

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2018

Issued: 6 March 2018

Directorate: Statistics and Economic Analysis

Highlights:

- During February 2018, significant rainfall events were limited to the central and eastern parts of the country.
- The final production estimate of wheat for 2017 is 1,525 million tons, which is 20,2% less than the previous seasons' crop of 1,910 million tons.
- The projected closing stocks of wheat for the current 2017/18 marketing year are 489 674 tons, which includes imports of 1,85 million tons. It is also 43,4% more than the previous years' ending stocks.
- The first production forecast of maize for 2018 is 12,223 million tons, which is 27,3% less than the previous seasons' crop 16,820 million tons.
- Projected closing stocks of maize for the current 2017/18 marketing year are 4,223 million tons, which is 285,8% more than the previous years' ending stocks.
- Projected closing stocks of maize for the coming 2018/19 marketing year are 3,037 million tons, which is 28,1% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2017/18 marketing year are 54 708 tons, which is 55,2% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the coming 2018/19 marketing year are 37 458 tons, which is 31,5% less than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2017/18 marketing year are 173 821 tons, which is 6,6% more than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for coming 2018/19 marketing year are 97 826 tons, which is 43,7% less than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2017/18 marketing year are 332 442 tons, which is 292,1% more than the previous years' ending stocks.
- The projected closing stocks of soybeans for the coming 2018/19 marketing year are 517 942 tons, which is 55,8% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in January 2018 was lower at 4,4%.
- The annual percentage change in the PPI for final manufactured goods was lower at 5,1% in January 2018.



**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 2018

During February 2018, 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 2018, rainfall received was mainly near-normal with isolated areas of above-normal rainfall evident (**Figure 2**). The majority of the Northern Cape Province received below-normal rainfall for the mentioned period.

Figure 1: Rainfall in mm for February 2018

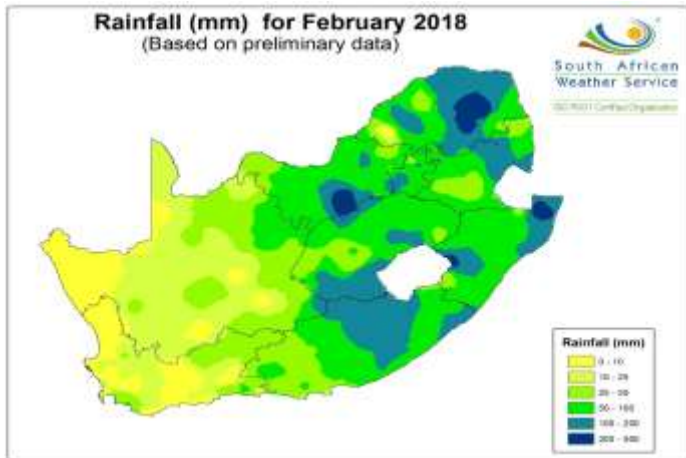
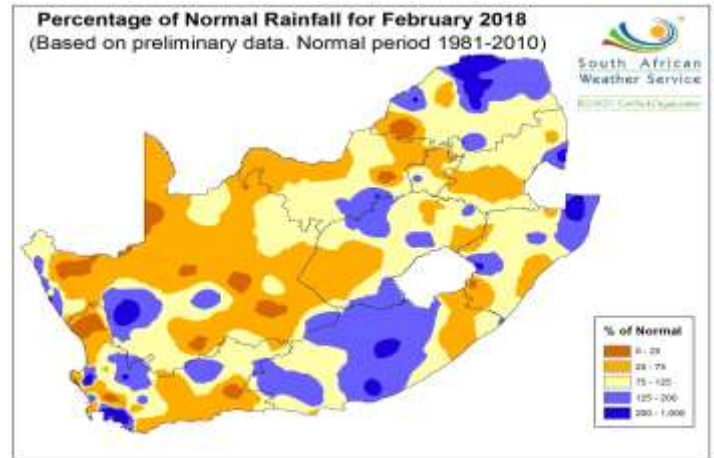


Figure 2: Percentage rainfall for February 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 26 February 2018 indicates that the country has approximately 63% of its full supply capacity (FSC) available, which is 8% less than the corresponding period in 2017. The dam levels in both Mpumalanga and KwaZulu-Natal provinces increased with 3% each. However, all other provinces show a decrease in the full supply capacity. The Northern Cape Province shows the highest decrease in the full supply capacity with -37%, followed by the North West Province with -22%, Free State and Western Cape provinces with -11% each, Limpopo Province with -6%, Gauteng Province with -3% and the Eastern Cape Province with -2%.

The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 26 February 2018

Province	Net FSC million cubic meters	26/2/2018 (%)	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 832	63	65	-2,0
Free State	15 968	69	80	-11,0
Gauteng	115	93	90	-3,0
KwaZulu-Natal	4 802	59	56	3,0
Lesotho	2 363	39	56	-17,0
Limpopo	1 522	68	74	-6,0
Mpumalanga	2 539	77	74	3,0
North West	881	68	90	-22,0
Northern Cape	146	75	112	-37,0
Western Cape	1 867	21	32	-11,0
Total	32 036	63	71	-8,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The revised area planted and first production forecast for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 27 February 2018, and is as follows:

Table 2: Commercial summer crops: Revised area and first production forecast - 2018 season

CROP	Area planted 2018 Ha (A)	First forecast 2018 Tons (B)	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (B) ÷ (D)
White maize	1 258 200	6 108 000	1 643 100	9 916 000	-38,40
Yellow maize	1 044 500	6 114 950	985 500	6 904 000	-11,43
Total Maize	2 302 700	12 222 950	2 628 600	16 820 000	-27,33
Sunflower seed	584 900	731 505	635 750	874 000	-16,30
Soybeans	775 300	1 374 700	573 950	1 316 000	+4,46
Groundnuts	56 300	88 850	56 000	92 050	-3,48
Sorghum	24 800	78 200	42 350	152 000	-48,55
Dry beans	56 600	70 770	45 050	68 525	+3,28
Total	3 800 600	14 566 975	3 981 700	19 322 575	-24,61

Note: Estimate is for calendar year, e.g. production season 2017/18 = 2018

- The revised area estimate for **maize** is 2,303 million ha, which is 12,40% or 325 900 ha less than the 2,629 million ha planted for the previous season and also 0,28% or 6 500 ha less than the preliminary area estimate of 2,309 million ha released in January 2018.
- The expected **commercial maize crop** is 12,223 million tons, which is 27,33% or 4,597 million tons less than the 16,820 million tons of the previous season (2017).
- The area estimate for **white maize** is 1,258 million ha, which represents a decrease of 23,43% or 384 900 ha compared to the 1,643 million ha planted last season. The production forecast of white maize is 6,108 million tons, which is 38,40% or 3,808 million tons less than the 9,916 million tons of last season. The yield for white maize is 4,85 t/ha.
- In the case of **yellow maize**, the area estimate is 1,044 million ha, which is 5,99% or 59 000 ha more than the 985 000 ha planted last season. The yellow maize production forecast is 6,115 million tons, which is 11,43% or 789 050 tons less than the 6,904 million tons of last season. The yield for yellow maize is 5,85 t/ha.
- The revised area estimate for **sunflower seed** is 584 900 ha, which is 8,00% or 50 850 ha less than the 635 750 ha planted the previous season. The production forecast for sunflower seed is 731 505 tons, which is 16,30% or 142 495 tons less than the 874 000 tons of the previous season. The expected yield is 1,25 t/ha.
- It is estimated that 775 300 ha have been planted to **soybeans**, which represents an increase of 35,08% or 201 350 ha compared to the 573 950 ha planted last season. The production forecast is 1,375 million tons, which is 4,46% or 58 700 tons more than the 1,316 million tons of the previous season. The expected yield is 1,77 t/ha.
- For **groundnuts**, the area estimate is 56 300 ha, which is 0,54% or 300 ha more than the 56 000 ha planted for the previous season. The expected crop is 88 850 tons – which is 3,48% or 3 200 tons less than the 92 050 tons of last season. The expected yield is 1,58 t/ha.
- The area estimate for **sorghum** decreased by 41,44% or 17 550 ha, from 42 350 ha to 24 800 ha against the previous season. The production forecast for sorghum is 78 200 tons, which is 48,55% or 73 800 tons less than the 152 000 tons of the previous season. The expected yield is 3,15 t/ha.

- For **dry beans**, the area estimate is 56 600 ha, which is 25,64% or 11 550 ha more than the 45 050 ha planted for the previous season. The production forecast is 70 770 tons, which is 3,28% or 2 245 tons more than the 68 525 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 2018 will be released on 28 March 2018.

2.2 Winter cereal crops

The area planted and final production estimate for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 27 February 2018, and is as follows:

Table 3: Commercial winter crops: Area planted and final production estimate – 2017 season

CROP	Area planted 2017 Ha (A)	Final estimate 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Wheat	491 600	1 524 750	508 365	1 910 000	-20,17
Malting barley	91 380	307 064	88 695	355 000	-13,50
Canola	84 000	93 468	68 075	105 000	-10,98
Total	666 980	1 925 282	665 135	2 370 000	-18,76

* Note: Estimate is for the calendar year e.g. production season 2017/18=2017

- The expected commercial production of **wheat** is 1,525 million tons, which is 20,17% or 385 250 tons less than the previous season of 1,910 million tons, whilst the expected yield is 3,10 t/ha. The area estimate for wheat is 491 600 ha.
- The production forecast for **malting barley** is 307 064 tons, which is 13,50% or 47 936 tons less than the previous season of 355 000 tons. The area planted is estimated at 91 380 ha, while the expected yield is 3,36 t/ha.
- The expected **canola** crop was adjusted downward by 10,98% or 11 532 tons to 93 468 tons. The area estimate for canola is 84 000 ha, with an expected yield of 1,11 t/ha.

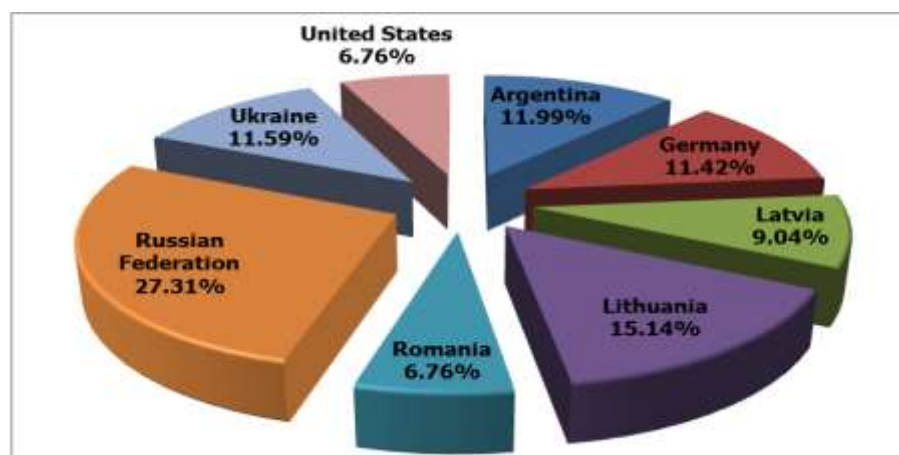
Please note that the intentions to plant winter cereals for 2018 will be released on 25 April 2018.

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 Feb18 Annexure A.

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

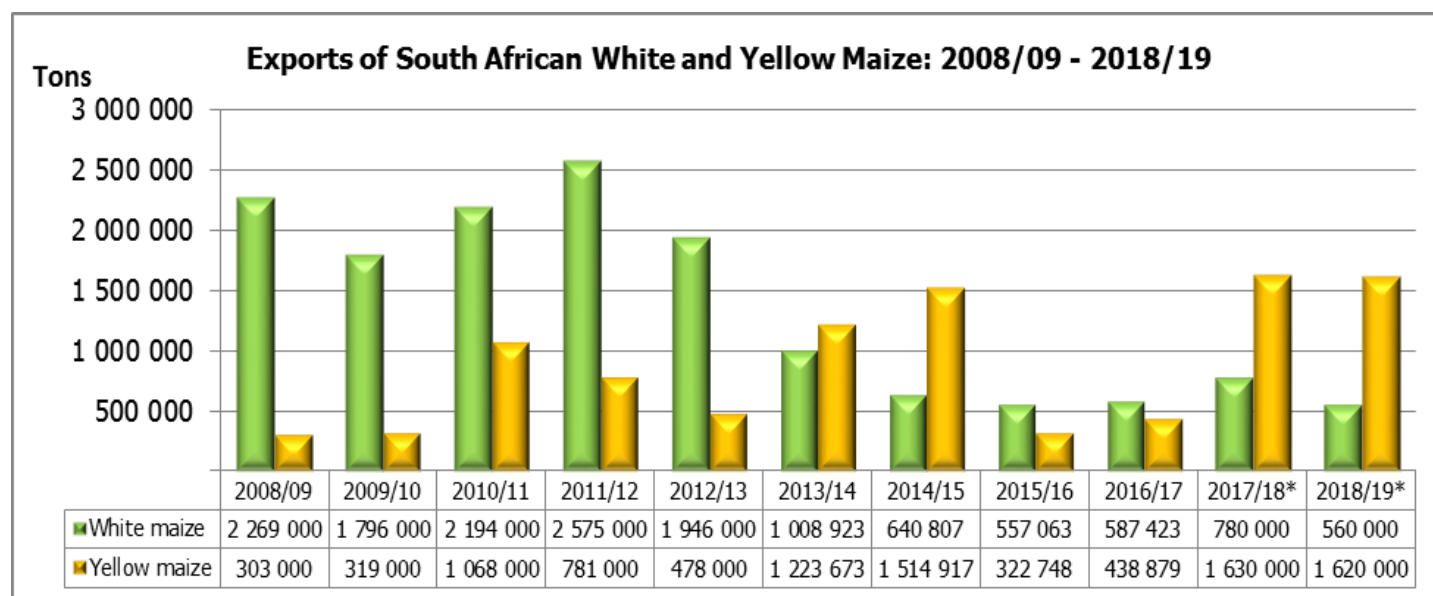
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 2 March 2018) amount to 1,073 million tons, with 27,31% or 293 035 tons imported from the Russian Federation, followed by Lithuania (15,14% or 162 409 tons), Argentina (11,99% or 128 610 tons), Ukraine (11,59% or 124 337 tons), Germany (11,42% or 122 532 tons), Latvia (9,04% or 96 995 tons), Romania (6,76% or 72 586 tons) and the United States (6,76% or 72 496 tons). The exports of wheat for the above-mentioned period amount to 16 791 tons, of which 97,18% or 16 317 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland) and 2,82% or 474 tons to Zimbabwe.

3.2 Exports of white and yellow maize

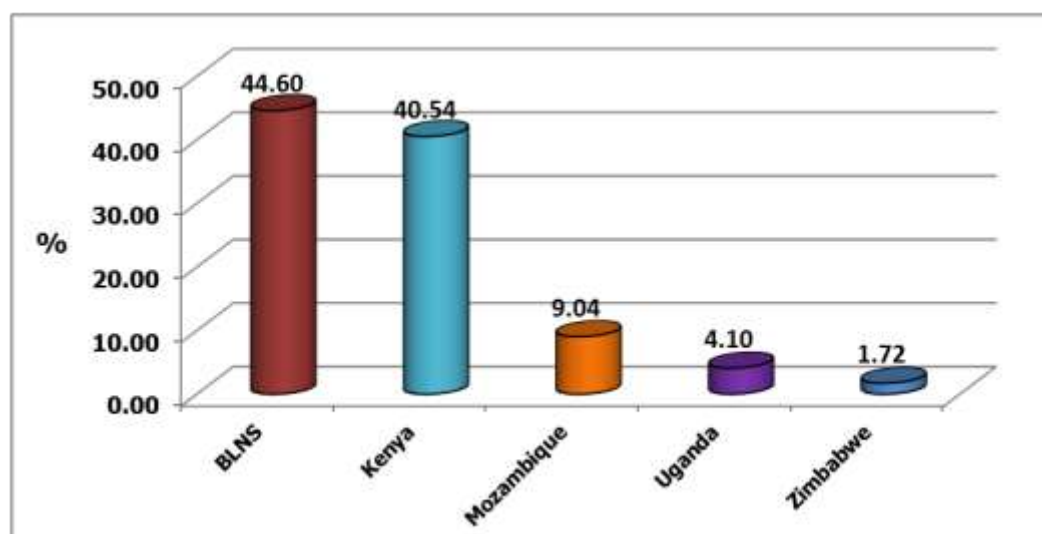
Graph 2: Exports of South African white and yellow maize for the 2008/09 to 2018/19 marketing year



*Projection

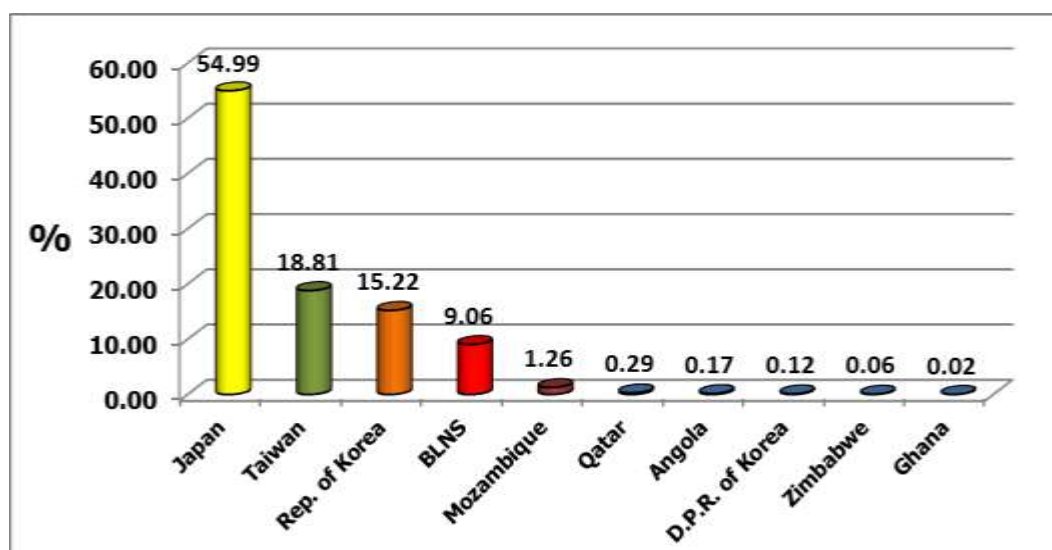
- The exports of white maize for the 2017/18 marketing year are projected 780 000 tons, which represents an increase of 32,78% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,630 million tons, which represents a significant increase of 271,40% compared to the 438 879 tons of the previous marketing year.
- The exports of white maize for the 2018/19 marketing year are projected 560 000 tons, which represents a decrease of 28,21% compared to the 780 000 tons of the previous marketing year. Yellow maize exports are projected at 1,620 million tons, which represents a decrease of 0,61% compared to the 1,630 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2017/18 marketing year



- From 29 April 2017 to 2 March 2018, progressive white maize exports amount to 609 912 tons, with the main destinations being the BLNS Countries (44,60% or 272 044 tons), Kenya (40,54% or 247 250 tons), Mozambique (9,04% or 55 121 tons), Uganda (4,10% or 24 998 tons), Zimbabwe (1,72% or 10 477 tons) and Spain (0,00% or 22 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April 2017 to 2 March 2018, progressive yellow maize exports amount to 1,392 million tons, with the main destinations being Japan (54,99% or 765 668 tons), Taiwan (18,81% or 261 914 tons), Republic of Korea (15,22% or 211 943 tons), the BLNS Countries (9,06% or 126 108 tons), Mozambique (1,26% or 17 567 tons), Qatar (0,29% or 3 998 tons), Angola (0,17% or 2 380 tons), Democratic Peoples Republic of Korea (0,12% or 1 656 tons), Zimbabwe (0,06% or 889 tons) and Ghana (0,02% or 301). The imports of yellow maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2017/18 marketing year



4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,4% in January 2018, down from 4,7% in December 2017. The consumer price index increased by 0,3% month-on-month in January 2018.
- The main contributors to headline annual consumer price inflation were as follows:
 - Transport decreased from 0,9% in December to 0,6% in January. The index increased by 4,4% year-on-year.
- The main contributors to monthly consumer price inflation were as follows:
 - Food and non-alcoholic beverages contributed 0,2% in January. The index increased by 1,3% month-on-month;
 - Transport contributed 0,1% in January. The index decreased by 0,4% 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 3,7% year-on-year (down from 4,1% in December), and the CPI for services increased by 5,1% year-on-year (down from 5,3% in December).
- Provincial annual inflation rates ranged from 2,9% in North West to 5,2% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,1% in January 2018 (compared with 5,2% in December 2017). From December 2017 to January 2018 the PPI for final manufactured goods increased by 0,3%.
- The main contributor to the annual rate of 5,1% was coke, petroleum, chemical, rubber, as well as plastic products (2,2%). The main contributor to the monthly increase of 0,3% was transport equipment (0,4%).
- The annual percentage change in the PPI for intermediate manufactured goods was 1,5% in January 2018 (compared with 3,2% in December 2017). From December 2017 to January 2018 the PPI for intermediate manufactured goods decreased by 0,3%. The main contributors to the annual rate of 1,5% were recycling and manufacturing n.e.c. (0,9%), as well as sawmilling and wood (0,4%). The main contributors to the monthly decrease of 0,3% were basic and fabricated metals (-0,8%); sawmilling and wood (-0,1%).
- The annual percentage change in the PPI for electricity and water was 3,0% in January 2018 (compared with 3,3% in December 2017). From December 2017 to January 2018 the PPI for electricity and water increased by 1,3%. The contributors to the annual rate of 3,0% were water (1,5%) and electricity (1,4%). The contributor to the monthly increase of 1,3% was electricity (1,2%).
- The annual percentage change in the PPI for mining was -0,1% in January 2018 (compared with 6,1% in December 2017). From December 2017 to January 2018 the PPI for mining decreased by 1,6%. The main contributors to the annual rate of -0,1% were gold and other metal ores (-2,1%), as well as stone quarrying, clay and diamonds (-1,2%). The main contributors to the monthly decrease of 1,6% were coal and gas (-0,8%), as well as non-ferrous metal ores (-0,7%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 8,7% in January 2018 (compared with 6,4% in December 2017). From December 2017 to January 2018 the PPI for agriculture, forestry and fishing decreased by 1,0%. The main contributor to the annual rate of 8,7% was agriculture (7,5%). The main contributor to the monthly decrease of 1,0% was agriculture (-1,0%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Monday, 5 March 2018

	5 March 2018	5 February 2018	% Change
RSA White Maize per ton (Mar. 2018 contract)	R1 878,00	R1 801,00	4,28
RSA Yellow Maize per ton (Mar. 2018 contract)	R1 949,00	R1 902,00	2,47
RSA Wheat per ton (Mar. 2018 contract)	R3 630,00	R3 629,00	0,03
RSA Sunflower seed per ton (Mar. 2018 contract)	R4 813,00	R4 660,00	3,28
RSA Soya-beans per ton (Mar. 2018 contract)	R4 787,00	R4 420,00	8,30
Exchange rate R/\$	R11,93	R12,07	-1,16

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- January 2018 tractor sales of 527 units were significantly (10%) more than the 478 units sold in January 2017. January 2018 combine harvester sales of eight units were half of the 16 units sold in January 2017.
- As with December 2017 sales, January 2018 tractor sales were surprisingly good, indicating that the market is still positive. There are currently several interacting factors affecting the agricultural and agricultural machinery industries. Although good rains have fallen in many of the summer cropping areas, rain throughout the summer rainfall season has been patchy, leading to patchy crops. Due to the lateness in rains in some areas, some farmers have planted sunflowers instead of maize. Also affecting sales are the reluctance of banks to lend money to farmers to purchase capital equipment, high stock levels of crops carried over from last year, the current depressed crop prices and a stronger rand.

- It is difficult to predict the effect of all these factors on equipment sales in the short term. Nevertheless, industry forecasts for the 2018 calendar year are that tractor sales should be at least at similar levels to 2017 sales.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	January			January		
	2018	2017		2018	2017	
Tractors	527	478	10,25	527	478	10,25
Combine harvesters	8	16	-50,00	8	16	-50,00

Source: SAAMA press release, February 2018

PLEASE NOTE: The Food Security Bulletin for March 2018 will be released on **10 April 2018**.



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