

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JANUARY 2018

Issued: 8 February 2018

Directorate: Statistics and Economic Analysis

Highlights:

- During January 2018, significant rainfall events were limited to the central and eastern parts of the country.
- The expected commercial production of wheat for 2017 is 1,475 million tons, which is 22,8% 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 500 374 tons, which includes imports of 1,9 million tons. It is also 46,6% more than the previous years' ending stocks.
- The preliminary area estimate of maize for 2018 is 2,309 million ha, which is 12,2% less than the 2,629 million ha planted for the previous season.
- Projected closing stocks of maize for the current 2017/18 marketing year are 4,186 million tons, which is 282,4% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2017/18 marketing year are 54 923 tons, which is 55,9% more than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2017/18 marketing year are 183 081 tons, which is 12,3% more than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2017/18 marketing year are 340 862 tons, which is 302,0% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in December 2017 was higher at 4,7%.
- The annual percentage change in the PPI for final manufactured goods was higher at 5,2% in December 2017.
- January 2018 tractor sales of 527 units were significantly (10,3%) more than the 478 units sold in January 2017.



**agriculture,
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1. Weather conditions

1.1 Rainfall for January 2018

During January 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 January 2018, rainfall received was near-normal to below-normal in most areas (**Figure 2**). The below-normal rainfall was more pronounced over parts of the Limpopo Province, as well as parts of Northern Cape and Western Cape provinces. There were some isolated areas of above-normal rainfall evident over the south-eastern parts of the Northern Cape Province, the north-western and the north-eastern parts of the Eastern Cape Province, as well as the south-western parts of the Free State Province.

Figure 1: Rainfall in mm for January 2018

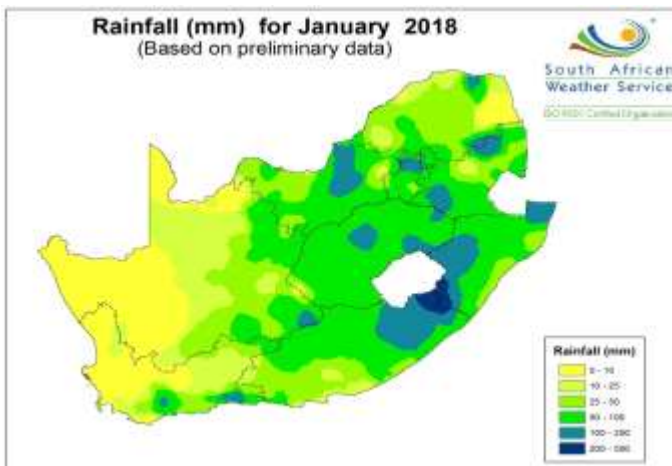
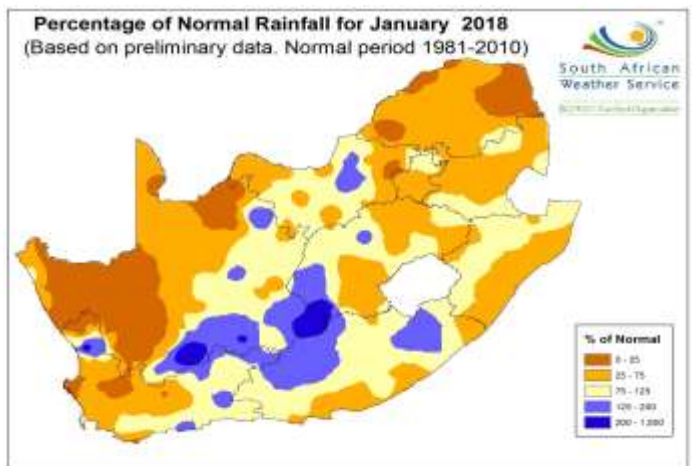


Figure 2: Percentage rainfall for January 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 5 February 2018 indicates that the country has approximately 59% of its full supply capacity (FSC) available, which is 3% more than the corresponding period in 2017. Dam levels in Mpumalanga Province increased by 10%, followed by both the Free State and Gauteng provinces with 8%, each. However, a decrease in the full supply capacity for the same period are evident in the Northern Cape Province with -16%, followed by the Western Cape Province with -12%, the North West Province with -6% and Limpopo Province with -1%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 5 February 2018

Province	Net FSC million cubic meters	5/2/2018 (%)	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 832	61	57	4,0
Free State	15 968	65	57	8,0
Gauteng	115	95	87	8,0
KwaZulu-Natal	4 802	53	48	5,0
Lesotho	2 363	34	46	-12,0
Limpopo	1 522	65	66	-1,0
Mpumalanga	2 539	77	67	10,0
North West	881	67	73	-6,0
Northern Cape	146	76	92	-16,0
Western Cape	1 867	24	36	-12,0
Total	32 035	59	56	3,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The preliminary area planted estimate for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 30 January 2018, and is as follows:

Table 2: Commercial summer crops: Preliminary area estimate- 2018 season

CROP	Area planted 2018 Ha (A)	Intentions ¹⁾ 2018 Ha (B)	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (A) ÷ (C)
White maize	1 284 700	1 404 100	1 643 100	9 892 750	-21,81
Yellow maize	1 024 500	1 066 300	985 500	6 851 250	3,96
Total Maize	2 309 200	2 470 400	2 628 600	16 744 000	-12,15
Sunflower seed	560 100	665 500	635 750	874 595	-11,90
Soybeans	701 000	720 000	573 950	1 316 370	22,14
Groundnuts	53 000	65 500	56 000	92 050	-5,36
Sorghum	25 000	43 700	42 350	151 335	-40,97
Dry beans	52 000	60 000	45 050	68 525	15,43
Total	3 700 300	4 025 100	3 981 700	19 246 875	-7,07

1) As mid October 2017

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

- The preliminary area estimate is mainly based on the results of a non-probability survey conducted by the Directorate: Statistics and Economic Analysis of the Department of Agriculture, Forestry and Fisheries. Less favorable rainfall and warm temperatures in the western producing areas over the past few weeks prevented producers from planting their intended area with summer crops, especially in the Free State and North West provinces.
- The preliminary area estimate for **maize** is 2,309 million ha, which is 12,15% or 319 400 ha less than the 2,629 million ha planted for the previous season, and also 6,53% or 161 200 ha less than the intentions to plant figure of 2,470 million ha released in October 2017.
- The preliminary area estimate for **white maize** is 1,285 million ha, which represents a decrease of 21,81% or 358 400 ha compared to the 1,643 million ha planted last season. In the case of **yellow maize** the area estimate is 1,024 million ha, which is 3,96% or 39 000 ha more than the 985 500 ha planted last season.
- The preliminary area estimate for **sunflower seed** is 560 100 ha, which is 11,90% or 75 650 ha less than the 635 750 ha planted the previous season. As some producers have not yet finished plantings, mainly because of unfavourable weather conditions, rainfall within the next two weeks can still influence farmers' decisions to plant sunflower seed.
- It is estimated that 701 000 ha have been planted to **soybeans**, which represents an increase of 22,14% or 127 050 ha compared to the 573 950 ha planted last season.
- For **groundnuts**, the area estimate is 53 000 ha, which is 5,36% or 3 000 ha less than the 56 000 ha planted for the previous season.
- The area estimate for **sorghum** decreased by 40,97%, from 42 350 ha to 25 000 ha against the previous season.
- For **dry beans**, the area estimate is 52 000 ha, which is 15,43% or 6 950 ha more than the 45 050 ha planted for the previous season.

Please note that the revised area estimate and first production forecast for summer field crops for 2018 will be released on 27 February 2018.



2.2 Winter cereal crops

The area estimate and sixth production forecast for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 30 January 2017, and is as follows:

Table 3: Commercial winter crops: Area planted and sixth production forecast – 2017 season

CROP	Area planted 2017	6 th forecast 2017	Area planted 2016	Final crop 2016	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	491 600	1 475 450	508 365	1 910 000	-22,75
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	1 875 982	665 135	2 370 000	-20,84

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

- The expected commercial production of **wheat** is 1,475 million tons, which is 22,75% or 434 550 tons less than the previous season of 1,910 million tons, whilst the expected yield is 3,00 t/ha. The main reason for the decrease in wheat production is that farmers harvested poorer than expected yields, especially in the Western Cape, as they experienced a severe drought during the past season. 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.

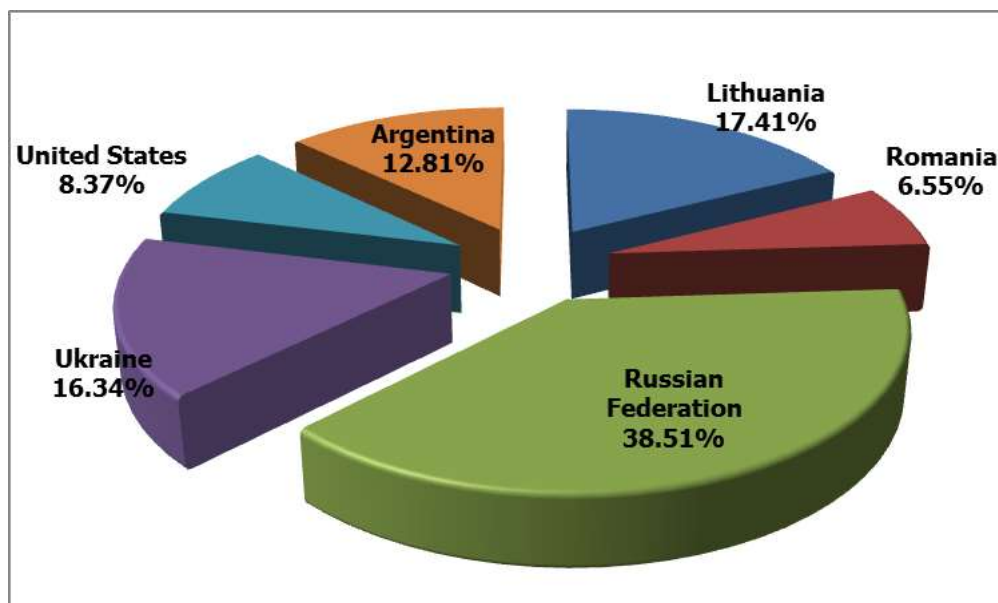
Please note that the final production estimate for winter cereals for 2017 will be released on 27 February 2018.

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 Jan18 Annexure A.

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

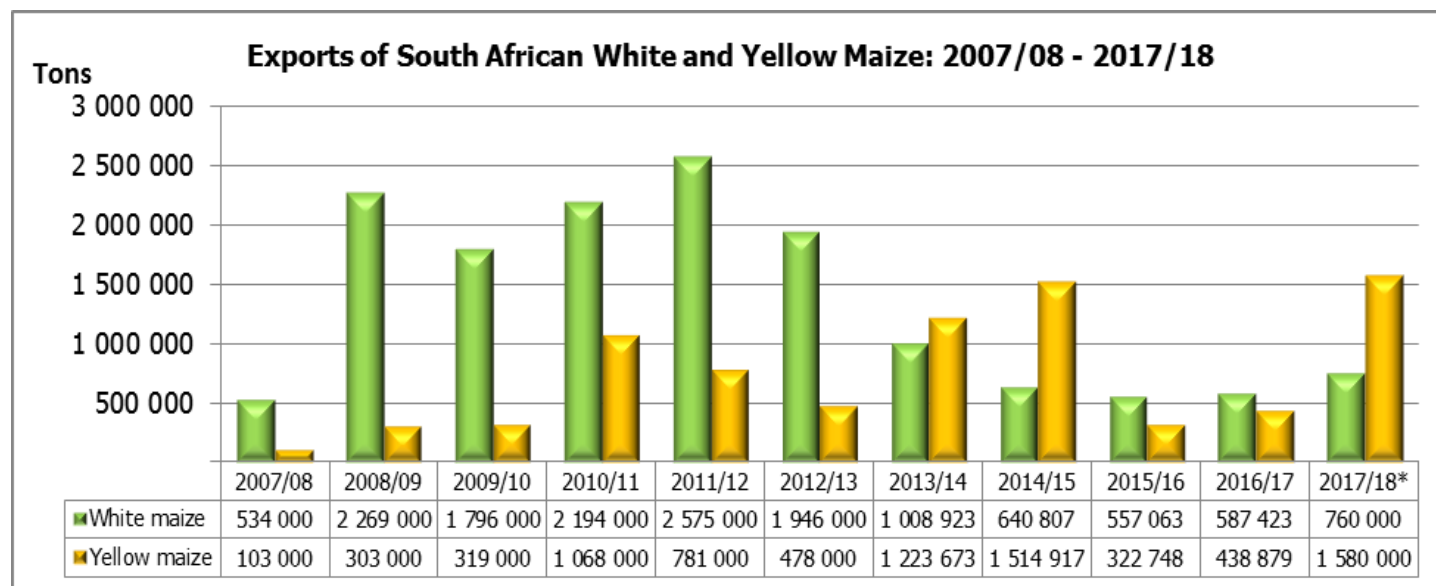
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 2 February 2018) amount to 760 916 tons, with 38,51% or 293 025 tons imported from the Russian Federation, followed by Lithuania (17,41% or 132 507 tons), Ukraine (16,34% or 124 337 tons), Argentina (12,81% or 97 500), United States (8,37% or 63 701 tons) and Romania (6,55% or 49 846 tons). The exports of wheat for the above-mentioned period amount to 8 732 tons, of which 44,03% or 3 845 tons went to Namibia, 27,00% or 2 358 tons to Swaziland, 12,57% or 1 098 tons to Botswana, 11,74% or 1 025 tons to Lesotho and 4,65% or 406 tons to Zimbabwe.

3.2 Exports of white and yellow maize

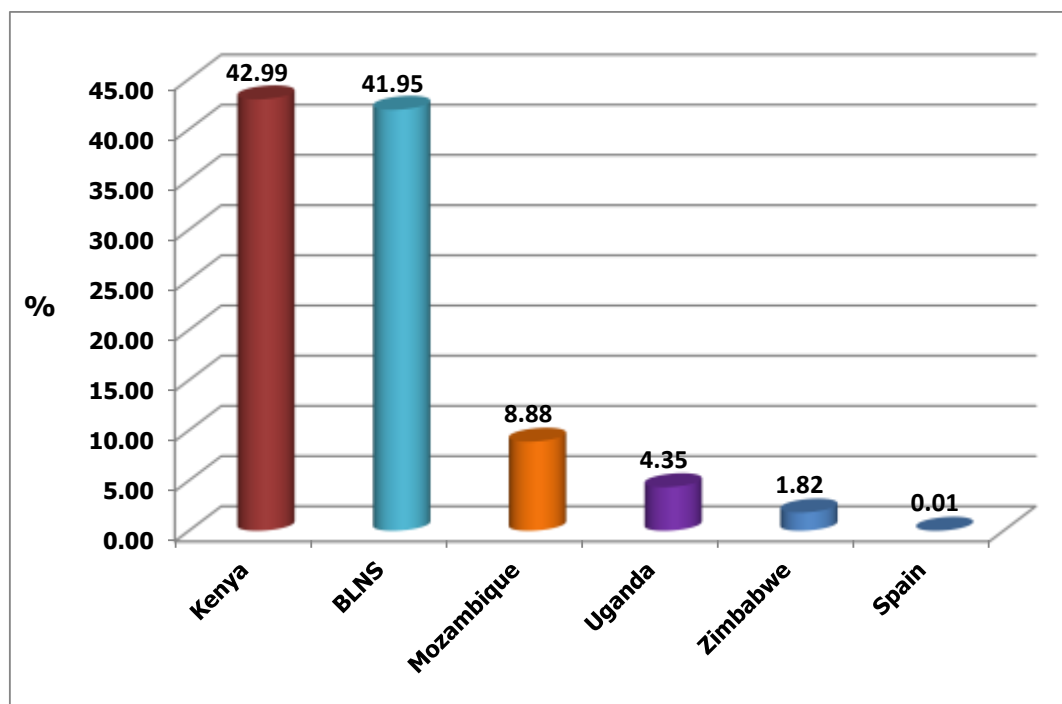
Graph 2: Exports of South African white and yellow maize for the 2007/08 to 2017/18 marketing year



*Projection

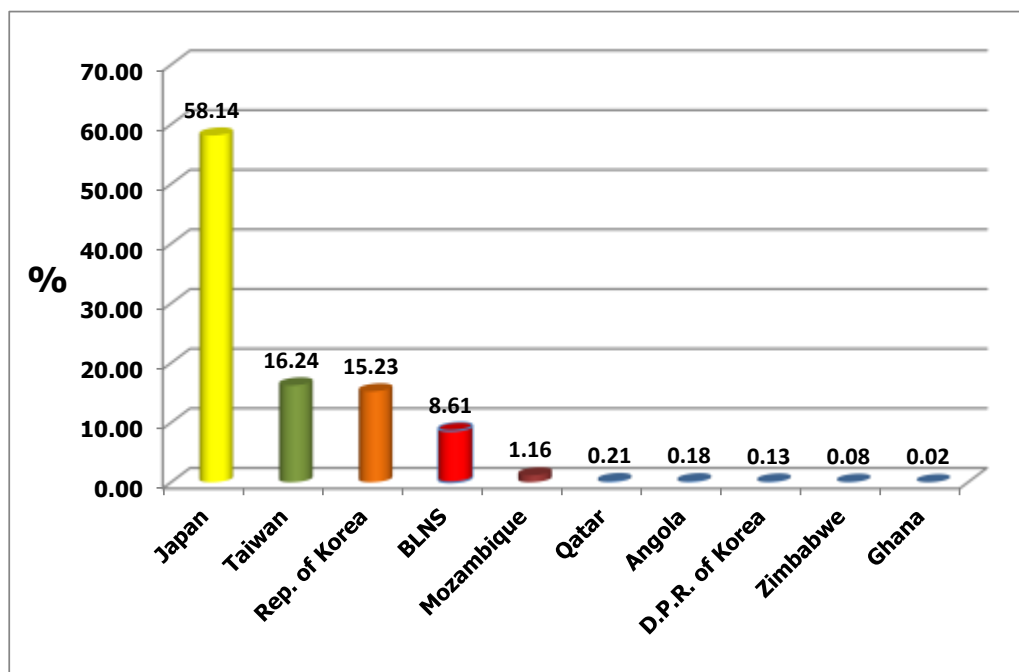
- The exports of white maize for the 2017/18 marketing year are projected 760 000 tons, which represents an increase of 29,38% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,580 million tons, which represents a significant increase of 260,01% compared to the 438 879 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 February 2018, progressive white maize exports amount to 575 105 tons, with the main destinations being Kenya (42,99% or 247 250 tons), the BLNS Countries (41,95% or 241 275 tons), Mozambique (8,88% or 51 083 tons), Uganda (4,35% or 24 998 tons), Zimbabwe (1,82% or 10 477 tons) and Spain (0,01% or 22 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April 2017 to 2 February 2018, progressive yellow maize exports amount to 1,317 million tons, with the main destinations being Japan (58,14% or 765 668 tons), Taiwan (16,24% or 213 926 tons), Republic of Korea (15,23% or 200 631 tons), the BLNS Countries (8,61% or 113 394 tons), Mozambique (1,16% or 15 257 tons), Qatar (0,21% or 2 722 tons), Angola (0,18% or 2 380 tons), Democratic Peoples Republic of Korea (0,13% or 1 656 tons), Zimbabwe (0,08% or 1 059 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 4,7% in December 2017, up from 4,6% in November 2017. The consumer price index increased by 0,5% month-on-month in December 2017.
- The main contributors to headline annual consumer price inflation were as follows:
 - Food and non-alcoholic beverages decreased from 1,2% in November to 0,8% in December. The index increased by 4,8% year-on-year;
 - Housing and utilities decreased from 1,2% in November to 1,1% in December. The index increased by 4,4% year-on-year;
 - Transport increased from 0,6% in November to 0,9% in December. The index increased by 6,4% year-on-year; and
 - Recreation and culture decreased from 0,1% in November to zero in December. The index increased by 0,4% year-on-year.
- The main contributors to monthly consumer price inflation were as follows:
 - Food and non-alcoholic beverages contributed 0,1% in December. The index increased by 0,4% month-on-month;
 - Housing and utilities contributed 0,1% in December. The index increased by 0,4% month-on-month; and
 - Transport contributed 0,2% in November. The index increased by 1,5% month-on-month.
- In December the CPI for goods increased by 4,1% year-on-year (up from 3,7% in November), and the CPI for services increased by 5,3% year-on-year, down from 5,5% in November.
- Provincial annual inflation rates ranged from 3,3% in North West to 5,3% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,2% in December 2017 (compared with 5,1% in November 2017). From November 2017 to December 2017 the PPI for final manufactured goods increased by 0,6%.
- The main contributors to the annual rate of 5,2% were coke, petroleum, chemical, rubber and plastic products (2,9%). The contributors to the monthly increase of 0,6% were coke, petroleum, chemical, rubber and plastic products (0,5%).
- The annual percentage change in the PPI for intermediate manufactured goods was 3,2% in December 2017 (compared with 4,2% in November 2017). From November 2017 to December 2017 the PPI for intermediate manufactured goods decreased by 0,4%. The main contributors to the annual rate of 3,2% were basic and fabricated metals (1,0%), as well as recycling and manufacturing n.e.c. (0,8%). The main contributors to the monthly decrease of 0,4% was basic and fabricated metals (-0,5%), as well as recycling and manufacturing n.e.c (-0,3%)
- The annual percentage change in the PPI for electricity and water was 3,3% in December 2017 (compared with 4,0% in November 2017). From November 2017 to December 2017 the PPI for electricity and water decreased by 1,8%. The contributors to the annual rate of 3,3% were electricity (1,8%) and water (1,6%). The contributor to the monthly decrease of 1,8% was electricity (-1,8%).
- The annual percentage change in the PPI for mining was 6,1% in December 2017 (compared with 11,3% in November 2017). From November 2017 to December 2017 the PPI for mining decreased by 2,7%. The main contributor to the annual rate of 6,1% were coal and gas (3,6%), stone quarrying, clay and diamonds (2,6%), as well as non-ferrous metal ores (1,5%). The main contributors to the monthly decrease of 2,7% were gold and other metal ores (-1,6%) as well as non-ferrous metal ores (-1,2%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 6,4% in December 2017 (compared with 6,9% in November 2017). From November 2017 to December 2017 the PPI for agriculture,



forestry and fishing increased by 1,2%. The main contributor to the annual rate of 6,4% were agriculture (5,0%). The main contributor to the monthly increase of 1,2% was agriculture (1,2%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Thursday, 8 February 2018

	8 February 2018	8 January 2018	% Change
RSA White Maize per ton (Feb. 2018 contract)	R1 825,00	R2 008,00	-9,11
RSA Yellow Maize per ton (Feb. 2018 contract)	R1 914,00	R2 017,00	-5,11
RSA Wheat per ton (Feb. 2018 contract)	R3 633,00	R3 711,00	-2,10
RSA Sunflower seed per ton (Feb. 2018 contract)	R4 620,00	R4 735,00	-2,43
RSA Soya-beans per ton (Feb. 2018 contract)	R4 481,00	R4 780,00	-6,26
Exchange rate R/\$	R12,13	R12,39	-2,10

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 February 2018 will be released on **6 March 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