

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2014

Issued: 14 January 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2014, significant rainfall was received over the central parts and eastern half of the country.**
- **The expected production of wheat for 2014 is 1,760 million tons, which is 5,9% less than the previous seasons' crop of 1,870 million tons.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 478 694 tons, which includes imports of 1,8 million tons. It is also 1,4% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 2,195 million tons, which is considerably more (272,6%) than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 119 264 tons, which is 138,2% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2014 was lower at 5,8%.**
- **The annual percentage change in the PPI for final manufactured goods was unchanged at 6,5% in November 2014.**
- **December 2014 tractor sales of 344 units were 5,5% more than the 326 units reported in December 2013.**



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1. Weather conditions

1.1 Rainfall for December 2014

During December 2014, significant rainfall events were limited to the central parts and eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for December, rainfall was near-normal to above-normal over the central regions, but below-normal over the western and far eastern regions of the country (**Figure 2**).

Figure 1: Rainfall (mm) for December 2014

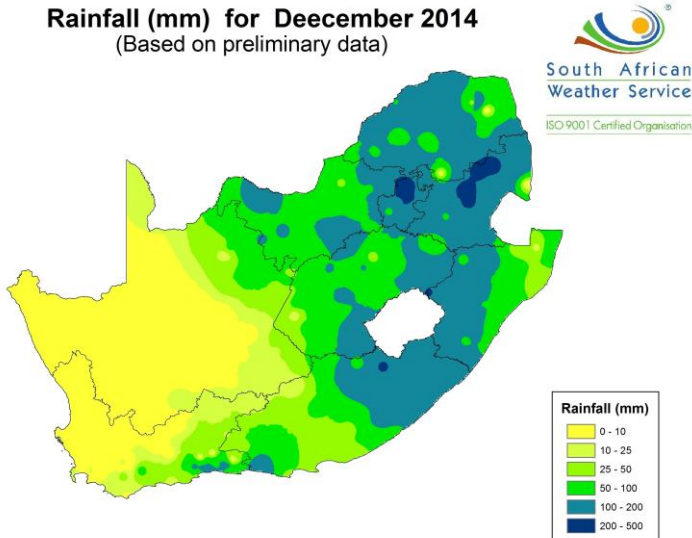
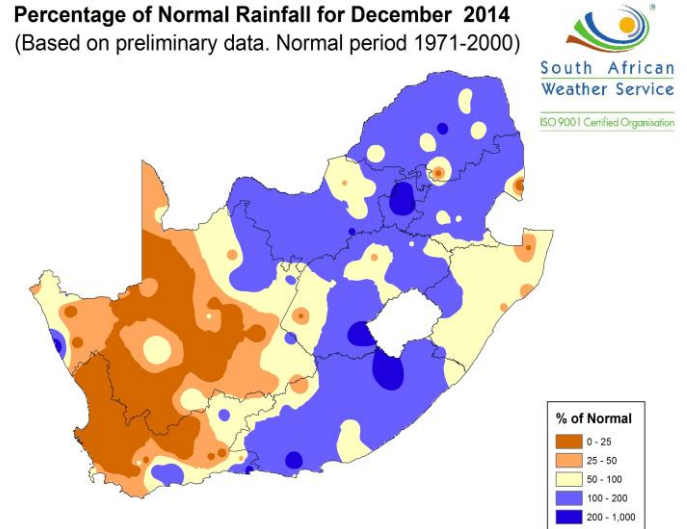


Figure 2: Percentage rainfall for December 2014



1.2 Level of dams

Available information on the level of South Africa's dams on 12 January 2015 indicates that the country has approximately 82% of its full supply capacity (FSC) available, 1% more than the corresponding period in 2014. Most of the provinces show an improvement in the full supply capacity of dams, especially in the Northern Cape (16%), Gauteng (14%) and Limpopo (13%) provinces. However, the Western Cape, Kwazulu-Natal and Eastern Cape provinces show decreases of 16%, 11% and 8%, respectively, compared to the same period in 2014. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 12 January 2015

Province	Net FSC million cubic meters	12/01/2015 (%)	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	77	85	-8,0
Free State	15 971	87	79	8,0
Gauteng	115	101	87	14,0
KwaZulu-Natal	4 669	73	84	-11,0
Lesotho	2 376	72	66	6,0
Limpopo	1 504	90	77	13,0
Mpumalanga	2 520	93	95	-2,0
North West	802	70	61	9,0
Northern Cape	146	91	75	16,0
Western Cape	1 854	72	88	-16,0
Total	31 783	82	81	1,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

Please note that the preliminary area planted estimate for summer grains for 2015 will be released on 27 January 2015.

2.2 Winter cereal crops

The area estimate and fifth production forecast for winter cereals for 2014 was released by the CEC on 19 December 2014, and is as follows:

Table 2: Commercial winter crops: Area planted and fifth production forecast - 2014 season

CROP	Area planted 2014	5 th Forecast 2014	Area planted 2013	Final crop 2013	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	476 570	1 760 034	505 500	1 870 000	-5,88
Malting barley	85 125	317 511	81 320	267 500	18,70
Canola	95 000	128 250	72 165	112 000	14,51
Total	656 695	2 205 795	658 985	2 249 500	-1,94

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

- The expected commercial production of **wheat** is 1,760 million tons, which is 5,9% or 109 966 tons less than the previous seasons' crop of 1,870 million tons, whilst the expected yield is 3,69 t/ha.
- The expected production in the Western Cape is 883 500 tons (50%), in the Northern Cape 285 000 tons (16%) and in the Free State 271 050 tons (15%).
- The area estimate for wheat remained unchanged at 476 570 ha
- The production forecast for **malting barley** is 317 511 tons, which is 18,7% or 50 011 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 3,73 t/ha.
- The expected **canola** crop is 128 250 tons, which is 14,51% or 16 250 tons more than the previous seasons' crop of 112 000 tons. The area estimate for canola is 95 000 ha, with an expected yield of 1,35 t/ha.

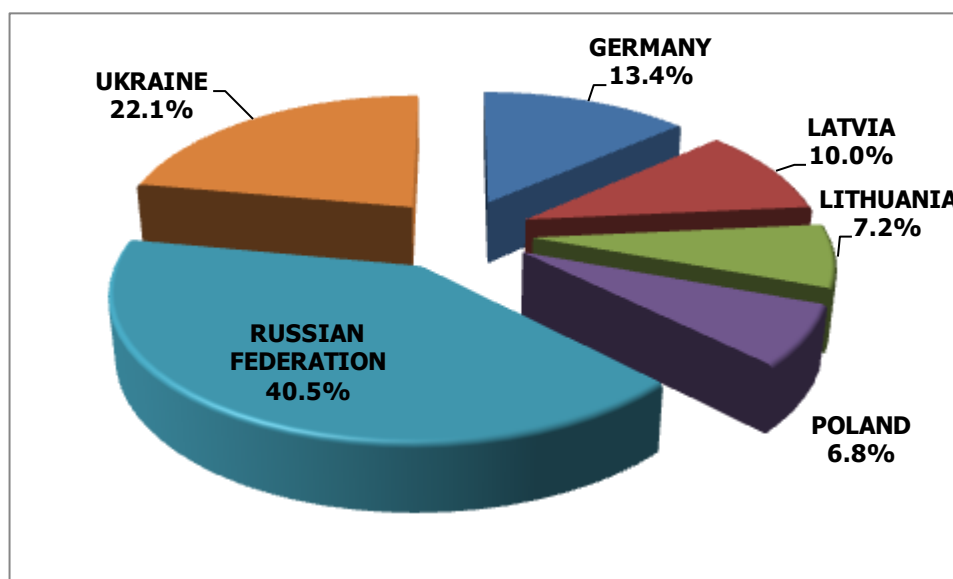
Please note that the sixth production forecast of the winter cereal crops for 2014, will be released on 27 January 2015.

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 Dec14 Annexure A.

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

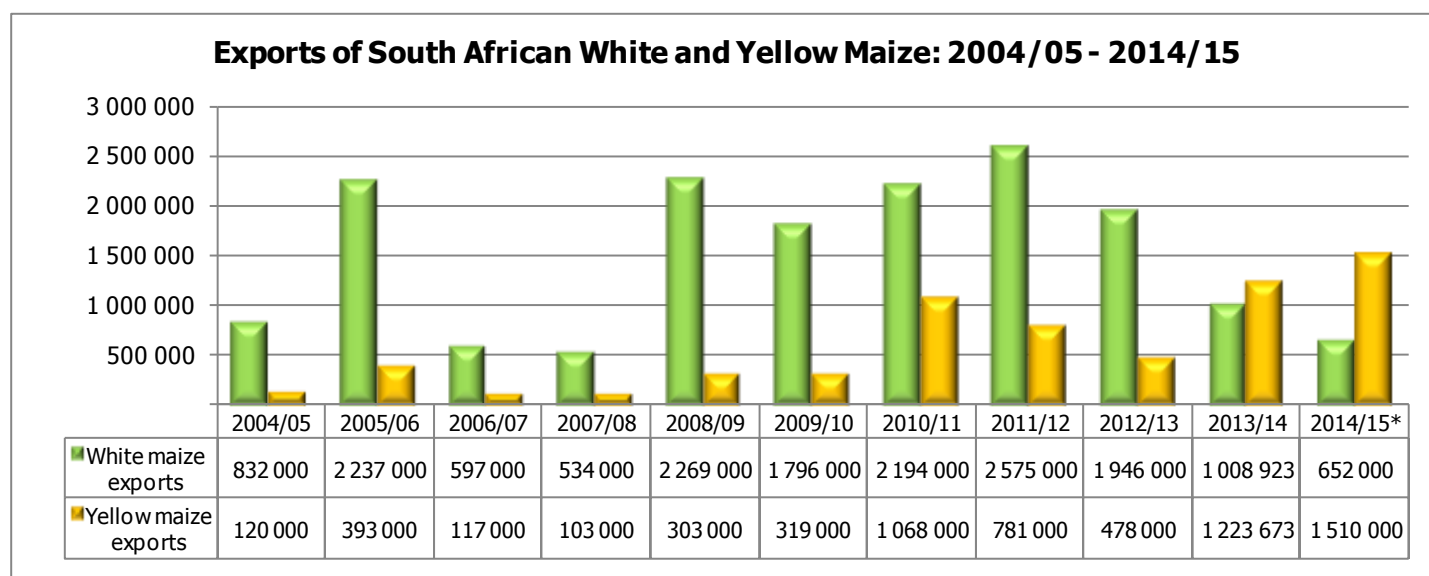
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 9 January 2015, amount to 608 600 tons, with the largest quantity (40,5% or 246 478 tons) imported from the Russian Federation followed by Ukraine (22,1% or 134 257 tons), Germany (13,4% or 81 744 tons) and Latvia (10,0% or 61 005 tons). The exports of wheat for the mentioned period amount to 53 349 tons, of which 57,8% or 30 813 tons were exported to the BLNS countries and 42,1% or 22 480 tons to Zimbabwe.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2014/15 marketing year



*Projection

- The projection for the 2014/15 marketing year exports are 652 000 tons for white maize, which represents a decrease of 35,4 % compared to the 1,009 million tons of the previous marketing year. With reference to yellow maize exports, the projection is 1,510 million tons, which represents an increase of 23,4% compared to the 1,224 million tons of the previous marketing year.
- From 26 April 2014 to 9 January 2015, progressive white maize exports amount to 369 869 tons, with the main destinations being the BLNS countries (67,0% or 247 880 tons) and Zimbabwe (15,5% or 57 430 tons). No imports were reported for the mentioned period.

- From 26 April 2014 to 9 January 2015, progressive yellow maize exports amount to 1 359 million tons, with the main destinations being Taiwan (50,0% or 679 185 tons), Korea (15,8% or 214 474 tons) and Japan (14,6% or 198 197 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual CPI inflation dropped to 5,8% in November 2014 from 5,9% in October 2014. Petrol and food prices, which are key drivers of changes in the CPI both showed lower annual inflation rates. Food inflation continued its slowing trend with a 7,7% annual rate compared to 8% in October 2014. The main driver of the steadily declining food inflation have been the oils and fats (-1,7%) groups. Meat and dairy products on the other hand continue to show steady inflationary pressures. Meat inflation stood at 9,1% and dairy products at 12,9% in November. Hot beverages increased by 8,3% year on year.
- The petrol price dropped by 45c/l in November 2014, the third successive monthly drop, and the cheapest since November 2013. Annual petrol inflation now stands at 1,2%.
- Restaurants and hotel prices increased strongly in November 2014. Hotel inflation reached 9,2% in November, of which 5,6% has accumulated over the past four months. Restaurant prices increased by 1,1% in November pushing the annual rate to 9%. The prices of alcoholic beverage in restaurants have increased by 18,6% over the past year, compared to only 7,2% when bought in a shop.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Eastern Cape (5,7%), Northern Cape (5,7%), North West (5,7%), Free State (5,5%) and Mpumalanga (5,5%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,3%), Western Cape (6,1%), KwaZulu-Natal (6,0%) and Gauteng (5,9%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,5% in November 2014 (compared with 6,7% in October 2014). From October 2014 to November 2014 the PPI for final manufactured goods remained unchanged.
- The main contributors to the annual rate of 6,5% were food products, beverages and tobacco products (8,0% year-on-year and contributing 2,9%) and metals, machinery, equipment and computing equipment (9,5% year-on-year and contributing 1,4%).
- The annual percentage change in the PPI for intermediate manufactured goods was 5,4% in November 2014 (compared with 6,2% in October 2014). From October 2014 to November 2014 the PPI for intermediate manufactured goods decreased by 0,7%.
- The main contributors to the annual rate of 5,4% were chemicals, rubber and plastic products (7,1% year-on-year and contributing 2,2%) and basic and fabricated metals (5,0% year-on-year and contributing 1,9%).
- The main contributor to the monthly decrease of 0,7% was basic and fabricated metals (-1,2% month-on-month and contributing -0,5%).
- The annual percentage change in the PPI for electricity and water was 8,4% in November 2014 (compared with 8,0% in October 2014). From October 2014 to November 2014 the PPI for electricity and water increased by 0,4%.
- The contributors to the annual rate of 8,4% were electricity (8,6% year-on-year and contributing 7,1%) and water (7,0% year-on-year and contributing 1,2%).
- The contributor to the monthly increase of 0,4% was electricity (0,4% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for mining was -1,7% in November 2014 (compared with 2,5% in October 2014). From October 2014 to November 2014 the PPI for mining decreased by 2,6%.
- The main contributors to the annual rate of -1,7% were gold and other metal ores (-5,9% year-on-year and contributing -1,2%) and coal and gas (-2,6% year-on-year and contributing -0,7%).

- The main contributor to the monthly decrease of 2,6% was non-ferrous metal ores (-4,9% month-on-month and contributing -2,2%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,3% in November 2014 (compared with 3,0% in October 2014). From October 2014 to November 2014 the PPI for agriculture, forestry and fishing increased by 1,7%.
- The main contributors to the annual rate of 2,3% were agriculture (1,1% year-on-year and contributing 0,9%) and fishing (22,5% year-on-year and contributing 0,9%).
- The main contributor to the monthly increase of 1,7% was agriculture (1,8% month-on-month and contributing 1,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Friday, 9 January 2015

	9 January 2015	9 December 2014	% Change
RSA White Maize per ton (Jan. 2015 contract)	R1 974,00	R2 131,00	-7,37
RSA Yellow Maize per ton (Jan. 2015 contract)	R1 993,00	R2 116,00	-5,81
RSA Wheat per ton (Jan. 2015 contract)	R3 920,00	R3 808,00	2,94
RSA Sunflower seed per ton (Jan. 2015 contract)	R4 970,00	R4 907,00	1,28
RSA Soya-beans per ton (Jan. 2015 contract)	R5 670,00	R5 750,00	-1,39
Exchange rate R/\$	R11,60	R11,50	0,87

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- December 2014 tractor sales of 344 units were 5,5% more than the 326 units reported in December 2013. Sales for the 2014 calendar year of 6 464 units were 2,5% down on 2013 sales of 6 630 units. December 2014 combine harvester sales of eight units were one unit more than the seven units sold in December 2013. Combine harvester sales of 333 units for 2014 were 4,0% less than the 347 units sold in 2013.
- Reports from the field indicate that most areas have had good rains and that summer crops, in general, are looking good. Follow-up rain will, however, be required through to the end of February to see these crops through to maturity. Commodity prices are still quite stable, but the effect of low crude oil prices on international bio fuel production may have an adverse effect on grain prices later in the year. Fuel input costs for local farmers for harvesting the current summer crops on the land and for crop production later in the year should, however, be significantly lower. Industry expectations are that the market in 2015 will be between 5 and 10% down on 2014.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2014	2013		2014	2013	
Tractors	344	326	5,5	6 464	6 630	-2,5
Combine harvesters	8	7	14,3	333	347	-4,0

Source: SAAMA press release, January 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