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**FOR ANY QUERIES, PLEASE CONTACT:**

Wandile Sihlobo: [wandile@agbiz.co.za](mailto:wandile@agbiz.co.za)

| Tinashe Kapuya: [tinashe@agbiz.co.za](mailto:tinashe@agbiz.co.za)

**Key Data Releases in Agricultural Markets:**

- USDA weekly export sales data: 09/03/2017
- USDA World Agricultural Supply and Demand Estimate (WASDE) report: 09/03/2017
- SAGIS weekly grain trade data: 14/03/2017
- SAGIS weekly producer deliveries data: 15/03/2017
- National Crop Estimates Committee's monthly data: 28/03/2017

| ECONOMIC INDICATORS          | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|------------------------------|-------------|-------------|------------|
| Rand/US Dollar               | 13,02       | 13,14       | -0,91%     |
| Rand/Euro                    | 13,73       | 13,84       | -0,79%     |
| Euro/US Dollar               | 1,0552      | 1,0530      | -0,21%     |
| Gold Spot                    | 1 211,72    | 1 204,80    | -0,57%     |
| Brent Crude Oil              | 55,68       | 53,51       | -3,90%     |
| Platinum Spot                | 956,00      | 945,50      | -1,10%     |
| Dow Jones Industrial Average | 20 924,76   | 20 855,73   | -0,33%     |
| JSE All Share                | 51 364,71   | 51 299,99   | -0,13%     |
| 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 weakened by 0.91% against the US Dollar from the level seen at midday yesterday. At the time of writing, the Rand/US Dollar exchange traded around R13.14. The Rand's depreciation was in line with the US Dollar appreciation against major currencies. Moreover, lower commodity prices also added pressure to the local currency.
- The Brent crude oil market saw substantial losses this morning, with the price down by 3.90% from the level seen at midday yesterday. These losses were on the back of increasing oil production in the US. Recent data from the US Energy Information Administration showed an increase of 8.2 million barrel in crude oil supplies for the week ending 03 March 2017 to a record weekly level of 528.4 million barrels.

| MAIZE/CORN                        | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|-----------------------------------|-------------|-------------|------------|
| White maize Spot (R/t)            | 2 228       | 2 351       | +5,52%     |
| White maize Jul 17 (R/t)          | 1 903       | 1 903       | 0,00%      |
| Yellow maize Spot (R/t)           | 2 169       | 2 332       | +7,51%     |
| Yellow maize Jul 17 (R/t)         | 2 020       | 2 017       | -0,15%     |
| CME corn Mar 17 (US cents/bushel) | 368         | 366         | -0,54%     |

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

- The **South African** maize market saw significant gains during yesterday's trade session, with support mainly on the back of strong buying interest, weaker Rand against the US Dollar, as well as higher Chicago maize prices. That said, this was with the exception of yellow maize July 17 contract month price, which remained under pressure due to expected large domestic supplies<sup>1</sup>.
- South African farmers continue to deliver maize crop to commercial silos. In the week ending 03 March 2017, total maize producer deliveries were recorded at 12 553 tonnes (61% was white maize and 39% was yellow maize). This is 78% lower than the previous week's deliveries. Overall, South Africa's total maize producer deliveries for "week 1 to 44" currently stand at 6.66 million tonnes.
- Dam levels across the country continue to show notable improvements and that might support the irrigation areas over the coming months. Data from the Department of Water and Sanitation shows that in the week ending 06 March 2017, North West average provincial dam level was at 91% full, which is 45% higher than the corresponding period last year. Limpopo's average dam level was at 78% full, which is 19% higher than the same period last year.
- In addition, average dam level in Mpumalanga province was at 78% full, which is 19% higher than the corresponding period last year. Gauteng province was 92% full, which is 10% above the corresponding period last year. The Free State province was 86% full, which is 32% higher than the same period last year. The Northern Cape was reportedly at full capacity, compared to a level of 63% the same period last year.
- **On the global front** - this morning Chicago maize price was down by 0.54% from the level seen at midday yesterday due to a relatively stronger US Dollar against major currencies, as well as large global supplies.
- Elsewhere, the European Commission forecasts the **EU's** 2016/17 maize production at 60.4 million tonnes, which is well above the previous season's crop of 59.0 million tonnes. As a result, the region's imports are set to fall by 700 000 tonnes from the previous season to 13.0 million tonnes.

**Bottom line** – domestic maize market could see a sideways to downwards movement in today's session if the ZAR/USD exchange and Chicago maize prices maintain the current movements.

<sup>1</sup> 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.



| WHEAT                              | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|------------------------------------|-------------|-------------|------------|
| SAFEX Wheat Spot (R/t)             | 3 954       | 3 989       | +0,89%     |
| SAFEX Wheat May 17 (R/t)           | 4 036       | 4 068       | +0,79%     |
| CME Wheat Mar 17 (US cents/bushel) | 436         | 427         | -2,06%     |

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

- The **South Africa's** wheat market gained ground during yesterday's trade session, owing to a relatively weaker Rand against the US Dollar, higher Chicago wheat prices, as well as strong domestic buying interest.
- South African farmers continue to deliver wheat to commercial silos. In the week ending 03 March 2017, wheat deliveries were recorded at 4 114 tonnes, which is 61% lower than the volume recorded the previous week. This brought South Africa's 2016/17 total wheat deliveries for "week 1 to 22" to 1.80 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 30% full on the 06 March 2017. This is 7% lower than the corresponding period last year.
- There are rising concerns in wheat producing areas of the province, as the outlook for the medium term remains unfavourably dry. Data from the Australian Bureau of Meteorology and South African Weather Services 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 negatively affect the 2017/18 winter wheat production season. That said, more information will unfold over the coming months.
- **On the global front** - this morning **Chicago wheat** price was down by 2.06% from the level seen at midday yesterday, owing to large global supplies. The 2016/17 global wheat production estimated at 752 million tonnes, up by 2% from the previous season.
- The weather forecast for most parts of the **US** Plains could remain dry and warm this week, and that might negatively affect the crop. The wheat crop is breaking dormancy - a stage that needs more moisture. Therefore, dryness could potentially lower the yields.
- Elsewhere, the European Commission forecasts **EU's** 2016/17 common wheat production at 134.3 million tonnes, well below the previous season's harvest of 151.3 million tonnes. This is due to unfavourable weather conditions earlier in the season, particularly in countries like France.

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



| SOYBEAN                              | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|--------------------------------------|-------------|-------------|------------|
| SAFEX Soybean Spot (R/t)             | 5 608       | 5 419       | -3,37%     |
| SAFEX Soybean May 17 (R/t)           | 5 217       | 5 122       | -1,82%     |
| CME Soybean Mar 17 (US cents/bushel) | 1 013       | 1 007       | -0,59%     |

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

- Yesterday the **South African** soybean market extended the previous day's losses, with pressure coming from lower Chicago soybean market, as well as positive prospects for domestic supplies<sup>2</sup>. The crop is in good condition across the country and the eastern parts, particularly Mpumalanga province, could get showers later this week and that might enhance crop development (late planting areas).
- **In global markets** - this morning **Chicago** soybean price was down by 0.59% from the level seen at midday yesterday owing to improving weather conditions in South America.
- South America has been a centre of attention in the global soybean markets, not so much because of its large production volumes, but wet weather conditions which have complicated the road transport system and led to export delays, particularly in **Brazil**.
- However, conditions are improving, as the weather continues to show a dry and warm outlook for some parts of **Brazil** this week. Moreover, recent media reports have indicated that truck movements are now returning to normal and that should accelerate export activity over the coming weeks.
- Private analysts are optimistic about **Brazil's** 2016/17 soybean production. *FC Stone* have revised up their estimate for Brazil's soybean production to 109.07m tonnes, almost 5 million tonnes higher than the February 2017 estimate and 14% higher than the previous season. This is attributed to favourable weather across many soybean producing regions of the country.
- Forecast dry and warm weather conditions for some parts of **Brazil** could also accelerate soybean harvest activity. On the 8<sup>th</sup> March 2017, the country had harvested 52% of its soybean crop, ahead of the corresponding period last year.
- The aforementioned developments are in line with global developments. The 2016/17 **global** soybean production is estimated at 336.5 million tonnes, which is 7% higher than the previous season. In addition, the 2016/17 global ending stocks are forecast at 35 million tonnes, which is 8% higher than the previous season.

**Bottom line** – The domestic soybeans market could see downward movements in today's session due to the lower Chicago soybean prices and large domestic supplies.

<sup>2</sup> South Africa's 2016/17 soybean crop is set to reach 1.07 million tonnes, which is 44% higher than the previous season's crop and well above market expectations.



| SUNFLOWER SEED                      | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|-------------------------------------|-------------|-------------|------------|
| SAFEX Sunflower seed Spot (R/t)     | 4 501       | 4 520       | +0,42%     |
| SAFEX Sunflower seed May 17 (R/t)   | 4 640       | 4 635       | -0,11%     |
| EU (France) sunflower seed (US\$/t) | 417         | 417         | 0,00%      |

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

- The **South African** sunflower seed market ended the day mixed during yesterday's trade session. The spot price gained ground on the back of strong buying interest and a relatively weaker Rand against the US Dollar. Meanwhile, the May 17 contract month price remained under pressure due to positive prospects for the new season crop<sup>3</sup>.
- **In global markets** – yesterday there were no major events in the **EU's** sunflower seed market and the day ended on a quiet note, with prices unchanged from the previous day's level, closing at US\$417 per tonne.
- Overall, there is generally some bearish sentiment in the **EU's** sunflower seed market which emanates from large supplies. The region's 2017/18 sunflower seed production is estimated at 8.6 million tonnes, which is 4% higher than the previous season.
- Yesterday the **Black Sea** region's sunflower seed oil market also saw a quiet session, with the price unchanged from the previous day's level, closing at US\$736 per tonne. Overall, the region has large supplies this season. **Ukraine's** 2016/17 total sunflower seed production is estimated at 14 million tonnes, up by 17% from the previous season. **Russia's** 2016/17 sunflower seed production is set to reach 11 million tonnes, which is a 10% annual increase.
- Elsewhere, most parts of South America remain fairly wet. Moreover, the weather forecast shows a possibility of additional rainfall this week. This could potentially cause harvest delays in **Argentina**. On the 8<sup>th</sup> March 2017, Argentina's sunflower seed harvest was at 42% complete. The country's 2016/17 sunflower seed crop is estimated at 3.75 million tonnes, a 29% annual increase.
- Globally, there are large sunflower seed supplies, the 2016/17 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.

<sup>3</sup> South Africa's sunflower seed ending stocks were recorded at 198 346 tonnes in January 2017, which is double the volume seen in January 2016. Also, there are positive prospects for the new season crop, with the CEC placing its view for South Africa's 2016/17 sunflower seed production season at 928 620 tonnes. If this materialises, it would be the largest crop in 16 years.



| <b>BEEF CARCASS</b>          | 08/03/2017* | 09/03/2017* | d-o-d (%Δ) |
|------------------------------|-------------|-------------|------------|
| SAFEX Beef March 2017 (R/kg) | 45,00       | 45,00       | 0,00%      |

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

- Yesterday the SAFEX beef market saw a quiet session, with the price unchanged from the previous day's level, at R45.00 per kilogramme. This was largely on the back of reduced activity at the stock exchange.
- January and February 2017 slaughtering data is not yet out, but the weekly slaughtering activity points to a slowing trend which suggests that farmers have started restocking their herds. This comes after recent rainfall led to a notable improvement in grazing fields, as well as relatively lower feed costs. In the week ending 24 February 2017, slaughtering activity was at 14 638 head of cattle which is 8% lower than the corresponding period last year<sup>4</sup>.
- 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 the festive 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.

**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).

| <b>FRUIT (South Africa)</b> | 08/03/2017 | 09/03/2017* | d-o-d (%Δ) |
|-----------------------------|------------|-------------|------------|
| Apples (R/kg)               | 7,17       | 7,30        | +1,81%     |
| Bananas (R/kg)              | 8,45       | 8,33        | -1,42%     |
| Oranges (R/kg)              | 6,20       | 4,42        | -28,71%    |

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

- During yesterday's trade session the *Johannesburg Fresh Produce Market* ended the day mixed. The **apple** market gained 1.81% from the previous day's level, closing at R7.30 per kilogramme. These gains were on the back of strong buying interest, as well as relatively lower stock levels of 206 974 tonnes (22% lower than the previous day). Meanwhile, the **bananas** market saw marginal losses of 1.42% from the previous day, closing at R8.33 per kilogramme. This was partly on the back of large supplies – 164 973 tonnes. The **oranges** market lost 28.71% from the previous day's level, closing at R4.42 per kilogramme, also pressured by relatively large stock levels – 64 977 tonnes.

**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.

<sup>4</sup> This figure represents the slaughtering activity recorded by the Red Meat Abattoir Association only, not the entire country (South Africa).



| POTATOES              | 08/03/2017 | 09/03/2017* | d-o-d (%Δ) |
|-----------------------|------------|-------------|------------|
| RSA Potatoes (R/10kg) | 37,66      | 34,58       | -8,18%     |

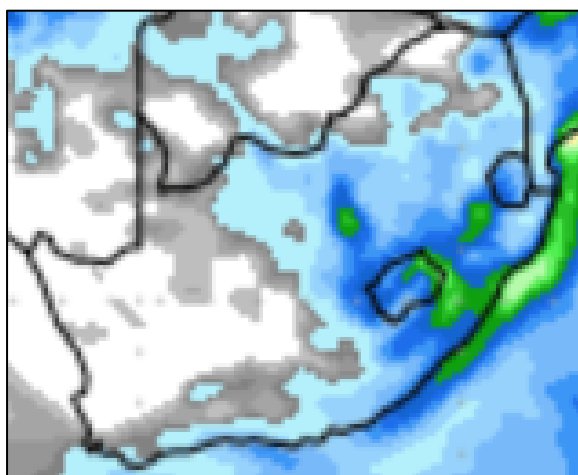
\*Previous day's price survey across RSA fresh produce markets

- Yesterday the South Africa potatoes price was down by 8.18% from the previous day due to large stock levels. The increase in stock level is mainly on the back of ongoing harvest activity. At the start of yesterday's trade session, the stocks were at 730 000 bags (10 kg bags), which is the fourth largest volume in the past seven trading days.
- Towards the end of the session, the market saw an increase in deliveries and that led to a 23% uptick in daily stocks to 900 000 bags (10 kg bags) – a third largest volume in the past seven trading days.

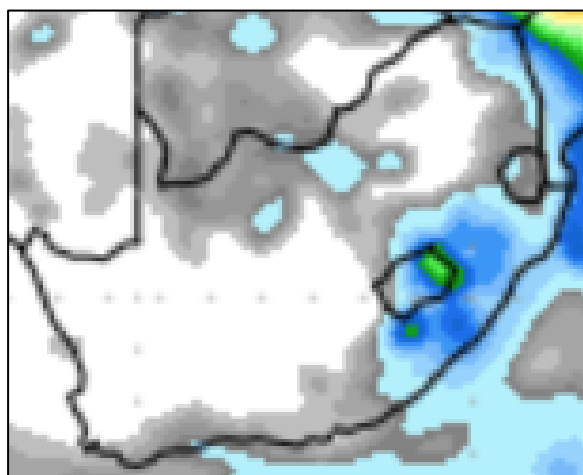
**Bottom line** – With stocks at relatively higher level of 900 000 bags (10 kg bags), we believe that the market could see marginal losses in today's trade session.

#### WEATHER FORECAST: South Africa

- The weather forecast shows a possibility of scattered light showers across the summer crop growing areas of South Africa within the next eight days. These expected showers vary between 5 and 16 millimetres. This is with the exception of the Western Cape, Northern Cape and the southern parts of the Eastern Cape province which might remain dry and warm over the observed period (**figure 1**).
- The long-term outlook shows a possibility of dry and warm weather across South Africa. This is with the exception of Kwa-Zulu Natal province which could receive between 10 and 20 millimetres over the observed period (**figure 2**). This weather forecast does not raise concerns as a large part of the crop is already maturing.



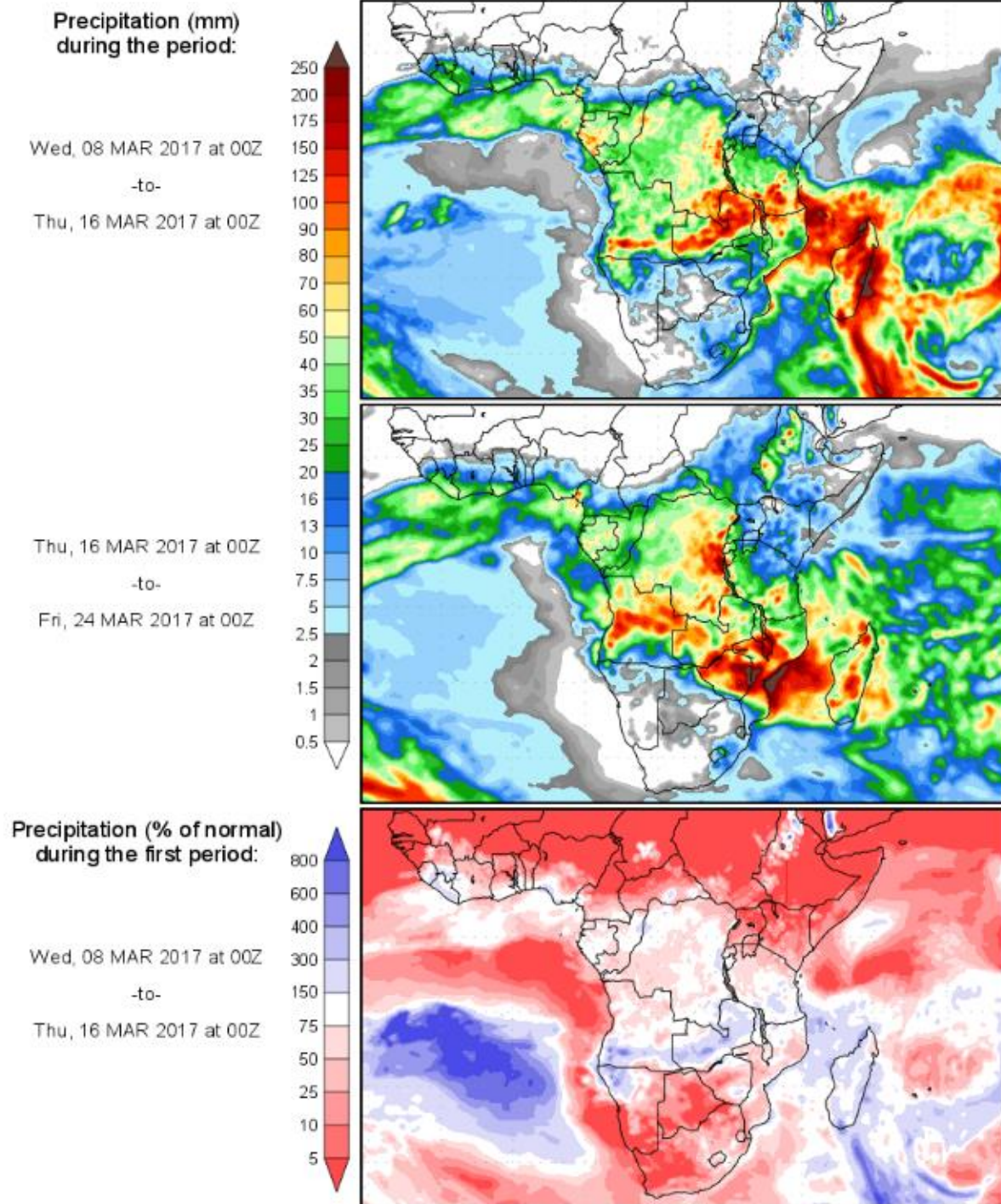
**Figure 1: Next 8-days precipitation forecast**  
Source: wxmaps



**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.

[@WandileSihlobo](#) [@TinasheKapuya](#) [@AgriChamber](#)

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