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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 04/10/2018
- USDA's crop progress report: 08/10/2018
- SAGIS producer deliveries data: 10/10/2018
- 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	03/10/2018*	04/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,38	14,69	-2,11%
Rand/Euro	16,63	16,86	-1,36%
Euro/US Dollar	1,1523	1,1473	-0,43%
Gold Spot	1 205,04	1 197,44	-0,63%
Brent Crude Oil	84,86	86,73	2,20%
Platinum Spot	835,70	828,70	-0,84%
Dow Jones Industrial Average	26 927,92	26 828,39	-0,37%
JSE All Share	55 432,42	55 171,50	-0,47%
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

- After experiencing a good run during the week, the Rand/US dollar is currently 2.11 percent weaker compared to midday yesterday, trading around R14.69. The rand's depreciation was in line with the US dollar appreciation against major currencies. The decline in global commodity prices also added a bearish sentiment to the market. In terms of data, today Stats SA will release the electricity production and consumption figures for August 2018.
- This morning the Brent crude oil price was down by 2.20 percent from levels seen at midday yesterday, trading around US\$86.73 per barrel. This followed reports that Russia and Saudi Arabia have reached an agreement to lift oil production. Moreover, data from Energy Information Administration which showed that the US oil inventories increased by 8 million barrels in the week of 28 September also added pressure to the market.



MAIZE/CORN	03/10/2018*	04/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 340	2 350	+0,43%
White maize Jul 19 (R/t)	2 524	2 536	+0,48%
Yellow maize spot price (R/t)	2 365	2 379	+0,59%
Yellow maize Jul 19 (R/t)	2 504	2 520	+0,64%
CME corn Sep 18 (US cents/bushel)	367	365	-0,54%

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

- The SAFEX maize market had a good run in yesterday's trade session 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 spillover from higher Chicago maize prices, amongst others.
- The uptick in Chicago maize prices was driven by fears of possible harvest delays in the US as the weather forecast for the next two weeks shows prospects of widespread rainfall over the Midwest. On 30 September 2018, about 26 percent of the US maize crop had already been harvested, which is 9 percentage points ahead of the five-year average harvest pace.
- On the domestic front, a large share of the 2017/18 maize crop has already been delivered to commercial silos, hence the weekly producer deliveries have slowed in the recent weeks. Evidently, in the week of 28 September 2018, maize producer deliveries amounted to 48 991 tonnes, down by 24 percent from the previous week. About 51 percent of this was white maize, with 49 percent being yellow maize.
- This placed South Africa's maize producer deliveries at 11.1 million tonnes, which equates to 86 percent of the 12.9 million tonnes harvest for the 2017/18 production season. The yields in most areas largely varied between average and above average.
- Today the focus will be on the weekly grain trade data which is due for release at midday. South Africa exported 87 415 tonnes of maize in the week of 21 September 2018, which is double the volume exported the previous week. About 92 percent was yellow maize, with 8 percent being white maize.
- The leading buyer was South Korea and Vietnam with shares of 45 percent and 42 percent, respectively. The rest went to regional markets (Southern Africa). This placed South Africa's 2018/19 maize exports at 1.3 million tonnes, which is about 57 percent of the seasonal export forecast of 2.3 million tonnes.

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.



WHEAT	03/10/2018*	04/10/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 348	4 385	+0,85%
SAFEX Wheat Dec 18 (R/t)	4 449	4 495	+1,03%
CME Wheat spot (US cents/bushel)	516	516	0,00%

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

- The SAFEX wheat market posted gains in yesterday's trade session as the weaker domestic currency against the US dollar and higher Chicago wheat prices continued to add support to the market.
- The gains in the Chicago wheat market were partly linked to unfavourable weather conditions in the Black Sea region and parts of Europe. There are already expectations of lower harvest in both regions due to drier weather conditions experienced at the beginning of the season, as well as the marginal decline in area planted.
- The International Grains Council forecasts the EU's 2018/19 wheat production at 136 million tonnes, down by 10 percent from the previous season. Russia and Ukraine's 2018/19 wheat production is estimated at 69 million and 26 million tonnes, respectively down by 19 percent and 6 percent from the 2017/18 season.
- The expected decline in production in the aforementioned countries, along with an anticipated lower harvest in Australia, Kazakhstan, China and India is the key factor behind tight global supplies. The 2018/19 global wheat production is set to decline by 6 percent from the previous season to 717 million tonnes. This will subsequently lead to a 6 percent annual decline in stocks to 250 million tonnes.
- The reiterate the point made in our notes, 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. This is according to data from the Supply and Demand Estimates Committee.
- the potential decline in imports is on the back of an expected 18 percent annual uptick in 2018/19 wheat production to 1.85 million tonnes due to good rainfall and expansion in area planted. The crop has matured in most parts of the Western Cape and currently in good shape with prospects of higher yields. In other provinces, the crop is still at early stages of development compared to the Western Cape due to a difference in planting periods. But, the recent rainfall has made good improvement as the growing conditions are also favourable in provinces such as the Northern Cape, Free State, Eastern Cape and Limpopo, amongst others.

Bottom line – The local wheat market could gain ground in today's trade session due to the weaker rand against the US dollar, coupled with fairly higher Chicago wheat prices.



SOYBEAN	03/10/2018*	04/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 466	4 490	+0,54%
SAFEX Soybean March 2019 (R/t)	4 704	4 720	+0,34%
CME Soybean Spot (US cents/bushel)	862	861	-0,12%

*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 on a positive footing and maintained the gains throughout the day as the relatively weaker rand against the US dollar continued to provide support to the market. Moreover, the spillover from higher Chicago soybean prices also added support to the market.
- The gains in Chicago soybean market were sustained by similar factors as the previous day, which is raising concerns that wet weather conditions could slow the harvest activity. The weather charts show prospects of rainfall in the Midwest within the next two weeks.¹ With that said, on 30 September 2018, the harvest pace was still good with about 23 percent of the estimated 128 million tonnes already completed, compared to 20 percent in the corresponding period last year, as well as the five-year average pace.
- Elsewhere, the 2018/19 soybean planting activity is underway in South America. On 01 October 2018, about 29 percent of the area had already been planted in the state of Parana, compared to 16 percent in the corresponding period last year. This is according to data from Brazil's Department for Rural Economy. The progress has largely been boosted by favourable weather conditions. The planting process could soon accelerate in other regions as well.
- There is general optimism about Brazil's 2018/19 soybean production. The International Grains Council forecasts the country's soybean harvest at 121 million tonnes, up by a percentage point from the 2017/18 season. This positive outlook has also been expressed by other analysts such as INTL FCStone. Looking ahead, the planting process could slow temporarily within the next two weeks due to expectations of widespread rainfall over most parts of the country.
- On the domestic front, the producer deliveries amounted to 568 tonnes in the week of 28 September 2018, down by 28 percent from the previous week as a large share of the crop has already been delivered to commercial. South Africa's 2018/19 producer deliveries currently stand at 850 237 tonnes, which equates to 99 percent of the expected harvest.

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.

¹ Please see the link for more information on the US precipitation prospects: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	03/10/2018*	04/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 160	5 153	-0,14%
SAFEX Sunflower seed March 2019 (R/t)	5 155	5 183	+0,54%
EU (France) sunflower seed (US\$/t)	364	363	-0,27%

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

- After experiencing a good run at the start of the week, the SAFEX sunflower seed market pulled back in yesterday's trade session and settled on a mixed footing. The marginal losses on the spot price were partly on the back of increased commercial selling. Meanwhile, March 2019 contact month price ended the session in positive territory with support emanating from the weaker rand against the US dollar, amongst other factors.
- On the data front, the producer deliveries amounted to 155 tonnes in the week of 28 September 2018, down by 59 percent from the previous week. The weekly slowdown is usurping as a large share of the crop has already been delivered to commercial. This placed South Africa's 2018/19 producer deliveries at 850 237 tonnes, which equates to 99 percent of the expected harvest.
- As set out in yesterday's note, the producer deliveries have improved 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. 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 0.27 percent, closing at US\$363 million tonnes. These losses were mainly on the back of harvest pressure in the Black Sea countries, as well as spillover from lower vegetable oil prices.
- The most recent data from Ukraine's Ministry of Agriculture shows that 72 percent of the expected 14.5 million tonnes of sunflower seed crop had already been harvested on 02 October 2018. In addition, about 75 percent of Russia's expected 11.5 million tonnes had already been harvested at the beginning of this week.
- In the Southern Hemisphere, the 2018/19 sunflower seed production season is still at initial stages. At the beginning of this week, Argentinian farmers had only planted 40 percent of the estimated area of 1.9 million hectares for the season. Back home soil, the optimal planting window will only open towards the end of this month. Overall, the global sunflower supplies are expected to be in good shape in the 2018/19 season, with production estimated at 50.5 million tonnes, up by 3 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could recover from yesterday's levels due to the weaker rand against the US dollar.



FRUIT (South Africa)	03/10/2018*	04/10/2018*	d-o-d (%Δ)
Apples (R/kg)	7,60	7,77	+2,24%
Bananas (R/kg)	4,99	5,29	+6,01%
Oranges (R/kg)	3,11	3,00	-3,54%

*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 respectively up by 2 percent and 6 percent from the previous day, settled at R7.77 and 5.29 per kilogram. These gains followed a 4 percent and 15 percent decline in stocks to 665 000 tonnes of apples and 1.3 million tonnes of bananas.
- Meanwhile, the price of oranges was down by 4 percent from the previous day, closing at R3.00 per kilogram due to increased commercial selling interest. These losses could, nonetheless, be short-lived owing to relatively lower stocks of 431 000 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	03/10/2018*	04/10/2018*	d-o-d (%Δ)
SAFEX Beef Dec 18 (R/kg)	47,55	47,55	0,00

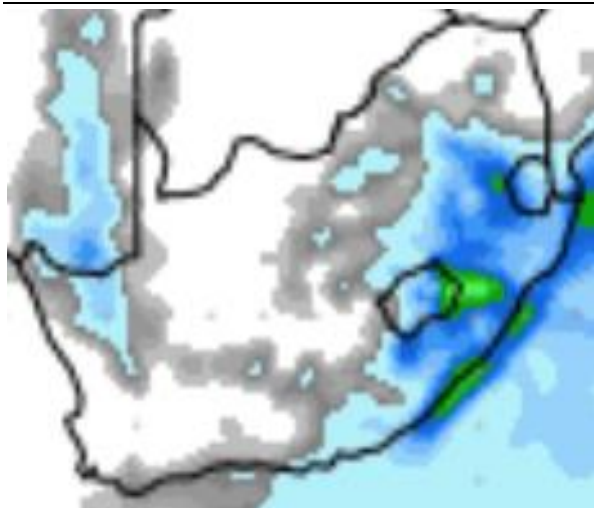
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- 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 211 951 head of cattle in August 2018, down by 11 percent from August 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.

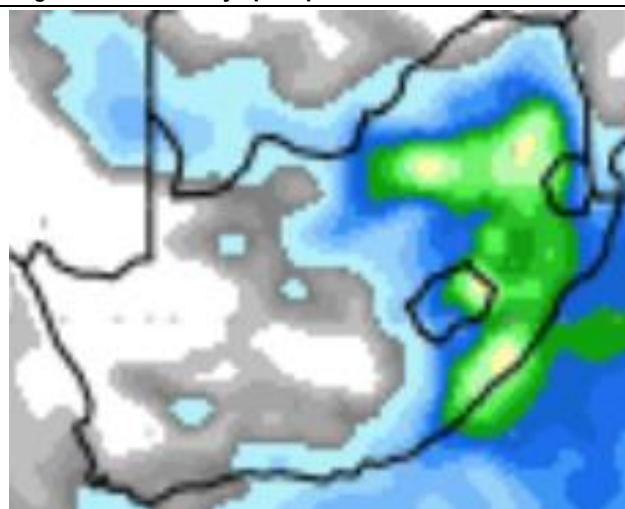
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- This morning the weather charts show prospects of light showers over Mpumalanga, KwaZulu Natal and northern parts of the Eastern Cape within the next eight days, whereas the rest of the country could experience cool and drier weather conditions (figure 1). This could slightly improve soil moisture, which will be beneficial in the planting process that will soon be commencing in most regions.
- Disappointingly, the weather forecast for the week of 19 October has changed somewhat from the optimistic picture we painted yesterday. There are now clear skies over most parts of the country with the exception of Limpopo, Gauteng, Mpumalanga and KwaZulu Natal provinces which could receive light showers over the observed period.

Figure 1: Next 8-days precipitation forecast

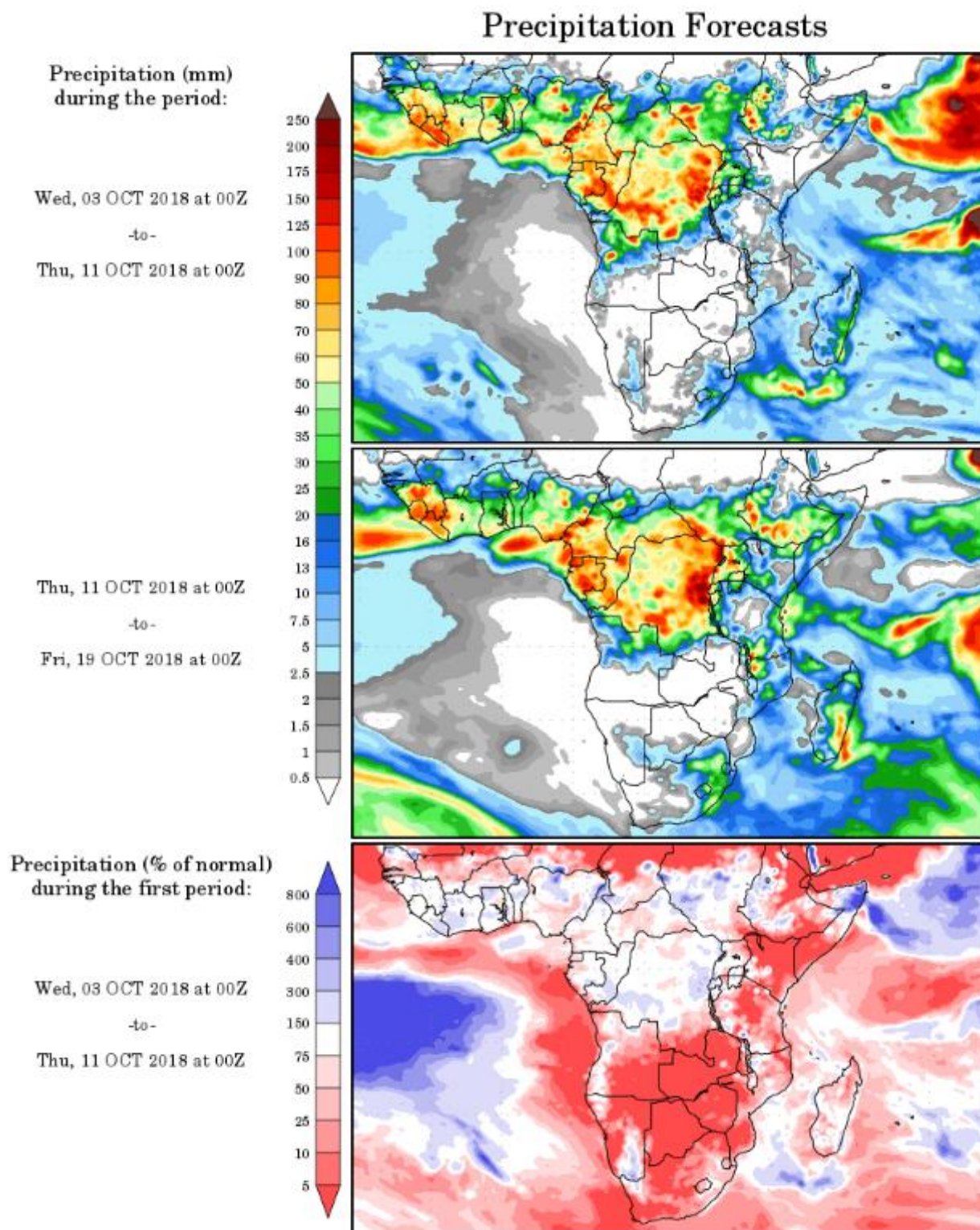
Source: wxmaps

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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