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**Key Data Releases in Agricultural Markets:**

- 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
- USDA's crop progress report: 30/07/2018

<b>ECONOMIC INDICATORS</b>	23/07/2018*	24/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,51	13,48	+0,22%
Rand/Euro	15,84	15,76	+0,51%
Euro/US Dollar	1,1706	1,1679	-0,23%
Gold Spot	1 229,01	1 221,38	-0,62%
Brent Crude Oil	73,67	72,78	-1,21%
Platinum Spot	829,80	832,80	+0,36%
Dow Jones Industrial Average	25 001,41	25 044,29	+0,17%
JSE All Share	56 323,53	56 556,81	+0,41%
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/US Dollar is currently 0.22 percent stronger compared to midday yesterday, trading around R13.48. This was roughly in line with other emerging market currencies. Furthermore, the slight uptick in global commodity prices also added support to the market. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil price was down by 1.21 percent from levels seen at midday yesterday, trading around US\$72.78 per barrel. The expected increase in the US and Saudi Arabian oil production was the key factor driving the market. The news of an expected increase in global oil demand to 100.5 million barrels a day in 2019, from 99.1 million this year was somewhat overshadowed by the potential uptick in oil supply.



MAIZE/CORN	23/07/2018*	24/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 055	2 080	+1,22%
White maize Dec 18 (R/t)	2 171	2 181	+0,46%
Yellow maize Jul 18 (R/t)	2 120	2 141	+0,99%
Yellow maize Dec 18 (R/t)	2 248	2 264	+0,71%
CME corn Sep 18 (US cents/bushel)	356	353	-0,84%

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

- The SAFEX maize market gained ground in yesterday's trade session with support emanating from the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago maize prices.
- The uptick in Chicago maize prices could be short-lived due to good crop rating and expected favourable weather conditions over the Midwest this week. Data from the USDA shows that 72 percent of the US maize crop was rated good or excellent on 22 July 2018, which is in line with the previous week, but 10 percentage point higher than the corresponding week last year.
- The uptick in crop conditions rating is generally underpinned by favourable weather conditions over the Midwest. Furthermore, the weather forecast for the week promises widespread showers, which could slightly improve soil moisture and possibly keep the crop in good shape for some time.
- Be that as it may, the US 2018/19 maize harvest is set to decline by 3 percent from the previous season to 361 million tonnes due to a reduction in area planted. From a global perspective, the potential decline in US maize harvest could be offset by an improvement in other regions such as South America and the Black Sea. The 2018/19 global maize harvest is estimated at 1.05 billion tonnes, up by 2 percent from the previous season. The uptick in production might not add pressure on prices due to the expected uptick in global maize consumption.
- The aforementioned developments will have minimal impact on the South African maize market, which is currently underpinned driven by domestic factors (as the country is again a net exporter of maize). We are of the view that the SAFEX maize prices could trade at relatively lower levels in the near term due to expected large supplies of 16.7 million tonnes, which is well above the domestic demand of 10.8 million tonnes.
- A large part of the maize crop has already been harvested. In the first 11-weeks of the 2018/19 marketing year, about 45 percent of the estimated harvest of 13.2 million tonnes had already been delivered to commercial silos. An update for the week of 20 July 2018 will be released by SAGIS at midday tomorrow.

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



WHEAT	23/07/2018*	24/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 115	4 150	+0,85%
SAFEX Wheat Dec 18 (R/t)	4 193	4 206	+0,31%
CME Wheat spot (US cents/bushel)	519	512	-1,35%

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

- The SAFEX wheat market posted gains in yesterday's trade session due to a combination of factors which include higher Chicago wheat prices, commercial buying interest, as well as the weaker domestic currency against the US Dollar.
- The global wheat prices were mainly driven by reports of unfavourable weather conditions in parts of the EU and the Black Sea regions. This has been a key theme since the start of the season.
- Earlier this month, the USDA placed its EU's 2018/19 wheat production at 145 million tonnes, down by 4 percent from the previous season. Within the Black Sea region, Russia's 2018/19 wheat production is estimated at 67 million tonnes, down by 21 percent from the previous season. Ukraine's harvest was placed at 26 million tonnes, down by 5 percent from the 2017/18 production season.
- Elsewhere, the Alberta province of Canada, which is amongst the key wheat growing regions, experienced unfavourable weather conditions in the past week which led to a slight decline in crop rating. About 72 percent of the crop was rated good or excellent in the week of 17 July 2018, which is a percentage point below the previous week's rating, but still higher than the previous season. This could be a temporary blip, the weather is expected to be fairly favourable this season in the country. In fact, the USDA forecast an 8 percent annual uptick in Canada's 2018/19 wheat production to 33 million tonnes.
- The US also experienced a slight decline in crop conditions due to drier weather conditions in the past couple of days in the Plains. On 22 July 2018, about 79 percent of the spring wheat was rated good or excellent, which is a percentage point lower than the previous week but well above last year's rating of 33 percent in the corresponding period. With that said, the USDA forecasts the US 2018/19 wheat production at 51 million tonnes, which is 8 percent lower than the previous season.
- Back on home soil, the expected cool and drier weather conditions over the winter wheat growing areas could negatively affect the crop, particularly in the southern Cape region which urgently needs moisture. With that said, the week of 07 August 2018, could bring a slight relief as it shows prospects of showers.

Bottom line – Today the local wheat prices could be under pressure due to the relatively stronger Rand against the US Dollar, as well as lower Chicago wheat prices.



SOYBEAN	23/07/2018*	24/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 315	4 361	+1,07%
SAFEX Soybean Dec 18 (R/t)	4 520	4 568	+1,06%
CME Soybean Spot (US cents/bushel)	850	844	-0,71%

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

- Yesterday the SAFEX soybean market settled on positive footing due to spillover support from higher Chicago soybean prices. Moreover, the weaker Rand against the US Dollar also added support to the market.
- The Chicago soybean market was driven by the relatively weaker US Dollar against major currencies, combined good weekly soybean exports. While there are expectations that the US soybean exports could take a knock given the US-China trade tension, the weekly sales were sold last week.<sup>1</sup> The exports amounted to 856 700 tonnes, which is the upper band of market expectations. This somewhat showed that showed that other buyers, besides China, took advantage of the US lower prices.
- However, this pace of export sales might not be sustained for a longer period without the world's leading soybean importer, China. Earlier this month, the USDA revised China's 2018/19 soybean imports down by 8 percent from the previous day to 93 million tonnes. This was linked to the expected decline softening in demand on the back of the trade tensions.
- Aside from the trade aspects, the weather is an important factor to monitor in the US soybean market as it could influence the crop conditions, which have generally been favourable in the past couple of weeks with a fair amount of rainfall. The forecast for the next eight days promises widespread showers over the Midwest, which should improve soil moisture and crop conditions.<sup>2</sup>
- On the domestic front, a number of farmers will continue to deliver soybeans to commercial silos in the coming weeks, although the harvest process is complete. 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 market expectations. An update of the deliveries data will be released by SAGIS at midday tomorrow.

Bottom line – Similar to other commodities, today the SAFEX soybean prices experience losses due to lower Chicago soybean prices and the stronger ZAR/USD exchange.

<sup>1</sup> China has raised its tariffs on imports of the oilseed, and many other agricultural commodities from the US by 25%.

<sup>2</sup> Please see the link for more information on US precipitation forecast: <http://wxmaps.org/pix/prec1>



<b>SUNFLOWER SEED</b>	23/07/2018*	24/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 580	4 621	+0,90%
SAFEX Sunflower seed Dec 18 (R/t)	4 808	4 857	+1,02%
EU (France) sunflower seed (US\$/t)	385	388	+0,78%

\*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 on a positive footing and maintained the gains throughout the day as the weaker Rand against the US Dollar and commercial buying interest continued to support the market.
- While over 90 percent of the sunflower seed crop has already been harvest, the weather remains a key focus for areas that have not yet completed the process, particularly in the western parts of the North West province. Fortunately, the weather forecast for the next eight days promises continual cool and drier weather conditions over most sunflower seed areas, which is supportive of the harvest activity.
- The yields in areas that have completed the harvest process varied between average and above average, which is somewhat in line with market expectations. This also provides insight into what the national CEC could present on Thursday when it releases the sixth production forecast for the 2017/18 crop.
- The current forecast is 792 255 tonnes, which is 9 percent lower than the 2016/17 harvest due to a decline in area planted. We believe that the CEC will keep the production forecast unchanged from the current estimate due to fairly good yields.
- The areas that reported below average yields were limited in a couple of regions within the Free State and North West provinces. These were mainly the late-planted areas. This will largely be offset by higher yields in some parts of the country.
- Elsewhere, the EU's sunflower seed market had a good run in yesterday's trade session with the price up by 0.78 percent from the previous day, trading around US\$388 per barrel. These gains were linked to higher crude and vegetable oil prices.
- The weather remains a primary focus as the crop is still in its early stages of development that requires moisture. A large part of the EU and the Black Sea regions experienced dryness in the past couple of week, but the forecast for the week promises showers in parts of these regions which should improve crop conditions.

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



<b>POTATO</b>	23/07/2018*	24/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,74	28,15	-2,05%

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

- The South African potatoes market was under pressure in yesterday's trade session with the price down by 2 percent from the previous day, closing at R28.15 per pockets (10kg bag). This was underpinned by the relatively large stock of 1.32 million pockets (10kg bag) at the beginning of the session.
- However, during the session, the market experienced a slight decline in deliveries on the back of a slow harvest activity over the weekend. This subsequently led to a 20 percent drop in daily stock to 1.05 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could receive marginal gains owing to a relatively lower stock of 1.05 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

<b>FRUIT (South Africa)</b>	23/07/2018*	24/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,73	6,66	-1,04%
Bananas (R/kg)	5,48	5,52	+0,73%
Oranges (R/kg)	2,45	2,45	0,00%

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

- Yesterday the South African potatoes market settled on a mixed footing. The price of apples was down by a percentage point from the previous day, closing at R6.66 per kilogram. This followed an uptick in domestic stock levels to 582 000 tonnes on the back of large producer deliveries.
- Meanwhile, the price of bananas was up by a percentage point from the previous day, closing at R5.52 per kilogram, due to a slight decline in daily stock to 850 000 tonnes. The oranges price remained unchanged from the previous day, at R2.45 per kilogram. This, however, could be short-lived owing to a 7 percent increase in daily stock to 806 000 tonnes on the back of large producer deliveries.

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.

<b>BEEF CARCASS</b>	23/07/2018*	24/07/2018*	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

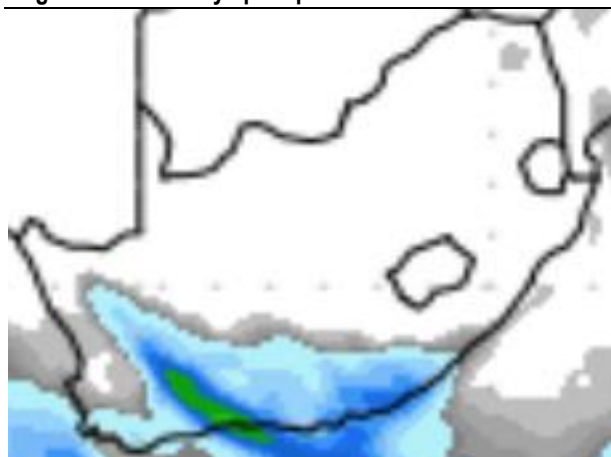
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged from the previous day, closing at R47.50 per kilogram due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid 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

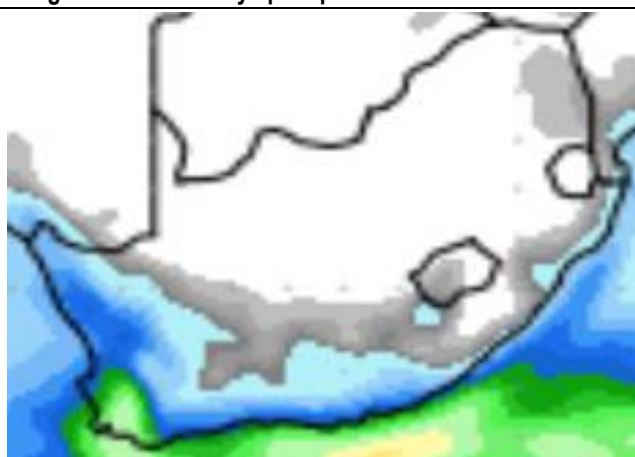
- The winter crop growing areas of the Western Cape province could be strained this week, as the weather forecast shows a possibility of cool and drier weather conditions (figure 1). This, however, will be beneficial for summer crop harvest process, which is currently underway across the country.
- The week of 08 August 2018, however, promises light showers over most parts of the Western Cape province, which could slightly ease the fears of deterioration in crop conditions (figure 2). While this is a welcome development, it will not sufficiently improve soil moisture.

**Figure 1: Next 8-days precipitation forecast**



Source: wxmaps

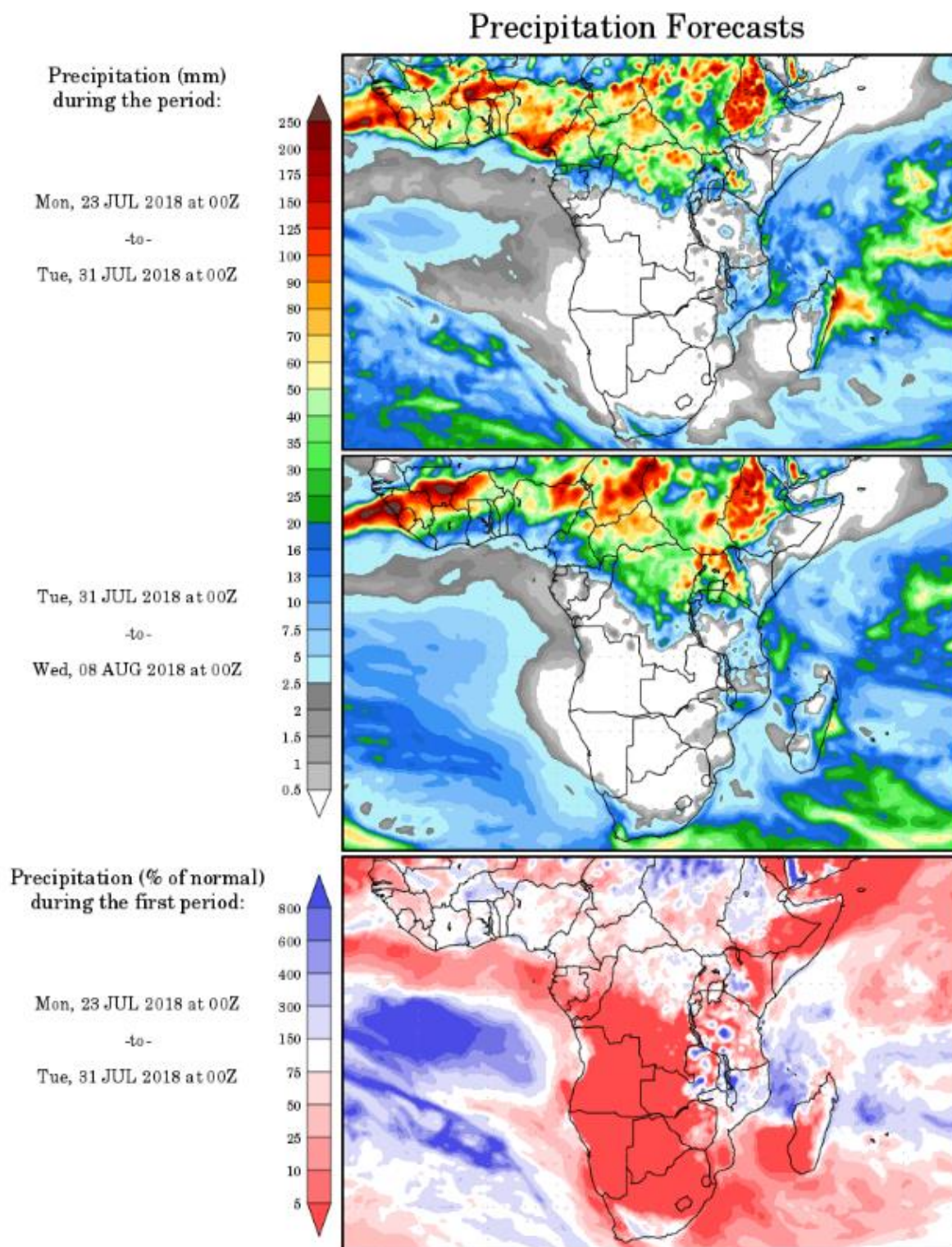
**Figure 2: Next 16-days precipitation forecast**



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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