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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 04/09/2018
- 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	03/09/2018*	04/09/2018*	d-o-d (%Δ)
Rand/US Dollar	14,88	14,85	+0,20%
Rand/Euro	17,25	17,24	+0,06%
Euro/US Dollar	1,1615	1,1603	-0,10%
Gold Spot	1 2001,62	1 199,76	-0,07%
Brent Crude Oil	78,06	77,81	-0,32%
Platinum Spot	787,40	788,20	+0,10%
Dow Jones Industrial Average	25 964,82	25 964,82	0,00%
JSE All Share	58 776,34	58 711,15	-0,11%
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 domestic currency was almost flat from levels seen at midday yesterday, trading around R14.85 to the US Dollar. The rand's marginal gains were somewhat in line with the US dollar depreciation against major currencies. From a domestic data front, Stats SA will release the Gross Domestic Product data for the second quarter of 2018.

- The Brent crude price was down by 0.32 percent from levels seen at midday yesterday, trading around US$77.81 per barrel. These losses were mainly on the back of large global supplies, following reports that OPEC's oil production increased by 220 000 barrels in the period between July and August 2018.

MAIZE/CORN	03/09/2018*	04/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 316	2 353	+1,60%
White maize Jul 19 (R/t)	2 540	2 578	+1,50%
Yellow maize spot price (R/t)	2 364	2 398	+1,44%
Yellow maize Jul 19 (R/t)	2 532	2 559	+1,07%
CME corn Sep 18 (US cents/bushel)	351	352	+0,28%

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

- The domestic maize market posted gains in yesterday's trade session due to support emanating from the weaker rand against the US dollar, commercial buying interest, as well as spillover support from higher Chicago maize prices.

- The gains in Chicago maize prices followed reports of a 273 800 tonnes sale of US maize to an unknown destination. This is a good start after a week poor performance with export sales of 702 400 tonnes in the week of 31 August 218, which is the lower end of market expectations.

- Nonetheless, these gains could be short-lived due to expectations of a large global maize harvest of 1.06 billion tonnes in the 2018/19 production season, up by a percentage point from the previous year. Brazil, Argentina, Ukraine and China are set to be amongst the key drivers of this expected uptick. Worth noting is that a large share of the crop has not yet been planted in the Southern Hemisphere. Therefore, the weather remains a key factor that could still alter the 2018/19 global maize production picture.

- Back on home soil, the focus 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. Last week, the South African Weather Service indicated that 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. The Crop Estimates Committee will release farmers' intentions to plant data for the 2018/19 production season on 25 October 2018.

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

WHEAT	03/09/2018*	04/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 295	4 305	+0,23%
SAFEX Wheat Dec 18 (R/t)	4 448	4 468	+0,45%
CME Wheat spot (US cents/bushel)	518	518	0,00%

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

- The SAFEX wheat market posted gains in yesterday's trade session partially due to a combination of factors which include the weaker domestic currency against the US dollar, increased commercial buying interest, and spillover support from higher Chicago wheat prices, amongst others.

- The Chicago wheat market was mainly driven by expectations of lower global supplies, as well as speculations that Russia could place a cap on wheat export volume due to expected lower harvest.[1] However, the recent official statement from Russia's Agricultural Ministry suggests that there won't be any wheat export limits, despite the expected decline in domestic production.

- This could weigh on the market today given that there were expectations Russia's Agricultural Ministry will curb 2018/19 wheat exports at 25 million tonnes, which is well below the USDA's estimate of 35 million tonnes. The market had reacted on this as the expected 10 million tonnes decline in global wheat trade was viewed as a significant volume, particularly this year in which global supplies are already strained due to unfavourable weather conditions in the EU and the Black Sea regions, and parts of China and India.

- We had previously highlighted that developments in Russia have a direct consequence to South Africa as the country is a net importer of wheat, with Russia being the key supplier. In the 2017/18 marketing year, which closes at the end of September 2018, imports could amount to 2.1 million tonnes (revised from the previous estimate of 1.9 million tonnes), according to data from the Supply and Demand Estimates Committee. About 90 percent of this has already landed on our shores, with Russia accounting for more than a third of this volume.

- Aside from the global developments, the weather remains a key focus in the local market as the crop is still at stages of development that requires moisture. The weather charts currently show prospects of good showers within the next eight days in most winter wheat growing provinces. The expected rainfall will not only improve soil moisture and benefit crops but also boost dam levels.

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.

[1] This was initially viewed as a way of ensuring that there are sufficient domestic supplies given that Russia's 2018/19 wheat production is expected to decline by 21 percent from last season to 67 million tonnes. This is on the back of unfavourable weather conditions and a reduction in area planted.

SOYBEAN	03/09/2018*	04/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 397	4 480	+1,89%
SAFEX Soybean March 2019 (R/t)	4 647	4 729	+1,76%
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*

- While there has been a notable improvement in production in the past couple of years, South Africa remains a net importer of soybeans and its by-products. This means the developments in the global environment tend to influence the local market. This was mirrored in yesterday's trade session, where SAFEX soybean prices settled in positive territory with support emanating from higher Chicago soybean prices. The weaker rand against the US dollar also added support to the market.

- The gains in Chicago soybean prices followed reports of a 250 000 tonnes sale of US soybeans to an unknown destination. Also worth noting is that last week the US recorded solid weekly soybean export sales of 702 400 tonnes, which is the upper end of market expectations.

- From a demand perspective, the spreading African swine fever in parts of China remains a key risk that could potentially slow the buying activity in the near term. The recent reports from local authorities suggest that all live hogs market in areas have been affected would be shut down in an effort to control this disease.

- In terms of production, 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 for the week of 02 September 2018, which is likely to show further improvements as weather condition have generally been favourable last week.

- As set out in yesterday's session, 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. Looking ahead, the weather will be a key factor to monitor, particularly in the Southern Hemisphere countries, where planting is still at initial stages, with most areas only commencing in the coming month. The key risk in the near term is the forecast El Niño weather phenomenon, which will have a different impact over the Southern Hemisphere.

Bottom line – Today the SAFEX soybean prices could experience losses owing to the slight recovery in the domestic currency against the US dollar.

SUNFLOWER SEED	03/09/2018*	04/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 052	5 126	+1,46%
SAFEX Sunflower seed March 2019 (R/t)	5 141	5 218	+1,50%
EU (France) sunflower seed (US$/t)	382	381	-0,26%

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

- The SAFEX sunflower seed market started yesterday's trade session in the positive footing and maintained the gains throughout the day due to due to the weaker rand against the US dollar, as well as commercial buying interest.

- The 2017/18 sunflower seed harvest has been completed. Therefore, the forecast rainfall within the next eight days over most parts of the country will have minimal impact on the market. This will somewhat have a positive impact in improving soil moisture ahead of the 2018/19 sunflower seed planting period which commences in November 2018.

- Although this is a welcome development, the expected El Niño remains a key risk that could negatively affect the new season sunflower seed plantings. In its recent seasonal Climate Watch, the South African Weather service indicated a possibility of this weather phenomenon in the period between October and December 2018. We will receive more information on this later this month.

- The Australian Bureau of Meteorology will release its update of the El Niño Watch on 11 September 2018. This will provide guidance about crop production prospects in the 2018/19 season. The national Crop Estimates Committee will release its intentions to plant data for the new season on 25 October 2018.

- In the near term, 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. [2] 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.

- Elsewhere, on Friday the EU's sunflower seed price was down by 0.26 percent from the previous day, closing at US$381 per tonne. These losses were partly on the back of lower Brent crude oil prices, as well as an upward revision of the EU's sunflower seed production estimate by 400 00 tonnes from last month to 9.8 million tonnes.

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the relatively stronger rand against the US dollar.

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

POTATO	03/09/2018*	04/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,74	31,03	+0,94%

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

- The South African potatoes market gained ground in yesterday's trade session, with the price up by a percentage point from the previous day, closing R31.03 per pockets (10kg bag). This was mainly on the back of increased commercial buying interest.

- 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 29 percent drop in daily stock to 828 147 pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes price could see additional gains due to a lower stock of 828 147 pockets (10kg bag) compared to levels over a million pockets in the past couple of days.

FRUIT (South Africa)	03/09/2018*	04/09/2018*	d-o-d (%Δ)
Apples (R/kg)	6,65	7,04	+5,86%
Bananas (R/kg)	5,19	5,03	-3,08%
Oranges (R/kg)	3,11	2,89	-7,07%

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

- The South Africa fruit market ended yesterday's trade session on a mixed footing. The price of apples was up by 6 percent from the previous day, settled at R7.04 per kilogram, due to strong commercial buying interest. This, however, could be short-lived owing to a large stock of 801 000 tonnes, on the back of large producer deliveries.

- Meanwhile, the prices of bananas and oranges down by 3 percent and 7 percent from the previous day, closing at R5.03 and R2.89 per kilogram, respectively. These losses followed a 20 percent and 33 percent respective uptick in stocks to 1.3 million tonnes of bananas and 559 00 tonnes of oranges.

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	03/09/2018*	04/09/2018*	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 212 060 head of cattle in July 2018, down by a percentage point from July 2017 due to the herd rebuilding process after a reduction during the 2015-16 drought. Furthermore, the USDA forecasts a 4 percent year-on-year increase in the number of cattle to be slaughtered in South Africa in 2018 to 3.5 million cattle, partially due to the anticipated uptick in demand.

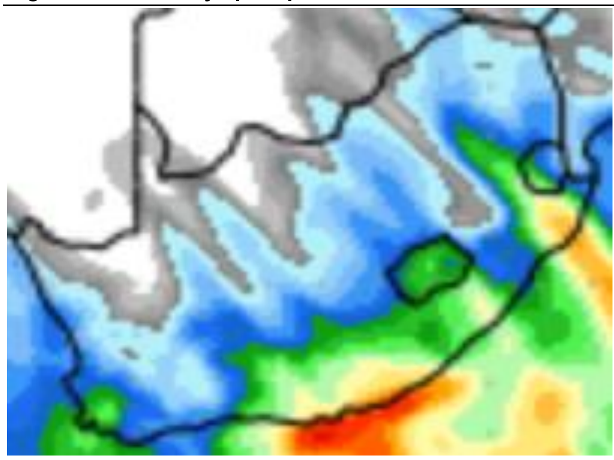
> Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- The weather charts currently show prospects of good rainfall over most parts of the country within the next eight days (figure 1). This could vary between 16 and 50 millimetres and will potentially improve soil moisture and winter crop growing conditions.

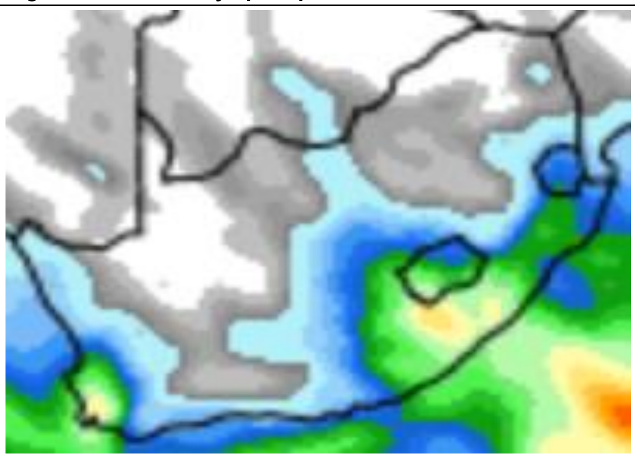
- However, the weather forecast for the week of 19 September 2018 shows clear skies over most parts of the country, which should be a good breather after a week of rainfall. This is with the exception of parts of KwaZulu Natal, Eastern Cape and western regions of the Western Cape province (figure 2).

Figure 1: Next 8-days precipitation forecast



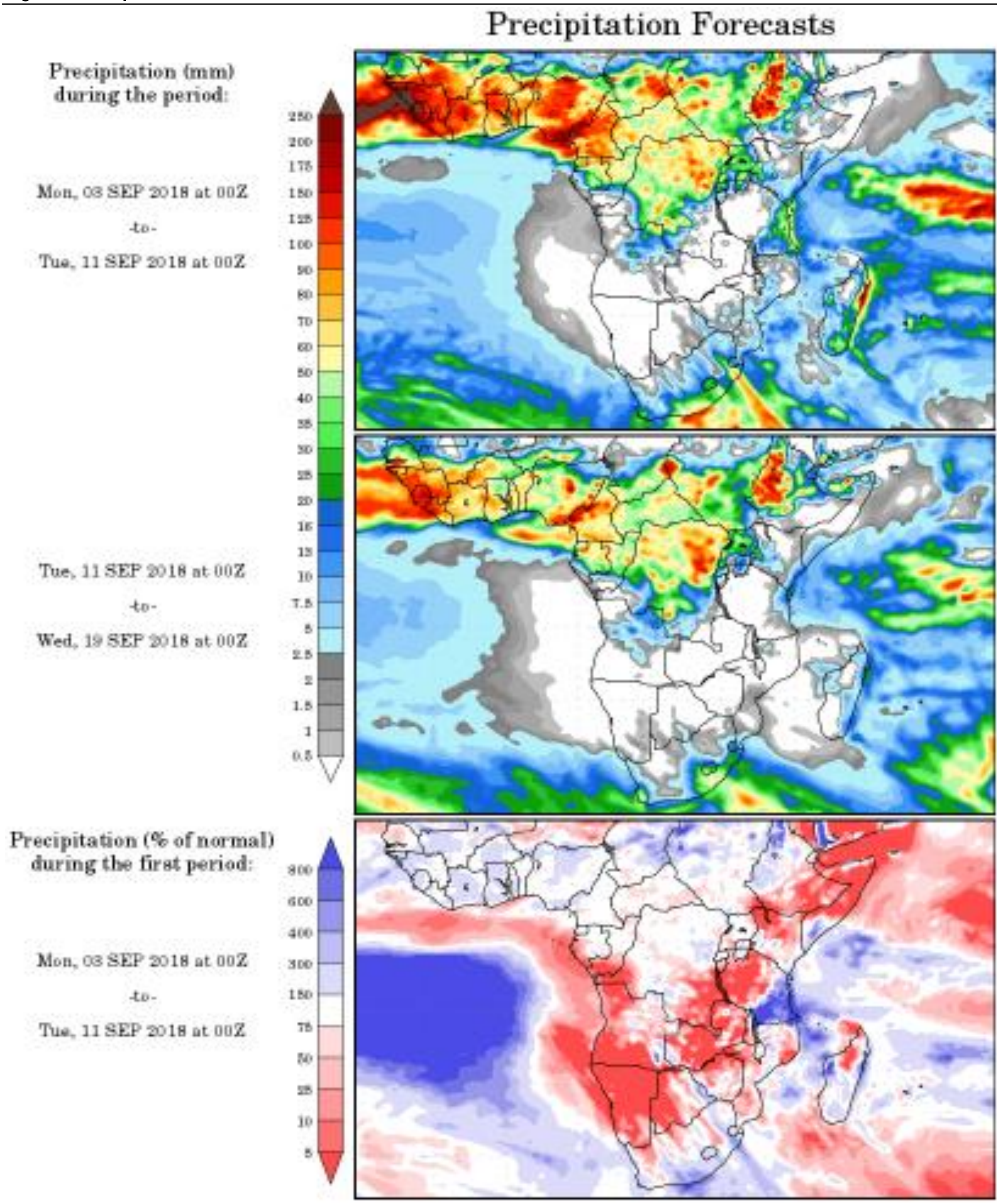
Source: wxmaps

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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