

Monthly grain market report



Marketing and Agri-Business Section

www.elsenburg.com

PERIOD UNDER REVIEW: OCTOBER/NOVEMBER 2016

Compiled by: Michelle Swarts

1. SOUTH AFRICAN GRAIN MARKET

On 31 October 2016, the MTM price for wheat traded at R3, 940 per ton for delivery in November 2016.

Table 1: Mark-to-market prices for the summer crops and winter cereals traded on SAFEX

Commodity/ Delivery Date	<u>MTM-Prices (31/10/2016) - expressed in Rand/MT</u>							Month end R/MT	Year- on-Year Change (%)	Month end R/MT	Month end R/MT
	Nov-16	Dec-16	Mar-17	Apr-17	May-17	Jul-17	Jul-18	(30/10/15)	Nov-15 vs. Nov-16	(31/08/16)	(30/09/16)
Wheat (RFTN)	3940	3965	4040	-	4140	-	-	4266	↓ -7.6%	4135	4202
White maize	3749	3753	3580	3091	2795	2650	-	3094	↑ 21.2%	4072	3563
Yellow maize	3209	3224	3110	-	2608	2582	2525	2940	↑ 9.1%	3126	3016
Sunflower	6079	6147	6187	-	5850	5980	-	6740	↓ -9.8%	6343	6293
Soybean	6386	6335	6250	-	6035	-	-	5675	↑ 12.5%	6550	6120
Sorghum	-	3416	-	-	3416	-	-	3040 (Dec2015)	-	3400	3350 (May2016)

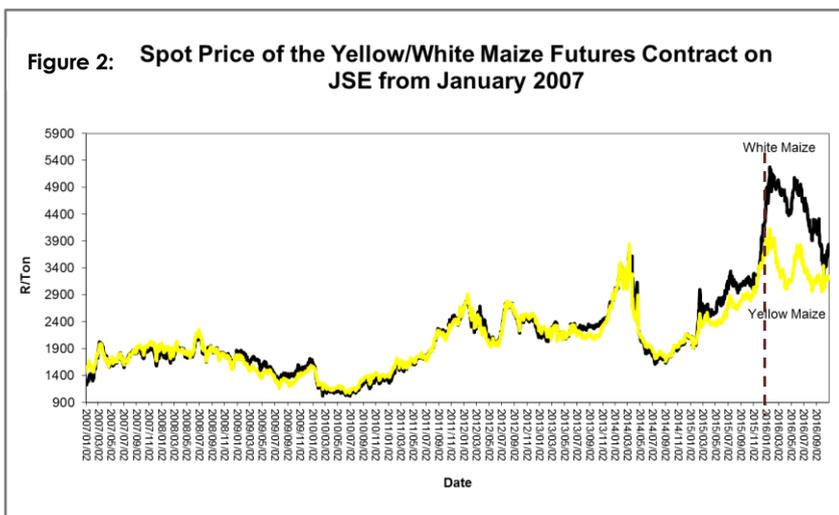
Source: SAFEX (2015 & 2016)

1.1 MARKET PRICES



The spot price for wheat futures reached R3940 per ton on 31 October 2016, which is the lowest level obtained since grain commodity prices increments during late 2015 and early 2016, brought about by the pro-longed drought. In addition the 31 October 2016 spot price marks the lowest level traded after a 9 year high of R5171 per ton obtained during 30 May 2016 (reference to figure 1) (SAFEX, 2016). The

31 October 2016 spot price traded R326 per ton or 7.6% year-on-year (y/y) lower than the same period in the previous year (refer to figure 1). The same contract under review, traded 6% or R246 per ton lower compared to the September 2016 contract (SAFEX, 2016).



Market prices for white and yellow maize respectively traded at R3749 and R3209 per ton on 31 October 2016, for immediate delivery until November 2016 (SAFEX, 2016). Given the effect of the drought within major maize producing regions in South Africa, maize market prices traded significantly higher as from the 2014/15 marketing season and continued on an increasing trend towards the 2015/16 marketing season.

White maize market prices reached a 9 year peak on 20 January 2016 when it reached R5280 per ton, whilst yellow maize futures reached its peak on 18 January 2016 at R4130 per ton since 2007 (SAFEX, 2016).

The Oct2016 WMAZ (white maize) contract traded at R655 per ton or 21.2% y/y higher compared to the same contract traded within the same period in the previous marketing season, whilst it gained R196 per ton or 5.2% more than the futures contract traded in the previous month. On the other hand, the Oct2016 YMAZ (yellow maize) futures traded much lower in relation to the white maize spot prices traded at the end of October 2016, amounting to R3209 per ton. This equates to R269 or 9.1% y/y more per ton than the same contract traded in the previous year. The Oct2016 YMAZ contract also gained R246 or 6.4% more per ton compared to the Sept2016 futures contract (SAFEX, 2016).

Sunflower futures traded at R6079 per ton at 31 October 2016, which is a R661 per ton or 9.8% decline in relation to the same futures contract traded for the same period last year. Assessing the changes in market

prices, the 31 October 2016 spot price for sunflower is trading at R207 per ton or 3.4% lesser than the previous month (SAFEX, 2016).

Soybean market prices traded at R6386 per ton on 31 October 2016, which translates to a R711 per ton or 12.5% increase in relation to market prices obtained for the same contract in the previous year. If assessed on a monthly basis, the 31 October 2016 spot price gained by R207 per ton or 3.4% compared to the end of the previous month (SAFEX, 2016).

Lastly, sorghum traded at R3416 per ton on 31 October 2016 for final delivery in December 2016 (SAFEX, 2016).

Brief overview of the commodity derivative (i.e. grain) market as at 25 November 2016

On 25 November 2016, the MTM price for wheat traded at R3,945 per ton for delivery in December 2016.

Table 2: Mark-to-market prices for the summer crops and winter cereals traded on SAFEX

<u>MTM-Prices (25/11/2016) - expressed in Rand/MT</u>								Month-on-Month Change (%)	Month end R/MT (35/11/15)	Year-on-Year Change (%)
Commodity/ Delivery Date	Dec-16	Jan-16	Mar-17	Apr-17	May-17	Jul-17	Jul-18	Nov-16 vs. Dec-16	Nov-15	Nov-15 vs. Nov-16
Wheat (RFTN)	3945	-	4053	-	4126	4150	-	0.1%	4470	↓ -20.5%
White maize	4099	4100	3966	3359	2808	2614	2464	9.3%	3260	↓ -1.8%
Yellow maize	3320	3310	3241	2577	2577	2585	2495	3.5%	3260	↑ 13.3%
Sunflower	5830	-	6050	-	5950	5970	-	-4.1%	6730	↑ 15.4%
Soybean	6550	-	6500	6195	6211	6280		2.6%	5790	↓ -11.6%
Sorghum	3570	-	-	3365	-	-	-	-	3180	↓ -10.9%

Source: SAFEX (2015 & 2016)

White maize traded at 20.5% y/y or R839 per ton lower than the market price obtained for the period under review, which compares 25 November 2016 to the same period last year. Whereas yellow maize traded at 1.8% y/y or R 60 per ton lower than the aforementioned period (SAFEX, 2016).

Another summer grain that gained in trade was sunflower which was marketed at 15.4% y/y or R900 per ton higher than the same period a year ago. Whereas, both soybean and sunflower futures respectively traded 11.6% or R760 per ton and 10.9% or R360 per ton lower (SAFEX, 2016).

Wheat market prices are trading at 13.3% y/y or R525 per ton more than the settlement price obtained on 25 November 2015 for a ton of wheat. On a monthly basis, the majority of grains were basically trading at a gain except sunflower (table 2) (SAFEX, 2016).

1.2 FINAL PRODUCTION AND PRODUCTION AREA ESTIMATES: SUMMER CROPS

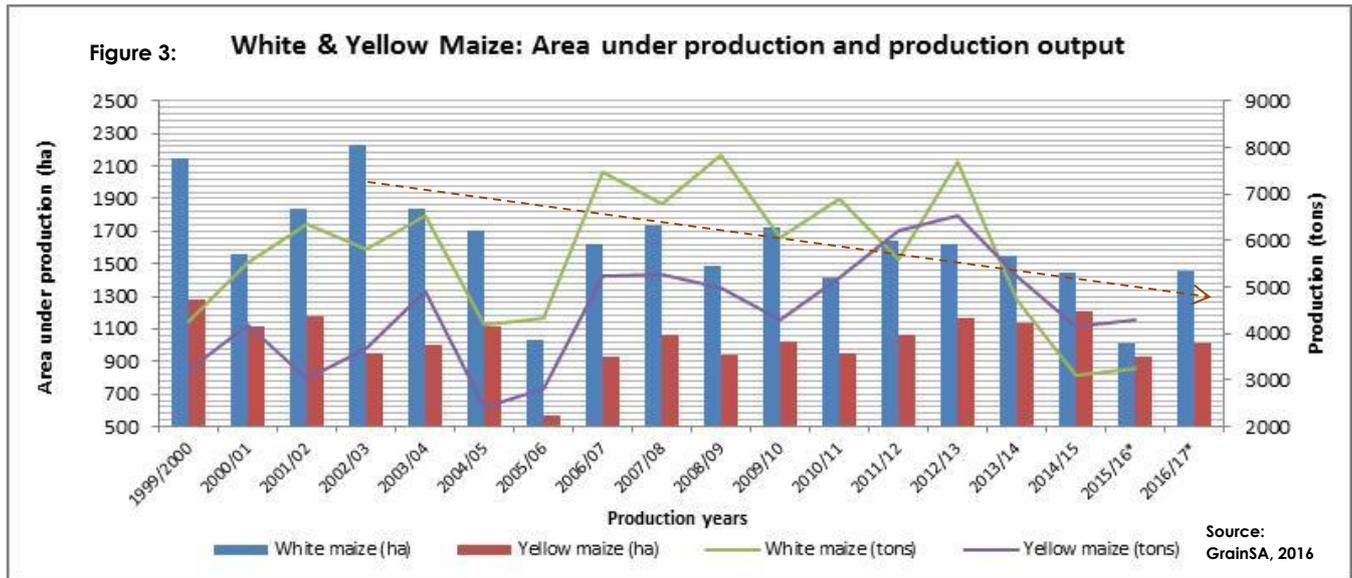


Figure 3 depicts the area under production in hectares for both white and yellow maize respectively on the primary vertical axis (left). The production output is expressed in tonnage for both white and yellow maize, and is depicted on the secondary vertical axis (right).

The area under production for both white and yellow maize has been on a decreasing trend as from the 1999/2000 production year, in relation to the period under review. White maize hectares has however been decreasing at a more steady rate compared to yellow maize hectares which has somewhat been on an increasing trend in some consecutive years such as 2008/09 to 2009/10 and again in 2013/14 to 2014/15.

Maize producers has however indicated as at mid-October 2016, that a total area of 2,463 million hectares will be planted under maize of which 1,455 million hectares is estimated to be white maize and 1,008 million tons of yellow maize. The recent crop estimation for 2017 represents a 26.5% y/y or 516,250 hectare increase, compared to the 1,946 million hectares planted in the previous planting season. Subsequently, white maize plantings are expected to increase by 43.4% y or 440,250 hectares and yellow maize by 8.2% y/y or 76,000 hectares (NCEC, 2016). The estimated 516,150 hectare estimated increase is mainly due to improved planting conditions brought about by more favourable weather conditions forecasted in the new planting season. In the Free State, producers indicated that an additional 350,000 hectares will be planted in relation to the previous season, whereas the North West Province intent to plant an additional 115,000 hectares. It should however be considered that these figures merely presents producers intentions and is thus subject to change as producers decisions are influenced by more up-to-date weather forecasts closer to the planting window(NCEC, 2016).

The planting window for the 2016/17 production year started in the beginning of October 2016 within the eastern side of South Africa and was expected to close around 15 November 2016. Any crop planted beyond the stipulated time-frame risk of being adversely affected by frost in the later part of the season in

2017. Furthermore, soil preparation also commenced in some parts of the Mpumalanga Province, but reportedly not on a large scale. Planting activity has started across some areas of Mpumalanga Province and is expected to accelerate over the coming weeks (Agbiz, 2016).

Sunflower plantings are however estimated to decline by 6.8 % or 48,500 hectares to 670,000 hectares in 2017. In addition, sorghum plantings are also estimated to decline by 21% or 10,200 hectares compared to the previous planting season. Dry beans are estimated to follow a same decreasing trend, as it is expected to decline by 4.1% or 1,400 hectares in relation to the previous area under production (NCEC, 2016).

Contrary to the above, soybeans planting are estimated at 516,000 hectares which will add an additional 13,200 hectares or 2.6% to the total area planted under soybeans in 2017. On the other hand, groundnut plantings are expected to increase by 48.2% or 10,900 hectares and reach 33,500 hectares in relation to the previous year's plantings (NCEC, 2016).

1.3 PRODUCTION AND PRODUCTION AREA ESTIMATES FOR WINTER CEREALS

Wheat

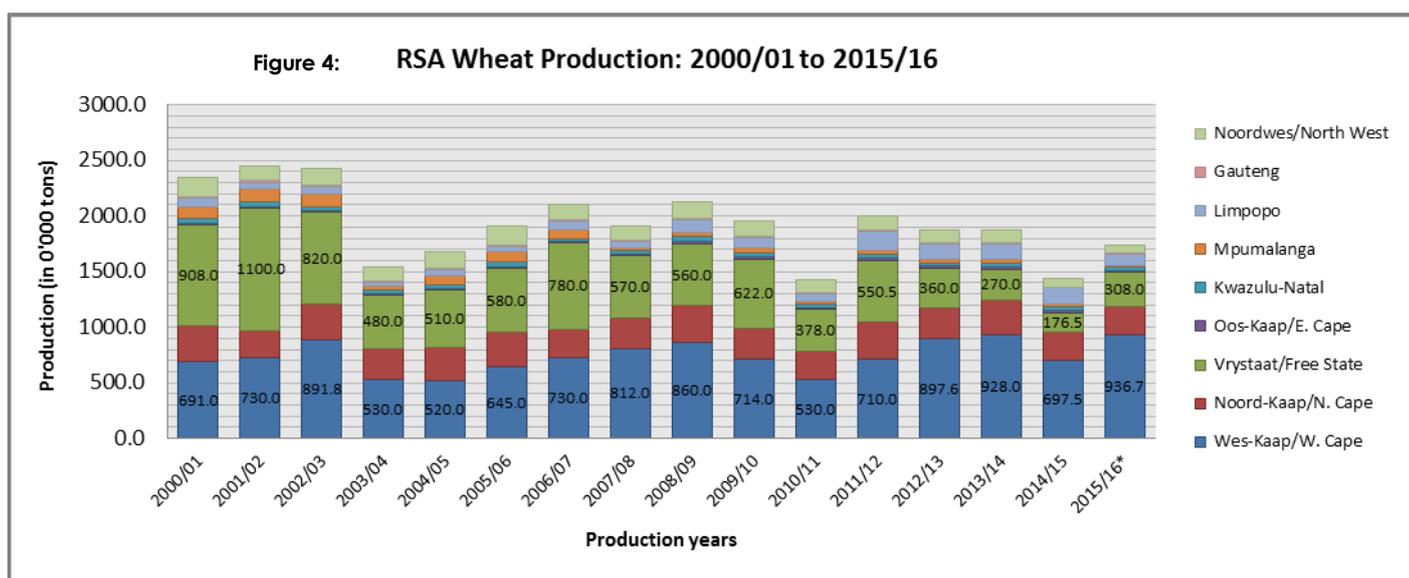


Figure 4 depicts the production share of wheat by each producing province in South Africa, as from 2000/01 to 2015/16. It is evident that the Western Cape only becomes the largest producing region as from 2002/03, when its yield per hectare started to deliver much better results than the Free State region at that point in time planted a larger area under wheat than the Western Cape region (Grain SA, 2016). Subsequently as the area under production within the Western Cape started to increase systematically, the Province become the largest wheat producing region in South Africa which produces approximately 50% of South Africa's wheat on an average basis (figure 4).

The South African wheat crop is currently in a fairly good condition and a large part has already advanced towards maturation stages. Premature estimations suggest that some farmers across the Southern Cape region could receive above-average yields within the current season. Whilst, the North

Western regions of the Province is expected to produce between average and slightly below-average yields as a result of the uneven distribution in rainfall during pollination (Agbiz, 2016).

During the 3rd crop estimate for the 2016 production season, it was estimated that the total national wheat production would yield 1,440 million tons. This equates to a 2% or 33,590 ton increase in relation to the estimation of the previous month. A contributing factor could be the 215 hectares that was added to the area under wheat production in the Gauteng area in relation to the previously recorded 508,150 hectares in conjunction with improved weather conditions which are expected to yield better output in main wheat producing areas (NCEC, 2016). The Western Cape Province is currently expected to produce 54% or 936,700 tons as the largest producer, followed by the Free State at 18% or 308,000 tons and the Northern Cape which is expected to yield 15% or 252,000 tons (NCEC, 2016).

Malting barley production (in tons) of which the Western Cape Province has more than 80% share in the production, has been adjusted upward by 2.8% or 8,300 tons to a total estimation of 299,895 tons. The area under production for 2016 has however remained unchanged (NCEC, 2016).

Canola production has increased to 108,860 tons as from the previous crop estimate. This equates to a 6.7% or 6,800 ton increase in relation to the previous crop estimate (NCEC, 2016).

1.4 PRODUCER DELIVERIES

Wheat

Progressive producer deliveries for the 2015/16 marketing season, has been adjusted upward by 1,851 tons to the previously reported 1,404,684 tons captured till the end of week 53, ending 30 September 2016 (SAGIS, 2016).

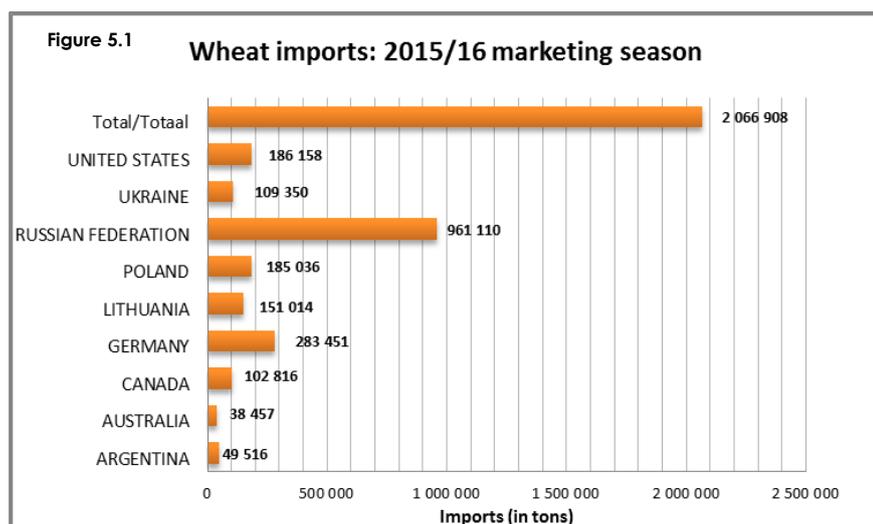
The new marketing season for 2016/17 commenced on 01 October 2016, and a total of 457,131 tons of wheat was already delivered up to 28 October 2016. A significant adjustment was made through the addition of another 7,177 tons during the last week of the period under review. Producer deliveries have systematically increased on a weekly basis since the new marketing season has started (SAGIS, 2016).

Maize

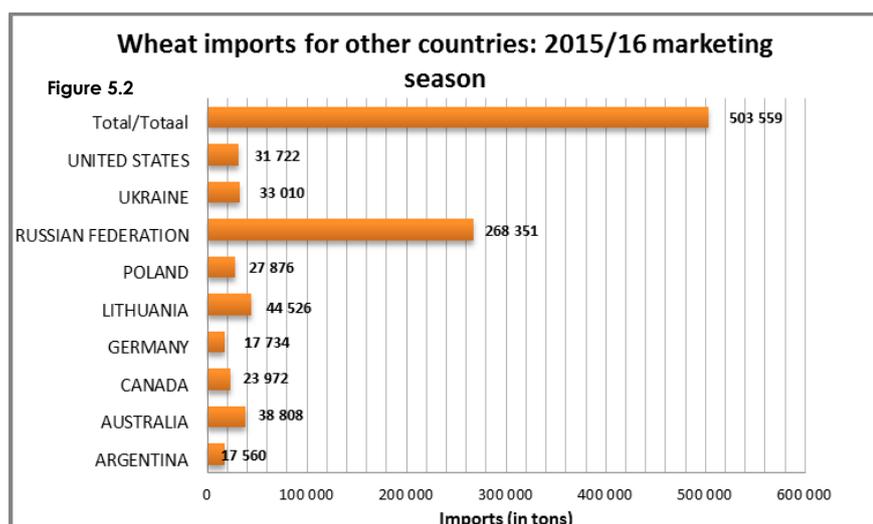
Progressive deliveries for white maize, ending on the 28th October 2016 amounted to 2, 8 million tons. Between week 23 and 26, ending 28 October 2016, a total of 33,423 tons of white maize was delivered. Whilst yellow maize progressive producer deliveries amounted to 3, 4 million tons of which 42,504 tons was delivered between week 23 and 26, ending 28 October 2016. Both an upward and downward adjustments were reported in week 24 and week 26 respectively (SAGIS, 2016).

1.5 EXPORTS, IMPORTS AND RE-EXPORTS

Trade summary for the 2015/16 wheat marketing season

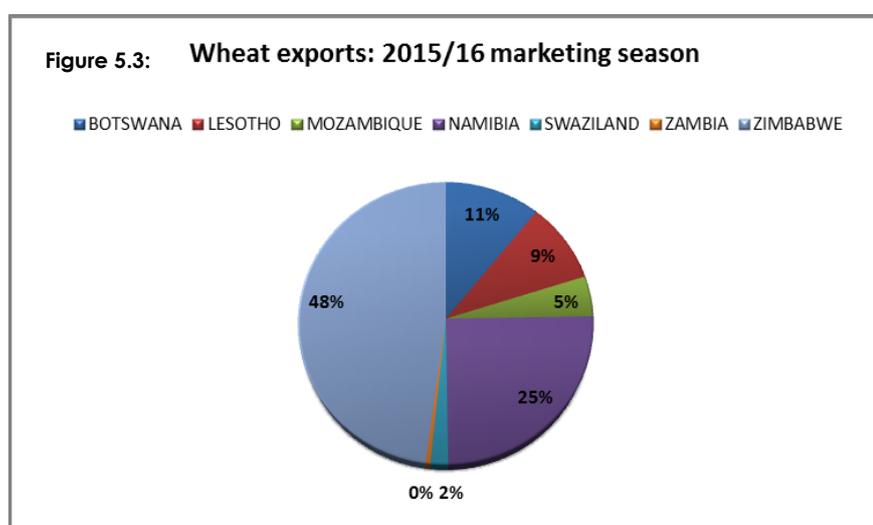


During the 2015/16 marketing season, a total of 2,066,906 tons of wheat was imported to meet domestic needs in South Africa. The largest supplying country was the Russian Federation whom accounted for 46% of the domestic imports followed by Germany as the second largest supplier with a market share of 14% in the South African wheat import market. Other international wheat suppliers to South Africa include the USA (9%), Ukraine (5%), Poland (9%), Lithuania (7%), Canada (5%), Australia (2%) and Argentina (2%) (SAGIS, 2016).



In addition, South Africa also imported whole wheat for other countries such as Botswana, Lesotho, Swaziland, Zambia and Zimbabwe (SAGIS, 2016).

A total of 503,559 tons was imported for other countries during the 2015/16 marketing season, of which the Russian Federation was also the largest supplier at 55%, followed by Australia (7%), Ukraine (6%), USA (6%), Poland (5%), Canada (5%), Argentina and Germany at 3% respectively (SAGIS, 2016).



On the other hand, a total of 54,005 tons of wheat was exported to the countries listed in figure 5.3, of which 48% was exported to Zimbabwe, 25% to Namibia and Botswana (11%), Lesotho (9%), Mozambique (5%), Swaziland (2%) and 0.5% to Zambia (SAGIS, 2016).

Supply and demand estimates for the 2016/17 wheat marketing season

Wheat supply was adjusted to 4,034 million tons, during the 2016/17 marketing season. A balance of 832,101 tons was carried over from the previous marketing season, and will contribute towards the supply in conjunction with commercial deliveries from local producers which is estimated at 1,695 million tons as well as wheat imports estimated at 1,500 million tons (NAMC, 2016).

On the demand side, an estimated 3,307 million tons of wheat is required to cater for human consumption needs set at 3,150 million tons as well as animal consumption (3,000 tons), seed replanting (19,000 tons) and exports (15,000 tons of processed product and 100,000 tons as whole wheat). Smaller quantities are required for the provision of withdrawals, allocation to end consumers as well to balance net receipts against net dispatches (NAMC, 2016).

In general, the stock retention level for the 2016/17 marketing season is estimated to improve to 2.8 months or 84 days (NAMC, 2016).

This section pertains to both the import and export of wheat for the period from 01 to 28 October 2016:

Table 2 a: Wheat trade for the 2016/17 marketing season, according to tons			Source: SAGIS, 2016
Progressive wheat exports for 2016/17	1,277	Progressive wheat imports for 2016/17	53,486
Wheat exports during the reporting period : (01 to 28 October 2016)	1,277	Wheat imports during the reporting period : (01 to 28 October 2016)	53,486 tons for RSA and 11,000 tons for export to other SADC countries
Importing countries	Share in RSA wheat exports	Supplying countries to RSA	Share in RSA wheat imports
Namibia	80%	¹ Russia	74%
Botswana	4%	¹ Canada	13%
Zambia	16%	¹ USA	14%
		¹ Wheat Imports were shipped through the following ports: East London: 19% Durban: 81%	

Source: SAGIS, 2016

Supply and demand estimates for the 2016/17 maize marketing season

Total maize supply is estimated at 12,389 million tons of which 44% thereof is derived from white maize and the latter yellow maize (i.e. 56%). White maize supply is estimated to amount to 5, 4 million tons of which 1, 3 million was carried over as at 1 May 2016 from the previous season. In addition, a total of 3, 1 million tons are expected to be delivered by commercial producers in conjunction with increased imports set at 850,000 tons (from 100,803 tons in the previous season) with the aim of addressing the shortfall in white maize (NAMC, 2016).

On the other hand, yellow maize supply is anticipated to reach 6, 9 million tons of which 1, 1 million tons was carried over as an opening balance from the previous season on 01 May 2016. The largest share in supply is expected to be derived from local commercial deliveries set at 3, 9 million tons in conjunction with yellow maize imports which is estimated to be 1, 8 million tons (NAMC, 2016).

The total demand for maize is set to be 4, 9 million tons of white maize and 6, 3 million tons of yellow maize. The largest share of white maize is required for human consumption (4, 2 million tons) in the domestic market followed by white maize exports (580,000 tons for both whole maize and processed wheat), animal and industrial use (75,000 tons) amongst other (NAMC, 2016).

Yellow maize demand mainly originates from the animal and industrial sectoral use (5,1 million tons); followed by human consumption needs (610,000 tons), yellow maize exports (360,000 tons for both whole maize and processed wheat) and end-consumers (160,000 tons) amongst other allocations (NAMC, 2016).

Maize

This section pertains to both the imports and exports of maize for the period from 01 to 28 October 2016:

Table 2 b: Maize trade for the 2016/17 marketing season, according to tons				Source: SAGIS, 2016	
Progressive maize exports for 2016/17	White maize: 225,375	Yellow maize: 136,365	Progressive maize imports for 2016/17	White maize: 374,886	Yellow maize: 929,979
Maize exports during the reporting period : (01 to 28 October 2016)	White maize: 41,923	Yellow maize: 28,720	Maize imports during the reporting period : (01 to 28 October 2016)	White maize: 79,864 tons for RSA and 10,198 tons for other SADC countries	Yellow maize: 202,177 tons for RSA and no imports for other countries.
Importing countries (for the 2016/17 marketing year)	Share in white maize exports	Share in yellow maize exports	Supplying countries (for the 2015/16 marketing year)	Share in white maize imports	Share in yellow maize imports
Zimbabwe	15%	41%	² Mexico	100%	-
Botswana	28%	15%	² Argentina	-	91%
Namibia	15%	6%	² Romania	-	9%
Lesotho	19%	1%	² Imports were shipped through the following ports, for the 2016/17 marketing year: ➢ 90,062 tons of white maize & 202,177 tons yellow maize ➢ Durban: 100% white maize and 41% yellow maize ➢ Cape Town: 41% yellow maize ➢ Port Elizabeth: 18% yellow maize		
Swaziland	17%	23%			
Mozambique	4%	7%			
Malawi	2%	-			
Korea	-	7%			

Source: SAGIS, 2016

1.6 WEATHER UPDATE: DAFF NAC ADVISORY ON THE 2015/16 SPRING SUMMER SEASON, OCTOBER 2016

Overview of the Provincial climatic conditions

Below-normal rainfall was received in most parts of the country, and dry conditions continue in many areas with water restrictions imposed in some parts. Livestock is in reasonable to good condition due to the provision of supplementary feed; even though conditions remain in poor condition in some parts. Land preparations for summer crops are underway in some summer producing areas. Veld conditions are slowly recovering in some areas following rainfall. Incidents of frost which resulted in damages in the fruit industry have been reported in the Western Cape while incidents of veld fires have been reported in Free State. In the Eastern Cape livestock mortalities have been reported, as well as Stalk Borer on maize. The levels of dams are lower than the previous year in all provinces (DAFF NAC, October 2016).

The Western Cape Province received above-normal rainfall along most coastal areas, including the north western area of the West Coast and the Klein Karoo. However the south western parts received below-normal rainfall. The Central Karoo obtained mostly extremely below-normal rainfall. Monthly mean temperatures remained reasonably normal. Winter cereal crops are normal to above-normal due to the timely spread of rainfall over the growing season, therefore maintaining optimal growing conditions. During October 2016, irregular incidents of frost damage affected the fruit industry in the Early Warning Unit, CCDM 4 Touwsriver area. The average level of major dams within the Western Cape has decreased to 62% as at 17 October 2016 compared to the 71% obtained during the same period in 2015 (DAFF NAC, October 2016).

"Due to more favourable weather conditions over the interior, vegetation activity this year is higher than last year in August. This is also the case over the Swartland. Over the northern parts of the West Coast and over the Eastern Cape, vegetation activity is much lower than in August 2015. Vegetation activity in the northeast is much lower – due to high rainfall in early September 2015 there. Most of the rain indicated only occurred from the 18th. From 18 to 23 October, scattered to widespread thundershowers occurred over large parts of the summer rainfall region, including the western and eastern maize production regions. The map is for rainfall until 23:59 on the 20th. Several stations recorded a further 5 to 30 mm in total during on the 21st and 22nd (Friday and Saturday). Some storms produced hail and strong winds" (ARC, October 2016).

Click [here](#) to view the most recent update, as on 17 October 2016, on the respective dam levels within the Western Cape Province. Alternatively visit the Elsenburg Website at www.elsenburg.com and go to Agri-tools:  Dam levels.

Extracted from the DAFF National Agro-meteorological Committee (NAC) Advisory, October 2016.

Additional sources to information regarding climatic conditions:

Agri-Outlook monthly 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 at www.elsenburg.com and go to Agri-tools  Agri-Outlook (Elsenburg, 2016).

Strategies to mitigate climatic change and disasters

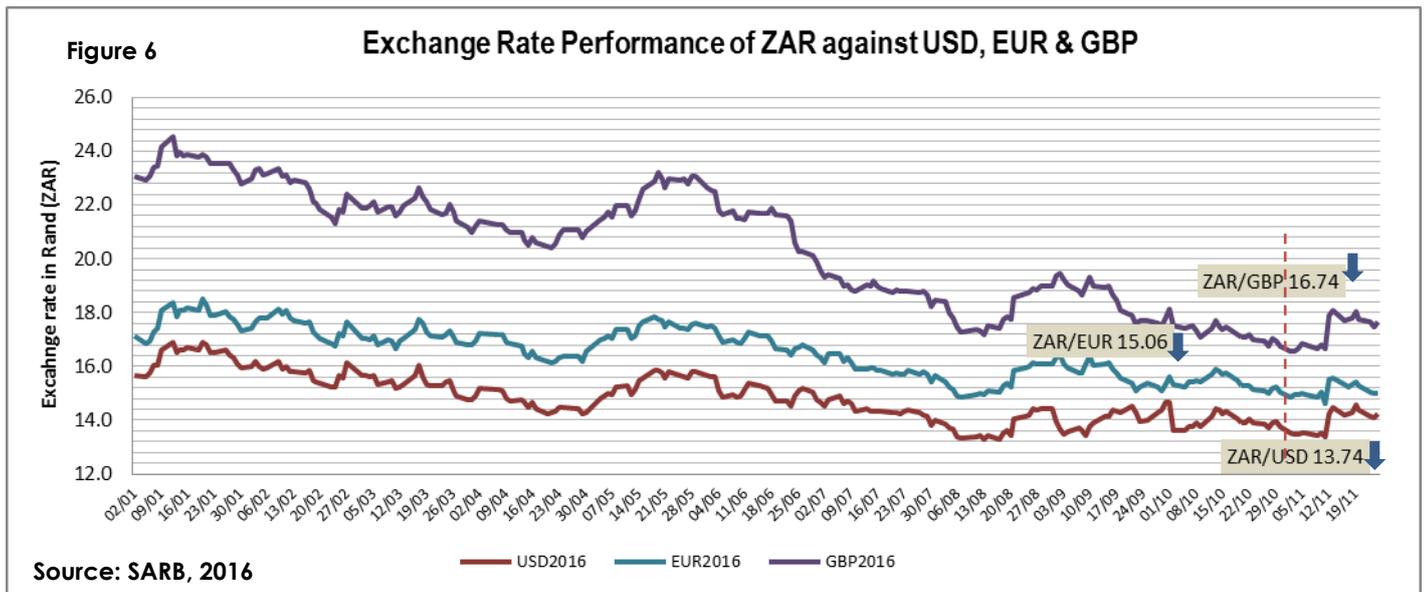
A comprehensive list of strategies can be found in the monthly NAC Advisory report issued by DAFF: Climate Change and Disaster Management. It can be accessed from the following websites: www.daff.gov.za and www.agis.agric.za .

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 & Provincial Department of Agriculture, 2016

2. ECONOMY

2.1 ANALYSING THE PERFORMANCE OF THE SOUTH AFRICAN RAND (ZAR) AGAINST MAJOR CURRENCIES SUCH AS USD, GBP & EUR, AS AT 31 OCTOBER 2016



Between 01 to 31 October 2016, the Rand depreciated by 6.2% against the US dollar (USD), 3.7% against the Euro (EUR) and 7.6% against the Great Britain Pound (SARB, 2016). As a result the USD/ZAR exchange rate ended on R13.74 whilst the EUR/ZAR reached R15.06 and the GBP/ZAR 16.74 (SARB, 2016).

A range of international and domestic factors influenced the performance of the Rand against major global currencies. A summary (although not limited) of the international and domestic macro environment conditions are listed below:

- Both the global economic and political landscape has changed significantly following the United States of America (USA) presidential election which took place on 8 November 2016. Ever since, the unexpected turn of the election result a high degree of uncertainty exist regarding the new administration's economic policy direction. As a result of the aforementioned, a more challenging and volatile environment is created for emerging markets in particular (SARB, 2016).
- A further concern for emerging markets is the potential change of trade policies could potentially impact on existing trade agreements. The "one-sided" tariff protection increase by the US captured in the prospect of rising protectionism and its implications for world trade are also a concern in respect of the outlook for emerging markets (SARB, 2016).
- The short-term implications of Brexit on the United Kingdom economy have been limited to date (SARB, 2016).
- The Eurozone is expected to continue with its slow but steady recovery, and the Japanese economy continues to battle with deflation (SARB, 2016).
- Economic growth and inflation dynamics within the domestic economy has remained more or less in line with the South African Reserve Bank's (SARB) expectations; however risks associated with the inflation outlook has moderately increased. SARB's economic growth forecast remains unchanged at 0, 4 % (2016), 1, 2 % (2017) and 1, 6 % (2018). Whilst the estimation for potential GDP growth was revised downwards to 1,3 % for 2016, which is expected to recover and reach 1,5 % by 2018. (SARB, 2016).

- The annual inflation rate as measured by the consumer price index (CPI) for all urban areas amounted to 6, 1% and 6, 4 % in September and October 2016 respectively, in relation to the 5, 9 % obtained in August 2016. Food price inflation accelerated further to a recent high of 12, 0 %, with the food and non-alcoholic beverages category contributing 1, 8 % to the overall inflation outcome (SARB, 2016).
- Producer price inflation (PPI) for final manufactured goods amounted to 6, 6 % in September and October 2016, in relation to 7, 2 % in August 2016. The main contributor to the October 2016 inflationary outcome is a reflection of the continued impact of the drought on food prices which was demonstrated by the 4, 0 % increases by the ¹food products, beverages and tobacco products category (SARB, 2016).
- On the domestic front the political landscape has tremendously led to uncertainty regarding the awaiting sovereign ratings review which is anticipated to keep the local currency in a volatile cycle in the short-term (Nedbank, 2016).

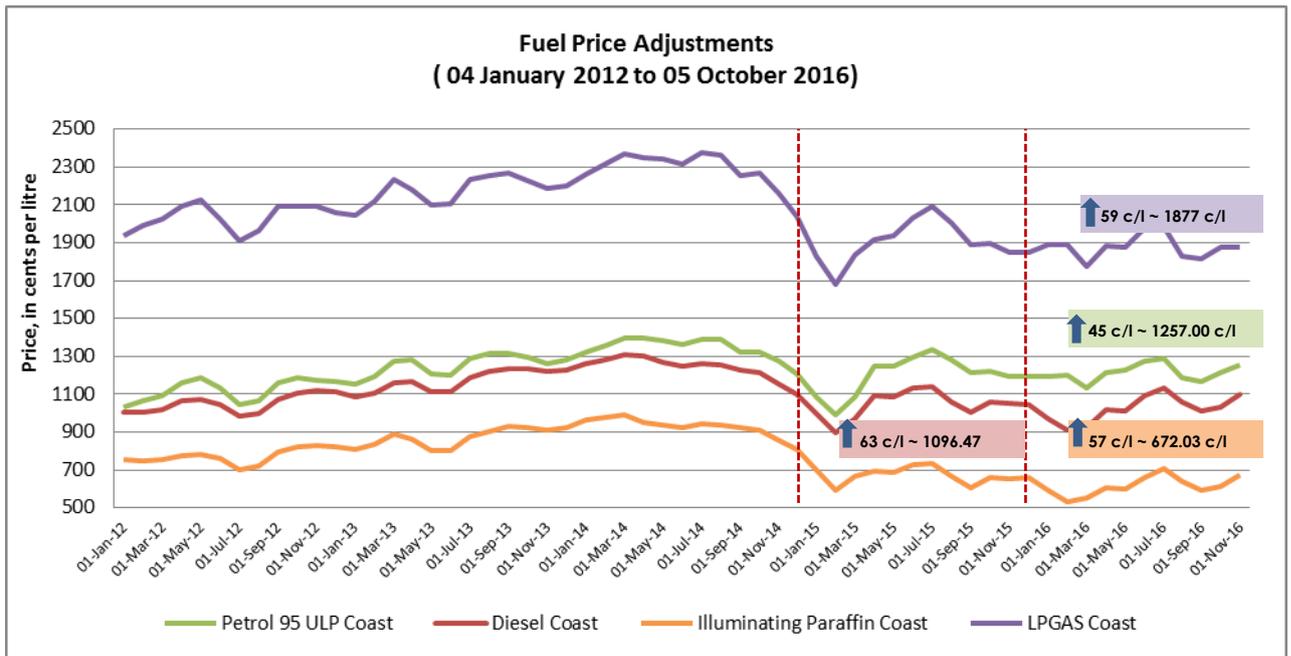
¹ The food and non-alcoholic beverages basket consists of bread and cereals; meat; fish; milk, eggs and cheese; oils and fats; fruit; vegetables; sugar, sweets and deserts; non-alcoholic beverages and other foods (Agbiz, 2016).

2.2 ENERGY

Monthly fuel price adjustment have been effective as from Wednesday, 02 November 2016

The following reasons were highlighted for the fuel price adjustments in November 2016:

- The Rand appreciated against the US dollar for the period under review, which is from 30 September 2016 to 27 October 2016 when compared to the previous period under review. The ZAR/USD exchange rate changed slightly for the period under review, appreciated from R14, 01 to R13, 96 which led to a decrease in the contribution to the Basic Fuel Price on petrol, diesel and illuminating paraffin by 1.70 cents per litre, 1.67 cents per litre and 1.65 cents per litre respectively (DoE, 2016).
- The global price of petrol, diesel and illuminating paraffin has increased, as well as that of crude oil (Fin24, 2016).
- Brent crude oil prices reached a year high of USD52 per barrel in early October following the OPEC agreement to curtail production. Since then, prices have declined following doubts about the prospects for an agreement on the distribution of production cuts across the cartel. Some price volatility is expected in the short run as negotiations on production cuts continue. The current over-recovery indicates that should current trends persist, about half of that increase could be reversed in December. (SARB, 2016).



Source: Department of Energy, 28 October 2016

The recent announced fuel prices are valid until 06 December 2016, where after adjustments will come into effect for the festive holiday (i.e. December 2016) as from Tuesday, 07 December 2016.

ACKNOWLEDGMENT OF INFORMATION SOURCES

In this publication, the below listed information sources are acknowledged:

- ✚ Agricultural Business Chamber (AGBIZ) : www.agbiz.co.za
- ✚ Department of Agriculture, Forestry and Fisheries: www.daff.gov.za
- ✚ Department of Energy (DoE): www.energy.gov.za
- ✚ Fin24: www.fin24.com
- ✚ Grain SA: www.grainsa.co.za
- ✚ National Agricultural Marketing Council: www.namc.co.za
- ✚ National Crop Estimate Committee (NCEC), South Africa: www.daff.gov.za ; www.sagis.org.za or www.grainsa.co.za
- ✚ South African Future Exchange (SAFEX): www.jse.co.za/redirects/safex
- ✚ South African Grain Information Services (SAGIS): www.sagis.org.za
- ✚ South African Reserve Bank (SARB): <http://www.resbank.co.za/>
- ✚ Western Cape Department of Agriculture (Elsenburg): Sustainable Resource Management Directorate
Disaster Risk Management: www.elsenburg.com
- ✚ Western Cape Provincial Department of Agriculture (Elsenburg): www.elsenburg.com

DISCLAIMER:

This document and its contents have been compiled by the Western Cape Department of Agriculture. The views expressed in this document are those of the Department of Agriculture with regard to market information pertaining to the grain industry, unless otherwise stated. Anyone who uses this information does so at his/her own risk. The Department of Agriculture or the author(s) therefore accepts no liability for losses incurred resulting from the use of this information.