MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2019

Issued: 5 June 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During May 2019, significant rainfall events were limited to the southern coastal areas and parts of the Western Cape Province.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 604 034 tons, which includes imports of 1,4 million tons. It is also 16,3% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 10,900 million tons, which is 12,9% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,553 million tons, which is 41,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 40 260 tons, which is 22,4% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 83 105 tons, which is 30,8% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 308 986 tons, which is 38,5% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in April 2019 was lower at 4,4%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 6,5% in April 2019.**
- **April 2019 tractor sales of 432 units were 6% lower than the 459 units sold in April 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for May 2019

During May 2019, significant rainfall events were limited to the southern coastal areas and parts of the Western Cape Province (**Figure 1**). Comparing rainfall totals to the long term average for May 2019, near-normal to above-normal rainfall was mainly received over the southern Free State, south-eastern parts of the Northern Cape, north-eastern parts of the Western Cape and most of the Eastern Cape (**Figure 2**). The remainder of the country received below-normal rainfall. (Source - Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for May 2019

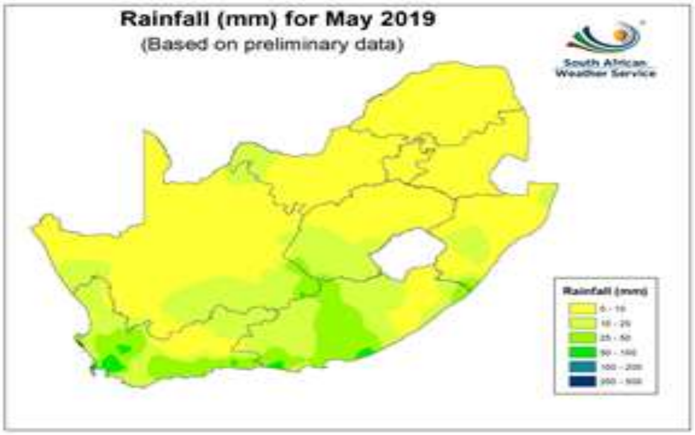
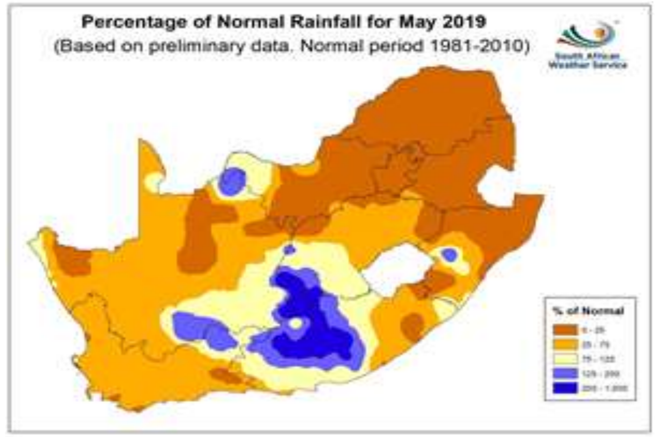


Figure 2: Percentage rainfall for May 2019



According to the latest Seasonal Climate Watch of the SA Weather Services, there is still no clear indication on rainfall expectations for the winter rainfall areas during mid- and late-winter (June-July-August; July-August-September). There is, however, an early indication of drier conditions over the eastern parts of the country during early spring (August-September-October). Connected to this, early-spring forecasts for the eastern parts of the country also indicate a lower number of rainfall days above 15mm, but a higher number of days above 5mm. This suggests that rainfall may still be regular, however less intense than normal. With regard to temperatures, mostly higher than normal temperatures are expected for the northern most parts of the country; however, during early-spring, lower temperatures are expected for the southern parts of the country.

1.2 Level of dams

Available information on the level of South Africa's dams on 3 June 2019 indicates that the country has approximately 73% of its full supply capacity (FSC) available, which is 7% less than the corresponding period in 2018. Only the dam levels in the Western Cape Province (+11%) show an increase as compared to 2018. The remaining eight provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease indicated in the Northern Cape Province with -15%, followed by the Limpopo Province with -13%.

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

Table 1: Level of dams, 3 June 2019

Province	Net FSC million cubic meters	3/6/2019 (%)	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 807	**61**	66	-5,0
Free State	15 946	**88**	96	-8,0
Gauteng	128	**95**	100	-5,0
KwaZulu-Natal	4 802	**65**	66	-1,0
Lesotho	2 363	**33**	52	-19,0
Limpopo	1 522	**63**	76	-13,0
Mpumalanga	2 539	**73**	82	-9,0
North West	868	**66**	73	-7,0
Northern Cape	147	**74**	89	-15,0
Western Cape	1 866	**34**	23	11,0
Total	**31 988**	**73**	**80**	**-7,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted and fourth production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 28 May 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 4th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**4th forecast 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**1 298 400**	**5 488 040**	1 268 100	6 540 000	-16,09
Yellow maize	**1 002 100**	**5 412 220**	1 050 750	5 970 000	-9,34
Total Maize	**2 300 500**	**10 900 260**	2 318 850	12 510 000	-12,87
Sunflower seed	**515 350**	**611 140**	601 500	862 000	-29,10
Soybeans	**730 500**	**1 295 845**	787 200	1 540 000	-15,85
Groundnuts	**20 050**	**22 705**	56 300	57 000	-60,17
Sorghum	**50 500**	**165 850**	28 800	115 000	44,22
Dry beans	**59 300**	**72 450**	53 360	69 360	4,46
Total	**3 676 200**	**13 068 250**	3 846 010	15 153 360	-13,76

Note: Estimate is for calendar year, e.g. production season 2018/19 = 2019

- The area estimate for maize is 2 300 500 ha, which is 0,79% or 18 350 ha less than the 2 318 850 ha planted for the previous season. The expected **commercial maize** crop for 2019 is 10 900 260 tons, which is 12,87% or 1 609 740 tons less than the 12 510 000 tons of the previous season (2018). The yield for maize is 4,74 t/ha.
- The area estimate for **white maize** is 1 298 400 ha, which represents an increase of 2,39% or 30 300 ha compared to the 1 268 100 ha planted last season. The production forecast of white maize is 5 488 040 tons, which is 16,09% or 1 051 960 tons less than the 6 540 000 tons of last season. The yield for white maize is 4,23 t/ha.
- In the case of **yellow maize,** the area estimate is 1 002 100 ha, which is 4,63% or 48 650 ha less than the 1 050 750 ha planted last season. The yellow maize production forecast is 5 412 220 tons, which is 9,34% or 557 780 tons less than the 5 970 000 tons of last season. The yield for yellow maize is 5,40 t/ha.
- The area estimate for **sunflower seed** is 515 350 ha, which is 14,32% or 86 150 ha less than the 601 500 ha planted the previous season. The production forecast for sunflower seed is 611 140 tons, which is 29,10% or 250 860 tons less than the 862 000 tons of the previous season. The expected yield is 1,19 t/ha.
- It is estimated that 730 500 ha have been planted to **soybeans**, which represents a decrease of 7,20% or 56 700 ha compared to the 787 200 ha planted last season. The production forecast is 1 295 845 tons, which is 15,85% or 244 155 tons less than the 1 540 000 tons of the previous season. The expected yield is 1,77 t/ha.
- For **groundnuts**, the area estimate is 20 050 ha, which is 64,39% or 36 250 ha less than the 56 300 ha planted for the previous season. The expected crop is 22 705 tons – which is 60,17% or 34 295 tons less than the 57 000 tons of last season. The expected yield is 1,13 t/ha.
- The area estimate for **sorghum** increased by 75,35% or 21 700 ha, from 28 800 ha to 50 500 ha against the previous season. The production forecast for sorghum is 165 850 tons, which is 44,22% or 50 850 tons more than the 115 000 tons of the previous season. The expected yield is 3,28 t/ha.
- For **dry beans**, the area estimate is 59 300 ha, which is 11,13% or 5 940 ha more than the 53 360 ha planted for the previous season. The production forecast is 72 450 tons, which is 4,46% or 3 090 tons more than the 69 360 tons of the previous season. The expected yield is 1,22 t/ha.

Please note that the area planted and fifth production forecast for summer grains for 2019 will be released on 26 June 2019.

2.2 Winter cereal crops

Please note that note that the preliminary area estimate of winter crops for 2019 will be released on 25 July 2019.

2.3 Non-commercial maize

The preliminary area planted and production estimate of the non-commercial maize for the 2019 production season was also released by the Crop Estimates Committee (CEC) on 28 May 2019, and is as follows:

Table 3: Non-commercial maize – Preliminary area planted and production estimate – 2019 season

CROP	**Area planted 2019 Ha (A)**	**Production 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	**221 300**	**379 460**	236 644	414 162	-8,38
Yellow maize	**74 700**	**169 720**	78 191	179 813	-5,61
Maize	**296 000**	**549 180**	314 835	593 975	-7,54

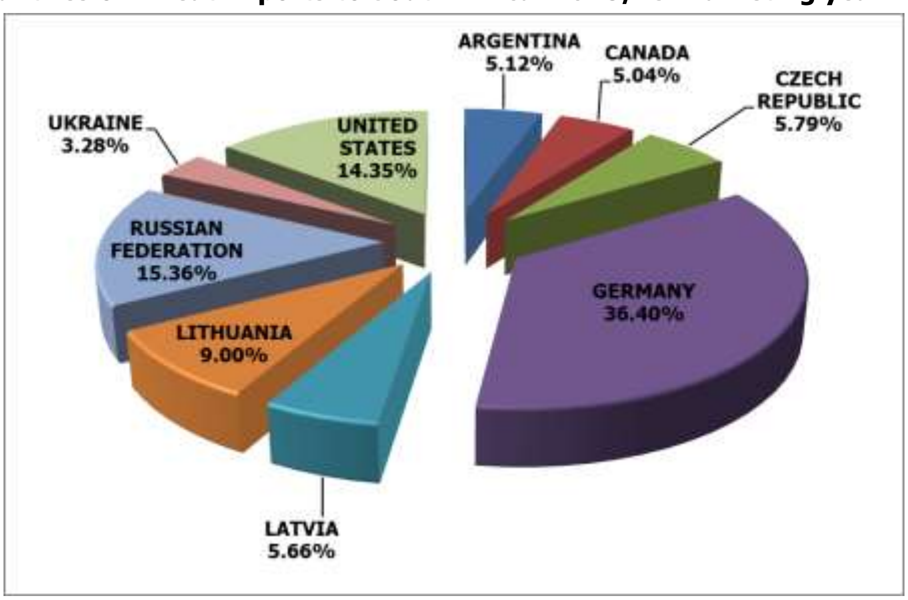
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. It is important to note that about 43% of the maize produced in the non-commercial sector, is planted in the Eastern Cape, followed by KwaZulu-Natal with 27%.

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 MAY19 Annexure A.

3.1 Imports and exports of wheat for the 2018/19 marketing year

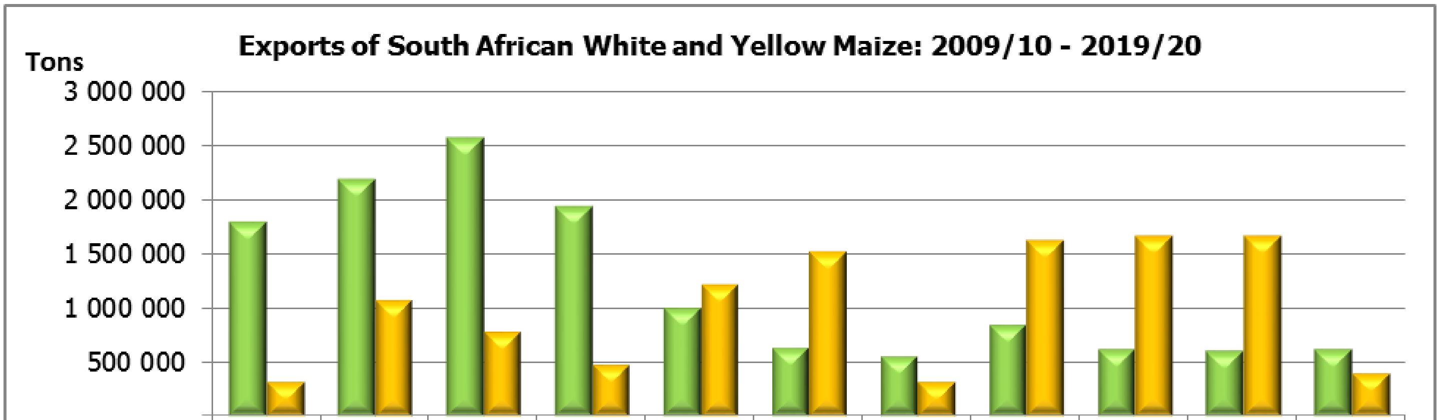
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 24 May 2019) amount to 694 024 tons, with 36,40% or 252 615 tons imported from the Germany, 15,36% or 106 621 tons from the Russian Federation, 14,35% or 99 606 tons from the Unite States, 9,00% or 62 463 tons from Lithuania, 5,79% or 40 189 tons from Czech Republic, 5,66% or 39 270 tons from Latvia, 5,12% or 35 519 tons from Argentina, 5,04% or 34 978 tons from Canada and only 3,28% or 22 763 tons from Ukraine. The exports of wheat for the above-mentioned period amount to 62 584 tons, of which 72,31% or 45 257 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland), 21,90% or 13 705 tons to Zambia, 3,24% or 2 028 tons to Zimbabwe and 2,55% or 1 594 tons to Mozambique.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2009/10 to 2019/20 marketing year

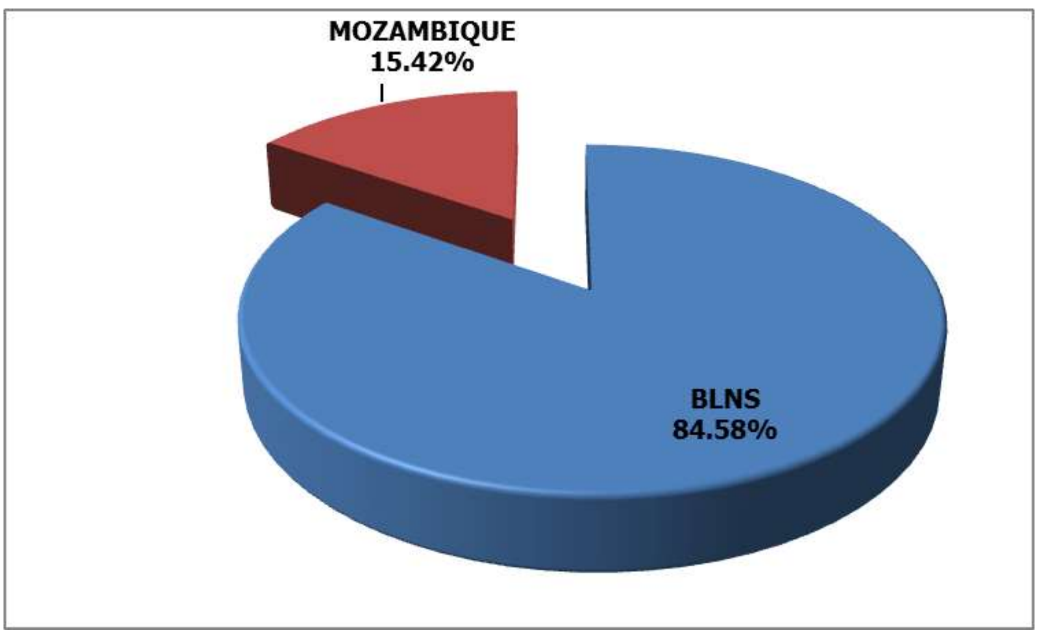


	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*
White maize	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	611 828	620 000
Yellow maize	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 664 133	400 000

*Projection

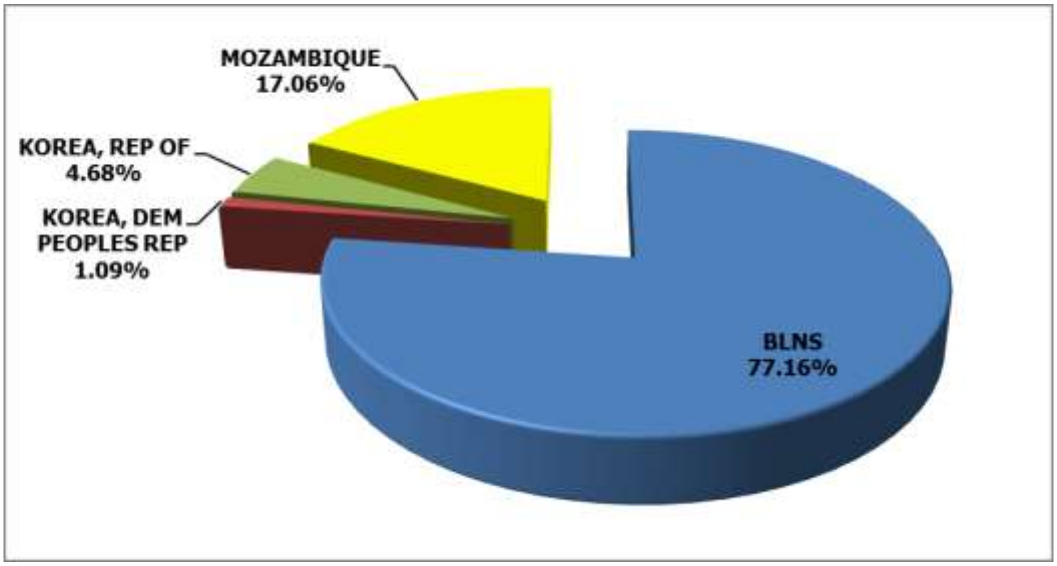
- The exports of white maize for the 2019/20 marketing year are projected at 620 000 tons, which represents a slight increase of 1,34% compared to the 611 828 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 400 000 tons, which represents a decrease of 75,96% compared to the 1,664 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2019/20 marketing year



- From 27 April to 24 May 2019, progressive white maize exports amount to 32 750 tons, with the main destinations being the BLNS Countries (84,58% or 27 701 tons) and Mozambique (15,42% or 5 049 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2019/20 marketing year



- From 27 April to 24 May 2019, progressive yellow maize exports amount to 21 102 tons, with the main destinations being the BLNS Countries (77,16% or 16 283 tons), Mozambique (17,06% or 3 601 tons), Republic of Korea (4,68% or 988 tons), and Democratic Peoples Republic of Korea (1,09% or 230 tons). The imports of yellow maize for the mentioned period amount to 23 121 tons of which 100% were from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,4% in April 2019, down from 4,5% in March 2019. The consumer price index increased by 0,6% month-on-month in April 2019.
- The main contributors to headline annual consumer price inflation were as follows:
  - Alcoholic beverages and tobacco decreased from 0,4% in March 2019 to 0,3% in April 2019. The index increased by 5,7% year-on-year;
  - Transport increased from 0,9% in March 2019 to 1,1% in April 2019. The index increased by 7,4% year-on-year; and
  - Recreation and culture decreased from 0,1% in March 2019 to zero in April 2019. The index increased by 0,3% year-on-year.
- The main contributors to headline monthly consumer price inflation is as follows:
  - Transport contributed 0,4%. The index increased by 2,8% month-on-month.
- In April 2019 the CPI for goods increased by 4,2% year-on-year (up from 4,1% in March), and the CPI for services increased by 4,6% (down from 4,9% in March).
- Provincial annual inflation rates ranged from 3,8% in Eastern Cape to 5,2% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,5% in April 2019 (compared with 6,2% in March 2019). From March 2019 to April 2019 the PPI for final manufactured goods increased by 1,3%.
- The main contributors to the annual rate of 6,5% were coke, petroleum, chemical, rubber and plastic products (2,5%), food products, beverages and tobacco products (1,5%), as well as metals, machinery, equipment and computing equipment (0,9%). The main contributor to the monthly increase of 1,3% was coke, petroleum, chemical, rubber and plastic products (0,8%).
- The annual percentage change in the PPI for intermediate manufactured goods was 6,7% in April 2019 (compared with 6,3% in March 2019). From March 2019 to April 2019 the PPI for intermediate manufactured goods increased by 1,0%. The main contributors to the annual rate of 6,7% were chemicals, rubber and plastic

products (3,5%), as well as basic and fabricated metals (2,4%). The contributors to the monthly increase of 1,0% were chemicals, rubber and plastic products (0,7%), as well as sawmilling and wood (0,3%).

- The annual percentage change in the PPI for electricity and water was 9,8% in April 2019 (compared with 5,9% in March 2019). From March 2019 to April 2019 the PPI for electricity and water increased by 5,8%. The contributors to the annual rate of 9,8% were electricity (8,3%) and water (1,4%). The contributors to the monthly increase of 5,8% were electricity (5,6%) and water (0,3%).
- The annual percentage change in the PPI for mining was 21,1% in April 2019 (compared with 20,2% in March 2019). From March 2019 to April 2019 the PPI for mining increased by 1,8%. The main contributors to the annual rate of 21,1% were non-ferrous metal ores (11,2%), gold and other metal ores (7,7%), as well as coal and gas (3,6%). The main contributor to the monthly increase of 1,8% was non-ferrous metal ores (2,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 0,3% in April 2019 (compared with -0,4% in March 2019). From March 2019 to April 2019 the PPI for agriculture, forestry and fishing decreased by 1,7%. The main contributors to the annual rate of 0,3% were fishing (0,7%) and forestry (0,4%). The main contributor to the monthly decrease of 1,7% was agriculture (-2,3%).

4.3 Future contract prices

Table 4: Closing prices on Monday, 3 June 2019

	3 June 2019	3 May 2019	% Change
RSA White Maize per ton (June 2019 contract)	R2 886,00	R2 636,00	9,48
RSA Yellow Maize per ton (June 2019 contract)	R2 852,00	R2 565,00	11,19
RSA Wheat per ton (June 2019 contract)	R4 466,00	R4 638,00	-3,71
RSA Sunflower seed per ton (June 2019 contract)	R5 097,00	R5 013,00	1,68
RSA Soya-beans per ton (June 2019 contract)	R5 200,00	R4 690,00	10,87
Exchange rate R/$	R14,52	R14,53	-0,07

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R675,10 per tonne that triggered on 12 March 2019 was published in a Government Gazette on 24 May 2019, making it an official rate. However, a new higher rate of R957,95 per tonne was triggered on 14 May 2019. The newly triggered rate will only be applicable after its publication on the Government Gazette. The timeframe for this process is unclear, but previous adjustments took more than three weeks.

4.4 Agricultural machinery sales

- April 2019 tractor sales of 432 units were 6% lower than the 459 units sold in April 2018. Year-to-date sales for the first four months of 2019 are significantly (almost 17%) lower than 2018. On a rolling 12-month basis tractor sales are now 6% down on last year. April 2019 combine harvester sales of 23 units were six units down on the 29 units sold in April 2018. Year-to-date sales are significantly (23%) lower than 2018. On a rolling 12-month basis combine harvester sales are now 6% down on last year.
- As the 2019 calendar year unfolds, the latest indications are that sales will be at a level between 10 and 15% below the 6 700 units sold last year.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year April 2019	Year-on-year April 2018	Percentage Change %	Year-to-date April 2019	Year-to-date April 2018	Percentage Change %
Tractors	432	459	-5,88	1 946	2 335	-16,66
Combine harvesters	23	29	-20,69	64	83	-22,89

Source: SAAMA press release, May 2019

PLEASE NOTE: The Food Security Bulletin for June 2019 will be released on **4 July 2019**.

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
- BVG Commodities (Pty) Limited
- Department of Water and Sanitation
- Directorate: Climate Change and Disaster Management at DAFF
- 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
- Weekly Price Watch, DAFF