MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2016

Issued: 6 April 2016

Directorate: Statistics and Economic Analysis

Highlights:

- **During March 2016, significant rainfall events were limited to the eastern and northern parts of the country.**
- **The projected closing stocks of wheat for the current 2015/16 marketing year are 756 838 tons, which includes imports of 2,0 million tons. It is also 26,8% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2016 is 7,065 million tons, which is 29,0% less than the 9,955 million tons of the previous season (2015), which was also a drought year.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 2,060 million tons, which is 0,6% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the coming 2016/17 marketing year are 1,246 million tons, which is 39,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2016/17 marketing year are 18 160 tons, which is 77,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2016/17 marketing year are 67 922 tons, which is 48,1% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2016/17 marketing year are 59 075 tons, which is 33,6% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2016 was higher at 7,0%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 8,1% in February 2016.**
- **February tractor sales of 731 units were almost 2% up on the 720 units sold in February 2015.**

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1. Weather conditions

1.1 Rainfall for March 2016

During March 2016, significant rainfall events were limited to the eastern and northern parts of the country **(Figure 1)**. Two widespread rainfall events (7 to 11 and 15 to 19 March) have resulted in large areas in the north-east receiving above-normal rainfall in March. Heavy rain was mostly confined to the eastern and northern parts of the summer rainfall region. Following the wet conditions in the north-east, the main activity shifted towards the central and western parts. A significant cold front reached the Cape by the 25th, producing cold weather and widespread rain over the winter rainfall region (with snow reported from the Matroosberg). Comparing rainfall totals to the long term average for March 2016, rainfall received was near- to below-normal for most of the central parts of the country while the remaining parts of the country received above-normal rainfall **(Figure 2)**.

Figure 1: Rainfall in mm for March 2016

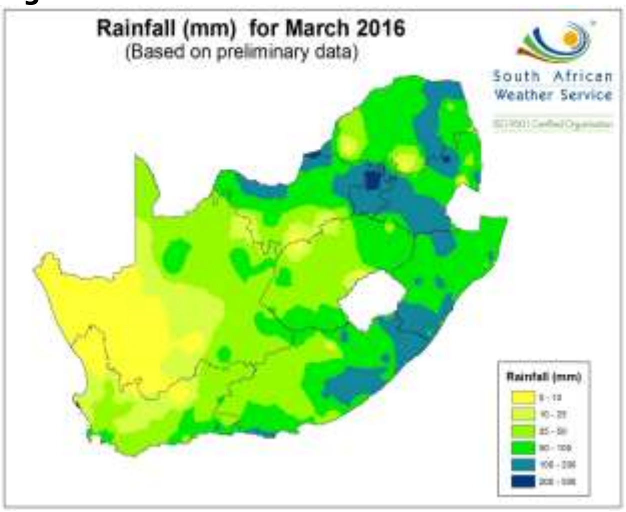
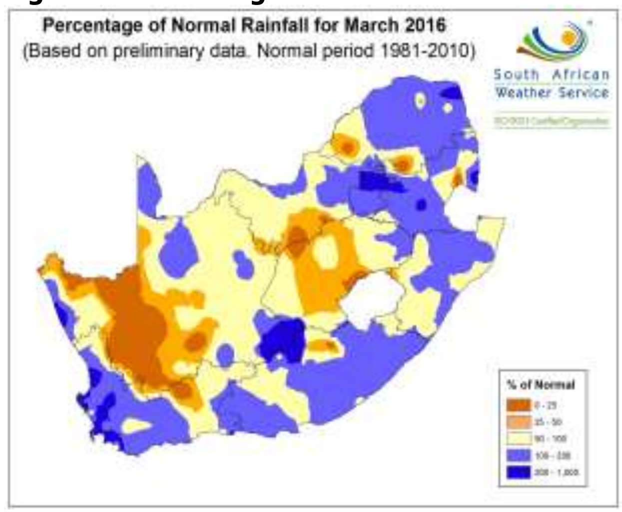


Figure 2: Percentage rainfall for March 2016



According to the latest Seasonal Climate Watch of the SA Weather Service, current observations still show the persistence of a strong El-Niño. However, most models are confidently showing a gradual decay of El-Niño and the development of a neutral ENSO (El-Niño Southern Oscillation) state towards the winter season.

1.2 Level of dams

Available information on the level of South Africa's dams on 28 March 2016 indicates that the country has approximately 55% of its full supply capacity (FSC) available, 25% less than the corresponding period in 2015. All the provinces show a decreasing trend in the full supply capacity of dams of between 3% and 31%, except the North West Province with a slight improvement compared to the same period last year. The largest decreases in the full supply capacity for the mentioned period are evident in the Free State with 31%, followed by Northern Cape with 29% and the Limpopo Province with 26%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 28 March 2016

Province	Net FSC million cubic meters	**28/03/2016 (%)**	Last Year (2015) (%)	% Increase/Decrease 2016 vs 2015
Eastern Cape	1 833	74	77	-3,0
Free State	15 971	53	84	-31,0
Gauteng	115	89	98	-9,0
KwaZulu-Natal	4 669	53	73	-20,0
Lesotho	2 376	52	77	-25,0
Limpopo	1 508	62	88	-26,0
Mpumalanga	2 539	66	90	-24,0
North West	887	67	66	1,0
Northern Cape	146	62	91	-29,0
Western Cape	1 870	32	51	-19,0
Total	**31 914**	**55**	**80**	**-25,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The revised area planted estimate and third production forecast for summer crops for 2016 was released by the Crop Estimates Committee (CEC) on 30 March 2016, and is as follows:

Table 2: Commercial summer crops: Revised area planted and third production forecast - 2016 season

CROP	**Area planted 2016 Ha (A)**	**3rd Production forecast 2016 Tons (B)**	**Area planted 2015 Ha (C)**	**Final crop 2015 Tons (D)**	**Change % (B) ÷ (D)**
White maize	**1 014 750**	**3 070 675**	**1 448 050**	**4 735 000**	**-35,15**
Yellow maize	**932 000**	**3 994 600**	**1 204 800**	**5 220 000**	**-23,47**
Total Maize	**1 946 750**	**7 065 275**	**2 652 850**	**9 955 000**	**-29,03**
Sunflower seed	**718 500**	**710 500**	**576 000**	**663 000**	**7,16**
Soybeans	**502 800**	**691 750**	**687 300**	**1 070 000**	**-35,35**
Groundnuts	**22 600**	**33 550**	**58 000**	**62 300**	**-46,15**
Sorghum	**48 500**	**92 700**	**70 500**	**120 500**	**-23,07**
Dry beans	**34 400**	**38 195**	**64 000**	**73 390**	**-47,96**
TOTAL	**3 273 550**	**8 631 970**	**4 108 650**	**11 944 190**	**-27,73**

Note: Estimate is for calendar year, e.g. production season 2015/16 = 2016

- As a result of the continued drought in the western and central parts of the Free State, as well as in the western and northern parts of the North West province, the size of the expected **commercial maize crop** has been set at 7,065 million tons, which is 29,03% or 2,890 million tons less than the previous season of 9,955 million tons. The area estimate for maize is 1,947 million ha, which represents a decrease of 26,62% or 706 100 ha compared to the 2,653 million ha planted last season. The expected yield is 3,63 t/ha.
- The production forecast of **white maize** is 3,071 million tons, which is 35,15% or 1,664 million tons less than the 4,735 million tons of the previous season. The yield for white maize is 3,03 t/ha. In the case of **yellow maize** the production forecast is 3,995 million tons, which is 23,47% or 1,225 million tons less than the 5,220 million tons of the previous season. The yield for yellow maize is 4,29 t/ha.
- The area estimate for white maize is 1,015 million ha, which represents a decrease of 29,92% or 433 300 ha compared to the 1,448 million ha planted last season. In the case of yellow maize the area estimate is 932 000 ha, which is also 22,64% or 272 800 ha less than the 1,205 million ha planted last season.
- The production forecast for **sunflower seed** is 710 500 tons, which is 7,16% or 47 500 tons more than the 663 000 tons of the previous season. The revised area estimate for sunflower seed is 718 500 ha, which is about 24,74% or 142 500 ha more than the 576 000 ha planted the previous season. The expected yield is 0,99 t/ha.
- The production forecast for **soybeans** is 691 750 tons, which is 35,35% or 378 250 tons less than the 1,070 million tons of the previous season. It is estimated that 502 800 ha have been planted to soybeans, which represents a decrease of 26,84% or 184 500 ha compared to the 687 300 ha planted last season. The expected yield of 1,38 t/ha.

- The expected **groundnut** crop is 33 550 tons, which is 46,15% or 28 750 tons less than the 62 300 tons of the last season. For groundnuts, the area estimate is 22 600 ha, which is 61,03% or 35 400 ha less than the 58 000 ha planted for the previous season. The expected yield is 1,48 t/ha.
- The production forecast for **sorghum** is 92 700 tons, which is 23,07% or 27 800 tons less than the 120 500 tons of the previous season. The area estimate for sorghum decreased by 31,21% or 22 000 ha, from 70 500 ha to 48 500 ha against the previous season. The expected yield is 1,91 t/ha.
- In the case of **dry beans**, the production forecast is 38 195 tons, which is 47,96% or 35 195 tons less than the 73 390 tons of the previous season. For dry beans, the area estimate is 34 400 ha, which is 46,25% or 29 600 ha less than the 64 000 ha planted for the previous season. The expected yield of 1,11 t/ha.

Please note that the fourth production forecast for summer field crops for 2016 will be released on 26 April 2016.

2.2 Winter cereal crops

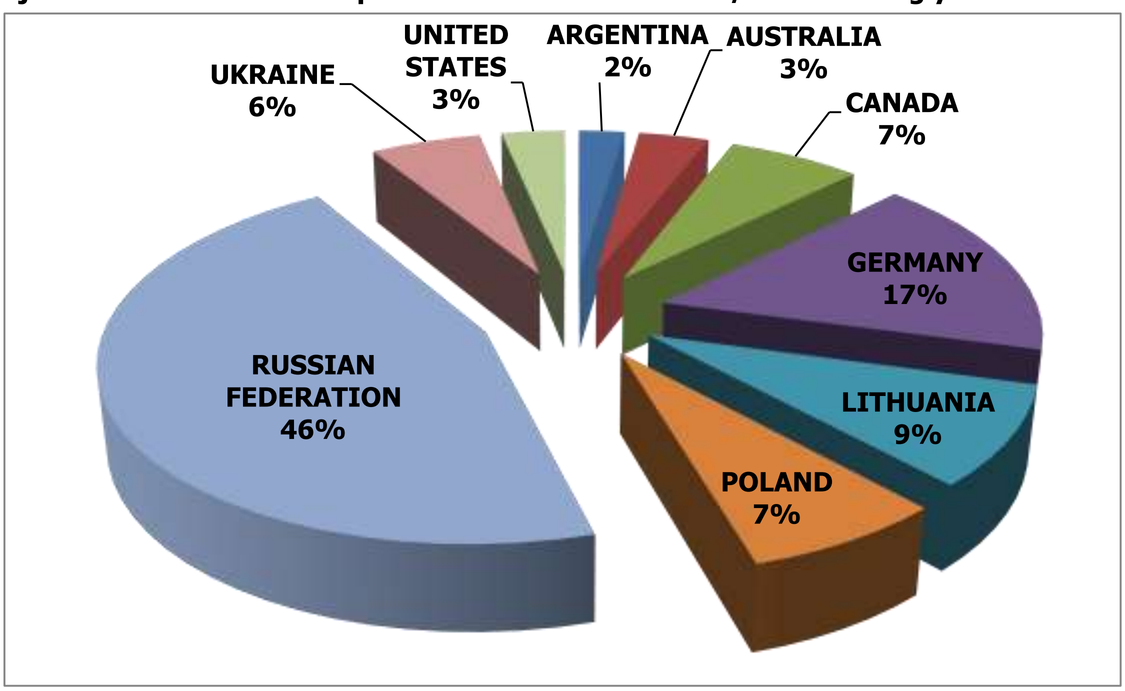
Please note that the intentions to plant winter cereals for 2016 will be released on 26 April 2016.

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 Mar16 Annexure A.

3.1 Imports and exports of wheat for the 2015/16 marketing year

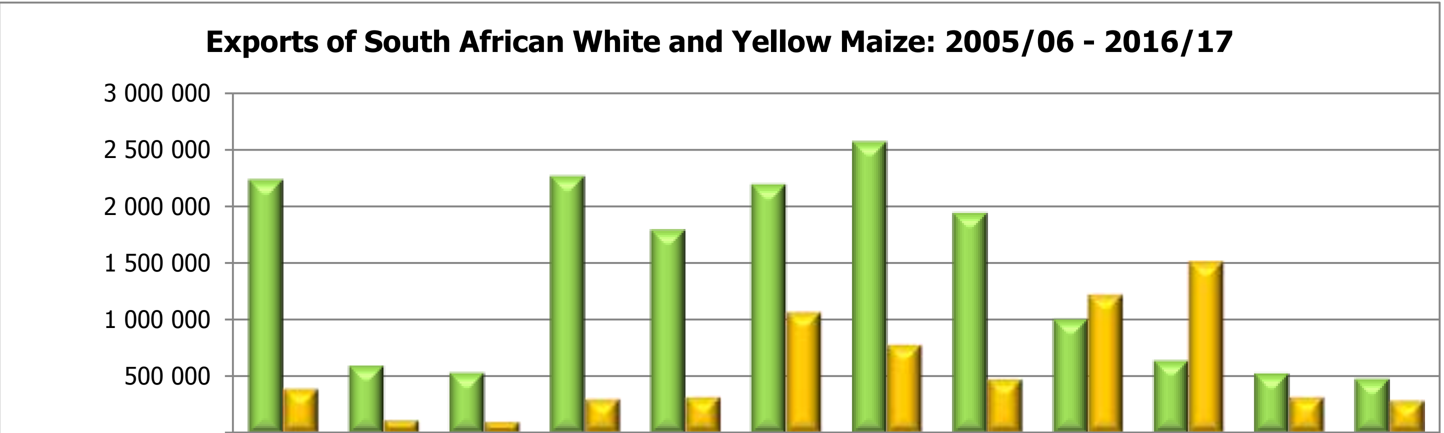
Graph 1: Major countries of wheat imports for South Africa: 2015/16 marketing year



- The progressive wheat imports from 26 September 2015 to 1 April 2016, amount to 1,079 million tons, with the largest quantity (45,67% or 492 982 tons) imported from the Russian Federation followed by Germany (16,65% or 179 763 tons), Lithuania (8,94% or 96 484 tons), Poland (7,34% or 79 236 tons), Canada (6,73% or 72 613 tons), Ukraine (5,59% or 60 329 tons), Australia (3,55% or 38 342 tons), United States (3,22% or 34 746 tons) and Argentina (2,31% or 24 934 tons). The exports of wheat for the mentioned period amount to 31 543 tons, of which 59,87% or 18 885 tons were exported to Zimbabwe, 31,70% or 9 999 tons to the BLNS Countries (Botswana, Lesotho, Namibia and Swaziland), 7,89% or 2 490 tons to Mozambique and only 0,54% or 169 tons to Zambia.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2005/06 to 2016/17 marketing year



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17*
White maize exports	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	530 000	480 000
Yellow maize exports	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	320 000	290 000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 530 000 tons, which represents a decrease of 17,3% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 320 000 tons, which represents a decrease of 78,9% compared to the 1,515 million tons of the previous marketing year. The preliminary indications of exports for the 2016/17 marketing year are 480 000 tons and 290 000 tons for white and yellow maize, respectively.
- From 25 April 2015 to 1 April 2016, progressive white maize exports amount to 423 924 tons, with the main destinations being the BLNS Countries (76,64% or 324 886 tons), Mozambique (15,43% or 65 424 tons) and Zimbabwe (7,93% or 33 614 tons). The imports of white maize for the mentioned period amount to 72 531 tons, of which 70,37% or 51 040 tons were from Mexico and 29,63% or 21 491 tons from Zambia.
- From 25 April 2015 to 1 April 2016, progressive yellow maize exports amount to 200 230 tons, with the main destinations being the BLNS Countries (78,37% or 156 924 tons), Mozambique (18,31% or 34 654 tons), Democratic People's Republic of Korea (1,64% or 3 281 tons), Republic of Korea (1,14% or 2 277 tons), Central Republic of Africa (0,45% or 897 tons) and Zimbabwe (0,10% or 197 tons). The imports of yellow maize for the mentioned period amount to 1,578 million tons, of which 55,88% or 881 956 tons were from Argentina, 31,81% or 502 147 tons from Brazil, 10,82% or 170 801 tons from Paraguay and 1,49% or 23 500 tons from Ukraine.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 7,0% in February 2016, up from 6,2% in January 2016. This is the highest rate since May 2009 when the rate was 8,0%. The consumer price index increased by 1,4% month-on-month in February 2016.
- Contributions to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages increased from 1,1% in January to 1,3% in February. The index increased by 8,6% year-on-year;
  - Alcoholic beverages and tobacco decreased from 0,5% in January to 0,4% in February. The index increased by 7,6% year-on-year;
  - Transport increased from 0,9% in January to 1,3% in February. The index increased by 8,7% year-on-year; and

- Miscellaneous goods and services increased from 1,0% in January to 1,1% in February. The index increased by 6,8% year-on-year.

- Contributions to monthly consumer price inflation were as follows:
  - Food and non-alcoholic beverages contributed 0,3% in February. The index increased by 2,1% month-on-month. The items with the highest monthly rates were vegetables (7,1%), bread and cereals (3,4%) and sugar, sweets and desserts (3,4%);
  - Transport contributed 0,1% in February. The index increased by 0,5% month-on-month; and
  - Miscellaneous goods and services contributed 0,8% in February. The index increased by 5,2% month-on-month, mainly due to an 8,7% increase in medical insurance.

- In February the CPI for goods increased by 7,9% year-on-year (up from 6,5% in January), and the CPI for services increased by 6,1% year-on-year (up from 6,0% in January).

- Provincial annual inflation rates ranged from 6,2% in Northern Cape to 7,6% in Limpopo.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 8,1% in February 2016 (compared with 7,6% in January 2016). From January 2016 to February 2016 the PPI for final manufactured goods increased by 0,8%.

- The main contributors to the annual rate of 8,1% were food products, beverages and tobacco products (8,4% year-on-year and contributing 2,9%), coke, petroleum, chemical, rubber and plastic products (8,6% year-on-year and contributing 1,6%), transport equipment (13,1% year-on-year and contributing 1,1%), as well as metals, machinery, equipment and computing equipment (7,5% year-on-year and contributing 1,1%).

- The main contributor to the monthly increase of 0,8% was food products, beverages and tobacco products (1,3% month-on-month and contributing 0,4%).

- The annual percentage change in the PPI for intermediate manufactured goods was 4,4% in February 2016 (compared with 3,8% in January 2016). From January 2016 to February 2016 the PPI for intermediate manufactured goods increased by 0,4%.

- The main contributors to the annual rate of 4,4% were sawmilling and wood (7,5% year-on-year and contributing 1,6%), chemicals, rubber and plastic products (3,9% year-on-year and contributing 1,2%), as well as textiles and leather goods (10,2% year-on-year and contributing 1,0%).

- The main contributors to the monthly increase of 0,4% were sawmilling and wood (0,5% month-on-month and contributing 0,1%), chemicals, rubber and plastic products (0,2% month-on-month and contributing 0,1%), glass and glass products (1,7% month-on-month and contributing 0,1%), basic and fabricated metals (0,3% month-on-month and contributing 0,1%) and recycling and manufacturing (3,5% month-on-month and contributing 0,1%).

- The annual percentage change in the PPI for electricity and water was 12,6% in February 2016 (compared with 11,6% in January 2016). From January 2016 to February 2016 the PPI for electricity and water increased by 1,4%.

- The contributors to the annual rate of 12,6% were electricity (12,8% year-on-year and contributing 10,8%) and water (11,3% year-on-year and contributing 1,8%). The contributor to the monthly increase of 1,4% was electricity (1,7% month-on-month and contributing 1,5%).

- The annual percentage change in the PPI for mining was 6,8% in February 2016 (compared with 2,5% in January 2016). From January 2016 to February 2016 the PPI for mining increased by 1,9%.

- The main contributors to the annual rate of 6,8% were gold and other metal ores (18,5% year-on-year and contributing 5,6%) and stone quarrying, clay and diamonds (55,0% year-on-year and contributing 4,0%). The main contributor to the monthly increase of 1,9% was gold and other metal ores (6,5% month-on-month and contributing 2,1%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was 24,9% in February 2016 (compared with 23,6% in January 2016). From January 2016 to February 2016 the PPI for agriculture, forestry and fishing increased by 1,5%.
- The main contributor to the annual rate of 24,9% was agriculture (27,2% year-on-year and contributing 23,2%). The main contributor to the monthly increase of 1,5% was agriculture (1,7% month-on-month and contributing 1,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Monday, 4 April 2016

	4 April 2016	4 March 2016	% Change
RSA White Maize per ton (May 2016 contract)	R4 679,00	R4 961,00	-5,68
RSA Yellow Maize per ton (May 2016 contract)	R3 065,00	R3 349,00	-8,48
RSA Wheat per ton (May. 2016 contract)	R4 489,00	R4 755,00	-5,59
RSA Sunflower seed per ton (May 2016 contract)	R6 645,00	R7 055,00	-5,81
RSA Soya-beans per ton (May 2016 contract)	R5 850,00	R5 895,00	-0,76
Exchange rate R/$	R14,75	R15,62	-5,57

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- February tractor sales of 731 units were almost 2% up on the 720 units sold in February 2015. On a rolling twelve month basis, tractor sales are currently almost 12% down on those for the previous twelve months. February combine harvester sales of 22 units were significantly down on the 44 units sold in February 2015. On a rolling twelve month basis, combine harvester sales are currently almost 40% down on 2015.
- There is general agreement that February sales were stimulated by farmers buying up older, cheaper, stock ahead of the price increases which the weaker rand is forcing on the industry. Summer crops in the east of the country look quite promising while crops in the west are generally not too good. Summer crop production remains at quite high risk of prevailing weather conditions in forthcoming weeks, whether it be rain or early frost.
- Equipment prices are now escalating sharply which will lead to an inevitable slowdown in sales in the next few months. Expectations are that tractor sales for the 2016 calendar year will be between 10 and 15% down on last year.

Table 4: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	February		Change	February		Change
Equipment class	**2016**	**2015**	%	**2016**	**2015**	%
Tractors	731	720	1,53	1 311	1 341	-2,24
Combine harvesters	22	44	-50,00	38	50	-24,00

Source: SAAMA press release, March 2016

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