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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 25/06/2018
- SAGIS monthly data: 26/06/2018
- SAGIS weekly grain trade data: 26/06/2018
- SAGIS producer deliveries data: 27/06/2018
- National Crop Estimates Committee's fifth summer crop production estimates: 27/06/2018

ECONOMIC INDICATORS	20/06/2018*	21/06/2018*	d-o-d (%Δ)
Rand/US Dollar	13,67	13,68	-0,07%
Rand/Euro	15,80	15,82	-0,13%
Euro/US Dollar	1,1578	1,1561	-0,15%
Gold Spot	1 272,65	1 265,76	-0,54%
Brent Crude Oil	74,89	74,27	-0,83%
Platinum Spot	862,20	864,10	+0,22%
Dow Jones Industrial Average	24 671,37	24 657,80	-0,06%
JSE All Share	57 124,34	56 651,66	-0,83%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	4,40	4,40	0,00%
SA CPI – food (y/y %)	3,00	3,00	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 R13.68 to the US Dollar. The Rand's marginal losses were partly on the back of a decline in global commodity prices. Furthermore, these losses were in line with the US Dollar appreciation against major currencies. From a domestic data front, the key focus today will be on the first quarter current-account balance.
- After experiencing a good run at the start of the week, the Brent crude oil market pulled back this morning, with the price down by 0.83 percent from levels seen at midday yesterday, trading around US\$74.27 per barrel. These losses were partially on underpinned by a relatively stronger US Dollar against major currencies. The focus within the next two days will be on OPEC's meeting which kicks off tomorrow in Vienna.



MAIZE/CORN	20/06/2018*	21/06/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 048	2 058	+0,49%
White maize Jul 18 (R/t)	2 058	2 068	+0,49%
Yellow maize Spot (R/t)	2 146	2 155	+0,42%
Yellow maize Jul 18 (R/t)	2 168	2 176	+0,37%
CME corn July 18 (US cents/bushel)	354	351	-0,85%

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

- The SAFEX maize market posted gains in yesterday's trade session due to support emanating from commercial buying interest. Moreover, the market also benefited from positive spillover from higher Chicago maize prices.
- 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 760 345 tonnes in the week of 15 June 2018, up by 49 percent from the previous week.
- About 65 percent of this was yellow maize, with 35 percent being white maize. The fact that a large share of maize delivered to commercial silos is yellow shows that harvest activity is gaining ground mainly in the early planted areas in the eastern parts of the country, that predominantly produce yellow maize. The total maize deliveries for the first seven weeks of the 2018/19 marketing year are estimated at 2.24 million tonnes, which equates to 17 percent of the estimated harvest of 12.91 million tonnes.¹
- More maize will be delivered in the coming weeks as the expected cool and drier weather conditions during the next two weeks could provide conditions conducive for the harvest activity, particularly in the early planted areas in the eastern and central parts of the South African maize-belt.
- It is also worth noting that on Wednesday next week, the National Crop Estimates Committee will release its fifth production estimates for 2017/18 maize crop. Reuters analysts' survey shows that the Committee could lift its estimate by 0.6 percent from the current estimate of 12.91 million tonnes to 12.99 million tonnes.
- This is generally in line with our view. The recent interaction with farmers suggests that a number of regions could possibly receive yields that vary between average and above-average. More information will unfold over the coming weeks, as the harvest activity continues across the country.

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

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



WHEAT	20/06/2018*	21/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 991	3 977	-0,35%
SAFEX Wheat Dec 18 (R/t)	4 026	3 987	-0,97%
CME Wheat spot (US cents/bushel)	480	485	+1,04%

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

- Yesterday the SAFEX wheat market pulled back from levels seen the previous day, owing to a relatively stronger Rand against the US Dollar, combined with lower Chicago wheat prices.
- The weather will remain central in the discussion of the domestic wheat market for some time as the crop is still at its early stages of development that requires moistures, with some wheat-growing regions such as Free State province still at planting stages.
- This morning the weather charts show a possibility of light showers of between 10 and 20 millimetres within the next eight days in the areas around Swartland, Helderberg, Winelands and Overberg regions of the Western Cape province. This will help sustain crops in fair condition in the Swartland and Overberg regions, while Swartland could be strained due to lower soil moisture (topsoil and subsoil).
- Be that as it may, the Western Cape province still needs intense and persistent rainfall in order to sufficiently improve subsoil moisture. The recent showers in some regions have been helpful in terms of sustaining the crop and improving topsoil moisture. Also worth noting is that the Western Cape provincial dam levels averaged 32 percent in the week of 18 June 2018, up by 6 percentage points from the previous week and 11 percentage points from the corresponding period last year.
- In our previous notes, we talked a bit about expectations of higher rainfall over the Western Cape province within the next three months, leaning on the South African Weather Service and International Research Institute for Climate and Society's forecast.² These views have not changed. There is still some level of optimism regarding the weather in the medium term.
- While the focus is on the new season crop, some farmers continue to deliver old season crop to commercial silos. About 1 220 tonnes of wheat were delivered to commercial silos in the week of 15 June 2018, which is 38 percent higher than the previous week. Overall, South Africa's 2017/18 marketing year wheat deliveries for week 1 to 37 are estimated at 1.5 million tonnes.

Bottom line – Today the local wheat prices could gain ground owing to higher Chicago wheat prices and a relatively weaker ZAR/USD exchange.

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



SOYBEAN	20/06/2018*	21/06/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 326	4 327	+0,02%
SAFEX Soybean Jul 18 (R/t)	4 347	4 353	+0,14%
CME Soybean Spot (US cents/bushel)	883	883	0,00%

*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 some of its recent losses and settled in positive territory, thanks to spillover support from the Chicago soybean market.
- Aside from yesterday's price action, the fundamentals in the domestic soybean market remain unchanged, which means supplies are in good shape. The 2018/19 South African soybean supply is estimated at 1.75 million tonnes. This figure includes the expected production, imports, as well as opening stock.
- In the fields, the harvest activity is towards completion and this is marked by the declining trend in producer deliveries. In the week of 15 June 2018, about 41 080 tonnes of soybean was delivered to commercial silos, which is 35 percent lower than the previous week.
- In the first 16 weeks of the 2018/19 marketing year, soybean producer deliveries amounted to 1.41 million tonnes, which equates to 99 percent of the expected harvest of 1.43 million tonnes. A few more areas that are at the final stages of harvesting will benefit from expected cool and drier weather conditions within the next two weeks.
- Moreover, in the past couple of weeks, we noted reports of average and above-average yields in soybean growing areas. This is evident from the producer deliveries data which are almost on par with the estimated crop. Next week, the National Crop Estimate Committee will release its fifth production estimate for 2017/18 soybean. We don't foresee any notable changes, if there is any, it will probably be an upward revision.
- Elsewhere, the weather remains a primary focus in the Northern Hemisphere countries as the 2018/19 soybean crop is still at its early growing stages that require moisture. In the US, the expected showers over the Midwest within the next two weeks should improve soil moisture and subsequently benefit the crop.
- As indicated in yesterday's note, On 17 June 2018, about 97 percent of US soybean crop had already been planted, which is well ahead of last year's pace in the corresponding period. Moreover, about 90 percent of the planted crop had already emerged. The forecast showers will improve this crop's growing conditions.

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



SUNFLOWER SEED	20/06/2018*	21/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 640	4 632	-0,17%
SAFEX Sunflower seed July 18 (R/t)	4 660	4 650	-0,21%
EU (France) sunflower seed (US\$/t)	388	383	-1,29%

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

- The gains seen at the start of this week were largely driven by the weaker domestic currency, hence the SAFEX sunflower seed market retreated after a recent improvement in the ZAR/USD exchange. At the moment, there is generally some bearish sentiment in the domestic sunflower seed market owing to harvest activity.
- Favourable weather conditions that were experienced in the past couple of weeks have provided conducive conditions for sunflower seed harvest activity. This is evident from volumes delivered to commercial silos in the past couple of weeks. In the week of 15 June 2018, sunflower seed producer deliveries amounted to 43 972 tonnes, which is 12 percent higher than the previous week. This placed 2018/19 sunflower seed producer deliveries at 435 558 tonnes, which equates to 55 percent of the estimated harvest of 792 255 tonnes.
- The current momentum in harvest activity is likely to last for some time as weather forecast show a possibility of cool and drier weather conditions within the next two weeks in sunflower seed growing regions. Our interactions with farmers suggest that there is generally an expectation of average and above average yields in most areas. In fact, this has largely been the case in areas that have already harvested.
- To reiterate a point made in yesterday's note, frost remains a key concern in the late planted regions. Given that the crop has already matured, the yield levels are unlikely to be affected, but the quality could deteriorate. The areas that have reported frost so far are limited within North West and Free State provinces, but the extent of it within these provinces is still unclear.
- On the global front, the EU's sunflower seed market came under pressure during yesterday's trade session with the price down by 1.29 percent from the previous day, closing at US\$383 per tonne. These losses were largely in line with the vegetable oil and crude oil price trends.
- Elsewhere, parts of Ukraine's sunflower seed growing regions have been experiencing dryness in the past couple of weeks which could negatively affect yields. In fact, APK-Inform recently revised its estimate for Ukraine's 2018/19 sunflower seed production down by 2 percent from last month to 14.6 million tonnes. This, however, is still 10 percent higher than last season's harvest.

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



POTATO	20/06/2018*	21/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,72	29,58	-3,71%

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

- The South African potatoes market were under pressure in yesterday's trade session with the price down by 4 percent from the previous day, closing at R29.58 per pockets (10kg bag). These losses were underpinned by the relatively large stock of 1.28 million pockets (10kg bag) at the start of the session.
- However, towards the end of the session, the market experienced an increase in commercial buying interest, which subsequently led to a 2 percent decline in daily stock to 1.26 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 1.26 million pockets (10kg bag).

FRUIT (South Africa)	20/06/2018*	21/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,73	6,87	+2,08%
Bananas (R/kg)	5,05	4,87	-3,56%
Oranges (R/kg)	2,44	2,35	-3,69%

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

- The South African fruit prices have been quite wobbly in the past couple of days owing to changes in stock level. Yesterday the price of apples was up by 2 percent from the previous day, closing at R6.87 per kilogram. This followed a 25 percent decline in daily stock to 389 793 tonnes.
- Meanwhile, the prices of bananas and oranges were each respectively down by 4 percent from the previous day, closing at R4.87 and R2.35 per kilogram. These losses are on the back of large stock of 716 611 tonnes of bananas and 856 026 tonnes of oranges.

Bottom line – Similar to previous sessions, the changes in traded volumes and buying interest or commercial selling are likely to be amongst the key factors underpinning the South African fruit market this week.

BEEF CARCASS	20/06/2018*	21/06/2018*	d-o-d (%Δ)
SAFEX Beef Sep 18 (R/kg)	47,50	47,50	0,00

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

- There have not been any movements in SAFEX beef market in months due to thinly traded volumes. Yesterday's session was no different, the price was flat, at R47.50 per kilogram. Overall, 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 and currently showing a possibility of light showers over Swartland, Helderberg, Winelands and Overberg regions within the next eight days. This, however, will have minimal impact on soil moisture as it is expected to be fairly light, varying between 10 and 20 millimetres (figure 1).
- The weather forecast for the week of 06 July 2018 presents more of the same, which is cool and drier weather conditions in most parts of the country, with a possibility of light showers in the southern parts of the Overberg region in the Western Cape province (figure 2).

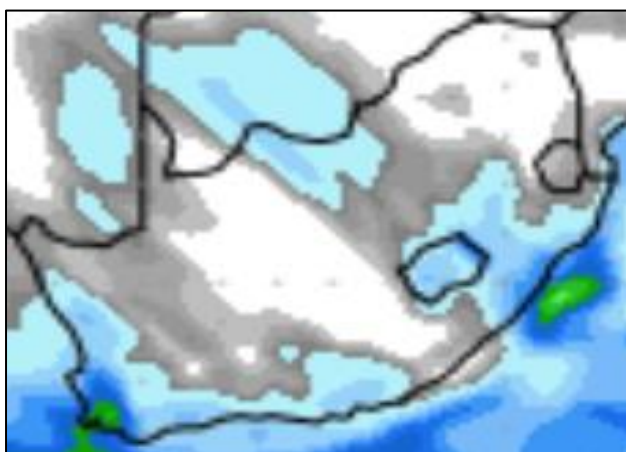


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

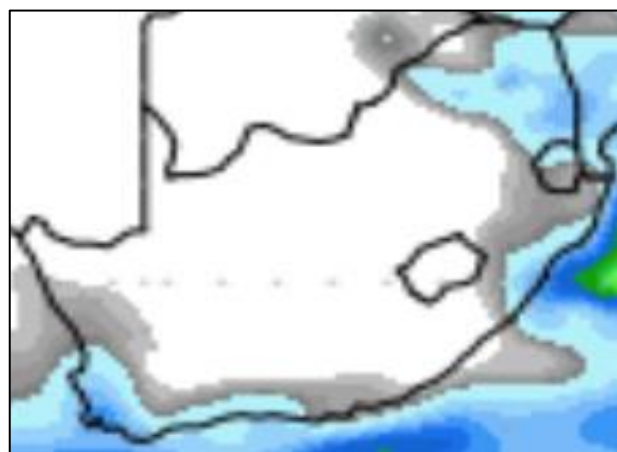


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

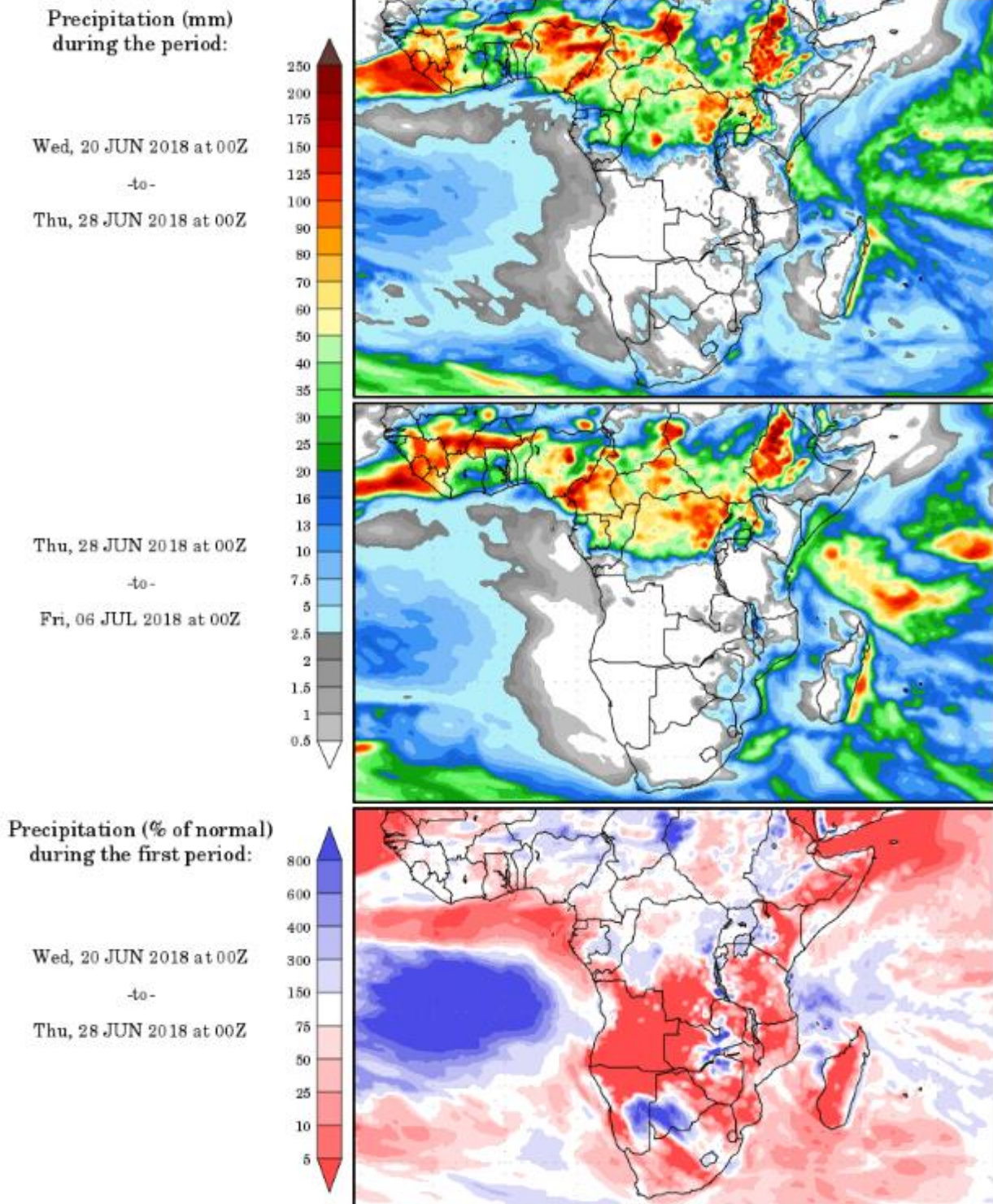


Figure 3: Precipitation forecast
Source: wxmaps

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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