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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	22/06/2018*	25/06/2018*	d-o-d (%Δ)
Rand/US Dollar	13,52	13,45	+0,52%
Rand/Euro	15,73	15,69	+0,25%
Euro/US Dollar	1,1643	1,1653	+0,09%
Gold Spot	1 268,85	1 267,42	-0,11%
Brent Crude Oil	73,95	74,28	+0,45%
Platinum Spot	867,50	878,80	+1,30%
Dow Jones Industrial Average	24 461,70	24 580,89	+0,49%
JSE All Share	56 801,34	56 856,66	+0,10%
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

- After experiencing losses during Friday's trade session, the domestic currency is slightly stronger this morning, trading around R13.45 against the US Dollar. The Rand's appreciation was partly in line with the US Dollar depreciation against major currencies. Moreover, the higher global commodity prices also added a bullish sentiment to the market. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil price was marginally up by 0.45 percent from levels seen at midday Friday, trading around US\$74.28 per barrel. These gains came after OPEC agreed to raise oil production by a million barrels a day, which is less than market expectations. Moreover, the slight drop in US oil drilling activity in the week of 22 June 2018 also added support to the market.



MAIZE/CORN	22/06/2018*	25/06/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2076	2 080	+0,19%
White maize Dec 18 (R/t)	2 218	2 217	-0,05%
Yellow maize Jul 18 (R/t)	2 183	2 185	+0,09%
Yellow maize Dec 18 (R/t)	2 317	2 313	-0,17%
CME corn July 18 (US cents/bushel)	357	353	-1,12%

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

- The SAFEX maize market ended Friday's trade session on a mixed footing. July 2018 contract month prices were largely supported by weaker domestic currency against the US Dollar, as well as commercial buying interest. Meanwhile, the December 2018 contract month prices pulled back due to large domestic supplies.
- This is a data-packed week, but the most anticipated release is the National Crop Estimate Committee's fifth production estimate for 2017/18 summer crops which is due on Wednesday afternoon. 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.
- The favourable weather conditions have provided conducive conditions for harvest activity and this is reflected in producer deliveries data. The volume of maize delivered to commercial silos in the first seven weeks of the 2018/19 marketing year is estimated at 2.24 million tonnes, which equates to 17 percent of the estimated harvest of 12.91 million tonnes.¹ The activity should gain momentum within the next two weeks as weather forecasts show a possibility of cool and drier weather conditions.
- Worth noting, but of lesser significance to the market is the recent upward revision of Zimbabwean maize production estimate. The USDA forecasts Zimbabwe's 2017/18 maize production at 1.20 million tonnes, which is 20 percent higher than last month's estimate, albeit, 46 percent lower than last season's bumper crop.
- Given that Zimbabwe has about 500 000 tonnes of carryover stock from last season, this means that the country will need to import roughly 300 000 tonnes of maize in the 2018/19 marketing year in to meet the local annual maize demand of between 1.8 and 1.9 million tonnes.

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

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



WHEAT	22/06/2018*	25/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 978	3 965	-0,33%
SAFEX Wheat Dec 18 (R/t)	4 049	4 041	-0,20%
CME Wheat spot (US cents/bushel)	495	482	-2,63%

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

- South Africa is a net importer of wheat which means that developments in the global market tend to influence the local prices. Friday's session was no different, the SAFEX wheat prices settled in negative territory owing to spillover pressure from lower Chicago wheat prices.
- The weather and trade policy will remain topical issues in the South African wheat market for some time. From a weather perspective, the new season crop is still in its early stages of development which needs moisture, therefore we will continue to monitor the weather developments over the next couple of months.
- In the past few weeks, the Swartland and Overberg regions of the Western Cape province received good showers, hence the winter wheat crop is a fair condition in these particular regions. Meanwhile, the Southern Cape region, particularly Mosselbay and Heidelberg, have not received notable rainfall since the start of the season, hence the winter wheat crop is not in good condition in the region. This week might not bring any improvements in the Southern Cape region as weather forecasts show a possibility of light and scattered showers over the Western Cape province, varying between 10 and 20 millimetres.
- This is not only a concern for Southern Cape farmers, the rainfall received in areas such as Swartland and Overberg in the past couple of weeks have been helpful in terms of sustaining the crop and improving topsoil moisture, but the province still needs intense and persistent rainfall. This will help to replenish subsoil moisture and subsequently, benefit the winter wheat crop over the coming months.
- In terms of trade policy, the import tariff matters will continue to dominate the market as imports are set to reach the second highest level on record in the 2017/18 marketing year. On 12 June 2018, the wheat import tariff triggered to a new rate of R281.74 per tonne, which is 36 percent lower than the current rate. This adjustment followed an uptick in global wheat prices in the past couple of weeks, due to unfavourable weather conditions in parts of the Black Sea and the EU regions.
- The newly triggered rate of R281.74 per tonne has not yet been published on the government gazette, and will only be applicable after its publication. The timeframe for this process is unclear, but previous adjustments took more than three weeks.

Bottom line – Today the local wheat prices could experience losses due to lower Chicago wheat prices, combined with the relatively stronger ZAR/USD exchange.



SOYBEAN	22/06/2018*	25/06/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 358	4 348	-0,23%
SAFEX Soybean Dec 18 (R/t)	4 578	4 565	-0,28%
CME Soybean Spot (US cents/bushel)	887	884	-0,34%

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

- The lingering concerns about US-China trade relations added bearish pressure to the Chicago soybean prices on Friday. This spilt over to the domestic market, hence leading to marginal losses in the SAFEX soybean market.
- There is a number of data releases in the domestic soybean market this week, but the most notable one is that National Crop Estimates Committee's fifth production estimate which will be out on Wednesday afternoon. The Committee's current forecast for soybean production is 1.43 million tonnes.
- The yields received thus far in areas that have harvested generally vary between average and above average, which is somewhat in line with the Committee's yield estimate of 1.82 tonnes per hectare in the 2017/18 production season. This is well above the average yield of 1.75 tonnes per hectares for the past five seasons.
- Most importantly, 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. The 2018/19 marketing year corresponds with 2017/18 production season. Against this backdrop, we don't foresee any notable changes estimates on Wednesday, if there is any, it will probably be an upward revision.
- Looking ahead, 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.
- Overall, the aforementioned production dynamics underpin the view that South African soybean supplies are in good shape. The 2018/19 South African soybean supply is estimated at 1.75 million tonnes, which consists of the expected production, imports, as well as opening stock.
- Globally, the weather remains a key focus as the 2018/19 soybean crop is still at early stages that require moisture. In the Americas, the US and Canada received good showers in the past couple of weeks, which bodes well for the new season crop. Looking ahead, the weather forecasts for these countries present a possibility of showers within the next couple of days, which should improve soil moisture and subsequently benefit the crop.

Bottom line – Today the SAFEX soybean prices could be under pressure if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.



SUNFLOWER SEED	22/06/2018*	25/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 668	4 673	+0,11%
SAFEX Sunflower seed Dec 18 (R/t)	4932	4 932	0,00%
EU (France) sunflower seed (US\$/t)	384	385	+0,26%

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

- The SAFEX sunflower seed experienced a fairly quiet session on Friday, but settled in positive territory as the weaker domestic currency against the US Dollar continued to add support to the market.
- The focus this week will be on the National Crop estimate Committee's fifth summer crop production estimates which is due for release on Wednesday afternoon. The sunflower seed yields in areas that have already harvested largely very been average and above-average, which supports the Committee's forecast of 1.32 tonnes per hectare yield.
- To this end, we believe that the Committee will probably keep its production estimate of 792 255 tonnes of sunflower seed production for the 2017/18 season unchanged from last month. It is worth noting, however, that this is 9 percent lower than the previous production season due to a decline in area planted.
- The favourable weather conditions in the past couple of weeks have provided conducive conditions for harvest activity. In the week of 15 June 2018, about 55 percent of the estimated harvest of 792 255 tonnes had already been delivered to commercial silos.
- On Wednesday, SAGIS will release an update for the week of 22 June 2018. This will most likely show a further uptick as weather conditions have been cool and dry throughout, which is good for harvest activity. This morning the weather charts show clear skies for the next two weeks, which means the sunflower seed harvest activity could continue with minimal interruptions in the near term.
- As set out in our previous notes, frost remains a key concern in the late planted regions as it could negatively affect the crop quality. The yield levels are unlikely to be affected as the crop has already matured. 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.
- Elsewhere, the EU's sunflower seed market managed to claw back some of its recent losses on Friday's trade session with the price up by 0.26 percent from the previous day, closing at US\$385 per tonne. This uptick in prices was largely in line with the sunflower oil market, which in turn, was supported by the crude oil market.

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



POTATO	22/06/2018*	25/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	29,73	29,13	-2,02%

*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 R29.13 per pockets (10kg bag). These losses were mainly on the back of large stocks of 1.35 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 1.32 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 1.32 million pockets (10kg bag).

FRUIT (South Africa)	22/06/2018*	25/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,87	6,70	-2,47%
Bananas (R/kg)	4,87	4,92	+1,03%
Oranges (R/kg)	2,35	2,27	-3,40%

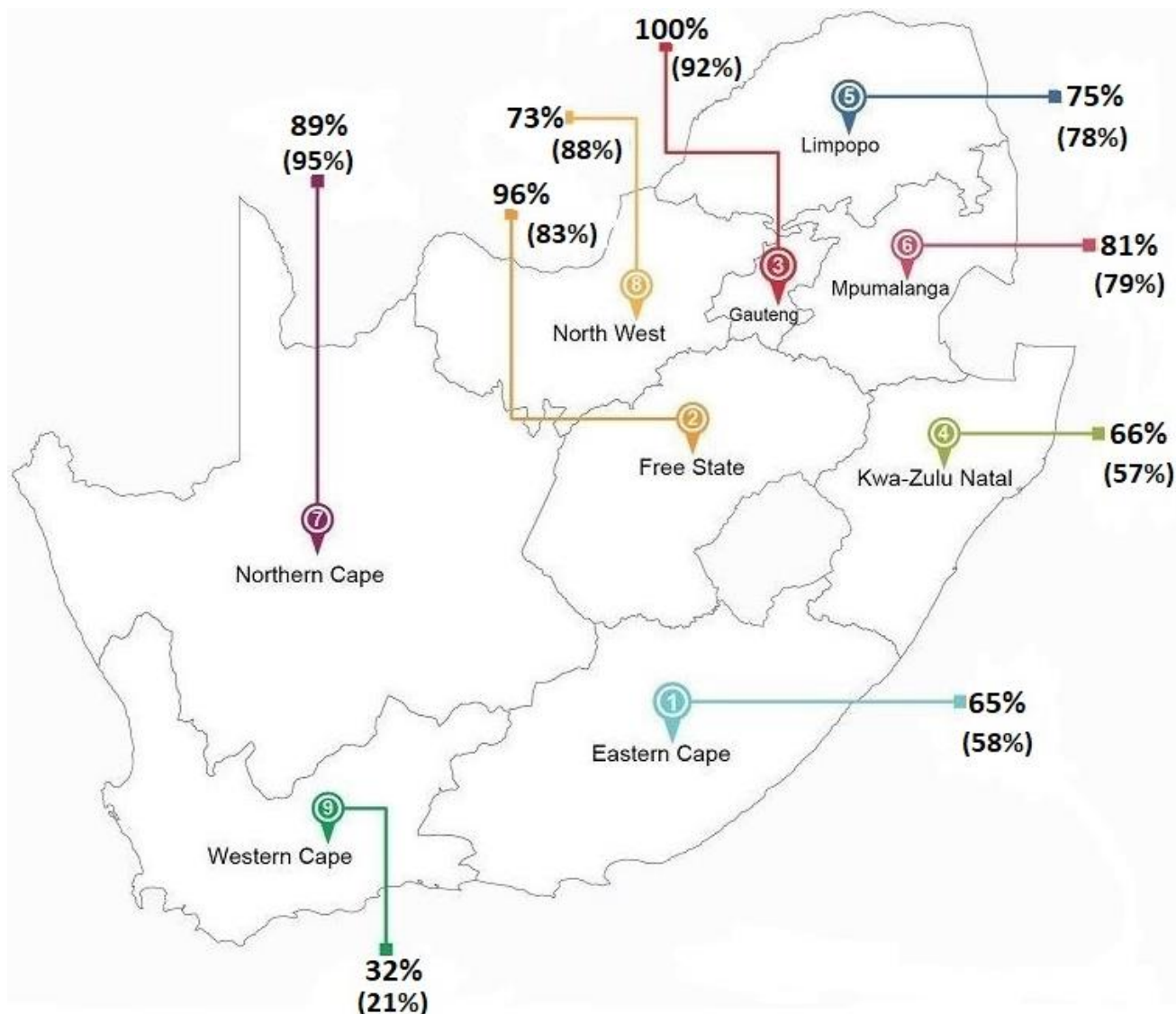
*Previous trading day's price survey in South African fresh produce markets

- The South African fruit market ended Friday's trade session on a mixed footing. The prices of apples and oranges were down by 2 percent and 3 percent from the previous day, closing at R6.70 and R2.27 per kilogram, respectively. These losses followed an 11 percent and 16 percent respective increase in daily stocks of apples and oranges to 433 000 tonnes and 993 250 tonnes.
- Meanwhile, the bananas market gained ground on the back of strong commercial buying interest. The price was up by a percentage point from the previous day, settled at R4.92 per kilogram. This, however, could be short-lived due to a relatively large stock of 778 000 tonne at the end of Friday's session.

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.



Figure 1: South Africa’s average dam levels: week ended 18 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.

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