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**Key Data Releases in Agricultural Markets:**

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

<b>ECONOMIC INDICATORS</b>	20/02/2018*	21/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,73	11,77	-0,34%
Rand/Euro	14,48	14,50	-0,14%
Euro/US Dollar	1,2341	1,2321	-0,16%
Gold Spot	1 338,46	1 327,24	-0,84%
Brent Crude Oil	65,09	64,77	-0,49%
Platinum Spot	1 003,26	996,15	-0,71%
Dow Jones Industrial Average	25 219,38	24 964,75	-1,01%
JSE All Share	57 897,47	57 928,78	+0,05%
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

- After recording gains in the past few days, the Rand pulled back this morning. This follows a decline in global commodity prices, as well as a firmer US Dollar against major currencies. The Rand/US Dollar is currently 0.34% weaker compared to levels seen at midday yesterday, trading around R11.77. From a domestic data front, Stats SA will release the Consumer Price Index data for January 2018. Above all, the 2018-19 national budget speech will be a primary focus today.
- Following a good run at the start of the week, the Brent crude oil market took a breather this morning with the price down by 0.49% from levels seen at midday yesterday. These losses were partially underpinned by a rebound in the US Dollar from lower levels seen in the past week, as well as expectations of an uptick in US oil production. At the time of writing, oil price traded around US\$64.77 per barrel.



MAIZE/CORN	20/02/2018*	21/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 776	1 785	+0,51%
White maize Jul 18 (R/t)	1 894	1 902	+0,42%
Yellow maize Spot (R/t)	1 860	1 884	+1,29%
Yellow maize Jul 18 (R/t)	1 954	1 960	+0,31%
CME corn Spot (US cents/bushel)	368	364	-1,09%

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

- Yesterday the South African maize market managed to claw back some of its recent losses with support emanating from the slightly weaker Rand against the US Dollar, as well as higher Chicago maize prices.
- The weather remains a key focus in the South African maize market as the crop is still in its early stages of development. The eastern sections of the country, which mainly produce yellow maize, received showers of between 16 and 44 millimetres on Monday. This was mainly concentrated in the regions of Frankfort, Amersfoort, Bethal, Carolina, Davel, Delmas, Ermelo, Graskop, Hendrina, Leandra, Lydenburg, Morgenzon, Witbank and Wonderfontein.
- Meanwhile, other sections of the country had a cool and drier start of the week. Nonetheless, South Africa's maize crop is in good condition across, thanks to good rainfall received in the past few weeks. Last night, the central areas of the maize belt also received light showers, which bodes well for the crop. Looking ahead, the expected heavy rainfall within the next eight days will further improve soil moisture and benefit the crop.
- From a trade perspective, South Africa exported 39 742 tonnes of maize in the week ending 16 February 2018, up by 35% from the volume exported the previous week. About 80% of these exports were yellow maize, with 20% being white maize. This placed South Africa's 2017/18 maize marketing year exports at 1.96 million tonnes, which equates to 84% of the season's export forecast of 2.34 million tonnes.
- On the global front – This morning the Chicago maize price was down by 1.09% from levels seen at midday yesterday owing to the stronger US Dollar against major currencies.
- The drier weather conditions in the southern and central parts of Argentina could lead to poor yields in some areas. *Agripac* already revised its 2017/18 maize production estimate for Argentina down to 37 million tonnes. This is a 24% decline from the previous season due to expected lower yields and reduced area planted.

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



WHEAT	20/02/2018*	21/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 550	3 578	+0,79%
SAFEX Wheat May 18 (R/t)	3 598	3 621	+0,64%
CME Wheat spot (US cents/bushel)	460	446	-3,04%

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

- The South African wheat market started yesterday's trade session in the positive footing and maintained the gains throughout the day as the weaker Rand against the US Dollar, as well as higher Chicago wheat prices, continued to provide support to the market.
- As we set out in yesterday's note, the weather is currently of less importance in the winter wheat growing areas of South Africa as the harvest process is totally over. However, the recent developments in the major wheat production province, Western Cape, are worth mentioning. The weather charts for the next eight days show a possibility of showers of between 16 and 40 millimetres across the province.
- Moreover, the most recent data from the Department of Water and Sanitation shows that on 19 February 2018, the province's dam levels averaged 23%, unchanged from the previous week, but 10 percentage points lower than the corresponding period last year.
- Apart from the weather aspects, South Africa continues to receive large volumes of wheat imports. The country imported 97 392 tonnes in the week ending 16 February 2018, up by 49% from the previous week. About 61% from Germany, 30% from Lithuania and 9% from the United States. This placed 2017/18 marketing year's wheat imports at 923 576 tonnes, which equates to 49% of the seasonal import forecast of 1.90 million tonnes<sup>1</sup>.
- Although a net importer of wheat, South Africa continues to export wheat to regional markets. The 17<sup>th</sup> batch of exports this season was recorded at 1 822 tonnes and went out last week. This is treble the volume exported the previous week. About 46% of wheat went to Lesotho, 41% to Swaziland, 11% to Botswana and 2% to Namibia. Overall, South Africa's 2017/18 wheat exports stand at 11 906 tonnes.
- On the global front - This morning the Chicago wheat price was down by 3.04% from levels seen at midday yesterday owing to the firmer US Dollar against major currencies, as well as large global supplies.
- After experiencing dryness in the past few days, the winter wheat growing areas of the US could get relief within the next eight days as the weather forecasts show a possibility of good rainfall.

Bottom line – Likewise to the maize, the domestic wheat market could experience sideways movements if the ZAR/USD exchange and Chicago wheat prices maintain the current trend.

<sup>1</sup> This is under the assumption that domestic production will reach 1.48 million tonnes.



SOYBEAN	20/02/2018*	21/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 459	4 551	+2,06%
SAFEX Soybean May 18 (R/t)	4 584	4 662	+1,70%
CME Soybean Spot (US cents/bushel)	1 035	1 020	-1,45%

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

- The domestic soybean market had a good run in yesterday's trade session. The slightly weaker Rand against the US Dollar, as well as higher Chicago soybean prices, were the key factors underpinning the market. Moreover, the commercial buying interest also added support to the market.
- Although the local market has recovered from levels seen in the past few weeks, the spot price is still 27% lower than the levels observed on 21 February 2017. These losses are mainly on the back of the large stock and favourable outlook for the new season crop.
- As set out in our note on Monday, the 2017/18 soybean marketing year will end with a large carryover stock of 340 862 tonnes, which is treble the volume seen in the 2016/17 marketing year. This will boost South Africa's soybean supplies in the 2018/19 marketing year, which starts on 01 March 2018.
- In terms of the new season crop, South Africa could be in for another good harvest, although might be relatively lower than the 2016/17 production season's one. We believe that the harvest could at least reach 1.2 million tonnes, down by 8% from the previous season.
- The weather conditions have generally been favourable across many soybean growing areas from the start of the season. Moreover, the forecasts for the next eight days paint a possibility of heavy rainfall of over 70 millimetres in the soybean growing areas in the country. While this is a welcome development, hail is always a key concern for the eastern sections of South Africa, especially when there are expectations of heavy rainfall.
- In global markets – This morning the Chicago soybean price was down by 1.20% from levels seen at midday yesterday, also pressured by the stronger US Dollar.
- Elsewhere, the weather forecast has cleared up across the central areas of Argentina, which is not good for the new season crop that urgently needs moisture<sup>2</sup>.

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

<sup>2</sup> Please see the link for more information on South America's precipitation prospects: <http://wxmaps.org/pix/prec8>



SUNFLOWER SEED	20/02/2018*	21/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 635	4 645	+0,22%
SAFEX Sunflower seed May 18 (R/t)	4 631	4 700	+1,49%
EU (France) sunflower seed (US\$/t)	398	396	-0,50%

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

- The South Africa sunflower seed market started yesterday's trade session on the positive footing and maintained the gains throughout the day. This was mainly on the back of the slightly weaker Rand against the US Dollar, as well as commercial buying interest.
- While the sunflower seed prices have recovered from lower levels observed at the end of last week, the spot price is still 5% lower than the corresponding period last year. This bearish trend is unlikely to change in the near term due to a fairly large carryover stock<sup>3</sup> and favourable weather conditions.
- The weather will remain a primary focus in the sunflower seed market as the crop is still at its early stages of development. The weather charts for the week promise a possibility of over 60 millimetres of rainfall across the sunflower seed growing areas of the country. This should improve soil moisture and benefit the crop.
- In the global market – Yesterday the EU's sunflower seed market remained in negative territory with the price down by 0.50% from the previous day, closing at closing at US\$396 per tonne owing to harvest pressure, particularly in South America.
- The Argentinian farmers have made notable progress with the harvest activity. The most recent data from SUNSEEDMAN shows that on 20 February 2018, the country had harvested 40% of its crop. The USDA forecasts Argentina's 2017/18 sunflower seed production at 3.6 million tonnes, up by 6% from the previous season.
- From a global perspective, the USDA is more pessimistic than SUNSEEDMAN. The agency forecasts 2017/18 global sunflower seed production at 46 million tonnes, whereas SUNSEEDMAN placed its forecast at 48 million tonnes. This compares to 50 million tonnes of global harvest in 2016/17 production season.

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

<sup>3</sup> 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.



<b>POTATO</b>	20/02/2018*	21/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,73	35,30	+14,87%

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

- After recording losses at the start of the week, the potatoes market gained ground in yesterday's trade session and settled in positive territory. This was on the back of relatively lower stock of 756 013 pockets (10kg bag) at the start of the session. The price was up by 15% from the previous day, closing at R35.30 per pocket (10kg).
- However, during the session, the market saw an uptick in deliveries as harvest activity picks up after a quiet period in the weekend. This led to a 9% increase in daily stocks to 823 322 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes prices could record marginal losses due to a fairly large stock of 823 322 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	20/02/2018*	21/02/2018*	d-o-d (%Δ)
Apples (R/kg)	8,20	9,18	+11,95%
Bananas (R/kg)	5,03	5,57	+10,74%
Oranges (R/kg)	7,55	9,86	+30,60%

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

- The fruit market posted gains in yesterday's trade session, largely supported by commercial buying interest. The prices of apples and bananas were up by 12% and 11% from the previous day, closing at R9.18 and R5.57 per kilogram, respectively. However, these gains could be short-lived due to large stocks of 161 000 tonnes of apples and 345 000 tonnes of bananas.
- Moreover, the price of oranges significantly increased by 31% from the previous day and settled at R9.86 per kilogram owing to lower stocks and commercial buying interest. At the end of the session, the stocks had slightly improved to 34 000 tonnes, following an uptick in deliveries. With that said, this is still below levels of over 50 000 tonnes that were seen in December 2017.

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.



<b>BEEF CARCASS</b>	20/02/2018*	21/02/2018*	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 was again a quiet day in the SAFEX beef carcass market with the price 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 beef supply point of view, 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 weather charts for the next eight days show improved chances of higher rainfall across most parts of the country (figure 1). This expected rainfall should improve soil moisture and benefit summer crops. The Western Cape province could also receive light showers, but will not be sufficient to meaningfully improve dam levels.
- The long-term weather forecasts show clear skies across the country with the exception of the eastern sections Mpumalanga, KwaZulu Natal, Eastern Cape and Western Cape provinces (figure 2). The expected dryness is much of a concern for summer crops as the week of 28 February would have already improved soil moisture in most provinces.

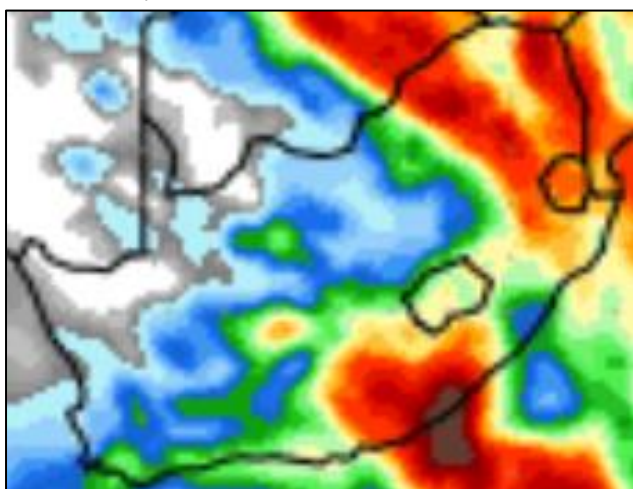


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

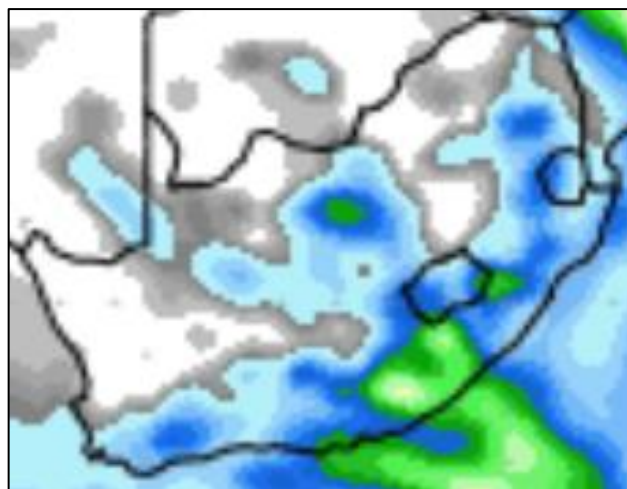


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

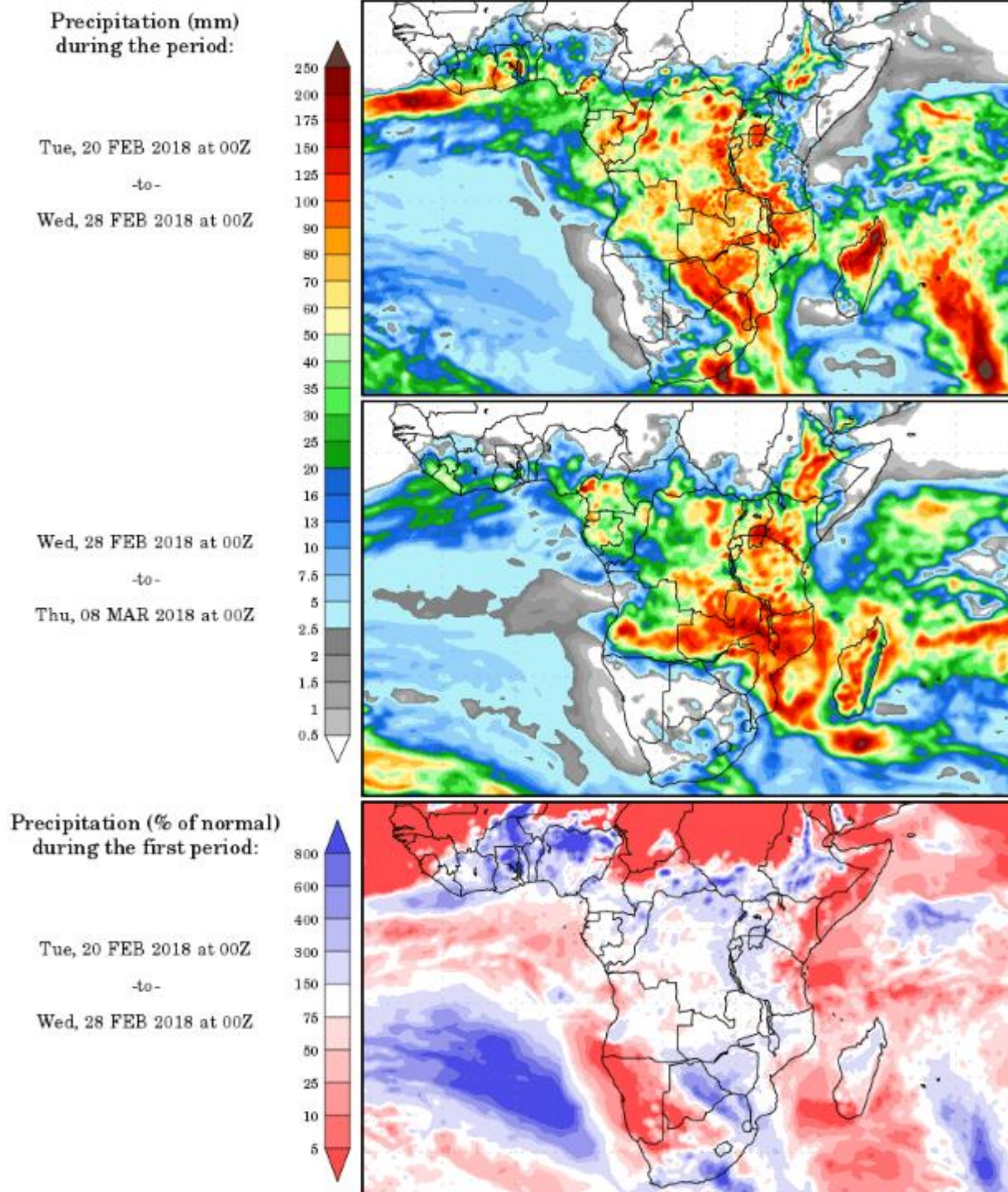


Figure 3: Precipitation forecast

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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