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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 16/05/2018
- USDA's crop progress report: 21/05/2018
- SAGIS weekly grain trade data: 22/05/2018
- SAGIS monthly data: 25/05/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 29/05/2018

ECONOMIC INDICATORS	15/05/2018*	16/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,42	12,54	-0,96%
Rand/Euro	14,80	14,85	-0,34%
Euro/US Dollar	1,1881	1,1831	-0,42%
Gold Spot	1 309,77	1 293,83	-1,22%
Brent Crude Oil	78,93	78,60	-0,42%
Platinum Spot	905,97	899,68	-0,69%
Dow Jones Industrial Average	24 899,41	24 706,41	-0,78%
JSE All Share	58 051,95	57 891,77	-0,28%
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

- This morning the Rand weakened by 0.96 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, as well as a slight decline in global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R12.54. From a domestic data front, Stats SA will release the Retail Sales data for March 2018.
- Following a good run in the past couple of days, this morning the oil price slightly declined by 0.42 percent from the previous day, trading around US\$78.60 per barrel. These losses were mainly underpinned by an increase in US oil inventories. The most recent data from the American Petroleum Institute shows that US oil inventories increased by 4.9 million barrels in the week ending 11 May 2018.



MAIZE/CORN	15/05/2018*	16/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 046	2 085	+1,91%
White maize Jul 18 (R/t)	2 076	2 116	+1,93%
Yellow maize Spot (R/t)	2 147	2 178	+1,44%
Yellow maize Jul 18 (R/t)	2 181	2 210	+1,33%
CME corn May 18 (US cents/bushel)	399	402	+0,75%

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

- After experiencing losses at the beginning of the week, the SAFEX maize market gained ground in yesterday's trade session and settled in positive territory. This was mainly supported by the weaker domestic currency against the US Dollar, as well as higher Chicago maize prices.
- Apart from the daily gains, the sentiment in the South African maize market is still bearish owing to expectations of large supplies, as well as the impending harvest season. As set out in our previous notes, South Africa's maize supplies are in good shape, estimated at 16.4 million tonnes, well above annual consumption of 10.7 million tonnes, in the 2018/19 marketing year, according to data from the national Supply and Demand Estimates Committee.
- The harvest activity could soon commence as the weather conditions paint a constructive picture of cool and drier weather conditions for the next two weeks over most parts of the maize belt. In fact, this is a continuation of dry and cool conditions experienced in the past couple of days.
- In terms of trade, South Africa's maize exports were disappointing last week. The country exported 18 177 tonnes, down by 72 percent from the volume exported in the week of 04 May 2018. About 67 percent of the exports were white maize, with 33 percent being yellow maize. All maize went to regional markets and Spain.
- Overall, this placed South Africa's 2018/19 maize exports at 81 460 tonnes, which equates to 4 percent of the seasonal export forecast of 2.3 million tonnes. As set out in yesterday's note, South Africa's leading maize export markets 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.
- Regionally, the most recent estimates from Zambia's Ministry of Agriculture point to a 34% year-on-year decline in 2017/18 maize production to 2.4 million tonnes.

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



WHEAT	15/05/2018*	16/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 887	3 910	+0,59%
SAFEX Wheat Dec 18 (R/t)	3 850	3 875	+0,65%
CME Wheat spot (US cents/bushel)	493	494	+0,20%

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

- The SAFEX wheat market posted gains in yesterday's trade session, supported by a combination of factors. These include the weaker Rand against the US Dollar and higher Chicago wheat prices, amongst others.
- The weather forecast has changed overnight to a slightly favourable outlook for winter crop growing areas of the Western Cape province. The next eight days could bring light showers of between 16 and 20 millimetres of rainfall over the province which bodes well for the new season.
- Given that the province has not received meaningful rainfall in months, the forecast light showers will not make any notable improvement in soil moisture. The winter wheat growing areas of the Western Cape province need intense and persistent rainfall for soil moisture to improve. However, there are no signs of such rainfall in the near term. In fact, the forecasts for the last week of this month show clear skies over the Western Cape, which could somewhat redress the moisture that could be received within the next eight days.
- Aside from the planting activity, the expected drier weather conditions also imply that the provincial dam levels could remain at fairly lower levels for some time. In the week of 14 May 2018, the dams averaged 17 percent, unchanged from the previous week, but down by 3 percentage points from the corresponding period last year.
- Yesterday we discussed briefly the trade dynamics, particularly the wheat import tariff which is yet to be adjusted two times, but the timeframe for the process is unclear.¹ The uncertainty around this issue partly resulted in a decline in imports in the past couple of weeks.
- However, the most recent data shows a bit of activity on the import front. South Africa imported 16 230 tonnes of wheat in the week of 11 May 2018. About 52 percent of this from Poland, with 48 percent from the US. This brought South Africa's 2017/18 wheat imports to 1.2 million tonnes, which equates to 63 percent of the season import forecast of 1.9 million tonnes.

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

¹ South Africa's 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.



SOYBEAN	15/05/2018*	16/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 461	4 501	+0,90%
SAFEX Soybean Jul 18 (R/t)	4 534	4 571	+0,82%
CME Soybean Spot (US cents/bushel)	1 020	1 012	-0,78%

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

- Yesterday the SAFEX soybean market managed to claw back its recent losses and settled in positive territory. This market was largely supported by the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago soybean prices.
- Aside from the aforementioned near-term gains, there is generally a bearish sentiment in the domestic soybean market which stems from expectations of a record harvest of 1.4 million tonnes. The yields obtained in areas that have harvest vary between average and above-average, which supports the National Crop Estimates Committee's view of a record harvest in 2017/18 season.
- The forecast rainfall within the next eight days could, however, slow the harvest activity in parts of Mpumalanga and KwaZulu Natal provinces. That said, we don't foresee crop damages as the forecast rainfall is set to be light and scattered, ranging between 16 and 25 millimetres. Moreover, the weather forecasts for the week thereafter shows clear skies across the country, which means the harvest activity could gain momentum.
- In the region, Zambia's 2017/18 soybean production could decline by 15 percent from the previous season to 300 000 tonnes, according to data from the USDA. This is due to unfavourable weather conditions experienced earlier in the season. The Zambian government estimates are almost at par with the USDA, at 302 720 tonnes.
- Overall, this means that Zambia's soybean supplies could be tight in the 2018/19 marketing year as annual consumption is estimated at 328 000 tonnes. The exports could also decline notably. In 2017/18 marketing year, South Africa imported 22 912 tonnes of soybeans from Zambia.
- On the global front, the weather is a primary focus in the US as the soybean planting process continues. The forecasts for the next eight days remain favourable, showing a possibility of good rainfall over most parts of the Midwest.² On 13 May 2018, about 35 percent of the intended area for US soybeans had been planted, compared to 29 percent in the corresponding period last year.

Bottom line – Today the domestic soybean market could experience sideways movements if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.

² Please see the link for US precipitation forecast: <http://wxmaps.org/pix/prec1>

SUNFLOWER SEED	15/05/2018*	16/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 562	4 560	-0,04%
SAFEX Sunflower seed July 18 (R/t)	4 655	4 663	+0,17%
EU (France) sunflower seed (US\$/t)	394	396	+0,51%

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

- The SAFEX sunflower seed market ended yesterday's trade session on a mixed footing. The spot price was under pressure on the back of ongoing harvest activity. Meanwhile, July 2018 contract month price settled in positive territory supported by the weaker domestic currency against the US Dollar.
- The weather charts continue to paint a constructive picture for the next two weeks, showing clear skies over sunflower seed growing areas of South Africa. This implies that the harvest activity in the North West and Free State provinces could continue with minimal interruptions over the next couple of days.
- The late-planted areas might not be negatively affected by the expected dry and cool weather conditions as soil moisture has generally improved following rainfall received in the past couple weeks. Most importantly, a large part of the crop has already matured, thus approaching the harvest stages.
- It is worth noting that the key concern for the late-planted sunflower seed regions is frost. With the exception of areas in the Free State and North West province, there haven't been any other reports thus far.
- Outside our borders, the EU's sunflower seed market had a good run in yesterday's trade session with the price up by 0.51 percent from the previous day, closing at US\$396 per tonne. Similar to the previous session, these gains emanated from higher vegetable oil prices, as well as bullish sentiment in the crude oil market.
- In the fields, the sunflower seed planting is underway in the Black Sea region which means the weather will again be a main focus in the region. The latest updates show a possibility of widespread showers in Balkans, West Ukraine and South Russia within the next eight days.
- Russia and Ukraine's 2018/19 sunflower seed production is estimated at 12 million and 16 million tonnes, respectively up by 11 percent and 13 percent from the previous day. The uptick is on the back of an expansion in area planted, combined with prospects of favourable weather conditions this season.
- Overall, the global sunflower seed production in 2018/19 is estimated at 50 million tonnes, up by 6 percentage points from the previous season due to an anticipation of a large harvest in the Black and other countries.

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



POTATO	15/05/2018*	16/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	34,31	37,54	+9,41%

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

- After experiencing losses at the beginning of this week, the South African potatoes market gained ground in yesterday's trade session with the price up by 9 percent from the previous day, closing at R37.54 per pockets (10kg bag). These gains were supported by relatively lower stocks of 737 013 pockets (10kg bag) at the beginning of the session.
- However, in the session the market experienced an uptick in producer deliveries, boosted by ongoing harvest process in most parts of the country. This subsequently led to a 9 percent increase in daily stock to 804 430 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 804 430 pockets (10kg bag).

BEEF CARCASS	15/05/2018*	16/05/2018*	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

- There have not been movements in SAFEX beef carcass prices for some time due to thinly traded volumes. Yesterday's session was no different, the price remained flat, settled at R39.50 per kilogram.
- From a meat supply perspective, 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 forecasts have changed overnight and currently show a possibility of light showers within the next eight days over the Western and Northern Cape provinces, which bodes well for winter crop planting activity. Meanwhile, most summer crop growing areas could experience cool and drier weather conditions, which should support the harvest activity (figure 1).
- The forecasts for the last week of this month shows clear skies across the country, which should support the summer crop harvest activity. However, the winter crop planting activity in the Western Cape province could slow as soil moisture is quite low in most parts of the province (figure 2).

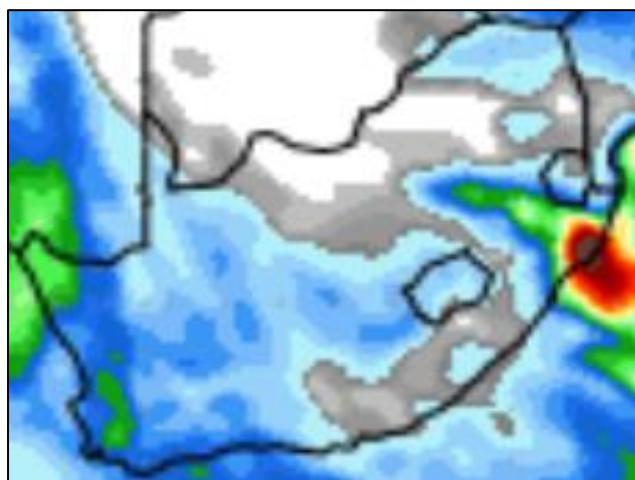


Figure 1: Next 8-days precipitation forecast

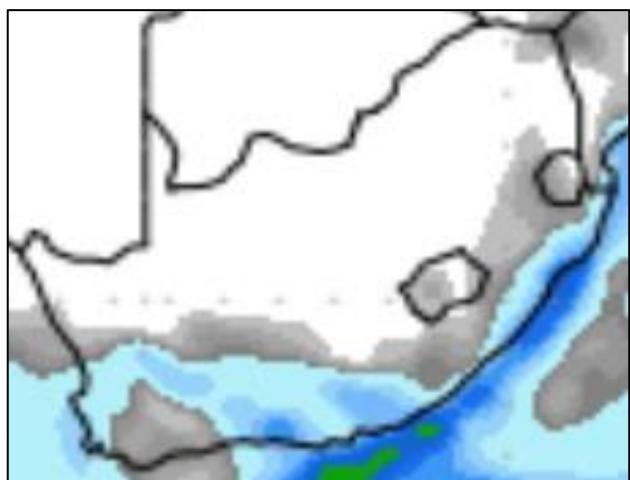
Source: *wxmaps*

Figure 2: Next 16-days precipitation forecast

Source: *wxmaps*

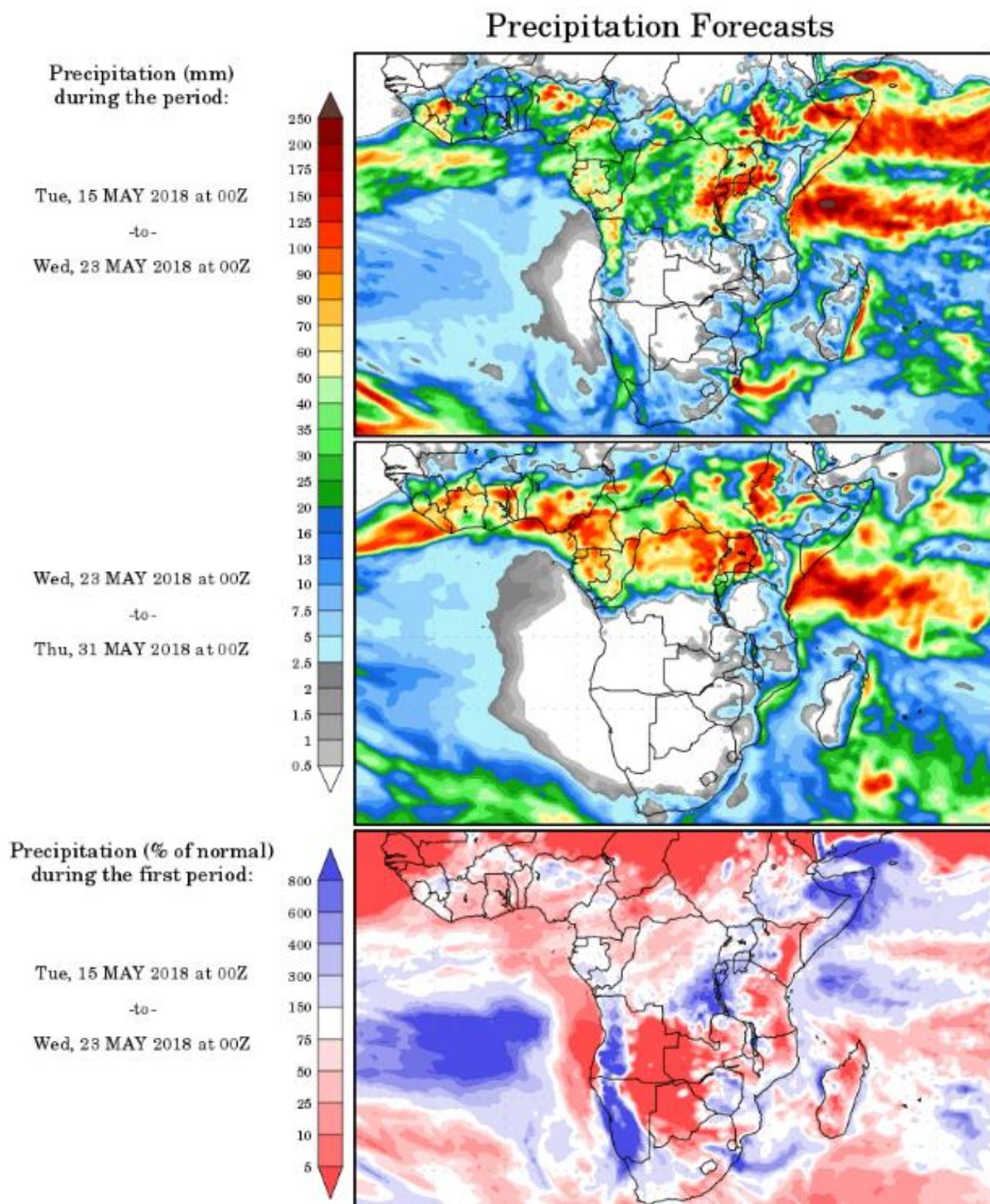


Figure 3: Precipitation forecast

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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