MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2014

Issued: 7 October 2014

Directorate: Statistics and Economic Analysis

Highlights:

- **During September 2014, significant rainfall events were limited to coastal provinces, thus the Western Cape, Eastern Cape and KwaZulu-Natal.**
- **The expected production of wheat for 2014 is 1,791 million tons, which is 4,2% less than the previous seasons' crop of 1,870 million tons.**
- **The projected closing stocks of wheat for the current 2013/14 marketing year are 546 748 tons, which includes imports of 1,7 million tons. It is also 11,8% more than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2014/15 marketing year are 559 147 tons, which includes imports of 1,8 million tons. It is also 2,3% more than the previous years' ending stocks.**
- **The commercial maize crop for 2014 is 14,307 million tons, which is 21,1% more than the 11,811 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2014/15 marketing year are 2,179 million tons, which is considerably more (269,9%) than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2014/15 marketing year are 126 239 tons, which is 152,1% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in August 2014 was higher at 6,4%.**
- **The annual percentage change in the PPI for final manufactured goods was unchanged at 7,2% in August 2014.**
- **The Monetary Policy Committee announced in September 2014 that the repo rate will remain unchanged at 5,75%.**
- **August tractor sales of 582 units were almost 16% up on the 502 units reported in August 2013.**

agriculture, forestry & fisheries

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1. Weather conditions

Rainfall for September 2014

During September 2014, significant rainfall events were limited to coastal provinces, thus the Western Cape, Eastern Cape and KwaZulu-Natal (**Figure 1**). Comparing rainfall totals to the long term average for September 2014, rainfall was above-normal in isolated areas of the Northern Cape, Western Cape and Eastern Cape provinces (**Figure 2**). Other areas of the country were characterised by normal to below-normal rainfall during the same period.

Figure 1: Rainfall (mm) for September 2014

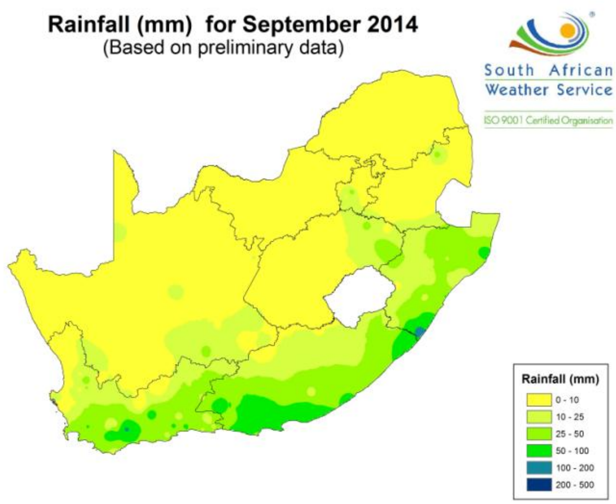
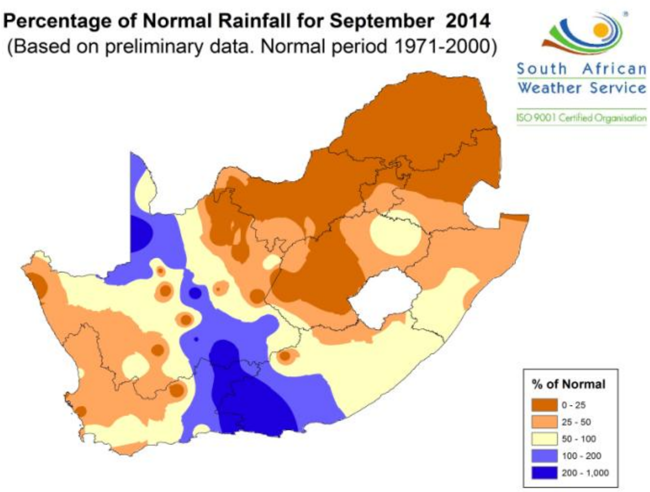


Figure 2: Percentage rainfall for September 2014



1.1 Level of dams

Available information on the level of South Africa's dams on 29 September 2014 indicates that the country has approximately 80% 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 (95%), Northern Cape (92%) and Limpopo (86%) provinces. However, KwaZulu-Natal and the Western Cape show decreases of 6% and 1%, 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, 29 September 2014

Province	Net FSC million cubic meters	**29/9/2014 (%)**	Last Year (2013) (%)	% Increase/Decrease 2014 vs 2013
Eastern Cape	1 826	75	73	2,0
Free State	15 971	83	76	7,0
Gauteng	115	95	73	22,0
KwaZulu-Natal	4 669	76	82	-6,0
Lesotho	2 376	58	63	-5,0
Limpopo	1 504	86	68	18,0
Mpumalanga	2 520	87	82	5,0
North West	802	72	60	12,0
Northern Cape	146	92	78	14,0
Western Cape	1 854	91	92	-1,0
Total	31 783	**80**	**77**	3,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The final production estimate for summer crops for 2014 was released by the Crop Estimates Committee (CEC) on 30 September 2014, and is as follows:

Table 2: Commercial summer crops: Area planted and final production estimate - 2014 season

CROP	**Area planted 2014 Ha (A)**	**Final estimate 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
White maize	**1 551 200**	**7 697 350**	1 617 200	5 606 800	37,29
Yellow maize	**1 137 000**	**6 609 700**	1 164 000	6 203 800	6,54
Maize	**2 688 200**	**14 307 050**	2 781 200	11 810 600	21,14
Sunflower seed	**598 950**	**853 325**	504 700	557 000	53,20
Soya-beans	**502 900**	**944 340**	516 500	784 500	20,37
Groundnuts	**52 125**	**78 090**	46 900	41 500	88,17
Sorghum	**78 850**	**268 920**	62 620	147 200	82,69
Dry beans	**55 820**	**82 130**	43 550	60 200	36,43
TOTAL	**3 976 845**	**16 533 855**	3 955 470	13 401 000	23,38

Note: Estimate is for calendar year, e.g. production season 2013/14 = 2014

- The size of the **commercial maize** crop has been set at 14,307 million tons, which is 21,1% or 2,496 million tons higher than the previous season's 11,811 million tons. The area estimate for maize is 2,688 million ha, while the expected yield is 5,32 t/ha.
- The area estimate for white maize is 1,551 million ha and for yellow maize the area estimate is 1,137 million ha.
- The production estimate of **white maize** is 7,697 million tons which is 37,3% or 2,091 million tons more than the 5,607 million tons of the previous season. The yield for white maize is 4,96 t/ha. In the case of **yellow maize** the production estimate is 6,610 million tons, which is 6,5% or 405 900 tons more than the 6,204 million tons of the previous season. The yield for yellow maize is 5,81 t/ha.
- The production estimate for **sunflower seed** is 853 325 tons, an increase of 53,2% compared to the 557 000 tons of the previous season. The area estimate for sunflower seed is 598 950 ha, and the yield is 1,42 t/ha.
- The production estimate for **soya-beans** is 944 340 tons, which is 20,4% more than the 784 500 tons of the previous season. The area estimate is 502 900 ha, and the yield is 1,88 t/ha.
- The production estimate of **groundnuts** is 78 090 tons, which is 88,2% more than the 41 500 tons of the previous season. For groundnuts, the area estimate is 52 125 ha, and the yield is 1,50 t/ha.
- The production estimate for **sorghum** is 268 920 tons, which is 82,7% more than the 147 200 tons of the previous season. The area estimate for sorghum is 78 850 ha, and the yield is 3,41 t/ha.
- In the case of **dry beans**, the production estimate is 82 130 tons, which is 36,4% more than the 60 200 tons of the previous season. The area estimate of dry beans is 55 820 ha, and the yield is 1,47 t/ha.

Please note that the 'intentions of farmers' to plant summer grain crops for 2015 will be released on 28 October 2014.

2.2 Winter cereal crops

The revised area estimate and second production forecast for winter cereals for 2014 was also released by the CEC on 30 September 2014, and is as follows:

Table 3: Commercial winter crops: Revised area planted and second production forecast - 2014 season

CROP	**Area planted 2014 Ha (A)**	**2nd Forecast 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Wheat	**476 570**	**1 790 909**	505 500	1 870 000	-4,23
Malting barley	**85 125**	**317 893**	81 320	267 500	18,84
Canola	**95 000**	**147 250**	72 165	112 000	31,47
Total	**656 695**	**2 256 052**	658 985	2 249 500	0,29

*Intentions based on conditions at the middle of April 2014

- The expected production of **wheat** is 1,791 million tons, which is 4,2% or 79 091 tons less than the previous seasons' crop of 1,870 million tons, whilst the expected yield is 3,76 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 274 525 tons (15%).
- The area estimate for wheat was revised to 476 570 ha, which is 8 570 ha more than the 468 000 ha of the previous estimate. The main reason for the increase in the area was because of an upward revision in the area planted for the Free State, from 60 000 ha to 69 500 ha. The area planted in the Eastern Cape was revised downwards by 1 000 ha to 3 000 ha and the area planted in Gauteng was adjusted upwards by 70 ha to 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 147 250 tons, which is 31,5% or 35 250 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 1,55 t/ha.

Please note that the third production forecast of the winter cereal crops for 2014, will be released on 28 October 2014.

2.3 Non-commercial maize - 2014

The area planted to and production of non-commercial maize for 2014 was also released by the CEC on 29 July 2014, and is as follows:

Table 4: Non-commercial maize – Area planted and production estimate - 2014 season

CROP	**Area planted 2014 Ha (A)**	**Production 2014 Tons (B)**	Area planted 2013 Ha (C)	Final crop 2013 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	**288 100**	**447 500**	320 105	459 995	-2,72
Yellow maize	**119 900**	**227 500**	136 795	215 095	5,77
Maize	**408 000**	**675 000**	456 900	675 090	-0,01

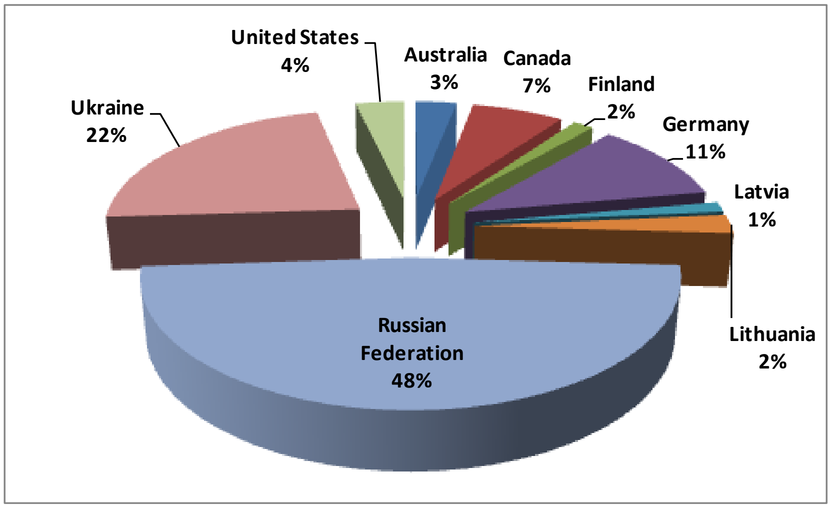
- The area planted to maize in the non-commercial agricultural sector is estimated at 408 000 ha, which represents a decrease of 10,7% compared to the 456 900 ha of the previous season. The expected maize crop for this sector is 675 000 tons, which is more or less the same than the 675 090 tons of last season.

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 Sep14 Annexure A.

3.1 Imports and exports of wheat for the 2013/14 marketing year

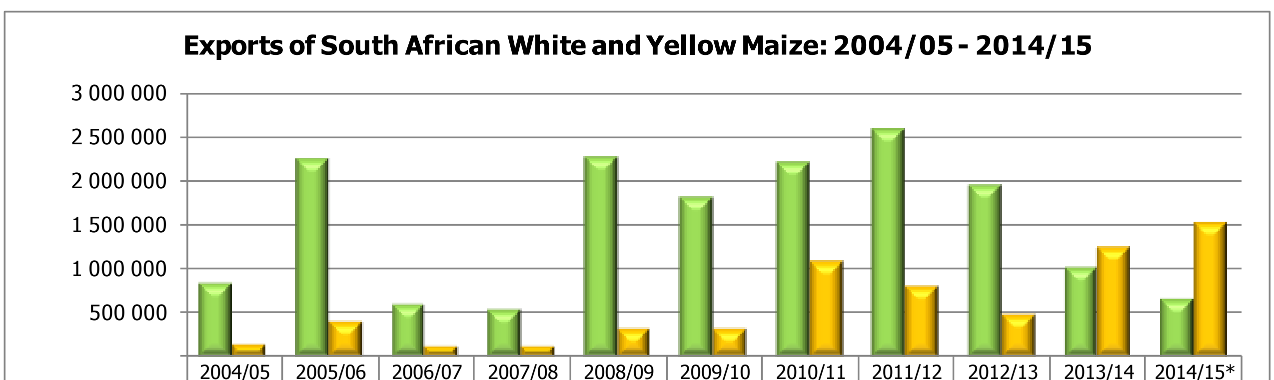
Graph 1: Major countries of wheat imports for South Africa: 2013/14 marketing year



- The progressive wheat imports from 28 September 2013 to 26 September 2014, amount to 1,657 million tons, with the largest quantity (48,0% or 794 609 tons) imported from the Russian Federation followed by Ukraine (22,5% or 372 431 tons), and Germany (10,8% or 178 139 tons). The exports of wheat for the mentioned period amount to 253 611 tons, of which 77,6% or 196 692 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	650 000
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 650 000 tons for white maize, which represents a decrease of 35,6 % 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 26 September 2014, progressive white maize exports amount to 223 944 tons, with the main destinations being the BLNS countries (65,7% or 147 026 tons) and Zimbabwe (18,1% or 40 434 tons). No imports were reported for the mentioned period.
- From 26 April to 26 September 2014, progressive yellow maize exports amount to 1 210 257 tons, with the main destinations being Taiwan (51,6% or 624 721 tons), Korea (17,7% or 214 474 tons), Japan (12,3% or 148 757 tons), Saudi Arabia (4,6% or 55 959 tons) and Portugal (4,3% or 52 499 tons). No imports were reported for the mentioned period.

4. Market information

4.1 Consumer Price Index (CPI)

- Consumer inflation (headline CPI) edged up slightly to 6,4% in August 2014 compared with July's reading of 6,3%. The increase was mainly a result of upward pressure from food and motor vehicle prices. Annual food and beverage inflation, which registered 8,8% in June and July, climbed to 9,4% in August 2014. Food inflation has been increasing since December 2013 when it registered at 3,5%. Meat and dairy products were the main drivers of food inflation in August 2014. Meat prices returned to their inflationary trend after a brief pause in July, increasing by 1% between July and August while July's comparable figure was -0,3%. Beef (1,2%), mutton/lamb (3,5%) and chicken (0,7%) all showed strong monthly increases.
- Milk and cheese prices increased by 2,0% and 3,3%, respectively, between July and August, following an average increase of 1,6% between June and July. The milk, eggs and cheese index showed an annual increase of 12,7%.
- While petrol prices were unchanged in August, prices of new vehicles increased by 1,2% from the previous month. It now shows an 8,1% annual inflation rate – the highest annual increase for new cars since December 2009. This increase follows recent press statements by vehicle manufacturers and retailers that prices would gradually rise to compensate for currency depreciation over this year.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (6,4%), Gauteng (6,4%), Northern Cape (6,3%) and Free State (6,3%). The provinces with an annual inflation rate higher than headline inflation were North West (6,9%), Limpopo (6,9%), Eastern Cape (6,7%), KwaZulu-Natal (6,7%) and Mpumalanga (6,5%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 7,2% in August 2014 (compared with 8,0% in July 2014). From July 2014 to August 2014 the PPI for final manufactured goods remained unchanged.
- The main contributors to the annual rate of 7,2% were food products, beverages and tobacco products (7,9% year-on-year and contributing 2,9%), coke, petroleum, chemical, rubber and plastic products (6,2% year-on-year and contributing 1,1%), as well as metals, machinery, equipment and computing equipment (8,5% year-on-year and contributing 1,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 6,7% in August 2014 (compared with 8,5% in July 2014). From July 2014 to August 2014 the PPI for intermediate manufactured goods increased by 0,3%. The main contributors to the annual rate of 6,7% were chemicals, rubber and plastic products (7,3% year-on-year and contributing 2,2%), as well as basic and fabricated metals (4,0% year-on-year and contributing 1,6%). The main contributors to the monthly increase of 0,3% were sawmilling and wood (0,5% month-on-month and contributing 0,1%), chemicals, rubber and plastic products (0,4% month-on-month and contributing 0,1%), as well as basic and fabricated metals (0,3% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for mining was 3,6% in August 2014 (compared with 7,8% in July 2014). From July 2014 to August 2014 the PPI for mining decreased by 0,1%. The main contributor to the annual rate of 3,6% was non-ferrous metal ores (9,6% year-on-year and contributing 4,2%). The main contributors to the monthly decrease of 0,1% were coal and gas (-1,2% month-on-month and contributing -0,3%), as well as gold and other metal ores (-0,9% month-on-month and contributing -0,2%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was 4,2% in August 2014 (compared with 3,9% in July 2014). From July 2014 to August 2014 the PPI for agriculture, forestry and fishing increased by 1,3%. The main contributor to the annual rate of 4,2% was agriculture (3,9% year-on-year and contributing 3,1%). The main contributor to the monthly increase of 1,3% was agriculture (1,9% month-on-month and contributing 1,5%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Friday, 3 October 2014

	3 October 2014	3 September 2014	% Change
RSA White Maize per ton (Oct. 2014 contract)	R1 800,00	R1 671,00	7,72
RSA Yellow Maize per ton (Oct. 2014 contract)	R1 800,00	R1 716,00	4,90
RSA Wheat per ton (Oct. 2014 contract)	R3 620,00	R3 720,00	-2,69
RSA Sunflower seed per ton (Oct. 2014 contract)	R4 594,00	R4 225,00	8,73
RSA Soya-beans per ton (Oct. 2014 contract)	R5 110,00	R5 241,00	-2,50
Exchange rate R/$	R11,25	R10,70	5,14

Source: JSE/SAFEX

4.4 Monetary Policy Committee

- The Monetary Policy Committee (MPC) announced on 18 September 2014 that the repo rate will remain unchanged at 5,75%.
- While inflation is the primary focus of the Committee, the MPC is also mindful of the anaemic state of the domestic economy, rising unemployment and the downside risk to its growth forecast. Domestic expenditure has deteriorated further, particularly private sector fixed capital formation, and, together with continued moderation in household consumption expenditure, is indicative of the lack of demand pressures in the economy.
- Despite the 75 basis point increase so far this year, monetary policy remains accommodative, and will continue to be supportive of the domestic economy subject to achieving its primary inflation targeting objective. Future decisions will, as always, be highly data dependent.
- South African Reserve Bank Governor, Gill Marcus, also announced that she would be stepping down from on her position on 8 November 2014, at the end of her five-year term. Lesetja Kganyago has been appointed as the new South African Reserve Bank Governor, and set to take up the post on 9 November 2014.

4.5 Agricultural machinery sales

- August tractor sales of 582 units were almost 16% up on the 502 units reported in August 2013. Sales for the eight months year-to-date are now almost 5% down on the same period last year.
- August combine harvester sales of 25 units were significantly up on the 18 units sold in August 2013. On a year-to-date basis combine harvester sales are now 4% 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 6: Agricultural machinery sales

Equipment class	Year-on-year August 2014	Year-on-year August 2013	Percentage Change %	Year-to-date August 2014	Year-to-date August 2013	Percentage Change %
Tractors	582	502	15,9	4 245	4 463	-4,9
Combine harvesters	25	18	38,9	263	274	-4,0

Source: SAAMA press release, September 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