MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2017

Issued: 5 October 2017

Directorate: Statistics and Economic Analysis

Highlights:

- **During September 2017, significant rainfall events were limited to the southern and eastern coastal areas of the country, the northern parts of the Limpopo, Gauteng and Mpumalanga provinces, as well as parts of the Free State and North West provinces.**
- **The projected closing stocks of wheat for the 2016/17 marketing year were 357 932 tons, which included imports of 940 000 tons. It is was also 56,7% less than the previous years' ending stocks.**
- **The expected commercial production of wheat for 2017 is 1,717 million tons, which is 10,1% less than the previous seasons' crop of 1,910 million tons.**
- **The projected closing stocks of wheat for the 2017/18 marketing year are 590 082 tons, which includes imports of 1,8 million tons. It is also 64,8% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2017 is 16,744 million tons, which is 115,3% more than the 7,778 million tons of the previous season (2016), which was a drought year.**
- **Projected closing stocks of maize for the current 2017/18 marketing year are 4,449 million tons, which is 306,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2017/18 marketing year are 51 073 tons, which is 44,9% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2017/18 marketing year are 227 081 tons, which is 39,2% more than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2017/18 marketing year are 236 462 tons, which is 178,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in August 2017 was higher at 4,8%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 4,2% in August 2017.**
- **August 2017 tractor sales of 583 units were significantly more (almost 27%) than the 460 units sold in August 2016.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for September 2017

During September 2017, significant rainfall events were limited to the southern and eastern coastal areas of the country, the northern parts of the Limpopo, Gauteng and Mpumalanga provinces, as well as parts of the Free State and North West provinces (**Figure 1**). Comparing the rainfall totals to the long term average for September 2017, the rainfall received was near-normal to below-normal for most parts of the country, with isolated areas of above-normal rainfall evident in the Free State, northern parts of the Northern Cape, North West and Gauteng provinces, as well as along the coastal areas and the eastern parts of the Mpumalanga Province (**Figure 2**).

Figure 1: Rainfall in mm for September 2017

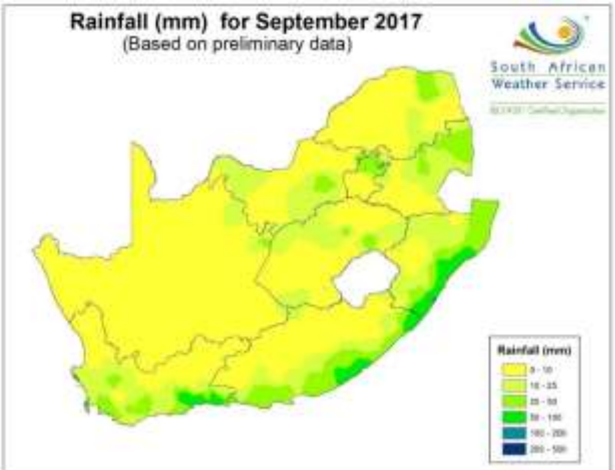
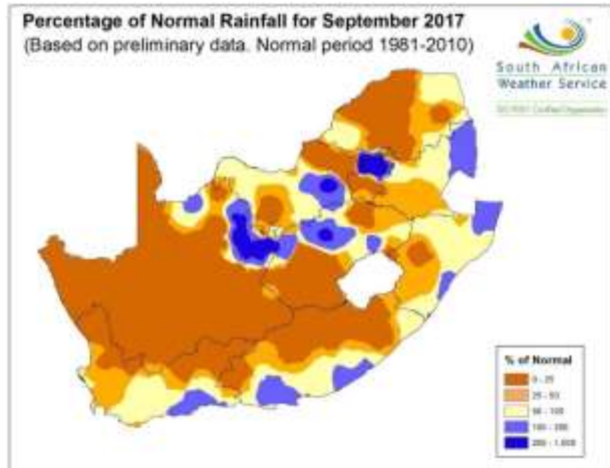


Figure 2: Percentage rainfall for September 2017



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 2 October 2017 indicates that the country has approximately 64% of its full supply capacity (FSC) available, which is 13% 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 33%, followed by Limpopo with 24%, Free State with 22%, Mpumalanga with 21% and North-West with 20%. However, decreases in the full supply capacity for the same period are evident in the Western Cape with minus 26% and the Eastern Cape with minus 9%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 2 October 2017

Province	Net FSC million cubic meters	**2/10/2017 (%)**	Last Year (2016) (%)	% Increase/Decrease 2017 vs. 2016
Eastern Cape	1 832	55	64	-9,0
Free State	15 968	75	53	22,0
Gauteng	115	87	80	7,0
KwaZulu-Natal	4 783	49	42	7,0
Lesotho	2 363	37	39	-2,0
Limpopo	1 522	71	47	24,0
Mpumalanga	2 539	71	50	21,0
North West	881	79	59	20,0
Northern Cape	146	91	58	33,0
Western Cape	1 867	36	62	-26,0
Total	**32 016**	**64**	**51**	**13,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

2.1.1 Commercial summer grain crops

The area planted estimate and final production estimate for summer crops for 2017 was released by the Crop Estimates Committee (CEC) on 28 September 2017, and is as follows:

Table 2: Commercial summer crops: Area planted and final production estimate - 2017 season

CROP	Area planted 2017 Ha (A)	**Final estimate 2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
White maize	1 643 100	**9 892 750**	1 014 750	3 408 500	190,24
Yellow maize	985 500	**6 851 250**	932 000	4 370 000	56,78
Total Maize	2 628 600	**16 744 000**	1 946 750	7 778 500	115,26
Sunflower seed	635 750	**874 595**	718 500	755 000	15,84
Soybeans	573 950	**1 316 370**	502 800	742 000	77,41
Groundnuts	56 000	**92 050**	22 600	17 680	420,64
Sorghum	42 350	**151 335**	48 500	70 500	114,66
Dry beans	45 050	**68 525**	34 400	35 445	93,33
TOTAL	3 981 700	**19 246 875**	3 273 550	9 399 125	104,77

Note: Estimate is for calendar year, e.g. production season 2016/17 = 2017

- The size of the expected **commercial maize crop** has been set at 16,744 million tons, which is 115,26 % or 8,966 million tons more than the previous season of 7,778 million tons. The area estimate for maize is 2,629 million ha, while the expected yield is 6,37 t/ha.
- The three main maize producing areas, namely the Free State, Mpumalanga and North West provinces produce 83% of the 2017 crop.
- The area estimate for white maize is 1,643 million ha and for yellow maize the area estimate is 985 500 ha.
- The production estimate of **white maize** is 9,893 million tons, which is 190,24 % or 6,484 million tons more than the 3,408 million tons of the previous season. The yield for white maize is 6,02 t/ha.
- In the case of **yellow maize** the production estimate is 6,851 million tons, which is 56,78% or 2,481 million tons more than the 4,370 million tons of the previous season. The yield for yellow maize is 6,95 t/ha.
- The production estimate for **sunflower seed** increased slightly by 15,84% or 119 595 tons and amounts to 874 595 tons. The area estimate for sunflower seed is 635 750 ha, while the expected yield is 1,38 t/ha.
- The production estimate for **soybeans** is 1,316 million tons, which is 77,41% or 574 370 tons more than the 742 000 tons of the previous season. The estimated area planted to soybeans is 573 950 ha and the expected yield is 2,29 t/ha.
- The expected **groundnut** crop increased by 420,65% or 74 370 tons to 92 050 tons. The area estimate is 56 000 ha and the expected yield is 1,64 t/ha.
- The production estimate for **sorghum** is 151 335 tons, which is 114,66% or 80 835 tons more than the 70 500 ton of 2016. The area estimate for sorghum is 42 350 ha. The expected yield is 3,57 t/ha.
- In the case of **dry beans**, the production estimate showed an increase of 93,33% or 33 080 tons to 68 525 tons. The area estimate of dry beans is 45 050 ha, with an expected yield of 1,52 t/ha.

Please note that the 'intentions of farmers' to plant summer grain crops for 2018 will be released on 26 October 2017.

2.1.2 Non-commercial maize

Table 3: Non commercial maize: Area planted and production estimate – 2017 season

CROP	Area planted 2017 Ha (A)	Production 2017 Tons (B)	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture					
White maize	248 500	463 600	191 225	286 175	62,00
Yellow maize	118 150	267 400	74 905	149 565	78,79
Maize	366 650	731 000	266 130	435 740	67,76

- The area planted to maize in the non-commercial agricultural sector is estimated at 366 650 ha, which represents an increase of 37,77%, compared to the 266 130 ha of the previous season. The expected maize crop for this sector is 731 000 tons, which is 67,76% more than the 435 740 tons of last season. It is important to note that about 64% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

2.2 Winter cereal crops

The revised area estimate and second production forecast for winter crops for 2017 was also released by the Crop Estimates Committee (CEC) on 28 September 2017, and is as follows:

Table 4: Commercial winter crops: Revised area planted and second production forecast – 2017 season

CROP	**Area planted 2017** **Ha** **(A)**	**2nd forecast 2017** **Tons** **(B)**	Area planted 2016 Ha (C)	Final crop 2016 Tons (D)	Change % (B) ÷ (D)
Wheat	**491 600**	**1 716 650**	508 365	1 910 000	-10,12
Malting barley	**91 380**	**268 309**	88 695	355 000	-24,42
Canola	**84 000**	**100 800**	68 075	105 000	-4,00
Total	**666 980**	**2 085 759**	665 135	2 370 000	-11,99

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

- The expected commercial production of **wheat** is 1,717 million tons, which is 10,12% or 193 350 tons less than the previous seasons' crop of 1,910 million tons, whilst the expected yield is 3,49 t/ha.
- The expected production in the Western Cape is 815 000 tons (47%), in the Free State 320 000 tons (19%) and in the Northern Cape 300 200 tons (17%).
- The area estimate for wheat was revised to 491 600 ha, which is 16 765 ha less than the 508 365 ha of the previous season.
- The production forecast for **malting barley** is 268 309 tons, which is 24,42% or 86 691 tons less than the previous seasons' crop of 355 000 tons. The area planted estimate was increased by 3,03% or 2 685 ha to 91 380 ha, while the expected yield is 2,94 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.

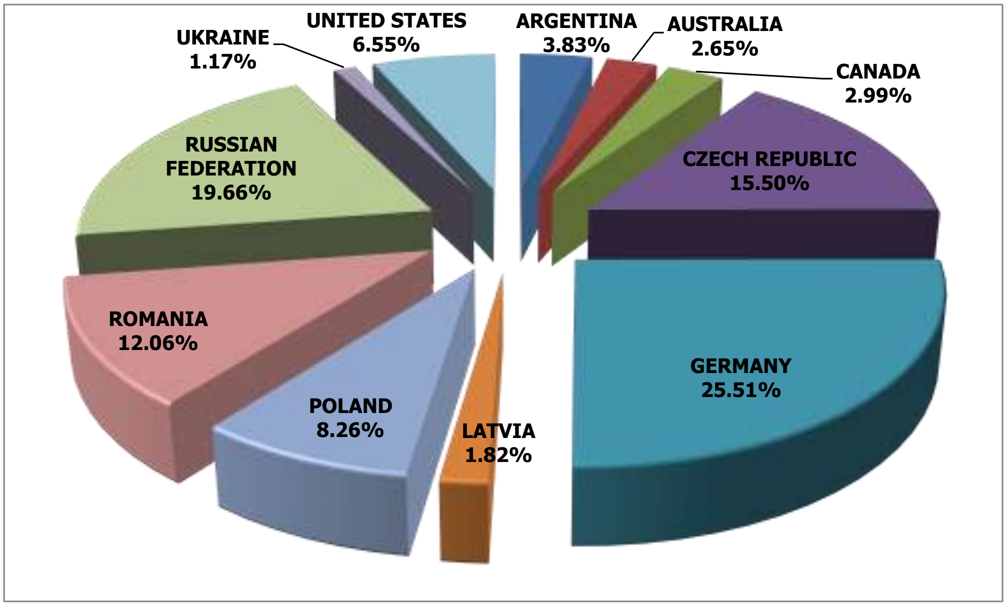
Please note that the third production forecast for winter cereals for 2017 will be released on 26 October 2017.

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 Sep17 Annexure A.

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

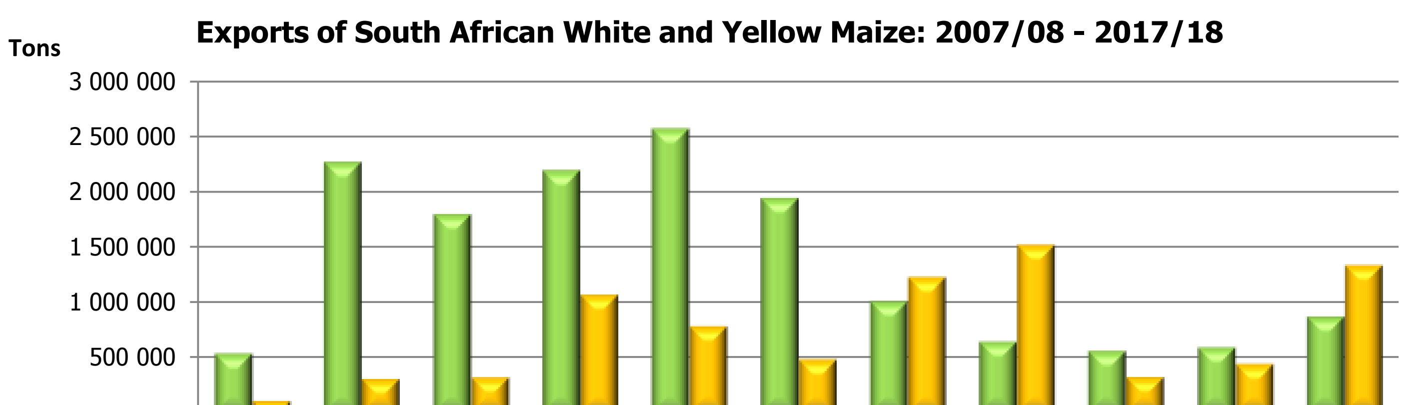
Graph 1: Major countries of wheat imports to South Africa: 2016/17 marketing year



- The progressive wheat imports for the 2016/17 marketing year (1 October 2016 to 29 September 2017) amount to 930 728 tons, with 25,51% or 237 464 tons imported from Germany, followed by the Russian Federation (19,66% or 182 961 tons), the Chezh Republic (15,50% or 144 246 tons), Romania (12,06% or 112 277 tons), Poland (8,26% or 76 905 tons), the United States (6,55% or 60 941 tons), Argentina (3,83% or 35 613 tons), Canada (2,99% or 27 841 tons), Australia (2,65% or 24 679 tons), Latvia (1,82% or 16 905 tons), and Ukraine (1,17% or 10 896 tons). The exports of wheat for the above-mentioned period amount to 92 893 tons, of which 53,16% or 49 385 tons went to the BLNS Countries, 27,13% or 25 204 tons to Zimbabwe, 16,48% or 15 312 tons to Zambia and only 3,22% or 2 992 tons were exported to Mozambique.

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

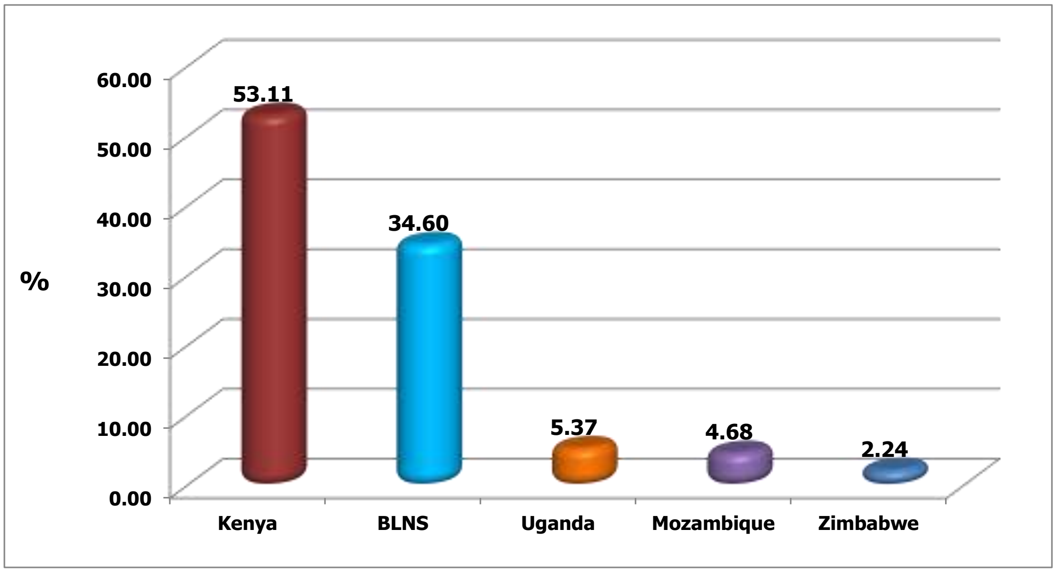


	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
White maize	534 000	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	870 000
Yellow maize	103 000	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 330 000

*Projection

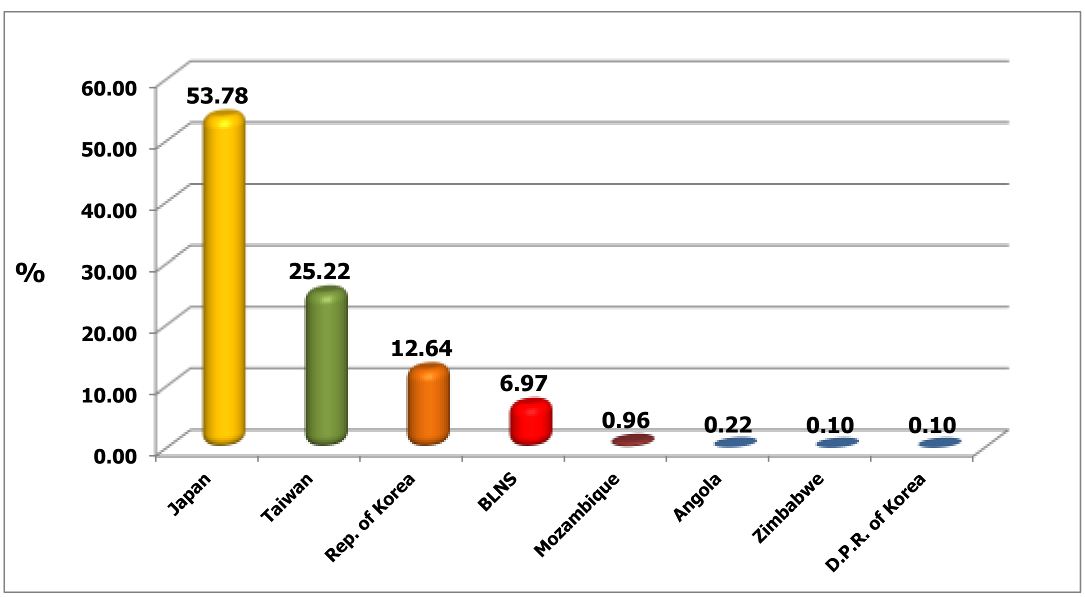
- The exports of white maize for the 2017/18 marketing year are projected 870 000 tons, which represents an increase of 48,10% compared to the 587 423 tons of the previous marketing year. Yellow maize exports are projected at 1,330 million tons, which represents a significant increase of 203,04% compared 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 29 September 2017, progressive white maize exports amount to 465 526 tons, with the main destinations being Kenya (53,11% or 247 250 tons), the BLNS Countries (34,60% or 161 079 tons), Uganda (5,37% or 24 998 tons), Mozambique (4,68% or 21 793 tons), and Zimbabwe (2,24% or 10 406 tons). The imports of white maize for the mentioned period amount to zero.
- From 29 April to 29 September 2017, progressive yellow maize exports amount to 848 225 tons, with the main destinations being Japan (53,78% or 456 207 tons), Taiwan (25,22% or 213 926 tons), Republic of Korea (12,64% or 107 241 tons), the BLNS Countries (6,97% or 59 158 tons), Mozambique (0,96% or 8 113 tons), Angola (0,22% or 1 863 tons), Zimbabwe (0,10% or 889 tons), and Democratic Peoples Republic of Korea (0,10% or 828 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 4,8% in August 2017, up from 4,6% in July 2017. The consumer price index increased by 0,1% month-on-month in August 2017.
- The main contributors to headline annual consumer price inflation were as follows:
  - Food and non-alcoholic beverages decreased from 1,1% in July to 1,0% in August. The index increased by 5,7% year-on-year;
  - Alcoholic beverages and tobacco increased from 0,2% in July to 0,3% in August. The index increased by 4,3% year-on-year;
  - Transport increased from 0,1% in July to 0,6% in August. The index increased by 3,9% year-on-year;
  - Recreation and culture decreased from 0,2% in July to 0,1% in August. The index increased by 2,4% year-on-year; and
  - Miscellaneous goods and services decreased from 1,2% in July to 1,1% in August. The index increased by 7,5% year-on-year.
- The main contributors to monthly consumer price inflation were as follows:
  - Alcoholic beverages and tobacco contributed 0,1% in August. The index increased by 1,2% month-on-month;
  - Transport contributed 0,1% in August. The index increased by 0,5% month-on-month.
- In August the CPI for goods increased by 4,0% year-on-year (up from 3,4% in July), and the CPI for services increased by 5,6% year-on-year (unchanged from July).
- Provincial annual inflation rates ranged from 3,5% in Northern Cape and North West to 5,7% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 4,2% in August 2017 (compared with 3,6% in July 2017). From July 2017 to August 2017 the PPI for final manufactured goods increased by 0,4%.
- The main contributors to the annual rate of 4,2% were coke, petroleum, chemical, rubber and plastic products (1,6%), food products, beverages and tobacco products (1,0%) and wood and paper products (0,7%). The contributors to the monthly increase of 0,4% were coke, petroleum, chemical, rubber and plastic products (0,2%), food products, beverages and tobacco products (0,1%) and transport equipment (0,1%).
- The annual percentage change in the PPI for intermediate manufactured goods was 2,0% in August 2017 (compared with 1,5% in July 2017). From July 2017 to August 2017 the PPI for intermediate manufactured goods increased by 0,3%. The main contributors to the annual rate of 2,0% were recycling and manufacturing n.e.c. (1,4%), as well as sawmilling and wood (1,2%). The main contributors to the monthly increase of 0,3% were basic and fabricated metals (0,4%) and recycling and manufacturing n.e.c. (0,4%).
- The annual percentage change in the PPI for electricity and water was 2,6% in August 2017 (compared with 3,5% in July 2017). From July 2017 to August 2017 the PPI for electricity and water increased by 0,5%. The contributors to the annual rate of 2,6% were electricity (1,1%) and water (1,1%). The contributor to the monthly increase of 0,5% was electricity (0,5%).
- The annual percentage change in the PPI for mining was 1,1% in August 2017 (compared with -0,9% in July 2017). From July 2017 to August 2017 the PPI for mining increased by 3,9%. The main contributor to the annual rate of 1,1% was coal and gas (2,7%). The main contributors to the monthly increase of 3,9% were gold and other metal ores (2,2%), as well as non-ferrous metal ores (1,5%) and coal and gas (1,0%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was -0,9% in August 2017 (compared with 0,3% in July 2017). From July 2017 to August 2017 the PPI for agriculture, forestry and fishing decreased by 1,2%. The main contributor to the annual rate of -0,9% was agriculture (-2,2%). The main contributor to the monthly decrease of 1,2% was agriculture (-1,4%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Wednesday, 4 October 2017

	4 October 2017	4 September 2017	% Change
RSA White Maize per ton (Oct. 2017 contract)	R1 806,00	R1 823,00	-0,93
RSA Yellow Maize per ton (Oct. 2017 contract)	R1 943,00	R1 932,00	0,57
RSA Wheat per ton (Oct. 2017 contract)	R4 100,00	R4 078,00	0,54
RSA Sunflower seed per ton (Oct. 2017 contract)	R4 750,00	R4 754,00	-0,08
RSA Soya-beans per ton (Oct. 2017 contract)	R4 664,00	R4 660,00	0,08
Exchange rate R/$	R13,56	R12,95	4,71

Source: JSE/SAFEX

- After declining to the lowest level of R379,34 per tonne earlier in September 2017, the wheat import tariff has been revised upward by 98% from the previous rate to R752,40 per tonne (29 September 2017) due to relatively lower global wheat prices.

4.4 Agricultural machinery sales

- August 2017 tractor sales of 583 units were significantly more (almost 27%) than the 460 units sold in August 2016. On a year-to-date basis tractor sales are now almost 7% up on what they were this time last year. August 2017 combine harvester sales of 12 units were double the six units sold in August 2016. Combine harvester sales for the year-to-date are now 13% up on last year.
- With the record maize crop of 16,4 million tons now having been almost completely harvested and with agriculture having contributed significantly to the welcome growth in South Africa's second quarter Gross Domestic Product per capita, overall sentiment in the market remains positive. Farmers who know they will require equipment for the forthcoming summer-cropping season are taking the opportunity, if they are able, to buy lower-priced equipment which was imported when the rand was stronger. Nevertheless, farmers are still going to have to evaluate their input costs very carefully this year and base their planting decisions on these estimations.
- Expectations for 2017 now indicate that tractor sales could exceed those of 2016 and may even go above 6 000 units.

Table 6: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	August		Change	August		Change
Equipment class	**2017**	**2016**	**%**	**2017**	**2016**	**%**
Tractors	583	460	26,74	4 123	3 863	6,73
Combine harvesters	12	6	100,00	156	138	13,04

Source: SAAMA press release, September 2017

PLEASE NOTE: The Food Security Bulletin for September 2017 will be released on **7 November 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