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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 13/09/2018
- USDA's crop progress report: 17/09/2018
- SAGIS producer deliveries data: 19/09/2018
- SAGIS monthly data: 25/09/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 11/10/2018

ECONOMIC INDICATORS	12/09/2018*	13/09/2018*	d-o-d (%Δ)
Rand/US Dollar	15,08	14,95	+0,87%
Rand/Euro	17,48	17,38	+0,58%
Euro/US Dollar	1,1593	1,1626	+0,28%
Gold Spot	1 197,16	1 206,20	+0,76%
Brent Crude Oil	79,17	79,13	-0,05%
Platinum Spot	790,30	800,20	1,25%
Dow Jones Industrial Average	26 003,08	25 998,92	-0,02%
JSE All Share	56 073,54	55 952,05	-0,22%
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 0.87 percent stronger compared to midday yesterday, trading around R14.95. The rand's appreciation was in line with the US dollar depreciation against major currencies. The improvement in global commodity prices also added a positive sentiment to the market. From a domestic data front, Stats SA will release the mining production data for July.
- This morning the Brent crude oil price was roughly unchanged from levels seen at midday yesterday, trading around US\$79.13 per barrel. The marginal losses were mainly on the back of a 278 000 barrels a day increase in OPEC's oil production to average 32.56 million barrels a day in August 2018.



MAIZE/CORN	12/09/2018*	13/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 440	2 431	-0,37%
White maize Jul 19 (R/t)	2 622	2 620	-0,08%
Yellow maize spot price (R/t)	2 492	2 487	-0,20%
Yellow maize Jul 19 (R/t)	2 605	2 599	-0,23%
CME corn Sep 18 (US cents/bushel)	354	342	-3,39%

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

- Following solid gains over the past couple of days, the domestic maize market pulled back in yesterday's trade session owing to the slight recovery of the domestic currency against the US dollar, coupled with commercial selling. Moreover, the spillover from lower Chicago maize prices also added pressure to the market.
- Last night, the United States Department of Agriculture (USDA) revised its estimate for South Africa's 2018/19 maize production down by 4 percent from last month to 13.0 million tonnes. While this is 6 percent lower than the 2017/18 production season, it is still above the long-term average production of about 12.5 million tonnes.
- Although these estimates are plausible, the weather outlook for the next season remains quite uncertain, with talks of a possible El Niño which could potentially change this fairly optimistic picture. The planting process will commence next month. It is still unclear whether South African farmers will reduce the intentions to plant because of this forecast weather phenomenon or will plant a normal area of about 2.4 million hectares. We will have a better indication when the National Crop Estimate Committee releases its estimates on 25 October 2018.
- Aside from the new season's prospects, the 2017/18 season'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 07 September 2018, maize producer deliveries amounted to 138 744 tonnes, down by 60 percent from the previous week.
- This placed South Africa's 2018/19 maize marketing year producer deliveries at 10.8 million tonnes, which equates to 82 percent of the estimated commercial harvest of 13.2 million tonnes.¹ This season the yields 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.

Bottom line – Today the domestic maize market could remain under pressure due to the strong ZAR/USD exchange and lower Chicago maize prices.

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



WHEAT	12/09/2018*	13/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 393	4 414	+0,48%
SAFEX Wheat Dec 18 (R/t)	4 547	4 684	+3,01%
CME Wheat spot (US cents/bushel)	500	482	-3,60%

*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 footing, but gained ground towards the end of the day and thus settled in positive territory. This was mainly underpinned by spillover from higher Chicago wheat prices.
- The uptick in the Chicago wheat market was mainly on the back of tightening of global supplies due to an expected decline in production, while consumption could remain solid. Global wheat production is forecast down 3 percent from last year to 733 million tonnes, which is the lowest level in 4 years. With that said, this is well above the International Grains Council estimate of 716 million tonnes in the same season.
- Data from the USDA shows that the largest year-to-year reductions in production are for the EU, Russia and the US. Most importantly, the expected decline in production could lead to a 5 percent annual drop in global wheat stocks to 261 million tonnes. While the decline is in line with market expectations, it could keep global wheat prices at relatively higher levels in the near term, as evident on the December 2018 contract month price.
- The impact of all these dynamics to South Africa will largely be through price mechanisms, as the country is a net importer of wheat and therefore exposed to global shocks. A positive note, however, is that South Africa's reliance on wheat imports could lessen somewhat. The 2018/19 imports could amount to 1.4 million tonnes, down by 33 percent from the previous season due to an anticipated recovery in local production. This is according to data from the National Supply and Demand Estimates Committee.
- On the ground, the crop is in fairly good shape in most provinces, thanks to recent rainfall. In the Western Cape, particularly, the Swartland and Overberg regions could present higher yields this year, while in the southern Cape region the opposite might be true. The recent rainfall will not make a meaningful impact in this region as some of the crop has already been damaged.
- Overall, the crop losses in the southern Cape will be offset by improvements in other regions. Hence, the Crop Estimate Committee forecasts an 18 percent annual uptick in South Africa's 2018/19 wheat production to 1.8 million tonnes. This is on the back of an expansion in area planted and improved weather conditions in the Western Cape province

Bottom line – Today the local wheat market could also be under pressure due to the slightly firmer ZAR/USD exchange and lower Chicago wheat prices.



SOYBEAN	12/09/2018*	13/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 622	4 530	-1,99%
SAFEX Soybean March 2019 (R/t)	4 875	4 779	-1,97%
CME Soybean Spot (US cents/bushel)	816	828	+1,47%

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

- The SAFEX soybean market pulled back from levels seen the previous day and settled in negative territory. This was due to a slight recovery of the domestic currency against the US Dollar, as well as spillover from lower Chicago soybean prices.
- The losses in Chicago soybean market were linked to expectations of weak US soybean demand on the back of the US-China trade dispute, as well as large global supplies. The USDA recently reported the cancellation of a planned export sale of 198 000 tonnes of US soybeans for delivery to an unspecified destination.
- Also worth noting is that data from China Agricultural Supply and Demand Estimates shows that the country's 2018/19 soybean consumption could decline by 4 percent from the previous season to 107 million tonnes. At the same time, the country's soybean production estimate was revised up by 500 000 tonnes from last month to 16 million tonnes. This is 8 percent higher than the 2017/18 production season due to expected higher yields and a slight expansion in area planted.
- This has subsequently led to the USDA revising its estimate for China's 2018/19 soybean imports down by a percentage point from last month to 94 million tonnes. While this is largely in line with 2017/18 season imports, it well below the estimates of 103 million tonnes at the beginning of the year.
- The US position in the Chinese soybean market has been overtaken by South Americans, particularly Brazil. The most recent data from the USDA shows that over 80 percent of Brazil's soybean exports were destined to China last month and have maintained a consistent increase over the past couple of months.
- Although the planting process has not yet started in many areas, 2018/19 promises to be a good season for Brazil with production estimated at 121 million tonnes, up by a percentage point from the previous season. The talks of possible El Niño is not so much a concern, as this weather phenomenon typically leads to higher rainfall in South America, which would be favourable for the crop. The only key risk would be on crop quality, depending on the intensity and timing of rainfall. Moreover, Brazil's 2018/19 soybean exports are estimated at 75 million tonnes, roughly unchanged from the previous season.

Bottom line – Today the SAFEX soybean prices could experience losses due to lower Chicago prices and the relatively stronger ZAR/USD exchange.



SUNFLOWER SEED	12/09/2018*	13/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 230	5 137	-1,78%
SAFEX Sunflower seed March 2019 (R/t)	5 261	5 180	-1,54%
EU (France) sunflower seed (US\$/t)	375	371	-1,07%

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

- Following a good run in the past couple of days, the SAFEX sunflower seed market pulled back in yesterday's trade session and settled in negative territory. This was due to a slight recovery of the rand against the US dollar, as well as general commercial selling.
- On the data front, the producer deliveries are slowing as the large share of the crop has already been delivered to commercial silos. The deliveries amounted to 761 tonnes in the week of 07 September 2018, well below the previous week's volume of 6 484 tonnes. This placed South Africa's 2018/19 producer deliveries at 844 548 tonnes, which equates to 98 percent of the expected harvest.
- The producer deliveries have improved South Africa's 2018/19 marketing year sunflower seed supplies, which are estimated at to 1.02 million tonnes when adding imports and the carryover stock from the previous year. While this is 3 percent less than the 2017/18 marketing year, the market is well supplied compared to expectations at the beginning of the year.
- Elsewhere, the EU's sunflower seed market also pulled back from the previous day's levels with the price down by 1.07 percent, closing at US\$371 million tonnes. These losses followed reports of above-average yields in most parts of Ukraine, as well as spillover from lower vegetable oil prices.
- The improvement in Ukraine's sunflower seed yields, coupled with expansion in area planted are the key factors underpinning the expected large harvest. Last night, the USDA placed Ukraine's 2018/19 sunflower seed production estimate at 15 million tonnes, up by 9 percent from the previous season.
- Another country that is set to record a notable rebound in production is Russia, also supported by the expansion in area planted and higher yields. The USDA forecasts the country's 2018/19 production at 11 million tonnes, up by 6 percent from the previous season. The harvest of these particular countries, coupled with expected fairly large harvest in the EU, Argentina and Turkey amongst other countries, will boost 2018/19 global production to 50 million tonnes, up by 6 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the slight recovery of the domestic currency.



POTATO	12/09/2018*	13/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,19	31,97	-3,68%

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

- The South African potato market was under pressure in yesterday's trade session owing to a large stock of 970 229 tonnes at the start of the session. The price was down by 4 percent from the previous day, closing at R31.97 per pockets (10kg bag).
- In the session, the market saw an uptick in deliveries due to ongoing harvest activity in some parts of the country. This led to a 17 percent increase in daily stocks to 1.13 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could remain under pressure due to a large stock of 1.13 million pockets (10kg bag) compared to the previous day.

FRUIT (South Africa)	12/09/2018*	13/09/2018*	d-o-d (%Δ)
Apples (R/kg)	6,69	7,29	+8,97%
Bananas (R/kg)	5,23	5,25	+0,38%
Oranges (R/kg)	2,91	2,98	+2,41%

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

- The South African fruit market saw widespread gains in yesterday's trade session due to increased commercial buying interest. The prices of apples and bananas were up by 9 percent and 0.4 percent from the previous day, closing at R7.29 and R5.25 per kilogram, respectively. This was after commercial buying interest led to a decline in stocks to 443 000 tonnes of apples and 827 00 tonnes of bananas.
- Furthermore, the price of oranges was up by 2 percent from the previous day, closing at R2.98 per kilogram due to lower stocks of 362 000 tonnes at the end of yesterday'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	12/09/2018*	13/09/2018*	d-o-d (%Δ)
SAFEX Beef Dec 18 (R/kg)	47,55	47,55	0,00

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

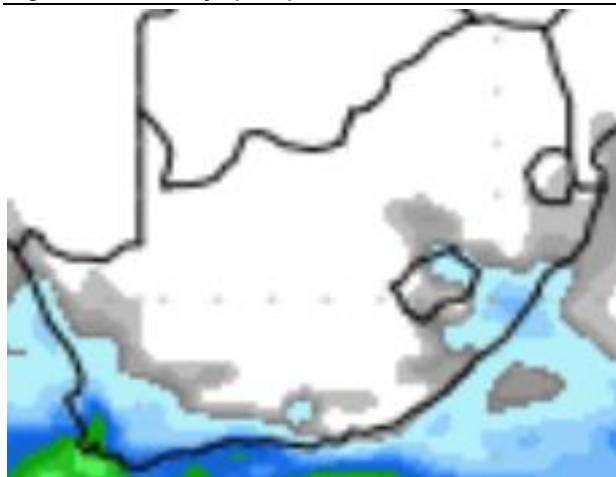
- The SAFEX beef carcass prices have not moved in months due to thinly traded volumes. Yesterday's session was no different, the price remains unchanged from the previous day, at R47.55 per kilogram. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues 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. 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

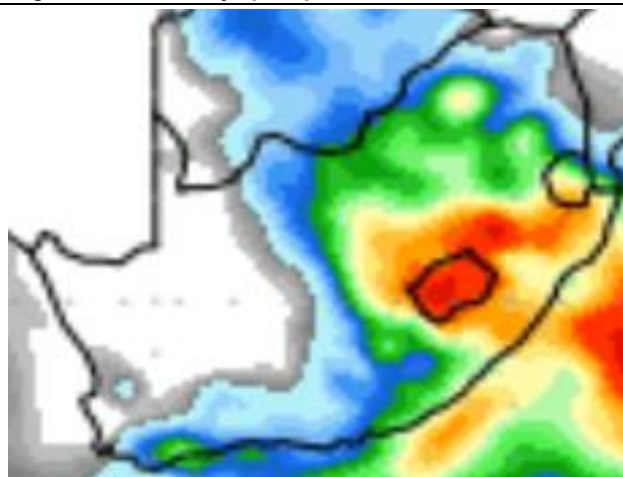
- This morning the weather charts remain roughly unchanged from what we reported yesterday. There are clear skies over most parts of the country with the exception of the western parts of Swartland, Helderberg, Winelands and Overberg regions, which could receive light showers (figure 1).
- The forecast for the last week of the month shows a possibility of higher rainfall of between 20 and 70 millimetres over the summer crop growing areas (figure 2). This is a welcome development ahead of the planting period which commences mid-October.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

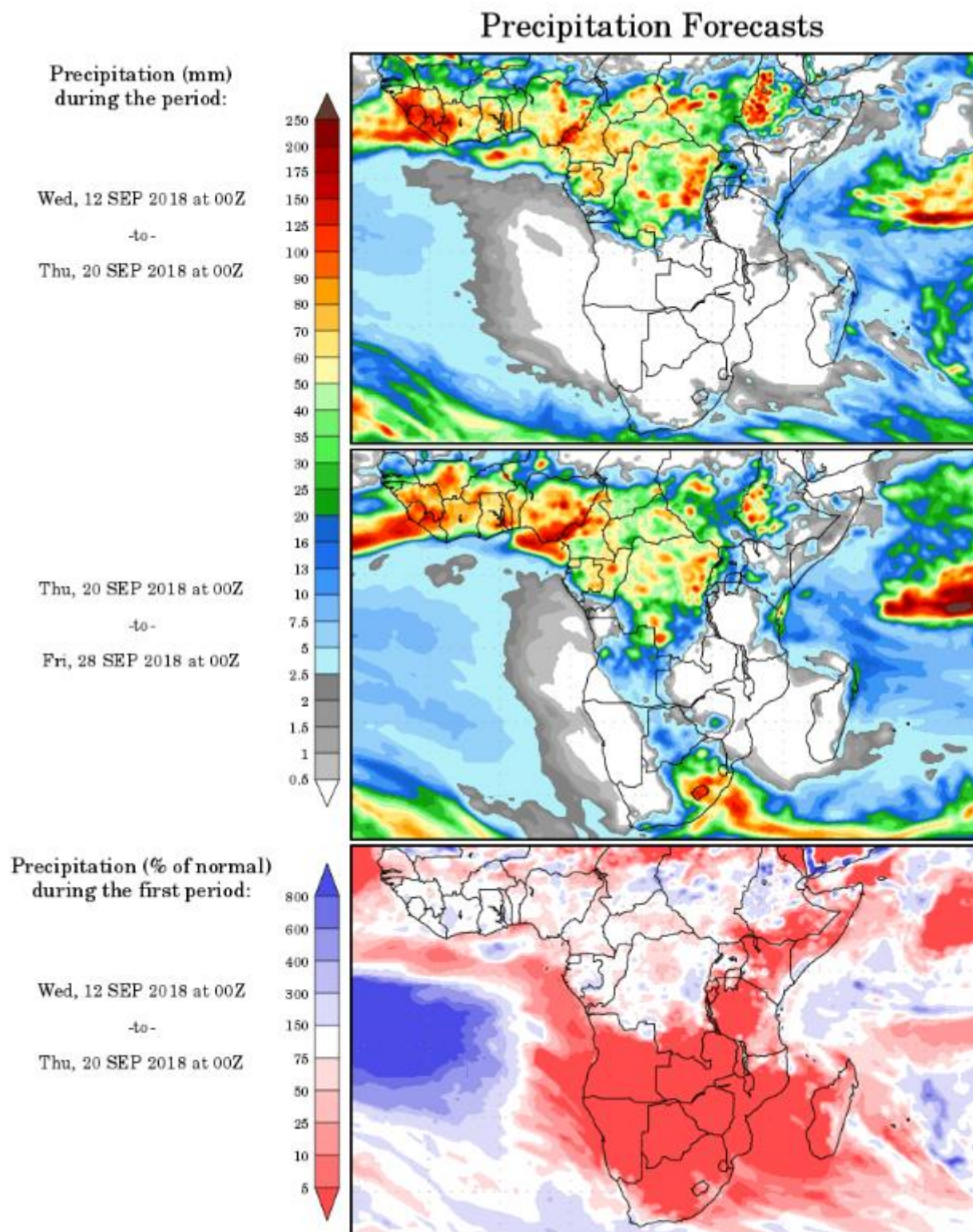
Figure 2: Next 16-days precipitation forecast



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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