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**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 16/01/2018
- SAGIS producer deliveries data: 17/01/2018
- SAGIS monthly data: 25/01/2018
- National Crop Estimates Committee's data: 30/01/2018

<b>ECONOMIC INDICATORS</b>	12/01/2018*	15/01/2018*	d-o-d (%Δ)
Rand/US Dollar	12,39	12,36	+0,24%
Rand/Euro	15,01	15,08	-0,46%
Euro/US Dollar	1,2116	1,2197	+0,67%
Gold Spot	1 330,81	1 342,00	+0,84%
Brent Crude Oil	69,38	70,07	+0,99%
Platinum Spot	993,00	995,51	+0,25%
Dow Jones Industrial Average	25 574,73	25 803,19	+0,89%
JSE All Share	60 016,45	60 083,13	+0,11%
SA repo rate	6.75	6.75	0,00%
SA CPI (%)	4.60	4.60	0,00%
SA CPI – food (%)	5,20	5,20	0,00%

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

- The Rand started the week on a positive footing, strengthening by 0.24% against the US Dollar from levels seen at midday Friday. The Rand's appreciation is largely on the back of improved domestic political sentiment, higher global commodity prices, as well as the US Dollar depreciation against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R12.36. From a domestic data front, it is likely to be a quiet day with no major releases.
- Baker Hughes's data showing a weekly rise in active US oil-drilling rigs failed to overshadow bullish sentiment in the oil market. The data showed that US rigs drilling for oil increased by 10 at 752 in the week ending 12 January 2018. However, this morning the Brent crude oil price was up by 0.99% from levels seen at midday Friday owing to improved global demand. At the time of writing, oil price traded around US\$70.07 per barrel.



MAIZE/CORN	12/01/2018*	15/01/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 031	2 032	+0,05%
White maize Jul 18 (R/t)	2 170	2 170	0,00%
Yellow maize Spot (R/t)	2 020	2 019	-0,05%
Yellow maize Jul 18 (R/t)	2 121	2 120	-0,05%
CME corn Spot (US cents/bushel)	349	346	-0,86%

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

- On Friday, the South African maize market spent most of the day in slightly positive turf, but yellow maize lost ground towards the end of the session and closed in negative territory due to lower Chicago maize prices, as well as a stronger domestic currency. Meanwhile, white maize prices maintained the gains throughout the day owing to unfavourable weather conditions in the western parts of the country.
- The weather remains a primary focus in the domestic maize market as the crop is still at early growing stages that require moisture. The recent rainfall has somewhat been patchy and concentrated within the eastern parts of the country. Thus, it is unsurprising that last week's *World Weather Inc.* report showed that soil moisture levels are extremely low in the western parts of South Africa, which mainly produce white maize. Meanwhile, the eastern areas have a fair amount of soil moisture which is conducive for the new season maize crop.
- Fortunately, the weather forecast for the next two weeks paints a promising picture of rainfall across the South African maize belt. While this is expected to vary between 16 and 70 millimetres, it is a welcome development after weeks of drier conditions, particularly in the western regions.
- Although it is early in the season and weather conditions have been unfavourable, some observers are slightly optimistic about South Africa's maize production. The United States Department of Agriculture (USDA) left its estimate for South Africa's 2017/18 total maize production unchanged from December 2017, at 12.5 million tonnes. This is a 28% decline from a record harvest of 2016/17 season. More importantly, this is roughly in line with the long-term production trend and well above the annual maize consumption of 10.5 million tonnes.
- On the global front – This morning the Chicago maize price was down by 0.86% from levels seen at midday Friday, owing to relatively large global stocks of 207 million tonnes (up by 1% from December 2017).
- Overall, the USDA forecasts 2017/18 global maize production at 1.04 billion tonnes, down by 0.02% from last month and 3% from 2016/17 due to expected lower harvest in the US, Brazil and South Africa, amongst others.

Bottom line – Today the domestic maize market could experience marginal losses due to the relatively stronger Rand against the US Dollar, as well as lower Chicago maize prices.



WHEAT	12/01/2018*	15/01/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 683	3 652	-0,84%
SAFEX Wheat May 18 (R/t)	3 814	3 792	-0,58%
CME Wheat spot (US cents/bushel)	434	420	-3,23%

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

- On Friday, the South African wheat market started the day on positive footing-----, but quickly lost ground and closed in negative territory. This is partially on the back of a stronger domestic currency, selling pressure, as well as lower international wheat prices.
- As we set out in our note on 12 January 2017, the winter wheat harvest is virtually over in South Africa, with the exception of the eastern parts of the Free State province which is in the final stages of the process. With the weather conditions dry and warm in the Free State, the harvest process should soon be complete.
- The yields were generally below average in the Western Cape and parts of the Free State province, whereas the Northern Cape received above-average yields. This explains the expected 23% year-on-year decline in South Africa's 2017 wheat production to 1.48 million tonnes. An update will be released on 30 January 2018.
- On the global front - This morning the Chicago wheat price was down by 3.23% from levels seen at midday Friday owing to large global supplies.
- The USDA forecasts the 2017/18 global wheat production at 757 million tonnes, up by 0.2% from December 2017 estimates and 1% from the previous season. The global ending stocks are also solid, at 268 million tonnes
- The weather remains a key focus in the US as the winter wheat crop is still at growing stages. In the past few days, the country experienced unfavourable conditions, which threatened the crop. Fortunately, the conditions seem to be improving at the moment.
- The USDA kept its estimate for US 2017/18 all-wheat production unchanged from December 2017, at 47 million tonnes. However, this is 25% lower than the previous season's harvest due to expectations of lower yields and a decline in area plantings. Moreover, this is in line with the International Grains Council's estimate.
- Elsewhere, the EU's 2017/18 wheat production was revised down by 1% from last month to 152 million tonnes. With that said, this is 4% higher than the 2016/17 season's crop due to an increase in area planted, as well as expectations of relatively higher yields.

Bottom line – Today the domestic wheat market could experience extended losses due to lower Chicago wheat prices, as well as the relatively stronger domestic currency.



<b>SOYBEAN</b>	12/01/2018*	15/01/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 593	4 576	-0,37%
SAFEX Soybean Mar 18 (R/t)	4 621	4 590	-0,67%
CME Soybean Spot (US cents/bushel)	941	960	+2,02%

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

- The domestic soybean market was under pressure on Friday's trade session due to a combination of factors. These include lower Chicago soybean prices, the relatively stronger Rand against the US Dollar, as well as expectations of rainfall in the soybean growing areas of South Africa.
- While temperatures have been extremely high in the past few weeks, much of eastern South Africa still has favourable subsoil moisture and soybean crops are in good condition in most of the region, from eastern Free State and southern Limpopo into Kwa-Zulu Natal and Mpumalanga.
- With that said, a boost in precipitation will be needed later this month and in early February in order to sustain crops in good condition. Fortunately, the weather forecast shows that the next two weeks could bring rainfall of between 16 and 70 millimetres.
- In global markets – This morning the Chicago soybean price was up by 2.02% from levels seen at Midday Friday due to solid demand from China, and the EU countries.
- Apart from that, the USDA revised its 2017/18 global soybean production estimate up by 0.3% from December 2017 to 349 million tonnes. With that said, this is 1% lower than the previous season. The global ending stocks were revised up by 1% from last month to 99 million tonnes. This is 2% higher than the previous season.
- From a country perspective, the USDA's data paints a mixed picture. The US 2017/18 soybean production was revised down by 1% from December 2017 to 120 million tonnes. However, this is still 2% higher than the previous season due to an increase in area planted.
- Elsewhere, Argentina experienced a downward revision. The crop is currently estimated at 56 million tonnes, down by 2% from last month and 3% from the 2016/17 production season. Meanwhile, Brazil's 2017/18 soybean production was revised up by 2% from December 2017 to 110 million tonnes. But, this is 4% lower than the previous season's crop due to the expectation of lower yields in some area, and a slight decline in area planted.

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



SUNFLOWER SEED	12/01/2018*	15/01/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 750	4 775	+0,53%
SAFEX Sunflower seed Mar 18 (R/t)	4 812	4 828	+0,33%
EU (France) sunflower seed (US\$/t)	387	389	+0,52%

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

- On Friday, the South African sunflower seed market opened in positive territory and maintained the gains throughout the day due to unfavourable weather conditions in the western parts of the country.
- The most recent report from *World Weather Inc.* shows that soil moisture levels are very low in the western and central parts of Free State and Eastern Cape, as well as the North West province. This follows a prolonged period of drier weather conditions in the past few months. Overall, this explains the delays<sup>1</sup> in sunflower seed planting activity in these particular provinces.
- More concerning is that the sunflower seed planting window narrowing, closing on 20 January 2018. Therefore, if the Free State and North West provinces do not receive rainfall this week, the overall area planted to sunflower seed will be well below the intentions of 665 500 hectares.
- To reiterate a point made in our previous notes, planting outside the 'optimal planting window' implies that crops could be negatively affected by frost later in the season, which will, in turn, lower the yields.
- In the global market – The EU's sunflower seed market had a good run in Friday's trade session with the price up by 0.52% from the previous day, closing at US\$389 per tonne, in line with the vegetable oil price movements.
- The USDA left its 2017/18 global sunflower seed production estimate unchanged from December 2017, at 45.8 million tonnes. However, this is a 4% y/y decline owing to expected lower harvest in the Black Sea. Russia and Ukraine's 2017/18 sunflower seed production is estimated at 10.5 million tonnes and 13.0 million tonnes, respectively down by 4% and 14% from the previous season.
- Meanwhile, other countries such as the EU region, Argentina and Turkey, amongst others, are set to register an uptick in sunflower seed production in the 2017/18 season.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses due to the stronger Rand against the US Dollar.

<sup>1</sup> Farmers have thus far planted roughly 40% of their intentions in the North West province. In the north-western parts of the Free State province, the progress is much slower, with only 20% of the intended area planted so far.



<b>POTATO</b>	12/01/2018*	15/01/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	41,05	39,47	-3,85%

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

- The potatoes market lost ground in Friday's trade session. The price was down by 4% from the previous day, closing at R39.47 per pocket (10kg). These losses were on the back of relatively large stock of 891 752 pockets (10kg bag) at the beginning of the trading session.
- Moreover, during the day, the market saw an increase in deliveries due to ongoing harvest activity. This subsequently led to a 2% uptick in daily stocks to 911 991 pockets (10kg bag).

Bottom line – In today's trade session the potato market could experience extended losses owing to large stocks of 911 991 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	12/01/2018*	15/01/2018*	d-o-d (%Δ)
Apples (R/kg)	7,76	8,82	+13,66%
Bananas (R/kg)	7,34	7,22	-1,63%
Oranges (R/kg)	6,38	5,35	-16,14%

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

- On Friday's trade session, the fruit market ended the day mixed due to relatively lower stock levels and commercial selling pressure. The price of apples was up by 14% from the previous day, closing at R8.82 per kilogram. This followed a 26% decline in daily stocks to 119 000 tonnes.
- Meanwhile, the prices of bananas and oranges were down by 2% and 16% from the previous day, closing at R7.22 per kilogram and R5.35 per kilogram, respectively. However, these losses could soon be reversed owing to relatively lower stocks of 177 000 tonnes of bananas and 16 000 tonnes of oranges.

Bottom line – This week, the traded volumes and buying interest are likely to be the key drivers of fruit prices in the South African market.



<b>BEEF CARCASS</b>	12/01/2018*	15/01/2018*	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

- On Friday, the SAFEX beef carcass market presented more of the same. The price remained unchanged from the previous day, at R44.00 per kilogram. Worth noting is that this could differ from physical market prices which continue to show solid activity and volumes.
- South African farmers slaughtered 219 393 head of cattle in October 2017, up by 3% from the previous month, but 7% lower compared to October 2016. The Red Meat Levy Admin will release an update of the cattle slaughtering data for November 2017 this week.

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 summer crop growing areas of South Africa could receive rainfall of between 16 and 70 millimetres within the next eight days (figure 1). This is a welcome development after weeks of dryness in the central and western parts of the country. However, parts of the Western Cape and Northern Cape provinces will most likely remain warm and dry over the observed period.
- The long-term weather forecast shows a possibility of continuous rainfall across South Africa (figure 2). This will benefit summer crops, which are currently at early stages of development which require moisture. Unfortunately, most parts of the Western Cape and Northern Cape provinces could remain dry.

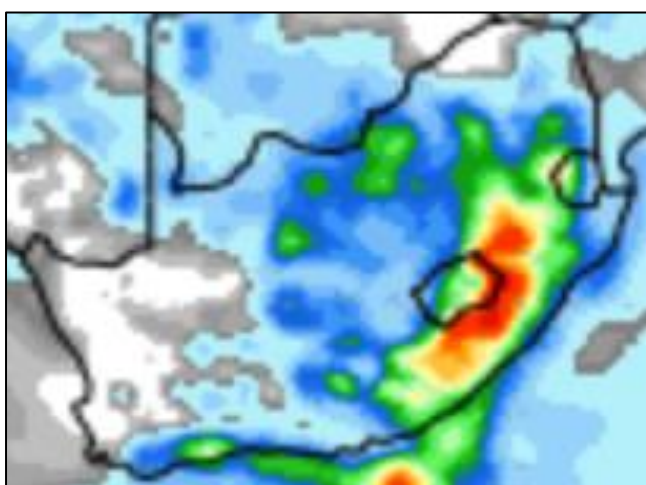


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

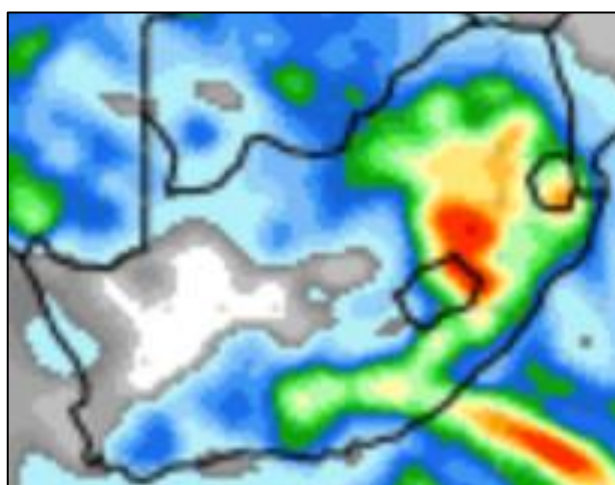


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

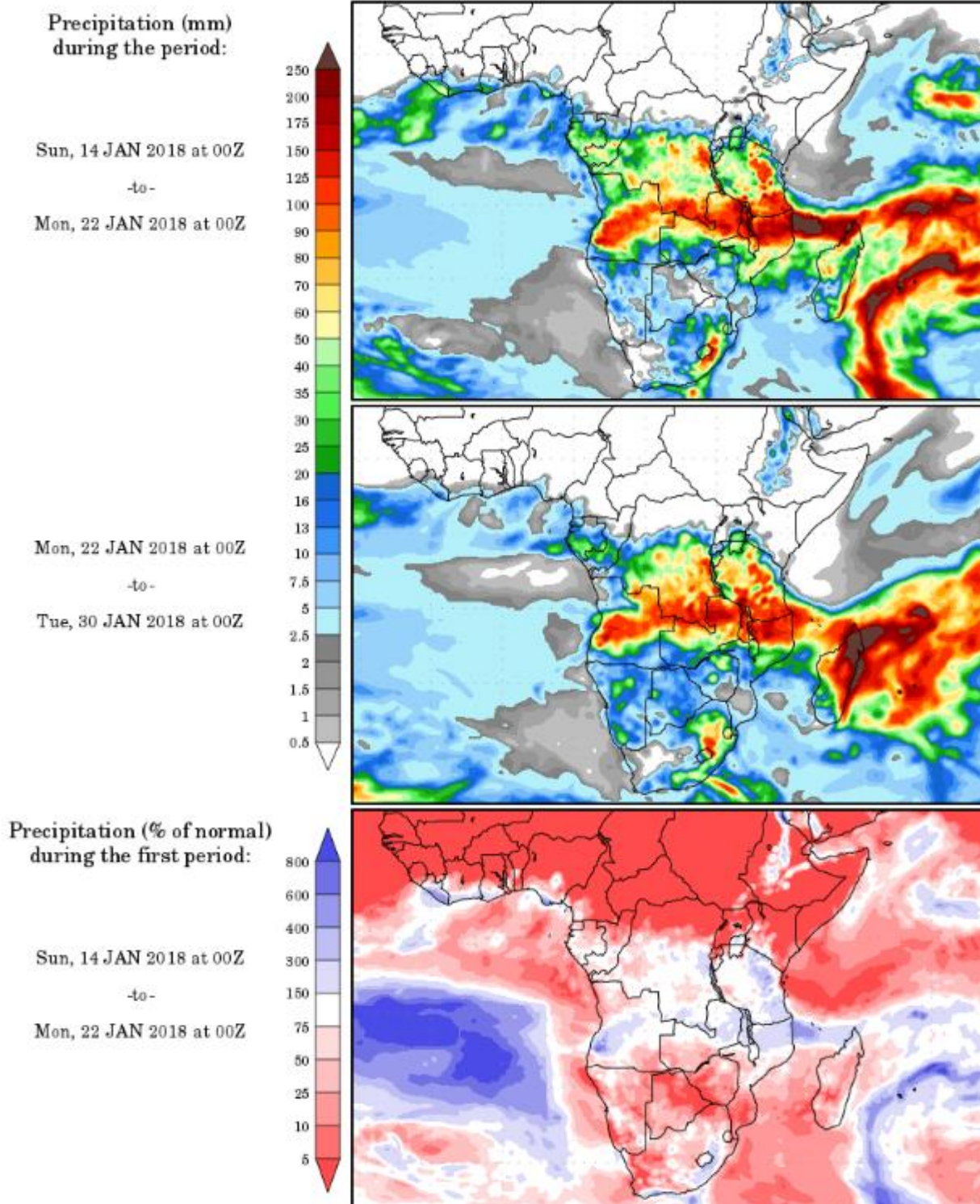


Figure 3: Precipitation forecast  
Source: wxmaps

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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