

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2015

Issued: 4 November 2015

Directorate: Statistics and Economic Analysis

Highlights:

- During October 2015, significant rainfall events were limited to the eastern half of the country, as well as southern coastal areas.
- The expected commercial production of wheat for 2015 is 1,542 million tons, which is 11,9% less than the previous seasons' crop of 1,750 million tons.
- The projected closing stocks of wheat for the past 2014/15 marketing year are 593 913 tons, which includes imports of 1,8 million tons. It is also 21,6% more than the previous years' ending stocks.
- The projected closing stocks of wheat for the current 2015/16 marketing year are 578 763 tons, which includes imports of 1,950 million tons. It is also 2,6% less than the previous years' ending stocks.
- According to the results of the survey, commercial producers intend to plant 2,551 million ha of maize for 2016, which is 3,8% or 102 050 ha less than the 2,653 million ha planted last season.
- Projected closing stocks of maize for the current 2015/16 marketing year are 1,323 million tons, which is 36,2% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2015/16 marketing year are 63 162 tons, which is 48,1% less than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 66 127 tons, which is 28,8% less than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2015/16 marketing year are 122 354 tons, which is 92,1% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in September 2015 was unchanged at 4,6%.
- The annual percentage change in the PPI for final manufactured goods was higher at 3,6% in September 2015.
- September tractor sales of 562 units were just 4% lower than the 588 units reported sold in September 2014.



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1. Weather conditions

1.1 Rainfall for October 2015

During October 2015, significant rainfall events were limited to the eastern half of the country, as well as southern coastal areas (**Figure 1**). Comparing the rainfall totals to the long term average for October 2015, the rainfall received was below-normal in most areas with isolated areas of above-normal rainfall evident in the Limpopo, as well as the Western, Eastern and Northern Cape provinces (**Figure 2**).

Figure 1: Rainfall in mm for October 2015

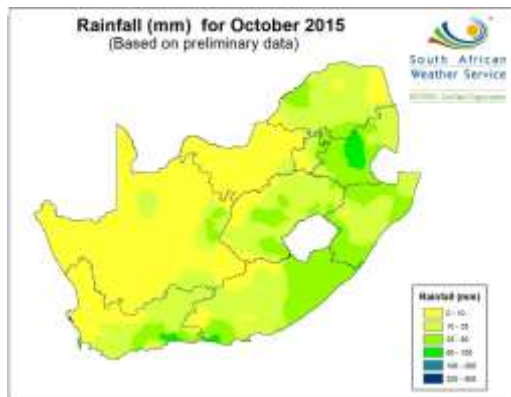
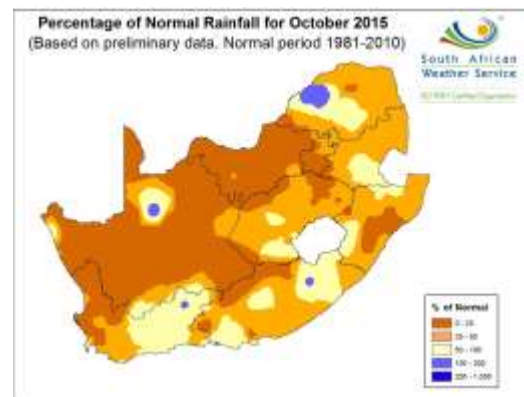


Figure 2: Percentage rainfall for October 2015



According to the latest Climate Advisory of the Department of Agriculture, Forestry and Fisheries, many areas of the country received below-normal rainfall coupled with high temperatures during the latter part of the 2014/15 summer season. This has adversely affected the crops in several provinces. Pastures have also begun to deteriorate. The winter rainfall region received some rainfall in certain areas but it remained dry in summer rainfall region. The dry conditions continued into the 2015 spring season. As a result of the dry conditions extending from the end of the 2014/15 summer into spring, pastures became increasingly reduced in many areas which lead to livestock condition's deteriorating and also included the loss of soil moisture. Drought conditions have also been reported in a number of provinces. More rain is needed for farmers to plant the summer grain crops and for the veld and livestock to recover. The levels of dams in the provinces are lower compared to the previous year during the same period. Water restrictions have been put in place in some provinces.

1.2 Level of dams

Available information on the level of South Africa's dams on 2 November 2015 indicates that the country has approximately 65% of its full supply capacity (FSC) available, 11% less than the corresponding period in 2014. The largest decrease is evident in the Western Cape with 19% less of its full supply capacity compared to 2014. All of the provinces, except the Eastern Cape, show decreases in the full supply capacity of dams. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 2 November 2015

| Province | Net FSC million cubic meters | 2/11/2015 (%) | Last Year (2014) (%) | % Increase/Decrease 2015 vs 2014 |
|---------------|------------------------------|---------------|----------------------|----------------------------------|
| Eastern Cape | 1 826 | 78 | 75 | 3,0 |
| Free State | 15 971 | 66 | 78 | -12,0 |
| Gauteng | 115 | 83 | 92 | -9,0 |
| KwaZulu-Natal | 4 669 | 58 | 71 | -13,0 |
| Lesotho | 2 376 | 56 | 55 | 1,0 |
| Limpopo | 1 508 | 70 | 83 | -13,0 |
| Mpumalanga | 2 521 | 70 | 84 | -14,0 |
| North West | 807 | 53 | 64 | -11,0 |
| Northern Cape | 146 | 74 | 90 | -16,0 |
| Western Cape | 1 853 | 69 | 88 | -19,0 |
| Total | 31 792 | 65 | 76 | -11,0 |

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The intentions of producers to plant summer crops for 2016 was released by the Crop Estimates Committee (CEC) on 27 October 2015, and is as follows:

Table 2: Commercial summer crops: Intentions to plant - 2016 season

| CROP | Intentions 2016 | Area planted 2015 | Final estimate 2015 | Change |
|----------------|---------------------|----------------------|------------------------|-----------|
| | Ha | Ha | Tons | % |
| | as mid October 2015 | | as on 29 Sep 2015 | |
| | (A) | (B) | (C) | (A) ÷ (B) |
| White maize | 1 421 800 | 1 448 050 | 4 702 700 | -1,81 |
| Yellow maize | 1 129 000 | 1 204 800 | 5 238 950 | -6,29 |
| Maize | 2 550 800 | 2 652 850 | 9 941 650 | -3,85 |
| Sunflower seed | 614 000 | 576 000 | 660 900 | 6,60 |
| Soybeans | 696 400 | 687 300 | 1 059 850 | 1,32 |
| Groundnuts | 44 700 | 58 000 | 56 675 | -22,93 |
| Sorghum | 74 750 | 70 500 | 116 500 | 6,03 |
| Dry beans | 51 500 | 64 000 | 73 390 | -19,53 |
| TOTAL | 4 032 150 | 4 108 650 | 11 908 965 | -1,86 |

Note: Estimate is for calendar year, e.g. production season 2015/16 = 2016

- According to the results of the survey, commercial producers intend to plant 2,551 million ha of **maize** for 2016, which is 3,8% or 102 050 ha less than the 2,653 million ha planted last season.
- The figures show that producers intend to plant 1,422 million ha to **white maize**, which is 26 250 ha (1,8%) less than in the previous season. In the case of **yellow maize**, the expected plantings are 1,129 million ha, which is 75 800 ha (6,3%) less than in the previous season.
- Producers indicated that less maize will be planted for the 2016 season because they are under pressure due to the current dry weather conditions. However, the rainfall can still influence farmers' decisions.
- In the case of **sunflower seed**, the expected area planted is estimated at 614 000 ha, which is 6,6% or 38 000 ha more than the 576 000 ha planted last season.
- The intended plantings of **soybeans** shows an increase of 1,3% compared to the previous season – from 687 300 ha to 696 400 ha.
- The expected plantings of **groundnuts** will decrease by 22,9%, from 58 000 ha to 44 700 ha.
- The intended plantings of **sorghum** is expected to increase by 6,0% or 4 250 ha to 74 750 ha, compared to the previous season.
- The expected plantings of **dry beans** is estimated at 51 500 ha, which is 19,5% or 12 500 ha less than in the previous season.

Please note that the preliminary area planted estimate for summer grains for 2016 will be released on 27 January 2016.

2.2 Winter cereal crops

The area estimate and third production forecast for winter crops for 2015 was also released by the Crop Estimates Committee (CEC) on 27 October 2015, and is as follows:

Table 3: Commercial winter crops: Revised area planted and third production forecast - 2015 season

| CROP | Area planted 2015 Ha (A) | 3rd Forecast 2015 Tons (B) | Area planted 2014 Ha (C) | Final estimate 2014 Tons (D) | Change % (B) ÷ (D) |
|----------------|---------------------------------------|---|---------------------------------------|---|------------------------------|
| Wheat | 482 150 | 1 542 350 | 476 570 | 1 750 000 | -11,87 |
| Malting barley | 93 730 | 347 017 | 85 125 | 302 000 | 14,91 |
| Canola | 78 050 | 105 400 | 95 000 | 121 000 | -12,89 |
| Total | 653 930 | 1 994 767 | 656 695 | 2 173 000 | -8,20 |

Note: : Estimate is for calendar year, e.g. production season 2015/16 = 2015

- The expected commercial production of **wheat** is 1,542 million tons, which is 11,9% or 207 650 tons less than the previous seasons' crop of 1,750 million tons, whilst the expected yield is 3,20 t/ha.
- The main reason for the decrease is because of the western parts (Swartland) of the Western Cape Province that hasn't received enough rain. Accordingly, the wheat in this province decreased by 10% or 77 500 tons.
- The expected production in the Western Cape is thus now 697 500 tons (45%), in the Northern Cape 266 400 tons (17%) and in the Free State 256 000 tons (17%).
- The production forecast for **malting barley** is 347 017 tons, which is 14,9% or 45 017 tons more than the previous seasons' crop of 302 000 tons. The area planted is estimated at 93 730 ha, while the expected yield is 3,70 t/ha.
- The expected **canola** crop is 105 400 tons, which is 12,9% or 15 600 tons less than the previous seasons' crop of 121 000 tons. The area estimate for canola is 78 050 ha, with an expected yield of 1,35 t/ha.

Please note that the fourth production forecast for winter cereals for 2015 will be released on 25 November 2015.

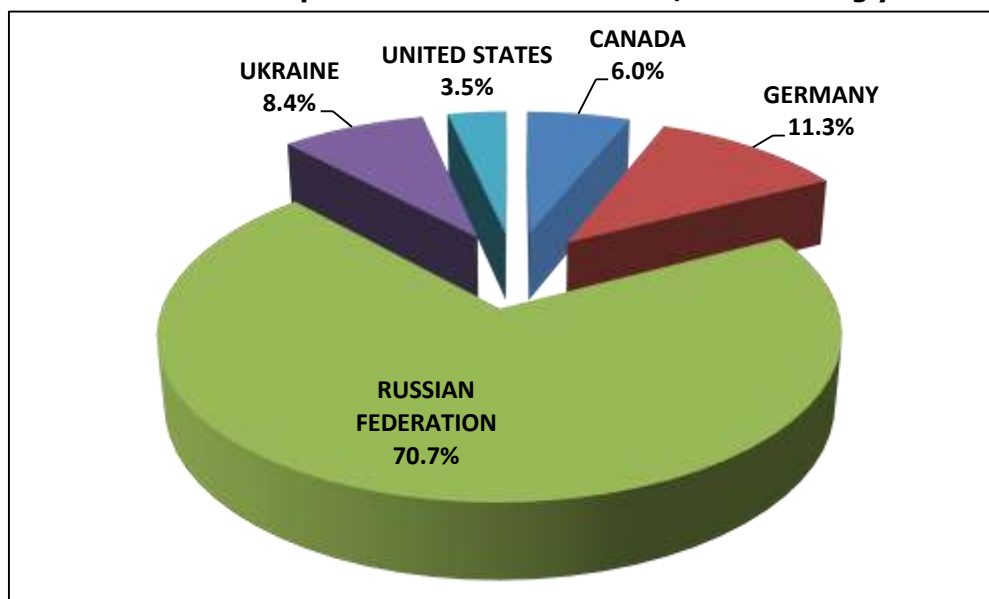
3. Cereal balance sheets

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 Oct15 Annexure A.



3.1 Imports and exports of wheat for the 2015/16 marketing year

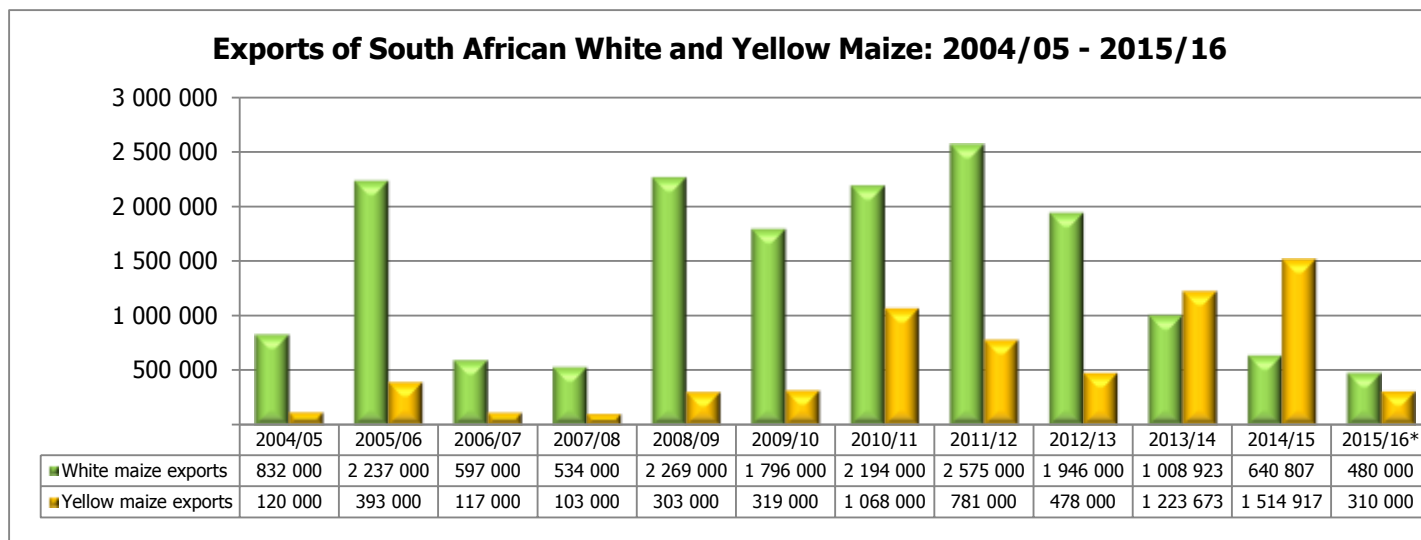
Graph 1: Major countries of wheat imports for South Africa: 2015/16 marketing year



- The progressive wheat imports from 26 September 2015 to 30 October 2015, amount to 399 395 tons, with the largest quantity (70,7% or 282 542 tons) imported from the Russian Federation followed by Germany (11,3% or 45 099 tons), Ukraine (8,4% or 33 746 tons), Canada (6,0% or 24 150 tons) and the United States (3,5% or 13 858 tons). The exports of wheat for the mentioned period amount to 12 373 tons, of which 61,5% or 7 608 tons were exported to Zimbabwe, 17,7% or 2 185 tons to Mozambique, 9,9% or 1 229 tons to Namibia, 8,9% or 1 107 tons to Botswana, 1,4% or 176 tons to Swaziland and only 0,5% or 68 tons to Zambia.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2004/05 to 2015/16 marketing year



*Projection

- The projection for exports of white maize for the 2015/16 marketing year are 480 000 tons, which represents a decrease of 25,1% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 310 000 tons, which represents a decrease of 79,5% compared to the 1,515 million tons of the previous marketing year.
- From 25 April to 30 October 2015, progressive white maize exports amount to 201 414 tons, with the main destinations being the BLNS (78,7% or 158 445 tons) and Mozambique (21,3% or 42 969 tons). The imports of

white maize for the mentioned period amount to 40 772 tons, of which 60,4% or 24 617 tons were from Mexico and 39,6% or 16 155 tons from Zambia.

- From 25 April to 30 October 2015, progressive yellow maize exports amount to 110 986 tons, with the main destinations being the BLNS Countries (77,3% or 85 799 tons), Mozambique (20,6% or 22 913 tons), Korea (2,0% or 2 177 tons) and Zimbabwe (0,1% or 97 tons). The imports of yellow maize for the mentioned period amount to 396 462 tons, of which 74,7% or 297 498 tons were from Argentina and 25,3% or 100 964 tons from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Headline consumer price index (CPI for all urban areas) annual inflation was 4,6% in September 2015, unchanged from August 2015. The consumer price index was unchanged month-on-month in September 2015.
- The annual rate for housing and utilities rose from 6,3% in August (contributing 1,5%) to 6,4% in September (contributing 1,6%).
- Housing and utilities contributed 0,2 of a percentage point. The index increased by 0,9% month-on-month mainly because of actual rentals for housing (1,3%) and owners' equivalent rent (1,4%).
- Transport contributed -0,3%. The index decreased by 1,6% month-on-month, mainly because of petrol (-5,3%) (-69c/litre).
- In September the CPI for goods increased by 3,6% year-on-year, the same as August, and the CPI for services increased by 5,6% year-on-year, also unchanged from August.
- Provincial annual inflation rates ranged from 3,5% in Limpopo to 5,0% in Free State.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 3,6% in September 2015 (compared with 3,4% in August 2015). From August 2015 to September 2015 the PPI for final manufactured goods increased by 0,3%.
- The main contributors to the annual rate of 3,6% were food products, beverages and tobacco products (6,0% year-on-year and contributing 2,0%), wood and paper products (7,5% year-on-year and contributing 0,8%) and metals, machinery, equipment and computing equipment (4,9% year-on-year and contributing 0,7%). The contributor to the monthly increase of 0,3% was food products, beverages and tobacco products (0,5% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 0,8% in September 2015 (compared with -0,4% in August 2015). From August 2015 to September 2015 the PPI for intermediate manufactured goods increased by 1,3%.
- The main contributors to the annual rate of 0,8% were sawmilling and wood (7,0% year-on-year and contributing 1,4%) and textile and leather goods (6,2% year-on-year and contributing 0,6%). The main contributor to the monthly increase of 1,3% was basic and fabricated metals (2,0% month-on-month and contributing 0,6%).
- The annual percentage change in the PPI for electricity and water was 11,3% in September 2015 (compared with 11,4% in August 2015). From August 2015 to September 2015 the PPI for electricity and water decreased by 24,2%.
- The contributors to the annual rate of 11,3% were electricity (12,9% year-on-year and contributing 10,9%) and water (2,8% year-on-year and contributing 0,4%). The contributor to the monthly decrease of 24,2% was electricity (-27,2% month-on-month and contributing -24,3%).

- The annual percentage change in the PPI for mining was -5,2% in September 2015 (compared with -10,8% in August 2015). From August 2015 to September 2015 the PPI for mining increased by 4,9%.
- The main contributor to the annual rate of -5,2% was non-ferrous metal ores (-15,1% year-on-year and contributing -5,4%). The main contributors to the monthly increase of 4,9% were gold and other metal ores (8,0% month-on-month and contributing 2,4%) and stone quarrying, clay and diamonds (19,5% month-on-month and contributing 1,5%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 5,2% in September 2015 (compared with 7,5% in August 2015). From August 2015 to September 2015 the PPI for agriculture, forestry and fishing increased by 0,7%.
- The main contributor to the annual rate of 5,2% was agriculture (5,8% year-on-year and contributing 4,9%). The contributors to the monthly increase of 0,7% were agriculture (0,5% month-on-month and contributing 0,5%) and fishing (3,0% month-on-month and contributing 0,2%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Monday, 2 November 2015

| | 2 November 2015 | 2 October 2015 | % Change |
|--|------------------------|-----------------------|-----------------|
| RSA White Maize per ton (Dec. 2015 contract) | R3 184,00 | R3 215,00 | -0,96 |
| RSA Yellow Maize per ton (Dec. 2015 contract) | R3 040,00 | R2 966,00 | 2,49 |
| RSA Wheat per ton (Dec. 2015 contract) | R4 324,00 | R4 166,00 | 3,79 |
| RSA Sunflower seed per ton (Dec. 2015 contract) | R6 795,00 | R6 400,00 | 6,17 |
| RSA Soya-beans per ton (Dec. 2015 contract) | R5 731,00 | R5 570,00 | 2,89 |
| Exchange rate R/\$ | R13,78 | R13,90 | -0,86 |

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- September tractor sales of 562 units were just 4% lower than the 588 units reported sold in September 2014. On a year-to-date basis sales are approximately 8% down on last year. September combine harvester sales of 19 units were almost 19% up on the 16 units sold in September 2014. On a year-to-date basis combine harvester sales are approximately 37% down on last year.
- The impending threat of significant price increases on agricultural equipment is probably driving the market in the short term. Farmers with the ability to do so will be buying current lower-priced stock in preparation for the forthcoming summer season. The early general rains helped a lot in preparing for the new season, but there has been little follow-up rain and conditions in the summer cropping areas are currently hot and dry.
- Industry expectations for tractor sales in 2015 are now in the order of 10% down on last year. Combine harvester sales are expected to be approximately 30% down.

Table 5: Agricultural machinery sales

| Equipment class | Year-on-year | | Percentage Change % | Year-to-date | | Percentage Change % |
|--------------------|--------------|------|---------------------------|--------------|-------|---------------------------|
| | September | | | September | | |
| | 2015 | 2014 | | 2015 | 2014 | |
| Tractors | 562 | 588 | -4,42 | 4 424 | 4 829 | -8,39 |
| Combine harvesters | 19 | 16 | -18,75 | 176 | 279 | -36,92 |

Source: SAAMA press release, October 2015



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