MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: AUGUST 2017

Issued: 6 September 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During August 2017, significant rainfall events were limited to the southern and eastern coastal areas of the country.**
- **The projected closing stocks of wheat for the current 2016/17 marketing year are 418 532 tons, which includes imports of 1,0 million tons. It is also 49,4% less than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2017/18 marketing year are 377 532 tons, which includes imports of 1,65 million tons. It is also 9,8% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 16,413 million tons, which is 111,0% more than the 7,778 million tons of the previous season (2016), which was a drought year.**
- **Projected closing stocks of maize for the current 2017/18 marketing year are 4,209 million tons, which is 284,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 44 523 tons, which is 26,3% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 192 181 tons, which is 17,8% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 193 362 tons, which is 128,0% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in July 2017 was lower at 4,6%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 3,6% in July 2017.**
- **July 2017 tractor sales of 502 units were significantly (11%) up on the 451 units sold in July 2016.**

agriculture, forestry & fisheries

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Contents

1. Weather conditions

1.1 Rainfall for August 2017

During August 2017, significant rainfall events were limited to the southern and eastern coastal areas of the country (**Figure 1**). Comparing rainfall totals to the long term average for August 2017, the rainfall received was near-normal to above-normal in the Western- and Eastern Cape provinces, as well as isolated areas of the KwaZulu-Natal, Mpumalanga and Limpopo provinces (**Figure 2**). The remainder of the country was characterised by below-normal rainfall.

Figure 1: Rainfall in mm for August 2017

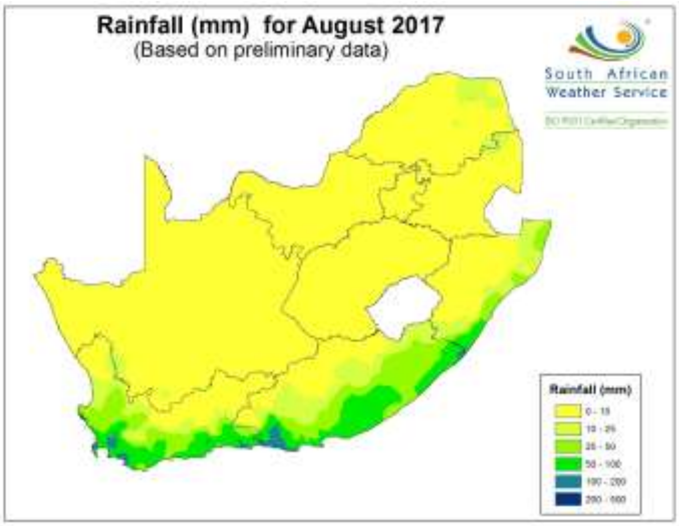
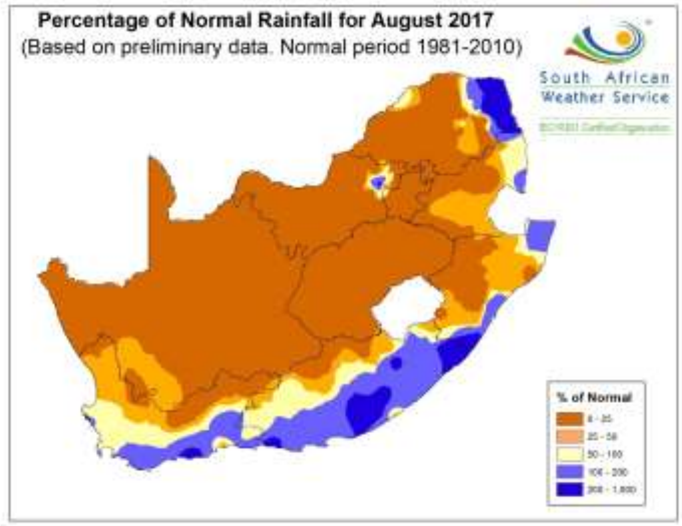


Figure 2: Percentage rainfall for August 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 4 September 2017 indicates that the country has approximately 67% of its full supply capacity (FSC) available, which is 14% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. Dam levels (for the mentioned period) in the Northern Cape increased by 30%, followed by Limpopo with 24%, Free State with 23%, Mpumalanga with 20% and North-West with 19%. However, decreases in the full supply capacity for the same period are evident in the Western Cape with minus 27% and the Eastern 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, 4 September 2017

Province	Net FSC million cubic meters	**4/9/2017 (%)**	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	57	66	-9,0
Free State	15 968	78	55	23,0
Gauteng	115	87	83	4,0
KwaZulu-Natal	4 783	51	43	8,0
Lesotho	2 376	40	41	-1,0
Limpopo	1 522	74	50	24,0
Mpumalanga	2 539	74	54	20,0
North West	881	83	64	19,0
Northern Cape	146	93	63	30,0
Western Cape	1 867	34	61	-27,0
Total	**32 029**	**67**	**53**	**14,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

The area planted estimate and seventh production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 29 August 2017, and is as follows:

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

CROP	Area planted 2017 Ha (A)	**7th forecast 2017 Tons (B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	**9 653 550**	1 014 750	3 408 500	183,22
Yellow maize	985 500	**6 759 925**	932 000	4 370 000	54,69
Total Maize	2 628 600	**16 413 475**	1 946 750	7 778 500	111,01
Sunflower seed	635 750	**870 095**	718 500	755 000	15,24
Soybeans	573 950	**1 316 370**	502 800	742 000	77,41
Groundnuts	56 000	**90 550**	22 600	17 680	412,16
Sorghum	42 350	**151 335**	48 500	70 500	114,66
Dry beans	45 050	**68 525**	34 400	35 445	93,33
TOTAL	3 981 700	**18 910 350**	3 273 550	9 399 125	101,19

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017

- The size of the expected commercial maize crop has been set at 16,413 million tons, which is 111,01 % or 8,635 million tons more than the previous season of 7,778 million tons. It is the largest maize crop produced in the history of SA. The area estimate for maize is 2,629 million ha, while the expected yield is 6,24 t/ha – also the highest yield ever.
- The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 83% 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 9,654 million tons, which is 183,22 % or 6,245 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 5,88 t/ha. In the case of yellow maize the production forecast is 6,760 million tons, which is 54,69% or 2,390 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 6,86 t/ha.
- The production forecast for **sunflower seed** is 870 095 tons, which is 15,24% or 115 095 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 1,37 t/ha.
- The production forecast for **soybeans** is 1,316 million tons, which is 77,41% or 574 370 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 2,29 t/ha.
- The expected **groundnut** crop is 90 550 tons, which is 412,16% or 72 870 tons more than the 17 680 tons of 2016. The area estimate is 56 000 ha and the expected yield of 1,62 t/ha.
- The production forecast for **sorghum** is 151 335 tons, which is 114,66% or 80 835 tons more than the 70 500 ton of 2016. The area estimate for sorghum is 42 350 ha. The expected yield is 3,57 t/ha.
- In the case of **dry beans**, the production forecast showed an increase of 93,33% or 33 080 tons to 68 525 tons. The area estimate of dry beans is 45 050 ha, with an expected yield of 1,52 t/ha.

Please note that the final production estimate for summer field crops for 2017 will be released on 28 September 2017.

2.1.2 Non-commercial maize

Table 3: Non commercial maize: Area planted and production estimate – 2017 season

CROP	Area planted 2017 Ha (A)	Production 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture					
White maize	248 500	463 600	191 225	286 175	62,00
Yellow maize	118 150	267 400	74 905	149 565	78,79
Maize	366 650	731 000	266 130	435 740	67,76

- The area planted to maize in the non-commercial agricultural sector is estimated at 366 650 ha, which represents an increase of 37,77%, compared to the 266 130 ha of the previous season. The expected maize crop for this sector is 731 000 tons, which is 67,76% more than the 435 740 tons of last season. It is important to note that about 64% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

2.2 Winter cereal crops

The revised area estimate and first production forecast for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 29 August 2017, and is as follows:

Table 4: Commercial winter crops: Revised area planted and first production forecast – 2017 season

CROP	**Area planted 2017** **Ha** **(A)**	**1st forecast 2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Wheat	**479 600**	**1 603 700**	508 365	1 910 000	-16,04
Malting barley	**91 250**	**265 990**	88 695	355 000	-25,07
Canola	**84 000**	**109 200**	68 075	105 000	4,00
Total	**654 850**	**1 978 890**	665 135	2 370 000	-16,50

* Intentions based on conditions at the middle of April 2017

- The expected production of **wheat** is 1,604 million tons, which is 16,04% or 306 300 tons less than the previous seasons' crop of 1,910 million tons, whilst the expected yield is 3,34 t/ha.
- The expected production in the Western Cape is 861 250 tons (54%), which is 236 950 tons less than the 1,098 million tons produced in the previous season. In the Northern Cape, the expected production is 285 000 tons (18%), which is 19 000 tons more than the previous seasons' crop of 266 000 tons. In the Free State, 182 000 tons (11%) is expected to be produced – 126 460 tons less than the 308 460 tons produced in the previous season.
- The area estimate for wheat was revised to 479 600 ha, which is 28 765 ha less than the 508 365 ha of the previous season. An estimated 325 000 ha or 68 % is planted in the Western Cape, 70 000 ha or 15 % in the Free State and 38 000 ha or 8 % in the Northern Cape.
- The production forecast for **malting barley** is 265 990 tons, which is 25,07% or 89 010 tons less than the previous seasons' crop of 355 000 tons. The area planted is estimated at 91 250 ha, while the expected yield is 2,91 t/ha.
- The expected **canola** crop is 109 200 tons, which is 4,0% or 4 200 tons more than the previous seasons' crop of 105 000 tons. The area estimate for canola is 84 000 ha, with an expected yield of 1,30 t/ha.

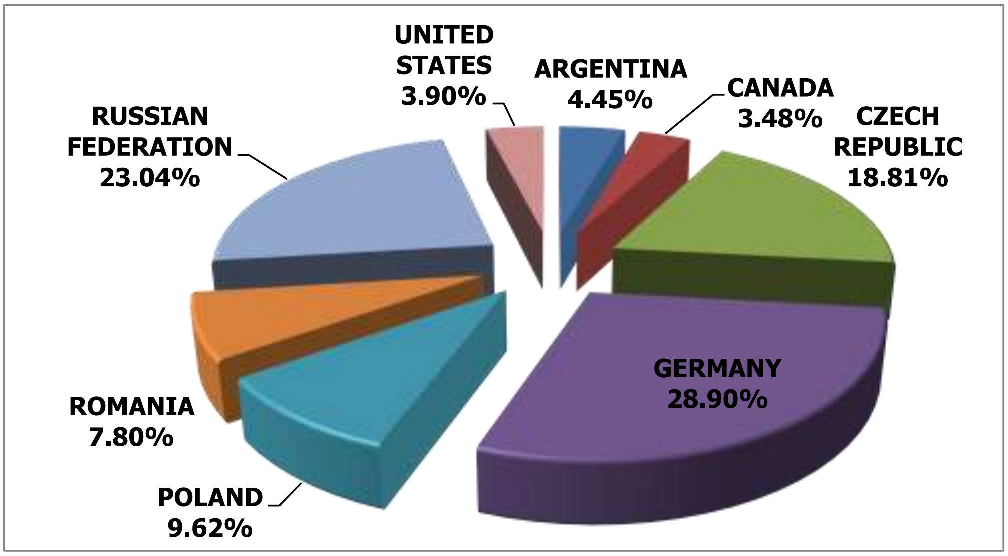
Please note that the second production forecast for winter cereals for 2017 will be released on 28 September 2017.

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 Aug17 Annexure A.

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

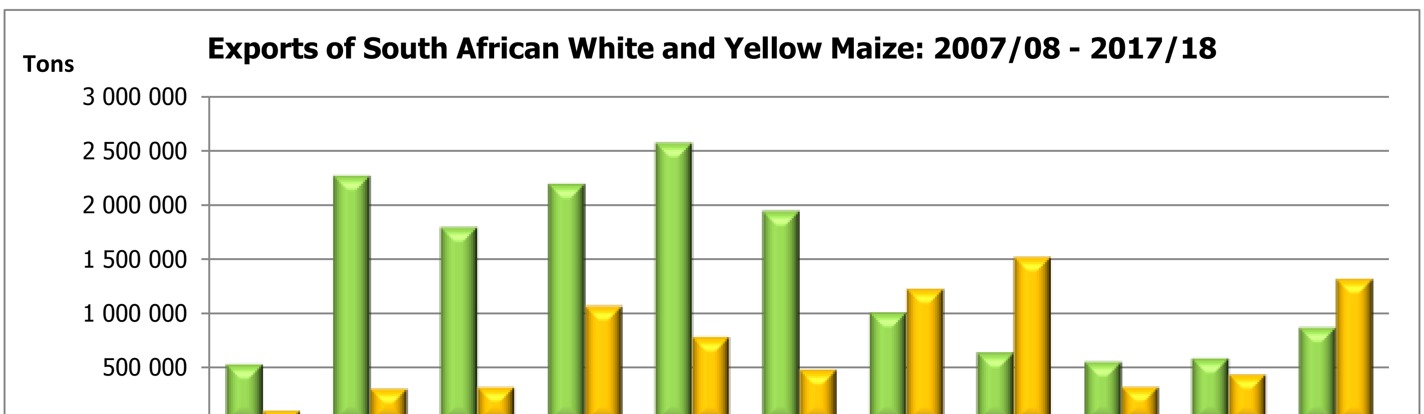
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 1 September 2017) amount to 799 420 tons, with 28,90% or 213 000 tons imported from Germany, followed by the Russian Federation (23,04% or 184 184 tons), the Chez Republic (18,81% or 150 378 tons), Poland (9,62% or 76 905 tons), Romania (7,80% or 62 325 tons), Argentina (4,45% or 35 613 tons), the United States (3,90% or 31 174 tons), and Canada (3,48% or 27 841 tons). The exports of wheat for the above-mentioned period amount to 90 600 tons, of which 53,01% or 48 024 tons went to the BLNS Countries, 26,79% or 24 272 tons to Zimbabwe, 16,90% or 15 312 tons to Zambia and only 3,30% 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

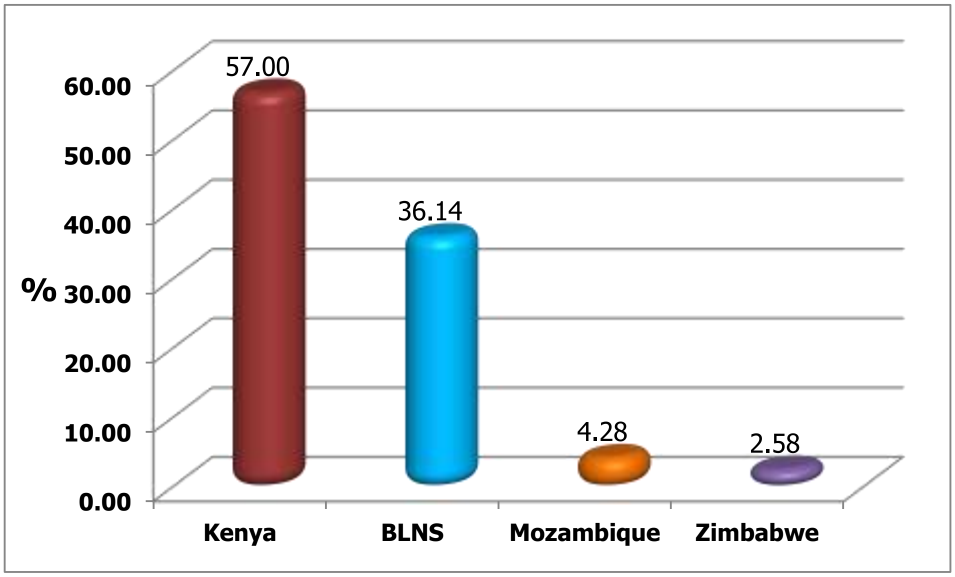


	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
White maize	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	870 000
Yellow maize	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 315 000

*Projection

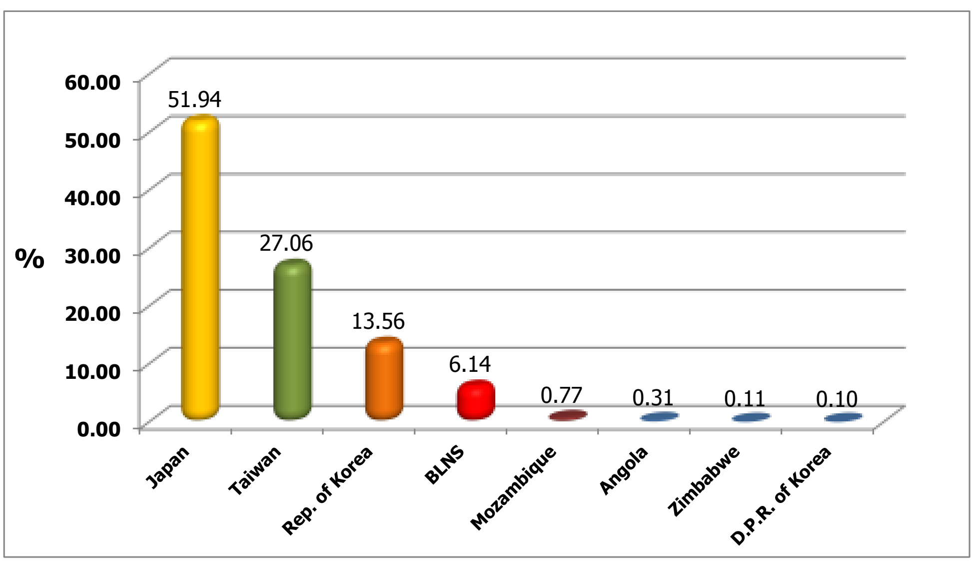
- The exports of white maize for the 2017/18 marketing year are projected 870 000 tons, which represents an increase of 48,10% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,315 million tons, which represents a significant increase of 199,63% compared to the 438 879 tons of the previous marketing year.

Graph 3: Major countries for white maize exports for South Africa: 2017/18 marketing year



- From 29 April to 1 September 2017, progressive white maize exports amount to 394 156 tons, with the main destinations being Kenya (57,00% or 224 659 tons), the BLNS Countries (36,14% or 142 453 tons), Mozambique (4,28% or 16 856 tons), and Zimbabwe (2,58% or 10 188 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April to 1 September 2017, progressive yellow maize exports amount to 790 692 tons, with the main destinations being Japan (51,94% or 410 707 tons), Taiwan (27,06% or 213 926 tons), Republic of Korea (13,56% or 107 241 tons), the BLNS Countries (6,14% or 48 576 tons), Mozambique (0,77% or 6 052 tons), Angola (0,31% or 2 473 tons), Zimbabwe (0,11% or 889 tons), and Democratic Peoples Republic of Korea (0,10% or 828 tons). The imports of yellow maize for the mentioned period amount to zero.

Graph 4: Major countries for yellow maize exports for South Africa: 2017/18 marketing year



4. Market information

4.1 Consumer Price Index (CPI)

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

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,6% in July 2017 (compared with 4,0% in June 2017). From June 2017 to July 2017 the PPI for final manufactured goods increased by 0,5%.
- The main contributors to the annual rate of 3,6% were food products, beverages and tobacco products (1,2%), wood and paper products (0,7%), as well as coke, petroleum, chemical, rubber and plastic products (0,7%). The contributors to the monthly increase of 0,5% were wood and paper products (0,2%), food products, beverages and tobacco products (0,1%), as well as coke, petroleum, chemical, rubber and plastic products (0,1%).
- The annual percentage change in the PPI for electricity and water was 3,5% in July 2017 (compared with 6,2% in June 2017). From June 2017 to July 2017 the PPI for electricity and water increased by 4,0%. The contributors to the annual rate of 3,5% were electricity (2,0%) and water (1,1%). The contributors to the monthly increase of 4,0% were electricity (3,3%) and water (0,7%).
- The annual percentage change in the PPI for mining was -0,9% in July 2017 (compared with -1,5% in June 2017). From June 2017 to July 2017 the PPI for mining increased by 0,4%. The main contributors to the annual rate of -0,9% were gold and other metal ores (-3,6%), as well as non-ferrous metal ores (-0,5%). The main contributors to the monthly increase of 0,4% were coal and gas (1,2%), non-ferrous metal ores (1,1%), as well as gold and other metal ores (1,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 0,3% in July 2017 (compared with -1,4% in June 2017). From June 2017 to July 2017 the PPI for agriculture, forestry and fishing increased by 1,8%. The main contributor to the annual rate of 0,3% was forestry (0,8%). The contributor to the monthly increase of 1,8% was agriculture (1,7%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Monday, 4 September 2017

	4 September 2017	4 August 2017	% Change
RSA White Maize per ton (Sep. 2017 contract)	R1 797,00	R1 855,00	-3,13
RSA Yellow Maize per ton (Sep. 2017 contract)	R1 913,00	R1 960,00	-2,40
RSA Wheat per ton (Sep. 2017 contract)	R4 093,00	R4 401,00	-7,00
RSA Sunflower seed per ton (Sep. 2017 contract)	R4 730,00	R4 785,00	-1,15
RSA Soya-beans per ton (Sep. 2017 contract)	R4 635,00	R4 650,00	-0,32
Exchange rate R/$	R12,95	R13,38	-3,21

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- July 2017 tractor sales of 502 units were significantly (11%) up on the 451 units sold in July 2016. On a year-to-date basis tractor sales are now 4% up on what they were this time last year. July combine harvester sales of 13 units were one unit less than the 14 units sold in July 2016. Combine harvester sales for the year-to-date are now 9% up on last year.
- Overall sentiment in the market remains positive, with many farmers now having harvested their crops and having a good measure of their crop realisations. The good July tractor sales reflect a situation where stocks of lower-priced equipment, brought in when the rand was stronger, were taken up by buyers. Looking forward to the forthcoming summer-cropping season, farmers are going to have to evaluate their input costs carefully and base their planting decisions on these estimations.
- Expectations for 2017 remain that overall tractor sales should be between 5 700 and 6 000 units, or at least as good as they were in 2016.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	July		Change	July		Change
Equipment class	**2017**	**2016**	**%**	**2017**	**2016**	**%**
Tractors	502	451	11,31	3 540	3 403	4,03
Combine harvesters	13	14	-7,14	144	132	9,09

Source: SAAMA press release, August 2017

PLEASE NOTE: The Food Security Bulletin for September 2017 will be released on **5 October 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