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Key Data Releases in Agricultural Markets:

- 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

ECONOMIC INDICATORS	24/07/2018*	25/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,42	13,29	+0,98%
Rand/Euro	15,69	15,52	+1,10%
Euro/US Dollar	1,1706	1,1679	-0,23%
Gold Spot	1 225,53	1 224,78	-0,06%
Brent Crude Oil	73,22	73,94	+0,98%
Platinum Spot	838,60	837,20	-0,17%
Dow Jones Industrial Average	25 044,29	25 241,94	+0,79%
JSE All Share	56 915,45	57 054,84	+0,24%
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 domestic currency has slightly recovered from yesterday's levels, along with other emerging market currencies. These gains were partly in line with the US Dollar depreciation against major currencies. Moreover, the announcement that China would invest \$14.7 billion in the local economy also added a positive sentiment to the market. The Rand/US Dollar is currently 0.98 percent stronger compared to midday yesterday, trading around R13.29. From a domestic data front, today's calendar is fairly light with no major releases
- This morning the Brent crude oil price managed to claw back some ground from previous day's levels with support emanating from the weaker US Dollar against major currencies, as well as lingering concerns over underlying tensions between the US and Iran. At the time of writing, the price was up by 0.98 percent from the previous day, trading around US\$73.94 per barrel.



MAIZE/CORN	24/07/2018*	25/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 080	2 072	-0,38%
White maize Dec 18 (R/t)	2 181	2 162	-0,87%
Yellow maize Jul 18 (R/t)	2 141	2 138	-0,14%
Yellow maize Dec 18 (R/t)	2 264	2 244	-0,88%
CME corn Sep 18 (US cents/bushel)	353	353	0,00%

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

- Yesterday the SAFEX maize market retreated from levels seen the previous day due to the slight recovery in the domestic currency, lower Chicago maize prices, as well as large domestic maize supplies.
- Yesterday the South African Weather Service expressed a similar message to the International Research Institute for Climate Society about the probability of El Niño occurrence in the 2018/19 production season, which commences in October 2018. But, the agency also cautioned that "it is still too early to determine the potential impact of the predicted El Niño event; however, the typical effects are drier and warmer conditions for the summer rainfall areas during summer".
- We will keep a close eye on the developments over the coming months in order to ascertain the impact of this on next season's crop production. In the near term, this will possibly have minimal impact on maize prices until there is some level of confidence or clarity on the estimates, which should be in the space of a month or two.
- South Africa's maize supplies for the 2018/19 marketing year are in good shape, estimated 16.7 million tonnes, which is 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 could keep SAFEX maize prices under pressure in the near term.
- In terms of trade, South Africa exported 75 115 tonnes of maize in the week of 20 July 2018, down by 20 percent from levels seen in the previous week. About 93 percent was yellow maize, with 7 percent being white maize.
- The leading buyer was again Taiwan, with a share of 74 percent of the weekly exports. Trailing Taiwan was Vietnam with a share of 15 percent of weekly exports. The rest went to regional markets. Overall, this placed South Africa's 2018/19 maize exports at 838 925 tonnes, which equates to 34 percent of the seasonal export forecast of 2.5 million tonnes.

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



WHEAT	24/07/2018*	25/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 150	4 141	-0,22%
SAFEX Wheat Dec 18 (R/t)	4 206	4 199	-0,17%
CME Wheat spot (US cents/bushel)	508	513	+0,98%

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

- Yesterday the SAFEX wheat market pulled back from levels seen the previous day. This was largely driven by the relatively stronger Rand against the US Dollar, as well as lower Chicago wheat prices.
- The weather has changed overnight and currently shows a possibility of light showers of between 16 and 40 millimetres over the Western Cape province. This will help ease concerns of a potential deterioration in crop conditions, particularly in the southern Cape region.
- The previous week's rainfall in the province was not evenly distributed. The Swartland and Overberg regions received higher rainfall, but in the southern Cape, it was fairly moderate. Hence, we put emphasis on this region's need for moisture in order to sustain crops in good condition.
- The expected rainfall will not only improve crop conditions but also dam levels. The most recent data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 50 percent in the week of 23 July 2018, up by a percentage point from the previous week and 24 percentage points from the same period last year.
- The South African Weather Service also presented a positive message yesterday, forecasting a likelihood of above-normal rainfall over the western coastal regions during early spring, which is a period between August and October 2018. This suggests that South Africa could have a far better season compared to last year.
- On the data front, the national Crop estimate Committee will release the preliminary area estimate for winter wheat tomorrow. Bloomberg analysts' consensus suggests that South Africa's 2018 winter wheat planting could decline to 500 333 hectares from the intended area of 500 500 hectares. This, however, will still be higher than 2017 plantings of 491 600 hectares.
- In terms of trade, last week South Africa imported 56 552 tonnes of wheat, up by 90 percent from the volume imported in the week of 13 July 2018. About 62 percent originated from Canada, 28 percent from the Czech Republic and 10 percent from Russia. 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.

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.



SOYBEAN	24/07/2018*	25/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 361	4 378	+0,39%
SAFEX Soybean Dec 18 (R/t)	4 568	4 586	+0,39%
CME Soybean Spot (US cents/bushel)	845	855	+1,18%

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

- The domestic soybean market posted gains in yesterday's trade session due to commercial buying interest, combined with spillover from higher Chicago soybean prices.
- The favourable weather conditions experienced in the past couple of months provided good momentum to the soybean harvest process, hence it has already been completed. A number of farmers will, nonetheless, 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.¹ SAGIS will release an update of the producer deliveries at midday.
- Also, the key to watch on the data front today is SAGIS monthly figures due for release at the same time as the producer deliveries data. This will present an indication of the monthly soybean utilisation in oil and oilcake processing, stock levels, as well as imports and exports.
- The previous release showed that South Africa's soybean consumption (processed for oil and cake) was at 81 969 tonnes in May 2018, down by 12 percent from the corresponding period last year.² This was a temporary blip, we expect an uptick in domestic soybean consumption (utilisation for oilcake and oil), which will compensate for the expected decline in oilcake imports this year.³
- Furthermore, South Africa's soybean stocks were at 1.36 million tonnes in May 2018, which is 27 percent higher than the corresponding period last year. The data coming out late today could show a further uptick due to large deliveries following the completion of the harvest process.

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

¹ An update of the production estimate will be released by the national Crop estimate Committee tomorrow.

² If we applied an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 45 percent of its monthly soybean processing capacity in May 2018, which is 6 percentage points lower than the corresponding period last year.

³ South Africa's soybean and oilcake imports could decline by 27 percent and 17 percent year-on-year in the 2018/19 marketing year to 20 000 tonnes and 458 992 tonnes, respectively. This is largely on the back of available large domestic supplies.



SUNFLOWER SEED	24/07/2018*	25/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 621	4 640	+0,41%
SAFEX Sunflower seed Dec 18 (R/t)	4 857	4 851	-0,12%
EU (France) sunflower seed (US\$/t)	388	388	0,00%

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

- The SAFEX sunflower seed market ended yesterday's trade session on a mixed footing. The spot price was up due to commercial buying interest, while December 2018 contract month price settled in negative territory.
- In the absence of major news, the focus in the sunflower seed market today will be on the producer deliveries data which is due for release at midday. In the week of 13 July 2018, sunflower seed producer deliveries amounted to 49 667 tonnes, down by 29 percent from the previous week. The decline was unsurprising as harvest activity slows towards completion.
- Also worth noting is that the late-planted regions in the country reported lower yields of between 0.8 and 0.9 tonnes per hectare, which has somewhat contributed to the decline in delivered. However, the overall picture still points to above average yields of 1.32 tonnes per hectare.
- The harvest process is generally towards completion, with the remaining areas being the late-planted ones. The expected cool and drier weather conditions within the next two weeks will add momentum to the harvest process in these particular areas. Overall, about 91 percent of the estimated harvest of 792 255 tonnes had already been delivered to commercial silos on 13 July 2018.
- Furthermore, at midday SAGIS will release its monthly data, which will give an indication of the sunflower seed monthly utilisation, stock levels, as well as imports and exports.
- The previous release placed South Africa's sunflower seed consumption (processed for oil and cake) for May 2018 at 64 997 tonnes, up by 42 percent from May 2017. In the same month, the ending stock was recorded at 308 659 tonnes, which is still 43 percent lower than the volume seen in May 2017. The release for June 2018 will most likely show an uptick in stocks due to large deliveries on the back on ongoing harvest activity.
- In terms of trade, we do not expect any notable developments. In May 2018, South Africa imported 78 tonnes of sunflower seed. This placed the overall 2018/19 imports at 99 tonnes, which equates to 20 percent of the seasonal import forecast of 500 tonnes.

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



POTATO	24/07/2018*	25/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,15	31,08	+10,41%

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

- Yesterday the South African potatoes market managed to claw back some of its recent losses. The price was up by 10 percent from the previous day, closing at R31.08 per pockets (10kg bag). This was underpinned by the lower stock of 1.05 million pockets (10kg bag) at the beginning of the 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 9 percent increase in daily stock to 1.14 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could pull back from the current levels due to a relatively large stock of 1.14 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

BEEF CARCASS	24/07/2018*	25/07/2018*	d-o-d (%Δ)
SAFEX Beef Sep 18 (R/kg)	47,50	47,50	0,00

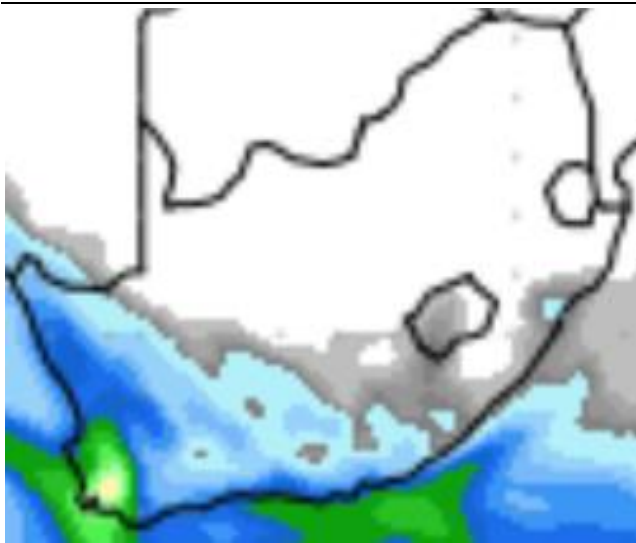
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The SAFEX beef carcass prices have not moved in months due to thinly traded volumes. Yesterday's session was no different, the price was flat from the previous day, closing 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.

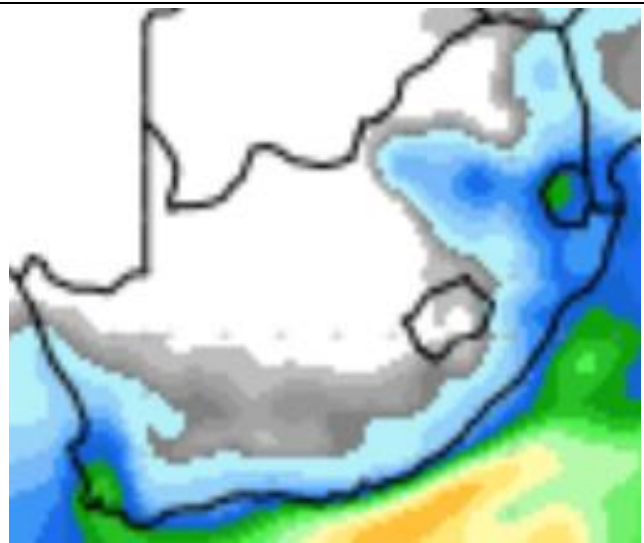
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather has changed overnight and currently shows prospects of showers over most parts of the Western Cape province, which bodes well for winter crops which need moisture at its current stages of development (figure 1). The expected drier weather conditions in the summer crop areas will support the harvest process.
- The week of 09 August paints a mixed picture. The coastal areas of the Western Cape province could receive light showers, while other areas might experience cool and drier weather conditions continuous (figure 2). Overall, the province needs intense and persistent rainfall in order to sufficiently improve soil moisture.

Figure 1: Next 8-days precipitation forecast

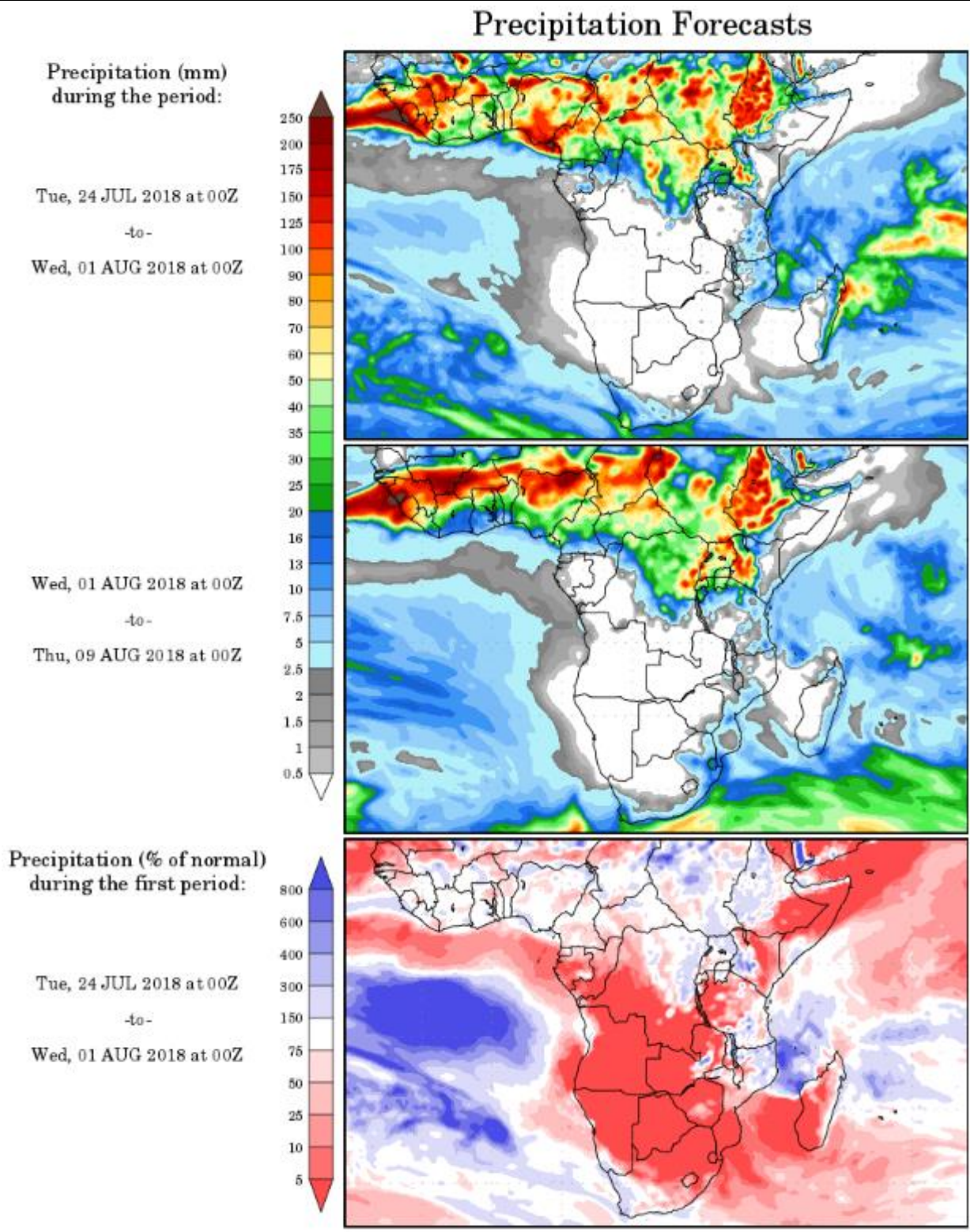
Source: wxmaps

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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