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Key Data Releases in Agricultural Markets:

- 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
- SAGIS producer deliveries data: 29/08/2018

ECONOMIC INDICATORS	22/08/2018*	23/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,38	14,33	+0,35%
Rand/Euro	16,67	16,56	+0,66%
Euro/US Dollar	1,1604	1,1554	-0,43%
Gold Spot	1 196,84	1 191,22	-0,47%
Brent Crude Oil	73,70	74,46	+1,03%
Platinum Spot	794,60	787,00	-0,96%
Dow Jones Industrial Average	25 828,21	25 733,60	-0,37%
JSE All Share	57 863,31	58 125,95	+0,45%
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 domestic currency has slightly recovered from yesterday's levels, along with other emerging market currencies. These gains were partly in line with the US Dollar depreciation against major currencies. The Rand/US Dollar is currently 0.35 percent stronger compared to midday yesterday, trading around R14.33. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil market gained ground this morning with the price up by 1.03 percent from levels seen at midday yesterday, trading around US\$74.46 per barrel. These gains were partially on the back of a decline in US oil inventories. The most recent data from the Energy Information Administration shows that the US crude oil inventories fell by 5.8 million barrels in the week of 17 August 2018, which more than market expectations.



MAIZE/CORN	22/08/2018*	23/08/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 317	2 318	+0,04%
White maize Jul 19 (R/t)	2 542	2 549	+0,28%
Yellow maize spot price (R/t)	2 385	2 383	-0,08%
Yellow maize Jul 19 (R/t)	2 550	2 550	+0,00%
CME corn Sep 18 (US cents/bushel)	356	353	-0,84%

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

- The SAFEX maize market ended yesterday's session on a mixed footing. White maize spot and July 2019 contract month prices were up due to increased commercial buying interest, whilst yellow maize prices remained in negative territory due to large domestic supplies and spillover from lower Chicago maize prices.
- The cool and drier weather conditions over most parts of South Africa have provided support to the harvest process in the past couple of weeks. Given the progress made thus far, which is reflected in producer deliveries data, we believe that the harvest process could be completed by end of this month.
- In the week of 17 August 2018, maize producer deliveries amounted to 561 278 tonnes, down by 14 percent from the previous season, as the harvest process slows towards completion. About 71 percent of this was white maize, with 29 percent being yellow maize.
- This placed South Africa's 2018/19 maize marketing year producer deliveries at 9.9 million tonnes, which equates to 75 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. While we expect the harvest process to be over within the next few weeks, more maize will be delivered in the coming months as producers bring the commodity to the marketplace.
- Today the focus will be on weekly grain trade data which is due for release at midday. South Africa exported 35 380 tonnes of maize in the week of 10 August 2018, down by 45 percent from levels seen in the previous week. About 84 percent was yellow maize, with 16 percent being white maize. The leading buyer was Japan with a share of 76 percent and the rest went to regional markets. Overall, this placed South Africa's 2018/19 maize exports at 1.07 million tonnes, which equates to 42 percent of the seasonal export forecast.

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.

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



WHEAT	22/08/2018*	23/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 313	4 297	-0,37%
SAFEX Wheat Dec 18 (R/t)	4 451	4 426	-0,56%
CME Wheat spot (US cents/bushel)	521	529	+1,54%

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

- The South African wheat market was under pressure in yesterday's trade session due to a combination of factors which include the relatively stronger Rand against the US Dollar, as well as negative spillover from lower Chicago wheat prices.
- We continue to keep a close eye on weather developments over the winter wheat growing areas of the country. The forecast hasn't changed much from what we reported yesterday, which is basically a mixed picture for the Western Cape province this week. The coastal areas might receive light showers, while the inland areas of the province could remain dry and cool. This will strain the crop in areas that didn't receive sufficient rainfall in the past couple of weeks, particularly the southern Cape regions.²
- The only glimpse of hope is in the week of 07 September 2018 but could bring light showers over the province, which might not completely ease concerns of a deterioration in crop conditions in the southern Cape. We have highlighted this in our previous notes, but it is worth restating to provide context on why we have we have singled out the southern Cape region. The previous week's rainfall in the Western Cape province was not evenly distributed. The Swartland and Overberg regions received higher rainfall, but in the southern Cape, it was fairly moderate. Hence, there are reports of crop damage.
- The expectations of light showers suggest that the provincial dam levels might not improve much in the near term or could even slightly decline if consumption starts to increase. The Department of Water and Sanitation recently indicated that the Western Cape provincial dam levels averaged 54 percent in the week of 20 August 2018, up by a percentage point from the previous week and 23 percentage points higher than the corresponding period last year. Moreover, this afternoon the International Grains Council will release an update of its estimate for South Africa's 2018/19 wheat production. The current estimate is 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.

Bottom line – Today the local wheat prices could experience a sideways movement if the ZAR/USD exchange and Chicago wheat prices maintain the current trend.

² 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.



SOYBEAN	22/08/2018*	23/08/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 560	4 558	-0,04%
SAFEX Soybean March 2019 (R/t)	4 805	4 817	+0,25%
CME Soybean Spot (US cents/bushel)	866	857	-1,04%

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

- Yesterday the SAFEX soybean market settled on a mixed footing. The spot price lost ground owing negative spillover from lower Chicago soybean prices, as well as expectations of large supplies, whereas March 2019 contract month price settled in positive territory due to commercial buying interest.
- Although the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the week of 17 August 2018, about 2 279 tonnes of soybeans were delivered, up by 52 percent from the previous week.
- 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 first week of September which could bring light showers in most parts of the country.
- Unlike other crops, soybean had a good start of the season due to favourable weather conditions in the eastern parts of the country, particularly around Mpumalanga, KwaZulu Natal and eastern parts of the Free State province. In its production forecast in February 2018, the Crop Estimate Committee placed South Africa's 2017/18 soybean plantings at 775 300 hectares. This was later revised up by 2 percent to 787 200 hectares due to expansion in area plantings in other provinces following good rainfall late January 2018.
- The expansion in area planted, coupled with relatively higher yields led to the expected record harvest of 1.55 million tonnes, as previously noted. The yield is estimated at 1.75 tonnes per hectare, which is 13 percent higher than the average yield for the past 5-seasons.
- As indicated in our 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.

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



SUNFLOWER SEED	22/08/2018*	23/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 961	5 026	+1,31%
SAFEX Sunflower seed March 2019 (R/t)	5 033	5 075	+0,83%
EU (France) sunflower seed (US\$/t)	380	377	-0,79%

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

- Yesterday the SAFEX sunflower seed market managed to claw back some of its recent losses and settled in positive territory due to increased commercial buying interest.
- This is a quiet period in the sunflower fields, but the activity will resume again in two months' time when the 2018/19 sunflower seed production commences. At the moment, the key risk for the season ahead is the expected El Niño, which could potentially lead to dry and warm weather conditions. This, however, is still an estimate, there will be more clarity about the season ahead in the coming month or so.
- The 2017/18 production season started on a bad footing with drier weather conditions in the western parts of the country towards the end of 2017 into early January 2018. This led to a reduction in area planted from 635 750 hectares in 2016/17 production season to 601 500 hectares.
- This subsequently led to expectations of lower harvest, which the Crop Estimate Committee initially placed at 731 505 tonnes. After good rainfall in February 2018, the production estimates were continuously revised up to 792 255 tonnes in July 2018.
- Earlier this month, as the harvest process approached completion, it became clear that the Committee has underestimated the harvest due to large producer deliveries. In the week of 17 August 2018, sunflower seed producer deliveries amounted to 5 015 tonnes, down by 39 percent from the previous week. This placed South Africa's 2018/19 marketing year sunflower seed producer deliveries at 837 294 tonnes, which is 6 percent higher than the official production estimate. The Crop Estimate Committee will release its seventh production forecasts on Tuesday next week, which could potentially be higher than the current deliveries as some areas that harvested later in the season will continue to deliver the crop to commercial silos in the coming months.
- As set out in the previous notes, 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.

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	22/08/2018*	23/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,26	30,01	-0,83%

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

- After experiencing a good run at the beginning of the week, the South African potatoes market pulled back in yesterday's trade session and settled in negative territory due to the relatively large stock of 919 962 pockets (10kg bag) at the start of the session. The price was down by a percentage point from the previous day, closing R30.01 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 9 percent increase in daily stocks to 1.01 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience extended losses following a recovery in stocks to 1.01 million pockets (10kg bag).

FRUIT (South Africa)	22/08/2018*	23/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,96	6,54	-6,03%
Bananas (R/kg)	5,36	5,19	-3,17%
Oranges (R/kg)	2,60	3,11	+19,62%

*Previous trading day's price survey in South African fresh produce markets

- Yesterday the South African fruit market settled on a mixed footing. The prices of apples and bananas were down by 6 percent and 3 percent from the previous day, settled at R6.54 and R5.19 per kilogram, respectively. These losses were on the back of fairly large stocks of 531 000 tonnes of apples and 684 000 tonnes of bananas.
- Meanwhile, the price of oranges was up by 20 percent from the previous day, closing at R3.11 per kilogram. These gains were on the back of commercial buying interest which led to a 31 percent decline in stocks to 361 000 tonnes.

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	22/08/2018*	23/08/2018*	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

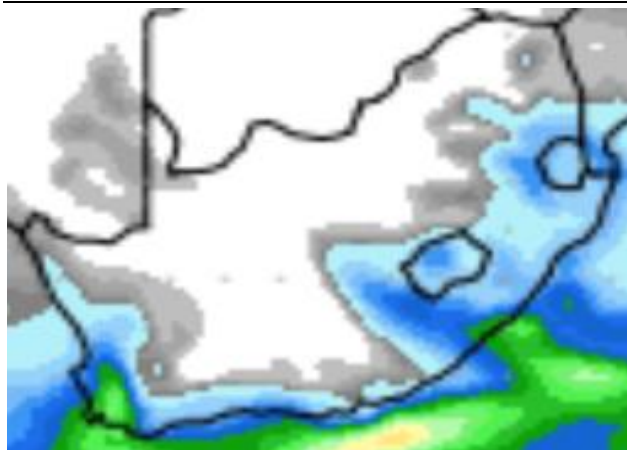
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remains unchanged from the previous day, at R47.50 per kilogram, due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.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

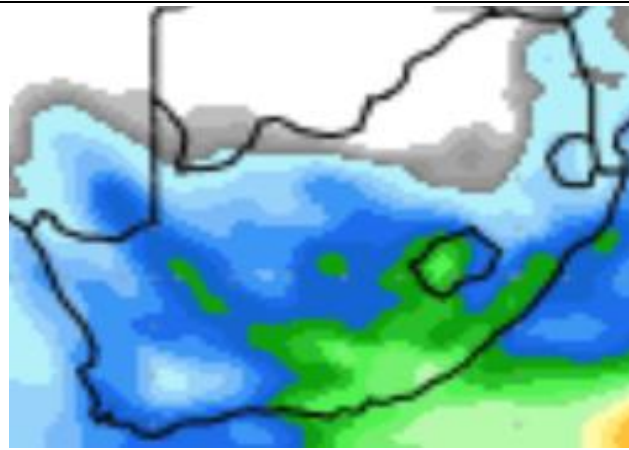
- The weather charts for the next eight days show clear skies over most parts of the Western Cape province with the exception of the coastal areas of Swartland, Helderberg, Winelands and Overberg which could receive light showers of roughly 10 to 20 millimetres (figure 1).
- The forecast for the week of 07 September 2018 shows prospects of widespread light showers over most parts of the country. However, this will have minimal impact on the winter crop growing areas as it is expected to be light, varying between 7 and 20 millimetres (figure 2).

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

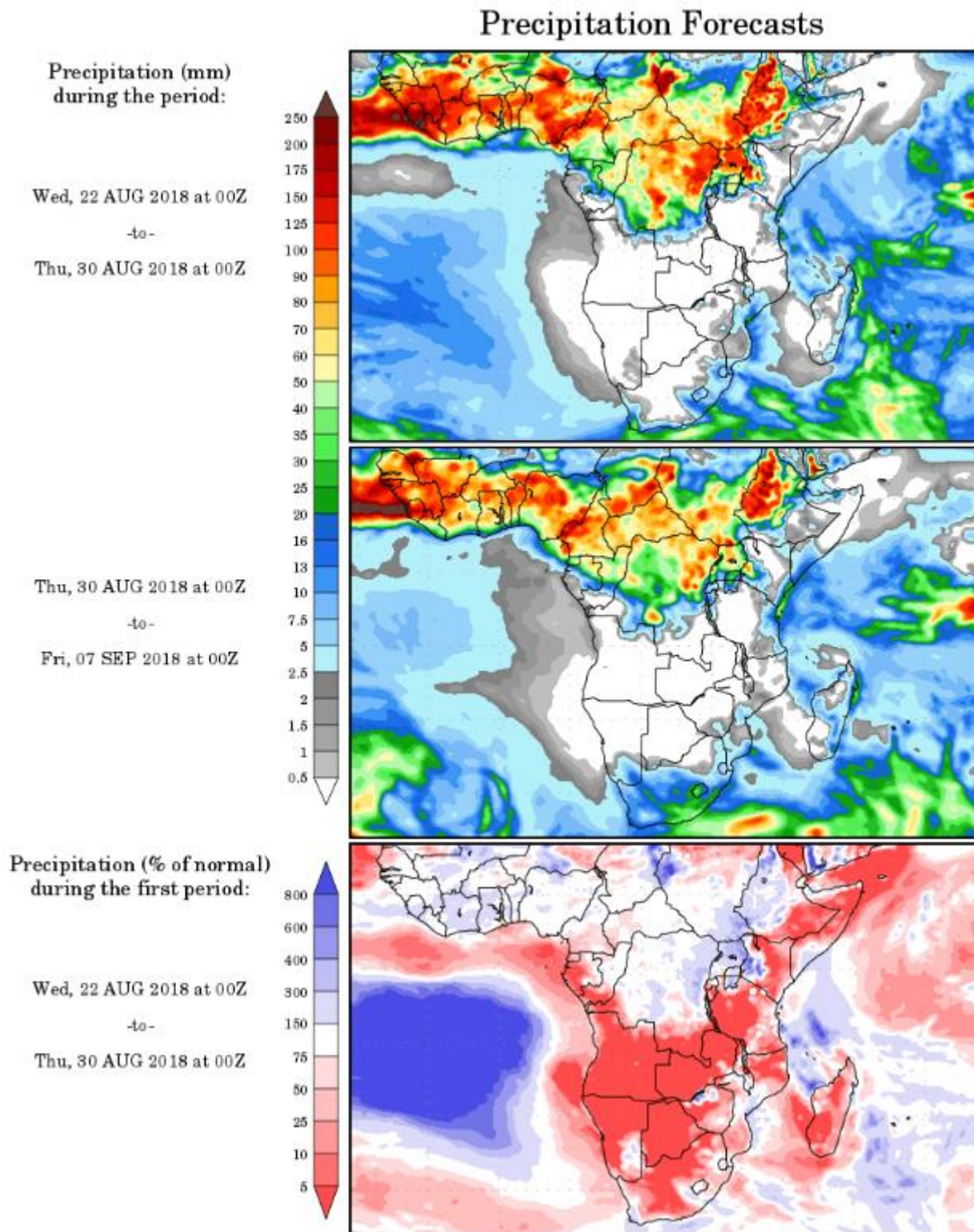
Figure 2: Next 16-days precipitation forecast



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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