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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 22/08/2018
- SAGIS weekly grain trade data: 23/08/2018
- SAGIS monthly data: 27/08/2018
- USDA's crop progress report: 27/08/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 28/08/2018

ECONOMIC INDICATORS	21/08/2018*	22/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,41	14,36	+0,35%
Rand/Euro	16,61	16,60	+0,06%
Euro/US Dollar	1,1516	1,1576	+0,52%
Gold Spot	1 193,48	1 195,38	+0,16%
Brent Crude Oil	72,28	72,74	+0,64%
Platinum Spot	801,60	794,90	-0,84%
Dow Jones Industrial Average	25 831,54	25 822,29	-0,04%
JSE All Share	57 232,89	57 186,66	-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*

- The Rand/US Dollar is currently 0.35 percent stronger compared to midday yesterday, trading around R14.36. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. Moreover, the slight uptick in global commodity prices also added support to the market. From a domestic data front, Stats SA will release the Consumer Price Index data for July 2018.

- The Brent crude oil market managed to claw back some of its recent losses, this morning the price was up by 0.64 percent from levels seen at midday yesterday, trading around US$72.74 per barrel. These gains were partially on the back of a decline in US oil inventories. After recording an uptick a few weeks back, data from the American Petroleum Institute shows that the US oil stocks fell by 5.2 million barrels in the week of 17 August.

MAIZE/CORN	21/08/2018*	22/08/2018*	d-o-d (%∆)
White maize spot price (R/t)	2 329	2 317	-0,52%
White maize Jul 19 (R/t)	2 573	2 542	-1,20%
Yellow maize spot price (R/t)	2 405	2 385	-0,83%
Yellow maize Jul 19 (R/t)	2 587	2 550	-1,43%
CME corn Sep 18 (US cents/bushel)	361	359	-0,55%

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

- The SAFEX maize market was under pressure in yesterday's trade session owing to the slightly stronger Rand against the US Dollar, large domestic supplies, as well as spillover from lower Chicago maize prices.

- The maize harvest process should be completed by end of this month as a large share of the crop has already been harvested. Moreover, the expected cool and drier weather conditions over the western parts of the country within the next eight days bodes well with the ongoing harvest process in the area. The yields in areas that have harvested largely varied between average and above-average.

- The progress made thus far is reflected in the volumes of maize delivered to commercial silos in the past couple of weeks. In the week of 10 August 2018, maize producer deliveries amounted to 645 497 tonnes, up by 63 percent from the previous week.

- 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 commercial harvest of 13.2 million tonnes. At midday, SAGIS will release an update for the week of 17 August 2018.

- On the global front, the International Grains Council monthly report which is due for release tomorrow afternoon will be a key focus given numerous developments in many countries around the world in the past couple of weeks. Last month, the Council placed 2018/19 global maize production at 1.05 billion tonnes, up by a percentage point from the previous season.

- This could be revised up due to favourable weather conditions in the US Midwest, China and anticipations of good summer rainfall in South America. Earlier this month, the United States Department of Agriculture lifted its estimate for 2018/19 global maize production to 1.06 billion tonnes partly due to the aforementioned reasons. The estimates for South Africa will still be preliminary as the planting season will only commence in two months' time and there is uncertainty about the weather prospects.

Bottom line – Today the domestic maize market could be under pressure due to lower Chicago maize prices, coupled with the relatively stronger ZAR/USD exchange.

WHEAT	21/08/2018*	22/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 330	4 313	-0,39%
SAFEX Wheat Dec 18 (R/t)	4 445	4 451	+0,13%
CME Wheat spot (US cents/bushel)	533	532	-0,19%

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

- The South African wheat market ended yesterday's trade session on the mixed footing. The spot price was under pressure due to a bearish sentiment from lower Chicago wheat prices and stronger Rand against the US Dollar. Meanwhile, the December 2018 contract month price was supported by commercial buying interest.

- The weather remains a key focus in the South African wheat market as the crop is still in stages of development that require moisture. Unfortunately, the weather forecasts for the next two weeks paint a mixed picture for the Western Cape province. The coastal areas might receive light showers, while the inland areas of the province could remain dry and cool. This could strain the crop in areas that didn't receive sufficient rainfall in the past couple of weeks, particularly the southern Cape regions.

- It is also worth noting that this is contrary to the optimistic picture that was painted by the South African Weather Service on its Seasonal Climate Watch on 24 July. The weather agency had predicted a likelihood of above-normal rainfall over the south-western regions of the country between August and October 2018.

- Perhaps, the expected rainfall will materialise over the coming weeks. In such a scenario, the Swartland and Overberg regions, which are currently in good shape, stand a chance to benefit. Meanwhile, the southern Cape region, already reporting crop damage in some areas, might not fully recover.

- As set out at the start of this week, we will get a clearer picture of South Africa's 2018/19 wheat production when the Crop Estimate Committee releases its forecasts on 28 August 2018. What is clear at this point is that farmers increased the area plantings by 3 percent from the 2017/18 season to 505 000 hectares.

- The International Grains Council is quite optimistic, 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 in some parts of the country. The agency will release an update of this estimate tomorrow afternoon.

- There were no new developments on the global front, the key focus is on the International Grains Council monthly update which will be released tomorrow. Last month, the Council placed 2018/19 global wheat production at 721 million tonnes, down by 5 percent from the previous season.

Bottom line – Today the local wheat prices could also be under pressure due to the relatively stronger Rand against the US Dollar, as well as lower Chicago wheat market.

SOYBEAN	21/08/2018*	22/08/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 599	4 560	-0,85%
SAFEX Soybean March 2019 (R/t)	4 860	4 805	-1,13%
CME Soybean Spot (US cents/bushel)	879	870	-1,02%

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

- The SAFEX soybean market started yesterday's trade session in the negative footing and remained under pressure throughout the day due to a relatively stronger Rand against the US Dollar. Moreover, there is generally a bearish sentiment in the market which emanates from expectations of a large domestic harvest.

- The focus in the domestic market is on producer deliveries data for the week of 17 August 2018 which is due for release at midday. In the week of 10 August 2018, about 1 503 tonnes of soybeans was delivered to commercial silos, down by 18 percent from the previous week.

- Today's figure could show an uptick compared to the previous week as favourable weather conditions last week allowed for the movement of the commodity from farms to silos. Moreover, the week of 10 August 2018 was fairly short due to a public holiday which affected the work schedule. Overall, in the first 24-weeks of the 2018/19 marketing year, about 1.46 million tonnes of soybeans had already been delivered to commercial silos. This equates to 94 percent of the expected harvest of 1.55 million tonnes.

- On the global front, the key focus is on the upcoming US-China trade talks. As set out on Monday's note, there are hopes amongst US agricultural stakeholders that these scheduled talks could potentially yield positive results and subsequently support US soybean exports to China.[1]

- Aside from trade aspects, the previous few week's warm weather conditions in parts of the US negatively affected the crop. In the week of 19 August 2018, about 65 percent of the US soybean crop was rated good or excellent, which is a percentage point decline from the previous week. With that said, this was still 5 percentage point better than the corresponding period last year. Overall, the USDA forecasts the US 2018/19 soybean production at 125 million tonnes, up by 4 percent from the previous season due to an uptick in area planted, as well as expectations of higher yields.

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

[1] For context, in 2017, the US was the world's second largest exporter of soybeans after Brazil, accounting for 37 percent of global soybean exports, according to data from Trade Map. The major destination of these exports was China. In fact, over the past 5-years, about two-thirds of the US soybean exports were absorbed by China. Hence, a positive outcome in the scheduled trade talks is crucial for US soybean farmers.

SUNFLOWER SEED	21/08/2018*	22/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 015	4 961	-1,08%
SAFEX Sunflower seed March 2019 (R/t)	5 095	5 033	-1,22%
EU (France) sunflower seed (US$/t)	379	380	+0,26%

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

- The SAFEX sunflower seed market saw extended losses in yesterday's trade session owing to a slight recovery in the Rand against the US Dollar, as well as large domestic supplies.

- The general saying - the market never sleeps – might be true on SAFEX sunflower seed market, but things have sure slowed down in the fields as the harvest process is over. The sunflower seed 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.

- At midday, SAGIS will release the producer deliveries data for the week of 17 August 2018, which could show a decline from the previous week's volume of 8 246 tonnes. In the week of 10 August 2018, South Africa's 2018/19 marketing year sunflower seed producer deliveries were recorded at 824 788 tonnes, which is 4 percent higher than the Crop Estimate Committee's forecast.

- The 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.

- As set out in our previous notes, the large sunflower seed production volume will boost South Africa's supplies in the 2018/19 marketing year and perhaps lead to a decline in potential imports. The Supply and Demand Estimates Committee forecasts the country'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.

- In June 2018, 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.

- On the global front, the EU's sunflower seed market had a good run with the price up by 0.26 percent from the previous day, closing at US$380 per tonne. This was due to spillover support from higher palm oil prices.

Bottom line – Today, the domestic sunflower seed market could experience losses due to the stronger Rand against the US Dollar, as well as large producer deliveries.

POTATO	21/08/2018*	22/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	28,38	30,26	+6,62%

**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 due to a relatively lower stock 876 631 pockets (10kg bag) at the start of the session. The price was up by 7 percent from the previous day, closing R30.26 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 5 percent increase in daily stock to 919 962 pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes price could receive additional gains due to a relatively lower stock of 919 962 pockets (10kg bag), compared to levels seen in the past couple of days.

BEEF CARCASS	21/08/2018*	22/08/2018*	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 flat 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. This is somewhat contrary to the USDA's view of a potential increase in slaughtering this year in anticipation of an uptick in demand, as well as the general recovery in the industry performance following the 2015-16 drought.

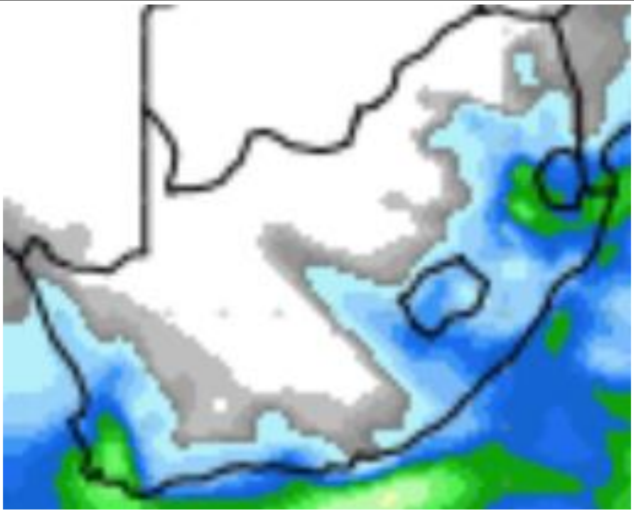
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The weather forecast has changed overnight. There are now clear skies over most parts of the Western Cape province with the exception of the coastal areas of Swartland, Helderberg and Overberg which could receive light showers of roughly 10 to 25 millimetres within the next eight days (figure 1).

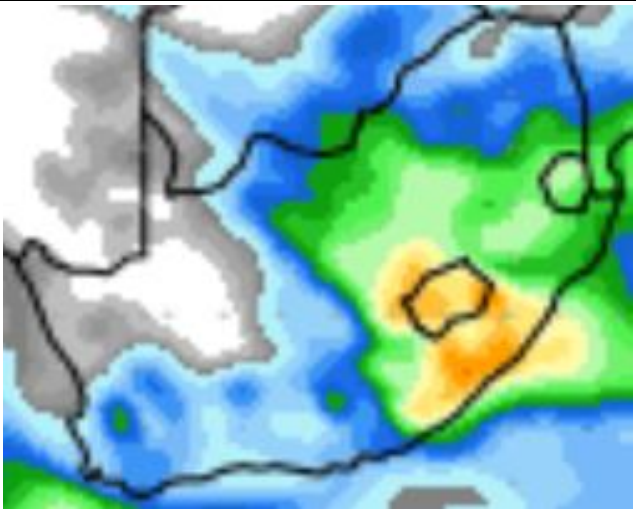
- The forecast for the week of 06 September 2018 shows prospects of rainfall over summer crop growing areas of South Africa. Meanwhile, the Western Cape province that urgently needs moisture could remain cool and dry, which is not conducive for winter crops, particularly in the southern Cape region (figure 2).

Figure 1: Next 8-days precipitation forecast



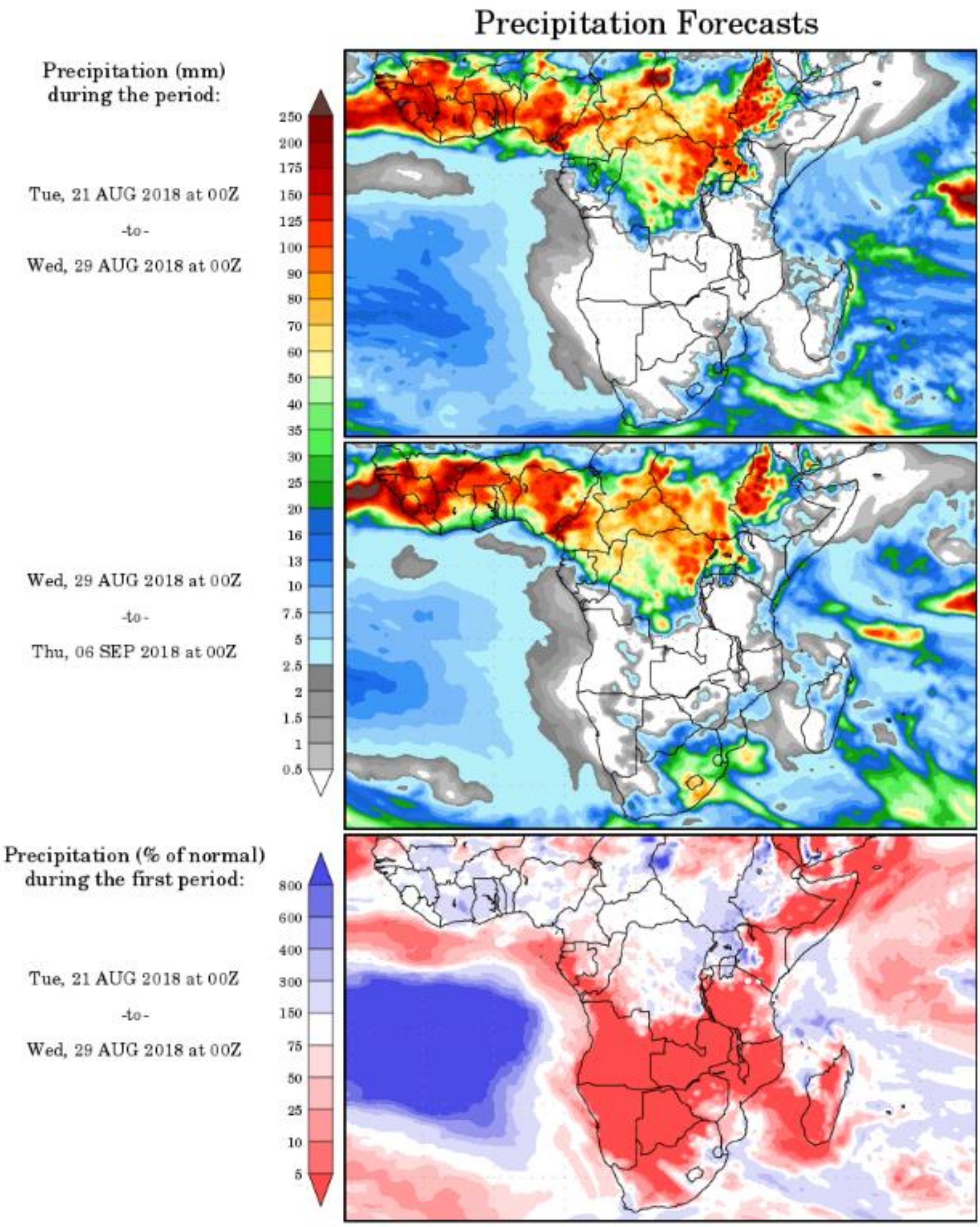
Source: wxmaps

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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