

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JANUARY 2012

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Directorate: Statistics and Economic Analysis

Highlights:

- **Between the 15th and 18th of January, tropical storm Dando produced heavy downpours in the Mpumalanga and Limpopo provinces that led to flood damage in certain districts.**
- **The expected production of wheat is 1,85 million tons, which is 29% more than the previous seasons' crop of 1,43 million tons.**
- **The projected closing stocks of wheat for the current 2011/12 marketing year is 545 000 tons, which includes imports of 1,48 million tons.**
- **The preliminary area estimate for maize is 2,63 million ha, which is 10,87% ha more than the 2,37 million ha planted for the previous season.**
- **The projected closing stocks of maize for the current 2011/12 marketing year is 683 000 tons, which is the lowest total recorded since the 595 000 tons in the 1995/96 marketing year.**
- **The projected closing stocks of maize for the coming 2012/13 marketing year is 1,255 million tons, which 83,7% more than the previous year.**
- **The headline CPI (for all urban areas) annual inflation rate in December 2011 was unchanged at 6,1%.**
- **The annual percentage change in the PPI was lower at 9,8% in December 2011.**
- **The Monetary Policy Committee, at its meeting during January 2012, has decided to keep the repurchase rate unchanged at 5,5% per annum.**
- **December 2011 tractor sales of 488 units were 28% higher than the sales of 381 units reported in December 2010.**



**agriculture,
forestry & fisheries**

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Enquiries: Marda Scheepers or Queen Sebidi

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email: MardaS@daff.gov.za or QueenS@daff.gov.za

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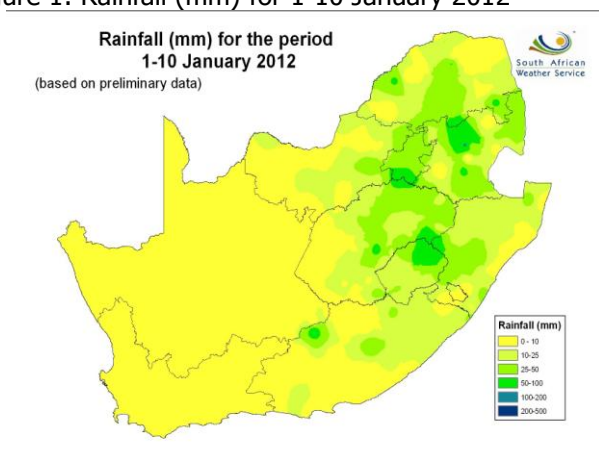
1. Weather conditions

1.1 Rainfall for January 2012

During the period 1 to 10 January 2012, less than 10 mm of rainfall was received over most parts of the country with patches of between 25 to 50 mm recorded in the central to eastern parts (Figure 1). During 11 to 20 January, more than 100 mm of rainfall was received over the eastern parts of Mpumalanga and large areas of Limpopo provinces, while 25 to 50 mm of rainfall was recorded over the rest of the country (Figure 2). Between the 15th and 18th of January, tropical storm Dando produced heavy downpours in the Mpumalanga and Limpopo provinces, especially in the Mopani and Ehlanzeni Districts. As a result of the excessive rainfall, flooding occurred resulting in damage to infrastructure and reports of lives being lost.

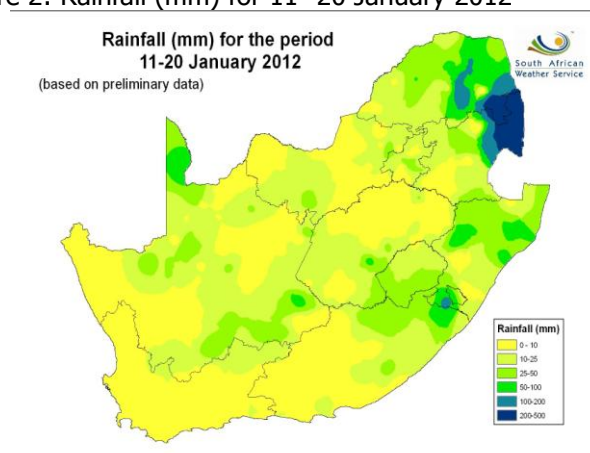
Comparing the rainfall totals for the first two weeks of January with the long term average, below-normal to near-normal rainfall was received over most parts of the country for the period 1 to 10 January. Above-normal rain was received over most parts of Limpopo and the eastern parts of Mpumalanga while near-normal to below-normal rainfall was received over the remainder of the country throughout the period 11 to 20 January (Figure 3 and 4).

Figure 1: Rainfall (mm) for 1-10 January 2012



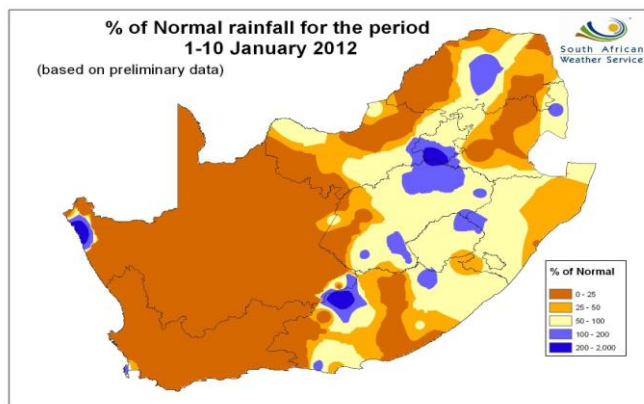
Source: SA Weather Service

Figure 2: Rainfall (mm) for 11- 20 January 2012



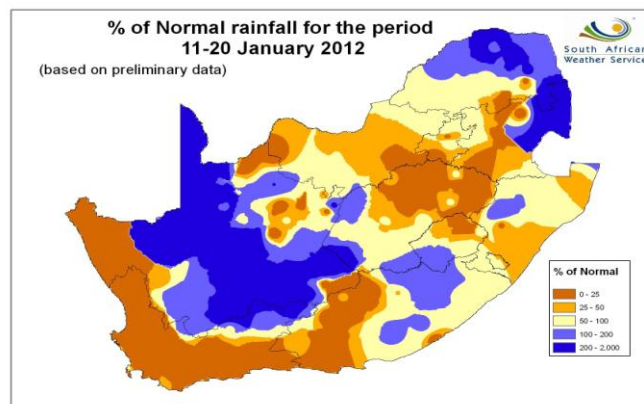
Source: SA Weather Service

Figure 3: Percentage of normal rainfall for 1-10 January 2012



Source: SA Weather Service

Figure 4: Percentage normal rainfall for 11-20 January 2012



Source: SA Weather Service

1.2 Level of dams

Available information on the level of South Africa's dams on 30 January 2012 indicates that the country has approximately 84% of its full supply capacity (FSC) available, which is 15% 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, 30 January 2012

Province	Net FSC million cubic meters	30/1/2012 (%)	Last Year (%)
Eastern Cape	1 789	84	66
Free State	15 939	87	110
Gauteng	115	99	102
KwaZulu-Natal	4 530	79	88
Lesotho*	2 376	77	100
Limpopo	1 159	84	88
Mpumalanga	2 520	94	101
North West	808	87	87
Northern Cape	146	89	118
Western Cape	1 841	63	64
Total	31 223	84	99

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The CEC released the preliminary area planted estimate for commercial summer crops for 2012 on 24 January 2012.

Table 2: Commercial summer crops: Preliminary area planted estimate - 2012

CROP	AREA PLANTED 2012 HA (A)	AREA PLANTED 2011 HA (B)	FINAL CROP 2011 TONS (C)	CHANGE % (A) ÷ (B)
Commercial:				
White maize	1 590 200	1 418 300	6 052 000	+12,12
Yellow maize	1 040 000	954 000	4 308 000	+9,01
Maize	2 630 200	2 372 300	10 360 000	+10,87
Sunflower seed	515 000	642 700	860 000	-19,87
Soya-beans	480 000	418 000	710 000	+14,83
Groundnuts	46 000	55 150	64 250	-16,59
Sorghum	48 000	69 200	155 000	-30,64
Dry beans	37 200	41 900	41 980	-11,22
Total	3 756 400	3 599 250	12 191 230	+4,37

- The preliminary area estimate for **maize** is 2,63 million ha, which is 10,87% or 257 900 ha more than the 2,37 million ha planted for the previous season, and also 1,08% more than the intentions to plant figure of 2,60 million ha released in October 2011.
- The area estimate for **white maize** is 1,59 million ha, which represents an increase of 12,12% or 171 900 ha compared to the 1,42 million ha planted last season. In case of **yellow maize** the area estimate is 1,04 million ha, which is 9,01% or 86 000 ha more than the 954 000 ha planted last season.



- In case of **sunflower seed**, the preliminary area estimate is 515 000 ha, which is about 19,87% less than the 642 700 ha planted the previous season.
- It is estimated that 480 000 ha have been planted to **soya-beans**, which represents an increase of 14,83% compared to the 418 000 ha planted last season. This is the highest area ever planted to soya-beans.
- The area estimate for **groundnuts** is 46 000 ha, which is 16,59% less than the 55 150 ha planted for the previous season.
- The area estimate for **sorghum** decreased by 30,64%, from 69 200 ha to 48 000 ha against the previous season.
- In the case of **dry beans** the area estimate is 4 700 ha or 11,22% less than the 41 900 ha planted the previous season.
- The current weather conditions could still have an impact on the final areas planted for all crops.

Please note that the revised area estimate and first production forecast for summer field crops for 2012 will be released on 28 February 2012.

2.2 Winter cereal crops

The area planted and the sixth production forecast of winter cereal crops for the 2011 production season, was also released by the Crop Estimates Committee (CEC) on 24 January 2012, and is as follows:

Table 3: Commercial winter crops: Area planted and sixth production forecast for the 2011 production season

CROP	Area planted 2011 Ha (A)	6 th forecast 2011 Tons (B)	Area planted 2010 Ha (D)	Final crop 2010 Tons (E)	Change % (B) ÷ (E)
Wheat	604 700	1 849 930	558 100	1 430 000	+29,37
Malting barley	80 150	300 910	82 670	194 000	+55,11
Canola	43 510	59 490	34 820	36 900	+61,22
Total	728 360	2 210 330	675 590	1 660 900	+33,08

- The area estimate for **wheat** is 604 700 ha, which is 8,3% more than the 558 100 ha planted for the previous season. An estimated 265 000 ha or 44% is planted in the Western Cape, 225 000 ha or 37% in the Free State and 42 000 ha or 7% in the Northern Cape.
- The expected production of **wheat** is 1,85 million tons, which is 29,37% more than the previous seasons' crop of 1,43 million tons. The expected yield is 3,06 t/ha as against 2,56 t/ha of the previous season.
- The production forecast for **malting barley** is 300 910 tons, which is 55,11% more than the previous' seasons crop of 194 000 tons. The area planted is estimated at 80 150 ha, which is 3,0% less than the 82 670 ha planted for the previous season. The expected yield is 3,75 t/ha as against the 2,35 t/ha of the previous season.
- The expected **canola** crop is 59 490 tons, which is 61,2% more than the previous seasons' crop of 36 900 tons – the highest crop ever produced in SA. The area estimate for canola is 43 510 ha, which is 25% more than the 34 820 ha planted for the previous season. The expected yield is 1,37 t/ha as against 1,06 t/ha.

Please note that the final production estimate for winter cereals for the 2011 production season will be released on 28 February 2012.

3. Cereal balance sheets

Supply and demand data for December 2011 was released by SAGIS on 26 January 2012. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 4: Supply and demand for Wheat as at 31 January 2012

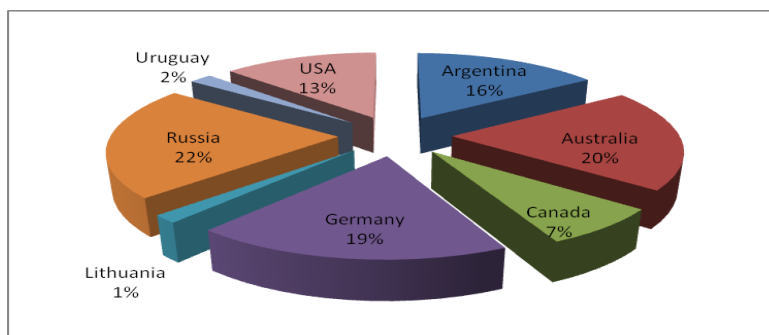
Marketing year (October to September)	2009/10	2010/11*	2011/12*
Production & Calendar year	2009	2010	2011
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening stocks: 1 October	694	579	478
SAGIS opening stocks	694	579	478
Gross production	1 967	1 436	1 856
Commercial production	1 916	1 401	1 821
Retentions by producers	42	29	29
Non-commercial	9	6	6
Total domestic supply	2 661	2 015	2 334
Plus: Imports	1 285	1 649	1 480
Total supply	3 946	3 664	3 814
Demand			
Commercial consumption	3 118	3 001	3 013
Human	2 991	2 944	2 907
Animal	26	1	30
Retentions by producers	42	29	29
Seed for planting purposes	17	13	25
Other consumption (released to end con's+withdrawn by prod's+retentions)	42	14	22
Non-commercial	9	6	6
Total domestic consumption	3 127	3 007	3 019
Plus: Exports	240	179	250
Products	35	24	35
Whole grain	205	155	215
Total demand	3 367	3 186	3 269
Closing stocks: 30 September	579	478	545
Pipeline requirements (80 days of human consumption)	656	645	637
Domestic shortfall / surplus	-1 122	-1 637	-1 322
Import gap	1 122	1 637	1 322
Surplus above pipeline	-77	-167	-92

*Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks (30 September 2012) of wheat for the 2011/12 marketing year is 545 000 tons, which is 14,0% more than the previous year (478 000 tons). The increase can mainly be attributed to the larger expected wheat crop for the current 2011/12 marketing year.
- The progressive wheat imports from 1 October 2011 to 27 January 2012, stands at 569 275 tons, with the largest quantity (125 310 tons or 22%) imported from Russia followed by Australia (112 847 tons or 20%) and Germany (105 964 or 19%). There were also wheat exports from South Africa to the BLNS countries. Progressive exports to the BLNS countries, Zambia, Zimbabwe and Mozambique stand on 102 055 tons.



Graph1: Major countries of wheat imports for South Africa: 2011/12 marketing year



3.2 Summer grains

Table 5: Supply and demand for White Maize as at 31 January 2012

Marketing Year: May – April Calendar Year	2010/11 2010	2011/12* 2011*	2012/13* 2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	1 362	1 609	577
SAGIS Opening Stocks	1 362	1 609	577
Gross Production	8 164	6 448	7 552
Commercial production	7 623	5 952	7 026
Retentions by producers	119	100	130
Non-commercial	422	396	396
Total Domestic Supply	9 526	8 057	8 129
Imports	-	100	-
Total Supply	9 526	8 157	8 129
Demand			
Commercial Consumption	6 371	5 550	5 622
Human	4 159	4 100	4 296
Animal	1 658	1 120	950
Gristing	56	60	60
Retentions by producers	102	85	130
Seed for planting purposes	16	15	16
Other consumption (released to end-con & withdrawn by producers)	379	170	170
Non-commercial	422	396	396
Total Domestic Consumption	6 793	5 946	6 018
Exports	1 124	1 635	1 180
Products	75	70	70
Whole grain	1 049	1 565	1 110
Total Demand	7 917	7 580	7 198
Closing Stocks: 30 April	1 609	577	931
Pipeline Requirements (45 days of human & animal consumption + gristing)	724	651	654
Domestic Shortfall / Surplus	2 009	1 461	1 457
Surplus/ Shortage above pipeline	885	-74	277

*Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis



- Projected closing stocks of white maize for the current 2011/12 marketing year is 577 000 tons, which is the lowest total recorded since the 412 000 tons in the 1999/00 marketing year. It is also 64,1% less than the previous year (1,609 million tons). This decrease could mainly be attributed to the lower production figure of white maize during the 2011 calendar year as well as an increase in exports. It is interesting to note that the tight stock situation has already resulted in imports (64 875 tons) from Zambia during the past 3 months.
- Projected closing stocks of white maize for the coming 2012/13 marketing year is 931 000 tons, which 61,4% more than the previous year (577 000 tons). This increase can mainly be attributed to the expected increase in the production figure of white maize for the 2012 calendar year.

Table 6: Supply and demand for Yellow Maize as at 31 January 2012

Marketing Year: May - April	2010/11	2011/12*	2012/13*
Calendar Year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	769	727	107
SAGIS Opening Stocks	769	727	107
Gross Production	5 133	4 476	5 108
Commercial production	4 541	3 934	4 560
Retentions by producers	408	374	380
Non-commercial	184	168	168
Total Domestic Supply	5 903	5 204	5 216
Imports	-	250	300
Total Supply	5 903	5 454	5 516
Demand			
Commercial Consumption	3 924	4 388	4 414
Human	356	400	380
Animal	2 613	3 200	3 283
Gristing	17	15	18
Retentions by producers	394	360	380
Seed for planting purposes	14	14	14
Other consumption (released to end-con & withdrawn by producers)	530	400	340
Non-commercial	184	168	168
Total Domestic Consumption	4 108	4 557	4 583
Exports	1 068	790	610
Products	51	70	76
Whole grain	1 017	720	534
Total Demand	5 176	5 346	5 193
Closing Stocks: 30 April	727	107	323
Pipeline Requirements (45 days of human & animal consumption + gristing)	368	446	454
Domestic Shortfall / Surplus	1 427	201	179
Surplus/ Shortage above pipeline	359	-338	-131

*Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis

- Projected closing stocks of yellow maize for the current 2011/12 marketing year is 107 000 tons, which is the lowest total recorded since the 124 000 tons in the 1992/93 marketing year. It is also 85,3% less than closing stocks of 727 000 tons for the 2010/11 marketing year. This decrease can mainly be attributed to the lower

yellow maize crop for the 2011 calendar year. It is interesting to note that the tight stock situation has already resulted in imports (92 842 tons) from Romania and (10 328 tons) Ukraine.

- Projected closing stocks of yellow maize for the coming 2012/13 marketing year is 323 000 tons, which 201,9% more than the previous year (107 000). This increase can mainly be attributed to the expected increase in the production figure of yellow maize, as well as an increase in expected imports for the 2012 calendar year.

Table 7: Supply and demand for Maize as at 31 January 2012

Marketing Year: May - April	2010/11	2011/12*	2012/13*
Calendar Year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	2,131	2,336	684
SAGIS Opening Stocks	2,131	2,336	684
Gross Production	13 297	10 924	12 660
Commercial production	12 165	9 886	11 586
Retentions by producers	527	474	510
Non-commercial	606	564	564
Total Domestic Supply	15 429	13 261	13 345
Imports	-	350	300
Total Supply	15 429	13 611	13 645
Demand			
Commercial Consumption	10 295	9 938	10 036
Human	4 515	4 500	4 677
Animal	4 271	4 320	4 233
Gristing	73	75	78
Retentions by producers	497	445	510
Seed for planting purposes	30	29	30
Other consumption (released to end-con & withdrawn by producers)	909	569	509
Non-commercial	606	564	564
Total Domestic Consumption	10 901	10 502	10 600
Exports	2 192	2 425	1 789
Products	126	140	146
Whole grain	2 066	2 285	1 643
Total Demand	13 092	12 927	12 390
Closing Stocks: 30 April	2 336	683	1 255
Pipeline Requirements (45 days of human & animal consumption + gristing)	1 092	1 097	1 108
Domestic Shortfall / Surplus	3 436	1 662	1 636
Surplus/ Shortage above pipeline	1 244	-413	147

*Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks of maize for the current 2011/12 marketing year is 683 000 tons, which is the lowest total recorded since the 595 000 tons in the 1995/96 marketing year. It is also considerable (70,8%) less than the previous years' closing stock of 2,336 million tons. The pipeline requirements of 1,1 million tons of maize and the shortage above pipeline requirements of 413 000 tons, puts South Africa in a tight stock situation at the end of the marketing year in April 2012.

- Projected closing stocks of maize for the coming 2012/13 marketing year is 1,255 million tons, which 83,7% more than the previous year (683 000 tons). This increase can mainly be attributed to the expected increase in the production figure of total maize for the 2012 calendar year.
- From 1 May 2011 up to 27 January 2012, the progressive white and yellow maize exports stand at 1,51 million tons and 686 902 tons, respectively. Thus, this brings the progressive grand total of exports to 2,197 million tons.

Table 8: Supply and demand for Sorghum as at 31 January 2012

Marketing year: April – March	2010/11	2011/12*	2012/13*
Calendar year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening stocks: 1 April	93,2	58,1	29,2
SAGIS opening stocks	93,2	58,1	29,2
Gross production	226,0	181,0	146,0
Commercial production	196,5	155,0	120,0
Non-commercial	29,5	26,0	26,0
Total domestic supply	319,2	239,1	175,1
Plus: Imports	-	55,0	110,0
Total supply	319,2	294,1	285,1
Demand			
Food consumption	181,8	186,8	183,8
Malt	79,2	80,9	77,9
Meal	102,6	105,9	105,9
Brew	-	-	-
Feed consumption	8,6	9,9	9,9
Pet food	1,1	1,1	1,1
Poultry	4,8	5,9	5,9
Other feed	2,7	3,0	3,0
Total commercial consumption	190,4	196,7	193,7
Other consumption	13,4	13,3	13,3
Balancing item	3,6	2,0	4,0
Non-commercial	29,5	26,0	26,0
Total domestic consumption	236,9	238,0	237,0
Plus: Exports	24,2	26,9	16,9
Exports through border posts	20,3	23,1	13,1
Exports through harbours	0,6	-	-
Products to African countries	3,3	3,9	3,9
Total demand	261,1	264,9	253,9
Closing stocks	58,1	29,2	31,2
Pipeline Requirements (45 days of human & animal consumption + gristing)	23,5	24,2	23,9
Domestic surplus / deficit	58,8	-23,2	-85,7
Import gap	-	23,2	85,7
Surplus/ Shortage above pipeline	34,6	4,9	7,3

*Projection, Source: SAGIS, Directorate: Statistics and Economic Analysis

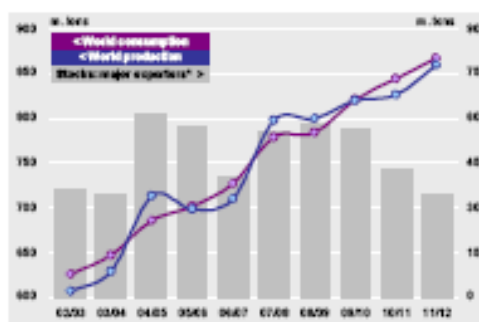


- The projected closing stocks of sorghum for the current 2011/12 marketing year show a surplus of 29 200 tons, which is the lowest since the 25 200 tons in the 2001/02 marketing year recorded in the past ten years. It is also 49,7% less than the previous years' closing stock of 58 100 tons, as well as 64,3% less than the ten year average of 81 800 tons. This considerable decrease in closing stocks can mainly be attributed to the small carry-over stock of the previous marketing year, as well as the lower production figure for 2011.
- The projected closing stocks of sorghum for the coming 2012/13 marketing year show a surplus of 31 200 tons, which is 6,9% less than the previous year (29 200 tons).

3.3 International maize and wheat outlook for 2011/12

- **Maize:** Despite a smaller US crop and a worsening outlook for South America, total maize production in 2011/12 is forecasted to increase by 4%, to a record 861 million tons. Harvests in China and Ukraine were especially large and, although forecasts have been reduced in January 2012, Argentina and Brazil are still expected to produce record crops. Driven by an above-trend rise in feed use, world demand is forecasted to increase by almost 3%, in line with growth last year, but below the recent average. Due to a flatter ethanol demand, global industrial use is forecasted to expand less quickly than in recent years. Global ending stocks are forecasted at a five-year low, with January's 2 million tons increase, reflecting increases for the US and China. US stocks will remain very tight, down by more than a quarter from their opening level. Firm demand is expected to maintain world trade close to the previous year's 93 million tons.

Graph2: Maize - Supply and demand

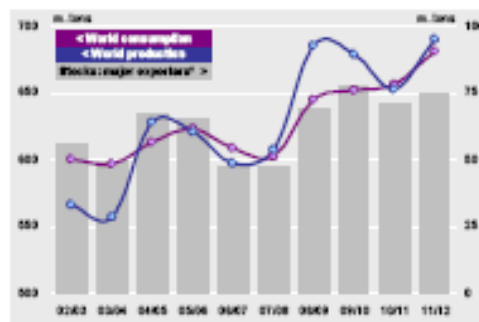


*Argentina, Brazil, India, Ukraine, United States

Source: IGC Grain Market Report, January 2012

- **Wheat:** The estimate of world wheat production in 2011 was boosted by 7 million tons since the November 2011 IGC Grain Market Report, to a record 690 million tons. A large part of the increase reflects better than anticipated results in the southern hemisphere, especially in Argentina and Australia, but there are also sizeable upward revisions for China and Kazakhstan. Approximately half of the increase in the global supply figure is absorbed by the larger feed use, as competitive prices relative to maize continue to capture additional demand. However, world stocks at the end of 2011/12 were revised higher and are now seen reaching 204 million tons, only slightly below the record of 206 million tons in 1999/00. Major exporters' stocks are projected to rise significantly in Kazakhstan and Ukraine, but those in the EU and US are to stay broadly unchanged. A large part of this year's increase in stocks will be in China, and therefore largely inaccessible to the global market. At 135,4 million tons, global trade is now forecasted to be only 1,4 million tons short of the 2008/09 record, aided by strong demand for medium and lower-grade wheat.

Graph3: Wheat - Supply and demand



*Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, United States

Source: IGC Grain Market Report, January 2012

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in December 2011 was 6,1%. This rate was the same as the corresponding annual rate of 6,1% in November 2011. On average, prices increased by 0,2% between November 2011 and December 2011.
- The food and non-alcoholic beverages index increased by 0,3% between November 2011 and December 2011. The annual rate increased to 11,1% in December 2011 from 10,7% in November 2011. The following components in the food and non-alcoholic beverages index increased: Fruit (2,8%), meat (2,0%), bread and cereals (0,8%), oils and fats (0,7%), milk, eggs and cheese (0,1%) and hot beverages (0,1%). The following components decreased: vegetables (-2,9%), other food (-1,2%), cold beverages (-0,9%), fish (-0,7%) and sugar, sweets and desserts (-0,4%).
- The housing and utilities index increased by 0,5% between November 2011 and December 2011, mainly due to a 0,8% increase in the prices of actual rentals for housing and a 0,7% increase in the price of owners' equivalent rent. The annual rate decreased to 6,5% in December 2011 from 6,6% in November 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,9%) and Gauteng (5,8%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (7,8%), Eastern Cape (7,7%), Free State (7,1%), North West (6,7%), Mpumalanga (6,7%), KwaZulu-Natal (6,6%) and Limpopo (6,4%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 9,8% in December 2011 (i.e. the PPI in December 2011 compared with December 2010). This rate is 0,3% lower than the corresponding annual rate of 10,1% in November 2011.
- This lower annual rate in December 2011 can be explained by decreases in the annual rate of change in the Producer Price Index for:
 - Mining and quarrying: The annual rate decreased from 14,4% in November 2011 to 10,1% in December 2011;
 - Other manufactures: The annual rate decreased from 15,5% in November 2011 to 12,4% in December 2011;
 - Wearing apparel: The annual rate decreased from 6,0% in November 2011 to 4,2% in December 2011; and
 - Electrical machinery and apparatus: The annual rate decreased from 2,9% in November 2011 to 1,4% in December 2011.
- These decreases were partially counteracted by increases in the annual rate of change for:
 - Electricity: The annual rate increased from 24,9% in November 2011 to 25,3% in December 2011;
 - Basic metals: The annual rate increased from -0,9% in November 2011 to 4,9% in December 2011; and
 - Food at manufacturing: The annual rate increased from 8,4% in November 2011 to 10,2% in December 2011.
- From November 2011 to December 2011 the PPI for domestic output decreased slightly.
- The monthly contribution from a decrease in the price index of mining and quarrying (-0,8%) was counteracted by increases in the price indices of basic metals (0,4%), agriculture (0,2%), food at manufacturing (0,1%) and all other groups (0,1%).

4.3 Monetary Policy Committee Statement

- The SA Reserve Bank's Monetary Policy Committee (MPC) has left the repo rate unchanged at 5,5% per annum, Governor Gill Marcus announced on Thursday, 19 January 2012, following a three-day Committee meeting.
- The rate was cut by 50 basis points to 5,5% in November 2010 and was the lowest reading in almost 30 years and resulted in a real interest rate of about 1%. Marcus highlighted in her speech that the outlook for SA's inflation picture had deteriorated, but demand pressures were not high. The volatile rand and global uncertainty were the major concerns.



- Marcus said the inflationary pressures were mainly of a cost-push rather than demand-driven nature, but the MPC was concerned a prolonged breach of the 3 to 6% target could have an adverse effect on expectations. Inflation is expected to return to the target in the first quarter of 2013, but to be outside the upper end of the range for the whole of 2012 and to peak in the second quarter of 2012 at around 6,6%. However, she said the MPC also took cognisance of a slowing economy and so "money tightening is not appropriate at this stage.

4.4 Future contract prices and the exchange rate

Table 9: Closing prices on Thursday, 27 January 2012

	27 January 2012	20 January 2012	% Change
RSA White Maize per ton (Feb. contract)	R2 655,00	R2 800,00	-5,2
RSA Yellow Maize per ton (Feb. contract)	R2 725,00	R2 919,00	-6,6
RSA Wheat per ton (Feb. contract)	R2 756,00	R2 710,00	+1,7
RSA Soya-beans per ton (Feb. contract)	R3 351,00	R3 328,00	+0,7
RSA Sunflower seed per ton (Feb. contract)	R4 360,00	R4 402,00	-1,0
Exchange rate R/\$	R7,75	R7,96	-2,6

Source: Directorate Statistics & Economic Analysis.

- The prices of local maize and sunflower seed were lower for the week ending 27 January 2012 as compared to the previous week, while wheat and soya-beans recorded price increases during the same period. The prices of white and yellow maize declined by 5,2% and 6,6% respectively, while the sunflower price declined by 1% for the mentioned period. The Rand appreciated by 2,6% against the US dollar to reach R 7,75/US\$.

4.5 Agricultural machinery sales

- December 2011 tractor sales of 488 units were 28% higher than the sales of 381 units reported in December 2010. On a 2011 calendar year basis tractor sales of 7 379 units were 43% up on 2010 sales. December 2011 combine harvester sales of 4 units were sharply down on the 14 units sold in December 2010. However, on a 2011 calendar year basis, combine harvester sales of 260 units were 38% up on 2010 sales.
- Optimism in the agricultural machinery market, buoyed up by the current favourable commodity prices, continues. Indications are that current crop prices should prevail, at least until harvesting of the 2011/2012 summer crops begins. Preliminary planting estimates indicate that 11% more maize will be planted this season.
- Industry predictions for tractor sales for the 2012 calendar year are currently between 6 500 and 7 000 units, between 5 and 10% down on 2011 sales.

Table 10: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2011	2010		2011	2010	
Tractors	488	381	28,1	7 379	5 155	43,1
Combine harvesters	4	14	-71,4	260	188	38,3

Source: SAAMA press release, January 2012



5. Acknowledgements

The Directorate: Statistics and Economic Analysis 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)
- IGC Grain Market Report
- National Agricultural Marketing Council (NAMC)
- South African Agricultural Machinery Association (SAAMA)
- South African Futures Exchange (SAFEX)
- 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
- Weekly Price Watch, DAFF