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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 03/09/2018
- SAGIS producer deliveries data: 05/09/2018
- SAGIS weekly grain trade data: 06/09/2018
- 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	31/08/2018*	03/09/2018*	d-o-d (%Δ)
Rand/US Dollar	14,72	14,75	-0,20%
Rand/Euro	17,18	17,09	+0,53%
Euro/US Dollar	1,1598	1,1607	+0,08%
Gold Spot	1 200,60	1 199,45	-0,10%
Brent Crude Oil	77,77	77,17	-0,77%
Platinum Spot	792,00	786,20	-0,73%
Dow Jones Industrial Average	25 964,82	25 964,82	0,00%
JSE All Share	58 683,94	58 668,48	-0,03%
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*

- This morning the rand was almost flat from levels seen at midday Friday, trading around R14.75 to the US dollar. The rand's marginal losses were partly in line with the decline in global commodity prices. From a domestic data front, the Bureau for Economic Research will release the manufacturing PMI data for August 2018.
- The Brent crude oil market was under pressure this morning with the price down by 0.77 percent from levels seen at midday Friday, trading around US\$77.17 per barrel. These losses followed reports of a 220 000 barrels increase in OPEC's oil output in the period between July and August 2018. Moreover, the expected uptick in US oil production also added a pressure to the market.



MAIZE/CORN	31/08/2018*	03/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 311	2 316	+0,22%
White maize Jul 19 (R/t)	2 535	2 540	+0,20%
Yellow maize spot price (R/t)	2 370	2 364	-0,25%
Yellow maize Jul 19 (R/t)	2 535	2 532	-0,12%
CME corn Sep 18 (US cents/bushel)	352	351	-0,28%

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

- On Friday, the SAFEX maize market settled on a mixed footing. White maize prices were marginally up from the previous day, thanks to the weaker rand against the US Dollar. Meanwhile, yellow maize prices remained under pressure owing to large domestic supplies, coupled with spillover from lower Chicago maize prices.
- Although the South African maize market is well supplied¹, prices have improved significantly from levels seen last year. This is evident from white and yellow maize spot prices which settled on R2 316 per tonne and R2 364 per tonne on 31 August 2018, up by 29 percent and 24 percent from the same period last year, respectively. Nonetheless, the prices are still trading along the export parity levels, which implies that South African maize prices are still competitive in the world market.
- Aside from these price movements, the focus in the local market is increasingly shifting towards the 2018/19 production season which is set to commence next month. At the moment there is uncertainty regarding the weather prospects. On Friday, the South African Weather Service indicated there is a probability of El Niño occurrence in the early stages of the 2018/19 production season. The typical effects of this weather phenomenon are drier and warmer conditions for the summer rainfall areas.
- The agency also noted that "at this stage, the impact of the expected El Niño is unclear, however, early indications are that it will at least influence the late spring, a period between October and December 2018." This could lead to planting delays and lower yields in both white and yellow maize areas, as the optimal planting window typically runs between October and December each year. We will keep a close eye on the developments over the coming months in order to ascertain the impact of this on next season's crop production.

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

¹ Although South Africa's expected maize harvest of 13.8 million tonnes 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.



WHEAT	31/08/2018*	03/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 271	4 295	+0,56%
SAFEX Wheat Dec 18 (R/t)	4 418	4 448	+0,68%
CME Wheat spot (US cents/bushel)	519	518	-0,19%

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

- The SAFEX wheat market started Friday's trade session on a positive footing and maintained the gains throughout the session. This was partially on the back of the weaker domestic currency against the US dollar, coupled with increased commercial buying interest.
- The Western Cape is the only province with a large share of dryland wheat and therefore prone to weather risks. Fortunately, the weather conditions have been quite favourable this year, with a fair amount of rainfall over most parts of the province. The only winter wheat growing area that did not receive an adequate amount of rainfall is the southern Cape, hence there have been reports of crop damages.
- Looking ahead, the next eight days could bring heavy rainfall of between 20 and 70 millimetres over the Western Cape province. This is a welcome development as the crop is at the pollination stage of development that requires moisture. Nonetheless, the areas that had already experienced crop damage in the southern Cape regions might not be able to recover at this stage.
- The expected rainfall will not only improve soil moisture and benefit crops but also improve 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.
- Furthermore, the forecast rainfall is not only limited to the Western Cape but also other winter wheat producing provinces, with the exception of Limpopo which could experience cool and drier weather conditions over the observed period. This is not much of concerns as the irrigation areas of the province could benefit from higher dam levels (see Figure 1).
- The favourable weather outlook supports the Crop Estimate Committee's view of an 18 percent annual recovery in wheat production to 1.8 million tonnes. Most importantly, as a result of an uptick in domestic production, wheat imports could decline by 33 percent from the 2017/18 season to 1.4 million tonnes. This is according to data from the national Supply and Demand Estimate Committee.

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



SOYBEAN	31/08/2018*	03/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 375	4 397	+0,50%
SAFEX Soybean March 2019 (R/t)	4 629	4 647	+0,39%
CME Soybean Spot (US cents/bushel)	833	833	0,00%

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

- On Friday, the domestic soybean market managed to claw back its recent losses and settled in positive territory, thanks to the weaker rand against the US dollar and increased commercial buying interest.
- There is generally some bearish sentiment in the local soybean market which emanates from expected large supplies. Although the soybean spot price has slightly recovered from levels seen the previous weeks, closing at R4 397 tonnes per hectare on 31 August 2018, this is still 4 percent lower than the same period last year.
- In its monthly update, the national Supply and Demand Estimates Committee kept the country's soybean supplies unchanged from last month, 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.
- These expected large supplies have mainly been boosted by the record soybean production of 1.55 million tonnes. In the week of 24 August 2018, about 95 percent of the expected harvest had already been delivered to commercial silos. On Wednesday, SAGIS will release an update for the week of 31 August 2018.
- Beyond our borders, the favourable weather conditions in the US have slightly improved the soybean crop conditions. In the week of 26 August 2018, about 66 percent of the US soybean crop was rated good/excellent, up by a percentage point from the previous week and 5 percentage points from the corresponding period last year. In the evening, the USDA will release an update, which is likely to show further improvements as weather condition have generally been favourable last week.
- The International Grains Council forecasts a 4 percent annual uptick in US soybean production to 125 million tonnes. This expected recovery in US harvest, combined with anticipated large harvest in Brazil, Argentina, China, India, Russia and Ukraine have boosted 2018/19 global soybean production prospects by 8 percent from the previous season to 366 million tonnes. Going forward, the weather will be a key factor to monitor, particularly in the Southern Hemisphere countries, where planting is still at initial stages.

Bottom line – Today the SAFEX soybean prices could gain ground due to the weaker rand against the US dollar, as well as slightly higher Chicago soybean prices.

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



SUNFLOWER SEED	31/08/2018*	03/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 039	5 052	+0,26%
SAFEX Sunflower seed March 2019 (R/t)	5 132	5 141	+0,18%
EU (France) sunflower seed (US\$/t)	383	382	-0,26%

*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 sunflower seed market had a good run in Friday's trade session and settled in positive territory. The gains were mainly on the back of commercial buying interest and the weaker domestic currency against the US dollar.
- Aside from the price movements, South Africa's sunflower seed supplies are in good shape, thanks to recent improvement in production forecast. The most recent data from the national Supply and Demand Estimates Committee shows that 2018/19 sunflower seed supplies could amount to 1.02 million tonnes, well above July 2018 expectations.³ This, however, is 3 percent lower than the 2017/18 marketing year supplies. The supplies figure combined expected production and imports, as well as carryover stock from the previous season.
- The Committee forecasts 2018/19 sunflower seed imports at 500 tonnes, which is 10 percent lower than the previous season. This decline in imports is due to large domestic supplies which, aside from expected large harvest, are supported by large stocks from the 2017/18 marketing year. In July, South Africa had already imported 469 tonnes of sunflower seed in the 2018/19 marketing year, which equates to 94 percent of the seasonal expectations.
- From a consumption perspective, the demand from sunflower seed processors could remain solid in the 2018/19 marketing year. The total demand is estimated at 913 600 tonnes, up by 2 percent from the 2017/18 marketing year. About 99 percent of this could be utilised in oil and meal processing.
- Overall, the data calendar for this week is light with only producer deliveries data due for release on Wednesday afternoon. 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.
- Elsewhere, on Friday the EU's sunflower seed price was down by 0.26 percent from the previous day, closing at US\$382 per tonne. These losses were partly on the back of lower vegetable oil and Brent crude oil prices.

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

³ The 2018/19 marketing year corresponds with 2017/18 production season.



POTATO	31/08/2018*	03/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,59	30,74	+0,49%

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

- The South African potatoes market posted gains during Friday's trade session, with the price up by 0.5 percent from the previous day, closing R30.74 per pockets (10kg bag). This was mainly on the back of increased commercial buying interest.
- 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 4 percent increase in daily stocks to 1.16 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience losses due to a large stock of 1.16 million pockets (10kg bag) compared to levels seen the previous day.

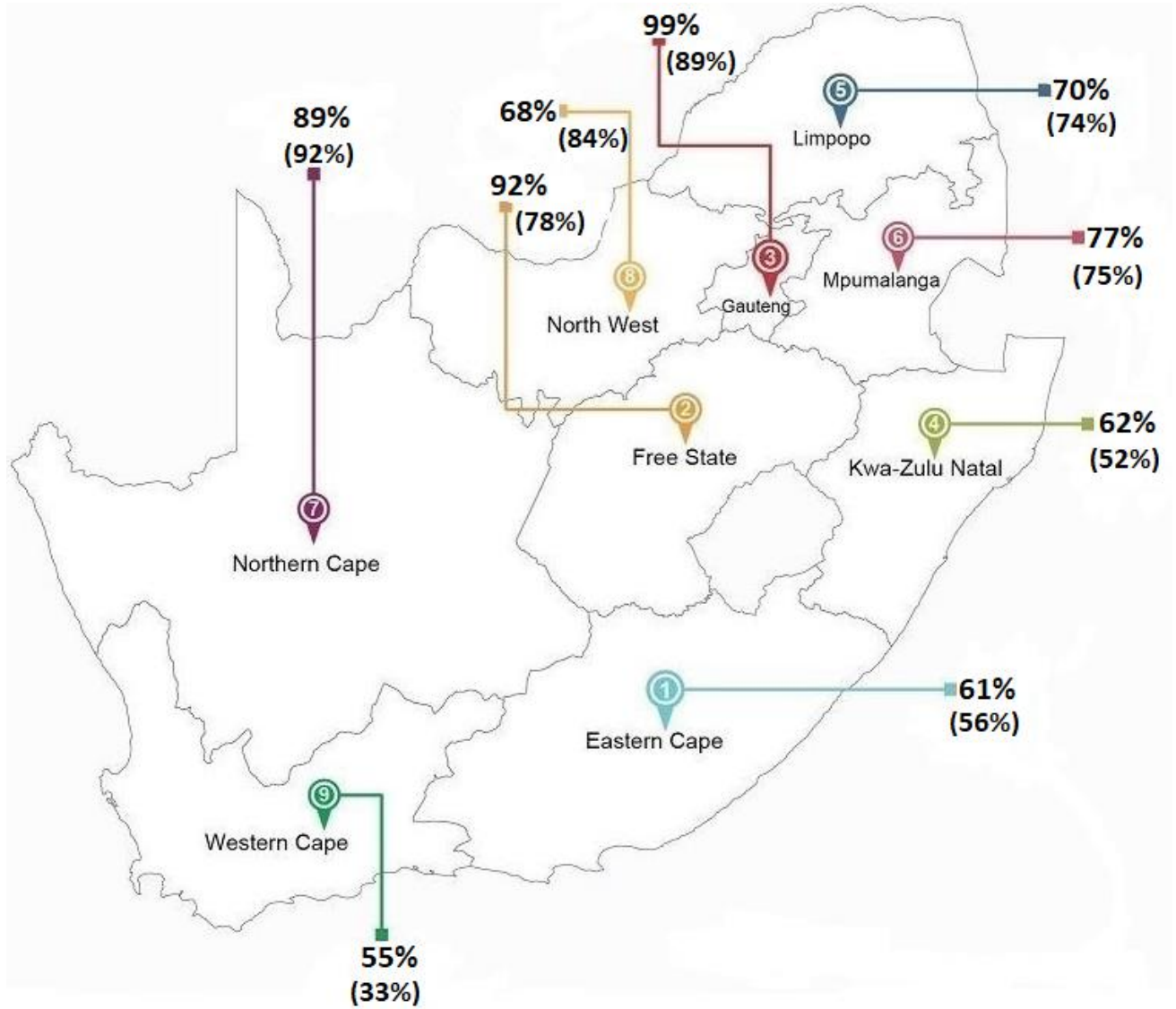
FRUIT (South Africa)	31/08/2018*	03/09/2018*	d-o-d (%Δ)
Apples (R/kg)	6,87	7,15	+4,08%
Bananas (R/kg)	4,99	5,26	+5,41%
Oranges (R/kg)	3,22	3,26	+1,24%

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

- The South Africa fruit market had a good run on Friday's trade session due to strong commercial buying interest. The prices of apples and bananas were up by 4 percent and 5 percent from the previous day, closing at R7.15 and R5.26 per kilogram, respectively. These gains followed an 8 percent and a percentage point respective declines in stocks to 595 000 tonnes of apples and 929 00 tonnes of bananas.
- The price of oranges was up by a percentage point from the previous day, closing at R3.26 per kilogram. This was on the back of a 25 percent decline in stocks to 390 000 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.

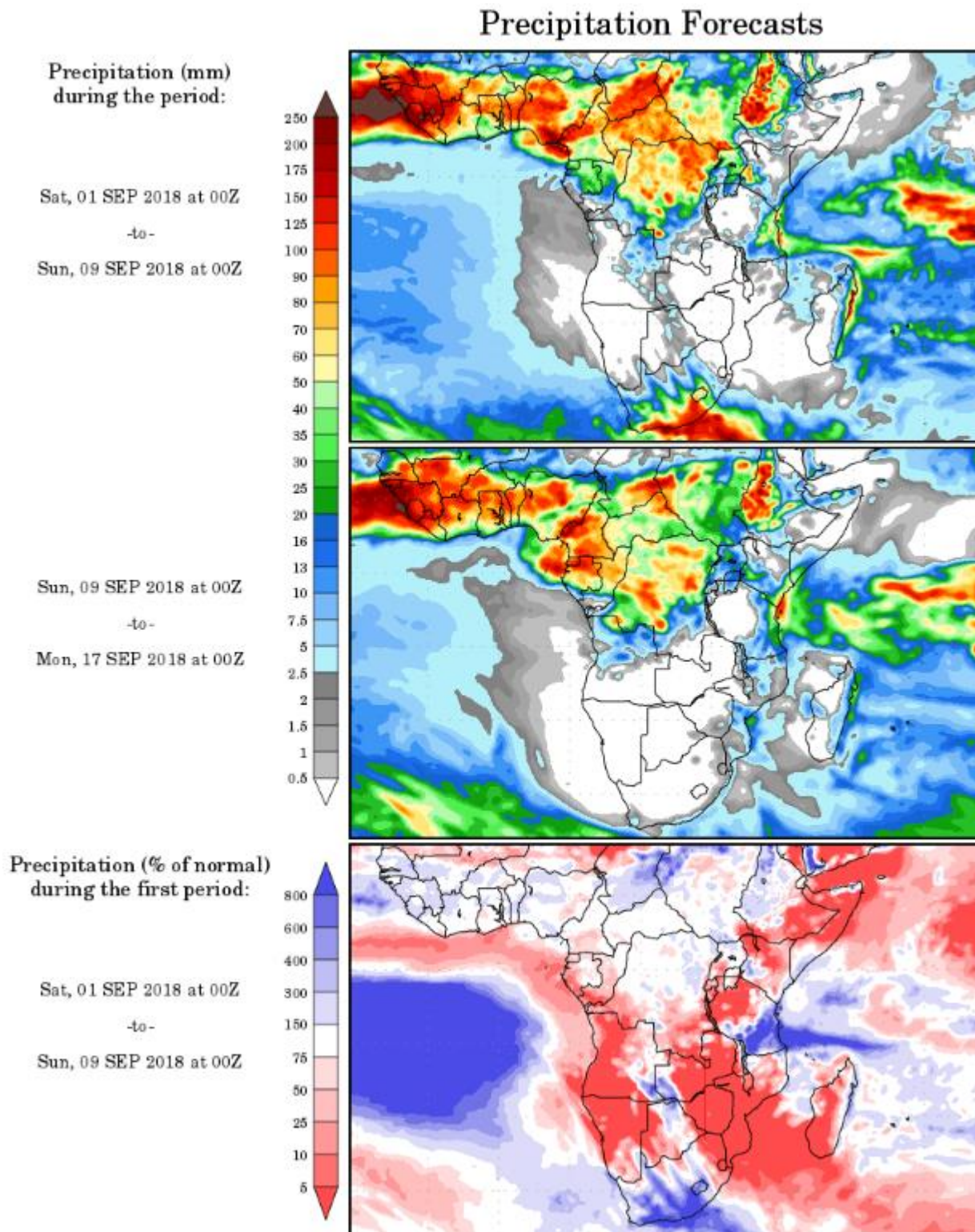
Figure 1: South Africa's average dam levels: week ended 27 August 2018, with the same week last year in brackets



Source: Department of Water and Sanitation and Agbiz Research



Figure 2: 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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