

FOR ANY QUERIES, PLEASE CONTACT:

 Wandile Sihlobo: wandile@agbiz.co.za
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	16/03/2018*	19/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,96	12,01	-0,42%
Rand/Euro	14,75	14,73	+0,14%
Euro/US Dollar	1,2328	1,2265	-0,51%
Gold Spot	1 320,34	1 314,24	-0,46%
Brent Crude Oil	65,38	65,93	+0,84%
Platinum Spot	957,04	950,10	-0,73%
Dow Jones Industrial Average	24 873,66	24 946,51	+0,29%
JSE All Share	58 400,92	58 101,02	-0,51%
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 week on a negative footing, weakening by 0.42 percent against the US Dollar from levels seen at midday Friday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies, following expectations that the US Fed could increase interest rates in its meeting this week. The slight decline in global commodity prices also added bearish pressure to the domestic market. At the time of writing, the Rand/US Dollar exchange traded around R12.01.
- This morning the Brent crude oil price was up by 0.84 percent from levels seen at midday Friday, trading around US\$65.93 per barrel. These gains came after the International Energy Agency raised its forecast for global oil demand this year to 99.3 million barrels per day from 97.8 million barrels per day in 2017.



MAIZE/CORN	16/03/2018*	19/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 930	1 937	+0,36%
White maize Jul 18 (R/t)	2 032	2 038	+0,30%
Yellow maize Spot (R/t)	2 006	1 999	-0,35%
Yellow maize Jul 18 (R/t)	2 094	2 095	+0,05%
CME corn Spot (US cents/bushel)	386	379	-1,81%

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

- The domestic maize market ended Friday's trade session on a mixed footing. All white maize contract month prices, and yellow maize July 2018 contract month price started the session on the positive footing and maintained the gains throughout the day with support stemming from commercial buying interest, as well as a weaker Rand against the US Dollar. Meanwhile, yellow maize spot price lost ground as prospects of favourable weather conditions overshadowed the aforementioned factors.
- The rainfall has been erratic in the past few days over the maize belt. As a result, the crop in the western sections of North West and Free State provinces is still moisture-stressed. The weekend didn't bring much improvement, the showers were light and scattered and did not lead to a notable improvement in soil moisture.
- The weather charts, however, show a possibility of over 35 millimetres of rainfall over the South African maize belt this week. If this materialises, the maize crop will possibly improve and be in a fair condition again, which increases a chance of good yields this season¹.
- On the global front – This morning the Chicago maize price was down by 1.81 percent from levels seen at midday Friday owing to large global supplies and the stronger US Dollar against major currencies.
- There is solid demand for maize in the world market. Last week, the US weekly export sales were reported at 2.5 million tons, well above market expectations. The leading buyers were Japan, Taiwan and South Korea. Also worth noting is that the USDA placed its 2017/18 global maize imports estimate at 148 million tonnes, up by 9% from the previous season. The EU, Egypt, Japan, Mexico and South Korea are expected to be amongst the world's leading importers of maize.

Bottom line – Today the domestic maize market could experience a sideways movement if the ZAR/USD exchange and Chicago maize price maintain the current trend.

¹ As highlighted in our notes earlier this month, the National Crop Estimates Committee forecasts South Africa's maize production at 12.2 million tonnes (down by 27 percent from last year), well above annual consumption of 10.5 million tonnes.



WHEAT	16/03/2018*	19/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 707	3 736	+0,78%
SAFEX Wheat May 18 (R/t)	3 740	3 780	+1,07%
CME Wheat spot (US cents/bushel)	477	461	-3,35%

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

- South Africa is a net importer of wheat, therefore global developments tend to influence the local market. Friday' trading session was no different, the market gained ground owing to a bullish sentiment from the Chicago wheat market. Moreover, the weaker domestic currency also added support to the market.
- The global wheat prices were underpinned by drier weather conditions in the winter wheat growing areas of the US southern Plains. That being said, the weather forecast has somewhat improved and currently showing a possibility of light showers in most sections of the southern Plains².
- This has not been a good season for US wheat producers due to drier weather conditions at the beginning of the season. Earlier this month, the USDA placed US 2017/18 all-wheat production at 47 million tonnes, which is a 25 percent decline from the previous season due to lower yields, as well as a reduction in area planted.
- These dynamics, however, have been overshadowed by a significant increase in wheat production in India and Russia. At the start of this month, the USDA estimated 2017/18 global wheat production at 759 million tonnes, up by a percentage point from the previous season.
- In the same season, the global ending stock is up by a percentage point from 2016/17 season, estimated at 269 million tonnes. This implies that the global wheat prices could trade sideways in the short to medium term as the market is well supplied.
- For net importing countries such as South Africa, these are good developments, particularly from a wheat user or processor's perspective. South Africa's 2017/18 wheat imports are estimated at 1.85 million tonnes. About two-thirds of this have already been imported. The leading supplies thus far are Russia, Lithuania, Argentina, Germany and Ukraine.
- On the global front - This morning the Chicago wheat price was down by 3.35 percent from levels seen at midday Friday owing to large global supplies of 759 million tonnes and a stronger US Dollar.

Bottom line – Today the domestic wheat market could also experience a sideways movement if the ZAR/USD exchange and the Chicago wheat price maintain the current trend.

² Please see the link for US weather forecast: <http://www.wxmaps.org/pix/prec1>



SOYBEAN	16/03/2018*	19/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 535	4 599	+1,41%
SAFEX Soybean May 18 (R/t)	4 618	4 659	+0,89%
CME Soybean Spot (US cents/bushel)	1 047	1 038	-0,86%

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

- After experiencing losses around mid-week, the domestic soybean market managed to claw back some of its recent losses during on Friday's trade session and closed in positive territory. This was mainly on the back of higher Chicago soybean prices, as well as a slightly weaker Rand against the US Dollar.
- In the field, the soybean crop is generally in good condition, despite the inconsistent rainfall pattern last week. There is still a fair amount of soil moisture in soybean growing areas following good rainfall over the past few months, particularly in Mpumalanga, KwaZulu Natal and eastern sections of the Free State province.
- The past weekend was cloudy with light and scattered showers in parts of the eastern Free State and Mpumalanga provinces. This didn't lead to a notable improvement in soil moisture, but this week promises some improvement. The current weather charts show a possibility of over 35 millimetres of rainfall in soybean growing areas of the country³.
- 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 0.86 percent from levels seen at midday yesterday owing to expectations of rainfall in parts of Argentina.
- The soybean utilisation remains solid in the US, thanks to demand from the animal feed industry. The most recent data from the National Oilseed Processors Association shows that 4.2 million tonnes were processed in February 2018, up by 8 percent from the corresponding period last year.
- Elsewhere, Rosario Grains Exchange revised its estimate for Argentina's 2017/18 soybean production down by 7 million tonnes from last month to 40 million tonnes due to expected lower yields (27 percent y/y decline).

Bottom line – Similarly to other commodities, today the domestic soybean price could experience a sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current movement

³ As highlighted in our previous reports, these weather developments support the National 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.



SUNFLOWER SEED	16/03/2018*	19/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 910	5 086	+3,58%
SAFEX Sunflower seed May 18 (R/t)	4 815	4 885	+1,45%
EU (France) sunflower seed (US\$/t)	404	406	+0,50%

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

- The South African sunflower seed market had a good run during Friday's trade session with support emanating from the slightly weaker Rand against the US Dollar, as well as increased commercial buying interest.
- The expected rainfall has not materialised yet in most areas of the country. As a result, the crop remains somewhat moisture-stressed in the western section of the Free State and North West provinces. With that said, there are no crop damages yet, a bit of moisture received in the past few weeks has sustained the crop.
- Fortunately, the weather forecast for this week shows a possibility of over 40 millimetres of rainfall over sunflower seed growing areas of South Africa. Moreover, 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 season.
- The National Crop Estimates Committee forecasts South Africa's 2017/18 sunflower seed production at 731 505 tonnes, down by 16 percent from the previous season owing to a decline in area planted. An update will be released on Wednesday next week, 28 March 2018.
- Although South Africa's sunflower seed production improved marginally in the last season, the country remained a net importer of sunflower oil (crude) in 2017⁴. The sunflower oil imports increased by 30 percent from 2016 to 144 783 tonnes, according to data from Trade Map.
- The leading suppliers were Bulgaria, Argentina, Romania and Spain with a share of 29 percent, 29 percent, 24 percent and 7 percent, respectively. The remaining 11 percent share originated from other countries which include Portugal and Netherlands.
- In the global market – On Friday, the EU's sunflower seed price was up by 0.50 percent from the previous day, closing at US\$406 per tonne, almost in line with the gains crude and vegetable oils market.

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

⁴ This refers to crude sunflower oil, with HS code 151211.



POTATO	16/03/2018*	19/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	32,40	32,10	-0,93%

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

- The potatoes market was under pressure at the end of last week with the price down by 0.93 percent from the previous day, closing at R32.10 per pocket (10kg). This was mainly on the back of a large stock of 970 516 pockets (10kg bag) at the start of the session.
- On Thursday's trading session, the market saw a further uptick in deliveries on the back of ongoing harvest activity. This led to a 21 percent increase in daily stocks to 1.18 million pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to a large stock of 1.18 million pockets (10kg bag).

FRUIT (South Africa)	16/03/2018*	19/03/2018*	d-o-d (%Δ)
Apples (R/kg)	6,91	7,39	+6,95%
Bananas (R/kg)	7,58	7,55	-0,40%
Oranges (R/kg)	4,54	4,41	-2,86%

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

- The fruit market was quite wobbly last week. On Friday, the price of apples was up by 6.9 percent from the previous day, settling at R7.39 per kilogram due to strong commercial buying interest. This could, however, be short-lived due to a large stock of 217 000 tonnes, up by 15.4 percent from levels seen the previous day.
- Meanwhile, the prices of bananas and oranges were down by down by 0.4 percent and 2.9 percent from the previous day, closing at R7.55 and R4.41 per kilogram, respectively. These losses followed a slight improvement in stock levels to 218 000 tonnes of bananas and 70 000 tonnes of oranges.

Bottom line – Similarly to other weeks, the changes in traded volumes and buying interest are likely to be amongst the key factors underpinning the South African fruit market this week.



BEEF CARCASS	16/03/2018*	19/03/2018*	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 this price might not be a true reflection of the physical market, which continues to show solid activity
- From a meat supply perspective, 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 week could bring rainfall of over 35 millimetres across the summer crop growing areas of the country, which should further improve soil moisture and benefit the crops. The Northern and Western Cape provinces will, however, remain dry and warm over the observed period (figure 1).
- The long-term weather forecasts show a possibility of light showers over Limpopo, Gauteng, Mpumalanga, KwaZulu Natal, northern Free State, as well as the coastal areas of the Eastern Cape provinces, with the other provinces remaining dry and warm (figure 2).

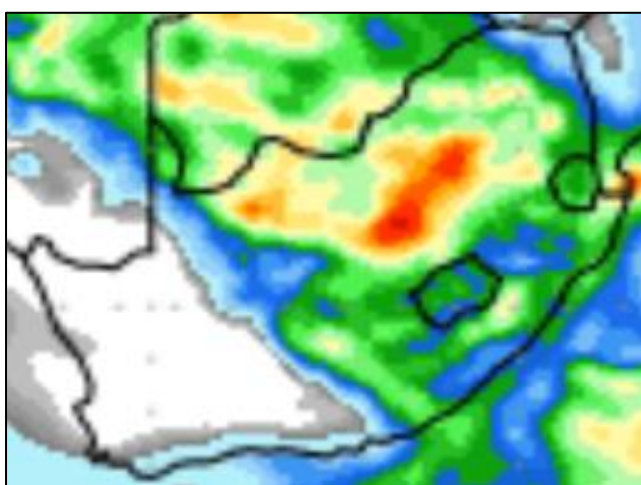


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

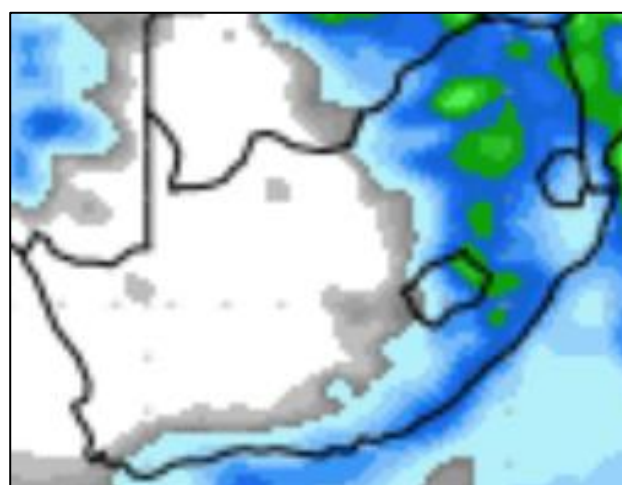


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

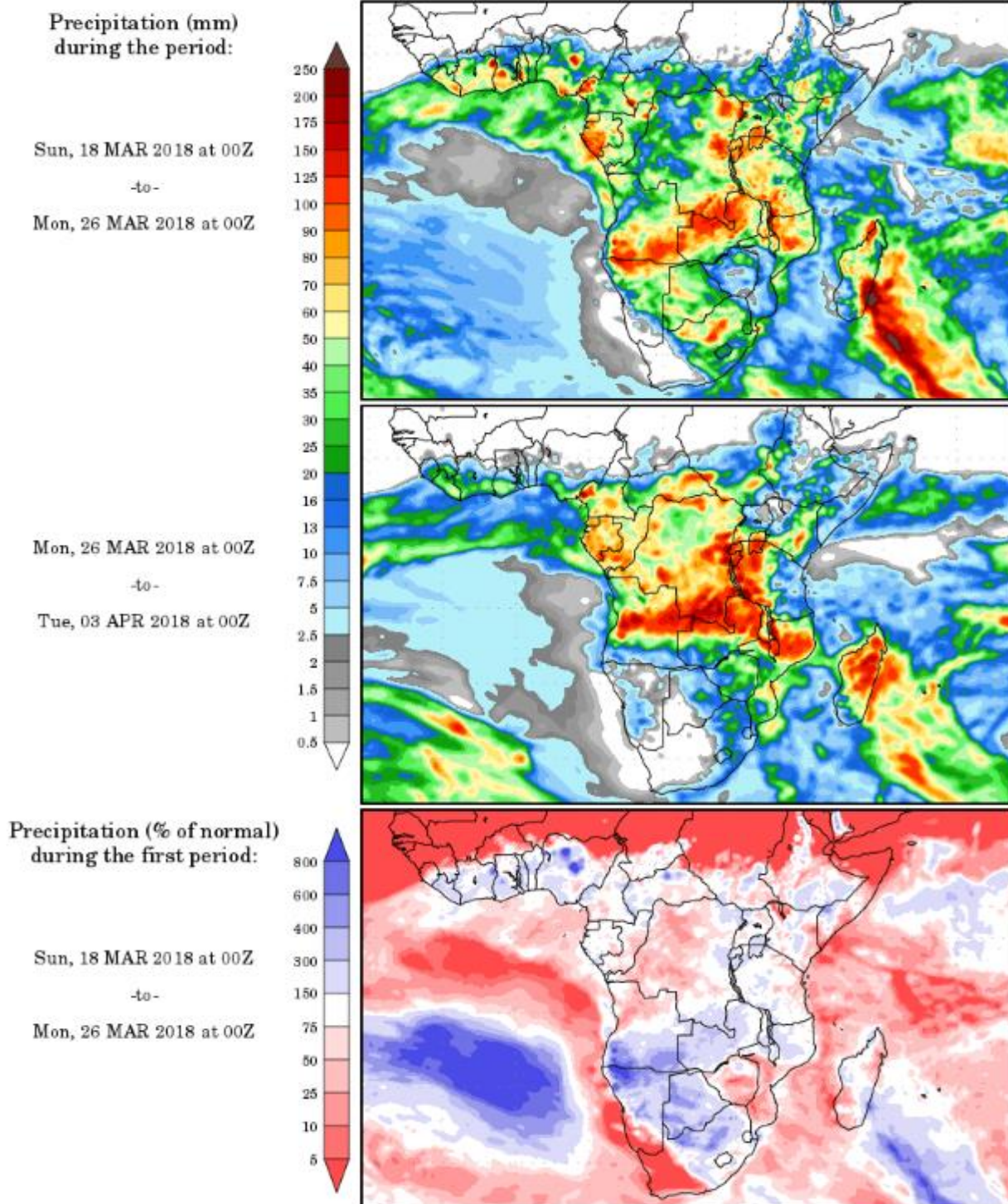


Figure 3: Precipitation forecast

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.

[@WandileSihlobo](#) [@AgriChamber](#)

Disclaimer: Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.