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**Key Data Releases in Agricultural Markets:**

- SAGIS monthly data: 26/02/2018
- SAGIS weekly grain trade data: 27/02/2018
- National Crop Estimates Committee's data: 27/02/2018
- SAGIS producer deliveries data: 28/02/2018
- USDA's World Agricultural Supply and Demand Estimates report: 08/03/2018

<b>ECONOMIC INDICATORS</b>	21/02/2018*	22/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,71	11,68	+0,26%
Rand/Euro	14,43	14,34	+0,63%
Euro/US Dollar	1,2319	1,2276	-0,35%
Gold Spot	1 328,68	1 323,76	-0,37%
Brent Crude Oil	65,22	64,99	-0,35%
Platinum Spot	993,00	990,15	-0,29%
Dow Jones Industrial Average	25 103,23	24 797,78	-1,22%
JSE All Share	57 724,38	58 605,97	+1,53%
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 strengthened by 0.26% against the US Dollar from levels seen at midday yesterday owing to a reasonable outcome of 2018's Budget, as well as improved domestic political sentiment. At the time of writing, the Rand/US Dollar exchange traded around R11.68. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil market was slightly under pressure this morning with the price down by 0.35% from levels seen at midday yesterday owing to a firmer US Dollar against major currencies. At the time of writing, oil price traded around US\$64.99 per barrel. From a data perspective, today the Energy Information Administration will release its US oil inventories data for the week ending 16 February 2018.



MAIZE/CORN	21/02/2018*	22/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 785	1 779	-0,34%
White maize Jul 18 (R/t)	1 902	1 893	-0,47%
Yellow maize Spot (R/t)	1 884	1 888	+0,21%
Yellow maize Jul 18 (R/t)	1 960	1 950	-0,51%
CME corn Spot (US cents/bushel)	367	365	-0,54%

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

- South Africa's maize market started yesterday's trade session in negative territory and remained under pressure throughout the day as large carryover stock<sup>1</sup>, favourable weather forecasts for the coming weeks and lower Chicago maize prices continued to underpin the market. However, this was with the exception of yellow maize spot price which gained ground owing to commercial buying interest.
- A larger part of the South African maize belt experienced cool and drier weather conditions this week, with rainfall mainly concentrated towards the eastern sections. Nonetheless, the crop is in good condition in many areas of the country and soil moisture has slightly improved following the recent rainfall.
- Moreover, there is generally improved prospects of a fairly better harvest in the 2017/18 production season, although will be lower than the 2016/17 record harvest. The expected rainfall within the next two weeks will give an additional boost to soil moisture and crop conditions throughout the maize belt.
- 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 9 426 tonnes in the week ending 16 February 2018, down by 14% from the previous week. About 67% of this was yellow maize, with 33% being white maize. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 42" currently stand at 15.3 million tonnes. Of this total, 60% is white maize with 40% being yellow maize.
- On the global front – The drier weather conditions in some parts of Brazil could lead to poor yields. *Soybean & Corn Advisor, Inc.* revised its 2017/18 maize production estimate for Brazil down to 86 million tonnes, from 98 million tonnes in the 2016/17 production season. Moreover, this is well below International Grains Council estimate of 90 million tonnes.

Bottom line – Today the domestic maize market could experience extended losses owing to a firmer ZAR/USD exchange and lower Chicago maize prices.

<sup>1</sup> 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.



WHEAT	21/02/2018*	22/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 578	3 595	+0,48%
SAFEX Wheat May 18 (R/t)	3 621	3 637	+0,44%
CME Wheat spot (US cents/bushel)	448	447	-0,22%

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

- The South African wheat market had a good run in yesterday's trade session underpinned by a slightly weaker domestic currency and strong commercial buying interest. Moreover, the marginal uptick in Chicago wheat prices also had a positive spillover to the domestic market.
- The volumes of wheat recently delivered to commercial silos showed a decline from levels seen the previous weeks, which mirrors the reduction in activity in the farms after the completion of the harvest process<sup>2</sup>.
- About 6 535 tonnes of wheat were delivered to commercial silos in the week ending 16 February 2018. This is 34% lower than the volume delivered the previous week, and 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 20" of the 2017/18 marketing year at 1.43 million tonnes.
- Apart from the wheat market matters, yesterday we painted a slightly positive picture of Western Cape's near-term weather forecasts. Unfortunately, the outlook has changed drastically. The current forecasts suggest that the province could receive light showers along the coastal areas within the next eight days. This implies that dam levels could remain critically low in the near term. On 19 February 2018, the province's dam levels averaged 23%, which is 10 percentage points lower than the corresponding period last year.
- On the global front - This morning the Chicago wheat price was down by 0.22% from levels seen at midday yesterday owing to the firmer US Dollar against major currencies, as well as large global supplies.
- Russia's wheat market is well supplied. The most recent data from the Federal State Statistics Service shows that grain stock (mainly wheat) was at 42.2 million tonnes at the beginning of this month, which is 19% higher than the corresponding period last year.
- This is mainly on the back of a large wheat harvest. The International Grains Council (IGC) placed Russia's 2017/18 wheat production at 84.9 million tonnes, up by 17% from the previous season.

Bottom line – Likewise to the maize, the domestic wheat market could experience marginal losses owing to a firmer ZAR/USD exchange and lower Chicago wheat prices.

<sup>2</sup> 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	21/02/2018*	22/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 551	4 530	-0,46%
SAFEX Soybean May 18 (R/t)	4 662	4 630	-0,69%
CME Soybean Spot (US cents/bushel)	1 026	1 032	+0,58%

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

- Yesterday the South African soybean market opened in negative territory and remained under pressure throughout the day owing to favourable weather forecasts across the soybean growing areas, as well as a large carryover stock<sup>3</sup>. The lower Chicago soybean prices also added bearish pressure to the market.
- The weather conditions this week have been dry and cool across the soybean growing areas. It was only areas around Witbank, Lydenburg, Standerton, Irene, Carolina, Bethal and Bethlehem that received light showers on Tuesday evening.
- However, this is not much of a concern as the crop is generally in good shape following a fair amount of rainfall in the past few weeks. Moreover, the expected showers of over 40 millimetres across the soybean growing areas within the next two weeks could make a meaningful improvement on soil moisture and crop conditions.
- While the sentiment is regarding the new season crop is slightly positive<sup>4</sup>, South Africa will remain a net importer of soybean products. The IGC forecasts a 20% y/y increase South Africa's 2017/18 marketing year soybean oilcake imports to 600 000 tonnes, despite the record soybean production in the 2016/17 season. The key driver for this uptick is the growing demand from the animal feed industry.
- Therefore, soybean oilcake imports in the 2018/19 marketing year could increase further as we expect a marginal decline in soybean production in the current production season. The South American countries are typically the key suppliers of soybean oilcake to South Africa.
- On the global front, the 2017/18 production season started on a bad footing in Argentina's soybean producing areas. The current drier weather conditions have caused fears of possible crop losses. The IGC forecasts Argentina's 2017/18 soybean production at 52 million tonnes, down by 6% y/y.

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>3</sup> 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 previous year. This will boost South Africa's soybean supplies in the 2018/19 marketing year, which starts on March 2018.

<sup>4</sup> We believe that South Africa's 2017/18 soybean harvest could at least reach 1.2 million tonnes, down by 8% y/y due to expectations of relatively lower yields in most areas.



SUNFLOWER SEED	21/02/2018*	22/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 645	4 655	+0,22%
SAFEX Sunflower seed May 18 (R/t)	4 700	4 632	-1,45%
EU (France) sunflower seed (US\$/t)	396	394	-0,51%

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

- The South Africa sunflower seed market ended yesterday's trade session on a mixed footing. The spot price posted gains benefiting from the relatively weaker Rand against the US Dollar, whereas May 2018 contract month price lost ground due to favourable weather outlook.
- The weather remains a primary focus in the domestic sunflower seed market as the crop is still in its early stages of development. The past few days have been cool and dry across the sunflower seed growing areas, but the next eight days could bring rainfall of over 50 millimetres. This will improve soil moisture and which will then benefit the newly planted crop.
- Current production season aside, South Africa harvested 874 000 tonnes of sunflower seed in the 2016/17 production season, which is the highest level in 16-years. This was mainly driven by higher yields and an increase in area planted.
- With that said, the country remains a net importer of sunflower oil. Data<sup>5</sup> from Trade Map shows that South Africa imported 144 783 tonnes of sunflower oil in 2017, up by 30% from the previous year. This occurred, despite the 16% y/y increase in 2016/17 sunflower seed production.
- The increase was generally underpinned by strong domestic demand. Only 5% of the imported volume was re-exported to the regional markets such as Botswana, Namibia, Zambia, Zimbabwe, Lesotho and Swaziland, amongst others. About 89% of the sunflower oil was imported from Bulgaria, Argentina, Romania and Spain.
- In the global market – Yesterday the EU's sunflower seed market remained in negative territory with the price down by 0.51% from the previous day, closing at closing at US\$394 per tonne, in line with lower crude oil prices.
- Elsewhere, the Argentinian farmers had harvested 40% of the sunflower seed crop on 20 February 2018. Moreover, the current warm conditions could accelerate the pace in the next few days. 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 marginal losses owing to the firmer ZAR/USD exchange.

<sup>5</sup> Data based on HS code: 151211



<b>POTATO</b>	21/02/2018*	22/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	35,30	33,83	-4,16%

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

- Yesterday, the potatoes market pulled back from higher levels seen the previous day owing to a large stock of 823 322 pockets (10kg bag) at the start of the session. The price was down by 4% from the previous day, closing at R33.83 per pocket (10kg).
- In the session, the market saw an additional increase in producer deliveries due to ongoing harvest activity in some regions of the country. This led to an 11% uptick in daily stocks to 913 045 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could record extended losses due to a large stock of 913 045 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	21/02/2018*	22/02/2018*	d-o-d (%Δ)
Apples (R/kg)	9,18	8,71	-5,12%
Bananas (R/kg)	5,57	5,60	+0,54%
Oranges (R/kg)	9,86	6,50	-34,08%

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

- The fruit market ended yesterday's session on a mixed footing. Apples price fell by 5% from the previous day and settled at R8.71 per kilogram. This was somewhat a response to higher stocks of 161 000 tonnes observed in the previous day.
- The oranges market has been quite volatile due to lower stocks. After recording good gains the previous day, the price declined by 34% in yesterday's session owing to commercial selling. However, this could soon be reversed due to a lower stock of 2 000 tonnes, compared to levels of over 50 000 tonnes in December 2017.
- Lastly, bananas were the only fruit that registered gains. The price was up by 1% from the previous day, closing at R5.60 per kilogram. This followed a 33% decline in daily stock to 231 000 tonnes.

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>	21/02/2018*	22/02/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	44,00	44,50	+1,14%

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

- After remaining flat for some time, the SAFEX beef carcass market gained ground in yesterday's trade session owing to increased commercial buying. The price was up by 1.14% from the previous day, closing at R44.50 per kilogram. With that said, 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 forecast for the next eight days paints a positive picture of over 50 millimetres of rainfall across the summer crop growing areas of the country (figure 1). Disappointingly, the forecasts have somewhat cleared across many sections of the Western Cape province and currently showing a possibility of very light showers along the coastal areas.
- The long-term weather forecasts show a positive transformation from yesterday's observations. There is now a possibility of widespread showers across the summer crop growing areas of the country in the week of 01 March 2018 (figure 2). Unfortunately, the Western Cape and Northern Cape provinces could remain dry and warm over the observed period.

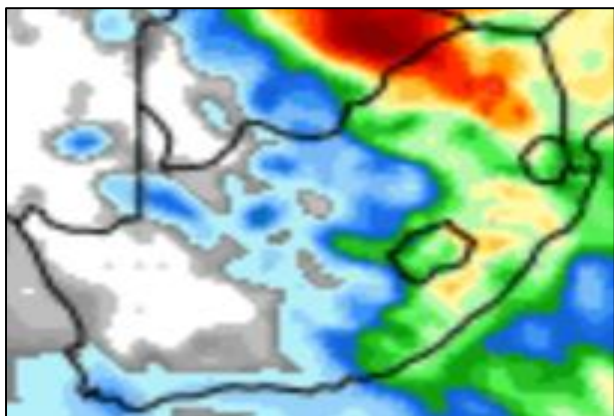


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

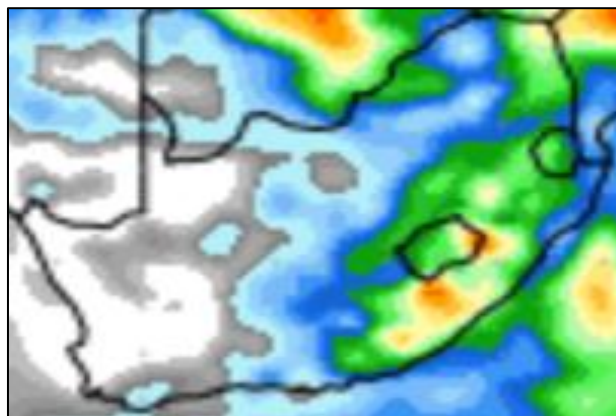


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

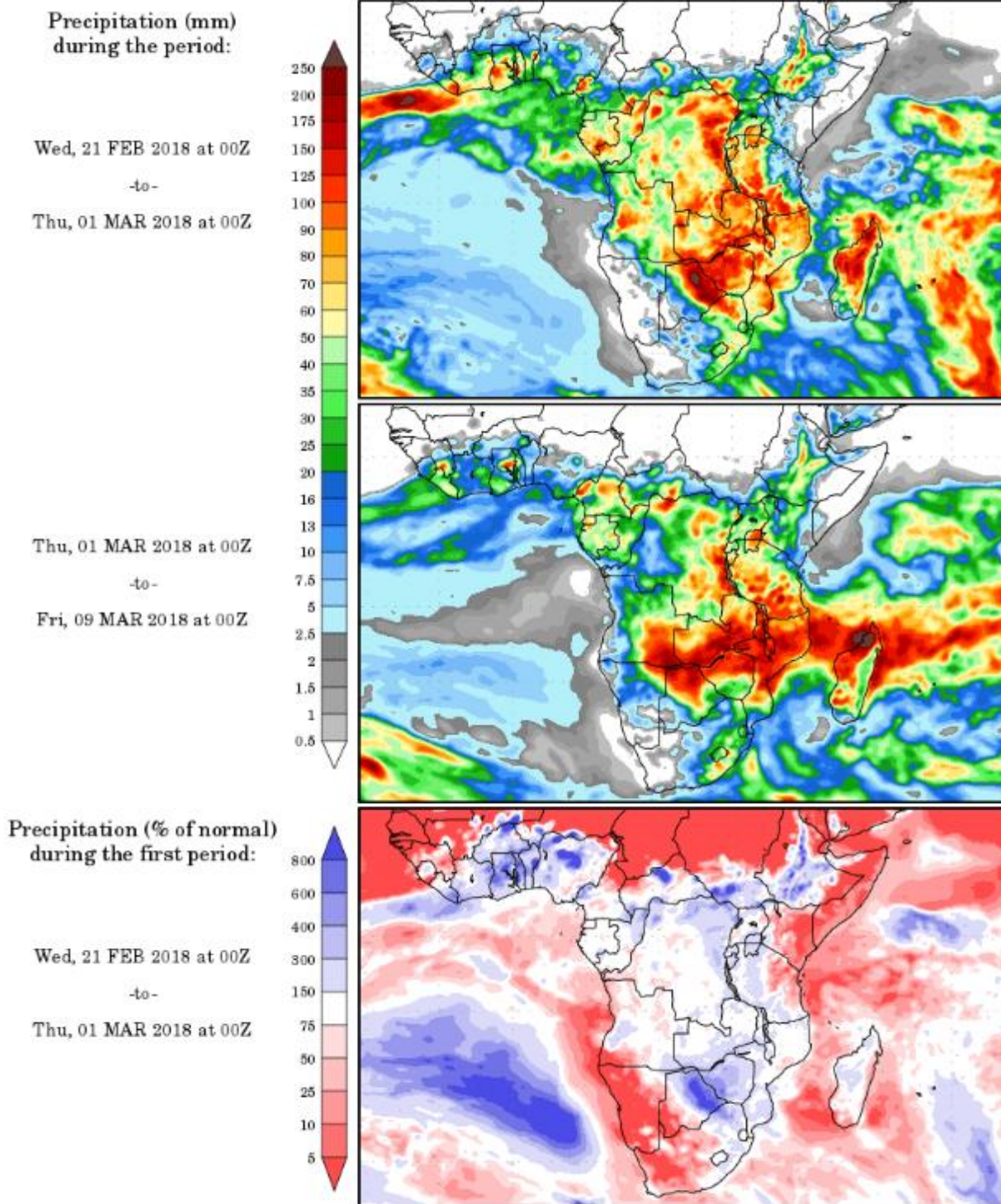


Figure 3: Precipitation forecast

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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