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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 08/10/2018
- SAGIS producer deliveries data: 10/10/2018
- SAGIS weekly grain trade data: 11/10/2018
- 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	05/10/2018*	08/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,77	14,79	-0,14%
Rand/Euro	16,97	17,02	-0,29%
Euro/US Dollar	1,1519	1,1511	-0,07%
Gold Spot	1 198,10	1 196,97	-0,09%
Brent Crude Oil	86,29	83,84	-2,84%
Platinum Spot	832,00	820,30	-1,41%
Dow Jones Industrial Average	26 447,05	26 447,05	0,00%
JSE All Share	54 606,83	54 409,47	-0,36%
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

- The domestic currency started the week on a negative footing, weakening by 0.14% against the US dollar from levels seen at midday Friday. The rand's depreciation was in line with the US dollar appreciation against major currencies, as well as lower global commodity prices. At the time of writing, the Rand/US dollar exchange traded around R14.79. From a domestic data front, today's calendar is fairly light with no major releases
- After experiencing a good run last week, this morning the Brent crude oil price was down by 2.84 percent from levels seen at midday Friday, trading around US\$83.84 per barrel. This comes after media reports indicated that in an attempt to stabilise global oil supplies, the US might grant waivers to sanctions against Iran's oil exports. In terms of data, the number of active US rigs drilling for oil was down by 2 to 861 last week.



MAIZE/CORN	05/10/2018*	08/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 385	2 402	+0,71%
White maize Jul 19 (R/t)	2 572	2 590	+0,70%
Yellow maize spot price (R/t)	2 420	2 445	+1,03%
Yellow maize Jul 19 (R/t)	2 556	2 573	+0,67%
CME corn Sep 18 (US cents/bushel)	365	368	+0,82%

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

- The SAFEX maize market had a good run on Friday's trade session and settled in positive territory. This was underpinned by the weaker rand against the US dollar, as well as spillover from higher Chicago maize prices.
- The uptick in Chicago maize prices was due to lingering concerns about possible maize harvest delays in the US as the weather forecast for the next eight days shows prospects of widespread rainfall over the Midwest. In the week of 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. This evening the USDA will release an update of this estimate for the week of 07 October 2018.
- Back on home soil, the South African Weather Service has recently highlighted that "the El Niño-Southern Oscillation is still in a neutral phase and although most models indicate a slight strengthening towards an El Niño phase, the uncertainty seems to be increasing to its potential strength and timing. Therefore, this uncertainty casts some doubt on its potential impact over South Africa during the summer period as there is no significant response to atmospheric conditions in the area."
- Last month, the Australian Bureau of Meteorology shared a similar message, at the same time, acknowledging a possibility of El Niño occurrence later in summer. These are important developments as South Africa's 2018/19 maize production season will soon commence in most regions and that will require increased moisture to sustain the crop in good condition.
- With that said, the local weather bureau also indicated a possibility of above-normal rainfall over most parts of the summer crop growing areas between November 2018 and January 2019. If the aforementioned weather forecasts materialise, then there is a fair chance that the South African maize crop could receive sufficient moisture for a greater part of the growing season, but the crucial pollination period, which typically occurs around February of each year could coincide with El Niño or dryness which might lead to lower yields. At the end of this month, the Crop Estimate Committee's data will give us a sense of the potential maize area plantings.

Bottom line – Today the domestic maize market could gain ground due to the weaker rand against the US dollar, as well as higher Chicago maize prices.



WHEAT	05/10/2018*	08/10/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 420	4 450	+0,68%
SAFEX Wheat Dec 18 (R/t)	4 538	4 549	+0,24%
CME Wheat spot (US cents/bushel)	522	523	+0,19%

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

- The SAFEX wheat market posted gains on Friday's trade session with support stemming from the weaker domestic currency against the US dollar and spillover from higher Chicago wheat prices.
- The gains in the Chicago wheat market were driven by somewhat similar factors as the previous day, which is the 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.
- This has contributed to the 6 percent annual decline in the 2018/19 global wheat production to 717 million tonnes. This is according to data from the International Grains Council. The other countries that are expecting a relatively lower wheat harvest in 2018/19 production season and therefore contributed to the decline in global harvest are Australia, Kazakhstan, China and India.
- As indicated in our previous reports, the impact of lower global wheat supplies to South Africa will largely be through price mechanisms, as the country is a net importer of wheat and therefore exposed to global shocks.
- On the ground, South Africa's winter wheat is currently in good shape in most parts of the country, following favourable rainfall in the past couple of weeks. In the major producing province, Western Cape, the harvest process could start at the end of this month and there are general expectations of higher yields in most regions.
- 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. The winter wheat planting period typically starts at the end of April in the Western Cape, whereas other provinces only start around mid-year.
- Overall, this supports the Crop Estimate Committee's view of a potential 18 percent annual increase in South Africa's wheat production to 1.85 million tonnes following an expansion in area planted and expected higher yields. This implies that South Africa's wheat imports could decline by 33 percent year-on-year to 1.4 million tonnes in the 2018/19 marketing year which commenced last week.

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	05/10/2018*	08/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 550	4 534	-0,35%
SAFEX Soybean March 2019 (R/t)	4 771	4 765	-0,13%
CME Soybean Spot (US cents/bushel)	869	871	+0,23%

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

- Unlike other commodities which ended the week on a positive footing, the SAFEX soybean market was under pressure on Friday. This was primarily on the back of spillover from lower Chicago soybean prices, as well as large domestic supplies.
- In the case of Chicago soybean prices, there is fundamentally some bearish sentiment in the market which emanates from both large global supplies, as well as the ongoing China-US trade dispute. To recap, the 2018/19 global soybean production is expected to increase by 9 percent from the previous season to a new record high of 370 million tonnes. The largest producers will be the US, Brazil and Argentina accounting for 82 percent of global soybean production.
- A notable share of this is consumed outside these countries, mainly in China. The current estimates suggest that Brazil could be the largest exporter of soybeans with 75 million tonnes, largely to China. Trailing Brazil is the US, with about 57 million tonnes of soybean set to be available for exports. Given the aforementioned trade dispute, it still unclear if the US will succeed on exporting its crop to China as it has traditionally been the case. Argentina is expected to have about 8 million tonnes available for export market.
- Last week, we flagged a possibility of delays in US soybean harvest process due to wet weather conditions. This view has not changed as the weather forecast for the next eight days still show prospects of rainfall over most parts of the Midwest.¹
- 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. In the evening, we will receive an update for the week of 07 October 2018 when the USDA releases its weekly crop progress report. This is likely to show a slight decline as some parts of the Midwest already experienced wet weather conditions last week, which possibly slowed activity in the fields.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could gain ground due to the weaker rand against the US dollar, coupled with higher Chicago soybean prices.

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



SUNFLOWER SEED	05/10/2018*	08/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 230	5 280	+0,96%
SAFEX Sunflower seed March 2019 (R/t)	5 255	5 311	+1,07%
EU (France) sunflower seed (US\$/t)	362	362	0,00%

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

- The SAFEX sunflower seed market started Friday's trade session on a positive footing and maintained the gains throughout. This was underpinned by two factors, which is the weaker domestic currency against the US dollar, as well as the general increase in commercial buying interest.
- The aforementioned factors are likely to remain the key drivers of the market this week as there are no major data releases except the producer deliveries figures which are due for release on Wednesday. The deliveries will, nonetheless, have minimal impact on the market as a large share of the crop has already been delivered to commercial silos. In the week of 28 September 2018, about 99 percent of the 858 605 tonnes harvest had already been delivered.
- Broadly speaking, the remaining four months of sunflower seed 2018/19 marketing year should progress smoothly as the market is well supplied, with 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. It is worth noting that the 2018/19 marketing year corresponds with the 2017/18 production season.
- Therefore, the focus in the market will soon shift to the 2018/19 production season which commences towards the end of this month. While the recent message from the South African Weather Service has somewhat been encouraging, pointing to a possibility of good showers in the next couple of weeks, there is still some levels of uncertainty regarding El Niño over the coming months.
- Nevertheless, the USDA is still fairly optimistic about South Africa's sunflower seed production for the upcoming season. As indicated in our previous note, the agency forecasts the 2018/19 sunflower seed production at 850 000 tonnes, down by a percentage point from the previous season due to an anticipated reduction in area plantings to 600 000 hectares. That said, this is well above an average five-year production of 796 521 tonnes.
- Overall, we will get additional views about the next season's crop outlook when Crop Estimate Committee releases its data for '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 could maintain the previous day's gains due to the weaker rand against the US dollar.



POTATO	05/10/2018*	08/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	42,32	42,47	+0,35%

*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 an increase in commercial buying interest. The price was marginally up by 0.35 percent from the previous day, closing at R42.47 per pockets (10kg bag).
- Nonetheless, this bullish sentiment in the market could be short-lived due to an uptick in producer deliveries on the back of ongoing harvest activity in most parts of the country. On Friday, the uptick in producer deliveries led to a 5 percent increase in daily stocks to 903 388 pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience losses due to a fairly large stock of 903 388 pockets (10kg bag) compared to levels seen in the past couple of days.

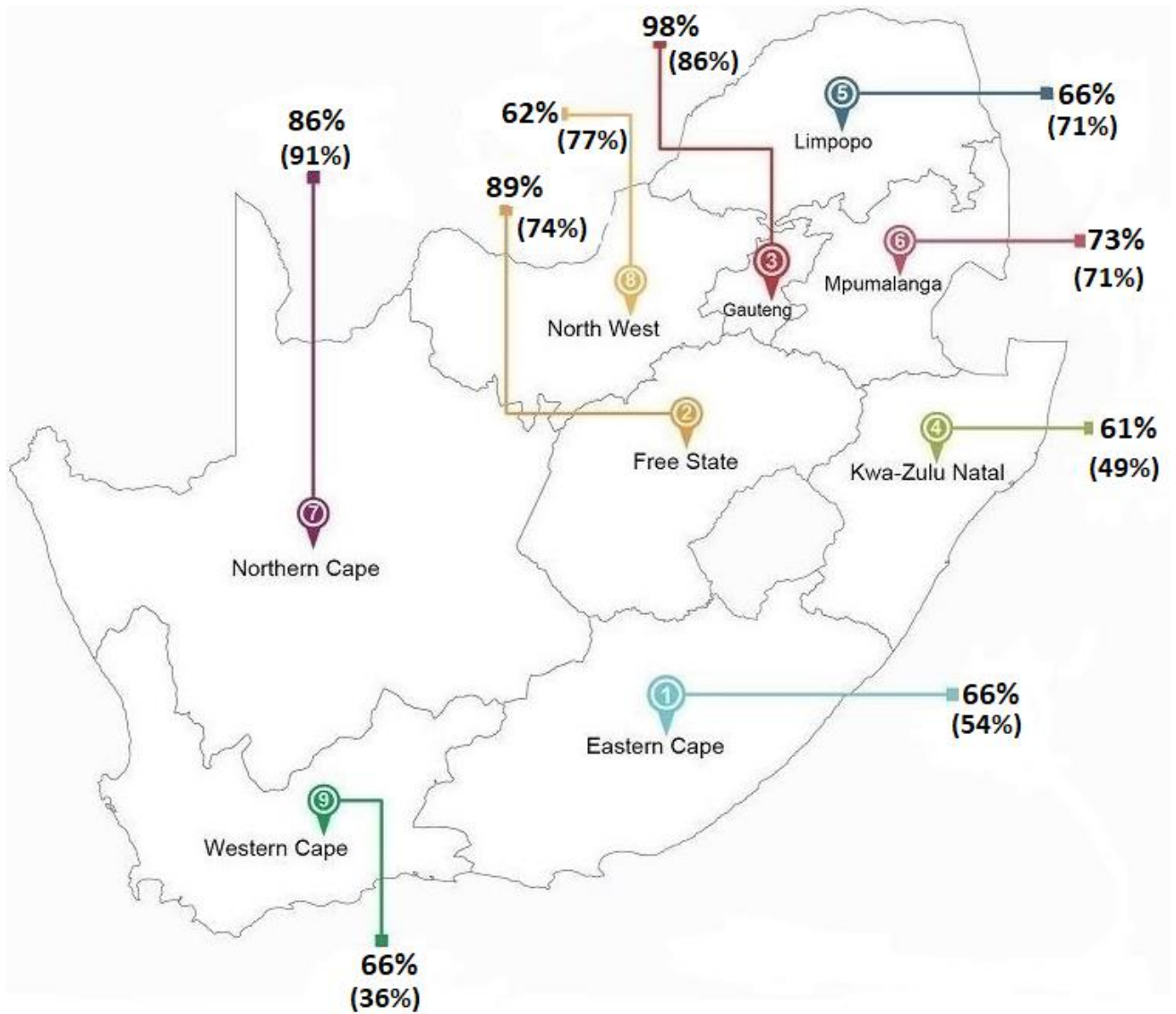
FRUIT (South Africa)	05/10/2018*	08/10/2018*	d-o-d (%Δ)
Apples (R/kg)	7,74	8,27	+6,85%
Bananas (R/kg)	5,15	5,50	+6,80%
Oranges (R/kg)	2,78	3,44	+23,74%

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

- The South African fruit market had a good run on Friday's trade session. The prices of apples and bananas were each up by 7 percent from the previous day, closing at R8.27 and R5.50 per kilogram. This was underpinned by increased commercial buying interest, which subsequently led to a marginal decline in stocks to 503 000 tonnes of apples and 1.02 million tonnes of bananas.
- The price of oranges was up by 24 percent from levels seen the previous day, closing at R3.44 per kilogram. These were also on the back of strong commercial buying interest and a decline in producer deliveries which subsequently led to an 18 percent decline in stocks to 310 000 tonnes.

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.

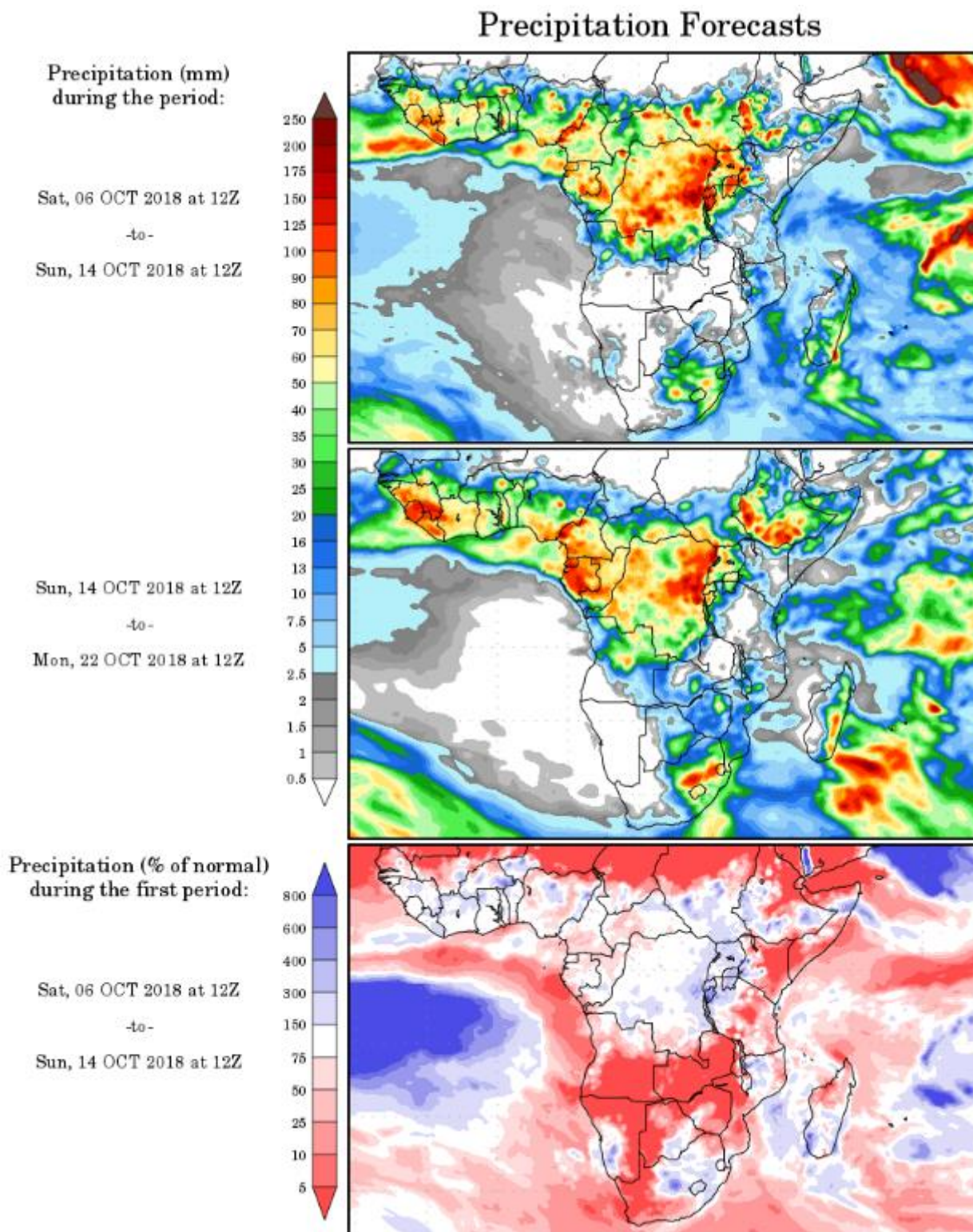
Figure 1: South Africa's average dam levels: week ended 01 October 2018, with the same week last year in brackets



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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