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Key Data Releases in Agricultural Markets:

- 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
- USDA's crop progress report: 17/09/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018

ECONOMIC INDICATORS	10/09/2018*	11/09/2018*	d-o-d (%Δ)
Rand/US Dollar	15,18	15,19	-0,07%
Rand/Euro	17,56	17,61	-0,28%
Euro/US Dollar	1,1571	1,1599	+0,24%
Gold Spot	1 194,53	1 194,06	-0,04%
Brent Crude Oil	77,31	77,34	+0,04%
Platinum Spot	784,50	788,90	+0,56%
Dow Jones Industrial Average	25 916,54	25 857,07	-0,23%
JSE All Share	56 875,96	56 715,26	-0,28%
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 0.07 percent weaker compared to midday yesterday, trading around R15.19. The rand's depreciation was partly in line with the US dollar appreciation against major currencies. From a domestic data front, the Bureau for Economic Research will release South Africa's Business Confidence Index data for the third quarter of this year. In addition, Stats SA will release the country's manufacturing production data for July 2018.
- This morning the Brent crude oil price was up by 0.04 percent from levels seen at midday yesterday, trading around US\$77.34 per barrel. These gains were still on the back of an expected decline in US oil production after Baker Hughes data showed that the number of active rigs drilling for oil dropped by 2 to 860 last week.



MAIZE/CORN	10/09/2018*	11/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 417	2 429	+0,50%
White maize Jul 19 (R/t)	2 600	2 616	+0,62%
Yellow maize spot price (R/t)	2 468	2 482	+0,57%
Yellow maize Jul 19 (R/t)	2 596	2602	+0,23%
CME corn Sep 18 (US cents/bushel)	354	357	+0,85%

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

- The SAFEX maize market had a good run in yesterday's trade session and settled in positive territory. This was mainly on the back of a weaker domestic currency against the US dollar, increased commercial buying interest, as well as spillover from higher Chicago maize prices.
- To build on the [comments shared yesterday](#) regarding the upcoming new production season, the United States Department of Agriculture (USDA) will release an update of its estimates for South Africa's 2018/19 maize production tomorrow evening. Last month, the agency placed its preliminary estimate at 14.0 million tonnes, up by a percentage point from the 2017/18 production season.
- We did not attach much weight on that particular estimate as the weather outlook for the next season remains quite uncertain, with talks of a possible d El Niño, as well as the fact that planting has not even started in the country. We will probably view today's data in the same light until there is clarity regarding the weather outlook.
- Some of the world's leading weather forecasters, the Australian Bureau of Meteorology and International Research Institute for Climate and Society at Columbia University will release their updates of the El Niño Watch system this week. This will inform our judgment of USDA's forecasts for South Africa's 2018/19 maize production. The South African Weather Service will release its Seasonal Climate Watch later in the month.
- While all the aforementioned data points will assist in shaping the view for South Africa's 2018/19 maize production, the key data point to keep an eye on is the farmers' intentions to plant data which will be released by the local Crop Estimate Committee on 25 October 2018.
- From a global perspective, last month the USDA placed the world's 2018/19 maize production at 1.06 billion tonnes. This is a percentage point higher than the International Grains Council's estimate for the corresponding period and 3 percent higher than the previous season's harvest. An update will be released tomorrow.

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



WHEAT	10/09/2018*	11/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 347	4 378	+0,71%
SAFEX Wheat Dec 18 (R/t)	4 490	4 531	+0,91%
CME Wheat spot (US cents/bushel)	486	504	+3,70%

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

- After experiencing losses on Friday's trade session, the SAFEX wheat prices recovered in yesterday's trade session and settled in positive territory. Similar to the maize market, this was driven by the weaker rand against the US dollar, coupled with higher Chicago wheat prices.
- The Chicago wheat prices had a good run ahead of the USDA new season global wheat supply and demand estimates which are due for release tomorrow evening. Last month, the USDA placed its 2018/19 global wheat production estimate at 730 million tonnes, which is 4 percent lower than the previous season. This, however, is still well above the International Grains Council estimate of 716 million tonnes for the corresponding period.
- The decline in global wheat production is due to an expected lower harvest in the Black Sea, EU region, China and India. This is largely on the back of hot and drier weather conditions, particularly in the case of the EU and the Black Sea regions, as well as the slight reduction in area planted. In the case of the Black Sea region, this is somewhat a return to normal levels from last season's record harvest.
- Subsequent to this, the 2018/19 global wheat stocks estimate was placed at 159 million tonnes, which is 5 percent lower than the previous season. This was not only caused by the decline in production but also solid global consumption. The USDA forecasts 2018/19 global wheat imports at 182 million tonnes, largely unchanged from the 2017/18 season.
- On the domestic front, the focus is also on the 2018/19 wheat production, but production conditions are relatively better than the dryness experienced in the world's leading wheat producing countries. The winter wheat growing areas of the Western Cape received good showers this past week, which bodes well with the new season crop that is currently at pollination stages of development which requires moisture.
- As set out in our previous note, the Crop Estimate Committee forecasts an 18 percent annual uptick in South Africa's 2018/19 wheat production to 1.8 million tonnes. This could potentially lead to a 33 percent year-on-year decline in South Africa's 2018/19 wheat imports to 1.4 million tonnes as the processors will increasingly become reliant to domestic supplies.

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



SOYBEAN	10/09/2018*	11/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 524	4 593	+1,53%
SAFEX Soybean March 2019 (R/t)	4 786	4 851	+1,36%
CME Soybean Spot (US cents/bushel)	835	836	+0,12%

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

- The domestic soybean market started yesterday's trade session on a negative footing, but quickly gained ground and settled in positive territory. These gains were mainly underpinned by the weaker rand against the US dollar, increased commercial buying interest, as well as spillover from higher Chicago soybean prices.
- That said, it is worth noting that there is generally some bearish sentiment in the domestic soybean market which emanates from expected large supplies.¹ Although the soybean spot price has slightly recovered from levels seen the previous weeks, closing at R4 593 per tonne on 10 September 2018, this is still a percentage point lower than the corresponding period last year. Since mid-2017, the SAFEX soybean prices have generally been trading along export parity levels, which implies that local prices are at competitive levels.
- This is partially the reason some market players were somewhat surprised by imports from Zambia over the past couple of months as local prices are at lower levels and there are abundant supplies. Between March and July 2018, South Africa imported 3 254 tonnes of soybean all from Zambia. This suggests that at the time of the purchase, Zambian soybean prices might have been at levels lower than where South Africa.² The imported volume thus far accounts for 33 percent of the season import forecast.
- Not of significance to the market, but interesting to highlight were reports that China will allow imports of soybeans from Ethiopia in efforts to diversify origins and meet local demand. While China's efforts to import soybeans from African nations is an encouraging development, we believe that Ethiopia will not make any notable contribution because of its lower production.
- [Data](#) from the Food and Agricultural Organisation shows that, on average, Ethiopia produces 80 000 tonnes of soybean a year. For perspective, this is almost in line with Gauteng province's output. Hence, we are not convinced that importing from Ethiopia at this stage will make a meaningful contribution to diversifying origins.

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

¹ South Africa's 2018/19 marketing year soybean supplies are estimated at 1.86 million tonnes, up by 32 percent from the 2017/18 marketing year. This includes the expected production and imports, as well as opening stock. Also worth highlighting is that the 2018/19 marketing year corresponds with the 2017/18 production season.

² We do not have solid data on Zambian soybean prices for the observed period of imports. Hence, we use the word "suggest" in our interpretation of the event.



SUNFLOWER SEED	10/09/2018*	11/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 172	5 200	+0,54%
SAFEX Sunflower seed March 2019 (R/t)	5 217	5 250	+0,63%
EU (France) sunflower seed (US\$/t)	376	374	-0,53%

*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 as the weaker domestic currency against the US dollar, coupled with commercial buying interest continued to provide support.
- From a data front, yesterday was fairly quiet with no major releases. Today's session is likely to present more of the same as the data calendar is light, with an update of weekly producer deliveries data for the week of 07 September 2018 only due for release at midday tomorrow. The previous release for the week of 31 August 2018 showed that producer deliveries data amounted to 839 594 tonnes which equates to 98 percent of the expected harvest for the 2017/18 production season.
- The large producer deliveries have boosted South Africa's 2018/19 marketing year sunflower seed supplies, which are currently estimated at to 1.02 million tonnes when adding imports and the carryover stock from the previous year. Although this is 3 percent less than the 2017/18 marketing year, the market is fairly in good shape compared to expectations at the beginning of the year.
- Given that the picture is somewhat clearer about where South Africa is in terms of supplies for the 2018/19 marketing year which ends in February 2019, the forecast is increasingly shifting towards 2018/19 production season which commences next month.³ On that end, the weather is the key concern as a couple of forecasters, including the South African Weather service, point to a possibility of an El Niño.
- In the afternoon, The Australian Bureau of Meteorology will release its update of the El Niño Watch system. The International Research Institute for Climate and Society at Columbia University, which pencilled over 60 percent chance of an El Niño occurrence in its August note will also release an update on Thursday, 13 September 2018.
- The local weather bureau will probably give a signal towards the end of the month. These estimates will be an important input on farmer's decision making ahead of the planting period. Overall, the South African farmers' intentions to plant in the 2018/19 marketing year will be released on 25 October 2018.

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

³ The 2017/18 production year corresponds with 218/19 marketing year.



POTATO	10/09/2018*	11/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,56	33,25	-0,92%

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

- Yesterday the South African potatoes market pulled back from the previous day's levels and settled in negative territory owing to a large stock of 1.004 million pockets (10kg bag) at the beginning of the session. The price was down by a percentage point, settled at R33.25 per pockets (10kg bag).
- 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 an 18 percent drop in daily stock to 821 148 pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes price could recover from the current lower levels due to relatively lower stock of 821 148 pockets (10kg bag) compared to levels seen the previous days.

FRUIT (South Africa)	10/09/2018*	11/09/2018*	d-o-d (%Δ)
Apples (R/kg)	7,44	7,13	-4,17%
Bananas (R/kg)	5,23	5,10	-2,49%
Oranges (R/kg)	3,03	3,30	+8,91%

*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 prices of apples and bananas were down by 4 percent and 2 percent from the previous day, closing at R7.13 and R5.10 per kilogram, respectively. These losses were mainly on the back of increased producer deliveries which subsequently led to a decline in stocks to 692 000 tonnes of apples and 1.13 million tonnes of bananas.
- Meanwhile, the price of oranges was up by 9 percent from the previous day, closing at R3.30 per kilogram. This uptick was underpinned by an 11 percent decline in stocks to 410 000 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	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

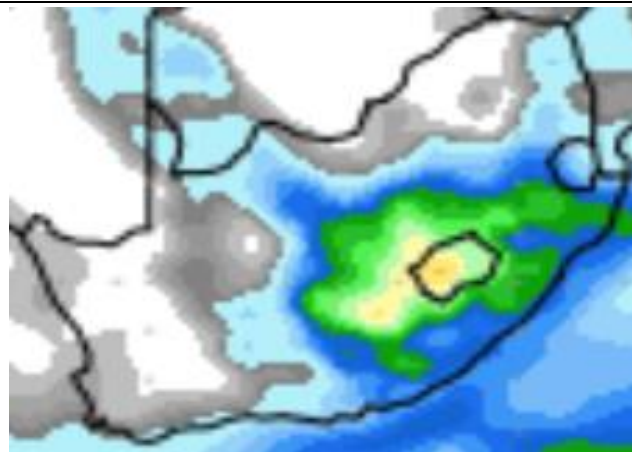
- Following good showers last week, the Western Cape could get a bit of a breather this week as the weather forecasts show clear skies over most parts of the province. This is with the exception of the western parts of Swartland, Helderberg, Winelands and Overberg which could receive light showers (figure 1).
- The week of 26 September promises widespread rainfall over the eastern and central parts of the country, leaving the Western Cape, Northern Cape and Limpopo cool and dry. The forecast showers could slightly improve soil moisture ahead of the summer crop planting process which commences next month (figure 2).

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

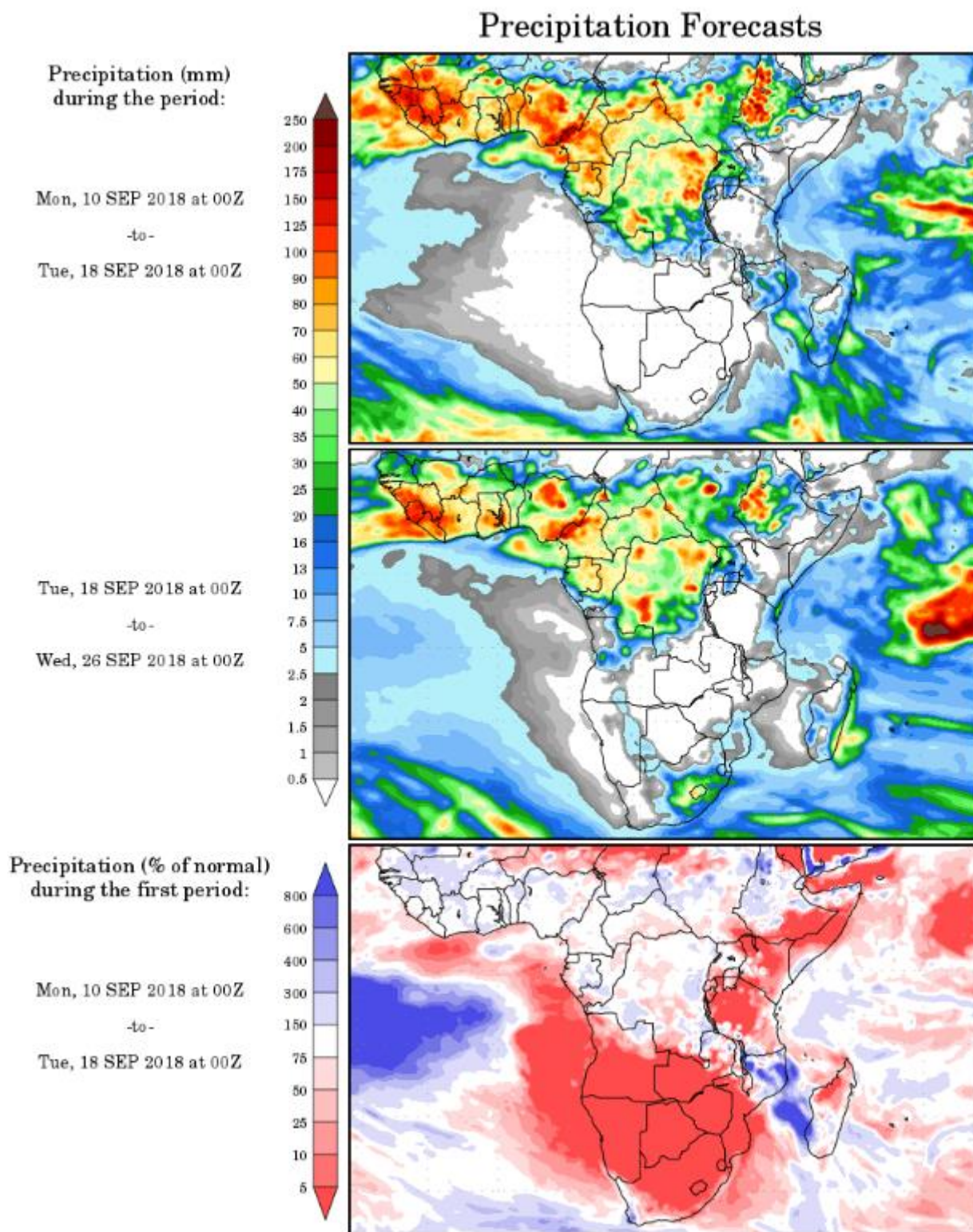
Figure 2: Next 16-days precipitation forecast



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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