

FOR ANY QUERIES, PLEASE CONTACT:

 Wandile Sihlobo: wandile@agbiz.co.za
Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 08/08/2018
- SAGIS weekly grain trade data: 10/08/2018
- USDA's World Agricultural Supply and Demand Estimates: 10/08/2018
- USDA's crop progress report: 13/08/2018
- SAGIS monthly data: 27/08/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	06/08/2018*	07/08/2018*	d-o-d (%Δ)
Rand/US Dollar	13,41	13,42	-0,07%
Rand/Euro	15,49	15,51	-0,13%
Euro/US Dollar	1,1544	1,1557	+0,11%
Gold Spot	1 212,38	1 209,89	-0,21%
Brent Crude Oil	73,95	73,57	-0,05%
Platinum Spot	832,60	826,70	-0,71%
Dow Jones Industrial Average	25 462,58	25 502,18	+0,16%
JSE All Share	56 805,58	56 861,21	+0,10%
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 R13.42 to the US Dollar. The Rand's marginal losses were partly on the back of a decline in global commodity prices. Furthermore, these losses were in line with the US Dollar appreciation against major currencies. From a domestic data front, Stats SA will release the manufacturing production data for June 2018.
- The Brent crude oil price was down by 0.05 percent from levels seen at midday yesterday, trading around US\$73.57 per barrel due to large global supplies. However, the oil price could soon recover from the current levels as the US prepares to reinstate sanctions against Iran, which could lead to a decline in global oil supplies.



MAIZE/CORN	06/08/2018*	07/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 160	2 188	+1,30%
White maize Dec 18 (R/t)	2 286	2 308	+0,96%
Yellow maize Jul 18 (R/t)	2 230	2 247	+0,76%
Yellow maize Dec 18 (R/t)	2 355	2 371	+0,68%
CME corn Sep 18 (US cents/bushel)	370	372	+0,54%

* 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's trade session with support emanating from a combination of factors, such as the weaker Rand against the US Dollar, commercial buying interest and spillover support higher Chicago maize prices, amongst others.
- Although maize is a staple food in a number of African countries, the continent remains a relatively small producer of the crop. The International Grains Council forecasts Africa's 2018/19 maize production at 75 million tonnes, which is slightly higher than the previous season. This accounts for 7 percent of global maize production.
- South Africa is the leading producer, accounting for roughly 16 percent of the continent's output in the 2018/19 season.¹ Nigeria, Tanzania and Ethiopia are other major maize producing countries in the continent, collectively accounting for 33 percent share in the continent's output.
- Within the Sub-Saharan region, Zambia and Malawi's maize industries have seen good growth over the recent past but remain relatively small compared to major producers in the continent. The International Grains Council forecasts Zambia and Malawi's 2018/19 maize production at 3.5 million and 2.5 million tonnes, respectively. These countries collectively account for 8 percent share in the continent's output.
- In terms of trade, Africa's 2018/19 maize imports are estimated at 23 million tonnes, up by 5 percent from the previous season. The leading importers are Algeria, Egypt, Morocco and Kenya. The typical maize suppliers to these countries are Argentina, Brazil, Ukraine, the US, Mexico and South Africa, amongst others. These are likely to remain the leading suppliers again in the 2018/19 season.
- On the domestic front, the expected cool and drier weather conditions over the maize-belt should support the harvest process this week.

Bottom line – Today the domestic maize market could gain ground due to higher Chicago maize prices, coupled with the weaker Rand against the US Dollar.

¹ We have applied the International Grains Council's estimate of 12.3 million tonnes. If we were to apply the current estimate of 13.2 million tonnes, South Africa's maize production would equate to 7 percent share of the continent's output.



WHEAT	06/08/2018*	07/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 152	4 171	+0,46%
SAFEX Wheat Dec 18 (R/t)	4 258	4 262	+0,09%
CME Wheat spot (US cents/bushel)	555	582	+4,86%

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

- The SAFEX market started yesterday's trade session on the positive footing and maintained the gains throughout the day. This was mainly on the back of a weaker Rand against the US Dollar, coupled positive spillover emanating from higher Chicago wheat prices.
- The International Grains Council forecasts Africa's 2018/19 wheat production at 27.4 million tonnes, up by 3 percent from the previous season due to expectations of a fairly good harvest in South Africa. While this is a welcome development, the continent remains a small player in the global wheat market accounting for roughly 4 percent of the expected 721 million tonnes in the 2018/19 season.
- The leading wheat producing countries within the African continent are Egypt, Morocco, Ethiopia, Algeria, South Africa and Tunisia, accounting for 31 percent, 26 percent, 16 percent, 11 percent, 7 percent and 4 percent, respectively. The remaining 5 percent is produced by other countries within the continent.
- This, however, will not fulfil the continent's annual wheat needs. Africa's 2018/19 wheat imports are estimated at 52 million tonnes, roughly unchanged from the previous season. The North African countries are the largest importers as bread is one of the staple foods in a number of countries such as Egypt, Algeria and Morocco. These three countries collectively account for 47 percent of Africa's wheat imports.
- In the Sub-Saharan region, the largest wheat importers are Nigeria, Sudan, Kenya, South Africa and Ethiopia, which collectively account for 25 percent of Africa's wheat imports in the 2018/19 season. The key supplies of wheat to the continent are largely the Black Sea countries, the US, and as well as the European Union countries.
- On the domestic front, the International Grains Council forecasts South Africa's 2018/19 wheat production at 1.7 million tonnes, which is 13 percent higher than the previous season's harvest. This is on the back an expansion in area planted and expectations of better yields in some parts of the country.
- This past weekend, the leading wheat producing province, Western Cape, received light and scattered showers which are a welcome development, albeit not being sufficient to replenish soil moisture. The weather forecast for the week shows prospects of continuous rainfall over most parts the province.

Bottom line – Today the local wheat prices could gain ground due to higher Chicago wheat prices, coupled with the slightly weaker Rand against the US Dollar.



SOYBEAN	06/08/2018*	07/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 344	4 350	+0,14%
SAFEX Soybean Dec 18 (R/t)	4 555	4 549	-0,13%
CME Soybean Spot (US cents/bushel)	886	877	-1,02%

*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 soybean market. The spot price was slightly up from the previous day due to the weaker domestic currency against the US Dollar, as well as positive spillover from higher Chicago soybean prices. Meanwhile, the December 2018 contract month price settled in negative territory due to large domestic supplies.
- The African continent is not a major producer of soybeans. We have previously indicated that South Africa, Nigeria, Zambia, Zimbabwe, Uganda and Egypt are the only African countries amongst the world's top 40 soybean producers.
- South Africa is the only African country with a production of over a million tons. In the current season, the crop is estimated at a record level of 1.6 million tonnes. This is due to an increase in area planted, technological improvements in the form of seeds, fertilizers and better farming practices, amongst others. Africa's overall soybean production in the 2017/18 production season is estimated at 2.6 million tonnes, which equates to 0.7 percent of global production. Over two-thirds of this is produced by South Africa, as previously indicated.
- Nonetheless, the continent consumes a notable share of soybeans and soybean products which are mainly imported. The International Grains Council forecasts Africa's 2018/19 season imports at 2.8 million tonnes, up by 22 percent from the previous season. Over 90 percent of this will be imported by Egypt and the rest spread across the continent.
- Moreover, the African continent's 2018/19 soybean meal imports are estimated at 4.5 million tonnes, up by 7 percent from the previous season. The leading importers are Algeria, Egypt and South Africa, collectively accounting for 73 percent of overall imports.
- In South Africa, the uptick in soybean production could lead to a decline in imports as the country is increasingly becoming reliant on domestic produce. The country'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 sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.



SUNFLOWER SEED	06/08/2018*	07/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 849	4 874	+0,52%
SAFEX Sunflower seed Dec 18 (R/t)	5 020	5 010	-0,20%
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

- Yesterday the domestic sunflower seed market also settled on a mixed footing. The spot price was up by a percentage point due to the commercial buying interest, whereas December 2018 contract month price registered marginal losses owing to thinly traded volumes.
- The 2018/19 sunflower seed production had a bad start in a number of countries due to unfavourable weather conditions. Major producers such as Ukraine and Russia experienced dryness in the past couple of weeks, which raised fears of possible crop damage.
- However, the recent estimates from SUNSEEDMAN show that Ukraine and Russia's 2018/19 sunflower seed production could reach 14.5 million and 11.5 million tonnes, respectively up by 7 percent and 5 percent from the previous season. This uptick is largely on the back of an expansion in area planted and expected higher yields in some areas following recent rainfall. Also worth noting is that these two countries account for more than half of global sunflower seed production.
- Argentina and China are the largest sunflower seed producers behind the aforementioned Black Sea countries. The Argentinian and Chinese 2018/19 sunflower seed production is estimated at 3.9 million and 3.1 million tonnes, up by 11 percent and 3 percent from the previous season. The uptick in Argentina is on the back of an expected increase in area plantings and higher yields. Meanwhile, in China, this is mainly driven by expected higher yields. The area plantings remained unchanged from the 2017/18 production season.
- It is not all rosy in the global sunflower seed market. Hungary, Romania, Bulgaria and Turkey, amongst others, could receive a relatively smaller crop this season compared to 2017/18. Nonetheless, this will be overshadowed, by expected large production in Ukraine, Russia, Argentina and China. Evidently, SUNSEEDMAN forecasts 2018/19 global sunflower seed production at 50.5 million tonnes, up by 3 percent from the previous season.
- These developments are important to South Africa as the country is a net importer of sunflower oil. We forecast South Africa's 2018 sunflower oil imports at 147 678 tonnes, up by 2 percent from the previous season. Argentina, Romania, Spain and Bulgaria are typically the key suppliers of sunflower oil to South Africa.

Bottom line – Today, the domestic sunflower seed market could gain ground due to a slightly weaker ZAR/USD exchange.



POTATO	06/08/2018*	07/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,36	27,93	-1,52%

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

- The South African potatoes market started the week on a negative footing with the price down by 2 percent from the previous day, settled at R27.93 per pockets (10kg bag). These losses were on the back of a fairly large stock of 1.49 million pockets (10kg bag) at the beginning of the session.
- However, during the session, the market experienced a slight decline in deliveries on the back of a slow harvest activity over the weekend. This subsequently led to a 2 percent drop in daily stock to 1.16 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could gain ground due to relatively lower stocks of 1.16 million pockets (10kg bag) compared to levels seen in the past couple of days.

FRUIT (South Africa)	06/08/2018*	07/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,93	6,31	-8,95%
Bananas (R/kg)	6,18	6,21	+0,49%
Oranges (R/kg)	3,02	2,94	-2,65%

*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 bananas was marginally up by 0.49 percent from the previous day, closing at R6.21 per kilogram. These gains, however, could soon be reversed due to a large stock of 984 000 tonnes, up by 4 percent from the previous day.
- Meanwhile, the prices of apples and oranges were down by 9 percent and 3 percent from the previous day, closing at R6.31 and R2.41 per kilogram, respectively. This was on the back of relatively large stocks of 775 000 tonnes of apples and 577 000 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	06/08/2018*	07/08/2018*	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

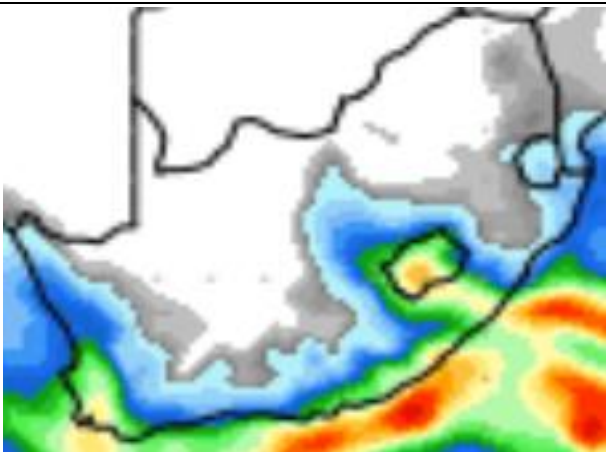
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged from the previous day, at R47.50 per kilogram due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.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

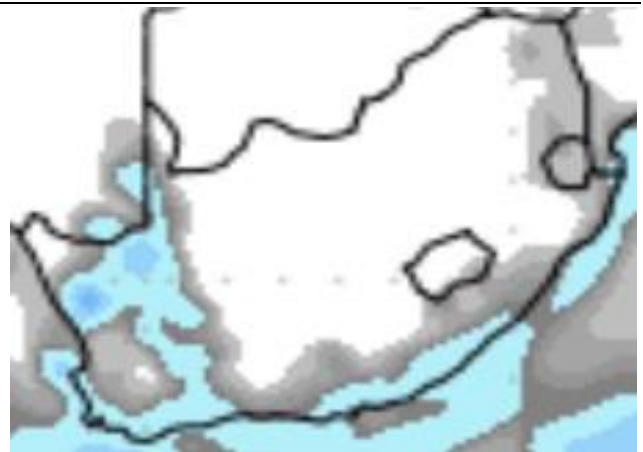
- The weather forecast has improved overnight and currently shows a likelihood of rainfall over most parts of the Western Cape province this week. This is a welcome development as the winter crop is at a stage of development that requires moisture (figure 1).
- However, the forecast for the week of 22 August 2018 presents a disappointing picture of clear skies over winter crop growing areas that still need moisture for the crop to remain in good condition and subsequently have good yields (figure 2).

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

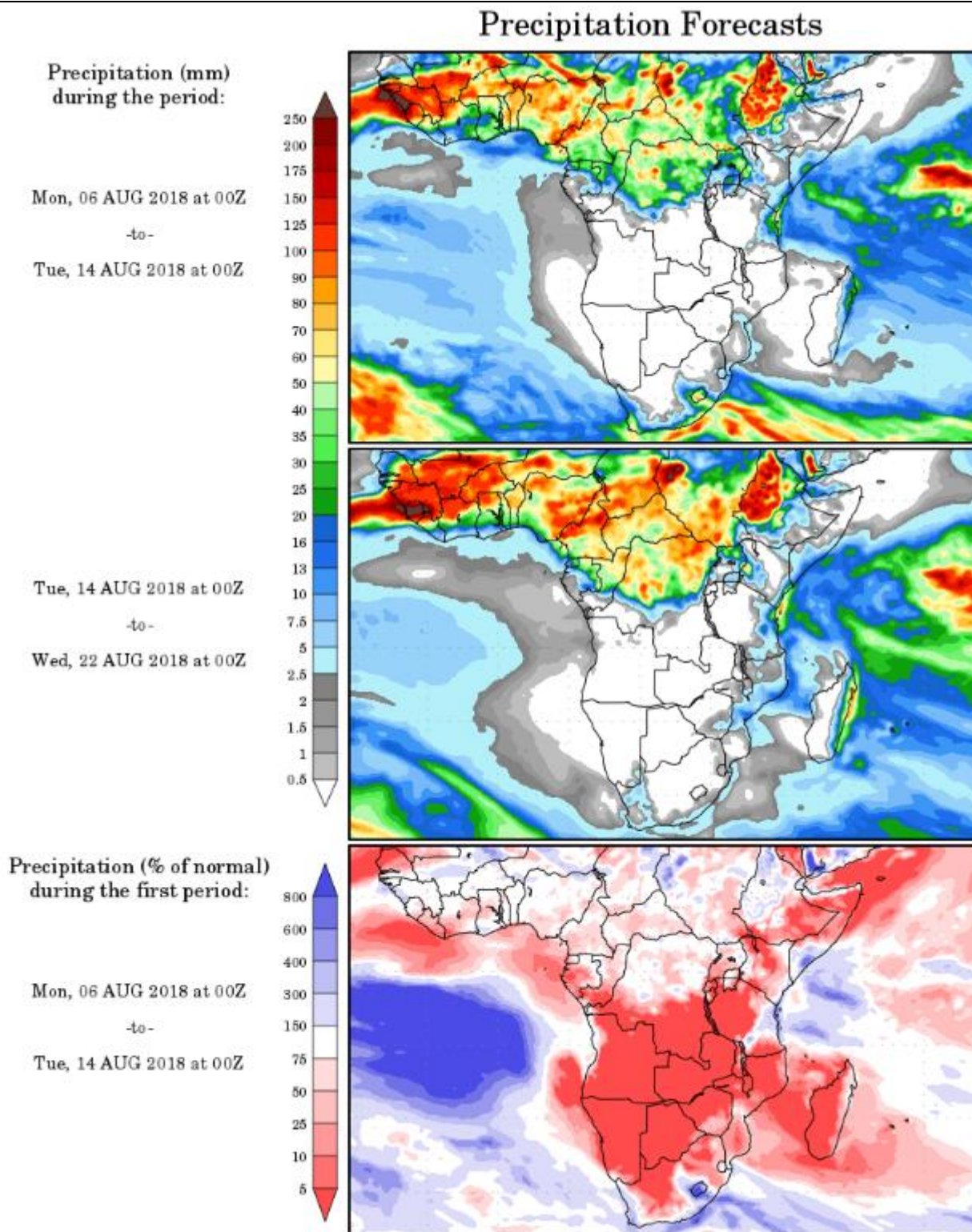
Figure 2: Next 16-days precipitation forecast



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.

[@WandileSihlobo](#) [@AgriChamber](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.