

FOR ANY QUERIES, PLEASE CONTACT:

 Wandile Sihlobo: wandile@agbiz.co.za
Key Data Releases in Agricultural Markets:

- 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
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018

ECONOMIC INDICATORS	28/08/2018*	29/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,15	14,22	-0,49%
Rand/Euro	16,57	16,63	-0,36%
Euro/US Dollar	1,1717	1,1694	-0,20%
Gold Spot	1 213,85	1 204,05	-0,81%
Brent Crude Oil	77,03	75,98	-1,36%
Platinum Spot	808,60	793,40	-1,88%
Dow Jones Industrial Average	26 072,26	26 064,02	-0,03%
JSE All Share	59 934,33	60 039,27	+0,18%
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

- After recording gains in the previous sessions, the domestic currency 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 0.49 percent weaker compared to levels seen at midday yesterday, trading around R14.22. From a domestic data front, today's calendar is fairly light with no major releases.
- Following a good run at the start of the week, this morning the Brent crude oil price down by 1.36 percent from levels seen at midday yesterday, trading around US\$75.98 per barrel. This was partially on the back of a slight uptick of 38 000 barrels in US oil inventories for the week of 24 August 2018.



MAIZE/CORN	28/08/2018*	29/08/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 272	2 280	+0,35%
White maize Jul 19 (R/t)	2 497	2 511	+0,56%
Yellow maize spot price (R/t)	2 358	2 355	-0,13%
Yellow maize Jul 19 (R/t)	2 500	2 509	+0,36%
CME corn Sep 18 (US cents/bushel)	345	341	-1,16%

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

- Yesterday the SAFEX maize market settled on a mixed footing. Most contract month prices managed to claw back the recent losses due to strong commercial buying interest. This was with the exception of yellow maize spot price which settled in negative territory.
- Yesterday the Crop Estimate Committee kept its forecast for South Africa's 2017/18 commercial maize production unchanged from last month at 13.2 million tonnes, against market expectations of a percentage point decline to 13.1 million tonnes. The non-commercial maize or smallholder farmers' maize production estimate also remained unchanged at 593 975 tonnes. This placed South Africa's total maize production at 13.8 million tonnes.
- Although this is less than last season's record harvest of 17.6 million tonnes, it is well above the long-term average production of 12.5 million tonnes. Furthermore, the expected harvest, combined with carryover stock from last season boosted South Africa's 2018/19 marketing year maize supplies to 16.7 million tonnes, which is higher than the local demand of 10.8 million tonnes.
- On the fields, the expected cool and drier weather conditions over the western parts of the country within the next eight days bode well with the ongoing harvest process. 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 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. 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 commercial harvest of 13.2 million tonnes. At midday, SAGIS will release an update for the week of 24 August 2018.

Bottom line – Today the domestic maize market could experience a sideways movement if the ZAR/USD exchange and Chicago maize prices maintain the current trends.



WHEAT	28/08/2018*	29/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 227	4 205	-0,52%
SAFEX Wheat Dec 18 (R/t)	4 369	4 344	-0,57%
CME Wheat spot (US cents/bushel)	500	501	+0,20%

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

- Yesterday the domestic wheat market saw extended losses due to spillover pressure from lower Chicago wheat prices. The stronger rand against the US dollar also added pressure to the market.
- We continue to monitor the weather developments across the country as the winter wheat crop is still at the stages of development that requires moisture. The key producing provinces are the Western Cape, Free State, Northern Cape and Limpopo, collectively accounting for 95 percent of the estimated area of 508 350 hectares in the 2018/19 production season.
- The weather charts show prospects of light showers over parts of the Western Cape province within the next eight days, which should slightly improve soil moisture and benefit the crop. This follows good showers over the past weekend, which also improved dam levels. Data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 55 percent in the week of 27 August 2018, up by a percentage point from the previous week and 22 percentage points higher than the same period last year.
- Other winter wheat producing provinces could experience cool and drier weather condition over the observed period. But, this is not much of a concern as soil moisture has generally improved following good rainfall in the past couple of months. Moreover, the irrigation areas of the Free State, Northern Cape and Limpopo will benefit from higher dam levels on the back of good summer rainfall.¹
- Overall, South Africa's wheat production could increase by 18% y/y to 1.8 million tonnes in 2018/19 production season. This is on the back of an expansion in area planted and improvement in yield prospects, particularly in the Western Cape province. This is also in line with the International Grains Council estimate for this season. This improvement, however, was not widespread across the country. Most provinces registered an uptick with the exception of the Northern Cape, KwaZulu Natal, Mpumalanga and Limpopo provinces. Most importantly, this is still the first estimate for the season, the National Crop Estimates Committee will provide further updates over the coming months. This means the import requirements in the 2018/19 season could soften to levels around 1.6 million tonnes, from the estimated level of 1.9 million tonnes in the 2017/18 season.

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

¹ The dam levels in these provinces were estimated at levels over 70% full in the week of 27 August 2018.



SOYBEAN	28/08/2018*	29/08/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 432	4 376	-1,26%
SAFEX Soybean March 2019 (R/t)	4 659	4 630	-0,62%
CME Soybean Spot (US cents/bushel)	827	823	-0,48%

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

- The SAFEX soybean market remained under pressure in yesterday's trade session in line with price movements in the Chicago soybean market. The improvement in the performance of the domestic currency against the US dollar, as well as large domestic supplies also added bearish pressure to the market.
- As set out in our previous note, the Crop Estimate Committee left its forecast for South Africa's 2017/18 soybean production forecast unchanged from last month at 1.55 million tonnes. This is 18 percent higher than the previous season due to an expansion in area planted, as well as fairly higher yields.
- The Committee's decision is usurping as the harvest process ended with reports of average and above average yields in a number of areas. On 17 August 2018, about 94 percent of the expected crop had already been delivered to commercial silos. The rest will probably be delivered in the coming weeks. At midday, SAGIS will release a producer deliveries update for the week of 24 August 2018.
- This production data reinforced the view that South Africa's soybean supplies will be in good shape in the 2018/19 marketing year. The national Supply and Demand Estimates Committee forecasts the country's soybean supplies at 1.86 million tonnes, up by 32 percent from the 2017/18 marketing year. ²This includes the expected production and imports, as well as opening stock.
- Furthermore, this implies that the soybean processors will largely rely on local supplies, hence we expect a decline on imports. South Africa's soybean and oilcake imports could drop by 27 percent and 17 percent year-on-year in the 2018/19 marketing year to 20 000 tonnes and 458 992 tonnes, respectively.
- Beyond our borders, the focus is on the 2018/19 production season, which will only commence in October on the local front. The International Grains Council forecasts 2018/19 global soybean production at 366 million tonnes, up by 8 percent from the previous season. The subsequently led to a 21 percent annual expected uptick in the ending stocks to 51 million tonnes.

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 the 2017/18 production season.



SUNFLOWER SEED	28/08/2018*	29/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 932	4 874	-1,18%
SAFEX Sunflower seed March 2019 (R/t)	5 017	4 964	-1,06%
EU (France) sunflower seed (US\$/t)	376	380	+1,06%

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

- The SAFEX sunflower seed market has been under pressure since the start of the week owing to the recovery in the domestic currency against the US dollar, commercial selling and expected a large domestic harvest.
- Yesterday the national Crop Estimates Committee lifted its forecasts for 2017/18 sunflower seed production by 8 percent from last month to 858 605 tonnes. This was underpinned by higher than initially expected yields in the late-planted areas of the Free State and North West provinces. These provinces collectively account for 95 percent share of the expected harvest. Worth noting is that the average national yield this season is estimated at 1.43 tonnes per hectare, which is highest in 10-years.
- We believe that this upward revision will have minimal impact on the market as it was in line with expectations, following large producer deliveries in the past couple of weeks. In the week of 17 August 2018, about 98 percent of the estimated harvest had already been delivered to commercial silos. At midday, SAGIS will provide an update for the week of 24 August 2018.
- The expected large harvest has boosted the country's sunflower seed supplies. The most recent data from SAGIS shows that South Africa's sunflower seed ending stock amounted to 584 280 tonnes in July 2018, up by 26 percent from the volume seen the previous month. With that said, this is still 18 percent lower than the corresponding period last year. This is partially due to the fact that the estimated harvest is still 2 percent lower than the 2016/17 production season and the fact that a notable share of the harvest occurred earlier this month. Therefore, the stocks for August 2018 could potentially show an uptick. An update on this will be released on 25 September 2018.
- Furthermore, the improvement in production prospects implies that South Africa's sunflower seed imports could decline in the coming month as processors will potentially rely on local supplies. This, however, will not make a meaningful impact in the market. South Africa has already imported 469 tonnes of sunflower seed in the 2018/19 marketing year, which equates to 94 percent of the seasonal expectations.³

Bottom line – Today, the domestic sunflower seed market could gain ground due to the relatively weaker rand against the US dollar.

³ The 2018/19 marketing year corresponds with 2016/17 production season.



POTATO	28/08/2018*	29/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	29,99	31,13	+3,80%

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

- The South African potatoes market had a good run in yesterday's trade session with the price up by 4 percent from the previous day, closing R31.13 per pockets (10kg bag). This was on the back of relatively lower stock of stock of 917 178 pockets (10kg bag) at the start of the session.
- However, towards the end of the session, the stocks recovered, following an uptick in producer deliveries due to ongoing harvest activity in most parts of the country. This subsequently led to a 4 percent increase in daily stock to 955 024 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 955 024 pockets (10kg bag) compared to levels seen in the past couple of days.

FRUIT (South Africa)	28/08/2018*	29/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,84	6,86	+0,29%
Bananas (R/kg)	5,08	5,11	+0,59%
Oranges (R/kg)	3,27	3,21	-1,83%

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

- Yesterday the South African fruit market settled again on a mixed footing. The prices of apples and bananas were up by 0.3 percent and a percentage point from the previous day, settled at R6.86 and R5.11 per kilogram, respectively. This followed a percentage point and a 3 percent decline in apples and bananas stocks to 659 000 tonnes and 1.1 million tonnes, respectively.
- Meanwhile, the price of oranges declined by 2 percent from the previous day, closing at R3.21 per kilogram. This was on the back of 33 percent increase in stocks to 594 000 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	28/08/2018*	29/08/2018*	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

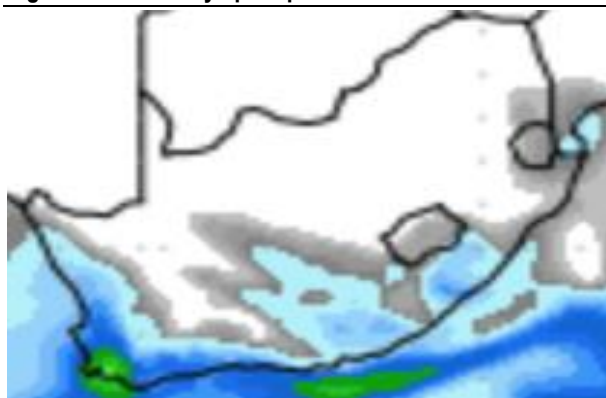
- The SAFEX beef carcass price has not moved in months due to thinly traded volumes. Yesterday's session was no different, the price was flat from the previous day, at R47.50 per kilogram. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show 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 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

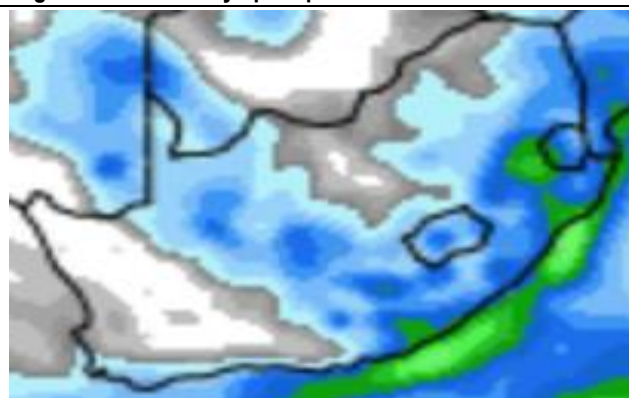
- The Swartland, Helderberg, Winelands and Overberg regions of the Western Cape province could receive light showers of roughly 13 to 20 millimetres within the next eight days (figure 1). This bodes well for winter crops that are at initial stages of pollination which requires moisture.
- The weather forecasts for the week of 12 September 2018 shows prospects of widespread light showers over most parts of the country which is a good development ahead of the summer crop planting period that commences in October (figure 2). Meanwhile, the Western Cape province could experience cool and drier weather conditions over the observed period.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

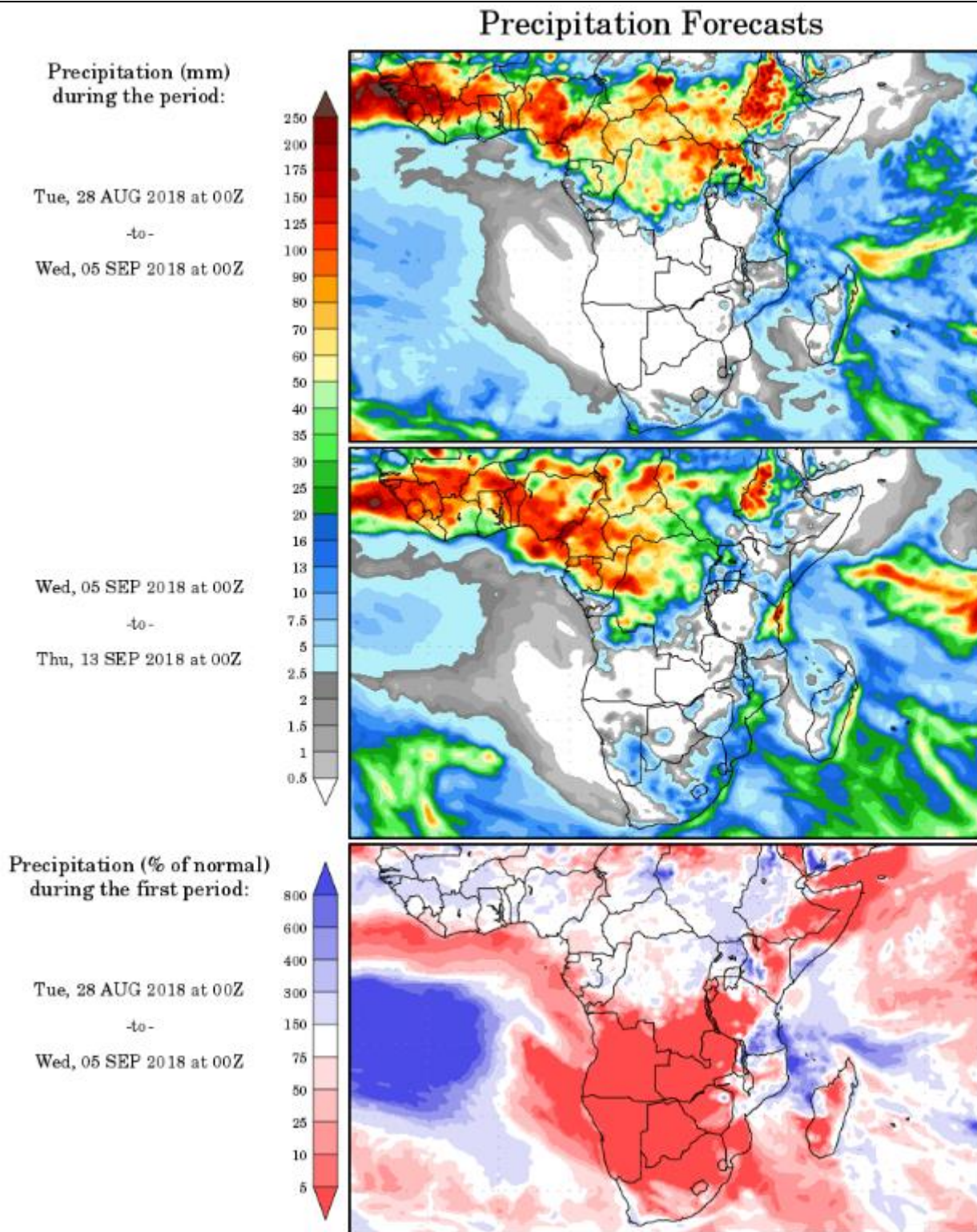
Figure 2: Next 16-days precipitation forecast



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](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.