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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 04/06/2018
- SAGIS weekly grain trade data: 05/06/2018
- SAGIS producer deliveries data: 06/06/2018
- SAGIS monthly data: 26/06/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	01/06/2018*	04/06/2018*	d-o-d (%Δ)
Rand/US Dollar	12,67	12,65	+0,16%
Rand/Euro	14,82	14,78	+0,27%
Euro/US Dollar	1,1658	1,1692	+0,29%
Gold Spot	1 299,76	1 293,42	-0,49%
Brent Crude Oil	77,84	76,48	-1,75%
Platinum Spot	911,40	904,70	-0,74%
Dow Jones Industrial Average	24 616,49	24 635,21	+0,08%
JSE All Share	57 151,38	57 282,14	+0,23%
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 domestic currency has slightly recovered this morning, along with other emerging markets currencies. These gains were partly in line with the US Dollar depreciation against major currencies. The Rand/US Dollar is currently 0.16 percent stronger compared to midday Friday, trading around R12.65. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil price was down by 1.75 percent from levels seen at midday Friday, trading around US\$76.48 per barrel. These losses were on the back of increasing US oil output, combined with expectations of higher OPEC supplies. Data from the Energy Information Administration shows that US crude oil production rose to a monthly record of 10.47 million barrels per day in March 2018.



MAIZE/CORN	01/06/2018*	04/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 120	2 123	+0,14%
White maize Jul 18 (R/t)	2 125	2 139	+0,66%
Yellow maize Spot (R/t)	2 208	2 217	+0,41%
Yellow maize Jul 18 (R/t)	2 232	2 248	+0,72%
CME corn May 18 (US cents/bushel)	392	389	-0,77%

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

- The domestic maize market posted gains on Friday's trade session due to commercial buying interest and higher Chicago maize prices. The weaker Rand against the US Dollar also added support to the market.
- South Africa's maize market is well supplied, thanks to an expected large harvest of 12.9 million tonnes. This expected large harvest, combined with the opening stock puts the 2018/19 marketing year maize supplies at 16.4 million tonnes, well above the local maize demand of 10.7 million tonnes.¹
- The primary focus is now on the weather, which could still influence the harvest activity. The increased activity in the fields was evident in the producer deliveries data which showed that 561 275 tonnes had already been delivered to commercial silos in the first four weeks of the 2018/19 marketing year.
- An update for the week ending 01 June 2018 will be released on Wednesday and will most likely show an uptick as harvest activity continues across the country, supported by favourable weather conditions. The weather forecast for the next two weeks promises a possibility of dry and cool weather conditions over most parts of the country which bodes well with the harvest period.
- As set out in our note on 17 May 2018, other countries in the regions are not in a fortunate position as South Africa in terms of maize supplies. Zambia and Zimbabwe could have fairly lower maize supplies in the 2018/19 marketing year due to expectations of a lower harvest and opening stock. Zambia's Ministry of Agriculture points to a 34% year-on-year decline in 2017/18 maize production to 2.4 million tonnes.
- Zimbabwe's 2017/18 maize production is estimated at 1.0 million tonnes, well below the previous season's harvest of 2.1 million tonnes. This implies that most African countries will possibly look to South Africa for additional supplies in 2018/19 marketing year. More information will unfold over the coming months.

Bottom line – Today the domestic maize market could be under pressure due to lower Chicago maize prices, as well as the slightly stronger ZAR/USD exchange.

¹ The 2018/19 marketing year corresponds with 2017/18 production season.



WHEAT	01/06/2018*	04/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 808	3 808	0,00%
SAFEX Wheat Dec 18 (R/t)	3 863	3 875	+0,31%
CME Wheat spot (US cents/bushel)	524	519	-0,95%

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

- On Friday the SAFEX wheat market settled on a mixed footing. The spot price remained unchanged from the previous day due to thinly traded volumes. Meanwhile, December 2018 contract month price gained ground supported by the weaker Rand against the US Dollar, and spillover gains from higher Chicago wheat prices.
- The Chicago wheat prices gained ground due to reports of deteriorating crop conditions in the Black Sea region, particularly in the southern parts of Russia. This is mainly caused by persistent dryness. In the third week of May 2018, the International Grains Council estimated Russia's 2018/19 wheat production at 75 million tonnes, down by 12 percent from the previous season. This estimate did not factor in the recent weather dynamics. Therefore, there might be a further downward revision in the next monthly update.
- The other countries within the Black Sea region that are set to register a decline in 2018/19 production season are Ukraine and Kazakhstan, where harvests are estimated at 27 million and 14 million tonnes, respectively down by a percentage point and 7 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 and Argentina, amongst others. The USDA forecasts 2018/19 global wheat production at 742 million tonnes, down by 2 percent from the previous season.
- Back on our home soil, the weather remains a primary focus as the winter wheat crop is at early stages of development in the Western Cape province. Last week, the Swartland region received good showers of between 20 and 40 millimetres, which bodes well with the crop at the current stages of its development.
- In the Overberg region, the crop is also in good conditions, thanks to the recent showers. In the Southern Cape region, the planting activity is almost complete, also boosted by slight improvement in soil moisture. This is also evident in the province's dam levels which averaged 19 percent in the week of 28 May 2018, up by 2 percentage points from the previous week and a percentage point from the corresponding period last year.
- With that said, it is not all rosy, while the recent showers have slightly improved topsoil moisture, the province needs intense and persistent rainfall in order to replenish subsoil moisture, which will then benefit the crop.

Bottom line – Today the local wheat prices could be under pressure due to lower Chicago wheat prices and the stronger ZAR/USD exchange.



SOYBEAN	01/06/2018*	04/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 476	4 486	+0,22%
SAFEX Soybean Jul 18 (R/t)	4 537	4 545	+0,18%
CME Soybean Spot (US cents/bushel)	1 021	1 013	-0,78%

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

- The SAFEX soybean market posted marginal gains on Friday supported by the weaker Rand against the US Dollar, as well as commercial buying interest. This, however, could be short-lived due to a bearish sentiment from the Chicago soybean market and the harvest pressure from the domestic market.
- The renewed trade tension between China and the US remains a key concern that could add a bearish sentiment to the Chicago soybean market and potential spillover to the local market. As set out in our note on 123 May 2018, China is the world's leading buyer of soybeans. The key underpinning factor behind the country's appetite for soybeans is the growing demand from the animal feed industry.
- China's 2018/19 soybean imports could reach 103 million tonnes, up by 6 percent from the previous season, according to data from the USDA. This equates to 65 percent share of global soybean imports. The leading suppliers of soybeans to China are typically the US, Brazil, Argentina and Uruguay.
- From the US perspective, China is an important market for soybean, accounting for an average share of 45 percent of all soybean exports in the period between 2001 and 2017, according to data from Trade Map. Over this period, the US exported an average annual volume of 31 million tonnes of soybeans to the world.
- Apart from trade aspects, the positive reports of early field conditions could also add pressure to the market. On 27 May 2018, about 77 percent of this season's area for US soybeans had been planted, compared to 65 percent in the corresponding period last year. Of this area, about 47 percent had already emerged.² An update will be released this evening as part of the USDA's crop progress report.
- Back on home soil, the weather forecasts currently show clear skies over most provinces, which means the soybean harvest activity could continue with minimal interruptions within the next two weeks. A large part of the crop has already been harvest and yields generally range between average and above-average.

Bottom line – Similar to other commodities, today the domestic soybean market could be under pressure due to lower Chicago soybean prices and a slightly stronger ZAR/USD exchange.

² With that said, the USDA forecasts a 3 percent annual decline in US 2018/19 soybean production to 116 million.



SUNFLOWER SEED	01/06/2018*	04/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 590	4 615	+0,54%
SAFEX Sunflower seed July 18 (R/t)	4 644	4 670	+0,56%
EU (France) sunflower seed (US\$/t)	388	390	+0,52%

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

- The SAFEX sunflower seed market had a good run during Friday's trade session and settled in positive territory. The market found support on the back of the weaker domestic currency against the US Dollar, as well as commercial buying interest.
- Aside from the aforementioned market movements, there is still a bearish sentiment in the market which emanates from the ongoing harvest activity across the country. While the season started on a bad footing, the rainfall received in late January to March has made notable improvements on the fields. The yields in areas that have already harvested largely vary between average and above average.
- This supports the National Crop Estimates Committee's view of a fairly good yield of 1.32 tonnes per hectare, well above the past five season's average yield of 1.21 tonnes per hectare. Most importantly, the Committee forecasts South Africa's 2017/18 sunflower seed production at 792 255 tonnes, which is 9 percent lower than the previous season. The decline in production is mainly due to a reduction in area planted.
- The weather forecast for the next two weeks shows clear skies over sunflower seed growing regions, which means the harvest activity could continue with minimal interruptions.
- On the global front, on Friday the EU's sunflower seed market managed to claw back some of its recent losses with the price up by 0.52 percent from the previous day, closing at US\$390 per tonne. These gains were in line with the vegetable oil and crude oil price movements.
- Elsewhere, the sunflower seed planting activity is almost over in the Black Sea region. On 01 June 2018, about 97 percent of the area for this season had already been planted. This region is expected to perform relatively better this season. The USDA forecasts Russia and Ukraine's 2018/19 sunflower seed production at 11.5 million and 15.5 million tonnes, up by 11 percent and 13 percent from the previous season, respectively.
- The aforementioned crop improvements, combined with expected good harvest in Turkey and Argentina, will subsequently boost the 2018/19 global harvest to 49.8 million tonnes, up by 6 percent from the previous season.

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



POTATO	01/06/2018*	04/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,54	31,43	-0,35%

*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 0.35 percent from the previous day, closing R31.43 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.48 million pockets (10kg bag) at the beginning of the session.
- However, in the session, the market experienced an uptick in commercial buying interest, coupled with a slight decline in deliveries, which subsequently led to a 10 percent decline in daily stock to 1.33 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a relatively large stock of 1.33 million pockets (10kg bag).

FRUIT (South Africa)	01/06/2018*	04/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,35	6,59	+3,78%
Bananas (R/kg)	5,97	6,23	+4,36%
Oranges (R/kg)	2,74	2,68	-2,19%

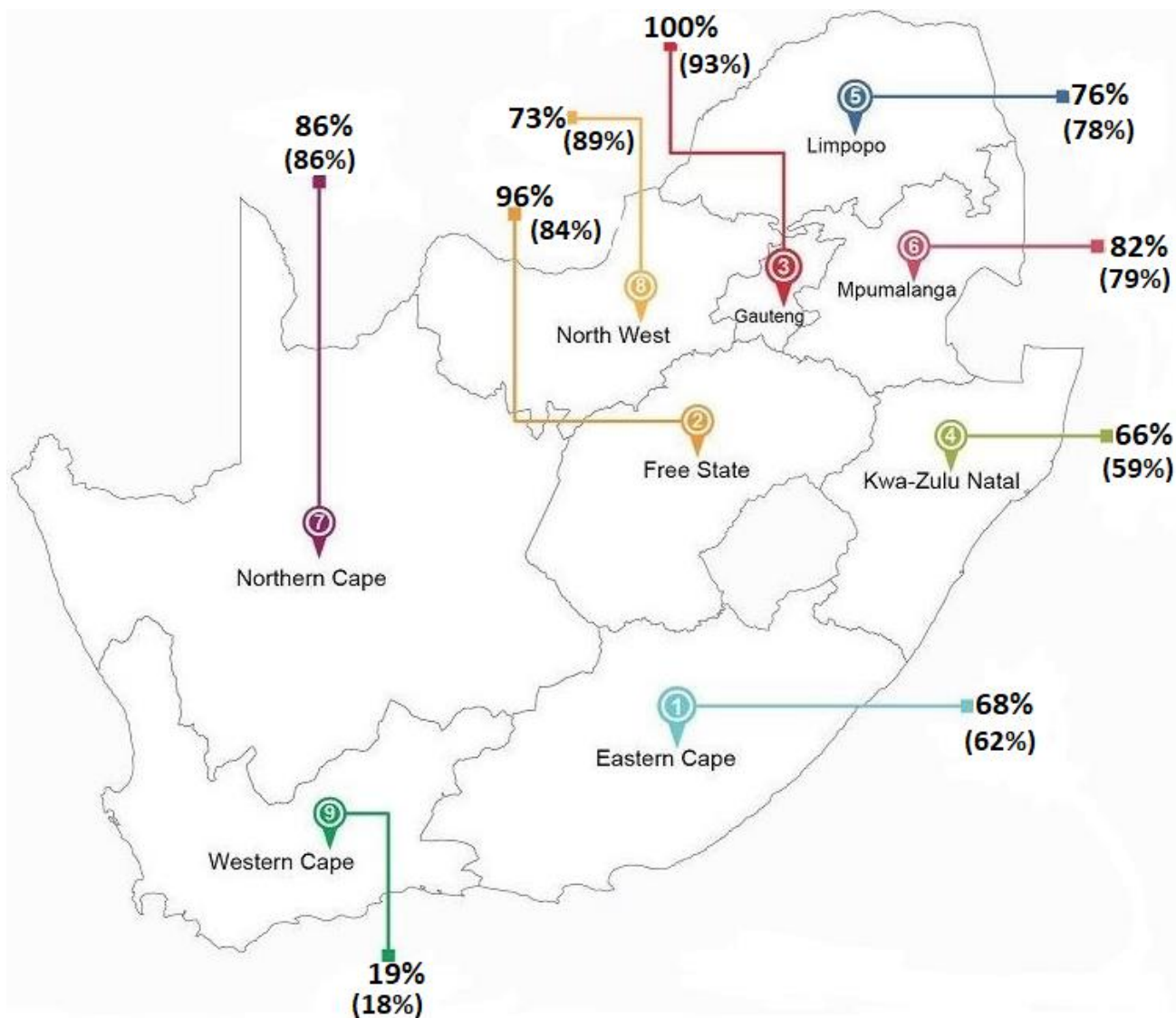
*Previous trading day's price survey in South African fresh produce markets

- The South African fruit market settled on a mixed footing in Friday's trade session. The prices of apples and bananas were each up by 4 percent from the previous day, closing at R6.59 and R6.23 per kilogram, respectively. This followed an uptick in commercial buying interest, which in turn, led to a decline in daily stocks to 426 029 tonnes of apples and 892 916 tonnes of bananas.
- Meanwhile, the price of oranges was down by 2 percent from the previous day, closing at R2.68 per kilogram. This too was due to a recovery in deliveries which resulted in large stocks of 932 836 tonnes of oranges.

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 28 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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