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Key Data Releases in Agricultural Markets:

- USDA's World Agricultural Supply and Demand Estimates Report: 12/07/2018
- USDA's crop progress report: 16/07/2018
- SAGIS weekly grain trade data: 17/07/2018
- SAGIS producer deliveries data: 18/07/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018

ECONOMIC INDICATORS	11/07/2018*	12/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,53	13,54	-0,07%
Rand/Euro	15,80	15,81	-0,06%
Euro/US Dollar	1,1729	1,1680	-0,42%
Gold Spot	1 250,01	1 243,88	-0,49%
Brent Crude Oil	77,09	74,65	-3,17%
Platinum Spot	840,70	834,40	-0,75%
Dow Jones Industrial Average	24 764,82	24 700,45	-0,26%
JSE All Share	57 157,73	57 231,01	+0,13%
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

- This morning the Rand was almost flat from levels seen at midday yesterday, trading around R13.54 to the US Dollar. The Rand's marginal losses were partly on the back of a decline in global commodity prices. Furthermore, these losses were in line with the US Dollar appreciation against major currencies. From a domestic data front, Stats SA will release the mining and manufacturing data for May 2018.
- The Brent crude oil market was under pressure with the price down by 3.17 percent from levels seen at midday yesterday, trading around US\$74.65 per barrel. These losses were underpinned by renewed oil production in Libya, as well as rising oil production in Saudi Arabia. The relatively stronger US Dollar against major currencies also added pressure to the market.



MAIZE/CORN	11/07/2018*	12/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 008	1 998	-0,50%
White maize Dec 18 (R/t)	2 130	2 113	-0,80%
Yellow maize Jul 18 (R/t)	2 090	2 074	-0,77%
Yellow maize Dec 18 (R/t)	2 216	2 198	-0,81%
CME corn July 18 (US cents/bushel)	340	332	-2,35%

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

- The SAFEX maize market started yesterday's trade session in the negative footing and remained under pressure throughout the day due to lower Chicago maize prices, as well as large domestic supplies.
- The harvest process is in full swing across the country, supported by favourable weather conditions. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 929 761 tonnes in the week of 06 July 2018, down by 11 percent from the previous week.
- About 53 percent of this was white maize, with 47 percent being yellow maize. In contrast to the past couple of weeks when harvest progress was mainly in the central and eastern parts of the country, which predominantly produce yellow maize, this is now widespread as reflected by higher white maize deliveries.
- The total maize deliveries for the first 10-weeks of the 2018/19 marketing year are estimated at 5.1 million tonnes, which equates to 39 of the estimated harvest of 13.2 million tonnes.¹ Yellow maize accounts for 59 percent of overall maize deliveries, with white maize accounting for 41 percent.
- Yesterday we cautioned about a possibility of harvest delays. However, the weather forecast has cleared over most parts of the maize-belt, which means that the harvest process could continue with minimal interruptions over the next two weeks. The provinces that could possibly experience some delays within the next eight days could be the Eastern Cape, KwaZulu Natal, as well as the southern parts of the Free State provinces.
- Furthermore, the week of 27 July 2018 shows clear skies over most parts of the country which means the possible glitches in the aforementioned provinces could be temporary. Therefore, more maize will be delivered in the coming weeks. The yields in areas that have harvested largely varied between average and above-average, which supports the national Crop Estimate Committee's view.

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

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



WHEAT	11/07/2018*	12/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 020	4 021	+0,02%
SAFEX Wheat Dec 18 (R/t)	4 150	4 139	-0,27%
CME Wheat spot (US cents/bushel)	489	470	-3,89%

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

- Yesterday the SAFEX wheat market settled again on a mixed footing. The spot price slightly recovered on the back of the weaker Rand against the US Dollar, whereas the December 2018 contract month prices remained under pressure, in line with the Chicago wheat prices.
- The key driver of global wheat prices were reports of improved crop conditions in the US. The USDA's crop progress data shows that 80 percent of the US spring wheat crop was rated good/excellent on 08 July 2018. This is far better than last year's crop rating of 35 percent in the corresponding period. The improvement is generally due to good rainfall that was experienced in the past couple of weeks. The forecast for the next eight days shows a possibility of continuous rainfall over the spring wheat growing areas which should further improve crop conditions.
- Aside from the US weather developments, the key focus today will be on the USDA's World Agricultural Supply and Demand Estimate Report which is due for release in the evening. Last month, the USDA placed its 2018/19 global wheat production estimate at 745 million tonnes, down by 2 percent from the previous season. The decline was driven by expected lower harvest in the EU and the Black Sea regions, as well as in India.
- The EU's 2018/19 wheat production was placed at 149 million tonnes, down by a percentage point from the previous season. Within the Black Sea region, Russia's 2018/19 wheat production was estimated at 69 million tonnes, down by 19 percent from the previous season. In the same season, Ukraine's harvest was placed at 27 million tonnes, down by 2 percent from the 2017/18 production season. Moreover, India's 2018/19 wheat production was revised down by 2 percent from the previous season to 97 million tonnes due to a reduction in area planted and expectations of lower yields in some parts of the country.
- The European Union and the Black Sea regions experienced drier weather conditions in the past couple of weeks, hence we foresee a further downward revision of the 2018/19 global wheat production later today.
- Back on home soil, the weather continues to paint a positive outlook of rainfall over the Western Cape, Northern Cape and southern parts of the Free State provinces within the next eight days. This could improve soil moisture, which will subsequently benefit the crop.

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



SOYBEAN	11/07/2018*	12/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 324	4 287	-0,86%
SAFEX Soybean Dec 18 (R/t)	4 549	4 510	-0,86%
CME Soybean Spot (US cents/bushel)	839	830	-1,07%

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

- The SAFEX soybean market lost ground in yesterday's trade session as the bearish sentiment from large domestic supplies, commercial selling, as well as spillover from lower Chicago soybean prices continued to add pressure to the market.
- In the past couple of days, we focused on global issues because there are no new major developments on the local front. The fundamentals in the 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.
- The past few week's cool and drier weather conditions provided conducive conditions for the harvest process in most soybean growing areas. In the first 19-weeks of the 2018/19 marketing year, soybean producer deliveries amounted to 1.48 million tonnes, which equates to 95 percent of the expected harvest of 1.55 million tonnes.²
- Yields in most areas varied between average and above-average, which is in line with the national Crop Estimate Committee's view. A few more areas that are at the final stages of harvesting could see increased activity in the next couple of weeks.
- Also worth noting is that in yesterday's note we highlighted a possibility of rainfall over soybean growing areas which would have slightly slowed the harvest process. Fortunately, the forecasts have changed overnight and currently show clear skies over most soybean growing areas, which means that the harvest could progress with minimal interruptions within the next two weeks.
- 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 conditions³.

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

² The 2018/19 marketing year corresponds with 2017/18 production season.

³ Please see the link for US precipitation forecast: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	11/07/2018*	12/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 651	4 600	-1,10%
SAFEX Sunflower seed Dec 18 (R/t)	4 885	4 844	-0,84%
EU (France) sunflower seed (US\$/t)	384	385	+0,26%

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

- The SAFEX sunflower seed market started yesterday's trade session in the negative footing and remained under pressure throughout the day owing to bearish pressure from ongoing harvest activity.
- The weather forecast has changed overnight and currently shows clear skies over sunflower seed growing regions within the next two weeks. This means the harvest activity could continue with minimal interruptions in the coming weeks. This has also eased the concerns of possible crop quality damage in the late-planted regions of the country.
- 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 06 July 2018, sunflower seed producer deliveries amounted to 75 033 tonnes, down by 17 percent from the previous week. This placed South Africa's 2018/19 sunflower seed producer deliveries at 651 916 tonnes, which equates to 82 percent of the estimated harvest of 792 255 tonnes.
- The general feedback from farmers regarding yields is still 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, the yields in late-planted areas could be lower than the aforementioned levels. The reports from the regions point to lower yields of between 0.8 and 0.9 tonnes per hectare. We will monitor the developments over the coming weeks in order to assess whether most late planted areas will continue to receive lower yields or there are improvements in some areas.
- Elsewhere, the EU's sunflower seed market had a good run with the price up by 0.26 percent from the previous day, closing at US\$385 per tonne. This was largely on the back of positive spillover from the crude and vegetable oil market. In the fields, the weather is a primary focus in most countries in the Northern Hemisphere as the crop is still at stages of development that require moisture.

Bottom line – Today, the domestic sunflower seed market could receive marginal gains due to the weaker ZR/USD exchange.



POTATO	11/07/2018*	12/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	32,10	30,19	-5,95%

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

- Yesterday the South African potatoes market saw extended losses with the price down by 6 percent from the previous day, closing at R30.19 per kilogram. This was largely underpinned by the fairly large stock of 1.16 million pockets (10kg bag) at the beginning of the session.
- In the session, the market saw an increase in deliveries due to ongoing harvest activity in some parts of the country. This led to a 17 percent increase in daily stocks to 1.36 million pockets (10kg bag).

Bottom line – Today the South African potatoes market could experience marginal losses owing to a large stock of 1.36 million pockets (10kg bag).

FRUIT (South Africa)	11/07/2018*	12/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,71	5,51	-17,88%
Bananas (R/kg)	5,87	5,57	-5,11%
Oranges (R/kg)	2,42	2,44	+0,83%

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

- The South African fruit prices have been quite wobble due to notable changes in stock levels. Yesterday the prices of apples and bananas were down by 18 percent and 5 percent from the previous day, closing at R5.51 per kilogram and R5.57 per kilogram, respectively, owing to selling pressure. However, the market could soon claw back these losses due to fairly lower stocks of 419 000 tonnes of apples and 605 000 tonnes of bananas.
- The price of oranges was marginally up by a percentage point from the previous day, closing at R2.44 per kilogram. This followed a 22 percent decline in daily stock to 657 000 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.

BEEF CARCASS	11/07/2018*	12/07/2018*	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

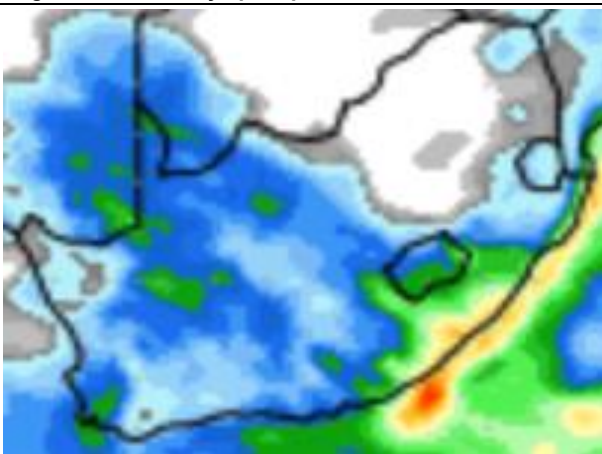
- Yesterday the SAFEX beef market presented more of the same due to thinly traded volumes. The price remained unchanged from the previous day, closing at R47.50 per kilogram. Therefore, this is not a true reflection of the physical market which continues to show solid activity.
- In terms of the supply, 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

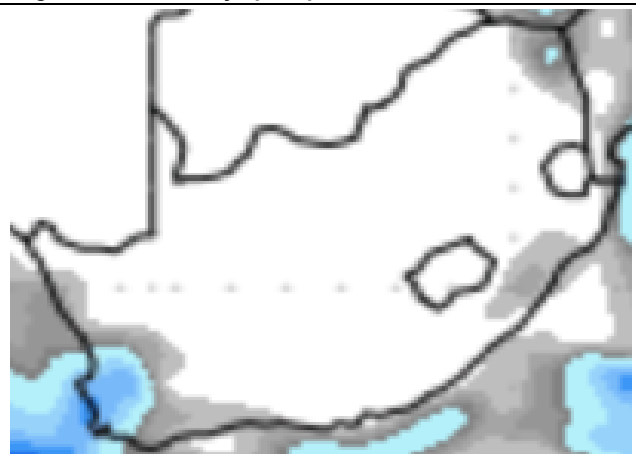
- The weather forecast has slightly cleared over most summer crop areas, but parts of KwaZulu Natal, Eastern Cape, Western Cape and Northern Cape provinces could still receive rainfall within the next eight days. This bodes well for winter crop growing regions, while summer crop harvest process could be delayed (figure 1).
- The forecast for the week of 27 July 2018 currently shows clear skies for most parts of the country (figure 2). This will allow the harvest process to regain momentum in the summer crop areas. The winter crop growing areas will also receive a bit of a breather, which should support crops after a rainy week.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

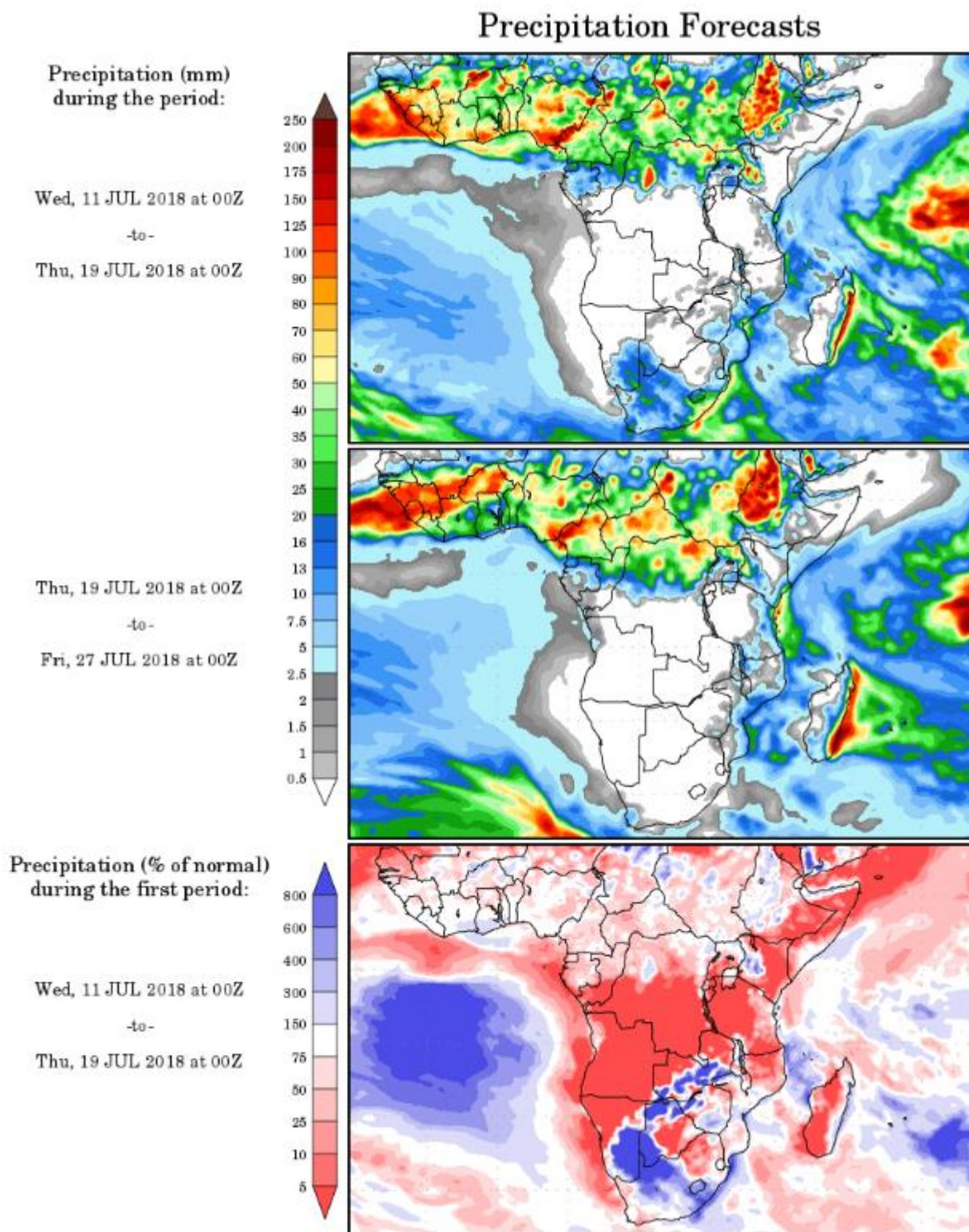
Figure 2: Next 16-days precipitation forecast



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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