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Key Data Releases in Agricultural Markets:

- USDA's prospective plantings data: 29/03/2018
- SAGIS weekly grain trade data: 04/04/2018
- SAGIS producer deliveries data: 05/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

ECONOMIC INDICATORS	28/03/2018*	29/03/2018*	d-o-d (%Δ)
Rand/US Dollar	11,71	11,76	-0,43%
Rand/Euro	14,52	14,50	+0,14%
Euro/US Dollar	1,2391	1,2329	-0,50%
Gold Spot	1 340,64	1 327,70	-0,97%
Brent Crude Oil	69,51	69,59	+0,12%
Platinum Spot	939,68	940,31	+0,07%
Dow Jones Industrial Average	23 857,71	23 848,42	-0,04%
JSE All Share	54 880,22	54 763,97	-0,21%
SA repo rate	6.50	6.50	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 local currency weakened by 0.43 percent against the US Dollar from levels seen at midday yesterday. The Rand's depreciation was partly in line with a slight decline in global commodity prices. Yesterday the SARB reduced the repurchase rate by 25 basis points to 6.50 percent, in line with market expectations. At the time of writing, the Rand/US Dollar exchange traded around R11.76. From a data front, Stats SA will release the producer price index (PPI) data for February 2018.
- The Brent crude oil market managed to claw back some of its recent losses following a 3.5 million barrels decline in US gasoline inventories in the week of 23 March 2018. This morning the crude oil price was up by 0.12 percent from midday yesterday, trading around US\$69.59 per barrel.



MAIZE/CORN	28/03/2018*	29/03/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 890	1 866	-1,27%
White maize Jul 18 (R/t)	1 957	1 932	-1,28%
Yellow maize Spot (R/t)	1 963	1 949	-0,71%
Yellow maize Jul 18 (R/t)	2 024	2 005	-0,94%
CME corn Spot (US cents/bushel)	373	374	+0,27%

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

- Yesterday the South African maize market lost ground owing to the stronger domestic currency, as well as favourable weather conditions for the new season crop. Moreover, the lower Chicago maize prices also added a bearish sentiment to the market.
- As set out yesterday's note, South Africa's 2017/18 total maize production estimate was revised upwards by 2% from last month to 12.42 million tonnes. Of this, 6.36 million tonnes is white maize, with yellow maize at 6.06 million tonnes. While lower than last season's record harvest of 16.82 million tonnes, this is well above market expectations of a fairly small harvest. Importantly, this is higher than South Africa's annual maize consumption of roughly 10.50 million tonnes.
- Also worth noting is that 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.
- After heavy rainfall in the past few days, this week started on a dry and cool note, with clear skies over most sections of the maize belt. However, more rainfall could soon return but is expected to be in the form of fairly light and scattered showers. The weather updates show a possibility of between 16 and 50 millimetres of rainfall over the maize growing areas of the country within the next two weeks. This should, nonetheless, benefit the crop, especially the late planted areas in the western parts of the North West and Free State provinces.
- 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 8 388 tonnes in the week ending 23 March 2018, well below the previous week's deliveries of 17 827 tonnes. About 51 percent of this was white maize, with 49 percent being yellow maize. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 47" stand at 15.42 million tonnes. Of this total, 59 percent is white maize with 41 percent being yellow maize.

Bottom line – Today the domestic maize market could gain ground due to a lightly weaker ZAR/USD exchange and higher Chicago maize prices.



WHEAT	28/03/2018*	29/03/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 774	3 755	-0,50%
SAFEX Wheat May 18 (R/t)	3 804	3 790	-0,37%
CME Wheat spot (US cents/bushel)	445	446	+0,22%

*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 owing to a combination of factors. The most notable ones were the stronger Rand against the US Dollar, as well as lower Chicago wheat prices.
- The Chicago wheat prices were pressured by a large global harvest of 758 million tonnes in 2017/18 season, according to the International Grains Council. While the global market is well supplied this season, the 2018/19 season supplies could decline slightly.
- In its preliminary forecasts, the International Grains Council placed 2018/19 global wheat production at 741 million tonnes, down by 2 percent from the previous season. The notable decline is expected to be driven by a fall in output in countries such as Russia, Argentina, Kazakhstan, India and the EU region. This is both on the back of expected poor yields in some regions, as well as expectations of a decline in area planting after the 2017/18 higher yields. Meanwhile, the US and Australia are expected to show a slight recovery from 2017/18 lower harvest.
- The global wheat stocks for the 2018/19 season are estimated at 253 million tonnes, down by a percentage point from the 2017/18 season. The key message from this is that global wheat prices could trade sideways in the medium term and possibly receive marginal gains in the medium to long-term. With that said, the weather will be a key factor to monitor across leading wheat producing countries in the coming months.
- Back on home soil, the 2018/19 winter wheat season promises to be much better than the previous one, at least from the weather front. As highlighted in our previous note, the South African Weather Service indicated that between April and June 2018, parts of the south-western cape regions could receive above-normal rainfall¹.
- In addition, the near-term prospects remain constructive, showing a possibility of between 16 and 30 millimetres of rainfall between this week and the week of 13 April 2018. These are welcome developments ahead of the planting period which commences in the next two months or so, depending on soil moisture. The farmer's intentions to plant data for winter wheat will be released on 25 April 2018.

Bottom line – Today the domestic wheat market could receive marginal gains, supported by the weaker ZAR/USD exchange and higher Chicago wheat prices.

¹ For more details, please read the Seasonal Climate Watch. Date issued: March 23, 2018



SOYBEAN	28/03/2018*	29/03/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 431	4 431	0,00%
SAFEX Soybean May 18 (R/t)	4 480	4 480	0,00%
CME Soybean Spot (US cents/bushel)	1 018	1 017	-0,10%

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

- With a long weekend approaching and some people already on leave, the market has been fairly quiet in the past few days. In fact, yesterday the prices remained flat from the previous day due to thinly traded volumes.
- South Africa's soybean production seems to be growing year by year owing to an increase in area planted and higher yields. Yesterday the National Crop Estimates Committee lifted its 2017/18 soybean production estimate by 2 percent from last month to a new record level of 1.39 million tonnes. Moreover, this is 6 percent higher than the previous season.
- This is unsurprising as soybean growing areas received good rainfall since the start of the season. The key contributing provinces are Free State, Mpumalanga and KwaZulu Natal making up a combined share of 87 percent. The other notable producing province is Gauteng and Limpopo with a combined share of 8 percent.
- As set out in yesterday's note, the recent heavy rainfall over the eastern parts of South Africa did not cause crop damage. Instead, there was an improvement in soil moisture which is conducive for the late-planted crop.
- Above all, the expected large productions mean that South Africa's soybean market will be well supplied in the 2018/19 marketing year. The seasonal imports could decline to levels around 20 000 tonnes, which will be a remarkable improvement following imports of 271 098 tonnes in the 2016/17 marketing year.
- Moreover, 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, one country that has seen a notable increase in soybean production, at a far bigger scale than South Africa, is Brazil. *Agroconsult* recently revised Brazil's 2017/18 soybean production estimate upwards by 1.4 million tonnes to 119 million tonnes due to higher yields in most parts of the country. This is 4 percent higher than the previous season's harvest.

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



SUNFLOWER SEED	28/03/2018*	29/03/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 660	4 653	-0,15%
SAFEX Sunflower seed May 18 (R/t)	4 627	4 624	-0,06%
EU (France) sunflower seed (US\$/t)	408	407	-0,25%

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

- The South African sunflower seed market experienced extended losses in yesterday's trade session owing to the stronger Rand against the US Dollar, as well as favourable weather conditions.
- Yesterday the National Crop Estimates Committee revised its 2017/18 sunflower seed production estimate upwards by 2 percent from last month to 749 205 tonnes. This was mainly on the back an increase in area planted in the North West and Free State provinces, as well as expected high yields on the back of favourable weather conditions.
- In the main, this shows that the recent rainfall over the sunflower seed growing areas has brought some level of optimism in the market and improved crop growing conditions. As indicated in yesterday's note, the weather will remain a primary focus in the market as the crop is still in its growing stages that require moisture.
- Fortunately, the near-term weather outlook which covers the next two weeks presents a possibility of rainfall over the sunflower seed growing areas. This should further improve soil moisture and crop conditions.
- Looking ahead, the South African Weather Service indicated a possibility of above-normal rainfall over the summer crop growing areas within the next two months. This should support the crop in general, and the late-planted crop in particular, in areas such as the western parts of the North West and Free State provinces.
- Overall, the expected harvest suggests that South Africa's sunflower seed market could be well supplied in the 2018/19 marketing year, with possible small volumes of possible imports. The Supply and Demand Estimates Committee forecasts South Africa's 2018/19 sunflower seed imports at 500 tonnes, down by 10 percent from the previous season.
- In the global market – After experiencing a good run in the past few days, the EU's sunflower seed market pulled back in yesterday's trade session in line with the crude and vegetable oil prices. The price was down by 0.25 percent from the previous day and settled at US\$407 per tonne.

Bottom line – Today, the domestic sunflower seed market could receive slight gains, supported by the relatively weaker ZAR/USD exchange.



POTATO	28/03/2018*	29/03/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	43,52	46,30	+6,39%

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

- The potatoes market had a good run in yesterday's trade session, with the price up by 6 percent from the previous day, closing at R46.30 per pocket (10kg). This was due to lower stocks of 615 492 pockets (10kg bag) at the start of the session.
- However, towards the end of the trading session, the market saw an uptick in deliveries as harvest activity picked up after a quiet period in the weekend. This led to a 12 percent increase in daily stocks to 686 792 pockets (10kg bag).

Bottom line – Today the potatoes price could receive additional support due to a relatively lower stock of 686 792 pockets (10kg bag), compared to levels seen in the past few days.

FRUIT (South Africa)	28/03/2018*	29/03/2018*	d-o-d (%Δ)
Apples (R/kg)	6,44	7,88	+22,36%
Bananas (R/kg)	6,84	7,52	+9,94%
Oranges (R/kg)	3,51	2,81	-19,94%

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

- The fruit market has been quite volatile this week due to lower stocks and strong commercial buying interest. Yesterday the prices for apples and bananas were up by 22 percent and 10 percent from the previous day, closing at R7.88 and R7.52 per kilogram, respectively.
- Meanwhile, the price of oranges declined further by 20 percent from the previous day and settled at the lowest level of R2.81 per kilogram. These losses were mainly on the back of large stocks of 183 000 tonnes, which is triple the levels seen in the past few days, underpinned by higher producer deliveries.

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	28/03/2018*	29/03/2018*	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 flat from the previous day and settled at R39.50 per kilogram. As highlighted in our previous notes, the SAFEX beef carcass price might not be a true reflection of the physical market, which continues to show solid activity.
- From a supply point of view, 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.

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 widespread light showers across most parts of the country within the next eight days. This should further improve soil moisture and benefit the crops. Limpopo province will, however, remain dry and warm over the observed period (figure 1).
- The long-term weather forecasts show a possibility of rainfall of between 16 and 80 millimetres across the country, with the far northern parts of Limpopo remaining dry and cool (figure 2).

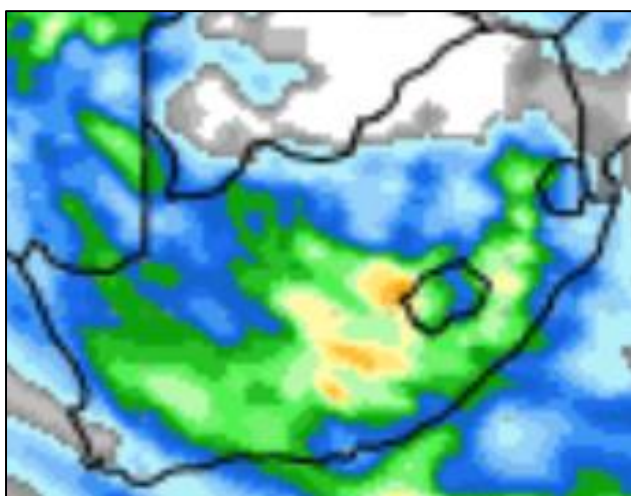


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

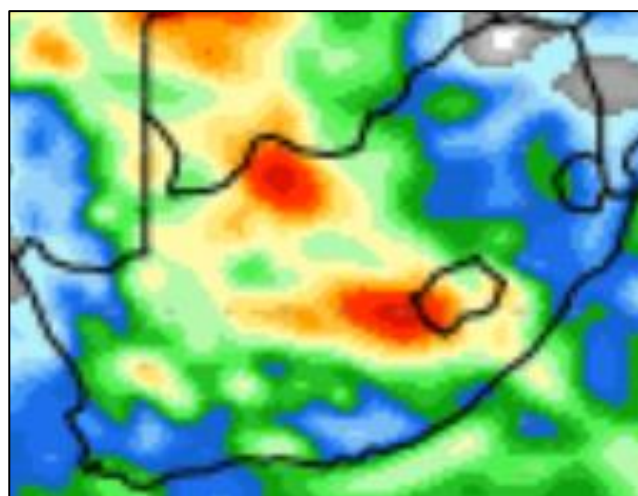


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

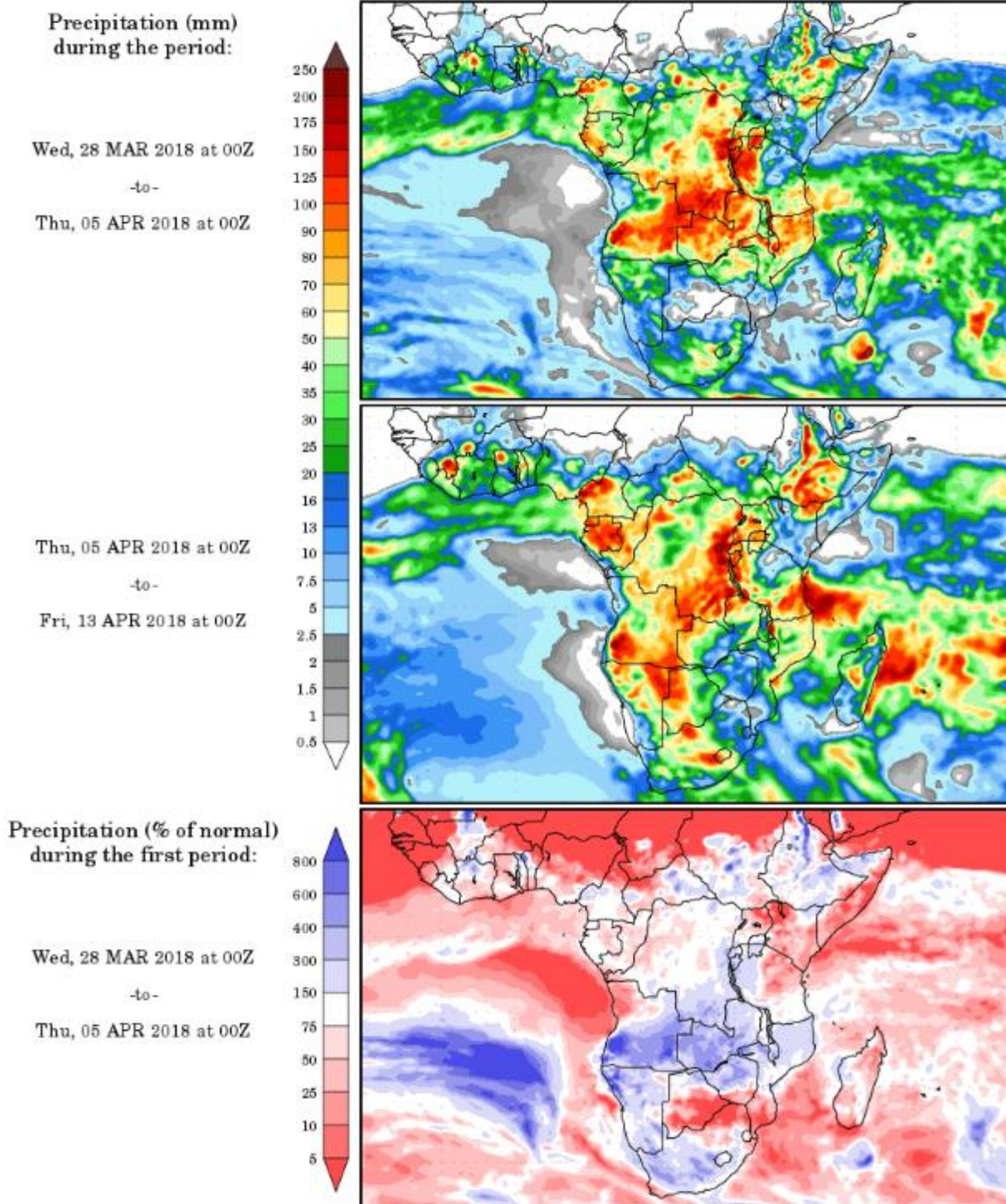


Figure 3: Precipitation forecast

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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