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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 14/11/2018
- SAGIS weekly grain trade data: 15/11/2018
- USDA's crop progress report: 19/11/2018
- SAGIS monthly data: 26/11/2018
- National Crop Estimates Committee's monthly data: 27/11/2018

ECONOMIC INDICATORS	12/11/2018*	13/11/2018*	d-o-d (%Δ)
Rand/US Dollar	14,40	14,42	-0,14%
Rand/Euro	16,21	16,19	+0,12%
Euro/US Dollar	1,1268	1,1247	-0,19%
Gold Spot	1 207,46	1 204,75	-0,22%
Brent Crude Oil	71,38	69,52	-2,61%
Platinum Spot	854,70	849,40	-0,62%
Dow Jones Industrial Average	25 828,18	25 387,18	-1,71%
JSE All Share	52 646,08	52 259,47	-0,73%
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

- After experiencing a good run during the week, the Rand/US dollar is currently 0.14 percent weaker compared to midday yesterday, trading around R14.42. The rand's depreciation was partly in line with the US dollar appreciation against major currencies, as well as a decline in global commodity prices. From a domestic data front, today's calendar is fairly light with no major releases.
- Yesterday's uptick in oil price that was underpinned by reports that Saudi Arabia plans to reduce its oil production by 500 000 barrels per day next month was short-lived. This morning the Brent crude oil price was down by 2.61 percent from levels seen at midday yesterday, trading around US\$69.52 per barrel as news of a potential uptick in US oil production and worries about the global oil demand continue to dominate the market.



MAIZE/CORN	12/11/2018*	13/11/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 502	2 487	-0,60%
White maize Jul 19 (R/t)	2 642	2 621	-0,79%
Yellow maize spot price (R/t)	2 470	2 470	+0,00%
Yellow maize Jul 19 (R/t)	2 545	2 547	+0,08%
CME corn spot (US cents/bushel)	369	370	+0,27%

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

- Yesterday the SAFEX maize market settled on the mixed footing. White maize was under pressure owing to an uptick in commercial selling, whereas yellow maize contract month prices were slightly up due to the weaker rand against the US dollar and some buying activity in the market.
- While the Chicago maize price is up this morning, the recently released United States Department of Agriculture (USDA)'s monthly report could be a key driver of the global maize market this week. In the report, the agency lifted its 2018/19 global maize production estimate by 2 percent from the previous month to 1.1 billion tonnes. This is also 2 percent higher than the previous season and slightly above the International Grains Council estimate for the corresponding period. The main contributing countries to the expected large harvest are US, Brazil, Argentina and Ukraine are amongst. This has overshadowed the possible decline in production in other major maize producing countries such as the EU, India, China and South Africa.
- Zooming into South Africa, farmers in the eastern parts of South Africa, specifically Mpumalanga province, have made good progress in maize planting activity. Meanwhile, the western and central regions of the country have experienced delays due to drier weather conditions as the recent rainfall was mainly concentrated in the eastern parts of the country.
- To reiterate a point made yesterday, this week might not bring any improvement in soil moisture in the western parts of the country, as the expected rainfall could again be concentrated towards the north-eastern regions of South Africa. Also worth noting is that the eastern regions are nearing the end of the optimal maize planting window, which typically closes around mid-November, whereas the western regions still have time to plant until mid-December. Against this backdrop, the USDA left its estimate for South Africa's 2018/19 commercial and non-commercial maize production unchanged from the previous month at 13.0 million tonnes. This 4 percent lower than the previous season, but well above a long-term average.

Bottom line – Today the domestic maize market could gain ground this morning due to the relatively weaker ZAR/USD exchange and higher Chicago maize prices.





WHEAT	12/11/2018*	13/11/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 376	4 375	-0,02%
SAFEX Wheat Mar 19 (R/t)	4 494	4 488	-0,13%
CME Wheat spot (US cents/bushel)	507	517	+1,97%

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

- Unlike other commodities which were boosted by the weaker domestic currency and increased commercial buying interest, the SAFEX wheat market lost ground and settled in negative territory. This was underpinned by the domestic harvest pressure, as well as spillover from lower Chicago wheat prices.
- As set out in yesterday's note, winter wheat harvest process is in full swing in the Western Cape, with the progress made thus far reflected on the producer deliveries data which amounted to 250 376 tonnes in the week of 02 November 2018. This equates to 28 percent of the Western Cape's expected wheat harvest.
- The weather conditions were favourable in most parts of the Western Cape last week, and that enabled farmers to increase the winter wheat harvest pace. The progress made will be reflected in the producer deliveries data for the week of 09 November 2018 which are due for release tomorrow.
- While the crop in other provinces is still far from harvesting due to differences in planting period¹, there are expectations of higher yields due to favourable weather conditions. This is specifically the Northern Cape, Free State, Eastern Cape and Limpopo, amongst others.²
- While production could improve in the 2018/19 season to 1.86 million tonnes on the back of the aforementioned favourable production conditions, South Africa will remain a net importer of wheat (1.4 million tonnes), therefore, developments in the global market could influence the local activities.
- The USDA forecasts 2018/19 global wheat production at 734 million tonnes, which is 4 percent lower than the previous season's harvest. The decline is mainly due to an expected lower harvest in Australia, Russia, Canada and the EU region amongst others. Meanwhile, consumption is expected to remain fairly stable despite the uptick in prices. As a result, the global wheat ending stocks could fall by 7 percent from the 2017/18 season to 260 million tonnes, which should support global wheat prices in the near-to-medium term.

Bottom line – The local wheat market could also gain ground due to the weaker USD/ZAR exchange and higher Chicago wheat prices.

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.

² Broadly speaking, the aforementioned developments support 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.



SOYBEAN	12/11/2018*	13/11/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 596	4 612	+0,35%
SAFEX Soybean March 2019 (R/t)	4 760	4 774	+0,29%
CME Soybean spot (US cents/bushel)	874	871	-0,34%

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

- The SAFEX soybean market posted gains in yesterday's trade session with support emanating from similar factors as the previous day, which is the spillover from higher Chicago soybean prices, increased commercial buying interest, as well as the relatively weaker rand against the US dollar.
- The Chicago soybean market was mainly driven by two factors, namely the slight decline in 2018/19 global soybean production estimate from last month to 368 million tonnes³, as well as the improved sentiment regarding the upcoming trade talks between the US and China that will be held later this month at the G-20 meetings in Argentina. As we have highlighted in our previous notes, the resolution of the current dispute between these two countries is critical for US soybean farmers, who are aiming to boost exports to China.
- So far the current uncertainty has had a negative impact on US soybean exports to China and subsequently suppressed prices.⁴ As a result, the data released by the USDA last week showed that the US farmers are downbeat about soybean plantings in the 2019/20 season, partly because of the lack of clarity on the trade, as well as fairly lower prices. The agency indicated that the US soybeans area plantings could fall by 7 percent year-on-year to 33.1 million hectares in 2019/20 production season.
- China is a key player in the global soybean market, albeit its 2018/19 import estimate having recently revised down by 4 percent from October to 90 million tonnes. China accounts for almost a two-thirds of global soybean import estimate for the 2018/19 season.
- The US-China trade dispute, which resulted in an introduction of tariffs, could open room for Brazil to continue to dominate the Chinese soybean market. About 66 percent of Chinese soybean imports in the 2017/18 marketing were supplied by Brazil, with the US accounting for only 29 percent. This is according to data from the USDA. The prospects for the US going forward will depend on the outcome of the planned talks.

Bottom line – Today the SAFEX soybean market could experience a sideways movement if the ZAR/USD exchange and Chicago soybean market maintain the current trend.

³ This, however, does not change the central view that the world could have large soybean supplies in the 2018/19 season compared to the previous one.

⁴ See, for instance, C Gibbs 'I Am a Soybean Farmer Hurt by Trump's Trade War. I Can't 'Take It.' New York Times, 2 August 2018, available at: <https://www.nytimes.com/2018/08/02/opinion/trump-trade-war-china-soybean-farmer.html>



SUNFLOWER SEED	12/11/2018*	13/11/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 180	5 209	+0,56%
SAFEX Sunflower seed March 2019 (R/t)	5 175	5 193	+0,35%
EU (France) sunflower seed (US\$/t)	364	359	-1,37%

*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 sound footing and maintained the gains throughout the day as the weaker rand against the US dollar, coupled with increased commercial buying interest continued to provide support to the market.
- Although South Africa's sunflower seed production has improved in the recent past⁵, the country is still a net importer of sunflower oil and meal, which means the developments in the global sunflower seed market could influence the local market. In 2017, South Africa imported 142 503 tonnes of sunflower oil, up by 28 percent from the previous calendar year.
- Also worth noting is that this is not unique to South Africa, the African continent is a net importer of sunflower seed. The continent imports on average about 133 511 tonnes of sunflower seed a year, according to data from Trade Map. The leading importers are typically Egypt, South Africa, Morocco, Algeria, Tanzania, Libya, Tunisia, Zambia and Ethiopia amongst others.
- The key suppliers normally include Romania, Ukraine, China, the US, Argentina, Spain, Bulgaria and Turkey, among others. Most of these countries are expecting a fairly good harvest in the 2018/19 season, which could indirectly benefit the African continent.
- This is evident from the recent USDA's monthly report which placed 2018/19 global sunflower seed production at 50 million tonnes, up by 6 percent from the previous season. The key contributing countries to the expected large harvest are Ukraine, Russia, Argentina, China and Hungary.⁶
- The uptick in global sunflower seed production will translate into an increase in sunflower oil production. The USDA forecasts 2018/19 global sunflower oil production at 19 million tonnes, up by 6 percent from the previous season. The key contributing countries are Ukraine, Russia and the EU region.

Bottom line – Today, the domestic sunflower seed market could receive support from the relatively weaker rand against the US dollar.

⁵ South Africa's sunflower seed production increased by 75 percent between 2009/10 and 2017/18 marketing year, driven by both the increase in area planted and improvement in yields.

⁶ These are key suppliers of sunflower oil to the African continent.



BEEF CARCASS	12/11/2018*	13/11/2018*	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. The price remained unchanged from the previous day, at R47.55 per kilogram, due to thinly traded volumes. 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	12/11/2018*	13/11/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	56,92	54,94	-3,48%

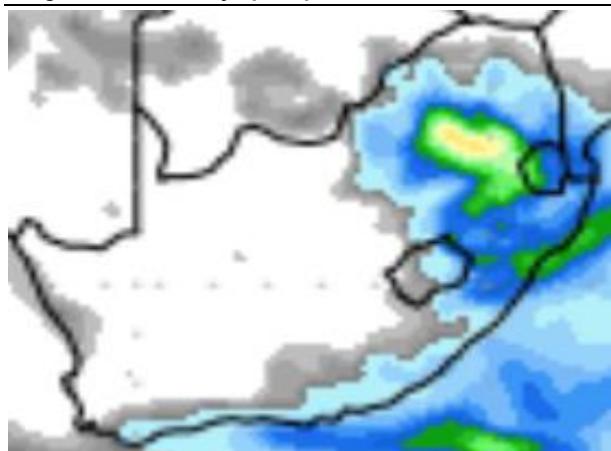
*Previous day's price survey across RSA fresh produce markets

- The South African potatoes market started the week on a negative footing with the price down by 3 percent from the previous day, closing at R54.10 pockets (10kg bag). The losses were underpinned by a fairly large stock of 755 523 pockets (10kg bag) at the start of the session.
- However, during the session, the market experienced a slight decline in deliveries on the back of a slow harvest activity over the weekend. This subsequently led to a 9 percent drop in daily stock to 691 101 pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes price could gain ground due to lower stocks of 691 101 pockets (10kg bag), compared to volumes seen during in the past few days.

WEATHER FORECAST: South Africa

- This morning the weather forecasts for the next eight days remain roughly unchanged from what we reported yesterday, which is light showers over Gauteng, Mpumalanga, KwaZulu Natal and southern regions of Limpopo (figure 1). This could marginally improve soil moisture, which is good for the new season summer crop.
- The forecast for the week of 28 November paints a constructive picture of widespread showers over most summer crop planting areas (figure 2). The expected rainfall could vary between 16 and 50 millimetres, which also bodes well with the new season planting process. The expected cool and drier weather conditions in the Western Cape will support the ongoing winter crop harvest process.

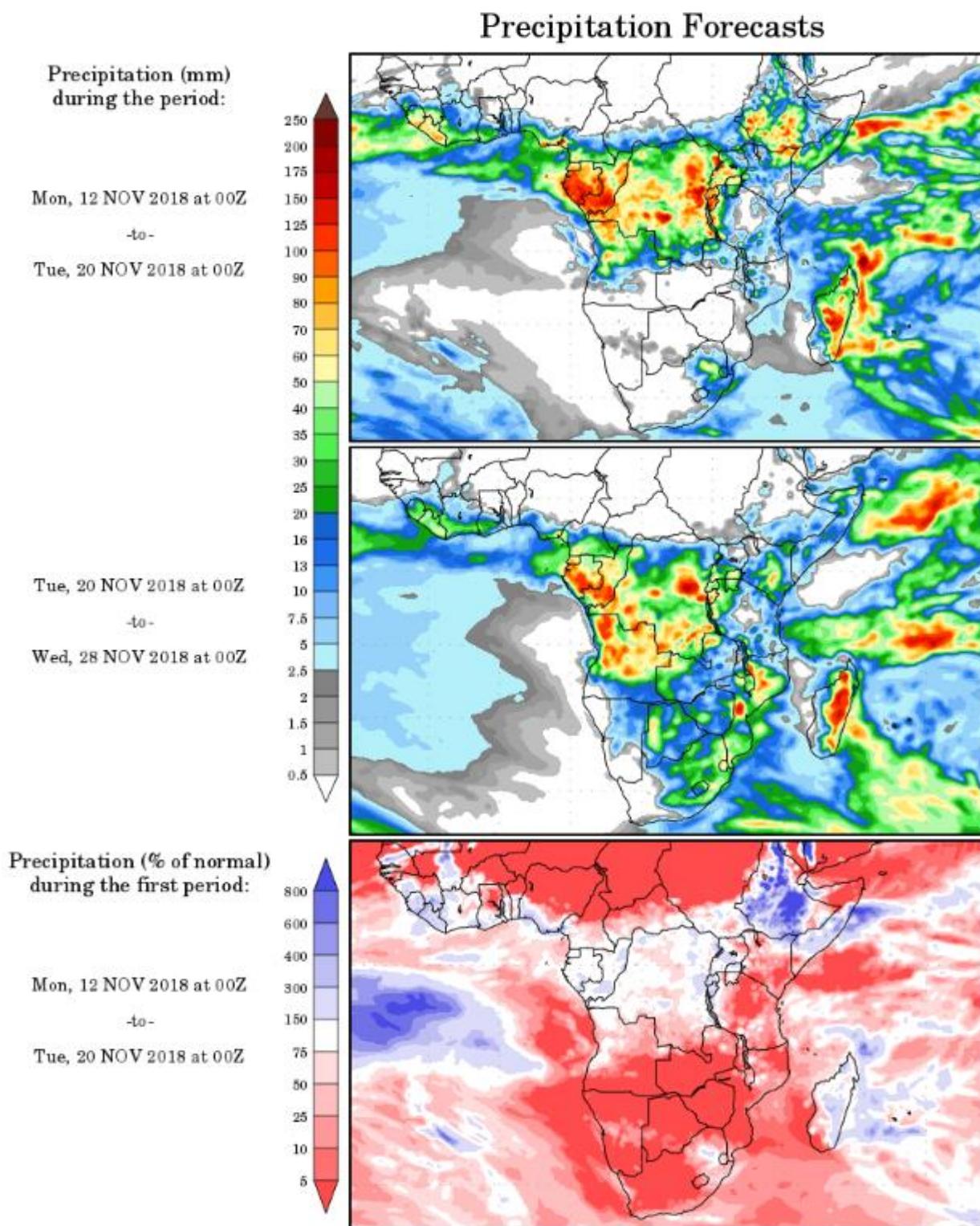
Figure 1: Next 8-days precipitation forecast

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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