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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	19/03/2018*	20/03/2018*	d-o-d (%Δ)
Rand/US Dollar	12,04	12,02	+0,17%
Rand/Euro	14,79	14,83	-0,27%
Euro/US Dollar	1,2296	1,2340	+0,36%
Gold Spot	1 312,80	1 316,48	+0,28%
Brent Crude Oil	66,16	66,37	+0,32%
Platinum Spot	944,76	953,92	+0,97%
Dow Jones Industrial Average	24 946,51	24 610,91	-1,35%
JSE All Share	57 880,23	58 088,42	+0,36%
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 0.17 percent from levels seen at midday yesterday. These gains were partly on the back of higher global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R12.02. From a data front, Stats SA will release the CPI data for February 2018.
- This morning the Brent crude price was up by 0.32 percent from levels seen at midday yesterday, trading around US\$66.37 per barrel. The gains were due to concerns about geopolitical issues in the Middle East, particularly the rising tension between major oil producers, Saudi Arabia and Iran. Moreover, the decline in Venezuelan oil production also added support to the market.



MAIZE/CORN	19/03/2018*	20/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 937	1 936	-0,05%
White maize Jul 18 (R/t)	2 038	2 025	-0,64%
Yellow maize Spot (R/t)	1 999	2 006	+0,35%
Yellow maize Jul 18 (R/t)	2 095	2 090	-0,24%
CME corn Spot (US cents/bushel)	378	376	-0,53%

* 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 trade session. All white maize contract month prices, and yellow maize July 2018 contract month price were under pressure owing to favourable weather conditions, as well as lower Chicago maize prices. Meanwhile, yellow maize spot price gained ground due to commercial buying interest and the weaker Rand against the US Dollar.
- The weekend didn't bring much improvement in soil moisture, the rainfall was quite scattered in a few areas, but mostly in regions of Mpumalanga and eastern Free State provinces. With that said, the maize crop that is currently moisture-stressed following last week's dryness could soon receive relief as weather forecasts show a possibility of over 60 millimetres of rainfall within the next eight days.
- Moreover, the medium term weather forecasts show a possibility of above-normal rainfall between this month and May 2018. This should support the crop throughout the production season, particularly the late planted areas in the western sections of North West and Free State provinces¹.
- Worth noting, but of lesser significance to the global market, is the effect of pest and diseases which continue to affect crops in the region. The recent report from the Mozambican government suggests that more than 3 000 hectares of maize plantings have been affected by disease and pest infestations.
- In 2016/17 production season, Mozambique produced 2.0 million tonnes of maize up by 12 percent from the previous season. However, this was slightly below the annual maize consumption of 2.2 million tonnes, and this means that the country will resort to imports to boost supplies. At this point, it is unclear what the 2017/18 maize harvest will be, but reports of crop damage increase a chance of a decline in maize harvest. This could potentially increase Mozambique's reliance on maize supplies in countries such as South Africa and Zambia.

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

¹ 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	19/03/2018*	20/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 736	3 795	+1,58%
SAFEX Wheat May 18 (R/t)	3 780	3 834	+1,43%
CME Wheat spot (US cents/bushel)	460	456	-0,87%

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

- The South African wheat market had a good run in yesterday's trade session with support from the weaker Rand against the US Dollar, as well as commercial wheat buying interest. Moreover, the higher Chicago wheat prices also provided a bullish sentiment to the local wheat market.
- Yesterday there was no new news in the local wheat market. The weather is not a main focus at the moment as it is an off-season period, but in the next two months or so, the weather will again take the spotlight ahead of the winter wheat planting season.
- In provinces such as the Western Cape, soil moisture has not improved as there hasn't been any meaningful rainfall in months. The weather forecasts for the next two weeks show a possibility of light showers along the coastal areas of the province in the week of 04 April 2018. This will however not lead to any improvement in soil moisture. Above all, it is unclear what the weather conditions will look like in the upcoming season.
- Apart from the domestic development, Russia plans to increase its presence in the global wheat market. The country's Ministry of Agriculture forecasts 2017/18 grain exports at 52 million tonnes, which is a 44 percent uptick from the previous season. About 71 percent of the expected exports is wheat, which is unsurprising following a notable increase in production this season.
- There is an uptick in global wheat imports. The USDA forecasts 2017/18 global wheat imports at 182 million tonnes, which is 7 percent higher than the previous season. Southeast Asia, Middle East and North Africa and sub-Saharan African regions are set to be amongst the key importers.
- From a production perspective, India had a good run in 2017/18 season with wheat production estimated at 98 million tonnes, up by 14 percent from the previous season. The country's Agricultural Secretary forecasts the 2018/19 wheat production at 98 million tonnes, unchanged from the previous season. This means that India could remain a net exporter of wheat in the coming season.
- On the global front - This morning the Chicago wheat price was down by 0.87 percent from levels seen at midday yesterday owing to large global supplies and improvement in weather conditions in the US.

Bottom line – Today the domestic wheat market could also experience losses due to lower Chicago wheat prices, as well as a slightly stronger ZAR/USD exchange.



SOYBEAN	19/03/2018*	20/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 599	4 615	+0,35%
SAFEX Soybean May 18 (R/t)	4 659	4 682	+0,49%
CME Soybean Spot (US cents/bushel)	1 036	1 026	-0,97%

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

- Yesterday the soybean market had a good run and settled in positive territory with support emanating from a weaker domestic currency, as well as higher Chicago soybean prices.
- Some soybean growing areas of the country experienced light and scattered showers during the weekend. However, areas around Bethlehem, Frankfort, Kroonstad, Lindley, Ventersburg, Vrede, Warden, Balfour, Davel, Greyling Stad, Irene, Leandra, Lydenburg, Standerton and Vereeniging received rainfall of over 20 millimetres over the weekend. This bodes well for soybean crop as it is still at growing stages that require moisture.
- This week promises heavy rainfall across the soybean growing areas of the country. Although unusual at this time of the season, hail remains a concern for the eastern parts of the country when there are expectations of heavy rainfall. The past few weeks brought a bit of hail in some regions of Mpumalanga and KwaZulu Natal province, but the crop damage was limited.
- The soybean crop is generally in good condition and if there are no crop damages in the coming weeks, the country will stand a good chance of achieving the National Crop Estimates Committee's estimate of a new record harvest of 1.4 million tonnes this season, up by 5 percent from the 2016/17 production season.
- It is also worth noting that South Africa remains a net importer of soybean oil-cake (meal), but the volumes imported have declined from levels of close to a million tonnes in 2010. Last year, South Africa imported 553 003 tonnes of soybean oilcake, down by 15 percent from volumes imported in 2016. This decline was partly linked to improvement in soybean production in the 2016/17 production season, where the soybean harvest reached a record level of 1.3 million tonnes.
- Argentina was a leading supplier with a share of 88 percent of total imports. Zambia, Malawi and the Netherlands were also amongst the key suppliers of oilcake to South Africa, according to data from Trade Map.
- In global markets – This morning the Chicago soybean price was down by 0.97 percent from levels seen at midday yesterday owing to the slightly stronger US Dollar against major currencies.

Bottom line – Similarly to other commodities, today the domestic soybean price could be under pressure due to lower Chicago soybean prices and the stronger domestic currency.



SUNFLOWER SEED	19/03/2018*	20/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	5 086	5 250	+3,22%
SAFEX Sunflower seed May 18 (R/t)	4 885	4 905	+0,41%
EU (France) sunflower seed (US\$/t)	406	404	-0,49%

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

- The sunflower seed market started yesterday's trade session in positive territory and maintained the gains throughout the session with support coming from the weaker Rand against the US Dollar, as well as the commercial buying interest.
- The expected rainfall this past weekend did not materialise in most sunflower seed growing areas. It is only a few areas around Bothaville, Bultfontein, Losdoorns, Orkney, Viljoenskroon, Wesselsbron, Delareyville, Schweizer-Reineke that received showers of between 15 and 45 millimetres.
- The next eight days could provide brief relief as weather charts show a likelihood of over 60 millimetres of rainfall over the sunflower seed growing areas. With the late planted sunflower seed crop still at early stages of development western sections of the Free State and North West provinces, the expected rainfall coupled with the anticipation of a prolonged rainfall pattern this season should provide sufficient moisture for crop development throughout the season².
- As indicated in our previous notes, 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.
- In the global market – Yesterday the EU's sunflower seed price pulled back from levels seen the previous day due to South America's harvest pressure. The price was down by 0.49 percent from the previous day, closing at US\$404 per tonne.
- The most recent data from SUNSEEDMAN shows that on 19 March 2018, about 55 percent of the Argentinian sunflower seed crop had 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.

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

² The medium-term weather forecast promises a possibility of above normal rainfall in summer crop growing areas of South Africa between this month and May 2018. For more information on this, read the South African Weather Service Seasonal Climate Watch, issued on 06 March 2018.



POTATO	19/03/2018*	20/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,18	28,16	-6,69%

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

- After experiencing a good run in the past few days, the potatoes market pulled back in yesterday's trade session owing to a large stock of 1.2 million pockets (10kg bag) at the start of the session. The price was down by 7 percent from the previous day, closing at R28.16 per pocket (10kg).
- However, towards the end of the session, the market experienced strong commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity during the weekend. This subsequently led to a 33 percent decline in daily stocks to 808 418 pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to an expected uptick in deliveries on the back of ongoing harvest activity, as well as relatively large stock of 808 418 pockets (10kg bag).

FRUIT (South Africa)	19/03/2018*	20/03/2018*	d-o-d (%Δ)
Apples (R/kg)	8,12	7,24	-10,84%
Bananas (R/kg)	7,16	6,09	-14,94%
Oranges (R/kg)	5,54	3,97	-28,34%

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

- The fruit market was under pressure in yesterday's trade session owing to commercial selling, as well as large stocks. The prices of apples and bananas were down by 11 percent and 15 percent from the previous day, closing at R7.24 and R6.09 per kilogram, respectively. This was mainly on the back of large stocks of 179 000 tonnes of apples and 326 000 tonnes of bananas.
- The price of oranges declined by 28 percent from the previous day and settled at R3.97 per kilogram due to commercial selling. With that said, we believe that these losses could be short-lived because of fairly lower stock of 53 000 tonnes, compared to levels of over 70 000 tonnes in the past few days.

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	19/03/2018*	20/03/2018*	d-o-d (%Δ)
SAFEX Beef Mar 18 (R/kg)	39,50	39,50	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 unchanged from the previous day, settled at R39.50 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 point of view, 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 currently show a possibility of higher rainfall across the summer crop growing areas of the country within the next eight days. This 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 have slightly improved from what was observed yesterday and currently shows a likelihood of light showers across the summer crop growing provinces, with the western sections of the Western Cape and Northern Cape provinces remaining dry and warm (figure 2).

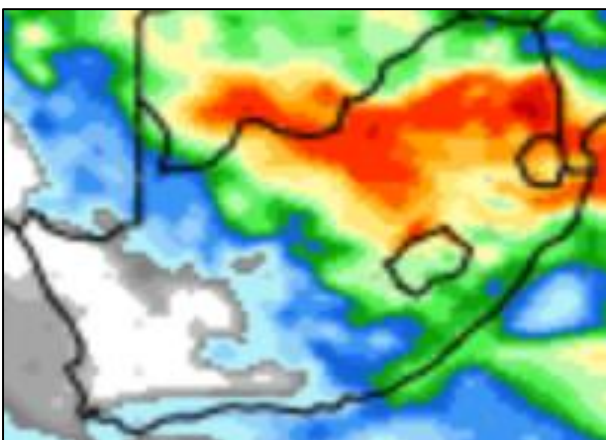


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

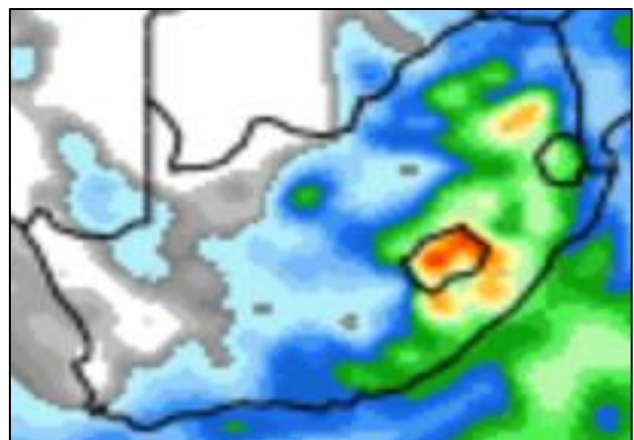


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

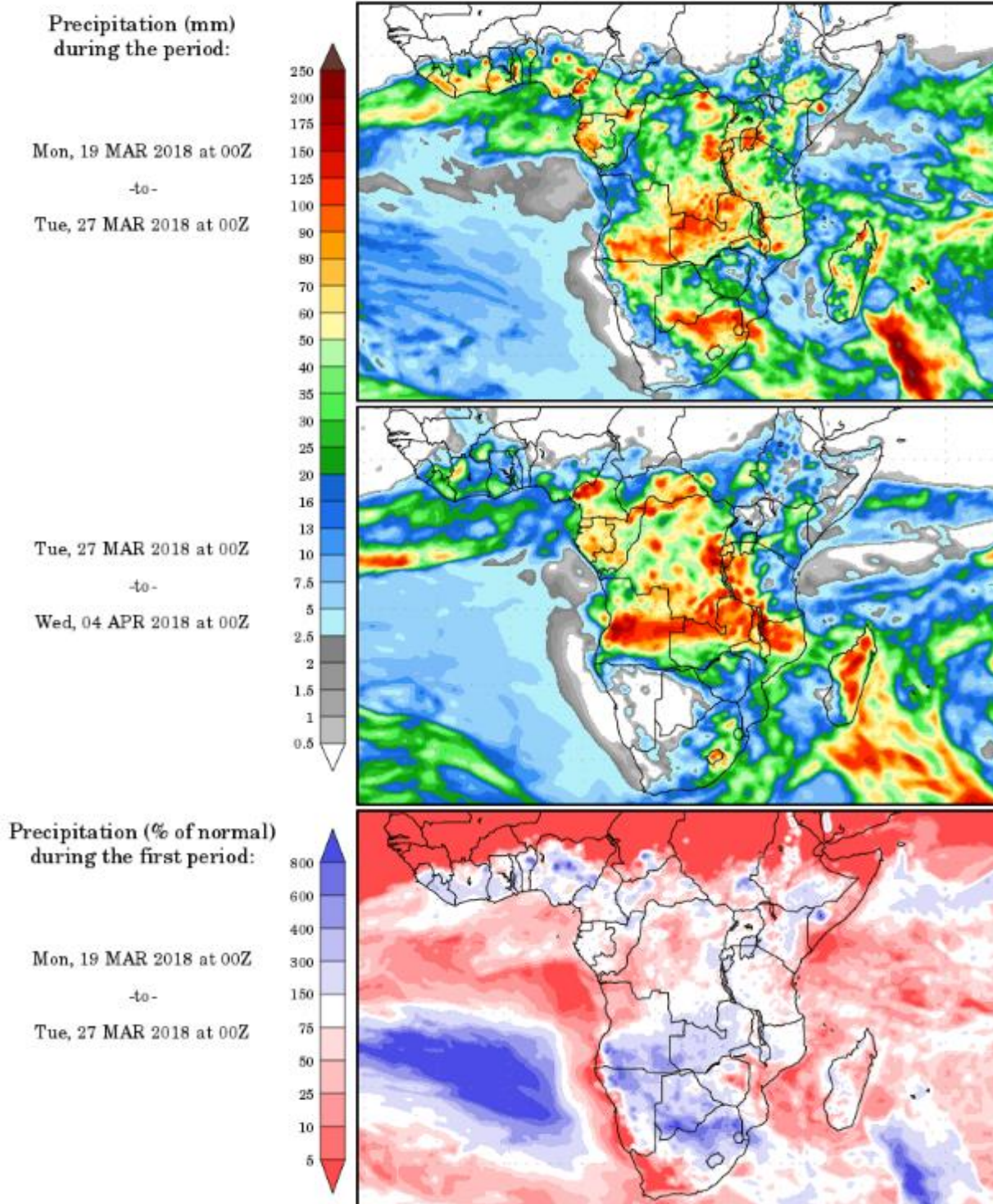


Figure 3: Precipitation forecast

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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