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Key Data Releases in Agricultural Markets:

- 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
- USDA's crop progress report: 09/04/2018

ECONOMIC INDICATORS	09/03/2018*	12/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,90	11,82	+0,68%
Rand/Euro	14,64	14,56	+0,55%
Euro/US Dollar	1,2301	1,2321	+0,16%
Gold Spot	1 319,74	1 323,64	+0,30%
Brent Crude Oil	64,11	65,75	+2,56%
Platinum Spot	953,45	965,53	+1,27%
Dow Jones Industrial Average	24 895,21	25 335,74	+1,77%
JSE All Share	58 808,50	59 169,23	+0,61%
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 0.68% 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 R11.82. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil market had a good run this morning with the price up by 2.56% from the level seen at midday Friday, trading at levels around US\$65.75 per barrel. These gains were partially on the back of decline in US oil-rig count. The most recent data from Baker Hughes shows that the number of active US rigs drilling for oil fell by four to 796 in the week ending 09 March 2018.



MAIZE/CORN	09/03/2018*	12/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 896	1 940	+2,32%
White maize Jul 18 (R/t)	2 001	2 049	+2,40%
Yellow maize Spot (R/t)	1 980	2 045	+3,28%
Yellow maize Jul 18 (R/t)	2 067	2 125	+2,81%
CME corn Spot (US cents/bushel)	385	382	-0,78%

* 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 Friday's trade session supported by a slightly weaker domestic currency, commercial buying interest, as well as higher Chicago maize prices.
- In the fields, the crop is generally in good condition following recent rainfall in most parts of the country. Looking ahead, the weather forecast for the next two weeks promises a possibility of over 50 millimetres of rainfall across the maize belt which should further improve soil moisture and therefore benefit the crop.
- The United States Department of Agriculture (USDA) revised its estimate for South Africa's 2017/18 maize production up by 4% from last month to 13.0 million tonnes. This is, however, lower than the previous season's harvest of 17.5 million tonnes due to a decline in area planted and expected lower yields in some areas.
- Also worth highlighting is that the USDA estimate covers both commercial and non-commercial maize production, while the National Crop Estimates Committee's (CEC) estimates only covers commercial production.
- The CEC forecasts South Africa's 2017/18 maize production at 12.2 million tonnes. While not directly comparable to the USDA estimate because of the aforementioned reasons, it is 6% lower than the USDA's estimates.
- On the global front – This morning the Chicago maize price was down by 0.78% from levels seen at midday Friday owing to fairly large global supplies, despite the expected reduction in production.
- The USDA left its 2017/18 global maize production estimate unchanged from February 2018, at 1.04 billion tonnes. This is however 3% lower than the previous season due to the expected reduction in production in countries such as the US, Brazil and South Africa, amongst others.
- In addition, the 2017/18 global maize ending stock was revised down by 2% from the previous month to 199 million tonnes. This 14% lower than the previous season.

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



WHEAT	09/03/2018*	12/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 643	3 635	-0,22%
SAFEX Wheat May 18 (R/t)	3 708	3 702	-0,16%
CME Wheat spot (US cents/bushel)	495	489	-1,21%

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

- With South Africa being a net importer of wheat, the major developments in the global market tend to influence the domestic environment. Friday's session was no different, the spot price was under pressure due to a decline in Chicago wheat prices.
- The global wheat prices were underpinned by a slight upward revision in 2017/18 global wheat production. The USDA forecasts the global crop at 759 million tonnes, which is now 3% higher than the 2016/17 harvest due to an uptick in wheat production in Russia and India.
- The USDA forecasts Russia's 2017/18 wheat production at 85 million tonnes, up by 39% from the previous season owing to an increase in area planted, as well as higher yields. In the same season, India's wheat production is estimated at 98 million tonnes, up by 14% from the previous season. This somewhat compensated the decline in output in other key wheat producing countries such as the United States, Australia and Canada. Moreover, the 2017/18 global wheat ending stock was revised up by a percentage point from February 2019 to 269 million tonnes. This is 11% higher than the previous season.
- From a demand perspective, the 2017/18 global wheat imports are estimated at 182 million tonnes, slightly higher than the previous month's estimate of 180 million tonnes and 7% higher than the previous season. Southeast Asia, Middle East and North Africa regions are set to be amongst the key importers.
- Sub-Saharan Africa is also amongst the key wheat importing regions with 2017/18 wheat imports estimated at 23 million tonnes, up by 7% from the previous season. The leading buyers within this region are Nigeria, Sudan, South Africa and Kenya.
- Looking ahead, the expected showers in parts of Europe bode well with the new season crop. Data from *FranceAgriMer* shows that on 05 March 2018, France's 2018/19 common wheat crop was rated 81% good/excellent. This is however still 11 percentage points below the corresponding period last year.
- On the global front - This morning the Chicago wheat price was down by 1.21% from midday Friday due to large global supplies.

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



SOYBEAN	09/03/2018*	12/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 653	4 639	-0,30%
SAFEX Soybean May 18 (R/t)	4 740	4 729	-0,23%
CME Soybean Spot (US cents/bushel)	1 050	1 025	-2,38%

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

- The South African soybean market lost ground in Friday's trade session as the favourable weather forecast for the near and medium term, as well as lower Chicago soybean prices, continued to underpin the market.
- The areas around Bethlehem, Fouriesburg, Heilbron, Harrismith, Lindley, Ventersburg, Senekal, Morgenzon, Vereeniging, Balfour, Bethal, Davel, Delmas, Greyling Stad, Kriel, Leandra, Nigel and Standerton received light showers towards the end of last week which is conducive for the soybean crop. The crop is generally in good condition across the country and should benefit from expected rainfall with the next two weeks.
- 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 – After experiencing a good run in the past few days, this morning the Chicago soybean price fell by 2.38% from levels seen at midday Friday owing to improved weather prospects in parts of Argentina.
- With that said, the USDA revised its 2017/18 global soybean production estimates down by 2% from February 2018 to 341 million tonnes this month. This is 3% lower than the previous season due to expected lower yields in Argentina and Paraguay.
- Argentina's 2017/18 soybean production was revised down by 13% from the February 2018 to 47 million tonnes. This is 19% decline from the previous season. The drier weather conditions that were experienced in the past few weeks across the country led to lower yields, thus leading to a reduction in production.
- Contrary to Argentinian developments, Brazil's 2017/18 soybean production estimate was revised up further by 1% from the previous month to 113 million tonnes. This is now just 1% lower than the 2016/17 harvest. The upward revision is mainly on the back of higher yields in most areas. The production estimates for other key soybean producing countries such as the US and China was left unchanged from the previous month at 120 million and 14 million tonnes, respectively.

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	09/03/2018*	12/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 820	4 850	+0,62%
SAFEX Sunflower seed May 18 (R/t)	4 756	4 747	-0,19%
EU (France) sunflower seed (US\$/t)	405	403	-0,49%

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

- On Friday, the domestic sunflower seed market ended the day on the mixed footing. The spot price was supported by increased commercial buying interest, whereas the new season contract month prices lost ground due to favourable weather conditions.
- The weather remains a key focus across sunflower seed growing areas as the crop is still at its early stages of development that requires moisture. The sunflower seed crops experienced dry and cool weather conditions for the most part of last week. This is with the exception of areas around Hertzogville, Hoopstad, Orkney, Viljoenskroon, Derby, Bothaville, Losdoorns, Viljoenskroon, Wesselsbron, Delareyville and Ventersdorp which received light showers. These were however not sufficient to notably improve soil moisture.
- With that said, the expected rainfall of over 50 millimetres across the sunflower seed growing areas within the next two weeks could meaningfully improve soil moisture and therefore benefit the crop. The medium-term forecast promises above normal rainfall in summer crop growing areas between this month and May 2018¹.
- In the global market – After experiencing a good run during the week, the EU's sunflower seed market pulled back on Friday's trade session with the price down by 0.49% from the previous day, closing at US\$403 per tonne. These losses were then in line with the price movements in the crude oil market.
- From a global supply point of view, the USDA forecasts 2017/18 global sunflower seed production at 46 million tonnes, down by 3% from the previous season. This is due to lower yields in parts of Russia and Ukraine. Meanwhile, Argentina, Turkey and the European Union registered an uptick in production.
- Looking ahead, the incoming data suggest that the new season sunflower seed harvest could marginally decline in key producing countries. Official estimates for Russia's 2018/19 sunflower seed crop 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, as well as favourable weather prospects.

¹ For more information read the South African Weather Service Seasonal Climate Watch, issued on 06 March 2018.



POTATO	09/03/2018*	12/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	35,35	34,44	-2,57%

*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 902 788 tonnes at the start of the session. The price was down by 3% from the previous day, closing at R34.44 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 4% increase in daily stocks to 934 899 pockets (10kg bag).

Bottom line – In today's trade session, the potatoes price could experience extended losses due to a relatively large stock of 934 899 pockets (10kg bag).

FRUIT (South Africa)	09/03/2018*	12/03/2018*	d-o-d (%Δ)
Apples (R/kg)	8,21	7,91	-3,65%
Bananas (R/kg)	7,03	7,49	+6,54%
Oranges (R/kg)	4,63	6,05	+30,67%

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

- The fruit market ended the day mixed in Friday's trade session. The prices of bananas and oranges were up by 7% and 31% from the previous day, closing at R7.49 and R6.05 per kilogram. These gains were underpinned by lower stocks of 175 000 tonnes of bananas and 38 000 tonnes of oranges.
- Meanwhile, the price of apples declined by 4% from the previous day and settled at R7.91 per kilogram. This was pressured by a 24% uptick in daily stock to 219 000 tonnes.

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	09/03/2018*	12/03/2018*	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

- The SAFEX beef market ended Friday's trade session on a quiet footing due to thinly traded volumes. The price was unchanged from the previous day, settled at R44.50 per kilogram. 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 provided a conducive 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 this week. This should further improve soil moisture and benefit the crops. Meanwhile, the western parts of the Northern and Western Cape provinces could remain dry and warm (figure 1). It is worth highlighting that the Western Cape province is a winter rainfall area, therefore it is unsurprising 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 which could remain dry and warm over the observed period.

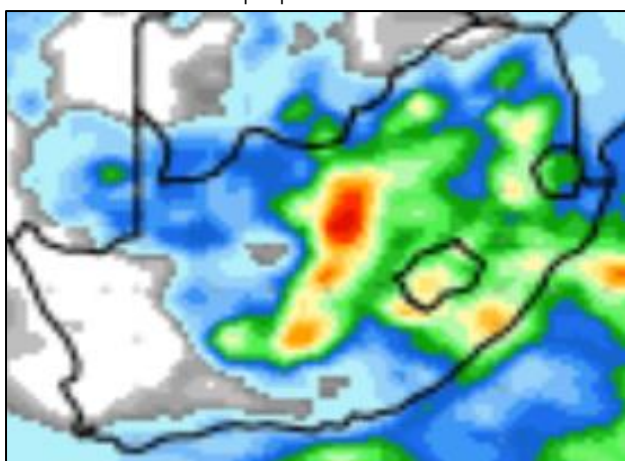


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

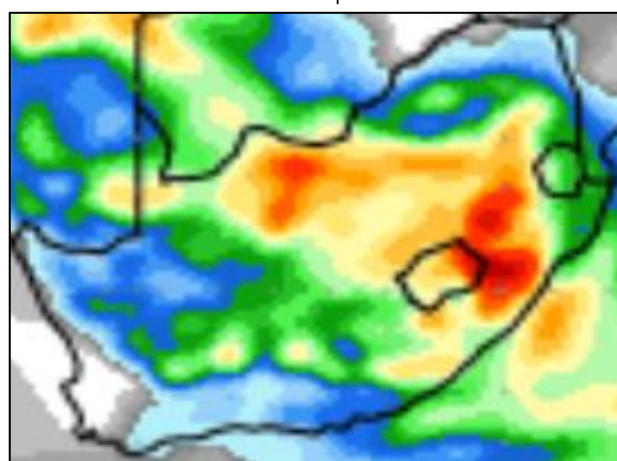


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

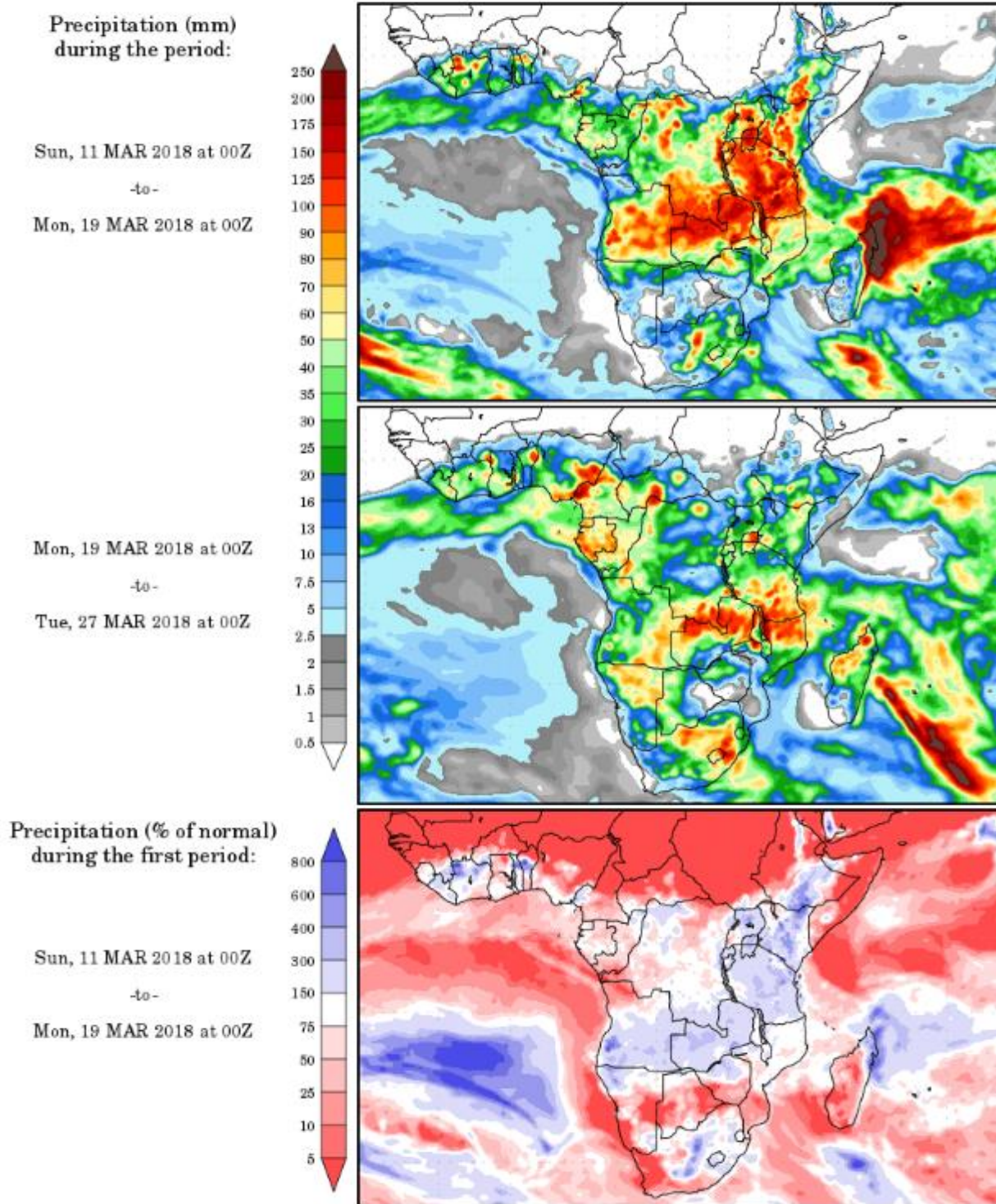


Figure 3: Precipitation forecast

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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