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Key Data Releases in Agricultural Markets:

- USDA's crop progress report: 30/04/2018
- SAGIS weekly grain trade data: 03/05/2018
- SAGIS producer deliveries data: 03/05/2018
- National Crop Estimates Committee's fourth summer crop production estimates: 29/05/2018

ECONOMIC INDICATORS	25/04/2018*	26/04/2018*	d-o-d (%Δ)
Rand/US Dollar	12,45	12,43	+0,16%
Rand/Euro	15,20	15,13	+0,46%
Euro/US Dollar	1,2208	1,2176	-0,26%
Gold Spot	1 324,71	1 323,40	-0,10%
Brent Crude Oil	73,89	74,44	+0,74%
Platinum Spot	923,75	911,49	-1,33%
Dow Jones Industrial Average	24 024,13	24 083,83	+0,25%
JSE All Share	57 330,09	56 987,19	-0,60%
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 was almost flat from levels seen at midday yesterday, trading around R12.43 to the US Dollar. The marginal gains recorded were partly in line with the US Dollar depreciation against major currencies, as well as general positive sentiment in the domestic market. From a data front, Stats SA will release the producer price index (PPI) data for March 2018.
- The Brent crude oil market had a good run this morning with the price up by 0.74 percent from levels seen at midday yesterday, trading around US\$74.44 per barrel. The market was generally supported by concerns of geopolitical tensions in the Middle-East. This overshadowed the bearish news of an improvement in US oil inventories. Data from the Energy Information Administration showed that US oil inventories rose by 2.2 million barrels in the week ending 20 April 2018, which is well above market expectations of a 1.1 million barrels uptick.



MAIZE/CORN	25/04/2018*	26/04/2018*	d-o-d (%Δ)
White maize Spot (R/t)	1 992	2 006	+0,70%
White maize Jul 18 (R/t)	2 040	2 057	+0,83%
Yellow maize Spot (R/t)	2 099	2 116	+0,81%
Yellow maize Jul 18 (R/t)	2 137	2 157	+0,94%
CME corn May 18 (US cents/bushel)	383	386	+0,78%

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

- Yesterday the SAFEX maize market managed to claw back some of its recent losses and settled in positive territory. This was partially supported by the weaker Rand against the US Dollar, commercial buying interest, as well as higher Chicago maize prices.
- As set out in yesterday's note, South Africa's commercial maize production estimate was lifted by 3 percent from last month to 12.8 million tonnes. This output consists of 6.6 million tonnes of white maize and 6.2 million tonnes of yellow maize. This is mainly on the back of fairly good yields, following rainfall received in the past couple of weeks.
- A carryover stock of 4.1 million tonnes plus 12.8 million tonnes of production should ensure that the market is well-supplied with enough maize to cover a domestic annual maize requirement of roughly 10.5 million tonnes. This could see South Africa exporting more than 2.2 million tonnes in the 2018/19 marketing year.
- The crop has already matured in large parts of the country (at maturation stages in the late-planted areas), therefore approaching the harvest period which requires dry and cool weather conditions. The weather forecast for the next eight days promises just that, meaning dry and cool weather conditions. The week ending 10 May 2018 also presents similar outlook with the exception of parts of KwaZulu Natal and Mpumalanga provinces which could receive light showers.
- 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 22 763 tonnes in the week ending 20 April 2018, down by 29 percent from the previous week. Overall, South Africa's 2017/18 marketing year's total maize deliveries for "week 1 to 51" stand at 15.5 million tonnes.
- Also worth noting is that South Africa's maize ending stocks was recorded at 4.6 million tonnes in March 2018, treble the volume seen in the same period last year.

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.



WHEAT	25/04/2018*	26/04/2018*	d-o-d (%Δ)
SAFEX Wheat Spot (R/t)	3 885	3 902	+0,44%
SAFEX Wheat Dec 18 (R/t)	3 867	3 880	+0,34%
CME Wheat spot (US cents/bushel)	475	489	+2,95%

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

- After recording losses at the beginning of the week, the SAFEX wheat market recovered in yesterday's trade session and settled in positive territory. The gains were underpinned by the weaker domestic currency against the US Dollar, commercial buying interest, as well as higher Chicago wheat prices.
- The weather remains a key focus in the local wheat market as the planting period approaches. There was not much rainfall in the past couple of months in the leading wheat producing province, the Western Cape. Therefore, soil moisture is quite low across the province. Disappointingly, the weather forecast for the next two weeks shows a possibility of dry and cool weather conditions over the province, which means soil moisture conditions could remain unchanged.
- Nonetheless, some farmers have started planting the new season winter crops, despite the harsh weather conditions. They have, so far, planted a couple of hectares of oats and canola. This optimism follows 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 this month and June 2018.
- As indicated in our previous note, South African farmers intend to increase the area planted to winter wheat by 2 percent from the 2017/18 production season to 500 500 hectares. The uptick, however, will possibly be in the Free State, Eastern Cape, Limpopo and North West provinces. Meanwhile, the Western Cape's area plantings could decline by 2 percent from the previous season to 320 000 hectares¹. Overall, all these are intentions-to-plant, we will monitor the actual activity in the fields over the coming weeks.
- Aside from the production matters, it is worth noting that last month South Africa's wheat stocks were recorded at 1.4 million tonnes. This is 10 percent lower than the volume seen in February 2018 and 4 percent lower than March 2017 due to an uptick in usage.
- The local wheat demand was recorded at 258 280 tonnes in March 2018, up by 15 percent from the previous month, but down by 4 percent from the corresponding period last year.

Bottom line – Today the local wheat prices could receive marginal gains due higher Chicago wheat prices and the relatively weaker ZAR/USD exchange, compared to levels seen in the past few days.

¹ The Western Cape remains the key wheat producing province. It accounts for 64 percent of South Africa's wheat hectares.



SOYBEAN	25/04/2018*	26/04/2018*	d-o-d (%Δ)
SAFEX Soybean Spot (R/t)	4 587	4 630	+0,94%
SAFEX Soybean Jul 18 (R/t)	4 684	4 725	+0,88%
CME Soybean Spot (US cents/bushel)	1 027	1 033	+0,58%

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

- The SAFEX soybean market opened yesterday's trade session on a negative footing but quickly gained ground with support emanating from the weaker Rand against the US Dollar. Moreover, the higher Chicago soybean prices also added support to the market.
- The next eight days should remain cool and dry over the soybean growing areas, which should be supportive of the harvest process. This is at initial stages in parts of the Mpumalanga province, and it could soon commence in other provinces as a large part of the crop has already matured.
- The crop is in good condition throughout the country and this is demonstrated in the CEC's decision to revise South Africa's 2017/18 soybean production estimate up by 3 percent from the previous season to 1.4 million tonnes. This is underpinned by expected higher yields, as well as an increase in area planted. The key soybean-growing provinces are Free State, Mpumalanga and KwaZulu Natal making up a combined share of 87 percent. The other notable soybean-producing province is Gauteng and North West with a combined share of 8 percent.
- This expected large crop implies that South Africa's soybean market will be well-supplied in the 2018/19 marketing year. The seasonal imports could decline by 27 percent year-on-year to 20 000 tonnes. This is a notable improvement following imports of 271 098 tonnes in the 2016/17 marketing year. Moreover, we estimate that in 2018, soybean oilcake imports could decline by 17 percent from last year to 458 992 tonnes. This too is a remarkable improvement from imports of close to a million tonnes in 2010.
- Aside from production aspects, the most recent data from SAGIS shows that South Africa's soybean stocks were at 261 613 tonnes in March 2018, which is almost double the volume seen in the corresponding period last year. Also worth noting is that soybean consumption (crushed oil and cake) was at 74 282 tonnes in March 2018, down by 20 percent from the corresponding period last year.
- Using 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 41% of its monthly soybean processing capacity in March 2018, down by 2 percentage points from the previous month and 10 percentage points from the same period last year.

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



SUNFLOWER SEED	25/04/2018*	26/04/2018*	d-o-d (%Δ)
SAFEX Sunflower seed Spot (R/t)	4 520	4 558	+0,84%
SAFEX Sunflower seed July 18 (R/t)	4 649	4 685	+0,77%
EU (France) sunflower seed (US\$/t)	403	403	0,00%

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

- Yesterday the South African sunflower seed market managed to claw back some of its recent losses and settled in positive territory. This was partially on the back of the weaker domestic currency against the US Dollar, as well as commercial buying interest.
- The sunflower seed crop is generally in good condition across the country. The harvest process could soon commence in areas that planted during the optimal window as the weather conditions are expected to remain cool and dry within the next eight days. The late-planted areas are not yet at harvest stages but might not be negatively affected by expected drier conditions as soil moisture has improved notably following rainfall received in the past few weeks.
- This optimism is also mirrored in the production estimates. Yesterday the CEC lifted South Africa's 2017/18 sunflower seed production estimates by 6 percent from last month to 792 255 tonnes. Although 9 percent lower than the previous season's harvest, this is well above market expectations at the start of the season.
- Apart from the production dynamics, South Africa's sunflower seed consumption (crushed oil and cake) declined by 3 percent month-on-month to 79 199 tonnes in March 2018. However, this was still 29 percent higher than the volume utilised in the corresponding period last year.
- In terms of trade, South Africa exported 51 tonnes of sunflower seed in March 2018, destined for Namibia and Swaziland. This was the first batch of exports in the 2018/19 marketing year and accounts for 26 percent of the seasonal export forecast². There were no imports in March 2018. The total imports for the 2018/19 marketing year are estimated at 500 tonnes, down by 10 percent from the previous season.
- Also, worth noting is that the ending stock was recorded at 88 251 tonnes in March 2018, down by 43 percent from the previous month and well below the volume recorded in the corresponding period last year. With that said, the stocks could soon recover as harvest period approaches.

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

² South Africa's 2018/19 sunflower seed exports 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.



POTATO	25/04/2018*	26/04/2018*	d-o-d (%Δ)
RSA Potato (R/10kg)	33,51	32,82	-2,06%

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

- Yesterday the South African potatoes market pulled back from levels seen the previous day and settled in negative territory. This was mainly underpinned by large stocks of 1.09 million pockets (10kg bag) at the start of the session.
- 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 6 percent increase in daily stocks to 1.15 million pockets (10kg bag).

Bottom line – Today the South African potatoes price could experience extended losses owing to relatively large stock of 1.15 million pockets (10kg bag).

FRUIT (South Africa)	25/04/2018*	26/04/2018*	d-o-d (%Δ)
Apples (R/kg)	6,64	6,71	+1,05%
Bananas (R/kg)	6,43	6,11	-4,98%
Oranges (R/kg)	3,03	3,31	+9,24%

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

- The South African fruit market settled on a mixed footing in yesterday's trade session. The prices of apples and oranges were up by a percentage point and 9 percent from the previous day, closing at R6.71 and R3.31 per kilogram, respectively. These gains were partially on the back of relatively lower stock of 437 273 tonnes of apples and 313 807 tonnes of oranges.
- Meanwhile, the price of bananas was down by 5 percentage from the previous day and settled at R6.11 per kilogram due to a large daily stock of 1.02 million tonnes of bananas.

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	25/04/2018*	26/04/2018*	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 market presented more of the same due to thinly traded volumes. The price remained unchanged from the previous day, closing at R39.50 per kilogram. As highlighted 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 from 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

- This morning the weather charts remain fairly unchanged from yesterday. Parts of 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 and parts of Mpumalanga provinces in the week of 10 May. This will, however, not negatively affect crops as its set to be light (figure 2).

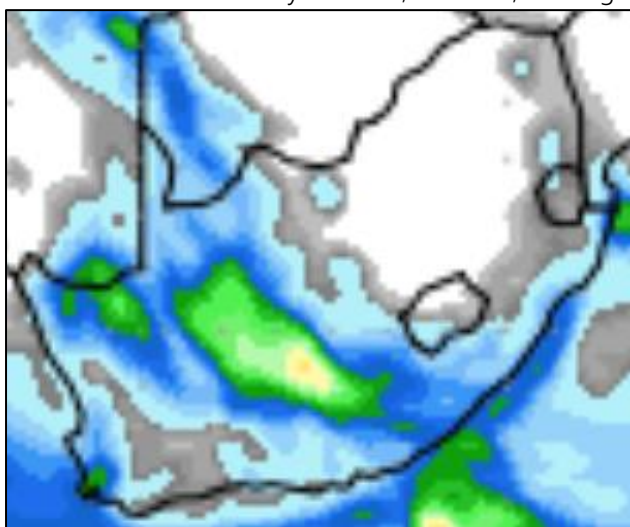


Figure 1: Next 8-days precipitation forecast
Source: wxmaps

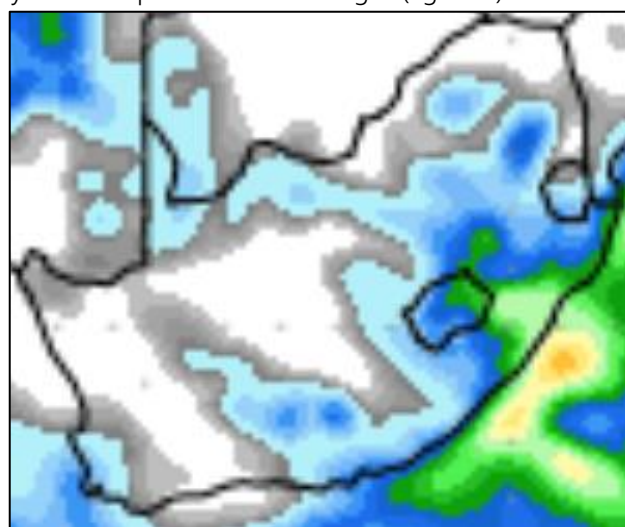


Figure 2: Next 16-days precipitation forecast
Source: wxmaps

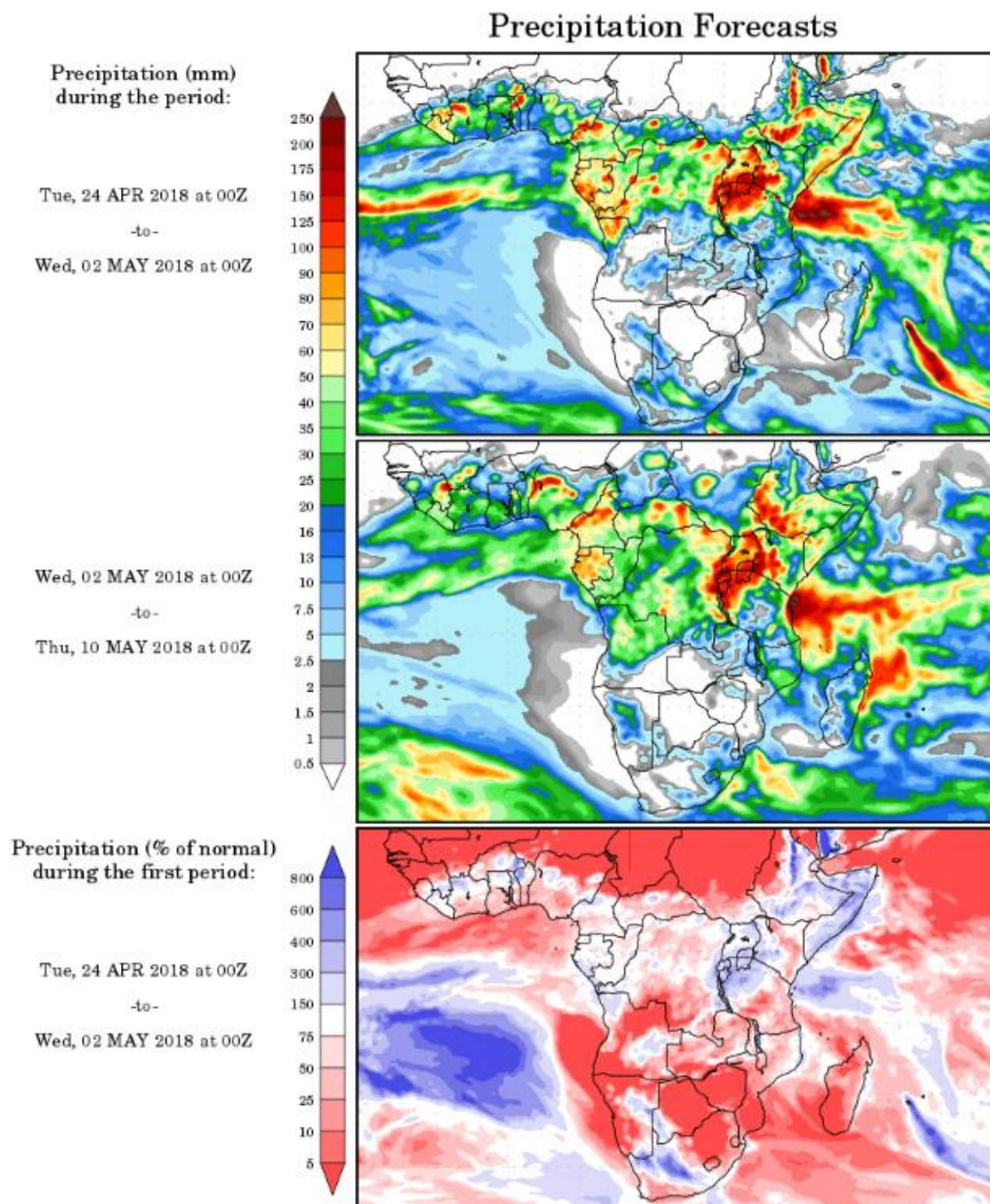


Figure 3: Precipitation forecast

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.

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