MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2018

Issued: 11 June 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During May 2018, significant rainfall events were limited to isolated areas of the Western Cape, as well as the north coast of KwaZulu-Natal and the adjacent interior.**
- **The projected closing stocks of wheat for the current 2017/18 marketing year are 517 524 tons, which includes imports of 1,93 million tons. It is also 51,6% more than the previous years' ending stocks.**
- **The fourth production forecast of maize for 2018 is 12,909 million tons, which is 23,2% less than the previous seasons' crop 16,820 million tons.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,142 million tons, which is 15,0% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 40 046 tons, which is 32,4% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 100 096 tons, which is 35,4% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 571 735 tons, which is 73,0% more than the previous years' ending stocks**
- **The headline CPI (for all urban areas) annual inflation rate in April 2018 was higher at 4,5%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 4,4% in April 2018.**
- **May 2018 tractor sales of 501 units were marginally (four units) higer than the 497 units sold in May 2017.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for May 2018

During May 2018, significant rainfall events were limited to isolated areas of the Western Cape, as well as the north coast of KwaZulu-Natal and the adjacent interior **(Figure 1)**. Comparing the rainfall totals to the long term average for May 2018, rainfall received was near-normal in most of the areas **(Figure 2)**. However, the extreme eastern parts, as well as regions of the Northern and Eastern Cape provinces received above-normal rainfall for the mentioned period.

Figure 1: Rainfall in mm for May 2018

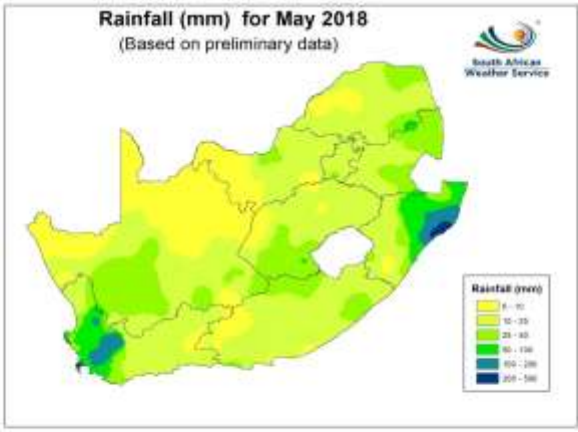
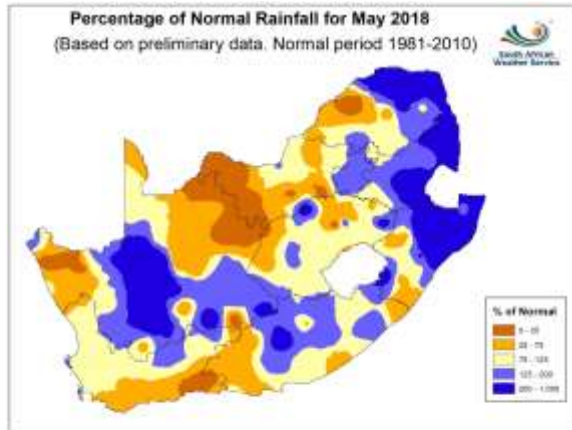


Figure 2: Percentage rainfall for May 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 4 June 2018 indicates that the country has approximately 80% of its full supply capacity (FSC) available, which is 8% more than the corresponding period in 2017. The dam levels in the Free State (+12%), Gauteng (+8%), KwaZulu-Natal (+8%), Eastern Cape (+6%), Western Cape (+6%), Northern Cape (+5%), and Mpumalanga (+3%), all show increases as compared to 2017. However, all the other provinces show decreases in the full supply capacity for the mentioned period. The North West Province shows the highest decrease in the full supply capacity with -15%, followed by the Limpopo Province with -2%.

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

Table 1: Level of dams, 4 June 2018

Province	Net FSC million cubic meters	**4/6/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 810	**66**	60	6,0
Free State	15 945	**96**	84	12,0
Gauteng	115	**100**	92	8,0
KwaZulu-Natal	4 802	**66**	58	8,0
Lesotho	2 363	**52**	51	1,0
Limpopo	1 522	**76**	78	-2,0
Mpumalanga	2 539	**82**	79	3,0
North West	881	**73**	88	-15,0
Northern Cape	147	**92**	87	5,0
Western Cape	1 866	**24**	18	6,0
Total	**31 990**	**80**	**72**	**8,0**

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 2018 was released by the Crop Estimates Committee (CEC) on 29 May 2018, and is as follows:

Table 2: Commercial summer crops: Area planted and fourth production forecast - 2018 season

CROP	**Area planted 2018 Ha (A)**	**Fourth 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**	**6 701 260**	1 643 100	9 916 000	-32,42
Yellow maize	**1 050 750**	**6 207 350**	985 500	6 904 000	-10,09
Total Maize	**2 318 850**	**12 908 610**	2 628 600	16 820 000	-23,25
Sunflower seed	**601 500**	**792 255**	635 750	874 000	-9,35
Soybeans	**787 200**	**1 430 300**	573 950	1 316 000	8,69
Groundnuts	**56 300**	**68 400**	56 000	92 050	-25,69
Sorghum	**28 800**	**83 070**	42 350	152 000	-45,35
Dry beans	**53 360**	**65 610**	45 050	68 525	-4,25
Total	**3 846 010**	**15 348 245**	3 981 700	19 322 575	-20,57

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

- The size of the expected **commercial maize crop** has been set at 12,909 million tons, which is 23,25% or 3,911 million tons less than the previous season of 16,820 million tons. The area estimate for maize is 2,319 million ha, while the expected yield is 5,57 t/ha.
- The area estimate for white maize is 1,268 million ha and for yellow maize the area estimate is 1,051 million ha.
- The production forecast of **white maize** is 6,701 million tons, which is 32,42% or 3,215 million tons less than the 9,916 million tons of the previous season. The yield for white maize is 5,28 t/ha. In the case of **yellow maize** the production forecast is 6,207 million tons, which is 10,09% or 696 650 tons less than the 6,904 million tons of the previous season. The yield for yellow maize is 5,91 t/ha.
- The production forecast for **sunflower seed** is 792 255 tons, which is 9,35% or 81 745 tons less than the 874 000 tons of the previous season. The area estimate for sunflower seed is 601 500 ha, while the expected yield is 1,32 t/ha.
- The production forecast for **soybeans** is 1,430 million tons, which is 8,69% or 114 300 tons more than the 1,316 million tons of the previous season. It is the largest soybean crop produced in the history of SA. The estimated area planted to soybeans is 787 200 ha and the expected yield is 1,82 t/ha.
- The expected **groundnut** crop is 68 400 tons, which is 25,69% or 23 650 tons less than the 92 050 tons of 2017. The area estimate is 56 300 ha and the expected yield is 1,21 t/ha.
- The production forecast for **sorghum** is 83 070 tons, which is 45,35% or 68 930 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 2,88 t/ha.
- In the case of **dry beans**, the production forecast is 65 610 tons, which is 4,25% or 2 915 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 1,23 t/ha.

Please note that the fifth production forecast for summer field crops for 2018 will be released on 27 June 2018.

2.2 Winter cereal crops

Please note that the preliminary area estimate of winter crops for 2018 will be released on 26 July 2018.

2.3 Non-commercial maize

Table 3: Non-commercial maize – preliminary area planted and production estimate: 2018

CROP	Area planted 2018 Ha (A)	Production 2018 Tons (B)	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	236 644	414 162	248 500	463 600	-10,66
Yellow maize	78 191	179 813	118 150	267 400	-32,76
Maize	314 835	593 975	366 650	731 000	-18,74

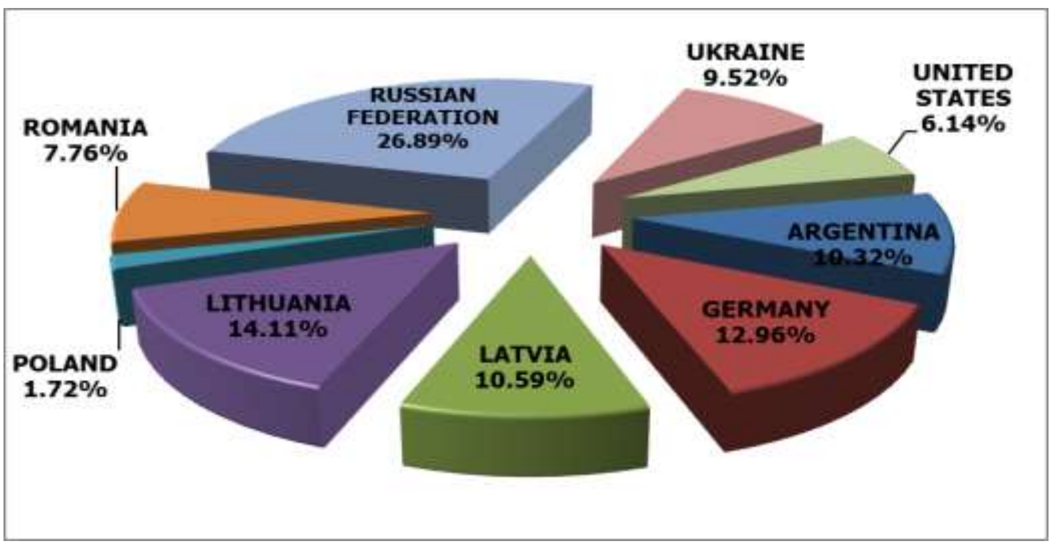
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season. It is important to note that about 40% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

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 May18 Annexure A.

3.1 Imports and exports of wheat for the 2017/18 marketing year

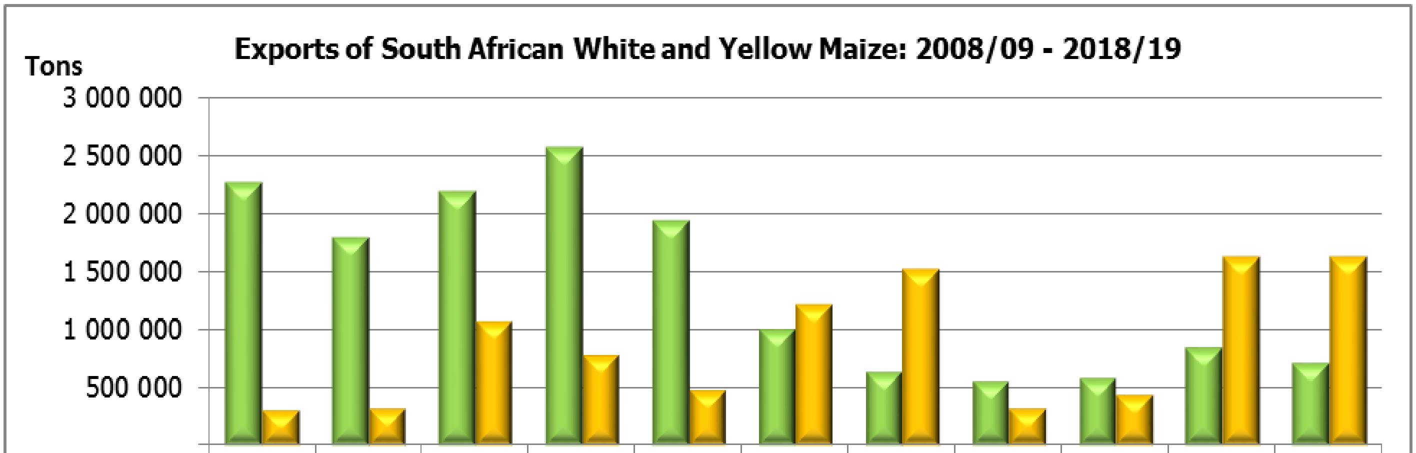
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 1 June 2018) amount to 1,307 million tons, with 26,89% or 351 322 tons imported from the Russian Federation, followed by Lithuania (14,11% or 184 356 tons), Germany (12,96% or 169 282 tons), Latvia (10,59% or 138 311 tons), Argentina (10,32% or 134 817 tons), Ukraine (9,52% or 124 337 tons), Romania (7,76% or 101 449 tons), the United States (6,14% or 80 215 tons), and Poland (1,72% or 22 416 tons). The exports of wheat for the above-mentioned period amount to 42 955 tons, of which 63,22% or 27 155 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 34,73% or 14 918 tons and Zimbabwe with 2,05% or 882 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

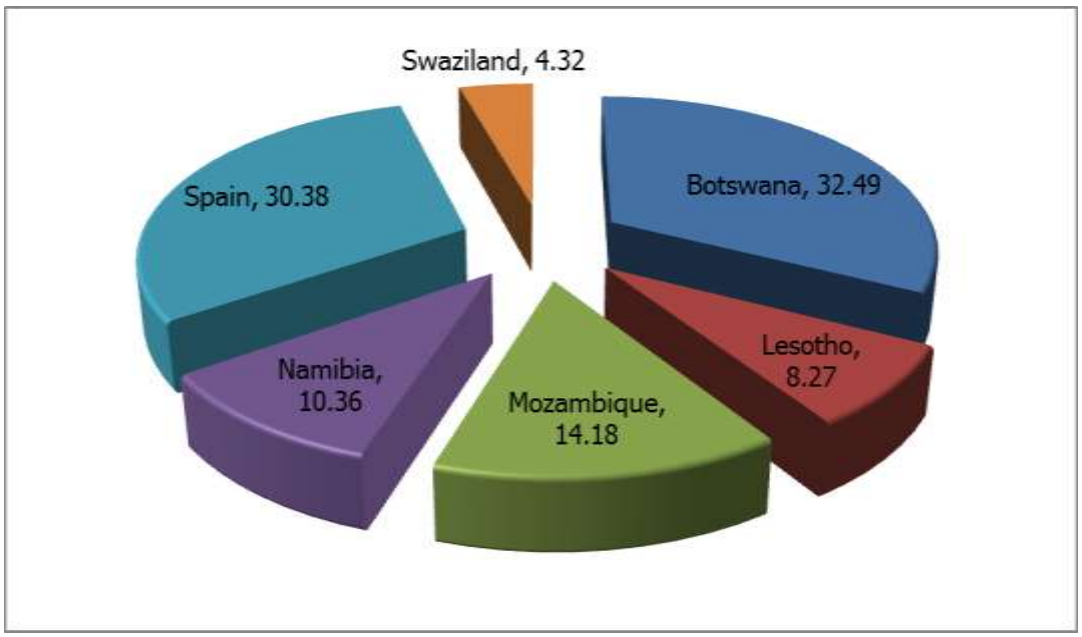


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	720 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 627 142	1 630 000

*Projection

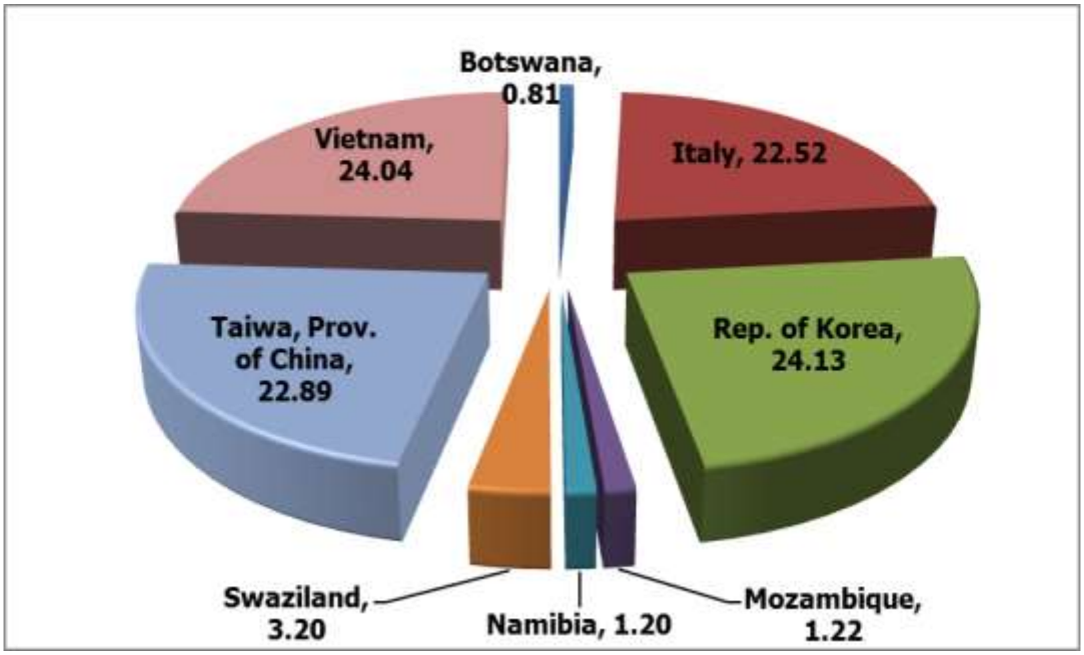
- The exports of white maize for the 2018/19 marketing year are projected 720 000 tons, which represents a decrease of 15,49% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,630 million tons, which represents an increase of 0,18% compared to the 1,627 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2018/19 marketing year



- From 28 April to 1 June 2018, progressive white maize exports amount to 57 857 tons, with the main destinations being Botswana (32,49% or 18 799 tons), Spain (30,38% or 17 576 tons), Mozambique (14,18% or 8 204 tons), Namibia (10,36% or 5 996 tons), Lesotho (8,27% or 4 782 tons), and Swaziland (4,32% or 2 500 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2018/19 marketing year



- From 28 April to 1 June 2018, progressive yellow maize exports amount to 227 146 tons, with the main destinations being Republic of Korea (24,13% or 54 800 tons), Vietnam (24,04% or 54 600 tons), Taiwan, Province of China (22,89% or 51 999 tons), Italy (22,52% or 51 148 tons), Swaziland (3,20% or 7 261 tons), Mozambique (1,22% or 2 774 tons), Namibia (1,20% or 2 719 tons) and Botswana (0,81% or 1 845 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 4,5% in April 2018, up from 3,8% in March 2018. The consumer price index increased by 0,8% month-on-month in April 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages increased from 0,6% in March to 0,7% in April. The index increased by 3,9% year-on-year;
  - Alcoholic beverages and tobacco increased from 0,3% in March to 0,4% in April. The index increased by 6,0% year-on-year;
  - Transport increased from 0,4% in March to 0,7% in April. The index increased by 5,0% year-on-year; and
  - Recreation and culture increased from zero in March to 0,1% in April. The index increased by 1,4% year-on-year.
- The main contributors to headline monthly consumer price inflation are as follows:
  - Food and non-alcoholic beverages contributed 0,1% in April. The index increased by 0,4% month-on-month;
  - Alcoholic beverages and tobacco contributed 0,1% in April. The index increased by 1,4% month-on-month;
  - Transport contributed 0,3% in April. The index increased by 1,8% month-on-month;
  - Communication contributed 0,1% in April. The index increased by 2,1% month-on-month; and
  - Recreation and culture contributed 0,1% in April. The index increased by 1,3% month-on-month.

- In April the CPI for goods increased by 3,5% year-on-year (up from 2,6% in March), and the CPI for services increased by 5,3% year-on-year (up from 5,1% in March).
- Provincial annual inflation rates ranged from 3,4% in North West to 5,3% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,4% in April 2018 (compared with 3,7% in March 2018). From March 2018 to April 2018 the PPI for final manufactured goods increased by 1,0%.
- The main contributors to the annual rate of 4,4% were coke, petroleum, chemical, rubber and plastic products (2,0%), transport equipment (0,6%) and paper and printed products (0,5%). The main contributor to the monthly increase of 1,0% was coke, petroleum, chemical, rubber and plastic products (0,6%).
- The annual percentage change in the PPI for intermediate manufactured goods was 0,1% in April 2018 (compared with -1,3% in March 2018). From March 2018 to April 2018 the PPI for intermediate manufactured goods increased by 0,6%. The main contributors to the annual rate of 0,1% were sawmilling and wood (0,9%) and recycling and manufacturing n.e.c. (0,5%). The main contributors to the monthly increase of 0,6% were basic and fabricated metals (0,4%) and sawmilling and wood (0,4%).
- The annual percentage change in the PPI for electricity and water was 4,9% in April 2018 (compared with 3,5% in March 2018). From March 2018 to April 2018 the PPI for electricity and water increased by 2,1%. The contributors to the annual rate of 4,9% were electricity (3,6%) and water (1,3%). The contributors to the monthly increase of 2,1% were electricity (1,7%) and water (0,4%).
- The annual percentage change in the PPI for mining was -2,6% in April 2018 (compared with -3,1% in March 2018). From March 2018 to April 2018 the PPI for mining increased by 1,1%. The main contributors to the annual rate of -2,6% were stone quarrying, clay and diamonds (-3,2%) and gold and other metal ores (-2,8%). The main contributors to the monthly increase of 1,1% were stone quarrying, clay and diamonds (0,4%), coal and gas (0,3%) and non-ferrous metal ores (0,3%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 0,4% in April 2018 (compared with 3,9% in March 2018). From March 2018 to April 2018 the PPI for agriculture, forestry and fishing decreased by 2,4%. The main contributors to the annual rate of 0,4% were forestry (0,5%) and fishing (0,5%). The main contributor to the monthly decrease of 2,4% was agriculture (-3,4%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Friday, 8 June 2018

	8 June 2018	8 May 2018	% Change
RSA White Maize per ton (June 2018 contract)	R2 084,00	R2 117,00	-1,56
RSA Yellow Maize per ton (June 2018 contract)	R2 177,00	R2 205,00	-1,27
RSA Wheat per ton (June 2018 contract)	R3 848,00	R3 921,00	-1,86
RSA Sunflower seed per ton (June 2018 contract)	R4 656,00	R4 620,00	0,78
RSA Soya-beans per ton (June 2018 contract)	R4 427,00	R4 595,00	-3,66
Exchange rate R/$	R13,20	R12,54	5,26

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- May 2018 tractor sales of 501 units were marginally (four units) higher than the 497 units sold in May 2017. On a year-to-date basis, tractor sales for the first five months of the year are approximately 11% up on what they were this time last year. May combine harvester sales of 16 units were eight units less than the 24 units sold in May 2017. Combine harvester sales for the year-to-date are now approximately 11% down on last year.
- The continued high level of tractor sales indicates that market sentiment remains good. Equipment prices have been quite stable in recent months, despite the volatility of the rand. These factors are contributing to an ongoing buyers' market. Maize harvesting is now proceeding apace, but the season is a little later than usual.

- With these higher levels of tractor sales in recent months, industry forecasts are now running at a level of between 6 500 to 6 750 units, marginally up on 2017 sales.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year May		Percentage Change %	Year-to-date May		Percentage Change %
	2018	2017		2018	2017	
Tractors	501	497	0,80	2 836	2 563	10,65
Combine harvesters	16	24	-33,33	99	111	-10,81

Source: SAAMA press release, June 2018

PLEASE NOTE: The Food Security Bulletin for June 2018 will be released on **4 July 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