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**Key Data Releases in Agricultural Markets:**

- SAGIS Monthly data: 25/05/2018
- USDA's crop progress report: 28/05/2018
- SAGIS weekly grain trade data: 29/05/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 29/05/2018
- SAGIS producer deliveries data: 30/05/2018

ECONOMIC INDICATORS	23/05/2018*	24/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,60	12,46	+1,12%
Rand/Euro	14,77	14,59	+1,23%
Euro/US Dollar	1,1713	1,1709	-0,03%
Gold Spot	1 296,77	1 295,39	-0,11%
Brent Crude Oil	78,87	79,70	+1,05%
Platinum Spot	908,19	907,10	-0,12%
Dow Jones Industrial Average	24 769,09	24 886,81	+0,48%
JSE All Share	57 395,42	57 043,42	-0,61%
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 Rand/US Dollar is currently 1.12 percent stronger compared to midday yesterday, trading around R12.46. The Rand's appreciation was in line with the US Dollar depreciation against major currencies, as well as general positive sentiment in the domestic market. The main focus today is on the SARB interest rate announcement.
- This morning the Brent crude oil was up by 1.05 percent from levels seen at midday yesterday, trading around US\$79.70 per barrel. The gains were sustained by the lingering concerns about Venezuela's oil production prospects and relatively weaker US Dollar against major currencies. Overall, this overshadowed the bearish news of an increase in US crude oil inventories. Data from the Energy Information Administration showed that crude oil supplies increased by 5.8 million barrels in the week of 18 May 2018, well above market expectations.



MAIZE/CORN	23/05/2018*	24/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 119	2 128	+0,42%
White maize Jul 18 (R/t)	2 133	2 140	+0,33%
Yellow maize Spot (R/t)	2 204	2 218	+0,64%
Yellow maize Jul 18 (R/t)	2 233	2 246	+0,58%
CME corn May 18 (US cents/bushel)	407	409	+0,49%

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

- The SAFEX maize market gained ground in yesterday's trade session with support stemming from the weaker domestic currency against the US Dollar, commercial buying interest, as well as higher Chicago maize prices.
- The harvest activity is gaining momentum in the irrigation areas around the country. This is reflected in the volumes of maize delivered to commercial silos in the week ending 18 May 2018, which amounted to 144 563 tonnes, up by 14 percent from the previous week. About 56 percent of this was yellow maize, with 44 percent being white maize. The total maize deliveries for the first three weeks of the 2018/19 marketing year are estimated at 305 167 tonnes. More maize will be delivered in the coming weeks.
- The harvest activity is still at initial stages in the dryland areas but could gain momentum within the next two weeks as the weather forecast shows a possibility of drier conditions over the South African maize-belt. To reiterate a point made in yesterday's note, our conversations with farmers suggest that the crop yields in most regions could vary between average and above average, which supports the National Crop Estimates Committee's view of a good harvest of 12.8 million tonnes. The Committee will release an update of the production estimate on Tuesday next week, 29 May 2018.
- On the data front, tomorrow we have SAGIS monthly figures, which will present an update on stock levels, as well as monthly maize consumption data. South Africa's maize ending stock was recorded at 4.6 million tonnes in March 2018, treble the volume seen in the same period last year. April 2018 data could show a slight decline due to solid domestic consumption. The recent uptick in deliveries will mainly be reflected on May 2018 data, as it started to peak in the past two weeks or so.
- Overall, the theme remains unchanged, despite the above-mentioned monthly developments. South Africa will have large maize supplies in 2018/19 marketing year, estimated at 16.4 million tonnes. This is well above annual consumption of 10.7 million tonnes. All things considered, SAFEX maize prices could remain at fairly lower levels.

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



WHEAT	23/05/2018*	24/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 909	3 935	+0,67%
SAFEX Wheat Dec 18 (R/t)	3 880	3 875	-0,13%
CME Wheat spot (US cents/bushel)	528	531	+0,57%

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

- The SAFEX wheat prices again settled on a mixed footing in yesterday's session. The spot price was boosted by the weaker Rand against the US Dollar, as well as higher Chicago wheat prices. Meanwhile, the December 2018 contract month price declined further due to commercial selling.
- The Chicago wheat market was generally been supported by rising concerns about unfavourable weather conditions in the central and eastern parts of Europe. The EU's Monitoring Agricultural Resources Unit estimates that the drier weather conditions experienced in the past couple of weeks could potentially lead to a decline in yields in the 2018/19 wheat crop.
- Earlier this month, the USDA estimated the EU's 2018/19 wheat production at 150 million tonnes, down by a percentage point from the previous production season. This estimate did not factor in the recent weather dynamics, therefore, therefore, there might be a further downward revision in next month's update.
- The other countries that are set to register a decline in production in the 2018/19 wheat production season are Russia and India, where harvests are estimated at 72 million and 95 million tonnes, respectively down by 15 percent and 4 percent from the previous season.
- From a global perspective, the aforementioned potential decline in production will slightly be offset by increases in other countries such as Canada, Australia, Argentina and the US, amongst others. The USDA forecasts 2018/19 global wheat production at 748 million tonnes, down by 0.4 percent from the previous season.
- Back on our home soil, the weather remains a key focus as planting activity progresses in winter wheat growing regions of South Africa. However, there has not been any positive improvements, the near-term forecasts show clear skies over most parts of the Western Cape province which is not conducive for the new season plantings. The only regions within the province that could possibly receive light showers within the next eight days are Overberg, Winelands and Helderberg. The expected drier weather conditions also imply that the provincial dam levels could remain at fairly lower for some time. In the week of 21 May 2018, the dams averaged 17 percent, down by 2 percentage points from the corresponding period last year.

Bottom line – Today the local wheat prices could also a sideways movement if the ZAR/USD exchange and the Chicago wheat prices maintain the current trends.





SOYBEAN	23/05/2018*	24/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 580	4 534	-1,00%
SAFEX Soybean Jul 18 (R/t)	4 662	4 602	-1,29%
CME Soybean Spot (US cents/bushel)	1 039	1 046	+0,67%

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

- Yesterday the domestic soybean market opened on a positive footing, but quickly lost ground and settled in the negative territory. This was driven by a combination of factors, such as strong commercial selling and bearish pressure from the ongoing harvest activity.
- The dry and cool weather conditions experienced in the past couple of weeks provided conducive conditions for the harvest activity. As a result, most areas in the central and eastern parts of the country have made notable progress. This next two weeks could also present solid activity as weather outlook remains favourable.
- The yields received in most areas largely vary between average and above-average, which supports the National Crop Estimates Committee's view of a record harvest of 1.4 million tonnes. The Committee will present an update of its estimate on 29 May 2018. We believe that this will remain unchanged as the weather conditions have been favourable since the start of the harvest period.
- Key to watch on the data front is SAGIS monthly figures due for release at midday tomorrow. This will present an indication of the monthly soybean utilisation in oil and oilcake, stock levels, as well imports and exports.
- The previous release showed that South Africa's soybean consumption (processed for oil and cake) was at 74 282 tonnes in March 2018, down by 20 percent from the corresponding period last year. At the same time, the soybean stocks were at 261 613 tonnes, which is almost double the volume seen in March 2017. Today's data could present an uptick in stock levels due to an improvement in producer deliveries.
- In terms of trade, South Africa imported 464 tonnes of soybeans in March 2018, all from Zimbabwe. There's likely to be more imports in the coming months, but the overall estimate for the 2018/19 marketing year is 20 000 tonnes, down by 27 percent from the previous year.
- Furthermore, South Africa exported only a tonne of soybeans to Botswana last month. The overall exports for the current season could reach 500 tonnes, up by 21 percent from the previous season. In the past season, exports went to regional markets such as Botswana and Mozambique.

Bottom line – Similar to other commodities, today the domestic soybean market could see a sideways movement if the ZAR/USD exchange and the Chicago soybean prices maintain the current trends.



SUNFLOWER SEED	23/05/2018*	24/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 520	4 585	+1,44%
SAFEX Sunflower seed July 18 (R/t)	4 592	4 660	+1,48%
EU (France) sunflower seed (US\$/t)	390	391	+0,26%

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

- Yesterday the SAFEX sunflower seed market managed to claw back some of its recent losses and settled in positive territory. This was supported by the weaker domestic currency against the US Dollar, as well as commercial buying interest. These factors overshadowed the bearish sentiment emanating from the ongoing harvest activity in the country.
- In the absence of major news in the domestic sunflower seed market, in today's note, we will focus on the SAGIS monthly data which is due for release at midday tomorrow. The data will give an indication of the sunflower seed monthly utilisation, stock levels, as well as imports and exports.
- The previous release showed that South Africa's sunflower seed consumption (processed for oil and cake) was at 79 199 tonnes in March 2018, up by 29 from the volume utilised in the corresponding period last year.
- The ending stock was recorded at 88 251 tonnes in March 2018, well below the volume recorded in the corresponding period last year. However, tomorrow's data is likely to present an uptick in April 2018 stocks due to an improvement in producer deliveries on the back of ongoing harvest activity.
- In terms of trade, South Africa exported 51 tonnes of sunflower seed in March 2018, destined for Namibia and Swaziland. This was the first batch of exports in the 2018/19 marketing year and accounts for 26 percent of the seasonal export forecast<sup>1</sup>. There were no imports in March 2018. The total imports for the 2018/19 marketing year are estimated at 500 tonnes, down by 10 percent from the previous season due to the expected reduction in sunflower seed utilisation this year.
- The national Supply and Demand Estimates Committee is of the view that sunflower seed utilisation (processed for oil and oilcake) could reach 847 500 tonnes, down by 4 percent from the 2017/18 marketing year. Therefore, we could possibly see a 2 percent uptick in South Africa's sunflower oil imports in 2018 to 147 678 tonnes. The suppliers will most likely be the traditional ones, namely, Bulgaria, Argentina, Romania and Spain.

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

<sup>1</sup> South Africa's 2018/19 sunflower seed exports are set to decline by 27 percent from the previous season to 200 tonnes, according to data from the national Supply and Demand Estimates Committee.



POTATO	23/05/2018*	24/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	36,18	34,67	-4,17%

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

- After recording good gains at the start of the week, the South African potatoes market came under pressure in yesterday's trade session with the price down by 4 percent from the previous day, closing at R34.67 per pocket (10kg). This was mainly due to a large stock of 875 242 pocket (10kg) at the start of yesterday's session.
- Furthermore, in the session the market experienced an uptick in producer deliveries, supported by ongoing harvest process in most parts of the country. This subsequently led to a 24 percent increase in daily stock to 1.08 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses due to a large stock of 1.08 million pockets (10kg bag) at the start of the session.

FRUIT (South Africa)	23/05/2018*	24/05/2018*	d-o-d (%Δ)
Apples (R/kg)	6,71	6,77	+0,89%
Bananas (R/kg)	6,12	6,04	-1,31%
Oranges (R/kg)	2,90	2,74	-5,52%

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

- The South African fruit prices have been quite wobbly in the past couple of days due to lower stocks. Yesterday the prices of bananas and oranges were down by a percentage point and 6 percent from the previous day, closing at R6.04 and R2.74 per kilogram, respectively. However, this will be short-lived due to lower stocks of 624 389 tonnes of bananas and 569 815 tonnes of oranges.
- Meanwhile, the price of apples was up by a percentage point from the previous day, closing at R6.77 per kilogram. This followed an 18 percent decline in daily stock to 465 723 tonnes on the back of strong commercial buying interest.

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	22/05/2018*	23/05/2018*	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

- The SAFEX beef carcass price remained unchanged in yesterday's trade session, closing at R39.50 per kilogram due to thinly traded volumes. With that said, the SAFEX beef carcass price might not be a true reflection of the physical market which continues to show solid activity.
- From the 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. As set out in our previous notes, 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 morning the weather charts show clear skies over most parts of the country with the exception of few areas around Winelands, Overberg and Helderberg which could receive light showers. This does not bode well for winter crop growing regions which urgently need moisture. Meanwhile, the summer crop harvest activity could receive a good boost from drier weather conditions (figure 1).
- The forecast for the week of 08 June 2018 presents more of the same - dry and cool weather conditions across the country which bodes well for summer crop harvest activity. However, the winter crop growing areas will remain on the back foot, with dryness threatening the new season (figure 2).

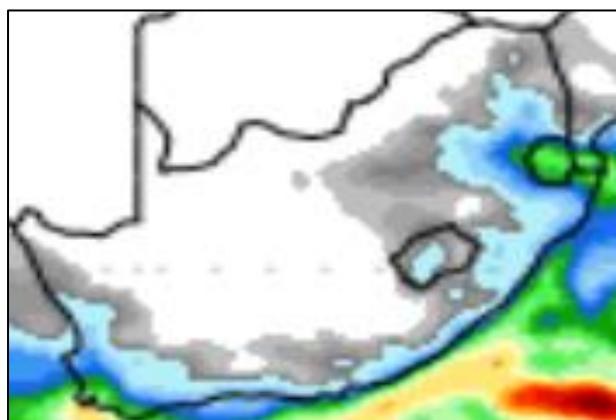


Figure 1: Next 8-days precipitation forecast

Source: wxmaps

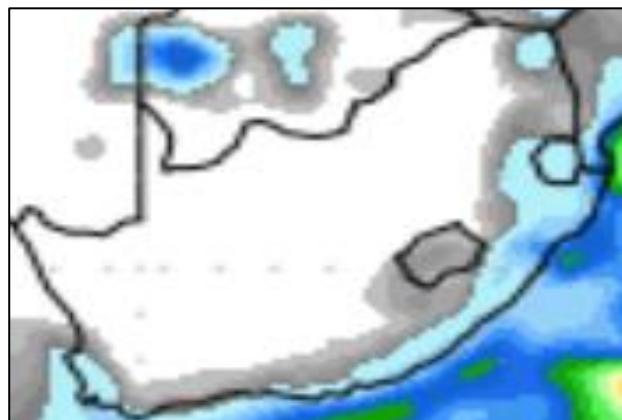


Figure 2: Next 16-days precipitation forecast

Source: wxmaps

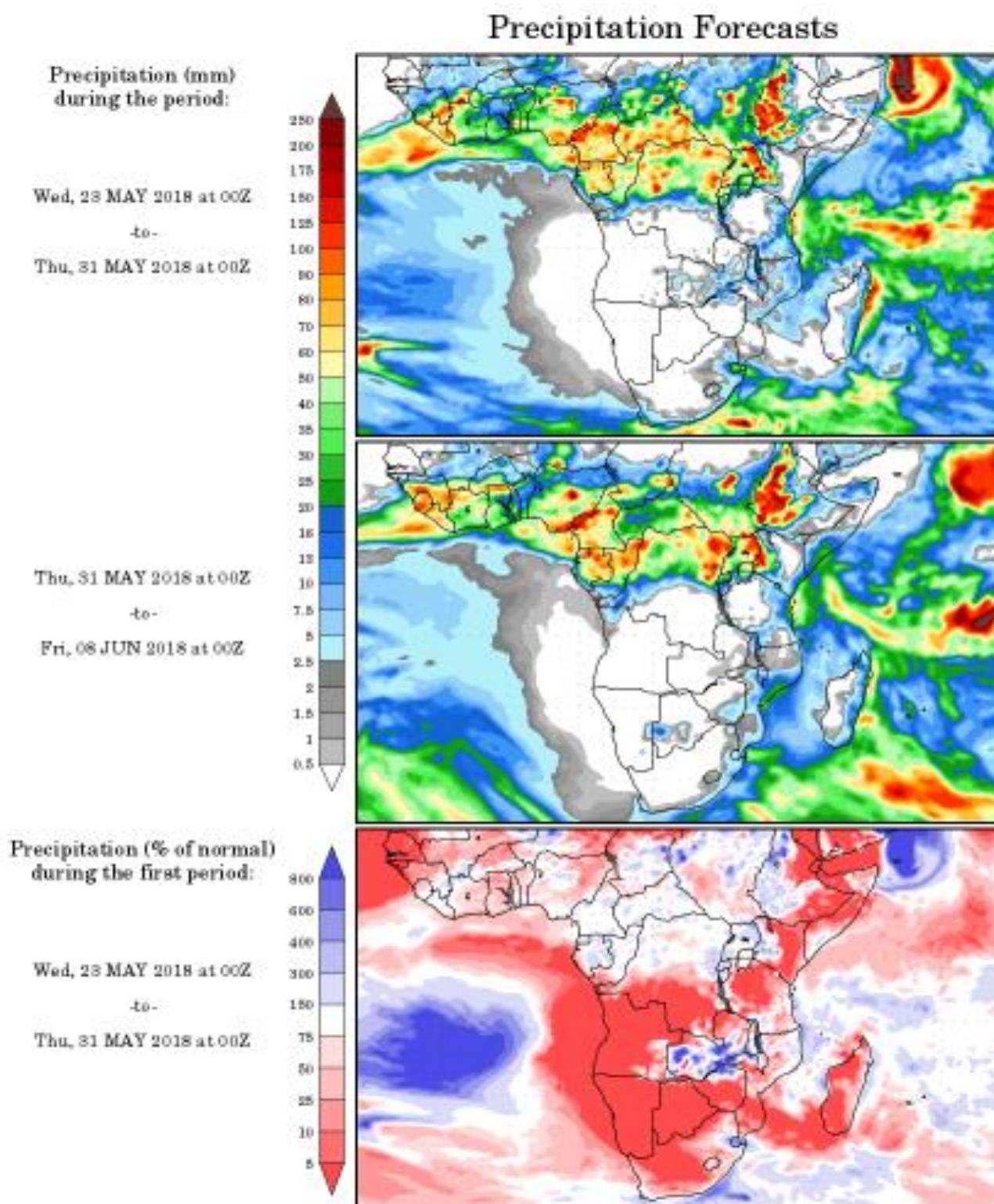


Figure 3: Precipitation forecast

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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