MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2014

Issued: 6 November 2014

Directorate: Statistics and Economic Analysis

Highlights:

- **During October 2014, significant rainfall events were limited to the eastern parts of the country especially in Mpumalanga, KwaZulu-Natal and the eastern parts of the Eastern Cape.**
- **The expected production of wheat for 2014 is 1,787 million tons, which is 4,4% less than the previous seasons' crop of 1,870 million tons.**
- **The projected closing stocks of wheat for the current 2014/15 marketing year are 490 967 tons, which includes imports of 1,8 million tons. It is also 0,2% less than the previous years' ending stocks.**
- **Commercial producers intend to plant 2,600 million ha of maize for 2015, which is 3,3% less than the 2,688 million ha planted last season.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 2,161 million tons, which is considerably more (266,8%) than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 125 589 tons, which is 150,8% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in September 2014 was lower at 5,9%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 6,9% in September 2014.**
- **September tractor sales of 588 units were approximately 12% more than the 523 units reported in September 2013.**

agriculture, forestry & fisheries

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1. Weather conditions

1.2 Rainfall for October 2014

During October 2014, significant rainfall events were limited to the eastern parts of the country especially in Mpumalanga, KwaZulu-Natal and the eastern parts of the Eastern Cape (**Figure 1**). Comparing rainfall totals to the long term average for October 2014, rainfall was below-normal over most parts of the country, but near-normal over isolated areas of Mpumalanga, KwaZulu-Natal, the Eastern Cape, as well as the Western Cape (**Figure 2**).

Figure 1: Rainfall (mm) for October 2014

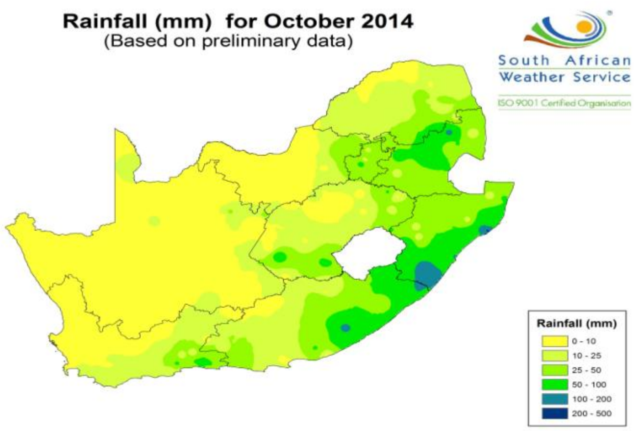
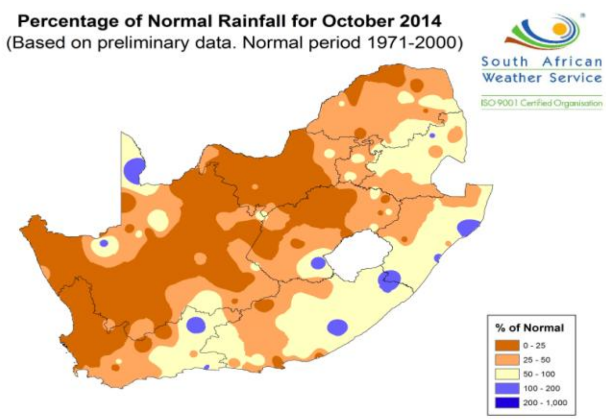


Figure 2: Percentage rainfall for October 2014



1.1 Level of dams

Available information on the level of South Africa's dams on 3 November 2014 indicates that the country has approximately 76% of its full supply capacity (FSC) available, 3% more than the corresponding period in 2013. Most of the provinces show an improvement in the full supply capacity of dams, especially in the Gauteng (92%), Northern Cape (92%) and Limpopo (83%) provinces. However, KwaZulu-Natal and the Western Cape show decreases of 6% and 3%, respectively, compared to the same period in 2013. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 3 November 2014

Province	Net FSC million cubic meters	**3/11/2014 (%)**	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 826	75	73	2,0
Free State	15 971	78	72	6,0
Gauteng	115	92	73	19,0
KwaZulu-Natal	4 669	71	77	-6,0
Lesotho	2 376	55	60	-5,0
Limpopo	1 504	83	65	18,0
Mpumalanga	2 520	84	81	3,0
North West	802	64	57	7,0
Northern Cape	146	92	73	19,0
Western Cape	1 854	88	91	-3,0
Total	31 783	**76**	**73**	3,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The intentions of producers to plant summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 28 October 2014, and is as follows:

Table 2: Commercial summer crops: Intentions to plant - 2015 season

CROP	**Intentions 2015 Ha as mid October 2014**	Area planted 2014 Ha	Final estimate 2014 Tons as on 30 Sep 2014/	Change %
	(A)	(B)	(C)	(A) ÷ (B)
White maize	**1 401 450**	1 551 200	7 697 350	-9,7
Yellow maize	**1 198 550**	1 137 000	6 609 700	5,4
Maize	**2 600 000**	2 688 200	14 307 050	-3,3
Sunflower seed	**633 600**	598 950	853 325	5,8
Soya-beans	**618 000**	502 900	944 340	22,9
Groundnuts	**58 200**	52 125	78 090	11,7
Sorghum	**80 500**	78 850	268 920	2,1
Dry beans	**64 000**	55 820	82 130	14,7
TOTAL	**4 054 300**	3 976 845	16 533 855	1,9

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

- Producers intentions to plant summer crops are based on the results of a non-probability survey conducted by the Directorate: Statistics and Economic Analysis of the Department of Agriculture, Forestry and Fisheries and reflects the position as at the middle of October 2014.
- According to the results of the survey, commercial producers intend to plant 2,600 million ha of **maize** for 2015, which is 3,3% or 88 200 ha less than the 2,688 million ha planted last season.
- The figures show that producers intend to plant 1,401 million ha to **white maize**, which is 149 750 ha (9,7%) less than in the previous season. In the case of **yellow maize**, the expected plantings are 1,199 million ha, which is 61 550 ha (5,4%) more than in the previous season.
- Producers indicated that less maize, specifically white maize, will be planted for the 2015 season mainly due to lower prices. Farmers are also expected to plant more oilseeds such as soya-beans and sunflower seed at the expense of maize. However, the rainfall can still influence farmers' decisions.
- In the case of **sunflower seed**, the expected area planted is estimated at 633 600 ha, which is 5,8% or 34 650 ha more than the 598 950 ha planted last season.
- The intended plantings of **soya-beans** shows an increase of 22,9% compared to the previous season, from 502 900 ha to 618 000 ha.
- The expected plantings of **groundnuts** increased by 11,7%, from 52 125 ha to 58 200 ha.
- The intended plantings of **sorghum** and **dry beans** are expected to increase by 2,1% and 14,7%, respectively, compared to the previous season.

Please note that the preliminary area planted estimate for summer grains for 2015 will be released on 27 January 2015.

2.2 Winter cereal crops

The area estimate and third production forecast for winter cereals for 2014 was also released by the CEC on 28 October 2014, and is as follows:

Table 3: Commercial winter crops: Area planted and third production forecast - 2014 season

CROP	**Area planted 2014** **Ha** **(A)**	**3rd Forecast 2014** **Tons** **(B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Wheat	**476 570**	**1 787 434**	505 500	1 870 000	-4,42
Malting barley	**85 125**	**317 893**	81 320	267 500	18,84
Canola	**95 000**	**142 500**	72 165	112 000	27,23
Total	**656 695**	**2 247 827**	658 985	2 249 500	-0,07

*Intentions based on conditions at the middle of April 2014

- The expected commercial production of **wheat** is 1,787 million tons, which is 4,4% or 82 566 tons less than the previous seasons' crop of 1,870 million tons, whilst the expected yield is 3,75 t/ha.
- The expected production in the Western Cape is 914 500 tons (51%), in the Northern Cape 285 000 tons (16%) and in the Free State 271 050 tons (15%).
- The area estimate for wheat remained unchanged at 476 570 ha
- The production forecast for **malting barley** is 317 893 tons, which is 18,8% or 50 393 tons more than the previous seasons' crop of 267 500 tons. The area planted is estimated at 85 125 ha, while the expected yield is 3,73 t/ha.
- The expected **canola** crop is 142 500 tons, which is 27,2% or 30 500 tons more than the previous seasons' crop of 112 000 tons. The area estimate for canola is 95 000 ha, with an expected yield of 1,50 t/ha.

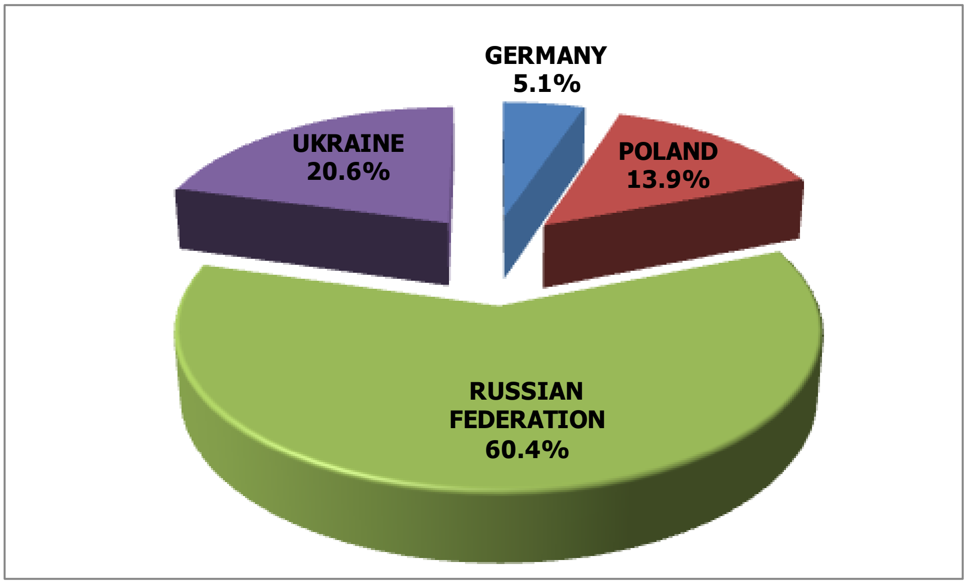
Please note that the fourth production forecast of the winter cereal crops for 2014, will be released on 25 November 2014.

3. Cereal balance sheets

For the latest Cereal balance sheets (supply and demand tables) on maize, wheat and sorghum please refer to the attachment called FSB Oct14 Annexure A.

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

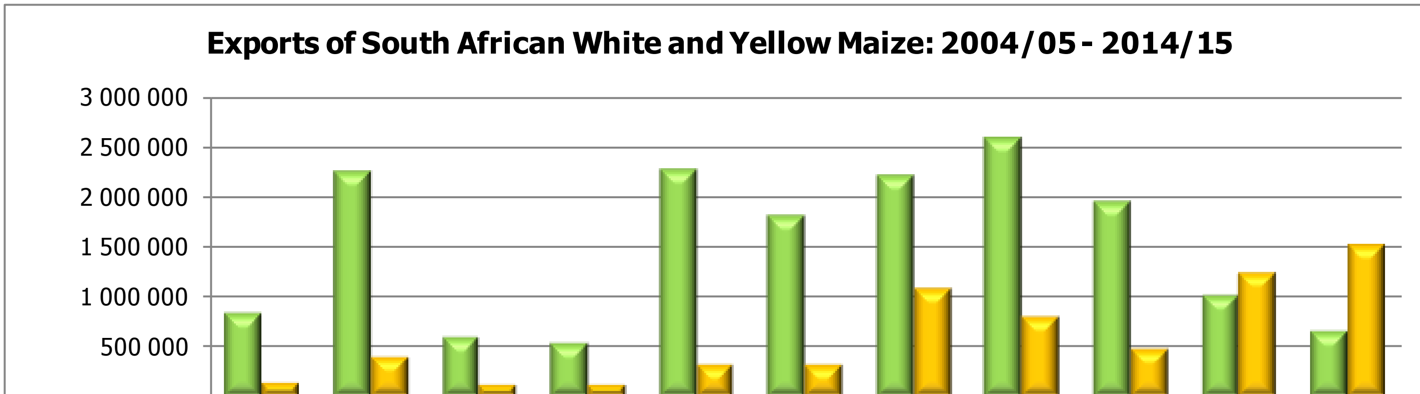
Graph 1: Major countries of wheat imports for South Africa: 2014/15 marketing year



- The progressive wheat imports from 27 September to 31 October 2014, amount to 278 162 tons, with the largest quantity (60,4% or 168 107 tons) imported from the Russian Federation followed by Ukraine (20,6% or 57 259 tons), Poland (13,9% or 38 647 tons) and Germany (5,1% or 14 149 tons). The exports of wheat for the mentioned period amount to 15 127 tons, of which 72,5% or 10 963 tons were exported to the BLNS countries.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2014/15 marketing year



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15*
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	655 000
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	1 500 000

*Projection

- The projection for the 2014/15 marketing year exports are 655 000 tons for white maize, which represents a decrease of 35,1 % compared to the 1,009 million tons of the previous marketing year. With reference to yellow maize exports, the projection is 1,5 million tons, which represents an increase of 22,6% compared to the 1,224 million tons of the previous marketing year.
- From 26 April to 31 October 2014, progressive white maize exports amount to 273 675 tons, with the main destinations being the BLNS countries (65,2% or 178 558 tons) and Zimbabwe (17,5% or 47 823 tons). No imports were reported for the mentioned period.

- From 26 April to 31 October 2014, progressive yellow maize exports amount to 1 328 488 tons, with the main destinations being Taiwan (51,1% or 679 185 tons), Korea (16,1% or 214 474 tons), Japan (14,9% or 198 197 tons), Saudi Arabia (4,2% or 55 959 tons) and Portugal (4,0% or 52 499 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in September 2014 was 5,9%. This rate was 0,5% lower than the corresponding annual rate of 6,4% in August 2014. On average, prices remained the same between August 2014 and September 2014. The food and non-alcoholic beverages index also remained the same between August 2014 and September 2014. The annual rate decreased to 8,5% in September 2014 from 9,4% in August 2014.
- The following components in the food and non-alcoholic beverages index increased: Fish (1,5%), milk, eggs and cheese (0,9%), vegetables (0,3%), sugar, sweets and desserts (0,3%) and fruit (0,1%). The following components decreased: Oils and fats (-1,1%), cold beverages (-0,4%), bread and cereals (-0,3%), meat (-0,2%) and other food (-0,2%).
- The housing and utilities index increased by 0,7% between August 2014 and September 2014, mainly due to a 1,2% increase in actual rentals for housing and a 1,1% increase in the owners' equivalent rent. The annual rate decreased to 5,8% in September 2014 from 5,9% in August 2014.
- The household contents and services index increased by 0,4% between August 2014 and September 2014, mainly due to 0,8% increase in domestic workers' wages. The annual rate decreased to 2,9% in September 2014 from 3,6% in August 2014.
- The transport index decreased by 1,5% between August 2014 and September 2014, mainly due to a 67c/litre decrease in the price of petrol. The annual rate decreased to 4,2% in September 2014 from 6,1% in August 2014.
- The miscellaneous goods and services index decreased by 0,1% between August 2014 and September 2014. The annual rate decreased to 6,9% in September 2014 from 7,1% in August 2014.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,9%), Gauteng (5,9%), Mpumalanga (5,8%) and Free State (5,7%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,6%), North West (6,3%), Eastern Cape (6,2%), KwaZulu-Natal (6,2%) and Northern Cape (6,0%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,9% in September 2014 (compared with 7,2% in August 2014). From August 2014 to September 2014 the PPI for final manufactured goods increased by 0,1%.
- The main contributors to the annual rate of 6,9% were food products, beverages and tobacco products (7,5% year-on-year and contributing 2,7%), metals, machinery, equipment and computing equipment (8,6% year-on-year and contributing 1,2%), as well as coke, petroleum, chemical, rubber and plastic products (5,3% year-on-year and contributing 0,9%). The contributor to the monthly increase of 0,1% was metals, machinery, equipment and computing equipment (0,5% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was 7,0% in September 2014 (compared with 6,7% in August 2014). From August 2014 to September 2014 the PPI for intermediate manufactured goods increased by 0,1%. The main contributors to the annual rate of 7,0% were basic and fabricated metals (6,6% year-on-year and contributing 2,6%), as well as chemicals, rubber and plastic products (6,8% year-on-year and contributing 2,1%). The contributor to the monthly increase of 0,1% was chemicals, rubber and plastic products (0,3% month-on-month and contributing 0,1%).

- The annual percentage change in the PPI for electricity and water was 7,4% in September 2014 (compared with 8,6% in August 2014). From August 2014 to September 2014 the PPI for electricity and water decreased by 24,2%. The contributors to the annual rate of 7,4% were electricity (7,3% year-on-year and contributing 6,1%) and water (7,0% year-on-year and contributing 1,2%). The contributor to the monthly decrease of 24,2% was electricity (-27,7% month-on-month and contributing -24,3%).
- The annual percentage change in the PPI for mining was 5,1% in September 2014 (compared with 3,6% in August 2014). From August 2014 to September 2014 the PPI for mining decreased by 1,2%. The main contributor to the annual rate of 5,1% was non-ferrous metal ores (12,9% year-on-year and contributing 5,6%). The main contributors to the monthly decrease of 1,2% were gold and other metal ores (-2,5% month-on-month and contributing -0,5%), non-ferrous metal ores (-1,1% month-on-month and contributing -0,5%), as well as coal and gas (-1,2% month-on-month and contributing -0,3%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 4,4% in September 2014 (compared with 4,2% in August 2014). From August 2014 to September 2014 the PPI for agriculture, forestry and fishing increased by 2,9%. The main contributor to the annual rate of 4,4% was agriculture (3,8% year-on-year and contributing 3,0%). The main contributor to the monthly increase of 2,9% was agriculture (3,2% month-on-month and contributing 2,5%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Monday, 3 November 2014

	3 November 2014	3 October 2014	% Change
RSA White Maize per ton (Nov. 2014 contract)	R1 906,00	R1 807,00	5,48
RSA Yellow Maize per ton (Nov. 2014 contract)	R1 945,00	R1 813,00	7,28
RSA Wheat per ton (Nov. 2014 contract)	R3 602,00	R3 672,00	-1,91
RSA Sunflower seed per ton (Nov. 2014 contract)	R4 810,00	R4 622,00	4,07
RSA Soya-beans per ton (Nov. 2014 contract)	R5 500,00	R5 150,00	6,80
Exchange rate R/$	R11,04	R11,25	-1,87

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- September tractor sales of 588 units were approximately 12% up on the 523 units reported in September 2013. Sales for the nine months year-to-date are now approximately 3% down on the same period last year.
- September combine harvester sales of 16 units were five units down on the 21 units sold in September 2013. On a year-to-date basis combine harvester sales are now approximately 5% down on the same period last year.
- Industry expectations are still that the market in 2014 will be between 5 and 10% down on last year.

Table 5: Agricultural machinery sales

Equipment class	Year-on-year September 2014	Year-on-year September 2013	Percentage Change %	Year-to-date September 2014	Year-to-date September 2013	Percentage Change %
Tractors	588	523	12,4	4 833	4 986	-3,1
Combine harvesters	16	21	-23,8	279	295	-5,4

Source: SAAMA press release, October 2014

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