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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 20/03/2018
- SAGIS producer deliveries data: 21/03/2018
- SAGIS monthly data: 27/03/2018
- National Crop Estimates Committee's second summer crop production estimates: 28/03/2018
- USDA's prospective plantings data: 29/03/2018

ECONOMIC INDICATORS	14/03/2018*	15/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,76	11,77	-0,08%
Rand/Euro	14,54	14,57	-0,21%
Euro/US Dollar	1,2364	1,2378	+0,11%
Gold Spot	1 324,18	1 326,92	+0,21%
Brent Crude Oil	65,13	65,06	-0,11%
Platinum Spot	969,45	964,18	-0,54%
Dow Jones Industrial Average	25 007,03	24 758,12	-1,00%
JSE All Share	58 491,69	58 423,17	-0,12%
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

- After recording gains in the past few days, the Rand pulled back this morning. This follows a decline in global commodity prices, as well as a slightly firmer US Dollar against major currencies. The Rand/US Dollar is currently 0.08% weaker compared to levels seen at midday yesterday, trading around R11.77. From a data front, Stats SA will release mining production data for January 2018.
- This morning the Brent crude oil price was down by 0.11% from levels seen at midday yesterday, trading around US\$65.06 per barrel. These losses were mainly on the back of an increase in US oil supplies. The most recent data from the Energy Information Administration showed that US crude oil inventories rose by 5.0 million barrels in the week of 09 March 2018, well above market expectations of a 2.5 million barrels uptick.



MAIZE/CORN	14/03/2018*	15/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 955	1 965	+0,51%
White maize Jul 18 (R/t)	2 059	2 067	+0,39%
Yellow maize Spot (R/t)	2 048	2 045	-0,15%
Yellow maize Jul 18 (R/t)	2 130	2 129	-0,05%
CME corn Spot (US cents/bushel)	385	390	+1,30%

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

- The domestic maize market was again mixed in yesterday's trading session. White maize market started the session on the positive footing and maintained the gains throughout the day with support stemming from commercial buying interest. Meanwhile, yellow maize prices lost ground as prospects of favourable weather conditions and stronger domestic currency overshadowed buying interest.
- The weather remains a key focus in the domestic maize market as the crop is still at its growing stages. The soil moisture has generally improved across the maize belt following rainfall in the past few weeks. But, follow up rainfall is needed given that the crop has been moisture-stressed in the western parts of the country following dryness in the past few days.
- Fortunately, the near term weather forecasts show signs of good rainfall across the maize belt within the next two weeks. If this materialises, the maize crop will remain in good shape, which increases a chance of good yields this season¹.
- 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 13 287 tonnes in the week ending 09 March 2018, well above the previous week's deliveries of 13 287 tonnes. About 60 percent of this was yellow maize, with 40 percent being white maize. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 45" currently stand at 15.39 million tonnes. Of this total, 59 percent is white maize with 41 percent being yellow maize.
- On the global front – This morning the Chicago maize price was up by 1.30 percent from levels seen at midday yesterday following a sale of 210 000 tonnes of US maize to South Korea.

Bottom line – Today the domestic maize market could receive marginal gains owing to a fairly weaker ZAR/USD exchange and higher Chicago maize prices.

¹ The United States Department of Agriculture (USDA) forecasts South Africa's 2017/18 maize production at 13.0 million tonnes (down by 26 percent from last year)



WHEAT	14/03/2018*	15/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 656	3 673	+0,46%
SAFEX Wheat May 18 (R/t)	3 718	3 717	-0,03%
CME Wheat spot (US cents/bushel)	485	492	+1,44%

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

- The South African wheat market ended yesterday's trade session on a mixed footing. The spot price maintained the previous day's gains and closed in positive territory, with support emanating from the Chicago wheat market. The Chicago wheat market received a boost through the weaker US Dollar against major currencies, as well as unfavourable weather conditions in the US southern Plains.
- Although the winter wheat growing season will only start in the next two months or so, the recent developments on the Western Cape weather front are worth highlighting. The weather charts currently show a possibility of light rainfall within the next two weeks across the coastal areas of the province.
- This is a welcome development following weeks of dryness, but will not make a meaningful improvement on dam levels which are critically low, estimated at 20 percent in the week of 12 March 2018, unchanged from the previous week, but down by 9 percentage points from the corresponding period last year.
- 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 process².
- About 3 519 tonnes of wheat were delivered to commercial silos in the week ending 09 March 2018. This is up by 24 percent from the volume delivered the previous week, but 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 23" of the 2017/18 marketing year at 1.46 million tonnes.
- On the global front - This morning the Chicago wheat price was up by 1.44 percent from levels seen at midday yesterday due to concerns of dryness in the southwestern Plains of the US.
- Russia's big harvest has enabled the country to continue exporting notable volumes of wheat to the world market. Data from *SovEcon* shows that wheat exports reached 3.1 million tonnes in February 2018, up by 15 percent from the previous month.

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

² 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.



SOYBEAN	14/03/2018*	15/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 575	4 570	-0,11%
SAFEX Soybean May 18 (R/t)	4 654	4 652	-0,04%
CME Soybean Spot (US cents/bushel)	1 040	1 035	-0,48%

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

- Yesterday the South African soybean market pulled back from the levels seen the previous day and closed in negative territory. The relatively stronger domestic currency and a slight decline in Chicago soybean prices were the key factors underpinning the market.
- This week the soybean growing areas were dry and cool so far, with light showers on Tuesday night only which were concentrated in areas around Lydenburg, Middelburg, Morgenzon, Witbank and Wonderfontein. With that said, this is not a greater concern as there is still a fair amount of soil moisture.
- Moreover, the next two weeks promise the possibility of good rainfall which should further improve soil moisture. As noted in yesterday's note, these weather developments support the Crop Estimates Committee's view of a new record level of 1.4 million tonnes this season, up by 5 percent from the 2016/17 production season.
- In global markets – This morning the Chicago soybean price was down by 0.48 percent from levels seen at midday yesterday owing to expectations of rainfall in parts of Argentina.
- The weather forecasts for the next two weeks show a possibility of rainfall in the central and northern parts of Argentina, but there is some production potential that is unrecoverable at this point due to dryness. The USDA forecasts Argentina's 2017/18 soybean production at 47 million tonnes, down by 19 percent year-on-year.
- There is speculation in the market that China's soybean demand could partially shift from the US to South America owing to the recent political developments regarding US trade policy. China is the world's leading importer of soybeans with a share of 64% in 2017/18 global soybean imports of 151 million tonnes.
- In the past five years, the US has been one of the key suppliers of soybeans to China accounting for nearly 40% share of that market, according to data from Trade Map. Brazil and Argentina were amongst the key suppliers, hence the talks in the market point to a possible increase in South America's share at the expense of the US in the Chinese soybean market over the coming years.

Bottom line – Today the domestic soybean market could experience sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current movement



SUNFLOWER SEED	14/03/2018*	15/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 840	4 840	0,00%
SAFEX Sunflower seed May 18 (R/t)	4 788	4 785	-0,06%
EU (France) sunflower seed (US\$/t)	402	406	+1,00%

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

- Yesterday the sunflower seed market gave up some of its recent gains as the stronger Rand against the US Dollar continued to add bearish pressure to the market. The favourable weather outlook has to some extent also added a bearish sentiment to the market.
- With that said, the expected rainfall has not yet materialised in most areas of the country. Although not an immediate concern, it is worth noting that some crops in the western parts of the North West and Free State provinces are slightly moisture-stressed and urgently need rainfall.
- There is hope however that the expected rainfall within the next eight days could offer a bit of relief. Fortunately, the medium-term forecasts promise a possibility of above normal rainfall in summer crop growing areas of South Africa between this month and May 2018 which should provide sufficient moisture for crop development throughout the season³.
- In the global market – The EU's sunflower seed market had a good run in yesterday's trade session with the price up by a percentage point from the previous day, closing at US\$406 per tonne. This was partially on the back of spillover support from the vegetable oil market.
- The warm weather conditions in Argentina which have been disrupting the soybean crops have had a slightly positive impact on sunflowers, not by increasing yields but boosting the harvest process. Data from SUNSEEDMAN shows that on 14 March 2018, about 50% of this season's Argentinian sunflower seed crop had already been harvested. The USDA forecasts the country's 2017/18 sunflower seed crop at 3.6 million tonnes, up by 6 percent year-on-year.
- Overall, USDA forecasts 2017/18 global sunflower seed production at 46 million tonnes, down by three percent from the previous season. This is due to lower yields in parts of Russia and Ukraine, which overshadowed the uptick in production in Argentina, Turkey and the European Union.

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

³ The key risk for late planted crops is frost later in the season, which could potentially lower the yields.



POTATO	14/03/2018*	15/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	35,51	32.40	-8,76%

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

- After experiencing a good run at the start of the week, the potatoes market pulled back in yesterday's trade session and settled in negative territory due to a large stock of 780 197 pockets (10kg bag) at the start of the session. The price was up by 9 percent from the previous day, closing at R32.40 per pocket (10kg).
- In yesterday's trading session, the market saw an uptick in deliveries on the back of ongoing harvest activity. This led to a 24 percent increase in daily stocks to 970 516 pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to expectations of an increase in producer deliveries, as well as large stock of 970 516 pockets (10kg bag).

FRUIT (South Africa)	14/03/2018*	15/03/2018*	d-o-d (%Δ)
Apples (R/kg)	8,12	6,91	-14,90%
Bananas (R/kg)	8,06	7,58	-5,96%
Oranges (R/kg)	5,47	4,54	-17,00%

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

- The fruit market has been quite wobbly this week. The gains that were seen at the start of the week were again shaved off in yesterday's session due to an uptick in daily stock levels. The prices of apples and bananas were down by down by 15 percent and 6 percent from the previous day, closing at R6.91 and R7.58 per kilogram, respectively.
- Surprisingly, the price of oranges experienced extended losses of 17 percent from the previous day and settled at R4.54 per kilogram. We maintain that this will be short-lived because of fairly lower stock of 64 000 tonnes, compared to levels of over 70 000 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.

BEEF CARCASS	14/03/2018*	15/03/2018*	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 carcass market continued on a quiet footing in yesterday's trade session. The price remained unchanged from the previous day, settling at R44.50 per kilogram. It is worth noting that these prices might not be a true reflection of the physical market, which continues to show solid activity.
- As highlighted in our previous note, South African farmers slaughtered 188 737 head of cattle in January 2018, down by 21 percent from the previous month and 10 percent from the corresponding period last year. This was largely on the back of a cattle herd rebuilding process after a reduction during the 2015-16 drought. Lower maize prices and a 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 paint a positive picture of possible showers across most parts of the country within the next eight days, which further improve soil moisture and benefit the crops. The western and northern parts of the Northern and Western Cape provinces will, however, remain dry and warm over the observed period (figure 1).
- The long-term weather forecasts present a similar outlook of continuous heavy rainfall across the summer crop growing areas of South Africa, with the far western areas of the Northern and Western Cape provinces remaining dry and warm (figure 2).

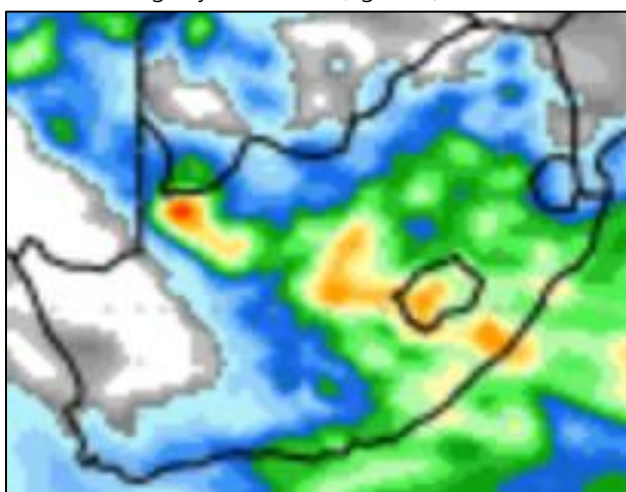


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

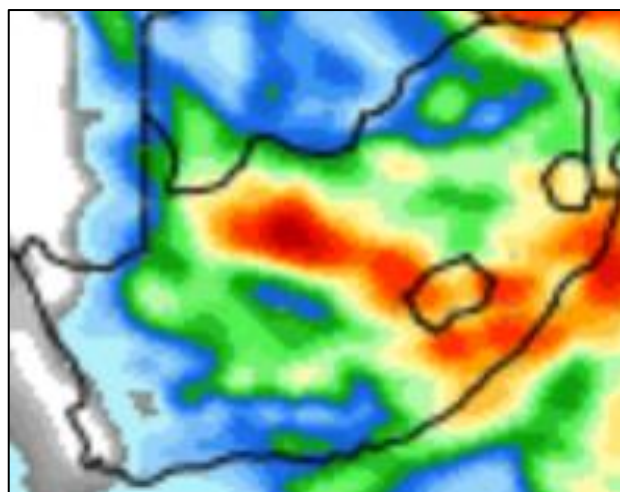


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

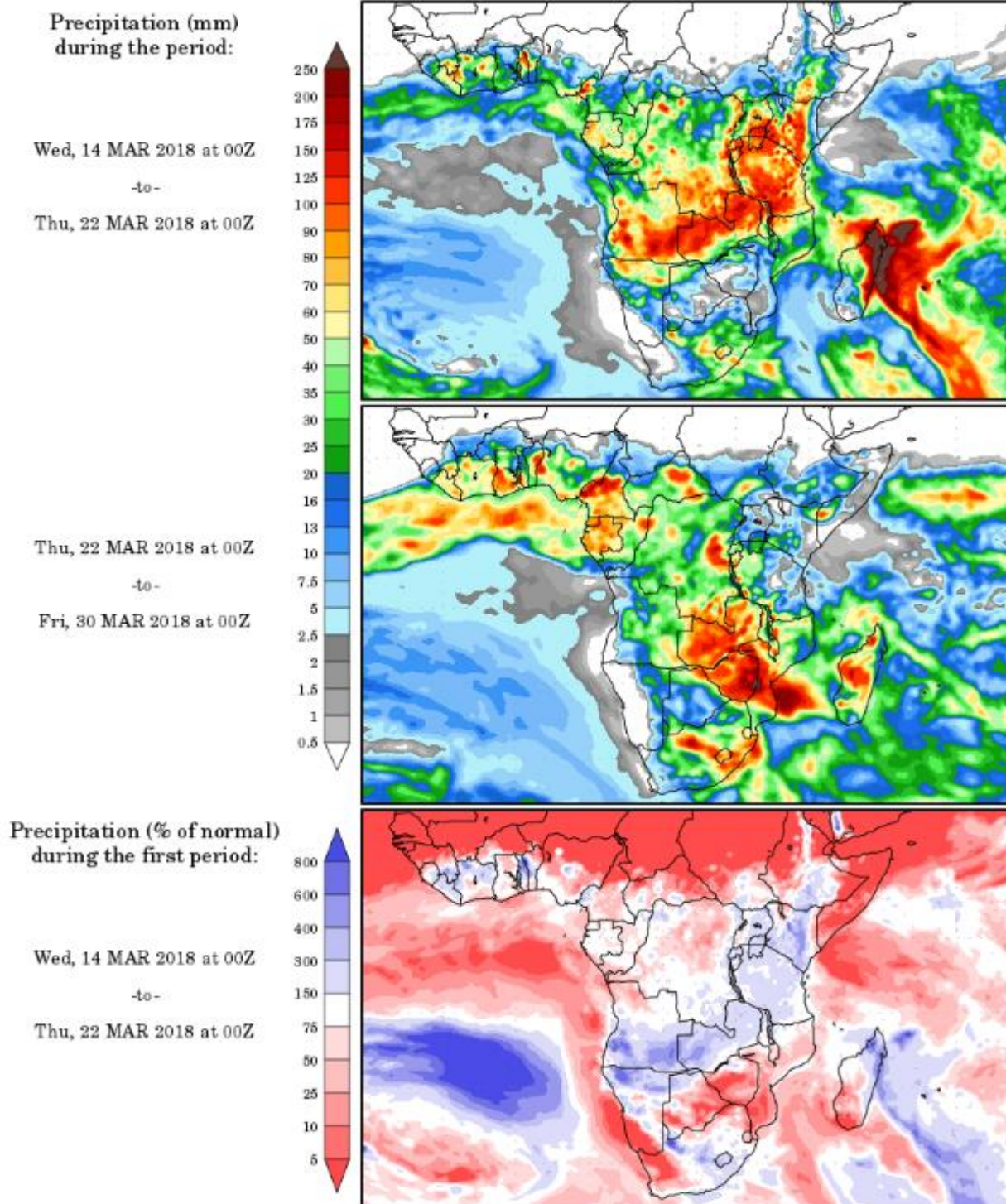


Figure 3: Precipitation forecast

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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