

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: APRIL 2009

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1. Highlights

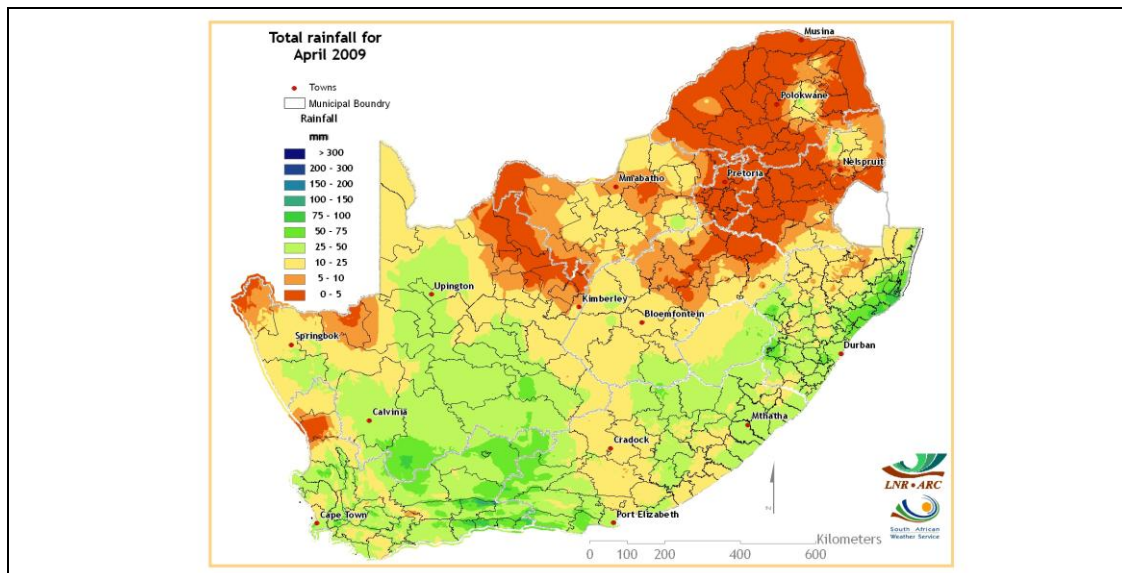
- Rainfall during April was restricted to isolated areas of the winter rainfall region and the KwaZulu-Natal Province.
- Projections of maize for the 2008/09 marketing season indicate that South Africa should have a surplus of 1,948 million tons of maize at the end of April 2009.
- Maize exports are projected at 2,210 million tons during the 2008/09 marketing season.
- The expected commercial maize crop for the 2008/09 production season is 11,202 million tons, which is 11,8% less than the 12,7 million tons of the previous season.
- Projections for the current 2009/10 marketing season indicate that South Africa will have a surplus of 2,131 million tons of maize at the end of April 2010.
- Projections for the current 2008/09 marketing season indicate that South Africa will have a surplus of 655 000 tons of wheat at the end of September 2009.
- Projections for the 2009/10 marketing season indicate that South Africa will have a surplus of 619 000 tons of wheat at the end of September 2010.
- The headline CPI (for all urban areas) annual inflation rate in March 2009 is lower at 8,5%.
- The annual percentage change in the PPI is lower at 5,3% in March 2009 (i.e. the PPI in March 2009 compared with that in March 2008).
- The Monetary Policy Committee of the South African Reserve Bank has decided to reduce the repurchase rate by 100 basis points to 8,5 per cent per annum with effect from 4 May 2009.
- Total tractor sales during March 2009 were 512 units, which is almost 20% lower than the 636 units sold in March last year.

2. Weather conditions

2.1 Rainfall for April 2009

Following good rainfall during March, rainfall during April (Figure 1) was restricted to isolated areas of the winter rainfall region and the KwaZulu-Natal Province. The rest of the country received very little or no rain.

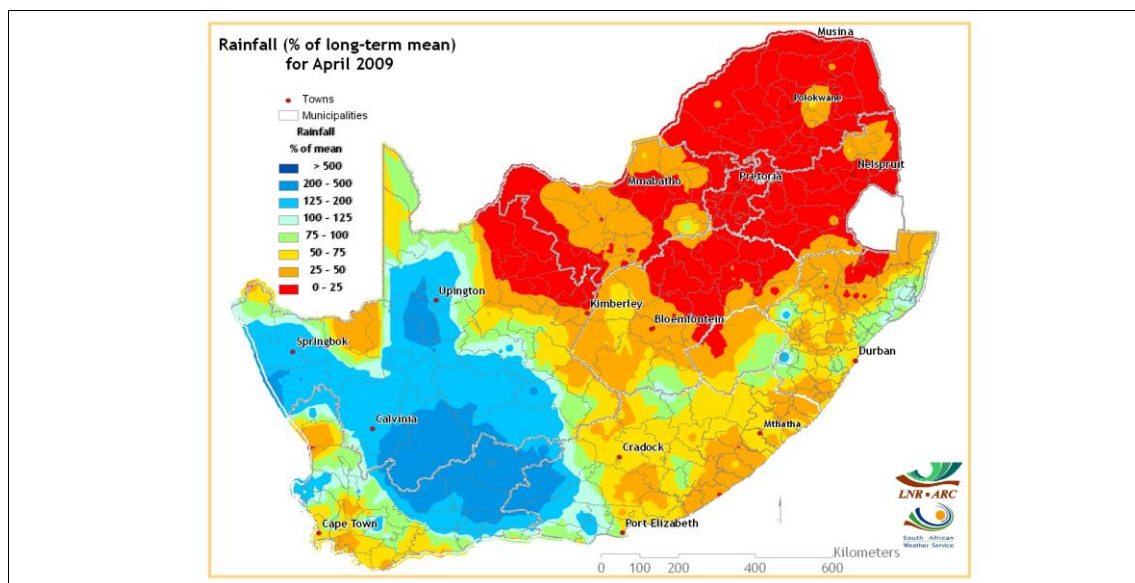
Figure 1: Total rainfall for April 2009



Source: ARC: ICSW

Comparing the total rainfall received for the period under review to the long term mean (Figure 2), 125-200 percent of above-normal rainfall occurred in the Northern Cape Province and the eastern parts of the Western Cape Province as well as the western parts of the Eastern Cape Province. Considering the rest of the country - the western and interior parts, below-normal rainfall occurred in these regions, with 0-25 percent of the normal rainfall being reported.

Figure 2: Percentage of normal rainfall for April 2009

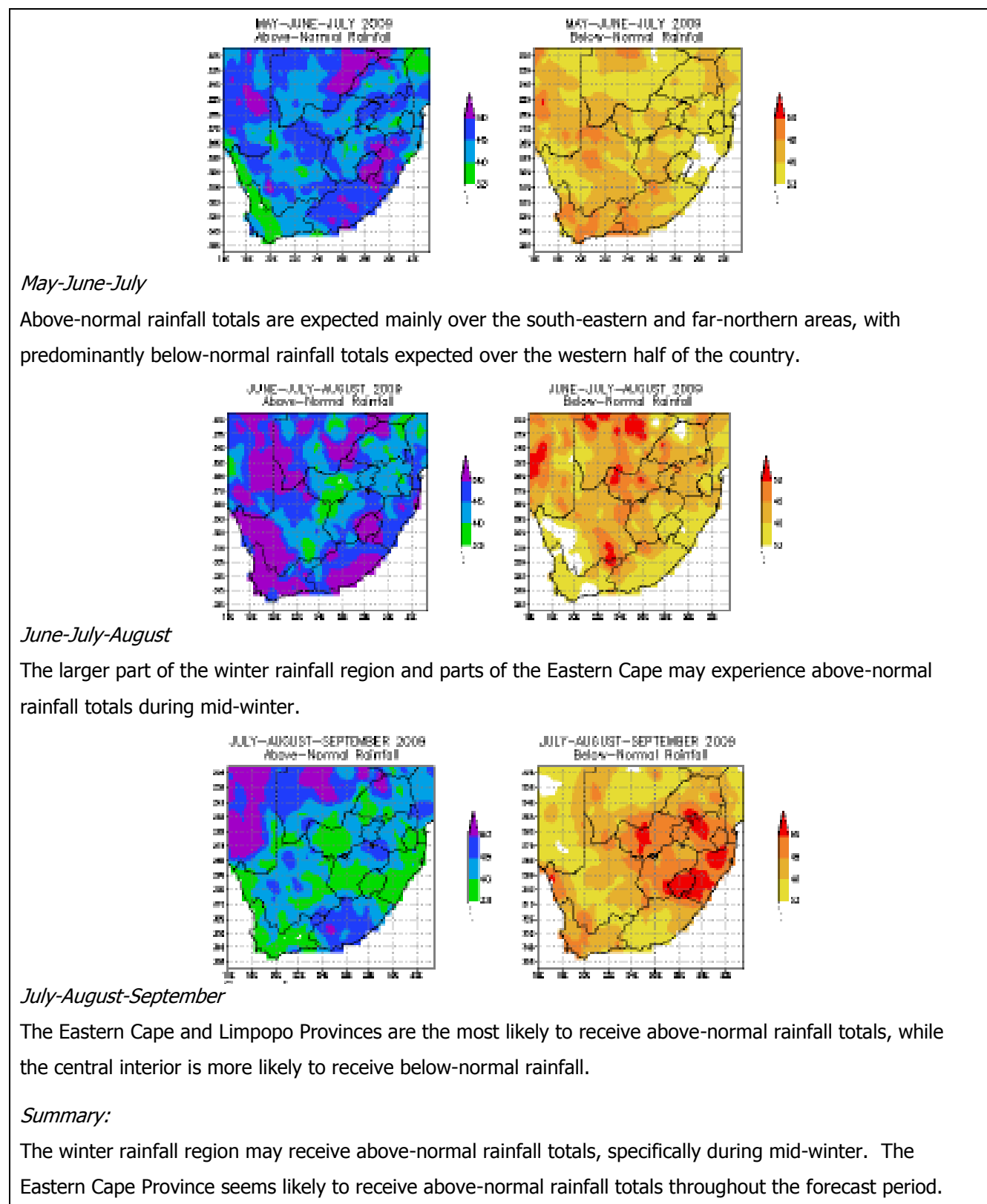


Source: ARC: ICSW

2.2 Seasonal rainfall forecast overview for South Africa

2.2.1. Rainfall Forecast (May to September 2009)

Figure 3: Rainfall Forecast (May to September 2009)



Source: South African Weather Service

2.3 Level of dams

Available information on the level of South Africa's dams on 27 April 2009 indicates that the country has approximately 88% of its full supply capacity (FSC) available, which is 2% more 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, 27 April 2009

Province	Total FSC	27/04/2009 (%)	Last Year (%)
Eastern Cape	1 807	64	82
Free State	16 090	94	90
Gauteng	115	100	101
KwaZulu-Natal	4 529	87	88
Lesotho	2 376	88	89
Limpopo	1 142	79	79
Mpumalanga	2 527	95	91
North West	808	81	77
Northern Cape	143	97	87
Western Cape	1 843	56	57
Total	31 381	88	86

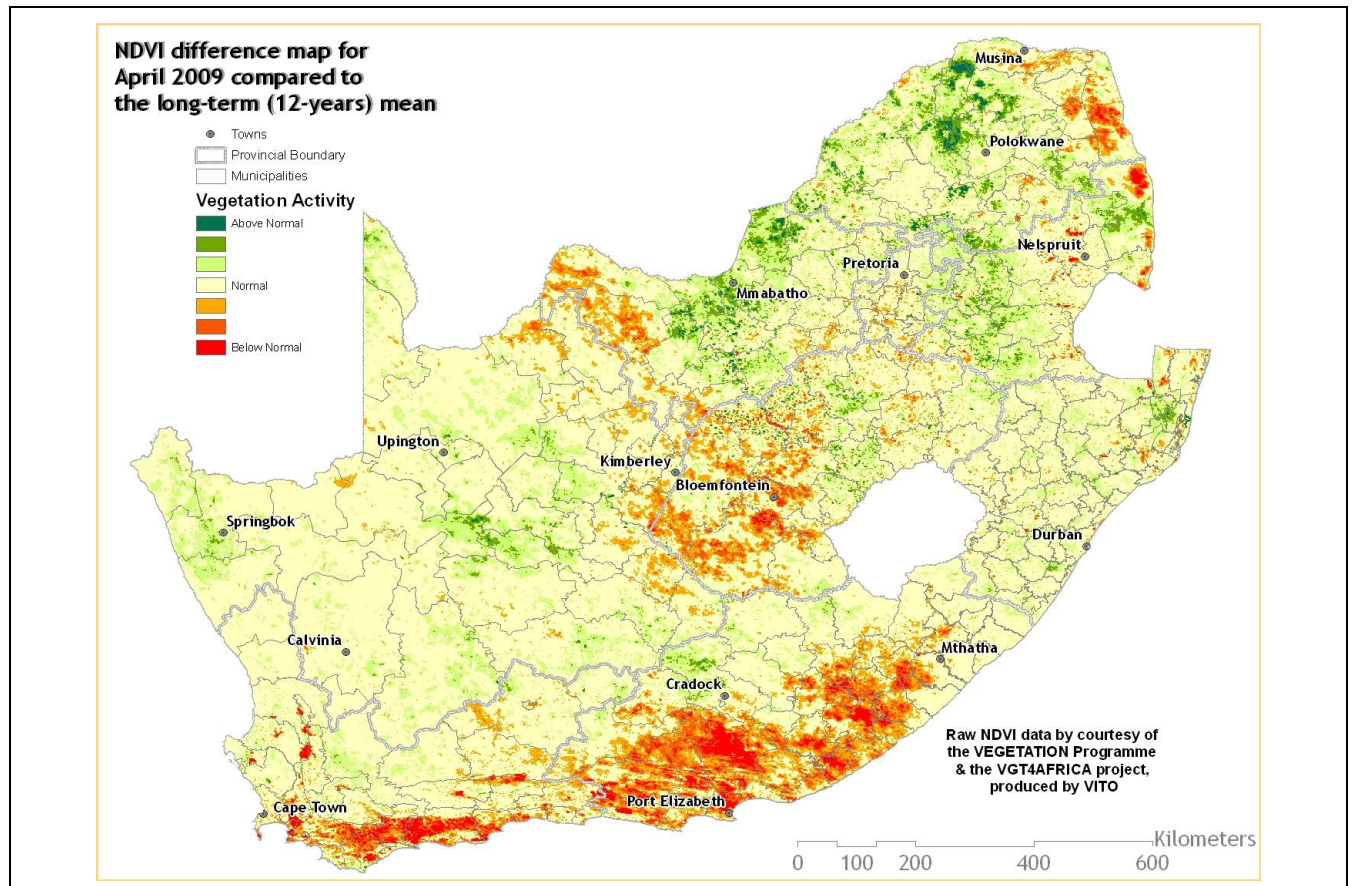
Source: Department of Water Affairs and Forestry

Note: FSC is equal to the Full Supply Capacity in million cubic metres.

2.4 Vegetation activity

The NDVI difference map (Figure 4) for April 2009 as compared to the 12 year long-term mean shows that the vegetation activity for the Western and Eastern Cape Provinces as well as isolated areas of the Free State and Limpopo Provinces are characterized by below-normal vegetation activity, whereas the Northern Cape and KwaZulu-Natal Provinces are mostly characterized by normal vegetation activity. Most parts of the North West, Gauteng and Limpopo Provinces reflect normal to above-normal vegetation activity.

Figure 4: NDVI map for April 2009 compared to 12 year long-term mean



Source: ARC: ISCW

3. Grain production

3.1 Summer grain crops

3.1.1 Area estimate and third production forecast of summer crops for the 2008/09 production season

The CEC released the area planted and third production forecast figures of the commercial summer grain crops for the 2008/09 production season on 23 April 2009.

Table 2: Commercial summer crops: Revised area planted and third production forecast figures - 2008/09 production season

CROP	Area planted 2008/09	3rd Forecast 2008/09	Area planted 2007/08	Final crop 2007/08	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
Commercial:					
White Maize	1 489 000	6 542 200	1 737 000	7 480 000	-12,54
Yellow Maize	933 500	4 659 300	1 062 000	5 220 000	-10,74
Total maize	2 422 500	11 201 500	2 799 000	12 700 000	-11,80
Sunflower seed	635 800	875 280	564 300	872 000	+0,38
Soya-beans	224 750	405 035	165 400	282 000	+43,63
Groundnuts	54 550	96 060	54 200	88 800	+8,18
Sorghum	85 500	260 250	86 800	255 000	+2,06
Dry beans	43 800	63 780	43 800	58 975	+8,15
Total	3 467 900	12 901 905	3 713 500	14 256 775	-9,50

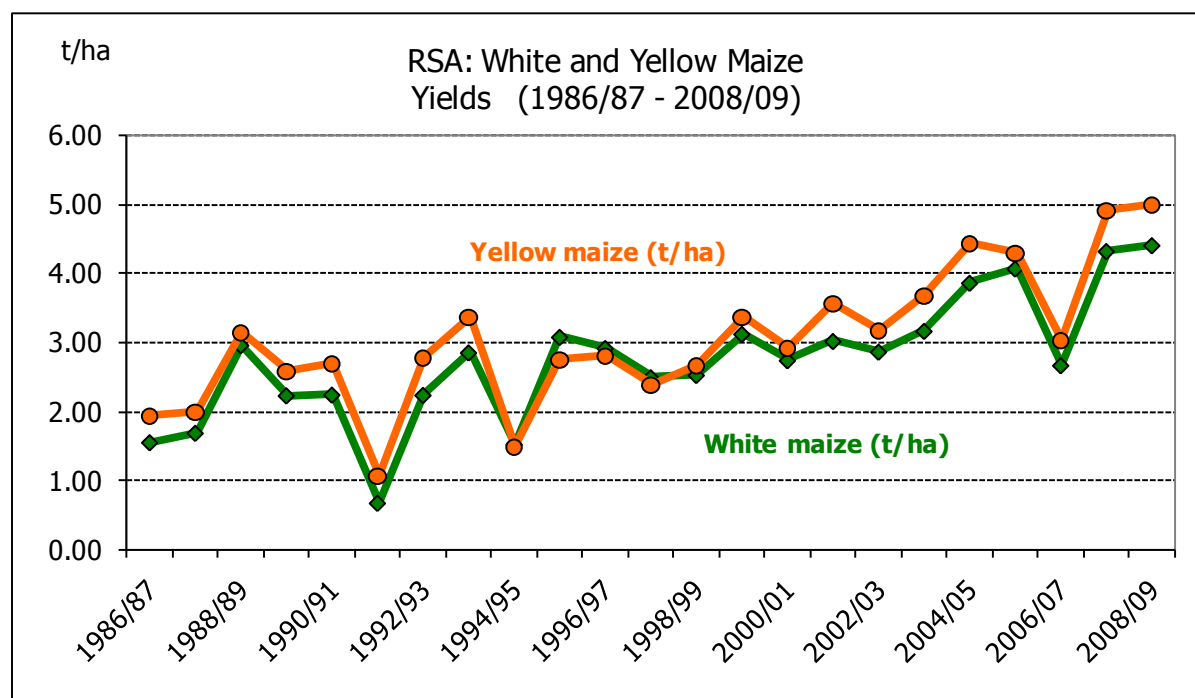
The revised area estimate for **commercial maize** is 2,423 million ha, which is 13,45% or 376 500 ha less than the 2,799 million ha planted for the previous season. The expected **commercial maize** crop is 11,202 million tons, which is 11,8% or 1,499 million tons less than the 12,7 million tons of the previous season.

The area estimate for **commercial white maize** is 1,489 million ha, which represents a decrease of 14,28% or 248 000 ha compared to the 1,737 million ha planted last season. In the case of **commercial yellow maize** the area estimate is 933 500 ha, which is 12,1% or 128 500 ha less than the 1,062 million ha planted last season.

The production forecast of white maize is 6,542 million tons, which is 12,54% less than the 7,480 million tons of last season. The yield for white maize is 4,39 t/ha as against 4,31 t/ha the previous season. In the case of yellow maize the production forecast is 4,659 million tons, which is 10,74% less than the 5,220 million tons of last season. The yield of yellow maize is 4,99 t/ha as against 4,92 t/ha the previous season.

The following graph provides a historic overview of the yields of commercial white and yellow maize. It is evident that the yields show an increasing trend over time. These is also highest yields reported for white and yellow maize over time.

Graph 1: Yields of commercial white and yellow maize



3.1.2 Other commercial summer crops

The production forecast for **sunflower seed** is 875 280 tons, which is 0,38% more than the 872 000 tons of the previous season. The area estimate for sunflower seed is 635 800 ha, which is 12,67% more than the 564 300 ha planted the previous season. The expected yield is 1,38 t/ha as against 1,55 t/ha of the previous season.

The production forecast for **soya-beans** is 405 035 tons, which is 43,63% more than the 282 000 tons of the previous season. It is estimated that 224 750 ha have been planted to soya-beans, which represents an increase of 35,88% compared to the 165 400 ha planted last season. The expected yield is 1,80 t/ha as against 1,70 t/ha last season.

The expected **groundnut** crop is 96 060 tons, which is 8,18% more than the 88 800 tons of last season. For groundnuts the area estimate is 54 550 ha, which is 0,65% more than the 54 200 ha planted for the previous season. The expected yield is 1,76 t/ha as against 1,64 t/ha last season.

The production forecast for **sorghum** is 260 250 tons, which is 2,06% higher than the 255 000 tons of the previous season. The area estimate for sorghum decreased by 1,50%, from 86 800 ha to 85 500 ha for the previous season. The expected yield is 3,04 t/ha as against 2,94 t/ha of the previous season.

In the case of **dry beans** the production forecast for is 63 780 tons, which is 8,15% more than the 58 975 tons of the previous season. For dry beans the area estimate is 44 800 ha, which is 2,28% more than the 43 800 ha planted for the previous season. The expected yield is 1,42 t/ha as against 1,35 t/ha of the previous season.

Please note that the fourth production forecast for summer field crops for the 2008/09 production season will be released on 26 May 2009.

3.2 Winter cereal crops

The CEC also released the intentions of farmers to plant winter cereals for the 2009 production season on 23 April 2008.

Table 3: Winter cereals –Intentions to plant: 2009 season

CROP	Intentions* 2009 Ha (A)	Area planted 2008 Ha (B)	Final estimate 2008 Tons (C)	Change % (A) ÷ (B)
Wheat	646 400	748 000	2 089 775	-13,58
Malting barley	73 050	68 245	194 399	+7,04
Canola	41 000	34 000	32 300	+20,59
Total	760 450	850 245	2 316 474	-10,56

* Based on conditions at the middle of April 2009.

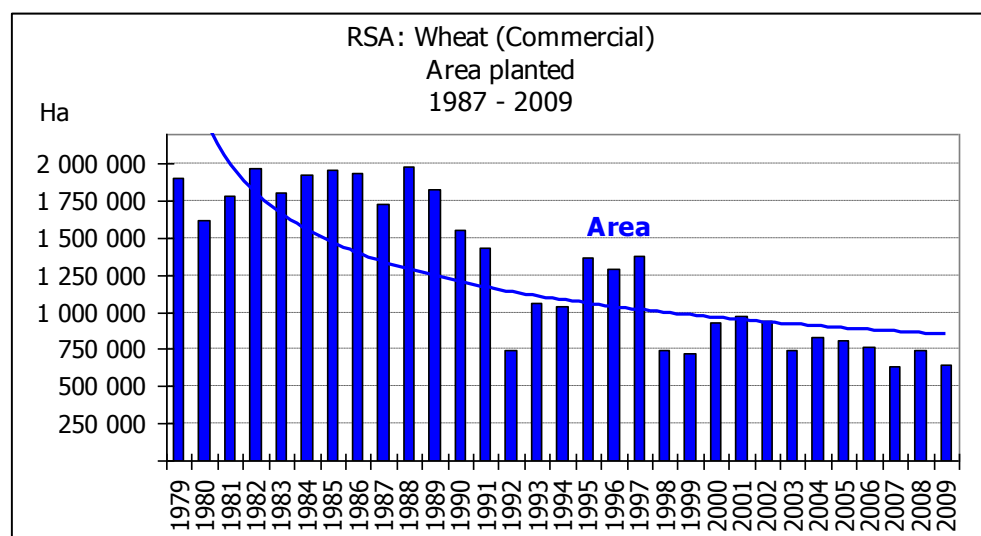
Early indications are that producers intend to plant 646 400 ha of **wheat** for the 2009 production season. This is 101 600 ha or 13,58% less wheat than in 2008. This is also the second smallest area planted to wheat since the early 1900's. The main producing areas are within the Western Cape with 312 000 ha (48%), followed by the Free State with 230 000 ha (36%) and the Northern Cape with 41 000 ha (6%).

According to producers the decrease in the expected planting of wheat can mainly be attributed to lower prices, relatively high input costs and insufficient soil moisture in most of the production areas. Various factors can, however, still influence these intentions up until planting time.

The expected area planted to **malting barley** is 73 050 ha, which shows an increase of 4 805 ha compared to the 68 245 ha of the previous year. The expected area planted to **canola** is 41 000 ha, which is 7 000 ha more than the 34 000 ha planted in 2008.

Graph 2: Area planted to wheat

The graph below provides a historic overview of the area planted to and production of wheat. It is evident that the plantings of wheat show a decreasing trend over time.



Please note that the preliminary area estimate of winter crops for 2009 will be released on 28 July 2009.

4. Cereal balance sheets

Supply and demand data for March 2009 was released by SAGIS on 24 April 2009. Tables 4 and 6 contain the Wheat Balance Sheets for the 2008/09 and projections for the 2009/10 marketing seasons. Tables 7 and 9 contain the Maize and Sorghum Balance Sheets for the 2008/09 and 2009/10 marketing seasons. **Preliminary information is subject to change on a monthly basis.**

4.1 Winter cereals

Table 4: Balance Sheet for Wheat for the current 2008/09 marketing season

2008/09 Wheat Balance Sheet as at 30 April 2009	Wheat (1 000 tons)
Supply	
Opening stocks (October 2008)	509
SAGIS Opening Stocks	509
Gross production (2008 season)	2 100
Commercial production	2 090
Subsistence agriculture	10
Total domestic supply	2 609
Plus: Imports	1 200
Total supply	3 809
Demand	
Consumption	2 906
Commercial: Human	2 770
Animal (feed)	12
Retentions by producers	40
Seed for planting purposes	34
Other*	50
Subsistence agriculture	10
Total domestic consumption	2 916
Plus: Exports	238
Total demand	3 154
Closing stocks (September 2009)	655
Pipeline requirements	607
Domestic shortfall	-914
Import gap	914
Surplus above pipeline	48
SAGIS closing stocks as at end of March 2009	1 636

Notes:

- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to wheat released to end-consumers, withdrawn by producers and/or retentions by producers.
- Figures might not add up correctly due to rounding.
- Marketing season for wheat is October to September.
- Pipeline requirements are 80 days of food consumption.

4.1.1 Discussion of the current 2008/09 wheat situation

The total supply of wheat is 3,809 million tons, including imports of 1,200 million tons during the 2008/09 marketing season. South Africa will require 607 000 tons for pipeline requirements at the end of September 2009. Total demand, including exports of 238 000 tons is seen at 3,154 million tons for the first six months into the 2008/09 marketing season. Thus, closing stocks at the end of September 2009 is expected to be 655 000 tons.

According to the National Chamber of Milling, the milling figure of wheat for the period October 2008 to February 2009 is 1,019 million tons. This is 9,6% less than the milling figure (1,127 million tons) for the period October 2007 to February 2008.

Wheat imports for the current season until 1 May 2009, comes to 658 474 tons. Table 5 provides a breakdown of wheat imports per country of origin for the current 2008/09 marketing season:

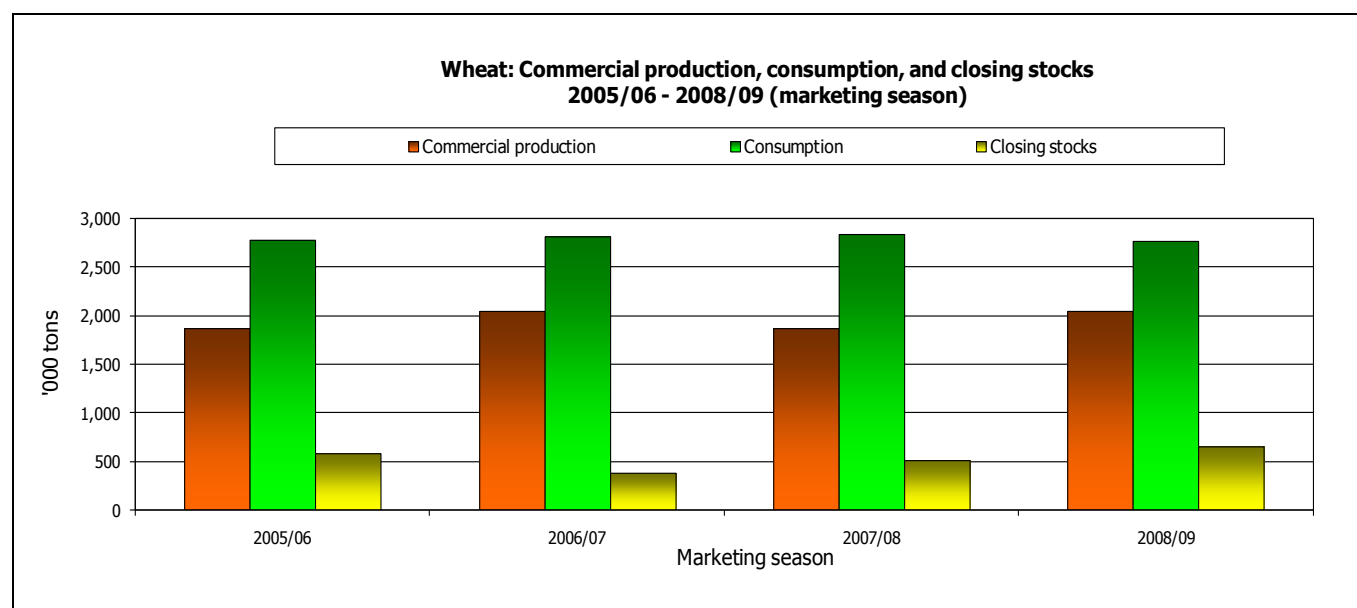
Table 5: South Africa's wheat imports per country, 4 October 2008 to 01 May 2009

Country	Tons	%
United States of America	86 827	13,19
Argentina	382 195	58,04
Australia	48 061	7,30
Canada	34 569	5,25
Germany	106 822	16,22
Total	658 474	100

Source: SAGIS Weekly imports and exports, 05 May 2009

Please note that detailed information relating to import and export parity prices can be obtained weekly on the following link: <http://www.sagis.org.za/Flatpages/swi17028.asp>.

Graph 3: Wheat: Commercial production, consumption and closing stocks: 2005/06 - 2008/09 marketing season



From the graph it is evident that although the consumption of wheat is consistent at around the 2,8 million tons, commercial production and closing stocks vary from one season to another, depending on the weather conditions.

Table 6: Projected Balance Sheet for Wheat for the 2009/10 marketing season

2009/10 Projected wheat Balance Sheet as at 30 April 2009	Wheat (1 000 tons)
Supply	
Opening stocks (October 2009)	655
SAGIS Opening Stocks	655
Gross production (2009 season)	1 810
Commercial production	1 800
Subsistence agriculture	10
Total domestic supply	2 465
Plus: Imports	1 300
Total supply	3 765
Demand	
Consumption	2 898
Commercial: Human	2 770
Animal (feed)	12
Retentions by producers	40
Seed for planting purposes	34
Other*	42
Subsistence agriculture	10
Total domestic consumption	2 908
Plus: Exports	238
Total demand	3 146
Closing stocks (September 2010)	619
Pipeline requirements	607
Domestic shortfall	-1 050
Import gap	1 050
Surplus above pipeline	12

Notes:

- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to wheat released to end-consumers, withdrawn by producers and/or retentions by producers.
- Figures might not add up correctly due to rounding.
- Marketing season for wheat is October to September.
- Pipeline requirements are 80 days of food consumption.

4.1.2 Discussion of the 2009/10 wheat situation

The farmers intend to plant 646 400 ha of wheat. When applying an average yield of 2,78 t/ha the total commercial production of wheat is projected at 1,8 million tons. The total supply of wheat, including imports of 1,3 million tons is projected at 3,8 million tons for the 2009/10 marketing season. The total demand is projected at 3,1 million tons, including exports of 238 000 tons, while the closing stock at the end of September 2010 is projected at 619 000 tons.

4.2 Summer grains

Table 7: Balance Sheet for Maize and Sorghum for the 2008/09 marketing season

2008/09 Projected Annual Cereal Balance Sheet as at 30 April 2009 (1 000 tons)	Maize			Sorghum
	White	Yellow	Total	
Supply				
Opening stocks	618	439	1 057	42,6
SAGIS Opening Stocks	618	439	1 057	42,6
Gross production	7 814	5 350	13 164	295,6
Commercial production	7 480	5 220	12 700	255,0
Subsistence agriculture	334	130	464	40,6
Total domestic supply	8 432	5 789	14 221	338,2
Plus: Imports	-	27	27	-
Total supply	8 432	5 816	14 248	338,2
Demand				
Consumption	5 242	4 384	9 626	198,9
Commercial: Human	4 200	320	4 520	176,8
Animal (feed)	700	3 300	4 000	9,7
Gristing	62	10	72	-
Seed for planting purposes	20	14	34	-
Other*	260	740	1 000	12,4
Subsistence agriculture	334	130	464	40,6
Total domestic consumption	5 576	4 514	10 090	239,5
Plus: Exports	1 960	310	2 270	37,1
Products	60	40	100	-
Whole maize	1 900	270	2 170	-
Total demand	7 536	4 824	12 360	276,6
Closing stocks	896	992	1 888	61,6
Pipeline requirements	612	448	1 059	23,0
Domestic surplus	2 244	827	3 071	75,7
Surplus above pipeline	284	544	829	38,6
SAGIS closing stocks as at end of March 2009	1 219	1 055	2 274	61,6

Notes:

- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to grains released to end-consumers and/or withdrawn by producers, and retentions on farms.
- Figures might not add up correctly due to rounding.
- Marketing season for maize: May to April.
- Marketing season for sorghum: April to March.
- Early deliveries refer to the deliveries in March and April for maize and March for sorghum.
- Pipeline requirements are 45 days of commercial consumption.

4.2.1 Discussion of the 2008/09 maize situation

White maize: Projections for the 2008/09 marketing season indicate that South Africa should have a surplus (before pipeline requirements) of 896 000 tons at the end of April 2009. The expected total domestic supply is 8,432 million tons, while total domestic consumption is estimated at 5,576 million tons. Exports are projected at 1,96 million tons.

Yellow maize: A domestic surplus (before pipeline requirements) of 992 000 tons is expected at the end of April 2009. The total domestic supply is estimated at 5,789 million tons, while the total domestic consumption is projected at 4,514 million tons. Expected exports during the 2008/09 marketing season are seen at 310 000 tons.

According to the National Chamber of Milling, the milling figure of maize for the period May 2008 to February 2009 is 2,258 million tons. This is 12,7% more than the milling figure (2,004 million tons) for the period May 2007 to February 2008.

According to the SAGIS monthly bulletin released in April, the human consumption of white maize for the marketing season to date is seen at 3,862 million tons, which is a significant higher (18,9%) than the same period last year. With reference to yellow maize, the usage of yellow maize in the animal or industrial sector for the season to date is seen at 3,047 million tons, which is 8,9% more than in the same period last year.

The SAGIS export data up to 1 May 2009, indicates that 2,157 million tons of maize was exported. The exports of maize for the 2008/09 marketing season are projected at 2,270 million tons. A summary of exports to African countries and other destinations is contained in Table 8.

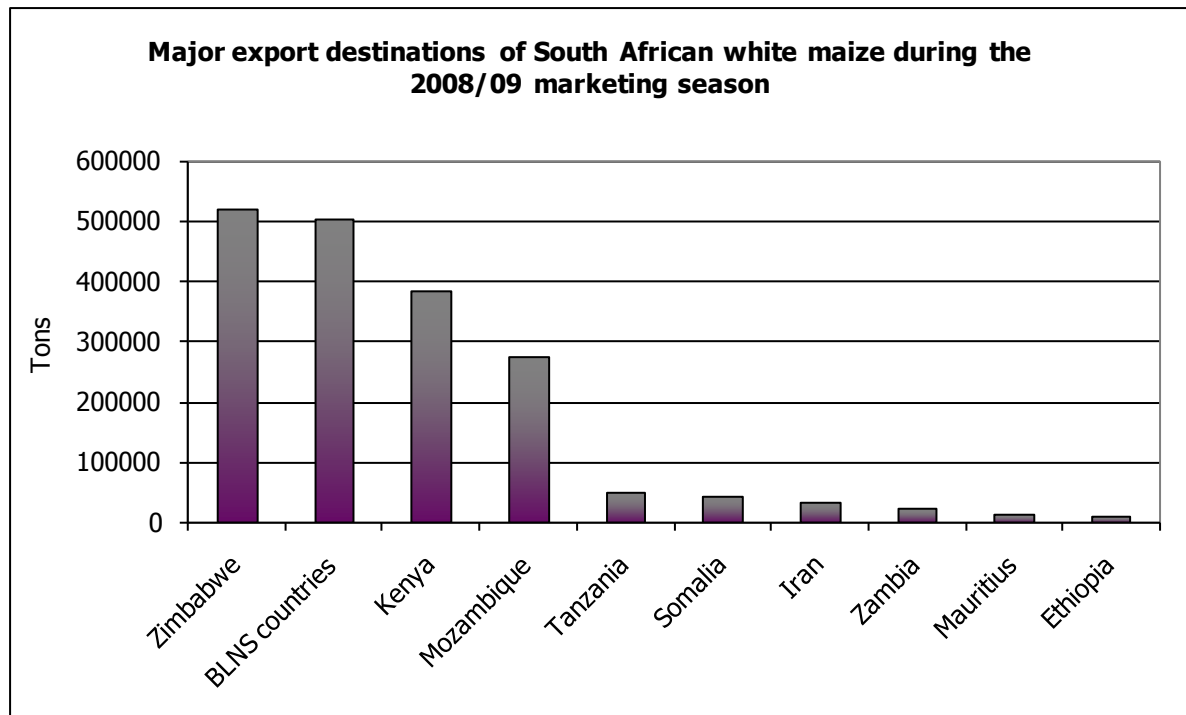
Table 8: Export destinations of South African maize, 3 May 2008 to 1 May 2009

White maize		Yellow maize	
Country	Tons	Country	Tons
Angola	2 020	Angola	1 293
Benin	4 279	Botswana	1 233
Botswana	272 851	Guinea	2 594
Cameroon	3 821	Lesotho	4 742
Chad	366	Mozambique	25 022
Congo	906	Namibia	19 180
Ethiopia	9 386	Swaziland	39 505
Ghana	2 302	Zimbabwe	6 575
Guinea	1 129	Iran	104 333
Kenya	385 753	Malaysia	34 089
Lesotho	91 525	Yemen	27 500
Malawi	7 950		
Mozambique	275 943		
Namibia	123 787		
Senegal	5 473		
Somalia	42 958		
Swaziland	18 137		
Tanzania	50 357		
Togo	1 989		
Zambia	22 420		
Zimbabwe	521 439		
Mauritius	12 400		
Madagascar	323		
Iran	33 415		
Total white maize	1 890 929	Total yellow maize	266 066
Total Maize			2 156 995

Source: SAGIS Weekly imports and exports, 5 May 2009

Considering the whole maize exports of 2,157 million tons for the season to date, it is interesting to note that the white maize exports of 1,891 million tons in the 2008/09 marketing season exceeded that of the 2005/06 season (1,786 million tons) and is therefore the highest figure in recent history.

Graph 4: Major export destinations of South African white maize



It is also interesting to note that during the past season 27 432 tons of yellow maize were imported from Brazil.

Sorghum: The total domestic consumption is seen at 239 500 tons for the 2008/09 marketing season, including food and feed consumption of 176 800 tons and 9 700 tons, respectively and the total domestic supply is 338 200 tons. A closing stock of 61 600 tons at the end of March 2009, is expected.

Table 9: Projected Balance Sheet for Maize and Sorghum for the 2009/10 marketing season

2009/10 Projected Annual Cereal Balance Sheet as at 30 April 2009 (1 000 tons)	Maize			Sorghum
	White	Yellow	Total	
Supply				
Opening stocks	896	992	1 888	61,6
SAGIS Opening Stocks	896	992	1 888	61,6
Gross production	6 921	4 797	11 718	300,9
Commercial production	6 542	4 659	11 201	260,3
Subsistence agriculture	379	138	517	40,6
Total domestic supply	7 817	5 789	13 606	362,5
Plus: Imports	-	-	-	-
Total supply	7 817	5 789	13 606	362,5
Demand				
Consumption	5 200	4 068	9 268	234,0
Commercial: Human	4 100	290	4 390	194,9
Animal (feed)	800	3 190	3 990	12,6
Gristing	60	10	70	-
Seed for planting purposes	20	14	34	-
Other*	220	564	784	26,5
Subsistence agriculture	379	138	517	40,6
Total domestic consumption	5 579	4 206	9 785	274,6
Plus: Exports	1 400	350	1 750	35,0
Products	50	50	100	-
Whole maize	1 350	300	1 650	-
Total demand	6 979	4 556	11 535	309,6
Closing stocks	838	1 233	2 071	52,9
Pipeline requirements	612	430	1 042	25,6
Domestic surplus	1 626	1 153	2 779	62,3
Surplus above pipeline	226	803	1 029	27,3

Notes:

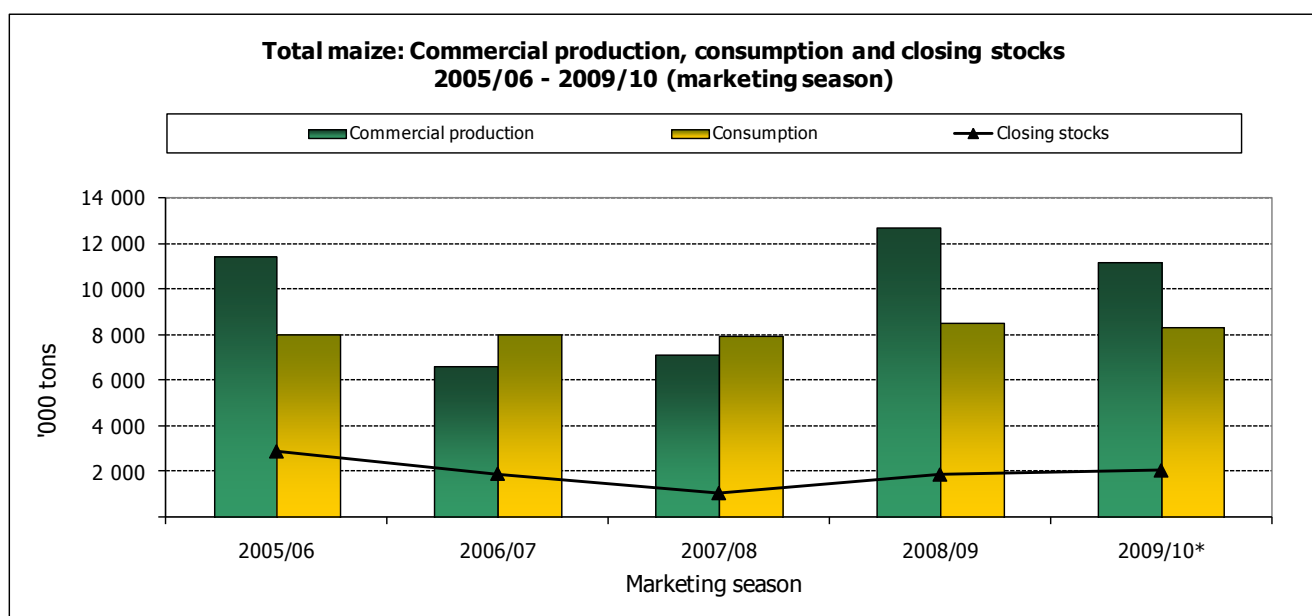
- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to grains released to end-consumers and/or withdrawn by producers, and retentions on farms.
- Figures might not add up correctly due to rounding.
- Marketing season for maize: May to April.
- Marketing season for sorghum: April to March.
- Early deliveries refer to the deliveries in March and April for maize and March for sorghum.
- Pipeline requirements are 45 days of commercial consumption.

4.2.2 Discussion of the projected 2009/10 maize situation

According to the third production forecast for the 2008/09 production season, the expected production of white maize is 6,542 million tons on an area of 1,489 million ha. The projected total supply of white maize is 7,817 million tons, including opening stocks of 896 000 tons. Total demand (exports included) is expected to reach 6,979 million tons and the closing stocks as at 30 April 2010, are expected to be 838 000 tons.

For yellow maize, the expected production is 4,659 million tons on an area of 933 500 ha. The projected total supply of yellow maize is 5,789 million tons, including opening stocks of 992 000 tons. Total demand, including exports, is projected at 4,556 million tons. Projections for the 2009/10 marketing season indicate closing stocks of 1,233 million tons at the end of April 2010.

Graph 5: Total maize: Commercial production, consumption and closing stocks: 2005/06 - 2009/10



*Projection

From the graph it is evident that although consumption of maize is constant at around 8,1 million tons, commercial production varies from one season to another. The projected ending stocks of 2,071 million tons for total maize for the 2009/10 marketing season is almost 10% more than that of the previous season. This increase could, amongst other factors, be attributed to the projected decrease in the commercial production (-11,8%) and consumption (-1,6%) of maize for the 2009/10 marketing season.

Sorghum: The expected total domestic supply is seen at 362 500 tons, while total domestic consumption is estimated at 274 600 tons. The total demand is seen at 309 600 tons, including projected exports of 35 000 tons. Projections for the 2009/10 marketing season indicate that there could be closing stocks of 52 900 tons at the end of March 2010.

5. Market information

5.1 Consumer Price Index (CPI)

The headline CPI (for all urban areas) annual inflation rate for March 2009 is 8,5%. This rate is 0,1% lower than the corresponding annual rate of 8,6% in February 2009. On average, prices increased by 1,3% between February 2009 and March 2009.

The food and non-alcoholic beverages index increased by 0,5% between February 2009 and March 2009, taking the annual rate to 14,7% in March 2009, from 15,8% in February 2009. The monthly increase in the food and non-alcoholic beverages index was largely driven by monthly increases in hot beverages (3,4%), fruit (2,7%), sugar, sweets and desserts (1,9%), milk, eggs and cheese (1,6%), other food (0,9%), meat (0,8%) and cold beverages (0,4%). These increases were slightly counteracted by monthly decreases in oils and fats (- 2,8%), vegetables (- 1,5%) and fish (- 0,5%).

The alcoholic beverages and tobacco index increased by 4,7% between February 2009 and March 2009. The monthly increase in the alcoholic beverages and tobacco index was driven by monthly increases in beer (5,2%), spirits (5,1%), tobacco products (4,5%) and wine (3,8%).

The housing and utilities index increased by 0,7% between February 2009 and March 2009. The monthly increase in the housing and utilities index was largely driven by monthly increases in actual rentals for housing (1,1%) and owners' equivalent rent (1,0%), which are both surveyed quarterly.

The household contents and services index increased by 1,0% between February 2009 and March 2009. The monthly increase in the household contents and services index was largely driven by monthly increases in appliances, tableware and equipment (1,4%) and supplies and services (1,8%). Domestic workers' wages increased by 0,9% (surveyed quarterly).

The health index increased by 2,3% between February 2009 and March 2009. The monthly increase in the health index was largely driven by monthly increases in medical products (6,2%).

The transport index increased by 1,2% between February 2009 and March 2009, mainly due to a 7,0% increase in the price of petrol.

The recreation and culture index increased by 4,8% between February 2009 and March 2009. The monthly increase in the recreation and culture index was largely driven by a monthly increase in recreational and cultural services (12,9%), mainly lotto tickets (increase of 44,9%).

The education index increased by 10,5% between February 2009 and March 2009. This was a result of monthly increases in primary and secondary education (11,9%) and tertiary education (8,4%), which are surveyed annually.

Prices in restaurants and hotels increased by 1,9% between February 2009 and March 2009. This was largely a result of a monthly increase of 3,9% in hotels, (10,5% in university boarding fees). Prices for miscellaneous

goods and services increased by 0,7% between February 2009 and March 2009. This was largely a result of monthly increases in personal care (3,1%) and financial services (2,2%).

The provinces with an annual inflation rate lower or equal to headline inflation were Gauteng (8,1%), Western Cape (8,3%) and Northern Cape (8,5%). The provinces with an annual inflation rate higher than headline inflation were Free State (8,6%), Limpopo (9,4%), North West (9,7%), Eastern Cape (9,9%), Mpumalanga (10,1%) and KwaZulu-Natal (10,4%).

5.2 Producer Price Index (PPI)

The annual percentage change in the Producer Price Index (PPI) is lower at 5,3% in March 2009 (i.e. the PPI in March 2009 compared with that in March 2008). This rate is 2,0% lower than the corresponding annual rate of 7,3% in February 2009 (i.e. the PPI in February 2009 compared with that in February 2008).

This lower annual rate in March 2009 compared with that in February 2009 can be explained by decreases in the annual rate of change in the Producer Price Indices for:

- Basic metals: The annual rate decreased from +42,1% in February 2009 to +40,2% in March 2009;
- Food at manufacturing: The annual rate decreased from +10,9% in February 2009 to +9,4% in March 2009;
- Agricultural products: The annual rate decreased from +6,0% in February 2009 to -2,1% in March 2009; and
- Mining and quarrying: The annual rate decreased from -5,9% in February 2009 to -10,5% in March 2009.

These decreases were partially counteracted by an increase in the annual rate of change for:

- Electricity: The annual rate increased from +32,7% in February 2009 to +36,3% in March 2009; and
- Other manufactures: The annual rate increased from +5,1% in February 2009 to +11,7% in March 2009.

From February 2009 to March 2009 the PPI for domestic output increased by 0,1%. The monthly increase of 0,1% in the PPI for domestic output is mainly due to monthly contributions from increases in the price indices for other manufactures (+0,2%), products of petroleum and coal (+0,2%) and all other groups (+0,1%). These increases were partially counteracted by decreases in the price indices for agricultural products (-0,3 of a percentage point) and basic metals (-0,1%).

5.3 Repo rate cut

In line with the previous Monetary Policy Committee (MPC) statement, the Committee assessed the main risks to the inflation outlook to emanate from cost-push pressures, particularly administered prices, which include the risk of higher-than-expected electricity tariff increases. Food price inflation at the consumer price level, which has remained relatively unresponsive to lower inflation at the producer price level, appears to show signs of moderation. Should this downward trend accelerate, it could have a significant downward impact on the inflation trajectory.

The MPC considered the severe synchronised downturn in international and domestic economic conditions and noted their potential future downward impact on inflation, notwithstanding the higher-than-expected recent

domestic inflation outcomes. The Committee was of the view that the adverse economic conditions continued to tilt the balance of risks on the inflation outlook to the downside over the medium term and therefore decided to reduce the repurchase rate by 100 basis points to 8,5% per annum with effect from 4 May 2009.

5.4 Futures contract prices

TABLE 10: DOMESTIC GRAIN PRICES AS QUOTED ON SAFEX (Rand/ton) ON 6 MAY 2009

Futures contract prices (06/05/2009) in R/ton					
Commodity	May 2009	Jun 2009	Jul 2009	Sep 2009	Dec 2009
White maize	R1 610	R1 543	R1 540	R1 575	R1 635
Yellow maize	R1 424	R1 429	R1 452	R1 494	R1 550
Wheat	R2 544	n/a	R2 572	R 2 622	R2 598
Chicago corn contact	n/a	n/a	R1 375	R1 415	R1 475
Commodity	May 2009	Jun 2009	July 2009	Sep 2009	Dec 2009
Sunflower seed	R2 885	R2 886	R2 975	R3 045	R3 130
Soya-beans	R3 281	R3 334	R3 330	R3 430	R3 435

Source: Safex, 6 May 2009

If the 21-day moving average f.o.b. price of maize in the US Gulf deviates by more than US\$7/ton from the reference price of US\$92,07/ton for 21 consecutive US trading days, a new tariff is triggered. The import tariff for maize, as published in the Government Gazette of 8 December 2006, is zero.

The tariff of 2% on the wheat fob price was replaced with the original formula on 19 December 2008. The 3 week average fob for 16 December 2008 is used as Reference Price. To calculate subsequent adjustments to the level of protection, the difference between the world reference price on which the previous adjustment was based, and the 3 week moving average of the same price will be calculated on a weekly basis. When this deviation amounts to more than US\$10 for 3 consecutive weeks, a new tariff can be calculated and a new world reference price is set. Thus, the tariff only takes effect if the wheat price falls below \$157 (R1 619) per ton. The import tariff for wheat, as published in the Government Gazette of 19 December 2008, is zero.

5.5 Agricultural machinery prices

Total tractor sales during March 2009 were 512 units, which is almost 20% lower than the 636 units sold in March last year.

The Table below summarises how the individual year-on-year price changes have moved over the past two months for the four classes of agricultural machinery, together with the overall figure. The figures have been "smoothed" by using the three-month moving average in each case.

Table 11: Agricultural machinery price changes

Equipment Category	Year- on-year percentage change		Trend % Change April vs March
	March 2009	April 2009	
Tractors	35,7	30,7	-14,0
Combine Harvesters	30,4	27,3	-10,2
Hay and Forage Equipment	30,0	25,5	-15,0
Implements	29,1	26,8	-7,9
Total	32,8	28,2	-14,0

Source: Agfacts, April 2009

The trend in price increases peaked in February 2009, and hopefully will continue to move downwards in the short term.

6. 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
- Agrimark Trends
- Department of Water Affairs and Forestry (DWAF)
- Farmer's Weekly
- Grain South Africa (GrainSA)
- National Agricultural Marketing Council
- South African Agricultural Machinery Association (SAAMA)
- South African National Seed Organisation (SANSOR)
- Standard Bank Economics Division
- Statistics South Africa (StatsSA)
- South African Futures Exchange (SAFEX)
- South African Reserve Bank
- The South African Grain Information Service (SAGIS)
- The South African Weather Service (WeatherSA)
- USDA Foreign Service
- UT Grain Management (Pty) Ltd