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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 06/08/2018
- SAGIS producer deliveries data: 08/08/2018
- SAGIS weekly grain trade data: 09/08/2018
- 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	03/08/2018*	06/08/2018*	d-o-d (%Δ)
Rand/US Dollar	13,44	13,34	+0,75%
Rand/Euro	15,56	15,42	+0,91%
Euro/US Dollar	1,1584	1,1557	-0,23%
Gold Spot	1 208,33	1 215,67	+0,61%
Brent Crude Oil	73,38	73,02	-0,49%
Platinum Spot	828,60	835,00	+0,77%
Dow Jones Industrial Average	25 426,00	25 462,58	+0,14%
JSE All Share	56 803,99	57 118,03	+0,55%
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 started the week on a positive footing, strengthening by 0.75 percent against the US Dollar from levels seen at midday Friday. The Rand's appreciation was partly on the back of higher global commodity prices. This occurred despite the fact that the US Dollar is slightly stronger against major currencies following Friday's data which showed a decline in the US unemployment rate to 3.9 percent from 4 percent.
- This morning the Brent crude oil price was down by 0.49 percent from levels seen at midday Friday, trading around US\$73.02 per barrel as global production continues to increase. The Energy Information Administration recently indicated that the US crude oil inventories increased by 3.8 million barrels in the week of 27 July 2018.



MAIZE/CORN	03/08/2018*	06/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 168	2 160	-0,37%
White maize Dec 18 (R/t)	2 289	2 286	-0,13%
Yellow maize Jul 18 (R/t)	2 224	2 230	+0,27%
Yellow maize Dec 18 (R/t)	2 352	2 355	+0,13%
CME corn Sep 18 (US cents/bushel)	370	368	-0,54%

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

- The SAFEX maize market ended Friday's trade session on a mixed footing. White maize contract month prices were under pressure owing to large domestic supplies, whereas yellow maize prices settled in positive territory due to the weaker domestic currency against the US Dollar, as well as commercial buying interest.
- The data calendar this week is quite light. On the domestic front, we have the weekly maize trade and deliveries data. The favourable weather conditions in the past couple of weeks provided conducive conditions for the harvest process. This is reflected in the volumes of maize delivered to commercial silos which amounted to 813 814 tonnes in the week of 27 July 2018. This placed total maize deliveries at 7.5 million tonnes, which equates to 57 percent of the estimated harvest. This week's data will show an update for the week of 03 August 2018.
- In terms of trade, South Africa exported 128 013 tonnes of maize in the week of 27 July 2018, up by 70 percent from levels seen in the previous week. About 96 percent was yellow maize, with 4 percent being white maize. The leading buyer was Japan with a share of 39 percent. Trailing Japan was Italy and Vietnam with shares of 30 and 20 percent, respectively. The rest went to regional markets. Overall, this placed South Africa's 2018/19 maize exports at 838 925 tonnes, which equates to 40 percent of the seasonal export forecast.
- On the global front, the USDA will start the week with the US crop progress report and end with the World Agricultural Supply and Demand Estimates report. In the week of 29 July 2018, about 72 percent of the US maize crop was rated good or excellent, which is far better than a 63 percent rating at the same time last year. The improvement is mainly on the back of favourable weather conditions since the start of the season. This week could bring rainfall in most parts of the US Midwest, which should keep the crop in good condition.¹
- Last month, the USDA placed 2018/19 global maize production estimate at 1.05 billion tonnes, slightly up from the previous month and 2 percent higher than the previous season. This month's data could remain unchanged.

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 Please see the link for more information on US precipitation forecast: <http://wxmaps.org/pix/prec1>



WHEAT	03/08/2018*	06/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 136	4 152	+0,39%
SAFEX Wheat Dec 18 (R/t)	4 245	4 258	+0,31%
CME Wheat spot (US cents/bushel)	555	553	-0,36%

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

- The domestic wheat market posted gains in yesterday's trade session as weaker domestic currency against the US Dollar, coupled with positive spillover from higher Chicago wheat prices continued to support the market.
- While recent production estimates from the International Grains Council already highlighted that the world could receive a lower harvest in the 2018/19 season compared to the previous one, the latest report from the European Commission added a bullish sentiment to the market. The Commission slashed its estimate for EU's 2018/19 wheat production by 4 million tonnes from last month to 134 million tonnes. This is 6 percent lower than the previous season. The downward revision is mainly on the back of expected lower yields in parts of the European Union region, following unfavourable weather conditions at the beginning of the season.
- The other countries that are expected to register a decline in wheat production in the 2018/19 season are Russia, Ukraine, Kazakhstan, China and India. The common thread amongst these countries is the expected lower yield on the back of unfavourable weather conditions at the start of the season, as well as a reduction in area planted. This will weigh on global wheat production, which is currently estimated at 721 million tonnes, down by 4 percent from the 2017/18 production season, according to data from the International Grains Council.
- On the domestic front, this past weekend, parts of the Western Cape province received showers which are a welcome development, albeit not being sufficient to replenish soil moisture. The weather forecast for the week shows a likelihood of light showers of between 16 and 25 millimetres in parts of the province.
- Besides being a key winter wheat producer with 63 percent share in the 505 000 hectares for the 2018/19 season, the Western Cape is the only province where the crop growth stages have advanced. The crop conditions in the province, however, are still mixed, as the previous weeks' rainfall was not evenly distributed. The Swartland and Overberg regions received higher rainfall, but in the southern Cape, it was fairly moderate.
- In terms of trade, South Africa imported 21 699 tonnes of wheat in the week of 27 July 2018, down by 62 percent from the previous week. About 63 percent originated from the Czech Republic, with 37 percent from Canada. 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 be under pressure due to lower Chicago wheat prices and the relatively stronger Rand against the US Dollar.



SOYBEAN	03/08/2018*	06/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 370	4 344	-0,59%
SAFEX Soybean Dec 18 (R/t)	4 570	4 555	-0,33%
CME Soybean Spot (US cents/bushel)	881	886	+0,57%

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

- The SAFEX soybean market started Friday's trade session on a positive footing, but lost ground towards the end of the session and settled in negative territory. This was mainly due to a bearish sentiment emanating from lower Chicago soybean prices, as well as large domestic supplies.
- The Chicago soybean prices were pressured by prospects of improvement of US soybean production estimates, as well as the lingering concerns about the US-China trade dispute. INTL FCStone recently lifted its estimate for 2018/19 US soybean production by 6 percent from last month to 125 million tonnes. This is 4 percent higher than the previous season. This is largely underpinned by expectations of higher yields due to favourable weather conditions in most parts of the Midwest.
- The weather forecast for the next two weeks shows a likelihood of rainfall over most parts of the US. This could improve soil moisture and subsequently boost crop conditions.² On 29 July 2018, about 70 percent of the US soybean crop was rated good or excellent, which is far better than last year's rating of 59 percent in the corresponding period. This corroborates the view of a possible large harvest in the 2018/19 season in the US. Furthermore, about 86 percent of the crop was blooming in the week of 29 July 2018, compared to 80 percent in the corresponding period last year. An update for the week of 05 August 2018 will be released this evening as part of the USDA's crop progress report.
- Back on home soil, although the harvest process has been completed. In the week of 27 July 2018, 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. The yields generally varied between average and above-average, which is in line with market expectations. More soybeans could be delivered over the coming weeks as weather outlook is quite favourable for logistics from farms to silos.
- The expected production, combined with large stocks from the previous season and imports could put South Africa's 2018/19 soybean supplies at 1.86 million tonnes, up by 32 percent from the previous year.

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

² Please see the link for more information on US precipitation forecast: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	03/08/2018*	06/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 790	4 849	+1,23%
SAFEX Sunflower seed Dec 18 (R/t)	4 980	5 020	+0,80%
EU (France) sunflower seed (US\$/t)	388	386	-0,52%

*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 on Friday's trade session with support stemming from the weaker Rand against the US Dollar, as well as commercial buying interest.
- As indicated in our previous note, the harvest process is generally towards completion, with few patches left in the late-planted areas. This should be completed soon, due to favourable weather outlook within the next two weeks over the summer crop growing areas of the country.
- The progress made thus far is mirrored in the producer deliveries data, which amounted to 782 527 tonnes in the week of 27 July 2018. This equates to 99 percent of the estimated harvest of 792 255 tonnes. The yields received thus far largely vary between average and above average, with the late-planted areas reporting below average yields.³ An update for the week of 03 August 2018 will be released on Wednesday.
- Elsewhere, the EU's sunflower seed market lost ground on Friday's trade session with the price down by 0.52 percent from the previous day, closing at US\$386 per tonne. This was underpinned by a combination of factors, such as lower crude oil and vegetable oil prices, as well as the upward revision of the EU's 2018/19 sunflower seed production estimate.
- The European Commission revised its 2018/19 sunflower seed production estimate up by half a million tonnes from last month to 10.5 million tonnes. This is a percentage point higher than the previous season's harvest. This essentially means that the EU's 2018/19 sunflower seed imports could decline by roughly 400 000 tonnes, as processors will increasingly become reliant on domestic supplies.
- The 2018/19 sunflower seed planting has commenced in Argentina. On 02 August 2018, about 7 percent of the estimated area for the new season. The USDA forecasts Argentina's 2018/19 sunflower seed production at 3.5 million tonnes, which is roughly unchanged from the previous season.

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.



POTATO	03/08/2018*	06/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,80	28,36	-1,53%

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

- The local potatoes market was under pressure on Friday's trade session with the price down by 2 percent from the previous day, closing at R28.36 per pockets (10kg bag). This was underpinned by a large stock of 1.51 million pockets (10kg bag) at the beginning of the session.
- However, during the session, the market experienced a slight decline in deliveries, coupled with strong commercial buying interest, which then led to a percentage point decline in stocks to 1.49 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a relatively large stocks of 1.49 million pockets (10kg bag) compared to levels seen in the past couple of weeks.

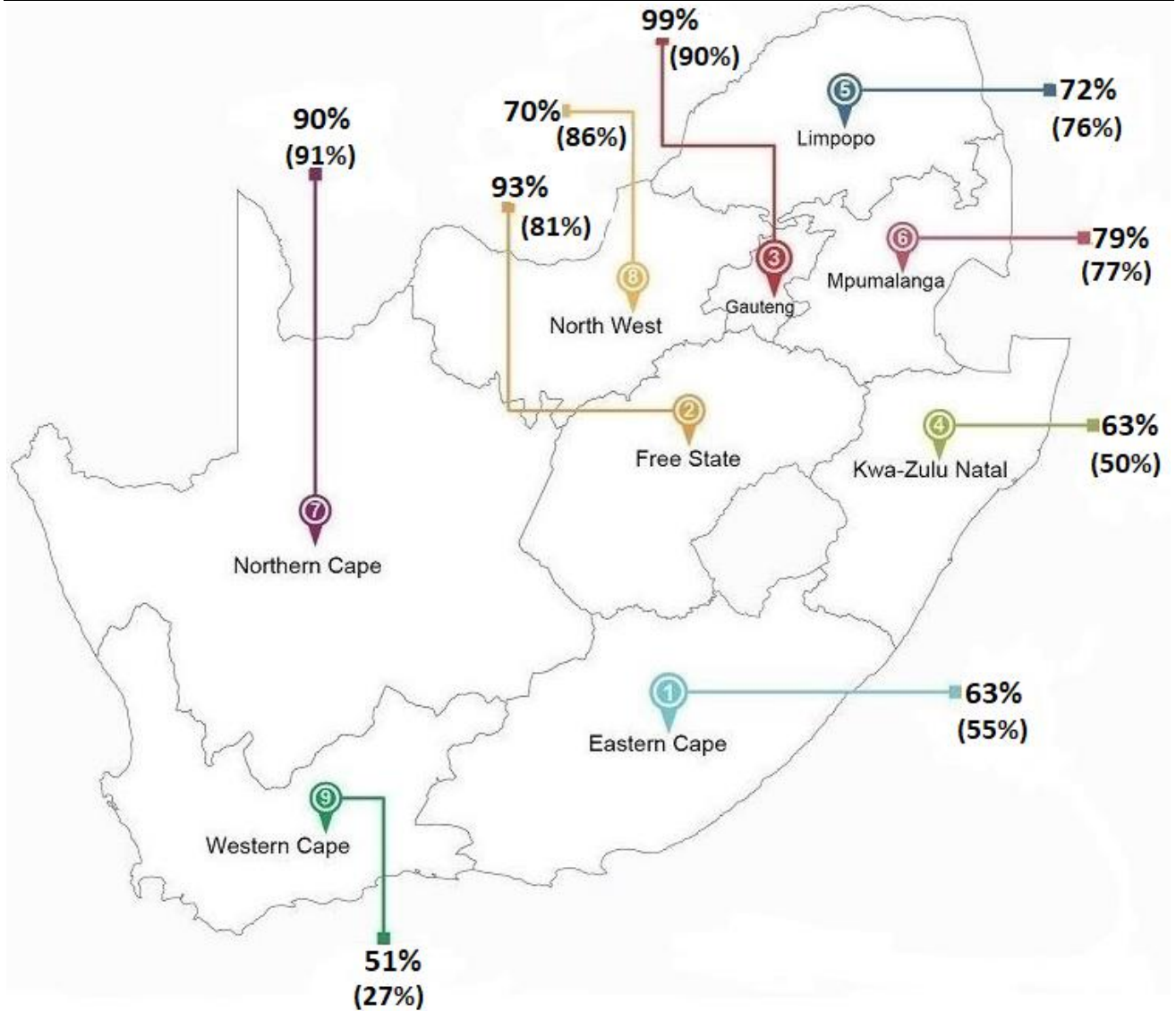
FRUIT (South Africa)	03/08/2018*	06/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,62	6,93	+4,68%
Bananas (R/kg)	6,16	6,18	+0,32%
Oranges (R/kg)	2,99	3,02	+1,00%

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

- The South African fruit market ended Friday's trade session on a positive footing. The price of apples was up by 5 percent from the previous day, closing at R6.93 per kilogram. This was on the back of commercial buying interest, which led to a 22 percent decline in daily stock to 496 000 tonnes.
- Meanwhile, the prices of bananas and oranges were up by 0.32 percent and a percentage point from the previous day, closing at R6.18 and R3.02 per kilogram, respectively. These gains could, however, soon be reversed due to a large stock of 946 000 tonnes of bananas and 801 000 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.

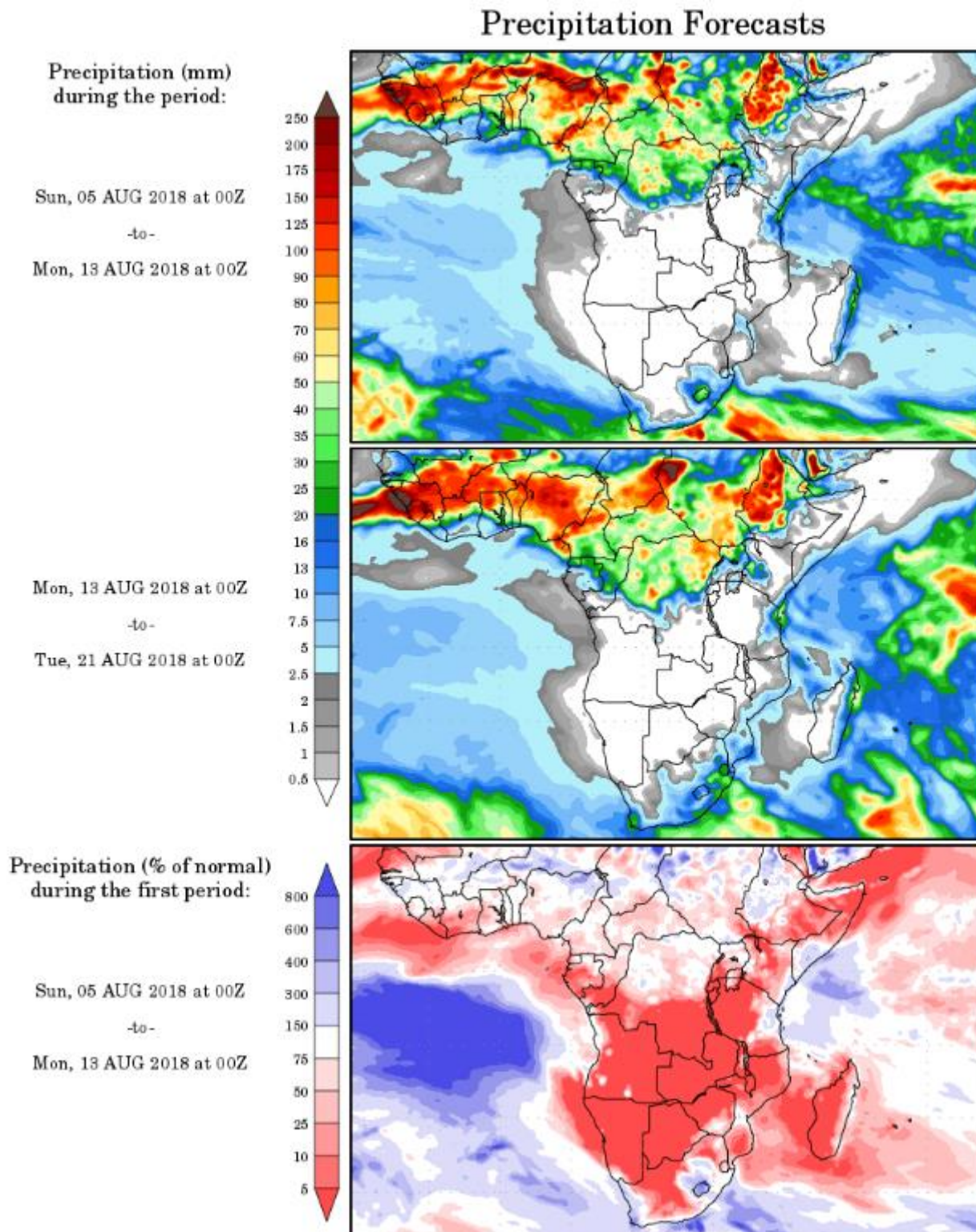
Figure 1: South Africa's average dam levels: week ended 30 July 2018, with the same week last year in brackets



Source: Department of Water and Sanitation and Agbiz Research



Figure 2: 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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