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Perspektief | Perspective
Nuusbrief Newsletter

19/08/2016 WEEK 33 - 2016 KLIK HIER VIR DIE AFRIKAANSE WEERGAWE CLICK HERE FOR THE ENGLISH VERSION

In this issue...

GRAIN SA WINS WHEAT TARIFF COURT CASE

» The Court ruled in favour of Grain SA in Pretoria yesterday in an urgent application urging the Government to publish the new wheat import tariff. The new tariff of R1 591.40 per ton triggered on 24 May 2016 and Government dragged their feet in the publishing thereof until the Court made a ruling yesterday. The Court instructed SARS to publish the new tariff in the Government Gazette no later than Wednesday, 24 August 2016.

"It is a sad day that we need to manage Government through the Courts, but at least this worked for us," said Jannie de Villiers, CEO of Grain SA. It already took the Government Departments involved 60 working days without a commitment as to when it will be published. Grain SA also lodged an urgent case in April 2016 for exactly the same reasons, but SARS published the tariff on the day of the Court case - 84 working days later.

Trading in the South African wheat market almost came to a halt given all the uncertainties and delays. We need certainty. It is unfortunate that the consumers did not benefit from this delay as the cheaper international wheat prices were not passed on to the battling consumers by decreasing bread prices.

Grain SA believes that this ruling will assist the whole value chain to bring certainty to the market and give some indication as to some reasonableness in administering these tariffs.

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MAIZE HARVESTING AND DELIVERY PROGRESS - 2016/17 MARKETING SEASON

Petru Fourie, Research Coordinator & Production Cost Analyst, Grain SA

» The harvesting of maize commenced later than normal. The maize took a long time to dry due to various reasons which can be attributed to late plantings and the late occurrence of frost and also rain during harvest time. The white maize delivery rate of the 2016/17 production season is currently slower compared to the previous few seasons, whilst the delivery rate of yellow maize is much faster.

CROP ESTIMATE VS PRODUCER DELIVERIES
The main factors to be taken into account in order to compare producer deliveries with the crop estimate, is to consider the following points, as these are not incorporated into the SAGIS delivery figures:

a. Future deliveries, including supplies still on farms in silo bags, grain dams, bags and farm silos;
b. Direct sales to fellow producers; and
c. Retention on farms for own use (including human consumption, animal feed and seed), as well as wastage during harvesting and transportation.

PROGRESS OF MAIZE DELIVERIES
The progress of maize deliveries, as published by SAGIS, is compared with the size of the 7th crop estimate of the Crop Estimates Committee in Table 1 below. **NB: Please note that points a to c, as mentioned above, have already been taken into account in the CEC's production figure.**

Total maize: The total deliveries for both white and yellow maize, for the first fifteen weeks of the 2016/17 marketing season amount to 5,415 million ton and added to the early deliveries (821 884 ton), 91,3% of the estimated 6.832 million ton have been delivered. **White maize:** Together with early deliveries, thus far 2,583 million ton (85,6%) of the estimated

3,017 million ton white maize crop have been delivered. **Yellow maize:** Currently, during the same period 3,654 million ton (95.8%) of the estimated yellow maize crop have been delivered.

Table 1: Progress of maize deliveries - 2016/17 marketing season (tons)

	White maize	Yellow maize	Total maize
Early deliveries	344 826	477 058	821 884
Marketing season deliveries (weeks 1 to 15)	2 237 933	3 177 416	5 415 349
Total deliveries (early deliveries plus week 1 to 15)	2 582 759	3 654 474	6 237 233
CEC: 7th Crop Estimate	3 097 225	4 164 700	7 261 925
MINUS: Farm usage, seed retention etc (points a-c)	80 000	350 000	430 000
Crop Estimate MINUS farm usage, seed retentions etc (points a-c)	**3 017 225**	**3 814 700**	**6 831 925**
% Maize delivered	**85.6%**	**95.8%**	**91.3%**
Average deliveries last 3 years (%)	**90.7%**	**92.4%**	**91.5%**

Bron: Graan SA, NOK & SAGIS

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INPUT PRICE TRENDS FOR THE NEW SEASON

Corné Louw, Sr Economist: Inputs, Grain SA

» AGRICULTURAL CHEMICALS

Almost 100% of the active ingredients required to manufacture agricultural chemicals are imported to South Africa. International trends and the exchange rate thus play a decisive role in domestic price trends.

Tables 1 and 2 show trends in the prices of international agricultural chemicals (active ingredients). The tables clearly indicate the impact of the exchange rate on domestic prices. A look at pesticide prices indicates a decrease in dollar prices, but because of the exchange rate, prices in the domestic market could move sideways.

Table 1: Pesticide prices: International in Dollar and Rand value

International price (Dollar/ton)			
	July 2015	**July 2016**	**% Change**
	USD/t	USD/t	
Imidacloprid (95%)	14 602	13 309	-8.9%
Lambda-cyhalothrin (95%)	23 482	20 055	-14.6%
Carbofuran (99%)	11 504	9 976	-13.3%
Deltamethrin (98%)	67 231	57 945	-13.8%
R/$	12.47	14.40	+15.5%
International price (Rand/ton)			
	July 2015	**July 2016**	**% Change**
	R/t	R/t	
Imidacloprid (95%)	182 087	191 955	+5.4%
Lambda-cyhalothrin (95%)	292 821	289 252	-1.2%
Carbofuran (99%)	143 455	143 887	+0.3%
Deltamethrin (98%)	838 371	835 745	-0.3%

Where international herbicide prices are concerned, prices have decreased in dollar terms (***Table 2***). The weakening of the rand is however causing the decrease to not filter through to the domestic market. The prices of domestic glyphosate and Atrazine products should continue to be lower than last year at the same time.

Table 2: Herbicide prices: International in Dollar en Rand value

International prices (Dollar/ton)			
	July 2015	**July 2016**	**% Change**
	USD/t	USD/t	
Glyphosate (95%)	3 518	2 826	-19.7%
Acetochlor (92%)	2 826	2 716	-3.9%
Atrazine (97%)	3 092	2 614	-15.5%

Metolachlor (97%)	3 701	3 532	-4.6%
Trifluralin (95%)	4 960	4 399	-11.3%
R/$	**12.47**	**14.40**	**+15.5%**

International prices (Rand/ton)			
	July 2015	**July 2016**	**% Change**
	R/t	R/t	
Glyphosate (95%)	43 869	40 765	-7.1%
Acetochlor (92%)	35 240	39 174	+11.2%
Atrazine (97%)	38 557	37 697	-2.2%
Metolachlor (97%)	46 151	50 942	+10.4%
Trifluralin (95%)	61 851	63 440	+2.6%

FERTILISER

Since South Africa imports a large quantity of its fertiliser requirements, domestic and international prices should correlate well. **Table 3** indicates international prices in Dollar value over a year period, while **Table 4** is an indication of said prices in Rand value. It is clear that international prices have decreased sharply in Dollar value over a one year period. From **Table 4** it is clear that the deterioration in the exchange rate can play a significant role on the international price to trickle into the local market.

Table 5 indicates average domestic fertilizer prices (price list prices). The domestic prices show the same trend as international prices, but it is clear that local prices have not fallen to the same extent.

Remember that these prices aim to show trends and not necessarily focus on the physical price, since international prices are free on board in international ports and domestic prices are average price list prices.

It currently seems that international prices are still showing a declining trend, which means should the exchange rate remain at current levels, local prices may even come down.

Table 3: International fertiliser prices

Average international fertiliser prices (Dollar value)			
	July 2015	**July 2016**	**% Change**
Fertiliser	**Dollar/ton**	**Dollar/ton**	**%**
Ammonia (Middle East)	396	309	**-22.0%**
Urea (46) (Eastern Europe)	274	186	**-32.1%**
DAP (USA Gulf)	468	341	**-27.1%**
Potassium Chloride (CIS)	295	215	**-27.1%**
Rand/Dollar exchange rate	12.47	14.40	**+15.5%**

Table 4: International fertiliser prices

Average international fertiliser prices (Rand value)			
	July 2015	**July 2016**	**% Change**
Fertiliser	**Rand/ton**	**Rand/ton**	**%**
Ammonia (Middle East)	4 937	4 449	**-9.9%**
Urea (46) (Eastern Europe)	3 416	2 678	**-21.6%**
DAP (USA Gulf)	5 835	4 909	**-15.9%**
Potassium Chloride (CIS)	3 678	3 095	**-15.8%**

Table 5: Domestic fertiliser prices

Average domestic fertiliser prices			
	August 2015	**August 2016**	**% Change**
Fertiliser	**Rand/ton**	**Rand/ton**	**%**
CAN (28)	5 546	5 215	**-6.0%**
Urea (46)	6 329	5 681	**-10.2%**
MAP	9 987	9 057	**-9.3%**
Potassium Chloride	7 134	6 741	**-5.5%**

FUEL PRICE FORECAST FOR SEPTEMBER 2016

According to the latest information from the Central Energy Fund, the diesel and petrol prices could decrease by 81 cents per litre and 56 cents per litre respectively on 7 September 2016.

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SENWES FUTURE FOCUS

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INTERESTING GROUND NUT INFORMATION

» The SA Groundnut Forum created a website which publishes interesting local and international ground nut information. The website can be found at the following link: The South African Peanut Pod

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PAY ATTENTION TO THE USE OF AGROCHEMICALS ON GROUNDNUTS

Corné Louw, Sr Economist: Inputs, Grain SA

» The SA Groundnut Forum urged producers to specifically take care when applying post-emergence herbicides to groundnuts. If not applied according to label recommendations, the residue levels in groundnuts can increase above permitted levels.

Because South Africa wishes to export more groundnuts, it is important for local groundnuts to meet international standards. One of the most important requirements for exports is the "maximum chemical residue levels" which are set.

The SA Groundnut Forum compiled a document again this year, stating the maximum residue levels of South Africa, Europe and Japan. The document also stipulates the time period that must pass between the last chemical applications and the subsequent harvesting of the groundnuts.

The complete document can be downloaded at:
http://www.grainsa.co.za/upload/report_files/UPDATED-MRL-LIST-FOR-PEANUTS.pdf

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2015 NEW ERA COMMERCIAL FARMER-WINNER, SOLOMON MASANGO, TALKS ABOUT THE PAST YEAR

» In just over a month's time, Grain SA's New Era Commercial Farmer of the Year for 2016 will be announced at the Day of Celebration. 2015's winner, Solomon Masango farms with maize, soya and cattle in the Carolina district. As the winner, he won a new John Deere tractor and Lise Roberts asked him how winning the competition helped him thus far.

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INVITATION TO PARTICIPATE IN A RESEARCH PROJECT

Landi Kruger, Data Science Coordinator, Grain SA

» Grain SA, in co-operation with the University of Witwatersrand is currently busy with a research project on grain producers' use and application of climate information and how it affects their decisions on farm level. Members who wish to participate, will be required to complete an online survey taking between 10 and 15 minutes to complete. Questions deal with producers' usage of climate information, the 2015/2016 El Nino phenomena, underutilization of climate information, the possible development of a La Nina and how you plan to react to it.

Grain producers in the Free State are invited to participate due to the huge impact of the drought on this province during the past season. Participation in the study is voluntary and your information will be handled as confidential. After completion of the project the data will be published without any reference or linkage to your identity.

If you wish to participate in the study, please send an e-mail to kyle.fiddes.project@gmail.com where after you will receive a link to the questionnaire. Any further enquiries, or if you are interested in the final results of the study, can be directed to Prof Coleen Vogel at Coleen.Vogel@wits.ac.za /011 717 6603) or Kyle Fiddes at 083 657 1210.

Your participation will be highly appreciated.

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Stay inspired...

"It often requires more courage to dare to do right, than to fear to do wrong"

~ Abraham Lincoln

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