MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2020

Issued: 7 April 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **According to the latest Seasonal Climatic Watch of the South African Weather Service, the El Niño-Southern Oscillation (ENSO) is currently in a neutral state and the forecast indicates that it will most likely remain in a neutral state during autumn and winter.**
- **The projected closing stocks of wheat for the current 2019/20 marketing year are 422 754 tons, which includes imports of 1,820 million tons. It is also 21,6% less than the previous years' ending stocks.**
- **The expected commercial maize crop for 2020 is 14,809 million tons, which is 31,4% more than the 11,275 million tons of the previous season (2019).**
- **Projected closing stocks of maize for the current 2019/20 marketing year are 1,083 million tons, which is 59,3% less than the previous years' ending stocks.**
- **Projected closing stocks of maize for the coming 2020/21 marketing year are 1,392 million tons, which is 28,6% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2020/21 marketing year are 44 049 tons, which is 27,2% less than the previous years' ending stocks.**
- **The projected closing stocks of sunflower seed for current 2020/21 marketing year are 95 389 tons, which is 29,5% less than the previous years' ending stocks.**
- **The projected closing stocks of soybeans for the coming 2020/21 marketing year are 177 669 tons, which is 28,2% more than the previous years' ending stocks.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2020 was higher at 4,6%.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 4,5% in February 2020.**
- **March 2020 tractor sales of 433 units were significantly lower (almost 28%) than the 600 units sold in March 2019.**

agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries
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@daff.gov.za or QueenS@daff.gov.za

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1. Weather conditions

1.1 Seasonal Climatic Watch

According to the latest Seasonal Climatic Watch of the South African Weather Service, the El Niño-Southern Oscillation (ENSO) is currently in a neutral state and the forecast indicates that it will most likely remain in a neutral state during autumn and winter, although forecasts indicate that it is transitioning towards a colder state towards spring. The influence of ENSO during the autumn and winter months on South African rainfall and temperature is limited during the coming seasons, thus there is no additional information to interpret with the seasonal forecasts.

The multi-model rainfall forecast for late-autumn (Mar-Apr-May) and early-winter (May-Jun-Jul) indicates increased chances of above-normal rainfall over the southern and south-eastern parts of the country. The significant rainfall for the coming seasons is however usually concentrated over the south-western parts of the country. The rest of the country is expected to experience below-normal rainfall for the entire forecast period. In general, most of the country is expected to experience above-normal temperatures, except for the central parts of the country during late-autumn, which is expected to experience below-normal minimum temperatures.

1.2 Level of dams

Available information on the level of South Africa's dams on 30 March 2020 indicates that the country has approximately 67% of its full supply capacity (FSC) available, which is 1% more than the corresponding period in 2019. Almost all the provinces show an improvement in the full supply capacity, except the Eastern Cape Province with a 6% decrease and KwaZulu-Natal with no change in the full supply capacity as compared to 2019. The provincial distribution of South Africa's water supply including Lesotho is contained in **Table 1** below.

Table 1: Level of dams, 30 March 2020

Province	Net FSC million cubic meters	30/03/2020 (%)	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	56	62	-6,0
Free State	15 653	77	75	2,0
Gauteng	128	99	96	3,0
KwaZulu-Natal	4 784	62	62	-
Lesotho	2 363	26	30	-4,0
Limpopo	1 522	68	65	3,0
Mpumalanga	2 539	75	74	1,0
North West	867	69	59	10,0
Northern Cape	147	91	65	26,0
Western Cape	1 866	42	38	4,0
Total	**31 678**	**67**	**66**	**1,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

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

Table 2: Commercial summer 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 2020 vs 2019 % (B) ÷ (D)
Commercial:					
White maize	**1 616 300**	**8 523 465**	1 298 400	5 545 000	53,71
Yellow maize	**994 500**	**6 285 885**	1 002 100	5 730 000	9,70
Total Maize	**2 610 800**	**14 809 350**	2 300 500	11 275 000	31,35
Sunflower seed	**500 300**	**731 210**	515 350	678 000	7,85
Soybeans	**705 000**	**1 269 150**	730 500	1 170 345	8,44
Groundnuts	**37 500**	**56 060**	20 050	19 400	188,97
Sorghum	**42 500**	**132 810**	50 500	127 000	4,57
Dry beans	**50 150**	**72 910**	59 300	66 355	9,88
TOTAL	**3 946 250**	**17 071 490**	3 676 200	13 336 100	28,01

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

- **Commercial maize**: The revised 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, and 0,42% or 11 000 ha more than the area estimate of 2 599 800 ha released in February 2020.
- The expected commercial maize crop is 14 809 350 tons, which is 31,35% or 3 534 350 tons more than the 11 275 000 tons of the previous season (2019). The yield for maize is 5,67 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 8 523 465 tons, which is 53,71% or 2 978 465 tons more than the 5 545 000 tons of last season. The yield for white maize is 5,27 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 6 285 885 tons, which is 9,70% or 555 885 tons more than the 5 730 000 tons of last season. The yield for yellow maize is 6,32 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 731 210 tons, which is 7,85% or 53 210 tons more than the 678 000 tons of the previous season. The expected yield is 1,46 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 1 269 150 tons, which is 8,44% or 98 805 tons more than the 1 170 345 tons of the previous season. The expected yield is 1,80 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 56 060 tons – which is 188,97% or 36 660 tons more than the 19 400 tons of last season. The expected yield is 1,49 t/ha.
- The area estimate for **sorghum** decreased by 15,84% or 8 000 ha, from 50 500 ha to 42 800 ha against the previous season. The production forecast for sorghum is 132 810 tons, which is 4,57% or 5 810 tons more than the 127 000 tons of the previous season. The expected yield is 3,12 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 72 910 tons, which is 9,88% or 6 555 tons more than the 66 355 tons of the previous season. The expected yield is 1,45 t/ha.

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

2.2 Winter cereal crops - 2019

Please note that the intentions to plant winter cereals for 2020 will also be released on 29 April 2020.

2.3 Non-commercial maize

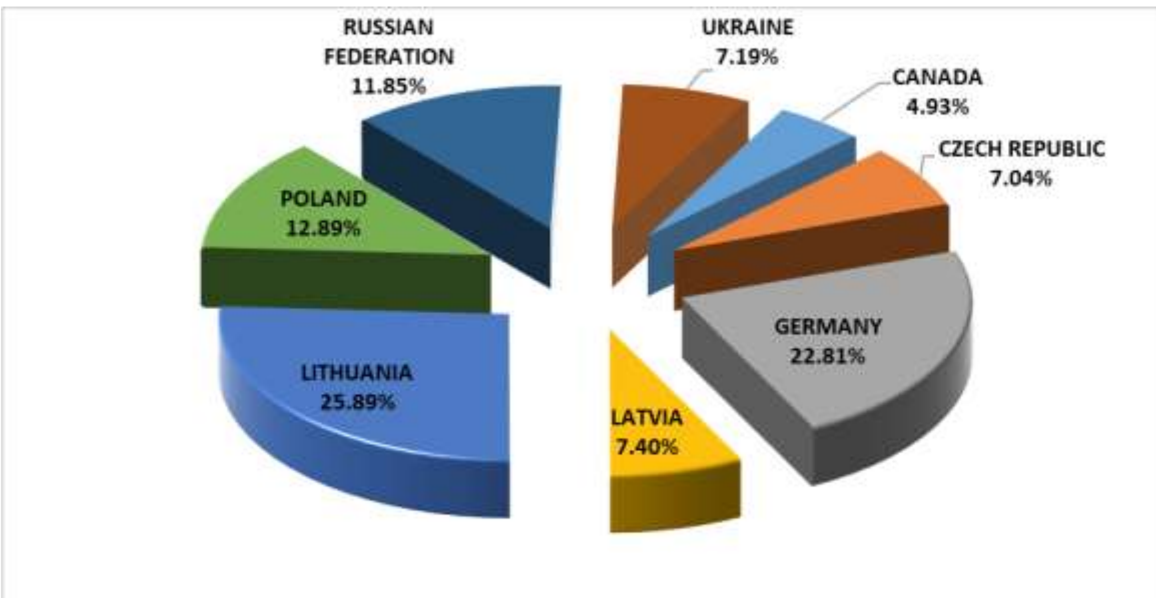
Please note that the non-commercial agricultural sectors' production estimate for maize for the 2020 season will be released by the CEC on 27 May 2020.

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 MAR20 Annexure A.

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

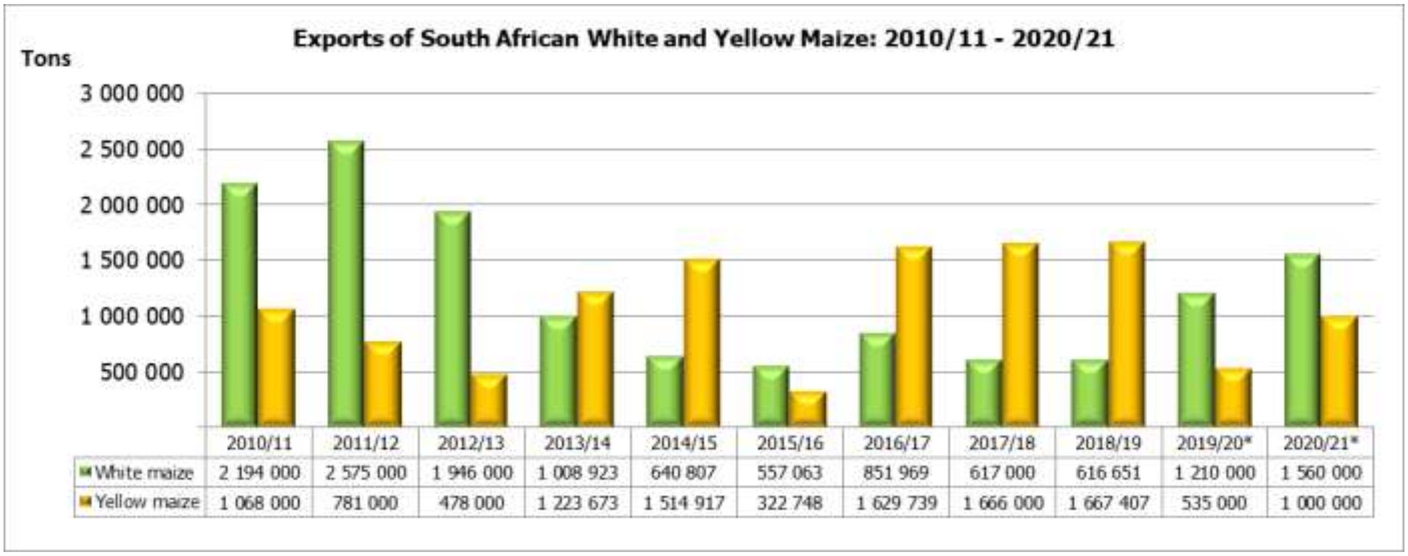
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports (human consumption) for the 2019/20 marketing year (28 September 2019 to 27 March 2020) amount to 740 044 tons, with 25,89% or 191 599 tons imported from Lithuania, 22,81% or 168 824 tons from Germany, 12,89% or 95 367 tons from Poland, 11,85% or 87 714 tons from the Russian Federation, 7,40% or 54 800 tons from Latvia, 7,19% or 53 199 tons from Ukraine, 7,04% or 52 079 tons from the Czech Republic and 4,93% or 36 462 tons from Canada. The exports of wheat (human consumption) for the above-mentioned period amount to 34 100 tons, of which 66,11% or 22 545 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)), 19,30% or 6 583 tons to Zambia and 14,58% or 4 972 tons went to Zimbabwe.

3.2 Exports of white and yellow maize

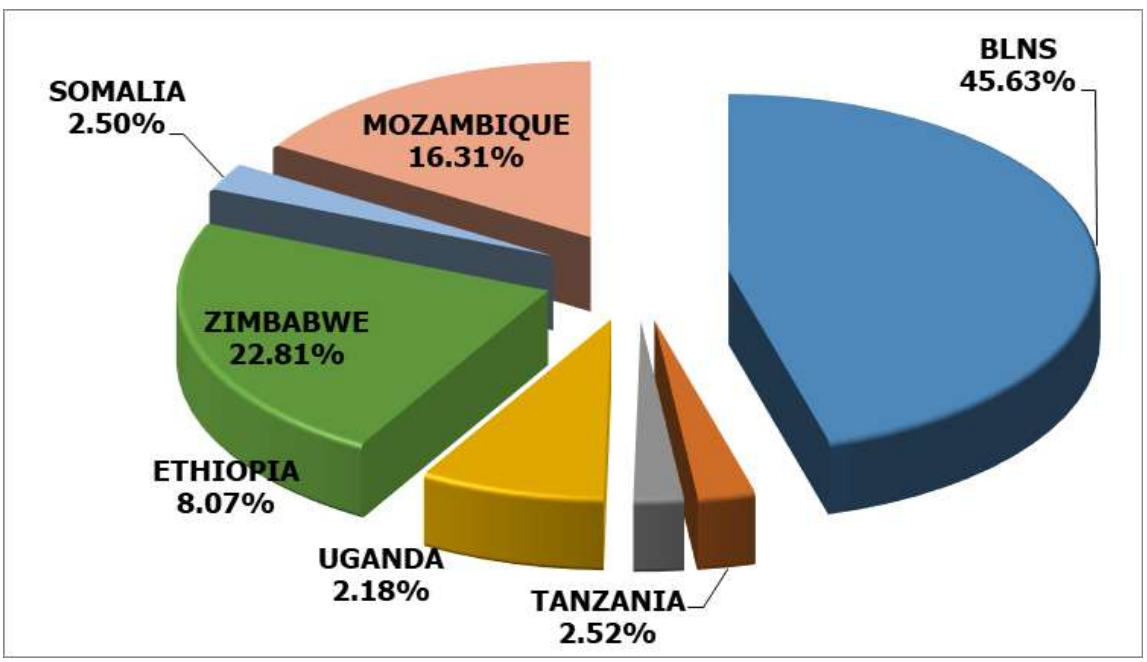
Graph 2: Exports of South African white and yellow maize for the 2010/11 to 2020/21 marketing year



*Projection

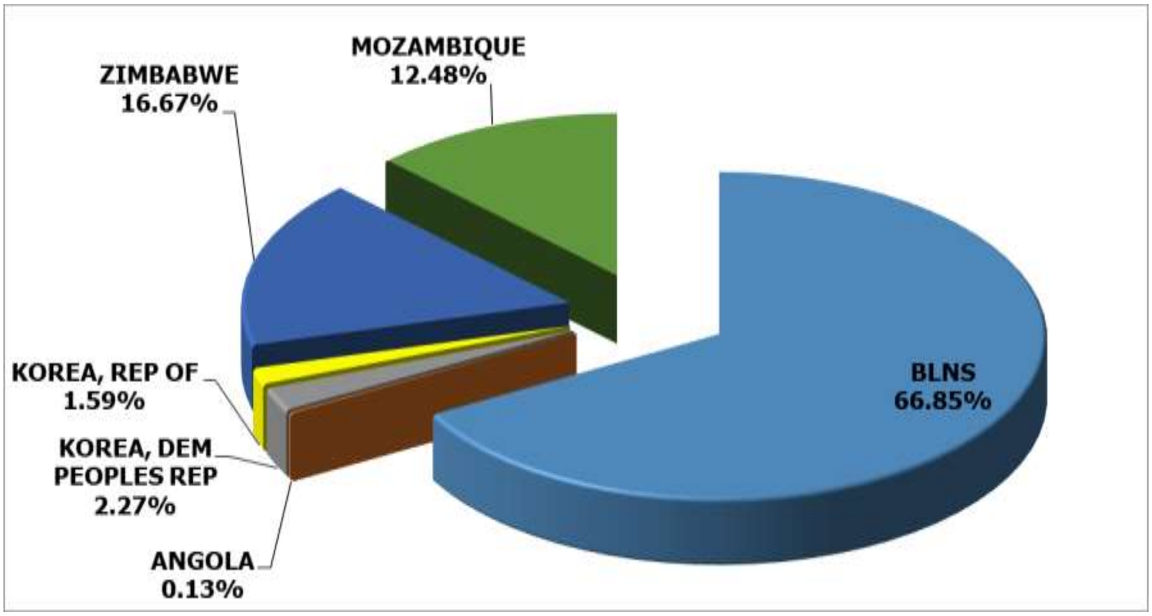
- The exports of white maize for the 2019/20 marketing year are projected at 1,210 million tons, which represents an increase of 96,22% or 539 349 tons compared to the 616 651 tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 535 000 tons, which represents a decrease of 67,91% or 1,132 million tons compared to the 1,667 million tons of the previous marketing year. The exports of white maize for the 2020/21 marketing year are projected at 1,560 million tons, which represents an increase of 28,93% or 350 000 tons compared to the previous marketing year. Yellow maize exports for the mentioned period are projected at 1,000 million tons, which represents an increase of 86,92% or 465 000 tons compared to the previous marketing year.

Graph 3: Major countries of white maize exports from South Africa: 2019/20 marketing year



- From 27 April 2019 to 27 March 2020, progressive white maize exports amount to 917 624 tons, with the main destinations being the BLNS Countries (45,63% or 418 687 tons), followed by Zimbabwe (22,81% or 209 308 tons), Mozambique (16,31% or 149 626 tons), Ethiopia (8,07% or 74 021 tons), Tanzania (2,52% or 23 082 tons), Somalia (2,50% or 22 900 tons) and Uganda (2,18% 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 27 March 2020, progressive yellow maize exports amount to 366 522 tons, with the main destinations being the BLNS Countries (66,85% or 245 033 tons), followed by Zimbabwe (16,67% or 61 112 tons), Mozambique (12,48% or 45 756 tons), Democratic Peoples Republic of Korea (2,27% or 8 304 tons), Republic of Korea (1,59% or 5 836 tons) and Angola (0,13% or 481 tons). The imports of yellow maize for the mentioned period amount to 520 708 tons of which 90,38% or 470 639 tons were from Argentina and 9,62% or 50 069 tons were from Brazil.

4. Market information

4.1 Consumer Price Index (CPI)

- Annual consumer price inflation was 4,6% in February 2020, up from 4,5% in January 2020. The consumer price index increased by 1,0% month-on-month in February 2020.
- The main contributors to the 4,6% annual inflation rate were:
  - Food and non-alcoholic beverages increased by 4,2% year-on-year, and contributed 0,7% to the total CPI annual rate of 4,6%;
  - Housing and utilities increased by 4,7% year-on-year, and contributed 1,2%;
  - Transport increased by 6,2% year-on-year, and contributed 0,9%; and
  - Miscellaneous goods and services increased by 6,3% year-on-year, and contributed 1,0%.
- The annual inflation rates for goods and for services were 4,9% and 4,3% respectively.
- Provincial annual inflation rates ranged from 4,1% in Free State and Mpumalanga to 5,3% in Western Cape.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 4,5% in February 2020, down from 4,6% in January 2020. The producer price index increased by 0,3% month-on-month in February 2020.
- The main contributors to the headline PPI annual inflation rate were:
  - Coke, petroleum, chemical, rubber and plastic products increased by 6,8% year-on-year and contributed 1,4%;
  - Food products, beverages and tobacco products increased by 3,7% year-on-year and contributed 1,3%;
  - Metals, machinery, equipment and computing equipment increased by 4,4% year-on-year and contributed 0,6%; and
  - Transport equipment increased by 6,0% year-on-year and contributed 0,6%.
- The main contributor to the headline PPI monthly increase was food products, beverages and tobacco products, which increased by 0,6% month-on-month and contributed 0,2%.

- The annual percentage change in the PPI for intermediate manufactured goods was 1,8% in February 2020 (compared with 0,7% in January 2020). The index increased by 0,7% month-on-month. The main contributors to the annual rate were basic and fabricated metals (2,4%), as well as sawmilling and wood (0,9%). The main contributor to the monthly rate was basic and fabricated metals (0,9%).
- The annual percentage change in the PPI for electricity and water was 12,1% in February 2020 (compared with 13,0% in January 2020). The index increased by 2,4% month-on-month. Electricity contributed 11,0% to the annual rate, and water contributed 1,1%. Electricity contributed 2,3% to the monthly rate.
- The annual percentage change in the PPI for mining was 49,0% in February 2020 (compared with 32,2% in January 2020). The index increased by 14,6% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (38,6%), gold and other metal ores (5,6%), as well as coal and gas (2,6%). The main contributors to the monthly rate were non-ferrous metal ores (11,9%), as well as gold and other metal ores (1,4%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was -1,1% in February 2020 (compared with -0,9% in January 2020). The index decreased by 0,9% month-on-month. The main contributor to the annual rate was agriculture (-2,2%). The main contributor to the monthly rate was agriculture (-0,7%).

4.3 Future contract prices

Table 3: Closing prices on Monday, 6 April 2020

	6 April 2020	6 March 2020	% Change
RSA White Maize per ton (Apr. 2020 contract)	R3 320,00	R2 919,00	13,74
RSA Yellow Maize per ton (Apr. 2020 contract)	R2 851,00	R2 590,00	10,08
RSA Wheat per ton (Apr. 2020 contract)	R5 567,00	R4 887,00	13,91
RSA Sunflower seed per ton (Apr. 2020 contract)	R6 145,00	R5 502,00	11,69
RSA Soya-beans per ton (Apr. 2020 contract)	R7 085,00	R6 194,00	14,38
Exchange rate R/$	R18,91	R15,74	20,14

Source: JSE/SAFEX

- In terms of trade policy, the new wheat import tariff rate of R516,60 per tonne was published in a Government Gazette on 2 March 2020, making it the official rate.

4.4 Agricultural machinery sales

- March 2020 tractor sales of 433 units were significantly lower (almost 28%) than the 600 units sold in March 2019. On a year-to-date basis tractor sales are now 17% down on the same period last year. March 2020 combine harvester sales of 26 units were four units more than the 22 units sold in March 2019. On a year-to-date basis combine harvester sales are now almost 20% up on the same period last year.
- Overhanging the industry in these challenging times is a blanket of uncertainty never before experienced in the lives of most South Africans and in the world. This is not a healthy climate for the agricultural machinery industry. Fortunately, good summer crops stand on the lands and as long as commodity prices hold up, many farmers should be able to "weather the storm". There is no question that, with the recent rand weaknesses, equipment prices will go up. Farmers will be looking to buy existing stock at more favourable prices. With some supplier factories having had to close, posing questions as to replacement stock coming into the country, it may be that there will be a short-term upturn in sales. However, current industry sentiment is that 2020 sales will be probably be up to 10% down on 2019.

Table 4: Agricultural machinery sales

Equipment class	Year-on-year March 2020	Year-on-year March 2019	Percentage Change %	Year-to-date March 2020	Year-to-date March 2019	Percentage Change %
Tractors	433	600	-27,83	1 251	1 514	-17,37
Combine harvesters	26	22	18,18	49	41	19,51

Source: SAAMA press release, April 2020

PLEASE NOTE: The Food Security Bulletin for April 2020 will be released on **8 May 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