MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JUNE 2015

Issued: 7 July 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During June 2015, significant rainfall events were limited to the winter rainfall regions, as well as the coastal areas of the Eastern Cape Province.**
- **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 1,326 million tons, which is 36,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 38 762 tons, which is 68,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 87 527 tons, which is 5,8% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 144 504 tons, which is 126,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in May 2015 was higher at 4,6%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 3,6% in May 2015.**
- **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 June 2015

During June 2015, significant rainfall events were limited to the winter rainfall regions, as well as the coastal areas of the Eastern Cape Province (**Figure 1**). Comparing the rainfall totals to the long term average for June 2015, the rainfall experienced was above-normal over most of the western and central parts of the country but below-normal elsewhere (**Figure 2**).

Figure 1: Rainfall in mm for June 2015

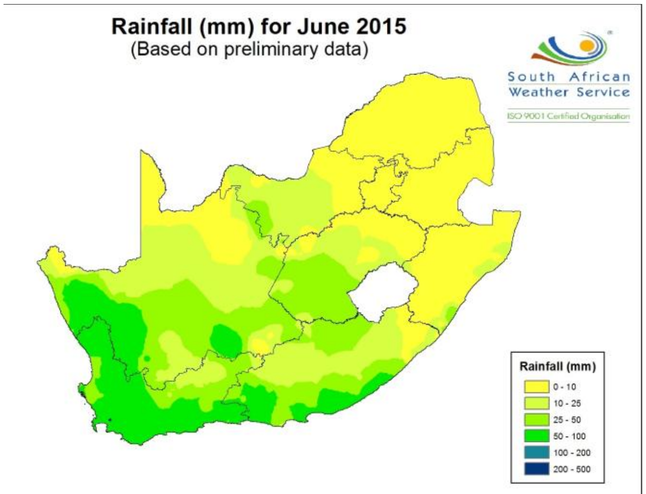
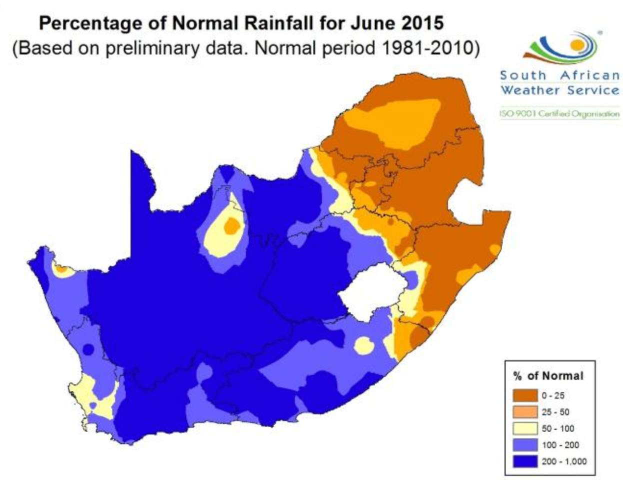


Figure 2: Percentage rainfall for June 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 29 June 2015 indicates that the country has approximately 75% 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 39% less of its full supply capacity compared to 2014. All of the provinces 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, 29 June 2015

Province	Net FSC million cubic meters	**29/06/2015 (%)**	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	78	81	-3,0
Free State	15 971	79	91	-12,0
Gauteng	115	91	98	-7,0
KwaZulu-Natal	4 669	67	84	-17,0
Lesotho	2 376	69	70	-1,0
Limpopo	1 508	82	90	-8,0
Mpumalanga	2 520	83	94	-11,0
North West	802	63	79	-16,0
Northern Cape	146	82	98	-16,0
Western Cape	1 853	49	88	-39,0
Total	**31 786**	**75**	**87**	**-12,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The area planted and fifth production forecast for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 30 June 2015, and is as follows:

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

CROP	**Area planted 2015 Ha (A)**	**5th 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**	**612 400**	598 950	832 000	-26,39
Soybeans	**687 300**	**1 008 100**	502 900	948 000	6,34
Groundnuts	**58 000**	**62 855**	52 125	74 500	-15,63
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**	**11 626 745**	3 976 845	16 451 630	-29,33

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** remained unchanged at 612 400 tons, which is 26,39% or 219 600 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 1,06 t/ha against the 1,39 t/ha of the previous season.
- The production forecast for **soybeans** is 1,008 million tons, which is 6,34% or 60 100 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 1,47 t/ha against the 1,89 t/ha of the previous season.
- The expected **groundnuts** crop is 62 855 tons – which is 15,63% or 11 645 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 1,08 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 adjusted to 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 sixth production forecast for summer field crops for 2015 will be released on 28 July 2015.

2.2 Winter cereal crops

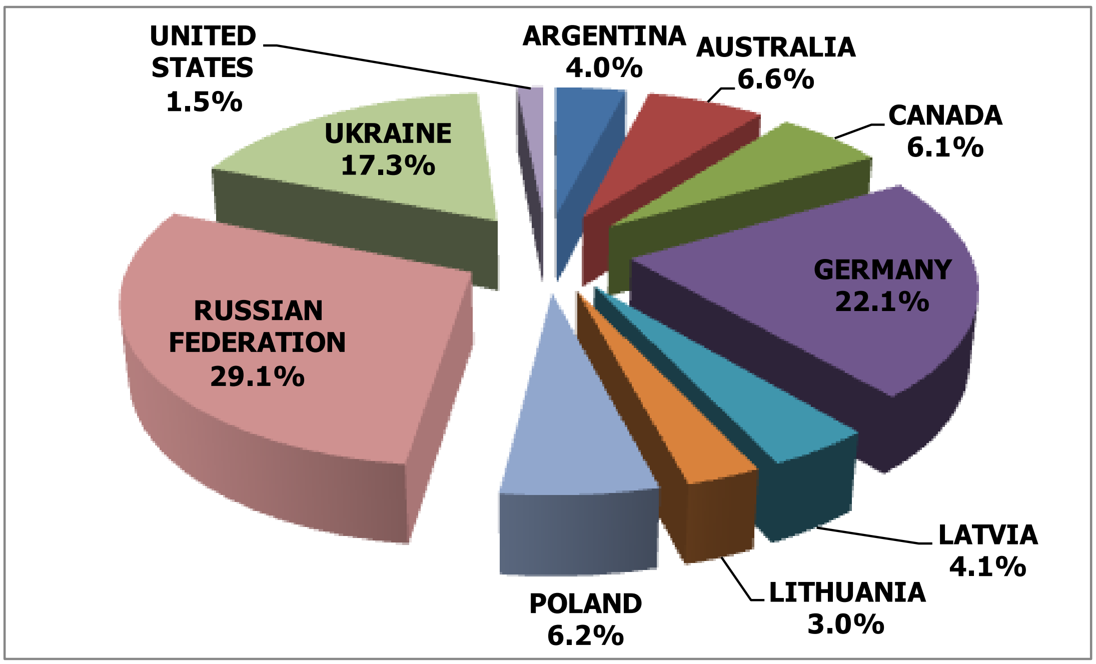
Please note that the preliminary area estimate of winter cereal crops for 2015 will be released on 28 July 2015.

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 June15 Annexure A.

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

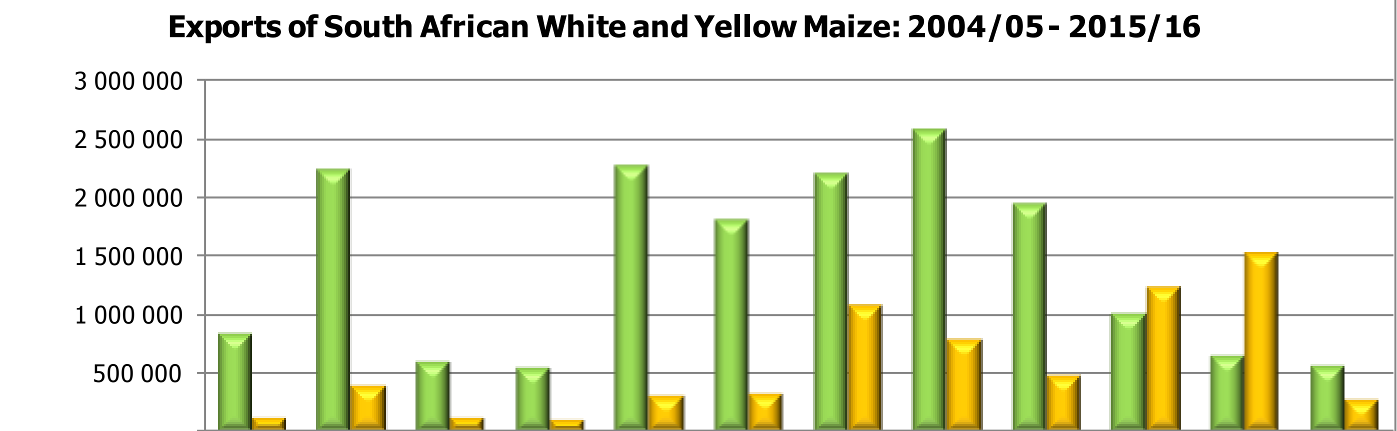
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 3 July 2015, amount to 1,483 million tons, with the largest quantity (29,1% or 431 694 tons) imported from the Russian Federation followed by Germany (22,1% or 327 915 tons), Ukraine (17,3% or 257 195 tons), Australia (6,6% or 98 457 tons), Poland (6,2% or 91 483 tons) and Canada (6,1% or 90 173 tons). The exports of wheat for the mentioned period amount to 227 284 tons, of which 51,1% or 116 206 tons were exported to the BLNS countries, 32,3% or 73 503 tons to Zimbabwe and 16,5% or 37 519 tons to Zambia.

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 3 July 2015, progressive white maize exports amount to 72 682 tons, with the main destinations being Botswana (40,5% or 29 445 tons), Namibia (26,2% or 19 017 tons), Mozambique (17,5% or 12 731 tons), Lesotho (12,4% or 9 031 tons) and Swaziland (3,4% or 2 458 tons). The imports of white maize for the mentioned period amount to 262 tons, of which 100% were imported from Zambia.
- From 25 April to 3 July 2015, progressive yellow maize exports amount to 29 971 tons, with the main destinations being the BLNS Countries (77,5% or 23 238 tons), Mozambique (22,1% or 6 636 tons) and Zimbabwe (0,3% or 97 tons). The imports of yellow maize for the mentioned period amount to 79 851 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 May 2015 was 4,6%. This rate was 0,1% higher than the corresponding annual rate of 4,5% in April 2015. On average, prices increased by 0,3% between April 2015 and May 2015.
- The food and non-alcoholic beverages index increased by 0,6% between April 2015 and May 2015. The annual rate decreased to 4,7% in May 2015 from 5,0% in April 2015. The following components in the food and non-alcoholic beverages index increased: Fish (2,6%), bread and cereals (1,9%), other food (1,7%), sugar, sweets and desserts (1,3%), oils and fats (1,2%), cold beverages (0,9%), milk, eggs and cheese (0,7%) and hot beverages (0,1%). The following components decreased: Fruit (-4,6%) and vegetables (-1,4%).
- The transport index increased by 0,3% between April 2015 and May 2015. The annual rate increased to -0,7% in May 2015 from -1,1% in April 2015.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Gauteng (4,6%), North West (4,5%), Eastern Cape (4,4%), Mpumalanga (4,2%), KwaZulu-Natal (3,7%) and Limpopo (3,4%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (5,1%), Free State (5,1%) and Northern Cape (4,8%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,6% in May 2015 (compared with 3,0% in April 2015). From April 2015 to May 2015 the PPI for final manufactured goods increased by 0,8%.
- The main contributors to the annual rate of 3,6% were food products, beverages and tobacco products (6,4% year-on-year and contributing 2,2%) and metals, machinery, equipment and computing equipment (6,6% year-on-year and contributing 1,0%). The main contributor to the monthly increase of 0,8% was food products, beverages and tobacco products (1,2% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for intermediate manufactured goods was -0,4% in May 2015 (compared with -0,2% in April 2015). From April 2015 to May 2015 the PPI for intermediate manufactured goods increased by 0,3%. The main contributors to the annual rate of -0,4% were basic and fabricated metals (-2,6% year-on-year and contributing -0,8%) and chemicals, rubber and plastic products (-2,1% year-on-year and contributing -0,6%). The main contributors to the monthly increase of 0,3% were chemicals, rubber and plastic products (0,7% month-on-month and contributing 0,2%), as well as sawmilling and wood (0,8% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for electricity and water was 9,9% in May 2015 (compared with 10,4% in April 2015). From April 2015 to May 2015 the PPI for electricity and water increased by 0,9%. The contributors to the annual rate of 9,9% were electricity (10,6% year-on-year and contributing 8,9%) and water (6,3% year-on-year and contributing 1,0%). The contributor to the monthly increase of 0,9% was electricity (1,2% month-on-month and contributing 1,0%).
- The annual percentage change in the PPI for mining was -3,8% in May 2015 (compared with -4,7% in April 2015). From April 2015 to May 2015 the PPI for mining increased by 0,7%. The main contributors to the annual rate of -3,8% were non-ferrous metal ores (-6,1% year-on-year and contributing -2,1%) and gold and other metal ores (-4,8% year-on-year and contributing -1,5%). The main contributor to the monthly increase of 0,7% was coal and gas (4,2% month-on-month and contributing 1,1%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 3,1% in May 2015 (compared with 4,5% in April 2015). From April 2015 to May 2015 the PPI for agriculture, forestry and fishing decreased by 2,3%. The main contributor to the annual rate of 3,1% was agriculture (3,7% year-on-year and contributing 3,1%). The main contributor to the monthly decrease of 2,3% was agriculture (-2,7% month-on-month and contributing -2,3%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Friday, 3 July 2015

	3 July 2015	3 June 2015	% Change
RSA White Maize per ton (July 2015 contract)	R3 071,00	R2 741,00	12,04
RSA Yellow Maize per ton (July 2015 contract)	R2 717,00	R2 408,00	12,83
RSA Wheat per ton (July 2015 contract)	R3 895,00	R3 911,00	-0,41
RSA Sunflower seed per ton (July 2015 contract)	R5 440,00	R5 175,00	5,12
RSA Soya-beans per ton (July 2015 contract)	R4 775,00	R4 796,00	-0,44
Exchange rate R/$	R12,28	R12,26	0,16

Source: JSE/SAFEX

4.4 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 8% 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	Year-to-date		Percentage
	June		Change	June		Change
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