MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2009

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Directorate: Agricultural Statistics

agriculture, forestry & fisheries

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REPUBLIC OF SOUTH AFRICA

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1. Highlights

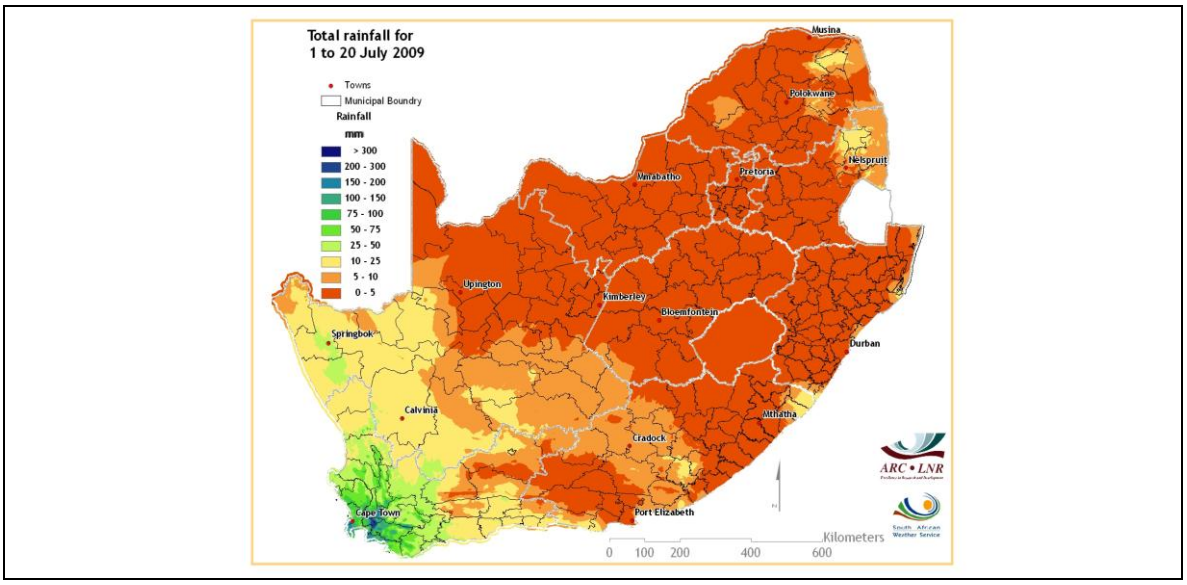
- The rainfall during the first 20 days of July 2009 was restricted to isolated areas of the winter rainfall region especially the western and south western parts of the country.
- The expected commercial maize crop for the 2008/09 production season is 11,603 million tons, which is 8,63% less than the 12,7 million tons of the previous season.
- Projections for the current 2009/10 maize marketing season indicate that South Africa will have a surplus of 1,741 million tons of maize at the end of April 2010.
- Projections for the current 2008/09 wheat marketing season indicate that South Africa will have a surplus of 567 000 tons of wheat at the end of September 2009.
- Projections for the 2009/10 wheat marketing season indicate that South Africa will have a surplus of 524 000 tons of wheat at the end of September 2010.
- The headline CPI (for all urban areas) annual inflation rate in June 2009 was lower at 6,9%.
- The annual percentage change in the PPI was lower at -4,1% in June 2009 (i.e. the PPI in June 2009 compared with that in June 2008).
- The unemployment rate was relatively stable in Quarter 2 of 2009 at 23,6% as against 23,5% in Quarter 1 of 2009.
- Total tractor sales during June 2009 were 424 units, which is almost 23% less than the 553 units sold in June last year.

2. Weather conditions

2.1 Rainfall for 1 to 20 July 2009

The rainfall during the first 20 days of July 2009 (Figure 1) was restricted to isolated areas of the winter rainfall region especially the western and south western parts of the country. The central and eastern parts received little or no rainfall during the mentioned period.

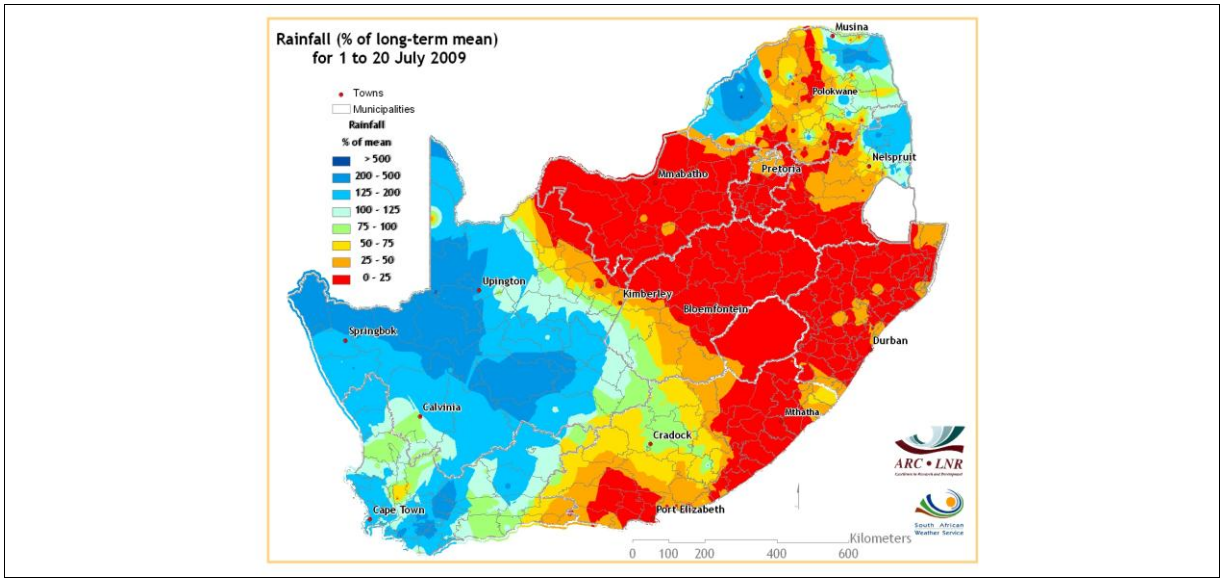
Figure 1: Total rainfall for 1 -20 July 2009



Source: ARC: ISCW

The map for the percentage of normal rainfall for the first 20 days of July 2009 (Figure 2) illustrates a significant percentage of normal to above-normal rainfall for the southern and western parts of the winter rainfall region as well as isolated occurrences in the far-northern parts of the summer rainfall region. The central and eastern parts of the country indicate below normal rainfall occurrences as compared to the long term mean.

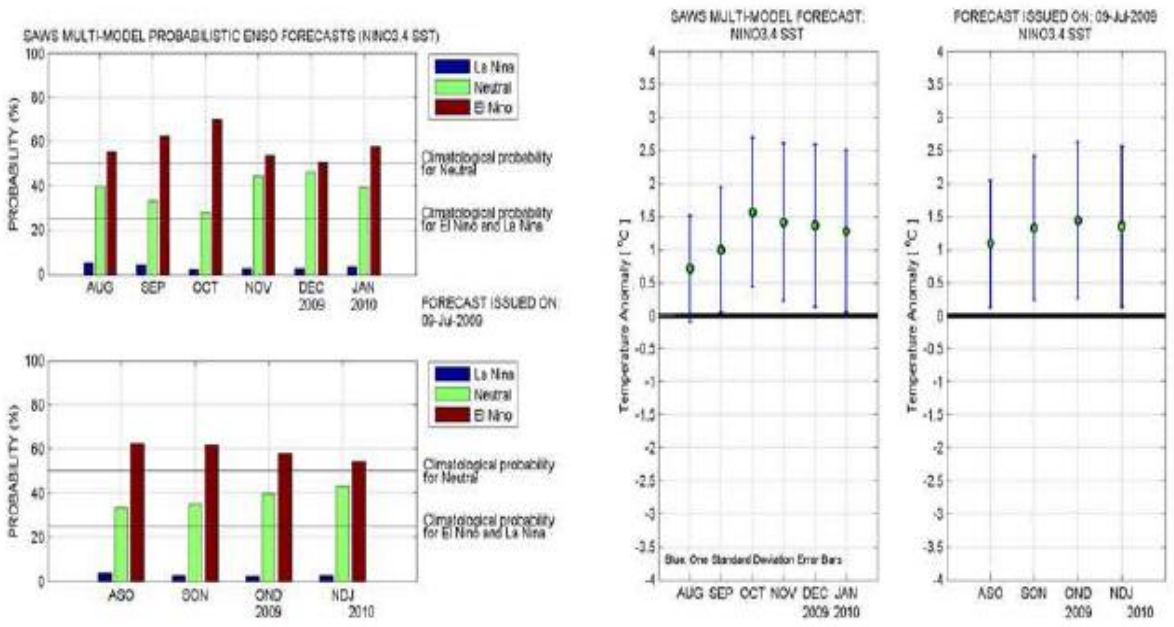
Figure 2: Percentage of normal rainfall for 1 -20 July 2009



Source: ARC: ISCW

2.2 ENSO forecast (August 2009 to January 2010)

Figure 3: ENSO forecast for August 2009 to January 2010



The ENSO forecasts (above) show that there is an enhanced probability of El Niño conditions to occur during the larger part of the 2009/10 summer rainfall season (left panel), and that the anticipated El Niño event may not be very strong since the expected SST anomalies over the NINO3.4 region may only be close to 1,5°C (green dots on right panel). However, the intensity of an El Niño event does NOT indicate how much the event may affect southern African rainfall totals during the summer months – the relatively weak El Niño events at the beginning of the 1990's were associated with intense drought over the region, while rainfall totals during the very strong 1997/98 event were close to the average over the larger part of South Africa. Notwithstanding, El Niño events are much more often associated with summer drought conditions over the region than not.

Source: South African Weather Service

2.3 Level of dams

Available information on the level of South Africa's dams on 27 July 2009 indicates that the country has approximately 87% of its full supply capacity (FSC) available, the same as 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 July 2009

Province	Total FSC in million cubic metres	27/07/2009 (%)	Last Year (%)
Eastern Cape	1 807	57	76
Free State	16 090	92	90
Gauteng	115	99	101

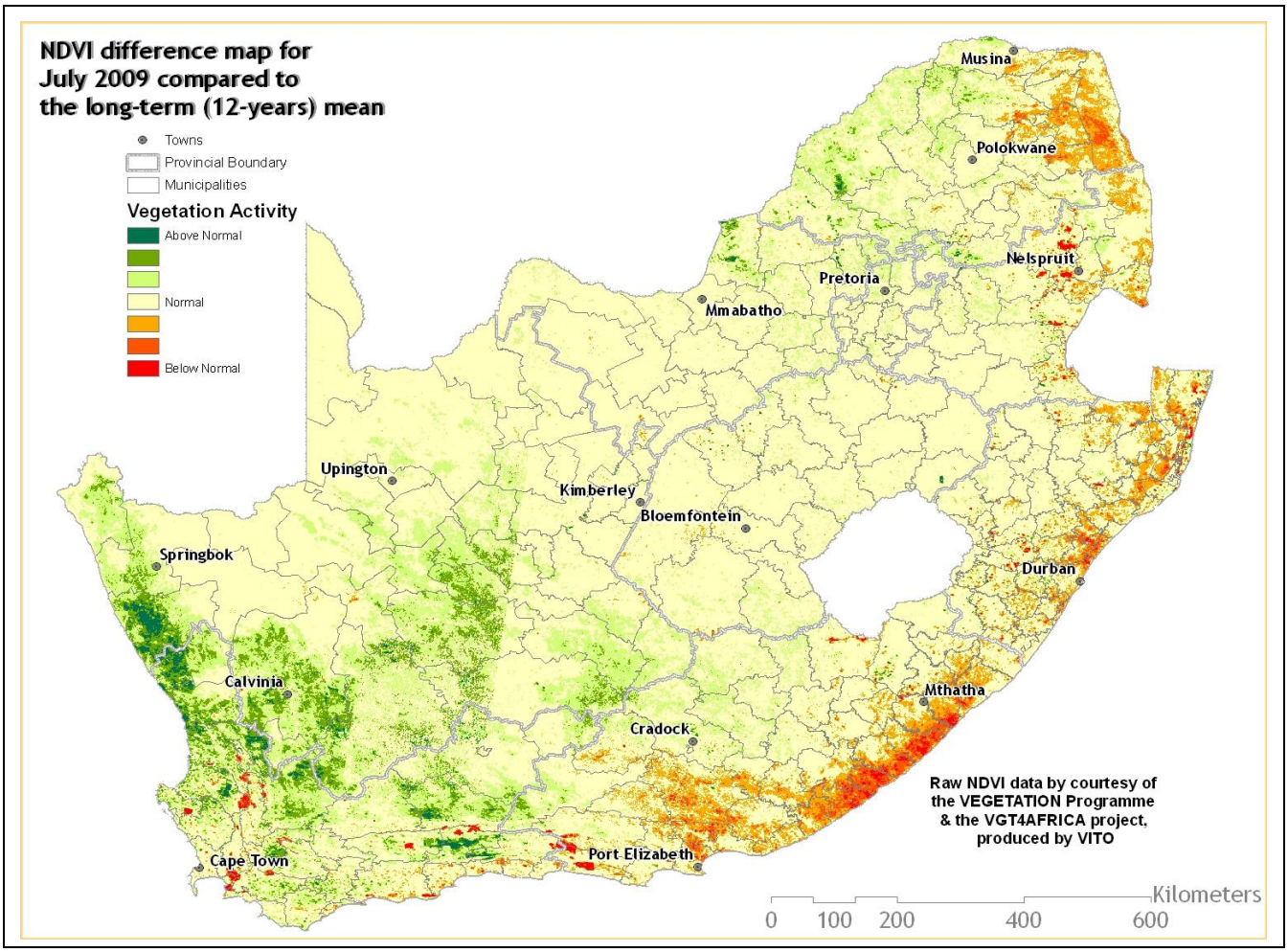
KwaZulu-Natal	4 529	83	86
Lesotho	2 376	83	85
Limpopo	1 142	77	75
Mpumalanga	2 527	91	88
North West	808	80	75
Northern Cape	143	95	96
Western Cape	1 843	86	85
Total	**31 381**	**87**	**87**

Source: Department of Water Affairs and Forestry

2.4 Vegetation activity

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

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



Source: ARC: ISCW

3. Grain production

3.1 Summer grain crops

3.1.1 Sixth production forecast of summer crops for the 2008/09 production season

The CEC released the sixth production forecast of the commercial summer grain crops for the 2008/09 production season on 28 July 2009.

Table 2: Commercial summer crops: Sixth production forecast - 2008/09 production season

CROP	**Area planted 2008/09** **Ha** **(A)**	**6th Forecast 2008/09** **Tons** **(B)**	Area planted 2007/08 Ha (C)	Final crop 2007/08 Tons (D)	Change % (B) ÷ (D)
Commercial:					
White Maize	**1 489 000**	**6 799 550**	1 737 000	7 480 000	-9,1
Yellow Maize	**938 500**	**4 803 850**	1 062 000	5 220 000	-7,97
Total maize	**2 427 500**	**11 603 400**	2 799 000	12 700 000	-8,63
Sunflower seed	**635 800**	**843 530**	564 300	872 000	-3,26
Soya-beans	**237 750**	**506 595**	165 400	282 000	+79,64
Groundnuts	**54 550**	**96 060**	54 200	88 800	+8,18
Sorghum	**85 500**	**261 075**	86 800	255 000	+2,38
Dry beans	**43 800**	**63 230**	43 800	58 975	+7,21
Total	**3 484 900**	**13 373 890**	3 713 500	14 256 775	+6,19

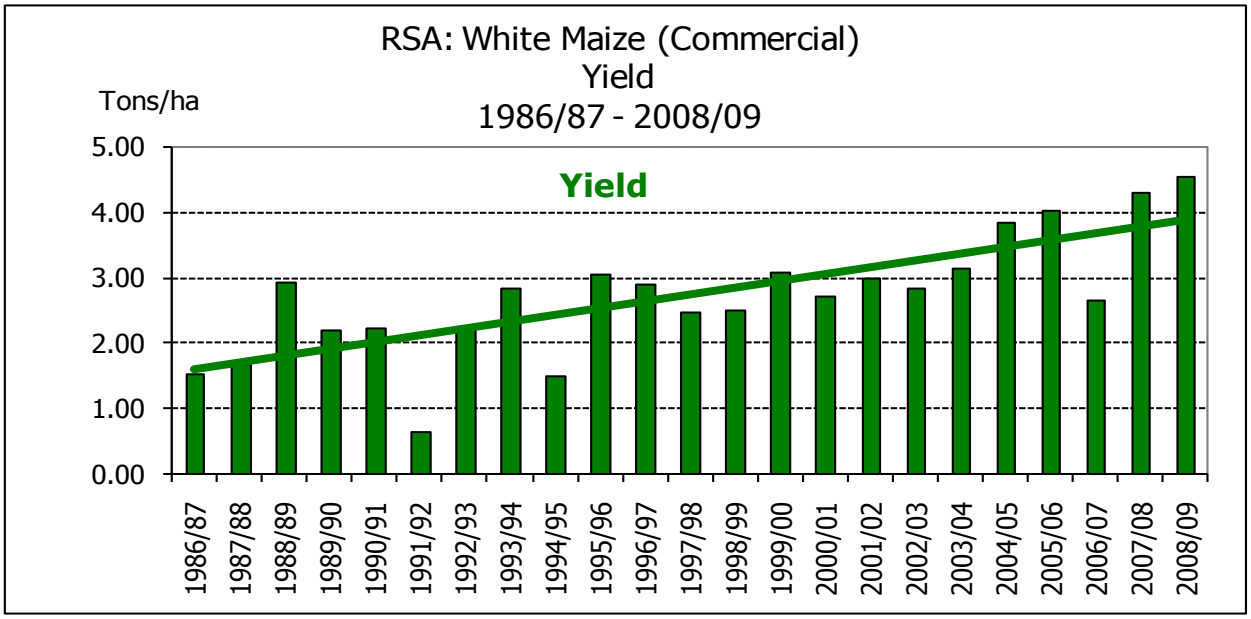
The revised area estimate for **commercial maize** is 2,428 million ha, which is 13,27% or 371 500 ha less than the 2,799 million ha planted for the previous season. The expected **commercial maize** crop is 11,603 million tons, which is 8,63% or 1,186 million tons less than the 12,7 million tons of 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 938 500 ha, which is 11,63% or 123 500 ha less than the 1,062 million ha planted last season.

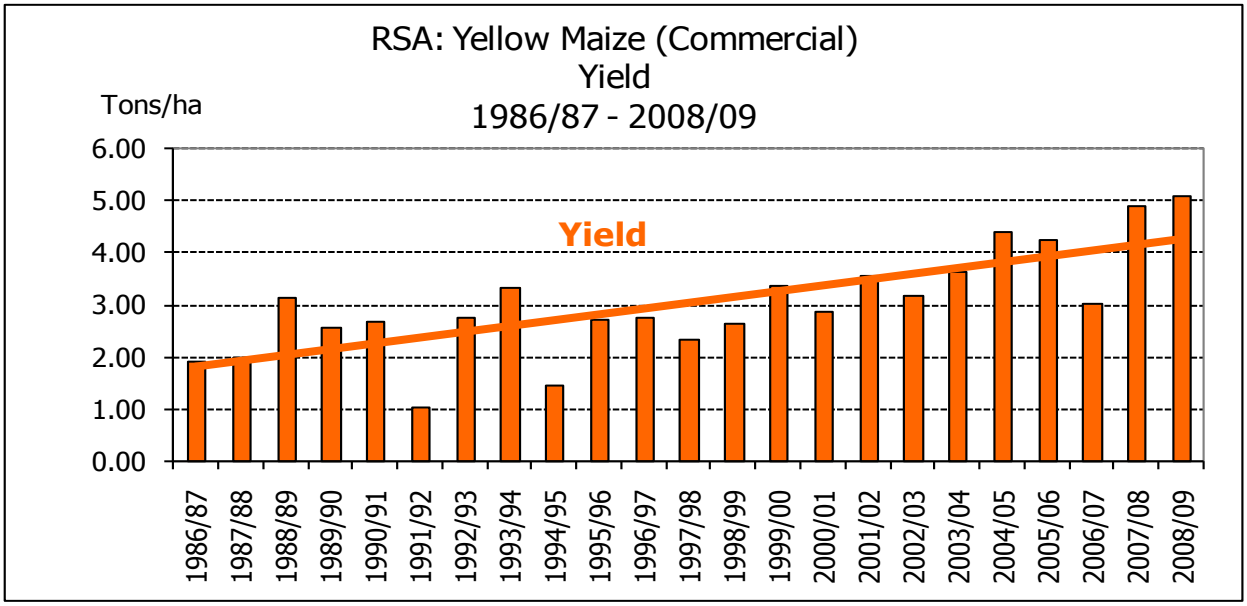
The production forecast of white maize is 6,8 million tons, which is 9,1% less than the 7,480 million tons of last season. The yield for white maize is 4,57 t/ha as against 4,31 t/ha the previous season. In the case of yellow maize the production forecast is 4,804 million tons, which is 7,97% less than the 5,220 million tons of last season. The yield of yellow maize is 5,12 t/ha as against 4,92 t/ha the previous season.

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

Graph 1: Yield of commercial white maize



Graph 2: Yield of commercial yellow maize



3.1.2 Other commercial summer crops

The production forecast for **sunflower seed** is 843 530 tons, which is 3,26% less 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 1,33 t/ha as against 1,55 t/ha of the previous season.

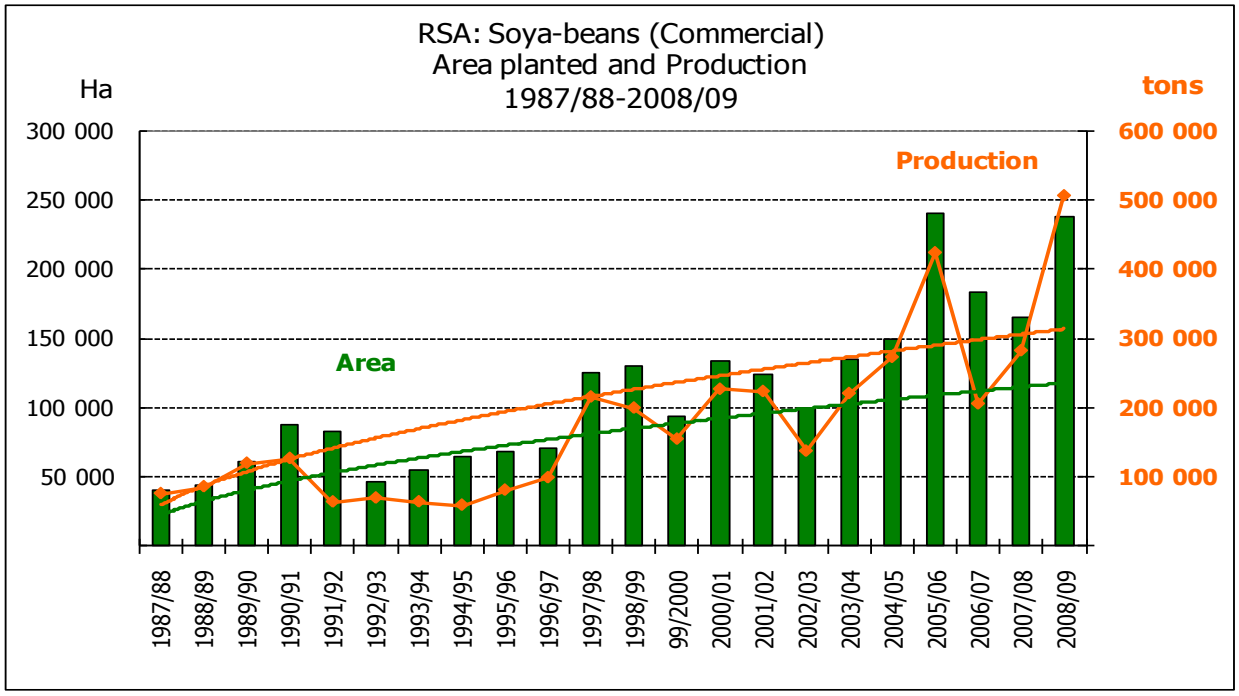
The production forecast for **soya-beans** is 506 595 tons, which is 79,64% more than the 282 000 tons of the previous season. It is estimated that 237 750 ha have been planted to soya-beans, which represents an increase of 43,74% compared to the 165 400 ha planted last season. The expected yield is 2,13 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 261 075 tons, which is 2,38% 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. The expected yield is 3,05 t/ha as against 2,94 t/ha of the previous season.

In the case of **dry beans** the production forecast is 63 230 tons, which is 7,21% more than the 58 975 tons of the previous season. For dry beans the area estimate is 43 800 ha, the same as the plantings of the previous season. The expected yield is 1,44 t/ha as against 1,35 t/ha of the previous season.

Graph 3: Area planted and production of commercial soya-beans



From the graph it is evident that the production of soya-beans shows an increasing trend over time. It is also clear that the production figure for the current season is the highest ever.

3.2 Winter cereal crops

The CEC also released the preliminary area planted estimate of winter cereals for the 2009 production season on 28 July 2009.

Table 3: Winter cereals – Preliminary area planted estimate – 2009 production season

CROP	Area planed 2009 Ha (A)	Intentions* 2009 Ha (B)	Area planted 2008 Ha (C)	Final estimate 2008 Tons (D)	Change % (A) ÷ (C)
Wheat	653 000	646 400	748 000	2 130 000	-12,70
Malting barley	72 850	73 050	68 245	192 000	+6,75
Canola	36 050	41 000	34 000	30 800	+6,03
Total	761 900	760 450	850 245	2 352 800	-10,39

* Intentions based on conditions at the middle of April 2009.

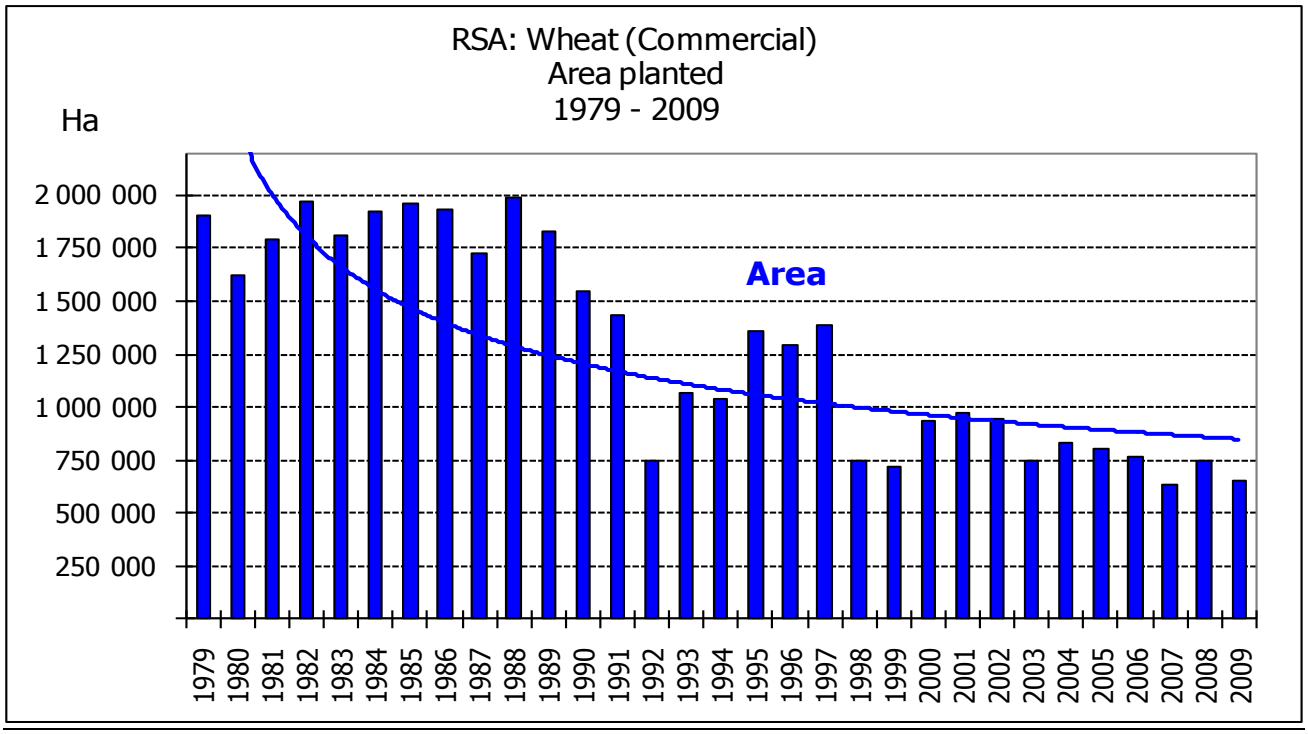
The preliminary area estimate for wheat is 653 000 ha, which is 12,7% less than the 748 000 ha planted for the previous season.

According to producers the decrease in the expected planting of wheat can mainly be attributed to the relatively lower prices compared to the high input costs.

An estimated 310 000 ha is planted in the Western Cape, which is 40 000 ha less than the 350 000 ha planted for the previous season. In the Free State, 235 000 ha is planted, which is 45 000 ha less than the 280 000 ha planted for the previous season. The area planted in the Northern Cape decreased by 6 000 ha to 44 000 ha.

The preliminary area estimate for malting barley is 72 850 ha, or 6,7% more than the 68 245 ha of last season. The area planted to canola is 36 050 ha, or 6,0% more than the 34 000 ha planted for the previous season.

Graph 4: Area planted to commercial wheat



From the graph it is evident that the area planted to commercial wheat shows a decreasing trend over time.

Please note that the revised area planted estimate and first production forecast for winter cereals for the 2009 production season as well as the seventh production forecast for summer field crops for the 2008/09 production season will be released on 26 August 2009.

4. Cereal balance sheets

Supply and demand data for June 2009 was released by SAGIS on 20 July 2009. Tables 4 and 6 contain the Wheat Balance Sheets for the 2008/09 and projections for the 2009/10 marketing seasons. Table 7 contain the Maize and Sorghum Balance Sheet for the 2009/10 marketing season. (**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 31 July 2009	**Wheat (1 000 tons)**
Supply	
Opening stocks (October 2008)	**509**
SAGIS Opening Stocks	509
Gross production (2008 season)	**2 139**
Commercial production	2 130
Subsistence agriculture	9
Total domestic supply	**2 648**
Plus: Imports	1 100
Total supply	**3 748**
Demand	
Consumption	**2 931**
Commercial: Human	2 800
Animal (feed)	20
Retentions by producers	42
Seed for planting purposes	24
Other*	45
Subsistence agriculture	**9**
Total domestic consumption	**2 940**
Plus: Exports	**241**
Total demand	**3 181**
Closing stocks (September 2009)	**567**
Pipeline requirements	**614**
Domestic shortfall	**-906**
Import gap	**906**
Surplus above pipeline	**-47**
SAGIS closing stocks as at end of June 2009	**1 095**

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 3,748 million tons, including imports of 1,1 million tons during the 2008/09 marketing season. South Africa will require 614 000 tons for pipeline requirements at the end of September 2009. Total demand, including exports of 241 000 tons is seen at 3,181 million tons during the 2008/09 marketing season. Thus, closing stocks at the end of September 2009 is expected to be 567 000 tons.

Wheat imports for the current season until 24 July 2009, comes to 915 736 tons. Table 5 provides a breakdown of wheat imports per country of origin for the current 2008/09 marketing season:

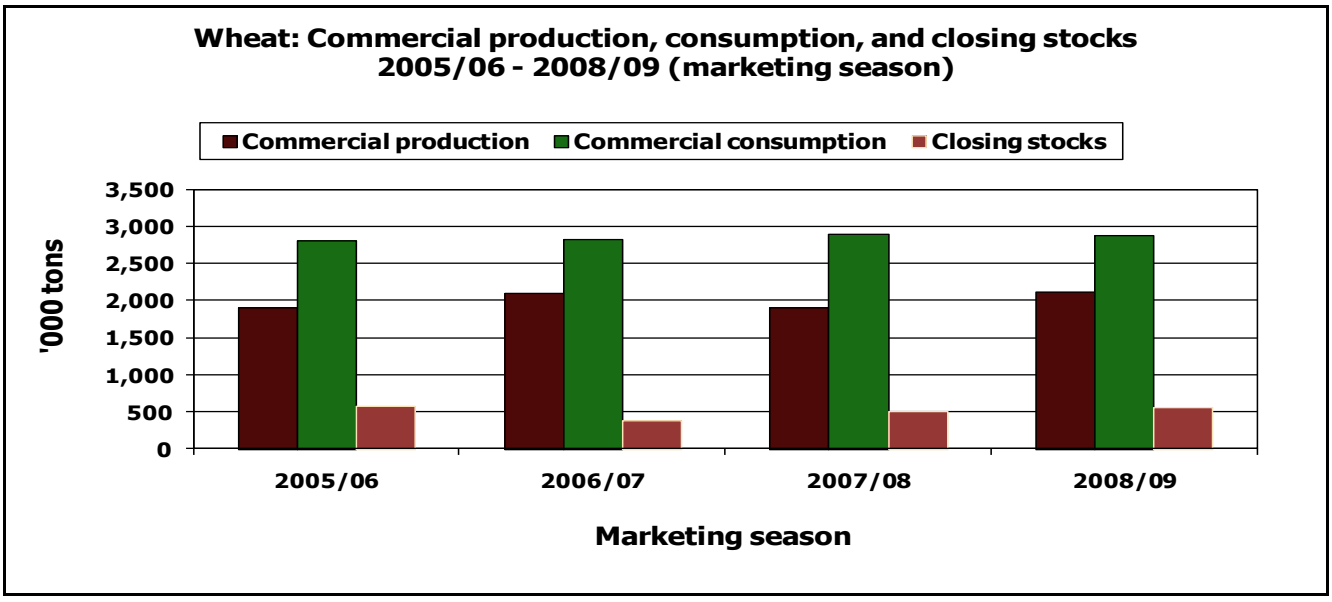
Table 5: South Africa's wheat imports per country, 4 October 2008 to 24 July 2009

Country	Tons	%
Argentina	368 739	40,27
Germany	332 641	36,32
United States of America	86 827	9,48
Australia	74 714	8,16
Canada	34 569	3,77
Brazil	17 250	1,88
Lesotho	996	0,12
Total	**915 736**	**100**

Source: SAGIS Weekly imports and exports, 28 July 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 5: Wheat: Commercial production, consumption and closing stocks: 2005/06 - 2008/09 marketing season



From the graph it is evident that although the commercial 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. The closing stocks of 567 000 tons for the current season is 11,39% more than the previous season (509 000 tons) and almost in line with the closing stocks of 582 000 tons for the 2005/06 marketing season.

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

2009/10 Projected wheat Balance Sheet as at 31 July 2009	Wheat (1 000 tons)
Supply	
Opening stocks (October 2009)	**567**
SAGIS Opening Stocks	567
Gross production (2009 season)	**1 827**
Commercial production	1 818
Subsistence agriculture	9
Total domestic supply	**2 394**
Plus: Imports	1 280
Total supply	**3 674**
Demand	
Consumption	**2 906**
Commercial: Human	2 800
Animal (feed)	20
Retentions by producers	42
Seed for planting purposes	24
Other*	20
Subsistence agriculture	**9**
Total domestic consumption	**2 915**
Plus: Exports	**235**
Total demand	**3 150**
Closing stocks (September 2010)	**524**
Pipeline requirements	**614**
Domestic shortfall	**-1 135**
Import gap	**1 135**
Surplus above pipeline	**-90**

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 653 000 ha of wheat. When applying an average yield of 2,78 t/ha the total commercial production of wheat is projected at 1,818 million tons. The total supply of wheat, including imports of 1,280 million tons is projected at 3,674 million tons for the 2009/10 marketing season. The total demand is projected at 3,150 million tons, including exports of 235 000 tons, while the closing stock at the end of September 2010 is projected at 524 000 tons.

4.2 Summer grains

Table 7: Projected Balance Sheet for Maize and Sorghum for the 2009/10 marketing season

2009/10 Projected Annual Cereal Balance Sheet as at 31 July 2009 (1 000 tons)	Maize			Sorghum
	White	Yellow	Total	
Supply				
Opening stocks	**766**	**819**	**1 585**	**62,5**
SAGIS Opening Stocks	766	819	1 585	62,5
Gross production	**7 179**	**4 942**	**12 121**	**300,1**
Commercial production	6 800	4 804	11 604	261,1
Subsistence agriculture	379	138	517	39,0
Total domestic supply	**7 945**	**5 761**	**13 706**	**362,6**
Plus: Imports	-	-	-	5,3
Total supply	**7 945**	**5 761**	**13 706**	**367,9**
Demand				
Consumption	**5 170**	**4 258**	**9 428**	**218,6**
Commercial: Human	4 200	320	4 520	185,6
Animal (feed)	670	3 350	4 020	10,4
Gristing	60	10	70	-
Seed for planting purposes	20	14	34	-
Other*	220	564	784	22,6
Subsistence agriculture	**379**	**138**	**517**	**39,0**
Total domestic consumption	**5 549**	**4 396**	**9 945**	**257,6**
Plus: Exports	**1 670**	**350**	**2 020**	**35,7**
Products	60	50	110	-
Whole maize	1 610	300	1 910	-
Total demand	**7 219**	**4 746**	**11 965**	**293,3**
Closing stocks	**726**	**1 015**	**1 741**	**74,6**
Pipeline requirements	**608**	**454**	**1 062**	**24,2**
Domestic surplus	**1 788**	**911**	**2 699**	**80,8**
Surplus above pipeline	**118**	**561**	**679**	**50,4**
SAGIS closing stocks as at end of June 2009	**1 991**	**2 103**	**4 094**	**187,3**

Notes:

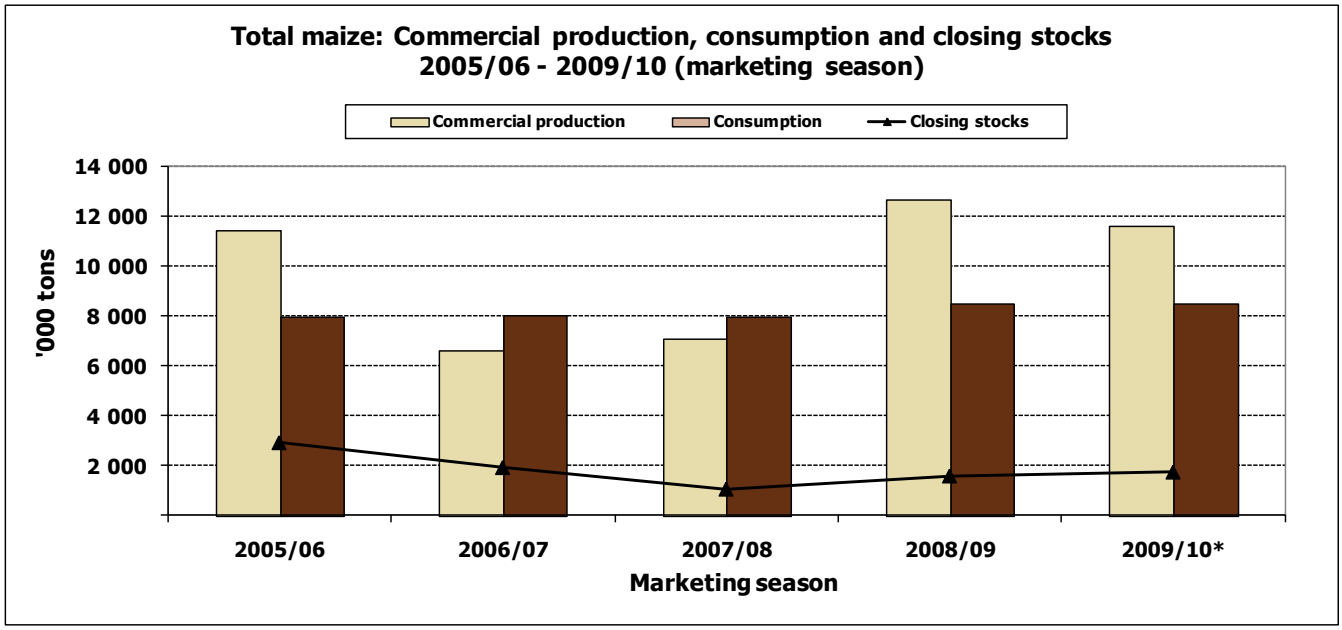
- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to grains released to end-consumers and/or withdrawn by producers, and retentions on farms.
- Figures might not add up correctly due to rounding.
- Marketing season for maize: May to April.
- Marketing season for sorghum: April to 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.

4.2.1 Discussion of the 2009/10 maize situation

Considering the 2009/10 marketing season, the projected total supply of white maize is 7,945 million tons, including opening stocks of 766 000 tons. Total demand (exports included) is expected to reach 7,219 million tons and the closing stocks are expected to be 726 000 tons as at 30 April 2010.

For yellow maize, the projected total supply is 5,761 million tons, which includes the opening stocks of 819 000 tons. Total demand, including exports, is projected at 4,746 million tons. Projections for the 2009/10 marketing season indicate closing stocks of 1,015 million tons at the end of April 2010.

Graph 6: 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 1,741 million tons for total maize for the 2009/10 marketing season is 9,84% more than that of the previous season (1,585 million tons). This increase can mainly be attributed to the lower export estimate (-10,86%) of maize for the 2009/10 marketing season.

***Sorghum**:* The expected total domestic supply is seen at 362 600 tons, while total domestic consumption is estimated at 257 600 tons. The total demand is seen at 293 300 tons, including projected exports of 35 700 tons. Projections for the 2009/10 marketing season indicate that there could be closing stocks of 74 600 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 in June 2009 was 6,9%. This rate was 1,1 percentage points lower than the corresponding annual rate of 8,0% in May 2009. On average, prices increased by 0,4% between May 2009 and June 2009.

The food and non-alcoholic beverages index decreased by 0,3% between May 2009 and June 2009. The annual rate decreased to 10,2% in June 2009 from 12,3% in May 2009. The monthly decrease in the food and non-alcoholic beverages index was largely driven by monthly decreases in fruit (-6,5%), oils and fats (-0,9%), vegetables (-0,7%), meat (-0,2%), bread and cereals (-0,1%), fish (-0,1%) and cold beverages (-0,1%). These decreases were slightly counteracted by monthly increases in milk, eggs and cheese (0,3%), hot beverages (0,3%), sugar, sweets and desserts (0,2%) and other food (0,1%).

The housing and utilities index increased by 1,0% between May 2009 and June 2009, mainly due to a 1,8% monthly increase in actual rentals for housing and a 1,4% monthly increase in owners' equivalent rent. The annual rate decreased to 7,3% in June 2009 from 8,0% in May 2009.

The household contents and services index increased by 0,9% between May 2009 and June 2009, mainly due to a 2,9% increase in domestic workers' wages.

The transport index increased by 0,5% between May 2009 and June 2009, mainly due to a 17c/l increase in the price of petrol. The annual rate decreased to -2,1% in June 2009 from 0,5% in May 2009.

The restaurants and hotels index increased by 0,5% between May 2009 and June 2009. The annual rate decreased to 12,0% in June 2009 from 13,0% in May 2009.

Gauteng (6,4%) was the only province with an annual inflation rate lower than the headline inflation rate. The provinces with an annual inflation rate higher than headline inflation were Western Cape (7,0%), Northern Cape (7,0%), Limpopo (7,0%), North West (7,1%), Free State (7,2%), KwaZulu-Natal (7,6%), Eastern Cape (7,7%) and Mpumalanga (8,1%).

5.2 Producer Price Index (PPI)

The annual percentage change in the PPI was lower at -4,1% in June 2009 (i.e. the PPI in June 2009 compared with that in June 2008). This rate is 1,1 percentage points lower than the corresponding annual rate of -3,0% in May 2009 (i.e. the PPI in May 2009 compared with that in May 2008). From May 2009 to June 2009 the PPI for domestic output increased by 1,5%. This is the tenth consecutive decrease in the producer price inflation headline number. Exports were at -9,7% year-on-year from -6,0% in May. Imports were at -17,9% year-on-year from -16,7% in May.

The monthly increase could mainly be attributed to the sharp increase in oil prices as well as the upward trend in international metal prices. But due to base effects, these categories are still falling on a year-on-year basis.

5.3 Price of bread

According to reports received during July 2009, Premier Foods and the National Agricultural Marketing Council are of the opinion that the price of bread was likely to come down by September 2009, provided that all material input costs remained at current levels. Bakers and retailers have been criticised for the fact that while wheat prices have dropped by 31% between March 2008 and March this year, the price of a 700g loaf of white bread went up 23% and a loaf of brown bread 25% over the same period. A bread survey released by Stats SA in mid-July showed that between May last year and May this year there was a 10,5 % increase in bread input costs. According to the NAMC the bread price reached a peak in July 2008 but as soon as commodity prices started to decline the price started moving sideways.

5.4 Quarterly labour force survey: Quarter 2 of 2009

The unemployment rate was relatively stable in Quarter 2 of 2009 at 23,6% as against 23,5% in Quarter 1 of 2009. However, this stability masks a continued deterioration in the South African labour market resulting from the decline in employment for the second consecutive quarter in Quarter 2 of 2009. The contraction in employment - by 267 000 in Quarter 2 of 2009 - was accompanied by a fall in unemployment (down 59 000) but an increase of 419 000 among not economically active persons. It should also be mentioned that discouraged work-seekers accounted for as many as 302 000 of the rise in the not economically active. These patterns suggest that in Quarter 2 of 2009 there was a shift from both employment and unemployment into discouragement as individuals gave up hope of finding work or felt that that there were no jobs in the area in which they lived that matched their skills. Although the price of wheat decreased - labour, transport and packing costs increased year-on-year.

5.5 Futures contract prices, the exchange rate and the oil price

Table 8: Closing prices at Friday, 31 July 2009

Closing prices at Friday, 31 July 2009			
	1 year ago	The week ending 24 July 2009	The week ending 31 July 2009
RSA White Maize per ton (Aug contract)	R1 857	R1 321	R1 374
RSA Yellow Maize per ton (Aug contract)	R1 867	R1 246	R1 274
USA Yellow Maize per ton (Sep contract)	$236,76	$128,73	$130,78
RSA Wheat per ton (Aug contract)	R3 800	R2 470	R2 470
USA Wheat per ton (Sep contract)	$289,39	$195,33	$189,67
RSA Soybeans per ton (Aug contract)	R4 280	R2 985	R3 050
USA Soybeans per ton (Sep contract)	$512,20	$376,03	$414,54
RSA Sunflower seed per ton (Aug contract)	R4 750	R2 722	R2 735
Exchange rate R/$	R7,39	R7,75	R7,79
Oil price per barrel	$124,1	$70,32	$70,11

Source: Weekly Price Watch, DoA, 3 August 2009

Domestic white and yellow maize prices increased by 4,0% and 2,2%, respectively for the week ending 31 July 2009, taking their cue from international prices as markets gain from a strong oil price rebound. Local wheat prices on the other hand remained relatively flat, while soybeans and sunflower prices recorded increases of 2,2% and 0,5% respectively, compared to the week ending 24 July 2009. With the exception of wheat, other US major grains recorded price gains boosted by the weak dollar and high oil prices. The US soybeans price soared to a three-week high – a 10,2% increase from last week (24 July 2009) – supported by strong export demand in a tight supply situation. The Rand ended the week (31 July 2009) slightly weaker, at R7,79 against the dollar, while the oil price closed at $70,11 a barrel.

5.6 Agricultural machinery sales

June tractor sales of 424 units were 23% less than the 553 units sold in June last year. On a year-to-date basis tractor sales are now 21% less than they were for the same period in 2009. June combine harvester sales were 36% down on sales in June last year, but are still marginally up on last year on a year-to-date basis.

The two factors raised previously that is holding back sales, namely banks being reluctant to finance capital equipment purchases and the wait-and-see attitude of potential purchasers, still prevail. This has been further aggravated by the harvesting of some summer crops being delayed by late rains. Nevertheless, interest from within the market is good and it is still very much a buyers' market. Most companies are, dependent upon their stock availability and pricing levels on particular models, keen "to do a deal".

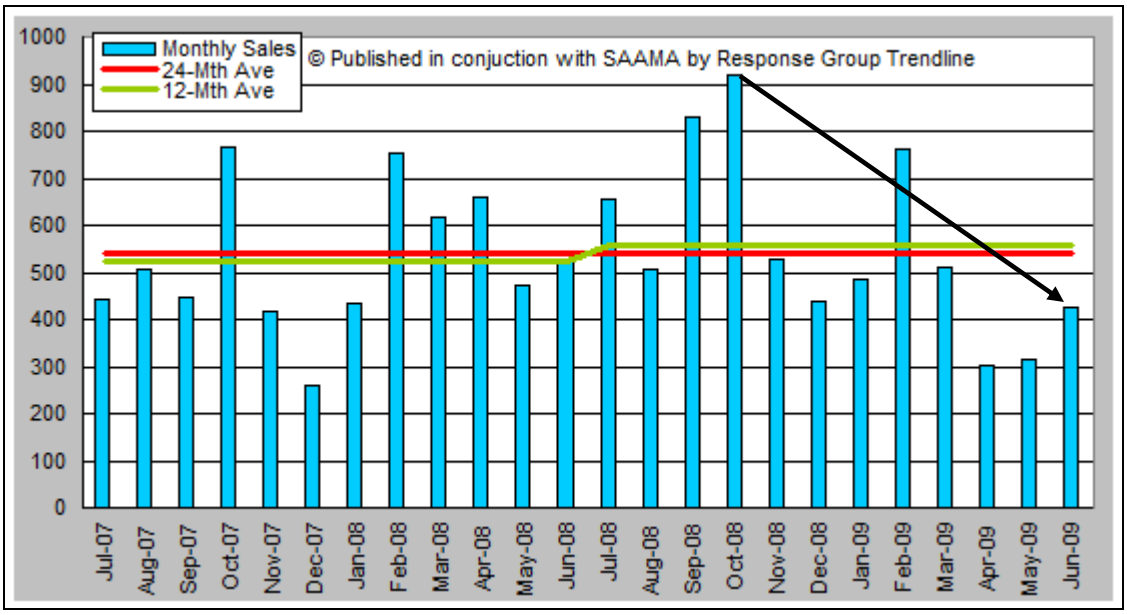
Table 9: Agricultural equipment retail sales

Equipment class	Year-on-year June 2009	Year-on-year June 2008	Percentage Change %	Year-to-date June 2009	Year-to-date June 2008	Percentage Change %
Tractors	424	553	-23,3	2 799	3 563	-21,4
Combine harvesters	25	39	-35,9	200	198	1,0

Source: SAAMA press release, July 2009

The following graph gives an indication of the trend of tractor sales (total market) for the past 24 months.

Graph 7: Monthly sales (total market) of tractors for the past 24 months

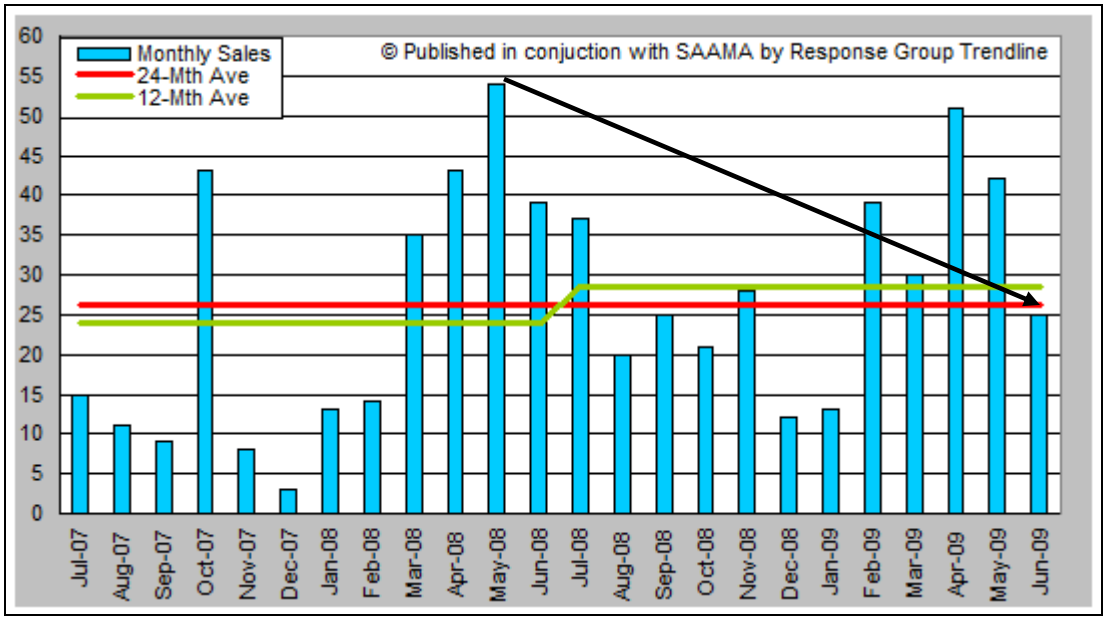


Source: SAAMA press release, July 2009

From the graph above it is evident that the sales of tractors reached a peak in October 2008 and since then show a steady decline, except for February 2009.

The graph below gives an indication of the trend of combine harvester sales (total market) for the past 24 months.

Graph 8: Monthly sales (total market) of combine harvesters for the past 24 months



Source: SAAMA press release, July 2009

It is evident that combine harvester sales reached a peak in May 2008 and since then show a steady decline, except for April 2009.

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
- National Chamber of Milling (NCM)
- 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