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**Key Data Releases in Agricultural Markets:**

- 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
- SAGIS monthly data: 26/06/2018

ECONOMIC INDICATORS	25/05/2018*	28/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,45	12,46	-0,08%
Rand/Euro	14,59	14,60	-0,07%
Euro/US Dollar	1,1715	1,1720	+0,04%
Gold Spot	1 304,48	1 302,25	-0,17%
Brent Crude Oil	77,36	75,17	-2,83%
Platinum Spot	910,52	901,10	-1,03%
Dow Jones Industrial Average	24 811,76	24 753,09	-0,24%
JSE All Share	56 583,21	56 916,97	+0,59%
SA repo rate	6,50	6,50	0,00%
SA CPI (y/y %)	4,50	4,50	0,00%
SA CPI – food (y/y %)	3,70	3,70	0,00%

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

- This morning the Rand was almost flat from levels seen at midday Friday, trading around R12.46 to the US Dollar. The Rand's marginal losses were partly in line with the decline in global commodity prices. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price was down by 2.83 percent from levels seen at midday Friday, trading around US\$75.17 per barrel. This followed reports that Russia, the US and Saudi Arabia could increase oil production in order to offset the potential decline in supply from Venezuela and Russia. It is worth noting that the most recent data from Baker Hughes shows that the US drillers added 15 oil rigs in the week ending 25 May 2018. This subsequently brought the total count up to 859 rigs, signalling a potential uptick in US oil production.



MAIZE/CORN	25/05/2018*	28/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 141	2 124	-0,79%
White maize Jul 18 (R/t)	2 157	2 141	-0,74%
Yellow maize Spot (R/t)	2 234	2 222	-0,54%
Yellow maize Jul 18 (R/t)	2 260	2 250	-0,44%
CME corn May 18 (US cents/bushel)	405	406	+0,25%

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

- After 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, relatively stronger Rand against the US Dollar, commercial selling and harvest pressure, amongst others.
- The forecast dry and cool weather conditions over South African maize-belt within the next two weeks could boost the harvest activity. The areas under irrigation have made notable progress thus far. Meanwhile, the harvest activity is still at initial stages in the dryland areas but could gain momentum in the coming weeks due to forecasts of favourable weather conditions.
- Last week, the International Grains Council (IGC) lifted its estimate for South Africa's 2017/18 maize production by 500 000 tonnes from the previous month to 13.4 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 relatively lower yields in some areas.
- This data implies that South Africa's maize market will be well supplied in the 2018/19 marketing year. In other words, the expected harvest, combined with a large opening stock at the beginning of this marketing year could amount 16.4 million tonnes, well above the local maize demand of 10.7 million tonnes.<sup>1</sup> Against this backdrop, 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.
- Elsewhere, most countries in the Northern Hemisphere have started planting the new season crop. The weather conditions have been unfavourable in some regions such as the US and parts of the EU, but the overall picture is solid. IGC forecasts 2018/19 global maize harvest at 1.05 billion tonnes, up by a percentage point from the 2017/18 production season.

Bottom line – Today the domestic maize market could receive marginal gains due to higher Chicago maize prices, as well as a weaker ZAR/USD exchange.

<sup>1</sup> National Supply and Demand Estimates Committee's data.



WHEAT	25/05/2018*	28/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 855	3 855	0,00%
SAFEX Wheat Dec 18 (R/t)	3 850	3 860	+0,26%
CME Wheat spot (US cents/bushel)	533	544	+2,06%

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

- The SAFEX wheat prices had a good run on Friday's trade session and settled in positive territory with support emanating from higher Chicago wheat prices, as well as commercial buying interest.
- The Chicago wheat market was supported by lingering concerns about unfavourable weather conditions in the central and eastern parts of Europe, US Plains, Australia, Canada and Russia. This could potentially lead to a decline in wheat yields in the 2018/19 production season.
- In Russia, the US and the EU region there are already expectations of lower yields. Last week, IGC placed Russia, US and EU's 2018/19 wheat production at 75 million, 46 million and 149 million tonnes, respectively down by 12 percent, 2 percent and a percentage point from last season.
- The other countries that are expected to register a decline in production in the 2018/19 wheat production season are China, India, Ukraine and Kazakhstan. This is partly underpinned by an expected reduction in area planted and prospects of unfavourable weather conditions in some regions.
- Meanwhile, Australia and Canada are expected to receive fairly good harvests despite the unfavourable weather conditions experienced last week. The IGC forecasts Australia and Canada's 2018/19 wheat production at 24 million and 31 million tonnes, up by 15 percent and 4 percent from the previous season, respectively.
- Overall, from a global perspective, the aforementioned potential decline in production will somewhat be offset by increases in Canada, Australia and Argentina. The IGC forecasts 2018/19 global wheat production at 748 million tonnes, down by 2 percent from the previous season.
- Back on home soil, the weather remains a key focus in winter wheat growing regions. The winter wheat planting has already been completed in regions around Swartland and Overberg. The crop has emerged, thanks to light showers received in the past few weeks, although these were not sufficient to improve subsoil moisture levels. The Western Cape province needs to receive intense and persistent rainfall for subsoil moisture to improve, which will, therefore, benefit the new season crop. The areas that have not made notable progress regarding planting is the Southern Cape due to persistent dryness.

Bottom line – Today the local wheat prices could gain ground due to higher Chicago wheat prices, as well as a weaker ZAR/USD exchange.





SOYBEAN	25/05/2018*	28/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 558	4 537	-0,46%
SAFEX Soybean Jul 18 (R/t)	4 615	4 593	-0,48%
CME Soybean Spot (US cents/bushel)	1 040	1 042	+0,19%

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

- The domestic soybean market was under pressure on Friday's trade session, in line with lower Chicago soybean prices. Moreover, the ongoing harvest activity, as well as the stronger Rand against the US Dollar also added bearish pressure to the soybean market.
- The next two weeks could bring cool and dry weather conditions over the soybean growing areas, which will be supportive of the harvest activity that is currently underway across the country. 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 tomorrow. We believe that this will remain unchanged as the weather conditions have been favourable since the start of the harvest period.
- This expected large crop implies that South Africa's soybean market will be well-supplied in the 2018/19 marketing year. Therefore, imports could decline by 27 percent year-on-year to 20 000 tonnes. Last month, South Africa imported 677 tonnes of soybeans from Zambia, up by 45 percent from March 2018. This placed South Africa's 2018/19 soybean imports at 1 141 tonnes, which equates to 6 percent of the seasonal forecast.
- The most recent data from SAGIS shows that South Africa's soybean stocks were at 558 316 tonnes in April 2018. This is double the volume seen the previous month, boosted by large producer deliveries on the back of ongoing harvest activity in most parts of the country. However, this is still 17 percent lower than the same period last year due to delayed harvest activity in late-planted regions.
- It is worth noting is that soybean consumption (processed for oil and cake) was at 65 953 tonnes in April 2018, up by 20 percent from the corresponding period last year.
- If we apply an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 36 percent of its monthly soybean processing capacity in April 2018. This is down by 5 percentage points from the previous month and 8 percentage points from the same period last year.

Bottom line – Similar to other commodities, today the domestic soybean market could gain ground due to higher Chicago soybean prices, as well as a weaker ZAR/USD exchange.



SUNFLOWER SEED	25/05/2018*	28/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 603	4 593	-0,22%
SAFEX Sunflower seed July 18 (R/t)	4 662	4 658	-0,09%
EU (France) sunflower seed (US\$/t)	389	389	0,00%

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

- On Friday the SAFEX sunflower seed market started the day on the negative footing and remained under pressure throughout the day. This was due to a bearish sentiment emanating from ongoing harvest activity, as well as the relatively stronger Rand against the US Dollar.
- The weather conditions have been quite favourable for harvest activity in the past couple of days. The yields in areas that harvested largely vary between average and above-average which supports the National Crop Estimates Committee's estimates of 792 255 tonnes this production season.<sup>2</sup> The Committee will release an update of this estimate tomorrow, but we don't foresee any major changes as weather conditions have been favourable since the start of the harvest period.
- The harvest activity could continue within the next two weeks with minimal interruptions as the weather outlooks show a possibility of cool and drier conditions across the summer crop growing areas. Furthermore, the crop in late planted areas is maturing, therefore the expected dryness is exactly what is needed at this stage of development.
- Apart from the production dynamics, South Africa's sunflower seed consumption (processed for oil and cake) was recorded at 53 822 tonnes in April 2018, up by 43 from the volume utilised in the same period last year.
- The ending stock was recorded at 143 115 tonnes in April 2018, up by 62 percent from the previous month due to large deliveries on the back of the ongoing harvest activity. With that said, this is still 58 percent lower than the corresponding period last year due to expectations of a relatively lower crop and slightly delayed harvest in late-planted regions of the Free State and North West provinces.
- In terms of trade, South Africa received its first batch of sunflower seed imports last month. This was a fairly small volume of 21 tonnes of sunflower seed from Argentina, which equates to 4 percent of the 2018/19 marketing year's import forecast of 500 tonnes.

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

<sup>2</sup> This is well above market expectations at the start of the season, but well below the 2016/17 production season's harvest of 874 000 tonnes.



POTATO	25/05/2018*	28/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	34,01	33,14	-2,56%

\*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 R33.14 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.23 million pockets (10kg bag) at the beginning of the session.
- In the session, the market experienced an uptick in producer deliveries, boosted by ongoing harvest activity in most parts of the country. This subsequently led to a 2 percent increase in daily stock to 1.25 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a large stock of 1.25 million pockets (10kg bag).

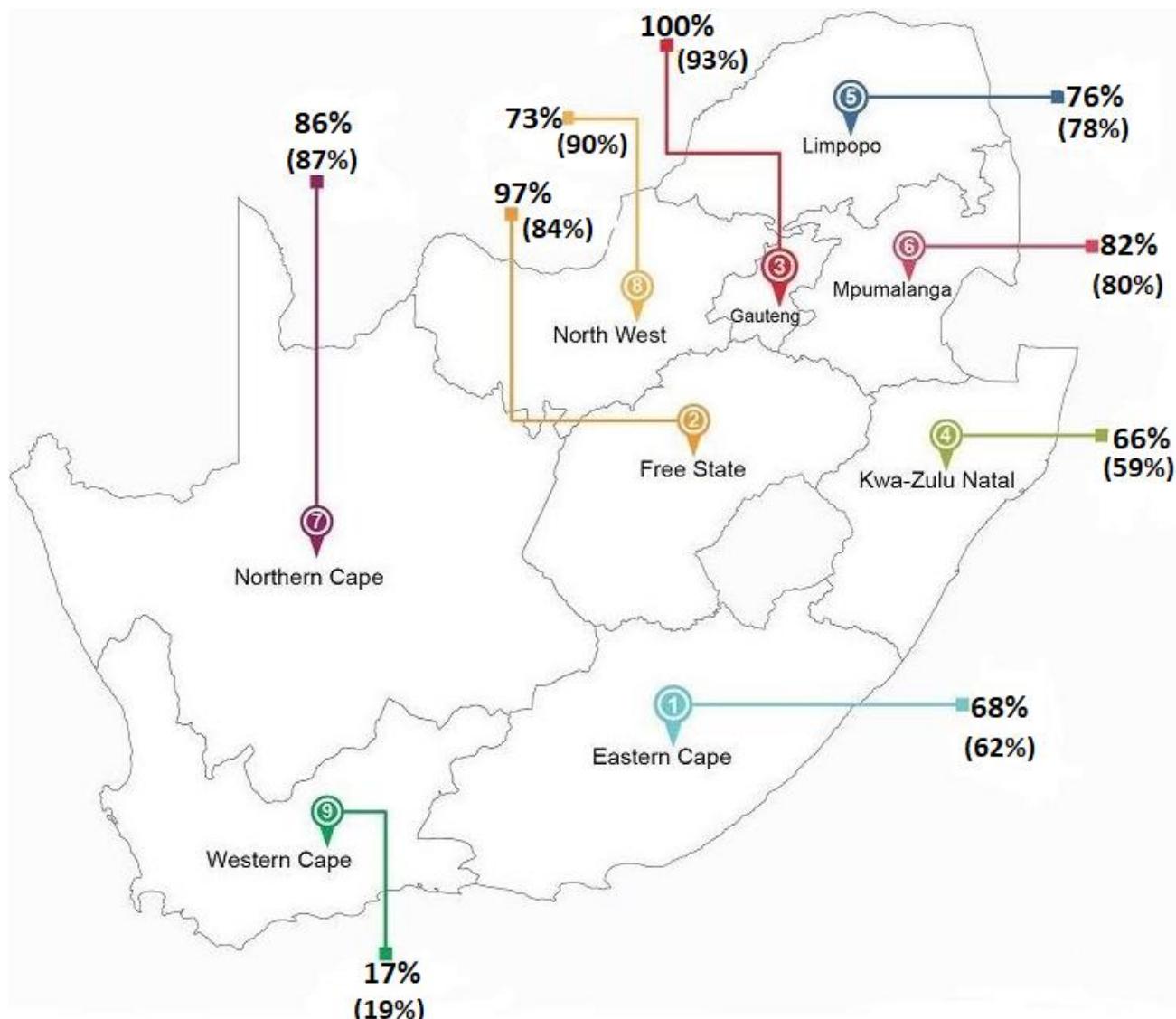
FRUIT (South Africa)	25/05/2018*	28/05/2018*	d-o-d (%Δ)
Apples (R/kg)	6,63	6,63	0,00%
Bananas (R/kg)	6,27	5,97	-4,78%
Oranges (R/kg)	2,78	2,80	+0,72%

\*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 price of apples remained unchanged from levels seen the previous day, closing at R6.63 per kilogram. The price of oranges was marginally up by a percentage point from the previous day, settled at R2.80 per kilogram. Today apples and oranges prices could gain ground owing to lower stocks of 384 655 tonnes and 569 912 tonnes, respectively.
- Meanwhile, the price of bananas declined by 5 percent from the previous day, closing at R5.97 per kilogram. These losses followed a 4 percent uptick in bananas daily in stock to 746 436 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.

Figure 1: South Africa's average dam levels: week ended 21 May 2018, with the same week last year in brackets



Source: Department of Water and Sanitation and Agbiz Research

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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