MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: FEBRUARY 2010

Issued: 10 MARCH 2010

Directorate: Agricultural Statistics

Highlights:

- **The rainfall map indicates that the central and eastern regions received good rainfall totals during the month of February.**
- **The preliminary area estimate for maize is 2,756 million ha, which is 8,23% or 328 900 ha more than the 2,428 million ha planted for the previous season. The expected commercial maize crop is 12,876 million tons, which is 6,86% more than the 12,050 million tons of the previous season.**
- **Projections for the current 2009/10 maize marketing season indicate that South Africa will have a surplus of 2,074 million tons of maize at the end of April 2010. Thus, enough maize is available for local consumption and to meet export demand.**
- **Projections for the coming 2010/11 maize marketing season indicate that South Africa will have a surplus of 2,964 million tons of maize at the end of April 2011. Thus, enough maize will be available for local consumption and to meet export demand.**
- **The expected commercial wheat crop for the 2009 production season is 1,920 million tons, which is 9,87% less than the 2,130 million tons of last season.**
- **Projections for the current 2009/10 wheat marketing season indicate that South Africa will have a surplus of 521 000 tons of wheat at the end of September 2010, including imports of 1,103 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in January 2010 was lower at 6,2%.**
- **The annual percentage change in the PPI was higher at 2,7% in January 2010.**
- **February tractor sales of 527 units were almost 31% less than the 762 units sold in February 2009.**

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Contents

1. Weather conditions

1.1 Rainfall for February 2010

The rainfall map indicates that the central and eastern regions received good rainfall totals during the month of February 2010, while limited rainfall was received in the western areas of the Western and Northern Cape provinces (Figure 1).

Figure 1: Total rainfall for February 2010

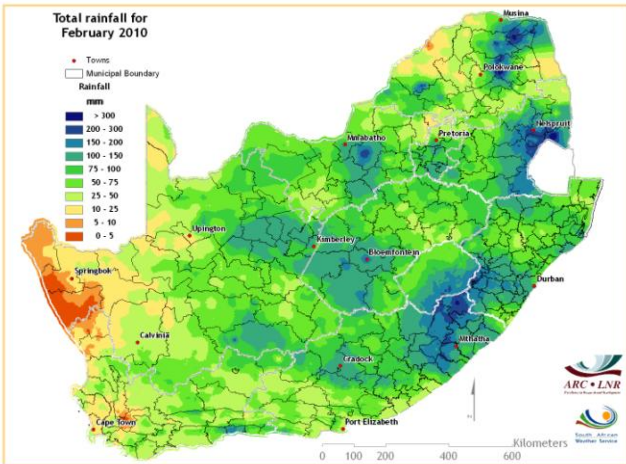
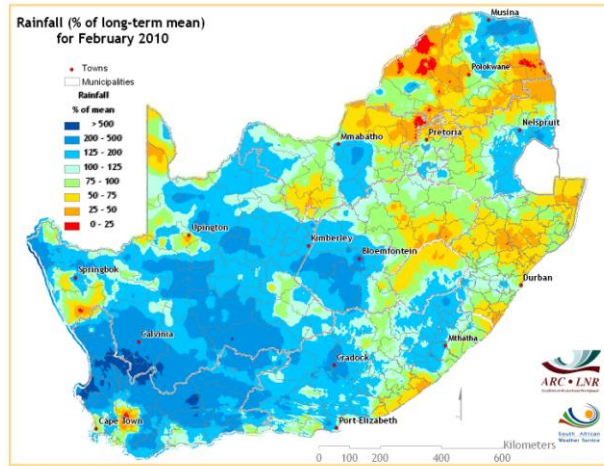


Figure 2: % of normal rainfall for February 2010



Source: ARC: ISCW

The map for the percentage of normal rainfall for the month of February 2010 (Figure 2) illustrates a significant percentage of normal to above-normal rainfall for most parts of the country, except for the far-western regions, as well as isolated areas of the Limpopo and KwaZulu-Natal provinces, which were characterised by below-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 1 March 2010 indicates that the country has approximately 89% of its full supply capacity (FSC) available, the same as the previous week but 2% 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, 1 March 2010

Province	Total FSC in million cubic metres	**1/03/2010 (%)**	22/02/2010 (%)	Last Year (%)
Eastern Cape	1 796	**65**	64	67
Free State	16 090	**96**	96	98
Gauteng	115	**101**	101	102
Kwazulu-Natal	4 529	**87**	87	87
Lesotho*	2 376	**82**	82	90
Limpopo	1 159	**82**	82	77
Mpumalanga	2 527	**100**	101	94
North West	808	**78**	78	78
Northern Cape	143	**105**	104	105
Western Cape	1 842	**65**	64	68
Total	31 385	**89**	89	91

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The revised area planted estimate and first production forecast of summer grain crops for the 2009/10 production season, was released by the Crop Estimates Committee (CEC) on 23 February 2010, and is as follows:

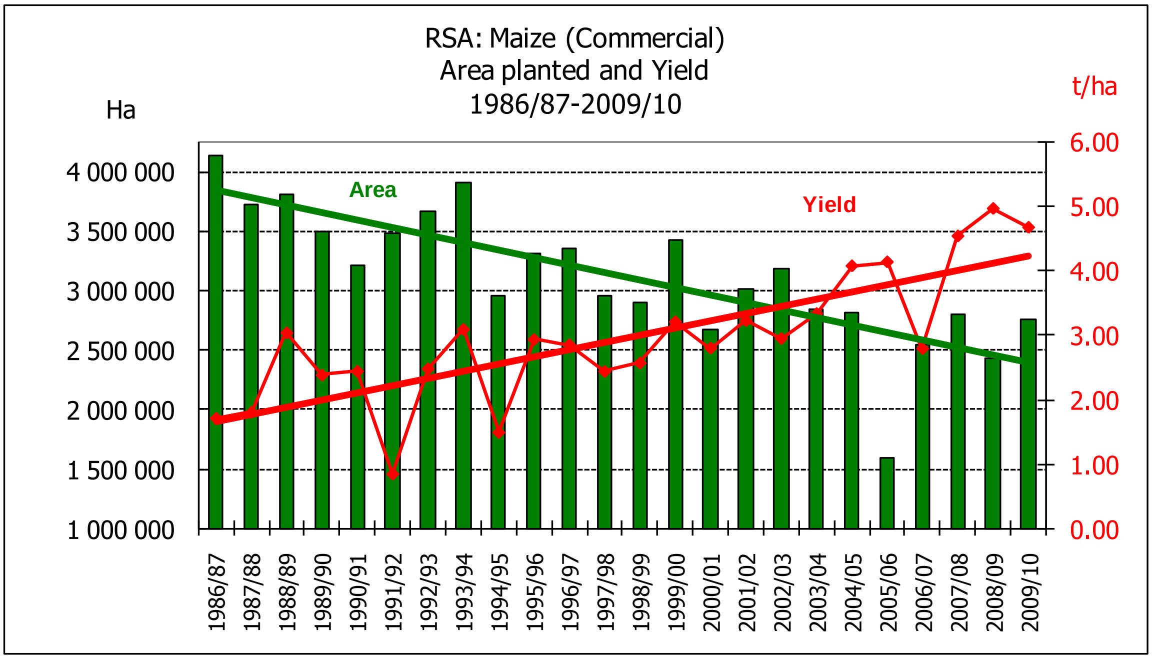
Table 2:

Summer crop	**Area planted 2009/10 Ha A**	**1st Forecast 2009/10 Tons B**	Area planted 2008/09 Ha C	Final crop 2008/09 Ha D	Change % B ÷ D
Commercial:					
White Maize	**1 719 700**	**7 803 200**	1 489 000	6 775 000	+15,18
Yellow Maize	**1 036 700**	**5 073 100**	938 500	5 275 000	-3,83
Total maize	**2 756 400**	**12 876 300**	2 427 500	12 050 000	+6,86
Sunflower seed	**376 700**	**477 865**	635 800	801 000	-40,34
Soya-beans	**308 950**	**586 950**	237 750	516 000	+13,75
Groundnuts	**56 900**	**98 470**	54 550	99 500	-1,04
Sorghum	**75 775**	**222 613**	85 500	276 500	-19,49
Dry beans	**46 600**	**60 600**	43 800	67 030	-9,59
Total	**3 621 325**	**14 322 798**	3 484 900	13 810 030	+3,71

- The revised area estimate for **maize** is 2,756 million ha, which is 13,55% or 328 900 ha more than the 2,428 million ha planted for the previous season. The area estimate for white maize is 1,720 million ha, which represents an increase of 15,49% or 230 700 ha compared to the 1,489 million ha planted last season. In the case of yellow maize the area estimate is 1,037 million ha, which is 10,46% or 98 200 ha more than the 938 500 ha planted last season.
- The expected commercial **maize** crop is 12,876 million tons, which is 6,86% more than the 12,050 million tons of the previous season. The production forecast of white maize is 7,803 million tons, which is 15,18% more than the 6,775 million tons of last season. The yield for white maize is 4,54 t/ha as against 4,55 t/ha the previous season. In the case of yellow maize the production forecast is 5,073 million tons, which is 3,83% less than the 5,275 million tons of last season. The yield of yellow maize is 4,89 t/ha as against 5,62 t/ha the previous season.
- The production forecast for **sunflower seed** is 477 865 tons, which is 40,34% less than the 801 000 tons of the previous season. The revised area estimate for sunflower seed is 376 700 ha, which is 40,75% less than the 635 800 ha planted the previous season. The expected yield is 1,27 t/ha as against 1,26 t/ha of the previous season.
- The production forecast for **soya-beans** is 586 950 tons, which is 13,75% more than the 516 000 tons of the previous season. It is estimated that 308 950 ha have been planted to soya-beans, which represents an increase of 29,95% compared to the 237 750 ha planted last season. The expected yield is 1,90 t/ha as against 2,17 t/ha last season.

The second production forecast for summer field crops for the 2009/10 production season will be released on 24 March 2010.

Graph 1: Area planted and yield of commercial maize



From the graph it is evident that although the area planted shows a decreasing trend over time, the realised yield shows an increasing trend. The increase in the yield realised can mainly be attributed to improved cultivars and better cultivation practises (precision farming).

2.2 Winter cereal crops

The CEC also released the final production estimate of winter cereal crops for 2009 production season on 23 February 2010, as follows:

Table 3:

Winter crop	**Area planted 2009 Ha (A)**	**Final estimate 2009 Tons (B)**	Area planted 2008 Ha (C)	Final crop 2008 Tons (D)	Change % (B) ÷ (D)
Wheat	**642 500**	**1 919 800**	748 000	2 130 000	-9,87
Malting barley	**74 760**	**223 622**	68 245	192 000	+16,47
Canola	**35 060**	**40 310**	34 000	30 800	+30,88
Total	**752 320**	**2 183 732**	850 245	2 352 800	-7,02

- The area estimate for **wheat** is 642 500 ha, which is 14,1% less than the 748 000 ha planted for the previous season. An estimated 300 000 ha or 47% is planted in the Western Cape, 235 000 ha or 36% in the Free State and 44 000 ha or 7% in the Northern Cape.
- The final production estimate of **wheat** is 1,920 million tons, which is 9,87% less than the 2,130 million tons of last season. The yield for wheat is 2,99 t/ha as against 2,85 t/ha the previous season. The expected production in the Western Cape is 675 000 tons, 622 750 tons in the Free State and 277 200 tons in the Northern Cape.
- The final production estimate for **malting barley** is 223 622 tons, which is 16,47% more than the previous seasons' crop of 192 000 tons. The area planted is estimated at 74 760 ha, an increase of 9,55% compared to the previous seasons' plantings of 68 245 ha. The yield is 2,99 t/ha as against 2,81 t/ha of the previous season.

The intentions to plant winter cereals for the 2010 production season will be released on 22 April 2010.

3. Cereal balance sheets

Supply and demand data for January 2010 was released by SAGIS on 19 February 2010. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 4:

2009/10 Projected wheat Balance Sheet as at 26 February 2010 (1000 tons)	**Wheat** (October to September)
Supply	
Opening stocks (October 2009)	**694**
SAGIS Opening Stocks	694
Gross production (2009 season)	**1 929**
Commercial production	1 920
Subsistence agriculture	9
Total domestic supply	**2 623**
Plus: Imports	1 103
Total supply	**3 726**
Demand	
Consumption	**2 951**
Commercial: Human	2 850
Animal (feed)	10
Retentions by producers	42
Seed for planting purposes	26
Other (released to end consumers +withdrawn by producers +retentions by producers)	23
Subsistence agriculture	**9**
Total domestic consumption	**2 960**
Plus: Exports	**245**
Total demand	**3 205**
Closing stocks (September 2010)	**521**
Pipeline requirements (80 days of human (food) consumption)	**625**
Domestic shortfall	**-962**
Import gap	**962**
Surplus above pipeline	**-104**
SAGIS closing stocks as at end of January 2010	**1 831**

Source: SAGIS, Directorate: Agricultural Statistics.

- Closing stocks at the end of September 2010 is expected to be 521 000 tons, which is 24,9% less than the 694 000 tons of the previous season. South Africa will require 625 000 tons for pipeline requirements, which translates into 80 days of human (food) consumption, at the end of September 2010.
- Wheat imports for the current season until 26 February 2010, comes to 498 866 tons.

Table 5: South Africa's wheat imports per country, 3 October 2009 to 26 February 2010

Country	**Tons**	**%**
Germany	340 723	68,30
Ukraine	41 230	8,26
Brazil	32 054	6,43
United States of America	31 941	6,40
Canada	27 350	5,48
Australia	25 568	5,13
Total	**498 866**	**100**

Source: SAGIS

3.2 Summer grains

Table 6:

2009/10 Projected Annual Cereal Balance Sheet as at 26 February 2010 (1 000 tons)	**Maize** (May to April)			**Sorghum** (April to March)
	White	**Yellow**	**Total**	
Supply				
Opening stocks	**762**	**819**	**1 581**	**62,5**
SAGIS Opening Stocks	762	819	1 581	62,5
Gross production	**7 154**	**5 413**	**12 567**	**316,3**
Commercial production	6 775	5 275	12 050	276,5
Subsistence agriculture	379	138	517	39,8
Total domestic supply	**7 916**	**6 232**	**14 148**	**378,8**
Plus: Imports	-	27	27	4,8
Total supply	**7 916**	**6 259**	**14 175**	**383,6**
Demand				
Consumption	**4 705**	**5 099**	**9 804**	**213,4**
Commercial: Human	4 200	360	4 560	181,8
Animal (feed)	200	4 050	4 250	9,1
Gristing	70	19	89	-
Seed for planting purposes	19	15	34	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	216	655	871	22,5
Subsistence agriculture	**379**	**138**	**517**	**39,8**
Total domestic consumption	**5 084**	**5 237**	**10 321**	**253,2**
Plus: Exports	**1 500**	**280**	**1 780**	**49,8**
Products	50	60	110	-
Whole maize	1 450	220	1 670	-
Total demand	**6 584**	**5 517**	**12 101**	**303,0**
Closing stocks (2010)	**1 332**	**742**	**2 074**	**80,6**
Pipeline requirements (45 days of commercial consumption)	**551**	**546**	**1 097**	**23,5**
Domestic surplus	**2 281**	**449**	**2 730**	**102,1**
Surplus above pipeline	**781**	**196**	**977**	**57,1**
SAGIS closing stocks as at end of January 2010	**2 788**	**1 679**	**4 467**	**130,8**

Source: SAGIS, Directorate: Agricultural Statistics.

- Projections for the 2009/10 marketing season of maize indicate closing stocks of 2,074 million tons, at the end of April 2010, which is 31,2% more than the previous seasons' closing stock of 1,581 million tons.
- Actual maize exports for the current season until 26 February 2010, comes to 1,407 million tons, including 1,222 million tons of white maize and 184 791 tons of yellow maize.

Table 7: Major export destinations of South African maize, 2 May 2009 to 26 February 2010

COUNTRY	AFRICA (tons)	COUNTRY	OVERSEAS (tons)
Botswana	129 985		
Cameroon	3 008		
Chad	989		
Congo	68		
Kenya	811 312	Iran	36 803
Lesotho	93 813	Mauritius	86
Malawi		Malaysia	
Mozambique	119 393	Yemen	
Namibia	76 891	Madagascar	7 022
Senegal	7 951	Seychelles	598
Swaziland	53 449		
Zimbabwe	65 402		
Total	**1 362 261**	Total	**44 509**
BLNS	**354 138**		

- From the table it is evident that most of the maize was exported to Kenya, followed by the BLNS countries and Mozambique, for the current marketing season
- It is also interesting to note that 27 357 tons of yellow maize were imported from Brazil.

Source: SAGIS

- Closing stocks of sorghum at the end of March 2010 is estimated at 80 600 tons, which is 29% more than that of 2008/09 marketing season (62 500 tons).

Table 8:

2010/11 Projected Annual Cereal Balance Sheet as at 26 February 2010 (1 000 tons)	**Maize** (May to April)			**Sorghum** (April to March)
	White	**Yellow**	**Total**	
Supply				
Opening stocks	**1 332**	**742**	**2 074**	**80,6**
SAGIS Opening Stocks	1 332	742	2 074	80,6
Gross production	**8 182**	**5 211**	**13 393**	**262,4**
Commercial production	7 803	5 073	12 876	222,6
Subsistence agriculture	379	138	517	39,8
Total domestic supply	**9 514**	**5 953**	**15 467**	**343,0**
Plus: Imports	-	-		-
Total supply	**9 514**	**5 953**	**15 467**	**343,0**
Demand				
Consumption	**4 905**	**5 005**	**9 910**	**213,4**
Commercial: Human	4 300	263	4 563	181,8
Animal (feed)	270	4 217	4 487	9,1
Gristing	70	15	85	-
Seed for planting purposes	19	15	34	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	246	495	741	22,5
Subsistence agriculture	**379**	**138**	**517**	**39,8**
Total domestic consumption	**5 284**	**5 143**	**10 427**	**253,2**
Plus: Exports	**1 851**	**225**	**2 076**	**35,2**
Products	50	55	105	-
Whole maize	1 801	170	1 971	-
Total demand	**7 135**	**5 368**	**12 503**	**288,4**
Closing stocks (2011)	**2 379**	**585**	**2 964**	**54,6**
Pipeline requirements (45 days of commercial consumption)	**572**	**554**	**1 126**	**23,5**
Domestic surplus	**3 658**	**256**	**3 914**	**66,3**
Import gap	**-**	**-**	**-**	**-**
Surplus/ shortage above pipeline	**1 807**	**31**	**1 838**	**31,1**

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks for the 2010/11 marketing season of maize is 2,964 million tons, which is 42,9% more than the previous season (2,074 million tons). This increase can mainly be attributed to the higher expected gross production of maize for the 2010/11 marketing season.
- Closing stocks of sorghum at the end of March 2011 is estimated at 54 600 tons, which is 32,3% less than the previous season (80 600 tons).

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in January 2010 was 6,2%. This rate was 0,1% lower than the corresponding annual rate of 6,3% in December 2009. On average, prices increased by 0,3% between December 2009 and January 2010.
- The food and non-alcoholic beverages index increased by 0,7% between December 2009 and January 2010. The annual rate decreased to 2,4% in January 2010 from 3,6% in December 2009. The monthly increase in the food and non-alcoholic beverages index was largely driven by monthly increases in fruit (4,7%), other food (1,7%), cold beverages (1,1%), meat (1,0%), fish (0,9%), vegetables (0,9%), sugar, sweets and desserts (0,6%), milk, eggs and cheese (0,4%) and hot beverages (0,1%).
- These increases were counteracted by a monthly decrease in oils and fats (-0,8%).

4.2 Producer Price Index (PPI)

- The PPI for domestic output shows an annual rate of change of 2,7% in January 2010 (i.e. the PPI in January 2010 compared with January 2009). This rate is 2,0% higher than the corresponding annual rate of 0,7% in December 2009.
- This higher annual rate in January 2010 compared with that in December 2009 can be explained by increases in the annual rate of change in the Producer Price Indices for forestry (3,9%), mining and quarrying (13,2%), products of petroleum and coal (12,6%) and transport (0,4%).
- These increases were partially counteracted by decreases in the annual rate of change for agriculture (-10%), beverages (-1,7%) and paper and paper products (-3,7%).

4.3 Futures contract prices and exchange rate

Table 9: Closing prices at Friday, 5 March 2010

	1 year ago	The week ending 26 February 2010	The week ending 5 March 2010
RSA White Maize per ton (March contract)	R1 649	R1 169	R1 124
RSA Yellow Maize per ton (March contract)	R1 507	R1 239	R1 191
USA Yellow Maize per ton (March contract)	$139,84	$146,53	$146,45
RSA Wheat per ton (March contract)	R2 710	R2 134	R2 094
RSA Soybeans per ton (March contract)	R3 398	R2 640	R2 600
RSA Sunflower seed per ton (March contract)	R3 398	R3 430	R3 330
Exchange rate R/$	R10,33	R7,82	R7,40

Source: DAFF Price Watch, 5 March 2010

- Domestic grain prices ended lower for the week ending 5 March, compared to the previous week as the Rand remained firm. White and yellow maize prices declined by 3,8% and 3,9% respectively, for the week ending 5 March, compared to the previous week. During the same period wheat, soybeans and sunflower prices declined by 1,9%, 1,5% and 2,9%, respectively.
- International prices were also lower for the mentioned period, with the exception of US wheat.
- The Rand appreciated by 5,4% against the US dollar ending the week (5 March) at R7,40 against the dollar.

4.4 Agricultural machinery sales

Table 10: Agricultural machinery sales – February 2010

Equipment class	Year-on-year February		Percentage Change	Year-to-date February		Percentage Change
	2010	2009	%	2010	2009	%
Tractors	527	762	-30,8	923	1 245	-25,9
Combine harvesters	13	39	-66,7	19	52	-63,5

Source: SAAMA press release, March 2010

- February tractor sales of 527 units were almost 31% less than the 762 units sold in February last year.
- February combine harvester sales were significantly (67%) down on sales in February last year.
- Current month-on-month comparisons are being made against good sales in January and February last year, some of which were a carry-over from the exceptional sales in 2008.
- Overhanging the market are the current low grain prices, caused by the strong rand and the large size of the maize crop currently standing on the land. Recent sharp declines in grain prices have had a strong influence on market sentiment and farmers are very cautious of spending money on capital goods at these low grain price levels, whilst their cash resources remain low.
- Industry forecasts for 2010 tractor sales are still in the order of 5 000 units, approximately 10% down on last year.

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