MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2016

Issued: 4 March 2016

Directorate: Statistics and Economic Analysis

Highlights:

- **During February 2016, significant rainfall events were limited to most of the eastern and northern parts of the country.**
- **The expected commercial production of wheat for 2015 is 1,457 million tons, which is 16,7% less than the previous seasons' crop of 1,750 million tons.**
- **The projected closing stocks of wheat for the current 2015/16 marketing year are 721 838 tons, which includes imports of 2,0 million tons. It is also 20,9% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2016 is 7,256 million tons, which is 27,1% less than the 9,955 million tons of the previous season (2015), which was also a drought year.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 1,701 million tons, which is 18,0% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the coming 2016/17 marketing year are 1,242 million tons, which is 27,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 80 252 tons, which is 34,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the coming 2016/17 marketing year are 19 202 tons, which is 76,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 44 207 tons, which is 52,4% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for coming 2016/17 marketing year are 68 107 tons, which is 54,1% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 83 254 tons, which is 30,7% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the coming 2016/17 marketing year are 66 754 tons, which is 19,8% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in January 2016 was higher at 6,2%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 7,6% in January 2016.**
- **January 2016 tractor sales of 535 units were almost 4% down on the 555 units sold in January 2015.**

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

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1. Weather conditions

1.1 Rainfall for February 2016

During February 2016, significant rainfall events were limited to most of the eastern and northern parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for February 2016, rainfall received was near-normal to below-normal for most parts of the country with patches of above-normal rainfall in isolated areas of the southern and eastern coastal regions (**Figure 2**). Patches of above-normal rainfall were evident in the KwaZulu-Natal, Limpopo, Free State, as well as the Western and Eastern Cape provinces.

Figure 1: Rainfall in mm for February 2016

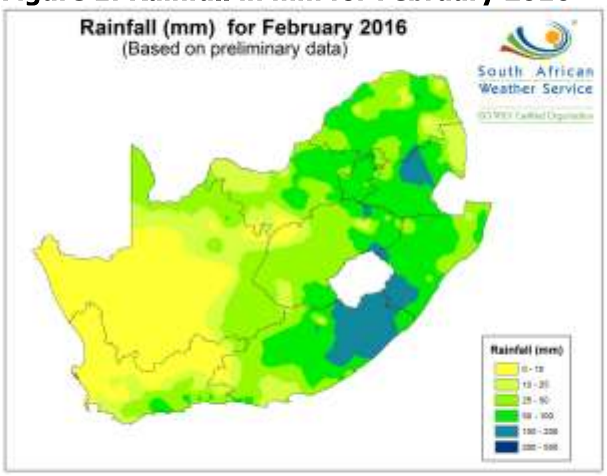
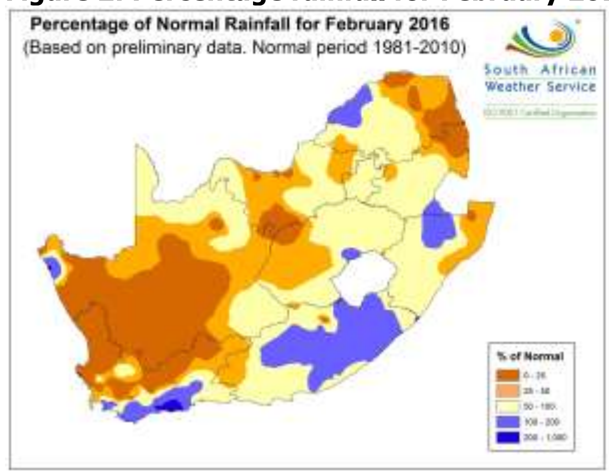


Figure 2: Percentage rainfall for February 2016



According to the latest Seasonal Climate Watch of the SA Weather Service, most models are confidently showing a gradual decay of El-Niño towards autumn and the development of a neutral ENSO (El-Niño Southern Oscillation) state in the vicinity of the winter season. Most forecast models have indicated the continuation of the current dry conditions in the midst of a growing uncertainty for the autumn season over most of the country. This may be aggravated by the continuation of warmer temperature conditions which tend to enhance evapotranspiration.

1.2 Level of dams

Available information on the level of South Africa's dams on 29 February 2016 indicates that the country has approximately 54% of its full supply capacity (FSC) available, 26% less than the corresponding period in 2015. All the provinces show a decreasing trend in the full supply capacity of dams of between 4% and 32%, compared to the same period last year. The largest decreases in the full supply capacity for the mentioned period are evident in the Mpumalanga with 32%, followed by Limpopo with 31% and the Free State province with 30%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 29 February 2016

Province	Net FSC million cubic meters	**29/02/2016 (%)**	Last Year (2015) (%)	% Increase/Decrease 2016 vs 2015
Eastern Cape	1 833	73	77	-4,0
Free State	15 971	54	84	-30,0
Gauteng	115	83	99	-16,0
KwaZulu-Natal	4 669	52	73	-21,0
Lesotho	2 376	50	72	-22,0
Limpopo	1 508	59	90	-31,0
Mpumalanga	2 539	60	92	-32,0
North West	825	44	65	-21,0
Northern Cape	146	64	88	-24,0
Western Cape	1 870	38	58	-20,0
Total	**31 852**	**54**	**80**	**-26,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The revised area planted estimate and second production forecast for summer crops for 2016 was released by the Crop Estimates Committee (CEC) on 25 February 2016, and is as follows:

Table 2: Commercial summer crops: Revised area planted and second production forecast - 2016 season

CROP	Area planted 2016 Ha (A)	2nd Production forecast 2016 Tons (B)	Area planted 2015 Ha (C)	Final crop 2015 Tons (D)	Change % (B) ÷ (D)
White maize	**1 020 750**	**3 195 800**	**1 448 050**	**4 735 000**	**-32,51**
Yellow maize	**945 000**	**4 059 950**	**1 204 800**	**5 220 000**	**-22,22**
Total Maize	**1 965 750**	**7 255 750**	**2 652 850**	**9 955 000**	**-27,11**
Sunflower seed	**687 500**	**687 150**	**576 000**	**663 000**	**3,64**
Soybeans	**519 800**	**724 600**	**687 300**	**1 070 000**	**-32,28**
Groundnuts	**23 100**	**34 120**	**58 000**	**62 300**	**-45,23**
Sorghum	**48 500**	**93 400**	**70 500**	**120 500**	**-22,49**
Dry beans	**36 400**	**44 095**	**64 000**	**73 390**	**-39,92**
TOTAL	**3 281 050**	**8 839 115**	**4 108 650**	**11 944 190**	**-26,00**

Note: Estimate is for calendar year, e.g. production season 2015/16 = 2016

- The revised area estimate for maize is 1,966 million ha, which is 25,90% or 687 100 ha less than the 2,653 million ha planted for the previous season and also 1,47% or 29 400 ha less than the preliminary area estimate of 1,995 million ha released in January 2016.
- The expected **commercial maize crop** is 7,256 million tons, which is 27,11% or 2,699 million tons less than the 9,955 million tons of the previous season (2015), which was also a drought year. Interesting enough, the current crop of 7,256 million tons is about half of the 2014 crop, when it was 14,250 million tons.
- The area estimate for white maize is 1,021 million ha, which represents a decrease of 29,51% or 427 300 ha compared to the 1,448 million ha planted last season. In the case of yellow maize the area estimate is 945 000 ha, which is also 21,56% or 259 800 ha less than the 1,205 million ha planted last season.
- The production forecast of **white maize** is 3,196 million tons, which is 32,51% or 1,539 million tons less than the 4,735 million tons of last season. The yield for white maize is 3,13 t/ha. In the case of **yellow maize** the production forecast is 4,060 million tons, which is 22,22% or 1,160 million tons less than the 5,220 million tons of last season. The yield for yellow maize is 4,30 t/ha.
- The revised area estimate for **sunflower seed** is 687 500 ha, which is about 19,36% or 111 500 ha more than the 576 000 ha planted the previous season. The production forecast for sunflower seed is 687 150 tons, which is 3,64% or 24 150 tons more than the 663 000 tons of the previous season. The expected yield is 1,00 t/ha.
- It is estimated that 519 800 ha have been planted to **soybeans**, which represents a decrease of 24,37% or 167 500 ha compared to the 687 300 ha planted last season. The production forecast is 724 600 tons, which is 32,28% or 345 400 tons less than the 1,070 million tons of the previous season. The expected yield is 1,39 t/ha.

- For groundnuts, the area estimate is 23 100 ha, which is 60,17% or 34 900 ha less than the 58 000 ha planted for the previous season. The expected crop is 34 120 tons – which is 45,23% or 28 180 tons less than the 62 300 tons of last season. The expected yield is 1,48 t/ha.
- The area estimate for **sorghum** decreased by 31,21% or 22 000 ha, from 70 500 ha to 48 500 ha against the previous season. The production forecast for sorghum is 93 400 tons, which is 22,49% or 27 100 tons less than the 120 500 tons of the previous season. The expected yield is 1,93 t/ha.
- For **dry beans**, the area estimate is 36 400 ha, which is 43,13% or 27 600 ha less than the 64 000 ha planted for the previous season. The production forecast is 44 095 tons, which is 39,92% or 29 295 tons less than the 73 390 tons of the previous season. The expected yield is 1,21 t/ha.

Please note that the third production forecast for summer field crops for 2016 will be released on 30 March 2016.

2.2 Winter cereal crops

The area and final production estimate for winter crops for 2015 was also released by the Crop Estimates Committee (CEC) on 25 February 2016, and is as follows:

Table 3: Commercial winter crops: Area planted and final production estimate - 2015 season

CROP	Area planted 2015 Ha (A)	Final estimate 2015 Tons (B)	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
Wheat	**482 150**	**1 457 015**	**476 570**	**1 750 000**	**-16,74**
Malting barley	**93 730**	**333 373**	**85 125**	**302 000**	**10,39**
Canola	**78 050**	**97 600**	**95 000**	**121 000**	**-19,34**
Total	**653 930**	**1 887 988**	**656 695**	**2 173 000**	**-13,12**

Note: : Estimate is for calendar year, e.g. production season 2015/16 = 2015

- The final production esimate for **wheat** is 1,457 million tons, which is 16,74% or 292 985 tons less than the previous seasons' crop of 1,750 million tons, with the expected yield is 3,02 t/ha (versus the 3,67 t/ha of the previous season).
- During the current (2015) production season, most of the country's wheat crop was produced in the Western Cape (697 500 tons or 48 %), followed by the Northern Cape (259 200 tons or 18 %) and Free State (184 000 tons or 13 %) provinces.
- The final production esimate for **malting barley** is 333 373 tons, which is 10,39% or 31 373 tons less than the previous seasons of 302 000 tons. The area planted is estimated at 93 730 ha, while the expected yield is 3,56 t/ha (versus the 3,55 t/ha of the previous season).
- The final production esimate for **canola** crop is 97 600 tons, which is 19,34% or 23 400 tons less than the previous seasons' crop of 121 000 tons. The area estimate for canola is 78 050 ha, with an expected yield of 1,25 t/ha (versus the 1,27 t/ha of the previous season).

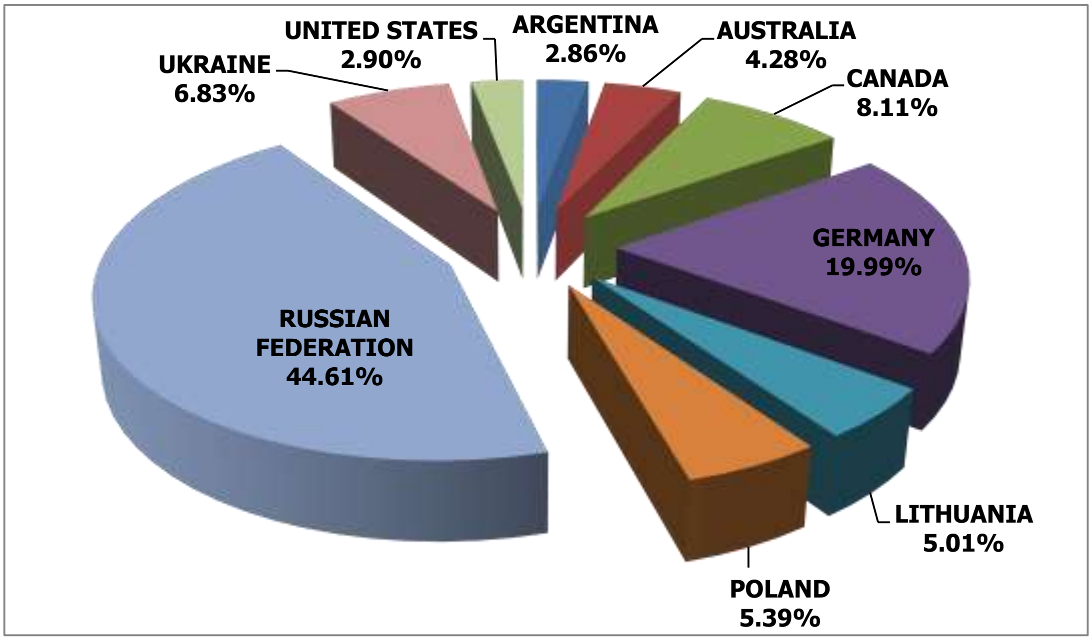
Please note that the intentions to plant winter cereals for 2016 will be released on 26 April 2016.

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 Feb16 Annexure A.

3.1 Imports and exports of wheat for the 2015/16 marketing year

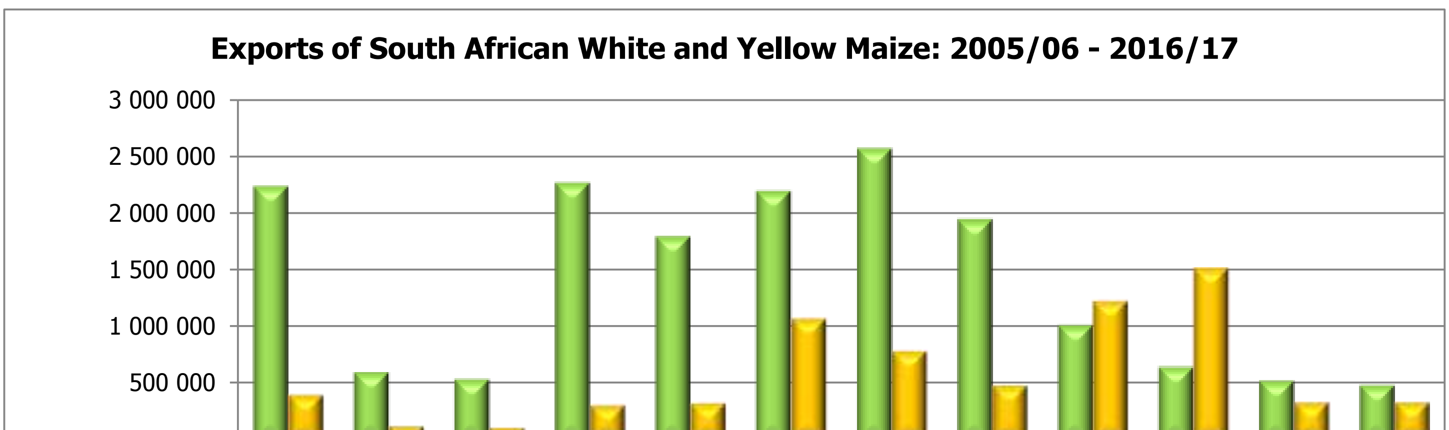
Graph 1: Major countries of wheat imports for South Africa: 2015/16 marketing year



- The progressive wheat imports from 26 September 2015 to 26 February 2016, amount to 894 915 tons, with the largest quantity (44,61% or 399 261 tons) imported from the Russian Federation followed by Germany (19,99% or 178 930 tons), Canada (8,11% or 72 613 tons), Ukraine (6,83% or 61 129 tons), Poland (5,39% or 48 258 tons), Lithuania (5,01% or 44 853 tons), Australia (4,28% or 38 329 tons), United States (2,90% or 25 947 tons) and Argentina (2,86% or 25 595 tons). The exports of wheat for the mentioned period amount to 25 732 tons, of which 55,99% or 14 408 tons were exported to Zimbabwe, 17,88% or 4 601 tons to Namibia, 12,63% or 3 251 tons to Botswana, 9,68% or 2 490 tons to Mozambique, 3,16% or 813 tons to Swaziland and only 0,66% or 169 tons to Zambia.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2005/06 to 2016/17 marketing year



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17*
White maize exports	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	640 807	520 000	480 000
Yellow maize exports	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	330 000	330 000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 520 000 tons, which represents a decrease of 18,9% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 330 000 tons, which represents a decrease of 78,2% compared to the

1,515 million tons of the previous marketing year. The preliminary indications of exports for the 2016/17 marketing year are 480 000 tons and 330 000 tons for white and yellow maize, respectively.

- From 25 April to 26 February 2016, progressive white maize exports amount to 374 650 tons, with the main destinations being the BLNS Countries (80,14% or 300 233 tons), Mozambique (15,52% or 58 137 tons) and Zimbabwe (4,35% or 16 280 tons). The imports of white maize for the mentioned period amount to 72 228 tons, of which 70,67% or 51 040 tons were from Mexico and 29,33% or 21 188 tons from Zambia.
- From 25 April to 26 February 2016, progressive yellow maize exports amount to 186 795 tons, with the main destinations being the BLNS Countries (77,89% or 145 487 tons), Mozambique (18,55% or 34 656 tons), Democratic People's Republic of Korea (1,76% or 3 281 tons), Republic of Korea (1,22% or 2 277 tons), Central Republic of Africa (0,48% or 897 tons) and Zimbabwe (0,11% or 197 tons). The imports of yellow maize for the mentioned period amount to 1,166 million tons, of which 47,07% or 548 716 tons were from Argentina, 39,86% or 464 687 tons from Brazil and 13,06% or 152 273 tons from Paraguay.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 6,2% in January 2016, up from 5,2% in December 2015. The consumer price index increased by 0,8% month-on-month in January 2016.
- Contributions to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages increased from 0,9% in December (5,9% year-on-year) to 1,1% in January (6,9% year-on-year);
  - Alcoholic beverages and tobacco increased from 0,4% in December (6,6% year-on-year) to 0,5% in January (8,3% year-on-year);
  - Transport increased from 0,3% in December (1,9% year-on-year) to 0,9% in January (5,5% year-on-year); and
  - Recreation and culture increased from 0,1% in December (2,6% year-on-year) to 0,2% in January (6,0% year-on-year).
- Contributions to monthly consumer price inflation were as follows:
  - Food and non-alcoholic beverages contributed 0,3% in January. The index increased by 1,9% month-on-month. The items with the highest monthly rates were fruit (5,2%) and vegetables (4,4%);
  - Alcoholic beverages and tobacco contributed 0,1% in January. The index increased by 2,0% month-on-month;
  - Transport contributed 0,1% in January. The index increased by 0,5% month-on-month;
  - Recreation and culture contributed 0,1% in January. The index increased by 3,7% month-on-month; and
  - Miscellaneous goods and services contributed 0,1% in January. The index increased by 0,7% month-on-month.
- In January the CPI for goods increased by 6,5% year-on-year (up from 4,6% in December), and the CPI for services increased by 6,0% year-on-year (up from 5,7% in December).
- Provincial annual inflation rates ranged from 5,4% in Northern Cape to 6,8% in Free State.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 7,6% in January 2016 (compared with 4,8% in December 2015). From December 2015 to January 2016 the PPI for final manufactured goods increased by 1,6%.

- The main contributors to the annual rate of 7,6% were food products, beverages and tobacco products (7,9% year-on-year and contributing 2,8%), coke, petroleum, chemical, rubber and plastic products (7,6% year-on-year and contributing 1,4%), transport equipment (12,8% year-on-year and contributing 1,1%), as well as metals, machinery, equipment and computing equipment (6,7% year-on-year and contributing 1,0%).
- The main contributors to the monthly increase of 1,6% were food products, beverages and tobacco products (1,7% month-on-month and contributing 0,6%), transport equipment (6,7% month-on-month and contributing 0,6%) and metals, machinery, equipment and computing equipment (2,4% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for intermediate manufactured goods was 3,8% in January 2016 (compared with 1,6% in December 2015). From December 2015 to January 2016 the PPI for intermediate manufactured goods increased by 1,9%.
- The main contributors to the annual rate of 3,8% were sawmilling and wood (8,1% year-on-year and contributing 1,7%) and textiles and leather goods (10,1% year-on-year and contributing 1,0%). The main contributor to the monthly increase of 1,9% was basic and fabricated metals (3,0% month-on-month and contributing 0,9%).
- The annual percentage change in the PPI for electricity and water was 11,6% in January 2016 (compared with 14,1% in December 2015). From December 2015 to January 2016 the PPI for electricity and water decreased by 0,8%.
- The contributors to the annual rate of 11,6% were electricity (11,5% year-on-year and contributing 9,7%) and water (11,3% year-on-year and contributing 1,8%). The contributor to the monthly decrease of 0,8% was electricity (-0,9% month-on-month and contributing -0,8%).
- The annual percentage change in the PPI for mining was 2,5% in January 2016 (compared with -0,7% in December 2015). From December 2015 to January 2016 the PPI for mining increased by 4,4%.
- The main contributors to the annual rate of 2,5% were stone quarrying, clay and diamonds (56,5% year-on-year and contributing 4,0%), as well as gold and other metal ores (6,3% year-on-year and contributing 1,9%).
- The main contributors to the monthly increase of 4,4% were gold and other metal ores (6,8% month-on-month and contributing 2,1%), non-ferrous metal ores (3,3% month-on-month and contributing 1,0%), as well as stone quarrying, clay and diamonds (9,3% month-on-month and contributing 1,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 23,6% in January 2016 (compared with 11,8% in December 2015). From December 2015 to January 2016 the PPI for agriculture, forestry and fishing increased by 6,1%.
- The main contributor to the annual rate of 23,6% was agriculture (25,9% year-on-year and contributing 22,1%). The main contributor to the monthly increase of 6,1% was agriculture (6,7% month-on-month and contributing 5,8%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Wednesday, 2 March 2016

	2 March 2016	2 February 2016	% Change
RSA White Maize per ton (May 2016 contract)	R4 996,00	R4 940,00	1,13
RSA Yellow Maize per ton (May 2016 contract)	R3 358,00	R3 651,00	-8,02
RSA Wheat per ton (May. 2016 contract)	R4 770,00	R4 905,00	-2,75
RSA Sunflower seed per ton (May 2016 contract)	R7 060,00	R7 026,00	0,48
RSA Soya-beans per ton (May 2016 contract)	R5 802,00	R6 400,00	-9,34
Exchange rate R/$	R15,71	R16,02	-1,94

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- January tractor sales of 535 units were almost 4% down on the 555 units sold in January 2015. On a rolling twelve month basis tractor sales are currently almost 11% down on those 2015. January combine harvester sales of 16 units were significantly up on the 6 units sold in January 2015. On a rolling twelve month basis combine harvester sales are currently 30% down on 2015.
- Farmers who can afford it are buying up older priced stock. These stocks are being drawn down quite quickly and are likely to run out within the next month or two. Equipment prices will then escalate sharply in the next few months. This will lead to an inevitable slowdown in sales. Expectations are that tractor sales for the 2016 calendar year will be between 4 500 and 5 100 units, 10 to 15% down on 2015.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year January 2016	Year-on-year January 2015	Percentage Change %	Year-to-date January 2016	Year-to-date January 2015	Percentage Change %
Tractors	535	555	-3,60	535	555	-3,60
Combine harvesters	16	6	166,67	16	6	166,67

Source: SAAMA press release, February 2016

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