PERIOD UNDER REVIEW: October 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 higher (with the exception of wheat prices) in October 2020 than the previous month. The following table shows mark to market prices as traded on SAFEX.

Table 1: Mark-to-market prices for Summer Crops and Winter Cereals as traded on SAFEX

MTM 30/10/2020 (expressed in R/MT)		Month end 30/10/19) R/MT	Year on year change	Month end 30/09/2020) R/MT	Month end 31/08/2020) R/MT
Commodity	**Nov-20**	**Nov-19**	**Nov 19 vs 20**	**Oct-20**	**Sep-20**
White maize	3599	2763	30%	3314	3119
Yellow maize	3511	2702	29,94%	3255	3077
Wheat	5040	4402	14,5%	5095	5250
Sunflower	8260	5500	50,18%	7500	6911
Soybean Contract	6356,91	4946	28,5%	6178	5605

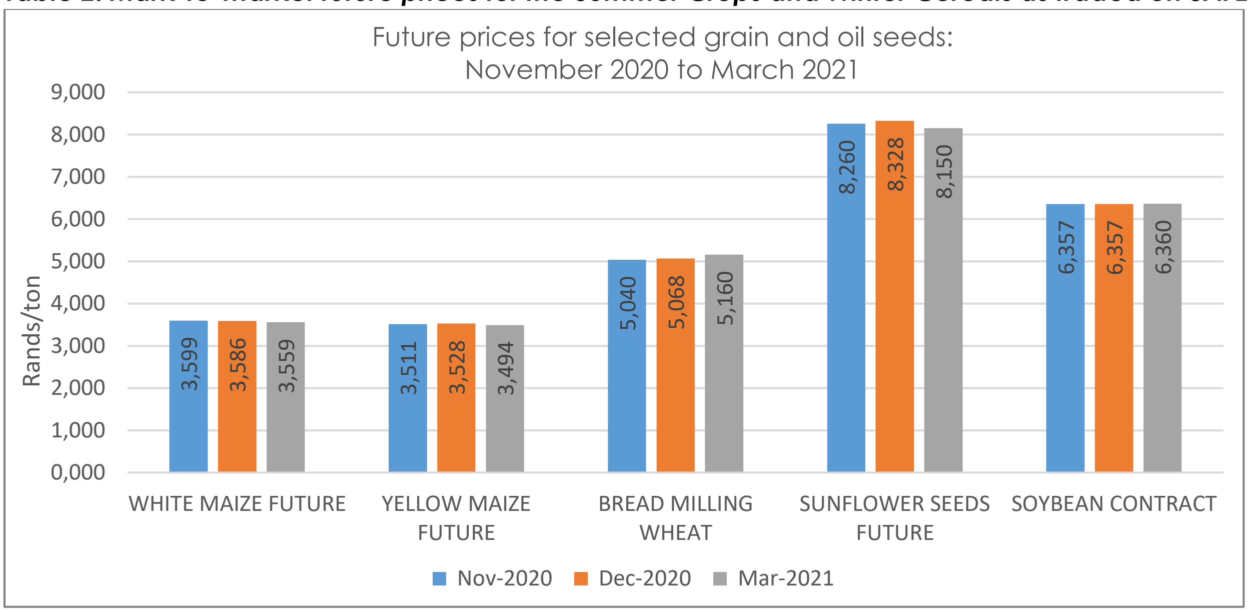
Source: (SAFEX, 2020)

Soybean contract had a highest price increase of R573 (10.2%) per ton, Sunflower R589 (8.5%), White maize R195 (6.3%) and Yellow maize R178 (5.8%) respectively. The price of Wheat decreased by R155 (3%) in October when compared to September 2020. When comparing to the previous year, mark to market prices for delivery in November 2020 were generally high. Sunflower prices increased by R2760 (50.18%) per ton, White maize R836 (30%), Yellow maize R809 (29.94%), Soybean contract R1410 (28.5%), and Wheat R638 (14.5%) respectively (SAFEX, 2020).

Future Prices

The graph below shows mark to market future prices for summer and winter cereals as traded on SAFEX.

Table 2: Mark-to-market future prices for the Summer Crops and Winter Cereals as traded on SAFEX



SAFEX (2020)

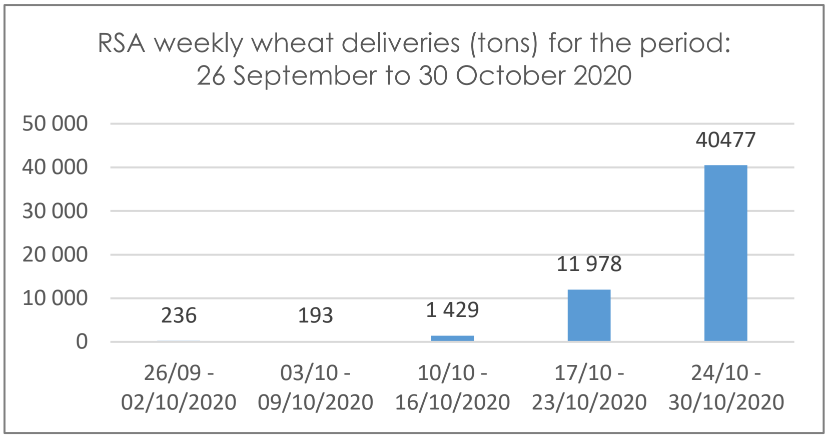
The above graph shows a slight increase of mark to market future prices in December 2020 and a slight decrease of prices in March 2021 for sunflower seeds, wheat, white and yellow maize. Soybean contract prices show a slight increase in March 2021.

1.3. PRODUCER DELIVERIES

1.3.1 Weekly producer deliveries for wheat

Figure 1 below represents weekly producer deliveries of wheat that occurred for the period 26 September to 30 October 2020. During this period, 54 313 tons of wheat were delivered to the market (SAGIS, 2020). As a result, progressive wheat deliveries amounted to 54 313 tons, which represents 2, 54% delivery rate in relation to the crop estimate of 2 134 990 tons for 2020/21 production season.

Figure 1: Weekly wheat deliveries (Tons)



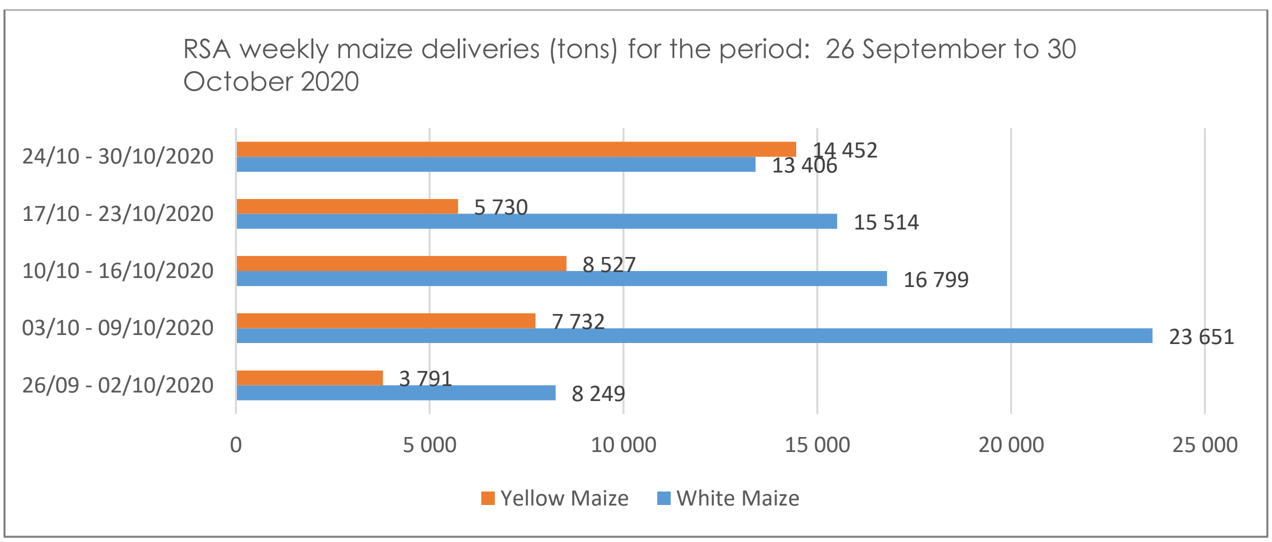
Source (SAGIS, 2020)

Major adjustments occurred during the week ending 23 October 2020, as a result, there was a shortfall of 184 tons of wheat from the expected deliveries.

1.3.2 Weekly producer deliveries for white and yellow maize

During the period 26 September to 30 October 2020, a total of 77 619 tons of white maize were delivered. Major adjustments for white maize deliveries were made during the week ending 02 October 2020. As a result, progressive deliveries amounted to 7 904 540 tons, which represents 90% delivery rate in relation to the crop estimate of 8 874 860 tons for the 2020/21 production season (SAGIS, 2020).

Figure 2: Weekly White and Yellow Maize deliveries (Tons)



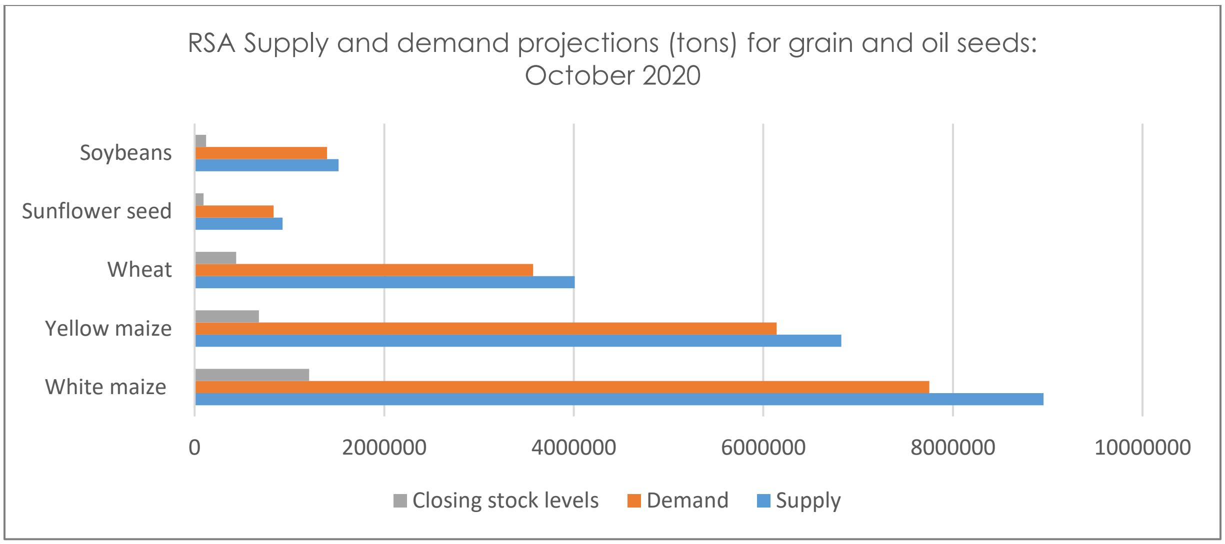
Source (SAGIS, 2020)

During the period, 26 September to 30 October 2020, a total of 40 232 tons of yellow maize were delivered to the market (SAGIS, 2020). The highest adjustment for yellow maize deliveries was made during the week ending 16 October 2020. As a result, progressive deliveries amounted to 5 901 694 tons, which represents 93.89% 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

The **total supply** of selected South African grain and oilseed for the 2020/21 marketing is projected as follows; **white maize** (8 957 033 tons), **yellow maize** (6 820 547 tons) **wheat** (4 008 812 tons), **sunflower seed** (926 735) tons and **soybeans** (1 519 305 tons) respectively.

Figure 3: Supply and demand estimates 2020/21 marketing season



(NAMC 2020)

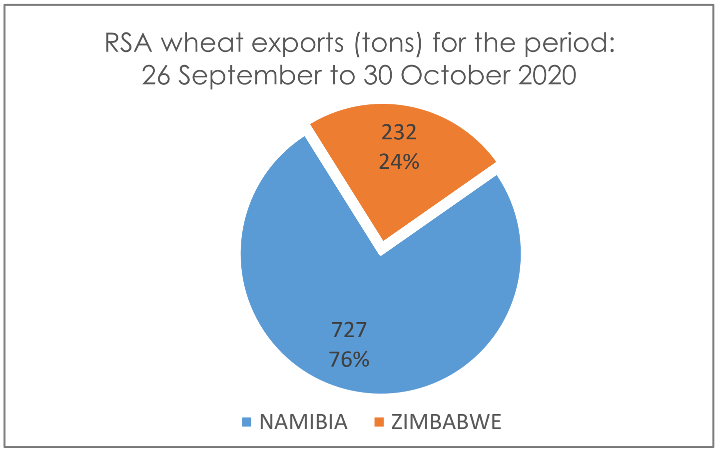
The **total demand (domestic plus exports) for white maize** (7 749 500 tons), **yellow maize** (6 141 000 tons), **wheat** (3 569 600 tons), **sunflower seed** (834 350 tons),) and **soybeans** (1 398 200 tons) respectively (NAMC, 2020). Alternatively, visit the National agricultural Marketing council Website at https://www.namc.co.za to obtain detailed information on supply and demand estimates for selected South African grains and oilseeds.

1.5. EXPORTS, IMPORTS AND RE-EXPORTS

1.5.1 Wheat trade for the 2020/21 marketing season (Tons)

Progressive wheat export during the 2020/21 reporting period is 959 tons. Wheat exports for South Africa amounted to 959 tons for the period 26 September to 30 October 2020. The following graph shows South African wheat export destinations.

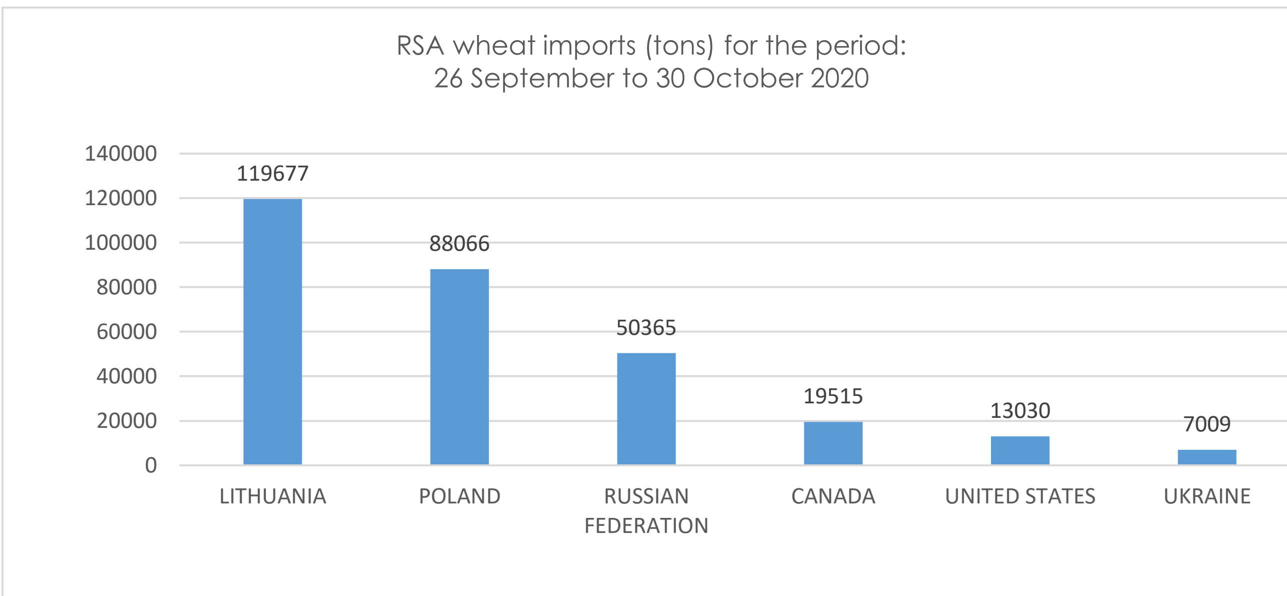
Figure 4: Wheat exports: 26 September to 30 October 2020



Source (SAGIS, 2020)

Wheat exports for South Africa were mainly to Namibia (727 tons)) and Zimbabwe (232 tons).

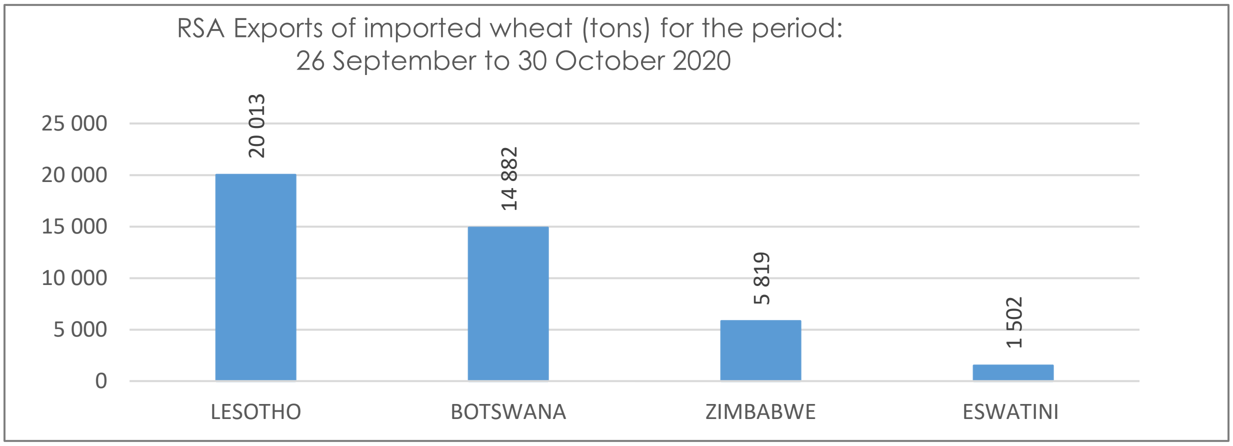
Figure 5: Wheat imports: 26 September to 30 October 2020



Source (SAGIS, 2020)

Wheat imports for South Africa amounted to 297 662 tons for the period 26 September to 30 October 2020. Wheat imports for South Africa were mainly from Lithuania (119 677 tons), Poland (88 066 tons), Russian Federation (50 365 tons).

Figure 6: Exports of imported wheat: 26 September to 30 October 2020



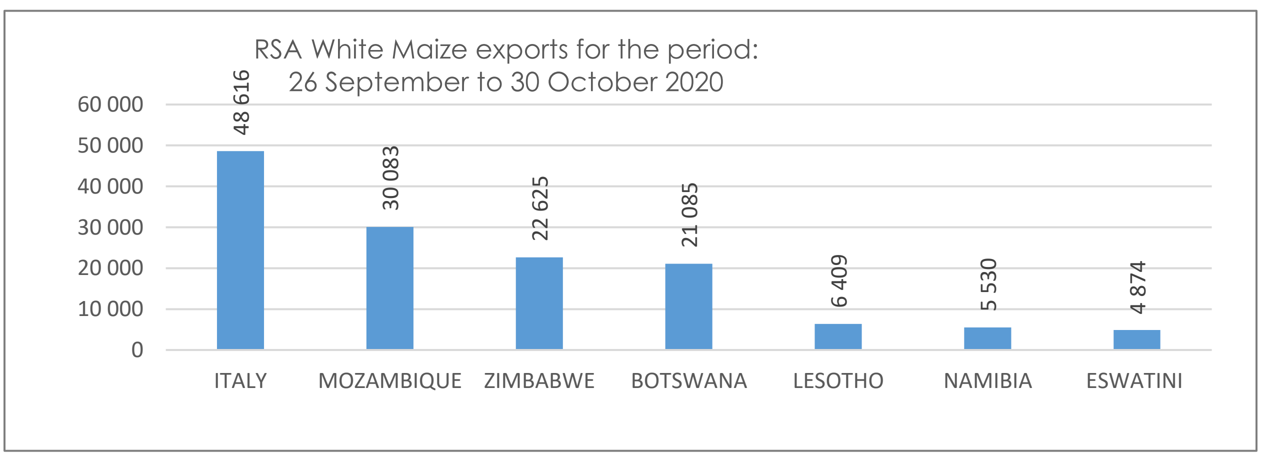
Source (SAGIS, 2020)

Exports of imported wheat for the period, 26 September to 30 October 2020 amounted to 42 216 tons. The destinations for imported wheat were Lesotho (20 013 tons), Botswana (1 482 tons), Zimbabwe (5 819 tons) and Eswatini (1 502 tons).

1.5. 2 White and Yellow Maize trade

Progressive White maize exports during the 2020/21 season are 515 837 tons. White maize exports for South Africa amounted to 139 222 tons during the period, 26 September to 30 October 2020.

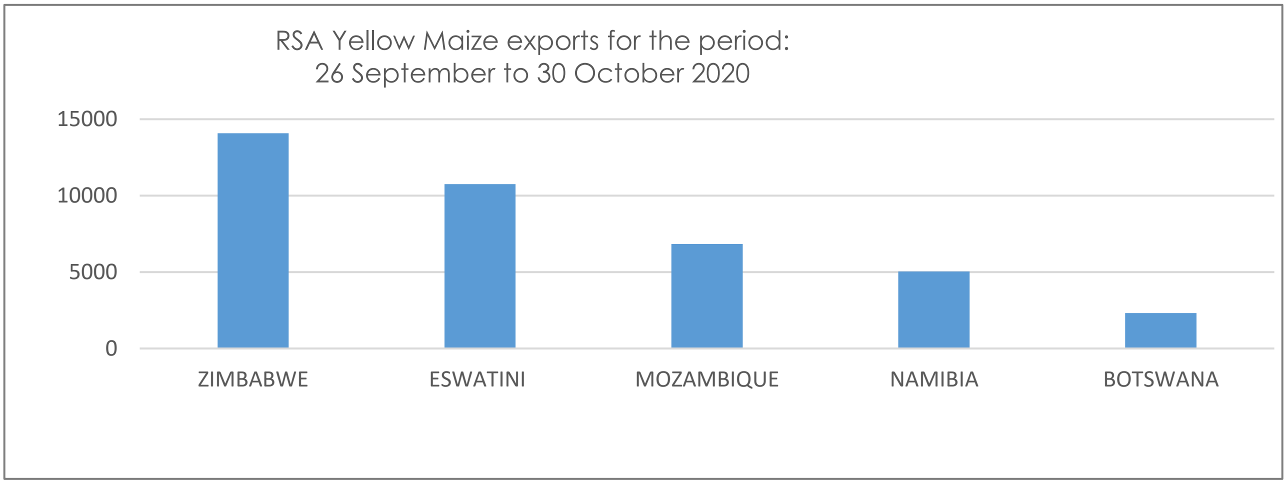
Figure 7: White maize trade for the 2020/21 marketing season (Tons)



Source (SAGIS, 2020)

The main export destinations for South African white maize were Italy (48 616 tons), Mozambique 30 083 tons), Zimbabwe (22 625 tons), Botswana (21 085 tons), Lesotho (6 409 tons), Namibia (5 530 tons) and Eswatini (4 874 tons). There were no imports of white maize due to bumper crop harvested during the current production season. Progressive Yellow maize exports during the 2020/21 season are 1 145 120 tons. Yellow maize exports for South Africa amounted to 39 033 tons during the period, 26 September to 30 October 2020.

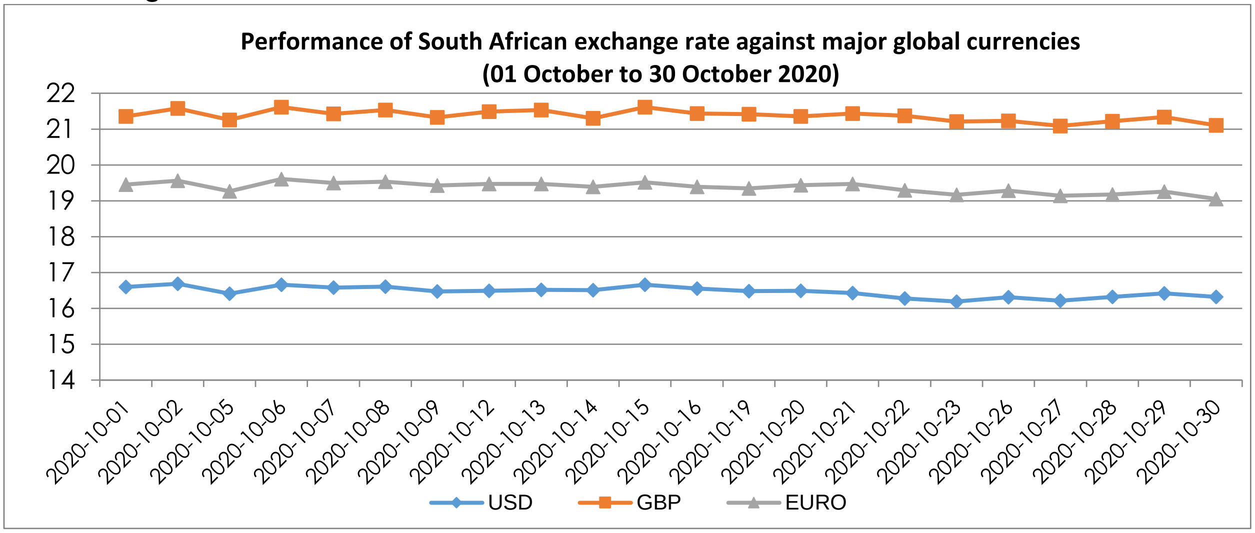
Figure 8: Yellow maize trade for the 2020/21 marketing season (Tons)



The main exports destinations for South African yellow maize were Zimbabwe (14 083 tons), Eswatini (10 752 tons), Mozambique (6 829 tons), Namibia (5 044 tons), and Botswana (2 322 tons). 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 October to 30 October 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 US dollar and Great Britain pound, it can be noted that the rand strengthened by 1.4% and 1.5% respectively. The rand strengthened by 1.7% against the Euro, it traded at R19.39 in October 2020 while it traded at R19.72 in September 2020.

3. ENERGY

The Department of Energy has announced fuel price adjustments with effect from 04 Novermber, 2020.

Table 3: 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	27,00	cents per litre **decrease** in retail price	1389,00
Diesel 0.05% Sulphur	12,00	cents per litre **decrease** in wholesale price	1165.26
Illuminating Paraffin (Wholesale)	15,00	cents per litre **increase** in wholesale price	574.73
LPGAS (maximum retail price)	26,00	cents per kilogram **increase** in the maximum retail price	2389,00

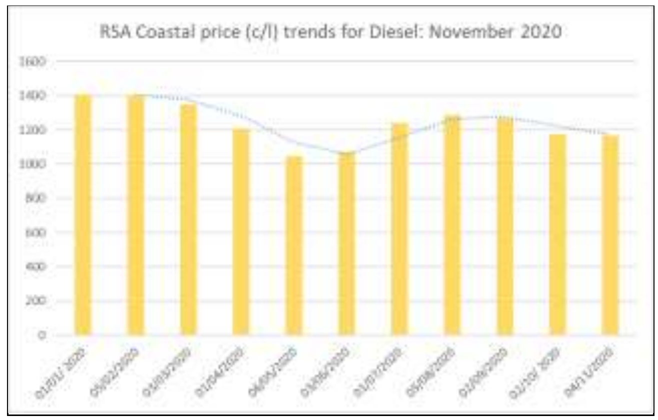
(DOE, 2020)

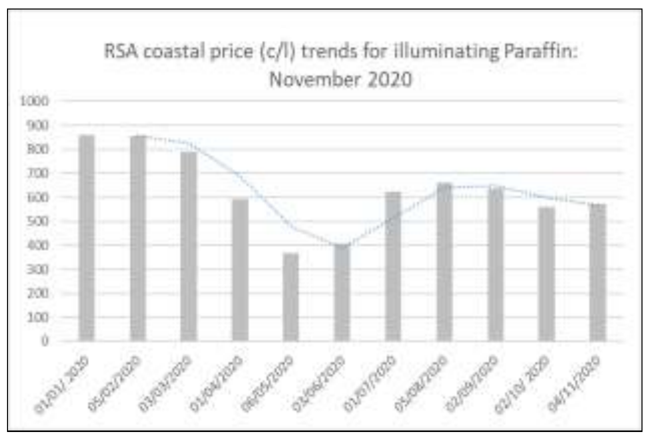
The price of Petrol 95 ULP & LRP decreased by 27 cents. The price of diesel (0.05% sulphur) decreased by 12 cents and illuminating paraffin wholesale price per litre increased by 15 cents. Lastly, LPGAS's maximum retail price increased by 26 cents per kilogram.

Economic factors affecting RSA fuel price adjustment: 02 October to 29 October 2020

During the period under review, there was a decrease in the average international product prices for Petrol and Diesel whilst prices of Illuminating Paraffin increased. On average, the Rand appreciated against the US Dollar compared to the previous month. The average Rand/US Dollar exchange rate for the period 02 October2020 to 29 October 2020 was 16.46 compared to 16,72 during the previous month. This led to lower contribution to the basic fuel prices on petrol, diesel and illuminating paraffin by 7.9c/l, 7.56c/l and 7.16 c/l respectively (DOE, 2020).

RSA fuel price trends: October 2020





4. WEATHER ADVISORY – SEASONAL FORECAST SEPTEMBER TO NOVEMBER 2020

The multi-model rainfall forecast for late and early summer (Sep-Oct-Nov, Oct-Nov-Dec,and Nov-Dec-Jan) indicate increased chances of above normal rainfall over most parts of the country with the main focus being on the summer rainfall areas in the North East of South Africa. In general, most of the country is expected to experience above normal temperatures during spring and late spring, with below-normal maximum temperatures predicted for the north eastern parts of the country during early summer (SAWS, 2020).

Western Cape

The overall water level of state dams across the province is at 80.1% compared to 66.6% in 2019. Brandvlei dam is 68.6% full compared to 53.3% during the same period last year. Clanwilliam dam is 96.5% full compared to 90.6% during the same period last year. The water level in Theewaterskloof is 100.1% compared to 74.7% 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.**

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

For more information, contact:
The Western Cape Department of Agriculture
Programme: Agricultural Economic Services
Division: Marketing and Agribusiness
Tel: 021 808 5211 or 7753
E-mail: sindisiwed@elsenburg.com

DISCLAIMER: This document and its contents have been compiled by the Western Cape Department of Agriculture. The views expressed in this document are those of the Department of Agriculture with regard to market information pertaining to the grain industry, unless otherwise stated. Anyone who uses this information does so at his/her own risk. The Western Cape Department of Agriculture or the author(s) therefore accepts no liability for losses incurred resulting from the use of this information.