

FOR ANY QUERIES, PLEASE CONTACT:

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

- SAGIS weekly grain trade data: 30/08/2018
- USDA's crop progress report: 03/09/2018
- SAGIS producer deliveries data: 05/09/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 12/09/2018
- SAGIS monthly data: 25/09/2018

ECONOMIC INDICATORS	29/08/2018*	30/08/2018*	d-o-d (%Δ)
Rand/US Dollar	14,37	14,41	-0,28%
Rand/Euro	16,77	16,85	-0,47%
Euro/US Dollar	1,1703	1,1697	-0,05%
Gold Spot	1 204,02	1 203,91	-0,01%
Brent Crude Oil	76,40	77,34	+1,23%
Platinum Spot	791,20	793,90	+0,34%
Dow Jones Industrial Average	26 147,27	26 124,57	-0,09%
JSE All Share	59 784,21	60 165,51	+0,64%
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 domestic currency lost ground this morning, weakening by 0.28 percent against the US dollar from levels seen at midday yesterday, traded around R14.41. This was partly due to relatively lower global commodity prices, as well as the US dollar appreciation against major currencies. From a domestic data, Stats SA will release the Producer Price Index data for July 2018
- This morning the Brent crude oil price was up by 1.23 percent from levels seen at midday yesterday, traded around US\$77.34 per barrel. This was mainly on the back of a decline in US oil inventories and expected supply disruptions in Venezuela. The most recent data from the Energy Information Administration shows that US crude oil inventories declined by 2.6 million barrels in the week of 24 August 2018, worse than expected.



MAIZE/CORN	29/08/2018*	30/08/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 280	2 273	-0,31%
White maize Jul 19 (R/t)	2 511	2 498	-0,52%
Yellow maize spot price (R/t)	2 355	2 339	-0,68%
Yellow maize Jul 19 (R/t)	2 509	2 500	-0,36%
CME corn Sep 18 (US cents/bushel)	342	343	+0,29%

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

- The South African maize market lost ground in yesterday's trade session owing to large domestic supplies, as well as increased commercial selling. The spillover from lower Chicago maize prices also added a bearish sentiment to the local market.
- The cool and drier weather conditions over most parts of South Africa have provided support to the harvest process over 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 soon be completed.
- In the week of 24 August 2018, maize producer deliveries amounted to 390 905 tonnes, down by 30 percent from the previous week, as the harvest process slows towards completion. About 72 percent of this was white maize, with 28 percent being yellow maize.
- This placed South Africa's 2018/19 maize marketing year producer deliveries at 10.3 million tonnes, which equates to 78 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 due to favourable weather conditions, 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 57 141 tonnes of maize in the week of 17 August 2018, up by 61 percent from levels seen in the previous week. About 91 percent was yellow maize, with 9 percent being white maize. The leading buyer was Vietnam with a share of 83 percent and the rest went to regional markets. This placed South Africa's 2018/19 maize exports at 1.1 million tonnes, which is about 44 percent of the seasonal export forecast.

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

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



WHEAT	29/08/2018*	30/08/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 205	4 231	+0,62%
SAFEX Wheat Dec 18 (R/t)	4 344	4 379	+0,81%
CME Wheat spot (US cents/bushel)	513	523	+1,95%

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

- After experiencing losses at the beginning of the week, the SAFEX wheat market recovered in yesterday's trade session and settled on a positive footing. This was partially driven by the weaker domestic currency against the US dollar, as well as spillover support from higher Chicago wheat prices.
- There is generally a bullish sentiment in the global wheat market which emanates from expectations of a lower harvest. As set out at the beginning of this week, the International Grains Council placed its 2018/19 global wheat production estimate at 716 million tonnes, down by 6 percent from the previous season. This is underpinned by expectations of lower harvest in the EU, Australia, Canada and Turkey. Within the EU region, the notable losses are in Germany, Denmark, the UK and Poland. Moreover, this could subsequently lead to a 7 percent year-on-year decline in 2018/19 global wheat stocks to 248 million tonnes.
- On the domestic front, we continue to monitor the weather developments in the winter wheat growing areas of the country. The next eight days could bring good showers over most parts of the Western Cape province, which should slightly improve soil moisture and subsequently benefit the crop. This province accounts for 47 percent share in the expected harvest of 1.8 million tonnes this season.
- The expected showers will not only improve crop conditions but also dam levels. The most recent 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.
- There weather forecasts for other major winter wheat producing provinces remain unchanged from what we reported yesterday, which is cool and drier conditions over the observed period. This, however, is not much of a concern as soil moisture has generally improved following good rainfall in the past couple of months.
- The irrigation areas, particularly in Free State, Northern Cape and Limpopo will benefit from improved dam levels, which were at over 70 percent full at the beginning of this week.²

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

² In the week of 21 August, Northern Cape dam levels averaged 89%, Free State averaged 92%, with Limpopo averaging 70%.



SOYBEAN	29/08/2018*	30/08/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 376	4 344	-0,73%
SAFEX Soybean March 2019 (R/t)	4 630	4 596	-0,73%
CME Soybean Spot (US cents/bushel)	841	830	-1,31%

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

- Yesterday the SAFEX soybean market saw extended losses owing to bearish pressure emanating from lower Chicago soybean prices, commercial selling, as well as expected large domestic supplies.
- The losses in Chicago soybean prices were mainly on the back on an expected large global harvest and uncertainty about the outlook for demand. As highlighted in our previous notes, the International Grain 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.
- The uncertainty about the outlook for demand stems from the US-China trade dispute, as well as the growing concerns that the spreading African swine flu in parts of China could negatively affect the pig industry and by extension soybean demand.³
- Back on home soil, although the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the week of 24 August 2018, about 3 683 tonnes of soybeans were delivered, up by 62 percent from the previous week.
- This placed South Africa's 2018/19 marketing year soybean producer deliveries at 1.47 million tonnes, which equates to 95 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.
- To reiterate a point made yesterday, the large deliveries will improve South Africa's soybean supplies and also lead to a decline in imports. 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.⁴This includes the expected production and imports, as well as opening stock.

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.

³ Although these issues are a concern, coupled with reports that China is exploring new protein sources for its animal feed industry, the country will remain a key buyer of soybeans with a share of more than two-thirds of global imports.

⁴ The 2018/19 marketing year corresponds with the 2017/18 production season.



SUNFLOWER SEED	29/08/2018*	30/08/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	4 874	4 884	+0,21%
SAFEX Sunflower seed March 2019 (R/t)	4 964	4 999	+0,71%
EU (France) sunflower seed (US\$/t)	380	381	+0,26%

*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. This was partly driven by the weaker rand against the US dollar, as well as increased commercial buying interest.
- It is amazing to observe what rainfall at a right time could do to a crop. This is evident in the 2017/18 sunflower seed harvest which has recently been revised up by 858 605 tonnes. This 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. The initial estimate from the Crop Estimates Committee painted a dim picture of the lower harvest of 731 505 tonnes. The prospects improved after good rainfall in February 2018, which saw the Committee lifting its production estimates over the past few months to a now estimated 858 6005 tonnes, as previously noted.
- A large share of this crop has already been delivered to commercial silos. The most recent data from SAGIS shows that in the week of 24 August 2018, sunflower seed producer deliveries were at 837 301 tonnes, which equates to 98 percent of the estimated harvest.
- The recent upward revision of the production estimate has boosted South Africa's 2018/19 marketing year sunflower seed supplies, which are now estimated at 955 596 tonnes.⁵ This coincides with the expected decline in domestic sunflower seed consumption to 845 000 tonnes from 885 039 tonnes in the 2017/18 marketing year owing to increasing imports of substitute oils.
- Overall, 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. It is worth noting, however, that this 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.

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

⁵ The 2018/19 marketing year corresponds with 2017/18 production season.



POTATO	29/08/2018*	30/08/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,13	30,38	-2,41%

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

- Following 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 (see Table above). This was due to the relatively large stock of 955 024 pockets (10kg bag) at the start of the session.
- 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 1.04 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience extended losses due to a fairly large stock of 1.04 million pockets (10kg bag).

FRUIT (South Africa)	29/08/2018*	30/08/2018*	d-o-d (%Δ)
Apples (R/kg)	6,86	6,87	+0,15%
Bananas (R/kg)	5,11	4,99	-2,35%
Oranges (R/kg)	3,21	3,22	+0,31%

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

- Yesterday the prices of apples and oranges were up by 0.2 percent and 0.3 percent from the previous day, settled at R6.87 and R3.22 per kilogram, respectively. This followed a 2 percent and 13 percent decline in apples and oranges daily stocks to 647 000 tonnes and 518 00 tonnes, respectively.
- Meanwhile, the price of bananas declined by 2 percent from the previous day, closing at R4.99 per kilogram. These losses were mainly on the back of ongoing producer deliveries, which subsequently led to a large stock of 934 000 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	29/08/2018*	30/08/2018*	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

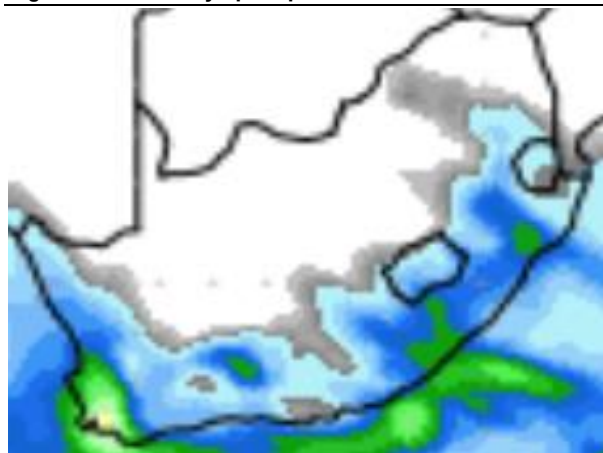
- The SAFEX beef carcass price has not moved in months due to thinly traded volumes. Yesterday's session was no different, the price was flat from the previous day, at R47.50 per kilogram. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show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

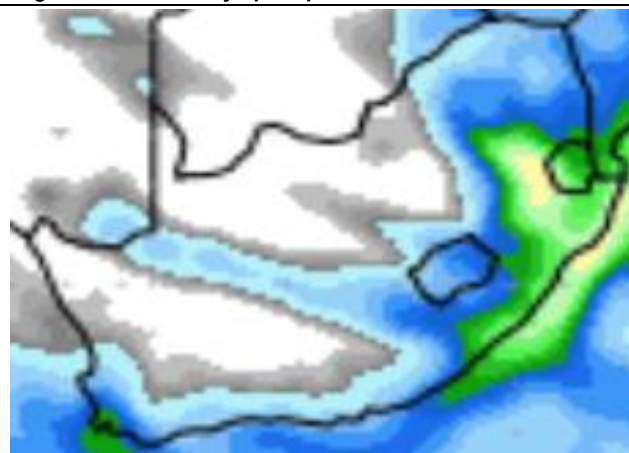
- There are some positive improvements on the weather front. Most parts of the Western Cape, Eastern Cape and KwaZulu Natal provinces could receive rainfall of roughly 16 to 30 millimetres within the next eight days (figure 1). This bodes well for winter crops which are still at stages of development that requires moisture.
- The week of 13 September 2018 could bring showers in areas around Limpopo, Mpumalanga, Gauteng and KwaZulu Natal provinces, while the rest of the country might experience cool and drier conditions (figure 2). The expected showers will benefit the winter wheat areas within these respective provinces.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

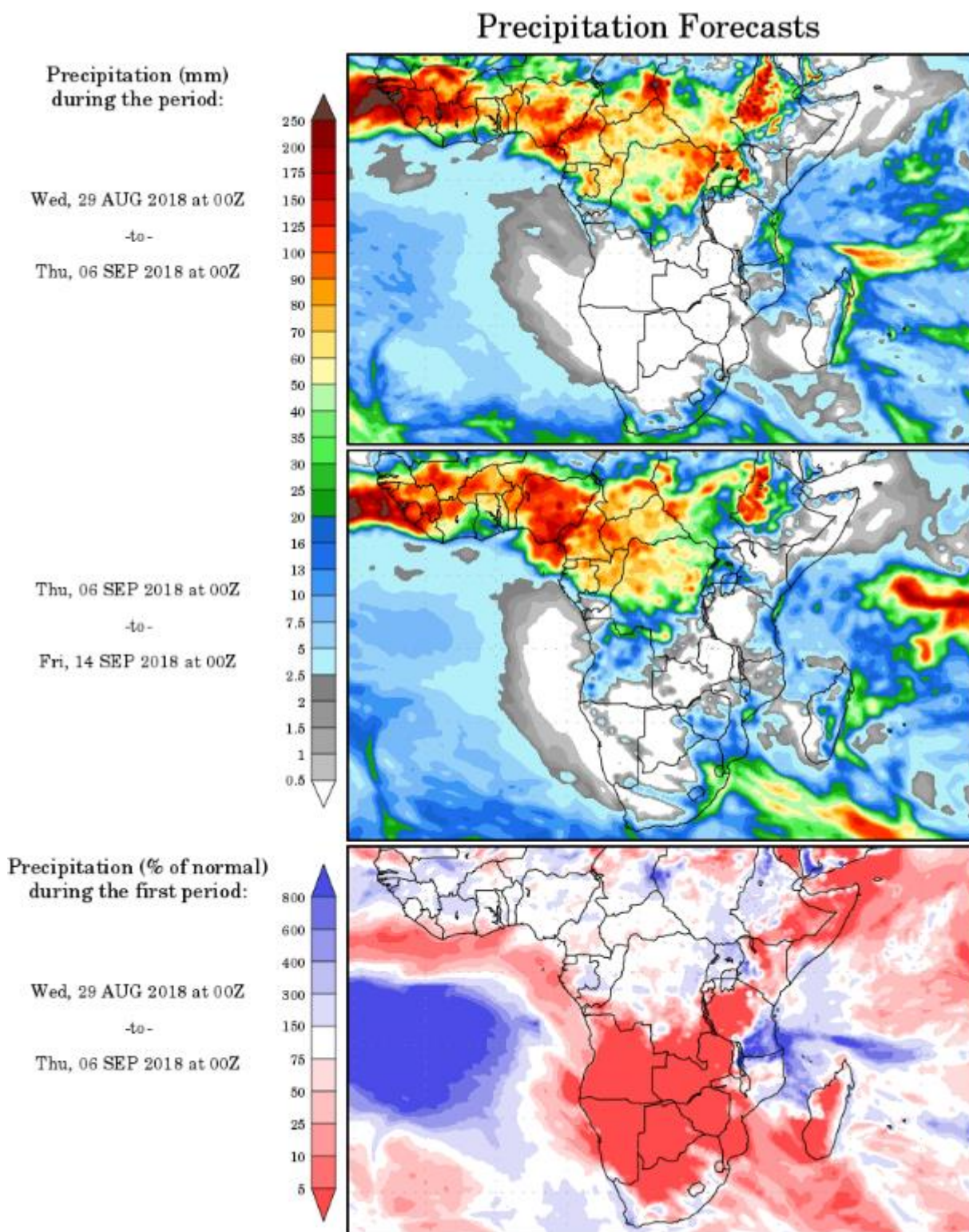
Figure 2: Next 16-days precipitation forecast



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.