MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: APRIL 2018

Issued: 8 May 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During April 2018, significant rainfall events were limited to the central and eastern parts of the country.**
- **The projected closing stocks of wheat for the current 2017/18 marketing year are 497 474 tons, which includes imports of 1,93 million tons. It is also 45,7% more than the previous years' ending stocks.**
- **The third production forecast of maize for 2018 is 12,827 million tons, which is 23,7% less than the previous seasons' crop 16,820 million tons.**
- **Projected closing stocks of maize for the 2017/18 marketing year are 3,879 million tons, which is 254,4% more than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,374 million tons, which is 13,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 41 646 tons, which is 29,7% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 99 596 tons, which is 35,7% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 571 635 tons, which is 72,9% more than the previous years' ending stocks**
- **The headline CPI (for all urban areas) annual inflation rate in March 2018 was lower at 3,8%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 3,7% in March 2018.**
- **March 2018 tractor sales of 726 units were significantly (41%) higher than the 515 units sold in March 2017.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for April 2018

During April 2018, significant rainfall events were limited to the central and eastern parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for April 2018, rainfall received for the mentioned period was below-normal throughout the country (**Figure 2**).

Figure 1: Rainfall in mm for April 2018

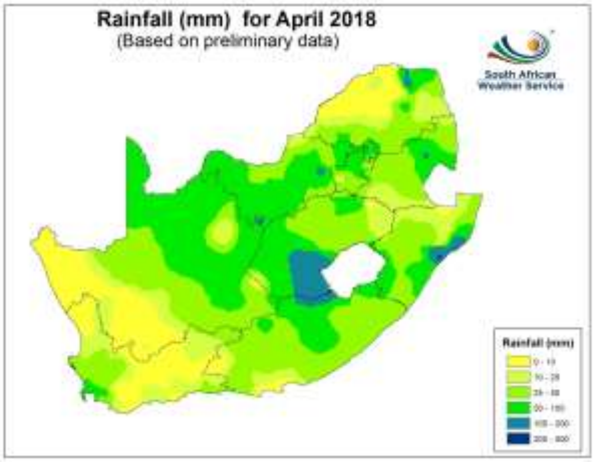
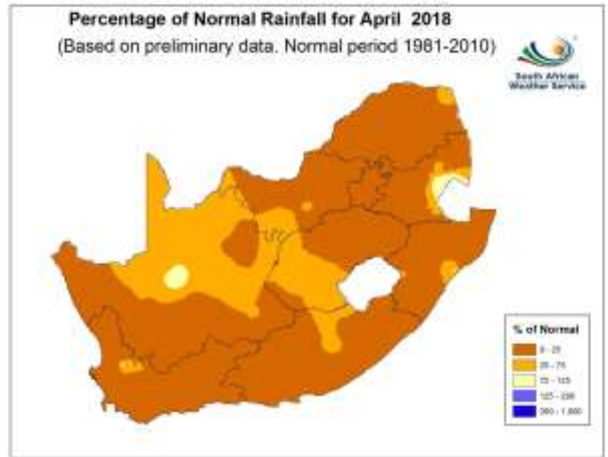


Figure 2: Percentage rainfall for April 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 30 April 2018 indicates that the country has approximately 81% of its full supply capacity (FSC) available, which is 8% more than the corresponding period in 2017. The dam levels in the Free State (+13%), Gauteng (+9%), KwaZulu-Natal (+7%), Eastern Cape (+7%), and Mpumalanga (+3%), all show increases as compared to 2017. However, all the other provinces show decreases in the full supply capacity for the mentioned period. The North West Province shows the highest decrease in the full supply capacity with -17%, followed by minor decreases in the Western Cape Province with -4%, Northern Cape with -2%, and Limpopo province with -1%.

The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 30 April 2018

Province	Net FSC million cubic meters	**30/4/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 854	**69**	62	7,0
Free State	15 945	**98**	85	13,0
Gauteng	115	**101**	92	9,0
KwaZulu-Natal	4 802	**65**	58	7,0
Lesotho	2 363	**56**	54	2,0
Limpopo	1 522	**77**	78	-1,0
Mpumalanga	2 539	**82**	79	3,0
North West	881	**73**	90	-17,0
Northern Cape	147	**94**	96	-2,0
Western Cape	1 866	**17**	21	-4,0
Total	**32 034**	**81**	73	8,0

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 2018 was released by the Crop Estimates Committee (CEC) on 25 April 2018, and is as follows:

Table 2: Commercial summer crops: Area planted and third production forecast - 2018 season

CROP	**Area planted 2018 Ha (A)**	**Third forecast 2018 Tons (B)**	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (B) ÷ (D)
White maize	**1 268 100**	**6 629 660**	1 643 100	9 916 000	-33,14
Yellow maize	**1 050 750**	**6 197 150**	985 500	6 904 000	-10,24
Total Maize	**2 318 850**	**12 826 810**	2 628 600	16 820 000	-23,74
Sunflower seed	**601 500**	**792 255**	635 750	874 000	-9,35
Soybeans	**787 200**	**1 430 300**	573 950	1 316 000	8,69
Groundnuts	**56 300**	**80 600**	56 000	92 050	-12,44
Sorghum	**28 800**	**84 750**	42 350	152 000	-44,24
Dry beans	**53 360**	**65 610**	45 050	68 525	-4,25
Total	**3 846 010**	**15 280 325**	3 981 700	19 322 575	-20,92

Note: Estimate is for calendar year, e.g. production season 2017/18 = 2018

- The size of the expected **commercial maize crop** has been set at 12,827 million tons, which is 23,74% or 4,0 million tons less than the previous season of 16,820 million tons. The area estimate for maize is 2,319 million ha, while the expected yield is 5,53 t/ha.
- The estimated maize crop is 24% smaller than the 2017 crop, which was the highest crop ever (16,820 million tons). The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 82% of the 2018 crop.
- The area estimate for white maize is 1,268 million ha and for yellow maize the area estimate is 1,051 million ha.
- The production forecast of **white maize** is 6,630 million tons, which is 33,14% or 3,286 million tons less than the 9,916 million tons of the previous season. The yield for white maize is 5,23 t/ha. In the case of **yellow maize** the production forecast is 6,197 million tons, which is 10,24% or 706 850 tons less than the 6,904 million tons of the previous season. The yield for yellow maize is 5,90 t/ha.
- The production forecast for **sunflower seed** is 792 255 tons, which is 9,35% or 81 745 tons less than the 874 000 tons of the previous season. The area estimate for sunflower seed is 601 500 ha, while the expected yield is 1,32 t/ha.
- The production forecast for **soybeans** is 1,430 million tons, which is 8,69% or 114 300 tons more than the 1,316 million tons of the previous season. It is the largest soybean crop produced in the history of SA. The estimated area planted to soybeans is 787 200 ha and the expected yield is 1,82 t/ha.
- The expected **groundnut** crop remained unchanged at 80 600 tons. The area estimate is 56 300 ha and the expected yield is 1,43 t/ha.
- The production forecast for **sorghum** also remained unchanged at 84 750 tons, whilst the area estimate for sorghum is 28 800 ha. The expected yield is 2,94 t/ha.
- In the case of **dry beans**, the production forecast is 65 610 tons, which is 4,25% or 2 915 tons less than the 68 525 tons of the previous season. The area estimate of dry beans is 53 360 ha, with an expected yield of 1,23 t/ha.

Please note that the fourth production forecast for summer field crops for 2018 will be released on 29 May 2018.

2.2 Winter cereal crops

The intentions to plant for winter crops for 2018 was released also by the Crop Estimates Committee (CEC) on 25 April 2018, and is as follows:

Table 3: Commercial winter crops: Intentions to plant – 2018 season

CROP	**Intentions* 2018 Ha (A)**	Area planted 2017 Ha (B)	Final estimate 2017 Tons (C)	Change % (A) ÷ (B)
Wheat	**500 500**	491 600	1 524 750	1,81
Malting barley	**95 700**	91 380	307 064	4,73
Canola	**78 500**	84 000	93 468	-6,55
Total	**674 700**	666 980	1 925 282	1,16

* Based on conditions at the middle of April 2018.

- 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 2018.
- 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 500 500 ha of **wheat** for the 2018 production season. This is 1,81% or 8 900 ha more than 491 600 ha planted to wheat in 2017.
- The main producing areas are within the Western Cape with 320 000 ha (64%), followed by the Free State with 95 000 ha (19%) and the Northern Cape with 37 000 ha (7%).
- The expected area planted to **malting barley** is 95 700 ha, which is 4,73% or 4 320 ha more than the 91 380 ha of the previous season. The expected area planted to **canola** is 78 500 ha, which is 6,55% or 5 500 ha less than the 84 000 ha planted in 2017.

Please note that the preliminary area estimate of winter crops for 2018 will be released on 26 July 2018.

2.3 Non-commercial maize

Table 4: Non-commercial maize – preliminary area planted and production estimate: 2018

CROP	Area planted 2018 Ha (A)	Production 2018 Tons (B)	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	236 644	414 162	248 500	463 600	-10,66
Yellow maize	78 191	179 813	118 150	267 400	-32,76
Maize	314 835	593 975	366 650	731 000	-18,74

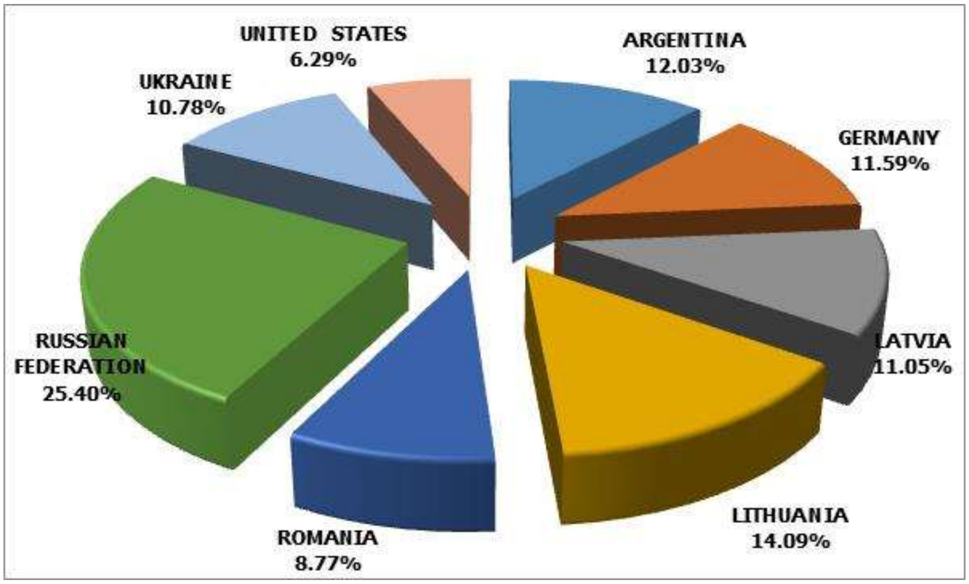
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season. It is important to note that about 40% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

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 Apr18 Annexure A.

3.1 Imports and exports of wheat for the 2017/18 marketing year

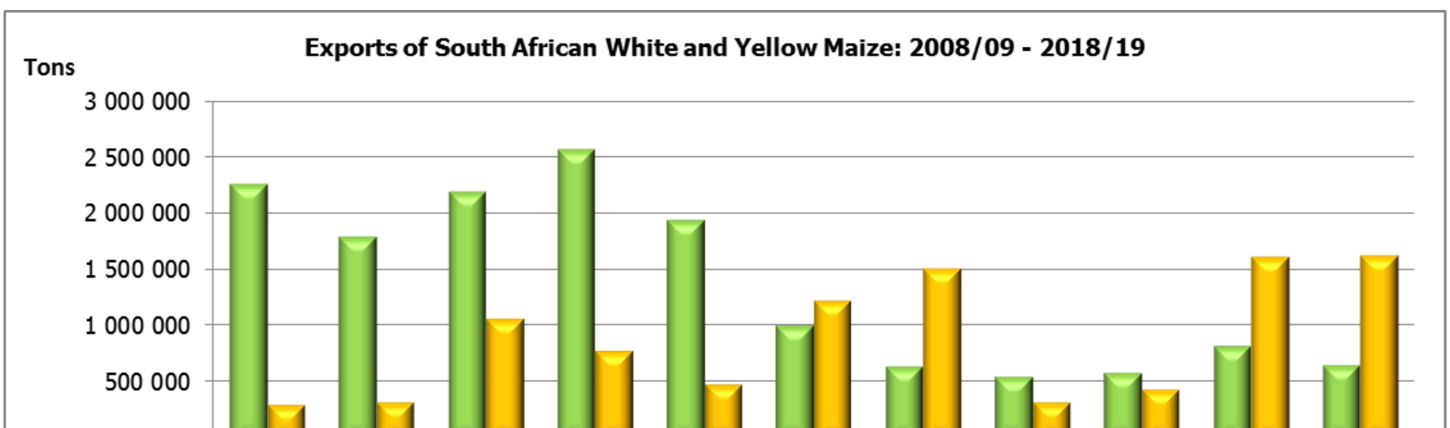
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 4 May 2018) amount to 1,154 million tons, with 25,40% or 293 034 tons imported from the Russian Federation, followed by Lithuania (14,09% or 162 533 tons), Argentina (12,03% or 138 817 tons), Germany (11,59% or 133 689 tons), Latvia (11,05% or 127 531 tons), Ukraine (10,78% or 124 337 tons), Romania (8,77% or 101 161 tons) and the United States (6,29% or 72 505 tons). The exports of wheat for the above-mentioned period amount to 32 437 tons, of which 74,97% or 24 318 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 22,52% or 7 305 tons and Zimbabwe with 2,51% or 814 tons.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2008/09 to 2018/19 marketing year



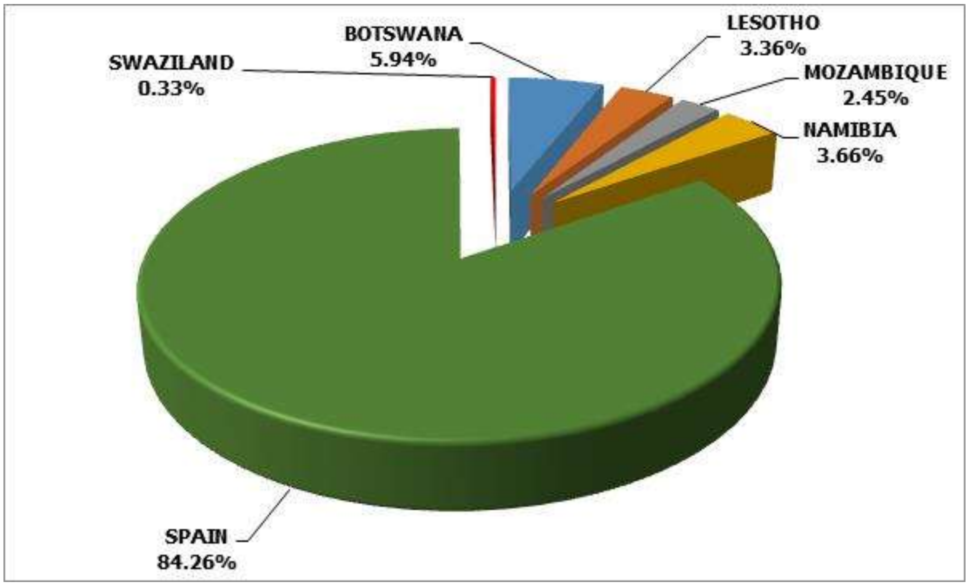
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	825 000	660 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 610 000	1 630 000

*Projection

- The exports of white maize for the 2017/18 marketing year are projected 825 000 tons, which represents an increase of 40,44% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,610 million tons, which represents a significant increase of 266,84% compared to the 438 879 tons of the previous marketing year.

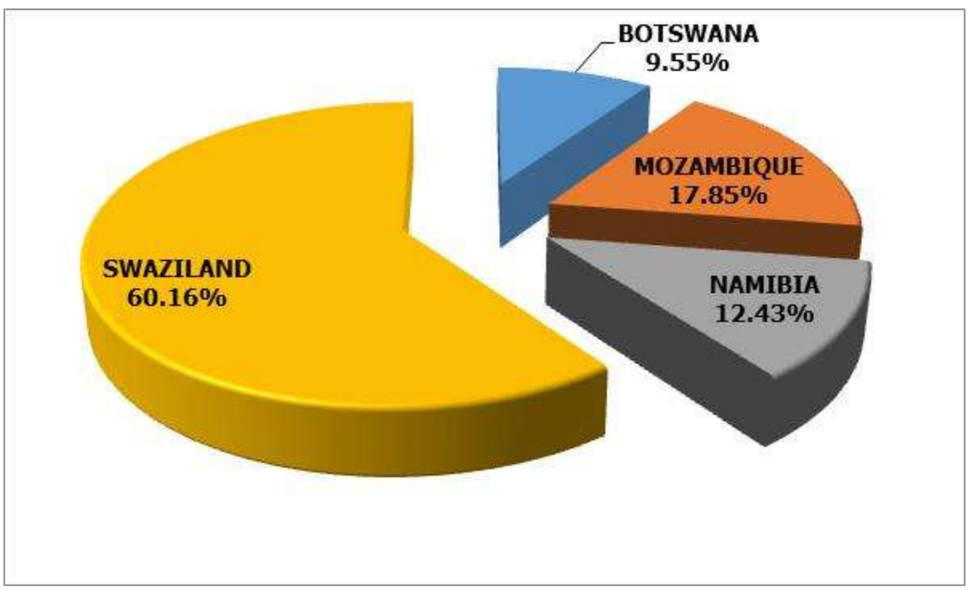
- The exports of white maize for the 2018/19 marketing year are projected 660 000 tons, which represents a decrease of 20,00% compared to the 825 000 tons of the previous marketing year. Yellow maize exports are projected at 1,630 million tons, which represents an increase of 1,24% compared to the 1,610 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2018/19 marketing year



- From 28 April to 4 May 2018, progressive white maize exports amount to 63 283 tons, with the main destinations being Spain (84,26% or 53 325 tons), Botswana (5,94% or 3 758 tons), Namibia (3,66% or 2 316 tons), Lesotho (3,36% or 2 124 tons), Mozambique (2,45% or 1 550 tons) and Swaziland (0,33% or 210 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2018/19 marketing year



- From 28 April to 4 May 2018, progressive yellow maize exports amount to 2 470 tons, with the main destinations being Swaziland (60,16% or 1 486 tons), Mozambique (17,85% or 441 tons), Namibia (12,43% or 307 tons) and Botswana (9,55% or 236 tons). The imports of yellow maize for the mentioned period amount to zero.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 3,8% in March 2018, down from 4,0% in February 2018. The consumer price index increased by 0,4% month-on-month in March 2018.
- The main contributors to headline annual consumer price inflation were as follows:
    - Food and non-alcoholic beverages decreased from 0,7% in February to 0,6% in March. The index increased by 3,5% year-on-year;
    - Alcoholic beverages and tobacco decreased from 0,4% in February to 0,3% in March. The index increased by 5,2% year-on-year; and
    - Transport decreased from 0,5% in February to 0,4% in March. The index increased by 2,8% year-on-year.
- The main contributor to monthly consumer price inflation were as follows:
    - Alcoholic beverages and tobacco contributed 0,1% in March. The index increased by 0,9% month-on-month;
    - Housing and utilities contributed 0,2% in March. The index increased by 1,0% month-on-month;
    - Transport contributed -0,1% point in March. The index decreased by 0,7% month-on-month; and
    - Education contributed 0,2% in March. The index increased by 6,7% month-on-month.
- In March the CPI for goods increased by 2,6% year-on-year (down from 3,2% in February), and the CPI for services increased by 5,1% year-on-year (up from 4,9% in February).
- Provincial annual inflation rates ranged from 2,7% in North West to 4,4% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,7% in March 2018 (compared with 4,2% in February 2018). From February 2018 to March 2018 the PPI for final manufactured goods decreased by 0,2%.
- The main contributors to the annual rate of 3,7% were coke, petroleum, chemical, rubber and plastic products (1,2%), transport equipment (0,7%), as well as paper and printed products (0,6%). The main contributor to the monthly decrease of 0,2% was coke, petroleum, chemical, rubber and plastic products (-0,3%).
- The annual percentage change in the PPI for intermediate manufactured goods was -1,3% in March 2018 (compared with 0,4% in February 2018). From February 2018 to March 2018 the PPI for intermediate manufactured goods decreased by 0,7%. The main contributors to the annual rate of -1,3% were chemicals, rubber and plastic products (-1,4%), as well as basic and fabricated metals (-1,1%). The main contributors to the monthly decrease of 0,7% were basic and fabricated metals (-0,4%), as well as chemicals, rubber and plastic products (-0,3%).
- The annual percentage change in the PPI for electricity and water was 3,5% in March 2018 (compared with 3,5% in February 2018). From February 2018 to March 2018 the PPI for electricity and water decreased by 0,8%. The contributors to the annual rate of 3,5% were water (1,5%) and electricity (2,1%). The contributor to the monthly decrease of 0,8% was electricity (-0,8%).
- The annual percentage change in the PPI for mining was -3,1% in March 2018 (compared with -4,3% in February 2018). From February 2018 to March 2018 the PPI for mining decreased by 3,2%. The main contributors to the annual rate of -3,1% were stone quarrying, clay and diamonds (-3,5%) and gold and other metal ores (-3,5%). The main contributors to the monthly decrease of 3,2% were stone quarrying, clay and diamonds (-1,7%) and non-ferrous metal ores (-0,8%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 3,9% in March 2018 (compared with 5,7% in February 2018). From February 2018 to March 2018 the PPI for agriculture, forestry

and fishing decreased by 4,5%. The main contributor to the annual rate of 3,9% was agriculture (2,7%). The main contributor to the monthly decrease of 4,5% was agriculture (-4,1%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Friday, 4 May 2018

	4 May 2018	4 April 2018	% Change
RSA White Maize per ton (May. 2018 contract)	R2 091,00	R1 919,00	8,96
RSA Yellow Maize per ton (May. 2018 contract)	R2 199,00	R2 013,00	9,24
RSA Wheat per ton (May. 2018 contract)	R3 939,00	R3 828,00	2,90
RSA Sunflower seed per ton (May. 2018 contract)	R4 615,00	R4 635,00	-0,43
RSA Soya-beans per ton (May. 2018 contract)	R4 674,00	R4 523,00	3,34
Exchange rate R/$	R12,62	R11,89	6,14

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- March 2018 tractor sales of 726 units were significantly (41%) up on the 515 units sold in March 2017. On a year-to-date basis, tractor sales for the first three months of the year are approximately 12% up on what they were this time last year. March combine harvester sales of 25 units were two units more than the 23 units sold in March 2017, but sales for the year-to-date are approximately 5% down on last year.
- Although March 2018 tractor sales exceeded most expectations, the fundamentals in the market in regard to crop prospects and prices and the relatively strong rand remain largely unchanged. Most commercial tractor buyers do not need to make their buying decisions immediately and can delay these decisions for a month or two, when crop prospects will be more definite. What has bolstered the market this month is government tenders.
- Industry forecasts for the 2018 calendar year are that tractor sales should be at least at similar levels to 2017 sales.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	March		Change	March		Change
Equipment class	**2018**	**2017**	**%**	**2018**	**2017**	**%**
Tractors	726	515	40,97	1 872	1 668	12,23
Combine harvesters	25	23	8,70	54	57	-5,26

Source: SAAMA press release, April 2018

PLEASE NOTE: The Food Security Bulletin for May 2018 will be released on **11 June 2018**.

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