

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2013

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Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2013, significant rainfall events were recorded over most of the country, with the exception of the Western Cape Province and the extreme western regions of the Northern Cape Province.**
- **The expected size of commercial wheat crop for 2013 is 1,751 million tons, which is 6,4% 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 498 000 tons, which includes imports of 1,650 million tons.**
- **Projected closing stocks of maize for the current 2013/14 marketing year are 516 000 tons, which is 64% less than the previous year.**
- **The projected closing stocks of sorghum for the current 2013/14 marketing year are 43 900 tons, which is 9% less than the previous year.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2013 was lower at 5,3%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 5,8% in November 2013.**
- **The December 2013 tractor sales of 353 units were almost 6% up on the 334 units reported in December 2012.**



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Contents

1. Weather conditions	3
2. Grain production	4
2.1 Summer grain crops	4
2.2 Winter cereal crops	4
3. Cereal balance sheets	5
3.1 Winter cereals	5
3.2 Summer grains	6
4. Market information	10
4.1 Consumer Price Index (CPI)	10
4.2 Producer Price Index (PPI)	10
4.3 Future contract prices and the exchange rate	11
4.4 Agricultural machinery sales	11
5. Acknowledgements	12



1. Weather conditions

1.1 Rainfall for December 2013

During December 2013, significant rainfall events were recorded over most of the country, with the exception of the Western Cape Province and the extreme western regions of the Northern Cape Province (Figure 1). Comparing the rainfall totals for December 2013 to the long term average, above-normal rainfall was received countrywide. However, the Western Cape Province and extreme western parts of the Northern Cape Province experienced below-normal rainfall for the mentioned period (Figure 2).

Figure 1: Rainfall (mm) for December 2013

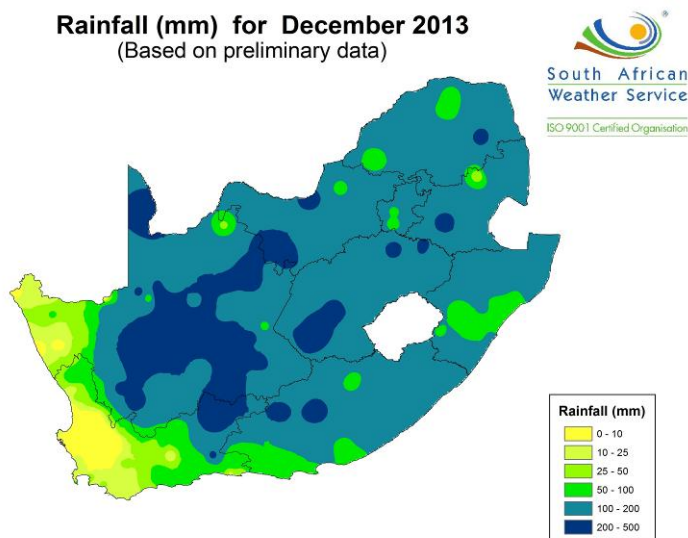
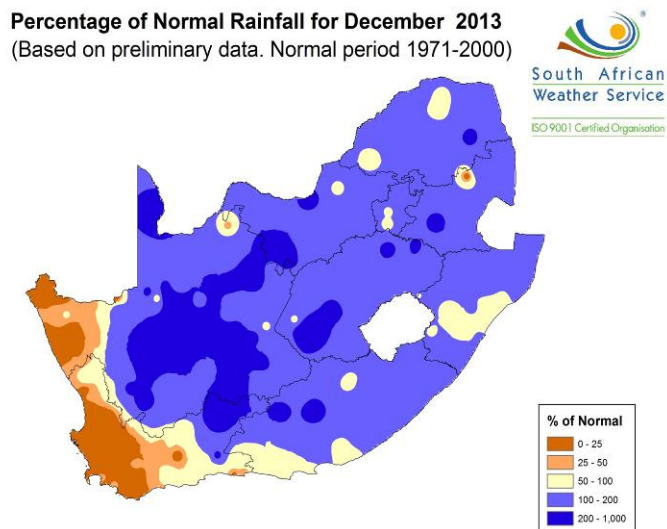


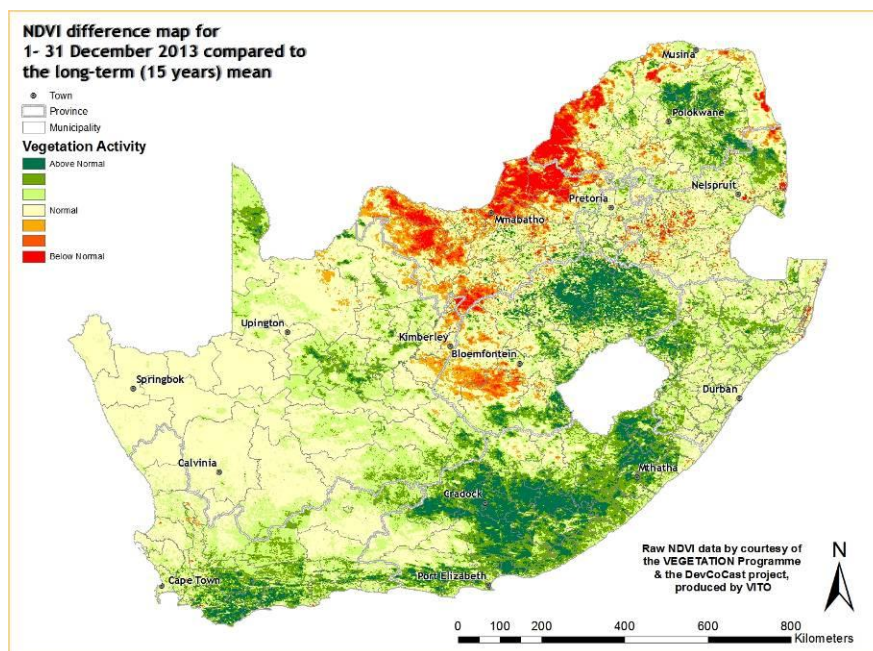
Figure 2: Percentage rainfall for December 2013



1.2 Vegetation activity

Vegetation conditions for December 2013 were above-normal over the southern and eastern parts of the country, including the eastern Free State. However, below-normal vegetation conditions could be observed in the northern and western regions of the country (Figure 3).

Figure 3: The NDVI difference map for December 2013 compared to the 15 year long-term mean



Source: ARC: ISCW

2. Grain production

2.1 Summer grain crops

Please note that the preliminary area planted to summer grain crops for 2014 will be released on 28 January 2014.

2.2 Winter cereal crops

The revised area planted estimate and fifth production forecast for winter cereals for the 2013 production season was released by the Crop Estimates Committee (CEC) on 20 December 2013, and is as follows:

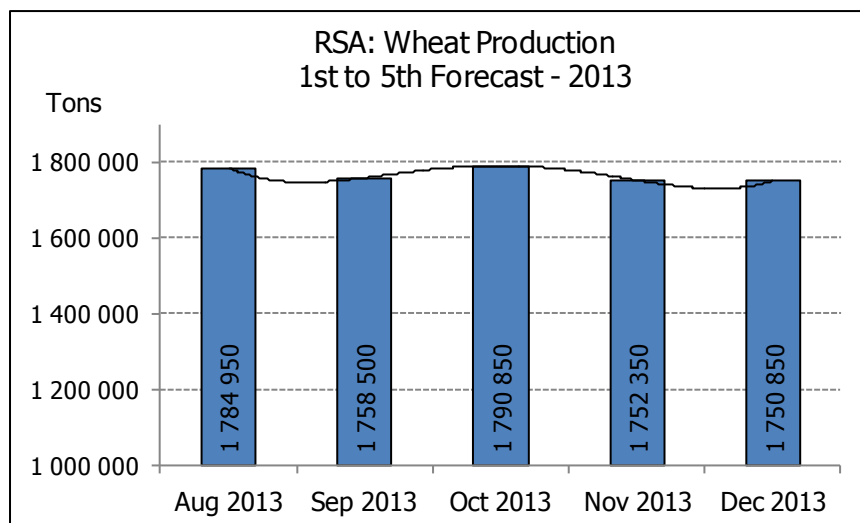
Table 1: Commercial winter crops: Revised area planted estimate and fifth production forecast- 2013 production season

CROP	Area planted 2013	5 th forecast 2013	Area planted 2012	Final crop 2012	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	505 500	1 750 850	511 200	1 870 000	-6,37
Malting barley	81 320	263 602	84 940	298 000	-11,54
Canola	72 165	112 041	44 100	79 000	41,82
Total	658 985	2 126 493	640 240	2 247 000	-5,36

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

- The expected production of wheat is 1,751 million tons, which is 6,4% less than the previous seasons' crop of 1,870 million tons, whilst the expected yield is 3,46 t/ha.
- The expected production in the Western Cape is 852 500 tons (49%), in the Northern Cape 285 600 tons (16%) and in the Free State 265 500 tons (15%).
- The area estimate for wheat for 2013 remained unchanged at 505 500 ha.
- The production forecast for malting barley is 263 602 tons, which is 11,5% less than the previous seasons' crop of 298 000 tons. The area planted is estimated at 81 320 ha, while the expected yield is 3,24 t/ha.
- The expected canola crop is 112 041 tons, which is 41,8% more than the previous seasons' crop of 79 000 tons. The area estimate for canola is 72 165 ha, with an expected yield of 1,55 t/ha.

Graph1: The first to the fifth forecast of wheat production in South Africa for 2013



Please note that the sixth production forecast for winter cereals for 2013 will be released on 28 January 2014.



3. Cereal balance sheets

Supply and demand data for November 2013 was released by SAGIS on 20 December 2013. *(Preliminary information is subject to change on a monthly basis).*

3.1 Winter cereals

Table 2: Supply and demand for Wheat as at 8 January 2014

Marketing year (October to September)	2012/13*	2013/14*
Production & Calendar year	2012	2013
	1000 tons	1000 tons
Supply		
Opening stocks: 1 October	651	489
SAGIS opening stocks	651	489
Gross production	1,881	1,760
Commercial production	1,837	1,716
Retentions by producers	35	35
Non-commercial	9	9
Total domestic supply	2,532	2,249
Plus: Imports	1,393	1,650
Total supply	3,925	3,899
Demand		
Commercial consumption	3,040	3,050
Human	3,008	3,020
Animal	32	30
Gristing	0	0
Retentions by producers	35	35
Withdrawn by producers	4	4
Released to end consumers	7	7
Seed for planting purposes	16	16
Balancing item	21	5
Non-commercial	9	9
Total domestic consumption	3,132	3,126
Plus: Exports	304	275
Products	26	25
Whole grain	278	250
Total demand	3,436	3,401
Closing stocks: 30 September	489	498
Pipeline requirements (80 days of human consumption)	659	662
Domestic shortfall / surplus	-1,259	-1,539
Import gap	1,259	1,539
Surplus/Shortage above pipeline	-170	-164

**Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis, S&DE Report*

- The total supply of wheat for the current 2013/14 marketing year is projected at 3,899 million tons, including projected imports of 1,650 million tons.
- The total demand of wheat for the current 2013/14 marketing year is projected at 3,401 million tons, including exports of 275 000 tons. Thus, the closing stocks are 498 000 tons, which is 1,8% more than the 489 000 tons of the previous year.
- From 28 September 2013 up to 3 January 2014, the progressive grand total of imports is 602 564 tons, with the origin of imports from Russia (267 440 tons or 44,4%), the Ukraine (257 394 tons or 42,7%), Lithuania (40 532 tons or 6,7%), Canada (20 107 tons or 3,3%), and the USA (17 091 tons or 2,8%). The progressive exports to Africa for the mentioned period are 35 140 tons.



3.2 Summer grains

Table 3: Supply and demand for White Maize as at 8 January 2014

Marketing Year: May – April	2012/13	2013/14*
Calendar Year	2012	2013*
	1000 tons	1000 tons
Supply		
Opening Stocks: 1 May	518	757
SAGIS Opening Stocks	518	757
Gross Production	7 423	6 005
Commercial production	6 880	5 434
Retentions by producers	114	111
Non-commercial	429	460
Total Domestic Supply	7 942	6 762
Imports	11	
Total Supply	7 953	6 762
Demand		
Commercial Consumption	5 047	4 882
Human	4 095	4 240
Animal	904	600
Gristing	48	42
Retentions by producers	98	95
Seed for planting purposes	16	16
Withdrawn by producers	36	35
Released to end-consumers	95	61
Balancing item	6	20
Non-commercial	429	460
Total Domestic Consumption	5 727	5 569
Exports	1 468	890
Products	68	70
Whole grain	1 400	820
Total Demand	7 195	6 459
Closing Stocks: 30 April	757	303
Pipeline Requirements (45 days of human & animal consumption + gristing)	622	602
Domestic Shortfall / Surplus	1 592	591
Surplus/ Shortage above pipeline	135	-299

**Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis, S&DE Report*

- Projected closing stocks of white maize for the current 2013/14 marketing year are 303 000 tons, which is 60,0% less than the previous year (757 000 tons). This decrease can mainly be attributed to the smaller crop figure for 2013.
- From 27 April 2013 up to 3 January 2014, progressive white maize exports stand at 636 856 tons of which 251 698 tons or 39,5% were exported to the BLNS countries, followed by Mexico with 190 097 tons or 29,8% and Zimbabwe with 139 967 tons or 22,0%. No imports were reported for the mentioned period.



Table 4: Supply and demand for Yellow Maize as at 8 January 2014

Marketing Year: May - April	2012/13	2013/14*
Calendar Year	2012	2013*
	1000 tons	1000 tons
Supply		
Opening Stocks: 1 May	476	660
SAGIS Opening Stocks	476	660
Gross Production	5 578	6 360
Commercial production	5 049	5 798
Retentions by producers	319	347
Non-commercial	209	215
Total Domestic Supply	6 054	7 020
Imports		100
Total Supply	6 054	7 120
Demand		
Commercial Consumption	3 888	4 495
Human	404	480
Animal	3 474	4 000
Gristing	10	15
Retentions by producers	304	330
Seed for planting purposes	15	17
Withdrawn by producers	102	140
Released to end-consumers	383	430
Balancing item	15	100
Non-commercial	209	215
Total Domestic Consumption	4 916	5 727
Exports	478	1 180
Products	65	80
Whole grain	413	1 100
Total Demand	5 394	6 907
Closing Stocks: 30 April	660	213
Pipeline Requirements (45 days of human & animal consumption + gristing)	479	554
Domestic Shortfall / Surplus	659	739
Surplus/ Shortage above pipeline	181	-341

**Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis, S&DE Report*

- Projected closing stocks of yellow maize for the current 2013/14 marketing year are 213 000 tons, which is 67,7% less than the previous year (660 000 tons). This decrease can mainly be attributed to the increase in the expected exports for 2013.
- From 27 April 2013 up to 3 January 2014, progressive yellow maize exports stand at 1,057 million tons, with the main destinations being Japan (596 315 tons or 56,4%), followed by Taiwan (168 680 tons or 16,0%) and Korea (148 044 tons or 14,0%). No imports were reported for the mentioned period.



Table 5: Supply and demand for Maize as at 8 January 2014

Marketing Year: May - April	2012/13	2013/14*
Calendar Year	2012	2013*
	1000 tons	1000 tons
Supply		
Opening Stocks: 1 May	994	1 417
SAGIS Opening Stocks	994	1 417
Gross Production	13 001	12 365
Commercial production	11 930	11 232
Retentions by producers	433	458
Non-commercial	638	675
Total Domestic Supply	13 995	13 782
Imports	11	100
Total Supply	14 006	13 882
Demand		
Commercial Consumption	8 935	9 377
Human	4 499	4 720
Animal	4 378	4 600
Gristing	58	57
Retentions by producers	402	425
Seed for planting purposes	31	33
Withdrawn by producers	138	175
Released to end-consumers	478	491
Balancing item	21	120
Non-commercial	638	675
Total Domestic Consumption	10 643	11 296
Exports	1 946	2 070
Products	133	150
Whole grain	1 813	1 920
Total Demand	12 589	13 366
Closing Stocks: 30 April	1 417	516
Pipeline Requirements (45 days of human & animal consumption + gristing)	1 102	1 156
Domestic Shortfall / Surplus	2 250	1 330
Surplus/ Shortage above pipeline	315	-640

**Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis, S&DE Report*

- Projected closing stocks of maize for the current 2013/14 marketing year are 516 000 tons, which is 63,6% less than the previous year (1,417 million tons). This decrease can mainly be attributed to the smaller crop figure and the increase in expected exports for 2013.
- From 27 April 2013 up to 3 January 2014, the progressive grand total of exports is 1,693 million tons, with the largest quantity (596 315 tons or 35,2%) exported to Japan, followed by the BLNS countries (348 670 tons or 20,6%), Mexico (190 097 tons or 11,2%), Taiwan (168 680 tons or 10,0%), and Korea (148 044 tons or 8,7%). No imports were reported for the mentioned period.



Table 6: Supply and demand for Sorghum as at 8 January 2014

Marketing year: April - March	2012/13	2013/14*
Calendar year	2012	2013
	1000 tons	1 000 tons
Supply		
Opening stocks: 1 April	52,1	48,3
SAGIS opening stocks	52,1	48,3
Gross production	157,0	172,4
Commercial production	133,2	144,3
Retentions by producers	3,5	2,9
Non-commercial	20,3	25,2
Total domestic supply	209,1	220,7
Plus: Imports	55,0	60,0
Total supply	264,1	280,7
Demand		
Food consumption	158,0	171,0
Indoor malting	12,8	13,0
Floor malting	56,7	58,0
Meal, rice & grits	88,5	100,0
Feed consumption	5,7	5,5
Pet food	0,9	1,0
Poultry	4,2	3,5
Livestock feed	0,6	1,0
Total commercial consumption	163,7	176,5
Retentions by producers	3,5	2,9
Withdrawn by producers	6,0	7,0
Released to end-consumers	2,5	3,5
Balancing item	0,8	2,7
Non-commercial	20,3	25,2
Total domestic consumption	196,8	217,8
Plus: Exports	19,0	19,0
Exports through border posts	15,7	15,7
Exports through harbours	-	-
Products to African countries	3,3	3,3
Total demand	215,8	236,8
Closing stocks	48,3	43,9
Pipeline Requirements (45 days of human & animal consumption + gristing)	20,2	21,8
Domestic surplus / deficit	-7,9	-18,9
Import gap	7,9	18,9
Surplus/ Shortage above pipeline	28,1	22,1

**Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis, S&DE Report*

- The total supply of sorghum for the current 2013/14 marketing year is estimated at 280 700 tons, including imports of 60 000 tons, which is the highest total recorded since the 75 100 tons in the 2002/03 marketing year. The total demand stands at 236 800 tons, which includes exports of 19 000 tons for the above-mentioned period.
- The expected closing stocks of sorghum for the current 2013/14 marketing year show a surplus of 43 900 tons, which is 9,1% less than the previous year (48 300 tons). This decrease can mainly be attributed to the expected increase in the food consumption for 2013.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in November 2013 was 5,3%. This rate was 0,2% lower than the corresponding annual rate of 5,5% in October 2013. On average, prices increased by 0,1% between October 2013 and November 2013.
- The food and non-alcoholic beverages index increased by 0,8% between October 2013 and November 2013. The annual rate decreased to 3,8% in November 2013 from 4,3% in October 2013. The following components in the food and non-alcoholic beverages index increased: Fruit (3,1%), vegetables (2,6%), meat (1,4%), other food (1,0%), hot beverages (0,9%), sugar, sweets and desserts (0,7%), oils and fats (0,6%), fish (0,3%) and milk, eggs and cheese (0,2%). The following components decreased: Bread and cereals (-0,3%) and cold beverages (-0,1%).
- The transport index decreased by 0,6% between October 2013 and November 2013, mainly due to a 28c/litre decrease in the price of petrol. The annual rate decreased to 5,8% in November 2013 from 6,2% in October 2013.
- The communication index decreased by 1,0% between October 2013 and November 2013. The annual rate decreased to 1,1% in November 2013 from 2,2% in October 2013.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,3%), Mpumalanga (5,1%), Northern Cape (5,0%), KwaZulu-Natal (4,9%), Eastern Cape (4,8%) and North West (4,6%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (5,7%), Free State (5,6%) and Gauteng (5,4%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,8% in November 2013 (compared with 6,3% in October 2013). From October 2013 to November 2013 the PPI for final manufactured goods increased by 0,2%.
- The main contributors to the annual rate of 5,8% were food products, beverages and tobacco products (4,8% year-on-year and contributing 1,6%) metals, machinery, equipment and computing equipment (6,2% year-on-year and contributing 1,0%), as well as transport equipment (8,3% year-on-year and contributing 0,9%).
- The main contributor to the monthly increase of 0,2% was food products, beverages and tobacco products (0,2% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for electricity and water was 15,8% in November 2013 (compared with 14,6% in October 2013). From October 2013 to November 2013 the PPI for electricity and water was unchanged. The contributors to the annual rate of 15,8% were electricity (16,8% year-on-year and contributing 13,8%), as well as water (10,5% year-on-year and contributing 1,9%).
- The annual percentage change in the PPI for mining was 1,4% in November 2013 (compared with -0,2% in October 2013). From October 2013 to November 2013 the PPI for mining increased by 1,5%. The main contributors to the annual rate of 1,4% were non-ferrous metal ores (4,0% year-on-year and contributing 1,8%), as well as coal and gas (6,8% year-on-year and contributing 1,6%).
- The main contributors to the monthly increase of 1,5% were non-ferrous metal ores (2,1% month-on-month and contributing 1,0%), as well as coal and gas (2,2% month-on-month and contributing 0,6%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,8% in November 2013 (compared with 1,8% in October 2013). From October 2013 to November 2013 the PPI for agriculture, forestry and fishing increased by 2,5%. The main contributor to the annual rate of 2,8% was agriculture (2,4% year-on-year and contributing 1,9%). The main contributor to the monthly increase of 2,5% was agriculture (3,2% month-on-month and contributing 2,5%).

4.3 Future contract prices and the exchange rate

Table 7: Closing prices on Wednesday, 9 January 2014

	9 January 2014	9 December 2013	% Change
RSA White Maize per ton (Jan. 2014 contract)	R3 000,00	R2 746,00	9,25
RSA Yellow Maize per ton (Jan. 2014 contract)	R3 015,00	R2 670,00	12,92
RSA Wheat per ton (Jan. 2014 contract)	R3 676,00	R3 572,00	2,91
RSA Sunflower seed per ton (Jan. 2014 contract)	R5 800,00	R5 850,00	-0,85
RSA Soya-beans per ton (Mar. 2014 contract)	R6 125,00	R6 110,00	0,25
Exchange rate R/\$	R10,80	R10,34	4,45

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- The December 2013 tractor sales of 353 units were almost 6% up on the 334 units reported in December 2012. Sales for the full 2013 calendar year of 7 516 units were approximately 5% down on those of 2012. The December 2013 combine harvester sales of 7 units were four units less than the 11 units sold in December 2012. On a calendar year basis 2013 combine harvester sales were almost 3% up on 2012 sales.
- Rainfall has been very patchy this season with some areas, mainly in the east, experiencing good rains. In the west, however, rains were late and this will have affected maize plantings. The recent weakness of the rand is causing some concern in the market. Commodity prices, however, should remain good in the face of the weaker rand and the relatively low grain stocks in the country. Several industry commentators have made the point that the industry is facing a challenging season ahead.
- Early predictions of sales for the 2014 calendar year indicate that tractor sales are likely to be at or up to 10% lower than 2013 sales.

Table 8: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2013	2012		2013	2012	
Tractors	353	334	-5,7	7 516	7 889	-4,8
Combine harvesters	7	11	-36,4	352	343	2,6

Source: SAAMA press release, January 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 Grain Information Service (SAGIS)
- The South African Weather Service (WeatherSA)
- USDA Foreign Service
- UT Grain Management (Pty) Ltd
- Weekly Price Watch, DAFF