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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 01/10/2018
- SAGIS producer deliveries data: 03/10/2018
- SAGIS weekly grain trade data: 04/10/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 11/10/2018

ECONOMIC INDICATORS	28/09/2018*	01/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,21	14,13	+0,57%
Rand/Euro	16,47	16,38	+0,55%
Euro/US Dollar	1,1609	1,1593	-0,14%
Gold Spot	1 184,45	1 188,81	+0,37%
Brent Crude Oil	81,64	83,82	+2,67%
Platinum Spot	813,80	816,20	+0,29%
Dow Jones Industrial Average	26 463,29	26 458,31	-0,02%
JSE All Share	55 872,57	55 708,47	-0,29%
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 rand has managed to claw back some of its recent losses following a recovery in global commodity prices. The rand's appreciation was also in line with the US dollar depreciation against major currencies. The Rand/USD is currently 0.57 percent stronger compared to levels seen at midday Friday, trading around R14.13. From a domestic data front, the BER will release the manufacturing PMI data for September.
- The Brent crude oil market had a good run this morning with the price up by 2.67 percent from levels seen at midday Friday, trading around US\$83.82 per barrel. This is partly on the back of imminent US sanctions against Iran, which are set to be implemented at the beginning of November. Furthermore, the recent data from Baker Hughes which showed that the number of active US rigs drilling for oil fell by 3 to 863 in the week of 28 September also added support to the market.



MAIZE/CORN	28/09/2018*	01/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 313	2 310	-0,13%
White maize Jul 19 (R/t)	2 490	2 491	+0,04%
Yellow maize spot price (R/t)	2 350	2 352	+0,09%
Yellow maize Jul 19 (R/t)	2 475	2 480	+0,20%
CME corn Sep 18 (US cents/bushel)	359	357	-0,56%

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

- The SAFEX maize market started Friday's trade session on a positive footing and maintained the gains throughout the session. The market was partly supported by the relatively weaker rand against the US dollar, coupled with spillover from higher Chicago maize prices. This, however, was with the exception of white maize spot price which settled in negative territory due to increased commercial selling.
- Friday's uptick in Chicago maize prices was driven by growing global demand, which is evident in US weekly maize export sales which amounted to 1.7 million tonnes in the week of 28 September, well above market expectations. The recovery in global maize demand is partly due to the fact that countries which typically use wheat in animal feed processing have increased their maize intake due to price competitiveness. The global wheat stocks are tight owing to an expected lower harvest (explained on the next page). This is evident on the International Grains Council data, which show that 2018/19 global maize usage in animal feed could increase by 4 percent from the previous season to 645 million tonnes.
- Fortunately, the 2018/19 global maize production is set to increase by 2 percent from the previous season to 1.07 billion tonnes. The US, Brazil, Argentina, Ukraine and China are the key countries contributing to the expected uptick in global maize production.
- Worth noting, however, is that the optimal maize planting window has recently opened in Brazil and Argentina, hence the production estimates are still preliminary at this stage. The weather outlook and developments in the financial markets are the key factors that could influence the 2018/19 maize production season in these particular countries. On the point of the financial market, the weaker domestic currency could somewhat lead to increases in the prices of imported agricultural inputs and therefore influence the planting activity. We will monitor the developments on this front in the coming weeks.
- Back on home soil, the optimal maize planting period has opened in the eastern and central regions of South Africa. Therefore, the weather will be a key factor to monitor over the next five months or so.

Bottom line – Today the domestic maize market could be under pressure due to lower Chicago maize prices, as well as a recovery of the rand against the US dollar.



WHEAT	28/09/2018*	01/10/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 330	4 305	-0,58%
SAFEX Wheat Dec 18 (R/t)	4 394	4 407	+0,30%
CME Wheat spot (US cents/bushel)	514	509	-0,97%

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

- South Africa is a net importer of wheat, therefore developments in the global market tend to influence the domestic price movements. Friday's session was no different, the wheat spot price was under pressure owing to spillover from lower Chicago wheat prices. Meanwhile, December 2018 contract month price was up marginally from the previous day due to the fairly weaker domestic currency and commercial buying interest.
- The recent monthly report of the International Grains Council underscored the view that global wheat supplies will be tight in the 2018/19 season. The Council placed its production estimate at 717 million tonnes, which is 3 percent lower than the five-year average global production. This is partly due to an expected lower harvest in the EU, Russia, Ukraine, Australia and Kazakhstan, amongst others. The decline in production in almost all the aforementioned countries is underpinned by expectations of lower yields on the back of unfavourable weather conditions, as well as the reduction in area planted in some countries.
- Although global wheat usage in food and industrial purposes could remain solid in the 2018/19 season, animal feed could decline by 5 percent year-on-year. The animal feed industry will potentially use maize and soybean as a substitute due to price competitiveness. Overall, the 2018/19 global wheat stocks could decline by 6 percent year-on-year to 250 million tonnes. This could potentially add an upward pressure on global wheat prices in the near-to-medium term.
- With South Africa being a net importer of wheat, the global shocks could also influence the local market this season. One positive point, however, is that South Africa's 2018/19 wheat imports could amount to 1.4 million tonnes, down by 33 percent from the previous season.
- The potential decline in domestic wheat imports follows an expected 18 percent annual increase in wheat production to 1.85 million tonnes in the 2018/19 season. This is supported by both improvement in weather conditions in the Western Cape, as well as the expansion in area planted in other provinces. Moreover, the expected showers within the next two week in most parts of the country could boost soil moisture and subsequently crop conditions, particularly in the Free State, Limpopo, North West and the Eastern provinces where the crop is still at early stages of development that requires moisture.

Bottom line – Similar to maize, today the local wheat market could also be under pressure due to a recovery of the rand against the US dollar, coupled with lower Chicago wheat prices.



SOYBEAN	28/09/2018*	01/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 482	4 526	+0,98%
SAFEX Soybean March 2019 (R/t)	4 715	4 750	+0,74%
CME Soybean Spot (US cents/bushel)	846	844	-0,24%

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

- The week of 28 September ended on a positive note in the SAFEX soybean market. The support emanated from the relatively weaker rand against the US dollar, as well as spillover from higher Chicago soybean prices.
- The uptick in Chicago soybean prices could, nonetheless, be short-lived due to large global supplies. The International Grains Council recently revised its 2018/19 global soybean production estimate up by a percentage point from the previous month to 370 million tonnes, a new record harvest.
- This is tied to an expected increase in output in major producing countries. To highlight a few, the US, Argentina, Brazil, China and India's 2018/19 soybean production is estimated at 128 million tonnes (+7% y/y), 54 million tonnes (+43% y/y), 121 million tonnes (+1% y/y), 16 million tonnes (+8% y/y) and 13 million tonnes (+14% y/y), respectively. This is according to data from the International Grains Council.
- While production in most countries that are north of the Equator has advanced, the planting process of the 2018/19 soybean crop has recently started in the southern regions such as Brazil, Argentina, Paraguay, amongst others. Hence, the aforementioned production estimate is still tentative.
- That said, we don't foresee any major risks in the near term that could potentially change this optimistic outlook. The forecast El Niño does not present risks for South American soybean crop as it typically leads to higher rainfall in the region -- an opposite effect to most African regions. If anything, higher rainfall could somewhat affect the quality of the crop. We will monitor the developments closely over the coming months.
- Also worth noting is that if the expected production of 370 million tonnes in the 2018/19 production season materialises, the stocks could increase to 52 million tonnes. This is a 28 percent annual uptick. This, however, will largely be accumulated in the US as exports are expected to be softer than the previous season due to the ongoing trade dispute with China – the world's leading soybean importer.
- On the domestic front, the 2018/19 soybean planting process will commence this month in the eastern regions of the country. Fortunately, the soil moisture is still at fairly higher levels following good summer rainfall.

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



SUNFLOWER SEED	28/09/2018*	01/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 062	5 120	+1,15%
SAFEX Sunflower seed March 2019 (R/t)	5 090	5 120	+0,59%
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

- On Friday the SAFEX sunflower seed market managed to claw back its recent losses and settled in positive territory. The market was generally supported by a combination of factors which include the slightly weaker domestic currency against the US dollar, as well as increased commercial buying interest.
- Although activity will soon resume in maize and soybean fields, this is likely to be another quiet month in the sunflower seed growing areas. The planting activity for the 2018/19 production season will probably start at the end of the month and accelerate from November onwards.
- The optimal planting dates for major sunflower seed producing provinces, North West and Free State, runs between November and beginning of January. With that said, on 25 October 2018, the Crop Estimate Committee will present an indication of the potential planting when it releases the 'intentions of farmers' to plant summer grain crops data for 2018/19 production season.
- The uncertainty regarding the weather remains a key focus in the market in the near term, as the weather forecasters still show a 50-55 percent chance of El Niño development during the 2018/19 summer season. This weather phenomenon could lead to drier weather conditions, which would negatively affect the crop. The updates from a number of weather forecasters will be released later this month.
- Aside from the 2018/19 production season, South Africa had a good crop of 858 605 tonnes in the 2017/18 production season. While the 2017/18 harvest was 3 percent lower than the previous season, it far exceeded the expectations due to improved rainfall later in the season.
- The large crop has boosted South Africa's 2018/19 marketing year sunflower seed supplies, which are estimated at 1.02 million tonnes when adding imports and the carryover stock from the previous year.¹ This is according to data from the national Supply and Demand Estimates Committee. In terms of trade, South Africa's 2018/19 marketing year's sunflower seed imports currently stand at 682 tonnes, well above the market expectations of 500 tonnes of imports in the 2018/19 marketing year.

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

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



POTATO	28/09/2018*	01/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,44	32,08	+2,04%

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

- The South African potatoes market had a good run on Friday's trade session due to increasing commercial buying interest. The price was up by 2 percent from the previous day, closing at R32.08 per pockets (10kg bag).
- Aside from increased commercial buying interest, the producer deliveries also slowed, which subsequently led to a 15 percent decline in stocks to 981 057 pockets (10kg bag), thus adding support to the market.

Bottom line – Today the South African potatoes price could receive additional gains due to a relatively lower stock of 981 057 pockets (10kg bag) compared to levels seen in the past couple of days.

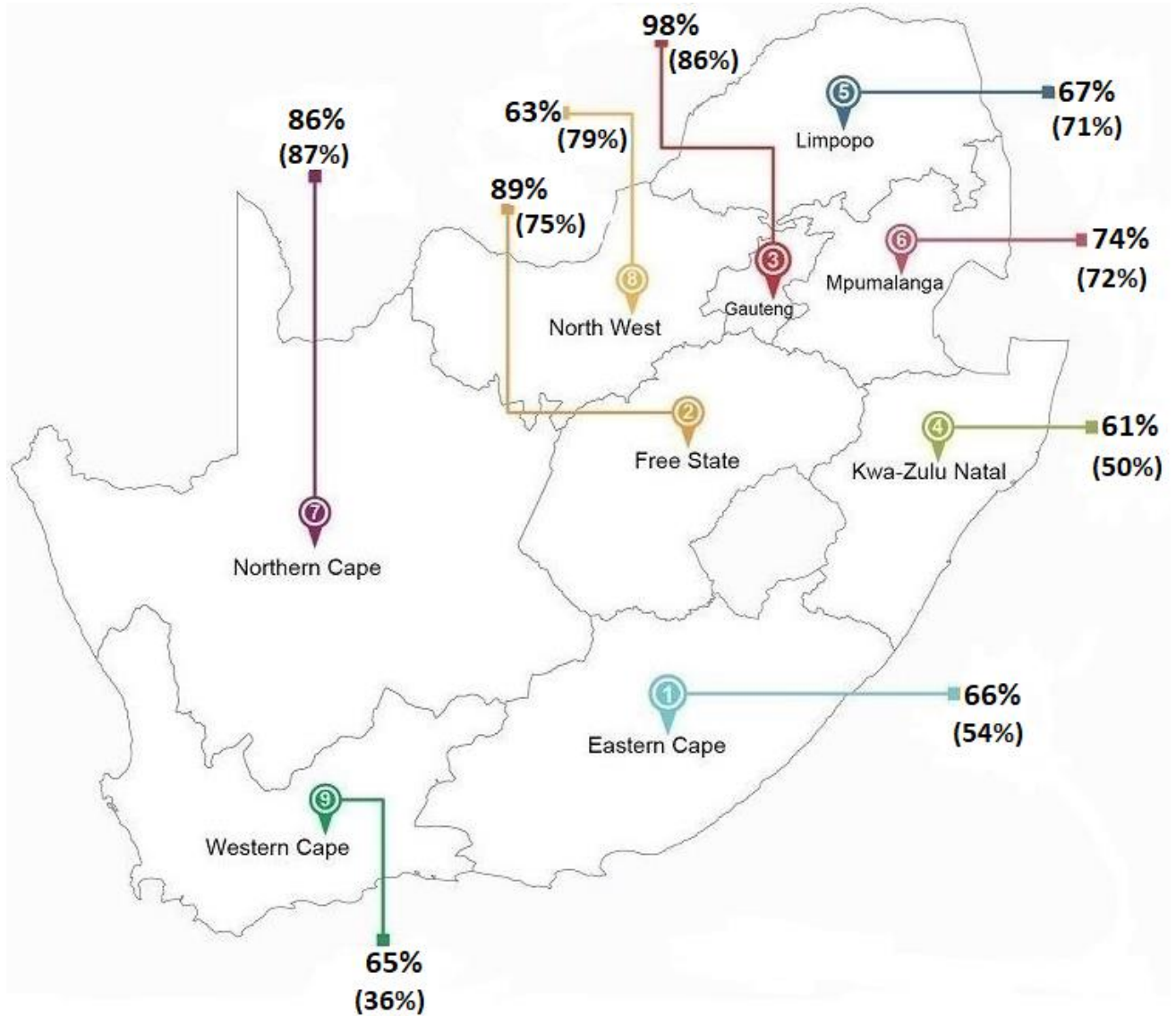
FRUIT (South Africa)	28/09/2018*	01/10/2018*	d-o-d (%Δ)
Apples (R/kg)	7,70	7,79	+1,17%
Bananas (R/kg)	4,88	5,07	+3,89%
Oranges (R/kg)	3,32	2,74	-17,47%

*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 bananas were up by percentage point and 4 percent from the previous day, settled at R7.79 and R5.07 per kilogram, respectively. Nonetheless, this could be short-lived due to relatively large stocks of 582 000 tonnes of apples and 1.1.3 million tonnes of bananas.
- Meanwhile, the price of oranges was down by 17 percent from the previous day, closing at R2.74 per kilogram. These losses were partly due to an uptick in producer deliveries which subsequently led to a 46 percent increase in stocks to 531 000 tonnes of oranges at the end of Friday's trade session.

Bottom line – Similar to the previous sessions, 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.

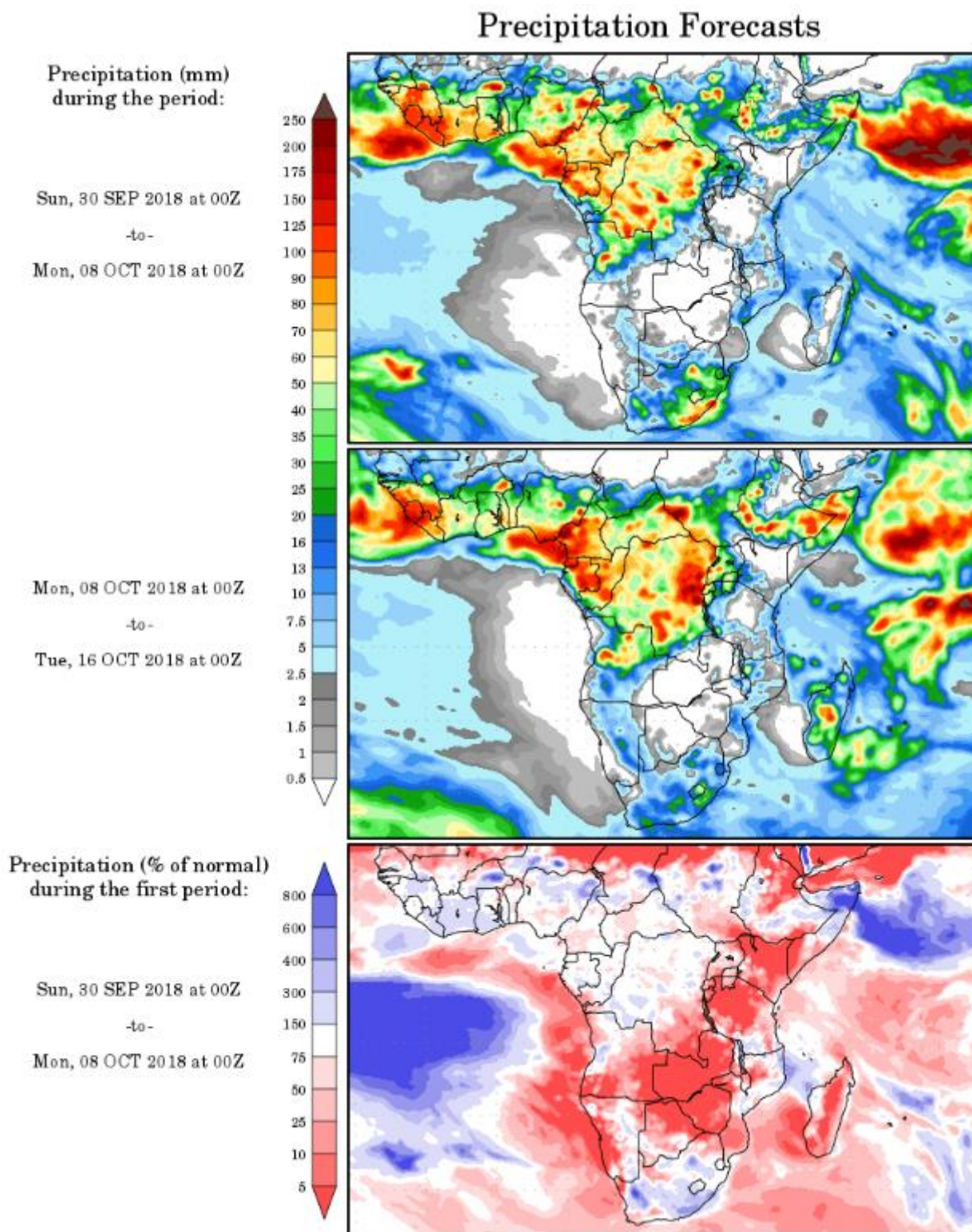
Figure 1: South Africa's average dam levels: week ended 24 September 2018, with the same week last year in brackets



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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