FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 27/06/2018
- National Crop Estimates Committee's fifth summer crop production estimates: 27/06/2018
- USDA's crop progress report: 02/07/2018
- SAGIS weekly grain trade data: 03/07/2018
- SAGIS monthly data: 25/07/2018

ECONOMIC INDICATORS	26/06/2018*	27/06/2018*	d-o-d (%Δ)
Rand/US Dollar	13,56	13,54	+0,15%
Rand/Euro	15,82	15,80	+0,13%
Euro/US Dollar	1,1665	1,1654	-0,09%
Gold Spot	1 257,12	1 258,12	+0,08%
Brent Crude Oil	74,79	76,45	+2,22%
Platinum Spot	863,60	868,40	+0,56%
Dow Jones Industrial Average	24 252,80	24 283,11	+0,12%
JSE All Share	55 689,21	55 245,67	-0,80%
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 at R13.54 to the US Dollar. The marginal gains recorded were partly in line with movements in other emerging market 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.

- The Brent crude oil market had a good run with the price up by 2.22 percent from levels seen at midday yesterday, trading around US$76.45 per barrel. These gains were largely on the back of reports that the US is mobilising its allies to stop imports of Iranian crude oil, which would subsequently constrain global supplies in the near term. The lingering concerns about Libyan crude oil exports also added support to the market.

MAIZE/CORN	26/06/2018*	27/06/2018*	d-o-d (%Δ)
White maize Jul 18 (R/t)	2 070	2 046	-1,16%
White maize Dec 18 (R/t)	2 208	2 192	-0,72%
Yellow maize Jul 18 (R/t)	2 172	2 150	-1,01%
Yellow maize Dec 18 (R/t)	2 297	2 284	-0,57%
CME corn July 18 (US cents/bushel)	350	353	+0,86%

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

- The SAFEX maize market started yesterday's trade session on the negative footing and remained under pressure throughout the day due to ongoing harvest activity and spillover from lower Chicago maize prices.

- Today the most anticipated release is the National Crop Estimate Committee's fifth production estimate for 2017/18 summer crops which be out in the 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 (also above average production of 12.50 million tonnes). This is generally in line with our view. Reports from farmers suggest that a number of regions could possibly receive yields that vary between average and above-average.

- Also due for release today is maize producer deliveries data, which should show an uptick given that weather conditions have been quite favourable for harvest activity in the past couple of weeks. To recap, 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]

- Yesterday, the weekly maize trade data was quite encouraging with exports at 70 172 tonnes in the week of 22 June 2018, which is a 49 percent increase from the previous week. About 97 percent was yellow maize, with 3 percent being white maize.

- The leading buyer was Vietnam, accounting for 90 percent of the weekly exports. Trailing Vietnam was Botswana and Swaziland, with 7 percent and 4 percent shares, respectively. Overall, this placed South Africa's 2018/19 maize exports at 400 833 tonnes, which equates to 20 percent of the seasonal export forecast.

- Also worth noting is that South Africa's maize stock was estimated at 3.4 million tonnes in May 2018, up by 35 percent from the corresponding period last year due to a large opening stock at the start of the season.

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

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

WHEAT	26/06/2018*	27/06/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 973	3 981	+0,20%
SAFEX Wheat Dec 18 (R/t)	4 049	4 085	+0,89%
CME Wheat spot (US cents/bushel)	476	471	-1,05%

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

- Yesterday the SAFEX wheat market managed to claw back some of its recent losses and settled in positive territory. The market was largely supported by the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago wheat prices.

- The weather remains a central part of the discussion in the South African wheat market as the crop is still in its early stages of development. The forecast has changed overnight and no longer shows a possibility of light showers over the Western Cape province within the next two weeks. The next eight days could bring light showers, but the week of 12 July 2018 will probably be cool and dry, which is not conducive for the crop.

- Be that as it may, the medium term forecasts remain positive, following the local weather bureau's view of a possibility of above-normal rainfall in the south-western parts of the country within the next three months. This is precisely what the province needs in order to replenish subsoil moisture and subsequently benefit the winter wheat crop following months of dryness. The recent showers were light and scattered, thus improvements have largely been limited on topsoil moisture.

- The dams also benefited from recent showers. The Western Cape provincial dam levels averaged 36 percent in the week of 25 June 2018, up by 2 percentage points from the previous week and 13 percentage points from the corresponding period last year.

- In terms of data, last week South Africa imported 82 101 tonnes of wheat, down by 21 percent from the volume imported in the week of 15 June 2018. About 52 percent of this was from Germany, with 48 percent from Russia. This brought South Africa's 2017/18 wheat imports to 1.5 million tonnes, which equates to 79 percent of the season's import forecast of 1.9 million tonnes.

- The other important release yesterday was SAGIS month data, which showed that South Africa's wheat stocks were at 995 583 tonnes in May 2018, down by 11 percent from the previous month and 5 percent from the corresponding period last year due to an uptick in monthly demand, as well as relatively lower supplies following a drought production season (import activity was also slow in the past couple of weeks). The monthly consumption was estimated at 275 359 tonnes, up by 11 percent from the previous month.

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	26/06/2018*	27/06/2018*	d-o-d (%Δ)
SAFEX Soybean Jul 18 (R/t)	4 318	4 308	-0,23%
SAFEX Soybean Dec 18 (R/t)	4 540	4 527	-0,29%
CME Soybean Spot (US cents/bushel)	877	869	-0,91%

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

- The domestic soybean market was again under pressure in yesterday's trade session as the expected large harvest, coupled with lower Chicago soybean prices conditioned to add a bearish sentiment to the market.

- The losses in Chicago soybean prices were linked to heightened concerns about the US-China trade tension, as well as favourable weather conditions for the new season crop. From the trade perspective, we have previously highlighted China's dominance in the global soybean market. To illustrate this, China's 2018/19 soybean imports are estimated at 103 million tonnes, which equates to 65 percent share of global soybean imports. The leading suppliers are typically the US, Brazil and Argentina.

- Aside from trade aspects, the US soybean planting activity is complete. On 24 June 2018, about 95 percent of the crop had already emerged, with 73 percent of that rated good or excellent. This is in better shape compared to last year's rating of 66 percent in the corresponding period. The improvement in crop conditions is largely on the back of favourable weather conditions over most parts of the Midwest. In fact, the forecast for the next two weeks presents a possibility of widespread showers which should further improve crop conditions.

- Back on home soil, SAGIS monthly data shows that South Africa's soybean stocks were at 1.36 million tonnes in May 2018, which is double the volume seen the previous month due to large producer deliveries on the back of ongoing harvest activity. Moreover, this is 27 percent higher than the corresponding period last year.

- Also worth noting is that soybean consumption (processed for oil and cake) amounted to 81 969 tonnes in May 2018, up by 24 percent from the previous month. With that said, this is still 12 percent lower than the corresponding period last year.

- If we apply an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, then, the country utilised 45 percent of its monthly soybean processing capacity in May 2018. This is 9 percentage points improvement from the previous month, but still 6 percentage points lower than the corresponding period last year.

Bottom line – Similar to other commodities, today the SAFEX soybean prices could be under pressure if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.

SUNFLOWER SEED	26/06/2018*	27/06/2018*	d-o-d (%Δ)
SAFEX Sunflower seed July 18 (R/t)	4 678	4 700	+0,47%
SAFEX Sunflower seed Dec 18 (R/t)	4 933	4 945	+0,24%
EU (France) sunflower seed (US$/t)	386	387	+0,26%

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

- The SAFEX sunflower seed market posted gains in yesterday's trade session as the weaker Rand against the US Dollar continued to provide support to the market. Moreover, increased commercial buying interest also provided positive sentiment to the market.

- On the data front, South Africa's sunflower seed consumption (processed for oil and cake) was recorded at 64 997 tonnes in May 2018, up by 22 percent from the volume utilised in the previous month and 42 from the corresponding period last year.

- The ending stock was recorded at 308 659 tonnes in May 2018, which is double the volume seen the previous month due to an increase in producer deliveries on the back of ongoing harvest activity. With that said, this is still 43 percent lower than the corresponding period last year due to expectations of a relatively lower crop and slightly delayed harvest in late-planted regions of the Free State and North West provinces.

- In terms of trade, South Africa imported 78 tonnes of sunflower seed in May, all from Malawi. This placed 2018/19 imports at 99 tonnes, which equates to 20 percent of the seasonal import forecast of 500 tonnes. There have not been any exports yet this season, but the seasonal exports are estimated at 200 tonnes.

- Later in the day, the National Crop Estimate Committee will release its fifth summer crop production estimates. The yields in areas that have already harvested largely vary between average and above-average, which supports the Committee's last month 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. With that said, that this is 9 percent lower than the previous production season due to a decline in area planted.

- Moreover, 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. An update for the week of 22 June will be released today.

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

POTATO	26/06/2018*	27/06/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	27,91	32,14	+15,16%

Previous day's price survey across RSA fresh produce markets

- The South African potatoes market had a good run in yesterday's trade session with the price up by 15 percent from the previous day, closing at R32.14 per pockets (10kg bag). This was partially on the back of relatively lower stock of 998 422 pockets (10kg bag) at the start of the session.

- However, towards the end of the session, the stocks recovered following an uptick in producer deliveries on the back of ongoing harvest activity in most parts of the country. This subsequently led to a percentage point increase in daily stock to 1.01 million pockets (10kg bag) by close of business.

Bottom line – Today the South African potatoes market could experience marginal losses owing to a relatively large stock of 1.01 million pockets (10kg bag).

FRUIT (South Africa)	26/06/2018*	27/06/2018*	d-o-d (%Δ)
Apples (R/kg)	6,74	7,32	+8,61%
Bananas (R/kg)	4,63	4,64	+0,22%
Oranges (R/kg)	2,11	2,04	-3,32%

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

- Yesterday the South African fruit market settled on a mixed footing. The prices of apples and bananas were respectively up by 9 percent and 0.2 percent from the previous day, closing at R7.32 and R4.64 per kilogram due to commercial buying interest. This was largely on the back of a decline in daily stock to 530 000 tonnes of apples and 983 000 tonnes of bananas.

- Meanwhile, the price of oranges was down by 3 percent from the previous day, settled at R2.04 per kilogram. This was due to a large stock of 1.4 million tonnes, which in turn was supported by an increase in producer deliveries.

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	26/06/2018*	27/06/2018*	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*

- Yesterday there was not much happening in the SAFEX beef carcass market. The prices remained flat from the previous day, settled 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 West Coast, Swartland, Helderberg, Winelands and northern parts of Overberg regions of the Western Cape province could receive light showers within the next eight days, while the rest of the country could experience cool and drier weather conditions (figure 1).

- The weather forecast for the week of 12 July 2018 has changed overnight and currently shows clear skies across the country (figure 2). This bodes well for harvest activity in summer crop growing regions but will strain winter crops which urgently need moisture at the current stages of development. Be that as it may, these are estimated and there's likely to be further developments over the next couple of days.

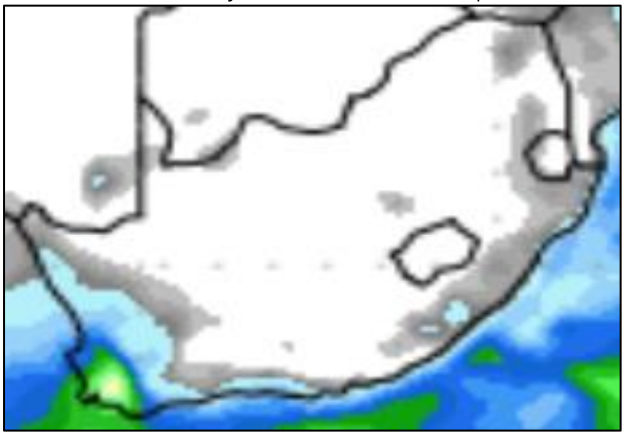

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

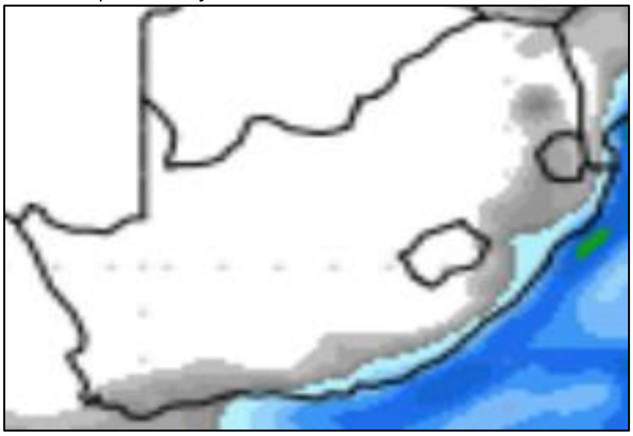

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

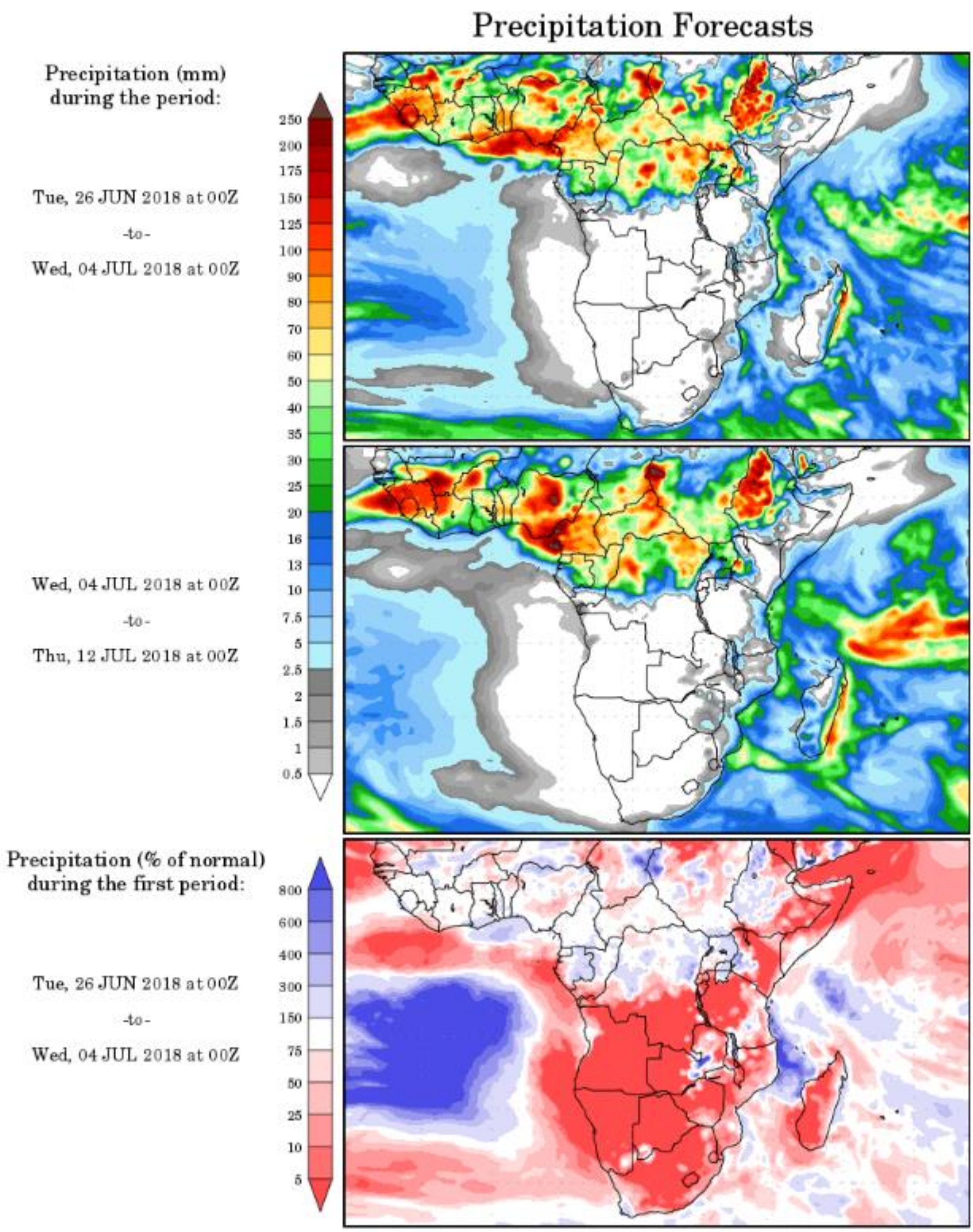

Figure 3: Precipitation forecast
Source: wxmaps

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