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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>	03/04/2018*	04/04/2018*	d-o-d (%Δ)
Rand/US Dollar	11,84	11,82	+0,17%
Rand/Euro	14,57	14,51	+0,41%
Euro/US Dollar	1,2297	1,2278	-0,15%
Gold Spot	1 336,44	1 335,66	-0,06%
Brent Crude Oil	68,26	68,42	+0,23%
Platinum Spot	930,43	924,19	-0,67%
Dow Jones Industrial Average	23 644,19	24 033,36	+1,65%
JSE All Share	55 508,05	55 044,03	-0,84%
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 managed to claw back some ground against the US Dollar, strengthening by 0.17 percent from levels seen at midday yesterday. At the time of writing, the Rand/US Dollar exchange traded around R11.82. This was generally in line with the gains in other emerging market currencies. From a domestic data front, today's calendar is fairly light with no major releases.
- After experiencing losses at the start of this week, the Brent crude oil market slightly recovered this morning with the price up by 0.23 percent from levels seen at midday yesterday, trading around US\$68.42 per barrel. These gains are mainly on the back of a decline in US oil inventories. The most recent data from the American Petroleum Institute showed a 3.3 million barrels decline in US oil inventories in the week ending 29 March 2018.



MAIZE/CORN	03/04/2018*	04/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 881	1 926	2,39%
White maize Jul 18 (R/t)	1 953	1 999	2,36%
Yellow maize Spot (R/t)	1 961	2 014	2,70%
Yellow maize Jul 18 (R/t)	2 026	2 077	2,52%
CME corn Spot (US cents/bushel)	388	388	0,00%

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

- The week started on a positive note in the SAFEX maize market, with support emanating from a combination of factors which include commercial buying interest, higher Chicago maize prices, and a slightly weaker Rand against the US Dollar.
- The gains in Chicago maize market followed the United States Department of Agriculture's (USDA) prospective plantings data. The agency projected the US 2018/19 maize plantings at 35.6 million hectares, well below market expectations. Moreover, this is 2 percent lower than the previous season's plantings. This is almost in line with the International Grains Council's (IGC) expectations of a 3 percent decline in US 2018/19 maize production to 359 million tonnes.
- Nonetheless, this will not have a notable impact on global maize supplies as the area plantings and the harvest is expected to increase in other key maize producing countries such as Brazil, Argentina, China and Ukraine, amongst others. Maize production in these countries could compensate for the expected decline in the US. IGC forecasts a percentage point uptick in 2018/19 global maize production to 1.05 billion tonnes. This essentially means that global maize prices could trade sideways in the near term.
- This is likely to be the key theme in the local maize market as well, particularly within the medium term. The large carry-over stock of 4.2 million tonnes from the current marketing year, sluggish exports and expectations of relatively large domestic production in the 2017/18 season could keep domestic maize prices under pressure.
- In the fields, South Africa's maize crop is in good conditions. The expected rainfall within the next two weeks should further improve soil moisture and benefit the crop, particularly in the late-planted areas in the western parts of the Free State and North West provinces. These developments bode well with the National Crop Estimates Committee's view that 2017/18 local maize production could reach 12.42 million tonnes, well above annual consumption of roughly 10.50 million tonnes.

Bottom line – Today the domestic maize market could trade sideways if the ZAR/USD exchange and Chicago maize prices maintain the current trends.



WHEAT	03/04/2018*	04/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 737	3 780	+1,15%
SAFEX Wheat May 18 (R/t)	3 775	3 808	+0,87%
CME Wheat spot (US cents/bushel)	451	459	+1,77%

\*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 at the start of this week and settled in positive territory. This was mainly underpinned by the weaker Rand against the US Dollar, as well as higher Chicago wheat prices.
- The Chicago wheat prices were partially supported by solid weekly US export inspections, which were reported at 361 723 tonnes, in line with market expectations. Moreover, the relatively poor rating of US winter wheat crop conditions also provided a bullish sentiment to the market. On 01 April 2018, the USDA rated 2018/19 US winter wheat crop conditions at 32 percent good/excellent, which is 19 percentage points lower than the corresponding period last year.
- Going forward, however, global wheat prices could trade sideways, at least for the short to medium term, because of large global supplies. To recap from our previous note, the International Grains Council forecasts 2017/18 global wheat production at 758 million tonnes, up by a percentage point from the previous season. In the same season, the stocks are estimated at 256 million tonnes, up by 7 percent from the previous season.
- Although the global market is well supplied this season, the 2018/19 season supplies could decline slightly. In its preliminary forecasts, 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 underpinned by a reduction in output in countries such as Russia, Argentina, Kazakhstan, India and the EU region.
- Contrary to the global development, domestic wheat production could slightly recover this production season. The USDA forecasts South Africa's 2018/19 wheat production at 1.65 million tonnes, up by 8 percent from the previous season<sup>1</sup>. This is mainly underpinned by expectations of higher yields which in turn could be boosted by favourable weather conditions.
- The weather forecasts in major wheat growing province, Western Cape, already shows signs of light showers within the next two weeks. Importantly, 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 of the country could receive above-normal rainfall.

Bottom line – Similarly to the maize market, today wheat prices could trade sideways if the ZAR/USD exchange and Chicago wheat prices maintain the current trends.

<sup>1</sup> Our local government will release the farmers' intentions to plant data for winter wheat on 25 April 2018.



SOYBEAN	03/04/2018*	04/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 465	4 578	+2,53%
SAFEX Soybean May 18 (R/t)	4 512	4 619	+2,37%
CME Soybean Spot (US cents/bushel)	1 043	1 039	-0,38%

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

- The South African soybean market started yesterday's trading session in positive territory and maintained the gains throughout the session. Similarly to other commodities, the weaker Rand against the US Dollar, as well as higher Chicago soybean prices were the key drivers of the market.
- The Chicago soybean prices gained ground following the USDA's prospective plantings report which indicated that 2018 plantings could decline by a percentage point from last year to 36.0 million hectares. This was worse than market expectations of a marginal decline to 36.4 million hectares.
- Other observers such as the IGC already forecasts a decline in US soybean production for the new season. Last month, IGC estimated US 2018/19 soybean production at 119 million tonnes, slightly down by 0.4 percent from the previous season. With that said, it still early in the season to be certain about the potential size of the crop. More information will unfold over the coming months.
- Also worth noting is that the US and Ukraine are the only major soybean producers that IGC had estimated a decline in the 2018/19 production season. Ukraine's soybean harvest is estimated at 3.7 million tonnes, down by 5 percent from the 2017/18 season.
- Meanwhile, other major producers such as Brazil, Argentina, China, India, Paraguay, Canada, Russia and Uruguay are set to record an uptick in production in 2018/19 season. In fact, this is set to overshadow the expected decline in production in the US and Ukraine. Overall, the 2018/19 global soybean production is estimated at 354 million tonnes, up by 4 percent from the previous season.
- Back on home soil, we are still in the 2017/18 production season. The crop is in good shape across the country, thanks to recent rainfall. As highlighted in our previous notes, the National Crop Estimates Committee placed South Africa's soybean production estimate at a new record level of 1.39 million tonnes. Moreover, this is 6 percent higher than the harvest in the 2016/17 production season, mainly underpinned by an increase in area planted and expectations of fairly good yields, about 1.77 tonnes per hectare. Looking ahead, the weather forecasts paint a contrastive picture of rainfall which should support the crop over the coming weeks.

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



SUNFLOWER SEED	03/04/2018*	04/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 620	4 670	+1,08%
SAFEX Sunflower seed May 18 (R/t)	4 621	4 661	+0,87%
EU (France) sunflower seed (US\$/t)	410	406	-0,98%

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

- The sunflower seed market started the week on a positive footing after a long Easter weekend. Nothing has changed fundamentally, the support was mainly on the back of a slightly weaker domestic currency, as well as strong commercial buying interest.
- The weather remains a primary focus in the sunflower seed market as the crop is still at its development stage that requires moisture, particularly the late-planted areas in the western sections of the country. The sunflower seed crop received showers of between 12 and 58 millimetres over Easter weekend but was mainly concentrated in areas around Bloemfontein, Bultfontein, De Brug, Losdoorns, Wesselsbron, Delareyville, Bloemhof, Potchefstroom and Schweizer Reneke of the western Free State and North West provinces.
- The weather forecasts for the next two weeks paint a constructive picture of further rainfall across the sunflower seed regions. The next eight days could bring light and scattered showers, but the week of 19 April 2018 could bring heavy rainfall which should further improve soil moisture and benefit the crop.
- As indicated in our previous notes, the National Crop Estimated Committee forecasts South Africa's 2017/18 sunflower seed production at 749 205 tonnes, down by 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<sup>2</sup>.
- Also worth noting is that almost the entire local sunflower seed crop will be destined for the processing industry for conversion into sunflower oil and oilcake. The exports will be minimal, estimated at about 200 tonnes, down by 20 percent from the 2017/18 marketing year. These will most likely be destined to regional markets, such as Namibia, Swaziland and Botswana, amongst others.
- In the global market – The EU's sunflower seed market lost ground in yesterday's trade session with the price down by 0.98 percent from the previous day, closing at US\$406 per tonne. These losses were somewhat in line with a decline in crude oil and vegetable oil market.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses owing to the slightly stronger ZAR/USD exchange, and favourable weather forecasts.

<sup>2</sup> The yields are estimated at 1.25 tonnes per hectare, compared to 1.37 tonnes per hectare in 2016/17 production season.



<b>POTATO</b>	03/04/2018*	04/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	45,87	48,89	+6,58%

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

- The potatoes market started the week on a positive footing with price up by 7 percent from the previous day, settled at R45.89 per pocket (10kg). This was underpinned by the relatively lower stock of 717 526 pockets (10kg bag) at the start of the session, as well as strong commercial buying interest.
- Towards the end of the trading session, the strong commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity over the Easter weekend led to a 31 percent decline in daily stock to 496 391 pockets (10kg bag).

Bottom line – Today the potatoes price could receive additional support due to relatively lower stock of 496 391 pockets (10kg bag), compared to levels seen in the past few days.

<b>FRUIT (South Africa)</b>	03/04/2018*	04/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,70	6,92	+3,28%
Bananas (R/kg)	7,27	7,18	-1,24%
Oranges (R/kg)	3,61	3,23	-10,53%

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

- The fruit market ended yesterday's trade session on a mixed footing. The price of apples was up by 3 percent from the previous day, closing at R6.92 per kilogram, due to strong commercial buying interest.
- Meanwhile, the prices of bananas and oranges declined by a percentage point and 11 percent from the previous day, closing at R7.18 and R3.23 per kilogram, respectively. This was due to fairly large stocks of both bananas and 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.

<b>BEEF CARCASS</b>	03/04/2018*	04/04/2018*	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

- 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 due to thinly traded volumes. 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 185 262 head of cattle in February 2018, down by 11 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 show a possibility of light showers over the summer crop growing areas of South Africa, which should further improve soil moisture and benefit the crops. A few patches towards the western sections of the Western Cape provinces will, however, remain dry and warm over the observed period (figure 1).
- The long-term weather forecasts present a likelihood 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 between 16 and 25 millimetres (figure 2).

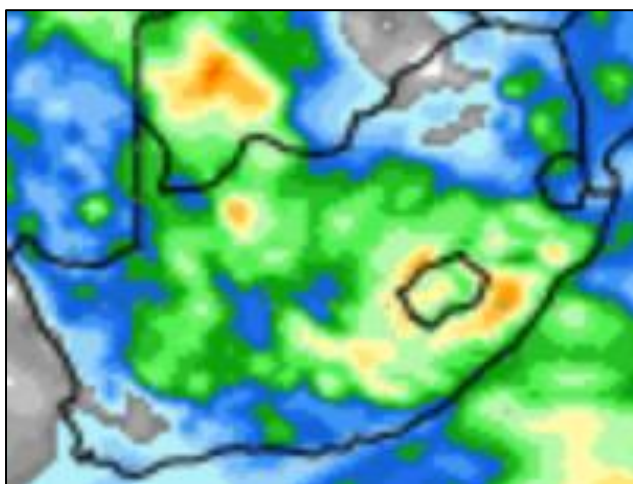


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

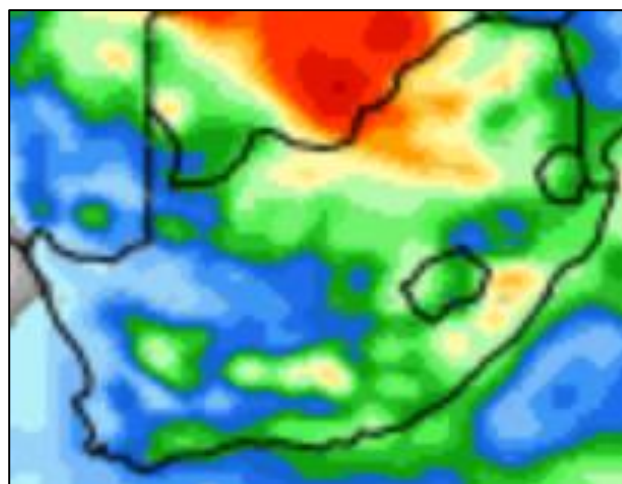


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

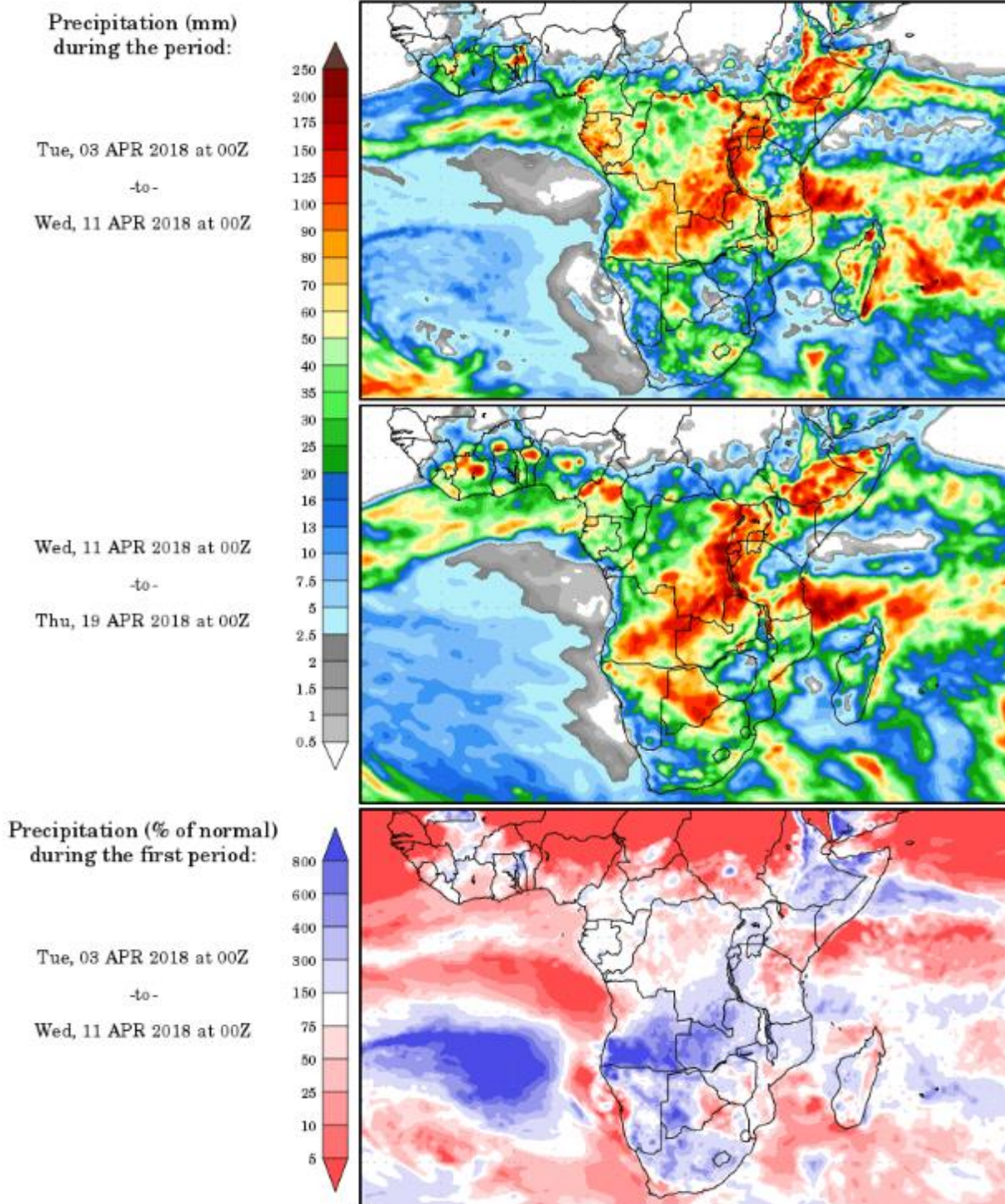


Figure 3: Precipitation forecast

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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