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Key Data Releases in Agricultural Markets:

- 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	25/09/2018*	26/09/2018*	d-o-d (%Δ)
Rand/US Dollar	14,37	14,34	+0,21%
Rand/Euro	16,91	16,87	+0,24%
Euro/US Dollar	1,1779	1,1763	-0,14%
Gold Spot	1 200,11	1 202,26	+0,18%
Brent Crude Oil	81,08	81,88	+0,99%
Platinum Spot	834,60	830,00	-0,55%
Dow Jones Industrial Average	26 589,07	26 492,21	-0,36%
JSE All Share	56 561,76	56 882,75	+0,57%
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*

- This morning the domestic currency was almost flat from levels seen at midday yesterday, trading around R14.34 to the US dollar. The rand's marginal gains were partly on the back of an uptick in some global commodity prices, as well as the US dollar depreciation against major currencies. From a domestic data front, Stats SA will release the Quarterly Employment Statistics for the second quarter of 2018.

- The Brent crude price was up 0.99 percent from levels seen at midday yesterday, trading around US$81.88 per barrel. These gains were still on the back of reports that Saudi Arabia and Russia might not significantly increase oil production in the coming months due to capacity constraints. On the data front, the Energy Information Administration will release an update about the US oil inventories in the week of 21 September 2018.

MAIZE/CORN	25/09/2018*	26/09/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 309	2 344	+1,52%
White maize Jul 19 (R/t)	2 454	2 506	+2,12%
Yellow maize spot price (R/t)	2 338	2 377	+1,67%
Yellow maize Jul 19 (R/t)	2 437	2 483	+1,89%
CME corn Sep 18 (US cents/bushel)	362	363	+0,28%

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

- Similar to the previous sessions, yesterday's gains in the SAFEX maize market were largely underpinned by the weaker domestic currency against the US dollar, commercial buying interest, as well as the spillover support from higher Chicago maize prices.

- The South African maize market is well supplied in the 2018/19 marketing year due to a relatively large harvest and carryover stocks from the previous year. This is evident on the stocks levels, which were estimated at 9.5 million tonnes in August 2018, about 18 percent higher from the previous month. The improvement is in both white and yellow maize due to ongoing harvest activity at the time.

- Nevertheless, this is 12 percent lower than the corresponding period last year as the harvest process was behind its normal pace owing to the late start of the season, and also the fact that the 2017/18 harvest is expected to be smaller than previous season's record crop.

- Aside from stock levels, the Crop Estimate Committee will release its final production estimates for the 2017/18 production season in the afternoon. Considering that 10.97 million tonnes of maize had already been delivered in the week of 14 September 2018, and the fact that the harvest process was completed a few weeks ago, we believe that the Committee could revise its estimate down marginally from the current estimate of 13.21 million tonnes. With that said, the global observers such as the International Grains Council and the USDA kept their production forecasts for South Africa's 2017/18 maize production unchanged earlier this month.

- If the potential 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 currently estimated at 16.7 million tonnes, which is well above the local demand of 10.8 million tonnes. This figure combines opening stocks and expected production.

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	25/09/2018*	26/09/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 340	4 340	0,00%
SAFEX Wheat Dec 18 (R/t)	4 419	4 453	+0,77%
CME Wheat spot (US cents/bushel)	524	523	+0,28%

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

- After experiencing losses at the start of the week, the SAFEX wheat market gained ground in yesterday's trade session and settled in positive territory. This was mainly on the back of spillover support from higher Chicago wheat prices, as well as the weaker domestic currency against the US dollar.

- The weather remains a key focus in the market as the winter wheat crop in most provinces is still at stages of developments that require moisture. Disappointingly, the weather forecast for the next eight days shows prospects of drier conditions over most parts of the country. At this stage, this will not be an issue as dam levels are in good shape to boost irrigation and soil moisture also improved following good summer rainfall.

- As set out in our previous note, the Western Cape winter wheat crop is quite promising following good rainfall and cold temperatures in the past couple of weeks. The feedback from farmers in most parts of the province has been quite positive in terms of yield expectations. Although 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.

- In the afternoon, 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 in this month's assessment as weather conditions have generally been favourable since the last assessment.

- In terms of trade, the wheat import tariff triggered again on 11 September to R490.72 per tonne due to a decline in international wheat prices (No2 HRW) in the preceding three weeks. The previous trigger was on 14 August, which then, was calculated at R298.45 per tonne, following an uptick in international wheat prices. However, these rates are not yet applicable. The current import tariff is R640.55 per tonnes.

- The newly calculated rate will also be effective only after publication in a government gazette, of which the timeframe is unclear. The import tariff will expectedly decline to R298.45 per tonne first and then increase to R490.72per tonne.

Bottom line – Similar to maize, today the local wheat market could experience a sideways movement if the ZAR/USD exchange and Chicago wheat price maintain the current trends.

SOYBEAN	25/09/2018*	26/09/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 455	4 512	+1,28%
SAFEX Soybean March 2019 (R/t)	4 691	4 754	+1,34%
CME Soybean Spot (US cents/bushel)	853	850	-0,35%

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

- Yesterday the SAFEX soybean market managed to claw back some of its recent losses and settled in positive territory. The gains were mainly on the back of a weaker domestic currency against the US dollar, coupled with positive spillover from lower Chicago soybean prices.

- While the soybean harvest process has been completed, farmers continue to deliver the crop to commercial silos. 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 in the afternoon 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.

- In addition, the large deliveries have boosted domestic soybean stocks. The most recent data from SAGIS shows that South Africa's soybean stocks were at 1.22 million tonnes in August 2018, which is 44 percent higher from the corresponding period last year.

- Also worth noting is that soybean consumption (processed for oil and cake) amounted to 78 349 tonnes in August 2018, which is 2 percent lower than last month and 3 percent from the corresponding period last year. With that said, this is somewhat in line with the long-term monthly average consumption trend.

- If we apply an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 43 percent of its monthly soybean processing capacity in August 2018. This is marginally down by a percentage point from last month and the corresponding period last year. The crushing/processing activity could generally remain at fairly higher levels this season, as the market will largely rely on domestic supplies, with soybean oilcake imports expected to decline. The 2018/19 soybean supplies are estimated at 1.86 million tonnes, up by 32 percent from the previous season.

- As highlighted in the previous notes, we forecast South Africa's 2018/19 soybean and oilcake imports at 10 000 tonnes and 4558 992 tonnes, down by 64 percent and 17 percent year-on-year, respectively.

Bottom line – Today the SAFEX soybean prices could be under pressure due to lower Chicago soybean prices and the relatively stronger rand against the US dollar.

SUNFLOWER SEED	25/09/2018*	26/09/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 045	5 090	+0,89%
SAFEX Sunflower seed March 2019 (R/t)	5 088	5 103	+0,29%
EU (France) sunflower seed (US$/t)	369	370	+0,27%

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

- The SAFEX sunflower seed market started yesterday's trade session in the positive footing and maintained the gains throughout the day as the weaker domestic currency against the US Dollar, coupled with commercial buying interest continued to support the market.

- This week we have a series of domestic data releases. Yesterday SAGIS released its monthly figures, today the Crop Estimate Committee will publish its final production forecasts for 2017/18 sunflower seed crop and other summer crops, and producer deliveries data are due tomorrow.

- A closer look at SAGIS monthly numbers shows that South Africa's sunflower seed consumption amounted to 79 017 tonnes in August 2018, down by 14 percent from last month and 10 percent from the corresponding period last year. This, however, was still above the long-term average consumption.

- Furthermore, the ending stock was recorded at 538 681 tonnes in August 2018, down by 8 percent from the volume seen the previous month and 15 percent from the corresponding period last year. This is partially due to the fact that the 2017/18 harvest is slightly lower than the previous season's crop.

- In terms of trade, South Africa imported 213 tonnes of sunflower seed in August 2018. About 61 percent of this originated from Malawi, with 39 percent from Botswana. This placed South Africa's sunflower see imports at 682 tonnes, well above the market expectations of 500 tonnes of imports in the 2018/19 marketing year.[2]

- In August 2018, the Crop Estimate Committee placed its production estimate at 858 605 tonnes, up by 8 percent from the previous season partly due to expectations of better yields. A large share of the expected harvest had already been delivered to commercial silos.

- In the week of 14 September 2018, South Africa's 2018/19 producer deliveries were at 848 713 tonnes, which equates to 99 percent of the expected harvest. This suggests that the Crop Estimate Committee could leave the sunflower seed production estimate unchanged from the previous month.

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

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

POTATO	25/09/2018*	26/09/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,35	31,12	+2,54%

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

- Yesterday the South African potatoes market managed to claw back some of its recent losses and settled in positive territory. This was partly on the back of relatively lower stock of 1.24 million tonnes at the start of the session.

- Furthermore, in the session, the market experienced increased commercial buying interest and a slight decline in producer deliveries after a long weekend. This subsequently led to a 10 percent decline in stocks to 1.11 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could receive additional gains due to a relatively lower stock of 1.11 million pockets (10kg bag) compared to levels seen in the past couple of days.

FRUIT (South Africa)	25/09/2018*	26/09/2018*	d-o-d (%Δ)
Apples (R/kg)	7,91	7,63	-3,54%
Bananas (R/kg)	5,14	4,91	-4,47%
Oranges (R/kg)	2,95	3,21	+8,81%

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

- The South African fruit market settled on a mixed footing in yesterday's trade session. The prices of apples and bananas were each down by 4 percent from the previous day, settled at R7.63 and 4.91 per kilogram. These losses followed a recovery in stocks to 924 000 tonnes of apples and 1.8 million tonnes of bananas.

- Meanwhile, the price of oranges was up by 9 percent from the previous day, closing at R3.21 per kilogram due to commercial buying interest. These gains could, nonetheless, be short-lived owing to a 48 percent increase in daily stock to 603 000 tonnes.

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	25/09/2018*	26/09/2018*	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.

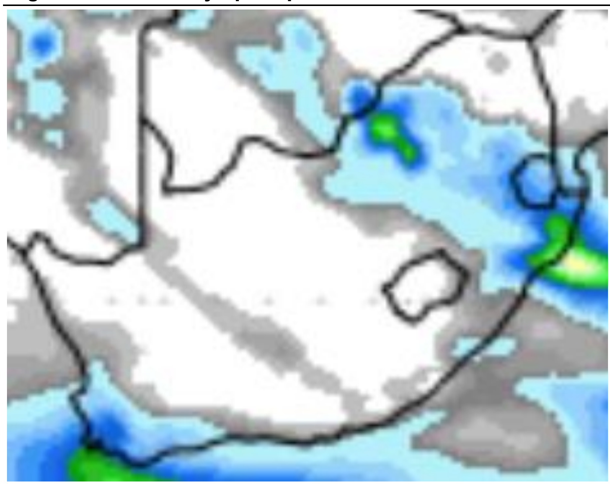
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

WEATHER FORECAST: South Africa

- This morning the weather charts have cleared over most parts of the country with the exception of few patches clouds over the Western Cape, Gauteng and Mpumalanga provinces (figure 1). This is not much of an issue as the winter crop is in good condition across the country and the summer crop season only starting next month.

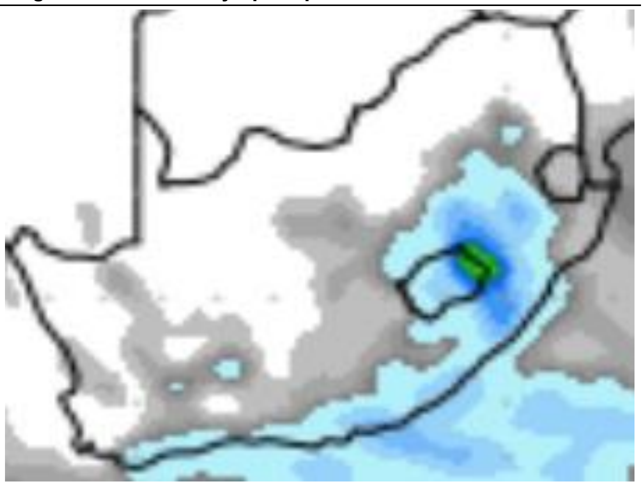
- The forecast for the week of 11 October presents more of the same, which is clear skies over most parts of the country, with prospects of rainfall in KwaZulu Natal and the coastal areas of the Eastern Cape (figure 2). Going forward the weather will be a central focus as the summer crop planting period is set to commence soon.

Figure 1: Next 8-days precipitation forecast



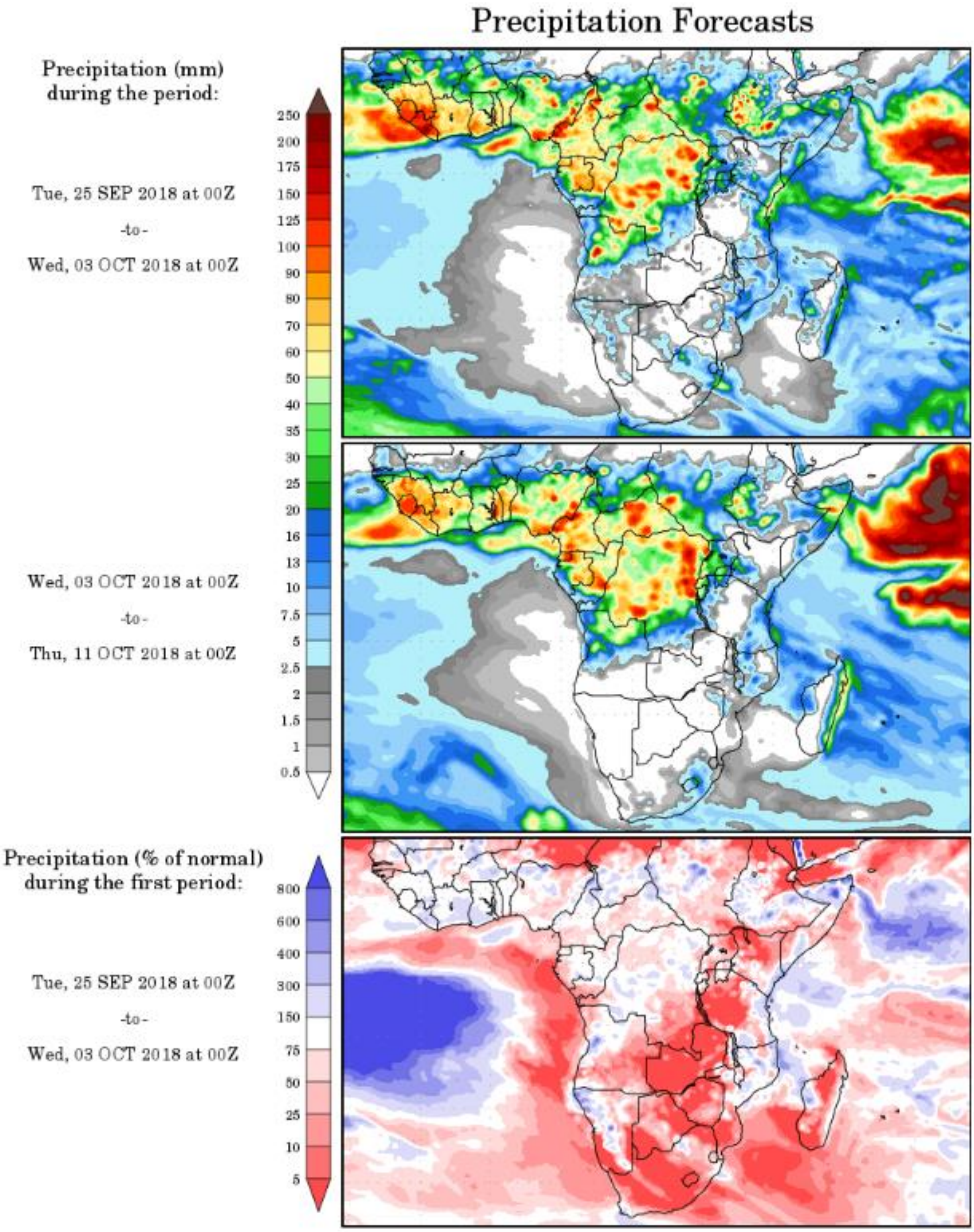
Source: wxmaps

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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