

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2019

Issued: 16 January 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **During December 2019, significant rainfall events were limited to the eastern half of the country.**
- **The expected production of wheat is 1,599 million tons, which is 14,4% less than the previous seasons' crop of 1,868 million tons.**
- **The projected closing stocks of wheat for the current 2019/20 marketing year are 465 279 tons, which includes imports of 1,750 million tons. It is also 13,7% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,672 million tons, which is 37,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 47 970 tons, which is 7,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 91 305 tons, which is 24,0% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 201 136 tons, which is 60,0% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2019 was lower at 3,6%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 2,3% in November 2019.**
- **December 2019 tractor sales of 349 units were significantly (20%) less than the 434 units sold in December 2018.**



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1. Weather conditions

1.1 Rainfall for December 2019

During December 2019, significant rainfall events were limited to the eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for December 2019, rainfall received was normal to above-normal over the eastern half of the country but below-normal over the western half (**Figure 2**). (Source - Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall(mm) for December 2019

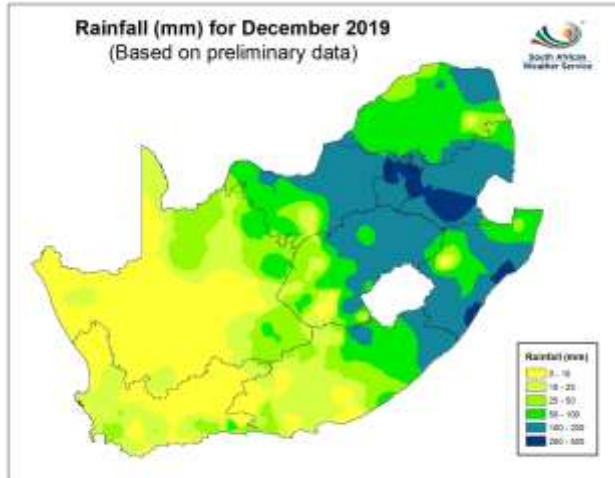
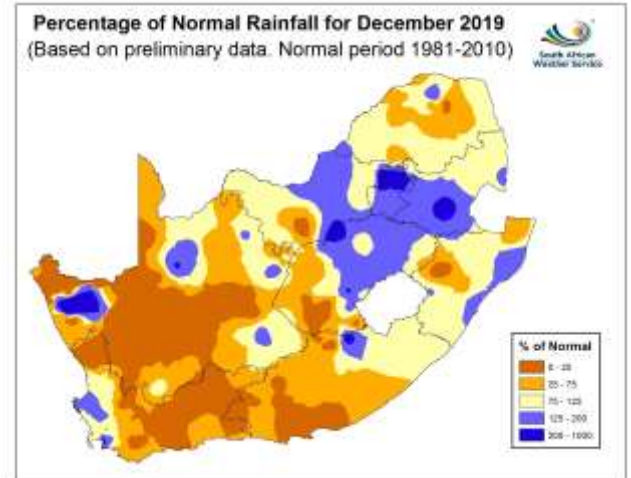


Figure 2: Percentage rainfall for December 2019



1.2 Level of dams

Available information on the level of South Africa's dams on 13 January 2020 indicates that the country has approximately 60% of its full supply capacity (FSC) available, which is 4% less than the corresponding period in 2019. The dam levels in the North West, Northern Cape, Gauteng, Mpumalanga and the Western Cape provinces all show improvements in the full supply capacity as compared to 2019. The remaining four provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease is indicated in the Eastern Cape with -13%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 13 January 2020

Province	Net FSC million cubic meters	13/01/2020 (%)	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	46	58	-12,0
Free State	15 653	67	73	-6,0
Gauteng	128	101	94	7,0
KwaZulu-Natal	4 784	55	56	-1,0
Lesotho	2 363	20	33	-13,0
Limpopo	1 522	59	60	-1,0
Mpumalanga	2 539	73	68	5,0
North West	867	66	56	10,0
Northern Cape	147	77	69	8,0
Western Cape	1 866	54	52	2,0
Total	31 678	60	64	-4,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

Please note that the preliminary area estimate for summer field crops for 2020 will be released on 29 January 2020.

2.2 Winter cereal crops - 2019

The area estimate and fifth production forecast of winter grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 19 December 2019, and is as follows:

Table 3: Commercial winter crops: Area planted and fifth production forecast - 2019 season

CROP	Area planted 2019 Ha (A)	5 th forecast 2019 Ha (B)	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Wheat	540 000	1 598 500	503 350	1 868 000	-14,43
Malting barley	131 960	320 940	119 000	421 500	-23,86
Canola	74 000	96 200	77 000	104 500	-7,94
Cereal oats	27 200	27 490	19 235	32 700	-15,93

- The expected production of **wheat** is 1 598 500 tons, which is 14,43% or 269 500 tons less than the previous seasons' crop of 1 868 000 tons, whilst the expected yield is 2,96 t/ha.
- The area estimate for wheat is 540 000 ha, which is 36 650 ha higher than the 503 350 ha of the previous season. An estimated 325 000 ha or 60% is planted in the Western Cape, 128 000 ha or 24% in the Free State and 37 500 ha or 7% in the Northern Cape.
- The production forecast for **malting barley** is 320 940 tons, which is 23,86% or 100 560 tons less than the previous seasons' crop of 421 500 tons. The area planted is estimated at 131 960 ha, while the expected yield is 2,43 t/ha.
- The expected **canola** crop is 96 200 tons, which is 7,94% or 8 300 tons less than the previous seasons' crop of 104 500 tons. The area estimate for canola is 74 000 ha, with an expected yield of 1,30 t/ha.
- The area estimate for **oats** (cereals) for the 2019 season is 27 200 ha. The expected crop is 27 490 tons, representing a decrease of 5 210 tons compared to the 32 700 tons of 2018. The expected yield is 1,01 t/ha.

Please note that the sixth production forecast for winter cereals for 2019 will be released on 29 January 2020.

2.3 Non-commercial maize

The non-commercial agricultural sectors' production estimate for maize for the 2019 season was released by the Crop Estimates Committee (CEC) on 28 May 2019, and is as follows:

Table 4: Non-commercial maize – Preliminary area planted and production estimate – 2019 season

CROP	Area planted 2019 Ha (A)	Production 2019 Tons (B)	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	221 300	379 460	236 644	414 162	-8,38
Yellow maize	74 700	169 720	78 191	179 813	-5,61
Maize	296 000	549 180	314 835	593 975	-7,54

- The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. It is important to note



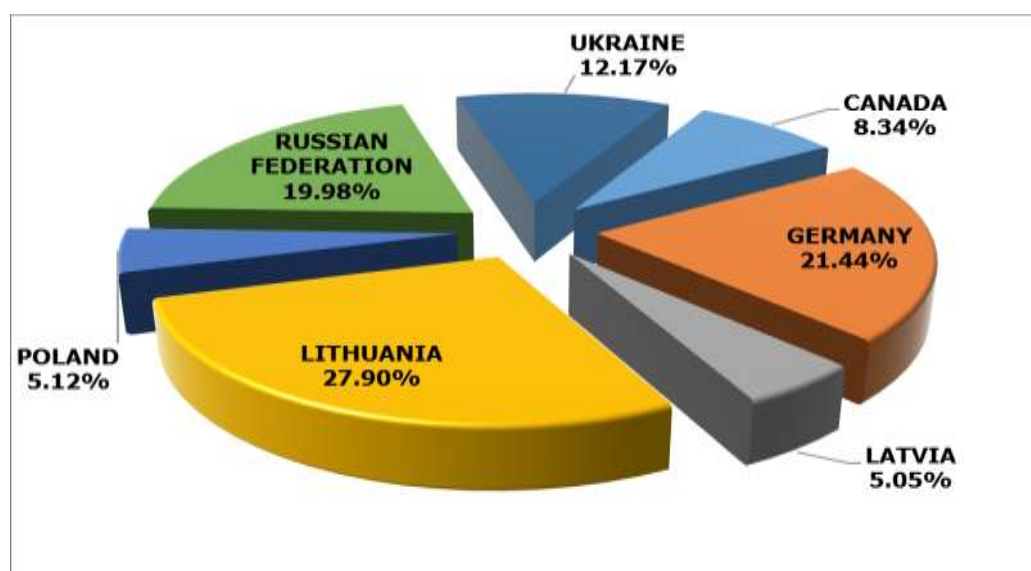
that about 43% of the maize produced in the non-commercial sector, is planted in the Eastern Cape, followed by KwaZulu-Natal with 27%.

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 DEC19 Annexure A.

3.1 Imports and exports of wheat for the 2019/20 marketing year

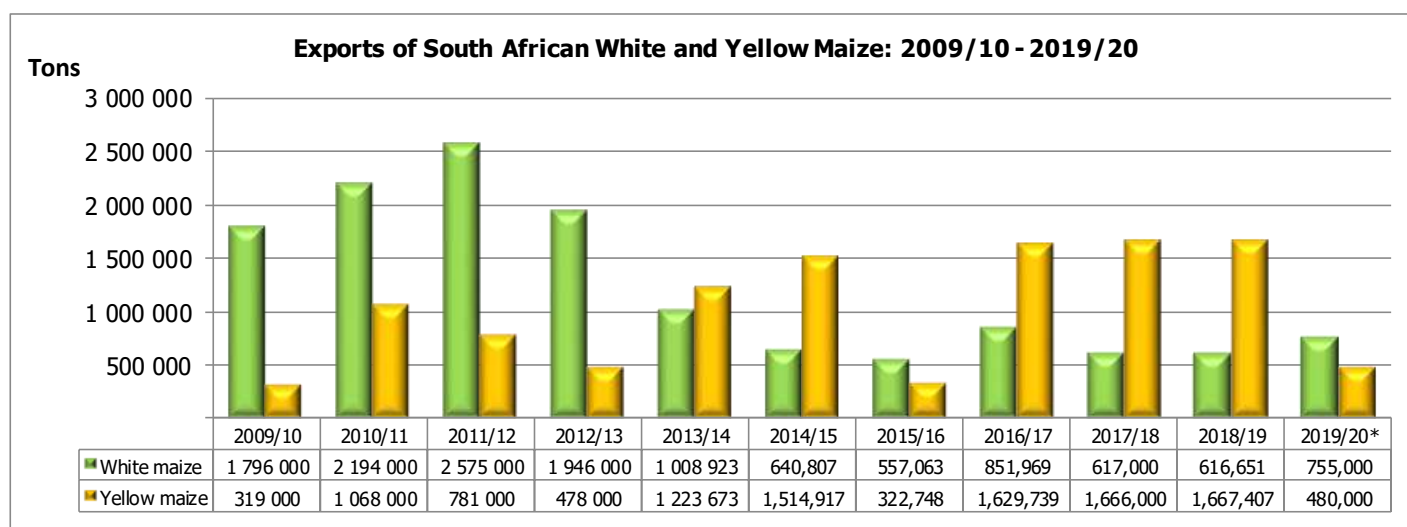
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports for the 2019/20 marketing year (28 September 2019 to 10 January 2020) amount to 437 303 tons, with 27,90% or 122 004 tons imported from Lithuania, 21,44% or 93 770 tons from Germany, 19,98% or 87 367 tons from the Russian Federation, 12,17% or 53 199 tons from Ukraine, 8,34% or 36 462 tons from Canada, 5,12% or 22 397 tons from Poland and 5,05% or 22 104 tons from Latvia. The exports of wheat for the above-mentioned period amount to 8 895 tons, of which 66,13% or 5 882 tons went to Namibia and 24,00% or 2 135 tons to Botswana and only 9,87% or 878 tons went to Eswatini (Swaziland).

3.2 Exports of white and yellow maize

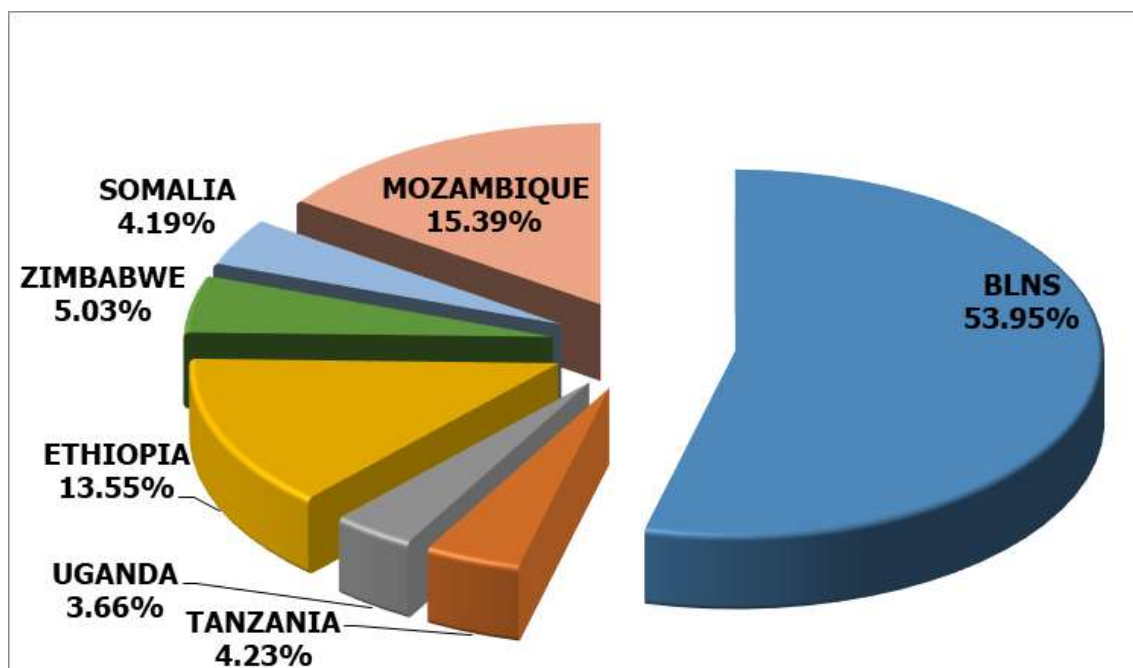
Graph 2: Exports of South African white and yellow maize for the 2009/10 to 2019/20 marketing year



*Projection

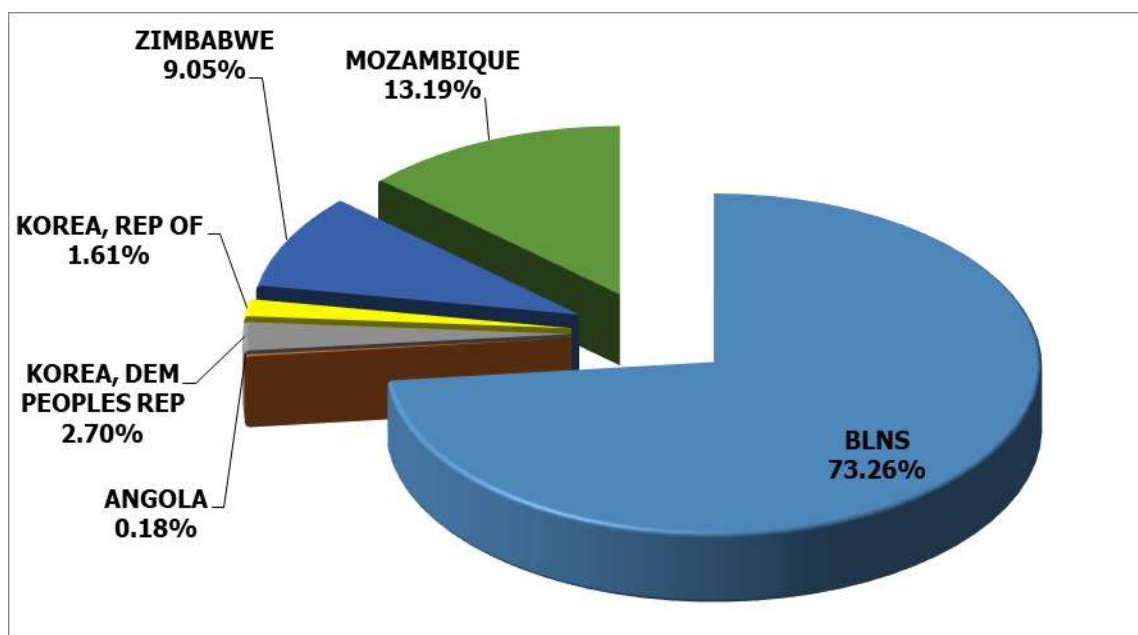
- The exports of white maize for the 2019/20 marketing year are projected at 755 000 tons, which represents an increase of 22,44% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 480 000 tons, which represents a decrease of 71,21% compared to the 1,667 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2019/20 marketing year



- From 27 April 2019 to 10 January 2020, progressive white maize exports amount to 546 136 tons, with the main destinations being the BLNS Countries (53,95% or 294 621 tons), followed by Mozambique (15,39% or 84 057 tons), Ethiopia (13,55% or 74 021 tons), Zimbabwe (5,03% or 27 455 tons), Tanzania (4,23% or 23 082 tons), Somalia (4,19% or 22 900 tons), and Uganda (3,66% or 20 000 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2019/20 marketing year



- From 27 April 2019 to 10 January 2020, progressive yellow maize exports amount to 265 386 tons, with the main destinations being the BLNS Countries (73,26% or 194 433 tons), followed by Mozambique (13,19% or

35 003 tons), Zimbabwe (9,05% or 24 014 tons), Democratic Peoples Republic of Korea (2,70% or 7 175 tons), Republic of Korea (1,61% or 4 280 tons) and Somalia (0,18% or 481 tons). The imports of yellow maize for the mentioned period amount to 431 821 tons of which 88,41% or 381 752 tons were from Argentina and 11,59% or 50 069 tons were from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 3,6% in November 2019, down from 3,7% in October 2019. The consumer price index increased by 0,1% month-on-month in November 2019.
- The main contributors to the 3,6% annual inflation rate were as follows:
 - Food and non-alcoholic beverages increased by 3,5% year-on-year, and contributed 0,6% to the total CPI annual rate of 3,6%;
 - Housing and utilities increased by 4,8% year-on-year, and contributed 1,2%; and
 - Miscellaneous goods and services increased by 5,7% year-on-year, and contributed 0,9%.
- The annual inflation rates for goods and for services were 2,8% and 4,2%, respectively. Provincial annual inflation rates ranged from 3,2% in Eastern Cape to 4,1% in Western Cape and Limpopo.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 2,3% in November 2019, down from 3,0% in October 2019. The producer price index decreased by 0,3% month-on-month in November 2019.
- The main contributors to the headline PPI annual inflation rate were as follows:
 - Food products, beverages and tobacco products increased by 3,1% year-on-year and contributed 1,0%;
 - Metals, machinery, equipment and computing equipment increased by 3,7% year-on-year and contributed 0,5%; and
 - Transport equipment increased by 5,1% year-on-year and contributed 0,5%.
- The contributors to the headline PPI monthly decrease were coke, petroleum, chemical, rubber, as well as and plastic products, which decreased by 0,5% month-on-month and contributed -0,1% to the total month-on-month decrease of 0,3%; and food products, beverages and tobacco products, which decreased by 0,3% month-on-month and contributed -0,1%.
- The annual percentage change in the PPI for intermediate manufactured goods was -1,1% in November 2019 (compared with -0,6% in October 2019). The index decreased by 0,9% month-on-month. The main contributors to the annual rate were recycling and manufacturing n.e.c. (-1,3%) and chemicals, rubber, as well as and plastic products (-1,1%). The main contributor to the monthly rate was basic and fabricated metals (-0,9%).
- The annual percentage change in the PPI for electricity and water was 13,4% in November 2019 (compared with 13,4% in October 2019). The index remained unchanged month-on-month. Electricity contributed 12,3 percentage points to the annual rate, and water contributed 1,1%.
- The annual percentage change in the PPI for mining was 20,8% in November 2019 (compared with 17,7% in October 2019). The index increased by 1,2% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (16,8%) and gold and other metal ores (4,4%). The main contributors to the monthly rate were coal and gas (0,9%) and non-ferrous metal ores (0,8%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,1% in November 2019 (compared with -1,6% in October 2019). The index increased by 0,9% month-on-month. The main contributor to the annual rate was agriculture (-2,5%). The main contributor to the monthly rate was agriculture (1,0%).

4.3 Future contract prices

Table 5: Closing prices on Monday, 13 January 2020

	13 January 2020	13 December 2019	% Change
RSA White Maize per ton (Jan. 2020 contract)	R2 838,00	R2 692,00	5,42
RSA Yellow Maize per ton (Jan. 2020 contract)	R2 730,00	R2 613,00	4,48
RSA Wheat per ton (Jan. 2020 contract)	R4 475,00	R4 429,00	1,04
RSA Sunflower seed per ton (Jan. 2020 contract)	R5 460,00	R5 868,00	-6,95
RSA Soya-beans per ton (Jan. 2020 contract)	R6 390,00	R6 170,00	3,56
Exchange rate R/\$	R14,37	R14,39	-0,14

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R1 008,60 per tonne that triggered on 20 August 2019 was published in a Government Gazette on 25 October 2019, making it the official rate.

4.4 Agricultural machinery sales

- December 2019 tractor sales of 349 units were significantly (20%) less than the 434 units sold in December 2018. Calendar year tractor sales for 2019 were also significantly (22%) down on 2018. December 2019 combine harvester sales of three units were significantly down on the six units sold in December 2018. Calendar year combine harvester sales were also significantly (25%) down on 2018.
- The start of the summer rainfall season was very challenging and aside from being quite late, particularly in the west, rainfall has been quite patchy. Nevertheless, most of the planting has now been completed and continued rain will be required in the next two months to realise the potential of the crops planted.
- Tractor and combine harvester sales in 2019 were disappointing and there is no doubt that the industry will face many challenges again in 2020. Initial indications are that 2020 sales could be at similar levels to those of 2019.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2019	2018		2019	2018	
Tractors	349	434	-19,58	5 270	6 713	-21,50
Combine harvesters	3	6	-50,00	148	198	-25,25

Source: SAAMA press release, January 2020

PLEASE NOTE: The Food Security Bulletin for January 2020 will be released on **5 February 2020**.



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
- BVG Commodities (Pty) Limited
- Department of Water and Sanitation
- 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
- Weekly Price Watch, DAFF