



PERIOD UNDER REVIEW: May 2019

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1. SOUTH AFRICAN GRAIN MARKET

White maize May 2019 contract for physical delivery in June 2019 traded at R2, 943 per ton. This signifies a 38, 8% or R823 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 May 19 contract traded at 8, 9% lower or R253 less than last month.

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

MTM 31/05/19) expressed in R/MT									Month end (31/05/18)	Year on year change	Month end (30/04/19)	Month End (29/03/19)
									R/MT		R/MT	R/MT
Commodity	Jun-19	Jul-19	Sep-19	Nov-19	Dec-19	Mar-20	May-20	Jul-20	Jun-18	June 18 vs 19	May-19	Apr-19
White maize	2943	2973	3023	0	3105	3128	0	3030	2120	38,8%	2582	2835
Yellow maize	2889	2927	2984	0	3049	3062	0	2942	2208	30,8%	2526	2700
Wheat	4492	4552	4488	0	4435	0	0	0	3808	18,0%	4632	4658
Sunflower	5084	5165	5282	0	5400	5320	5070	0	4590	10,8%	5005	5350
Soybean	4823	4823	4929	5036	0	5205	0	0	4739	1,8%	4490	4780

Source: (SAFEX, 2019)

Yellow maize May 2019 contract for physical delivery in June 2019 traded at R2, 889 per ton which is a 30.8% increase from a ton of maize traded during the same period last year (SAFEX, 2019). On 31 May 2019, wheat futures for physical delivery in Jun 2019 traded at R4, 492 per ton. This translates

to 18,0% or R684 per ton increase if compared to the same contract traded in the previous year (SAFEX 2019). The wheat May 19 contract traded lower by 0,6% or R26 per ton compared to the previous month (SAFEX 2019).

1.2. PRODUCTION ESTIMATES AND FORECAST

1.2.1 Summer cereal production estimates: 2019/20 season

White and Yellow Maize

The size of the expected commercial maize crop has been set at 10,900 million tons, which is 2,30% or 244 900 tons more than the previous forecast of 10,655 million tons. The area estimate for maize is 2,301 million ha, while the expected yield is 4,74 t/ha. The estimated maize crop is 13% smaller than the 2018 crop. The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 80% of the 2019 crop.

The area estimate for white maize is 1,298 million ha and for yellow maize the area estimate is 1,002 million ha. The production forecast of white maize is 5,488 million tons, which is 3,81% or 201 500 tons more than the 5,287 million tons of the previous forecast. The yield for white maize is 4,23 t/ha. In the case of yellow maize the production forecast is 5,412 million tons, which is 0,81% or 43 400 tons more than the 5,369 million tons of the previous forecast. The yield for yellow maize is 5,40 t/ha (NCEC 2019).

Sunflower seed

The production forecast for sunflower seed remained unchanged at 611 140 tons. The area estimate for sunflower seed is 515 350 ha, while the expected yield is 1,19 t/ha (NCEC 2019).

Soybean

The production forecast for **soybeans** also remained unchanged at 1,296 million tons. The estimated area planted to soybeans is 730 500 ha and the expected yield is 1,77 t/ha (NCEC, 2019).

Other crops

The expected **groundnut** crop remained unchanged at 22 705 tons and the expected yield is 1,13 t/ha. The area estimate for groundnuts is 20 050 ha. The production forecast for **sorghum** remained unchanged at 165 850 tons. The area estimate for sorghum is 50 500 ha and the expected yield is 3,28 t/ha. In the case of **dry beans**, the production forecast remained unchanged at 72 450 tons. The area estimate of dry beans is 59 300 ha, with an expected yield of 1,22 t/ha (NCEC, 2019).

1.2.2 Intentions to plant winter crops for 2019

Producers' intentions to plant winter cereals are based on the results of a non-probability survey conducted by the Directorate: Statistics and Economic Analysis of the Department of Agriculture, Forestry and Fisheries reflects the position as at the middle of April 2019.

Table 1.2: Intentions to plant winter crops 2019

CROP	Intentions* (Ha) 2019 (A)	Area planted (Ha) 2018 (B)	Final estimate (Tons) 2018 (B)	Change % (A) ÷ (B)
Wheat	513 450	503 350	1 841 050	+2,01
Malting barley	118 500	119 000	421 790	-0,42
Canola	80 000	77 000	103 950	+3,90
Total	711 950	699 350	2 366 790	+1,80

Source: NCEC, 2019

Wheat

The figures for wheat represent the total number of hectares that are intended to be planted for grain, excluding any hectares that will be planted for fodder and grazing. Producers intend to plant 513 450 ha of wheat for the 2019 production season. This is 2,01% or 10 100 ha more than the 503 350 ha planted to wheat in 2018. The main producing areas are within the Western Cape with 324 000 ha (63%), followed by the Free State with 105 000 ha (20%) and the Northern Cape with 34 000 ha (7%) (NCEC, 2019)

Malting barley

The expected area planted to malting barley is 118 500 ha, which is 0,42% or 500 ha less than the 119 000 ha of the previous year (NCEC, 2019)

Canola

The expected area planted to canola is 80 000 ha, which is 3,90% or 3 000 ha more than the 77 000 ha planted in 2018 (NCEC, 2019)

1.3. PRODUCER DELIVERIES

1.3.1 Weekly producer deliveries for wheat

Table 1.3: Weekly wheat deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
27/04 - 03/05/2019	869	-443	426	1 804 804
04/05 - 10/05/2019	1 183	0	1 183	1 805 987
11/05 - 17/05/2019	903	0	903	1 806 890
18/05 - 24/05/2019	1 036	0	1 036	1 807 926

Source (SAGIS, 2019)

Table 1.3 represents weekly wheat deliveries that occurred from week ending 27 April to week ending 24 May 2019. During this period, 3548 tons of wheat have been delivered to the market (SAGIS, 2019). As a result, the progressive deliveries amounted to 1 807 926 tons, which represents 98, 2% 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 1.4: Weekly White Maize deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
27/04 - 03/05/2019	8 734	-270	8 464	8 464
04/05 - 10/05/2019	23 465	866	24 331	32 795
11/05 - 17/05/2019	52 807	0	52 807	85 602
18/05 - 24/05/2019	97 122	0	97 122	182 724

Source (SAGIS, 2019)

As from week ending 27 April to week ending 24 May 2019, a total of 182 724 tons of white maize has been delivered. Major adjustments were made during the week ending 10 May 2019 of deliveries for white maize.

Table 1.4: Weekly Yellow Maize deliveries (Tons)

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
27/04 - 03/05/2019	23 699	3533	27 232	27 232
04/05 - 10/05/2019	64 975	330	65 305	92 537
11/05 - 17/05/2019	164 800	0	164 800	257 337
18/05 - 24/05/2019	305 812	0	305 812	563 149

Source (SAGIS, 2019)

As from week ending 27 April to week ending 24 May 2019, a total of 563 149 tons of yellow maize were delivered to the market (SAGIS, 2019). The highest adjustment was made during the week ending 03 May 2019 for yellow maize deliveries.

1.4 SUPPLY AND DEMAND ESTIMATES

1.4.1 Wheat marketing season 2018/19

The total supply of wheat is projected at 3 964 534 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 1 835 000 tons, whole wheat imports estimated for South Africa of 1 400 000 tons and a surplus of 8 000 tons. The total demand (domestic plus exports) for wheat is projected at 3 360 500 tons. This includes 3 240 000 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 15 000 tons processed products and 75 000 tons whole wheat is estimated for exports for the 2018/19 marketing season. The projected closing stock level at 30 September 2019 is estimated at 604 034 tons. At an average processed quantity of 270 250 tons per month, this represents available stock levels for 2.2 months or 68 days. (NAMC, 2019).

1.4.2 White maize marketing season 2019/20

The total supply of white maize is projected at 7 166 298 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 May 2019) of 1 803 258 tons and local commercial deliveries of 5 328 040 tons. No whole white maize imports are estimated for the current season, with net early deliveries of 30 000 tons and a surplus of 5 000 tons. The total demand (domestic plus exports) for white maize is projected at 6 226 000 tons. The total domestic demand is projected at 5 606 000 tons. This includes 4 650 000 tons processed for human consumption, 900 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 20 000 tons withdrawn by producers,

20 000 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 is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 30 April 2020 is estimated at 940 298 tons. At an average processed quantity of 463 500 tons per month, this represents available stock levels for 2 months or 62 days. (NAMC, 2019).

1.4.3 Yellow maize marketing season 2019/20

The total supply of yellow maize is projected at 6 449 033 tons for the 2019/20 marketing season. This includes an opening stock (at 1 May 2019) of 868 813 tons and local commercial deliveries of 5 062 220 tons. Yellow maize imports of 450 000 tons are estimated for the current season, early deliveries of 50 000 tons and a surplus of 18 000 tons. The total demand (domestic plus exports) for yellow maize is projected at 5 836 500 tons. The total domestic demand is projected at 5 436 500 tons. This includes 570 000 tons processed for human consumption, 4 660 000 tons processed for animal and industrial consumption, 11 500 tons for gristing, 50 000 tons withdrawn by producers, 135 000 tons released to end-consumers and a balancing figure of 10 000 tons (net receipts and net dispatches). A projected export quantity of 150 000 tons of processed products and 250 000 tons of yellow whole maize is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 30 April 2020 is estimated at 612 533 tons. At an average processed quantity of 436 792 tons per month, this represents available stock levels for 1.4 months or 43 days. (NAMC, 2019).

1.4.4 Sunflower seed marketing season 2019/20

The total supply of sunflower seed is projected at 818 305 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 March 2019) of 120 165 tons, local commercial deliveries of 611 140 tons, sunflower seed imports of 80 000 tons for South Africa and a surplus of 7 000 tons. The total demand (domestic plus exports) for sunflower seed is projected at 735 800 tons. This includes 1 600 tons processed for human consumption, 6 000 tons processed for animal consumption, 720 000 tons for crush (oil and oilcake), 500 tons withdrawn by producers, 2 000 tons released to end consumers, 3 100 tons seed for planting purposes and a balancing figure of 2 100 tons (net receipts and net dispatches). A quantity of 500 tons for exports is estimated for exports for the 2019/20 marketing season. The projected closing stock level at 28 February 2020 is estimated at 82 505 tons. At an average processed quantity of 60 633 tons per month, this represents available stock levels for 1.4 months or 41 days. (NAMC, 2019).

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat

Progressive wheat export during the 2018/19 reporting period is 62 584 tons. Wheat exports for South Africa amounted to 4 500 tons from week ending 27 April 2019 to week ending 24 May 2019. During the reporting period, Zambia was the leading export destination for South African wheat with a share of 46%, followed by Namibia with a 27 %and Lesotho with a (24%) share in RSA exports.

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

Progressive wheat exports 2018/19	62 584	Progressive wheat imports 2018/19	694 024
Wheat exports during the reporting period (tons)	4 500	Wheat imports during the reporting period (tons)	196 092
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Zambia	46%	Germany	49%
Namibia	27%	United States	44%
Lesotho	24%		
Botswana	2%		

Source (SAGIS, 2019)

Progressive wheat imports during the 2018/19 reporting period is 694 024 tons. Wheat imports for South Africa amounted to 196 092 tons from week ending 03 May 2019 to week ending 24 May 2019. South Africa imported its wheat from Germany (96 639 tons) and United States (86 644 tons) respectively. South Africa re-exported 18 452 tons of its imported wheat to Botswana (8 853 tons), Swaziland (5 513 tons) and Lesotho (4 086 tons).

1.5. White and Yellow Maize

Progressive White and Yellow maize exports during the 2019/20 reporting period is 32 750 tons and 21 102 tons respectively. White maize exports for South Africa amounted to 32 750 tons and yellow maize exports amounted to 21 102 tons from week ending 03 May 2019 to week ending 24 May 2019. During the reporting period, the main export destinations for South African white maize were Botswana (39%), Namibia (25%) and Mozambique (15%). There were no imports of white maize due to bumper crop harvested during the current production season (SAGIS, 2019).

Table 1.6: White and Yellow maize trade for the 2019/20 marketing season (Tons)

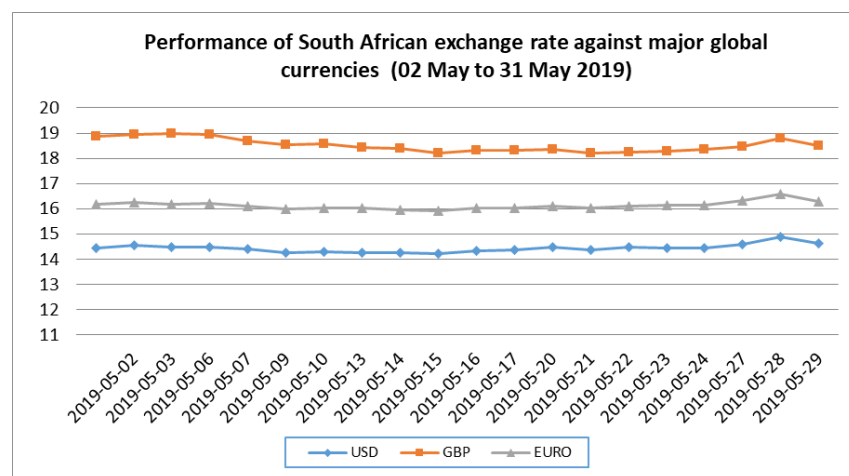
Progressive 2019/20	White maize: 32 750	Yellow maize: 21 102	Progressive 2019/20	White maize: 0	Yellow maize: 23 121
Maize exports during the reporting period: (27 Apr to 24 May 2019)	32 750	21 102	Maize imports during the reporting period: (27 Apr to 24 May 2019)	No imports due to bumper crop harvested during the current production season	23 121
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	39%	32%	Argentina	23 121	100%
Namibia	25%	27%			
Mozambique	15%	18%			
Swaziland	13%	17%			
Lesotho	7%	5%			
Korea, Republic of	0%	1%			

Source (SAGIS, 2019)

During the reporting period, the main exports destinations for South African yellow maize were Botswana (32%) Namibia (27%), Mozambique (18%) and Swaziland (17%). On the other hand, Argentina absorbed the largest share of South Africa's yellow maize imports (100%) during the period under review (SAGIS, 2019).

2. ECONOMIC REVIEWS

2.1 Exchange Rates



Source: SARB (2019)

During the period 02 May to 31 May 2019, the ZAR exchange rate weakened against the US dollar by 2%, it traded at 14.44 in May 2019 compared to 14.16 that was recorded in April 2019. 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 weakened by 1.5% and 0.3% respectively against these major currencies.

3. 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	9.00	cents per litre increase in retail price	1612,00
Diesel 0.05% Sulphur	33.16	cents per litre increase in wholesale price	1467,08
Illuminating Paraffin (Wholesale)	8.00	cents per litre increase in wholesale price	906,48
LPGAS (maximum retail price)	7.00	cents per kilogram increase in the maximum retail price	2443,00

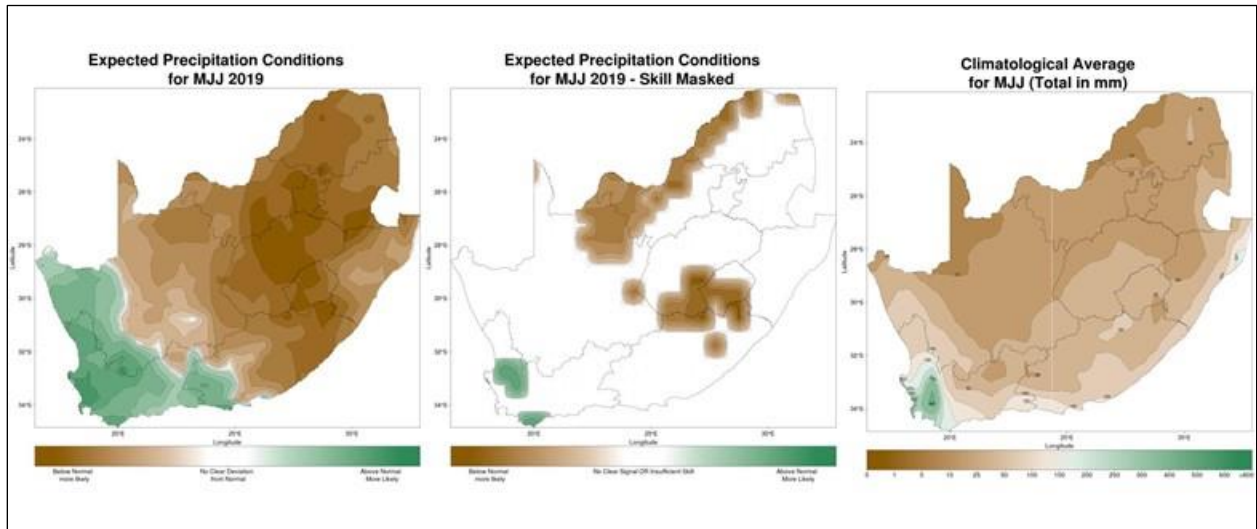
(DOE, 2019)

The Department of Energy reported the implementation of carbon tax levy in the price structures of petrol and diesel as from 05 June 2019. The fuel levy applicable on petrol and diesel is 9.0c/l and 10.0 c/l respectively with effect from 05 June 2019. The price of Petrol 93 and 95 ULP&LRP went up by 9 cents end of May 2019. The price of diesel (0.05% sulphur) also increased by 33.16 cents, illuminating paraffin wholesale price per litre went up by 8.00 cents respectively. Lastly, LPGAS maximum retail price increased by 7.00 cents per kilogram in the maximum retail price by end May 2019.

4. WEATHER ADVISORY ON THE EARLY WINTER SEASON, 2019

Figure 1 below shows the current three-season forecasts issued in May 2019. Three maps are shown for each season which include the raw MMS probabilistic prediction (left), the probabilistic prediction with skill masked out (middle) and the climatological average (right) for the specific season. **The user is advised to consider the skill masked map (middle) as the official SAWS forecast, however, the two additional maps may be used as tools in such a case where skill for a specific area is deemed insufficient.**

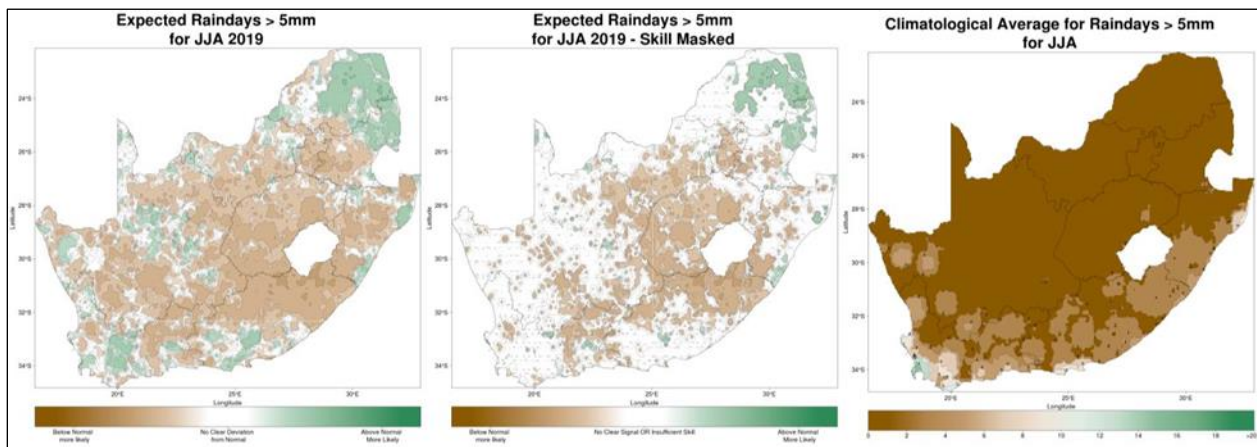
Figure 1: Expected precipitation conditions for Early winter (MJJ, 2019)



(SAWS, 2019)

Early winter (May-June-July) forecasts are optimistic for above-normal rainfall conditions over the south-western parts of the South Africa (**Figure 1**). These are also the only areas that typically receive significant rainfall during these seasons. An increased number of rainfall days of only 5mm and not 15mm is also expected during early-winter, suggesting that the above-normal rainfall will likely not be characterised by a high frequency of extreme events (**Figure 2**).

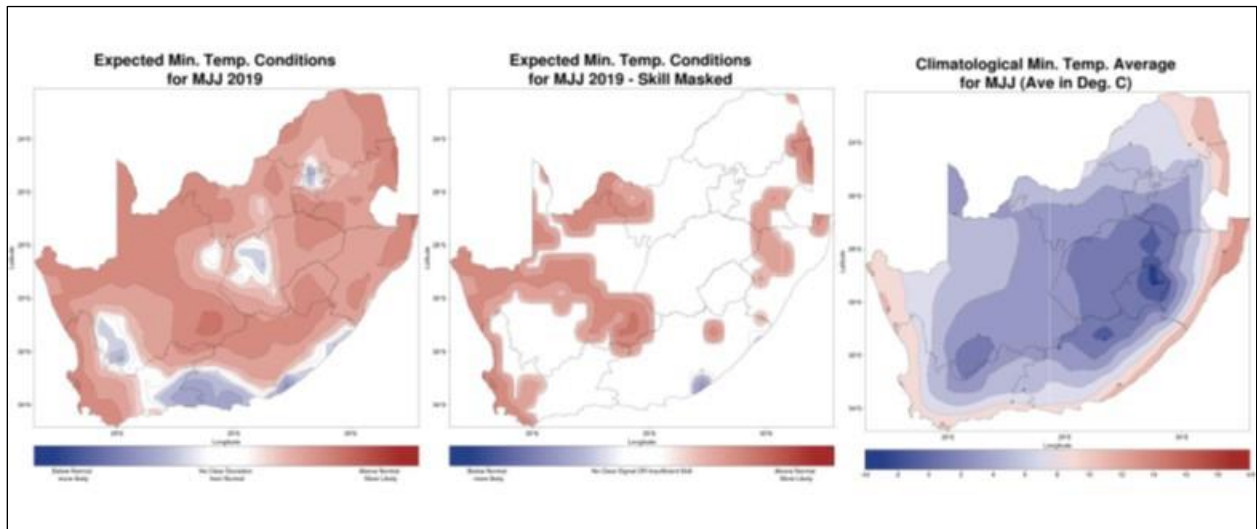
Figure 2: Expected Raindays >5mm for Early winter (MJJ, 2019)



(SAWS, 2019)

It is important to note that rainfall usually decrease during winter over the country except the above-mentioned regions in the South Western Cape. Therefore, no significant rainfall is expected during the forecasted period for the central and north-eastern parts of the country.

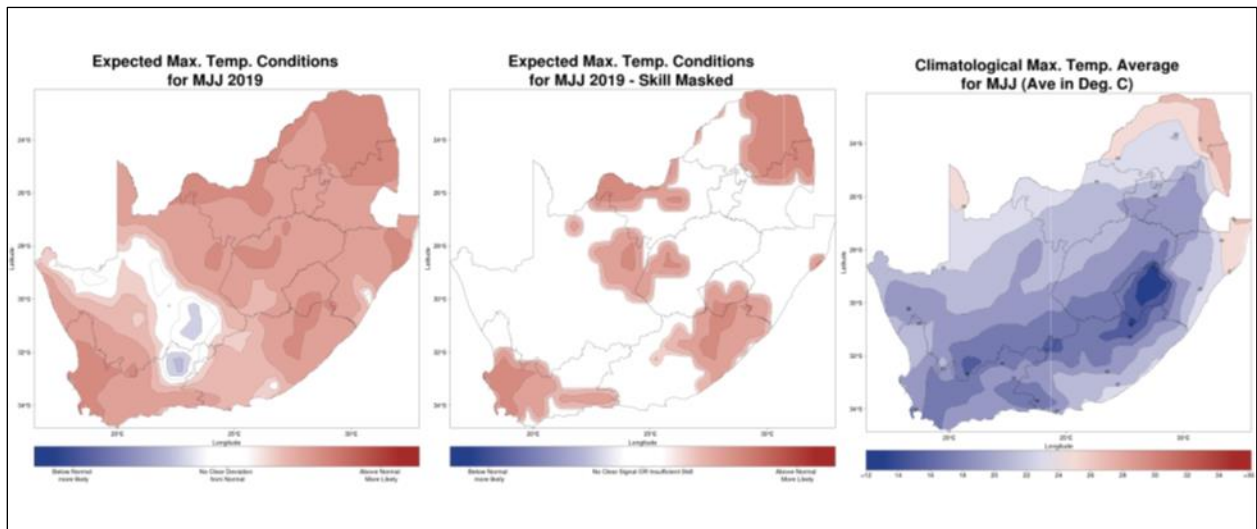
Figure 3: Expected Minimum Temperature conditions for Early winter (MJJ, 2019)



(SAWS, 2019)

With regards to temperatures (**Figures 3 & 4**), mostly higher than normal temperatures are expected for most parts of the country; however, during mid-winter the expectation is for lower than normal maximum temperatures for the south-western half of the country.

Figure 4: Expected Maximum Temperature conditions for Early winter (MJJ, 2019)



(SAWS, 2019)

Western Cape

The Western Cape Water Supply System has increased from 33.6% last week to 33.7% this week. However, this figure is relatively better in comparison to last year when the system was at 22.7%. Theewaterskloof dam, the largest dam in the system is at 36.3% against 18.7% last year. Brandvlei dam is 15.8% full compared to 13.9% during the same time period last year. Clanwilliam is at 10.3% compared to 10.6% 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).

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

South African Weather Service (SAWS): www.weathersa.co.za

Techno Fresh CRM: www.technofresh.co.za

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

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