

FOR ANY QUERIES, PLEASE CONTACT:

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

- USDA's crop progress report: 11/06/2018
- SAGIS weekly grain trade data: 12/06/2018
- SAGIS producer deliveries data: 13/06/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	06/06/2018*	07/06/2018*	d-o-d (%Δ)
Rand/US Dollar	12,79	12,71	+0,63%
Rand/Euro	15,05	14,99	+0,40%
Euro/US Dollar	1,1762	1,1793	+0,26%
Gold Spot	1 295,96	1 296,97	+0,08%
Brent Crude Oil	74,99	75,94	+1,27%
Platinum Spot	903,20	906,20	+0,33%
Dow Jones Industrial Average	24 799,98	25 146,39	+1,40%
JSE All Share	58 270,16	58 081,87	-0,32%
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 domestic currency slightly recovered from yesterday's levels, along with other emerging market currencies. At the time of writing, the Rand/US Dollar was 0.63 percent stronger compared to midday yesterday, trading at levels around R12.71. The Rand's appreciation was in line with the US Dollar depreciation against major currencies, as well as a slight increase in global commodity prices. From a domestic data front, Stats SA will release the manufacturing data for April 2018.
- The Brent crude oil price was up by 1.27 percent from levels seen at midday yesterday, trading around US\$75.95 per barrel. These gains were largely on the back of an expected decline in Venezuela and Iran's oil production. This overshadowed the bearish news of a 2.1 million barrels increase in US oil inventories, which was contrary to market expectations of a 2.0 million decline in inventories in the week of 01 June 2018.



MAIZE/CORN	06/06/2018*	07/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 070	2 081	+0,53%
White maize Jul 18 (R/t)	2 080	2 100	+0,96%
Yellow maize Spot (R/t)	2 176	2 190	+0,64%
Yellow maize Jul 18 (R/t)	2 195	2 217	+1,00%
CME corn May 18 (US cents/bushel)	384	381	-0,78%

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

- Yesterday the SAFEX maize market managed to claw back some of its recent losses and settled in positive territory. This was due to the spillover support from higher Chicago maize prices, as well as the effect of the weaker Rand against the US Dollar.
- The harvest activity is gaining momentum across the country, thanks to favourable weather conditions. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 181 310 tonnes in the week of 01 June 2016.
- About 71 percent of this was yellow maize, with 39 percent being white maize. The fact that a large part of maize delivered to commercial silos is yellow maize signals that the harvest activity is gaining ground mainly in the early planted areas in the eastern parts of the country (areas that predominantly plant yellow maize). The total maize deliveries for the five weeks of the 2018/19 marketing year are estimated at 854 155 tonnes.
- More maize will be delivered in the coming weeks as the expected cool and drier weather conditions within the next two weeks could provide conducive conditions for the harvest activity, particularly in the early planted areas in the eastern and central parts of South Africa.
- Moreover, the expected drier weather conditions are also conducive for the late planted areas where the maize crop is currently at the tail end stages of the maturation process.
- As set out in our previous notes, the yields in areas that have already harvested ranges between average and above average (yields), which supports that National Crop Estimates Committee's view of 12.9 million tonnes of maize production this season. 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

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

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



WHEAT	06/06/2018*	07/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 817	3 835	+0,47%
SAFEX Wheat Dec 18 (R/t)	3885	3 900	+0,39%
CME Wheat spot (US cents/bushel)	516	527	+2,13%

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

- After a quiet start of the week, the SAFEX wheat market saw an increase in activity yesterday, which combined with the weaker Rand against the US Dollar, led to marginal gains. Moreover, there was also positive spillover support from higher Chicago soybean prices.
- The only scientific certainty is uncertainty. This rings true with the current weather forecasts. Yesterday we noted a possibility of clear skies over the wheat growing areas of the Western Cape within the next two weeks, but this morning there are positive developments.
- The week of 22 June 2018 shows a possibility of rainfall over the Western Cape province. This could improve soil moisture and subsequently benefit the crop. The recent assessments show that the crops in areas around Swartland and Overberg are in good shape, following rainfall received in the past couple of weeks. Moreover, the newly emerged crops in the Southern Cape region are also in fair conditions.
- The expected rainfall could improve dam levels which are in a somewhat better shape compared to the past couple of weeks. The Western Cape's provincial dam levels 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 same period last year.
- Furthermore, there is a possibility of above-normal rainfall in the Western Cape province within the next four months, which is exactly what is needed in order to improve sub-soil moisture.² This would subsequently support the new season crop over the coming months. This province is of importance because it accounts for 64 percent of South Africa's intended 500 500 hectares for winter wheat in the 2018/19 production season.
- While the focus is on the new season crop, some farmers continue to deliver old season crop to commercial silos. About 810 tonnes of wheat were delivered to commercial silos in the week of 01 June 2018, which is well below the previous week's deliveries of 1 956 tonnes. Overall, South Africa's 2017/18 marketing year wheat deliveries for week 1 to 35 are estimated at 1.5 million tonnes.

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/afcsa/scw.pdf>



SOYBEAN	06/06/2018*	07/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 452	4 462	+0,22%
SAFEX Soybean Jul 18 (R/t)	4 503	4 518	+0,33%
CME Soybean Spot (US cents/bushel)	1 002	993	-0,90%

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

- Yesterday the SAFEX soybean market managed to claw back its recent losses and settled in positive territory. The gains were mainly on the back of the weaker domestic currency against the US Dollar, as well as higher Chicago soybean prices.
- Fundamentally, nothing has changed. The news of record harvest of 1.4 million tonnes for this season has largely been factored in, hence commodity prices reacted positively to the currency weakness, and also easily supported by spillover support from the Chicago soybean market.
- The domestic environment remains favourable for the harvest activity, showing clear skies over most soybean growing areas of the country within the next eight days. However, the week of 22 June 2018 shows a possibility of light showers in the eastern parts of Mpumalanga and KwaZulu Natal provinces which could potentially slow the harvest activity in areas that have not yet completed.
- We place more emphasis in these particular provinces because of their contribution to South Africa's soybean production. Mpumalanga and KwaZulu Natal account for roughly half of South Africa's expected soybean harvest of 1.4 million tonnes.
- The other country that is closely monitoring the weather developments in the US. The soybean crop is currently in good shape in the States that planted early in the season. The areas that have recently planted and some that are yet to plant could benefit from expected rainfall over the Midwest within the next eight days.³
- As indicated in our note yesterday, at the beginning of this week, about 87 percent of the area for soybeans had already been planted, compared to 81 percent on 03 June 2017. 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.

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

³ Please see the link for more information on US precipitation outlook: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	06/06/2018*	07/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 590	4 625	+0,76%
SAFEX Sunflower seed July 18 (R/t)	4 646	4 664	+0,39%
EU (France) sunflower seed (US\$/t)	388	387	-0,26%

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

- Yesterday the weaker Rand against the US Dollar, coupled with commercial buying interest provided good support to the market, hence all SAFEX contract month prices settled in positive territory.
- However, this could be short-lived due to general bearish sentiment on the back of ongoing harvest activity. The next two weeks could present an acceleration in harvest activity as weather conditions are expected to be cool and dry across the country. The late planted-areas that are at tail end stages of maturation could also benefit from drier weather conditions.
- To reiterate a point made in our previous note, 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. If the late-planted areas also present fairly higher yields, then the Committee forecast of 792 255 tonnes of sunflower seed this season could materialise.⁴
- Elsewhere, the EU's sunflower seed market ended yesterday's trade session in negative footing with the price down by 0.26 percent from the previous day, closing at US\$387 per tonne. This was somewhat in line with the decline in vegetable oil prices, particularly palm oil.
- The 2018/19 sunflower seed planting activity is complete in the Black Sea region. The most recent data from Russia's Ministry of Agriculture shows that the harvest activity is completed on 7.5 million hectares. Ukraine's planting activity is also completed on 5.7 million hectares.
- The region's crop is expected to perform fairly well on the back of favourable weather conditions and expansion in area planted. Last month, the USDA estimated 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.

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

⁴ This is 9 percent lower than the previous season due to a reduction in area planted because of unfavourable weather conditions at the start of the season.



POTATO	06/06/2018*	07/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,30	32,47	-2,49%

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

- The South African potatoes market lost ground in yesterday's trade session with the price down by 2 percent from the previous day, closing at R32.47 per pockets (10kg bag). This was on the back of fairly large stock of 1.12 million pockets (10kg bag) at the beginning of the session.
- In the session, the market experienced an uptick in producer deliveries due to increased harvest activity in most parts of the country. This subsequently led to a 4 percent increase in daily stock to 1.16 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 1.16 million pockets (10kg bag).

FRUIT (South Africa)	06/06/2018*	07/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,49	7,06	+8,78%
Bananas (R/kg)	6,32	6,04	-4,43%
Oranges (R/kg)	2,06	2,71	+31,55%

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

- The South African fruit prices have been quite wobble due to notable changes in stock levels. Yesterday the prices of apples and oranges were up by 9 percent and 32 percent from the previous day, closing at R7.06 per kilogram and R2.71 per kilogram, respectively. This followed an uptick in stocks to 523 011 tonnes of apples and 739 209 tonnes of oranges.
- Meanwhile, the price of bananas declined by 4 percent from the previous day, closing at R6.04 per kilogram. This followed a 29 percent decline in daily stock to 682 979 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	06/06/2018*	07/06/2018*	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 was again another quiet week in the SAFEX beef carcass market with the price unchanged from the previous day, at R39.50 per kilogram due to thinly traded volumes. Thus, 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 show clear skies over the most parts of the country within the next eight days (figure 1). While drier conditions are conducive for summer crop harvest activity, the newly emerged winter crops need moisture as the recent rainfall did not sufficiently improve soil moisture.
- The weather forecast for the week of 22 June 2018, has changed overnight and currently presents a possibility of widespread rainfall in the Western Cape province, as well as the Eastern Cape and KwaZulu Natal provinces (figure 2). This is good for winter crops, but could partially slow the summer crop harvest activity.

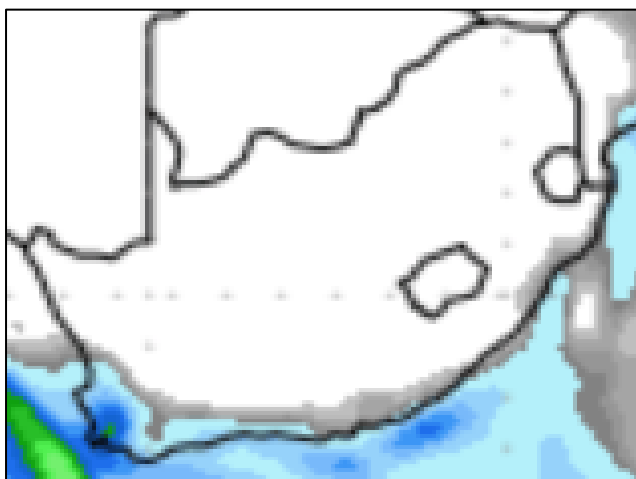


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

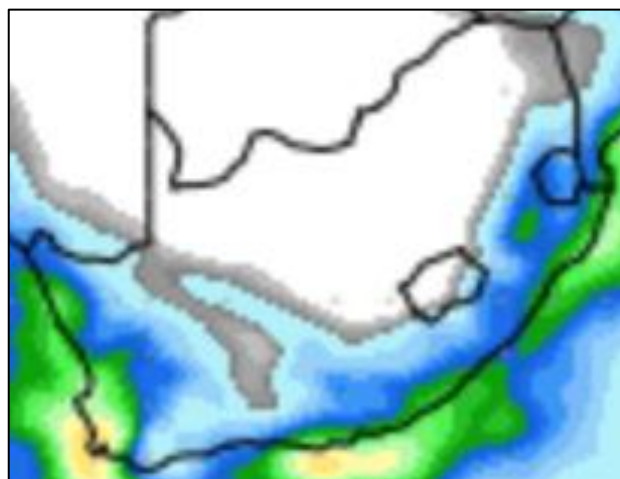


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

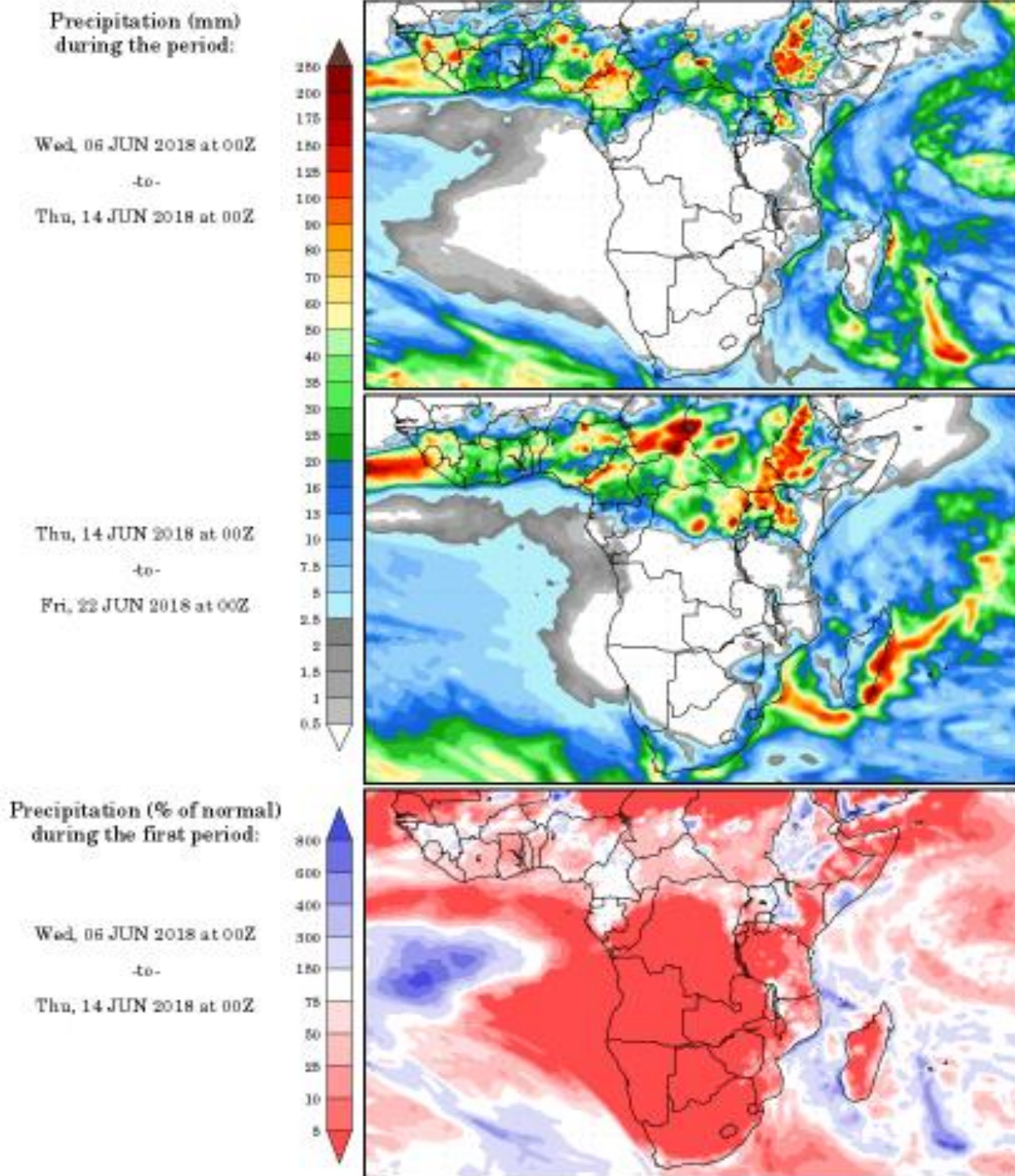


Figure 3: Precipitation forecast
Source: wxmaps

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.