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Key Data Releases in Agricultural Markets:

- National Crop Estimates Committee's seventh summer crop production estimates: 28/08/2018
- SAGIS producer deliveries data: 29/08/2018
- SAGIS weekly grain trade data: 30/08/2018
- USDA's crop progress report: 03/09/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 12/09/2018
- SAGIS monthly data: 25/09/2018

ECONOMIC INDICATORS	27/08/2018*	28/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,31	14,22	+0,63%
Rand/Euro	16,61	16,59	+0,12%
Euro/US Dollar	1,1614	1,1672	+0,50%
Gold Spot	1 204,93	1 209,87	+0,41%
Brent Crude Oil	75,52	76,13	+0,81%
Platinum Spot	789,40	807,10	+2,24%
Dow Jones Industrial Average	25 790,35	26 049,64	+1,01%
JSE All Share	59 634,62	59 655,56	+0,04%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	5,10	5,10	0,00%
SA CPI – food (y/y %)	3,00	3,00	0,00%

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

- The ZAR/USD is currently 0.63 percent stronger compared to midday yesterday, trading around R14.22. The rand's appreciation was in line with the US dollar depreciation against major currencies, as well as an uptick in global commodity prices. 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 0.81 percent from levels seen at midday yesterday, trading around US\$76.13 per barrel, due to the expectation of tighter global suppliers. The sanctions on Iran, combined with an expected decline in Venezuela and some African countries' oil production remain the key risk that could disrupt global oil supplies in the near term.



MAIZE/CORN	27/08/2018*	28/08/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 296	2 272	-1,05%
White maize Jul 19 (R/t)	2 509	2 497	-0,48%
Yellow maize spot price (R/t)	2 372	2 358	-0,59%
Yellow maize Jul 19 (R/t)	2 511	2 500	-0,44%
CME corn Sep 18 (US cents/bushel)	345	345	0,00%

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

- The SAFEX maize market saw extended losses in yesterday's trade session as the slight recovery in the rand against the US dollar, lower Chicago maize prices, as well as large domestic maize supplies, continued to add pressure to the market.
- The progress made thus far in the harvest process has boosted domestic maize supplies. The most recent data from SAGIS shows that South Africa's maize stocks were at 8.1 million tonnes in July 2018, which is 46 percent higher from the previous month. The improvement is in both white and yellow maize
- Nevertheless, this is 23 percent lower than the corresponding period last year as the harvest process is behind its normal pace owing to the late start of the season, and also the fact that the 2017/18 harvest is expected to be lower than previous season's record crop. We highlighted this in yesterday's note, but it is worth restating briefly for context, in the week of 17 August 2018, South Africa's maize producer deliveries amounted to 9.9 million tonnes, which equates to 75 percent of the estimated commercial harvest of 13.2 million tonnes. The harvest process could soon be completed due to expected favourable weather conditions over the maize-belt within the next two weeks.
- Today the Crop Estimate Committee will release its seventh production estimate for South Africa's 2017/18 maize production. Reuters analysts' survey shows that the Committee could revise its forecast for commercial maize production down by a percentage point from the current estimate to 13.1 million tonnes. This is somewhat in line with our view following reports of below average yields in some areas in the western parts of the North West province. Worth noting is that such downward revision would not negatively affect South Africa's maize supplies in a significant way. The local maize supplies are in good shape.¹

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 International Grains Council left its estimates for South Africa's 2017/18 and 2018/19 production seasons unchanged from last month, at 13.8 million and 12.3 million tonnes, respectively. This means that South Africa's maize stocks will be good shape in the 2018/19 marketing year which ends in April 2019, with supplies estimated at 16.7 million tonnes, well above the annual consumption of 10.8 million tonnes.



WHEAT	27/08/2018*	28/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 241	4 227	-0,33%
SAFEX Wheat Dec 18 (R/t)	4 392	4 369	-0,52%
CME Wheat spot (US cents/bushel)	506	499	-1,38%

*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, developments in the global environment tend to influence the local market. This was mirrored in yesterday's trade session, where SAFEX wheat prices ended the session in negative territory due to spillover pressure from lower Chicago wheat prices, as well as a relatively stronger rand against the US dollar.
- The weather and trade policy remains topical issues in the South African wheat market. From a weather perspective, this past weekend the Western Cape province received widespread showers which should slightly improve soil moisture and benefit the crop as it starts to pollinate in some areas.
- Although this is a welcome development, it might not lead to widespread improvement in crop conditions across the province. The Swartland and Overberg regions will benefit as the crop was already in good condition. Meanwhile, the southern Cape region might see minimal improvement as part of the crop had already been damaged by drier weather conditions experienced over the past couple of weeks.
- In terms of trade policy, the wheat import tariff rate of R640.54 per tonne that triggered on 10 July 2018 was finally published in a government gazette on 24 August 2018, making it an official rate. Nonetheless, this could be short-lived, the wheat import tariff triggered again on 16 August 2018 to R298.45 per tonne due to an uptick in international wheat prices (No2 HRW) on the back of an expected decline in production. This newly calculated rate will also be effective only after publication in a government gazette, of which the timeframe is unclear.
- These developments are of importance, not only because South Africa is a net importer, but imports are set to reach 1.9 million tonnes, the second highest level on record, in the 2017/18 marketing year, which ends in September 2018. There could be a decline to levels around 1.6 million tonnes in the 2018/19 marketing year due to expectations of an uptick in local production. With that said, this will remain an important subject as imports will roughly constitute half of local wheat consumption.
- Today the Crop Estimate Committee will release its first production estimate for 2018/19 winter wheat. The International Grains Council is quite optimistic, placed its estimate for South Africa's 2018/19 wheat production at 1.8 million tonnes, up by 20 percent higher than the previous season due to improved weather conditions.

Bottom line – Today the local wheat market could also under pressure due to lower Chicago wheat prices, coupled with the stronger ZAR/USD exchange.



SOYBEAN	27/08/2018*	28/08/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 520	4 432	-1,95%
SAFEX Soybean March 2019 (R/t)	4 754	4 659	-2,00%
CME Soybean Spot (US cents/bushel)	827	832	+0,60%

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

- The local soybean market started yesterday's trade session in the negative footing and remained under pressure throughout the day due to the relatively stronger rand against the US and expectations of a large domestic harvest. The lower Chicago soybean prices also added a bearish sentiment to the market.
- While the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the week of 17 August 2018, soybean producer deliveries for 2018/19 marketing year amounted to 1.46 million tonnes, which equates to 94 percent of the expected harvest of 1.55 million tonnes.² The yields in most areas varied between average and above-average, which is in line with market expectations.
- The large deliveries have boosted domestic soybean stocks. The most recent data from SAGIS shows that South Africa's soybean stocks were at 1.32 million tonnes in July 2018, which is 40 percent higher from the corresponding period last year.
- Also worth noting is that soybean consumption (processed for oil and cake) amounted to 80 226 tonnes in July 2018, which is 4 percent lower than last month and 5 percent from the corresponding period last year. With that said, this is still higher than the average monthly soybean usage of 75 000 tonnes.
- If we apply an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 44 percent of its monthly soybean processing capacity in July 2018. This is down by a percentage point from last month and 2 percent from the corresponding period last year. The crushing/processing activity could remain at fairly higher levels this season, as the market will largely rely on domestic supplies, with soybean oilcake imports expected to decline. The 2018/19 soybean supplies are estimated at 1.86 million tonnes, up by 32 percent from the previous season.
- As highlighted in the previous notes, we forecast South Africa's 2018/19 soybean and oilcake imports at 10 000 tonnes and 4558 992 tonnes, down by 64 percent and 17 percent year-on-year, respectively.

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

² The 2018/19 marketing year corresponds with 2017/18 production season.



SUNFLOWER SEED	27/08/2018*	28/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 000	4 932	-1,36%
SAFEX Sunflower seed March 2019 (R/t)	5 059	5 017	-0,83%
EU (France) sunflower seed (US\$/t)	376	376	0,00%

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

- Yesterday the SAFEX sunflower seed market lost ground due to a combination of factors, which include large domestic supplies, commercial selling, as well as the relatively stronger rand against the US dollar.
- This week we have a series of domestic data releases. Yesterday SAGIS released its monthly figures, today the national Crop Estimate Committee will publish its seventh production forecasts for 2017/18 sunflower seed crop, and producer deliveries data are due tomorrow.
- A closer look at SAGIS monthly numbers show that after reaching the highest level in 4-years in June 2018, South Africa's sunflower seed consumption declined by 6 percent month-on-month to 90 761 tonnes in July 2018. This, however, was still 11 percent higher than the corresponding period last year, and generally above the average consumption levels.
- The ending stock was recorded at 584 280 tonnes in July 2018, up by 26 percent from the volume seen the previous month due to large producer deliveries in the past couple of weeks. With that said, this is still 18 percent lower than the corresponding period last year.
- In terms of trade, South Africa imported 139 tonnes of sunflower seed in July. About 67 percent of this originated from Malawi, with 17 percent from Egypt and 16 percent from Argentina. This placed South Africa's sunflower seed imports at 469 tonnes, which equates to 94 percent of seasonal import forecast.
- Last month, the national Crop Estimate Committee placed its production estimate at 792 255 tonnes, down by 9 percent from the previous season partly due to a reduction in area planted. However, earlier this month, as the harvest process approached completion, it became clear that the Committee has underestimated the harvest. In the week of 17 August 2018, about 837 294 tonnes of sunflower seed had already been delivered to commercial silos, which is 6 percent higher than the official production estimate. Therefore, the production forecast could be revised to levels higher than the actual producer deliveries as some areas that harvested later in the season might continue to deliver the crop to commercial silos in the coming months.

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	27/08/2018*	28/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	29,71	29,99	+0,94%

*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, with the price up by a percentage point from the previous day, closing R29.99 per pockets (10kg bag). This was on the back of relatively large stock of stock of 1.14 million pockets (10kg bag) at the start of the session.
- However, during the session, the market experienced a slight decline in deliveries on the back of a slow harvest activity over the weekend. This subsequently led to a 19 percent drop in daily stock to 917 178 pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes price could gain ground due to a relatively lower stock of 917 178 pockets (10kg bag) compared to levels seen in the past couple of days.

FRUIT (South Africa)	27/08/2018*	28/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,46	6,84	+5,88%
Bananas (R/kg)	5,13	5,08	-0,97%
Oranges (R/kg)	3,17	3,27	+3,15%

*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 oranges were up by 6 percent and 3 percent from the previous day, settled at R6.84 and R3.27 per kilogram, respectively. These gains were on the back of relatively lower stocks of 669 000 tonnes of apples and 447 000 tonnes of oranges
- Meanwhile, the price of bananas was down by a percentage point from the previous day, closing at R5.08 per kilogram. This followed a 20 percent increase in stocks to 1.17 million 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	27/08/2018*	28/08/2018*	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

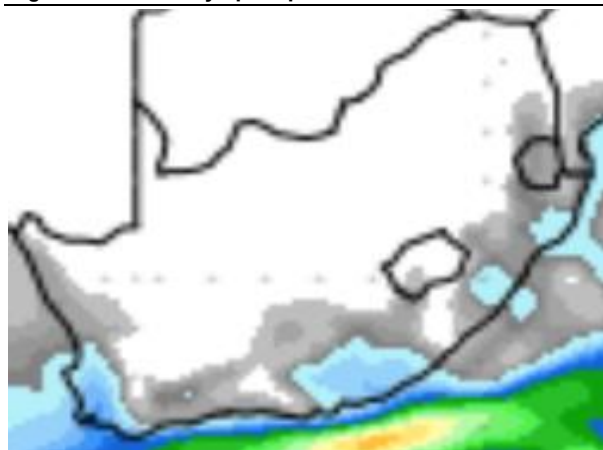
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remains unchanged from the previous day, at R47.50 per kilogram, due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.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

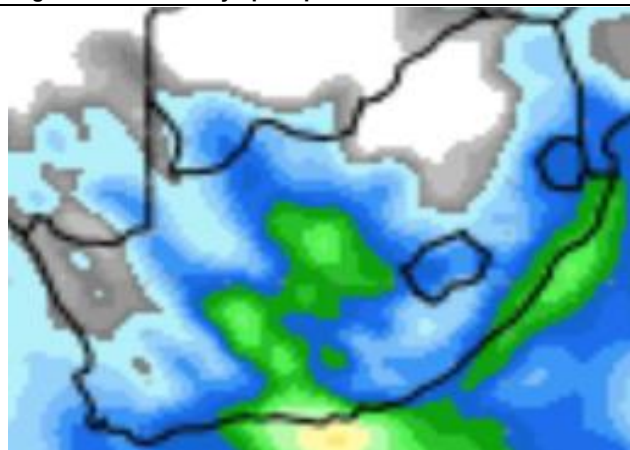
- Following good showers over the weekend in most parts of the Western Cape province, the weather charts show clear skies this morning across the country (figure 1). This is conducive for maize harvest process which is currently at its completion stages.
- However, the forecast for the week of 11 September 2018 shows prospects of widespread light showers over most parts of the country which bodes well for winter crop growing areas (figure 2). This is with the exception of the western parts of Limpopo, Gauteng, North West and western parts of the Northern Cape province.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

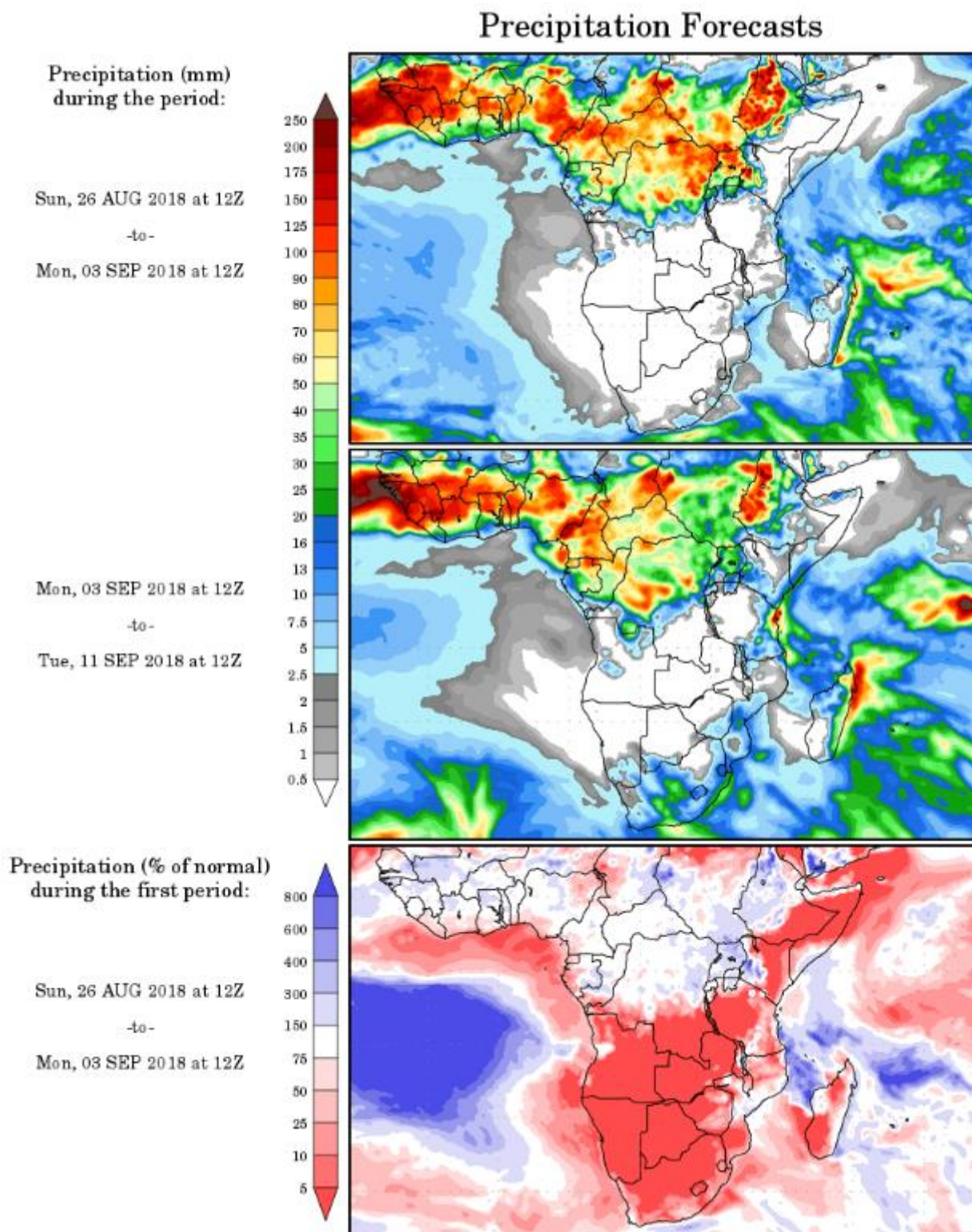
Figure 2: Next 16-days precipitation forecast



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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