



PERIOD UNDER REVIEW: February 2019

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1. South African Grain Market

On 28 February 2019, wheat futures for physical delivery in March 2019 traded at R4, 427 per ton. This translates into a 24,4% or R867 per ton increase if compared to the same contract traded in the previous year (SAFEX 2019). The wheat Feb 19 contract traded higher by 0,2% or R4, 450 per ton compared to the previous month (SAFEX 2019).

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

MTM 28/02/19) expressed in R/MT									Month end (28/02/18)	Year on year change	Month end (31/01/19)	Month End (31/12/18)
									R/MT		R/MT	R/MT
Commodity	Mar-19	Apr-19	May-19	Jul-19	Sep-19	Dec-19	Mar-20	Jul-20	Mar-18	Mar 18 vs 19	Feb-19	Jan-19
White maize	2738	2755	2799	2864	2918	2993	3023	2780	1803	51,9%	2848	2851
Yellow maize	2580	2615	2650	2658	2697	2769	2786	2719	1880	37,2%	2647	2731
Wheat	4427	4434	4519	4558	4485	0	0	0	3560	24,4%	4450	4440
Sunflower	5235	5544	5370	5368	5406	0	0	0	4700	11,4%	5630	5850
Soybean	4644	0	4703	4840	0	0	0	0	4480	3,6%	4644	4800
Sorghum	3820	0	0	0	3568	0	0	0	3040	25,7%	3820	3750

Source (SAFEX, 2019)

White maize February 2019 contract for physical delivery in March 2019 traded at R2, 738 per ton. This signifies a 51, 9% or R935 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 Feb19 contract traded at 0, 1% lower or R10 more than last month. Yellow maize February 2019 contract for physical delivery in March 2019 traded at R2, 580 per ton which is a 37.2% increase from a ton of maize traded during the same period last year (SAFEX, 2019).

Sunflower

In the case of sunflower seed, the expected area to be planted is estimated at 515 350 ha, which is 14,32% or 86 150 ha less than the 601 500 ha planted the previous season. The production forecast for sunflower seed is 563 590 tons, which is 34,62% or 298 410 tons less than the 862 000 tons of the previous season. The expected yield is 1,09 t/ha (NCEC 2019). On February 2019, sunflower traded at R5 235 per ton. Sunflower prices for physical delivery in March 2019 increased by 11,4% (R535) compared to the same period in the previous year. Sunflower prices slightly decreased by 3,8% (m/m) when comparing current price per ton of sunflower to that of January 2019 (SAFEX, 2019).

Soybean

It is estimated that 730 500 ha have been planted to soybeans, which represents a decrease of 7,20% or 56 700 ha compared to the 787 200 ha planted last season. The production forecast is 1 276 035 tons, which is 17,14% or 263 965 tons less than the 1 540 000 tons of the previous season. The expected yield is 1,75 t/ha (NCEC, 2019). Soybean future contract is expected to trade at R4 644 per ton in March 2019, this translates into 3,6% y/y or R163 per ton increase in price of soybean contract traded within March in the previous year (SAFEX, 2019). On the other hand, soybean prices slightly decreased by 3,3% (m/m) or R156 when comparing prices between March 2019 and January 2019

Sorghum

On March 2019 mini sweet sorghum future contract is expected to trade at R 3, 820 per ton, translating into a 25,7% or R840 increase from R3, 040 per ton during the same season last year (SAFEX, 2019). The area estimate for sorghum increased by 75,35% or 21 700 ha, from 28 800 ha to 50 500 ha against the previous season. The production forecast for sorghum is 168 400 tons, which is 46,43% or 53 400 tons more than the 115 000 tons of the previous season. The expected yield is 3,33 t/ha. (NCEC, 2019).

1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2019 SEASON

Wheat

The area estimate for wheat is 503 350 ha. The expected commercial production of wheat is 1,841 mill. tons, which is 2,35% or 42 250 tons more than the previous forecast of 1,799 mill. tons. The expected yield is 3,66 t/ha (NCEC, 2019).

Malting barley

The production forecast for malting barley remained unchanged at 421 790 tons. The current crop of 421 790 tons is the highest crop ever produced in the RSA. The area planted is estimated at 119 000 ha, while the expected yield is 3,54 t/ha (NCEC, 2019).

Canola

The expected canola crop remained unchanged at 103 950 tons. The area estimate for canola is 77 000 ha, with an expected yield of 1,35 t/ha (NCEC, 2019).

1.3. Producer Deliveries

1.3.1 Weekly producer deliveries for wheat

Table 1.2: Weekly wheat deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
26/01 - 01/02/2019	8 787	-3 817	4 970	1 733 956
02/02 - 08/02/2019	7 384	0	7 384	1 741 340
09/02 - 15/02/2019	3 392	168	3 560	1 744 900
16/02 - 22/02/2019	5 408	0	5 408	1 750 308

Source (SAGIS, 2019)

Table 1.2 represents weekly wheat deliveries that occurred from week ending 01 February to 22 February 2019. During this period, an additional 21 322 tons of wheat has been delivered to the market (SAGIS, 2019). As a result, the progressive deliveries amounted to 1 750 308 tons, which represents 95,07% delivery rate in relation to the crop estimate of 1 841 050 tons (SAGIS & NCEC, 2019).

1.3.2 Weekly producer deliveries for maize

Table 1.3: Weekly White Maize deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
26/01 - 01/02/2019	2 296	-2205	91	6 195 492
02/02 - 08/02/2019	2 095	0	2 095	6 197 587
09/02 - 15/02/2019	1 001	0	1 001	6 198 588
16/02 - 22/02/2019	4 422	0	4 422	6 203 010

Source (SAGIS, 2019)

As from week ending 01 February to 22 February 2019, a total of 7609 tons of white maize and 22 428 tons of yellow maize were delivered to the market (SAGIS, 2019). Major adjustments were made in during the week ending 01 February 2019 of deliveries for both white and yellow maize.

Table 1.4: Weekly Yellow Maize deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
26/01 - 01/02/2019	5 464	-2660	2 804	5 450 824
02/02 - 08/02/2019	6 507	1057	7 564	5 458 388
09/02 - 15/02/2019	4 599	854	5 453	5 463 841
16/02 - 22/02/2019	6 607	0	6 607	5 470 448

Source (SAGIS, 2019)

In the case of yellow maize, the area estimate is 1 003 600 ha, which is 4,49% or 47 150 ha less than the 1 050 750 ha planted last season. The yellow maize production forecast is 5 357 120 tons, which is 10,27% or 612 880 tons less than the 5 970 000 tons of last season. The yield for yellow maize is 5,34 t/ha. Crop estimates for white and yellow maize is estimated to be 6 801 560 tons and 6 129 650 tons respectively. Subsequently, this led to 91% delivery rate for white maize and 88.2% delivery rate for yellow maize (SAGIS, 2019).

1.4. Exports, Imports and Re-exports

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

Progressive wheat exports 2018/19	35 969	Progressive wheat imports 2018/19	343 017
Wheat exports during the reporting period (tons)	12 566	Wheat imports during the reporting period (tons)	158 443
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Botswana	85%	Germany	61%
Lesotho	15%	Latvia	25%
		Czech Republic	14%

Source (SAGIS, 2019)

Supply and demand estimates 2018/2019 wheat marketing season

The total supply of wheat is projected at 3 935 584 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 1 806 050 tons, whole wheat imports estimated for South Africa of 1 400 000 tons and a surplus of 8 000 tons. On the other hand, the total demand (domestic plus exports) for wheat is projected at 3 445 500 tons. This includes 3 300 000 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, 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 40 000 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 490 084 tons. At an average processed quantity of 275 250 tons per month, this represent available stock levels for 1.8 months or 54 days. (NAMC, 2019).

During the reporting period, Botswana was the leading export destination for South African wheat with a share of 85%, followed by Lesotho with a 15 % share in RSA exports. South Africa imported a bulk of its wheat from Germany, (96 715 tons), followed by Latvia (39 275 tons) and Czech Republic (22 453 tons).

Table 1.6: White and Yellow maize trade for the 2018/19 marketing season (Tons)

Progressive 2018/19	White maize: 431 963	Yellow maize: 1 467 037	Progressive 2018/19	White maize: 0	Yellow maize: 50 613
Maize exports during the reporting period: (26 Jan to 26 Feb 2019)	82 868	20 716	Maize imports during the reporting period : 26 Jan to 26 Feb 2019	No imports due to bumper crop harvested during the current production season.	30 294
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	46%	0%	Brazil	0	100%
Italy	18%	0%			
Botswana	12%	25%			
Namibia	11%	23%			
Mozambique	7%	18%			
Lesotho	4%	0%			
Swaziland	3%	31%			

Source (SAGIS, 2019)

White maize

The total supply of white maize is projected at 6 852 984 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 May 2019) of 1 825 084 tons and local commercial deliveries of 4 992 900 tons. No whole white maize imports are estimated for the current season, with early deliveries of 30 000 tons and a surplus of 5 000 tons. On the other hand, the total demand (domestic plus exports) for white maize is projected at 6 171 000 tons. The total domestic demand is projected at 5 551 000 tons. This includes 4 670 000 tons processed for human consumption, 820 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 20 000 tons withdrawn by producers, 25 000 tons released to end-consumers and a balancing figure of 4 000 tons (net receipts and net dispatches). A projected export quantity of 70 000 tons of processed products and 550 000 tons of white whole maize are estimated for exports for the 2019/20 marketing season. The projected closing stock level at 30 April 2020 is estimated at 681 984 tons. At an average processed quantity of 458 500 tons per month, this represent available stock levels for 1.5 months or 45 days (NAMC, 2019).

During the reporting period, the main exports destinations for South African white maize were Ethiopia (46%), Italy (18%), Botswana (12%) and Namibia (11%). There were no imports of white maize due to bumper crop harvested during the current production season (SAGIS, 2019).

Yellow maize

The total supply of yellow maize is projected at 7 245 275 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 5 620 000 tons. Yellow maize imports of 125 000 tons are estimated for the current season, with early deliveries of 227 452 tons and a surplus of 12 000 tons. On the other hand, the total demand (domestic plus exports) for yellow maize is projected at 6 052 000 tons. The total domestic demand is projected at 4 387 000 tons. This includes 535 000 tons processed for human consumption, 3 650 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 50 000 tons withdrawn by producers, 135 000 tons released to end-consumers and a balancing figure of 5 000 tons (net receipts and net dispatches). A projected export quantity of 145 000 tons of processed products and 1 520 000 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 1 193 275 tons. At an average processed quantity of 349 750 tons per month, this represent available stock levels for 3.4 months or 104 days (NAMC, 2019).

During the reporting period, the main exports destinations for South African yellow maize are Swaziland (31%), Botswana (25%), Namibia (23%), and Mozambique (18%). On the other hand, Brazil absorbed the largest share of South Africa's yellow maize exports (100%) during the period under review (SAGIS, 2019).

2. WEATHER ADVISORY ON THE 2018/2019 SUMMER SEASON, January 2019

Figure 1

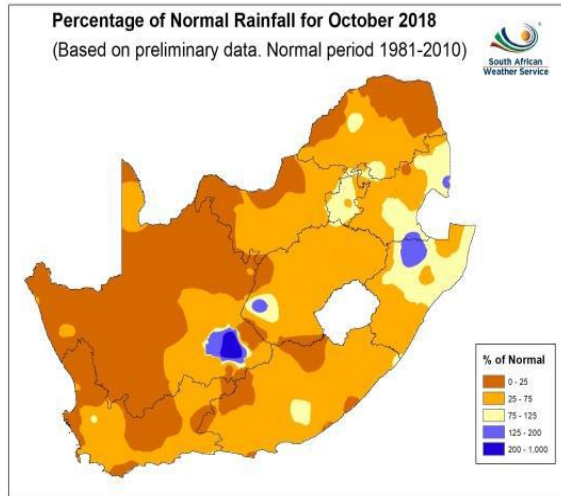


Figure 2

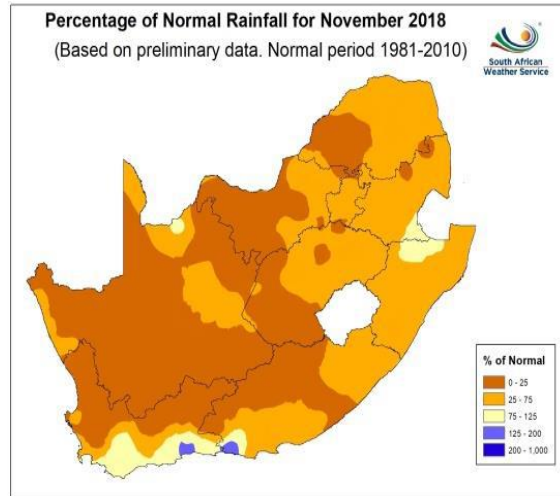


Figure 3

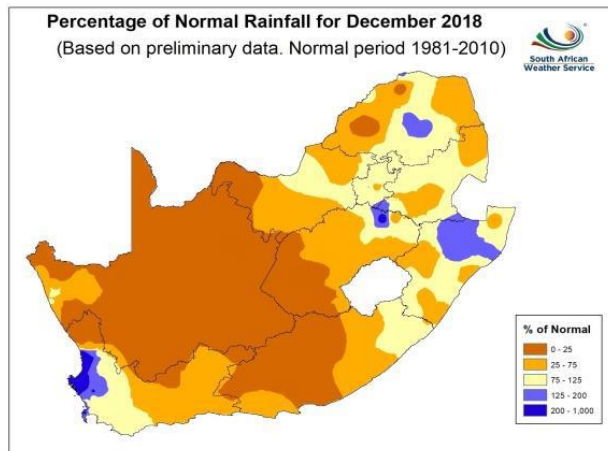
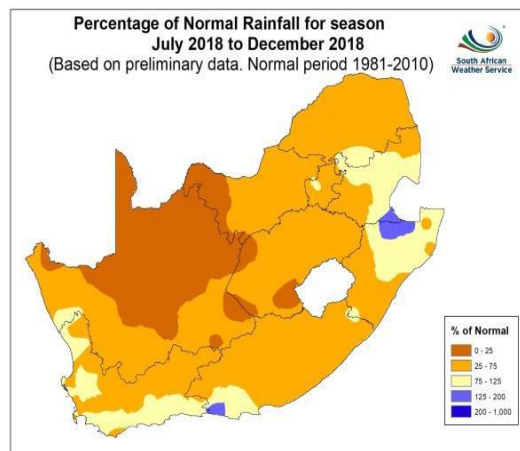


Figure 4



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

Western Cape dam levels continue to decrease due to soaring temperatures that trigger high rates of evaporation. The Western Cape Water Supply System has decreased from 55.51% to 54% by the end of February 2019. However, this figure is relatively better in comparison to last year when the system was at 23.70%. Theewaterskloof dam, the largest dam in the system is at 41.88% against 10.84 last year. Brandvlei dam is 30.9% full compared to 9.3% during the same time period last year. Clanwilliam is at 37.47% compared to 9.74 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.

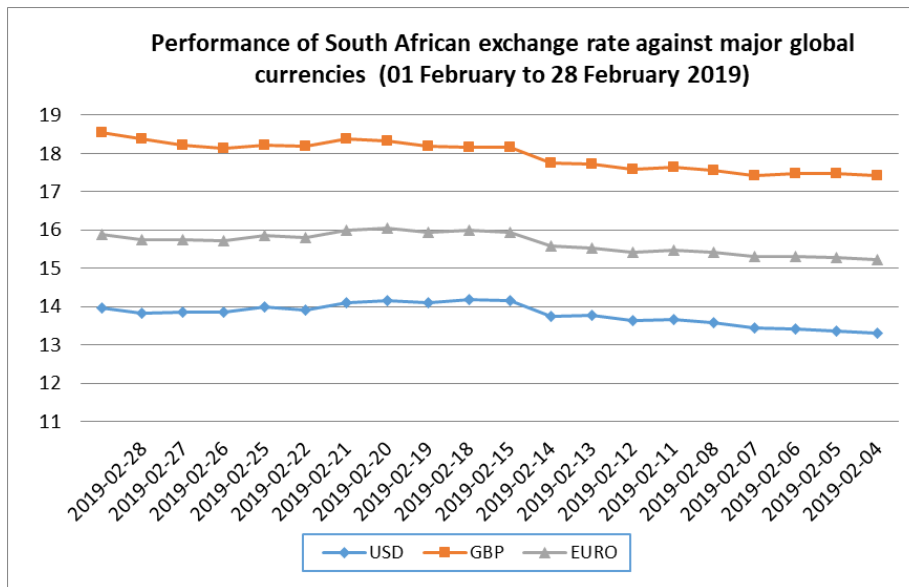
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2019.

Additional 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, 2019).

3. Economic Reviews

3.1 Exchange Rates



Source: South African Reserve Bank (2019)

During the period 01 February – 28 February 2019, the ZAR exchange rate weakened against the Great Britain Pound by 0.5%, it traded at 17.95 in February 2019 compared to 17.86 that was recorded in

January 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 1.1% and 0.5% 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	74	cents per litre increase in the retail price	1423.00
Diesel 0.05% Sulphur	91	cents per litre increase in the retail price	1356.62
illuminating Paraffin (Wholesale)	76	cents per litre increase in the retail price	839.17
LPGAS (maximum retail price)	101	cents per litre decrease in the retail price	2196.00

(DOE, 2019)

The Department of Energy report indicated a price increase in fuel. The price of Petrol 93 and 95 ULP&LRP went up by 74 cents during February 2019. The price of diesel (0.05% sulphur) also increased by 91 cents, illuminating paraffin price per litre went up by 76 cents respectively. Lastly, LPGAS price increased by 101 cents in February 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

Techno Fresh CRM: www.technofresh.co.za

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

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