MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JUNE 2020

Issued: 3 July 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **The ENSO Outlook has been raised to La Niña WATCH. This means while the El Niño-Southern Oscillation is currently neutral, the chance of a La Niña forming during the southern hemisphere spring has increased to around 50% - twice the normal likelihood.**
- **The projected closing stocks of wheat for the current 2019/20 marketing year are 426 079 tons, which includes imports of 1,800 million tons. It is also 21,0% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2020 is 15,514 million tons, which is 37,6% 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 1,922 million tons, which is 92,1% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2020/21 marketing year are 32 313 tons, which is 46,5% 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 lower at 3,0% in April 2020, which is the lowest since June 2005 when the rate was 2,8%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 1,2% in April 2020.**
- **May 2020 tractor sales of 432 units were significantly more (19%) than the 364 units sold in May 2019.**

agriculture, land reform & rural development

Department: Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Makgoka

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email:MardaS@dalrrd.gov.za or QueenS@dalrrd.gov.za

Contents

1. Weather conditions

1.1 Weather outlook

The ENSO Outlook has been raised to La Niña WATCH. This means while the El Niño-Southern Oscillation is currently neutral, the chance of a La Niña forming during the southern hemisphere spring has increased to around 50% - twice the normal likelihood.

The status change follows cooling in the tropical Pacific Ocean and an increase in the number of climate models suggesting La Niña thresholds may be reached in the coming months.

A La Niña WATCH is not a guarantee that a La Niña will occur; it is an indication that some of the typical precursors of an event are in place. Roughly half the surveyed climate models suggests that an event is likely to develop during the southern hemisphere spring.

Bureau climatologists will continue to closely monitor developments in the tropical Pacific Ocean. *Source: Bureau of Meteorology, Australian Government.*

According to the latest Seasonal Climate Watch (June) of the SA Weather Service, the multi-model rainfall forecast for mid- and late-winter (Jun-Jul-Aug, Jul-Aug-Sep) indicates increased chances of above-normal rainfall over the South-Western and Southern parts of the country with drier than normal conditions throughout the rest of South Africa. In general, most of the country is expected to experience above-normal temperatures during winter with the exception of below-normal minimum temperatures for the north-eastern half of the country.

1.2 Level of dams

Available information on the level of South Africa's dams on 22 June 2020 indicates that the country has approximately 69% 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, Western Cape, KwaZulu-Natal, Limpopo and Mpumalanga provinces, all show improvements in the full supply capacity as compared to 2019. The remaining two provinces show decreases in the full supply capacity for the mentioned period, with -6% indicated for the Eastern Cape and -4% for the Free State 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, 22 June 2020

Province	Net FSC million cubic meters	**22/06/2020 (%)**	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	53	59	-6,0
Free State	15 653	83	87	-4,0
Gauteng	128	100	94	6,0
KwaZulu-Natal	4 784	61	58	3,0
Lesotho*	2 363	26	30	-4,0
Limpopo	1 522	64	62	2,0
Mpumalanga	2 539	73	71	2,0
North West	867	70	65	5,0
Northern Cape	147	95	81	14,0
Swaziland*	334	78	95	-17,0
Western Cape	1 866	41	37	4,0
Total	**32 012**	**69**	**71**	**-2,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

The area planted and fifth production forecast of summer grains for the 2020 season was released by the Crop Estimates Committee (CEC) on 25 June 2020, and is as follows:

Table 2: Commercial summer crops: Area planted and 5th production forecast - 2020 season

CROP	**Area planted 2020 Ha (A)**	**5th 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**	**9 074 860**	1 298 400	5 545 000	63,66
Yellow maize	**994 500**	**6 438 950**	1 002 100	5 730 000	12,37
Total Maize	**2 610 800**	**15 513 810**	2 300 500	11 275 000	37,59
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**	**133 660**	50 500	127 000	5,24
Dry beans	**50 150**	**68 860**	59 300	66 355	3,78
TOTAL	**3 946 250**	**17 795 680**	3 676 200	13 336 100	33,44

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 15 513 810 tons, which is 37,59% or 4 238 810 tons more than the 11 275 000 tons of the previous season (2019). The yield for maize is 5,94 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 9 074 860 tons, which is 63,66% or 3 529 860 tons more than the 5 545 000 tons of last season. The yield for white maize is 5,61 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.
- **Sunflower seed**: 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 133 660 tons, which is 5,24% or 6 660 tons more than the 127 000 tons of the previous season. The expected yield is 3,14 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 68 860 tons, which is 3,78% or 2 505 tons more than the 66 355 tons of the previous season. The expected yield is 1,37 t/ha.

Please note that the fifth production forecast for summer field crops for 2020 will be released on 29 July 2020.

2.2 Winter cereal crops - 2019

Please note that the preliminary are planted to winter cereals for 2020 will also be released on 29 July 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 3: 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

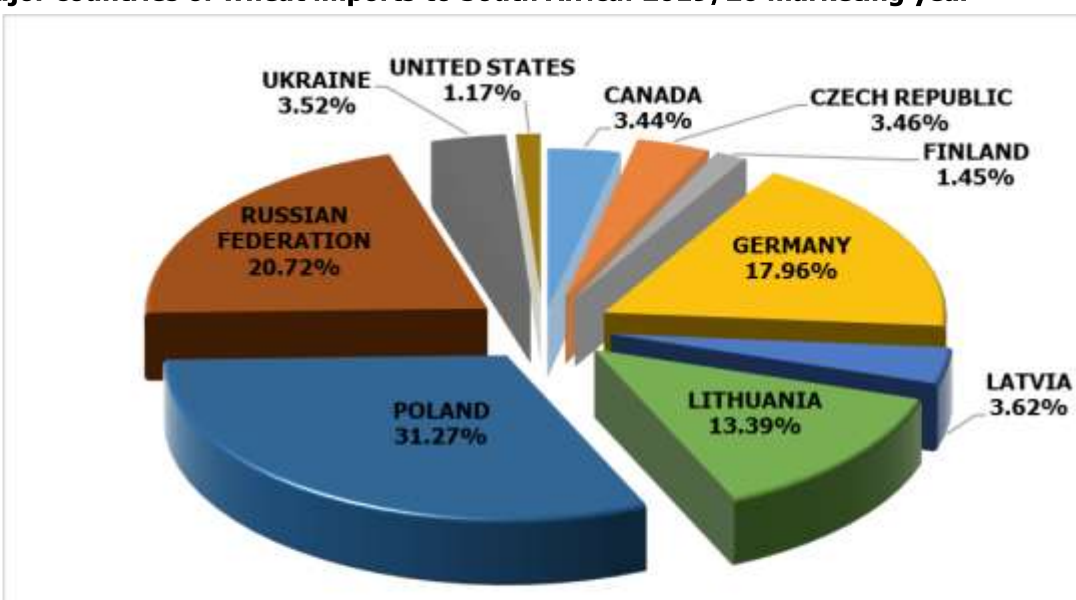
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 297 460 ha, which represents a slight increase of 0,49%, compared to the 296 000 ha of the previous season. The expected maize crop for this sector is 543 545 tons, which is 1,03% less than the 549 180 tons 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 JUNE20 Annexure A.

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

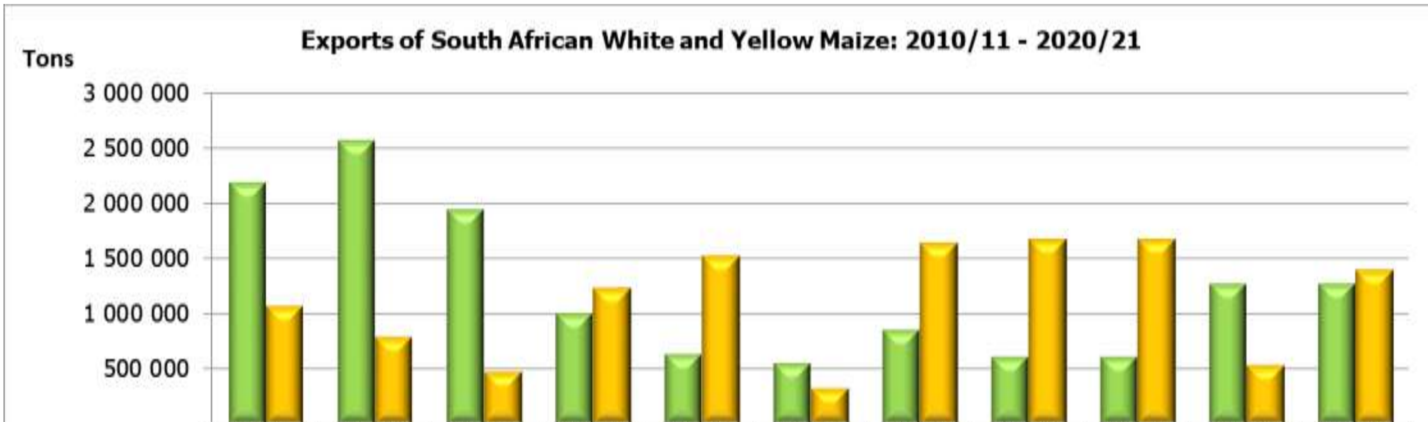
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports (human consumption) for the 2019/20 marketing year (28 September 2019 to 26 June 2020) amount to 1 512 755 tons, with 31,27% or 472 993 tons from Poland, 20,72% or 313 450 tons from the Russian Federation, 17,96% or 271 707 tons from Germany, 13,39% or 202 603 tons imported from Lithuania, 3,62% or 54 803 tons from Latvia, 3,52% or 53 199 tons from Ukraine, 3,46% or 52 365 tons from the Czech Republic, 3,44% or 52 025 tons from Canada, 1,45% or 21 878 tons from Finland and 1,17% or 17 732 tons from the United States. The exports of wheat (human consumption) for the above-mentioned period amount to 66 450 tons, of which 52,43% or 34 843 tons to Zambia, 39,16% or 26 024 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)) and 8,40% or 5 583 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

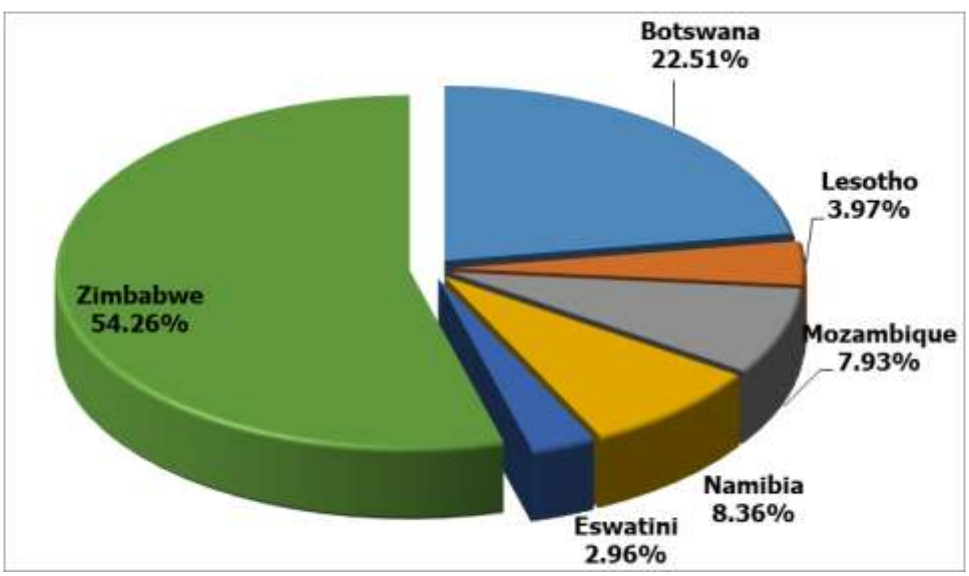


	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
White maize	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	1 275 446	1 270 000
Yellow maize	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	534 127	1 390 000

*Projection

- The exports of white maize for the 2020/21 marketing year are projected at 1,270 million tons, which represents a decrease of 0,43% or 5 446 tons compared to the 1,275 million tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 1,390 million tons, which represents an increase of 160,24% or 855 873 tons compared to the 534 127 tons of the previous marketing year.

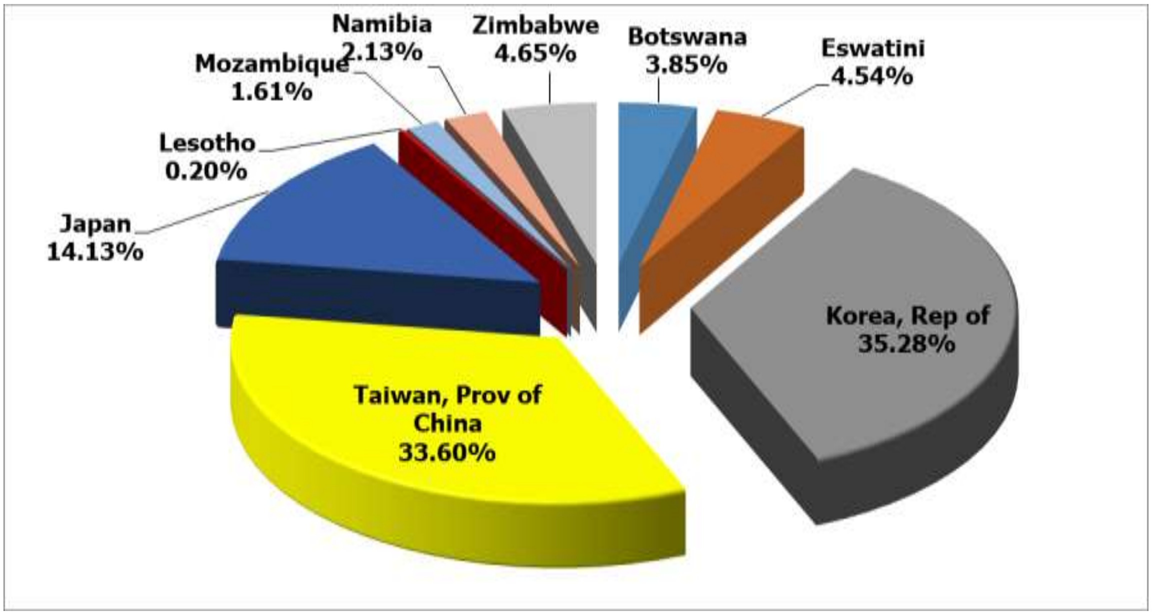
Graph 3: Major countries of white maize exports from South Africa: 2020/21 marketing year



- From 25 April to 26 June 2020, progressive white maize exports for the 2020/21 marketing year amount to 162 299 tons, with the main destinations being Zimbabwe (54,26% or 88 065 tons), followed by Botswana

(22,51% or 36 535 tons), Namibia (8,36% or 13 579 tons), Mozambique (7,93% or 12 872 tons), Lesotho (3,97% or 6 445 tons) and Eswathini (Swaziland) (2,96% or 4 812 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 26 June 2020, progressive yellow maize exports for the 2020/21 marketing year amount to 316 778 tons, with the main destinations being Korea, Republic of (35,28% or 111 764 tons), followed by Taiwan, Province of China (33,60% or 106 450 tons), Japan (14,13% or 44 775 tons), Zimbabwe (4,65% or 14 736 tons), Eswathini (Swaziland) (4,54% or 14 382 tons), Botswana (3,85% or 12 194 tons), Namibia (2,13% or 6 733 tons), Mozambique (1,61% or 5 107 tons) and Lesotho (0,20% or 637 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 3,0% in April 2020, down from 4,1% in March 2020, the lowest since June 2005 when the rate was 2,8%. The consumer price index decreased by 0,5% month-on-month in April 2020.
- The main contributors to the 3,0% annual inflation rate were as follows:
  - Food and non-alcoholic beverages increased by 4,4% year-on-year, and contributed 0,7% to the total CPI annual rate of 3,0%;
  - Housing and utilities increased by 4,6% year-on-year, and contributed 1,1%;
  - Transport decreased by 3,5% year-on-year, and contributed -0,5%; and
  - Miscellaneous goods and services increased by 6,4% year-on-year, and contributed 1,0%.
- The annual inflation rates for goods and services were 1,7% and 4,1%, respectively.
- Provincial annual inflation rates ranged from 2,4% in Eastern Cape to 3,6% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 1,2% in April 2020, down from 3,3% in March 2020. The producer price index decreased by 0,7% month-on-month in April 2020.
- The main contributors to the headline PPI annual inflation rate were as follows:
  - Food products, beverages and tobacco products increased by 3,0% year-on-year and contributed 1,0% point; and
  - Transport equipment increased by 9,2% year-on-year and contributed 0,9%.

- The main contributor to the headline PPI monthly decrease was coke, petroleum, chemical, rubber and plastic products, which decreased by 3,9% month-on-month and contributed -0,8%.
- The annual percentage change in the PPI for intermediate manufactured goods was 1,3% in April 2020 (compared with 0,0% in March 2020). The index increased by 2,3% month-on-month. The main contributors to the headline PPI annual inflation rate were basic and fabricated metals (3,8%). The main contributors to the monthly rate were basic and fabricated metals (1,5%), as well as chemicals, rubber and plastic products (0,7%).
- The annual percentage change in the PPI for electricity and water was 15,5% in April 2020 (compared with 15,0% in March 2020). The index increased by 6,3% month-on-month. Electricity contributed 14,3% to the annual rate, and water contributed 1,2%. Electricity contributed 6,0% to the monthly rate, and water contributed 0,4%.
- The annual percentage change in the PPI for mining was 43,9% in April 2020 (compared with 42,6% in March 2020). The index increased by 2,7% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (30,3%), as well as gold and other metal ores (10,9%). The main contributor to the monthly rate was gold and other metal ores (3,3%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 3,5% in April 2020 (compared with 2,0% in March 2020). The index decreased by 0,3% month-on-month. The contributors to the annual rate were agriculture (2,7%), fishing (0,6%), as well as forestry (0,2%). The main contributor to the monthly rate was agriculture (-0,3%).

4.3 Future contract prices

Table 4: Closing prices on Thursday, 2 July 2020

	2 July 2020	2 June 2020	% Change
RSA White Maize per ton (July 2020 contract)	R2 608,00	R2 394,00	8,94
RSA Yellow Maize per ton (July 2020 contract)	R2 723,00	R2 513,00	8,36
RSA Wheat per ton (July 2020 contract)	R5 385,00	R5 287,00	1,85
RSA Sunflower seed per ton (July 2020 contract)	R5 892,00	R5 635,00	4,56
RSA Soya-beans per ton (July 2020 contract)	R6 900,00	R6 432,00	7,28
Exchange rate R/$	R16,92	R17,27	-2,03

Source: JSE/SAFEX

4.4 Agricultural machinery sales

- May 2020 tractor sales of 432 units were significantly more (19%) than the 364 units sold in May 2019. On a year-to-date basis tractor sales are now 9% down on the same period last year. May 2020 combine harvester sales of 31 units were four units more than the 27 units sold in May 2019. On a year-to-date basis combine harvester sales are now almost 10% up on the same period last year.
- There are two main reasons for the better than expected May agricultural machinery sales. Firstly, 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, the good crops which are currently being harvested. Overall sentiment in the market continues to be positive. It is likely that sales will be good in the near future as lower-priced stock is bought up. However, current industry sentiment is still that 2020 tractor sales will probably be up to 10% down on 2019.

Table 5: Agricultural machinery sales

	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	May			May		
Equipment class	**2020**	**2019**		**2020**	**2019**	
Tractors	432	364	18,68	2 099	2 310	-9,13
Combine harvesters	31	27	14,81	100	91	9,89

Source: SAAMA press release, June 2020

PLEASE NOTE: The Food Security Bulletin for July 2020 will be released on **5 August 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