



PERIOD UNDER REVIEW: January 2020

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1. SOUTH AFRICAN GRAIN MARKET

White maize January 2020 for delivery in February 2020 contract traded at R3, 094 per ton. This signifies 9% or R246 increase year-year (y/y) per ton obtained of white maize for a corresponding agreement traded during the same time last year (SAFEX, 2020). At the same time, White maize January 2020 contract traded at 8, 1% lower or R231 less than the previous month.

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

Commodity	MTM 31/01/20 (expressed in R/MT)								Month end (31/01/19)	Year on year change	Month end (31/12/19)	Month end (31/11/19)
	Feb-20	Mar-20	Apr-20	May-20	Jul-20	Sep-20	Dec-20	Jul-21	R/MT		R/MT	R/MT
	Feb-19	Feb 19 vs 20	Jan-20	Dec-19								
White maize	3094	3021	2870	2565	2428	2476	2573	2632	2848	8,6%	2610	2841
Yellow maize	2902	2896	0	2567	2509	2554	2632	2599	2647	9,6%	2587	2745
Wheat	4686	4675	0	4690	4710	4495	0	0	4450	5,3%	4322	4395
Sunflower	5762	5737	5788	5506	5548	5830	0	0	5630	2,3%	5810	5414

Source: (SAFEX, 2019)

Yellow maize January 2020 contract traded at R2, 902 per ton which is a 9.6% increase from a ton of maize traded during the same period last year (SAFEX, 2020). The Wheat futures January 2020 contract for delivery in February 2020 traded at R4, 686 per ton. This translates to 5, 3% or R236 per ton increase if compared to the same contract traded in the previous year. The Wheat January 2020 contract traded less by R158 per ton compared to the previous month (SAFEX 2020).

1.2. PRODUCTION ESTIMATES AND FORECAST

1.2.1 Winter cereal crops production estimates: 2019/20 season

The expected production of **wheat** is 1,502 million tons, which is 6, 06% or 96 825 tons less than the previous forecast of 1,598 million tons, whilst the expected yield is 2, 78 t/ha. The expected production in the Western Cape is 633 750 tons (42%), in the Free State 313 600 tons (21%) and in the Northern Cape 262 500 tons (17%). An estimated 325 000 ha or 60% is planted in the Western Cape, 128 000 ha or 24% in the Free State and 37 500 ha or 7% in the Northern Cape. (NCEC, 2020).

Other crops

The production forecast for **malting barley** is 345 080 tons, which is 7, 52% or 24 140 tons more than the previous forecast of 320 940 tons. The area planted is estimated at 131 960 ha, whilst the expected yield is 2, 62 t/ha. The expected **canola** crop remained unchanged at 96 200 tons. The area estimate for canola is 74 000 ha, with an expected yield of 1, 30 t/ha. The area estimate for **oats** (cereals) for the 2019 season is 21 000 ha and the expected crop is 17 250 tons. The expected yield is 0, 82 t/ha. (NCEC, 2020).

1.2.2 Summer cereal crops production estimates: 2019/20 season

The preliminary area estimate for **white maize** is 1,515 million ha, which represents an increase of 16, 67% or 216 400 ha compared to the 1,298 million ha planted last season. In the case of **yellow maize** the area estimate is 1,020 million ha, which is 1, 84% or 18 400 ha more than the 1,002 million ha planted last season.

Other summer crops

The preliminary area estimate for **sunflower seed** is 551 500 ha, which is 7, 01% or 36 150 ha more than the 515 350 ha planted the previous season. It is estimated that 757 000 ha have been planted to **soybeans**, which represents an increase of 3, 63% or 26 500 ha compared to the 730 500 ha planted last season. For **groundnuts**, the area estimate is 37 100 ha, which is 85, 04% or 17 050 ha more than the 20 050 ha planted for the previous season. The area estimate for **sorghum** decreased by 28, 12%, from 50 500 ha to 36 300 ha against the previous season. For **dry beans**, the area estimate is 51 450 ha, which is 13, 24% or 7 850 ha less than the 59 300 ha planted for the previous season (NCEC, 2020).

1.3. PRODUCER DELIVERIES

1.3.1 Weekly producer deliveries for wheat

Table 1.3: Weekly wheat deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
14	28/12 - 03/01/2020	3 948	-3 028	920	1 322 890
15	04/01 - 10/01/2020	8 950	0	8 950	1 331 840
16	11/01 - 17/01/2020	7 502	113	7 615	1 339 455
17	18/01 - 24/01/2020	9 066	0	9 066	1 348 521
18	25/01 - 31/01/2020	8 532	0	8 532	1 357 053

Source (SAGIS, 2019)

Table 1.3 represents weekly producer deliveries for wheat that occurred from the week ending 03 January to the week ending 31 January 2020. During this period, 35 083 tons of wheat have been delivered to the market (SAGIS, 2020). As a result, the progressive deliveries amounted to 1 357 053 tons, which represents 80, 04% delivery rate in relation to the crop estimate of 1 695 470 tons for 2019 production season. Major adjustments for wheat deliveries were made during the week ending 03 January 2020 (SAGIS, 2020).

1.3.2 Weekly producer deliveries for maize

Table 1.4: Weekly White Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
36	28/12 - 03/01/2020	327	-80	247	5 219 244
37	04/01 - 10/01/2020	2 079	0	2 079	5 221 323
38	11/01 - 17/01/2020	5 973	779	6 752	5 228 075
39	18/01 - 24/01/2020	9 442	0	9 442	5 237 517
40	25/01 - 31/01/2020	7 758	0	7 758	5 245 275

Source (SAGIS, 2019)

As from week ending 03 January to the week ending 31 January 2020, a total of 26 278 tons of white maize has been delivered. Major adjustments for white maize deliveries were made during the week ending 17 January 2020. As a result, the progressive deliveries amounted to 5 245 275 tons, which represents 46, 89% delivery rate in relation to the crop estimate of 11 186 000 tons for the 2019 production season (SAGIS, 2020).

Table 1.5: Weekly Yellow Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
36	28/12 - 03/01/2020	890	-584	306	5 097 237
37	04/01 - 10/01/2020	3 761	0	3 761	5 100 998
38	11/01 - 17/01/2020	4 867	407	5 274	5 106 272
39	18/01 - 24/01/2020	5 043	0	5 043	5 111 315
40	25/01 - 31/01/2020	21 811	0	21 811	5 133 126

Source (SAGIS, 2020)

As from week ending 03 January to the week ending 31 January 2020, a total of 14 384 tons of yellow maize were delivered to the market (SAGIS, 2020). The highest adjustment for yellow maize deliveries was made during the week ending 03 January 2020. As a result, the progressive deliveries amounted to 5 133 126 tons, which represents 45, 89% delivery rate in relation to the crop estimate of 11 186 000 tons for 2019 production season (SAGIS, 2020).

1.4 SUPPLY AND DEMAND ESTIMATES

1.4.1 Wheat marketing season 2019/20

The **total supply of wheat** is projected at 3 833 754 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 October 2019) of 539 079 tons, local commercial deliveries of 1 466 675 tons, whole wheat imports estimated for South Africa of 1 820 000 tons and a surplus of 8 000 tons. The **total demand (domestic plus exports) for wheat** is projected at 3 386 300 tons. This includes 3 270 000 tons processed for human consumption, 3 000 tons processed for animal consumption, 2 000 tons withdrawn by producers, 2 100 tons released to end consumers, 20 000 tons projected seed for planting purposes and a balancing figure of 4 200 tons (net receipts and net dispatches). A projected export quantity of 15 000 tons processed products and 70 000 tons whole wheat is estimated for exports for the 2019/20 marketing season. The **projected closing stock level** at 30 September 2020 is estimated at 447 454 tons. At an average processed quantity of 272 750 tons per month, this represent available stock levels for 1.6 months or 50 days (NAMC, 2020).

1.4.3 White maize marketing season 2019/20

The **total supply** of white maize is projected at 7 226 340 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 May 2019) of 1 798 998 tons and local commercial deliveries of 5 378 240 tons. No whole white maize imports are estimated for the current season, with net early deliveries of 34 102 tons and a surplus of 15 000 tons. The **total demand** (domestic plus exports) for

white maize is projected at 6 199 000 tons. The total domestic demand is projected at 5 369 000 tons. This includes 4 660 000 tons processed for human consumption, 660 000 tons processed for animal and industrial consumption, 11 000 tons for gristing, 14 000 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 110 000 tons of processed products and 720 000 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 1 027 340 tons. At an average processed quantity of 444 250 tons per month, this represent available stock levels for 2.3 months or 70 days. Please note: When utilizing 45 days' stock as a proxy, there is potential for 1 085 000 tons of white maize available for exports for the 2019/20 marketing season (NAMC, 2020).

1.4.4 Yellow maize marketing season 2019/20

The **total supply of yellow maize** is projected at 6 787 653 tons for the 2019/20 marketing season. This includes an opening stock (at 1 May 2019) of 864 088 tons and local commercial deliveries of 5 369 610 tons. Yellow maize imports of 525 000 tons are estimated for the current season, early deliveries of 18 955 tons and a surplus of 10 000 tons. The **total demand (domestic plus exports) for yellow maize** is projected at 6 279 000 tons. The total domestic demand is projected at 5 789 000 tons. This includes 580 000 tons processed for human consumption, 5 050 000 tons processed for animal and industrial consumption, 11 000 tons for gristing, 42 000 tons withdrawn by producers, 98 000 tons released to end-consumers and a balancing figure of 8 000 tons (net receipts and net dispatches). A projected export quantity of 120 000 tons of processed products and 370 000 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 508 653 tons. At an average processed quantity of 470 083 tons per month, this represent available stock levels for 1.1 months or 33 days (NAMC, 2020).

1.4.5 Sunflower seed marketing season 2019/20

The **total supply of sunflower seed** is projected at 805 905 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 680 940 tons, sunflower seed imports of 500 tons for South Africa and a surplus of 4 300 tons. The **total demand (domestic plus exports) for sunflower seed** is projected at 713 270 tons. This includes 1 500 tons processed for human consumption, 5 600 tons processed for animal consumption, 700 000 tons for crush (oil and oilcake), 750 tons withdrawn by producers, 1 050 tons released to end consumers, 2 500 tons seed for planting purposes and a balancing figure of 1 300 tons (net receipts and net dispatches). A quantity of 570 tons is estimated for exports for the 2019/20 marketing season. The **projected closing stock level** at 29 February 2020 is estimated at 92 635 tons. At an

average processed quantity of 58 925 tons per month, this represents available stock levels for 1.6 months or 48 days (NAMC, 2020).

1.4.6 Soybean marketing season 2019/20

The **total supply of soybeans** is projected at 1 710 086 tons for the 2019/20 marketing season. This includes an opening stock level (at 1 March 2019) of 502 241 tons, local commercial deliveries of 1 140 345 tons, soybean imports of 65 000 tons for South Africa and a surplus of 2 500 tons. The **total demand (domestic plus exports) for soybeans** is projected at 1 424 500 tons. This includes 25 000 tons processed for human consumption, 205 000 tons processed for animal (full fat) consumption, 1 180 000 tons for crush (oil and oilcake), 750 tons withdrawn by producers, 450 tons released to end consumers, 7 800 tons seed for planting purposes, and a balancing figure of 1 000 tons (net receipts and net dispatches). A quantity of 4 500 tons soybeans is estimated for exports for the 2019/20 marketing season. The **projected closing stock level** at 29 February 2020 is estimated at 285 586 tons. At an average processed quantity of 117 500 tons per month, this represents available stock levels for 2.4 months or 74 days (NAMC, 2020).

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat

Progressive wheat export during the 2019/20 reporting period is 15 493 tons. Wheat exports for South Africa amounted to 7 526 tons from the week ending 03 January 2020 to the week ending 31 January 2020. During the reporting period, Eswatini was the leading export destination for South African wheat with a share of 45%, followed by Botswana (20%), Zimbabwe (15%), Namibia (14%) and Lesotho with a 6% share in RSA exports (SAGIS, 2020).

Table 1.6: Wheat trade for the 2019/20 marketing season (Tons)

Progressive wheat exports 2019/20	15 493	Progressive wheat imports 2019/20	537 882
Wheat exports (tons) during the reporting period: 28 December 2019 to 31 January 2020	7 526	Wheat imports (tons) during the reporting period: 28 December 2019 to 31 January 2020	101 851
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Eswatini	45%	Czech Republic	51%
Botswana	20%	Lithuania	49%
Zimbabwe	15%		
Namibia	14%		
Lesotho	6%		

Source (SAGIS, 2020)

1.5. 2 White and Yellow Maize

Progressive White and Yellow maize exports during the 2019/20 reporting period are 646 359 tons and 289 621 tons respectively. White maize exports for South Africa amounted to 127 476 tons and yellow maize exports amounted to 35 591 tons from the week ending 03 January 2020 to the week ending 31 January 2020. During the reporting period, the main export destinations for South African white maize were Zimbabwe (38%), Botswana (20%), Mozambique (18%), Namibia (14%), Lesotho (6%) and Eswatini (4%). There were no imports of white maize due to bumper crop harvested during the current production season (SAGIS, 2020).

Table 1.7: White and Yellow maize trade for the 2019/20 marketing season (Tons)

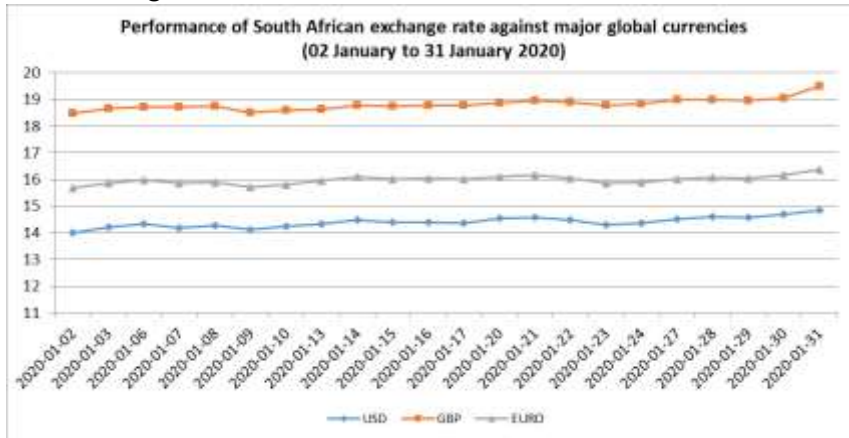
Progressive 2019/20	White maize: 646 359	Yellow maize: 289 621	Progressive 2019/20	White maize: 0	Yellow maize: 452 229
Maize exports during the reporting period: 28 December 2019 to 31 January 2020	127 476	35 591	Maize imports during the reporting period: 28 December 2019 to 31 January 2020	No imports due to bumper crop harvested during the current production season	45 193
Importing countries	Share in white maize exports	Share in yellow maize exports	Exporting countries	Share in white maize imports	Share in yellow maize imports
Zimbabwe	38%	24%	Argentina	0%	100%
Botswana	20%	8%			
Mozambique	18%	18%			
Namibia	14%	16%			
Lesotho	6%	7%			
Eswatini	4%	25%			
Korea Republic Of	0%	1%			

Source (SAGIS, 2020)

During the reporting period, the main exports destinations for South African yellow maize were Eswatini (25%), Zimbabwe (24%), Mozambique (18%), Namibia (16%), and Botswana (8%). During the period under review, South Africa's yellow maize imports were sourced from Argentina (100%) (SAGIS, 2020).

2. ECONOMIC REVIEWS

2.1 Exchange Rates



Source: SARB (2020)

During the reporting period 03 January to 31 January 2020, the ZAR exchange rate strengthened against all the three major global currencies such as the US dollar (USD), Great Britain pound and Euro

(SARB, 2020). When looking at month to month trade of Rand against the US dollar (USD) and Euro, it can be noted that the rand strengthened by 0,6% and 0,5% against both major currencies respectively. The rand strengthened by 0,8% against the Great Britain Pound (GBP), it traded at R18,77 in January 2020 while it traded for R18,92 in December 2019.

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	13.00	cents per litre decrease in retail price	1539.00
Diesel 0.05% Sulphur	5.00	cents per litre decrease in wholesale price	1403.06
Illuminating Paraffin (Wholesale)	3.00	cents per litre decrease in wholesale price	857.53
LPGAS (maximum retail price)	1.00	cents per kilogram decrease in the maximum retail price	2378.00

(DOE, 2020)

The Department of Energy has announced a decrease in fuel prices with effect from 03 February 2020. The price of Petrol 95 ULP& LRP decreased by 13 cents end of January 2020. The price of diesel (0.05% sulphur) decreased by 5 cents, and illuminating paraffin wholesale price per litre decreased by 3 cents. Lastly, LPGAS's maximum retail price decreased by 1 cents per kilogram by end of January 2020.

4. WEATHER ADVISORY – SEASONAL FORECAST TO JANUARY 2020

The rainfall forecast for early-summer (Nov-Dec-Jan) from the South African Weather Service seasonal prediction system indicates enhanced probabilities of below-normal rainfall over the far eastern parts of the country, while above-normal rainfall is predicted to be more likely for the western to central parts. Towards mid-summer (Dec-Jan-Feb), predictions indicate an increased likelihood of below-normal rainfall conditions. Likewise, higher than normal temperatures are expected this summer. It may be noted that forecasts from other prediction centres for this summer season indicate even higher and more widespread probabilities of below-normal rainfall and above-normal temperatures over southern Africa compared to the SAWS forecast, in particular for the mid-summer period. It may also be noted that, at least over South Africa, the onset of summer rainfall is late and the September and October rainfall totals have been below normal. The first significant rainfall of this summer season only occurred at the start of December 2019 (SAWS, 2020).

Western Cape

Normal to above normal rainfall has been received over the eastern half of the country in November and the beginning of December. Dryland summer crop farmers are planting. Winter crops performed poorly due to insufficient rain, and insufficient cold units for fruit crops. The veld and livestock are generally in reasonable to poor condition. Swine Flu and Foot and Mouth diseases have been reported in Mpumalanga. Fall Army Worm and African Army Worm were reported in parts of KwaZulu-Natal. There were veld fires in Limpopo, Free State and KwaZuluNatal. The average level of major dams has increased in the majority of provinces. The overall water level of state dams in the province is at 52.0%, compared to 46.6% in 2019. Brandvlei dam is 32.9% full compared to 34.6% during the same period last year. Clanwilliam dam is 44.2% full compared to 51.2% during the same period last year. The water level in Theewaterskloof is 63.2% compared to 45.3% during the same period last year. 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, 2020).

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, 2020.

ACKNOWLEDGMENTS

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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