



PERIOD UNDER REVIEW: September 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 (28/09/18) expressed in R/MT							Month end R/MT (29/09/17)	Year on Year Change	Month end R/MT (31/08/18)	Month End (31/07/18)
Commodity	Oct 18	Nov 18	Dec 18	March 19	May 19	July 19	Oct 17	Oct17vs 18	Sept 18	Aug 18
White maize	2310	2341	2369	2422	2446	2491	1830	26.2%	2316	2096
Yellow maize	2352	-	2418	2470	2473	2480	1953	20.4%	2364	2162
Wheat	4305	-	4407	4530	-	4639	4063	6%	4295	4125
Sunflower	5120	5155	5199	5120	5003	5082	4701	8.9%	5052	4728
Soybean	-	4490	-	4714	4805	-	4682	-4.1%	4543	4360
Sorghum	-	-	-	3600	-	-	2650 (Dec 17)	35.8%	3500	3600 (Marc 19)

Source (SAFEX, 2018)

The final crop forecast for 2018 is estimated to be 12,931 million tons, which is 2.09% or 276 100 tons less than the previous forecast of 13,207 mill tons of maize. White maize September 2018 contract traded at R2310 per ton, this signifies a 26.2% 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 10.5% or R220 more than last month. Results show a decrease of 31.41% from 9916000 tons in September 2017 to 6801560 tons in September 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 11.22% or 774350 tons in September 2018 compared to September 2017. Yellow maize September 2018 contract traded at R2352 per ton which is a 20.4% increase from a ton of maize traded during the same time period last year (SAFEX, 2018).

On 28th of September 2018 Wheat futures contract traded at R 4305 per ton for physical deliveries to take place in October 2018. The Wheat September contract traded 6% (y/y) or R242 higher per ton compared to the same period in the previous year. Whilst the Wheat month-month contract traded at 4.1% or R170 more than the previous month.

Sunflower

According to the final production forecast of 2018, for sunflower seed remained unchanged at 858 605 tons in relation to the previous crop estimate, representing a 1.76 % y/y or 15395-ton decrease in relation to the previous production season (NCEC, 2018). Sunflower prices increased by 8.9% compared to the previous year, traded at R5120 per ton on 28 September 18 whilst traded at R 4701 per ton on 29 September 2017. Sunflower prices also increased by 6.9% (m/m) when comparing current price per ton of sunflower to that of the previous month (SAFEX, 2018).

Soybean

Soybean future contract is expected to trade at R4490 per ton in November 2018, this translates into 4.1% y/y or R192 per ton decrease in price of soybean contract traded within the corresponding period in the previous year (SAFEX, 2018). The final soybean crop is estimated to remain unchanged at 1550800 tons in September 2018, this translates to 17.84% y/y or 234 800 tons increase in relation to the previous year's harvest (NCEC, 2018). The increase in tons of soybean can be attributed to the increase in the number of hectares planted. Number of hectares increased from 573 950 ha in September 2017 to 787 200 in September 2018.

Sorghum

On March 2019 sorghum future contract is expected to trade at R 3600 per ton, translating into a 35.8% or R 950 increase from R2650 per ton during the same season last year (SAFEX, 2018). A reduction of 42145 tons or 27.7% y/y is estimated for the 2017/18 sorghum production season, which can be attributed to the 32% y/y or 13,550 hectare decrease in the area planted (NCEC, 2018).

The expected **groundnut** crop also remained unchanged at 52 000 tons. The area estimate is 56 300 ha and the expected yield is 0,92 t/ha. Area planted for groundnuts increased by 0.5% (y/y) while production decreased by 41.6% compared to last year. In the case of **dry beans**, the production forecast is 69 360 tons, which is 5,72% or 3 750 tons more than the previous forecast of 65 610 tons. The area estimate of dry beans is 53 360 ha, with an expected yield of 1,30 t/ha. Production for dry nuts increased by 1.2% (y/y) when compared to last year.

1.2. WINTER CEREAL PRODUCTION ESTIMATES: 2018 SEASON

Wheat

The area estimate for wheat remained unchanged at 508 350 ha (NCEC, 2018). The expected commercial production of wheat is 1,845 mill. tons, which is 2,05% or 37 050 tons more than the previous forecast of 1,808 mill. tons, whilst the expected yield is 3,63 t/ha.

Malting barley

The production forecast for malting barley remained unchanged at 390 840 tons. The area planted is estimated at 119 000 ha, while the expected yield is 3,28 t/ha (NCEC, 2018).

Canola

The expected canola crop is 111 650 tons, which is 0,31% or 350 tons less than the previous forecast of 112 000 tons. The area estimate for canola was revised downwards by 3 000 ha to 77 000 ha and the expected yield is 1,45 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
01/09 – 07/09/18	1032	0	1032	1541390
08/09 – 14/09/18	735	0	735	1542125
15/09 – 21/09/18	1029	3	1032	1543157
22/09 – 28/09/18	557	35	592	1543749

Table 1 above represents weekly wheat deliveries that that occurred in September 2018. As from 1st September to the 28th September 2018, an additional 3391 tons of wheat has been delivered to the market (SAGIS, 2018). As a result, the progressive deliveries amounted to 1,543 million tons, which represents a 100.5% delivery rate in relation to the crop estimate of 1535 000 tons (SAGIS & NCEC, 2018). There were less deliveries compared to the month of August by 63.7 % meaning there were less tons delivered during the month of September. No major adjustments were made during the September deliveries.

1.3.2 Weekly producer deliveries for maize

Table 2: White maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
01/09 – 07/09/18	96939	-37	96902	5808236
08/09 – 14/09/18	66081	-130	65951	5874187
15/09 – 21/09/18	35395	670	36065	5910252
22/09 – 28/09/18	25049	16156	41205	5951457

Table 3: Yellow maize

Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
01/09 – 07/09/18	41805	347	42152	5088309
08/09 – 14/09/18	36386	2036	38422	5126731
15/09 – 21/09/18	28018	778	28796	5155527
22/09 – 28/09/18	23942	18976	42918	5198445

As from the 1st of September to 28th September 2018, a total of 240123 tons of white maize and 152288 tons of yellow maize were delivered to the market (SAGIS, 2018). Major adjustments were made in week 22 for white while for yellow maize they were made in week 20 and 22 of deliveries. Crop estimates for white and yellow maize is estimated to be 6801560 tons and 6129650 tons respectively. Subsequently, this led to 87.5% delivery rate for white maize and 84.8% 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	75535	Progressive wheat imports 2017/18	2177232
Wheat exports during the reporting period	5770	Wheat imports during the reporting period	202782
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Botswana	60	Russian Federation	100
Namibia	23		
Zimbabwe	16		
Swaziland	1		

SOURCE (SAGIS, 2018)

Supply and demand estimates 2017/2018 wheat marketing season

The total supply of wheat is projected at 4 056 624 tons for the 2017/18 marketing season. This includes an opening stock level (at 1 October 2017) of 341 424 tons, local commercial deliveries of 1 550 000 tons, whole wheat imports estimated for South Africa of 2 158 000 tons and a surplus of 7 200 tons. On the other hand total demand (domestic plus exports) for wheat is projected at 3 325 000 tons. This includes 3 185 000 tons processed for human consumption, 3 100 tons processed for animal consumption, 1 200 tons withdrawn by producers, 2 000 tons released to end consumers, 18 300 tons projected seed for planting purposes and a balancing figure of 4 000 tons (net receipts and net dispatches). A projected export quantity of 35 400 tons processed products and 76 000 tons whole wheat are estimated for the 2017/18 marketing season. The projected closing stock level at 30 September 2018 is estimated at 731 624 tons. At an average processed quantity of 265 675 tons per month, this represent available stock levels for 2.8 months or 84 days. During the reporting period, Botswana was the leading export destination for South African wheat with a share of 60%, followed by Namibia (23%), Zimbabwe (16%) and Swaziland (1%). South Africa imported 100% of its wheat from Russian Federation.

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

Progressive maize 2017/18	White maize:	Yellow maize:	No imports due to bumper crop harvested during the current production season.
Maize exports during the reporting period : (01 June to 29 June)	17925	136910	
Importing countries	Share in white maize exports	Share in yellow maize exports	
Botswana	78	1.4	
Mozambique	21.8	3.1	
Lesotho	0.2	0.77	
Namibia	-	1.2	
Swaziland	-	5.7	
Vietnam	-	47	
Korea, Dem Rep	-	0.02	
Korea Rep of	-	40.9	

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. On the other hand total demand (domestic plus exports) for white maize is projected at 7 444 000 tons. 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 grinding, 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 65 000 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 1 678 844 tons. At an average processed quantity of 567 667 tons per month, this represent available stock levels for 3 months or 90 days.

Yellow maize

The total supply of yellow maize is projected at 7 285 925 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 18 000 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 grinding, 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.

During the reporting period, the main exports destinations for South African white maize are Botswana (78%) and Mozambique (21.8%) with a combined share of 99.8 percent. On the other hand, Vietnam and Korea Rep altogether absorbed the largest share of South Africa's yellow maize exports (87.9%) during the period under review (SAGIS, 2018).

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

Figure 1

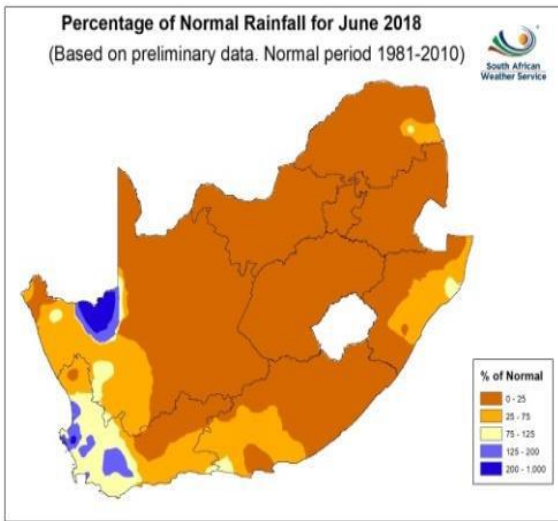


Figure 2

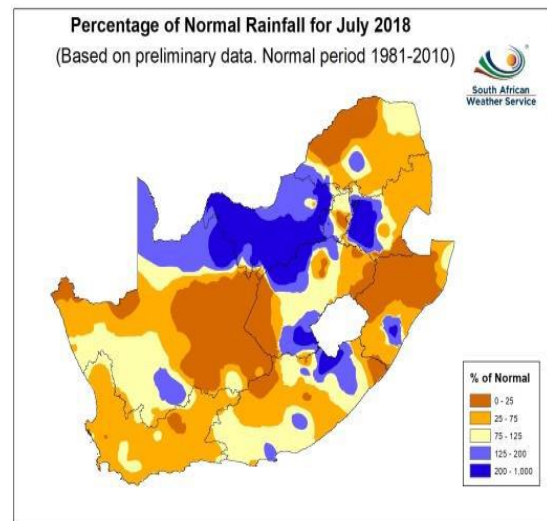


Figure 3

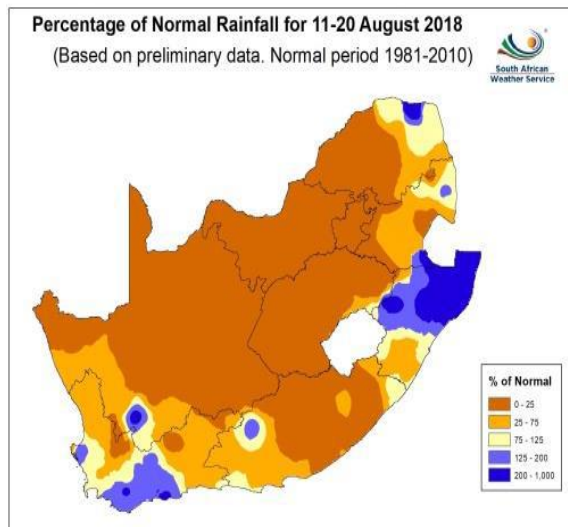
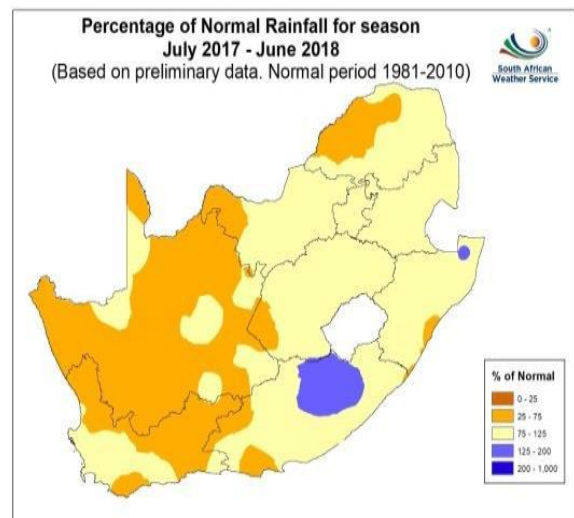


Figure 4



In June, rainfall received was below normal rainfall over most parts of the country (**Figure 1**). In July, rainfall increased resulting in above normal rainfall mainly over northern parts of the Northern Cape, North West, and Gauteng Provinces (**Figure 2**). During mid-August, above normal rainfall was received mainly over the Eden District of the Western Cape and over the northern half of KwaZulu-Natal (**Figure 3**). In other areas, rainfall was below normal. For the season July 2017 to June 2018, mainly near normal rainfall was received but below normal over the western half of the country (**Figure 4**).

Western Cape

The province experienced normal winter rainfall distribution during July; however conditions remained dominantly below to normal. Above normal monthly rainfall was mostly evident in the western side of the province. The Central Karoo received below normal rainfall, In comparison to the long term, the rainfall over the western parts ranged from below normal to normal, while in the northern parts rainfall appeared to be more positive. Due to a period of above normal temperatures during July, the province experienced above normal monthly mean temperatures. Winter cereal crop production in the Swartland and Overberg so far indicate reasonable conditions, though rainfall remained less optimistic for July. As for extensive livestock farming, the dry parts of the province Central Karoo, Matzikama, Little Karoo region received poor rainfall, resulting in no relief for these areas. The overall water level of state dams in the province is at 55%, compared to 33% in 2017. Brandvlei dam is 61.2% full compared to 33.4% during the same time period last year. Water level has also increased in Theewaterskloof from 58.3% in September 2017 to 27.1% in September 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.

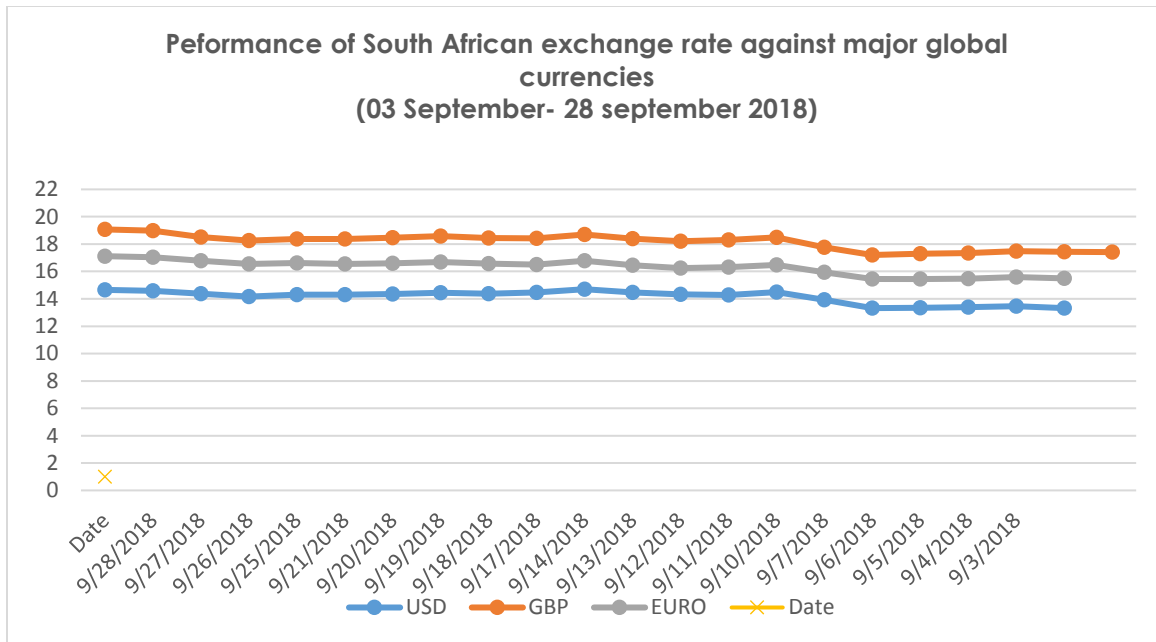
Source: DAFF National Agro-meteorological Committee (NAC) Advisory, 2018.

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 reporting period, the ZAR exchange rate weakened against major global currencies such as the US dollar (USD), Great Britain Pound (GBP) and Euro (SARB, 2018). The Rand weakened by 4.9% against the US dollar and traded at R14.79 in September 2018 while it traded for R14.10 in August 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 weakened 6.2% and 5.9% 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	100	cents per litre increase in the retail price	1649.00
Diesel 0.05% Sulphur	124	cents per litre increase in the retail price	1516.030
Illuminating Paraffin (Wholesale)	104	cents per litre increase the retail price	996.588
LPGAS (maximum retail price)	179	cents per litre increase in the retail price	2551.00

The department report indicated a 100 cent increase for a litre of 95 octane fuel, from 1549 cents in August 2018 to 1649 cents in September 2018. While diesel (0.05% sulphur) went up by 124 cents and illuminating paraffin price per litre went up by 104 cents respectively. The price of LPGAS increased by 179 cents from 2372 cents in August 2018 to 2551 cents in September 2018. The main reasons for the fuel price adjustments are due to the rand depreciated, on average, against the US Dollar (from 14.10 to 14.79 Rand per USD) during the period under review. The Rand's movements were mainly influenced by global factors.

The average international product prices of petrol, diesel and illuminating paraffin increased during the period under review. The Rand depreciated against the US Dollar during the period under review, on average when compared to the previous period. The average US Dollar exchange rate was reported to be R14.79 in September 2018 compared to R14.10 in August 2018.

The average Brent Crude oil price increased from 74.25USD to 78.25USD per barrel during the period under review. The main contributing factors were the (a) unwillingness by Organisation of Petroleum Exporting Countries (OPEC) to increase their production outputs; and (b) negative impact of the hurricanes on petroleum infrastructure in the USA during the period under review. Furthermore, the looming sanctions against Iran oil exports by the USA will put more pressure on the crude oil prices. The international prices of petroleum products increased on average during the period under review. This was in line with the higher crude oil prices and the weaker Rand

against the US Dollar. The current fuel price adjustments are due mainly to the international factors, namely, the weaker Rand and higher crude oil prices. Geopolitical tensions are having a very negative impact on crude oil prices and consequently refined product prices globally.

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>

For more information, contact:

The Western Cape Department of Agriculture

Programme: Agricultural Economic Services

Division: Marketing and Agribusiness

Tel: 021 808 5193 or 7753

Fax: 021 808 5210

E-mail: TshifhiwaL@elsenburg.com

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