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Key Data Releases in Agricultural Markets:

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

ECONOMIC INDICATORS	26/03/2018*	27/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,67	11,65	+0,17%
Rand/Euro	14,48	14,52	-0,28%
Euro/US Dollar	1,2407	1,2451	+0,35%
Gold Spot	1 348,30	1 354,08	+0,43%
Brent Crude Oil	70,33	69,43	-1,28%
Platinum Spot	952,60	958,96	+0,67%
Dow Jones Industrial Average	23 533,20	24 202,60	+2,84%
JSE All Share	56 111,69	56 176,43	+0,12%
SA repo rate	6.75	6.75	0,00%
SA CPI (y/y %)	4,00	4,00	0,00%
SA CPI – food (y/y %)	4,00	4,00	0,00%

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

- This morning the Rand strengthened by 0.17 percent against the US Dollar from levels seen at midday yesterday, still benefiting from positive sentiment after Moody's left South Africa's sovereign foreign and local currency ratings at investment grade (Baa3) and further upgraded the outlook from negative to stable. Moreover, the higher global commodity prices also added support to the market. At the time of writing, the Rand/US Dollar exchange traded around R11.65.

- After experiencing a good run at the beginning of this week, the Brent crude oil market pulled back this morning due to profit taking. The price down by 1.28 percent from levels seen at midday yesterday, trading around US$69.43 per barrel. That said, the concerns about Saudi and Iran tension remain a key risk in the market.

MAIZE/CORN	26/03/2018*	27/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 891	1 867	-1,27%
White maize Jul 18 (R/t)	1 957	1 936	-1,07%
Yellow maize Spot (R/t)	1 961	1 949	-0,61%
Yellow maize Jul 18 (R/t)	2 019	2 008	-0,54%
CME corn Spot (US cents/bushel)	379	375	-1,06%

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

- The South African maize market saw widespread losses in yesterday's trade session. This was due to a combination of factors which include lower Chicago maize prices, the stronger Rand against the US Dollar, and favourable weather conditions, amongst others.

- The recent rainfall caused some level of optimism in the maize growing regions of South Africa. Soil moisture has generally improved across the maize-belt, which should support the crop in the coming months, particularly the late planted areas in the western sections of the Free State and North West provinces as maize is at stages of development that require high moisture.

- This week promises dry and cool weather conditions over most parts of the maize-belt, which should offer a breather as light rainfall is expected to return in the week of 11 April 2018. In addition, the next two months are expected to bring above normal rainfall, which bodes well for late planted areas.

- Some global players are also fairly optimistic about South Africa's 2017/18 maize production. Most notably, the International Grains Council recently revised South Africa's 2017/18 maize production upwards by 900 000 tonnes from last month to 12.7 million tonnes.

- While 28 percent lower than the 2016/17 production season's harvest, this is well above South Africa's annual consumption of 10.5 million tonnes. Overall, this expected harvest coupled with expected large carryover stock underpin the view that South Africa could remain a next exporter of maize in the 2018/19 marketing year which starts on 01 May 2018, with exports estimated at 2.2 million tonnes.

- Today SAGIS will release South Africa's maize stock data for February 2018. The ending stock was recorded at 6.4 million tonnes in January 2018, which is treble the volume recorded at the period last year. From a demand perspective, the monthly maize consumption data point is also a key number to watch today. In January 2018, maize consumption was solid at 850 601 tonnes, up by 10 percent from the same period last year.

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

WHEAT	26/03/2018*	27/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 780	3 770	-0,26%
SAFEX Wheat May 18 (R/t)	3 799	3 793	-0,16%
CME Wheat spot (US cents/bushel)	460	452	-1,74%

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

- The domestic wheat market lost ground in yesterday's trade session due to the stronger domestic currency, as well as lower Chicago wheat prices.

- The Chicago wheat prices were mainly pressured by expectations of a large global harvest. The International Grains Council recently revised its 2017/18 global wheat production up by a million tonnes to 758 million tonnes, which is essentially a percentage point increase from the previous season. This is almost in line with the United States Department of Agriculture's production estimate for the same season.

- This uptick is mainly underpinned by large production in the European Union, Russia, Argentina, Ukraine, China and India. The increase in production in these countries compensated for the decline in production in the US, Canada, Australia and Kazakhstan.

- Moreover, the 2017/18 global wheat ending stock is estimated at 256 million tonnes, up by 7 percent from the previous season. Overall, this implies that the global wheat prices could trade sideways in the short to medium term as the market remains well supplied.

- As highlighted in our note on 19 March 2018, an uptick in global wheat production is a positive development for net importing countries such as South Africa, 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 has already been imported. The leading supplies thus far are Russia, Lithuania, Argentina, Germany and Ukraine.

- South Africa's wheat market is currently off-season, but the weather will soon be a primary focus as the planting period for winter wheat approaches. There hasn't been any meaningful rainfall thus far over major winter wheat growing areas of the country, particularly the Western Cape province.

- There are however prospects of light rainfall over most parts of the province within the next two weeks. This is a welcome development but will not make a notable improvement in soil moisture as it's expected to vary between 10 and 25 millimetres. We will monitor the weather developments over the coming months in order to ascertain the impact of rainfall trends on the upcoming planting season.

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

SOYBEAN	26/03/2018*	27/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 471	4 462	-0,20%
SAFEX Soybean May 18 (R/t)	4 497	4 510	+0,29%
CME Soybean Spot (US cents/bushel)	1 034	1 026	-0,77%

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

- The domestic soybean market ended yesterday's trade session on a mixed footing. The spot price was under pressure owing to the stronger Rand against the US Dollar, as well as lower Chicago soybean prices. Meanwhile, the March 2018 contract month price gained ground on the back of commercial buying interest.

- At the beginning of last week, there were fears in the market that heavy rainfall could potentially cause damage in some soybean growing areas. Fortunately, the initial assessments mainly suggest improvements in soil moisture, with no crop damages. We will, however, engage more farmers during the course of the week in order to get a full picture, particularly in Mpumalanga province.

- Encouragingly, the weather could provide some breathing room this week, with forecasts for major soybean growing provinces, Mpumalanga and eastern Free State, showing a possibility of drier and cool weather condition. There will potentially be light showers in the far eastern parts of both provinces.

- Overall, these developments[1] support the National Crop Estimates Committee's view of a new record harvest of 1.4 million tonnes. An update of this estimate will be released tomorrow. We don't foresee major changes in this estimate as weather conditions have been fairly favourable since the last assessment.

- The expected improvement in production could also lead to a decline in South Africa's soybean oilcake imports. We estimate that 2018 soybean oilcake imports could decline by 17 percent from last year to 458 992 tonnes. This is a notable improvement from imports of close to a million tonnes in 2010, thanks to a continuous increase in domestic production.

- Outside our borders, the International Grains Council revised its 2017/18 global soybean production estimate downwards by 2 percent from last month to 341 million tonnes. This is partially linked to expected lower harvest in Argentina, Paraguay and Uruguay, which in turn is driven by unfavourable weather conditions.

Bottom line – Today the domestic soybean market could also experience losses due to the stronger domestic currency and lower Chicago soybean prices.

[1] It is also worth highlighting that the South African Weather Service forecasts favourable weather conditions across the summer rainfall areas of the country, with rainfall between this month and May 2018.

SUNFLOWER SEED	26/03/2018*	27/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 759	4 759	0,00%
SAFEX Sunflower seed May 18 (R/t)	4 648	4 629	-0,41%
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 quiet start of the week owing to thinly traded volumes. The spot price was unchanged from the previous day, whereas the new season contract month price closed in negative territory.

- In the fields, there is renewed optimism following last weeks' rainfall over the sunflower seed growing areas. The late planted areas in the western section of the Free State and North West provinces stand to benefit most as the crop is at an early stage of development that requires moisture.

- This week, however, could offer a breather, as weather forecasts show a possibility of dry and cool weather conditions across sunflower seed growing areas. The rainfall could return in the week of 11 April 2018. The weeks thereafter could also experience wet conditions as the South African Weather Service forecasts above normal rainfall between this month and May 218 in summer rainfall areas. These weather developments bode well for 2017/18 sunflower seed production[2].

- From a data front, SAGIS will release its monthly data for February 2018. Last month's data showed that South Africa's sunflower seed consumption (crushed oil and cake) was at 79 218 tonnes in January 2018, up by 28 percent from the corresponding period last year.

- At the same time, the ending stock was recorded at 233 329 tonnes in January 2018, up by 17 percent from the same period the previous year owing to higher domestic production. Today's data is likely to show fairly large stock for February 2018, with a boost still emanating from the large harvest in 2016/17 production season.

- In the global market – Yesterday the EU's sunflower seed market gained ground with the price up by 0.50 percent from the previous day, closing at US$406 per tonne. These gains were partly on the back of spillover support from the crude and vegetable oil market.

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

[2] The National Crop Estimates Committee estimated South Africa's sunflower seed production at 731 505 tonnes, down by 16% from the 2016/17 production season due to a decline in area planted. The Committee will release an update on 28 March 2018.

POTATO	26/03/2018*	27/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	39,32	37,15	-5,52%

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

- The potatoes market lost ground in yesterday's trade session owing to a fairly large stock of 830 365 pockets (10kg bag) at the start of the session. The price was down by 6 percent from the previous day, closing at R37.15 per pocket (10kg).

- 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 after the weekend. This subsequently led to a 29 percent decline in daily stocks to 587 136 pockets (10kg bag). This will potentially support the market today.

Bottom line – Today the potatoes price could experience a rebound from the current levels due to a lower stock of 587 136 pockets (10kg bag).

FRUIT (South Africa)	26/03/2018*	27/03/2018*	d-o-d (%Δ)
Apples (R/kg)	7,67	7,79	+1,56%
Bananas (R/kg)	6,74	7,47	+10,83%
Oranges (R/kg)	4,93	4,75	-3,65%

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

- Yesterday the fruit market settled on a mixed footing. The prices of apples and bananas were up by 2 percent and 11 percentage point from the previous day, closing at R7.79 and R7.47 per kilogram, respectively. These gains were mainly underpinned by lower stocks of 154 000 tonnes of apples and 173 000 tonnes of bananas.

- Meanwhile, the price of oranges was down by 4 percent from the previous day, settled at R4.75 per kilogram. This was due to a slight uptick in stocks to 73 000 tonnes, well above the levels of about 50 000 tonnes seen 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	26/03/2018*	27/03/2018*	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*

- The SAFEX beef carcass market started the week on a quiet footing with the price unchanged from the previous day, closing at R39.50 per kilogram due to thinly traded volumes. It is worth noting that the SAFEX beef carcass price might not be a true reflection of the physical market, which continues to show solid activity.

- From a supply perspective, South African farmers slaughtered 188 737 head of cattle in January 2018, down by 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. The Red Meat Levy will release an update of February 2018 slaughtering activity this week.

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

- After heavy showers last week, the weather has cleared up a bit in the northern parts of South Africa. The only provinces that promise light showers this week are KwaZulu Natal, Eastern Cape, as well as central sections of the Western and Northern Cape provinces (figure 1).

- The long-term weather forecasts show a possibility of light rainfall across the country, with the western parts of the Western Cape provinces remaining dry and cool (figure 2).

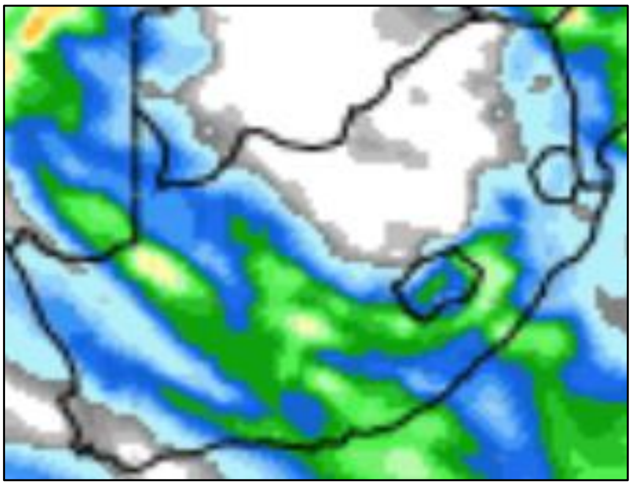

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

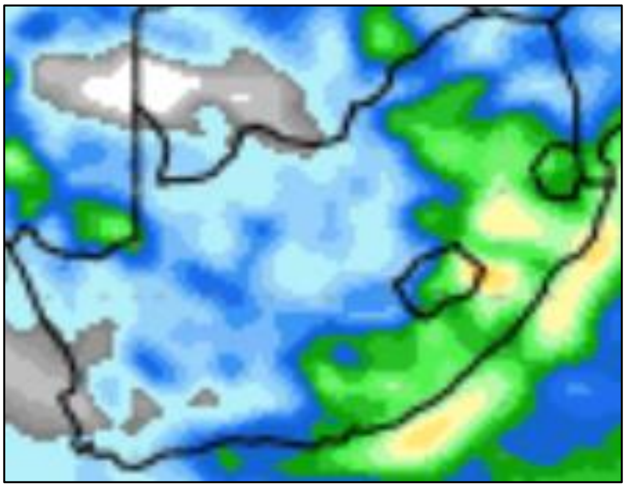

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

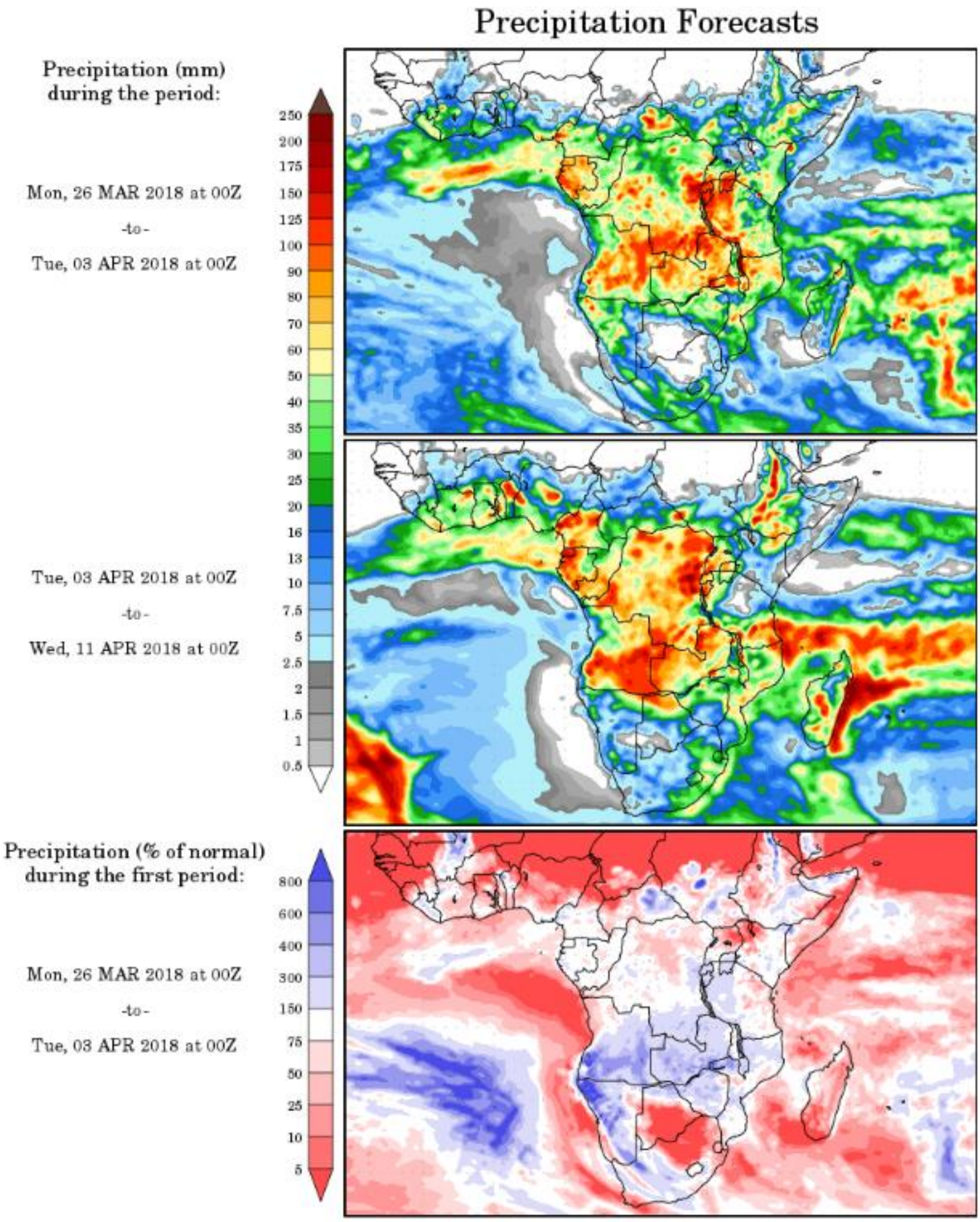

Figure 3: Precipitation forecast

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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