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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 06/09/2018
- USDA's crop progress report: 10/09/2018
- SAGIS producer deliveries data: 12/09/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 12/09/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018

ECONOMIC INDICATORS	05/09/2018*	06/09/2018*	d-o-d (%Δ)
Rand/US Dollar	15,59	15,40	+1,23%
Rand/Euro	18,05	17,93	+0,67%
Euro/US Dollar	1,1628	1,1633	+0,04%
Gold Spot	1 193,52	1 197,44	+0,33%
Brent Crude Oil	77,17	76,99	-0,23%
Platinum Spot	770,70	784,20	+1,75%
Dow Jones Industrial Average	25 947,58	25 974,99	+0,11%
JSE All Share	57 476,09	57 102,13	-0,65%
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 experiencing losses at the start of the week, the Rand/US dollar is currently 1.23 percent stronger compared to midday yesterday, trading around R15.40. The rand's appreciation was in line with the US dollar depreciation against major currencies. Moreover, the improvement in global commodity prices also added a positive sentiment to the market. From the data front, today Stats SA will release the electricity generated and available for distribution data for July 2018.
- This morning the Brent crude price was down by 0.23 percent from levels seen at midday yesterday, trading around US\$76.99 per barrel. This is after assessments showed that the major storm which passed through the US Gulf missed the bulk of the oil operations in the region, which means production could continue smoothly.



MAIZE/CORN	05/09/2018*	06/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 429	2 487	+2,39%
White maize Jul 19 (R/t)	2 646	2 697	+1,93%
Yellow maize spot price (R/t)	2 482	2 545	+2,54%
Yellow maize Jul 19 (R/t)	2 633	2 685	+1,97%
CME corn Sep 18 (US cents/bushel)	353	354	+0,28%

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

- Yesterday the SAFEX maize market posted gains with support emanating from a combination of factors which include the weaker rand against the US dollar, commercial buying interest, as well as slightly higher Chicago maize prices, amongst other factors.
- This year's maize harvest process continued with minimal interruption in the past couple of weeks, albeit being behind schedule due to the late start of the season on the back of unfavourable weather conditions late last year into early January 2018. A large share of the crop has already been delivered to commercial silos. In the week of 31 August, maize producer deliveries amounted to 252 665 tonnes, down by 35 percent from the previous week. About 73 percent of this was white maize, with 27 percent being yellow maize.
- This placed South Africa's 2018/19 maize marketing year producer deliveries at 10.5 million tonnes, which equates to 80 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 the harvest process has largely been completed, additional maize will still be delivered in the coming months.
- Today the focus will be on the weekly grain trade data which is due for release at midday. South Africa exported 62 058 tonnes of maize in the week of 24 August 2018, up by 8 percent from levels seen in the previous week. About 88 percent was yellow maize, with 12 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 1.2 million tonnes, which is about 52 percent of the seasonal export forecast of 2.3 million tonnes (revised down from the previous estimate of 2.5 million tonnes).
- Elsewhere, the most recent reports from World Weather Inc. suggest that the heavy rains in parts of the US Midwest could slow down advancing of maize and initial fieldwork.

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.

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



WHEAT	05/09/2018*	06/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 383	4 421	+0,87%
SAFEX Wheat Dec 18 (R/t)	4 554	4 589	+0,77%
CME Wheat spot (US cents/bushel)	499	494	-1,00%

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

- Similar to the previous day, the influence of the weaker domestic currency against the US dollar, coupled with increased commercial buying interest overshadowed the bearish sentiment stemming from lower Chicago wheat prices. Hence, the market settled in positive territory.
- The losses in the Chicago wheat market were mainly due to the easing of speculation about Russian wheat export curbs, combined with the stronger US dollar against major currencies. Last week there were expectations that Russia's Agricultural Ministry could 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. Therefore, the recent losses are somewhat a correction following last week's price increases.
- We continue to keep a close eye on weather developments over the winter wheat growing areas of the country as the crop is still at the stages of development that requires moisture. The weather charts show prospects of good showers over most parts of winter wheat growing provinces within the next eight days, which should improve soil moisture and therefore benefit the crop.
- This follows good showers in parts of the Western Cape province over the past few days, which also improved dam levels. The most recent data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 58 percent in the week of 03 September 2018, up by 3 percent from the previous week and 24 percentage points higher than the same period last year. To recap, 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 good weather conditions.
- Elsewhere, the spring wheat harvest process is almost complete in the US. The most recent data from the USDA shows that 87 percent of the crop had already been harvested on 12 September 2018. This is 12 percent ahead of the average pace of the past 5-year harvest seasons.

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



SOYBEAN	05/09/2018*	06/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 529	4 658	+2,85%
SAFEX Soybean March 2019 (R/t)	4 807	4 925	+2,45%
CME Soybean Spot (US cents/bushel)	828	828	0,00%

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

- The SAFEX soybean market had a good run in yesterday's trade session and settled in positive territory due to a number of factors which include the weaker rand against the US dollar, coupled with spillover support from higher Chicago soybean prices.
- The uptick in Chicago soybean prices could, however, be short-lived due to large global supplies and expected decline in Chinese consumption. The International Grains Council forecasts 2018/19 global soybean production at 366 million tonnes, up by 8 percent from the previous season. This will subsequently boost the global stocks to 51 million tonnes, up by 21 percent from the 2017/18 season.
- Moreover, data from the China National Grain and Oils Information Center shows that the country's 2018/19 soybean consumption could decline by 7 million tonnes from the previous year to 105 million tonnes. This followed the 8 million tonnes decline in soybean import estimate for the same season to 86 million tonnes.
- With current US-China trade dispute continuing to cloud the market, a large share of imports is expected to originate from Brazil, Argentina, Canada and Russia, amongst other origins. The US soybean exports to China could decline if the trade dispute between the two nations is not resolved and the tariffs are receded.
- Furthermore, China's Agricultural Ministry recently reported a new outbreak of African swine fever in northeast Heilongjiang province. This remains a key risk that could potentially slow the buying activity in the near term. Earlier this week, the Chinese authorities suggested that all live hogs market in areas that have been affected would be shut down in an effort to control this disease. This seems to have had some loopholes hence there are reports of an outbreak in a new province.
- Back home, while the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. In the week of 31 August 2018, South Africa's 2018/19 marketing year soybean producer deliveries were at 1.47 million tonnes, which equates to 95 percent of the expected harvest. An additional volume could be delivered over the coming weeks as weather outlook is quite favourable for logistics.

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



SUNFLOWER SEED	05/09/2018*	06/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 257	5 285	+0,53%
SAFEX Sunflower seed March 2019 (R/t)	5 340	5 340	0,00%
EU (France) sunflower seed (US\$/t)	382	376	-1,57%

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

- Yesterday the SAFEX sunflower seed market opened in positive territory and maintained the gains throughout the day. This was on the back of the continued weaker domestic currency against the US dollar, combined with commercial buying interest.
- This is a quiet period in the sunflower fields, but the activity will soon resume when the 2018/19 sunflower seed production season commences next month. At the moment, the key risk for the season ahead is the expected El Niño, which could potentially lead to dry and warm weather conditions. We will receive more information on this later this month.
- As noted at the beginning of this week, 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. In terms of next season's production prospects, the national Crop Estimates Committee will release its intentions to plant data for the new season on 25 October 2018.
- In the near term, there are fairly large supplies in the market in the 2018/19 marketing year which ends on February 2019. 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.
- This has been boosted by large producer deliveries. In the week of 31 August 2018, South Africa's 2018/19 marketing year sunflower seed producer deliveries amounted to 839 594 tonnes, which equates to 98 percent of the estimated harvest.
- Elsewhere, yesterday the EU's sunflower seed market lost ground with the price down by 1.57 percent from the previous day, closing at US\$382 per tonne due to spillover from lower vegetable prices.

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

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



POTATO	05/09/2018*	06/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,75	32,78	-2,87%

*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 843 609 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 12 percent increase in daily stocks to 943 270 pockets (10kg bag).

Bottom line – Today the South African potatoes price could see additional gains due to a relatively lower stock of 843 609 pockets (10kg bag) compared to levels over a million pockets in the past couple of days.

FRUIT (South Africa)	05/09/2018*	06/09/2018*	d-o-d (%Δ)
Apples (R/kg)	7,29	7,51	+3,02%
Bananas (R/kg)	5,13	5,06	-1,36%
Oranges (R/kg)	3,01	3,01	0,00%

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

- The South African fruit market ended yesterday's trade session on a mixed footing. The price of apples was up by 3 percent from the previous day, closing at R7.51 per kilogram. This followed an uptick in commercial buying interest which subsequently led to a 15 percent decline in daily stocks to 595 000 tonnes.
- Meanwhile, the price of bananas declined by a percentage point from the previous day and settled at R5.06 per kilogram due to a fairly large stock of 934 000 tonnes. The price of oranges remained unchanged from the previous day at R3.01 per kilogram, despite the decline in stocks to 415 000 tonnes. We suspect that the market could clawback its recent losses in today's session.

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	05/09/2018*	06/09/2018*	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

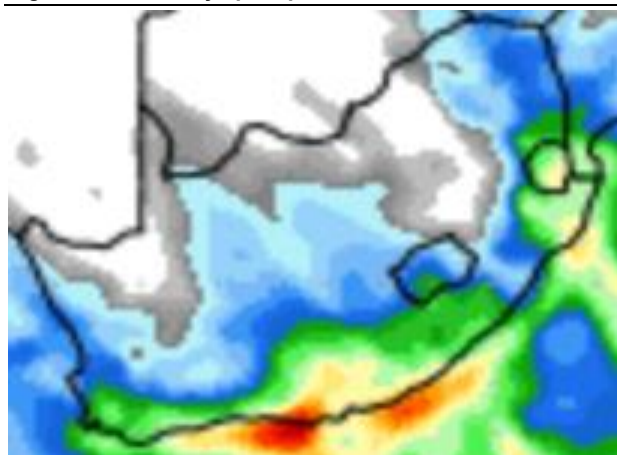
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged from the previous day, at R47.50 per kilogram due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.
- In terms of the supply, the South African farmers slaughtered 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. That's said, 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

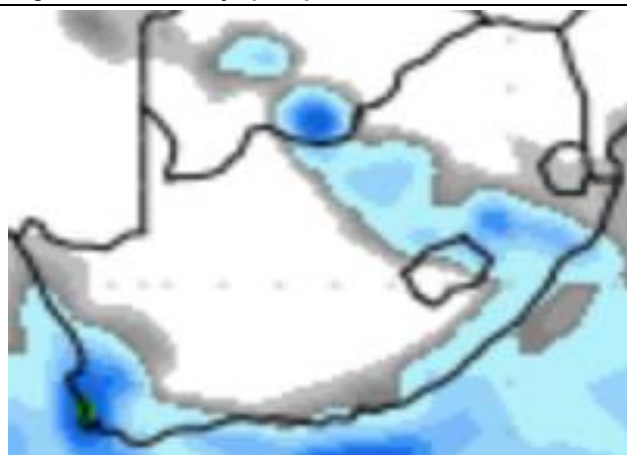
- This morning the weather charts show prospects of good rainfall over most parts of the country within the next eight days (figure 1). This could vary between 16 and 50 millimetres and will potentially improve soil moisture and winter crop growing conditions.
- Nonetheless, the week of 21 September could provide a breather, assuming the expected rainfall in the near term will materialise, as weather charts show clear skies over most parts of the country. This is with the exception of the coastal parts of KwaZulu Natal and Western Cape provinces which could receive light showers (figure 2).

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

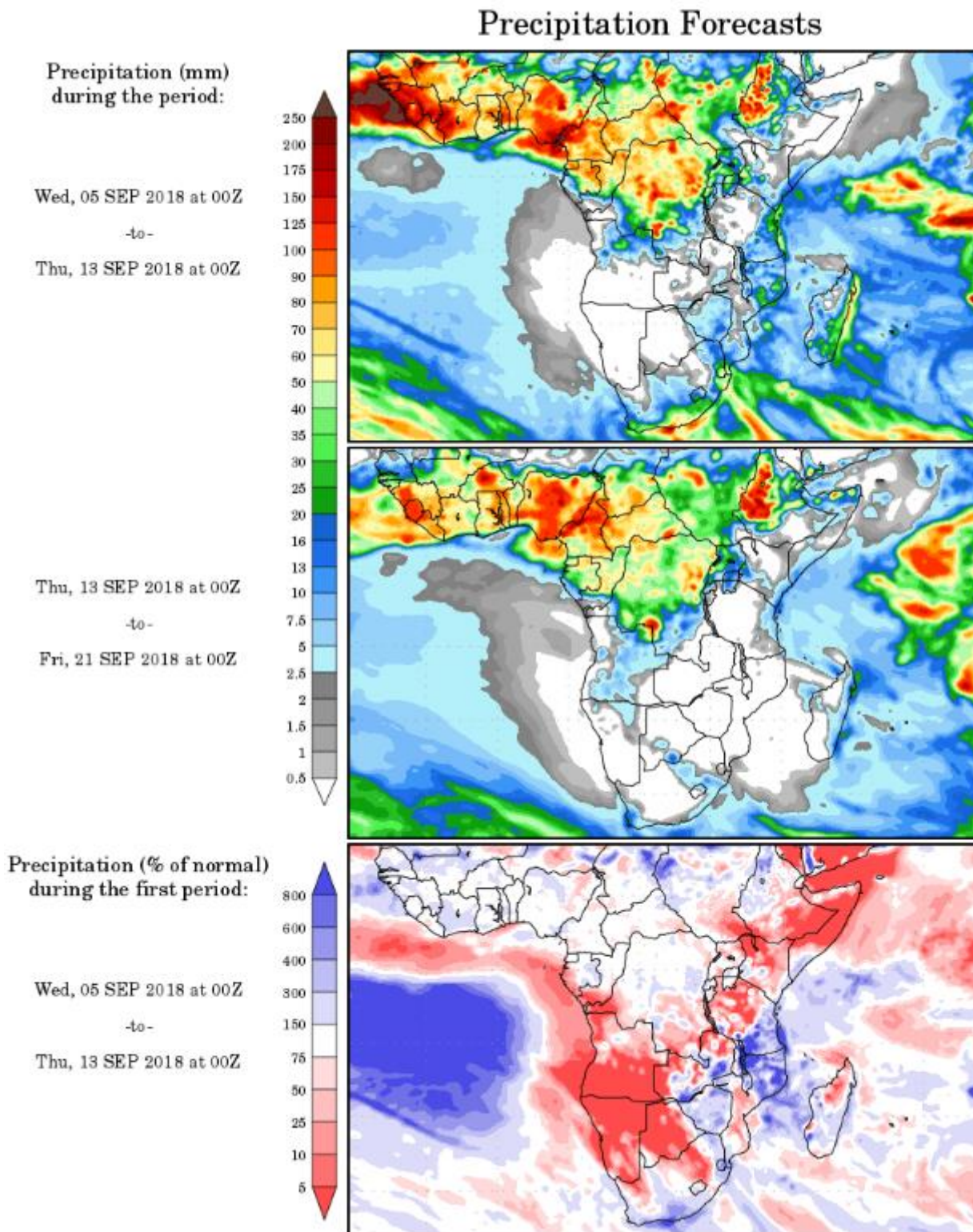
Figure 2: Next 16-days precipitation forecast



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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