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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 03/10/2018
- SAGIS weekly grain trade data: 04/10/2018
- USDA's crop progress report: 08/10/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 11/10/2018
- National Crop Estimates Committee's 'intentions of farmers' to plant summer grain for 2019: 25/10/2018

ECONOMIC INDICATORS	02/10/2018*	03/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,38	14,36	+0,14%
Rand/Euro	16,56	16,64	-0,48%
Euro/US Dollar	1,1539	1,1585	+0,40%
Gold Spot	1 192,49	1 205,72	+1,11%
Brent Crude Oil	84,45	85,43	+1,16%
Platinum Spot	821,90	834,60	+1,55%
Dow Jones Industrial Average	26 667,78	26 773,94	+0,40%
JSE All Share	55 139,34	55 472,57	+0,60%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,90	4,90	0,00%
SA CPI – food (y/y %)	2,90	2,90	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 R14.36 to the US dollar. The rand's marginal gains were partly on the back of an uptick in global commodity prices, as well as the US dollar depreciation against major currencies. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price was up by 1.16 percent from levels seen at midday yesterday, trading around US\$85.43 per barrel due to expectations of tighter global supplies as the US intends to place sanctions on Iran's oil early next month. This overshadowed the bearish news of a 907 000 barrels increase in US oil inventories in the week of 28 September 2018, according to data from the American Petroleum Institute.



MAIZE/CORN	02/10/2018*	03/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 272	2 340	+2,99%
White maize Jul 19 (R/t)	2 446	2 524	+3,19%
Yellow maize spot price (R/t)	2 303	2 365	+2,69%
Yellow maize Jul 19 (R/t)	2 433	2 504	+2,92%
CME corn Sep 18 (US cents/bushel)	366	368	+0,55%

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

- Yesterday the SAFEX maize market managed to claw back some of its recent losses and settled in positive territory. This was supported by a combination of factors such as the weaker rand against the US dollar and spillover from higher Chicago maize prices, amongst others.
- Last week, the International Grains Council left its estimate for South Africa's 2018/19 maize production unchanged from August 2018, at 12.3 million tonnes. While this is 11 percent lower than the 2017/18 production season¹, it is still above the long-term average production of about 12.0 million tonnes.
- This is a plausible estimate, but the weather outlook remains quite uncertain, with talks of a possible El Niño this season which could potentially lead to drier conditions. We will get more reliable information about this later in the month when the weather forecasters release their monthly updates.
- With that said, the optimal maize planting period in the eastern parts of South Africa opened on good footing with prospects of heavy rainfall in the week of 18 October 2018. This will potentially improve soil moisture and subsequently support the new season crop.
- Overall, it is still unclear whether South African farmers will reduce the intentions to plant because of the expected El Niño 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 the 'intentions of farmers' to plant summer grain for 2018/19 data on 25 October 2018.
- Aside from the new season production aspects, the focus today will be on producer deliveries data for the previous season. In the week of 21 September 2018, about 11.06 tonnes of maize had already been delivered to commercial silos. This equates to 86 percent of the harvest for the 2017/18 production season.

Bottom line – Today the domestic maize market could experience a sideways movement if the ZAR/USD exchange and Chicago maize market maintain its current trends.

¹ The Council placed its estimate for South Africa's 2017/18 maize production at 13.8 million tonnes, which is slightly higher than the Crop Estimate Committee's estimate of 13.5 million tonnes (commercial and non-commercial maize).



WHEAT	02/10/2018*	03/10/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 282	4 348	+1,54%
SAFEX Wheat Dec 18 (R/t)	4 385	4 449	+1,46%
CME Wheat spot (US cents/bushel)	507	522	+2,96%

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

- The domestic wheat market had a good run in yesterday's trade session with support stemming from the weaker rand against the US dollar, and spillover from higher Chicago wheat prices which were underpinned by improved sentiment following positive trade developments between the US, Mexico and Canada.
- Our recent interaction with winter wheat farmers in various parts of the country has been quite encouraging. In the major producing province, Western Cape, the crop has matured and generally in good shape with expectations of good yields in most regions – all thanks to rainfall received in the past couple of weeks.
- The rainfall in the province 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 66 percent in the week of 01 October 2018, up by a percentage point from the previous week and 30 percentage points from the corresponding period last year.
- The crop growing conditions are also favourable in provinces such as the Northern Cape, Free State, Eastern Cape and Limpopo, amongst others, albeit at relatively early stages of development compared to the Western Cape due to a difference in planting periods.² The crop in these particular provinces is supported by recent showers and improved water levels in the dams for irrigation following good summer rainfall.
- Also worth noting is that the week of 18 October 2018 promises rainfall in most regions of the aforementioned provinces, which could further improve soil moisture and subsequently benefit the crop conditions. This is all supportive of the Crop Estimate Committee's view of a potential 18 percent annual increase in South Africa's wheat production to 1.85 million tonnes.
- To reiterate a point made in our previous notes, the potential uptick in domestic wheat production could lead to a 33 percent decline in imports to 1.4 million tonnes of wheat in the 2018/19 marketing year which commenced this week.

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

² The winter wheat planting period typically starts at the end of April in the Western Cape, whereas other provinces only start mid-year and continue until August. The variation is partly caused by rainfall patterns.



SOYBEAN	02/10/2018*	03/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 432	4 466	+0,77%
SAFEX Soybean March 2019 (R/t)	4 666	4 704	+0,81%
CME Soybean Spot (US cents/bushel)	861	868	+0,81%

*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 negative territory, but recovered towards the end of the week and settled in positive territory. This was linked to a recovery of the Chicago soybean prices, as well as the weaker rand against the US dollar.
- The uptick in Chicago soybean prices followed news that the US has reached a trade agreement with Canada and Mexico. Both these countries are key markets for US soybean farmers. Data from Trade Map shows that on average Mexico imported over 3 million tonnes of US soybeans per the calendar year in the past four years. Meanwhile, Canada imported just over 250 000 tonnes a year.
- The forecasts for unfavourable harvest weather in parts of the US also added support to the market. The weather charts show prospects of rainfall in the Midwest within the next two weeks.³ This could delay the harvest process, which is still in its initial stages. At the end of September 2018, only 23 percent of the estimated 128 million tonnes had already been harvested.
- Back on home soil, the focus today will be on the producer deliveries data for the week of 28 September 2018. The previous release for the week of 21 September 2018 showed that soybean producer deliveries amounted to 1.47 million tonnes which equates to 95 percent of the 2017/18 harvest.
- The large soybean producer deliveries will improve South Africa's soybean supplies, which will, in turn, lead to a decline in imports. The national Supply and Demand Estimates Committee forecasts the country's soybean supplies at 1.86 million tonnes, up by 32 percent from the 2017/18 marketing year.⁴ This includes production, imports, as well as opening stock.
- In terms of trade, South Africa's soybean and oilcake imports could decline by 71 percent and 17 percent year-on-year in the 2018/19 marketing year to 8 000 tonnes and 458 992 tonnes, respectively

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

³ Please see the link for more information on the US precipitation prospects: <http://wxmaps.org/pix/prec1>

⁴ The 2018/19 marketing year corresponds with the 2017/18 production season.



SUNFLOWER SEED	02/10/2018*	03/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 088	5 160	+1,42%
SAFEX Sunflower seed March 2019 (R/t)	5 078	5 155	+1,52%
EU (France) sunflower seed (US\$/t)	364	364	0,00%

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

- Yesterday the domestic sunflower seed market managed to claw back some of its recent losses and settled in positive territory. This was underpinned by a combination of factors which include the weaker rand against the US dollar, as well as commercial buying interest.
- Aside from the aforementioned price movements, there was not much happening in the domestic sunflower seed market. The focus today will be on the weekly producer deliveries data for the week of 28 September 2018. The previous release for the week of 21 September 2018 showed that producer deliveries amounted to 850 082 tonnes which equates to 99 percent of the 2017/18 harvest.
- The large producer deliveries have boosted South Africa's 2018/19 marketing year sunflower seed supplies, which are currently estimated at 1.02 million tonnes when adding imports and the carryover stock from the previous year.⁵ Although 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.
- Looking ahead, there is still uncertainty about the weather outlook for the 2018/19 production season which will commence at the end of this month. With that said, the USDA is still fairly optimistic about South Africa's sunflower seed production for the upcoming season. The agency forecast 2018/19 sunflower seed production at 850 00 tonnes, down by a percentage point from the previous season. The potential decline is linked to expectations of a reduction in area plantings to 600 000 hectares, not an issue of yield expectations.
- Moreover, the USDA's production estimate is well above an average five-year production of 796 521 tonnes. Overall, the forecast El Niño over the coming months remains a key risk as it could negatively affect growing conditions and change this positive outlook. We will get more clarity on its outlook later in the month.
- While the USDA's estimates have already been published, the domestic Crop Estimate Committee will release its report on the 'intentions of farmers' to plant a sunflower seed in the 2018/19 season on 25 October 2018.

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

⁵ The 2017/18 production year corresponds with 218/19 marketing year.



POTATO	02/10/2018*	03/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,25	39,80	+19,70%

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

- The South African potatoes market had a good run in yesterday's trade session with the price up by 20 percent from the previous day, closing at R39.80 per pockets (10kg bag). These gains were mainly on the back of relatively lower stock of 509 147 pockets (10kg bag) at the start of the session.
- In the session, the market saw an uptick in producer deliveries as harvest activity resumes after a quiet period during the weekend. This led to a 35 percent increase in daily stocks to 686 224 pockets (10kg bag)

Bottom line – Today the South African potatoes price could receive additional gains due to a lower stock of 686 224 pockets (10kg bag) compared to levels seen in the past couple of days.

BEEF CARCASS	02/10/2018*	03/10/2018*	d-o-d (%Δ)
SAFEX Beef Dec 18 (R/kg)	47,55	47,55	0,00

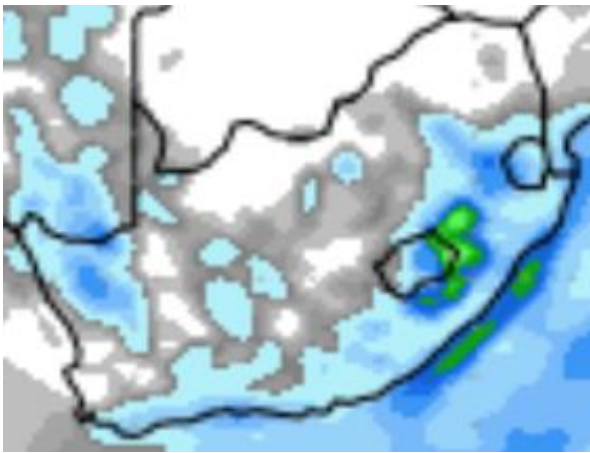
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- 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.

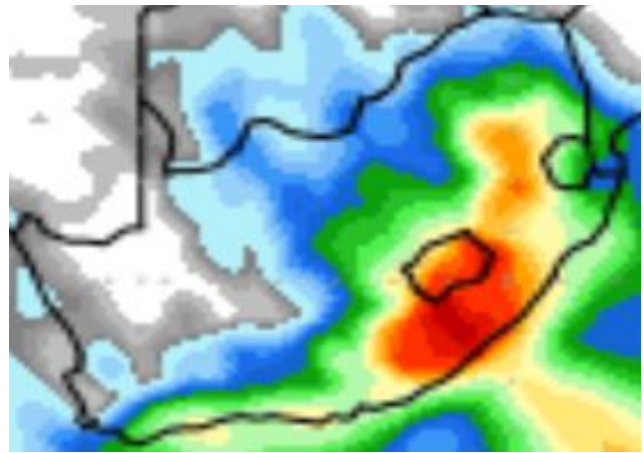
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather forecast remains roughly unchanged from what we reported yesterday, which is cool and drier weather conditions in most regions of the country, with the exception the coastal areas of the Eastern Cape and KwaZulu Natal (figure 1). These particular provinces could receive light showers that could slightly boost soil moisture.
- Encouragingly, the forecast for the week of 18 October could bring widespread rainfall of between 20 and 90 millimetres over the summer crop growing areas of the country (figure 2). This will potentially improve soil moisture and in turn, boost the summer crop planting process.

Figure 1: Next 8-days precipitation forecast

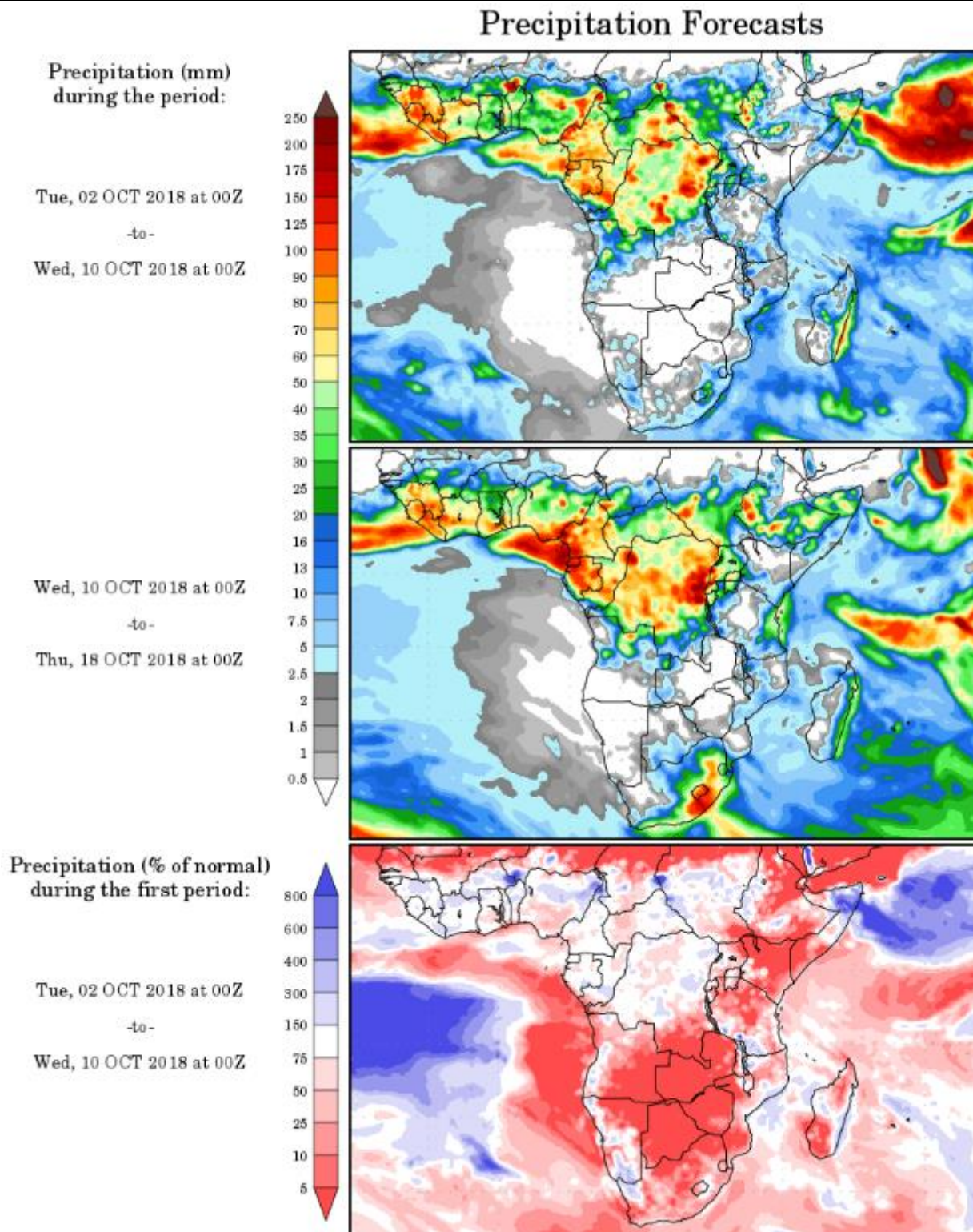
Source: wxmaps

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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