MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2017

Issued: 4 August 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During July 2017, significant rainfall events were mainly limited to the south-western parts of the country.**
- **The projected closing stocks of wheat for the current 2016/17 marketing year are 619 532 tons, which includes imports of 1,2 million tons. It is also 25,1% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 15,969 million tons, which is 105,3% 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 2017/18 marketing year are 3,465 million tons, which is 216,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 38 123 tons, which is 8,2% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 142 806 tons, which is 12,4% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 223 662 tons, which is 163,8% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in June 2017 was lower at 5,1%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,0% in June 2017.**
- **June tractor sales of 479 units were significantly (24%) more than the 385 units sold in June 2016.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for July 2017

During July 2017, significant rainfall events were mainly limited to the south-western parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for July 2017, rainfall received was below-normal with isolated areas of near-normal rainfall received in some areas of the Western Cape Province (**Figure 2**). There were also isolated areas of above-normal rainfall evident over the western parts of Limpopo, parts of North West and the Gauteng provinces.

Figure 1: Rainfall in mm for July 2017

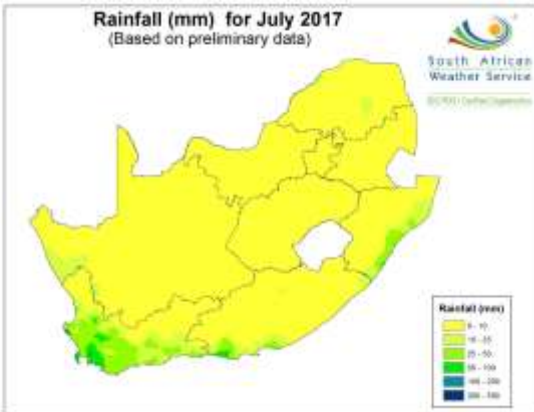
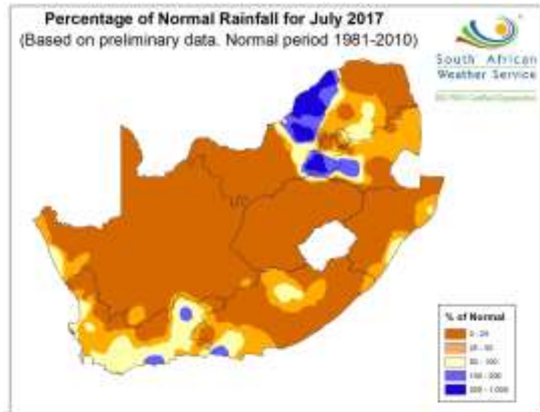


Figure 2: Percentage rainfall for July 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 31 July 2017 indicates that the country has approximately 69% of its full supply capacity (FSC) available, which is 16% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. Dam levels (for the mentioned period) in the Free State increased by 27%, followed by the Northern Cape with 25%, Limpopo with 24%, and both North-West and Mpumalanga with 20%. However, decreases in the full supply capacity for the same period are evident in the Western Cape with minus 28% and the Eastern Cape with minus 10%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 31 July 2017

Province	Net FSC million cubic meters	**31/7/2017 (%)**	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	56	66	-10,0
Free State	15 968	81	54	27,0
Gauteng	115	89	85	4,0
KwaZulu-Natal	4 783	54	45	9,0
Lesotho	2 376	44	42	2,0
Limpopo	1 522	77	53	24,0
Mpumalanga	2 539	77	57	20,0
North West	881	86	66	20,0
Northern Cape	146	91	66	25,0
Western Cape	1 867	27	55	-28,0
Total	**32 029**	**69**	**53**	**16,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

The area planted estimate and fifth production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 26 July 2017, and is as follows:

Table 2: Commercial summer crops: Area planted and sixth production forecast - 2017 season

CROP	Area planted 2017 Ha (A)	**6th forecast 2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	**9 507 050**	1 014 750	3 408 500	178,92
Yellow maize	985 500	**6 462 250**	932 000	4 370 000	47,88
Total Maize	2 628 600	**15 969 300**	1 946 750	7 778 500	105,30
Sunflower seed	635 750	**821 970**	718 500	755 000	8,87
Soybeans	573 950	**1 340 370**	502 800	742 000	80,64
Groundnuts	56 000	**90 550**	22 600	17 680	412,16
Sorghum	42 350	**151 335**	48 500	70 500	114,66
Dry beans	45 050	**68 525**	34 400	35 445	93,33
TOTAL	3 981 700	**18 442 050**	3 273 550	9 399 125	96,21

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017
1) As mid October 2016

- The size of the expected commercial **maize** crop has been set at 15,969 million tons, which is 105,30% or 8,191 million tons more than the previous season of 7,778 million tons. It is the largest maize crop produced in the history of SA. The area estimate for maize is 2,629 million ha, while the expected yield is 6,08 t/ha – also the highest yield ever.
- The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 83% of the 2017 crop.
- The area estimate for white maize is 1,643 million ha and for yellow maize the area estimate is 985 500 ha.
- The production forecast of **white maize** is 9,507 million tons, which is 178,92% or 6,098 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 5,79 t/ha. In the case of **yellow maize** the production forecast is 6,462 million tons, which is 47,88% or 2,092 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 6,56 t/ha.
- The production forecast for **sunflower seed** is 821 970 tons, which is 8,87% or 66 970 tons more than the 755 000 tons of the previous season. The area estimate for sunflower seed is 635 750 ha, while the expected yield is 1,29 t/ha.
- The production forecast for **soybeans** is 1,340 million tons, which is 80,64% or 598 370 tons more than the 742 000 tons of the previous season. It is the largest soybean crop produced in the history of South Africa. The estimated area planted to soybeans is 573 950 ha and the expected yield is 2,34 t/ha.
- The expected **groundnut** crop is 90 550 tons, which is 412,16% or 72 870 tons more than the 17 680 tons of 2016. The area estimate is 56 000 ha and the expected yield of 1,62 t/ha.
- The production forecast for **sorghum** is 151 335 tons, which is 114,66% or 80 835 tons more than the 70 500 ton of 2016. The area estimate for sorghum is 42 350 ha. The expected yield is 3,57 t/ha.

- In the case of **dry beans**, the production forecast showed an increase of 93,33% or 33 080 tons to 68 525 tons. The area estimate of dry beans is 45 050 ha, with an expected yield of 1,52 t/ha.

Please note that the seventh production forecast for summer field crops for 2017 will be released on 29 August 2017.

2.1.2 Non-commercial maize

Table 3: Non commercial maize: Area planted and production estimate – 2017 season

CROP	Area planted 2017 Ha (A)	Production 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture					
White maize	248 500	463 600	191 225	286 175	62,00
Yellow maize	118 150	267 400	74 905	149 565	78,79
Maize	366 650	731 000	266 130	435 740	67,76

- The area planted to maize in the non-commercial agricultural sector is estimated at 366 650 ha, which represents an increase of 37,77%, compared to the 266 130 ha of the previous season. The expected maize crop for this sector is 731 000 tons, which is 67,76% more than the 435 740 tons of last season. It is important to note that about 64% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

2.2 Winter cereal crops

The preliminary area estimate for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 26 July 2017, and is as follows:

Table 4: Commercial winter crops: Preliminary area planted estimate – 2017 season

CROP	**Area planted 2017 Ha (A)**	Intentions Mid April* 2017 Ha (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (A) ÷ (C)
Wheat	**498 850**	496 350	508 365	1 910 000	-1,87
Malting barley	**98 800**	96 000	88 695	355 000	11,39
Canola	**87 000**	90 000	68 075	105 000	27,80
Total	**684 650**	682 350	665 135	2 370 000	2,93

* Intentions based on conditions at the middle of April 2017

- The preliminary area estimate for **wheat** is 498 850 ha, which is 1,87% or 9 515 ha less than the 508 365 ha planted for the previous season. On record, this is the third smallest area planted to wheat (since the 1930's). The smallest area planted to wheat was during 2014, when 476 570 ha was planted, whereas the second smallest area was planted during 2015, namely 482 150 ha.
- An estimated 325 000 ha is planted in the Western Cape, which is 2 000 ha more than the 323 000 ha planted for the previous season. In the Free State, 90 000 ha is planted, which is 20 000 ha less than the 110 000 ha planted for the previous season. The area planted in the Northern Cape is 38 000 ha, which is 3 000 ha more than the 35 000 ha for the previous season.
- The preliminary area estimate for **malting barley** is 98 800 ha, which is 11,39% or 10 105 ha more than the 88 695 ha of last season. The area planted to **canola** is 87 000 ha, which is 27,80% or 18 925 ha more than the 68 075 ha planted for the previous season.

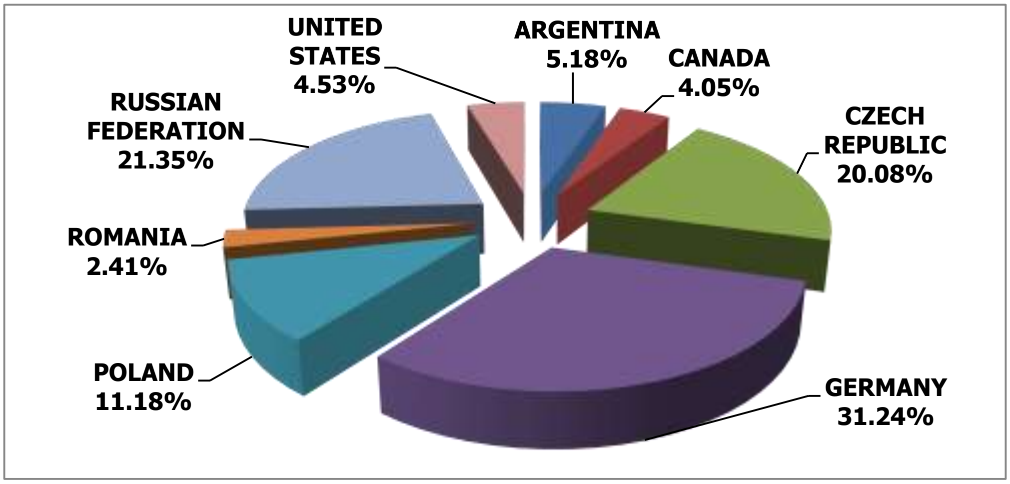
Please note that the revised area planted estimate and first production forecast for winter cereals for 2017 will be released on 29 August 2017.

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 July17 Annexure A.

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

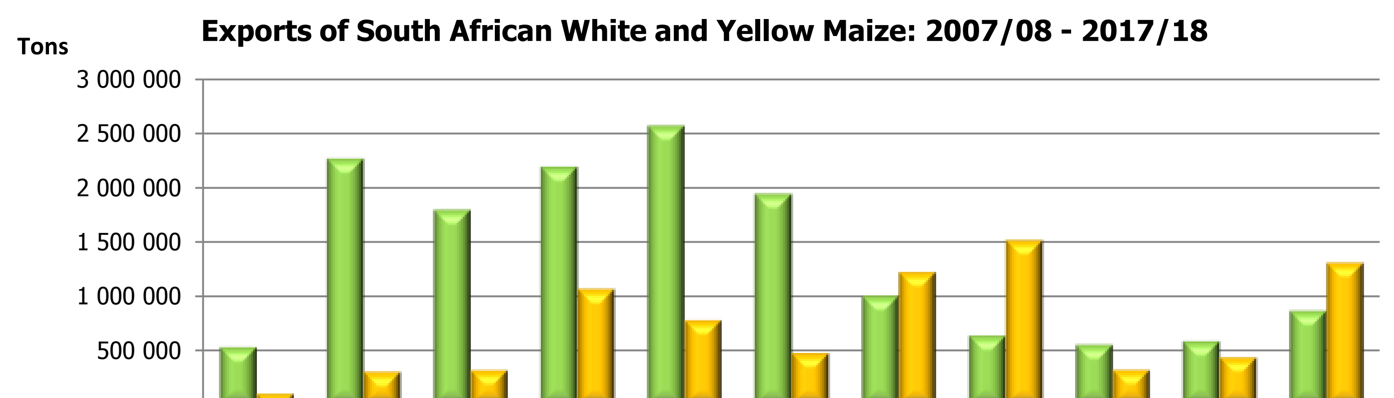
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 28 July 2017) amount to 688 161 tons, with 31,24% or 215 006 tons imported from Germany, followed by the Russian Federation (21,35% or 146 896 tons), the Chez Republic (20,08% or 138 164 tons), Poland (11,18% or 76 905 tons), Argentina (5,18% or 35 613 tons), the United States (4,53% or 31 184 tons), Canada (4,05% or 27 841 tons) and Romania (2,41% or 16 552 tons). The exports of wheat for the above-mentioned period amount to 88 266 tons, of which 53,76% or 47 456 tons went to the BLNS Countries, 25,50% or 22 506 tons to Zimbabwe, 17,35% or 15 312 tons to Zambia and only 3,39% or 2 992 tons were exported to Mozambique.

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

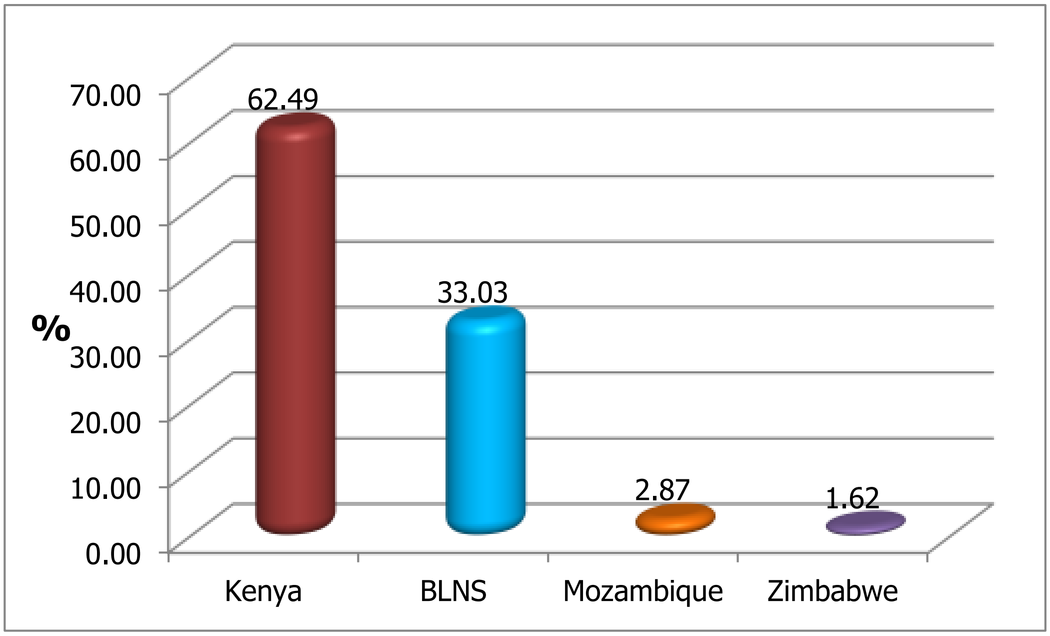


	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
White maize	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	870 000
Yellow maize	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 310 000

*Projection

- The exports of white maize for the 2017/18 marketing year are projected 870 000 tons, which represents an increase of 48,10% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,310 million tons, which represents a significant increase of 198,49% compared to the 438 879 tons of the previous marketing year.

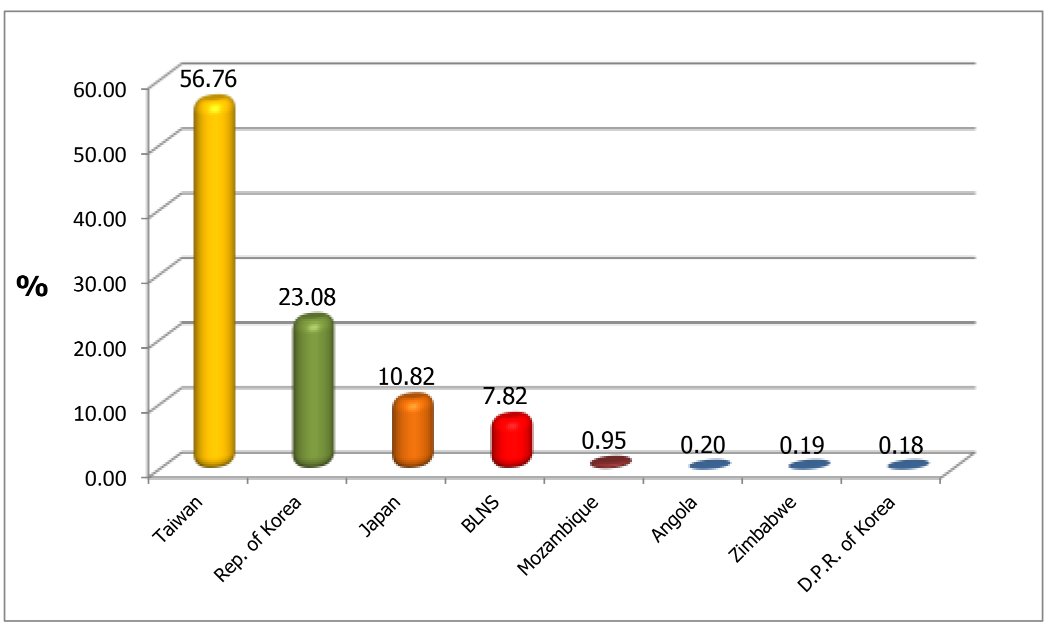
Graph 3: Major countries for white maize exports for South Africa: 2017/18 marketing year



- From 29 April to 28 July 2017, progressive white maize exports amount to 327 526 tons, with the main destinations being Kenya (62,49% or 204 663 tons), the BLNS Countries (33,03% or 108 172 tons), Mozambique (2,87% or 9 384 tons), and Zimbabwe (1,62% or 5 307 tons). The imports of white maize for the mentioned period amount to zero.

- From 29 April to 28 July 2017, progressive yellow maize exports amount to 464 728 tons, with the main destinations being Taiwan (56,76% or 263 801 tons), Republic of Korea (23,08% or 107 241 tons), Japan (10,82% or 50 306 tons), the BLNS Countries (7,82% or 36 319 tons), Mozambique (0,95% or 4 435 tons), Angola (0,20% or 909 tons), Zimbabwe (0,19% or 889 tons), and Democratic Peoples Republic of Korea (0,18% or 828 tons). The imports of yellow maize for the mentioned period amount to zero.

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



4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 5,1% in June 2017, down from 5,4% in May 2017. The consumer price index increased by 0,2% month-on-month in June 2017.
- The main contributors to headline annual consumer price inflation are as follows:
    - Clothing and footwear decreased from 0,2% in May to 0,1% in June. The index increased by 3,8% year-on-year;
    - Transport decreased from 0,8% in May to 0,5% in June. The index increased by 3,3% year-on-year; and
    - Restaurants and hotels decreased from 0,2% in May to 0,1% in June. The index increased by 4,1% year-on-year.
- The main contributor to monthly consumer price inflation was as follows:
    - Housing and utilities contributed 0,2% in June. The index increased by 0,9% month-on-month.
- In June the CPI for goods increased by 4,7% year-on-year (down from 5,5% in May), and the CPI for services increased by 5,5% year-on-year (up from 5,4% in May).
- Provincial annual inflation rates ranged from 3,7% in Northern Cape to 6,0% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,0% in June 2017 (compared with 4,8% in May 2017). From May 2017 to June 2017 the PPI for final manufactured goods decreased by 0,3%.
- The main contributors to the annual rate of 4,0% were food products, beverages and tobacco products (1,6%), coke, petroleum, chemical, rubber and plastic products (0,8%), as well as wood and paper products (0,6%). The main contributor to the monthly decrease of 0,3% was coke, petroleum, chemical, rubber, as well as plastic products (-0,3%).
- The annual percentage change in the PPI for intermediate manufactured goods was 2,1% in June 2017 (compared with 3,1% in May 2017). From May 2017 to June 2017 the PPI for intermediate manufactured goods decreased by 0,7%. The main contributors to the annual rate of 2,1% were chemicals, rubber and plastic products (1,5%), as well as sawmilling and wood (1,2%). The main contributor to the monthly decrease of 0,7% was basic and fabricated metals (-0,5%).
- The annual percentage change in the PPI for electricity and water was 6,2% in June 2017 (compared with 6,4% in May 2017). From May 2017 to June 2017 the PPI for electricity and water increased by 34,6%. The contributors to the annual rate of 6,2% were electricity (4,4%) and water (1,3%). The contributor to the monthly increase of 34,6% was electricity (34,5%).
- The annual percentage change in the PPI for mining was -1,5% in June 2017 (compared with -3,0% in May 2017). From May 2017 to June 2017 the PPI for mining increased by 0,1%. The main contributors to the annual rate of -1,5% were gold and other metal ores (-5,1%), as well as non-ferrous metal ores (-1,2%). The main contributors to the monthly increase of 0,1% was stone quarrying, clay and diamonds (2,9%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,4% in June 2017 (compared with -0,5% in May 2017). From May 2017 to June 2017 the PPI for agriculture, forestry and fishing decreased by 0,1%. The main contributor to the annual rate of -1,4% was agriculture (-2,5%). The contributor to the monthly decrease of 0,1% was agriculture (-0,1%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Thursday, 3 August 2017

	3 August 2017	3 July 2017	% Change
RSA White Maize per ton (Aug. 2017 contract)	R1 797,00	R1 824,00	-1,48
RSA Yellow Maize per ton (Aug. 2017 contract)	R1 904,00	R1 934,00	-1,55
RSA Wheat per ton (Aug. 2017 contract)	R4 530,00	R4 246,00	6,69
RSA Sunflower seed per ton (Aug. 2017 contract)	R4 669,00	R4 694,00	-0,53
RSA Soya-beans per ton (Aug. 2017 contract)	R4 570,00	R4 645,00	-1,61
Exchange rate R/$	R13,29	R13,19	0,76

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- June tractor sales of 479 units were significantly (24%) more than the 385 units sold in June 2016. On a year-to-date basis tractor sales are now almost 3% up on what they were this time last year. June combine harvester sales of 20 units were one unit more than the 19 units sold in June 2016. Combine harvester sales for the year-to-date are now 11% up on last year.
- Overall sentiment in the market is currently quite positive. As farmers harvest their crops, they are better able to estimate their production and although crop prices are depressed because of the record yields, they are better able to make informed decisions on buying equipment. Rand volatility is also affecting farmers' buying decisions and where possible, purchases are taking place while there is lower-priced stock which was brought in when the rand was stronger than at present.
- Expectations for 2017 are that overall tractor sales should be between 5 700 and 6 000 units, or at least as good as they were in 2016.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	June		Change	June		Change
Equipment class	**2017**	**2016**	%	**2017**	**2016**	%
Tractors	479	385	24,42	3 038	2 952	2,91
Combine harvesters	20	19	5,26	131	118	11,02

Source: SAAMA press release, July 2017

PLEASE NOTE: the Food Security Bulletin for August 2017 will be released on **6 September 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