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Key Data Releases in Agricultural Markets:

- SAGIS monthly data: 25/09/2018
- National Crop Estimates Committee's seventh summer crop production estimates: 26/09/2018
- SAGIS producer deliveries data: 27/09/2018
- SAGIS weekly grain trade data: 28/09/2018
- USDA's crop progress report: 01/10/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 11/10/2018

ECONOMIC INDICATORS	21/09/2018*	25/09/2018*	d-o-d (%Δ)
Rand/US Dollar	14,29	14,37	-0,56%
Rand/Euro	16,84	16,87	-0,18%
Euro/US Dollar	1,1745	1,1741	-0,03%
Gold Spot	1 207,90	1 198,51	-0,78%
Brent Crude Oil	78,70	81,42	+3,46%
Platinum Spot	826,00	831,50	+0,67%
Dow Jones Industrial Average	26 743,50	26 562,05	-0,68%
JSE All Share	57 170,44	57 164,25	-0,01%
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, partly due to the US dollar appreciation against major currencies, coupled by a slight decline in global commodity prices. At the time of writing, the Rand/US dollar was 0.56 percent weaker compared to midday Friday, trading at levels around R14.37.
- The Brent crude oil started the week on positive footing with the price up by 3.46 percent from levels seen at midday Friday, trading around US\$81.42 per barrel. These gains followed reports that Saudi Arabia and Russia might not significantly increase oil production due to capacity constraints.



MAIZE/CORN	21/09/2018*	25/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 306	2 309	+0,13%
White maize Jul 19 (R/t)	2 444	2 454	+0,41%
Yellow maize spot price (R/t)	2 326	2 338	+0,52%
Yellow maize Jul 19 (R/t)	2 430	2 437	+0,29%
CME corn Sep 18 (US cents/bushel)	355	358	+0,85%

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

- After a week-long break, it seems like we did not miss much in the South African agricultural market. To be fair, aside from the weekly producer deliveries and trade figures, there were scheduled major data releases in the week that ended on 21 September 2018. The day-to-day SAFEX price movements were largely underpinned by changes in the exchange rate (ZAR/USD) and also the Chicago maize prices. The gains on Friday's trade session could partly be explained by the aforementioned factors, which is the weaker domestic currency against the US dollar and spillover from higher Chicago maize prices.
- This year's maize harvest process was completed with minimal interruption, albeit being behind schedule due to the late start of the season on the back of unfavourable weather conditions late last year and into early January 2018. About 10.97 million tonnes of the maize crop had already been delivered to commercial silos in the week of 14 September 2018. This equates to 83 percent of the estimated harvest of 13.21 million tonnes.
- The yields in areas that have harvested largely varied between average and above average, which is somewhat in line with market expectations. Considering the volume of maize delivered to commercial silos thus far and the fact that the harvest process was completed a few weeks ago, we believe that the Crop Estimate Committee could revise its estimate down marginally from the current estimate of 13.21 million tonnes when it releases its final forecast for the 2017/18 production season tomorrow afternoon.
- If the downward revision is marginal, as we expect, then South Africa's maize market could well be supplied in the 2018/19 marketing year, which ends in April 2019.¹ Total maize supplies are estimated at 16.7 million tonnes, above the local demand of 10.8 million tonnes. This figure combines opening stocks and expected production.
- The focus in the market is shifting towards the 2018/19 production season and potential impact of the weather on it. The forecast El Niño remains a key risk, with recent updates still pointing to a possibility of its occurrence.

Bottom line – Today the domestic maize market could remain in positive territory due to the weaker domestic currency against the US dollar, as well as higher Chicago maize prices.

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



WHEAT	21/09/2018*	25/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 340	4 340	0,00%
SAFEX Wheat Dec 18 (R/t)	4 455	4 419	-0,81%
CME Wheat spot (US cents/bushel)	524	522	-0,38%

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

- The SAFEX wheat market started Friday's trade session on a positive footing, but lost ground towards the end of the day and settled on a mixed footing. The losses in December 2018 contract month price were underpinned by both increased commercial selling in the domestic front and spillover pressure from lower Chicago wheat prices.
- The 2018/19 winter wheat is likely to be one of South Africa's large harvests, thanks to favourable weather conditions and an expansion in area planted. The rainfall and cold temperatures experienced in the past two weeks in the Western Cape province could boost the yields in most regions. The feedback from farmers in most parts of the province has been quite positive in terms of yield expectations.
- While the crop in the Western Cape is at an advanced stage of development, other provinces are still at early stages due to differences in planting periods. But, the growing conditions are favourable in provinces such as the Northern Cape, Free State, Eastern Cape and Limpopo, amongst others -- all thanks to recent rainfall and improved water levels in the dams following good summer rainfall (see Figure 1). Looking ahead, the weather forecast over the Free State, Limpopo, Mpumalanga and North West provinces shows prospects of rainfall within the next two weeks, which bodes well with the crop.
- It is also worth noting that the recent rainfall in the Western Cape did not only improve crop conditions, but it also boosted dam levels as well. The most recent data from the Department of Water and Sanitation shows that the Western Cape provincial dam levels averaged 62 percent in the week of 17 September 2018, up by 26 percentage points from the same period last year.
- Tomorrow the Crop Estimate Committee will release its second production estimate for South Africa's 2018/19 winter wheat. The current estimate is at 1.8 million tonnes, up by 18 percent from the previous season. We do not foresee any major changes as weather conditions have generally been favourable since the last assessment.
- Under the aforementioned production scenario, South Africa's wheat imports for the 2018/19 marketing year which starts in October 2018 could decline by 33 percent from the previous season to 1.4 million tonnes. This is good for the country's agricultural trade balance.

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



SOYBEAN	21/09/2018*	25/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 460	4 455	-0,11%
SAFEX Soybean March 2019 (R/t)	4 681	4 691	+0,21%
CME Soybean Spot (US cents/bushel)	845	842	-0,36%

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

- On Friday, the SAFEX soybean market also settled on a mixed footing. The spot price was under pressure due to increased commercial selling and spillover from lower Chicago soybean prices, while March 2019 contract month price maintained the previous day's gains and settled in positive territory.
- This is a quiet period in the domestic soybean market as the harvest is completed across the country with most regions yet to get ready for the 2018/19 production season which commences in a few weeks' time.
- Tomorrow the Crop Estimate Committee will release its final soybean production forecasts for 2017/18 season. Last month, the Committee placed its forecast at 1.55 million tonnes, which is 17 percent higher than the previous season.
- In the week of 14 September 2018, about 1.47 tonnes of soybean had already been delivered to commercial silos. This equates to 95 percent of the estimated harvest. We believe that additional volumes will be delivered over the coming weeks as farmers continue to take their harvest to the market. Hence, we are of the view that the Crop Estimate Committee could keep its production estimate unchanged at 1.55 million tonnes, albeit the producer deliveries thus far being less than the production estimate.
- At midday, SAGIS will release its monthly soybean balance sheet, which will present the consumption volume and stocks, amongst other variables. South Africa's soybean stocks were at 1.32 million tonnes in July 2018, which is 40 percent higher from the corresponding period last year. August 2018 figures could show a marginal decline in stocks due to growing domestic consumption, as we expect imports of soybean and its by-products to decline in the 2018/19 marketing year.²
- The volume of soybean utilised in oil and cake processing amounted to 80 226 tonnes in July 2018, which is higher than the long-term average monthly soybean usage of 75 000 tonnes. August 2018 figures which are due for release at midday will most likely remain at higher levels.

Bottom line – Today the SAFEX soybean prices could also experience a sideways movements if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.

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



SUNFLOWER SEED	21/09/2018*	25/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 079	5 045	-0,67%
SAFEX Sunflower seed March 2019 (R/t)	5 128	5 088	-0,78%
EU (France) sunflower seed (US\$/t)	366	368	+0,55%

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

- Similar to other commodities, last week there was not much happening in SAFEX sunflower seed market. The day-to-day price movements were mainly linked to changes in the exchange rate and the general bearish sentiment on the back of large supplies.
- Furthermore, the data calendar was fairly light with only producer deliveries figures for the week of 14 September 2018, which slowed to 465 tonnes, compared to 761 tonnes the previous week. This decline was unsurprising as the large share of the crop has already been delivered to commercial silos. This placed South Africa's 2018/19 producer deliveries at 848 713 tonnes, which equates to 99 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.
- This will be a busy week. Today SAGIS will release its monthly figures, with the Crop Estimate Committee tomorrow set to publish its final production forecasts for 2017/18 sunflower seed crop, and producer deliveries data are due on Thursday.
- SAGIS data will give us an indication of the monthly consumption volumes and the stock levels, amongst other things. Last month, the data showed that South Africa's sunflower seed consumption declined by 6 percent month-on-month to 90 761 tonnes in July 2018. This, however, was still 11 percent higher than the July 2017, and generally above the average consumption levels.
- The ending stock was recorded at 584 280 tonnes in July 2018, which was 18 percent lower than the corresponding period last year due to expectations of a relatively lower crop and slightly delayed harvest process. Today's data could show an uptick in stock levels due to large deliveries saw the previous weeks, whereas consumption could remain sideways from levels seen in July 2018.

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



POTATO	21/09/2018*	25/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,59	30,35	-0,78%

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

- The South African potatoes market lost ground during Friday's trade session, with the price down by 0.78 percent from the previous day, closing R30.35 per pockets (10kg bag). This was partly on the back of large stocks of 1.29 million tonnes.
- In the session, the market experienced increased commercial buying interest and a slight decline in producer deliveries which led to a 4 percent decline in stocks to 1.24 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could remain under pressure due to a relatively large stock of 1.24 million pockets (10kg bag), despite the slight daily decline.

FRUIT (South Africa)	21/09/2018*	25/09/2018*	d-o-d (%Δ)
Apples (R/kg)	7,63	7,69	+0,79%
Bananas (R/kg)	5,05	4,85	-3,96%
Oranges (R/kg)	2,78	3,45	+24,10%

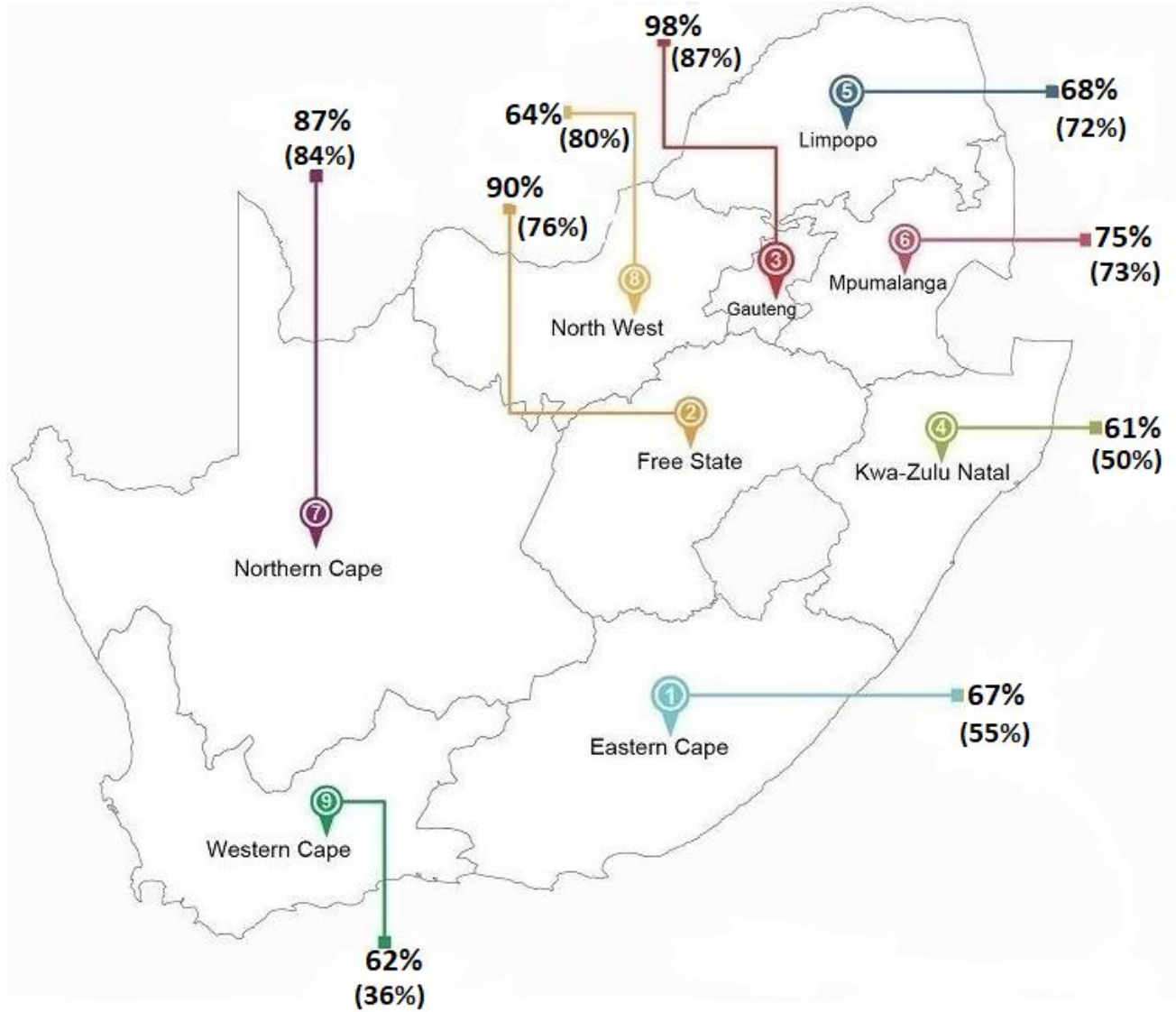
*Previous trading day's price survey in South African fresh produce markets

- The South African fruit market ended Friday's trade session on a mixed footing. The prices of apples and oranges were up by percentage point and 24 percent from the previous day, settled at R7.69 and 3.45 per kilogram, respectively. This was underpinned by commercial buying interest and a slight decline in producer deliveries, which subsequently led to the relatively lower stock of 527 000 tonnes of apples and 284 000 tonnes of oranges.
- Meanwhile, the price of bananas was down by 4 percent from the previous day, closing at R4.85 per kilogram. These losses were due to fairly large stocks of 895 000 tonnes of bananas 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.



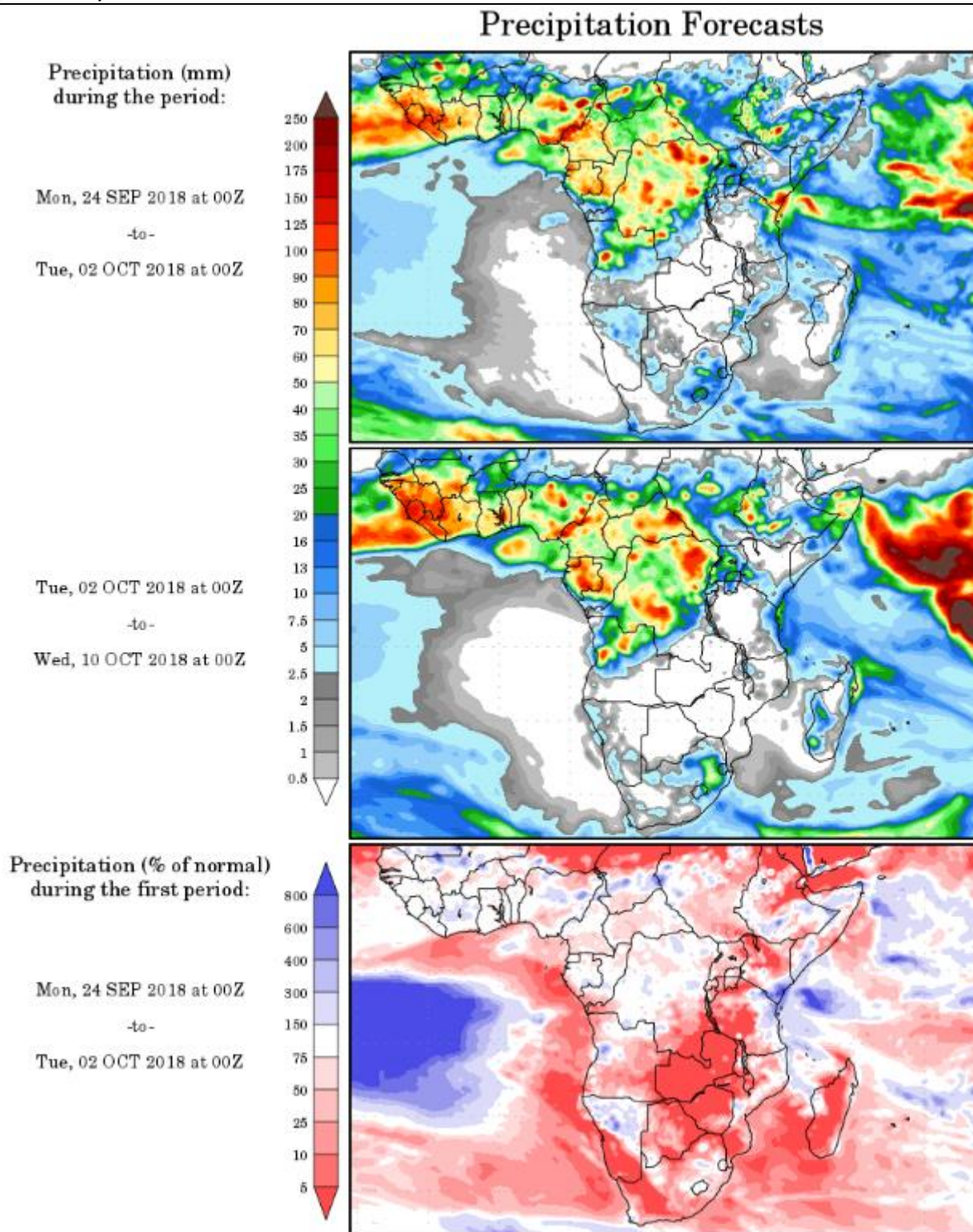
Figure 1: South Africa's average dam levels: week ended 17 September 2018, with the same week last year in brackets



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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