MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2017

Issued: 5 April 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During March 2017, significant rainfall events were limited to KwaZulu-Natal, parts of the Eastern Cape, as well some areas of Limpopo and Mpumalanga provinces.**
- **The projected closing stocks of wheat for the current 2016/17 marketing year are 831 772 tons, which includes imports of 1,4 million tons. It is also 0,5% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 14,324 million tons, which is 84,1% more than the 7,778 million tons of the previous season (2016), which was a drought year.**
- **Projected closing stocks of maize for the current 2016/17 marketing year are 1,308 million tons, which is 47,1% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the coming 2017/18 marketing year are 1,932 million tons, which is 47,7% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 34 735 tons, which is 0,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 172 499 tons, which is 6,2% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 128 059 tons, which is 43,7% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2017 was lower at 6,3%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 5,6% in February 2017.**
- **February tractor sales of 675 units were almost 8% less than the 731 units sold in February 2016.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for March 2017

During March 2017, significant rainfall events were limited to KwaZulu-Natal, parts of the Eastern Cape, as well some areas of Limpopo and Mpumalanga provinces (**Figure 1**). Comparing rainfall totals to the long term mean for March 2017, the rainfall received was mainly below-normal countrywide, except in KwaZulu-Natal and the Eastern Cape where most parts recieved near-normal rainfall (**Figure 2**).

Figure 1: Rainfall in mm for March 2017

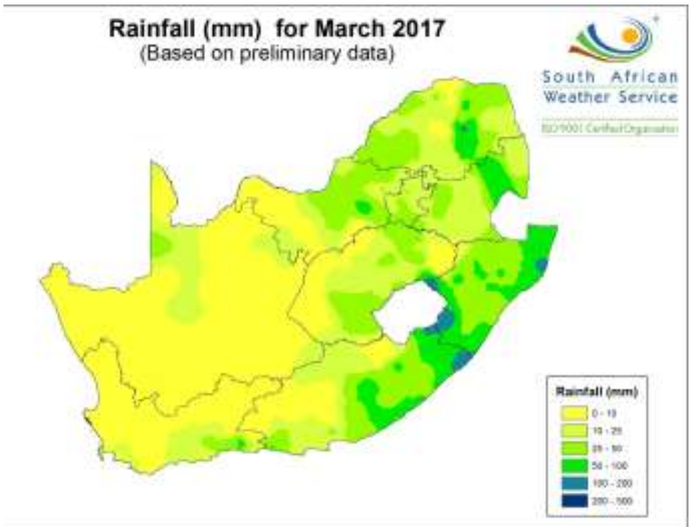
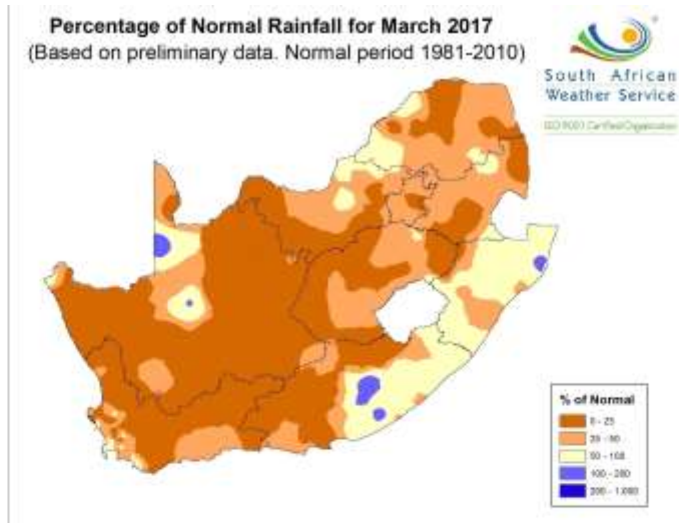


Figure 2: Percentage rainfall for March 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 3 April 2017 indicates that the country has approximately 74% of its full supply capacity (FSC) available, which is 19% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. In the Northern Cape dam levels increased with 39%, followed by the the Free State with 33%, North-West with 23%, Limpopo with 16% and Mpumalanga with 12%. All of these provinces show a significant improvement compared to the same period last year. Decreases in the full supply capacity for the same period are evident in the Eastern Cape with minus 12% and the Western Cape with minus 7%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 3 April 2017

Province	Net FSC million cubic meters	3/4/2017 (%)	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	**62**	74	-12,0
Free State	15 971	**86**	53	33,0
Gauteng	115	**90**	89	1,0
KwaZulu-Natal	4 669	**57**	53	4,0
Lesotho	2 376	**55**	52	3,0
Limpopo	1 522	**78**	62	16,0
Mpumalanga	2 539	**78**	66	12,0
North West	887	**90**	67	23,0
Northern Cape	146	**101**	62	39,0
Western Cape	1 867	**24**	31	-7,0
Total	31 924	**74**	55	19,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The revised area planted estimate and second production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 28 March 2017, and is as follows:

Table 2: Commercial summer crops: Revised area planted and second production forecast - 2017 season

CROP	**Area planted 2017 Ha (A)**	**2nd forecast 2017 Tons (B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	**1 643 100**	**8 513 200**	1 014 750	3 408 500	149,76
Yellow maize	**985 500**	**5 810 300**	932 000	4 370 000	32,96
Total Maize	**2 628 600**	**14 323 500**	1 946 750	7 778 500	84,14
Sunflower seed	**635 750**	**896 060**	718 500	755 000	18,68
Soybeans	**573 950**	**1 162 425**	502 800	742 000	56,66
Groundnuts	**56 000**	**86 600**	22 600	17 680	389,82
Sorghum	**42 350**	**153 480**	48 500	70 500	117,70
Dry beans	**45 050**	**65 275**	34 400	35 445	78,52
TOTAL	**3 981 700**	**16 687 340**	3 273 550	9 399 125	77,54

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017
1) As mid October 2016

- The size of the expected commercial **maize** crop has been set at 14,324 million tons, which is 84,14% or 6,545 million tons more than the 7,778 million tons of the previous season. The area estimate for maize remained unchanged at 2,629 million ha, while the expected yield is 5,45 t/ha.
- The estimated maize crop is 84% bigger than the 2016 crop, which was the smallest crop since 2007. The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces are expected to produce 82% of the 2017 crop.
- The area estimate for white maize is 1,643 million ha and for yellow maize the area estimate is 985 500 ha.
- The production forecast of **white maize** is 8,513 million tons, which is 149,76% or 5,105 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 5,18 t/ha. In the case of **yellow maize** the production forecast is 5,810 million tons, which is 32,96% or 1,440 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 5,90 t/ha.
- The production forecast for **sunflower seed** is 896 060 tons, which is 18,68% or 141 060 tons more than the 755 000 tons of the previous season. The area estimate for sunflower seed is 635 750 ha, while the expected yield is 1,41 t/ha.
- The production forecast for **soybeans** is 1,162 million tons, which is 56,66% or 420 425 tons more than the 742 000 tons of the previous season. The estimated area planted to soybeans was increased to 573 950 ha and the expected yield is 2,03 t/ha.
- The expected **groundnut** crop is 86 600 tons, which is 389,82% or 68 920 tons more than the 17 680 tons of the last season. For groundnuts, the area estimate was increased to 56 000 ha, with an expected yield of 1,55 t/ha.
- The production forecast for **sorghum** is 153 480 tons, which is 117,70% or 82 980 tons more than the 70 500 tons of the previous season. The area estimate for sorghum is 42 350 ha and the expected yield is 3,62 t/ha.

- In the case of **dry beans**, the production forecast is 65 275 tons, which is 78,52% or 29 830 tons more than the 35 445 tons of the previous season. The area estimate of dry beans was 45 050 ha, with an expected yield of 1,45 t/ha.

Please note that the third production forecast for summer field crops for 2017 will be released on 25 April 2017.

2.2 Winter cereal crops

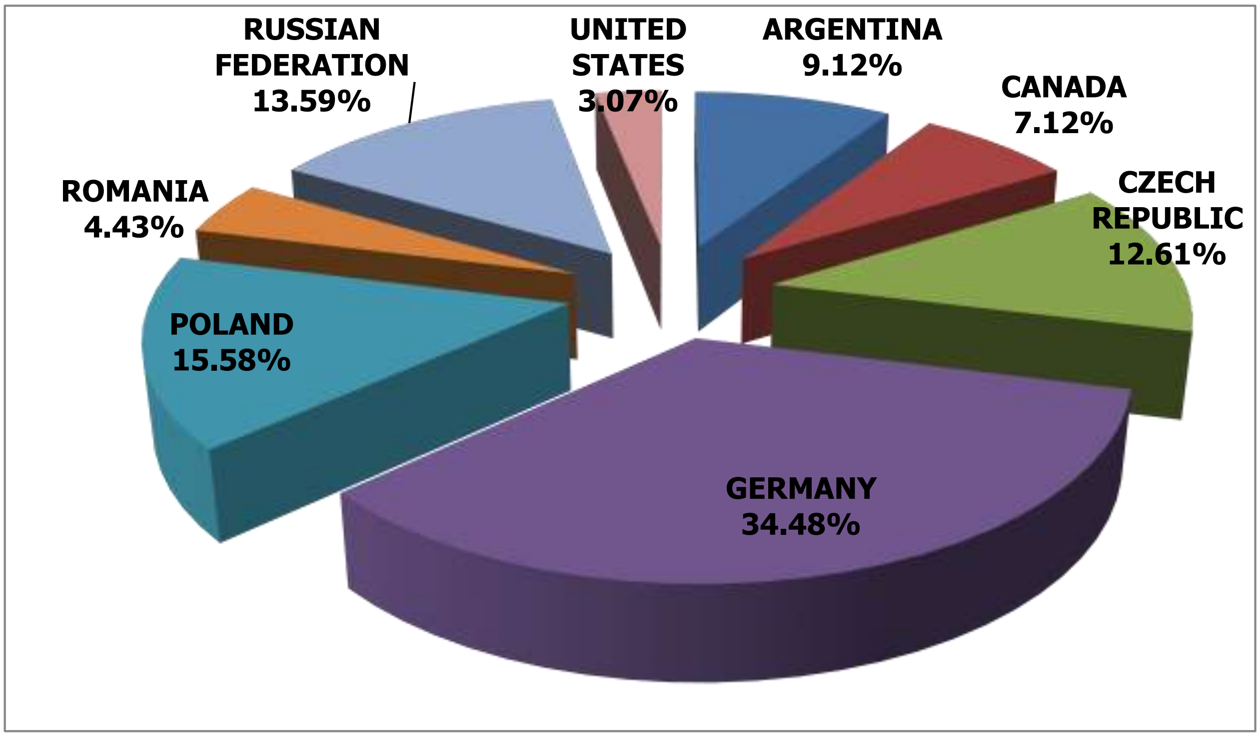
Please note that the intentions to plant winter cereals for 2017 will be released on 25 April 2017.

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 Mar17 Annexure A.

3.1 Imports and exports of wheat for the 2016/17 marketing year

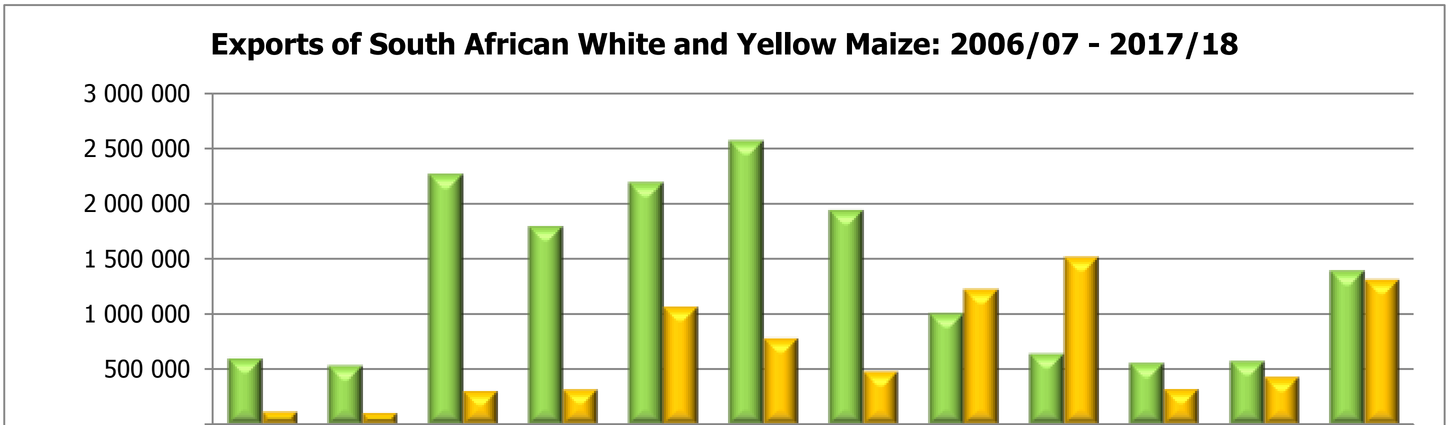
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 31 March 2017) amount to 390 550 tons, with 34,48% or 134 663 tons imported from Germany, followed by Poland (15,58% or 60 860 tons), the Russian Federation (13,59% or 53 087 tons), Chez republic (12,61% or 49 245 tons), Argentina (9,12% or 35 613 tons), Canada (7,12% or 27 798 tons), Romania (4,43% or 17 301 tons) and the United States (3,07% or 11 983 tons). The exports of wheat for the above-mentioned period amount to 50 306 tons, of which 46,31% or 23 296 tons went to the BLNS Countries, 42,06% or 21 158 tons to Zimbabwe, only 5,95% or 2 992 tons and 5,69% or 2 860 were exported to Mozambique and Zambia, respectively.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2006/07 to 2017/18 marketing year



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18*
Series1	597 000	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	575 000	1 395 000
Series2	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	430 000	1 310 000

*Projection

- The exports of white maize for the 2016/17 marketing year are projected 575 000 tons, which represents an increase of 3,22% compared to the 557 063 tons of the previous marketing year. Yellow maize exports are projected at 430 000 tons, which represents an increase of 33,23% compared to the 322 748 tons of the previous marketing year.
- The exports of white maize for the 2017/18 marketing year are projected 1,395 million tons, which represents a significant increase of 142,61% compared to the 575 000 tons of the previous marketing year. Yellow maize exports are projected at 1,310 million tons, which also represents a noteworthy increase of 204,65% compared to the 430 000 tons of the previous marketing year.
- From 30 April 2016 to 31 March 2017, progressive white maize exports amount to 477 460 tons, with the main destinations being the BLNS Countries (67,72% or 323 318 tons), Zimbabwe (21,21% or 101 269 tons), Mozambique (8,36% or 39 908 tons), Tanzania (2,12% or 10 105 tons), Malawi (0,59% or 2 827 tons) and Zambia (0,01% or 33 tons). The imports of white maize for the mentioned period amount to 683 146 tons, of which 78,85% or 538 660 tons were from Mexico and 21,15% or 144 486 tons from the United States.
- From 30 April 2016 to 31 March 2017, progressive yellow maize exports amount to 276 422 tons, with the main destinations being the BLNS Countries (56,76% or 156 894 tons), Zimbabwe (32,09% or 88 697 tons), Mozambique (9,13% or 25 242 tons), Democratic Peoples Republic of Korea (1,97% or 5 457 tons), and Zambia (0,05% or 132 tons). The imports of yellow maize for the mentioned period amount to 1,596 million tons, of which 62,26% or 993 809 tons were from Argentina, 23,28% or 371 542 tons from Ukraine, 6,27% or 100 047 tons from the United States, 5,92% or 94 462 tons from Brazil and 2,28% or 36 382 tons from Romania.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 6,3% in February 2017, down from 6,6% in January 2017. The consumer price index increased by 1,1% month-on-month in February 2017.
- Contributions to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages decreased from 1,9% in January to 1,7% in February and the index increased by 9,9% year-on-year; and
  - Household contents and services decreased from 0,2% in January to 0,1% in February and the index

increased by 3,4% year-on-year.

- Contributions to monthly consumer price inflation were as follows:
    - Food and non-alcoholic beverages contributed 0,1% in February and the index increased by 0,7% month-on-month;
    - Health contributed 0,1% February and the index increased by 3,8% month-on-month;
    - Transport contributed 0,1% in February, mainly due to a 29c/l increase in the price of petrol and the index increased by 0,9% month-on-month; and
    - Miscellaneous goods and services contributed 0,7% in February, mainly due to a 9,8% increase in health insurance and the index increased by 5,0% month-on-month.
- In February the CPI for goods increased by 7,1% year-on-year (down from 7,6% in January), and the CPI for services increased by 5,6% year-on-year (down from 5,7% in January).
- Provincial annual inflation rates ranged from 5,1% in Northern Cape to 7,3% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,6% in February 2017 (compared with 5,9% in January 2017). From January 2017 to February 2017 the PPI for final manufactured goods increased by 0,6%.
- The main contributors to the annual rate of 5,6 % were food products, beverages and tobacco products (2,8%) and coke, petroleum, chemical, rubber and plastic products (1,9%). The main contributor to the monthly increase of 0,6% was coke, petroleum, chemical, rubber, as well as plastic products (0,4%).
- The annual percentage change in the PPI for intermediate manufactured goods was 7,0% in February 2017 (compared with 6,7% in January 2017). From January 2017 to February 2017 the PPI for intermediate manufactured goods increased by 0,7%.
- The main contributors to the annual rate of 7,0% were chemicals, rubber and plastic products (2,7%), sawmilling and wood (1,7%), basic and fabricated metals (1,7%) and recycling and manufacturing n.e.c. (1,0%). The main contributors to the monthly increase of 0,7% were basic and fabricated metals (0,5%) and sawmilling and wood (0,3%).
- The annual percentage change in the PPI for electricity and water was 9,3% in February 2017 (compared with 10,0% in January 2017). From January 2017 to February 2017 the PPI for electricity and water increased by 0,8%.
- The contributors to the annual rate of 9,3% were electricity (7,6%) and water (1,6%). The contributor to the monthly increase of 0,8% was electricity (0,8%).
- The annual percentage change in the PPI for mining was 12,2% in February 2017 (compared with 10,7% in January 2017). From January 2017 to February 2017 the PPI for mining increased by 3,3%.
- The main contributors to the annual rate of 12,2% were non-ferrous metal ores (4,5%), coal and gas (2,8%) and gold and other metal ores (2,1%). The main contributors to the monthly increase of 3,3% were stone quarrying, clay and diamonds (2,7%), as well as gold and other metal ores (0,7%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -3,2% in February 2017 (compared with -2,9% in January 2017). From January 2017 to February 2017 the PPI for agriculture, forestry and fishing increased by 1,2%.
- The main contributor to the annual rate of -3,2% was agriculture (-4,1%). The main contributor to the monthly increase of 1,2% was agriculture (1,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Monday, 3 April 2017

	3 April 2017	3 March 2017	% Change
RSA White Maize per ton (May 2017 contract)	R2 019,00	R1 976,00	2,18
RSA Yellow Maize per ton (May 2017 contract)	R2 115,00	R2 093,00	1,05
RSA Wheat per ton (May 2017 contract)	R4 374,00	R4 040,00	8,27
RSA Sunflower seed per ton (May 2017 contract)	R4 650,00	R4 606,00	0,96
RSA Soya-beans per ton (May 2017 contract)	R4 990,00	R5 297,00	-5,80
Exchange rate R/$	R13,57	R13,11	3,51

Source: JSE/SAFEX

- South Africa's wheat import tariff has been revised down to R1 190,19 per ton, which is a 25,21% decline from the rate of R1 591,40 per ton. This new duty was calculated on 09 February 2017 following an upsurge of the international wheat prices but only published in the Government Gazette to make it official on 31 March 2017.

4.4 Agricultural machinery sales

- February tractor sales of 675 units were almost 8% less than the 731 units sold in February 2016. On a year-to-date basis tractor sales are now approximately 12% less than 2016. February combine harvester sales of 19 units were three units less than the 22 units sold in February 2016. Combine harvester sales for the year-to-date are approximately 8% less than in 2016.
- The current lower levels of sales reflect a high degree of caution in the market. The good rains in most areas mean that the majority of farmers will harvest significantly better crops than in 2016. The excellent summer crop expectations have, of course, depressed crop prices, though.
- The industry expects short-term sales to continue at the current lower levels, improving later when farmers start harvesting. Expectations for 2017 are that overall tractor sales should be at least as good as those in 2016.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year February 2017	Year-on-year February 2016	Percentage Change %	Year-to-date February 2017	Year-to-date February 2016	Percentage Change %
Tractors	675	731	-7,66	1 153	1 311	-12,05
Combine harvesters	19	22	-13,64	35	38	-7,89

Source: SAAMA press release, March 2017

PLEASE NOTE: the Food Security Bulletin for April 2017 will be released on **5 May 2017**.

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
- 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