

FOR ANY QUERIES, PLEASE CONTACT:

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

- SAGIS producer deliveries data: 11/07/2018
- USDA's World Agricultural Supply and Demand Estimates Report: 12/07/2018
- USDA's crop progress report: 16/07/2018
- SAGIS weekly grain trade data: 17/07/2018
- National Crop Estimates Committee's sixth summer crop production estimates: 26/07/2018

ECONOMIC INDICATORS	10/07/2018*	11/07/2018*	d-o-d (%Δ)
Rand/US Dollar	13,47	13,40	+0,52%
Rand/Euro	15,80	15,71	+0,57%
Euro/US Dollar	1,1705	1,1729	+0,21%
Gold Spot	1 248,01	1 251,13	+0,25%
Brent Crude Oil	79,03	78,35	-0,86%
Platinum Spot	842,20	842,70	+0,06%
Dow Jones Industrial Average	24 776,59	24 919,66	+0,58%
JSE All Share	58 055,43	58 027,11	-0,05%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,40	4,40	0,00%
SA CPI – food (y/y %)	3,00	3,00	0,00%

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

- The Rand/US Dollar is currently 0.52 percent stronger compared to midday yesterday, trading around R13.40. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. Moreover, the slight uptick in global commodity prices also added support to the market. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil market pulled back from levels seen at the start of the week. The price was down by 0.86 percent from levels seen at midday yesterday, trading around US\$78.35 per barrels. This, however, could be a short-lived owing to a decline in US oil inventories. The most recent data from the American Petroleum Institute shows that the US oil inventories fell by 6.8 million barrels in the week of 06 July.



MAIZE/CORN	10/07/2018*	11/07/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 014	2 008	-0,30%
White maize Dec 18 (R/t)	2 138	2 130	-0,37%
Yellow maize Jul 18 (R/t)	2 096	2 090	-0,29%
Yellow maize Dec 18 (R/t)	2 225	2 216	-0,40%
CME corn July 18 (US cents/bushel)	345	340	-1,45%

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

- Yesterday the SAFEX maize market was under pressure due to a combination of factors which include lower Chicago maize prices, increased commercial selling and expected large supplies, amongst others.
- While the harvest process in past couple of weeks continued with minimal interruptions due to favourable weather conditions, the next eight days could experience delays due to expected rainfall of between 16 and 35 millimetres in most areas of the maize-belt.
- There are concerns that this could lower the quality of the crop. But, the current indications suggest that the rainfall will be temporary, as this is not a rainfall season in summer crop areas and the weather forecasts for the week of 25 July 2018 show clear skies over most parts of the maize-belt.
- From a data front, at midday SAGIS will release an update of the weekly producer deliveries, which give an indication of the harvest progress. On 29 June 2018, about 31 percent of the expected harvest of 13.2 million tonnes had already been delivered to commercial silos. Today's data will most likely show an uptick in activity given that weather conditions were fairly favourable in the past couple of weeks over maize producing regions of the country.
- In terms of trade, South Africa exported 122 298 tonnes of maize in the week of 06 July 2018, up by 88 percent from levels seen in the previous week. About 95 percent was yellow maize, with 5 percent being white maize.
- The leading buyer was Vietnam, with a share of 92 percent of the weekly exports. Trailing Vietnam was Botswana, Mozambique and Swaziland. Overall, this placed South Africa's 2018/19 maize exports at 668 330 tonnes, which equates to 27 percent of the seasonal export forecast of 2.5 million tonnes.
- Also worth noting is that the traditional regional export markets could be relatively more open this year which is good for local producers or farmers, although might not be able to absorb all of South Africa's maize surplus.

Bottom line – Today the domestic maize market could experience extended losses due to the stronger ZAR/USD exchange and lower Chicago maize prices.



WHEAT	10/07/2018*	11/07/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 023	4 020	-0,07%
SAFEX Wheat Dec 18 (R/t)	4 146	4 150	+0,10%
CME Wheat spot (US cents/bushel)	498	489	-1,81%

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

- Yesterday the SAFEX wheat market settled on a mixed footing. The spot price lost ground due to spillover pressure from lower Chicago wheat prices. Meanwhile, the December 2018 contract month price settled in positive territory, mainly supported by strong commercial buying interest.
- The weather has changed overnight and currently showers a possibility of rainfall over most parts of South Africa within the next eight days. Most wheat growing areas of the country could potentially receive between 16 and 35 millimetres, which will slightly improve soil moisture and subsequently benefit the new season crop.
- The expected showers could, however, slow that planting process, which is currently underway in the Free State and Northern Cape provinces. These are the two biggest wheat growing provinces after the Western Cape, collectively accounting for nearly a third of the intended area of 500 500 hectares in the 2018/19 production season. The planting window in these particular provinces typically runs between June and July of each year.
- Furthermore, the Eastern Cape regions around Matatiele, Ugie and Maclear that are preparing field trials for various dryland winter wheat cultivars could also benefit from the expected rainfall over the province. We will monitor the developments over the coming months in order to assess whether the new cultivars adapt well. If the trials succeed, additional production could boost the province's contribution to national wheat production, which currently stands at mere 0.4 percent of the intended area of 500 500 hectares for the 2018/19 season.
- The Western Cape province, which accounts for more than two-thirds of the intended area for this season, planted earlier than other provinces and the crop has already emerged and currently in good shape following recent showers. The expected rainfall will help sustain the crop in good condition and also improve dam levels. The Western Cape provincial dam levels averaged 47 percent in the week of 09 July 2018, up by 5 percentage points from the previous week and 23 percentage points from the corresponding period last year.
- In terms of data, last week South Africa imported 56 050 tonnes of wheat, all from Russia. This is down by 15 percent from the volume imported in the week of 29 June 2018. This brought South Africa's 2017/18 wheat imports to 1.6 million tonnes, which equates to 84 percent of the season's import forecast of 1.9 million tonnes.

Bottom line – Today the local wheat prices could also experience extended losses due to the stronger ZAR/USD exchange and lower Chicago wheat prices.



SOYBEAN	10/07/2018*	11/07/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 336	4 324	-0,28%
SAFEX Soybean Dec 18 (R/t)	4 552	4 549	-0,07%
CME Soybean Spot (US cents/bushel)	847	839	-0,94%

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

- After experiencing a good run at the start of the week, the SAFEX soybean market pulled back in yesterday's trade session and settled in negative territory. This was mainly underpinned by spillover from lower Chicago soybean prices, as well as the bearish sentiment on the back of large domestic supplies.
- The Chicago soybean prices were again pressured lingering concerns about the potential reduction of US soybean demand from China following the implementations of tariffs. China is typically the leading market for US soybean exports, followed by Mexico, Netherlands, Japan, Indonesia and Taiwan, amongst others.
- The US will probably boost its soybean exports to alternative destinations which could include the aforementioned countries. With that said, these are not big soybean users, although they are amongst the world's top ten importers.
- In the midst of the trade dispute, China National Grain and Oils Information Center left its 2018/19 soybean import estimate unchanged from last month, at 95 million tonnes. This is 8 percent lower than the USDA's estimate for the same season.
- Furthermore, China's 2018/19 soybean production was also left unchanged at 16 million tonnes, which is 9 percent higher than the previous season. As evident from the expected volume of imports, the uptick in domestic production plays a minimal role in boosting the supplies. China is heavily reliant on imports. As indicated in our previous notes, we believe that the Chinese demand might shift towards South American countries in the next couple of months, particularly Brazil which has the capacity to boost exports to China.
- Another key factor that added a bearish sentiment to the Chicago soybean market was the improvement in US soybean crop conditions. The most recent data from the USDA shows that 71 percent of the soybean crop was rated good/excellent in the week of 08 July 2018, which is a better position than a rating of 62 percent in the corresponding period last year. The improvement is largely on the back of favourable weather conditions in the Midwest. The forecast for the week continues to paint a positive picture of widespread rainfall.

Bottom line – Similar to other crops, today the SAFEX soybean prices could experience extended losses due to the stronger Rand against the US Dollar, as well as lower Chicago soybean prices.



SUNFLOWER SEED	10/07/2018*	11/07/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 690	4 651	-0,83%
SAFEX Sunflower seed Dec 18 (R/t)	4 930	4 885	-0,91%
EU (France) sunflower seed (US\$/t)	384	384	0,00%

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

- The unfavourable weather conditions and the relatively weaker domestic currency against the US Dollar did less to uplift the SAFEX sunflower seed prices in yesterday's trade session. The market started the day on the negative footing and remained under pressure throughout due to commercial buying interest.
- With the harvest process still underway in some parts of the country, the weather will remain a primary focus over the coming weeks. The forecasts have somewhat worsened overnight. There is now a possibility of widespread rainfall of between 20 and 50 millimetres over most sunflower seed growing areas of the country within the next eight days.
- This will potentially slow the harvest process, but the major concern, which we raised in yesterday's note, is the possible deterioration of crop quality, particularly in late-planted regions of the North West and also western parts of the Free State province.
- This, however, will not be a large area or share of the crop. About 70 percent of the estimated harvest of 792 255 tonnes for this season had already been delivered to the commercial silos at the end of last month. At midday, SAGIS will release an update of producer deliveries for the first week of July. This could possibly be higher than the volume of 71 729 tonnes delivered in the week of 29 June 2018 due to favourable weather conditions experienced in the past couple of weeks.
- To reiterate a point made yesterday, the yields in areas that have already harvested varied between average and above-average, which supports the national Crop Estimate Committee's view of the national average yield of 1.32 tonnes per hectare.
- Nonetheless, the feedback from farmers in late-planted areas suggests that the yields could be fairly lower than the aforementioned levels. This yield issue, coupled with crop quality concerns could negatively affect South Africa's sunflower seed supplies in the 2018/19 marketing year. Be that as it may, we have not made any adjustments in our supplies estimate yet. We will closely follow the yield reports and monitor the harvest activity over the coming months.

Bottom line – Today, the domestic sunflower seed market could see marginal losses due to the stronger Rand against the US Dollar, coupled with ongoing harvest activity.



POTATO	10/07/2018*	11/07/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,88	32,11	+3,98%

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

- Yesterday the South African potatoes market managed to claw back some of its recent losses and settled in positive territory. These gains followed a strong commercial buying interest, coupled with a relatively lower stock of 1.02 million pockets (10kg bag) at the beginning of the session.
- However, towards the end of the session, the stocks recovered due to an uptick in producer deliveries on the back of ongoing harvest activity in most parts of the country. This subsequently led to a 14 percent increase in daily stock to 1.16 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience marginal losses owing to a relatively large stock of 1.16 million pockets (10kg bag).

FRUIT (South Africa)	10/07/2018*	11/07/2018*	d-o-d (%Δ)
Apples (R/kg)	6,38	6,71	+5,17%
Bananas (R/kg)	5,60	5,87	+4,82%
Oranges (R/kg)	2,59	2,42	-6,56%

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

- Yesterday the South African fruit market settled on a mixed footing. The prices of apples and bananas were each up by 5 percent from the previous day, closing at R6.71 per kilogram and R5.87 per kilogram, respectively. These gains followed a 16 percent and a percentage point respective decline in apples and bananas stocks to 433 000 tonnes and 750 000 tonnes.
- Meanwhile, the price of oranges fell by 7 percent from the previous day and settled at R2.42 per kilogram. These losses were mainly on the back of a large stock of 841 000 tonnes.

Bottom line – Similar to 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	10/07/2018*	11/07/2018*	d-o-d (%Δ)
SAFEX Beef Sep 18 (R/kg)	47,50	47,50	0,00

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

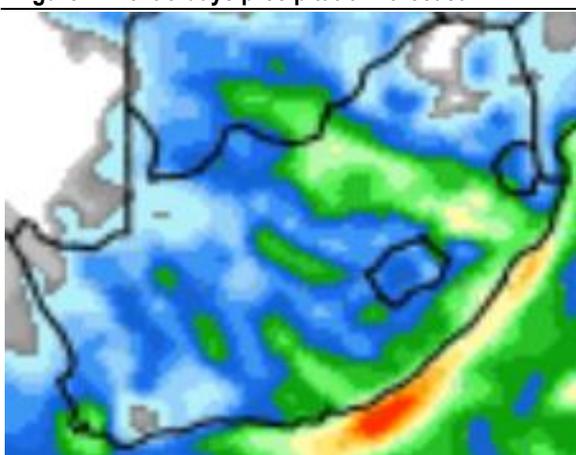
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged from the previous day, closing at R47.50 per kilogram. Therefore, this is not a true reflection of the physical market which continues to show solid activity.
- In terms of the supply, the South African farmers slaughtered 219 434 head of cattle in May 2018, down by 4 percent from the same period last year. The decline in slaughtering is on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. However, the trend could soon change as the USDA forecasts a 4 percent annual increase in the number of cattle to be slaughtered in South Africa in 2018 to 3.5 million cattle, due to the anticipated uptick in demand and a general recovery in the industry performance.

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

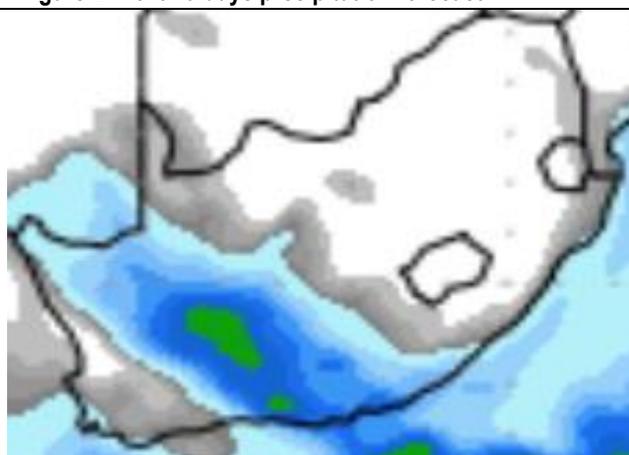
- Most parts of South Africa could receive rainfall of between 16 and 40 millimetres within the next eight days. This bodes well for winter crop growing regions which need moisture at this time of the season. Meanwhile, summer crop areas could experience delays in the harvest process (figure 1).
- These showers are, however, temporary in summer crop areas, as the weather forecast for the week of 25 July 2018 show clear skies for most parts of the country (figure 2). This will allow the harvest process to regain momentum in the summer crop areas, with the exception of the northern parts of the Eastern Cape province.

Figure 1: Next 8-days precipitation forecast



Source: wxmaps

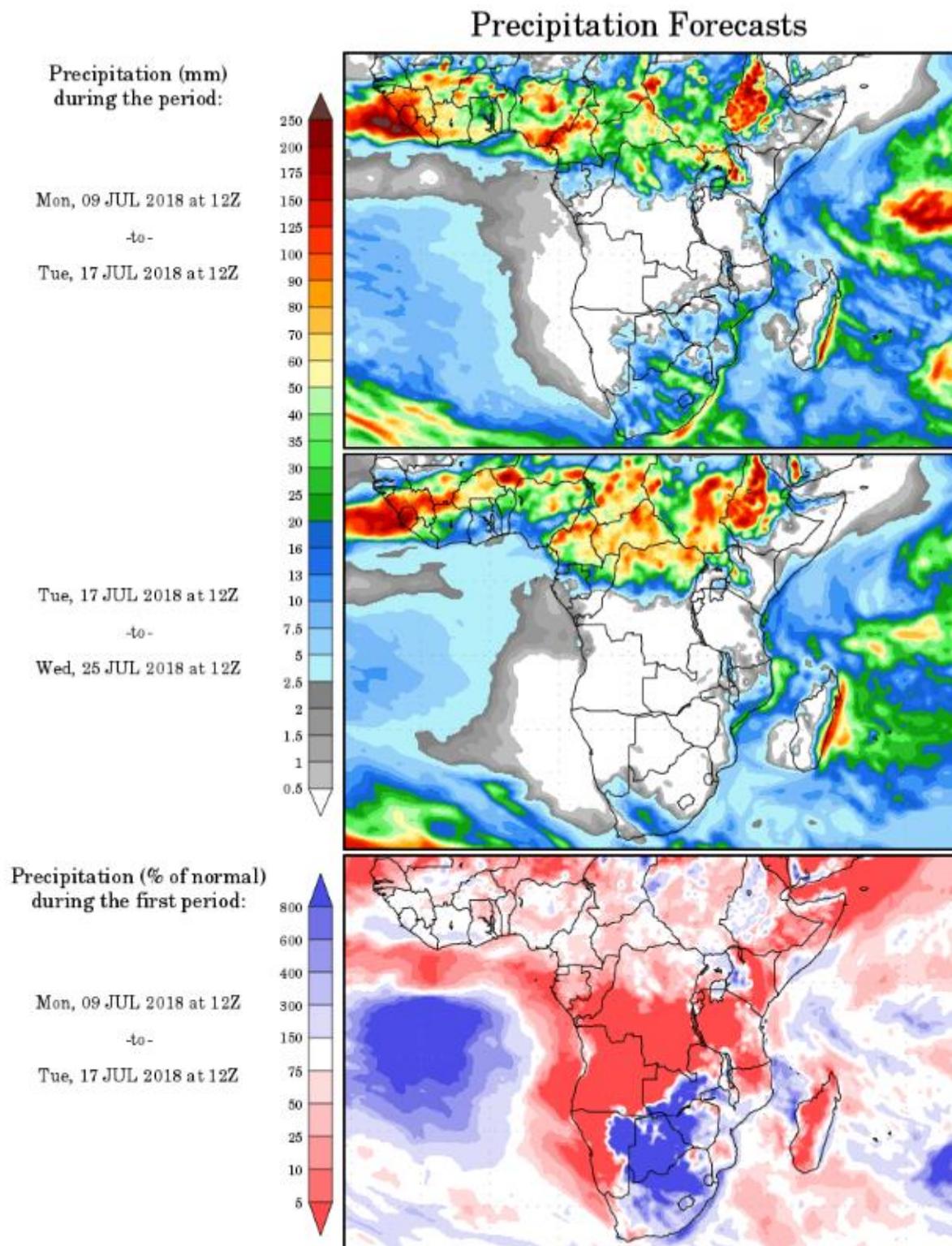
Figure 2: Next 16-days precipitation forecast



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.