MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2020

Issued: 5 August 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **During July 2020, significant rainfall events were limited to the extreme western parts of the country.**
- **The preliminary area estimate for wheat is 517 000 ha, which is 4,3% less than the 540 000 ha planted for the previous season.**
- **The projected closing stocks of wheat for the current 2019/20 marketing year are 400 579 tons, which includes imports of 1,850 million tons. It is also 25,7% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2020 is 15,545 million tons, which is 37,9% 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 2,010 million tons, which is 100,9% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2020/21 marketing year are 29 913 tons, which is 50,5% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2020/21 marketing year are 130 685 tons, which is 3,4% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the current 2020/21 marketing year are 169 655 tons, which is 22,5% more than the previous years' ending stocks.**
- **The annual percentage change in the CPI was higher at 2,2% in June 2020.**
- **The annual percentage change in the PPI for final manufactured goods was higher at 0,5% in June 2020.**
- **June 2020 tractor sales of 414 units were significantly more (11%) than the 373 units sold in June 2019.**

agriculture, land reform & rural development

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1. Weather conditions

1.1 Rainfall for July 2020

During July 2020, significant rainfall events were limited to the extreme western parts of the country (**Figure 1**). Comparing rainfall totals to the long term average for July 2020, near-normal rainfall was received over the western parts of the country, with isolated areas of above-normal rainfall evident over the west coast (**Figure 2**). The remainder of the country received below-normal rainfall. (Source: Directorate: Climate Change and Disaster Management at Department: Agriculture, Forestry and Fisheries)

Figure 1: Rainfall(mm) for July 2020

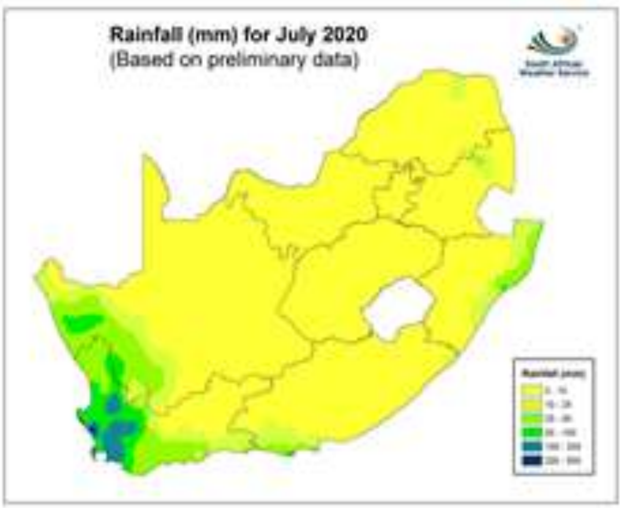
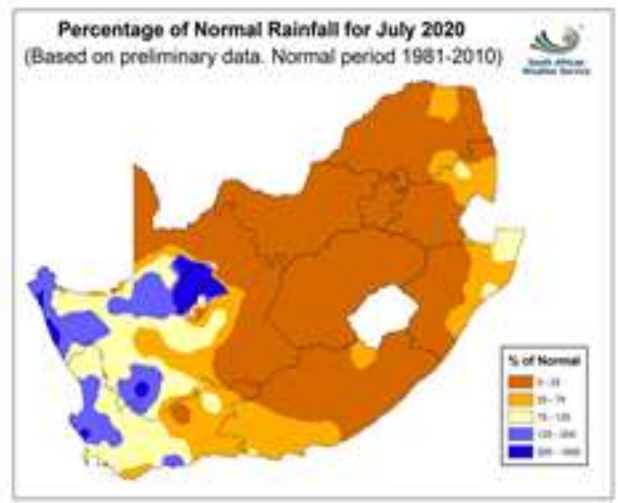


Figure 2: Percentage rainfall for July 2020



1.2 Level of dams

Available information on the level of South Africa's dams on 3 August 2020 indicates that the country has approximately 68% of its full supply capacity (FSC) available, which is 2% less than the corresponding period in 2019. The dam levels in the Northern Cape, Gauteng, North West, Limpopo, Mpumalanga and Western Cape 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 -5% indicated for the Eastern Cape, -4% 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, 3 August 2020

Province	Net FSC million cubic meters	**3/08/2020 (%)**	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	52	57	-5,0
Free State	15 653	80	84	-4,0
Gauteng	128	99	92	7,0
KwaZulu-Natal	4 784	59	61	-2,0
Lesotho	2 363	22	26	-4,0
Limpopo	1 522	63	58	5,0
Mpumalanga	2 539	71	68	3,0
North West	867	69	64	5,0
Northern Cape	147	90	83	7,0
Swaziland	334	73	90	-17,0
Western Cape	1 866	61	60	1,0
Total	**32 013**	**68**	**70**	**-2,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

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

Table 2: Commercial summer crops: Area planted and 6th production forecast - 2020 season

CROP	**Area planted 2020 Ha (A)**	**6th 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**	**9 106 160**	1 298 400	5 545 000	64,22
Yellow maize	**994 500**	**6 438 950**	1 002 100	5 730 000	12,37
Total Maize	**2 610 800**	**15 545 110**	2 300 500	11 275 000	37,87
Sunflower seed	**500 300**	**765 960**	515 350	678 000	12,97
Soybeans	**705 000**	**1 261 250**	730 500	1 170 345	7,77
Groundnuts	**37 500**	**52 140**	20 050	19 400	168,76
Sorghum	**42 500**	**135 260**	50 500	127 000	6,50
Dry beans	**50 150**	**64 800**	59 300	66 355	-2,34
TOTAL	**3 946 250**	**17 824 520**	3 676 200	13 336 100	33,66

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 15 545 110 tons, which is 37,87% or 4 270 110 tons more than the 11 275 000 tons of the previous season (2019). The yield for maize is 5,95 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 9 106 160 tons, which is 64,22% or 3 561 160 tons more than the 5 545 000 tons of last season. The yield for white maize is 5,63 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 6 438 950 tons, which is 12,37% or 708 950 tons more than the 5 730 000 tons of last season. The yield for yellow maize is 6,47 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 765 960 tons, which is 12,97% or 87 960 tons more than the 678 000 tons of the previous season. The expected yield is 1,53 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 52 140 tons – which is 168,76% or 32 740 tons more than the 19 400 tons of last season. The expected yield is 1,39 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 135 260 tons, which is 6,50% or 8 260 tons more than the 127 000 tons of the previous season. The expected yield is 3,18 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 seventh production forecast for summer field crops for 2020 will be released on 27 August 2020.

2.2 Winter cereal crops - 2019

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

Table 3: Commercial winter crops: Preliminary area planted - 2020 season

CROP	**Area planted 2020 Ha (A)**	Intentions* 2020 Ha (B)	Area planted 2019 Ha (C)	Final crop 2019 Tons (D)	Change % (A) ÷ (C)
Wheat	**517 000**	495 000	540 000	1 535 000	-4,26
Malting barley	**132 760**	137 000	131 960	345 000	0,61
Canola	**71 120**	72 000	74 000	95 000	-3,89
Cereal oats	**23 000**	23 500	21 000	16 500	9,52

* Intention as at the middle of April 2020.

- The preliminary area estimate for **wheat** is 517 000 ha, which is 4,26% or 23 000 ha less than the 540 000 ha planted for the previous season. An estimated 326 000 ha is planted in the Western Cape, which is 1 000 ha more than the 325 000 ha planted for the previous season. In the Free State, 105 000 ha is planted, which is 23 000 ha less than the 128 000 ha planted for the previous season. The area planted in the Northern Cape is 35 500 ha, which is 2 000 ha less than the previous season.
- The preliminary area estimate for **malting barley** is 132 760 ha, which is 0,61% or 800 ha more than the 131 960 ha of last season. The area planted to **canola** is 71 120 ha, which is 3,89% or 2 880 ha less than the 74 000 ha planted for the previous season. The preliminary area estimate for **oats** for the 2020 season is 23 000 ha.

Please note that the revised area planted and first production forecast of winter cereals for 2020 will also be released on 27 August 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

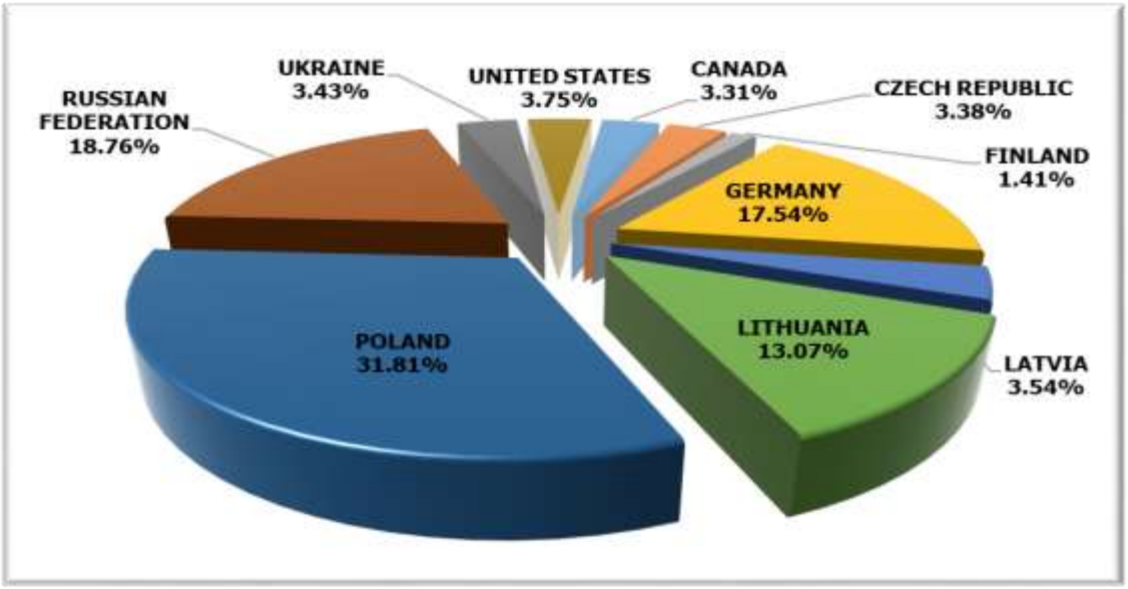
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 297 460 ha, which represents a slight increase of 0,49%, compared to the 296 000 ha of the previous season. The expected maize crop for this sector is 543 545 tons, which is 1,03% less than the 549 180 tons 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 JULY20 Annexure A.

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

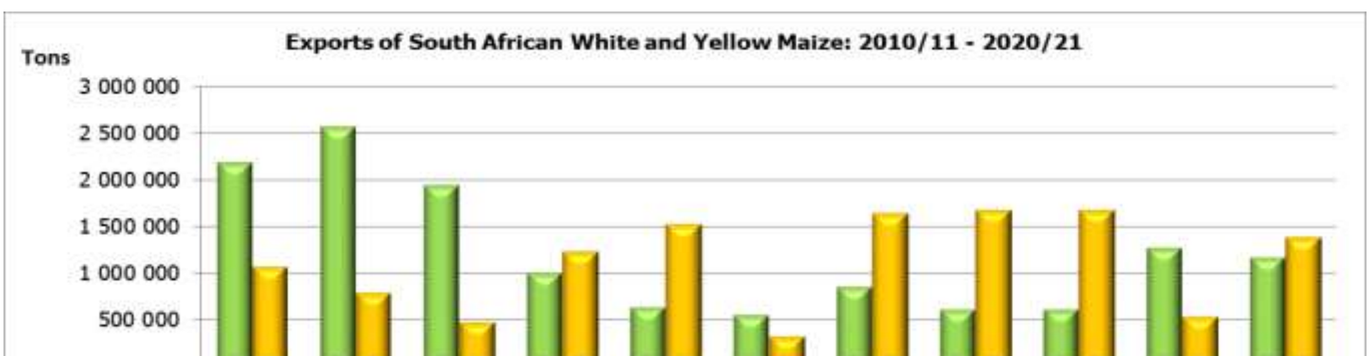
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports (human consumption) for the 2019/20 marketing year (28 September 2019 to 24 July 2020) amount to 1 549 854 tons, with 31,81% or 493 083 tons from Poland, followed by 18,76% or 290 798 tons from the Russian Federation, 17,54% or 271 769 tons from Germany, 13,07% or 202 603 tons imported from Lithuania, 3,75% or 58 075 tons from United States, 3,54% or 54 803 tons from Latvia, 3,43% or 53 199 tons from Ukraine, 3,38% or 52 365 tons from the Czech Republic, 3,31% or 51 282 tons from Canada and 1,41% or 21 877 tons from Finland. The exports of wheat (human consumption) for the above-mentioned period amount to 71 858 tons, of which 55,49% or 39 873 tons to Zambia, 36,60% or 26 297 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)) and 7,92% or 5 688 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

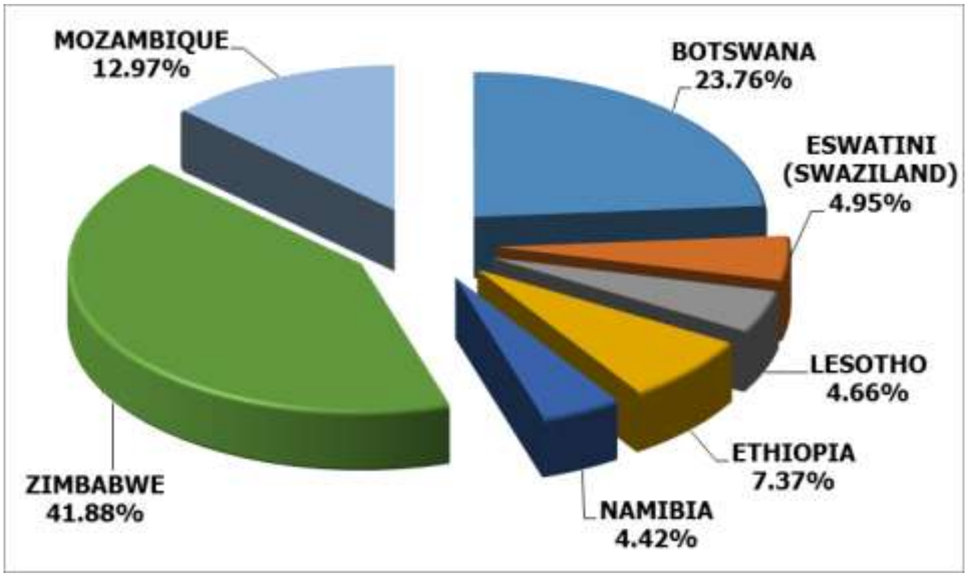


	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
White maize	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	1 275 446	1 170 000
Yellow maize	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	534 127	1 380 000

*Projection

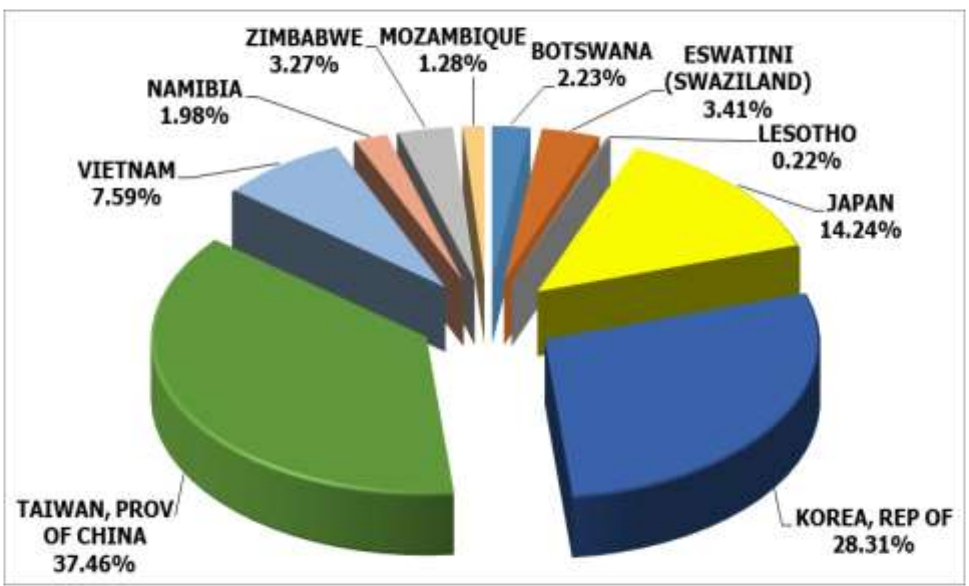
- The exports of white maize for the 2020/21 marketing year are projected at 1,170 million tons, which represents a decrease of 8,27% or 105 446 tons compared to the 1,275 million tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 1,380 million tons, which represents an increase of 158,37% or 845 873 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 24 July 2020, progressive white maize exports for the 2020/21 marketing year amount to 271 441 tons, with the main destinations being Zimbabwe (41,88% or 113 680 tons), followed by Botswana (23,76% or 64 483 tons), Mozambique (12,97% or 35 195 tons), Ethiopia (7,37% or 20 014 tons), Eswathini (Swaziland) (4,95% or 13 423 tons), Lesotho (4,66% or 12 638 tons) and Namibia (4,42% 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 24 July 2020, progressive yellow maize exports for the 2020/21 marketing year amount to 719 814 tons, with the main destinations being Taiwan, Province of China (37,46% or 269 657 tons), followed by Korea, Republic of (28,31% or 203 757 tons), followed by Japan (14,24% or 102 500 tons), Vietnam (7,59% or 54 668 tons), Eswathini (Swaziland) (3,41% or 24 570 tons), Zimbabwe (3,27% or 23 545 tons), Namibia (1,98% or 14 256 tons), Botswana (2,23% or 16 059 tons), Mozambique (1,28% or 9 232 tons) and Lesotho (0,22% or 1 570 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 2,2% in June 2020, up from 2,1% in May 2020. The consumer price index increased by 0,5% month-on-month in June 2020.
- The main contributors to the 2,2% annual inflation rate were as follows:
  - Food and non-alcoholic beverages increased by 4,2% year-on-year, and contributed 0,7% to the total CPI annual rate of 2,2%;
  - Housing and utilities increased by 4,0% year-on-year, and contributed 1,0%;
  - Transport decreased by 5,9% year-on-year, and contributed -0,9%; and
  - Miscellaneous goods and services increased by 6,1% year-on-year, and contributed 1,0%.
- The annual inflation rates for goods and for services were 0,7% and 3,7% respectively.
- Provincial annual inflation rates ranged from 1,9% in North West and Gauteng to 2,8% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 0,5% in June 2020, up from 0,4% in May 2020. The producer price index increased by 0,5% month-on-month in June 2020.
- 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%; and
  - Transport equipment increased by 7,9% year-on-year and contributed 0,7%.
- The main contributor to the headline PPI monthly increase was coke, petroleum, chemical, rubber and plastic products, which increased by 2,5% month-on-month and contributed 0,5%.
- The annual percentage change in the PPI for intermediate manufactured goods was 1,4% in June 2020 (compared with 1,7% in May 2020). The index remained unchanged month-on-month. The main contributor to the annual rate was basic and fabricated metals (4,1%).
- The annual percentage change in the PPI for electricity and water was 13,8% in June 2020 (compared with 14,0% in May 2020). The index increased by 32,4% month-on-month. Electricity contributed 12,8% to the annual rate, and water contributed 0,9%. Electricity contributed 32,3% to the monthly rate.
- The annual percentage change in the PPI for mining was 26,0% in June 2020 (compared with 28,2% in May 2020). The index decreased by 0,4% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (18,5%), as well as gold and other metal ores (7,7%). The main contributor to the monthly rate was non-ferrous metal ores (-0,5%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 1,1% in June 2020 (compared with 2,8% in May 2020). The index decreased by 0,9% month-on-month. The contributors to the annual rate were fishing (0,7%), agriculture (0,3%) and forestry (0,2%). The contributor to the monthly rate was agriculture (-1,2%).

4.3 Future contract prices

Table 5: Closing prices on Monday, 3 August 2020

	3 August 2020	3 July 2020	% Change
RSA White Maize per ton (Aug. 2020 contract)	R2 784,00	R2 621,00	6,22
RSA Yellow Maize per ton (Aug. 2020 contract)	R2 828,00	R2 733,00	3,48
RSA Wheat per ton (Aug. 2020 contract)	R5 900,00	R5 150,00	14,56
RSA Sunflower seed per ton (Aug. 2020 contract)	R6 504,00	R5 942,00	9,46
RSA Soya-beans per ton (Aug. 2020 contract)	R7 234,00	R6 935,00	4,31
Exchange rate R/$	R17,33	R17,01	1,88

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- June 2020 tractor sales of 414 units were significantly more (11%) than the 373 units sold in June 2019. On a year-to-date basis tractor sales are now 6% down on the same period last year. June 2020 combine harvester sales of 17 units were three units less than the 20 units sold in June 2019. On a year-to-date basis combine harvester sales are now 5% up on the same period last year.
- Market conditions are still quite similar to what they were in May 2020. Farmers are buying up existing stock at current price levels, ahead of the inevitable price increases which will prevail as a result of the weaker rand. Secondly, good crops are currently being harvested. Overall sentiment in the market continues to be positive. It is likely that sales will be continue to be good in the short term as lower-priced stock is bought up. However, current industry sentiment is still that 2020 tractor sales will be probably be up to 10% down on last year.

Table 6: Agricultural machinery sales

Equipment class	Year-on-year June 2020	Year-on-year June 2019	Percentage Change %	Year-to-date June 2020	Year-to-date June 2019	Percentage Change %
Tractors	414	373	10,99	2 513	2 683	-6,34
Combine harvesters	17	20	15,00	117	111	5,41

Source: SAAMA press release, July 2020

PLEASE NOTE: The Food Security Bulletin for August 2020 will be released on **4 September 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