MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2015

Issued: 4 March 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During February 2015, significant rainfall events were limited to the central and eastern half of the country, with below-normal rainfall events experienced in the western parts.**
- **The final production estimate of wheat for 2014 is 1,776 million tons, which is 5,1% less than the previous seasons' crop of 1,870 million tons.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 569 055 tons, which includes imports of 1,8 million tons. It is also 16,5% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2015 is 9,665 million tons, which is 32,2% less than the 14,250 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 2,301 million tons, which is considerably more (290,6%) than the previous years' ending stocks.**
- **Projected closing stocks of maize for the coming 2015/16 marketing year are 1,215 million tons, which is 47,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 119 944 tons, which is 139,6% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the coming 2015/16 marketing year are 98 594 tons, which is 17,8% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in January 2015 was lower at 4,4%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 3,5% in January 2015.**
- **South Africa's economy grew by 1,5% in 2014, down from 2,2% in 2013.**
- **January tractor sales of 555 units were 12,2% less than the 632 units reported in January 2014.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for February 2015

During February 2015, significant rainfall events were limited to the central and eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for February 2015, below-normal rainfall was experienced in the western parts (**Figure 2**). Other regions of the country received near-normal to below-normal rainfall with isolated areas of above-normal rainfall mainly evident in the Eastern Cape and KwaZulu-Natal provinces, for the mentioned period.

Figure 1: Rainfall in mm for February 2015

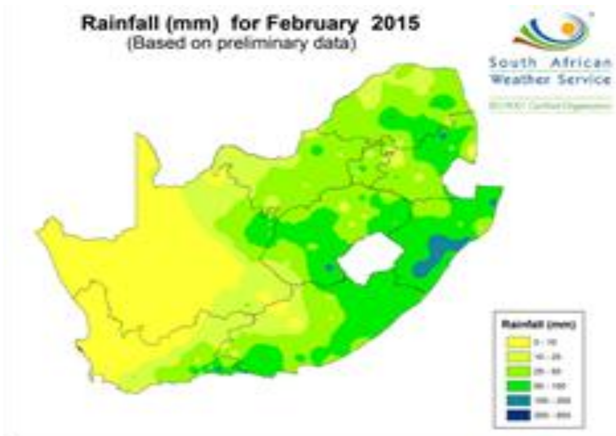
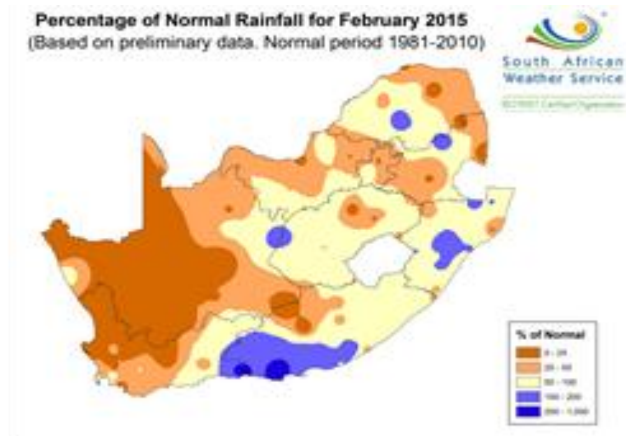


Figure 2: Percentage rainfall for February 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 2 March 2015 indicates that the country has approximately 80% of its full supply capacity (FSC) available, 6% less than the corresponding period in 2014. Some interior provinces especially Gauteng and Limpopo still show an improvement in the full supply capacity of dams, whereas most of the coastal provinces i.e Western Cape, Kwazulu-Natal and Eastern Cape provinces show decreases of 18%, 13% and 8%, respectively, compared to the same period in 2014. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 2 March 2015

Province	Net FSC million cubic meters	**2/03/2015 (%)**	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	77	85	-8,0
Free State	15 971	84	89	-5,0
Gauteng	115	99	86	13,0
KwaZulu-Natal	4 669	73	86	-13,0
Lesotho	2 376	72	74	-2,0
Limpopo	1 508	90	83	7,0
Mpumalanga	2 520	92	95	-3,0
North West	802	66	73	-7,0
Northern Cape	146	89	87	2,0
Western Cape	1 853	57	75	-18,0
Total	**31 786**	**80**	**86**	**-6,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The revised area planted and first production forecast for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 26 February 2015, and is as follows:

Table 2: Commercial summer crops: Revised area planted and first production forecast - 2015 season

CROP	**Area planted 2015 Ha (A)**	**1st Forecast 2015 Tons (B)**	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
White maize	**1 460 000**	**4 696 390**	1 551 200	7 710 000	-39,09
Yellow maize	**1 204 800**	**4 968 900**	1 137 000	6 540 000	-24,02
Maize	**2 664 800**	**9 665 290**	2 688 200	14 250 000	-32,17
Sunflower seed	**568 000**	**574 300**	598 950	832 000	-30,97
Soya-beans	**687 300**	**938 350**	502 900	948 000	-1,02
Groundnuts	**58 000**	**67 845**	52 125	74 500	-8,93
Sorghum	**70 500**	**178 700**	78 850	265 000	-32,57
Dry beans	**64 000**	**79 940**	55 820	82 130	-2,67
TOTAL	**4 112 600**	**11 504 425**	3 976 845	16 451 630	-30,07

Note: Estimate is for calendar year, e.g. production season 2014/15 = 2015

- The revised area estimate for maize is 2,665 million ha, which is 0,87% or 23 400 ha less than the 2,688 million ha planted for the previous season.
- The expected commercial **maize** crop is 9,665 million tons, which is 32,17% less than the 14,250 million tons of the previous season, with an expected yield of 3,63 t/ha.
- The area estimate for white maize is 1,460 million ha, which represents a decrease of 5,88% or 91 200 ha compared to the 1,551 million ha planted last season. In the case of yellow maize the area estimate is 1,205 million ha, which is 5,96% or 67 800 ha more than the 1,137 million ha planted last season.
- The production forecast of **white maize** is 4,696 million tons, which is 39,09% less than the 7,710 million tons of last season. The yield for white maize is 3,22 t/ha. In the case of **yellow maize** the production forecast is 4,969 million tons, which is 24,02% less than the 6,540 million tons of last season. The yield for yellow maize is 4,12 t/ha.
- The revised area estimate for **sunflower seed** is 568 000 ha, which is 5,17% less than the 598 950 ha planted the previous season. The production forecast for sunflower seed is 574 300 tons, which is 30,97% less than the 832 000 tons of the previous season. The expected yield is 1,01 t/ha.
- It is estimated that 687 300 ha have been planted to **soybeans**, which represents an increase of 36,67% compared to the 502 900 ha planted last season. The production forecast for soybeans is 938 350 tons, which is 1,02% less than the 948 000 tons of the previous season. The expected yield is 1,37 t/ha.
- For **groundnuts**, the area estimate is 58 000 ha, which is 11,27% more than the 52 125 ha planted for the previous season. The expected groundnut crop is 67 845 tons – which is 8,93% less than the 74 500 tons of last season. The expected yield is 1,17 t/ha.
- The area estimate for **sorghum** decreased by 10,59%, from 78 850 ha to 70 500 ha against the previous season. The production forecast for sorghum is 178 700 tons, which is 32,57% less than the 265 000 tons of the previous season. The expected yield is 2,53 t/ha.

- For **dry beans**, the area estimate is 64 000 ha, which is 14,65% more than the 55 820 ha planted for the previous season. In the case of dry beans the production forecast is 79 940 tons, which is 2,67% less than the 82 130 tons of the previous season. The expected yield is 1,25 t/ha.

Please note that the second production forecast for summer field crops for 2015 will be released on 25 March 2015.

2.2 Winter cereal crops

The area and final production estimate for winter cereals for 2014 was also released by the CEC on 26 February 2015, and is as follows:

Table 3: Commercial winter crops: Area planted and final production estimate - 2014 season

CROP	**Area planted 2014** **Ha** **(A)**	**Final estimate 2014** **Tons** **(B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Wheat	**476 570**	**1 775 534**	505 500	1 870 000	-5,05
Malting barley	**85 125**	**306 786**	81 320	267 500	14,69
Canola	**95 000**	**123 500**	72 165	112 000	10,27
Total	**656 695**	**2 205 820**	658 985	2 249 500	-1,94

Note: Estimate is for calendar year, e.g. production season 2014/15 = 2014

- The final production estimate of **wheat** is 1,776 million tons, which is 5,05% or 94 466 tons less than the previous seasons' crop of 1,870 million tons, whilst the yield is 3,73 t/ha.
- The expected production in the Western Cape is 899 000 tons (51%), in the Northern Cape 285 000 tons (16%) and in the Free State 271 050 tons (15%).
- The area estimate for wheat remained unchanged at 476 570 ha
- The finale production estimate for **malting barley** is 306 786 tons, which is 14,69% or 39 286 tons more than the previous seasons' crop of 267 500 tons. The area planted is estimated at 85 125 ha, while the yield is 3,60 t/ha.
- The final production estimate of **canola** crop is 123 500 tons, which is 10,27% or 11 500 tons more than the previous seasons' crop of 112 000 tons. The area estimate for canola is 95 000 ha, while the yield is 1,30 t/ha.

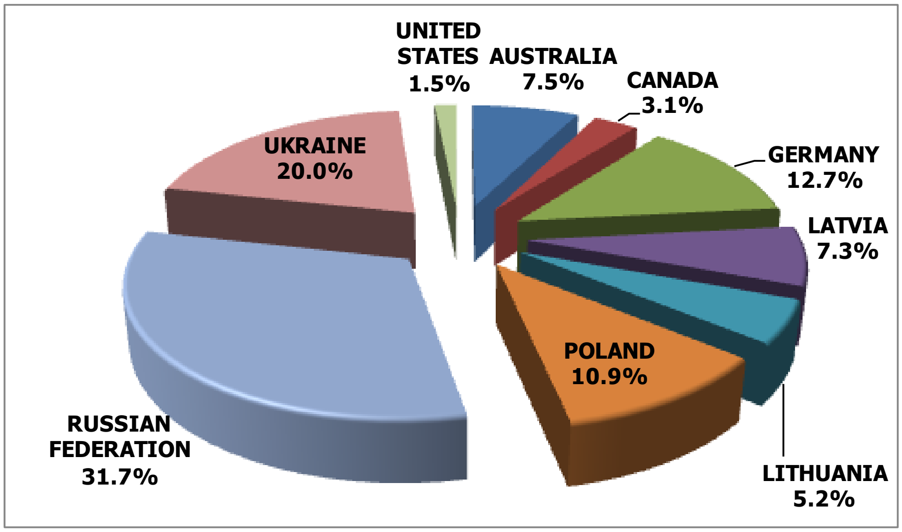
Please note that the intentions to plant winter cereals for 2015 will be released on 29 April 2015.

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 Feb15 Annexure A.

3.1 Imports and exports of wheat for the 2014/15 marketing year

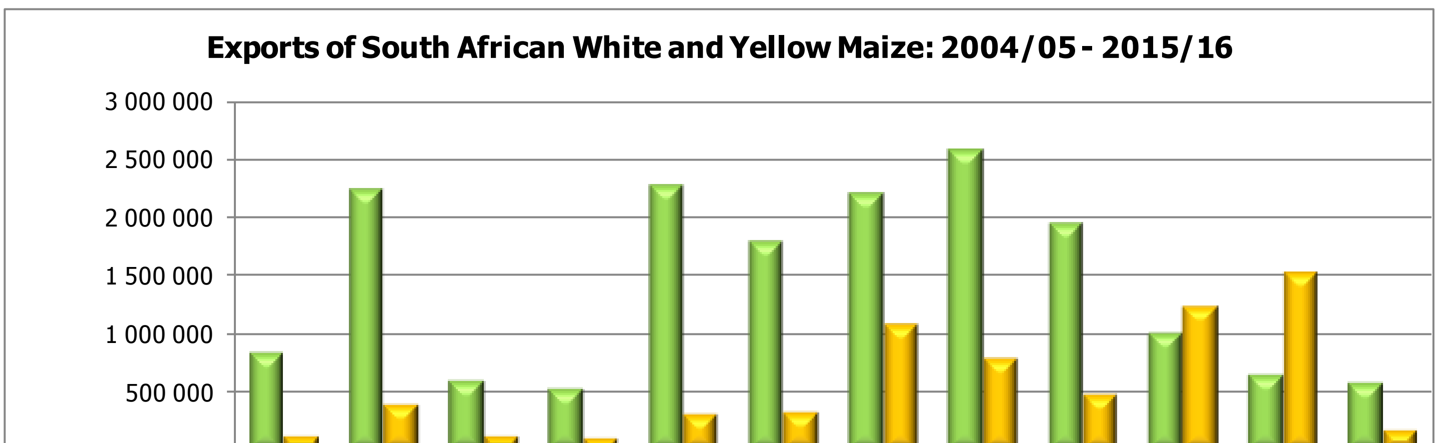
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 27 February 2015, amount to 835 902 tons, with the largest quantity (31,7% or 264 731 tons) imported from the Russian Federation followed by Ukraine (20,0% or 167 393 tons), Germany (12,7% or 106 571 tons) and Poland (10,9% or 91 483 tons). The exports of wheat for the mentioned period amount to 100 976 tons, of which 63,9% or 64 486 tons were exported to the BLNS countries and 36,1% or 36 434 tons to Zimbabwe.

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	832 000	2 237 000	597 000	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	642 000	580 000
Yellow maize exports	120 000	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 510 000	160 000

*Projection

- The projection for the 2014/15 marketing year - exports are 642 000 tons for white maize, which represents a decrease of 36,4% compared to the 1,009 million tons of the previous marketing year. With reference to yellow maize exports, the projection is 1,510 million tons, which represents an increase of 23,4% compared to the 1,224 million tons of the previous marketing year.
- The projection for the 2015/16 marketing year - exports are 580 000 tons for white maize, which represents an increase of 9,7% compared to the 642 000 tons of the previous marketing year. With reference to yellow maize exports, the projection is 160 000 tons, which represents a decrease of 89,4% compared to the 1,510 million tons of the previous marketing year.
- From 26 April 2014 to 27 February 2015, progressive white maize exports amount to 454 521 tons, with the main destinations being the BLNS countries (69,3% or 314 803 tons), Mozambique (17,7% or 80 553 tons) and Zimbabwe (12,5% or 56 977 tons). No imports were reported for the mentioned period.

- From 26 April 2014 to 27 February 2015, progressive yellow maize exports amount to 1,381 million tons, with the main destinations being Taiwan (49,2% or 679 185 tons), Korea (15,5% or 214 474 tons) and Japan (14,4% or 198 197 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in January 2015 was 4,4%. This rate was 0,9% lower than the corresponding annual rate of 5,3% in December 2014. On average, prices decreased by 0,2% between December 2014 and January 2015.
- The food and non-alcoholic beverages index increased by 0,9% between December 2014 and January 2015. The annual rate decreased to 6,5% in January 2015 from 7,2% in December 2014. The following components in the food and non-alcoholic beverages index increased: Other food (2,0%), cold beverages (1,7%), fish (1,5%), meat (1,4%), sugar, sweets and desserts (1,0%), oils and fats (0,7%), hot beverages (0,6%), bread and cereals (0,5%), milk, eggs and cheese (0,2%) and vegetables (0,1%). The following component decreased: Fruit (-1,0%).
- The transport index decreased by 3,0% between December 2014 and January 2015, mainly due to a 127c/litre decrease in the price of petrol. The annual rate decreased to -2,5% in January 2015 from 1,7% in December 2014.
- The miscellaneous goods and services index increased by 0,6% between December 2014 and January 2015. The annual rate increased to 7,3% in January 2015 from 7,1% in December 2014.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Northern Cape (4,3%), Gauteng (4,3%), KwaZulu-Natal (4,2%) and Limpopo (4,0%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (4,9%), Eastern Cape (4,8%), Free State (4,6%), North West (4,5%) and Mpumalanga (4,5%).

4.2 Producer Price Index (PPI)

- Headline producer inflation, which measures the change in prices of final manufactured goods, has continued to decline. The annual rate fell to 3,5% in January 2015, down from 5,8% in December 2014 and a peak of 8,8% in April 2014. Falling prices for coal and petroleum products continued to drive producer inflation down, while higher prices for tobacco, beverages and food products placed upward pressure on inflation.
- The prices for final manufactured coal and petroleum products were -29,4% lower in January 2015 compared with January 2014, brought about mainly by decreases in prices for both petrol (-34,0%) and diesel (-32,0%).
- Prices for meat products rose by 15,4% year-on-year, with noticeable increases in the prices for frozen chicken (19,0%) and meat pies (22,4%). Dairy products rose by 10,7%, with increases in fresh full cream milk (18,2%), diary cream (15,0%) and mozzarella cheese (13,4%). Tobacco prices rose by 10,2%.
- The producer price index (PPI) for final manufactured goods decreased by 1,1% month-on-month in January 2015. Coal and petroleum products contributed most to the decrease, dropping by 14,6%. A slight appreciation in the rand against the euro resulted in a slight decrease in the prices of transport equipment exported to Europe, including motor vehicles and motor vehicle parts. Prices for transport equipment decreased by 0,8% in January 2015 compared with December 2014.
- Other year-on-year PPI figures from the publication:
  - For intermediate manufactured goods: 3,4% in January 2015 compared with 6,1% in December 2014;
  - For electricity and water: 9,0% in January 2015 compared with 8,9% in December 2014;
  - For mining: -1,7% in January 2015 compared with 1,8% in December 2014; and
  - For agriculture, forestry and fishing: -1,8% in January 2015 compared with 2,3% in December 2014.

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Friday, 27 February 2015

	27 February 2015	27 January 2015	% Change
RSA White Maize per ton (May 2015 contract)	R2 677,00	R2 012,00	33,05
RSA Yellow Maize per ton (May 2015 contract)	R2 433,00	R2 016,00	20,68
RSA Wheat per ton (May 2015 contract)	R3 855,00	R4 001,00	-3,65
RSA Sunflower seed per ton (May 2015 contract)	R5 105,00	R4 680,00	9,08
RSA Soya-beans per ton (May 2015 contract)	R5 008,00	R4 815,00	4,01
Exchange rate R/$	R11,58	R11,56	0,17

Source: JSE/SAFEX

4.4 Gross Domestic Product

- South Africa's economy grew by 1,5% in 2014, down from 2,2% in 2013, according to preliminary estimates of real gross domestic product (GDP) released by Stats SA in February 2015. Eight of the ten industry groups experienced some growth during the year, while two industries shrank in size.
- The industry that grew the fastest in 2014 was agriculture, expanding by 5,6%, with government services coming in second place at 3,0%. Economic activity within the mining and electricity industries decreased by 1,6% and 0,9%, respectively, while manufacturing showed very little change for the year as a whole.
- The mining industry was interrupted by widespread strikes during the first half of 2014, resulting in a decline in mining activity in the first quarter (with a decline of -22,8%) and second quarter (with -3,0% decline). This was followed by positive growth during the second half of the year, with mining expanding by 3,9% in the third quarter and 15,2% in the fourth quarter.
- The increased mining activity in the fourth quarter was due to higher production in the mining of 'other' metal ores (including platinum) and 'other' mining and quarrying (including diamonds).
- GDP is widely used to measure the size of an economy and its performance over time. In 2014 South Africa's GDP was R3,8 trillion (or R3 800 billion).
- Other quick facts for the fourth quarter of 2014 are:
  - Real GDP increased by 4,1% quarter-on-quarter, seasonally adjusted and annualised;
  - Manufacturing increased by 9,5% quarter-on-quarter, seasonally adjusted and annualised; and
  - The unadjusted real GDP increased by 1,3% year-on-year.

4.5 Agricultural machinery sales

- January tractor sales of 555 units were 12,2% less than the 632 units reported in January 2014. January combine harvester sales of six units were sharply down (72,7%) on the 22 units sold in January 2014.
- Industry expectations are that the agricultural tractor market in 2015 will be between 5 and 10% down on 2014.

Table 5: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	January		Change	January		Change
Equipment class	**2015**	**2014**	**%**	**2015**	**2014**	**%**
Tractors	555	632	-12,2	555	632	-12,2
Combine harvesters	6	22	-72,7	6	22	-72,7

Source: SAAMA press release, February 2015

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