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 Wandile Sihlobo: wandile@agbiz.co.za
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 fifth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	15/06/2018*	18/06/2018*	d-o-d (%Δ)
Rand/US Dollar	13,42	13,45	-0,22%
Rand/Euro	15,57	15,59	-0,13%
Euro/US Dollar	1,1602	1,1591	-0,09%
Gold Spot	1 294,14	1 280,39	-1,06%
Brent Crude Oil	75,41	72,63	-3,69%
Platinum Spot	901,60	887,70	-1,54%
Dow Jones Industrial Average	25 175,31	25 090,48	-0,34%
JSE All Share	57 908,70	57 660,50	-0,43%
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 started the week on a negative footing, weakening by 0.22% against the US Dollar from levels seen at midday Friday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies, as well as lower global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R13.45. From a domestic data front, today's calendar is fairly light with no major releases
- The Brent crude oil price is under pressure this morning, trading around US\$72.63 per barrel. This is partially linked to escalating US-China trade tensions, which could negatively affect US oil exports. The trade dispute coincided with the expected improvement in US crude oil production. The data from Baker Hughes shows that the number of active US rigs drilling for oil increased by 1 to 863 last week.



MAIZE/CORN	15/06/2018*	18/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 065	2 045	-0,97%
White maize Jul 18 (R/t)	2 076	2 052	-1,16%
Yellow maize Spot (R/t)	2 165	2 142	-1,06%
Yellow maize Jul 18 (R/t)	2 191	2 166	-1,14%
CME corn May 18 (US cents/bushel)	360	359	-0,28%

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

- After experiencing a good run during the week, the SAFEX maize market withdrew its gains on Friday and settled in negative territory. This was underpinned by harvest pressure, combined by bearish sentiment emanating from lower Chicago maize prices.
- The data calendar is quite light this week with only weekly grain trade and deliveries data due for release. To recap, the harvest activity is gaining momentum across the country, supported by favourable weather conditions. The progress is reflected in the volumes of maize delivered to commercial silos which amounted to 1.43 million tonnes in the first five weeks of the 2018/19 marketing year.
- About 65 percent of total deliveries are yellow maize, which suggests 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). With that said, the harvest activity could gain momentum across the country within the next couple of weeks as the weather forecast shows a likelihood of cool and drier weather conditions within the next two weeks. An update of the deliveries for the week ending 15 June 2018 will be released on Wednesday.
- Elsewhere, the weather is a primary focus in most countries in the Northern Hemisphere as the new season crop is still at its early stages of development that requires moisture. In the US, about 94 percent of the crop had already emerged on 10 June 2018, which is slightly ahead of last year's pace of 93 percent in the corresponding period.
- Moreover, about 77 percent of the crop was rated good or excellent, which is 10 percentage points higher than the corresponding period last year. An update will be released this evening. The general improvement in crop conditions is largely supported by favourable weather conditions experienced in the past couple of weeks. The next two weeks promise a continuation of rainfall over the US Midwest which should improve soil moisture and subsequently support the new season crop. With that said, the USDA forecasts a 4 percent annual decline in US 2018/19 maize production to 357 million tonnes. This is largely due to a decline in area planted.

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



WHEAT	15/06/2018*	18/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 920	3 948	+0,71%
SAFEX Wheat Dec 18 (R/t)	3 963	3 976	+0,33%
CME Wheat spot (US cents/bushel)	496	496	0,00%

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

- On Friday, the SAFEX wheat market had a good run underpinned by the weaker Rand against the US Dollar. In addition, the positive spillover from higher Chicago wheat prices also provided support to the market.
- The Western Cape, Free State, Northern Cape and Limpopo are the key winter wheat producing provinces in South Africa, accounting for 95 percent share of the estimated area of 500 500 hectares for the 2018/19 season. The Western Cape province is, however, the main producing province with a share of 64 percent in the overall estimated area. The new season planting is complete across the province, but crop conditions reports paint a mixed picture.
- The winter wheat crop is in good condition in the Swartland region, thanks to recent rainfall. In fact, towards the end of last week, the Swartland region received between 20 and 30 millimetres of rainfall, which bodes well with the new season crop. The crop in Overberg region is also in fair condition following good showers in the past couple of weeks. Towards the end of last week, the region received light showers of about 10 millimetres. However, the Southern Cape region has not received notable rainfall since the start of the season and the recently emerged winter wheat crop is not in good shape.
- The weather forecast this week promises a possibility of light showers of between 16 and 40 millimetres across most parts of the Western Cape province, which should support crops in the near term. With that said, the subsoil moisture levels are still low across the province due to the recent drought. The province needs intense and persistent rainfall in order to show notable improvements.
- Elsewhere, the winter wheat planting activity is still at initial stages in other provinces. The Free State province, which is the second largest wheat producer after the Western Cape, has recently started its planting activity and should gain momentum within the next couple of weeks.
- The winter wheat crop in the province is produced in both dryland and irrigation areas. The summer rainfall has improved soil moisture levels across the province which bodes well for the new season crop. Furthermore, the irrigation areas could have a good season as dams are almost at full capacity across the province.

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	15/06/2018*	18/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 371	4 355	-0,37%
SAFEX Soybean Jul 18 (R/t)	4 407	4 391	-0,36%
CME Soybean Spot (US cents/bushel)	912	908	-0,44%

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

- On Friday, the SAFEX soybean market pulled back from levels seen the previous day. The market was mainly pressured by large domestic supplies, as well as the spillover pressure from lower Chicago soybean prices.
- We are approaching a quiet period in the South African soybean fields as the harvest activity is at final stages. This is evident from producer deliveries data, estimated at 1.36 million tonnes in the week ending 08 June 2018, which is slightly below the production estimate of 1.43 million tonnes. An update of the deliveries data for the week ending 15 June 2018 will be released on Wednesday.
- The focus in the next couple of months will largely be on global developments. The domestic story is somewhat clear. South Africa's soybean supplies are in better shape in the 2018/19 marketing year, estimated at 1.75 million tonnes, up by 24 percent from the previous year. The supply figure includes production, opening stock and a small volume of imports.
- On the global front, the focus is on the 2018/19 soybean crop, which is currently being planted and some at early stages of development in the northern hemisphere countries. For example, in the US about 93 percent of the 2018/19 soybean crop had already been planted on 10 June 2018, with 83 percent of that already emerged. All of this was ahead of last year's pace for the corresponding period. An update will be released this evening as part of the USDA's weekly crop progress report.
- The crop conditions could improve further in the US soybean fields as the weather forecasts for the next two weeks shows a possibility of good rainfall over the Midwest.¹ Overall, the USDA forecasts the US 2018/19 soybean production estimate at 117 million tonnes, down by 3 percent from the previous season. It is worth noting that these are early estimates, if weather conditions remain favourable over the coming months, the estimates could perhaps be revised up. Moreover, on 14 June 2018, the US National Weather Service's Climate Prediction Centre noted that neutral weather conditions are likely during the northern hemisphere summer. We will closely monitor the weather developments over the coming weeks.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could also 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 of the US precipitation forecast: <http://wxmaps.org/pix/prec1>



SUNFLOWER SEED	15/06/2018*	18/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 599	4 598	-0,02%
SAFEX Sunflower seed July 18 (R/t)	4 626	4 623	-0,06%
EU (France) sunflower seed (US\$/t)	395	392	-0,76%

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

- Africa experiencing a good run in the past couple of days, the SAFEX sunflower seed market lost ground on Friday's trade session, thus settled in negative territory. This was partially driven by ongoing harvest activity and reports of good yields in some regions.
- The harvest activity is gaining momentum in the sunflower seed growing regions, thanks to favourable weather conditions. This is reflected in the producer deliveries data, which currently stands at 379 459 tonnes in the first 15-weeks of this marketing year. This is almost half of the expected harvest of 792 255 tonnes. An update for the week ending 15 June 2018 will be released on Wednesday.
- Furthermore, the harvest activity could continue with minimal interruption within the next two weeks as the weather forecasts show a possibility of cool and drier weather conditions. This will also benefit the late-planted regions which have recently started with the harvest activity.
- As highlighted last week, 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 11 June 2018, which were reports of frost in areas around Lichtenburg, Delareyville and Sannieshof, but the extent of damage is still unknown.
- Beyond our borders, the EU's sunflower seed market was under pressure on Friday with the price down by 0.76 percent from the previous day, closing at US\$392 per tonne. This was partly in line with the losses in the vegetable and crude oil market.
- From a data front, the focus today will be on the USDA's crop progress report which will present an update about the US sunflower seed growing conditions. On 10 June 2018, about 72 percent of the US sunflower seed area had already been planted. This is slightly behind last year's pace of 77 percent in the corresponding period. The delay could be attributed to unfavourable weather conditions at the start of the season. The conditions have, however, improved in most regions and there are currently expectations of good rainfall in the Midwest within the next eight days. Overall, SUNSEEDMAN forecast US 2018/19 sunflower seed production at a million tonnes, up by 2 percent from the previous season due to an expansion in area planted.

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



POTATO	15/06/2018*	18/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,37	29,65	-2,37%

*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 2 percent from the previous day, closing R29.65 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.45 million pockets (10kg bag) at the beginning of the session.
- In the session, the market experienced an uptick in commercial buying interest, coupled with a slight decline in deliveries on the back of a slow harvest activity. This subsequently led to a 6 percent decline in daily stock to 1.36 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 1.36 million pockets (10kg bag).

FRUIT (South Africa)	15/06/2018*	18/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,70	6,66	-0,60%
Bananas (R/kg)	5,32	4,86	-8,65%
Oranges (R/kg)	2,75	2,56	-6,91%

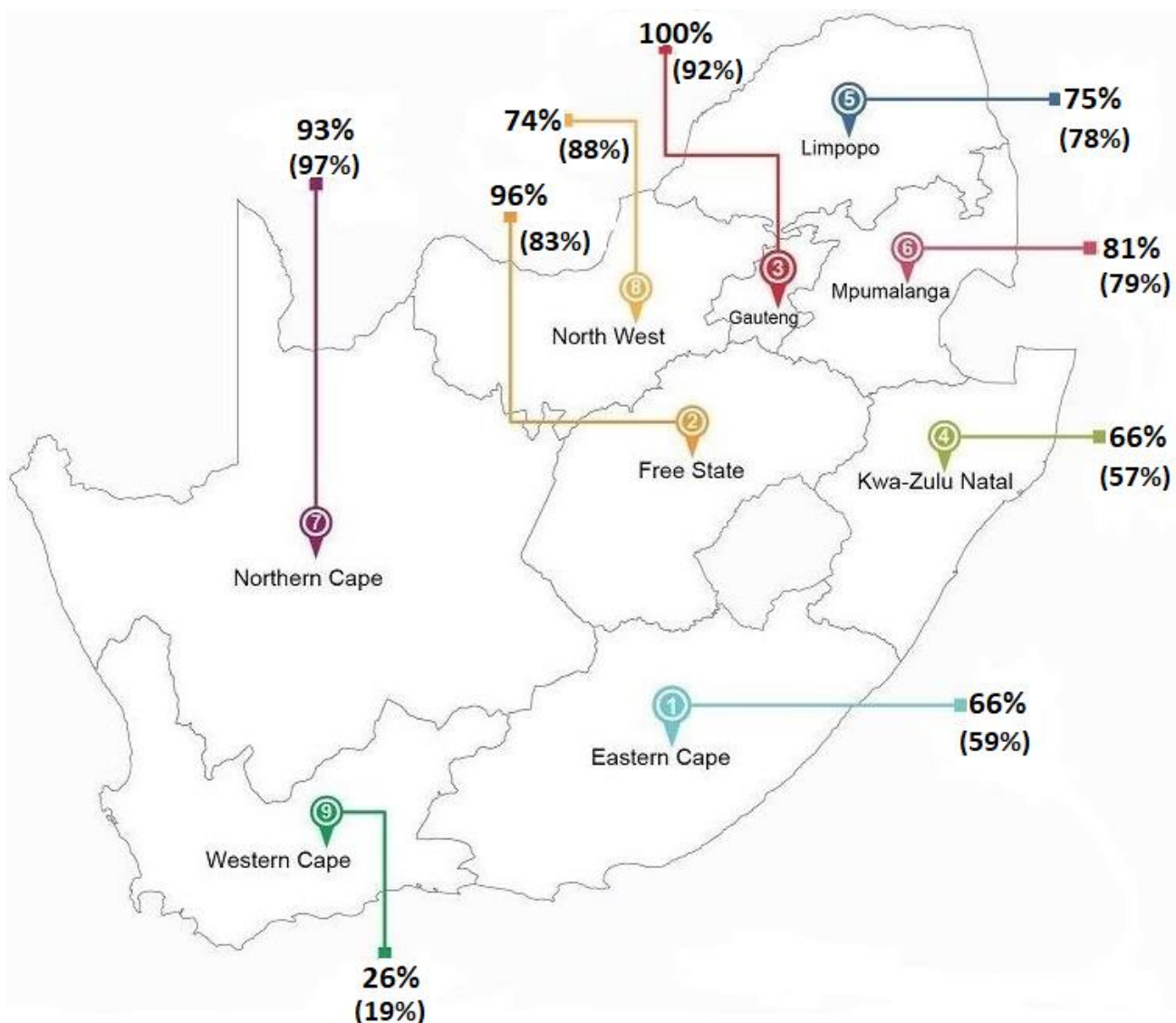
*Previous trading day's price survey in South African fresh produce markets

- The South African fruit prices were under pressure on Friday's trade session due to commercial selling. The prices of apples and oranges were down by a percentage point and 7 percent from the previous day, closing at R6.66 and R2.56 per kilogram, respectively. However, the prices could soon recover due to lower stocks of 367 921 tonnes of apples and 870 435 tonnes of oranges which is well below the levels seen earlier in the week.
- Moreover, the price of bananas declined by 9 percent from the previous day, closing at R4.86 per kilogram owing to a relatively large stock of 861 721 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.



Figure 1: South Africa’s average dam levels: week ended 11 June 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.

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

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