

FOR ANY QUERIES, PLEASE CONTACT:

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

- USDA's crop progress report: 16/07/2018
- SAGIS weekly grain trade data: 17/07/2018
- SAGIS producer deliveries data: 18/07/2018
- SAGIS monthly data: 25/07/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018

ECONOMIC INDICATORS	13/07/2018*	16/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,33	13,26	+0,53%
Rand/Euro	15,53	15,50	+0,19%
Euro/US Dollar	1,1632	1,1689	+0,49%
Gold Spot	1 241,10	1 243,61	+0,20%
Brent Crude Oil	73,87	74,92	+1,42%
Platinum Spot	836,20	832,40	-0,45%
Dow Jones Industrial Average	25 019,41	25 019,41	+0,00%
JSE All Share	56 423,76	56 364,14	-0,11%
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 0.53 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 R13.26. 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 1.42 percent from levels seen at midday Friday, trading around US\$74.92 per barrel. These gains were partially on the back of a decline in US oil inventories, as well as oil supply disruptions in Canada and Norway. Moreover, the relatively weaker US Dollar against major currencies also added support to the market.



MAIZE/CORN	13/07/2018*	16/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	1 991	1 979	-0,60%
White maize Dec 18 (R/t)	2 107	2 089	-0,85%
Yellow maize Jul 18 (R/t)	2 062	2 046	-0,78%
Yellow maize Dec 18 (R/t)	2 190	2 175	-0,68%
CME corn July 18 (US cents/bushel)	344	340	-1,16%

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

- The SAFEX maize market was under pressure on Friday's trade session owing to large domestic supplies, coupled with lower Chicago maize prices on the back of upward revision of global maize production estimates.
- Last week, the United States Department of Agriculture (USDA) lifted its estimate for South Africa's 2017/18 maize production by 2 percent from last month to 13.8 million tonnes. While above average production of 12.5 million tonnes, this is lower than the previous season's record harvest of 17.6 million tonnes due to a decline in area planted and expectations of average yields in some areas.
- This is in line with the local Crop Estimate Committee's estimate for overall production (commercial and non-commercial). The non-commercial production, which is subsistence farming accounts for a 4 percent share in the estimated harvest of 13.8 million tonnes.
- The key message from these numbers is that South Africa's maize market will be well supplied in the 2018/19 marketing year. The total maize supplies could reach 16.7 million tonnes, well above the local demand of 10.8 million tonnes, according to data from the national Supply and Demand Estimates Committee. The supplies figure includes an opening stock and expected production.
- This essentially means that South Africa's 2018/19 marketing year maize exports could, at least, amount to 2.5 million tonnes, slightly lower than the volume exported in 2017/18. Most importantly, this suggests that the SAFEX maize prices could remain at relatively lower levels for some time, all else being equal.
- On the ground, the harvest process is gaining ground, albeit having started late this year due to delayed planting earlier in the season. 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 commercial harvest of 13.2 million tonnes.¹

Bottom line – Today the domestic maize market could be under pressure due to lower Chicago maize prices, coupled with the stronger ZAR/USD exchange.

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



WHEAT	13/07/2018*	16/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 023	4 020	-0,07%
SAFEX Wheat Dec 18 (R/t)	4 150	4 148	-0,05%
CME Wheat spot (US cents/bushel)	491	493	+0,41%

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

- The weaker Rand against the US Dollar failed to uplift the SAFEX wheat prices on Friday's trade session. The local market was under pressure throughout the day due to commercial selling, coupled with spillover from lower Chicago wheat prices.
- The Chicago wheat prices were underpinned by an upward revision of US 2018/19 wheat production by 3 percent from last month to 51 million tonnes. This is 8 percent higher than the previous season. The general upward revision is on the back of an expansion in area planted, as well as favourable weather conditions in most parts of the country.² Furthermore, the ending stock estimate was lifted by 4 percent from the previous month to 27 million tonnes.
- However, the improvement in US wheat production will be overshadowed by lower harvest in other contraries, such as the EU and Black Sea countries. Last week, the EU's 2018/19 wheat production was placed at 145 million tonnes, down by 3 percent from the previous month and 4 percent from last season.
- Within the Black Sea region, Russia's 2018/19 wheat production is estimated at 67 million tonnes, down by 2 percent from last month and 21 percent from the previous season. Ukraine's harvest was placed at 26 million tonnes, down by 4 percent from last month and 5 percent from the 2017/18 production season. India's 2018/19 wheat production was left unchanged from last month at 97 million tonnes, which is 2 percent lower than the previous season. The downward revision of the production estimates in these regions is due to a reduction in area planted and expectations of lower yields due to unfavourable weather conditions.
- Against this backdrop, the USDA placed its 2018/19 global wheat production estimate at 736 million tonnes, down by a percentage point from the previous month and 3 percent from the previous season. This could support global wheat prices in the medium term, which will potentially spillover to the SAFEX market as South Africa is a net importer of wheat.

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

² 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. The update of crop progress report for 15 July 2018 will be released this evening.



SOYBEAN	13/07/2018*	16/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 268	4 231	-0,87%
SAFEX Soybean Dec 18 (R/t)	4 490	4 452	-0,85%
CME Soybean Spot (US cents/bushel)	831	820	-1,32%

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

- The SAFEX soybean market lost ground on Friday's trade session. The influence of the weaker Rand against the US Dollar was overshadowed by the lower Chicago soybean prices, coupled with the bearish sentiment on the back of large domestic supplies.
- South Africa's soybean harvest activity is towards completion. In the first week of this month, South Africa's soybean producer deliveries for the 2018/19 marketing year amounted to 1.48 million tonnes, which equates to 95 percent of the expected harvest of 1.55 million tonnes.³ The yields largely varied between average and above-average. The areas that are still harvesting could make good progress within the next two weeks due to favourable weather outlook.
- Beyond our borders, the focus is on the new season crop, particularly in the northern hemisphere region. Last week, the USDA lifted its 2018/19 global soybean production estimate by a percentage point from the previous month to 359 million tonnes. This is slightly higher than the International Grains Council estimates of 358 million tonnes. Overall, this is 7 percent higher than the previous season's harvest.
- This estimate is largely supported by an expected recovery in South America's soybean production, particularly Argentina where 2018/19 soybean production is estimated at 57 million tonnes, up by 54 percent from the 2017/18 production season. Brazil's harvest is estimated at 121 million tonnes, up by a percentage point from the previous season. Meanwhile, the United States, Canada and Ukraine, amongst others are expected a fairly lower crop compared to the 2017/18 production season.
- In terms of demand, the world's 2018/19 global soybean imports were revised down by 3 percent from the last month to 154 million tonnes, which is almost in line with the previous season's estimate. This downward revision was largely on the back of an expected decline in Chinese soybean imports for the 2018/19 season to 95 million tonnes, from 103 million tonnes last month.

Bottom line – Today the SAFEX soybean prices could be under pressure due to lower Chicago soybean prices, coupled with the stronger ZAR/USD exchange.

³ The 2018/19 marketing year corresponds with 2017/18 production season. Moreover, South Africa's 2018/19 soybean supplies are in good shape, estimated at 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.



SUNFLOWER SEED	13/07/2018*	16/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 589	4 558	-0,68%
SAFEX Sunflower seed Dec 18 (R/t)	4 820	4 778	-0,87%
EU (France) sunflower seed (US\$/t)	385	387	+0,52%

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

- The SAFEX sunflower seed market settled again in negative territory on Friday's trade session as the commercial selling and ongoing harvest activity continued to add pressure to the market.
- Aside from the aforementioned price movements, there was no new news in the domestic market. The focus is on the harvest process, which is currently in full swing across the country. In the first week of this month, the commercial producer deliveries had accumulated to 82 percent of the estimated harvest of 792 255 tonnes.
- As previously noted, the yields in areas that have already been harvested 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. Meanwhile, reports from farmers in the late-planted areas point to lower yields that are mainly below a tonne per hectare.
- An update of sunflower seed producer deliveries for the second week of this month will be released on Wednesday. The data could show a slight decline from the week of 06 July 2018, as harvest slows towards completion stages and also prospects for lower yields in some areas, particularly the late planted areas of the North West province.
- Be that as it may, the expected cool and drier weather conditions within the next two weeks implies that the harvest activity could continue with minimal interruptions in the coming weeks.
- Elsewhere, the EU's sunflower seed market had a good run with the price up by 0.52 percent from the previous day, closing at US\$387 per tonne. This was largely on the back of positive spillover from the vegetable oil market.
- In terms of production, the USDA forecasts 2018/19 global sunflower seed production at 47 million tonnes, down by a percentage point from the previous season. This is due to the expected lower harvest in Ukraine and the European Union region, owing to unfavourable weather conditions at the start of the season. The forecasts for the coming weeks have improved in the Black Sea but might not change the production forecast.

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



POTATO	13/07/2018*	16/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	29,65	28,78	-2,93%

*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 3 percent from the previous day, closing R28.78 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.54 million pockets (10kg bag) at the beginning of the session.
- However, during the session, the market experienced a slight decline in deliveries, coupled with strong commercial buying interest, which then led to a 3 percent decline in stocks to 1.49 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 1.49 million pockets (10kg bag).

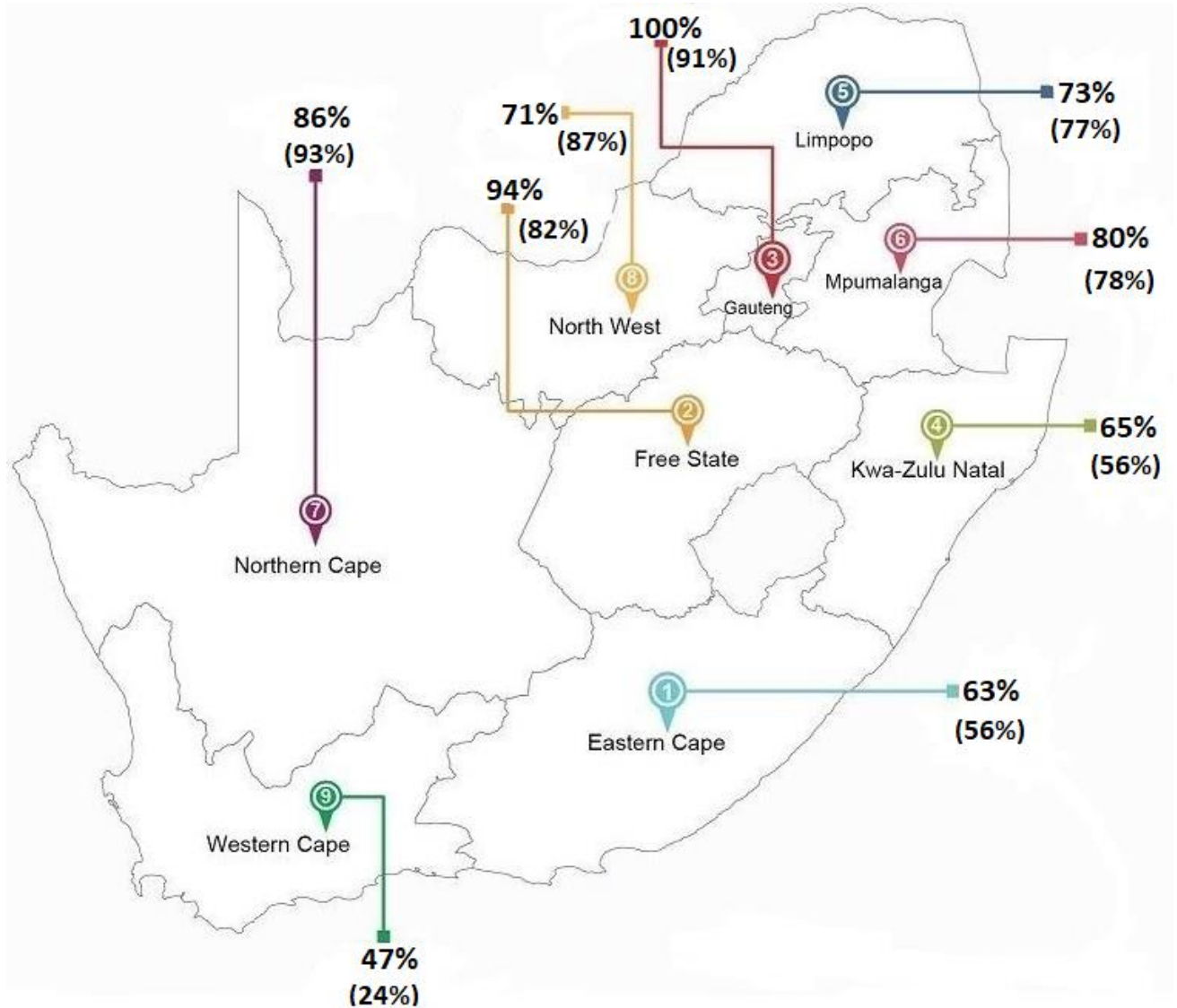
FRUIT (South Africa)	13/07/2018*	16/07/2018*	d-o-d (%Δ)
Apples (R/kg)	5,51	6,47	+17,42%
Bananas (R/kg)	5,57	5,53	-0,72%
Oranges (R/kg)	2,44	2,31	-5,33%

*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 up by 17 percent from the previous day, closing at R6.47 per tonne due. This was largely on the back of strong commercial buying interest and lower stock of 581 000 tonnes at the end of Friday's session
- However, the prices of bananas and oranges were down by a percentage point and 5 percent from the previous day and settled at R5.53 per kilogram and R2.31 per kilogram, respectively. These losses followed a 39 percent and 22 percent respective increase in bananas and oranges stocks to 842 000 tonnes and 804 000 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.

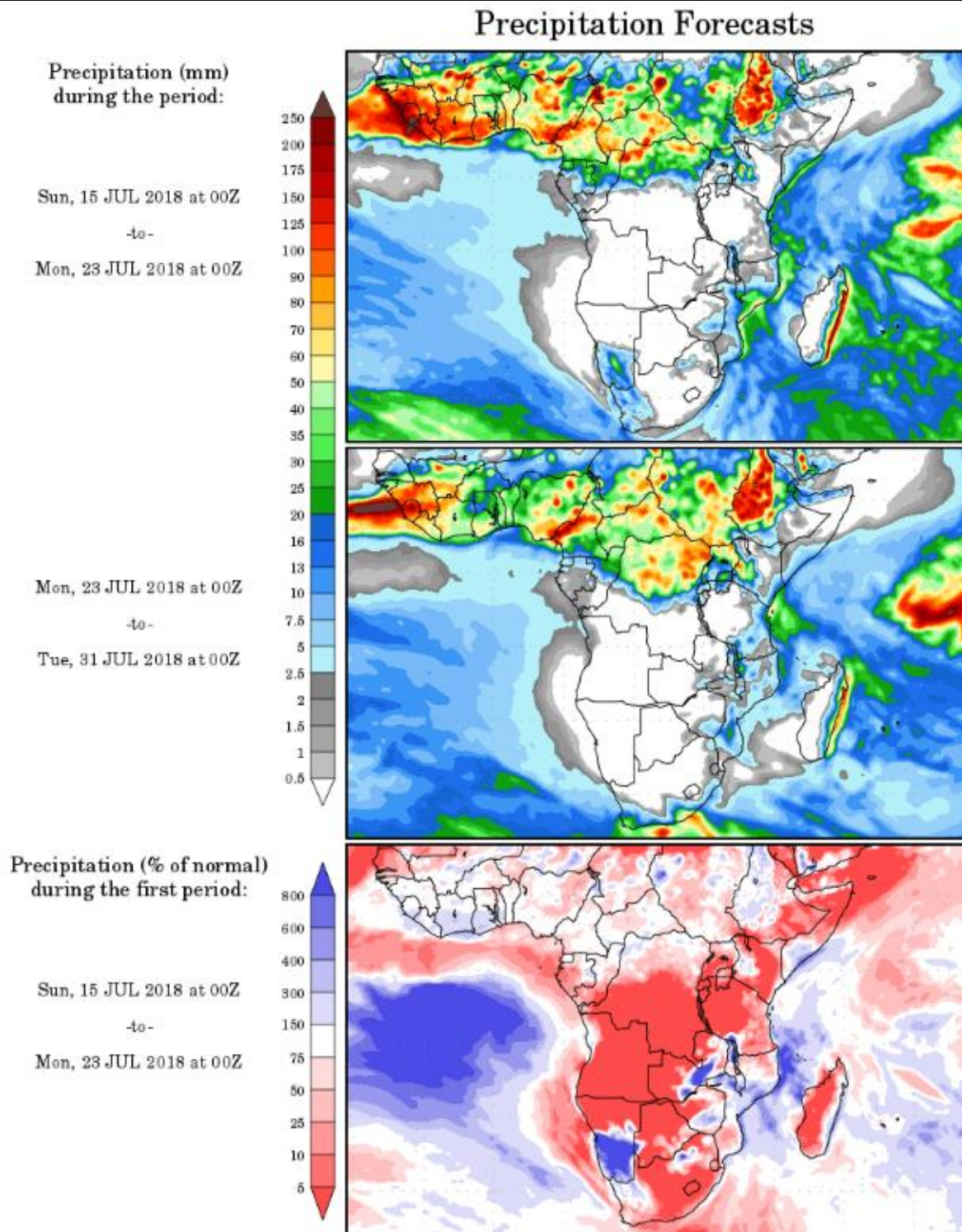
Figure 1: South Africa's average dam levels: week ended 09 July 2018, with the same week last year in brackets



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](#)

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