



PERIOD UNDER REVIEW: July 2019

Compiled by Sindisiwe Dhlamini

1. SOUTH AFRICAN GRAIN MARKET

White maize July 2019 contract for physical delivery in Aug 2019 traded at R2, 861 per ton. This signifies a 36,5% or R765 increase year-year (y/y) gain per ton obtained of white maize for a corresponding agreement traded during the same time last year (SAFEX, 2019). At the same time, white maize July 19 contract traded at 0, 8% lower or R25 more than last month.

Table 1.1: Mark-to-market prices for the Summer Crops and Winter Cereals as traded on SAFEX

MTM 31/07/19 (expressed in R/MT)						Month end (31/07/18)	Year on year change	Month end (30/06/19)	Month end (31/05/19)
						R/MT		R/MT	R/MT
Commodity	Aug-19	Sep-19	Dec-19	Mar-20	May-20	Aug-18	Aug 18 vs 19	Jul-19	Jun-19
White maize	2861	2903	2987	3012	2791	2096	36,5%	2918	2943
Yellow maize	2765	2801	2877	2885	2748	2162	27,9%	2855	2889
Wheat	4488	4505	4459	4548	0	4125	8,8%	4485	4492
Sunflower	5087	5165	5313	5336	5150	4728	7,6%	5220	5084
Soybean	4629	4629	4718	4937	5038	4287	8,0%	4647	4823

Source: (SAFEX, 2019)

Yellow maize July 2019 contract for physical delivery in Aug 2019 traded at R2, 765 per ton which is a 27.9% increase from a ton of maize traded during the same period last year (SAFEX, 2019). On 31 July 2019, wheat futures for physical delivery in Aug 2019 traded at R4, 488 per ton. This translates to 8,8% or R363 per ton increase if compared to the same contract traded in the previous year (SAFEX 2019). The wheat July 19 contract traded lower by 0,2% or R7 per ton compared to the previous month (SAFEX 2019).

1.2. PRODUCTION ESTIMATES AND FORECAST

1.2.1 Summer cereal production estimates: 2019/20 season

Commercial White and Yellow Maize

The size of the expected commercial maize crop has been set at 10,979 million tons, which is 0,42% or 46 200 tons more than the previous forecast of 10,933 million tons. The area estimate for maize is 2,301 million ha, while the expected yield is 4,77 t/ha. The estimated maize crop is 12% smaller than the 2018 crop. The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 80% of the 2019 crop.

The area estimate for white maize is 1,298 million ha and for yellow maize the area estimate is 1,002 million hectares. The production forecast of white maize is 5,572 million tons, which is 1,53% or 84 200 tons more than the 5,488 million tons of the previous forecast. The yield for white maize is 4,29 t/ha. In the case of yellow maize the production forecast is 5,407 million tons, which is 0,70% or 38 000 tons less than the 5,445 million tons of the previous forecast. The yield for yellow maize is 5,40 t/ha (NCEC 2019).

Sunflower seed

The production forecast for sunflower seed increased by 7,28% or 44 500 tons to 655 640 tons. The area estimate for sunflower seed is 515 350 ha, while the expected yield is 1,27 t/ha (NCEC 2019).

Other crops

The production forecast for **soybeans** is 1,170 million tons, which is 3,79% or 46 050 tons less than the previous forecast of 1,216 million tons. The estimated area planted to soybeans is 730 500 ha and the expected yield is 1,60 t/ha. The expected **groundnut** crop decreased by 8,26% or 1 700 tons to 18 880 tons, with an expected yield of 0,94 t/ha. The area estimate for groundnuts is 20 050 ha. The production forecast for **sorghum** also decreased by 4,65% or 7 500 tons, from 161 450 tons to 153 950 tons. The area estimate for sorghum is 50 500 ha and the expected yield is 3,05 t/ha. In the case of

dry beans, the production forecast has been adjusted slightly downwards by 0,26% or 175 tons – from 66 530 tons to 66 355 tons. The area estimate of dry beans is 59 300 ha, with an expected yield of 1,12 t/ha (NCEC, 2019).

1.2.2 Non-commercial maize production Estimate

The preliminary non- commercial agricultural sector's production estimate for maize for 2019 is indicated in table 1.2 below.

Table 1.2: Non-commercial maize production estimate 2019

CROP	Area planted 2019 Ha (A)	Production 2019 Tons (B)	Final crop 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	221 300	379 460	236 644	414 162	-8,38
Yellow maize	74 700	169 720	78 191	179 813	-5,61
Maize	296 000	549 180	314 835	593 975	-7,54

Source: NCEC, 2019

Maize

The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. It is important to note that about 43% of the maize produced in the non-commercial sector, is planted in the Eastern Cape, followed by KwaZulu-Natal with 27% (NCEC, 2019)

1.3. PRODUCER DELIVERIES

1.3.1 Weekly producer deliveries for wheat

Table 1.3: Weekly wheat deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
40	29/06 - 05/07/2019	1 227	-325	902	1 825 549
41	06/07 - 12/07/2019	1 454	0	1 454	1 827 003
42	13/07 - 19/07/2019	1 997	0	1 997	1 829 000
43	20/07 - 26/07/2019	2 158	0	2 158	1 831 158

Source (SAGIS, 2019)

Table 1.3 represents weekly wheat deliveries that occurred from week ending 05 July to week ending 26 July 2019. During this period, 6 511 tons of wheat have been delivered to the market

(SAGIS, 2019). As a result, the progressive deliveries amounted to 1 831 158 tons, which represents 99, 5% delivery rate in relation to the crop estimate of 1 841 050 tons (SAGIS, 2019).

1.3.2 Weekly producer deliveries for maize

As from week ending 05 July to week ending 26 July 2019, a total of 1 110 774 tons of white maize has been delivered. Major adjustments were made during the week ending 05 July 2019 of deliveries for white maize.

Table1.4: Weekly White Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
10	29/06 - 05/07/2019	207 985	-14519	193 466	1 571 381
11	06/07 - 12/07/2019	241 903	0	241 903	1 813 284
12	13/07 - 19/07/2019	306 192	0	306 192	2 119 476
13	20/07 - 26/07/2019	369 213	0	369 213	2 488 689

Source (SAGIS, 2019)

As from week ending 05 July to week ending 26 July 2019, a total of 1 052 006 tons of yellow maize were delivered to the market (SAGIS, 2019). The highest adjustment was made during the week ending 05 July 2019 for yellow maize deliveries.

Table 1.4: Weekly Yellow Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
10	29/06 - 05/07/2019	308 885	-11035	297 850	3 329 765
11	06/07 - 12/07/2019	293 623	0	293 623	3 623 388
12	13/07 - 19/07/2019	263 073	0	263 073	3 886 461
13	20/07 - 26/07/2019	197 460	0	197 460	4 083 921

Source (SAGIS, 2019)

1.4 SUPPLY AND DEMAND ESTIMATES

1.4.1 Wheat marketing season 2018/19

The total supply of wheat is projected at 3 964 534 tons for the 2018/19 marketing season. This includes an opening stock level (at 1 October 2018) of 721 534 tons, local commercial deliveries of 1 835 000 tons, whole wheat imports estimated for South Africa of 1 400 000 tons and a surplus of

8 000 tons. The total demand (domestic plus exports) for wheat is projected at 3 383 900 tons. This includes 3 240 000 tons processed for human consumption, 3 000 tons processed for animal consumption, 1 000 tons withdrawn by producers, 2 500 tons released to end consumers, 18 900 tons projected seed for planting purposes and a balancing figure of 6 500 tons (net receipts and net dispatches). A projected export quantity of 12 000 tons processed products and 100 000 tons whole wheat is estimated for exports for the 2018/19 marketing season. The projected closing stock level at 30 September 2019 is estimated at 580 634 tons. At an average processed quantity of 270 250 tons per month, this represent available stock levels for 2.1 months or 65 days (NAMC, 2019).

1.4.2 White maize marketing season 2019/20

The total supply of white maize is projected at 7 255 340 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 May 2019) of 1 798 998 tons and local commercial deliveries of 5 412 240 tons. No whole white maize imports are estimated for the current season, with net early deliveries of 34 102 tons and a surplus of 10 000 tons. The total demand (domestic plus exports) for white maize is projected at 6 182 000 tons. The total domestic demand is projected at 5 506 000 tons. This includes 4 650 000 tons processed for human consumption, 800 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 20 000 tons withdrawn by producers, 20 000 tons released to end-consumers and a balancing figure of 4 000 tons (net receipts and net dispatches). A projected export quantity of 76 000 tons of processed products and 600 000 tons of white whole maize is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 30 April 2020 is estimated at 1 073 340 tons. At an average processed quantity of 455 167 tons per month, this represent available stock levels for 2.4 months or 72 days (NAMC, 2019).

1.4.3 Yellow maize marketing season 2019/20

The total supply of yellow maize is projected at 6 477 663 tons for the 2019/20 marketing season. This includes an opening stock (at 1 May 2019) of 864 088 tons and local commercial deliveries of 5 056 620 tons. Yellow maize imports of 470 000 tons are estimated for the current season, early deliveries of 68 955 tons and a surplus of 18 000 tons. The total demand (domestic plus exports) for yellow maize is projected at 5 956 500 tons. The total domestic demand is projected at 5 556 500 tons. This includes 580 000 tons processed for human consumption, 4 770 000 tons processed for animal and industrial consumption, 11 500 tons for gristing, 50 000 tons withdrawn by producers, 135 000 tons released to end-consumers and a balancing figure of 10 000 tons (net receipts and net dispatches). A projected export quantity of 150 000 tons of processed products and 250 000 tons of yellow whole maize is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 30 April 2020 is estimated at 521 163 tons. At an average processed quantity

of 446 792 tons per month, this represent available stock levels for 1.2 months or 35 days (NAMC, 2019).

1.4.4 Sunflower seed marketing season 2019/20

The total supply of sunflower seed is projected at 822 805 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 March 2019) of 120 165 tons, local commercial deliveries of 655 640 tons, sunflower seed imports of 40 000 tons for South Africa and a surplus of 7 000 tons. The total demand (domestic plus exports) for sunflower seed is projected at 734 700 tons. This includes 1 500 tons processed for human consumption, 6 000 tons processed for animal consumption, 720 000 tons for crush (oil and oilcake), 500 tons withdrawn by producers, 1 500 tons released to end consumers, 3 200 tons seed for planting purposes and a balancing figure of 1 500 tons (net receipts and net dispatches). A quantity of 500 tons is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 28 February 2020 is estimated at 88 105 tons. At an average processed quantity of 60 625 tons per month, this represents available stock levels for 1.5 months or 44 days (NAMC, 2019).

1.4.5 Soybean marketing season 2019/20

The total supply of soybeans is projected at 1 655 586 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 March 2019) of 502 241 tons, local commercial deliveries of 1 140 345 tons, soybean import of 7 000 tons for South Africa and a surplus of 6 000 tons. The total demand (domestic plus exports) for soybeans is projected at 1 422 200 tons. This includes 25 500 tons processed for human consumption, 230 000 tons processed for animal (full fat) consumption, 1 150 000 tons for crush (oil and oilcake), 750 tons withdrawn by producers, 450 tons released to end consumers, 11 000 tons seed for planting purposes, and a balancing figure of 500 tons (net receipts and net dispatches). A quantity of 4 000 tons soybeans is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 28 February 2020 is estimated at 233 386 tons. At an average processed quantity of 117 125 tons per month, this represents available stock levels for 2 months or 61 days (NAMC, 2019).

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat

Progressive wheat export during the 2018/19 reporting period is 89 288 tons. Wheat exports for South Africa amounted to 21 595 tons from week ending 05 July 2019 to week ending 26 July 2019. During the reporting period, Zimbabwe was the leading export destination for South African wheat with a share of 72%, followed by Zambia with 13 % and Botswana with 9% share in RSA exports.

Table 1.5: Wheat trade for the 2018/19 marketing season (Tons)

Progressive wheat exports 2018/19	89 288	Progressive wheat imports 2018/19	945 668
Wheat exports during the reporting period (tons)	21 595	Wheat imports during the reporting period (tons)	89 980
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Zimbabwe	72%	Lithuania	53%
Zambia	13%	Zech Republic	40%
Botswana	9%	United States	4%
Namibia	6%	Germany	3%

Source (SAGIS, 2019)

Progressive wheat imports during the 2018/19 reporting period is 945 668 tons. Wheat imports for South Africa amounted to 89 980 tons from week ending 05 July 2019 to week ending 26 July 2019. South Africa imported its wheat from Lithuania (47 357tons), Zech Republic (35 871 tons) and United States (3900 tons) respectively. South Africa re-exported 16 743 tons of its imported wheat to Botswana (7 033 tons), Eswatini (5 483 tons), Lesotho (2 221 tons) and Zimbabwe (2 006 tons).

1.5. White and Yellow Maize

Progressive White and Yellow maize exports during the 2019/20 reporting period is 174 076 tons and 77 508 tons respectively. White maize exports for South Africa amounted to 70 729 tons and yellow maize exports amounted to 22 440 tons from week ending 05 July 2019 to week ending 26 July 2019. During the reporting period, the main export destinations for South African white maize were Ethiopia (54%), Botswana (18%), Namibia (17%) and Mozambique (7%). There were no imports of white maize due to bumper crop harvested during the current production season (SAGIS, 2019).

Table 1.6: White and Yellow maize trade for the 2019/20 marketing season (Tons)

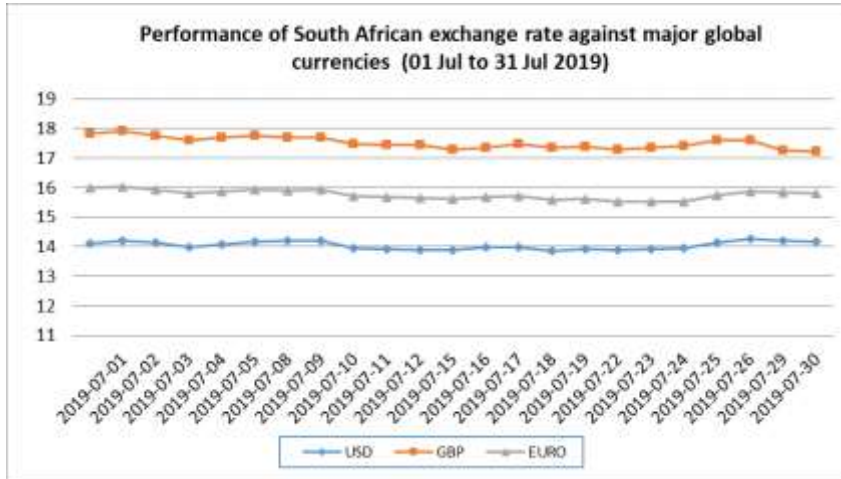
Progressive 2019/20	White maize: 174 076	Yellow maize: 77 508	Progressive 2019/20	White maize: 0	Yellow maize: 131 399
Maize exports during the reporting period: (29 June to 26 July 2019)	70 729	22 440	Maize imports during the reporting period: (29 June to 26 July 2019)	No imports due to bumper crop harvested during the current production season	65 132
Importing countries	Share in white maize exports	Share in yellow maize exports	Exporting countries	Share in white maize imports	Share in yellow maize imports
Ethiopia	54%	0%	Argentina	0	100%
Botswana	18%	28%			
Namibia	17%	29%			
Mozambique	7%	11%			
Lesotho	3%	0%			
Eswatini (Swaziland)	1%	31%			
Korea, Rep Of	0%	1%			

Source (SAGIS, 2019)

During the reporting period, the main exports destinations for South African yellow maize were Eswatini (31%), Namibia (29%), Botswana (28%) and Mozambique (11%). On the other hand, Argentina absorbed the largest share of South Africa's yellow maize imports (100%) during the period under review (SAGIS, 2019).

2. ECONOMIC REVIEWS

2.1 Exchange Rates



Source: SARB (2019)

During the period 01 July to 31 July 2019, the ZAR exchange rate strengthened against the Great Britain Pound by 5,2%, it traded at 17.52 in July 2019 compared to 18.48 that was recorded in June 2019. On the other hand, when looking at month to month trade of Rand

against the EURO and US Dollar, it can be noted that the rand strengthened by 4.3% and 3.6% respectively against these major currencies.

3. ENERGY

Table 4.1 Basic fuel Price adjustments

Product Description	Numerical adjustment applicable to the coast parts in South Africa	Price adjustment Description	The average price applicable to the coastal parts of South Africa
Petrol 95 ULP & LRP	11.00	cents per litre increase in retail price	1528,00
Diesel 0.05% Sulphur	14.29	cents per litre decrease in wholesale price	1379,01
Illuminating Paraffin (Wholesale)	2.00	cents per litre decrease in wholesale price	847,48
LPGAS (maximum retail price)	31.00	cents per kilogram increase in the maximum retail price	2342,00

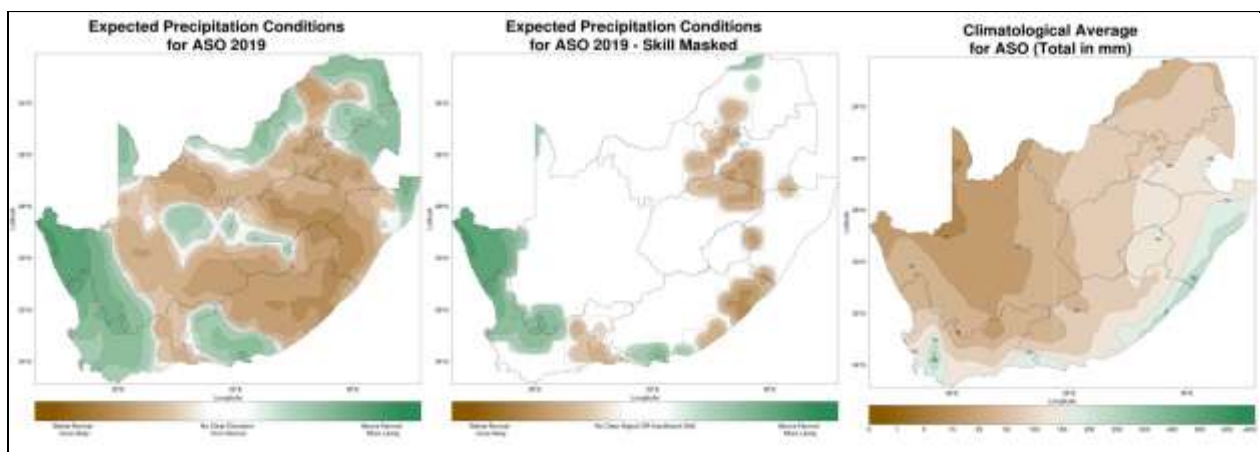
(DOE, 2019)

The Department of Energy has announced a decrease of fuel prices with effect from 07 August 2019. The price of Petrol 95 ULP&LRP increased by 11 cents end of July 2019. The price of diesel (0.05% sulphur) also decreased by 14.29 cents, illuminating paraffin wholesale price per litre went down by 2.00 cents respectively. Lastly, LPGAS maximum retail price increased by 31.00 cents per kilogram in the maximum retail price by end July 2019.

4. WEATHER ADVISORY – SEASON AUGUST TO OCTOBER, 2019

Figure 1 below shows the current three-season forecasts issued in July 2019. Three maps are shown for each season which include the raw MMS probabilistic prediction (left), the probabilistic prediction with skill masked out (middle) and the climatological average (right) for the specific season. **The user is advised to consider the skill masked map (middle) as the official SAWS forecast, however, the two additional maps may be used as tools in such a case where skill for a specific area is deemed insufficient.**

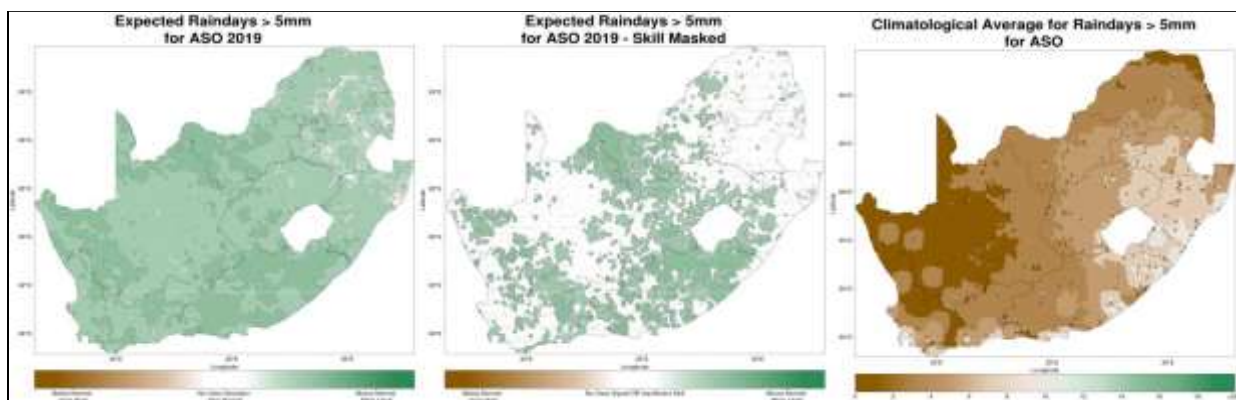
Figure 1: Expected precipitation conditions (ASO, 2019)



(SAWS, 2019)

There is an indication of above-normal rainfall conditions (**Figures 1 & 2**), during early-spring (Aug-Sep-Oct) for parts of the winter-rainfall region. Below-normal rainfall, however, is expected over parts of the south coast throughout early-, mid- (Sep-Oct-Nov) and late-spring (Oct-Nov-Dec).

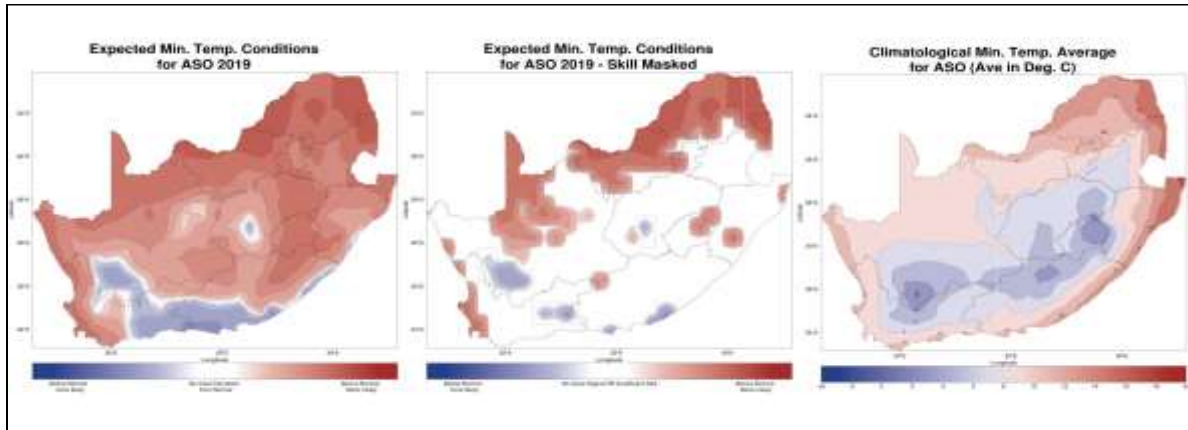
Figure 2: Expected Raindays >5mm (ASO, 2019)



(SAWS, 2019)

The eastern coastal areas are expected to receive above-normal rainfall during late-spring. Forecasts for the central interior indicate a higher chance of increased rainfall intensity (>15mm per rainfall day) during mid-spring.

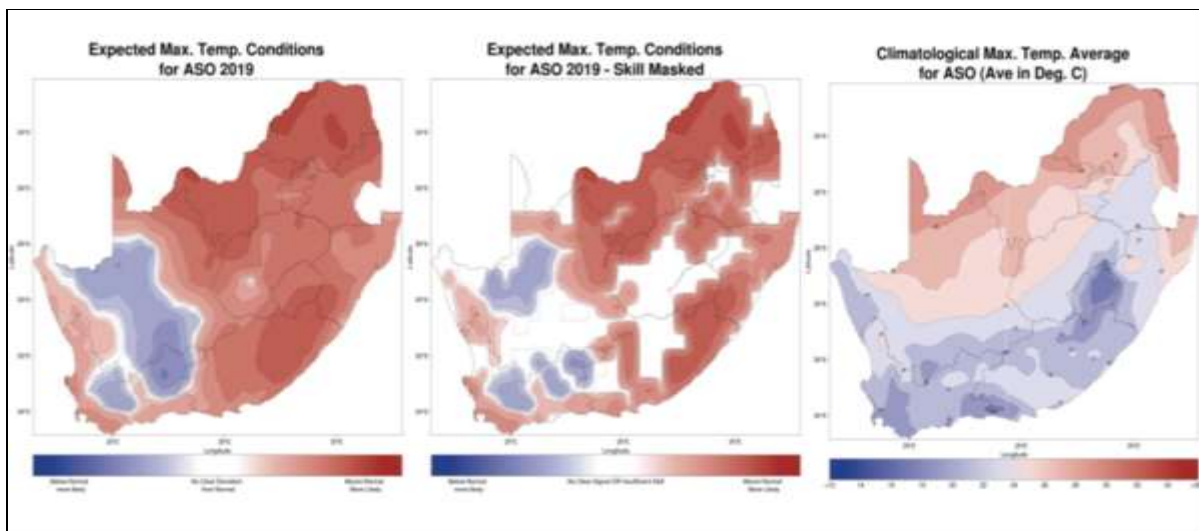
Figure 3: Expected Minimum Temperature conditions (ASO, 2019)



(SAWS, 2019)

With regards to temperatures (**Figures 3 & 4**), mostly higher than normal temperatures are expected for the northern most parts of the country from early- through mid- to late-spring.

Figure 4: Expected Maximum Temperature (ASO, 2019)



(SAWS, 2019)

Western Cape

The Western Cape Water Supply System has increased from 61.4% last week to 64.7% this week. However, this figure has increased (12.3% high) compared to last year when the system was at 52.4%. Theewaterskloof dam, the largest dam in the system is at 70.3% against 43.1% last year. Brandvlei dam is 46.4% full compared to 40.7% during the same time period last year. Clanwilliam is at 97.8% compared to 99.4% at the same time last year. While the Province expects its rainfall in the winter season, water users are reminded that where water restrictions are in place, such restrictions must be adhered to. To avoid the devastating water challenges in the province, all water users are urged to be responsible when using water. We all need to use every drop wisely so that agriculture and the economy broadly is not negatively affected. Alternatively, visit the Elsenburg Website at <http://www.elsenburg.com/agri-tools/western-cape-dam-levels> to obtain the most recent update on dam levels within the Western Cape (Elsenburg, 2019).

Strategies to mitigate climatic change and related disasters .A comprehensive list of strategies can be retrieved from the monthly NAC Advisory report issued by DAFF: Climate Change and Disaster Management. Access the mentioned list from the following websites: www.daff.gov.za and www.agis.agric.za . **Request weather warning notifications from the Western Cape Department of Agriculture: Sustainable Resource Management, Disaster Risk Management, by forwarding an email to Mrs. Zaibu Arai to ZaibuA@elsenburg.com or alternatively call (021) 808-5368.**
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2019.

Additional sources to information regarding climatic conditions, can be obtained in the monthly Agri-Outlook reports. [Click here](#) to view the monthly Agri-outlook reports. The Agri-outlook report provides a summative overview of both climatic and agricultural conditions in the Western Cape, through reference to information regarding the rainfall, temperatures, dam levels, plant growth conditions as well as climatic forecast within a particular period. Alternatively visit the Elsenburg Website www.elsenburg.com and go to Agri-tools Agri-Outlook (Elsenburg, 2019).

ACKNOWLEDGMENTS

The below-listed sources are acknowledged, as cited in this publication:

Agricultural Produce Agents Council (APAC): www.apacweb.org.za

Agricultural Research Council (ARC): www.arc.agric.za

Department of Agriculture, Forestry and Fisheries (DAFF): www.daff.gov.za

Department of Energy (DoE): www.energy.gov.za

Department of Water & Sanitation (DWS): www.dwa.gov.za

Elsenburg (Western Cape Department of Agriculture): www.elsenburg.com

Organization of the Petroleum Exporting Countries (OPEC): www.opec.org/opec

South African Government: www.gov.za

South African Reserve Bank (SARB): www.sarb.gov.za

South African Revenue Services (SARS): www.sars.gov.za

Statistics South Africa (Stats SA): www.statssa.gov.za

South African Weather Service (SAWS): www.weathersa.co.za

Techno Fresh CRM: www.technofresh.co.za

Trading Economics (2019): <https://tradingeconomics.com/south-africa/balance-of-trade>

For more information, contact:

The Western Cape Department of Agriculture

Programme: Agricultural Economic Services

Division: Marketing and Agribusiness

Tel: 021 808 5211 or 7753

E-mail: sindisiwed@elsenburg.com

DISCLAIMER: The Western Cape