MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: AUGUST 2019

Issued: 4 September 2019

Directorate: Statistics and Economic Analysis

Highlights:

- **During August 2019, significant rainfall events were limited to south-western areas of the Western Cape and along the east coast.**
- **The expected production of wheat is 1,916 million tons, which is 2,6% more than the previous seasons' crop of 1,868 million tons.**
- **The projected closing stocks of wheat for the current 2018/19 marketing year are 552 834 tons, which includes imports of 1,4 million tons. It is also 23,4% less than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2019/20 marketing year are 520 184 tons, which includes imports of 1,5 million tons. It is also 5,9% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2019 is 11,017 million tons, which is 11,9% less than the 12,510 million tons of the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,583 million tons, which is 40,6% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 56 810 tons, which is 9,5% more than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 93 405 tons, which is 22,3% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 233 386 tons, which is 53,5% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in July 2019 was lower at 4,0%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,9% in July 2019.**
- **July 2019 tractor sales of 368 units were sharply (30%) lower than the 525 units sold in July 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for August 2019

During August 2019, significant rainfall events were limited to the south-western areas of the Western Cape and along the east coast (**Figure 1**). Comparing rainfall totals to the long term average for August 2019, below-normal rainfall was received countrywide (**Figure 2**). (Source - Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall(mm) for August 2019

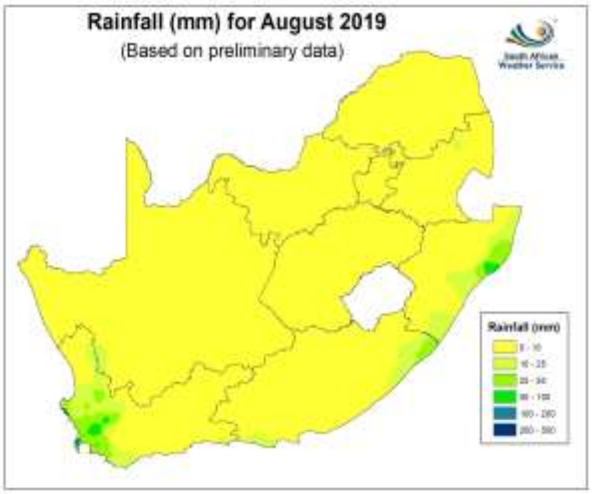
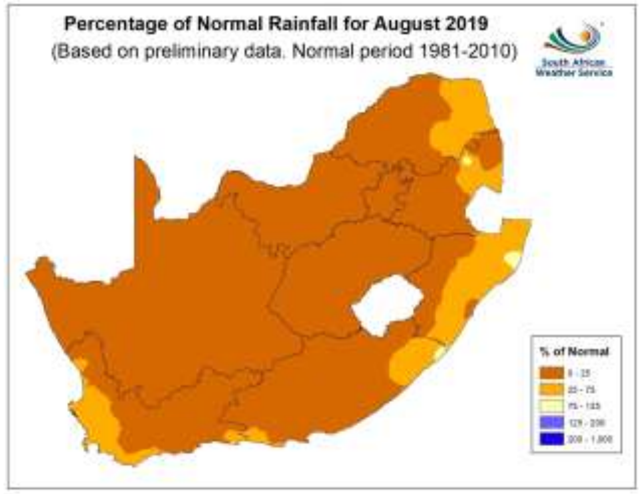


Figure 2: Percentage rainfall for August 2019



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 and north-eastern parts of the country. Early-summer (Nov-Dec-Jan), however, indicates that above-normal rainfall is more likely for the same areas. The threshold forecasts mainly indicate a higher number of rainfall days during the late-spring and early-summer seasons, further adding to the uncertainty of rainfall forecasts for the start of the summer season. With regards to temperatures, mostly higher than normal temperatures are expected for the northern most parts of the country from spring through to early-summer.

1.2 Level of dams

Available information on the level of South Africa's dams on 2 September 2019 indicates that the country has approximately 68% of its full supply capacity (FSC) available, which is 9% less than the corresponding period in 2018. The dam levels in the Western Cape Province show an improvement of 8% 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 Mpumalanga with -12% and Free State with -11%.

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

Table 1: Level of dams, 2 September 2019

Province	Net FSC million cubic meters	2/9/2019 (%)	Last Year (2018) (%)	% Increase/Decrease 2019 vs. 2018
Eastern Cape	1 810	**55**	60	-5,0
Free State	15 653	**81**	92	-11,0
Gauteng	128	**90**	99	-9,0
KwaZulu-Natal	4 784	**58**	62	-4,0
Lesotho	2 363	**23**	43	-20,0
Limpopo	1 522	**55**	69	-14,0
Mpumalanga	2 539	**65**	77	-12,0
North West	867	**62**	67	-5,0
Northern Cape	147	**82**	90	-8,0
Western Cape	1 866	**66**	58	8,0
Total	**31 678**	**68**	**77**	**-9,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops

The area planted estimate and seventh production forecast of summer grains for the 2019 season was released by the Crop Estimates Committee (CEC) on 27 August 2019, and is as follows:

Table 2: Commercial summer crops: Area planted and 7th production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**7th forecast 2019 Tons (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
White maize	**1 298 400**	**5 572 240**	1 268 100	6 540 000	-14,80
Yellow maize	**1 002 100**	**5 444 420**	1 050 750	5 970 000	-8,80
Total Maize	**2 300 500**	**11 016 660**	2 318 850	12 510 000	-11,94
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**	**18 880**	56 300	57 000	-66,88
Sorghum	**50 500**	**147 300**	28 800	115 000	28,09
Dry beans	**59 300**	**66 355**	53 360	69 360	-4,33
Total	**3 676 200**	**13 100 480**	3 846 010	15 153 360	-13,55

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 11 016 660 tons, which is 11,94% or 1 493 340 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 4,79 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 5 572 240 tons, which is 14,80% or 967 760 tons less than the 6 540 000 tons of last season. The yield for white maize is 4,29 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 5 444 420 tons, which is 8,80% or 525 580 tons less than the 5 970 000 tons of the previous season. The yield for yellow maize is 5,43 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 1170 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 66,88% or 36 120 tons, from 57 000 tons to 18 880 tons. The expected yield is 0,94 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 28,09% or 32 300 tons, from 115 000 tons to 147 300 tons. The expected yield is 2,92 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 eighth production forecast for summer field crops for 2019 will be released on 26 September 2019.

2.2 Winter cereal crops

The revised area estimate and first production forecast of winter grains for the 2019 season was also released by the Crop Estimates Committee (CEC) on 27 August 2019, and is as follows:

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

CROP	**Area planted 2019 Ha (A)**	**1st forecast 2019 Ha (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Wheat	**537 000**	**1 915 650**	503 350	1 868 000	2,55
Malting barley	**131 960**	**401 460**	119 000	421 500	-4,75
Canola	**74 000**	**103 600**	77 000	104 500	-0,86
Cereal oats	**25 000**	**40 000**	19 235	32 700	22,32

- The expected production of **wheat** is 1 915 650 tons, which is 2,55% or 47 650 tons more than the previous seasons' crop of 1 868 000 tons, whilst the expected yield is 3,57 t/ha.
- The expected production in the Western Cape is 861 250 tons (45%), which is 29 250 tons less than the 890 500 tons produced in the previous season. In the Free State, the expected production is 462 500 tons (24%), which is 77 500 tons more than the previous seasons' crop of 385 000 tons. In the Northern Cape, 281 250 tons (15%) is expected to be produced – 13 250 tons less than the 294 500 tons produced in the previous season.
- The area estimate for wheat was revised to 537 000 ha, which is 33 650 ha higher than the 503 350 ha of the previous season. An estimated 325 000 ha or 61% is planted in the Western Cape, 125 000 ha or 23% in the Free State and 37 500 ha or 7% in the Northern Cape.
- The production forecast for **malting barley** is 401 460 tons, which is 4,75% or 20 040 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 3,04 t/ha.
- The expected **canola** crop is 103 600 tons, which is 0,86% or 900 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 1,40 t/ha.
- The revised area estimate for **oats** (cereals) for the 2019 season is 25 000 ha, which is 5 765 ha more than the previous seasons' planting of 19 235 ha. The expected crop is 40 000 tons, representing an increase of 7 300 tons compared to the 32 700 tons of 2018. The expected yield is 1,60 t/ha.

Please note that the second production forecast for winter cereals for 2019 will be released on 26 September 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

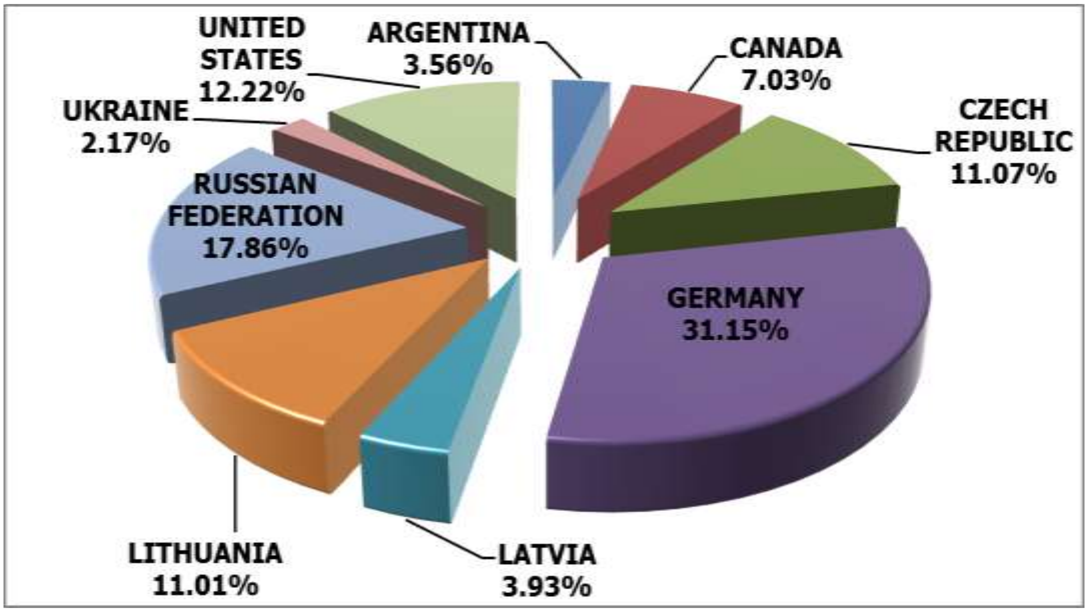
- The area planted to maize in the non-commercial agricultural sector is estimated at 296 000 ha, which represents a decrease of 5,98%, compared to the 314 835 ha of the previous season. The expected maize crop for this sector is 549 180 tons, which is 7,54% less than the 593 975 tons of last season. 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 AUG19 Annexure A.

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

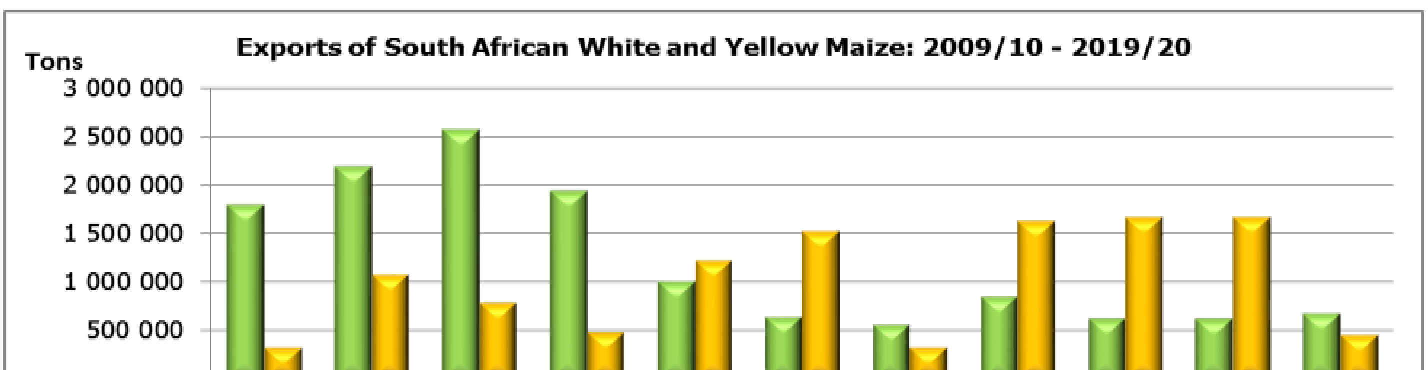
Graph 1: Major countries of wheat imports to South Africa: 2018/19 marketing year



- The progressive wheat imports for the 2018/19 marketing year (29 September 2018 to 23 August 2019) amount to 999 072 tons, with 31,15% or 311 208 tons imported from the Germany, 17,86% or 178 434 tons from the Russian Federation, 12,22% or 122 131 tons from the United States, 11,07% or 110 601 tons from the Czech Republic, 11,01% or 109 980 tons from Lithuania, 7,03% or 70 243 tons from Canada, 3,93% or 39 270 tons from Latvia, 3,56% or 35 519 tons from Argentina and only 2,17% or 21 686 tons from the Ukraine. The exports of wheat for the above-mentioned period amount to 103 198 tons, of which 53,01% or 54 707 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)), 26,34% or 27 180 tons to Zimbabwe, 19,11% or 19 717 tons to Zambia and 1,54% 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

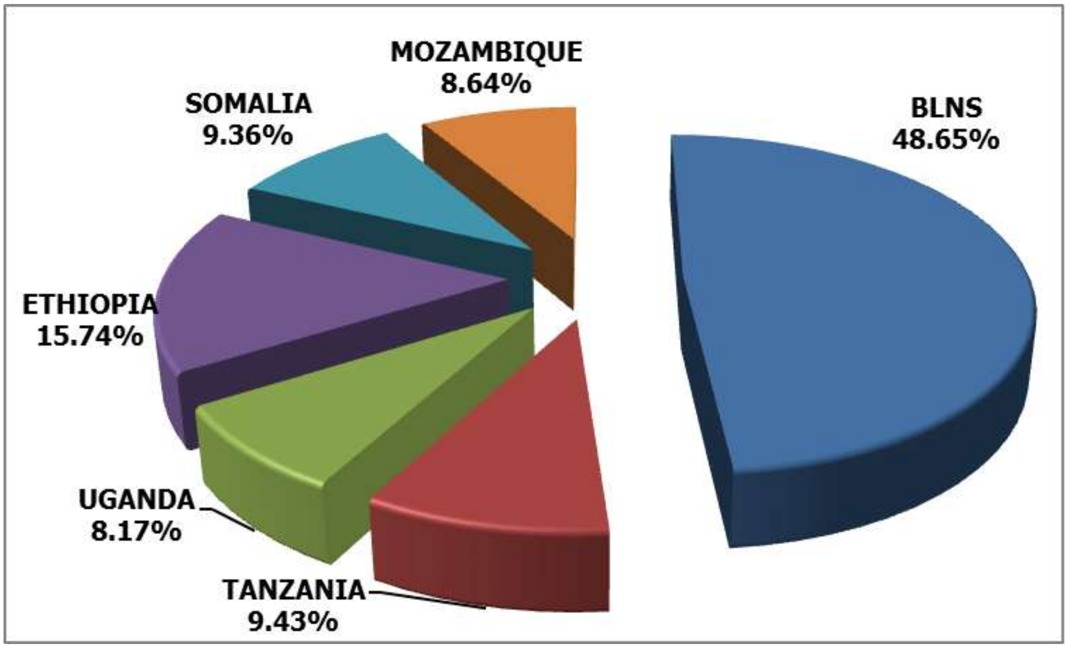


	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*
White maize	1 796 000	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	676 000
Yellow maize	319 000	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	450 000

*Projection

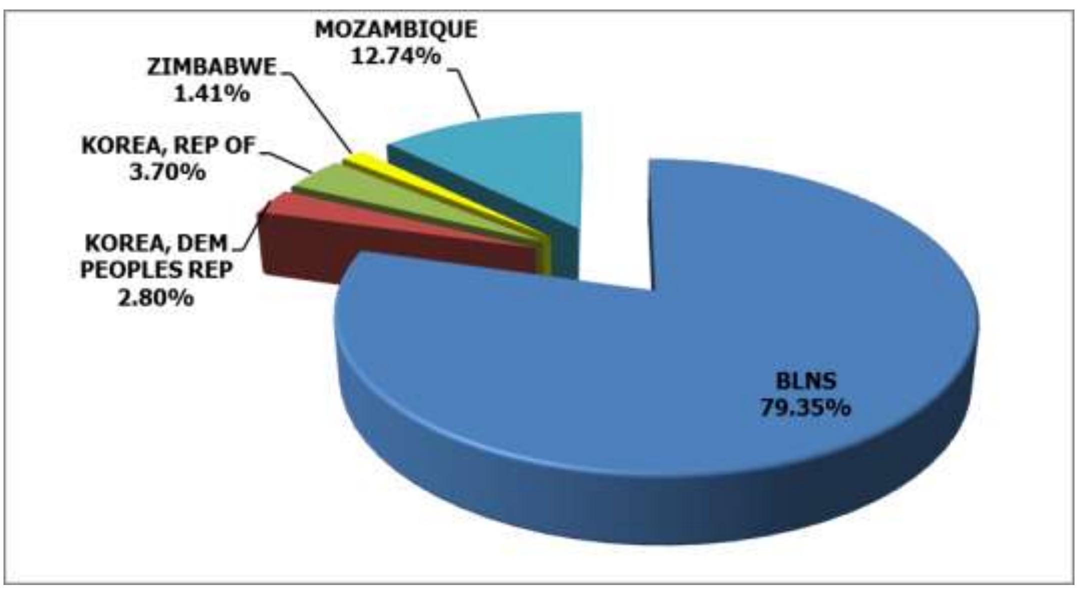
- The exports of white maize for the 2019/20 marketing year are projected at 676 000 tons, which represents an increase of 9,62% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 460 000 tons, which represents a decrease of 73,01% 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 23 August 2019, progressive white maize exports amount to 244 668 tons, with the main destinations being the BLNS Countries (48,65% or 119 036 tons), followed by Ethiopia (15,74% or 38 500 tons), Somalia (9,36% or 22 900 tons), Tanzania (9,43% or 23 082 tons), Mozambique (8,64% or 21 150 tons) and Uganda (8,17% 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 23 August 2019, progressive yellow maize exports amount to 106 944 tons, with the main destinations being the BLNS Countries (79,35% or 84 862 tons), followed by Mozambique (12,74% or 13 620 tons), Republic of Korea (3,70% or 3 958 tons), Democratic Peoples Republic of Korea (2,80% or 2 991 tons) and Zimbabwe (1,41% or 1 513 tons). The imports of yellow maize for the mentioned period amount to 172 887 tons of which 100% were from Argentina.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,0% in July 2019, down from 4,5% in June 2019. The consumer price index increased by 0,4% month-on-month in July 2019.
- The main contributors to the 4,0% annual inflation rate were as follows:
  - Food and non-alcoholic beverages increased by 3,4% year-on-year, and contributed 0,6% to the total CPI annual rate of 4,0%;
  - Housing and utilities increased by 5,1% year-on-year, and contributed 1,2%; and
  - Miscellaneous goods and services increased by 5,6% year-on-year, and contributed 0,9%.
- The main contributors to the monthly increase in the CPI were housing and utilities, which increased by 2,4% month-on-month and contributed 0,6%; and transport, which decreased by -1,5% month-on-month and contributed -0,2%.
- The annual inflation rates for goods and for services were 3,4% and 4,7% respectively. Provincial annual inflation rates ranged from 3,6% in North West to 4,8% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 4,9% in July 2019, down from 5,8% in June 2019. The producer price index decreased by 0,2% month-on-month in July 2019.
- The main contributors to the headline PPI annual inflation rate were as follows:
  - Food products, beverages and tobacco products increased by 5,1% year-on-year and contributed 1,7%;
  - Coke, petroleum, chemical, rubber, as well as plastic products increased by 4,0% year-on-year and contributed 0,9%; and
  - Metals, machinery, equipment, as well as computing equipment increased by 5,6% year-on-year and contributed 0,8%.
- The main contributor to the headline PPI monthly rate was coke, petroleum, chemical, rubber and plastic products, which decreased by 2,0% month-on-month and contributed -0,5% to the total month-on-month decrease of -0,2%.
- The annual percentage change in the PPI for intermediate manufactured goods was 1,7% in July 2019 (compared with 4,5% in June 2019). The index decreased by 1,3% month-on-month. The main contributors to the annual rate were basic and fabricated metals (0,8%), sawmilling and wood (0,6%), as well as chemicals, rubber and plastic products (0,5%). The main contributors to the monthly rate were chemicals, rubber and plastic products (-0,6%), as well as recycling and manufacturing n.e.c. (-0,5%).
- The annual percentage change in the PPI for electricity and water was 14,5% in July 2019 (compared with 9,3% in June 2019). The index increased by 13,5% month-on-month. Electricity contributed 13,6% to the annual rate, and water contributed 0,8%. Electricity contributed 12,9% to the monthly rate, and water contributed 0,6%.
- The annual percentage change in the PPI for mining was 15,7% in July 2019 (compared with 14,6% in June 2019). The index increased by 2,8% month-on-month. The main contributors to the annual rate were gold and other metal ores (10,5%), as well as non-ferrous metal ores (8,0%). The main contributors to the monthly rate were non-ferrous metal ores (1,8%), as well as gold and other metal ores (1,1%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,1% in July 2019 (compared with -1,9% in June 2019). The index increased by 1,1% month-on-month. The main contributor to the annual rate was agriculture (-2,4%). The main contributor to the monthly rate was agriculture (0,9%).

4.3 Future contract prices

Table 5: Closing prices on Monday, 2 September 2019

	2 September 2019	2 August 2019	% Change
RSA White Maize per ton (Sep. 2019 contract)	R2 758,00	R2 917,00	-5,45
RSA Yellow Maize per ton (Sep. 2019 contract)	R2 651,00	R2 793,00	-5,08
RSA Wheat per ton (Sep. 2019 contract)	R4 639,00	R4 478,00	3,60
RSA Sunflower seed per ton (Sep. 2019 contract)	R5 434,00	R5 232,00	3,86
RSA Soya-beans per ton (Sep. 2019 contract)	R5 590,00	R5 434,00	2,87
Exchange rate R/$	R15,18	R14,68	3,41

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- July 2019 tractor sales of 368 units were sharply (30%) lower than the 525 units sold in July 2018. Year-to-date sales for the first seven months of 2019 are also significantly (22%) lower than 2018. On a rolling 12-month basis tractor sales are now 15% lower than last year. July 2019 combine harvester sales of eight units were four units down on the 12 units sold in July 2018. Year-to-date combine harvester sales are now almost 13% down on last year. On a rolling 12-month basis combine harvester sales are now 4% down on last year.
- Two main factors are holding sales back. Firstly, uncertainty in the market caused by the current political environment, exchange rates and final crop harvests. Secondly, farmers are very wary about their cash flow situation. The current industry perspective is that sales should pick up towards the end of the year. Nevertheless, it is likely that tractor sales in the 2019 calendar year will be at a level between 15 and 20% below the 6 700 units sold last year.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year July 2019	Year-on-year July 2018	Percentage Change %	Year-to-date July 2019	Year-to-date July 2018	Percentage Change %
Tractors	368	525	-29,90	3 051	3 937	-22,50
Combine harvesters	8	12	-33,33	119	136	-12,50

Source: SAAMA press release, August 2019

PLEASE NOTE: The Food Security Bulletin for September 2019 will be released on **7 October 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