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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 14/05/2018
- SAGIS weekly grain trade data: 15/05/2018
- SAGIS producer deliveries data: 16/05/2018
- SAGIS monthly data: 25/05/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 29/05/2018

ECONOMIC INDICATORS	11/05/2018*	14/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,28	12,26	+0,16%
Rand/Euro	14,66	14,65	+0,07%
Euro/US Dollar	1,1958	1,1947	-0,09%
Gold Spot	1 324,09	1 320,36	-0,28%
Brent Crude Oil	77,44	77,07	-0,48%
Platinum Spot	925,30	926,16	+0,09%
Dow Jones Industrial Average	24 818,87	24 831,17	+0,05%
JSE All Share	57 872,15	58 422,86	+0,95%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	3,80	3,80	0,00%
SA CPI – food (y/y %)	3,50	3,50	0,00%

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

- After experiencing losses on Friday's trade session, the Rand has managed to claw back some gains this morning and at the time of writing was trading at R12.26 to the US Dollar. The Rand's appreciation was partly in line with higher global commodity prices. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price has pulled back from levels seen at midday Friday. This morning the price was down by 0.48 percent, trading around US\$77.07 per barrel. This is partially on the back of an expected increase in US oil production. The most recent data from Baker Hughes shows that the US drillers added 10 oil rigs in the week ending 11 May 2018. This subsequently brought the total count up to 844 rigs.



MAIZE/CORN	11/05/2018*	14/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 094	2 057	-1,77%
White maize Jul 18 (R/t)	2 125	2 091	-1,60%
Yellow maize Spot (R/t)	2 185	2 147	-1,74%
Yellow maize Jul 18 (R/t)	2 229	2 190	-1,75%
CME corn May 18 (US cents/bushel)	391	388	-0,77%

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

- Following a good run in the past couple of days, the SAFEX maize market pulled back on Friday's trade session and settled on negative territory owing to a combination of factors. These include the lower Chicago maize prices, commercial selling and expectations of a fairly good harvest, amongst others.
- Last week, the United States Department of Agriculture (USDA) lifted its estimate for South Africa's 2017/18 maize production by 300 000 tonnes from the previous month to 13.5 million tonnes. While above market expectations, this is lower than the previous season's record harvest of 17.6 million tonnes due to a decline in area planted and expectations of average yields in some areas.
- It is worth noting that the USDA's data covers both commercial and non-commercial production, hence the numbers differ from the National Crop Estimates Committee's (CEC) one which mainly focuses on commercial production.
- The non-commercial production, which is mainly subsistence farming accounts for a 6 percent share in the estimated harvest of 13.5 million tonnes. Therefore, the USDA's commercial maize production estimate is almost at par with the CEC's estimate of 12.8 million tonnes.
- The key message from these numbers is that South Africa's maize market will be well supplied in the 2018/19 marketing year. The total maize supplies could reach 16.4 million tonnes, well above the local demand of 10.7 million tonnes, according to data from the national Supply and Demand Estimates Committee. The supplies data includes an opening stock and expected production.
- This essentially means that South Africa's 2018/19 marketing year maize exports could, at least, amount to 2.3 million tonnes, down by 4 percent from the volume exported in 2017/18. Most importantly, this suggests that the SAFEX maize prices could remain at relatively lower levels for some time, all else being equal.

Bottom line – Today the domestic maize market could experience marginal losses owing to lower Chicago maize prices, as well as the relatively stronger ZAR/USD exchange.



WHEAT	11/05/2018*	14/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 909	3 890	-0,49%
SAFEX Wheat Dec 18 (R/t)	3 850	3 835	-0,39%
CME Wheat spot (US cents/bushel)	508	489	-3,74%

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

- The SAFEX wheat market lost ground on Friday's trade session, in line with the decline in Chicago wheat prices. The relatively stronger Rand against the US Dollar also added bearish pressure to the domestic market.
- Friday's poor performance in Chicago wheat prices was partially linked to expectations of favourable rainfall in most parts of the US within the next eight days¹. This should support the spring wheat planting which is currently underway. On 06 May 2018, only 30 percent of spring wheat hectares had been planted, compared to 51 percent at the same period last year. Of the planted crop, roughly 4 percent had emerged. An update on this will be released by the USDA in the evening.
- It is also worth noting that last week, the USDA left its 2017/18 global wheat production estimate unchanged from the previous month, at 758 million tonnes. This is up by a percentage point from the previous season. The general uptick in production is supported by a large harvest in the Black Sea region, as well as in India. In fact, this compensated for the losses registered in the US.
- At the same time, the ending stock was revised down by a million tonnes from the previous month to 270 million tonnes. That said, this is 6 percent higher compared to the 2016/17 season.
- While the aforementioned developments are important in terms of assessing the availability of global wheat supplies, the focus is fast shifting towards the 2018/19 production season as planting has recently commenced in most countries in the northern hemisphere.
- The USDA placed its 2018/19 global wheat production estimate at 748 million tonnes, down by a percentage point from the previous season. The reduction in production is linked to expectations of a relatively lower harvest in the EU, Ukraine, India and Russia. This has overshadowed the expected recovery in production in the US, Canada and Australia. With that said, it is still early in the season, more information will unfold over the coming months. Overall, the expected decline in production is not much of a concern, the global wheat market will remain well supplied, largely benefiting from the previous season's higher stocks.

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

¹ Please see the link for US precipitation prospects: <http://wxmaps.org/pix/prec1>



SOYBEAN	11/05/2018*	14/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 552	4 517	-0,77%
SAFEX Soybean Jul 18 (R/t)	4 626	4 593	-0,71%
CME Soybean Spot (US cents/bushel)	1 000	995	-0,50%

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

- On Friday, the SAFEX soybean market pulled back from the previous day's levels and settled in negative territory. This followed a slightly stronger domestic currency against the US Dollar and lower Chicago soybean prices. Furthermore, the ongoing harvest activity in most parts of the country, as well as expectations of a record harvest of 1.4 million tonnes also added bearish pressure to the market.
- The cool and drier weather conditions experienced in the past couple of days benefited the harvest activity in most parts of the country. The yields received thus far vary between average and above average which is supportive of the National Crop Estimates Committee's view of a record harvest.
- This week, however, the expected rainfall in most parts of Mpumalanga, KwaZulu Natal, Gauteng, North West and Free State provinces could slow the harvest activity. It is also worth noting that Free State, KwaZulu Natal and Mpumalanga accounts for roughly 87 percent of the expected 1.4 million tonnes of soybeans.
- Last week, the USDA revised its 2017/18 global soybean production estimate down by a million tonnes from the previous month to 334 million tonnes. Moreover, this is 4 percent lower than the previous season's harvest owing to a lower harvest in South America, particularly Argentina and Paraguay.
- The global stocks were, however, lifted by roughly a million tonnes from the previous month to 92 million tonnes. This is nonetheless 4 percent lower than the 2016/17 ending stocks owing to a reduction in production in 2017/18 season.
- Looking ahead, there is optimism that the path could improve in the 2018/19 production season. The USDA forecasts 2018/19 global soybean production at 354 million tonnes, up by 5 percent from the previous season. This is supported by an expected recovery in South American soybean production, particularly Argentina where 2018/19 soybean production is estimated at 56 million tonnes, up by 44 percent from the 2017/18 production season. Brazil's harvest is estimated at 117 million tonnes, roughly unchanged from the previous season. Most importantly, this is almost in line with the International Grains Council estimates which placed 2018/19 global soybean production at 335 million, also citing a potential recovery in South American production.

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



SUNFLOWER SEED	11/05/2018*	14/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 629	4 563	-1,43%
SAFEX Sunflower seed July 18 (R/t)	4 734	4 675	-1,25%
EU (France) sunflower seed (US\$/t)	391	392	+0,26%

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

- The domestic sunflower seed market started Friday's trade session on the negative footing and remained under pressure throughout the day. This was mainly on the back of a relatively stronger Rand against the US Dollar, as well as harvest pressure.
- The sunflower seed crop paints a mixed picture. In areas that planted on time or in the optimal window, the harvest activity is underway, benefited from cool and drier weather conditions in the past couple of days. Meanwhile, in areas that planted late in the season, the crops are still at maturation stages of development.
- Looking ahead, the harvest process could slow within the next eight days as the weather forecasts show a possibility of light showers over the sunflower seed growing areas. This might not cause crop damages as rainfall is expected to vary between 13 and 20 millimetres in most areas (see Figure 1).
- Also worth noting is that the forecasts rainfall this week will have minimal impact on the late planted areas as the crop has already matured. Fortunately, the week of 28 May 2018 shows clear skies over the summer crop growing areas, which should again boost the harvest activity.
- As set out in our previous notes, the areas that have already harvested received average yields, which supports the National Crop Estimates Committee's forecast of 792 255 tonnes of sunflower seed this production season, which is well above market expectations at the start of the season.²
- On a global front, the USDA placed 2017/18 global sunflower seed production at 47 million tonnes, down by a percentage point from the previous week owing to a reduction in production in the Black Sea region.
- However, the 2018/19 production season promises an uptick in production. Last week, the USDA placed its 2018/19 global sunflower seed production estimate at 50 million tonnes, up by 6 percentage points from the previous season. This is on the back of an expected recovery in the Black Sea and Argentinian production.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses due to the relatively stronger Rand against the US Dollar.

² The expected sunflower seed harvest is, nonetheless, well below the 2016/17 production season's harvest of 874 000 tonnes. The decline is mainly on the back of a reduction in area planted, following unfavourable weather conditions earlier in the season.



POTATO	11/05/2018*	14/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	36,03	34,79	-3,44%

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

- The South African potatoes market lost ground on Friday's trade session with the price down by 3 percent from the previous day, closing R34.79 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.13 million pockets (10kg bag) at the beginning of the session.
- Towards the end of the session, the market experienced strong commercial buying interest, coupled with a slight decline in producer deliveries. This subsequently led to a 4 percent decline in daily stocks to 1.09 million pockets (10kg bag).

Bottom line – Today the South African potatoes market could experience further losses owing to relatively large stock of 1.09 million pockets (10kg bag) at the end of Friday's session.

FRUIT (South Africa)	11/05/2018*	14/05/2018*	d-o-d (%Δ)
Apples (R/kg)	6,75	6,49	-3,85%
Bananas (R/kg)	7,38	7,02	-4,88%
Oranges (R/kg)	3,59	3,63	+1,11%

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

- The South African fruit market settled on a mixed footing in Friday's trade session. The prices of apples and bananas were respectively down by 4 percent and 5 percent from the previous day, closing at R6.49 and R7.02 per kilogram, due to commercial selling. With that said, these losses could be short-lived owing to a decline in stock levels to 512 763 tonnes of apples and 720 879 tonnes of bananas.
- Meanwhile, the price of oranges was up by a percentage point from the previous day, closing at R3.63 per kilogram owing to strong commercial buying which led to a 16 percent decline in daily stock to 475 537 tonnes.

Bottom line – Similar to previous sessions, the changes in traded volumes and buying interest are likely to be amongst the key factors underpinning the South African fruit market this week.



BEEF CARCASS	11/05/2018*	15/05/2018*	d-o-d (%Δ)
SAFEX Beef June 18 (R/kg)	39,50	39,50	0,00

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

- Friday's trade session presented more of the same in the SAFEX beef carcass market. The price remained flat from the previous day, closing at R39.50 per kilogram due to thinly traded volumes.
- In terms of the meat supply, South African farmers slaughtered 204 613 head of cattle in March 2018, up by 9 percent from the previous month, but down by 17 percent from the corresponding period last year. The annual decline in slaughtering is largely on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. With that said, the trend in slaughtering activity could soon change as the USDA forecasts a 4 percent year-on-year 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

- This week could bring light showers in most parts of the country, which could potentially slow the summer crop harvest activity. This is with the exception of the southern parts of North West, Free State and Eastern Cape province, which could experience cool and drier conditions (figure 1). Most parts of the Western Cape province could also receive light showers, which is a welcome development in the winter crop planting season.
- In the week of 28 May 2018, weather conditions could clear over most summer crop growing areas of the country with the exception of Mpumalanga, KwaZulu Natal and Eastern Cape provinces which could receive light showers. The winter crop growing areas of the Western Cape could also receive light showers (figure 2).

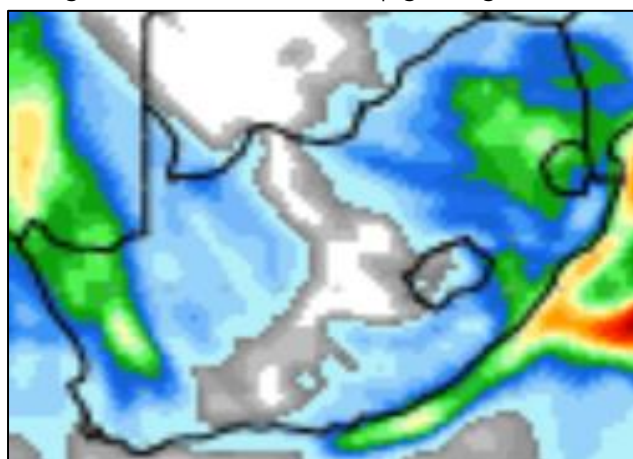


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

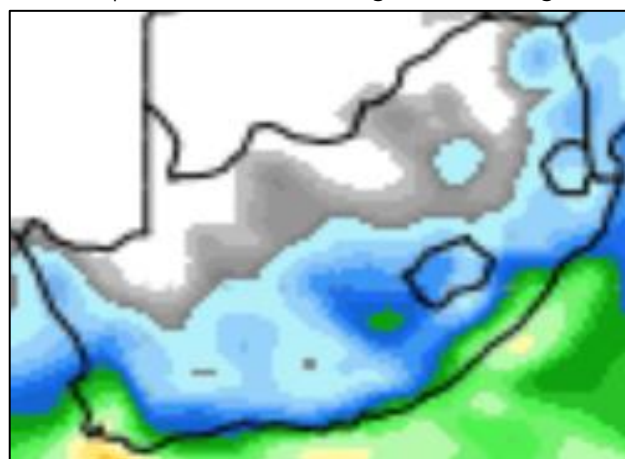


Figure 2: Next 16-days precipitation forecast
Source: wxmaps

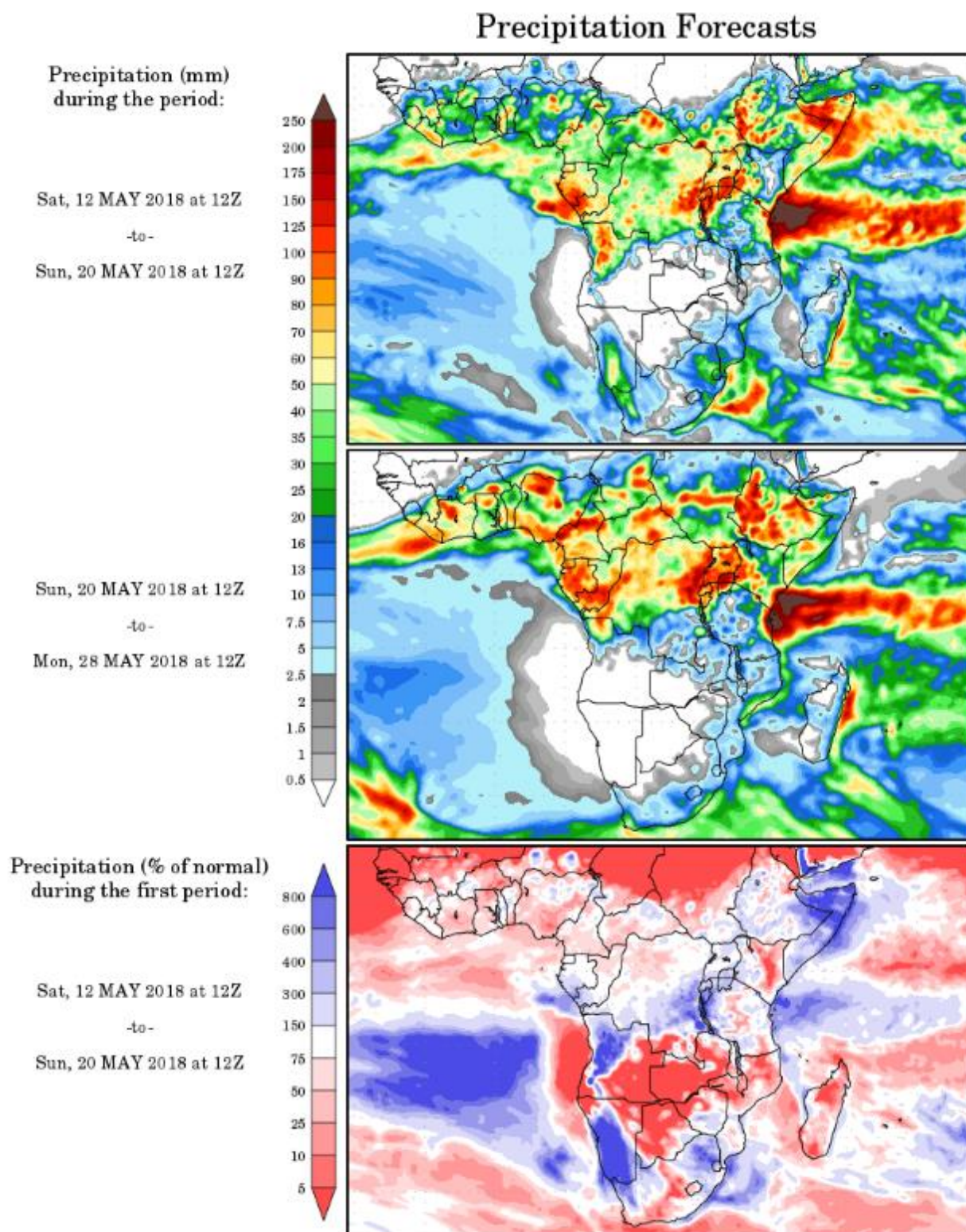


Figure 3: Precipitation forecast

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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