

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2018

Issued: 6 November 2018

Directorate: Statistics and Economic Analysis

Highlights:

- **During October 2018, significant rainfall events were limited to the eastern half of the country.**
- **The third production forecast of wheat for 2018 is 1,862 million tons, which is 21,3% more than the previous seasons' crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 604 907 tons, which includes imports of 1,4 million tons. It is also 16,5% less than the previous years' ending stocks.**
- **Commercial producers intend to plant 2,448 million ha of maize for 2019, which is 5,6% more than the 2,319 million ha planted last season.**
- **Projected closing stocks of maize for the current 2018/19 marketing year are 3,310 million tons, which is 10,3% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2018/19 marketing year are 43 201 tons, which is 27,1% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2018/19 marketing year are 78 596 tons, which is 49,2% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2018/19 marketing year are 600 035 tons, which is 81,5% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in September 2018 was unchanged at 4,9%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 6,2% in September 2018.**
- **September 2018 tractor sales of 612 units were significantly (7%) more than the 571 units sold in September 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

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1. Weather conditions

1.1 Rainfall for October 2018

During October 2018, significant rainfall events were limited to the eastern half of the country (**Figure 1**). Comparing rainfall totals to the long term average for October 2018, rainfall received was below-normal over most parts of the country with patches of above-normal rainfall in the south eastern parts of the Northern Cape Province, north western parts of KwaZulu-Natal Province, as well as the south western part of Free State Province (**Figure 2**). (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for October 2018

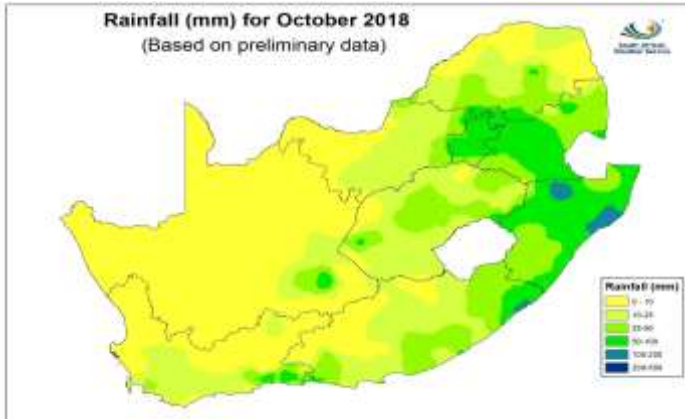
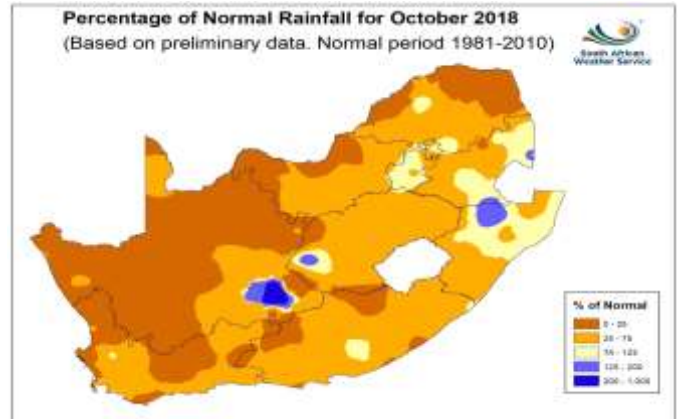


Figure 2: Percentage rainfall for October 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 29 October 2018 indicates that the country has approximately 72% of its full supply capacity (FSC) available, which is 9% more than the corresponding period in 2017. The dam levels in the Western Cape (+28%), KwaZulu-Natal (+14%), both the Free State and Gauteng (+12%, each), Eastern Cape (+6%) 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 -19%, followed by Northern Cape Province with -7% and the Limpopo Province with -6%.

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

Table 1: Level of dams, 29 October 2018

Province	Net FSC million cubic meters	29/10/2018 (%)	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 807	65	59	6,0
Free State	15 945	85	73	12,0
Gauteng	128	98	86	12,0
KwaZulu-Natal	4 802	61	47	14,0
Lesotho	2 363	38	35	3,0
Limpopo	1 522	63	69	-6,0
Mpumalanga	2 539	71	69	2,0
North West	868	57	76	-19,0
Northern Cape	147	79	86	-7,0
Western Cape	1 866	65	37	28,0
Total	31 987	72	63	9,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The intentions of producers to plant summer crops for 2019 was released by the Crop Estimates Committee (CEC) on 25 October 2018, and is as follows:

Table 2: Commercial summer crops: Intentions to plant - 2019 season

CROP	Intentions as at mid-October'18 2019 Ha (A)	Area planted		Final estimate 2018 Tons (C)	Change 2019 vs 2018 % (A) ÷ (B)
		2018 Ha (B)			
White maize	1 373 400	1 268 100		6 801 560	8,30
Yellow maize	1 075 000	1 050 750		6 129 650	2,31
Total Maize	2 448 400	2 318 850		12 931 210	5,59
Sunflower seed	575 000	601 500		858 605	-4,41
Soybeans	851 800	787 200		1 550 800	8,21
Groundnuts	50 000	56 300		53 750	-11,19
Sorghum	43 000	28 800		109 855	49,31
Dry beans	60 000	53 360		69 360	12,44
Total	4 028 200	3 846 010		15 573 580	4,74

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

- Commercial producers intend to plant 2,448 million ha of **maize** for 2019, which is 5,6% or 129 550 ha more than the 2,319 million ha planted last season.
- The figures show that producers intend to plant 1,373 million ha to **white maize**, which is 105 300 ha (8,3%) more than in the previous season. In the case of **yellow maize**, the expected plantings are 1,075 million ha, which is 24 250 ha (2,3%) more than in the previous season.
- Producers indicated that more maize, especially white maize, will be planted for the 2019 season, mainly because of crop rotation practices.
- In the case of **sunflower seed**, the expected area planted is estimated at 575 000 ha, which is 4,4% or 26 500 ha less than the 601 500 ha planted last season.
- The intended plantings of **soybeans** shows an increase of 8,2% or 64 600 ha compared to the previous season – from 787 200 ha to 851 800 ha.
- The expected plantings of **groundnuts** will decrease by 11,2% or 6 300 ha, from 56 300 ha to 50 000 ha.
- The intended plantings of **sorghum** is expected to increase by 49,3% or 14 200 ha to 43 000 ha, compared to the previous season.
- The expected plantings of **dry beans** is estimated at 60 000 ha, which is 12,4% or 6 640 ha more than in the previous season.

Please note that the preliminary area planted estimate for summer grains for 2019 will be released on 29 January 2019.

2.2 Winter cereal crops

The revised area estimate and third production forecast for winter cereals for the 2018 was also released by the Crop Estimates Committee (CEC) on 25 October 2018, and is as follows:

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

CROP	Area planted 2018	3 rd Forecast 2018	Area planted 2017	Final crop 2017	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Wheat	503 350	1 862 400	491 600	1 535 000	21,33
Malting barley	119 000	396 340	91 380	307 000	29,10
Canola	77 000	115 500	84 000	93 500	23,52
Total	699 350	2 374 240	666 980	1 935 500	22,67

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

- The expected production of **wheat** is 1,862 million tons, which is 21,33% or 327 400 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,70 t/ha.
- The expected production in the Western Cape is 906 300 tons (49%), in the Free State 365 000 tons (20%) and in the Northern Cape 294 500 tons (16%).
- The area estimate for wheat is to 503 350 ha, which is 11 750 ha more than the 491 600 ha of the previous season. An estimated 318 000 ha or 63% is planted in the Western Cape, 100 000 ha or 20% in the Free State and 38 000 ha or 8% in the Northern Cape.
- The production forecast for **malting barley** is 396 340 tons, which is 29,10% or 89 340 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 3,33 t/ha.
- The expected **canola** crop is 115 500 tons, which is 23,52% or 22 000 tons more than the previous seasons' crop of 93 500 tons. The area estimate for canola is 77 000 ha and the expected yield is 1,50 t/ha.

Please note that the fourth production forecast for winter cereals for 2018 will be released on 27 November 2018.

2.3 Non-commercial maize

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

CROP	Area planted 2018	Production 2018	Area planted 2017	Final crop 2017	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (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

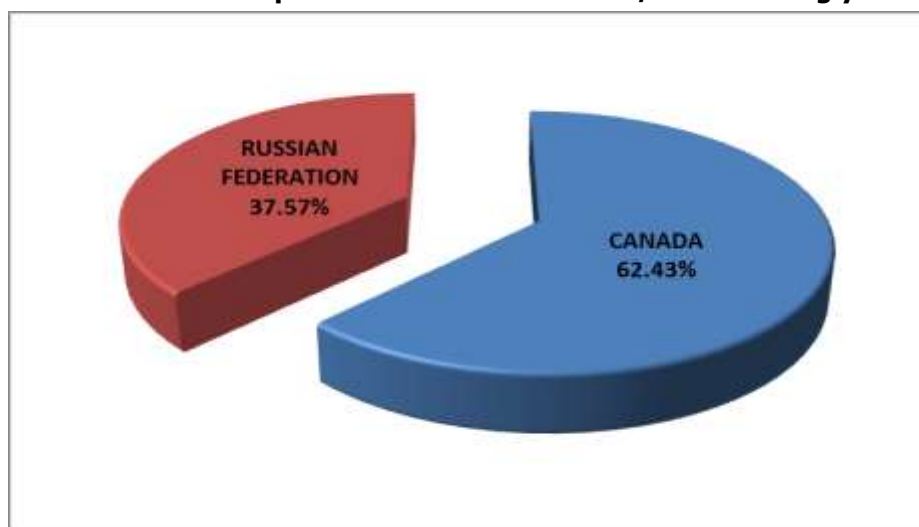
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of 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 Oct 18 Annexure A.

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

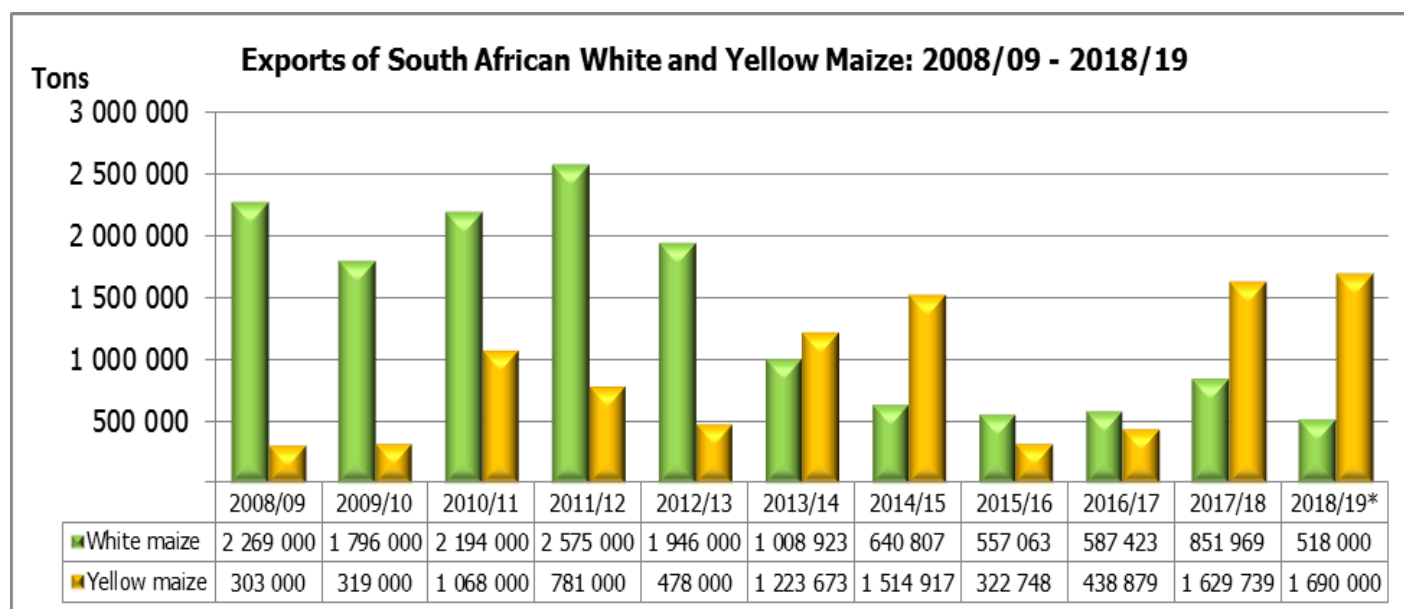
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 26 October 2018) amount to 55 828 tons, with 62,43% or 34 852 tons imported from Canada and 37,57% or 20 976 tons from the Russian Federation. The exports of wheat for the above-mentioned period amount to 2 232 tons, of which 50,31% or 1 123 tons went to Botswana, followed by Zimbabwe with 38,53% or 860 tons and Namibia with 11,16% or 249 tons.

3.2 Exports of white and yellow maize

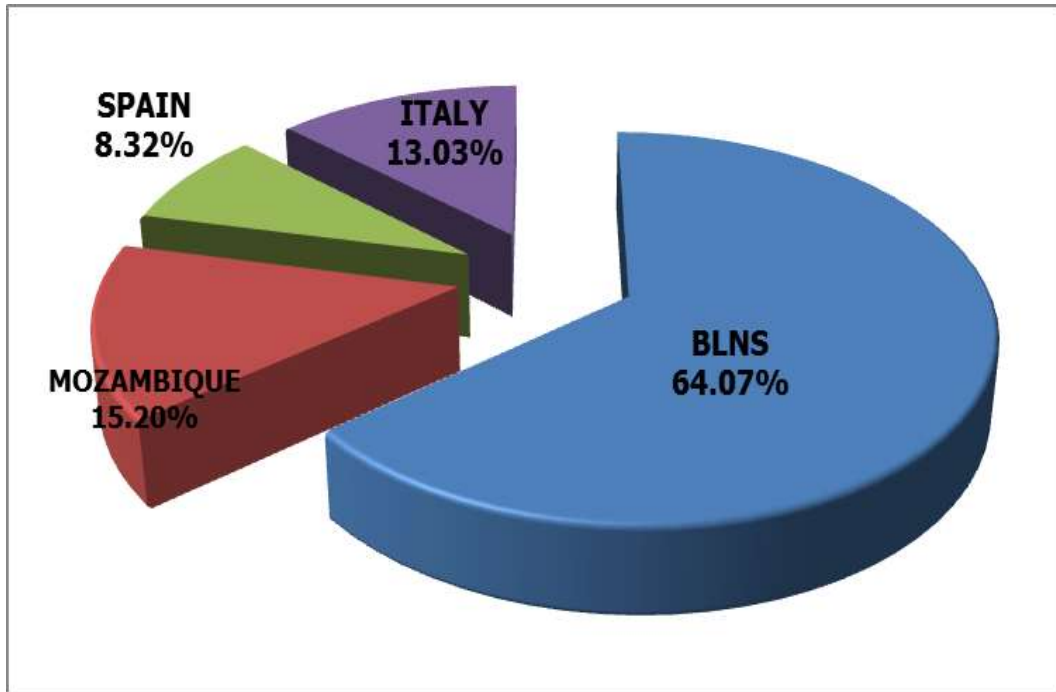
Graph 2: Exports of South African white and yellow maize for the 2008/09 to 2018/19 marketing year



*Projection

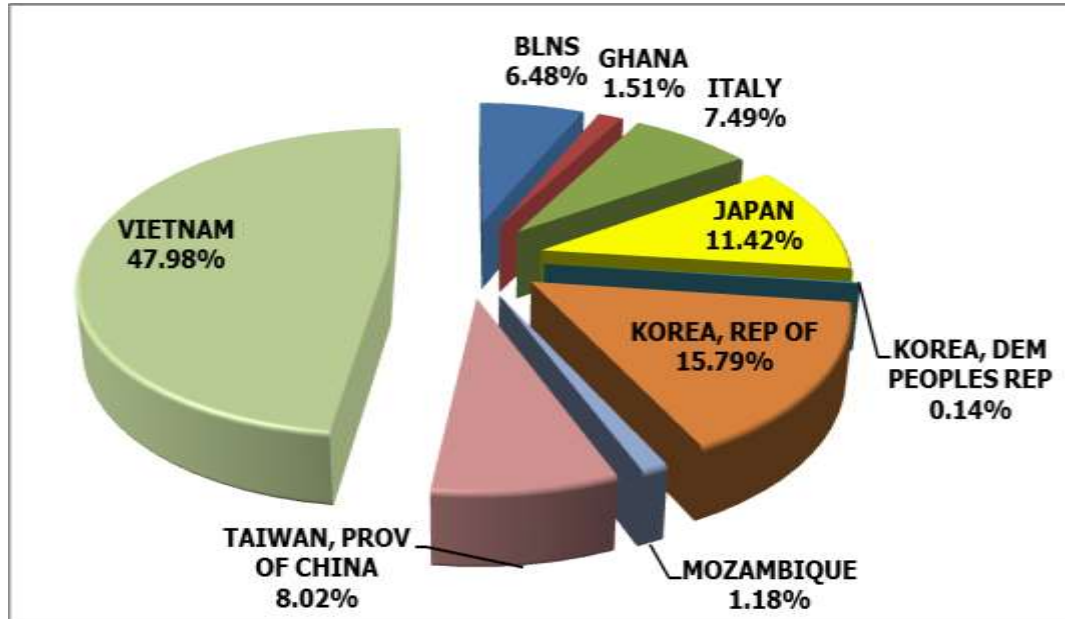
- The exports of white maize for the 2018/19 marketing year are projected 518 000 tons, which represents a decrease of 39,20% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,690 million tons, which represents an increase of 3,70% compared to the 1,630 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 26 October 2018, progressive white maize exports amount to 211 298 tons, with the main destinations being BLNS Countries (64,07% or 135 389 tons), Mozambique (14,58% or 30 804 tons), Italy (13,03% or 27 529 tons) and Spain (8,32% 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 26 October 2018, progressive yellow maize exports amount to 1,327 million tons, with the main destinations being Vietnam (47,98% or 636 648 tons), Republic of Korea (15,79% or 209 542 tons), Japan (11,42% or 151 517 tons), Taiwan, Province of China (8,02% or 106 398 tons), Italy (7,49% or 99 450 tons), BLNS (6,48% or 85 922 tons), Ghana (1,51% or 20 000 tons), Mozambique (1,18% or 15 597 tons) and Democratic Peoples Republic of Korea (0,14% 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 September 2018, unchanged from 4,9% in August 2018. The consumer price index increased by 0,5% month-on-month in September 2018.
- The main contributors to headline annual consumer price inflation were as follows:
 - Food and non-alcoholic beverages increased from 0,6% in August 2018 to 0,7% in September. The index increased by 3,9% year-on-year; and
 - Transport decreased from 1,3% in August 2018 to 1,2% in September. The index increased by 8,7% year-on-year.
- The main contributors to headline monthly consumer price inflation are as follows:
 - Housing and utilities contributed 0,2%. The index increased by 0,8% month-on-month, mainly because of actual rentals for housing (1,4%) and owners' equivalent rent (1,2%); and
 - Transport contributed 0,1%. The index increased by 0,9% month-on-month, mainly because of public transport (5,5%).
- In September the CPI for goods increased by 4,8% year-on-year (down from 5,0% in August), and the CPI for services increased by 5,2% year-on-year (up from 5,0% in August).
- Provincial annual inflation rates ranged from 3,9% in Limpopo to 5,6% in Western Cape.

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 6,2% in September 2018 (compared with 6,3% in August 2018). From August 2018 to September 2018 the PPI for final manufactured goods increased by 0,5%.
- The main contributors to the annual rate of 6,2% were coke, petroleum, chemical, rubber and plastic products (3,0%), as well as transport equipment (1,0%). The main contributors to the monthly increase of 0,5% were coke, petroleum, chemical, rubber and plastic products (0,2%), as well as transport equipment (0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 7,7% in September 2018 (compared with 5,9% in August 2018). From August 2018 to September 2018 the PPI for intermediate manufactured goods increased by 1,8%. The main contributors to the annual rate of 7,7% were chemicals, rubber and plastic products (3,6%), as well as basic and fabricated metals (2,5%). The main contributors to the monthly increase of 1,8% were basic and fabricated metals (0,8%), as well as chemicals, rubber and plastic products (0,5%).
- The annual percentage change in the PPI for electricity and water was 4,8% in September 2018 (compared with 6,5% in August 2018). From August 2018 to September 2018 the PPI for electricity and water decreased by 23,2%. The contributors to the annual rate of 4,8% were electricity (3,3%) and water (1,5%). The contributor to the monthly decrease of 23,2% was electricity (-23,2%).
- The annual percentage change in the PPI for mining was 0,9% in September 2018 (compared with 6,3% in August 2018). From August 2018 to September 2018 the PPI for mining increased by 3,6%. The main contributors to the annual rate of 0,9% were coal and gas (5,0%), as well as non-ferrous metal ores (4,6%). The main contributors to the monthly increase of 3,6% were non-ferrous metal ores (1,4%), as well as gold and other metal ores (1,0%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 0,9% in September 2018 (compared with 2,0% in August 2018). From August 2018 to September 2018 the PPI for agriculture, forestry and fishing increased by 1,1%. The main contributors to the annual rate of 0,9% were fishing (0,7%) and forestry (0,4%). The main contributor to the monthly increase of 1,1% was agriculture (1,1%).

4.3 Future contract prices

Table 5: Closing prices on Monday, 5 November 2018

	5 November 2018	5 October 2018	% Change
RSA White Maize per ton (Nov. 2018 contract)	R2 443,00	R2 422,00	0,87
RSA Yellow Maize per ton (Nov. 2018 contract)	R2 428,00	R2 459,00	-1,26
RSA Wheat per ton (Nov. 2018 contract)	R4 351,00	R4 423,00	-1,63
RSA Sunflower seed per ton (Nov. 2018 contract)	R5 101,00	R5 257,00	-2,97
RSA Soya-beans per ton (Nov. 2018 contract)	R4 580,00	R4 582,00	-0,04
Exchange rate R/\$	R14,39	R14,75	-2,44

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- September 2018 tractor sales of 612 units were significantly (7%) more than the 571 units sold in September 2017. On a year-to-date basis, tractor sales for the first nine months of the year are still almost 7% up on last year. September 2018 combine harvester sales of eleven units were seven units more than the four units sold in September 2017.
- On a year-to-date basis combine harvester sales are now just 3% down on 2017. With the summer crop harvesting now have been largely completed and a small increase in the maize price, farmers are looking ahead to the forthcoming summer cropping season. They will have to face the ongoing problems of high input costs, availability of finance and political uncertainty. Nevertheless, the buoyant September equipment sales show that farmers who have been intending to buy equipment have brought their decisions forward in order to take advantage of the lower-priced stock currently in the country.
- 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		Percentage Change %	Year-to-date		Percentage Change %
	September			September		
	2018	2017	2018	2017		
Tractors	612	571	7,18	5 036	4 718	6,74
Combine harvesters	11	4	175,00	156	160	-2,50

Source: SAAMA press release, October 2018

PLEASE NOTE: The Food Security Bulletin for November 2018 will be released on **7 December 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