FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 16/08/2018
- USDA's crop progress report: 20/08/2018
- SAGIS producer deliveries data: 22/08/2018
- SAGIS monthly data: 27/08/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	15/08/2018*	16/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,47	14,49	-0,14%
Rand/Euro	16,39	16,48	-0,55%
Euro/US Dollar	1,1322	1,1271	-0,45%
Gold Spot	1 186,48	1 172,20	-1,20%
Brent Crude Oil	71,61	70,66	-1,33%
Platinum Spot	784,20	769,90	-1,82%
Dow Jones Industrial Average	25 023,08	25 162,41	+0,56%
JSE All Share	57 116,96	55 646,15	-2,58%
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 R14.49 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, today's calendar is fairly light with no major releases

- The Brent crude oil market was under pressure this morning with the price down by 1.33 percent from the previous day, closing at US$70.66 per barrel. This was on the back of an uptick in US oil inventories. The most recent data from the Energy Information Administration shows that US oil inventories rose by 6.8 million barrels in the week of 10 August 2018, well above market expectations of 3.7 million barrels uptick.

MAIZE/CORN	15/08/2018*	16/08/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 235	2 284	+2,19%
White maize Dec 18 (R/t)	2 353	2 409	+2,38%
Yellow maize Jul 18 (R/t)	2 292	2 355	+2,75%
Yellow maize Dec 18 (R/t)	2 416	2 478	+2,57%
CME corn Sep 18 (US cents/bushel)	362	366	+1,10%

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

- Yesterday the SAFEX maize market managed to claw back some of its recent losses and settled in positive territory. This was mainly supported by the weaker Rand against the US Dollar, commercial buying interest, as well as the 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 in the past couple of weeks. In the week of 10 August 2018, producer deliveries amounted to 648 497 tonnes, which is 63 percent higher than the previous season. About 70 percent of this was white maize, with 30 percent being yellow maize.

- This placed South Africa's 2018/19 maize marketing year producer deliveries at 9.1 million tonnes, which equates to 69 percent of the estimated harvest of 13.2 million tonnes.[1] 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 within the next eight days 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 03 August 2018, South Africa had already exported 1.03 tonnes of maize, which equates to 41 percent of the seasonal export forecast. The leading destinations or markets were Vietnam, Taiwan, South Korea, Italy and Botswana.

- Overall, South Africa's 2018/19 maize supplies are in good shape, estimated at 16.7 million tonnes, well above the local demand of 10.8 million tonnes per annum. The maize supplies figure combines opening stocks and expected production.

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

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

WHEAT	15/08/2018*	16/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 250	4 290	+0,94%
SAFEX Wheat Dec 18 (R/t)	4 340	4 382	+0,97%
CME Wheat spot (US cents/bushel)	534	539	+0,94%

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

- South Africa is a net importer of wheat, therefore, the local market tends to be influenced by developments in the global market. Yesterday's session was no different, the SAFEX wheat market gained ground with support stemming from higher Chicago wheat prices. Furthermore, the weaker Rand against the US Dollar also added support to the market.

- The weather remains a key focus in the South African wheat market as the crop is still in stages of development that require moisture. Fortunately, the weather forecast for the next two weeks have slightly improved and currently shows prospects of between 10 and 25 millimetres in most parts of the Western Cape province.

- While this will not sufficiently improve soil moisture, it is a welcome development and could slightly ease concerns of a deterioration in crop conditions, particularly in the southern Cape region of the Western Cape province. As indicated in yesterday's note, the winter wheat crop in Swartland and Overberg region is in fairly good shape following good rainfall in the past couple of weeks.

- With the weather prospects having improved marginally, this means there is a good chance that dam levels could also be lifted in the coming weeks. To recap, 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.

- Elsewhere, the good weather conditions in the US have improved spring wheat crop condition. In the week of 12 August 2016, about 75 percent of the US spring wheat was rated good or excellent, up by a percentage point from the previous week and way above last year's rating of 33 percent in the corresponding period.

- In addition, the harvest process is underway in areas that planted early in the season. About 35 percent of the US spring wheat crop had already been harvested at the start of the week, which is 8 percent ahead of the previous 5-year average pace in the corresponding period. In terms of production, the USDA forecasts the US 2018/19 wheat crop at 51 million tonnes, which is 8 percent higher than the previous season. This is in line with the International Grains Council's estimates for the corresponding season.

Bottom line – Today the local wheat prices could also gain ground due to higher Chicago wheat prices and the weaker ZAR/USD exchange.

SOYBEAN	15/08/2018*	16/08/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 440	4 496	+1,26%
SAFEX Soybean Dec 18 (R/t)	4 608	4 663	+1,19%
CME Soybean Spot (US cents/bushel)	864	876	+1,39%

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

- The domestic soybean market had a good run in yesterday's trade session with support emanating from a combination of factors. These included with the weaker Rand against the US Dollar, commercial buying interest, as well as spillover support from higher Chicago soybean prices.

- While the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the week of 10 August 2018, about 1 503 tonnes of soybeans was delivered to commercial silos, up by 18 percent from the previous week. The yields in most areas varied between average and above-average, which is in line with market expectations.

- This placed South Africa's 2018/19 marketing year soybean producer deliveries at 1.46 million tonnes, which equates to 94 percent of the expected harvest of 1.55 million tonnes. An additional volume could be delivered over the coming weeks as weather outlook is quite favourable for logistics from farms to silos, with the exception of the last week of this month which could bring light showers in most parts of the country.

- The volume of soybeans delivered thus far has 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.

- To reiterate a point made in the previous notes, the general expectations of a large harvest this season could lead to a decline in imports as the country is increasingly becoming reliant on domestic produce. We estimate that 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.

- One of the countries that were a key suppliers of soybean to South Africa in the 2017/18 marketing year is Zambia. However, this time around, the country might not be in a position to export large volumes of soybeans to South Africa due to the expectation of a lower harvest. The USDA forecast Zambia's soybean production at 300 000 tonnes, down by 15 percent from the 2016/17 production season. Most importantly, this is well below the country's annual soybean consumption of 328 000 tonnes.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could gain ground due to the relatively weaker ZAR/USD exchange and higher Chicago maize prices.

SUNFLOWER SEED	15/08/2018*	16/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 930	4 995	+1,32%
SAFEX Sunflower seed Dec 18 (R/t)	5 085	5 150	+1,28%
EU (France) sunflower seed (US$/t)	376	375	-0,27%

**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 day as the weaker Rand against the US Dollar, combined with commercial buying interest continued to provide support to the market.
- As set out in yesterday's note, the sunflower seed harvest has been completed. The yields varied across the country, from below average to above average. The variation was mostly influenced by weather conditions, planting periods and disease outbreaks such as Sclerotinia and Alternaria.
- The producer deliveries, which are slowing, show that a large share of the crop has already in commercial silos. In the week of 10 August 2018, sunflower seed producer deliveries amounted to 8 246 tonnes, down by 5 percent from the previous week. This placed South Africa's 2018/19 marketing year sunflower seed producer deliveries at 824 788 tonnes, which is 4 percent higher than the official production estimate.
- This will boost South Africa's sunflower seed supplies in the 2018/19 marketing year and perhaps lead to a decline in potential imports. The Supply and Demand Estimates Committee forecasts South Africa's 2018/19 sunflower seed imports at 500 tonnes, down by 10 percent from the previous season due to expectations of a slight decline in consumption.
- Last month, about 151 tonnes of the expected volume had already been imported. However, with the crop delivered in commercial silos already 32 533 tonnes higher than initial production expectations, we could potentially see South Africa's sunflower seed imports falling well below the initial expectations.
- Elsewhere, 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$375 per tonne. These losses were on the back of an improvement 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.
- The weather remains a key focus as the crop is still at stages of development that requires moisture. Fortunately for parts of the Black Sea region, the forecast for the next eight shows prospects of light showers.

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	15/08/2018*	16/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,48	29,49	-3,25%

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

- Yesterday the South African potatoes market managed pulled back from the previous day's higher levels and settled in negative territory due to a large stock of to 1.01 million pockets (10kg bag) at the start of the session. The price was down by 3 percent from the previous day, closing R29.49 per pockets (10kg bag).

- 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 12 percent increase in daily stocks to 1.13 million pockets (10kg bag).

Bottom line – Today the South African potatoes market could remain under pressure due to a fairly large stock of 1.13 million pockets (10kg bag), compared to levels seen in the past couple of days.

FRUIT (South Africa)	15/08/2018*	16/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,93	6,99	+0,87%
Bananas (R/kg)	6,04	5,98	-0,99%
Oranges (R/kg)	2,94	3,20	+8,84%

**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 down by a percentage point from the previous day, closing at R5.98 per kilogram. These losses were partly on the back of a relatively large stock of 870 000 tonnes of bananas.

- Meanwhile, the prices of apples and oranges were up by a percentage point and 9 percent from the previous day, closing at R6.99 and R3.20 per kilogram, respectively. This was on the back of relatively lower stocks of 582 000 tonnes of apples and 508 000 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	15/08/2018*	16/08/2018*	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 was again another quiet day in the SAFEX beef carcass market with prices 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.

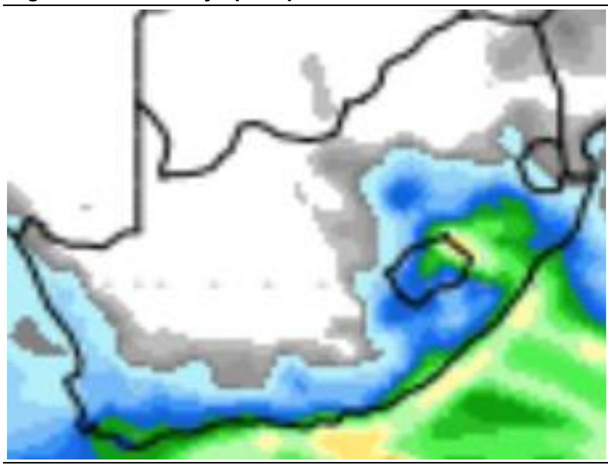
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The next eight days could bring light showers of between 10 and 25 millimetres in the Helderberg, Winelands, Overberg and Garden Route regions of the Western Cape province (figure 1). Meanwhile, other parts of the province could experience cool and drier weather conditions, which is not conducive for a winter crop.

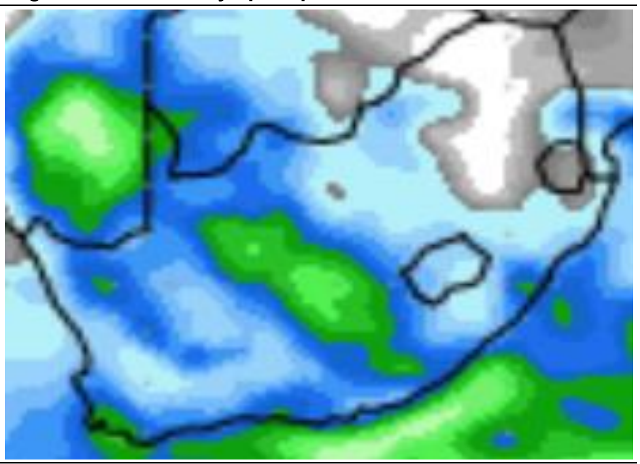
- The weather forecast for the week last week of this month has changed overnight and currently shows prospects of widespread showers over most parts of the country, which bodes well for winter crops (figure 2).

Figure 1: Next 8-days precipitation forecast



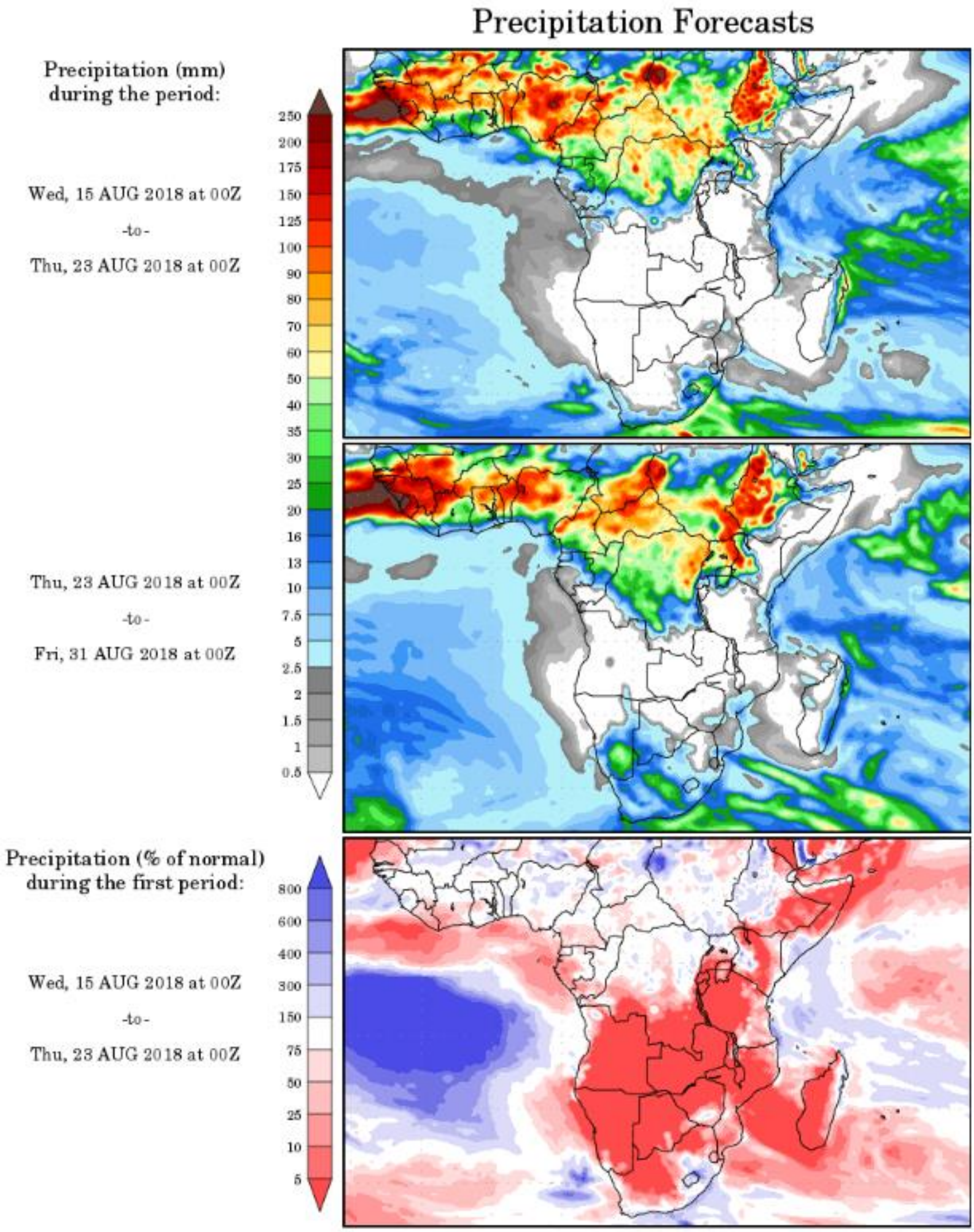
Source: wxmaps

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