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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 seventh summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	31/07/2018*	01/08/2018*	d-o-d (%Δ)
Rand/US Dollar	13,15	13,32	-1,28%
Rand/Euro	15,42	15,55	-0,84%
Euro/US Dollar	1,1694	1,1679	-0,13%
Gold Spot	1 218,60	1 221,42	+0,23%
Brent Crude Oil	75,31	73,49	-2,42%
Platinum Spot	829,70	838,90	+1,11%
Dow Jones Industrial Average	25 414,00	25 415,19	0,00%
JSE All Share	57 171,17	57 432,46	+0,46%
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 1.28 percent weaker compared to midday yesterday, trading around R13.32. This followed last night's statement by President Ramaphosa that the ANC intends to change Section 25 of the Constitution to expropriate land without compensation. The Rand's depreciation was also in line with the US Dollar appreciation against major currencies. In terms of data, the BER will release the PMI figures for July 2018.

- This morning the Brent crude oil price was down by 2.42 percent from levels seen at midday yesterday, trading around US$73.49 per barrel. This was partly on the back of an uptick in US oil supplies. Data from the American Petroleum Institute shows that the US oil stocks increased by 5.6 million barrels in the week of 27 July.

MAIZE/CORN	31/07/2018*	01/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 090	2 096	+0,29%
White maize Dec 18 (R/t)	2 216	2 222	+0,27%
Yellow maize Jul 18 (R/t)	2 159	2 162	+0,14%
Yellow maize Dec 18 (R/t)	2 282	2 288	+0,26%
CME corn Sep 18 (US cents/bushel)	372	372	0,00%

**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 in positive territory and maintained the gains throughout the day. This was supported by higher Chicago maize prices, as well as commercial buying interest. The improvements in the Chicago maize prices was somewhat driven by spillover support from higher Chicago wheat prices.

- The favourable weather conditions experienced in the past couple of weeks in the Midwest has contributed positively to crop conditions. On 29 July 2018, about 72 percent of the US maize crop was rated good or excellent which is unchanged from the previous week, but 11 percentage points better than the corresponding period last year. The crop could remain in good condition in the coming weeks as the weather forecast for the Midwest show a possibility of widespread showers.

- From a domestic data front, at midday SAGIS will release an update of the producer deliveries for the week of 27 July 2018. This will offer an indication of the harvest progress across the country. To recap, about 51 percent of the expected commercial harvest of 13.2 million tonnes had already been delivered to commercial silos in the third week of July. The yields in most regions varied between average and above-average.

- Given that weather conditions were fairly favourable in the past couple of weeks over the maize-belt, today's data will most likely show an uptick from the delivery of 746 087 tonnes in the week of 20 July 2018. Moreover, the harvest process could proceed with minimal interruptions throughout the month as the weather forecasts show cool and drier weather conditions over the maize-belt.

- Furthermore, the aforementioned expected harvest of 13.2 million tonnes (13.8 million tonnes if we include non-commercial maize production), combined with carryover stock from last season boosted South Africa's 2018/19 marketing year maize supplies to 16.7 million tonnes, which is higher than the local demand of 10.8 million tonnes. This implies that the SAFEX maize prices could remain at relatively lower levels in the near term.

Bottom line – Today the domestic maize market could gain ground due to the weaker ZAR/USD exchange and relatively stable Chicago maize prices.

WHEAT	31/07/2018*	01/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 115	4 125	+0,24%
SAFEX Wheat Dec 18 (R/t)	4 170	4 198	+0,67%
CME Wheat spot (US cents/bushel)	554	554	0,00%

**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 market tend to influence the local prices. Yesterday's session was no different, the SAFEX wheat prices settled in positive territory due to support emanating from higher Chicago wheat prices.

- This was on the back of an expected lower harvest of 721 million tonnes in the 2018/19 production season, which is the smallest crop in five seasons. The countries driving this decline are Russia, Ukraine, Kazakhstan, China, India and the EU region. This has overshadowed the potential uptick in production in Canada, the US, Australia, and Argentina. In the US market, the most recent data from the USDA shows that 78 percent of the spring wheat was rated good or excellent. This is a significant improvement from last year's rating of 31 percent good or excellent in the corresponding period last year.

- Aside from the global developments, the weather forecast shows clear skies over most of the country within the next eight days. The only regions that could potentially receive light showers are Helderberg, Winelands, and Overberg of the Western Cape province. This does not bode well with winter wheat crop, especially the areas that southern Cape province region which urgently needs moisture.

- 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.

- This also means that the Western Cape's dam levels could remain at current levels, or slightly decline if weather conditions remain cool and dry for some time. 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. An update for the week of 30 July 2018 will be released later today.

- Other provinces, such as the Free State and the Northern Cape are at the final stages of the planting process. The irrigation areas within these particular provinces could benefit from improved soil moisture following good summer rainfall in the 2017/18 season.

Bottom line – Today the local wheat prices could gain ground if the ZAR/USD and Chicago wheat prices continue to trade at its current levels.

SOYBEAN	31/07/2018*	01/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 370	4 360	-0,23%
SAFEX Soybean Dec 18 (R/t)	4 561	4 540	-0,46%
CME Soybean Spot (US cents/bushel)	903	904	+0,11%

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

- Yesterday the SAFEX soybean market pulled back from levels seen the previous day settled on the negative footing. This was mainly on the back spillover pressure from lower Chicago soybean prices, large domestic supplies, as well as the relatively stronger domestic currency.

- The Chicago soybean prices were mainly underpinned improved crop conditions in the US, as well as expected large global supplies. On 29 July 2018, about 70 percent of the US soybean crop was rated good or excellent, which is a notable improvement from a rating of 59 percent in the corresponding period last year.

- Moreover, about 86 percent of the US soybean crop was already blossoming on 27 July 2018. This is 6 percentage point higher than the corresponding period last year. This year's improvement in US crop growing conditions is mainly linked to favourable weather conditions. The crops could be sustained at the current favourable rating for some time or see improvement due to prospects for favourable weather conditions in the Midwest within the next two weeks[1].

- As indicated in yesterday's note, the global soybean market will be well supplied this season. The International Grains Council forecasts 2018/19 global soybean production at 359 million tonnes, up by 6 percent from the previous season.

- Back on home soil, the focus will be on producer deliveries data for the week of 27 July 2018 which is due for release at midday. 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.

- As indicated in our previous notes, the harvest process has been completed with yields largely between average and above average in many areas. Therefore, an additional 5 percent of the estimated harvest will most likely be delivered in the coming weeks.

Bottom line – Today the SAFEX soybean prices could gain ground due to the weaker domestic currency against the US Dollar, as well as stable Chicago soybean prices.

[1] Please see the link for more information on US precipitation forecast: http://wxmaps.org/pix/prec1

SUNFLOWER SEED	31/07/2018*	01/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 713	4 728	+0,32%
SAFEX Sunflower seed Dec 18 (R/t)	4 900	4 907	+0,14%
EU (France) sunflower seed (US$/t)	387	386	-0,26%

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

- The SAFEX sunflower seed market had a good run in yesterday's trade session and settled in positive territory due to strong commercial buying interest.

- Today the focus will be on producer deliveries data which due for release at midday. In the week of 20 July 2018, sunflower seed producer deliveries amounted to 35 087 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 roughly 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 about 1.32 tonnes per hectare.[2]

- The harvest process is generally towards completion, with a few remaining areas being the late-planted ones in the western parts of North West and Free State provinces. 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 96 percent of the estimated harvest of 792 255 tonnes had already been delivered to commercial silos on 20 July 2018.[3] Today's data will present an update for the week of 27 July 2018 and likely to show a slight decline from the previous week but will be a good boost to the overall deliveries.

- Looking ahead, the National Crop Estimate Committee will release an update of the production forecast on 28 August. Given that a large share of the crop has already been delivered to commercial silos and showed good yields, we don't foresee any changes in the estimates. If there is any, it will probably slight upward revision.

- On the global front, yesterday the EU's sunflower seed market was down by 0.26 percent from the previous day, closing at US$386 per tonne due to lower crude and vegetable oil prices.

Bottom line – Today, the domestic sunflower seed market could gain ground due to the weaker ZAR/USD exchange, as commercial buying interest.

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[2] This is well above the past 5-years average yield of 1.21 tonnes per hectare.

[3] The expected harvest of 792 255 tonnes is 9 percent lower than the previous season due to a reduction in area planted, which in turn, was caused by unfavourable weather conditions earlier in the season.

POTATO	31/07/2018*	01/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	27,52	29,87	+8,54%

* *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, with the price up by 9 percent from the previous day, closing at R29.87 per pockets (10kg bag). This was underpinned by the relatively lower stock of 1.13 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 5 percent increase in daily stock to 1.19 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 1.13 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

FRUIT (South Africa)	31/07/2018*	01/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,75	6,87	+1,78%
Bananas (R/kg)	5,60	5,82	+3,93%
Oranges (R/kg)	2,56	2,74	+7,03%

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

- Yesterday the South African fruit market saw widespread gains due to a strong commercial buying interest. The price of apples was up by 2 percent from the previous day, closing at R6.87 per kilogram. This followed a 13 percent decline in daily stock to 621 000 tonnes due to strong commercial buying interest.

- The prices of bananas and oranges were up by 4 percent and 7 percent from the previous day, closing at R5.82 and R2.74 per kilogram. These gains were mainly on the back of a 15 percent and 5 percent respective decline in daily stocks of bananas and oranges to one million tonnes and 646 000 tonnes.

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.

BEEF CARCASS	31/07/2018*	01/08/2018*	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, 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 190 454 head of cattle in June 2018, down by 14 percent from June 2017 due to the herd rebuilding process after a reduction during the 2015-16 drought (Figure 7). 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.

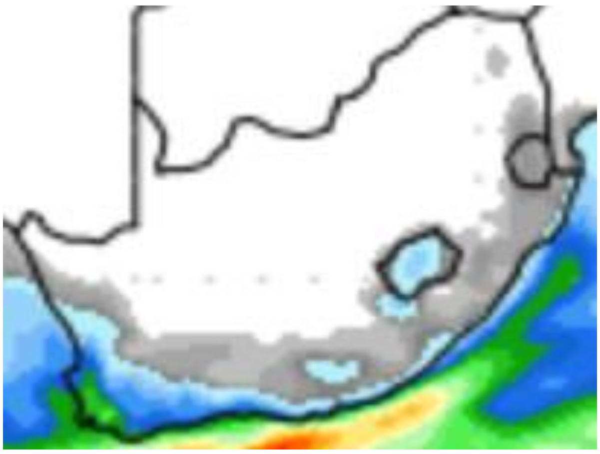
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The weather forecast shows clear skies over most parts of the country within the next eight days. The only areas that could potentially receive light showers are Helderberg, Winelands and Overberg regions of the Western Cape (figure 1). This means a large share of winter crops in the region could be strained for some time.

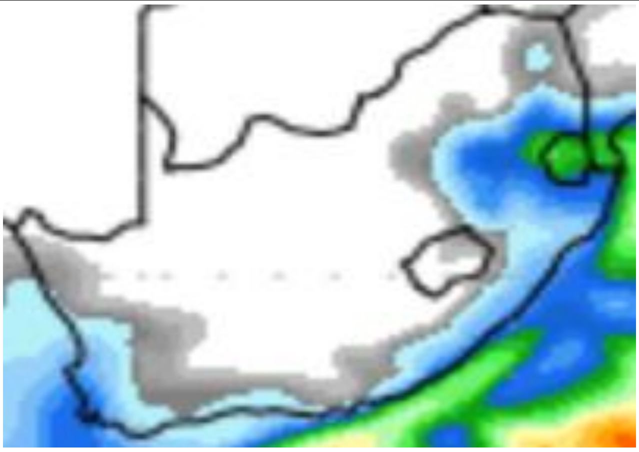
- The forecast for the week of 16 August 2018 also presents a somewhat disappointing picture of clear skies in winter crop growing areas that urgently need moisture, with prospects of rainfall in parts of Mpumalanga and KwaZulu Natal provinces (figure 2).

Figure 1: Next 8-days precipitation forecast



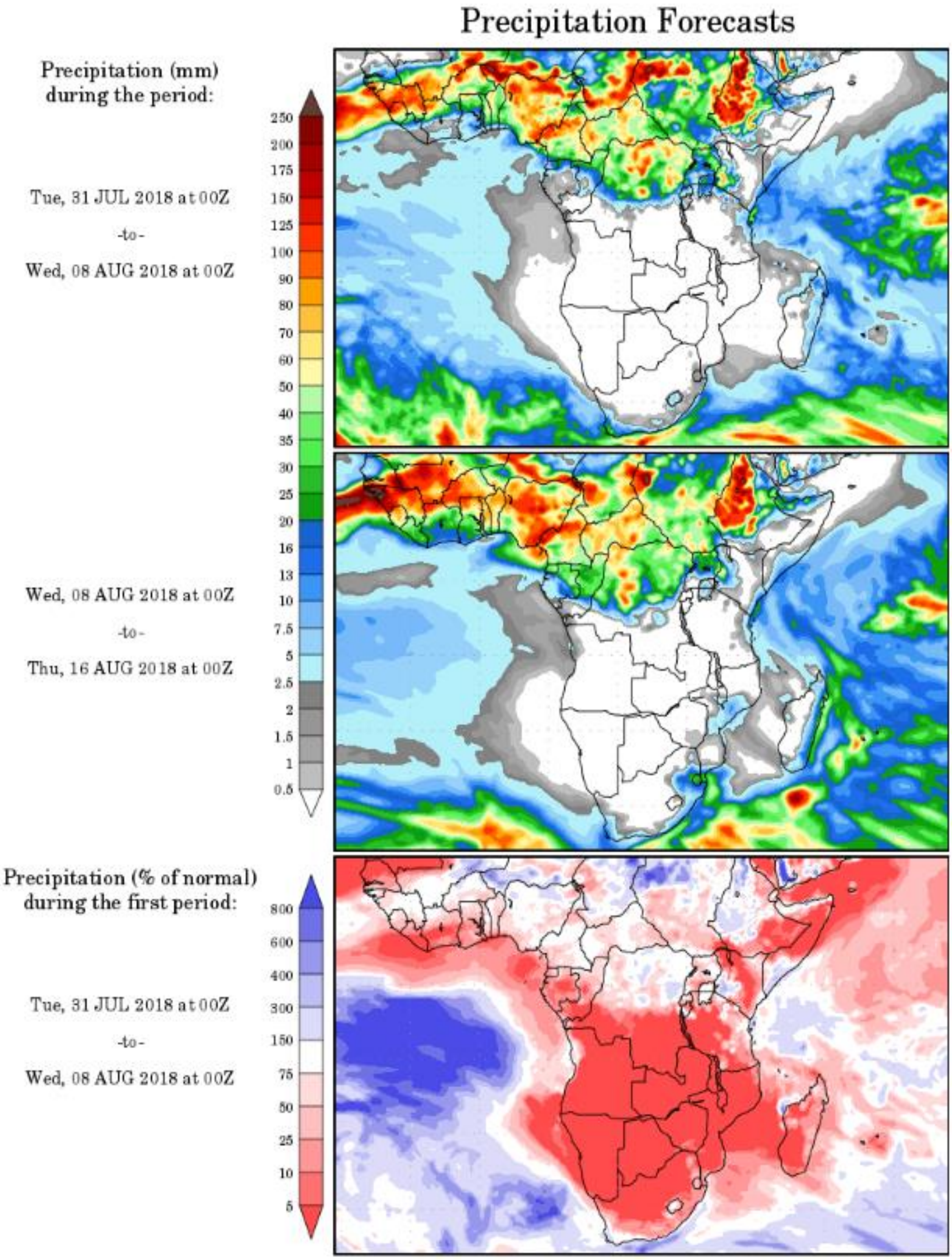
Source: wxmaps

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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