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**Key Data Releases in Agricultural Markets:**

- USDA's crop progress report: 18/06/2018
- SAGIS weekly grain trade data: 19/06/2018
- SAGIS producer deliveries data: 20/06/2018
- SAGIS monthly data: 26/06/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 27/06/2018

| <b>ECONOMIC INDICATORS</b>   | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|------------------------------|-------------|-------------|------------|
| Rand/US Dollar               | 13,30       | 13,27       | +0,23%     |
| Rand/Euro                    | 15,66       | 15,67       | -0,06%     |
| Euro/US Dollar               | 1,1774      | 1,1802      | +0,24%     |
| Gold Spot                    | 1 294,81    | 1 299,03    | +0,33%     |
| Brent Crude Oil              | 75,64       | 76,55       | +1,20%     |
| Platinum Spot                | 896,50      | 901,00      | +0,50%     |
| Dow Jones Industrial Average | 25 320,73   | 25 201,20   | -0,47%     |
| JSE All Share                | 58 388,42   | 58 437,23   | 0,08%      |
| 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/US Dollar is currently 0.23 percent stronger compared to midday yesterday, trading around R13.27. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. Moreover, the slight uptick in global commodity prices also added support to the market. From a data front, Stats SA will release the Mining production data for April 2018
- This morning the Brent crude oil price was up by 1.20 percent from levels seen at midday yesterday, trading around US\$76.55 per barrel. These gains came after the Energy and Information Administration reported a 4.1 million barrels decline in US stocks in the week of 08 June 2018. Aside from that, the global oil market has generally been supported by the expected decline in Iran and Venezuela' oil production.



| MAIZE/CORN                        | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|-----------------------------------|-------------|-------------|------------|
| White maize Spot (R/t)            | 2 056       | 2 087       | +1,51%     |
| White maize Jul 18 (R/t)          | 2 070       | 2 098       | +1,35%     |
| Yellow maize Spot (R/t)           | 2 158       | 2 187       | +1,34%     |
| Yellow maize Jul 18 (R/t)         | 2 183       | 2 210       | +1,24%     |
| CME corn May 18 (US cents/bushel) | 376         | 373         | -0,80%     |

\* 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 its recent losses and settled in positive territory, as the weaker Rand against the US Dollar continued to support. Moreover, the market was also supported by positive spillover from the Chicago maize market.
- The uptick in Chicago maize prices was underpinned by a tighter global supply. This week, the USDA revised its 2018/19 global maize ending stocks down by 3 percent from the previous month to 155 million tonnes. This is about 20 percent lower than the previous season's stocks. The decline is partially driven by an expected uptick in global maize consumption.
- In terms of production, the USDA forecasts 2018/19 global maize production at 1.06 billion tonnes, up by 2 percent from the previous season. This is supported by expected large harvest in Argentina, Brazil, China and Canada, amongst others.
- On the domestic front, the harvest activity is gaining momentum, thanks to favourable weather conditions. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 511 875 tonnes in the week of 08 June 2016, well above the previous week's deliveries of 94 240 tonnes.
- About 67 percent of this was yellow maize, with 33 percent being white maize. We made this point last week, but it is worth restating as the data hasn't changed much. The fact that a large share of maize delivered to commercial silos is yellow shows that the harvest activity is gaining ground mainly in the early planted areas in the eastern parts of the country (areas that predominantly produce yellow maize). The total maize deliveries for the first six weeks of the 2018/19 marketing year are estimated at 1.4 million 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 the South Africa maize-belt.

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



| WHEAT                            | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|----------------------------------|-------------|-------------|------------|
| SAFEX Wheat Spot (R/t)           | 3 867       | 3 915       | +1,24%     |
| SAFEX Wheat Dec 18 (R/t)         | 3 940       | 3 966       | +0,66%     |
| CME Wheat spot (US cents/bushel) | 528         | 512         | -3,03%     |

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

- The SAFEX wheat market had a good run in yesterday's trade session, supported by the weaker domestic currency against the US Dollar, as well as spillover support from higher Chicago wheat prices.
- Yesterday's uptick in Chicago wheat prices was largely underpinned by a downward revision of the new season global wheat production estimate. The USDA revised its 2018/19 global wheat production estimate down marginally from last month to 745 million tonnes. This, however, is 2 percent lower than the previous season. The decline is driven by expected lower harvest in the EU and the Black Sea regions.
- The USDA forecasts EU's 2018/19 wheat production at 149 million tonnes, down by a percentage point from the previous season. Within the Black Sea region, Russia's 2018/19 wheat production is estimated at 69 million tonnes, down by 19 percent from the previous season. In the same season, Ukraine's harvest is estimated at 27 million tonnes, down by 2 percent from the previous season.
- Moreover, India's 2018/19 wheat production is estimated at 97 million tonnes, down by 2 percent from the previous season. The decline is largely on the back of a reduction in area planted and expectations of lower yields in some parts of the country.
- However, the decline in production in the aforementioned countries is slightly offset by expected large harvest in Canada, Australia, US, Brazil and Argentina amongst others. Hence, the annual decline in global wheat production is relatively marginal.
- As set out in yesterday's note, the global wheat demand is expected to remain solid for some time. The 2018/19 global wheat imports are estimated at 184 million tonnes, up by a percentage point from the previous season, with North Africa and the Middle-East amongst the key wheat importing regions.
- Overall, the aforementioned developments will provide a slightly bullish pressure to the global wheat prices in the medium term, which could then spillover to the local market as South Africa is a net importer of wheat. In the fields across South Africa, the crops are in good condition in the Western Cape province, thanks to recent rainfall. The forecasts for the next eight days remain positive showing a possibility of showers.

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



| <b>SOYBEAN</b>                     | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|------------------------------------|-------------|-------------|------------|
| SAFEX Soybean Spot (R/t)           | 4 404       | 4 423       | +0,43%     |
| SAFEX Soybean Jul 18 (R/t)         | 4 444       | 4 464       | +0,45%     |
| CME Soybean Spot (US cents/bushel) | 944         | 937         | -0,74%     |

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

- The SAFEX soybean market had a good run in yesterday's trade session and settled in positive territory. These gains stemmed from the weaker Rand against the US Dollar, as well as higher Chicago soybean prices.
- The uptick in Chicago soybean prices was more of the US story than a global one. The key driver was the projection of tighter US soybean stocks. The USDA estimated the US 2018/19 soybean ending stock at 10.5 million tonnes, which is 7 percent lower than the previous month's estimate and down by 23 percent from the previous season. This is partially on the back of an expected lower harvest.
- The USDA placed the US 2018/19 soybean production estimate at 116.5 million tonnes, down by 3 percent from the previous season. These estimates could still be adjusted in the coming months as crops develop. The conditions at the moment are quite favourable in the fields. On 10 June 2018, about 74 percent of the US soybean crop was rated good or excellent, compared to 66 percent in the corresponding period last year. If weather conditions remain favourable over the coming months, the yield estimate could be revised up which will then translate into the upward revision of the production estimate.
- From a global perspective, the aforementioned decline of the US soybean harvest will be offset by the expected large crop in South America, India and Russia amongst others. To reiterate a point made yesterday, the USDA forecasts 2018/19 global soybean production at 355 million tonnes, up by 6 percent from the previous season.
- This is supported by an expected recovery in South America's soybean production, particularly Argentina where 2018/19 soybean production is estimated at 56 million tonnes, up by 44 percent from the 2017/18 production season. Brazil's harvest is estimated at 118 million tonnes, down by a percentage point from the previous season.
- The other key event to keep a close eye on in the near term is the US-China trade relation as that could have implications in the global soybean market. The 2018/19 global soybean imports are estimated at 160 million tonnes, up by 4 percent from the previous season. China will be amongst the key importers with a volume of 103 million tonnes, which equates to 65 percent share of global soybean imports.

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



| SUNFLOWER SEED                      | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|-------------------------------------|-------------|-------------|------------|
| SAFEX Sunflower seed Spot (R/t)     | 4 607       | 4 623       | +0,35%     |
| SAFEX Sunflower seed July 18 (R/t)  | 4 643       | 4 661       | +0,39%     |
| EU (France) sunflower seed (US\$/t) | 396         | 395         | -0,25%     |

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

- Yesterday the SAFEX sunflower seed market managed to claw back some of its recent losses due to support from the weaker Rand against the US Dollar. With that said, there is still a bearish sentiment in the domestic sunflower seed market which emanates from expectations of good yields and ongoing harvest activity.
- The harvest activity has advanced in areas that planted early in the season. The activity could continue smoothly with minimal interruption within the next two weeks as the weather forecasts show a possibility of cool and drier weather conditions. The late-planted areas have recently commenced the harvest activity, and will somewhat benefit in a similar way from expected drier conditions.
- The one factor that we are still keeping a close eye on is frost. So far there are no further updates from what we noted on Monday. To recap, we indicated that there were reports of frost in areas around Lichtenburg, Delareyville and Sannieshof, but the extent of damage is still unknown.
- Outside our borders, the USDA had an interesting feature on sunflower seed meal market in the recent monthly report. The highlight was Chinese presence in the sunflowerseed meal market following the approval of the sanitary and phytosanitary protocols and requirements for imports from Ukraine.
- China's sunflower seed meal imports are estimated at 150 000 tonnes and expected to increase in the next season. This is a relatively small volume compared to other major importers such as the EU and Turkey, but it gained coverage because China is a relatively new player in this market. The USDA forecasts 2018/19 global sunflower seed meal imports at 7.6 million tonnes, up by 6 percent from the previous season.
- From an export perspective, the key players are Russia and Ukraine. Both these countries are expecting a good harvest in 2018/19 season, which means there will be large supplies in the global market relative to the previous seasons. The USDA forecasts Russia and Ukraine's 2018/19 sunflower seed production at 11.5 and 15.5 million tonnes, up by 11 percent and 13 percent from the previous season. These estimates are well above SUNSEEDMAN's estimates that we shared yesterday. Overall, the 2018/19 global sunflower seed production could reach 49.8 million tonnes, up by 6 percent from the previous season.

Bottom line – Today, the domestic sunflower seed market could be under pressure due to the relatively stronger Rand against the US Dollar.



| <b>POTATO</b>       | 13/06/2018* | 14/06/2018* | d-o-d (%Δ) |
|---------------------|-------------|-------------|------------|
| RSA Potato (R/10kg) | 31,95       | 30,73       | -3,82%     |

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

- After experiencing a good run at the start of the week, the South African potatoes market pulled back in yesterday's session and settled in negative territory due to a large stock of 1.19 million pockets (10kg bag) at the start of the session.
- In the session, the market experienced a further uptick in deliveries due to the ongoing harvest activity in most parts of the country. This subsequently led to an 8 percent increase in daily stock to 1.29 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience extended losses owing to a large stock of 1.29 million pockets (10kg bag).

| <b>BEEF CARCASS</b>       | 13/06/2018* | 14/06/2018* | 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, closing at R39.50 per kilogram. Worth noting is that the SAFEX beef carcass price might not be a true reflection of the physical market which continues to show solid activity
- From the supply front, 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 next eight days could bring showers of between 16 and 50 millimetres in areas Swartland, Helderberg, Winelands and parts of Overberg regions of the Western Cape province, which bodes well for the new season winter crop (figure 1). Meanwhile, the rest of the country could experience cool and drier weather conditions which are good for summer crop harvest activity.
- The weather forecast for the week of 29 June presents cool and drier weather conditions in most parts of the country, with light showers in the Winelands and Hedelberg regions of the Western Cape province (figure 2).

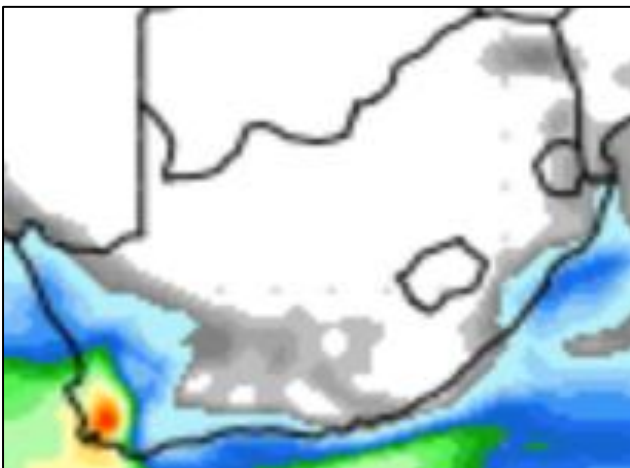


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

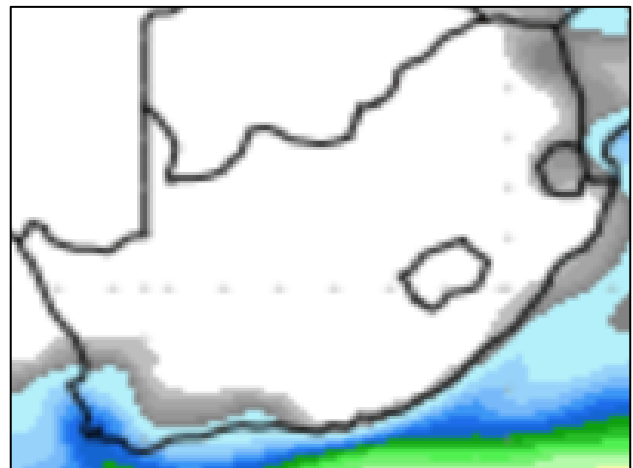


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

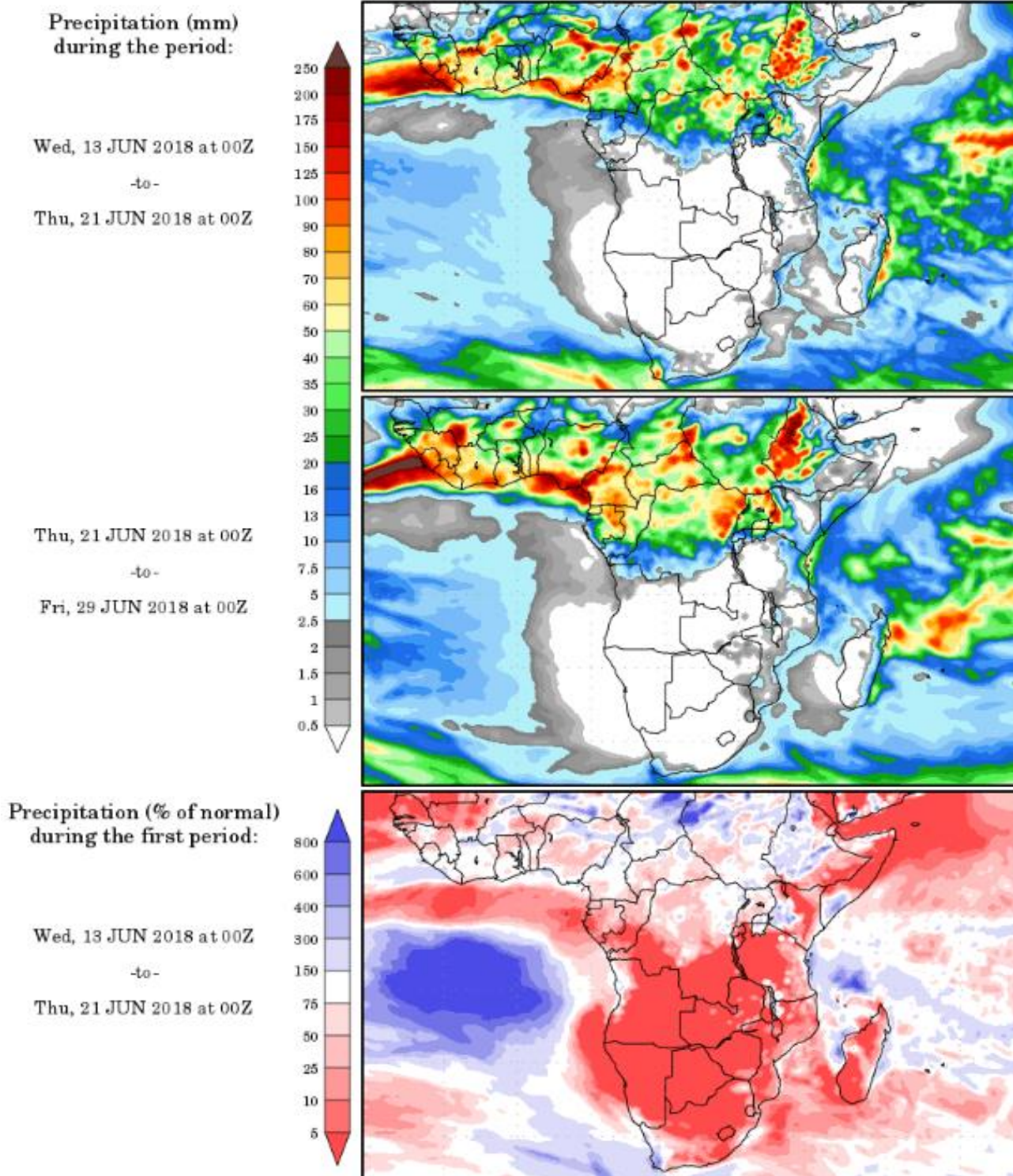


Figure 3: Precipitation forecast  
Source: wxmaps

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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