MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2018

Issued: 5 October 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During September 2018, significant rainfall events were limited to the to the Western Cape, Eastern Cape and KwaZulu-Natal provinces.**
- **The second production forecast of wheat for 2018 is 1,845 million tons, which is 20,2% more than the previous seasons'crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the 2017/18 marketing year are 731 624 tons, which includes imports of 2,2 million tons. It is also 114,3% more than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the 2018/19 marketing year are 626 624 tons, which includes imports of 1,4 million tons. It is also 14,4% less than the previous years' ending stocks.**
- **The final production estimate of maize for 2018 is 12,931 million tons, which is 23,1% less than the previous seasons' crop 16,820 million tons.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,271 million tons, which is 11,3% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 44 201 tons, which is 25,4% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 108 396 tons, which is 30,0% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 637 535 tons, which is 92,9% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in August 2018 was lower at 4,9%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 6,3% in August 2018.**
- **August 2018 tractor sales of 487 units were significantly (18%) less than the 591 units sold in August 2017.**

agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Makgoka

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email:MardaS@daff.gov.za or QueenS@daff.gov.za

Contents

1. Weather conditions

1.1 Rainfall for September 2018

During September 2018, significant rainfall events were limited to the Western Cape, Eastern Cape and KwaZulu-Natal provinces (**Figure 1**). Comparing rainfall totals to the long term average for September 2018, the rainfall received was below-normal over most parts of the country with above-normal rainfall mainly evident over the south-western parts of the country, as well as the northern parts of KwaZulu-Natal (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for September 2018

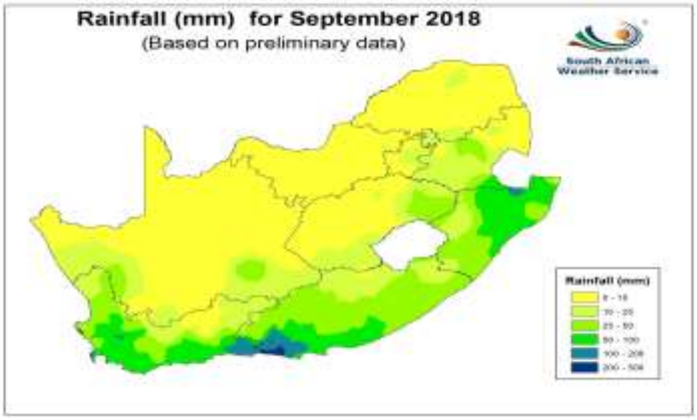
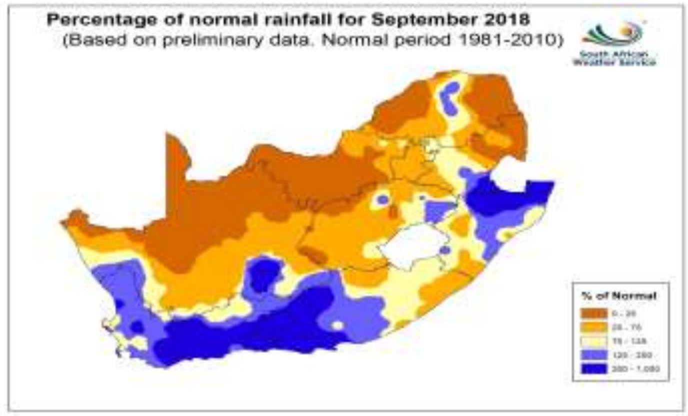


Figure 2: Percentage rainfall for September 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 1 October 2018 indicates that the country has approximately 75% of its full supply capacity (FSC) available, which is 11% more than the corresponding period in 2017. The dam levels in the Western Cape (+30%), the Free State (+15%), KwaZulu-Natal, Gauteng and Eastern Cape (+12%, each), and Mpumalanga (+2%), all show increases as compared to 2017. However, the remaining three provinces show decreases in the full supply capacity for the mentioned period. The North West Province shows the highest decrease in the full supply capacity with -15%, followed by both Northern Cape Province and the Limpopo Province with -5%, each.

The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 1 October 2018

Province	Net FSC million cubic meters	**1/10/2018 (%)**	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 807	**66**	54	12,0
Free State	15 945	**89**	74	15,0
Gauteng	115	**98**	86	12,0
KwaZulu-Natal	4 802	**61**	49	12,0
Lesotho	2 363	**40**	37	3,0
Limpopo	1 522	**66**	71	-5,0
Mpumalanga	2 539	**73**	71	2,0
North West	881	**62**	77	-15,0
Northern Cape	147	**86**	91	-5,0
Western Cape	1 866	**66**	36	30,0
Total	**31 987**	**75**	**64**	**11,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted and final production estimate for summer crops for 2018 was released by the Crop Estimates Committee (CEC) on 26 September 2018, and is as follows:

Table 2: Commercial summer crops: Area planted and final production estimate - 2018 season

CROP	**Area planted 2018 Ha (A)**	**Final estimate 2018 Tons (B)**	Area planted 2017 Ha (C)	Final estimate 2017 Tons (D)	Change 2018 vs 2017 % (B) ÷ (D)
White maize	**1 268 100**	**6 801 560**	1 643 100	9 916 000	-31,41
Yellow maize	**1 050 750**	**6 129 650**	985 500	6 904 000	-11,22
Total Maize	**2 318 850**	**12 931 210**	2 628 600	16 820 000	-23,12
Sunflower seed	**601 500**	**858 605**	635 750	874 000	-1,76
Soybeans	**787 200**	**1 550 800**	573 950	1 316 000	17,84
Groundnuts	**56 300**	**53 750**	56 000	92 050	-41,61
Sorghum	**28 800**	**109 855**	42 350	152 000	-27,73
Dry beans	**53 360**	**69 360**	45 050	68 525	1,22
Total	**3 846 010**	**15 573 580**	3 981 700	19 322 575	-19,40

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

- The size of the expected **commercial maize crop** has been set at 12,931 million tons, which is 23,12% or 3,889 million tons less than the previous season of 16,820 million tons. The area estimate for maize is 2,319 million ha, while the expected yield is 5,58 t/ha.
- The area estimate for white maize is 1,268 million ha and for yellow maize the area estimate is 1,051 million ha.
- The production forecast of **white maize** is 6,802 million tons, which is 31,41% or 3,114 million tons less than the 9,916 million tons of the previous season. The yield for white maize is 5,36 t/ha. In the case of **yellow maize** the production forecast is 6,130 million tons, which is 11,22% or 774 350 tons less than the 6,904 million tons of the previous season. The yield for yellow maize is 5,83 t/ha.
- The production forecast for **sunflower seed** is 858 605 tons, which is 1,76% or 15 395 tons less than the 874 000 tons of the previous season. The area estimate for sunflower seed is 601 500 ha, while the expected yield is 1,43 t/ha.
- The production forecast for **soybeans** is 1,551 million tons, which is 17,84% or 234 800 tons more than the 1,316 million tons of the previous season. It is also the largest soybean crop produced in the history of SA. The estimated area planted to soybeans is 787 200 ha and the expected yield is 1,97 t/ha.
- The expected **groundnut** crop is 53 750 tons, which is 41,61% or 38 300 tons less than the 92 050 tons of 2017. The area estimate is 56 300 ha and the expected yield is 0,95 t/ha.
- The production forecast for **sorghum** is 109 855 tons, which is 27,73% or 42 145 tons less than the 152 000 tons of the previous season. The area estimate for sorghum is 28 800 ha and the expected yield is 3,81 t/ha.
- In the case of **dry beans**, the production forecast is 69 360 tons, which is 1,22% or 835 tons more than the 68 525 tons of the previous season. The area estimate of dry beans is 53 360 ha, with an expected yield of 1,30 t/ha.

Please note that 'intentions of farmers' to plant summer grain crops for 2019 will be released on 25 October 2018.

2.2 Winter cereal crops

The revised area planted and second production forecast for winter crops for 2018 was also released by the Crop Estimates Committee (CEC) on 26 September 2018, and is as follows:

Table 3: Commercial winter crops: Revised area planted and second production forecast - 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	**2nd Forecast 2018** **Tons** **(B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Wheat	**508 350**	**1 845 100**	491 600	1 535 000	20,20
Malting barley	**119 000**	**390 840**	91 380	307 000	27,31
Canola	**77 000**	**111 650**	84 000	93 500	19,41
Total	**704 350**	**2 347 590**	666 980	1 935 500	21,29

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

- The expected production of **wheat** is 1,845 million tons, which is 20,20% or 310 100 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,63 t/ha.
- The expected production in the Western Cape is 890 400 tons (48%), in the Free States 367 500 tons (20%), and in the Northern Cape, 292 600 tons (16%).
- The area estimate for wheat is 508 350 ha, which is 16 750 ha higher than the 491 600 ha of the previous season. An estimated 318 000 ha or 63 % is planted in the Western Cape, 105 000 ha or 21 % in the Free State and 38 000 ha or 7 % in the Northern Cape.
- The production forecast for **malting barley** is 390 840 tons, which is 27,31% or 83 840 tons more than the previous seasons' crop of 307 000 tons. The area planted is estimated at 119 000 ha, while the expected yield is 3,28 t/ha.
- The expected **canola crop** is 111 650 tons, which is 19,41% or 18 150 tons more than the previous seasons' crop of 93 500 tons. The area estimate for canola is 77 000 ha, with an expected yield of 1,45 t/ha.

Please note that the third production forecast of winter crops for 2018 will also be released on 25 October 2018.

2.3 Non-commercial maize

Table 4: Non-commercial maize – preliminary area planted and production estimate – 2018 season

CROP	**Area planted 2018** **Ha** **(A)**	**Production 2018** **Tons** **(B)**	Area planted 2017 Ha (C)	Final crop 2017 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	**236 644**	**414 162**	248 500	463 600	-10,66
Yellow maize	**78 191**	**179 813**	118 150	267 400	-32,76
Maize	**314 835**	**593 975**	366 650	731 000	-18,74

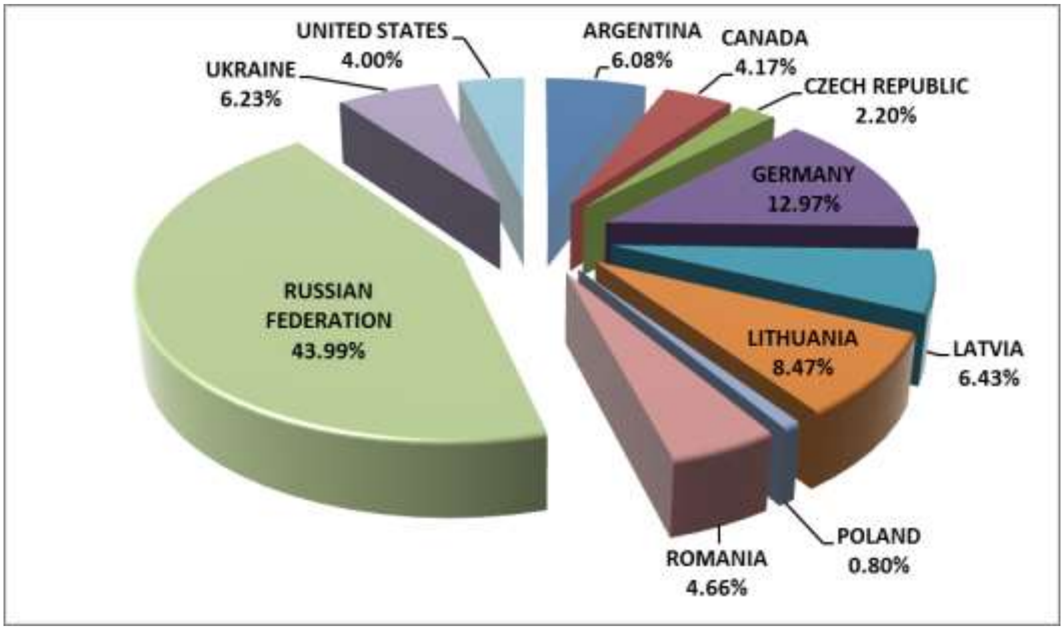
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season. It is important to note that about 40% of the maize produced in the non-commercial sector, is planted in the Eastern Cape.

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 Sep18 Annexure A.

3.1 Imports and exports of wheat for the 2017/18 marketing year

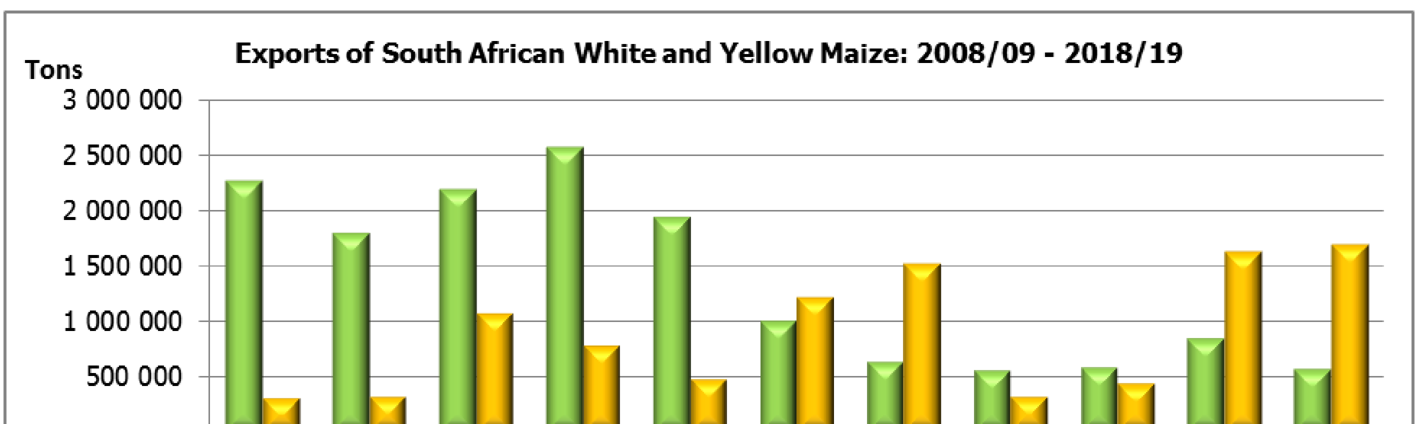
Graph 1: Major countries of wheat imports to South Africa: 2017/18 marketing year



- The progressive wheat imports for the 2017/18 marketing year (30 September 2017 to 28 September 2018) amount to 2,177 million tons, with 43,99% or 957 782 tons imported from the Russian Federation, followed by Germany (12,97% or 282 312 tons), Lithuania (8,47% or 184 436 tons), Latvia (6,43% or 140 007 tons), Ukraine (6,23% or 135 669 tons), Argentina (6,08% or 132 433 tons), Romania (4,66% or 101 449 tons), Canada (4,17% or 90 694 tons), the United States (4,00% or 87 032 tons), Czech Republic (2,20% or 47 904 tons) and Poland (0,80% or 17 514 tons). The exports of wheat for the above-mentioned period amount to 75 535 tons, of which 57,02% or 43 068 tons went to BLNS countries (Botswana, Lesotho, Namibia and Swaziland), followed by Zambia with 39,85% or 30 097 tons and Zimbabwe with 3,14% or 2 370 tons.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2008/09 to 2018/19 marketing year

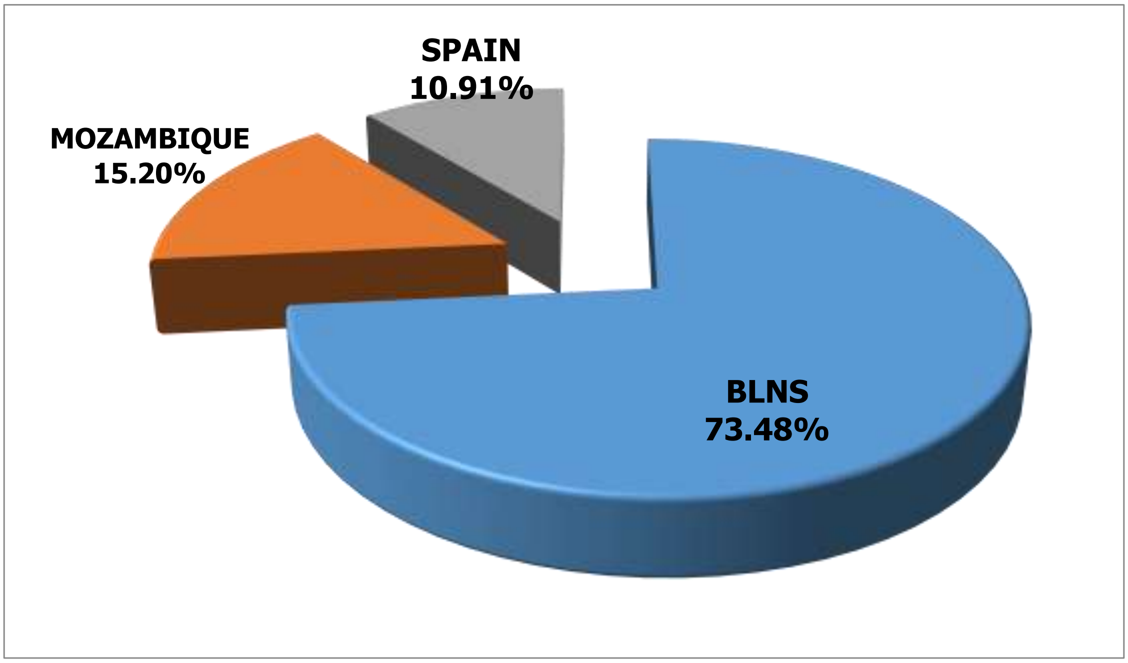


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*
White maize	2 269 000	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	587 423	851 969	565 000
Yellow maize	303 000	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	438 879	1 629 739	1 690 000

*Projection

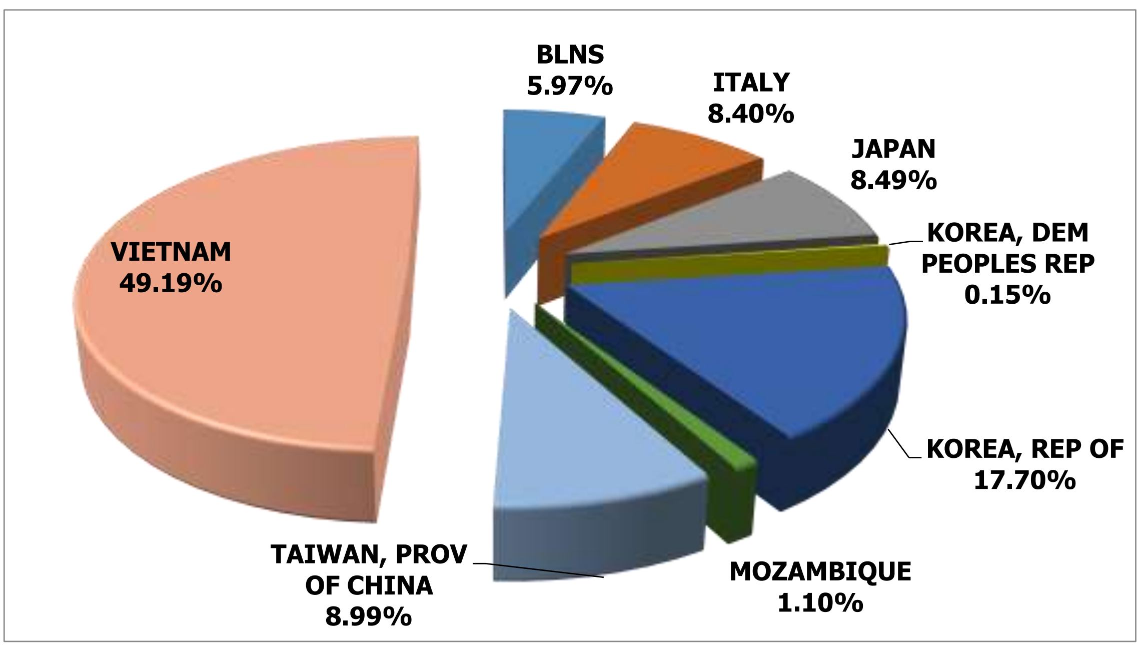
- The exports of white maize for the 2018/19 marketing year are projected 565 000 tons, which represents a decrease of 33,68% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,690 million tons, which represents an increase of 3,70% compared to the 1,630 million tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2018/19 marketing year



- From 28 April to 28 September 2018, progressive white maize exports amount to 161 053 tons, with the main destinations being BLNS Countries (73,48% or 118 340 tons), Mozambique (15,61% or 25 137 tons) and Spain (10,91% or 17 576 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2018/19 marketing year



- From 28 April to 28 September 2018, progressive yellow maize exports amount to 1,184 million tons, with the main destinations being Vietnam (49,19% or 582 348 tons), Republic of Korea (17,70% or 209 542 tons), Taiwan, Province of China (8,99% or 106 398 tons), Japan (8,49% or 100 517 tons), Italy (8,40% or 99 450 tons), BLNS (5,97% or 70 629 tons), Mozambique (1,10% or 13 078 tons) and Democratic Peoples

Republic of Korea (0,15% or 1 817 tons). The imports of yellow maize for the mentioned period amount to zero.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,9% in August 2018, down from 5,1% in July 2018. The consumer price index decreased by 0,1% month-on-month in August 2018.
- The main contributors to headline annual consumer price inflation were as follows:
  - In August the CPI for goods increased by 5,0% year-on-year (down from 5,3% in July), and the CPI for services increased by 5,0% year-on-year (unchanged from July).
- The main contributors to headline monthly consumer price inflation are as follows:
  - Alcoholic beverages and tobacco decreased from 0,4% in July 2018 to 0,3% in August. The index increased by 4,6% year-on-year; and
  - Transport decreased from 1,4% in July 2018 to 1,3% in August. The index increased by 9,5% year-on-year.
- Provincial annual inflation rates ranged from 3,9% in Northern Cape to 5,8% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,3% in August 2018 (compared with 6,1% in July 2018). From July 2018 to August 2018 the PPI for final manufactured goods increased by 0,6%.
- The main contributors to the annual rate of 6,3% were coke, petroleum, chemical, rubber and plastic products (3,4%), as well as and transport equipment (0,9%). The main contributors to the monthly increase of 0,6% were food products, beverages and tobacco products (0,2%), as well as coke, petroleum, chemical, rubber and plastic products (0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 5,9% in August 2018 (compared with 5,5% in July 2018). From July 2018 to August 2018 the PPI for intermediate manufactured goods increased by 0,7%. The main contributors to the annual rate of 5,9% were chemicals, rubber and plastic products (3,0%), as well as basic and fabricated metals (2,2 %). The main contributor to the monthly increase of 0,7% was chemicals, rubber and plastic products (0,6%).
- The annual percentage change in the PPI for electricity and water was 6,5% in August 2018 (compared with 7,8% in July 2018). From July 2018 to August 2018 the PPI for electricity and water decreased by 0,7%. The contributors to the annual rate of 6,5% were electricity (5,1%) and water (1,2%). The contributor to the monthly decrease of 0,7% was electricity (-0,7%).
- The annual percentage change in the PPI for mining was 6,3% in August 2018 (compared with 9,6% in July 2018). From July 2018 to August 2018 the PPI for mining increased by 0,8%. The main contributors to the annual rate of 6,3% were coal and gas (6,2 %), as well as non-ferrous metal ores (4,9%). The main contributor to the monthly increase of 0,8% was gold and other metal ores (0,6%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,0% in August 2018 (compared with 0,8% in July 2018). From July 2018 to August 2018 the PPI for agriculture, forestry and fishing decreased by 0,1%. The contributors to the annual rate of 2,0% were agriculture (1,0%), fishing (0,6%) and forestry (0,5%). The main contributor to the monthly decrease of 0,1% was agriculture (-0,2%).

4.3 Future contract prices and the exchange rate

Table 5: Closing prices on Thursday, 4 October 2018

	4 October 2018	4 September 2018	% Change
RSA White Maize per ton (Oct. 2018 contract)	R2 385,00	R2 456,00	-2,89
RSA Yellow Maize per ton (Oct. 2018 contract)	R2 420,00	R2 508,00	-3,51
RSA Wheat per ton (Oct. 2018 contract)	R4 420,00	R4 397,00	0,52
RSA Sunflower seed per ton (Oct. 2018 contract)	R5 230,00	R5 292,00	-1,17
RSA Soya-beans per ton (Oct. 2018 contract)	R4 550,00	R4 564,00	-0,31
Exchange rate R/$	R14,66	R15,20	-3,55

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R298,46 per tonne that triggered on 14 August 2018 was published in a Government Gazette on 28 September 2018, making it an official rate. However, a new higher rate of R490,72 per tonne was triggered on 11 September 2018. This was underpinned by a decline in global wheat prices (No2 HRW) at the time. The newly triggered rate will only be applicable after its publication on the Government Gazette. The timeframe for this process is unclear, but previous adjustments took more than three weeks.

4.4 Agricultural machinery sales

- August 2018 tractor sales of 487 units were significantly (almost 18%) less than the 591 units sold in August 2017. On a year-to-date basis, tractor sales for the first eight months of the year are still almost 7% more than last year. August 2018 combine harvester sales of nine units were three units less than the twelve units sold in August 2017. On a year-to-date basis combine harvester sales are now approximately 7% less than last year.
- Several factors have compounded this downturn in the market. Amongst others these are: the lateness of the maize harvest, cash flow concerns of farmers, difficulties with bank finance and political uncertainties. Despite this downturn, the feeling within the agricultural machinery industry in the short term is still quite optimistic. Once farmers have finished harvesting their summer crops and planning begins for the new season, farmers will be looking at buying new equipment, particularly as the recent weakness in the rand will inevitably lead to higher equipment prices later in the year.
- Industry forecasts for the 2018 calendar year remain at a level of between 6 750 to 7 000 units, that is between 5 and 10% up on 2017 sales.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year August 2018	Year-on-year August 2017	Percentage Change %	Year-to-date August 2018	Year-to-date August 2017	Percentage Change %
Tractors	487	591	-17,60	4 424	4 147	6,68
Combine harvesters	9	12	-25,00	145	156	-7,05

Source: SAAMA press release, Sep 2018

PLEASE NOTE: The Food Security Bulletin for October 2018 will be released on **6 November 2018**.

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)
- 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
- UT Grain Management (Pty) Ltd
- Weekly Price Watch, DAFF