MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2014

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Directorate: Statistics and Economic Analysis

Highlights:

- During February 2014, significant rainfall events were limited to the central and eastern parts of the country.
- The estimated final commercial production of wheat for 2013 is 1,804 million tons, which is 3,5% less than the previous seasons' crop of 1,870 million tons.
- The projected closing stocks of wheat for the current 2013/14 marketing year are 509 693 tons, which includes imports of 1,650 million tons. It is also 4,2% more than the previous years' ending stocks.
- The expected commercial maize crop for 2014 is 12,403 million tons, which is 6,1% more than the 11,690 million tons of the previous season.
- Projected closing stocks of maize for the current 2013/14 marketing year are 501 937 tons, which is 64,6% less than the previous years' ending stocks.
- Projected closing stocks of maize for the coming 2014/15 marketing year are 1,101 million tons, which is 119,3% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2013/14 marketing year are 61 800 tons, which is 10,4% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the coming 2014/15marketing year are 104 850 tons, which is 69,7% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in January 2014 was higher at 5,8%.
- The annual percentage change in the PPI for final manufactured goods was higher at 7,0% in January 2014.
- According to the latest Food Price Monitor, the cost of the basic food basket increased by approximately R15,00 or 3,3% in nominal terms from R460,00 to R475,00 for the period January 2013 to January 2014.

agriculture,
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1. Weather conditions

1.1 Rainfall for February 2014

During February 2014, significant rainfall events were limited to the central and eastern parts of the country (Figure 1). These rainfall events brought welcome relieve to the drought stricken grain production areas, in especially the North West and Free State provinces. Comparing rainfall totals of February 2014 to the long term average, most of the country received above-normal rainfall, but below-normal was evident in the extreme western parts (Figure 2).

Figure 1: Rainfall (mm) for February 2014

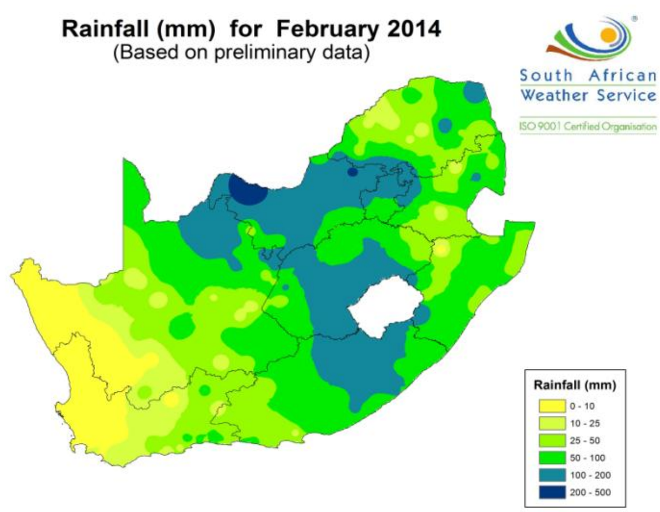
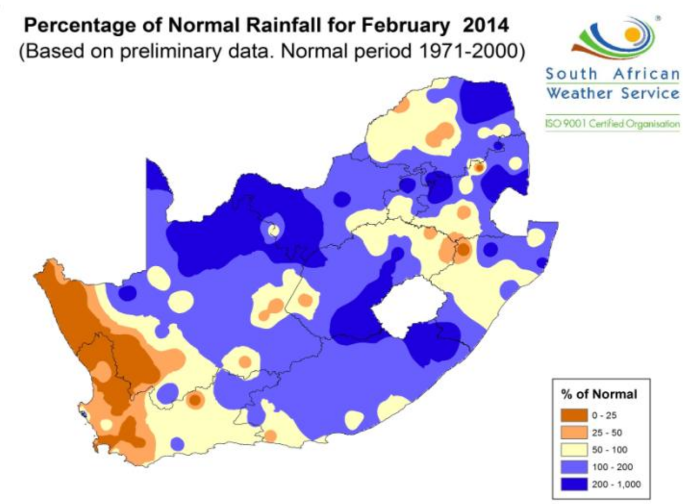


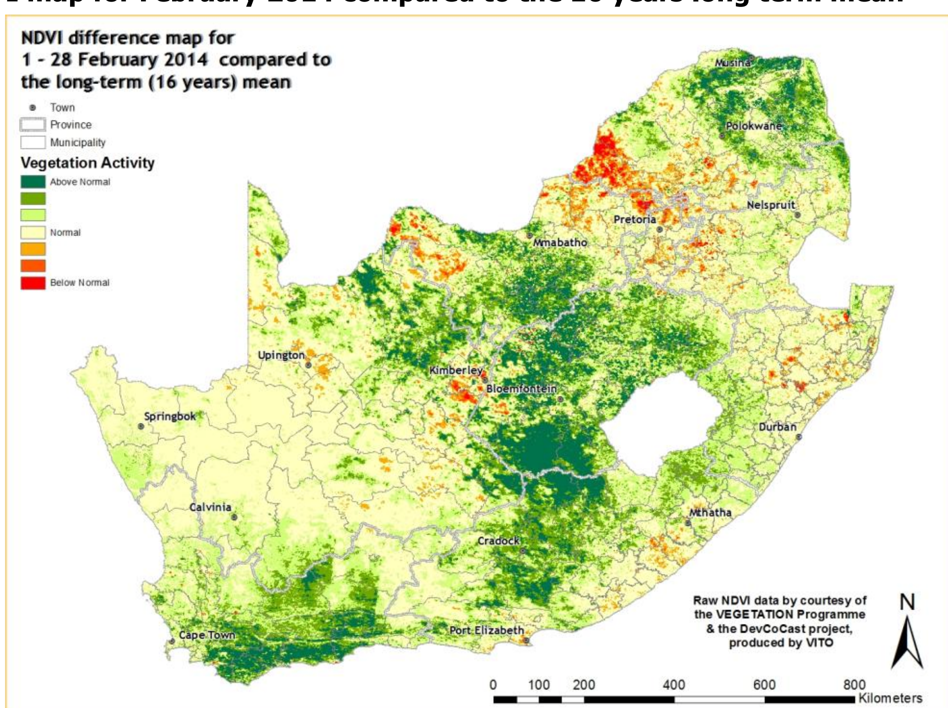
Figure 2: Percentage rainfall for February 2014



1.2 Vegetation activity

During February 2014, the vegetation activity was above-normal over the central regions of the country, as well as northern region of the Limpopo Province and the coastal region of the Western Cape Province, but below-normal vegetation conditions were evident over regions of the Limpopo, Gauteng, Mpumalanga and KwaZulu-Natal provinces (Figure 3).

Figure 3: The NDVI map for February 2014 compared to the 16 years long term mean



Source: ARC:ISCW

2. Grain production

The first production forecast for summer crops for 2014 was released by the Crop Estimates Committee (CEC) on 27 February 2014, and is as follows:

Table 1: Commercial summer crops: Area planted and first production forecast - 2014 season

CROP	**Area planted 2014 Ha (A)**	**1st forecast 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	**1 531 200**	**6 548 050**	1 617 200	5 545 000	18,09
Yellow maize	**1 137 000**	**5 854 700**	1 164 000	6 145 000	-4,72
Maize	**2 668 200**	**12 402 750**	2 781 200	11 690 000	6,10
Sunflower seed	**598 950**	**778 175**	504 700	557 000	39,71
Soya-beans	**502 900**	**832 350**	516 500	784 500	6,10
Groundnuts	**52 525**	**82 365**	46 900	41 500	98,47
Sorghum	**86 850**	**239 650**	62 620	147 200	62,81
Dry beans	**55 670**	**76 570**	43 550	60 200	27,19
Total	**3 965 095**	**14 411 860**	3 955 470	13 280 400	8,52

Note: Estimate is for calendar year, e.g. production season 2013/14 = 2014

- The revised area estimate for maize is 2,668 million ha, which is 4,06% or 113 000 ha less than the 2,781 million ha planted for the previous season and also 1,56% less than the preliminary area estimate of 2,710 million ha released in January 2014.
- The expected **commercial maize** crop is 12,403 million tons, which is 6,10% more than the 11,690 million tons of the previous season, with an expected yield of 4,65 t/ha.
- The area estimate for white maize is 1,531 million ha, which represents a decrease of 5,32% or 86 000 ha compared to the 1,617 million ha planted last season and also 2,56% less than the preliminary area estimate of 1,572 million ha. In the case of yellow maize the area estimate is 1,137 million ha, which is 2,32% or 27 000 ha less than the 1,164 million ha planted last season and also 0,18% less than the preliminary area estimate of 1,139 million ha.
- The production forecast of **white maize** is 6,548 million tons, which is 18,09% more than the 5,545 million tons of last season. The yield for white maize is 4,28 t/ha. In the case of **yellow maize** the production forecast is 5,855 million tons, which is 4,72% less than the 6,145 million tons of last season. The yield for yellow maize is 5,15 t/ha.
- The revised area estimate for **sunflower seed** is 598 950 ha, which is 18,67% more than the 504 700 ha planted the previous season, but 3,15% less than the preliminary area estimate of 618 400 ha. The production forecast for sunflower seed is 778 175 tons, which is 39,71% more than the 557 000 tons of the previous season. The expected yield is 1,30 t/ha.
- It is estimated that 502 900 ha have been planted to **soya-beans**, which represents a decrease of 2,63% compared to the 516 500 ha planted last season. It is also 2,54% less than the preliminary area estimate of 516 000 ha. The production forecast for soya-beans is 832 350 tons, which is 6,10% more than the 784 500 tons of the previous season. The expected yield is 1,66 t/ha.

- For **groundnuts**, the area estimate is 52 525 ha, which is 11,99% more than the 46 900 ha planted for the previous season and also 5,05% higher than the preliminary area estimate of 50 000 ha. The expected groundnut crop is 82 365 tons, which is 98,47% more than the 41 500 tons of last season. The expected yield is 1,57 t/ha.
- The area estimate for **sorghum** increased by 38,69%, from 62 620 ha to 86 850 ha against the previous season. The production forecast for sorghum is 239 650 tons, which is 62,81% higher than the 147 200 tons of the previous season. The expected yield is 2,76 t/ha.
- For **dry beans**, the area estimate is 55 670 ha, which is 27,83% more than the 43 550 ha planted for the previous season, but 0,89% lower than the preliminary area estimate of 56 170 ha. In the case of dry beans the production forecast is 76 570 tons, which is 27,19% more than the 60 200 tons of the previous season. The expected yield is 1,38 t/ha.

Please note that the second production forecast for summer field crops for 2014 will be released on 27 March 2014.

2.1 Winter cereal crops

The area planted estimate and final production estimate for winter cereals for 2013 was also released by the Crop Estimates Committee (CEC) on 27 February 2014, and is as follows:

Table 2: Commercial winter crops: Area planted and final production estimate - 2013 season

CROP	**Area planted 2013 Ha (A)**	**Final estimate 2013 Tons (B)**	Area planted 2012 Ha (C)	Final crop 2012 Tons (D)	Change % (B) ÷ (D)
Wheat	**505 500**	**1 804 450**	511 200	1 870 000	-3,51
Malting barley	**81 320**	**266 002**	84 940	298 000	-10,74
Canola	**72 165**	**112 041**	44 100	79 000	41,82
Total	**658 985**	**2 182 493**	640 240	2 247 000	-2,87

Note: Estimate is for calendar year, e.g. production season 2013/14 = 2013

- The estimated final commercial production of **wheat** is 1,804 million tons, which is 3,51% less than the previous seasons' crop of 1,870 million tons, with an expected yield at 3,57 t/ha.
- The expected production in the Western Cape is 914 500 tons (51%), in the Northern Cape 298 200 tons (16%) and in the Free State 252 000 tons (14%).
- The area estimate for wheat for 2013 remained the same at 505 500 ha, which is 1,12% more than the previous season's plantings of 511 200 ha.
- The final production estimate for **malting barley** is 266 002 tons, which is 10,74% less than the previous seasons' crop of 298 000 tons. The area planted is estimated at 81 320 ha, representing a decrease of 4,26% compared to the 84 940 ha of 2012. The expected yield is 3,27 t/ha.
- The final estimated **canola crop** is 112 041 tons, which is 41,82% more than the previous seasons' crop of 79 000 tons. The area estimate for canola is 72 165 ha, which is 63,64% more than the previous season's plantings of 44 100 ha. The expected yield is 1,55 t/ha.

Please note that the intentions to plant winter cereals for 2014 will be released on 24 April 2014.

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 Feb14 Annexure A.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in January 2014 was 5,8%. This rate was 0,4% higher than the corresponding annual rate of 5,4% in December 2013. On average, prices increased by 0,7% between December 2013 and January 2014.
- The food and non-alcoholic beverages index increased by 1,6% between December 2013 and January 2014. The annual rate increased to 4,3% in January 2014 from 3,5% in December 2013. The following components in the food and non-alcoholic beverages index increased: Vegetables (4,0%), other food (2,4%), fish (2,3%), meat (2,0%), cold beverages (2,0%), bread and cereals (1,0%), sugar, sweets and desserts (1,0%), fruit (0,9%), hot beverages (0,5%) and milk, eggs and cheese (0,4%). The following component decreased: Oils and fats (-0,4%).
- The transport index increased by 1,2% between December 2013 and January 2014, mainly due to a 38c/litre increase in the price of petrol. The annual rate increased to 7,8% in January 2014 from 6,3% in December 2013.
- The miscellaneous goods and services index increased by 0,5% between December 2013 and January 2014. The annual rate was unchanged at 7,0% in January 2014.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,7%), Free State (5,7%), Eastern Cape (5,5%), Northern Cape (5,3%), Mpumalanga (5,2%) and North West (5,1%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,4%), KwaZulu-Natal (5,9%) and Gauteng (5,9%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 7,0% in January 2014 (compared with 6,5% in December 2013). From December 2013 to January 2014 the PPI for final manufactured goods increased by 1,0%.
- The main contributors to the annual rate of 7,0% were food products, beverages and tobacco products (5,9% year-on-year and contributing 2,2%), coke, petroleum, chemical, rubber and plastic products (7,6% year-on-year and contributing 1,3%), as well as metals, machinery, equipment and computing equipment (8,0% year-on-year and contributing 1,2%). The main contributor to the monthly increase of 1,0% was metals, machinery, equipment and computing equipment (2,5% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for electricity and water was 14,5% in January 2014 (compared with 14,3% in December 2013). From December 2013 to January 2014 the PPI for electricity and water increased by 1,3%. The contributors to the annual rate of 14,5% were electricity (15,2% year-on-year and contributing 12,5%) and water (10,5% year-on-year and contributing 1,9%). The monthly increase of 1,3% was the result of electricity (1,6% month-on-month and contributing 1,3%).
- The annual percentage change in the PPI for mining was 4,8% in January 2014 (compared with 2,4% in December 2013). From December 2013 to January 2014 the PPI for mining increased by 4,9%. The main contributors to the annual rate of 4,8% were non-ferrous metal ores (8,0% year-on-year and contributing 3,4%), as well as coal and gas (10,1% year-on-year and contributing 2,8%). The main contributor to the monthly increase of 4,9% was non-ferrous metal ores (6,8% month-on-month and contributing 3,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 5,6% in January 2014 (compared with 4,1% in December 2013). From December 2013 to January 2014 the PPI for agriculture, forestry and fishing remained unchanged. The main contributor to the annual rate of 5,6% was agriculture (5,4% year-on-year and contributing 4,3%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Tuesday, 4 March 2014

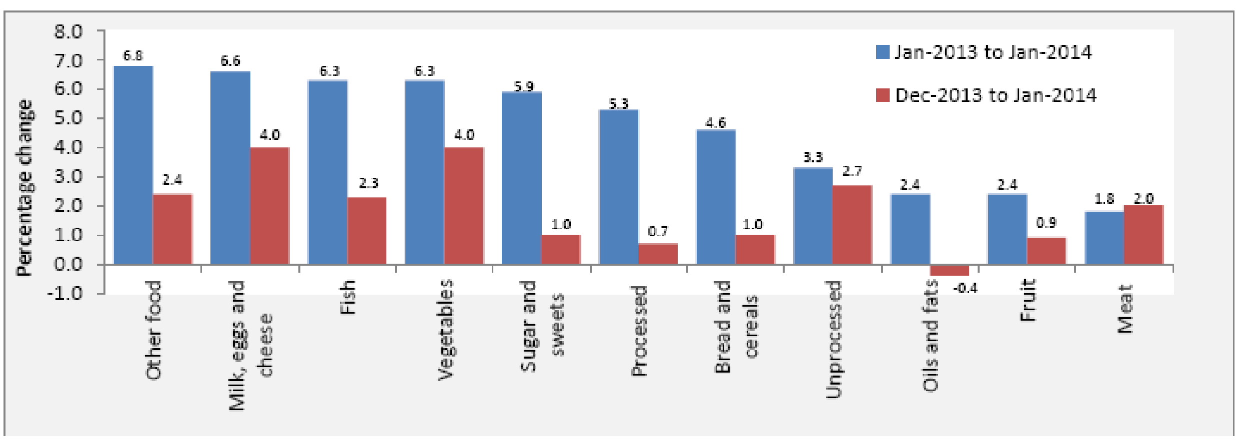
	4 March 2014	4 February 2014	% Change
RSA White Maize per ton (Mar. 2014 contract)	R3 210,00	R3 164,00	1,45
RSA Yellow Maize per ton (Mar. 2014 contract)	R3 174,00	R3 099,00	2,42
RSA Wheat per ton (Mar. 2014 contract)	R3 844,00	R3 825,00	0,50
RSA Sunflower seed per ton (Mar. 2014 contract)	R5 090,00	R5 600,00	-9,11
RSA Soya-beans per ton (Mar. 2014 contract)	R6 500,00	R6 323,00	2,80
Exchange rate R/$	R10,84	R11,14	-2,69

Source: JSE/SAFEX

4.4 Food Price Monitor – February 2014

- According to the latest Food Price Monitor, as released by the National Agricultural Marketing Council, the price differences between rural and urban consumers in January 2014, were R2,49, R2,06 and R1,85 for white sugar (2,5 kg), maize meal (5 kg) and margarine (500 g), respectively. This implies that rural consumers paid more for these food items than urban consumers. The price of rice (2 kg), sunflower 750 ml and a loaf of white bread (700 g) were respectively R2,44, R1,82 and R1,19 more expensive in the rural areas, compared to the urban areas.
- From January 2013 to January 2014, the cost of the basic food basket increased by approximately R15,00 (3,3%) in nominal terms from R460,00 to R475,00 (compared to a lower increase of 1,4% from October 2012 to October 2013 - the previous Food Price Monitor analysis period).
- When comparing January 2013 to January 2014, significant price inflation (6% or more) was experienced for the following products in the food basket: rice, white bread, cabbage, potatoes, tea, maize meal, margarine, instant coffee and milk. This could have a negative impact on household food security in South Africa, affecting the affordability of important staple foods (rice, bread, and maize meal), as well as other food items making a major contribution to dietary diversity.
- Presented in Graph 1 are the components of food and non-alcoholic beverage inflation. The following components in the food and non-alcoholic beverages increased: Other food products (6,8%), milk, eggs and cheese (6,6%), fish (6,3%), vegetables (6,3%), sugar, sweets and desserts (5,9%), processed food products (5,3%), bread and cereals (4,6%), unprocessed products (3,3%), fruits (2,4%), oils and fats (24%), and meat (1.%).

Graph 1: Year-on-year percentage change for different food categories (January 2013 – January 2014)



Source: Stats SA, 2014

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