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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
- USDA's weekly export sales: 22/02/2018
- SAGIS monthly data: 26/02/2018
- National Crop Estimates Committee's data: 27/02/2018

ECONOMIC INDICATORS	19/02/2018*	20/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,64	11,69	-0,43%
Rand/Euro	14,46	14,47	-0,07%
Euro/US Dollar	1,2413	1,2388	-0,20%
Gold Spot	1 347,17	1 341,20	-0,44%
Brent Crude Oil	65,28	65,58	+0,46%
Platinum Spot	1 009,00	1 005,46	-0,35%
Dow Jones Industrial Average	25 219,38	25 219,38	0,00%
JSE All Share	58 789,27	58 701,37	-0,15%
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*

- This morning the domestic currency weakened by 0.43% 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, as well as a slight decline in global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R11.69. From a domestic data front, today's calendar is fairly light with no major releases.

- The Brent crude oil market started the day in positive territory with the price up by 0.46% from levels seen at midday yesterday, trading around US$65.58 per barrel. This is partially on the back of rising tension in the Middle East region, particularly between Israel and Iran. Apart from this, the global oil market remains well supported due to improved compliance with the agreed oil output reduction amongst OPEC members.

MAIZE/CORN	19/02/2018*	20/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 777	1 776	-0,06%
White maize Jul 18 (R/t)	1 897	1 894	-0,16%
Yellow maize Spot (R/t)	1 862	1 860	-0,11%
Yellow maize Jul 18 (R/t)	1 958	1 954	-0,20%
CME corn Spot (US cents/bushel)	367	368	+0,27%

**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 as favourable weather outlook, large carryover stocks[1] and strong commercial selling continued to underpin the market.

- This past weekend brought light showers in the South African maize belt but mainly concentrated towards western sections. The showers varied between 10 and 26 millimetres, which mainly benefited white maize crops. Meanwhile, the eastern sections of the maize belt, which predominately produce yellow maize, remained cool and dry throughout the weekend.

- Overall, South Africa's maize crop is in good condition[2], thanks to good showers received in the past few weeks which improved soil moisture and subsequently benefited the crops[3]. Also heartening to see is that the weather forecast for the next eight days presents a possibility of good rainfall across the maize belt, which should further improve soil moisture and crop conditions.

- On the global front – This morning the Chicago maize price was up by 0.27% from midday yesterday due to improved demand for exports. The USDA recently announced a sale of 116 000 tonnes of US maize to Japan.

- Agriculture and Agri-Food Canada revised the country's 2017/18 maize stocks down by 300 000 tonnes from the previous month to 2.3 million tonnes. However, this is still 5% higher than the previous season owing to large production. The International Grains Council forecasts Canada's 2017/18 maize production at 14.1 million tonnes, up by 7% from the previous season.

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

[1] South Africa's 2017/18 total maize carryover stock is estimated at 4.2 million tonnes, up from 1.1 million tonnes in the 2016/17 marketing year. The notable uptick is due to a record production of 16.7 million tonnes in the 2016/17 production season.

[2] We estimate that South Africa's 2017/18 maize production could reach 11.2 million tonnes, down by 33% y/y.

[3] The most recent report from World Weather Inc. shows that soil moisture has improved in western sections of the Free State and North West provinces from extreme dryness experienced at the beginning of the year.

WHEAT	19/02/2018*	20/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 525	3 550	+0,71%
SAFEX Wheat May 18 (R/t)	3 579	3 598	+0,53%
CME Wheat spot (US cents/bushel)	458	460	+0,44%

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

- Yesterday the South African wheat market recovered from the previous day's lower levels with support emanating from the weaker domestic currency, and an uptick in commercial buying interest. There were no new developments on the international front as the Chicago wheat market was closed for the Presidents' Day.

- With the winter wheat harvest process totally over in South Africa, the weather is not of importance in the market. As indicated in our previous notes, the impact of drier conditions experienced in the Western Cape province over the past few months is mirrored in national wheat production. The 2017 harvest is estimated at 1.48 million tonnes, down by 23% y/y. This is not new news, therefore already priced into the market.

- With that said, the weather forecast for the Western Cape is worth highlighting as the province currently battles with water issues, which are negatively affecting households and other agricultural activities such as livestock and horticulture. The weather charts for the next eight days show a possibility of light showers of between 16 and 20 millimetres in coastal areas of the province.

- This is a welcome development, although will not meaningfully improve dam levels. On 12 February 2018, the provinces dam levels averaged 23%, down by one percentage point from the previous week and 12 percentage points from the corresponding period last year.

- On the global front - This morning the Chicago wheat price was up by 0.44% from levels seen at midday yesterday, also supported by improved global demand, particularly from the Middle East and Asian markets.

- Agriculture and Agri-Food Canada revised its 2017/18 all-wheat stocks up by 100 000 tonnes from the previous month to 6.3 million tonnes. With that said, this is down by 7% from the previous season due to lower production. The International Grains Council forecasts Canada's 2017/18 wheat production at 30 million tonnes, down by 6% from the previous season.

- Looking ahead, France's 2018/19 winter wheat is in fairly good conditions. On 11 February 2018, *FranceAgriMer* indicated that 84% of the crop was rated good/excellent, down by eight percentage points from the corresponding period last year.

Bottom line – Today the domestic wheat market could see marginal gains due to higher Chicago wheat prices, and the slightly weaker ZAR/USD exchange.

SOYBEAN	19/02/2018*	20/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 436	4 459	+0,52%
SAFEX Soybean May 18 (R/t)	4 539	4 584	+0,99%
CME Soybean Spot (US cents/bushel)	1 021	1 032	+1,08%

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

- Yesterday the domestic soybean market posted gains with support emanating from the slightly weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago soybean prices.

- The soybean growing areas were fairly dry and cool this past weekend, but the next eight days could bring heavy rainfall which should further improve soil moisture and crop conditions. At the moment, the crop is generally in good shape, thanks to rainfall received in the past few months. We estimate that South Africa's 2017/18 soybean production could reach 1.2 million tonnes, down by 8% from the previous season[4]. The official estimates by the National Crop Estimates Committee will be released on 27 February 2018.

- The expected rainfall is a welcome development, but hail is always a key concern for the eastern side of South Africa, especially when there are expectations of heavy rainfall. The past few weeks brought a bit of hail in some sections of Mpumalanga province, but the damage was somewhat limited. We will closely monitor the developments over the next few weeks.

- Apart from this, the data calendar for this week is light, therefore, the domestic soybean price movements will largely be driven by developments in the currency market, and in Chicago soybean market.

- In global markets – This morning the Chicago soybean price was up by 1.08% from levels seen at midday yesterday owing to strong global demand and concerns of dryness in the southern parts of Argentina.

- The soybean harvest process is underway in Brazil. The most recent data from *AgRural* shows that on 16 February 2017, harvesting was at 17% complete, which is nine percentage points behind the corresponding period last year. The USDA forecasts Brazil's 2017/18 soybean production at 112 million tonnes, down by 2% from the previous season.

Bottom line – Likewise to other commodities, the soybean market could receive support in today's session due to the slightly weaker domestic currency and higher Chicago soybean prices.

[4] The key reason for a potential decline in output while the area has increased is because we used a relatively lower yield of 1.7 tonnes per hectare in our estimates, compared to a yield of 2.3 tonnes per hectare obtained in the 2016/17 production season.

SUNFLOWER SEED	19/02/2018*	20/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 635	4 635	0,00%
SAFEX Sunflower seed May 18 (R/t)	4 622	4 631	+0,19%
EU (France) sunflower seed (US$/t)	399	398	-0,25%

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

- After being in negative territory over a couple of days, yesterday the South African sunflower seed market managed to claw back some of its recent losses with support emanating from the increased commercial selling, as well as a slightly weaker Rand against the US Dollar.

- Over the weekend, Bothaville, Hertzogville, Hoopstad, Orkney, Wesselsbron, Bloemhof, Klerksdorp, Leeudoringstad and Sannieshof regions of the western Free State and North West province received rainfall of between 10 and 26 millimetres. This added to already improved soil moisture levels, which bodes well for the new season crop.

- The expected rainfall within the next eight days could bring further improvements in soil moisture and benefit the crop. Moreover, the long-term weather outlook promises good rainfall until April 2018. This will potentially support the newly planted crop from germination to pollination stages of development.

- Apart from production developments, the 2017/18 sunflower seed marketing year will end on 28 February 2018, but in relatively better shape than the previous year. The ending stock is estimated at 183 081 tonnes, which is 12% higher than the 2016/17 marketing year. This will essentially boost the country's supplies in the 2018/19 marketing year, which starts on 01 March 2018.

- In the global market – Following a good run in the past few days, the EU's sunflower seed market pulled back in yesterday's trade session and closed in negative territory. The price was down by 0.25% from the previous day, closing at US$398 per tonne, in line with the vegetable oil prices.

- Elsewhere, the sunflower seed harvest process is underway in Argentina. The most recent data from SUNSEEDMAN shows that 40% of the crop had already been harvested on 19 February 2018. This is slightly behind last year's pace.

- Overall, SUNSEEDMAN forecasts 2017/18 global sunflower seed production at 48 million tonnes, down by 4% from the previous season.

Bottom line – Today, the domestic sunflower seed market could receive marginal gains due to the relatively weaker Rand against the US Dollar.

POTATO	19/02/2018*	20/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	32,71	30,73	-6,05%

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

- The South African potatoes market started the week on a negative footing with the price down by 6% from the previous day, closing at R30.73 per pocket (10kg). These losses were partially on the back of a large stock of 1.1 million pockets (10kg bag) at the start of the trade session.

- However, during the day, the market experienced commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity during the weekend. This subsequently led to a 33% decline in daily stocks to 756 013 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes prices could slightly recover due to relatively lower stock of 756 013 pockets (10kg bag).

FRUIT (South Africa)	19/02/2018*	20/02/2018*	d-o-d (%Δ)
Apples (R/kg)	9,14	8,20	-10,28%
Bananas (R/kg)	5,86	5,03	-14,16%
Oranges (R/kg)	5,21	7,55	+44,91%

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

- The fruit market ended yesterday's trade session on a mixed footing. The prices of apples and bananas were down by 10% and 14% from the previous day, closing at R8.20 and R5.03 per kilogram, respectively. These losses were on the back of large stocks of 154 000 tonnes of apples and 374 000 tonnes of bananas.

- Meanwhile, the price of oranges significantly increased by 45% from the previous day and settled at R7.55 per kilogram owing to lower stocks. At the end of the session, the stocks fell to 1 000 tonnes, from levels of over 30 000 tonnes in the past few weeks.

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

BEEF CARCASS	19/02/2018*	20/02/2018*	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*

- Yesterday there was not much happening in the SAFEX beef carcass market. 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 should soon normalise).

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

WEATHER FORECAST: South Africa

- The summer crop growing areas of the country could receive good rainfall this week, which should improve soil moisture and crop conditions (figure 1). The coastal areas of the Western Cape province could also receive light showers this week, whereas the Northern Cape could remain dry and warm over the observed period.

- The long-term weather forecasts show clear skies across the country with the exception of Limpopo, the eastern sections Mpumalanga, KwaZulu Natal and Eastern Cape provinces (figure 2). This is not much of a concern for summer crops as the week of 27 February would have already improved soil moisture in most provinces.

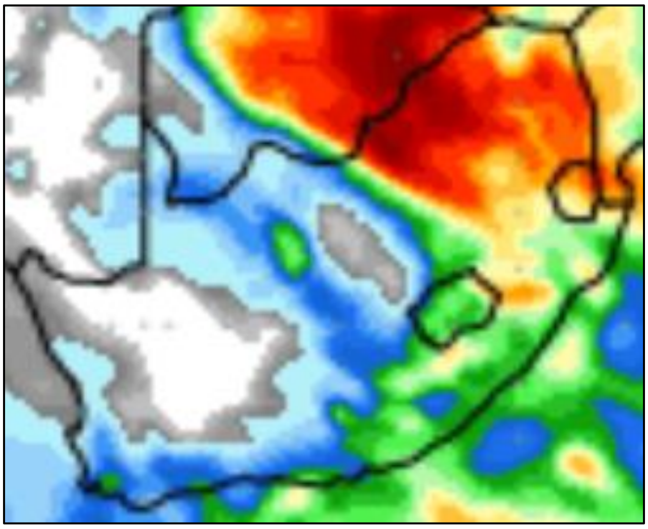

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

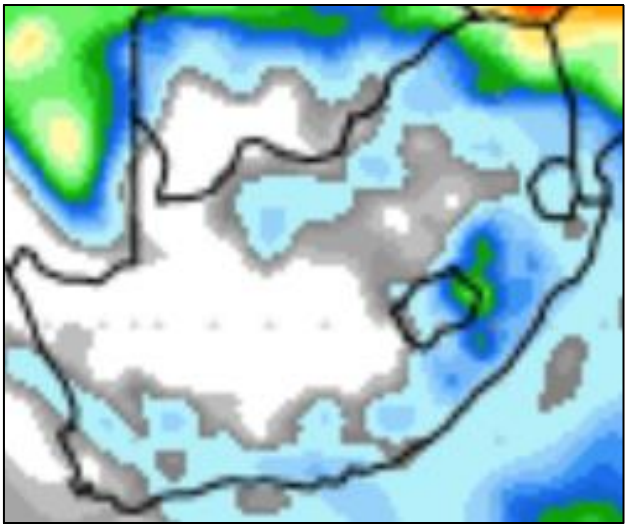

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

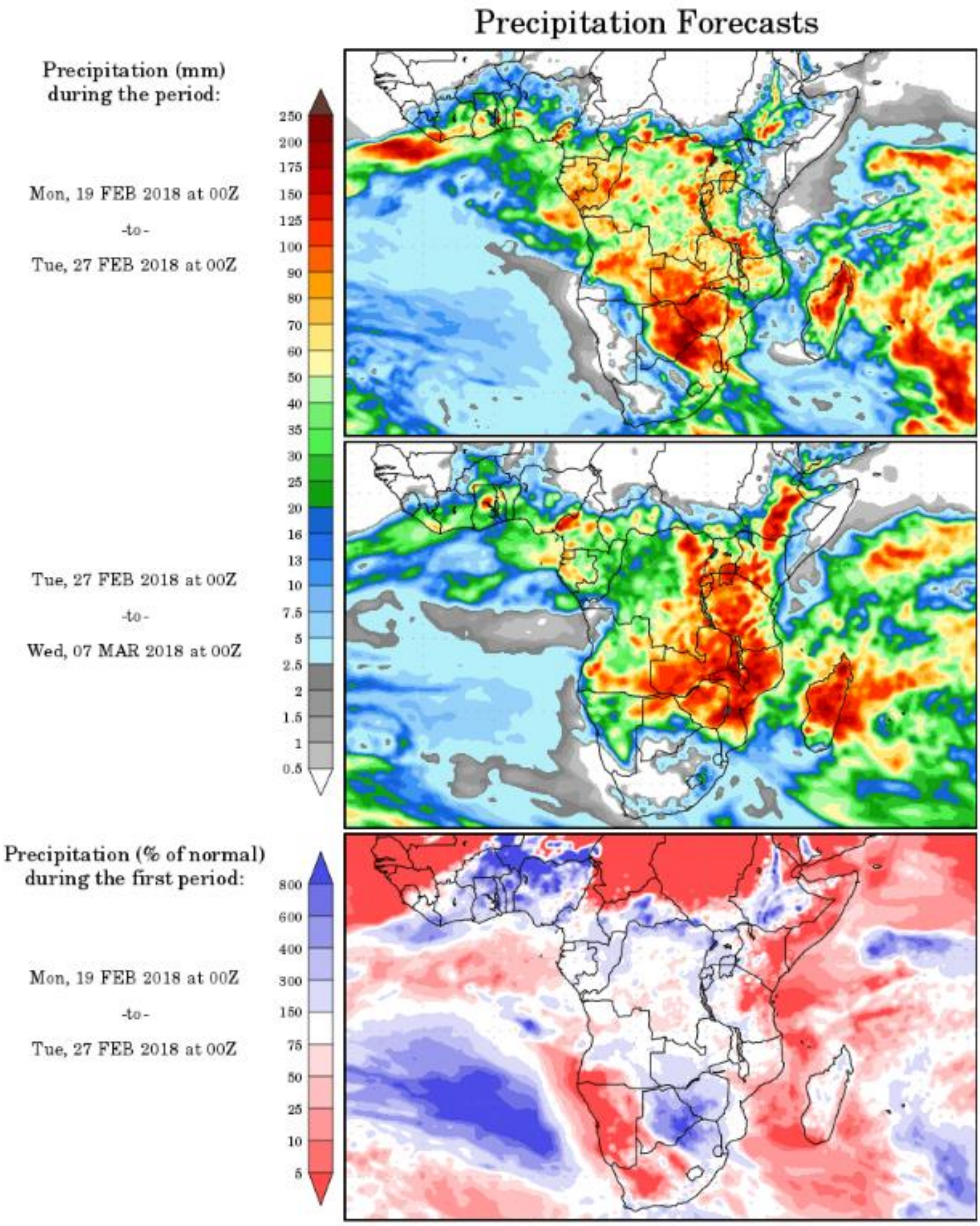

Figure 3: Precipitation forecast

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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