

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: NOVEMBER 2018

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Directorate: Statistics and Economic Analysis

Highlights:

- During November 2018, significant rainfall events were limited to the eastern half of the country, as well as the southern coastal areas.
- The fourth 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 599 834 tons, which includes imports of 1,4 million tons. It is also 16,9% less than the previous years' ending stocks.
- Projected closing stocks of maize for the current 2018/19 marketing year are 3,395 million tons, which is 8,0% less than the previous years' ending stocks.
- The projected closing stocks of sorghum for the current 2018/19 marketing year are 27 601 tons, which is 53,4% 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 592 065 tons, which is 79,1% more than the previous years' ending stocks.
- The headline CPI (for all urban areas) annual inflation rate in October 2018 was higher at 5,1%.
- The annual percentage change in the PPI for final manufactured goods was higher at 6,9% in October 2018.
- October 2018 tractor sales of 817 units were significantly (14%) more than the 717 units sold in October 2017.



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1. Weather conditions

1.1 Rainfall for November 2018

During November 2018, significant rainfall events were limited to the eastern half of the country, as well as the southern coastal areas (**Figure 1**). Comparing rainfall totals to the long term average for November 2018, rainfall received was below-normal throughout the country with isolated regions of near-normal rainfall along the south coast (**Figure 2**).

(Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall in mm for November 2018

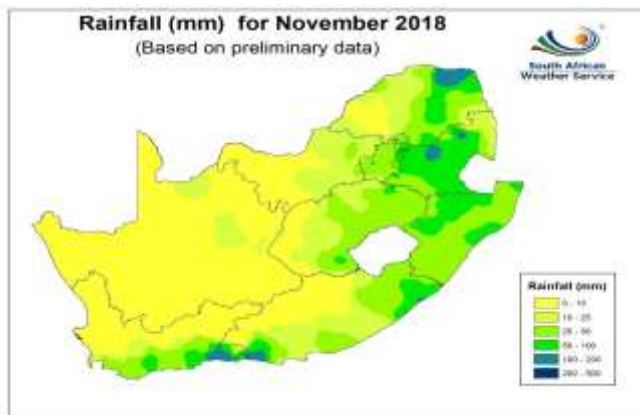
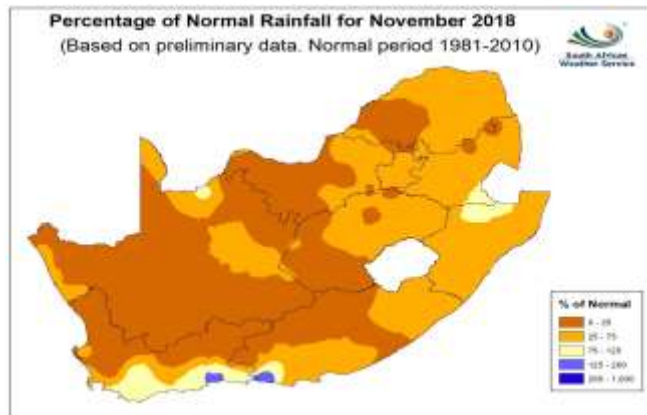


Figure 2: Percentage rainfall for November 2018



1.2 Level of dams

Available information on the level of South Africa's dams on 3 December 2018 indicates that the country has approximately 67% of its full supply capacity (FSC) available, which is 7% more than the corresponding period in 2017. The dam levels in the Western Cape (+26%), KwaZulu-Natal (+11%), both the Free State and Gauteng (+9%, each), and Eastern Cape (+1%), all show increases as compared to 2017. The Mpumalanga province shows a zero percentage change in the full supply capacity as compared to the corresponding period in 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 -22%, followed by Northern Cape Province with -6% and the Limpopo Province with -5%.

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

Table 1: Level of dams, 3 December 2018

Province	Net FSC million cubic meters	3/12/2018 (%)	Last Year (2017) (%)	% Increase/Decrease 2018 vs. 2017
Eastern Cape	1 807	61	60	1,0
Free State	15 945	78	69	9,0
Gauteng	128	95	86	9,0
KwaZulu-Natal	4 802	57	46	11,0
Lesotho	2 363	35	31	4,0
Limpopo	1 522	60	65	-5,0
Mpumalanga	2 539	67	67	0,0
North West	868	52	74	-22,0
Northern Cape	147	74	80	-6,0
Western Cape	1 866	60	34	26,0
Total	31 987	67	60	7,0

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

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 fourth production forecast for winter cereals for the 2018 was also released by the Crop Estimates Committee (CEC) on 27 November 2018, and is as follows:

Table 2: Commercial winter crops: Revised area planted and fourth production forecast - 2018 season

CROP	Area planted 2018	4 th 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	401 840	91 380	307 000	30,89
Canola	77 000	115 500	84 000	93 500	23,53
Total	699 350	2 379 740	666 980	1 935 500	22,95

* 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 401 840 tons, which is 30,89% or 94 840 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 3,38 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 fifth production forecast for winter cereals for 2018 will be released on 20 December 2018.

2.3 Non-commercial maize

Table 3: Non-commercial maize – 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

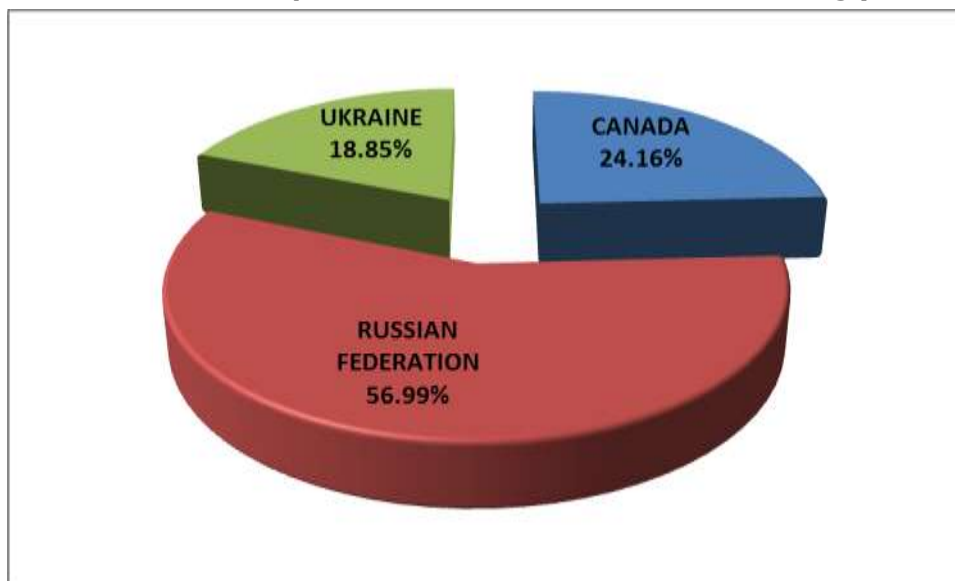
- The area planted to maize in the non-commercial agricultural sector is estimated at 314 835 ha, which represents a decrease of 14,13%, compared to the 366 650 ha of the previous season. The expected maize crop for this sector is 593 975 tons, which is 18,74% less than the 731 000 tons of last season.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

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

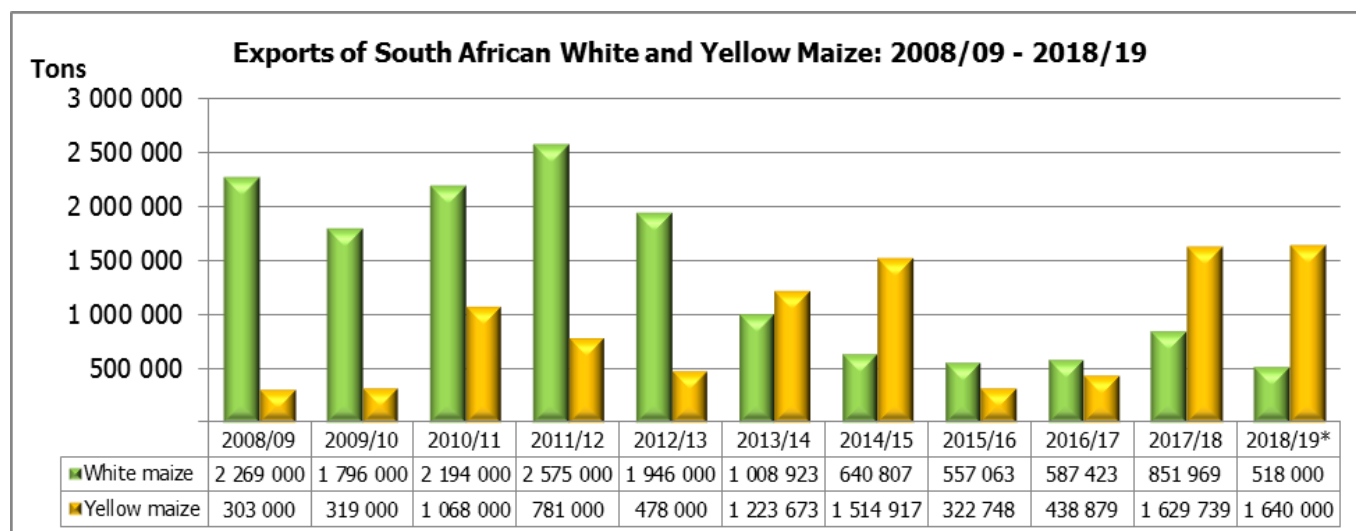
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 30 November 2018) amount to 144 245 tons, with 56,99% or 82 203 tons imported from the Russian Federation, 24,16% or 34 852 tons from Canada and 18,85% or 27 190 tons from Ukraine. The exports of wheat for the above-mentioned period amount to 3 906 tons, of which 43,22% or 1 688 tons went to Namibia, followed by Botswana with 33,00% or 1 289 tons and Zimbabwe with 23,78% or 929 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

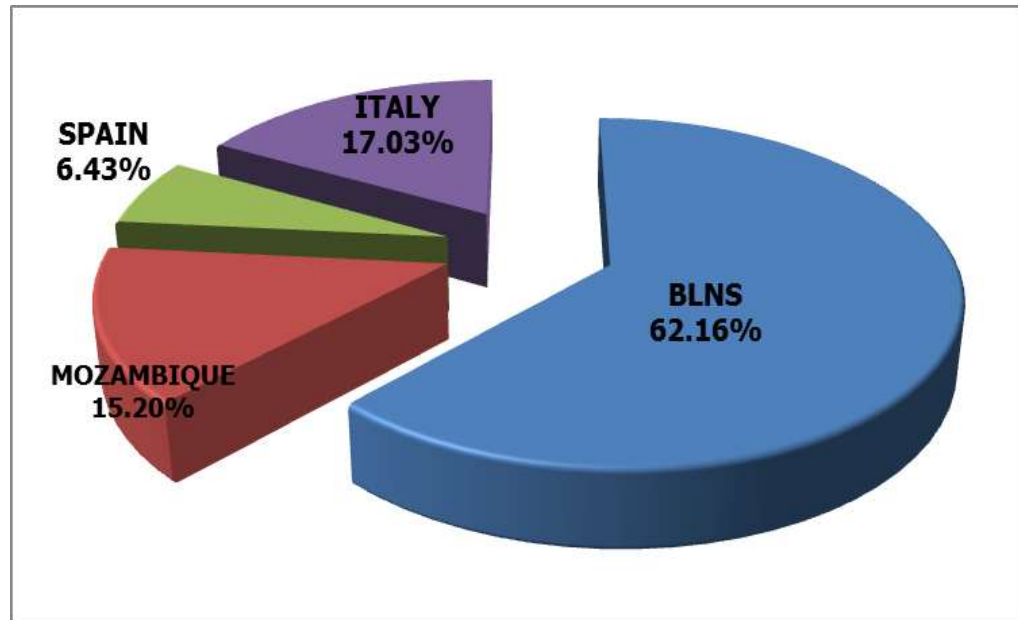


*Projection



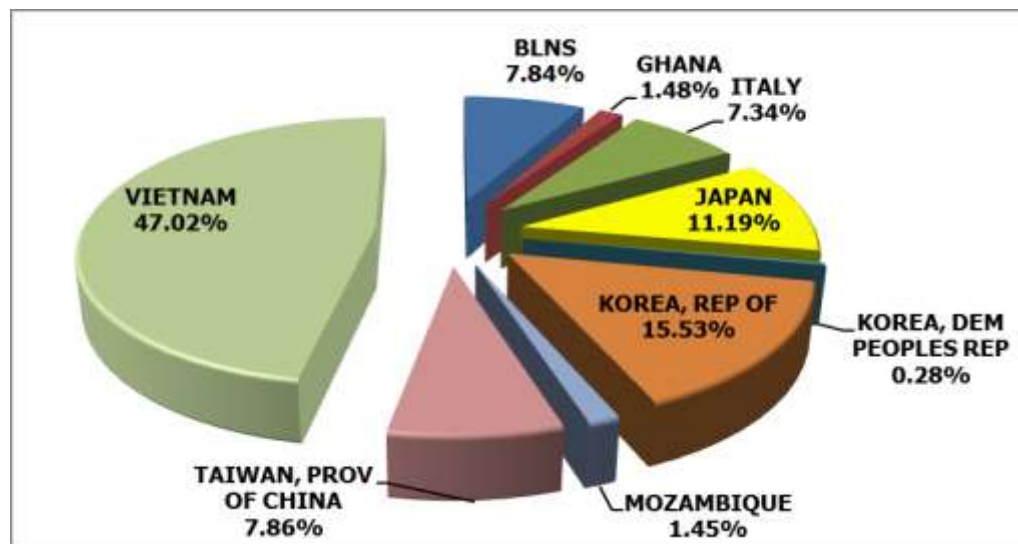
- The exports of white maize for the 2018/19 marketing year are projected 518 000 tons, which represents a decrease of 39,20% compared to the 851 969 tons of the previous marketing year. Yellow maize exports are projected at 1,640 million tons, which represents an increase of 0,63% compared to the 1,630 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 30 November 2018, progressive white maize exports amount to 273 387 tons, with the main destinations being BLNS Countries (62,16% or 169 929 tons), Italy (17,03% or 46 551 tons), Mozambique (14,39% or 39 331 tons), and Spain (6,43% 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 30 November 2018, progressive yellow maize exports amount to 1,354 million tons, with the main destinations being Vietnam (47,02% or 636 648 tons), Republic of Korea (15,53% or 210 336 tons), Japan (11,19% or 151 517 tons), Taiwan, Province of China (7,86% or 106 398 tons), BLNS (7,84% or 106 201 tons), Italy (7,34% or 99 450 tons), Ghana (1,48% or 20 000 tons), Mozambique (1,45% or 19 656 tons) and Democratic Peoples Republic of Korea (0,28% or 3 818 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 5,1% in October 2018, up from 4,9% in September 2018. The consumer price index increased by 0,5% month-on-month in October 2018.
- The main contributors to headline annual consumer price inflation were as follows:
 - Food and non-alcoholic beverages decreased from 0,7% in September 2018 to 0,6% in October. The index increased by 3,4% year-on-year;
 - Alcoholic beverages and tobacco decreased from 0,3% in September 2018 to 0,2% in October. The index increased by 4,2% year-on-year;
 - Transport increased from 1,2% in September 2018 to 1,5% in October. The index increased by 10,5% year-on-year; and
 - Miscellaneous goods and services decreased from 0,9% in September 2018 to 0,8% in October. The index increased by 5,4% year-on-year.
- The main contributor to headline monthly consumer price inflation is as follows:
 - Transport contributed 0,4%. The index increased by 2,6% month-on-month, mainly because of fuel (6,1%).
- In October the CPI for goods increased by 5,1% year-on-year (up from 4,8% in September) and the CPI for services increased by 5,1% year-on-year (down from 5,2% in September).
- Provincial annual inflation rates ranged from 4,0% in Limpopo to 5,4% in Western Cape.

4.2 Producer Price Index (PPI)

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

4.3 Future contract prices

Table 4: Closing prices on Thursday, 6 December 2018

	6 December 2018	6 November 2018	% Change
RSA White Maize per ton (Dec. 2018 contract)	R2 499,00	R2 476,00	0,93
RSA Yellow Maize per ton (Dec. 2018 contract)	R2 464,00	R2 456,00	0,33
RSA Wheat per ton (Dec. 2018 contract)	R4 245,00	R4 387,00	-3,24
RSA Sunflower seed per ton (Dec. 2018 contract)	R5 200,00	R5 156,00	0,85
RSA Soya-beans per ton (Dec. 2018 contract)	R4 734,00	R4 639,00	2,05
Exchange rate R/\$	R14,09	R14,24	-1,05

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- October 2018 tractor sales of 817 units were significantly (14%) more than the 717 units sold in October 2017. On a year-to-date basis, tractor sales for the first ten months of the year are now almost 8% up on 2017. October 2018 combine harvester sales of 29 units were nine units more than the 20 units sold in October 2017. On a year-to-date basis combine harvester sales are now 2% up on 2017.
- The latest intentions to plant from the Crop Estimates Committee show that the expected plantings of the two major crops, maize and soya beans, are likely to be significantly up on last year. Thus, white maize plantings are estimated to be 8% up, yellow maize 2% up and soya beans also 8% up. The buoyant equipment market is being bolstered by farmers taking advantage of lower-priced stock ahead of probable price increases coming soon. However, input costs and financial constraints are both considerations which farmers have had to factor into their planning for the season ahead.
- 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 5: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	October			October		
	2018	2017	2018	2017		
Tractors	817	717	13,95	5 852	5 435	7,67
Combine harvesters	29	20	45,00	185	181	2,21

Source: SAAMA press release, November 2018

PLEASE NOTE: The Food Security Bulletin for December 2018 will be released on **16 January 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
- 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