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**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 04/04/2018
- SAGIS producer deliveries data: 05/04/2018
- USDA's crop progress report: 09/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

<b>ECONOMIC INDICATORS</b>	29/03/2018*	03/04/2018*	d-o-d (%Δ)
Rand/US Dollar	11,78	11,81	-0,25%
Rand/Euro	14,51	14,55	-0,27%
Euro/US Dollar	1,2314	1,2308	-0,05%
Gold Spot	1 323,58	1 338,47	+1,12%
Brent Crude Oil	69,23	68,32	-1,31%
Platinum Spot	936,05	934,10	-0,21%
Dow Jones Industrial Average	23 848,42	23 644,19	-0,86%
JSE All Share	55 374,68	55 474,52	+0,18%
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

- The domestic currency started the week on a negative footing, weakening by 0.25 percent against the US Dollar from levels seen at midday Thursday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies. Moreover, a 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 R11.81. From a domestic data front, today's calendar is fairly light with no major releases.
- The Brent crude oil market was under pressure this morning with the price down by 1.31 percent from levels seen at midday Thursday, trading around US\$68.32 per barrel. These losses came after Russia's official data showed a 0.2 percent month-on-month uptick in oil production to 10.97 million barrels per day in March 2018.



MAIZE/CORN	29/03/2018*	03/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 866	1 881	+0,80%
White maize Jul 18 (R/t)	1 932	1 953	+1,09%
Yellow maize Spot (R/t)	1 949	1 961	+0,62%
Yellow maize Jul 18 (R/t)	2 005	2 026	+1,05%
CME corn Spot (US cents/bushel)	375	387	+3,20%

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

- On Thursday the South African maize market managed to claw back it's recent losses and settled in positive territory. This was mainly on the back of commercial buying interest, as well as higher Chicago maize prices.
- The South African maize crop is still at growing stages that require moisture, particularly in the late planted areas in the western sections of North West and Free State provinces. Following a dry and cool Easter weekend, the maize-belt could receive light showers this week which should further improve soil moisture and crop conditions. Moreover, the week of 18 April 2018 promises higher rainfall of over 30 millimetres across the maize growing areas of the country.
- These developments bode well with South Africa's 2017/18 total maize production, which is currently estimated at 12.42 million tonnes, down by 26 percent from last season's record harvest<sup>1</sup>. Importantly, this is higher than South Africa's annual maize consumption of roughly 10.50 million tonnes.
- To recap from our previous note, the expected 12.42 million tonnes of maize harvest coupled with expected large carryover stock underpin the view that South Africa could remain a net exporter of maize in the 2018/19 marketing year which starts on 01 May 2018, with exports estimated at 2.2 million tonnes. This is slightly below the current marketing year export forecast of 2.4 million tonnes.
- The aforementioned estimates are commercial production, South Africa's subsistence farmers' maize production is estimated at 770 000 tonnes, up by 5 percent from the 2016/17 production season according to recent data from the United States Department of Agriculture.
- Overall, a large carry-over stock from the current marketing year, sluggish exports and a relatively large domestic production is suppressing domestic maize prices and will continue over the medium term.

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

<sup>1</sup> About 6.36 million tonnes is white maize, with yellow maize at 6.06 million tonnes (CEC's 2<sup>nd</sup> production estimates, 2018).



WHEAT	29/03/2018*	03/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 755	3 737	-0,48%
SAFEX Wheat May 18 (R/t)	3 790	3 775	-0,40%
CME Wheat spot (US cents/bushel)	447	450	+0,67%

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

- The South African wheat market ended last week on a negative footing with bearish pressure coming from the stronger Rand against the US Dollar, as well as lower Chicago wheat prices.
- The South African wheat market is currently at the tail-end of the off-season, and is now entering the new season as planting is set to commence next month. The rainy season, which starts at the end of this month, promises to be much better than the previous one. The South African Weather Service indicated that between April and June 2018, parts of the south-western cape regions could receive above-normal rainfall.
- Over the weekend, the major winter wheat production province, Western Cape, received light and scattered showers. While a welcome development, this did not make a meaningful improvement on dam levels, which remain critically low, estimated at 18 percent in the week of 26 March 2018, down by a percentage point from the previous week and 8-percentage points from the corresponding period last year.
- Looking ahead, the next eight days could bring dry and cool weather conditions across the Western Cape province, with the exception of the coastal areas which should receive light showers. Light rainfall of about 16 millimetres should, however, return in the week of 18 April 2018.
- Above all, the near-term weather expectations indicate above-normal rainfall in winter crop growing areas, which include the next three months that fall within the critical planting period. The farmers' intentions to plant data for winter wheat will be released on 25 April 2018.
- On the global front, the United States Department of Agriculture (USDA) forecasts a 3 percent increase in 2018 all-wheat plantings to 47.30 million acres. This includes winter wheat, durum wheat and spring wheat area plantings. This could boost the US wheat production in the 2018/19 production season.
- From a global perspective, the International Grains Council (IGC) 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. Meanwhile, the US and Australia are expected to show a slight recovery from 2017/18 lower harvest.

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



SOYBEAN	29/03/2018*	03/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 431	4 465	+0,77%
SAFEX Soybean May 18 (R/t)	4 480	4 512	+0,71%
CME Soybean Spot (US cents/bushel)	1 018	1 043	+2,46%

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

- The domestic soybean market ended last week on a positive territory with support emanating from higher Chicago soybean prices, as well as commercial buying interest.
- One factor that we are watching closely over the long weekend is weather as it could still affect the soybean crop, both late-planted and on-time-planted areas. In the last week of March 2018, there were fears that the rainfall could cause crop damage, as a large part of the crop has already matured.
- Fortunately, farmers' assessments point to an improvement in soil moisture, with no crop damage, which is conducive for the late-planted crop. The long Easter weekend brought a breather, as a number of areas experienced cool and drier weather conditions. The rainfall will, however, return within the next eight days, but could be light and possibly not lead to any crop damages.
- Overall, these developments support the National Crop Estimates Committee's view of a new record level of 1.39 million tonnes of soybean production. Moreover, this is 6 percent higher than the harvest in the 2016/17 production season. This improvement in production is underpinned by an increase in area planted and expectations of fairly good yields, about 1.77 tonnes per hectare.
- As previously highlighted, the expected large harvest could lead to a decline in seasonal imports to levels around 20 000 tonnes. This will be a remarkable improvement following imports of 28 000 in 2017/18 marketing year and 271 098 tonnes in the 2016/17.
- Furthermore, this could lead to a decline in soybean oil imports. In 2017, South Africa imported 191 255 tonnes of soybean oil<sup>2</sup> down by 5 percent from the previous season. The leading suppliers were Argentina, Netherlands and Spain, amongst others. South Africa's soybean oilcake imports could also decline. 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.

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

<sup>2</sup> Product description - the HS code for the product is 1507 (soya oil and its fractions).



<b>SUNFLOWER SEED</b>	29/03/2018*	03/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 653	4 620	-0,71%
SAFEX Sunflower seed May 18 (R/t)	4 624	4 621	-0,06%
EU (France) sunflower seed (US\$/t)	407	410	+0,74%

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

- On Thursday there was limited activity in the sunflower seed market ahead of the long weekend. The prices settled in negative territory following a slight upward revision in 2017/18 production estimate, favourable weather conditions, as well as the stronger domestic currency.
- Although lifted by 2 percent from the initial estimate to 749 205 tonnes, South Africa's 2017/18 sunflower seed production is still 14 percent lower than the previous season's harvest. This is due to a 5 percent decline in area planted to 601 500 hectares, as well as expected lower yields. The yields are estimated at 1.25 tonnes per hectare, compared to 1.37 tonnes per hectare in 2016/17 production season.
- These production dynamics suggest that South Africa could remain a net importer of sunflower seeds. The Supply and Demand Estimates Committee forecasts South Africa's sunflower seed imports at 500 tonnes in the 2018/19 marketing year, down by 10 percent from the previous season. The decline is mainly on the back of the relatively large opening stock, which boosted the supplies.
- It is also worth highlighting that South Africa could remain a net importer of sunflower seed oil (crude). Over the past five years, South Africa's sunflower oil imports grew by an average 2 percent a year, reaching 144 783 tonnes in 2017. The leading suppliers were Bulgaria, Argentina, Romania, Spain, Netherlands and Portugal, amongst others<sup>3</sup>.
- Given the expected decline in sunflower seed production this season, we estimate that South Africa's sunflower oil imports could at least reach 147 678 tonnes. The leading supplies will most likely remain unchanged, as it has been the case in the past five years.
- Apart from the trade aspects, the weather conditions were fairly favourable over the weekend, cool with light scattered showers in some parts of the country. The next two weeks, however, promise good rainfall which could benefit the crop, especially the late-planted areas which still require moisture.

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

<sup>3</sup> Product description - the HS code for the product is 151211.



<b>POTATO</b>	29/03/2018*	03/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	46,30	45,87	-0,93%

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

- To recap pre-Easter weekend market trends, the potatoes market pulled back on Thursday from the fairly higher price levels seen Wednesday, with the price down by a percentage point, settled at R45.87 per pocket (10kg). This was partially on the back of a large stock of 686 792 pockets (10kg bag) at the start of the session.
- Nonetheless, towards the end of the trading session, the market saw an uptick in deliveries driven by an ongoing harvest activity in some parts of the country. This led to a 4 percent increase in daily stocks to 717 526 pockets (10kg bag).

Bottom line – Today the potatoes price could experience further losses owing to a fairly large stock of 717 526 pockets (10kg bag), compared to levels seen in the past few days.

<b>BEEF CARCASS</b>	29/03/2018*	03/04/2018*	d-o-d (%Δ)
SAFEX Beef June 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 market ended Thursday's trade session on a quiet footing due to thinly traded volumes. The price remained flat from the previous day and settled at R39.50 per kilogram. It is worth emphasising that the SAFEX beef carcass price is not 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. Overall, this week the Red Meat Levy Admin will release an update for February 2018 slaughtering activity.

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.

LAMB CARCASS	29/03/2018*	03/04/2018*	d-o-d (%Δ)
SAFEX Lamb June 18 (R/kg)	71,50	71,50	0,00%

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

- On Thursday, the SAFEX lamb carcass market experienced a fairly quiet session, characterised by thinly traded volumes. The price remained flat from the previous day, settled at R71.50 per kilogram.
- In terms of the meat supply, the slaughtering activity softened after a solid performance during the festive season. The data from the Red Meat Levy Admin shows that South African farmers slaughtered 284 934 head of sheep in January 2018, down by 38 percent from the previous month, and 18 percent from the corresponding period last year. An update for February slaughtering activity will be released this week.

Bottom line – With traded volumes at the stock exchange still disappointing, the SAFEX lamb carcass prices will most likely remain flat throughout the week.

**WEATHER FORECAST:** South Africa

- The week promises light showers over the summer crop growing areas of South Africa, which should further improve soil moisture and benefit the crops. The western sections of 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 heavy rainfall of over 40 millimetres in summer crop growing areas of the country, with the Northern and Western Cape provinces set to receive light showers of about 16 millimetres (figure 2).

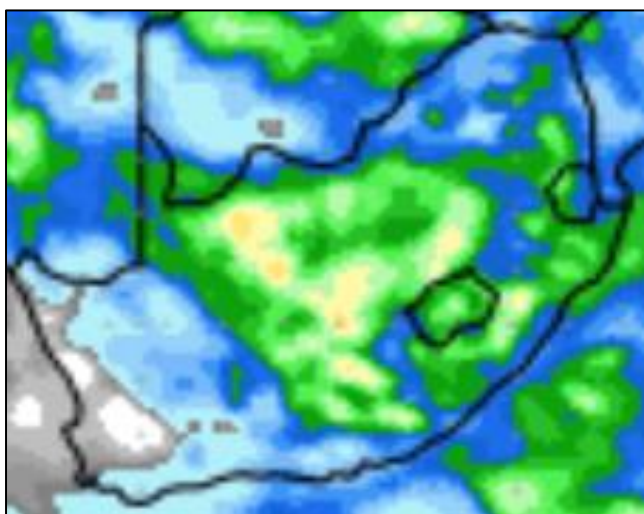


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

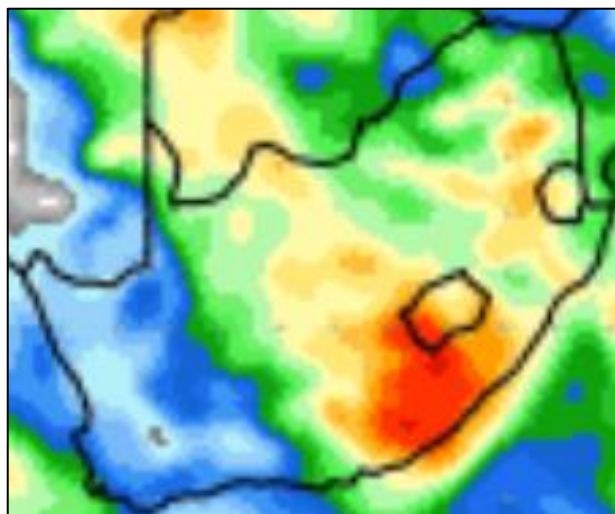


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

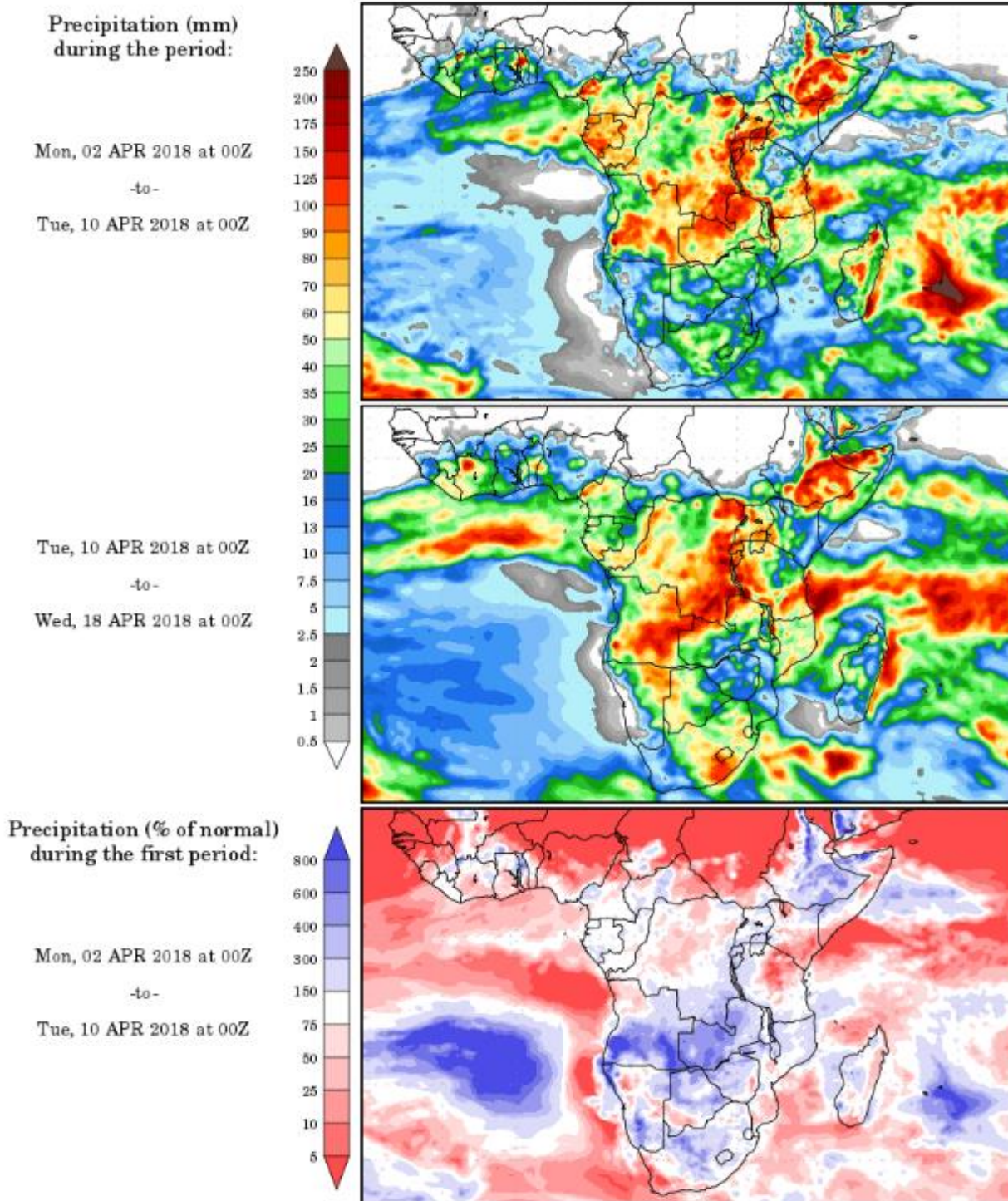


Figure 3: Precipitation forecast

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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