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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

ECONOMIC INDICATORS	23/02/2018*	26/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,61	11,54	+0,61%
Rand/Euro	14,29	14,21	+0,56%
Euro/US Dollar	1,2312	1,2311	-0,01%
Gold Spot	1 327,91	1 336,62	+0,66%
Brent Crude Oil	66,00	67,52	+2,30%
Platinum Spot	994,51	1 004,52	+1,01%
Dow Jones Industrial Average	24 926,48	25 309,99	+1,54%
JSE All Share	58 610,70	58 715,46	+0,18%
SA repo rate	6.75	6.75	0,00%
SA CPI (y/y %)	4,40	4,40	0,00%
SA CPI – food (y/y %)	4,60	4,60	0,00%

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

- The Rand started the week on a positive footing, strengthening by 0.61% against the US Dollar from levels seen at midday Friday. The Rand's appreciation was line with the US Dollar depreciation against major currencies, as well as higher global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R11.54. From a domestic data front, today's calendar is fairly light with no major releases.

- This morning the Brent crude oil price was up by 2.30% from levels seen at midday yesterday, trading around US$67.52 per barrel. These gains came after Saudi Arabia's oil minister indicated that the country will continue to curb exports in line with OPEC's strategy to reduce global oil supplies. The EIA's data which showed that US crude oil stocks declined by 1.6 million barrels in the week of 16 February 2018 also supported the market.

MAIZE/CORN	23/02/2018*	26/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 791	1 772	-1,06%
White maize Jul 18 (R/t)	1 890	1 876	-0,74%
Yellow maize Spot (R/t)	1 881	1 879	-0,11%
Yellow maize Jul 18 (R/t)	1 942	1 943	+0,05%
CME corn Spot (US cents/bushel)	367	367	0,00%

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

- The South African maize market started Friday's trade session in negative territory and remained under pressure throughout the day as large carryover stock[1], favourable weather conditions and lower Chicago maize prices continued to underpin the market. However, this was with the exception of yellow maize July 2018 contract month price which received marginal gains due to commercial buying interest.

- South Africa's 2017/18 maize production season started on a bad footing, with extreme dryness in the western sections of the Free State and North West provinces, which led to a decline in area planted. Fortunately, crop growing conditions have since improved, following the recent rainfall across the maize belt. Moreover, the weather forecasters suggest that there is a possibility of above normal rainfall throughout the production season, which will be supportive of maize crops.

- With that said, the 2017/18 maize crop could decline significantly from the previous season due to a reduction in area planted and expected lower yields in some areas. The International Grains Council recently revised its estimate for South Africa's 2017/18 maize production down by 6% from last month to 11.8 million tonnes. This is 32% lower than the previous season's crop.

- This is not far from Agbiz' estimate, which stands at 11.2 million tonnes, also underpinned by same reasons as the Council's estimate. The official estimates will be released tomorrow. From a maize supply perspective, this is not much of a concern as the expected crop is well above South Africa's annual maize consumption of 10.5 million tonnes. Moreover, there will large carryover stock of 4.2 million tonnes to boost the supplies in the 2018/19 marketing year which starts in May 2018. All of this suggests that South Africa's maize prices could remain under pressure for some time as the market is well supplied.

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

[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.

WHEAT	23/02/2018*	26/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 607	3 578	-0,80%
SAFEX Wheat May 18 (R/t)	3 648	3 614	-0,93%
CME Wheat spot (US cents/bushel)	454	456	+0,44%

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

- The South African wheat market lost ground in Friday's trade session as the stronger Rand against the US Dollar, as well as lower Chicago wheat prices, continued to add bearish pressure to the market.

- With South Africa being a net importer of wheat, the developments in the global wheat market tend to influence local price movements. While there were fears that drier weather conditions in the southern Plains of the US could lead to a lower harvest, the International Grains Council kept its 2017/18 global wheat production estimate unchanged from last month at 757 million tonnes, which is 0.4% higher than the previous season.

- The decline in wheat production in the US, Canada, Australia, Argentina and Kazakhstan has somewhat been offset by large production in the EU region, Russia, Ukraine, China and India.

- Russia has recorded a largest annual increase of 17% from the 2016/17 production season to 85 million tonnes, following an uptick in area planted, as well as higher yields. Trailing Russia is India, with an annual uptick of 14% from the 2016/17 production season to 98 million tonnes, owing to higher yields.

- Also worth noting is that the International Grains Council forecasts a 1% y/y uptick in 2017/18 global wheat consumption to 743 million tonnes. About 68% and 20% of this will respectively be utilised in the food and feed industries. Overall, the 2017/18 global wheat carryover stock is set to increase by 6% from the previous season to 254 million tonnes.

- Looking ahead, the Council forecasts a 1% decline in 2018/19 global wheat area plantings. This is mostly underlined by the expected reduction in area plantings in the Black Sea, EU, as well as in Africa. Other regions are expected to record marginal upticks from the area planted in the 2017/18 production season.

- Assuming normal weather conditions across major wheat-producing regions, the 2018/19 global wheat harvest could decline by 2% from the record of the previous season to around 741 million tonnes.

- This morning the Chicago wheat price was up by 0.44% from levels seen at midday Friday owing to strong global demand.

Bottom line – Today the domestic wheat market could record sideways if the ZAR/USD exchange and Chicago wheat price movements maintains the current trend.

SOYBEAN	23/02/2018*	26/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 575	4 542	-0,72%
SAFEX Soybean May 18 (R/t)	4 653	4 630	-0,49%
CME Soybean Spot (US cents/bushel)	1 033	1 042	+0,87%

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

- On Friday, the South African soybean market was under pressure owing to a combination of factors. The most notable ones were the stronger domestic currency, lower Chicago soybean prices, as well as improved weather conditions across soybean growing areas.

- While the area planted increased by 22% from the 2016/17 production season to 701 000 hectares, South Africa's 2017/18 soybean production could decline by 8% y/y to 1.2 million tonnes. This is mainly on the back of expected lower yields of 1.7 tonnes per hectare, compared to an average yield of 2.3 tonnes per hectare obtained in the 2016/17 production season. The official estimates will be released by the National Crop Estimates Committee tomorrow afternoon.

- The soybean crop could remain in fairly good condition throughout the production season due to prospects of good weather conditions. The near-term forecasts show prospects of rainfall within the next two weeks. The long-term forecasts show a possibility of above-average rainfall between this month and April 2018. This bodes well for the crop as it needs moisture at its current stages of development.

- Also worth noting is that the 2017/18 marketing year will end on Wednesday, but 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 01 March 2018.

- In global markets – This morning the Chicago soybean price was up by 0.87% from levels seen at midday Friday owing to lingering concerns of dryness in Argentina.

- On the global front, the International Grains Council revised its 2017/18 soybean production estimate down by 2 million tonnes from last month to 347 million tonnes. This was mainly on the back of expected lower crop in Argentina, Brazil, India, Paraguay, Uruguay and Ukraine. Overall, this is 1% lower than the 2016/17 production season. Moreover, the 2017/18 soybean ending stock is estimated at 44 million tonnes, down by 4% from the 2016/17 production season.

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

SUNFLOWER SEED	23/02/2018*	26/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 675	4 669	-0,13%
SAFEX Sunflower seed May 18 (R/t)	4 638	4 639	+0,02%
EU (France) sunflower seed (US$/t)	397	397	0,00%

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

- The South African sunflower seed market ended Friday's trade session on a mixed footing. The spot price was under pressure due to a stronger domestic currency, whereas the new season contract month saw marginal gains owing to strong commercial buying.

- The sunflower seed crop is in good condition across the country, thanks to rainfall received in the past few weeks. With soil moisture having improved from notably, the late planted crops will possibly germinate well.

- Looking ahead, the expected rainfall within the next two weeks should boost soil moisture and further improve crop conditions. Encouragingly, the South African Weather Service forecasts a weak La Niña phase during early autumn. This means the sunflower seed growing areas could receive above average rainfall until April 2018, which should support the crop, particularly in the late planted areas[2].

- From a data front, the 2017/18 sunflower seed marketing year will end on Wednesday, but in 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 boost the country's supplies in the 2018/19 marketing year that starts 01 March 2018.

- In the global market – On Friday there was not much happening in the EU's sunflower seed market. The price was unchanged from the previous day, closing at US$397 per tonne due to thinly traded volumes.

- The global demand for sunflower seed and products remain solid. Data from UkrAgroConsult shows that in the first 20-days of this month, Ukraine exported 114 300 tonnes of sunflower seed and 217 600 tonnes of sunflower oil to the world market.

- Elsewhere, the Argentinian farmers had harvested 40% of the sunflower seed crop on Friday last week. The forecast warm conditions this week should accelerate the harvest process. 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 stronger ZAR/USD exchange.

[2] Some farmers planted sunflower seed well after the optimum planting date, which poses a serious frost risk later in the season.

POTATO	23/02/2018*	26/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,89	31,89	-5,90%

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

- After experiencing a good run in the past few days, the potatoes market pulled back in Friday's trade session and settled in negative territory due to a large stock of 1.09 million pockets (10kg bag) at the start of the session. The price was down by 5.90% from the previous day, closing at R31.39 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 a 5% uptick in daily stocks to 1.14 million pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could record extended losses due to a large stock of 1.14 million pockets (10kg bag).

FRUIT (South Africa)	23/02/2018*	26/02/2018*	d-o-d (%Δ)
Apples (R/kg)	8,71	8,73	+0,23%
Bananas (R/kg)	5,60	6,06	+8,21%
Oranges (R/kg)	6,50	10,72	+64,92%

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

- The fruit market had a good run in Friday's trade session due to relatively lower stocks. The prices of apples and bananas were up by 0.23% and 8.21% from the previous day, closing at R8.73 and R6.06 per kilogram. These gains followed a 12% and 3% respective decline in apples and bananas stocks to 142 000 tonnes and 223 000 tonnes.

- The oranges market has been quite volatile due to lower stocks. Friday's session was no different, the prices were significantly up by 64.92% from the previous day and settled at R10.72 per kilogram. This was on the back of lower stocks of 19 000 tonnes, compared to levels of over 50 000 tonnes 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.

BEEF CARCASS	23/02/2018*	26/02/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	44,50	44,50	+1,14%

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

- The SAFEX beef carcass market ended the week on a quiet footing. On Friday, the price was unchanged from the previous day, closing at R44.50 per kilogram. Worth noting is that the SAFEX beef carcass prices might not be a true reflection of 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

- Most summer crop growing areas of South Africa could receive good showers this week, which should boost soil moisture and subsequently improve crop conditions (figure 1). However, the southern sections of the Free State, North West and Eastern Cape could remain dry and cool over the observed period. The Western Cape and Northern Cape provinces might also experience dryness.

- The long-term weather forecasts show positive developments of rainfall of between 16 and 60 millimetres across the country (figure 2). This will benefit summer crops which still needs moisture at the current stages of development. Unfortunately, the Western Cape and Northern Cape provinces could remain dry and warm.

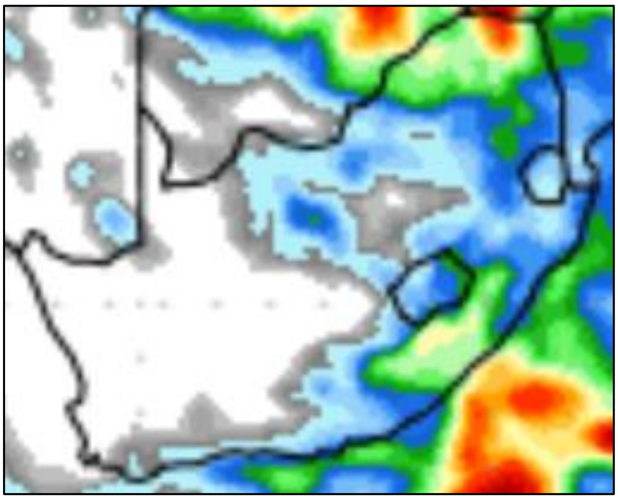

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

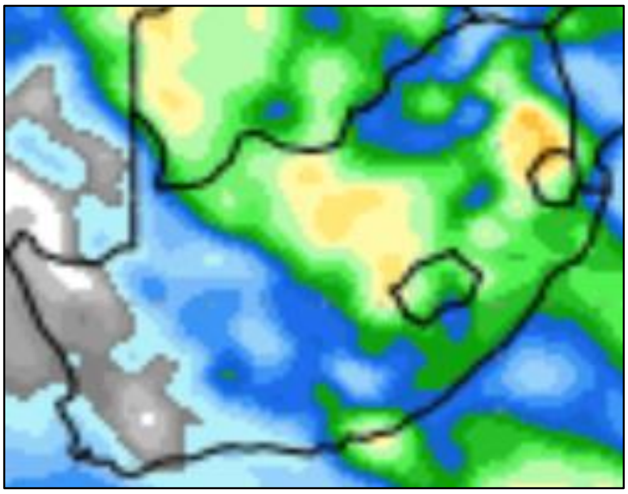

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

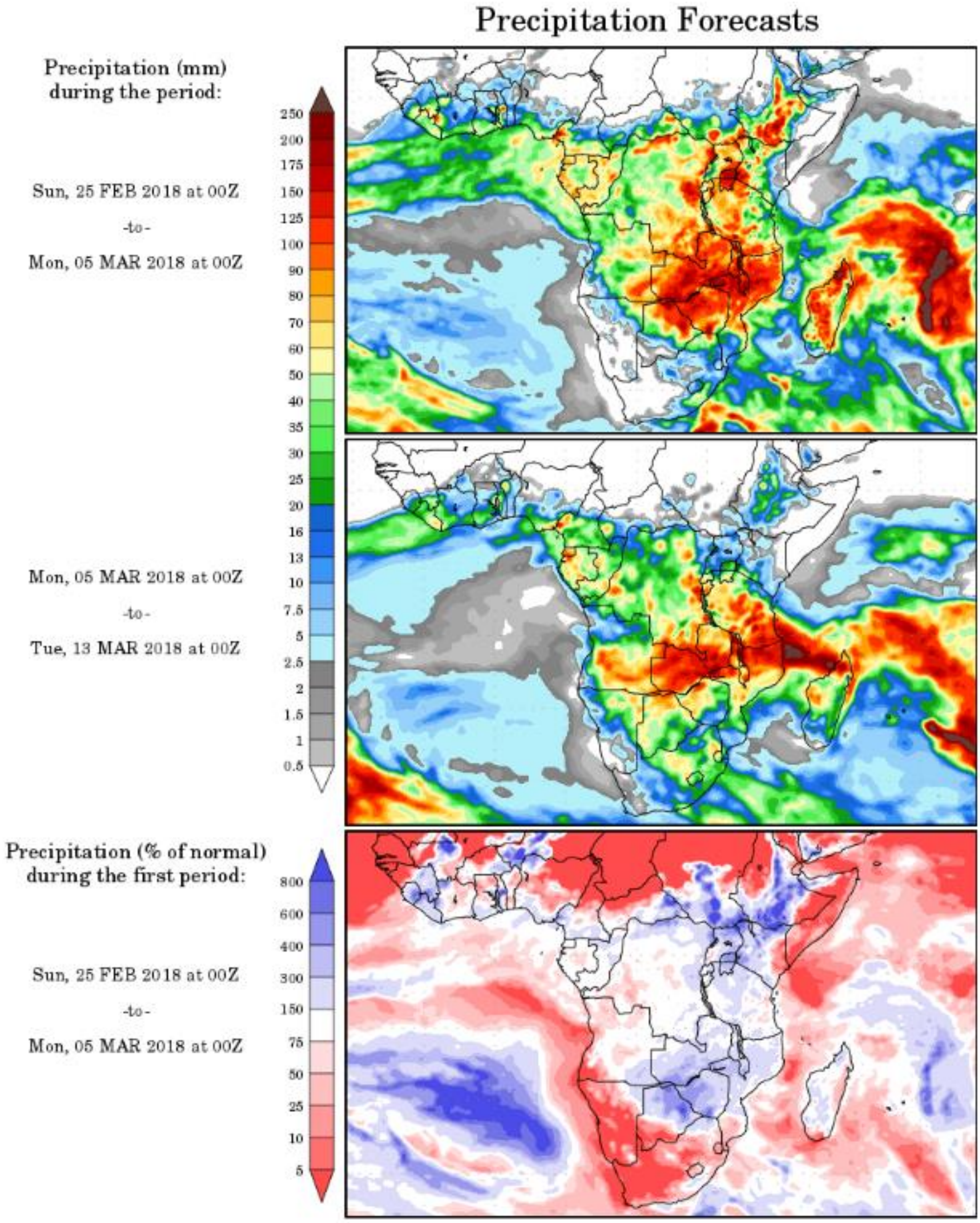

Figure 3: Precipitation forecast

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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