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SPECIAL ALERT

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REGION: Southern Africa

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Erratic rains and an intense dry period in January
lowers 2018 cereal production prospects

Highlights

- Erratic precipitation and well below-average rains in January have lowered Southern Africa's overall 2018 cereal production prospects.
- Current national maize stocks are forecast at above-average levels due to the record outputs in 2017; this should partly cushion the expected production declines in 2018.
- Reduced harvests are still foreseen to intensify food insecurity in 2018, increasing the number of people in need of assistance; however, humanitarian needs expected to remain below the levels of 2016.

In several areas of Southern Africa, well below-average rains and higher-than-average temperatures in January 2018, following generally erratic rainfall since the beginning of the season in October 2017, have caused water stress and adversely affected crop development. The impact of the invasive Fall Armyworm (FAW), which has been detected in all countries except Lesotho and Mauritius, poses a further risk to yield potential in the affected areas as dry weather conditions exacerbate the yield impact of the pest. Consequently, cereal production in 2018 is forecast to fall from the high and record levels of 2017. While the decrease would mostly reflect lower yields, an expected year-on-year contraction in the harvested area, notably in the commercial sector and mostly on account of lower grain prices in 2017, should also negatively weigh on the production outlook.

Nonetheless, production in 2018 is still anticipated to remain close to the previous five-year average. Crops benefited from favourable precipitation since the end of January and with weather forecasts indicating a continuation of favourable precipitation

until the start of the harvest in March/April, crop conditions are likely to partly recover. Improvements in production prospects are expected mainly for late-planted crops, while the forecast for improved rains is anticipated to have only a minimal positive impact for the early planted crops. Furthermore, the recent heavy rains may have contributed to containing the spread of FAW.

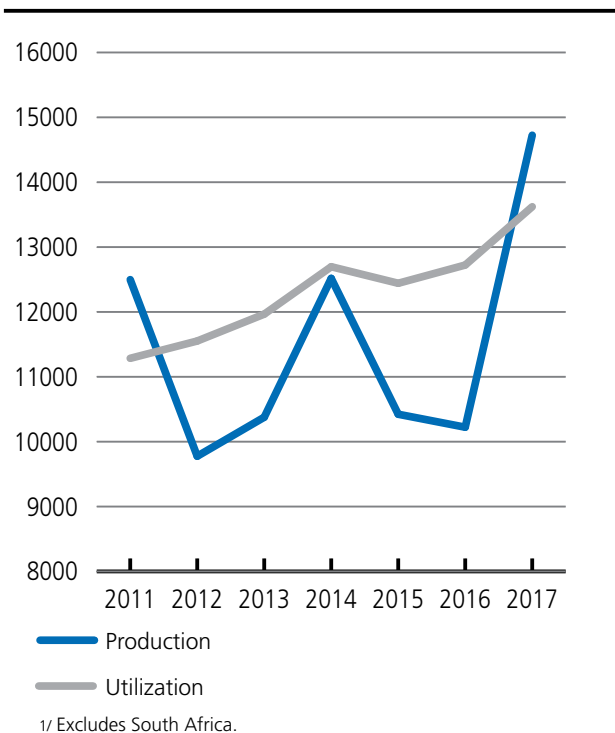
The most-affected areas of the subregion due to the erratic seasonal rains include key-growing zones in Lesotho, southern and central areas of Mozambique, western South Africa, southern parts of Zambia and Malawi, eastern Zimbabwe and southwestern Madagascar. Given that some of them represent the main cereal-growing regions of their respective countries, lower outputs in these areas could have a magnified impact on national maize production, the principal food staple¹.

Although maize production is foreseen to fall in 2018, supply conditions are currently favourable, following the record subregional maize output in

¹ Maize and products account for approximately 30 percent of the total calorie intake in Southern Africa, FAOSTAT, 2011-2013.

Figure 1: Southern Africa^{1/} - Maize production vs domestic utilization

(Thousand tonnes)



2017, which was estimated at 32.2 million tonnes, 43 percent above the previous five-year average. The aggregate 2017 maize harvest of the subregion excluding South Africa (a net exporter and the largest producer in the subregion) exceeded aggregate domestic requirements in the 2017/18 marketing year (generally April/March), a situation that has not transpired since 2011/12 (see Figure 1).

As a result, nearly all countries were able to build up their domestic inventories and, for the forthcoming 2018/19 marketing year (generally April/March), opening stocks are forecast to be above average, mainly reflecting a significant increase in South Africa. Higher stock levels could partly cushion the impact of the likely production decreases in 2018, averting a larger decline in domestic availabilities at the national level; however, in areas where cereal production declined in 2017, food supplies remain

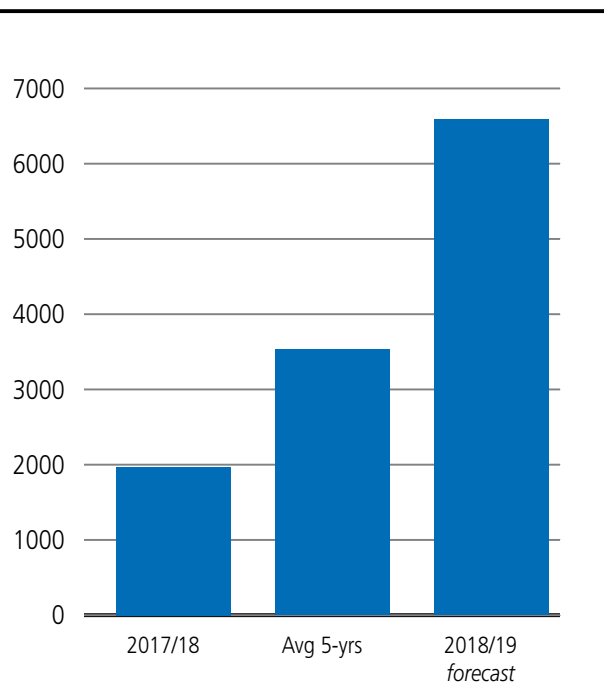
critically tight for households. It is also important to note that South Africa's opening stocks are forecast at over 4 million tonnes for 2018/19 and, therefore, despite an expected production decrease, the country is still forecast to have an above-average availability of maize and adequate supplies to export to neighbouring countries (see Figure 2).

Favourable supply conditions are reflected in price trends, with prices of maize remaining relatively stable and below their year-earlier levels in January in most countries of the subregion. Although increases were observed in some markets, adequate supply has contained larger price rises at the start of the year, a time when prices tend to rise seasonally (see Figure 3).

Based on the 2017 national Vulnerability Assessments Committees' evaluations, the estimated number of

Figure 2: Southern Africa - Maize opening stocks^{1/}

(Thousand tonnes)



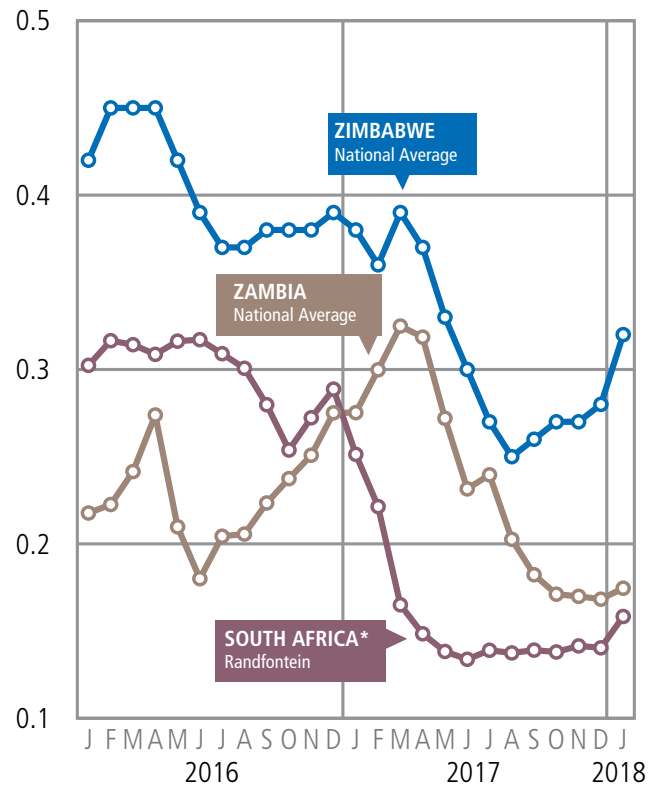
^{1/}Note: the split year refers to the marketing year in Southern Africa, which is generally between April (the start of the main cereal harvest) and March (the end of the lean season)

food insecure (valid up to March 2018) is significantly below the level of 2016. In the current lean season (January-March 2018), the number of people who require food assistance was projected to fall by 76 percent to 4.3 million², mostly resulting from the increased national agricultural outputs in 2017 and prevailing lower prices. The yearly decrease between the estimates of 2016 and 2017 mostly stems from substantial improvements in Malawi (down 5.8 million people), Mozambique (down 1.7 million) and Zimbabwe (down 3 million). In Madagascar, the impact of the Cyclone Enawo in March 2017 and a below-average rice production adversely affected food insecurity in southeastern areas of the country and in parts of the centre where the dry period was most intense. However, food security conditions improved in the previously drought-stricken southern regions following a small recovery in cereal harvests in 2017.

The anticipated reduction in the 2018 cereal output is expected to intensify food insecurity in the subregion, notably in the countries where rainfall deficits were most intense, with the numbers of food insecure foreseen to rise on a yearly basis. However, the situation is still expected to be better than in 2016, when about 17.7 million people were estimated to be food insecure³ due to the impacts on agriculture caused by the severe El Niño-associated drought.

Figure 3: Southern Africa - White maize prices in selected markets

(USD/kg)



* Wholesale prices, all others retail prices.

Source: Central Statistical Office, Zambia; Sistema De Informação De Mercados Agrícolas De Moçambique, Mozambique; SAFEX Agricultural Products Division, South Africa.

² Based on the Vulnerability Assessment Committees 2017 evaluation. This figure excludes Angola (official estimates are not available) and South Africa (figures are not directly comparable with data from other countries).

³ This figure excludes the Democratic Republic of Congo, South Africa and the United Republic of Tanzania.

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