



PERIOD UNDER REVIEW: October 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

MTM (31/10/18) expressed in R/MT							Month end R/MT (31/10/17)	Year on Year Change	Month end R/MT (28/09/18)	Month End (31/08/18)
Commodity	Nov18	Dec 18	March 19	May 19	July 19	Sep19	Nov 17	Nov17vs 18	Oct 18	Sept 18
White maize	2404	2429	2478	2527	2552	2589	1966	22.3%	2310	2316
Yellow maize	2406	2433	2484	2485	2530	2556	2080	15.7%	2352	2364
Wheat	4434	4493	4619	-	4673	-	4191	5.8%	4305	4295
Sunflower	5086	5118	5145	5057	5091	-	4345	17%	5120	5052
Soybean	4480	-	4740	4865	-	-	5075	-11.7%	4490	4543 Nov 18
Sorghum	-	3650	3600	-	-	-	2620 Dec 17	39.3%	3600	3500

Source (SAFEX, 2018)

According to the results of the survey, commercial producers intend to plant 2,448 million ha of maize for 2019, which is 5,6% or 129 550 ha more than the 2,319 million ha planted last season. Producers indicated that more maize, especially white maize, will be planted for the 2019 season, mainly because of crop rotation practices. White maize October 2018 contract traded at R2404 per ton, this signifies a 22.3% 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 0.2% or R6 less than last month. Results show an decrease of 31.3% from 9916000 tons in October 2017 to 6810560 tons in October 2018 in white maize (y/y) compared to last year's harvest of 9.9 million tons during the same period (CEC, 2018). Yellow maize also decreased by 11.2% or 774350 tons in October 2018 compared to October 2017. Yellow maize October 2018 contract traded at R2406 per ton which is a 15.7% increase from a ton of maize traded during the same time period last year (SAFEX, 2018).

On 31st of October 2018 Wheat futures contract traded at R 4434 per ton for physical deliveries to take place in November 2018. The Wheat October contract traded 5.8% (y/y) or R243 higher per ton compared to the same period in the previous year. Whilst the Wheat month-month contract traded at 0.2% or R10 more 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 17% compared to the previous year, traded at R5086 per ton on 31st October 18 whilst traded at R 4345 per ton on 31st October 2017. Sunflower prices slightly increased by 1.3% (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 R4480 per ton in November 2018, this translates into 11.7% y/y or R595 per ton decrease in price of soybean contract traded within the corresponding period in the previous year (SAFEX, 2018). On the other hand soybean prices slightly decreased by 1.2% (m/m) or R53 when comparing prices between September 2018 and October 2018.

Sorghum

On December 2018 sorghum future contract is expected to trade at R 3650 per ton, translating into a 39.3% or R1030 increase from R2620 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 expected plantings of **dry beans** is estimated at 60 000 ha, which is 12,4% or 6 640 ha more than in the previous season.

1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2018 SEASON

Wheat

The expected commercial production of wheat is 1,862 mill. tons, which is 0,94% or 17 300 tons more than the previous forecast of 1,845 mill. tons, whilst the expected yield is 3,70 t/ha (NCEC, 2018).

Malting barley

The production forecast for **malting barley** is 396 340 tons, which is 1,41% or 5 500 tons more than the previous forecast of 390 840 tons. The area planted is estimated at 119 000 ha, while the expected yield is 3,33 t/ha (NCEC, 2018).

Canola

The expected **canola crop** is 115 500 tons, which is 3,45% or 3 850 tons more than the previous forecast of 111 650 tons. The area estimate for canola is 77 000 ha and the expected yield is 1,50 t/ha.

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
29/09-05/10/2018	386	-1	385	385
06/10-12/10/2018	3131	0	3131	3516
13/10-19/10/2018	7716	0	7716	11232
20/10-26/10/2018	78731	31122	109853	121085
27/10-02/11/2018	129291	0	129291	250376

Table 1 above represents weekly wheat deliveries that that occurred in October 2018. As from 29th of September to the 2nd of November 2018, an additional 250376 tons of wheat has been delivered to the market (SAGIS, 2018). As a result, the progressive deliveries amounted to 250376 tons, which represents a 13.4% delivery rate in relation to the crop estimate of 1862400 tons (SAGIS & NCEC, 2018). Major adjustments were made during week 4 where 31122 tons of wheat were added to the weekly delivery.

1.3.2 Weekly producer deliveries for maize

Table 2: White maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
29/09-05/10/2018	17674	-2527	15147	6003617
06/10-12/10/2018	18335	0	18335	6021952
13/10-19/10/2018	14841	0	14841	6036793
20/10-26/10/2018	12188	8187	20375	6057168
27/10-02/11/2018	7392	0	7392	6064560

Table 3: Yellow maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
29/09-05/10/2018	14312	-2085	12227	5244821
06/10-12/10/2018	14728	0	14728	5259549
13/10-19/10/2018	9284	0	9284	5268833
20/10-26/10/2018	6085	9801	15886	5284719
27/10-02/11/2018	6613	0	6613	5291332

As from the 29th of September to 2nd of November 2018, a total of 76090 tons of white maize and 58738 tons of yellow maize were delivered to the market (SAGIS, 2018). Major adjustments were made in week 23 and week 26 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 89.1% delivery rate for white maize and 86.3% delivery rate for yellow maize (SAGIS, 2018).

1.4. Exports, Imports and Re-exports

Table 2a: Wheat trade for the 2017/18 marketing season, according to tons (SAGIS, 2018)

Progressive wheat exports 2017/18	2232	Progressive wheat imports 2017/18	55828
Wheat exports during the reporting period	2232	Wheat imports during the reporting period	55828
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Botswana	50.3	Canada	62.4
Namibia	11.2	Russian Federation	37.6
Zimbabwe	38.5		

SOURCE (SAGIS, 2018)

Supply and demand estimates 2017/2018 wheat marketing season

The total supply of wheat is projected at 3 960 007 tons for the 2018/19 marketing season. This includes an opening stock level (at 1 October 2018) of 724 607 tons, local commercial deliveries of 1 827 400 tons, whole wheat imports estimated for South Africa of 1 400 000 tons and a surplus of 8 000 tons. On the hand, the total demand (domestic plus exports) for wheat is projected at 3 355 100 tons. This includes 3 210 000 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 35 000 tons processed products and 80 000 tons whole wheat are estimated for the 2018/19 marketing season. The projected closing stock level at 30 September 2019 is estimated at 604 907 tons. At an average processed quantity of 267 750 tons per month, this represent available stock levels for 2.3 months or 69 days. During the reporting period, Botswana was the leading export destination for South African wheat with a share of 50.3%, followed by Zimbabwe (38.5%) and Namibia (11.2%). South Africa imported 62.4% of its wheat from Canada and 37.6% of its wheat from Russian Federation.

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

Progressive maize 2017/18	White maize: 211298	Yellow maize: 1326891	No imports due to bumper crop harvested during the current production season.
Maize exports during the reporting period : (01 June to 29 June)	47674	142228	
Importing countries	Share in white maize exports	Share in yellow maize exports	
Italy	57.7		
Botswana	31.3	1.2	
Mozambique	11	1.8	
Namibia	-	2.3	
Swaziland	-	5.7	
Vietnam	-	38.2	
Ghana	-	14	
Japan	-	36	
Lesotho	-	0.8	

White maize

The total supply of white maize is projected at 9 122 844 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 82 631 tons and a surplus of 10 000 tons. The total demand (domestic plus exports) for white maize is projected at 7 397 000 tons (NAMC, 2018). The total domestic demand is projected at 6 879 000 tons. This includes 4 650 000 tons processed for human consumption, 2 150 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 30 000 tons withdrawn by producers, 32 000 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 450 000 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 1 725 844 tons. At an average processed quantity of 567 667 tons per month, this represent available stock levels for 3 months or 92 days (NAMC, 2018).

Yellow maize

The total supply of yellow maize is projected at 7 277 925 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. No yellow maize imports are estimated for the current season, with early deliveries of 227 452 tons and a surplus of 10 000 tons. The total demand (domestic plus exports) for yellow maize is projected at 5 694 000 tons. The total domestic demand is projected at 4 004 000 tons. This includes 570 000 tons processed for human consumption, 3 200 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 60 000 tons withdrawn by producers, 150 000 tons released to end-consumers and a balancing figure of 12 000 tons (net receipts and net dispatches). A projected export quantity of 140 000 tons of processed products and 1 550 000 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 1 583 925 tons. At an average processed quantity of 315 167 tons per month, this represent available stock levels for 5 months or 153 days (NAMC, 2018).

During the reporting period, the main exports destinations for South African white maize are Italy (57.7%), Botswana (31.3%) and Mozambique (11%) with a combined share of 99.8 percent. On the other hand, Vietnam and Japan altogether absorbed the largest share of South Africa's yellow maize exports (74.2%) during the period under review (SAGIS, 2018).

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

Figure 1

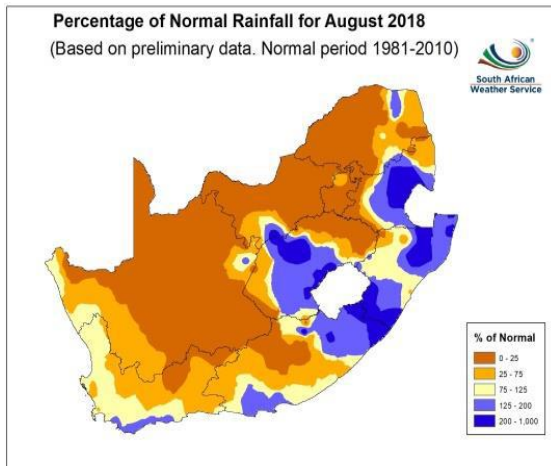


Figure 2

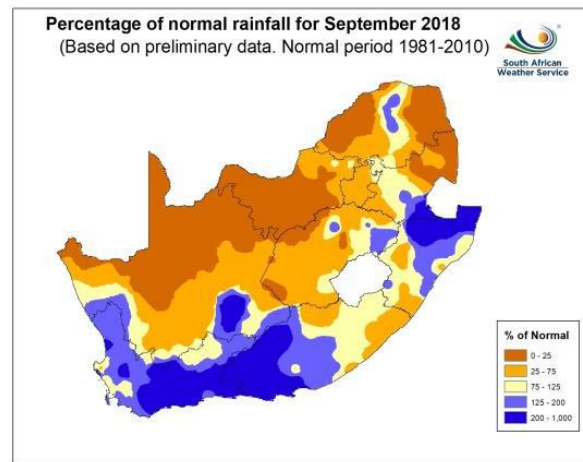


Figure 3

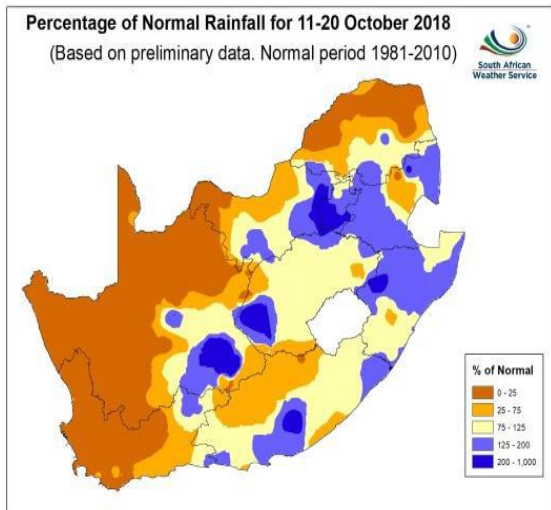
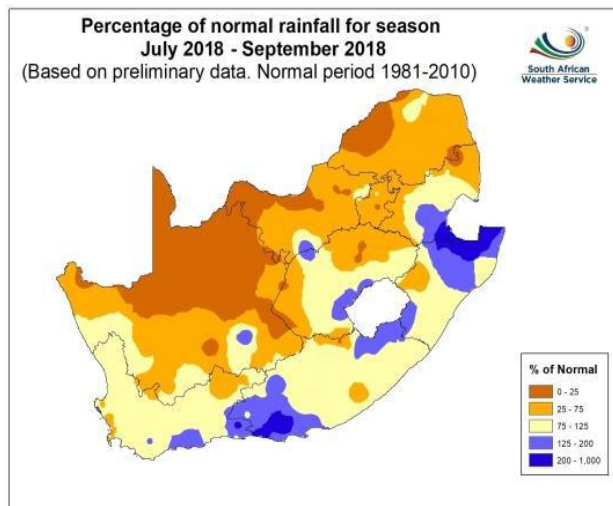


Figure 4



In August, above normal rainfall was recorded in parts of the Free State, Eastern Cape, KwaZulu-Natal and Mpumalanga becoming below normal in other regions of the country (**Figure 1**). During September, above normal rainfall was recorded in the Western Cape, western areas of the Eastern Cape and northern parts of KwaZulu-Natal but below normal in other parts of the country (**Figure 2**). Mid-October received below normal rainfall mainly over the western parts of the country and Limpopo (**Figure 3**). Other regions of the country received near normal rainfall with patches of above normal. For the season July – September 2018, near normal to below normal rainfall was recorded over most parts of the country with patches of above normal rainfall

recorded mainly in the western parts of the Eastern Cape and northern parts of KwaZulu-Natal
(Figure 4). Western Cape

The province in general received good rainfall during September, especially in the south-western parts, however below normal rains occurred in the Karoo regions. Monthly maximum temperatures were mostly below normal. The Swartland, and to a lesser extent the Rûens, experienced increased rainfall during September, thus ensuring better growing conditions for at least reasonable winter cereal crops for the current season. The drought stricken areas of Matzikamma and large areas of Central Karoo remained subjected to below-normal veld production conditions. Livestock production in both areas remained below normal. The average level of major dams has increased (65% in 2018; 37% in 2017). Brandvlei dam is 58.8% full compared to 33.3% during the same time period last year. Water level has also increased in Theewaterskloof from 57.1% in October 2017 to 26.1% in October 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.

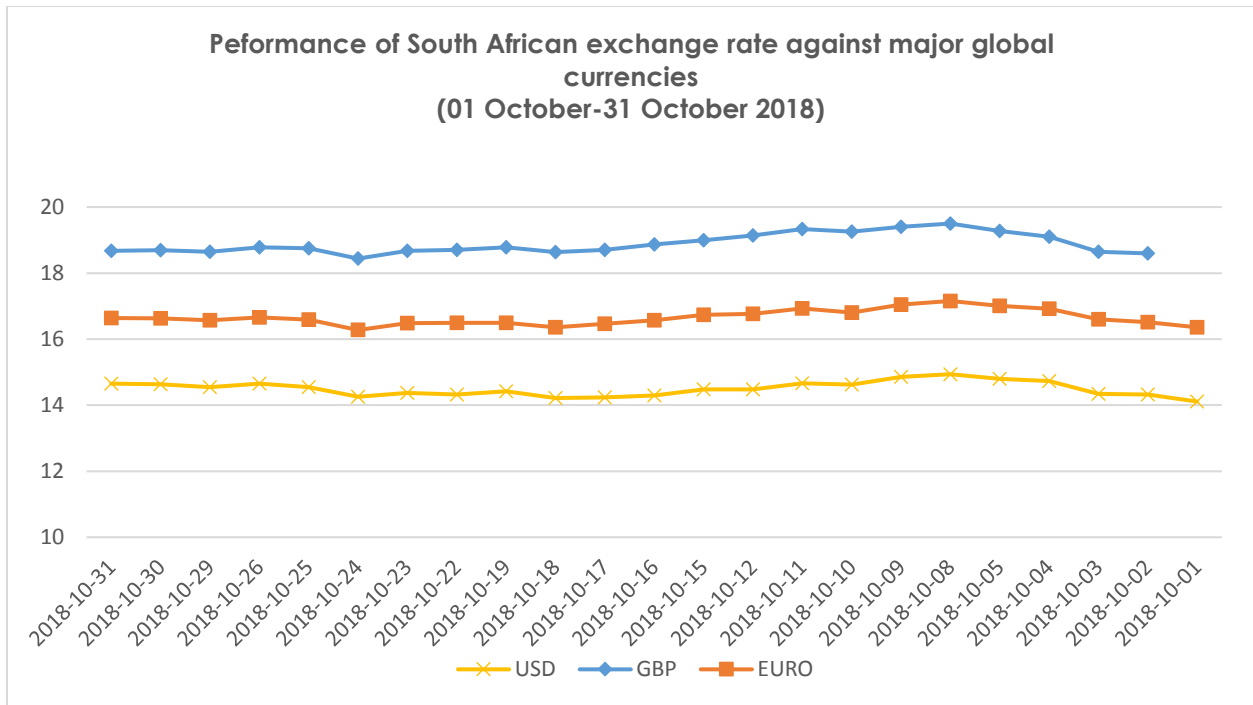
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2018.

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 01 October – 31st October 2018, the ZAR exchange rate gained strength against major global currencies such as the US dollar (USD), Great Britain Pound (GBP) and Euro (SARB, 2018). The Rand strengthened by 2% against the US dollar and traded at R14.49 in October 2018 while it traded for R14.79 in September of 2018. Similarly when looking at month to month trade of Rand against the Great British Pound (GBP) and EURO, it can be noted that the rand also strengthened 2.2% and 3.4% respectively against these major currencies.

3.2 Food inflation in South Africa in the second quarter of 2018

In September, official CPI inflation for food and nonalcoholic beverages was recorded to be 3.9%. This is slightly higher than recorded levels in August which amounted to 3.5%. The major contributor to this slight increase is meat, which contributed to 51% of the total increase in food inflation. This is roughly 15% more than its allocated share in the CPI food inflation basket. Similarly, vegetables contributed 23% of the total increase, which is 14% more than its allocated share. Bread and cereals, fruit and sugar and confectionary, in turn, showed disinflation with bread and cereals amounting to disinflation of 0.62% and sugar amounting to 1.04% (BFAP, 2018). On a month on month basis, white maize and wheat prices have been trading sideways for the last three months. As a result, no significant increases in products such as maize meal is expected for the rest of the year. Pressures in terms of manufacturing and distribution cost, Food inflation in SA in 2018Q4 based on the significant increases in fuel, over the past couple of months, could however contribute to cost pressures in maize meal and bread for the remainder of 2018. Vegetable prices are supported by relatively strong demand combined with increased cost pressures associated with its distribution due to the high cost of fuel (BFAP, 2018).

3.3 Fresh Market outlook

South African fruit and veg found in Gauteng province could be dangerous Apples, cabbage, carrots, lettuce, peaches, pears, plums, spinach, strawberries, table grapes and tomatoes found at produce markets in the South African province of Gauteng have all tested positive for endocrine-disruptive chemicals. The mixture of chemicals used in pesticides have properties that allow them to act like a hormone (oestrogen) in the body. It is also possible that this can affect children when they reach adulthood, as well as having potential carcinogenic effects when there is long-term exposure (FreshPlaza.com).

A study by researchers from the University of Pretoria (UP) found a number of different pesticide residues in fruit and vegetables from fresh produce markets in Johannesburg and Tshwane. But it is when these pesticides are combined that they could pose serious health risks. The pesticide concentrations ranged between 0.01 and 0.68 mg/kg and included endosulfan, procymidone, chlorpyrifos and iprodione, which when combined form endocrine disrupting chemicals (EDCs).

The study tested 27 fruit and 26 vegetable samples and found 17 samples which contained pesticides. Fourteen tested positive for estrogenic activity (when the body mistakes these endocrine disrupting chemicals for a female hormone). It was found on samples of apples, cabbage, carrots, lettuce, peaches, pears, plums, spinach, strawberries, table grapes and tomatoes (FreshPlaza.com).

EDCs are chemicals made outside of the body that can block, mimic or otherwise disrupt normal hormone signals. This can result in misinformation that leads to diseases and poor health conditions. Exposure to EDCs -even at very low levels- during certain times of life can have substantial and sometimes permanent impacts on health.

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	0	cents per litre increase in the retail price	1649.00
Diesel 0.05% Sulphur	47.92	cents per litre increase in the retail price	1563.950
Illuminating Paraffin (Wholesale)	28	cents per litre increase the retail price	1024.588
LPGAS (maximum retail price)	-61	cents per litre increase in the retail price	2490.00

The Department of Energy report indicated no price increase in the price of Petrol 93 and 95 ULP&LRP2018 during October 2018. While diesel (0.05% sulphur) went up by 47.92 cents and illuminating paraffin price per litre went up by 28 cents respectively. On the other hand, the price of LPGAS decreased by 61 cents from 2551 cents in October 2018 to 2490 cents in October 2018.

The average international product prices of Petrol decreased while Diesel and Illuminating Paraffin increased during the period under review. The Rand appreciated against the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/USDollar exchange rate for the period 28 September 2018 to 01 November 2018 was 14.4892 compared to 14.7899 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 16.94 c/l, 18.73 c/l and 18.66 c/l respectively.

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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