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Key Data Releases in Agricultural Markets:

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

ECONOMIC INDICATORS	28/05/2018*	29/05/2018*	d-o-d (%Δ)
Rand/US Dollar	12,44	12,47	-0,24%
Rand/Euro	14,49	14,50	-0,07%
Euro/US Dollar	1,1649	1,1628	-0,18%
Gold Spot	1 298,67	1 298,43	-0,02%
Brent Crude Oil	75,44	75,60	+0,21%
Platinum Spot	906,26	904,29	-0,22%
Dow Jones Industrial Average	24 753,09	24 753,09	0,00%
JSE All Share	56 732,33	56 857,24	+0,22%
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*

- The Rand lost ground this morning, weakening by 0.24 percent against the US Dollar from levels seen at midday yesterday, partly due to relatively lower global commodity prices. Furthermore, these losses were in line with the US Dollar appreciation against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R12.47. From a domestic data front, today's calendar is fairly light with no major releases.

- The Brent crude oil market has managed to claw back some of its recent losses. This morning the price was up by 0.21 percent from levels seen at midday yesterday, trading around US$75.60 per barrel. These gains were partly on the back lingering concerns about Venezuela's oil production prospects. This, however, could short lived as the US, Russia and Saudi Arabia aim to increase oil production in order to offset the potential decline in supply from Venezuela.

MAIZE/CORN	28/05/2018*	29/05/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 124	2 138	+0,66%
White maize Jul 18 (R/t)	2 141	2 153	+0,56%
Yellow maize Spot (R/t)	2 222	2 238	+0,72%
Yellow maize Jul 18 (R/t)	2 250	2 261	+0,49%
CME corn May 18 (US cents/bushel)	406	409	+0,74%

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

- Yesterday the SAFEX maize market had a good run and settled in positive territory. The gains were linked to higher Chicago maize prices, as well as commercial buying interest.

- The focus today is on the National Crop Estimates Committee's fourth production estimates which are due for release in the afternoon. Last month, the Committee placed South Africa's 2017/18 maize production estimate at 12.8 million tonnes. About 6.6 million tonnes is white maize, with 6.2 million tonnes being yellow maize.

- Bloomberg analyst's forecasts put South Africa's maize harvest at 12.9 million tonnes, which is slightly higher than last month's estimate. About 52% of this is white maize, with the remainder being yellow maize. This optimism is unsurprising given that the areas that have started harvesting received yields that mainly vary between average and above-average.

- Moreover, the forecast dry and cool weather conditions over the South African maize-belt within the next two weeks could boost the harvest activity. As highlighted in yesterday's note, the areas under irrigation have already made notable progress, whereas the harvest activity is still at initial stages in the dryland areas and could possibly gain momentum in the coming weeks.

- Aside from the domestic production dynamics, the focus on global markets will be on the US maize market ahead of the weekly crop conditions data which is due for release in the evening. On the week of 20 May 2018, about 81 percent of the maize area for this season had already been planted. Nonetheless, this is slightly behind last year's pace of 82 percent in the corresponding period.

- Moreover, about 50 percent of the planted crop had already emerged. The expected dry and cool weather conditions in parts of the US Midwest within the next two weeks does not bode well with the new season crop, which needs moisture at this stage of development. Overall, the International Grains Council forecasts US 2018/19 maize production at 355 million tonnes, down by 4 percent from the previous season.

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

WHEAT	28/05/2018*	29/05/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 855	3 822	-0,86%
SAFEX Wheat Dec 18 (R/t)	3 860	3 853	-0,18%
CME Wheat spot (US cents/bushel)	544	549	+0,92%

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

- Yesterday the SAFEX wheat market pulled back from levels seen the previous day and closed in negative territory. This was due to lower Chicago wheat prices, combined with increased commercial selling.

- In terms of weather outlook, the South African Weather Service seems to be singing from the same hymn book as the International Research Institute for Climate Change Society.[1] Yesterday the local weather agency indicated a possibility of above-normal rainfall in winter crop growing areas between June and September.[2]

- The expected higher rainfall is precisely what is needed in the Western Cape province in order to sufficiently improve soil moisture and benefit the new season crop. The dam levels could also improve. In the week of 21 May 2018, the dams averaged 17 percent, down by 2 percentage points from the same period last year.

- Be that as it may, the near term forecasts paint a mixed picture. The areas around the West Coast, Swartland, Helderberg, Overberg and the Garden Route regions of the Western Cape province could receive light showers within the next eight days which should benefit the newly planted crop. Meanwhile, the forecast for the week of 05 June 2018 shows clear skies over most regions of the province.

- The Western Cape province is of importance because of its share contribution to South Africa's wheat production. The province accounts for 64 percent of South Africa's intended 500 500 hectares for winter wheat in the 2018/19 production season. We will get clarity about this season's harvest when the National Crop Estimates Committee releases its first production estimate for winter crops at the end of August 2018.

- Aside from the production dynamics, the wheat import tariff rate of R437.24 per tonne that triggered on 10 April 2018 was finally published in a government gazette on 25 May 2018, making it an official rate. This is a 45 percent increase from the previous rate. The delays and uncertainty of wheat tariff adjustments partly resulted in a decline in imports in the past couple of weeks, but all triggered tariffs have now been gazetted.

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

[1] International Research Institute for Climate Change Society, 2018. Seasonal Climate Forecast. [Online] Available on: https://iri.columbia.edu/our-expertise/climate/forecasts/seasonal-climate-forecasts/
[2] South African Weather Service, 2018. Seasonal Climate Watch. [Online] Available on: http://www.weathersa.co.za/media/data/longrange/gfcsa/scw.pdf

SOYBEAN	28/05/2018*	29/05/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 537	4 483	-1,19%
SAFEX Soybean Jul 18 (R/t)	4 593	4 543	-1,09%
CME Soybean Spot (US cents/bushel)	1 042	1 048	+0,58%

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

- The domestic soybean market started yesterday's trade session on the negative footing and remained under pressure throughout the day and thus, settled in negative territory. The bearish sentiment emanated from the ongoing harvest activity, relatively stronger Rand against the US Dollar, as well as lower Chicago soybean prices.

- The key focus today is on the National Crop Estimates Committee's summer crop fourth production estimates, which is due for release in the afternoon. The soybean yields in areas that have already harvested largely vary between average and above-average which points to a possibility of a large harvest.

- Last month, the Committee placed South Africa's 2017/18 soybean production at a record level of 1.4 million hectares, supported by expansion in area planted, as well as expectations of higher yields. We believe that this estimate will be left unchanged as the as weather conditions have been favourable since the start of the harvest activity. If there are any adjustments, it will most probably be an upward revision.

- Yesterday we highlighted a possibility of favourable weather conditions for the harvest activity within the next two weeks. However, the forecast has changed overnight and currently shows a likelihood of light showers within the next eight days over parts of Mpumalanga, KwaZulu Natal and Free State provinces. This could slow the harvest activity in late planted areas, but might not cause crop damage as it is expected to be light, varying between 10 and 16 millimetres.

- Elsewhere, the weather is also a key focus in the US soybean market as the planting activity progresses. The weather forecast for the next two weeks shows a possibility of light and scattered showers in parts of the Midwest, which does not bode well with the new season crop that needs moisture.

- On 20 May 2018, about 56 percent of the area for US soybeans had been planted, compared to 50 percent in the corresponding period last year. Of this area, about 26 percent had already emerged. An update will be released in the evening as part of the US crop progress report. Overall, IGC forecasts a 2 percent annual decline in US 2018/19 soybean production to 117 million tonnes.

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	28/05/2018*	29/05/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 593	4 567	-0,57%
SAFEX Sunflower seed July 18 (R/t)	4 658	4 630	-0,60%
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*

- Yesterday the SAFEX sunflower seed market experienced extended losses owing to harvest pressure, as well as a slight recovery in the ZAR/USD exchange.
- SAGIS data recently relieved that in April 2018, the sunflower seed stocks were 58 percent lower than the corresponding period last year, estimated at 143 115 tonnes. However, this had minimal impact on SAFEX prices, as the forecast cool and drier weather conditions within the next two weeks could boost the harvest activity, and therefore lift the stocks.
- Moreover, the reports of average and above-average yields in areas that have already been harvested brought optimism in the market. Given the fairly good yields and favourable weather conditions since the last assessment, there is a possibility that the 2017/18 sunflower seed production estimate of 792 255 tonnes could be slightly lifted in the afternoon when the National Estimate Committee releases its monthly update.
- Outside our borders, the Argentinian Agricultural Ministry lifted its 2017/18 sunflower seed production estimate by 100 000 tonnes from the previous month to 3.5 million tonnes. Nonetheless, this is still 3 percent lower than the previous season due to poor yields in some regions following drier weather conditions.
- Elsewhere, the 2018/19 sunflower seed planting activity is under underway in the northern hemisphere. The Black Sea region has already made notable progress and there are expectations of a good harvest. The USDA forecasts Russia and Ukraine's 2018/19 sunflower seed production at 11.5 million and 15.5 million tonnes, respectively up by 11 percent and 13 percent from the previous season.
- The EU is the only major sunflower seed producer that is set to register a 6 percent annual decline in production to 9.1 million hectares, due to a reduction in areas planted and expectations of lower.
- Overall, the expectations of a large harvest in the Black Sea region will offset the potential decline in the EU region. The USDA forecast 2018/19 global sunflower seed production is estimated at 50 million tonnes, up by 6 percent from the previous season.

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

POTATO	28/05/2018*	29/05/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,14	32,01	-3,41%

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

- The South African potatoes market was under pressure in yesterday's session with the price down by 3 percent from the previous day, closing at R32.01 per pockets (10kg bag). These losses were underpinned by a large stock of 1.25 million pockets (10kg bag) at the beginning of the session.

- In the session, the market experienced continued commercial buying interest, coupled with a slight reduction in producer deliveries on the back of slow harvest activity over the weekend. This subsequently led to a 16 percent decline in daily stocks to 1.05 million pockets (10kg bag).

Bottom line – Today the South African potatoes market could experience extended losses owing to a relatively large stock of 1.05 million pockets (10kg bag).

FRUIT (South Africa)	28/05/2018*	29/05/2018*	d-o-d (%Δ)
Apples (R/kg)	6,63	6,53	-1,51%
Bananas (R/kg)	5,97	5,71	-4,36%
Oranges (R/kg)	2,80	2,66	-5,00%

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

- Yesterday the South African fruit market settled in negative territory due to large stocks. The price of apples was down by 2 percent from the previous day, closing at R6.53 per kilogram. This followed a recovery in producer deliveries, which subsequently led to an uptick in stock levels to 730 444 tonnes.

- Furthermore, the prices of bananas and oranges were down by 4 percent and 5 percent from the previous day, closing at R4.36 per kilogram and R2.66 per kilogram. These losses were also underpinned by a recovery in bananas and oranges stocks to 1.2 million tonnes and 950 905 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	28/05/2018*	29/05/2018*	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.

- 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. 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 next eight days could bring light showers in areas around the West Coast, Swartland, Helderberg, Overberg and the Garden Route regions of the Western Cape province. While this will not be sufficient to notably improve soil moisture, it is a welcome development and could benefit the newly planted crops (figure 1).
- However, the prospects of rainfall will be short-lived as weather forecasts for the week of 05 June 2018 show clear skies over the Western Cape province with the exception of areas around Helderberg and Winelands. Overall, the new season crops could be strained as soil moisture is still low in most regions (figure 2).

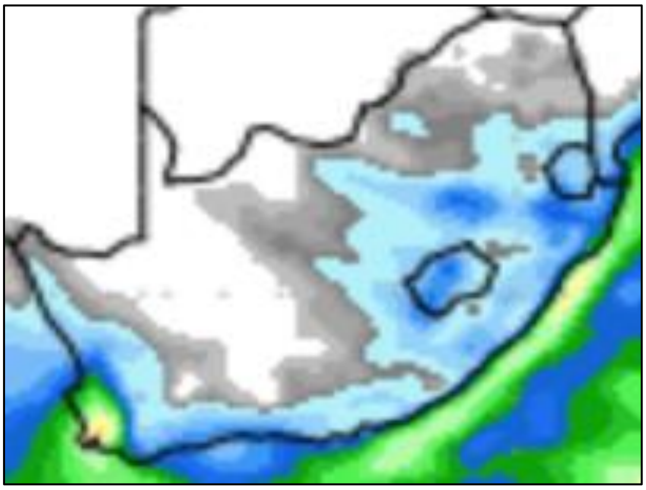

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

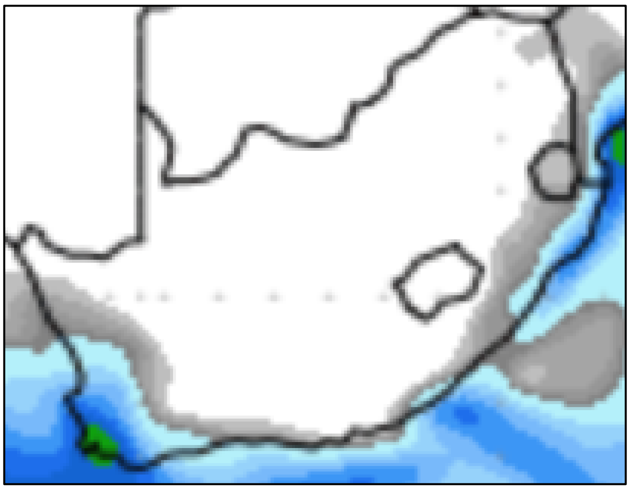

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

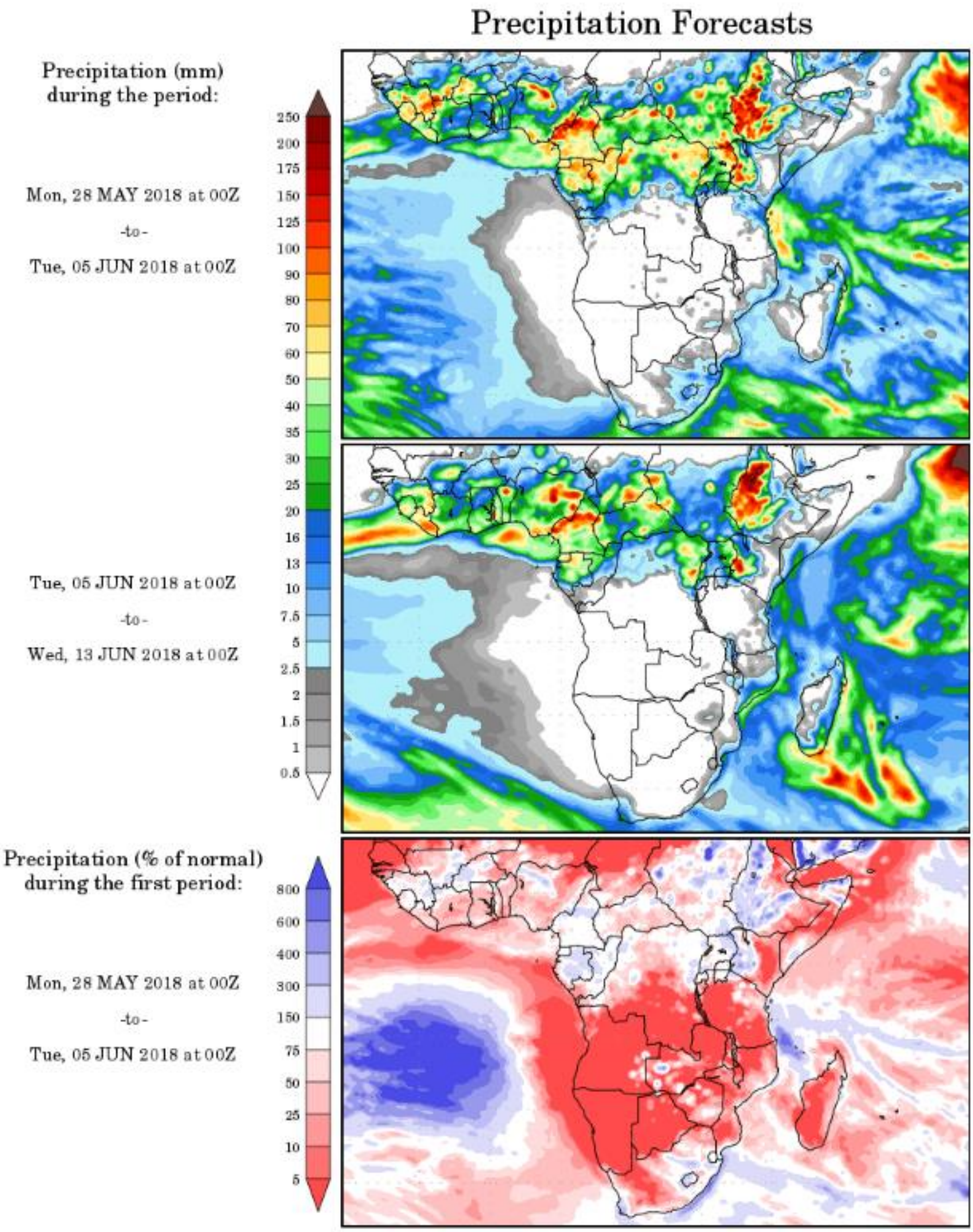

Figure 3: Precipitation forecast
Source: wxmaps

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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