



PERIOD UNDER REVIEW: November 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 (30/11/17)	Year on Year Change	Month end R/MT (31/10/18)	Month End (28/09/18)
Commodity	Dec 18	Jan 19	March 19	May 19	July 19	Sep19	Dec 17	Dec17vs 18	Nov18	Oct 18
White maize	2429	2455	2510	2554	2609	2643	1882	29.1%	2404	2310
Yellow maize	2361	2380	2430	2447	2479	2501	1985	18.9%	2406	2352
Wheat	4195	-	4332	4394	4429	-	4092	2.5%	4434	4305
Sunflower	5150	-	5120	4840	4946	-	4458	15.5%	5086	5120
Soybean	-	-	4595	4692	-	-	5100	-9.9%	4480	4490
Sorghum	3800	-	3700	-	-	-	2620	45%	3650	3600

Source (SAFEX, 2018)

White maize November 2018 contract traded at R2429 per ton, this signifies a 29.1% 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 3.9% or R94 more than last month. Yellow maize November 2018 contract traded at R2361 per ton which is an 18.9% increase from a ton of maize traded during the same time period last year (SAFEX, 2018). On 30 of November 2018 Wheat futures contract traded at R 4195 per ton for physical deliveries to take place in November 2018. The Wheat November contract traded 2.5% (y/y) or R103 higher per ton compared to the same period in the previous year. At the same time, the Wheat month-month contract traded at 3% or R129 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 15.5% compared to the previous year, traded at R5150 per ton on 30 November 2018 whilst traded at R4458 per ton this period last year. Sunflower prices slightly decreased by 0.7% (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 R4595 per ton in March 2019, this translates into 9.9% y/y or R505 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 0.2% (m/m) or R10 when comparing prices between October 2018 and November 2018.

Sorghum

On December 2018 sorghum future contract is expected to trade at R 3800 per ton, translating into a 45% or R1180 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 401 840 tons, which is 1,39% or 5 500 tons more than the previous forecast of 396 340 tons. 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** also remained unchanged at 115 500 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
03/11-09/11/2018	196141	132	196273	457922
10/11-16/11/2018	253803	0	253803	711725
17/11-23/11/2018	155531	0	155531	867256
24/11-30/11/2018	123533	0	123533	990789

Table 1 above represents weekly wheat deliveries that that occurred in November 2018. As from 3rd November to the 30th of November 2018, an additional 729140 tons of wheat has been delivered to the market (SAGIS, 2018). As a result, the progressive deliveries amounted to 990789 tons, which represents a 53.2% delivery rate in relation to the crop estimate of 1862400 tons (SAGIS & NCEC, 2018). No major adjustments were made.

1.3.2 Weekly producer deliveries for maize

Table 2: White maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
03/11-09/11/2018	9199	449	9648	6115001
10/11-16/11/2018	9130	9	9139	6124140
17/11-23/11/2018	7591	0	7591	6131731
24/11-30/11/2018	8295	0	8295	6140026

Table 3: Yellow maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
03/11-09/11/2018	5326	988	6314	5329530
10/11-16/11/2018	4538	648	5186	5334716
17/11-23/11/2018	8660	0	8660	5343376
24/11-30/11/2018	11689	0	11689	5355065

As from the 03 November of November 2018, a total of 34673 tons of white maize and 31849 tons of yellow maize were delivered to the market (SAGIS, 2018). Major adjustments were made in week 46 and week 47 of deliveries for white maize and week 46, 47 and week 48 for yellow maize. Crop estimates for white and yellow maize is estimated to be 6801560 tons and 6129650 tons respectively. Subsequently, this led to 90.3% delivery rate for white maize and 87.4% 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	3837	Progressive wheat imports 2017/18	92168
Wheat exports during the reporting period	1605	Wheat imports during the reporting period	36661
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Namibia	89.7	Ukraine	78.1
Botswana	10.3	Russian Federation	21.9

SOURCE (SAGIS, 2018)

Supply and demand estimates 2017/2018 wheat marketing season

The total supply of wheat is projected at 3 956 934 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 1 827 400 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 3 357 100 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 37 000 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 599 834 tons. At an average processed quantity of 267 750 tons per month, this represent available stock levels for 2.2 months or 68 day. During the reporting period, Namibia was the leading export destination for South African wheat with a share of 89.7%, followed with Namibia by (10.3%). South Africa imported 78.1% of its wheat from Ukraine and 21.9% of its wheat from Russian Federation.

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

Progressive 2017/18	maize	White maize: 262092	Yellow maize: 1348811	No imports due to bumper crop harvested during the current production season.
Maize exports during the reporting period : (01 November -30 November)		49839	16937	
Importing countries		Share in white maize exports	Share in yellow maize exports	
Italy		38.1	-	
Botswana		30.7	-	
Namibia		15	21.9	
Mozambique		13.9	19.2	
Lesotho		2.3	10.6	
Swaziland		-	48.3	
Ghana		-	-	
Japan		-	-	

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 7 387 000 tons. The total domestic demand is projected at 6 869 000 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, 20 000 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 1 735 844 tons. At an average processed quantity of 567 667 tons per month, this represent available stock levels for 3.1 months or 93 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 5 619 000 tons. The total domestic demand is projected at 3 979 000 tons. This includes 550 000 tons processed for human consumption, 3 200 000 tons processed for animal and industrial consumption, 12 000 tons for gristing, 55 000 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 1 500 000 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 1 658 925 tons. At an average processed quantity of 313 500 tons per month, this represent available stock levels for 5.3 months or 161 days (NAMC,2018).

During the reporting period, the main exports destinations for South African white maize are Italy (38.1%), Botswana (30.7%), Namibia (15%) and Mozambique (13.9%) with a combined share of 97.7% percent. On the other hand, Swaziland, Namibia and Mozambique altogether absorbed the largest share of South Africa's yellow maize exports (89.4%) during the period under review (SAGIS, 2018).

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

Figure 1

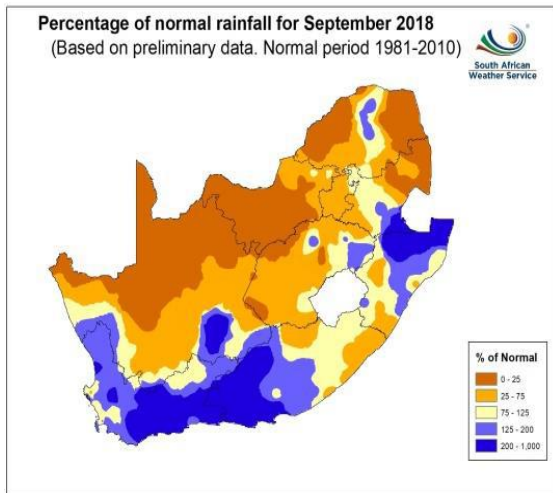


Figure 2

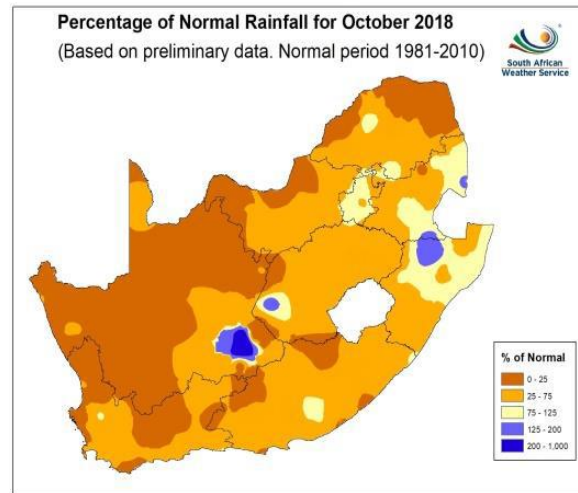


Figure 3

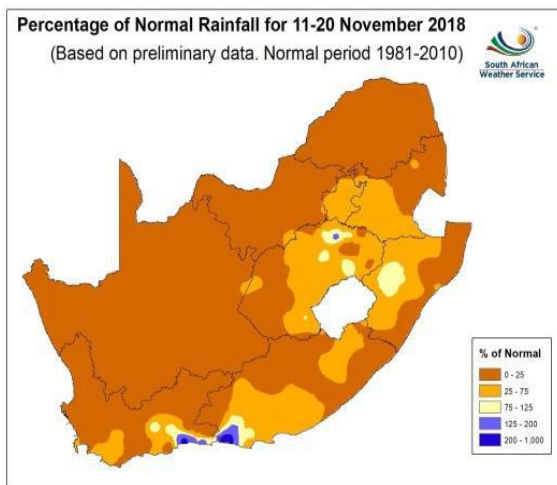
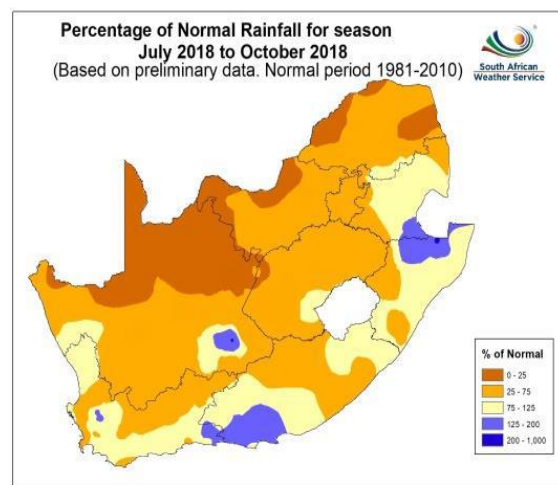


Figure 4



In September, above normal rainfall was recorded in the Western Cape and the northern parts of KwaZulu-Natal. Elsewhere it was below normal (**Figure 1**). During October, rainfall decreased resulting in below normal rainfall over most parts of the country (**Figure 2**). Mid-November generally received below normal rainfall countrywide (**Figure 3**). For the season July to October 2018, near normal to below normal rainfall was received over most parts of the country (**Figure 4**).

Western Cape

Rainfall during October was poor, averaging less than 50% of the long term rainfall over the province. Temperatures were warmer than the long term mean. Conditions for winter cereal crops in the Swartland had been promising but were then damaged by very strong winds, which inevitably could result in lower yields. Cereal crops in the Ruens remain poor due to dry spells. The drought stricken areas (Matzikama, Central Karoo, and Little Karoo) remained subjected to very poor veld production conditions due to poor precipitation. Livestock production in the Matzikama and Karoo regions remained poor. Various fires occurred in the Garden Route District. The average level of major dams has increased (61% in 2018; 35% in 2017). Brandvlei dam is 52.4% full compared to 29.6% during the same time period last year. Water level has also increased in Theewaterskloof from 22.4% in November 2017 to 54.4% in November 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.

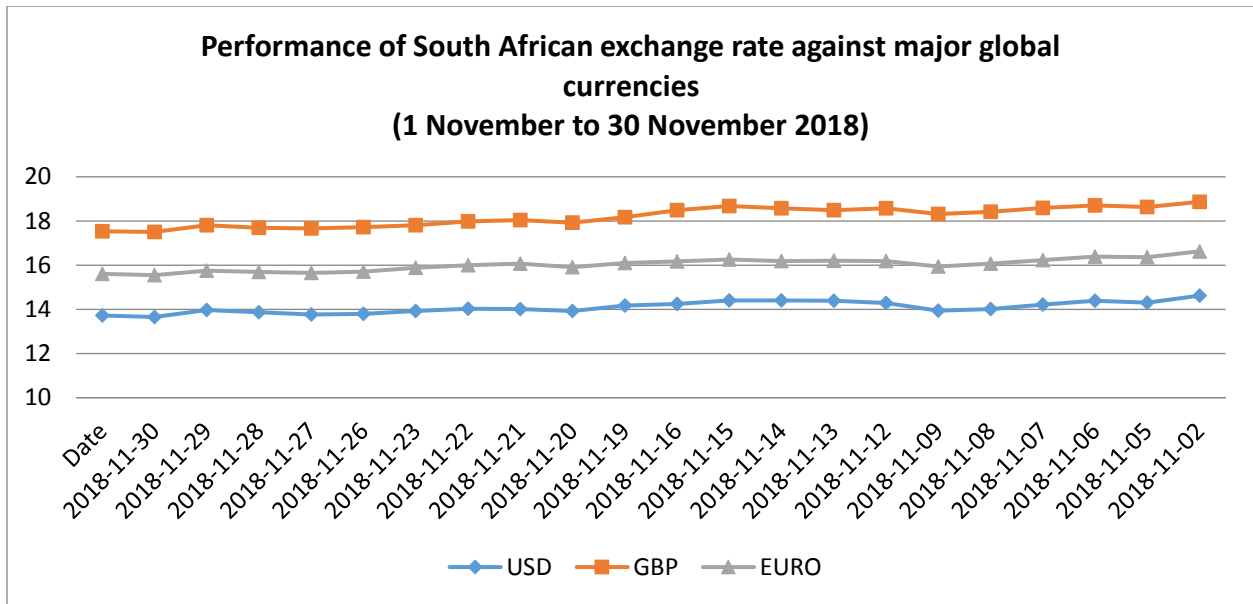
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2018.

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 November – 30 November 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 2.8% against the US dollar and traded at R14.09 in November 2018 while it traded for R14.49 in October 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 3.7% and 3.8% 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	184.00	cents per litre decrease in the retail price	1465.00
Diesel 0.05% Sulphur	145.41	cents per litre decrease in the retail price	1418.54
Illuminating Paraffin (Wholesale)	133.41	cents per litre decrease the retail price	891.17
LPGAS (maximum retail price)	243.00	cents per litre increase in the retail price	2238.00

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 184 cents during November 2018. The price of diesel (0.05% sulphur) also decreased by 145.41 cents, illuminating paraffin price per litre went down by 133.41 cents respectively. Lastly, LPGAS price decreased by a drastic 2238 cents in November 2018. The Rand appreciated, on average, against the US Dollar (from 14.79 to 13.67 Rand per USD) during the period under review when compared to the previous one. This led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 18.50 c/l, 21.53 c/l and 21.66 c/l respectively.

The average Brent Crude oil price decreased from 81.15USD to 65.79USD per barrel during the period under review. The main contributing factors were due to the start-up of Nghi Son refinery in Vietnam, and a new RFCC at Onsan refinery in South Korea which contributed to increased supply of crude oil. Secondly, the USA stock levels remain high and weak export economics into the Atlantic Basin persist. The demand is expected to fall throughout the remainder of the year. Import prices of Petroleum Products The international prices of all the petroleum products decreased on average during the period under review.

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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