MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: AUGUST 2018

Issued: 5 September 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During August 2018, significant rainfall events were limited to the coastal regions of the country.**
- **The first production forecast of wheat for 2018 is 1,808 million tons, which is 17,8% more than the previous seasons'crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the current 2017/18 marketing year are 699 324 tons, which includes imports of 2,1 million tons. It is also 104,8% more than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2018/19 marketing year are 587 274 tons, which includes imports of 1,4 million tons. It is also 16,0% less than the previous years' ending stocks.**
- **The seventh production forecast of maize for 2018 is 13,207 million tons, which is 21,5% less than the previous seasons' crop 16,820 million tons.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,582 million tons, which is 2,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 36 366 tons, which is 38,6% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 108 346 tons, which is 30,0% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 654 235 tons, which is 97,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in July 2018 was higher at 5,1%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 6,1% in July 2018.**
- **July 2018 tractor sales of 525 units were approximately 3% higer than the 508 units sold in July 2017.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for August 2018

During August 2018, significant rainfall events were limited to the coastal regions of the country (**Figure 1**). Comparing rainfall totals for August 2018 to the long term average, rainfall received was below-normal over most parts of the country, with above-normal rainfall evident over isolated areas of the Free State, Eastern Cape, KwaZulu-Natal and Mpumalanga provinces (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for August 2018

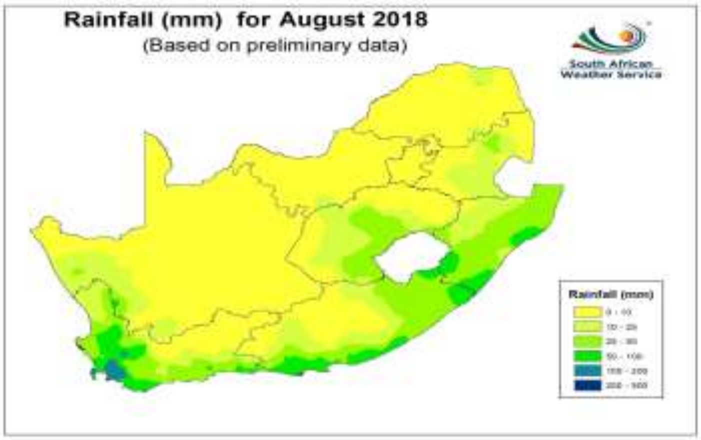
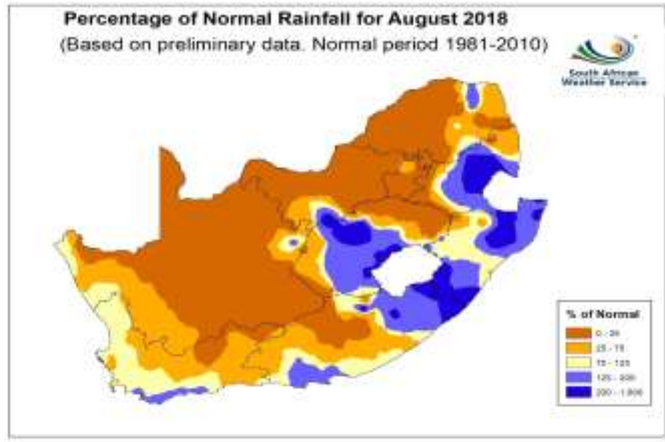


Figure 2: Percentage rainfall for August 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 3 September 2018 indicates that the country has approximately 77% of its full supply capacity (FSC) available, which is 10% more than the corresponding period in 2017. The dam levels in the Western Cape (+24%), the Free State (+13%), both KwaZulu-Natal and Gauteng (+11%), Eastern Cape (+5%), and Mpumalanga (+2%), all show increases as compared to 2017. However, the remaining three 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 -16%, followed by the Northern Cape Province with -5% and the Limpopo Province with -4%.

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

Table 1: Level of dams, 3 September 2018

Province	Net FSC million cubic meters	**3/9/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 807	**61**	56	5,0
Free State	15 945	**91**	78	13,0
Gauteng	115	**99**	88	11,0
KwaZulu-Natal	4 802	**62**	51	11,0
Lesotho	2 363	**43**	40	3,0
Limpopo	1 522	**69**	73	-4,0
Mpumalanga	2 539	**76**	74	2,0
North West	881	**67**	83	-16,0
Northern Cape	147	**88**	93	-5,0
Western Cape	1 866	**58**	34	24,0
Total	**31 987**	**77**	**67**	**10,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and seventh production forecast for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 28 August 2018, and is as follows:

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

CROP	**Area planted 2018 Ha (A)**	**Seventh 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**	**6 879 960**	1 643 100	9 916 000	-30,62
Yellow maize	**1 050 750**	**6 327 350**	985 500	6 904 000	-8,35
Total Maize	**2 318 850**	**13 207 310**	2 628 600	16 820 000	-21,48
Sunflower seed	**601 500**	**858 605**	635 750	874 000	-1,76
Soybeans	**787 200**	**1 550 800**	573 950	1 316 000	17,84
Groundnuts	**56 300**	**52 000**	56 000	92 050	-43,51
Sorghum	**28 800**	**105 120**	42 350	152 000	-30,84
Dry beans	**53 360**	**65 610**	45 050	68 525	-4,25
Total	**3 846 010**	**15 839 445**	3 981 700	19 322 575	-18,03

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 13,207 million tons, which is 21,48% or 3,613 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 5,70 t/ha.
- 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 6,880 million tons, which is 30,62% or 3,036 million tons less than the 9,916 million tons of the previous season. The yield for white maize is 5,43 t/ha. In the case of **yellow maize** the production forecast is 6,327 million tons, which is 8,35% or 576 650 tons less than the 6,904 million tons of the previous season. The yield for yellow maize is 6,02 t/ha.
- The production forecast for **sunflower seed** is 858 605 tons, which is 1,76% or 15 395 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 1,43 t/ha.
- The production forecast for **soybeans** is 1,551 million tons, which is 17,84% or 234 800 tons more than the 1,316 million tons of the previous season. It is also 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 1,97 t/ha.
- The expected **groundnut** crop is 52 000 tons, which is 43,51% or 40 050 tons less than the 92 050 tons of 2017. The area estimate is 56 300 ha and the expected yield is 0,92 t/ha.
- The production forecast for **sorghum** is 105 120 tons, which is 30,84% or 46 880 tons less than the 152 000 tons of the previous season. The area estimate for sorghum is 28 800 ha and the expected yield is 3,65 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 final production estimate for summer field crops for 2018 will be released on 26 September 2018.

2.2 Winter cereal crops

The revised area planted and first production forecast for winter crops for 2018 was also released by the Crop Estimates Committee (CEC) on 28 August 2018, and is as follows:

Table 3: Commercial winter crops: Revised area planted and first production forecast – 2018 season

CROP	**Area planted 2018 Ha (A)**	**1st Forecast 2018 Tons (B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Wheat	**508 350**	**1 808 050**	491 600	1 535 000	17,79
Malting barley	**119 000**	**390 840**	91 380	307 000	27,31
Canola	**80 000**	**112 000**	84 000	93 500	19,79
Total	**707 350**	**2 310 890**	666 980	1 935 500	19,39

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

- The expected production of **wheat** is 1,808 million tons, which is 17,79% or 273 050 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,56 t/ha.
- The expected production in the Western Cape is 858 600 tons (47%), which is 271 800 tons more than the 586 800 tons produced in the previous season. In the Free State, the expected production is 362 250 tons (20%), which is 26 250 tons more than the previous seasons' crop of 336 000 tons. In the Northern Cape, 292 600 tons (16%) is expected to be produced – 19 050 tons less than the 311 650 tons produced in the previous season.
- The area estimate for wheat was revised to 508 350 ha, which is 16 750 ha higher than the 505 000 ha of the previous forecast. An estimated 318 000 ha or 63 % is planted in the Western Cape, 105 000 ha or 21 % in the Free State and 38 000 ha or 7 % in the Northern Cape.
- The production forecast for **malting barley** is 390 840 tons, which is 27,31% or 83 840 tons more than the previous seasons' crop of 307 000 tons. The area planted is estimated at 119 000 ha, while the expected yield is 3,28 t/ha.
- The expected **canola crop** is 112 000 tons, which is 19,79% or 18 501 tons more than the previous seasons' crop of 93 500 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 of winter crops for 2018 will also be released on 26 September 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

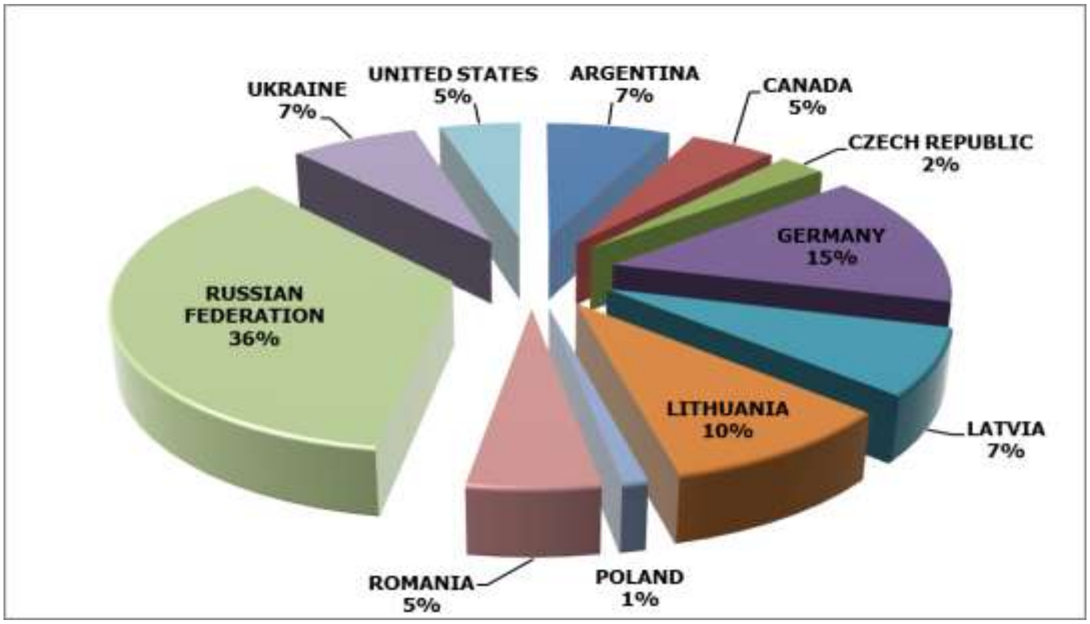
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of 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 Aug18 Annexure A.

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

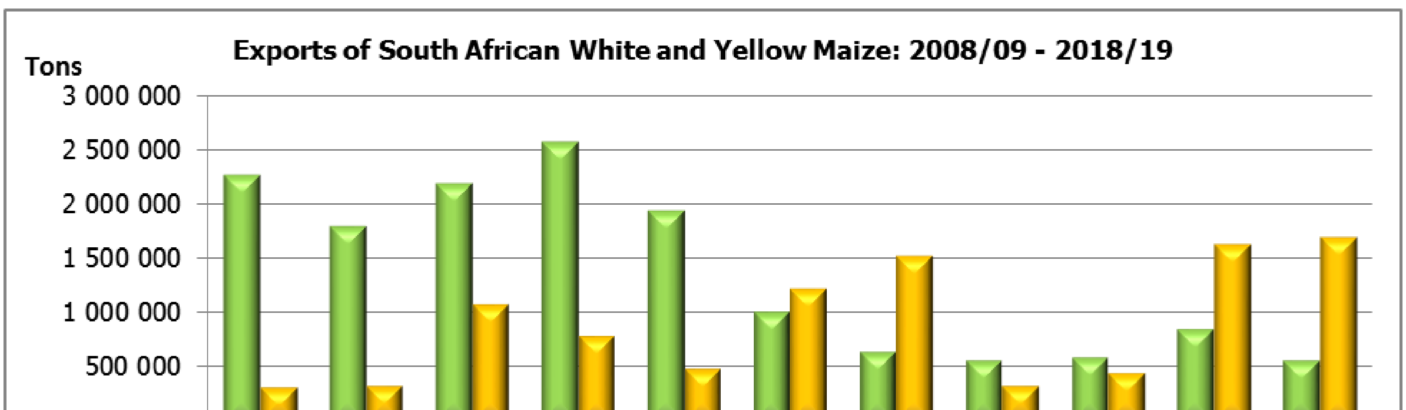
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 24 August 2018) amount to 1,898 million tons, with 35,67% or 677 271 tons imported from the Russian Federation, followed by Germany (14,85% or 281 886 tons), Lithuania (9,71% or 184 436 tons), Latvia (7,37% or 140 007 tons), Ukraine (7,15% or 135 669 tons), Argentina (6,98% or 132 433 tons), Romania (5,34% or 101 449 tons), Canada (4,77% or 90 580 tons), the United States (4,58% or 87 014 tons), Czech Republic (2,52% or 47 830 tons) and Poland (1,05% or 19 940 tons). The exports of wheat for the above-mentioned period amount to 67 673 tons, of which 53,73% or 36 360 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 44,21% or 29 921 tons and Zimbabwe with 2,06% or 1 392 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

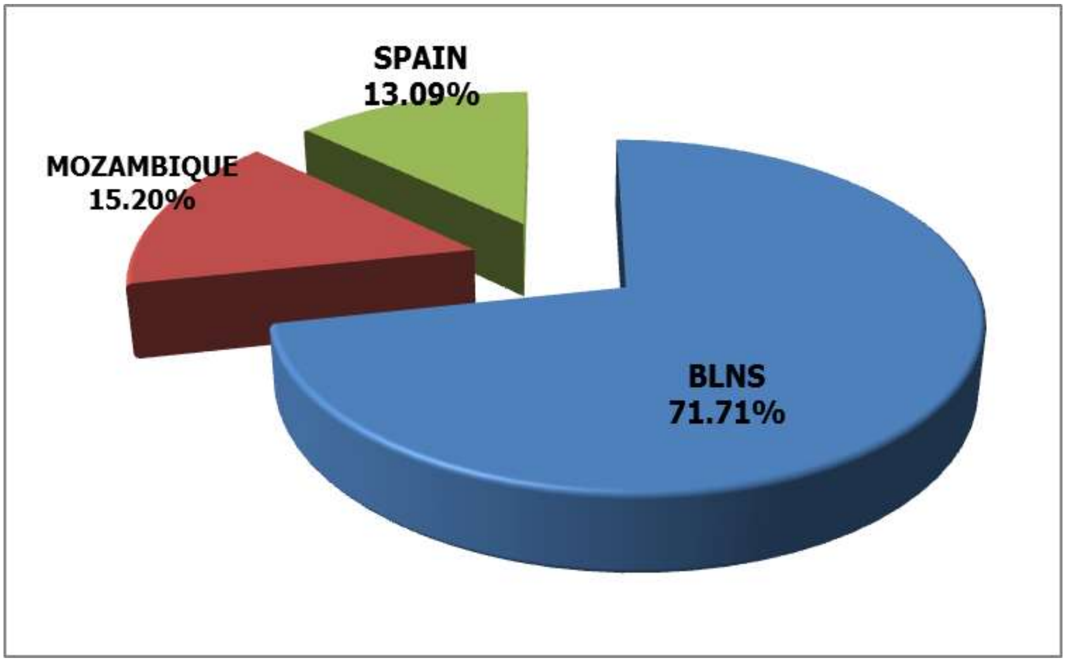


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	560 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 629 739	1 690 000

*Projection

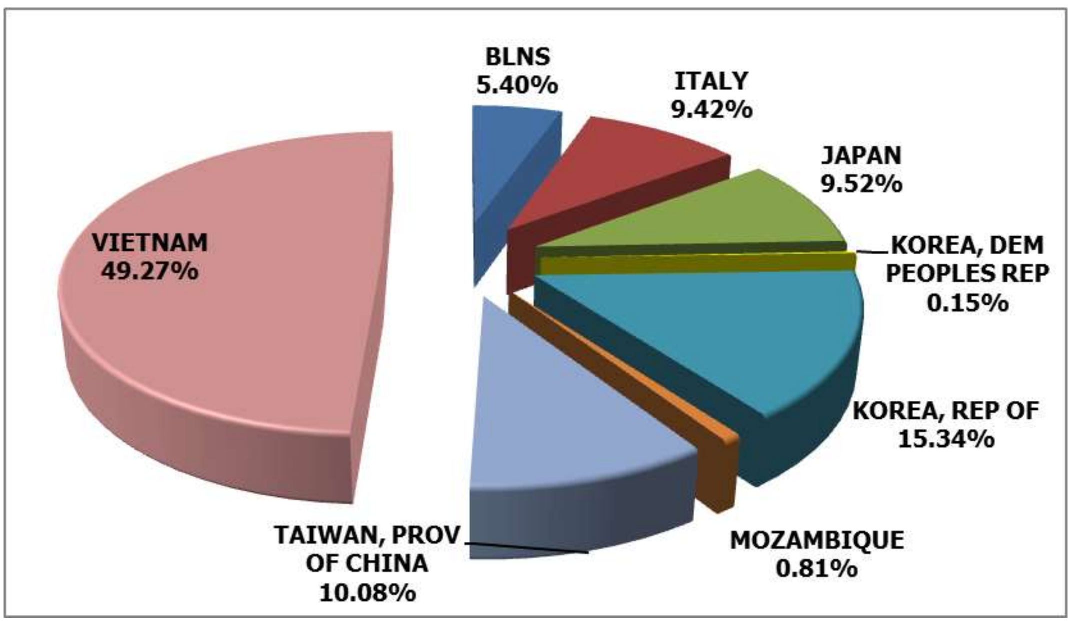
- The exports of white maize for the 2018/19 marketing year are projected 560 000 tons, which represents a decrease of 34,27% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,690 million tons, which represents an increase of 3,70% compared to the 1,630 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 24 August 2018, progressive white maize exports amount to 134 256 tons, with the main destinations being BLNS Countries (71,71% or 96 276 tons), Mozambique (15,20% or 20 404 tons) and Spain (13,09% or 17 576 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 24 August 2018, progressive yellow maize exports amount to 1,056 million tons, with the main destinations being Vietnam (49,27% or 520 214 tons), Republic of Korea (15,34% or 162 000 tons), Taiwan, Province of China (10,08% or 106 398 tons), Japan (9,52% or 100 517 tons), Italy (9,42% or 99 450 tons), BLNS (5,40% or 57 020 tons), Mozambique (0,81% or 8 584 tons) and Democratic Peoples Republic of Korea (0,15% or 1 587 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 5,1% in July 2018, up from 4,6% in June 2018. The consumer price index increased by 0,8% month-on-month in July 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - Housing and utilities increased from 1,0% in June 2018 to 1,3% in July. The index increased by 5,2% year-on-year;
  - Transport increased from 1,0% in June 2018 to 1,4% in July. The index increased by 10,0% year-on-year; and
  - Miscellaneous goods and services decreased from 1,0% in June 2018 to 0,9% in July. The index increased by 5,7% year-on-year.
- The main contributors to headline monthly consumer price inflation are as follows:
  - Housing and utilities contributed 0,5% in July. The index increased by 2,3% month-on-month, mainly because of water and other services (10,2%), as well as electricity and other fuels (6,7%); and
  - Transport contributed 0,1% in July. The index increased by 1,0% month-on-month, mainly because of fuel (2,5%).
- In July the CPI for goods increased by 5,3% year-on-year (up from 4,2% in June), and the CPI for services increased by 5,0% year-on-year (up from 4,9% in June).
- Provincial annual inflation rates ranged from 4,0% in Limpopo to 5,9% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,1% in July 2018 (compared with 5,9% in June 2018). From June 2018 to July 2018 the PPI for final manufactured goods increased by 0,6%.
- The main contributors to the annual rate of 6,1% were coke, petroleum, chemical, rubber and plastic products (3,5%) and transport equipment (0,8%). The main contributor to the monthly increase of 0,6% was coke, petroleum, chemical, rubber and plastic products (0,5%).
- The annual percentage change in the PPI for intermediate manufactured goods was 5,5% in July 2018 (compared with 3,1% in June 2018). From June 2018 to July 2018 the PPI for intermediate manufactured goods increased by 1,4%. The main contributors to the annual rate of 5,5% were basic and fabricated metals (2,7%), chemicals, rubber and plastic products (1,8%), as well as recycling and manufacturing n.e.c. (0,8%). The contributors to the monthly increase of 1,4% were chemicals, rubber and plastic products (0,7%), as well as basic and fabricated metals (0,6%).
- The annual percentage change in the PPI for electricity and water was 7,8% in July 2018 (compared with 3,4% in June 2018). From June 2018 to July 2018 the PPI for electricity and water increased by 8,4%. The contributors to the annual rate of 7,8% were electricity (6,4%) and water (1,2%). The contributors to the monthly increase of 8,4% were electricity (7,5%) and water (0,9%).
- The annual percentage change in the PPI for mining was 9,6% in July 2018 (compared with 8,0% in June 2018). From June 2018 to July 2018 the PPI for mining increased by 1,9%. The main contributors to the annual rate of 9,6% were coal and gas (7,2%), as well as non-ferrous metal ores (6,4%). The main contributor to the monthly increase of 1,9% was coal and gas (1,6%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 0,8% in July 2018 (compared with 2,3% in June 2018). From June 2018 to July 2018 the PPI for agriculture, forestry and fishing increased by 0,3%. The main contributors to the annual rate of 0,8% were forestry (0,6%) and fishing (0,5%). The contributor to the monthly increase of 0,3% was agriculture (0,2%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Monday, 3 September 2018

	3 September 2018	3 August 2018	% Change
RSA White Maize per ton (Sep. 2018 contract)	R2 353,00	R2 194,00	7,25
RSA Yellow Maize per ton (Sep. 2018 contract)	R2 398,00	R2 265,00	5,87
RSA Wheat per ton (Sep. 2018 contract)	R4 305,00	R4 219,00	2,04
RSA Sunflower seed per ton (Sep. 2018 contract)	R5 126,00	R4 911,00	4,38
RSA Soya-beans per ton (Sep. 2018 contract)	R4 480,00	R4 415,00	1,47
Exchange rate R/$	R14,85	R13,36	11,15

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R640,54 per tonne that triggered on 10 July 2018 was published in a Government Gazette on 24 August 2018, making it an official rate.

4.4 Agricultural machinery sales

- July 2018 tractor sales of 525 units were approximately 3% higher than the 508 units sold in July 2017. On a year-to-date basis, tractor sales for the first seven months of the year are almost 11% up on last year. July 2018 combine harvester sales of 12 units were one unit less than the 13 units sold in July 2017. On a year-to-date basis combine harvester sales are now approximately 6% down on last year.
- Tractor sales remain quite buoyant, in a market which is still very competitive. Overall crop prospects are good but maize harvesting, in particular, is running very late because crops in many areas are still quite moist. The recent strength of the market has been boosted by sales of smaller tractors in "non-traditional" areas, outside of the main grain-growing areas.
- With these higher levels of tractor sales in recent months, industry forecasts are now running at a level of between 6 750 to 7 000 units, between 5 and 10% up on 2017 sales.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	July		Change	July		Change
Equipment class	**2018**	**2017**	**%**	**2018**	**2017**	**%**
Tractors	525	508	3,35	3 930	3 557	10,49
Combine harvesters	12	13	-7,69	136	144	-5,56

Source: SAAMA press release, Aug 2018

PLEASE NOTE: The Food Security Bulletin for September 2018 will be released on **5 October 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)
- Directorate: Climate Change and Disaster Management at DAFF
- 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