

FOR ANY QUERIES, PLEASE CONTACT:

 Wandile Sihlobo: wandile@agbiz.co.za
Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 05/06/2018
- SAGIS producer deliveries data: 06/06/2018
- USDA's crop progress report: 11/06/2018
- SAGIS monthly data: 26/06/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	04/06/2018*	05/06/2018*	d-o-d (%Δ)
Rand/US Dollar	12,57	12,58	-0,08%
Rand/Euro	14,75	14,70	+0,34%
Euro/US Dollar	1,1724	1,1690	-0,29%
Gold Spot	1 294,28	1 292,03	-0,17%
Brent Crude Oil	76,09	75,54	-0,72%
Platinum Spot	904,60	899,80	-0,53%
Dow Jones Industrial Average	24 635,21	24 813,69	+0,72%
JSE All Share	57 148,00	57 870,89	+1,26%
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 yesterday, trading around R12.58 to the US Dollar. The marginal losses recorded were partly in line with the US Dollar appreciation against major currencies, as well as lower global commodity prices. From a domestic data front, Stats SA will release GDP data for the first quarter of 2018.
- The Brent crude oil price was again under pressure this morning with the price down by 0.72 percent from levels seen at midday yesterday, trading around US\$75.54 per barrel. These losses were mainly on the back of increasing US oil production, as well as speculations that OPEC may raise oil output in order to offset the potential decline in supply from Venezuela and Iran. We will get more clarity after OPEC's meeting on 22 June.



MAIZE/CORN	04/06/2018*	05/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 123	2 078	-2,12%
White maize Jul 18 (R/t)	2 139	2 087	-2,43%
Yellow maize Spot (R/t)	2 217	2 182	-1,58%
Yellow maize Jul 18 (R/t)	2 248	2 202	-2,05%
CME corn May 18 (US cents/bushel)	388	382	-1,55%

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

- The SAFEX maize market started yesterday's trades session in negative territory and remained under pressure throughout the day. This was due to a relatively stronger Rand against the US Dollar, ongoing harvest activity, as well as spillover pressure from lower Chicago maize prices.
- The Chicago maize market was largely underpinned by favourable conditions for crops across the US Midwest. The weather forecast for the next eight days shows a possibility of widespread showers in parts of the Midwest, which should improve soil moisture and then benefit the new season crop.¹
- In terms of crop conditions, about 97 percent of US maize area for this season had already been planted in the week of 03 June 2018, which is slightly ahead of last year's pace of 95 percent in the corresponding period. Moreover, about 86 percent of the planted crop had already emerged. The International Grains Council forecasts US 2018/19 maize production at 355 million tonnes, down by 4 percent from the previous season.
- The US is not the only country that is set to register a decline in 2018/19 maize production. The most recent data from the European Commission shows that the region's 2018/19 maize production could decline by 2 percentage points from the previous season to 63.9 million tonnes due to a slight reduction in area planted, combined with expectations of lower yields in some countries within the region. Also in this list is India, where 2018/19 maize production is set to decline by 2 percent from the previous season to 26.5 million tonnes.
- However, the aforementioned production decline could be offset by expected large harvest in Brazil, Argentina, Ukraine, China and Russia. This is evident on International Grains Council estimates which point to a percentage point annual increase in 2018/19 global maize production to 1.05 billion tonnes. This means that the global maize market will be well supplied over the next few months. Overall, this will have minimal impact on the SAFEX maize prices due to large domestic supplies, estimated at 16.4 million tonnes, above annual consumption.

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

¹ Please see the link for more information on US precipitation outlook: <http://wxmaps.org/pix/prec1>



WHEAT	04/06/2018*	05/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 808	3 817	+0,24%
SAFEX Wheat Dec 18 (R/t)	3 875	3 865	-0,26%
CME Wheat spot (US cents/bushel)	514	509	-0,97%

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

- The SAFEX wheat market once again settled on a mixed footing in yesterday's trade session. The spot price was up due to commercial buying interest and spillover support from higher Chicago wheat prices. Meanwhile, the December 2018 contract month price pulled back from the previous levels and settled in negative territory.
- The newly emerged winter wheat crop is in good condition in Swartland and Overberg regions of the Western Cape province, thanks to rainfall received in the past couple of weeks. Furthermore, the late planting activity in Southern Cape regions is almost complete, supported by slight improvement in soil moisture.
- To reiterate a point made in our previous notes, South African farmers intended to plant 500 500 hectares of winter wheat this season, up by 2 percent from the 2017/18 production season. More than two-thirds of this are produced in the Western Cape province, hence our focus is largely in this particular province. The other key producing provinces are Northern Cape, Free State and Limpopo, with part of the crop under irrigation.
- We will get clarity about this season's potential harvest when the National Crop Estimates Committee releases its first production estimate for winter crops at the end of August 2018. In the coming weeks, the weather will be a primary focus in the market. While the recent rainfall is a welcome development, there is a need for intense and persistent follow-up rainfall in order to replenish subsoil moisture and subsequently benefit the crop.
- The weather forecasts for the next two weeks might not bring the required amount of rainfall. The forecasts show a possibility of light showers of between 16 and 25 millimetres along the coastal areas of the Western Cape province, while the central areas could remain cool and dry.
- While the near-term weather forecasts remain unfavourable, the next few months could bring higher rainfall in the province. The South African Weather Service and International Research Institute for Climate Change Society forecast a possibility of above-normal rainfall in the Western Cape province between June and September 2018.²

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

² South African Weather Service, 2018. Seasonal Climate Watch. [Online] Available on: <http://www.weathersa.co.za/media/data/longrange/gfcsa/scw.pdf>



SOYBEAN	04/06/2018*	05/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 486	4 449	-0,82%
SAFEX Soybean Jul 18 (R/t)	4 545	4 506	-0,86%
CME Soybean Spot (US cents/bushel)	1 011	1 001	-0,99%

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

- The SAFEX soybean market started yesterday's trade session in positive territory, but quickly lost ground and remained under pressure throughout the day. This was mainly underpinned by the stronger Rand against the US Dollar, as well as a slight decline in Chicago soybean prices.
- The decline in Chicago soybean prices followed reports of easing of truck drivers' strike in Brazil, as well as forecasts for precipitation in parts of the US Midwest within the next eight days.
- While the strike did not lead to notable delays of soybean exports, it was a major concern in the market because of Brazil's share contribution to global soybean exports. The country exported 68 million tonnes of soybean in 2017, according to data from Trade Map. This equates to 44 percent share of global soybean exports in 2017. Trailing Brazil was the United States and Argentina with shares of 37 percent and 5 percent, respectively.
- The leading buyers of Brazil's soybeans in 2017 were China and Spain, respectively accounting for 79 percent and 3 percent shares of total exports. Moreover, Thailand, Netherlands, Iran, Russia, Taiwan, Pakistan and the United Kingdom were also amongst the buyers of Brazilian soybeans in 2017.
- Elsewhere, there are still lingering concerns about the renewed trade tension between China and the US. As demonstrated in the aforementioned section, China is the world's leading buyer of soybeans, supported by an increase in 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.
- Back on home soil, the soybean harvest activity could continue with minimal interruptions within the next eight days as weather forecasts show clear skies over most parts of the country. A large part of the crop has already been harvest and yields generally range between average and above-average, which supports the National Crop Estimate Committee's view of a record harvest of 1.4 million tonnes.

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



SUNFLOWER SEED	04/06/2018*	05/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 615	4 615	0,00%
SAFEX Sunflower seed July 18 (R/t)	4 670	4 670	0,00%
EU (France) sunflower seed (US\$/t)	390	393	+0,77%

*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 sunflower seed market. Both spot and July 2018 contract month prices remained flat from the previous day due to thinly traded volumes.
- Yesterday the Supply and Demand Estimates Committee kept South Africa's 2018/19 marketing year sunflower seed supplies estimate unchanged from the previous month, at 955 596 tonnes. Nonetheless, this is 10 percent lower than the previous season due to a decline in production.³ This figure includes an opening stock, the expected harvest, as well as imports.
- At the same period, the total demand is estimated at 855 500 tonnes, down by 4 percent from the 2017/18 marketing year due to expectations of a reduction in sunflower seed utilisation in the processing oil and oilcake.
- In terms of trade, the 2018/19 sunflower seed imports are estimated at 500 tonnes, down by 10 percent from the previous season due to an expected reduction in demand. The exports could also decline by 27 percent from the previous day and amount to 200 tonnes.
- In the fields, the harvest activity should continue with minimal interruptions in the next two weeks as weather forecasts show clear skies over sunflower seed growing regions. As indicated in yesterday's note, 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.
- Contrary to the domestic price movements, the EU's sunflower seed market gained ground in yesterday's trade session with the price up by 0.77 percent from the previous day, closing at US\$393 per tonne. This comes after Stratégie Grains slashed its EU's 2018/19 sunflower seed production estimate by 5 percent from the previous day to 9.1 million tonnes due to unfavourable weather conditions and a reduction in area planted.

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

³ The 2018/19 marketing year corresponds with the 2017/18 production season. South Africa's 2017/18 sunflower seed production at 792 255 tonnes, down by 9 percent from the previous season



POTATO	04/06/2018*	05/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,43	30,98	-1,43%

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

- The South African potatoes market started the week on a negative footing with the price down by 1.43 percent from the previous day, closing R30.98 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.33 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 due to slow harvest activity over the weekend. This subsequently led to a 23 percent decline in daily stock to 1.02 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 1.02 million pockets (10kg bag).

FRUIT (South Africa)	04/06/2018*	05/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,59	6,54	-0,76%
Bananas (R/kg)	6,23	6,08	-2,41%
Oranges (R/kg)	2,68	2,59	-3,36%

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

- The South African fruit market was under pressure in yesterday's trade session following a slight uptick in producer deliveries on the back of ongoing harvest activity. The price of apples was down by a percentage point from the previous day, closing at R6.54 per kilogram, due to a large stock of 624 754 tonnes.
- The prices of bananas and oranges were down by 2 percent and 3 percent from the previous day, closing at R6.08 and R2.59 per kilogram, respectively. This followed an uptick in daily stocks to 987 469 tonnes of bananas and 958 976 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.

BEEF CARCASS	30/05/2018*	31/05/2018*	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 market has been on a quiet footing for some time due to thinly traded volumes. Yesterday's session was no different, the price remained flat from the previous day. Therefore, the SAFEX beef carcass price might not be a true reflection of the physical market which continues to show solid activity
- In terms of the supply, the South African farmers slaughtered 188 888 head of cattle in April 2018, down by 6 percent from the same period last year. The decline in slaughtering is on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. However, the trend could soon change as the USDA forecasts a 4 percent annual 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 charts for the next eight days shows clear skies over most parts of the country with the exception of Swartland, Helderberg, Winelands and Overberg regions of the Western Cape province which could receive light showers (figure 1). While the forecast rainfall is a welcome development in the Western Cape province, it will not make a meaningful improvement on subsoil moisture as it is expected to be light and scattered.
- The precipitation forecast for the week of 17 June 2018 presents a possibility of light showers across the coastal areas of the country. Overall, the new season crop could be slightly strained because subsoil moisture is low in the Western Cape province. The recent showers only improved topsoil moisture levels, not subsoil (figure 2).

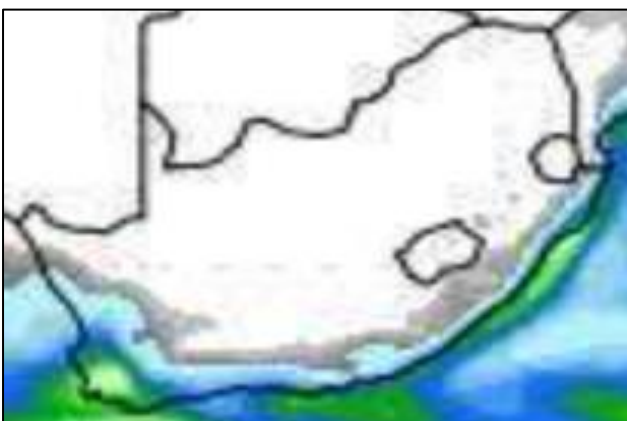


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

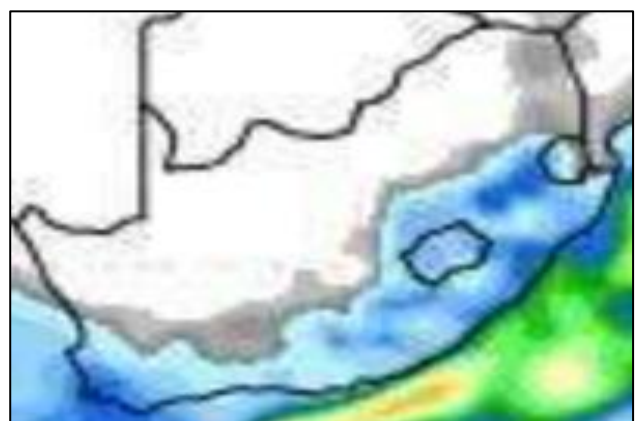


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

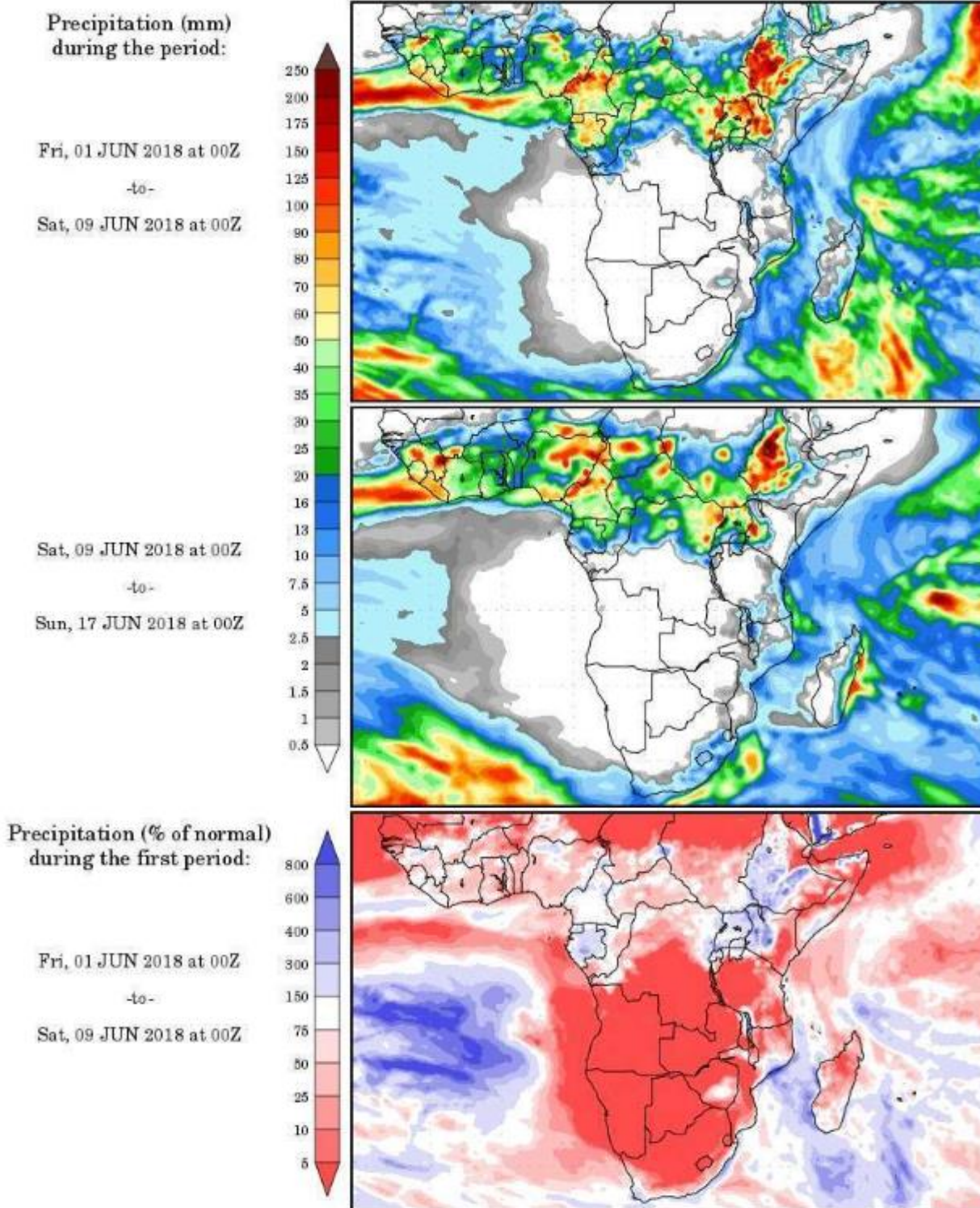


Figure 3: Precipitation forecast
Source: wxmaps

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.

[@WandileSihlobo](#) [@AgriChamber](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.