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Key Data Releases in Agricultural Markets:

- SAGIS weekly grain trade data: 17/04/2018
- SAGIS producer deliveries data: 18/04/2018
- USDA's crop progress report: 23/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

ECONOMIC INDICATORS	16/04/2018*	17/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,06	12,04	+0,17%
Rand/Euro	14,89	14,91	-0,13%
Euro/US Dollar	1,2361	1,2382	+0,17%
Gold Spot	1 344,10	1 345,36	+0,09%
Brent Crude Oil	71,87	71,70	-0,24%
Platinum Spot	927,58	931,48	+0,42%
Dow Jones Industrial Average	24 360,14	24 573,04	+0,87%
JSE All Share	56 682,14	56 733,47	+0,09%
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 was almost flat from levels seen at midday yesterday, trading around R12.04 to the US Dollar. The marginal gains were mainly on the back of higher global commodity prices. Furthermore, the relatively weaker US Dollar against major currencies also added support to the market. From a domestic data front, today's calendar is fairly light with no major releases.

- The Brent crude oil market was under pressure this morning with the price down by 0.24 percent from levels seen at midday yesterday, trading around US$71.70 per barrel. These losses were mainly on the back of an expected increase in US shale production. A recent report from the Energy Information Administration shows that US shale production could increase by 125 000 barrels a day in May 2018 to 6.99 million barrels a day.

MAIZE/CORN	16/04/2018*	17/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 964	1 967	+0,15%
White maize Jul 18 (R/t)	2 033	1 990	-2,12%
Yellow maize Spot (R/t)	2 070	2 069	-0,05%
Yellow maize Jul 18 (R/t)	2 127	2 093	-1,60%
CME corn Spot (US cents/bushel)	384	383	-0,26%

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

- After recording good gains at the end of last week, the SAFEX maize market started this week on a mixed footing. Most contract month prices were under pressure owing to favourable weather conditions, as well as spillover bearish sentiment from lower Chicago maize prices. Meanwhile, white maize spot price settled in positive territory, supported by the weaker Rand against the US Dollar, as well as commercial buying interest.

- The weather remains an important factor in the South African maize market but could influence crops differently this time around as crops in some of the fields are already maturing and some approaching the harvest period, particularly in the eastern parts of the maize belt (areas that planted during the optimal window).

- As indicated in our previous notes, the crops in the western parts of the parts of the maize-belt could still benefit from rainfall as some are at the tail-end stages of the maturation process which requires moisture. Over the weekend, the South African maize-belt was mostly cool and dry, which is conducive for crops in areas that planted during the *optimal planting period* in the eastern regions. That said, other areas were not negatively affected either, the crops are generally in good shape across the country. The weekend light showers were mainly concentrated in areas around Delareyville, Derby, Ventersdorp, Carolina, Delmas, Hendrina, Ermelo, Middelburg and Morgenzon.

- Regionally, there was no new news, but we continue to monitor developments in Kenya, Malawi, Zambia and Zimbabwe. The 2017/18 maize production season started on a bad footing in almost all the aforementioned countries, characterised by dryness and later fall armyworms in some regions.

- We are yet to receive official production estimates from the respective governments. In the case of Zimbabwe, some analysts suggest that 2017/18 maize production could decline by 65 percent from the 2016/17 production season to 745 000 tonnes[1], well below annual consumption of around 2.2 million tonnes.

Bottom line – Today the domestic maize market could remain under pressure owing to lower Chicago maize prices, as well as a relatively stronger ZAR/USD exchange.

[1] http://www.financialgazette.co.zw/zimbabwe-set-to-import-maize-this-year/

WHEAT	16/04/2018*	17/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 862	3 845	-0,44%
SAFEX Wheat May 18 (R/t)	3 875	3 863	-0,31%
CME Wheat spot (US cents/bushel)	467	464	-0,64%

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

- The SAFEX wheat market opened yesterday's trade session in negative territory and remained under pressure throughout the day owing to increased commercial selling. The spillover pressure from lower Chicago wheat prices was also one of the factors underpinning the market.

- Yesterday we indicated that sub-Saharan Africa's 2017/18 wheat imports could reach 26 million tonnes, up by 18 percent from the previous season. What we didn't mention is that the leading wheat importers within the sub-Saharan African region are Nigeria, Sudan, South Africa, Kenya, Ethiopia and Côte d'Ivoire, with imports estimated at 5.1 million tonnes, 2.5 million tonnes, 1.9 million tonnes, 1.7 million tonnes, 1.3 million tonnes and 700 000 tonnes, respectively.

- In the case of South Africa, the 2017/18 marketing year's wheat imports currently stand at 1.2 million tonnes, which equates to 63 percent of the seasonal import forecast of 1.9 million tonnes. In the past few weeks, however, the imports were sluggish. The last consignment was received on the week ending 16 March 2018.

- The slow import activity was either partially influenced by the delays in wheat tariff adjustments or mainly weak demand, or both. The wheat import tariff which triggered on 13 February 2018 to R394.85 per tonne, which is a 45 percent decline from the previous rate of R716.33 per tonne, but was only published on the Government Gazette to make it official on 06 April 2018.

- The week ending 13 April 2018 was the first with the tariff at the new rate of R394.85 per tonne. SAGIS will release the weekly trade data for this particular week at midday, which should give us a sense of whether a relatively lower import tariff will stimulate imports or could remain sluggish for some time.
- Apart from the trade aspects, the weather will soon be a centre of attention in the local wheat market as the planting time for the new season crop is fast-approaching. There is a bit of optimism after the South African Weather Service indicated that between the end of April and June 2018, parts of the south-western cape regions of the country could receive above-normal rainfall. With that said, the forecast for the next two weeks shows a possibility of light showers over the province.

Bottom line – Similar to the maize market, today the local wheat prices could also be under pressure due to lower Chicago wheat prices and a relatively stronger ZAR/USD exchange.

SOYBEAN	16/04/2018*	17/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 704	4 670	-0,72%
SAFEX Soybean May 18 (R/t)	4 730	4 699	-0,66%
CME Soybean Spot (US cents/bushel)	1 054	1 042	-1,14%

**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 trade session in positive footing, but lost ground towards the end of the session and settled in negative territory. This was mainly on the back of spillover losses from the Chicago soybean market, as well as favourable domestic weather conditions.

- South Africa's soybean production grew by 9-fold over the past 19 years, from a volume of 153 925 tonnes in 1999/2000 production season to an expected 1.39 million tonnes in the 2017/18 season[2].

- This was largely driven by an increase in area planted, from 93 790 hectares in 1999/2000 to record levels of 787 200 hectares in 2017/18 production season. Over this period, the industry saw an average annual growth of 15 percent a year in area planted. Meanwhile, the yields recorded an average marginal growth of 3 percent a year.

- The key factor underpinning this robust production is the strong demand from the animal feed industry, which in turn, is supported by growing demand for meat in the country, particularly poultry. South Africa's per capita consumption of poultry increased from 21.5 kilograms in 2000 to 41 kilograms in 2017, according to data from the Department of Agriculture, Forestry and Fisheries.

- South Africa remains a net importer of soybeans despite this notable progress made in boosting production. This shows the domestic demand remains solid. The country's soybean imports for the 2018/19 marketing year are estimated at 20 000 tonnes, which is an improvement from higher levels of 27 508 tonnes in 2017/18 and 271 098 tonnes in 2016/17 marketing year.

- As previously indicated, all soybeans imported in the 2017/18 marketing year originated from the African countries, namely Zambia, Zimbabwe, Malawi, and Ethiopia. These countries had a bad start to the 2017/18 production season, characterised by 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.

Bottom line – Today the domestic soybean market could also trade experience marginal losses owing to lower Chicago soybean prices, favourable domestic weather conditions, and a stronger ZAR/USD exchange.

[2] Data sources: SAGIS and the National Crop Estimates Committee.

SUNFLOWER SEED	16/04/2018*	17/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 627	4 627	0,00%
SAFEX Sunflower seed May 18 (R/t)	4 620	4 611	-0,19%
EU (France) sunflower seed (US$/t)	410	411	+0,24%

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

- Yesterday the SAFEX sunflower seed market saw a fairly quiet session, characterised by thinly traded volumes. This, however, ended on a mixed footing with the spot price unchanged from the previous day, whereas the May 2018 contract month price experienced marginal losses.

- The South African sunflower seed industry has seen a notable growth over the past 19 years, from 530 625 tonnes in 1999/2000 production season to the expected 749 205 tonnes in the 2017/18 production season. The increase has largely been driven by expansion in area planted, while the yields have somewhat been fairly sideways over the years.

- Over the observed period, the sunflower seed production increased by increased by an average 11 percent a year to the expected 749 205 tonnes this season. To demonstrate that this was driven by an uptick in area plants, between 1999/2000 production season and 2017/18, the area planted increased by an average annual rate of 6 percent to 601 500 hectares. Meanwhile, the yields lifted by an average annual rate of 2 percent to the expected 1.25 tonnes per hectare this season.

- Within the African continent, the other key sunflower seed producers are Malawi, Egypt and Morocco, but the output in both countries is well below South Africa's one. The most recent data from the USDA shows that Egypt and Morocco's 2017/18 sunflower seed production could reach 200 000 and 300 000 tonnes, respectively. The output from both countries is 33% lower than the expected harvest in South Africa. In Malawi, sunflower seed production is not yet well developed. In 2016/17, the country's production reached 15 736 tonnes[3], which is well below South Africa's production levels.

- While South Africa's production picture looks fairly optimistic relative to other regional producers, the country could remain a net importer of sunflower seeds and products due to strong domestic demand. The Supply and Demand Estimate Committee forecasts sunflower seed imports for the 2018/19 marketing year at 500 tonnes, down by 10 percent from the previous season due to a large opening stock.

Bottom line – Today, the domestic sunflower seed market could experience marginal losses due to a slightly stronger ZAR/USD exchange.

[3] http://www.factfish.com/statistic-country/malawi/sunflower+seed,+production+quantity

POTATO	16/04/2018*	17/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	37,29	36,32	-2,60%

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

- The South African potatoes market was under pressure in yesterday's trade session owing to a large stock of 998 259 pockets (10kg bag) at the start of the session. The price declined by 3 percent from the previous day, closing at R36.32 per pocket (10kg).

- Towards the end of the session, the market experienced strong commercial buying interest, coupled with relatively lower deliveries on the back of slow harvest activity over the weekend. This subsequently led to a 24 percent decline in daily stocks to 763 593 pockets (10kg bag).

Bottom line – Today the potatoes price could claw back some of its losses owing to relatively lower stock of 763 593 pockets (10kg bag), compared to levels seen in the past few days.

FRUIT (South Africa)	16/04/2018*	17/04/2018*	d-o-d (%Δ)
Apples (R/kg)	7,00	6,46	-7,71%
Bananas (R/kg)	7,75	7,31	-5,68%
Oranges (R/kg)	2,75	2,93	+6,55%

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

- The South African fruit market ended yesterday's trade session on a mixed footing. The price of oranges was up by 7 percent from the previous day, closing at R2.93 per kilogram. This was due to lower deliveries over the weekend, which subsequently led to a 51 percent decline in stocks to 184 000 tonnes.

- Meanwhile, the prices of apples and bananas were down by 8 and 6 percent from the previous day, closing at R6.46 and R7.31 per kilogram, respectively. These losses followed a 24 and 36 percent increase in apples and bananas daily stocks to 567 311 and 934 848 tonnes, respectively.

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	16/04/2018*	17/04/2018*	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, closing at R39.50 per kilogram. As highlighted in our previous notes, the SAFEX beef carcass price might not be a true reflection of the physical market, which continues to show solid activity. From a meat 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 latest weather charts still show a possibility of light showers across the country within the next eight days, which bodes well for summer crops, especially the late planted areas that still need moisture. As indicated in our previous note, the expected rainfall in the Western Cape province might not make a meaningful improvement on soil moisture as it is expected to be light, varying between 10 and 16 millimetres. The province needs intense and continuous rainfall following the months of dryness (figure 1).

- The long-term weather forecasts show prospects of light showers varying between 16 and 25 millimetres over the central and eastern parts of the country in the week of 01 May 2018, with the part of Limpopo, the Eastern, Western and Northern Cape provinces set to remain cool and dry over the observed period (figure 2).

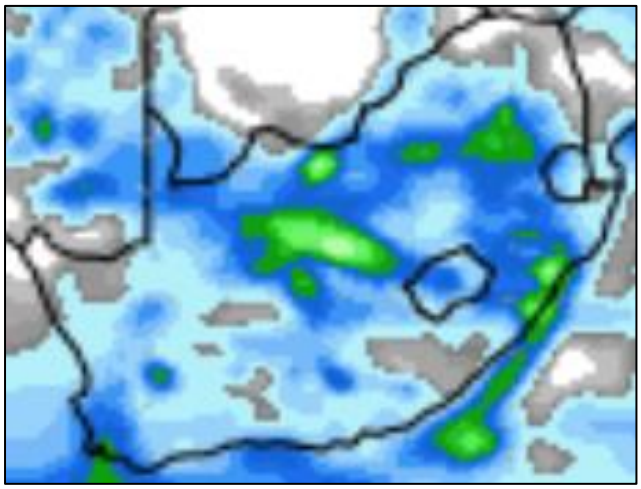

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

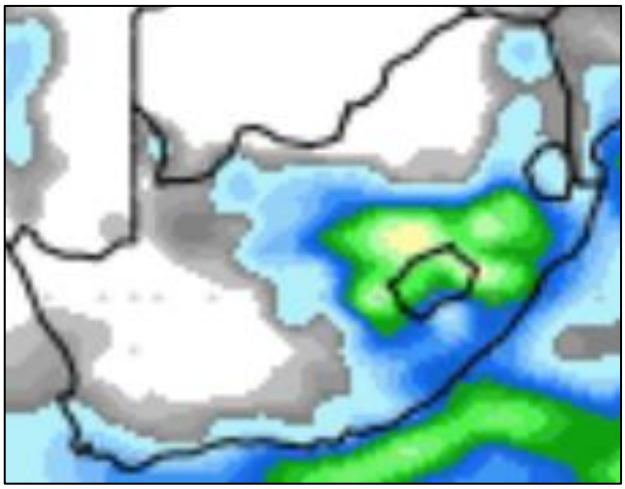

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

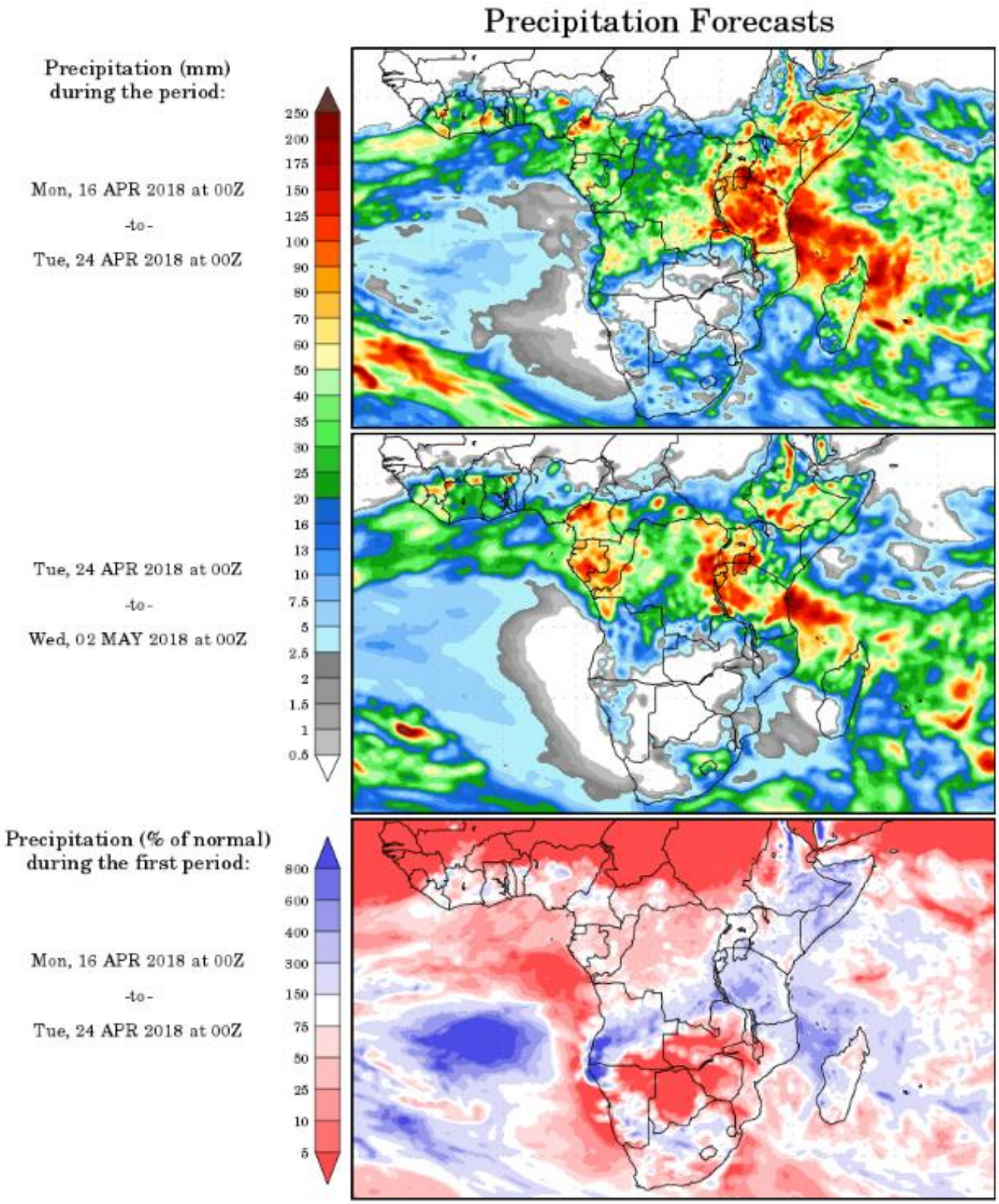

Figure 3: Precipitation forecast
Source: wxmaps

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.*

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