

FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za
Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 18/10/2018
- USDA's crop progress report: 22/10/2018
- SAGIS producer deliveries data: 24/10/2018
- SAGIS monthly data: 25/10/2018
- National Crop Estimates Committee's 'intentions of farmers' to plant summer grain for 2019: 25/10/2018

ECONOMIC INDICATORS	17/10/2018*	18/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,23	14,26	-0,21%
Rand/Euro	16,47	16,39	+0,49%
Euro/US Dollar	1,1498	1,1491	-0,06%
Gold Spot	1 227,41	1 223,78	-0,30%
Brent Crude Oil	81,22	80,33	-1,10%
Platinum Spot	844,50	835,60	-1,05%
Dow Jones Industrial Average	25 706,68	25 706,68	0,00%
JSE All Share	52 795,72	52 391,02	-0,77%
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 0.21 percent weaker compared to midday yesterday, trading around R14.26. 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 mining production figures for August 2018.
- This morning the Brent crude oil market was under pressure with the price down by 1.05 percent from levels seen at midday yesterday, trading around US\$80.33 per barrel. This was after data from the US Energy Information Administration showed that the US oil inventories increased by 6.5 million barrels in the week of 12 October 2018, compared to market expectations of a 2.1 million barrels decline.



MAIZE/CORN	17/10/2018*	18/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 372	2 380	+0,34%
White maize Jul 19 (R/t)	2 549	2 555	+0,24%
Yellow maize spot price (R/t)	2 413	2 415	+0,08%
Yellow maize Jul 19 (R/t)	2 531	2 524	-0,28%
CME corn Sep 18 (US cents/bushel)	374	372	-0,53%

* 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 session due to increased commercial buying interest, as well as spillover from higher Chicago maize prices. This was with the exception of yellow maize July 2019 contract month price which settled in negative territory owing to increase commercial selling.
- In terms of data, 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 12 October 2018, maize producer deliveries amounted to 33 063 tonnes, well below the previous weeks' volume. 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. While the harvest was well below the 2016/17 production season, the yields were quite good in most areas, varying 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 57 974 tonnes of maize in the week of 05 October 2018, well above the previous week's volume of 15 697 tonnes. This placed South Africa's 2018/19 maize exports at 1.4 million tonnes, which equates to 61 percent of the seasonal export forecast of 2.3 million tonnes.
- In terms of the new production season, the weather forecast for the next two weeks looks favourable, with prospects of between 16 and 60 millimetres over the maize-belt. This should improve soil moisture and therefore benefit the maize planting process.
- With that said, the medium-term weather outlook remains a key concern as weather forecasters suggest that there is a 70 percent chance of an El Niño occurrence later in summer, which might negatively affect the crop.

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	17/10/2018*	18/10/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 459	4 451	-0,18%
SAFEX Wheat Mar 19 (R/t)	4 585	4 577	-0,17%
CME Wheat spot (US cents/bushel)	516	514	-0,39%

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

- The SAFEX wheat market started yesterday's trade session on the negative footing and remained under pressure throughout the day. This was underpinned by a fairly stronger domestic currency against the US dollar, as spillover from lower Chicago wheat prices.
- Aside from the aforementioned price movements, there are no new developments on the domestic wheat market. The commentary from wheat farmers in various parts of the country has been quite encouraging in the past couple of weeks. In the major producing province, Western Cape, the crop has matured and generally in good shape with expectations of higher yields in some regions – all thanks to rainfall received in the past couple of weeks. The harvest process in the province could start at the end of the month.
- The rainfall received in the past couple of weeks did not only improve crop conditions, but it 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 15 October 2018, roughly unchanged from the previous week and 30 percentage points from the corresponding period last year.
- As set out in yesterday's note, 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.¹ The crop in these particular provinces is supported by recent showers and improved water levels in the dams for irrigation following good summer and winter rainfall.
- Also worth noting is that the next two weeks promise 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 2018/19 wheat production to 1.85 million tonnes. Overall, this could lead to a 33 percent annual decline in South Africa's wheat imports 1.4 million tonnes. This is according to data from the Supply and Demand Estimates Committee.

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

¹ 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	17/10/2018*	18/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 605	4 618	+0,28%
SAFEX Soybean March 2019 (R/t)	4 800	4 799	-0,02%
CME Soybean Spot (US cents/bushel)	884	879	-0,57%

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

- Yesterday the domestic soybean market settled on a mixed footing. The spot price was up, supported by spillover from higher Chicago soybean prices. Meanwhile, March 2019 contract month price was under pressure owing to increased commercial selling, as well as a fairly stronger domestic currency against the US dollar.
- Although the focus in the market has shifted towards the 2018/19 production season, farmers continue to deliver the old-season crop to commercial silos. In the week of 12 October 2018, about 697 tonnes of soybeans were delivered, up by 68 percent from the previous week.
- This placed South Africa's soybean producer deliveries at 1.48 million tonnes, which equates to 95 percent of the expected harvest of 1.55 million tonnes. An additional volume could be reflected in the coming weeks when farmers deliver the crop that is possibly stored on-farm to commercial silos.
- The large deliveries have boosted South Africa's soybean supplies and could potentially lead to a decline in imports of soybeans and its by-products. 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.² 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.
- In terms of the new season, the optimal planting window opened at the beginning of this month in the eastern parts of the country, but there hasn't been much activity in the fields yet. But this could soon change, following last week's rainfall which slightly improved soil moisture.
- Looking ahead, the weather forecast for the next two weeks show prospects of further rainfall over the soybean growing areas, which bodes well for the new season planting activity, albeit the potential delays in planting.

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.

² The 2018/19 marketing year corresponds with the 2017/18 production season.



SUNFLOWER SEED	17/10/2018*	18/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 044	4 995	-0,97%
SAFEX Sunflower seed March 2019 (R/t)	5 078	5 036	-0,83%
EU (France) sunflower seed (US\$/t)	363	363	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 in negative territory and remained under pressure throughout the day as the fairly stronger rand against the US dollar continued to add pressure to the market. Moreover, the increase in commercial selling also added a bearish sentiment to the market.
- On the data front, the producer deliveries amounted to 159 tonnes in the week of 12 October 2018, up by 7 percent from the previous week. With that said, this is well below the volumes delivered in the past couple of weeks, as a large share of the crop has already been delivered to commercial. South Africa's 2018/19 producer deliveries currently stand at 852 837 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 volume, imports and the opening stock. 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 weather forecast has changed overnight and currently show prospects of rainfall over the sunflower seed growing areas within the next eight days. The forecast showers could vary between 20 and 50 millimetres in most parts of the North West province, which could improve soil moisture and successively benefit the planting activity which is set to commence in the last week of this month.
- Also worth noting is that the forecast rainfall is somewhat in line with the near-term optimistic view shared by the South African Weather Service on 05 October 2018. The agency indicated a possibility of above-normal rainfall over most parts of the summer crop growing areas between November 2018 and January 2019.
- Nonetheless, this could be followed by a dry spell, owing to prospects an El Niño weather event later in the summer season. With the large share of sunflower seed typically planted towards the end of the year, specifically the western parts of the North West province, the aforementioned weather dynamics suggest that 2018/19 could be a tough production season for sunflower seed growers in South Africa.

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



POTATO	17/10/2018*	18/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	40,02	38,99	-2,57%

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

- Following a good run in the previous day's session, the South African potatoes market lost ground yesterday with the price down by 3 percent from the previous day, closing at closing at R38.99 per pockets (10kg bag). This was on the back of a fairly large stock of 781 598 pockets (10kg bag) at the start of the session.
- In the session, there was an uptick in producer deliveries due to ongoing harvest activity in most parts of the country. This subsequently led to a 21 percent increase in daily stocks to 942 104 pockets (10kg bag)

Bottom line – Today the South African potatoes price could experience extended losses owing to a large stock of 942 104 pockets (10kg bag) at the end of yesterday's session.

BEEF CARCASS	17/10/2018*	18/10/2018*	d-o-d (%Δ)
SAFEX Beef Dec 18 (R/kg)	47,55	47,55	0,00

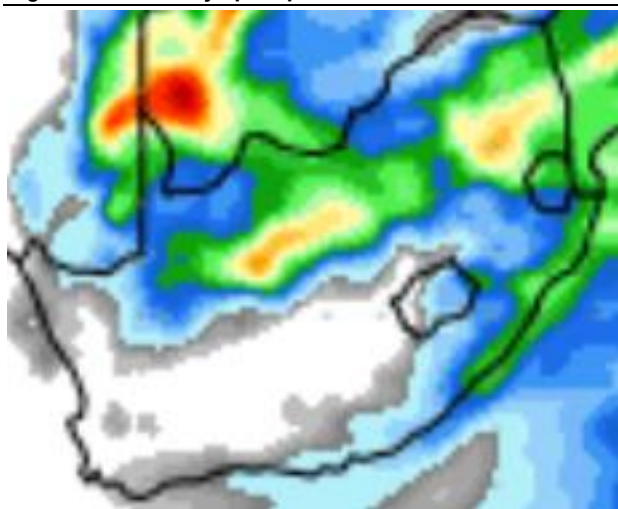
*Previous day's SAFEX prices are from midday (12h00) and today's ones were captured before 8h00am

- 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.

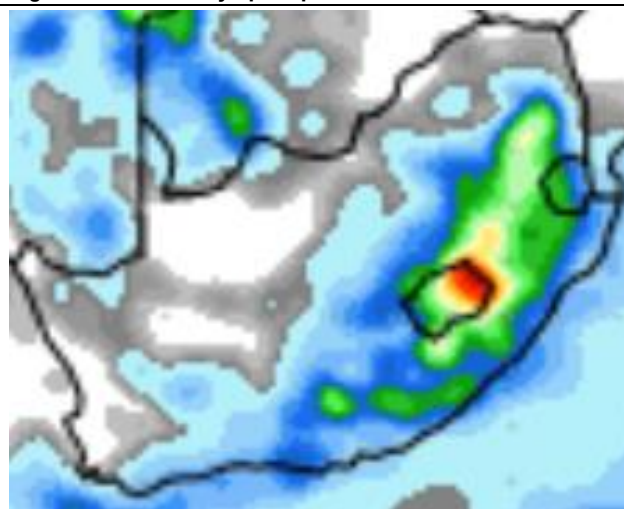
Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will again most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather forecasts have improved from what we reported yesterday. This morning's update show prospects of rainfall over summer crop growing areas with the exception of southern parts of the Free State, Eastern Cape, Western Cape and parts of the Northern Cape province (figure 1). The forecast showers vary between 16 and 60 millimetres which should improve soil moisture and therefore benefit the planting process.
- The week of 02 November 2018 could bring additional showers, but will most likely be concentrated in the eastern parts of the country (figure 2). This generally bodes well with the new season planting activity.

Figure 1: Next 8-days precipitation forecast

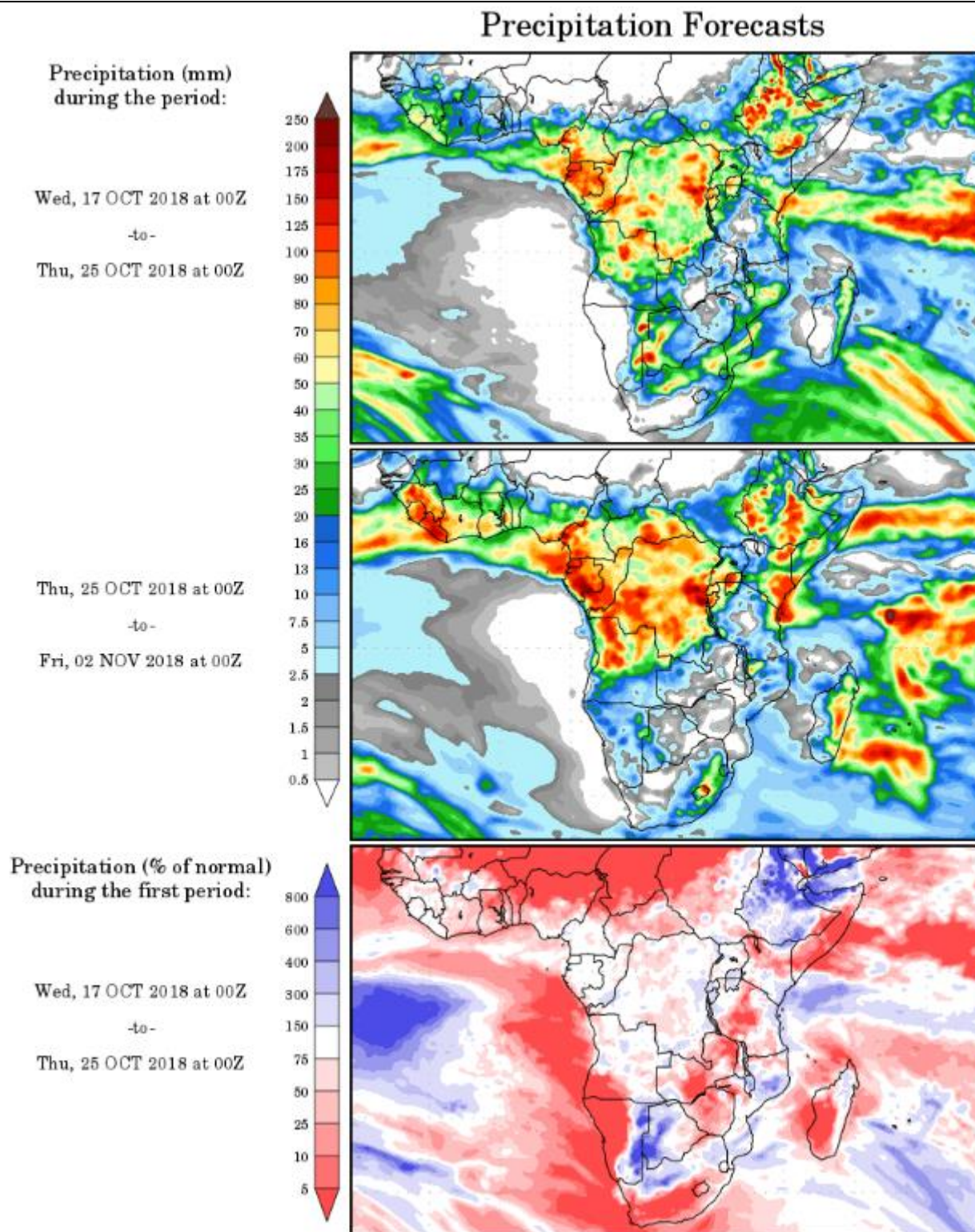
Source: wxmaps

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.

[@WandileSihlobo](#) [@AgriChamber](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.