



PERIOD UNDER REVIEW: December 2018

Compiled by Tshifhiwa Labase

South African Grain Market

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

Commodity	MTM (31/12/18) expressed in R/MT							Month end R/MT (29/12/17)	Year on Year Change	Month end (30/11/18)	Month End (31/10/18)
	Jan 19	Mar 19	May 19	July 19	Sept 19	Dec 19	July 20				
White maize	2851	2930	2972	3018	3078	3128	2477	1870	52.4%	2429	2404
Yellow maize	2731	2791	2771	2803	2839	2874	-	1934	41.2%	2361	2406
Wheat	4440	4576	4620	4655	-	-	-	3693	20.2%	4195	4434
Sunflower	5850	5557	5285	4850	4903	-	-	4390	29.7%	5150	5086
Soybean	-	4800	4895	-	-	-	-	4396 (March)	9.2%	4595	4480
Sorghum	-	3750	-	-	-	-	-	2850 (March)	31.6%	3800	3650 (Dec)

Source (SAFEX, 2018)

White maize December 2018 contract traded at R2851 per ton, this signifies a 52.4% increase year-year (y/y) gain per ton obtained of white maize for a corresponding agreement traded during the same time last year (SAFEX, 2018). At the same time, white maize contract traded at 1% or R25 more than last month. Yellow maize December 2018 contract traded at R2731 per ton which is an 41.2% increase from a ton of maize traded during the same time period last year (SAFEX, 2018). On 31st December 2018 Wheat futures contract traded at R 4440 per ton for physical deliveries to take place in December 2018. The Wheat December contract traded 20.2% (y/y) or R747 higher per ton compared to the same period in the previous year. At the same time, the Wheat month-month contract traded at 5.4% or R239 less than the previous month.

Sunflower

In the case of sunflower seed, the expected area planted is estimated at 575 000 ha, which is 4,4% or 26 500 ha less than the 601 500 ha planted last season. Sunflower prices increased by 29.7% compared to the previous year, traded at R5850 per ton on 31st December 2018 whilst traded at R4390 per ton this period last year. Sunflower prices slightly increased by 1.2% (m/m) when comparing current price per ton of sunflower to that of the previous month (SAFEX, 2018).

Soybean

The intended plantings of soybeans shows an increase of 8,2% or 64 600 ha compared to the previous season – from 787 200 ha to 851 800 ha (NCEC, 2018).Soybean future contract is expected to trade at R4800 per ton in March 2019, this translates into 9.2% y/y or R404 per ton increase in price of soybean contract traded within the corresponding period in the previous year (SAFEX, 2018). On the other hand soybean prices slightly increased by 2.6% (m/m) or R115 when comparing prices between November 2018 and December 2018.

Sorghum

On March 2019 sorghum future contract is expected to trade at R 3750 per ton, translating into a 31.6% or R900 increase from R2850 per ton during the same season last year (SAFEX, 2018). The intended plantings of sorghum is expected to increase by 49,3% or 14 200 ha to 43 000 ha, compared to the previous season (NCEC, 2018).

The expected plantings of **groundnuts** will decrease by 11,2% or 6 300 ha, from 56 300 ha to 50 000 ha. The intended plantings of **soybeans** shows an increase of 8,2% or 64 600 ha compared to the previous season, from 787 200 ha to 851 800 ha.

1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2018 SEASON

Wheat

The expected commercial production of wheat is 1,831 mill. tons, which is 1,71% or 31 800 tons less than the previous forecast of 1,862 mill. tons, with an expected yield of 3,64 t/ha (NCEC, 2018).

Malting barley

The production forecast for **malting barley** is 401 840 tons, which is the same as the previous month's forecast. The area planted is estimated at 119 000 ha, while the expected yield is 3,38 t/ha (NCEC, 2018).

Canola

The expected **canola crop** decreased by 10,0% or 11 550 tons to 103 950 tons. The area estimate for canola is 77 000 ha and the expected yield is 1,35 t/ha (NCEC, 2018).

1.3. Producer Deliveries

1.3.1 Weekly producer deliveries for wheat

Table 1: Weekly wheat deliveries

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
01/12-07/12/2018	167906	13962	181868	1266391
08/12-14/12/2018	198797	-26718	172079	1438470
15/12-21/12/2018	104930	-8496	96434	1534904
22/12-28/12/2018	17176	37436	54612	1589516

Table 1 above represents weekly wheat deliveries that occurred in December 2018. As from 3rd December to the 31st of December 2018, an additional 504993 tons of wheat has been delivered to the market (SAGIS, 2018). As a result, the progressive deliveries amounted to 1589516 tons, which represents 85.3% delivery rate in relation to the crop estimate of 1862400 tons (SAGIS & NCEC, 2018). Major adjustments were made during week 11 and week 13.

1.3.2 Weekly producer deliveries for maize

Table 2: White maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
01/12-07/12/2018	3837	107	3944	6171624
08/12-14/12/2018	4037	107	4144	6175768
15/12-21/12/2018	2931	0	2931	6178699
22/12-28/12/2018	3778	5627	9405	6188104

Table 3: Yellow maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
01/12-07/12/2018	5061	36	5097	5381489
08/12-14/12/2018	4390	796	5186	5386675
15/12-21/12/2018	8660	225	8885	5395560
22/12-28/12/2018	4767	3452	8219	5403779

As from the 3rd of December to 31st of December 2018, a total of 20424 tons of white maize and 27387 tons of yellow maize were delivered to the market (SAGIS, 2018). Major adjustments were made in week 35 of deliveries for both white and yellow maize. Crop estimates for white and yellow maize is estimated to be 6801560 tons and 6129650 tons respectively. Subsequently, this led to 91% delivery rate for white maize and 88.2% delivery rate for yellow maize (SAGIS, 2018).

1.4. Exports, Imports and Re-exports

Table 2a: Wheat trade for the 2018/19 marketing season, according to tons (SAGIS, 2018)

Progressive wheat exports 2017/18	10 293	Progressive wheat imports 2017/18	150 359
Wheat exports during the reporting period	6229	Wheat imports during the reporting period	10651
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Lesotho	56.5	United States	74.6
Botswana	27.5	Argentina	25.4
Zimbabwe	16		

SOURCE (SAGIS, 2018)

Supply and demand estimates 2018/2019 wheat marketing season

The total supply of wheat is projected at 3 925 134 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 1 795 600 tons, whole wheat imports estimated for South Africa of 1 400 000 tons and a surplus of 8 000 tons. On the other hand, total demand (domestic plus exports) for wheat is projected at 3 442 100 tons. This includes 3 300 000 tons processed for human consumption, 3 000 tons processed for animal consumption, 1 300 tons withdrawn by producers, 1 800 tons released to end consumers, 19 000 tons projected seed for planting purposes and a balancing figure of 5 000 tons (net receipts and net dispatches). A projected export quantity of 37 000 tons processed products and 75 000 tons whole wheat are estimated for the 2018/19 marketing season. The projected closing stock level at 30 September 2019 is estimated at 483 034 tons. At an average processed quantity of 275 250 tons per month, this represent available stock levels for 1.8 months or 53 days (NAMC, 2018).

During the reporting period, Lesotho was the leading export destination for South African wheat with a share of 56.5%, followed by Botswana and Zimbabwe with 27.5% and 16% respectively. South Africa imported 74.6% of its wheat from the United States and 25.4% of its wheat from Argentina.

Table 2b: Maize trade for 2018/19 marketing season, according to tons

Progressive 2018/19	White maize 310 604	Yellow maize: 1 423 912	No imports due to bumper crop harvested during the current production season.
Maize exports during the reporting period : (03 December -31 December 2018)	32923	70633	
Importing countries	Share in white maize exports	Share in yellow maize exports	
Botswana	45.6	3.4	
Namibia	21.3	6	
Mozambique	18.1	3.3	
Lesotho	15	0.02	
Swaziland	-	8.9	
Korea, Rep of	-	0.6	
Vietnam	-	77.3	
Madagascar		0.5	

White maize

The total supply of white maize is projected at 9 072 844 tons for the 2018/19 marketing season. This includes an opening stock level (at 1 May 2018) of 2 428 653 tons and local commercial deliveries of 6 601 560 tons. No whole white maize imports are estimated for the current season, with early deliveries of 32 631 tons and a surplus of 10 000 tons. On the other hand, total demand (domestic plus exports) for white maize is projected at 7 131 000 tons. The total domestic demand is projected at 6 563 000 tons. This includes 4 650 000 tons processed for human consumption, 1 850 000 tons processed for animal and industrial consumption, 12 000 tons for grinding, 16 000 tons withdrawn by producers, 30 000 tons released to end-consumers and a balancing figure of 5 000 tons (net receipts and net dispatches). A projected export quantity of 68 000 tons of processed products and 500 000 tons of white whole maize are estimated for exports for the 2018/19 marketing season. The projected closing stock level at 30 April 2019 is estimated at 1 941 844 tons. At an average processed quantity of 542 667 tons per month, this represent available stock levels for 3.6 months or 109 days (NAMC, 2018).

Yellow maize

The total supply of yellow maize is projected at 7 427 925 tons for the 2018/19 marketing season. This includes an opening stock (at 1 May 2018) of 1 260 823 tons and local commercial deliveries of 5 779 650 tons. Yellow maize imports of 150 000 tons are estimated for the current season, with early deliveries of 227 452 tons and a surplus of 10 000 tons. On the other hand, total demand (domestic plus exports) for yellow maize is projected at 5 902 000 tons. The total domestic demand is projected at 4 262 000 tons. This includes 550 000 tons processed for human consumption, 3 500 000 tons processed for animal and industrial consumption, 12 000 tons for grinding, 50 000 tons withdrawn by producers, 140 000 tons released to end-consumers and a balancing figure of 10 000 tons (net receipts and net dispatches). A projected export quantity of 140 000 tons of processed products and 1 500 000 tons of yellow whole maize are estimated for exports for the 2018/19 marketing season. The projected closing stock level at 30 April 2019 is estimated at 1 525 925 tons. At an average processed quantity of 338 500 tons per month, this represent available stock levels for 4.5 months or 137 days (NAMC, 2018).

During the reporting period, the main exports destinations for South African white maize are Botswana (45.6%), Namibia (21.3%), Mozambique (18.1%) and Lesotho (15%). On the other hand, Vietnam absorbed the largest share of South Africa's yellow maize exports (77.3%) during the period under review (SAGIS, 2018).

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

Figure 1

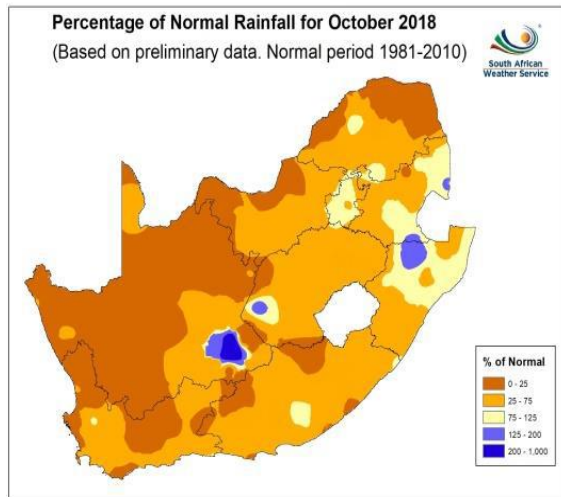


Figure 2

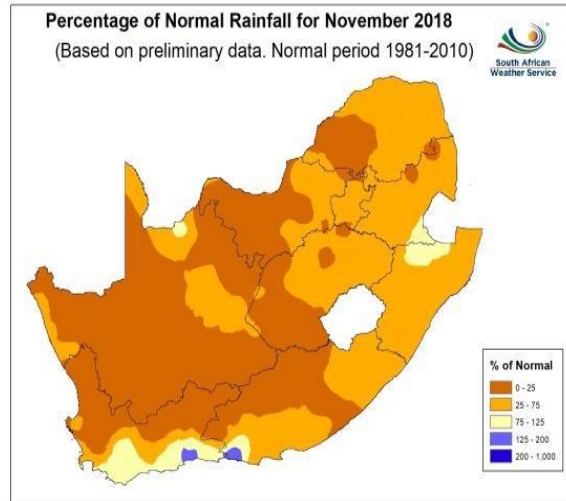


Figure 3

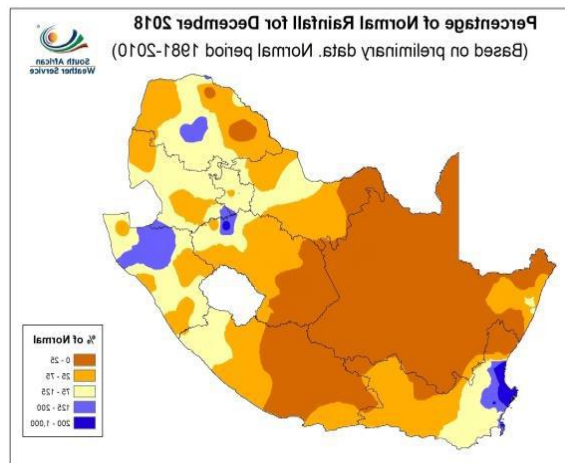
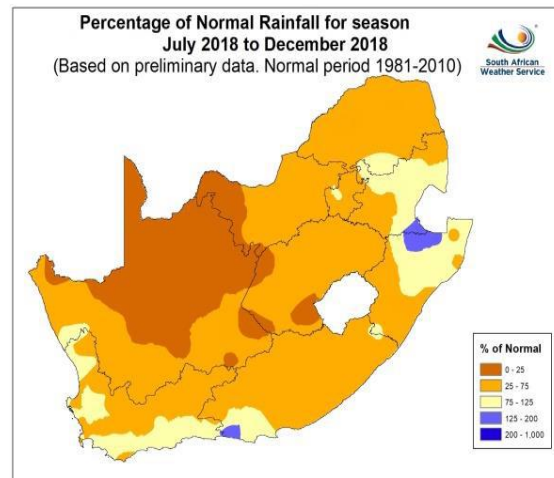


Figure 4



During the months of October and November below normal rainfall was received over the majority of the country (**Figure 1**) and (**Figure 2**). In December rainfall was near normal in the eastern and extreme south-western parts of the country; remaining below normal in other regions (**Figure 3**). For the season July to December 2018, below normal rainfall was received over the

country with patches of near normal rainfall mainly along the south coast, parts of Mpumalanga and KwaZulu-Natal (**Figure 4**).

Western Cape

Rainfall received was below normal but above normal in the south. Dry conditions prevail in the Matzikama region, Klein Karoo and Central Karoo and drought aid to livestock farmers continues. Winter cereal crop are in good condition in the Swartland region and the western areas of the Overberg region. Cereal crop production in the Garden Route is poor due to below normal rainfall, especially in the Riversdale-Albertinia region. Good rains at the end of November brought relief. Livestock conditions are in reasonable condition. Veld fires resulted in extensive damages in the Garden Route. The average level of major dams has increased (53% in 2018; 28% in 2017). Brandvlei dam is 40.8% full compared to 22% during the same time period last year. Water level has also increased in Theewaterskloof from 16.2% in December 2017 to 49.4% in December 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 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.

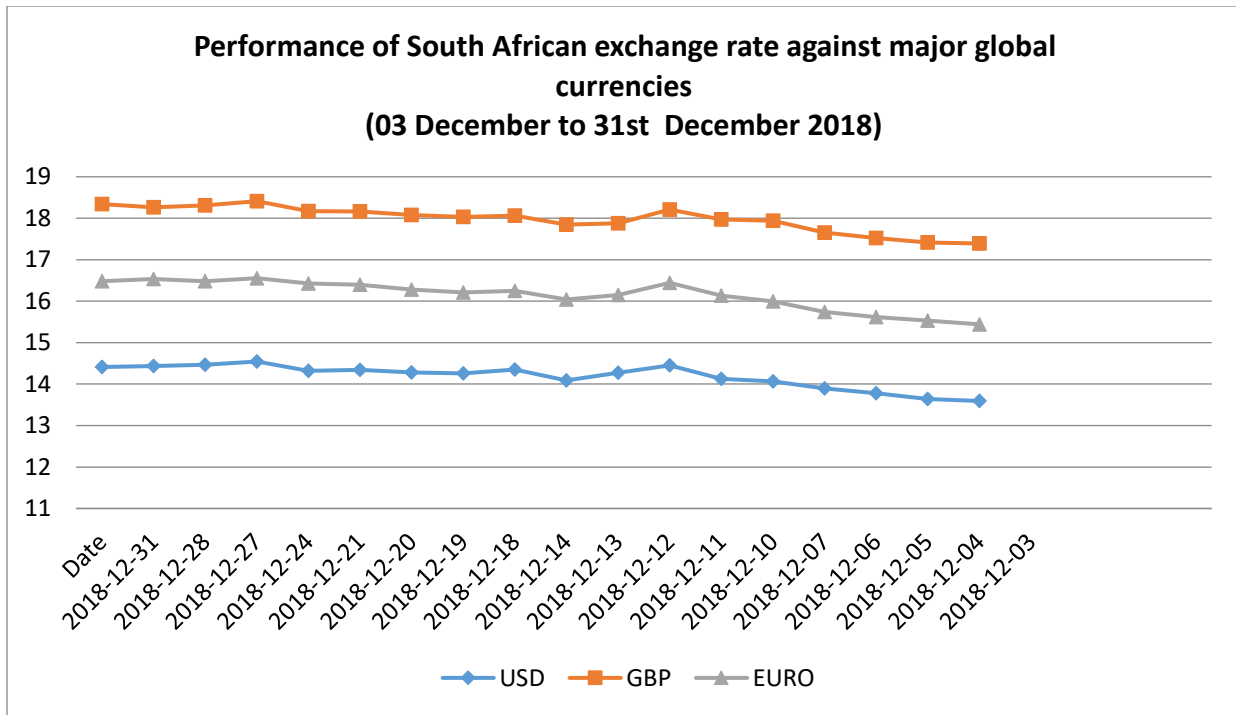
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2018.

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 and go to Agri-tools Agri-Outlook (Elsenburg, 2018).

3. Economic Reviews

3.1 Exchange Rates



Source: South African Reserve Bank (2018)

During the period 03 December – 31 December 2018, the ZAR exchange rate strengthened against the Great British Pound by 1.1%, it traded at 17.98 in December 2018 compared to 18.18 that was recorded in November 2018. 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 weakened by 0.8% and 0.6% respectively against these major currencies.

4. 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	123.00	cents per litre decrease in the retail price	1342.00
Diesel 0.05% Sulphur	153.92	cents per litre decrease in the retail price	1264.62
Illuminating Paraffin (Wholesale)	123.00	cents per litre decrease the retail price	768.17
LPGAS (maximum retail price)	132.00	cents per litre increase in the retail price	2106.00

The Department of Energy report indicated a price decrease in the price of fuel. The price of Petrol 93 and 95 ULP&LRP went down by 122 cents and 123 cents respectively during December 2018. The price of diesel (0.05% sulphur) also decreased by 153.92 cents, illuminating paraffin price per litre went down by 123.00 cents respectively. Lastly, LPGAS price decreased by 132.00 cents in December 2018. The Rand depreciated, on average, against the US Dollar (from 14.09 to 14.18 Rand per USD) during the period under review when compared to the previous one.

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

Potatoes South Africa: www.potatoes.co.za

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

Techno Fresh CRM: www.technofresh.co.za

Trading Economics (2018): <https://tradingeconomics.com/south-africa/balance-of-trade>

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