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**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 13/02/2018
- SAGIS producer deliveries data: 14/02/2018
- SAGIS monthly data: 26/02/2018
- National Crop Estimates Committee's data: 27/02/2018

<b>ECONOMIC INDICATORS</b>	12/02/2018*	13/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,96	11,92	+0,34%
Rand/Euro	14,66	14,68	-0,14%
Euro/US Dollar	1,2262	1,2298	+0,29%
Gold Spot	1 319,78	1 325,33	+0,42%
Brent Crude Oil	63,87	63,18	-1,08%
Platinum Spot	963,56	973,79	+1,06%
Dow Jones Industrial Average	24 190,90	24 601,27	+1,70%
JSE All Share	56 040,75	56 206,76	+0,30%
SA repo rate	6.75	6.75	0,00%
SA CPI (y/y %)	4.70	4.70	0,00%
SA CPI – food (y/y %)	4,90	4,90	0,00%

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

- This morning the domestic currency strengthened by 0.34% against the US Dollar from levels seen at midday yesterday. The Rand's appreciation was line with the US Dollar depreciation against major currencies, higher global commodity prices, as well as improved domestic political sentiment. At the time of writing, the Rand/US Dollar exchange traded around R11.92. From a domestic data front, Stats SA will release the Quarterly Labour Force Survey data for the fourth quarter of 2017.
- The Brent crude oil market remains under pressure after reports from the Energy Information Administration indicated that the US shale crude oil production could increase by 110 000 barrels a day in March 2018 to 6.76 million barrels a day. This morning, the Brent crude oil price was down by 1.08% from levels seen at midday yesterday, trading around US\$63.18 per barrel.



MAIZE/CORN	12/02/2018*	13/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 827	1 814	-0,71%
White maize Jul 18 (R/t)	1 948	1 934	-0,72%
Yellow maize Spot (R/t)	1 915	1 905	-0,52%
Yellow maize Jul 18 (R/t)	2 013	2 002	-0,55%
CME corn Spot (US cents/bushel)	365	367	+0,55%

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

- Yesterday the South African maize market pulled back from levels seen the previous day owing to a combination of factors. The most notable ones are the stronger Rand against the US Dollar, as well as favourable weather conditions across the maize belt.
- This past weekend brought light showers in most parts of the South African maize belt. The western regions received rainfall varying between 07 and 50 millimetres, which mainly benefited white maize crops. Meanwhile, the eastern regions of the maize belt received rainfall of between 10 and 45 millimetres, which largely benefited yellow maize crops.
- The maize crop is generally in good condition in most areas<sup>1</sup>, thanks to good showers received in the past few weeks which improved soil moisture and subsequently benefited the crops<sup>2</sup>. Also heartening to see is that the weather forecast for the next two weeks presents a possibility of good rainfall across the maize belt. This should further improve soil moisture and crop conditions.
- On the global front – This morning the Chicago maize price was up by 0.55% from levels seen at midday yesterday owing to expectations of unfavourable weather conditions in Argentina.
- Elsewhere, the maize harvest process has commenced in Brazil. Data from AgRural shows that on 08 February 2018, maize harvest process was 11% complete in the centre-south region of Brazil. Meanwhile, the planting of Safrinha maize (second crop) was at 15% complete, slightly behind the pace observed at the same time last year. The USDA forecasts Brazil's 2017/18 maize production at 95 million tonnes, down by 4% y/y.

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

<sup>1</sup> We estimate that South Africa's 2017/18 maize production could reach 11.2 million tonnes, which would be a 33% y/y decline, but still above the annual consumption of 10.5 million tonnes.

<sup>2</sup> The most recent report from World Weather Inc. shows that soil moisture has slightly improved in western sections of the Free State and North West provinces from extreme dryness experienced at the beginning of the year.



WHEAT	12/02/2018*	13/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 630	3 635	+0,14%
SAFEX Wheat May 18 (R/t)	3 725	3 721	-0,11%
CME Wheat spot (US cents/bushel)	457	466	+1,97%

\*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 in yesterday's trade session. The spot price settled in positive territory benefiting from a bullish sentiment from the Chicago wheat market. Meanwhile, May 18 contract month remained under pressure due to commercial selling.
- With the winter wheat harvest process totally over in South Africa, the weather is not of importance in the market. The impact of drier conditions experienced in the Western Cape province over the past few months is mirrored in national wheat production. The 2017 harvest is estimated at 1.48 million tonnes, down by 23% y/y. This is not new news, therefore already priced into the market.
- With that said, the forecast light showers of between 13 and 20 millimetres across the Western Cape province is a welcome development, although will not meaningfully improve dam levels. On 05 February 2018, the provinces dam levels averaged 24%, down by one percentage point from the previous week and 13 percentage points from the corresponding period last year.
- On the global front - This morning the Chicago wheat price was up by 1.97% from levels seen at midday yesterday due to solid global demand
- Recent reports from the International Grains Council shows that Egypt purchased 360 000 tonnes of milling wheat from Russia and Romania. Moreover, Iraq bought 50 000 tonnes of milling wheat from Australia. Also worth noting is that South Korea acquired 65 000 tonnes of feed wheat from the optional origin.
- The USDA forecasts 2017/18 global wheat imports at 180 million tonnes, up by 1% y/y. The leading buyers, as reflected in the aforementioned recent sales, are North African countries, Middle East, as well as Southeast Asia. The Sub-Saharan Africa region is also set to be amongst the world's wheat importing regions. Within this region, countries such as Nigeria, Sudan, Kenya, Ethiopia and South Africa are the key importers.
- Overall, this robust demand will not significantly influence the global price movements as the market is well supplied. The USDA forecasts 2017/18 global wheat ending stock at 266 million tonnes up by 5% from the previous season.

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



SOYBEAN	12/02/2018*	13/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 477	4 536	+1,32%
SAFEX Soybean May 18 (R/t)	4 596	4 665	+1,50%
CME Soybean Spot (US cents/bushel)	1 000	1 002	+0,20%

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

- The domestic soybean market had a good run at the start of this week with support emanating from the Chicago soybean market, which was underpinned by unfavourable weather conditions in South America.
- Bethlehem, Harrismith, Heilbron, Lindey, Vred, Warden, Bethal, Davel, Hendrina, Kriel, Eandra, Lydenburg, Middleburg, Morgenzon and Witbank regions of eastern Free State and Mpumalanga provinces received light showers of between 10 and 45 millimetres over the weekend, which bodes well for soybean crops which are already in a fair condition.
- Moreover, the next two weeks could bring rainfall of between 25 and 90 millimetres across the soybean growing areas, which should further improve soil moisture, and then crop conditions. Actually, the weather forecast for the next three months is favourable, with prospects of good rainfall.
- The key risk this production season is hail. In the past few weeks, hail affected few areas in KwaZulu Natal and Mpumalanga provinces, but the impact on crops was minimal, which partially explains our view of a fairly good crop this season<sup>3</sup>.
- In global markets – This morning the Chicago soybean price was up by 0.20% from levels seen at midday yesterday due to lingering concerns of dryness in the southern parts of Argentina.
- After experiencing drier weather conditions which lifted the Chicago soybean prices in the past few days, the weather forecasts for the central and eastern parts of Argentina show a possibility of continuous dryness<sup>4</sup>. This means that the bullish sentiment in the market could prevail in the next few days. The glimpse of possible light rainfall across Argentina in the week ending 28 February 2018.
- In its recent monthly update, the USDA revised Argentina's 2017/18 soybean production down by 4% from the previous estimate to 54 million tonnes. This is 7% lower than the previous season's harvest.

Bottom line – Similarly to other crops, the soybean market could experience sideways movements if the Chicago soybean price and ZAR/USD exchange maintain the current trend.

<sup>3</sup> We forecast South Africa's 2017/18 soybean production at 1.2 million tonnes, down by 8% from the previous season.

<sup>4</sup> Please see the link for more information on South America's precipitation prospects: <http://wxmaps.org/pix/prec8>



SUNFLOWER SEED	12/02/2018*	13/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 665	4 730	+1,39%
SAFEX Sunflower seed May 18 (R/t)	4 728	4 770	+0,89%
EU (France) sunflower seed (US\$/t)	392	391	-0,26%

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

- The domestic sunflower seed market started yesterday's trade session in positive territory and maintained the gains throughout the day owing to commercial buying interest.
- The sunflower seed growing areas experienced dry and cool weather conditions during the weekend. This presented an opportunity for some farmers to fast-track the planting activity which is currently underway in northwest parts of the Free State and North West provinces.
- As highlighted in our previous notes, the optimal planting window closed on 20 January 2018. Any planting activity outside this window implies that crops could be negatively affected by frost later in the season, which will, in turn, lower the yields.
- Also worth noting is that the ongoing planting activities mean that the National Crop Estimates Committee will possibly revise its preliminary planting estimate up from the current level of 560 100 hectares. An update will be released on 27 February 2018.
- Looking ahead, the expected favourable rainfall<sup>5</sup> within the next three month should improve soil moisture, which will thereafter support the crop from germination to pollination stage of development. If the frost is delayed, then the late planted areas could also receive average yields.
- Apart from the production dynamics, the 2017/18 sunflower seed marketing year ends on 28 February 2018. Unlike the previous season, the ending stocks will be up by 12% y/y at the end of the season, estimated at 183 081 tonnes. This will boost supplies in the 2018/19 marketing year which starts on 01 March 2018.
- In the global market – The EU's sunflower seed market lost ground in yesterday's trade session with the price down by 0.26% from the previous day, closing at US\$391 per tonne. This was in line with the decline in vegetable oils market, as well as the bearish sentiment on the back of expected large harvest in the EU region.

Bottom line – Today, the domestic sunflower seed market could pull back from the previous day's levels owing to the stronger ZAR/USD exchange, as well as favourable weather prospects.

<sup>5</sup> The South African Weather Service forecasts above average rainfall in summer crop growing areas between February and April.



<b>POTATO</b>	12/02/2018*	13/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	39,17	36,17	-7,66%

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

- The South African potatoes market saw extended losses in yesterday's trade session with the price down by 8% from the previous day, closing at R36.17 per pocket (10kg). These losses were partially on the back of a large stock of 1.06 million pockets (10kg bag) at the start of the trade session.
- However, during the day, the market experienced commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity during the weekend. This subsequently led to an 18% decline in daily stocks to 867 816 pockets (10kg bag).

Bottom line – In today's trade session the potato market could experience receive marginal support due to a relatively lower stock of 867 816 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	12/02/2018*	13/02/2018*	d-o-d (%Δ)
Apples (R/kg)	9,96	8,69	-12,75%
Bananas (R/kg)	5,01	5,33	+6,39%
Oranges (R/kg)	5,42	6,31	+16,42%

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

- The fruit market ended yesterday's trade session on a mixed footing. The price of apples was down by 13% from the previous day, settling at R8.69 per kilogram due to a large stock of 144 000 tonnes.
- Meanwhile, the prices of bananas and oranges increased by 6% and 16% from the previous day, closing at R5.33 and R6.31 per kilogram, respectively. In the bananas market, the gains followed a 9% decline in daily stock to 296 000 tonnes. The oranges price was also supported by the lower stock of 7 000 compared to levels of over 30 000 tonnes at the beginning of the month.

Bottom line – This week the traded volumes and buying interest are likely to be the key factors underpinning the South African fruit market.

<b>BEEF CARCASS</b>	12/02/2018*	13/02/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	44,00	44,00	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 price was unchanged from the previous day, closing at R44.00 per kilogram. As highlighted in our previous notes, the SAFEX beef carcass prices might not be a true reflection of the activity in the physical market, which continues to show solid activity.
- From a meat supply front, South African farmers slaughtered 262 727 head of cattle in December 2017, up by 10% from the previous month. However, this is down by 17% from the corresponding period the previous year, as the restocking process continues after the recent drought (but will soon normalise).

Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX beef carcass prices will most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The weather outlook for the next eight days paints a positive picture of widespread rainfall across the country, (figure 1). This should improve soil moisture and thereafter crop conditions. The Western Cape province, which has been dry and warm for some time, could also receive light showers. However, this will not be sufficient to meaningfully improve dam levels.
- The long-term weather forecasts also show a likelihood of rainfall across South Africa (figure 2). This should vary between 16 and 90 millimetres and will boost soil moisture. The forecast light showers in the Western Cape province are a welcome development, but will not be sufficient to improve dam levels.

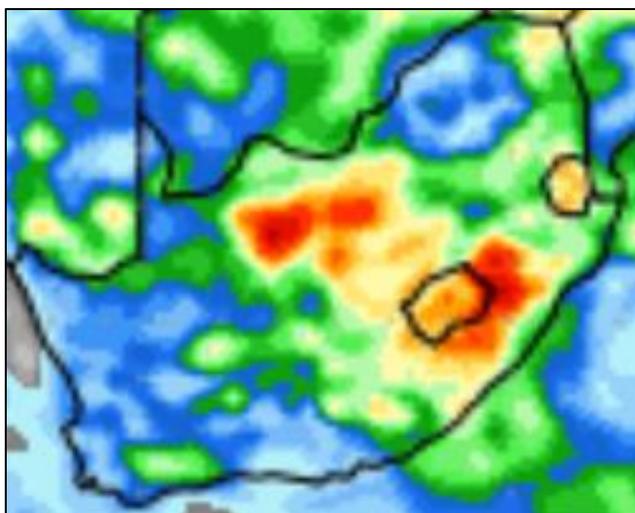


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

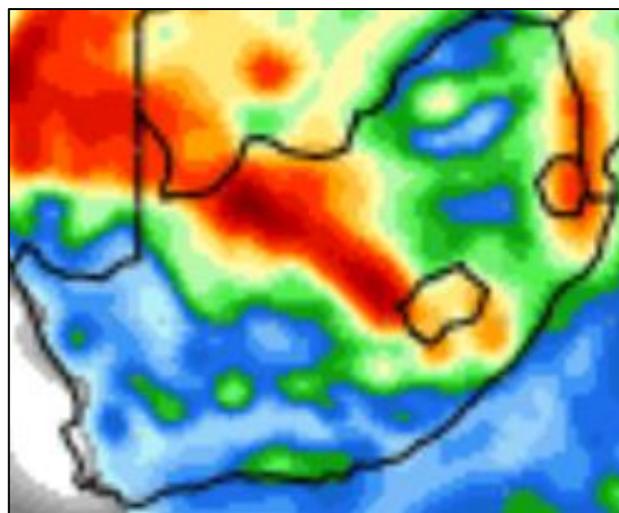


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

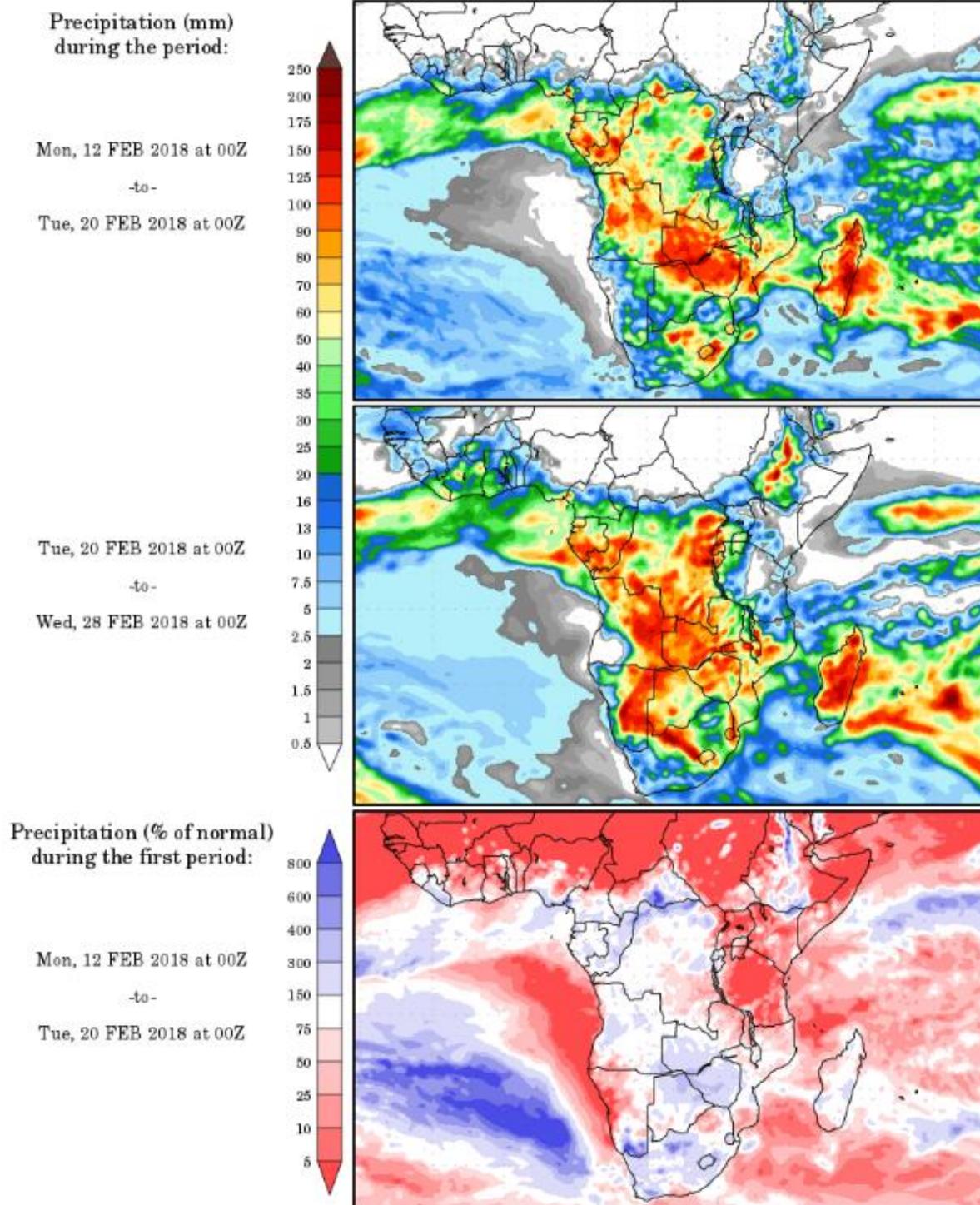


Figure 3: Precipitation forecast

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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