

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2014

Issued: 2 April 2014

Directorate: Statistics and Economic Analysis

Highlights:

- During March 2014, significant rainfall events were limited to the eastern half of the country.
- The projected closing stocks of wheat for the current 2013/14 marketing year are 514 693 tons, which includes imports of 1,650 million tons. It is also 5,2% more than the previous years' ending stocks.
- The expected commercial maize crop for 2014 is 12,955 million tons, which is 10,8% more than the 11,690 million tons of the previous season.
- Projected closing stocks of maize for the current 2013/14 marketing year are 466 604 tons, which is 67,1% less than the previous years' ending stocks.
- Projected closing stocks of maize for the coming 2014/15 marketing year are 1,093 million tons, which is 134,1% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the past 2013/14 marketing year were 49 929 tons, which was 10,9% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2014/15 marketing year are 61 279 tons, which is 22,7% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in February 2014 was higher at 5,9%.
- The annual percentage change in the PPI for final manufactured goods was higher at 7,7% in February 2014.
- February tractor sales of 674 units were almost 19% less than the 827 units reported in February 2013.
- The SA Reserve Bank's Monetary Policy Committee has left the repo rate unchanged at 5,5% per annum.



**agriculture,
forestry & fisheries**

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Sebidi

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

Contents

1. Weather conditions	3
2. Grain production	4
3. Cereal balance sheets	5
4. Market information	5
4.1 Consumer Price Index (CPI)	5
4.2 Producer Price Index (PPI)	5
4.3 Future contract prices and the exchange rate	6
4.4 Agricultural machinery sales	6
4.5 Monetary Policy Committee	6
5. Acknowledgements	7



1. Weather conditions

1.1 Rainfall for March 2014

During March 2014, significant rainfall events were limited to the eastern half of the country (Figure 1). Comparing rainfall totals of March 2014 to the long term average, above-normal rainfall was received in the Western Cape Province, the western parts of the Northern Cape Province and the eastern half of the country (Figure 2). The copious rain led to flooding in parts of the Limpopo, Mpumalanga, Gauteng and North West provinces. The central regions of the country however, were characterised by near-normal rainfall for the mentioned period.

Figure 1: Rainfall (mm) for March 2014

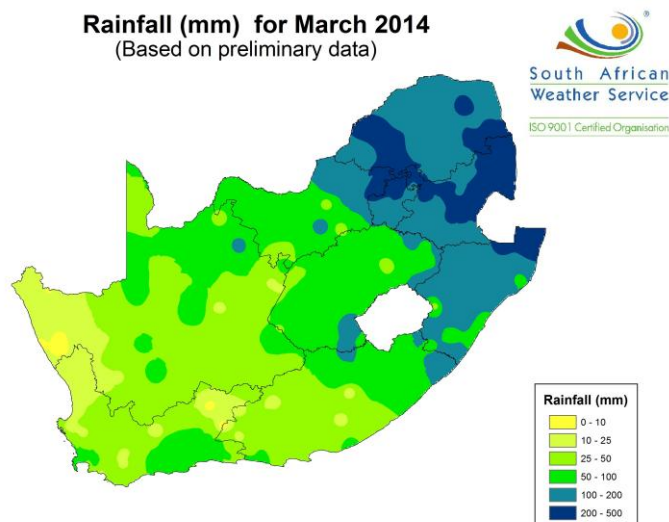
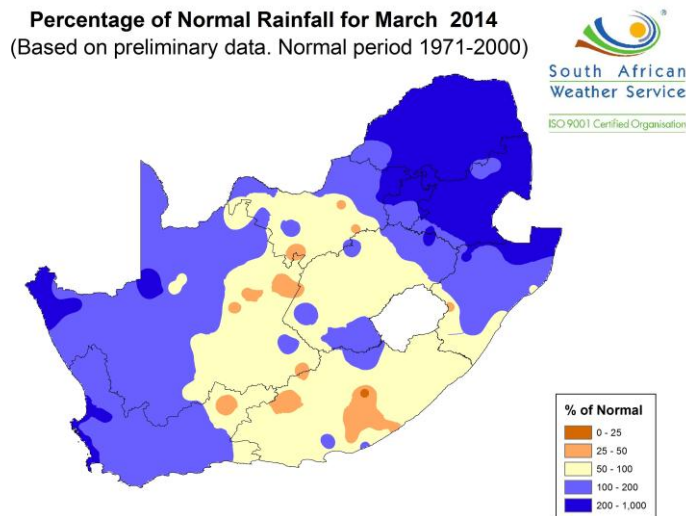


Figure 2: Percentage rainfall for March 2014



1.2 Level of dams

Available information on the level of South Africa's dams on 31 March 2014 indicates that the country has approximately 92% of its full supply capacity (FSC) available, 8% more than the corresponding period in 2013. All provinces show an improvement in the full supply capacity of dams following the goods rains received, as compared the same period in 2013, especially the Gauteng (98%), Mpumalanga and Free State (97% each), Northern Cape (96%) and Limpopo (95%) provinces. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 31 March 2014

Province	Net FSC million cubic meters	31/03/2014 (%)	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 814	85	81	4,0
Free State	15 971	97	85	12,0
Gauteng	115	98	85	13,0
KwaZulu-Natal	4 529	91	90	1,0
Lesotho	2 376	80	79	1,0
Limpopo	1 159	95	92	3,0
Mpumalanga	2 520	97	90	7,0
North West	802	81	69	12,0
Northern Cape	146	96	87	9,0
Western Cape	1 854	69	56	13,0
Total	31 286	92	84	8,0

Source: Department of Water Affairs

2. Grain production

The second production forecast for summer crops for 2014 was released by the Crop Estimates Committee (CEC) on 27 March 2014, and is as follows:

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

CROP	Area planted 2014 Ha (A)	2 nd forecast 2014 Tons (B)	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	1 551 200	7 007 650	1 617 200	5 545 000	26,38
Yellow maize	1 137 000	5 947 250	1 164 000	6 145 000	-3,22
Maize	2 688 200	12 954 900	2 781 200	11 690 000	10,82
Sunflower seed	598 950	825 325	504 700	557 000	48,17
Soya-beans	502 900	867 700	516 500	784 500	10,61
Groundnuts	52 125	85 265	46 900	41 500	105,46
Sorghum	78 850	228 450	62 620	147 200	55,20
Dry beans	55 820	79 205	43 550	60 200	31,57
Total	3 976 845	15 040 845	3 955 470	13 280 400	13,26

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 12,955 million tons, which is 10,82% higher than the previous season of 11,690 million tons. The area estimate for maize is 2,688 million ha, while the expected yield is 4,82 t/ha.
- The increase in the expected production figure of maize can mainly be attributed to favourable production conditions following the recent good rains received in the major production areas.
- 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 7,008 million tons, which is 26,38% more than the 5,545 million tons of the previous season. The yield for white maize is 4,52 t/ha. In the case of **yellow maize** the production forecast is 5,947 million tons, which is 3,22% less than the 6,145 million tons of the previous season. The yield for yellow maize is 5,23 t/ha.
- The production forecast for **sunflower seed** is 825 325 tons, which is 48,17% more than the 557 000 tons of the previous season. The area estimate for sunflower seed is 598 950 ha, while the expected yield is 1,38 t/ha.
- The production forecast for **soya-beans** is 867 700 tons, which is 10,61% more than the 784 500 tons of the previous season. It is estimated that 502 900 ha have been planted to soya-beans, with an expected yield of 1,73 t/ha.
- The expected **groundnut** crop is 85 265 tons, which is 105,46% more than the 41 500 tons of the last season. For groundnuts, the area estimate is 52 125 ha, with an expected yield of 1,64 t/ha.
- The production forecast for **sorghum** is 228 450 tons, which is 55,20% more than the 147 200 tons of the previous season. The area estimate for sorghum is 78 850 ha and the expected yield is 2,90 t/ha.
- In the case of **dry beans**, the production forecast is 79 205 tons, which is 31,57% more than the 60 200 tons of the previous season. The area estimate of dry beans is 55 820 ha, with an expected yield of 1,42 t/ha.

Please note that the third production forecast for summer field crops for 2014 will be released on 24 April 2014.

2.1 Winter cereal crops

Please note that the intentions to plant winter cereals for 2014 will be released on 24 April 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 Mar14 Annexure A.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in February 2014 was 5,9%. This rate was 0,1% higher than the corresponding annual rate of 5,8% in January 2014. On average, prices increased by 1,1% between January 2014 and February 2014.
- The food and non-alcoholic beverages index increased by 0,5% between January 2014 and February 2014. The annual rate increased to 5,4% in February 2014 from 4,3% in January 2014. The following components in the food and non-alcoholic beverages index increased: Bread and cereals (1,8%), fish (1,3%), oils and fats (1,2%), milk, eggs and cheese (0,9%), hot beverages (0,4%) and sugar, sweets and desserts (0,2%). The following components decreased: Fruit (-0,7%), cold beverages (-0,7%), other food (-0,6%), vegetables (-0,4%) and meat (-0,1%).
- The transport index increased by 1,5% between January 2014 and February 2014, mainly due to a 39c/litre increase in the price of petrol. The annual rate increased to 8,0% in February 2014 from 7,8% in January 2014.
- The miscellaneous goods and services index increased by 4,7% between January 2014 and February 2014, mainly due to an 8,3% increase in health insurance. The annual rate decreased to 6,2% in February 2014 from 7,0% in January 2014.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Free State (5,9%), Northern Cape (5,8%), KwaZulu-Natal (5,8%), Western Cape (5,7%), North West (5,3%) and Mpumalanga (5,3%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,7%), Eastern Cape (6,0%) and Gauteng (6,0%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 7,7% in February 2014 (compared with 7,0% in January 2014). From January 2014 to February 2014 the PPI for final manufactured goods increased by 1,3%.
- The main contributors to the annual rate of 7,7% were food products, beverages and tobacco products (6,7% year-on-year and contributing 2,5%), coke, petroleum, chemical, rubber and plastic products (8,9% year-on-year and contributing 1,5%), as well as metals, machinery, equipment and computing equipment (8,9% year-on-year and contributing 1,3%). The main contributors to the monthly increase of 1,3% were food products, beverages and tobacco products (1,3% month-on-month and contributing 0,5%) and coke, petroleum, chemical, rubber and plastic products (2,1% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for electricity and water was 14,5% in February 2014 (compared with 14,5% in January 2014). From January 2014 to February 2014 the PPI for electricity and water increased by 1,3%. The contributors to the annual rate of 14,5% were electricity (15,4% year-on-year and contributing 12,7%) and water (10,5% year-on-year and contributing 1,9%). The monthly increase of 1,3% was the result of electricity (1,6% month-on-month and contributing 1,4%).
- The annual percentage change in the PPI for mining was 5,3% in February 2014 (compared with 4,8% in January 2014). From January 2014 to February 2014 the PPI for mining increased by 1,6%. The main contributors to the annual rate of 5,3% were non-ferrous metal ores (7,8% year-on-year and contributing 3,4%), as well as coal and gas (8,5% year-on-year and contributing 2,3%). The main contributors to the monthly increase of 1,6% were non-ferrous metal ores (2,2% month-on-month and contributing 1,0%) and gold and other metal ores (3,4% month-on-month and contributing 0,7%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 8,0% in February 2014 (compared with 5,6% in January 2014). From January 2014 to February 2014 the PPI for agriculture, forestry and fishing decreased by 1,1%. The main contributor to the annual rate of 8,0% was agriculture (8,4% year-on-year



and contributing 6,7%). The main contributor to the monthly decrease of 1,1% was agriculture (-1,5% month-on-month and contributing -1,2%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Monday, 31 March 2014

	31 March 2014	28 February 2014	% Change
RSA White Maize per ton (Apr. 2014 contract)	R3 019,00	R2 924,00	3,25
RSA Yellow Maize per ton (Apr. 2014 contract)	R2 650,00	R2 810,00	-5,69
RSA Wheat per ton (Apr. 2014 contract)	R3 975,00	R3 795,00	4,74
RSA Sunflower seed per ton (Apr. 2014 contract)	R4 805,00	R5 075,00	-5,32
RSA Soya-beans per ton (Apr. 2014 contract)	R5 752,00	R6 280,00	-8,41
Exchange rate R/\$	R10,59	R10,67	-0,75

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- February tractor sales of 674 units were almost 19% less than the 827 units reported in February 2013. Sales for the two months year-to-date were almost 10% down on the same period in 2013. February combine harvester sales of 36 units were one unit less than the 37 units sold in February 2013. On a year-to-date basis combine harvester sales were 9% down on the same period in 2013.
- Mention was made previously, that follow-up rain was required in some of the production areas, particularly for late planted crops, which were then at a critical stage of development. General good rains have since fallen during February and March in almost all of the production areas and summer crops are looking good. The weakness in the Rand has forced most supplier companies to increase prices and these higher prices are now feeding through to the market. This will probably have a restraining effect on sales in the short term.
- Current predictions of sales for the 2014 calendar year indicate that tractor sales are likely to be between 6 800 and 7 200 units, between 5 and 10% lower than 2013 sales.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	February			February		
	2014	2013		2014	2013	
Tractors	674	827	-18,5	1 365	1 511	-9,7
Combine harvesters	36	37	-2,7	58	64	-9,4

Source: SAAMA press release, March 2014

4.5 Monetary Policy Committee

- The Monetary Policy Committee (MPC) announced on 27 March 2014, that the repo rate will remain unchanged at 5,5%. The prime interest rate will thus remain at 9%.
- Since the previous meeting of the MPC, the global economic environment remains challenging, notwithstanding some improvement in sentiment. Key factors affecting the environment include the possibility of an earlier-than-expected increase in the US policy rate in 2015, further evidence of a slowdown in China, and geo-political tensions arising from the situation in the Ukraine.
- The domestic economic outlook remains subdued amid continued strikes in the platinum sector and uncertainty regarding a stable and sufficient electricity supply in the coming months. While the most recent inflation forecasts suggest marginal improvements in the medium term, upside risks to the inflation outlook persist despite the recent appreciation of the rand, which remains vulnerable to shifts in global risk sentiment and adverse domestic developments. Together with downside risks to growth, this continues to pose a dilemma for monetary policy.



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