MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2019

Issued: 5 August 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During July 2019, significant rainfall events were limited to much of the Western Cape, western parts of the Northern Cape and south-western areas of the Eastern Cape.**
- **The preliminary area estimate for wheat is 536 950 ha, which is 6,7% more than the 503 350 ha planted for the previous season.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 580 634 tons, which includes imports of 1,4 million tons. It is also 19,5% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 10,979 million tons, which is 12,2% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,594 million tons, which is 40,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 61 460 tons, which is 18,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 88 105 tons, which is 26,7% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 233 386 tons, which is 53,5% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in June 2019 was unchanged at 4,5%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 5,8% in June 2019.**
- **June 2019 tractor sales of 373 units were significantly less (35%) than the 576 units sold in June 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for July 2019

During July 2019, significant rainfall events were limited to much of the Western Cape, western parts of the Northern Cape and south-western areas of the Eastern Cape (**Figure 1**). Comparing rainfall totals to the long term average for July 2019, near-normal rainfall was received over most parts of the Western Cape, the western parts of the Northern Cape and south-western areas of the Eastern Cape (**Figure 2**). The remainder of the country received below-normal rainfall.

Figure 1: Rainfall(mm) for July 2019

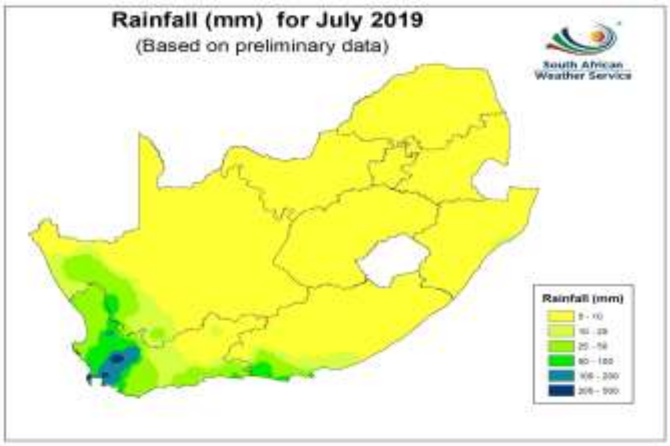
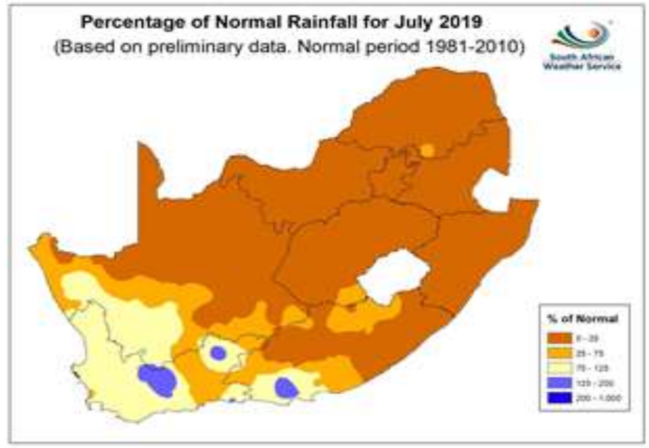


Figure 2: Percentage rainfall for July 2019



According to the latest Seasonal Climate Watch of the SA Weather Services, there is an indication of above-normal rainfall conditions during early-spring (Aug-Sep-Oct) for parts of the winter-rainfall region. However, below-normal rainfall is expected over parts of the south coast throughout early-, mid- (Sep-Oct-Nov) and late-spring (Oct-Nov-Dec). The eastern coastal areas are expected to receive above-normal rainfall during late-spring. Forecasts for the central interior indicate a higher chance of increased rainfall intensity (>15mm per rainfall day) during mid-spring. With regards to temperatures, mostly higher than normal temperatures are expected for the northern most parts of the country from early- through mid- to late-spring.

1.2 Level of dams

Available information on the level of South Africa's dams on 29 July 2019 indicates that the country has approximately 70% of its full supply capacity (FSC) available, which is 8% less than the corresponding period in 2018. The dam levels in the Western Cape Province show an improvement of 2% compared to 2018. The remaining eight provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease indicated in the Limpopo Province with -13%, followed by Mpumalanga with -10%.

The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 29 July 2019

Province	Net FSC million cubic meters	**29/7/2019 (%)**	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 807	**57**	61	-4,0
Free State	15 653	**85**	93	-8,0
Gauteng	128	**93**	100	-7,0
KwaZulu-Natal	4 802	**61**	63	-2,0
Lesotho	2 363	**26**	46	-20,0
Limpopo	1 522	**59**	72	-13,0
Mpumalanga	2 539	**69**	79	-10,0
North West	868	**65**	70	-5,0
Northern Cape	147	**82**	90	-8,0
Western Cape	1 866	**53**	51	2
Total	**31 695**	**70**	**78**	**-8,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and sixth production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 25 July 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 6th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**6th forecast 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**1 298 400**	**5 572 240**	1 268 100	6 540 000	-14,80
Yellow maize	**1 002 100**	**5 406 620**	1 050 750	5 970 000	-9,44
Total Maize	**2 300 500**	**10 978 860**	2 318 850	12 510 000	-12,24
Sunflower seed	**515 350**	**655 640**	601 500	862 000	-23,94
Soybeans	**730 500**	**1 170 345**	787 200	1 540 000	-24,00
Groundnuts	**20 050**	**18 880**	56 300	57 000	-66,88
Sorghum	**50 500**	**153 950**	28 800	115 000	33,87
Dry beans	**59 300**	**66 355**	53 360	69 360	-4,33
Total	**3 676 200**	**13 044 030**	3 846 010	15 153 360	-13,92

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

- The area estimate for maize is 2 300 500 ha, which is 0,79% or 18 350 ha less than the 2 318 850 ha planted for the previous season. The size of the expected **commercial maize** crop has been set at 10 978 860 tons, which is 12,24% or 1 531 140 tons less than the previous season of 12 510 000 tons. The expected yield is 4,77 t/ha.
- The area estimate for white maize is 1 298 400 ha, which represents an increase of 2,39% or 30 300 ha compared to the 1 268 100 ha planted last season. The production forecast of **white maize** is 5 572 240 tons, which is 14,80% or 967 760 tons less than the 6 540 000 tons of last season. The yield for white maize is 4,29 t/ha.
- In the case of yellow maize, the area estimate is 1 002 100 ha, which is 4,63% or 48 650 ha less than the 1 050 750 ha planted last season. In production forecast of **yellow maize** is 5 406 620 tons, which is 9,44% or 563 380 tons less than the 5 970 000 tons of the previous season. The yield for yellow maize is 5,40 t/ha.
- The area estimate for sunflower seed is 515 350 ha, which is 14,32% or 86 150 ha less than the 601 500 ha planted the previous season. The production forecast for **sunflower seed** is 655 640 tons, which is 23,94% or 206 360 tons less than the 862 000 tons of the previous season. The expected yield is 1,27 t/ha.
- It is estimated that 730 500 ha have been planted to soybeans, which represents a decrease of 7,20% or 56 700 ha compared to the 787 200 ha planted last season. The production forecast for **soybeans** is 1 1170 345 tons, which is 24,00% or 369 655 tons less than the previous season of 1 540 000 tons. The expected yield is 1,60 t/ha.
- For groundnuts, the area estimate is 20 050 ha, which is 64,39% or 36 250 ha less than the 56 300 ha planted for the previous season. The expected **groundnut** crop decreased by 66,88% or 36 120 tons, from 57 000 tons to 18 880 tons. The expected yield is 0,94 t/ha.
- The area estimate for sorghum increased by 75,35% or 21 700 ha, from 28 800 ha to 50 500 ha against the previous season. The production forecast for **sorghum** increased by 33,87% or 38 950 tons, from 115 000 tons to 153 950 tons. The expected yield is 3,05 t/ha.
- For dry beans, the area estimate is 59 300 ha, which is 11,13% or 5 940 ha more than the 53 360 ha planted for the previous season. In the case of **dry beans**, the production forecast has been adjusted downwards with 4,33% or 3 005 tons – from 69 360 tons to 66 355 tons. The expected yield of 1,12 t/ha.

Please note that the seventh production forecast for summer field crops for 2019 will be released on 27 August 2019.

2.2 Winter cereal crops

The preliminary area planted estimate of winter grains for the 2019 season was also released by the Crop Estimates Committee (CEC) on 25 July 2019, and is as follows:

Table 3: Commercial winter crops: Preliminary area planted estimate - 2019 season

CROP	**Area planted 2019 Ha (A)**	Intentions* Mid April 2019 Ha (B)	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (A) ÷ (C)
Wheat	**536 950**	513 450	503 350	1 868 000	6,68
Malting barley	**120 500**	118 500	119 000	421 500	1,26
Canola	**74 000**	80 000	77 000	104 500	-3,90
Cereal oats	**22 000**	N/A	19 235	32 700	14,37

* Intentions based on conditions at the middle of April 2019

- The preliminary area estimate for **wheat** is 536 950 ha, which is 6,68% or 33 600 ha more than the 503 350 ha planted for the previous season.
- An estimated 324 000 ha is planted in the Western Cape, which is 6 000 ha more than the 318 000 ha planted for the previous season. In the Free State, 125 000 ha is planted, which is 25 000 ha more than the 100 000 ha planted for the previous season. The area planted in the Northern Cape is 36 000 ha, which is 2 000 ha less than the previous season.
- The preliminary area estimate for **malting barley** is 120 500 ha, which is 1,26% or 1 500 ha more than the 119 000 ha of last season.
- The area planted to **canola** is 74 000 ha, which is 3,90% or 3 000 ha less than the 77 000 ha planted for the previous season.
- Following a request from industry, it was decided to incorporate **oats** (for cereals) in future estimates. The preliminary area estimate for oats for the 2019 season is 22 000 ha.

Please note that the revised area planted estimate and first production forecast for winter cereals for 2019 will be released on 27 August 2019.

2.3 Non-commercial maize

The non-commercial agricultural sectors' production estimate for maize for the 2019 season was released by the Crop Estimates Committee (CEC) on 28 May 2019, and is as follows:

Table 4: Non-commercial maize – Preliminary area planted and production estimate – 2019 season

CROP	**Area planted 2019 Ha (A)**	**Production 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**221 300**	**379 460**	236 644	414 162	-8,38
Yellow maize	**74 700**	**169 720**	78 191	179 813	-5,61
Maize	**296 000**	**549 180**	314 835	593 975	-7,54

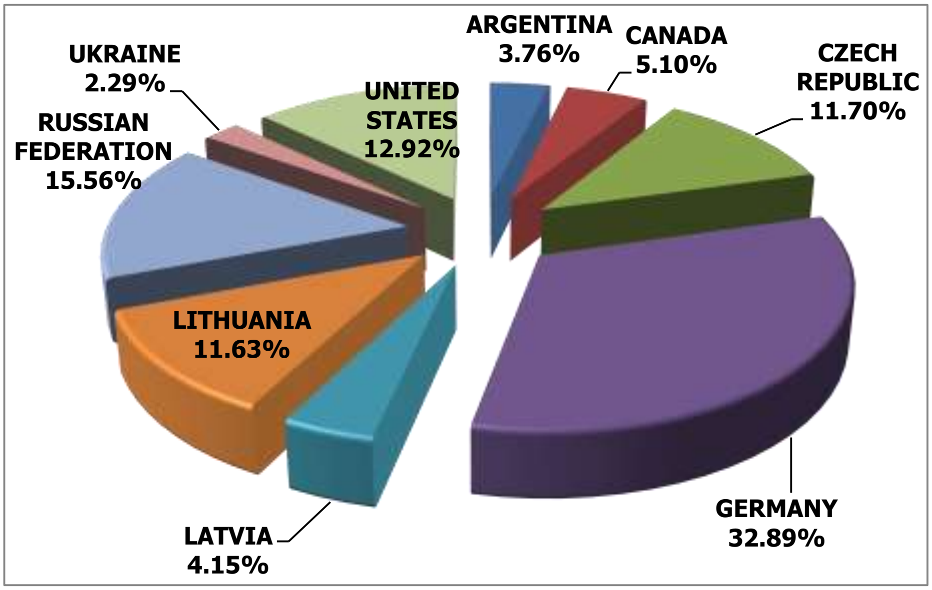
- The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. It is important to note that about 43% of the maize produced in the non-commercial sector, is planted in the Eastern Cape, followed by KwaZulu-Natal with 27%.

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 JULY19 Annexure A.

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

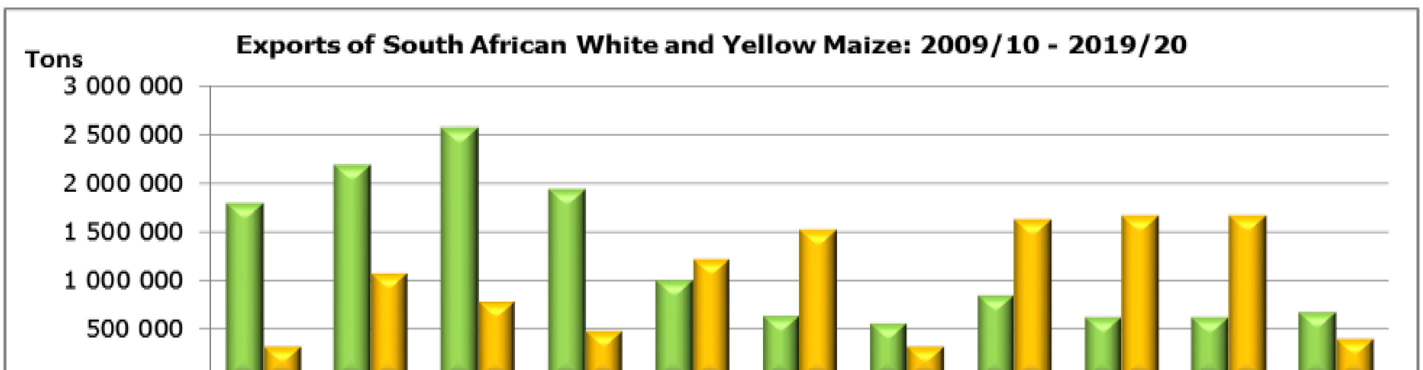
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 26 July 2019) amount to 945 668 tons, with 32,89% or 311 032 tons imported from the Germany, 15,56% or 147 186 tons from the Russian Federation, 12,92% or 122 157 tons from the Unite States, 11,70% or 110 602 tons from the Czech Republic, 11,63% or 109 980 tons from Lithuania, 5,10% or 48 236 tons from Canada, 4,15% or 39 270 tons from Latvia, 3,76% or 35 519 tons from Argentina and only 2,29% or 21 686 tons from the Ukraine. The exports of wheat for the above-mentioned period amount to 89 288 tons, of which 56,30% or 50 269 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)), 21,35% or 19 063 tons to Zambia, 20,56% or 18 362 tons to Zimbabwe and 1,79% or 1 594 tons to Mozambique.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2009/10 to 2019/20 marketing year

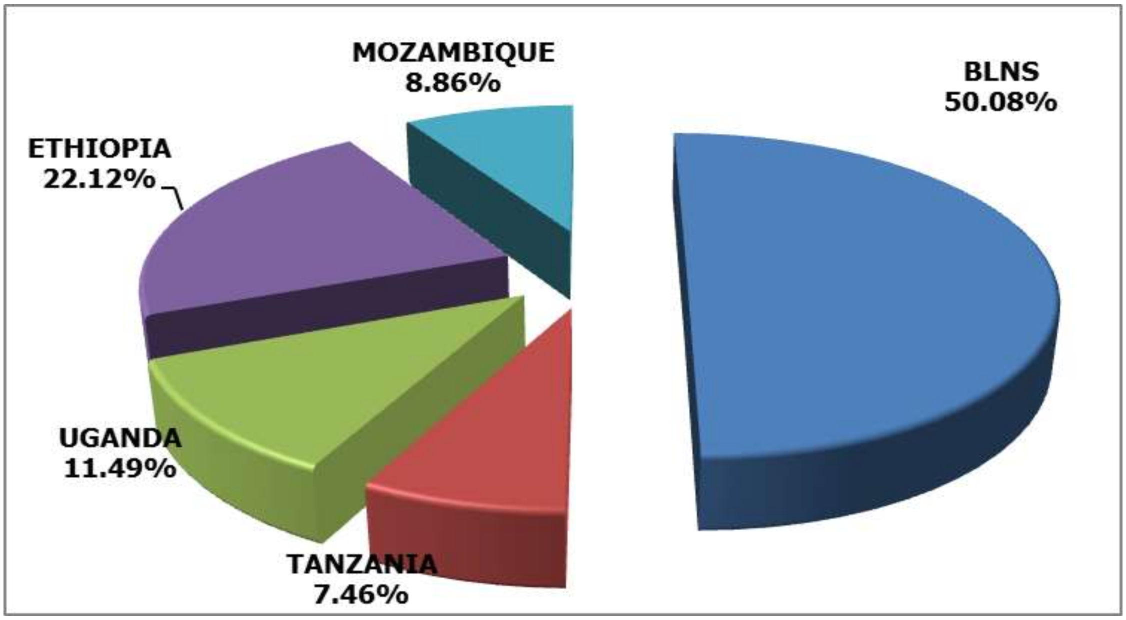


	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*
White maize	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	676 000
Yellow maize	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	400 000

*Projection

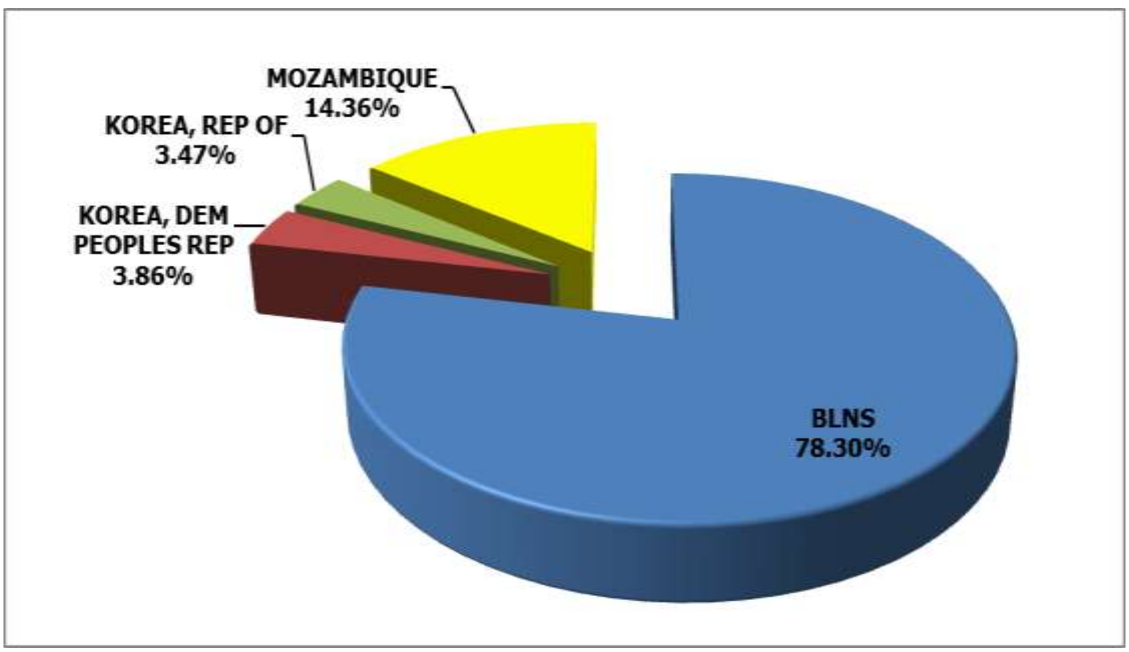
- The exports of white maize for the 2019/20 marketing year are projected at 676 000 tons, which represents an increase of 9,62% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 400 000 tons, which represents a decrease of 76,01% compared to the 1,667 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2019/20 marketing year



- From 27 April to 26 July 2019, progressive white maize exports amount to 174 076 tons, with the main destinations being the BLNS Countries (50,08% or 87 170 tons), followed by Ethiopia (22,12% or 38 500 tons), Uganda (11,49% or 20 000 tons), Mozambique (8,86% or 15 424 tons) and Tanzania (7,46% or 12 982 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2019/20 marketing year



- From 27 April to 26 July 2019, progressive yellow maize exports amount to 77 508 tons, with the main destinations being the BLNS Countries (78,30% or 60 691 tons), followed by Mozambique (14,36% or 11 133 tons), Democratic Peoples Republic of Korea (3,86% or 2 991 tons) and Republic of Korea (3,47% or 2 693 tons). The imports of yellow maize for the mentioned period amount to 131 399 tons of which 100% were from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,5% in June 2019, unchanged from May 2019. The consumer price index increased by 0,4% month-on-month in June 2019.
- The main contributors to the 4,5% annual inflation rate were as follows:
  - Food and non-alcoholic beverages increased by 3,7% year-on-year, and contributed 0,6% to the total CPI annual rate of 4,5%;
  - Housing and utilities increased by 4,9% year-on-year, and contributed 1,2%;
  - Transport increased by 5,5% year-on-year (mainly due to fuel), and contributed 0,8%; and
  - Miscellaneous goods and services increased by 5,4% year-on-year, and contributed 0,9%.
- The main contributors to the monthly increase in the CPI were food and non-alcoholic beverages, which increased by 0,5% month-on-month and contributed 0,1% to the total month-on-month increase of 0,4%, as well as housing and utilities, which increased by 0,6% month-on-month and contributed 0,2%, and transport, which increased by 0,3% month-on-month and contributed 0,1%.
- The annual inflation rates for goods and for services were 4,0% and 4,8% respectively. Provincial annual inflation rates ranged from 3,9% in Eastern Cape, Free State and North West to 5,3% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 5,8% in June 2019, down from 6,4% in May 2019. The producer price index increased by 0,4% month-on-month in June 2019.
- The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and plastic products, as well as and food products, beverages and tobacco products. Coke, petroleum, chemical, rubber and plastic products increased by 8,3% year-on-year, and contributed 1,9% to the PPI headline annual rate of 5,8%. Food products, beverages and tobacco products increased by 4,8% year-on-year, and contributed 1,6%.
- The contributors to the headline PPI monthly rate were coke, petroleum, chemical, rubber and plastic products, which increased by 0,7% month-on-month and contributed 0,2% to the total month-on-month increase of 0,4%, as well as and food products, beverages and tobacco products, which increased by 0,5% month-on-month and contributed 0,2%.
- The annual percentage change in the PPI for intermediate manufactured goods was 4,5% in June 2019 (compared with 6,4% in May 2019). The index increased by 0,4% month-on-month. The main contributors to the annual rate were chemicals, rubber and plastic products (1,8%), as well as basic and fabricated metals (1,2%). The main contributor to the monthly rate was recycling and manufacturing n.e.c. (0,3%).
- The annual percentage change in the PPI for electricity and water was 9,3% in June 2019 (compared with 9,8% in May 2019). The index increased by 32,6% month-on-month. Electricity contributed 8,2% to the annual rate, and water contributed 1,1%. Electricity contributed 32,6% to the monthly rate.
- The annual percentage change in the PPI for mining was 14,6% in June 2019 (compared with 18,1% in May 2019). The index increased by 1,3% month-on-month. The main contributors to the annual rate were gold and other metal ores (9,4%), as well as non-ferrous metal ores (6,1%). The main contributor to the monthly rate was gold and other metal ores (2,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,9% in June 2019 (compared with -3,0% in May 2019). The index increased by 0,7% month-on-month. The main contributor to the annual rate was agriculture (-3,1%). The contributors to the monthly rate were agriculture (0,5%) and fishing (0,2%).

4.3 Future contract prices

Table 5: Closing prices on Friday, 2 August 2019

	2 August 2019	2 July 2019	% Change
RSA White Maize per ton (Aug. 2019 contract)	R2 879,00	R2 880,00	-0,03
RSA Yellow Maize per ton (Aug. 2019 contract)	R2 754,00	R2 804,00	1,78
RSA Wheat per ton (Aug. 2019 contract)	R4 460,00	R4 505,00	-1,00
RSA Sunflower seed per ton (Aug. 2019 contract)	R5 162,00	R5 311,00	-2,81
RSA Soya-beans per ton (Aug. 2019 contract)	R5 420,00	R5 410,00	0,18
Exchange rate R/$	R14,68	R14,15	3,75

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R957,95 per tonne that triggered on 14 May 2019 was published in a Government Gazette on 13 June 2019, making it an official rate. However, a new higher rate of R664,70 per tonne was triggered on 11 June 2019. The newly triggered rate will only be applicable after its publication on the Government Gazette. The timeframe for this process is unclear, but previous adjustments took more than three weeks.

4.4 Agricultural machinery sales

- June 2019 tractor sales of 373 units were significantly less (35%) than the 576 units sold in June 2018. Year-to-date sales for the first six months of 2019 are also significantly (21%) lower than 2018. On a rolling 12-month basis tractor sales are now 12% down on last year. June 2019 combine harvester sales of 20 units were five less than the 25 units sold in June 2018. Year-to-date combine harvester sales are now almost 11% down on last year. On a rolling 12-month basis combine harvester sales are now 1% down on last year.
- Most of the summer crops in the east of the country have been harvested and some good yields are being reported. In the west, however, harvesting has been delayed and farmers are still unsure of their crop prospects. Market sentiment is quite negative at the moment on political matters, but it is probably the poor cash flow situation of farmers which is currently holding back sales of agricultural machinery.
- The latest indications are that tractor sales in the 2019 calendar year will be at a level between 15 and 20% below the 6 700 units sold last year.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	June			June		
Equipment class	**2019**	**2018**		**2019**	**2018**	
Tractors	373	576	-35,24	2 683	3 412	-21,37
Combine harvesters	20	25	-20,00	111	124	-10,48

Source: SAAMA press release, July 2019

PLEASE NOTE: The Food Security Bulletin for August 2019 will be released on **4 September 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
- BVG Commodities (Pty) Limited
- Department of Water and Sanitation
- 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
- Weekly Price Watch, DAFF