MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: AUGUST 2014

Issued: 3 September 2014

Directorate: Statistics and Economic Analysis

Highlights:

- **During August 2014, significant rainfall events were limited to the south-western parts of the Western Cape Province.**
- **The expected production of wheat for 2014 is 1,780 million tons, which is 4,8% less than the previous seasons' crop of 1,870 million tons.**
- **The projected closing stocks of wheat for the current 2013/14 marketing year are 548 043 tons, which includes imports of 1,7 million tons. It is also 12,0% more than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2014/15 marketing year are 555 483 tons, which includes imports of 1,8 million tons. It is also 1,4% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2014 is 14,307 million tons, which is 21,1% more than the 11,811 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 2,196 million tons, which is considerably more (272,8%) than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 126 239 tons, which is 152,1% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in July 2014 was lower at 6,3%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 8,0% in July 2014.**
- **Real gross domestic product at market prices (2nd quarter of 2014) increased by 0,6% quarter-on-quarter.**
- **July 2014 tractor sales of 578 units were approximately 2% down on the 588 units reported in July 2013.**

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

Contents

1. Weather conditions

Rainfall for August 2014

During August 2014, significant rainfall events were limited to the south-western parts of the Western Cape Province **(Figure 1)**. Comparing rainfall totals to the long term average for August 2014, rainfall was above-normal over the Northern Cape, as well as the western parts of the North West and Free State provinces **(Figure 2)**. In other regions of the country, the rainfall received was normal to below-normal.

Figure 1: Rainfall (mm) for August 2014

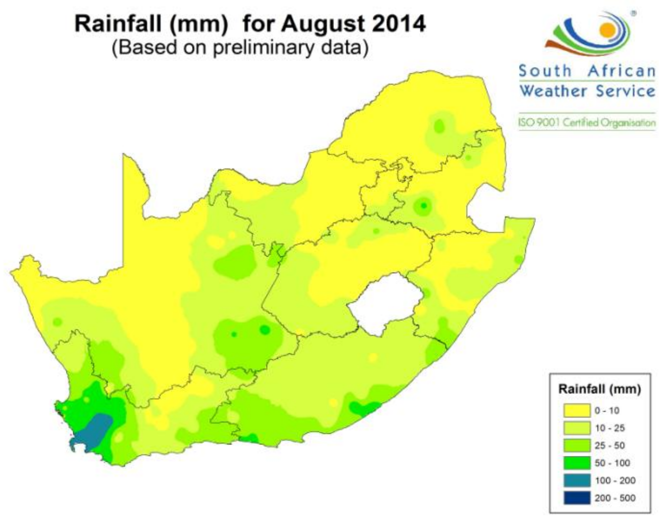
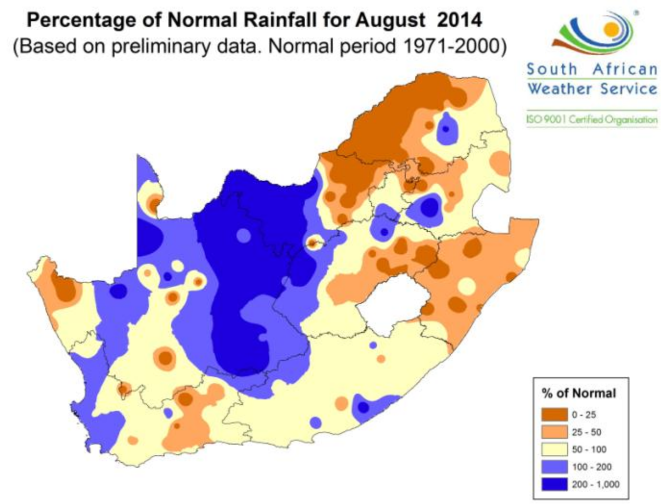


Figure 2: Percentage rainfall for August 2014



1.1 Level of dams

Available information on the level of South Africa's dams on 1 September 2014 indicates that the country has approximately 84% of its full supply capacity (FSC) available, 4% more than the corresponding period in 2013. Most of the provinces show an improvement in the full supply capacity of dams, especially in the Gauteng (96%), Northern Cape (95%) and Mpumalanga (91%) provinces. However, KwaZulu-Natal still shows a decrease of 5% compared to the same period in 2013. The provincial distribution of South Africa's water supply is contained in **Table 1** below.

Table 1: Level of dams, 1 September 2014

Province	Net FSC million cubic meters	**1/9/2014 (%)**	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 826	77	75	2,0
Free State	15 971	88	80	8,0
Gauteng	115	96	76	20,0
KwaZulu-Natal	4 669	79	84	-5,0
Lesotho	2 376	62	66	-4,0
Limpopo	1 504	88	70	18,0
Mpumalanga	2 520	91	85	6,0
North West	802	77	65	12,0
Northern Cape	146	95	80	15,0
Western Cape	1 854	93	93	0,0
Total	31 783	**84**	**80**	4,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The seventh production forecast for summer crops for 2014 was released by the Crop Estimates Committee (CEC) on 27 August 2014, and is as follows:

Table 2: Commercial summer crops: Area planted and seventh production forecast - 2014 season

CROP	**Area planted 2014 Ha (A)**	**7th forecast 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	**1 551 200**	**7 697 350**	1 617 200	5 606 800	37,29
Yellow maize	**1 137 000**	**6 609 700**	1 164 000	6 203 800	6,54
Maize	**2 688 200**	**14 307 050**	2 781 200	11 810 600	21,14
Sunflower seed	**598 950**	**853 325**	504 700	557 000	53,20
Soya-beans	**502 900**	**944 340**	516 500	784 500	20,37
Groundnuts	**52 125**	**78 090**	46 900	41 500	88,17
Sorghum	**78 850**	**268 920**	62 620	147 200	82,69
Dry beans	**55 820**	**82 130**	43 550	60 200	36,43
TOTAL	**3 976 845**	**16 533 855**	3 955 470	13 401 000	23,38

Note: Estimate is for calendar year, e.g. production season 2013/14 = 2014

- The size of the expected **commercial maize** crop has been set at 14,307 million tons, which is 21,1% or 2,496 million tons higher than the previous season's 11,811 million tons. The area estimate for maize is 2,688 million ha, while the expected yield is 5,32 t/ha.
- The area estimate for white maize is 1,551 million ha and for yellow maize the area estimate is 1,137 million ha.
- The production forecast of **white maize** is 7,697 million tons which is 37,3% or 2,091 million tons more than the 5,607 million tons of the previous season. The yield for white maize is 4,96 t/ha. In the case of **yellow maize** the production forecast is 6,610 million tons, which is 6,5% or 405 900 tons more than the 6,203 million tons of the previous season. The yield for yellow maize is 5,81 t/ha.
- The production forecast for **sunflower seed** is 853 325 tons, an increase of 53,2% compared to the 557 000 tons of the previous season. The area estimate for sunflower seed is 598 950 ha, with an expected yield of 1,42 t/ha.
- The production forecast for **soya-beans** is 944 340 tons, which is 20,4% more than the 784 500 tons of the previous season. The area estimate is 502 900 ha, and the expected yield is 1,88 t/ha.
- The expected **groundnut crop** was increased by 88,2% to 78 090 tons, as compared to the 41 500 tons of the previous season. For groundnuts, the area estimate is 52 125 ha, with an expected yield of 1,50 t/ha.
- The production forecast for **sorghum** is 268 920 tons, which is 82,7% more than the 147 200 tons of the previous season. The area estimate for sorghum is 78 850 ha, and the expected yield is 3,41 t/ha.
- In the case of **dry beans**, the production forecast is 82 130 tons, which is 36,4% more than the 60 200 tons of the previous season. The area estimate of dry beans is 55 820 ha, and the expected yield is 1,47 t/ha.

Please note that the final production estimate for summer field crops for 2014, will be released on 30 September 2014.

2.2 Winter cereal crops

The revised area estimate and first production forecast for winter cereals for 2014 was also released by the CEC on 27 August 2014, and is as follows:

Table 3: Commercial winter crops: Preliminary area planted estimate - 2014 season

CROP	**Area planted 2014** **Ha** **(A)**	**1st Forecast 2014** **Tons** **(B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Wheat	**468 000**	**1 779 950**	505 500	1 870 000	-4,82
Malting barley	**85 125**	**313 080**	81 320	267 500	17,04
Canola	**90 000**	**139 500**	72 165	112 000	24,55
Total	**643 125**	**2 232 530**	658 985	2 249 500	-0,75

*Intentions based on conditions at the middle of April 2014

- The expected production of **wheat** is 1,780 million tons, which is 4,8% or 90 050 tons less than the previous seasons' crop of 1,870 million tons, whilst the expected yield is 3,80 t/ha.
- The area estimate for wheat was revised to 468 000 ha, which is 16 000 ha less than the 484 000 ha of the previous forecast. An estimated 310 000 ha or 66% is planted in the Western Cape, 60 000 ha or 13% in the Free State and 38 000 ha or 8% in the Northern Cape.
- The production forecast for **malting barley** is 313 080 tons, which is 17,0% or 45 580 tons more than the previous seasons' crop of 267 500 tons. The area planted is estimated at 85 125 ha, while the expected yield is 3,68 t/ha.
- The expected **canola** crop is 139 500 tons, which is 24,6% or 27 500 tons more than the previous seasons' crop of 112 000 tons. The area estimate for canola is 90 000 ha, with an expected yield of 1,55 t/ha.

Please note that the second production forecast of the winter cereal crops for 2014, will be released on 30 September 2014.

2.3 Non-commercial maize - 2014

The area planted to and production of non-commercial maize for 2014 was also released by the CEC on 29 July 2014, and is as follows:

Table 4: Non-commercial maize – Area planted and production estimate - 2014 season

CROP	**Area planted 2014** **Ha** **(A)**	**Production 2014** **Tons** **(B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	**288 100**	**447 500**	320 105	459 995	-2,72
Yellow maize	**119 900**	**227 500**	136 795	215 095	5,77
Maize	**408 000**	**675 000**	456 900	675 090	-0,01

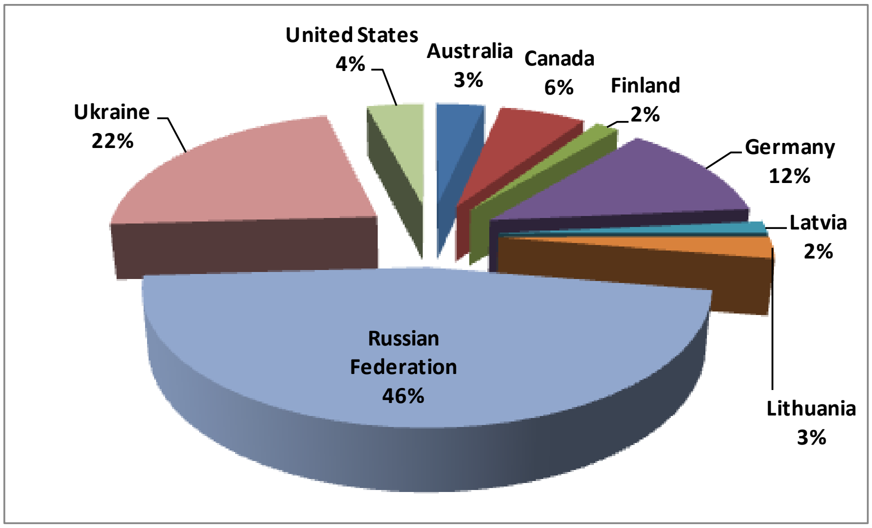
- The area planted to maize in the non-commercial agricultural sector is estimated at 408 000 ha, which represents a decrease of 10,7% compared to the 456 900 ha of the previous season. The expected maize crop for this sector is 675 000 tons, which is more or less the same than the 675 090 tons of last season.

3. Cereal balance sheets

For the latest Cereal balance sheets (supply and demand tables) on maize, wheat and sorghum, please refer to the attachment called FSB Aug14 Annexure A.

3.1 Imports and exports of wheat for the 2013/14 marketing year

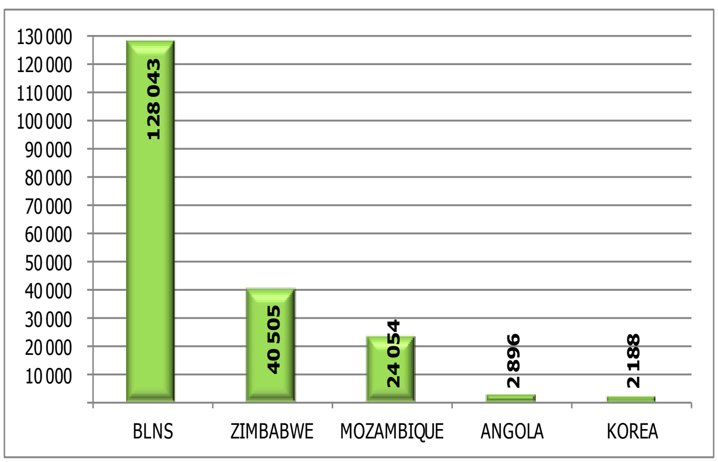
Graph 1: Major countries of wheat imports for South Africa: 2013/14 marketing year



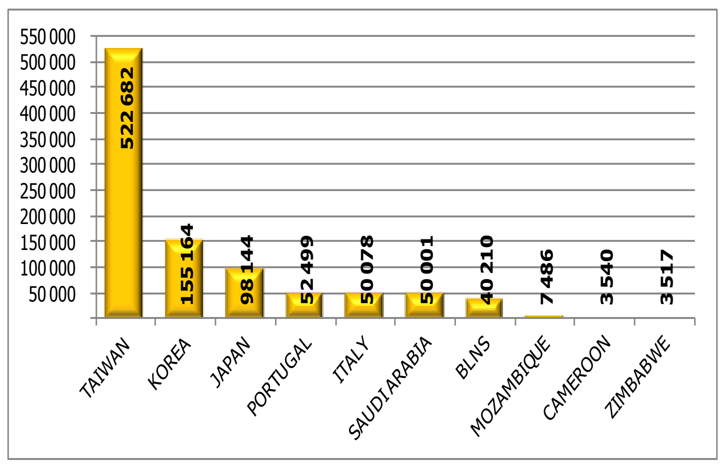
- The progressive wheat imports from 28 September 2013 to 29 August 2014, amount to 1,493 million tons, with the largest quantity (46,4% or 692 509 tons) imported from the Russian Federation followed by Ukraine (22,0% or 327 820 tons), and Germany (12,3% or 183 903 tons). The exports of wheat for the mentioned period amount to 237 933 tons, of which 77,1% or 183 519 tons were exported to the BLNS countries.

3.2 Exports of white and yellow maize for the 2014/15 marketing year

Graph 2: Major countries of white maize exports



Graph 3: Major countries of yellow maize exports



- From 26 April to 29 August 2014, progressive white maize exports amount to 197 686 tons, with the main destinations being the BLNS countries (64,8% or 128 043 tons) and Zimbabwe (20,5% or 40 505 tons). No imports were reported for the mentioned period.
- From 26 April to 29 August 2014, progressive yellow maize exports amount to 983 321 tons, with the main destinations being Taiwan (53,2% or 522 682 tons), Korea (15,8% or 155 164 tons), Japan (10,0% or 98 144 tons), Portugal (5,3% or 52 499 tons) and Italy (5,1% or 50 078 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in July 2014 was 6,3%. This rate was 0,3% lower than the corresponding annual rate of 6,6% in June 2014. On average, prices increased by 0,8% between June 2014 and July 2014.
- The annual inflation rate slowed to 6,3% in July from the 6,6% registered in the preceding two months. Most municipalities introduce new tariffs in July each year resulting in housing and utilities contributing 0,5 of the 0,8% monthly increase in the CPI. Electricity tariffs increased 7,0%, slightly lower than the maximum 7,4% stipulated by NERSA, the energy regulator. Water and assessment rates, which are not regulated, increased more – at 9,2% and 7,2%, respectively.
- The petrol price increased by a moderate 29c/l (2,2% month-on-month) in July bringing the annual increase in petrol down to 8,3% from the short term peak of 14,3% just two months ago. Last July the annual increase in the petrol price was a massive 22,6%.
- Food inflation appears to be moderating as prices drop from last month in the bread and cereals (-1%), meat (-0,3%) and fats and oils (-1,4%) categories. The drops are largely as a result of improved harvests of grains (maize and wheat) and oil bearing plants (sunflowers). Maize forms a large part of the feed for cattle and chickens.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Free State (6,3%), Gauteng (6,3%) and Mpumalanga (6,2%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (6,5%), Northern Cape (6,7%), Eastern Cape (6,8%), KwaZulu-Natal (6,8%), North West (7,2%) and Limpopo (7,5%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 8,0% in July 2014 (compared with 8,1% in June 2014). From June 2014 to July 2014 the PPI for final manufactured goods increased by 0,5%.
- The main contributors to the annual rate of 8,0% were food products, beverages and tobacco products (7,9% year-on-year and contributing 2,9%), coke, petroleum, chemical, rubber and plastic products (9,1% year-on-year and contributing 1,5%), metals, machinery, equipment and computing equipment (8,3% year-on-year and contributing 1,2%), as well as transport equipment (8,0% year-on-year and contributing 0,8%). The main contributor to the monthly increase of 0,5% was food products, beverages and tobacco products (0,8% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for electricity and water was 7,8% in July 2014 (compared with 8,2% in June 2014). From June 2014 to July 2014 the PPI for electricity and water increased by 9,0%. The contributors to the annual rate of 7,8% were electricity (7,9% year-on-year and contributing 7,0%) and water (7,0% year-on-year and contributing 0,9%). The contributors to the monthly increase of 9,0% were electricity (9,8% month-on-month and contributing 8,5%) and water (4,3% month-on-month and contributing 0,6%).
- The annual percentage change in the PPI for mining was 7,8% in July 2014 (compared with 5,8% in June 2014). From June 2014 to July 2014 the PPI for mining increased by 1,0%. The main contributors to the annual rate of 7,8% were non-ferrous metal ores (14,1% year-on-year and contributing 6,1%), as well as coal and gas (5,5% year-on-year and contributing 1,6%). The main contributor to the monthly increase of 1,0% was non-ferrous metal ores (2,2% month-on-month and contributing 1,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 3,9% in July 2014 (compared with 4,5% in June 2014). From June 2014 to July 2014 the PPI for agriculture, forestry and fishing decreased by 0,6%. The main contributor to the annual rate of 3,9% was agriculture (3,3% year-on-year and contributing 2,6%). The main contributor to the monthly decrease of 0,6% was agriculture (-1,1% month-on-month and contributing -0,8%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Monday, 1 September 2014

	1 September 2014	1 August 2014	% Change
RSA White Maize per ton (Sep. 2014 contract)	R1 682,00	R1 799,00	-6,50
RSA Yellow Maize per ton (Sep. 2014 contract)	R1 715,00	R1 868,00	-8,19
RSA Wheat per ton (Sep. 2014 contract)	R3 750,00	R3 731,00	0,51
RSA Sunflower seed per ton (Sep. 2014 contract)	R4 243,00	R4 530,00	-6,34
RSA Soya-beans per ton (Sep. 2014 contract)	R5 300,00	R5 440,00	-2,57
Exchange rate R/$	R10,65	R10,74	-0,84

Source: JSE/SAFEX

4.4 Gross Domestic Product - 2nd Quarter of 2014

- Real gross domestic product at market prices increased by 0,6% quarter-on-quarter, seasonally adjusted and annualised.
- The largest contributors to the quarter-on-quarter increase of 0,6% were as follows:
  - General government services and the transport, storage and communication industry each contributed 0,4% based on increases of 2,9% and 4,0%, respectively; and
  - Finance, real estate and business services contributed 0,3% based on an increase of 1,5%.
- Key economic developments
- The following points should be noted when analysing the recent performance of the economy:
  - Economic activity in the transport, storage and communication industry reflected positive growth of 4,0%, due to increased activities in the land transport, air transport and transport support services and communication industry;
  - The growth in finance, real estate and business services was due to increases in banking activities;
  - Economic activity in the mining and quarrying industry reflected negative growth of 9,4%, due to lower production in the mining of gold and the mining of other metal ores (including platinum); and
  - Economic activity in the manufacturing industry reflected negative growth of 2,1%, due to lower production in the following divisions: Food, beverages and tobacco; petroleum, chemical products, rubber and plastic products; motor vehicles, parts and accessories and other transport; and glass and non-metallic mineral products.

4.5 Agricultural machinery sales

- July 2014 tractor sales of 578 units were approximately 2% down on the 588 units reported in July 2013. Sales for the seven months year-to-date are now almost 8% down on the same period last year.
- July 2014 combine harvester sales of 20 units were significantly up on the 14 units sold in July 2013. On a year-to-date basis combine harvester sales are now 7% down on the same period last year.
- Industry expectations are still that the market sales in 2014 will be between 5 and 10% down on last year.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year July 2014	Year-on-year July 2013	Percentage Change %	Year-to-date July 2014	Year-to-date July 2013	Percentage Change %
Tractors	578	588	-1,7	3 664	3 960	-7,5
Combine harvesters	20	14	42,9	238	256	-7,0

Source: SAAMA press release, August 2014

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:

- 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