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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 15/08/2018
- SAGIS weekly grain trade data: 16/08/2018
- USDA's crop progress report: 20/08/2018
- SAGIS monthly data: 27/08/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	14/08/2018*	15/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,09	14,36	-1,88%
Rand/Euro	16,04	16,31	-1,66%
Euro/US Dollar	1,1398	1,1322	-0,67%
Gold Spot	1 194,72	1 188,54	-0,52%
Brent Crude Oil	73,33	72,09	-1,69%
Platinum Spot	804,40	790,80	-1,69%
Dow Jones Industrial Average	25 187,70	25 299,92	+0,45%
JSE All Share	57 474,42	57 608,94	+0,23%
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 recording gains in the previous session, the Rand pulled back this morning. This followed a decline in global commodity prices, as well as a firmer US Dollar against major currencies. The Rand/US Dollar is currently 1.88% weaker compared to levels seen at midday yesterday, trading around R14.36. From a domestic data front, Stats SA will release the retail trade sales data for June 2018.

- This morning the Brent crude oil price was down by 1.69 percent from levels seen at midday yesterday, trading around US$72.09 per barrel. These losses were partially on the back of a stronger US Dollar against major currencies, as well as an uptick in US oil supplies. The most recent data from the American Petroleum Institute shows that the US crude oil inventories rose by 3.66 million barrel in the week of 10 August 2018.

MAIZE/CORN	14/08/2018*	15/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 274	2 235	-1,72%
White maize Dec 18 (R/t)	2 396	2 353	-1,79%
Yellow maize Jul 18 (R/t)	2 335	2 292	-1,84%
Yellow maize Dec 18 (R/t)	2 462	2 416	-1,87%
CME corn Sep 18 (US cents/bushel)	358	361	+0,84%

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

- Yesterday the domestic maize market saw widespread losses due to bearish pressure emanating from lower Chicago maize prices, as well as large domestic maize supplies.[1]

- The maize harvest process should be completed by end of this month as the weather forecast for the next two weeks show favourably dry and cool weather conditions over the western parts of the South African maize-belt. The yields in areas that have harvested generally vary between average and above-average.

- The progress made in the harvest process thus far is reflected in the volumes of maize delivered to commercial silos in the past couple of weeks. In the week of 03 August 2018, maize producer deliveries amounted to 395 220 tonnes. About 60 percent of this was white maize, with 40 percent being yellow maize.

- This placed South Africa's 2018/19 maize marketing year producer deliveries at 8.3 million tonnes, which equates to 63 percent of the estimated commercial harvest of 13.2 million tonnes. Yellow maize accounts for 51 percent of overall maize deliveries, with white maize accounting for 49 percent. At midday, SAGIS will release an update for the week of 10 August 2018.

- Aside from this, in two months' time farmers in the eastern parts of South Africa will start preparing the soil for the 2018/19 production season. It is still too early to tell what the potential size of the new season crop will be. At this stage, we are closely monitoring the weather developments regarding the possible El Niño event. We will receive a clearer indication from weather forecasters on this matter in the coming month or so. The impact of weather on maize new contract month prices will largely be mirrored when the planting season begins in October 2018 and probably runs until the end of February 2019 when the new season crop starts to mature.

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

[1] To recap, last week the United States Department of Agriculture revised its 2018/19 global maize production estimate up by a percentage point from last month to 1.06 billion tonnes. This is a percentage point higher than the International Grains Council's estimate for the corresponding period and 3 percent higher than the previous season's harvest. Brazil, Argentina, Ukraine and China are the key countries underpinning the expected large global maize production.

WHEAT	14/08/2018*	15/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 262	4 250	-0,28%
SAFEX Wheat Dec 18 (R/t)	4 394	4 340	-1,23%
CME Wheat spot (US cents/bushel)	539	538	-0,19%

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

- Following experiencing a good run at the start of the week, the SAFEX wheat prices pulled back in yesterday's trade session and settled in negative territory. This was mainly underpinned by spillover from lower Chicago wheat prices, as well as increased commercial selling on the domestic front.

- The winter wheat crop is approaching the pollination stages in the Western Cape province, which means rainfall is critically needed in order to boost yields. Disappointingly, the weather forecast for the next two weeks shows clear skies over most parts of the province with prospects of light showers of between 10 and 16 millimetres in the coastal areas. While the Swartland and Overberg regions of the province could thrive well despite the aforementioned weather forecasts, parts of the southern Cape could be strained. This particular region has not received adequate rainfall since the start of the season.

- Furthermore, the current weather prospects also imply that the Western Cape's dam levels could remain at current levels, or slightly decline this week. The most recent data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 53 percent in the week of 13 August 2018, up marginally from the previous week and 24 percentage points higher than the corresponding period last year. Be that as it may, there is still hope that weather conditions could improve in the medium term, in line with the South African Weather Service's expectations of above-normal rainfall in this province between this month and October 2018.

- In the Northern Cape province, the winter wheat planting process has been completed, whereas the Free State province is at final stages of the planting process. To recap, the planting window in the Free State and Northern Cape provinces typically runs between June and July of each year (and in certain cases like this year, it runs into early August), while the Western Cape starts planting towards the end of April.

- The aforementioned provinces collective account for 90 percent of the estimated area of 505 000 hectares of winter wheat in the 2018/19 production season. The official production estimate will be released later this month. The global observers such as the International Grains Council forecasts South Africa's 2018/19 wheat production at 1.7 million tonnes, up by 13 percent from the previous season's harvest due to improved weather conditions.

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	14/08/2018*	15/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 460	4 440	-0,45%
SAFEX Soybean Dec 18 (R/t)	4 628	4 608	-0,43%
CME Soybean Spot (US cents/bushel)	853	865	+1,41%

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

- Yesterday the SAFEX soybean market continued with its lacklustre performance and settled in negative territory. This was largely underpinned by spillover pressure from lower Chicago soybean market, as well as general expectations for large domestic soybean supplies.

- The focus in the domestic market is on producer deliveries data for the week of 10 August 2018 which is due for release at midday. In the week of 03 August 2018, about 1 279 tonnes of soybeans was delivered to commercial silos, down by 50 percent from the previous week.

- Today's figure could show a further decline as the harvest process has been completed, with a large share of the crop already delivered to commercial silos. Moreover, the week of 10 August 2018 was fairly short due to a public holiday. Overall, in the first 23-weeks of the 2018/19 marketing year, about 1.47 million tonnes of soybeans had already been delivered to commercial silos. This equates to 95 percent of the expected harvest of 1.55 million tonnes.

- On the global front, one of the key drivers of soybean production is the growing demand for soybean meal from the animal feed industry. Last week, the USDA revised its estimates for 2018/19 global soybean meal production down marginally from the previous month to 243 million tonnes. This, however, is 5 percent higher than the previous season.

- The US, Argentina and Brazil are leading producers accounting for nearly half of global soybean meal production. This is unsurprising as these countries are the leading producers of the raw material, soybeans. China is also amongst the leading producers of soybean meal, but unlike the aforementioned countries, China uses imported soybeans.

- In terms of trade, the 2018/19 global soybean meal imports are estimated at 62 million tonnes. The leading importers are Southeast Asian and European Union countries, which account for 57 percent of global imports. South Africa is not a big player in the global market but remains a net importer of soybean meal. We estimate that this year imports could decline by 17 percent to 458 992 tonnes, thanks to large domestic soybean harvest.

Bottom line – Today the SAFEX soybean prices could gain ground due to the relatively weaker ZAR/USD exchange and higher Chicago maize prices.

SUNFLOWER SEED	14/08/2018*	15/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 896	4 930	+0,69%
SAFEX Sunflower seed Dec 18 (R/t)	5 062	5 085	+0,45%
EU (France) sunflower seed (US$/t)	377	376	-0,27%

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

- The domestic sunflower seed market had a good run in yesterday's trade session, still supported by the weaker Rand against the US Dollar, as well as commercial buying interest.

- The sunflower seed harvest has been completed, thanks to favourable weather conditions in the past couple of weeks. The yields varied across the country, from below average to above average. This was mostly influenced by weather conditions, planting periods and disease outbreaks such as Sclerotinia and Alternaria.

- For example, in the North West province, the yields were generally average, whereas the north-western parts of the Free State province received below-to-average yields. With that said, the average national yield is estimated at 1.32 tonnes per hectare, which is well above the average 5-year yield of 1.21 tonnes per hectare.

- On the data front, at midday SAGIS will release the producer deliveries data for the week of 10 August 2018. The deliveries for the week of 03 August amounted to 8 684 tonnes. This placed South Africa's 2018/19 marketing year sunflower seed producer deliveries at 805 212 tonnes, which is 2 percent higher than the expected production for the season.

- The Crop Estimate Committee slightly underestimated the harvest partially due to expectations of lower yields of levels below 0.9 tonnes per hectare in some parts of the country. However, things turned out differently, most regions received average yields, thanks to the late-season rainfall.

- On the global front, the EU's sunflower seed market saw extended losses in yesterday's trade session with the price down by 0.27 percent from the previous day, closing at US$376 per tonne. These losses were on the back of a combination of factors which included the improvements in the EU's sunflower seed production estimate, favourable weather conditions in parts of the Black Sea region, as well as spillover pressure from lower crude oil and vegetable oil prices.

- As set out in yesterday's note, the EU's 2018/19 sunflower seed production is estimated at 9.7 million tonnes, up by a percentage point from the previous season. Russia and Ukraine's 2018/19 sunflower seed production is estimated at 11.0 and 15.0 million tonnes, up by 6 percent and 7 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could recover from the current levels due to the relatively weaker Rand against the US Dollar.

POTATO	14/08/2018*	15/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,45	30,48	+7,14%

**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 and settled in positive territory due to lower stocks of 917 022 pockets (10kg bag) at the start of the session. The price was up by 7 percent from the previous day, closing R30.48 per pockets (10kg bag).

- 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 10 percent increase in daily stock to 1.01 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could receive marginal gains due to relatively lower stocks of 1.01 million pockets (10kg bag), compared to levels seen in the past couple of days.

BEEF CARCASS	14/08/2018*	15/08/2018*	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 was flat from the previous day, closing 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.

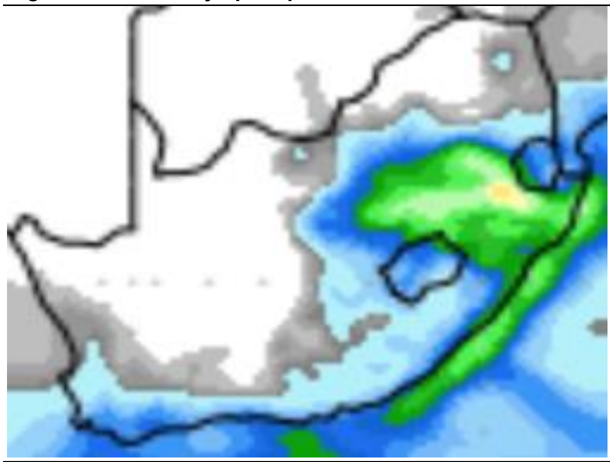
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- There are no new developments on the weather front, the forecasts still show clear skies over most parts of the Western Cape province (figure 1). This means the crop could be strained for some time, particularly the southern Cape regions which urgently need moisture. Meanwhile, parts of KwaZulu Natal, Eastern Cape, Free State and southern areas of Mpumalanga and Gauteng provinces could receive light showers of between 16 and 25 millimetres.

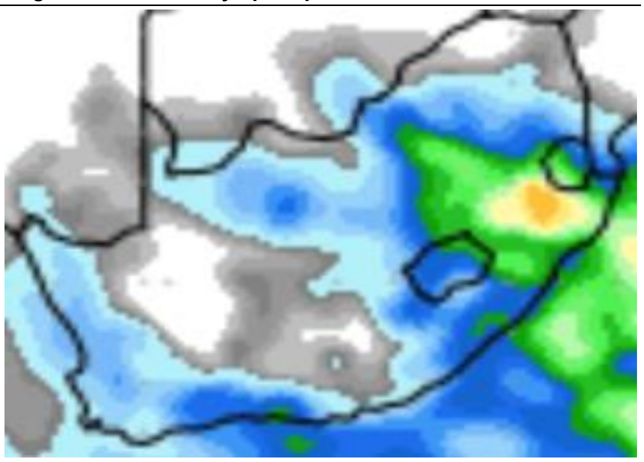
- The forecasts for the last week of this month presents more of the same, which is prospects of light showers over coastal areas of the Western Cape province, whereas the summer crop growing areas could receive rainfall of between 16 and 25 millimetres (figure 2).

Figure 1: Next 8-days precipitation forecast



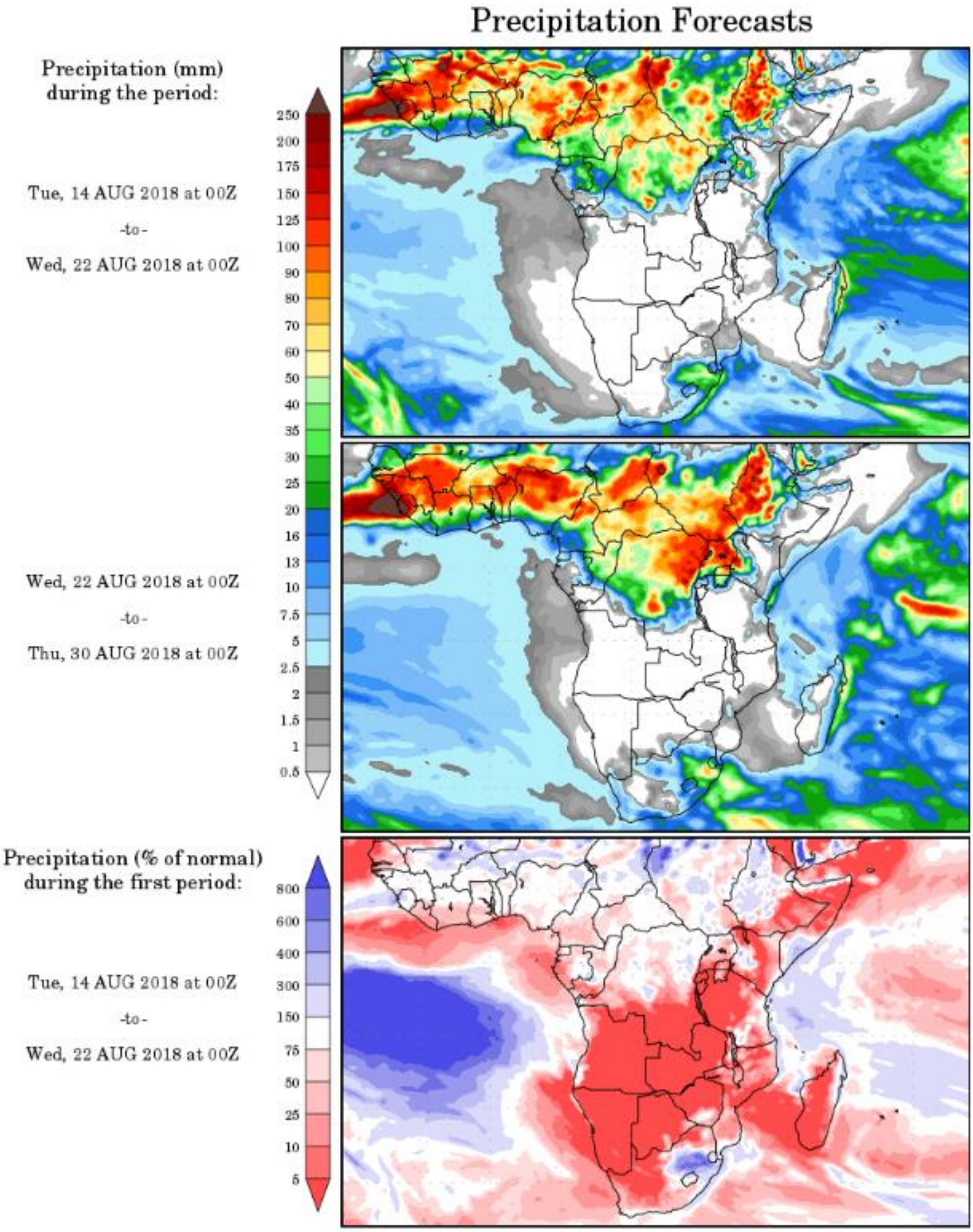
Source: wxmaps

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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