MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2015

Issued: 4 August 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During July 2015, significant rainfall events were limited to the coastal regions of the country.**
- **The preliminary area estimate for wheat is 478 300 ha, which is 0,4% more than the 476 570 ha planted for the previous season.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 557 526 tons, which includes imports of 1,8 million tons. It is also 14,1% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2015 is 9,755 million tons, which is 31,5% less than the 14,250 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 1,223 million tons, which is 41,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 37 562 tons, which is 69,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 85 877 tons, which is 7,6% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 123 504 tons, which is 93,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in June 2015 was higher at 4,7%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 3,7% in June 2015.**
- **The Monetary Policy Committee announced in July 2015 that the repo rate will increase by 25 basis points to 6,0%.**
- **June 2015 tractor sales of 449 units were 3% lower than the 438 units reported sold in June 2014.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for July 2015

During July 2015, significant rainfall events were limited to the coastal regions of the country (**Figure 1**). Comparing rainfall totals to the long term average for July 2015, the rainfall experienced was above-normal over most parts of the country with only the Limpopo Province and isolated areas of the Northern Cape Province receiving below-normal rainfall for the mentioned period (**Figure 2**).

Figure 1: Rainfall in mm for July 2015

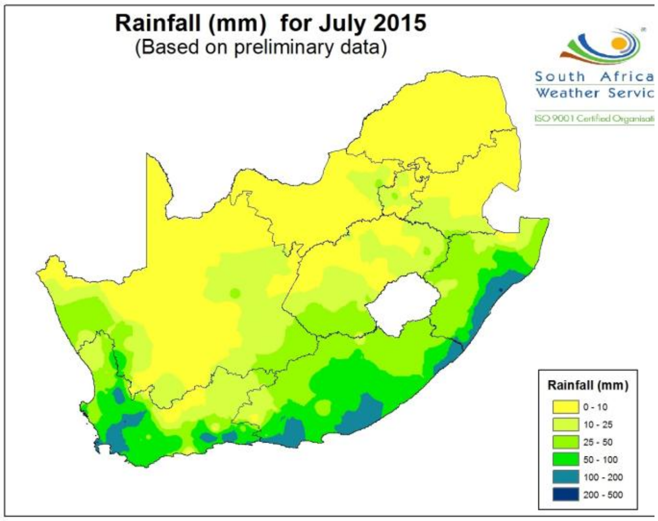
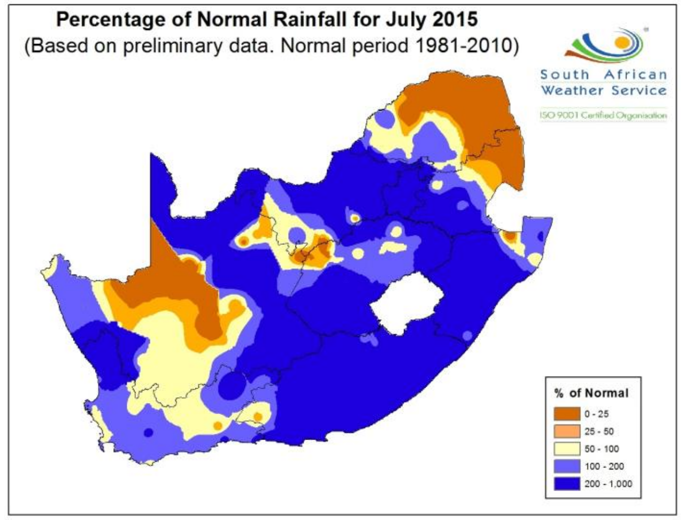


Figure 2: Percentage rainfall for July 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 27 July 2015 indicates that the country has approximately 74% of its full supply capacity (FSC) available, 12% less than the corresponding period in 2014. The largest decrease is evident in the Western Cape with 36% less of its full supply capacity compared to 2014. All of the provinces, except the Eastern Cape, show decreases in the full supply capacity of dams. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 27 July 2015

Province	Net FSC million cubic meters	**27/07/2015 (%)**	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	80	79	1,0
Free State	15 971	77	89	-12,0
Gauteng	115	90	96	-6,0
KwaZulu-Natal	4 669	65	82	-17,0
Lesotho	2 376	66	66	-
Limpopo	1 508	80	90	-10,0
Mpumalanga	2 520	81	93	-12,0
North West	802	63	78	-15,0
Northern Cape	146	82	96	-14,0
Western Cape	1 853	56	92	-36,0
Total	**31 786**	**74**	**86**	**-12,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The sixth production forecast for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 28 July 2015, and is as follows:

Table 2: Commercial summer crops: Area planted and sixth production forecast - 2015 season

CROP	**Area planted 2015 Ha (A)**	**6th Forecast 2015 Tons (B)**	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
White maize	**1 448 050**	**4 649 800**	1 551 200	7 710 000	-39,69
Yellow maize	**1 204 800**	**5 105 500**	1 137 000	6 540 000	-21,93
Maize	**2 652 850**	**9 755 300**	2 688 200	14 250 000	-31,54
Sunflower seed	**576 000**	**656 800**	598 950	832 000	-21,06
Soybeans	**687 300**	**1 041 600**	502 900	948 000	9,87
Groundnuts	**58 000**	**56 675**	52 125	74 500	-23,93
Sorghum	**70 500**	**114 700**	78 850	265 000	-56,72
Dry beans	**64 000**	**73 390**	55 820	82 130	-10,64
TOTAL	**4 108 650**	**11 698 465**	3 976 845	16 451 630	-28,89

Note: Estimate is for calendar year, e.g. production season 2014/15 = 2015

- The area estimate for maize is 2,653 million ha, which is 1,32% or 35 350 ha less than the 2,688 million ha planted for the previous season.
- The size of the expected commercial **maize** crop has been set at 9,755 million tons, which is 31,54% or 4,495 million tons less than 14,250 million tons of the previous season. The expected yield is 3,68 t/ha against the 5,30 t/ha of the previous season.
- The area estimate for white maize is 1,448 million ha, which represents a decrease of 6,65% or 103 150 ha compared to the 1,551 million ha planted last season. In the case of yellow maize the area estimate is 1,205 million ha, which is 5,96% or 67 800 ha more than the 1,137 million ha planted last season.
- The production forecast of **white maize** is 4,650 million tons, which is 39,69% or 3,060 million tons less than the 7,710 million tons of the previous season. The yield for white maize is 3,21 t/ha against the 4,97 t/ha of the previous season. In the case of **yellow maize** the production forecast is 5,106 million tons, which is 21,93% or 1,435 million tons less than the 6,540 million tons of the previous season. The yield for yellow maize is 4,24 t/ha against the 5,75 t/ha of the previous season.
- The production forecast for sunflower seed is 656 800 tons, which is 21,06% or 175 200 tons less than the 832 000 tons of the previous season. The area estimate for sunflower seed is 576 000 ha, which is 3,83% less than the 598 950 ha planted the previous season. The expected yield is 1,14 t/ha against the 1,39 t/ha of the previous season.
- The production forecast for soybeans is 1,042 million tons, which is 9,87% or 93 600 tons more than the previous season of 948 000 tons. It is estimated that 687 300 ha have been planted to soybeans, which represents an increase of 36,67% compared to the 502 900 ha planted last season. The expected yield is 1,52 t/ha against the 1,89 t/ha of the previous season.
- The expected groundnut crop was set at 56 675 tons, which is 23,93% or 17 825 tons less than the 74 500 tons of last season. For groundnuts, the area estimate is 58 000 ha, which is 11,27% more than the 52 125 ha planted for the previous season. The expected yield is 0,98 t/ha against the 1,43 t/ha of the previous season.

- The production forecast for **sorghum** is 114 700 tons, which is 56,72% or 150 300 tons lower than the 265 000 tons of the previous season. The area estimate for sorghum decreased by 10,59%, from 78 850 ha to 70 500 ha against the previous season. The expected yield is 1,63 t/ha against the 3,36 t/ha of the previous season.
- In the case of **dry beans**, the production forecast was set at 73 390 tons, which is 10,64% or 8 740 tons less than the 82 130 tons of the previous season. For dry beans, the area estimate is 64 000 ha, which is 14,65% more than the 55 820 ha planted for the previous season. The expected yield is 1,15 t/ha against the 1,47 t/ha of the previous season.

Please note that the seventh production forecast for commercial summer crops for 2015, will be released on 26 August 2015.

2.2 Winter cereal crops

The preliminary area planted estimate for winter crops for 2015 was also released by the Crop Estimates Committee (CEC) on 28 July 2015, and is as follows:

Table 3: Commercial winter crops: Preliminary area planted estimate - 2015 season

CROP	Area planted 2015 Ha (A)	Area planted 2014 Ha (B)	Final estimate 2014 Tons (C)	Change % (A) ÷ (B)
Wheat	**478 300**	**476 570**	**1 750 000**	**0,36**
Malting barley	**90 350**	**85 125**	**302 000**	**6,14**
Canola	**87 000**	**95 000**	**121 000**	**-8,42**
Total	**655 650**	**656 695**	**2 173 000**	**-0,16**

Note: Intentions are based on conditions at the middle of April 2015.

- The preliminary area estimate for wheat is 478 300 ha, which is 0,36% or 1 730 ha more than the 476 570 ha planted for the previous season. On record, this is the second smallest area planted to wheat.
- An estimated 312 500 ha is planted in the Western Cape, which is 2 500 ha more than the 310 000 ha planted for the previous season. In the Free State, 73 000 ha is planted, which is 3 500 ha more than the 69 500 ha planted for the previous season. The area planted in the Northern Cape is 37 000 ha, which is 1 000 ha less than the 38 000 ha for the previous season.
- The preliminary area estimate for malting barley is 90 350 ha, which is 6,14% or 5 225 ha more than the 85 125 ha of last season.
- The area planted to canola is 87 000 ha, which is 8,42% or 8 000 ha less than the 95 000 ha planted for the previous season.

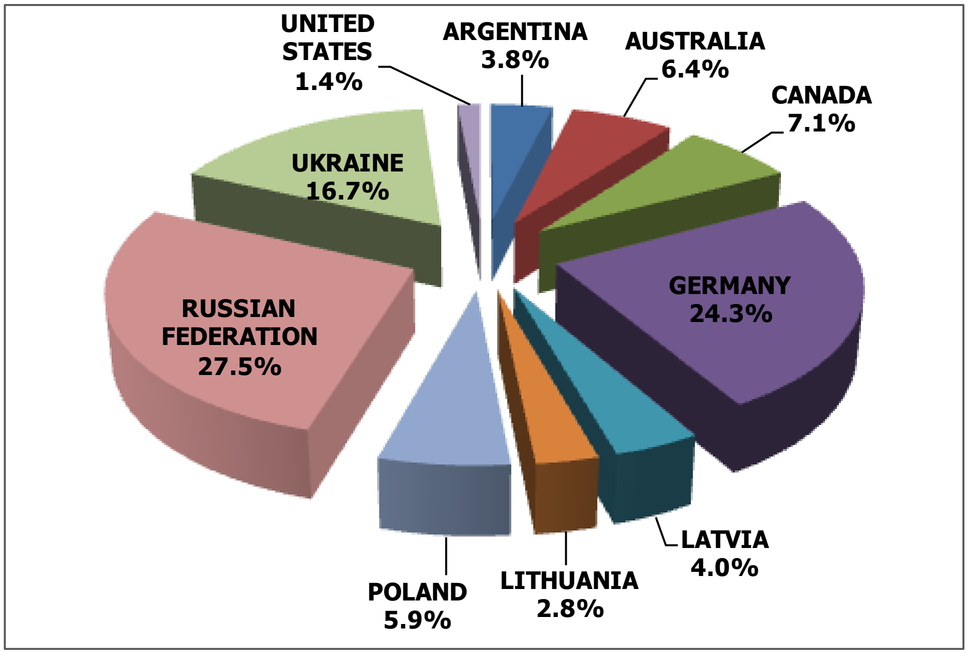
Please note that the revised area planted estimate and first production forecast for winter cereals for 2015 will be released on 26 August 2015.

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 July15 Annexure A.

3.1 Imports and exports of wheat for the 2014/15 marketing year

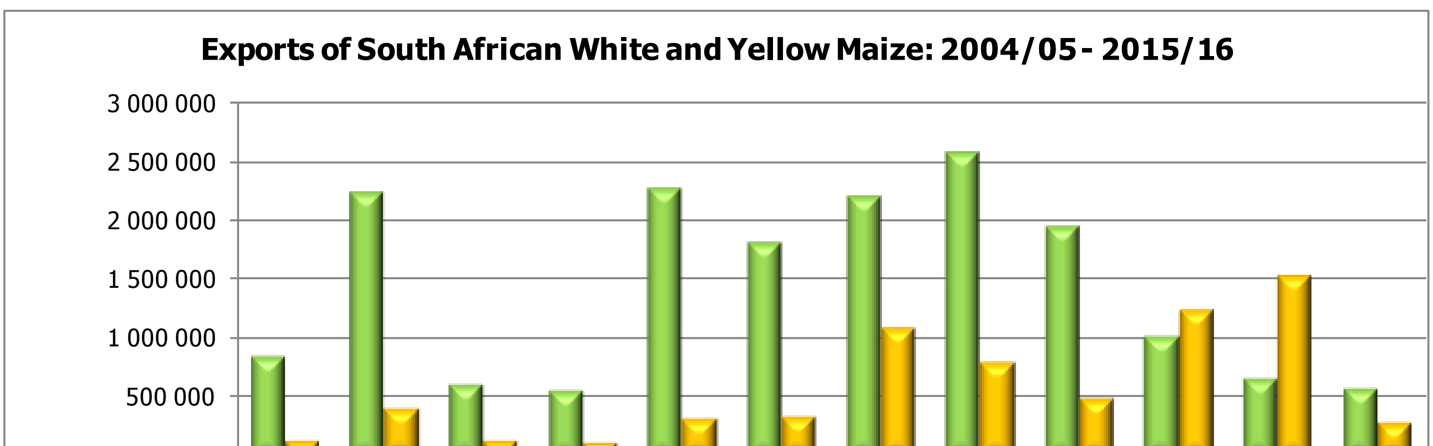
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 31 July 2015, amount to 1,538 million tons, with the largest quantity (27,5% or 422 745 tons) imported from the Russian Federation followed by Germany (24,3% or 374 402 tons), Ukraine (16,7% or 257 194 tons), Canada (7,1% or 108 436 tons), Australia (6,4% or 98 192 tons) and Poland (5,9% or 91 483 tons). The exports of wheat for the mentioned period amount to 247 059 tons, of which 48,9% or 120 919 tons were exported to the BLNS countries, 31,7% or 78 323 tons to Zimbabwe, 19,1% or 47 181 tons to Zambia and 0,2% or 580 tons to Mauritius.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2015/16 marketing year



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*
White maize exports	832 000	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	550 000
Yellow maize exports	120 000	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	260 000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 550 000 tons, which represents an decrease of 14,2% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 260 000 tons, which represents a decrease of 82,8% compared to the 1,515 million tons of the previous marketing year.

- From 25 April to 31 July 2015, progressive white maize exports amount to 113 915 tons, with the main destinations being Botswana (42,0% or 47 857 tons), Lesotho (21,1% or 24 048 tons), Namibia (19,0% or 21 628 tons), Mozambique (13,9% or 15 848 tons) and Swaziland (4,0% or 4 534 tons). The imports of white maize for the mentioned period amount to 396 tons, of which 100% were imported from Zambia.
- From 25 April to 31 July 2015, progressive yellow maize exports amount to 50 128 tons, with the main destinations being the BLNS Countries (75,3% or 37 747 tons), Mozambique (21,2% or 10 650 tons) and Zimbabwe (0,2% or 97 tons). The imports of yellow maize for the mentioned period amount to 140 749 tons, of which 100% were imported from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in June 2015 was 4,7%. This rate was 0,1% higher than the corresponding annual rate of 4,6% in May 2015. On average, prices increased by 0,4% between May 2015 and June 2015.
- The food and non-alcoholic beverages index decreased by 0,3% between May 2015 and June 2015. The annual rate decreased to 4,3% in June 2015 from 4,7% in May 2015. The following components in the food and non-alcoholic beverages index decreased: Fruit (-3,6%), vegetables (-1,8%), other food (-0,6%), bread and cereals (-0,2%) and fish (-0,2%). The following components increased: Hot beverages (0,4%), oils and fats (0,3%), milk, eggs and cheese (0,2%), sugar, sweets and desserts (0,2%) and meat (0,1%).
- The housing and utilities index increased by 0,7% between May 2015 and June 2015, mainly due to a 1,1% increase in actual rentals for housing and a 1,0% increase in owners' equivalent rent. The annual rate decreased to 5,4% in June 2015 from 5,6% in May 2015.
- The transport index increased by 1,4% between May 2015 and June 2015, mainly due to a 47c/litre increase in the price of petrol. The annual rate increased to 0,7% in June 2015 from -0,7% in May 2015.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Eastern Cape (4,6%), Northern Cape (4,6%), Gauteng (4,6%), Mpumalanga (4,5%), North West (4,0%), Limpopo (4,0%) and KwaZulu-Natal (3,9%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (5,1%) and Free State (4,9%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,7% in June 2015 (compared with 3,6% in May 2015). From May 2015 to June 2015 the PPI for final manufactured goods increased by 0,3%.
- The main contributors to the annual rate of 3,7% were food products, beverages and tobacco products (6,1% year-on-year and contributing 2,0%), metals, machinery, equipment and computing equipment (5,9% year-on-year and contributing 0,9%) and wood and paper products (6,8% year-on-year and contributing 0,7%). The main contributor to the monthly increase of 0,3% was coke, petroleum, chemical, rubber and plastic products (2,0% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for electricity and water was 11,4% in June 2015 (compared with 9,9% in May 2015). From May 2015 to June 2015 the PPI for electricity and water increased by 34,8%. The contributors to the annual rate of 11,4% were electricity (11,7% year-on-year and contributing 10,4%) and water (6,3% year-on-year and contributing 0,8%). The contributor to the monthly increase of 34,8% was electricity (41,1% month-on-month and contributing 34,8%).
- The annual percentage change in the PPI for mining was -4,2% in June 2015 (compared with -3,8% in May 2015). From May 2015 to June 2015 the PPI for mining increased by 0,9%. The main contributors to the annual rate of -4,2% were non-ferrous metal ores (-8,5% year-on-year and contributing -3,0%) and coal and gas

(-3,3% year-on-year and contributing -0,9%). The main contributor to the monthly increase of 0,9% was gold and other metal ores (3,7% month-on-month and contributing 1,1%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Friday, 31 July 2015

	31 July 2015	30 June 2015	% Change
RSA White Maize per ton (Aug. 2015 contract)	R3 179,00	R3 175,00	0,13
RSA Yellow Maize per ton (Aug. 2015 contract)	R2 725,00	R2 694,00	1,15
RSA Wheat per ton (Aug. 2015 contract)	R3 980,00	R3 901,00	2,03
RSA Sunflower seed per ton (Aug. 2015 contract)	R5 550,00	R5 357,00	3,60
RSA Soya-beans per ton (Aug. 2015 contract)	R5 068,00	R4 819,00	5,17
Exchange rate R/$	R12,74	R12,24	4,08

Source: JSE/SAFEX

4.4 Monetary Policy Committee

- The Monetary Policy Committee (MPC) announced on 23 July 2015 that the repo rate will increase by 25 basis points to 6,0%.
- The MPC remains concerned about the outlook for economic growth that is constrained by severe electricity shortages, low levels of consumer and business confidence, inflationary pressures and the possibility of rising interest rates in the United States.
- "The forecast is for interest rates to be hiked again later in the year and through the course of 2016 in an attempt to contain inflation," said Du Toit from ABSA bank.

4.5 Agricultural machinery sales

- June 2015 tractor sales of 449 units were 3% lower than the 438 units reported sold in June 2014. On a year-to-date basis sales are approximately 9% down on last year. June 2015 combine harvester sales of 16 units were also significantly down on the 29 units sold in June 2014. On a year-to-date basis combine harvester sales are approximately 40% down on last year.
- The tractor market in June 2015 was quite buoyant, but still very competitive. Summer crop farmers in some parts of the country are still harvesting their crops. Those farmers who have harvested their crops now have a better idea of the actual yield and quality of what is coming off their lands. In areas where crops were planted late or where harvesting has been held back because of late rains, there is still some uncertainty. Once all the summer crops have been harvested, the industry should have a clearer idea of the trend in sales for the rest of the year.
- Industry expectations for tractor sales in 2015 are now of the order of 10% down on last year. Combine harvester sales are expected to be approximately 25% down.

Table 4: Agricultural machinery sales

	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	June			June		
Equipment class	**2015**	**2014**		**2015**	**2014**	
Tractors	449	438	2,5	2 823	3 084	-8,5
Combine harvesters	16	29	-44,8	130	218	-40,4

Source: SAAMA press release, July 2015

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