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**Key Data Releases in Agricultural Markets:**

- 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

<b>ECONOMIC INDICATORS</b>	09/10/2018*	10/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,97	14,55	+2,89%
Rand/Euro	17,15	16,75	+2,39%
Euro/US Dollar	1,1486	1,1505	+0,17%
Gold Spot	1 187,55	1 189,77	+0,19%
Brent Crude Oil	84,67	84,79	+0,14%
Platinum Spot	817,50	830,30	+1,57%
Dow Jones Industrial Average	26 404,55	26 430,57	+0,10%
JSE All Share	54 097,88	54 187,82	+0,17%
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 recording losses at the beginning of the week, the rand gained ground this morning with support emanating from higher global commodities prices, as well as general improvement in sentiment on the domestic front. Moreover, the rand's appreciation was also in line with the US dollar depreciation against major currencies. The Rand/US Dollar is currently 2.89 percent stronger compared to levels seen at midday yesterday, trading around R14.55. From a domestic data front, today's calendar is light with no major releases.
- This morning the Brent crude oil price was up by 0.14 percent from levels seen at midday yesterday, trading around US\$84.79 per barrel due to a decline in Iran's oil exports, although US sanctions have not yet been implemented. The most recent data from Reuters shows that Iran exported 1.1 million barrels per day of oil in the first week of October down from 1.6 million barrels per day in the corresponding week in September.



MAIZE/CORN	09/10/2018*	10/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 423	2 445	+0,91%
White maize Jul 19 (R/t)	2 601	2 637	+1,38%
Yellow maize spot price (R/t)	2 470	2 475	+0,20%
Yellow maize Jul 19 (R/t)	2 588	2 595	+0,27%
CME corn Sep 18 (US cents/bushel)	364	364	0,00%

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

- The SAFEX maize market started yesterday's trade session on a positive footing and maintained the gains throughout the day. This was underpinned by the weaker rand against the US dollar, as well as the spillover from higher Chicago maize prices.
- The Chicago maize market was supported by lingering concerns about possible harvest delays in the US as the weather forecast for the next eight days shows prospects of widespread rainfall, specifically over the Midwest. With that said, last week's light showers had minimal impact on the harvest activity. The most recent data from the USDA shows that in the week of 07 October 2018, about 34 percent of the US maize crop had already been harvested, which is 8 percentage points ahead of the five-year average harvest pace.
- The crop quality has, nonetheless, been slightly affected. At the beginning of this week, about 68 percent of the US maize crop was rated good/excellent, down by a percentage point from the previous week's rating. Aside from these developments, the US maize market and by extension the world supplies are in good shape, although the potential increase in demand from the animal feed industry to weigh on stocks later in the season.
- On Monday, we painted a somewhat optimistic picture regarding the weather outlook this year, basing our opinion on the South African Weather Service's report which indicated a possibility of above-normal rainfall over most parts of the summer crop growing areas between November 2018 and January 2019, with a chance of dryness later in the summer season due to an expected El Niño.
- At the time, this view was in line with the Australian Bureau of Meteorology. However, yesterday the Australians placed the chances of an El Niño weather event developing this year at 70 percent, up from the previous estimate of 55 percent. This suggests that there is a higher chance of that the 2018/19 maize production season, which opened at the beginning of this month, could experience dryness. It is still unclear whether South African farmers will reduce the intentions to plant because of this forecast. However, we will have a better indication when the Crop Estimate Committee releases the 'farmers' intentions to plant' data on 25 October 2018.

Bottom line – Today the domestic maize market could experience marginal losses due to the slightly stronger rand against the US dollar, and also generally large domestic supplies.



WHEAT	09/10/2018*	10/10/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 563	4 553	-0,22%
SAFEX Wheat Mar 19 (R/t)	4 692	4 687	-0,11%
CME Wheat spot (US cents/bushel)	515	516	+0,19%

\*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 wheat market was under pressure in yesterday's trade session due to spillover from the lower Chicago wheat market. This overshadowed the slightly bullish sentiment which emanated from the weaker rand against the US dollar at the time.
- The losses in Chicago wheat market were mainly due to technical selling. Hence, prices have recovered this morning as 2018/19 wheat production updates from the EU and the Black Sea regions underscored the view that there will be tight supplies in the market.
- Moreover, this mirrors the International Grains Council's 2018/19 wheat production estimates, which is at 717 million tonnes, down by 6 percent from the previous day. This is driven by an expected decline in production in Russia, Ukraine, Australia, Kazakhstan, China, India and the EU region, amongst other countries.
- On the local front, the picture remains roughly unchanged from what we highlighted earlier in the week, which is that South Africa's winter wheat is 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 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.
- 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. At the end of this month, the Committee will release an update of this estimate, but we don't foresee downward revisions as crop conditions have been quite positive since the last assessment.
- Overall, 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 at the beginning of this month.

Bottom line – The local wheat market could experience a sideways movement if the ZAR/USD exchange and Chicago wheat prices maintain the current trends.



SOYBEAN	09/10/2018*	10/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 606	4 630	+0,52%
SAFEX Soybean March 2019 (R/t)	4 817	4 833	+0,33%
CME Soybean Spot (US cents/bushel)	862	860	-0,23%

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

- Yesterday the SAFEX soybean market maintained the previous day's gains as the weaker rand against the US dollar, coupled with spillover from higher Chicago soybean prices continued to add support to the market.
- Similar to the previous day, the Chicago soybean prices were underpinned by lingering concerns that wet weather conditions in the US could slow the harvest process. The weather charts for the next eight days shows prospects of higher rainfall over the Midwest within the next eight day.<sup>1</sup> At this point, it is unclear if this will have any negative impact on crop quality, the concerns are mainly the potential harvest delays.
- In the week of 07 October 2018, about 32 percent of the estimated 128 million tonnes of US soybeans had already been harvested. This is 2 percent behind last year's pace at the corresponding period and 4 percent behind the five-year average pace due to wet weather conditions experienced in the past few days.
- While the crop is at advanced stages of development in the Northern Hemisphere, the planting activity has recently started in the Southern regions. The most recent data from Paraguay suggest that about two-thirds of the areas earmarked for the 2018/19 soybean crop had already been planted at the beginning of this week. Brazil and Argentina are also making good progress.
- It is also worth noting that the forecast El Niño, which is feared to potentially lead to drier weather conditions in most African countries, typically has an opposite impact in South America. Thus, the forecast large soybean harvest in the 2018/19 production season is most likely to materialise if the planting activity progress as planned.
- The key risk could potentially be on the quality of the crop, but only if the rainfall is heavy. The International Grains Council forecasts Brazil and Argentina's 2018/19 soybean production at 121 million and 54 million tonnes, respectively up by a percentage point and 43 percent from the previous season.
- On the local front, the forecast rainfall this week could slightly improve soil moisture and then benefit the planting activity which is set to commence soon in most soybean growing regions.

Bottom line – Today the SAFEX soybean prices could experience marginal losses due to the slightly stronger rand against the US dollar, and lower Chicago soybean prices.

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



<b>SUNFLOWER SEED</b>	09/10/2018*	10/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 225	5 171	-1,03%
SAFEX Sunflower seed March 2019 (R/t)	5 285	5 260	-0,47%
EU (France) sunflower seed (US\$/t)	361	361	0,00%

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

- Although other commodities experienced a good boost from the weaker domestic currency, the SAFEX sunflower seed market started yesterday's trade session in negative territory and remained under pressure throughout the day. This was partly underpinned by an increase in commercial buying interest, as well as bearish sentiment on the back of large domestic supplies.<sup>2</sup>
- This is still a fairly quiet period in the sunflower seed market. The optimal planting period will only commence towards the end of the month. To that end, the key risk is the forecast El Niño later in the summer, with the recent estimate pointing to a 70 percent chance of its occurrence.
- Given that sunflower seed planting typically continue until December in the western parts of the country, then the forecast dryness could reach the crop at early stages of development and possibly lead to reduced yields. To be clear, these are still estimates and our interpretation. The view could still change if weather forecast improves or worsens in the near-to-medium term.
- Another important data point to keep an eye on in the coming weeks is the Crop Estimate Committee 'farmers' intentions to plant' figures which will be out on 25 October 2018. The 2017/18 sunflower seed plantings amounted to 601 500 hectares, which was slightly below the five-year average area of 626 140 hectares.
- As set out in our note on Monday, the USDA forecasts a 0.2 percent year-on-year decline in 2018/19 sunflower seed plantings to 600 000 hectares. The agency attributes this to completion from other grains.
- In addition, the USDA placed its estimate for output in the same season at 850 000 tonnes, down by a percentage point from the previous season. This suggests that the yields could remain at the higher level of about 1.42 tonnes per hectare in the 2018/19 season, provided that weather conditions are favourable.

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

<sup>2</sup>We have previously noted this, but it is worth restating it for context, the remaining four months of 2018/19 marketing year should progress with minimal interruptions as the domestic sunflower seed market is well supplied, with 1.02 million tonnes when adding production, 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 also worth noting that the 2018/19 marketing year corresponds with the 2017/18 production season.



<b>FRUIT (South Africa)</b>	09/10/2018*	10/10/2018*	d-o-d (%Δ)
Apples (R/kg)	7,54	8,19	8,62%
Bananas (R/kg)	5,45	5,60	2,75%
Oranges (R/kg)	3,57	3,05	-14,57%

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

- The South African fruit market was once again on a mixed footing in yesterday's trade session. The prices of apples and bananas were up by 9 percent and 3 percent from the previous day, closing at R8.19 and R5.60 per kilogram, respectively. This followed a 17 percent and 13 percent respective decline in apples and bananas stocks to 535 000 tonnes and 1.1 million tonnes.
- Meanwhile, the price of oranges fell by 15 percent from the previous day, closing at R3.05 per kilogram. This followed an uptick in producer deliveries, which subsequently led to a 42 percent increase in daily stocks to 462 00 tonnes at the end of the 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.

<b>POTATO</b>	09/10/2018*	10/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	42,96	43,33	+0,86%

\*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 a percentage point from the previous day, closing at R43.33 per pockets (10kg bag). This was mainly driven by the lower stock of 527 414 pockets (10kg bag) at the start of yesterday's session.
- However, in the session, the market saw an uptick in producer deliveries as the harvest activity resumes after the weekend in some parts of the country. This subsequently led to a 47 percent increase in daily stocks to 802 379 pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience marginal losses due to a recovery in daily stocks 802 379 pockets (10kg bag).

BEEF CARCASS	09/10/2018*	10/10/2018*	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

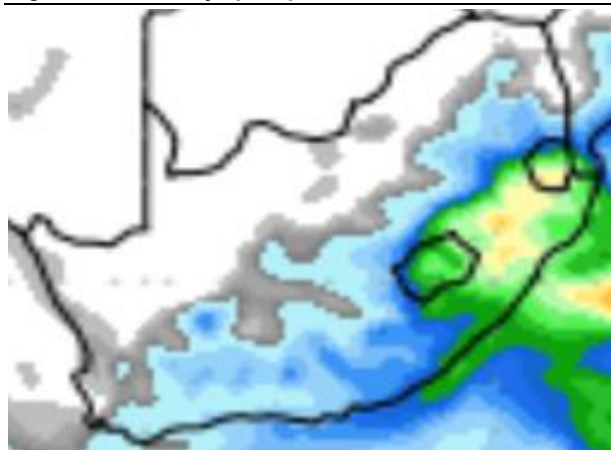
- The SAFEX beef carcass prices have not moved in months due to thinly traded volumes. Yesterday's session was no different, the price remains unchanged from the previous day, at R47.55 per kilogram. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues 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

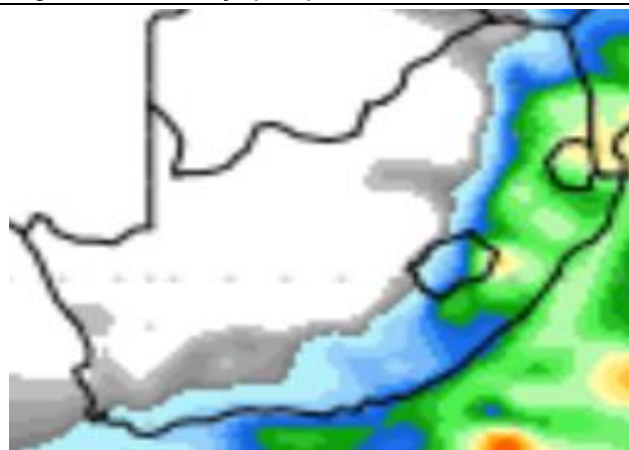
- The weather outlook for the next eight days has slightly improved from what we reported yesterday. The Eastern Cape, KwaZulu Natal, Mpumalanga, Free State and parts of Gauteng could receive rainfall of between 14 and 60 millimetres, which should slightly improve soil moisture ahead of the planting period (figure 1).
- However, the week of 25 October could bring rainfall only in the northern parts of the Eastern Cape, KwaZulu Natal, Mpumalanga and eastern parts of Limpopo (figure 2). Meanwhile, the rest of the country could remain cool and dry over the observed period.

**Figure 1: Next 8-days precipitation forecast**



Source: wxmaps

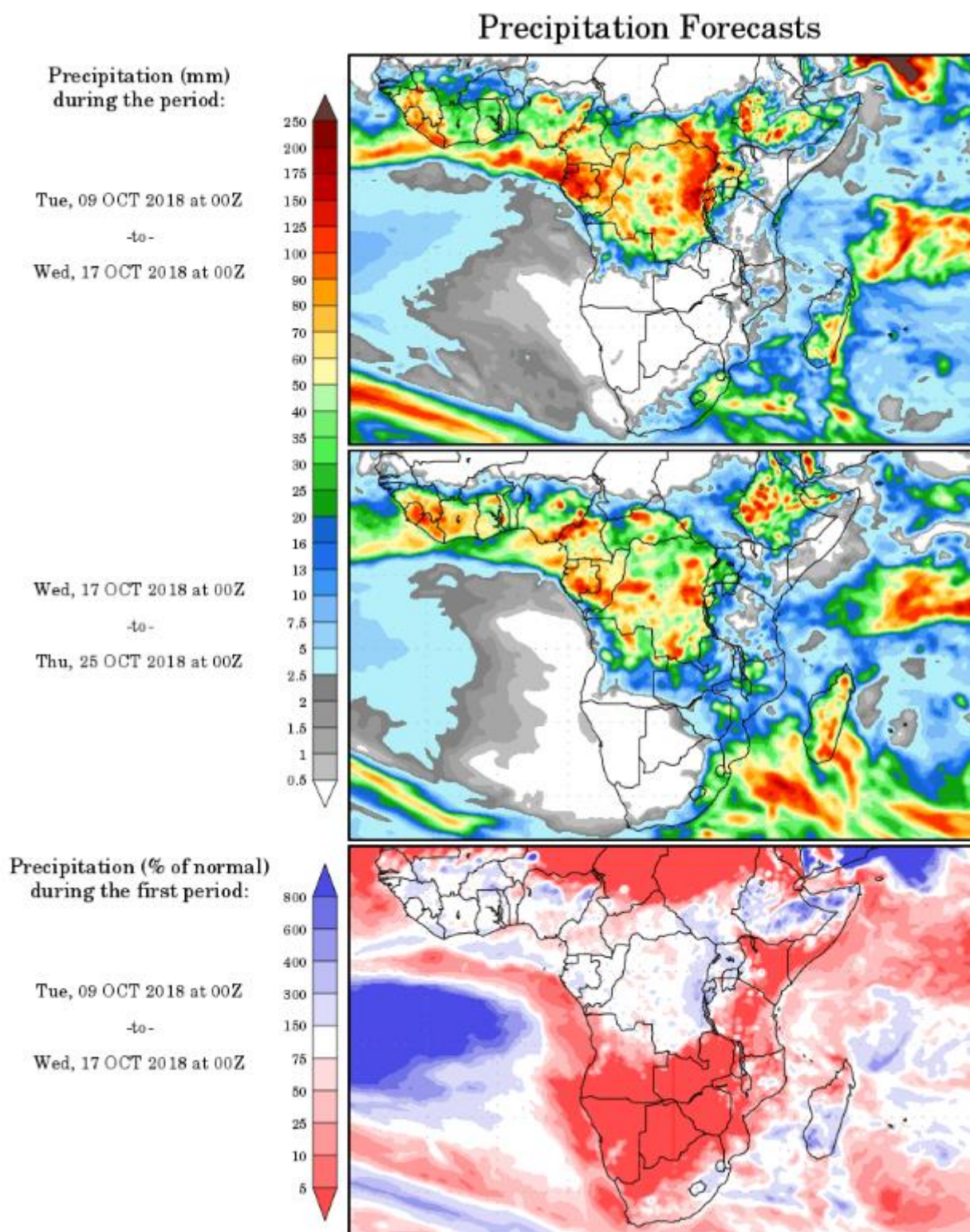
**Figure 2: Next 16-days precipitation forecast**



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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