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Key Data Releases in Agricultural Markets:

- 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
- USDA's crop progress report: 30/04/2018

ECONOMIC INDICATORS	23/04/2018*	24/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,23	12,33	-0,81%
Rand/Euro	14,97	15,05	-0,53%
Euro/US Dollar	1,2230	1,2208	-0,18%
Gold Spot	1 327,90	1 326,78	-0,08%
Brent Crude Oil	74,02	75,04	+1,38%
Platinum Spot	923,77	921,76	-0,22%
Dow Jones Industrial Average	24 462,94	24 448,69	-0,06%
JSE All Share	57 486,11	57 679,51	+0,34%
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

- This morning the domestic currency weakened by 0.81 percent against the US Dollar from levels seen at midday yesterday. The Rand's depreciation was in line with the US Dollar appreciation against major currencies, as well as a slight decline in global commodity prices. At the time of writing, the Rand/US Dollar exchange traded around R12.33. From a domestic data front, the SARB will release its Leading Indicator results for February 2018.
- The Brent crude oil market had a good run this morning with the price up by 1.38 percent from levels seen at midday yesterday, trading around US\$75.04 per barrel. These gains are partially linked to rising geopolitical concerns in the Middle East, as well as a decline in US oil inventories. With that said, there will be more clarity about US oil inventories when the Energy Information Administration released its weekly update on Wednesday.



MAIZE/CORN	23/04/2018*	24/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 994	2 004	+0,50%
White maize Jul 18 (R/t)	2 044	2 052	+0,39%
Yellow maize Spot (R/t)	2 095	2 106	+0,53%
Yellow maize Jul 18 (R/t)	2 133	2 141	+0,38%
CME corn Spot (US cents/bushel)	378	378	0,00%

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

- The SAFEX maize market recorded additional gains in yesterday's trade session benefiting from a combination of factors. These included the weaker domestic currency against the US Dollar, commercial buying interest and higher Chicago maize prices, amongst others.
- South Africa's maize crop has generally matured, which means cool and dry conditions are an ideal weather for the crop at this stage of development. The past weekend presented the precise favourable environment, which is cool and drier conditions across the maize-belt.
- The forecast for the next two weeks suggests that conditions could remain unchanged which bodes well for the maize crop, ahead of the harvest period. This is, however, with the expectation of the southern parts of the Free State and the Eastern Cape provinces which could receive light showers in the week of 09 May 2018. This could, nonetheless, have minimal impact on the crop as rainfall is expected to be light and scattered, varying between 13 and 25 millimetres.
- This week is data-packed, but the most anticipated release is the National Crop Estimate Committee's (CEC) third production estimate for 2017/18 summer crops. Bloomberg analyst's forecasts put South Africa's maize harvest at 12.49 million tonnes, which is slightly higher than last month's estimate of 12.42 million tonnes. About 51% of this is white maize, with the remainder being yellow maize. The favourable weather condition across the country support the optimism.
- We will get an indication tomorrow. Suffice to say, a harvest above 12 million tonnes will be well above South Africa's annual maize consumption of roughly 10.50 million tonnes, which then means that the country would remain a net exporter of maize in the 2018/19 marketing year which starts on 01 May 2018. The supplies received a boost from a large carryover stock of 4.1 million tonnes in the current marketing year¹.

Bottom line – Today the domestic maize market could receive additional support owing to the relatively weaker Rand against the US Dollar.

¹ This large carryover stock of 4.1 million tonnes is a result of a record harvest of 16.82 million tonnes of commercial maize in the 2016/17 production season.



WHEAT	23/04/2018*	24/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 895	3 847	-1,23%
SAFEX Wheat Dec 18 (R/t)	3 892	3 850	-1,08%
CME Wheat spot (US cents/bushel)	465	461	-0,86%

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

- The SAFEX wheat market started yesterday's trade session on a negative footing and remained under pressure throughout the day due to a bearish sentiment from the Chicago wheat market.
- In the fields, the winter grains planting has commenced in some areas in the Western Cape province, particularly the canola and oats fields. This started, despite the extreme dryness in the fields, as farmers hope for better rainfall in the coming weeks. The optimism is backed by the South African Weather Service's forecasts of above normal rainfall in the province between this month and June 2018². The winter wheat plantings could also commence in the coming month or so.
- With that said, the near-term weather forecasts remain unfavourable for a larger part of the province. The forecasts present a likelihood of cool and dry weather conditions within the next eight days, with a chance of between 16 and 40 millimetres of rainfall in the southern and western parts of the Western Cape province.
- The week of 09 May 2018, promises widespread showers over the province but will be light, varying between 16 and 24 millimetres, which will not be sufficient to notably improve soil moisture. We will continue to monitor the developments over the coming weeks, as this is critical for the development of winter wheat.
- Also important to keep an eye on is the intentions-to-plant data which is due for release tomorrow afternoon. Bloomberg analyst's forecasts put South Africa's 2018/19 winter wheat planting at 492 500 hectares, which is slightly above the previous season's plantings of 492 500 hectares.
- Beyond our borders, the weather is a primary focus in the US wheat market as it could influence the spring wheat plantings. The forecast for the next two weeks is quite favourable, presenting a likelihood of rainfall over the wheat growing areas³. This is supportive of US spring wheat sowing activity which is currently underway in most parts of the country. Also worth noting is that the US 2018/19 wheat production could be slightly higher than the previous season, estimated at 48 million tonnes, up by 2 percent from the previous season.

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

² Please see the link to access the South African Weather Service's Seasonal Climate Watch:

<http://www.weathersa.co.za/media/data/longrange/gfcsa/scw.pdf>

³ Please see the link to access the US precipitation forecasts: <http://wxmaps.org/pix/prec1>



SOYBEAN	23/04/2018*	24/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 588	4 629	+0,89%
SAFEX Soybean May 18 (R/t)	4 682	4 723	+0,88%
CME Soybean Spot (US cents/bushel)	1 030	1 019	-1,07%

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

- The SAFEX soybean market had a good run in yesterday's trade session and settled in positive territory. This increase can be attributed to a number of factors, including the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago soybean prices.
- The soybean harvest process is at the initial stages, currently underway in some areas of Mpumalanga province. The cool and drier weather conditions experienced over the weekend bodes well for the process⁴. Importantly, the weather forecasts have changed overnight and currently showers a possibility of continued cool and drier weather conditions over the soybean growing areas within the next two weeks. This should add momentum to the harvest process.
- The yields are expected mainly vary between average and slightly above-average. In fact, the 2017/18 national soybean yield is set to average 1.77 tonnes per hectare, according to last month's CEC data. This is slightly higher than the past five season's average yield of 1.75 tonnes per hectare.
- The expected record harvest of 1.4 million tonnes this season is underpinned by a combination of higher yields, as well as the increase in area plantings to a record area of 787 200 hectares. As highlighted in yesterday's note, tomorrow the CEC will release an update of these estimates. We don't foresee major changes as weather conditions have been fairly favourable since the last assessment.
- Elsewhere, the 2017/18 soybean harvest is almost over in Brazil. Data from AgRural shows that on 19 April 2018, about 91% of the crop had already been harvested. This is slightly behind last year's pace at this time of the year due to a late start of the harvest process in some areas. To recap, the International Grains Council forecasts Brazil's 2017/18 soybean production at 114 million tonnes, fairly unchanged from the previous season. Other private analysts forecast the country's harvest at levels around 119 million tonnes due to higher yields.

Bottom line – Today the domestic soybean market could also experience sideways movements if the ZAR/USD exchange and Chicago soybean prices maintain the current trends.

⁴ The eastern parts of South Africa, which predominantly produce soybeans, received good rainfall at the start of the season. This enabled the planting activity to occur during the optimal window.



SUNFLOWER SEED	23/04/2018*	24/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 603	4 605	+0,04%
SAFEX Sunflower seed July 18 (R/t)	4 703	4 720	+0,36%
EU (France) sunflower seed (US\$/t)	412	405	-1,70%

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

- The South African sunflower seed market posted gains in yesterday's trade session. This was mainly on the back of the weaker domestic currency against the US Dollar, as well as commercial buying interest.
- In the absence of major news in the domestic sunflower seed market, the weather remains a centre of attention, as it could still influence the crop production outlook, although a large part of it has already matured. Following a dry and cool weekend, this week started on a dry note across the sunflower seed growing areas, which bodes well for crops, especially in areas that planted earlier in the season.
- Moreover, the weather forecasts for the next eight days presents more of the same, which is a cool and dry weather condition across the summer crop growing areas. While crops on the late-planted areas are still at maturation stages which requires moisture, the expected cool and dry weather conditions might not negatively affect crops, thanks to improved soil moisture after rainfall received in the past few weeks.
- As set out in yesterday's note, the key focus this week is on the CEC's production estimates which are due for release tomorrow afternoon. Last month, the Committee estimated South Africa's 2017/18 sunflower seed production at 749 205 tonnes. While 14 percent lower than the previous season's harvest owing to a decline in area planted, this output is better than expectations at the start of the season.
- On the global front, yesterday the EU's sunflower seed market pulled back from levels seen last week, in line with the slight decline in crude oil and pail oil market. The EU's sunflower seed oil price was down by 1.70 percent from the previous day, closing at US\$405 per tonne.
- Looking ahead, the 2018/19 sunflower seed planting has commenced in the Black Sea region. If weather conditions remain favourable, the province could see a bit of a recovery this season. In 2017/18 production season, Russia and Ukraine's sunflower seed production declined by 5 percent and 14 percent from the previous season to 10.36 million and 13.00 million tonnes, respectively. This decline was mainly underpinned by lower yields due to unfavourable weather conditions earlier in the season.

Bottom line – Today, the domestic sunflower seed market could receive marginal gains due to a slightly weaker Rand against the US Dollar.



POTATO	23/04/2018*	24/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	32,03	30,65	-4,31%

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

- The South African potatoes market was under pressure in yesterday's trade session with the price down by 4 percent from the previous day, settled at R30.65 per pocket (10kg). This was mainly on a back of a large stock of 1.19 million pockets (10kg bag) at the start of the session.
- Nonetheless, 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 during the weekend. This subsequently led to a 20 percent decline in daily stocks to 957 618 pockets (10kg bag).

Bottom line – Today the potatoes price could experience extended losses owing to relatively large stock of 957 618 pockets (10kg bag).

FRUIT (South Africa)	23/04/2018*	24/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,77	6,71	-0,89%
Bananas (R/kg)	6,93	6,37	-8,08%
Oranges (R/kg)	3,19	2,73	-14,42%

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

- The South African fruit market was widespread losses at the start of this week due to an uptick in stocks. The price of apples was up by a percentage point from the previous day, closing at R6.71 per kilogram. This followed an uptick in producer deliveries, which subsequently led to a 48 percent increase in daily stocks to 673 392 tonnes.
- The prices bananas and oranges were down by 8 percent and 14 percent from the previous day, closing at R6.37 and R2.73 per kilogram, respectively. These losses were mainly on the back of large stocks of 1.05 million tonnes of bananas and 438 207 tonnes of apples.

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	23/04/2018*	24/04/2018*	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

- There SAFEX beef carcass market has been fairly quiet for some time owing to thinly traded volumes. Yesterday's session was no different, the price remained flat 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.
- After a decline in cattle slaughtering activity in 2017 due to the herd restocking process, this year could present different dynamics. The USDA forecasts a 4 percent annual increase in the number of cattle to be slaughtered in South Africa in 2018 to 3.5 million cattle, due to the anticipated uptick in demand and a general recovery in the industry performance⁵. This will partially influence the path of meat price inflation in the month ahead.

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 morning the weather charts remain fairly unchanged from yesterday. The next eight days could bring dry and warm weather conditions across the country, with light showers in the western parts of the Western Cape province (figure 1). The long-term weather forecasts present a possibility of light showers in some parts of the country. This is with the exception of Limpopo, North West, Gauteng, northern and central Free State, KwaZulu Natal and Mpumalanga which could remain cool and dry over the observed period (figure 2).

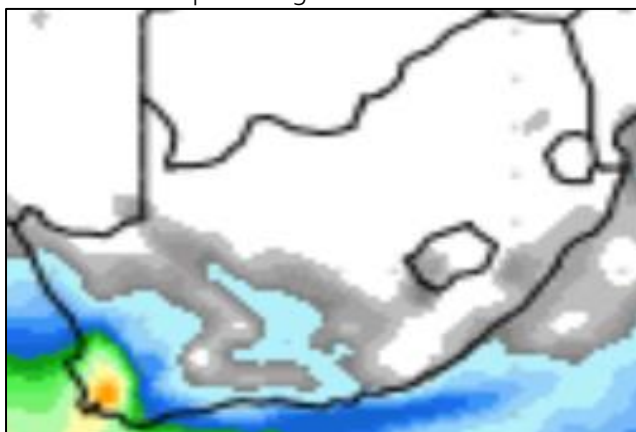


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

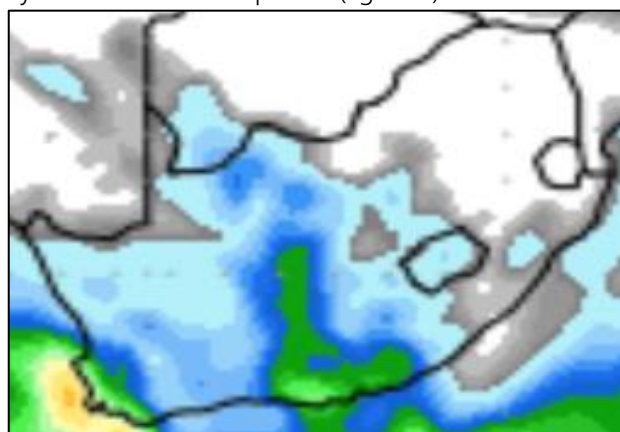


Figure 2: Next 16-days precipitation forecast
Source: wxmaps

⁵ USDA Report on SA cattle industry:
https://gain.fas.usda.gov/Recent%20GAIN%20Publications/South%20African%20Beef%20Imports%20Expected%20to%20Remain%20Flat%20in%202018_Pretoria_South%20Africa%20-%20Republic%20of_4-5-2018.pdf



Precipitation Forecasts

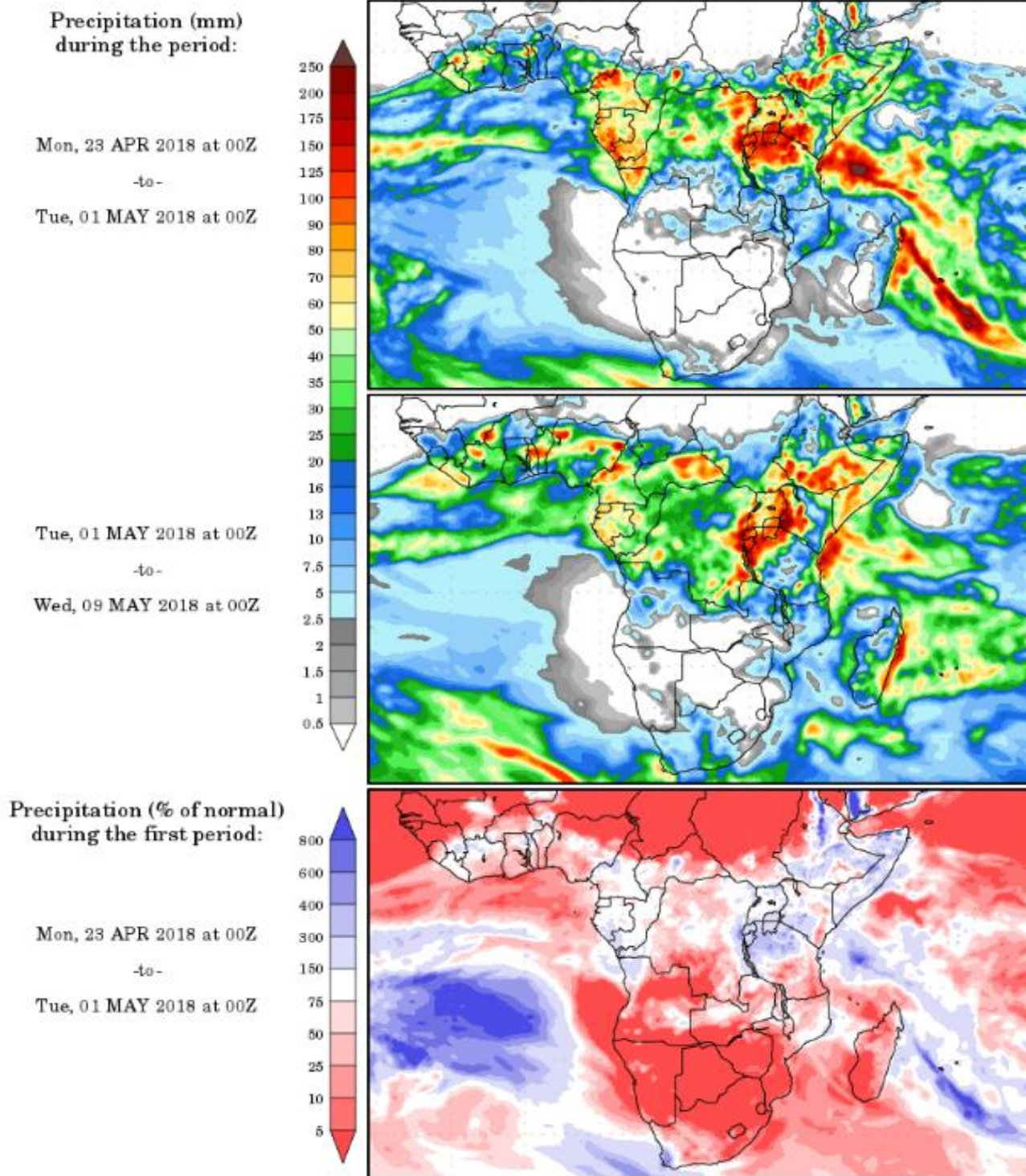


Figure 3: Precipitation forecast
Source: wxmaps

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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