

Food crop figures show SA won't starve

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With all the negative economic and political news around the country, food production is at least one positive and fundamental thing we can all be at ease about. This year brought a large summer grain and oilseed harvest of 18.10 million tonnes, which is a 92 percent annual increase. In addition, there was also a rebound in vegetable production.

The benefits of this rebound are already reflected in grain commodity markets, with maize price already declined by over 60 percent from the July 2016. This has, however, not yet been fully reflected on the shelves at retail level due to time lags in the food processing chain and to some degree the sticky nature of prices.

For example, in May 2017, an average price of a five kilogramme of super maize meal was down by just 7 percent from the same period last year, traded at R46.92. The full benefits of this year's big harvest should be reflected later in the third quarter to the last quarter of the year. Vegetable prices like potatoes were down by 20 percent on retail shelves in May from the same period last year, traded around R11.55 per kilogramme.

More encouraging is that the weather outlook for the next season has changed drastically from what I noted in my column on [April 29](#). Then, international weather forecasters such as the Australian Bureau of Meteorology and Earth Institute at Columbia University warned of a possible return of an El Niño weather phenomenon, pencilling a 50 percent chance of occurrence later this year.

This raised concerns about a possibility of another drought and the impact thereafter on the South African agricultural sector, especially as some areas are still recovering from last season's drought. Moreover, this would have devastated the farming and rural communities.

Fortunately, the most recent [updates](#) from the aforementioned international forecasters suggest that the possibility of an El Niño reoccurrence have subsided to levels below 40 percent, from now to February 2018. Meanwhile, the probability of having a normal season has increased to levels above 40 percent and could reach 60 percent by February 2018.

This means that South Africa could have a normal production season with average rainfall in 2017/18. This is a good development for the sector, as it eases concerns and allows farmers and food value chain participants to plan properly for the season ahead with some level of certainty. More importantly, this will also bode well for food inflation for the coming year. In May 2017, the South African Reserve Bank estimated that food inflation could decelerate to 5.5% in 2018 from the forecast 7.7% for this year.

However, it is not all rosy in the agricultural sector. The winter crop farmers in the Western Cape province had a rocky start to this season characterised by drier weather conditions. For wheat, in particular, the crop is a month and a half behind schedule and continues to be strained by lower soil moisture on the back of lower rainfall.

Dam levels in the Western Cape are also cause for concern, the recent data from the Department of Water and Sanitation shows that on the 17th of July 2017, the Western Cape's average dam levels were at 25 percent full, compared to 47 percent in the same period last year.

More emphasis is placed on the Western Cape province because it is the main dryland winter wheat producing region of South Africa, which means the province's wheat crop's survival depends on the amount of rainfall received in a particular season.

Fortunately, about half of South Africa's wheat is under irrigation in the Northern Cape and Free State provinces, which should cushion potential losses as dam levels in these respective provinces benefited from summer rainfall. The dams in the Northern Cape are almost at capacity. In the Free State province, dam levels were around 83 percent, well above the same period last year.

At the time of writing, the weather forecasts for the Western Cape province suggested that conditions would remain fairly dry and cool, with possible light showers of between 15 and 20 millimetres expected in the week ending 02 August 2017. This is worrying as the crop urgently needs moisture in order to develop well. This expected low rainfall might not lead to meaningful improvement in crop conditions.

As things stand, the focus is on the release of the National Crop Estimate Committee's preliminary estimate of the area planted under wheat on 26 July. Farmers are expected to plant 2.4% less area than the previous season's 508 365 hectares. The first assessment of the actual impact of the current drier conditions on production will be reflected in the production estimates which are due for release on 29 August.

Overall, South Africa is in a comfortable position regarding food production and the weather prospects for the next season are painting a promising picture which increases the chances of another good harvest. This essentially means food inflation will remain on a downward trend with key upward risks to monitor in the short-term being the red meat products and weather developments in the Western Cape province. So, with all the negative news doing the rounds, at least we still have something to eat.

ENQUIRIES:

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