MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JANUARY 2019

Issued: 6 February 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During January 2019, significant rainfall events were limited to the eastern half of the country.**
- **The sixth production forecast of wheat for 2018 is 1,799 million tons, which is 17,2% more than the previous seasons'crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 456 234 tons, which includes imports of 1,4 million tons. It is also 37,0% less than the previous years' ending stocks.**
- **The preliminary area estimate for maize is 2,269 million ha, which is 2,2% a less than the 2,319 million ha planted for the previous season, and also 7,33% less than the intentions to plant figure of 2,448 million ha released in October 2018.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,550 million tons, which is 3,8% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 27 151 tons, which is 54,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 107 646 tons, which is 30,5% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 538 535 tons, which is 62,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in December 2018 was lower at 4,5%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 5,2% in December 2018.**
- **December 2018 tractor sales of 434 units were four units less than the 438 units sold in December 2017.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for January 2019

During January 2019, significant rainfall events were limited to the eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for January 2019, rainfall received was below-normal in most parts of the country with isolated areas of above-normal rainfall mainly evident in the north-western parts of Mpumalanga and central parts of the Limpopo Province (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for January 2019

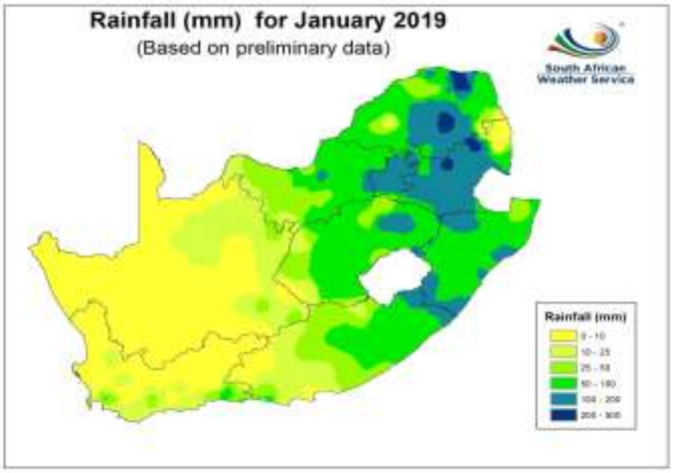
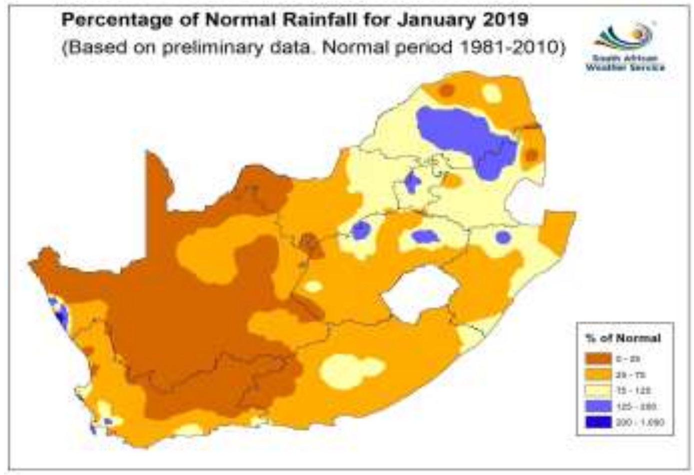


Figure 2: Percentage rainfall for January 2019



1.2 Level of dams

Available information on the level of South Africa's dams on 4 February 2019 indicates that the country has approximately 62% of its full supply capacity (FSC) available, which is 2% more than the corresponding period in 2018. The dam levels in the Western Cape (+23%), Free State (+6%) and both KwaZulu-Natal and Gauteng provinces (+1%, each), all show increases as compared to 2018. However, the remaining five provinces show decreases in the full supply capacity for the mentioned period. The Northern Cape shows the highest decrease in the full supply capacity with -11%, followed by North West with -9%, Mpumalanga with -8%, Limpopo with -5%, and 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, 4 February 2019

Province	Net FSC million cubic meters	**4/2/2019 (%)**	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 807	**58**	60	-2,0
Free State	15 945	**70**	64	6,0
Gauteng	128	**94**	93	1,0
KwaZulu-Natal	4 802	**55**	54	1,0
Lesotho	2 363	**31**	33	-2,0
Limpopo	1 522	**60**	65	-5,0
Mpumalanga	2 539	**69**	77	-8,0
North West	868	**58**	67	-9,0
Northern Cape	147	**66**	77	-11,0
Western Cape	1 866	**47**	24	23,0
Total	**31 987**	**62**	**60**	**2,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The preliminary area estimate for summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 29 January 2019, and is as follows:

Table 2: Commercial summer crops: Preliminary area planted estimate - 2019 season

CROP	**Area planted 2019 Ha (A)**	Intentions as at mid-October'18 2019 Ha (B)	Area planted 2018 Ha (C)	Final estimate 2018 Tons (D)	Change 2019 vs 2018 % (A) ÷ (C)
White maize	**1 257 000**	1 373 400	1 268 100	6 801 560	-0,88
Yellow maize	**1 011 900**	1 075 000	1 050 750	6 129 650	-3,70
Total Maize	**2 268 900**	2 448 400	2 318 850	12 931 210	-2,15
Sunflower seed	**444 000**	575 000	601 500	858 605	-26,18
Soybeans	**743 600**	851 800	787 200	1 550 800	-5,54
Groundnuts	**19 200**	50 000	56 300	53 750	-65,90
Sorghum	**46 000**	43 000	28 800	109 855	59,72
Dry beans	**56 000**	60 000	53 360	69 360	4,95
Total	**3 577 700**	4 028 200	3 846 010	15 573 580	-6,98

Note: Estimate is for calendar year, e.g. production season 2018/19 = 2019

- The preliminary area estimate for **maize** is 2,269 million ha, which is 2,15% or 49 950 ha less than the 2,319 million ha planted for the previous season, and also 7,33% or 179 500 ha less than the intentions to plant figure of 2,448 million ha released in October 2018.
- The preliminary area estimate for **white maize** is 1,257 million ha, which represents a decrease of 0,88% or 11 100 ha compared to the 1,268 million ha planted last season. In the case of **yellow maize** the area estimate is 1,012 million ha, which is 3,70% or 38 850 ha less than the 1,051 million ha planted last season.
- The preliminary area estimate for **sunflower seed** is 444 000 ha, which is 26,18% or 157 500 ha less than the 601 500 ha planted the previous season.
- It is estimated that 743 600 ha have been planted to **soybeans**, which represents a decrease of 5,54% or 43 600 ha compared to the 787 200 ha planted last season.
- For **groundnuts**, the area estimate is 19 200 ha, which is 65,90% or 37 100 ha less than the 56 300 ha planted for the previous season.
- The area estimate for **sorghum** increased by 59,72%, from 28 800 ha to 46 000 ha against the previous season.
- For **dry beans**, the area estimate is 56 000 ha, which is 4,95% or 2 640 ha more than the 53 360 ha planted for the previous season.

Please note that the revised area planted estimate and first production forecast for summer grains for 2019 will be released on 27 February 2019.

2.2 Winter cereal crops

The revised area estimate and sixth production forecast for winter cereals for the 2018 season was also released by the Crop Estimates Committee (CEC) on 29 January 2018, and is as follows:

Table 2: Commercial winter crops: Area planted and sixth production forecast - 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	**6th Forecast 2018** **Tons** **(B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Wheat	**503 350**	**1 798 800**	491 600	1 535 000	17,19
Malting barley	**119 000**	**421 790**	91 380	307 000	37,39
Canola	**77 000**	**103 950**	84 000	93 500	11,18
Total	**699 350**	**2 324 540**	666 980	1 935 500	20,10

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

- The expected production of **wheat** is 1,799 million tons, which is 17,19% or 263 800 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,57 t/ha.
- The expected production in the Western Cape is 874 500 tons (49%), in the Free State 340 000 tons (19%) and in the Northern Cape 294 500 tons (16%).
- The area estimate for wheat is to 503 350 ha, which is 11 750 ha more than the 491 600 ha of the previous season. An estimated 318 000 ha or 63% is planted in the Western Cape, 100 000 ha or 20% in the Free State and 38 000 ha or 8% in the Northern Cape.
- The production forecast for **malting barley** is 421 790 tons, which is 37,39% or 114 790 tons more than the previous seasons' crop of 307 000 tons. The area planted is estimated at 119 000 ha, while the expected yield is 3,54 t/ha.
- The expected **canola** crop is 103 950 tons, which is 11,18% or 10 450 tons more than the previous seasons' crop of 93 500 tons. The area estimate for canola is 77 000 ha and the expected yield is 1,35 t/ha.

Please note that the final production estimate for winter cereals for 2018 will be released on 27 February 2019.

2.3 Non-commercial maize

Table 3: Non-commercial maize – area planted and production estimate – 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	**Production 2018** **Tons** **(B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	**236 644**	**414 162**	248 500	463 600	-10,66
Yellow maize	**78 191**	**179 813**	118 150	267 400	-32,76
Maize	**314 835**	**593 975**	366 650	731 000	-18,74

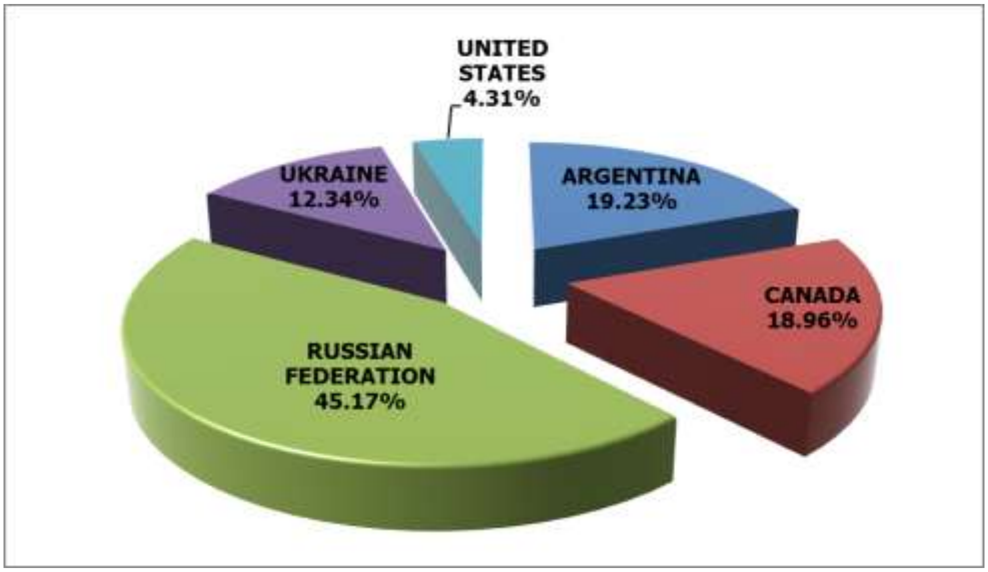
- The area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season. It is important to note that about 40% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

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 JAN 19 Annexure A.

3.1 Imports and exports of wheat for the 2018/19 marketing year

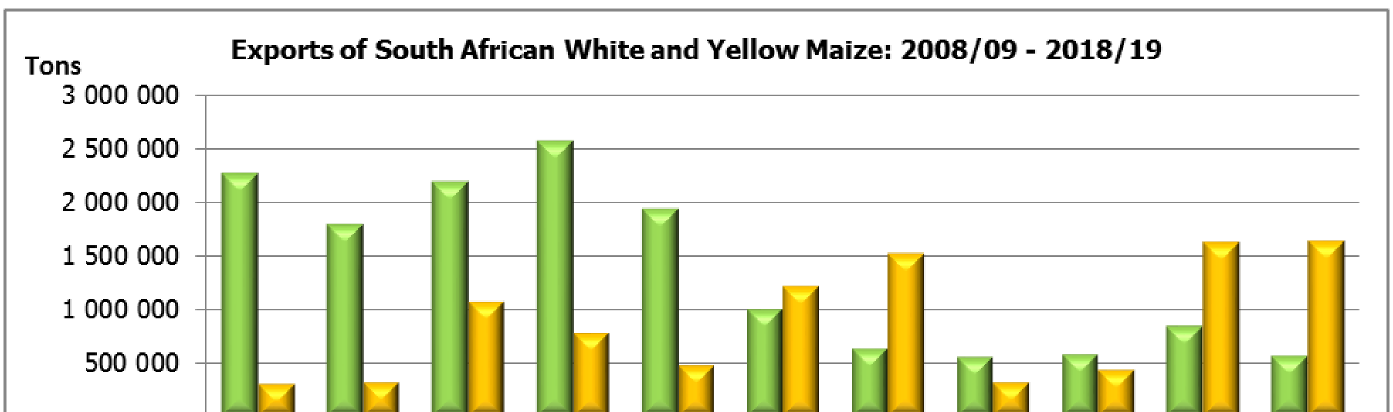
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 25 January 2019) amount to 184 517 tons, with 45,17% or 83 350 tons imported from the Russian Federation, 19,23% or 35 476 tons from Argentina, 18,96% or 34 978 tons from Canada, 12,34% or 22 763 tons from Ukraine and only 4,31% or 7 950 tons from the Unite States. The exports of wheat for the above-mentioned period amount to 23 403 tons, of which 49,08% or 11 486 tons went to Botswana, followed by Lesotho with 35,04% or 8 201 tons, Zimbabwe with 8,67% or 2 028 tons and Namibia with 7,21% or 1 688 tons.

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

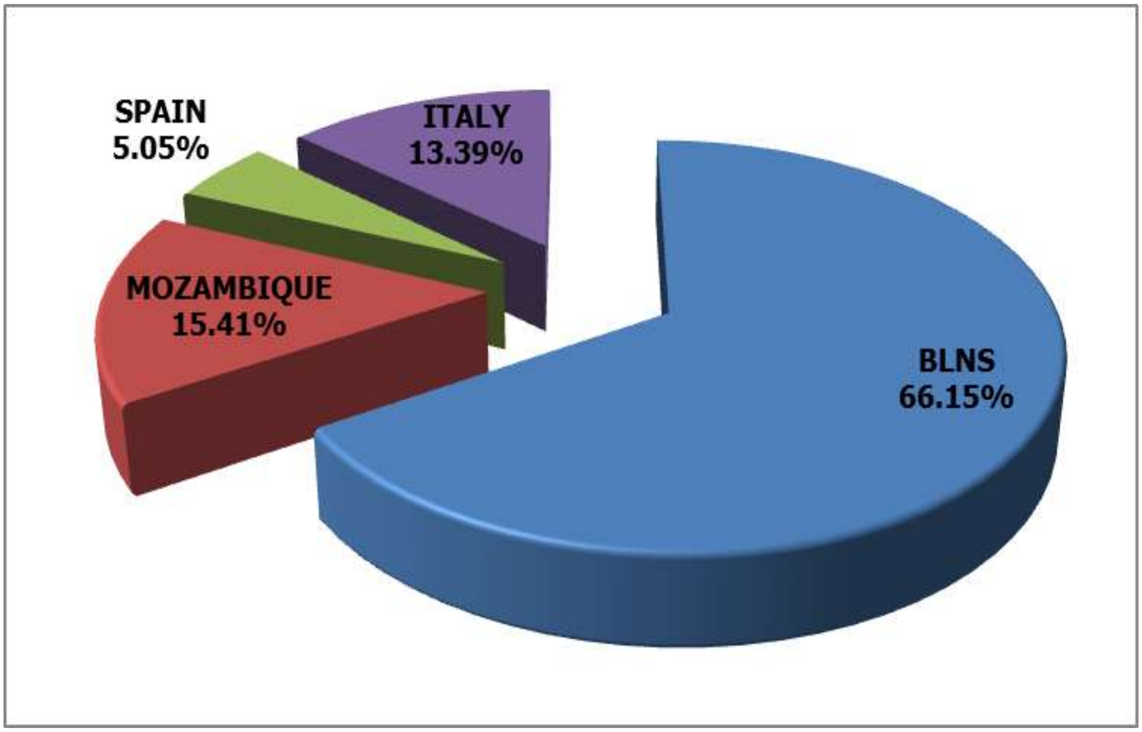


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	568 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 629 739	1 640 000

*Projection

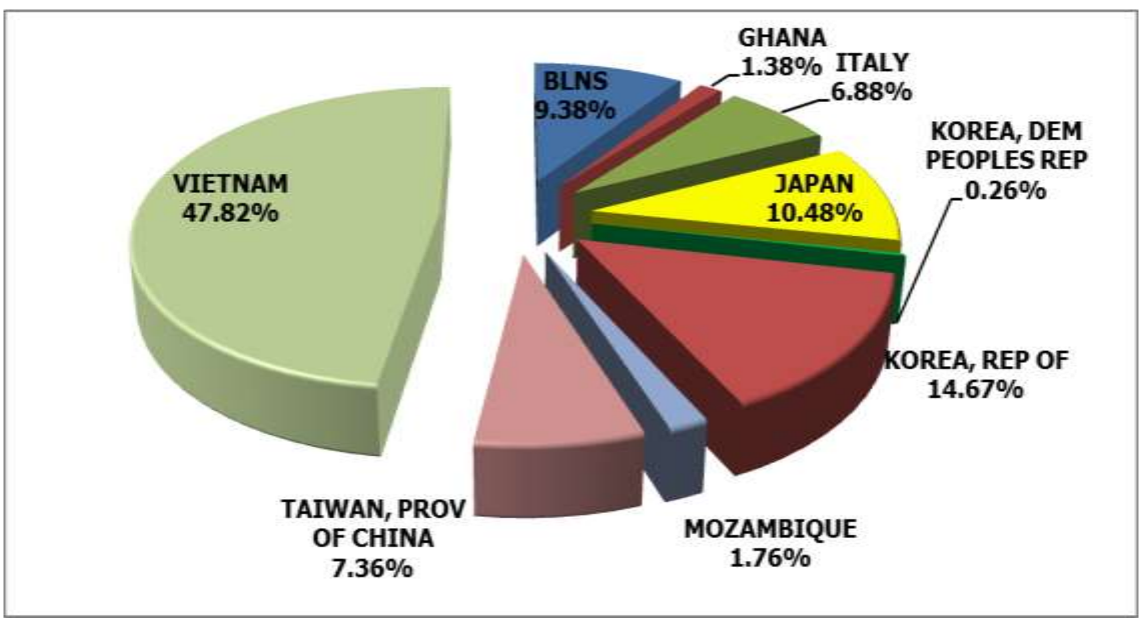
- The exports of white maize for the 2018/19 marketing year are projected at 568 000 tons, which represents a decrease of 33,33% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,640 million tons, which represents an increase of 0,63% compared to the 1,630 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2018/19 marketing year



- From 28 April 2018 to 25 January 2019, progressive white maize exports amount to 347 751 tons, with the main destinations being BLNS Countries (66,15% or 230 025 tons), Mozambique (15,41% or 53 599 tons), Italy (13,39% or 46 551 tons), and Spain (5,05% or 17 576 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2018/19 marketing year



- From 28 April 2018 to 25 January 2019, progressive yellow maize exports amount to 1,445 million tons, with the main destinations being Vietnam (47,82% or 691 248 tons), Republic of Korea (14,67% or 212 003 tons), Japan (10,48% or 151 517 tons), BLNS (9,38% or 135 604 tons), Taiwan, Province of China (7,36% or 106 398 tons), Italy (6,88% or 99 450 tons), Mozambique (1,76% or 25 443 tons), Ghana (1,38% or 20 000 tons), and Democratic Peoples Republic of Korea (0,26% or 3 818 tons). The imports of yellow maize for the mentioned period amount to 20 848 tons from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,5% in December 2018, down from 5,2% in November 2018. The consumer price index decreased by 0,2% month-on-month in December 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages decreased from 0,6% in November 2018 to 0,5% in December. The index increased by 3,0% year-on-year;
  - Transport decreased from 1,5% in November 2018 to 0,9% in December. The index increased by 6,0% year-on-year; and
  - Recreation and culture increased from zero in November 2018 to 0,1% in December. The index increased by 1,1% year-on-year.
- The main contributor to headline monthly consumer price inflation is as follows:
  - Housing and utilities contributed 0,1%. The index increased by 0,5% month-on-month; and
  - Transport contributed -0,4%. The index decreased by 2,8% month-on-month, mainly because of fuel (-8,0%).
- In December the CPI for goods increased by 3,7% year-on-year (down from 5,3% in November), and the CPI for services was unchanged at 5,1% year-on-year.
- Provincial annual inflation rates ranged from 3,5% 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 5,2% in December 2018 (compared with 6,8% in November 2018). From November 2018 to December 2018 the PPI for final manufactured goods decreased by 0,9%. The main contributors to the annual rate of 5,2% were coke, petroleum, chemical, rubber and plastic products (2,0%), food products, beverages and tobacco products (0,9%), as well as transport equipment (0,8%). The main contributor to the monthly decrease of 0,9% was coke, petroleum, chemical, rubber and plastic products (-1,2%).

- The annual percentage change in the PPI for intermediate manufactured goods was 5,0% in December 2018 (compared with 6,0% in November 2018). From November 2018 to December 2018 the PPI for intermediate manufactured goods decreased by 1,3%. The main contributors to the annual rate of 5,0% were chemicals, rubber and plastic products (2,5%), as well as basic and fabricated metals (1,4%). The main contributors to the monthly decrease of 1,3% were chemicals, rubber and plastic products (-0,6%), as well as basic and fabricated metals (-0,4%).

- The annual percentage change in the PPI for electricity and water was 7,7% in December 2018 (compared with 7,2% in November 2018). From November 2018 to December 2018 the PPI for electricity and water decreased by 1,3%. The contributors to the annual rate of 7,7% were electricity (6,2%) and water (1,6%). The contributor to the monthly decrease of 1,3% was electricity (-1,3%).

- The annual percentage change in the PPI for mining was 6,0% in December 2018 (compared with 4,8% in November 2018). From November 2018 to December 2018 the PPI for mining decreased by 1,6%. The main contributors to the annual rate of 6,0% were coal and gas (3,3%), non-ferrous metal ores (3,2%), as well as gold and other metal ores (3,1%). The main contributors to the monthly decrease of 1,6% were stone quarrying, clay and diamonds (-0,9%), as well as non-ferrous metal ores (-0,5%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was -3,9% in December 2018 (compared with -4,6% in November 2018). From November 2018 to December 2018 the PPI for agriculture, forestry and fishing increased by 2,0%. The main contributor to the annual rate of -3,9% was agriculture (-4,4%). The main contributor to the monthly increase of 2,0% was agriculture (2,1%).

4.3 Future contract prices

Table 4: Closing prices on Monday, 4 February 2019

	4 February 2019	4 January 2019	% Change
RSA White Maize per ton (Feb. 2019 contract)	R2 850,00	R2 838,00	0,42
RSA Yellow Maize per ton (Feb. 2019 contract)	R2 637,00	R2 713,00	-2,80
RSA Wheat per ton (Feb. 2019 contract)	R4 495,00	R4 515,00	-0,44
RSA Sunflower seed per ton (Feb. 2019 contract)	R5 575,00	R5 668,00	-1,64
RSA Soya-beans per ton (Feb. 2019 contract)	R4 755,00	R4 738,00	0,36
Exchange rate R/$	R13,37	R14,31	-6,57

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- December 2018 tractor sales of 434 units were four units less than the 438 units sold in December 2017. On a calendar year basis tractor sales in 2018 were approximately 4% up on those in 2017. December 2018 combine harvester sales of six units were two units more than the four units sold in December 2017. Calendar year combine harvester sales in 2018 were three units up on 2017.
- Current summer cropping conditions are very difficult to interpret. Reasonable rains, although patchy, in the east have resulted in most of these areas having been planted. In the west, however, the rains have been very late and there have been some very late plantings of summer crops. As always at this time of the cropping season, follow-up rains are vital for the success of the harvest.
- As matters stand at present, industry forecasts are that calendar year 2019 equipment sales will be similar to those of 2018. It is, however, very early in the year to be making predictions for the full year and we will have to see how matters unfold later in the year.

Table 5: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	December		Change	December		Change
Equipment class	**2018**	**2017**	**%**	**2018**	**2017**	**%**
Tractors	434	438	-0,91	6 714	6 462	3,90
Combine harvesters	6	4	50,00	198	195	1,54

Source: SAAMA press release, January 2019

PLEASE NOTE: The Food Security Bulletin for February 2019 will be released on **7 March 2019**.

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)
- Directorate: Climate Change and Disaster Management at DAFF
- 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