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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 02/08/2018
- USDA's crop progress report: 06/08/2018
- SAGIS producer deliveries data: 08/08/2018
- 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	01/08/2018*	02/08/2018*	d-o-d (%Δ)
Rand/US Dollar	13,27	13,26	+0,08%
Rand/Euro	15,50	15,44	+0,39%
Euro/US Dollar	1,1684	1,1649	-0,30%
Gold Spot	1 222,79	1 218,86	-0,32%
Brent Crude Oil	73,44	72,10	-1,82%
Platinum Spot	831,10	821,00	-1,22%
Dow Jones Industrial Average	25 415,19	25 333,82	-0,32%
JSE All Share	57 538,17	57 307,47	-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*

- This morning the Rand was almost flat from levels seen at midday yesterday, trading around R13.26 to the US Dollar. The Rand's marginal gains were partly on the back of the US Dollar depreciation against major currencies, as well as positive sentiment following an improvement in the domestic manufacturing activity. From a domestic data front, Stats SA will release the electricity production and consumption data for June 2018.

- The Brent crude oil price was down by 1.82 percent from levels seen at midday yesterday, trading around US$72.10 per barrel. This comes after data from the Energy Information Administration showed a 3.8 million barrels improvement in US oil stocks in the week of 27 July 2018, which is slightly below market expectations.

MAIZE/CORN	01/08/2018*	02/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 096	2 152	+2,67%
White maize Dec 18 (R/t)	2 222	2 277	+2,48%
Yellow maize Jul 18 (R/t)	2 162	2 220	+2,68%
Yellow maize Dec 18 (R/t)	2 288	2 346	+2,53%
CME corn Sep 18 (US cents/bushel)	371	366	-1,35%

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

- The SAFEX maize market had a good run in yesterday and settled in positive territory due to a combination of factors. These include the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago maize prices.

- 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 813 814 tonnes in the week of 27 July 2018, up by 6 percent from the previous week.

- About 66 percent of this was white maize, with 34 percent being yellow maize. This indicates that the central and the western parts of South Africa which predominantly produce white maize are making good progress, unlike the previous weeks when the deliveries were largely yellow maize, which is mostly planted in the eastern parts of South Africa.

- This placed the country's 2018/19 maize marketing year producer deliveries at 7.5 million tonnes, which equates to 57 percent of the estimated harvest of 13.2 million tonnes.[1] Yellow maize accounts for 52 percent of overall maize deliveries, with white maize accounting for 48 percent. The yields in areas that have harvested largely varied between average and above average, which is somewhat in line with market expectations. More maize will be delivered in the coming weeks as the expected cool and drier weather conditions in most parts of the country in the next two weeks could provide favourable conditions to the harvest process.

- Today the focus will be on weekly grain trade data which is due for release at midday. In the week of 20 July 2018, South Africa had already exported 838 925 tonnes of maize, which equates to 34 percent of the seasonal export forecast. The leading destinations or markets were Vietnam, Taiwan, South Korea, Italy and Botswana.

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

[1] The 2018/19 marketing year corresponds with 2017/18 production season.

WHEAT	01/08/2018*	02/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 125	4 150	+0,61%
SAFEX Wheat Dec 18 (R/t)	4 198	4 234	+0,86%
CME Wheat spot (US cents/bushel)	557	562	+0,90%

**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 as the weaker Rand against the US Dollar, as well as higher Chicago wheat market continued to support the market.

- The weather remains a key focus in the South African wheat market as the crop is still in its early stages of development that require moisture. Last week, the South African Weather Service brought a bit of good news for winter wheat growing areas of the Western Cape province, highlighting a possibility of above –normal rainfall between August and October 2018.

- However, the near-term forecasts continue to paint a disappointing picture over most regions of the province. The weather charts currently show prospects of light showers of between 16 and 25 millimetres over Helderberg, Winelands, Overberg and Garden Route regions of the Western Cape province within the next eight days. This means the soil moisture could remain at lower levels in some regions within the province for some time, which could negatively affect crop growing conditions.

- The only glimpse of hope is in the week of 17 August 2018 but could bring light showers over the province, which might not completely ease concerns of a deterioration in crop conditions. To reiterate a point made yesterday, the previous week's rainfall in the Western Cape 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 of moisture in order to sustain crops in good condition.

- The expectations of light showers suggest that the provincial dam levels might not improve much in the near term or could even slightly decline if consumption starts to increase. The Department of Water and Sanitation indicated that the Western Cape provincial dam levels averaged 51 percent in the week of 30 July 2018, up by a percentage point from the previous week and 24 percentage points from the same period last year.

- Aside from the production dynamics, some farmers continue to deliver old season crop to commercial silos. About 1 544 tonnes of wheat were delivered in the week of 27 July 2018, which is more than double the volume delivered in the previous week. Overall, South Africa's 2017/18 marketing year wheat deliveries for week 1 to 43 are estimated at 1.5 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	01/08/2018*	02/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 360	4 361	+0,02%
SAFEX Soybean Dec 18 (R/t)	4 540	4 568	+0,62%
CME Soybean Spot (US cents/bushel)	892	887	-0,56%

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

- Yesterday the SAFEX soybean market managed to claw back some of its recent losses and settled in positive territory. This was supported by the relatively weaker domestic currency against the US Dollar, as well as spillover support from the higher Chicago soybean market, which benefited from news of possible US-China trade talks (we will closely monitor the developments on this matter).

- While the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the first 22-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.[2] The yields in most areas varied between average and above-average, which is in line with market expectations.

- An additional 5 percent of the estimated soybean harvest could be delivered over the coming weeks as weather outlook is quite favourable for logistics from farms to silos. As indicated at the end of last week, the large deliveries received thus far have boosted domestic soybean stocks, which were estimated 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.

- Furthermore, the expected production of 1.55 million tonnes, coupled with large stocks from the previous season and an expected small volume of imports could put South Africa's 2018/19 soybean supplies at 1.86 million tonnes, up by 32 percent from the previous year, according to data from the national Supply and Demand Estimates Committee.

- As previously argued, the improvement in local supplies could lead to a decline in imports as the country is increasingly becoming reliant on domestic produce. For example, South Africa's soybean and oilcake imports could decline by 64 percent and 17 percent year-on-year in the 2018/19 marketing year to 10 000 tonnes and 458 992 tonnes, respectively.

Bottom line – Today the SAFEX soybean prices could experience losses due to lower Chicago soybean prices, as well as the relatively stronger ZAR/USD exchange.

[2] The 2018/19 marketing year corresponds with 2017/18 production season.

SUNFLOWER SEED	01/08/2018*	02/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 728	4 770	+0,89%
SAFEX Sunflower seed Dec 18 (R/t)	4 907	4 951	+0,90%
EU (France) sunflower seed (US$/t)	386	386	0,00%

**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 in the positive footing and maintained the gains throughout the session. This was driven by a combination of factors which include the weaker Rand against the US Dollar, as well as commercial buying interest.

- The sunflower seed harvest process is almost complete across the country. The few patches that are still harvesting are in the western parts of North West and Free State provinces. This should be finished soon, as the weather forecast for the next two weeks shows clear skies over the summer crop growing areas.

- The progress in the harvest progress 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. [3]

- In the week of 27 July 2018, sunflower seed producer deliveries amounted to 25 465 tonnes, down by 27 percent from the previous week. Overall, this placed South Africa's 2018/19 sunflower seed producer deliveries at 782 527 tonnes, which equates to 99 percent of the estimated harvest of 792 255 tonnes. The national average yields are 1.32 tonnes per hectare. [4]

- Given that the deliveries are almost in line with the production forecast, the national Crop Estimate Committee could potentially keep its sunflower seed production estimate unchanged or revised slightly revise it up during the updating exercise on 28 August 2018.

- Beyond our borders, yesterday the EU's sunflower seed market experienced a quiet session with prices unchanged from the previous day, closing at US$386 per tonne. Aside from the price movements, the weather forecast has improved over the Black Sea region, which should support the crop growing conditions.

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the slightly stronger ZAR/USD exchange.

[3] The report of lower yields in some parts of the country will have minimal impact on overall production, as lower yields are concentrated in a few patches around the western parts of the North West and the Free State province. Moreover, this is reflected on producer deliveries data which is almost in line with the expected harvest in the 2017/18 production season.
[4] This is well above the past 5-years average yield of 1.21 tonnes per hectare.

POTATO	01/08/2018*	02/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	29,87	28,38	-4,99%

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

- After experiencing good gains at the start of the week, the South African potatoes market pulled back in yesterday's trade session and settled in negative territory. The price was down by 5 percent from the previous day, closing at R28.38 per pockets (10kg bag). This was underpinned by the relatively lower stock of 1.19 million pockets (10kg bag) at the beginning of the 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 a 13 percent increase in daily stocks to 1.34 million pockets (10kg bag).

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

FRUIT (South Africa)	01/08/2018*	02/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,87	6,82	-0,73%
Bananas (R/kg)	5,82	5,89	+1,20%
Oranges (R/kg)	2,74	2,85	+4,01%

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

- The South African fruit market ended yesterday's trade session on a mixed footing. The price of apples was down a percentage point from the previous day, closing at R6.82 per kilogram. This, however, could soon be short-lived due to the relatively lower stock of 466 000 tonnes.

- Meanwhile, the prices of bananas and oranges were up by a percentage point and 4 percent from the previous day, closing at R5.89 and R2.85 per kilogram, respectively. These gains were mainly on the back of relatively lower stocks of 718 000 tonnes of bananas and 762 000 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.

BEEF CARCASS	01/08/2018*	02/08/2018*	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 the SAFEX beef carcass spot 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 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.

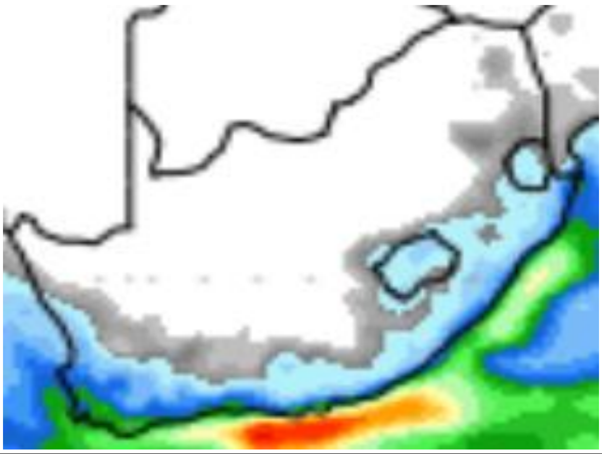
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The weather forecast continues to paint a mixed picture over the Western Cape province. Helderberg, Winelands, Overberg and Garden Route regions could receive light showers of between 16 and 25 millimetres within the next eight days, while most parts of the country could experience drier weather conditions (figure 1).

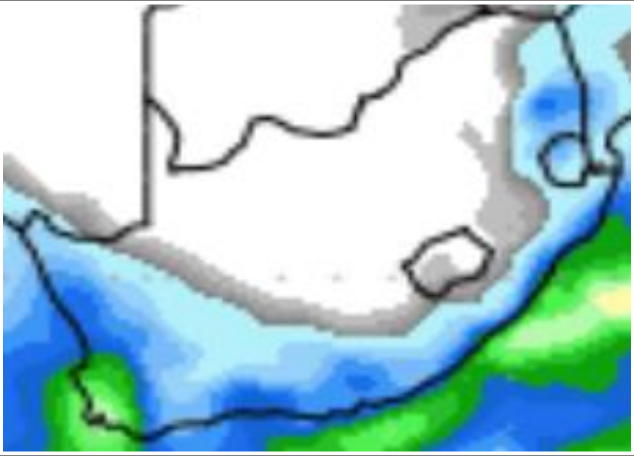
- However, the week of 17 August 2018 presents a promising outlook of light showers over the Western Cape province (figure 2). The province will, nonetheless, need intense and persistent rainfall in order to replenish soil moisture.

Figure 1: Next 8-days precipitation forecast



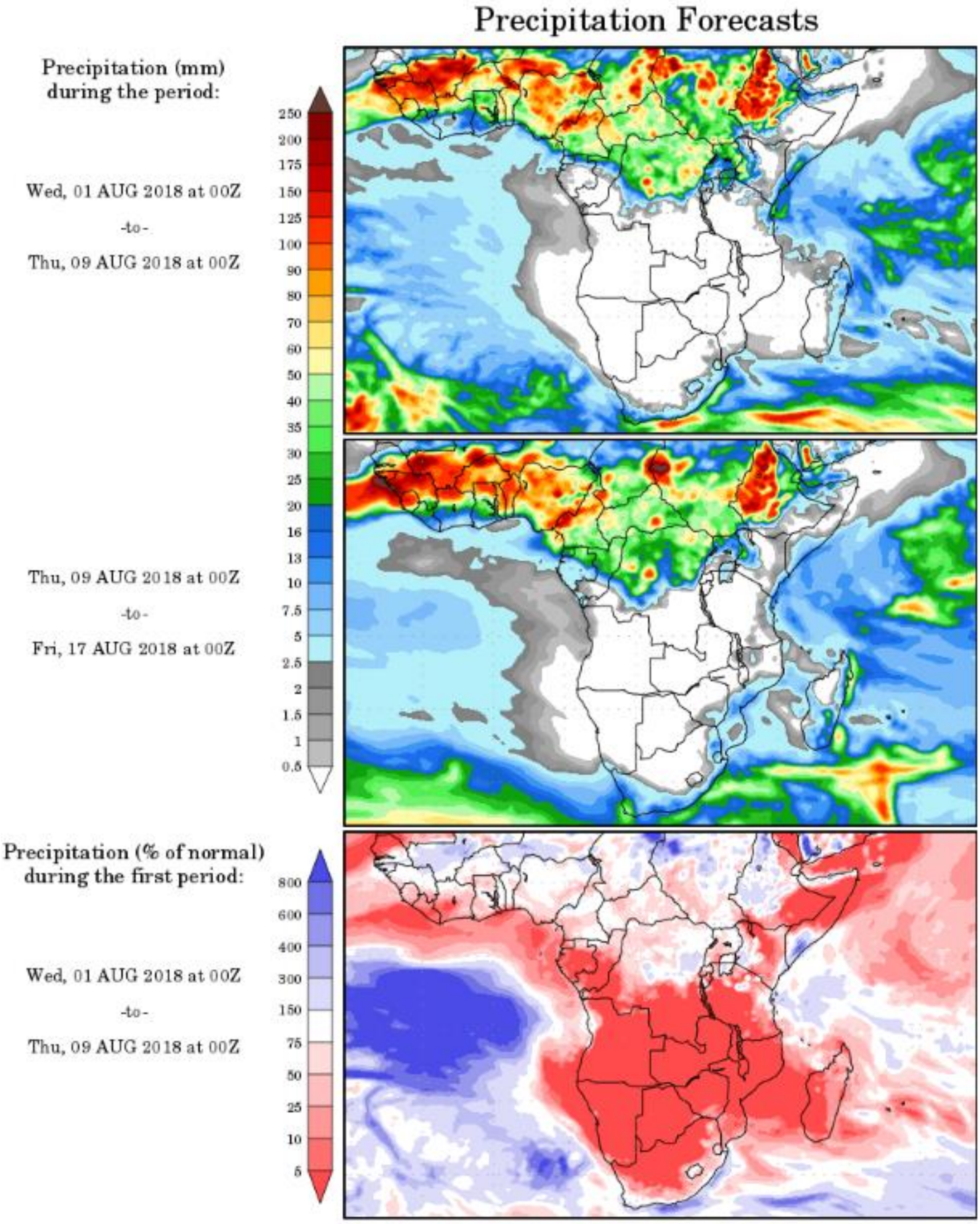
Source: wxmaps

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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