



PERIOD UNDER REVIEW: June 2020

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## 1. SOUTH AFRICAN GRAIN MARKET

Mark to market prices for selected summer and winter cereals traded on SAFEX were generally lower in June 2020 than the previous month. Sunflower June 2020 contract for delivery in July 2020 had a highest price decrease of R331 (13%) per ton, White Maize R146 (5.7%), Wheat R98 (3.8%) and Yellow Maize R6 (0.2%), respectively. When comparing to the previous year, Wheat has the highest price increase R924 (20.6%) per ton and Sunflower R615 (12%) respectively. White and Yellow Maize has 14% and 8.9% year on year price decrease (SAFEX, 2020).

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

MTM 30/06/20 (expressed in R/MT)					Month end 28/06/19	Year on year change	Month end 31/05/20	Month end (30/04/20)
					R/MT		R/MT	R/MT
Commodity	Jul-20	Sep-20	Dec-20	Mar-21	Jul-19	July 19 vs 20	Jun-20	May-20
White maize	2497	2529	2616	2643	2918	-14%	2404	2550
Yellow maize	2600	2655	2729	2751	2855	-8,93%	2532	2538
Wheat	5409	5091	4849	4920	4485	20,6%	5316	5414
Sunflower	5835	5950	6065	6081	5220	12%	5595	5926

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	Progressive Total
36	30/05 - 05/06/2020	478	-57	421	<b>1 484 239</b>
37	06/06 - 12/06/2020	299	0	299	<b>1 484 538</b>
38	13/06 - 19/06/2020	744	0	744	<b>1 485 282</b>
39	20/06 - 26/06/2020	1 031	0	1 031	<b>1 486 313</b>

Source (SAGIS, 2020)

Table 1.3 represents weekly producer deliveries for wheat that occurred from the week ending 05 June to the week ending 26 June 2020. During this period, 2 495 tons of wheat were delivered to the market (SAGIS, 2020). As a result, the progressive deliveries amounted to 1 486 313 tons, which represents 87, 66% 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 05 June 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
6	30/05 - 05/06/2020	262 463	-16 003	246 460	<b>834 248</b>
7	06/06 - 12/06/2020	356 121	5 248	361 369	<b>1 195 617</b>
8	13/06 - 19/06/2020	250 695	133	250 828	1 446 445
9	20/06 - 26/06/2020	421 127	0	421 127	<b>1 867 572</b>

Source (SAGIS, 2020)

As from week ending 05 June to the week ending 26 June 2020, a total of 1 279 784 tons of white maize were delivered. Major adjustments for white maize deliveries were made during the week ending 05 June 2020. As a result, the progressive deliveries amounted to 1 867 572 tons, which represents 21, 04% 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	Progressive Total
6	30/05 - 05/06/2020	401 372	-22 737	378 635	<b>1 217 264</b>
7	06/06 - 12/06/2020	534 788	14 856	549 644	<b>1 766 908</b>
8	13/06 - 19/06/2020	390 212	2 145	392 357	<b>2 159 265</b>
9	20/06 - 26/06/2020	501 515	0	501 515	<b>2 660 780</b>

Source (SAGIS, 2020)

As from week ending 05 June to the week ending 26 June 2020, a total of 1 822 151 tons of yellow maize were delivered to the market (SAGIS, 2020). The highest adjustment for yellow maize deliveries was made during the week ending 06 June 2020. As a result, the progressive deliveries amounted to 2 660 780 tons, which represents 42, 32% 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 3 851 079 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 1 800 000 tons and a surplus of 9 000 tons. The **total demand (domestic plus exports) for wheat** is projected at 3 425 000 tons. This includes 3 270 000 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, 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 40 000 tons processed products and 64 000 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 426 079 tons. At an average processed quantity of 274 417 tons per month, this represents available stock levels for 1.6 months or 47 days (NAMC, 2020).

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

The **total supply of white maize** is projected at 9 349 583 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 8 864 860 385 000 tons. No whole white maize imports are estimated for the new season, early deliveries of negative 1 241 ton and a surplus of 12 000 tons. **Total demand** (domestic plus exports) for white maize is projected at 8 034 500 tons. The total domestic demand is projected at 6 764 500

tons. This includes 4 900 000 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 1 000 000 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 1 315 083 tons. At an average processed quantity of 560 042 tons per month, this represents available stock levels for 2.3 months or 71 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 5 967 000 tons. The total domestic demand is projected at 4 577 000 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 140 000 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 607 096 tons. At an average processed quantity of 366 125 tons per month, this represents available stock levels for 1.7 months or 50 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, 180 000 tons processed for animal (full fat) feed, 1 230 000 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 66 450 tons. Wheat exports for South Africa amounted to 7 008 tons from the week ending 05 June 2020 to the week ending 26 June 2020. During the reporting period, Zambia was the leading export destination for South African wheat with a share of 90%, followed by Namibia (8%) and Botswana (2%) share in RSA exports. Wheat imports for South Africa were mainly from Russian Federation (38%), Germany (29%), Poland (20%), Finland (10%) and Canada (3%) respectively (SAGIS, 2020).

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

Progressive wheat exports 2019/20	66 450	Progressive wheat imports 2019/20	1 512 755
Wheat exports (tons) during the reporting period: 30 May 2020 to 26 June 2020	7 008	Wheat imports (tons) during the reporting period: 30 May 2020 to 26 June 2020	209 781
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Zambia	90%	Russian Federation	38%
Namibia	8%	Germany	29%
Botswana	2%	Poland	20%
		Finland	10%
		Canada	3%

Source (SAGIS, 2020)

### 1.5.2 White and Yellow Maize

Progressive White and Yellow maize exports during the 2019/20 reporting period are 162 299 tons and 316 778 tons respectively. White maize exports for South Africa amounted to 85 671 tons and yellow maize exports amounted to 240 524 tons from the week ending 05 June 2020 to the week ending 26 June 2020. During the reporting period, the main export destinations for South African white maize were Zimbabwe (52%), Botswana (25%) and Namibia (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)**

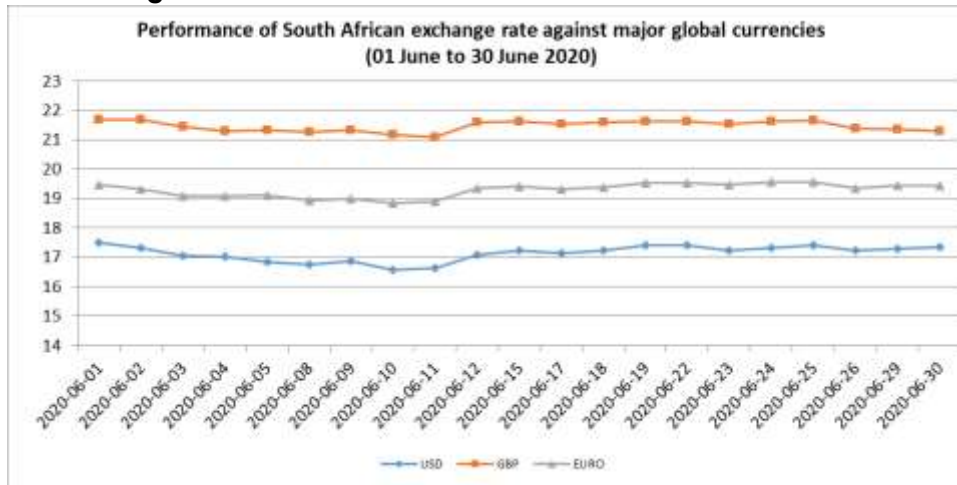
Progressive 2020/21	White maize: <b>162 299</b>	Yellow maize: <b>316 778</b>
Maize exports during the reporting period: 30 May 2020 to 26 June 2020	<b>85 671</b>	<b>240 524</b>
Importing countries	Share in white maize exports	Share in yellow maize exports
Zimbabwe	52%	2%
Botswana	25%	2%
Mozambique	12%	0%
Namibia	4%	1%
Lesotho	4%	0%
Eswatini	2%	3%
Taiwan Prov of China	0%	44%
Korea Rep Of	0%	29%
Japan	0%	19%

Source (SAGIS, 2020)

During the reporting period, the main exports destinations for South African yellow maize were Taiwan Province of China (44%), Korea Republic (29%) and Japan (19%). 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 June to 30 June 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 Rand against the Great Britain pound and Euro, it can be noted that the rand strengthened by 3.8% and 2.4% respectively. The rand strengthened by 5.6% against the US dollar (USD), it traded at R17.14 in June 2020 while it traded for in R18.15 in May 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	172,00	cents per litre <b>increase</b> in retail price	1442,00
Diesel 0.05% Sulphur	173,00	cents per litre <b>increase</b> in wholesale price	1243.26
Illuminating Paraffin (Wholesale)	214,00	cents per litre <b>increase</b> in wholesale price	622.73
LPGAS (maximum retail price)	448,00	cents per kilogram <b>increase</b> in the maximum retail price country wide	2352,00

(DOE, 2020)

The Department of Energy has announced an increase in fuel prices with effect from 01 July 2020. The price of Petrol 95 ULP& LRP increased by 172 cents end of June 2020. The price of diesel (0.05% sulphur) increased by 173.00 cents, and illuminating paraffin wholesale price per litre increased by 214.00 cents. Lastly, LPGAS's maximum retail price increased by 448 cents per kilogram by end of June 2020.



#### 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 41.3% compared to 36.8% in 2019. Brandvlei dam is 19.3% full compared to 19.8% during the same period last year. Clanwilliam dam is 18% full compared to 13.1% during the same period last year. The water level in Theewaterskloof is 55.4% compared to 41.1% 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](http://www.daff.gov.za) and [www.agis.agric.za](http://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](mailto: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](http://www.arc.agric.za)

Department of Agriculture, Forestry and Fisheries (DAFF): [www.daff.gov.za](http://www.daff.gov.za)

Department of Energy (DoE): [www.energy.gov.za](http://www.energy.gov.za)

Department of Water & Sanitation (DWS): [www.dwa.gov.za](http://www.dwa.gov.za)

Elsenburg (Western Cape Department of Agriculture): [www.elsenburg.com](http://www.elsenburg.com)

Johannesburg Stock Exchange: [www.jse.co.za](http://www.jse.co.za)

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

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

South African Grain information Service: [www.sagis.org.za](http://www.sagis.org.za)

South African Reserve Bank (SARB): [www.sarb.gov.za](http://www.sarb.gov.za)

South African Revenue Services (SARS): [www.sars.gov.za](http://www.sars.gov.za)

Statistics South Africa (Stats SA): [www.statssa.gov.za](http://www.statssa.gov.za)

South African Weather Service (SAWS): [www.weathersa.co.za](http://www.weathersa.co.za)

Trading Economics (2019): <https://tradingeconomics.com/south-africa/balance-of-trade>

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