MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2015

Issued: 13 January 2016

Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2015, significant rainfall events were limited to the eastern parts of the country.**
- **The expected commercial production of wheat for 2015 is 1,501 million tons, which is 14,2% less than the previous seasons' crop of 1,750 million tons.**
- **The projected closing stocks of wheat for the current 2015/16 marketing year are 540 513 tons, which includes imports of 1,950 million tons. It is also 9,4% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 1,668 million tons, which is 19,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 70 152 tons, which is 42,4% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 41 877 tons, which is 54,9% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 142 454 tons, which is 123,6% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2015 was higher at 4,8%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 4,3% in November 2015.**
- **December 2015 tractor sales of 246 units were almost 30% down on the 344 units sold in December 2014.**

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1. Weather conditions

1.1 Rainfall for December 2015

During December 2015, significant rainfall events were limited to the eastern parts of the country (**Figure 1**). Comparing rainfall totals to the long-term average for December 2015, rainfall received was below-normal to near-normal in the KwaZulu-Natal, Mpumalanga, Gauteng provinces, as well as the western parts of the Northern Cape Province and some areas of the Western Cape Province (**Figure 2**). Isolated areas of above-normal rainfall were mainly evident in the Mpumalanga Province and north-western areas of Namaqualand region in the Northern Cape Province.

Figure 1: Rainfall in mm for December 2015

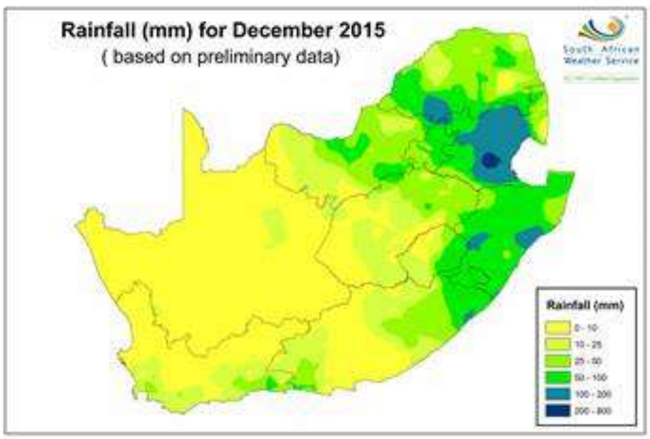
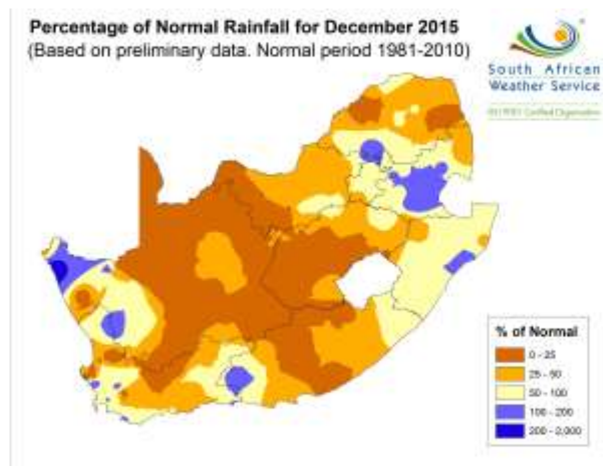


Figure 2: Percentage rainfall for December 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 4 January 2016 indicates that the country has approximately 57% of its full supply capacity (FSC) available, 25% less than the corresponding period in 2014. All the provinces show a decreasing trend in the full supply capacity of dams of between 4% and 31%, compared to the same period last year. The largest decreases in the full supply capacity for the mentioned period are evident in the Northern Cape and Mpumalanga with 31% each, followed by the Free State with 29% and North West with 28%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 4 January 2016

Province	Net FSC million cubic meters	**4/01/2016 (%)**	Last Year (2015) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 833	73	77	-4,0
Free State	15 971	57	86	-29,0
Gauteng	115	79	101	-22,0
KwaZulu-Natal	4 669	55	73	-18,0
Lesotho	2 376	49	72	-23,0
Limpopo	1 508	65	89	-24,0
Mpumalanga	2 538	62	93	-31,0
North West	825	42	70	-28,0
Northern Cape	146	63	94	-31,0
Western Cape	1 853	53	74	-21,0
Total	**31 834**	**57**	**82**	**-25,0**

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 2016 will be released on 27 January 2016.

2.2 Winter cereal crops

The area estimate and fifth production forecast for winter crops for 2015 was released by the Crop Estimates Committee (CEC) on 15 December 2015, and is as follows:

Table 2: Commercial winter crops: Area planted and fifth production forecast - 2015 season

CROP	Area planted 2015 Ha (A)	5th Forecast 2015 Tons (B)	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
Wheat	**482 150**	**1 501 190**	**476 570**	**1 750 000**	**-14,22**
Malting barley	**93 730**	**357 487**	**85 125**	**302 000**	**18,37**
Canola	**78 050**	**101 500**	**95 000**	**121 000**	**-16,12**
Total	**653 930**	**1 960 177**	**656 695**	**2 173 000**	**-9,79**

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

- The expected commercial production of **wheat** is 1,501 million tons, which is 14,22% or 248 810 tons less than the previous seasons' crop of 1,750 million tons, whilst the expected yield is 3,11 t/ha.
- The expected production in the Western Cape is thus now 713 000 tons (47%), in the Northern Cape 259 200 tons (17%) and in the Free State 208 000 tons (14%).
- The production forecast for **malting barley** is 357 487 tons, which is 18,37% or 55 487 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 3,81 t/ha.
- The expected **canola** crop is 101 500 tons, which is 16,12% or 19 500 tons less than the previous seasons' crop of 121 000 tons. The area estimate for canola is 78 050 ha, with an expected yield of 1,30 t/ha.

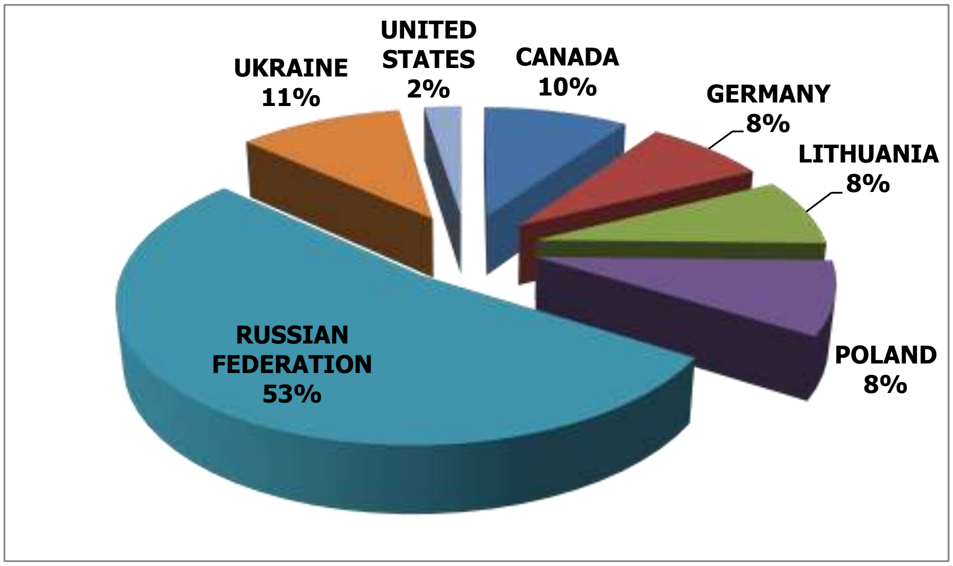
Please note that the sixth production forecast for winter cereals for 2015 will be released on 27 January 2016.

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 Dec15 Annexure A.

3.1 Imports and exports of wheat for the 2015/16 marketing year

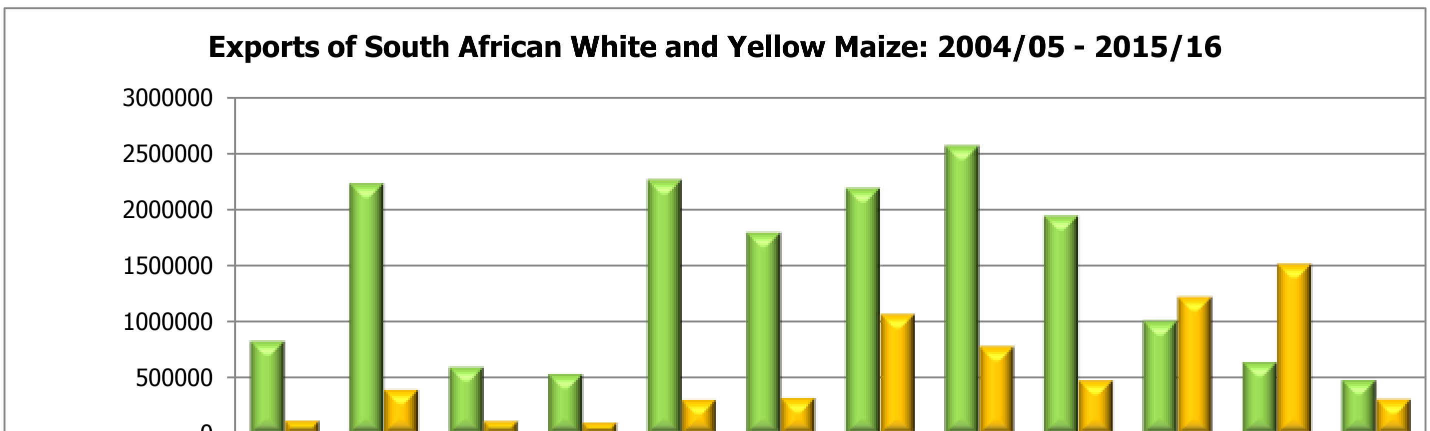
Graph 1: Major countries of wheat imports for South Africa: 2015/16 marketing year



- The progressive wheat imports from 26 September 2015 to 8 January 2016, amount to 564 792 tons, with the largest quantity (52,85% or 298 480 tons) imported from the Russian Federation followed by Ukraine (10,82% or 61 101 tons), Canada (9,52% or 53 793 tons), Poland (8,50% or 48 020 tons), Germany (7,99% or 45 099 tons), Lithuania (7,87% or 44 441 tons) and the United States (2,45% or 13 858 tons). The exports of wheat for the mentioned period amount to 21 746 tons, of which 58,25% or 12 667 tons were exported to Zimbabwe, 14,71% or 3 199 tons to Namibia, 12,92% or 2 809 tons to Botswana, 11,45% or 2 490 tons to Mozambique, 1,89% or 412 tons to Swaziland and only 0,78% or 169 tons to Zambia.

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	832000	2237000	597000	534000	2269000	1796000	2194000	2575000	1946000	1008923	640807	480000
Yellow maize exports	120000	393000	117000	103000	303000	319000	1068000	781000	478000	1223673	1514917	310000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 480 000 tons, which represents a decrease of 25,1% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 310 000 tons, which represents a decrease of 79,5% compared to the 1,515 million tons of the previous marketing year.

- From 25 April to 8 January 2016, progressive white maize exports amount to 296 369 tons, with the main destinations being the BLNS Countries (82,36% or 244 086 tons) and Mozambique (17,64% or 52 283 tons).

The imports of white maize for the mentioned period amount to 68 425 tons, of which 74,59% or 51 040 tons were from Mexico and 25,41% or 17 235 tons from Zambia.

- From 25 April to 8 January 2016, progressive yellow maize exports amount to 158 263 tons, with the main destinations being the BLNS Countries (77,84% or 123 195 tons), Mozambique (17,98% or 28 449 tons), Democratic People's Republic of Korea (2,07% or 3 281 tons), Republic of Korea (1,44% or 2 277 tons), Central Republic of Africa (0,57% or 897 tons) and Zimbabwe (0,10% or 164 tons). The imports of yellow maize for the mentioned period amount to 670 187 tons, of which 49,29% or 330 306 tons were from Argentina, 44,67% or 299 375 tons from Brazil and 6,04% or 40 506 tons from Paraguay.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,8% in November 2015, up from 4,7% in October 2015. The consumer price index increased by 0,1% month-on-month in November 2015.
- Contributions to headline annual consumer price inflation were as follows:.
  - Transport increased from -0,1% in October (-0,6% year-on-year) to zero in November (0,0% year-on-year); and
  - Miscellaneous goods and services decreased from 1,1% in October (7,0% year-on-year) to 1,0% in November (6,8% year-on-year).
- Contributions to monthly consumer price inflation were as follows:
  - Food and non-alcoholic beverages contributed 0,1% in November. The index increased by 0,6% month-on-month. The items with the highest monthly rates were fruit (4,8%), as well as oils and fats (1,5%); and
  - Transport contributed -0,1% in November. The index decreased by 0,5% month-on-month, mainly because of petrol (-1,8%) (-22c/litre).
- In November the CPI for goods increased by 3,8% year-on-year (3,7% in October), and the CPI for services increased by 5,7% year-on-year (5,6% in October).
- Provincial annual inflation rates ranged from 4,1% in Mpumalanga to 5,1% in Eastern Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,3% in November 2015 (compared with 4,2% in October 2015). From October 2015 to November 2015 the PPI for final manufactured goods increased by 0,1%.
- The main contributors to the annual rate of 4,3% were food products, beverages and tobacco products (6,2% year-on-year and contributing 2,1%), wood and paper products (7,7% year-on-year and contributing 0,8%), as well as metals, machinery, equipment and computing equipment (4,8% year-on-year and contributing 0,7%).
- The main contributor to the monthly increase of 0,1% was food products, beverages and tobacco products (0,4% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for electricity and water was 12,9% in November 2015 (compared with 13,5% in October 2015). From October 2015 to November 2015 the PPI for electricity and water decreased by 0,2%. The contributors to the annual rate of 12,9% were electricity (13,3% year-on-year and contributing 11,2%) and water (11,3% year-on-year and contributing 1,8%).
- The contributor to the monthly decrease of 0,2% was electricity (-0,1% month-on-month and contributing -0,1%).
- The annual percentage change in the PPI for mining was 2,4% in November 2015 (compared with -0,8% in October 2015). From October 2015 to November 2015 the PPI for mining increased by 0,6%. The main

contributors to the annual rate of 2,4% were gold and other metal ores (7,0% year-on-year and contributing 2,1%) and stone quarrying, clay and diamonds (48,5% year-on-year and contributing 3,4%).

- The main contributors to the monthly increase of 0,6% were stone quarrying, clay and diamonds (15,7% month-on-month and contributing 1,4%) and coal and gas (2,5% month-on-month and contributing 0,6%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 9,6% in November 2015 (compared with 6,8% in October 2015). From October 2015 to November 2015 the PPI for agriculture, forestry and fishing increased by 4,5%. The main contributor to the annual rate of 9,6% was agriculture (10,7% year-on-year and contributing 9,2%).
- The contributor to the monthly increase of 4,5% was agriculture (5,2% month-on-month and contributing 4,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Friday, 8 January 2016

	8 January 2016	8 December 2015	% Change
RSA White Maize per ton (Jan. 2016 contract)	R4 670,00	R3 560,00	31,18
RSA Yellow Maize per ton (Jan. 2016 contract)	R3 700,00	R3 473,00	6,54
RSA Wheat per ton (Jan. 2016 contract)	R4 866,00	R4 584,00	6,15
RSA Sunflower seed per ton (Jan. 2016 contract)	R7 200,00	R7 100,00	1,41
RSA Soya-beans per ton (Jan. 2016 contract)	R6 562,00	R6 081,00	7,91
Exchange rate R/$	R16,01	R14,60	9,66

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- December 2015 tractor sales of 246 units were almost 30% down on the 344 units sold in December 2014. On a calendar year basis 2015 sales were 12% down on those in 2014. December 2015 combine harvester sales of 5 units were significantly down on the 8 units sold in December 2014. On a calendar year basis combine harvester sales for 2015 were approximately 37% down on 2014.
- The situation has worsened again in December 2015 as the drought and heat wave conditions have prevailed. Summer crop plantings in the eastern areas of the country have been relatively good, but follow-up rain is urgently required. In the western areas (western Free State and North West province), plantings have been significantly down on the previous year. This situation will become clearer once the Crop Estimates Committee releases its preliminary estimates of summer crop plantings towards the end of January 2016. Initial non-official estimates are that the maize crop could be less than half of what it was in 2015 and that up to five million tons of maize will need to be imported to satisfy local demand. Added to the serious weather problems, the recent sharp fall in the value of the rand will lead to significant increases in agricultural machinery and summer crop prices. This is going to have a serious knock-on effect through the whole South African economy. The agricultural and agricultural machinery industries, in particular, are going to be facing a very difficult future in 2016.

Table 4: Agricultural machinery sales

<table>
<tr><th rowspan="3">Equipment class</th><th colspan="2">Year-on-year</th><th rowspan="3">Percentage Change %</th><th colspan="2">Year-to-date</th><th rowspan="3">Percentage Change %</th></tr>
<tr><th colspan="2">December</th><th colspan="2">December</th></tr>
<tr><th>2015</th><th>2014</th><th>2015</th><th>2014</th></tr>
<tr><td>Tractors</td><td>246</td><td>344</td><td>-28,49</td><td>5 673</td><td>6 460</td><td>-12,18</td></tr>
<tr><td>Combine harvesters</td><td>5</td><td>8</td><td>-37,50</td><td>211</td><td>333</td><td>-36,64</td></tr>
</table>

Source: SAAMA press release, January 2016

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