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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 11/10/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 11/10/2018
- USDA's crop progress report: 15/10/2018
- SAGIS producer deliveries data: 17/10/2018
- National Crop Estimates Committee's 'intentions of farmers' to plant summer grain for 2019: 25/10/2018

ECONOMIC INDICATORS	10/10/2018*	11/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,61	14,74	-0,88%
Rand/Euro	16,78	17,05	-1,58%
Euro/US Dollar	1,1488	1,1557	+0,60%
Gold Spot	1 186,86	1 193,10	+0,53%
Brent Crude Oil	85,45	82,03	-4,00%
Platinum Spot	824,50	819,20	-0,64%
Dow Jones Industrial Average	26 430,57	25 598,74	-3,15%
JSE All Share	53 286,38	52 813,37	-0,89%
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

- Subsequent to good gains in yesterday's trade session, this morning the rand pulled back owing to an appreciation of the US dollar against major currencies. The decline in some global commodity prices also added a negative sentiment to the market. The Rand/US Dollar is currently 0.88% weaker compared to levels seen at midday yesterday, trading around R14.74. In terms of data, Stats SA will release the mining production and also manufacturing data for August 2018.
- After crossing the US\$85.00 per barrel mark around midday yesterday, this morning the Brent crude oil price declined by 4 percent to US\$82.03 per barrels due to an uptick in US oil supplies. The most recent data from the American Petroleum Institute shows that US crude oil supplies increased by 9.7 million barrels last week.



MAIZE/CORN	10/10/2018*	11/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 445	2 387	-2,37%
White maize Jul 19 (R/t)	2 637	2 569	-2,58%
Yellow maize spot price (R/t)	2 475	2 433	-1,70%
Yellow maize Jul 19 (R/t)	2 595	2 550	-1,73%
CME corn Sep 18 (US cents/bushel)	364	362	-0,55%

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

- The domestic maize market lost ground in yesterday's trade session owing to a combination of factors. These included the weaker rand against the US dollar, spillover from lower Chicago maize prices, and large domestic maize supplies, amongst others.
- 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. In the week of 05 October 2018, maize producer deliveries amounted to 31 986 tonnes, down by 62 percent from the previous week. About 55 percent of this was white maize, with 45 percent being yellow maize.
- This placed South Africa's maize producer deliveries at 11.2 million tonnes, which equates to 87 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 a mere 15 556 tonnes of maize in the week of 28 September 2018, well below the previous week's volume of 87 415 tonnes due to softer demand in the traditional market. This, nonetheless, placed South Africa's 2018/19 maize exports at 1.3 million tonnes, which equates to 60 percent of the seasonal export.
- In the evening, the United States Department of Agriculture (USDA) will release an update of its estimates for South Africa's 2018/19 maize production – a production season that opened at the beginning of this month. In September 2018, the agency placed its preliminary estimate at 13.0 million tonnes (commercial and non-commercial production), down 6 percent from the previous season.
- This is likely to be revised down due to prospects of an El Niño weather event, which the Australian Bureau of Meteorology placed the probability of it developing this year at 70 percent.

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



WHEAT	10/10/2018*	11/10/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 553	4 489	-1,41%
SAFEX Wheat Mar 19 (R/t)	4 687	4 619	-1,45%
CME Wheat spot (US cents/bushel)	515	509	-1,17%

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

- Although the movement of Chicago wheat prices typically has a notable impact on the local market, yesterday the weaker rand against the US dollar dominated. Thus, leading to widespread losses in the SAFEX wheat market. Moreover, increased commercial buying interest also added pressure to the market.
- The bullish sentiment in the global wheat market could persist for some time, as recent news out of the US point to a disruption of crop conditions in Kansas and Oklahoma, which could further exacerbate the already unfavourable production conditions in the global wheat market.
- We will get a clearer picture of global wheat supplies when the USDA releases its global supply and demand figures for the 2018/19 season in the evening. Last month, the agency placed its 2018/19 global wheat production estimate at 733 million tonnes, which is 4 percent lower than the previous season.
- This evening's data could show a further downward revision of the global production estimate. The wheat crop conditions reports from many countries have painted a disappointing picture in the past couple of weeks, so much so that the International Grains Council slashed its 2018/19 global wheat production estimate to 717 million tonnes, down by 6 percent from the previous day. As a consequence, the Council placed the 2018/19 global wheat stocks at 250 million tonnes, down by 6 percent from the previous season.
- While South Africa wheat prices will be partially influenced by the aforementioned developments, the country's reliance on imports could lessen in the 2018/19 season. The imports are estimated at 1.4 million tonnes, down by 33 percent from the previous season due to an anticipated recovery in local production.
- The Crop Estimate Committee forecasts an 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. On 25 October 2018, 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. Furthermore, the expected rainfall over most parts of the country within the next two weeks will further improve crop conditions. The irrigation areas will also benefit from improved dam levels, currently over 60 percent full in winter wheat producing provinces.

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	10/10/2018*	11/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 630	4 570	-1,30%
SAFEX Soybean March 2019 (R/t)	4 833	4 772	-1,26%
CME Soybean Spot (US cents/bushel)	860	849	-1,28%

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

- The SAFEX soybean market lost ground in yesterday's trade session due to the relatively stronger rand against the US dollar. Moreover, there is a generally bearish sentiment in the domestic soybean market which emanates from large supplies.
- Meanwhile, the Chicago soybean market had a good run yesterday underpinned by concerns that prospects of wet weather conditions over the US Midwest within the next eight days could potentially slow the harvest process.¹ As recently noted, 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 already 2 percent behind last year's pace at the corresponding period and 4 percent behind the five-year average pace.
- But the talk of likely upgrades in global soybean production estimates when the USDA releases its World Agricultural Supply and Demand Estimates report in the evening also added pressure to the Chicago soybean market this morning.
- Last month, the USDA estimated the 2018/19 global soybean production at 369 million tonnes, up by 10 percent from the previous season due to an expansion in area planted and expectations of higher yields in major soybean producing countries such as Brazil, Argentina and the US, amongst others.
- Brazil and Argentina's 2018/19 soybean production is estimated at 121 million and 57 million tonnes, up by a percentage point and 51 percent from the previous season. The US 2018/19 soybean production is estimated at 128 million tonnes, up by 7 percent from the previous season. These three countries collectively account for 83 percent of the expected global soybean production.
- On the domestic front, about 415 tonnes of soybean was delivered to commercial silos in the week of 05 October, well below the previous week's volume of 1 740 tonnes. This placed South Africa's 2018/19 soybean producer deliveries at 1.47 tonnes, which equates to 95 percent of the harvest.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could experience a sideways movement if the ZAR/USD exchange and 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	10/10/2018*	11/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 171	5 094	-1,49%
SAFEX Sunflower seed March 2019 (R/t)	5 260	5 186	-1,41%
EU (France) sunflower seed (US\$/t)	360	360	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 yesterday's trade session on a negative footing and remained under pressure throughout the day owing to a combination of factors which include the stronger rand against the US dollar, an increase in commercial buying interest, as well as large domestic supplies.
- On the data front, the producer deliveries amounted to 149 tonnes in the week of 05 October 2018, well below the previous week's volume of 1 650 tonnes. The weekly slowdown is usurping as a large share of the crop has already been delivered to commercial. South Africa's 2018/19 producer deliveries currently stand at 851 881 tonnes, which equates to 99 percent of the harvest.
- As set out in our previous notes, the producer deliveries have boosted South Africa's 2018/19 marketing year sunflower seed supplies, which are estimated at 1.02 million tonnes when aggregating 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. Key to note that the 2018/19 marketing year corresponds with the 2017/18 production season.
- Looking ahead, the 2018/19 production season could, in the next few weeks, start on a positive note with a fair amount of soil moisture in most regions towards the end of this month. This is on the back of expected widespread rainfall over the summer crop growing areas within the next two weeks.
- The forecast rainfall is somewhat in line with the view shared by the South African Weather Service last week. The agency indicated a possibility of above-normal rainfall over most parts of the summer crop growing areas between November 2018 and January 2019. This, however, could be followed by a dry spell, owing to prospects an El Niño weather event later in the summer season.
- Overall, while the sunflower seed production season could start on a positive footing, it is likely to be a challenging one. Given that a large share of sunflower seed is typically planted towards the end of the year, specifically the western parts of the North West province, the aforementioned weather dynamics suggest that the large part of crop growing season could be exposed to drier weather conditions.

Bottom line – Today, the domestic sunflower seed market could gain ground due to the relatively weaker rand against the US dollar.



POTATO	10/10/2018*	11/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	43,33	40,79	-5,86%

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

- After experiencing a good run at the start of the week, the South African potatoes market lost ground in yesterday's trade session with the price down by 6 percent from the previous day, closing at R40.79 per pockets (10kg bag). This was on the back of large stocks of 802 379 pockets (10kg bag) at the start of yesterday's session.
- In the session, the market saw an uptick in producer deliveries due to ongoing harvest activity in most parts of the country. This subsequently led to a 20 percent increase in daily stocks to 965 557 pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience extended losses due to relatively large stocks of 965 557 pockets (10kg bag).

BEEF CARCASS	10/10/2018*	11/10/2018*	d-o-d (%Δ)
SAFEX Beef Dec 18 (R/kg)	47,55	47,55	0,00

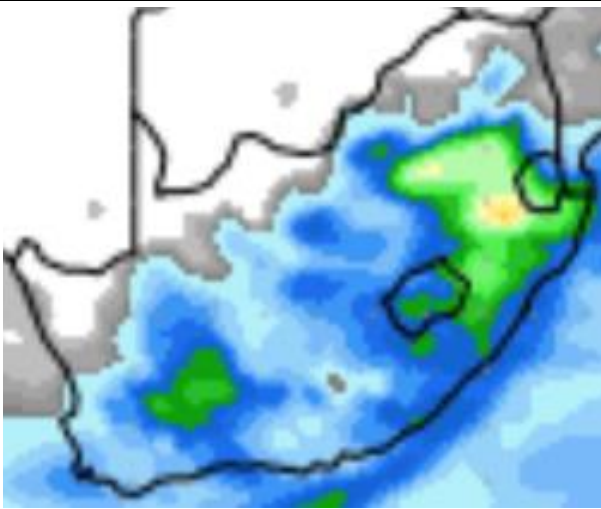
*Previous day's CME prices are from midday (12h00) and today's ones were captured before 8h00am

- 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.

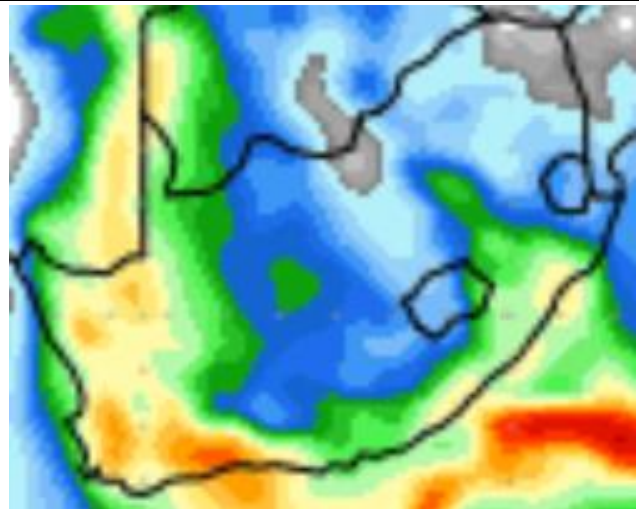
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- Although the medium term weather forecasts are concerning, with prospects of drier weather conditions, the next eight days could bring widespread rainfall over most parts of the country (figure 1). This could slightly improve soil moisture and subsequently benefit the 2018/19 summer crop planting activity.
- The weather forecast for the week of 25 October shows prospects of continuous rainfall over most parts of the country, with the exception of the northern areas of Limpopo province (figure 2). This will not only benefit the upcoming summer crop planting process, but also winter crops that are still growing stages in most provinces.

Figure 1: Next 8-days precipitation forecast

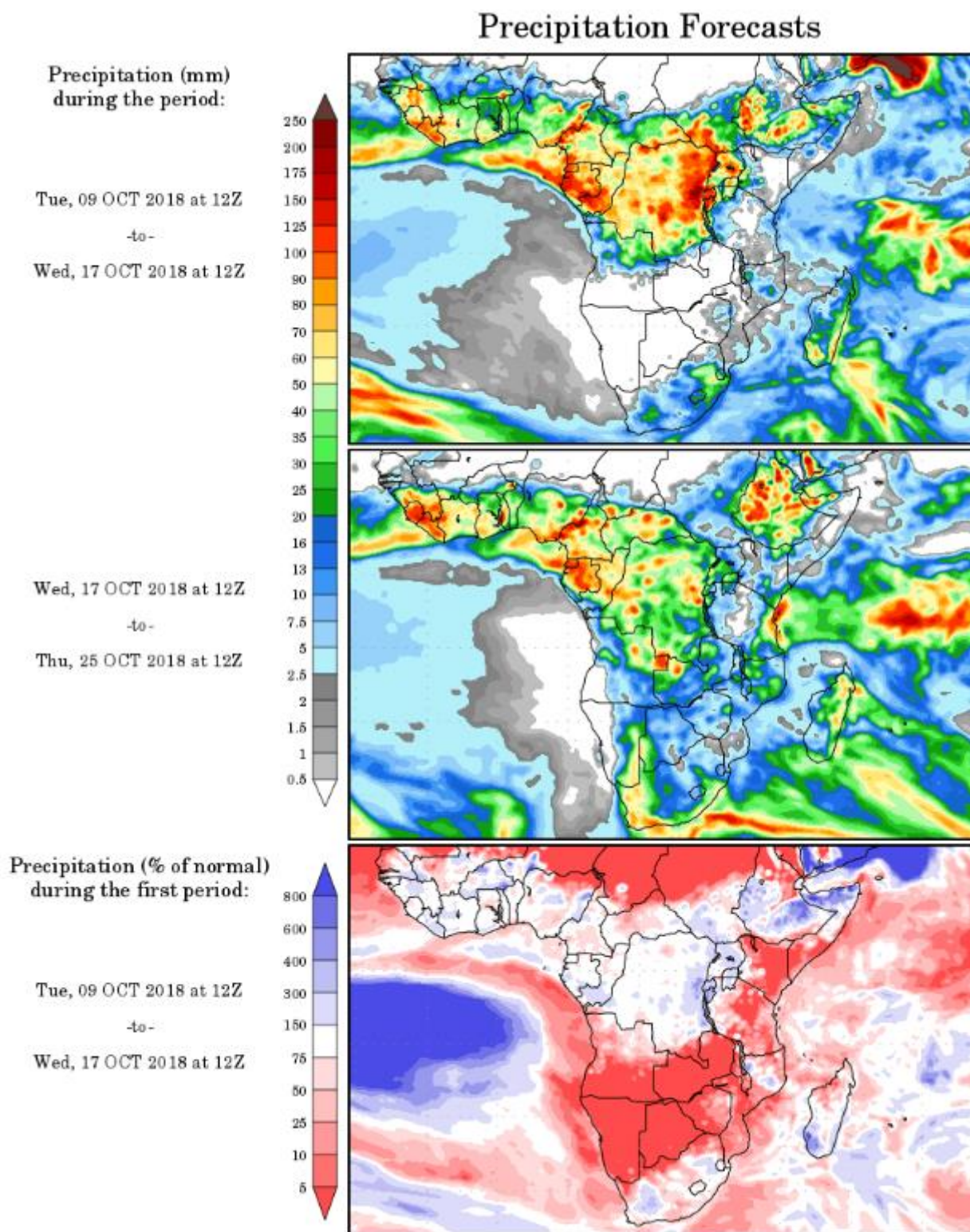
Source: wxmaps

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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