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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 01/08/2018
- SAGIS weekly grain trade data: 02/08/2018
- USDA's crop progress report: 06/08/2018
- USDA's World Agricultural Supply and Demand Estimates: 10/08/2018
- SAGIS monthly data: 27/08/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	30/07/2018*	31/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,18	13,17	+0,08%
Rand/Euro	15,40	15,41	-0,06%
Euro/US Dollar	1,1682	1,1704	+0,19%
Gold Spot	1 222,31	1 221,57	-0,06%
Brent Crude Oil	74,52	74,96	+0,59%
Platinum Spot	827,60	830,40	+0,34%
Dow Jones Industrial Average	25 419,00	25 306,83	-0,44%
JSE All Share	56 871,65	57 313,14	+0,78%
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*

- This morning the Rand was almost flat from levels seen at midday yesterday, trading around R13.17 to the US Dollar. The Rand's marginal gains were partly on the back of an uptick in some global commodity prices, as well as the US Dollar depreciation against major currencies. From a domestic data front, Stats SA will release the Quarterly Labour Force Survey data for the second quarter of 2018.

- The Brent crude oil market managed to claw back some of its recent losses with the price up by 0.59 percent from levels seen at midday yesterday, trading around US$74.96 per barrel. This is partially on the back of renewed concerns about oil production disruption in Libya and a further decline in Venezuelan oil production.

MAIZE/CORN	30/07/2018*	31/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 094	2 090	-0,19%
White maize Dec 18 (R/t)	2 221	2 216	-0,23%
Yellow maize Jul 18 (R/t)	2 156	2 159	+0,14%
Yellow maize Dec 18 (R/t)	2 287	2 282	-0,22%
CME corn Sep 18 (US cents/bushel)	365	367	+0,55%

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

- The SAFEX maize market started yesterday's trade session on the negative footing and remained under pressure in the day due to the stronger Rand against the US Dollar and expected large domestic maize supplies. This was with the exception of yellow maize spot price which settled in positive territory due to spillover support from higher Chicago maize market, which was underpinned by reports of 270 000 tonnes of US maize exports.

- The global maize market will be well supplied in the 2018/19 season. The International Grains Council forecasts production at 1.05 billion tonnes, up by a percentage point from the 2017/18 production season. This is in line with the United States Department of Agriculture's estimate for the corresponding period. The uptick is driven by prospects of a good harvest in parts of South America, Asia and the Black Sea regions.

- Brazil, Argentina, Ukraine and China's 2018/19 maize production estimated at 94 million tonnes (+13% y/y), 48 million tonnes (+14% y/y), 29 million tonnes (+15% y/y) and 220 million tonnes (+2%), respectively. This could overshadow the potential decline in output in other large maize producing countries such as the US, India and the EU region, amongst others.

- The crop in a number of countries is still in its early stages of development and some regions in the Southern Hemisphere have not yet started planting. Therefore, the weather will be an important factor to monitor over the coming months in order to assess whether these forecasts will materialise or there will be some revisions.

- The global maize demand is also expected to remain solid, with 2018/19 global imports estimated at 151 million tonnes, up by 3 percent from the previous season. The leading importers include Japan, Egypt, South Korea and the EU region, amongst others.

- The aforementioned developments will have minimal impact on the South African maize market in the near term, as the expected large supplies of 16.7 million tonnes (compared to an annual consumption of 10.8 million tonnes), will keep SAFEX maize prices at fairly lower levels for some time.

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.

WHEAT	30/07/2018*	31/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 134	4 115	-0,46%
SAFEX Wheat Dec 18 (R/t)	4 178	4 170	-0,19%
CME Wheat spot (US cents/bushel)	539	545	+1,11%

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

- Yesterday the Chicago wheat market lost ground as the stronger domestic currency against the US Dollar and lower Chicago wheat prices continued to add pressure to the market. The losses in the Chicago wheat market were mainly driven by profit-taking following the recent gains.

- However, the International Grains Council monthly report could bring a slight upswing on wheat prices in the near (as it is already the case this morning). The Council revised its 2018/19 global wheat production estimate down by 2 percent from last month to 721 tonnes, which is the smallest in five seasons. Also worth noting is that this is 2 percent lower than the USDA's estimate for the same season.

- The countries driving this decline are Russia, Ukraine, Kazakhstan, China, India and the EU region, with 2018/19 wheat production estimated at 66 million tonnes (-22% y/y), 26 million tonnes (-6% y/y), 14 million tonnes (-7% y/y), 123 million tonnes (-6% y/y), 96 million tonnes (-3% y/y) and 140 million tonnes (-7% y/y), respectively.

- This has overshadowed the potential uptick in production in Canada, the US, Australia, and Argentina. Also worth noting is that the 2018/19 global wheat ending stock is estimated at 247 million tonnes, which is 7 percent lower than the previous year.

- These developments are important for South Africa since the country is a net importer of wheat, with 2017/18 marketing year imports estimated at 1.9 million tonnes. About 90 percent of this had already been imported on 20 July 2018. An additional 10 percent will probably reach the South African shores before the end of the marketing year, which is September 2018.

- Aside from the global matters, the weather remains a primary focus in the local wheat market as the crop needs moisture at its current stages of development. Unfortunately, the weather forecast for the week shows clear skies over most parts of the Western Cape province, with prospects of light showers in the Overberg and Garden route regions. This has raised fears of potential deterioration in winter crop growing conditions. We place more emphasis on this particular province because it accounts for two-thirds of the 505 000 winter wheat heaters. Other winter wheat producing provinces are still at the final stages of the planting process, with a share of the crop under irrigation. The irrigation areas will benefit from higher water levels in the dams.

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

SOYBEAN	30/07/2018*	31/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 361	4 370	+0,21%
SAFEX Soybean Dec 18 (R/t)	4 563	4 561	-0,04%
CME Soybean Spot (US cents/bushel)	877	876	-0,11%

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

- The SAFEX soybean market ended yesterday's trade session on a mixed footing. The spot price managed to claw back some of its recent losses and settled in positive territory, with support emanating from higher Chicago soybean prices. Meanwhile, December 2018 contract month prices experienced marginal losses.

- Trade continues to be the elephant-in-the-soybean-room. Yesterday's gains were linked to prospects of an increase of US soybean exports to the EU region. While this could make a difference in the US market, it is nowhere close to the volume of exports to the Chinese market in the past couple of years.

- There are only four EU countries within the world's top-20 soybean-importing countries, namely, Netherlands, Germany, Italy and Portugal. In 2017 calendar year, these countries imported a collecting volume of 9.1 million tonnes of soybeans from the world market. This equates to 10% of the Chinese soybean market in the corresponding period.

- Looking ahead, the soybean prices could be under pressure in the next couple of days due to expected large harvest. The International Grains Council forecasts the 2018/19 global soybean production at 359 million tonnes, up by 6 percent from the previous season. The key drivers of this increase in production are Argentina, Brazil, China, India, Paraguay, Russia and Uruguay, with 2018/19 harvest estimated at 54 million tonnes (+44% y/y), 120 million tonnes (+1% y/y), 15 million tonnes (+6% y/y), 13 million (+14% y/y), 10 million tonnes (+2% y/y), 4 million tonnes (+8% y/y) and 3 million tonnes (+77% y/y), respectively.

- This is mainly on the back of an expansion in area plantings, which in turn, is driven by growing demand from the animal feed industry. Roughly 88 percent of the expected crop could be utilised in soybean crushing for a meal in 2018/19, according to data from the Council. This will then be used in animal feed.

- Overall, the potential decline in production in the US, Canada and Ukraine will be overshadowed by the aforementioned production uptick. The 2018/19 global soybean ending stocks are estimated at 44 million tonnes, up by 6 percent from the previous season. This could keep global soybean prices at relatively lower levels in the near to medium term.

Bottom line – Today the SAFEX soybean prices could be under pressure due to the slightly stronger ZAR/USD exchange and lower Chicago soybean prices.

SUNFLOWER SEED	30/07/2018*	31/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 705	4 713	+0,17%
SAFEX Sunflower seed Dec 18 (R/t)	4 896	4 900	+0,08%
EU (France) sunflower seed (US$/t)	386	387	+0,26%

**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 session on a positive footing and maintained the gains throughout the day due to strong commercial buying interest.

- Although the sunflower seed harvest process is towards completion, 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. The forecast for the next two weeks promises cool and drier weather conditions over summer crop growing areas, which means that the harvest process could soon be completed with minimal interruptions.

- The yields in areas that have completed the harvest process largely varied between average and above average, which is somewhat in line with market expectations. This was reflected on the Crop Estimate Committee's sixth production forecasts, which placed the national average yield at 1.32 tonnes per hectare, well above the past 5-years average yield of 1.21 tonnes per hectare.

- The areas that received generally good yields were mainly the regions that planted early in the season, the late planted areas received yields of between 0.8 and 0.9 tonnes per hectares. This, however, was limited within a few regions in the western parts of the Free State and North West provinces.

- Overall, South Africa's 2017/18 sunflower seed production is estimated at 792 255 tonnes, down by 9 percent from the previous season due to a reduction in area planted. An update of this estimate will be released on 28 August 2019. Given that a large share of the harvest has already been delivered to commercial silos with yields reflecting the aforementioned expected production volume, we don't foresee any changes in the estimates next month. If there is any, it will probably slight upward revision.

- On the global front, The EU's sunflower seed market started the week on positive footing with the price up by 0.26 percent from the previous day, closing at US387 per tonne. This was partly on the back of higher crude and other vegetable oil prices, as well as unfavourable weather conditions in parts of Europe. The 2018/19 sunflower seed crop is approaching the pollination stages in some parts of Europe – a stage of development that requires moisture.

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

BEEF CARCASS	30/07/2018*	31/07/2018*	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 started the week on a quiet footing with the prices 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.

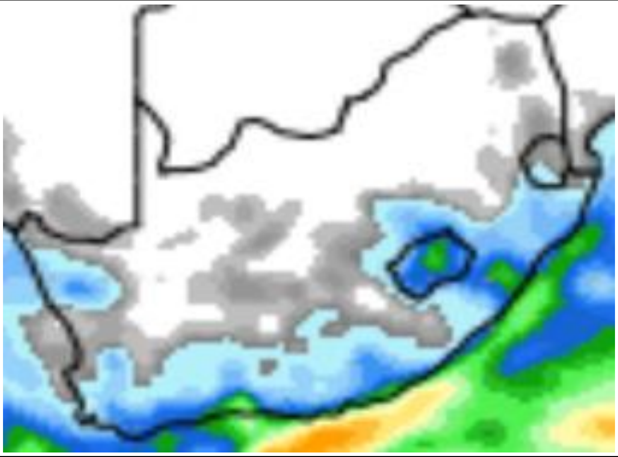
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The weather forecast has slightly changed overnight. There are now clear skies over most parts of the Western Cape province, with prospects of light showers over the Winelands, Overberg and Garden route regions within the next eight days (figure 1). This has raised fears of possible deterioration in crop conditions.

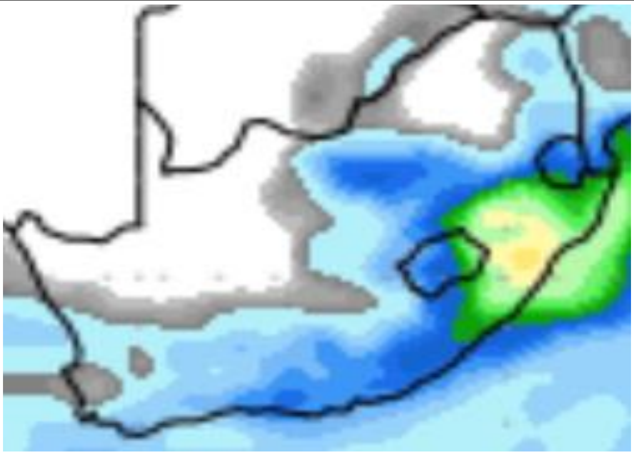
- The forecast for the week of 14 August 2018 presents more of the same, which is light showers over the Overberg and the Garden route regions, with the rest of the province set to remain cool and dry (figure 2). This does not bode well with winter crops, which need moisture at its current stage of development.

Figure 1: Next 8-days precipitation forecast



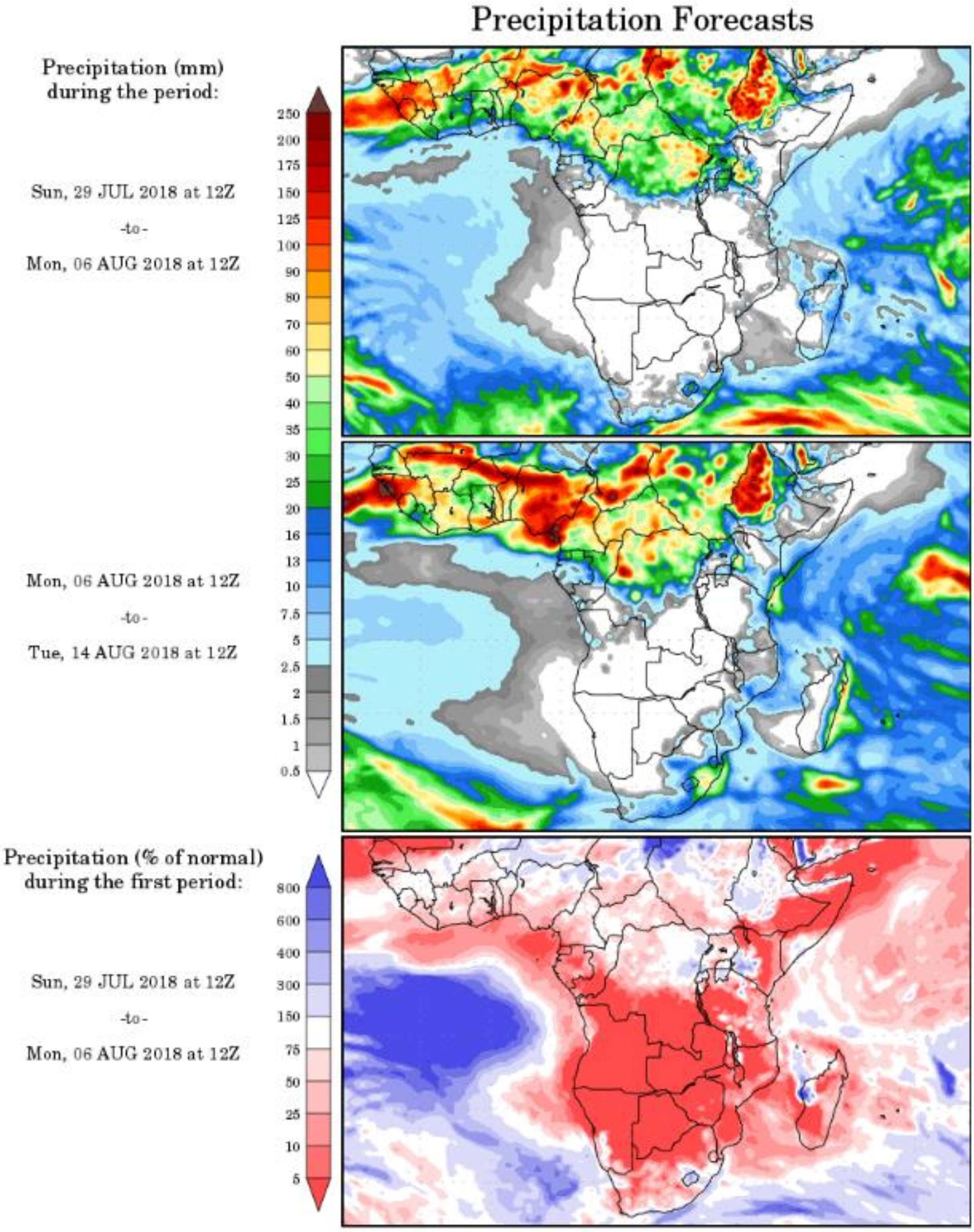
Source: wxmaps

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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