

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2017

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Directorate: Statistics and Economic Analysis

Highlights:

- During February 2017, significant rainfall events were limited to the central and eastern parts of the country.
- The final production estimate of wheat for 2016 is 1,910 million tons, which is 32,6% more than the previous seasons' crop of 1,440 million tons.
- The projected closing stocks of wheat for the current 2016/17 marketing year are 835 772 tons, which includes imports of 1,45 million tons. It is also 1,0% more than the previous years' ending stocks.
- The expected commercial maize crop for 2017 is 13,918 million tons, which is 78,9% more than the 7,778 million tons of the previous season (2016), which was a drought year.
- Projected closing stocks of maize for the current 2016/17 marketing year are 1,286 million tons, which is 48,0% less than the previous years' ending stocks.
- Projected closing stocks of maize for the coming 2017/18 marketing year are 1,724 million tons, which is 34,1% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2016/17 marketing year are 40 012 tons, which is 51,9% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the coming 2017/18 marketing year are 27 162 tons, which is 32,1% less than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2016/17 marketing year are 139 367 tons, which is 203,8% more than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for coming 2017/18 marketing year are 181 987 tons, which is 30,6% more than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2016/17 marketing year are 65 178 tons, which is 26,9% less than the previous years' ending stocks.
- The projected closing stocks of soybeans for the coming 2017/18 marketing year are 73 173 tons, which is 12,3% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in January 2017 was lower at 6,6%.
- The annual percentage change in the PPI for final manufactured goods was lower at 5,9% in January 2017.
- January 2017 tractor sales of 478 units were almost 18% less than the 580 units sold in January 2016.



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Contents

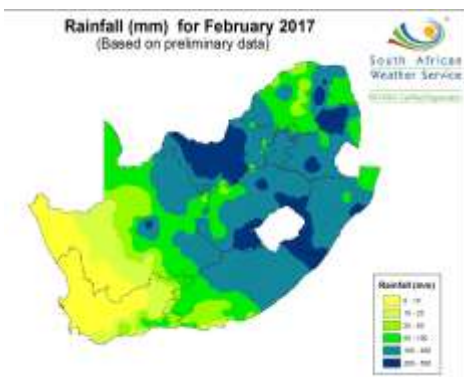
1. Weather conditions	3
2. Grain production	4
2.1 Summer grain crops	4
2.2 Winter cereal crops	5
3. Cereal balance sheets	5
4. Market information	7
4.1 Consumer Price Index (CPI)	7
4.2 Producer Price Index (PPI)	7
4.3 Future contract prices and the exchange rate	8
4.4 Agricultural machinery sales	8
5. Acknowledgements	9

1. Weather conditions

1.1 Rainfall for February 2017

During February 2017, significant rainfall events were limited to the central and eastern parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for February 2017, the rainfall received was mainly above-normal in most areas (**Figure 2**). However, the western parts of the country were characterised by below-normal rainfall for the mentioned period. The significant rainfall received also reflects a positive Normalized Difference Vegetation Index for February 2017 over the northern and central parts of the country, but negative vegetation activity is evident over the western and eastern coastal regions.

Figure 1: Rainfall in mm for February 2017



2. Grain production

2.1 Summer grain crops

The revised area planted estimate and first production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 28 February 2017, and is as follows:

Table 2: Commercial summer crops: Revised area planted and first production forecast - 2017 season

CROP	Area planted 2017 Ha (A)	1 st forecast 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	8 312 950	1 014 750	3 408 500	143,89
Yellow maize	985 500	5 605 500	932 000	4 370 000	28,27
Total Maize	2 628 600	13 918 450	1 946 750	7 778 500	78,93
Sunflower seed	635 750	928 620	718 500	755 000	23,00
Soybeans	565 850	1 070 495	502 800	742 000	44,27
Groundnuts	52 500	88 175	22 600	17 680	398,73
Sorghum	42 350	140 950	48 500	70 500	99,93
Dry beans	45 550	64 345	34 400	35 445	81,53
TOTAL	3 970 600	16 211 035	3 273 550	9 399 125	72,47

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017

1) As mid October 2016

- The revised area estimate for **maize** is 2,629 million ha, which is 35,03% or 681 850 ha more than the 1,947 million ha planted for the previous season. The expected commercial **maize** crop is 13,918 million tons, which is 78,93% or 6,140 million tons more than the 7,778 million tons of the previous season (2016), which was a drought year.
- The area estimate for **white maize** is 1,643 million ha, which represents an increase of 61,92% or 628 350 ha compared to the 1,015 million ha planted last season. In the case of **yellow maize** the area estimate is 985 500 ha, which is also 5,74% or 53 500 ha more than the 932 000 ha planted last season.
- The production forecast of **white maize** is 8,313 million tons, which is 143,89% or 4,904 million tons more than the 3,408 million tons of last season. The yield for white maize is 5,06 t/ha. In the case of **yellow maize** the production forecast is 5,605 million tons, which is 28,27% or 1,235 million tons more than the 4,370 million tons of last season. The yield for yellow maize is 5,69 t/ha.
- The revised area estimate for **sunflower seed** is 635 750 ha, which is 11,52% or 82 750 ha less than the 718 500 ha planted the previous season. The production forecast for sunflower seed is 928 620 tons, which is 23,00% or 173 620 tons more than the 755 000 tons of the previous season. The expected yield is 1,46 t/ha.
- It is estimated that 565 850 ha have been planted to **soybeans**, which represents an increase of 12,54% or 63 050 ha compared to the 502 800 ha planted last season. The production forecast is 1,070 million tons, which is 44,27% or 328 495 tons more than the 742 000 tons of the previous season. The expected yield is 1,89 t/ha.
- For **groundnuts**, the area estimate is 52 500 ha, which is 132,30% or 29 900 ha more than the 22 600 ha planted for the previous season. The expected crop is 88 175 tons – which is 398,73% or 70 495 tons more than the 17 680 tons of last season. The expected yield is 1,68 t/ha.
- The area estimate for **sorghum** decreased by 12,68% or 6 150 ha, from 48 500 ha to 42 350 ha against the previous season. The production forecast for sorghum is 140 950 tons, which is 99,93% or 70 450 tons more than the 70 500 tons of the previous season. The expected yield is 3,33 t/ha.



- For **dry beans**, the area estimate is 45 550 ha, which is 32,41% or 11 150 ha more than the 34 400 ha planted for the previous season. The production forecast is 64 345 tons, which is 81,53% or 28 900 tons more than the 35 445 tons of the previous season. The expected yield is 1,41 t/ha.

Please note that the second production forecast for summer field crops for 2017 will be released on 28 March 2017.

2.2 Winter cereal crops

The CEC also released the area estimate and final production estimate for winter crops for 2016 on 28 February 2017, and is as follows:

Table 3: Commercial winter crops: Area planted and final production estimate - 2016 season

CROP	Area planted 2016 Ha (A)	Final estimate 2016 Tons (B)	Area planted 2015 Ha (C)	Final crop 2015 Tons (D)	Change % (B) ÷ (D)
Wheat	508 365	1 909 540	482 150	1 440 000	32,61
Malting barley	88 695	354 065	93 730	332 000	6,65
Canola	68 075	105 460	78 050	93 000	13,40
Total	665 135	2 369 065	653 930	1 865 000	27,03

- The expected commercial production of **wheat** is 1,910 million tons, which is 32,61% or 469 540 tons more than the previous seasons of 1,440 million tons, whilst the expected yield is 3,76 t/ha. The area estimate for wheat is 508 365 ha, which is 26 215 ha more than the 482 150 ha of the previous season.
- The production forecast for **malting barley** is 354 065 tons, which is 6,65% more than the previous seasons' of 332 000 tons. The area planted is estimated at 88 695 ha, while the expected yield is 3,99 t/ha.
- The expected **canola** crop was 105 460 tons, which is 13,40% more than the previous seasons' crop of 93 000 tons. The area estimate for canola is 68 075 ha, with an expected yield of 1,55 t/ha.

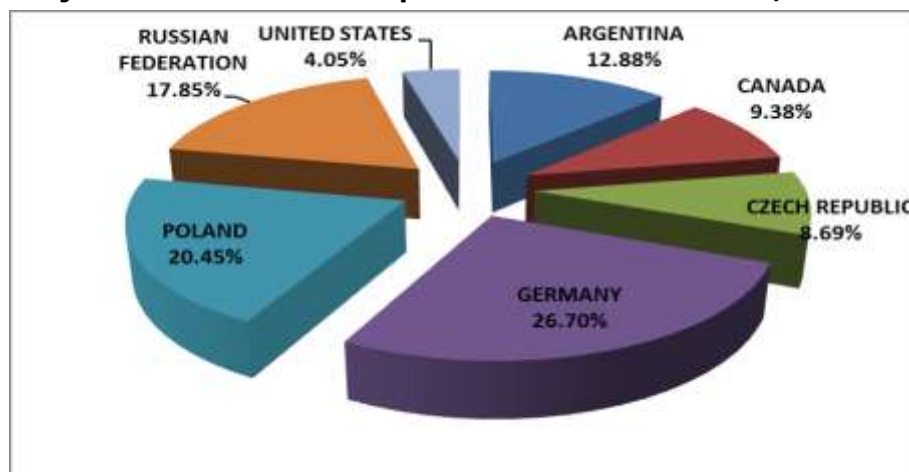
Please note that the intentions to plant winter cereals for 2017 will be released on 25 April 2017.

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 Feb17 Annexure A.

3.1 Imports and exports of wheat for the 2016/17 marketing year

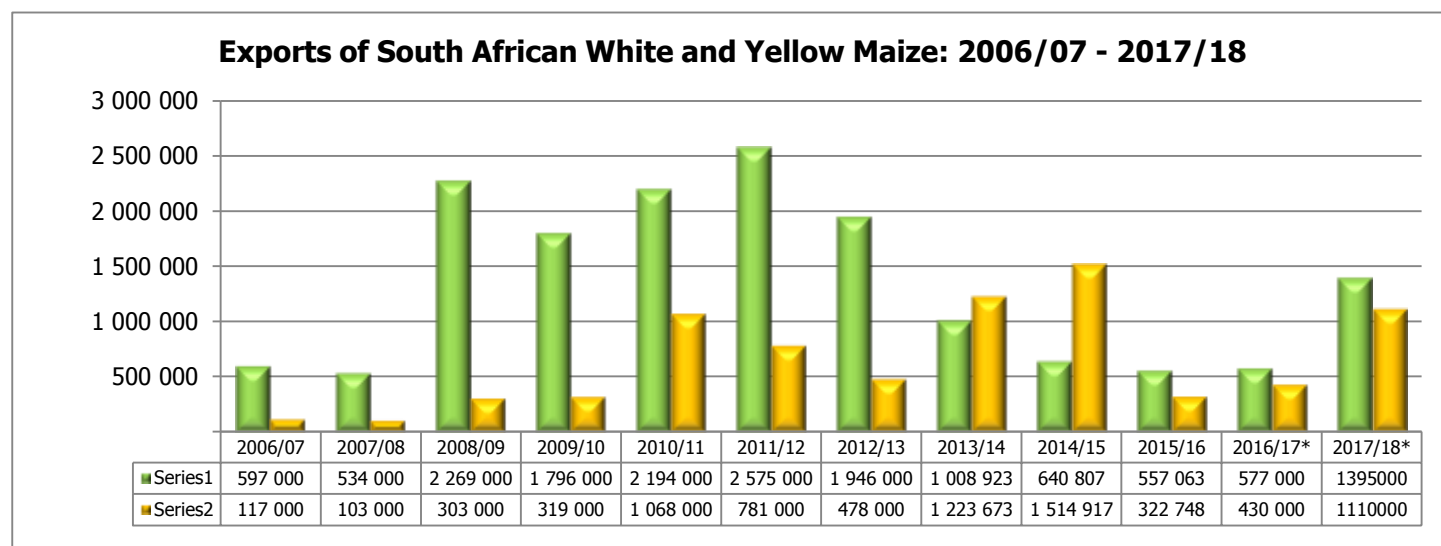
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 24 February 2017) amount to 296 224 tons, with 26,70% or 79 084 tons imported from Germany, followed by Poland (20,45% or 60 570 tons), the Russian Federation with (17,85% or 52 887 tons), Argentina with (12,88% or 38 162 tons) Canada (9,38% or 27 798 tons), Chez republic with (8,69% or 25 740 tons) and the United States with (4,05% or 11 983 tons). The exports of wheat for the above-mentioned period amount to 39 745 tons, of which 52,72% or 20 955 tons went to Zimbabwe, 39,75% or 15 798 tons were exported to the BLNS Countries and only 7,53% or 2 992 tons to Mozambique.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2006/07 to 2017/18 marketing year



*Projection

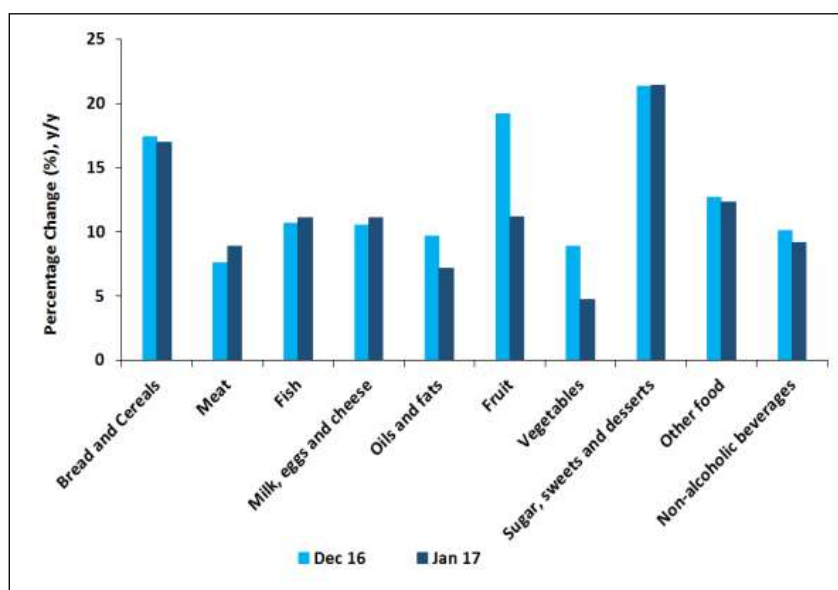
- The exports of white maize for the 2016/17 marketing year are projected 557 000 tons, which represents an increase of 3,58% compared to the 557 063 tons of the previous marketing year. Yellow maize exports are projected at 430 000 tons, which represents an increase of 33,23% compared to the 322 748 tons of the previous marketing year.
- The exports of white maize for the 2017/18 marketing year are projected 1,395 million tons, which represents a significant increase of 141,77% compared to the 577 000 tons of the previous marketing year. Yellow maize exports are projected at 1,1 million tons, which also represents a noteworthy increase of 158,14% compared to the 430 000 tons of the previous marketing year.
- From 30 April 2016 to 24 February 2017, progressive white maize exports amount to 406 085 tons, with the main destinations being the BLNS Countries (70,17% or 284 968 tons), Zimbabwe (20,61% or 83 694 tons), Mozambique (8,52% or 34 596 tons) and Malawi (0,70% or 2 827 tons). The imports of white maize for the mentioned period amount to 668 504 tons, of which 84,68% or 566 116 tons were from Mexico and 15,32% or 102 388 tons from the United States.
- From 30 April 2016 to 24 February 2017, progressive yellow maize exports amount to 252 776 tons, with the main destinations being the BLNS Countries (56,26% or 142 204 tons), Zimbabwe (32,35% or 81 776 tons), Mozambique (9,18% or 23 207 tons), Democratic Peoples Republic of Korea (1,83% or 4 629 tons), Republic of Korea (0,33% or 828 tons) and Zambia (0,05% or 132 tons). The imports of yellow maize for the mentioned period amount to 1,310 million tons, of which 75,85% or 993 963 tons were from Argentina, 16,19% or 212 191 tons from Ukraine, 7,21% or 94 462 tons from Brazil and 0,75% or 9 777 tons from Romania.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 6,6% in January 2017, down from 6,8% in December 2016.
- Consumer price data, as released in February 2017, showed that South Africa's food and non-alcoholic beverages inflation eased to 11,4% year-on-year in January 2017 from 11,7% in December 2016. With non-alcoholic beverages aside, food inflation eased at 11,8% year-on-year in January 2017 from 12,0% year-on-year in December 2016 (see Graph 3).
- Food and non-alcoholic beverages basket consist of bread & cereals; meat; fish; milk, eggs & cheese; oils & fats; fruit; vegetables; sugar, sweets & desserts; non-alcoholic beverages and other foods.
- The overall deceleration was largely driven by bread & cereals; oils & fats; fruit; vegetables; other foods and non-alcoholic beverages which reached 17,0% year-on-year; 7,2% year-on-year; 11,2%; 4,7% year-on-year; 12,3% year-on-year and 9,2%, respectively. The easing of bread & cereals inflation is in line with the decline in grain prices. The decline in vegetables and fruits inflation was driven by harvest pressure.
- Meanwhile, meat; fish; milk, eggs & cheese; sugar, sweets & desserts inflation accelerated to 8,9% year-on-year; 11,1% year-on-year; 11,1% year-on-year and 21,4% year-on-year, respectively (see Graph 3).

Graph 3: December 2016 and January 2017 year-on-year percentage changes



Source: Stats SA, Agbiz

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,9% in January 2017 (compared with 7,1% in December 2016).
- The main contributors to the annual rate of 5,9% were food products, beverages and tobacco products (3,1%), as well as coke, petroleum, chemical, rubber and plastic products (1,6%). The main contributor to the monthly increase of 0,4% was coke, petroleum, chemical, rubber, as well as plastic products (0,5%).
- The annual percentage change in the PPI for electricity and water was 10,0% in January 2017 (compared with 7,4% in December 2016). From December 2016 to January 2017 the PPI for electricity and water increased by 1,6%. The contributors to the annual rate of 10,0% were electricity (8,4%) and water (1,6%). The contributor to the monthly increase of 1,6% was electricity (1,6%).
- The annual percentage change in the PPI for mining was 10,7% in January 2017 (compared with 10,6% in December 2016). From December 2016 to January 2017 the PPI for mining increased by 4,5%. The main contributors to the annual rate of 10,7% were non-ferrous metal ores (4,7%), gold and other metal ores



(3,3%), as well as coal and gas (2,9%). The main contributors to the monthly increase of 4,5% were stone quarrying, clay and diamonds (3,9%), as well as gold and other metal ores (1,1%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was -2,9% in January 2017 (compared with 6,4% in December 2016). From December 2016 to January 2017 the PPI for agriculture, forestry and fishing decreased by 3,1%. The main contributor to the annual rate of -2,9% was agriculture (-4,2%). The main contributor to the monthly decrease of 3,1% was agriculture (-3,2%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Friday, 3 March 2017

	3 March 2017	3 February 2017	% Change
RSA White Maize per ton (May 2017 contract)	R1 976,00	R2 225,00	-11,19
RSA Yellow Maize per ton (May 2017 contract)	R2 093,00	R2 270,00	-7,80
RSA Wheat per ton (May 2017 contract)	R4 040,00	R4 085,00	-1,10
RSA Sunflower seed per ton (May 2017 contract)	R4 606,00	R5 340,00	-13,75
RSA Soya-beans per ton (May 2017 contract)	R5 297,00	R5 855,00	-9,53
Exchange rate R/\$	R13,11	R13,44	-2,46

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- January 2017 tractor sales of 478 units were almost 18% less than the 580 units sold in January 2016. January 2017 combine harvester sales of 16 units were the same as the 16 units sold in January 2016.
- The lower tractor sales in 2017 reflect a high degree of caution in the market. Many farmers do not yet have the cash flow, after last year's drought, to finance the purchase of new tractors. Nevertheless, market sentiment is positive, as a consequence of the generally good summer rains thus far this season. The stronger rand is also a positive factor which is affecting market sentiment.
- Industry expectations for 2017 are that overall tractor sales should be at least as good as those in 2016.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	January			January		
	2017	2016		2017	2016	
Tractors	478	580	-17,59	478	580	-17,59
Combine harvesters	16	16	0,00	16	16	0,00

Source: SAAMA press release, February 2017

PLEASE NOTE: the Food Security Bulletin for March 2017 will be released on **5 April 2017**.



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)
- 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