



02 MARCH 2017

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Key Data Releases in Agricultural Markets:

- USDA weekly export sales data: 02/03/2017
- SAGIS weekly grain trade data: 07/03/2017
- SAGIS weekly producer deliveries data: 08/03/2017
- SAGIS monthly data: 27/03/2017
- National Crop Estimates Committee's monthly data: 28/03/2017

ECONOMIC INDICATORS	01/03/2017*	02/03/2017*	d-o-d (%Δ)
Rand/US Dollar	13,03	13,01	+0,15%
Rand/Euro	13,73	13,70	+0,22%
Euro/US Dollar	1,0539	1,0531	-0,08%
Gold Spot	1 244,63	1 246,70	+0,17%
Brent Crude Oil	56,75	56,10	-1,15%
Platinum Spot	1 026,00	1 016,50	-0,93%
Dow Jones Industrial Average	20 812,24	21 115,55	+1,46%
JSE All Share	51 476,60	51 682,19	+0,40%
SA repo rate	7,00	7,00	0,00%
SA CPI (%)	6,60	6,60	0,00%
SA CPI – food (%)	11,80	11,80	0,00%

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

- This morning the South African Rand gained ground against the US Dollar, strengthening by 0.15% from the levels 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 R13.01. From a local data perspective, January 2017 electricity production and consumption data will be released today.
- The Brent crude oil market was under pressure this morning, with the price down by 1.15% from the level seen at midday yesterday. This comes after the US Energy Information Administration reported an increase of 1.5 million barrels in domestic crude oil supplies to 520.2 million barrels for the week ending 24 February 2017. At the time of writing, oil price traded around US\$56.10 per barrel.



MAIZE/CORN	01/03/2017*	02/03/2017*	d-o-d (%Δ)
White maize Spot (R/t)	2 780	2 536	-8,78%
White maize Jul 17 (R/t)	1 917	1 906	-0,57%
Yellow maize Spot (R/t)	2 592	2 369	-8,60%
Yellow maize Jul 17 (R/t)	2 025	2 030	+0,25%
CME corn Mar 17 (US cents/bushel)	370	376	+1,62%

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

- The **South African** maize market was mainly under pressure in yesterday's trade session. This came after the National Crop Estimate Committee indicated that the country could potentially harvest a bumper crop this season¹. However, this was with the exception of the July 17 contract month price which maintained the previous day's gains and closed in positive territory. In part, this was due to lower stock level and higher Chicago maize prices².
- South African farmers continue to deliver maize crop to commercial silos. In the week ending 24 February 2017, total maize producer deliveries were recorded at 30 456 tonnes (68% was white maize and 32% was yellow maize). This is 35% lower than the previous week's deliveries. Overall, South Africa's total maize producer deliveries for "week 1 to 43" currently stand at 6.62 million tonnes.
- For the new season, the crop is in fairly good condition and the forecast dry weather condition of the next two weeks should offer an essential dry spell, following weeks of heavy rains. This could also open a window for potentially early deliveries, particularly in irrigation areas.
- **On the global** front - this morning Chicago maize price was up by 1.65% from the level seen at midday yesterday, owing to spillover support from the wheat market.
- Moreover, the bullish sentiment in the US maize market is partly on the back of reports that biofuel production could be increased, which will subsequently lead to high demand for maize.
- Elsewhere, the **Japanese** Agricultural Ministry released 330 000 tonnes of maize from its emergency stockpile after inventories fell to critically low levels due to delayed arrivals of maize imports from the US.
- Overall, there are large supplies of maize in the world market, the International Grains Council forecasts 2016/17 **global** maize production at 1.049 billion tonnes, up by 8% from the previous season. Moreover, the closing stocks are estimated at 224 million tonnes, which is a 7% annual increase.

Bottom line – the maize market could see sideways movements today if the ZAR/USD exchange and Chicago maize prices maintains the current movements.

¹ The CEC released their first estimates of the season and projected South Africa's 2016/17 total maize production at 13.92 million tonnes, which is 78% annual increase. This is 17% higher than the Agbiz estimate of 11.90 million tonnes.

² South Africa's total maize ending stocks were at 2.5 million tonnes in January 2017, which is 19% lower than the previous month and 23% lower than January 2016.



WHEAT	01/03/2017*	02/03/2017*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 937	3 950	+0,33%
SAFEX Wheat May 17 (R/t)	4 022	4 034	+0,30%
CME Wheat Mar 17 (US cents/bushel)	428	437	+2,10%

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

- **South Africa's** wheat market saw widespread gains during yesterday's trade session with support coming from higher Chicago wheat prices, as well as the weaker Rand against the US Dollar.
- South African farmers continue to deliver wheat to commercial silos. In the week ending 24 February 2017, wheat deliveries were recorded at 6 544 tonnes, which is 14% lower than the volume recorded the previous week. This brought South Africa's 2016/17 total wheat deliveries for "week 1 to 21" to 1.79 million tonnes.
- The Western Cape province continues to experience dryness and conditions are expected to remain unchanged over the next two weeks. The average provincial dam level was estimated at 32% full on the 27 February 2017. This is 6% lower than the corresponding period last year. From the wheat production perspective, this is not an immediate concern as winter wheat farmers are still off season.
- However, over the medium to long term, this could be a challenge. Recent data from the Australian Bureau of Meteorology suggest that there is an increasing likelihood that an El Niño weather event could appear over the Pacific Ocean in the second half of 2017, potentially giving rise to a period of widespread hot and dry conditions. This could potentially affect the 2017/18 winter wheat production.
- **On the global front** - this morning **Chicago wheat** price was up by 2.10% from the level seen at midday yesterday, owing to strong demand from Egypt.
- This comes after the country (Egypt) made a big order/purchase of 535 000 tonnes wheat from the world market. This is Egypt's largest single purchase in over three years.
- Earlier this week there were concerns in the **US** that above-average temperatures and the loss of protective snow cover could negatively affect the wheat crop, but with rains alleviating dryness in some areas, the outlook looks promising.
- Elsewhere, according to **Russia's** Ministry of Agriculture, the country had planted 31 million hectares of the 2017/18 winter grains on the 24 February 2017, which is 1% below the corresponding period last year.

Bottom line – in today's session, higher Chicago wheat prices could potentially spill over to the domestic market. With that said, the ZAR/USD movements could also influence the market.



SOYBEAN	01/03/2017*	02/03/2017*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	6 049	6 009	-0,66%
SAFEX Soybean May 17 (R/t)	5 300	5 294	-0,11%
CME Soybean Mar 17 (US cents/bushel)	1 032	1 038	+0,58%

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

- The **South African** soybean market lost ground during yesterday's trade session, owing to positive prospects for domestic supplies. As noted yesterday, the National Crop Estimate Committee's first production estimates for **South Africa's** soybean crop reached 1.07 million tonnes, which is 44% higher than the previous estimate and well above market expectations.
- Dry and warm weather conditions this week have afforded **South Africa's** soybean crop a breathing window after last week's heavy rains. Overall, the crop is in good conditions across the country.
- **In global markets** - this morning **Chicago** soybean price was up by 0.58% from the level seen at midday yesterday, still gaining support from reports of planned changes to US biofuel policy which could boost demand for soybeans over the foreseeable future.
- From a demand perspective, there were reports that South Korea purchased about 55 000 tonnes of soybean meal from South America and India.
- Besides the aforementioned events, there was no major news in the global soybean market. In South America, weather conditions have improved and now expected to be warm towards the weekend, which should support harvest activity in **Brazil**. On the 1st March 2017, the country had harvested 43% of its soybean crop, ahead of the corresponding period last year. The International Grains Council forecasts Brazil's 2016/17 soybean production at 104.5 million tonnes, which is 10% higher than the previous season.
- In **Argentina**, following showers in the past few days, the forecast warm weather should bode well with the crop. The Argentinian soybean production is estimated at 54.5 million tonnes, which is 7% below the previous season's crop. This decline is due to unfavourable weather conditions earlier in the season as well as a slight decline in area plantings owing to competition from other crops such as sunflower seed.
- Despite these market developments, there is a large crop in the global market. The recent estimates from the International Grains Council placed 2016/17 global soybean production at 336 million tonnes, which is 7% higher than the previous season. Moreover, the 2016/17 soybean ending stocks are estimated at 35 million tonnes, which is 8% higher than the previous season.

Bottom line – The domestic soybeans market could see sideways movements in today's session if the ZAR/USD exchange and Chicago soybean prices maintain the current movements.



SUNFLOWER SEED	01/03/2017*	02/03/2017*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 644	4 609	-0,75%
SAFEX Sunflower seed May 17 (R/t)	4 880	4 737	-2,93%
EU (France) sunflower seed (US\$/t)	417	418	+0,24%

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

- The **South African** sunflower seed market saw widespread losses during yesterday's trade session, with bearish pressure emanating from relatively large domestic stock level, as well as favourable prospects for the new season crop³.
- **South Africa's** sunflower seed growing areas have seen a fairly dry start of this week, which bodes well with crop growing conditions after last week's high rainfall. Overall, the crop is in fairly good condition and the prospects are promising⁴.
- **In global markets** – yesterday the **EU's** sunflower seed market saw additional gains, with the price up by 0.24% from the previous day's level, closing at US\$418 per tonne. The support was still on the back of strong global demand for sunflower seed products (oil and meal).
- Meanwhile, the **Black Sea** region's sunflower seed oil market saw marginal losses of 0.53% from the previous day's levels, closing at US\$737 per tonne.
- There were no major events in the global sunflower seed market, the losses recorded in the Black sea market are still on the back of large supplies. *Sunseedman* estimated **Ukraine's** 2016/17 total sunflower seed production at 14 million tonnes – up by 17% from the previous season. Moreover, **Russia's** 2016/17 sunflower seed production is estimated at 11 million tonnes, which is a 10% annual increase.
- South America's weather conditions have cleared up a bit and now promises dry and warm conditions for the next few days. This is supportive of harvest activity in **Argentina**. On the 1st March 2017, Argentina's sunflower seed harvest was at 42% complete, according to *Sunseedman*. **Argentina's** 2016/17 sunflower seed crop is estimated at 3.75 million tonnes, which is 29% higher than the previous season's crop.
- Overall, the 2016/17 **global** sunflower seed production is estimated at 48 million tonnes – which is 14% higher than the previous season's crop and the highest volume in the past 5-years. This comes on the back of an 8% year-on-year increase in area plantings to 27.5 million hectares.

Bottom line – Over the short-to-medium term, the domestic sunflower seed market could move sideways to downwards due to relatively large domestic supplies, as well as favourable weather outlook for the new season crop. In addition, ZAR/USD exchange movements can also influence the market.

³ South Africa's sunflower seed ending stocks were recorded at 198 346 tonnes in January 2017, double the volume seen in January 2016.

⁴Recent indications from the CEC suggest that South Africa's 2016/17 sunflower seed production could reach 928 620 tonnes. If this materialises, it would be the largest crop in 16 years.



BEEF CARCASS	01/03/2017*	02/03/2017*	d-o-d (%Δ)
SAFEX Beef March 2017 (R/kg)	44,00	44,50	+1,14%

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

- The SAFEX beef market gained ground during yesterday's trade session, with the price up by 1.14% from the previous day's level, closing at R44.50 per kilogramme. This was mainly driven by increased activity at the stock exchange.
- As noted earlier this week, the gains that we are currently seeing are an indication of some level of rebalancing of meat supplies. Over the past few months, the **South African** beef industry saw higher slaughtering rate as farmers were unable to maintain their herds due to elevated feed costs (on the back of the drought), as well as seasonal demand during Christmas holiday. Data from the *Red Meat Levy Admin* shows that in December 2016, South African farmers slaughtered 299 767 head of cattle, which is 22% higher than the previous month.
- The recent rainfall and slowing weekly slaughtering activity seem to suggest that farmers have started rebuilding their herds. Therefore, we could see support in meat prices over the medium to long term as the slaughtering rate is likely to decline substantially during this process of recovery.

Bottom line – Going forward the SAFEX beef price movements will likely depend on the pace of activity in the stock exchange. With that said, this is likely to differ from the physical market due to limited participation (in the stock exchange).

FRUIT (South Africa)	01/03/2017	02/03/2017*	d-o-d (%Δ)
Apples (R/kg)	7,55	7,72	+2,25%
Bananas (R/kg)	6,41	6,89	+7,49%
Oranges (R/kg)	11,26	4,00	-64,48%

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

- Yesterday the *Johannesburg Fresh Produce Market* ended the day mixed. The **apple** price was up by 2.25% from the previous day's level, closing at R7.72 per kilogramme. This was due to an increase in buying interest, which led to a 21% decline in stock levels to 166 706 tonnes. The **bananas** market gained 7.49% from the previous day's level, closing at R6.89 per kilogramme. This was also on the back of a 28% decline in stock levels to 205 979 tonnes. Meanwhile, the **oranges** market saw significant losses and closed at R4.00 per kilogramme due to a recovery in stock levels (following an increase in deliveries).

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



WEATHER FORECAST: South Africa

- The short-term weather forecast shows a possibility of light scattered showers across the summer crop growing areas of South Africa. These expected showers vary between 7.5 and 20 millimetres. This is with the exception of the Western Cape and western parts of the Northern Cape provinces, which could remain dry and warm over the observed period (**figure 1**).
- Similarly, the long-term outlook shows a possibility of light scattered light showers across the summer crop growing areas. These could also vary between 7.5 and 20 millimetres. Meanwhile, the western parts of the Western Cape and Northern Cape province could remain dry and warm over the observed period (**figure 2**).

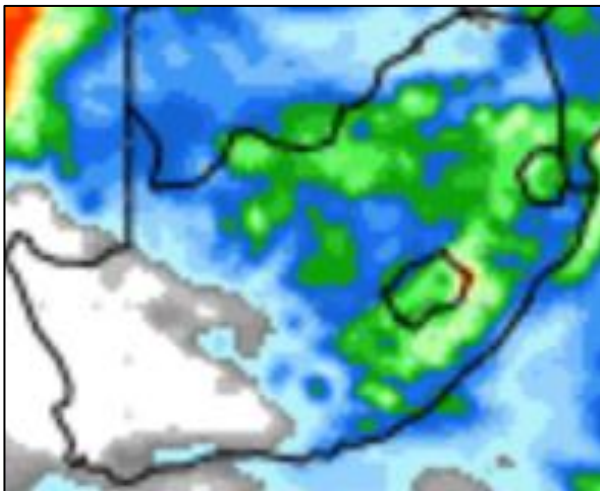


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

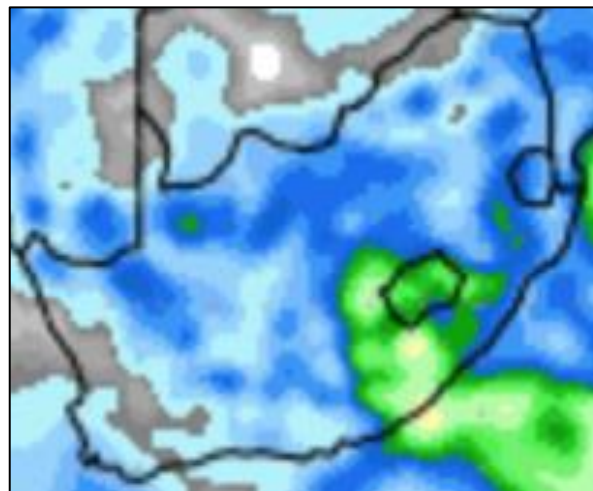


Figure 2: Next 16-days precipitation forecast
Source: wxmaps

Precipitation Forecasts

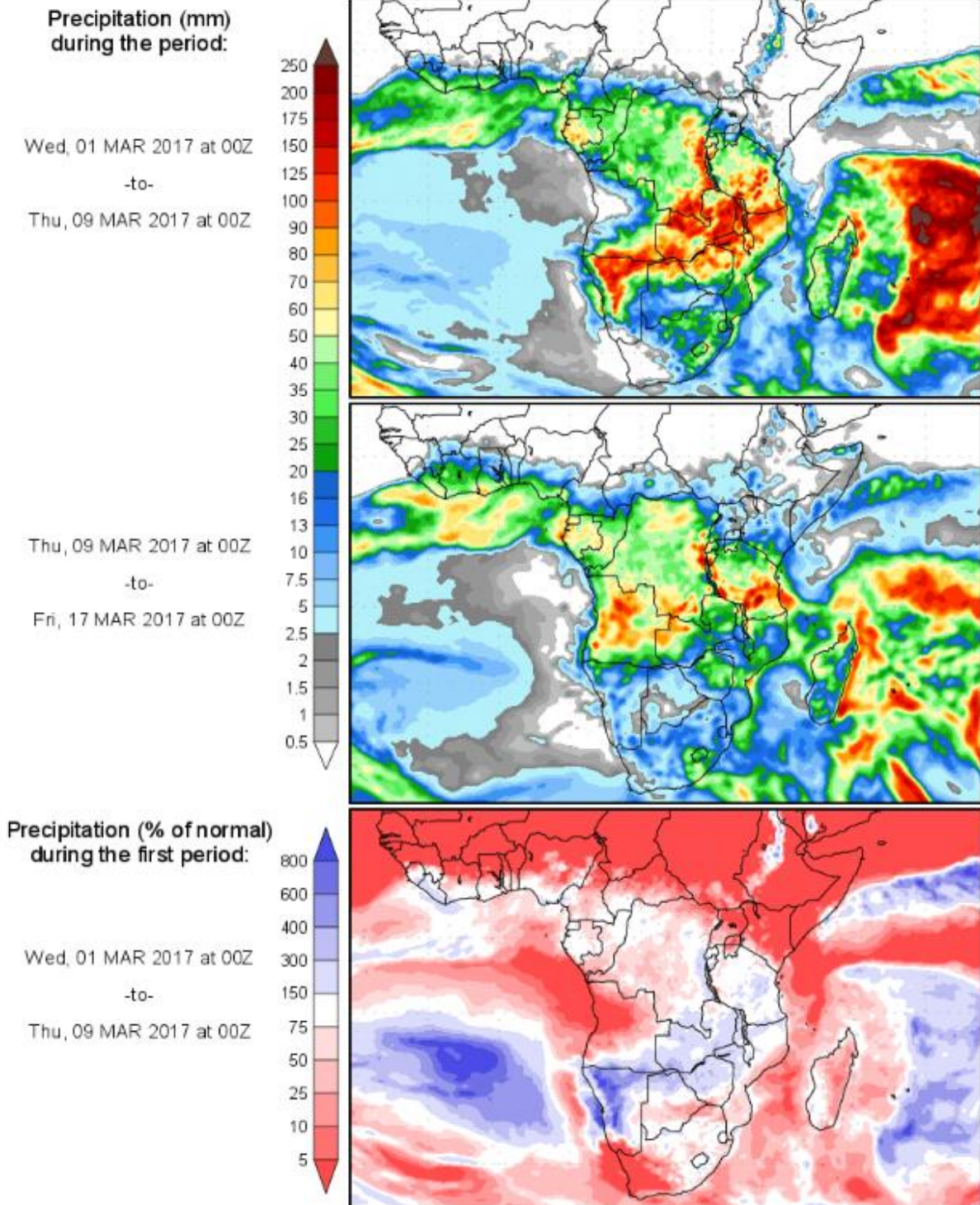


Figure 4: Precipitation forecast
Source: wxmaps

- **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, Sunseedman, and wxmaps.

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