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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 15/05/2018
- SAGIS producer deliveries data: 16/05/2018
- USDA's crop progress report: 21/05/2018
- SAGIS monthly data: 25/05/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 29/05/2018

ECONOMIC INDICATORS	14/05/2018*	15/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,28	12,35	-0,57%
Rand/Euro	14,71	14,74	-0,20%
Euro/US Dollar	1,1935	1,1929	-0,05%
Gold Spot	1 320,08	1 313,93	-0,47%
Brent Crude Oil	77,43	78,68	+1,61%
Platinum Spot	925,78	912,55	-1,43%
Dow Jones Industrial Average	24 831,17	24 899,41	+0,27%
JSE All Share	58 432,19	58 614,45	+0,31%
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

- The domestic currency was under pressure this morning, weakened by 0.57 percent against the US Dollar from levels seen at midday yesterday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies. Moreover, the slight decline in global commodity prices also added pressure to the market. From a domestic data front, Stats SA will release the Quarterly Labour Force Survey data for Q1, 2018.
- This morning the crude oil market managed to claw back some of its recent losses, mainly supported by geopolitical tensions in the Middle-East, as well as concerns about Venezuela's oil production prospects. At the time of writing, the oil price was up by 1.61 percent from levels seen at midday yesterday, trading around US\$78.68 per barrel. Aside from that, the focus is on US oil inventories data which is due for release tomorrow.



MAIZE/CORN	14/05/2018*	15/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 057	2 046	-0,53%
White maize Jul 18 (R/t)	2 091	2 076	-0,72%
Yellow maize Spot (R/t)	2 147	2 147	0,00%
Yellow maize Jul 18 (R/t)	2 190	2 181	-0,41%
CME corn May 18 (US cents/bushel)	388	388	0,00%

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

- Yesterday the South African maize prices were mostly under pressure, with the exception of yellow maize spot price which remained unchanged from the previous day. The decline in prices was largely on the back of a slightly stronger domestic currency against the US Dollar, lower Chicago maize prices, as well as the expectations of a relatively good harvest¹.
- South Africa is an important player in the global maize market, ranked as the 9th largest exporter of maize in 2017, according to data from Trade Map. The countries performing better than South Africa were the US, Brazil, Argentina, Ukraine, Russia, France, Romania and Hungary. These countries collectively accounted for 88 percent of global maize exports in 2017.
- South Africa accounted for roughly 2 percent of global maize exports. Most importantly, South Africa was the only African country within the top 24 leading global maize exporters. This year the country is likely to remain amongst the top maize exporters, as the volume of maize available for exports could amount to 2.3 million tonnes, down by 4 percent from the previous year.
- The leading markets for South Africa's maize exports are typically Japan, Taiwan, Botswana, Zimbabwe, Swaziland, South Korea, Namibia, Lesotho and Mozambique, amongst others. These countries could remain the key markets this year. An addition on this list could be Spain. So far, Spain is a leading buyer of South Africa's maize in the 2018/19 marketing year. We will get more details on export activity at midday when SAGIS releases figures for the week of 11 May 2018.
- Apart from this, there is optimism about the new season in the global market. The USDA forecasts 2018/19 global maize production at 1.06 billion tonnes, up by 2 percent from the previous season.

Bottom line – Today the domestic maize market could gain ground owing to the weaker ZAR/USD exchange and fairly higher Chicago maize prices.

¹ The United States Department of Agriculture (USDA) lifted its estimate for South Africa's 2017/18 maize production by 300 000 tonnes from April 2018 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.



WHEAT	14/05/2018*	15/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 890	3 887	-0,08%
SAFEX Wheat Dec 18 (R/t)	3 835	3 850	+0,39%
CME Wheat spot (US cents/bushel)	489	495	+1,23%

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

- The SAFEX wheat market ended yesterday's trade session on a mixed footing. The spot price was under pressure owing to a relatively stronger Rand against the US Dollar, as well as lower Chicago wheat prices, whereas December 2018 contract month price recorded marginal gains and closed in positive territory.
- The weather remains a key focus in the South African wheat market as the planting activity progresses. Farmers made a bit of progress in the past couple of weeks, but weather conditions remain unfavourable in the Western Cape province.
- The forecasts for the next eight days show clear skies over the province which could negatively affect the areas that have planted and somewhat slow the planting activity in other areas. Fortunately, the forecast for the week ending on 30 May 2018 paints a constructive picture of possible rainfall of between 16 and 40 millimetres over most parts of the Western Cape province.
- Aside from production dynamics, we are keeping a keen eye on trade aspects, particularly the wheat import tariff. This is of importance as South Africa is set to import 1.9 million tonnes of wheat in the 2017/18 marketing year -- the second highest volume on record.
- As set out in our note on 11 May 2018, the wheat import tariff triggered again on 10 April 2018 to R437.24 per tonne. The previous trigger was on 20 March 2018, which then, was calculated at R293.74 per tonne, after an uptick in international wheat prices (No2 HRW).
- However, these rates are not yet applicable. The current import tariff is R394.85 per tonnes. The newly calculated rates will be applicable after publication in a government gazette, of which the timeframe is unclear. The import tariff will expectedly decline to R293.74 per tonne first and then increase to R437.25 per tonne.
- There were no imports in the past couple of weeks. The last imports were in the week of 16 March 2018, recorded at 25 135 tonnes. It is unclear whether the sluggish imports are either partially influenced by the delays in wheat tariff adjustments or mainly weak demand, or both. We will receive an update for the week 11 May 2018 at midday.

Bottom line – Today the local wheat prices could also receive gains due to the relatively weaker ZAR/USD exchange and higher Chicago wheat prices.



SOYBEAN	14/05/2018*	15/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 517	4 461	-1,24%
SAFEX Soybean Jul 18 (R/t)	4 593	4 534	-1,28%
CME Soybean Spot (US cents/bushel)	995	995	0,00%

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

- The SAFEX soybean market started yesterday's trade session on the negative footing and remained under pressure throughout the day. The losses were linked to similar factors as the previous day, which is the ongoing harvest activity in most parts of the country, expectations of a record harvest, as well as lower Chicago soybean prices.
- While the weather forecasts have somewhat cleared in some parts of the country, the forecasts for the eastern regions, which predominately produce soybean, remains roughly unchanged. Mpumalanga, Gauteng, Limpopo, KwaZulu Natal, as well as central and northern parts of the Free State province could receive light showers within the next eight days. This will most likely slow the harvest activity. With that said, there might not be any crop damage as rainfall is set to be quiet light and scattered. Unfortunately, the week of 30 May 2018 presents more of the same, which is light showers over soybean growing areas.
- Aside from this, the theme hasn't changed in the local soybean market. Most areas that have harvest thus far, received yields that vary between average and above average which is supportive of the National Crop Estimates Committee's view of a record harvest of 1.4 million tonnes.
- This reinforces the view that South Africa's soybean market will be in good shape in the 2018/19 marketing year which has recently started. The South African Supply and Demand Estimates Committee forecasts soybean supplies at 1.8 million tonnes, up by 29 percent from the 2017/18 marketing year. This includes an opening stock, local commercial deliveries and imports.
- On the point of imports, South Africa's 2018/19 soybean imports could decline by 27 percent from the previous year and ease to 20 000 tonnes. The decline is underpinned by expectations of an uptick in local production to 1.4 million tonnes, as previously noted.
- Outside our borders, the soybean picture remains constructive, particularly when viewed from a global perspective. To reiterate a point made in yesterday's note, the USDA forecasts 2018/19 global soybean production at 354 million tonnes, up by 5 percent from the previous season.

Bottom line – Similar to other commodities, today the domestic soybean market could gain ground owing to the relatively weaker ZAR/USD exchange.

SUNFLOWER SEED	14/05/2018*	15/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 563	4 562	-0,02%
SAFEX Sunflower seed July 18 (R/t)	4 675	4 655	-0,43%
EU (France) sunflower seed (US\$/t)	392	394	+0,51%

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

- Yesterday the SAFEX sunflower seed market experienced a fairly quiet session due to thinly traded volumes. Nonetheless, the market settled on negative footing owing to the stronger Rand against the US Dollar, as well as bearish sentiment emanating from the ongoing harvest activity.
- With the harvest activity underway in sunflower seed growing regions, the weather remains a key focus in the market. Yesterday we noted a possibility of rainfall in sunflower seed growing regions of the country, and the potential impact thereafter on harvest activity. This outlook has changed overnight and currently shows clear skies in the southwestern parts of the Free State and North West provinces. The harvest process in these respective areas should continue with minimal interruptions this week.
- The other areas within the respective provinces could receive light showers, which might temporarily slow the harvest activity. With that said, we don't foresee crop damage as rainfall is expected to be light varying between 7 and 20 millimetres.
- We place more emphasis on the North West and Free State provinces because of their contribution to national harvest. Both account for 94 percent share in the expected 792 255 tonnes in the 2017/18 production season.
- Aside from the domestic event, the EU's sunflower seed market had a good start of the week with the price up by a percentage point from the previous week, closing at US\$394 per tonne. The gains were in line with the price trend in crude oil and vegetable oil market.
- Moreover, there is generally a bullish sentiment in the EU's sunflower seed market which emanates from expectations of a decline in production in the new season. The most recent data from the USDA shows that EU's 2018/19 sunflower seed production could decline by 6 percent from the previous season to 9.1 million tonnes. This is on the back of an expected decline in area planting, as well as lower yields in some areas.
- With that said, the global picture is solid. The 2018/19 global sunflower seed production estimated at 50 million tonnes, up by 6 percentage points from the previous season. The expected decline in the EU's harvest could be compensated by a large harvest in the Black Sea and Argentinian production.

Bottom line – Today, the domestic sunflower seed market could receive support due to the relatively weaker Rand against the US Dollar.



POTATO	14/05/2018*	15/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	34,79	34,31	-1,38%

*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 a percentage point from the previous day, closing at R32.31 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.09 million pockets (10kg bag) at the beginning of the session.
- In the session, the market experienced strong commercial buying interest, coupled with a decline in producer deliveries on the back of slow harvest activity over the weekend. This subsequently led to a 32 percent decline in daily stocks to 737 013 pockets (10kg bag).

Bottom line – Following losses recorded in the past couple of days, today the South African potatoes market could gain ground owing to a relatively lower stock of 737 013 pockets (10kg bag).

FRUIT (South Africa)	14/05/2018*	15/05/2018*	d-o-d (%Δ)
Apples (R/kg)	6,49	6,52	+0,46%
Bananas (R/kg)	7,02	6,72	-4,27%
Oranges (R/kg)	3,63	3,41	-6,06%

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

- Yesterday the South African fruit market settled on a mixed footing. The price of apples was marginally up from the previous day, closing at R6.52 per kilogram owing to a fairly lower stock of 619 044 tonnes.
- Meanwhile, the prices of bananas and oranges respectively declined by 4 percent and 6 percent from the previous day, closing at R6.72 and R3.41 per kilogram. These losses followed an uptick in daily stocks of bananas and oranges to 810 169 tonnes and 543 059 tonnes, respectively.

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	14/05/2018*	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

- Yesterday there was not much happening in the SAFEX beef carcass market. The price remained unchanged 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

- The weather charts have changed overnight. There are now clear skies over the Western Cape, Eastern Cape and southern parts of the Free State province, which implies a possibility of continued dryness. Meanwhile, others could receive light showers, which should slow the summer crop harvest activity (figure 1).
- The forecasts for the week of 30 May 2018 paint a different picture. The Northern Cape, Free State and North West provinces could experience drier weather conditions, which bodes well for harvest activity, whereas others could receive rainfall. The forecast rainfall for the Western Cape could support the ongoing winter crop planting activity in most parts of the province (figure 2).

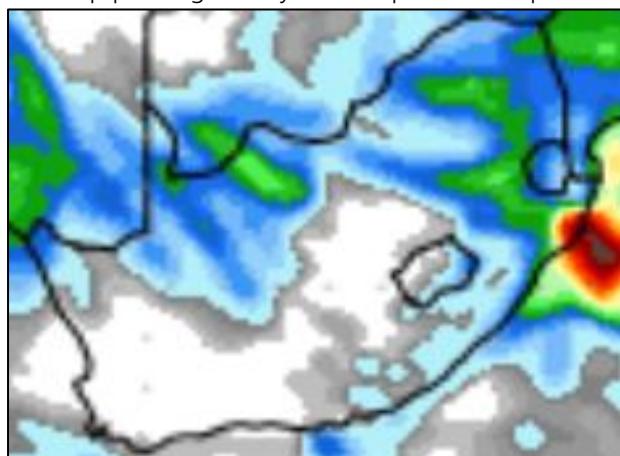


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

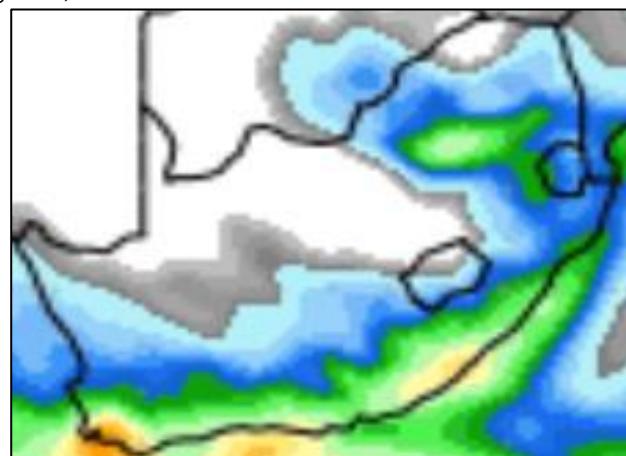


Figure 2: Next 16-days precipitation forecast
Source: wxmaps

Precipitation Forecasts

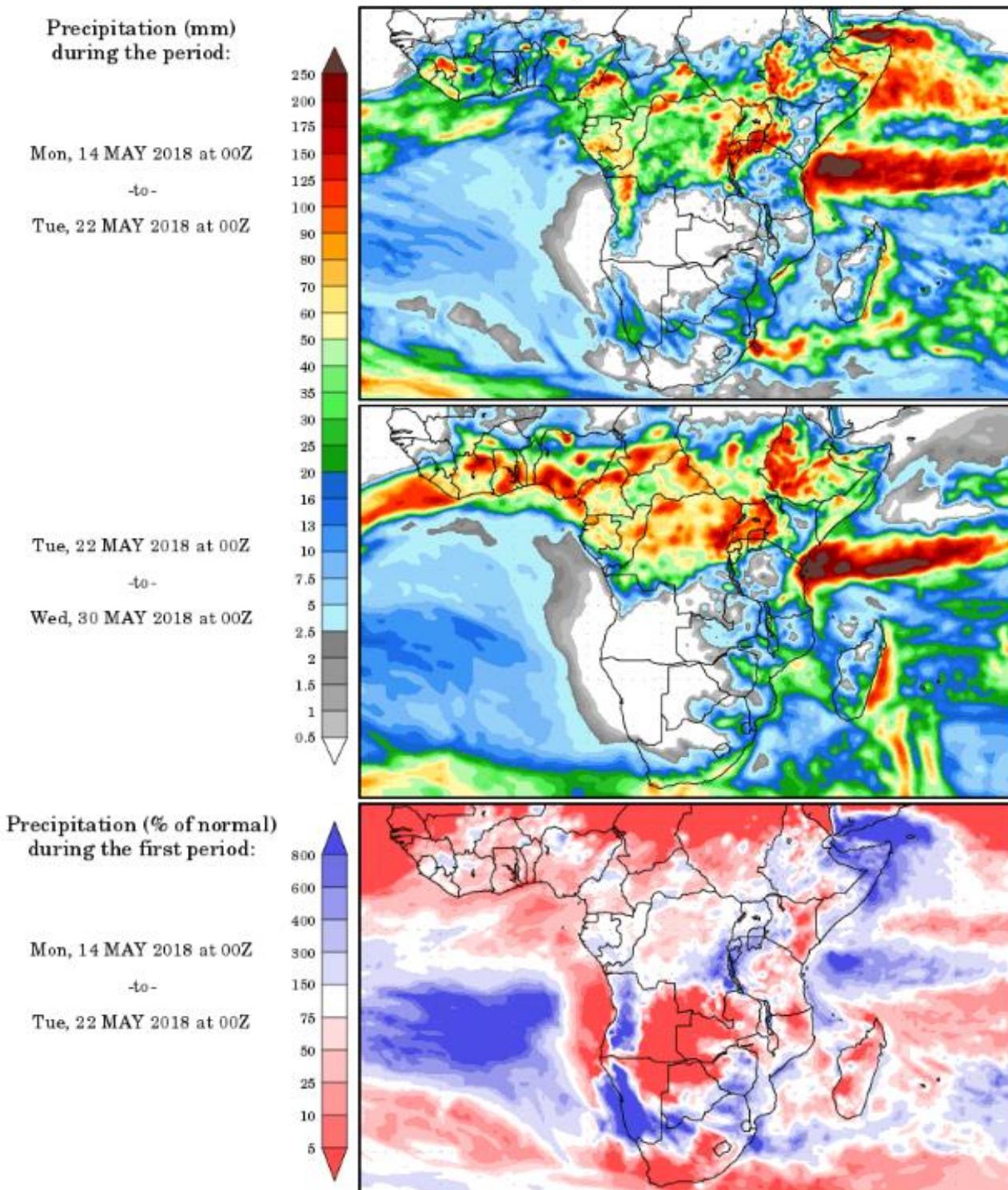


Figure 3: Precipitation forecast

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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