March/April 2015[1]

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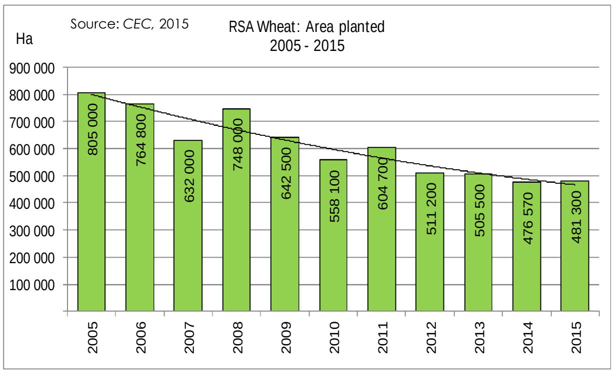
1. SOUTH AFRICAN GRAIN MARKET

The MTM price on 31 March 2015 for wheat delivery in April was R3 883 per ton (*table 1*), and on 30 April 2015 the market closed at R3 751 per ton for May delivery (*table 2*) at Randfontein.

TABLE 1	MTM-prices (31/03/2015) R/mt					Month end R/mt (28/03/2014)	Month end R/mt (27/02/2015)	Month end R/mt (30/01/2015)	% Change
Commodity	***Apr-15***	***May-15***	***Jul-15***	***Sep-15***	***Dec-15***	***Apr-14***	***Mar-15***	***Feb-15***	***Apr-14 vs. Apr-15***
Wheat (RFTN)	3883	3920	3966	3870	3830	3975	3810	3922	-2%
Yellow maize	2436	2460	2452	2492	2520	2650	2408	2070	-8%
White maize	2637	2646	2675	2718	2760	3019	2740	2097	-13%
Sunflower	4899	4895	4990	5095	5220	4805	5115	5080	2%
Soya beans 50mt	4823	4850	4914	4965	5040	5752	5078	5630	-16%
Sorghum	-	2475	2425	2480	-	2780 **(May-14)**	2411	2220 **(Mar-15)**	-11% **(May-14 to May-15)**

Source: *SAFEX*, 2014 & 2015

SAGIS indicated that 1 687 482 tons of wheat was delivered for the period from 27 September 2014 to 01 May 2015, including respective March and April delivery of 31 478 tons and 13 881 tons (*SAGIS*, 2015). The total wheat delivery at the end of April was about 88 000 tons short of the final estimate of 1 775 534 tons released in February (*SAGIS,* 2015). The final winter crop figures for the 2014 harvest will be made available on 7 May 2015.



The intention to plant winter crops was released on 29 *April 2014* – reflecting farmers' position at mid-April. The intended total area to be planted in 2015 under wheat is 481 300 hectares; 316 000 hectares (66%) in the Western Cape, 42 000 hectares (9%) in the Northern Cape and 70 000 hectares (14%) in the Free State (*CEC,* 2015). The total intended wheat area is 4 730 hectare (1%) less than

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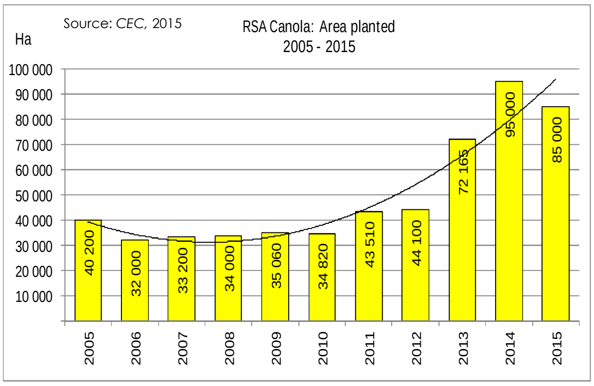
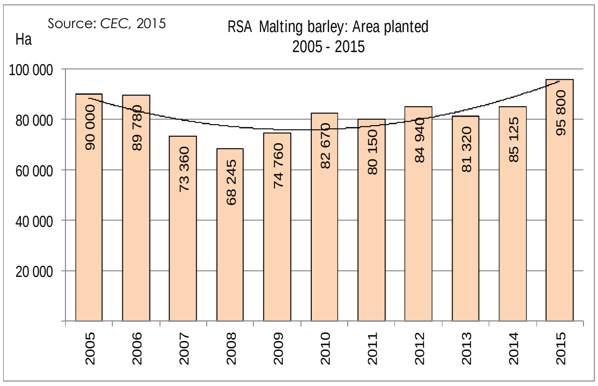
the area planted in 2014; the figure indicates a declining trend for the area under wheat since 2005 (*CEC*, 2015). The



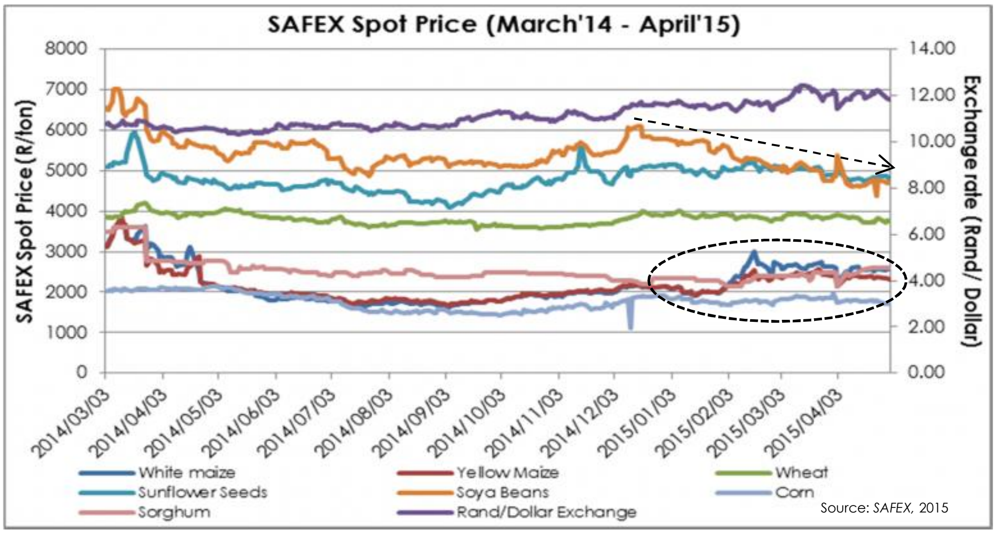


intended area planted to malting barley is 95 800 hectares (12.54% more than in 2014), and 85 00 hectares canola, 10.53% less than in 2014 (*CEC*, 2015). The preliminary area estimate for winter crops for 2015 will be released on *28 July 2015*.

The producer delivery for white and yellow maize for March respectively reached 63 836 tons and 130 173 tons. The respective delivery for April was 77 119 tons and 190 173 tons (*SAGIS*, 2015). The total delivery for the season (ended on 24 April'15) was 7 555 414 tons white maize and 6 182 039 tons yellow maize (*SAGIS*, 2015).

TABLE 2	**MTM-prices (30/04/2015) R/mt**					**Month end R/mt (30/04/2014)**	**Month end R/mt (31/03/2015)**	**Month end R/mt (27/02/2015)**	**% Change**
Commodity	***May-15***	***Jun-15***	***Jul-15***	***Sep-15***	***Dec-15***	***May-14***	***Apr-15***	***Mar-15***	***May-14 vs. May-15***
Wheat (RFTN)	3751	-	3784	3806	3758	3957	3883	3810	-18%
Yellow maize	2322	2345	2352	2389	2422	2190	2436	2408	6%
White maize	2571	2571	2609	2652	2691	2180	2637	2740	5%
Sunflower	4780	-	4888	4987	5065	4766	4899	5115	0%
Soya beans 50mt	4715	4740	4780	4848	4927	5585	4823	5078	-16%
Sorghum	2600	-	2580	2585	-	2770	2475 **(May-15)**	2411	-6%

The prices of the trading commodities on *SAFEX (spot month)* is indicated in the figure. White & yellow maize together with sorghum prices increase since the end of 2014 mainly due to the severe impact of the dry weather on the crop yields and total production. Soya beans indicate downward trading prices since the end of last year; as soya beans was to a lesser extent influenced by the weather and higher



soya beans plantings point to higher production level to push prices into the current trend. Furthermore the exchange rate also has a significant influence on the local commodity prices.

The drought in various parts of the summer crop area severely affected crops and the prices (as confirmed in the figure); however the true results of the drought would only be realized in the producers' actual deliveries. The first production forecast for the 2015 summer crops by the *Crop Estimates Committee's (CEC)* in February indicated a 39% decline in the expected white maize harvest, compared to 7 710 000 tons harvested the previous year, while the yellow maize crop would probably be 24% lower, down from 6 540 000 tons in 2014 (*CEC*, 2015). In the 3rd production estimate of summer crops in April white maize production was estimated at 4 658 800 tons from 1 448 050 hectares and yellow maize at 5 103 750 tons

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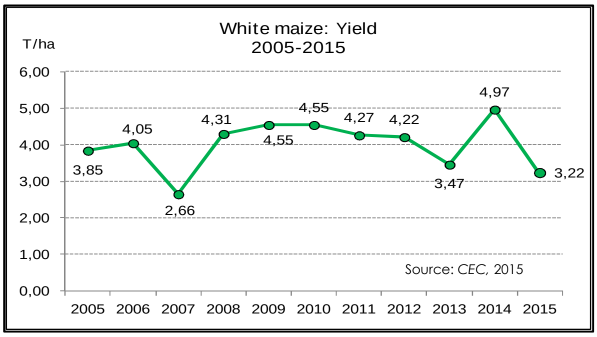
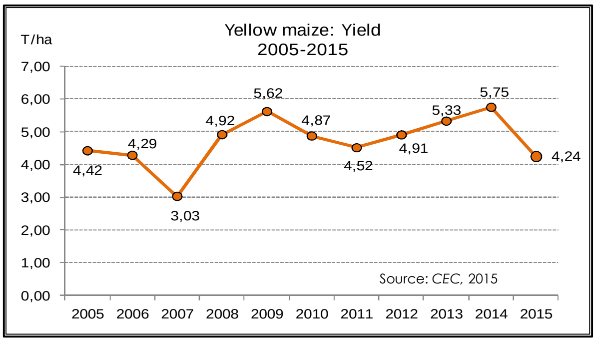
from 1 204 800 hectares; total maize production estimate is now 1% higher than the second production estimate in March; the slight upward revision in the estimation was based on yield results in Mpumalanga (*CEC*, 2015).



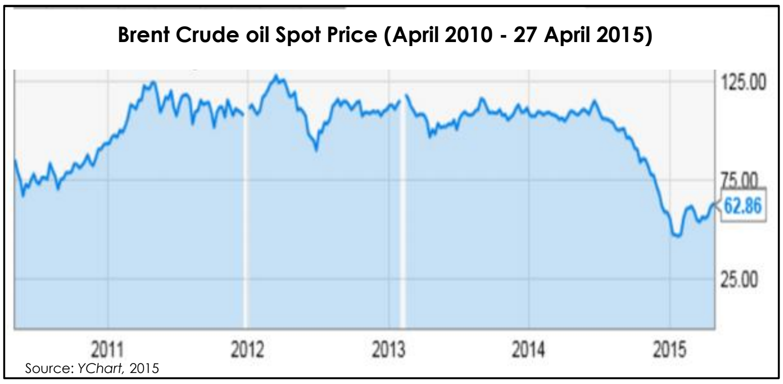
Despite the slight production estimate increase for maize, the country will still need to import maize; as a result food prices will rise at a faster pace. The latest estimate revisions were marginal and were unlikely to make 'a big difference' in terms of the maize import, according to economist, Mike Schüssler (*BizCommunity*, 2015). At this stage imports are expected to be yellow maize (*Grain SA*, 2015).

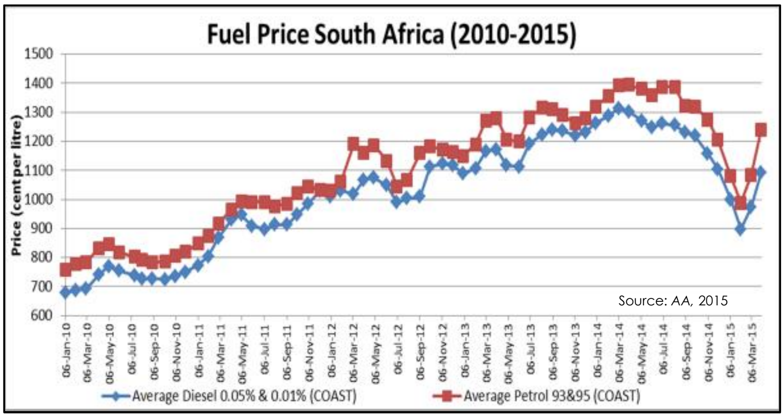


The current production estimate for sunflower seed and soya beans is respectively estimated at 612 400 tons and 942 850 tons; the estimate for sunflower seed is 5.84% higher than the previous month while the soya bean estimate is unchanged (*CEC*, 2015). The 4th estimate for summer crops will be released on *26 May 2015*.

2. ECONOMY & ENERGY

The oil market has gradually recovered this year as the much lower prices have discouraged oil exploration and production, especially in the United States. Oil prices rose by almost a third between January and February on the back of Middle East supply disruptions, strong winter demand and high refinery margins (*FIN24*, 2015). The persistent fears of the crude oil global oversupply kept the oil price in tack during the past months. In March, "*the market is getting doubtful about the big production cuts some people were expecting*" the reductions were expected due the lesser number of operating drilling rigs in the USA (*Reuters*, 2015). By mid-March the Brent crude price was once again trading at below $60 per barrel, due to the impact of the promising job-reports on the US Dollar, but it was countered by the geopolitical tensions and threats of output cuts in Libya and Iraq (*FIN24*, 2015). By mid-April Brent crude oil price trading above $63 per barrel, a 2015-high, and closed the month just below $63 per barrel (*YCharts*, 2015).





An increase in the local fuel prices was announced for March, the first increase in months (see the figure), another increase also followed in April. The *Department of Energy* announced that there will be no change to the petrol price in May; however the price of diesel will decrease by 5 cents per litre (*FIN24*, 2015). The main factors contributing to the price adjustments in May were the average crude oil price for the period, as well as the slightly weaker Rand during April 2015 compared to March 2015 (*FIN24*, 2015).

The weighted average rate by 10h30 on 30 April 2015 at which the Rand traded against the US-Dollar was R11.79, and R18.24 against the British Pound and R13.24 against the Euro (*Reserve Bank*, 2015).

3. INTERNATIONAL SITUATION

International news will be discussed in the next report.

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