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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 13/03/2018
- SAGIS producer deliveries data: 14/03/2018
- SAGIS monthly data: 27/03/2018
- National Crop Estimates Committee's second summer crop production estimates: 28/03/2018
- USDA's prospective plantings data: 29/03/2018
- USDA's crop progress report: 09/04/2018

ECONOMIC INDICATORS	12/03/2018*	13/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,83	11,82	+0,08%
Rand/Euro	14,57	14,59	-0,14%
Euro/US Dollar	1,2309	1,2326	+0,14%
Gold Spot	1 317,26	1 321,00	+0,28%
Brent Crude Oil	65,29	65,02	-0,41%
Platinum Spot	957,57	963,15	+0,58%
Dow Jones Industrial Average	25 335,74	25 178,61	-0,62%
JSE All Share	59 525,24	59 194,45	-0,56%
SA repo rate	6.75	6.75	0,00%
SA CPI (y/y %)	4,40	4,40	0,00%
SA CPI – food (y/y %)	4,60	4,60	0,00%

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

- This morning the domestic currency slightly strengthened by 0.08 percent against the US Dollar from levels seen at midday yesterday. The Rand's appreciation was partly in line with the US Dollar depreciation against major currencies, as well as higher global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R11.82. From a domestic data front, Stats SA will release the manufacturing production data for January 2018.
- After experiencing a good run at the start of the week, the Brent crude oil market was under pressure this morning with the price down by 0.41 percent from levels seen at midday yesterday, trading around US\$65.02 per barrel. These losses were on the back of an expected uptick in US oil production later this year. The most recent report from the Energy Information Administration indicates that the US oil production could increase by 131 000 barrels a day to 6.95 million barrels a day in April 2018.



MAIZE/CORN	12/03/2018*	13/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 940	1 953	+0,67%
White maize Jul 18 (R/t)	2 049	2 056	+0,34%
Yellow maize Spot (R/t)	2 045	2 048	+0,15%
Yellow maize Jul 18 (R/t)	2 125	2 133	+0,38%
CME corn Spot (US cents/bushel)	382	383	+0,26%

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

- Yesterday the South African maize market started the day on a positive footing and maintained the gains throughout the session with support partially emanating from commercial buying interest.
- Over the weekend, the Free State province received light and scattered showers, which were however not sufficient to make a meaningful improvement in soil moisture. With that said, the maize crop is in fairly good condition across the country.
- The areas that are somewhat moisture-stressed following dryness in the past few days could soon see some relief, as the weather forecasts for the next two weeks show a possibility of rainfall of between 20 and 60 millimetres.
- As indicated in yesterday's note, the United States Department of Agriculture (USDA) forecasts South Africa's 2017/18 maize production at 13.0 million tonnes (down by 26 percent from last year)¹.
- Worth noting, but of lesser significance to the global market, is a possible uptick in Mali's maize harvest. The official estimate from the country's Ministry of Agriculture points to a 15 percent year on year uptick in 2018/19 maize production to 3.9 million tonnes. This improvement is largely on the back of an increase in area planted.
- **On the global front** – This morning the Chicago maize price was up by 0.26 percent from levels seen at midday yesterday owing to a relatively weaker US Dollar against major currencies.
- The USDA recently reported a sale of 260 tonnes of maize to an optional origin. Aside from this particular sale, global demand could remain solid. The USDA forecasts 2017/18 global maize imports at 148 million tonnes, up by 9 percent from the previous season. Egypt, EU, Japan, Mexico, Southeast Asia and South Korea are set to be amongst the key buyers with imports set to reach 10 million, 16 million, 15 million, 17 million, 15 million and 10 million tonnes, respectively.

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

¹ The USDA estimate covers both commercial and non-commercial maize production, while the National Crop Estimates Committee's (CEC) only covers commercial production. While not directly comparable to the USDA estimate because of the aforementioned reasons, the CEC forecasts South Africa's 2017/18 maize production at 12.2 million tonnes, which is 6% lower than the USDA's estimates.



WHEAT	12/03/2018*	13/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 635	3 640	+0,14%
SAFEX Wheat May 18 (R/t)	3 702	3 697	-0,14%
CME Wheat spot (US cents/bushel)	486	490	+0,82%

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

- The domestic wheat market ended yesterday's session on a mixed footing. The spot price gained ground in what appeared to be strong commercial buying interest. Meanwhile, the May 2018 contract month price remained under pressure in line with the Chicago wheat prices.
- South Africa's wheat market is currently off-season, and therefore, most activity is in import trading. The past season's drought resulted in a lower harvest in the Western Cape province, which subsequently led to a 20 percent year-on-year decline in 2017 national production to 1.5 million tonnes.
- The Western Cape is a winter rainfall area. Despite the urgent need for rain, there a slim chance of sufficient showers in that province within the next couple of weeks. The winter wheat growing areas will, nonetheless, need moisture within the next two months or so ahead of the new planting season. At this point, it is unclear what the weather conditions will look like in the upcoming season.
- Apart from the domestic development, the global market remains well supplied after the USDA supply and demand estimates reports showed a slight upward revision in 2017/18 global wheat production estimate to 759 million tonnes. This is three percent higher than the previous season. Russia and India were the leading contributors to this increase in production.
- From a demand front, the 2017/18 global wheat imports are estimated at 182 million tonnes, slightly higher than the previous month's estimate of 180 million tonnes and seven percent higher than the previous season. Southeast Asia, Middle East and North Africa and Sub-Saharan Africa regions are set to be amongst the key importers.
- Looking ahead, the International Grains Council forecasts a percentage decline in 2018/19 global wheat area plantings. This is mostly underlined by the expected reduction in area plantings in the Black Sea, EU, as well as in Africa. Cocal, in its first outlook for the EU's 2018/19 wheat crop forecasts a percentage point decline in production to 141 million tonnes.
- Meanwhile, other regions are expected to record marginal upticks from the wheat area plantings in the 2018/19 production season. Assuming normal weather conditions across major wheat-producing regions, the 2018/19 global wheat harvest could decline by two percent year on year to 741 million tonnes.

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



SOYBEAN	12/03/2018*	13/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 639	4 541	-2,11%
SAFEX Soybean May 18 (R/t)	4 729	4 631	-2,07%
CME Soybean Spot (US cents/bushel)	1 025	1 033	+0,78%

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

- The South African soybean market started yesterday's trade session in negative territory and remained under pressure throughout the day, as lower Chicago soybean prices, as well as the stronger domestic currency, continued to add a bearish sentiment to the market.
- Apart from the aforementioned development, there was no fresh news in the market. The weekend was quite warm and dry across the soybean growing areas, but that is not much of a concern as there is still a fair amount of soil moisture. Moreover, the next two weeks promise a possibility of good rainfall which should further improve soil moisture.
- With the soybean harvest expected to reach a new record level of 1.4 million tonnes this season², coupled with a large opening stock of 332 442 tonnes at the start of 2018/19 marketing year, the local Supply and Demand Estimates Committee forecasts a 29 percent year on year decline in imports to 20 000 tonnes.
- **In global markets** – This morning the Chicago soybean price was up by 0.78 percent from levels seen at midday yesterday owing to strong global demand, as well as a fairly weaker US Dollar against major currencies.
- From a production front, the weather forecast for South America has improved and currently showing a possibility of higher rainfall in Brazil, as well as north and eastern parts of Argentina. Assuming the rains materialise, there is production potential that is unrecoverable at this point in Argentina. That said, an increase in moisture will somewhat help stabilise the declining production.
- As indicated in our note yesterday, the USDA revised its estimate for Argentina's 2017/18 soybean production further downwards by 13% from the February 2018 to 47 million tonnes. This is a 19% decline from the previous season owing to expectations of lower yields, which were, in turn, underpinned by drier weather conditions.
- Brazil is in good shape, the expected rainfall could perhaps slow the harvest process, which had already progressed to 48% complete by end of last week.

Bottom line – Similar to other commodities, the domestic soybean market could experience sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current movement

² The National Crop Estimates Committee forecasts South Africa's 2017/18 soybean production at 1.4 million tonnes, up by 5% from the previous season due to an increase in area planted and expected higher yields in some areas.



SUNFLOWER SEED	12/03/2018*	13/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 850	4 800	-1,03%
SAFEX Sunflower seed May 18 (R/t)	4 747	4 716	-0,65%
EU (France) sunflower seed (US\$/t)	403	402	-0,25%

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

- Yesterday the sunflower seed market lost ground with bearish pressure emanating from the stronger Rand against the US Dollar, as well as prospects of rainfall within the next two weeks.
- The expected rainfall this past weekend did not materialise in most sunflower seed growing areas. It is only a few areas around Bloemfontein, De Brug, Viljoenskroon and Losdoorns that received light showers of between 5 and 13 millimetres.
- With that said, soil moisture is generally in fair condition following the recent rainfall. The crop that is slightly moisture-stressed following dryness in the past few days should soon recover as weather conditions promise rainfall within the next two weeks.
- With the late planted sunflower seed crop still at early stages of development in regions around Delareyville, Sannieshof and Lichtenburg in the North West province, the expectation of a prolonged rainfall pattern this season should provide sufficient moisture for crop development³.
- **In the global market** – The EU's sunflower seed market started the week on a negative footing with the price down by 0.25% from the previous day, closing at US\$402 per tonne. This was a theme across all vegetable oil (palm and sunflower oil), and crude oil prices.
- These losses will, however, be short-lived owing to a decline in global sunflower seed production. As noted in our previous notes, the USDA forecasts 2017/18 global sunflower seed production at 46 million tonnes, down by 3% from the previous season. This is due to lower yields in parts of Russia and Ukraine, which overshadowed the uptick in production in Argentina, Turkey and the European Union.
- Looking ahead, the incoming data suggest that the new season sunflower seed harvest could marginally decline further in key producing countries. Official estimates for Russia's 2018/19 sunflower seed crop point to a four percent year-on-year decline in area plantings to 7.6 million hectares.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses owing to the relatively stronger ZAR/USD exchange, as well as favourable weather prospects.

³ The medium-term weather forecast promises a possibility of above normal rainfall in summer crop growing areas of South Africa between this month and May 2018. For more information on this, read the South African Weather Service Seasonal Climate Watch, issued on 06 March 2018.



POTATO	12/03/2018*	13/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	34,44	33,02	-4,12%

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

- The potatoes market started the week on negative footing owing to a large stock of 934 899 tonnes at the start of the session. The price was down by four percent from the previous day, closing at R33.02 per pocket (10kg).
- However, towards the end of the session, the market experienced strong commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity during the weekend. This subsequently led to a 31 percent decline in daily stocks to 644 269 pockets (10kg bag).

Bottom line – After experiencing losses at the start of the week, today the potatoes market could gain ground owing to relatively lower stock of 644 269 pockets (10kg bag).

FRUIT (South Africa)	12/03/2018*	13/03/2018*	d-o-d (%Δ)
Apples (R/kg)	7,74	7,27	-6,07%
Bananas (R/kg)	7,29	7,19	-1,37%
Oranges (R/kg)	7,83	7,69	-1,79%

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

- The fruit market also started the week on a negative footing with prices under pressure due to an uptick in daily stock. The price of apples and bananas were down by six percent and a percentage point from the previous day, closing at R7.27 and R7.19 per kilogram, respectively. These losses were underpinned by a large stock of 220 000 tonnes of apples and 301 000 tonnes of bananas.
- Moreover, the price of oranges fell by two percent from the previous day and settled at R7.69 per kilogram. This will, however, be short-lived because of fairly lower stock of 26 000 tonnes, compared to levels of over 70 000 tonnes in the past few days.

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

BEEF CARCASS	12/03/2018*	13/03/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	44,50	44,50	0,00

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

- It was again a quiet day in the SAFEX beef carcass market with prices unchanged from the previous day due to thinly traded volumes. The price settled at R44.50 per kilogram. Worth noting is that these prices might not be a true reflection of the physical market, which continues to show solid activity
- As highlighted in our previous notes, the South African farmers slaughtered 188 737 head of cattle in January 2018, down by 21 percent from the previous month and 10 percent from the corresponding period last year. This was largely on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. Lower maize prices and good recovery in pastures have provided a conducive environment for the cattle stock rebuilding process.

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

- Most parts of South Africa could receive rainfall of between 20 and 60 millimetres this week. This should further improve soil moisture and benefit the crops. The western sections of the Northern and Western Cape provinces will, however, remain dry and warm over the observed period (**figure 1**).
- Again, the long-term weather forecasts present a similar outlook of continuous rainfall across the summer crop growing areas of the country, with the western sections of the Western and Northern Cape provinces remaining dry and warm (**figure 2**).

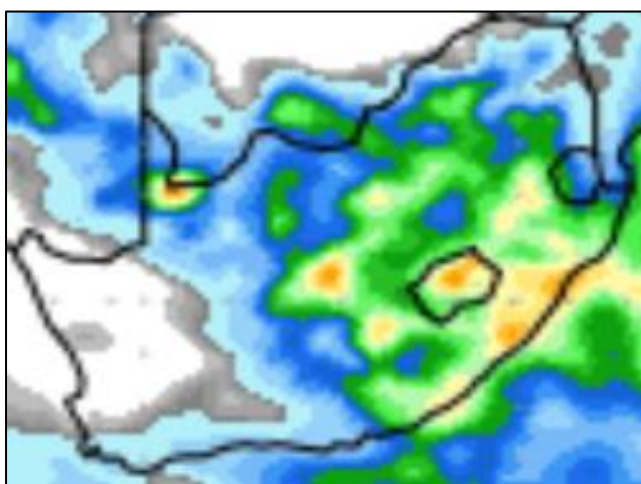


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

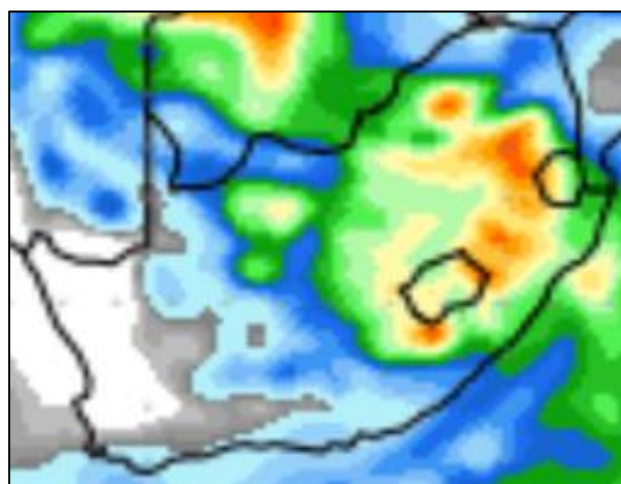


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

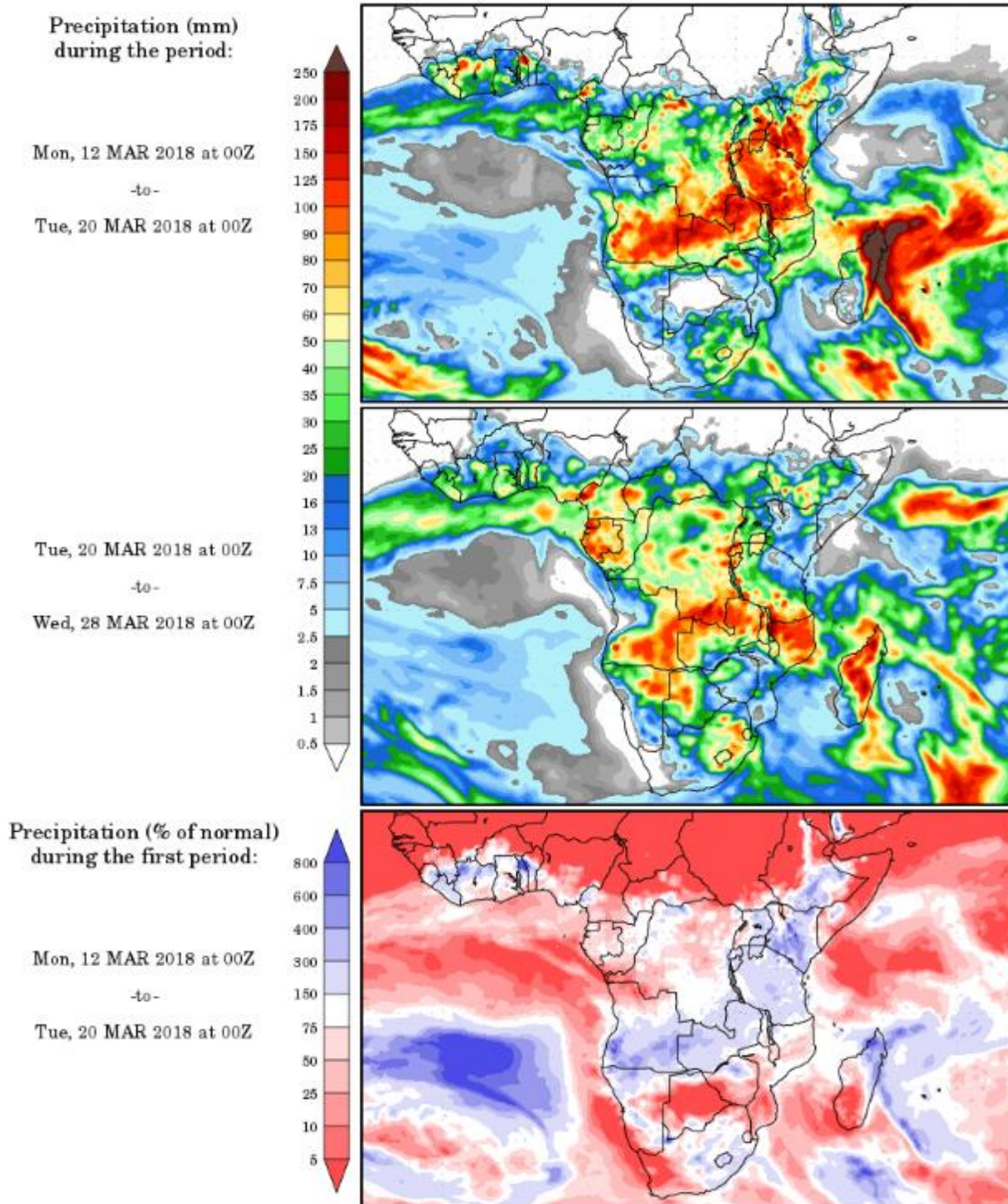


Figure 3: Precipitation forecast

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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