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**Key Data Releases in Agricultural Markets:**

- SAGIS producer deliveries data: 21/11/2018
- SAGIS weekly grain trade data: 22/11/2018
- USDA's crop progress report: 26/11/2018
- SAGIS monthly data: 26/11/2018
- National Crop Estimates Committee's monthly data: 27/11/2018

<b>ECONOMIC INDICATORS</b>	19/11/2018*	20/11/2018*	d-o-d (%Δ)
Rand/US Dollar	13,98	14,08	-0,71%
Rand/Euro	15,97	16,12	-0,93%
Euro/US Dollar	1,1451	1,1445	-0,05%
Gold Spot	1 221,15	1 221,61	+0,04%
Brent Crude Oil	66,87	66,57	-0,45%
Platinum Spot	849,50	854,50	+0,59%
Dow Jones Industrial Average	24 971,40	25 017,44	+0,18%
JSE All Share	52 580,63	52 242,00	-0,64%
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

- Following a good run at the beginning of the week, the Rand/US dollar is currently 0.71 percent weaker compared to midday yesterday, trading around R14.08 at the time of writing. The rand's depreciation was somewhat in line with other emerging market currencies, all pressured by the US dollar appreciation against major currencies. In terms of data, today the SARB will release its Leading Indicator results for September 2018.
- This morning the Brent crude oil price was slightly under pressure with the price down by 0.45 percent from levels seen at midday yesterday, trading around US\$66.57 per barrel. Nevertheless, the market could soon recover from these levels as reports of potential EU sanctions against Iran, as well as expectations that OPEC could reduce its oil production towards the end of the year, might provide support in the coming days.



MAIZE/CORN	19/11/2018*	20/11/2018*	d-o-d (%Δ)
White maize spot price (R/t)	2 396	2 352	-1,84%
White maize Jul 19 (R/t)	2 536	2 504	-1,26%
Yellow maize spot price (R/t)	2 420	2 380	-1,65%
Yellow maize Jul 19 (R/t)	2 492	2 468	-0,96%
CME corn spot (US cents/bushel)	362	363	+0,28%

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

- The SAFEX maize market lost ground in yesterday's trade session as the stronger rand against the US dollar, coupled with lower Chicago maize prices continued to add pressure to the market. Moreover, the favourable weather outlook for the next couple of weeks has somewhat added pressure to the market.
- Between October and February, which is typically planting to pollination, the weather becomes an important factor in the South African maize market and, to some extent, a major driver of prices, which is exactly what we saw in yesterday's session. Broadly speaking, while there are concerns about a possible El Niño later in summer, the season started on sound footing with widespread rainfall in the eastern and central parts of the country.
- In fact, the feedback from farmers suggests that Mpumalanga and most parts of Gauteng have made good progress in terms of planting, whilst the Free State presents a mixed picture, with some areas having completed planting, although others have not started. This was starting to be a major concern as the optimal planting window for the eastern parts of South Africa will be closing this week, but the expected rainfall has renewed the optimism that farmers could continue to plant the planned areas, even beyond the optimal window.<sup>1</sup>
- As set out in yesterday's note, the western parts of the South African maize-belt also experienced delays in planting due to drier weather conditions. But, unlike the eastern areas, there is still ample time for the planting process to be completed as the optimal window only closes around mid-December in this region.
- As the activity progresses over the coming weeks, we will keep a close eye to assess whether the intended area of 2.44 million hectares of maize in 2018/19 production season will materialise. This is up by 6 percent from the 2017/18 production estimate, and slightly above the previous 5-years average area. While these farmer's intentions data are promising they are just that: farmers' intentions. The preliminary maize planting estimates will only be released on 29 January 2019.

Bottom line – Today the domestic maize market could recover from levels seen the previous day due to the relatively weaker ZAR/USD exchange and higher Chicago maize prices.

<sup>1</sup> The risk of planting outside the optimal window is the possibility of lower yields



WHEAT	19/11/2018*	20/11/2018*	d-o-d (%Δ)
SAFEX Wheat Dec 18 (R/t)	4 293	4 220	-1,70%
SAFEX Wheat Mar 19 (R/t)	4 417	4 371	-1,04%
CME Wheat spot (US cents/bushel)	497	497	0,00%

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

- While the Chicago wheat market is typically amongst the key factors that tend to drive the SAFEX prices, yesterday the relatively stronger rand against the US dollar, as well as harvest pressure dominated the market, thus leading to marginal losses at the end of the session.
- The harvest process in the Western Cape has benefited from favourably drier and cool in the past couple of days. More than two-thirds of the provincial crop already harvested and about 449 888 tonnes of that had already been delivered to commercial silos in the week of 09 November 2018.
- The additional volume will be delivered in the coming weeks and the progress made in the week of 16 November will be reflected in the producer deliveries data which is due for release at midday tomorrow. Looking ahead, the next two weeks could bring cool and drier weather conditions across the Western Cape, which should enable the harvest process to be completed smoothly. Also worth noting is that the yields in areas that have already harvested largely varied between average-to-above-average.
- Other major winter wheat producing provinces such as the Northern Cape, Free State, Eastern Cape and Limpopo, amongst others, also expected good yields, although the harvest process is far from commencement as the crop is still at comparably early stages of development than the Western Cape.
- So, the message remains consistent as our previous notes, there is a strong chance that South Africa's 2018/19 winter wheat production could recovery notably from levels seed the previous season. The Crop Estimate Committee forecasts production at 1.86 million tonnes, up by 21 percent from the 2017/18 production season. We believe this estimate could be revised down slightly when the Committee releases its update on 26 November 2018 due to heavy rains and winds that affected part of the Western Cape fields.
- Be that as it may, if production is roughly 1.80 million tonnes, South Africa's wheat imports could fall by a third from last year's volume to 1.40 million tonnes. This is a welcome development given that the global wheat supplies are tight due to expectations of lower 2018/19 global production of 734 million tonnes, down by 4 percent from the previous season.

Bottom line – The local wheat market could also recover today due to the relatively weaker rand against the US dollar, as well as fairly higher Chicago wheat prices.



SOYBEAN	19/11/2018*	20/11/2018*	d-o-d (%Δ)
SAFEX Soybean spot price (R/t)	4 595	4 593	-0,04%
SAFEX Soybean March 2019 (R/t)	4 742	4 749	+0,15%
CME Soybean spot (US cents/bushel)	872	874	+0,23%

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

- Yesterday the SAFEX soybean market settled on a mixed footing. The spot price was under pressure owing to the stronger domestic currency against the US dollar. Meanwhile, soybean March 2019 contract month price managed to claw back its recent losses and settled in positive territory.
- The gains in Chicago soybean market were underpinned by a somewhat 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. The resolution of the current dispute between these two countries is critical for US soybean farmers, who are aiming to boost exports to China. With that said, some media reports over the weekend speculated that there might be some friction on the talks between the Presidents of the US and China later this months.<sup>2</sup>
- Since the introduction of retaliatory tariffs by China to US products, the soybean industry has seen a decline in exports to the Chinese market, and a subsequent decline in prices. The decline in the US market share in China is increasingly being filled with Brazil and could remain that way if the trade dispute is not resolved. Brazil has had a good season in the 2018/19 soybean crop is expected to be large.
- From a demand front, 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. The country still accounts for almost a two-thirds of global soybean import estimate for the 2018/19 season.
- Back on home soil, this week started on a positive note in the soybean producing areas of Mpumalanga and Gauteng with scattered showers. The next eight days promises widespread heavy rainfall across the soybean growing areas of the country, which should improve soil moisture.<sup>3</sup> This means the areas that have not managed to plant due to drier weather conditions could soon commence with the planting process. This is still an optimal planting window for soybeans therefore, yields might not be negatively affected by the timing of plantings in areas that are yet to commence the process. The window will close around mid-December.

Bottom line – Similar to other crops, today the SAFEX soybean market could also recover from levels seen yesterday due to the weaker ZAR/USD exchange and higher Chicago soybean prices.

<sup>2</sup> Financial Times, 19 October 2018, US tech stocks some under pressure. Available: <https://www.ft.com/content/83b06d00-eb97-11e8-8180-9cf212677a57>

<sup>3</sup> This is in line with the local weather agency's view that SA could receive higher rainfall between this month and January 2019.



<b>SUNFLOWER SEED</b>	19/11/2018*	20/11/2018*	d-o-d (%Δ)
SAFEX Sunflower seed spot price (R/t)	5 200	5 180	-0,38%
SAFEX Sunflower seed March 2019 (R/t)	5 172	5 164	-0,15%
EU (France) sunflower seed (US\$/t)	360	360	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. This was mainly driven the relatively stronger domestic currency against the US dollar, coupled with prospects of good rainfall within the next two weeks.
- Aside from the aforementioned price movements, there is still limited activity in the sunflower fields due to lower soil moisture on the back of drier weather conditions in the past couple of weeks. But the next two weeks could bring positive change as weather charts currently show prospects of roughly 20 to 90 millimetres of rainfall over the sunflower seed growing areas within the next two weeks. Some areas have already started receiving showers, and this could intensify in the next couple of days.
- While the forecast rainfall is a positive development for the 2018/19 production season, it also means that sunflower seed planting could experience a further two weeks' delay due to wet conditions, but planting should begin as soon as the weather clears.
- This is not a main concern in the market as there is still sufficient time for sunflower seed planting. South Africa's sunflowers seed optimal planting window will only close at the beginning of January 2019 in the main sunflower seed producing provinces such as the Free State and North West. To reiterate a point made yesterday, our recommendations for early plantings in areas that had good soil moisture was due to expectations of drier weather conditions between the ends of January to March 2019. This period could coincide with pollination, which requires moisture. Therefore, in an event of drier weather conditions, yields could be negatively affected.
- Also worth noting is that during the drier production seasons of 2014/15 and 2015/16, South Africa's sunflower seed yields averaged 1.10 tonnes per hectare. If we assume a yield of this size on intended area plantings of 575 000 hectares, South Africa's 2018/19 sunflower seed production could amount to 632 500 tonnes. But, this is possibly a worst case scenario, as we don't believe that the weather conditions could be as dry as 2015-16 period. There are expectations of a weak El Niño. Therefore, if we assume that the 2018/19 sunflower seed yields could amount to 1.28 tonnes per hectare, a five-year average yield, on an area plantings of 575 000 hectares, then production could amount to 736 000 tonnes, down by 14 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could gain ground due to the weaker domestic currency against the US dollar.



<b>POTATO</b>	19/11/2018*	20/11/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	41,47	39,60	-4,51%

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

- The South African potatoes market lost ground in yesterday's trade session with the price down by 5 percent from the previous day, closing at R39.60 per pockets (10kg bag). These losses were partly on the back of a relatively large stock of 1.19 pockets (10kg bag) at the start of the session.
- But towards the end of the session, the market experienced an increase in commercial buying interest, coupled with lower producer deliveries on the back of slow harvest process over the weekend. This subsequently led to a 42 percent decline in stocks to 689 949 pockets (10kg bag) by close of business

Bottom line – Today the South African potatoes price could receive additional gains due to a lower stock of 689 949 pockets (10kg bag) compared to levels seen in the past couple of days.

<b>FRUIT (South Africa)</b>	19/11/2018*	20/11/2018*	d-o-d (%Δ)
Apples (R/kg)	8,50	8,18	-3,76%
Bananas (R/kg)	7,51	6,94	-7,59%
Oranges (R/kg)	3,31	4,89	+47,73%

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

- The South African fruit market settled on a mixed footing in yesterday's trade session. The prices of apples and bananas were down by 4 percent and 8 percent from the previous day, closing at R8.18 per kilogram and R6.94 per kilogram, respectively. But these gains could be short-lived, as an increased in commercial buying towards the end of the session led to a decline in stocks to 269 000 tonnes of apples and 557 00 tonnes of bananas.
- After experiencing losses on Friday, the oranges market managed to claw back its recent losses in yesterday's session with the price up by 48 percent from the previous day, closing at R4.89 per kilogram. This followed a 34 percent decline in daily stocks to 50 586 tonnes.

Bottom line – 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.

<b>BEEF CARCASS</b>	19/11/2018*	20/11/2018*	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

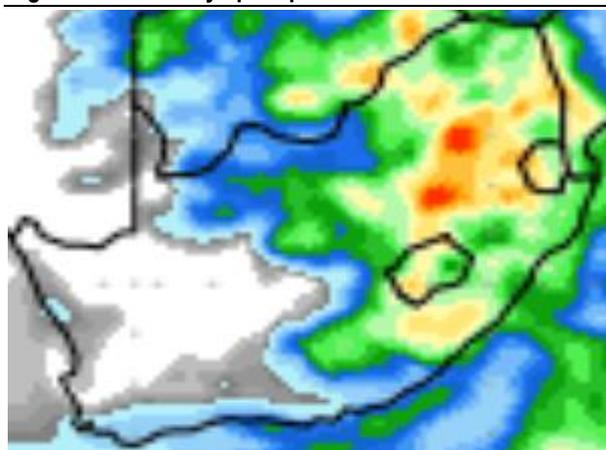
- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged from the previous day, at R47.50 per kilogram due to thinly traded volumes. Therefore, the SAFEX beef carcass price is not a true reflection of the physical market which continues to show solid activity.
- In terms of the supply, the South African farmers slaughtered 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.

**WEATHER FORECAST:** South Africa

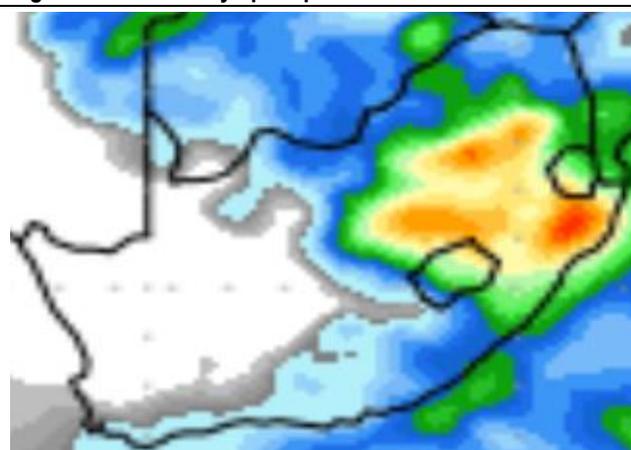
- This week started on sound footing with scattered showers over summer crop growing areas of South Africa. The next eight days will most likely bring additional rainfall over most parts of the country, which should improve soil moisture and benefit the new season recently planted crops and planting activity (figure 1).
- The forecast for the first week of December 2018 presents a possibility for continuous rainfall over most parts of the country which bodes well for the new season crop (figure 2). This is with the exception of the Western Cape, Northern Cape, as well as the south-western parts of the Eastern Cape and Free State provinces.

**Figure 1: Next 8-days precipitation forecast**



Source: wxmaps

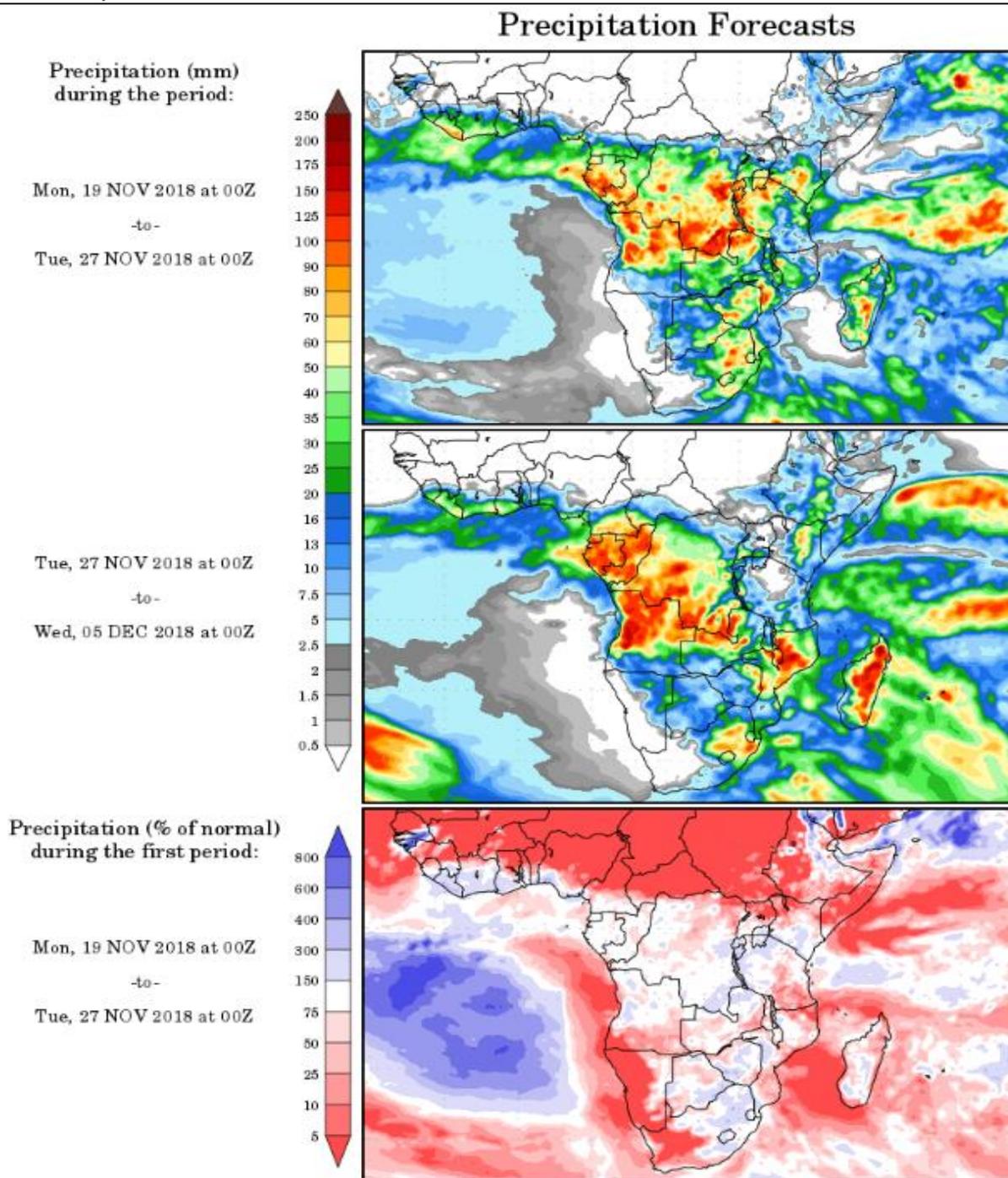
**Figure 2: Next 16-days precipitation forecast**



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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*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.*

**NOTICE: We will not have a morning note on 21-23 November. We will resume on Monday, 26 November 2018.**