MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JUNE 2019

Issued: 4 July 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **The projected closing stocks of wheat for the current 2018/19 marketing year are 592 334 tons, which includes imports of 1,4 million tons. It is also 17,9% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 10,933 million tons, which is 12,6% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,525 million tons, which is 42,7% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 68 660 tons, which is 32,4% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 83 105 tons, which is 30,8% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 279 536 tons, which is 44,3% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in May 2019 was higher at 4,5%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 6,4% in May 2019.**
- **May 2019 tractor sales of 364 units were significantly lower (27%) than the 501 units sold in May 2018.**

agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Makgoka
Directorate: Statistics and Economic Analysis
Tel: +27 12 319 8033/8164
Tel: +27 12 319 8031
Email:MardaS@daff.gov.za or QueenS@daff.gov.za

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1. Weather conditions

1.1 Expected rainfall for June, August, September and October 2019

According to the latest Seasonal Climate Watch of the SA Weather Services, there is still no clear indication on rainfall expectations for the winter rainfall areas during late-winter (July-August-September) (**Figure 1**). However, early spring (August-September-October) indicates favourable forecasts for above-normal rainfall (**Figure 2**). There is also an indication of drier conditions over parts of the north-eastern interior during early spring (August-September-October). Forecasts for the south-eastern coastal areas show higher chances of increased rainfall intensity (>15mm rainfall days) during early spring.

Figure 1: Expected rainfall June, Aug., Sep. 2019

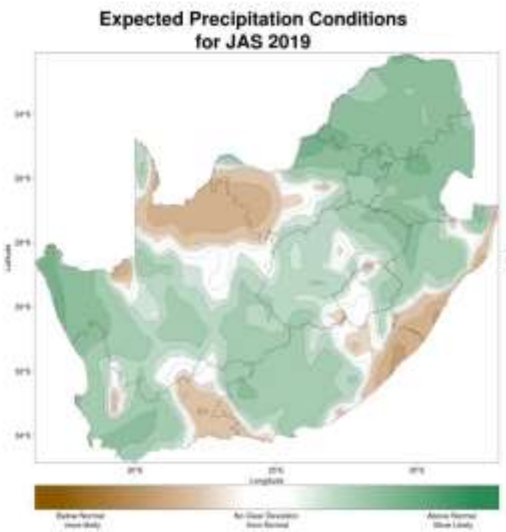
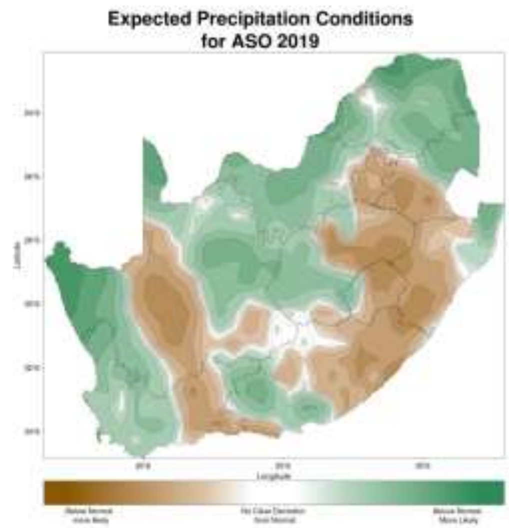


Figure 2: Expected rainfall for Aug., Sep., Oct. 2019



With regard to temperatures, mostly higher than normal temperatures are expected for the northern parts of the country; however, during early-spring, lower temperatures are expected for the southern parts of the country, returning to above-normal temperatures during spring (September-October-November).

1.2 Level of dams

Available information on the level of South Africa's dams on 1 July 2019 indicates that the country has approximately 72% of its full supply capacity (FSC) available, which is 7% less than the corresponding period in 2018. The dam levels in the Western Cape Province show no change as 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, 1 July 2019

Province	Net FSC million cubic meters	1/7/2019 (%)	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 807	**58**	63	-5,0
Free State	15 946	**87**	95	-8,0
Gauteng	128	**94**	100	-6,0
KwaZulu-Natal	4 802	**63**	65	-2,0
Lesotho	2 363	**29**	49	-20,0
Limpopo	1 522	**61**	74	-13,0
Mpumalanga	2 539	**71**	81	-10,0
North West	868	**65**	71	-6,0
Northern Cape	147	**87**	94	-7,0
Western Cape	1 866	**39**	39	-
Total	**31 988**	**72**	**79**	**-7,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted and fifth production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 26 June 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 5th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**5th forecast 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**1 298 400**	**5 488 040**	1 268 100	6 540 000	-16,09
Yellow maize	**1 002 100**	**5 444 620**	1 050 750	5 970 000	-8,80
Total Maize	**2 300 500**	**10 932 660**	2 318 850	12 510 000	-12,61
Sunflower seed	**515 350**	**611 140**	601 500	862 000	-29,10
Soybeans	**730 500**	**1 216 395**	787 200	1 540 000	-21,01
Groundnuts	**20 050**	**20 580**	56 300	57 000	-63,89
Sorghum	**50 500**	**161 450**	28 800	115 000	40,39
Dry beans	**59 300**	**66 530**	53 360	69 360	-4,08
Total	**3 676 200**	**13 008 755**	3 846 010	15 153 360	-14,15

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 10 932 660 tons, which is 12,61% or 1 577 340 tons less than the previous season of 12 510 000 tons. The expected yield is 4,75 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 5 488 040 tons, which is 16,09% or 1 051 960 tons less than the 6 540 000 tons of last season. The yield for white maize is 4,23 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. The yield for white maize is 4,23 t/ha. In production forecast of yellow maize is 5 444 620 tons, which is 8,80% or 525 380 tons less than the 5 970 000 tons of the previous season. The yield for yellow maize is 5,43 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 611 140 tons, which is 29,10% or 250 860 tons less than the 862 000 tons of the previous season. The expected yield is 1,19 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 1 216 395 tons, which is 21,01% or 323 605 tons less than the previous season of 1 540 000 tons. The expected yield is 1,67 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 63,89% or 36 420 tons, from 57 000 tons to 20 580 tons. The expected yield is 1,03 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 40,39% or 46 450 tons, from 115 000 tons to 161 450 tons. The expected yield is 3,20 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 4,08% or 2 830 tons – from 69 360 tons to 66 530 tons. The expected yield of 1,12 t/ha.

Please note that the sixth production forecast for summer field crops for 2019 will be released on 25 July 2019.

2.2 Winter cereal crops

Please note that note that the preliminary area estimate of winter crops for 2019 will be released on 25 July 2019.

2.3 Non-commercial maize

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

Table 3: 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)
Non-commercial agriculture:					
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

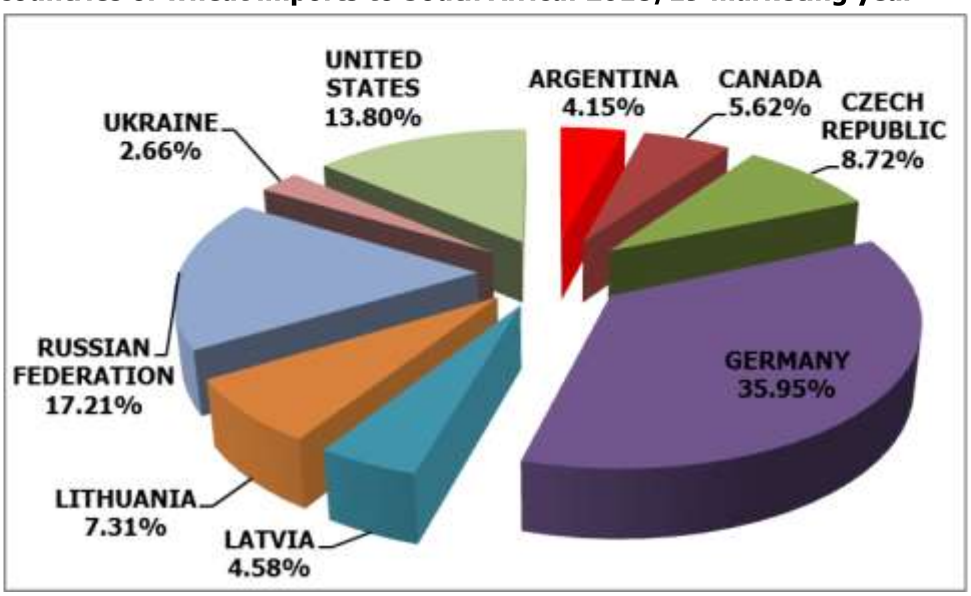
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of 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 JUNE19 Annexure A.

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

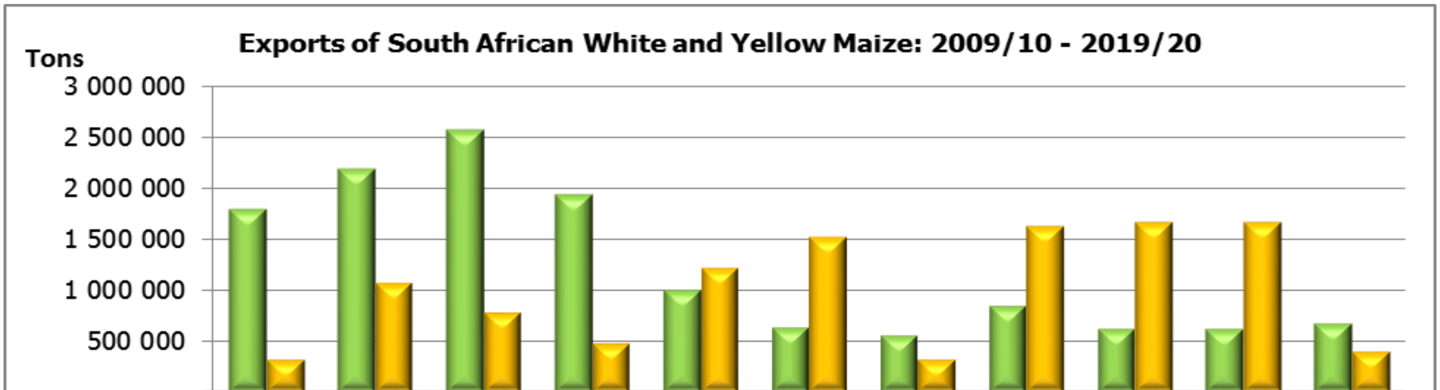
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 28 June 2019) amount to 856 843 tons, with 35,95% or 308 059 tons imported from the Germany, 17,21% or 147 475 tons from the Russian Federation, 13,80% or 118 225 tons from the Unite States, 8,72% or 74 731 tons from the Czech Republic, 7,31% or 62 623 tons from Lithuania, 5,62% or 48 178 tons from Canada, 4,58% or 39 270 tons from Latvia, 4,15% or 35 519 tons from Argentina and only 2,66% or 22 763 tons from the Ukraine. The exports of wheat for the above-mentioned period amount to 67 693 tons, of which 69,39% or 46 972 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland), 23,98% or 16 230 tons to Zambia, 4,28% or 2 897 tons to Zimbabwe and 2,35% 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

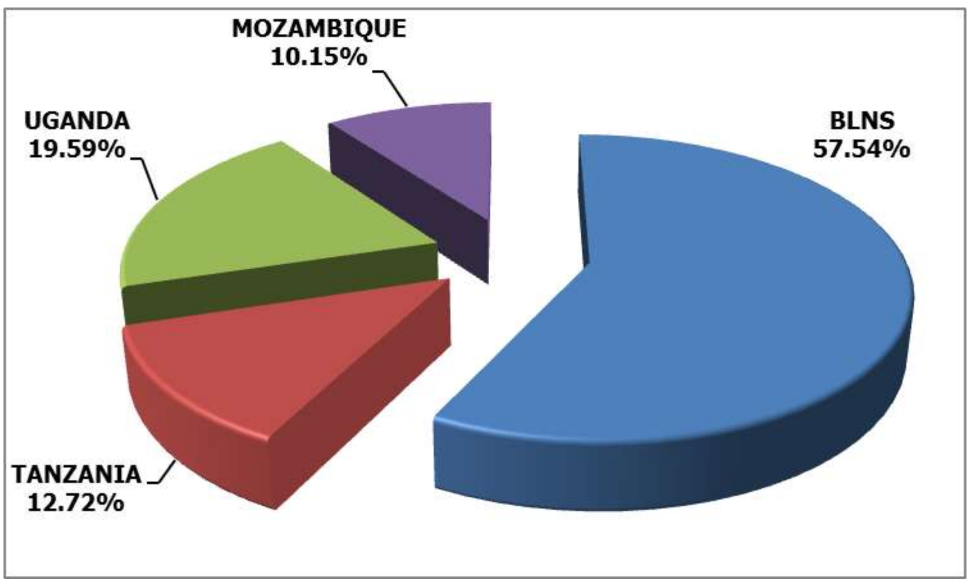


	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*
White maize	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	670 000
Yellow maize	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	400 000

*Projection

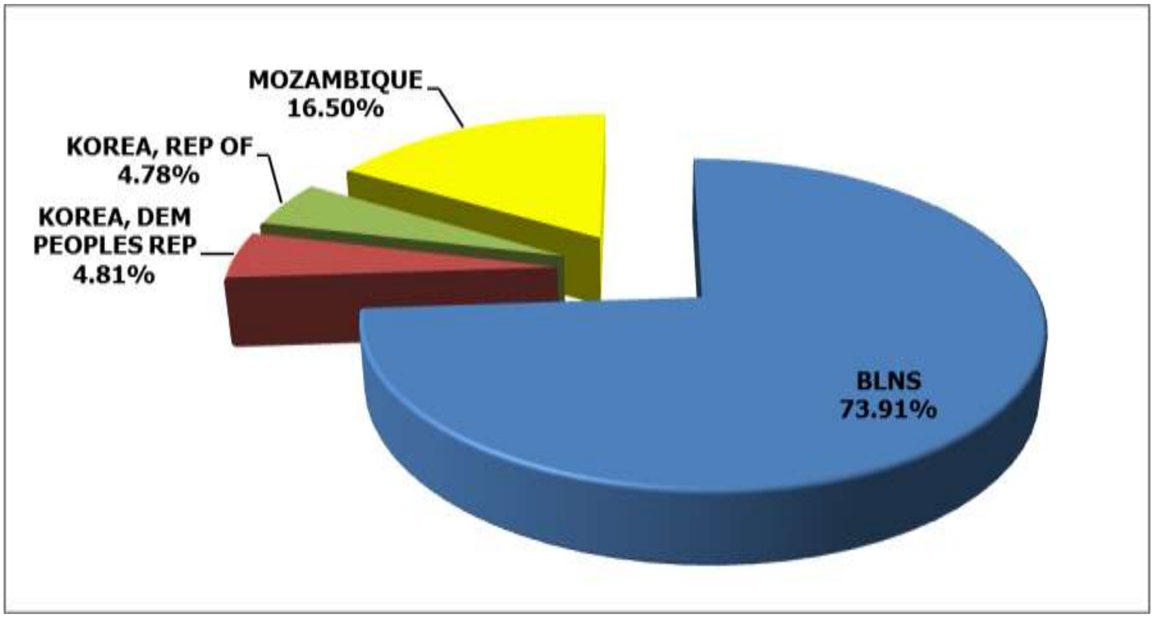
- The exports of white maize for the 2019/20 marketing year are projected at 670 000 tons, which represents an increase of 8,65% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 400 000 tons, which represents a decrease of 76,01% 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 28 June 2019, progressive white maize exports amount to 102 071 tons, with the main destinations being the BLNS Countries (57,54% or 58 729 tons), followed by Uganda (19,59% or 20 000 tons), Tanzania (12,72% or 12 982 tons) and Mozambique (10,15% or 10 360 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 28 June 2019, progressive yellow maize exports amount to 52 148 tons, with the main destinations being the BLNS Countries (73,91% or 38 544 tons), followed by Mozambique (16,50% or 8 604 tons), Democratic Peoples Republic of Korea (4,81% or 2 507 tons) and Republic of Korea (4,78% or 2 493 tons). The imports of yellow maize for the mentioned period amount to 66 308 tons of which 100% were from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

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

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,4% in May 2019 (compared with 6,5% in April 2019). From April 2019 to May 2019 the PPI for final manufactured goods increased by 0,5%.
- The main contributors to the annual rate of 6,4% were coke, petroleum, chemical, rubber and plastic products (2,3%), food products, beverages and tobacco products (1,5%), as well as and metals, machinery, equipment and computing equipment (0,8%). The main contributor to the monthly increase of 0,5% was coke, petroleum, chemical, rubber, as well as plastic products (0,3%).
- The annual percentage change in the PPI for intermediate manufactured goods was 6,4% in May 2019 (compared with 6,7% in April 2019). From April 2019 to May 2019 the PPI for intermediate manufactured goods increased by 0,1%. The main contributors to the annual rate of 6,4% were chemicals, rubber and plastic

products (2,8%), as well as basic and fabricated metals (2,5%). The main contributor to the monthly increase of 0,1% was basic and fabricated metals (0,3%).

- The annual percentage change in the PPI for electricity and water was 9,8% in May 2019 (unchanged from April 2019). From April 2019 to May 2019 the PPI for electricity and water increased by 0,2%. The contributors to the annual rate of 9,8% were electricity (8,3%) and water (1,4%). The contributor to the monthly increase of 0,2% was electricity (0,1%).
- The annual percentage change in the PPI for mining was 18,1% in May 2019 (compared with 21,1% in April 2019). From April 2019 to May 2019 the PPI for mining decreased by 0,5%. The main contributors to the annual rate of 18,1% were gold and other metal ores (8,8%), non-ferrous metal ores (8,2%), as well as coal and gas (1,5%). The main contributor to the monthly decrease of 0,5% was non-ferrous metal ores (-1,8%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -3,0% in May 2019 (compared with 0,3% in April 2019). From April 2019 to May 2019 the PPI for agriculture, forestry and fishing decreased by 1,2%. The main contributor to the annual rate of -3,0% was agriculture (-4,0%). The main contributor to the monthly decrease of 1,2% was agriculture (-1,3%).

4.3 Future contract prices

Table 4: Closing prices on Wednesday, 3 July 2019

	3 July 2019	3 June 2019	% Change
RSA White Maize per ton (July 2019 contract)	R2 857,00	R2 915,00	-1,99
RSA Yellow Maize per ton (July 2019 contract)	R2 784,00	R2 882,00	-3,40
RSA Wheat per ton (July 2019 contract)	R4 500,00	R4 470,00	0,67
RSA Sunflower seed per ton (July 2019 contract)	R5 212,00	R5 174,00	0,73
RSA Soya-beans per ton (July 2019 contract)	R5 289,00	R5 260,00	0,55
Exchange rate R/$	R14,10	R14,52	-2,89

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

- May 2019 tractor sales of 364 units were significantly lower (27%) than the 501 units sold in May 2018. Year-to-date sales for the first five months of 2019 are also significantly (almost 19%) lower than 2018. On a rolling 12-month basis tractor sales are now 8% lower than 2018. May 2019 combine harvester sales of 27 units were significantly up on the 16 units sold in May 2018. Year-to-date sales are now 8% lower than 2018. On a rolling 12-month basis combine harvester sales are now 4% up on last year.
- At the moment sentiment in the market is quite confused. Farmers in the east are harvesting their summer crops and some good yields are being reported. In the west, however, harvesting has been delayed and farmers are still unsure of their crop prospects. Several macro-economic factors such as GDP growth and the rand value have turned negative in recent weeks and the market is probably waiting for these to stabilize.
- The latest indications are that tractor sales will be at a level between 10 and 20% below the 6 700 units sold last year.

Table 5: Agricultural machinery sales

	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	May			May		
Equipment class	**2019**	**2018**		**2019**	**2018**	
Tractors	364	501	-27,35	2 310	2 836	-18,55
Combine harvesters	27	16	68,75	91	99	-8,08

Source: SAAMA press release, June 2019

PLEASE NOTE: The Food Security Bulletin for July 2019 will be released on **5 August 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