MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2015

Issued: 3 June 2015

Directorate: Statistics and Economic Analysis

Highlights:

- **During May 2015, significant rainfall events were limited to the southern regions and isolated areas of the Mpumalanga Province.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 608 791 tons, which includes imports of 1,8 million tons. It is also 24,6% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2015 is 9,840 million tons, which is 31,0% less than the 14,250 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2015/16 marketing year are 1,266 million tons, which is 38,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2015/16 marketing year are 51 362 tons, which is 57,8% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 87 527 tons, which is 5,8% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2015/16 marketing year are 89 254 tons, which is 40,1% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in April 2015 was higher at 4,5%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 3,0% in April 2015.**
- **The real gross domestic product at market prices increased by 1,3% for the first quarter of 2015.**
- **April tractor sales of 360 units were significantly (20%) lower than the 450 units reported in April 2014.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for May 2015

During May 2015, significant rainfall events were limited to the southern coastal regions and isolated areas of the Mpumalanga Province **(Figure 1)**. Comparing rainfall totals to the long term average for May 2015, the rainfall experienced was below-normal over most parts of the country with patches of above-normal rainfall evident in the Mpumalanga, KwaZulu-Natal, Free State, Western and Eastern Cape provinces **(Figure 2)**.

Figure 1: Rainfall in mm for May 2015

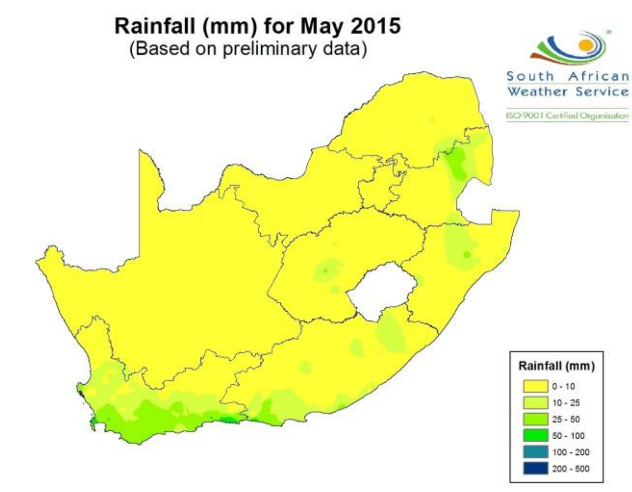
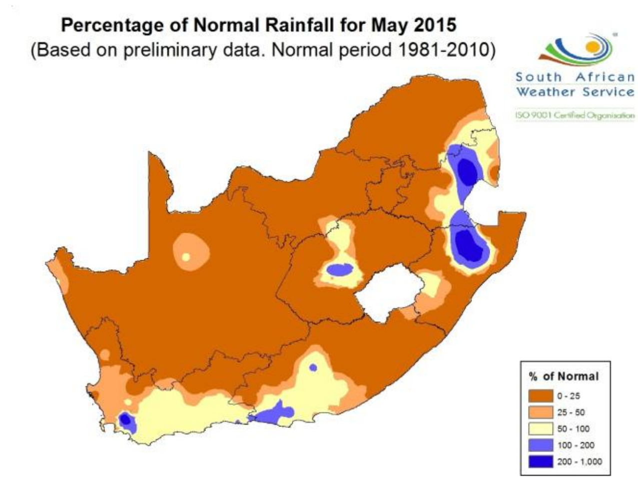


Figure 2: Percentage rainfall for May 2015



1.2 Level of dams

Available information on the level of South Africa's dams on 1 June 2015 indicates that the country has approximately 76% of its full supply capacity (FSC) available, 12% less than the corresponding period in 2014. All of the provinces show decreases in the full supply capacity of dams. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 1 June 2015

Province	Net FSC million cubic meters	**1/06/2015 (%)**	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
Eastern Cape	1 826	77	84	-7,0
Free State	15 971	81	93	-12,0
Gauteng	115	95	99	-4,0
KwaZulu-Natal	4 669	69	86	-17,0
Lesotho	2 376	72	74	-2,0
Limpopo	1 508	85	91	-6,0
Mpumalanga	2 520	86	95	-9,0
North West	802	65	80	-15,0
Northern Cape	146	82	95	-13,0
Western Cape	1 853	41	68	-27,0
Total	**31 786**	**76**	**88**	**-12,0**

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The area planted and fourth production forecast for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 26 May 2015, and is as follows:

Table 2: Commercial summer crops: Area planted and fourth production forecast - 2015 season

CROP	**Area planted 2015 Ha (A)**	**4th Forecast 2015 Tons (B)**	Area planted 2014 Ha (C)	Final estimate 2014 Tons (D)	Change % (B) ÷ (D)
White maize	**1 448 050**	**4 731 800**	1 551 200	7 710 000	-38,63
Yellow maize	**1 204 800**	**5 108 250**	1 137 000	6 540 000	-21,89
Maize	**2 652 850**	**9 840 050**	2 688 200	14 250 000	-30,95
Sunflower seed	**576 000**	**612 400**	598 950	832 000	-26,39
Soybeans	**687 300**	**942 850**	502 900	948 000	-0,54
Groundnuts	**58 000**	**66 725**	52 125	74 500	-10,44
Sorghum	**70 500**	**125 400**	78 850	265 000	-52,68
Dry beans	**64 000**	**75 815**	55 820	82 130	-7,69
TOTAL	**4 108 650**	**11 663 240**	3 976 845	16 451 630	-29,11

Note: Estimate is for calendar year, e.g. production season 2014/15 = 2015

- The area estimate for maize is 2,653 million ha, which is 1,32% or 35 350 ha less than the 2,688 million ha planted for the previous season.
- The size of the expected commercial **maize** crop has been set at 9,840 million tons, which is 30,95% or 4,410 million tons less than 14,250 million tons of the previous season. The expected yield is 3,71 t/ha against the 5,30 t/ha of the previous season.
- The area estimate for white maize is 1,448 million ha, which represents a decrease of 6,65% or 103 150 ha compared to the 1,551 million ha planted last season. In the case of yellow maize the area estimate is 1,205 million ha, which is 5,96% or 67 800 ha more than the 1,137 million ha planted last season.
- The production forecast of **white maize** is 4,732 million tons, which is 38,63% or 2,978 million tons less than the 7,710 million tons of the previous season. The yield for white maize is 3,27 t/ha against the 4,97 t/ha of the previous season. In the case of **yellow maize** the production forecast is 5,108 million tons, which is 21,89% or 1,432 million tons less than the 6,540 million tons of the previous season. The yield for yellow maize is 4,24 t/ha against the 5,75 t/ha of the previous season.
- The production forecast for **sunflower seed** is 612 400 tons, which is 26,39% or 219 600 tons less than the 832 000 tons of the previous season. The area estimate for sunflower seed is 576 000 ha, which is 3,83% less than the 598 950 ha planted the previous season. The expected yield is 1,06 t/ha against the 1,39 t/ha of the previous season.
- The production forecast for **soybeans** is 942 850 tons, which is 0,54% or 5 150 tons less than the 948 000 tons of the previous season. It is estimated that 687 300 ha have been planted to soybeans, which represents an increase of 36,67% compared to the 502 900 ha planted last season. The expected yield is 1,37 t/ha against the 1,89 t/ha of the previous season.
- The expected **groundnut** crop is 66 725 tons – which is 10,44% or 7 775 tons less than the 74 500 tons of last season. For groundnuts, the area estimate is 58 000 ha, which is 11,27% more than the 52 125 ha planted for the previous season. The expected yield is 1,15 t/ha against the 1,43 t/ha of the previous season.

- The production forecast for **sorghum** is 125 400 tons, which is 52,68% or 139 600 tons lower than the 265 000 tons of the previous season. The area estimate for sorghum decreased by 10,59%, from 78 850 ha to 70 500 ha against the previous season. The expected yield is 1,78 t/ha against the 3,36 t/ha of the previous season.
- In the case of **dry beans** the production forecast is 75 815 tons, which is 7,69% or 6 315 tons less than the 82 130 tons of the previous season. For dry beans, the area estimate is 64 000 ha, which is 14,65% more than the 55 820 ha planted for the previous season. The expected yield is 1,18 t/ha against the 1,47 t/ha of the previous season.

Please note that the fifth production forecast for summer grain crops for 2015 will be released on 30 June 2015.

2.2 Winter cereal crops

- At a meeting held on 7 May 2015, the Crop Estimates Liaison Committee (CELC) oversaw the process for the finalisation of the crop production figures of commercial wheat, malting barley and canola for 2014.
- Comparing the final calculated crop figures with the numbers set by the CEC during February 2015, the size of the commercial **wheat** crop for 2014 is now 1,750 million tons, which is 25 534 tons or 1,44% less than the final crop estimate figure of 1,776 million tons. For **malting barley** the recalculated crop size for 2014 is 302 000 tons, which is 4 786 tons or 1,56% less than the final crop estimate figure of 306 786 tons. The final recalculated **canola** crop estimate figure for 2014 is 121 000 tons, which is also slightly lower (2 500 tons or 2,02%) than the final crop estimate figure of 123 500 tons.

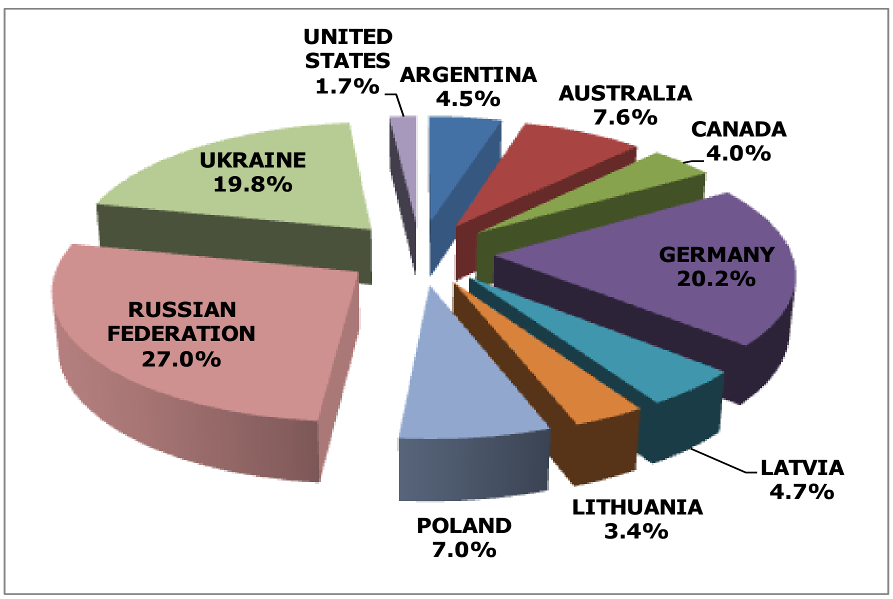
Please note that the preliminary area estimate of winter cereal crops for 2015 will be released on 28 July 2015.

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 May15 Annexure A.

3.1 Imports and exports of wheat for the 2014/15 marketing year

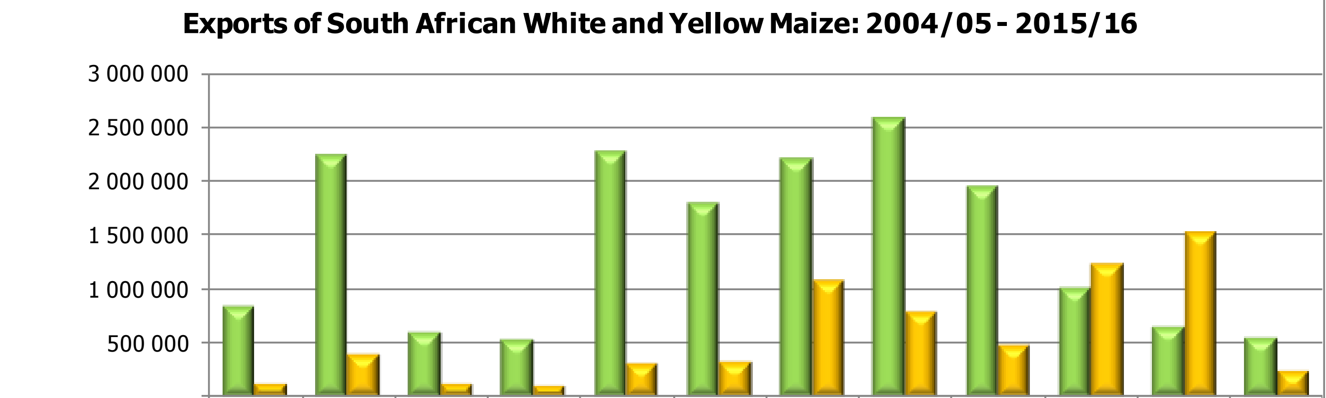
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September 2014 to 29 May 2015, amount to 1,300 million tons, with the largest quantity (27,0% or 351 308 tons) imported from the Russian Federation followed by Germany (20,2% or 262 824 tons), Ukraine (19,8% or 257 507 tons), Australia (7,6% or 98 457 tons), and Poland (7,0% or 91 483 tons). The exports of wheat for the mentioned period amount to 191 359 tons, of which 55,1% or 105 458 tons were exported to the BLNS countries and 33,2% or 63 467 tons to Zimbabwe.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2015/16 marketing year



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*
White maize exports	832 000	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	639 323	550 000
Yellow maize exports	120 000	393 000	117 000	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 512 751	240 000

*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 550 000 tons, which represents an decrease of 14,0% compared to the 639 323 tons of the previous marketing year. With reference to yellow maize exports, the projection is 240 000 tons, which represents a decrease of 84,1% compared to the 1,513 million tons of the previous marketing year.
- From 25 April to 29 May 2015, progressive white maize exports amount to 33 109 tons, with the main destinations being Botswana (45,4% or 15 047 tons), Namibia (29,1% or 9 627 tons), Mozambique (16,0% or 5 307 tons) and Lesotho (9,4% or 3 128 tons). No imports were reported for the mentioned period.
- From 25 April to 29 May 2015, progressive yellow maize exports amount to 17 009 tons, with the main destinations being the BLNS Countries (74,7% or 12 700 tons), Mozambique (16,6% or 2 829 tons), Korea (8,3% or 1 418 tons) and Zimbabwe (0,4% or 62 tons). The imports of yellow maize for the mentioned period amount to 33 138 tons, of which 100% were imported from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in April 2015 was 4,5%. This rate was 0,5% higher than the corresponding annual rate of 4,0% in March 2015. On average, prices increased by 0,9% between March 2015 and April 2015.
- The food and non-alcoholic beverages index increased by 0,5% between March 2015 and April 2015. The annual rate decreased to 5,0% in April 2015 from 5,8% in March 2015. The following components in the food and non-alcoholic beverages index increased: Fruit (4,9%), vegetables (2,3%), sugar, sweets and desserts (1,3%), hot beverages (0,7%), milk, eggs and cheese (0,6%), cold beverages (0,6%), bread and cereals (0,4%), fish (0,3%) and meat (0,2%). The following components decreased: Other food (-1,7%) and oils and fats (-1,0%).
- The alcoholic beverages and tobacco index increased by 1,2% between March 2015 and April 2015. The annual rate increased to 9,6% in April 2015 from 9,0% in March 2015.
- The transport index increased by 4,5% between March 2015 and April 2015, mainly due to a 156c/litre increase in the price of petrol. The annual rate increased to -1,1% in April 2015 from -5,0% in March 2015.
- The miscellaneous goods and services index increased by 0,2% between March 2015 and April 2015. The annual rate decreased to 7,3% in April 2015 from 7,5% in March 2015.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Gauteng (4,4%), Eastern Cape (4,3%), Mpumalanga (4,3%), Limpopo (4,3%) and KwaZulu-Natal (3,6%). The provinces with an annual

inflation rate higher than headline inflation were Western Cape (5,2%), Free State (5,0%), Northern Cape (4,9%) and North West (4,8%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,0% in April 2015 (compared with 3,1% in March 2015). From March 2015 to April 2015 the PPI for final manufactured goods increased by 0,9%.
- The main contributors to the annual rate of 3,0% were food products, beverages and tobacco products (5,4% year-on-year and contributing 1,8%) and metals, machinery, equipment and computing equipment (7,1% year-on-year and contributing 1,0%). The main contributor to the monthly increase of 0,9% was coke, petroleum, chemical, rubber and plastic products (2,8% month-on-month and contributing 0,5%).
- The annual percentage change in the PPI for intermediate manufactured goods was -0,2% in April 2015 (compared with 0,9% in March 2015). From March 2015 to April 2015 the PPI for intermediate manufactured goods decreased by 0,7%. The main contributor to the annual rate of -0,2% was chemicals, rubber and plastic products (-2,2% year-on-year and contributing -0,7%). The main contributor to the monthly decrease of 0,7% was basic and fabricated metals (-1,9% month-on-month and contributing -0,6%).
- The annual percentage change in the PPI for electricity and water was 10,4% in April 2015 (compared with 8,6% in March 2015). From March 2015 to April 2015 the PPI for electricity and water increased by 4,7%. The contributors to the annual rate of 10,4% were electricity (11,2% year-on-year and contributing 9,4%) and water (6,3% year-on-year and contributing 1,0%). The contributors to the monthly increase of 4,7% were electricity (5,2% month-on-month and contributing 4,4%) and water (1,9% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for mining was -4,7% in April 2015 (compared with -4,4% in March 2015). From March 2015 to April 2015 the PPI for mining decreased by 1,0%. The main contributors to the annual rate of -4,7% were gold and other metal ores (-7,8% year-on-year and contributing -2,4%), coal and gas (-5,3% year-on-year and contributing -1,4%) and non-ferrous metal ores (-3,2% year-on-year and contributing -1,1%). The main contributor to the monthly decrease of 1,0% was gold and other metal ores (-2,4% month-on-month and contributing -0,7%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 4,5% in April 2015 (compared with -1,0% in March 2015). From March 2015 to April 2015 the PPI for agriculture, forestry and fishing increased by 1,7%. The main contributor to the annual rate of 4,5% was agriculture (5,1% year-on-year and contributing 4,3%). The main contributor to the monthly increase of 1,7% was agriculture (1,8% month-on-month and contributing 1,6%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Monday, 29 May 2015

	29 May 2015	29 April 2015	% Change
RSA White Maize per ton (June 2015 contract)	R2 717,00	R2 569,00	5,76
RSA Yellow Maize per ton (June 2015 contract)	R2 382,00	R2 345,00	1,58
RSA Wheat per ton (June 2015 contract)	R3 870,00	R3 809,00	1,60
RSA Sunflower seed per ton (June 2015 contract)	R5 015,00	R4 915,00	2,03
RSA Soya-beans per ton (June 2015 contract)	R4 617,00	R4 745,00	-2,70
Exchange rate R/$	R12,15	R11,79	3,05

Source: JSE/SAFEX

4.4 Gross Domestic Product – 1st Quarter of 2015

- Real gross domestic product at market prices increased by 1,3% quarter-on-quarter, seasonally adjusted and annualised. The largest contributions to the quarter-on-quarter growth of 1,3% were as follows:
  - The mining and quarrying industry contributed 0,8% based on growth of 10,2%;
  - Finance, real estate and business services contributed 0,7% based on growth of 3,8%; and

    - The wholesale, retail and motor trade, catering and accommodation industry contributed 0,2% based on growth of 1,2%.

- The following points should be noted when analysing the recent performance of the economy:
    - Economic activity in the mining and quarrying industry reflected positive growth of 10,2% due to higher production in the mining of coal and mining of 'other' metal ores (including platinum);
    - The growth in finance, real estate and business services was due to increased activities in banking from financial intermediation services and equity, bond and other financial markets in auxiliary activities;
    - The growth in the wholesale, retail and motor trade, catering and accommodation industry was due to increases in turnover in the wholesale and retail trade divisions; and
    - Economic activity in the manufacturing industry reflected negative growth of 2,4%, due to lower production in the following divisions: Petroleum, chemical products, rubber and plastic products; radio, television and communication apparatus and professional equipment; and wood and wood products, paper, publishing and printing.

4.5 Agricultural machinery sales

- April tractor sales of 360 units were significantly (20%) lower than the 450 units reported in April 2014. On a year-to-date basis sales are approximately 10% down compared to 2014. April combine harvester sales of 29 units were marginally down on the 32 units sold in April 2014. On a year-to-date basis combine harvester sales are approximately 36% down compared to 2014. April tractor sales, in particular, reflected the uncertainty in the market in regard to crop yield quality and quantity.

- Rainfall and weather conditions across the major summer cropping areas were extremely variable this year. This has meant that crops have ranged from very poor to good, sometimes within close proximity to each other. Only once the farmers have harvested their crops, they will know the actual yield and quality of their crops.

Table 4: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	April		Change	April		Change
Equipment class	**2015**	**2014**	**%**	**2015**	**2014**	**%**
Tractors	360	450	-20,0	2 018	2 254	-10,5
Combine harvesters	29	32	-9,4	98	153	-35,9

Source: SAAMA press release, May 2015

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