Agri Trends 01 September 2017

Huge maize crop, got you stuck in a maze?

The National Crop Estimates Committee in their 7th crop estimate increased white maize production by 146 500 tons (1.54%) and yellow maize by 297 675 tons (4.16%). The size of the total maize crop has been set at 16.4 million tons up by 2.78%.

Both white and yellow maize prices are expected to trade sideways in the long term (next coming months); most changes will mainly be driven by the international fluctuations and the Rand volatility. Minimal price movements occurred on the maize market, with the release of the latest CEC crop size estimate, as the market has priced in the huge crop, however SA is still looking to export its large crop, to reduce very large carry-over stock.

Any major price decisions/trend shifts will probably occur, once there's more certainty in the market, about maize planting decisions taken by producers.

Contents

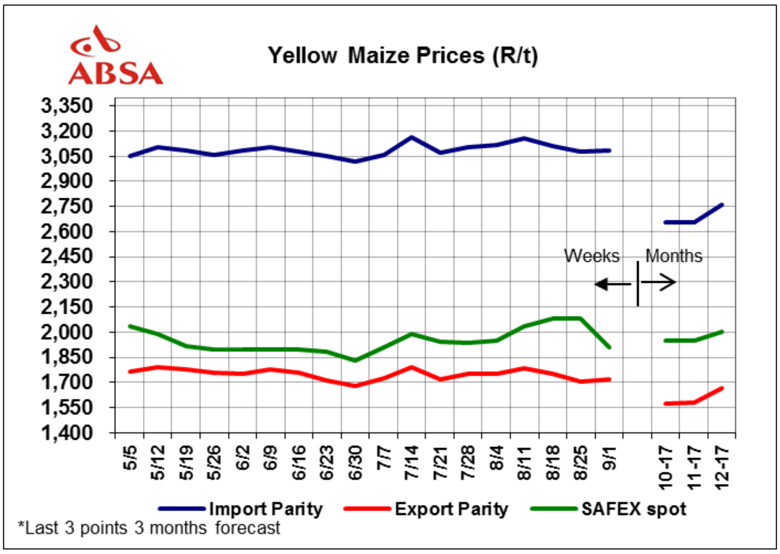
Maize market trends

International

Export numbers bid support to the grains market, after new season maize & soybean exceeded d market expectations:
Old Season Maize – 188.400 ton exported whereas the expectation was 0-200,000ton
New Season Maize – 804,100 ton exported, above expectation of 400, 000-700,000 ton.
Week-on-week yellow maize No 2 gulf price increased slightly from US$147.19/ton to $147.78

Bullish factors

- US farmer sales are expected to be very slow due to cheap maize prices. Should prices not rally, number of bushels available in the market during September will be barely sufficient in the Midwest.
- There's a potential for a frost event across the upper Midwest next week, as below temperatures move in from Canada and spread out through the Great Lakes region. A possibility of crop damage due to cold exists.
- US maize exports sales are up, higher than the previous' week, major purchase was made by Mexico.



- Indications of increased import maize demand from US to China coupled with favourable economic data from China, supporting prices.

Bearish factors

- The August USDA report increased the Brazilian 16/17 production estimate further.
- Argentinian soybean plantings are likely to decline in 2017/18 as profitability is in favour of corn plantings followed by wheat.
- Falling US maize prices have outweighed falling ethanol prices, driving ethanol crush margins back into the black since July. Corn ethanol demand is estimated at about 115 million bushels above the USDA's target, October ethanol future prices declined by 2% due to large production.

Domestic

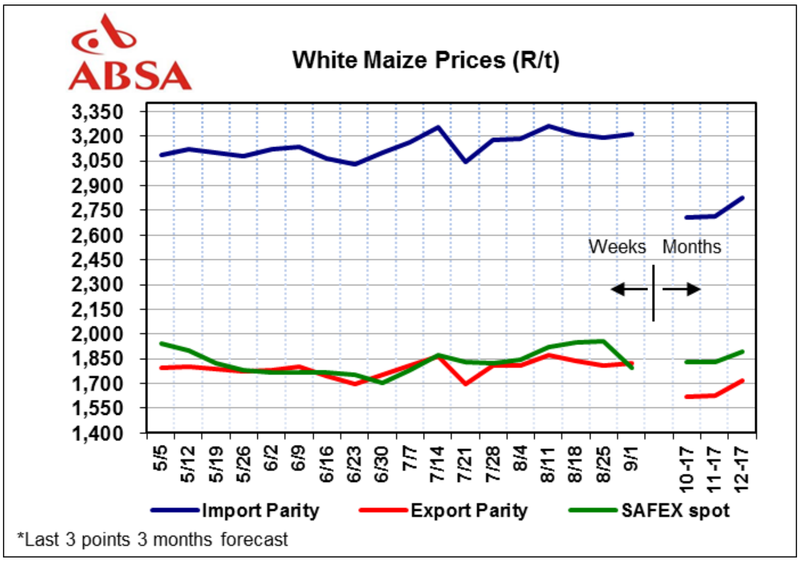
By September 1st, week on week new season white maize prices for delivery in Dec 2017 decreased marginally by 0.6% (R11) from R1901/ton to R1890/ton. Week-on-week new season yellow maize prices for delivery in Dec 2017 decreased marginally by 1% from R2025/ton to R2005/to.
Rand closed stronger at R12.95 by midday September 1st.

Bullish factors

- Volume open interest for both December white and yellow maize is over 1.4 million ton.
- South African maize export total was 34 199 tons for the week ending 25 August 2017.

Bearish factors

- In their 7th crop estimate the CEC increased white maize production by 146 500 tons (1.54%) and yellow maize by 297 675 tons (4.16%). The size of the total maize crop has been set at 16.4 million tons (up by 2.78%).
- Stronger Rand



Outlook

The National Crop Estimates Committee in their 7th crop estimate increased white maize production by 146 500 tons (1.54%) and yellow maize by 297 675 tons (4.16%). The size of the total maize crop has been set at 16.4 million tons (up by 2.78%). Both white and yellow maize prices are expected to trade sideways in the long term (next coming months); any changes will mainly be driven by the international fluctuations and the Rand volatility. Minimal price movements occurred on the maize market, with the release of the latest CEC crop size estimate, as the market has priced in the huge crop, however SA is still looking to export its large crop.
Any major price decisions/trend shifts will probably occur, once there's more certainty in the market, about maize planting decisions taken by producers.

International weather outlook: Heavy rains fell across the South-eastern US as tropical storm Harvey made landfall along the LA/Texas border. Extended forecasts maintain a cool & dry outlook for most of the Corn Belt and Plains. The latest drought monitors shows dry places/pockets remaining in the central/ western Corn Belt even following the recent rains. In the Dakotas, drought conditions still persist, current forecasts shows little chance for improvement in the next 2 weeks.

The international grains/maize market has ample supply as was stated by the August USDA bearish report. The stiff competition from Brazil, Argentina continues to weigh down prices.

Yellow Maize Futures: 01 September 2017	**Dec-17**	**Mar-18**	**Jul-18**	**Sep-18**
CBOT ($/t)	140.84	145.86	151.17	153.54
SAFEX (R/t)	2005	2052	2119	2147
SAFEX (R/t) *Change week on week (w/w)*	-20	-18	-6	-31

Dec -17			**Mar -17**			**Jul-18**		
Ask	**Put**	**Call**	**Ask**	**Put**	**Call**	**Ask**	**Put**	**Call**
2,040	130	95	2,100	206	158	2,060	178	237
2,000	108	113	2,060	184	176	2,020	159	258
1,960	89	134	2,020	162	194	1,980	140	279

Table 2: Weekly average white maize futures and estimated option prices

White Maize Futures 01 September 2017	**Dec-17**	**Mar-18**	**Jul-18**	**Sep-18**
SAFEX (R/t)	1890	1936	2044	2085
SAFEX (R/t) *Change w/w*	-11	-7	1	-24

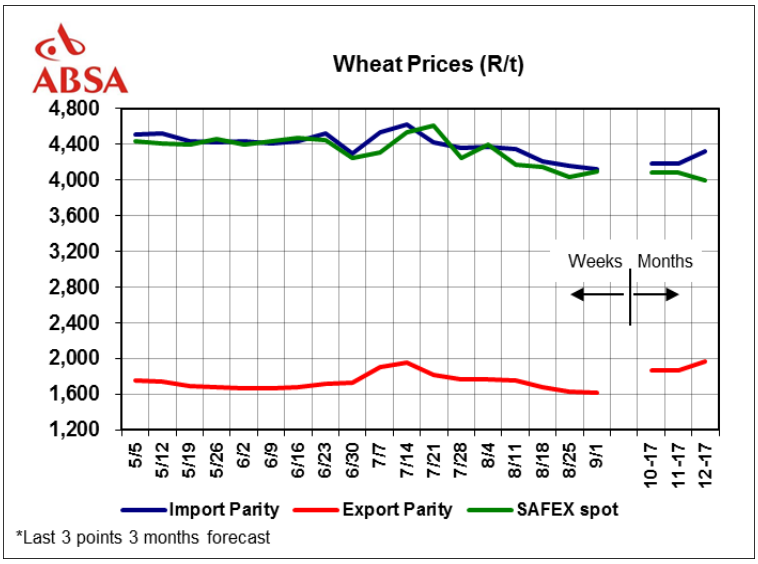
Sep-17			**Dec-17**			**Mar-18**		
Ask	**Put**	**Call**	**Ask**	**Put**	**Call**	**Ask**	**Put**	**Call**
1,930	126	86	1,980	207	163	2,080	266	230
1,890	104	104	1,940	185	181	2,040	243	247
1,850	84	124	1,900	163	199	2,000	221	265

Wheat market trends

International

Excessive moisture In Argentina and Uruguay is damaging recently planted winter crops (primarily wheat) and could further pose a risk for the summer crop plantings. The weekly average old season HRW wheat Gulf increased price week on week from US$175.82/ton to a weekly average of US$176.68/ton.

Bullish factors



- Statistics Canada was expected to peg the country's wheat production estimate at 26.2 million ton, in their 1st crop estimate. This estimate is down by 17% from the previous season's 31.7% and pegged at a 6-year low.
- Growing concern among producers in Argentina about the dry conditions central Brazil & excessive moisture levels in Argentina and Uruguay. Excessive moisture is damaging recently planted winter crops (primarily wheat) and could further pose a risk for the summer crop plantings.
- Canadian wheat production is seen plummeting by 6.2 million ton to multi-year low of 25.5 million ton. The average yield fell from 3.57 t/ha to 2.86 t/ha.

Bearish factor

- Winter wheat will be planted in Southern Plains soon, and it seems that the crop will be planted on well-watered soils following good rains and moisture.
- Argentinian soybean plantings are likely to decline in 2017/18 as profitability is in favour of corn plantings followed by wheat.

Domestic

On September 1st, wheat prices for delivery in Sep 2017 decreased by 0.3% (R12) from R 4094/ton to R4082/ton week on week. Larger than expected Black Sea production forecast, is capping any price rallies.

Bullish factors

- Currently the Swartland area has an irrigation issue, they've been getting between 5-10mm irrigation weekly, which helps with the wheat at the moment but the dams still remain relatively empty as seen on the latest dam level statistics for the Western Cape is 32.8% an increase from last week's 29.6% but still lower compared to 60.8% in 2016. If however sufficient rains are not received, the viticulture and horticultural industry may incur material damage later.
- The 1st production estimate by the CEC is 1.604 million ton which is 165 (306 300 tons) lower than the previous season's 1.910 million ton crop.
- Stronger Rand

Bearish factors

- According to the South African Weather Bureau, the next 2 months holds probability for good to above average rainfall for the Western Cape.
- The wheat tariff publication date/ frequency remains an uncertainty, after triggering to R379.34/ton on the 11th July 2017 without publication, a new tariff (R752.35/ton) was triggered on the 8th August 2017. The wheat import tariff still remains on R947.20/ton since 27 June 2017.

Outlook

Internationally wheat prices are expected to remain under pressure well into the next year, because of large global stocks & crop, thanks to the Black Sea great crop prospect. CBOT wheat prices rallied in June and July, during the dry-spell that gripped the northern US plains wheat, however prices have fallen since due to the abundant global stocks. Russian wheat crop will be entering the market soon, as their harvest process is about to begin in the next month, global wheat prices are expected to remain under pressure.
The local wheat industry is definitely not anticipating a top harvest since the industry was laden with a lot of strain due to below average rainfall and late plantings, we expect a lower wheat harvest. According to the South African Weather Bureau, the next 2 months holds probability for good to above average rainfall for the Western Cape.
The current wheat prices are on break-even point for an average crop harvest. Imports expected to increase in September- October.

Wheat Futures 01 September 2017	**Sep -17**	**Dec -17**	**Mar -18**	**May-18**
CME ($/t)	159.65	167.92	172.88	177.66
SAFEX (R/t)	4082	4001	4104	4131
SAFEX (R/t) *Change w/w*	-12.00	61.00	64.00	66.00

Dec-17			**Mar-17**			**Jul-18**		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,040	190	151	4,140	270	234	4,180	354	305
4,000	169	170	4,100	248	252	4,140	331	322
3,960	149	190	4,060	228	272	4,100	310	341

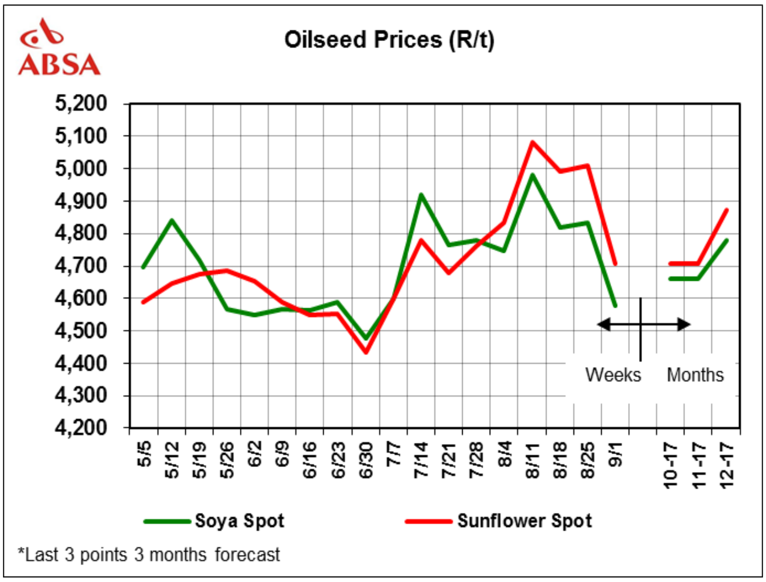
Oilseed market trends

International

The international soy meal prices traded lower. Soymeal futures remained weak, driven by the bearish price trend of maize and wheat.

South Korea's MFG bought 55,000 tons of South American soymeal for January shipment on Thursday, after an optional-origin 68k-tonne meal buy on Wednesday.

The weekly average USA soybean price increased week on week from US$363.57/ton to US$363.76/ton. US soya oil prices increased from US$34.39/ton to US$34.48/ton and soymeal prices traded lower from US$295.68/ton to US$294.20/ton.



Bullish factors

- Indian production oilseeds may suffer in 2017/18 due to lower plantings of major crops and partly rain deficiencies.
- Palm Oil: Smaller than expected production in Southeast Asia and lower palm oil stocks in Malaysia and Indonesia still supporting price increases.
- Sunflower seed: Sunflower seed production estimate have been trimmed down for the 13.8 million ton.
- Weather poses a get threat to the current production estimates (especially where plantings haven't yet started in the Southern hemisphere, the situation is critical in the Canadian Prairies).
  Initial sunflower seed harvesting has started in the CIS countries (producers are hoping the weather co-operates) the bulk of the harvesting will be in September & early October.
- Canola: A prospective decline in Canadian canola oil shipments in the 2017/18 season may reduce available stock for importing countries such as China, US and other importers.
  World supplies of rapeseed and canola is expected to remain tight in 2017/18, due to lower than expected crop in Australia, Canada China, EU and India.
- There is growing concern about the very dry conditions in central Brazil & excessive moisture in Argentina which may impede the start of plantings.

Bearish factors

- Upward sunflower seed production estimates have been made for the EU to 8.4 million tons and Russia 11.6 million ton.
  2017/18 world production of sunflower seed will be higher than initially expected, only 0.8 million tons below the huge 2016/17 crop. Russian sunflower seed sowings have been confirmed rather large and surpassed the record 2016 level this year. Adverse weather experienced in Russia in recent weeks is not expected to have an big impact, because the crop had already passed the heat sensitive stage of its development, and sunflowers have a high temperature tolerance threshold.
- Prohibitive US import duties (41-68%) on Argentinian biodiesel which was announced last week will likely have an effect on the trade flows and consumption of soya oil in the affected global trade partners. Negotiations are still going on, between the Argentine Government, the CARBIO (the Argentine Biodiesel Chamber) and the US Government. It is expected that Argentinian biodiesel production will drop steeply in Aug and September and most probably in October too.

Domestic

On September 1st, sunflower seed prices (Sep17) decreased week on week by 1.2% (R59) from R4765/ton to R4706/ton while soybean (Sep17) prices declined by 0.1% (R5) from R 4640/ton to R4635/ton. Sunflower seed prices fared higher than soybean prices for the September 2017 deliveries, soybean and sunflower prices were weighed down by lower international prices due to ample world market supplies of soybeans in South America.

Bullish factors

- The stronger Rand.
- Positive crushing margins still providing underlying support.

Bearish factors

- Local sunflower seed production has been increased by 5.85% to 870,095 tons.
- The national Crop Estimates Committee's (CEC) latest report indicated a decline (1.79%) in the production estimate for soybean from 1,340,370 tons to 1.316,370 ton. The production estimate is still at record levels, and therefore local import demand is likely to decline.

Outlook

The local sunflower seed and soybean followed continue to follow international prices. Lower international prices and stronger South African currency, kept prices low this week.
World soybean supplies are likely to remain abundant in 2017/18 despite the anticipated world production drop by 5 million ton.
Possible bullish factors that remain to be seen supporting prices, is the deteriorating weather in the major palm oil and oil seed producing countries as well as the Chinese palm oil and soya oil demand/ purchases on the world market. The meal demand, needs to be monitored, difficulties disposing soya meal in the world market and reserved farmer selling, have repressed Argentinian soybean crushings below expectations

Oilseeds Futures 01 September 2017	Sep-17	Dec-18	Mar-18	Jul-18
CBOT Soybeans (US$/t)**	350.81	354.30	360.09	357.52
CBOT Soy oil (US c/lb)	35.06	35.42	35.63	34.71
CBOT Soy cake meal (US$/t)*	329.12	334.40	339.45	340.55
SAFEX Soybean seed (R/t)	4635	4778	4885	4952
SAFEX Soybean seed (R/t) change w/w	-5.00	11.00	17.00	-5.00
SAFEX Sunflower seed (R/t)	4706	4874	4985	5000
SAFEX Sunflower seed (R/t) change w/w	-59.00	-77.00	-79.00	70.00

Sunflower Calculated Option Prices (R/t)

Dec-17			Mar-18			Jul-18		
Ask	Put	Call	Ask	Put	Call	Ask	Put	Call
4,920	297	251	5,020	351	316	5,040	417	377
4,880	275	269	4,980	329	334	5,000	395	395
4,840	254	288	4,940	308	353	4,960	374	414

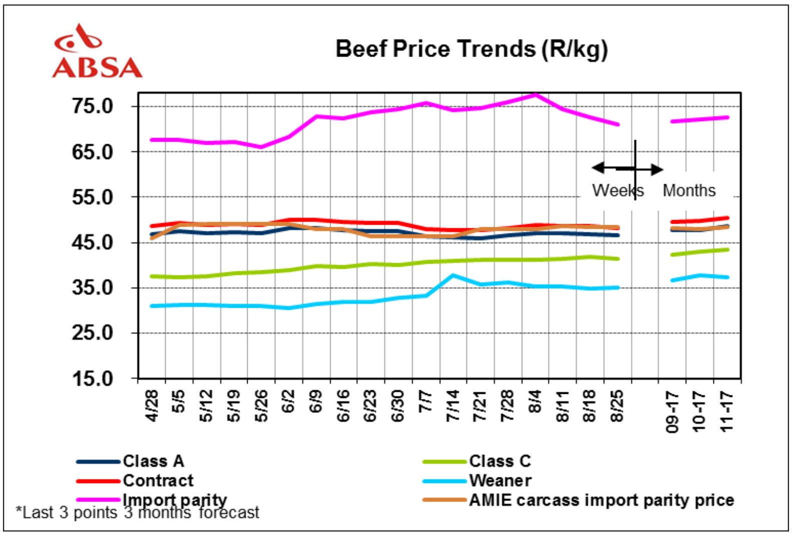
*short ton

** Dec 2017 = Jan 2018

Beef market trends

International

New Zealand steers traded sideways over the past week at 5.46NZ$/kg and cows traded sideways at 4.33NZ$/kg compared to a week ago. In the US, beef prices for the week were mostly lower as follows: Topside traded 3.14% lower at $202.90/cwt. Rump was 10.98% lower at $313.59/cwt and strip loin was 1.80% lower at $473.90/cwt. Chuck traded 0.38% lower at $231.17/cwt. Brisket traded 0.49% higher at $199.06/cwt. The carcass equivalent price was 1.73% lower at $268.97cwt.



Bullish factors

- In the US, improved demand towards Labour Day may support prices. Labour Day holiday will be on Monday the 04th of September 2017, and it is regarded as the final grilling holiday.
- The USDA has shown that ranchers in July placed 2.7% more cattle in US feedlots than a year ago. Even though these numbers are higher year on year, they fell short of average analysts' forecasts. It has been reported that ranchers rushed cattle to market earlier than they had planned to avoid lower prices expected in the coming months amid increased supplies.
- It appears quite likely that there will be livestock losses due to the Tropical Harvey storm. It is however hard to quantify at this time the impact.

Bearish factors

- Beef demand typically slows in September, following the end of the summer grilling season. Consumers also focus more on back-to-school items during this time.
- The US has ample seasonal supplies of cattle at heavier weights.

Domestic

Beef prices were mostly lower over the past week, but still remain generally strong. Class A prices are 0.7% lower at R46.64/kg. Class C prices were 0.86% lower at R41.50/kg. The average weaner calf prices over the past week were 0.5% higher at R35.00/kg. The average hide price over the past week was 5.67% lower at R13.14/kg green. The hide market is currently under pressure. NB* Hide prices are determined by the average of the RMAA (Red Meat Abattoir Association) and independent companies.

Bullish factors

- Quality weaner cattle for feedlots are limited which support prices of better stock. Recently, there was very little weaner stock available for feedlots on some auctions.
- Lower maize prices will support higher weaner cattle prices
- The low cost maize and improved grazing conditions this season prompted producers to hold weaners back in order to do back grounding on cheaper maize making money from the feed margin component.
- High weaner prices encouraged producers to sell their cattle for cashflow purposes.

Bearish factors

- Consumers are under pressure and some may not be willing to pay more for beef. This may result in a switch to other products.
- Beef prices are currently high on the domestic market. The higher domestic beef prices may encourage producers to sell on the domestic market.

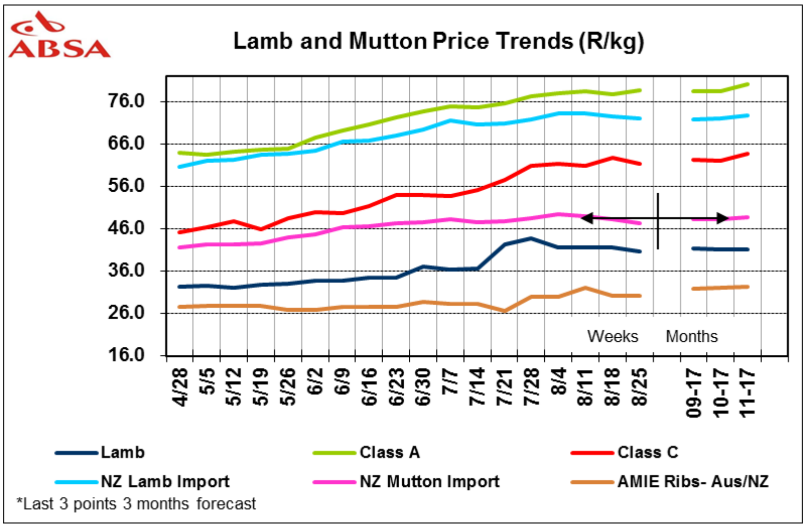
Outlook

Internationally, In the US, improved demand towards Labour Day may support prices. Domestically, beef prices may gain support from increased demand during month end.

Sheep meat market trends

International

New Zealand lamb prices traded higher this week compared to last week. Lamb prices closed 1.46% higher at NZ$104.3/head for 15kg lamb. Lamb prices were 1.46% higher at NZ$146.0/head for 21kg lamb. Ewe prices traded sideways at NZ$87.7/head for a 21kg ewe. The import parity price for lamb was 0.68% lower at R72.01/kg, while the import parity price for mutton was 1.92% lower at R47.31/kg.



Bullish factors

- Lamb supply in both islands of New Zealand has dropped off, and is expected to be low through September. Many producers are focusing on supplying lambs in October to meet the peak demand period of the European chilled Christmas trade.

Bearish factors

- Prices for some New Zealand products have reached a ceiling, with customers showing no willingness to pay anymore. There are growing signs that there will be resistance to further increases in prices for some items.
- Rabobank's August outlook for the Australia's agriculture industry predicts easing prices for sheep meat and beef due to below average rainfall and the forecast rising value of the Australian dollar.

Domestic

Lamb and mutton prices were mixed over the past week. Lamb and mutton prices were as follows: The national average Class A lamb prices increased by 1.29% to R78.72/kg and the average Class C prices decreased by 2.03% to R61.50/kg. The average price for feeder lambs traded 2.31% lower at R40.67/kg. The average price for dorper skin is 0.78% higher at R44.09/skin and merinos were 0.29% higher at R101.25/skin.

Bullish factors

- Lamb and mutton prices may gain support from less availability of animals in the market.
- Strong demand during month end support prices.

Bearish factors

- Consumer resistance to high lamb and mutton prices may increase price risk. Lamb and mutton remain the most expensive meat on the market. The South African consumer is currently under pressure.

Outlook

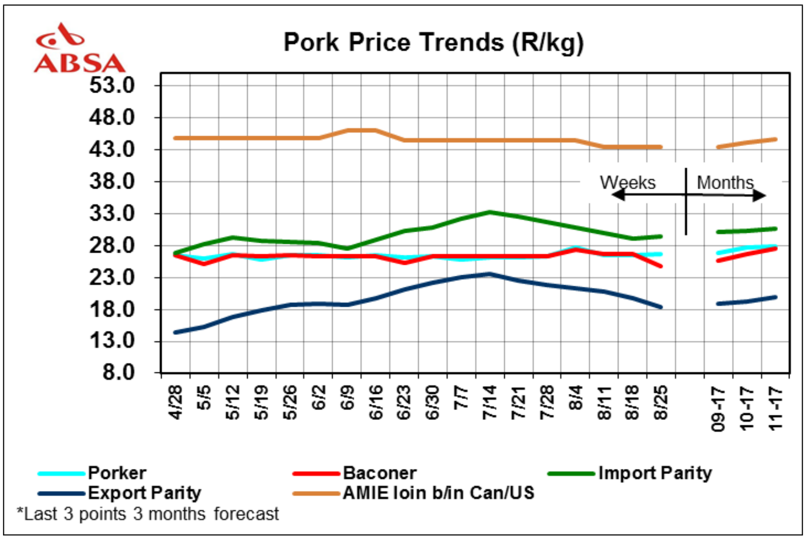
Internationally, lamb prices are high in the global market, which may start to weigh on consumer demand.

Locally, lamb and mutton prices may gain support from increased buying associated with the end of the month.

Pork market trends

International

The average weekly US pork prices were mostly higher over the past week. Carcass prices were 4.6% lower at US$87.56/cwt, loin prices were 0.5% higher at US$82.36/cwt, rib prices were 2.5% higher at US$136.72/cwt and ham was 2.2% higher at US$67.30/cwt.



Bullish factors

- Pork prices may be supported by improved meat purchases for Labour Day holiday on the 4th of September 2017. This holiday is known as the final grilling holiday.

Bearish factors

- USDA's National Agricultural Statistics Service (NASS) published their monthly Livestock Slaughter report with data for July. The report showed commercial red meat production for the month (same number of slaughter days as a year ago) higher by 3% year-over-year, US commercial beef production was 2.11 billion pounds, up 4 per cent compared to a year ago while pork tonnage totaled 1.86 billion pounds (up 2% from 2016's).
- Hog prices supplies continued to build seasonally.
- Global markets for pig and poultry meat have remained well supplied. Increasing US exports are becoming even more important as production continues to expand.

Domestic

The average pork prices were mixed over the past week. The latest average pork prices are as follows: The average porker prices are 0,5% higher at R26.59/kg, while the average baconer prices are 7.5% lower at R24.74/kg. The average cutters prices were 1.3% higher of R28.1/kg whilst the average heavy baconer price was 2.0% higher at R26.44. The average BP price this week increased to R26.85/kg whilst the BO price this week increased to R26.89/kg. The SAU price was R20.04/kg.

Bullish factors

- Pork prices may be supported by month end buying and underlying support from higher lamb, mutton and beef prices.

Bearish factors

- Lower feed costs will support the intensive pork industry, improving profitability. The lower feed costs are encouraging to the fattening of pigs. The pork industry is very sensitive to maize prices, with the lower prices positive for this industry as it lowers input costs.

Outlook

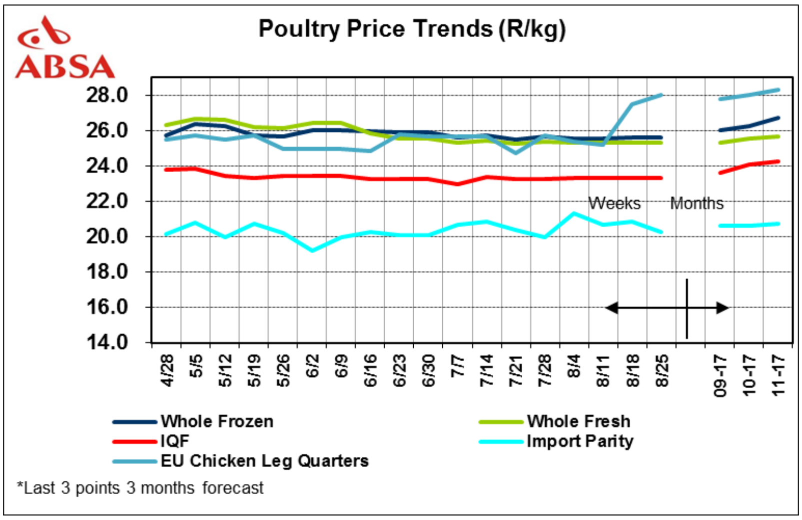
Internationally, while the global pig meat market remained relatively well supplied, strong demand is helping to support this market.

Locally, pork prices may gain underlying support from the higher lamb, mutton and beef prices as well as improved demand during month end.

Poultry market trends

International

Poultry prices in the US were mostly lower over the past week. Whole bird prices were 1.06% lower at 92.15USc/lb. Breast traded 7.67% lower at 132.50USc/lb, while leg quarters traded 4.65% lower at 41.00USc/lb.



Bullish factors

- Under a bilateral trade deal between US and China, cooked chicken will be reaching the US shores soon. The deal which was agreed upon in May, was in exchange of US beef being exported to China and getting cooked chicken in return.

Bearish factors

- Disease outbreaks in the poultry industries have reportedly boosted demand for pig meat this year. This as a result may have taken demand away from the poultry sector.

Domestic

The average poultry prices over the past week were sideways. The average prices for frozen birds were sideways at R25.59/kg during the week. Whole fresh medium bird prices were sideways at R25.32/kg, while IQF prices were sideways at R23.33kg.

Bullish factors

- Poultry remains the least expensive protein meat, which may encourage consumer demand. Improved demand may be supported by month end buying.
- The poultry industry continues to enjoy temporary support from the closure of the EU market following bird flu outbreaks in the EU.

Bearish factors

- Reports indicate that following bird flu outbreaks, the government would consider importing fertile eggs to help close a supply gap due to the culling of thousands of birds following the outbreak.
- In terms of the bird flu, as winter passes and temperatures and rainfall increase, the virus should be finally contained and not spread further.
- Following the recent bird flu outbreak, poultry destined for exports have to be absorbed in the South African market. This may weigh on prices. However it is also important to note that the closing of borders to exports is mandatory following the outbreak, but some neighbours evaluate the extent of the disease and the risks, and may end up relaxing and amending their import ban.
- Feeding margins have improved on the back of lower maize prices this season.

Outlook

Internationally, most global markets are performing well, with a combination of strong demand, restricted supply, and ongoing low feed costs supporting this market.

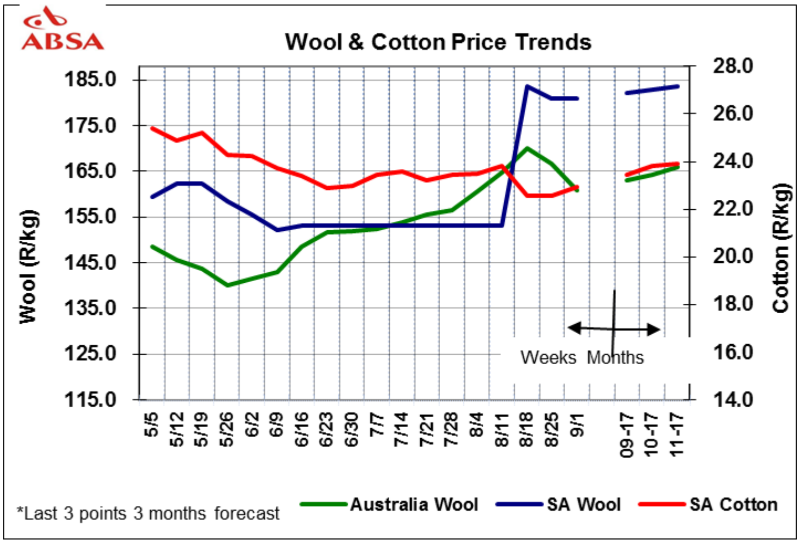
Locally, the impact of bird flu on total production is still not yet determined. Prices may enjoy support from increased buying during month end.

Livestock prices (R/kg) week 31 Aug 2017	Beef			Mutton			Pork			Poultry		
	%	Current week	Prior week	%	Current week	Prior week	%	Current week	Prior week	%	Current week	Prior week
Class A/Porker/Fresh birds	-0.7	46.64	46.96	1.29	78.72	77.71	0.5	26.59	26.46	0	25.32	25.32
Class C/Baconer /Frozen birds	-0.86	41.50	41.86	-2.03	61.50	62.77	-7.5	24.74	26.75	0	25.59	25.59
Contract/Baconer/IQF	-0.87	48.27	48.69	0.79	79.13	78.51	-3.5	25.67	26.61	0	23.33	23.33
Import parity price	-1.98	71.14	72.58	-1.92	47.31	48.24	-4.1	36.8	38.3	-3	20.24	20.86
Weaner calves/ Feeder lambs	0.5	35.00	34.81	-2.31	40.67	41.63		-	-			
Specific imports: Beef trimmings 80vl/b/Mutton shoulders/Loin b/in/chicken leg 1/4	0.21	48.45	48.35	0	60.14	60.14	0	43.50	43.50	1.82	28.00	27.50

Wool market trends

International

The Australian wool market prices were lower and closed 0.89% lower at Au1558c/kg at the recent auction.



Bullish factors

- In Australia, better trade opportunities from China, India and Italy were reported towards the end of the auction, which supported prices.
- The expected volumes on offer this coming week is expected to decline compared to this week.

Bearish factors

- Good volumes of wool came onto the market this week.

Domestic

The last sale was on the 23rd of August 2017. Domestic wool market prices were 1.41% lower to close at R180.92 (clean) at the close of the season. The next sale is scheduled for 06 September 2017 where approximately ±10 847 bales will be on sale

Bullish factors

- The wool market maintained its recent impressive gains at this week's sale as there was continued strong demand for good quality long wool.
- The reduced volumes on offer at this second auction of the season encouraged competition between buyers.

Bearish factors

- The effect of the stronger Rand was marginal.

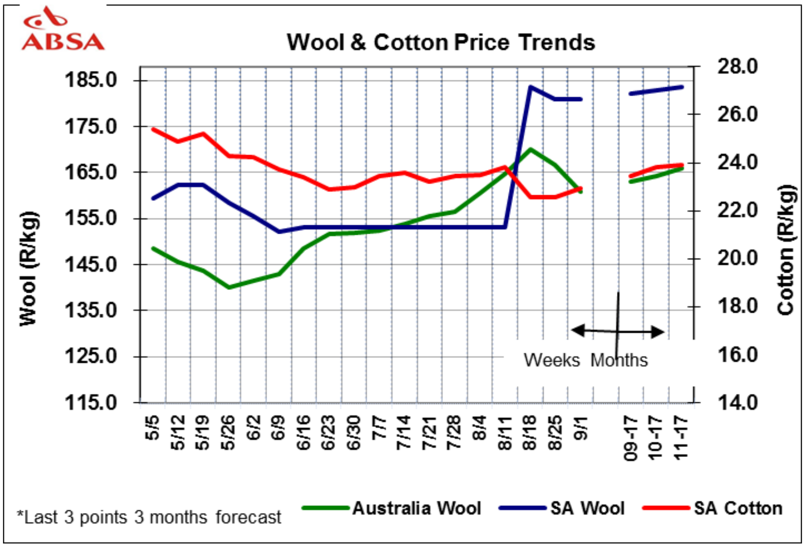
Outlook

Internationally, the strong momentum of sales towards the end of the auction may spill over into the next auction, supporting prices.
Locally, wool prices may remain strong on the back of strong demand for South African wool.

Cotton market trends

International

Cotton prices traded 1.67% higher over the past week and closed at US67.01c/lb.



Bullish factors

- Cotton prices were supported due to worries over damage from Tropical Harvey. Tropical Depression Harvey poses a big threat to the US cotton belt. Some damage to crops is expected due to heavy rain and flooding, which may negatively impact yield and quality of the cotton crop.

Bearish factors

- In the coastal bend of Texas, where the storm first made landfall, much of the crop had already been harvested. While there was some damage to cotton in that area, it may be limited.
- The US cotton crop, though is expected to still be large this year.

Domestic

The derived SA cotton prices traded 1.76% higher to close at R22.94/kg. The increases in prices were in line with the increases in international prices in spite of the strength in the South African rand. As far as the local outlook is concerned, the 7th estimate for the 2016/17 production year indicates a total crop of 82 785 lint bales, which is an increase of 64% from the previous season. About 80 785 lint bales are estimated to be produced from South African grown seed cotton, up 60% from the previous season.

Outlook

Internationally, tropical Depression Harvey may continue to add a bullish tone to prices, as it causes a threat to the US cotton belt. However, now that Harvey's remnants are moving east, into the northern and central Delta today and the far southern Midwest on Friday, cotton could prove more in the firing line.

Locally, the exchange rate movement may continue to affect the domestic market prices.

Fibres market trends Week ended 01 September 2017								
Wool prices	**%**	**SA prices (c/kg)**	**%**	**Australian prices (SA c/kg)**	**%**	**Australian future Sep 2017 (AU$/kg)**	**%**	**Australian future Dec 2017 (AU$/kg)**
Wool market indicator	0.00	18092	-1.96	16107		-		-
19µ micron	0.00	19983	-2.15	19039	-0.56	17.90	-1.15	17.20
21µ micron	0.00	17896	-2.91	16493	0.00	15.50	1.35	15.00
Cotton prices		**SA derived cotton (R/kg)**		**New York A Index (US$/kg)**		**New York future Oct 2017 (US$/kg)**		**New York future Dec 2017 (US$/kg)**
Cotton prices	1.76	22.94	2.07	1.74	4.0	1.55	4.4	1.539

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