

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: NOVEMBER 2017

Issued: 6 December 2017

Directorate: Statistics and Economic Analysis

Highlights:

- During November 2017, significant rainfall events were limited to the eastern half of the country and the south coast.
- The expected commercial production of wheat for 2017 is 1,581 million tons, which is 17,2% less than the previous seasons' crop of 1,910 million tons.
- The projected closing stocks of wheat for the current 2017/18 marketing year are 488 974 tons, which includes imports of 1,8 million tons. It is also 43,2% more than the previous years' ending stocks.
- Projected closing stocks of maize for the current 2017/18 marketing year are 4,384 million tons, which is 300,5% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2017/18 marketing year are 56 673 tons, which is 60,8% more than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2017/18 marketing year are 229 031 tons, which is 40,4% more than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2017/18 marketing year are 309 156 tons, which is 264,6% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in October 2017 was lower at 4,8%.
- The annual percentage change in the PPI for final manufactured goods was lower at 5,0% in October 2017.
- October tractor sales of 704 units were significantly (24%) more than the 567 units sold in October 2016.



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Contents

1. Weather conditions	3
2. Grain production	4
2.1 Summer grain crops	4
2.2 Winter cereal crops	4
3. Cereal balance sheets	4
4. Market information	7
4.1 Consumer Price Index (CPI)	7
4.2 Producer Price Index (PPI)	7
4.3 Future contract prices and the exchange rate	8
4.4 Agricultural machinery sales	8
5. Acknowledgements	9



1. Weather conditions

1.1 Rainfall for November 2017

During November 2017, significant rainfall events were limited to the eastern half of the country and the south coast (**Figure 1**). Comparing the rainfall totals to the long term average for November 2017, the rainfall received was near-normal to above-normal for most parts of the country, but mainly below-normal over the Northern Cape and western Free State, as well as isolated areas of the Western and Eastern Cape provinces (**Figure 2**).

Figure 1: Rainfall in mm for November 2017

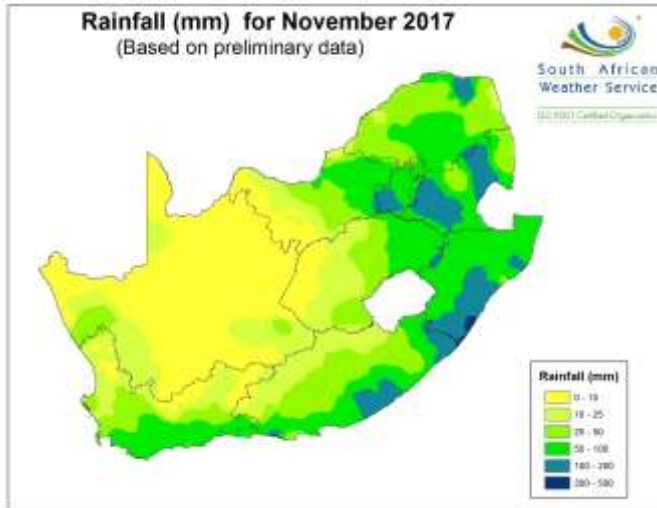
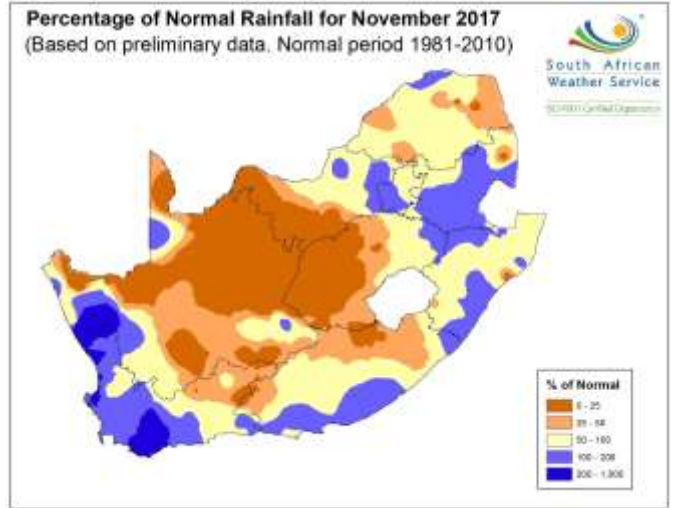


Figure 2: Percentage rainfall for November 2017



1.2 Level of dams

Available information on the level of South Africa's dams on 4 December 2017 indicates that the country has approximately 60% of its full supply capacity (FSC) available, which is 11% more than the corresponding period in 2016. Most of the provinces show an improvement in the full supply capacity. Dam levels (for the mentioned period) in the Northern Cape increased by 27%, followed by Limpopo with 20%, Free State and North West with 18% each, and Mpumalanga with 13%. However, a decrease in the full supply capacity for the same period are evident in the Western Cape with minus 19%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 4 December 2017

Province	Net FSC million cubic meters	4/12/2017 (%)	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	61	60	1,0
Free State	15 968	69	51	18,0
Gauteng	115	86	83	3,0
KwaZulu-Natal	4 783	46	41	5,0
Lesotho	2 363	31	39	-8,0
Limpopo	1 522	65	45	20,0
Mpumalanga	2 539	67	54	13,0
North West	881	75	57	18,0
Northern Cape	146	79	52	27,0
Western Cape	1 867	34	53	-19,0
Total	32 016	60	49	11,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

Please note that the preliminary area planted estimate for summer grains for 2018 will be released on 30 January 2018.

2.2 Winter cereal crops

The area estimate and fourth production forecast for winter crops for 2017 was released by the Crop Estimates Committee (CEC) on 28 November 2017, and is as follows:

Table 2: Commercial winter crops: Area planted and fourth production forecast – 2017 season

CROP	Area planted 2017	4 th forecast 2017	Area planted 2016	Final crop 2016	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	491 600	1 581 250	508 365	1 910 000	-17,21
Malting barley	91 380	281 059	88 695	355 000	-20,83
Canola	84 000	96 600	68 075	105 000	-8,00
Total	666 980	1 958 909	665 135	2 370 000	-17,35

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

- The expected commercial production of **wheat** is 1,581 million tons, which is 17,21% or 328 750 tons less than the previous season of 1,910 million tons, mainly because the main wheat producing province, namely the Western Cape, experiences dryness. The area estimate for wheat is 491 600 ha, whilst the expected yield is 3,22 t/ha.
- The production forecast for **malting barley** is 281 059 tons, which is 20,83% or 73 941 tons less than the previous season's of 355 000 tons. The area planted with malting barley is 91 380 ha and the expected yield is 3,08 t/ha.
- The expected **canola** crop is 8,00% or 8 400 tons less than the previous seasons' crop of 105 000 tons. The area estimate for canola is 84 000 ha, with an expected yield of 1,15 t/ha.

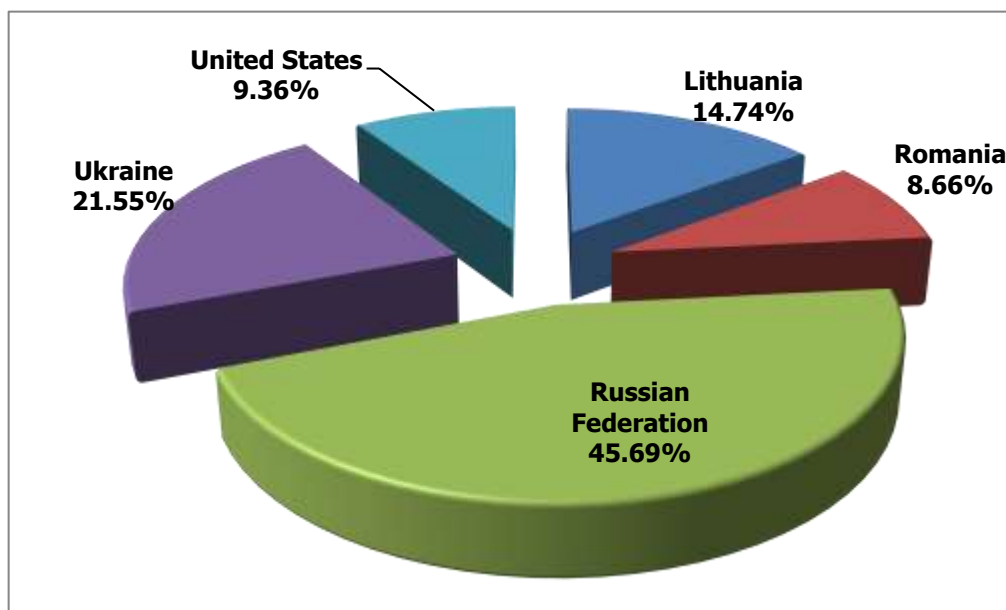
Please note that the fifth production forecast for winter cereals for 2017 will be released on 19 December 2017.

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 Nov17 Annexure A.

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

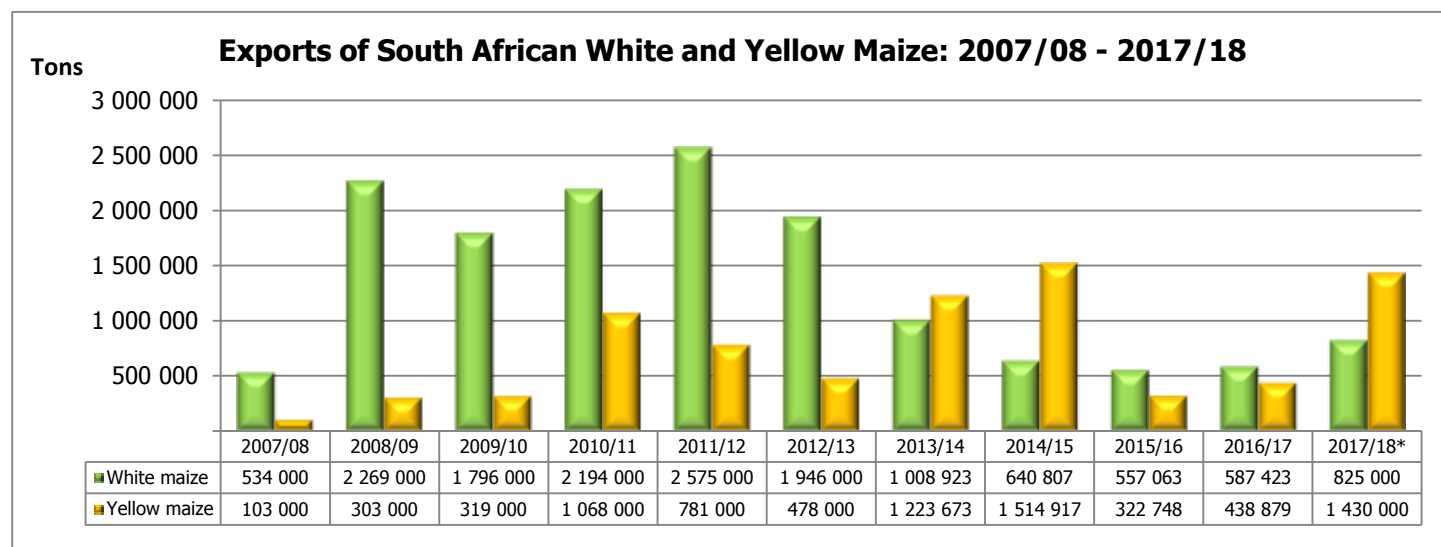
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September to 1 December 2017) amount to 575 856 tons, with 45,69% or 263 133 tons imported from Russian Federation, followed by the Ukraine (21,55% or 124 077 tons), Lithuania (14,74% or 84 884 tons), United States (9,36% or 53 916 tons) and Romania (8,66% or 49 846 tons). The exports of wheat for the above-mentioned period amount to 3 197 tons, of which 62,37% or 1 994 tons went to Namibia, 33,47% or 1 070 tons to Botswana, 3,13% or 100 tons to Zimbabwe and 1,03% or 33 tons to Swaziland.

3.2 Exports of white and yellow maize

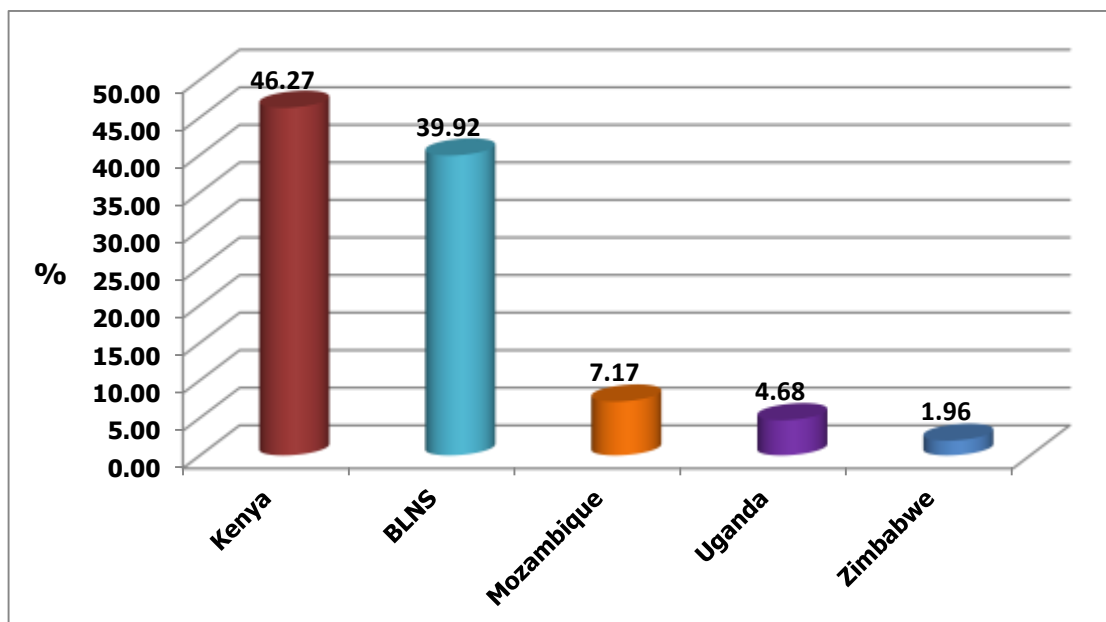
Graph 2: Exports of South African white and yellow maize for the 2007/08 to 2017/18 marketing year



*Projection

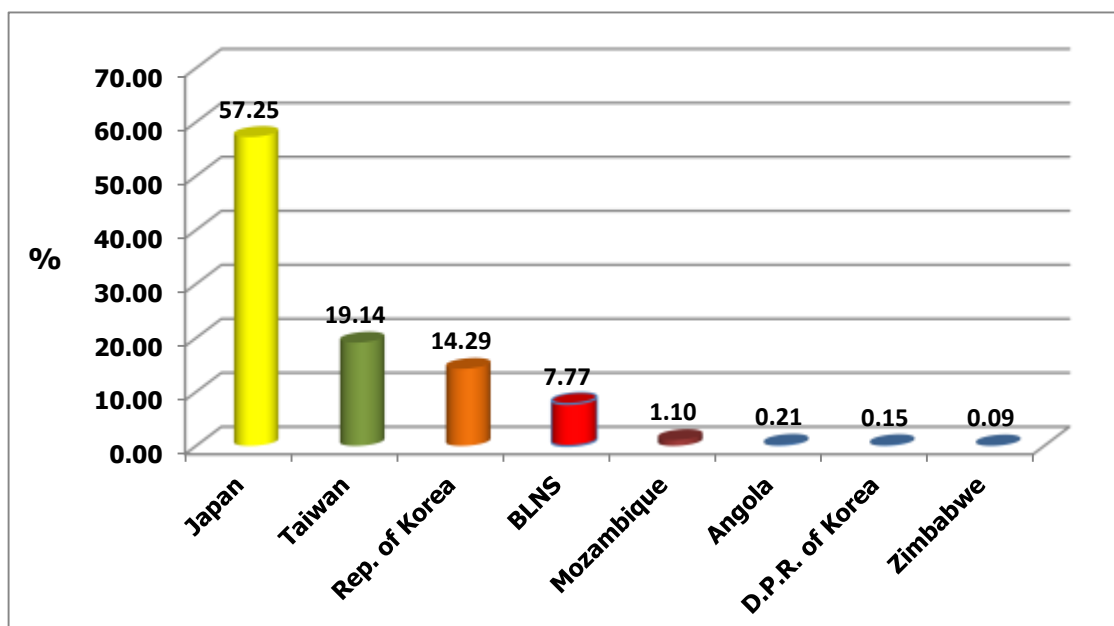
- The exports of white maize for the 2017/18 marketing year are projected 825 000 tons, which represents an increase of 40,44% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,430 million tons, which represents a significant increase of 225,83% compared to the 438 879 tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2017/18 marketing year



- From 29 April to 1 December 2017, progressive white maize exports amount to 534 396 tons, with the main destinations being Kenya (46,27% or 247 250 tons), the BLNS Countries (39,92% or 213 329 tons), Mozambique (7,17% or 38 342 tons), Uganda (4,68% or 24 998 tons), and Zimbabwe (1,96% or 10 477 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April to 1 December 2017, progressive yellow maize exports amount to 1,118 million tons, with the main destinations being Japan (57,25% or 639 771 tons), Taiwan (19,14% or 213 926 tons), Republic of Korea (14,29% or 159 693 tons), the BLNS Countries (7,77% or 86 835 tons), Mozambique (1,10% or 12 300 tons), Angola (0,21% or 2 335 tons), Democratic Peoples Republic of Korea (0,15% or 1 656 tons) and Zimbabwe (0,09% or 989 tons). The imports of yellow maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2017/18 marketing year



4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,8% in October 2017, down from 5,1% in September 2017. The consumer price index increased by 0,3% month-on-month in October 2017.
- The main contributors to headline annual consumer price inflation were as follows:
 - Miscellaneous goods and services decreased from 1,2% in September to 1,1% in October. The index increased by 7,2% year-on-year.
- The main contributors to monthly consumer price inflation were as follows:
 - Food and non-alcoholic beverages contributed 0,1% in October. The index increased by 0,7% month-on-month; and
 - Transport contributed 0,1% in October. The index increased by 0,9% month-on-month.
- In October the CPI for goods increased by 4,1% year-on-year (down from 4,4% in September), and the CPI for services increased by 5,5% year-on-year (down from 5,8% in September).
- Provincial annual inflation rates ranged from 3,5% in Northern Cape, North West 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 5,0% in October 2017 (compared with 5,2% in September 2017). From September 2017 to October 2017 the PPI for final manufactured goods increased by 0,7%.
- The main contributors to the annual rate of 5,0% were coke, petroleum, chemical, rubber and plastic products (2,4%). The contributors to the monthly increase of 0,7% was coke, petroleum, chemical, rubber and plastic products (0,3%), transport equipment (0,2%), wood and paper products (0,1%) and metals, machinery, equipment and computing equipment (0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was 4,1% in October 2017 (compared with 2,1% in September 2017). From September 2017 to October 2017 the PPI for intermediate manufactured goods increased by 1,3%. The main contributors to the annual rate of 4,1% were recycling and manufacturing n.e.c. (1,6%), as well as basic and fabricated metals (1,4%). The main contributors to the monthly increase of 1,3% was basic and fabricated metals (0,6%), as well as chemicals, rubber and plastic products (0,5%)
- The annual percentage change in the PPI for electricity and water was 3,6% in October 2017 (compared with 6,0% in September 2017). From September 2017 to October 2017 the PPI for electricity and water decreased by 7,1%. The contributors to the annual rate of 3,6% were electricity (1,9%) and water (1,5%). The contributor to the monthly decrease of 7,1% was electricity (-7,1%).
- The annual percentage change in the PPI for mining was 9,0% in October 2017 (compared with 9,5% in September 2017). From September 2017 to October 2017 the PPI for mining decreased by 3,3%. The main contributor to the annual rate of 9,0% were coal and gas (3,7%), as well as non-ferrous metal ores (3,2%). The main contributors to the monthly decrease of 3,3% were stone quarrying, clay and diamonds (-4,1%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 4,9% in October 2017 (compared with 2,0% in September 2017). From September 2017 to October 2017 the PPI for agriculture, forestry and fishing increased by 2,6%. The main contributor to the annual rate of 4,9% were agriculture (3,7%). The main contributor to the monthly increase of 2,6% was agriculture (2,7%).

4.3 Future contract prices and the exchange rate

Table 3: Closing prices on Wednesday, 6 December 2017

	6 December 2017	6 November 2017	% Change
RSA White Maize per ton (Dec. 2017 contract)	R1 869,00	R2 067,00	-9,58
RSA Yellow Maize per ton (Dec. 2017 contract)	R1 983,00	R2 161,00	-8,24
RSA Wheat per ton (Dec. 2017 contract)	R3 999,00	R4 244,00	-5,77
RSA Sunflower seed per ton (Dec. 2017 contract)	R4 430,00	R4 665,00	-5,04
RSA Soya-beans per ton (Dec. 2017 contract)	R4 920,00	R4 975,00	-1,11
Exchange rate R/\$	R13,52	R14,18	-4,65

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- October tractor sales of 704 units were significantly (24%) more than the 567 units sold in October 2016. On a year-to-date basis tractor sales are now almost 7% up on what they were this time last year. October combine harvester sales of 20 units were two units more than the 18 units sold in October 2016. Combine harvester sales for the year-to-date are now 8% up on last year.
- Despite the excellent summer crops, the low crop prices have meant that farmers have not realised the overall income which they might have expected, given the size of the crops. This has meant that, despite the overall market being positive, a lot of caution in equipment purchases is being shown by farmers. These sales will also be affected by the way the summer rainfall season develops. Up to now, rainfall has been quite patchy across these regions.
- With the current competition in the market, it is a buyers' market and expectations now are that 2017 sales will exceed those of 2016 by a small margin.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	October			October		
	2017	2016		2017	2016	
Tractors	704	567	24,16	5 379	5 053	6,45
Combine harvesters	20	18	11,11	180	166	8,43

Source: SAAMA press release, November 2017

PLEASE NOTE: The Food Security Bulletin for December 2017 will be released on **12 January 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