MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2019

Issued: 7 October 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During September 2019, significant rainfall events were limited to the south and east coast regions of the country and parts of Mpumalanga.**
- **The expected production of wheat is 1,806 million tons, which is 3,3% 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 533 379 tons, which includes imports of 1,6 million tons. It is also 7,3% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 11,081 million tons, which is 11,4% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,628 million tons, which is 38,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 47 960 tons, which is 7,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 93 655 tons, which is 22,1% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 224 286 tons, which is 55,3% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in August 2019 was higher at 4,3%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,5% in August 2019.**
- **September 2019 tractor sales of 431 units were significantly (29%) less than the 610 units sold in September 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for September 2019

During September 2019, significant rainfall events were limited to the south and east coast regions of the country and parts of Mpumalanga (**Figure 1**). Comparing rainfall totals to the long term average for September 2019, above-normal rainfall was received in parts of the Western Cape and Eastern Cape, while near-normal rain fell in Mpumalanga and parts of KwaZulu-Natal (**Figure 2**). The remainder of the country received below-normal rainfall. (Source - Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall(mm) for September 2019

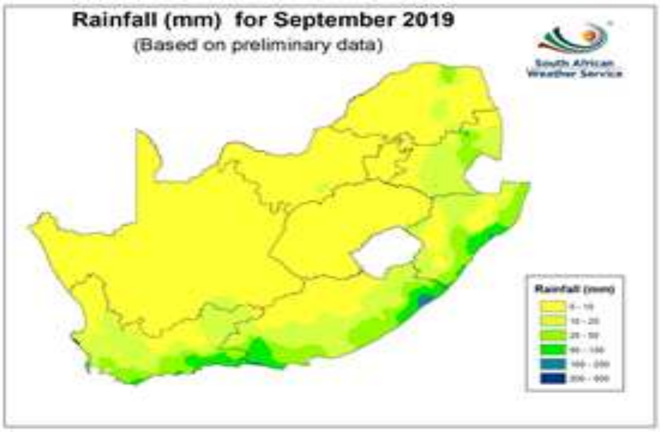
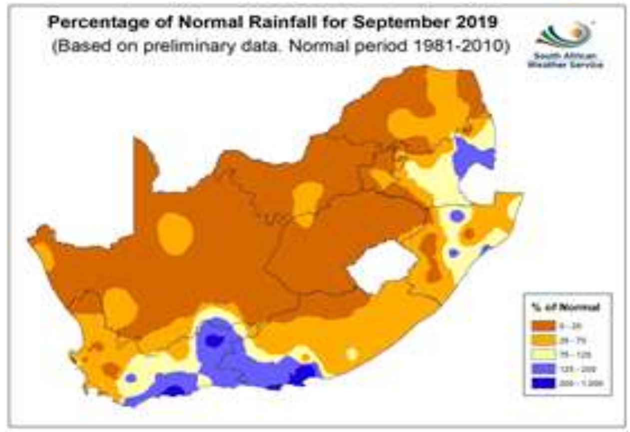


Figure 2: Percentage rainfall for September 2019



According to the latest Seasonal Climate Watch of the SA Weather Services, the late spring (Oct-Nov-Dec) period indicates confident forecasts that below-normal rainfall is more likely over the central to south-eastern parts of the country. Early-summer (Nov-Dec-Jan), however, indications are that above-normal rainfall is more likely for the central and eastern parts, which are predicted to continue into mid-summer (Dec-Jan-Feb). It is important to note the heightened likelihood from international forecasts that seem to be very confident about typical El Niño rainfall conditions over Southern Africa during the entire summer period. This means there are opposite forecasts for most of the summer period, and this increases the uncertainty for the coming summer season.

1.2 Level of dams

Available information on the level of South Africa's dams on 30 September 2019 indicates that the country has approximately 65% of its full supply capacity (FSC) available, which is 10% less than the corresponding period in 2018. The dam levels in the Western Cape Province show no improvement compared to 2018. The remaining eight provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease indicated in the Limpopo Province with -14%, followed by the Eastern Cape Province with -13%, the Free State with -12%, Mpumalanga with -11% and Gauteng with -10%.

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

Table 1: Level of dams, 30 September 2019

Province	Net FSC million cubic meters	**30/9/2019 (%)**	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 810	**53**	66	-13,0
Free State	15 653	**77**	89	-12,0
Gauteng	128	**88**	98	-10,0
KwaZulu-Natal	4 784	**56**	60	-4,0
Lesotho	2 363	**21**	40	-19,0
Limpopo	1 522	**53**	67	-14,0
Mpumalanga	2 539	**62**	73	-11,0
North West	867	**56**	61	-5,0
Northern Cape	147	**80**	87	-7,0
Western Cape	1 866	**66**	66	0,0
Total	**31 678**	**65**	**75**	**-10,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and eighth production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 26 September 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 8th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**8th 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**	**5 542 720**	1 050 750	5 970 000	-7,16
Total Maize	**2 300 500**	**11 080 960**	2 318 850	12 510 000	-11,42
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**	**139 850**	28 800	115 000	21,61
Dry beans	**59 300**	**66 355**	53 360	69 360	-4,33
Total	**3 676 200**	**13 157 905**	3 846 010	15 153 360	-13,17

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 11 080 960 tons, which is 11,42% or 1 429 040 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 4,82 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 5 542 720 tons, which is 7,16% or 427 280 tons less than the 5 970 000 tons of the previous season. The yield for yellow maize is 5,53 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 455tons. 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 21,61% or 24 850 tons, from 115 000 tons to 139 850 tons. The expected yield is 2,77 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 ninth production forecast for summer field crops for 2019 will be released on 24 October 2019.

2.2 Winter cereal crops

The revised area estimate and second production forecast of winter grains for the 2019 season was also released by the Crop Estimates Committee (CEC) on 26 September 2019, and is as follows:

Table 3: Commercial winter crops: Revised area planted and second production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**2nd forecast 2019 Ha (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Wheat	**540 000**	**1 806 170**	503 350	1 868 000	-3,31
Malting barley	**131 960**	**389 260**	119 000	421 500	-7,65
Canola	**74 000**	**88 800**	77 000	104 500	-15,02
Cereal oats	**27 200**	**36 460**	19 235	32 700	11,50

- The expected production of **wheat** is 1 806 170 tons, which is 3,31% or 61 830 tons less than the previous seasons' crop of 1 868 000 tons, whilst the expected yield is 3,34 t/ha.
- The area estimate for wheat was revised to 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 389 260 tons, which is 7,65% or 32 240 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 2,95 t/ha.
- The expected **canola** crop is 88 800 tons, which is 15,02% or 15 700 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 1,20 t/ha.
- The revised area estimate for **oats** (cereals) for the 2019 season is 27 200 ha, which is 7 965 ha more than the previous seasons' planting of 19 235 ha. The expected crop is 36 460 tons, representing an increase of 3 760 tons compared to the 32 700 tons of 2018. The expected yield is 1,34 t/ha.

Please note that the third production forecast for winter cereals for 2019 will be released on 24 October 2019.

2.3 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 4: 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

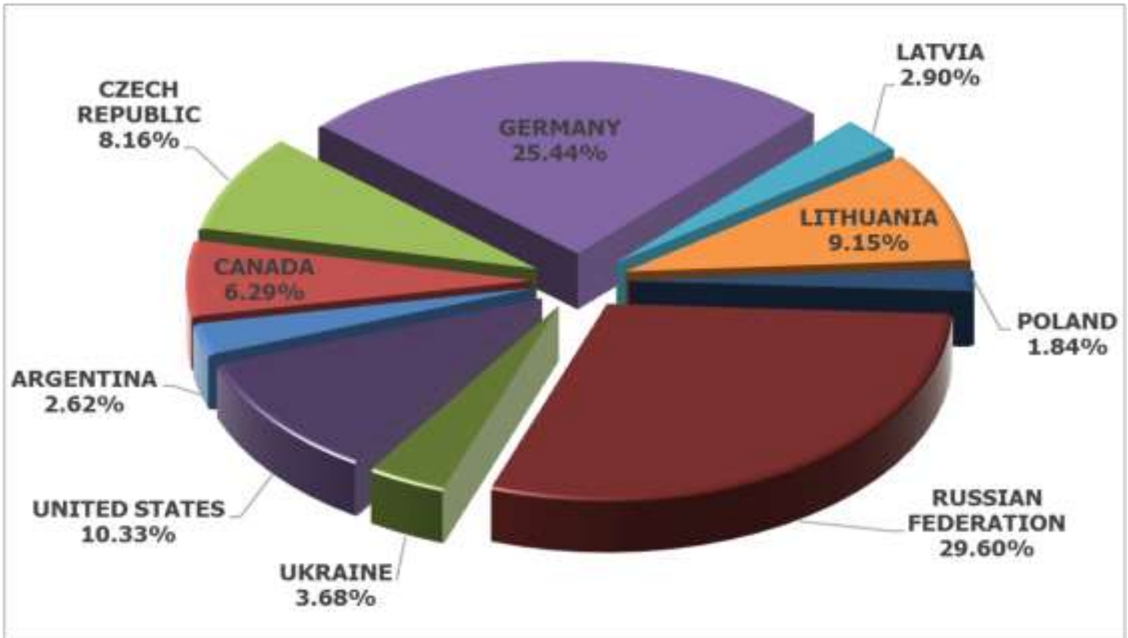
- The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. 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 SEP19 Annexure A.

3.1 Imports and exports of wheat for the 2018/19 marketing year

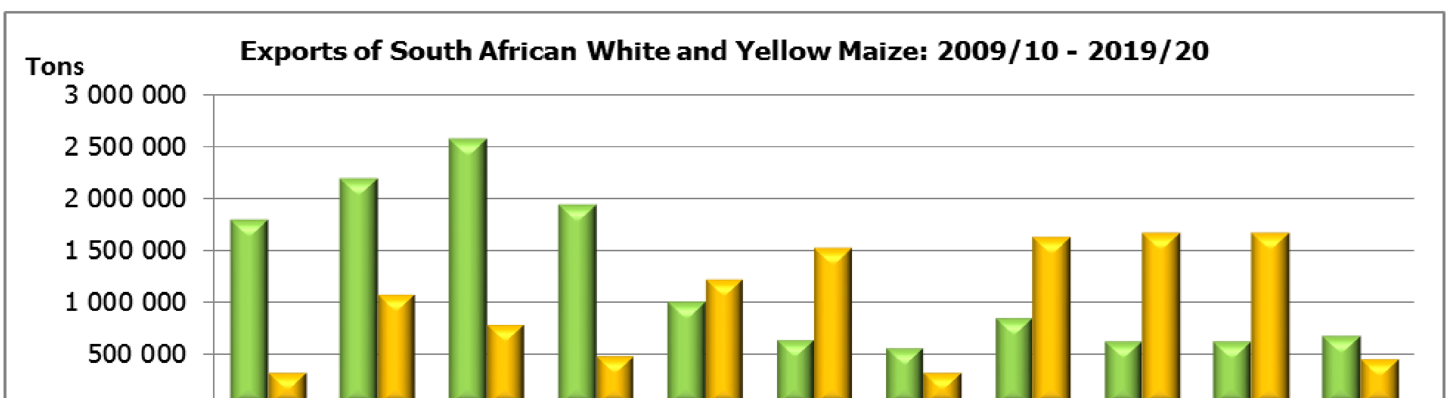
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 27 September 2019) amount to 1,357 million tons, with 29,60% or 401 524 tons imported from the Russian Federation, 25,44% or 345 177 tons from Germany, 10,33% or 140 127 tons from the United States, 9,15% or 124 133 tons from Lithuania, 8,16% or 110 636 tons from the Czech Republic, 6,29% or 85 348 tons from Canada, 3,68% or 49 879 tons from the Ukraine, 2,90% or 39 290 tons from Latvia, 2,62% or 35 519 tons from Argentina and only 1,84% or 24 998 tons from Poland. The exports of wheat for the above-mentioned period amount to 107 943 tons, of which 53,60% or 57 857 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)), 25,24% or 27 248 tons to Zimbabwe, 19,68% or 21 244 tons to Zambia and 1,48% or 1 594 tons to Mozambique.

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

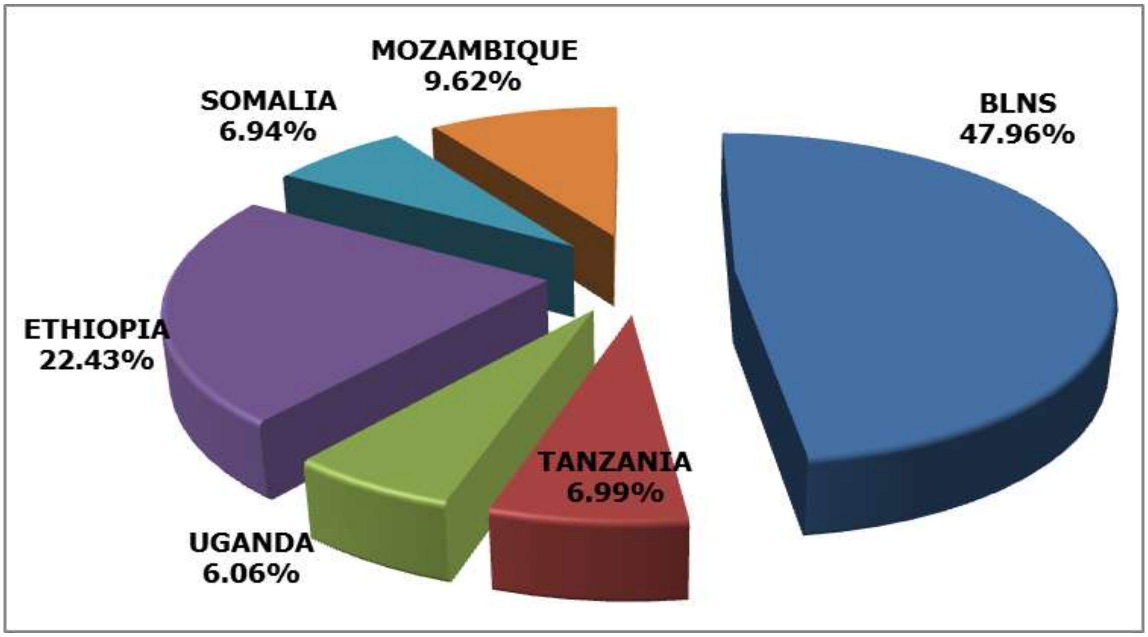


	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*
White maize	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	680 000
Yellow maize	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	445 000

*Projection

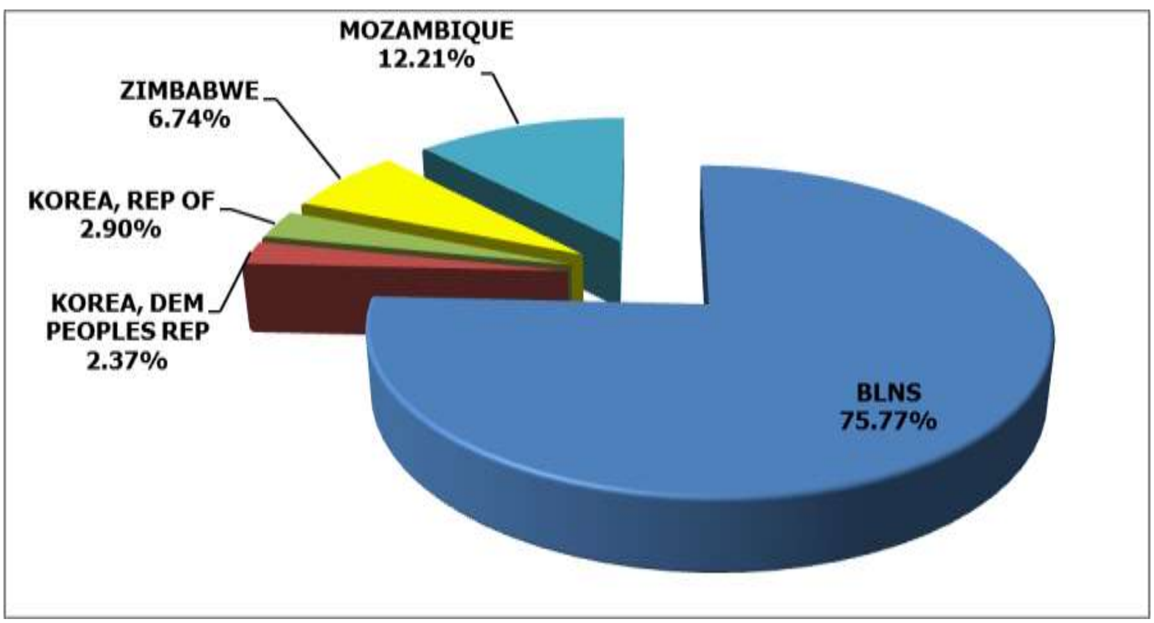
- The exports of white maize for the 2019/20 marketing year are projected at 680 000 tons, which represents an increase of 10,27% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 445 000 tons, which represents a decrease of 73,31% 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 27 September 2019, progressive white maize exports amount to 330 060 tons, with the main destinations being the BLNS Countries (47,96% or 158 303 tons), followed by Ethiopia (22,43% or 74 021 tons), Mozambique (9,62% or 31 7540 tons), Tanzania (6,99% or 23 082 tons), Somalia (6,94% or 22 900 tons) and Uganda (6,06% or 20 000 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 27 September 2019, progressive yellow maize exports amount to 147 397 tons, with the main destinations being the BLNS Countries (75,77% or 111 686 tons), followed by Mozambique (12,21% or 18 002 tons), Zimbabwe (6,74% or 9 932 tons), Republic of Korea (2,90% or 4 280 tons) and Democratic Peoples Republic of Korea (2,37% or 3 497 tons). The imports of yellow maize for the mentioned period amount to 251 708 tons of which 100% were from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,3% in August 2019, up from 4,0% in July 2019. The consumer price index increased by 0,3% month-on-month in August 2019.
- The main contributors to the 4,3% 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 4,3%;
  - Housing and utilities increased by 5,3% year-on-year, and contributed 1,3%; and
  - Miscellaneous goods and services increased by 5,8% year-on-year, and contributed 0,9%.
- The main contributors to the monthly increase in the CPI were food and non-alcoholic beverages, which increased by 0,5% month-on-month and contributed 0,1%; and housing and utilities, which increased by 0,3% month-on-month and contributed 0,1%.
- The annual inflation rates for goods and for services were 3,9% and 4,7% respectively. Provincial annual inflation rates ranged from 3,8% in North West to 4,9% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 4,5% in August 2019, down from 4,9% in July 2019. The producer price index increased by 0,3% month-on-month in August 2019.
- The main contributors to the headline PPI annual inflation rate were as follows:
  - Food products, beverages and tobacco products increased by 4,6% year-on-year and contributed 1,5%;
  - Metals, machinery, equipment and computing equipment increased by 5,4% year-on-year and contributed 0,8%;
  - Coke, petroleum, chemical, rubber and plastic products increased by 3,3% year-on-year and contributed 0,7%; and
  - Paper and printed products increased by 7,8% year-on-year and contributed 0,6%.
- The contributors to the headline PPI monthly rate were food products, beverages and tobacco products, which increased by 0,2% month-on-month and contributed 0,1% to the total month-on-month increase of 0,3%; metals, machinery, equipment and computing equipment, which increased by 0,5% month-on-month and contributed 0,1%; and transport equipment, which increased by 1,0% month-on-month and contributed 0,1%.
- The annual percentage change in the PPI for electricity and water was 14,3% in August 2019 (compared with 14,5% in July 2019). The index decreased by 0,9% month-on-month. Electricity contributed 13,4% to the annual rate, and water contributed 0,8%. Electricity contributed -0,9%.
- The annual percentage change in the PPI for mining was 22,2% in August 2019 (compared with 15,7% in July 2019). The index increased by 6,5% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (12,2%), as well as gold and other metal ores (12,0%). The main contributors to the monthly rate were non-ferrous metal ores (4,0%), as well as gold and other metal ores (1,9%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -2,4% in August 2019 (compared with -1,1% in July 2019). The index decreased by 1,4% month-on-month. The main contributor to the annual rate was agriculture (-3,8%). The main contributor to the monthly rate was agriculture (-1,6%).

4.3 Future contract prices

Table 5: Closing prices on Friday, 4 October 2019

	4 October 2019	4 September 2019	% Change
RSA White Maize per ton (Oct. 2019 contract)	R2 865,00	R2 751,00	4,14
RSA Yellow Maize per ton (Oct. 2019 contract)	R2 780,00	R2 626,00	5,86
RSA Wheat per ton (Oct. 2019 contract)	R4 566,00	R4 450,00	2,61
RSA Sunflower seed per ton (Oct. 2019 contract)	R5 695,00	R5 485,00	3,83
RSA Soya-beans per ton (Oct. 2019 contract)	R6 000,00	R5 620,00	6,76
Exchange rate R/$	R15,15	R14,88	1,81

Source: JSE/SAFEX

- In terms of trade policy, the wheat import tariff rate of R664,70 per tonne that triggered on 11 June 2019 was published in a Government Gazette on 20 September 2019, making it an official rate. However, a new higher rate of R1 008,58 per tonne was triggered on 20 August 2019. 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

- September 2019 tractor sales of 431 units were significantly (29%) less 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 6: 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 October 2019 will be released on **5 November 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