

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JANUARY 2013

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Directorate: Statistics and Economic Analysis

Highlights:

- **Significant rainfall events were limited to the eastern half of the country for the month of January 2013.**
- **The expected commercial production of wheat is 1,915 million tons, which is 4,5% less than the previous seasons' crop of 2,005 million tons.**
- **The projected closing stocks of wheat for the 2012/13 marketing year is 661 000 tons, which includes imports of 1,5 million tons.**
- **The preliminary area estimate for maize is 2,780 million ha, which is 2,99% or 80 800 ha more than the 2,699 million ha planted for the previous season.**
- **The projected closing stocks of maize for the current 2012/13 marketing year is 1,660 million tons, which 67% more than the previous year.**
- **Projected closing stocks of maize for the coming 2013/14 marketing year is 2,358 million tons, which is 42% more than the previous year.**
- **The expected closing stocks of sorghum for the current 2012/13 marketing year show a surplus of 56 900 tons, which is 9,2% more than the previous year.**
- **The projected closing stocks of sorghum for the coming 2013/14 marketing year is 42 400 tons, which is 25,5% less than the previous year.**
- **The headline CPI (for all urban areas) annual inflation rate in December 2012 was higher at 5,7%.**
- **The annual percentage change in the PPI was unchanged at 5,2% in December 2012.**
- **The Monetary Policy Committee, at its meeting during January 2013, has decided to keep the repurchase rate unchanged at 5,5% per annum.**
- **December 2012 tractor sales of 334 units were 31,6% lower than the 488 units reported in December 2011.**



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1. Weather conditions

1.1 Rainfall for January 2013

Significant rainfall events were limited to the eastern half of the country for the month of January 2013 (**Figure 1**). Comparing rainfall totals to the long term average for January, the eastern parts of KwaZulu-Natal, north-eastern Mpumalanga and most of Limpopo received above-normal rainfall while the remainder of the country received near-normal to below-normal rainfall (**Figure 2**). Flooding that resulted in damages to infrastructure was reported in some areas of Limpopo and Mpumalanga provinces.

Figure 1: Rainfall (mm) for January 2013

Rainfall (mm) for January 2013
(Based on preliminary data)

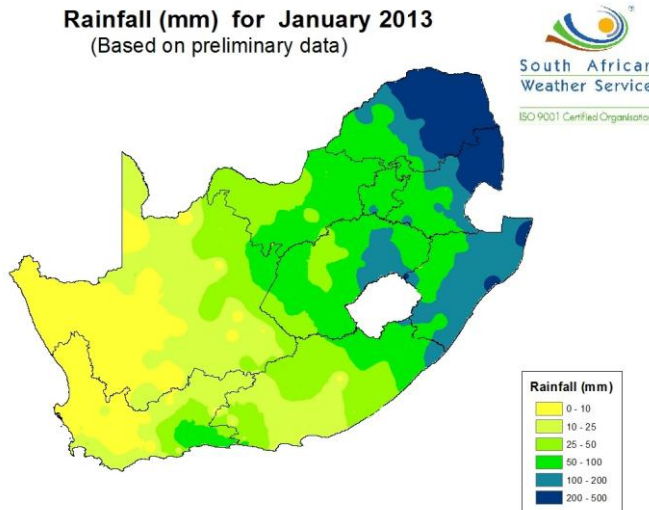
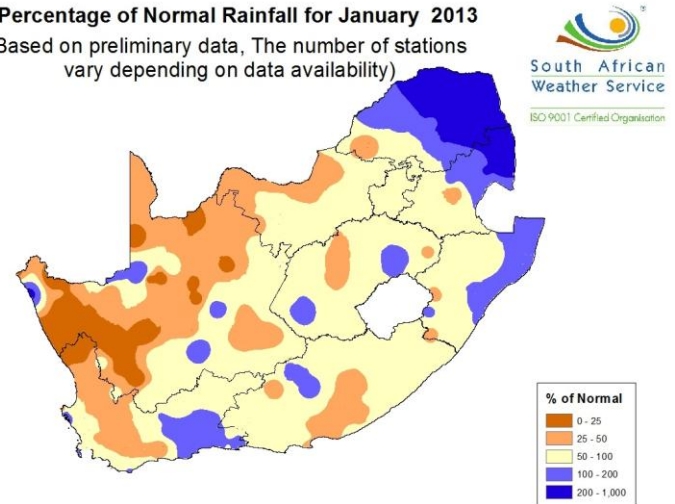


Figure 2: Percentage rainfall for January 2013

Percentage of Normal Rainfall for January 2013
(Based on preliminary data, The number of stations vary depending on data availability)



1.2 Level of dams

Available information on the level of South Africa's dams on 28 January 2013 indicates that the country has approximately 86% of its full supply capacity (FSC) available, 2% more than the corresponding period in 2012. The Free State, KwaZulu-Natal, Limpopo and Western Cape provinces show increases for the mentioned period compared to last year. The Eastern Cape, Gauteng, Mpumalanga, North West and Northern Cape provinces show decreases for the mentioned period. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 28 January 2013

Province	Net FSC million cubic meters	28/01/2013 (%)	Last Year (%)	increase/decrease 2013 vs 2012
Eastern Cape	1 819	83	85	-2,0
Free State	15 971	88	86	2,0
Gauteng	115	90	99	-9,0
KwaZulu-Natal	4 529	87	79	8,0
Lesotho*	2 376	78	77	1,0
Limpopo	1 159	94	84	10,0
Mpumalanga	2 520	92	94	-2,0
North West	808	73	85	-12,0
Northern Cape	146	86	90	-4,0
Western Cape	1 851	72	64	8,0
Total	31 296	86	84	2,0

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The Crop Estimates Committee (CEC) released the preliminary area planted estimate figures of the commercial summer grain crops for 2013 on 24 January 2013; and is as follows:

Table 2: Preliminary area planted estimate figures of commercial summer crops for 2013

CROP	Area planted 2013 Ha (A)	Area planted 2012 Ha (B)	Final crop 2012 Tons (C)	Change % (A) ÷ (B)
White maize	1 620 000	1 636 200	6 740 000	-0,99
Yellow maize	1 160 000	1 063 000	5 090 000	9,13
Maize	2 780 000	2 699 200	11 830 000	2,99
Sunflower seed	485 000	453 350	522 000	6,98
Soya-beans	529 000	472 000	650 000	12,08
Groundnuts	44 000	45 450	59 000	-3,19
Sorghum	61 000	48 550	135 500	25,64
Dry beans	43 450	39 750	47 695	9,31
TOTAL	3 942 450	3 758 300	13 244 195	4,90

Note: Estimate is for calendar year, e.g. production season 2012/13 = 2013

- The preliminary area estimate is mainly based on the results of a non-probability survey conducted by the Directorate: Statistics and Economic Analysis of the Department of Agriculture, Forestry and Fisheries and reflects the position as at the middle of January 2013. Information obtained from the Producer Independent Crop Estimation System (PICES), conducted by the National Crop Statistics Consortium (NCSC) for Mpumalanga and Gauteng was also taken into consideration with regard to the area planted figures.
- The preliminary area estimate for maize is 2,780 million ha, which is 2,99% or 80 800 ha more than the 2,699 million ha planted for the previous season, and also 1,64% more than the intentions to plant figure of 2,735 million ha released in October 2012.
- The area estimate for white maize is 1,620 million ha, which represents a decrease of 0,99% or 16 200 ha compared to the 1,636 million ha planted last season. In the case of yellow maize the area estimate is 1,160 million ha, which is 9,13% or 97 000 ha more than the 1,063 million ha planted last season.
- The preliminary area estimate for sunflower seed is 485 000 ha, which is about 6,98% or 31 650 ha more than the 453 350 ha planted the previous season.
- It is estimated that 529 000 ha have been planted to soya-beans, which represents an increase of 12,08% compared to the 472 000 ha planted last season. This is the highest area ever planted to soya-beans.
- For groundnuts the area estimate is 44 000 ha, which is 3,19% less than the 45 450 ha planted for the previous season.

- The area estimate for sorghum increased by 25,64%, from 48 550 ha to 61 000 ha against the previous season.
- In the case of dry beans the area estimate is 43 450 ha, which is 3 700 ha or 9,31% more than the 39 750 ha planted the previous season.

Please note that the revised area estimate and first production forecast for summer field crops for 2013 will be released on 26 February 2013.

2.2 Winter cereal crops

The area estimate and sixth production forecast for winter cereals for the 2012 production season was released by the Crop Estimates Committee (CEC) on 24 January 2013, and is as follows:

Table 3: Commercial winter crops: Area planted estimate and sixth production forecast - 2012 production season

CROP	Area planted 2012 Ha (A)	6 th forecast 2012 Tons (B)	Area planted 2011 Ha (C)	Final crop 2011 Tons (D)	Change % (B) ÷ (D)
Wheat	511 200	1 915 310	604 700	2 005 000	-4,47
Malting barley	84 940	296 230	80 150	312 000	-5,05
Canola	44 100	79 650	43 510	58 800	35,46
Total	640 240	2 291 190	728 360	2 375 800	-3,56

- The production forecast for wheat is 1,915 million tons, which is 89 690 tons or 4,47% less than the previous seasons' final crop of 2,005 million tons. The area planted to wheat is 511 200 ha, representing a decrease of 15,46% compared to 2011. The average yield of wheat is 3,75 t/ha against the 3,32 t/ha of 2011.
- The expected production of wheat in the Western Cape is 884 000 tons, or 46,15%, and in the Northern Cape it is 289 800 tons or 15,13%.
- The production forecast for malting barley is 296 230 tons, which is 15 770 tons or 5,05% less than the previous seasons' final crop of 312 000 tons. The area planted to malting barley is at 84 940 ha, which is 5,98% more than the plantings of 2011. The expected yield is 3,49 t/ha, compared to the 3,89 t/ha of 2011.
- The expected canola crop is 79 650 tons, which is 20 850 tons or 35,46% more than the 2011 crop of 58 800 tons. The area estimate for canola is 44 100 ha, which is 1,36% more than the plantings of 2011. The expected yield is 1,81 t/ha, compared the previous seasons' yield of 1,35 t/ha.

Please note that the final production estimate for winter cereals for the 2012 production season will be released on 26 February 2013.

3. Cereal balance sheets

Supply and demand data for December 2012 was released by SAGIS on 24 January 2013. *(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 2013

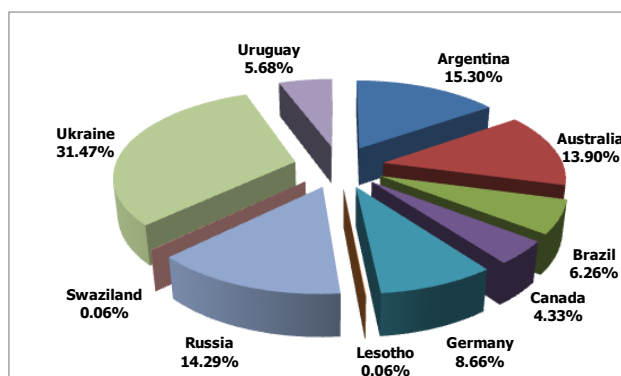
Marketing year (October to September)	2010/11	2011/12	2012/13*
Production & Calendar year	2010	2011	2012
	1 000 t	1 000 t	1 000 t
Supply			
Opening stocks: 1 October	579	478	651
SAGIS opening stocks	579	478	651
Gross production	1,436	2,014	1,924
Commercial production	1,401	1,976	1,886
Retentions by producers	29	29	29
Non-commercial	6	9	9
Total domestic supply	2,015	2,492	2,575
Plus: Imports	1,649	1,724	1,500
Total supply	3,664	4,216	4,075
Demand			
Commercial consumption	3,001	3,268	3,151
Human	2,944	3,066	3,050
Animal	1	136	40
Retentions by producers	29	29	29
Seed for planting purposes	13	18	15
Other consumption (released to end con's+withdrawn by prod's+retentions)	14	19	17
Non-commercial	6	9	9
Total domestic consumption	3,007	3,277	3,160
Plus: Exports	179	288	254
Products	24	19	30
Whole grain	155	269	224
Total demand	3,186	3,565	3,414
Closing stocks: 30 September	478	651	661
Pipeline requirements (80 days of human consumption)	645	672	668
Domestic shortfall / surplus	-1,637	-1,457	-1,253
Import gap	1,637	1,457	1,253
Surplus above pipeline	-167	-21	-7

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

- The total supply of wheat for the 2012/13 marketing year is 4,075 million tons, including projected imports of 1,5 million tons, while the total demand is seen at 3,4 million tons bringing the projected closing stocks (30 September 2013) of wheat for the same year to 661 000 tons, which is 1,5% more than the 651 000 tons of the previous year.
- The progressive wheat imports from 29 September 2012 to 25 January 2013, stand at 473 211 tons, with the largest quantity (31% or 148 903) imported from Ukraine followed by Argentina (15% or 72 379 tons), Russia and Australia (14% or 67 608 and 65 756 tons, respectively), Germany (9% or 40 997), Brazil (6% or 29 620 tons), Uruguay (6% or 26 892 tons), and Canada (4% or 20 490 tons). It is interesting to note that small quantities (288 and 278 tons) were imported from Swaziland and Lesotho.

Graph 1: Major countries of wheat imports for South Africa: 2012/13 marketing year





3.2 Summer grains

Table 5: Supply and demand for White Maize as at 31 January 2013

Marketing Year: May – April Calendar Year	2011/12 2011	2012/13* 2012*	2013/14* 2013*
	1 000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	1,609	518	1,004
SAGIS Opening Stocks	1,609	518	1,004
Gross Production	6,601	7,169	7,395
Commercial production	6,105	6,626	6,852
Retentions by producers	100	114	114
Non-commercial	396	429	429
Total Domestic Supply	8,210	7,687	8,399
Imports	133	20	
Total Supply	8,343	7,707	8,399
Demand			
Commercial Consumption	5,635	5,029	5,412
Human	4,119	4,150	4,160
Animal	1,202	625	900
Gristing	53	50	50
Retentions by producers	85	98	98
Seed for planting purposes	15	16	16
Other consumption (released to end-con & withdrawn by producers)	161	90	188
Non-commercial	396	429	429
Total Domestic Consumption	6,031	5,458	5,841
Exports	1,794	1,245	1,330
Products	60	45	60
Whole grain	1,734	1,200	1,270
Total Demand	7,825	6,703	7,171
Closing Stocks: 30 April	518	1,004	1,228
Pipeline Requirements (45 days of human & animal consumption + gristing)	663	595	630
Domestic Shortfall / Surplus	1,517	1,634	1,928
Surplus/ Shortage above pipeline	-144	409	598

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



- Projected closing stocks of white maize for the current 2012/13 marketing year is 1,004 million tons, which is considerably more (93,8%) more than the previous year (518 000 tons). This increase can mainly be attributed to the higher production figure, as well as the lower projected export figure for 2012 calendar year. The projected export figure of 1,245 million tons is 30,6% less than the 1,794 million tons of the previous year.
- From 1 May up to 25 January 2013, progressive white maize exports stand at 1,045 million tons of which 736 367 tons or 70% were exported to Mexico, followed by the BLNS countries with 265 199 tons or 25%. The progressive white maize imports from 1 May to 25 January 2013, stand at 10 202 tons, with Zambia the main source of imports.
- Projected closing stocks of white maize for the coming 2013/14 marketing year is 1,228 million tons, which 22,3% more than the previous year (1,004 million tons). This increase can mainly be attributed to the expected increase in the production figure of white maize for the 2013 calendar year.

Table 6: Supply and demand for Yellow Maize as at 31 January 2013

Marketing Year: May – April	2011/12	2012/13*	2013/14*
Calendar Year	2011	2012*	2013*
Supply	1 000 tons	1 000 tons	1 000 tons
Opening Stocks: 1 May	727	476	657
SAGIS Opening Stocks	727	476	657
Gross Production	4,777	5,299	5,893
Commercial production	4,235	4,771	5,365
Retentions by producers	374	319	319
Non-commercial	168	209	209
Total Domestic Supply	5,504	5,775	6,550
Imports	288		
Total Supply	5,792	5,775	6,550
Demand			
Commercial Consumption	4,367	4,669	4,698
Human	393	390	390
Animal	3,160	3,520	3,550
Gristing	14	10	10
Retentions by producers	360	304	304
Seed for planting purposes	14	15	15
Other consumption (released to end-con & withdrawn by producers)	426	430	420
Non-commercial	168	209	209
Total Domestic Consumption	4,535	4,878	4,898
Exports	781	240	520
Products	69	50	50
Whole grain	712	190	470
Total Demand	5,316	5,118	5,418
Closing Stocks: 30 April	476	657	1,132
Pipeline Requirements (45 days of human & animal consumption + gristing)	440	483	487
Domestic Shortfall / Surplus	529	414	1,165
Surplus/ Shortage above pipeline	36	174	645

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



- Projected closing stocks of yellow maize for the current 2012/13 marketing year is 657 000 tons, which 38,1% more than the previous year (476 000 tons). This increase can mainly be attributed to the increase in the production figure of yellow maize, from 4,6 million tons to 5,1 million tons for the 2012 calendar year.
- From 1 May up to 25 January 2013, progressive yellow maize exports stand at 138 566 tons, with the main destinations being the BLNS countries (103 750 tons or 75%). No imports were reported for the mentioned period.
- Projected closing stocks of yellow maize for the coming 2013/14 marketing year is 1,132 million tons, which 72,3% more than the previous year (657 000 tons). This increase can mainly be attributed to the expected increase in the production figure of yellow maize for the 2013 calendar year.

Table 7: Supply and demand for Maize as at 31 January 2013

Marketing Year: May – April	2011/12	2012/13*	2013/14*
Calendar Year	2011	2012*	2013*
Supply	1 000 tons	1 000 tons	1 000 tons
Opening Stocks: 1 May	2,336	994	1,660
SAGIS Opening Stocks	2,336	994	1,660
Gross Production	11,378	12,468	13,288
Commercial production	10,340	11,396	12,216
Retentions by producers	474	434	434
Non-commercial	564	638	638
Total Domestic Supply	13,714	13,462	14,948
Imports	421	20	
Total Supply	14,135	13,482	14,948
Demand			
Commercial Consumption	10,002	9,699	10,102
Human	4,512	4,540	4,550
Animal	4,362	4,145	4,450
Gristing	67	60	60
Retentions by producers	445	402	402
Seed for planting purposes	29	32	32
Other consumption (released to end-con & withdrawn by producers)	587	520	608
Non-commercial	564	638	638
Total Domestic Consumption	10,566	10,337	10,740
Exports	2,575	1,485	1,850
Products	129	95	110
Whole grain	2,446	1,390	1 740
Total Demand	13,141	11,822	12,590
Closing Stocks: 30 April	994	1,660	2,358
Pipeline Requirements (45 days of human & animal consumption + gristing)	1,102	1,078	1,117
Domestic Shortfall / Surplus	2,046	2,047	3,091
Surplus/ Shortage above pipeline	-108	582	1,241

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



- Projected closing stocks of maize for the current 2012/13 marketing year is 1,660 million tons, which is 67% more than the previous year (994 000 tons). This increase can mainly be attributed to the increase in the production figure for the 2012 calendar year.
- From 1 May up to 25 January 2013, the progressive grand total of exports is 1,183 million tons, with the largest quantity (736 367 tons or 62%) exported to Mexico followed by BLNS countries (368 949 tons or 31%), Mozambique (55 352 tons or 5%) and Korea (19 664 tons or 2%). The progressive maize imports from 1 May to 25 January 2013, stand at 10 202 tons, with Zambia being the main source of imports.
- Projected closing stocks of maize for the coming 2013/14 marketing year is 2,358 million tons, which is 42% more than the previous year (1,660 million tons). This increase can mainly be attributed to the expected increase in the production figure of maize as well as the increase in the opening stocks for the 2013 calendar year.

Table 8: Supply and demand for Sorghum as at 31 January 2013

Marketing year: April - March	2011/12*	2012/13*	2013/14*
Production year	2010/11*	2011/12*	2011/12*
Calendar year	2011*	2012*	2013
Supply	1 000 t	1 000 t	1 000 t
Opening stocks: 1 April	58,1	52,1	56,9
SAGIS opening stocks	58,1	52,1	56,9
Gross production	187,0	156,1	186,1
Commercial production	163,7	135,5	165,5
Non-commercial	23,3	20,6	20,6
Total domestic supply	245,1	208,2	242,0
Plus: Imports	57,8	65,0	35,0
Total supply	302,9	273,2	278,0
Demand			
Food consumption	182,2	161,3	176,9
Malt	81,3	70,9	80,5
Meal	100,9	90,4	96,4
Brew	-	-	-
Feed consumption	7,1	5,4	7,0
Pet food	1,1	0,9	1,0
Poultry	5,5	4,0	4,2
Other feed	0,5	0,5	1,8
Total commercial consumption	189,3	166,7	183,9
Other consumption	11,1	9,7	10,4
Balancing item	1,9	-	-
Non-commercial	23,3	20,6	20,6
Total domestic consumption	225,6	197,0	214,9
Plus: Exports	25,2	19,3	20,7
Exports through border posts	21,4	16,0	17,2
Exports through harbours	-	-	-
Products to African countries	3,8	3,3	3,5
Total demand	250,8	216,3	235,6
Closing stocks	52,1	56,9	42,4
Pipeline Requirements (45 days of human & animal consumption + gristing)	23,3	20,6	22,7
Domestic surplus / deficit	-3,8	-9,4	4,4
Import gap	3,8	9,4	-4,4
Surplus/ Shortage above pipeline	28,8	36,3	19,7

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



- The expected closing stocks of sorghum for the current 2012/13 marketing year show a surplus of 56 900 tons, which is 9,2% more than the previous year (52 100 tons) and can be attributed to the higher projected imports and lower projected export figures for 2012. Imports of sorghum for the mentioned year are projected at 65 000 tons, which is 12,5% more than the 57 800 tons of the previous year. Exports of sorghum are projected at 19 300 tons, which is 23,4% less than the 25 200 tons of the previous year.
- The total commercial consumption for the above-mentioned period is 166 700 tons including food (161 300 tons) and feed (5 400 tons) consumption, which is the lowest since the 178 900 tons for the 2003/04 marketing season.
- The projected production of sorghum for the 2013/14 marketing year is estimated at 165 500 tons, when applying an average yield to the preliminary area planted of 61 000 ha. Total supply is projected at 278 000 tons, including imports of 35 000 tons. Total demand is projected at 235 600 tons, including exports of 20 700 tons.
- The projected closing stocks of sorghum for the coming 2013/14 marketing year is 42 400 tons, which is 25,5% less than the previous year (56 900 tons). This decrease can mainly be attributed to the expected decrease in the import figure for the 2013 calendar year.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in December 2012 was 5,7%. This rate was 0,1% higher than the corresponding annual rate of 5,6% in November 2012. On average, prices increased by 0,2% between November 2012 and December 2012.
- The food and non-alcoholic beverages index increased by 0,2% between November 2012 and December 2012. The annual rate decreased to 6,9% in December 2012 from 7,0% in November 2012. The following components in the food and non-alcoholic beverages index increased: Fruit (4,9%), milk, eggs and cheese (0,8%), hot beverages (0,8%), cold beverages (0,8%), oils and fats (0,7%), meat (0,4%) and bread and cereals (0,2%). The following components decreased: Vegetables (-2,4%), fish (-0,6%), other food (-0,3%) and sugar, sweets and desserts (-0,2%).
- The housing and utilities increased by 0,5% between November 2012 and December 2012, mainly due to a 0,8% increase in actual rentals for housing and a 0,7% increase in owners' equivalent rent. The annual rate remained unchanged at 6,0% in December 2012.
- The transport index increased by 0,3% between November 2012 and December 2012, mainly due to a 26,6% increase in long distance bus fares. The annual rate was unchanged at 5,5% in December 2012.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Free State (5,7%), Western Cape (5,6%), KwaZulu-Natal (5,6%), Gauteng (5,5%) and Eastern Cape (5,3%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (6,5%), North West (6,4%), Mpumalanga (6,2%) and Limpopo (6,2%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 5,2% in December 2012 (i.e. the PPI in December 2012 compared with December 2011). This rate is the same as the corresponding annual rate of 5,2% in November 2012.
- The most notable increases in annual rates between November and December, based on changes in contribution to the annual rate for all groups, were as follows:
 - Mining and quarrying: The annual rate increased from 3,9% in November 2012 to 6,7% in December 2012;
 - Other manufactures: The annual rate increased from 2,8% in November 2012 to 4,2% in December 2012; and
 - Non-electrical machinery and equipment: The annual rate increased from 2,2% in November 2012 to 3,1% in December 2012.

- These increases were counteracted by decreases in the annual rate of change for:
 - Food at manufacturing: The annual rate decreased from 11,1% in November 2012 to 9,2% in December 2012;
 - Agriculture: The annual rate decreased from 5,9% in November 2012 to 3,2% in December 2012; and.
 - Basic metals: The annual rate decreased from -2,0% in November 2012 to -7,3% in December 2012.
- From November 2012 to December 2012 the PPI for domestic output decreased by 0,1%.
- The monthly decrease of 0,1% in the PPI for domestic output was mainly due to monthly contributions from decreases in the price indices of mining and quarrying (-0,2%) and electricity (-0,1%). These decreases were partially counteracted by increases in the price indices of products of petroleum and coal (0,1%) and chemicals and chemical products (0,1%).

4.3 Monetary Policy Committee

- 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, 24 January 2013, following a three-day Committee Meeting.
- The rate was cut by 50 basis points to 5,5% in November 2010, which was the lowest reading in almost 30 years and resulted in a real interest rate of about 1%.
- Since the previous meeting of the Monetary Policy Committee (MPC) there has been some improvement in global financial market sentiment, but economic growth prospects in a number of the major advanced economies or regions remain constrained. Downside risks to the outlook persist as the structural problems in many countries, and in the Eurozone in particular, are still unresolved. Monetary policy in most countries is likely to remain accommodative in the absence of clear evidence of a sustained recovery, particularly against the backdrop of a relatively benign global inflation environment.
- Risks to economic growth are assessed to be on the downside, particularly given the uncertain outlook for the mining industry and ongoing unsettled labour relations. The negative output gap is therefore expected to persist. The MPC remains concerned about the possibility of a wage-price spiral and its potential to exacerbate the high level of unemployment in the economy. As was noted in the previous MPC statement, concerted action is needed on the part of all the parties involved. Cohesion of policy and decision making is required to provide the necessary certainty for sustainable economic growth and development.
- The monetary policy stance remains accommodative and appropriate, with the real policy rate remaining slightly negative, notwithstanding the expected temporary breach of the inflation target. However, further accommodation at this stage is constrained by the upside risks to the inflation outlook. As always, the MPC will monitor developments closely and will not hesitate to act in a manner consistent with its mandate.

4.4 FAO Food Price Index

- The FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities. The FAO Food Commodity Price Indices show changes in monthly international prices of major food commodities.
- The FAO Food Price Index averaged 209 in December 2012, down 2 points (1,1%) from November and the lowest since June 2012, when the Index stood at 200. The decline in December 2012 was led by decreases in the international prices of major cereals and oils/fats. For 2012 as a whole, the Index averaged 212, which is 7% less than in 2011, with the sharpest declines registered by sugar (17,1%), dairy products (14,5%) and oils (10,7 %). The 2012 price falls were much more modest for cereals (2,4%) and meat (1,1%).
- The FAO Cereal Price Index averaged 250 in December, down 6 points (2,3%) from November. In 2012, the index averaged 241, or 2,4% below 2011. After surging over the July to September 2012 period, on production uncertainties and tightening supplies, cereal export quotations dropped because of a weaker demand for feed and industrial uses. In December 2012, maize prices fell sharply, as large export supplies in South America relieved

pressure from tight availabilities in the United States. Rice prices also dipped in December, on expectation of good harvests, but wheat values changed little under subdued trade activity.

4.5 Future contract prices and the exchange rate

Table 9: Closing prices on Thursday, 31 January 2013

	31 January 2013	31 December 2012	% Change
RSA White Maize per ton (Feb. contract)	R2 103,00	R2 124,00	-0,99
RSA Yellow Maize per ton (Feb. contract)	R2 241,00	R2 240,00	+0,04
RSA Wheat per ton (Feb. contract)	R3 625,00	R3 415,00	+6,15
RSA Sunflower seed per ton (Feb. contract)	R5 200,00	R5 920,00	-12,16
RSA Soya-beans per ton (Feb. contract)	R4 975,00	R5 195,00	-4,24
Exchange rate R/\$	R8,97	R8,49	+5,65

Source: SAFEX

4.6 Agricultural machinery sales

- December tractor sales of 334 units were 31,6% lower than the 488 units reported in December 2011 . Overall tractor sales of 7 899 units for the 2012 calendar year were 7,0% up on the 7 379 units sold in 2011. December combine harvester sales of 11 units were sharply up on the 4 units sold in December 2011. Combine harvester sales of 343 units for the 2012 calendar year were almost 32% up on 2011.
- Despite the lower December tractor sales, the market for agricultural machinery continues to be very buoyant, with market fundamentals still looking good. The two years 2011 and 2012 had significantly above-average sales of both tractors and combine harvesters.
- Follow-up rains are required within the next few weeks to ensure that summer crops realise the potential which they are now showing. Commodity prices are holding up well and with local and international grain stocks at relatively low levels, it is likely that current grain prices will be sustained. Farmers are cautiously optimistic, but remain dependent on weather conditions over the next few weeks.

Table 10: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2012	2011		2012	2011	
Tractors	334	488	-31,6	7 899	7 379	7,0
Combine harvesters	11	4	175,0	343	260	31,9

Source: SAAMA press release, January 2013

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