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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 | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|------------------------------|-------------|-------------|------------|
| Rand/US Dollar | 13,32 | 13,31 | +0,08% |
| Rand/Euro | 15,45 | 15,46 | -0,06% |
| Euro/US Dollar | 1,1596 | 1,1622 | +0,22% |
| Gold Spot | 1 215,31 | 1 213,64 | -0,14% |
| Brent Crude Oil | 74,19 | 74,24 | +0,07% |
| Platinum Spot | 837,90 | 832,30 | -0,67% |
| Dow Jones Industrial Average | 25 502,18 | 25 628,91 | +0,50% |
| JSE All Share | 57 661,21 | 57 705,64 | +0,08% |
| 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*

- After experiencing losses at the start of the week, the Rand/US Dollar is currently 0.08 percent stronger compared to midday yesterday, trading around R13.31. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. Moreover, the improvement domestic manufacturing data also added a positive sentiment to the market. Today's calendar is light, with no major releases on the domestic front.
- This morning the Brent crude oil price was up by 0.07 percent from levels seen at midday yesterday, trading around US\$74.24 per barrel. This follows an executive order signed by President Trump to reinstate sanction against Iran, which could potentially lead to a decline in the country's oil exports and weight on global supplies.



| MAIZE/CORN | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|-----------------------------------|-------------|-------------|------------|
| White maize Jul 18 (R/t) | 2 188 | 2 204 | +0,73% |
| White maize Dec 18 (R/t) | 2 308 | 2 321 | +0,56% |
| Yellow maize Jul 18 (R/t) | 2 247 | 2 260 | +0,58% |
| Yellow maize Dec 18 (R/t) | 2 371 | 2 384 | +0,55% |
| CME corn Sep 18 (US cents/bushel) | 373 | 370 | -0,80% |

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

- The SAFEX maize market posted gains in yesterday's trade session as commercial buying interest and spillover from higher Chicago maize market continued to provide support to the market.
- The Chicago maize market was underpinned by a number of factors such as the expected strong weekly maize export inspections, drop in US maize crop conditions, as well as spillover from higher Chicago wheat prices (we will discuss this in detail in the next page).
- At the beginning of this week, about 71 percent of the US maize crop was rated good or excellent, down by a percentage point from last week. This slight decline was largely on the back of unfavourable weather conditions in parts of the Midwest in the past couple of days.
- However, the weather prospects for the next two weeks paint a positive picture of moderate showers over the Midwest, which could improve crop conditions.¹ There haven't been any reports of possible crop damages from the recent unfavourable weather conditions. Overall, the US 2018/19 maize production could reach 359 million tonnes, down by 3 percent from the previous season due to a reduction in area planted, according to data from the International Grains Council. From a global perspective, this could be overshadowed by improvement in maize production in South America and the Black Sea region. The 2018/19 global maize production is estimated at 1.05 billion tonnes, up by a percentage point from the previous season.
- Aside from the global matters, the focus on the domestic market will be on producer deliveries data for the week of 03 August 2018, which are due for release by SAGIS at midday. In the week of 27 July 2018, producer deliveries amounted to 813 814 tonnes, up by 6 percent from the previous week as the harvest process is in full swing in most regions. This placed 2018/19 marketing year maize producer deliveries at 7.5 million tonnes, which equates to 57 percent of the estimated commercial maize harvest of 13.2 million tonnes.

Bottom line – Today the domestic maize market could pullback from the current levels and settle in negative territory due to the stronger ZAR/USD exchange and lower Chicago maize prices.

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



| WHEAT | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|----------------------------------|-------------|-------------|------------|
| SAFEX Wheat Spot (R/t) | 4 171 | 4 205 | +0,82% |
| SAFEX Wheat Dec 18 (R/t) | 4 262 | 4 288 | +0,61% |
| CME Wheat spot (US cents/bushel) | 585 | 572 | -2,22% |

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

- The South African wheat market had a good run in yesterday's trade session with support emanating from commercial buying interest, as well as higher Chicago wheat prices. The Chicago wheat prices could remain at fairly higher levels in the coming weeks due to expectations of lower production in key global wheat producing countries, particularly Europe and the Black Sea region. This is underpinned by unfavourable weather conditions in these particular regions.
- To reiterate a point made last week, the 2018/19 global wheat production could be the smallest in five seasons, estimated at 721 million tonnes. 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.
- Furthermore, the Chicago wheat prices were also supported by a slight decline in US crop ratings. In the week of 05 August 2018, about 74 percent of the US spring wheat was rated good or excellent, which is 4 percentage points lower than the previous week's rating. This was due to unfavourable weather conditions experienced in the past couple of weeks. Also worth noting is that the harvest process in the spring wheat regions of the US has commenced, with 13 percent of the crop already harvested at the start of this week. Unlike the aforementioned Black Sea and European countries, the US could register a 9 percent year-on-year increase in wheat production in the 2018/19 season to 51 million tonnes.
- On the domestic front, the crop is approaching the pollination stages in the Western Cape province, which means rainfall is critically needed in order to ensure that the yields are good. The Swartland region received roughly 10 to 20 millimetres of rainfall in the past couple of days, while Overberg and southern Cape regions received between 5 and 10 millimetres of showers. The crop is generally in good condition in the Swartland and Overberg. The southern Cape experienced slight damages due to drier conditions in the past couple of weeks. In the Northern Cape province, the winter wheat planting process has been completed, whereas the Free State province is generally approaching the final stages. The optimal wheat planting window in these particular provinces is typically far behind the Western Cape province.

Bottom line – Today the local wheat prices could also could pullback from the current levels and settle in negative territory due to the stronger ZAR/USD exchange and lower Chicago wheat prices.



| SOYBEAN | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|------------------------------------|-------------|-------------|------------|
| SAFEX Soybean Jul 18 (R/t) | 4 350 | 4 365 | +0,34% |
| SAFEX Soybean Dec 18 (R/t) | 4 549 | 4 552 | +0,07% |
| CME Soybean Spot (US cents/bushel) | 877 | 889 | +1,37% |

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

- The South African soybean market started yesterday's trade session on a positive footing and maintained the gains throughout the day. This was largely on the back of the weaker Rand against the US Dollar, as well as a slight uptick in the Chicago soybean prices.
- There are interesting developments in the Chinese animal feed industry. Recent reports from the International Grains Council suggest that the country has expanded the use of low protein animal feed formulas. This could potentially reduce the soybean imports by 5 million tonnes in the 2018/19 season. Moreover, China's imports of canola and sunflower meal are expected to increase this season and potentially substitute 6 million tonnes of soybean meal.
- This comes on the back of the US-China trade dispute which led to the introduction of tariffs on soybean imports. Earlier this year, China's 2018/19 soybean imports were expected to reach a record level of 103 million tonnes. A number of agencies and analysts have revised their forecasts down since the introduction of tariffs. Yesterday, China National Grain and Oils Information Centre placed its 2018/19 import estimate at 94 million tonnes, which is 9 percent lower than the estimates presented earlier in the year and a percentage point lower than the previous season. This will be offset by the aforementioned alternative protein sources.
- Elsewhere, the unfavourable weather conditions experienced in parts of the US Midwest in the past couple of weeks have negatively affected the crop. In the week of 05 August 2018, about 67 percent of the US soybean was rated good or excellent, down by 3 percentage points from the previous week's rating. There is, however, progress in terms of growth, with 92 percent of the crop already blooming, which is a 6 percentage points improvement from the previous week.
- On the domestic front, the focus today will be on the producer deliveries data for the week of 03 August 2018 which is due for release at midday. The producer deliveries for the week of 27 July 2018 amounted to 2 426 tonnes. This placed South Africa's 2017/18 soybean deliveries at 1.5 million tonnes, which equates to 95 percent of the expected harvest of 1.6 million tonnes.

Bottom line – Today the SAFEX soybean prices could again experience a sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.



| SUNFLOWER SEED | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|---------------------------------------|-------------|-------------|------------|
| SAFEX Sunflower seed spot price (R/t) | 4 874 | 4 850 | -0,49% |
| SAFEX Sunflower seed Dec 18 (R/t) | 5 010 | 4 981 | -0,58% |
| EU (France) sunflower seed (US\$/t) | 386 | 384 | -0,52% |

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

- Yesterday the SAFEX sunflower seed market pulled back from the previous day's levels and settled in negative territory due to a relatively stronger domestic currency against the US Dollar, increase commercial selling, as well as large producer deliveries.
- In yesterday's note, we focused on the global market and highlighted 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 due to an expansion in area planted and expected higher yields in some areas following recent rainfall.²
- Moreover, 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. Overall, the 2018/19 global sunflower seed production could amount to 50.5 million tonnes, up by 3 percent from the previous season.
- The attention today will turn to the domestic market with producer deliveries data due for release at midday. In the week of 27 July 2018, sunflower seed producer deliveries amounted to 25 465 tonnes, down by 27 percent from the previous week. The weekly decline in deliveries was unsurprising as the harvest process has been completed and a share of the crop was delivered in the past couple of weeks.
- Evidently, the aforementioned deliveries 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. Today's data will present deliveries for the week of 03 August 2018 and likely to show a further decline from the volume reported last week. Given the amount of sunflower seed already delivered, the Crop Estimate Committee could keep its estimate unchanged later this month, or potentially revised it up slightly from the current estimate of 792 225 tonnes.

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

² Also worth noting is that these two countries account for more than half of global sunflower seed production.



| POTATO | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|---------------------|-------------|-------------|------------|
| RSA Potato (R/10kg) | 27,93 | 29,57 | +5,87% |

*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. The price was up by 6 percent from the previous day, closing at R29.57 per pockets (10kg bag). These gains were largely on the back of relatively lower stock of 1.16 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 3 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 experience marginal losses due to relatively large stocks of 1.19 million pockets (10kg bag) compared to levels seen in the past couple of days.

| BEEF CARCASS | 07/08/2018* | 08/08/2018* | d-o-d (%Δ) |
|--------------------------|-------------|-------------|------------|
| SAFEX Beef Sep 18 (R/kg) | 47,50 | 47,50 | 0,00 |

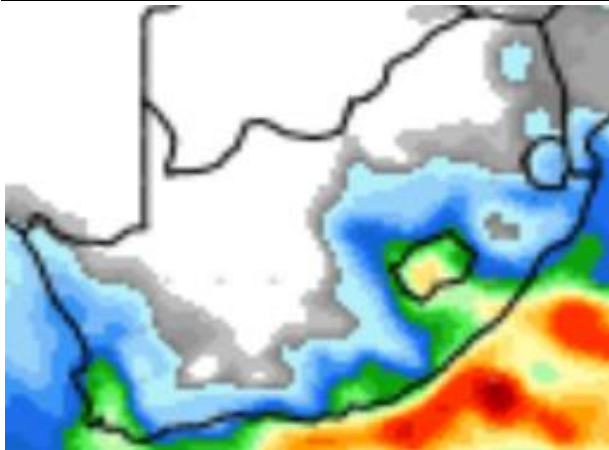
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- The SAFEX beef carcass prices have not moved in months due to thinly traded volumes. Yesterday's session was no different, the price remained unchanged from the previous day, at R47.50 per kilogram. 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.

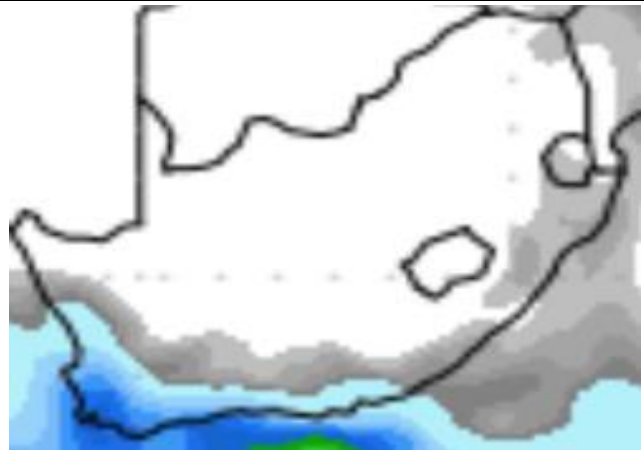
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather forecast for the next eight days has changed slightly from the message we presented yesterday. There are prospects of light showers of between 10 and 25 millimetres over coastal parts of the Western Cape province, while the inland regions could remain cool and dry (figure 1). This does not bode well with the new season crop which currently needs moisture.
- The forecast for the week of 23 August 2018 also presents a disappointing picture of clear skies over winter crop growing areas of the Western Cape, with light showers along the coastal areas (figure 2).

Figure 1: Next 8-days precipitation forecast

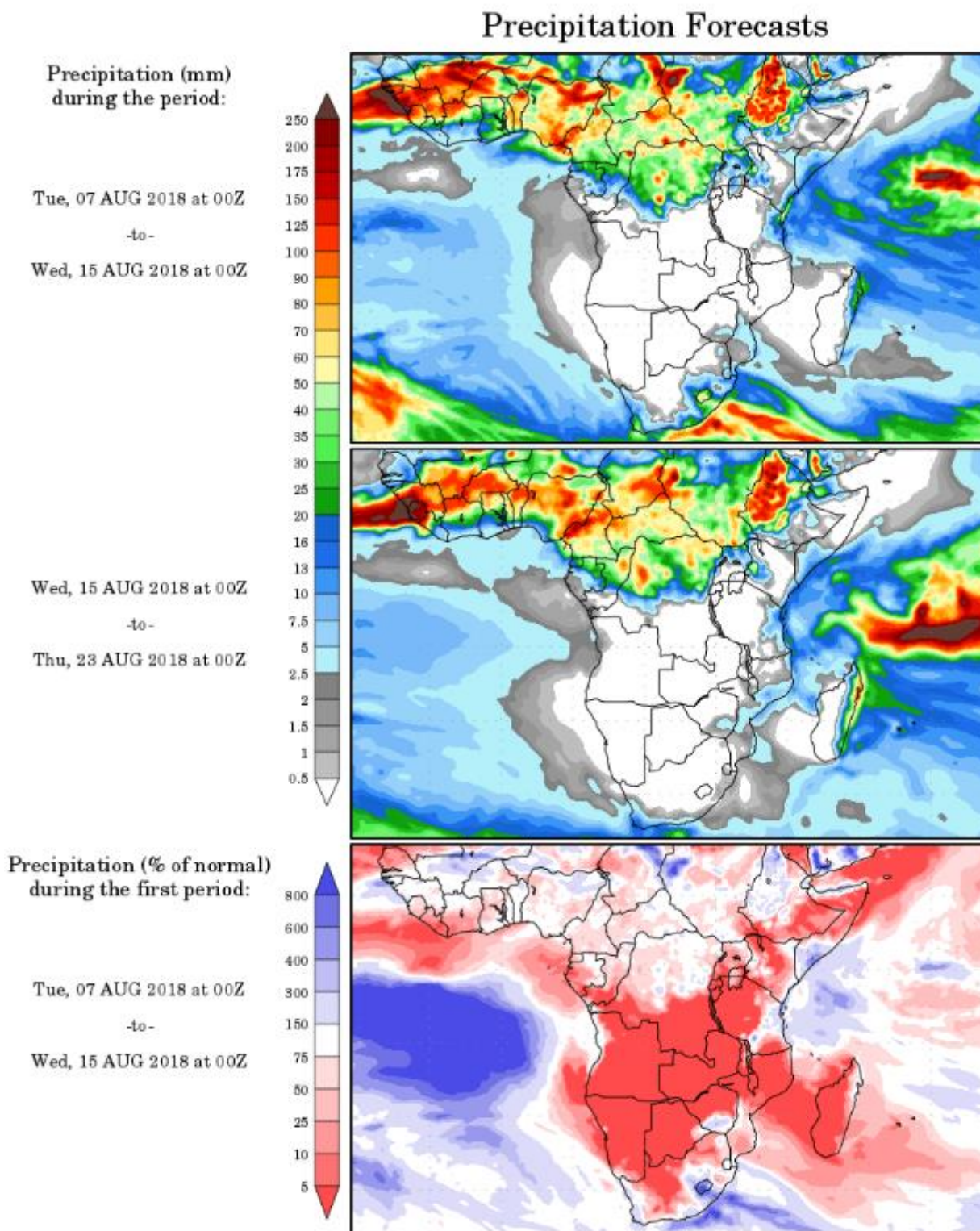
Source: wxmaps

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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