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Key Data Releases in Agricultural Markets:

- SAGIS producer deliveries data: 07/03/2018
- USDA's World Agricultural Supply and Demand Estimates report: 08/03/2018
- SAGIS weekly grain trade data: 13/03/2018
- SAGIS monthly data: 27/03/2018
- National Crop Estimates Committee's second summer crop production estimates: 28/03/2018

ECONOMIC INDICATORS	06/03/2018*	07/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,76	11,83	-0,59%
Rand/Euro	14,63	14,67	-0,27%
Euro/US Dollar	1,2414	1,2415	+0,01%
Gold Spot	1 334,37	1 334,08	-0,02%
Brent Crude Oil	65,57	65,55	-0,03%
Platinum Spot	963,00	966,25	+0,34%
Dow Jones Industrial Average	24 827,28	24 884,12	+0,23%
JSE All Share	59 241,85	59 242,86	0,00%
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, despite the positive GDP data for the fourth quarter of 2017. The Rand/US Dollar is currently 0.59% weaker compared to levels seen at midday yesterday, trading around R11.83. The slightly weaker global commodity prices were amongst the factors underpinning the local market. From a local data front, SACCI will release its Business Confidence results for February 2018.
- Following a good run in the past few days, the Brent crude oil price was down by 0.03% this morning, trading around US\$65.55 per barrels. These losses were mainly on the back of an expected increase in US oil production. The Energy Information Administration recently revised its 2018 US crude oil production estimate up by 1% to 10.7 million barrels per day. Moreover, production in 2019 is set to increase to 11.27 million barrels per day.



MAIZE/CORN	06/03/2018*	07/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 878	1 851	-1,44%
White maize Jul 18 (R/t)	1 984	1 954	-1,51%
Yellow maize Spot (R/t)	1 949	1 924	-1,28%
Yellow maize Jul 18 (R/t)	2 034	2 011	-1,13%
CME corn Spot (US cents/bushel)	378	379	+0,26%

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

- The South African maize market lost ground in yesterday's trade session and settled in negative territory owing to the stronger Rand against the US Dollar, lower Chicago maize prices, as well as favourable weather outlook.
- The South African Weather Service recently revised its view from a weak La Niña phase to a neutral phase from this month through autumn season. Nonetheless, there is still a possibility of above-normal rainfall in most parts of the country over the observed period. This bodes well for maize crop which still needs moisture at its current stage of development.
- In the near term, the weather charts currently show a possibility of widespread showers across the maize belt within the next two weeks. This should further improve soil moisture and benefit the crop. Again, this slightly reinforces the National Crop Estimates Committee's view of a fairly good crop of 12.2 million tonnes in the 2017/18 production season.
- Last week's maize exports were quite disappointing. South Africa exported 14 672 tonnes, down by 43% from the volume exported in the week of 23 February 2018. About 65% of these exports were white maize, with 35% being yellow maize. This placed South Africa's 2017/18 maize marketing year exports at 2.0 million tonnes, which equates to 83% of the season's export forecast of 2.4 million tonnes.
- On the global front – This morning the Chicago maize price was up by 0.26% from levels seen at midday yesterday due to continued concerns over Brazilian safrinha maize sowings (second crop).
- The most recent data from China National Grain and Oils Information Center shows that the country's 2017/18 maize production could reach 216 million tonnes, down by 2% from the previous season owing to a decline in area planted. Overall, the global market is well supplied, despite the marginal decline in maize production. The International Grains Council forecasts 2017/18 global maize production at 1.048 billion tonnes, down by 4% from the previous season.

Bottom line – Today the domestic maize market could gain ground owing to the slightly weaker ZAR/USD exchange and higher Chicago maize prices.



WHEAT	06/03/2018*	07/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 630	3 610	-0,55%
SAFEX Wheat May 18 (R/t)	3 702	3 673	-0,78%
CME Wheat spot (US cents/bushel)	499	502	+0,60%

*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 positive footing, but lost ground towards the close of the session as the stronger Rand against the US Dollar continued to add bearish pressure to the market.
- As we set out in our note on Monday, at the moment the weather is of less importance in the winter wheat growing areas of South Africa as it is an off-season period. Also worth noting is that the Western Cape province is a winter rainfall area, therefore it is unsurprising that the next two weeks could remain dry and cool.
- Nonetheless, the expected dryness implies that dam levels could remain critically low in the near term, thus negatively affect households and other agricultural activities such as livestock and horticulture.
- The most recent data from the Department of Water and Sanitation shows that on 05 March 2018, the province's dam levels averaged 20%, down by one percentage point from the previous week and 10 percentage points from the corresponding period last year.
- Apart from the weather aspects, South Africa continues to receive large volumes of wheat imports. The country imported 90 094 tonnes in the week ending 02 March 2018, up by 53% from the previous week. About 43% from Latvia, 32% from Argentina and 25% from Romania. This placed 2017/18 marketing year's wheat imports at 1.07 million tonnes, which equates to 58% of the seasonal import forecast of 1.85 million tonnes.
- Although a net importer of wheat, South Africa continues to export wheat to regional markets. The 20th batch of exports this season was recorded at 802 tonnes and went out last week. This was destined to Botswana, Lesotho and Namibia. Moreover, this is well below the previous week's exports of 2 165 tonnes. Overall, South Africa's 2017/18 wheat exports currently stand at 16 791 tonnes.
- On the global front - This morning the Chicago wheat price was up by 0.60% from levels seen at midday yesterday, mainly supported by solid global demand, as well as concerns of unfavourable weather conditions in parts of the US southern Plains.

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



SOYBEAN	06/03/2018*	07/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 787	4 695	-1,92%
SAFEX Soybean May 18 (R/t)	4 874	4 775	-2,03%
CME Soybean Spot (US cents/bushel)	1 067	1 060	-0,66%

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

- After registering good gains at the start of the week, the domestic soybean market lost ground in yesterday's trade session with the stronger Rand against the US Dollar, lower Chicago soybean prices, as well as favourable weather conditions underpinning the market.
- We keep the 'weather' as a central theme in our notes because the summer grain and oilseed crops are at stages that still require moisture for further development. The soybean growing areas experienced a cool and dry start of the week, with light showers concentrated in areas around Bethal, Davel, Greyling Stad, Morgenzon, Witbank and Marquard.
- As indicated in yesterday's note, the soybean growing areas have a fair amount of soil moisture, which should support the crop in the coming weeks. Moreover, the expected rainfall this week should improve moisture, throughout the soybean growing areas.
- With almost nothing on the data calendar this week, the domestic soybean price movements will largely be driven by developments in the ZAR/USD exchange, traded volumes in the market, as well as Chicago soybean price movements.
- In global markets – This morning the Chicago soybean price was down by 066% from levels seen at midday yesterday owing to profit-taking, after a good performance in the past few days.
- China's soybean demand will remain solid throughout the season. The most recent data from China National Grain and Oils Information Center shows that the country 2017/18 soybean imports could reach 96 million tonnes. This is slightly below the USDA's estimate of 97 million tonnes, up by 4% y/y.
- Elsewhere, a number of analysts are optimistic about Brazil's 2017/18 soybean crop following the recent rainfall. After upward revision of the production estimate by Informa Economics to 114 million tonnes, AgRural also lifted its estimate for Brazil's 2017/18 soybean production to 118 million tonnes. This is 3% higher than the volume harvested in 2016/17 production season.

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



SUNFLOWER SEED	06/03/2018*	07/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 813	4 750	-1,31%
SAFEX Sunflower seed May 18 (R/t)	4 800	4 722	-1,63%
EU (France) sunflower seed (US\$/t)	397	395	-0,50%

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

- Yesterday the South African sunflower seed market pulled back from levels seen the previous day owing to a combination of factors such as the stronger Rand against the US Dollar and improved rainfall prospects, amongst others.
- The start of this week has been fairly dry and cool across the sunflower seed growing areas of South Africa. It is only Hoopstad, Wesselsbron, Derby and Ventersdorp areas of North West and western Free State provinces that received light showers on Monday evening.
- With that said, the overall sunflower seed region is set to receive good showers within the next two weeks. The current weather forecasts show a possibility of between 16 and 50 millimetres of rainfall. The amount of rainfall might vary from the region by region, but the charts show an overcast across the summer crop growing areas.
- Backing these forecasts is also the South African Weather Service's report which noted a possibility of above normal rainfall within the next two months across summer rainfall areas, which should support the late-planted crop as its still needs moisture.
- In the global market – The EU's sunflower seed market also pulled back from levels seen the previous day owing to spillover pressure from the palm oil market. By the close of the session, the price was down by 0.50% from the previous day, closing at US\$395 per tonne.
- SUNSEEDMAN forecasts a 4% decline in 2017/18 global sunflower seed production to 48 million tonnes. This is mainly due to lower harvest in the Black Sea region.
- Looking ahead, the Black Sea region could again harvest a small crop in the 2018/19 production season, as official estimates from Russia point to a 4% decline in area plantings to 7.6 million hectares.
- Similarly, the EU's 2018/19 sunflower seed production could decline. The most recent estimates from Stratégie Grains show a 2% y/y decrease in output to 9.1 million tonnes.

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



POTATO	06/03/2018*	07/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	34,39	37,13	+7,97%

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

- Yesterday the potatoes market managed to claw back some of its recent losses owing to strong commercial buying interest. The price was up by 8% from the previous day, closing at R37.13 per pocket (10kg).
- In the session, the market saw an uptick in deliveries as harvest activity picks up after a quiet period in the weekend. This led to an 11% increase in daily stocks to 739 972 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could experience marginal losses due to a relatively large stock of 739 972 pockets (10kg bag).

LAMB CARCASS	06/03/2018*	07/03/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	70,00	70,00	0,00%

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

- Yesterday the SAFEX lamb carcass market experienced a fairly quiet session, characterised by thinly traded volumes. The price remained flat from the previous day, settling at R70.00 per kilogram.
- From the meat supply perspective, the slaughtering activity softened after a solid performance during the festive season. The most recent data from the Red Meat Levy Admin shows that South African farmers slaughtered 284 934 head of sheep in January 2018, down by 38% from the previous month, and 18% from the corresponding period last year.

Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX lamb carcass prices will most likely remain flat throughout the week.

BEEF CARCASS	06/03/2018*	07/03/2018*	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

- In yesterday's trade session the SAFEX beef carcass market presented more of the same. The price remained flat from the previous day, settled at R44.50 per kilogram due to thinly trade volumes.
- From a supply point of view, the South African farmers slaughtered 188 737 head of cattle in January 2018, down by 21% from the previous month and 10% from the corresponding period last year. We did expect a bit of softening in slaughtering activity after festive season demand, but the scale of it came as a surprise. It appears that still rebuilding their stock following a reduction during the 2015-16 drought. Lower maize prices and good recovery in pastures have also provided a good environment for the cattle stock rebuilding process.

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 parts of South Africa could receive widespread rainfall within the next eight days which should further improve soil moisture and benefit the crops. This is however with the exception of the western parts of the Northern Cape and Western Cape provinces (figure 1). It is worth highlighting that the Western Cape province is a winter rainfall area, therefore it is not surprising to see forecasts of dryness at this time of the year.
- The long-term weather forecasts show a possibility of continuous rainfall across the summer crop growing areas of the country (figure 2). This is again with the exception of the western sections of the Western and Northern Cape provinces could remain dry and warm.

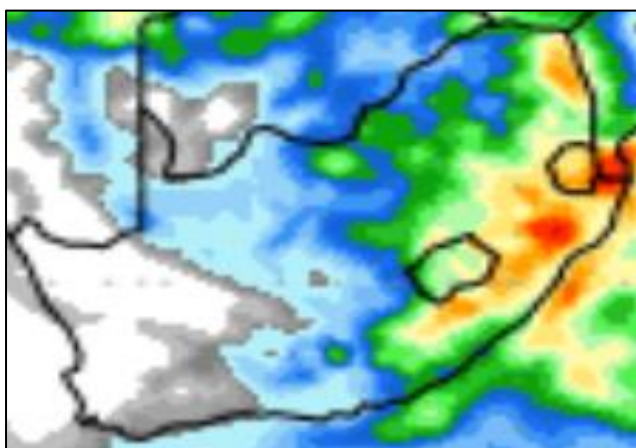


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

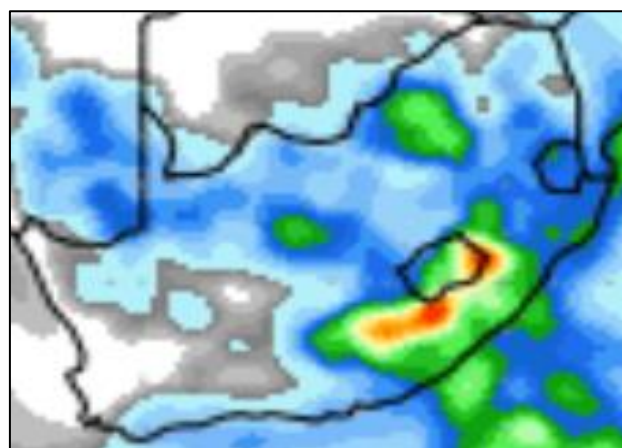


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

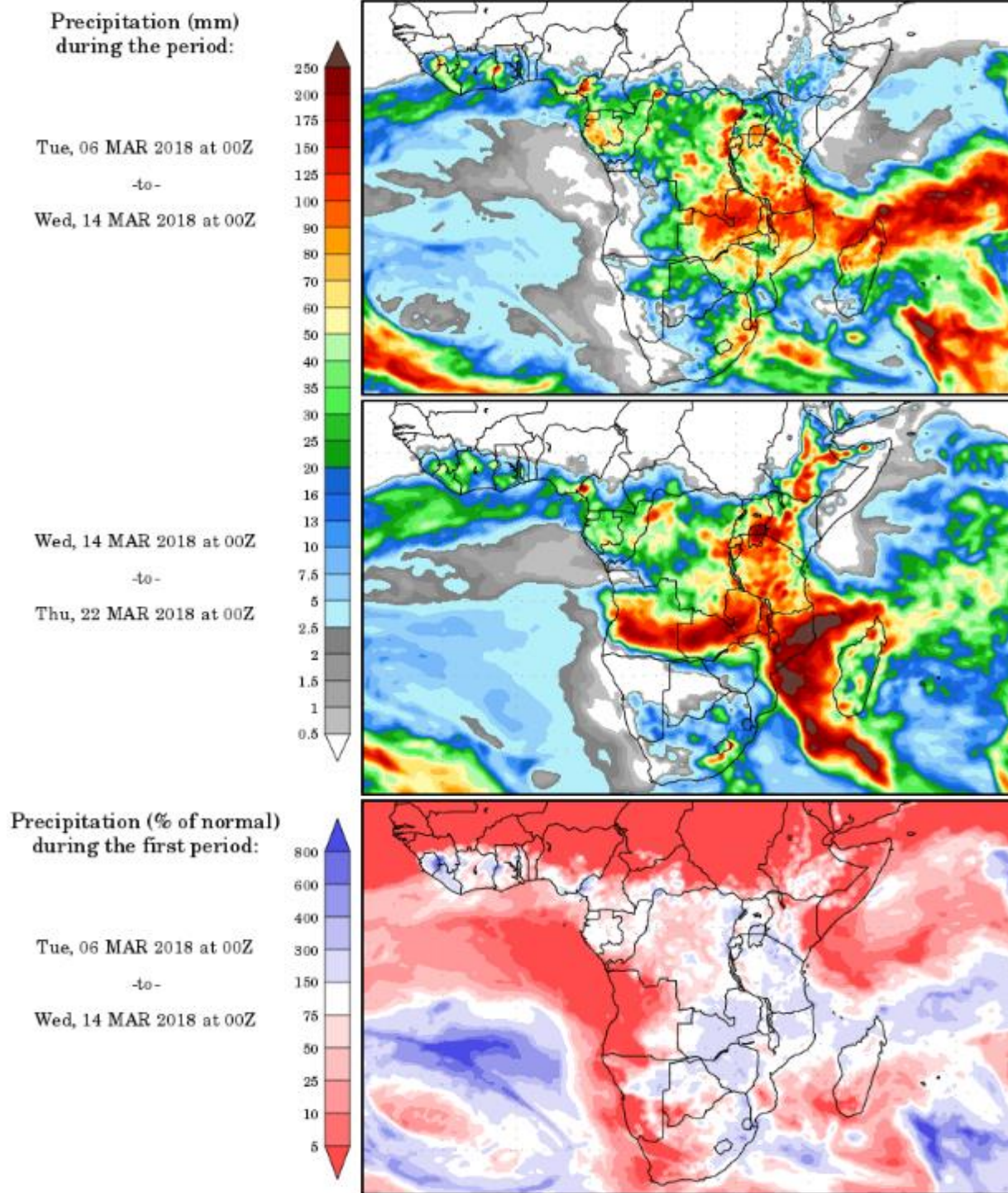


Figure 3: Precipitation forecast

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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