FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

Key Data Releases in Agricultural Markets:

- 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
- SAGIS monthly data: 27/03/2018

ECONOMIC INDICATORS	26/02/2018*	27/02/2018*	d-o-d (%Δ)
Rand/US Dollar	11,55	11,56	-0,09%
Rand/Euro	14,27	14,25	+0,14%
Euro/US Dollar	1,2345	1,2324	-0,17%
Gold Spot	1 339,79	1 332,42	-0,55%
Brent Crude Oil	1 006,38	1 000,43	-0,59%
Platinum Spot	67,26	67,48	+0,33%
Dow Jones Industrial Average	25 309,99	25 707,29	+1,57%
JSE All Share	59 090,10	58 868,93	-0,37%
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 domestic currency started the day on a negative footing, weakening by 0.09% against the US Dollar from levels seen at midday yesterday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies and a slight decline in global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R11.56. From a domestic data front, today's calendar is light with no major releases.

- This morning the Brent crude oil price was up by 0.33% from levels seen at midday yesterday, trading around US$67.48 per barrel owing to a recent shutdown of an oil field in Libya, as well as strong US oil demand. Moreover, comments from Saudi Arabia's oil minister that the country will continue to curb exports in line with OPEC's strategy to reduce global oil supplies also added support to the market.

MAIZE/CORN	26/02/2018*	27/02/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 772	1 785	+0,73%
White maize Jul 18 (R/t)	1 876	1 893	+0,91%
Yellow maize Spot (R/t)	1 879	1 881	+0,11%
Yellow maize Jul 18 (R/t)	1 943	1 947	+0,21%
CME corn Spot (US cents/bushel)	368	368	0,00%

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

- Yesterday the domestic maize market managed to claw back some of its recent losses with support emanating from strong commercial buying interest, as well as higher Chicago maize prices.

- Over the weekend, the eastern sections of the maize belt received light rainfall which is good for crop development. Moreover, the weather charts for the next two weeks show a possibility of continuous rainfall across the maize belt, although might be scattered and light this week. These weather developments should further improve soil moisture and subsequently, benefit the new season crop.

- Today the National Crop Estimates Committee will release its 2017/18 first production estimate for maize. We believe that the estimate could be revised down by roughly a third from the 2016/17 production season to 11.2 million tonnes. This is mainly because drier weather conditions that were experienced earlier in the season led to a decline in area planted in the western sections of the Free State and North West provinces.

- As highlighted in yesterday's note, the International Grains Council placed its estimate for South Africa's maize production at 11.8 million tonnes, also underpinned by same reasons as the Agbiz' s estimate.

- Apart from the production dynamics, South Africa's maize market is well supplied. The ending stock was recorded at 6.4 million tonnes in January 2018, down by 13% from the previous month. However, this is treble the volume recorded in the corresponding period last year.

- Also worth noting is that South Africa utilised 850 601 tonnes of maize in January 2018, up by 5% from the previous month, driven by an uptick in both yellow and white maize consumption. Moreover, this is 10% higher than the corresponding period last year.

- On the global front – This morning there was not much happening in the Chicago maize market. The price was remained flat from levels seen at midday yesterday.

Bottom line – Today the domestic maize market could receive marginal gains owing to the slightly weaker ZAR/USD exchange.

WHEAT	26/02/2018*	27/02/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 578	3 574	-0,11%
SAFEX Wheat May 18 (R/t)	3 614	3 614	0,00%
CME Wheat spot (US cents/bushel)	458	462	+0,87%

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

- The South African wheat market was under pressure in yesterday's trade session owing to the stronger Rand against the US Dollar, as well as lower Chicago wheat prices.

- Today the National Crop Estimate Committee will release its final production estimates for 2017 wheat crop. In January 2018, the estimate was left unchanged from the previous month at 1.48 million tonnes, which is a 23% decline from the previous season.

- As highlighted in our previous notes, the decline in 2017 wheat production is mainly on the back of poor yields in the Western Cape and Free State provinces following drier weather conditions. In today's data, we don't foresee major changes, if any, it will probably be a downward further downward revision[1].

- Apart from this, the domestic wheat market is well supplied in the near term, as imports also continue to boost local supplies. With that said, last month the domestic wheat stock was down by 2% from December 2017 and 15% from January 2017, settled at 1.39 million tonnes.

- In terms of usage, local wheat demand was recorded at 256 608 tonnes in January 2018, down by 13% from the previous month, but up by 5% from the corresponding period the previous year.

- On the global front - This morning the Chicago wheat price was up by 0.87% from levels seen at midday Friday owing to strong global demand, as well as concerns dryness in the US southern Plains.

- With that said, there are large supplies in the global market, the International Grains Council forecasts 2017/18 global wheat production at 757 million tonnes, up by 0.4% from the previous season. The decline in wheat production in the US, Canada, Australia, Argentina and Kazakhstan has been offset by large production in the EU region, Russia, Ukraine, China and India. Moreover, the 2017/18 global wheat ending stock is estimated at 254 million tonnes, up by 6% from the previous season.

Bottom line – Today the domestic wheat market could receive support due to a slight weaker ZAR/USD exchange and higher Chicago wheat prices.

[1] Other observers such as the International Grains Council (IGC) are slightly more optimistic. IGC forecasts South Africa's 2017 wheat production at 1.60 million tonnes, which is 8% higher than the Crop Estimates Committee's estimate of 1.48 million tonnes.

SOYBEAN	26/02/2018*	27/02/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 542	4 535	-0,15%
SAFEX Soybean May 18 (R/t)	4 630	4 635	+0,11%
CME Soybean Spot (US cents/bushel)	1 043	1 034	-0,86%

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

- Yesterday the domestic soybean market settled on a mixed footing. The spot price was under pressure due to the stronger Rand against the US Dollar, as well as lower Chicago soybean prices. Meanwhile, the new season contract month price gained ground owing to commercial buying interest.

- As indicated in yesterday's note, we believe that the 2017/18 soybean production could be down by 8% from the 2016/17 season, despite the increase in area planted. This is mainly due to the expectation of lower yields of 1.7 tonnes per hectare, compared to an average yield of 2.3 tonnes per hectare in the 2016/17 production season. The official estimates will be released by the National Crop Estimates Committee in the afternoon.

- The soybean crop is generally in good condition across the country. Over the weekend, parts of Mpumalanga and eastern Free State province received light showers which are conducive to the new season crop. The forecast rainfall within the next two weeks across soybean growing areas will further improve crop conditions, which then increases a chance of yet another big crop.

- Last month, South Africa's soybean stocks were at 418 618 tonnes, which is treble the volume seen in January 2017. Also worth noting is that soybean consumption (crushed oil and cake) was at 82 353 tonnes in January 2018, up by 25% from the previous month due to increased demand from the processors. Moreover, this was 46% higher than the volume utilised in January 2017.

- The large soybean harvest in the 2016/17 production season led to lower imports in the 2017/18 marketing year, which is a remarkable improvement following imports of 271 098 tonnes last marketing year. As of January 2018, South Africa's 2017/18 soybean imports were at 26 858 tonnes, which equals to 96% of seasonal import forecast.

- The exports activity remains quite weak with only 2 tonnes exported in January 2018, destined to Botswana. South Africa's 2017/18 soybean total exports currently stand at 414 tonnes, which is slightly below the season export forecast of 500 tonnes.

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	26/02/2018*	27/02/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 669	4 660	-0,19%
SAFEX Sunflower seed May 18 (R/t)	4 639	4 647	+0,17%
EU (France) sunflower seed (US$/t)	397	396	-0,25%

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

- The domestic sunflower seed market was again mixed in yesterday's trade session. The spot price was under pressure due to a stronger Rand against the US Dollar, whereas the new season contract month price saw marginal gains owing to strong commercial buying.

- The primary focus today is on the National Crop Estimates Committee's first production estimates for 2017/18 sunflower seed crop, as well as the revised area plantings estimate. Last month, the Committee placed sunflower seed planting estimate at 560 100 hectares, down by 12% from the 2016/17 production season due to drier weather conditions at the time.

- However, the improvement in weather conditions at the latter part of January 2018 and the start of this month led to increased sunflower seed plantings in the western sections of the Free State and North West provinces. This means that the Committee could revise its area planting estimate upwards today.

- Apart from the production dynamics, South Africa's sunflower seed consumption (crushed oil and cake) increased by 25% month-on-month to 79 218 tonnes in January 2018. Moreover, this is 28% higher than the volume utilised in January 2017.

- In terms of trade, South Africa exported 62 tonnes of sunflower seed, destined to Swaziland, Namibia and Botswana. This placed South Africa's 2017/18 sunflower seed exports at 230 tonnes. About 47% went to Swaziland, 43% to Namibia and 10% to Botswana.

- There were no sunflower seed imports in January. The total imports for the 2017/18 marketing season currently stand at 554 tonnes. This is well below last season's imports of 70 643 tonnes, thanks to a large production volume in the 2016/17 season.

- Also worth noting is that the ending stock was recorded at 233 329 tonnes in January 2018, down by 25% from the previous month due to increase consumption. However, this is 17% higher than the volume recorded in the corresponding period last year.

Bottom line – Today, the domestic sunflower seed market could experience marginal gains owing to the weaker ZAR/USD exchange.

POTATO	26/02/2018*	27/02/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	31,89	29,38	-7,87%

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

- The potatoes market saw extended losses in yesterday's trade session owing to a large stock of 1.14 million pockets (10kg bag) at the start of the session. The price was down by 8% from the previous day, closing at R29.38 per pocket (10kg).

- 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 32% decline in daily stocks to 772 906 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could receive marginal gains due to a relatively lower stock of 772 906 pockets (10kg bag).

FRUIT (South Africa)	26/02/2018*	27/02/2018*	d-o-d (%Δ)
Apples (R/kg)	8,73	7,78	-10,88%
Bananas (R/kg)	5,60	5,35	-4,46%
Oranges (R/kg)	8,90	10,58	+18,88%

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

- The fruit market ended yesterday's session on a mixed footing. The prices of apples and bananas were down by 11% and 4% from the previous day, closing at R7.78 and R5.35 per kilogram. These losses were mainly on the back of large stocks of 250 000 tonnes of apples and 359 000 tonnes of bananas.

- Meanwhile, the oranges market had a good run owing to lower stocks of 19 000 tonnes compared to levels of over 50 000 tonnes in December 2017. The price was up by 19% from the previous day and settled at R10.58 per kilogram.

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	26/02/2018*	27/02/2018*	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*

- Yesterday there was not much happening in the SAFEX beef carcass market due to thinly traded volumes. 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

- This week could bring scattered and light showers across the summer crop growing areas of the country (figure 1). This is however not much of a concern as the crop is still in the fairly good condition in most areas. The Western Cape and Northern Cape provinces might remain dry and warm throughout the week.

- The long-term weather forecasts continue to paint a positive picture of light showers of between 16 and 40 millimetres across the country (figure 2). This will benefit summer crops which still needs moisture at the current stages of development. The Western Cape province could also receive light showers, but won't be sufficient to meaningfully improve dam levels.

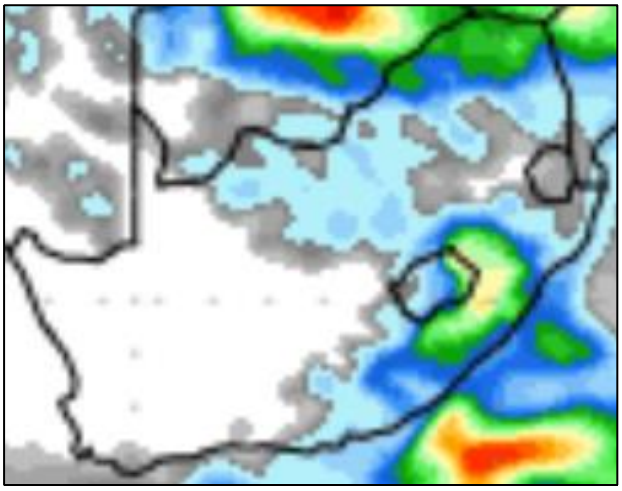

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

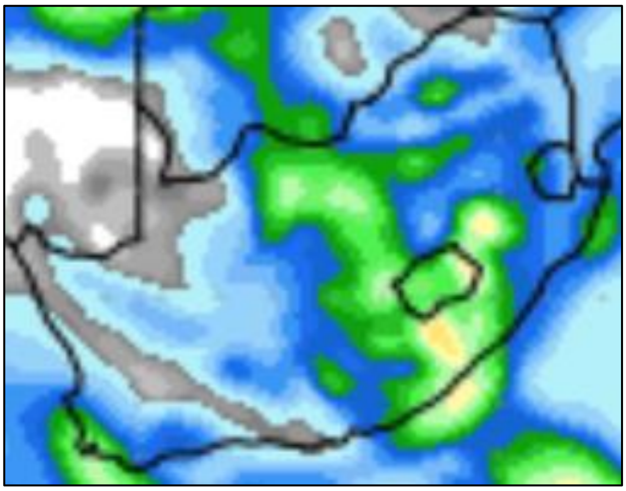

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

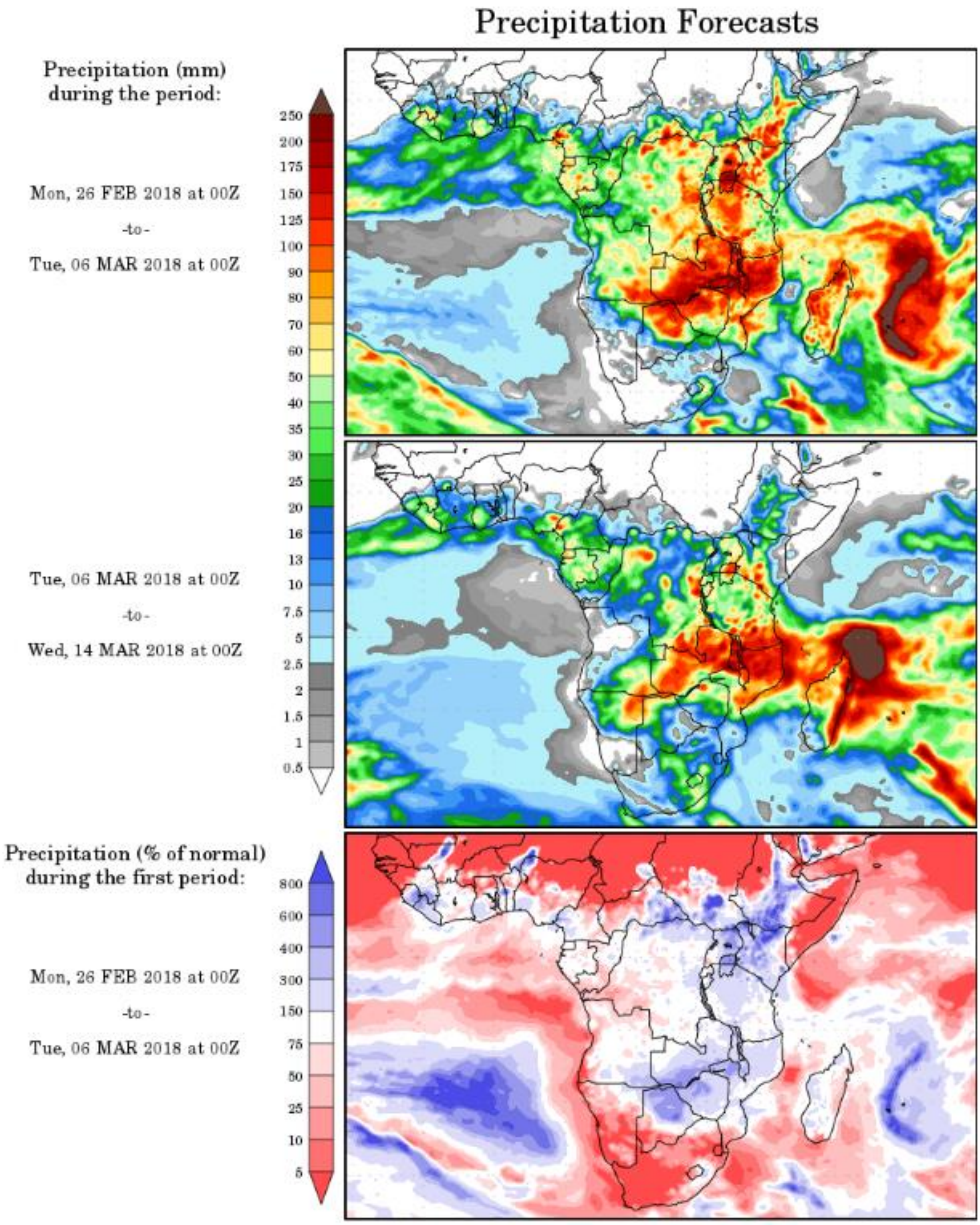

Figure 3: Precipitation forecast

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.*

@WandileSihlobo @AgriChamber