MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2018

Issued: 3 August 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During July 2018, significant rainfall events were limited to the western parts of the Western and Northern Cape provinces.**
- **The preliminary area estimate for wheat is 505 000 ha, which is 2,7% more than the 491 600 ha planted for the previous season.**
- **The projected closing stocks of wheat for the current 2017/18 marketing year are 564 624 tons, which includes imports of 1,93 million tons. It is also 65,4% more than the previous years' ending stocks.**
- **The sixth production forecast of maize for 2018 is 13,207 million tons, which is 21,5% less than the previous seasons' crop 16,820 million tons.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,382 million tons, which is 8,3% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 38 566 tons, which is 34,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 101 996 tons, which is 34,1% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 657 235 tons, which is 98,8% more than the previous years' ending stocks**
- **The headline CPI (for all urban areas) annual inflation rate in June 2018 was higher at 4,6%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 5,9% in June 2018.**
- **June 2018 tractor sales of 569 units were almost 19% higer than the 479 units sold in June 2017.**

agriculture, forestry & fisheries

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Contents

1. Weather conditions

1.1 Rainfall for July 2018

During July 2018, significant rainfall events were limited to the western parts of the Western and Northern Cape provinces (**Figure 1**). Comparing rainfall totals to the long term average for July 2018, rainfall received was below-normal over most parts of the country, with above-normal rainfall specifically evident in the North West Province, northern areas of the Northern Cape Province, as well as the western parts of the Mpumalanga Province (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for July 2018

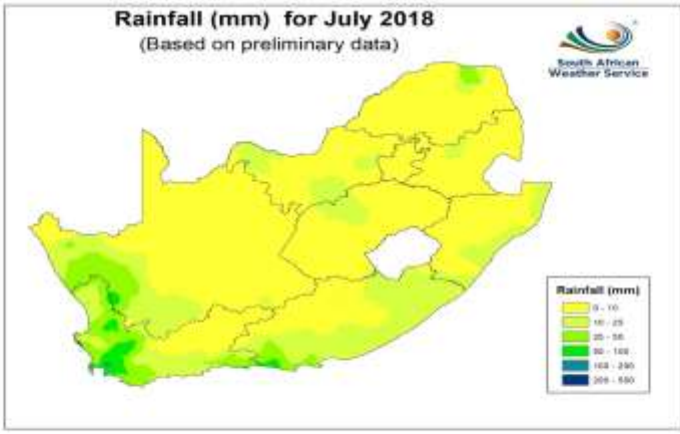
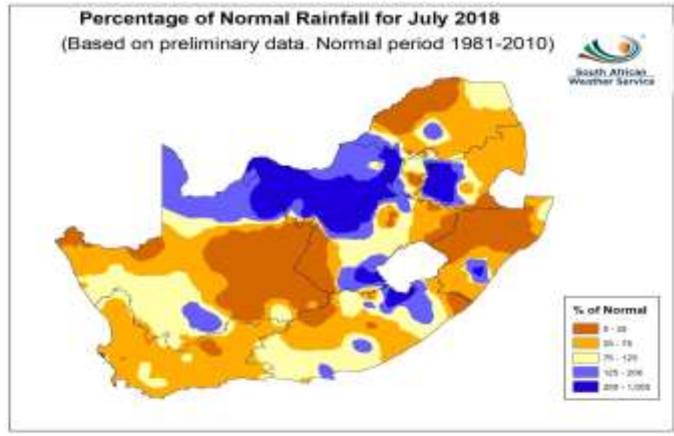


Figure 2: Percentage rainfall for July 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 30 July 2018 indicates that the country has approximately 78% of its full supply capacity (FSC) available, which is 9% more than the corresponding period in 2017. The dam levels in the Western Cape (+24%), KwaZulu-Natal (+14%), the Free State (+12%), Gauteng (+10%), Eastern Cape (+8%), and Mpumalanga (+2%), all show increases as compared to 2017. However, the remaining three provinces show decreases in the full supply capacity for the mentioned period. The North West Province shows the highest decrease in the full supply capacity with -16%, followed by the Limpopo Province with -4%, and the Northern Cape 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, 30 July 2018

Province	Net FSC million cubic meters	**30/7/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 807	**63**	55	8,0
Free State	15 945	**93**	81	12,0
Gauteng	115	**100**	90	10,0
KwaZulu-Natal	4 802	**63**	49	14,0
Lesotho	2 363	**46**	44	2,0
Limpopo	1 522	**72**	76	-4,0
Mpumalanga	2 539	**79**	77	2,0
North West	881	**70**	86	-16,0
Northern Cape	147	**90**	91	-1,0
Western Cape	1 866	**51**	27	24,0
Total	**31 988**	**78**	**69**	**9,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and sixth production forecast for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 26 July 2018, and is as follows:

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

CROP	**Area planted 2018 Ha (A)**	**Sixth forecast 2018 Tons (B)**	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (B) ÷ (D)
White maize	**1 268 100**	**6 879 960**	1 643 100	9 916 000	-30,62
Yellow maize	**1 050 750**	**6 327 350**	985 500	6 904 000	-8,35
Total Maize	**2 318 850**	**13 207 310**	2 628 600	16 820 000	-21,48
Sunflower seed	**601 500**	**792 255**	635 750	874 000	-9,35
Soybeans	**787 200**	**1 550 800**	573 950	1 316 000	17,84
Groundnuts	**56 300**	**52 000**	56 000	92 050	-43,51
Sorghum	**28 800**	**83 070**	42 350	152 000	-45,35
Dry beans	**53 360**	**65 610**	45 050	68 525	-4,25
Total	**3 846 010**	**15 751 045**	3 981 700	19 322 575	-18,48

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

- The size of the expected **commercial maize crop** has been set at 13,207 million tons, which is 21,48% or 3,613 million tons less than the previous season of 16,820 million tons. The area estimate for maize is 2,319 million ha, while the expected yield is 5,70 t/ha.
- The area estimate for white maize is 1,268 million ha and for yellow maize the area estimate is 1,051 million ha.
- The production forecast of **white maize** is 6,880 million tons, which is 30,62% or 3,036 million tons less than the 9,916 million tons of the previous season. The yield for white maize is 5,43 t/ha. In the case of **yellow maize** the production forecast is 6,327 million tons, which is 8,35% or 576 650 tons less than the 6,904 million tons of the previous season. The yield for yellow maize is 6,02 t/ha.
- The production forecast for **sunflower seed** is 792 255 tons, which is 9,35% or 81 745 tons less than the 874 000 tons of the previous season. The area estimate for sunflower seed is 601 500 ha, while the expected yield is 1,32 t/ha.
- The production forecast for **soybeans** is 1,551 million tons, which is 17,84% or 234 800 tons more than the 1,316 million tons of the previous season. It is also the largest soybean crop produced in the history of SA. The estimated area planted to soybeans is 787 200 ha and the expected yield is 1,97 t/ha.
- The expected **groundnut** crop is 52 000 tons, which is 43,51% or 40 050 tons less than the 92 050 tons of 2017. The area estimate is 56 300 ha and the expected yield is 0,92 t/ha.
- The production forecast for **sorghum** is 83 070 tons, which is 45,35% or 68 930 tons less than the 152 000 tons of the previous season. The area estimate for sorghum is 28 800 ha and the expected yield is 2,88 t/ha.
- In the case of **dry beans**, the production forecast is 65 610 tons, which is 4,25% or 2 915 tons less than the 68 525 tons of the previous season. The area estimate of dry beans is 53 360 ha, with an expected yield of 1,23 t/ha.

Please note that the seventh production forecast for summer field crops for 2018 will be released on 28 August 2018.

2.2 Winter cereal crops

The preliminary area planted estimate for winter crops for 2018 was also released by the Crop Estimates Committee (CEC) on 26 July 2018, and is as follows:

Table 3: Commercial winter crops: Preliminary area planted estimate – 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	Intentions 2018 Mid April 2018 Ha (B)	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (A) ÷ (C)
Wheat	**505 000**	500 500	491 600	1 535 000	2,73
Malting barley	**106 150**	95 700	91 380	307 000	16,16
Canola	**80 000**	78 500	84 000	93 500	-4,76
Total	**691 150**	674 700	666 980	1 935 500	3,62

* Note: Estimate is for the calendar year e.g. production season 2017/18=2017
Intentions based on conditions at the middle of April 2018

- The preliminary area estimate for **wheat** is 505 000 ha, which is 2,73% or 13 400 ha more than the 491 600 ha planted for the previous season.
- An estimated 318 000 ha is planted in the Western Cape, which is 8 000 ha less than the 326 000 ha planted for the previous season. In the Free State, 100 000 ha is planted, which is 20 000 ha more than the 80 000 ha planted for the previous season. The area planted in the Northern Cape is 38 000 ha, which is the same area than the previous season.
- The preliminary area estimate for **malting barley** is 106 150 ha, which is 16,16% or 14 770 ha more than the 91 380 ha of last season.
- The area planted to **canola** is 80 000 ha, which is 4,76% or 4 000 ha less than the 84 000 ha planted for the previous season.

Please note that the revised area planted estimate and first production forecast of winter crops for 2018 will also be released on 28 August 2018.

2.3 Non-commercial maize

Table 4: Non-commercial maize – preliminary area planted and production estimate: 2018

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

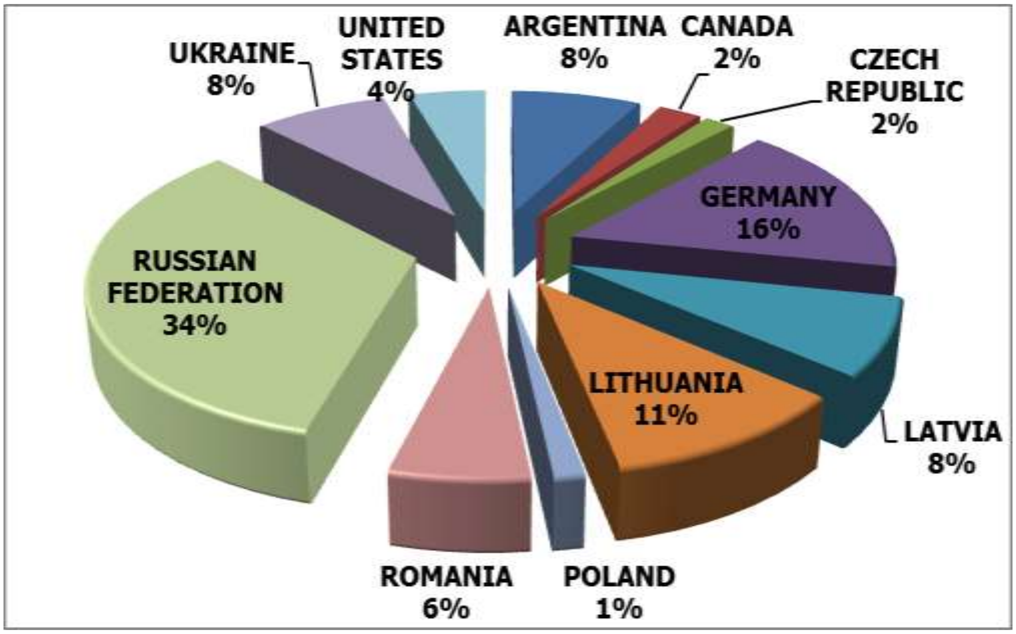
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of 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 July18 Annexure A.

3.1 Imports and exports of wheat for the 2017/18 marketing year

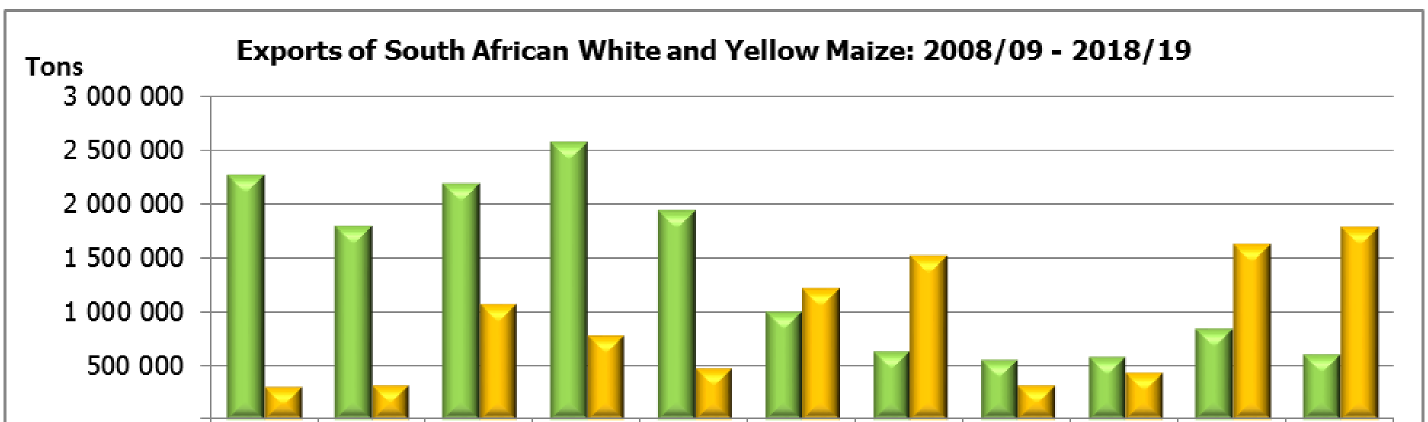
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 27 July 2018) amount to 1,730 million tons, with 33,54% or 580 332 tons imported from the Russian Federation, followed by Germany (16,33% or 282 606 tons), Lithuania (10,66% or 184 436 tons), Latvia (8,07% or 139 617 tons), Ukraine (7,84% or 135 669 tons), Argentina (7,67% or 132 780 tons), Romania (5,86% or 101 449 tons), the United States (4,52% or 78 215 tons), Canada (2,49% or 43 064 tons), Czech Republic (1,71% or 29 558 tons) and Poland (1,30% or 22 557 tons). The exports of wheat for the above-mentioned period amount to 58 755 tons, of which 56,45% or 33 165 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 41,41% or 24 333 tons and Zimbabwe with 2,14% or 1 257 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

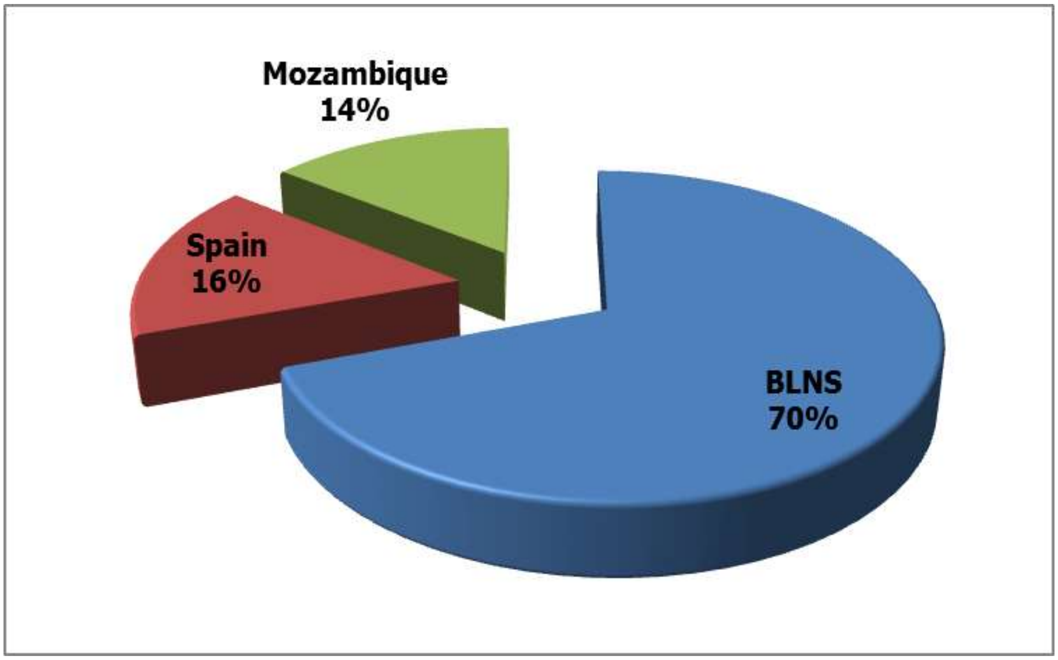


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	610 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 629 739	1 790 000

*Projection

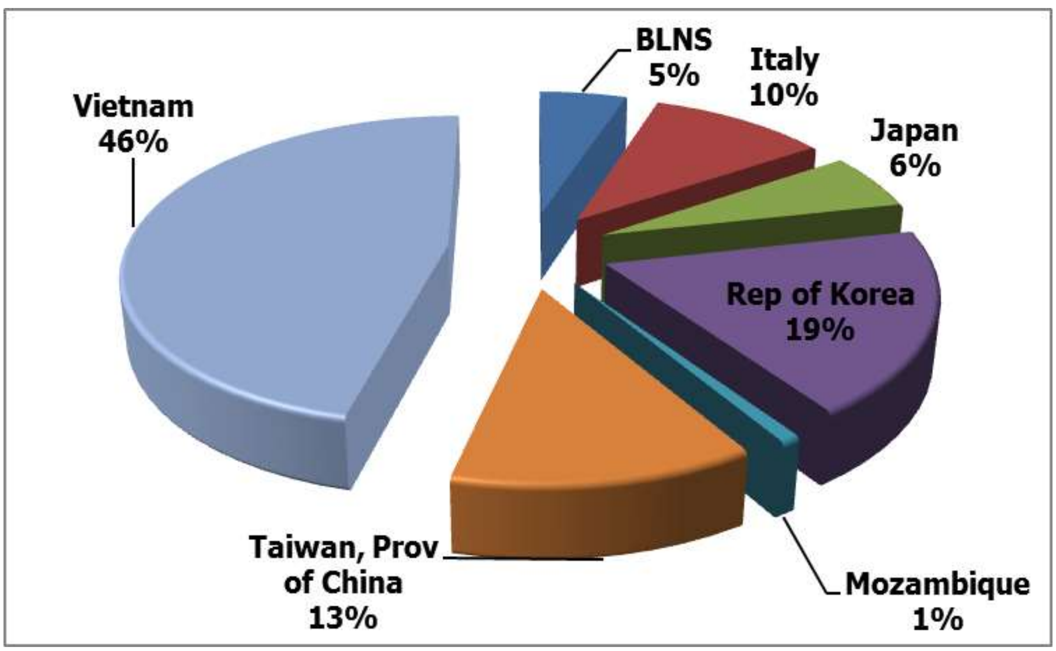
- The exports of white maize for the 2018/19 marketing year are projected 610 000 tons, which represents a decrease of 28,40% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,790 million tons, which represents an increase of 9,83% compared to the 1,630 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 to 27 July 2018, progressive white maize exports amount to 109 321 tons, with the main destinations being BLNS Countries (69,49% or 75 964 tons), Spain (16,08% or 17 576 tons), Mozambique (14,44% or 15 781 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 to 27 July 2018, progressive yellow maize exports amount to 857 617 tons, with the main destinations being Vietnam (46,21% or 396 293 tons), Republic of Korea (18,89% or 162 000 tons), Taiwan, Province of China (12,52% or 107 398 tons), Italy (10,51% or 90 148 tons), Japan (5,88% or 50 425 tons), BLNS (5,15% or 44 151 tons), and Mozambique (0,84% or 7 202 tons). The imports of yellow maize for the mentioned period amount to zero.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,6% in June 2018, up from 4,4% in May 2018. The consumer price index increased by 0,4% month-on-month in June 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - Housing and utilities decreased from 1,1% in May 2018 to 1,0% in June. The index increased by 4,1% year-on-year;
  - Transport increased from 0,7% in May 2018 to 1,0% in June. The index increased by 7,3% year-on-year;
  - Recreation and culture decreased from 0,1% in May 2018 to zero in June. The index increased by 0,6% year-on-year; and
  - Restaurants and hotels decreased from 0,2% in May 2018 to 0,1% in June. The index increased by 4,5% year-on-year.
- The main contributors to headline monthly consumer price inflation are as follows:
  - Housing and utilities contributed 0,1% in June. The index increased by 0,3% month-on-month, mainly because of actual rentals for housing (0,5%) and owners' equivalent rent (0,4%); and
  - Transport contributed 0,3% in June. The index increased by 1,8% month-on-month, mainly because of fuel (4,7%).
- In June the CPI for goods increased by 4,2% year-on-year (up from 3,5% in May), and the CPI for services increased by 4,9% year-on-year (down from 5,3% in May).
- Provincial annual inflation rates ranged from 3,6% in North-West and Limpopo to 5,4% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,9% in June 2018 (compared with 4,6% in May 2018). From May 2018 to June 2018 the PPI for final manufactured goods increased by 0,9%. The main contributors to the annual rate of 5,9% were coke, petroleum, chemical, rubber and plastic products (3,1%), transport equipment (0,7%), as well as food products, beverages and tobacco products (0,6%). The main contributor to the monthly increase of 0,9% was coke, petroleum, chemical, rubber and plastic products (0,7%).
- The annual percentage change in the PPI for intermediate manufactured goods was 3,1% in June 2018 (compared with 0,2% in May 2018). From May 2018 to June 2018 the PPI for intermediate manufactured goods increased by 2,2%. The main contributors to the annual rate of 3,1% were basic and fabricated metals (1,9%), as well as recycling and manufacturing n.e.c. (0,9%). The main contributors to the monthly increase of 2,2% were basic and fabricated metals (1,2%), as well as chemicals, rubber and plastic products (1,1%).
- The annual percentage change in the PPI for electricity and water was 3,4% in June 2018 (compared with 4,5% in May 2018). From May 2018 to June 2018 the PPI for electricity and water increased by 33,2%. The contributors to the annual rate of 3,4% were electricity (2,2%) and water (1,0%). The contributor to the monthly increase of 33,2% was electricity (33,2%).
- The annual percentage change in the PPI for mining was 8,0% in June 2018 (compared with 3,5% in May 2018). From May 2018 to June 2018 the PPI for mining increased by 4,5%. The main contributors to the annual rate of 8,0% were non-ferrous metal ores (7,6%), as well as coal and gas (6,8%). The main contributors to the monthly increase of 4,5% were non-ferrous metal ores (1,7%), coal and gas (1,2%), as well as gold and other metal ores (1,2%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,3% in June 2018 (compared with 2,6% in May 2018). From May 2018 to June 2018 the PPI for agriculture, forestry and fishing decreased by 0,4%. The contributors to the annual rate of 2,3% were agriculture (1,2%), forestry (0,6%) and fishing (0,5%). The main contributor to the monthly decrease of 0,4% was agriculture (-0,4%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Thursday, 2 August 2018

	2 August 2018	2 July 2018	% Change
RSA White Maize per ton (Aug. 2018 contract)	R2 168,00	R2 101,00	3,19
RSA Yellow Maize per ton (Aug. 2018 contract)	R2 224,00	R2 201,00	1,04
RSA Wheat per ton (Aug 2018 contract)	R4 136,00	R4 021,00	2,86
RSA Sunflower seed per ton (Aug. 2018 contract)	R4 790,00	R4 847,00	-1,18
RSA Soya-beans per ton (Aug. 2018 contract)	R4 370,00	R4 388,00	-0,41
Exchange rate R/$	R13,44	R13,80	-2,61

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- June 2018 tractor sales of 569 units were almost 19% higher than the 479 units sold in June 2017. On a year-to-date basis, tractor sales for the first five months of the year are almost 12% up on what they were this time last year. June 2018 combine harvester sales of 25 units were five units more than the 20 units sold in June 2017. On a year-to-date basis combine harvester sales are now approximately 5% down on last year.
- Tractor sales remain very buoyant, in a market which has become even more competitive. Overall crop prospects are good, with the largest ever soya bean crop of over 1.5 million tons now expected. Harvesting of maize is proceeding apace. Despite the recent weakening of the rand, crop prices remain depressed and this is affecting many farmers' cash flow.
- With these higher levels of tractor sales in recent months, industry forecasts are now running at a level of between 6 500 to 6 750 units, marginally up on 2017 sales.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year June 2018	Year-on-year June 2017	Percentage Change %	Year-to-date June 2018	Year-to-date June 2017	Percentage Change %
Tractors	569	479	18,79	3 405	3 042	11,93
Combine harvesters	25	20	25,00	124	131	-5,34

Source: SAAMA press release, July 2018

PLEASE NOTE: The Food Security Bulletin for August 2018 will be released on **7 September 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)
- 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