MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2017

Issued: 12 January 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2017, significant rainfall events were limited to the eastern half of the country.**
- **The expected commercial production of wheat for 2017 is 1,475 million tons, which is 22,8% less than the previous seasons' crop of 1,910 million tons.**
- **The projected closing stocks of wheat for the current 2017/18 marketing year are 503 374 tons, which includes imports of 1,9 million tons. It is also 47,4% more than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2017/18 marketing year are 4,299 million tons, which is 292,8% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 55 023 tons, which is 56,1% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 180 711 tons, which is 10,8% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 309 862 tons, which is 265,4% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2017 was lower at 4,6%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 5,1% in November 2017.**
- **December 2017 tractor sales of 417 units were significantly (19,8%) more than the 348 units sold in December 2016.**

agriculture, forestry & fisheries

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Contents

1. Weather conditions

1.1 Rainfall for December 2017

During December 2017, significant rainfall events were limited to the eastern half of the country **(Figure 1)**. Comparing rainfall totals to the long term average for December 2017, rainfall received was near-normal to below-normal for most parts of the country; with some areas, mainly in the eastern parts of the country, receiving above-normal rainfall **(Figure 2)**.

Figure 1: Rainfall in mm for December 2017

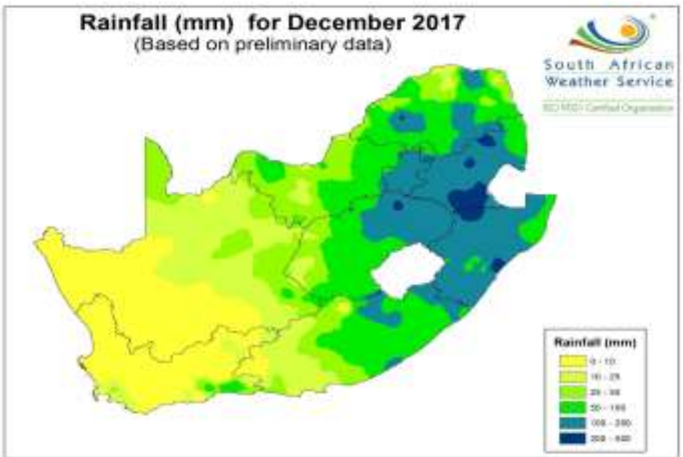
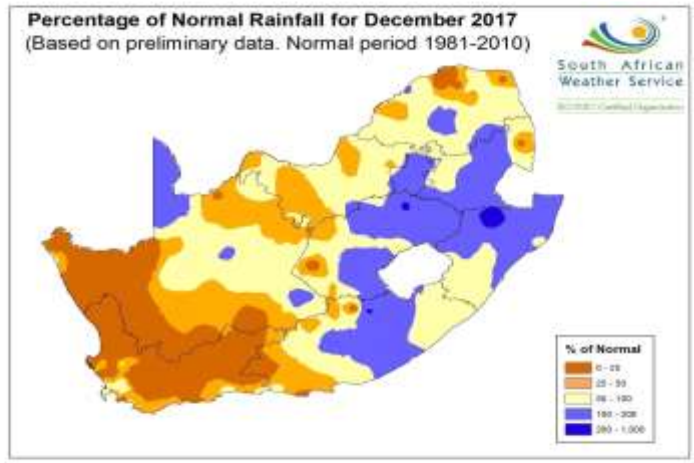


Figure 2: Percentage rainfall for December 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 8 January 2018 indicates that the country has approximately 60% of its full supply capacity (FSC) available, which is 10% more than the corresponding period in 2017. Most of the provinces show an improvement in the full supply capacity. Dam levels (for the mentioned period) in the Free State increased by 17%, followed by Mpumalanga with 16%, Limpopo with 13% and Northern Cape with 10%. However, a decrease in the full supply capacity for the same period are evident in the Western Cape with minus 15%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 8 January 2018

Province	Net FSC million cubic meters	**8/1/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 832	60	58	2,0
Free State	15 968	67	50	17,0
Gauteng	115	94	86	8,0
KwaZulu-Natal	4 802	50	43	7,0
Lesotho	2 363	33	41	-8,0
Limpopo	1 522	66	53	13,0
Mpumalanga	2 539	77	61	16,0
North West	881	71	64	7,0
Northern Cape	146	75	65	10,0
Western Cape	1 867	28	43	-15,0
Total	**32 036**	**60**	**50**	**10,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

Please note that the preliminary area planted estimate for summer grains for 2018 will be released on 30 January 2018.

2.2 Winter cereal crops

The area estimate and fifth production forecast for winter crops for 2017 was released by the Crop Estimates Committee (CEC) on 19 December 2017, and is as follows:

Table 2: Commercial winter crops: Area planted and fifth production forecast – 2017 season

CROP	**Area planted 2017** **Ha** **(A)**	**5th forecast 2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Wheat	**491 600**	**1 475 450**	508 365	1 910 000	-22,75
Malting barley	**91 380**	**298 564**	88 695	355 000	-15,90
Canola	**84 000**	**92 400**	68 075	105 000	-12,00
Total	**666 980**	**1 866 414**	665 135	2 370 000	-21,25

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

- The expected commercial production of wheat is 1,475 million tons, which is 22,75% or 434 550 tons less than the previous season of 1,910 million tons, whilst the expected yield is 3,00 t/ha. The main reason for the decrease in wheat production is that farmers harvested poorer than expected yields, especially in the Western Cape, as they experienced drought during the past season. The area estimate for wheat is 491 600 ha.
- The production forecast for malting barley is 298 564 tons, which is 15,90% or 56 436 tons less than the previous season of 355 000 tons. The area planted is estimated at 91 380 ha, while the expected yield is 3,27 t/ha.
- The expected canola crop is 12,00% or 12 600 tons less than the previous seasons' crop of 105 000 tons. The area estimate for canola is 84 000 ha, with an expected yield of 1,10 t/ha.

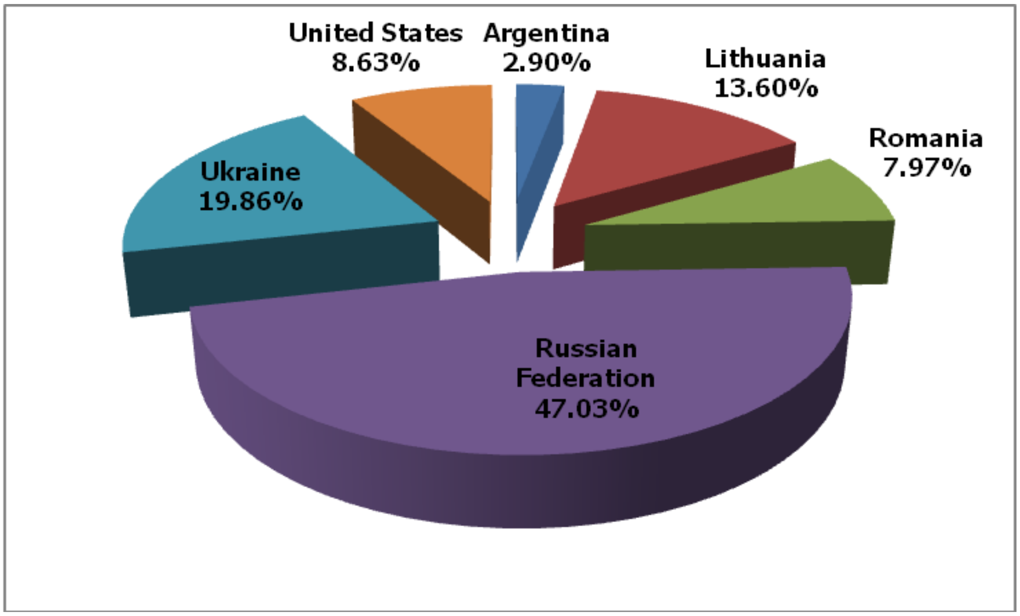
Please note that the sixth production forecast for winter cereals for 2017 will be released on 30 January 2018.

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 Dec17 Annexure A.

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

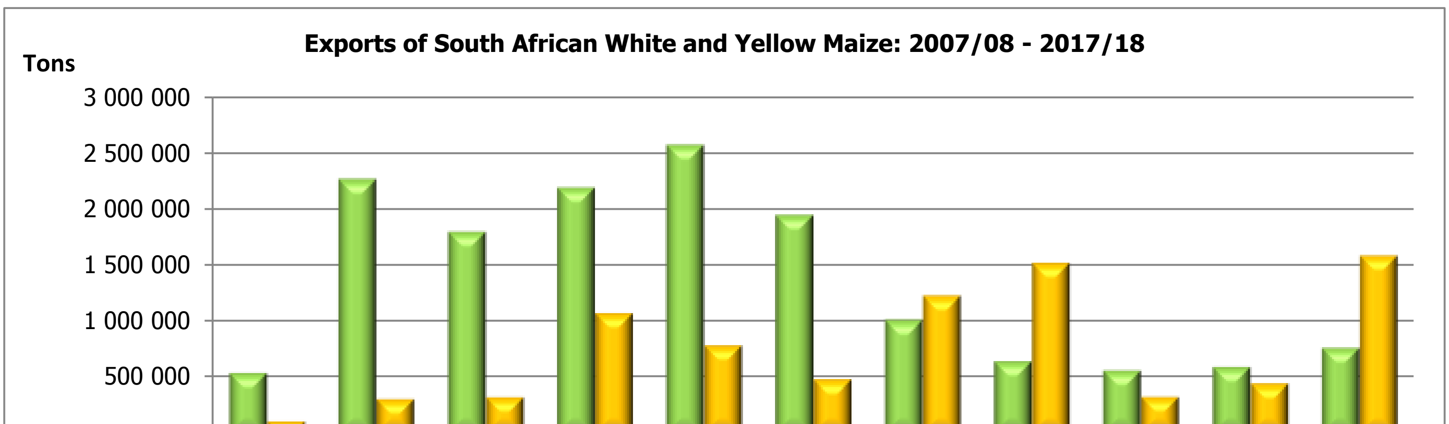
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September to 5 January 2018) amount to 625 073 tons, with 47,03% or 293 976 tons imported from Russian Federation, followed by the Ukraine (19,86% or 124 165 tons), Lithuania (13,60% or 84 984 tons), United States (8,63% or 53 950 tons), Romania (7,97% or 49 846 tons) and Argentina (2,90% or 18 152). The exports of wheat for the above-mentioned period amount to 4 730 tons, of which 61,90% or 2 928 tons went to Namibia, 23,23% or 1 099 tons to Botswana, 9,30% or 440 tons to Lesotho, 3,45% or 163 tons to Swaziland and 2,11% or 100 tons to Zimbabwe.

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

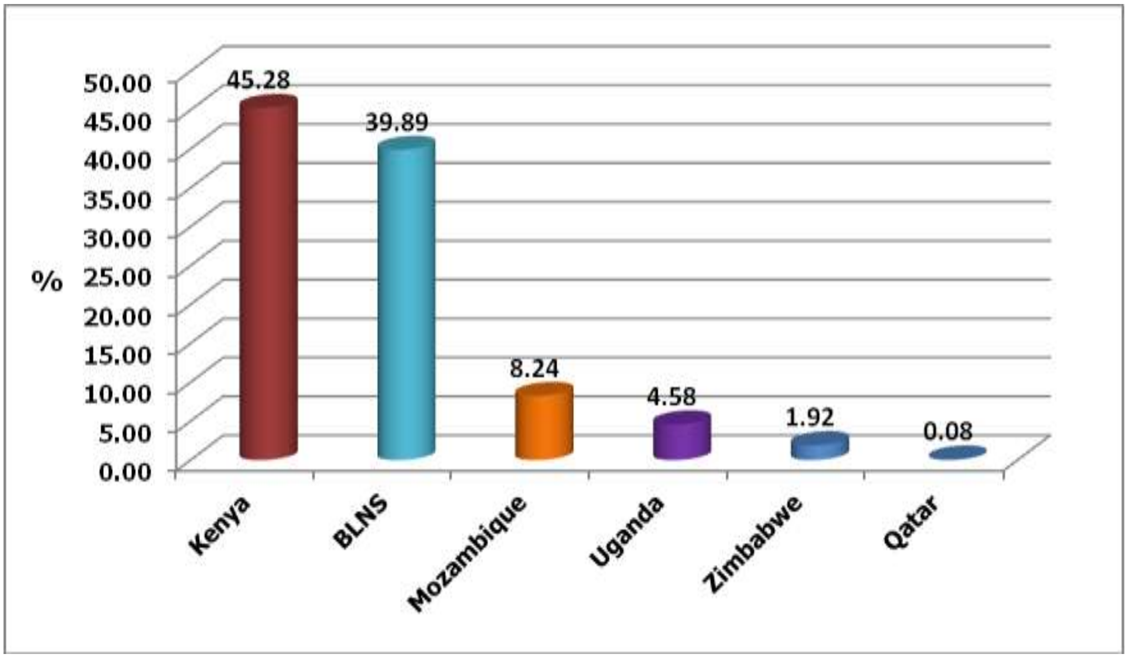


	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
White maize	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	760 000
Yellow maize	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 580 000

*Projection

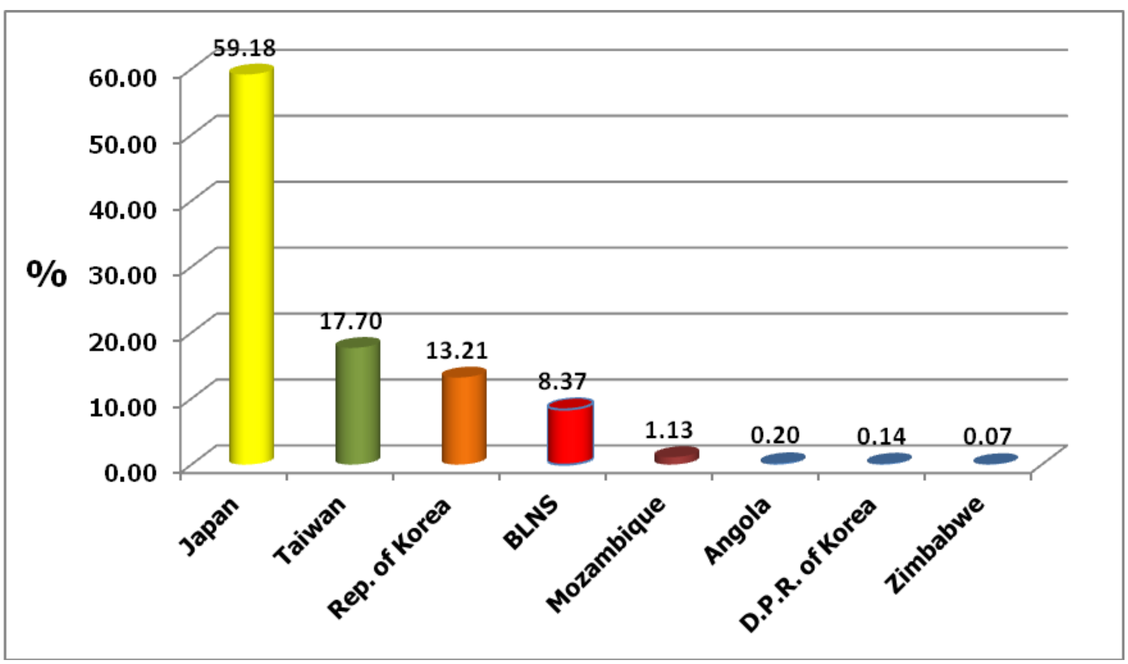
- The exports of white maize for the 2017/18 marketing year are projected 760 000 tons, which represents an increase of 29,38% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,580 million tons, which represents a significant increase of 260,01% compared to the 438 879 tons of the previous marketing year.

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



- From 29 April to 5 January 2018, progressive white maize exports amount to 546 063 tons, with the main destinations being Kenya (45,28% or 247 250 tons), the BLNS Countries (39,89% or 217 844 tons), Mozambique (8,24% or 45 018 tons), Uganda (4,58% or 24 998 tons), Zimbabwe (1,92% or 10 477 tons) and Qatar (0,08% or 454 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April to 5 January 2018, progressive yellow maize exports amount to 1,209 million tons, with the main destinations being Japan (59,18% or 715 304 tons), Taiwan (17,70% or 213 926 tons), Republic of Korea (13,21% or 159 693 tons), the BLNS Countries (8,37% or 101 194 tons), Mozambique (1,13% or 13 612 tons), Angola (0,20% or 2 380 tons), Democratic Peoples Republic of Korea (0,14% or 1 656 tons) and Zimbabwe (0,07% or 889 tons). The imports of yellow maize for the mentioned period amount to zero.

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



4. Market information

4.1 Consumer Price Index (CPI)

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

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,1% in November 2017 (compared with 5,0% in October 2017). From October 2017 to November 2017 the PPI for final manufactured goods increased by 0,5%.
- The main contributors to the annual rate of 5,1% were coke, petroleum, chemical, rubber and plastic products (2,2%). The contributors to the monthly increase of 0,5% were food products, beverages and tobacco products (0,2%) and coke, petroleum, chemical, rubber and plastic products (0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 4,2% in November 2017 (compared with 4,1% in October 2017). From October 2017 to November 2017 the PPI for intermediate manufactured goods increased by 0,9%. The main contributors to the annual rate of 4,2% were basic and fabricated metals (1,9%), as well as and recycling and manufacturing n.e.c. (0,9%). The main contributors to the monthly increase of 0,9% was basic and fabricated metals (0,4%), as well as recycling and manufacturing n.e.c (0,2%)
- The annual percentage change in the PPI for electricity and water was 4,0% in November 2017 (compared with 3,6% in October 2017). From October 2017 to November 2017 the PPI for electricity and water increased by 0,2%. The contributors to the annual rate of 4,0% were electricity (2,5%) and water (1,5%). The contributor to the monthly increase of 0,2% was electricity (0,2%).
- The annual percentage change in the PPI for mining was 11,3% in November 2017 (compared with 9,0% in October 2017). From October 2017 to November 2017 the PPI for mining decreased by 0,7%. The main contributor to the annual rate of 11,3% were non-ferrous metal ores (4,7%), coal and gas (3,6%), as well as stone quarrying, clay and diamonds (2,8%). The main contributors to the monthly decrease of 0,7% were stone quarrying, clay and diamonds (-2,8%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 6,9% in November 2017 (compared with 4,9% in October 2017). From October 2017 to Novembber 2017 the PPI for agriculture, forestry and fishing increased by 3,8%. The main contributor to the annual rate of 6,9% were agriculture (5,7%). The main contributor to the monthly increase of 3,8% was agriculture (3,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Thursday, 11 January 2018

	11 January 2018	11 December 2017	% Change
RSA White Maize per ton (Jan. 2018 contract)	R2 031,00	R1 920,00	5,78
RSA Yellow Maize per ton (Jan. 2018 contract)	R2 020,00	R2 008,00	0,60
RSA Wheat per ton (Jan. 2018 contract)	R3 683,00	R4 031,00	-8,63
RSA Sunflower seed per ton (Jan. 2018 contract)	R4 750,00	R4 561,00	4,14
RSA Soya-beans per ton (Jan. 2018 contract)	R4 593,00	R4 955,00	-7,31
Exchange rate R/$	R12,45	R13,66	-8,86

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- December tractor sales of 417 units were significantly (19,83%) up on the 348 units sold in December 2016. For the 2017 calendar year, tractor sales were almost 8,68% up on those in 2016. December combine harvester sales of four units were three units less than the seven units sold in December 2016. Combine harvester sales for the 2017 calendar year were approximately 5,41% more, as compared to those in 2016.
- The better than average December tractor sales indicate that the market is still positive. This, despite the late and patchy rains, particularly in the western and north-western parts of the summer-cropping regions. This lateness of the rains may mean that some farmers will have changed to planting sunflower instead of maize. Sales prospects for the next few months will be largely dependent on weather conditions.
- Industry forecasts for the 2018 calendar year are that tractor sales should be at similar levels to 2017 sales.

Table 4: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	December		Change	December		Change
Equipment class	2017	2016	%	2017	2016	%
Tractors	417	348	19,83	6 362	5 854	8,68
Combine harvesters	4	7	-42,86	195	185	5,41

Source: SAAMA press release, January 2018

PLEASE NOTE: The Food Security Bulletin for January 2018 will be released on **7 February 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)
- 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