MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JANUARY 2020

Issued: 5 February 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **During January 2020, significant rainfall events were limited to the eastern half of the country, as well as to the southern coastal areas.**
- **The expected production of wheat is 1,502 million tons, which is 19,6% 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 447 454 tons, which includes imports of 1,820 million tons. It is also 17,0% less than the previous years' ending stocks.**
- **The preliminary area estimate for maize is 2,535 million ha, which is 10,2% more than the 2,301 million ha planted for the previous season.**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,536 million tons, which is 42,3% less than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2019/20 marketing year are 57 922 tons, which is 11,7% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2019/20 marketing year are 92 635 tons, which is 22,9% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2019/20 marketing year are 285 586 tons, which is 43,1% less than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in December 2019 was higher at 4,0%.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 3,4% in December 2019.**
- **December 2019 tractor sales of 349 units were significantly (20%) less than the 434 units sold in December 2018.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for January 2020

During January 2020, significant rainfall events were limited to the eastern half of the country, as well as to the southern coastal areas (**Figure 1**). Comparing rainfall totals to the long term average for January 2020, the rainfall received was below-normal over the western half of the country while the eastern half, as well as the southern coastal areas received near-normal to above-normal rainfall (**Figure 2**). (Source - Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall(mm) for January 2020

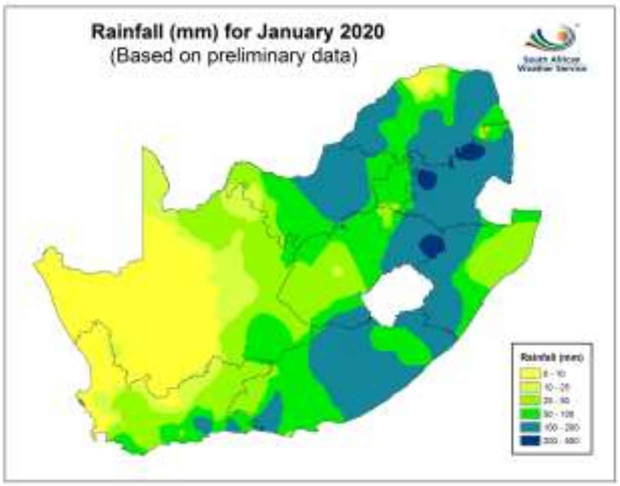
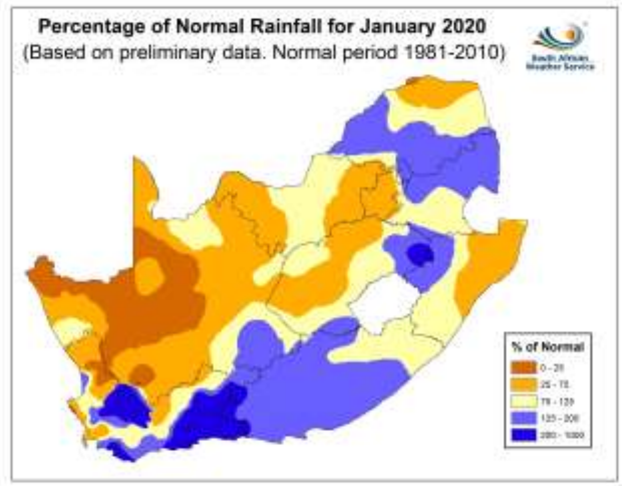


Figure 2: Percentage rainfall for January 2020



1.2 Level of dams

Available information on the level of South Africa's dams on 3 February 2020 indicates that the country has approximately 62% of its full supply capacity (FSC) available, which is the same percentage as the corresponding period in 2019. The dam levels in the Northern Cape, Gauteng, North West, Mpumalanga, the Western Cape and KwaZulu-Natal provinces, all show improvements in the full supply capacity as compared to 2019. The Limpopo province shows a constant full supply capacity as compared to 2019. The remaining two provinces show decreases in the full supply capacity for the mentioned period, with the largest decrease indicated in the Eastern Cape with -8%, followed by the Free State with -1%. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 3 February 2020

Province	Net FSC million cubic meters	**3/02/2020 (%)**	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	49	57	-8,0
Free State	15 653	69	70	-1,0
Gauteng	128	103	94	9,0
KwaZulu-Natal	4 784	58	55	3,0
Lesotho	2 363	23	31	-8,0
Limpopo	1 522	61	61	-
Mpumalanga	2 539	74	68	6,0
North West	867	67	58	9,0
Northern Cape	147	74	63	11,0
Western Cape	1 866	52	47	5,0
Total	**31 679**	**62**	**62**	**0,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

The preliminary area planted estimate of summer grains for the 2020 season was released by the Crop Estimates Committee (CEC) on 29 January 2020, and is as follows:

Table 2: Commercial summer crops: Preliminary area planted estimate - 2020 season

CROP	**Area planted 2020 Ha (A)**	Intentions[1)] 2020 Ha (B)	Area planted 2019 Ha (C)	Final estimate 2019 Tons (D)	Change 2020 vs 2019 % (A) ÷ (C)
Commercial:					
White maize	**1 514 800**	1 431 900	1 298 400	5 538 240	16,67
Yellow maize	**1 020 500**	1 087 400	1 002 100	5 719 610	1,84
Total Maize	**2 535 300**	2 519 300	2 300 500	11 257 850	10,21
Sunflower seed	**551 500**	538 500	515 350	680 940	7,01
Soybeans	**757 000**	745 500	730 500	1 170 345	3,63
Groundnuts	**37 100**	48 000	20 050	20 030	85,04
Sorghum	**36 300**	43 100	50 500	130 875	-28,12
Dry beans	**51 450**	52 500	59 300	66 355	-13,24
TOTAL	**3 968 650**	3 946 900	3 676 200	13 326 395	7,96

1) As mid October 2019 Note: Estimate is for calendar year, e.g. production season 2019/20 = 2020

- **Commercial maize**: The preliminary area estimate for maize is 2,535 million ha, which is 10,21% or 234 800 ha more than the 2,301 million ha planted for the previous season, and also 0,64% or 16 000 ha more than the intentions to plant figure of 2,519 million ha released in October 2019.
- The preliminary area estimate for **white maize** is 1,515 million ha, which represents an increase of 16,67% or 216 400 ha compared to the 1,298 million ha planted last season. In the case of **yellow maize** the area estimate is 1,020 mill. ha, which is 1,84% or 18 400 ha more than the 1,002 million ha planted last season.
- **Sunflower seed**: The preliminary area estimate for sunflower seed is 551 500 ha, which is 7,01% or 36 150 ha more than the 515 350 ha planted the previous season.
- It is estimated that 757 000 ha have been planted to **soybeans**, which represents an increase of 3,63% or 26 500 ha compared to the 730 500 ha planted last season.
- For **groundnuts**, the area estimate is 37 100 ha, which is 85,04% or 17 050 ha more than the 20 050 ha planted for the previous season.
- The area estimate for **sorghum** decreased by 28,12%, from 50 500 ha to 36 300 ha against the previous season.
- For **dry beans**, the area estimate is 51 450 ha, which is 13,24% or 7 850 ha less than the 59 300 ha planted for the previous season.

Please note that the revised area planted and the first production forecast for summer field crops for 2020 will be released on 26 February 2020.

2.2 Winter cereal crops - 2019

The area estimate and sixth production forecast of winter grains for the 2019 season was also released by the CEC on 26 February 2020, and is as follows:

Table 3: Commercial winter crops: Area planted and sixth production forecast - 2019 season

CROP	**Area planted 2019 Ha (A)**	**6th forecast 2019 Ha (B)**	Area planted 2018 Ha (C)	Final crop 2018 Tons (D)	Change % (B) ÷ (D)
Wheat	**540 000**	**1 501 675**	503 350	1 868 000	-19,61
Malting barley	**131 960**	**345 080**	119 000	421 500	-18,13
Canola	**74 000**	**96 200**	77 000	104 500	-7,94
Cereal oats	**21 000**	**17 250**	19 235	32 700	-47,25

- The expected production of **wheat** is 1 501 675 tons, which is 19,61% or 366 325 tons less than the previous seasons' crop of 1 868 000 tons, whilst the expected yield is 2,78 t/ha.
- The area estimate for wheat is 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 345 080 tons, which is 18,13% or 76 420 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 2,62 t/ha.
- The expected **canola** crop is 96 200 tons, which is 7,94% or 8 300 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 1,30 t/ha.
- The area estimate for **oats** (cereals) for the 2019 season is 21 000 ha. The expected crop is 17 250 tons, representing a decrease of 15 450 tons compared to the 32 700 tons of 2018. The expected yield is 0,82 t/ha.

Please note that the final production estimate for winter cereals for 2019 will be released on 26 February 2020.

2.3 Non-commercial maize

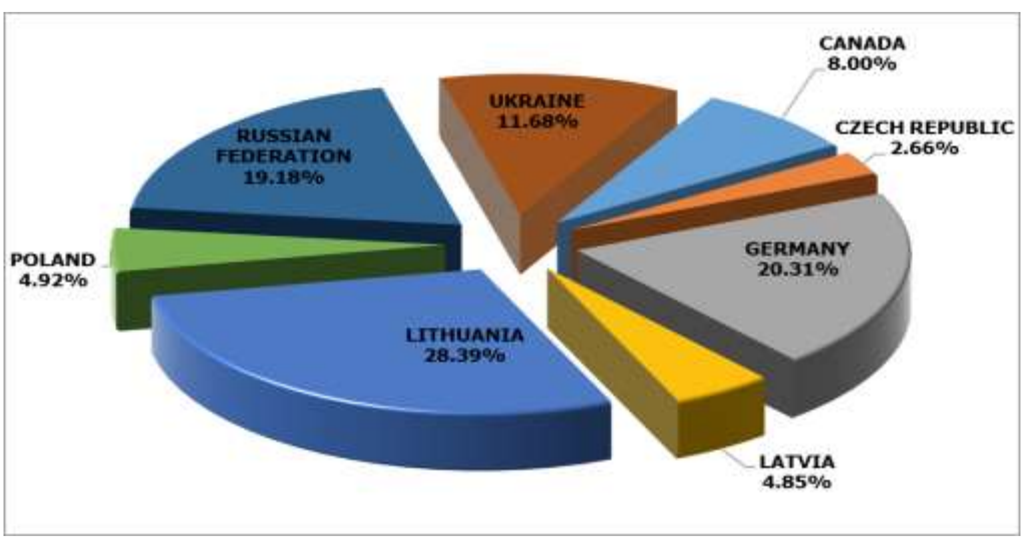
Please note that the non-commercial agricultural sectors' production estimate for maize for the 2020 season will be released by the CEC on 27 May 2020.

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 JAN20 Annexure A.

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

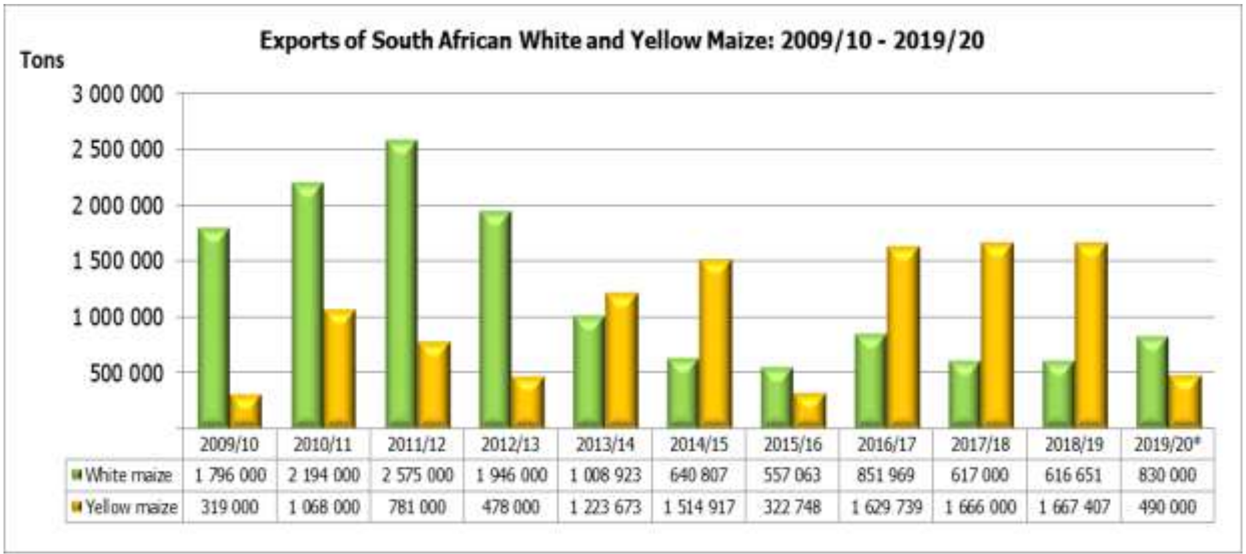
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports for the 2019/20 marketing year (28 September 2019 to 24 January 2020) amount to 455 562 tons, with 28,39% or 129 350 tons imported from Lithuania, 20,31% or 92 538 tons from Germany, 19,18% or 87 372 tons from the Russian Federation, 11,68% or 53 199 tons from Ukraine, 8,00% or 36 462 tons from Canada, 4,92% or 22 397 tons from Poland, 4,85% or 22 104 tons from Latvia and 2,66% or 12 140 tons from the Czech Republic. The exports of wheat for the above-mentioned period amount to 13 539 tons, of which 52,91% or 7 164 tons went to Namibia, 22,95% or 3 107 tons to Eswatini (Swaziland), 18,72% or 2 535 tons to Botswana and only 5,41% or 733 tons went to Zimbabwe.

3.2 Exports of white and yellow maize

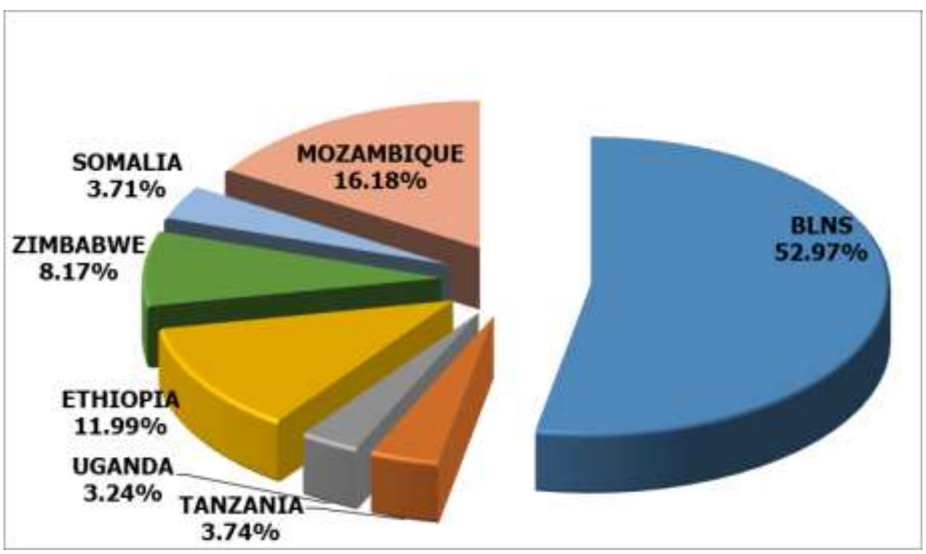
Graph 2: Exports of South African white and yellow maize for the 2009/10 to 2019/20 marketing year



*Projection

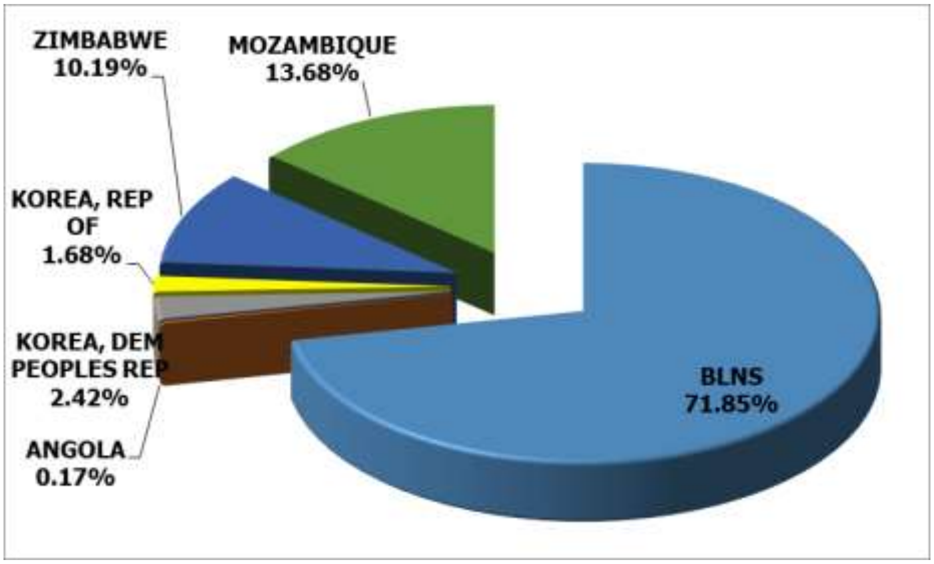
- The exports of white maize for the 2019/20 marketing year are projected at 830 000 tons, which represents an increase of 34,60% compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 490 000 tons, which represents a decrease of 70,61% 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 2019 to 24 January 2020, progressive white maize exports amount to 617 311 tons, with the main destinations being the BLNS Countries (52,97% or 327 012 tons), followed by Mozambique (16,18% or 99 886 tons), Ethiopia (11,99% or 74 021 tons), Zimbabwe (8,17% or 50 410 tons), Tanzania (3,74% or 23 082 tons), Somalia (3,71% or 22 900 tons), and Uganda (3,24% 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 2019 to 24 January 2020, progressive yellow maize exports amount to 283 274 tons, with the main destinations being the BLNS Countries (71,85% or 203 546 tons), followed by Mozambique (13,68% or 38 758 tons), Zimbabwe (10,19% or 28 873 tons), Democratic Peoples Republic of Korea (2,42% or 6 853 tons), Republic of Korea (1,68% or 4 763 tons) and Angola (0,17% or 481 tons). The imports of yellow maize for the mentioned period amount to 445 143 tons of which 88,75% or 395 074 tons were from Argentina and 11,25% or 50 069 tons were from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,0% in December 2019, up from 3,6% in November 2019. The consumer price index increased by 0,3% month-on-month in December 2019.
- The main contributors to the 3,6% 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 4,0%;
  - Housing and utilities increased by 4,6% year-on-year, and contributed 1,1%;
  - Transport increased by 3,3% year-on-year, and contributed 0,5%; and
  - Miscellaneous goods and services increased by 5,4% year-on-year, and contributed 0,8%.
- The annual inflation rates for goods and for services were 3,9% and 4,1% respectively.
- Provincial annual inflation rates ranged from 3,7% in Eastern Cape and KwaZulu-Natal to 4,7% in Limpopo.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 3,4% in December 2019, up from 2,3% in November 2019. The producer price index increased by 0,2% month-on-month in December 2019.
- The main contributors to the headline PPI annual inflation rate were as follows:
  - Food products, beverages and tobacco products increased by 3,2% year-on-year and contributed 1,1%;
  - Metals, machinery, equipment and computing equipment increased by 3,9% year-on-year and contributed 0,6%; and
  - Coke, petroleum, chemical, rubber and plastic products increased by 2,4% year-on-year and contributed 0,5%.
- The main contributor to the headline PPI monthly increase was food products, beverages and tobacco products, which increased by 0,8% month-on-month and contributed 0,3%.

- The annual percentage change in the PPI for electricity and water was 13,8% in December 2019 (compared with 13,4% in November 2019). The index decreased by 0,9% month-on-month. Electricity contributed 12,7% to the annual rate and water contributed 1,1%. Electricity contributed -0,9% to the monthly rate.
- The annual percentage change in the PPI for mining was 24,2% in December 2019 (compared with 20,8% in November 2019). The index increased by 1,2% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (18,7%), as well as gold and other metal ores (3,9%). The main contributors to the monthly rate were non-ferrous metal ores (0,9%) and coal and gas (0,5%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -0,6% in December 2019 (compared with -1,1% in November 2019). The index increased by 2,5% month-on-month. The main contributor to the annual rate was agriculture (-2,2%). The main contributor to the monthly rate was agriculture (2,4%).

4.3 Future contract prices

Table 4: Closing prices on Monday, 3 February 2020

	3 February 2020	3 January 2020	% Change
RSA White Maize per ton (Feb. 2020 contract)	R3 044,00	R2 613,00	16,49
RSA Yellow Maize per ton (Feb. 2020 contract)	R2 880,00	R2 596,00	10,94
RSA Wheat per ton (Feb. 2020 contract)	R4 700,00	R4 380,00	7,31
RSA Sunflower seed per ton (Feb. 2020 contract)	R5 500,00	R5 930,00	-7,25
RSA Soya-beans per ton (Feb. 2020 contract)	R6 034,00	R6 220,00	-2,99
Exchange rate R/$	R14,90	R14,33	3,98

Source: JSE/SAFEX

- In terms of trade policy, the new wheat import tariff rate of R776,24 per tonne was published in a Government Gazette on 17 January 2020, making it the official rate. However, a new wheat import tariff of R516,61 was triggered on 14 January 2020.

4.4 Agricultural machinery sales

- December 2019 tractor sales of 349 units were significantly (20%) less than the 434 units sold in December 2018. Calendar year tractor sales for 2019 were also significantly (22%) down on 2018. December 2019 combine harvester sales of three units were significantly down on the six units sold in December 2018. Calendar year combine harvester sales were also significantly (25%) down on 2018.
- The start of the summer rainfall season was very challenging and aside from being quite late, particularly in the west, rainfall has been quite patchy. Nevertheless, most of the planting has now been completed and continued rain will be required in the next two months to realise the potential of the crops planted. Tractor and combine harvester sales in 2019 were disappointing and there is no doubt that the industry will face many challenges again in 2020. Initial indications are that 2020 sales could be at similar levels to those of 2019.

Table 5: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	December		Change	December		Change
Equipment class	**2019**	**2018**	%	**2019**	**2018**	%
Tractors	349	434	-19,58	5 270	6 713	-21,50
Combine harvesters	3	6	-50,00	148	198	-25,25

Source: SAAMA press release, January 2020

PLEASE NOTE: The Food Security Bulletin for February 2020 will be released on **6 March 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
- Weekly Price Watch, DAFF