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Key Data Releases in Agricultural Markets:

- Agbiz/IDC Agribusiness Confidence Index: 10/09/2018
- 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
- SAGIS weekly grain trade data: 13/09/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018

ECONOMIC INDICATORS	07/09/2018*	10/09/2018*	d-o-d (%Δ)
Rand/US Dollar	15,14	15,25	-0,72%
Rand/Euro	17,53	17,61	-0,45%
Euro/US Dollar	1,1552	1,1546	-0,05%
Gold Spot	1 197,58	1 193,10	-0,37%
Brent Crude Oil	76,07	77,08	+1,33%
Platinum Spot	781,20	779,30	-0,24%
Dow Jones Industrial Average	25 995,00	25 916,54	-0,30%
JSE All Share	56 993,66	57 093,02	0,17%
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

- Following a slight recovery at the end of last week, this morning the domestic currency was under pressure, along with other emerging market currencies. This was partly driven by US dollar appreciation against major currencies, coupled with a decline in global commodity prices. At the time of writing, the Rand/US dollar was 0.72 percent weaker compared to midday Friday, traded at levels around R15.25.
- This morning the Brent crude oil price was up by 1.33 percent from levels seen at midday Friday, traded around US\$77.08 per barrel. This comes after Baker Hughes data showed that the number of active US rigs drilling for oil dropped by 2 to 860 in the week of 07 September 2018. This signalled a possible decline in oil production.



MAIZE/CORN	07/09/2018*	10/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 444	2 417	-1,10%
White maize Jul 19 (R/t)	2 628	2 600	-1,07%
Yellow maize spot price (R/t)	2 500	2 468	-1,28%
Yellow maize Jul 19 (R/t)	2 633	2 596	-1,41%
CME corn Sep 18 (US cents/bushel)	354	353	-0,28%

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

- After experiencing a good run during the week, the SAFEX maize market pulled back on Friday's trade session and settled in negative territory. This was underpinned by a slight recovery of the rand against the US dollar, as well as large domestic supplies.¹ Furthermore, the spillover from lower Chicago maize prices also added pressure to the market.
- The focus in the domestic maize market is somewhat shifting towards the 2018/19 production season which commences next month. Between October 2018 and February 2019, the weather will be a key focus in the market as this period covers the planting to pollination stages of crop development.
- Aside from talks of possible El Niño occurrence in the early stages of the 2018/19 production season, there are two fundamental aspects that underpin the weather factor in South Africa's agricultural sector. First, the country now receives average annual rainfall that is relatively lower than past trends. South Africa received an average of 526 millimetres of rainfall per year over the past 60 years. However, the recent past has seen a progressive decline in annual average rainfall, with the post-2010 average being 7% lower than the previous three decades.
- Secondly, the geographic and temporal distribution of rainfall seems to have shifted over time. Anecdotal evidence suggests a delay in the onset of the summer season. For example, the peak rainfall period in South Africa fell around early October in the eastern regions and from November in the western regions each year. Recent rainfall patterns have seen a three-to-six-week delay, which translates to a shift in optimal maize planting dates. 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. 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 a sideways movement if the ZAR/USD exchange and Chicago maize prices maintain the current trends.

¹ Although South Africa is 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	07/09/2018*	10/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 367	4 347	-0,46%
SAFEX Wheat Dec 18 (R/t)	4 541	4 490	-1,12%
CME Wheat spot (US cents/bushel)	487	486	-0,21%

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

- The SAFEX wheat market started yesterday's trade session in negative territory and remained under pressure throughout the day due to the slightly stronger domestic currency against the US dollar, combined by lower Chicago wheat prices.
- The losses in the Chicago wheat market followed after the USDA data showed the country's weekly export sales data at 379 800 tonnes, which is towards the lower end of market expectations. Moreover, this is 8 percent lower than the previous week's export volume. The destinations were primarily to the Philippines, Mexico, Malaysia, South Korea and Belgium.
- Following months of drier weather conditions, the recent reports suggest that parts of Australia received showers last week which should slightly improve soil moisture and benefit the new season crop. Moreover, the weather forecasts for the week shows prospects of continuous rainfall in the western parts of the country.
- Be that as it may, the drier weather conditions experienced earlier in the season have already negatively affected the 2018/19 wheat harvest. The International Grains Council forecasts Australia's 2018/19 wheat production at 21 million tonnes, which is 4 percent lower than the previous season due to unfavourable weather conditions experienced earlier in the season.
- Back on home soil, the weather conditions have been favourable over South Africa's winter wheat growing areas, particularly the Western Cape province. Last week, the Swartland region received between 20 and 30 millimetres of rainfall. In Overberg and southern Cape regions, there were about 20 to 40 millimetres of rainfall. This bodes well with the crop which is currently at its pollination stage that requires moisture.
- This recent showers did not only replenish soil moisture but also improved dam levels. We will receive an update on Wednesday. It is worth noting that the Western Cape provincial dam averaged 58 percent in the week of 03 September 2018, up by 24 percentage points higher than the same period last year. This was recorded before last week's showers, hence we expect a further uptick in this week's update. Overall, there is generally some optimism about the 2018/19 wheat production season, with the harvest estimated at 1.8 million tonnes, up by 18 percent from 2017/18.

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	07/09/2018*	10/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 585	4 524	-1,33%
SAFEX Soybean March 2019 (R/t)	4 850	4 786	-1,32%
CME Soybean Spot (US cents/bushel)	831	832	+0,12%

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

- After gaining ground during the week, the SAFEX soybean market pulled back on Friday's trade session and settled in negative territory. These losses were underpinned by the relatively stronger rand against the US dollar, commercial selling and also spillover pressure from lower Chicago soybean prices.
- The losses in Chicago soybean prices were due to large global supplies and lingering concerns about the global trade on the back of ongoing US-China trade dispute. From the supplies point of view, the International Grains Council forecasts 2018/19 global soybean production at 366 million tonnes, up by 8 percent from the previous season. This will boost the global stocks to 51 million tonnes, up by 21 percent from the 2017/18 season.
- The US-China trade dispute has partly led to the downward revision of Chinese 2018/19 soybean consumption, as the country explores other alternative sources of protein. The imports could decline by 8 million tonnes y/y to 86 million tonnes. This is according to data from the China National Grain and Oils Information Center.
- Apart from the global developments, there were no new developments in the local market over the past couple of days. The supplies are in good shape in the 2018/19 marketing year, estimated at 1.86 million tonnes, up by 32 percent from the 2017/18 marketing year, according to data from the national Supply and Demand Estimates Committee. This includes the expected production and imports, as well as opening stock. The notable uptick from last year is supported by expected record production.
- Although South Africa, and to a certain extent Zambia, have seen a notable improvement in production over the recent past, most African countries remain small contributors in soybean production. The African continent is a net importer of soybeans, with an average volume of 1.7 million tonnes a year.
- The leading importers are Tunisia, Zimbabwe, Morocco, South Africa, Kenya, Botswana, Rwanda, Gabon, Tanzania and Mozambique, amongst others. South Africa could fall off the list of top importers in the continent if production is sustained at levels over a million tonnes in the coming seasons. The US and South American countries are typically the key suppliers.

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



SUNFLOWER SEED	07/09/2018*	10/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 206	5 172	-0,65%
SAFEX Sunflower seed March 2019 (R/t)	5 240	5 217	-0,44%
EU (France) sunflower seed (US\$/t)	376	376	0,00%

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

- On Friday, the SAFEX sunflower seed market saw widespread losses owing to the slight recovery of the domestic currency against the US dollar, coupled with commercial selling and relatively large domestic supplies. As set out in our previous notes, South Africa's 2018/19 sunflower seed supplies could to 1.02 million tonnes, which is well above July 2018 expectations.² The supplies figure combined expected production and imports, as well as carryover stock from the previous season.
- Although South Africa has seen a notable improvement in production, the country remains a net importer of sunflower seed and its by-product. The 2018/19 imports are estimated at 500 tonnes, down by 10 percent from 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 94 percent of the seasonal import expectations. The key suppliers were Malawi, Argentina and Egypt.
- Also worth noting is that this is not unique to South Africa, the African continent is a net importer of sunflower seed. The continent imports on average about 133 511 tonnes of sunflower seed a year, according to data from Trade Map. The leading importers are typically Egypt, South Africa, Morocco, Algeria, Tanzania, Libya, Tunisia, Zambia and Ethiopia amongst others.
- The key suppliers normally include Romania, Ukraine, China, the US, Argentina, Spain, Bulgaria and Turkey, amongst others. Most of these countries are expecting a fairly good harvest in the 2018/19 season, which could indirectly benefit the African continent. SUNSEEDMAN forecasts 2018/19 global sunflower seed production at 51 million tonnes, up by 3 percent from the previous season. Nearly half of this harvest will originate from Ukraine and Russia. The improvement in production this season is as a result of both an increase in area planted and expected higher yields on the back of favourable weather conditions in some areas.
- Moreover, the African continent imports on average about 580 516 tonnes of sunflower oil. The leading importers are again Egypt, South Africa, Algeria, Morocco, Tunisia, Mozambique and Senegal, amongst others. The key suppliers typically include Russia, Ukraine, Argentina and Romania.

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

² This, however, is 3 percent lower than the 2017/18 marketing year supplies.



POTATO	07/09/2018*	10/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,39	33,56	+0,51%

*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 R33.56 per pockets (10kg bag). This was mainly on the back of increased commercial buying interest and relatively lower stock of 964 793 tonnes at the beginning 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 4 percent increase in daily stocks to 1.004 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience losses due to a large stock of 1.004 million pockets (10kg bag) compared to levels seen the previous days.

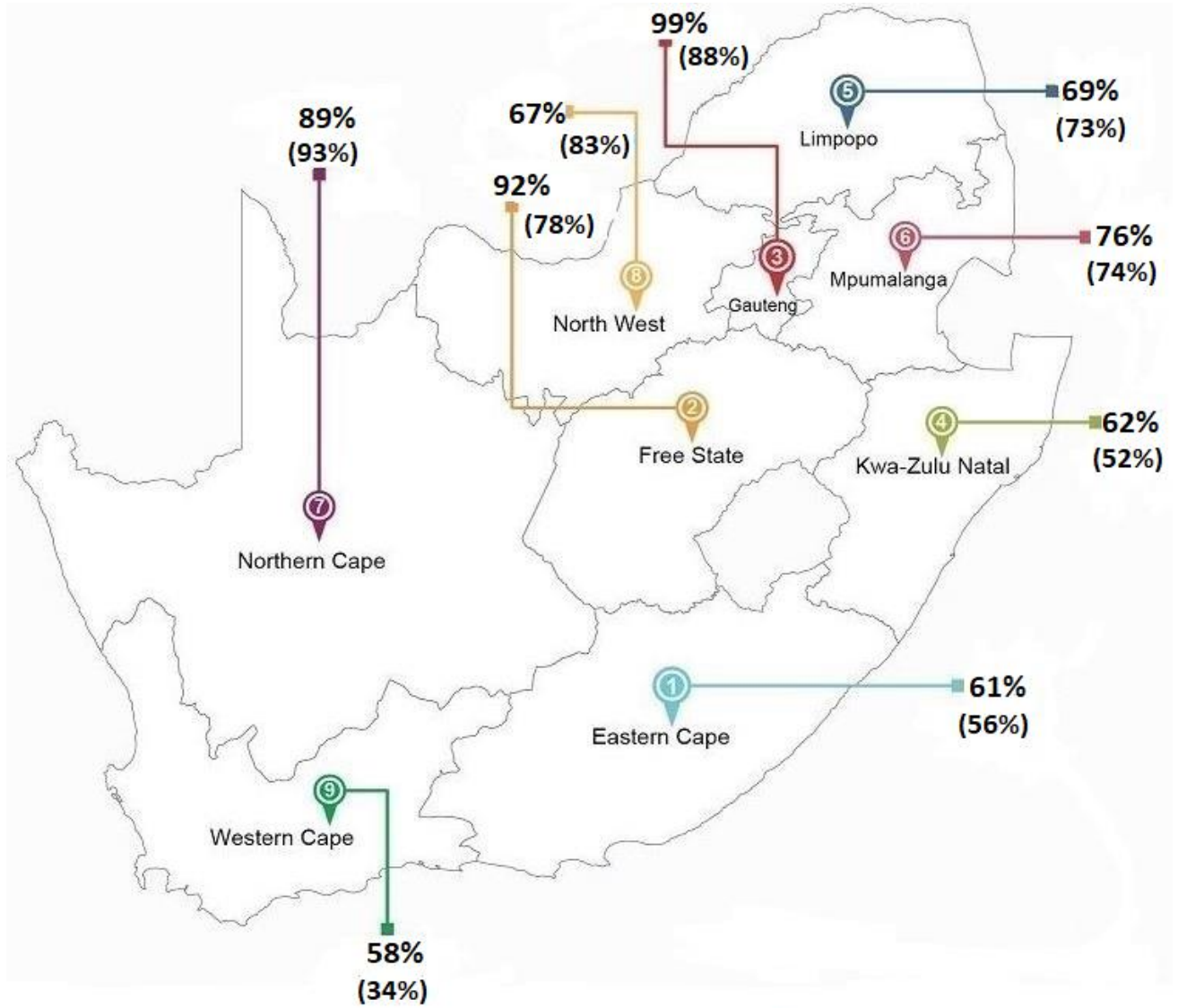
FRUIT (South Africa)	07/09/2018*	10/09/2018*	d-o-d (%Δ)
Apples (R/kg)	7,79	7,44	-4,49%
Bananas (R/kg)	5,20	5,23	+0,58%
Oranges (R/kg)	3,06	3,03	-0,98%

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

- The South African fruit market ended Friday's trade session on a mixed footing. The prices of apples and oranges were down by 4 percent and a percentage point from the previous day, settled at R7.44 and 3.03 per kilogram, respectively. This, however, could be short-lived due to lower stocks of 452 000 tonnes of apples and 462 000 tonnes of oranges.
- Meanwhile, the price of bananas was up by a percentage point from the previous day, closing at R5.23 per kilogram. This was underpinned by strong commercial buying interest, which subsequently led to a 3 percent decline in daily stock to 959 000 tonnes at the end of Friday's trade 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.

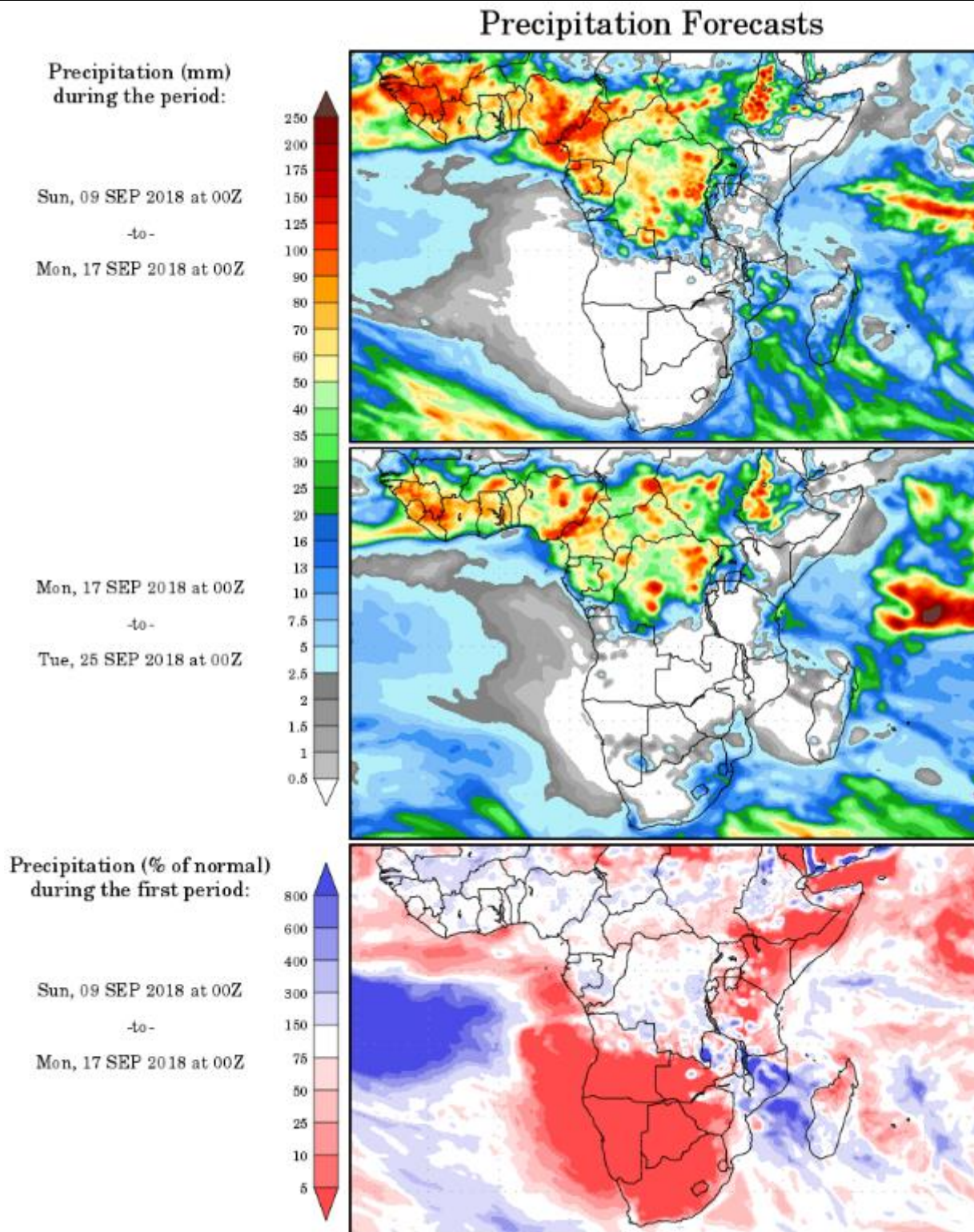
Figure 1: South Africa's average dam levels: week ended 03 September 2018, with the same week last year in brackets



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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