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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 18/07/2018
- USDA's crop progress report: 23/07/2018
- SAGIS weekly grain trade data: 24/07/2018
- SAGIS monthly data: 25/07/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018

ECONOMIC INDICATORS	17/07/2018*	18/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,25	13,28	-0,23%
Rand/Euro	15,55	15,47	+0,52%
Euro/US Dollar	1,1711	1,1643	-0,58%
Gold Spot	1 241,99	1 226,93	-1,21%
Brent Crude Oil	71,95	71,91	-0,06%
Platinum Spot	824,30	818,70	-0,68%
Dow Jones Industrial Average	25 064,36	25 119,89	+0,22%
JSE All Share	55 541,73	56 113,06	+1,03%
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

- After recording gains in the past few days, the Rand pulled back this morning. This followed a decline in global commodity prices, as well as a firmer US Dollar against major currencies. The Rand/US Dollar is currently 0.23% weaker compared to levels seen at midday yesterday, trading around R13.28. From a domestic data front, Stats SA will release the Consumer Price Index data for June 2018. Above all, the key focus this week is on the SARB's interest rate announcement which is scheduled for Thursday.
- This morning the Brent crude oil price was down by 0.06 percent from levels seen at midday yesterday, trading around US\$71.91 per barrel. This followed the American Petroleum Institute weekly data which showed that US crude oil inventories increased by 629 000 barrels in the week of 13 July 2018.



MAIZE/CORN	17/07/2018*	18/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	1 958	1 998	+2,04%
White maize Dec 18 (R/t)	2 066	2 102	+1,74%
Yellow maize Jul 18 (R/t)	2 024	2 058	+1,68%
Yellow maize Dec 18 (R/t)	2 147	2 180	+1,54%
CME corn Sep 18 (US cents/bushel)	345	348	+0,87%

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

- Yesterday the SAFEX maize market managed to claw back some of its recent losses as the commercial buying interest, combined with higher Chicago maize prices continued to provide support to the market.
- From a data front, at midday SAGIS will release an update of the producer deliveries for the week of 13 July 2018. This will offer an indication of the harvest progress across the country. To recap, about 39 percent of the expected commercial harvest of 13.2 million tonnes had already been delivered to commercial silos in the first week of this month. The yields in most regions varied between average and above-average.
- Given that weather conditions were fairly favourable in the past couple of weeks over the maize-belt, today's data will most likely show an uptick from the weekly delivery of 929 761 tonnes in the week of 06 July 2018. Moreover, the harvest process could proceed with minimal interruptions throughout the month as the weather forecasts show cool and drier weather conditions over the maize-belt.
- In terms of trade, South Africa exported 89 161 tonnes of maize in the week of 13 July 2018, down by 23 percent from levels seen in the previous week. About 94 percent was yellow maize, with 6 percent being white maize.
- The leading buyer was again Vietnam, with a share of 91 percent of the weekly exports. Trailing Vietnam was Botswana, Swaziland, Mozambique and Namibia. Overall, this placed South Africa's 2018/19 maize exports at 762 807 tonnes, which equates to 31 percent of the seasonal export forecast of 2.5 million tonnes.
- While South Africa's maize exports to Southern Africa have softened in the near term, there could be an uptick in the next couple of month as production in some countries has declined from levels seen in the 2016/17 production season. In addition, there might be limited competition from the traditional African export markets such as Zambia and Malawi. These countries are set to record a decline in maize production, which will lessen their ability to export.

Bottom line – Today the domestic maize market could gains ground due to the relatively weaker ZAR/USD exchange and higher Chicago maize prices.



WHEAT	17/07/2018*	18/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 026	4 040	+0,35%
SAFEX Wheat Dec 18 (R/t)	4 145	4 134	-0,27%
CME Wheat spot (US cents/bushel)	494	502	+1,62%

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

- The SAFEX wheat prices ended yesterday's trade session on a mixed footing. The spot price settled in positive territory due to spillover support from higher Chicago wheat prices, while the December 2018 contract month price experienced marginal losses.
- The weather forecast has changed overnight and currently shows clear skies over the winter wheat growing areas for the next two weeks, which could strain crops, particularly in the Southern Cape regions. The previous week's rainfall in the Western Cape was not evenly distributed. The Swartland and Overberg regions received higher rainfall, but in the Southern Cape, it was fairly moderate. Hence, this region currently needs a follow-up rainfall in order to sustain the crop in good conditions.
- Moreover, the forecast dryness also means that the dam levels could slightly decline, following notable improvements in the past few weeks. The most recent data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 49 percent in the week of 16 July 2018, up by 2 percentage points from the previous week and 25 percentage points from the same period last year.
- Be that as it may, the expected cool and dry weather conditions in other provinces such as Free State and Northern Cape could be helpful in supporting the planting activity. To reiterate a point made yesterday, these are the biggest wheat growing provinces after the Western Cape, collectively accounting for nearly a third of the intended area of 500 500 hectares for this season. The planting window in these provinces typically runs between June and July of each year, while the Western Cape starts planting towards the end of April.
- In terms of trade, last week South Africa imported 29 781 tonnes of wheat, all from Russia. This is down by 47 percent from the volume imported in the week of 13 July 2018. This brought South Africa's 2017/18 wheat imports to 1.7 million tonnes, which equates to 89 percent of the season's import forecast of 1.9 million tonnes.
- On the global front, the weather remains a key focus as the spring wheat crop is at stages of development that requires moisture. Parts of Europe and the Black Sea regions experienced drier weather conditions in the past couple of weeks, which have negatively affected the crop. In the US, wheat benefited from recent rainfall in the Plains. On 15 July 2018, about 80 percent of spring wheat was rated good/excellent, unchanged from last week.

Bottom line – Today the local wheat prices could also gains ground due to the relatively weaker ZAR/USD exchange and higher Chicago wheat prices.



SOYBEAN	17/07/2018*	18/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 145	4 185	+0,97%
SAFEX Soybean Dec 18 (R/t)	4 360	4 407	+1,08%
CME Soybean Spot (US cents/bushel)	833	843	+1,20%

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

- Yesterday the soybean market managed to clawback some of its recent losses yesterday and settled in positive territory. These gains were underpinned by commercial buying interest and spillover support from higher Chicago soybean prices.
- The Chicago soybean market was driven by strong demand from the US soybean processing industry. The data from the National Oilseed Processors Association shows that US processors crushed or processed 4.3 million tonnes of soybean last month, up by 13 percent from the previous season.
- Moreover, the slight deterioration in crop ratings also supported the market. On 15 July 2018, about 69 percent of the US soybean crop was rated good or excellent, which is 2 percentage points lower than the previous week due to unfavourable weather conditions in parts of the US.
- Looking ahead, the weather will remain a key focus in the US soybean market as the crop is still at the stage of development that requires moisture. Fortunately, the forecast for the next two weeks shows a possibility of good showers in most parts of the Midwest which could help improve crop conditions.¹
- The outlook for US soybean production is fairly positive. Just last week, the USDA placed the US 2018/19 soybean production estimate at 117 million tonnes, which is a percentage point higher than last month. Most importantly, the US 2018/19 soybean stock was placed at 16 million tonnes, which is 24 percent higher than the previous season. Overall, the global supplies are in good shape. The USDA forecasts 2018/19 global soybean production at 359 million tonnes, which is 7 percent higher than the previous season.
- Back on home soil, the harvest process is towards completion. In the first week of this month, South Africa's soybean producer deliveries for the 2018/19 marketing year accumulated to 1.48 million tonnes, which equates to 95 percent of the expected harvest of 1.55 million tonnes. An update for the week of 13 July 2018 will be released by SAGIS at midday.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could also gain ground due to the relatively weaker ZAR/USD exchange and higher Chicago soybean prices.

¹ Please see the link for more information on US precipitation forecast: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	17/07/2018*	18/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 445	4 418	-0,61%
SAFEX Sunflower seed Dec 18 (R/t)	4 667	4 658	-0,19%
EU (France) sunflower seed (US\$/t)	387	388	+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 experienced extended losses as the fairly stronger Rand against the US Dollar and ongoing harvest process continued to add pressure to the market.
- Aside from price movements, the domestic sunflower seed story remains unchanged. The harvest process is towards completion. About 82 percent of the estimated crop of 792 255 tonnes already delivered to commercial silos by the start of this month.
- An update of sunflower seed producer deliveries for the week of 13 July 2018 will be released by SAGIS at midday. There could be a slight decline from a large volume of 75 033 tonnes delivered in the week of 06 July 2017, as harvest slows towards completion. Furthermore, the reports of lower yields in the late-planted areas of the country could also lead to a decline in deliveries this week and also in the coming weeks.
- The reports from the late-planted regions point to lower yields of between 0.8 and 0.9 tonnes per hectare. Moreover, the harvest process could continue with minimal interruption in the next two weeks as the weather forecast shows cool and drier weather conditions across the country.
- We will monitor the developments over the coming weeks in order to assess whether most late plated areas will receive lower yields or there will be improvements in some areas. The impact of this will be mirrored on the national Crop Estimate Committee's sixth production estimates which are due for release next week.
- Elsewhere, the EU's sunflower seed market posted gains in yesterday's trade session, with the price up by 0.26 percent from the previous day, at US\$388 per tonne. This was largely on the back of spillover support from higher palm oil prices.
- In the ground, the weather is the key focus in the EU region. Most countries within the region experienced dryness in the past couple of days, which is not conducive for crops at its current stages of development. Last week, the USDA placed EU's 2018/19 sunflower seed production estimate at 9.1 million tonnes, down by 6 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could slightly recover due to the weaker ZAR/USD exchange.



POTATO	17/07/2018*	18/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	27,91	30,13	+7,95%

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

- Yesterday the South African potatoes market posted gains due to the relatively lower stock of 1.24 million pockets (10kg bag) at the beginning of the trading session.
- However, towards the end of the session, the stocks recovered, following an 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 1.27 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience losses owing to a relatively large stock of 1.27 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

BEEF CARCASS	17/07/2018*	18/07/2018*	d-o-d (%Δ)
SAFEX Beef Sep 18 (R/kg)	47,50	47,50	0,00

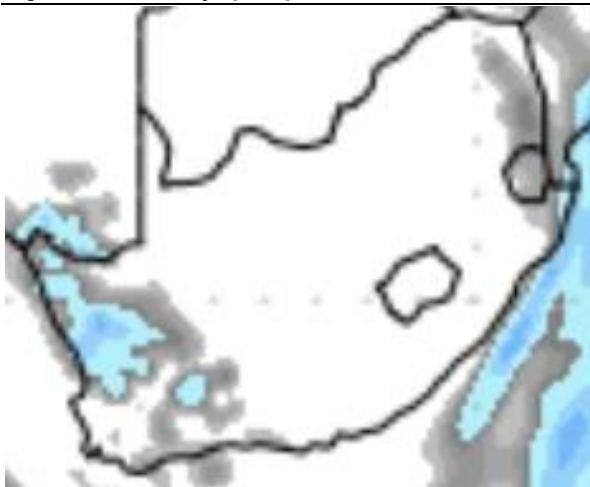
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The SAFEX beef carcass prices have been flat for months due to thinly traded volumes. Yesterday's session was no different, the price remained unchanged from the previous day, at R47.50 per kilogram. Therefore, the SAFEX beef carcass price 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.

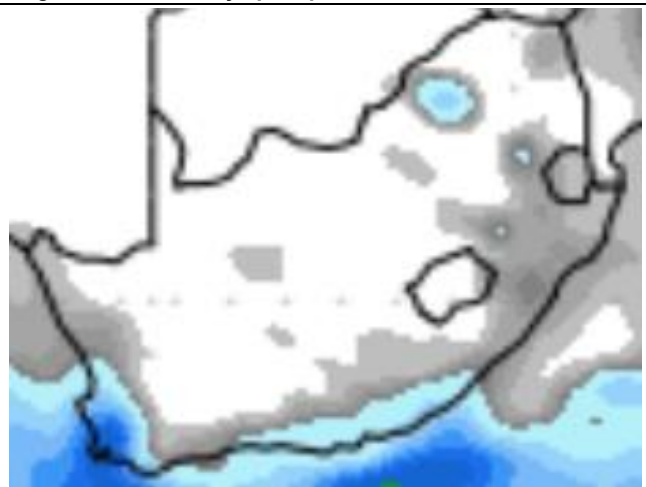
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather charts have changed overnight. There are now clear skies across the country which means the next eight days could bring cool and drier weather conditions (figure 1). This bodes well for summer crop areas that are currently harvesting, but could negatively affect the winter crop growing areas, particularly the Southern Cape region which needs follow-up rainfall.
- The weather forecasts for the last week of this month presents more of the same (figure 2). Helderberg region of the Western Cape province is the only area that could receive light showers, but it will possibly be light, varying between 5 and 13 millimetres. Therefore, it will not have a notable impact on soil moisture and crops.

Figure 1: Next 8-days precipitation forecast

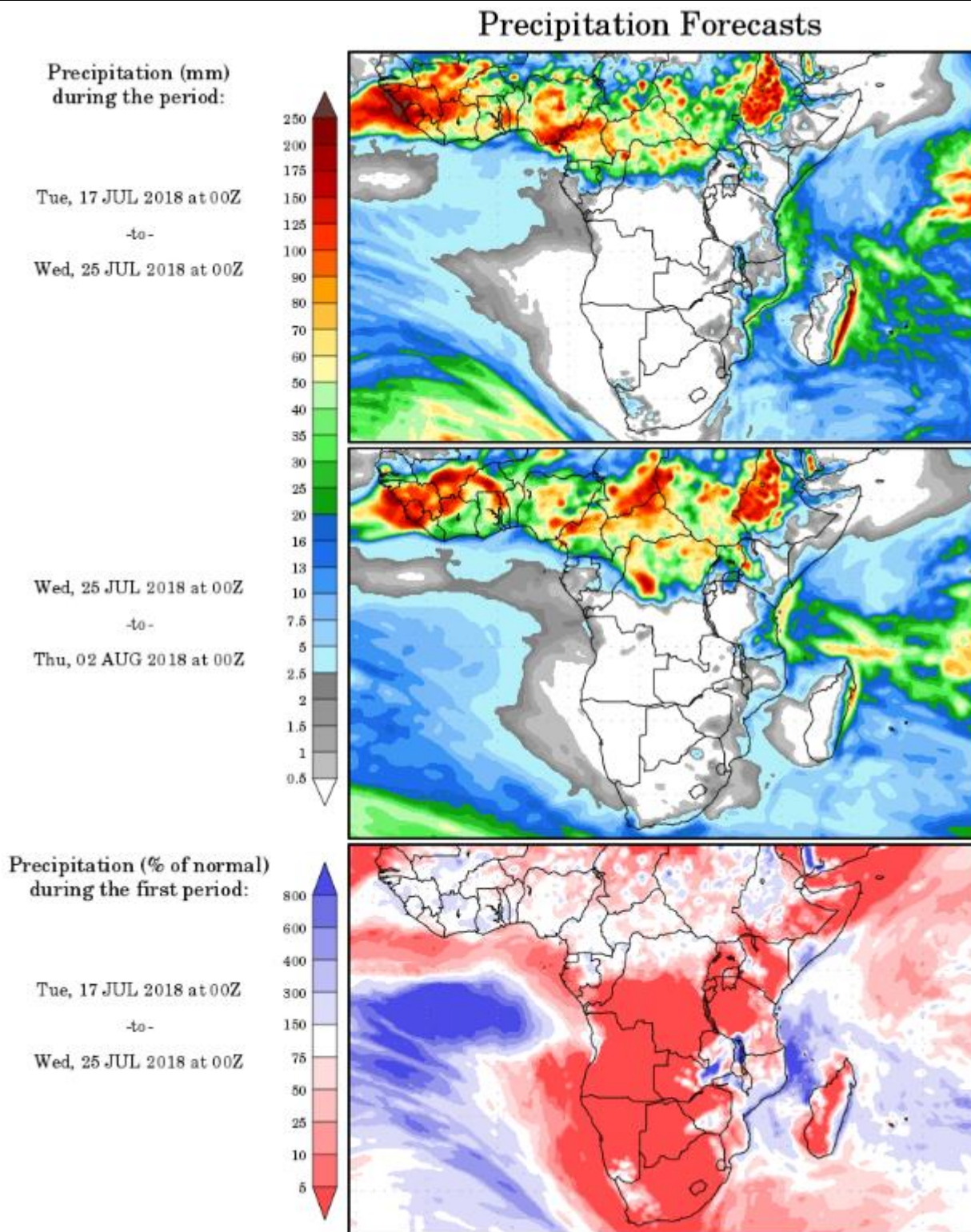
Source: wxmaps

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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