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EXECUTIVE SUMMARY

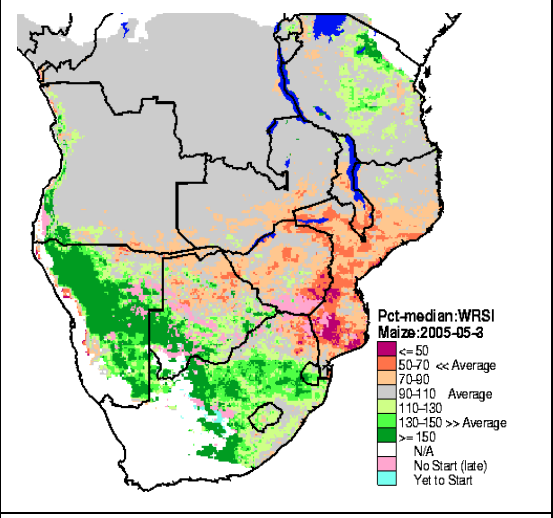
Preliminary forecasts at the end of May indicate that a number of Southern Africa countries are facing reduced crop harvests this season—both below last season and the 5-year average—as a result of poor crop growing conditions. In particular, maize production, which has been more adversely affected by the mid-season drought than most other crops, is forecast to decline significantly in many countries except South Africa, where, in contrast, crop growing conditions were favorable this season. The excellent maize harvest in South Africa (currently estimated at 11.79 million MT) *plus* large carryover stocks from last season (estimated at 3 million MT) will boost regional maize availability to a level sufficient to meet the import requirements of maize deficit countries in the region. Other countries registering a better harvest than last year include Angola and Tanzania where forecasts indicate an overall production increase of 16 percent and 10 percent, respectively.

Joint FAO/WFP Crop and Food Supply Assessment Missions (CFSAMs) and national vulnerability assessments (NVAs) have been conducted in Lesotho, Malawi, Mozambique, Swaziland and Zambia, five of the most affected countries, while a NVA is being undertaken in Zimbabwe. The results of these assessments are still being finalized. However preliminary results show that Malawi, Mozambique, Swaziland and Zambia will experience higher production deficits than those faced last year. Preliminary indications from Lesotho suggest a reduced production deficit this year. Although there was no CFSAM conducted in Zimbabwe, a maize import requirement of some 1.2 million MT is projected, and a total cereal deficit in excess of 1.7 million MT. The numbers of households requiring emergency assistance are yet to be finalized.

SEASON PROGRESS AND CEREAL HARVEST FORECASTS

Rainfall performance over the 2004/05 season has been poor across much of the central part of Southern Africa, reducing harvest expectations in many areas. The first half of the season was marked by an erratic start, which was followed by prolonged dry spells over many parts of the region. Areas that were adversely affected include much of Mozambique and Zimbabwe, southern and central Malawi, northern South Africa, southern Zambia, northern Namibia, and southern Angola. However, the productive central areas of South Africa had good rains, and are forecast to have above-average crop performance this season. As of the end of May, the Water Requirements Satisfaction Index (WRSI), a measure of crop performance, shows the general effect that the rainfall distribution has had on the performance of maize planted in the different parts of the region. The orange and purple colors in Figure 1 indicate areas where the rainfall performance suggests below average crop performance, while the green colors show areas with potentially better than average performance. Grey indicates areas where average crop performance is expected. Tanzania in general has had an above average season, although there are some isolated parts of the northern highlands as well as coastal districts of Tanzania that are indicated as having had below average yields. This analysis is consistent with the preliminary crop production forecasts described below.

Figure 1: Water Requirements Satisfaction Index Anomaly - May 2005 Dekad 3



Source: FEWS NET/USGS

Crop forecasting and estimation surveys, which will provide a more accurate indication of food crop production and available food supplies for the 2005/06 consumption year, are currently underway or completed in most countries of the region. Official estimates are expected around June/July, when the ongoing assessments and analysis are complete. The analysis below is based on preliminary indications and early assessments of the cropping season across the region.

TABLE 1: SADC 2004/05 PRELIMINARY CEREAL PRODUCTION FORECASTS ('000 MT)

	PRODUCTION: 2003/04		5-year average		10-year average		FORECASTS: 2004/05		All Cereals 2004/05 forecasts compared to:		
	Maize	All cereals	Maize	All Cereals	Maize	All cereals	Maize	All cereals	2003/04	5 year Average	10 year Average
Angola	577	720	499	623	443	546	686	835	16	34	53
Botswana	6	34	4	25	7	30	2	19	-45	-24	-37
Lesotho	81	103	89	125	102	142	85	120	16	-4	-16
Malawi	1733	1843	1898	2018	1862	1978	1307	1422	-23	-30	-28
Mozambique	1437	2006	1217	1687	1113	1569	1382	1899	-5	13	21
Namibia	45	137	37	112	30	101	33	140	2	25	38
RSA	9710	11839	9772	12193	8967	11388	11787	13907	17	14	22
Swaziland	92	92	91	92	107	108	67	67	-27	-27	-38
Tanzania	3232	4928	2610	4102	2559	4051	3288	5403	10	32	33
Zambia	1214	1372	1028	1202	975	1143	866	1065	-22	-11	-7
Zimbabwe*	1400	1609	1274	1575	1500	1849	550	739	-54	-53	-60
SADC	19528	24685	18519	23754	17665	22905	20053	25615	4	8	12

Source: SADC Food Security Early Warning System and SADC National Early Warning Units and partners

* Zimbabwe estimates from USDA- Foreign Agricultural Service - May 2005

Total cereal production currently forecast at similar levels as last year

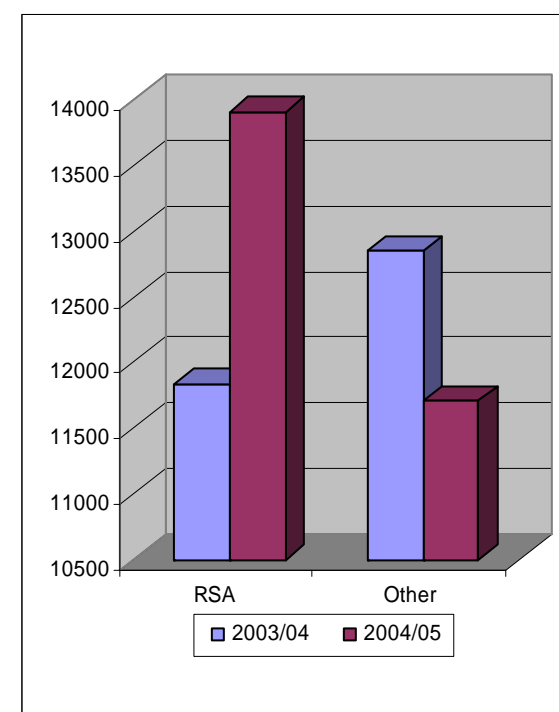
Information from various sources suggest a total regional cereal harvest forecast of 25.62 million MT, a level that is 4 percent above last year's production of 24.69 million MT, as well as above both the past 5-year average (8 percent) and the past 10-year average (12 percent). This above average regional production is largely due to the good overall harvest expected in South Africa, where production is up 17 percent over last year, and 14 percent above the past 5-year average. A comparison of overall cereal production in the other SADC countries generally shows a marked decline (9 percent) on this year's level of total production compared to the previous year (Figure 2).

At the individual country level, countries expecting larger cereal production shortfalls compared to the past five year average (and last season) include Botswana, Malawi, Swaziland, Zambia and Zimbabwe. Mozambique, though one of the most affected countries this year, estimates a harvest that is only 5 percent below last year and 13 percent above the past 5-year average. The effects of the mid-season drought were much more severe in the drier, less productive southern districts. According to the Water Satisfaction Index model (Figure 1), maize crop performance in Zimbabwe has been very poor, implying very poor yield prospects. However, ground data and any other estimates to cross check veracity of the situation are currently unavailable. Across the many stakeholders, there is consensus that food production this season in Zimbabwe will be well below average, necessitating substantial amounts of food imports—either commercially or as emergency assistance—in order to meet the large national deficit.

Regional maize production forecast at 20.05 million MT

Maize production in the region is projected at 20.05 million MT, marginally higher than last year's level of 19.53 million MT. This comes as a result of bumper harvest expectations in South Africa, where the May 19 CEC estimates put maize production at 11.79 million MT (compared to the originally estimated 7.97 million MT). Total maize production in South Africa has increased 21 percent over the past season, while for the drought affected countries, production is expected to drop on average by 30 percent. The graphic below (Figure 3) shows the percentage change by country in production of maize this year when compared to last year and

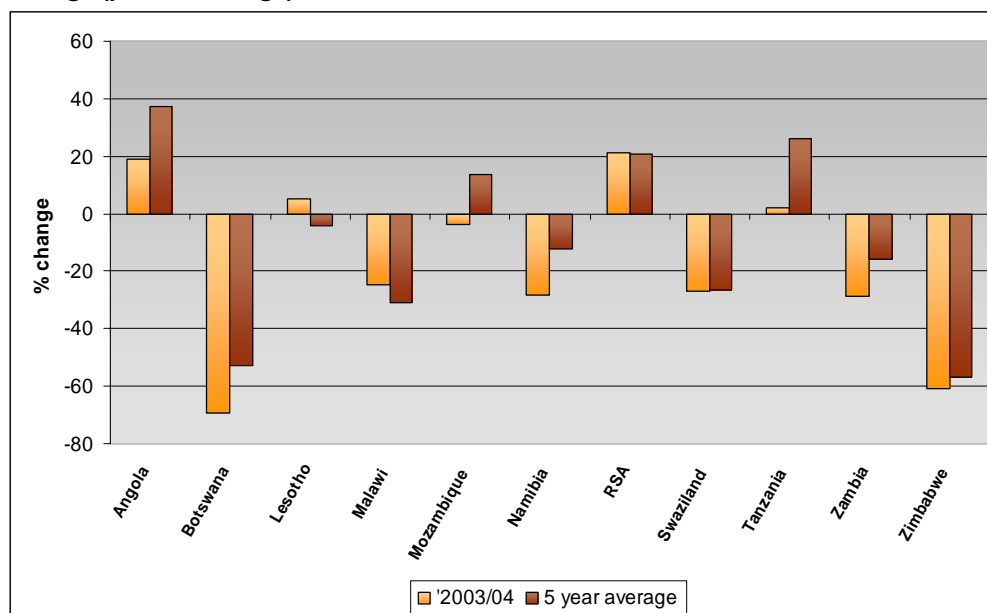
Figure 2: 2004/05 Cereal Production Forecasts Compared to 2003/04 ('000 MT)



Source: National Early Warning Units and partners, Central Statistics Offices, and SADC FANR Excludes DRC.

the last 5 year average. Though the picture is mixed, it is clear that apart from South Africa, Tanzania and Angola, most countries had a below average production this year. Reports from Angola indicate that in general, rains during the 2004/05 season were sufficient and had a regular distribution pattern resulting in good crop performance. Overall, it is expected that agricultural production will increase significantly compared to last year and the last 5 year average. Current preliminary forecasts from Tanzania point to an overall 10 percent increase in cereal production compared to last season.

Figure 3: 2004/05 Maize Production: Current production vs. 2003/04 and from 5-year average (percent change).



Preliminary estimates point to a slight decrease in overall production of the more drought tolerant sorghum and millet crops (6 percent), an increase in wheat (9 percent) as well as a marked increase in rice (42 percent). It is likely that final estimates may vary considerably than currently indicated as the current estimates are based on assessments conducted earlier on in the season.

Source: National Early Warning units and partners, Central Statistics Offices, and SADC FANR

CEREAL AVAILABILITY AND DEMAND PROJECTIONS FOR 2005/06

South Africa maize supplies boost regional maize availability

Although many countries this year are expecting harvests that are below the 5-year averages, domestic maize availability in the region for 2005/06 marketing year is projected to be 23.42 million MT, marginally higher than in the 2004/05 marketing year (22.6 million MT). This is due to South Africa's bumper harvest and its large carryover/opening stock, estimated at close to 3.0 million MT, which brings maize availability in South Africa alone to over 14.58 million MT. As indicated in Table 2, the South African domestic surplus of 4.88 million MT is more than sufficient to cover the projected deficits and import requirements of SADC member states currently estimated at 2.80 million MT. Indicative maize export plans by South Africa for the ensuing marketing year are currently under one million MT (880,000 MT), reflecting an after trade domestic surplus of about 4 million MT (after stock replenishment estimated at 1,004,000 MT). These current export plans include an estimated 350,000 MT export requirement to Botswana, Lesotho, Namibia and Swaziland (an amount sufficient to cover the annual import needs of the four countries), and an additional 530,000 MT to other African destinations. Zimbabwe is likely to import large quantities of maize from South Africa. According to South African Grain Information Service (SAGIS) records, Zimbabwe imported over 205,000 MT of white maize from May 2004 till the end of April 2005. The country is also likely to import substantial amounts from outside the region (including East Africa) to cover maize import requirements, currently estimated by government officials at 1.2 million MT.

Apart from South Africa and Tanzania, all other countries are projecting maize deficits this year. Although the analysis is based on tentative balance sheets, it suggests that Malawi, Swaziland, Zambia and Zimbabwe will face higher levels compared to last year; while Mozambique could break even without stock replenishment. However because of the higher costs involved in moving maize

Table 2: Maize domestic deficit/surplus: 2005/06 projections

	SOUTH AFRICA			Other	All
	White	Yellow	Total	SADC*	SADC
Opening stocks	2376	412	2788	577	3365
Gross Production	7058	4729	11787	8268	20055
Regional Availability	9434	5141	14575	8845	23420
Gross requirements	4801	3842	8693	11057	19750
Desired stock req's	554	441	1004	593	1597
Regional Demand	5355	4283	9697	11650	21347
Deficit/Surplus	4079	858	4878	-2805	2073
Deficit/Surplus**	4633	1299	5882	-2212	3670

Source: National Early Warning Units and partners, and SADC FANR

Excludes DRC. * Excluding South Africa

** Deficit/Surplus calculated without stock replenishment

from northern Mozambique to the south, imports from South Africa might be necessary to meet demand in southern Mozambique. Last season, SAGIS recorded a total of about 40,600 MT of white maize imported into Mozambique. It is anticipated that formal and informal trade will play an important role in closing part of the projected food gaps in the affected countries. Cross substitution with non-cereal food crops will also contribute significantly in filling the gap, especially in Zambia, Malawi, Mozambique and Angola where production and consumption of tubers, especially cassava is significant. The extent and impact on food security of anticipated shortages in each country will become clearer once the results of ongoing assessments are published. Reports from the CFSAMs and the NVAs are expected to provide an indication of the size of food gap expected to be covered through commercial private sector imports, government imports, as well as international food aid assistance.

Wheat production currently forecast at 2.13 million MT against the 5-year average of 2.40 million MT

Winter wheat production across the region is forecast at below average levels, though slightly up from last year's harvest of 1.94 million MT. The second estimates released by the South Africa CEC in May indicate a 6.1 percent reduction in area to be planted under wheat, mainly reflecting the dry conditions experienced last year and the low prices. Area under production is estimated to drop from 829,200 ha last year to 779,400 ha, with a likely output of 1.78 million MT (assuming an average yield level of 2.3 MT/ha). Preliminary indications are that other SADC countries (excluding DRC) will together produce a total wheat crop of about 356,000 MT, which is significantly above (36 percent) last year's output. However, these are very preliminary indications based on intentions to plant and final output will depend on performance of winter rains and the availability of inputs, including irrigation infrastructure. The region's wheat requirement, estimated at between 4 and 5 million MT, is well over the regional production. South Africa alone will need to import between 1.2 and 1.5 million MT (GrainSA estimates) to meet demand.

Table 3: All cereals domestic deficit/surplus: 2005/06 projections

	Maize	Wheat	Rice	Sorghum/ Millet	Total Cereals
Opening stocks	3365	781	337	284	4767
Gross Production	20055	2131	1213	2219	25619
Total Availability	23420	2912	1550	2504	30386
Gross requirements	19750	4560	2171	2660	29141
Desired stock requirements	1597	712	208	77	2594
Total Demand	21347	5272	2379	2737	31735
Deficit/Surplus (with SGR)	2073	-2360	-829	-233	-1349
Deficit/Surplus (no SGR)	3670	-1648	-621	-156	1245
Cross Substitution	-624	0	-56	-540	-1219
Uncovered Gap	2519	-2506	1424	177	-1119

Source: SADC FANR; National Early Warning Units and partners.

Excludes DRC. Cross substitution with non-cereals food crops (Malawi and Tanzania).

Results of Food and Crop Supply Assessment Missions yet to be finalized

National Vulnerability Assessments (NVAs) and FAO/WFP Crop and Food Supply Assessment Missions (CFSAMs) have been completed in Lesotho, Malawi, Mozambique, Swaziland and Zambia. However the results have not yet been released, pending completion of analysis and report writing. Only the Malawi VAC has released preliminary findings which indicate that the country will need a significant amount of humanitarian assistance to cover that part of the food gap (missing food entitlements), which rural households cannot cover through further purchases from commercial imports due to overstretched coping capacities. The overall food balance sheet (calculated in maize equivalents) shows an overall shortfall of 483,000 MT of grain, of which 272,000 MT is estimated as the total amount of missing food entitlements of the most vulnerable population, estimated at 4.22 million. This level of gap is assumed if food price increases remain at par with the inflation rate throughout the consumption period. A much higher level (424,000 MT) of missing food entitlements is projected in a scenario that assumes much higher increases in prices.

In most countries, the NVAs and the CFSAMs were meant to be linked with vulnerability assessments taking place ahead of the CFSAM in an effort to improve coordination and sequencing of the two processes, allowing the CFSAM to draw from the vulnerability assessments that provide more detailed analysis of vulnerability and emergency requirements in each country. Both of these processes involve the participation of observers from donor and humanitarian communities as a means to foster transparency and credibility and build consensus on required humanitarian response and coordination. The CFSAM and NVA reports will provide information that will form the basis for targeted interventions and other programming decisions aimed at responding to the needs of the vulnerable and food insecure, and sustaining increasingly fragile livelihoods, especially in HIV/AIDS-affected households. The results are expected to be released in mid-June, and a regional dissemination forum is tentatively scheduled to take place July 7-8, 2005.

Although a CFSAM has not been conducted in Zimbabwe to verify and validate existing cereal production estimates, the need for objective and transparent assessments remains critical as production levels are (anecdotally) among the lowest on record. A consensus agreement is needed on production estimates, current levels of carryover stocks, import requirements, the government's food import capacity and the level of food gaps (among the food insecure) requiring outside assistance to be filled. The Zimbabwe VAC is currently conducting its vulnerability assessment and analysis. Though this process has been delayed (results are expected only in July), it is hoped that it meets the criteria stated above as it has been planned and implemented in a very inclusive and consultative manner.

REGIONAL TRADE AND PRICE MOVEMENTS

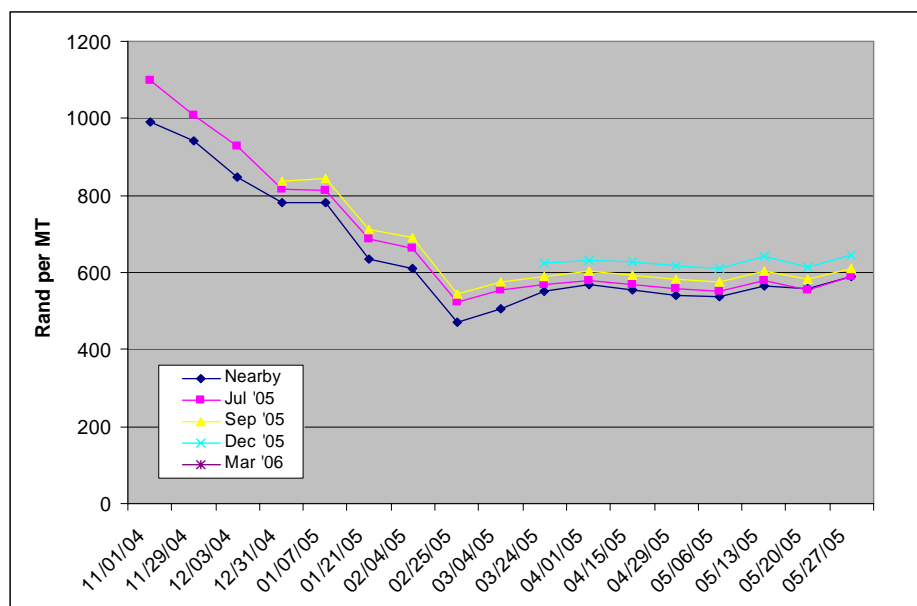
Informal cross border trade to cover some of the food gap

Within the region, there is consensus that informal cross border trade plays an important role in moving food from surplus to deficit areas amongst neighboring countries. Since July 2004, the cross border trade monitoring system, set up by WFP and FEWS NET to track maize, rice and bean trade along the common borders between Malawi, Zambia, Tanzania, Zimbabwe, Mozambique and DRC has captured significant amounts of food trade moving across these borders. From its inception in July 2004, up to the marketing year, the system observed and recorded some 102,000 MT of maize trade, of which 70,000 MT were imports into Malawi mostly from Mozambique. Based on the monthly averages recorded, it is likely that between April and June 2004 (before the system was up and running), close to 30,000 MT of maize were traded. As the system captures only what was reported to monitors, it is believed that actual cross border trade is considerably higher than that recorded. During the month of April 2005, as the new marketing season began, the system managed to capture some 9,000 MT of maize that was being moved mainly across Mozambique into southern Malawi. This follows similar trends observed last season where almost 70 percent of the maize trade consisted of imports from Mozambique to Malawi. Despite reduced harvests in the monitored countries and the export ban imposed as a precautionary measure in Zambia, informal trade flows are expected to remain significant. In order to increase coverage and capture the changing trade dynamics, additional border monitors have been placed along the Zambia/ Mozambique and Zimbabwe/South Africa (Beitbridge) borders. For more detailed coverage, see Issue 8 of the WFP/FEWS NET Informal Cross Border Food Trade Report.

Maize prices on the South African Futures Exchange remain low

White maize prices on the South African Futures Exchange (SAFEX) reached their lowest point in February (R471/MT), having dropped 45 percent from the year's highest average of R974/MT in November 2004. Although prices are now climbing they remain low, with the May 27 nearby price recorded at R578/MT, while the July 2005 and September 2005 futures were trading at R588/MT and R610/MT, respectively. The local over-supply situation and lower prices on the international market has continued to depress local maize prices, keeping them at much lower levels than at the same time last year. During the month of May, the Rand weakened slightly, falling from an average of R6.16 in April to R6.35 to the US\$. Further weakening of the Rand may enhance the competitiveness of the local crop compared to overseas supplies, enabling neighboring states to source most of their supplies from South Africa.

Figure 4: SAFEX White Maize Nearby and Futures prices - weekly movements



Source: SAFEX

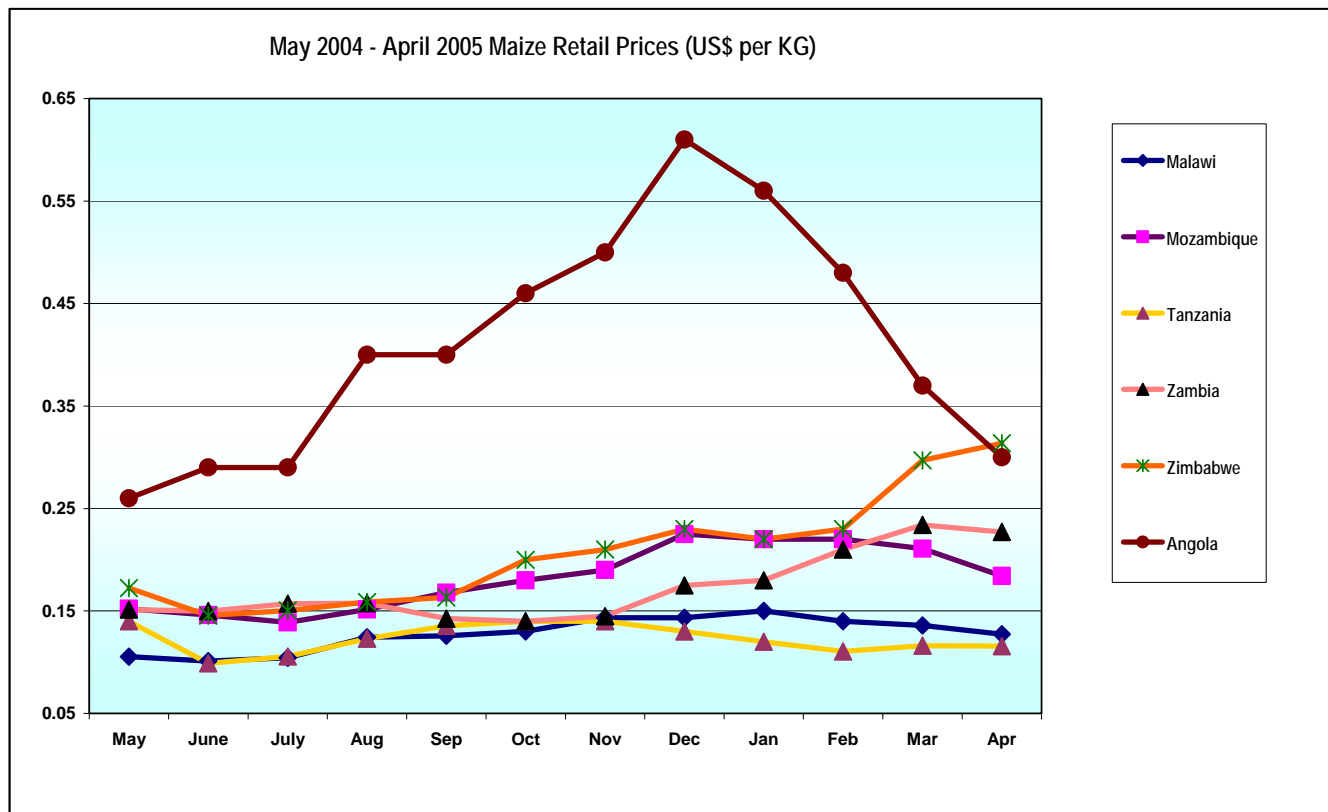
Regional Maize Retail Price movements in April

As the new marketing season began and the fresh harvest was coming in, retail maize prices declined in April in the monitored markets of Angola, Malawi and Mozambique, remained stable in Tanzania and Zambia and increased in Zimbabwe.

The biggest drop has been recorded in the Planalto region of Angola, where maize retail prices fell 19 percent from US\$0.37/kg to US\$0.30/kg, falling to levels comparable to those in Zimbabwe (Figure 5). It is expected that levels will continue to drop, reflecting improving supplies and generally better harvest prospects compared to last year. This is evidenced by the prices recorded in the first few weeks of May, which ranged between US\$0.24 - US\$0.27/kg. Maize prices in Malawi (averaged across Chitipa, Mchinji and Nsanje) fell from US\$0.14/kg in March to US\$0.13/kg in April. Price levels across these three markets are lower than at the same time last year (US\$0.15/kg), reflecting a more stable supply situation even with the worse harvest expectations. A similar downward trend was observed in Mozambique where, since March, the new harvest coming in from the central and northern provinces, has improved maize availability, thus stabilizing prices that had been rising steeply since December (especially in Maputo). In April, prices fell 14 percent from US\$0.21/kg to US\$0.18/kg; and were below last April's level of US\$0.19/kg.

Retail price levels in Zambia stabilized at US\$0.23/kg during the month of April, following a marked increase from US\$0.21/kg in February to March. Although prices are higher than at the same time last year (US\$0.19/kg) on account of the poor harvest expectations this season, last year's surplus has helped to contain price hikes this season. The average retail maize price in Tanzania (Dar es Salaam, and Mbeya) remained at US\$0.12/kg, reflecting stable food supplies in that country. The only price increases during the month of April were recorded in Zimbabwe, where the average retail price (Harare and Bulawayo) went from US\$0.30/kg to US\$31/kg. These increases reflect the reported scarcity of maize supplies throughout the country, notwithstanding the fact that the new harvest should now be on the markets. Prices are likely to remain high due to poor harvest prospects countrywide.

Figure 5: May 2004 - April 2005 Average Maize Retail Prices at the Monitored Markets of Angola, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe



Source: FEWS NET Angola, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe

The Southern Africa Food Security Brief draws from the FEWS NET monthly reports and contributions from FEWS NET/USGS, the SADC Regional Remote Sensing, SADC Regional Early Warning Program – Gaborone, and the SADC Regional Vulnerability Assessment Committee (comprised of SADC FANR, FAO, WFP, FEWS NET, SC (UK), and OCHA). Additional information is drawn from the National Early Warning Units and Meteorology Services in SADC member states.