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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 07/11/2018
- SAGIS weekly grain trade data: 08/11/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 08/11/2018
- USDA's crop progress report: 12/11/2018
- SAGIS monthly data: 26/11/2018
- National Crop Estimates Committee's monthly data: 27/11/2018

ECONOMIC INDICATORS	06/11/2018*	07/11/2018*	d-o-d (%Δ)
Rand/US Dollar	14,24	14,03	+1,50%
Rand/Euro	16,25	16,09	+0,99%
Euro/US Dollar	1,1430	1,1464	+0,30%
Gold Spot	1 234,39	1 230,05	-0,35%
Brent Crude Oil	72,79	72,00	-1,09%
Platinum Spot	873,90	878,20	+0,49%
Dow Jones Industrial Average	25 461,70	25 635,01	+0,68%
JSE All Share	54 070,83	54 450,55	+0,70%
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 domestic currency has managed to claw back some ground against the US dollar, strengthening by 1.50 percent from levels seen at midday yesterday. These gains were partly on the back of an uptick in some global commodity prices, as well as the depreciation of the US dollar against major currencies. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price was down by 1.09 percent from levels seen at midday yesterday, trading around US\$72.00 per barrel. This was due to rising global oil supplies, and reports of US sanction waivers that will allow Iran to continue exporting oil to selected countries in order to stabilise the oil market.



MAIZE/CORN	06/11/2018*	07/11/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 443	2 454	+0,45%
White maize Jul 19 (R/t)	2 588	2 598	+0,39%
Yellow maize spot price (R/t)	2 428	2 434	+0,25%
Yellow maize Jul 19 (R/t)	2 544	2 547	+0,12%
CME corn spot (US cents/bushel)	373	372	-0,27%

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

- The SAFEX maize market posted gains in yesterday's trade session as the weaker rand against the US dollar, coupled with an increase in commercial buying interest continued to support the market. Additionally, the spillover from higher Chicago maize prices also boosted the market.
- White maize planting activity might not start as early as we imagined as the weather forecast in its predominant areas, western parts of South Africa, have cleared and now showing a possibility cool and drier weather conditions within the next eight days.
- There are, however, signs of potential heavy showers in the week of 22 November 2018, which could then improve soil moisture and lead to increased plantings afterwards. On the one hand, the slightly delayed start of the planting process is not much of an issue as the optimal planting window could be open until mid-December. On the other hand, delayed plantings imply that pollinations could potentially fall within the expected drier period, which is late January and March 2019. This is a key concern because pollination generally requires high moisture in order to boost yields.
- Aside from the weather concerns, there is generally an optimism that South African farmers could plant 2.4 million hectares of maize in the 2018/19 season, up by 6% from the 2017/18 production estimate.¹ This is 'farmers intentions' figure, we will get the hard data about actual activity on the ground when the Crop Estimate Committee releases its preliminary area plantings estimate on 29 January 2019.
- The other key data to monitor is the United States Department of Agriculture's monthly update which is due for released tomorrow evening. Last month, the agency placed its estimate for South Africa's 2018/19 maize production at 13.0 million tonnes, which is 3 percent lower than the previous season's harvest, but well above the long-term average production. This estimate accounts for both commercial and non-commercial.

Bottom line – Today the domestic maize market could be under pressure due to the stronger ZAR/USD exchange and lower Chicago maize prices.

¹ About 1.3 million hectares is white maize with 1.1 million hectares being yellow maize.



WHEAT	06/11/2018*	07/11/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 406	4 387	-0,43%
SAFEX Wheat Mar 19 (R/t)	4 534	4 510	-0,53%
CME Wheat spot (US cents/bushel)	507	512	+0,99%

*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 due to a combination of factors, which include an uptick in producer deliveries on the back of ongoing harvest activity, coupled with spillover from lower Chicago wheat prices.
- The weather outlook for the next two weeks continues to paint a positive picture of cool and drier weather conditions over the Western Cape, which is supportive of the harvest process. At midday, SAGIS will release the producer deliveries data for the week of 02 November 2018. This should show an increase from the 78 731 tonnes delivered in the week of 26 October 2018, as the weather conditions have been fairly favourable over most parts of the province.
- As set out in our note yesterday, the feedback from farmers in areas that have already harvested has been fairly positive, indicating that yields are average-to-above average. This supports the Crop Estimate Committee's view of higher yields this season and an overall harvest of 1.86 million tonnes, up by 21 percent from the 2017/18 production season. If the aforementioned production materialises, South Africa's wheat imports could fall by a third from last year's volume to 1.4 million tonnes, which will improve the country's agricultural trade balance.
- On the global front, tomorrow the USDA will release an update of its monthly World Agricultural Supply and Demand Estimates. Last month, the agency placed its 2018/19 global wheat production estimate at 731 million tonnes, which is 4 percent lower than the previous season's harvest.
- The general decline in global wheat production is due to an expected lower harvest in the Black Sea, EU region, China and India. This is largely on the back of hot and drier weather conditions experienced earlier in the season, specifically in the case of the EU and the Black Sea, and the slight reduction in area planted. We don't foresee any major changes in tomorrow's data as the production conditions have remained roughly unchanged in most countries since the last assessment.
- Above all, this essentially means that the global wheat stocks will be tight, which could support the Chicago wheat prices in the near-to-medium term. With South Africa being a net importer of wheat, as noted above, the developments on the global market could influence SAFEX wheat price movements.

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	06/11/2018*	07/11/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 580	4 601	+0,46%
SAFEX Soybean March 2019 (R/t)	4 738	4 760	+0,46%
CME Soybean spot (US cents/bushel)	872	871	-0,11%

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

- The domestic soybean market posted gains in yesterday's trade session as the weaker rand against the US dollar, increased commercial buying interest, as well as positive spillover from higher Chicago soybean prices continued to support the market.
- The uptick in Chicago soybean prices was partly linked to anticipated delays in US soybean harvest activity within the next couple of days due to forecast rainfall in the Midwest.² The harvest process is already behind last year's pace due to unfavourable weather conditions in the past few days. On 04 November, about 83 percent of the US soybean had already been harvested, which is 6 percent behind the same period last year.
- Also, important to keep an eye on is the USDA's monthly data which is due tomorrow evening. Last month, the agency placed its 2018/19 global soybean production estimate at 369 million tonnes, up by 9 percent from the previous season's harvest 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, which is a percentage point and 51 percent respective increases from the previous season. The US 2018/19 soybean production is estimated at 128 million tonnes, up by 6 percent from the previous season. These three countries collectively account for 83 percent of the expected global soybean production. It is worth noting that South America's production forecasts are still tentative as the production season is at its initial stages. Be that as it may, we do not foresee any major weather events in the near-term that could change the current outlook.
- On the domestic front, the soybean planting process has advanced in most areas in the eastern parts of South Africa, thanks to recent rainfall which improved soil moisture. As set out in our previous notes, there is generally some optimism that planting could reach a record level of 851 800 hectares in the 2018/19 production season. Similar to other summer crops, the key risk in the medium term is the expected dry spell between January and March 2019, and the potential impact thereafter on crops.

Bottom line – Today the SAFEX soybean market could be under pressure due to the stronger ZAR/USD exchange and lower Chicago soybean prices.

² Please see the link for more information on the US precipitation forecast: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	06/11/2018*	07/11/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 101	5 133	+0,63%
SAFEX Sunflower seed March 2019 (R/t)	5 142	5 166	+0,47%
EU (France) sunflower seed (US\$/t)	365	360	-1,37%

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

- The SAFEX sunflower seed market had a good run in yesterday's trade session and settled in positive territory. This was underpinned by similar factors as the previous day, which is the weaker rand against the US dollar, as well as increased commercial buying interest.
- The optimal planting window opened at the beginning of this month in the sunflower seed growing areas, but it is still a fairly quiet period in the fields as the expected rainfall has not yet materialised in most areas. This is not much of an issue because the optimal planting window will open until early January 2019.
- With that being said, we maintain our view that it would be ideal if farmers in areas with better soil moisture could begin the planting as soon as possible so that the pollination period could occur early next year when there is still a good chance for higher rainfall.
- If the planting activity starts late, then the pollination process of the crop could coincide with the expected drier weather conditions between the end of January and March 2019. This could result in poor yields in some areas, depending on the soil moisture levels.
- Aside from the aforementioned weather developments, there is a bit of despondency in that sunflower seed market as the recent data from the Crop Estimate Committee suggests that 2018/19 sunflower seed planting could decline by 4 percent from the previous season to 575 000 hectares, which is slightly below the long-term average area of 576 490 hectares are still tentative. Be that as it may, it is worth highlighting that these are 'intentions' not the actual plantings, we will get a much clearer view when the Committee releases its preliminary area estimate on 29 January 2019.
- On the global front, yesterday the EU's sunflower seed price was down by 1.37 percent from the previous day, closing at US\$360 per tonne. This was partly underpinned by negative spillover from lower palm oil prices. Moreover, the expectations of a fairly large global harvest of 51 million tonnes, up by 4 percent from the previous day, also added a bearish sentiment to the market. The key contributing countries to the expected large harvest are Ukraine, Russia, Argentina, China and Hungary.

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the relatively stronger ZAR/USD exchange.





BEEF CARCASS	06/11/2018*	07/11/2018*	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

- Yesterday there was not much happening in the SAFEX beef carcass market due to thinly traded volumes. The price settled at R47.55 per kilogram, unchanged from the previous day. Therefore, the SAFEX beef carcass price is not a true reflection of the physical beef market which continues to show solid activity.
- In terms of the supply, the South African farmers slaughtered 189 108 head of cattle in September 2018, down by 11 percent year-on-year due to the continuous herd rebuilding process after a reduction during the 2015-16 drought. In the first nine months of this year, the South African farmers slaughtered roughly 1.8 million head of cattle, down by 7 percent from the corresponding period last year.

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.

POTATO	06/11/2018*	07/11/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	54,10	56,59	+4,60%

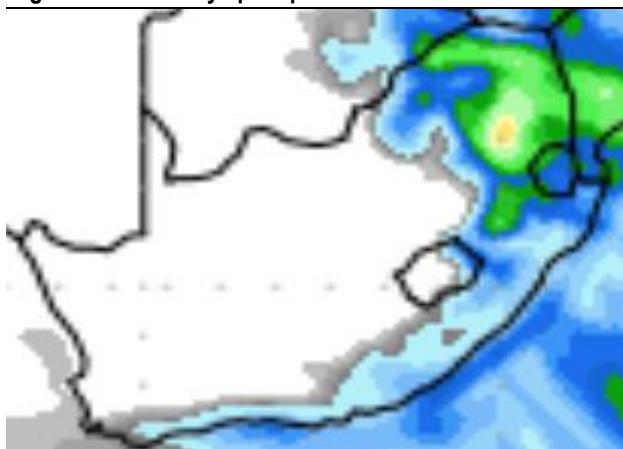
*Previous day's price survey across RSA fresh produce markets

- The South African potatoes market started yesterday's trade session on a positive footing and maintained the gains throughout the day, with the price up by 5 percent from the previous day, closing at R56.59 per kilogram. This was partly on the back of relatively lower stock of 503 349 pockets (10kg bag) at the start of the 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 37 percent increase in daily stocks to 691 653 pockets (10kg bag).

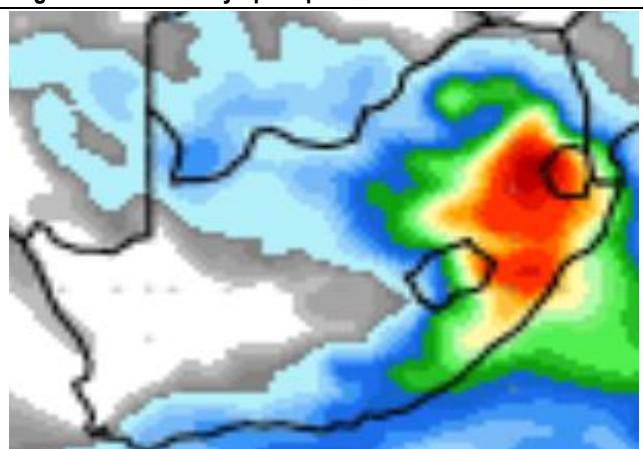
Bottom line – Today the South African potatoes price could receive additional gains due to lower stocks of 691 653 pockets (10kg bag), compared to volumes seen last week.

WEATHER FORECAST: South Africa

- This weather charts currently show clear skies over most parts of South Africa with the exception of the north-western areas of the North West, Gauteng, Limpopo and Mpumalanga provinces (figure 1). The expected rainfall in these particular provinces will help improve soil moisture, which is good for the new season crop. Meanwhile, drier and cool weather conditions over the winter wheat growing areas of the Western Cape could support the ongoing harvest process.
- However, the rainfall is set to return in the week of 22 November 2018 over most summer crop growing areas of South Africa (figure 2). The expected showers could vary between 16 and 90 millimetres over most parts of the country, which bodes well with the new season planting process.

Figure 1: Next 8-days precipitation forecast

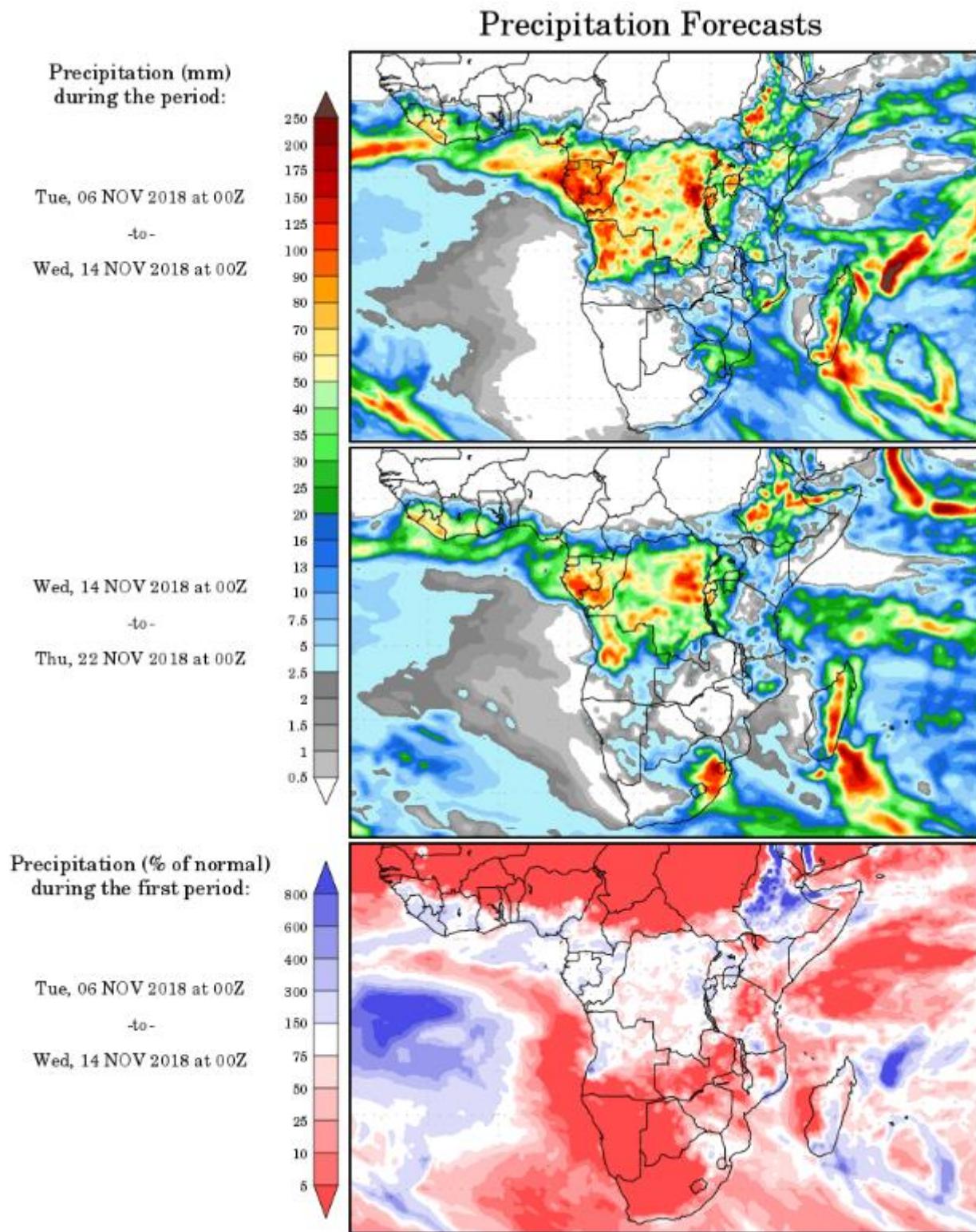
Source: wxmaps

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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