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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 06/06/2018
- USDA's crop progress report: 11/06/2018
- SAGIS weekly grain trade data: 12/06/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	05/06/2018*	06/06/2018*	d-o-d (%Δ)
Rand/US Dollar	12,68	12,72	-0,31%
Rand/Euro	14,84	14,91	-0,47%
Euro/US Dollar	1,1664	1,1723	+0,51%
Gold Spot	1 292,33	1 294,10	+0,14%
Brent Crude Oil	74,66	75,64	+1,31%
Platinum Spot	896,70	901,80	+0,57%
Dow Jones Industrial Average	24 792,62	24 799,98	+0,03%
JSE All Share	57 770,45	57 779,11	+0,01%
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 was under pressure this morning, weakened by 0.31 percent against the US Dollar from levels seen at midday yesterday. This comes after a disappointing GDP growth data for the first quarter of the year, at -2.2% quarter-on-quarter seasonally adjusted and annualised, compared with a consensus expectation for -0.5%. At the time of writing, the Rand/US Dollar exchange traded around R12.72. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil price was up by 1.31 percent from levels seen at midday yesterday, trading around US\$75.64 per barrel. These gains were largely on the back of an expected decline in Venezuela and Iran's oil production. The decline in US oil production also added support to the market. The most recent data from the American Petroleum Institute shows that US oil inventories declined by 2 million barrels in the week ending 01 June 2018.



MAIZE/CORN	05/06/2018*	06/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 078	2 070	-0,38%
White maize Jul 18 (R/t)	2 087	2 080	-0,34%
Yellow maize Spot (R/t)	2 182	2 176	-0,27%
Yellow maize Jul 18 (R/t)	2 202	2 195	-0,32%
CME corn May 18 (US cents/bushel)	383	386	+0,78%

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

- The SAFEX maize market lost ground in yesterday's trade session as the harvest activity continued to add pressure to the market. Moreover, the lower Chicago maize prices also added a bearish sentiment to the market.
- The harvest activity is gaining ground across the country and this is evident from the last producer deliveries data which showed that 255 903 tonnes of maize were delivered to commercial silos in the week of 25 May 2018, up by 77 percent from the previous week. Tomorrow's data will most likely show a further uptick as weather conditions have generally been favourable in the past couple of days.
- Still, on the weather subject, the forecast for the next two weeks is favourable. There are clear skies over the maize belt, which means that the harvest activity could continue smoothly. This also bodes well with crops in late planted areas that are at tail-end stages of maturation.
- In terms of trade, South Africa exported 101 699 tonnes of maize in the week of 01 June 2018, up by 34 percent from the previous week. About 94 percent of the exports were yellow maize, with 6 percent being white maize.
- The leading buyer was Taiwan with a share of 51 percent of total production. Trailing behind Taiwan was Italy with a share of 39 percent. The rest of the maize went to regional markets which include Swaziland, Namibia, Mozambique, Botswana and Lesotho. Overall, this placed South Africa's 2018/19 maize exports at 230 203 tonnes, which equates to 10 percent of the seasonal export forecast of 2.4 million tonnes. The exports in the next couple of months will most likely go to traditional export markets which include Japan, Taiwan, Botswana, Zimbabwe, Swaziland, South Korea, Namibia, Lesotho and Mozambique, amongst others.
- Elsewhere, the new season maize planting is almost complete in the US. About 97 percent of the 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.

Bottom line – Today the domestic maize market could gain ground due to higher Chicago maize prices, coupled with the weaker ZAR/USD exchange.



WHEAT	05/06/2018*	06/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 817	3 817	0,00%
SAFEX Wheat Dec 18 (R/t)	3 865	3885	+0,52%
CME Wheat spot (US cents/bushel)	517	514	-0,58%

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

- Yesterday there was no movement in the SAFEX spot price due to thinly traded volumes. However, the December contract month price was quite active and thus settled in positive territory due to higher Chicago wheat prices, as well as the weaker Rand against the US Dollar.
- The optimistic picture painted in our previous notes has somewhat changed for the near term. The weather charts have cleared over most parts of the Western Cape and currently shows a possibility of light showers in the week of 21 June. This, however, will only be centred in areas around Helderberg, Winelands and Overberg.
- The rainfall received in the past couple of days led to a slight improvement in soil moisture, which subsequently benefited the newly emerged crop in areas around Swartland and Overberg. Moreover, the Southern Cape regions also benefited, hence the planting activity is towards completion.
- This is also evident in the provincial dam levels which averaged 24 percent in the week of 04 June 2018, up by 5 percentage points from the previous week and 6 percentage points from the corresponding period last year. However, next week's dam levels update might not present a notable uptick as this one due to aforementioned weather dynamics.
- In terms of trade, 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. While this is 45 percent higher than the previous rate, the adjustment has brought some certainty in the market. Hence, the import activity has resumed after a quiet period of more than two months when the adjustments were still pending.
- Last week, South Africa imported 52 910 tonnes of wheat, which is double the volume imported in the week of 25 May 2018. About 31 percent from Russia, 29 percent from Lithuania, 20 percent from Latvia and 20 percent from Argentina. This brought South Africa's 2017/18 wheat imports to 1.3 million tonnes, which equates to 68 percent of the season's import forecast of 1.9 million tonnes.
- Elsewhere, the spring wheat planting is almost complete in the US. On 03 June 2018, about 97 percent of the area had already been planted, slightly behind last year's pace of 99 percent in the same period.

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.



SOYBEAN	05/06/2018*	06/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 449	4 452	+0,07%
SAFEX Soybean Jul 18 (R/t)	4 506	4 503	-0,07%
CME Soybean Spot (US cents/bushel)	999	1 007	+0,80%

*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 soybean market. The prices settled on a mixed footing with spot price supported by commercial buying interest. Meanwhile, July 2018 contract month price was under pressure in line with Chicago soybean prices.
- The weather is still a key factor driving the Chicago soybean prices. The favourable crop weather conditions across the Midwest added bearish pressure to the market yesterday. This could remain a key them for some time as the weather forecast for the next two weeks shows a possibility of good rainfall over the Midwest.¹
- This bodes well with the newly emerged that requires moisture at its current stage of development. The improvement in soil moisture could also boost the planting activity that is currently underway across the US. On 03 June 2018, about 87 percent of the area for soybeans had already been planted, compared to 81 percent at the corresponding period last year. Moreover, about 68 percent of the planted crop had already emerged.
- While the production conditions look favourable, the area plantings for US 2018/19 soybean crop could be slightly lower than the previous season, which then translates into a decline in production. This explains the International Grains Council's view of a 2 percent annual decline in US 2018/19 soybean production to 117 million tonnes.
- Nonetheless, the potential decline in US soybean production will not mean much in terms of global supplies. The expected improvement in production in countries such as Brazil, Argentina, Uruguay, India and Paraguay, amongst others, could offset the decline in the US soybean production. In fact, the International Grains Council forecasts a 6 percent year-on-year uptick in 2018/19 global soybean production to 356 million tonnes.
- On a domestic front, the weather conditions are quite favourable. The forecasts for the next two weeks shows clear skies which means farmers could continue harvesting with minimal interruptions. The yields received thus far have been fairly good, which supports the view of 1.4 million tonnes production in 2017/18 season.

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

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



SUNFLOWER SEED	05/06/2018*	06/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 615	4 590	-0,54%
SAFEX Sunflower seed July 18 (R/t)	4 670	4 646	-0,51%
EU (France) sunflower seed (US\$/t)	393	393	0,00%

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

- In the absence of major news in the domestic sunflower seed market, the weather became a key focus in yesterday's session. The expectations of cool and drier weather conditions within the next two weeks suggest that the harvest activity could continue with minimal interruptions.
- The aforementioned positive weather developments, combined with an increase in commercial selling added bearish pressure to the SAFEX sunflower seed market in yesterday's trade session.
- In terms of yield expectations, the message from farmers in the ground hasn't changed from what we highlighted on Monday. The yields in areas that have harvested largely vary between average and above-average, which somewhat 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 because of unfavourable weather conditions at the start of the season.
- The decent harvest implies that South Africa's 2018/19 marketing year sunflower seed supplies could amount to 955 596 tonnes, which is about 10 percent lower than the previous season due to a decline in production.² The supply figure includes an opening stock, the expected harvest, as well as imports.³
- Elsewhere, the sunflower seed planting activity is underway in the US. On 03 June 2018, about 49 percent of the area had already been planted, which is slightly behind last year's pace of 58 percent in the corresponding period. The delay could be attributed to unfavourable weather conditions at the start of the season. SUNSEEDMAN forecast US 2018/19 sunflower seed production at a million tonnes, up by 2 percent from the previous season. This is due to an expansion in area planted and expectations of higher yields.

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

² The 2018/19 marketing year corresponds with the 2017/18 production season.

³ The decline in supply coincides with a potential reduction in demand. Data from the South African Supply and Demand Estimates Committee shows that the total demand could amount to 855 500 tonnes, down by 4 percent from the 2017/18 marketing year due to expectations of a decline in sunflower seed utilisation in the processing oil and oilcake.



POTATO	05/06/2018*	06/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,98	33,30	+7,49%

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

- Yesterday the South African potatoes market managed to claw back some of its recent losses with the price up by 7 percent from the previous day, closing R33.30 per pockets (10kg bag). These gains were underpinned by lower stocks of 1.02 million pockets (10kg bag) at the beginning of the session.
- Nonetheless, in the session, the market experienced an uptick in producer deliveries due to increased harvest activity after a weekend. This subsequently led to a 10 percent increase in daily stock to 1.12 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 1.12 million pockets (10kg bag).

FRUIT (South Africa)	05/06/2018*	06/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,54	6,49	-0,76%
Bananas (R/kg)	6,08	6,32	+3,95%
Oranges (R/kg)	2,59	2,06	-20,46%

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

- The South African fruit market ended yesterday's trade session on a mixed footing. The prices of apples and oranges were down by a percentage point and 20 percent from the previous day, closing at R6.49 per kilogram and R2.06 per kilogram, respectively. This followed an uptick in stocks to 654 102 tonnes of apples and 1.3 million tonnes of oranges.
- Meanwhile, the price of bananas increased by 4 percent from the previous day, closing at R6.32 per kilogram. This followed a 2 percent decline in daily stock to 968 721 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.

BEEF CARCASS	05/06/2018*	06/06/2018*	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, at R39.50 per kilogram due to thinly traded volumes. 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 have changed overnight. There are now clear skies across the country (figure 1). While this is conducive for summer crop harvest activity, the winter crops could be strained by drier weather conditions. The recent rainfall in the province was light and scattered, which means the subsoil moisture levels are still low.
- The weather forecast for the week of 21 June 2018 presents a similar outlook of dryness across most parts of the country, with the exception of Helderberg, Winelands and parts of Overberg which could receive light showers. This does not bode well for new season crop that urgently needs moisture (figure 2).

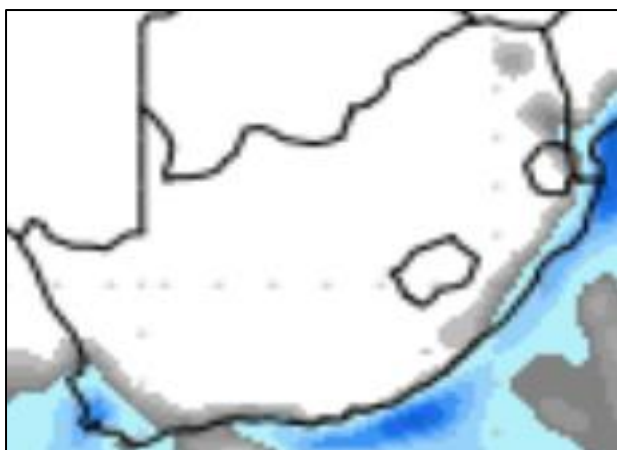


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

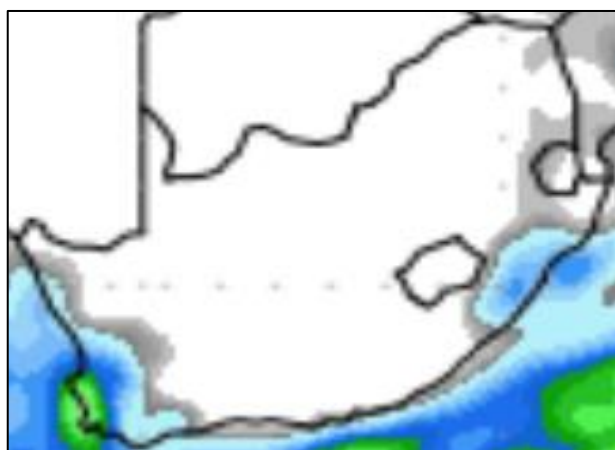


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

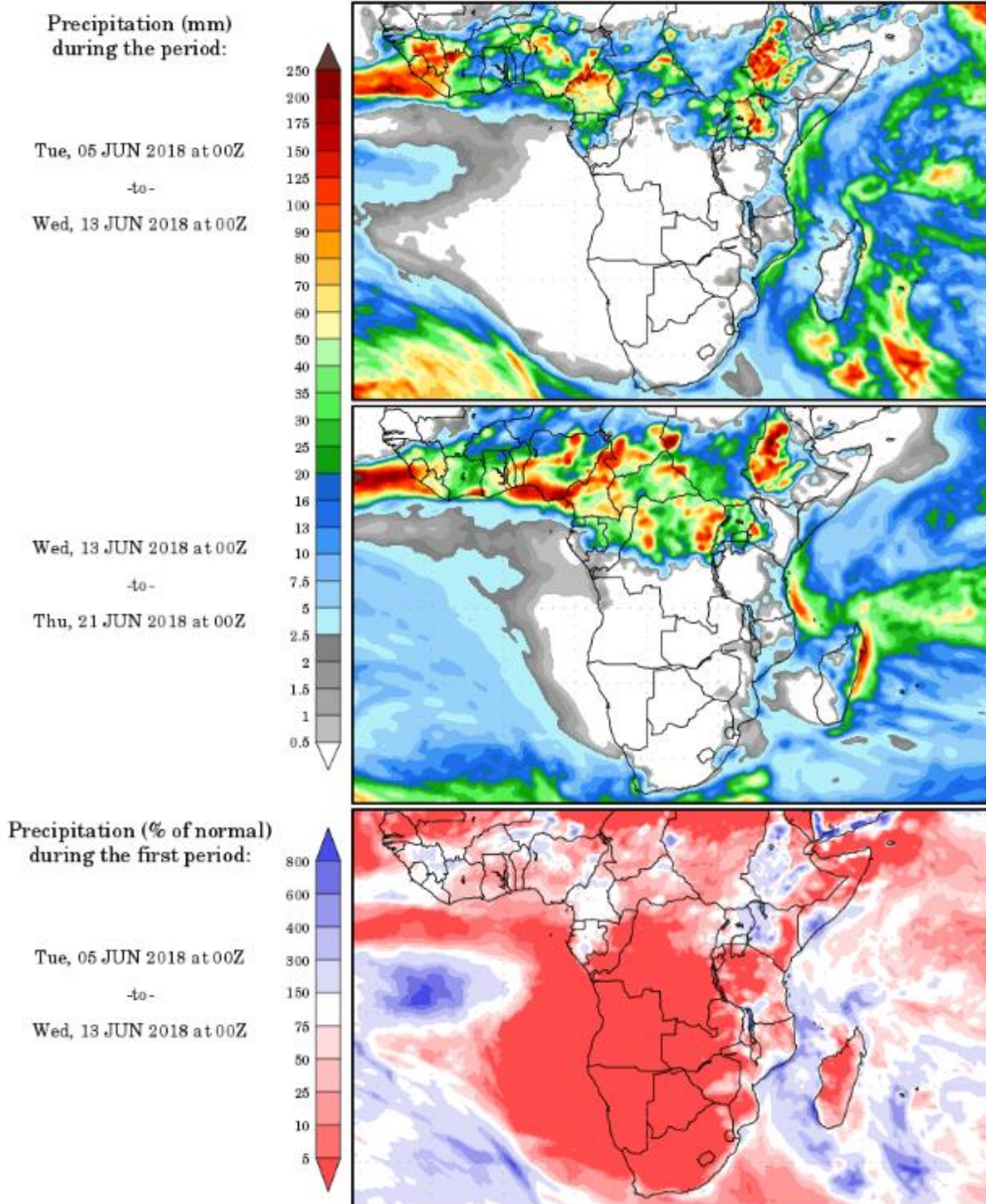


Figure 3: Precipitation forecast
Source: wxmaps

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.

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