MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2018

Issued: 16 January 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2018, significant rainfall events were limited to the eastern half of the country.**
- **The fifth production forecast of wheat for 2018 is 1,831 million tons, which is 19,3% more than the previous seasons'crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 483 034 tons, which includes imports of 1,4 million tons. It is also 33,3% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,468 million tons, which is 6,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 27 051 tons, which is 54,3% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 107 896 tons, which is 30,3% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 586 835 tons, which is 77,5% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2018 was higher at 5,2%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 6,8% in November 2018.**
- **December 2018 tractor sales of 434 units were four units less than the 438 units sold in December 2017.**

agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Makgoka

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email:MardaS@daff.gov.za or QueenS@daff.gov.za

Contents

1. Weather conditions

1.1 Rainfall for December 2018

During December 2018, significant rainfall events were limited to the eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for December 2018, rainfall received was below-normal in most parts of the country. Isolated regions of above-normal rainfall were evident in the extreme western parts of the Western Cape, the northern parts of KwaZulu-Natal, the north-eastern parts of Free State and central parts of Limpopo (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for December 2018

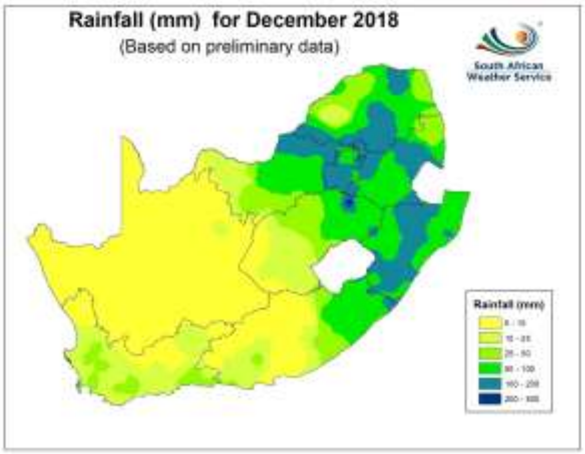
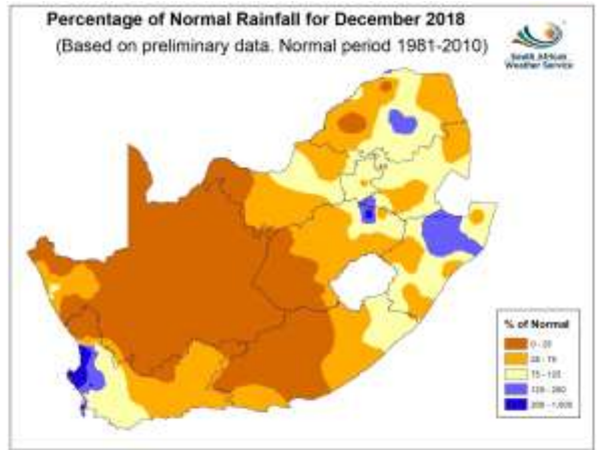


Figure 2: Percentage rainfall for December 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 14 January 2019 indicates that the country has approximately 64% of its full supply capacity (FSC) available, which is 4% more than the corresponding period in 2018. The dam levels in the Western Cape (+24%), Free State (+7%) and KwaZulu-Natal (+5%), all show increases as compared to 2018. The Eastern Cape province shows a zero percentage change in the full supply capacity as compared to the corresponding period in 2018. However, the remaining five 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 -11%, followed by Mpumalanga with -9%, Limpopo with -7%, Northern Cape with -6% and Gauteng with -2%.

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

Table 1: Level of dams, 14 January 2019

Province	Net FSC million cubic meters	14/1/2019 (%)	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 807	**58**	58	0,0
Free State	15 945	**73**	66	7,0
Gauteng	128	**91**	93	-2,0
KwaZulu-Natal	4 802	**56**	51	5,0
Lesotho	2 363	**33**	33	0,0
Limpopo	1 522	**60**	67	-7,0
Mpumalanga	2 539	**68**	77	-9,0
North West	868	**57**	68	-11,0
Northern Cape	147	**71**	77	-6,0
Western Cape	1 866	**51**	27	24,0
Total	**31 987**	**64**	**60**	**4,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

Please note that the preliminary area planted estimate for summer grains for 2019 will be released on 29 January 2019.

2.2 Winter cereal crops

The revised area estimate and fifth production forecast for winter cereals for the 2018 was released by the Crop Estimates Committee (CEC) on 20 December 2018, and is as follows:

Table 2: Commercial winter crops: Revised area planted and fifth production forecast - 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	**5th Forecast 2018** **Tons** **(B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Wheat	**503 350**	**1 830 600**	491 600	1 535 000	19,26
Malting barley	**119 000**	**401 840**	91 380	307 000	30,89
Canola	**77 000**	**103 950**	84 000	93 500	11,18
Total	**699 350**	**2 336 390**	666 980	1 935 500	20,71

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

- The expected production of **wheat** is 1,831 million tons, which is 19,26% or 295 600 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,64 t/ha.
- The expected production in the Western Cape is 906 300 tons (50%), in the Free State 340 000 tons (19%) and in the Northern Cape 294 500 tons (16%).
- The area estimate for wheat is to 503 350 ha, which is 11 750 ha more than the 491 600 ha of the previous season. An estimated 318 000 ha or 63% is planted in the Western Cape, 100 000 ha or 20% in the Free State and 38 000 ha or 8% in the Northern Cape.
- The production forecast for **malting barley** is 401 840 tons, which is 30,89% or 94 840 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 3,38 t/ha.
- The expected **canola** crop is 103 950 tons, which is 11,18% or 10 450 tons more than the previous seasons' crop of 93 500 tons. The area estimate for canola is 77 000 ha and the expected yield is 1,35 t/ha.

Please note that the sixth production forecast for winter cereals for 2018 will be released on 29 January 2019.

2.3 Non-commercial maize

Table 3: Non-commercial maize – area planted and production estimate – 2018 season

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

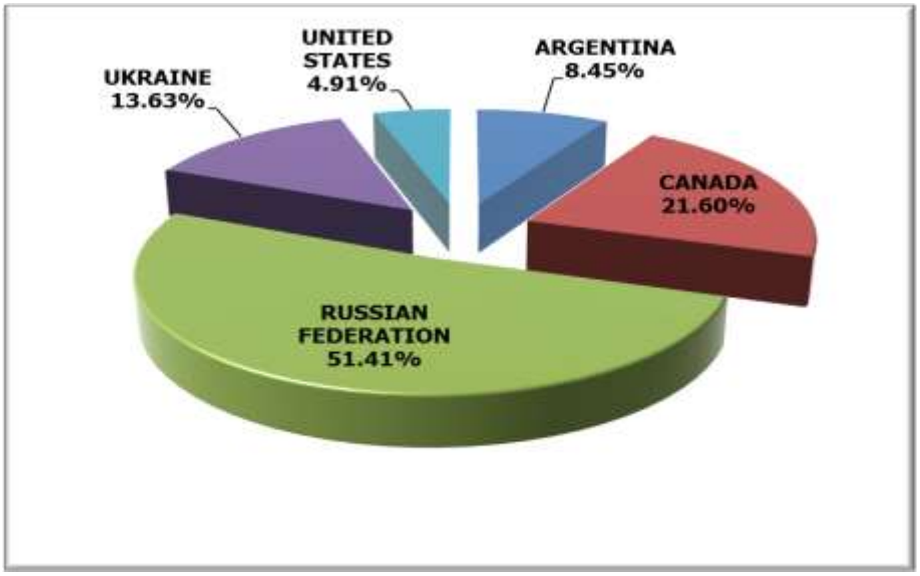
- The area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season.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

3.1 Imports and exports of wheat for the 2018/19 marketing year

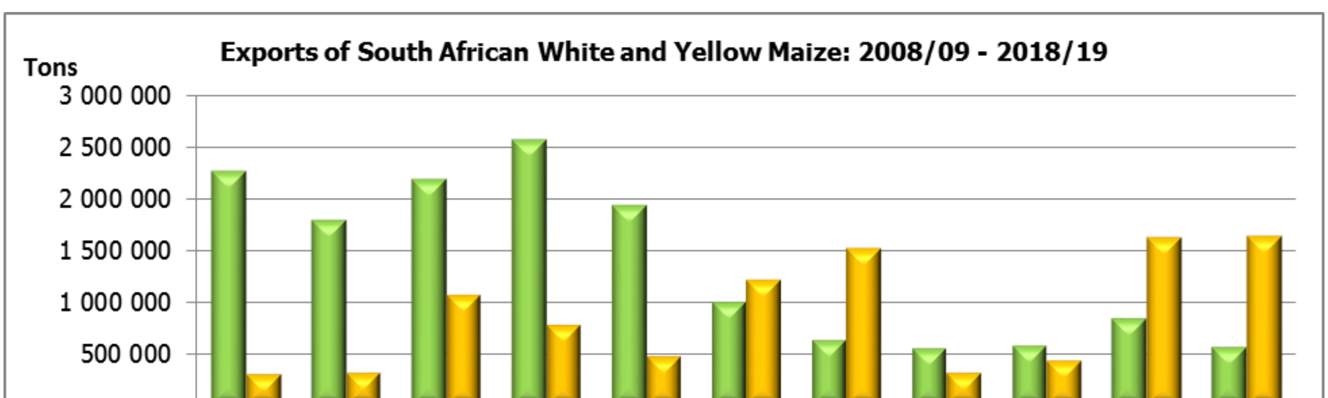
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 04 January 2019) amount to 161 970 tons, with 51,41% or 83 276 tons imported from the Russian Federation, 21,60% or 34 978 tons from Canada, 13,63% or 22 084 tons from Ukraine, 8,45% or 13 682 tons from Argentina and only 4,91% or 7 950 tons from the Unite States. The exports of wheat for the above-mentioned period amount to 10 822 tons, of which 33,44% or 3 619 tons went to Botswana, followed by Lesotho with 32,53% or 3 520 tons, Zimbabwe with 18,43% or 1 995 tons and Namibia with 15,60% or 1 688 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

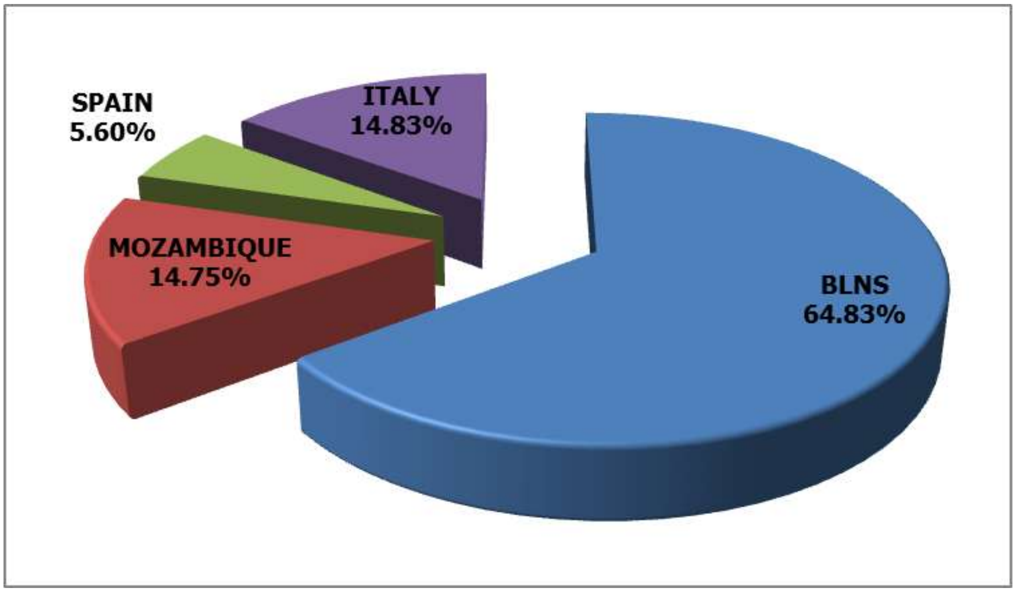


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	568 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 629 739	1 640 000

*Projection

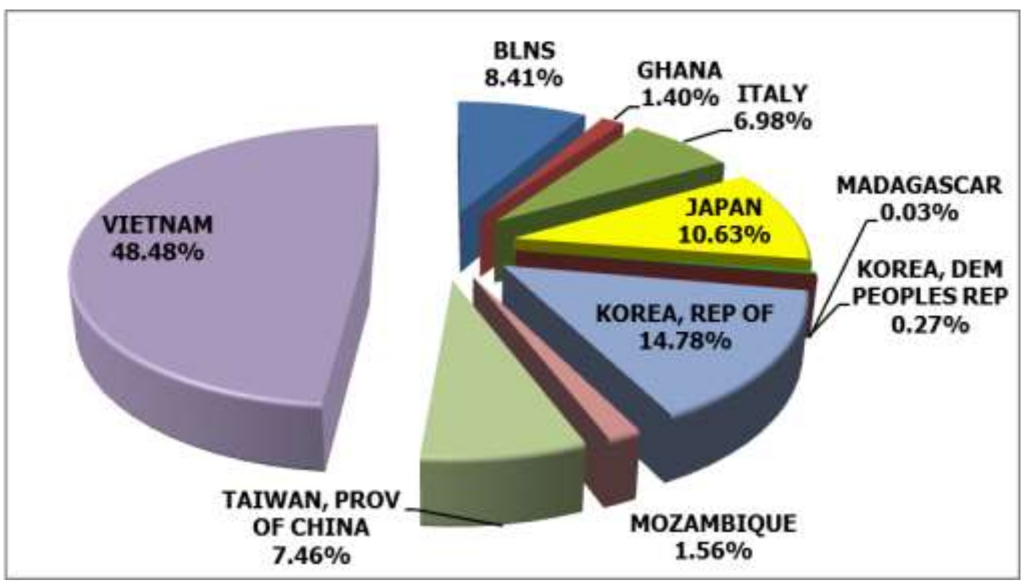
- The exports of white maize for the 2018/19 marketing year are projected 568 000 tons, which represents a decrease of 33,33% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,640 million tons, which represents an increase of 0,63% compared to the 1,630 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 2018 to 4 January 2019, progressive white maize exports amount to 313 946 tons, with the main destinations being BLNS Countries (64,83% or 203 518 tons), Italy (14,83% or 46 551 tons), Mozambique (14,75% or 46 301 tons), and Spain (5,60% 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 2018 to 4 January 2019, progressive yellow maize exports amount to 1,426 million tons, with the main destinations being Vietnam (48,48% or 691 248 tons), Republic of Korea (14,78% or 210 734 tons), Japan (10,63% or 151 517 tons), Taiwan, Province of China (7,46% or 106 398 tons), BLNS (8,41% or 119 942 tons), Italy (6,98% or 99 450 tons), Ghana (1,40% or 20 000 tons), Mozambique (1,56% or 22 241 tons), Democratic Peoples Republic of Korea (0,27% or 3 818 tons) and Madagascar (0,03% or 368 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 5,2% in November 2018, up from 5,1% in October 2018. The consumer price index increased by 0,2% month-on-month in November 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - Alcoholic beverages and tobacco increased from 0,2% in October 2018 to 0,3% in November. The index increased by 4,8% year-on-year; and
  - Miscellaneous goods and services increased from 0,8% in October 2018 to 0,9% in November. The index increased by 5,5% year-on-year.
- The main contributor to headline monthly consumer price inflation is as follows:
  - Food and non-alcoholic beverages contributed 0,1%. The index increased by 0,4% month-on-month; and
  - Transport contributed 0,1%. The index increased by 0,6% month-on-month, mainly because of fuel (1,1%).
- In November the CPI for goods increased by 5,3% year-on-year (up from 5,1% in October), and the CPI for services was unchanged at 5,1% year-on-year.
- Provincial annual inflation rates ranged from 4,3% in Limpopo to 5,7% in the Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,8% in November 2018 (compared with 6,9% in October 2018). From October 2018 to November 2018 the PPI for final manufactured goods increased by 0,4%.
- The main contributors to the annual rate of 6,8% were coke, petroleum, chemical, rubber and plastic products (3,8%), food products, beverages and tobacco products (0,8%) and transport equipment (0,7%). The main contributor to the monthly increase of 0,4% was coke, petroleum, chemical, rubber, as well as plastic products (0,3%).
- The annual percentage change in the PPI for intermediate manufactured goods was 6,0% in November 2018 (compared with 7,4% in October 2018). From October 2018 to November 2018 the PPI for intermediate manufactured goods decreased by 0,5%. The main contributors to the annual rate of 6,0% were chemicals, rubber and plastic products (3,4%), as well as basic and fabricated metals (1,3%). The main contributors to the monthly decrease of 0,5% were basic and fabricated metals (-0,4%) and chemicals, as well as rubber and plastic products (-0,2%).
- The annual percentage change in the PPI for electricity and water was 7,2% in November 2018 (compared with 7,4% in October 2018). From October 2018 to November 2018 the PPI for electricity and water remained unchanged. The contributors to the annual rate of 7,2% were electricity (5,6%) and water (1,6%).
- The annual percentage change in the PPI for mining was 4,8% in November 2018 (compared with 5,6% in October 2018). From October 2018 to November 2018 the PPI for mining decreased by 1,5%. The main contributors to the annual rate of 4,8% were coal and gas (3,8%), non-ferrous metal ores (2,3%), as well as gold and other metal ores (1,2%). The main contributors to the monthly decrease of 1,5% were non-ferrous metal ores (-0,5%) and gold and other metal ores (-0,4%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -4,6% in November 2018 (compared with -1,4% in October 2018). From October 2018 to November 2018 the PPI for agriculture, forestry and fishing increased by 0,4%. The main contributor to the annual rate of -4,6% was agriculture (-5,3%). The main contributor to the monthly increase of 0,4% was agriculture (0,3%).

4.3 Future contract prices

Table 4: Closing prices on Monday, 14 January 2019

	14 January 2019	14 December 2018	% Change
RSA White Maize per ton (Jan. 2019 contract)	R3 185,00	R2 761,00	15,36
RSA Yellow Maize per ton (Jan. 2019 contract)	R2 815,00	R2 661,00	5,79
RSA Wheat per ton (Jan. 2019 contract)	R4 446,00	R4 345,00	2,32
RSA Sunflower seed per ton (Jan. 2019 contract)	R5 850,00	R5 487,00	6,62
RSA Soya-beans per ton (Jan. 2019 contract)	R4 840,00	R4 998,00	-3,16
Exchange rate R/$	R13,90	R14,37	-3,27

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- December 2018 tractor sales of 434 units were four units less than the 438 units sold in December 2017. On a calendar year basis tractor sales in 2018 were approximately 4% up on those in 2017. December 2018 combine harvester sales of six units were two units more than the four units sold in December 2017. Calendar year combine harvester sales in 2018 were three units up on 2017.
- Current summer cropping conditions are very difficult to interpret. Reasonable rains, although patchy, in the east have resulted in most of these areas having been planted. In the west, however, the rains have been very late and there have been some very late plantings of summer crops. As always at this time of the cropping season, follow-up rains are vital for the success of the harvest.
- As matters stand at present, industry forecasts are that calendar year 2019 equipment sales will be similar to those of 2018. It is, however, very early in the year to be making predictions for the full year and we will have to see how matters unfold later in the year.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year December 2018	Year-on-year December 2017	Percentage Change %	Year-to-date December 2018	Year-to-date December 2017	Percentage Change %
Tractors	434	438	-0,91	6 714	6 462	3,90
Combine harvesters	6	4	50,00	198	195	1,54

Source: SAAMA press release, January 2019

PLEASE NOTE: The Food Security Bulletin for January 2019 will be released on **6 February 2019**.

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