

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2018

Issued: 10 April 2018

Directorate: Statistics and Economic Analysis

Highlights:

- During March 2018, significant rainfall events were limited to the central and eastern parts of the country.
- The projected closing stocks of wheat for the current 2017/18 marketing year are 497 474 tons, which includes imports of 1,93 million tons. It is also 45,7% more than the previous years' ending stocks.
- The second production forecast of maize for 2018 is 12,421 million tons, which is 26,2% less than the previous seasons' crop 16,820 million tons.
- Projected closing stocks of maize for the current 2017/18 marketing year are 4,096 million tons, which is 274,2% more than the previous years' ending stocks.
- Projected closing stocks of maize for the coming 2018/19 marketing year are 3,044 million tons, which is 25,7% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2018/19 marketing year are 42 601 tons, which is 28,0% less than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2018/19 marketing year are 96 173 tons, which is 37,7% less than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2018/19 marketing year are 536 166 tons, which is 62,2% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in February 2018 was lower at 4,0%.
- The annual percentage change in the PPI for final manufactured goods was lower at 4,2% in February 2018.
- February 2018 tractor sales of 595 units were significantly (12%) lower than the 675 units sold in February 2017.



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Contents

1. Weather conditions	3
2. Grain production	4
2.1 Summer grain crops	4
2.2 Winter cereal crops	5
3. Cereal balance sheets	5
4. Market information	7
4.1 Consumer Price Index (CPI)	7
4.2 Producer Price Index (PPI)	7
4.3 Future contract prices and the exchange rate	8
4.4 Agricultural machinery sales	8
5. Acknowledgements	9



1. Weather conditions

1.1 Rainfall for March 2018

During March 2018, significant rainfall events were limited to the central and eastern parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for March 2018, rainfall received was near-normal to above-normal in many areas (**Figure 2**). Below-normal rainfall was received over most of the Northern Cape and Limpopo Provinces, as well as isolated areas of the Western and Eastern Cape provinces.

Figure 1: Rainfall in mm for March 2018

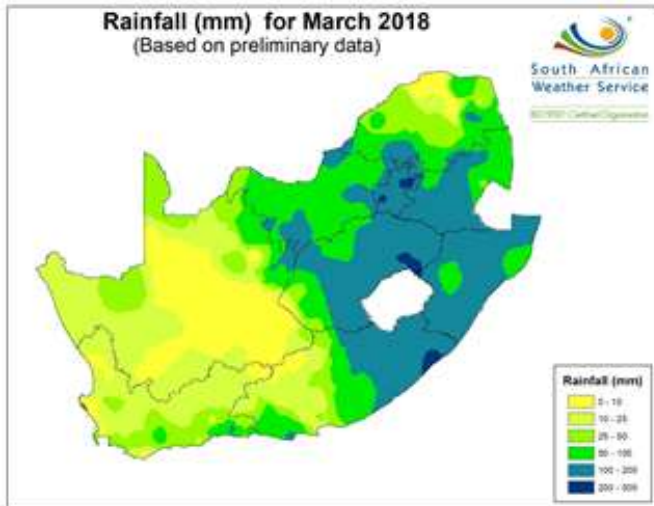
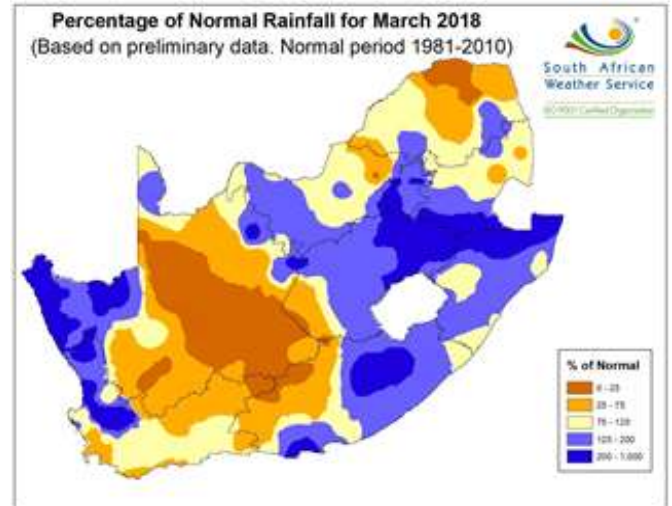


Figure 2: Percentage rainfall for March 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 2 April 2018 indicates that the country has approximately 75% of its full supply capacity (FSC) available, which is 1% less than the corresponding period in 2017. The dam levels in Gauteng (+11%), KwaZulu-Natal (+4%), Eastern Cape (+4%), Mpumalanga (+3%) and the Free State (+2%), all show increases as compared to 2017. However, all the other provinces show a decrease in the full supply capacity for the mentioned period. The North West Province shows the highest decrease in the full supply capacity with -19%, followed by the Northern Cape Province with -18%.

The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 2 April 2018

Province	Net FSC million cubic meters	2/4/2018 (%)	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 832	67	63	4,0
Free State	15 892	88	86	2,0
Gauteng	115	102	91	11,0
KwaZulu-Natal	4 802	63	59	4,0
Lesotho	2 363	56	56	-
Limpopo	1 522	74	78	-4,0
Mpumalanga	2 539	81	78	3,0
North West	881	71	90	-19,0
Northern Cape	146	82	100	-18,0
Western Cape	1 867	18	24	-6,0
Total	31 959	75	74	-1,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The revised area planted and second production forecast for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 28 March 2018, and is as follows:

Table 2: Commercial summer crops: Revised area and second production forecast - 2018 season

CROP	Area planted 2018 Ha (A)	Second forecast 2018 Tons (B)	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (B) ÷ (D)
White maize	1 268 100	6 363 100	1 643 100	9 916 000	-35,83
Yellow maize	1 050 750	6 057 400	985 500	6 904 000	-12,26
Total Maize	2 318 850	12 420 500	2 628 600	16 820 000	-26,16
Sunflower seed	601 500	749 205	635 750	874 000	-14,28
Soybeans	787 200	1 394 800	573 950	1 316 000	5,99
Groundnuts	56 300	80 600	56 000	92 050	-12,44
Sorghum	28 800	84 750	42 350	152 000	-44,24
Dry beans	53 360	68 210	45 050	68 525	-0,46
Total	3 846 010	14 798 065	3 981 700	19 322 575	-23,42

Note: Estimate is for calendar year, e.g. production season 2017/18 = 2018

- The expected **commercial maize crop** is 12,421 million tons, which is 26,16% or 4,4 million tons less than the 16,820 million tons of the previous season (2017). The area estimate for maize is 2,319 million ha, while the expected yield is 5,36 t/ha.
- The production forecast of **white maize** is 6,363 million tons, which is 35,83% or 3,553 million tons less than the 9,916 million tons of last season. The area estimate for white maize is 1,268 million ha, while the expected yield is 5,02 t/ha.
- The **yellow maize** production forecast is 6,057 million tons, which is 12,26% or 846 600 tons less than the 6,904 million tons of last season. In the case of yellow maize, the area estimate is 1,051 million ha, with an expected yield of 5,76 t/ha.
- The production forecast for **sunflower seed** is 749 205 tons, which is 14,28% or 124 795 tons less than the 874 000 tons of the previous season. The area estimate for sunflower is 601 500 ha, while the expected yield is 1,25 t/ha.
- The production forecast of **soybeans** is 1,395 million tons, which is 5,99% or 78 800 tons more than the 1,316 million tons of the previous season. The estimated area planted to soybeans is 787 200 ha and the expected yield is 1,77 t/ha.
- The expected crop for **groundnuts** is 80 600 tons – which is 12,44% or 11 450 tons less than the 92 050 tons of last season. For groundnuts, the area estimate is 56 300 ha, with an expected yield of 1,43 t/ha.
- The production forecast for **sorghum** is 84 750 tons, which is 44,24% or 67 250 tons less than the 152 000 tons of the previous season. The area estimate for sorghum is 28 800 ha and the expected yield is 2,94 t/ha.
- The production forecast of **dry beans** is 68 210 tons, which is 0,46% or 315 tons less than the 68 525 tons of the previous season. The area estimate of dry beans is 53 360 ha, with an expected yield of 1,28 t/ha.

Please note that the third production forecast for summer field crops for 2018 will be released on 25 April 2018.



2.2 Winter cereal crops

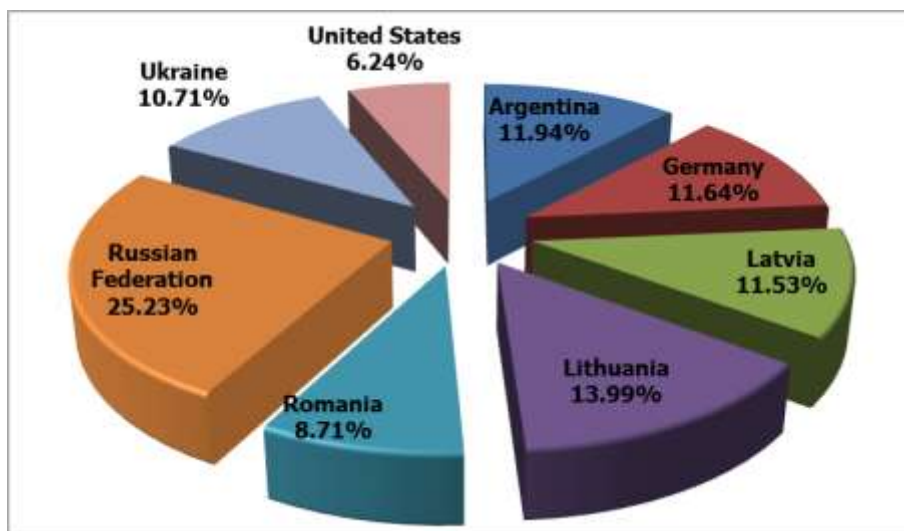
Please note that the intentions to plant winter cereals for 2018 will be released on 25 April 2018.

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 Mar18 Annexure A.

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

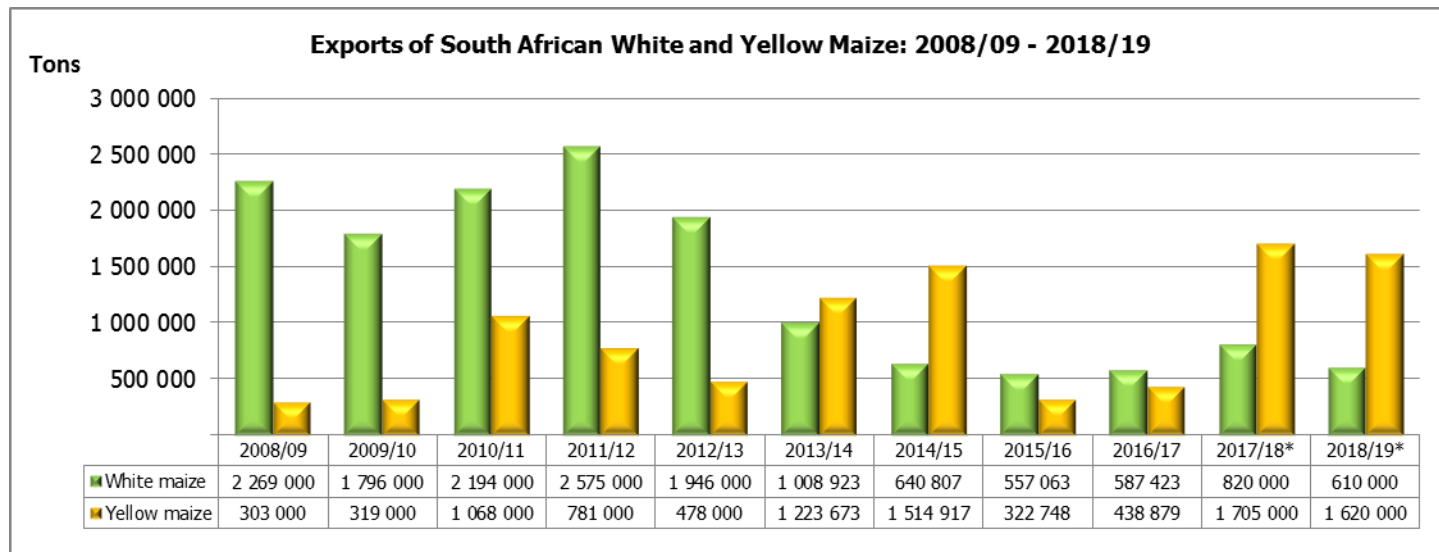
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 6 April 2018) amount to 1,161 million tons, with 25,23% or 293 035 tons imported from the Russian Federation, followed by Lithuania (13,99% or 162 489 tons), Argentina (11,94% or 138 706 tons), Germany (11,64% or 135 170 tons), Latvia (11,53% or 133 920 tons), Ukraine (10,71% or 124 337 tons), Romania (8,71% or 101 147 tons) and the United States (6,24% or 72 496 tons). The exports of wheat for the above-mentioned period amount to 24 523 tons, of which 82,20% or 20 159 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 12,02% or 2 948 tons and Zimbabwe with 5,77% or 1 416 tons.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2008/09 to 2018/19 marketing year

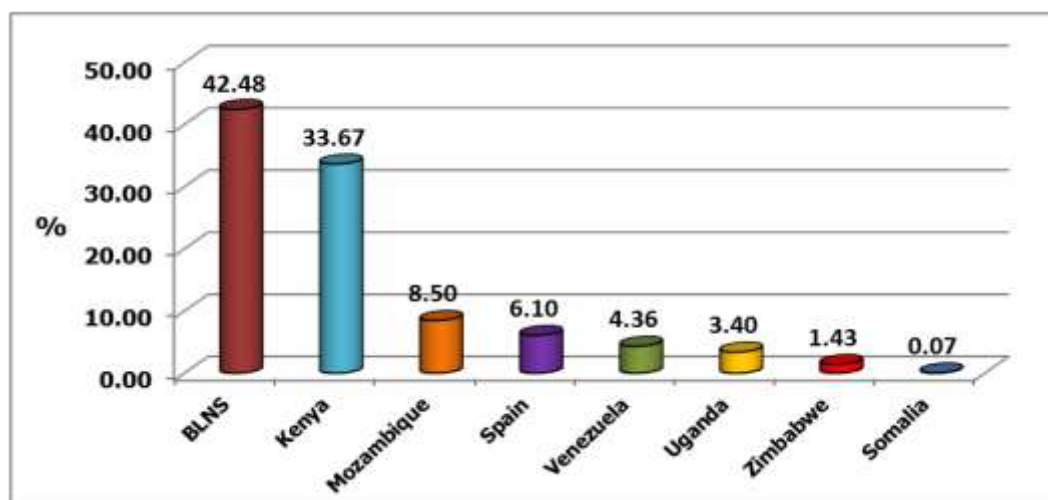


*Projection



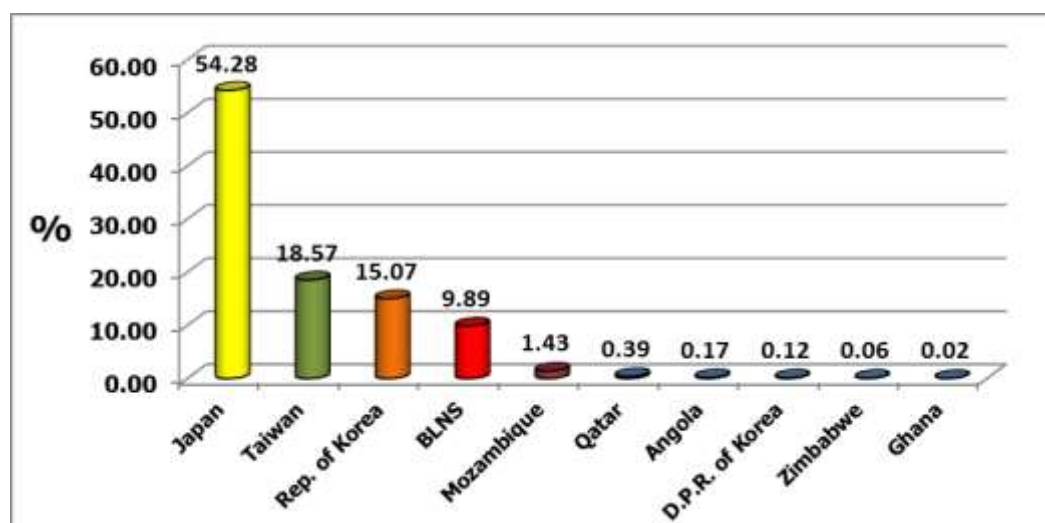
- The exports of white maize for the 2017/18 marketing year are projected 820 000 tons, which represents an increase of 39,59% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,705 million tons, which represents a significant increase of 288,49% compared to the 438 879 tons of the previous marketing year.
- The exports of white maize for the 2018/19 marketing year are projected 610 000 tons, which represents a decrease of 25,61% compared to the 820 000 tons of the previous marketing year. Yellow maize exports are projected at 1,620 million tons, which represents a decrease of 4,99% compared to the 1,705 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2017/18 marketing year



- From 29 April 2017 to 6 April 2018, progressive white maize exports amount to 734 349 tons, with the main destinations being the BLNS Countries (42,48% or 311 949 tons), Kenya (33,67% or 247 250 tons), Mozambique (8,50% or 62 384 tons), Spain (6,10% or 44 811 tons), Venezuela (4,36% or 32 000 tons), Uganda (3,40% or 24 998 tons), Zimbabwe (1,43% or 10 477 tons) and Somalia (0,07% or 480 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April 2017 to 6 April 2018, progressive yellow maize exports amount to 1,411 million tons, with the main destinations being Japan (54,28% or 765 668 tons), Taiwan (18,57% or 261 914 tons), Republic of Korea (15,07% or 212 588 tons), the BLNS Countries (9,89% or 139 504 tons), Mozambique (1,43% or 20 198 tons), Qatar (0,39% or 5 476 tons), Angola (0,17% or 2 380 tons), Democratic Peoples Republic of Korea (0,12% or 1 656 tons), Zimbabwe (0,06% or 889 tons) and Ghana (0,02% or 301). The imports of yellow maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2017/18 marketing year



4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,0% in February 2018, down from 4,4% in January 2018. The consumer price index increased by 0,8% month-on-month in February 2018.
- The main contributors to headline annual consumer price inflation were as follows:
 - Food and non-alcoholic beverages decreased from 0,8% in January to 0,7% in February. The index increased by 3,9% year-on-year;
 - Alcoholic beverages and tobacco increased from 0,3% in January to 0,4% in February. The index increased by 6,1% year-on-year;
 - Transport decreased from 0,6% in January to 0,5% in February. The index increased by 3,2% year-on-year; and
 - Miscellaneous goods and services decreased from 1,1% in January to 1,0% in February. The index increased by 6,2% year-on-year.
- The main contributor to monthly consumer price inflation were as follows:
 - Miscellaneous goods and services contributed 0,6% in February. The index increased by 4,2% month-on-month.
- In February the CPI for goods increased by 3,2% year-on-year (down from 3,7% in January), and the CPI for services increased by 4,9% year-on-year (down from 5,1% in January).
- Provincial annual inflation rates ranged from 2,8% in North West to 4,7% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,2% in February 2018 (compared with 5,1% in January 2018). From January 2018 to February 2018 the PPI for final manufactured goods decreased by 0,3%.
- The main contributor to the annual rate of 4,2% was coke, petroleum, chemical, rubber and plastic products (1,6%). The main contributor to the monthly decrease of 0,3% was coke, petroleum, chemical, rubber and plastic products (-0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 0,4% in February 2018 (compared with 1,5% in January 2018). From January 2018 to February 2018 the PPI for intermediate manufactured goods decreased by 0,4%. The main contributors to the annual rate of 0,4% were recycling and manufacturing n.e.c. (0,8%), as well as sawmilling and wood (0,7%). The main contributor to the monthly decrease of 0,4% was sawmilling and wood (-0,3%).
- The annual percentage change in the PPI for electricity and water was 3,5% in February 2018 (compared with 3,0% in January 2018). From January 2018 to February 2018 the PPI for electricity and water increased by 1,3%. The contributors to the annual rate of 3,5% were water (1,5%) and electricity (2,1%). The contributor to the monthly increase of 1,3% was electricity (1,4%).
- The annual percentage change in the PPI for mining was -4,3% in February 2018 (compared with -0,1% in January 2018). From January 2018 to February 2018 the PPI for mining decreased by 1,1%. The main contributors to the annual rate of -4,3% were stone quarrying, clay and diamonds (-3,5%), as well as gold and other metal ores (-3,1%). The main contributors to the monthly decrease of 1,1% were coal and gas (-0,8%), as well as gold and other metal ores (-0,4%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 5,7% in February 2018 (compared with 8,7% in January 2018). From January 2018 to February 2018 the PPI for agriculture, forestry and fishing decreased by 1,5%. The main contributor to the annual rate of 5,7% was agriculture (4,3%). The main contributor to the monthly decrease of 1,5% was agriculture (-1,5%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Monday, 9 April 2018

	9 April 2018	9 March 2018	% Change
RSA White Maize per ton (Apr. 2018 contract)	R1 967,00	R1 965,00	0,10
RSA Yellow Maize per ton (Apr. 2018 contract)	R2 063,00	R2 055,00	0,39
RSA Wheat per ton (Apr. 2018 contract)	R3 869,00	R3 666,00	5,54
RSA Sunflower seed per ton (Apr. 2018 contract)	R4 667,00	R4 784,00	-2,45
RSA Soya-beans per ton (Apr. 2018 contract)	R4 685,00	R4 687,00	-0,04
Exchange rate R/\$	R12,10	R11,91	1,60

Source: JSE/SAFEX

- South Africa's wheat import tariff has been revised to R394,85 per tonne, which is a 44,88% decline from the previous rate of R716,33 per tonne. This new duty was calculated on the 13 February 2017 following an upsurge of the international wheat prices, but only published in the Government Gazette to make it official on Friday, 6 April 2018.

4.4 Agricultural machinery sales

- February 2018 tractor sales of 595 units were significantly (12%) lower than the 675 units sold in February 2017. On a year-to-date basis, tractor sales for the first two months of the year are almost 3% down on what they were this time last year. February 2018 combine harvester sales of 21 units were three units more than the 18 units sold in February 2017, but sales for the year-to-date are now almost 15% down on last year.
- After encouraging tractor sales in January, February sales were quite disappointing. The current strong rand means that tractor prices are likely to come down, so farmers can delay their buying decisions. Crop prices remain low and a lot of last year's crops are currently being stored, with many farmers holding out for higher crop prices. This is having an effect on their cash flow and their ability to finance the purchase of capital equipment.
- The short-term trend in agricultural machinery sales is very difficult to predict. However, industry forecasts for the 2018 calendar year are that tractor sales should be at least at similar levels to 2017 sales.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	February			February		
	2018	2017		2018	2017	
Tractors	595	675	-11,85	1 122	1 153	-2,69
Combine harvesters	21	18	16,67	29	34	-14,71

Source: SAAMA press release, March 2018

PLEASE NOTE: The Food Security Bulletin for April 2018 will be released on **8 May 2018**.



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