



14 June 2017

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Key Data Releases in Agricultural Markets:

- SAGIS weekly producer deliveries data: 14/06/2017
- USDA weekly export sales data: 15/06/2017
- USDA crop progress report: 19/06/2017
- SAGIS weekly grain trade data: 20/06/2017

ECONOMIC INDICATORS	13/06/2017*	14/06/2017*	d-o-d (%Δ)
Rand/US Dollar	12,78	12,76	+0,16%
Rand/Euro	14,33	14,31	+0,14%
Euro/US Dollar	1,1207	1,1216	+0,08%
Gold Spot	1 261,76	1 269,38	+0,60%
Brent Crude Oil	48,37	48,28	-0,19%
Platinum Spot	937,00	930,00	-0,75%
Dow Jones Industrial Average	21 235,67	21 328,47	+0,44%
JSE All Share	51 087,61	51 625,07	+1,05%
SA repo rate	7,00	7,00	0,00%
SA CPI (%)	5,30	5,30	0,00%
SA CPI – food (%)	6,60	6,60	0,00%

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

- This morning the South African Rand strengthened by 0.16% against the US Dollar from the level seen at midday yesterday. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R12.76. From a data perspective, the BER will release the Business Confidence survey results for the second quarter of 2017. Stats SA will release the retail sales data for April 2017.
- The Brent crude oil price was down by 0.19% this morning from levels seen at midday yesterday due to an increase in US oil supplies. Recent data from the American Petroleum Institute showed that US oil supplies increased by 2.8 million barrels in the week ending 09 June 2017. At the time of writing, oil price traded around US\$48.28 per barrel.



MAIZE/CORN	13/06/2017*	14/06/2017*	d-o-d (%Δ)
White maize Spot (R/t)	1 753	1 730	-1,31%
White maize Dec 17 (R/t)	1 903	1 875	-1,47%
Yellow maize Spot (R/t)	1 880	1 852	-1,49%
Yellow maize Dec 17 (R/t)	2 029	1 996	-1,63%
CME corn Spot (US cents/bushel)	380	382	+0,53%

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

- In yesterday's trade session the South African maize market saw widespread losses owing to a combination of factors, which include lower Chicago maize prices, selling pressure and expected large domestic supplies, amongst others.
- The forecast dry and warm weather conditions across the South African maize belt within the next two weeks should accelerate harvest activity. The areas that have already harvested reported exceptional yields, which supports the National Crop Estimate Committee's view of a record crop of 15.63 million tonnes.
- From a trade perspective - South Africa's maize exports are gaining momentum. The country exported 73 178 tonnes of maize in the week ending 09 June 2017. About 92% of this was yellow maize and 8% was white maize. South Africa's 2017/18 maize exports currently stand at 149 121 tonnes.
- About 88% of total maize exports in the week ending 09 June 2017 went to Taiwan and South Korea. In 2014/15 marketing season, Taiwan was a leading buyer of South African yellow maize, accounting for almost half of yellow maize exports. Trailing behind Taiwan was South Korea and Japan. Given the current lower prices, this season could be a repeat of the same scenario.
- Meanwhile, white maize will continue to experience low demand in the global market and stiff competition from Zambia and Malawi in regional markets. In fact, Zimbabwe has recently banned imports of maize into the country until further notice due to sufficient domestic supplies, *for now*. This means that South Africa will see an even lower demand from the region. The key implication of this is the sustained lower white maize prices over the near to medium term.
- On the global front - this morning, the Chicago maize market was up by 0.53% from levels seen at midday yesterday owing to fears for a return of dry weather in some parts of the US Midwest.

Bottom line – The domestic maize market could see sideways movements if the ZA/USD exchange and Chicago maize prices maintain the current trends.



WHEAT	13/06/2017*	14/06/2017*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	4 516	4 515	-0,02%
SAFEX Wheat Dec 17 (R/t)	4 200	4 202	+0,05%
CME Wheat Spot (US cents/bushel)	438	446	+1,83%

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

- The South African wheat market ended the day mixed during yesterday's trade session. The spot price was under pressure due to lower Chicago wheat prices, while December 17 contract month price maintained the previous day's gains owing to concerns of dryness in the Western Cape.
- Winter wheat planting is virtually over in the Western Cape province. However, the recently emerged crop could be strained by current drier conditions, as soil moisture is relatively low across the province. These unfavourable drier conditions could remain for the next two weeks, which is not conducive for the new crop.
- From a trade perspective, this was a quiet week, with no imports reported. The last imports were in the week that ended on 02 June 2017, coming in at 32 772 tonnes, all from Germany. This brought South Africa's 2016/17 total wheat imports to 559 209 tonnes, which is 37% of the seasonal import forecast (1.5 million tonnes).
- Although a net importer of wheat, South Africa continues to export wheat to regional markets. The total exports reached 675 tonnes in the week ending 09 June 2017, all went to regional markets. South Africa's 2016/17 total wheat exports currently stand at 84 270 tonnes. About 26% of this went to Zimbabwe, 21% to Lesotho, 20% to Botswana, 18% to Zambia, 8% to Namibia, 4% to Mozambique and 3% to Swaziland.
- On the global front - Chicago wheat price was up by 1.83% from levels seen at midday yesterday, also supported by expectations of dryness in some parts of the US Midwest.
- The forecast dryness could negatively affect the newly emerged crop. In fact, the crop is not in good shape already. At the beginning of the week, only 45% of that was good/excellent, compared to a rate of 79% in the corresponding period last year.
- Elsewhere, Australian government revised its wheat production estimate up by 214 000 tonnes to 24.19 million tonnes. With that said, this is still 31% lower than the 2016/17 season.

Bottom line – Similar to the maize market, wheat could see sideways movements in today's session if the ZAR/USD exchange and Chicago wheat prices maintain the current trend.



SOYBEAN	13/06/2017*	14/06/2017*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 531	4 513	-0,40%
SAFEX Soybean Mar 18 (R/t)	4 850	4 850	+0,00%
CME Soybean Spot (US cents/bushel)	934	935	+0,11%

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

- The South African soybean market ended the day mixed during yesterday's trade session. The spot price was under pressure due to a relatively stronger domestic currency, while the new season contract remained flat on the back of lower traded volumes.
- Besides the aforementioned, there were no major events in the soybean market. The weather forecast shows a possibility of drier conditions across the country within the next two weeks, which could accelerate the harvest activity in areas that are completing the process. The areas that have harvested received excellent yields, which support the National Crop Estimate Committee's view of a possible record crop of 1.23 million tonnes.
- In global markets - this morning Chicago soybean price was up by 0.11% from levels seen at midday yesterday, following a sale of 130 000 tonnes of US soybean to an unknown destination.
- Weather remains a key focus in the US soybean market. Drier conditions over the past few days allowed farmers to make notable progress in planting, with 92% of the intended 36.35 million hectares this season already planted by the beginning of this week. This is 1% ahead of the corresponding period last year.
- However, going forward rainfall will be needed to ensure the success of the crop. At the beginning of the week, about 77% of the crop had already emerged, in line with the corresponding period last year.
- While farmers in the northern hemisphere have shifted their attention to the new season, as noted above, southern hemisphere farmers are still finalising the 2016/17 soybean harvest. Argentinian farmers had harvested 94% of the expected 57.8 million tonnes on 13 June 2017.
- The weather forecast shows a possibility of dry and warm conditions across many parts of Argentina within the next eight days, which should accelerate the harvest activity.

Bottom line – In today's session the soybean market could see marginal losses due to a relatively stronger ZAR/USD exchange.



SUNFLOWER SEED	13/06/2017*	14/06/2017*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 517	4 468	-1,08%
SAFEX Sunflower seed Mar 18 (R/t)	4 915	4 876	-0,79%
EU (France) sunflower seed (US\$/t)	392	393	+0,26%

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

- The domestic sunflower seed market was under pressure in yesterday's trade session, as selling and a relatively stronger Rand against the US Dollar continues to underpin the market.
- Overall, nothing much is happening in the domestic sunflower seed market. Harvest is almost complete across the country. The yields obtained thus far are well above average levels of 1.2 tonnes per hectare, which suggests that the total crop could reach the National Crop Estimate Committee's forecast of 853 470 tonnes, up 13% from the previous season.
- From a global perspective – The EU's sunflower seed market gained ground during yesterday's trade session, with the price up 0.26% from the previous day, closing at US\$393 per tonne owing to strong buying interest.
- Meanwhile, the Black Sea sunflower oil market saw a quiet day with the price unchanged from the previous day's level, closing at US\$730 per tonne.
- Looking ahead - in the Black Sea region, sunflower seed planting for the 2017/18 season is complete. Russia planted 7.1 million hectares, down 7% from the 2016/17 season. Ukraine planted 5.5 million hectares, down 6% from the previous season. The weather forecast for the week looks favourable, which is conducive for newly emerged crops.
- In the EU, weather conditions remain favourable for the new season. The region's 2017/18 sunflower seed production is estimated at 9.1 million tonnes, up 6% from the previous season.
- In the US, planting is underway. At the beginning of the week, US farmers had planted 80% of the intended area, which is 4% ahead of the corresponding period last year.
- Overall, *Sunseedman* forecasts 2017/18 global sunflower seed production at 48.5 million tonnes, down by 1% from the previous season.

Bottom line – The domestic sunflower seed market could see extended losses in today's session if the ZAR/USD exchange maintains the current gains.



POTATOES	13/06/2017	14/06/2017*	d-o-d (%Δ)
RSA Potatoes (R/10kg)	26,23	27,22	+3,77%

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

- Yesterday, the South African potatoes market ended the day in positive territory with the price up 4% from the previous day, closing at R27.22 per bag (10 kg bag). These gains were on the back of relatively lower stocks of 1.05 million bags (10kg bags) at the start of the session.
- However, during the session, the market saw an uptick in deliveries due to ongoing harvest activity. Subsequently, the daily stocks increased by 12% towards the end of the session to 1.18 million bags (10 kg bags).

Bottom line – The potatoes market could see losses in today's trade session, as stocks remain at higher level of 1.18 million bags (10 kg bags).

BEEF CARCASS	13/06/2017*	14/06/2017*	d-o-d (%Δ)
SAFEX Beef June 2017 (R/kg)	46,00	46,00	0,00%

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

- The SAFEX beef carcass market ended the day on a quiet note with a price unchanged from the previous day due to lower traded volumes at the stock exchange. Overall, this suggests that the SAFEX carcass prices could differ from the physical market, where there is strong participation.
- In actual fact, the sentiment in the physical market remains bullish due to easing slaughter activity, as farmers continue to restock their herds after a 2015-16 drought spell. The recent data from the Red Meat Levy Admin shows that South African farmers slaughtered 193 373 head of cattle in April 2017, which is 19% lower than the previous month and the corresponding period last year.

Bottom line – The movements of the SAFEX beef price will mostly depend on the volumes traded at the stock exchange. Therefore, it is worthwhile emphasising that these prices could differ from the physical market due to limited participation (in the stock exchange).



FRUIT (South Africa)	13/06/2017	14/06/2017*	d-o-d (%Δ)
Apples (R/kg)	6,51	6,38	-2,00%
Bananas (R/kg)	5,68	5,94	+4,58%
Oranges (R/kg)	2,29	2,35	+2,62%

*Previous trading day's price survey in Johannesburg fresh produce market

- The fruit market ended the day mixed during yesterday's trade session. The apple price was down 2% from the previous day, closing at R6.38 per kilogramme. The bearish sentiment emanated from higher stocks of 246 367 tonnes (compared to levels of 200 000 tonnes in the previous few days).
- Meanwhile, the bananas market gained 5% from the previous day, closing at R5.94 per kilogramme, largely supported by strong buying interest. The oranges market was up 3% from the previous day, closing at R2.35 per kilogramme. These gains were on the back of a 7% decline in daily stocks to 381 581 tonnes.

Bottom line – The volumes (to be delivered) and buying interest are likely to be the key determinants of the price movements in the South African fruit market this week.

WEATHER FORECAST: South Africa

- This week could see warm and drier weather conditions across the country (figure 1). On the one hand, this could accelerate summer crop harvest activity, while negatively affecting newly emerged winter crops on the other, particularly in the Western Cape province which urgently needs continuous good rainfall to improve soil moisture.
- The long-term weather forecast presents a similar outlook of drier conditions across the country (figure 2). As noted above, this will most likely strain the winter crops.

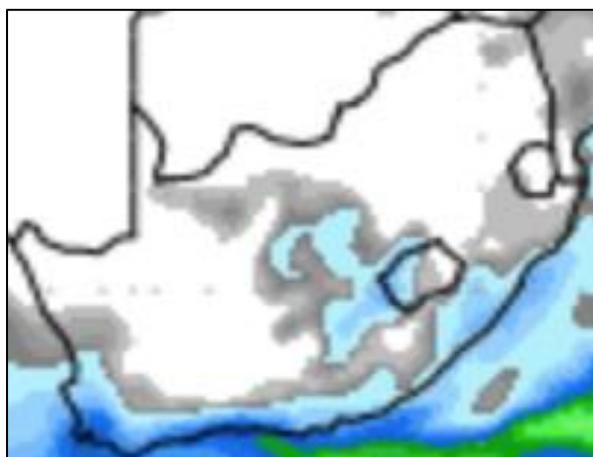


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

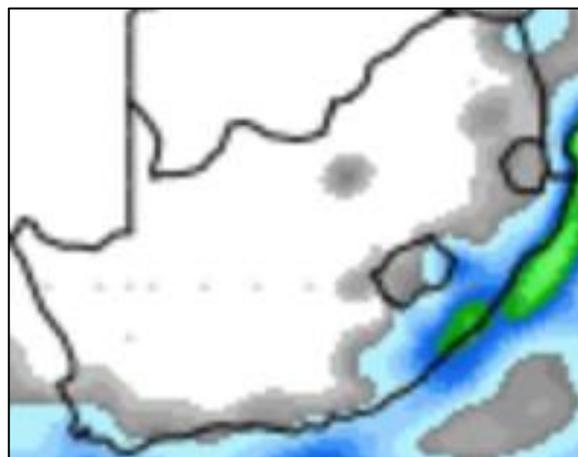


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

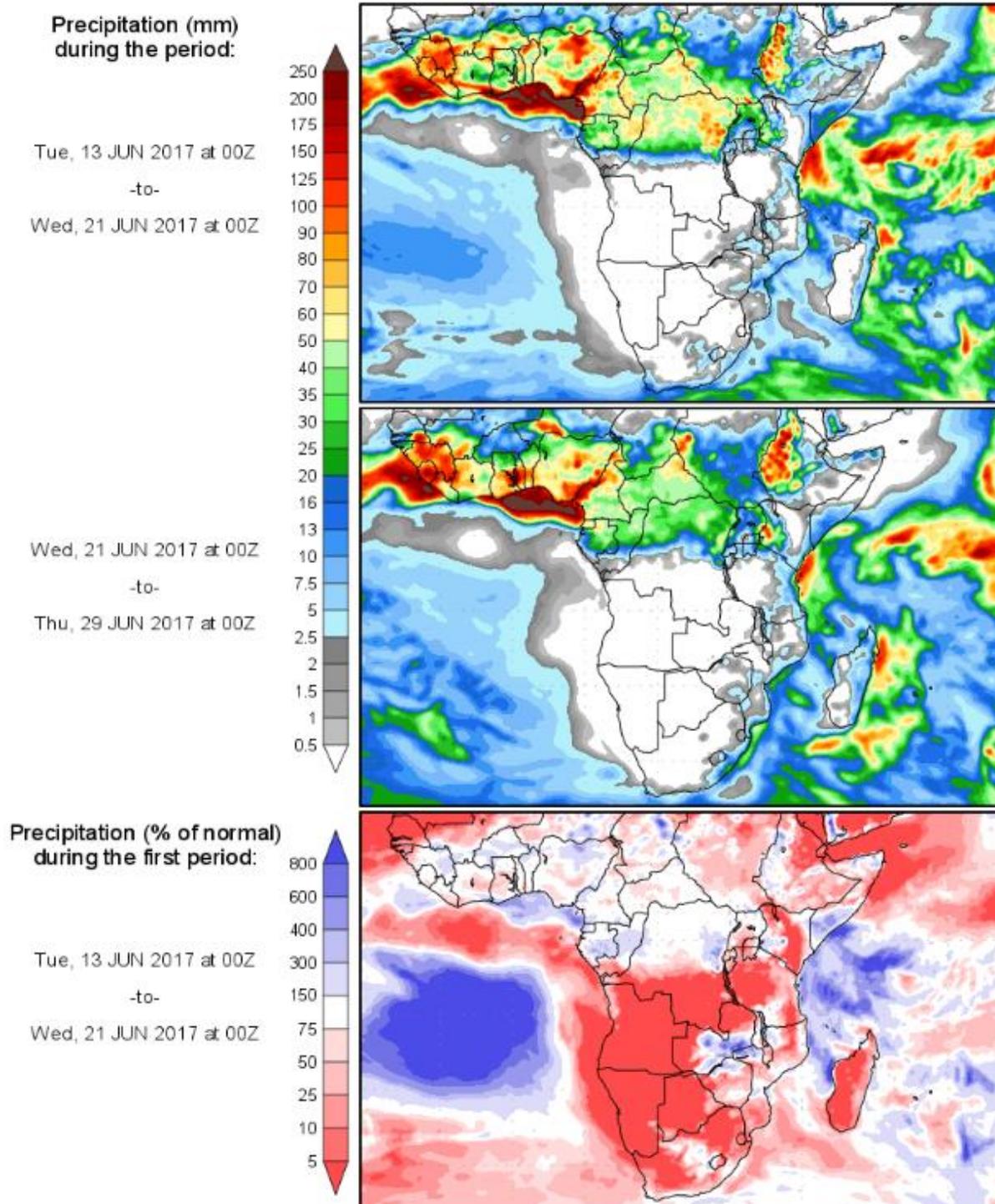


Figure 3: Precipitation forecast
Source: wxmaps

Key Data Sources: JSE, CME, Potatoes SA, Johannesburg Fresh Produce Market, Red Meat Abattoir Association, Reuters, SAGIS, USDA, International Grains Council, National Crop Estimate Committee, Earth Institute: Columbia University, South African Weather Services, Sunseedman, SASDE and wxmaps.

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