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**Key Data Releases in Agricultural Markets:**

- USDA's World Agricultural Supply and Demand Estimates report: 08/03/2018
- SAGIS weekly grain trade data: 13/03/2018
- SAGIS producer deliveries data: 14/03/2018
- SAGIS monthly data: 27/03/2018
- National Crop Estimates Committee's second summer crop production estimates: 28/03/2018

<b>ECONOMIC INDICATORS</b>	07/03/2018*	08/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,91	11,83	+0,68%
Rand/Euro	14,80	14,69	+0,75%
Euro/US Dollar	1,2421	1,2404	-0,14%
Gold Spot	1 332,42	1 327,47	-0,37%
Brent Crude Oil	65,45	64,67	-1,19%
Platinum Spot	960,25	953,81	-0,67%
Dow Jones Industrial Average	24 884,12	24 801,36	-0,33%
JSE All Share	58 368,50	58 962,65	+1,02%
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 managed to claw back some ground against the US Dollar this morning, strengthening by 0.68% from levels seen at midday yesterday. These gains were partly on the back of a slightly weaker US Dollar against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R11.83. From a domestic data front, today's calendar is light with no major releases.
- This morning the Brent crude oil market was under pressure with the price down by 1.19% from levels seen at midday yesterday, trading around US\$64.67 per barrel. This was mainly on the back of large US oil supplies. The most recent data from the US Department of Energy shows that the country's weekly crude oil production reached a record high last week of 10.37 million barrels per day.



MAIZE/CORN	07/03/2018*	08/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 851	1 884	+1,78%
White maize Jul 18 (R/t)	1 954	1 991	+1,89%
Yellow maize Spot (R/t)	1 924	1 949	+1,30%
Yellow maize Jul 18 (R/t)	2 011	2 050	+1,94%
CME corn Spot (US cents/bushel)	380	378	-0,53%

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

- The South African maize market had a good run in yesterday's trade session supported by a slightly weaker domestic currency, commercial buying interest, as well as higher Chicago maize prices.
- The weather conditions could remain favourable throughout the production season. The medium-term forecasts promise above average rainfall within the next two months across the maize belt, which should further improve soil moisture and benefit the crop.
- From the data front, today the United States Department of Agriculture (USDA) will release its monthly update of the World Agricultural Supply and Demand Estimates report. Last month, the agency placed South Africa's 2017/18 maize production estimate at 12.5 million tonnes (commercial and non-commercial maize production.), down from last season's record harvest of 17.5 million tonnes.
- 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 4 241 tonnes in the week ending 02 March 2018, well below the previous week's deliveries of 24 593 tonnes. About 61% of this was white maize, with 39% being yellow maize. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 44" 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 down by 0.53% from levels seen at midday yesterday, ahead of the USDA's monthly report.
- Last month, the USDA estimated 2017/18 global maize production at 1.04 billion tonnes, down by 3% from the 2016/17 production season due to expected lower harvest in the US, Brazil and South Africa, amongst others. Today's data is likely to offer a similar trend as conditions remained fairly unchanged in the aforementioned countries. For Brazil, conditions have somewhat worsened in some areas following reports of lingering concerns of dryness in parts of safrinha maize (second crop) growing areas.

Bottom line – Today the domestic maize market could experience marginal losses owing to the slightly stronger ZAR/USD exchange and Chicago maize prices.



WHEAT	07/03/2018*	08/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 610	3 645	+0,97%
SAFEX Wheat May 18 (R/t)	3 673	3 710	+1,01%
CME Wheat spot (US cents/bushel)	502	495	-1,39%

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

- Yesterday the domestic wheat market managed to claw back some of its recent losses and settled in positive territory. The support emanated from the slightly weaker Rand against the US Dollar, as well as higher Chicago wheat prices.
- The volumes of wheat recently delivered to commercial silos declined significantly from levels seen the previous weeks. This mirrors the reduction in activity in the farms after the completion of the harvest process<sup>1</sup>.
- About 2 848 tonnes of wheat were delivered to commercial silos in the week ending 02 March 2018. This is four-fold 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 22" of the 2017/18 marketing year at 1.44 million tonnes.
- On the global front - This morning the Chicago wheat price was down by 1.39% from levels seen at midday yesterday owing to forecasts of rainfall in parts of Europe.
- Making headlines yesterday was the intergovernmental contract between Iran and Russia, which could potentially lead to about 1.5 million tonnes of wheat exports to Iran in the coming years. This will be an important market for Russia as the country continues to see a solid increase in domestic wheat production.
- In its February report, the USDA placed Russia's 2017/18 wheat production at 85 million tonnes, up by 17% from the previous season owing to an increase in area planted, as well as expected higher yields. This is a notable contribution to global supplies, making up a share of 11%.
- In the afternoon, the USDA will release an update of aforementioned Russia's crop estimate, as well as global wheat supply and demand estimates. Last month, the agency estimated 2017/18 global wheat production at 758 million tonnes, up by a percentage point from the previous season.

Bottom line – Today the domestic wheat market could also be under pressure due to the stronger ZAR/USD exchange and lower Chicago wheat prices.

<sup>1</sup> The impact of lower yields in the Western Cape provinces is clear from the national production which declined by 20% year-on-year in 2017 to 1.52 million tonnes.



<b>SOYBEAN</b>	07/03/2018*	08/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 695	4 673	-0,47%
SAFEX Soybean May 18 (R/t)	4 775	4 759	-0,34%
CME Soybean Spot (US cents/bushel)	1 059	1 053	-0,57%

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

- The soybean market started yesterday's session in negative territory and remained under pressure throughout the day as lower Chicago soybean prices and favourable weather conditions across the country continued to add a bearish sentiment to the market.
- The expected rainfall has not yet materialised in most soybean growing areas of the country. The only areas that received light showers on Tuesday evening were Bethlehem, Fouriesburg, Heilbron, Harrismith, Lindley, Ventersburg, Senekal, Morgenzon and Vereeniging.
- Nevertheless, this is not much of a concern as soybean growing areas of South Africa still have a fair amount of soil moisture from rainfall received in the past few weeks. Moreover, the forecast rainfall within the next two weeks is in line with the South African Weather Service's expectations of above normal rainfall within the next two months across the summer crop growing areas of the country.
- In global markets – After experiencing a good run in the past few days, the Chicago soybean market took a breather this morning ahead of the USDA monthly report.
- The global soybean demand remains solid, underpinned by strong demand from China. The USDA recently reported a sale of 120 000 tonnes of US soybean to China. As highlighted in our previous note, China National Grain and Oils Information Center forecasts the country 2017/18 soybean imports at 96 million tonnes, slightly below the USDA's estimate of 97 million tonnes.
- From a data front, the focus today is on the USDA's monthly report. Last month, the agency placed 2017/18 global soybean production estimate at 347 million tonnes, down by 1% from the previous season due to expected lower harvest in South America. Today's report could show a further downward revision in production for Argentina due to dryness. Analysts such as Informa Economics have already revised down their estimates.
- Moreover, last month's USDA report placed 2017/18 global soybean stock at 98 million tonnes, up by 2% from the previous season.

Bottom line – Similar to other commodities, the domestic soybean price could be under pressure today due to lower Chicago soybean prices, as well as the stronger ZAR/USD exchange.



SUNFLOWER SEED	07/03/2018*	08/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 750	4 806	+1,18%
SAFEX Sunflower seed May 18 (R/t)	4 722	4 767	+0,95%
EU (France) sunflower seed (US\$/t)	395	405	+2,53%

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

- Yesterday the South African sunflower seed market managed to claw back some of its recent losses as the weaker Rand against the US Dollar and commercial buying interest provided support to the market.
- The weather remains a key focus across the sunflower seed growing areas as the crop is still at its early stages of development that requires moisture. This week started on a dry and cool footing with very light showers concentrated in areas around Bothaville, Losdoorns, Viljoenskroon, Wesselsbron, Delareyville and Ventersdorp.
- The weather forecasts, however, paint a constructive picture of possible showers within the next two weeks across the sunflower seed growing areas of South Africa. The medium-term forecast promises above normal rainfall in summer crop growing areas between this month and May 2018<sup>2</sup>.
- Given that a share of sunflower seed was planted late, well beyond the optimal planting dates, prolonged rainfall pattern could possibly support the crop until maturation stages. With that said, there is still risk that frost could negatively affect the late-planted crop later in the season.
- In the global market – After registering losses in the past few days, the EU's sunflower seed market saw notable gains in yesterday's session with the price up by 2.53% from the previous day, closing at US\$405 per tonne. These gains were mainly on the back of spillover support from the vegetable oil market, mainly palm, canola and sunflower oil.
- Apart from that, the incoming data suggest that the new season sunflower seed harvest could marginally decline in key producing countries. Within the Black Sea region, the official estimates from Russia point to a 4% y/y 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 losses owing to the relatively stronger ZAR/USD exchange.

<sup>2</sup> See South Africa Weather Service's Seasonal Climate Watch released on 06 March 2018.



<b>POTATO</b>	07/03/2018*	08/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	37,13	34,95	-5,87%

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

- The potatoes market lost ground in yesterday's trade session owing to a large stock of 739 972 tonnes at the start of the session. The price was down by 6% from the previous day, closing at R34.95 per pocket (10kg).
- In the session, the market saw an uptick in deliveries owing to ongoing harvest activity in most parts of the country. This led to a 12% increase in daily stocks to 831 606 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could experience extended losses due to a relatively large stock of 831 606 pockets (10kg bag).

<b>FRUIT (South Africa)</b>	07/03/2018*	08/03/2018*	d-o-d (%Δ)
Apples (R/kg)	8,29	8,21	-0,97%
Bananas (R/kg)	7,23	7,03	-2,77%
Oranges (R/kg)	4,84	4,63	-4,34%

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

- The fruit market recorded widespread losses in yesterday's trade session. The prices of apples and bananas were down by 1% and 3% from the previous day, closing at R8.21 and R7.03 per kilogram. These losses were mainly due to large stocks of 176 000 tonnes of apples and 210 000 tonnes of bananas.
- The price of oranges declined by 4% from the previous day and settled at R4.63 per kilogram. This was also pressured by a recovery in stocks to 61 000 tonnes, from levels of below 30 000 tonnes in the past few days.

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>	07/03/2018*	08/03/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	44,50	44,50	0,00

\*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. The price remained flat from the previous day, settled at R44.50 per kilogram due to thinly trade volumes. Worth noting is that these prices might not be a true reflection of the physical market, which continues to show solid activity
- Data from the Red Meat Levy shows that 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. This was largely on the back of cattle herd rebuilding process after 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

- The weather charts show a possibility of rainfall across the summer crop growing areas within the next eight days. This should further improve soil moisture and benefit the crops. Meanwhile, the western parts of the Northern Cape and Western Cape provinces could remain dry and warm (figure 1). 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 present a similar outlook 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 over the observed period.

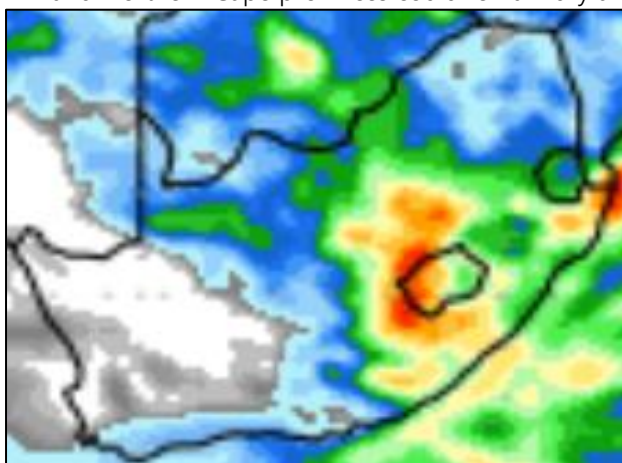


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

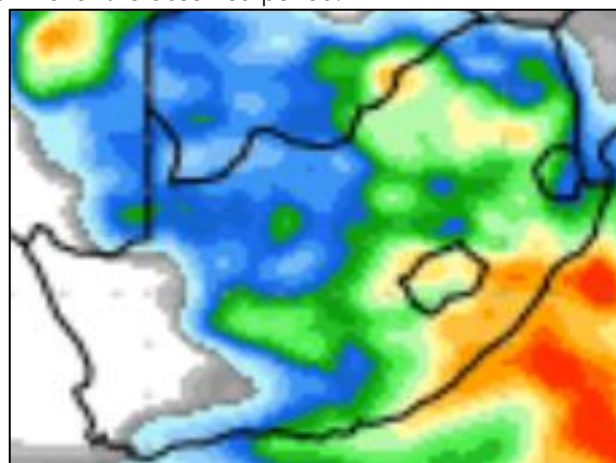


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

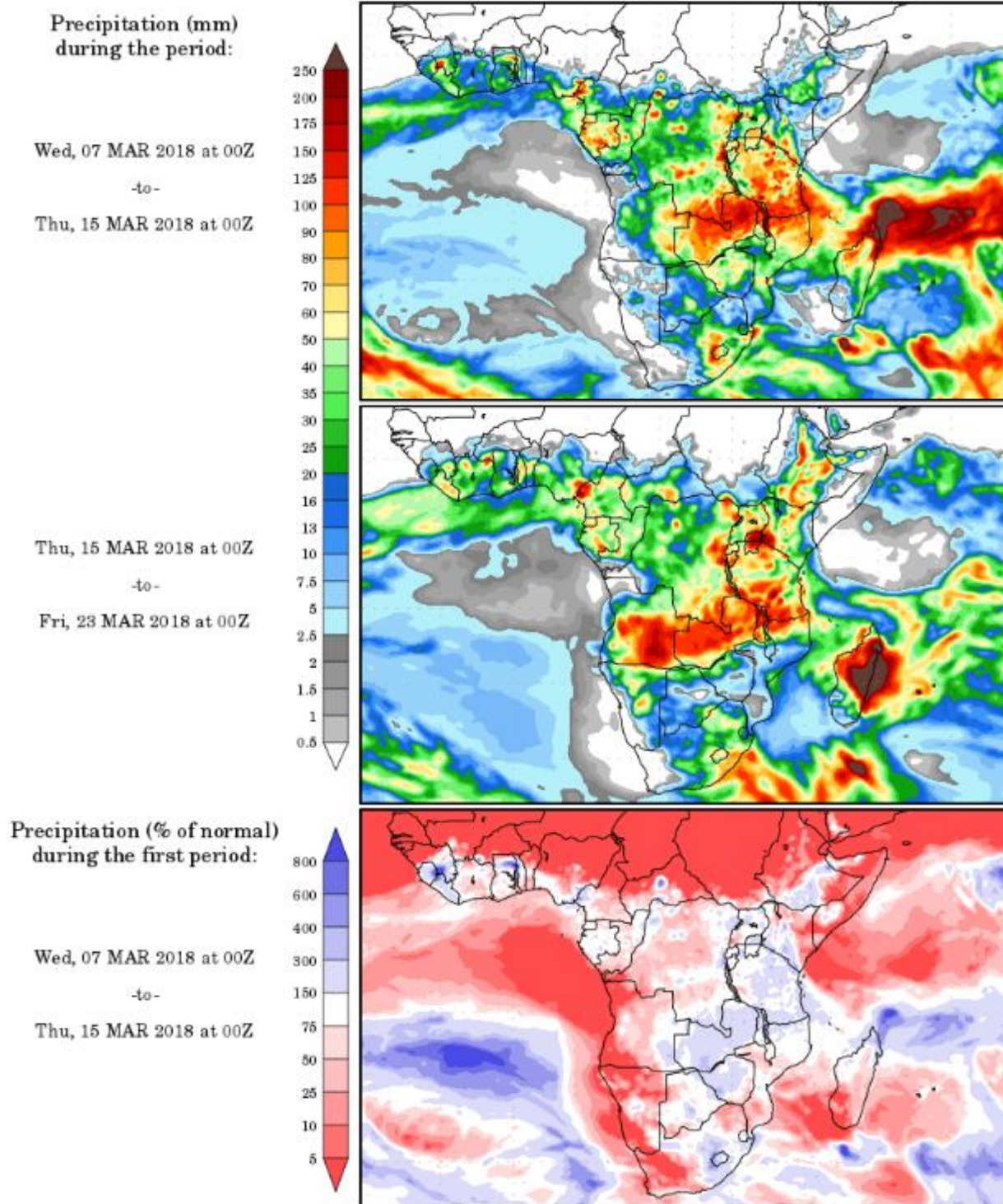


Figure 3: Precipitation forecast

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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