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**Key Data Releases in Agricultural Markets:**

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

<b>ECONOMIC INDICATORS</b>	20/07/2018*	23/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,48	13,41	+0,52%
Rand/Euro	15,71	15,73	-0,13%
Euro/US Dollar	1,1650	1,1735	+0,73%
Gold Spot	1 223,47	1 231,77	+0,68%
Brent Crude Oil	72,62	73,04	+0,58%
Platinum Spot	818,10	828,90	+1,32%
Dow Jones Industrial Average	25 064,50	25 058,12	-0,03%
JSE All Share	56 818,98	56 990,20	+0,30%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,60	4,60	0,00%
SA CPI – food (y/y %)	3,10	3,10	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 0.52 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 R13.41. 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 0.58 percent from levels seen at midday Friday, trading around US\$73.04 per barrel. This comes after the International Energy Agency indicated that global oil demand could grow to 100.5 million barrels a day in 2019, from 99.1 million this year. This coincides with the expected decline in Venezuelan and Iran's oil production.



MAIZE/CORN	20/07/2018*	23/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 024	2 055	+1,53%
White maize Dec 18 (R/t)	2 126	2 171	+2,12%
Yellow maize Jul 18 (R/t)	2 085	2 120	+1,68%
Yellow maize Dec 18 (R/t)	2 209	2 248	+1,77%
CME corn Sep 18 (US cents/bushel)	352	356	+1,14%

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

- The SAFEX maize market posted gains on Friday's trade session due to the weaker Rand against the US Dollar, coupled with higher Chicago maize prices.
- This is a data-packed week, but the most anticipated release is the National Crop Estimate Committee's sixth production estimate for 2017/18 summer crops which is due on Thursday afternoon. Reuters analysts' survey shows that the Committee could lift its estimate for commercial maize production by a percentage point from the current estimate of 13.2 million tonnes to 13.3 million tonnes.<sup>1</sup>
- This is generally in line with our view. Reports from farmers show that the yields in regions that have already harvested varied between average and above average. Furthermore, there is a generally positive sentiment that other areas could also receive higher yields due to good weather conditions in the past couple of months.
- The harvest process is towards completion in the eastern parts of the maize-belt, while the central and the western regions have somewhat delayed due to the late start of the season on the back of unfavourable weather conditions earlier in the year.
- This is reflected in the producer deliveries data, which shows that in the first 11-weeks of the 2018/19 marketing year, about 5.9 million tonnes of maize had already been delivered to commercial silos. This equates to 45 percent of the estimated harvest of 13.2 million tonnes.<sup>2</sup>
- Looking ahead, the weather forecast for the next two weeks shows clear skies over the maize-belt, which should support the harvest process in the coming weeks.

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.

<sup>1</sup>The United States Department of Agriculture (USDA) recently lifted its estimate for South Africa's 2017/18 maize production by 2 percent from last month to 13.8 million tonnes, which is in line with the local Crop Estimate Committee's June 2018 estimate for overall production (commercial and non-commercial), and well above the average production levels of 12.5 million tonnes.

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



WHEAT	20/07/2018*	23/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 085	4 115	+0,73%
SAFEX Wheat Dec 18 (R/t)	4 172	4 193	+0,50%
CME Wheat spot (US cents/bushel)	507	515	+1,58%

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

- South Africa is a net importer of wheat which means developments in the global wheat environment tend to influence the local market. The global wheat prices traded higher at the end of last week due to unfavourable weather conditions in the EU and the Black Sea regions, as well as higher US weekly export sales. This development, combined with the weaker ZAR/USD exchange supported the market.
- The weather remains a primary focus in the local market as the crop is still in its early stages of development that require moisture, particularly the Western Cape province. Last week, the province experienced cool and drier weather conditions, which is not much of an issue for areas such as Swartland and Overberg, which received higher rainfall in the past couple of weeks.
- However, the crop in the southern Cape region is strained and urgently need moisture. The reason for this variation within the same province is that last month's rainfall was not evenly distributed. While other areas received higher rainfall, the showers in the southern Cape were somewhat moderate.
- Looking ahead, the weather forecast for the week does not offer any positive message. There are clear skies over most parts of the province, with prospects of light showers in Helderberg, Winelands and the northern parts of the Overberg region. This expected rainfall will not meaningfully improve soil moisture, as it is expected to be light varying between 10 and 20 millimetres.
- As set out in our previous reports, the Western Cape province is the largest winter wheat producer accounting for more than two-thirds of the intended area plantings of 500 500 hectares for the 2018/19 production season. The first production estimate and area planting estimate for winter wheat will be released by the Crop Estimate Committee at the next of next months.
- The other key wheat producing provinces are the Free State and Northern Cape, accounting for nearly a third of the intended area for the 2018/19 production season. The planting process is towards completion in these provinces. The expected cool and drier weather conditions within the next two weeks should add momentum to the planting process. Also worth noting is that a share of the area in these provinces is under irrigation, which should benefit from higher dam levels (see Figure 2).

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.



<b>SOYBEAN</b>	20/07/2018*	23/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 232	4 315	+1,96%
SAFEX Soybean Dec 18 (R/t)	4 448	4 520	+1,62%
CME Soybean Spot (US cents/bushel)	846	851	+0,59%

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

- Although the week started in negative footing, the SAFEX soybean market had a good run towards the end of last week with the weaker Rand against the US dollar being the key driver. Moreover, the spillover from the higher Chicago soybean market also added support to the local market.
- Although the soybean harvest process is complete across the country, a number of farmers will continue to deliver the crop to commercial silos in the coming weeks. In the first 20-weeks of the 2018/19 marketing year, soybean producer deliveries amounted to 1.46 million tonnes, which equates to 94 percent of the expected harvest of 1.55 million tonnes.
- The yields varied between average and above average, which is somewhat in line with the Crop Estimate Committee's estimate of an average national yield of 1.97 tonnes per hectare. This is higher than the average yield of 1.75 tonnes per hectare for the past 5-seasons.
- Aside from the deliveries data, there is a number of data releases in the domestic soybean market this week, but the most notable one is that national Crop Estimates Committee's sixth production estimate which will be out on Wednesday afternoon. The Committee's current forecast for soybean production is 1.55 million tonnes. Given the good yields received in areas that have already harvested, we believe that the Committee could keep the current soybean production estimate unchanged.
- Also, the key to watch on the data front is SAGIS monthly figures due for release on Wednesday. This will present the monthly soybean stock levels, soybean utilisation in oil and oilcake, as well as imports and exports.
- The previous release showed that South Africa's soybean stocks were at 1.36 million tonnes in May 2018, which is 27 per cent higher than the corresponding period last year. This week's data could show a further uptick due to large deliveries in the past couple of weeks.
- Moreover, soybean consumption (processed for oil and cake) was at 81 969 tonnes in May 2018, which is 12 percent lower than the corresponding period last year.

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



<b>SUNFLOWER SEED</b>	20/07/2018*	23/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 568	4 580	+0,26%
SAFEX Sunflower seed Dec 18 (R/t)	4 802	4 808	+0,12%
EU (France) sunflower seed (US\$/t)	386	385	-0,26%

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

- Friday's trade session opened in negative footing, but quickly gained ground on the back of the weaker Rand against the US Dollar and settled in positive territory.
- Over 90 percent of the sunflower seed crop has already been harvested, thanks to favourable weather conditions in the past couple of weeks. The provinces where the harvest process is still underway in North West and Free State, but should soon be completed as the weather forecast shows a favourable weather outlook of cool and drier conditions within the next two weeks.
- The yields received thus far varied between average and above-average. The areas that reported lower yields are the late-planted ones, but this has been limited within a few regions of the North West province. In the first 20 weeks of the 2018/19 marketing year, sunflower seed producer deliveries amounted to 718 690 tonnes, which equates to 91 percent of the estimated harvest of 792 255 tonnes.<sup>3</sup>
- An update of sunflower seed producer deliveries for the 21 weeks of the 2018/19 marketing year (20 July 2018) will be released on Wednesday. The data could show a slight decline from the week of 13 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.
- Furthermore, the national Crop Estimate Committee will also release its sixth production forecast on 26 July 2018. As noted earlier, the areas that have harvested received fairly good yields, which supports the Committee's last month forecast of 1.32 tonnes per hectare yield.
- To this end, we believe that the Committee will probably keep its production estimate of 792 255 tonnes of sunflower seed production for the 2017/18 season unchanged from last month. Worth noting is that estimate is 9 percent lower than the previous production season's harvest due to a decline in area planted.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses due the relatively stronger ZAR/USD exchange.

<sup>3</sup> The 2018/19 marketing year corresponds with the 2017/18 production year.



<b>POTATO</b>	20/07/2018*	23/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,04	28,74	-4,33%

\*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 4 percent from the previous day, closing R28.74 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.39 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 5 percent decline in stocks to 1.32 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 1.32 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

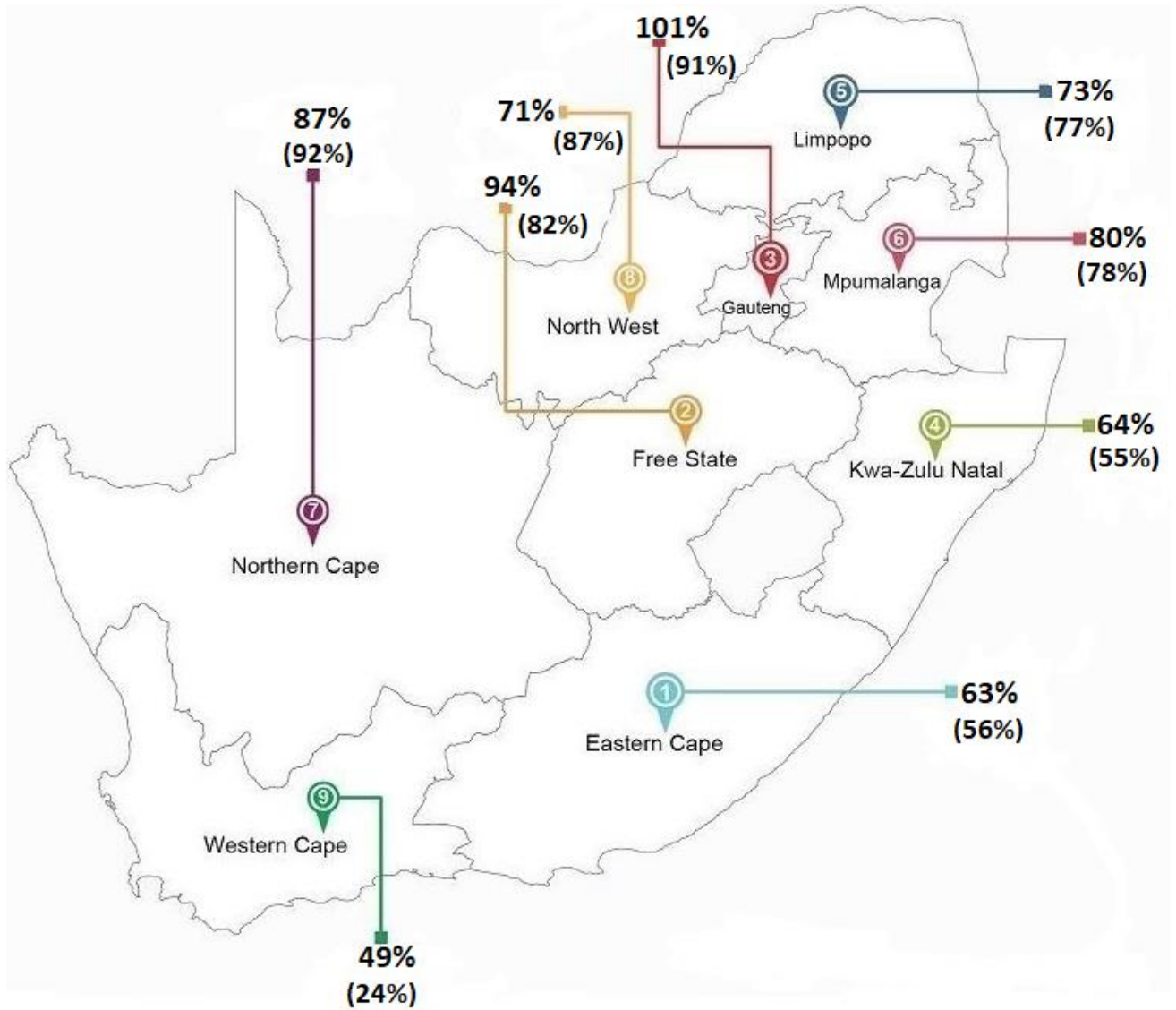
<b>FRUIT (South Africa)</b>	20/07/2018*	23/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,58	6,73	+2,28%
Bananas (R/kg)	5,40	5,48	+1,48%
Oranges (R/kg)	2,48	2,45	-1,21%

\*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 prices of apples and bananas were up by 2 percent and a percentage point from the previous day, closing at R6.73 and R5.48 per kilogram, respectively. These gains were underpinned by commercial buying interest, which led to a decline in stocks to 409 000 tonnes of apples and 865 000 tonnes of bananas.
- However, the price of oranges was down by a percentage point from the previous day, settled at R2.45 per kilogram. This was on the back of a relatively large stock of 753 000 tonnes at the end of the trading session.

Bottom line – 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.

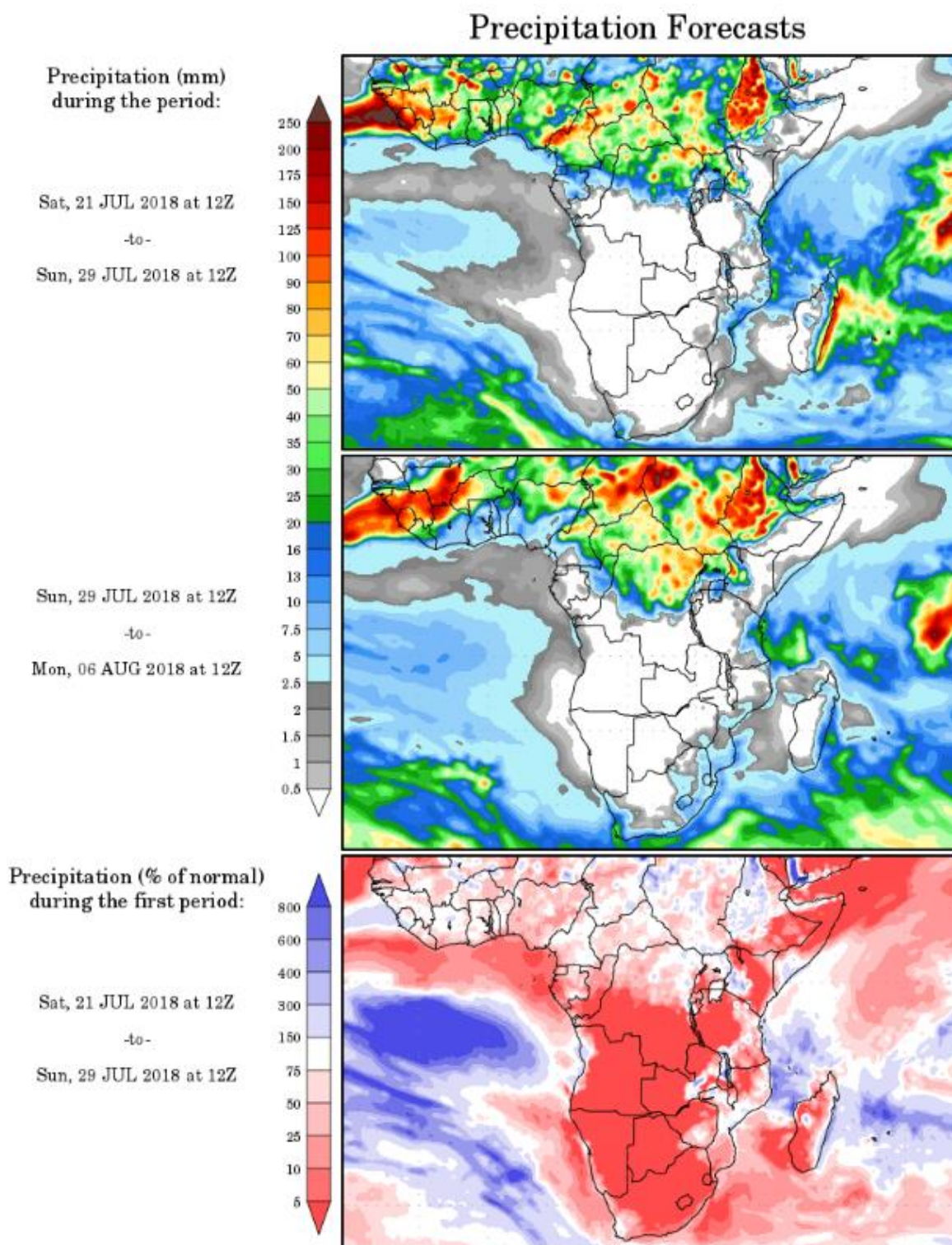
Figure 1: South Africa's average dam levels: week ended 16 July 2018, with the same week last year in brackets



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.

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