

**FOR ANY QUERIES, PLEASE CONTACT:**

 Wandile Sihlobo: [wandile@agbiz.co.za](mailto:wandile@agbiz.co.za)
**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 06/02/2018
- SAGIS producer deliveries data: 07/02/2018
- USDA World Agricultural Supply and Demand Estimates report: 08/02/2018
- SAGIS monthly data: 24/02/2018
- National Crop Estimates Committee's data: 28/02/2018

<b>ECONOMIC INDICATORS</b>	31/01/2018*	01/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,84	11,86	-0,17%
Rand/Euro	14,73	14,72	+0,07%
Euro/US Dollar	1,2440	1,2421	-0,15%
Gold Spot	1 343,18	1 344,77	+0,12%
Brent Crude Oil	68,57	69,43	+1,25%
Platinum Spot	1 003,41	1 001,28	-0,21%
Dow Jones Industrial Average	26 076,89	26 149,39	+0,28%
JSE All Share	59 555,60	59 506,12	-0,08%
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

- The domestic currency started the day on a negative footing, weakening by 0.17% against the US Dollar from levels seen at midday yesterday. The Rand's depreciation was mainly in line with the US Dollar appreciation against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R11.86. From a data front, the Bureau for Economic Research will release the manufacturing PMI data for January 2018.
- The Brent crude oil market managed to claw back its recent losses, this morning the price was up by 1.25% from levels seen at midday yesterday, trading around US\$69.43 per barrel. These gains come after the Energy and Information Administration indicated a potential uptick in US demand for gasoline and distillates. Moreover, reports of OPEC's strong compliance with a supply reduction strategy also provided support to the market.



MAIZE/CORN	31/01/2018*	01/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 873	1 831	-2,24%
White maize Jul 18 (R/t)	1 990	1 949	-2,06%
Yellow maize Spot (R/t)	1 950	1 929	-1,08%
Yellow maize Jul 18 (R/t)	2 025	2 005	-0,99%
CME corn Spot (US cents/bushel)	360	361	+0,28%

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

- The South African maize market saw widespread losses in yesterday's trade session. This was due to a combination of factors, with most notable ones being the better than expected area plantings<sup>1</sup>, stronger domestic currency, as well as improved weather prospects.
- The weather will remain a primary focus in the South African maize market at least until March 2018, when the crop passes the pollination stage of development. Fortunately, the incoming data from the South African Weather Services suggests that the summer rainfall areas of the country could receive above normal rainfall from this month until April 2018.
- The near-term weather forecasts also support the local weather bureau's view, suggesting a possibility of between 25 and 90 millimetres of rainfall across the maize producing regions within the next eight days. This should improve soil moisture, which will potentially support crops in areas that planted late in the season.
- Given the National Crop Estimates Committee's preliminary planting estimate of 2.30 million hectares (down by 12% y/y) and favourable weather forecasts for the season, we estimate that South Africa's maize production could reach 11.2 million tonnes (from 16.7 million tonnes in 2016/17 production season). This implies that the country's maize supplies could remain solid, as the carryover stock is expected to be roughly 4.3 million tonnes (domestic consumption is 10.5 million tonnes).
- In our production estimate, we applied an average yield for the past five seasons for both white and yellow maize estimates and assumed that weather conditions will remain favourable throughout the season, as suggested by the South African Weather Service. Overall, the official production estimates and the revised area plantings data will be released by the National Crop Estimates Committee on 27 February 2018.

Bottom line – Today the domestic maize market could gain ground due to higher Chicago maize prices, and a weaker ZAR/USD exchange.

<sup>1</sup> Total maize plantings declined by 12% from the 2016/17 production season to 2.30 million hectares. This is slightly better than the market consensus forecast of 18% year-on-year decline in maize plantings to 2.15 million hectares.



WHEAT	31/01/2018*	01/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 589	3 505	-2,34%
SAFEX Wheat May 18 (R/t)	3 688	3 624	-1,74%
CME Wheat spot (US cents/bushel)	453	446	-1,55%

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

- Yesterday the South African wheat market remained on its rollercoaster ride as the lower Chicago wheat prices, and stronger Rand against the US Dollar continued to add bearish pressure to the market.
- The last winter wheat harvest activity in the VKB and OVK regions in the eastern Free State province have recently been completed. The yields received in both regions are well below average due to unfavourable weather conditions earlier in the season. As a result, the volumes recently delivered to commercial silos are well below the previous week's one.
- About 11 105 tonnes of wheat were delivered in the week ending 26 January 2018, down by 28% from the volume delivered the previous week. This placed South Africa's wheat producer deliveries for "week 1 to 17" of the 2017/18 marketing year at 1.37 million tonnes.
- The impact of lower yields in the Free State and the Western Cape provinces is clear from the national production estimate which was left unchanged earlier this week, at 1.48 million tonnes, but down by 23% from 2016 harvest. The lower wheat harvest essentially implies that South Africa's wheat imports could increase to 1.90 million tonnes in the 2017/18 marketing year, which is double the volume imported the previous marketing year<sup>2</sup>.
- At the moment, rainfall is not of importance in the wheat growing areas of the Western Cape province but could improve dam levels and subsequently benefit households and other agricultural activities such as horticulture and livestock. An update for the week ending 29 January 2018 shows that dams averaged 25% in the unchanged from the previous week, but down by 13 percentage points lower than the corresponding period last year.
- On the global front - This morning the Chicago wheat price was down by 1.55% from levels seen at midday yesterday owing to large global supplies and signs of improvement in US weather conditions.

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

<sup>2</sup> Also worth noting is that there were relatively lower opening stocks at the beginning of the current marketing year, estimated at 341 424 tonnes. This is well below the 2016/17 marketing year's opening stock of 827 232 tonnes.



<b>SOYBEAN</b>	31/01/2018*	01/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 463	4 440	-0,52%
SAFEX Soybean Mar 18 (R/t)	4 483	4 480	-0,07%
CME Soybean Spot (US cents/bushel)	993	991	-0,20%

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

- The South African soybean market lost ground in yesterday's trade session owing to an upward revision of the plantings estimate, as well as the stronger Rand against the US Dollar. Moreover, the lower Chicago soybean prices also added bearish pressure to the market.
- The preliminary soybean plantings estimate of 701 000 hectares is the biggest area on record. If one applies an average yield of 1.7 tonnes per hectare from the past five seasons, South Africa's soybean production could reach 1.19 million tonnes. This would be 9% lower than the 2016/17 production season. The key reason being the higher average yield of 2.3 tonnes per hectare obtained in the 2016/17 production season.
- The National Crop Estimates Committee will release its official first production estimates and revised estimates for area planted on 27 February 2018. Weather is also an important factor at this stage of development. The past few weeks brought fairly good rainfall for most soybean growing areas of the country. As a result, the crop is in a fair condition in most regions.
- In addition, the weather forecasts paint a promising picture of good rainfall throughout the season. The local weather bureau forecasts a weak La Niña phase through early autumn, which is February to April 2018. This implies that South African summer rainfall areas could receive above-normal rainfall.
- The near-term weather forecasts already show a possibility of between 25 and 90 millimetres of rainfall in the soybean growing areas of South Africa. With that said, hail is always a key concern for the eastern parts of the country, especially when there are expectations of heavy rainfall. The past few weeks brought a bit of it in regions of Mpumalanga and KwaZulu Natal province, but the crop damage was somewhat limited.
- In global markets – This morning the Chicago soybean price was down by 0.20% from levels seen at midday yesterday owing to a slightly stronger US Dollar against major currencies.
- In South America, the weather forecast for the next eight days shows a possibility of heavy rainfall in Brazil and Paraguay, this could slow the harvest process and negatively affect the crop.

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



SUNFLOWER SEED	31/01/2018*	01/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 699	4 720	+0,45%
SAFEX Sunflower seed Mar 18 (R/t)	4 675	4 705	+0,64%
EU (France) sunflower seed (US\$/t)	394	395	+0,25%

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

- The South African sunflower seed market posted gains in yesterday's trade session, following the National Crop Estimates Committee's preliminary planting estimates<sup>3</sup>. Moreover, there was additional support from the global sunflower seed market which was in positive territory owing to strong commercial buying.
- The weather is still main focus in the sunflower seed market as the crop is at early stages of development. Bloemhof, Delareyville, Derby, Leeudoringstad, Ventersdorp, Viljoenskroon and Schweizer-Reneke regions of the North West and western Free State provinces regions received rainfall of between 10 and 24 millimetres on Tuesday evening. This follows good showers of between 20 and 110 millimetres at the end of last week.
- Although this is patchy, leaving some areas dry and warm, it is a welcome development following the drier weather condition experienced in the last few weeks of 2017 and the start of 2018.
- Looking ahead, the weather charts continue to paint an encouraging picture of rainfall across the sunflower seed growing areas of the country within the next two weeks. This supports the view of the South African Weather Services, which highlighted a possibility of above-average rainfall from this month until April 2018 in summer crop growing areas of the country.
- Also worth noting is that the 2017/18 sunflower seed area plantings of 560 100 hectares are the lowest area in 5-years. This suggests that production could decline significantly, even if South Africa was to receive an average yield of 1.2 tonnes per hectare. In fact, at such yield estimate and area, South Africa's sunflower seed production would possibly reach 672 120 tonnes, down by 23% year-on-year.
- In the global market – Yesterday the EU's sunflower seed market managed to claw back its recent losses with the price up by 0.25% from the previous day, closing at US\$395 per tonne. These gains were mainly underpinned by higher crude and vegetable oil prices.

Bottom line – Today, the domestic sunflower seed market could receive additional support due to the weaker ZAR/USD exchange.

<sup>3</sup> The estimates showed a 12% year-on-year decline in area for 2017/18 sunflower seed crop to 560 100 hectares.



<b>POTATO</b>	31/01/2018*	01/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	40,60	40,68	+0,20%

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

- The South African potatoes market had a good run in yesterday's trade session with the price up by 0.20% from the previous day, closing at R40.68 per pocket (10kg). These gains were due to the lower stock of 612 051 pockets (10kg bag) at the start of the trading session.
- However, during the session, the market saw an uptick in deliveries as harvest activity picks up after a quiet period over the weekend. This led to a 12% uptick in daily stocks to 684 309 pockets (10kg bag).

Bottom line – In today's trade session the potato market could receive additional support due to relatively lower stocks of 684 309 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	31/01/2018*	01/02/2018*	d-o-d (%Δ)
Apples (R/kg)	9,61	9,06	-5,72%
Bananas (R/kg)	6,19	5,94	-4,04%
Oranges (R/kg)	7,87	7,69	-2,29%

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

- Yesterday the fruit market saw widespread losses due to commercial selling. The prices of apples, bananas and oranges were down by 6%, 4% and 2% from the previous day, closing at R9.06 per kilogram, R5.94 per kilogram and R7.69 per kilogram, respectively.
- However, these losses could soon be reversed owing to lower stocks. Yesterday, apples and oranges stocks were respectively down by 20% and 4% from the previous day, closing at 120 000 tonnes and 282 000 tonnes. The oranges stocks were up by 68% from the previous day, closing at 37 000 tonnes. Nevertheless, this is still below the levels of 50 000 tonnes recorded in the past few weeks.

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

LAMB CARCASS	31/01/2018*	01/02/2018*	d-o-d (%Δ)
SAFEX Lamb Mar 18 (R/kg)	70,00	70,00	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 lamb carcass market. The price was unchanged from the previous day, closing at R70.00 per kilogram.
- In terms of carcass supply, the South African farmers slaughtered 444 425 head of sheep in November 2017, up by 24% from the previous month, but down by 17% from the corresponding period the previous year. The Red Meat Levy Admin will release an update for December 2017 slaughtering activity later this week.

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

**WEATHER FORECAST:** South Africa

- The near-term weather forecasts continue to paint a mixed picture. The central and northern parts of South Africa could receive rainfall of between 16 and 90 millimetres within the next eight days, which bodes well for new season summer crops (figure 1). Meanwhile, the western parts of the Western Cape and Northern Cape provinces might experience dry and warm weather conditions.
- The long-term weather forecasts present a similar picture of rainfall across the summer crop growing areas of the country, whereas the western parts of the Western Cape and Northern Cape provinces will most likely remain dry and warm for some time (figure 2).

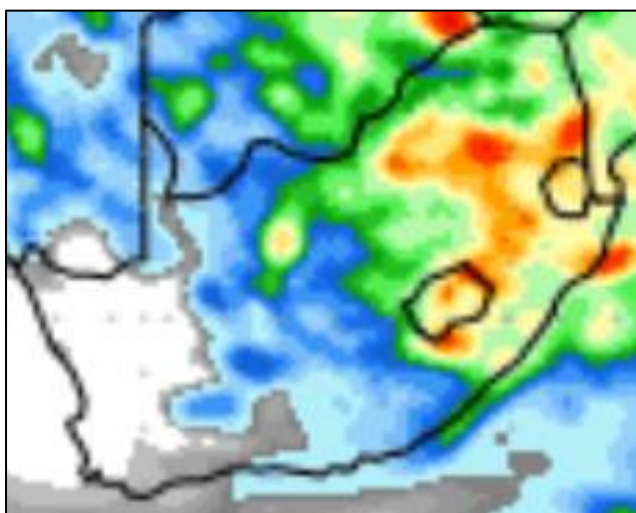


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

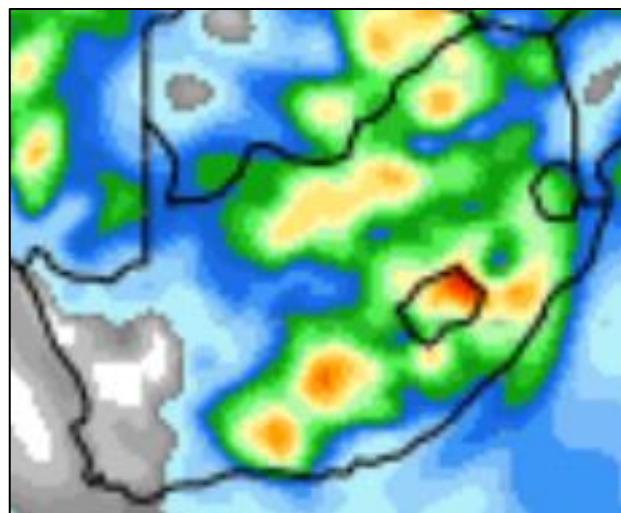


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

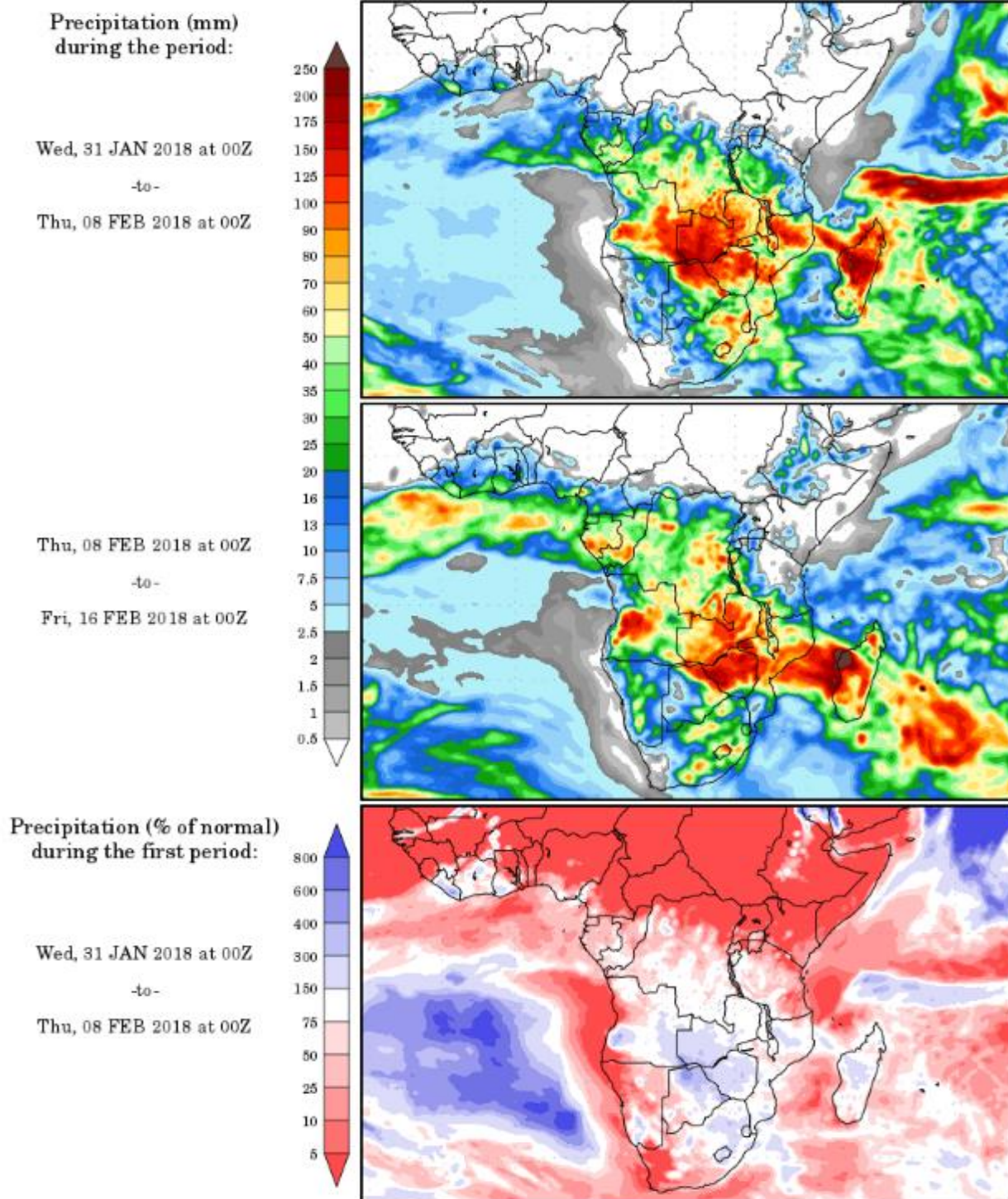


Figure 3: Precipitation forecast

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.

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

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