FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 16/04/2018
- SAGIS weekly grain trade data: 17/04/2018
- SAGIS producer deliveries data: 18/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

ECONOMIC INDICATORS	11/04/2018*	12/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,06	11,95	+0,92%
Rand/Euro	14,93	14,77	+1,08%
Euro/US Dollar	1,2387	1,2358	-0,23%
Gold Spot	1 345,64	1 340,10	-0,41%
Brent Crude Oil	71,13	72,52	+1,95%
Platinum Spot	932,76	926,00	-0,72%
Dow Jones Industrial Average	24 300,66	24 189,45	-0,46%
JSE All Share	56 591,10	56 170,07	-0,74%
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 managed to claw back some ground against the US Dollar this morning, strengthening by 0.92 percent from levels seen at midday yesterday. The Rand's appreciation was mainly in line with the US Dollar depreciation against major currencies. At the time of writing, the Rand/US Dollar exchange traded around R11.95. From a domestic data front, Stats SA will release the mining production data for February 2018.

- This morning the Brent crude oil price was up by 1.95 percent from levels seen at midday yesterday, trading around US$72.52 per barrel. These gains are linked to rising geopolitical concerns in the Middle East. Moreover, the relatively weaker US Dollar against major currencies also added support to the market. These factors overshadowed the increase in US crude oil inventories, which would have added bearish pressure to the market.

MAIZE/CORN	11/04/2018*	12/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 988	1 969	-0,96%
White maize Jul 18 (R/t)	2 060	2 038	-1,07%
Yellow maize Spot (R/t)	2 077	2 071	-0,29%
Yellow maize Jul 18 (R/t)	2 141	2 130	-0,51%
CME corn Spot (US cents/bushel)	387	387	0,00%

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

- The South African maize market lost ground in yesterday's trade session with bearish pressure emanating from strong commercial selling, as well as favourable weather conditions over the maize growing regions.

- In the fields, the maize crop is in good condition, thanks to rainfall received in the past couple of weeks. The rainfall received earlier in the 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 at a developing stage. On Monday, Bloemfontein, Bultfontein, De Brug, Hoopstad, Losdoorns, Orkney, Welkom, Wesselsbron, Bloemhof, Delareyville, Derby, Leeudoringstad and Ottosdal regions of the western Free State and North West provinces received rainfall of between 13 and 38 millimetres. The rainfall continued in some areas last night.

- Looking ahead, the next two weeks could bring additional rainfall of about 25 millimetres over the South African maize belt. This bodes well for late-planted areas. With that said, the areas that planted on time might not be disadvantaged as rainfall is expected to be patchy and fairly moderate.

- In essence, these weather developments support the United States Department of Agriculture (USDA) view of a fairly good crop of 13.2 million tonnes (well below the record level of 17.5 million tonnes achieved in the 2016/17 season). The output from the subsistence farming sector accounts for 6 percent share of this estimate.

- Beyond our borders, the USDA forecasts 2017/18 global maize production at 1.04 billion tonnes, down by 3 percent from the previous season. The decline is largely linked to the reduction in output in the US, Argentina, Brazil and South Africa, amongst others. In the same season, global maize ending stock is 198 million tonnes, down by 14 percent from the 2016/17 season. This should provide support for the global maize prices in the near to medium term, but we don't expect notable upticks in prices.

Bottom line – Today the domestic maize market could be under pressure owing to lower Chicago maize prices, favourable domestic weather conditions, and a stronger ZAR/USD exchange.

WHEAT	11/04/2018*	12/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 880	3 873	-0,18%
SAFEX Wheat May 18 (R/t)	3 911	3 903	-0,20%
CME Wheat spot (US cents/bushel)	489	482	-1,43%

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

- The SAFEX wheat prices opened in negative territory and remained under pressure throughout the day. These losses were mainly on the back of spillover pressure from the bearish Chicago wheat market, which was underpinned by large global supplies.

- As highlighted in yesterday's note, the USDA revised its 2017/18 wheat production estimate upwards by a million tonnes to 760 million tonnes. This is a percentage point higher than the previous season's harvest, thanks to robust production in India and Russia. The ending stock was also lifted by a percentage point from last month to 271 million tonnes. This is 7 percent higher than the previous season's stock.

- From a demand front, the global imports estimate was lifted slightly from last month to 182 million tonnes, which is 2 percent higher than the 2016/17 global wheat imports. The Middle East, Southeast Asia, North Africa and sub-Saharan Africa will be among the key import regions.

- For the South African case, the country is set to import 1.93 million tonnes of wheat in the 2017/18 marketing year, which is a second largest import volume 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 suppliers were Russia (25% share) Lithuania (14%), Germany (12%), Latvia (12%), Argentina (11%), Ukraine (11%), Romania (9%) and the US (6%).

- There were no imports over the past three weeks, which is the longest stretch of this marketing year. We believe that this was partially caused by uncertainty on the wheat import tariff adjustments. Now that the new tariff rate has been published on the government gazette and formally applicable, imports could again resume in the coming weeks[1].

- Russia is likely to continue dominating the South African market due to large production this season. In fact, Russia's exports to the world continue to remain solid. The most recent data from *SovEcon* shows that Russia's wheat exports could amount to 3.0 million tonnes in April, down from 3.9 million tonnes in March 2018. Part of this will possibly go to markets in the Middle-East, Africa and Southeast Asia.

Bottom line – Today wheat prices could be under pressure owing to the stronger ZAR/USD exchange and lower Chicago wheat prices.

[1] 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.

SOYBEAN	11/04/2018*	12/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 690	4 690	0,00%
SAFEX Soybean May 18 (R/t)	4 730	4 736	0,13%
CME Soybean Spot (US cents/bushel)	1 055	1 050	-0,47%

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

- The South African soybean market experienced a fairly quiet trading session in yesterday and settled on a mixed footing. The spot price remained unchanged from the previous day due to thinly traded volumes. Meanwhile, the May 2018 contract month price posted some gains with support emanating from a slight weakness in the value of the Rand against the US Dollar, as well as higher Chicago soybean prices.

- Our recent interactions with farmers in some soybean growing areas support the National Crop Estimates Committee's (CEC) view of a possible record crop of 1.39 million tonnes in the 2017/18 production season. The yields expectations vary across the country, mainly ranging from average and above average yields.

- The CEC's yield estimate is 1.77 tonnes per hectares, which is 23 percent lower than the previous season. With that said, this is slightly higher than the average yield of the past five production season (1.75 tonnes per hectare). Above all, the expected large harvest is boosted by both an increase in area planted, as well as expected higher yields.

- Although this is a notable improvement, from levels of just a half a million tonnes in the 2009/10 production season, it will not satisfy South Africa's consumption levels. The country will remain a net importer of soybeans, estimated at 20 000 tonnes. This, of course, is an improvement from higher levels of 27 508 tonnes in 2017/18 and 271 098 tonnes in 2016/17 marketing year.

- All soybeans imported in the 2017/18 marketing year originated from the African countries, namely Zambia, Zimbabwe, Malawi, and Ethiopia. Underpinning this is a solid demand from the soybean crushing plants, which in turn is driven by growing demand from the animal feed industry.

- Almost all the aforementioned countries had a bad start to the 2017/18 production season, characterised by warm and drier weather conditions, as well as fall armyworm infestations in the case of Zambia. Therefore, it is unclear if they will still dominate the South African soybean market this year. We could perhaps see a return of South American countries such as Paraguay or Brazil, which are currently expecting a fairly large harvest. More will unfold over the coming months.

Bottom line – Similar to the wheat market, today the domestic soybean market could be under pressure due to lower Chicago soybean prices, favourable weather conditions, as well as a stronger ZAR/USD exchange.

SUNFLOWER SEED	11/04/2018*	12/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 640	4 631	-0,19%
SAFEX Sunflower seed May 18 (R/t)	4 641	4 636	-0,11%
EU (France) sunflower seed (US$/t)	406	407	+0,25%

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

- Yesterday the South African sunflower seed market also experienced a fairly quiet session but settled in negative territory as favourable weather conditions continued to add bearish pressure to the market.

- In the absence of major news in the domestic sunflower seed market, the weather remains a centre of attention. In fact, this is one of the few factors that could still influence the crop production outlook. The week started with good showers in parts of the Free State and North West, which is conducive for crop development, especially the late planted areas where the crop could still experience yield improvement.

- Last night, some areas within these particular provinces received additional light showers which will further improve soil moisture and subsequently benefit the crop. The next two weeks promise additional rainfall, but will most likely be light and scattered. Therefore, the areas that planted on time with the crop already approaching the harvest period might not be disadvantaged or experience crop damages.

- To reiterate a point made in yesterday's note, 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)[2].

- South Africa remains a net importer of sunflower products, such as oil[3], albeit being on a decline in the recent past. Therefore, the global sunflower seed market developments could have an impact in the local market.

- In that vein, the USDA forecasts 2017/18 global sunflower seed production at 46 million tonnes, down by 4 percent from the previous season. This decline is mainly driven by a reduction in Russia and Ukraine's harvest following unfavourable weather conditions at the start of the season. Subsequent to this, the 2017/18 global sunflower seed stock is estimated at 2.1 million tonnes, down by 25 percent from the previous season.

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

[2] This is due to 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.

[3] In 2017, South Africa imported 144 783 tonnes of sunflower oil, down by 25% from higher levels seen in 2012. The key suppliers are Bulgaria, Argentina, Romania and Spain.

POTATO	11/04/2018*	12/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	42,82	40,29	-5,91%

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

- The South African potatoes market lost ground in yesterday's trade session owing to a fairly large stock of 823 680 pockets (10kg bag) at the start of the session. The price declined by 6 percent from the previous day, closing at R40.29 per pocket (10kg).

- In the session, the market saw an increase in deliveries due to ongoing harvest activity in some parts of the country. This led to a 30 percent increase in daily stocks to 1.07 million pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses due to a large stock of 1.07 million pockets pockets (10kg bag), compared to levels seen in the past few days.

BEEF CARCASS	11/04/2018*	12/04/2018*	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. It is also worth noting is that the SAFEX beef carcass price might not be a true reflection of the physical market, which continues to show solid activity – an opposite of the SAFEX beef carcass market.

- 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.

LAMB CARCASS	11/04/2018*	12/04/2018*	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*

- Similar to the SAFEX beef carcass market, yesterday there was not much happening in the lamb carcass market. The price remained flat from the previous day, settled at R71.50 per kilogram, due to thinly traded volumes.

- 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 286 564 head of sheep in February 2018, down by 23 percent from the corresponding period last year.

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 summer crop growing areas started the week with light and scattered showers, which intensified in some areas around Gauteng province last night. The next eight days promise continuous rainfall over the summer crop growing areas, which bodes well for summer crops, especially the late planted areas. Meanwhile, the western parts of the Western and Northern Cape provinces could remain dry and warm (figure 1).

- The long-term weather forecasts show prospects of light showers varying between 16 and 25 millimetres over the central and northern parts of the country in the week of 27 April 2018, with the part of the Eastern, Western and Northern Cape provinces set to remain cool and dry over the observed period (figure 2).

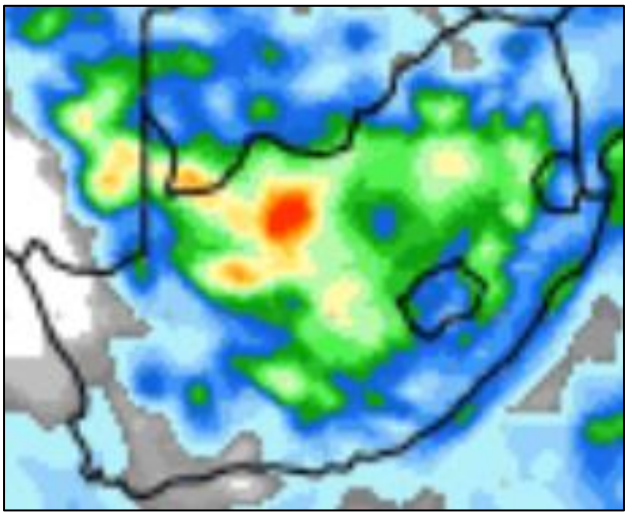

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

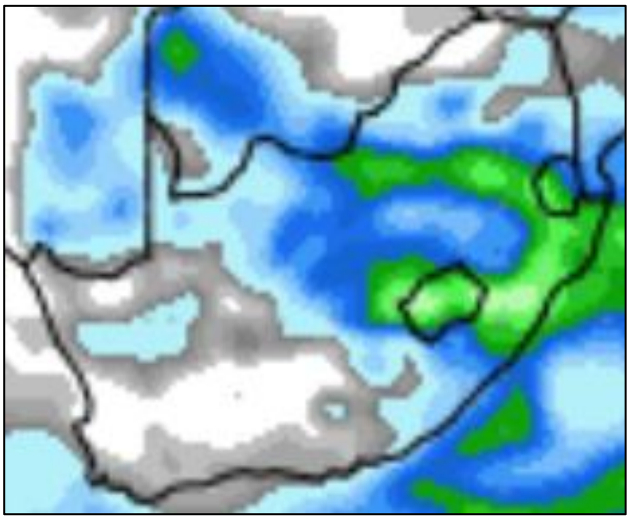

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

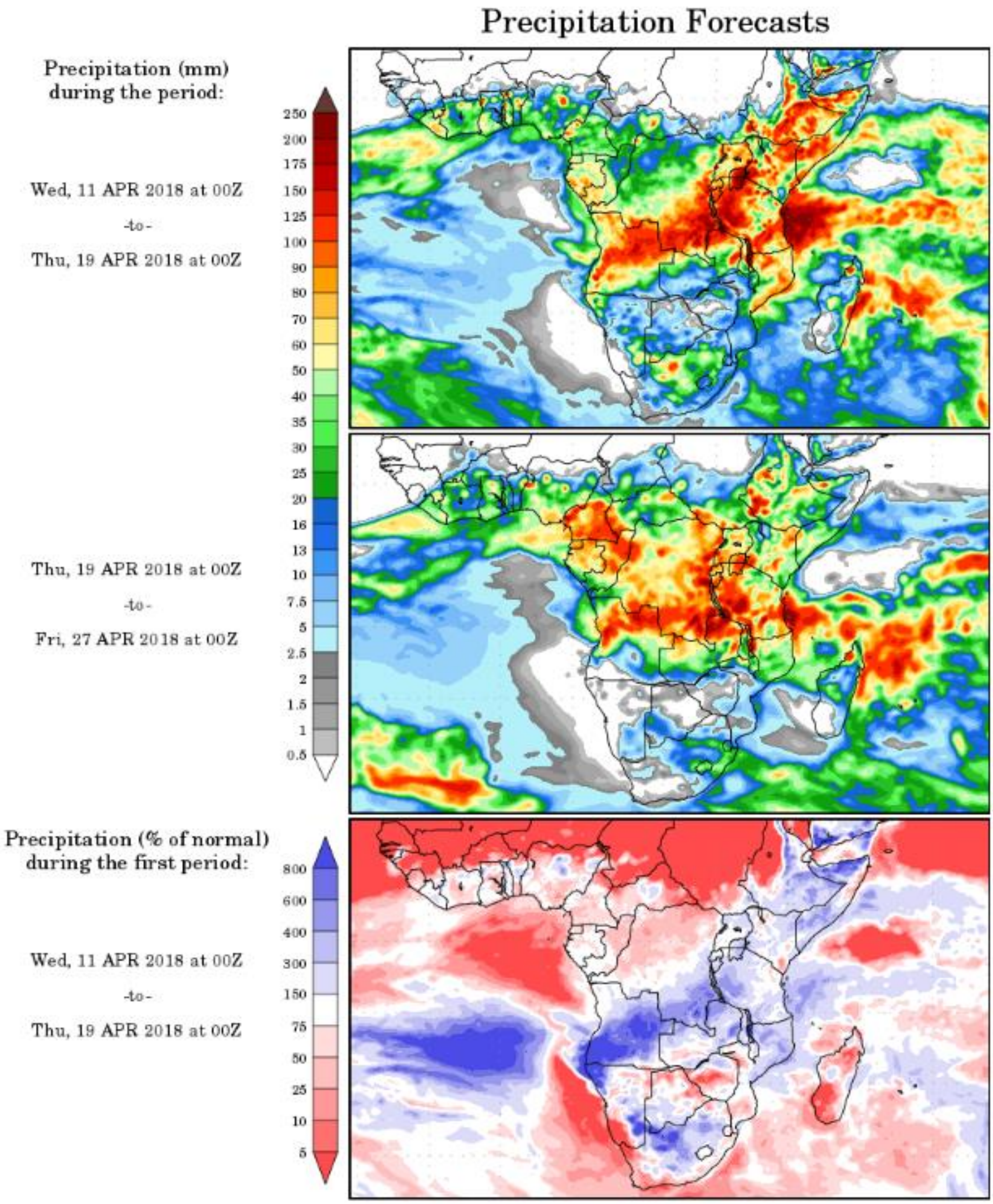

Figure 3: Precipitation forecast
Source: wxmaps

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.*

@WandileSihlobo @AgriChamber