MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2017

Issued: 5 June 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During May 2017, significant rainfall events were limited to the south-eastern coastal regions of the country, as well as parts of the Limpopo and Mpumalanga provinces.**
- **The projected closing stocks of wheat for the current 2016/17 marketing year are 678 732 tons, which includes imports of 1,25 million tons. It is also 17,95% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 15,631 million tons, which is 101,0% 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 2017/18 marketing year are 3,366 million tons, which is 206,9% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 35 768 tons, which is 1,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 150 356 tons, which is 7,8% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 107 422 tons, which is 26,7% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in April 2017 was lower at 5,3%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,6% in April 2017.**
- **April 2017 tractor sales of 398 units were just two units less than the 400 units sold in April last year.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for May 2017

During May 2017, significant rainfall events were limited to the south-eastern coastal regions of the country, as well as parts of the Limpopo and Mpumalanga provinces (**Figure 1**). Comparing rainfall totals to the long term average for May 2017, rainfall received was above-normal over most of the Eastern Cape and KwaZulu-Natal provinces, as well as the north-eastern regions of the country (**Figure 2**). The remaining regions of the country received below-normal rainfall.

Figure 1: Rainfall in mm for May 2017

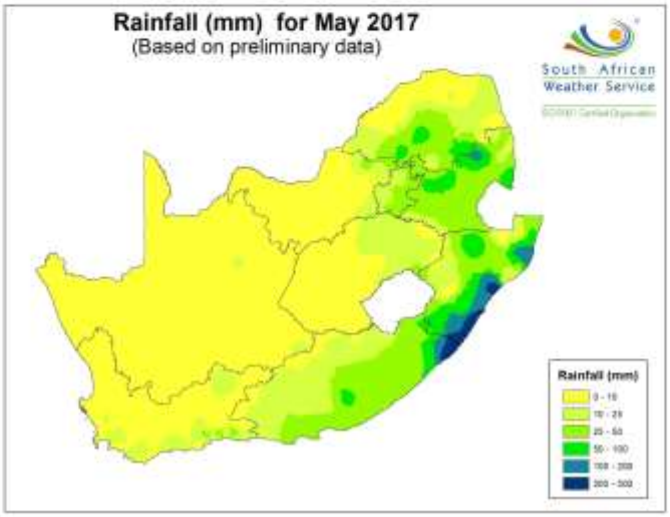
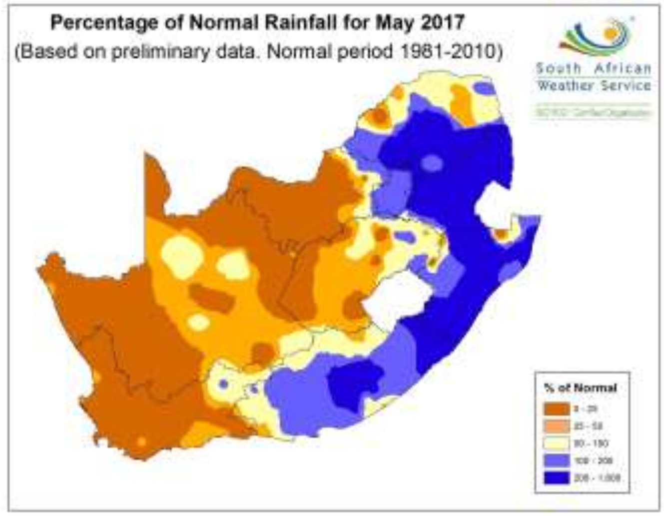


Figure 2: Percentage rainfall for May 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 29 May 2017 indicates that the country has approximately 72% of its full supply capacity (FSC) available, which is 18% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. The Free State province, dam levels increased by 30%, followed by Northern Cape with 27%, North-West with 23%, Limpopo with 19% and Mpumalanga with 17%. All of these provinces show a significant improvement in the full supply capacity compared to the same period last year. However, decreases in the full supply capacity for the same period are evident in the Western Cape with minus 12% and the Eastern Cape with minus 10%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 29 May 2017

Province	Net FSC million cubic meters	**29/5/2017 (%)**	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	**61**	71	-10,0
Free State	15 971	**84**	54	30,0
Gauteng	115	**92**	87	5,0
KwaZulu-Natal	4 783	**58**	49	9,0
Lesotho	2 376	**51**	49	2,0
Limpopo	1 522	**78**	59	19,0
Mpumalanga	2 539	**79**	62	17,0
North West	881	**89**	66	23,0
Northern Cape	146	**87**	60	27,0
Western Cape	1 867	**18**	30	-12,0
Total	32 032	**72**	54	18,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and fourth production forecast for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 26 May 2017, and is as follows:

Table 2: Commercial summer crops: Area planted and fourth production forecast - 2017 season

CROP	Area planted 2017 Ha (A)	**4th forecast 2017 Tons (B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	**9 466 800**	1 014 750	3 408 500	177,74
Yellow maize	985 500	**6 164 250**	932 000	4 370 000	41,06
Total Maize	2 628 600	**15 631 050**	1 946 750	7 778 500	100,95
Sunflower seed	635 750	**853 470**	718 500	755 000	13,04
Soybeans	573 950	**1 233 130**	502 800	742 000	66,19
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	**68 450**	34 400	35 445	93,12
TOTAL	3 981 700	**18 026 180**	3 273 550	9 399 125	91,78

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 15,631 million tons, which is 100,95% or 7,852 million tons more than the 7,778 million tons of the previous season. It is the largest maize crop produced in the history of SA. The area estimate for maize is 2,629 million ha, while the expected yield is 5,95 t/ha - also the highest yield ever.
- The estimated maize crop is 101% 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 83% 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 9,467 million tons, which is 177,74% or 6,058 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 5,76 t/ha. In the case of **yellow maize** the production forecast is 6,164 million tons, which is 41,06% or 1,794 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 6,25 t/ha.
- The production forecast for **sunflower seed** is 853 470 tons, which is 13,04% or 98 470 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 1,34 t/ha.
- The production forecast for **soybeans** is 1,233 million tons, which is 66,19% or 491 130 tons more than the 742 000 tons of the previous season. It is the largest soybean crop produced in the history of South Africa. The estimated area planted to soybeans is 573 950 ha and the expected yield is 2,15 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 2016. The area estimate is 56 000 ha and the 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 ton of 2016. The area estimate for sorghum is 42 350 ha. The expected yield is 3,62 t/ha.

- In the case of **dry beans**, the production forecast is 68 450 tons, which is 93,12% or 33 005 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 1,52 t/ha.

Please note that the fifth production forecast for summer field crops for 2017 will be released on 28 June 2017.

2.2 Winter cereal crops

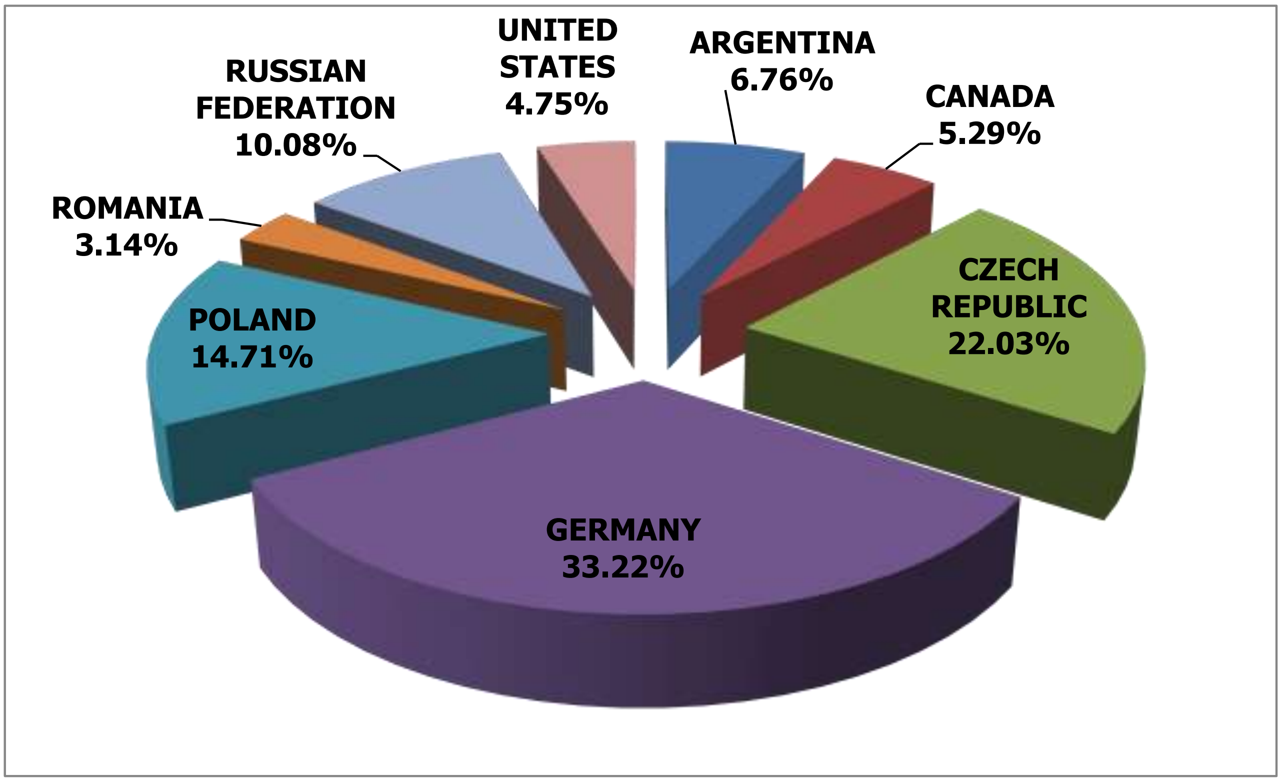
Please note that the preliminary area estimate of winter crops for 2017 will be released on 26 July 2017.

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 May17 Annexure A.

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

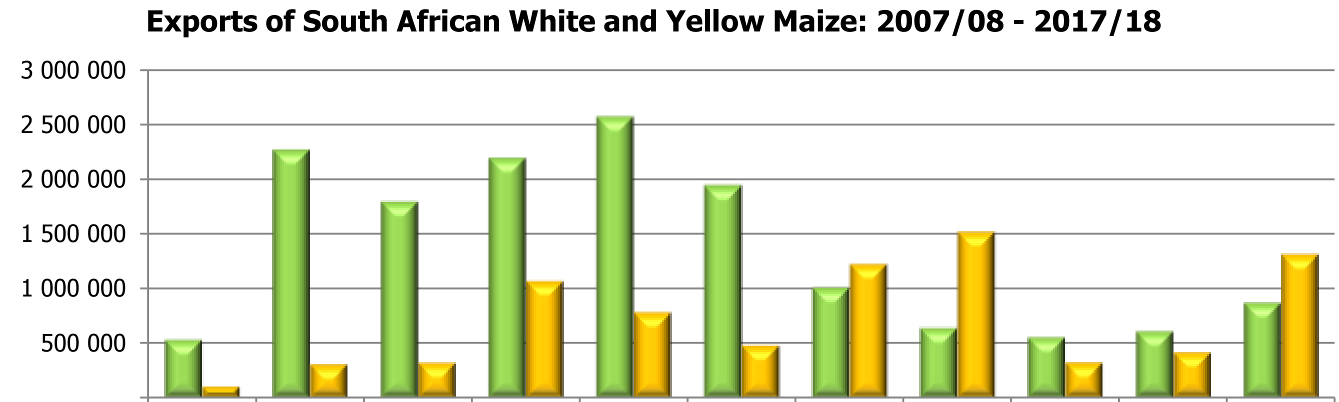
Graph 1: Major countries of wheat imports for South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 26 May 2017) amount to 526 437 tons, with 33,22% or 174 882 tons imported from Germany, followed by the Chez Republic (22,03% or 115 994 tons), Poland (14,71% or 77 442 tons), Russian Federation (10,08% or 53 087 tons), Argentina (6,76% or 35 613 tons), Canada (5,29% or 27 841 tons), the United States (4,75% or 25 026 tons) and Romania (3,14% or 16 552 tons). The exports of wheat for the above-mentioned period amount to 82 144 tons, of which 50,81% or 41 740 tons went to the BLNS Countries, 26,90% or 22 100 tons to Zimbabwe, 18,64% or 15 312 tons to Zambia and only 3,64% or 2 992 tons were exported to Mozambique.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2007/08 to 2017/18 marketing year



	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18*
White maize	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	611 789	870 000
Yellow maize	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	414 478	1 310 000

*Projection

- The exports of white maize for the 2016/17 marketing year are projected 611 789 tons, which represents an increase of 9,82% compared to the 557 063 tons of the previous marketing year. Yellow maize exports are projected at 414 478 tons, which represents an increase of 28,42% compared to the 322 748 tons of the previous marketing year.
- The exports of white maize for the 2017/18 marketing year are projected 870 000 tons, which represents an increase of 42,21% compared to the 611 789 tons of the previous marketing year. Yellow maize exports are projected at 1,310 million tons, which represents a significant increase of 216,06% compared to the 414 478 tons of the previous marketing year.
- From 29 April to 26 May 2017, progressive white maize exports amount to 37 252 tons, with the main destinations being the BLNS Countries (74,07% or 27 592 tons), Zimbabwe (16,95% or 6 315 tons), Mozambique (8,89% or 3 311 tons), and Zambia (0,09% or 34 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April to 26 May 2017, progressive yellow maize exports amount to 9 358 tons, with the main destinations being the BLNS Countries (86,54% or 8 098 tons), Mozambique (7,68% or 719 tons), Zambia (3,23% or 302 tons), and Zimbabwe (2,55% or 239 tons). The imports of yellow maize for the mentioned period amount to zero.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 5,3% in April 2017, down from 6,1% in March 2017. The consumer price index increased by 0,1% month-on-month in April 2017.
- Contributions to headline annual consumer price inflation were as follows:
    - Food and non-alcoholic beverages decreased from 1,5% in March to 1,1% in April. The index increased by 6,7% year-on-year;
    - Transport decreased from 1,1% in March to 0,7% in April. The index increased by 4,6% year-on-year; and
    - Miscellaneous goods and services decreased from 1,2% in March to 1,1% in April. The index increased by 7,3% year-on-year.
- Contributions to monthly consumer price inflation were as follows:

- Miscellaneous goods and services contributed 0,1% in April. The index increased by 0,4% month-on-month.

- In April the CPI for goods increased by 5,3% year-on-year (down from 7,0% in March), and the CPI for services increased by 5,5% year-on-year (up from 5,4% in March).
- Provincial annual inflation rates ranged from 4,3% in both Northern Cape and Mpumalanga to 6,3% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,6% in April 2017 (compared with 5,2% in March 2017). From March 2017 to April 2017 the PPI for final manufactured goods increased by 0,3%.
- The main contributors to the annual rate of 4,6% were food products, beverages and tobacco products (2,1%), as well as coke, petroleum, chemical, rubber and plastic products (1,2%).
- The contributors to the monthly increase of 0,3% were:
  - Food products, beverages and tobacco products (0,1%);
  - Wod and paper products (0,1%);
  - Metals, machinery, equipment and computing equipment (0,1%);
  - Transport equipment (0,1%); and
  - Coke, petroleum, chemical, rubber and plastic products (-0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was 5,0% in April 2017 (compared with 6,8% in March 2017). From March 2017 to April 2017 the PPI for intermediate manufactured goods decreased by 0,8%.
- The annual percentage change in the PPI for electricity and water was 5,9% in April 2017 (compared with 10,8% in March 2017). From March 2017 to April 2017 the PPI for electricity and water increased by 0,8%.
- The contributors to the annual rate of 5,9% were electricity (4,1%) and water (1,7%). The contributors to the monthly increase of 0,8% were electricity (0,3%) and water (0,6%).
- The annual percentage change in the PPI for mining was 5,7% in April 2017 (compared with 6,0% in March 2017). From March 2017 to April 2017 the PPI for mining increased by 0,6%.
- The main contributors to the annual rate of 5,7% were coal and gas (2,7%) and non-ferrous metal ores (2,7%). The main contributor to the monthly increase of 0,6% was coal and gas (1,1%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,6% in April 2017 (compared with -4,2% in March 2017). From March 2017 to April 2017 the PPI for agriculture, forestry and fishing increased by 0,9%.
- The main contributor to the annual rate of -1,6% was agriculture (-2,9%). The main contributor to the monthly increase of 0,9% was forestry (1,0%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Friday, 2 June 2017

	2 June 2017	2 May 2017	% Change
RSA White Maize per ton (June 2017 contract)	R1 731,00	R1 956,00	-11,50
RSA Yellow Maize per ton (June 2017 contract)	R1 866,00	R2 033,00	-8,21
RSA Wheat per ton (June 2017 contract)	R4 450,00	R4 508,00	-1,29
RSA Sunflower seed per ton (June 2017 contract)	R4 562,00	R4 595,00	-0,72
RSA Soya-beans per ton (June 2017 contract)	R4 507,00	R4 638,00	-2,82
Exchange rate R/$	R12,88	R13,33	-3,38

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- April 2017 tractor sales of 398 units were just two units less than the 400 units sold in April last year. On a year-to-date basis tractor sales are now only approximately 4% down on 2016. April 2017 combine harvester sales of 30 units were approximately 43% up on the 21 units sold in April last year. Combine harvester sales for the year-to-date are almost 19% up on 2016.
- Overall, crop prospects look very good. The maize yield this season is forecasted to be 5,95 t/ha - the highest yield ever. The soya bean crop, at 1,23 million tons, is the largest crop ever produced. However, these excellent crop prospects have had an adverse effect on crop prices. At this stage of the season, farmers are cautiously optimistic, waiting to see exactly what their crop harvests will actually be.
- 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 April		Percentage Change %	Year-to-date April		Percentage Change %
	2017	2016		2017	2016	
Tractors	398	400	-0,50	2 066	2 145	-3,68
Combine harvesters	30	21	42,86	87	73	19,18

Source: SAAMA press release, May 2017

PLEASE NOTE: the Food Security Bulletin for June 2017 will be released on **5 July 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