MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2020

Issued: 5 June 2020

Directorate: Statistics and Economic Analysis

Highlights:

- **The multi-model rainfall forecast of the SA Weather Service 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.**
- **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 15,589 million tons, which is 38,3% 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 1,967 million tons, which is 92,8% more than the previous years' ending stocks.**
- **The projected closing stocks of sorghum for the current 2020/21 marketing year are 43 143 tons, which is 28,6% 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 199 155 tons, which is 43,8% more than the previous years' ending stocks.**
- **The annual percentage change in the PPI for final manufactured goods was lower at 3,3% in March 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

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1. Weather conditions

1.1 Weather outlook

According to the latest Seasonal Climate Watch of the SA Weather Service, the El Niño-Southern Oscillation (ENSO) is currently in a borderline weak El Niño state and the forecast indicates that it will most likely remain at the border between the weak El Niño and neutral states during mid- and late-winter. The influence of ENSO during the 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 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 1 June 2020 indicates that the country has approximately 70% of its full supply capacity (FSC) available, which is 2% less than the corresponding period in 2019. The dam levels in the Northern Cape, North West, Gauteng, Limpopo, Western Cape, KwaZulu-Natal and Mpumalanga provinces, all show improvements in the full supply capacity as compared to 2019. The remaining two provinces show the same decreases in the full supply capacity for the mentioned period, with -5% indicated for both the Eastern Cape and Free State provinces. The provincial distribution of South Africa's water supply including Lesotho and Swaziland is contained in **Table 1** below.

Table 1: Level of dams, 1 June 2020

Province	Net FSC million cubic meters	**01/06/2020 (%)**	Last Year (2019) (%)	% Increase/Decrease 2020 vs. 2019
Eastern Cape	1 810	55	60	-5,0
Free State	15 653	83	88	-5,0
Gauteng	128	98	95	3,0
KwaZulu-Natal	4 784	62	59	3,0
Lesotho*	2 363	28	33	-5,0
Limpopo	1 522	67	63	4,0
Mpumalanga	2 539	74	73	1,0
North West	867	70	66	4,0
Northern Cape	147	97	72	25,0
Swaziland*	334	79	96	-17,0
Western Cape	1 866	37	34	3,0
Total	**32 013**	**70**	**72**	**-2,0**

Source: Department of Water and Sanitation

2. Grain production

2.1 Summer grain crops - 2020

The area planted and fourth production forecast of summer grains for the 2020 season was released by the Crop Estimates Committee (CEC) on 27 May 2020, and is as follows:

Table 2: Commercial summer crops: Revised area planted and 4th production forecast - 2020 season

CROP	**Area planted 2020 Ha (A)**	**4th 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**	**6 514 550**	1 002 100	5 730 000	13,69
Total Maize	**2 610 800**	**15 589 410**	2 300 500	11 275 000	38,27
Sunflower seed	**500 300**	**765 960**	515 350	678 000	12,97
Soybeans	**705 000**	**1 290 750**	730 500	1 170 345	10,29
Groundnuts	**37 500**	**62 470**	20 050	19 400	222,01
Sorghum	**42 500**	**135 685**	50 500	127 000	6,84
Dry beans	**50 150**	**71 050**	59 300	66 355	7,08
TOTAL	**3 946 250**	**17 915 325**	3 676 200	13 336 100	34,34

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 15 589 410 tons, which is 38,27% or 4 314 410 tons more than the 11 275 000 tons of the previous season (2019). The yield for maize is 5,97 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 6 514 550 tons, which is 13,69% or 784 550 tons more than the 5 730 000 tons of last season. The yield for yellow maize is 6,55 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 1 290 750 tons, which is 10,29% or 120 405 tons more than the 1 170 345 tons of the previous season. The expected yield is 1,83 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 62 470 tons – which is 222,01% or 43 070 tons more than the 19 400 tons of last season. The expected yield is 1,67 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 135 685 tons, which is 6,84% or 8 685 tons more than the 127 000 tons of the previous season. The expected yield is 3,19 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 71 050 tons, which is 7,08% or 4 695 tons more than the 66 355 tons of the previous season. The expected yield is 1,42 t/ha.

Please note that the fifth production forecast for summer field crops for 2020 will be released on 25 June 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

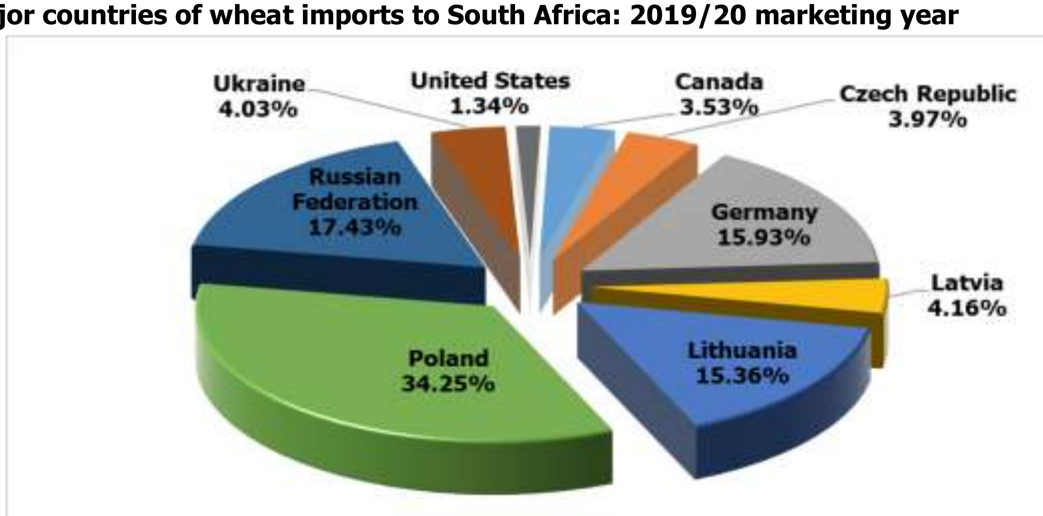
- The preliminary area planted to maize in the non-commercial agricultural sector is estimated at 297 460 ha, which represents a slight increase of 0,49%, compared to the 296 000 ha of the previous season. The expected maize crop for this sector is 543 545 tons, which is 1,03% less than the 549 180 tons 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 MAY20 Annexure A.

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

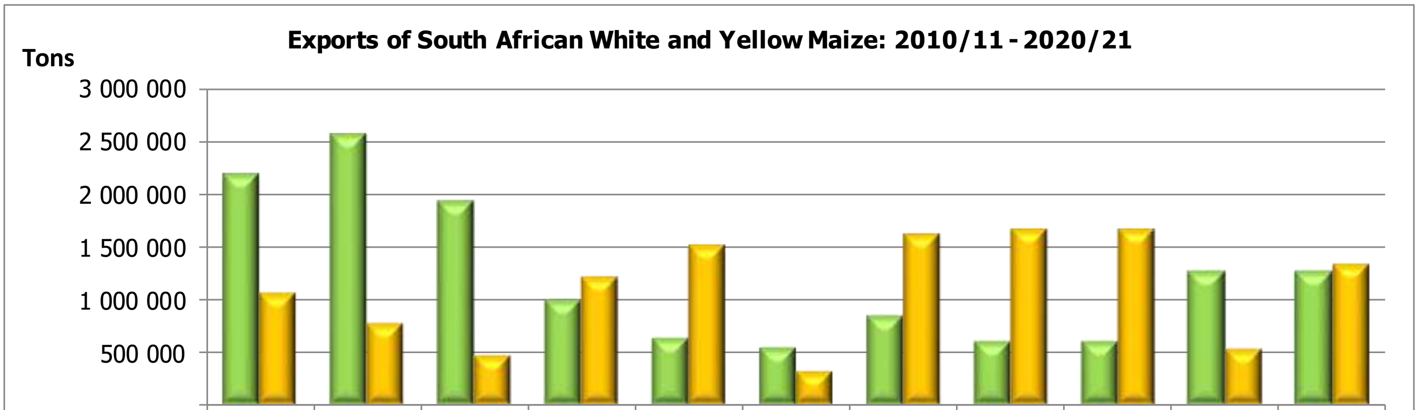
Graph 1: Major countries of wheat imports to South Africa: 2019/20 marketing year



- The progressive wheat imports (human consumption) for the 2019/20 marketing year (28 September 2019 to 29 May 2020) amount to 1 318 893 tons, with 34,25% or 451 715 tons from Poland, 17,43% or 229 876 tons from the Russian Federation, 15,93% or 210 083 tons from Germany, 15,36% or 202 604 tons imported from Lithuania, 4,16% or 54 803 tons from Latvia, 4,03% or 53 199 tons from Ukraine, 3,97% or 52 365 tons from the Czech Republic, 3,53% or 46 516 tons from Canada and 1,34% or 17 732 tons from the United States. The exports of wheat (human consumption) for the above-mentioned period amount to 57 683 tons, of which 46,46% or 26 800 tons to Zambia, 43,86% or 25 300 tons went to the BLNS countries (Botswana, Lesotho, Namibia and Swaziland (Eswatini)) and 9,68% 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

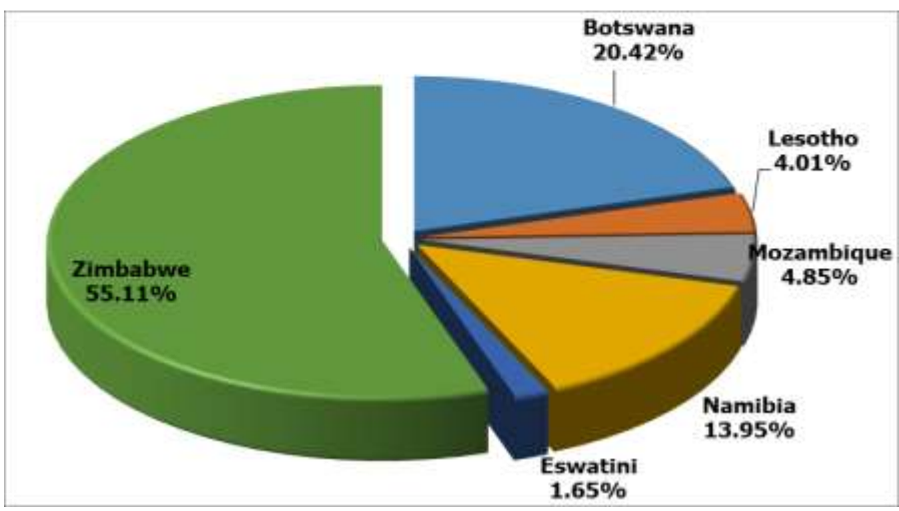


	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
White maize	2 194 000	2 575 000	1 946 000	1 008 923	640 807	557 063	851 969	617 000	616 651	1 274 130	1 270 000
Yellow maize	1 068 000	781 000	478 000	1 223 673	1 514 917	322 748	1 629 739	1 666 000	1 667 407	534 127	1 340 000

*Projection

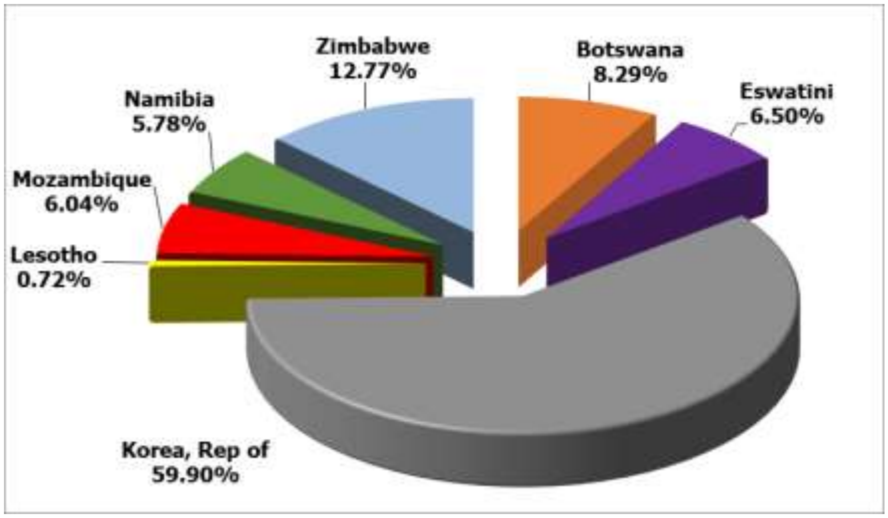
- The exports of white maize for the 2020/21 marketing year are projected at 1,270 million tons, which represents a decrease of 0,32% or 4 130 tons compared to the 1,274 million tons of the previous marketing year. Yellow maize exports for the mentioned period are projected at 1,340 million tons, which represents an increase of 150,88% or 805 873 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 29 May 2020, progressive white maize exports amount to 71 342 tons, with the main destinations being Zimbabwe (55,11% or 39 319 tons), followed by Botswana (20,42% or 14 571 tons), Namibia (13,95% or 9 951 tons), Mozambique (4,85% or 3 462 tons), Lesotho (4,01% or 2 859 tons) and Eswathini (Swaziland) (1,65% or 1 180 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 29 May 2020, progressive yellow maize exports amount to 69 856 tons, with the main destinations being Korea, Republic of (59,59% or 41 846 tons), followed by Zimbabwe (12,77% or 8 921 tons), Botswana (8,29% or 5 788 tons), Eswathini (Swaziland) (6,50% or 4 539 tons), Mozambique (6,04% or 4 222 tons), Namibia (5,78% or 4 040 tons) and Lesotho (0,72% or 500 tons). The imports of yellow maize for the mentioned period amount to zero.

4. Market information

4.1 Consumer Price Index (CPI)

- As a result of nationwide lockdown due to the corona virus pandemic, the Consumer Price Index (CPI) for April 2020 will only be released on 24 June 2020 by Statistics South Africa.

4.2 Producer Price Index (PPI)

- Annual producer price inflation (final manufacturing) was 3,3% in March 2020, down from 4,5% in February 2020. The producer price index increased by 0,1% month-on-month in March 2020.
- The main contributors to the headline PPI annual inflation rate were as follows:
    - Food products, beverages and tobacco products increased by 2,6% year-on-year and contributed 0,9%;
    - Transport equipment increased by 7,7% year-on-year and contributed 0,7%;
    - Metals, machinery, equipment and computing equipment increased by 4,5% year-on-year and contributed 0,6%; and
    - Coke, petroleum, chemical, rubber and plastic products increased by 2,2% year-on-year and contributed 0,5%.
- The main contributor to the headline PPI monthly increase was transport equipment, which increased by 2,9% month-on-month and contributed 0,3%.
- The annual percentage change in the PPI for intermediate manufactured goods was zero in March 2020 (compared with 1,8% in February 2020). The index decreased by 0,2% month-on-month. The main contributor to the monthly rate was sawmilling and wood (-0,7%).
- The annual percentage change in the PPI for electricity and water was 15,0% in March 2020 (compared with 12,1% in February 2020). The index increased by 0,2% month-on-month. Electricity contributed 13,9% to the annual rate, and water contributed 1,1%. Electricity contributed 0,2% to the monthly rate.
- The annual percentage change in the PPI for mining was 42,6% in March 2020 (compared with 49,0% in February 2020). The index increased by 0,6% month-on-month. The main contributors to the annual rate were non-ferrous metal ores (33,5%), as well as gold and other metal ores (6,3%). The main contributor to the monthly rate was gold and other metal ores (2,0%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was 2,0% in March 2020 (compared with -1,1% in February 2020). The index increased by 0,3% month-on-month. The contributors to the annual rate were forestry (0,8%), agriculture (0,7%) and fishing (0,6%). The contributors to the monthly rate were fishing (0,2%) and agriculture (0,1%).

4.3 Future contract prices

Table 4: Closing prices on Thursday, 4 June 2020

	4 June 2020	4 May 2020	% Change
RSA White Maize per ton (June 2020 contract)	R2 374,00	R2 421,00	-1,94
RSA Yellow Maize per ton (June 2020 contract)	R2 494,00	R2 555,00	-2,39
RSA Wheat per ton (June 2020 contract)	R5 210,00	R5 431,00	-4,07
RSA Sunflower seed per ton (June 2020 contract)	R5 678,00	R6 073,00	-6,50
RSA Soya-beans per ton (June 2020 contract)	R5 650,00	R6 662,00	-15,19
Exchange rate R/$	R17,00	R18,67	-8,94

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

- 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

Equipment class	Year-on-year May 2020	Year-on-year May 2019	Percentage Change %	Year-to-date May 2020	Year-to-date May 2019	Percentage Change %
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 June 2020 will be released on **3 July 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