MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2020

Issued: 5 October 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **The weather outlook for 2020/21 production season remains favourable.**
- **The expected production of wheat for 2020 is 2,024 million tons, which is 31,9% more than the previous seasons' crop of 1,535 million tons.**
- **The projected closing stocks of wheat for the 2019/20 marketing year are 372 129 tons, which includes imports of 1,865 million tons. It is also 31,0% less than the previous years' ending stocks.**
- **The projected closing stocks of wheat for the coming 2020/21 marketing year are 437 559 tons, which includes imports of 1,640 million tons. It is also 17,6% more than the previous years' ending stocks.**
- **The expected commercial maize crop for 2020 is 15,422 million tons, which is 36,8% more than the 11,275 million tons of the previous season (2019).**
- **Projected closing stocks of maize for the current 2020/21 marketing year are 1,883 million tons, which is 88,2% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2020/21 marketing year are 42 943 tons, which is 28,9% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2020/21 marketing year are 103 485 tons, which is 23,5% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2020/21 marketing year are 121 105 tons, which is 12,5% less than the previous years' ending stocks.**
- **The annual percentage change in the CPI was lower at 3,1% in August 2020.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 2,4% in August 2020.**
- **August 2020 tractor sales of 438 units were one unit more than the 437 units sold in August 2019.**

agriculture, land reform & rural development

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1. Weather conditions

1.1 Rainfall for September 2020

The weather outlook for 2020/21 production season remains favourable. According to the latest Seasonal Climate Watch released on 25 September 2020, the South African Weather Service noted that "the El Niño-Southern Oscillation is currently in a weak La Niña state and the forecast indicates that it will most likely remain and strengthen towards a moderate La Niña state during early and midsummer". With this strong likelihood of a moderate La Niña, there are increased chances of above-normal rainfall in the summer rainfall areas during the coming summer season. The weather bureau further noted that the summer rainfall season may start with below-normal rainfall around October, but change to above-average from November 2020 through to February 2021. This is also the period that the summer grain and oilseed will require moisture the most, which means that the forecasted rainfall increases a chance of yet another good harvest in 2020/21. Moreover, the possible higher rainfall is not only conducive for summer grain and oilseed, but the entire agricultural sector. The horticulture subsector, which largely relies on irrigation will benefit from possible increased water levels in dams, while the livestock subsector could also benefit from potentially improved pastures.

1.2 Level of dams

Available information on the level of South Africa's dams on 28 September 2020 indicates that the country has approximately 64% of its full supply capacity (FSC) available, which is 1% less than the corresponding period in 2019. The dam levels in the Western and Northern Cape, Gauteng, Limpopo, North West and Mpumalanga provinces, all show improvements in the full supply capacity as compared to 2019. The remaining three provinces show decreases in the full supply capacity for the mentioned period, with -4% indicated for the Eastern Cape, -3% for the Free State and -2% for the KwaZulu-Natal Province. The provincial distribution of South Africa's water supply including Lesotho and Swaziland is contained in **Table 1** below.

Table 1: Level of dams, 28 September 2020

Province	Net FSC million cubic meters	**28/09/2020 (%)**	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	49	53	-4,0
Free State	15 653	74	77	-3,0
Gauteng	128	97	87	10,0
KwaZulu-Natal	4 784	54	56	-2,0
Lesotho	2 363	17	21	-4,0
Limpopo	1 522	59	53	6,0
Mpumalanga	2 539	66	62	4,0
North West	867	62	57	5,0
Northern Cape	147	92	82	10,0
Swaziland	334	58	75	-17,0
Western Cape	1 866	79	66	13,0
Total	**32 013**	**64**	**65**	**-1,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

The area planted and eighth production forecast of summer grains for the 2020 season was released by the Crop Estimates Committee (CEC) on 29 September 2020, and is as follows:

Table 2: Commercial summer crops: Area planted and 8th production forecast - 2020 season

CROP	**Area planted 2020 Ha (A)**	**8th Forecast 2020 Tons (B)**	Area planted 2019 Ha (C)	Final crop 2019 Tons (D)	Change 2020 vs 2019 % (B) ÷ (D)
Commercial:					
White maize	**1 616 300**	**8 801 760**	1 298 400	5 545 000	58,73
Yellow maize	**994 500**	**6 620 360**	1 002 100	5 730 000	15,54
Total Maize	**2 610 800**	**15 422 120**	2 300 500	11 275 000	36,78
Sunflower seed	**500 300**	**785 910**	515 350	678 000	15,92
Soybeans	**705 000**	**1 261 250**	730 500	1 170 345	7,77
Groundnuts	**37 500**	**50 080**	20 050	19 400	158,14
Sorghum	**42 500**	**150 885**	50 500	127 000	18,81
Dry beans	**50 150**	**64 800**	59 300	66 355	-2,34
TOTAL	**3 946 250**	**17 735 045**	3 676 200	13 336 100	32,99

Note: Estimate is for calendar year, e.g. production season 2019/20 = 2020

- **Commercial maize**: The area estimate for maize is 2 610 800 ha, which is 13,49% or 310 300 ha more than the 2 300 500 ha planted for the previous season. The expected **commercial maize** crop is 15 422 120 tons, which is 36,78% or 4 147 120 tons more than the 11 275 000 tons of the previous season (2019). The yield for maize is 5,91 t/ha.
- The area estimate for **white maize** is 1 616 300 ha, which represents an increase of 24,48% or 317 900 ha compared to the 1 298 400 ha planted last season. The production forecast of white maize is 8 801 760 tons, which is 58,73% or 3 256 760 tons more than the 5 545 000 tons of last season. The yield for white maize is 5,45 t/ha.
- In the case of **yellow maize,** the area estimate is 994 500 ha, which is 0,76% or 7 600 ha less than the 1 002 100 ha planted last season. The yellow maize production forecast is 6 620 360 tons, which is 15,54% or 890 360 tons more than the 5 730 000 tons of last season. The yield for yellow maize is 6,66 t/ha.
- The area estimate for **sunflower seed** is 500 300 ha, which is 2,92% or 15 050 ha less than the 515 350 ha planted the previous season. The production forecast for sunflower seed is 785 910 tons, which is 15,92% or 107 910 tons more than the 678 000 tons of the previous season. The expected yield is 1,57 t/ha.
- It is estimated that 705 000 ha have been planted to **soybeans**, which represents a decrease of 3,49% or 25 500 ha compared to the 730 500 ha planted last season. The production forecast is 1 261 250 tons, which is 7,77% or 90 905 tons more than the 1 170 345 tons of the previous season. The expected yield is 1,79 t/ha.
- For **groundnuts**, the area estimate is 37 500 ha, which is 87,03% or 17 450 ha more than the 20 050 ha planted for the previous season. The expected crop is 50 080 tons – which is 158,14% or 30 680 tons more than the 19 400 tons of last season. The expected yield is 1,34 t/ha.
- The area estimate for **sorghum** decreased by 15,84% or 8 000 ha, from 50 500 ha to 42 500 ha against the previous season. The production forecast for sorghum is 150 885 tons, which is 18,81% or 23 885 tons more than the 127 000 tons of the previous season. The expected yield is 3,55 t/ha.
- For **dry beans**, the area estimate is 50 150 ha, which is 15,43% or 9 150 ha less than the 59 300 ha planted for the previous season. The production forecast is 64 800 tons, which is 2,34% or 1 555 tons less than the 66 355 tons of the previous season. The expected yield is 1,29 t/ha.

Please note that the nineth production forecast for summer field crops for 2020 will be released on 28 October 2020.

2.2 Winter cereal crops - 2019

The revised area planted and second production forecast of winter cereals for the 2020 production season was also released by the CEC on 29 September 2020, and is as follows:

Table 3: Commercial winter crops: Revised area planted and 2nd production forecast - 2020 season

CROP	**Area planted 2020 Ha (A)**	**2nd forecast 2020 Tons (B)**	Area planted 2019 Ha (C)	Final crop 2019 Tons (D)	Change % (B) ÷ (D)
Wheat	**509 800**	**2 024 030**	540 000	1 535 000	31,86
Malting barley	**141 690**	**520 106**	131 960	345 000	50,76
Canola	**74 120**	**126 520**	74 000	95 000	33,18
Cereal oats	**26 200**	**44 900**	21 000	16 500	172,12

- The expected production of **wheat** is 2,024 million tons, which is 31,86% or 489 030 tons more than the previous seasons' crop of 1,535 million tons, whilst the expected yield is 3,97 t/ha. This is the largest expected wheat crop since the 2,130 million tons of the 2008 season.
- The expected production in the Western Cape is 978 000 tons (48%), which is 328 000 tons more than the 650 000 tons produced in the previous season. In the Free State, the expected production is 441 800 tons (22%), which is 115 800 tons more than the previous seasons' crop of 326 000 tons. In the Northern Cape, 277 500 tons (14%) is expected to be produced – 15 000 tons more than the 262 500 tons produced in the previous season.
- The area estimate for wheat was revised to 509 800 ha, which is 5,59% or 30 200 ha less than the 540 000 ha of the previous season. An estimated 326 000 ha or 64% is planted in the Western Cape, 94 000 ha or 18% in the Free State and 37 000 ha or 7% in the Northern Cape.
- The production forecast for **malting barley** is 520 106 tons, which is 50,76% or 175 106 tons more than the previous seasons' crop of 345 000 tons. The area planted is estimated at 141 690 ha, while the expected yield is 3,67 t/ha.
- The expected **canola crop** is 126 520 tons, which is 33,18% or 31 520 tons more than the previous seasons' crop of 95 000 tons. The area estimate for canola is 74 120 ha, with an expected yield of 1,71 t/ha.
- The revised area estimate for **oats (cereals)** for the 2020 season is 26 200 ha and the expected crop is 44 900 tons. The expected yield is 1,71 t/ha.

Please note that the area planted and third production forecast of winter cereals for 2020 will also be released on 28 October 2020.

2.3 Non-commercial maize

The CEC also released the preliminary area planted and production estimate of the non-commercial maize sector on 27 May 2020:

Table 4: Non-commercial maize: Preliminary area planted and production estimate - 2020 season

CROP	**Area planted 2020 Ha (A)**	**Production 2020 Tons (B)**	Area planted 2019 Ha (C)	Final crop 2019 Tons (D)	Change % (B) ÷ (D)

Non-commercial agriculture:					
White maize	**221 945**	**375 295**	221 300	379 460	-1,10
Yellow maize	**75 515**	**168 250**	74 700	169 720	-0,87
Maize	**297 460**	**543 545**	296 000	549 180	-1,03

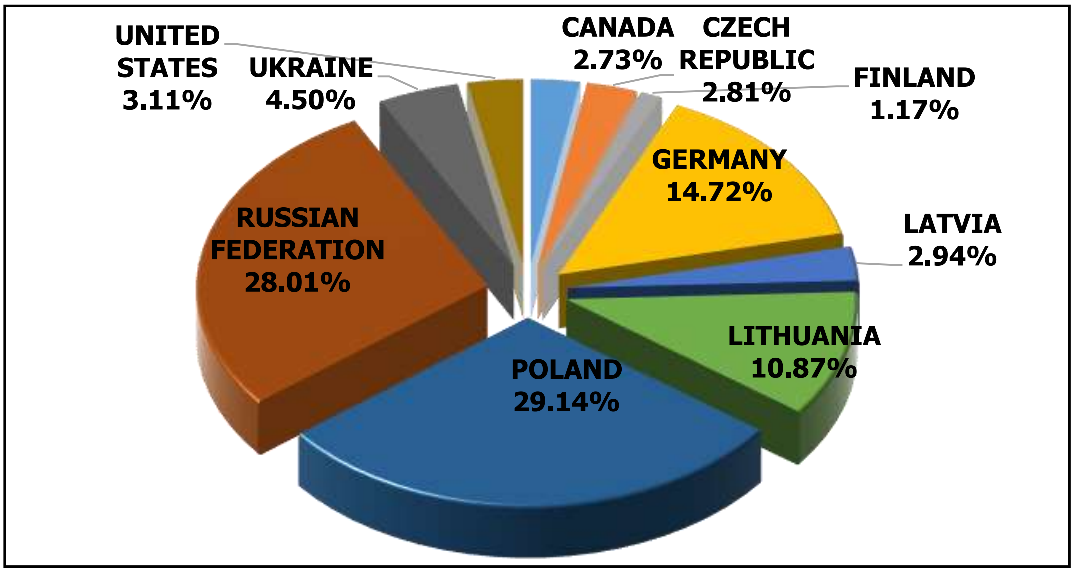
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 297 460 ha, which represents a slight increase of 0,49%, compared to the 296 000 ha of the previous season. The expected maize crop for this sector is 543 545 tons, which is 1,03% less than the 549 180 tons 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, 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 SEP20 Annexure A.

3.1 Imports and exports of wheat for the 2019/20 marketing year

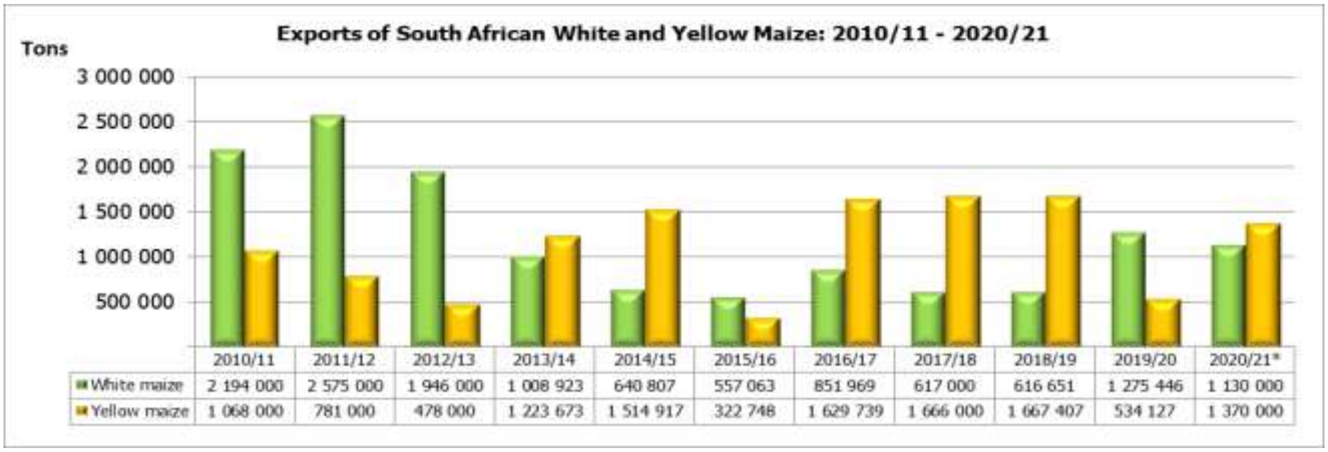
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports (human consumption) for the 2019/20 marketing year (28 September 2019 to 25 September 2020) amount to 1 864 881 tons, with 29,14% or 543 334 tons from Poland, followed by 28,01% or 522 321 tons from the Russian Federation, 14,72% or 274 545 tons from Germany, 10,87% or 202 656 tons imported from Lithuania, 4,50% or 83 906 tons from Ukraine, 3,11% or 58 091 tons from United States, 2,94% or 54 803 tons from Latvia, 2,81% or 52 365 tons from the Czech Republic, 2,73% or 51 000 tons from Canada and 1,17% or 21 860 tons from Finland. The exports of wheat (human consumption) for the above-mentioned period amount to 81 403 tons, of which 48,61% or 39 573 tons to Zambia, 39,63% or 32 258 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)) and 11,76% or 9 572 tons went to Zimbabwe.

3.2 Exports of white and yellow maize

Graph 2: Exports of South African white and yellow maize for the 2010/11 to 2020/21 marketing year

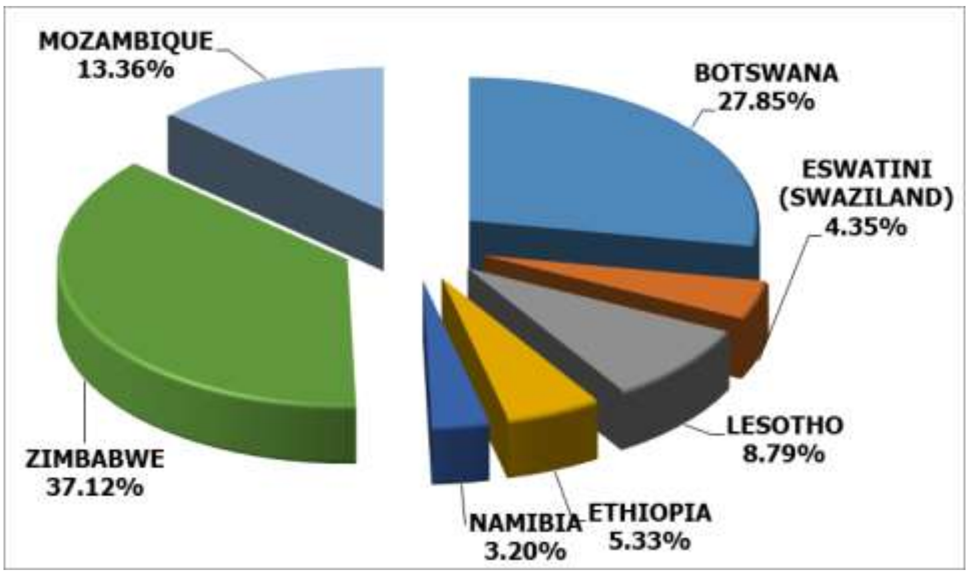


	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
White maize	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	1 275 446	1 130 000
Yellow maize	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	534 127	1 370 000

*Projection

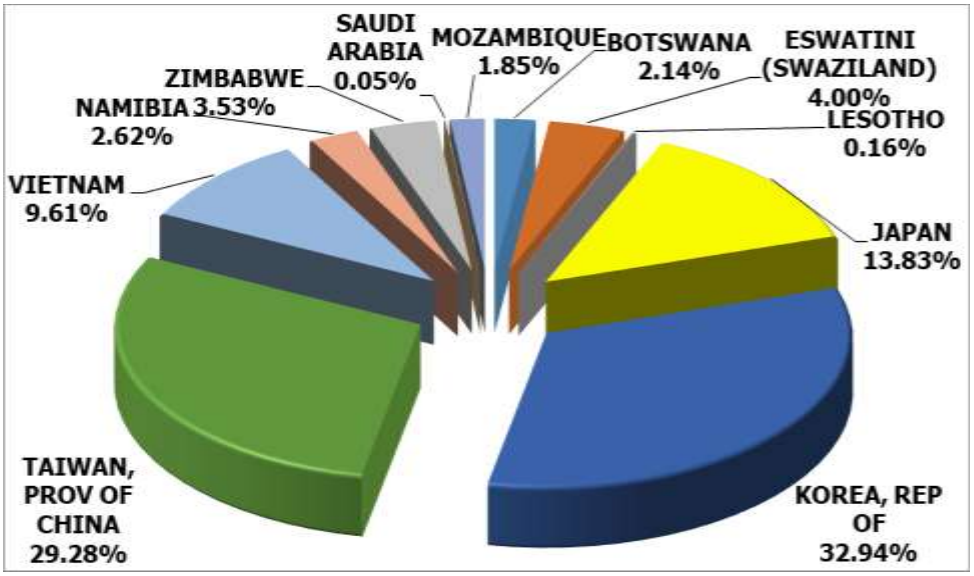
- The exports of white maize for the 2020/21 marketing year are projected at 1,130 million tons, which represents a decrease of 11,40% or 145 446 tons compared to the 1,275 million tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 1,370 million tons, which represents an increase of 156,49% or 835 873 tons compared to the 534 127 tons of the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2020/21 marketing year



- From 25 April to 25 September 2020, progressive white maize exports for the 2020/21 marketing year amount to 375 604 tons, with the main destinations being Zimbabwe (37,12% or 139 431 tons), followed by Botswana (27,85% or 104 620 tons), Mozambique (13,36% or 50 173 tons), Lesotho (8,79% or 33 027 tons), Ethiopia (5,33% or 20 014 tons), Eswathini (Swaziland) (4,35% or 16 331 tons) and Namibia (3,20% or 12 008 tons). The imports of white maize for the mentioned period amount to zero.

Graph 4: Major countries of yellow maize exports from South Africa: 2020/21 marketing year



- From 25 April to 25 September 2020, progressive yellow maize exports for the 2020/21 marketing year amount to 1,104 million tons, with the main destinations being Korea, Republic of (32,94% or 363 625 tons), followed by Taiwan, Province of China (29,28% or 323 189 tons), Japan (13,83% or 152 610 tons), Vietnam (9,61% or 106 068 tons), Eswathini (Swaziland) (4,00% or 44 182 tons), Zimbabwe (3,53% or 38 969 tons), Namibia (2,62% or 28 929 tons), Botswana (2,14% or 23 636 tons), Mozambique (1,85% or 20 372 tons), Lesotho (0,16% or 1 714 tons) and Saudi Arabia (0,05% or 518 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 3,1% in August 2020, down from 3,2% in July 2020. The consumer price index increased by 0,2% month-on-month in August 2020.
- The main contributors to the 3,1% 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 3,1%;
    - Housing and utilities increased by 3,1% year-on-year, and contributed 0,8%: and
    - Miscellaneous goods and services increased by 6,6% year-on-year, and contributed 1,1 %.
- The annual inflation rates for goods and for services were 2,2% and 3,9%, respectively. Provincial annual inflation rates ranged from 2,7% in Gauteng to 3,8% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 2,4% in August 2020, up from 1,9% in July 2020. The producer price index increased by 0,7% month-on-month in August 2020.
- The main contributors to the headline PPI annual inflation rate were as follows:
    - Food products, beverages and tobacco products increased by 3,4% year-on-year and contributed 1,2%; and
    - Transport equipment increased by 8,1% year-on-year and contributed 0,8%.
- The main contributors to the headline PPI monthly increase were food products, beverages and tobacco products, which increased by 0,5% month-on-month and contributed 0,2%; and metals, machinery, equipment and computing equipment, which increased by 1,2% month-on-month and contributed 0,2%.
- The annual percentage change in the PPI for electricity and water was 6,7% in August 2020 (compared with 8,1% in July 2020). The index decreased by 2,2% month-on-month. Electricity contributed 5,9% to the annual rate, and water contributed 0,8%. Electricity contributed -2,2% to the monthly rate.

- The annual percentage change in the PPI for mining was 26,6% in August 2020 (compared with 29,6% in July 2020). The index increased by 4,1% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (18,3%), as well as gold and other metal ores (8,0%). The main contributors to the monthly rate were non-ferrous metal ores (2,4%) and gold and other metal ores (1,8%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 6,5% in August 2020 (compared with 2,5% in July 2020). The index increased by 2,4% month-on-month. The contributors to the annual rate were agriculture (5,8%) and fishing (0,7%). The contributors to the monthly rate were agriculture (2,3%) and fishing (0,1%).

4.3 Future contract prices

Table 5: Closing prices on Thursday, 1 October 2020

	1 October 2020	1 September 2020	% Change
RSA White Maize per ton (Oct. 2020 contract)	R3 327,00	R3 097,00	7,43
RSA Yellow Maize per ton (Oct. 2020 contract)	R3 274,00	R3 072,00	6,58
RSA Wheat per ton (Oct. 2020 contract)	R5 029,00	R5 000,00	0,58
RSA Sunflower seed per ton (Oct. 2020 contract)	R7 403,00	R7 070,00	4,71
RSA Soya-beans per ton (Oct. 2020 contract)	R8 150,00	R7 512,00	8,49
Exchange rate R/$	R16,59	R16,67	-0,48

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- August 2020 tractor sales of 438 units were one unit more than the 437 units sold in August 2019. On a year-to-date basis tractor sales are now only 3% lower than the same period last year. In August 2020 there were 13 combine harvester sales, compared to no sales in August 2019. On a year-to-date basis combine harvester sales are now 18% higher than the same period last year.
- Although there were quality problems with some of the summer crops, due to the late rains, yields were generally good. This, together with good winter crop prospects and encouraging predictions for the forthcoming summer cropping season has led to overall sentiment in the agricultural industry being positive. This trend is likely to continue in the short term. However, future sales levels will still be affected by the availability of older, lower-priced stock and the effect of the rand rate of exchange on future equipment prices. Overall estimates for the 2020 calendar year are now certainly looking better, with sales likely be at similar levels to those in 2019.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year August 2020	Year-on-year August 2019	Percentage Change %	Year-to-date August 2020	Year-to-date August 2019	Percentage Change %
Tractors	438	437	0,22	3 395	3 488	-2,67
Combine harvesters	13	0	-	141	119	18,49

Source: SAAMA press release, September 2020

PLEASE NOTE: The Food Security Bulletin for October 2020 will be released on **5 November 2020**.

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