

FOR ANY QUERIES, PLEASE CONTACT:

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

- USDA's crop progress report: 29/10/2018
- SAGIS producer deliveries data: 31/10/2018
- SAGIS weekly grain trade data: 01/11/2018
- SAGIS monthly data: 26/11/2018
- National Crop Estimates Committee's monthly data: 27/11/2018

ECONOMIC INDICATORS	26/10/2018*	29/10/2018*	d-o-d (%Δ)
Rand/US Dollar	14,63	14,59	+0,27%
Rand/Euro	16,67	16,63	+0,24%
Euro/US Dollar	1,1398	1,1391	-0,06%
Gold Spot	1 232,60	1 232,58	0,00%
Brent Crude Oil	76,89	77,61	+0,94%
Platinum Spot	832,00	836,40	+0,53%
Dow Jones Industrial Average	24 631,22	24 688,31	+0,23%
JSE All Share	50 826,47	50 837,57	+0,02%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,90	4,90	0,00%
SA CPI – food (y/y %)	3,40	3,40	0,00%

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

- This morning the rand has managed to claw back some of its recent losses following a recovery in global commodity prices, as well as the US dollar depreciation against major currencies, amongst other factors. The Rand/USD is currently 0.27 percent stronger compared to levels seen at midday Friday, trading around R14.59. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price was up by 0.94 percent from levels seen at midday Friday, trading around US\$77.61 per barrel. This was mainly underpinned by lingering fears of a decline in global oil supplies as the US sanctions against Iran will soon come into effect. This occurred despite Saudi Arabia's commitment to play a responsible role in the global oil market, by possibly lifting production when there are tight supplies.



MAIZE/CORN	26/10/2018*	29/10/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 350	2 361	+0,47%
White maize Jul 19 (R/t)	2 501	2 521	+0,80%
Yellow maize spot price (R/t)	2 351	2 373	+0,94%
Yellow maize Jul 19 (R/t)	2 482	2 496	+0,56%
CME corn spot (US cents/bushel)	371	370	-0,27%

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

- The SAFEX maize market ended last week on a positive footing with gains emanating from the relatively weaker rand against the US dollar, as well as increased commercial buying interest. These factors, along with the weather conditions and Chicago maize prices will be the key drivers of the SAFEX price movement today.
- The weather has been an inconsequential factor in the market in the past couple of weeks, but that has changed since the start of the 2018/19 maize production season. In fact, the weather will remain a key factor in the market at least until the end of February 2019 – a month which could be matched with the end of the pollination period in most maize growing regions
- This morning the weather charts show prospects of higher rainfall over the maize belt within the next eight days, with the week of 13 November 2018 set to bring light and scattered showers. Although the forecast rainfall could slow the planting pace in the near-term, it is essential in improving soil moisture and benefiting the planting activity in the coming weeks, and also boost the germination process in areas that have already planted.
- To recap, South African farmers intend to plant 2.44 million hectares of maize, up by 6% from the 2017/18 production estimate. About 1.37 million hectares is white maize with 1.07 million hectares being yellow maize, both up from levels planted in the 2017/18 production season.
- Aside from the new season crop, the South African maize market is well supplied in the 2018/19 marketing year which ends in April 2019. This is boosted by a relatively large harvest and carryover stocks from the previous year. This is evident on the stocks levels, which were estimated at 8.9 million tonnes in September 2018, marginally down by 6 percent from the previous month and 11 percent from the corresponding period last year due to solid local consumption, as well as fairly lower harvest in the 2017/18 production season, compared to the previous one. With that said, if consumption this year amounts to 10.8 million tonnes, as expected, and exports reach 2.3 million tonnes, South Africa could have roughly 3.3 million tonnes of maize as a carryover stock into the 2019/20 marketing year which will start on May 2019.

Bottom line – Today the domestic maize market could be under pressure due to lower Chicago maize prices, as well as the relatively stronger rand against the US dollar.



WHEAT	26/10/2018*	29/10/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 437	4 484	+1,06%
SAFEX Wheat Mar 19 (R/t)	4 559	4 606	+1,03%
CME Wheat spot (US cents/bushel)	513	511	-0,39%

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

- Friday's gains (see table above) in the SAFEX wheat market could be short-lived due to anticipated bearish sentiment in the global wheat market at the start of this week. This is on the back of an upward revision of the 2018/19 global wheat production estimate, as well as concerns about the softer global demand
- The International Grains Council recently revised its 2018/19 global wheat production estimate up by 2 percent from last month to 729 million tonnes. The upward revision was mainly in the EU, Russia and Algeria, all driven by slightly higher than initially expected yields in some areas.
- This, however, does not change the view that 2018/19 wheat supplies will be tight, although it will probably add pressure to the market this week. The revised estimate of 729 million tonnes is 5 percent lower than the 2017/18 global wheat harvest. The EU, Russia, Ukraine, Australia, India, China and Kazakhstan are amongst the countries that are expected to have a fairly lower harvest this production season compared to the 2017/18. In almost all the aforementioned countries, the expected lower harvest is underpinned by expectations of poor yields on the back of unfavourable weather conditions and the reduction in area planted in some countries.
- The lower global wheat harvest could subsequently lead to a 4 percent year-on-year decline in 2018/19 global wheat stocks to 262 million tonnes. While the global wheat prices could soften in the near term following the recent monthly upward revision of the production estimate, the fact that the crop is still lower than the 2017/18 production season and could add an upward pressure on prices in the medium term.
- With South Africa being a net importer of wheat, the global shocks could also influence the local market this season. One positive point, however, is that South Africa's 2018/19 wheat imports could amount to 1.4 million tonnes, down by 33 percent from the previous season due to an improvement in local production.
- Last week, the Crop Estimate Committee lifted its production estimate for South Africa's 2018/19 wheat production by a percentage point from last month to 1.86 million tonnes, which was well above market expectations. Most importantly, this is up by 21 percent from the 2017/18 production season due to expected higher yields in most provinces, as well as an expansion in area planted.

Bottom line – The local wheat market could also be under pressure due to lower Chicago wheat prices, as well as the relatively stronger rand against the US dollar.



SOYBEAN	26/10/2018*	29/10/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 573	4 570	-0,07%
SAFEX Soybean March 2019 (R/t)	4 765	4 730	-0,73%
CME Soybean spot (US cents/bushel)	852	850	-0,23%

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

- Although the recent losses in the SAFEX soybean market were mainly linked to commercial selling, as well as spillover pressure from lower Chicago soybean prices, the weather conditions and the domestic currency movements will be amongst the key drivers of the market over the next couple of months.
- To this end, the weather forecast for the next two weeks is quite favourable, showing a possibility of higher rainfall over the soybean growing areas of the country. This bodes well with the current optimism in the market, following last week's Crop Estimate Committee's data which showed that South African farmers plan to increase the area plantings for soybeans by 8 percent from the 2017/18 production season to 851 800 hectares. The planting process is still at its initial stages but should gain momentum within the next couple of weeks.
- Apart from the new season developments, the South African soybean market is still well-supplied, thanks to a large harvest in the 2017/18 production season. The most recent data from SAGIS shows that South Africa's soybean stocks were at 1.12 million tonnes in September 2018, which is 46 percent higher from the corresponding period last year.
- It is also worth noting that soybean consumption in the local market remains solid as processors are increasingly relying on local produce. Figures released by SAGIS last week show that South African soybean consumption (processed for oil and cake) amounted to 95 178 tonnes in September 2018, which is 21 percent increase than last month and 17 percent from the corresponding period last year.
- If we apply an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 52 percent of its monthly soybean processing capacity in September 2018 – the highest level since February 2018.
- In terms of trade, we forecast South Africa's 2018/19 soybean and oilcake imports at 10 000 tonnes and 4558 992 tonnes, down by 64 percent and 17 percent year-on-year, respectively. In September 2018, South Africa imported 362 tonnes of soybeans. About 83 percent from Malawi, with 17 percent from Ethiopia. This placed total imports at 3 715 tonnes, which equates to 37 percent of seasonal import forecast.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could under pressure due to lower Chicago soybean prices, as well as the relatively stronger ZAR/USD exchange.



SUNFLOWER SEED	26/10/2018*	29/10/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 080	5 148	+1,34%
SAFEX Sunflower seed March 2019 (R/t)	5 095	5 178	+1,63%
EU (France) sunflower seed (US\$/t)	356	357	+0,28%

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

- Friday's uptick in the SAFEX sunflower seed market was mainly underpinned by the weaker domestic currency against the US dollar, as well as strong commercial buying interest. These factors, coupled with weather outlook will remain the key drivers of the market.
- With the sunflower seed planting activity for the 2018/19 production season set to commence soon in the western parts of the country, the weather will be a key focus in the market. Fortunately, the forecast for the next two weeks shows the prospects of rainfall. While this could delay the starting period, soil moisture will improve, which will later benefit the planting process.
- As set out in our notes last week, data from the Crop Estimate Committee showed that South African farmers plan to reduce the area planted to sunflower seed by 4 percent from the 2017/18 production season to 575 000 hectares. This is well below market expectations of 600 000 hectares. Going forward, the weather will be a key determinant of the actual hectares that will be planted.
- Aside from the new season crop, SAGIS monthly numbers show that South Africa's sunflower seed consumption amounted to 84 829 tonnes in September 2018, up by 7 percent from last month, but marginally lower than the corresponding period last year. The monthly uptick was mainly supported by growing demand from the oil and meal processors.
- The increase in consumption and the relatively lower harvest in the 2017/18 production season partly led to a decline in stocks which were estimated at 459 755 tonnes in September 2018. This is down by 15 percent from the volume seen the previous month and 17 percent from the corresponding period last year.
- In terms of trade, South Africa imported 177 tonnes of sunflower seed in September 2018. About 71 percent of this originated from Botswana, with 29 percent from Malawi. This placed South Africa's sunflower seed imports at 859 tonnes, well above the market expectations of 800 tonnes of imports in the 2018/19 marketing year.¹

Bottom line – Today, the domestic sunflower seed market could experience marginal losses owing to the relatively stronger ZR/USD exchange.

¹ The 2018/19 marketing year corresponds with 2017/18 production season.



POTATO	26/10/2018*	29/10/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	42,22	43,61	+3,29%

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

- The potatoes market had a good run on Friday's trade session with the price up by 3 percent from the previous day, closing at R43.61 per pockets (10kg bag). This was on the back of an increase in commercial buying interest and a fairly lower stock of 870 283 pockets (10kg bag) at the start of the session.
- In the session, the market experienced an increase in commercial buying interest and a slight decline in producer deliveries which led to a 0.3 percent decline in stocks to 867 367 pockets (10kg bag).

Bottom line – Today the South African potatoes price could gain ground due to a lower stock of 867 367 pockets (10kg bag) at the end of Friday's trade session.

FRUIT (South Africa)	26/10/2018*	29/10/2018*	d-o-d (%Δ)
Apples (R/kg)	7,85	7,04	-10,32%
Bananas (R/kg)	5,35	5,30	-0,93%
Oranges (R/kg)	3,41	3,47	+1,76%

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

- South African fruit market settled on a mixed footing on Friday's trade session. The recovery in the stocks of apples and bananas to 458 000 tonnes and 1.2 million tonnes, respectively, on the back of an increase in producer delivery, led to a decline in the prices of these fruits as shown in the table above.
- Meanwhile, the price of oranges was up by 2 percent from the previous day, settled at R3.47 per kilogram. This followed an increase in commercial buying interest, which then led to a 4 percent decline in daily stocks to 197 000 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.

BEEF CARCASS	26/10/2018*	29/10/2018*	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

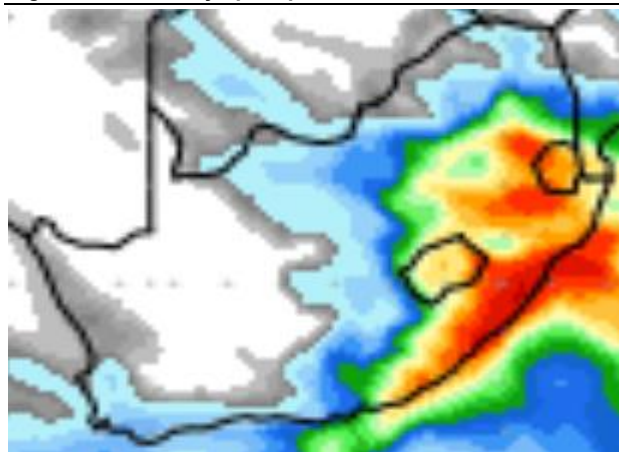
- The SAFEX beef carcass prices have not moved in months due to thinly traded volumes. Yesterday's session was no different, the price remains unchanged from the previous day, at R47.55 per kilogram. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues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

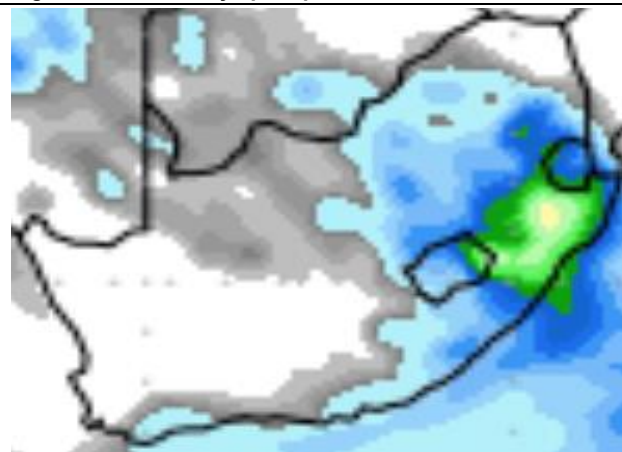
- Soil moisture could improve significantly within the next eight days over the summer crop growing areas of the country as the weather forecast promises heavy rainfall (figure 1). This bodes well with the ongoing planting activity of the new season crop.
- Looking ahead, some areas could receive a bit of a breather in the week of 13 November 2018, which should allow for good progress in planting activity. Meanwhile, the eastern parts of the country could see continuous rainfall, but relatively light, about 16 to 30 millimetres (figure 2).

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

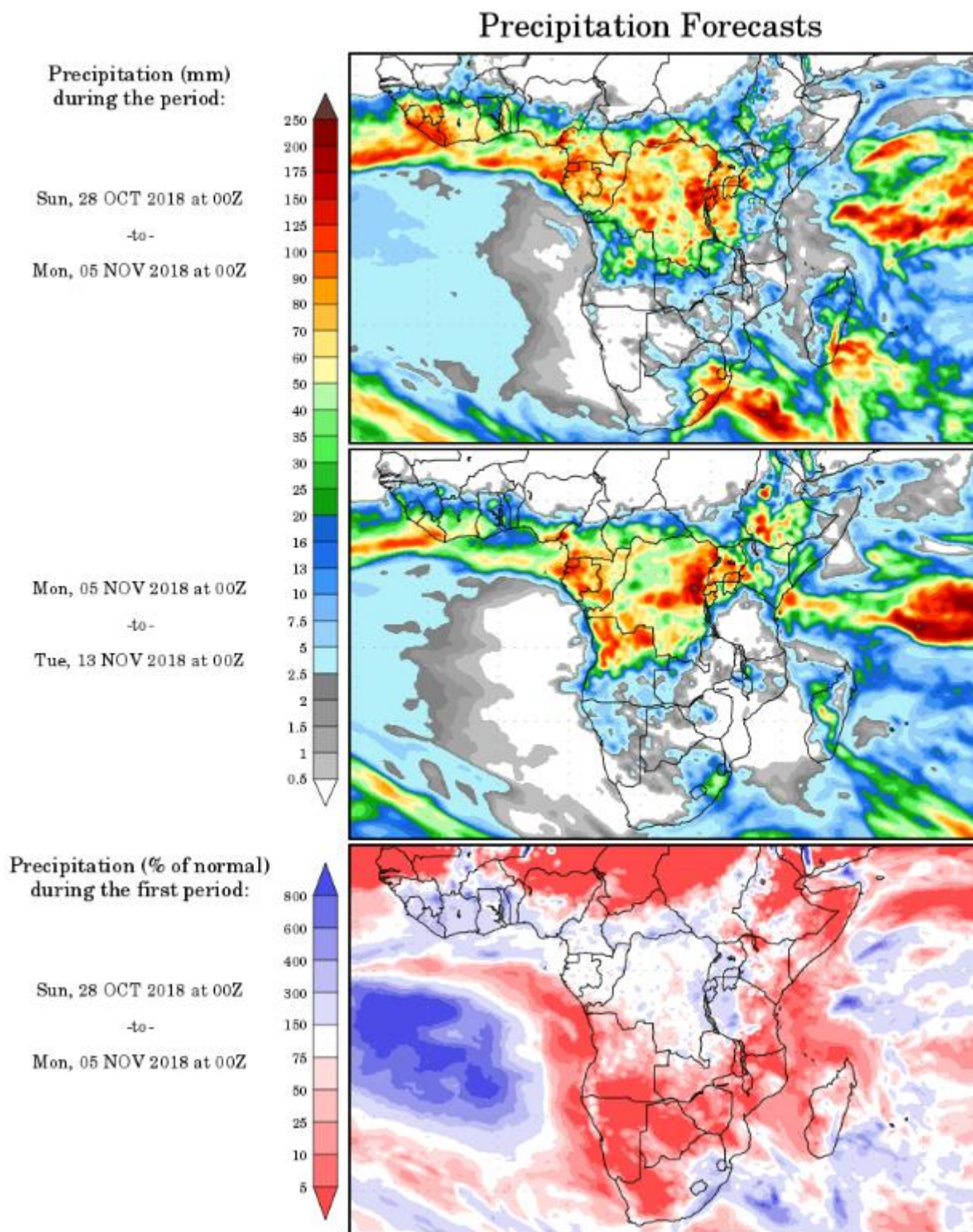
Figure 2: Next 16-days precipitation forecast



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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