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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 09/04/2018
- SAGIS weekly grain trade data: 10/04/2018
- SAGIS producer deliveries data: 11/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

ECONOMIC INDICATORS	06/04/2018*	09/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,06	11,97	+0,75%
Rand/Euro	14,77	14,71	+0,41%
Euro/US Dollar	1,2242	1,2276	+0,28%
Gold Spot	1 324,19	1 332,32	+0,61%
Brent Crude Oil	68,35	67,05	-1,90%
Platinum Spot	911,44	921,98	+1,16%
Dow Jones Industrial Average	24 505,22	23 932,76	-2,34%
JSE All Share	55 892,65	55 878,81	-0,02%
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

- After experiencing losses on Friday's trade session, the domestic currency is slightly stronger this morning, trading around R11.97 against the US Dollar. The Rand's appreciation was partly in line with the US Dollar depreciation against major currencies. Moreover, the higher global commodity prices also added a bullish sentiment to the market. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil market was under pressure with the price down by 1.9 percent from levels seen at midday Friday, trading around US\$67.05 per barrel. This is partially on the back of an expected increase in US oil production. Data from Baker Hughes shows that the US drillers added 11 oil rigs in the week ending 06 April 2018. This subsequently brought the total count up to 808 rigs.



MAIZE/CORN	06/04/2018*	09/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 917	1 940	+1,20%
White maize Jul 18 (R/t)	1 985	2 019	+1,71%
Yellow maize Spot (R/t)	2 011	2 054	+2,14%
Yellow maize Jul 18 (R/t)	2 069	2 107	+1,84%
CME corn Spot (US cents/bushel)	386	390	+1,04%

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

- On Friday, the South African maize market managed to claw back its recent losses and closed in positive territory. The weaker Rand against the US Dollar, as well as higher Chicago maize prices, were the key drivers of the market. The strong commercial buying interest also provided a positive sentiment to the market.
- The South African maize crop is in good condition across the country, thanks to rainfall received in the past couple of weeks. The expected rainfall this week, however, might not make a meaningful improvement in crop conditions in some areas in the eastern sections of the country as the crop has already matured.
- Meanwhile, the western sections of the country which planted late in the season due to delayed rainfall could still benefit from increased moisture as the crop is still at a developing stage. The last week of this month promises cool and drier weather conditions in most sections of the maize-belt, which will be a much-needed breather if the expected rainfall materialises this week.
- Above all, these weather developments support the National Crop Estimates Committee's view of a relatively good commercial maize harvest of 12.42 million tonnes (down from a record level of 16.82 million tonnes last season). This estimated harvest, coupled with a large carryover stock from the current marketing year implies that the country will remain a net exporter of maize in the 2018/19 marketing year. The exports could reach 2.2 million tonnes, from an estimated 2.5 million tonnes in the current season.
- Of less significance to global maize market, but import to boosting regional supplies is Malawi's maize sector. The current prospects from the FAO suggest that production could decline by 12 percent from the 2017/18 production season to 3.0 million tonnes. The maize harvest process in the country should commence at the end of this month. Overall, this means Malawi will be a net importer of maize. The expected maize crop is well below Malawi's annual consumption of roughly 3.5 million tonnes. Therefore, the region's key maize producers such as South Africa might have an extra market to supply in the coming months.

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



WHEAT	06/04/2018*	09/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 790	3 810	+0,53%
SAFEX Wheat May 18 (R/t)	3 822	3 858	+0,94%
CME Wheat spot (US cents/bushel)	460	478	+3,91%

*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 in Friday's trade session and closed in positive territory. These gains were supported commercial buying interest, as well as the weaker Rand against the US Dollar. Moreover, the higher Chicago wheat price also added support to the market.
- The weather is increasingly becoming an important factor in the South African wheat market as winter wheat planting period approaches. In some areas of the Western Cape, the planting process is set to commence next month, but that will depend on the amount of rainfall received.
- The winter rainfall season typically starts towards the end of April each year. Given that the Western Cape province has experienced a prolonged drought and soil moisture is low, the province will need intense rainfall which will meaningfully improve soil moisture before the winter wheat planting process commences.
- However, the current weather forecast for the next two weeks are disappointing, showing a possibility of light rainfall around the coastal areas, with inland regions of the province set to remain dry and cool. If this materialises, then the planting process could be slightly delayed until the province receives good rainfall.
- While there are concerns of dryness in the near term, there are some levels of optimism in the market that when the rainy season starts, it could be much better than last year. The South African Weather Service indicated that between April and June 2018, parts of the south-western cape regions could receive above-normal rainfall. This could improve soil moisture and subsequently support the winter wheat planting process.
- Apart from the aforementioned developments, the week promises to be fairly quiet on the domestic front with only two data releases, the weekly trade and producer deliveries. The trade aspects will remain a key focus as the wheat import tariff has triggered twice already, yet there haven't been any adjustments to the tariff rate.
- As highlighted in our note on Friday, the wheat import tariff has triggered again on 20 March 2018 to R293.74 per tonne. The previous trigger was on 13 February 2018, which then, was calculated at R394.85 per tonne. The newly calculated rates will only be applicable after publication in a government gazette. The timeframe for this process is unclear. The current import tariff is R716.33 per 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	06/04/2018*	09/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 593	4 592	-0,02%
SAFEX Soybean May 18 (R/t)	4 639	4 631	-0,17%
CME Soybean Spot (US cents/bushel)	1 016	1 052	+3,54%

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

- On Friday, there was not much happening in the domestic soybean market. The prices did however close in negative territory with bearish pressure emanating from lower Chicago soybean prices. The favourable weather and crop conditions across South Africa also added pressure to the market.
- Last week, we noted that 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.
- Most notably, between 2010 and 2017, South Africa's soybean oilcake imports declined by 42 percent to 553 003 tonnes. 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 production¹.
- Moreover, South Africa's soybean oil imports declined by 30 percent between 2010 and 2017 to 191 255 tonnes. 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.
- With all the aforementioned improvements, the sector hasn't fully utilised its soybean crushing capacity. Using an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, the country utilised 43 percent of its monthly soybean processing capacity in February 2018, which is, nonetheless, double the capacity utilisation in February 2017. Over the past two years, the sector has utilised, on average, about 40 percent of its monthly crushing capacity due to a combination of factors, which include relatively lower domestic soybean supplies, amongst others.
- In the fields, the soybean crop is in good condition and could receive additional moisture this week, which should further improve crop conditions, particularly in late-planted areas. However, the week of 24 April 2018 will offer a breather, as weather forecasts show clear skies with the exception of coastal areas. This will benefit the crop, especially the areas that are approaching the harvest period.

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.

¹ South Africa's soybean production is estimated at a new record level of 1.39 million tonnes.



SUNFLOWER SEED	06/04/2018*	09/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 700	4 689	-0,23%
SAFEX Sunflower seed May 18 (R/t)	4 683	4 644	-0,83%
EU (France) sunflower seed (US\$/t)	405	403	-0,49%

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

- The South African sunflower seed market started Friday's trade session in negative territory and remained under pressure throughout the day. This was mainly underpinned by bearish sentiment from favourable weather conditions and commercial selling.
- In the fields, the sunflower seed crop is generally in good condition across the country, thanks to good rainfall in the past couple of weeks. The areas that planted on time could start harvesting in the next two weeks or so, whereas crops in the late-planted areas are still at pollination stages, particularly in the western parts of the Free State and North West provinces.
- This means rainfall in the aforementioned areas could still make a meaningful improvement on crop conditions and possibly boost yields' prospects. In that same vein, this week could bring rainfall of 20 and 50 millimetres over the sunflower seed growing regions.
- With that said, the long-term forecasts currently show chances of clear skies over the sunflower seed growing regions in the week of 29 April 2018. If the forecast rainfall this week 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 as it's almost a start of the harvest period.
- In the global market – On Friday, the EU's sunflower seed market remained in negative footing with the price down by 0.49 percent from the previous day, closing at US\$403 per tonne. These losses were underpinned by a combination of factors, but most notably the spillover in bearish sentiment from the vegetable oil market, as well as the crude oil market.
- Elsewhere, the sunflower seed harvest activity is towards completion in Argentina. On 06 April, about 90 percent of the country's sunflower seed had already been harvested, according to data from SUNSEEDMAN. As highlighted in our previous notes, the USDA forecasts Argentina's 2017/18 sunflower seed crop at 3.6 million tonnes, up by 6 percent from the previous season.

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



POTATO	06/04/2018*	09/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	52,13	51,21	-1,76%

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

- After experiencing a good run for the most part of the week, the South African potatoes market pulled back on Friday's trade session and settled in negative territory owing to a fairly large stock of 724 830 pockets (10kg bag) at the start of the session. The price was down by 2 percent from the previous day, closing at R51.21 per pocket (10kg).
- In the session, the market saw a slight increase in deliveries due to ongoing harvest activity in some parts of the country. This led to a 7 percent increase in daily stocks to 774 979 pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to a relatively large stock of 774 979 pockets (10kg bag), compared to levels seen in the past few days.

FRUIT (South Africa)	06/04/2018*	09/04/2018*	d-o-d (%Δ)
Apples (R/kg)	7,06	6,85	-2,97%
Bananas (R/kg)	7,44	7,72	+3,76%
Oranges (R/kg)	3,33	3,02	-9,31%

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

- The South African fruit market settled on a mixed footing in Friday's trade session. The prices of apples and oranges were down by 3 and 9 percent from the previous day, closing at R6.85 and R3.02 per kilogram, respectively. These losses were partially on the back of fairly large stocks of 562 951 tonnes of apples and 425 701 tonnes of oranges.
- Meanwhile, the price of banana was up by 4 percentage points from the previous day and settled at R7.72 per kilogram due to strong commercial buying interest, which subsequently led to a 15 percent decline in daily stock to 741 021 tonnes.

Bottom line – 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	06/04/2018*	09/04/2018*	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

- Friday's trade session presented more of the same in the SAFEX beef carcass market. The price remained flat from the previous day and settled at R39.50 per kilogram. As indicated in the previous notes, the SAFEX beef carcass price is not a true reflection of the physical market, which continues to show solid activity.
- It is also worth noting that there could be a slight reduction in beef supply following a decline 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

- This week could bring light showers across most parts of South Africa, which bodes well for summer crops. Meanwhile, central and western parts of the Western and Northern Cape provinces are 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 eastern parts of Limpopo, Mpumalanga, coastal parts of KwaZulu Natal and Eastern Cape, as well as Western Cape set to receive rainfall of between 16 and 25 millimetres (figure 2).

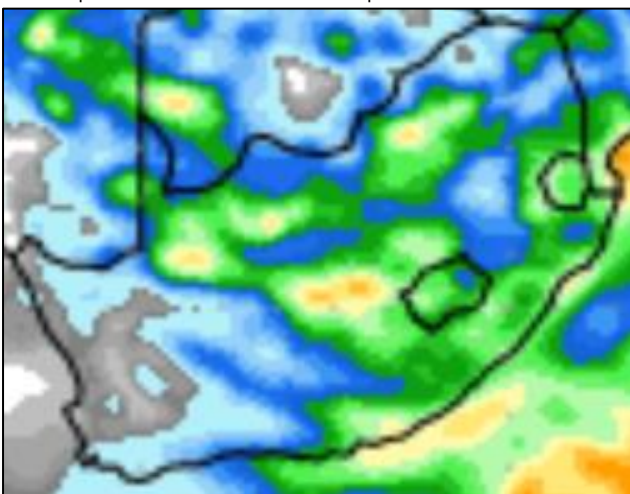


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

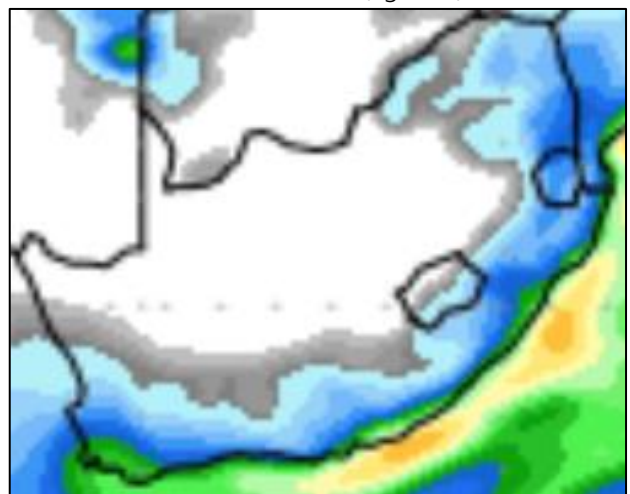


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

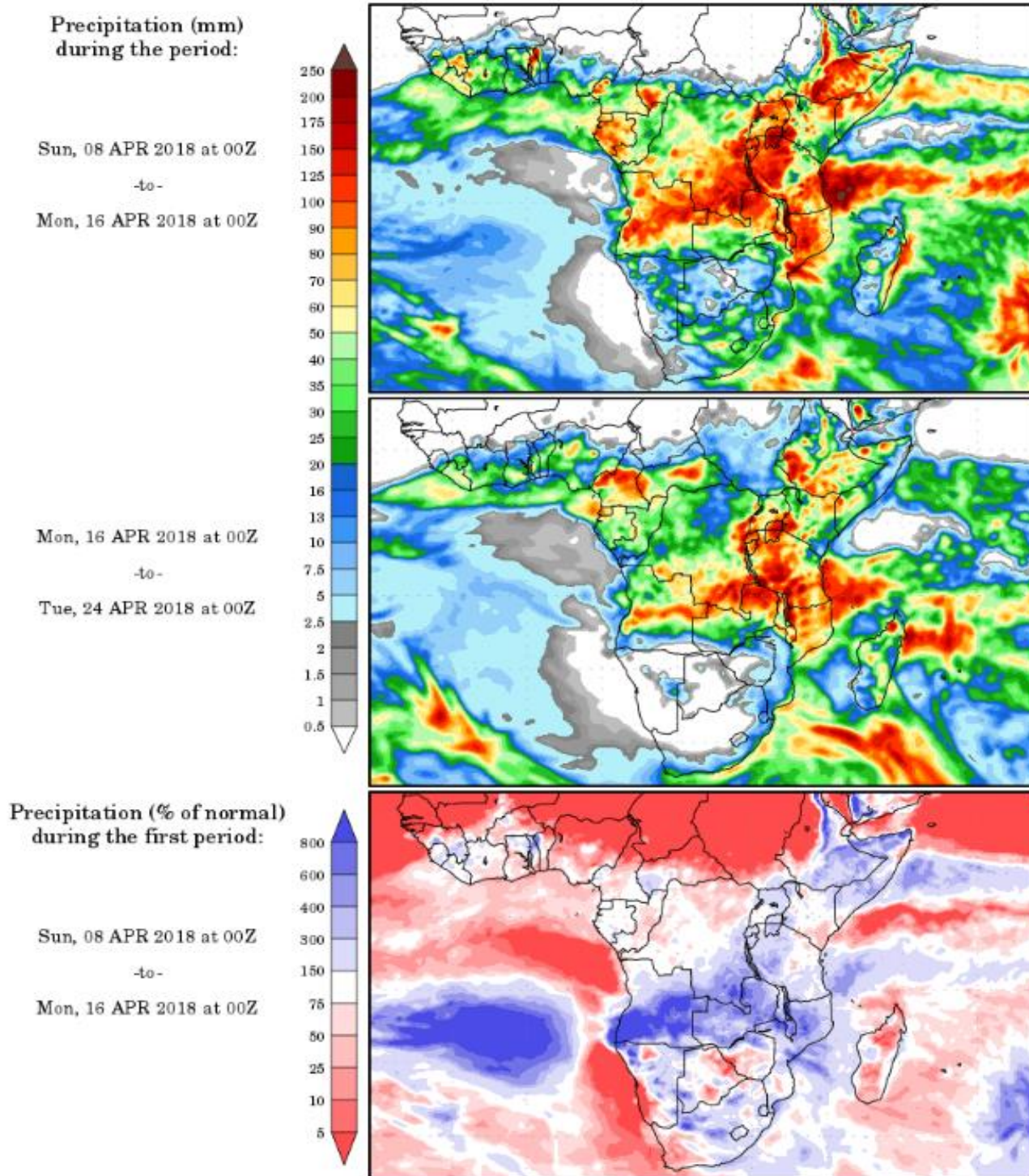


Figure 3: Precipitation forecast

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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