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**Key Data Releases in Agricultural Markets:**

- SAGIS weekly grain trade data: 10/04/2018
- SAGIS producer deliveries data: 11/04/2018
- USDA's crop progress report: 16/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

<b>ECONOMIC INDICATORS</b>	09/04/2018*	10/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,11	12,04	+0,58%
Rand/Euro	14,87	14,82	+0,34%
Euro/US Dollar	1,2276	1,2314	+0,31%
Gold Spot	1 328,35	1 333,75	+0,41%
Brent Crude Oil	68,02	69,44	+2,09%
Platinum Spot	918,14	935,57	+1,90%
Dow Jones Industrial Average	23 932,76	23 979,10	+0,19%
JSE All Share	55 887,09	56 091,56	+0,37%
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 0.58 percent against the US Dollar from levels seen at midday yesterday. The Rand's appreciation was in line with the US Dollar depreciation against major currencies, as well as higher global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R12.04. From a domestic data front, Stats SA will release the manufacturing production data for February 2018.
- After experiencing losses at the start of this week, the Brent crude oil market managed to claw back some ground this morning with the price up by 2.09 percent from levels seen at midday yesterday, trading around US\$69.44 per barrel. This rebound was partially supported by the relatively weaker US Dollar against major currencies, due to ongoing concerns about the US-China trade conflict.



MAIZE/CORN	09/04/2018*	10/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 940	1 967	+1,39%
White maize Jul 18 (R/t)	2 019	2 045	+1,29%
Yellow maize Spot (R/t)	2 054	2 063	+0,44%
Yellow maize Jul 18 (R/t)	2 107	2 122	+0,71%
CME corn Spot (US cents/bushel)	389	390	+0,26%

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

- The South African maize market posted gains in yesterday's trade session and settled in positive territory. This was largely underpinned by the weaker domestic currency against the US Dollar, as well as higher Chicago maize prices.
- From 2017 to early 2018, South Africa experienced weak demand for white maize in its traditional markets in the continent because of large domestic supplies in many countries. The dynamics could, however, be slightly different in the 2018/19 marketing year as supplies are now slightly depleted as many countries near the end of their marketing seasons. Moreover, the 2017/18 maize production could be well below the levels seen in 2016/17 production season.
- Yesterday we highlighted that estimates from the Food and Agricultural Organisation (FAO) of the United Nations point to a 12 percent year-on-year decline in Malawi's 2017/18 maize production to 3.0 million tonnes. This follows unfavourable weather conditions at the start of the season.
- These sorts of production dynamics are not unique to Malawi, other countries such as Zimbabwe<sup>1</sup> and Zambia<sup>2</sup> also experienced unfavourable weather conditions at the beginning of the 2017/18 production season. The actual size of the maize harvest for production season is still unclear. The respective governments should release the official production estimates in the coming months.
- If the 2017/18 maize production season fails or declines significantly, then some African markets will invariably look to South Africa for additional supplies. Then, if the expected production of 12.42 million tonnes of maize materialises, then South Africa could have about 2.2 million tonnes of maize for export markets between May 2018 and April 2019. This could go a long way in supplementing the supplies in the region.

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> <https://www.newsday.co.zw/2018/02/fall-armyworm-threatens-maize-yield/>

<sup>2</sup> <https://www.reuters.com/article/us-zambia-maize/zambia-drought-could-slash-2018-maize-output-by-around-50-percent-idUSKBN1FB177>



WHEAT	09/04/2018*	10/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 810	3 869	+1,55%
SAFEX Wheat May 18 (R/t)	3 858	3 902	+1,14%
CME Wheat spot (US cents/bushel)	478	487	+1,88%

\*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 on a positive footing and maintained the gains throughout the day. This was underpinned by a combination of factors, but the most notable ones were the weaker Rand against the US Dollar, as well as higher Chicago wheat prices.
- As highlighted in our flash note yesterday, South Africa's wheat import tariff has been revised down to R394.85 per tonne, which is a 45 percent decline from the previous rate of R716.33 per tonne. This new duty was calculated on the 13 February 2017 following an upsurge of the international wheat prices but was only published in the Government Gazette on 06 April 2018.
- The adjustments in the wheat import tariff are satisfied when the international wheat price (US No.2 HRW) deviates from the *base price* by more than US\$10 per tonne for three consecutive weeks. From the week ending 30 January to 13 February, the international wheat prices consistently traded above US\$235 per tonne, making a deviation of US\$10 per tonne above the *base price* of then US\$218 per tonne. Thus, leading to a downward revision of the import tariff.
- In that period, the international wheat prices were partly supported by concerns that drier weather conditions in parts of the US could negatively affect the harvest. This proved to be the case, as the International Grains Council (IGC) forecasts US 2017/18 wheat production at 47.4 million tonnes, down by 25 percent year-on-year.
- The decline in US wheat production, however, is not a major concern in the global market, as the uptick in production in India and the Black Sea region compensated for the losses. The IGC forecasts 2017/18 global wheat production at 758 million tonnes, up by a percentage point from the previous season. From a pricing perspective, this implies that the international wheat prices could trade sideways in the near to medium term. In the week ending 03 April 2018, the international wheat prices traded at levels around US\$237 per tonne.
- We place much weight on this because South Africa is set to import 1.93 million tonnes of wheat in the 2017/18 marketing year, which is a second largest import on record, in a dataset dating back from 1936/37. So far, the country has imported about 60 percent of the seasonal import forecast. The leading suppliers were Russia, Lithuania, Germany, Latvia, Argentina and Ukraine. SAGIS will release an update for last week activity at midday.

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



<b>SOYBEAN</b>	09/04/2018*	10/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 592	4 685	+2,03%
SAFEX Soybean May 18 (R/t)	4 631	4 730	+2,14%
CME Soybean Spot (US cents/bushel)	1 047	1 051	+0,38%

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

- The domestic soybean market had a good run in yesterday's trade session with support emanating from the weaker Rand against the US Dollar, as well as commercial buying interest. Moreover, the higher Chicago soybean prices also added support to the market.
- The upsurge that was observed in Chicago soybean prices was mainly driven by solid global soybean demand, as well as unfavourable production conditions in Argentina. On Friday, the USDA reported a sale of 130 632 tonnes of US soybeans to Mexico, and the other sale of 458 000 tonnes to an unknown destination.
- In the context of the ongoing US-China trade dispute, with China threatening to place a 25 percent duty of US soybean, it is worth highlighting the linkages of these nations' soybean markets. Firstly, China is the world's leading importer of soybeans. The key underpinning factor behind the country's appetite for soybeans is the growing demand from the animal feed industry. Secondly, China is the leading market for US soybean exports.
- China's 2017/18 soybean imports could reach 97 million tonnes, according to data from the USDA. This equates to 64 percent share of global imports for that particular season. Moreover, it is a 4 percent uptick from the 2016/17 season. The leading suppliers of soybeans to China are typically the US, Brazil, Argentina and Uruguay.
- At the time of writing, it is unclear what the future holds regarding the US-China soybean trade relations. Suffice to say that the US remains an important player in the Chinese soybean market. Between 2001 and 2016, the US soybeans accounted for an average share of 41 percent of the Chinese soybean imports market.
- From the US perspective, China is an important market for soybean, accounting for an average share of 45 percent of all exports in the period between 2001 and 2017, according to data from Trade Map. Over this period, the US exported an average annual volume of 31 million tonnes of soybeans to the world.
- In the near term, the impact of the ongoing trade US-China dispute will be limited to the local soybean market, with the exception of the influences through the Chicago soybean price volatility. South Africa remains a net importer of soybeans and products, but the key supplier is typically Argentina.

Bottom line – Similar to the maize and wheat markets, today the domestic soybean market could experience a sideways movement if the ZAR/USD exchange and Chicago soybean prices maintain the current trend.



SUNFLOWER SEED	09/04/2018*	10/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 689	4 667	-0,47%
SAFEX Sunflower seed May 18 (R/t)	4 644	4 649	+0,11%
EU (France) sunflower seed (US\$/t)	403	404	+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 ended yesterday's trade on a mixed footing. The spot price was under pressure owing to favourable weather conditions and commercial selling. Meanwhile, the May 2018 contract month price saw marginal gains, benefiting from the weaker domestic currency.
- The cool and dry weather conditions over the weekend provided a breather, following heavy rainfall in the last week of March 2018. The fairly dry weather conditions bode well for crops in areas that planted on time and currently approaching the harvest period.
- Meanwhile, the crops in the late-planted areas are still at pollination stages of development which requires moisture, particularly in the western parts of the Free State and North West provinces. Thankfully for these areas, the next eight days could bring rainfall of between 16 and 25 millimetres, which should benefit the crop.
- The areas with the crop at the tail-end of maturation stages will not be disadvantaged as the rainfall is expected to be fairly moderate. Above all, the sunflower seed crop is generally in good condition across the country. This supports the National Crop Estimates Committee's estimate of 749 205 tonnes of production in the 2017/18 season (down by 14 percent from the previous season).
- The annual decline in production is underpinned by a reduction in area planted, as well as expected lower yields in some areas. This was in turn, driven by unfavourable weather conditions at the beginning of the season, particularly in the western regions of the country.
- Against this backdrop, South Africa's sunflower seed supplies for the 2018/19 marketing year could reach 912 173 tonnes, according to the Supply and Demand Estimates Committee. This will be boosted by the opening stock and imports.
- In the global market – Yesterday the EU's sunflower seed market managed to claw back some of its recent losses with the price up by 0.25 percent from the previous day, closing at US\$404 per tonne due to spillover support from the vegetable oil market, as well as the crude 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.



<b>POTATO</b>	09/04/2018*	10/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	51,21	44,90	-12,32%

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

- The South African potatoes market lost ground on yesterday's trade session with the price down by 12 percent from the previous day, closing at R44.90 per pocket (10kg). These losses were underpinned by the fairly large stock of 774 979 pockets (10kg bag) at the start of the session.
- Moreover, in the session, the market saw an uptick in deliveries due to ongoing harvest activity in some parts of the country. This subsequently led to a 7 percent increase in daily stocks to 828 098 pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to a relatively large stock of 828 098 pockets (10kg bag), compared to levels seen in the past few days.

<b>FRUIT (South Africa)</b>	09/04/2018*	10/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,85	6,86	+0,15%
Bananas (R/kg)	7,72	7,59	-1,68%
Oranges (R/kg)	3,02	3,20	+5,96%

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

- Yesterday the South African apples and oranges market had a good run with prices closing in positive territory, up by 0.15 percent and 6 percent from the previous day, settled at R6.86 and R3.20 per kilogram, respectively. These gains were generally linked to strong commercial buying interest, which subsequently led to a slight decline in daily stocks 564 489 tonnes of apples and 247 796 tonnes of oranges.
- Meanwhile, the price of bananas declined by 2 percent from the previous day and settled at R7.59 per kilogram. This was due to the increasing producer deliveries, which subsequently led to a 26 percent uptick in daily stock to 930 960 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.



<b>BEEF CARCASS</b>	09/04/2018*	10/04/2018*	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 the SAFEX beef carcass market presented more of the same. The price remained unchanged from the previous day and settled at R39.50 per kilogram. To reiterate a point made in our previous notes, the SAFEX beef carcass price is not a true reflection of the physical market, which continues to show solid activity.
- From a meat supply perspective - 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 latest weather charts still show a possibility of light showers across most parts of South Africa within the next eight days, which bodes well for summer crops. Meanwhile, the western parts of the Western and Northern Cape provinces could remain dry and warm over the observed period (figure 1).
- The long-term weather forecasts have slightly improved overnight and currently show prospects of light showers over Limpopo, Mpumalanga, Gauteng and KwaZulu Natal provinces in the week of 25 April 2018, with the rest of other provinces set to remain cool and dry (figure 2).

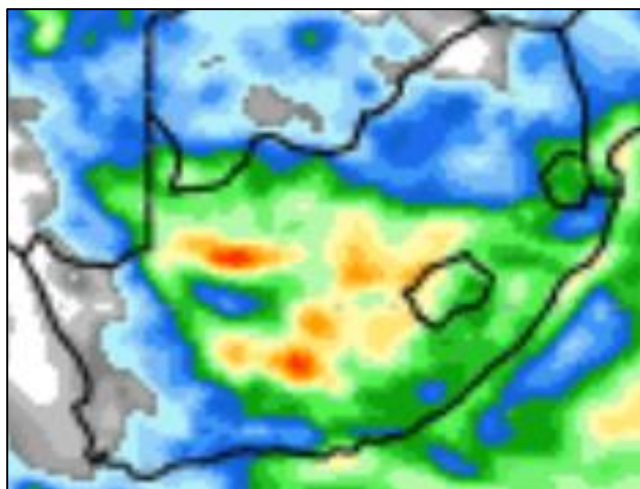


Figure 1: Next 8-days precipitation forecast  
Source: wxmaps

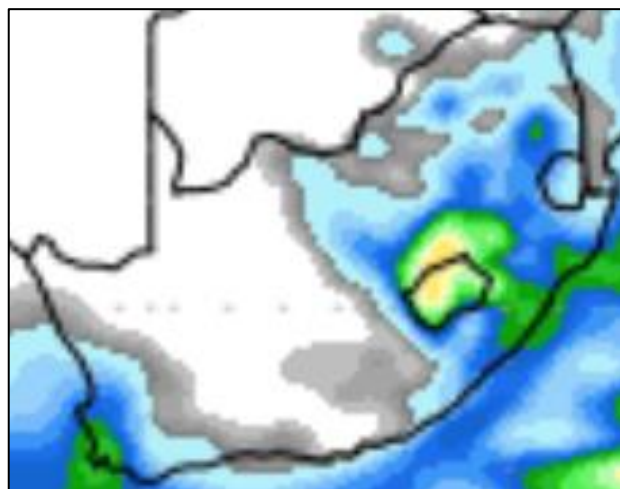


Figure 2: Next 16-days precipitation forecast  
Source: wxmaps



### Precipitation Forecasts

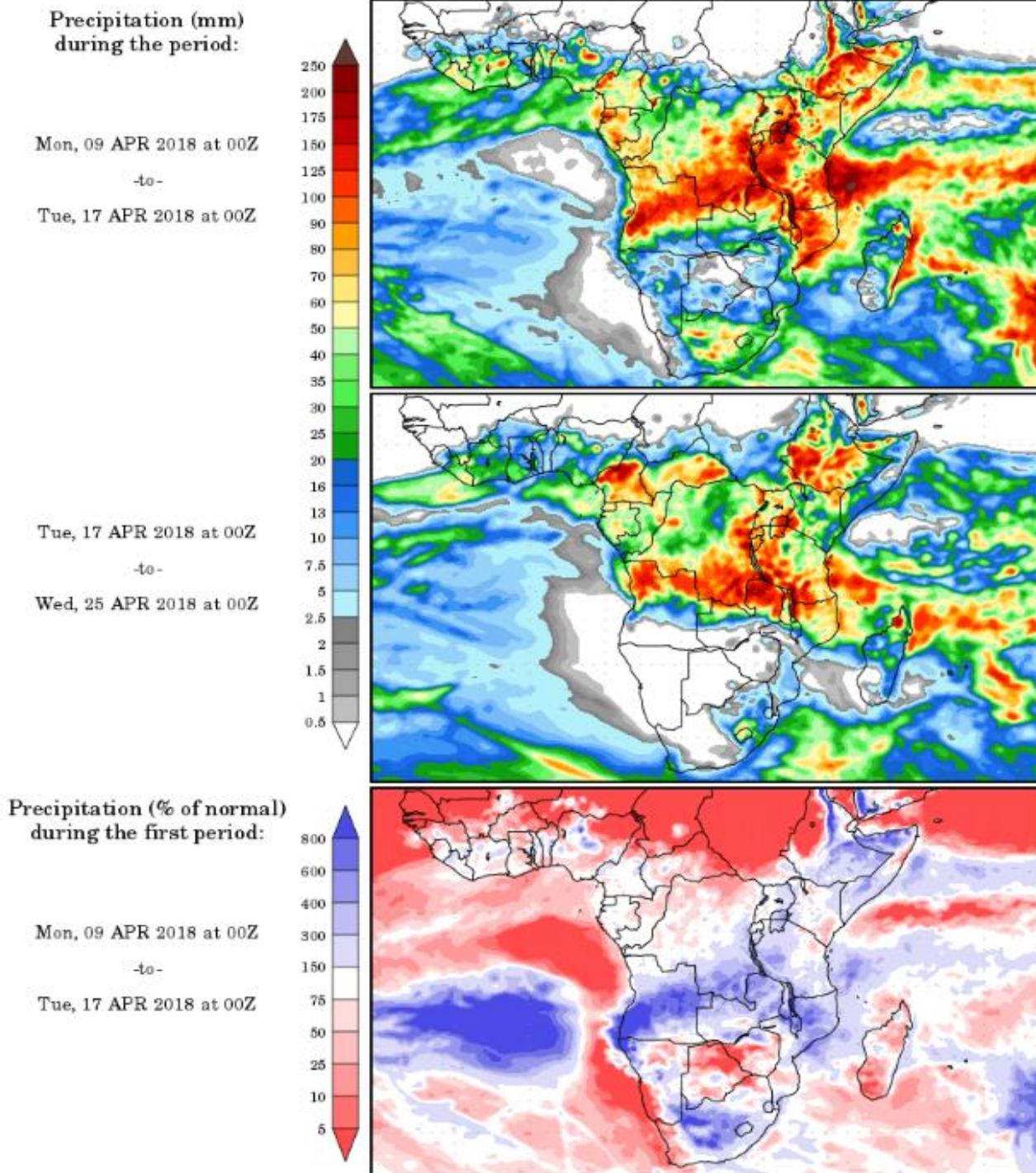


Figure 3: Precipitation forecast

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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