MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: APRIL 2017

Issued: 8 May 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During May 2017, significant rainfall events were limited to isolated areas over the central interior and some parts of the north-eastern region of the country.**
- **The projected closing stocks of wheat for the current 2016/17 marketing year are 824 772 tons, which includes imports of 1,4 million tons. It is also 0,3% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 14,536 million tons, which is 86,9% more than the 7,778 million tons of the previous season (2016), which was a drought year.**
- **Projected closing stocks of maize for the previous 2016/17 marketing year are 1,053 million tons, which is 57,4% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2017/18 marketing year are 1,778 million tons, which is 68,9% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 29 918 tons, which is 15,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 149 956 tons, which is 8,1% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 92 422 tons, which is 9,0% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in March 2017 was lower at 6,1%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 5,2% in March 2017.**
- **April 2017 tractor sales of 398 units were just two units less than the 400 units sold in April last year.**

agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Makgoka

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email:MardaS@daff.gov.za or QueenS@daff.gov.za

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1. Weather conditions

1.1 Rainfall for April 2017

During April 2017, significant rainfall events were limited to isolated areas over the central interior and some parts of the north-eastern region of the country (**Figure 1**). Comparing rainfall totals to the long term mean for April 2017, rainfall received was mainly near-normal to above-normal in the central and eastern regions, but below-normal in the far west, the Eastern Cape and selected areas of KwaZulu-Natal (**Figure 2**).

Figure 1: Rainfall in mm for April 2017

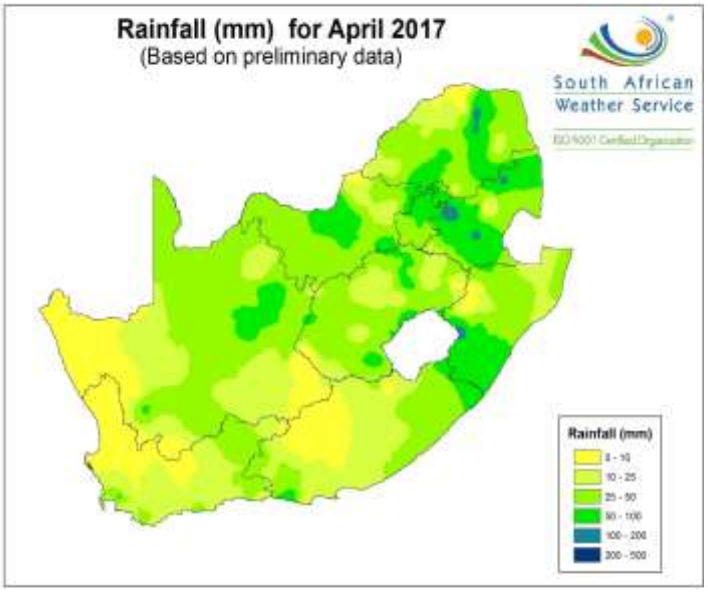
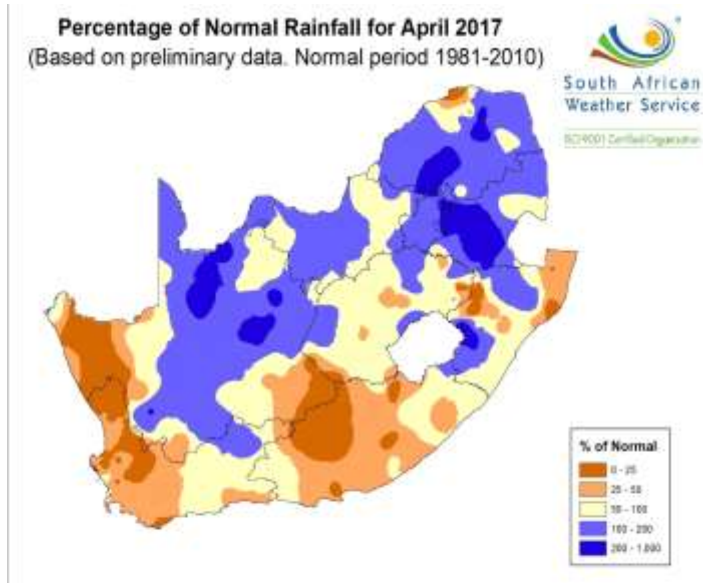


Figure 2: Percentage rainfall for April 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 1 May 2017 indicates that the country has approximately 73% of its full supply capacity (FSC) available, which is 18% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. In both the Northern Cape and Free State provinces, dam levels increased by 31%, followed by North-West with 24%, Limpopo with 18% and Mpumalanga with 15%. All of these provinces show a significant improvement in the full supply capacity compared to the same period last year. However, decreases in the full supply capacity for the same period are evident in the Eastern Cape with minus 10% and the Western Cape with minus 9%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 1 May 2017

Province	Net FSC million cubic meters	**1/5/2017 (%)**	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	**62**	72	-10,0
Free State	15 971	**85**	54	31,0
Gauteng	115	**92**	87	5,0
KwaZulu-Natal	4 669	**54**	51	3,0
Lesotho	2 376	**53**	51	2,0
Limpopo	1 522	**79**	61	18,0
Mpumalanga	2 539	**79**	64	15,0
North West	887	**90**	66	24,0
Northern Cape	146	**98**	67	31,0
Western Cape	1 867	**21**	30	-9,0
Total	31 924	**73**	55	18,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and third production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 25 April 2017, and is as follows:

Table 2: Commercial summer crops: Area planted and third production forecast - 2017 season

CROP	Area planted 2017 Ha (A)	**3rd forecast** **2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	**8 618 400**	1 014 750	3 408 500	152,85
Yellow maize	985 500	**5 917 300**	932 000	4 370 000	35,41
Total Maize	2 628 600	**14 535 700**	1 946 750	7 778 500	86,87
Sunflower seed	635 750	**853 470**	718 500	755 000	13,04
Soybeans	573 950	**1 233 130**	502 800	742 000	66,19
Groundnuts	56 000	**86 600**	22 600	17 680	389,82
Sorghum	42 350	**153 480**	48 500	70 500	117,70
Dry beans	45 050	**67 150**	34 400	35 445	89,45
TOTAL	3 981 700	**16 929 530**	3 273 550	9 399 125	80,12

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017
1) As mid October 2016

- The size of the expected commercial **maize** crop has been set at 14,536 million tons, which is 86,87% or 6,757 million tons more than the 7,778 million tons of the previous season. The area estimate for maize remained unchanged at 2,629 million ha, while the expected yield is 5,53 t/ha - the highest ever.
- The estimated maize crop is 87% bigger than the 2016 crop, which was the smallest crop since 2007. The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 82% of the 2017 crop.
- The area estimate for white maize is 1,643 million ha and for yellow maize the area estimate is 985 500 ha.
- The production forecast of **white maize** is 8,618 million tons, which is 152,85% or 5,210 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 5,25 t/ha. In the case of **yellow maize** the production forecast is 5,917 million tons, which is 35,41% or 1,547 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 6,00 t/ha.
- The production forecast for **sunflower seed** is 853 470 tons, which is 13,04% or 98 470 tons more than the 755 000 tons of the previous season. The area estimate for sunflower seed is 635 750 ha, while the expected yield is 1,34 t/ha.
- The production forecast for **soybeans** is 1,233 million tons, which is 66,19% or 491 130 tons more than the 742 000 tons of the previous season. It is the largest soybean crop produced in the history of South Africa. The estimated area planted to soybeans is 573 950 ha and the expected yield is 2,15 t/ha.
- The expected **groundnut** crop is 86 600 tons, which is 389,82% or 68 920 tons more than the 17 680 tons of 2016. The area estimate is 56 000 ha and the expected yield of 1,55 t/ha.
- The production forecast for **sorghum** is 153 480 tons, which is 117,70% or 82 980 tons more than the 70 500 ton of 2016. The area estimate for sorghum is 42 350 ha. The expected yield is 3,62 t/ha.

- In the case of **dry beans**, the production forecast is 67 150 tons, which is 89,45% or 31 705 tons more than the 35 445 tons of the previous season. The area estimate of dry beans was 45 050 ha, with an expected yield of 1,49 t/ha.

Please note that the fourth production forecast for summer field crops for 2017 will be released on 26 May 2017.

2.2 Winter cereal crops

The intentions to plant winter cereals for the 2017 production season was released by the Crop Estimates Committee (CEC) on 25 April 2017, and is as follows:

Table 3: Commercial winter crops: Intentions to plant - 2017 season

CROP	**Intentions* 2017 Ha (A)**	Area planted 2016 Ha (B)	Final estimate 2016 Tons (C)	Change % (A) ÷ (B)
Wheat	**496 350**	508 365	1 909 540	-2,36
Malting barley	**96 000**	88 695	354 065	8,24
Canola	**90 000**	68 075	105 460	32,21
Total	**682 350**	665 135	2 369 065	2,59

* Based on conditions at the middle of April 2017

- Producers' intentions to plant winter cereals are based on the results of a non-probability survey conducted by the Directorate: Statistics and Economic Analysis of the Department of Agriculture, Forestry and Fisheries and reflects the position as at the middle of April 2017.
- The figures for wheat represent the total number of hectares that are intended to be planted for grain, excluding any hectares that will be planted for fodder and grazing.
- Early indications are that producers intend to plant 496 350 ha of **wheat** for the 2017 season. This is 2,36% or 12 015 ha less than 508 365 ha planted to wheat in 2016. The main producing areas are within the Western Cape with 325 000 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 96 000 ha, which is 8,24% or 7 305 ha more than the 88 695 ha of the previous year.
- The expected area planted to **canola** is 90 000 ha, which is 32,21 or 21 925 ha more than the 68 075 ha planted in 2016.

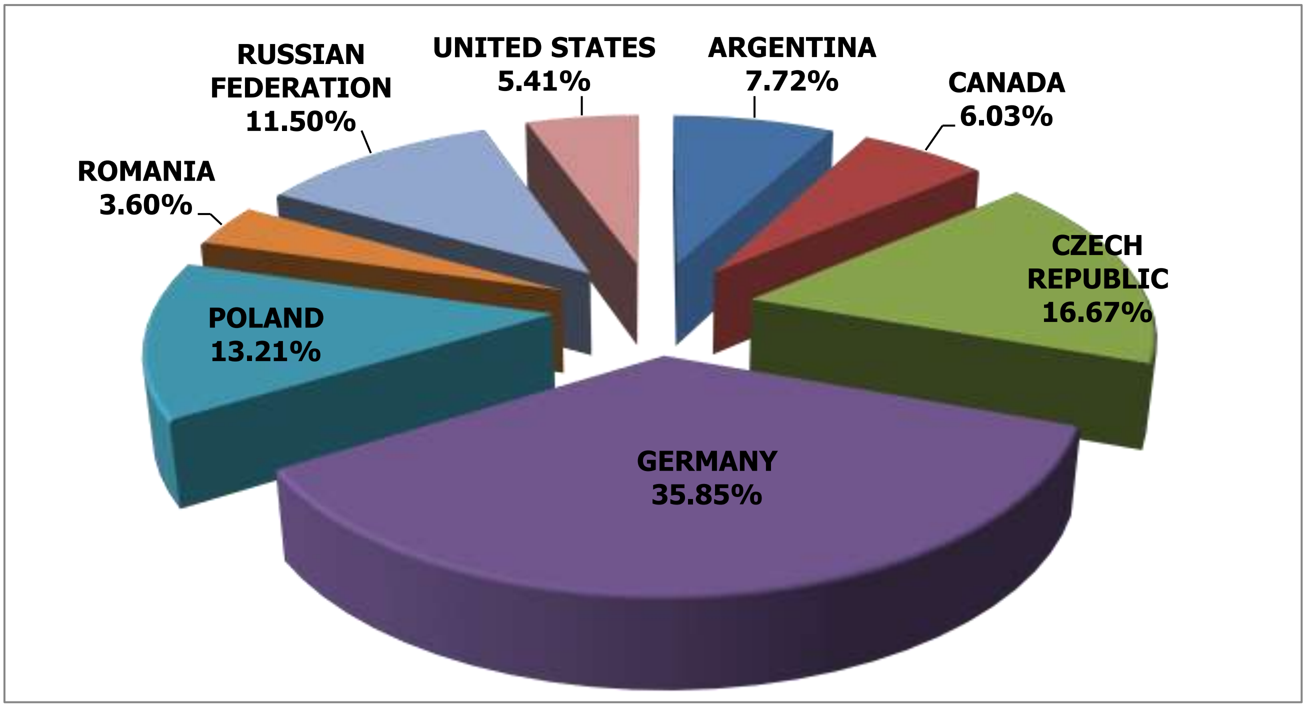
Please note that the preliminary area estimate of winter crops for 2017 will be released on 26 July 2017.

3. Cereal balance sheets

For the latest Cereal balance sheets (supply and demand tables) on maize, wheat, sorghum, sunflower seed and soybeans please refer to the attachment called FSB Apr17 Annexure A.

3.1 Imports and exports of wheat for the 2016/17 marketing year

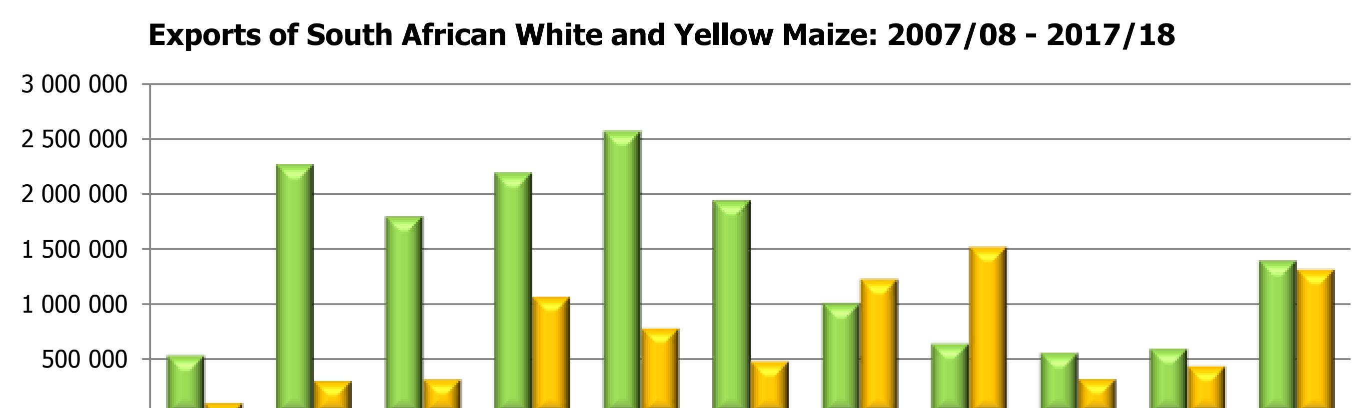
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 28 April 2017) amount to 461 480 tons, with 35,85% or 165 456 tons imported from Germany, followed by the Chez Republic (16,67% or 76 950 tons), Poland (13,21% or 60 973 tons), Russian Federation (11,50% or 53 087 tons), Argentina (7,72% or 35 613 tons), Canada (6,03% or 27 841 tons), the United States (5,41% or 24 960 tons) and Romania (3,60% or 16 600 tons). The exports of wheat for the above-mentioned period amount to 60 730 tons, of which 46,36% or 28 153 tons went to the BLNS Countries, 35,38% or 21 489 tons to Zimbabwe, 13,33% or 8 096 tons to Zambia and only 4,93% or 2 992 tons were exported to Mozambique.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2007/08 to 2017/18 marketing year



	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18*
Series1	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	595 000	1 395 000
Series2	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	435 000	1 310 000

*Projection

- The exports of white maize for the 2016/17 marketing year are projected 595 000 tons, which represents an increase of 6,81% compared to the 557 063 tons of the previous marketing year. Yellow maize exports are projected at 435 000 tons, which represents an increase of 34,78% compared to the 322 748 tons of the previous marketing year.
- The exports of white maize for the 2017/18 marketing year are projected 1,395 million tons, which represents a significant increase of 134,45% compared to the 595 000 tons of the previous marketing year. Yellow maize exports are projected at 1,310 million tons, which also represents a noteworthy increase of 201,15% compared to the 435 000 tons of the previous marketing year.
- From 30 April 2016 to 28 April 2017, progressive white maize exports amount to 525 079 tons, with the main destinations being the BLNS Countries (66,82% or 350 847 tons), Zimbabwe (22,66% or 119 003 tons), Mozambique (8,00% or 42 009 tons), Tanzania (1,92% or 10 105 tons), Malawi (0,54% or 2 827 tons) and Zambia (0,05% or 288 tons). The imports of white maize for the mentioned period amount to 664 529 tons, of which 78,26% or 520 043 tons were from Mexico and 21,74% or 144 486 tons from the United States.
- From 30 April 2016 to 28 April 2017, progressive yellow maize exports amount to 289 140 tons, with the main destinations being the BLNS Countries (57,64% or 166 656 tons), Zimbabwe (30,99% or 89 594 tons), Mozambique (9,27% or 26 795 tons), Democratic Peoples Republic of Korea (2,06% or 5 963 tons), and Zambia (0,05% or 132 tons). The imports of yellow maize for the mentioned period amount to 1,593 million tons, of which 62,15% or 989 783 tons were from Argentina, 23,33% or 371 559 tons from Ukraine, 6,31% or 100 485 tons from the United States, 5,93% or 94 462 tons from Brazil and 2,28% or 36 382 tons from Romania.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 6,1% in March 2017, down from 6,3% in February 2017. The consumer price index increased by 0,6% month-on-month in March 2017.
- Contributions to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages decreased from 1,7% in February to 1,5% in March. The index increased by 8,7% year-on-year;
  - Transport increased from 1,0% in February to 1,1% in March. The index increased by 7,7% year-on-year;
  - Education increased from 0,1% in February to 0,2% in March. The index increased by 7,0% year-on-year; and
  - Miscellaneous goods and services increased from 1,1% in February to 1,2% in March. The index increased by 7,5% year-on-year.
- Contributions to monthly consumer price inflation were as follows:
  - Food and non-alcoholic beverages contributed 0,1% in March. The index increased by 0,5% month-on-month;
  - Alcoholic beverages and tobacco contributed 0,1% in March. The index increased by 1,7% month-on-month;
  - Housing and utilities contributed 0,2% in March. The index increased by 0,9% month-on-month; and
  - Education contributed 0,2% in March. The index increased by 7,0% month-on-month.
- In March the CPI for goods increased by 7,0% year-on-year (down from 7,1% in February), and the CPI for services increased by 5,4% year-on-year (down from 5,6% in February).
- Provincial annual inflation rates ranged from 4,9% in Northern Cape to 7,0% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,2% in March 2017 (compared with 5,6% in February 2017). From February 2017 to March 2017 the PPI for final manufactured goods increased by 0,3%.
- The main contributors to the annual rate of 5,2 % were food products, beverages and tobacco products (2,2%), as well as coke, petroleum, chemical, rubber and plastic products (2,2%).
- The contributors to the monthly increase of 0,3% were textiles, clothing and footwear (0,1%); coke, petroleum, chemical, rubber and plastic products (0,1%); metals, machinery, equipment and computing equipment (0,1%); furniture and other manufacturing (0,1%); and transport equipment (-0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was 6,8% in March 2017 (compared with 7,0% in February 2017). From February 2017 to March 2017 the PPI for intermediate manufactured goods increased by 1,0%.
- The main contributors to the annual rate of 6,8% were chemicals, rubber and plastic products (2,5%), sawmilling and wood (1,7%), as well as basic and fabricated metals (1,6 %). The main contributor to the monthly increase of 1,0% was chemicals, rubber and plastic products (0,7%).
- The annual percentage change in the PPI for electricity and water was 10,8% in March 2017 (compared with 9,3% in February 2017). From February 2017 to March 2017 the PPI for electricity and water decreased by 0,8%.
- The contributors to the annual rate of 10,8% were electricity (9,1%) and water (1,6%). The contributor to the monthly decrease of 0,8% was electricity (-0,8%).
- The annual percentage change in the PPI for mining was 6,0% in March 2017 (compared with 12,2% in February 2017). From February 2017 to March 2017 the PPI for mining decreased by 4,4%.
- The main contributors to the annual rate of 6,0% were non-ferrous metal ores (2,7%), as well as coal and gas (2,0%). The main contributors to the monthly decrease of 4,4% were stone quarrying, clay and diamonds (-2,1%), coal and gas (-1,2%), as well as non-ferrous metal ores (-1,2%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -4,2% in March 2017 (compared with -3,2% in February 2017). From February 2017 to March 2017 the PPI for agriculture, forestry and fishing decreased by 2,9%.
- The main contributor to the annual rate of -4,2% was agriculture (-5,3%). The main contributor to the monthly decrease of 2,9% was agriculture (-2,7%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Friday, 5 May 2017

	5 May 2017	5 April 2017	% Change
RSA White Maize per ton (May 2017 contract)	R1 935,00	R2 065,00	-6,30
RSA Yellow Maize per ton (May 2017 contract)	R2 033,00	R2 130,00	-4,55
RSA Wheat per ton (May 2017 contract)	R4 390,00	R4 376,00	0,32
RSA Sunflower seed per ton (May 2017 contract)	R4 615,00	R4 742,00	-2,68
RSA Soya-beans per ton (May 2017 contract)	R4 814,00	R5 027,00	-4,24
Exchange rate R/$	R13,57	R13,80	-1,67

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- April 2017 tractor sales of 398 units were just two units less than the 400 units sold in April last year. On a year-to-date basis tractor sales are now only approximately 4% down on 2016. April 2017 combine harvester sales of 30 units were approximately 43% up on the 21 units sold in April last year. Combine harvester sales for the year-to-date are almost 19% up on 2016.
- Overall, crop prospects look very good. The maize crop forecast of 14,5 million tons is marginally less that the all-time record crop of 14,7 million tons in 1981. The maize yield this season is forecasted to be 5,53 t/ha - the highest yield ever. The soya bean crop, at 1,23 million tons, is the largest crop ever produced. However, these excellent crop prospects have had an adverse effect on crop prices. At this stage of the season, farmers are cautiously optimistic, waiting to see exactly what their crop harvests will actually be.
- Expectations for 2017 are that overall tractor sales should be at least as good as those in 2016.

Table 5: Agricultural machinery sales

	Year-on-year		**Percentage**	**Year-to-date**		**Percentage**
	April		**Change**	**April**		**Change**
Equipment class	**2017**	**2016**	**%**	**2017**	**2016**	**%**
Tractors	398	400	-0,50	2 066	2 145	-3,68
Combine harvesters	30	21	42,86	87	73	19,18

Source: SAAMA press release, May 2017

PLEASE NOTE: the Food Security Bulletin for May 2017 will be released on **5 June 2017**.

5. Acknowledgements

The Directorate: Statistics and Economic Analysis makes use of information sourced from various institutions and organisations within South Africa in order to compile the monthly report on South Africa's Food Security Situation. This report has been compiled with the aid of information and reports sourced from the following institutions and organisations:

- Agbiz
- Agfacts
- Department of Water Affairs (DWA)
- Farmer's Weekly
- Grain South Africa (GrainSA)
- IGC Grain Market Report
- National Agricultural Marketing Council (NAMC)
- South African Agricultural Machinery Association (SAAMA)
- South African Futures Exchange (SAFEX)
- South African Reserve Bank
- Statistics South Africa (Stats SA)
- The South African Supply and Demand Estimates Report (SASDE)
- The South African Grain Information Service (SAGIS)
- The South African Weather Service (WeatherSA)
- USDA Foreign Service
- UT Grain Management (Pty) Ltd
- Weekly Price Watch, DAFF