



PERIOD UNDER REVIEW: MAY 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 May 2020 than the previous month. White Maize May 2020 contract for delivery in June 2020 had a decrease of R900 (26.1%) per ton, Yellow Maize R262 (9.4%), and Sunflower R74 (1.2%) respectively. Wheat showed an increase of R54 (1%) compared to last month. When comparing to the previous year, Wheat has the highest price increase R824 (18 %) per ton and followed by Sunflower R511 (10%) (SAFEX, 2020).

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

MTM 31/05/20 (expressed in R/MT)					Month end 31/05/19)	Year on year change	Month end 30/04/20)	Month end (31/03/20)
					R/MT		R/MT	R/MT
Commodity	Jun-20	Jul-20	Sep-20	Dec-20	Jun-19	June 19 vs 20	May-20	Apr-20
White maize	2404	2417	2469	2553	2943	-18%	2550	3450
Yellow maize	2532	2543	2590	2675	2889	-12.36%	2538	2800
Wheat	5316	5300	5145	4830	4492	18.3%	5414	5360
Sunflower	5595	5652	5780	5892	5084	10%	5926	6000

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 15,589 million tons, which is 2,42% or 367 890 tons more than the previous forecast of 15,222 million tons. The area estimate for maize is 2,611 million ha, while the expected yield is 5,97 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 is 9,075 million tons, which is 3,36% or 295 390 tons more than the 8,779 million tons of the previous forecast. The yield for white maize is 5,61 t/ha. In the case of yellow maize, the production forecast is 6,514 million tons, which is 1,13% or 72 500 tons more than the 6,442 million tons of the previous forecast. The yield for yellow maize is 6,55 t/ha. (NCEC,2020)

Other summer crops

The production forecast for **soybeans** remained unchanged at 1,291 million tons. The estimated area planted to soybeans is 705 000 ha and the expected yield is 1,83 t/ha.

The expected **groundnut** crop also remained unchanged at 62 470 tons. For groundnuts, the area estimate is 37 500 ha, with an expected yield of 1,67 t/ha.

The production forecast for **sorghum** is 135 685 tons, which is 2,30% or 3 200 tons less than the 138 885 tons of the previous forecast. The area estimate for sorghum is 42 500 ha and the expected yield is 3,19 t/ha.

In the case of **dry beans**, the production forecast is 71 050, which is 0,46% or 330 tons less than the previous forecast. The area estimate of dry beans is 50 150 ha, with an expected yield of 1,42 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
31	25/04 - 01/05/2020	772	-491	281	1 479 413
32	02/05 - 08/05/2020	466	0	466	1 479 879
33	09/05 - 15/05/2020	1 151	0	1 151	1 481 030
34	16/05 - 22/05/2020	483	0	483	1 481 513
35	23/05 - 29/05/2020	725	0	725	1 482 238

Source (SAGIS, 2020)

Table 1.3 represents weekly producer deliveries for wheat that occurred from the week ending 01 May to the week ending 29 May 2020. During this period, 3 106 tons of wheat have been delivered to the market (SAGIS, 2020). As a result, the progressive deliveries amounted to 1 482 238 tons, which represents 87.42% 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 01 May 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
1	25/04 - 01/05/2020	3 749	-1 312	2 437	2 437
2	02/05 - 08/05/2020	37 199	0	37 199	39 636
3	09/05 - 15/05/2020	77 895	-32	77 863	117 499
4	16/05 - 22/05/2020	136 426	0	136 426	253 925
5	23/05 - 29/05/2020	210 000	0	210 000	463 925

Source (SAGIS, 2020)

As from week ending 01 May to the week ending 29 May 2020, a total of 463 925 tons of white maize has been delivered. Major adjustments for white maize deliveries were made during the week ending 01 May 2020. As a result, the progressive deliveries amounted to 463 925 tons, which represents 5.44% delivery rate in relation to the crop estimate of 8 523 000 tons for the 2019/20 production season (SAGIS, 2020).

Table 1.5: Weekly Yellow Maize deliveries (Tons)

Week	Week ending	Product deliveries	Adjustments	Week Total	Progressive Total
1	25/04 - 01/05/2020	3 885	-48	3 837	3 837
2	02/05 - 08/05/2020	52 725	939	53 664	57 501
3	09/05 - 15/05/2020	102 871	96	102 967	160 468
4	16/05 - 22/05/2020	209 440	0	209 440	369 908
5	23/05 - 29/05/2020	307 147	0	307 147	677 055

Source (SAGIS, 2020)

As from week ending 01 May to the week ending 29 May 2020, a total of 677 055 tons of yellow maize were delivered to the market (SAGIS, 2020). The highest adjustment for yellow maize deliveries was made during the week ending 08 May 2020. As a result, the progressive deliveries amounted to 677 055 tons, which represents 10.77% delivery rate in relation to the crop estimate of 6,286 000 tons for 2019/20 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 3 850 079 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 8 000 tons. The **total demand (domestic plus exports) for wheat** is projected at 3 424 000 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 63 000 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).

1.4.3 White maize marketing season 2019/20

The **total supply of white maize** is projected at 7 236 100 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 5 385 000 tons. No whole white maize imports are estimated for the current season, with net early deliveries of 44 102 tons and a surplus of 8 000 tons. The **total demand** (domestic plus exports) for white maize is projected at 6 699 000 tons. The total domestic demand is projected at 5 434 000 tons. This includes 4 740 000 tons processed for human consumption, 650 000 tons processed for animal and industrial consumption, 11 000 tons for granting, 12 500 tons withdrawn by producers, 17 000 tons released to end-consumers and a balancing figure of 3 500 tons (net receipts and net dispatches). A projected export quantity of 230 000 tons of processed products and 1 035 000 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 537 100 tons. At an average processed quantity of 450 083 tons per month, this represents available stock levels for 1.2 months or 36 days. (NAMC, 2020).

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

The **total supply of white maize** is projected at 9 357 365 tons for the 2020/21 marketing season. This includes an opening stock level (at 1 May 2020) of 481 589 tons and local commercial deliveries of 8 864 860 tons. No whole white maize imports are estimated for the new season, early deliveries of negative 1 084 tons and a surplus of 12 000 tons. The **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 granting, 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. Please note: When utilizing 45 days' stock as a proxy, there is potential for 1 500 000 tons of white maize available for exports for the 2020/21 marketing season. Stock levels: The **projected closing stock level** at 30 April 2021 is estimated at 1 322 865 tons. At an average processed quantity of 560 042 tons per month, this represent available stock levels for 2.4 months or 72 days. (NAMC, 2020).

1.4.4 Yellow maize marketing season 2019/20

The **total supply of yellow maize** is projected at 6 799 043 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 5 376 000 tons. Yellow maize imports of 510 000 tons are estimated for the current season, early deliveries of 23 955 tons and a surplus of 25 000 tons. The NAMC, Maize Trust, Oil and Protein Seeds Development Trust, Sorghum Trust and Winter Cereal Trust jointly fund the Grain and Oilseeds Supply & Demand Estimates (S&DE) initiative. The **total demand** (domestic plus exports) for yellow maize is projected at 6 358 500 tons. The total domestic demand is projected at 5 823 500 tons. This includes 580 000 tons processed for human consumption, 5 100 000 tons processed for animal and industrial consumption, 12 500 tons for granting, 45 000 tons withdrawn by producers, 80 000 tons released to end-consumers and a balancing figure of 6 000 tons (net receipts and net dispatches). A projected export quantity of 125 000 tons of processed products and 410 000 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 440 543 tons. At an average processed quantity of 474 375 tons per month, this represents available stock levels for 0.9 months or 28 days. (NAMC,2020)

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

The **total supply of yellow maize** is projected at 6 662 585 tons for the 2020/21 marketing season. This includes an opening stock (at 1 May 2020) of 538 327 tons and local commercial deliveries of 6 114 550 tons. No yellow maize imports estimated for the new season, early deliveries of negative 10 292 tons and a surplus of 20 000 tons. The **total demand** (domestic plus exports) for yellow maize is projected at 6 018 500 tons. The total domestic demand is projected at 4 678 500 tons. This includes 585 000 tons processed for human consumption, 3 900 000 tons processed for animal and industrial consumption, 10 000 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 1 200 000 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 644 085 tons. At an average processed quantity of 374 583 tons per month, this represents available stock levels for 1.7 months or 52 days. (NAMC, 2020).

1.4.5 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).

1.4.6 Soybean marketing season 2020/21 (New season)

The **total supply of soybeans** is projected at 1 648 805 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 1 257 750 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 5 net dispatches). A quantity of 4 500 tons soybeans is estimated for exports for the 2020/21 marketing season. Stock levels: The projected closing stock level at 28 February 2021 is estimated at 199 155 tons. At an average processed quantity of 119 583 tons per month, this represents available stock levels for 1.7 months or 51 days. (NAMC, 2020).

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat

Progressive wheat export during the 2019/20 reporting period is 57 683 tons. Wheat exports for South Africa amounted to 12 561 tons from the week ending 01 May 2020 to the week ending 29 May 2020. During the reporting period, Zambia was the leading export destination for South African wheat with a share of 88%, followed by Namibia (9%) and Zimbabwe (3%) in RSA exports. Wheat imports for South Africa were mainly from Poland (59%), Russia (27%) and Germany (13%) respectively (SAGIS, 2020).

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

Progressive wheat exports 2019/20	57 683	Progressive wheat imports 2019/20	1 318 893
Wheat exports (tons) during the reporting period: 25 April 2020 to 29 May 2020	12 561	Wheat imports (tons) during the reporting period: 25 April 2020 to 29 May 2020	394 018
Importing countries	Share in RSA exports	Exporting countries	Share in RSA imports
Zambia	88%	Poland	55%
Namibia	9%	Russian Federation	25%
Zimbabwe	3%	Germany	12%

Source (SAGIS, 2020)

1.5. 2 White and Yellow Maize

Progressive White and Yellow maize exports during the 2019/20 reporting period are 71 342 tons and 69 856 tons respectively. White maize exports for South Africa amounted to 71 342 tons and yellow maize exports amounted to 69856tons from the week ending 01 May 2020 to the week ending 29 May 2020. During the reporting period, the main export destinations for South African white maize were Zimbabwe (55%), Botswana (20%) and Namibia (14%). 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)

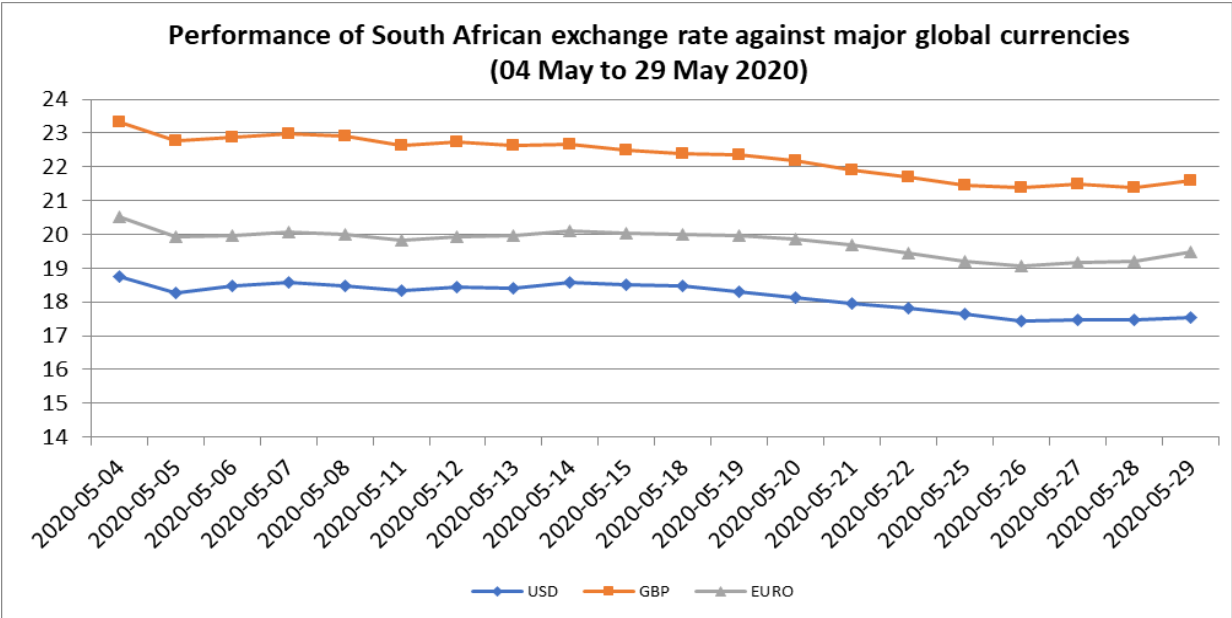
Progressive 2020/21	White maize: 71 342	Yellow maize: 69 856
Maize exports during the reporting period: 25 April 2020 to 29 May 2020	71 342	69 856
Importing countries	Share in white maize exports	Share in yellow maize exports
Zimbabwe	55%	13%
Botswana	20%	8%
Namibia	14%	6%
Mozambique	5%	6%
Lesotho	4%	1%
Eswatini	2%	6%
Korea Rep Of	0%	60%

Source (SAGIS, 2020)

During the reporting period, the main exports destinations for South African yellow maize were Korea Rep Of (60%), Zimbabwe (13%) and Botswana (8%). During the period under review, South Africa did not import white and yellow maize (SAGIS, 2020).

2. ECONOMIC REVIEWS

2.1 Exchange Rates



Source: SARB (2020)

During the reporting period 04 May to 29 May 2020, the average ZAR exchange rate weakened 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 US dollar (USD), it can be noted that the rand weakened by 4.3% and 4.0% respectively. The rand weakened by 3.0% against the Euro, it traded at R19.77 in May 2020 while it traded for R20.18 in April 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	118,00	cents per litre increase in retail price	1270,00
Diesel 0.05% Sulphur	22,00	cents per litre increase in wholesale price	1070.26
Illuminating Paraffin (Wholesale)	40,00	cents per litre increase in wholesale price	408.73
LPGAS (maximum retail price)	198,00	cents per kilogram increase in the maximum retail price country wide	1904,00

(DOE, 2020)

The Department of Energy has announced an increase in fuel prices with effect from 03 June 2020. The price of Petrol 95 ULP & LRP increased by 118 cents at the beginning of June 2020. The price of diesel (0.05% sulphur) increased by 22.00 cents, and illuminating paraffin wholesale price per litre increased by 40.00 cents. Lastly, LPGAS's maximum retail price increased by 198.00 cents per kilogram by 03 June 2020.

4. WEATHER ADVISORY – SEASONAL FORECAST TO MAY 2020

The rainfall forecast for early-autumn (Feb-Mar-Apr) and mid-autumn (Mar-Apr-May) from the SAWS/NOAA-GFDL Multi-Model system indicates enhanced probabilities of below normal rainfall over most of the country with the exception of the eastern parts during mid-autumn which favours above-normal rainfall conditions. With regards to temperatures, mostly higher than normal temperatures are expected for the rest of summer and early autumn over most of South Africa with the exception of the far south-western parts that indicate lower than normal minimum temperature throughout late-summer and autumn (SAWS, 2020).

Western Cape

The overall water level of state dams across the province is at 36.8% compared to 34.6% in 2019. Brandvlei dam is 12.1% full compared to 17.2% during the same period last year. Clanwilliam dam is 7.2% full compared to 10.7% during the same period last year. The water level in Theewaterskloof is 51.3% compared to 38.2% 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.

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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

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

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

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

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

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