FOR ANY QUERIES, PLEASE CONTACT:

Wandile Sihlobo: wandile@agbiz.co.za

Key Data Releases in Agricultural Markets:

- 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
- SAGIS weekly grain trade data: 03/05/2018

ECONOMIC INDICATORS	24/04/2018*	25/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,29	12,36	-0,57%
Rand/Euro	15,02	15,11	-0,60%
Euro/US Dollar	1,2237	1,2218	-0,16%
Gold Spot	1 327,30	1 327,17	-0,01%
Brent Crude Oil	74,93	73,85	-1,44%
Platinum Spot	918,94	927,00	+0,88%
Dow Jones Industrial Average	23 962,00	24 024,13	+0,26%
JSE All Share	57 839,89	57 675,21	-0,28%
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 domestic currency was still under pressure this morning, along with other emerging markets currencies. These losses were partly in line with the US Dollar appreciation against major currencies. The Rand/US Dollar is currently 0.57 percent weaker compared to midday yesterday, trading around R12.36. From a data front, the BER will release the Consumer Confidence survey results for the first quarter of 2018.

- After recording good gains in yesterday, the Brent crude oil price pulled back this morning with the price down by 1.44 percent, trading around US$73.85 per barrel. This was largely on the back of easing concerns that the United States might reinstate sanctions against Iran, as well as an uptick in US oil inventories. Estimates from the American Petroleum Institute show that the US oil inventories increased by 1.1 million barrels to in the week of 20 April 2018. The official data will be released by the US Energy Information Administration later today.

MAIZE/CORN	24/04/2018*	25/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	2 004	1 992	-0,60%
White maize Jul 18 (R/t)	2 052	2 040	-0,58%
Yellow maize Spot (R/t)	2 106	2 099	-0,33%
Yellow maize Jul 18 (R/t)	2 141	2 137	-0,19%
CME corn Jul 18 (US cents/bushel)	389	382	-1,80%

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

- The SAFEX maize market started yesterday's trade session on the negative footing and remained under pressure throughout the day. The lower Chicago maize prices, as well as favourable weather conditions for the new season crop, were amongst the key factors underpinning the market.

- The most recent weather updates present cool and drier weather conditions across the maize belt within the next eight days. The week ending 10 May 2018 also presents similar outlook with the exception of KwaZulu Natal province which could receive light showers. With the crop already matured in most parts of the country (at maturation stages in the late-planted areas), these weather developments are just what the maize-belt needs ahead of the harvest period.

- Since we have a release of maize production estimates in the afternoon, we will recap a point made in yesterday's note. South Africa's maize crop is in good condition. The 2017/18 national average yield is estimated at 5.4 tonnes per hectare, which well above the average yield of 4.7 tonnes per hectare in the past five seasons.

- 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 this optimism[1].

- In terms of trade, South Africa's maize exports were again disappointing last week, amounted to 14 290 tonnes, down by 25 percent from the volume imported in the week of 13 April 2018. About 77 percent of the exported volume was white maize, with the remainder being yellow maize. The leading buyer was Namibia with a share of 31 percent of all exports. The rest went to other regional markets. This placed South Africa's 2017/18 maize marketing year exports at 2.2 million tonnes, which equates to 88 percent of the season's export forecast.

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] 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.

WHEAT	24/04/2018*	25/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 895	3 885	-0,26%
SAFEX Wheat Dec 18 (R/t)	3 892	3 867	-0,64%
CME Wheat spot (US cents/bushel)	457	474	+3,72%

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

- The SAFEX wheat market maintained its bearish trend at the close of yesterday's trade session. The key factors driving this trend remain unchanged, namely, the relatively lower Chicago wheat prices on the back of improved weather prospects in parts of the US, as well as commercial selling.

- Although canola and oats farmers have started planting in parts of the Western Cape province and wheat set to commence soon, the germination process could be slightly delayed. The near-term weather forecast point to a continuous dryness in the Western Cape province within the next two weeks.

- The weather forecast changed overnight. It currently shows clear skies across most parts of the province, therefore the view of possible light showers in the western parts of the province has changed. Moreover, this means the provincial dam levels could remain at fairly lower levels for some time. In the week of 23 April 2018, the dams averaged 16 percent, down by a percentage point from the previous week, and 6 percentage points from the corresponding period last year.

- Above all, the upcoming production season promises to be better than the last. While rainfall could be delayed, there is a bit of optimism following the local Weather Service view that parts of the south-western cape regions of the country could receive above-normal rainfall between the end of between this month and June 2018[2].

- As set out yesterday, an important data point to keep an eye on today is the intentions-to-plant data which is due for release in the 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. Another key data is SAGIS monthly figures which will include wheat stock levels. Last month, South Africa's wheat stocks were recorded at 1.5 million tonnes, which is 7 percent lower than the volumes recorded in February 2017.

- From a trade front, there were no imports last week, and the last imports were in the week of 16 March 2018, recorded at 25 135 tonnes. This placed 2017/18 marketing year's wheat imports at 1.2 million tonnes, which equates to 63 percent of the seasonal import forecast of 1.9 million tonnes.

Bottom line – Today the local wheat prices could receive good support due to the weaker ZAR/USD exchange and higher Chicago wheat prices.

[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

SOYBEAN	24/04/2018*	25/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 629	4 587	-0,91%
SAFEX Soybean Jul 18 (R/t)	4 723	4 684	-0,83%
CME Soybean Spot (US cents/bushel)	1 020	1 027	+0,69%

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

- Yesterday the SAFEX soybean market pulled back from higher levels seen the previous day as commercial selling pressure and lower Chicago wheat prices continued to add a bearish sentiment to the market. Moreover, the favourable weather conditions for the domestic soybean harvest process also added pressure to the market.

- The expected dry and cool weather conditions within the next two weeks across the soybean growing areas bode well for the harvest process which is at initial stages in parts of the Mpumalanga province. The other provinces could soon commence with the process as a large part of the crop has already matured.

- As highlighted in our note yesterday, the soybean yield is expected to mainly vary between average and above-above this season, thanks to good rainfall received earlier in the season. We will get more clarity this afternoon when the CEC releases its monthly update of production forecasts

- Last month, the CEC placed the average national yield estimate for the 2018/19 soybean crop at 1.77 tonnes per hectare. This is slightly higher than the past five season's average yield of 1.75 tonnes per hectare. This yield estimate, coupled with a large area planted are the key factors underscoring the expected record harvest of 1.4 million tonnes. Overall, we maintain that this estimate could remain unchanged as weather conditions have been fairly favourable since the last assessment.

- The other important data lease to watch today is SAGIS monthly data. Key to monitor in it are stock levels, month consumption, as well as trade. Last month's data showed that South Africa's soybean consumption (crushed oil and cake) was at 78 073 tonnes in February 2018, double the volume utilised in the corresponding period the previous year.

- This, of course, also gives us an indication of the utilisation of the soybean crushing plants. To recap a point made on 28 March 2018, applying an estimate of 2.2 million tonnes of South Africa's soybean crushing capacity, which equates to 183 333 tonnes per month, the country utilised 43% of its monthly soybean processing capacity in February 2018, which is double the capacity utilisation in February 2017.

Bottom line – Today the domestic soybean market could also receive good support due to the weaker ZAR/USD exchange and higher Chicago soybean prices.

SUNFLOWER SEED	24/04/2018*	25/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 605	4 520	-1,85%
SAFEX Sunflower seed July 18 (R/t)	4 720	4 649	-1,50%
EU (France) sunflower seed (US$/t)	405	403	-0,49%

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

- Yesterday the South African sunflower seed market pulled back from levels seen the previous day owing to favourable weather conditions, as well as commercial selling pressure.

- Today we will be focusing on SAGIS and CEC monthly data releases. Firstly, the key to monitor on SAGIS data will be the monthly sunflower seed usage, stock levels and trade. Last month's data showed that South Africa's sunflower seed consumption (crushed oil and cake) increased by 3 percent month-on-month and 17 percent year-on-year in February 2018 (to 81 347 tonnes in February 2018). Later today, we will get an indication of consumption activity for March 2018.

- In terms of trade, South Africa exported 44 tonnes of sunflower seed in February 2018, destined to Namibia and Swaziland. This placed South Africa's 2017/18 sunflower seed exports at 274 tonnes. About 50 percent went to Namibia, 42 percent to Swaziland and 8 percent to Botswana.

- The trading activity for March 2018 will fall under the new marketing year, which is 2018/19. The exports for this year are set to decline by 27 percent from the previous season to 200 tonnes, according to data from the national Supply and Demand Estimates Committee.

- Secondly, the CEC data will give an indication of South Africa's sunflower seed supply conditions. On the fields, the crop is in good condition, although most areas planted late due to unfavourable weather conditions earlier in the season. The expected cool and drier weather conditions might not negatively affect the crop as soil moisture has improved notably following rainfall received in the past few weeks.

- Last month, the CEC 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. Above all, the weather conditions have been quite favourable since the last crop assessment, therefore we don't foresee any notable revision of the production estimates. If there is any, it will probably be on the upside.

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

POTATO	24/04/2018*	25/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	30,65	33,51	+9,33%

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

- After recording losses at the beginning of the week, the South African potatoes market gained ground in yesterday's trade session and settled in positive territory. This was mainly driven by the relatively lower stock of 957 618 pockets (10kg bag) at the start of the session.

- However, 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 14 percent increase in daily stocks to 1.09 million pockets (10kg bag).

Bottom line – Today the dial could turn, with potato prices expected to register marginal losses owing to relatively large stock of 1.09 million pockets (10kg bag).

FRUIT (South Africa)	24/04/2018*	25/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,71	6,64	-1,04%
Bananas (R/kg)	6,37	6,43	+0,94%
Oranges (R/kg)	2,73	3,03	+10,99%

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

- The bananas and oranges markets managed to claw back some of the recent losses, with prices respectively up by a percentage point and 11 percent from the previous day, closing at R6.43 per kilogram and R3.03 per kilogram. These gains followed a slight decline in daily stocks to 1.02 million tonnes of bananas and 401 691 tonnes of oranges

- Meanwhile, the prices of apples registered extended losses of a percentage point from the previous day to R6.64 per kilogram. This followed a percentage point increase in daily stock to 677 789 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.

BEEF CARCASS	24/04/2018*	25/04/2018*	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*

- It was again another quiet day in the SAFEX beef carcass market characterised with thinly traded volumes. The price remained unchanged from the previous day and settled at R39.50 per kilogram. To recap 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.

- Although the cattle slaughtering activity started on a negative footing, showing a continuous decline form 2017, the dial could soon change as 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 performance. This will 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

- The Northern, Western and Eastern Cape provinces could receive light showers within the next eight days, while the rest of other provinces could remain cool and dry figure 1). With summer crops in the central and northern parts of the country already matured, the forecast dryness could boost the harvest process in areas where it has started. The long-term weather forecasts present a possibility of light showers over KwaZulu Natal province in the week of 10 May. This will, however, not negatively affect crops as its set to be light (figure 2).

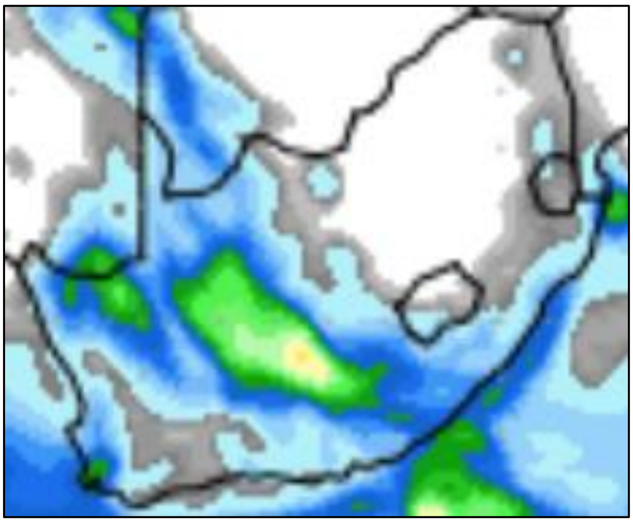

Figure 1: Next 8-days precipitation forecast
Source: wxmaps

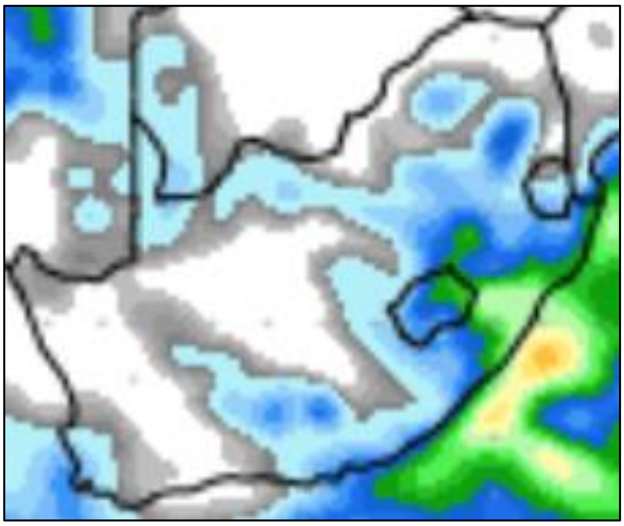

Figure 2: Next 16-days precipitation forecast
Source: wxmaps

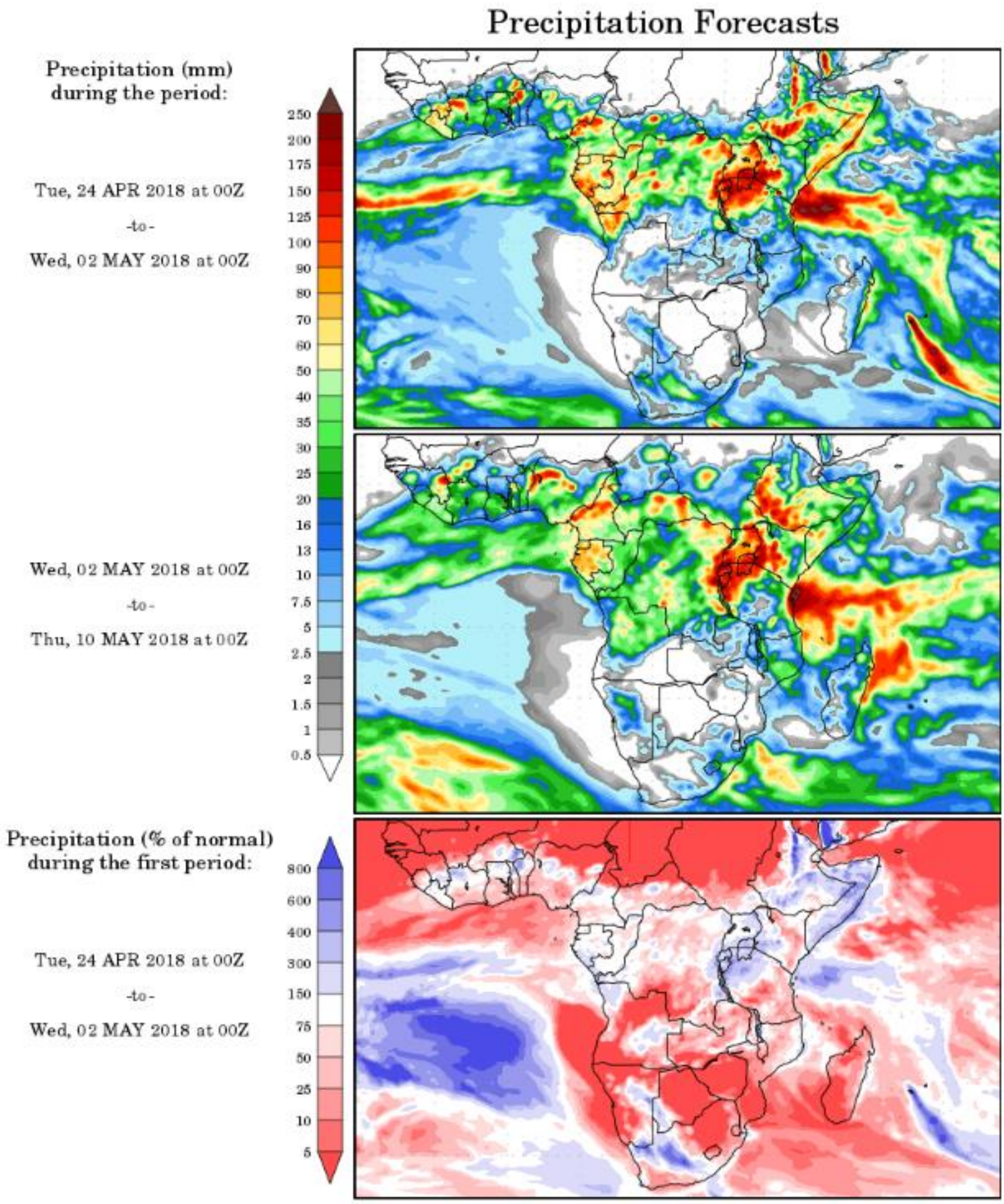

Figure 3: Precipitation forecast
Source: wxmaps

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