Western Cape Government
Agriculture
BETTER TOGETHER.

PERIOD UNDER REVIEW: July 2020 Compiled by Sindisiwe Dhlamini

1. SOUTH AFRICAN GRAIN MARKET

Mark to market prices for selected summer and winter cereals traded on SAFEX were generally lower in July 2020 than the previous month. Sunflower had a highest price decrease of R331 (5.6%) per ton, White Maize R146 (5.7%), Wheat R98 (1.8%) and Yellow Maize R6 (0.2%), respectively. When comparing to the previous year, Wheat contract for delivery in August had the highest price increase R1371 (30.5%) per ton and Sunflower R1283 (25.24%) respectively. White and Yellow Maize had a price decrease of R263 (9%) and R 148 (5.12%) year on year (SAFEX, 2020).

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

MTM 31/07/2020 (expressed in R/MT)				Month end 31/07/19	Year on year change	Month end 30/06/2020)	Month end 30/05/2020)
				R/MT		R/MT	R/MT
Commodity	**Aug-20**	**Sep-20**	**Dec-20**	**Aug-19**	**Aug 19 vs 20**	**Jul-20**	**Jun-20**
White maize	2680	2701	2786	2943	-9%	2404	2550
Yellow maize	2741	2774	2860	2889	-5,12%	2532	2538
Wheat	5863	5524	4863	4492	30,5%	5316	5414
Sunflower	6367	6425	6527	5084	25,24%	5595	5926
Soyabean Contract	5605	5558	5605	5605	0	5605	5605

Source: (SAFEX, 2020)

1.2. PRODUCTION ESTIMATES AND FORECAST

1.2.1 Winter cereal crops production estimates: 2019/20 season

Producers intend to plant 495 000 ha of **wheat** for the 2020 production season. This is 8, 33% or 45 000 ha less than the 540 000 ha planted to wheat in 2019. The main producing areas are within the Western Cape with 320 000 ha (65%), followed by the Free State with 90 000 ha (18%) and the Northern Cape with 35 500 ha (7%). The expected area planted to **malting barley** is 137 000 ha, which is 3, 82% or 5 040 ha more than the 131 960 ha of the previous year. The expected area planted to **canola** is 72 000 ha, which is 2, 70% or 2 000 ha less than the 74 000 ha planted in 2019. Producers intend to plant 23 500 ha of cereal oats, which is 11, 90 or 2 500 ha more than the 21 000 ha of the previous season (NCEC, 2020).

1.2.2 Summer cereal crops production estimates: 2020

Commercial maize

The size of the expected commercial maize crop has been set at 15,514 million tons, which is 0,48% or 75 600 tons less than the previous forecast of 15,589 million tons. The area estimate for maize is 2,611 million ha, while the expected yield is 5, 94 t/ha. The estimated maize crop is 38% bigger than the 2019 crop. The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 84% of the 2020 crop.

White and Yellow maize

The area estimate for white maize is 1,616 million ha and for yellow maize the area estimate is 994 500 ha. The production forecast of white maize remained unchanged at 9,075 million tons, with an expected yield of 5, 61 t/ha. In the case of yellow maize the production forecast is 6,439 million tons, which is 1, 16% or 75 600 tons less than the 6,514 million tons of the previous forecast. The yield for yellow maize is 6, 47 t/ha (NCEC, 2020).

Other summer crops

The production forecast for **soybeans** has decreased by 2,29% or 29 500 tons, from 1,291 million tons to 1,261 million tons estimated area planted to soybeans is 705 000 ha and the expected yield is 1,79 t/ha. The expected **groundnut** crop is 52 140 tons – a decrease of 16, 54% or 10 330 tons. The area estimate is 37 500 ha, with an expected yield of 1, 39 t/ha. The production forecast for **sorghum** is 133 660 tons, which is 1, 49% or 2 025 tons less than the 135 685 tons of the previous forecast. The area estimate for sorghum is 42 500 ha and the expected yield is 3, 14 t/ha. In the case of **dry beans**, the production forecast is 68 860, which is 3, 08% or 2 190 tons less than the previous forecast. The area estimate of dry beans is 50 150 ha, with an expected yield of 1, 37 t/ha (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
40	27/06 - 03/07/2020	1 185	-837	348
41	04/07 - 10/07/2020	844	0	844
42	11/07 - 17/07/2020	1 133	0	1 133
43	18/07 - 24/07/2020	2 221	0	2 221
44	25/07 - 31/07/2020	1 136	0	1 136

Source (SAGIS, 2020)

Table 1.3 represents weekly producer deliveries of wheat that occurred from the week ending 03 July to the week ending 31 July 2020. During this period, 5 682 tons of wheat were delivered to the market (SAGIS, 2020). As a result, the progressive deliveries amounted to 1 494 253 tons, which represents 88, 13% delivery rate in relation to the crop estimate of 1 695 470 tons for 2019/20 production season. Major adjustments for wheat deliveries were made during the week ending 03 July 2020 (SAGIS, 2020).

1.3.2 Weekly producer deliveries for maize

Table1.4: Weekly White Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total
10	27/06 - 03/07/2020	358 996	-61 723	297 273
11	04/07 - 10/07/2020	573 592	33 759	607 351
12	11/07 - 17/07/2020	613 282	35 542	648 824
13	18/07 - 24/07/2020	708 557	150	708 707
14	25/07 - 31/07/2020	703 222	0	703 222

Source (SAGIS, 2020)

As from week ending 03 July to the week ending 31 July 2020, a total of 2 965 377 tons of white maize were delivered. Major adjustments for white maize deliveries were made during the week ending 17 July 2020. As a result, the progressive deliveries amounted to 5 299 372 tons, which represents 59, 71% delivery rate in relation to the crop estimate of 8 874 860 tons for the 2020/21 production season (SAGIS, 2020).

Table 1.5: Weekly Yellow Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total
10	27/06 - 03/07/2020	319 298	-48 820	270 478
11	04/07 - 10/07/2020	448 716	8 951	457 667
12	11/07 - 17/07/2020	399 910	6 300	406 210
13	18/07 - 24/07/2020	372 304	4 014	376 318
14	25/07 - 31/07/2020	333 230	0	333 230

Source (SAGIS, 2020)

As from week ending 03 July to the week ending 31 July 2020, a total of 1 843 903 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 July 2020. As a result, the progressive deliveries amounted to 4 976 973 tons, which represents 79, 18% delivery rate in relation to the crop estimate of 6,286 000 tons for 2020/21 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 3 901 070 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 1 503 000 tons, whole wheat imports estimated for South Africa of 1 850 000 tons and a surplus of 9 000 tons. The **total demand (domestic plus exports) for wheat** is projected at 3 500 500 tons. This includes 3 320 000 tons processed for human consumption, 23 000 tons processed for animal consumption, 2 300 tons withdrawn by producers, 1 500 tons released to end consumers, 19 500 tons projected seed for planting purposes and a balancing figure of 4 200 tons (net receipts and net dispatches). A projected export quantity of 40 000 tons processed products and 90 000 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 400 579 tons. At an average processed quantity of 278 583 tons per month, this represents available stock levels for 1.4 months or 44 days (NAMC, 2020).

1.4.2 White maize marketing season 2020/21 (New season)

The **total supply of white maize** is projected at 9 376 883 tons for the 2020/21 marketing season. This includes an opening stock level (at 1 May 2020) of 473 964 tons and local commercial deliveries of 8 896 160 tons. No whole white maize imports are estimated for the new season, early deliveries of negative 1 241 tons and a surplus of 8 000 tons. **Total demand** (domestic plus exports) for white maize is projected at 7 984 500 tons. The total domestic demand is projected at 6 814 500 tons. This includes 4 950 000 tons processed for human consumption, 1 810 000 tons processed for animal and industrial consumption, 10 500 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 270 000 tons of processed products and 900 000 tons of white whole maize is estimated for exports for the 2020/21 marketing season. The **projected closing stock level** at 30 April 2021 is estimated at 1 392 383 tons. At an average processed quantity of 564 208 tons per month, this represents available stock levels for 2.5 months or 75 days. (NAMC, 2020).

1.4.3 Yellow maize marketing season 2020/21 (New season)

The **total supply of yellow maize** is projected at 6 574 096 tons for the 2020/21 marketing season. This includes an opening stock (at 1 May 2020) of 526 637 tons and local commercial deliveries of 6 038 950 tons. No Yellow maize imports estimated for the new season, early deliveries of negative 11 491 tons and a surplus of 20 000 tons. The **total demand** (domestic plus exports) for yellow maize is projected at 5 956 500 tons. The total domestic demand is projected at 4 576 500 tons. This includes 585 000 tons processed for human consumption, 3 800 000 tons processed for animal and industrial consumption, 8 500 tons for gristing, 55 000 tons withdrawn by producers, 120 000 tons released to end-consumers and a balancing figure of 8 500 tons (net receipts and net dispatches). A projected export quantity of 130 000 tons of processed products and 1 250 000 tons of yellow whole maize is estimated for exports for the 2020/21 marketing season. The **projected closing stock level** at 30 April 2021 is estimated at 617 596 tons. At an average processed quantity of 366 083 tons per month, this represents available stock levels for 1.7 months or 51 days (NAMC, 2020).

1.4.4 Sunflower seed marketing season 2020/21 (New season)

The **total supply of sunflower seed** is projected at 906 785 tons for the 2020/21 marketing season. This includes an opening stock level (at 1 March 2020) of 135 325 tons, local commercial deliveries of 765 960 tons, sunflower seed imports of 500 tons for South Africa and a surplus of 5 000 tons. The **total demand** (domestic plus exports) for sunflower seed is projected at 776 100 tons. This includes 1 500 tons processed for human consumption, 5 500 tons processed for animal consumption, 763 000 tons for crush (oil and oilcake), 650 tons withdrawn by producers, 1 100 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 550 tons is estimated for exports for the 2020/21 marketing season. The **projected closing stock level** at 28 February 2021 is estimated at 130 685 tons. At an average processed quantity of 64 167 tons per month, this represents available stock levels for 2 months or 62 days. (NAMC, 2020).

1.4.5 Soybean marketing season 2020/21 (New season)

The **total supply of soybeans** is projected at 1 619 305 tons for the 2020/21 marketing season. This includes an opening stock level (at 1 March 2020) of 138 455 tons, local commercial deliveries of 1 228 250 tons, soybean imports of 250 000 tons for South Africa and a surplus of 2 600 tons. **The total demand (domestic plus exports)** for soybeans is projected at 1 449 650 tons. This includes 25 000 tons processed for human consumption, 150 000 tons processed for animal (full fat) feed, 1 260 000 tons for crush (oil and oilcake), 800 tons withdrawn by producers, 450 tons released to end consumers, 7 700 tons seed for planting purposes, and a balancing figure of 1 200 tons (net receipts and net dispatches). A quantity of 4 500 tons soybeans is estimated for exports for the 2020/21 marketing season. The projected closing stock level at 28 February 2021 is estimated at 169 655 tons. At an average processed quantity of 119 583 tons per month, this represents available stock levels for 1.4 months or 43 days (NAMC, 2020).

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat

Progressive wheat export during the 2019/20 reporting period is 73 704 tons. Wheat exports for South Africa amounted to 7 320 tons from the week ending 03 July 2020 to the week ending 31 July 2020. During the reporting period, Zambia was the leading export destination for South African wheat with a share of 60%, followed by Zimbabwe (24%) and Namibia (8%) share in RSA exports. Wheat imports for South Africa amounted to 66 803 tons from the week ending 03 July 2020 to the week ending 31 July 2020. Wheat imports for South Africa were mainly from the United States (60%) and Poland (40%) (SAGIS, 2020).

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

Progressive wheat exports 2019/20	73 704	Progressive wheat imports 2019/20	1 575 315
Wheat exports (tons) during the reporting period: 27 June 2020 to 31 July 2020	7 320	Wheat imports (tons) during the reporting period: 27 June 2020 to 31 July 2020	66 803
Importing countries	**Share in RSA exports**	**Exporting countries**	**Share in RSA imports**
Zambia	69%	United States	60%
Zimbabwe	24%	Poland	40%
Namibia	8%		

Source (SAGIS, 2020)

1.5. 2 White and Yellow Maize

Progressive White and Yellow maize exports during the 2020/21 reporting period are 281 487 tons and 769 906 tons respectively. White maize exports for South Africa amounted to 94 547 tons and yellow maize exports amounted to 437 584 tons from the week ending 03 July 2020 to the week ending 31 July 2020. During the reporting period, the main export destinations for South African white maize were Zimbabwe (24%), Botswana (23%), Namibia (22%) and Mozambique (21%). 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)

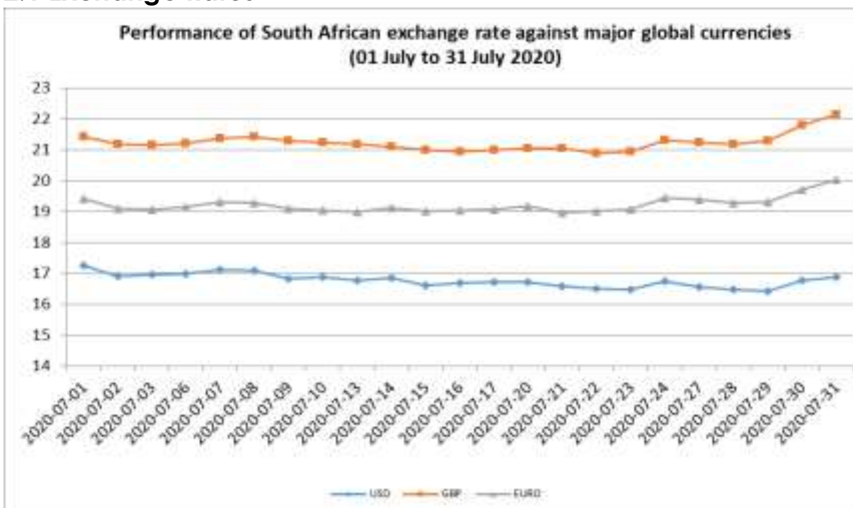
Progressive 2020/21	White maize: **281 487**	Yellow maize: **769 906**
Maize exports during the reporting period: 27 June 2020 to 31 July 2020	**94 547**	**437 584**
Importing countries	Share in white maize exports	Share in yellow maize exports
Zimbabwe	24%	1%
Botswana	23%	1%
Namibia	22%	1%
Mozambique	21%	1%
Lesotho	8%	0%
Eswatini	3%	2%
Korea Rep Of		21%
Taiwan, Prov Of China		47%
Japan		13%
Vietnam		12%

Source (SAGIS, 2020)

During the reporting period, the main exports destinations for South African yellow maize were Taiwan Province of China (47%), Korea Republic (21%), Japan (13%). and Vietnam (12%). During the period under review, South Africa did not import yellow maize (SAGIS, 2020).

2. ECONOMIC REVIEWS

2.1 Exchange Rates



Source: SARB (2020)

During the reporting period 01 July to 31 July 2020, the average ZAR exchange rate strengthened against all the three major global currencies such as the US dollar (USD), Great Britain pound (GBP) and Euro (SARB, 2020). When looking at month to month average of the Rand against the Euro and Great Britain pound, it can be noted that the rand strengthened by 0.4% and 1.1% respectively. The rand strengthened by 2.1% against the US dollar, it traded at R17.14 in July 2020 while it traded for in R16.77 in June 2020.

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 (cents) applicable to the coastal parts of South Africa
Petrol 95 ULP & LRP	5,00	cents per litre in**crease** in retail price	1447,00
Diesel 0.05% Sulphur	45,00	cents per litre **increase** in wholesale price	1288.26
Illuminating Paraffin (Wholesale)	39,00	cents per litre in**crease** in wholesale price	661.73
LPGAS (maximum retail price)	4,00	cents per kilogram in**crease** in the maximum retail price	2348,00

(DOE, 2020)

The Department of Energy has announced an increase in fuel prices with effect from 05 August 2020. The price of Petrol 95 ULP& LRP increased by 5 cents. The price of diesel (0.05% sulphur) increased by 45 cents, and illuminating paraffin wholesale price per litre increased by 39 cents. Lastly, LPGAS's maximum retail price increased by 4 cents per kilogram.

4. WEATHER ADVISORY – SEASONAL FORECAST JUNE TO AUGUST 2020

The multi-model rainfall forecast for mid and late winter (Jun-Jul-Aug, Jul-Aug-Sep) indicate increased chances of above normal rainfall over the South-Western and Southern parts of the country with drier than normal conditions throughout the rest of South Africa. In general, most of the country is expected to experience above normal temperatures during winter with the exception of below-normal minimum temperatures for the north-eastern half of the country (SAWS, 2020).

Western Cape

The overall water level of state dams across the province is at 62.4% compared to 63.7% in 2019. Brandvlei dam is 39.3% full compared to 45.1% during the same period last year. Clanwilliam dam is 100.8% full compared to 96% during the same period last year. The water level in Theewaterskloof is 73.2% compared to 69.2% 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 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

Johannesburg Stock Exchange: www.jse.co.za

National Agricultural Marketing Council: https://www.namc.co.za

Organization of the Petroleum Exporting Countries (OPEC): www.opec.org/opec

South African Grain information Service: www.sagis.org.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

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