

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: OCTOBER 2010

Issued: 1 November 2010

Directorate: Agricultural Statistics

Highlights:

- **Limited rainfall occurrences were reported for the country for the period 1 to 20 October 2010.**
- **The expected area planted to maize for the 2010/11 production season is estimated at 2,468 million ha, which is 10,0% less than the 2,742 million ha planted last season.**
- **The expected production of wheat is 1,571 million tons, which is 19,77% less than the previous seasons' crop of 1,958 million tons.**
- **The projected closing stocks of maize for the 2010/11 marketing season is 3,374 million tons. Thus, more than enough maize will be available for local consumption and to meet export demand.**
- **The projected closing stocks of maize for the 2011/12 marketing season is 2,957 million tons. Thus, enough maize will be available for local consumption and to meet export demand.**
- **The projected closing stocks of wheat for the 2009/10 marketing season is 608 000 tons, which includes imports of 1,3 million tons.**
- **The projected closing stocks of wheat for the 2010/11 marketing season is 341 000 tons, which includes imports of 1,4 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in September 2010 was lower at 3,2%.**
- **The annual percentage change in the PPI was lower at 6,8% in September 2010.**
- **September tractor sales of 426 units were almost 11% less than the 480 units sold in September 2009.**



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1. Weather conditions

1.1 Rainfall for the period 1 to 20 October 2010

The rainfall map (Figure 1) indicates that limited rainfall occurrences were reported for the country for the period 1 to 20 October 2010, with most of the summer rainfall regions recording rainfall totals of 10 mm and less, except for isolated rainfall occurrences in the southern coastal regions of the country, especially the KwaZulu-Natal province.

Figure 1: Total rainfall for 1-20 Oct. 2010

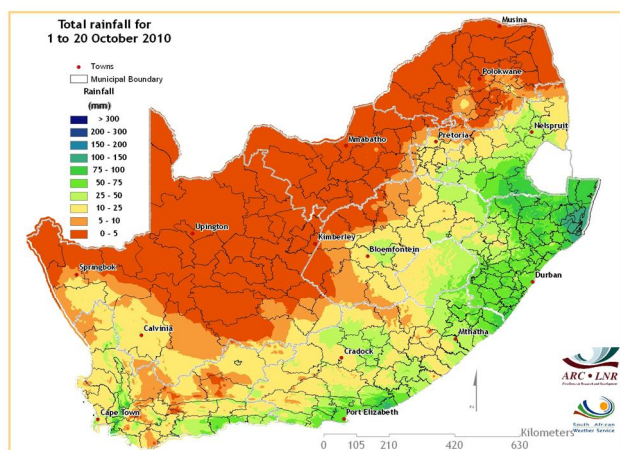
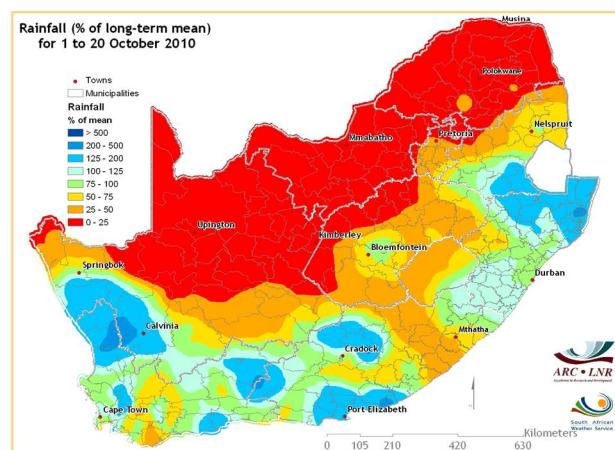


Figure 2: % of normal rainfall for 1-20 Oct. 2010



Source: ARC:ISCW

The map (Figure 2) for the percentage of normal rainfall for the period 1 to 20 October 2010, illustrates a significant percentage of below-normal rainfall for most parts of the country, except for isolated areas of the Western and Eastern Cape, as well as KwaZulu-Natal, which were characterised by normal to above-normal rainfall occurrences as compared to the long term mean.

1.2 Level of dams

Available information on the level of South Africa's dams on 25 October 2010 indicates that the country has approximately 79% of its full supply capacity (FSC) available, which is 5% less than last year. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 25 October 2010

Province	Total FSC in million cubic metres	25/10/2010 (%)	18/10/2010 (%)	Last Year (%)
Eastern Cape	1 792	49	50	54
Free State	15 940	83	84	91
Gauteng	115	96	97	96
KwaZulu-Natal	4 530	72	72	79
Lesotho*	2 376	78	78	79
Limpopo	1 159	78	79	71
Mpumalanga	2 527	91	92	86
North West	808	71	72	70
Northern Cape	143	90	93	96
Western Cape	1 843	81	79	87
Total	31 234	79	80	84

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The intentions of farmers to plant summer grain crops for the 2010/11 production season, was released by the Crop Estimates Committee (CEC) on 21 October 2010, and is as follows:

Table 2: Intentions to plant summer crops for the 2010/11 production season

Summer crops	Intentions 2010/11 Ha at mid October 2010 A	Area planted 2009/10 Ha B	Final production estimate 2009/10 Tons C	Change % A ÷ B
Commercial:				
White Maize	1 522 300	1 719 700	7 822 400	-11,48
Yellow Maize	946 200	1 022 700	5 220 600	-7,48
Total maize	2 468 500	2 742 400	13 043 000	-9,99
Sunflower seed	515 150	397 700	516 265	+29,53
Soya-beans	390 000	311 450	560 950	+25,22
Groundnuts	59 800	57 450	87 880	+4,09
Sorghum	86 600	86 675	220 093	-0,09
Dry beans	45 100	44 100	52 255	+2,27
Total	3 565 150	3 639 775	14 480 443	-2,05

- The expected area planted to **maize** for the 2010/11 production season is estimated at 2,468 million ha, which is 10,0% or 273 900 ha less than the 2,742 million ha planted last season.
- The figures show that producers intend to plant 1,522 million ha of **white maize**, which is 197 400 ha (11,5%) less than in the previous season. In the case of **yellow maize**, the expected plantings is 946 200 ha, which is 76 500 ha (7,5%) less than in the previous season.
- These figures give an indication of the intentions of commercial farmers to plant summer crops as at the middle of October 2010. Farmers indicated that the main reason for the decrease in the intended area to be planted to maize is that the lower maize prices could impact negatively on their profitability. However, access to production credit and the probability of a higher rainfall season can still influence farmers' decisions to plant summer grain crops.
- In the case of **sunflower seed**, the expected area planted is estimated at 515 150 ha, which is 29,5 % or 117 450 ha more than the 397 700 ha planted last season.
- The intended plantings of **soya-beans** also shows an increase of 25,2 % compared to the previous season, from 311 450 ha to 390 000 ha.
- The expected plantings of **groundnuts and dry beans** increased by 4,1% and 2,3%, respectively as compared to the previous season.
- The intended plantings of **sorghum** is expected to be more or less the same as the previous season, namely 86 600 ha as against 86 675 ha.

At the forthcoming meeting of the Crop Estimates Liaison Committee to be held on 25 November 2010, the size of the summer grain crops for the 2009/10 production season will be finalised.



2.2 Non-commercial maize

The non-commercial agricultural sectors' production estimate of maize for the 2009/10 production season was released on 22 April 2010, and is as follows:

Table 3: Area planted and production estimate of non-commercial maize for the 2009/10 production season

Crop	Area planted 2009/10 Ha (A)	Estimate 2009/10 Tons (B)	Area planted 2008/09 Ha (C)	Final crop 2008/09 Tons (D)	Change % (B) ÷ (D)
Non-commercial agriculture:					
White maize	371 861	421 969	356 276	378 576	+11,46
Yellow maize	149 079	183 895	112 407	138 057	+33,20
Total	520 940	605 864	468 683	516 633	+17,27

- The area planted to maize in the non-commercial agricultural sector is estimated at 520 940 ha, which represents an increase of 11,1 % compared to the 468 683 ha of the previous season. Due to favourable production conditions, the expected maize crop for this sector is 605 864 tons, which is 17,3 % higher than the 516 633 tons of last season.

2.3 Winter cereal crops

The revised area planted estimate and third production forecast for winter cereal crops for the 2010 production season, was also released by the CEC on 21 October 2010, and is as follows:

Table 4: Revised area planted estimate and third production forecast for winter cereals crops for the 2010 production season

Winter cereal crops	Area planted 2010 Ha (A)	3 rd forecast 2010 Tons (B)	Area planted 2009 Ha (C)	Final estimate 2009 Tons (D)	Change % (B) ÷ (D)
Wheat	558 100	1 570 980	642 500	1 958 000	-19,77
Malting barley	82 670	218 416	74 760	216 000	+1,12
Canola	34 820	39 650	35 060	40 350	-1,73
Total	675 590	1 829 046	752 320	2 214 350	-17,40

- The expected production of **wheat** is 1,571 million tons, which is 19,77% less than the previous seasons' crop of 1,958 million tons. The area estimate for wheat is 558 100 ha, with an expected yield of 2,81 t/ha.
- The production forecast for **malting barley** is 218 416 tons, which is 1,12 % higher than the previous seasons' crop of 216 000 tons. The area planted is estimated at 82 670 ha, while the expected yield is 2,64 t/ha.
- It has come to the attention of the Committee that commercial **canola** plantings also occur in the Northern Cape, Free State and KwaZulu-Natal provinces. The expected canola crop is now 39 650 tons, which is 1,73 % lower than the previous seasons' crop of 40 350 tons. The area estimate for canola was also revised upward to 34 820 ha, while the expected yield for canola is 1,14 t/ha.

Please note that fourth production forecast for winter cereal crops for 2010 production season will be released on 23 November 2010.



3. Cereal balance sheets

Supply and demand data for September 2010 was released by SAGIS on 20 October 2010. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 5:

2009/10 Wheat Balance Sheet as at 29 October 2010 (1000 tons)	Wheat (October to September)
Supply	
Opening stocks (October 2009)	694
SAGIS Opening Stocks	694
Gross production (2009 season)	1 967
Commercial production	1 958
Subsistence agriculture	9
Total domestic supply	2 661
Plus: Imports	1 287
Total supply	3 948
Demand	
Consumption	3 089
Commercial: Human	2 986
Animal (feed)	26
Retentions by producers	42
Seed for planting purposes	20
Other (released to end consumers +withdrawn by producers +retentions by producers)	15
Subsistence agriculture	9
Total domestic consumption	3 098
Plus: Exports	242
Total demand	3 340
Closing stocks (September 2010)	608
Pipeline requirements (80 days of human (food) consumption)	654
Domestic shortfall	-1091
Import gap	1091
Surplus above pipeline	-46
SAGIS closing stocks as at end of September 2010	608

Source: SAGIS, Directorate: Agricultural Statistics.

- Closing stocks at the end of September 2010 are expected to be 608 000 tons, which includes imports of 1,3 million tons. This is 12,39% more than the previous seasons' closing stocks of 694 000 tons.

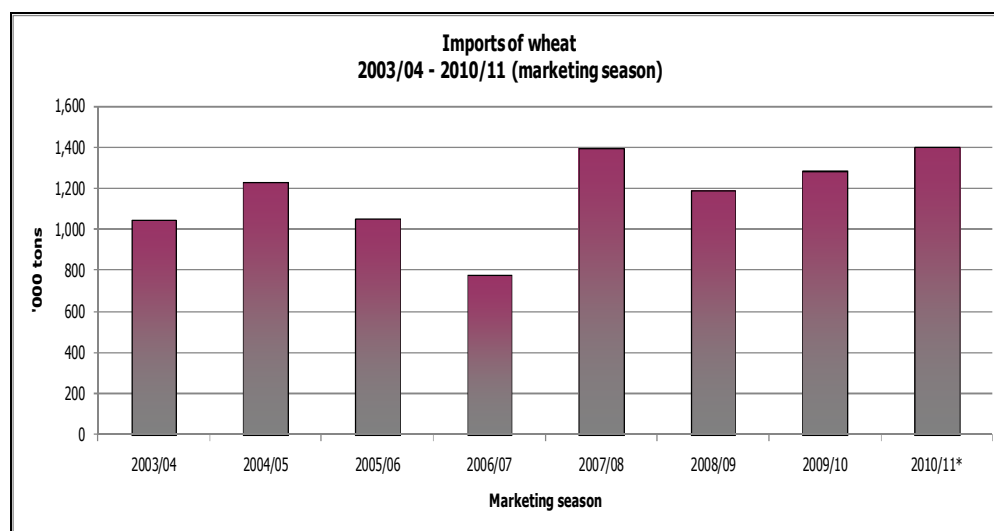
Table 6: South Africa's wheat imports per country as a % of total imports

Country	Tons	Percentage
United States of America	93 303	68,45
Germany	43 010	31,55
Total	136 313	100

Table 7:

2010/11 Projected Wheat Balance Sheet as at 29 October 2010 (1000 tons)	Wheat (October to September)
Supply	
Opening stocks (October 2010)	608
SAGIS Opening Stocks	608
Gross production (2010 season)	1 580
Commercial production	1 571
Subsistence agriculture	9
Total domestic supply	2 188
Plus: Imports	1 400
Total supply	3 588
Demand	
Consumption	3 006
Commercial: Human	2 895
Animal (feed)	26
Retentions by producers	42
Seed for planting purposes	23
Other (released to end consumers +withdrawn by producers +retentions by producers)	20
Subsistence agriculture	9
Total domestic consumption	3 015
Plus: Exports	232
Total demand	3 247
Closing stocks (September 2011)	341
Pipeline requirements (80 days of human (food) consumption)	635
Domestic shortfall	-1 462
Import gap	1 462
Shortage above pipeline	-294

- The projected closing stocks of wheat for the 2010/11 marketing season is 341 000 tons, which is 43,9% less than the previous season (608 000 tons). This decrease can mainly be attributed to the smaller expected wheat crop for the 2010/11 marketing season.

Graph 1: South Africa's wheat imports from the 2003/04 to 2010/11 marketing seasons

*Projection

- South Africa will probably import 1,4 million tons of wheat during the 2010/11 marketing season, almost the same as in the 2007/08 marketing season when 1,396 million tons of wheat were imported.

3.2 Summer grains

Table 8:

2010/11 Projected Annual Cereal Balance Sheet as at 29 October 2010 (1 000 tons)	Maize (May to April)			Sorghum (April to March)
	White	Yellow	Total	
Supply				
Opening stocks	1 362	769	2 131	93,2
SAGIS Opening Stocks	1 362	769	2 131	93,2
Gross production	8 244	5 405	13 649	259,5
Commercial production	7 822	5 221	13 043	220,1
Subsistence agriculture	422	184	606	39,4
Total domestic supply	9 606	6 174	15 780	352,7
Plus: Imports	-	-	-	-
Total supply	9 606	6 174	15 780	352,7
Demand				
Consumption	5 850	4 220	10 070	220,9
Commercial: Human	4 200	350	4 550	186,5
Animal (feed)	1 270	3 000	4 270	8,0
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	304	836	1 140	26,4
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 272	4 404	10 676	260,3
Plus: Exports	860	870	1 730	31,6
Products	60	50	110	-
Whole maize	800	820	1 620	-
Total demand	7 132	5 274	12 406	291,9
Closing stocks (2011)	2 474	900	3 374	60,8
Pipeline requirements (45 days of commercial consumption)	682	415	1 097	24,0
Domestic surplus	2 652	1 355	4 007	68,4
Surplus/ shortage above pipeline	1 792	485	2 277	36,8
SAGIS closing stocks as at end of September 2010	5 842	3 019	8 861	156,3

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2010/11 marketing season is 3,374 million tons, which is 58,33% more than the previous season (2,131 million tons). This increase can mainly be attributed to the higher production of maize during the 2009/10 production season.
- Closing stocks of sorghum at the end of March 2011 are estimated at 60 800 tons, which is 34,76% less than the previous season (93 200 tons).

Graph 2: Major export destinations of South African maize, 1 May to 22 October 2010



- Cumulative maize exports for the season are 770 543 tons, consisting of 322 703 tons of white maize and 447 840 tons of yellow maize.
- On a per country basis, Korea is still the number one importer of South African maize with 259 440 tons (34%), followed by the BLNS Countries and Kuwait with 208 692 (27%) and 81 798 tons (11%), respectively.

*the Rest includes Guinea, Senegal, Chad, Madagascar and Taiwan. (Source: SAGIS)

Table 9:

2011/12 Projected Annual Cereal Balance Sheet as at 29 October 2010 (1 000 tons)	Maize (May to April)			Sorghum
	White	Yellow	Total	(April to March)
Supply				
Opening stocks	2 474	900	3 374	60,8
SAGIS Opening Stocks	2 474	900	3 374	60,8
Gross production	7 346	5 104	12 450	291,4
Commercial production	6 924	4 920	11 844	252,0
Subsistence agriculture	422	184	606	39,4
Total domestic supply	9 820	6 004	15 824	352,2
Plus: Imports	-	-	-	-
Total supply	9 820	6 004	15 824	352,2
Demand				
Consumption	5 700	4 581	10 281	213,2
Commercial: Human	4 170	341	4 511	182,7
Animal (feed)	1 150	3 370	4 520	9,2
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	304	836	1 140	21,3
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 122	4 765	10 887	252,6
Plus: Exports	1 280	700	1 980	40,8
Products	55	50	105	-
Whole maize	1 225	650	1 875	-
Total demand	7 402	5 465	12 867	293,4
Closing stocks (2012)	2 418	539	2 957	58,8
Pipeline requirements (45 days of commercial consumption)	663	460	1 123	23,7
Domestic surplus	3 035	779	3 814	75,9
Surplus/ shortage above pipeline	1 755	79	1 834	35,1

Source: SAGIS, Directorate: Agricultural Statistics.

- Farmers intend to plant 2,469 million ha of maize. When applying an average yield of 4,80 t/ha, the total commercial production of maize is estimated at 11,844 million tons. The projected closing stocks of maize for the 2011/12 marketing season is 2,957 million tons, which is 12,36% less than the previous season (3,374 million tons). This decrease can mainly be attributed to the expected lower area planted to maize during the 2010/11 production season.
- In case of sorghum, the intended plantings is expected to be more or less the same as the previous season, namely 86 600 ha as against the 86 675 ha. When applying an average yield of 2,91 t/ha to the intended planting of 86 600 ha, the total commercial production of sorghum is projected at 252 006 tons. The projected closing stocks of sorghum for the 2011/12 marketing season is 58 800 tons, which is 2 000 tons less than the previous season (60 800 tons).

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in September 2010 was 3,2%. This rate was 0,3% lower than the corresponding annual rate of 3,5% in August 2010. This is the lowest level in more than five years. The fall in inflation was mainly driven by the strong Rand and a lack of demand in the economy.
- On average, prices increased by 0,1% between August 2010 and September 2010.



- The food and non-alcoholic beverages index decreased by 0,2% between August 2010 and September 2010. The annual rate decreased to 1,5% in September 2010 from 1,7% in August 2010. The monthly decrease in the food and non-alcoholic beverages index was largely driven by monthly decreases in vegetables (-1,8%), milk, eggs and cheese (-0,9%), fish (-0,8%), oils and fats (-0,3%) and cold beverages (-0,3%). These decreases were counteracted by monthly increases in hot beverages (1,0%), bread and cereals (0,8%), other food (0,8%), sugar, sweets and desserts (0,6%) and fruit (0,2%).
- The housing and utilities index increased by 0,7% between August 2010 and September 2010, mainly due to a 2,0% increase in actual rentals. The annual rate was unchanged at 6,3% in September 2010.
- The transport index decreased by 0,4% between August 2010 and September 2010. The annual rate decreased to 0% in September 2010 from 1,1% in August 2010.
- The provinces with an annual inflation rate lower or equal to headline inflation were KwaZulu-Natal (2,5%), Northern Cape (2,8%), North West (2,8%), Limpopo (2,9%), Gauteng (3,1%) and Mpumalanga (3,1%). The provinces with an annual inflation rate higher than headline inflation were Western Cape (3,3%), Eastern Cape (3,7%) and Free State (3,9%).

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI was 6,8% in September 2010 (i.e. the PPI in September 2010 compared with September 2009). This rate is 1,0% lower than the corresponding annual rate of 7,8% in August 2010.
- This lower annual rate in September 2010 can be explained by decreases in the annual rate of change in the Producer Price Indices for:
 - Agriculture: The annual rate decreased from 1,4% in August 2010 to -0,1% in September 2010;
 - Products of petroleum and coal: The annual rate decreased from 2,0% in August 2010 to -1,2% in September 2010;
 - Electricity: The annual rate decreased from 23,1% in August 2010 to 17,2% in September 2010.
- These decreases were partially counteracted by increases in the annual rate of change for:
 - Mining and quarrying: The annual rate increased from 17,2% in August 2010 to 18,3% in September 2010;
 - Food at manufacturing: The annual rate increased from -1,3% in August 2010 to -0,1% in September 2010;
 - Chemicals and chemical products: the annual rate increased from -1,3% in August 2010 to 0,0% in September 2010.
- From August 2010 to September 2010 the PPI for domestic output decreased by 4,1%.

4.3 Futures contract prices and exchange rate

Table 10: Closing prices on Thursday, 21 October 2010

	23 September 2010	21 October 2010	% change Oct. vs Sept.
RSA White Maize per ton (Oct. contract)	R1 281	R1 274	-0,55
RSA Yellow Maize per ton (Oct. contract)	R1 358	R1 391	+2,43
USA Yellow Maize per ton (Dec. contract)	\$198,81	\$225,58	+13,47
RSA Wheat per ton (Oct. contract)	R2 710	R2 661	-1,81

RSA Soya-beans per ton (Oct. contract)	R3 255	R3 150	-3,23
RSA Sunflower seed per ton (Oct. contract)	R4 275	R4 825	+12,87
Exchange rate R/\$	R7,00	R6,92	-1,14

Source: DAFF

- Some domestic grain prices ended higher, whilst others ended lower on 21 October 2010, as compared to the month of September. Local white maize prices decreased by 0,55% compared to the previous month, whilst yellow maize prices increased by 2,43%. Local soya-bean and wheat prices declined by 3,23% and 1,81% respectively, whilst sunflower seed prices increased by a considerable 12,87%, during the same period.
- For the mentioned period, the Rand strengthened by 1,14% against the US Dollar to reach R 6,92/US\$.

4.4 Agricultural machinery sales

- September tractor sales of 426 units were 11% down on the 480 units sold in September 2009. Year-to-date tractor sales are still approximately 12% down on 2009. September combine harvester sales of 7 units were more than double those of September last year, but are still 33% down on a year-to-date basis.
- Many parts of the country are quite dry. Sugar cane and wheat growing areas have been badly affected by the drought. In summer rainfall areas farmers are waiting for rain before they can proceed with summer crop planting. Until such time as it rains, farmers will hold back on their decisions to buy tractors. With the large maize surplus in the market, farmers are being advised by Grain SA to plant less maize this season. Some of the land withdrawn from maize will be planted to other summer crops. Industry expectations for 2010 tractor sales are still of the order of 5 000 units, approximately 10% down on last year.

Table 11: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	September			September		
	2010	2009		2010	2009	
Tractors	426	480	-11,3	3 705	4 219	-12,2
Combine harvesters	7	3	-133,3	156	234	-33,3

Source: SAAMA press release, October 2010

5. Acknowledgements

The Directorate: Agricultural Statistics 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:

- Agfacts
- Department of Water Affairs (DWA)
- Farmer's Weekly
- Grain South Africa (GrainSA)
- National Agricultural Marketing Council (NAMC)
- South African Agricultural Machinery Association (SAAMA)
- South African Futures Exchange (SAFEX)
- South African National Seed Organisation (SANSOR)
- South African Reserve Bank
- Statistics South Africa (Stats SA)
- The South African Grain Information Service (SAGIS)
- The South African Weather Service (WeatherSA)
- USDA Foreign Service
- UT Grain Management (Pty) Ltd