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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 06/03/2018
- SAGIS producer deliveries data: 07/03/2018
- USDA's World Agricultural Supply and Demand Estimates report: 08/03/2018
- SAGIS monthly data: 27/03/2018

ECONOMIC INDICATORS	28/02/2018*	01/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,71	11,79	-0,68%
Rand/Euro	14,29	14,38	-0,63%
Euro/US Dollar	1,2219	1,2191	-0,23%
Gold Spot	1 318,82	1 314,80	-0,30%
Brent Crude Oil	66,90	64,96	-2,90%
Platinum Spot	981,79	977,50	-0,44%
Dow Jones Industrial Average	25 410,03	25 029,20	-1,50%
JSE All Share	58 403,85	58 325,09	-0,13%
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 day on a negative footing, along with other emerging markets currencies. These losses were partly on the back of a stronger US Dollar against major currencies, and relatively lower global commodity prices. Moreover, disappointing local trade data for January 2018 also added a bearish sentiment to the market. The Rand/US Dollar is currently 0.68% weaker compared to midday yesterday, trading around R11.79. From a data front, the Bureau for Economic Research will release the manufacturing PMI data for February 2018.
- The Brent crude oil market lost ground this morning with the price down by 2.90% from levels seen at midday yesterday, trading around US\$64.96 per barrel. This was on the back of stronger US Dollar, as well as large US oil inventories. Data from the Energy Information Administration shows that US oil inventories rose by 3 million barrels in the week ending 23 February 2018, well above market expectations of 2.1 million barrels.



MAIZE/CORN	28/02/2018*	01/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 822	1 803	-1,04%
White maize Jul 18 (R/t)	1 940	1 925	-0,77%
Yellow maize Spot (R/t)	1 907	1 880	-1,42%
Yellow maize Jul 18 (R/t)	1 990	1 977	-0,65%
CME corn Spot (US cents/bushel)	371	374	+0,81%

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

- Yesterday the SAFEX maize prices pulled back from levels seen the previous day and settled in negative territory. This was driven by a combination of factors which include lower Chicago maize prices, large domestic stock levels, as well as expectations of relatively good harvest.
- Admittedly, the expected harvest of 12.2 million tonnes¹ of maize this season is well below last season's harvest of the 16.8 million tonnes. But, South Africa's maize supplies are in good shape as this is above annual maize consumption of 10.5 million tonnes. Moreover, the expected ending stock of 4.2 million tonnes by end of the current marketing year will further boost maize supplies in the 2018/19 marketing year which starts in May 2018.
- The aforementioned production estimates are largely based on expectations of higher yields, which can only be possible if weather conditions are favourable for the rest of the season. Fortunately, the near and medium term outlook show a possibility of good rainfall over the maize growing areas of the country.
- 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 13 363 tonnes in the week ending 23 February 2018, up by 42% from the previous week. About 64% of this was yellow maize, with 36% being white maize.
- Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 43" currently stand at 15.3 million tonnes. Of this total, 60% is white maize with 40% being yellow maize.
- On the global front – This morning the Chicago maize price was up by 0.81% from levels seen at midday yesterday owing to persistent dryness in parts of Brazil and Argentina.

Bottom line – Today the domestic maize market receive support owing to higher Chicago maize market and a slightly weaker ZAR/USD exchange.

¹ Of the expected 12.2 million tonnes, white maize crop is at 6.1 million tonnes, down by 38% y/y. Yellow maize crop is also estimated at 6.1 million tonnes, down by 11% y/y.



WHEAT	28/02/2018*	01/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 579	3 560	-0,53%
SAFEX Wheat May 18 (R/t)	3 634	3 614	-0,55%
CME Wheat spot (US cents/bushel)	472	490	+3,81%

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

- After recording good performance at the start of this week, the South African wheat market pulled back in yesterday's trade session and settled in negative territory. The upward revision of domestic wheat production estimate², as well as lower Chicago wheat prices, were amongst the key factors underpinning the market.
- 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 have cleared and currently shows a possibility of continuous dryness within the next two weeks.
- This implies that dam levels could remain critically low in the near term. The most recent data from the Department of Water and Sanitation shows that on 26 February 2018, the province's dam levels averaged 21%, down by two percentage points from the previous week and 11 percentage points from the corresponding period last year.
- Apart from the weather aspects, 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.
- About 7 532 tonnes of wheat were delivered to commercial silos in the week ending 23 February 2018, well below the volumes delivered when the harvest process was at its peak. Overall, this placed South Africa's winter wheat producer deliveries for "week 1 to 21" of the 2017/18 marketing year at 1.44 million tonnes.
- From a global front, the European Commission forecasts its 2018/19 wheat production at 140 million tonnes, down by 1% from the previous season due to anticipations of poor yields in some countries within that region.

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

² South Africa's 2017 winter wheat production estimate was revised up by 3% from January 2018 to 1.5 million tonnes. This is 21% lower than the harvest received in 2016 due to poor yields in the Western Cape province. Almost all wheat producing provinces recorded an uptick from the volumes produced in 2016 with the exception of the Western and Eastern Cape provinces.



SOYBEAN	28/02/2018*	01/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 540	4 549	+0,20%
SAFEX Soybean May 18 (R/t)	4 626	4 654	+0,61%
CME Soybean Spot (US cents/bushel)	1 048	1 045	-0,29%

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

- The South African soybean market posted gains in yesterday's trade session with support emanating from the weaker domestic currency, as well as higher Chicago soybean prices.
- South Africa's soybean market is well supplied. The 2018/19 marketing year commences on better footing than the previous year, thanks to a large harvest in the 2016/17 production season. The opening stock is estimated at 340 862 tonnes, which is treble the volume seen at the beginning of 2017/18 marketing year.
- In addition, the expected large harvest will further boost the supplies. As highlighted in our previous notes, the National Crop Estimates Committee placed its first production estimates at 1.4 million tonnes, up by 5% from the previous season. This is driven by both an increase in area planted, as well as expected higher yields. The area planted is estimated at 775 300 hectares, up by 31% from the previous season and also a record level in a dataset dating back to 1970/71 production season. The leading producing provinces are Mpumalanga and Free State, with a combined share of 78%.
- Above all, the aforementioned increase in area planted is underpinned by favourable weather conditions in the eastern parts of South Africa and competitive prices. In fact, the soybean growing areas experienced good weather conditions since the start of the season, while the western sections of the country experienced dryness.
- Looking ahead, the next two weeks could bring good showers over soybean growing areas. Actually, the medium-term outlook also promises rainfall until the end of April 2018. This should further boost soil moisture and therefore improve crop conditions.
- In global markets – This morning the Chicago soybean price was down by 0.29% from levels seen at midday yesterday due to fairly large global supplies.
- With that said, the soybean crop prospects are dwindling in some parts of Brazil and Argentina due to unfavourable weather conditions. The International Grains Council forecasts a respective decline of 2% y/y and 8% y/y in Brazil and Argentina's 2017/18 soybean production at 112 million and 51 million tonnes.

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



SUNFLOWER SEED	28/02/2018*	01/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 627	4 700	+1,58%
SAFEX Sunflower seed May 18 (R/t)	4 637	4 691	+1,16%
EU (France) sunflower seed (US\$/t)	398	397	-0,25%

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

- The domestic sunflower seed market had a good run in yesterday's trade session, largely supported by weaker Rand against the US Dollar, as well as strong commercial buying interest.
- The 2018/19 marketing year commences on better footing than the previous year, with 183 081 tonnes of stock, compared to 163 086 tonnes in the 2017/18 marketing year. This uptick is on the back of a relatively large harvest in the 2016/17 production season.
- Apart from that, the weather remains a primary focus in the South African sunflower seed market as the new season crop is still at its early stages of development. After good showers in the past few weeks, this week has so far experienced cool and warmer weather conditions across sunflower seed growing regions.
- However, this is not much of a concern as soil moisture has somewhat improved in most areas. Moreover, the weather forecasts for the next two weeks show a possibility of rainfall, which should further improve soil moisture and benefit the crop. The long-term weather forecasts also promise a possibility of good rainfall from this month until April 2018, which bodes well for the crop³.
- As highlighted in yesterday's note, the late sunflower seed plantings in the North West and Free State provinces made a notable improvement in 2017/18 national area. These particular provinces account for 91% of the planted area of 584 900 hectares.
- Nevertheless, the harvest is set to decline by 16% from the 2016/17 production season to 731 505 tonnes, as the area planted is still down by 8% y/y. This is the first estimate and could change over the next few months, but that will likely be slight upward revision as favourable weather forecast could lead to higher yields.
- In the global market – The EU's sunflower seed price was down by 0.25% from levels seen the previous day, closing at US\$397 per tonne. This was in line with the decline in vegetable oil and crude oil prices.

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

³ Seasonal Climate Watch, 28 January 2018. Available: <http://www.weathersa.co.za/media/data/longrange/gfcsa/scw.pdf>



POTATO	28/02/2018*	01/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	35,12	35,41	+0,83%

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

- The domestic potatoes market had a good run in yesterday's trade session owing to a lower stock of 759 950 pockets (10kg bag) at the start of the session. The price was up by 0.83% from the previous day, closing at R35.41 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 824 901 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could experience marginal losses due to a relatively large stock of 824 901 pockets (10kg bag).

FRUIT (South Africa)	28/02/2018*	01/03/2018*	d-o-d (%Δ)
Apples (R/kg)	8,47	8,87	+4,72%
Bananas (R/kg)	6,60	6,14	-6,97%
Oranges (R/kg)	10,62	10,45	-1,60%

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

- The fruit market ended yesterday's trade session on a mixed footing. The price of apples was up by 5% from the previous day, closing at R8.87 per kilogram. This followed an increase in commercial buying which subsequently led to a 5% decline in daily stock to 181 000 tonnes.
- Meanwhile, bananas and oranges prices were down by 7% and 2% from the previous day, closing at R6.14 and R10.45 per kilogram, respectively. This could however soon be reversed due to large stocks of 299 000 tonnes of bananas and 22 000 tonnes of oranges.

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	28/02/2018*	01/03/2018*	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

- At the risk of sounding like a broken record, it was again a quiet day in the SAFEX beef market with prices flat at R44.50 per kilogram due to thinly traded volumes. As indicated in our previous notes, 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 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 weather charts have slightly transformed overnight and currently shows a possibility of higher rainfall towards the eastern sections of the country within the next eight days. The forecast rainfall varies between 20 and 80 millimetres. The central and north-western sections of the country could receive light showers, whereas the Northern Cape and Western Cape could remain dry and warm throughout the observed period (figure 1).
- The long-term weather forecasts paint a positive picture of light showers of between 16 and 35 millimetres across in summer crop growing areas (figure 2). The Western Cape and Northern Cape provinces could remain dry and warm, with a possibility of light showers in the eastern sections.

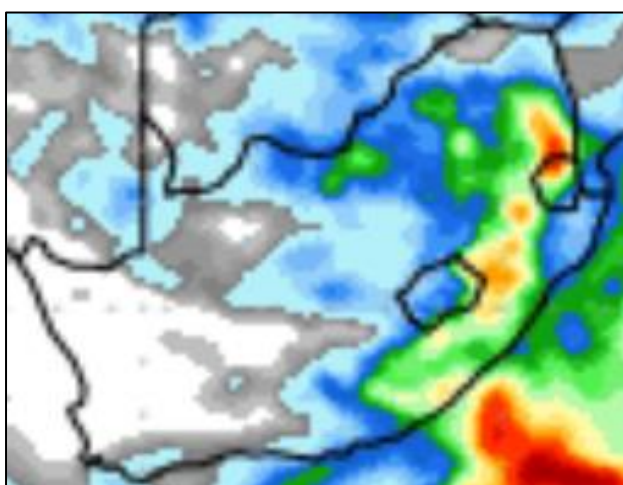


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

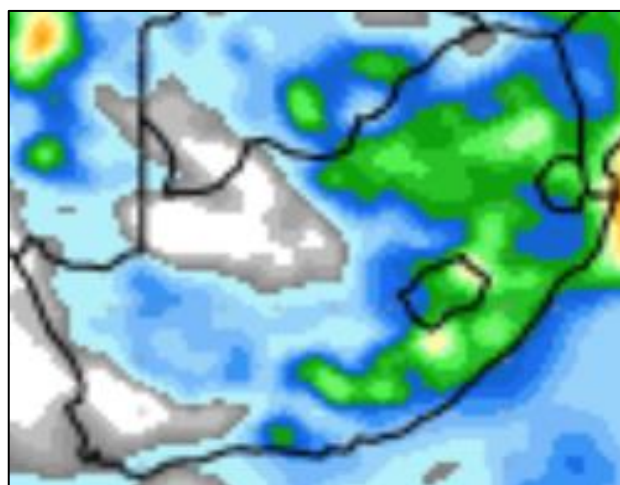


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

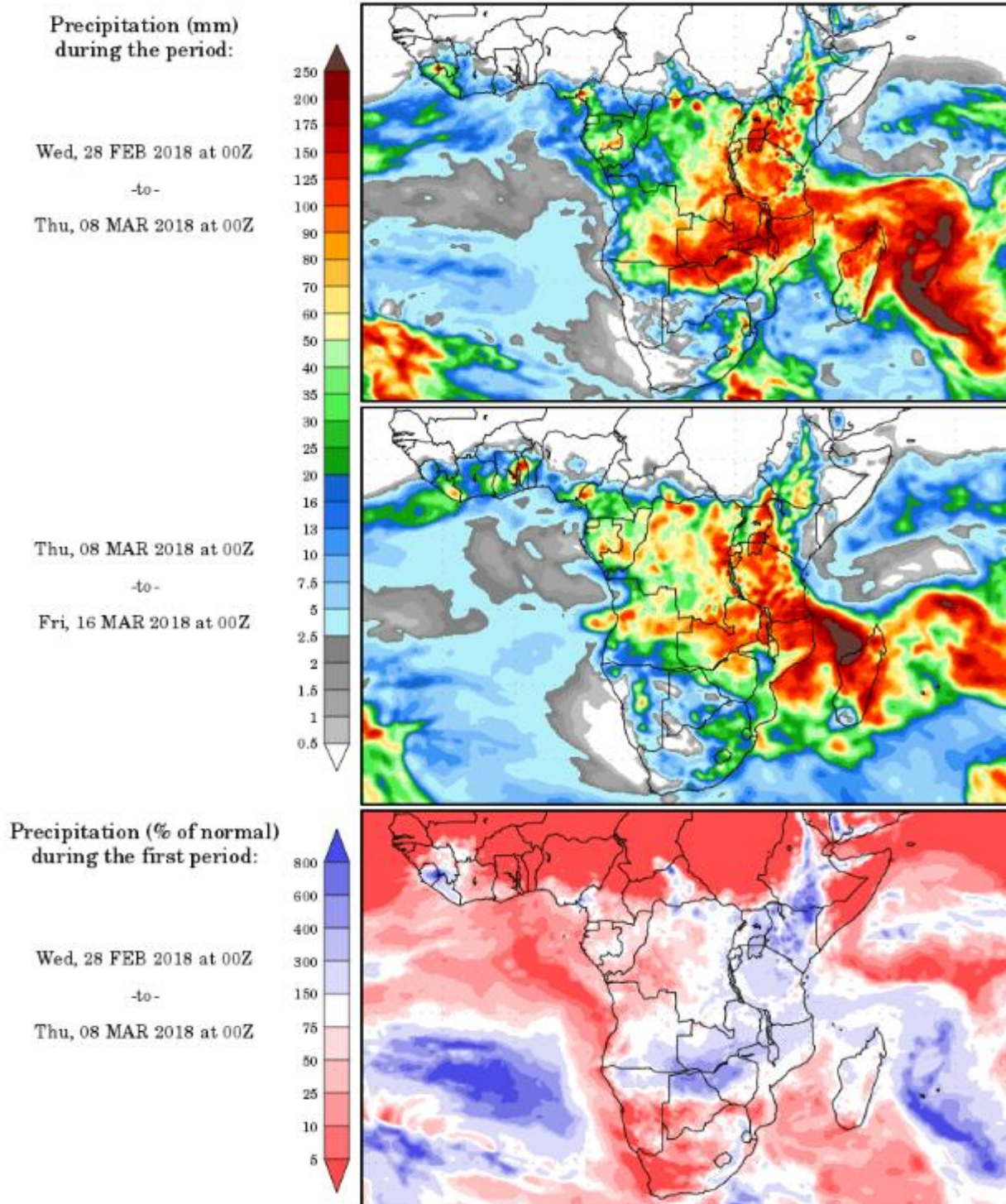


Figure 3: Precipitation forecast

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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