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**Key Data Releases in Agricultural Markets:**

- SAGIS producer deliveries data: 05/04/2018
- USDA's crop progress report: 09/04/2018
- SAGIS weekly grain trade data: 10/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

<b>ECONOMIC INDICATORS</b>	04/04/2018*	05/04/2018*	d-o-d (%Δ)
Rand/US Dollar	11,91	11,89	+0,17%
Rand/Euro	14,63	14,59	+0,27%
Euro/US Dollar	1,2276	1,2275	-0,01%
Gold Spot	1 343,74	1 328,60	-1,13%
Brent Crude Oil	67,33	68,83	+2,23%
Platinum Spot	924,00	910,85	-1,42%
Dow Jones Industrial Average	24 033,36	24 264,30	+0,96%
JSE All Share	54 357,84	54 602,68	+0,45%
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 domestic currency strengthened by 0.17 percent against the US Dollar from levels seen at midday yesterday. The Rand's appreciation was partially in line with the US Dollar depreciation against major currencies. Moreover, the general positive domestic sentiment also added support to the market. At the time of writing, the Rand/US Dollar exchange traded around R11.89.
- The Brent crude oil market had a good run this morning, with the price up by 2.23 percent from levels seen at midday yesterday, trading around US\$68.83 per barrel. These gains were mainly on the back of a decline in US oil inventories. The most recent data from the Energy Information Administration shows that the US oil inventories declined by 4.6 million barrels in the week ending 29 March 2018. This is higher than the American Petroleum Institute's estimate of a 3.3 million barrels decline.



MAIZE/CORN	04/04/2018*	05/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 926	1 891	-1,82%
White maize Jul 18 (R/t)	1 999	1 961	-1,90%
Yellow maize Spot (R/t)	2 014	1 986	-1,39%
Yellow maize Jul 18 (R/t)	2 077	2 045	-1,54%
CME corn Spot (US cents/bushel)	378	381	+0,79%

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

- Following a positive start of the week, the South African maize market pulled back in yesterday's trade session as it appears that the possible decline in US 2018/19 maize planting might have a marginal impact on global supplies<sup>1</sup>. Moreover, the favourable weather conditions in the South African maize-belt also added a bearish sentiment to the market.
- This week started on a dry and cool note, with light showers only concentrated in areas around Warden, Delareyville, Klerksdorp, Ventersdorp, Amersfoort, Middelburg and Morgenzon. This, however, is not a concern as other areas received a breather following heavy rainfall in the past couple of days.
- This dry and cool condition could soon be over in the maize-belt. The weather forecast for the next eight days shows a possibility of rainfall of between 20 and 50 millimetres. The week of 20 April also promises rainfall, but could mostly be centred in the central and eastern maize-belt.
- From a trade perspective, South Africa exported 11 820 tonnes of maize in the week of 30 March 2018, down by 60 percent from the previous week. About a third of the exported volume was yellow maize, with the remainder being white maize.
- The leading buyer was, again, Botswana with a share of 34 percent. The rest went to other regional markets, such as Namibia, Swaziland, Lesotho and Mozambique, amongst others. Overall, this placed South Africa's 2017/18 maize marketing year exports at 2.1 million tonnes, which equates to 88 percent of the season's export forecast of 2.4 million tonnes. Moreover, South Africa could remain a net exporter of maize in the 2018/19 marketing year which starts on 01 May 2018. The 2018/19 total maize exports could reach 2.2 million tonnes. About 73% of this will most likely be yellow maize, with 23% being white maize.

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

<sup>1</sup> The International Grains Council forecasts a percentage point uptick in 2018/19 global maize production to 1.05 billion tonnes. This is mainly due to expected to increase of maize production in Brazil, Argentina, China and Ukraine. Importantly, the uptick in production in these countries could overshadow the possible decline in US production.



WHEAT	04/04/2018*	05/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 780	3 790	+0,26%
SAFEX Wheat May 18 (R/t)	3 808	3 828	+0,53%
CME Wheat spot (US cents/bushel)	452	460	+1,77%

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

- The South African wheat market started yesterday's trade session in positive territory and maintained the gains throughout the day. These were mainly supported by both the slightly weaker Rand against the US dollar, as well as higher Chicago wheat prices.
- The weather is increasingly becoming an important factor in the domestic wheat market as winter wheat planting is set to commence next months. At the start of the week we highlighted a possibility of light showers across the major winter wheat producing province, Western Cape, however, the conditions changed overnight. The weather has now cleared across most areas of the province with the exception of the coastal regions which should receive light showers of about 16 millimetres.
- The forecasts for the week of 20 April 2018 also show clear skies, which suggests that the next two weeks could remain cool and dry over most winter wheat producing areas of the Western Cape province. Moreover, dam levels could remain critically low. On 02 April 2018, Western Cape dams averaged 18 percent, roughly unchanged from the previous week, but 6 percentage points below corresponding period last year.
- This, however, is not a cause for panic. 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.
- From a trade front, there were no imports last week, and the last imports were in the week of 16 March 2018, recorded at 25 135 tonnes. This placed 2017/18 marketing year's wheat imports at 1.16 million tonnes, which equates to 63 percent of the seasonal import forecast of 1.85 million tonnes. It is unclear whether the sluggish imports are either partially influenced by the delays in wheat tariff adjustments or mainly weak demand, or both. The newly calculated trigger rate is R394.84 per tonne, down by 45 percent from the current active level.
- While a net importer of wheat, South Africa continues to export wheat to regional markets. The 24<sup>th</sup> batch of exports this season was recorded at 2 281 tonnes in the week ending 30 March 2018, up by 79 percent from the volume seen the previous week. The exports were destined to Namibia, Swaziland and Zambia. Overall, this placed South Africa's 2017/18 wheat exports at 21 245 tonnes.

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



SOYBEAN	04/04/2018*	05/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 578	4 485	-2,03%
SAFEX Soybean May 18 (R/t)	4 619	4 523	-2,08%
CME Soybean Spot (US cents/bushel)	997	1 018	+2,11%

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

- The South African soybean market took a breather from the previous day's higher levels owing to a notable decline in Chicago soybean prices, as well as favourable domestic weather conditions.
- One of South Africa's key objectives behind the expansion of the soybean crushing plants was import substitution of soybean oil and oilcake. The country has made notable progress on both products as imports have been on a decline in the past few years due to increasing domestic production.
- Between 2010 and 2017, South Africa's soybean oilcake imports declined by 42% to 553 003 tonnes. The consistent supplier over this period was Argentina, with an average market share of 98 percent of the total import market. We estimate that 2018 soybean oilcake imports could decline further by 17 percent from last year to 458 992 tonnes due to expected large soybean production<sup>2</sup>. Meanwhile, the USDA places South Africa's 2018 soybean meal imports at 400 000 tonnes.
- Similar to oilcake imports, South Africa's soybean oil import declined by 30% between 2010 and 2017 to 191 255 tonnes<sup>3</sup>. The consistent suppliers over this period were Argentina, Netherlands and Spain. We believe that 2018 soybean oil imports could decline by a percentage point from last year to 189 342 tonnes, also supported by an uptick in local soybean production.
- Apart from trade, the theme remains unchanged in the fields. The crop is in good condition, thanks to recent rainfall. The expected light showers within the next two weeks across the soybean growing areas of the country will further improve soil moisture and therefore support the crop.
- In global markets – This morning the Chicago soybean price was up by 2.11 percent from levels seen at midday yesterday. This is partially on the back of uncertainty regarding US-China trade relations. China is a leading buyer of soybean, accounting for roughly two-thirds of global soybean imports.

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

<sup>2</sup> 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.

<sup>3</sup> Product description - the HS code for the product is 1507 (soya oil and its fractions).



SUNFLOWER SEED	04/04/2018*	05/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 670	4 665	-0,11%
SAFEX Sunflower seed May 18 (R/t)	4 661	4 635	-0,56%
EU (France) sunflower seed (US\$/t)	406	405	-0,25%

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

- After recording good gains at the start of the week, the South African sunflower seed market pulled back in yesterday's trade session and settled in negative territory. This was a result of improved weather prospects, as well as commercial selling.
- Apart from the price development, there was no news in the sunflower seed market. We continue to monitor the weather as it could still affect the crop especially in the late-planted areas of the North West and the Eastern Free State provinces.
- In yesterday's note, we highlighted the possibility of good showers within the next two weeks across the sunflower growing areas. The near-term outlook remains unchanged with a possibility of rainfall of between 20 and 50 millimetres, which should improve soil moisture and benefit the crop. However, the long-term forecasts changed overnight and currently show chances of clear skies over most sunflower seed growing regions in the week of 20 April.
- If the forecast rainfall within the next eight days materialises, then the expected warm conditions in two weeks' time will be a much-needed breather, particularly for areas that planted on time or earlier in the season. The crop is currently in good condition and could show further improvement in the coming weeks.
- In the global market – The EU's sunflower seed market saw extended losses in yesterday's trade session with the price was down by 0.25 percent from the previous day, closing at US\$405 per tonne. This was mainly on the back of spillover pressure from the palm oil market.
- Elsewhere, the sunflower seed harvest activity is towards completion in Argentina. On 04 April, about 85 percent of the country's sunflower seed had already been harvested, according to data from SUNSEEDMAN. The USDA forecasts the country's 2017/18 sunflower seed crop at 3.6 million tonnes, up by 6 percent year-on-year.
- Overall, USDA forecasts 2017/18 global sunflower seed production at 46 million tonnes, down by 3 percent from the previous season. This is due to lower yields in parts of Russia and Ukraine, which overshadowed the uptick in production in Argentina, Turkey and the European Union.

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



<b>POTATO</b>	04/04/2018*	05/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	48,89	51,79	+5,93%

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

- The local potatoes market had a good run in yesterday's trade session with the price up by 6 percent from the previous day, closing at R51.79 per pocket (10kg). The key factor behind this surge in prices was the lower stock of 496 391 pockets (10kg bag) at the start of the session.
- Nonetheless, in the session, the market saw a slight increase in deliveries as a couple of business resume the harvest activity after the Easter weekend. This led to a 21 percent increase in daily stocks to 598 498 pockets (10kg bag).

Bottom line – Today the potatoes price could receive additional support due to relatively lower stock of 598 498 pockets (10kg bag), compared to levels seen in the past few days.

<b>FRUIT (South Africa)</b>	04/04/2018*	05/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,92	6,91	-0,14%
Bananas (R/kg)	7,18	7,30	+1,67%
Oranges (R/kg)	3,23	2,80	-13,31%

\*Previous trading day's price survey in South African fresh produce markets

- The South African fruit market settled on a mixed footing in yesterday's trade session. The prices of oranges and apples were down by 0.14 percent and 13 percent from the previous day, closing at R6.91 and R2.80 per kilogram, respectively. These losses were underpinned by relatively large stocks of 703 000 tonnes of apples and 392 00 tonnes of oranges, compared to levels seen the previous days.
- Meanwhile, the price of banana increase by 2 percentage points from the previous day and settled at R7.30 per kilogram. This was mainly supported by 44 percent decline in daily stock to 971 000 tonnes, following strong commercial buying interest.

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>	04/04/2018*	05/04/2018*	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

- It was again another quiet day in the SAFEX beef carcass market, characterised by 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.
- There could be a slight reduction in beef supply following a reduction in cattle slaughtering activity. 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 forecasts have slightly changed overnight. The recent update shows a likelihood of rainfall over the summer crop growing areas of South Africa within the next eight days, which bodes well for summer crops. Meanwhile, the forecasts have somewhat cleared over central and western parts of the Western and Northern Cape provinces and currently showing a possibility of dry and warm conditions (figure 1).
- The long-term weather forecasts currently show a possibility of dry and warm weather conditions over most parts of the country, with Limpopo, Mpumalanga and KwaZulu Natal set to receive rainfall of between 16 and 50 millimetres (figure 2).

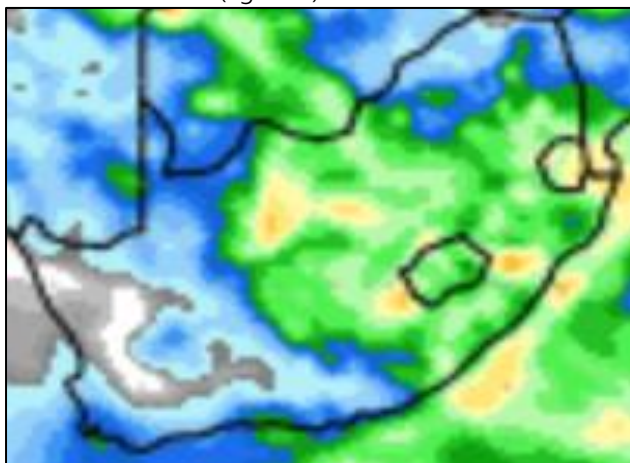


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

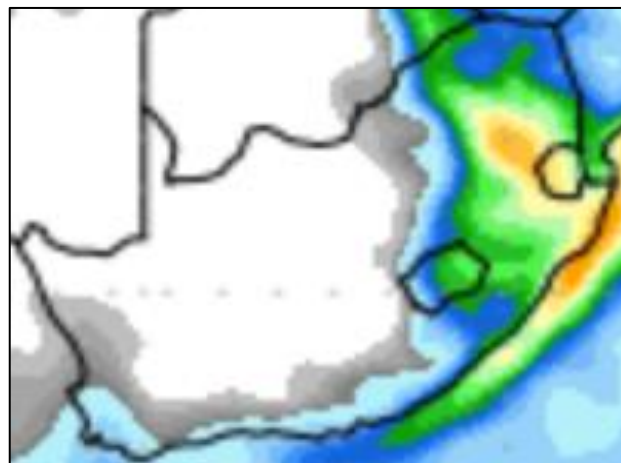


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

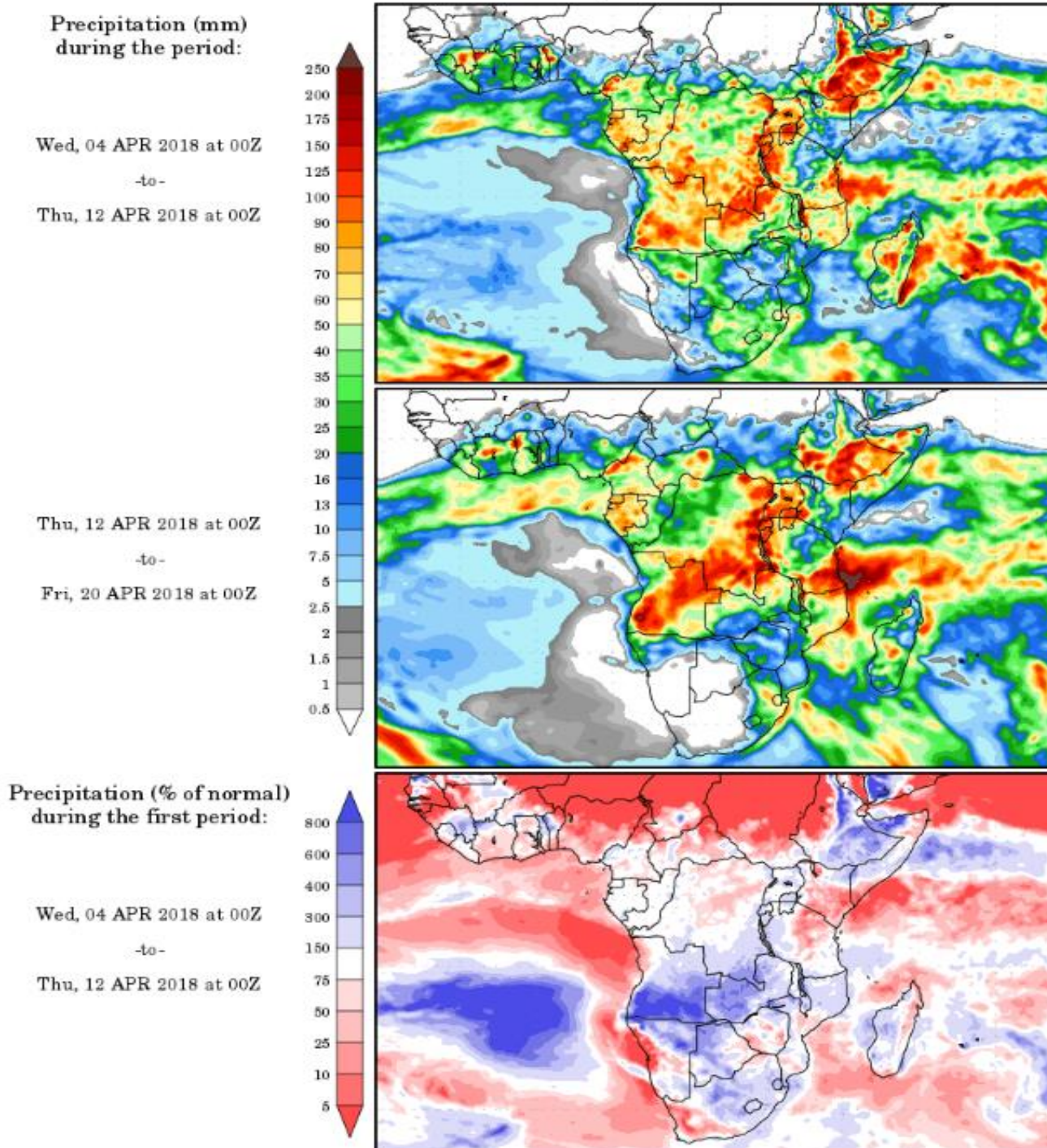


Figure 3: Precipitation forecast

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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