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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 23/04/2018
- SAGIS weekly grain trade data: 24/04/2018
- SAGIS producer deliveries data: 25/04/2018
- SAGIS monthly data: 25/04/2018
- National Crop Estimates Committee's second summer crop production estimates: 25/04/2018

ECONOMIC INDICATORS	18/04/2018*	19/04/2018*	d-o-d (%Δ)
Rand/US Dollar	11,98	11,92	+0,50%
Rand/Euro	14,81	14,76	+0,34%
Euro/US Dollar	1,2367	1,2381	+0,11%
Gold Spot	1 345,74	1 352,18	+0,48%
Brent Crude Oil	72,63	74,17	+2,12%
Platinum Spot	943,46	947,75	+0,45%
Dow Jones Industrial Average	24 786,63	24 748,07	-0,16%
JSE All Share	57 045,94	57 713,29	+1,17%
SA repo rate	6.50	6.50	0,00%
SA CPI (y/y %)	3,8	3,8	0,00%
SA CPI – food (y/y %)	3,5	3,5	0,00%

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

- The Rand/US Dollar is currently 0.50 percent stronger compared to midday yesterday, trading around R11.92. The Rand's appreciation was in line with the US Dollar depreciation against major currencies. Moreover, the higher global commodity prices also added support to the market. From a domestic data front, today's calendar is fairly light with no major releases.
- This morning the Brent crude oil price was up by 2.12 percent from levels seen at midday yesterday, trading around US\$74.17 per barrel. This was on the back of a decline in weekly US crude inventories and expectations that major oil producers will remain committed to curbing production. Data from the Energy Information Administration shows that the US oil inventories declined by 1.1 million barrels in the week of 13 April 2018.



MAIZE/CORN	18/04/2018*	19/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 978	1 975	-0,15%
White maize Jul 18 (R/t)	2 046	2 045	-0,05%
Yellow maize Spot (R/t)	2 071	2 062	-0,43%
Yellow maize Jul 18 (R/t)	2 134	2 130	-0,19%
CME corn Spot (US cents/bushel)	381	383	+0,52%

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

- The SAFEX maize market lost ground in yesterday's trade session and settled in negative territory owing to a combination of factors. These include the relatively stronger Rand against the US Dollar, lower Chicago maize prices, as well as expectations of large domestic supplies.
- The most recent weather charts show that the next two weeks could be mostly dry and cool over the maize-belt, which bodes well for crops in fields that have already matured and approaching the harvest period, particularly in the eastern regions that planted during the optimal window.
- To iterate a point made in yesterday's note, the late-planted regions in the western parts of the maize-belt might not be negatively affected by expected drier and cool weather conditions, as soil moisture has generally improved across the summer rainfall areas¹.
- While the focus is on the new production season, some farmers continue to deliver old season maize to commercial silos. The total maize deliveries were reported at 17 603 tonnes in the week ending 13 April 2018, double the volume delivered the previous week. About 61 percent of this was yellow maize, with 39 percent being white maize. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 50" stand at 15.50 million tonnes. Of this total, 59 percent is white maize with 41 percent being yellow maize.
- Beyond our borders, there is optimism that the 2018/19 global maize production could increase by a percentage point from the 2017/18 season to 1.05 billion tonnes. This is boosted anticipation of an uptick in production in key maize-producing countries such as Brazil, Argentina, Ukraine, China and Russia, amongst others. With that said, it is still early in the season, more information will unfold over the next few months.

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

¹ Aside from the weather conditions, there is optimism in the market that South Africa could receive a fairly good harvest of about 12.42 million tonnes of commercial maize in the 2017/18 season (albeit being lower than last season's harvest, this is well above annual maize consumption of about 10.50 million tonnes). The National Crop Estimates Committee will release an update of this estimate on 25 April 2018. Moreover, there will be a large carryover stock of about 4.1 million tonnes from the current marketing year, which should boost supplies in the 2018/19 marketing year which starts on 01 May 2019.



WHEAT	18/04/2018*	19/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 831	3 836	+0,13%
SAFEX Wheat May 18 (R/t)	3 852	3 855	+0,08%
CME Wheat spot (US cents/bushel)	469	478	+1,92%

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

- Yesterday the SAFEX wheat market managed to claw back some of its recent losses and settled in positive territory. This was partially driven by spillover support from higher Chicago wheat prices.
- The US winter wheat crop is not in good shape. Only 31 percent of the crop was rated good/excellent on 15 April 2018, which is 23 percent lower than the corresponding period last year. This is mirrored in the decline in US 2017/18 wheat production, currently estimated at 47 million tonnes, down by 25 percent from the previous season.
- The 2018/19 production season could also present a generally lower harvest due to unfavourable weather conditions. The International Grains Council (IGC) forecasts US all-wheat production at 48 million tonnes, up by 2 percent from the 2017/18 season. The bad start of this season is reflected in the spring wheat plantings, which are already behind the normal pace due to unfavourable weather conditions in the past few weeks. On 15 April 2018, the US farmers had planted only 3 percent of the intended area for the new season, compared to 12 percent at the corresponding period last year.
- With that said, the global wheat supplies will remain solid due to expectations of a fairly good harvest in other parts of the world, such as Australia, EU and India, amongst others. The IGC forecasts 2018/19 global wheat production at 741 million tonnes, down by 2 percent from the previous season. This production decline will partially be compensated by large stocks from the current marketing year.
- On the domestic front, trade aspects remain an important factor in the market as South Africa is a net importer of wheat. The wheat import tariff has triggered again on 10 April 2018 to R437 per tonne. The previous trigger was on 20 March 2018, which then, was calculated at R293.74 per tonne, after an uptick in international wheat prices (No2 HRW), which were supported by unfavourable weather conditions in the US wheat growing regions.
- However, these rates are not yet applicable. The current import tariff is R394.85 per tonnes. The newly calculated rates will be applicable after publication in a government gazette, of which the timeframe is unclear. The import tariff will expectedly decline to R293.74 per tonne first and then increase to R437.25 per tonne.

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



SOYBEAN	18/04/2018*	19/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 626	4 597	-0,63%
SAFEX Soybean May 18 (R/t)	4 656	4 625	-0,67%
CME Soybean Spot (US cents/bushel)	1 045	1 043	-0,19%

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

- The SAFEX soybean market was under pressure throughout yesterday's trade session owing to bearish sentiment from the Chicago market, relatively stronger Rand against the US Dollar, as well as favourable crop conditions across the country.
- As indicated in our previous notes, a large part of the soybean crop has already matured and currently approaching the harvest process. Therefore, the expected dry and cool weather conditions within the next two weeks will add positive momentum to the process.
- Apart from the weather developments, there is generally some optimism in the field, with soybean yield expectations varying across the country, mainly ranging from average and above average yields.
- The National Crop Estimates Committee's yield estimate is 1.77 tonnes per hectares, which is slightly higher than the average yield of the past five production seasons². The expectations of higher yields, coupled with an increase in area planted are the key factors underpinning the expectations of a record harvest of 1.39 million tonnes in the 2017/18 production season.
- As set out in our previous notes, South Africa will remain a net importer of soybeans despite the improvements in production. The national Supply and Demand Estimates Committee forecasts 2018/19 soybean imports at 20 000 tonnes, down by 27% from the previous marketing year.
- In terms of soybean oil and meal, the country will remain a net importer. The IGC forecasts South Africa's 2018/19 soybean meal imports at 600 000 tonnes, unchanged from the previous season. The key factor underpinning this increase in imports is the strong demand from the animal feed industry, which in turn, is supported by growing demand for meat in the country, particularly poultry³.

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

² The current average 5-year soybean yield is 1.75 tonnes per hectare.

³ 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.



SUNFLOWER SEED	18/04/2018*	19/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 700	4 740	+0,85%
SAFEX Sunflower seed May 18 (R/t)	4 638	4 658	+0,43%
EU (France) sunflower seed (US\$/t)	412	411	-0,24%

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

- The SAFEX sunflower seed market started yesterday's trade session in positive territory and maintained the gains throughout the day as commercial buying interest continued to provide support to the market.
- The weather has cleared across the sunflower seed growing areas and currently shows and current prospects of dry and cool weather conditions until the week of 04 May 2018. This is a positive development for areas that planted in the optimal planting window as the crops have matured and therefore approaching the harvest process.
- While the late planted areas are still at a stage of development that requires moisture, crops might not be negatively affected by expected drier conditions as soil moisture has improved notably following the recent rainfall. With that said, we will monitor the developments over the coming weeks in order to ascertain the impact of dryness on crop output.
- At the moment, however, the crop is in good condition and there is optimism that the actual harvest could potentially reach the National Crop Estimates Committee's estimate of 749 205 tonnes in the 2017/18 season (This is, however, 14 percent lower than the previous season's harvest owing to a decline in area planted, as well as expectations of lower yields in some areas).
- The Committee will provide key guidance on 25 April 2018 when it releases the third production estimates. Given that weather conditions have been quite favourable since the last crop assessment, we believe that there will be marginal changes from the current estimates and will possibly be on the upside. Our recent interactions with farmers have been fairly positive, with expectations of a good harvest in most areas.
- Elsewhere, yesterday the EU's sunflower seed market pulled back from levels seen the previous day with the price down by 0.24 percent, settled at US\$411 per tonne. This was partially underpinned by a decline in sunflower oil prices. Apart from the price movements, the planting season for the 2018/19 sunflower seed have commenced in Bulgaria, Romania and Hungary should gain momentum in the next couple of weeks if weather conditions remain favourable.

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



POTATO	18/04/2018*	19/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	36,67	34,34	-6,35%

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

- The South African potatoes market pulled back in yesterday's trade session with the price down by 6 percent from the previous day, closing at R34.34 per pocket (10kg). These losses were mainly underpinned by a large stock of 988 238 pockets (10kg bag) at the start of the session.
- In the session, the market saw an increase in deliveries as harvest activity picks up in many areas across the country. This led to a 7 percent increase in daily stocks to 1.06 million pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses owing to relatively large stock of 1.06 million pockets (10kg bag), compared to levels seen in the past few days.

BEEF CARCASS	18/04/2018*	19/04/2018*	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 experienced a quiet session with the price unchanged from the previous day, closing at R39.50 per kilogram due to thinly traded volumes. As previously highlighted, 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 weather charts currently show clear skies across the country, with the exception of the eastern sections of Mpumalanga and KwaZulu Natal provinces, as well as the south-western parts of the Western Cape provinces which could receive light showers within the next eight days (figure 1).
- The long-term weather forecasts present more of the same, clear skies across the country with prospects of light showers varying between 5 and 13 millimetres over the coastal areas in the week of 03 May 2018 (figure 2). While this bodes well for crops that have matured and approaching the harvest process, it could delay plantings in winter crop growing areas.

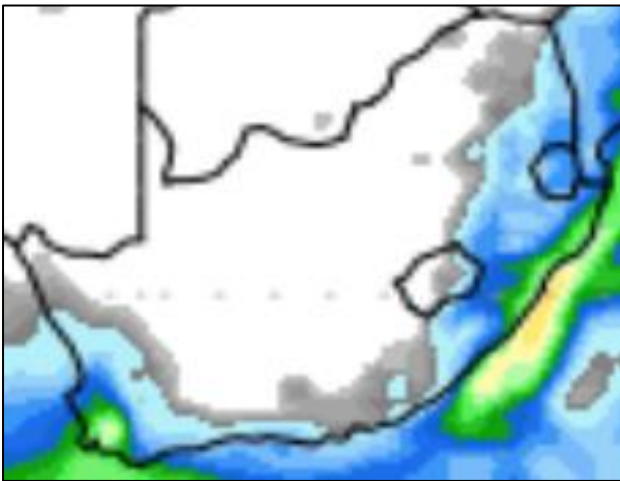


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

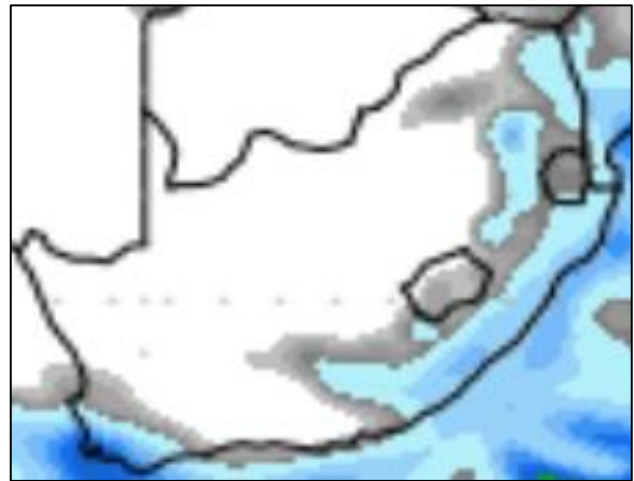


Figure 2: Next 16-days precipitation forecast
Source: wxmaps



Precipitation Forecasts

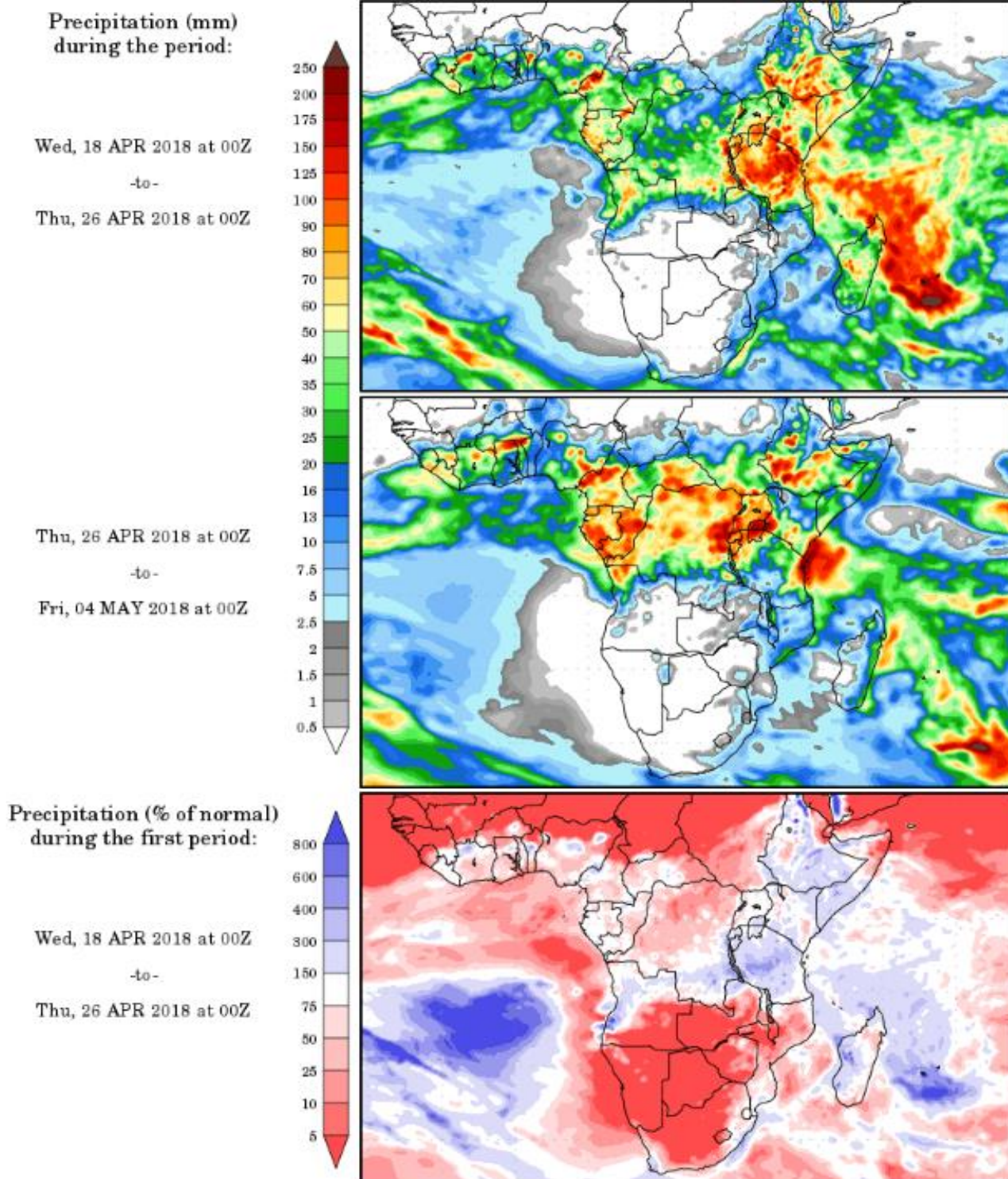


Figure 3: Precipitation forecast
Source: wxmaps

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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