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**Key Data Releases in Agricultural Markets:**

- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018
- USDA's crop progress report: 30/07/2018
- SAGIS producer deliveries data: 01/08/2018
- SAGIS weekly grain trade data: 02/08/2018
- SAGIS monthly data: 27/08/2018

<b>ECONOMIC INDICATORS</b>	25/07/2018*	26/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,23	13,12	+0,84%
Rand/Euro	15,47	15,39	+0,52%
Euro/US Dollar	1,1690	1,1728	+0,33%
Gold Spot	1 230,86	1 231,51	+0,05%
Brent Crude Oil	73,84	74,36	+0,70%
Platinum Spot	838,00	843,80	+0,69%
Dow Jones Industrial Average	25 241,94	25 414,10	+0,68%
JSE All Share	56 617,09	56 387,87	-0,40%
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 0.84 percent stronger compared to midday yesterday, trading around R13.12. The Rand's appreciation was in line with the US Dollar depreciation against major currencies, as well as the slight uptick in global commodity prices. This week's announcement that China would invest \$14.7 billion in the local economy also added a positive sentiment to the market. From a data front, Stats SA will release the Producer Price Index data for June 2018
- This morning the Brent crude oil price was up by 0.70 percent from the previous day, trading around US\$74.36 per barrel. This was partly on the back of a decline in US oil inventories. Data from the Energy Information Administration shows that the US oil inventories fell by 6.1 million barrels in the week of 20 July 2018.



MAIZE/CORN	25/07/2018*	26/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 072	2 030	-2,03%
White maize Dec 18 (R/t)	2 162	2 141	-0,97%
Yellow maize Jul 18 (R/t)	2 138	2 110	-1,31%
Yellow maize Dec 18 (R/t)	2 244	2 224	-0,89%
CME corn Sep 18 (US cents/bushel)	355	364	+2,54%

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

- The domestic maize market lost ground in yesterday's trade session and settled in negative territory. This was on the back of a relatively stronger Rand against the US Dollar, lower Chicago maize prices, as well as the ongoing harvest process.
- The favourable weather conditions in the past couple of weeks provided conducive conditions for the harvest process. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 746 087 tonnes in the week of 20 July 2018, down by 4 percent from the previous week.
- About 63 percent of this was white maize, with 37 percent being yellow maize. This shows that the central and the western parts of South Africa are starting to make good progress, unlike the previous weeks when the deliveries were largely yellow maize, which is predominantly planted in the eastern parts of South Africa.
- This placed the country's 2018/19 maize marketing year producer deliveries at 6.7 million tonnes, which equates to 51 percent of the estimated harvest of 13.2 million tonnes.<sup>1</sup> Yellow maize accounts for 54 percent of overall maize deliveries, with white maize accounting for 46 percent. The yields in areas that have harvested largely varied between average and above average, which is somewhat in line with market expectations.
- Today the Crop Estimate Committee will release its sixth production estimate for South Africa's 2017/18 maize production. 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. This is in line with Bloomberg analysts' survey.
- Looking ahead, the weather forecast for the next two weeks is quite favourable over most parts of the maize-belt, with clear skies, which bodes well with the summer crop harvest process.

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



WHEAT	25/07/2018*	26/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 141	4 132	-0,22%
SAFEX Wheat Dec 18 (R/t)	4 199	4 193	-0,14%
CME Wheat spot (US cents/bushel)	521	547	+4,99%

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

- The SAFEX wheat market started yesterday's trade session in the negative footing and remained under pressure throughout the day owing to the slightly stronger domestic currency against the US Dollar.
- The weather remains central in the South African wheat market as the crop is still in its early stages of development that require moisture. Yesterday we highlighted improvements in the outlook with a possibility of between 16 and 40 millimetres of rainfall in the Western Cape, a key producing province. This remains unchanged and there are further positive developments.
- The weather forecast for the week ending 10 August 2018 shows a likelihood of widespread showers over the Western Cape, Eastern Cape, as well as the southern parts of the Free State and Northern Cape provinces. This essentially covers a large area of South Africa's winter wheat crop.
- The Western Cape is the only province that is expected to receive over 30 millimetres of rainfall, while other provinces could receive relatively light showers of between 16 and 20 millimetres. This will help ease concerns of a potential deterioration in crop conditions in the Western Cape, particularly in the southern region.
- Other provinces are at the final stages of the planting process. Therefore, an improvement in moisture will assist the germination process of the crop. More rainfall will be needed in the coming months in order to sustain the crop in good condition.<sup>2</sup> Also worth noting is that a share of the Free State and the Northern Cape province's winter wheat crop is under irrigation, which means the provinces could have a better season as dam levels are over 90 percent full in these particular provinces.
- On the data front, today the national Crop Estimate Committee will release the preliminary area estimate for winter wheat. Bloomberg analysts' consensus suggests that South Africa's 2018 winter wheat planting could reach 500 333 hectares, which is 2 percent higher than 2017 plantings.

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

<sup>2</sup>The South African Weather Service presented a positive message earlier this week, 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.



<b>SOYBEAN</b>	25/07/2018*	26/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 378	4 346	-0,73%
SAFEX Soybean Dec 18 (R/t)	4 586	4 545	-0,89%
CME Soybean Spot (US cents/bushel)	856	879	+2,69%

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

- After receiving good gains at the start of this week, the SAFEX soybean market pulled back in yesterday's trade session and settled in negative territory. This was underpinned by the stronger Rand against the US Dollar, as well as a large domestic supply.
- While the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the first 21-weeks of the 2018/19 marketing year, soybean producer deliveries amounted to 1.47 million tonnes, which equates to 95 percent of the expected harvest of 1.55 million tonnes.<sup>3</sup> The yields in most areas varied between average and above-average, which is in line with market expectations.
- The large deliveries have boosted domestic soybean stocks. The most recent data from SAGIS shows that South Africa's soybean stocks were at 1.40 million tonnes in June 2018, up by 2 percent from the previous month and 37 percent from the corresponding period last year.
- Also worth noting is that soybean consumption (processed for oil and cake) amounted to 83 166 tonnes in June 2018, which is a percentage point increase from the previous month and 15 percent from the corresponding period last year.
- If we apply 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 June 2018. This is in line with the previous month's activity, but still 6 percentage points higher than the corresponding period last year. The crushing activity or utilising could remain at fairly higher this season, as the market will largely rely on domestic supplies, with soybean oilcake imports expected to decline.
- We estimate that 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

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

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



<b>SUNFLOWER SEED</b>	25/07/2018*	26/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 640	4 630	-0,22%
SAFEX Sunflower seed Dec 18 (R/t)	4 851	4 819	-0,66%
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 domestic sunflower seed market ended yesterday's trade session in negative territory due to a bearish sentiment emanating from the stronger Rand against the US Dollar, combined with the harvest pressure.
- The sunflower seed harvest process is towards completion, thanks to favourable weather conditions experienced in the past couple of weeks. This is reflected in the producer deliveries data, which are slowing as a large share of the crop has already been delivered to commercial silos.
- In addition, the reports of lower yields in the late-planted areas of the country has also contributed to the decline in deliveries. In the week of 20 July 2018, sunflower seed producer deliveries amounted to 35 087 tonnes, down by 29 percent from the previous week.<sup>4</sup> Overall, this placed South Africa's 2018/19 sunflower seed producer deliveries at 756 891 tonnes, which equates to 96 percent of the estimated harvest of 792 255 tonnes.
- Given that a large share of the crop has already been delivered to commercial silos, the lower yields in the late-planted areas will probably have minimal implication on the overall harvest. We will, nonetheless, receive clear guidance when the national Crop Estimate Committee releases its sixth production forecast later in the day.
- On the data front, South Africa's sunflower seed consumption (processed for oil and cake) was recorded at 96 879 tonnes in June 2018, up by 49 percent from the volume utilised in the previous month and 41 from the corresponding period last year.
- The ending stock was recorded at 463 244 tonnes in June 2018, up by 50 percent from the volume seen the previous month due to large producer deliveries in the past couple of weeks. With that said, this is still 35 percent lower than the corresponding period last year due to a slightly delayed harvest in late-planted regions of the Free State and North West provinces and expected annual decline in the harvest. In terms of trade, South Africa imported 52 tonnes of sunflower seed in June, all from Malawi. This placed 2018/19 imports at 151 tonnes, which is roughly a third of the seasonal import forecast. There have not been any exports yet this season, but the seasonal exports are estimated at 200 tonnes.

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

<sup>4</sup> The reports from late-planted regions in the country point to lower yields of between 0.8 and 0.9 tonnes per hectare.



<b>POTATO</b>	25/07/2018*	26/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,08	29,64	-4,63%

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

- The South African potatoes market lost ground in yesterday's trade session with the price down by 5 percent from the previous day, closing at R29.64 per pockets (10kg bag). This was driven by the relatively large stock of 1.14 million pockets (10kg bag) at the beginning of yesterday's trade session.
- In the session, the market saw an increase in deliveries due to ongoing harvest activity in some parts of the country. This led to an 18 percent increase in daily stocks to 1.34 million pockets (10kg bag).

Bottom line – Today the South African potatoes market could experience extended losses due to a large stock of 1.34 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

<b>FRUIT (South Africa)</b>	25/07/2018*	26/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,66	6,68	+0,30%
Bananas (R/kg)	5,52	5,64	+2,17%
Oranges (R/kg)	2,45	2,53	+3,27%

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

- Yesterday the South African fruit market had a good run and settled in positive territory. The price of apples was up by 0.30 percent from the previous day, closing at R6.68 per kilogram. This followed a 6 percent decline in daily stock to 547 000 tonnes on the back of commercial buying interest.
- The prices of bananas and oranges were up by 2 percent and 3 percent from the previous day, closing at R5.64 and R2.53 per kilogram, respectively. This, however, could be short-lived due to the relatively large stock of 932 000 tonnes of bananas and 768 000 tonnes of oranges.

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>	25/07/2018*	26/07/2018*	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

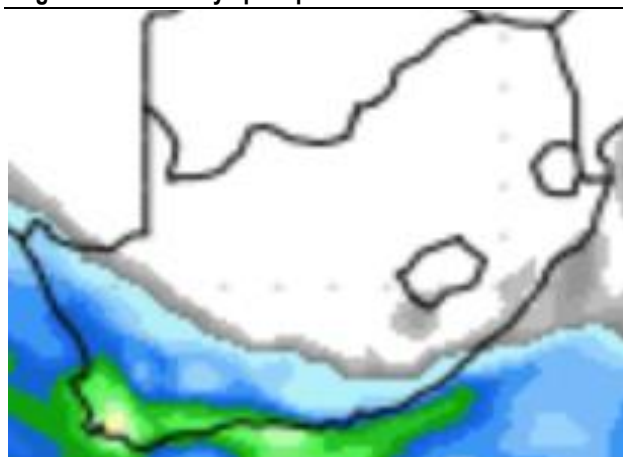
- Yesterday there was not much happening in the SAFEX beef carcass market. The prices remained unchanged from the previous day at R47.50 per kilogram due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.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

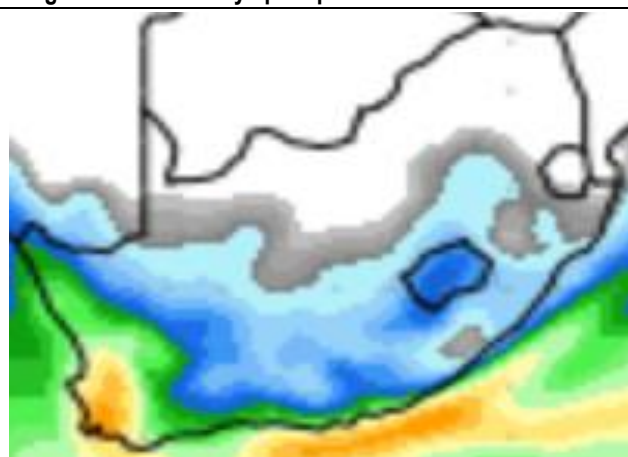
- The weather forecast for the next eight days is favourable over the Western Cape province, which bodes well with the winter crop, particularly the southern Cape region which urgently need moisture (figure 1). The summer crop regions could experience cool and drier weather conditions, which is supportive of the harvest process.
- Furthermore, the week of 10 August 2018 could bring rainfall of between 16 and 50 millimetres over the Western Cape province, which could improve soil moisture and crop conditions (figure 2). This welcome development, given that the past couple of weeks have been relatively drier, particularly the southern regions.

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



Source: wxmaps

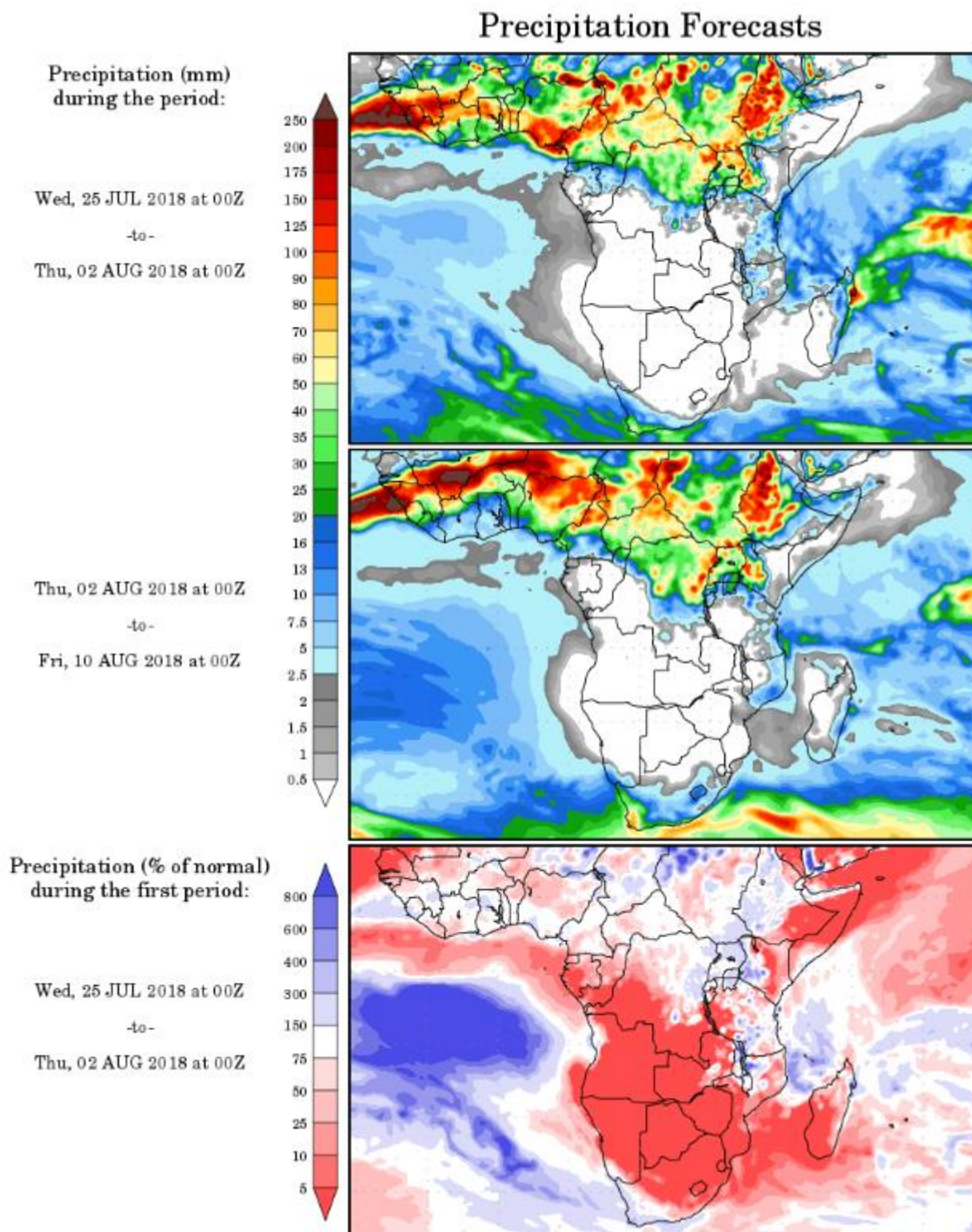
**Figure 2: Next 16-days precipitation forecast**



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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