



PERIOD UNDER REVIEW: April 2018

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## 1. South African Grain Market

On 30 April 2018, wheat futures traded at R3 895 per ton for physical deliveries to take place in May 2018. The future contract equates to a 14% y/y or R635 decrease for each ton traded in relation to the same contract traded a year ago. If compared on a monthly basis, the WEAT Apr18 contract traded 5.87% m/m or R209 higher than the futures contract traded at the end of the previous month (SAFEX, 2018).

MTM-Prices (30/04/2018) - expressed in Rand/MT									Month end R/MT (28/04/2018)	Year- on-Year Change	Month end R/MT (28/04/2018)	Month end R/MT (28/04/2018)
Commodity/Delivery Date	18- May	Jun- 18	Jul- 18	Sep- 18	Dec- 18	Mar- 19	May- 19	Jul- 19	17-May	May 17 vs 18	18-Apr	18-Mar
<b>Wheat (RFTN)</b>	3895	3870	3955	3910	3890	-	-	-	4530	-14%	3769	3560
<b>White maize</b>	2037	2058	2093	2144	2216	2243	-	2330	1930	5.5%	1881	1803
<b>Yellow maize</b>	2148	2170	2196	2240	2306	2332	-	2360	1987	8.1%	1961	1880
<b>Sunflower</b>	4511	4567	4652	4792	4885	4909	-	-	4494	0.38%	4620	4700
<b>Soybean</b>	4681	4715	4779	4871	4991	5060	4960	-	4500	4.02%	4595	4440
<b>Sorghum</b>	3103	-	3000	3352	-	-	-	-	2970	4.48%	3103 (May 2018)	3045 (May 2018)

Source (SAFEX, 2018)

On the same date White Maize traded R2037 per ton, which means a 5.5% year-year (y/y) gained if compared to R1930 per ton obtained of white maize for a corresponding contract traded during this this time of the year in 2017 (SAFEX, 2018). The size of the expected commercial total maize crop has been set to 12 827 mill tons. The area estimate for maize is 2, 319 mill. ha, while the expected yield is 5,53 t/ha. The estimated maize crop for 2018 is 24% smaller than the 2017 crop which recorded the highest crop ever (16, 820 mill. tons) (NCEC, 2018). A decrease of 33.14% y/y or 3.286 million tons of white maize compared to last year's harvest of 9.9 million during this time (NCEC, 2018). We are starting to see the increase in prices of white maize as the production is estimated to be lower this year compared to last season. Yellow maize followed the same trend with 10.24% y/y or 706 850 tons decline of production compared to last year's harvest of 6,904 mill. tons.

Yellow maize prices followed the same declining trend, as spot price lowered by 27% or R1712 per ton in relation to the corresponding contract traded within the previous year (SAFEX, 2018).

<b>Western Cape Summer Grains 2018</b>				
	<b>Area planted 2018 Ha</b>	<b>3rd Forecast 2018 Tons</b>	<b>Area planted 2017 Ha</b>	<b>Final crop 2017 Tons</b>
White Maize	0	0	200	2000
Yellow Maize	3750	33750	2000	20 000
Sunflower seed	100	100	0	0
Soybeans	800	1200	700	1050
Drybeans	20	30	100	150

Source (SAGIS, 2018)

**Sunflower** output is expected to decrease to 6001,500 tons in relation to the previous crop estimate, representing a 14.28% y/y or 124,795-ton decrease in relation to the previous production season (NCEC, 2018). Accordingly, sunflower futures contract traded at R4511 with 0.38% or R17.00 higher than the corresponding contract traded within the previous year (SAFEX, 2018).

**Soybean** futures reached R4, 681 per ton as per the May18 contract (SAFEX, 2018). This translates in a 4.02% y/y or R181 per ton lower in relation to the same contract traded in the previous year (SAFEX, 2018). The 3<sup>rd</sup> soybean crop estimate increased to 1, 43 million tons, it is 8.69% y/y or 111, 300 tons higher in relation to the previous year's harvest (NCEC, 2018).

**Sorghum** futures traded at R3103 per ton, translating into a 4.4 y/y or R133 per ton increase in relation to the futures contract traded within the same period within the previous year (SAFEX,

2018). A reduction of 67,250 tons or 44.24% y/y is estimated for the 2017/18 sorghum production season, which can be attributed to the 32% y/y or 13,550-hectare decrease in the area planted (NCEC, 2018).

On the other hand, a slight increase of 300 hectares of **groundnuts** has been planted for the 2017/18 season and which regardless of the plantings could not prevent the expected downward adjustment in the 2017/18 production of 11,200 tons (NCEC, 2018). The **dry bean** production estimate is however slightly negative, as it anticipated that it would decrease by 4.25%.

## 1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2018 SEASON

There are already indications that producers intend to plant 500 500 ha of wheat for the 2018 production season. This represent 1.81% or 8 900 ha more than 491 600 ha planted for wheat in 2017. It is important to note that Western Cape contribute 320 000 ha (64%) followed by the Free State (19%) and Northern Cape (7%)

	<b>Intentions 2018 Ha</b>	<b>Area planted 2017 (Ha)</b>	<b>Final Estimate 2017 Tons</b>
Wheat	320 000	326 000	586 800
Malting Barley	95 700	91 380	307 064
Canola	78 500	84 000	93 468

Source (SAGIS, 2018)

The expected area planted to malting barley is 95 700 ha, which is 4,73% or 4320 ha more than 91 380 ha of the previous year. The expected year area planted to canola is 78 500 ha, which is 6,55% or 5 500 ha less than the 84 000 ha planted in 2017.

## 1.3. Producer Deliveries

### Weekly producer deliveries for wheat

<b>Week ending</b>	<b>Week Total</b>	<b>Progressive Total</b>
31/03/2018 - 06/04/2018	1255	1474965
07/04-13/04/2018	2 650	14808663
14/04-20/04/2018	1 573	1481313
21/04-27/04/2018	767	1482886

Source (SAGIS, 2018)

As from 31March until 06 April 2018, an additional 6245 tons of wheat has been delivered to the market (SAGIS, 2018). As a result, the progressive deliveries amounted to 1,482 million tons, which represents a 97.25% delivery rate in relation to the crop estimate of 1,524,750 tons (SAGIS & NCEC,

2018). There were less deliveries compared to the month of March by 26% meaning there were less tons delivered during the month of April. There were no significant adjustment made.

### Maize

Week ending	Weekly producer deliveries for White maize		Weekly producer deliveries for yellow maize	
	Week Total	Progressive Total	Week Total	Progressive Total
31/03-06/04/2018	2310	9195462	4779	6286499
07/04-13/04/2018	6840	9197772	10763	6291278
14/04-20/04/2018	8423	9204612	14403	6302041
21/04-27/04/2018	251 154	9213035	25260	6316444

Source (SAGIS, 2018)

As from 31 March to 27 April 2018, a total of 42727 tons of white maize and 55205 tons of yellow maize was delivered to the market (SAGIS, 2018). Subsequently, this led to a 92.91% delivery for rate for white maize of which the total crop is estimated at 9,916 million tons and 91.49% delivery rate for yellow maize of which the total crop is estimated at 6,904 million tons (SAGIS, 2018).

#### 1.4. Exports, Imports and Re-exports

<b>Progressive wheat exports 2017/18</b>	<b>30568</b>
Wheat exports during the reporting period	11014
<b>Importing countries</b>	<b>Share in RSA exports</b>
Zambia	57
Swaziland	17
Namibia	12
Botswana	10
Zimbabwe	4

Source (SAGIS, 2018)

#### **Supply and the demand estimates 2017/2018 wheat marketing season**

The total wheat supply estimate is currently standing at 3 774 million tons of which the largest portion thereof will consist of imported wheat, which is estimated at 51.1% or 1,930 million tons of the total supply during the 2017/18 marketing season which is ending on 30 September 2018 (NAMC, 2018). In addition, producer deliveries are only expected to contribute 39.6% or 1,492 million tons of the total supply for the corresponding marketing season, in addition to the stock (9% or 341,424 tons) that was carried over from the previous season (NAMC, 2018).

On the demand side, the 3,276 million tons required for the local and export market remain unchanged in relation to the previous reporting period (NAMC, 2018). 97% of the local market requirement is for human processing within the local market, whereas the export requirements are estimated was adjusted to 2% or 70,000 tons (NAMC, 2018). The closing stock is estimated to end-off at 497,474 tons, remain unchanged compared to the previous estimate (SAGIS, 2018). The retention stock is expected to last for at least 1.9 months or 57 days (NAMC, 2018).

In addition, Zambia was the leading export destination for South African wheat with a share of 57%, followed by Swaziland (17%), Namibia (12%), Botswana (10%) and Zimbabwe (4%) during the reporting period. During the same period, there were no South African imports recorded.

<b>Table 2b: Maize trade for the 2017/18 marketing season, according to tons Source: SAGIS, 2018</b>			
<b>Progressive maize exports during the reporting period: 2017/18</b>	<b>White maize: 769 172</b>	<b>Yellow maize: 1 476 701</b>	No imports – due to bumper crop harvested during the current production season
<b>Maize exports during the reporting period: (31 March to 27 April 2018)</b>	<b>88 381</b>	<b>67 292</b>	
<b>Importing countries</b>	<b>Share in white maize exports</b>	<b>Share in yellow maize exports</b>	➤ Maize exports during the reported period, from 31 March to 27 April 2018, amounted to 54 570 tons was exported via the Durban harbour.
<b>Spain</b>	<b>57</b>	<b>-</b>	
<b>Botswana</b>	<b>18</b>	<b>1.7</b>	
<b>Namibia</b>	<b>11</b>	<b>5.8</b>	
<b>Qatar</b>	<b>-</b>	<b>0.4</b>	
<b>Mozambique</b>	<b>6</b>	<b>3.3</b>	
<b>Vietnam</b>	<b>-</b>	<b>80.5</b>	
<b>Lesotho</b>	<b>5</b>		
<b>Swaziland</b>	<b>3</b>	<b>8.3</b>	

Source, (SAGIS, 2018)

During the 2017/18 marketing season, the total supply of maize is estimated to amount to 17, 102 445 tons. White maize is expected to contribute 58% of the total maize supply while yellow maize represents 42%. This is mainly due to the record production of 16,239 000 of maize of which white maize equated to 9,687 000 tons and yellow maize to 6,552 000 tons (NAMC, 2018). Worth noting is the fact that the opening stock levels for white and yellow maize were almost 50% lesser than the stock levels within the corresponding period last year (NAMC, 2018). However, due to the bumper maize crop, no imports were required as there was no shortfall within the domestic market (NAMC, 2018).

On the demand side there is no much difference compared to the previous reporting period, a total of 13,006 500 12,884 million tons of maize was required to meet the demand within the domestic and export market (NAMC, 2018). However, the largest share thereof is for local market requirements at 10,474 million tons of which 60% is for white maize and 40% for yellow maize (NAMC, 2018). Export market maize requirements are estimated at the increase by 146% y-o-y or 1, 498 698 tons and amount to 2,525 million tons of which white maize exports is estimated at 39.6% or 820,000 tons and yellow maize exports at 64% or 1,630 million tons (NAMC, 2018). The closing stock for maize is thus expected to close on 4,095 million tons at the end of April 2018 (NAMC,

2018). This equates to 3,001 million tons or 274 % y-o-y more than the closing stock reported for the corresponding period in the previous marketing season (NAMC, 2018).

### **Supply and demand estimates for the 2018/19 maize marketing season**

Within the new marketing season, which is starting on 01 May 2018, the opening stock is estimated at 4,095 million tons which precisely amounts to the closing stock that was carried over from the previous marketing season (NAMC, 2018). In addition to the aforementioned, the total supply basket will be consolidated by the 11,870 million tons of maize estimated to be delivered by producers and 28 000 tons of surplus during the 2018/19 production season. Regardless of the reduction in producer supplies, as previously indicated, the significant volumes of stock carried over from the previous maize marketing season compensates for the sufficient levels of stock on hand. As a result, no maize imports are estimated for the 2018/19 marketing season. And therefore the total supply of maize will be 15,994 tons (NAMC, 2018).

During the 2018/19 marketing season, the total demand (domestic plus exports) for maize is expected at 12,950 000 tons. The domestic maize demand contributes 83% or 10,720 000 tons of the total demand for maize whereas exports accounts for 17% or 2,230 000 tons. From the 10,720 000 tons demanded for local market, 48% is for human processing, 51% for animal and industrial requirements and the later difference of 309,000 tons for reconciliation (i.e. withdrawals, end consumption and net receipts) of stock levels (NAMC, 2018).

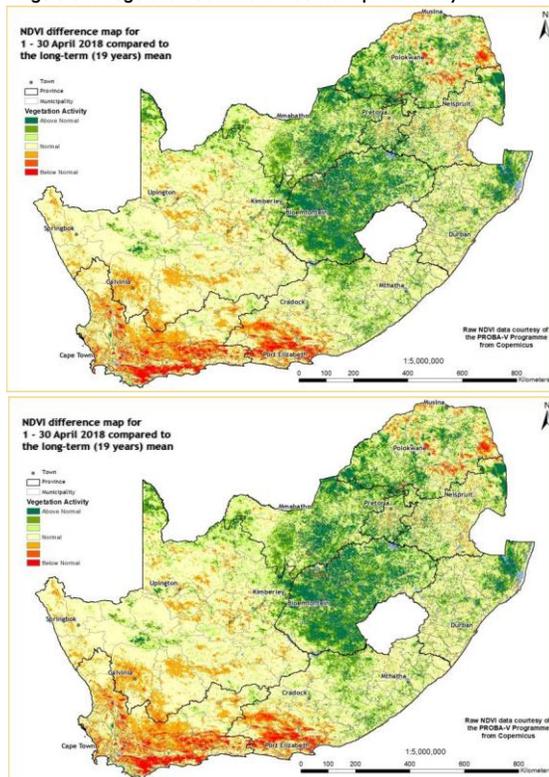
Considering the current supply and demand estimates for the 2018/19 marketing season, a total of 3,044 445 tons of maize as closing stock at the end of the season at 30 April 2019 (NAMC, 2018). White maize will constitute 57% thereof, whilst yellow maize will constitute 43% of the projected closing stock (NAMC, 2018). The retention capacity would thus amount to 3.2 months' worth of white maize and 4.0 months of yellow maize considering the processing requirements of 541,083 tons of white maize and 326,500 tons of yellow maize within the local market (NAMC, 2018).

During the reporting period, the main exports destinations for South African white maize are Spain (57%), Botswana (18%), and Namibia (11%) with a combined share of 86 percent. On the other hand, Lesotho (80%) absorbed the largest share of South Africa's yellow maize exports during the period under review (SAGIS, 2018).

## 2. WEATHER ADVISORY ON THE 2017/2018 SUMMER SEASON, April 2018

Below-normal vegetation activity was observed over the Western Cape, the Northern Cape and the majority of the western region and some areas of the Wild Coast and Berg region of the Eastern Cape, and over most parts of Sekhukhune, southern Bophlabela and some isolated areas of the Waterberg region of Limpopo. During the month of April the vegetation activity improved over the Northern Cape when compared to the month of March (NAC, 2018). The southern coastal areas of the province received normal rainfall for March. The total monthly rainfall showed an improvement to that of March last year, but the recent rainfall remained below normal to alleviate the drought. In addition, so far for April no relief in terms of substantial rainfall is evident especially with regard to the extreme drought stricken regions of the West Coast, Karoo regions and Cape Winelands. The average level of major dams dropped further to 17%, compared to 21% in 2017 (NAC, 2018).

Figure 3.1: Vegetation Conditions Index for April and May



The overall water level of state dams in the province remained low compared to the previous year, 16.9% in 2018 and 19.5% in 2017 (DAFF, 2018). The two largest dams, namely the Theewaterskloof (479.3 million cubic meters) and the Brandvlei (286.1 million cubic meters) respectively stood at 5.1% and 11.8% during 14 May 2018, compared to 9.9% and 15% during the corresponding period last year (DWS as cited by Elsenburg, 2018). 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, 2018).

### 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](http://www.daff.gov.za) and [www.qgis.agric.za](http://www.qgis.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](mailto:ZaibuA@elsenburg.com) or alternatively call (021) 808-5368.**

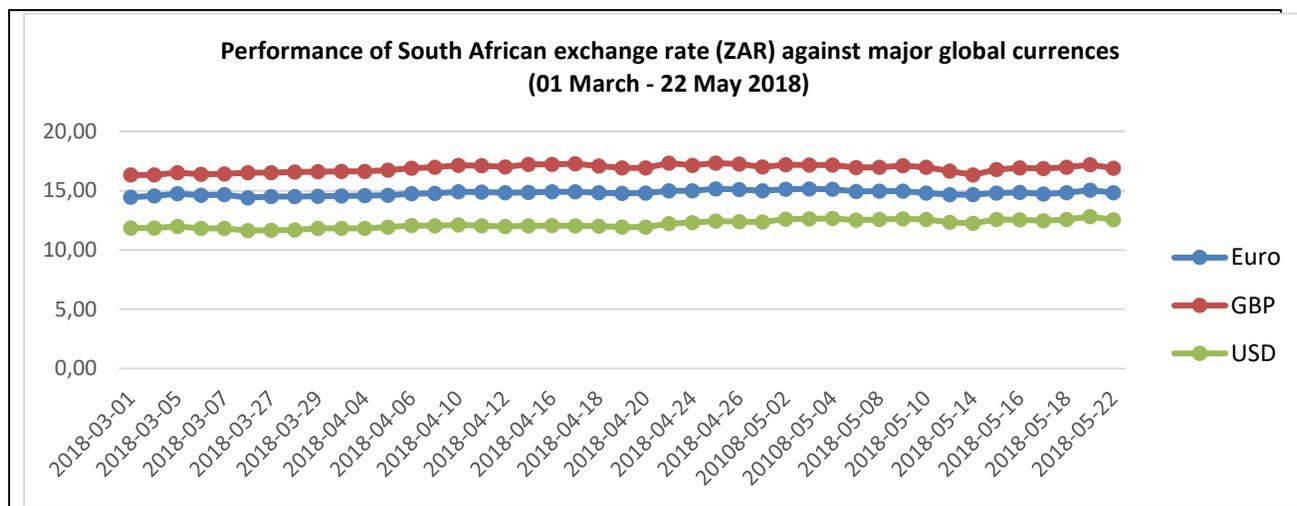
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2018.

### Additional sourced 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](http://www.elsenburg.com) and go to Agri-tools Agri-Outlook (Elsenburg, 2018).

### 3. Economic Reviews

Figure 4.1. Exchange Rate in relation to major currencies



Source (SARB)

During the month of April 2018, the ZAR exchange rate weakened against the major global currencies such as the US dollar (USD), Great Britain Pound (GBP) and Euro (SARB, 2018). The rand weakened by 5.1% m-o-m against the dollar and traded by R12.05. The GBP/ZAR depreciated by 3.6% m-o-m and EUR/ZAR traded 3.1 m-o-m (SARB, 2018).

### 4. Energy

Table 5.1.: 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 93 ULP	49	cents per litre <b>increase</b> in the retail price	1423.00
Petrol 95 ULP & LRP	49	cents per litre <b>increase</b> in the retail price	1438.00
Diesel 0.05% Sulphur	59	cents per litre <b>increase</b> in the retail price	11285.030
Illuminating Paraffin (Wholesale)	52	cents per litre <b>increase</b> the retail price	784.588
LPGAS (maximum retail price)	69	cents per litre <b>increase</b> in the retail price	2 180.00

Source (DoE, 2018)

The Department of Energy has published its official price adjustment of fuel prices. Confirming an increase of 49 cent cents per litre from both 93 ULP and 95 ULP & LRP, while diesel jumped by 59 cents. The illuminating Paraffin increased by 52 cents.

The average international product prices of Petrol and Diesel and Illuminating Paraffin increased during the period under review. The Rand depreciated against the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/US Dollar exchange rate for the period 28 March 2018 to 24 April 2018 was 11.9797 compared to 11.8489 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 7.02 c/l, 7.20 c/l and 7.35 c/l respectively (DoE, 2018).

## ACKNOWLEDGMENTS

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

Agricultural Produce Agents Council (APAC): [www.apacweb.org.za](http://www.apacweb.org.za)

Agricultural Research Council (ARC): [www.arc.agric.za](http://www.arc.agric.za)

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

Department of Energy (DoE): [www.energy.gov.za](http://www.energy.gov.za)

Department of Water & Sanitation (DWS): [www.dwa.gov.za](http://www.dwa.gov.za)

Elsenburg (Western Cape Department of Agriculture): [www.elsenburg.com](http://www.elsenburg.com)

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

Potatoes South Africa: [www.potatoes.co.za](http://www.potatoes.co.za)

South African Government: [www.gov.za](http://www.gov.za)

South African Reserve Bank (SARB): [www.sarb.gov.za](http://www.sarb.gov.za)

South African Revenue Services (SARS): [www.sars.gov.za](http://www.sars.gov.za)

Statistics South Africa (Stats SA): [www.statssa.gov.za](http://www.statssa.gov.za)

Techno Fresh CRM: [www.technofresh.co.za](http://www.technofresh.co.za)

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