

# MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2015

**Issued: 7 October 2015**

## **Directorate: Statistics and Economic Analysis**

### Highlights:

- During September 2015, significant rainfall events were limited to the southern coastal areas of the country, as well as parts of the North West Province.
- The expected production of wheat for 2015 is 1,635 million tons, which is 6,6% 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 575 076 tons, which includes imports of 1,8 million tons. It is also 17,7% more than the previous years' ending stocks.
- The projected closing stocks of wheat for the current 2015/16 marketing year are 547 976 tons, which includes imports of 1,850 million tons. It is also 4,7% less than the previous years' ending stocks.
- The commercial maize crop for 2015 has been set at 9,942 million tons, which is 30,2% less than the 14,250 million tons of the previous season.
- Projected closing stocks of maize for the current 2015/16 marketing year are 1,403 million tons, which is 32,3% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2015/16 marketing year are 36 762 tons, which is 69,8% less than the previous years' ending stocks.
- The projected closing stocks of sunflower seed for the current 2015/16 marketing year are 82 127 tons, which is 11,6% less than the previous years' ending stocks.
- The projected closing stocks of soybeans for the current 2015/16 marketing year are 121 654 tons, which is 91,0% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in August 2015 was lower at 4,6%.
- The annual percentage change in the PPI for final manufactured goods was higher at 3,4% in August 2015.
- The Monetary Policy Committee announced in September 2015 that the repo rate will remain unchanged at 6,0%.
- September tractor sales of 562 units were just 4% lower than the 588 units reported sold in September 2014.



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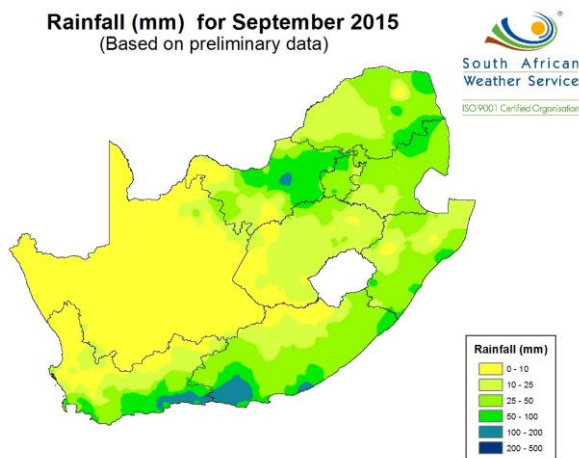


# 1. Weather conditions

## 1.1 Rainfall for September 2015

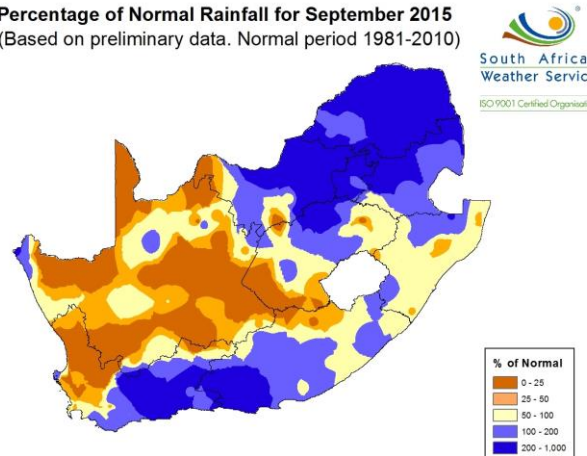
During September 2015, significant rainfall events were limited to the southern coastal areas of the country, as well as parts of the North West Province (**Figure 1**). Comparing rainfall totals to the long term average for September 2015, the rainfall received was above-normal for most of the north-eastern provinces and southern coastal regions of the country, while the remainder of the country received normal to below-normal rainfall (**Figure 2**).

**Figure 1: Rainfall in mm for September 2015**



**Figure 2: Percentage rainfall for September 2015**

Percentage of Normal Rainfall for September 2015  
(Based on preliminary data. Normal period 1981-2010)



## 1.2 Level of dams

Available information on the level of South Africa's dams on 28 September 2015 indicates that the country has approximately 70% of its full supply capacity (FSC) available, 10% 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, 28 September 2015**

Province	Net FSC million cubic meters	28/09/2015 (%)	Last Year (2014) (%)	% Increase/Decrease 2015 vs 2014
<b>Eastern Cape</b>	1 826	80	75	5,0
<b>Free State</b>	15 971	72	83	-11,0
<b>Gauteng</b>	115	88	95	-7,0
<b>KwaZulu-Natal</b>	4 669	61	76	-15,0
<b>Lesotho</b>	2 376	60	58	2,0
<b>Limpopo</b>	1 508	75	86	-11,0
<b>Mpumalanga</b>	2 520	75	88	-13,0
<b>North West</b>	802	61	72	-11,0
<b>Northern Cape</b>	146	80	93	-13,0
<b>Western Cape</b>	1 853	72	91	-19,0
<b>Total</b>	<b>31 786</b>	<b>70</b>	<b>80</b>	<b>-10,0</b>

Source: Department of Water Affairs

## 2. Grain production

### 2.1 Summer grain crops

The final production estimate for summer crops for 2015 was released by the Crop Estimates Committee (CEC) on 29 September 2015, and is as follows:

**Table 2: Commercial summer crops: Area planted and final production estimate- 2015 season**

CROP	Area planted	Final Estimate	Area planted	Final estimate	Change
	2015 Ha (A)	2015 Tons (B)	2014 Ha (C)	2014 Tons (D)	% (B) ÷ (D)
White maize	1 448 050	4 702 700	1 551 200	7 710 000	-39,01
Yellow maize	1 204 800	5 238 950	1 137 000	6 540 000	-19,89
Maize	2 652 850	9 941 650	2 688 200	14 250 000	-30,23
Sunflower seed	576 000	660 900	598 950	832 000	-20,56
Soybeans	687 300	1 059 850	502 900	948 000	11,80
Groundnuts	58 000	56 675	52 125	74 500	-23,93
Sorghum	70 500	116 500	78 850	265 000	-56,04
Dry beans	64 000	73 390	55 820	82 130	-10,64
TOTAL	4 108 650	11 908 965	3 976 845	16 451 630	-27,61

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

- The size of the **commercial maize** crop has been set at 9,942 million tons, which is 30,23% or 4,308 million tons less than 14,250 million tons of the previous season. The area estimate for maize remained unchanged at 2,653 million ha, while the expected yield is 3,75 t/ha.
- The area estimate for white maize is 1,448 million ha and for yellow maize the area estimate is 1,205 million ha.
- The final production estimate of **white maize** is 4,703 million tons, which is 39,01% or 3,007 million tons less than the 7,710 million tons of the previous season. The yield for white maize is 3,25 t/ha. In the case of **yellow maize**, the final production estimate is 5,239 million tons, which is 19,89% or 1,301 million tons less than the 6,540 million tons of the previous season. The yield for yellow maize is 4,35 t/ha.
- The final production estimate for **sunflower seed** is 660 900 tons, which is 20,56% or 171 100 tons less than the 832 000 tons of the previous season. The expected yield is 1,15 t/ha.
- The final production estimate for **soybeans** is 1,060 million tons, which is 11,80% or 111 850 tons more than the previous season of 948 000 tons. It is estimated that 687 300 ha have been planted to soybeans. The expected yield is 1,54 t/ha.
- The final production estimate for **groundnuts** is 56 675 tons, which is 23,93% or 17 825 tons less than the 74 500 tons of last season. For groundnuts, the area estimate is 58 000 ha and the expected yield is 0,98 t/ha.
- The final production estimate for **sorghum** is 116 500 tons, which is 56,04% or 148 500 tons lower than the 265 000 tons of the previous season. The area estimate for sorghum is 70 500 ha and the expected yield is 1,65 t/ha.
- In the case of **dry beans**, the final production estimate is 73 390 tons, which is 10,64% or 8 740 tons less than the 82 130 tons of the previous season. For dry beans, the area estimate is 64 000 ha and the expected yield is 1,15 t/ha.

*Please note that the 'intentions of farmers' to plant summer grain crops for 2016 will be released on 27 October 2015.*



## 2.2 Winter cereal crops

The revised area planted and second production forecast for winter crops for 2015 was also released by the Crop Estimates Committee (CEC) on 29 September 2015, and is as follows:

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

CROP	Area planted 2015	2 <sup>nd</sup> Forecast 2015	Area planted 2014	Final estimate 2014	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	482 150	1 635 400	476 570	1 750 000	-6,55
Malting barley	93 730	347 083	85 125	302 000	14,93
Canola	78 050	105 400	95 000	121 000	-12,89
Total	653 930	2 087 883	656 695	2 173 000	-3,92

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

- The expected production of **wheat** is 1,635 million tons, which is 6,55% or 114 600 tons less than the previous seasons' crop of 1,750 million tons, whilst the expected yield is 3,39 t/ha.
- The expected production in the Western Cape is 775 000 tons (47%), which is 124 000 tons lower than the 899 000 tons produced in the previous season. In the Free State, the expected production is 264 000 tons (16%), which is 18 500 tons less than the previous seasons' crop of 245 500 tons. In the Northern Cape, 270 000 tons (17%) is expected to be produced, which is 15 000 tons less than the 285 000 tons produced in the previous season.
- The area estimate for wheat was revised to 482 150 ha, which is 5 580 ha less than the 476 570 ha of the previous season. An estimated 310 000 ha or 64% is planted in the Western Cape, 80 000 ha or 17% in the Free State and 36 000 ha or 7% in the Northern Cape.
- The production forecast for **malting barley** is 347 083 tons, which is 14,93% or 45 083 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 12,89% 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.

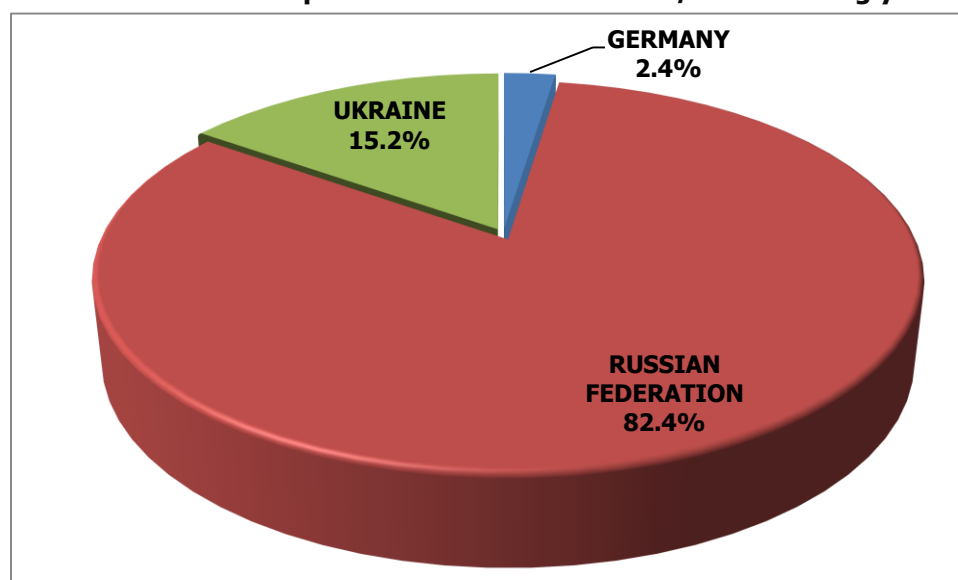
*Please note that the third production forecast for winter cereals for 2015 will be released on 27 October 2015.*

## 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 Sep15 Annexure A.

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

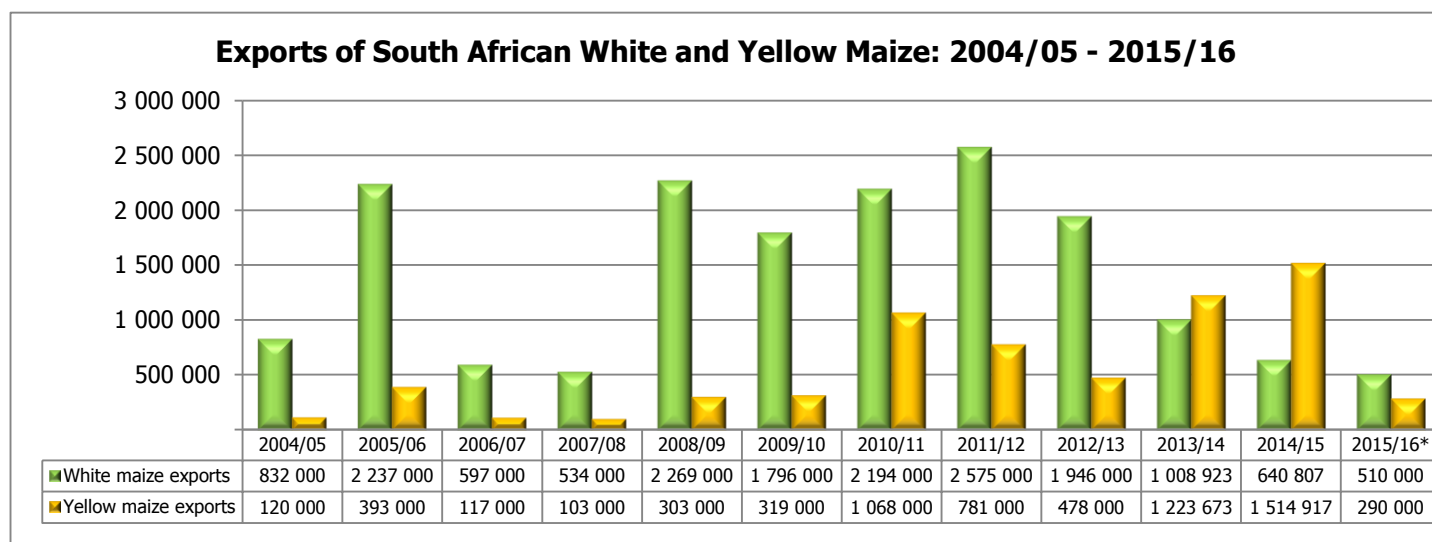
**Graph 1: Major countries of wheat imports for South Africa: 2015/16 marketing year**



- The progressive wheat imports from 26 September 2015 to 2 October 2015, amount to 75 642 tons, with the largest quantity (82,4% or 62 298 tons) imported from the Russian Federation followed by Ukraine (15,2% or 11 517 tons) and Germany (2,4% or 1 827 tons). The exports of wheat for the mentioned period amount to 4 327 tons, of which 80,3% or 3 476 tons were exported to Zimbabwe, 14,8% or 639 tons to Namibia, 4,0% or 175 tons to Botswana and 0,9% or 37 tons to Swaziland.

### 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 510 000 tons, which represents an decrease of 20,4% compared to the 640 807 tons of the previous marketing year. With reference to yellow maize exports, the projection is 290 000 tons, which represents a decrease of 80,9% compared to the 1,515 million tons of the previous marketing year.
- From 25 April to 2 October 2015, progressive white maize exports amount to 169 821 tons, with the main destinations being Botswana (40,6% or 68 867 tons), Namibia (19,3% or 32 743 tons), Mozambique (19,1% or 32 380 tons), Lesotho (18,2% or 30 918 tons) and Swaziland (2,9% or 4 913 tons). The imports of white maize

for the mentioned period amount to 8 925 tons, of which 98,4% or 8 781 tons were from Zambia and 1,6% or 144 tons from Mexico.

- From 25 April to 2 October 2015, progressive yellow maize exports amount to 89 099 tons, with the main destinations being the BLNS Countries (77,3% or 68 874 tons), Mozambique (20,8% or 18 494 tons), Korea (1,8% or 1 634 tons) and Zimbabwe (0,1% or 97 tons). The imports of yellow maize for the mentioned period amount to 388 823 tons, of which 75,9% or 295 254 tons were from Argentina and 24,1% or 93 569 tons from Brazil.

## **4. Market information**

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### **4.1 Consumer Price Index (CPI)**

- Headline consumer price index (CPI for all urban areas) annual inflation rate was 4,6% in August 2015, down from 5,0% in July 2015. The consumer price index was unchanged month-on-month in August 2015.
- The decrease in the inflation rate from 5,0% in July to 4,6% in August was mainly the result of the housing and utilities and transport indices. The annual rate for housing and utilities fell from 6,4% in July (contributing 1,6%) to 6,3% in August (contributing 1,5%).
- The annual rate for transport fell from 0,8% in July (contributing 0,1%) to -0,7% in August (contributing -0,1%). The CPI shows no change in month-on-month contributions in August 2015.
- Food and non-alcoholic beverages contributed 0,1%. The index increased by 0,8% month-on-month, mainly because of bread and cereals (1,2%) and meat (0,8%).
- Transport contributed -0,2%. The index decreased by 1,1% month-on-month, mainly because of petrol (-3,7%) (-51c/litre).
- In August the CPI for goods only increased by 3,6% year-on-year (4,1% in July), and the CPI for services only increased by 5,6% year-on-year (5,7% in July).
- Provincial annual inflation rates ranged from 3,6% in Limpopo to 5,2% in Free State.

### **4.2 Producer Price Index (PPI)**

- The annual percentage change in the PPI for final manufactured goods was 3,4% in August 2015 (compared with 3,3% in July 2015). From July 2015 to August 2015 the PPI for final manufactured goods increased by 0,1%.
- The main contributors to the annual rate of 3,4% were food products, beverages and tobacco products (5,4% year-on-year and contributing 1,8%), 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 contributors to the monthly increase of 0,1% were food products, beverages and tobacco products (0,4% month-on-month and contributing 0,1%), textiles, clothing and footwear (3,1% month-on-month and contributing 0,1%), metals, machinery, equipment and computing equipment (0,6% month-on-month and contributing 0,1%) and transport equipment (1,6% month-on-month and contributing 0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was -0,4% in August 2015 (compared with -0,3% in July 2015). From July 2015 to August 2015 the PPI for intermediate manufactured goods increased by 0,2%. The main contributors to the annual rate of -0,4% were basic and fabricated metals (-5,0% year-on-year and contributing -1,5%) and recycling and manufacturing (-19,7% year-on-year and contributing -0,7%). The main contributor to the monthly increase of 0,2% was chemicals, rubber and plastic products (0,9% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for electricity and water was 11,4% in August 2015 (compared with 12,2% in July 2015). From July 2015 to August 2015 the PPI for electricity and water decreased by 1,6%. The contributors to the annual rate of 11,4% were electricity (12,0% year-on-year and contributing 10,7%) and water (2,8% year-on-year and contributing 0,3%). The contributor to the monthly decrease of 1,6% was electricity (-1,7% month-on-month and contributing -1,5%).





- The annual percentage change in the PPI for mining was -10,8% in August 2015 (compared with -8,7% in July 2015). From July 2015 to August 2015 the PPI for mining decreased by 2,3%. The main contributors to the annual rate of -10,8% were non-ferrous metal ores (-17,6% year-on-year and contributing -6,3%), gold and other metal ores (-7,6% year-on-year and contributing -2,2%) and coal and gas (-5,1% year-on-year and contributing -1,3%). The main contributors to the monthly decrease of 2,3% were gold and other metal ores (-3,5% month-on-month and contributing -1,1%) and non-ferrous metal ores (-2,6% month-on-month and contributing -0,9%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 7,5% in August 2015 (compared with 6,4% in July 2015). From July 2015 to August 2015 the PPI for agriculture, forestry and fishing increased by 2,3%. The main contributor to the annual rate of 7,5% was agriculture (8,6% year-on-year and contributing 7,3%). The contributor to the monthly increase of 2,3% was agriculture (2,7% month-on-month and contributing 2,3%).

### 4.3 Future contract prices and the exchange rate

**Table 4: Closing prices on Friday, 2 October 2015**

	<b>2 October 2015</b>	<b>2 September 2015</b>	<b>% Change</b>
<b>RSA White Maize per ton (Dec. 2015 contract)</b>	R3 215,00	R3 162,00	1,68
<b>RSA Yellow Maize per ton (Dec. 2015 contract)</b>	R2 966,00	R2 817,00	5,29
<b>RSA Wheat per ton (Dec. 2015 contract)</b>	R4 166,00	R4 165,00	0,02
<b>RSA Sunflower seed per ton (Dec. 2015 contract)</b>	R6 400,00	R5 865,00	9,12
<b>RSA Soya-beans per ton (Dec. 2015 contract)</b>	R5 570,00	R5 433,00	2,52
<b>Exchange rate R/\$</b>	R13,90	R13,45	3,35

Source: JSE/SAFEX

### 4.4 Monetary Policy Committee

- The Monetary Policy Committee (MPC) announced on 23 September 2015 that the repo rate will remain unchanged at 6,0%.
- The MPC is concerned about domestic growth prospects, with the economy contracting in the second quarter. Growth is expected to remain constrained by global developments and associated uncertainty and volatility, low business and consumer confidence and electricity supply shortages. Domestic inflation is not driven by demand factors, and the outlook for household consumption expenditure has deteriorated. However, the MPC have to be mindful of the second-round effects of supply-side shocks on inflation.
- There are a number of upside risks to the inflation outlook, the primary one being the exchange rate which has already depreciated significantly against the advanced economy currencies in response to global developments, and is still likely to react further to the commencement of US monetary policy tightening. A further risk emanates from possible higher multi-year increases in electricity tariffs from the middle of next year.
- Downside risks to the inflation outlook include international oil prices should they be sustained at current levels. In addition, weak domestic demand may continue to constrain pricing power in the economy. The Committee nevertheless assesses the overall risks to the inflation outlook to be on the upside.
- The MPC remains on a gradual policy normalisation path. The Committee will continue to monitor developments closely, and will not hesitate to act appropriately should the risks to the inflation outlook deteriorate materially. As before, any future moves remain highly data dependent.



#### 4.5 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

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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