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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 20/02/2018
- SAGIS producer deliveries data: 21/02/2018
- SAGIS monthly data: 26/02/2018
- National Crop Estimates Committee's data: 27/02/2018

ECONOMIC INDICATORS	14/02/2018*	15/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,81	11,72	+0,77%
Rand/Euro	14,58	14,60	-0,14%
Euro/US Dollar	1,2354	1,2457	+0,83%
Gold Spot	1 331,01	1 355,00	+1,80%
Brent Crude Oil	62,65	64,98	+3,72%
Platinum Spot	975,60	1 003,00	+2,81%
Dow Jones Industrial Average	24 640,45	24 893,49	+1,03%
JSE All Share	57 238,48	57 399,55	+0,28%
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 Rand/US Dollar is currently 0.77% stronger compared to midday yesterday, trading around R11.72. These gains were mainly on the back of positive domestic political developments, higher global commodity prices, as well as the weaker US Dollar against major currencies. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil market gained ground with the price up by 3.72% from levels seen at midday yesterday, trading around US\$64.98 per barrel. This was partially due to the weaker US Dollar against major currencies. Moreover, smaller than expected rise in US crude oil inventories also added support to the market. Data from the Energy Information Administration shows that US crude oil inventories rose by 1.8 million barrels in the week ending 09 February 2018, well below the market expectations of 2.6 million barrels.



MAIZE/CORN	14/02/2018*	15/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 803	1 786	-0,94%
White maize Jul 18 (R/t)	1 924	1 911	-0,68%
Yellow maize Spot (R/t)	1 895	1 876	-1,00%
Yellow maize Jul 18 (R/t)	1 988	1 971	-0,86%
CME corn Spot (US cents/bushel)	365	367	+0,55%

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

- The South African maize market was again under pressure in yesterday's trade session owing to a combination of factors. The most notable ones were the stronger Rand against the US Dollar, favourable weather outlook, as well as lower Chicago maize prices.
- On Tuesday night, Bethlehem, Fouriesburg, Kroonstad, Lindley, Marquard, Senekal, Theunessen, Ventersburg, Warden, Allanridge, Bothaville, Losdoorns, Viljoenskroon, Wesselsbron regions of the Free State province received light showers varying between 10 and 28 millimetres. While this did not yield much improvement in soil moisture, it is a welcome development and the crop is generally in good condition in many areas.
- Looking ahead, the next two weeks could bring higher rainfall of between 25 and 90 millimetres across the maize belt, which will improve soil moisture and thereafter crop conditions¹.
- While the focus is on the new production season, some farmers continue to deliver old season maize to commercial silos. The total maize deliveries were reported at 12 161 tonnes in the week ending 09 February 2018, double the previous week's deliveries. About 59% of this was yellow maize, with 41% being white maize.
- Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 41" currently stand at 15.3 million tonnes. Of this total, 60% is white maize with 40% being yellow maize.
- On the global front – This morning the Chicago maize price was up by 0.55% from levels seen at midday yesterday owing to the weaker US Dollar against major currencies, as well as strong global maize demand.

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

¹ The South African Weather Service forecasts above average rainfall across the maize belt between February and April 2018. If this materialises, it will increase a possibility of higher yields. At the moment, we estimate that South Africa's 2017/18 maize production could reach 11.2 million tonnes, which would be a 33% y/y decline, but still above annual consumption of 10.5 million tonnes. An official estimate by the National Crop Estimates Committee will be released on 27 February 2018.



WHEAT	14/02/2018*	15/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 608	3 606	-0,06%
SAFEX Wheat May 18 (R/t)	3 681	3 666	-0,41%
CME Wheat spot (US cents/bushel)	456	455	-0,22%

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

- In yesterday's trade session, the South African wheat market saw extended losses as the stronger Rand against the US Dollar, and lower Chicago wheat market continued to underpin the market.
- The volumes of wheat recently delivered to commercial silos showed a decline from levels seen the previous months, which mirrors the reduction in activity in the farms after the completion of the harvest process².
- About 9 885 tonnes of wheat were delivered in the week ending 09 February 2018. This is well above the previous week's deliveries of 4 037 tonnes, but well below the volumes delivered in the previous months when the harvest process was at its peak. Overall, this placed South Africa's winter wheat producer deliveries for "week 1 to 19" of the 2017/18 marketing year at 1.42 million tonnes.
- On the global front - This morning the Chicago wheat price was down by 0.22% from levels seen at midday yesterday owing to large global supplies.
- The weather remains a primary focus in the US wheat market as the crop is still at its growing stages. The weather forecasts for the next eight days shows a possibility of drier conditions in the southern Plains, which could negatively affect the crop.
- In its February 2018 update, the USDA placed the US 2017/18 wheat production estimate at 47 million tonnes, down by 25% y/y. The decline is mainly due to a relatively smaller area planted, as well as expected lower yields in some parts of the country. In the same season, the ending stock is estimated at 27 million tonnes, down by 16% from the 2016/17 season. Despite the lower expected crop in the US, the global wheat market is well supplied. The 2017/18 global production is estimated at 758 million tonnes, up by 1% y/y.
- While it is still early in the season, the estimates from France Farm Ministry show that the 2018/19 winter wheat plantings could remain unchanged from the previous season, at 5 million hectares.

Bottom line – Today the domestic wheat market could experience extended losses due to the stronger ZAR/USD exchange and lower Chicago wheat prices.

² The impact of lower yields in the Free State and the Western Cape provinces is clear from the national production estimate which is at 1.48 million tonnes, down by 23% from 2016 harvest.



SOYBEAN	14/02/2018*	15/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 536	4 550	+0,31%
SAFEX Soybean May 18 (R/t)	4 663	4 673	+0,21%
CME Soybean Spot (US cents/bushel)	1 008	1 020	+1,19%

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

- Unlike other commodities which came under pressure due to the stronger Rand against the US Dollar, the domestic soybean market gained ground in yesterday's trade session mainly supported by the higher Chicago soybean prices, as well as commercial buying interest.
- Yesterday there was no new news in the domestic soybean market and the weather has been cool and dry this week. Aside from that, the crop is generally in good condition, thanks to the rainfall received in the past couple of weeks. To reiterate a point made in our previous notes, we forecast South Africa's 2017/18 soybean production at 1.2 million tonnes, down by 8% from the previous season³. An official update by the National Crop estimate Committee will be released on 27 February 2018.
- Yesterday we noted that South Africa remains a net importer of soybean oilcake, despite the significant increase in production in the past few years⁴. However, the country is not alone on this import path, Egypt and Algeria are the leading importers of soybean oilcake in Africa.
- The International Grains Council forecasts Egypt and Algeria's 2017/18 soybean oilcake imports at 1.6 million tonnes and 1.4 million tonnes, respectively up by 45% and 16% from the previous season. This notable increase is due to strong demand from the animal feed industries.
- In global markets – This morning the Chicago soybean price was up by 1.19% from levels seen at midday yesterday due to the weaker US Dollar against major currencies, as well as strong global demand.
- The forecast rainfall in most parts of Argentina within the next eight days could ease concerns that dryness was going to negatively affect the 2017/18 soybean crop. The USDA forecasts Argentina's 2017/18 soybean crop at 54 million tonnes, down by 7% from the previous season partially due to the reduction in area planted.

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

³ This is despite the increase in hectares planted, as we expect yields to average 1.7 tonnes per hectares, compared to 2.3 tonnes per hectare in the 2016/17 production season.

⁴ Data from the International Grains Council shows that South Africa's 2017/18 soybean oilcake imports could reach 600 000 tonnes, despite the record soybean production in the 2016/17 season. This is 20% higher than the 2015/16 season.



SUNFLOWER SEED	14/02/2018*	15/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 750	4 695	-1,16%
SAFEX Sunflower seed May 18 (R/t)	4 721	4 696	-0,53%
EU (France) sunflower seed (US\$/t)	392	395	+0,77%

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

- The Rand/US Dollar exchange remains one of the primary factors driving the South African sunflower seed market. Yesterday's gains on the currency front added bearish pressure to the sunflower seed market, which then settled in negative territory.
- The expected rainfall for the week hasn't materialised yet in the sunflower seed growing areas. Weather conditions have been dry and cool in the first half of this week. On the downside, drier conditions could negatively affect the crop as recent rainfall did not fully replenish soil moisture.
- However, on the upside, the cool and dry weather conditions presented an opportunity for farmers to accelerate the planting activity in some parts of the north-western Free State and North West provinces⁵. It is worth emphasising that the optimal planting window closed on 20 January 2018. Any planting activity outside this window implies that crops could be exposed to frost later in the season, which would lower the yields.
- Above all, the weather forecasts still show a possibility of rainfall across the sunflower seed growing areas within the next eight days. The long-term outlook also promises good rainfall until April 2018. This will potentially support the newly planted crop from germination to pollination stages of development.
- In the global market – Yesterday the EU's sunflower seed market maintained the previous day's gains benefiting from higher crude oil prices. The price settled at \$US395 per tonne, up by 0.77% from the previous day.
- Elsewhere, there are some positive developments in South America's weather front. The recent updates⁶ show a possibility of light showers within the next eight days. This could break the dry spell in the southern areas of Argentina, which had started to threaten the 2017/18 sunflower seed crops. Overall, the USDA forecasts Argentina's 2017/18 sunflower seed production at 3.6 million tonnes, up by 6% from the previous season.

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

⁵ The ongoing planting activities mean that the National Crop Estimates Committee will possibly revise its preliminary planting estimate up from the current level of 560 100 hectares. An update will be released on 27 February 2018.

⁶ Please see the link for more information on South America's precipitation forecast: <http://wxmaps.org/pix/prec8>



POTATO	14/02/2018*	15/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	37,29	34,88	-6,46%

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

- The South African potatoes market lost ground in yesterday's trade session following an uptick in stocks to 945 931 stock pockets (10kg bag) at the start of the trade session. The price was down by 6% from the previous day, closing at R34.88 per pocket (10kg).
- In the session, the market saw an increase producer deliveries due to ongoing harvest activity in most parts of the country. This subsequently led to a 16% gain in daily stocks to 1.1 million pockets (10kg bag).

Bottom line – In today's trade session the potato market could experience extended losses due to a large stock of 1.1 million pockets (10kg bag).

FRUIT (South Africa)	14/02/2018*	15/02/2018*	d-o-d (%Δ)
Apples (R/kg)	9,79	9,95	+1,63%
Bananas (R/kg)	5,72	5,88	+2,80%
Oranges (R/kg)	6,00	8,86	+47,67%

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

- The fruit market posted gains in yesterday's trade session owing to a decline in daily stock levels. The prices of apples and bananas were up by 2% and 3% from the previous day, closing at R9.95 and R5.88 per kilogram, respectively. The apples and bananas stock respectively declined by 19% and 32% from the previous day and settled at 149 000 tonnes and 268 000 tonnes.
- The prices of oranges have been quite wobbly owing to lower stocks. Yesterday the price was up by 48% from the previous day, closing at R8.86 per kilogram. The stocks are still well below the levels seen the previous week, recorded at 29 000 tonnes at the close of yesterday's session.

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



BEEF CARCASS	14/02/2018*	15/02/2018*	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

- It was again another quiet day in the SAFEX beef carcass market, characterised by thinly traded volumes. The price was unchanged from the previous day, closing at R44.00 per kilogram. As highlighted in our previous reports, the SAFEX beef carcass prices might not be a true reflection of the activity in the physical market, which continues to show solid activity.
- From a meat supply perspective, South African farmers slaughtered 262 727 head of cattle in December 2017, up by 10% from the previous month. However, this is down by 17% from the corresponding period the previous year, as the restocking process continues after the recent drought (but will soon normalise).

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

- After receiving light showers on Tuesday evening, the weather has cleared up across the Western Cape and western sections of the Northern Cape provinces. The forecast for the next eight days in these particular provinces shows a possibility of continuous dryness (figure 1). Meanwhile, other provinces could receive a fair amount of rainfall which bodes well for summer crops.
- The long-term weather forecasts also show a likelihood of light rainfall across the country (figure 2). This should vary between 16 and 60 millimetres, and will slightly boost soil moisture. However, the western parts of the Western Cape and Northern Cape could remain dry and warm over the observed period.

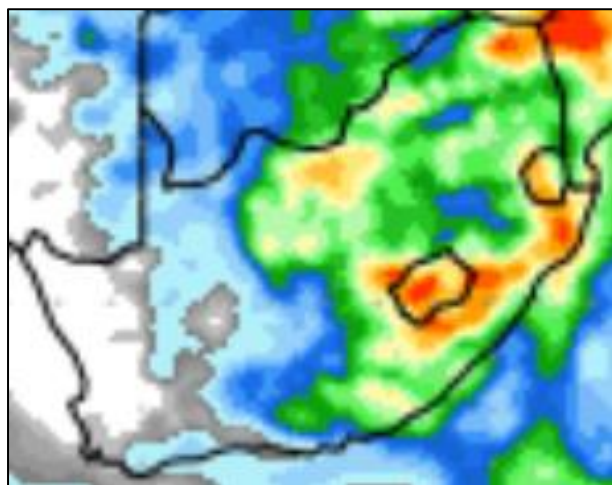


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

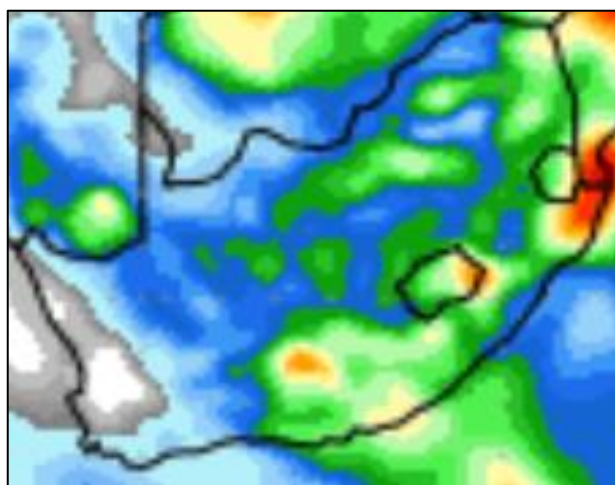


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

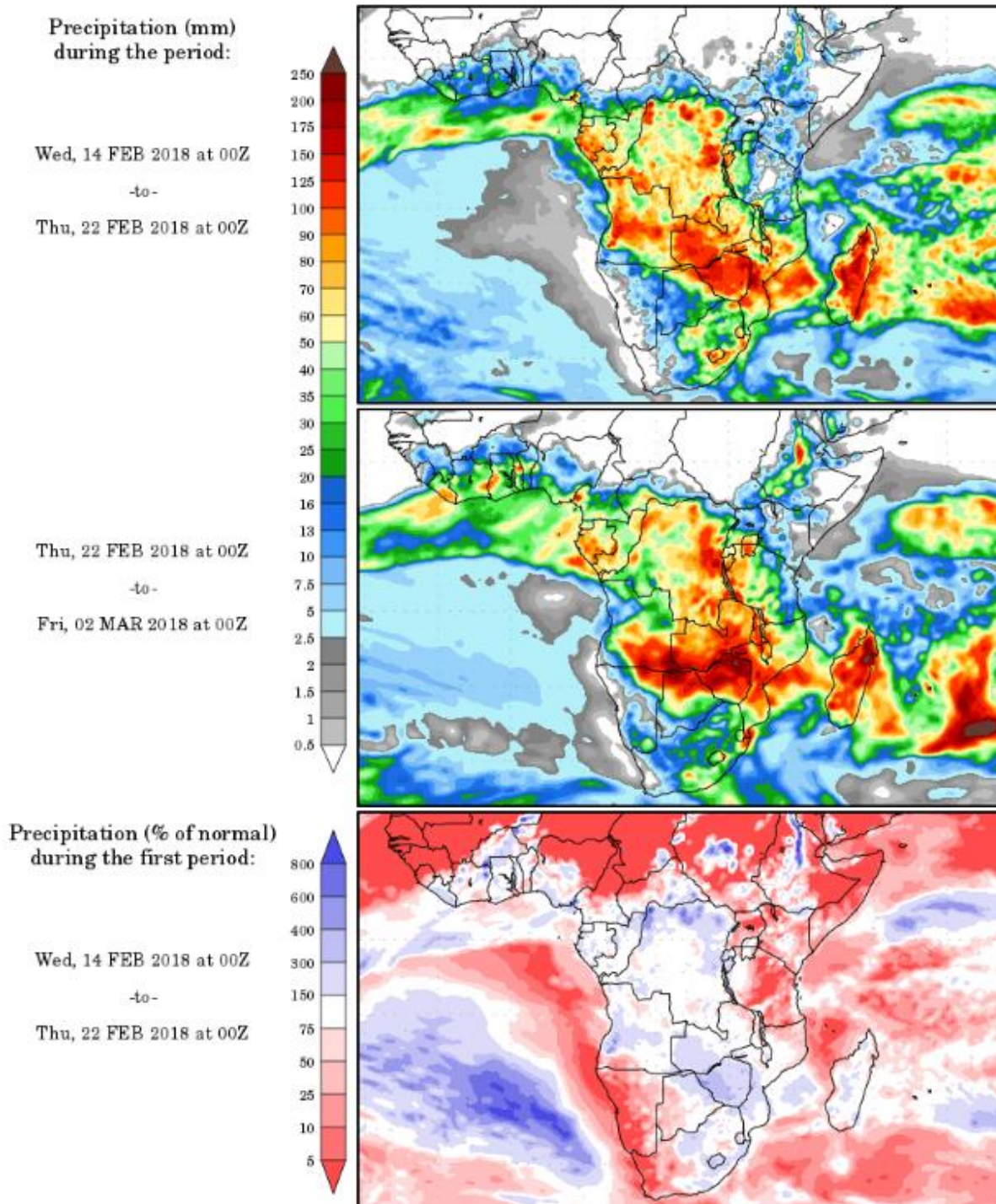


Figure 3: Precipitation forecast

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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