

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2014

Issued: 4 June 2014

Directorate: Statistics and Economic Analysis

Highlights:

- **Significant rainfall events were limited to the western parts of the Western Cape Province.**
- **The projected closing stocks of wheat for the current 2013/14 marketing year are 549 493 tons, which includes imports of 1,650 million tons. It is also 12,3% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2014 is 13,549 million tons, which is 14,7% more than the 11,811 million tons of the previous season.**
- **Projected closing stocks of maize for the previous 2013/14 marketing year were 594 245 tons, which was 58,1% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 1,548 million tons, which is 160,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the previous 2013/14 marketing year were 50 069 tons, which was 10,6% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 82 189 tons, which is 64,2% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in April 2014 was higher at 6,1%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 8,8% in April 2014.**
- **The SA Reserve Bank's Monetary Policy Committee has left the repo rate unchanged at 5,5% per annum.**
- **The seasonally adjusted real gross domestic product (GDP) at market prices for the first quarter of 2014 decreased by an annualised rate of 0,6%.**



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1. Weather conditions

1.1 Rainfall for May 2014

Significant rainfall events were limited to the western parts of the Western Cape Province (Figure 1). Comparing rainfall totals to the long term average for May 2014, the rainfall was above normal over most of the Northern Cape, extreme western Free State and north-western parts of the Eastern Cape. The remainder of the country received near normal to below normal rainfall (Figure 2).

Figure 1: Rainfall (mm) for May 2014

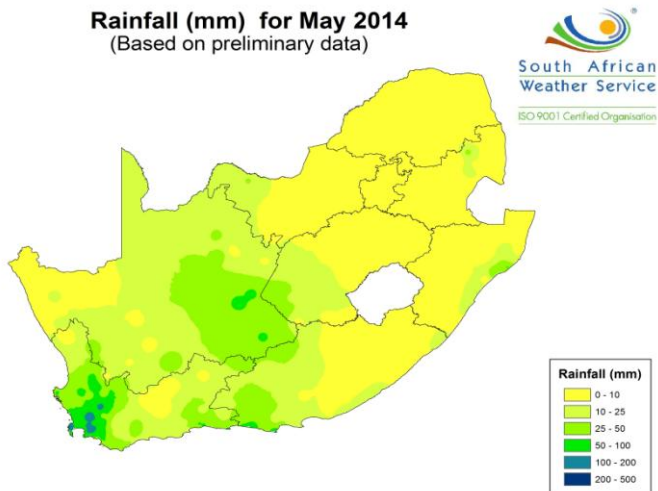
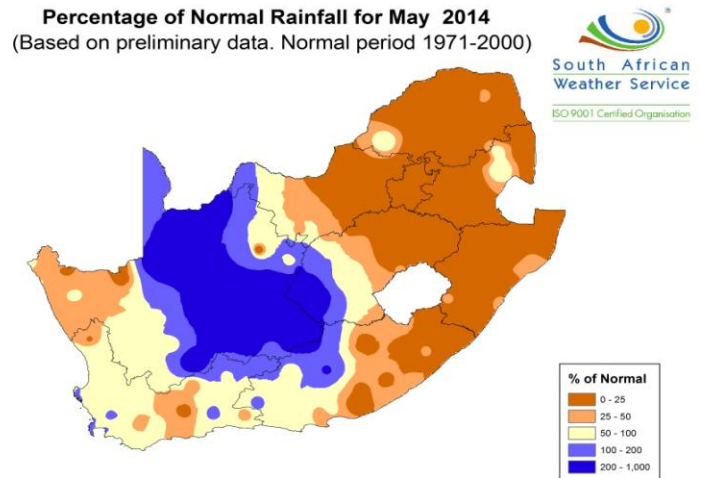


Figure 2: Percentage rainfall for May 2014



1.2 Level of dams

Available information on the level of South Africa's dams on 3 June 2014 indicates that the country has approximately 88% of its full supply capacity (FSC) available, 4% more than the corresponding period in 2013. Most of the provinces show an improvement in the full supply capacity of dams especially in the Gauteng (99%), Northern Cape (97%), Mpumalanga (95%) and Limpopo (94%) provinces. However, KwaZulu-Natal province shows a decrease of 5% as compared to the same period in 2013. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 2 June 2014

Province	Net FSC million cubic meters	2/6/2014 (%)	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 814	83	82	1,0
Free State	15 971	92	86	6,0
Gauteng	115	99	83	16,0
KwaZulu-Natal	4 529	86	91	-5,0
Lesotho	2 376	73	78	-5,0
Limpopo	1 159	94	91	3,0
Mpumalanga	2 520	95	91	4,0
North West	802	80	70	10,0
Northern Cape	146	97	72	25,0
Western Cape	1 854	69	58	11,0
Total	31 286	88	84	4,0

Source: Department of Water Affairs

2. Grain production

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

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

CROP	Area planted 2014 Ha (A)	4 th forecast 2014 Tons (B)	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	1 551 200	7 528 250	1 617 200	5 606 800	34,27
Yellow maize	1 137 000	6 020 400	1 164 000	6 203 800	-2,96
Maize	2 688 200	13 548 650	2 781 200	11 810 600	14,72
Sunflower seed	598 950	853 325	504 700	557 000	53,20
Soya-beans	502 900	893 090	516 500	784 500	13,84
Groundnuts	52 125	89 640	46 900	41 500	116,00
Sorghum	78 850	233 220	62 620	147 200	58,44
Dry beans	55 820	89 018	43 550	60 200	47,87
TOTAL	3 976 845	15 706 943	3 955 470	13 401 000	17,21

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 13,549 million tons, which is 14,72% or 1,738 million tons higher than the previous season of 11,811 million tons. The area estimate for maize remained unchanged at 2,688 million ha, while the expected yield is 5,04 t/ha.
- 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 7,528 million tons, which is 34,27% or 1,921 million tons more than the 5,607 million tons of the previous season. The yield for white maize is 4,85 t/ha. In the case of **yellow maize** the production forecast is 6,020 million tons, which is 2,96% or 183 400 tons less than the 6,204 million tons of the previous season. The yield for yellow maize is 5,29 t/ha.
- The production forecast for **sunflower seed** is 853 325 tons, an increase of 53,20% compared to the 557 000 tons of the previous season. The area estimate for sunflower seed is 598 950 ha, with an expected yield of 1,42 t/ha.
- The production forecast for **soya-beans** is 893 090, which is 13,84% more than the 784 500 tons of the previous season. The area estimate is 502 900 ha, and the expected yield is 1,78 t/ha.
- The expected **groundnut** crop was increased by 116,00% to 89 640 tons as compared to the 41 500 tons of the previous season. For groundnuts, the area estimate is 52 125 ha, with an expected yield of 1,72 t/ha.
- The production forecast for **sorghum** is 233 220 tons, which is 58,44% more than the 147 200 tons of the previous season. The area estimate for sorghum is 78 850 ha, and the expected yield is 2,96 t/ha.
- In the case of **dry beans**, the production forecast is 89 018 tons, which is 47,87% more than the 60 200 tons of the previous season. The area estimate of dry beans is 55 820 ha, and the expected yield is 1,59 t/ha.

Please note that the fifth production forecast for summer field crops for 2014 will be released on 26 June 2014.

2.1 Winter cereal crops

Please note that the preliminary area estimate of winter crops for 2014 will be released on 29 July 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 May14 Annexure A.

4. Market information

4.1 Consumer Price Index (CPI)

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

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 8,8% in April 2014 (compared with 8,2% in March 2014). From March 2014 to April 2014 the PPI for final manufactured goods increased by 1,0%.
- The main contributors to the annual rate of 8,8% were food products, beverages and tobacco products (8,3% year-on-year and contributing 3,1%), coke, petroleum, chemical, rubber and plastic products (10,8% year-on-year and contributing 1,8%), metals, machinery, equipment and computing equipment (7,9% year-on-year and contributing 1,2%), as well as transport equipment (11,1% year-on-year and contributing 1,1%).
- The main contributors to the monthly increase of 1,0% were food products, beverages and tobacco products (1,0% month-on-month and contributing 0,4%), as well as transport equipment (1,8% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 10,2% in April 2014 (compared with 10,1% in March 2014). From March 2014 to April 2014 the PPI for intermediate manufactured goods increased by 0,4%. The main contributors to the annual rate of 10,2% were basic and fabricated metals (10,3% year-on-year and contributing 4,0%) and chemicals, rubber and plastic products (10,0% year-on-year and contributing 3,1%). The main contributors to the monthly increase of 0,4% were textiles and leather goods (2,0% month-on-month and contributing 0,2%), as well as sawmilling and wood (1,4% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for electricity and water was 10,4% in April 2014 (compared with 14,6% in March 2014). From March 2014 to April 2014 the PPI for electricity and water increased by 3,1%. The contributors to the annual rate of 10,4% were electricity (10,9% year-on-year and contributing 9,0%) and water (7,8% year-on-year and contributing 1,4%). The contributors to the monthly increase of 3,1% were electricity (3,2% month-on-month and contributing 2,6%), as well as water (2,5% month-on-month and contributing 0,4%).
- The annual percentage change in the PPI for mining was 6,6% in April 2014 (compared with 3,7% in March 2014). From March 2014 to April 2014 the PPI for mining decreased by 0,7%. The main contributors to the annual rate of 6,6% were non-ferrous metal ores (10,2% year-on-year and contributing 4,4%), as well as coal and gas (6,8%

year-on-year and contributing 1,9%). The main contributor to the monthly decrease of 0,7% was gold and other metal ores (-3,6% month-on-month and contributing -0,8%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was 7,6% in April 2014 (compared with 11,7% in March 2014). From March 2014 to April 2014 the PPI for agriculture, forestry and fishing decreased by 3,6%. The main contributor to the annual rate of 7,6% was agriculture (8,0% year-on-year and contributing 6,3%). The main contributor to the monthly decrease of 3,6% was agriculture (-4,9% month-on-month and contributing -3,9%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Thursday, 29 May 2014

	29 May 2014	29 April 2014	% Change
RSA White Maize per ton (Jun. 2014 contract)	R1 840,00	R2 091,00	-12,00
RSA Yellow Maize per ton (Jun. 2014 contract)	R1 961,00	R2 180,00	-10,04
RSA Wheat per ton (Jun. 2014 contract)	R3 851,00	R3 946,00	-2,41
RSA Sunflower seed per ton (Jun. 2014 contract)	R4 660,00	R4 760,00	-2,10
RSA Soya-beans per ton (Jun. 2014 contract)	R5 696,00	R5 630,00	1,17
Exchange rate R/\$	R10,45	R10,58	-1,23

Source: JSE/SAFEX

4.4 Gross Domestic Product

- The seasonally adjusted real gross domestic product (GDP) at market prices for the first quarter of 2014 decreased by an annualised rate of 0,6%. The main contributors to this decrease in economic activity were the mining and quarrying industry (-1,3%), as well as the manufacturing industry (-0,7%).
- The mining and quarrying industry's contribution of -1,3% was based on a negative growth of 24,7%, due to lower production in the mining of gold, the mining of other metal ores (including platinum) and 'other' mining and quarrying (including diamonds).
- The manufacturing industry's negative contribution of 0,7% was based on a negative growth of 4,4%, mainly due to lower production in the petroleum, chemical products, rubber and plastic products division, as well as the basic iron and steel, non-ferrous metal products, metal products and machinery division.
- The biggest positive contributors in economic activity included finance, real estate and business services (0,4%), the wholesale, retail and motor trade; catering and accommodation industry (0,3%) and the transport, storage and communication industry and general government services (each contributing 0,2%).
- The seasonally adjusted real annualised value added by the primary and secondary sectors recorded decreases of 17,2% and 2,7% respectively, while the tertiary sector recorded an increase of 1,8% during the first quarter of 2014.
- The unadjusted real GDP at market prices for the first quarter of 2014 increased by 1,6% compared with the first quarter of 2013. The most notable performance was the construction industry that increased by 4,9%. Negative contributions were recorded by the mining and quarrying industry (negative growth of 2,5%) and the agriculture, forestry and fishing industry (negative growth of 1,6%).
- The nominal GDP at market prices during the first quarter of 2014 was R874 billion, which is R2 billion less than in the fourth quarter of 2013.

4.5 Monetary Policy Committee

- The Monetary Policy Committee (MPC) announced on 22 May 2014, that the repo rate will remain unchanged at 5,5%, as inflation is expected to remain outside the target for some time, while demand conditions in the economy remain subdued. The prime interest rate will thus remain at 9%.



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