Western Cape Government
Agriculture
BETTER TOGETHER.

PERIOD UNDER REVIEW: January 2019 Compiled by Sindisiwe Dhlamini

1. South African Grain Market

On 31 January 2019, wheat futures for physical delivery in February 2019 traded at R4, 450 per ton. This translates into a 27% or R945 per ton increase if compared to the same contract traded in the previous year (SAFEX 2019). The wheat Jan 19 contract traded higher by 6% or R245 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 31/01/19) expressed in R/MT									Month end (28/02/18)	Year on year change	Month end (31/12/18)	Month End (30/11/18)
									R/MT		R/MT	R/MT
Commodity	19-Feb	19-Mar	19-May	19-Jul	19-Sep	19-Dec	20-Mar	20-Jul	18-Feb	Feb 18 vs 19	19-Jan	18-Dec
White maize	2848	2868	2928	2965	3032	3061	3123	2677	1831	55,5%	2851	2429
Yellow maize	2647	2664	2685	2700	2750	2810	0	0	1929	37,2%	2731	2361
Wheat	4450	4479	4552	4603	0	0	0	0	3505	27,0%	4440	4195
Sunflower	5630	5590	5530	5312	5391	0	0	0	4720	19,3%	5850	5150
Soybean	0	4540	4648	4747	0	0	0	0	4440	2,3%	4800	4595
Sorghum	3820	0	0	0	3568	0	0	0	2980	28,2%	3750	3800

Source (SAFEX, 2019)

White maize January 2019 contract for physical delivery in February traded at R2 848 per ton. This signifies a 55.5% 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 Jan 19 contract traded at 17% or R422 more than last month. Yellow maize January 2019 contract for physical delivery in February 2019 traded at R2 647 per ton which is a 37.2% increase from a ton of maize traded during the same time period last year (SAFEX, 2019).

Sunflower

In the case of sunflower seed, the expected area planted is estimated at 444 000 ha, which is 26, 18% or 157 500 ha less than the 601 500 ha planted the previous season. On January 2019, sunflower traded at R5850 per ton. Sunflower prices for physical delivery in February 2019 increased by 19.3% (R910) compared to the same period in the previous year. Sunflower prices slightly increased by 14% (m/m) when comparing current price per ton of sunflower to that of the previous month (SAFEX, 2019).

Soybean

It is estimated that 743 600 ha have been planted to soybeans, which represents a decrease of 5, 54% or 43 600 ha compared to the 787 200 ha planted last season (NCEC, 2019). Soybean future contract is expected to trade at R4 540 per ton in March 2019, this translates into 2.3% y/y or R100 per ton increase in price of soybean contract traded within February in the previous year (SAFEX, 2019). On the other hand soybean prices slightly increased by 4% (m/m) or R205 when comparing prices between January 2019 and December 2018.

Sorghum

On February 2019 sorghum future contract is expected to trade at R 3820 per ton, translating into a 28.2% or R840 increase from R2850 per ton during the same season last year (SAFEX, 2019). The area estimate for sorghum increased by 59, 72%, from 28 800 ha to 46 000 ha against the previous season. (NCEC, 2019).

The expected plantings of groundnuts is 19 200 ha, which is 65,90% or 37 100 ha less than the 56 300 ha planted for the previous season.

1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2019 SEASON

Wheat

The expected commercial production of wheat is 1,799 mill. tons, which is 1, 74% or 31 800 tons less than the previous forecast of 1,831 mill. tons. The expected yield is 3, 57 t/ha. (NCEC, 2019).

Malting barley

The production forecast for **malting barley** is 421 790 tons, which is 4, 96% or 19 950 tons more than the previous forecast of 401 840 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: Weekly wheat deliveries

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
29/12 - 04/01/2019	7 253	-3 503	3 750	**1 607 871**
05/01 - 11/01/2019	8 613	4 217	12 830	**1 620 701**
12/01 - 18/01/2019	14 167	0	14 167	**1 634 868**
19/01 - 25/01/2019	15 240	0	15 240	**1 650 108**

Source: (SAGIS, 2019)

Table 1 represents weekly wheat deliveries that occurred in January 2019. As from 04 January 2019, an additional 45 987 tons of wheat has been delivered to the market (SAGIS, 2019). As a result, the progressive deliveries amounted to 1 650 108 tons, which represents 91.7% delivery rate in relation to the crop estimate of 1 799 000 tons (SAGIS & NCEC, 2019).

1.3.2 **Weekly producer deliveries for maize**

Table 2: White maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
29/12 - 04/01/2019	605	0	605	**6 179 071**
05/01 - 11/01/2019	2 458	437	2 895	**6 181 966**
12/01 - 18/01/2019	1 078	0	1 078	**6 183 044**
19/01 - 25/01/2019	1 598	0	1 598	**6 184 642**

Source (SAGIS, 2019)

As from the 4th of January to 31st of January 2019, a total of 6 176 tons of white maize and 17 576 tons of yellow maize were delivered to the market resulting to progressive deliveries of 6 184 642 tons (SAGIS, 2019). Major adjustments were made in week ending 11 January 2019 of deliveries for both white and yellow maize.

Table 3: Yellow maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
29/12 - 04/01/2019	432	0	432	**5 406 000**
05/01 -11/01/2019	2 948	3	2 951	**5 408 951**
08/12- 14/12/2019	6 537	0	6 537	**5 415 488**
19/01 – 25/01/2019	7 650	0	7 650	**5 423 138**

Source (SAGIS, 2019)

Crop estimates for white and yellow maize are expected 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 2a: Wheat trade for the 2018/19 marketing season, according to tons (SAGIS, 2019)

Progressive wheat exports 2018/19	**23 403**	**Progressive wheat imports 2018/19**	**184 517**
Wheat exports during the reporting period	**11 621**	Wheat imports during the reporting period	**33 405**
Importing countries	**Share in RSA exports**	**Exporting countries**	**Share in RSA imports**
Botswana	72%	Argentina	100%
Lesotho	27%		
Zimbabwe	0,9%		

Source (SAGIS, 2019)

Supply and demand estimates 2018/2019 wheat marketing season

The total supply of wheat is projected at 3 893 334 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 5 1 763 800 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 3 437 100 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 70 000 tons whole wheat are estimated for the 2018/19 marketing season. The projected closing stock level at 30 September 2019 is estimated at 456 234 tons. At an average processed quantity of 275 250 tons per month, this represent available stock levels for 1.7 months or 50 days. (NAMC, 2019).

During the reporting period, Botswana was the leading export destination for South African wheat with a share of 72%, followed by Lesotho and Zimbabwe with 27% and 0.9% respectively. South Africa imported 33 405 tons of its wheat from Argentina only.

Progressive 2018/19	White maize: **347 751**	Yellow maize: **1 445 481**	Progressive 2018/19	White maize: **0**	Yellow maize: **20 848**
Maize exports during the reporting period: (29 Dec 2018 to 25 Jan 2019)	**35 035**	**19 154**	Maize imports during the reporting period : (29 Dec 2018 to 25 Jan 2019)	No imports due to bumper crop harvested during the current production season.	**20 848**
Importing countries	Share in white maize exports	Share in yellow maize exports	Exporting countries	Share in white maize imports	Share in yellow maize imports
Botswana	42%	26%	Brazil	0	100%
Namibia	22%	16%			
Mozambique	23%	12%			
Lesotho	12%	2%			
Swaziland	1%	37%			

Source (SAGIS, 2019)

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, the total demand (domestic plus exports) for white maize is projected at 7 035 500 tons. The total domestic demand is projected at 6 467 500 tons. This includes 4 600 000 tons processed for human consumption, 1 810 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 16 000 tons withdrawn by producers, 26 000 tons released to end-consumers and a balancing figure of 3 500 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 2 037 344 tons. At an average processed quantity of 535 167 tons per month, this represent available stock levels for 3.8 months or 116 days (NAMC, 2019).

During the reporting period, the main exports destinations for South African white maize are Botswana (42%), Mozambique (23%) Namibia (22%) and Lesotho (14.5%) during the period under review (SAGIS, 2019).

Yellow maize

The total supply of yellow maize is projected at 7 429 925 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 12 000 tons. On the other hand, total demand (domestic plus exports) for yellow maize is projected at 5 917 000 tons. The total domestic demand is projected at 4 277 000 tons. This includes 530 000 tons processed for human consumption, 3 540 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 50 000 tons withdrawn by producers, 140 000 tons released to end-consumers and a balancing figure of 5 000 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 1 512 925 tons. At an average processed quantity of 340 167 tons per month, this represent available stock levels for 4.4 months or 135 days. (NAMC, 2019).

During the reporting period, the main exports destinations for South African yellow maize are Swaziland (37%), Botswana (26%), Namibia (16%), and Mozambique (12%). 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

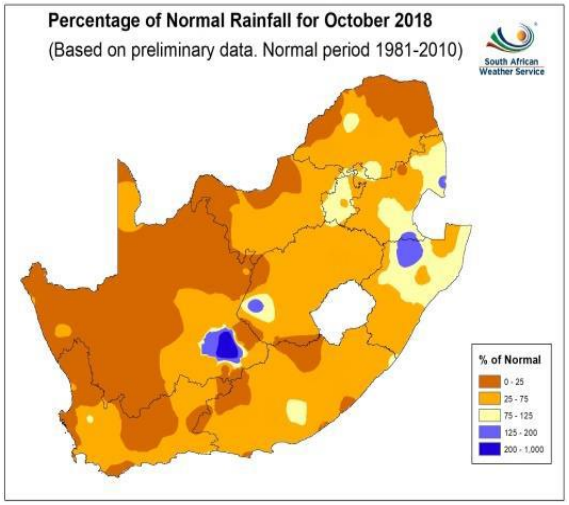


Figure 2

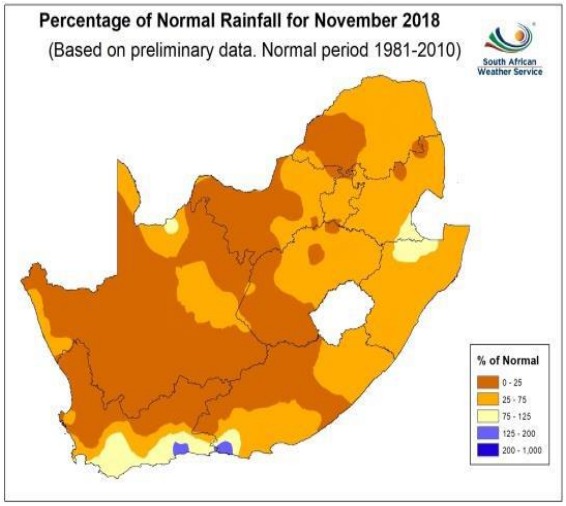


Figure 3

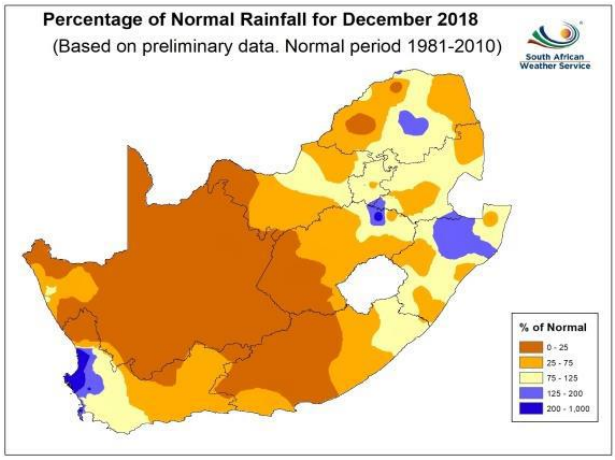
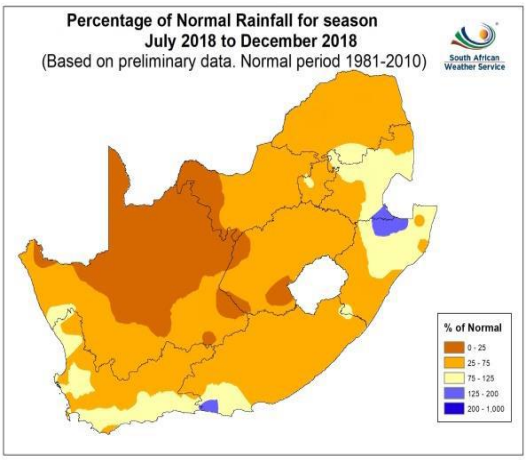


Figure 4



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

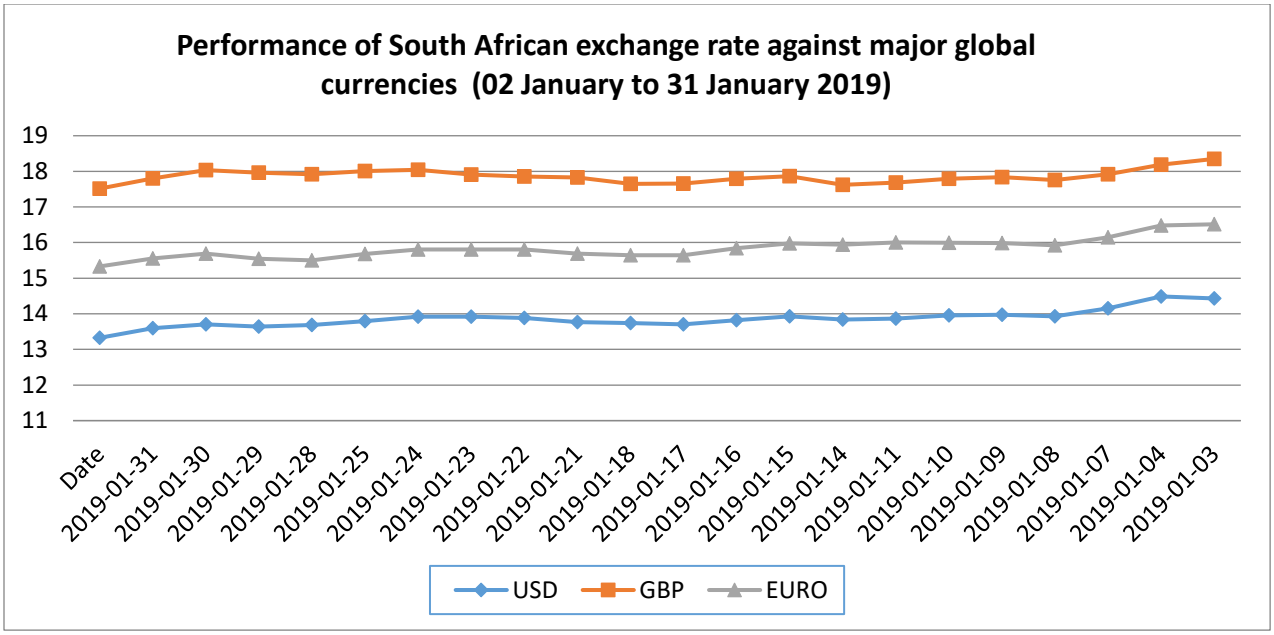
Rainfall received was below normal but above normal in the south. Dry conditions prevail in the Matzikama region, Klein Karoo and Central Karoo and drought aid to livestock farmers continues. Winter cereal crop are in good condition in the Swartland region and the western areas of the Overberg region. 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 33% full compared to12.9% during the same time period last year. Water level has also increased in Theewaterskloof from 11.7% in January 2018 to 44.1% in January 2019. 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 02 January – 31 January 2019, the ZAR exchange rate strengthened against the US dollar by 2.2%, it traded at 13.87 in January 2019 compared to 14.18 that was recorded in December 2018. On the other hand, when looking at month to month trade of Rand against the EURO and Great Britain Pound, it can be noted that the rand strengthened by 1.9% and 0.7% 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	7.00	cents per litre **increase** in the retail price	1349.00
Diesel 0.05% Sulphur	1.00	cents per litre **increase** in the retail price	1265.62
Illuminating Paraffin (Wholesale)	5.00	cents per litre **decrease** the retail price	763.17
LPGAS (maximum retail price)	11.00	cents per litre **decrease** in the retail price	2095.00

(DOE, 2019)

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 7.00 cents during January 2019. The pice of diesel (0.05% sulphur) also increased by 1.00 cents, whereas illuminating paraffin price per litre went down by 5.00 cents. Lastly, LPGAS price decreased by 11.00 cents in January 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

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 (2019): https://tradingeconomics.com/south-africa/balance-of-trade

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