MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: AUGUST 2015

Issued: 4 September 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During August 2015, significant rainfall events were limited to the southern coastal regions of the country.**
- **The expected production of wheat for 2015 is 1,691 million tons, which is 3,4% less than the previous seasons' crop of 1,750 million tons.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 560 026 tons, which includes imports of 1,8 million tons. It is also 14,6% more than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2015/16 marketing year are 575 501 tons, which includes imports of 1,850 million tons. It is also 2,8% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2015 is 9,838 million tons, which is 31% less than the 14,250 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 1,366 million tons, which is 34,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 34 062 tons, which is 72,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 78 877 tons, which is 15,1% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 97 504 tons, which is 53,1% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in July 2015 was higher at 5,0%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 3,3% in July 2015.**
- **South Africa's economy contracted by 1,3% (seasonally adjusted and annualised) in the second quarter of 2015.**
- **July tractor sales of 536 units were 7% lower than the 578 units reported sold in July 2014.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for August 2015

During August 2015, significant rainfall events were limited to the southern coastal regions of the country **(Figure 1)**. Comparing rainfall totals to the long term average for August 2015, the rainfall experienced was below-normal throughout the country **(Figure 2)**.

Figure 1: Rainfall in mm for August 2015

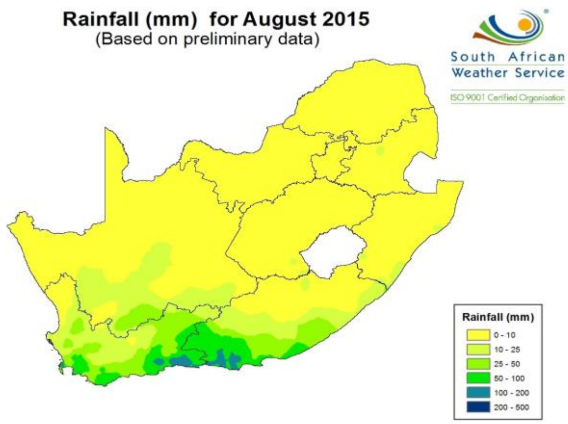
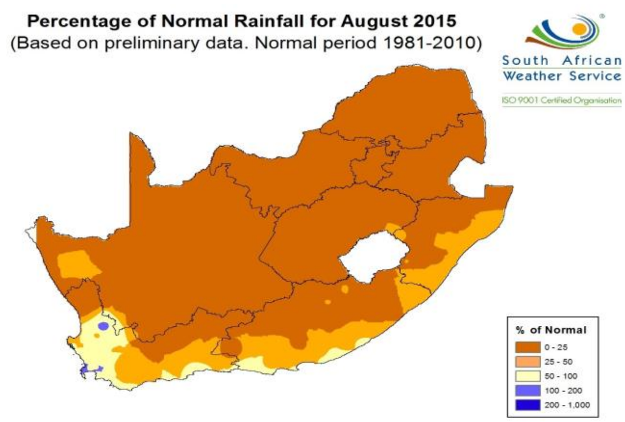


Figure 2: Percentage rainfall for August 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 31 August 2015 indicates that the country has approximately 72% of its full supply capacity (FSC) available, 11% less than the corresponding period in 2014. The largest decrease is evident in the Western Cape with 24% less of its full supply capacity compared to 2014. All of the provinces, except the Eastern Cape, show decreases in the full supply capacity of dams. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 31 August 2015

Province	Net FSC million cubic meters	**31/08/2015 (%)**	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	79	77	2,0
Free State	15 971	75	86	-11,0
Gauteng	115	87	96	-9,0
KwaZulu-Natal	4 669	63	79	-16,0
Lesotho	2 376	62	62	-
Limpopo	1 508	77	89	-12,0
Mpumalanga	2 520	77	91	-14,0
North West	802	62	76	-14,0
Northern Cape	146	80	97	-17,0
Western Cape	1 853	69	93	-24,0
Total	**31 786**	**72**	**83**	**-11,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The seventh production forecast for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 26 August 2015, and is as follows:

Table 2: Commercial summer crops: Area planted and seventh production forecast - 2015 season

CROP	**Area planted 2015 Ha (A)**	**7th Forecast 2015 Tons (B)**	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
White maize	**1 448 050**	**4 649 800**	1 551 200	7 710 000	-39,69
Yellow maize	**1 204 800**	**5 188 700**	1 137 000	6 540 000	-20,66
Maize	**2 652 850**	**9 838 500**	2 688 200	14 250 000	-30,96
Sunflower seed	**576 000**	**656 800**	598 950	832 000	-21,06
Soybeans	**687 300**	**1 041 600**	502 900	948 000	9,87
Groundnuts	**58 000**	**56 675**	52 125	74 500	-23,93
Sorghum	**70 500**	**114 700**	78 850	265 000	-56,72
Dry beans	**64 000**	**73 390**	55 820	82 130	-10,64
TOTAL	**4 108 650**	**11 781 665**	3 976 845	16 451 630	-28,39

Note: Estimate is for calendar year, e.g. production season 2014/15 = 2015

- The size of the expected **commercial maize** crop has been set at 9,838 million tons, which is 30,96% or 4,412 million tons less than 14,250 million tons of the previous season. The area estimate for maize remained unchanged at 2,653 million ha, while the expected yield is 3,71 t/ha.
- The area estimate for white maize is 1,448 million ha and for yellow maize the area estimate is 1,205 million ha.
- The production forecast of **white maize** remained unchanged at 4,650 million tons, which is 39,69% or 3,060 million tons less than the 7,710 million tons of the previous season. The yield for white maize is 3,21 t/ha. In the case of **yellow maize** the production forecast is 5,189 million tons, which is 20,66% or 1,351 million tons less than the 6,540 million tons of the previous season. The yield for yellow maize is 4,31 t/ha.
- The production forecast for **sunflower seed** remained unchanged at 656 800 tons, which is 21,06% or 175 200 tons less than the 832 000 tons of the previous season. The expected yield is 1,14 t/ha.
- The production forecast for **soybeans** remained unchanged at 1,042 million tons, which is 9,87% or 93 600 tons more than the previous season of 948 000 tons. It is estimated that 687 300 ha have been planted to soybeans. The expected yield is 1,52 t/ha.
- The expected **groundnut** crop remained unchanged at 56 675 tons, which is 23,93% or 17 825 tons less than the 74 500 tons of last season. For groundnuts, the area estimate is 58 000 ha and the expected yield is 0,98 t/ha.
- The production forecast for **sorghum** remained unchanged at 114 700 tons, which is 56,72% or 150 300 tons lower than the 265 000 tons of the previous season. The area estimate for sorghum is 70 500 ha and the expected yield is 1,63 t/ha.
- In the case of **dry beans**, the production forecast also remained unchanged at 73 390 tons, which is 10,64% or 8 740 tons less than the 82 130 tons of the previous season. For dry beans, the area estimate is 64 000 ha and the expected yield is 1,15 t/ha.

Please note that the final production estimate for commercial summer crops for 2015 will be released on 29 September 2015.

2.2 Winter cereal crops

The revised area planted and first production forecast for winter crops for 2015 was also released by the Crop Estimates Committee (CEC) on 26 August 2015, and is as follows:

Table 3: Commercial winter crops: Revised area planted and first production forecast - 2015 season

CROP	**Area planted 2015** **Ha** **(A)**	**1st Forecast 2015** **Tons** **(B)**	**Area planted 2014** **Ha** **(C)**	**Final estimate 2014** **Tons** **(D)**	**Change** **%** **(B) ÷ (D)**
Wheat	**477 650**	**1 690 975**	**476 570**	**1 750 000**	**3,37**
Malting barley	**93 730**	**334 033**	**85 125**	**302 000**	**10,61**
Canola	**80 000**	**112 000**	**95 000**	**121 000**	**-7,44**
Total	**651 380**	**2 137 008**	**656 695**	**2 173 000**	**-1,66**

Note: : Estimate is for calendar year, e.g. production season 2015/16 = 2015

- The expected production of wheat is 1,691 million tons, which is 3,37% or 59 025 tons less than the previous seasons' crop of 1,750 million tons, whilst the expected yield is 3,54 t/ha.
- The expected production in the Western Cape is 859 375 tons (51%), which is 39 625 tons lower than the 899 000 tons produced in the previous season. In the Free State, the expected production is 240 900 tons (14%), which is 4 600 tons less than the previous seasons' crop of 245 500 tons. In the Northern Cape, 270 000 tons (16%) is expected to be produced, which is 15 000 tons less than the 285 000 tons produced in the previous season.
- The area estimate for wheat was revised to 477 650 ha, which is 1 080 ha less than the 476 570 ha of the previous season. An estimated 312 500 ha or 65% is planted in the Western Cape, 73 000 ha or 15% in the Free State and 36 000 ha or 8% in the Northern Cape.
- The production forecast for malting barley is 334 033 tons, which is 10,61% or 32 033 tons more than the previous seasons' crop of 302 000 tons. The area planted is estimated at 93 730 ha, while the expected yield is 3,56 t/ha.
- The expected canola crop is 112 000 tons, which is 7,44% or 9 000 tons less than the previous seasons' crop of 121 000 tons. The area estimate for canola is 80 000 ha, with an expected yield of 1,40 t/ha.

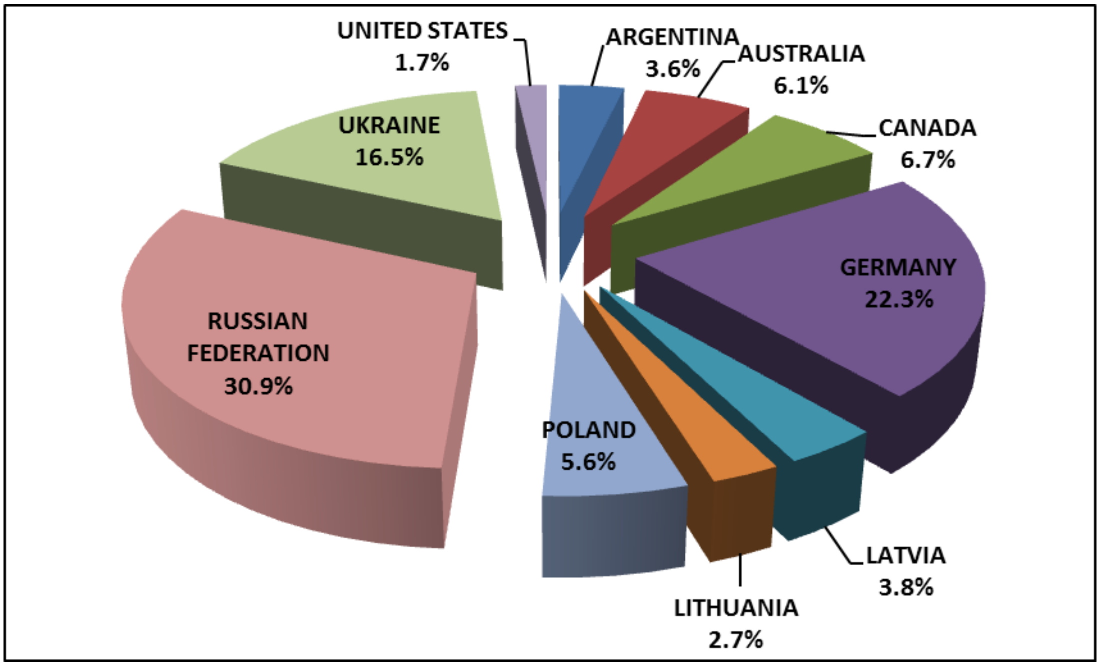
Please note that the second production forecast for winter cereals for 2015 will be released on 29 September 2015.

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 Aug15 Annexure A.

3.1 Imports and exports of wheat for the 2014/15 marketing year

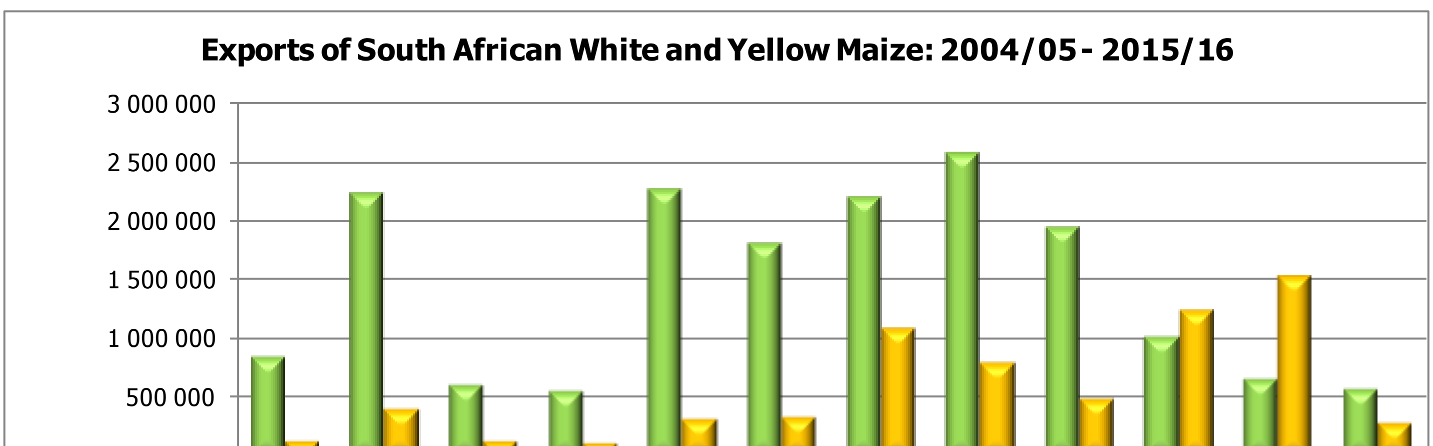
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 28 August 2015, amount to 1,622 million tons, with the largest quantity (30,9% or 501 229 tons) imported from the Russian Federation followed by Germany (22,3% or 362 250 tons), Ukraine (16,5% or 267 913 tons), Canada (6,7% or 108 436 tons), Australia (6,1% or 98 192 tons) and Poland (5,6% or 91 483 tons). The exports of wheat for the mentioned period amount to 265 226 tons, of which 48,1% or 127 602 tons were exported to the BLNS countries, 31,3% or 82 955 tons to Zimbabwe, 20,0% or 53 083 tons to Zambia and 0,6% or 1 530 tons to Mauritius.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2015/16 marketing year



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*
White maize exports	832 000	2 237 000	597 000	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	550 000
Yellow maize exports	120 000	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	260 000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 550 000 tons, which represents an decrease of 14,2% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 260 000 tons, which represents a decrease of 82,8% compared to the 1,515 million tons of the previous marketing year.

- From 25 April to 28 August 2015, progressive white maize exports amount to 136 136 tons, with the main destinations being Botswana (43,5% or 59 277 tons), Lesotho (19,2% or 26 201 tons), Namibia (17,3% or 23 503 tons), Mozambique (16,5% or 22 520 tons) and Swaziland (3,4% or 4 635 tons). The imports of white maize for the mentioned period amount to 4 555 tons, of which 100% were imported from Zambia.
- From 25 April to 28 August 2015, progressive yellow maize exports amount to 66 279 tons, with the main destinations being the BLNS Countries (75,7% or 50 205 tons), Mozambique (21,6% or 14 343 tons), Korea (2,5% or 1 634 tons) and Zimbabwe (0,1% or 97 tons). The imports of yellow maize for the mentioned period amount to 214 019 tons, of which 100% were imported from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in July 2015 was 5,0%. This rate was 0,3% higher than the corresponding annual rate of 4,7% in June 2015. On average, prices increased by 1,0% between June 2015 and July 2015.
- The food and non-alcoholic beverages index increased by 0,1% between June 2015 and July 2015. The annual rate increased to 4,4% in July 2015 from 4,3% in June 2015. The following components in the food and non-alcoholic beverages index increased: Hot beverages (0,9%), other food (0,6%), bread and cereals (0,5%), vegetables (0,4%), fish (0,3%), oils and fats (0,2%) and cold beverages (0,2%). The following components decreased: Fruit (-2,5%), meat (-0,4%) and sugar, sweets and desserts (-0,3%).
- The housing and utilities index increased by 3,1% between June 2015 and July 2015, mainly due to a 9,8% increase in water and other services and an 11,2% increase in electricity and other fuels. The annual rate increased to 6,4% in July 2015 from 5,4% in June 2015.
- The transport index increased by 1,0% between June 2015 and July 2015, mainly due to a 44c/litre increase in the price of petrol. The annual rate increased to 0,8% in July 2015 from 0,7% in June 2015.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Gauteng (4,9%), Mpumalanga (4,7%), Eastern Cape (4,6%), Northern Cape (4,6%), KwaZulu-Natal (4,3%), North West (4,1%) and Limpopo (3,8%). The provinces with an annual inflation rate higher than headline inflation were Free State (5,4%) and Western Cape (5,2%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,3% in July 2015 (compared with 3,7% in June 2015). From June 2015 to July 2015 the PPI for final manufactured goods increased by 0,2%.
- The main contributors to the annual rate of 3,3% were food products, beverages and tobacco products (5,4% year-on-year and contributing 1,8%), metals, machinery, equipment and computing equipment (5,0% year-on-year and contributing 0,7%) and wood and paper products (6,9% year-on-year and contributing 0,7%). The contributors to the monthly increase of 0,2% were food products, beverages and tobacco products (0,2% month-on-month and contributing 0,1%) and coke, petroleum, chemical, rubber and plastic products (0,4% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was -0,3% in July 2015 (compared with -0,4% in June 2015). From June 2015 to July 2015 the PPI for intermediate manufactured goods increased by 0,3%. The main contributor to the annual rate of -0,3% was basic and fabricated metals (-4,1% year-on-year and contributing -1,3%). The main contributor to the monthly increase of 0,3% was chemicals, rubber and plastic products (1,1% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for electricity and water was 12,2% in July 2015 (compared with 11,4% in June 2015). From June 2015 to July 2015 the PPI for electricity and water increased by 9,7%. The contributors to the annual rate of 12,2% were electricity (12,8% year-on-year and contributing 11,4%) and water (2,8% year-on-year and contributing 0,3%). The contributors to the monthly increase of 9,7% were

electricity (10,8% month-on-month and contributing 9,6%) and water (0,9% month-on-month and contributing 0,1%).

- The annual percentage change in the PPI for mining was -8,7% in July 2015 (compared with -4,2% in June 2015). From June 2015 to July 2015 the PPI for mining decreased by 3,8%. The main contributors to the annual rate of -8,7% were non-ferrous metal ores (-15,4% year-on-year and contributing -5,5%), gold and other metal ores (-5,1% year-on-year and contributing -1,5%) and coal and gas (-4,5% year-on-year and contributing -1,2%). The main contributors to the monthly decrease of 3,8% were non-ferrous metal ores (-5,6% month-on-month and contributing -1,9%) and gold and other metal ores (-3,4% month-on-month and contributing -1,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 6,4% in July 2015 (compared with 4,5% in June 2015). From June 2015 to July 2015 the PPI for agriculture, forestry and fishing increased by 1,2%. The main contributor to the annual rate of 6,4% was agriculture (7,8% year-on-year and contributing 6,5%). The contributor to the monthly increase of 1,2% was agriculture (1,1% month-on-month and contributing 0,9%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Monday, 31 August 2015

	31 August 2015	31 July 2015	% Change
RSA White Maize per ton (Sep. 2015 contract)	R3 099,00	R3 204,00	-3,28
RSA Yellow Maize per ton (Sep. 2015 contract)	R2 799,00	R2 734,00	2,38
RSA Wheat per ton (Sep. 2015 contract)	R4 133,00	R4 034,00	2,45
RSA Sunflower seed per ton (Sep. 2015 contract)	R5 849,00	R5 595,00	4,54
RSA Soya-beans per ton (Sep. 2015 contract)	R5 316,00	R5 108,00	4,07
Exchange rate R/$	R13,33	R12,74	4,63

Source: JSE/SAFEX

4.4 Real gross domestic product (GDP) – 2nd Quarter of 2015

- South Africa's economy contracted by 1,3% (seasonally adjusted and annualised) in the second quarter of 2015, according to preliminary estimates of real gross domestic product (GDP) released by Stats SA.
- The quarter-on-quarter decrease in overall economic activity was characterised by five of the ten main industry groups shrinking in size, while the other five experienced some growth.
- The agriculture industry experienced the largest fall in activity, contracting by 17,4% quarter-on-quarter. Decreases in the production of field crops (such as maize, sunflower and sugar cane) and horticultural products (such as citrus and subtropical fruit) contributed to the industry's decline, following the worse drought experienced in the production areas since 1992.
- The mining industry contracted by 6,8% quarter-on-quarter, mainly as a result of lower production in the mining of coal and iron ore.
- Manufacturing activity declined by 6,3% quarter-on-quarter mainly as a result of decreases in two manufacturing divisions, namely basic iron and steel, non-ferrous metal products, metal products and machinery; and petroleum, chemical products, rubber and plastic products.
- Electricity and trade industries were the other two industries that experienced quarter-on-quarter decreases in activity, falling by 2,9% and 0,4%, respectively.
- The following industries grew over the same period: Finance (2,7%), personal services (1,3%), government (0,6%), transport (0,2%) and construction (0,2%).
- The last time South Africa's economy experienced a quarter-on-quarter contraction was in the first quarter of 2014, when overall economic activity decreased by 1,6%.

- Other quick facts:
  - The unadjusted real GDP at market prices increased by 1,2% year-on-year.
  - The estimate of real GDP for the first six months of 2015 increased by 1,6% compared with the corresponding period in 2014.
  - Nominal GDP was estimated at R991 billion for the second quarter of 2015.

4.5 Agricultural machinery sales

- July tractor sales of 536 units were 7% lower than the 578 units reported sold in July 2014. On a year-to-date basis sales are approximately 8% down on last year. July combine harvester sales of 12 units were significantly down on the 20 units sold in July 2014. On a year-to-date basis combine harvester sales are approximately 40% down on last year.
- Although tractor sales are down on last year, the market is still quite buoyant. Summer crops were quite variable in terms of the quantity and quality of the crops actually harvested. Those farmers who had reasonable rains are able, with their cash flow in positive territory, to buy equipment for the forthcoming season. Those farmers who did not have good crops do not have the cash flow which banks demand to finance the purchase of new equipment. The market is still very competitive and price sensitive. Critical to the future course of sales will be the weather. The industry as a whole is looking forward to an early start to the season and good planting rains.
- Industry expectations for tractor sales in 2015 are now of the order of 10% down on last year. Combine harvester sales are expected to be approximately 25% down.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year July		Percentage Change %	Year-to-date July		Percentage Change %
	2015	2014		2015	2014	
Tractors	536	578	-7,3	3 359	3 662	-8,3
Combine harvesters	12	20	-40,0	142	238	-40,3

Source: SAAMA press release, August 2015

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