MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JUNE 2014

Issued: 3 July 2014

Directorate: Statistics and Economic Analysis

Highlights:

- **During June 2014, significant rainfall events were limited to the western parts of the Western Cape Province.**
- **The projected closing stocks of wheat for the current 2013/14 marketing year are 528 743 tons, which includes imports of 1,650 million tons. It is also 8,1% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2014 is 13,890 million tons, which is 17,6% more than the 11,811 million tons of the previous season.**
- **Projected closing stocks of maize for the previous 2013/14 marketing year were 589 028 tons, which was 58,4% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 1,916 million tons, which is considerably more (225,3%) than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the previous 2013/14 marketing year were 50 069 tons, which was 10,6% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 81 189 tons, which is 62,2% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in May 2014 was higher at 6,6%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 8,7% in May 2014.**

agriculture, forestry & fisheries

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1. Weather conditions

Rainfall for June 2014

During June 2014, significant rainfall events were limited to the western parts of the Western Cape Province **(Figure 1)**. Comparing rainfall totals to the long term average for June 2014, the rainfall was normal to below-normal over most parts of the country and above-normal over the western coastal regions **(Figure 2)**.

Figure 1: Rainfall (mm) for June 2014

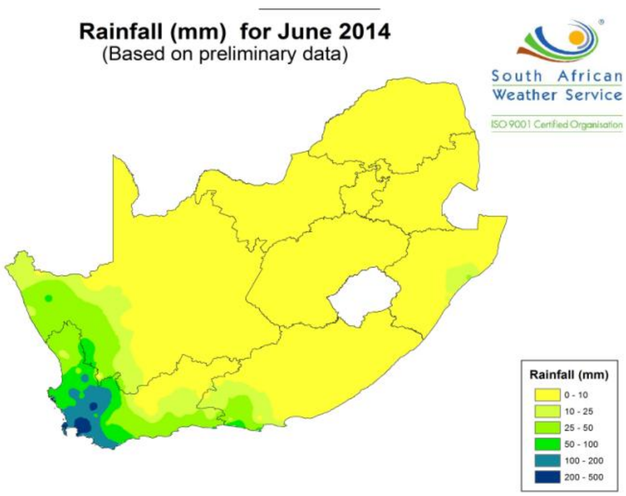
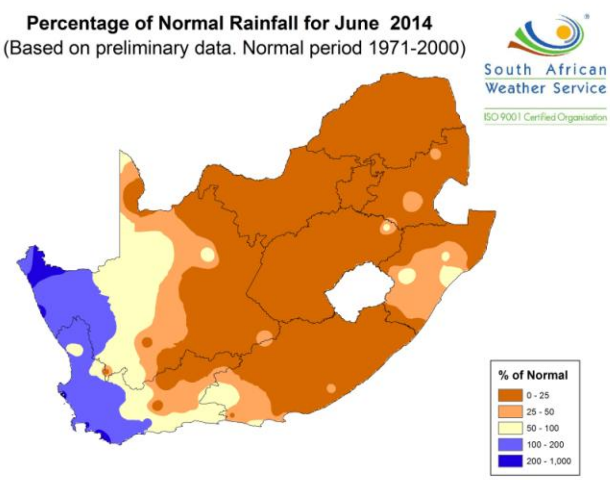


Figure 2: Percentage rainfall for June 2014



1.1 Level of dams

Available information on the level of South Africa's dams on 30 June 2014 indicates that the country has approximately 88% of its full supply capacity (FSC) available, 4% more than the corresponding period in 2013. Most of the provinces show an improvement in the full supply capacity of dams especially in the Gauteng (98%), Northern Cape (98%), Mpumalanga (94%) and Limpopo (93%) provinces. However, KwaZulu-Natal still shows a decrease of 3% compared to the same period in 2013. The provincial distribution of South Africa's water supply is contained in **Table 1** below, including Lesotho and it is interesting to note that there is no change in the full supply capacity of dams thereof.

Table 1: Level of dams, 30 June 2014

Province	Net FSC million cubic meters	**30/6/2014 (%)**	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 814	**81**	79	2,0
Free State	15 971	**91**	85	6,0
Gauteng	115	**98**	81	17,0
KwaZulu-Natal	4 669	**84**	87	-3,0
Lesotho	2 376	**74**	74	0,0
Limpopo	1 159	**93**	90	3,0
Mpumalanga	2 520	**94**	89	5,0
North West	802	**79**	69	10,0
Northern Cape	146	**98**	83	15,0
Western Cape	1 854	**88**	77	11,0
Total	31 426	**88**	84	4,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The fifth production forecast for summer crops for 2014 was released by the Crop Estimates Committee (CEC) on 26 June 2014, and is as follows:

Table 2: Commercial summer crops: Area planted and fifth production forecast - 2014 season

CROP	**Area planted 2014 Ha (A)**	**5th forecast 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	**1 551 200**	**7 697 350**	1 617 200	5 606 800	37,29
Yellow maize	**1 137 000**	**6 192 800**	1 164 000	6 203 800	-0,18
Maize	**2 688 200**	**13 890 150**	2 781 200	11 810 600	17,61
Sunflower seed	**598 950**	**853 325**	504 700	557 000	53,20
Soya-beans	**502 900**	**944 340**	516 500	784 500	20,38
Groundnuts	**52 125**	**89 640**	46 900	41 500	116,0
Sorghum	**78 850**	**233 220**	62 620	147 200	58,44
Dry beans	**55 820**	**89 018**	43 550	60 200	47,87
TOTAL	**3 976 845**	**16 099 693**	3 955 470	13 401 000	20,14

Note: Estimate is for calendar year, e.g. production season 2013/14 = 2014

- The size of the expected commercial **maize** crop has been set at 13,890 million tons, which is 17,61% or 2,080 million tons higher than the previous season of 11,811 million tons. The area estimate for maize remained unchanged at 2,688 million ha, while the expected yield is 5,17 t/ha.
- The area estimate for white maize is 1,551 million ha and for yellow maize the area estimate is 1,137 million ha.
- The production forecast of **white maize** is 7,697 million tons, which is 37,29% or 2,091 million tons more than the 5,607 million tons of the previous season. The yield for white maize is 4,96 t/ha. In the case of **yellow maize** the production forecast is 6,193 million tons, which is 0,18% or 11 000 tons less than the 6,204 million tons of the previous season. The yield for yellow maize is 5,45 t/ha.
- The production forecast for **sunflower seed** is 853 325 tons, an increase of 53,20% compared to the 557 000 tons of the previous season. The area estimate for sunflower seed is 598 950 ha, with an expected yield of 1,42 t/ha.
- The production forecast for **soya-beans** is 944 340 which is 20,38% more than the 784 500 tons of the previous season. The area estimate is 502 900 ha, and the expected yield is 1,88 t/ha.
- The expected **groundnut** crop was increased by 116,00% to 89 640 tons, as compared to the 41 500 tons of the previous season. For groundnuts, the area estimate is 52 125 ha, with an expected yield of 1,72 t/ha.
- The production forecast for **sorghum** is 233 220 tons, which is 58,44% more than the 147 200 tons of the previous season. The area estimate for sorghum is 78 850 ha, and the expected yield is 2,96 t/ha.
- In the case of **dry beans**, the production forecast is 89 018 tons, which is 47,87% more than the 60 200 tons of the previous season. The area estimate of dry beans is 55 820 ha, and the expected yield is 1,59 t/ha.

Please note that the sixth production forecast for summer field crops for 2014, will be released on 29 July 2014.

2.2 Winter cereal crops

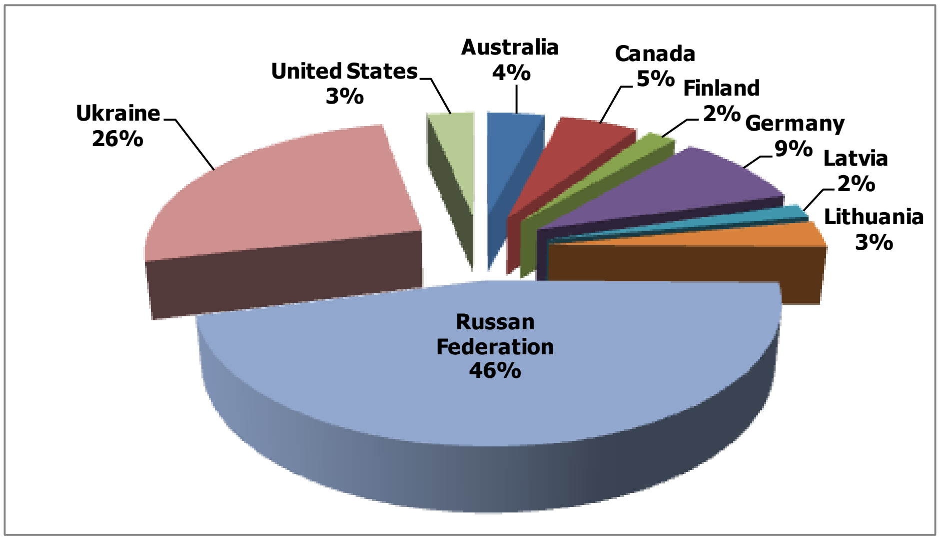
Please note that the preliminary area estimate of winter crops for 2014 will be released on 29 July 2014.

3. Cereal balance sheets

For the latest Cereal balance sheets (supply and demand tables) on maize, wheat and sorghum, please refer to the attachment called FSB June14 Annexure A.

3.1 Imports and exports of wheat for the 2013/14 marketing year

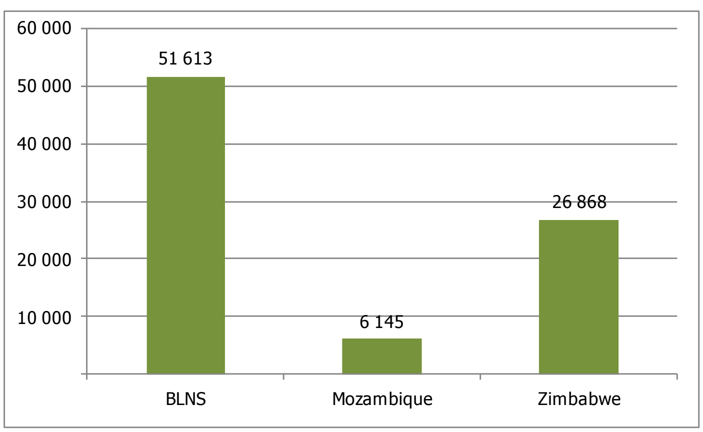
Graph 1: Major countries of wheat imports for South Africa: 2013/14 marketing year



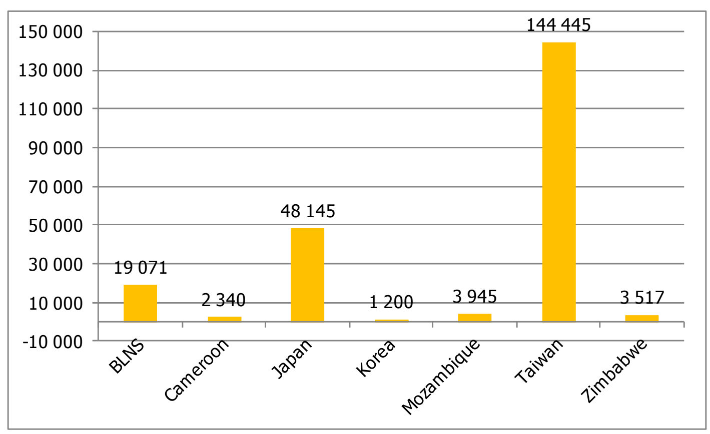
- The progressive wheat imports from 28 September 2013 to 27 June 2014, amount to 1,275 million tons, with the largest quantity (46% or 584 610 tons) imported from the Russian Federation followed by Ukraine (26% or 327 820 tons), and Germany (9% or 114 581 tons). The exports of wheat for the mentioned period amount to 185 663 tons, of which 78% or 144 836 tons were exported to the BLNS countries.

3.2 Exports of white and yellow maize for the 2014/15 marketing year

Graph 2: Major countries of white maize exports



Graph 3: Major countries of yellow maize exports



- From 26 April to 27 June 2014, progressive white maize exports amount to 84 626 tons, with the main destinations being the BLNS countries (61% or 51 613 tons) and Zimbabwe (32% or 26 868 tons). No imports were reported for the mentioned period.

- From 26 April to 27 June 2014, progressive yellow maize exports amount to 222 663 tons, with the main destinations being Taiwan (65% or 144 445 tons) and Japan (22% or 48 145 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in May 2014 was 6,6%. This rate was 0,5% higher than the corresponding annual rate of 6,1% in April 2014. On average, prices increased by 0,2% between April 2014 and May 2014.
- The food and non-alcoholic beverages index increased by 0,9% between April 2014 and May 2014. The annual rate increased to 8,8% in May 2014 from 7,8% in April 2014. The following components in the food and non-alcoholic beverages index increased: Vegetables (2,3%), milk, eggs and cheese (1,3%), meat (1,0%), cold beverages (0,9%), fish (0,8%), other food (0,7%), bread and cereals (0,5%), sugar, sweets and desserts (0,5%) and hot beverages (0,4%). The following components decreased: Oils and fats (-1,6%) and fruit (-0,3%).
- The transport index decreased by 0,1% between April 2014 and May 2014, mainly due to a 15c/litre decrease in the price of petrol. The annual rate increased to 8,9% in May 2014 from 6,8% in April 2014.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (6,6%), Free State (6,6%), Gauteng (6,6%), Mpumalanga (6,5%), Northern Cape (6,4%) and North West (6,4%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (7,8%), KwaZulu-Natal (7,1%) and Eastern Cape (7,0%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 8,7% in May 2014 (compared with 8,8% in April 2014). From April 2014 to May 2014 the PPI for final manufactured goods increased by 0,2%.
- The main contributors to the annual rate of 8,7% were food products, beverages and tobacco products (7,8% year-on-year and contributing 2,9%), coke, petroleum, chemical, rubber and plastic products (11,3% year-on-year and contributing 1,9%), metals, machinery, equipment and computing equipment (8,8% year-on-year and contributing 1,3%), as well as transport equipment (10,0% year-on-year and contributing 1,0%).
- The main contributors to the monthly increase of 0,2% were food products, beverages and tobacco products (0,2% month-on-month and contributing 0,1%) and metals, machinery, equipment and computing equipment (0,8% month-on- month and contributing 0,1%).
- The annual percentage change in the PPI for mining was 4,9% in May 2014 (compared with 6,6% in April 2014). From April 2014 to May 2014 the PPI for mining decreased by 0,3%. The main contributors to the annual rate of 4,9% were non-ferrous metal ores (10,0% year-on-year and contributing 4,3%), as well as coal and gas (5,6% year-on-year and contributing 1,6%). The main contributor to the monthly decrease of 0,3% was gold and other metal ores (-1,9% month-on-month and contributing -0,4%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 6,7% in May 2014 (compared with 7,6% in April 2014). From April 2014 to May 2014 the PPI for agriculture, forestry and fishing decreased by 1,0%. The main contributor to the annual rate of 6,7% was agriculture (6,7% year-on-year and contributing 5,3%). The main contributor to the monthly decrease of 1,0% was agriculture (-1,4% month-on-month and contributing -1,1%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Wednesday, 2 July 2014

	2 July 2014	2 June 2014	% Change
RSA White Maize per ton (July 2014 contract)	R1 763,00	R1 824,00	-3,34
RSA Yellow Maize per ton (July 2014 contract)	R1 859,00	R1 953,00	-4,81
RSA Wheat per ton (July 2014 contract)	R3 765,00	R3 863,00	-2,54
RSA Sunflower seed per ton (July 2014 contract)	R4 740,00	R4 715,00	0,53
RSA Soya-beans per ton (July 2014 contract)	R5 305,00	R5 660,00	-6,27
Exchange rate R/$	R10,75	R10,59	1,51

Source: JSE/SAFEX

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