MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2019

Issued: 5 November 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **The rainfall forecast for early-summer (Nov-Dec-Jan) indicates enhanced probabilities of below-normal rainfall over the far eastern parts of the country, whilst above-normal rainfall is predicted to be more likely for the western to central parts.**
- **The expected production of wheat is 1,695 million tons, which is 9,2% less than the previous seasons' crop of 1,868 million tons.**
- **The projected closing stocks of wheat for the current 2019/20 marketing year are 548 990 tons, which includes imports of 1,750 million tons. It is also 1,3% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 11,186 million tons, which is 10,6% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,702 million tons, which is 36,1% less than the previous years' ending stocks.**
- **Commercial producers intend to plant 2 519 300 ha of maize for 2020, which is 9,5% more than the 2 300 500 ha planted in 2019.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 45 335 tons, which is 12,6% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 92 555 tons, which is 23,0% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 192 636 tons, which is 61,6% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in September2019 was lower at 4,1%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,1% in September 2019.**
- **September 2019 tractor sales of 431 units were significantly (29%) lower than the 610 units sold in September 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Seasonal forecast 2019

According to the latest Seasonal Climate Watch of the SA Weather Services, the rainfall forecast for early-summer (Nov-Dec-Jan) indicates enhanced probabilities of below-normal rainfall over the far eastern parts of the country, whilst above-normal rainfall is predicted to be more likely for the western to central parts (**Figure 1**). Towards mid-summer (Dec-Jan-Feb), predictions indicate an increased likelihood of below-normal rainfall conditions (**Figure 2**).

Figure 1: Expected precipitation conditions for Nov-Dec-Jan

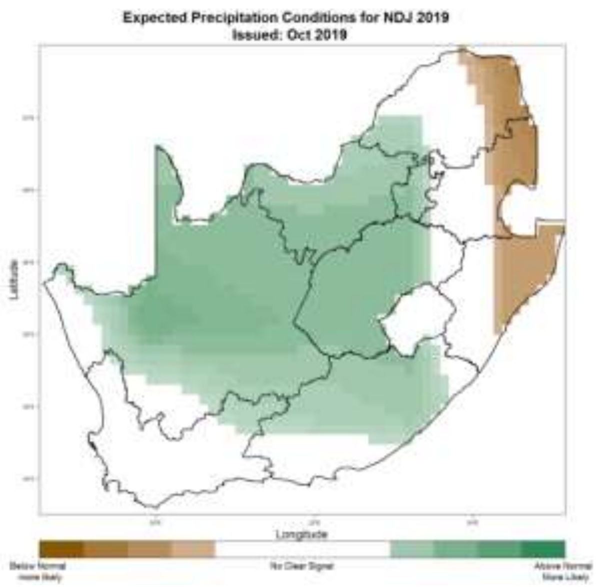
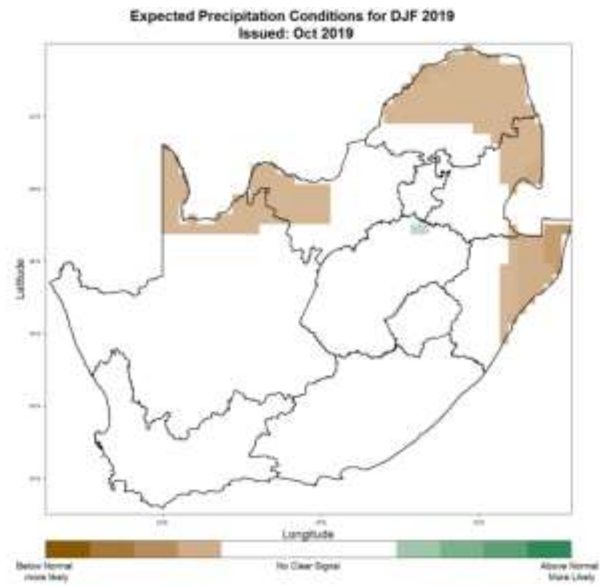


Figure 2: Expected precipitations conditions for Dec-Jan-Feb



For the late-summer period (Jan-Feb-Mar), higher probabilities of below-normal rainfall are predicted to persist and to expand to other parts of the country. With regards to temperatures, mostly higher than normal temperatures are expected this summer.

1.2 Level of dams

Available information on the level of South Africa's dams on 4 November 2019 indicates that the country has approximately 60% of its full supply capacity (FSC) available, which is 11% less than the corresponding period in 2018. The dam levels in the Western Cape Province show a 3% improvement compared to 2018. The remaining eight provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease is indicated in the Eastern Cape with 14%, followed by the Limpopo Province and Mpumalanga with -13% each, as well as Free State and Gauteng with -12% each. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 4 November 2019

Province	Net FSC million cubic meters	4/11/2019 (%)	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 810	50	64	-14,0
Free State	15 653	71	83	-12,0
Gauteng	128	86	98	-12,0
KwaZulu-Natal	4 784	53	59	-6,0
Lesotho	2 363	20	37	-17,0
Limpopo	1 522	50	63	-13,0
Mpumalanga	2 539	57	70	-13,0
North West	867	50	56	-6,0
Northern Cape	147	73	79	-6,0
Western Cape	1 866	67	64	3,0
Total	**31 678**	**60**	**71**	**-11,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2019

The area planted estimate and ninth production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 24 October 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 9th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**9th forecast 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**1 298 400**	**5 538 240**	1 268 100	6 540 000	-15,32
Yellow maize	**1 002 100**	**5 647 810**	1 050 750	5 970 000	-5,40
Total Maize	**2 300 500**	**11 186 050**	2 318 850	12 510 000	-10,58
Sunflower seed	**515 350**	**680 940**	601 500	862 000	-21,00
Soybeans	**730 500**	**1 170 345**	787 200	1 540 000	-24,00
Groundnuts	**20 050**	**19 455**	56 300	57 000	-65,87
Sorghum	**50 500**	**134 525**	28 800	115 000	16,98
Dry beans	**59 300**	**66 355**	53 360	69 360	-4,33
Total	**3 676 200**	**13 257 670**	3 846 010	15 153 360	-12,51

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

- The size of the expected **commercial maize** crop has been set at 11 186 050 tons, which is 10,58% or 1 323 950 tons less than the previous season of 12 510 000 tons. The area estimate for maize is 2 300 500 ha, while the expected yield is 4,86 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 5 538 240 tons, which is 15,32% or 1 001 760 tons less than the 6 540 000 tons of last season. The yield for white maize is 4,27 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. In production forecast of **yellow maize** is 5 647 810 tons, which is 5,40% or 322 190 tons less than the 5 970 000 tons of the previous season. The yield for yellow maize is 5,64 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 680 940 tons, which is 21,00% or 181 060 tons less than the 862 000 tons of the previous season. The expected yield is 1,32 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 for **soybeans** is 1 170 345 tons, which is 24,00% or 369 655 tons less than the previous season of 1 540 000 tons. The expected yield is 1,60 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 **groundnut** crop decreased by 65,87% or 37 545 tons, from 57 000 tons to 19 455 tons. The expected yield is 0,97 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** increased by 16,98% or 19 525 tons, from 115 000 tons to 134 525 tons. The expected yield is 2,66 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. In the case of **dry beans**, the production forecast has been adjusted downwards with 4,33% or 3 005 tons – from 69 360 tons to 66 355 tons. The expected yield of 1,12 t/ha.

Please note that the final production estimate for summer field crops for 2019 will be released on 26 November 2019.

2.2 Summer grain crops – 2020

The intentions' of producers to plant summer crops for the 2020 season was also released by the Crop Estimates Committee (CEC) on 24 October 2019, and is as follows:

Table 3: Commercial summer crops: Intentions to plant - 2020 season

CROP	**Area planted 2019 Ha**	Area planted 2019 Ha	9th forecast 2019 Tons	Change %
	As mid October 2019		As on 24 Oct 2019	
	(A)	(B)	(C)	(A) ÷ (B)
White maize	**1 431 900**	1 298 400	5 538 240	10,28
Yellow maize	**1 087 400**	1 002 100	5 647 810	8,51
Total Maize	**2 519 300**	2 300 500	11 186 050	9,51
Sunflower seed	**538 500**	515 350	680 940	4,49
Soybeans	**745 500**	730 500	1 170 345	2,05
Groundnuts	**48 000**	20 050	19 455	139,40
Sorghum	**43 100**	50 500	134 525	-14,65
Dry beans	**52 500**	59 300	66 355	-11,47
Total	**3 946 900**	3 676 200	13 257 670	7,36

- 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 2019.
- According to the results of the survey, commercial producers intend to plant 2 519 300 ha of **maize** for 2020, which is 9,51% or 218 800 ha more than the 2 300 500 ha planted last season.
- The figures show that producers intend to plant 1 432 900 ha to **white maize**, which is 133 500 ha (10,28%) more than in the previous season. In the case of **yellow maize**, the expected plantings are 1 087 400 ha, which is 85 300 ha (8,51%) more than in the previous season.
- In the case of **sunflower seed**, the expected area planted is estimated at 538 500 ha, which is 4,49% or 23 150 ha more than the 515 350 ha planted last season.
- The intended plantings of **soybeans** shows an increase of 2,05% or 15 000 ha compared to the previous season – from 730 500 ha to 745 500 ha.
- The expected plantings of **groundnuts** will increase by 139,40% or 27 950 ha, from 20 050 ha to 48 000 ha.
- The intended plantings of **sorghum is** expected to decrease by 14,65% or 7 400 ha to 43 100 ha, compared to the previous season.
- The expected plantings of dry beans is estimated at 52 500 ha, which is 11,47% or 6 800 ha less than in the previous season.

Please note that the preliminary area planted estimate for summer grains for 2020 will be released on 29 January 2020.

2.3 Winter cereal crops - 2019

The area estimate and third production forecast of winter grains for the 2019 season was also released by the Crop Estimates Committee (CEC) on 24 October2019, and is as follows:

Table 4: Commercial winter crops: Area planted and third production forecast - 2019 season

CROP	**Area planted** **2019** **Ha** **(A)**	**3rd forecast** **2019** **Ha** **(B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Wheat	**540 000**	**1 695 470**	503 350	1 868 000	-9,24
Malting barley	**131 960**	**364 860**	119 000	421 500	-13,44
Canola	**74 000**	**81 400**	77 000	104 500	-22,11
Cereal oats	**27 200**	**34 990**	19 235	32 700	7,00

- The expected production of **wheat** is 1 695 170 tons, which is 9,24% or 172 530 tons less than the previous seasons' crop of 1 868 000 tons, whilst the expected yield is 3,14 t/ha.
- The expected production in the Western Cape is 682 500 tons (40%), which is 208 000 tons less than the 890 500 tons produced in the previous season. In the Free State, the expected production is 422 400 tons (25%), which is 37 400 tons more than the previous seasons' crop of 385 000 tons. In the Northern Cape, 281 250 tons (16%) is expected to be produced – 13 250 tons less than the 294 500 tons produced in the previous season.
- The area estimate for wheat is 540 000 ha, which is 36 650 ha higher than the 503 350 ha of the previous season. An estimated 325 000 ha or 60% is planted in the Western Cape, 128 000 ha or 24% in the Free State and 37 500 ha or 7% in the Northern Cape.
- The production forecast for **malting barley** is 364 860 tons, which is 13,44% or 56 640 tons less than the previous seasons' crop of 421 500 tons. The area planted is estimated at 131 960 ha, while the expected yield is 2,76 t/ha.
- The expected **canola** crop is 81 400 tons, which is 22,11% or 23 100 tons less than the previous seasons' crop of 104 500 tons. The area estimate for canola is 74 000 ha, with an expected yield of 1,10 t/ha.
- The area estimate for **oats** (cereals) for the 2019 season is 27 200 ha. The expected crop is 34 990 tons, representing an increase of 2 290 tons compared to the 32 700 tons of 2018. The expected yield is 1,29 t/ha.

Please note that the fourth production forecast for winter cereals for 2019 will be released on 26 November 2019.

2.4 Non-commercial maize

The non-commercial agricultural sectors' production estimate for maize for the 2019 season was released by the Crop Estimates Committee (CEC) on 28 May 2019, and is as follows:

Table 5: 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)
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

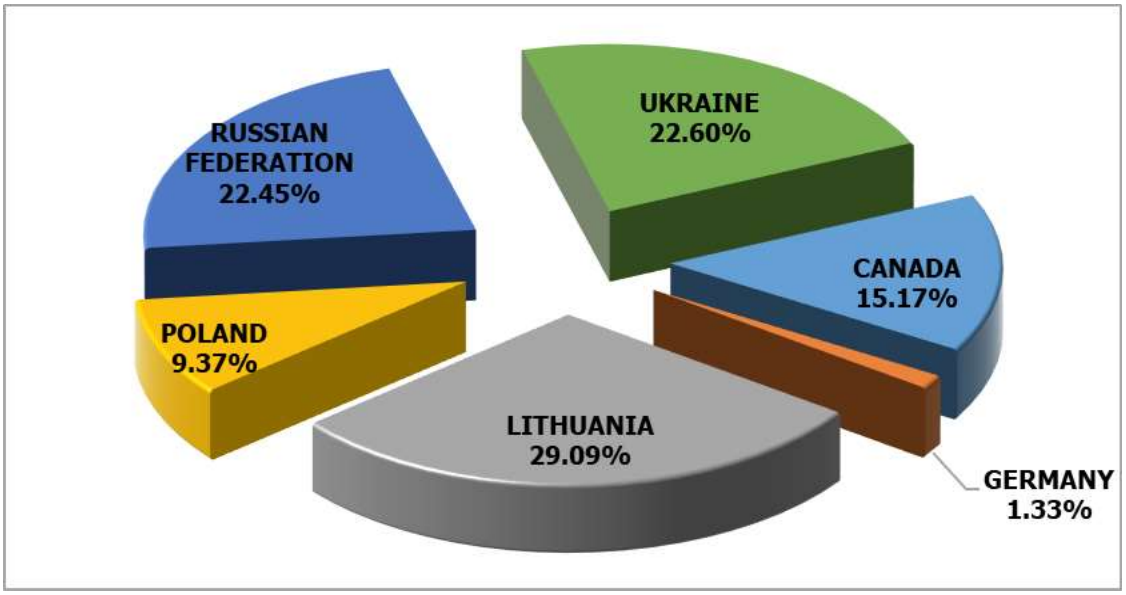
- The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. 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 OCT19 Annexure A.

3.1 Imports and exports of wheat for the 2019/20 marketing year

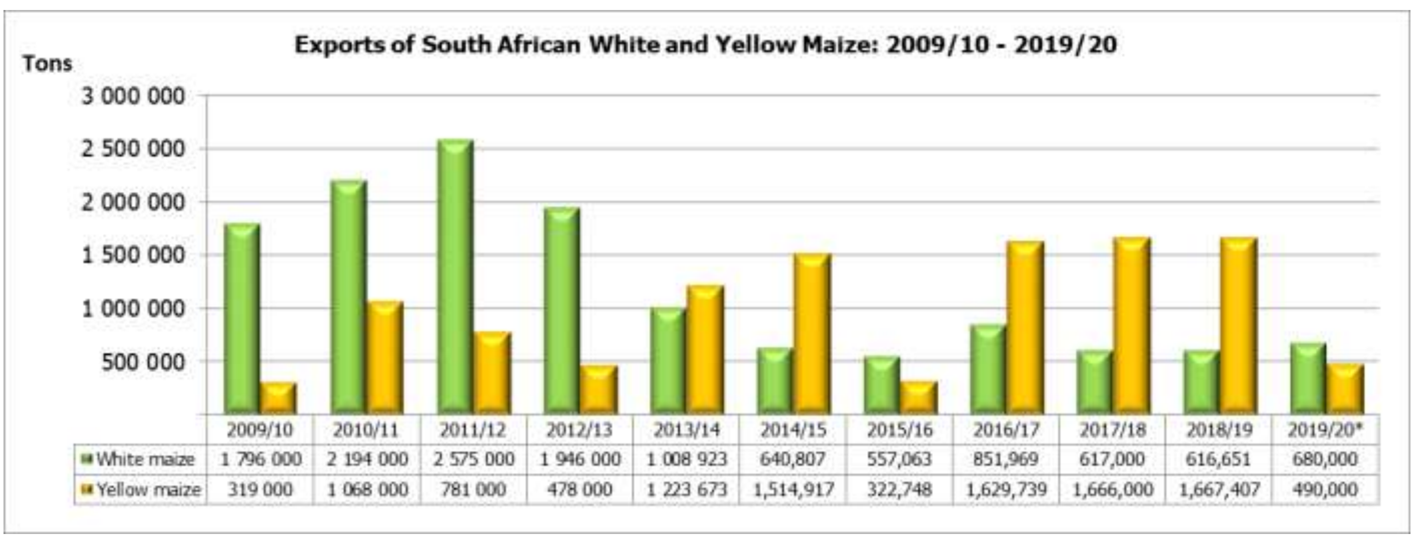
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports for the 2019/20 marketing year (28 September to 25 October 2019) amount to 238 825 tons, with 29,09% or 69 476 tons imported from Lithuania, 22,60% or 53 969 tons from Ukraine, 22,45% or 53 607 tons from the Russian Federation, 15,17% or 36 227 tons from Canada, 9,37% or 22 381 tons from Poland and only 1,33% or 3 165 tons from Germany. The exports of wheat for the above-mentioned period amount to 1 669 tons, of which 86,82% or 1 449 tons went to Namibia and 13,18% or 220 tons to Botswana.

3.2 Exports of white and yellow maize

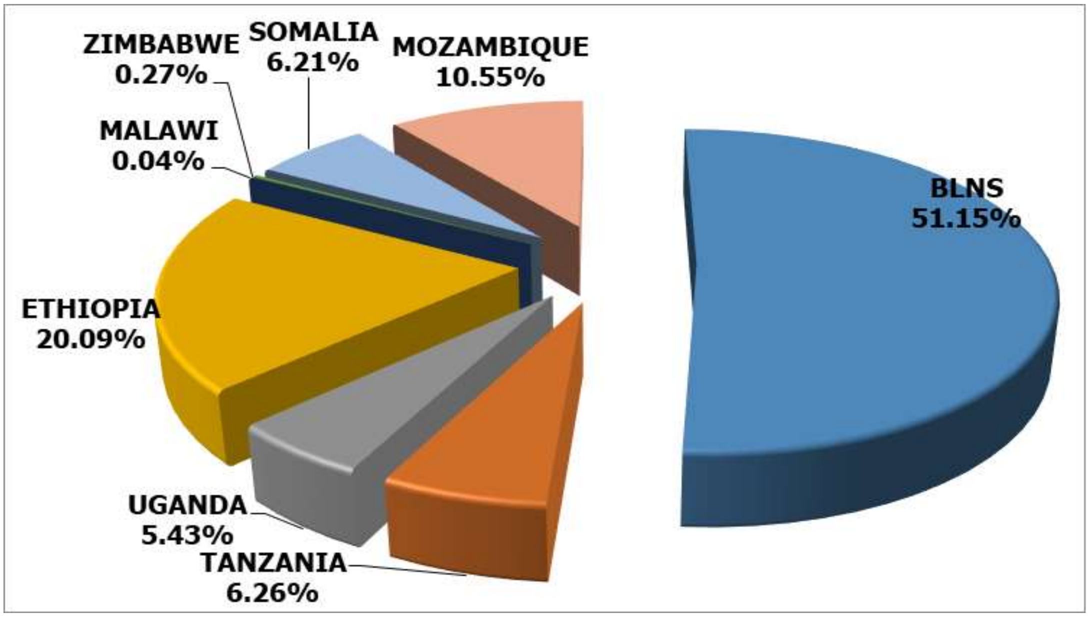
Graph 2: Exports of South African white and yellow maize for the 2009/10 to 2019/20 marketing year



*Projection

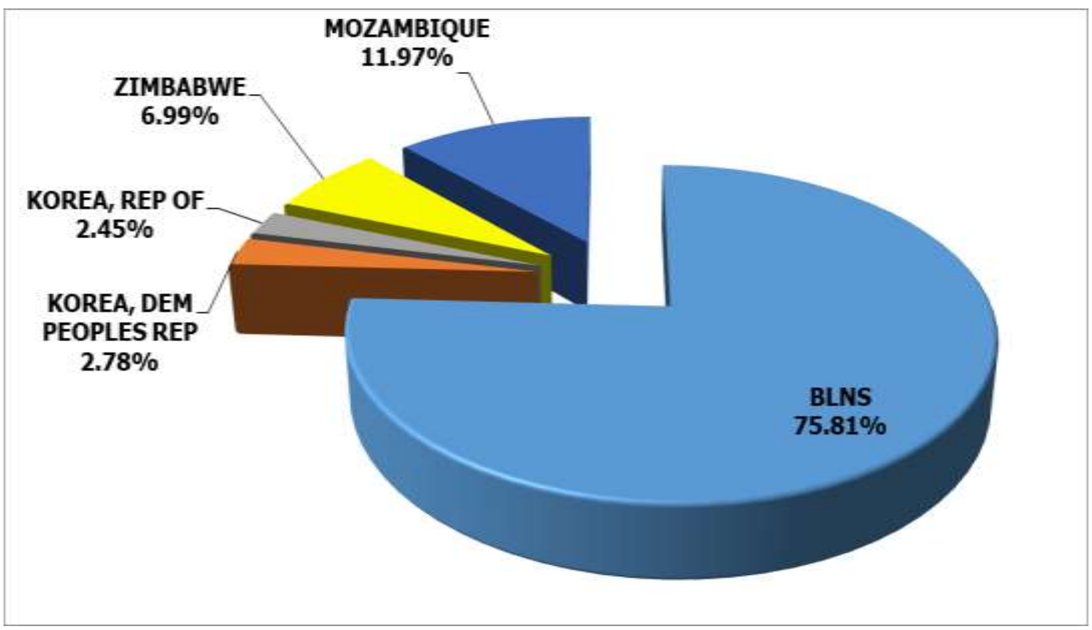
- The exports of white maize for the 2019/20 marketing year are projected at 680 000 tons, which represents an increase of 10,27% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 490 000 tons, which represents a decrease of 70,61% compared to the 1,667 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 25 October 2019, progressive white maize exports amount to 368 517 tons, with the main destinations being the BLNS Countries (51,15% or 188 488 tons), followed by Ethiopia (20,09% or 74 021 tons), Mozambique (10,55% or 38 887 tons), Tanzania (6,26% or 23 082 tons), Somalia (6,21% or 22 900 tons) Uganda (5,43% or 20 000 tons), Zimbabwe (0,27% or 1 004 tons) and Malawi (0,04% or 135 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 25 October 2019, progressive yellow maize exports amount to 178 334 tons, with the main destinations being the BLNS Countries (75,81% or 135 194 tons), followed by Mozambique (11,97% or 21 348 tons), Zimbabwe (6,99% or 12 469 tons), Democratic Peoples Republic of Korea (2,78% or 4 959 tons) and Republic of Korea (2,45% or 4 346 tons). The imports of yellow maize for the mentioned period amount to 333 580 tons of which 85% or 283 647 tons were from Argentina and 15% or 49 933 tons were from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,1% in September 2019, down from 4,3% in August 2019. The consumer price index increased by 0,3% month-on-month in September 2019.
- The main contributors to the 4,1% annual inflation rate were as follows:
  - Food and non-alcoholic beverages increased by 3,9% year-on-year, and contributed 0,7% to the total CPI annual rate of 4,1%;
  - Housing and utilities increased by 4,8% year-on-year, and contributed 1,2%; and
  - Miscellaneous goods and services increased by 5,7% year-on-year, and contributed 0,9%.
- The main contributor to the monthly increase in the CPI was housing and utilities, which increased by 0,4% month-on-month and contributed 0,1%.
- The annual inflation rates for goods and for services were 4,0% and 4,2%, respectively. Provincial annual inflation rates ranged from 3,6% in North West to 4,8% in Limpopo.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 4,1% in September 2019, down from 4,5% in August 2019. The producer price index increased by 0,2% month-on-month in September 2019.
- The main contributors to the headline PPI annual inflation rate were as follows:
  - Food products, beverages and tobacco products increased by 4,0% year-on-year and contributed 1,3%;
  - Metals, machinery, equipment and computing equipment increased by 4,5% year-on-year and contributed 0,6%;
  - Coke, petroleum, chemical, rubber and plastic products increased by 2,8% year-on-year and contributed 0,6%; and
  - Paper and printed products increased by 8,0% year-on-year and contributed 0,6%.
- The main contributors to the headline PPI monthly increase were coke, petroleum, chemical, rubber and plastic products, which increased by 0,2% month-on-month and contributed 0,1% to the total month-on-month increase of 0,2%; and transport equipment, which increased by 0,9% month-on-month and contributed 0,1%.
- The annual percentage change in the PPI for intermediate manufactured goods was 0,5% in September 2019 (compared with 1,9% in August 2019). The index increased by 0,4% month-on-month. The main contributors to the annual rate were basic and fabricated metals (1,6%), as well as sawmilling and wood (0,6%). The main contributor to the monthly rate was basic and fabricated metals (0,6%).
- The annual percentage change in the PPI for electricity and water was 17,1% in September 2019 (compared with 14,3% in August 2019). The index decreased by 21,3% month-on-month. Electricity contributed 16,0% to the annual rate, and water contributed 1,0%. Electricity contributed -21,4% to the monthly rate.
- The annual percentage change in the PPI for mining was 15,2% in September 2019 (compared with 22,2% in August 2019). The index decreased by 2,4% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (11,9%), as well as gold and other metal ores (5,9%). The main contributor to the monthly rate was gold and other metal ores (-4,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -4,1% in September 2019 (compared with -2,4% in August 2019). The index decreased by 0,6% month-on-month. The main contributor to the annual rate was agriculture (-5,5%). The main contributor to the monthly rate was agriculture (-0,7%).

4.3 Future contract prices

Table 6: Closing prices on Friday, 1 November 2019

	1 November 2019	1 October 2019	% Change
RSA White Maize per ton (Nov. 2019 contract)	R2 795,00	R2 910,00	-3,95
RSA Yellow Maize per ton (Nov. 2019 contract)	R2 752,00	R2 808,00	-1,99
RSA Wheat per ton (Nov. 2019 contract)	R4 460,00	R4 480,00	-0,45
RSA Sunflower seed per ton (Nov. 2019 contract)	R5 570,00	R5 583,00	-0,23
RSA Soya-beans per ton (Nov. 2019 contract)	R6 015,00	R5 970,00	0,75
Exchange rate R/$	R15,09	R15,25	-1,05

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R1 008,60 per tonne that triggered on 20 August 2019 was published in a Government Gazette on 25 October 2019, making it the official rate.

4.4 Agricultural machinery sales

- September 2019 tractor sales of 431 units were significantly (29%) lower than the 610 units sold in September 2018. Year-to-date sales for the first nine months of 2019 are also significantly (22%) less than last year. On a rolling 12-month basis tractor sales are now 17% down on last year. September 2019 combine harvester sales of 12 units were one unit more than the 11 units sold in September 2018. Year-to-date combine harvester sales are now 16% less than last year. On a rolling 12-month basis combine harvester sales are 9% down on last year.
- Although farmers in many of the summer-cropping areas have begun preparations for the forthcoming season, cold weather and the general lack of early rain have held them back. These farmers are now waiting for rain before committing to buy new equipment. The course of sales in the next few weeks will be determined by weather conditions.
- Industry forecasts for the 2019 calendar year have been adjusted downwards several times since the beginning of the year and are now at a level between 20 and 25% below the 6 700 units sold last year.

Table 7: Agricultural machinery sales

Equipment class	Year-on-year September 2019	Year-on-year September 2018	Percentage Change %	Year-to-date September 2019	Year-to-date September 2018	Percentage Change %
Tractors	431	610	-29,34	3 919	5 034	-22,15
Combine harvesters	12	11	9,09	131	156	-16,03

Source: SAAMA press release, October 2019

PLEASE NOTE: The Food Security Bulletin for November 2019 will be released on **6 December 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