher than the previous season. In the 2017/18 season, the leading suppliers of soybeans to China were the US, Brazil, Argentina and Uruguay.

- The Chinese demand is expected to shift towards South American countries in the next couple of months. Brazil is likely to be the biggest winner due to its large supplies. Brazil's 2017/18 soybean production was at 119 million tonnes, which is 35 percent of global soybean production, and at par with the US harvest. The forecast for the 2018/19 production season point to percentage point increase to 120 million tonnes, according to data from the International Grains Council.

- Overall, in the near-term, the US will probably boost its soybean exports to alternative destinations which could include Mexico, Netherlands, Japan, Spain and Indonesia, amongst others. These are not big soybean users, but they are amongst the top ten importers, according to data from Trade Map.

- Back on our home soil, the harvest process for the 2017/18 soybean crop is towards completion. At the end of last month, about 94 percent of the estimated 1.6 million tonnes of production had already been delivered to commercial silos. An update for the week of 06 July 2018 will be released on Wednesday.

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.

SUNFLOWER SEED	06/07/2018*	09/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 765	4 740	-0,52%
SAFEX Sunflower seed Dec 18 (R/t)	5 003	4 970	-0,66%
EU (France) sunflower seed (US$/t)	380	382	+0,53%

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

- After experiencing a good run during the week, the SAFEX sunflower seed market pulled back on Friday's trade session and settled on a negative territory. This was underpinned by the recovery in the domestic currency against the US Dollar, coupled with harvest pressure.

- The harvest process is in full swing across the country. By the end of last month, about 70 percent of the estimated harvest of 792 255 tonnes for this season had already been delivered to the commercial silos. As highlighted in our previous note, the yields in areas that have already been harvested varied between average and above-average, while the initial deliveries in late planted areas point to lower yields of between 0.8 and 0.9 tonnes per hectare.[3]

- An update of sunflower seed producer deliveries for the first week of this month will be released on Wednesday. The data will most likely show an uptick because the harvest process progressed with minimal interruptions last week due to favourable weather conditions.

- However, the harvest process could be slowed this week as weather forecasts show a possibility of light showers of between 16 and 20 millimetres of rainfall in most parts of the country. While not an immediate threat, the forecast rainfall could potentially lead to deterioration of crop quality in some regions.

- Elsewhere, the EU's sunflower seed market had a good run on Friday's trade session with the price up by 0.53 percent from the previous day, closing at US$382 per tonne, partially 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.[4]

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the relatively stronger ZAR/USD exchange.

[3] The sunflower seed yields in areas that planted early in the season generally vary between average and above-average, which supports the national Crop Estimate Committee's view of higher yields of about is 1.32 tonnes per hectare.
[4] Please see the link for more information on US weather prospects: http://wxmaps.org/pix/prec1

POTATO	06/07/2018*	09/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	32,28	31,77	-1,58%

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

- The South African potatoes market lost ground on Friday's trade session with the price down by 2 percent from the previous day, closing R31.77 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.19 million pockets (10kg bag) at the beginning 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 2 percent increase in daily stock to 1.21 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a large stock of 1.21 million pockets (10kg bag).

FRUIT (South Africa)	06/07/2018*	09/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,80	6,52	-4,12%
Bananas (R/kg)	5,68	5,73	+0,88%
Oranges (R/kg)	2,43	2,43	0,00%

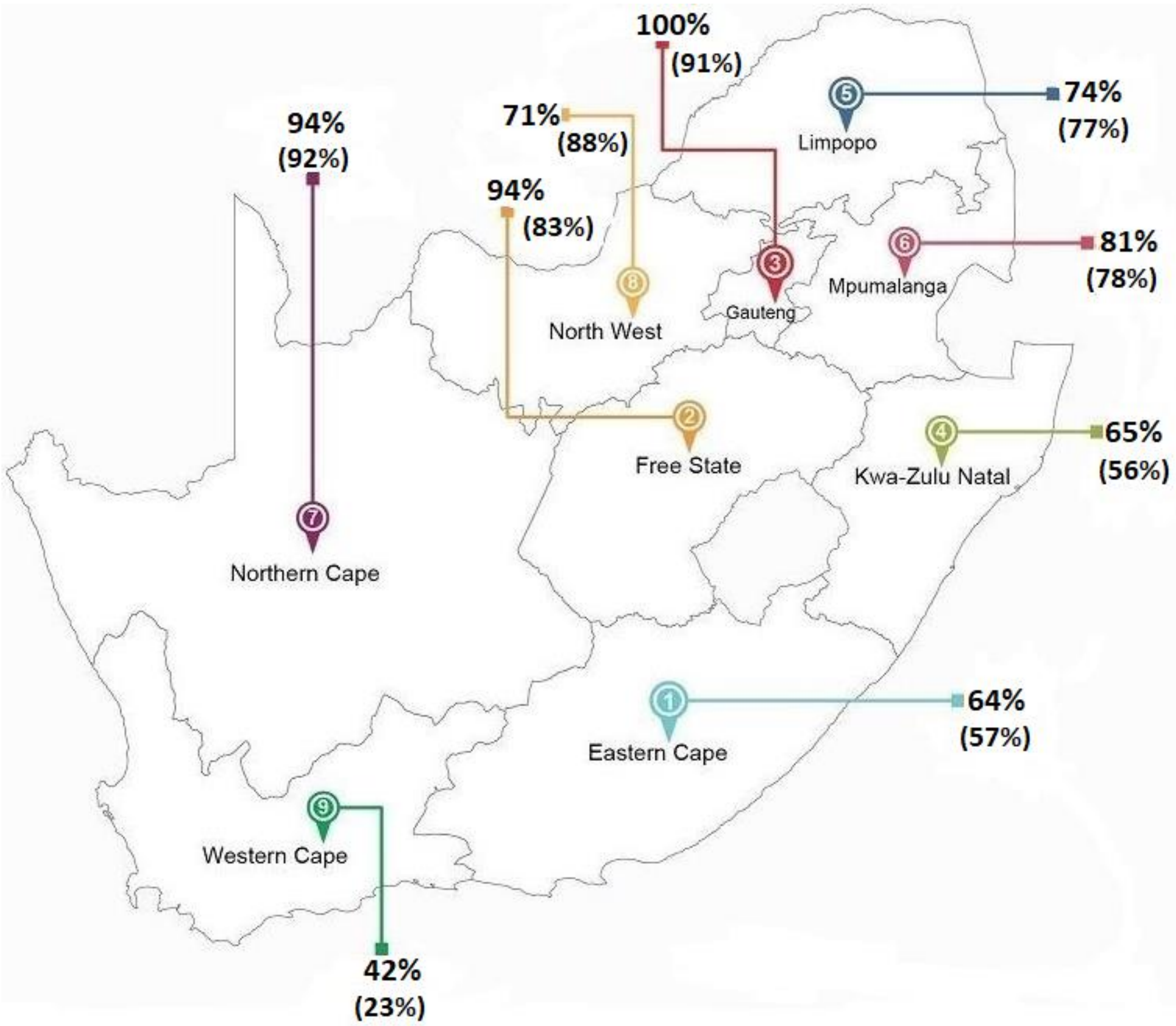
**Previous trading day's price survey in South African fresh produce markets*

- On Friday, the South African fruit market settled on a mixed footing. The price of apples was down by 4 percent from the previous day, closing at R6.52 per tonne due. This, however, could be short-lived due to the lower stock of 458 000 tonnes of apples, down by 14 percent from the previous day.

- The price of oranges remained unchanged from the previous day, whereas the price of bananas was up by a percentage point, closing at R2.43 per kilogram and R5.73 per kilogram, respectively. These gains were on the back of relatively lower stocks of 840 000 tonnes of oranges and 850 000 tonnes of bananas.

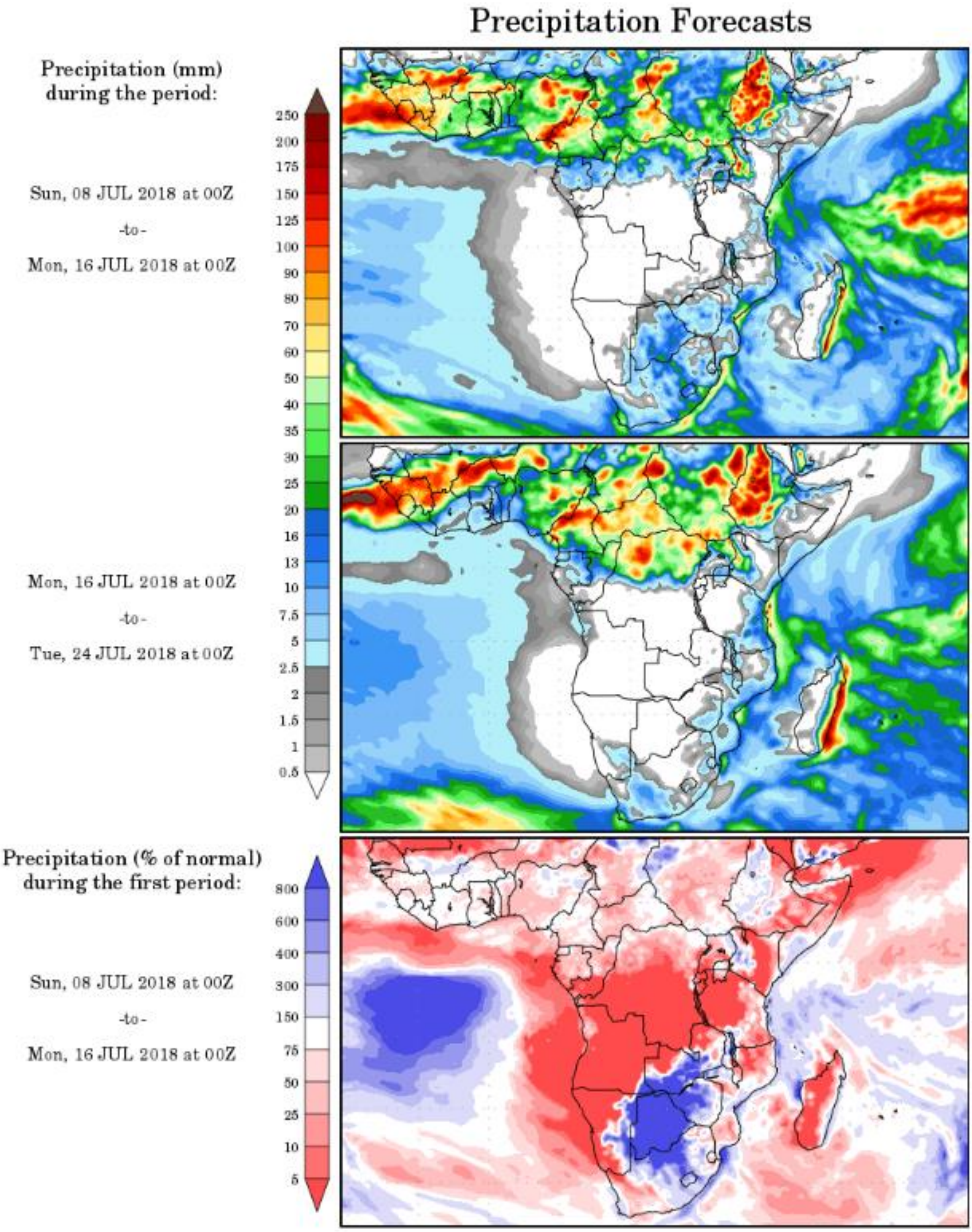
Bottom line – Similar to previous sessions, the changes in traded volumes and buying interest or commercial selling are likely to be amongst the key factors underpinning the South African fruit market this week.

Figure 1: South Africa's average dam levels: week ended 02 July 2018, with the same week last year in brackets



Source: Department of Water and Sanitation and Agbiz Research

Figure 2: 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.

@WandileSihlobo @AgriChamber