

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2017

Issued: 7 November 2017

Directorate: Statistics and Economic Analysis

Highlights:

- During October 2017, significant rainfall events were limited to the eastern half of the country.
- The expected commercial production of wheat for 2017 is 1,655 million tons, which is 13,3% 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 513 352 tons, which includes imports of 1,8 million tons. It is also 49,8% more than the previous years' ending stocks.
- Commercial producers intend to plant 2,470 million ha of maize for 2018, which is 6,0% less than the 2,629 million ha planted last season.
- Projected closing stocks of maize for the current 2017/18 marketing year are 4,549 million tons, which is 315,6% more than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2017/18 marketing year are 54 073 tons, which is 53,5% more than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for current 2017/18 marketing year are 227 531 tons, which is 39,5% more than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2017/18 marketing year are 259 462 tons, which is 206,0% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in September 2017 was higher at 5,1%.
- The annual percentage change in the PPI for final manufactured goods was higher at 5,2% in September 2017.
- October tractor sales of 704 units were significantly (24%) up on the 567 units sold in October 2016.



**agriculture,
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1. Weather conditions

1.1 Rainfall for October 2017

During October 2017, significant rainfall events were limited to the eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for October 2017, the rainfall received was near-normal to above-normal for most parts of the country, with patches of below-normal rainfall evident in the Northern Cape Province, as well as in large parts of the Western Cape and Free State provinces (**Figure 2**).

Figure 1: Rainfall in mm for October 2017

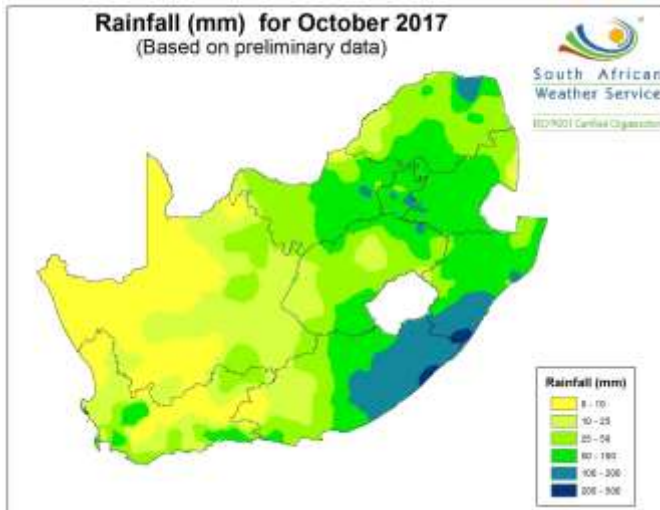
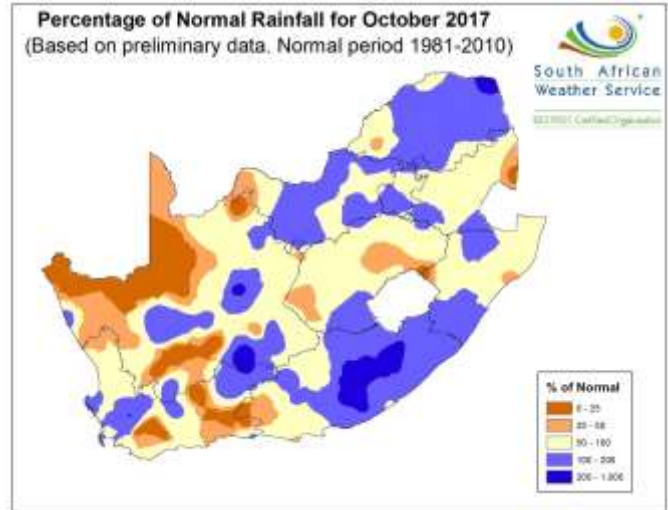


Figure 2: Percentage rainfall for October 2017



The South African Weather Services forecast a weak La Niña weather pattern in the early summer – that is between November 2017 and February 2018. This could lead to above-average rainfall in many areas across maize belt and bodes well for the new season crop. Unfortunately, the south-western parts of the country will remain dry and warm.

1.2 Level of dams

Available information on the level of South Africa's dams on 30 October 2017 indicates that the country has approximately 63% of its full supply capacity (FSC) available, which is 14% 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 28%, followed by Limpopo with 24%, Free State with 23%, and Mpumalanga, as well as North-West with 22%, each. However, decreases in the full supply capacity for the same period are evident in the Western Cape with minus 24% and the Eastern Cape with minus 2%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 30 October 2017

Province	Net FSC million cubic meters	30/10/2017 (%)	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	60	62	-2,0
Free State	15 968	73	50	23,0
Gauteng	115	83	79	4,0
KwaZulu-Natal	4 783	47	40	7,0
Lesotho	2 363	34	37	-3,0
Limpopo	1 522	69	45	24,0
Mpumalanga	2 539	69	47	22,0
North West	881	77	55	22,0
Northern Cape	146	84	56	28,0
Western Cape	1 867	36	60	-24,0
Total	32 016	63	49	14,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

The intentions' of producers to plant summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 26 October 2017, and is as follows:

Table 2: Commercial summer crops: Intentions to plant - 2018 season

CROP	Intentions 2018 Ha	Area planted 2017 Ha	Final estimate 2017 Tons	Change %
	as mid October 2017		as on 28 Sep 2017	
	(A)		(C)	
White maize	1 404 100	1 643 100	9 892 750	-14,55
Yellow maize	1 066 300	985 500	6 851 250	8,20
Maize	2 470 400	2 628 600	16 744 000	-6,02
Sunflower seed	665 500	635 750	874 595	4,68
Soybeans	720 000	573 950	1 316 370	25,45
Groundnuts	65 500	56 000	92 050	16,96
Sorghum	43 700	42 350	151 335	3,19
Dry beans	60 000	45 050	68 525	33,19
TOTAL	4 025 100	3 981 700	19 246 875	1,09

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

- 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 2017.
- According to the results of the survey, commercial producers intend to plant 2,470 million ha of **maize** for 2018, which is 6,0% or 158 200 ha less than the 2,629 million ha planted last season.
- The figures show that producers intend to plant 1,404 million ha to **white maize**, which is 239 000 ha (14,5%) less than in the previous season. In the case of **yellow maize**, the expected plantings are 1,066 million ha, which is 80 800 ha (8,2%) more than in the previous season.
- Producers indicated that less maize, especially white maize, will be planted for the 2018 season, mainly because of farmers switching to other crops such as oilseeds and yellow maize, due to price competitiveness.
- In the case of **sunflower seed**, the expected area planted is estimated at 665 500 ha, which is 4,7% or 29 750 ha more than the 635 750 ha planted last season. The increase in the expected area planted to sunflower seed is mainly because of increases in the Free State and North West provinces, due to indications that the expected area planted with white maize will decrease more in the afore-mentioned provinces than in the other provinces.
- The intended plantings of **soybeans** shows an increase of 25,4% or 146 050 ha compared to the previous season – from 573 950 ha to 720 000 ha.
- The expected plantings of **groundnuts** will also increase by 17,0% or 9 500 ha, from 56 000 ha to 65 500 ha.
- The intended plantings of **sorghum** is expected to increase slightly by 3,2% or 1 350 ha to 43 700 ha, compared to the previous season.
- The expected plantings of **dry beans** is estimated at 60 000 ha, which is 33,2% or 14 950 ha more than in the previous season.

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 third production forecast for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 26 October 2017, and is as follows:

Table 3: Commercial winter crops: Area planted and third production forecast – 2017 season

CROP	Area planted 2017 Ha (A)	3 rd forecast 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Wheat	491 600	1 655 250	508 365	1 910 000	-13,34
Malting barley	91 380	281 059	88 695	355 000	-20,83
Canola	84 000	100 800	68 075	105 000	-4,00
Total	666 980	2 037 109	665 135	2 370 000	-14,05

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

- The expected commercial production of **wheat** is 1,655 million tons, which is 13,34% or 254 750 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 3,37 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 4,00% or 4 200 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 1,20 t/ha.

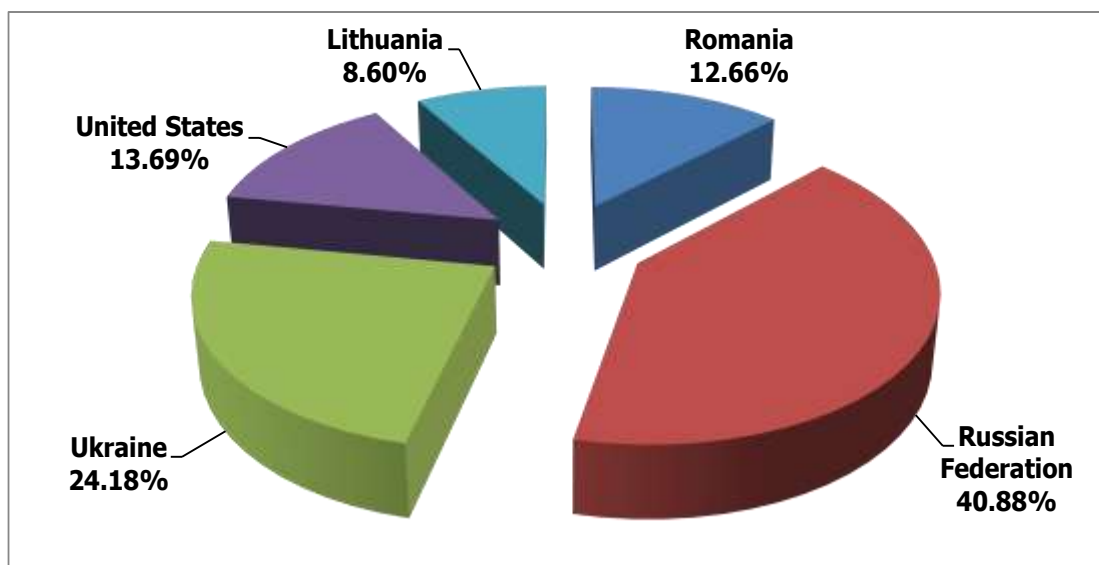
Please note that the fourth production forecast for winter cereals for 2017 will be released on 28 November 2017.

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 Oct17 Annexure A.

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

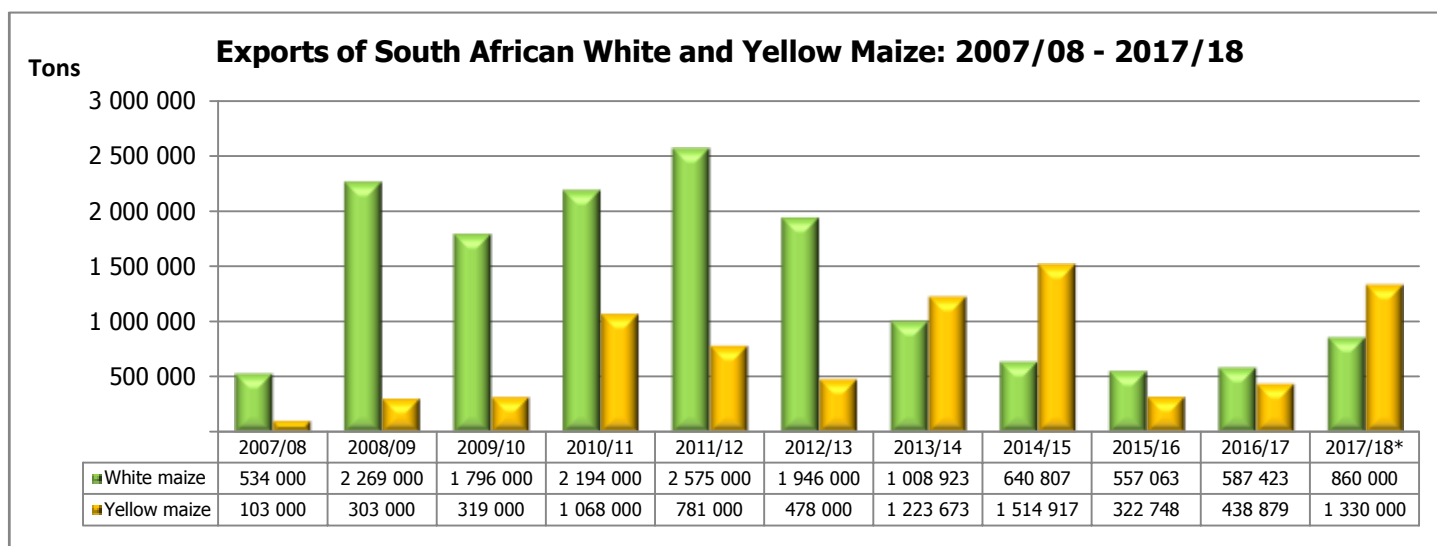
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September to 3 November 2017) amount to 393 947 tons, with 40,88% or 161 046 tons imported from Russian Federation, followed by the Ukraine (24,18% or 95 237 tons), United States (13,69% or 53 916 tons), Romania (12,66% or 49 877 tons), and Lithuania (8,60% or 33 871 tons). The exports of wheat for the above-mentioned period amount to 1 614 tons, of which 81,16% or 1 310 tons went to Namibia and 18,84% or 304 tons to Botswana.

3.2 Exports of white and yellow maize

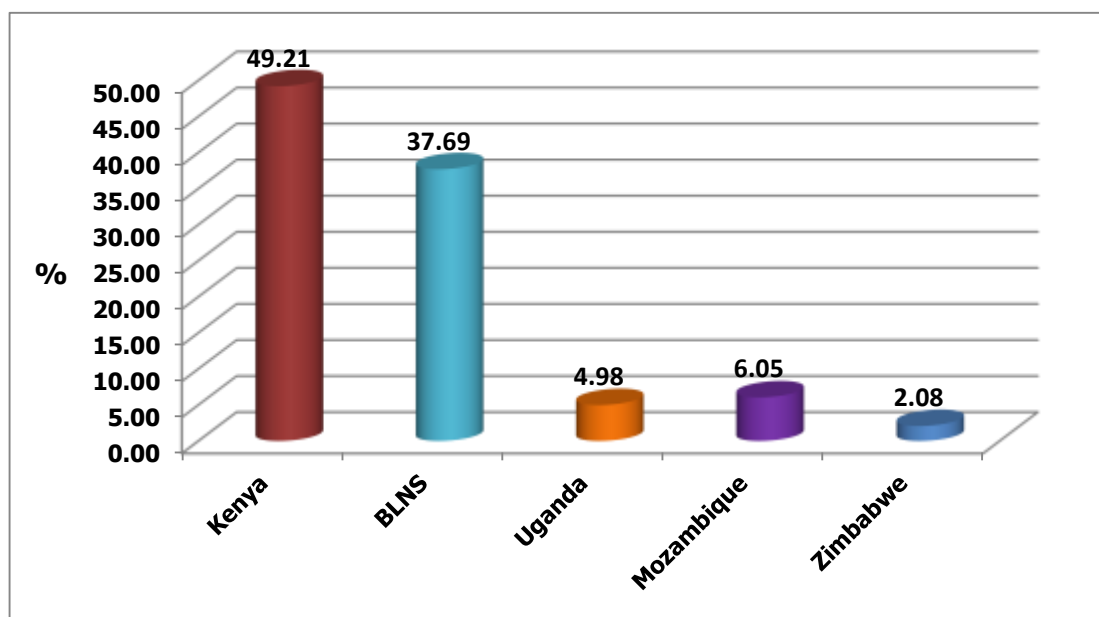
Graph 2: Exports of South African white and yellow maize for the 2007/08 to 2017/18 marketing year



*Projection

- The exports of white maize for the 2017/18 marketing year are projected 860 000 tons, which represents an increase of 46,40% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,330 million tons, which represents a significant increase of 203,04% 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

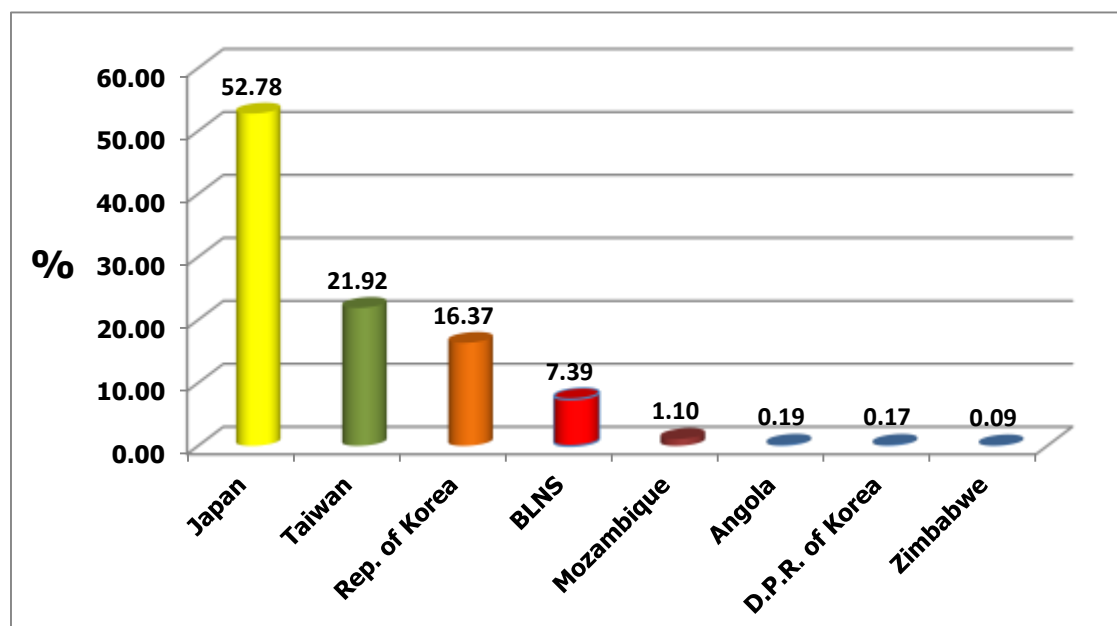


- From 29 April to 3 November 2017, progressive white maize exports amount to 502 421 tons, with the main destinations being Kenya (49,21% or 247 250 tons), the BLNS Countries (37,69% or 189 338 tons), Uganda (4,98% or 24 998 tons), Mozambique (6,05% or 30 393 tons), and Zimbabwe (2,08% or 10 442 tons). The imports of white maize for the mentioned period amount to zero.



- From 29 April to 3 November 2017, progressive yellow maize exports amount to 975 800 tons, with the main destinations being Japan (52,78% or 514 988 tons), Taiwan (21,92% or 213 926 tons), Republic of Korea (16,37% or 159 693 tons), the BLNS Countries (7,39% or 72 090 tons), Mozambique (1,10% or 10 695 tons), Angola (0,19% or 1 863 tons), Democratic Peoples Republic of Korea (0,17% or 1 656 tons) and Zimbabwe (0,09% or 889 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 5,1% in September 2017, up from 4,8% in August 2017. The consumer price index increased by 0,5% month-on-month in September 2017.
- The main contributors to headline annual consumer price inflation were as follows:
 - Food and non-alcoholic beverages decreased from 1,0% in August to 0,9% in September. The index increased by 5,5% year-on-year;
 - Housing and utilities increased from 1,1% in August to 1,2% in September. The index increased by 4,9% year-on-year;
 - Transport increased from 0,6% in August to 0,8% in September. The index increased by 5,6% year-on-year; and
 - Miscellaneous goods and services increased from 1,1% in August to 1,2% in September. The index increased by 7,6% year-on-year.
- The main contributors to monthly consumer price inflation were as follows:
 - Housing and utilities contributed 0,2% in September. The index increased by 0,9% month-on-month; and
 - Transport contributed 0,2% in September. The index increased by 1,7% month-on-month.
- In September the CPI for goods increased by 4,4% year-on-year (up from 4,0% in August), and the CPI for services increased by 5,8% year-on-year (up from 5,6% in August).
- Provincial annual inflation rates ranged from 3,8% in 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 5,2% in September 2017 (compared with 4,2% in August 2017). From August 2017 to September 2017 the PPI for final manufactured goods increased by 0,7%.
- The main contributors to the annual rate of 5,2% were coke, petroleum, chemical, rubber and plastic products (2,4%), food products, beverages and tobacco products (0,9%), as well as wood and paper products (0,7%). The contributors to the monthly increase of 0,7% was coke, petroleum, chemical, rubber and plastic products (0,6%).
- The annual percentage change in the PPI for intermediate manufactured goods was 2,1% in September 2017 (compared with 2,0% in August 2017). From August 2017 to September 2017 the PPI for intermediate manufactured goods increased by 0,1%. The main contributors to the annual rate of 2,1% were recycling and manufacturing n.e.c. (1,4%), as well as sawmilling and wood (0,6%) and basic and fabricated metals (0,5%). The main contributors to the monthly increase of 0,1% was basic and fabricated metals (0,5%).
- The annual percentage change in the PPI for electricity and water was 6,0% in September 2017 (compared with 2,6% in August 2017). From August 2017 to September 2017 the PPI for electricity and water decreased by 22,0%. The contributors to the annual rate of 6,0% were electricity (4,5%) and water (1,5%). The contributor to the monthly decrease of 22,0% was electricity (-22,0%).
- The annual percentage change in the PPI for mining was 9,5% in September 2017 (compared with 1,1% in August 2017). From August 2017 to September 2017 the PPI for mining increased by 9,2%. The main contributor to the annual rate of 9,5% were coal and gas (4,9%), as well as stone quarrying, clay and diamonds (1,2%). The main contributors to the monthly increase of 9,2% were stone quarrying, clay and diamonds (5,9%), coal and gas (1,6%), as well as non-ferrous metal ores (1,2%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,0% in September 2017 (compared with -0,9% in August 2017). From August 2017 to September 2017 the PPI for agriculture, forestry and fishing increased by 2,2%. The main contributor to the annual rate of 2,0% were agriculture (0,9%), forestry (0,9%) and fishing (0,2%). The main contributor to the monthly increase of 2,2% was agriculture (2,2%).

4.3 Future contract prices and the exchange rate

Table 4: Closing prices on Monday, 6 November 2017

	6 November 2017	6 October 2017	% Change
RSA White Maize per ton (Oct. 2017 contract)	R2 038,00	R1 886,00	8,06
RSA Yellow Maize per ton (Oct. 2017 contract)	R2 136,00	R1 995,00	7,07
RSA Wheat per ton (Oct. 2017 contract)	R4 195,00	R4 060,00	3,32
RSA Sunflower seed per ton (Oct. 2017 contract)	R4 622,00	R4 788,00	-3,47
RSA Soya-beans per ton (Oct. 2017 contract)	R4 940,00	R4 741,00	4,20
Exchange rate R/\$	R14,18	R13,73	3,28

Source: JSE/SAFEX

- The wheat import tariff has been revised upward by 20,9% from R752,40 to R910,00 per tonne (3 November 2017) due to relatively lower global wheat prices.

4.4 Agricultural machinery sales

- October tractor sales of 704 units were significantly (24%) up on 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 5: 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 November 2017 will be released on **6 December 2017**.

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