

# **MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2013**

**Issued: 5 April 2013**

**Directorate: Statistics and Economic Analysis**

## **Highlights:**

- **Significant rainfall events were limited to the central, eastern and south-eastern parts of the country during March 2013.**
- **The projected closing stocks of wheat for the 2012/13 marketing year is 630 000 tons, which includes imports of 1,4 million tons.**
- **The expected commercial maize crop is 11,752 million tons, which is 0,66% less than the 11,830 million tons of the previous season.**
- **The projected closing stocks of maize for the current 2012/13 marketing year is 1,194 million tons, which 20% more than the previous year.**
- **Projected closing stocks of maize for the coming 2013/14 marketing year is 1,052 million tons, which is 12% less than the previous year.**
- **The expected closing stocks of sorghum for the current 2012/13 marketing year show a surplus of 54 800 tons, which is 5% more than the previous year.**
- **The projected closing stocks of sorghum for the coming 2013/14 marketing year is 42 400 tons, which is 23% less than the previous year.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2013 was higher at 5,9%.**
- **The annual percentage change in the PPI was higher at 5,4% in February 2013.**
- **The Monetary Policy Committee, at its meeting during March 2013, has decided to keep the repurchase rate unchanged at 5,5% per annum.**
- **February tractor sales of 827 units were marginally higher than the 800 units reported in February 2012.**



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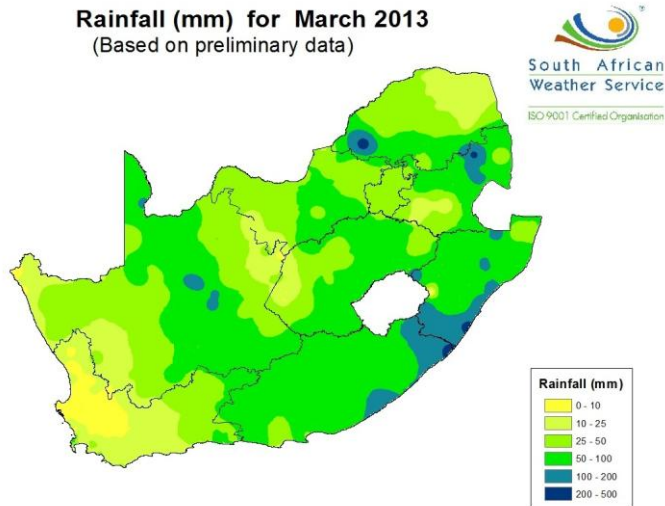


# 1. Weather conditions

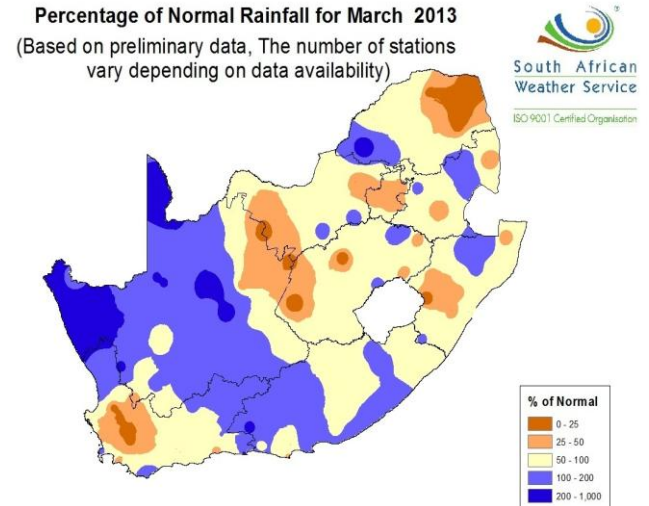
## 1.1 Rainfall for March 2013

Significant rainfall events were limited to the central, eastern and south-eastern parts of the country during March 2013 (**Figure 1**). Comparing rainfall totals to the long term average for March 2013, the majority of the country received near-normal to below-normal rainfall (**Figure 2**). Most parts of the Northern and Eastern Cape provinces received above-normal rainfall.

**Figure 1: Rainfall (mm) for March 2013**



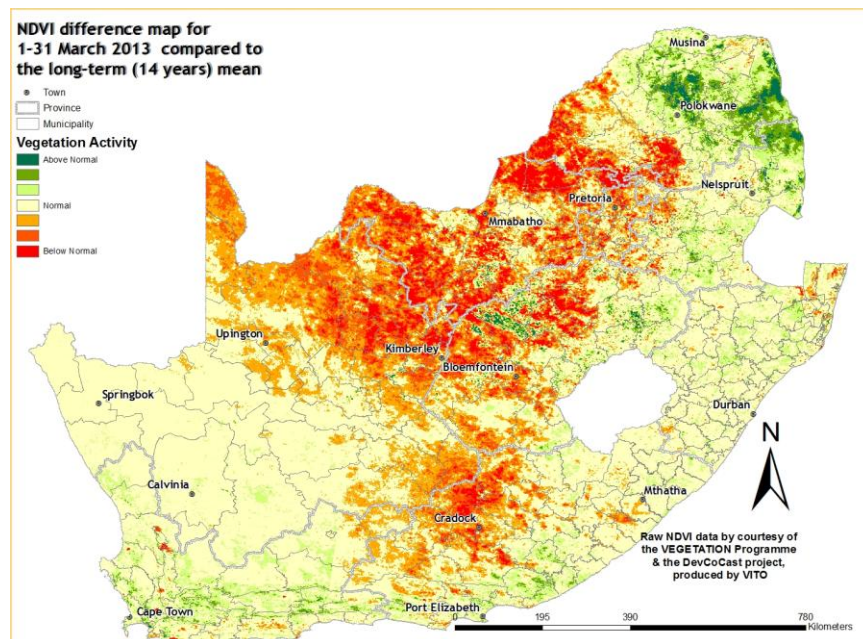
**Figure 2: Percentage rainfall for March 2013**



## 1.2 Vegetation activity

Vegetation conditions for March 2013 were normal to below-normal throughout the central to western parts of the country, with specific reference to large regions of the North West, Free State, as well as the Eastern and Northern Cape provinces, where below-normal vegetation conditions were evident. Above-normal vegetation conditions could be observed in isolated areas of the Free State, Limpopo, Mpumalanga, as well as the Western and Eastern Cape provinces.

**Figure 3: The NDVI difference map for March 2013 compared to the 13 year long term mean**



Source: ARC:ISCW

## 2. Grain production

### 2.1 Summer grain crops

The Crop Estimates Committee (CEC) released the second production forecast for the commercial summer crops for 2013 on 26 March 2013; and is as follows:

**Table 1: Revised area planted and second production forecast of commercial summer crops for 2013**

CROP	Area planted 2013	2 <sup>de</sup> forecast 2013	Area planted 2012	Final crop 2012	Change
	Ha (A)	Tons (B)	Ha (C)	Tons (D)	% (B) ÷ (D)
White maize	<b>1 617 200</b>	6 306 700	1 636 200	6 740 000	-6,43
Yellow maize	<b>1 164 000</b>	5 444 900	1 063 000	5 090 000	6,97
Maize	<b>2 781 200</b>	11 751 600	2 699 200	11 830 000	-0,66
Sunflower seed	<b>504 700</b>	554 500	453 350	522 000	6,23
Soya-beans	<b>516 500</b>	851 000	472 000	650 000	30,92
Groundnuts	<b>46 900</b>	57 900	45 450	59 000	-1,86
Sorghum	<b>62 620</b>	168 114	48 550	135 500	24,07
Dry beans	<b>43 550</b>	56 100	39 750	47 695	17,62
TOTAL	<b>3 955 470</b>	13 439 214	3 758 300	13 244 195	1,47

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

- The size of the expected commercial maize crop has been set at 11,752 million tons, which is 0,66% less than the 11,830 million tons of the previous season, with an expected yield of 4,23 t/ha, as against the 4,38 t/h of 2012.
- The production forecast of white maize is 6,307 million tons, which is 6,43% less than the 6,740 million tons of last season. The yield for white maize is 3,90 t/ha, compared to 4,12 t/ha in 2012. In the case of yellow maize the production forecast is 5,445 million tons, which is 6,97% more than the 5,090 million tons of last season. The yield for yellow maize is 4,68 t/ha, compared to 4,79 t/ha in 2012.
- The revised area estimate for maize is 2,781 million ha, which is 3,04% more than the 2,699 million ha planted for the previous season. The area estimate for white maize is 1,617 million ha, and for yellow maize the area estimate is 1,164 million ha.
- The production forecast for sunflower seed is 554 500 tons, which is 6,23% more than the 522 000 tons of the previous season. The revised area estimate for sunflower seed is 504 700 ha, which is 11,33% more than the 453 350 ha planted the previous season. The expected yield is 1,10 t/ha, against the 1,15 t/ha in 2012.
- The production forecast for soya-beans is 851 000 tons, which is 30,92% more than the 650 000 tons of the previous season. It is estimated that 516 500 ha have been planted to soya-beans, which represents an increase of 9,43% compared to the 472 000 ha planted last season. The expected yield is 1,65 t/ha, compared to the 1,38 t/ha of 2012.
- The expected groundnut crop is 57 900 tons, which is 1,86% less than the 59 000 tons of last season. For groundnuts, the area estimate is 46 900 ha, which is 3,19% more than the 45 450 ha planted for the previous season. The expected yield is 1,23 t/ha, compared to the 1,30 t/ha of the previous season.
- The production forecast for sorghum is 168 114 tons, which is 24,07% higher than the 135 500 tons of the previous season. The area estimate for sorghum also increased by 28,98%, from 48 550 ha to 62 620 ha against the previous season. The expected yield is 2,68 t/ha, against the 2,79 t/ha of 2012.
- In the case of dry beans the production forecast is 56 100 tons, which is 17,62% more than the 47 695 tons of the previous season. For dry beans, the area estimate is 43 550 ha, which is 9,56% more than the 39 750 ha planted for the previous season. The expected yield is 1,29 t/ha, against the 1,20 t/ha of 2012.

*Please note that the third production forecast for summer field crops, as well as the intentions to plant winter cereal crops, for 2013 will be released on 25 April 2013.*



### 3. Cereal balance sheets

Supply and demand data for February 2013 was released by SAGIS on 25 March 2013. *(Preliminary information is subject to change on a monthly basis).*

#### 3.1 Winter cereals

**Table 2: Supply and demand for Wheat as at 3 April 2013**

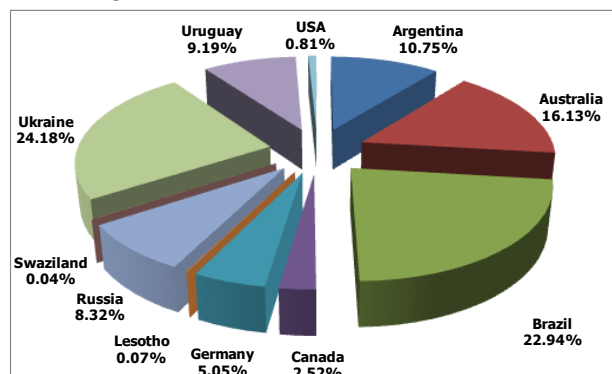
<b>Marketing year (October to September)</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13*</b>
<b>Production &amp; Calendar year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Supply</b>			
<b>Opening stocks: 1 October</b>	<b>579</b>	<b>478</b>	<b>651</b>
SAGIS opening stocks	579	478	651
<b>Gross production</b>	<b>1,436</b>	<b>2,014</b>	<b>1,924</b>
Commercial production	1,401	1,976	1,886
Retentions by producers	29	29	29
<b>Non-commercial</b>	<b>6</b>	<b>9</b>	<b>9</b>
<b>Total domestic supply</b>	<b>2,015</b>	<b>2,492</b>	<b>2,575</b>
Plus: Imports	1,649	1,724	1,400
<b>Total supply</b>	<b>3,664</b>	<b>4,216</b>	<b>3,975</b>
<b>Demand</b>			
<b>Commercial consumption</b>	<b>3,001</b>	<b>3,268</b>	<b>3,024</b>
Human	2,944	3,066	2,900
Animal	1	136	50
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+gristing)	14	19	30
<b>Non-commercial</b>	<b>6</b>	<b>9</b>	<b>9</b>
<b>Total domestic consumption</b>	<b>3,007</b>	<b>3,277</b>	<b>3,033</b>
<b>Plus: Exports</b>	<b>179</b>	<b>288</b>	<b>312</b>
Products	24	19	27
Whole grain	155	269	286
<b>Total demand</b>	<b>3,186</b>	<b>3,565</b>	<b>3,345</b>
<b>Closing stocks: 30 September</b>	<b>478</b>	<b>651</b>	<b>630</b>
<b>Pipeline requirements (80 days of human consumption)</b>	<b>645</b>	<b>672</b>	<b>636</b>
<b>Domestic shortfall / surplus</b>	<b>-1,637</b>	<b>-1,457</b>	<b>-1,094</b>
<b>Import gap</b>	<b>1,637</b>	<b>1,457</b>	<b>1,094</b>
<b>Surplus above pipeline</b>	<b>-167</b>	<b>-21</b>	<b>-6</b>

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

- The projected total supply of wheat for the 2012/13 marketing year based on the remaining seven months is 3,975 million tons, including projected imports of 1,400 million tons, which is 18,8% lower than the 1,724 million tons imported during the previous year. The total demand is seen at 3,345 million tons bringing the projected closing stocks (30 September 2013) of wheat for the same year to 630 000 tons, which is 3,2% less than the 651 000 tons of the previous year.
- The human consumption of wheat for the above-mentioned marketing year is lower at 2,9 million tons compared to previous year's record, while the animal consumption is gaining momentum at 50 000 tons but also still lower than the 136 000 tons of the previous year.
- The progressive wheat imports from 29 September 2012 to 29 March 2013, stand at 812 167 tons, with the largest quantity (196 392 or 24%) imported from Ukraine followed by Brazil (186 294 tons or 23%), Australia (130 968 tons or 16%), Argentina (87 344 tons or 11%), Uruguay (74 648 tons or 9%), Russia (67 608 tons or 8%), Germany (40 997 tons or 5%), and Canada (20 490 tons or 3%). Apart from the USA (6 583 tons or 1%), it is interesting to note that small quantities (555 and 288 tons) were also imported from Lesotho and Swaziland.



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



### 3.2 Summer grains

**Table 3: Supply and demand for White Maize as at 3 April 2013**

Marketing Year: May – April Calendar Year	2011/12 2011	2012/13* 2012*	2013/14* 2013*
<b>Supply</b>	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Opening Stocks: 1 May</b>	<b>1,609</b>	<b>518</b>	<b>679</b>
SAGIS Opening Stocks	1,609	518	679
<b>Gross Production</b>	<b>6,601</b>	<b>7,169</b>	<b>6,736</b>
Commercial production	6,105	6,626	6,193
Retentions by producers	100	114	114
<b>Non-commercial</b>	<b>396</b>	<b>429</b>	<b>429</b>
<b>Total Domestic Supply</b>	<b>8,210</b>	<b>7,687</b>	<b>7,415</b>
Imports	133	15	
<b>Total Supply</b>	<b>8,343</b>	<b>7,702</b>	<b>7,415</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>5,635</b>	<b>5,144</b>	<b>5,151</b>
Human	4,119	4,050	4,132
Animal	1,202	800	735
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	130	120
<b>Non-commercial</b>	<b>396</b>	<b>429</b>	<b>429</b>
<b>Total Domestic Consumption</b>	<b>6,031</b>	<b>5,573</b>	<b>5,580</b>
<b>Exports</b>	<b>1,794</b>	<b>1,450</b>	<b>1,445</b>
Products	60	50	45
Whole grain	1,734	1,400	1,400
<b>Total Demand</b>	<b>7,825</b>	<b>7,023</b>	<b>7,025</b>
<b>Closing Stocks: 30 April</b>	<b>518</b>	<b>679</b>	<b>390</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>663</b>	<b>604</b>	<b>606</b>
<b>Domestic Shortfall / Surplus</b>	<b>1,516</b>	<b>1,510</b>	<b>1,229</b>
<b>Surplus/ Shortage above pipeline</b>	<b>-144</b>	<b>75</b>	<b>- 216</b>

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





- Projected closing stocks of white maize for the current 2012/13 marketing year is 679 000 tons, which is 31,1% 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 1,450 million tons is 19,2% less than the 1,794 million tons of the previous year.
- From 1 May 2012 up to 29 March 2013, progressive white maize exports stand at 1,319 million tons of which 819 965 tons or 62% were exported to Mexico, followed by the BLNS countries with 350 652 tons or 27%. The progressive white maize imports from 1 May 2012 to 29 March 2013, stand at 10 562 tons, with Zambia the main source of imports.
- Projected closing stocks of white maize for the coming 2013/14 marketing year is 390 000 tons, which is considerably less (42,6%) than the previous year (679 000 tons). This decrease can mainly be attributed to the expected decrease in the production figure of white maize for 2013 due to the drought conditions experienced in the major production regions.

**Table 4: Supply and demand for Yellow Maize as at 3 April 2013**

<b>Marketing Year: May – April</b>	<b>2011/12</b>	<b>2012/13*</b>	<b>2013/14*</b>
<b>Calendar Year</b>	<b>2011</b>	<b>2012*</b>	<b>2013*</b>
<b>Supply</b>	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Opening Stocks: 1 May</b>	<b>727</b>	<b>476</b>	<b>516</b>
SAGIS Opening Stocks	727	476	516
<b>Gross Production</b>	<b>4,777</b>	<b>5,299</b>	<b>5,653</b>
Commercial production	4,235	4,771	5,125
Retentions by producers	374	319	319
<b>Non-commercial</b>	<b>168</b>	<b>209</b>	<b>209</b>
<b>Total Domestic Supply</b>	<b>5,504</b>	<b>5,775</b>	<b>6,169</b>
Imports	288		
<b>Total Supply</b>	<b>5,792</b>	<b>5,775</b>	<b>6,169</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>4,367</b>	<b>4,785</b>	<b>4,537</b>
Human	393	400	370
Animal	3,160	3,580	3,426
Gristing	14	11	12
Retentions by producers	360	304	304
Seed for planting purposes	14	15	15
Other consumption (released to end-con & withdrawn by producers)	426	475	410
<b>Non-commercial</b>	<b>168</b>	<b>209</b>	<b>209</b>
<b>Total Domestic Consumption</b>	<b>4,535</b>	<b>4,994</b>	<b>4,746</b>
<b>Exports</b>	<b>781</b>	<b>265</b>	<b>760</b>
Products	69	55	50
Whole grain	712	210	710
<b>Total Demand</b>	<b>5,316</b>	<b>5,259</b>	<b>5,506</b>
<b>Closing Stocks: 30 April</b>	<b>476</b>	<b>516</b>	<b>663</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>440</b>	<b>492</b>	<b>469</b>
<b>Domestic Shortfall / Surplus</b>	<b>529</b>	<b>289</b>	<b>954</b>
<b>Surplus/ Shortage above pipeline</b>	<b>36</b>	<b>24</b>	<b>194</b>

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



- Projected closing stocks of yellow maize for the current 2012/13 marketing year is 516 000 tons, which 8,4% 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 2012 up to 29 March 2013, progressive yellow maize exports stand at 209 118 tons, with the main destinations being the BLNS countries (120 871 tons or 58%), followed by Japan (50 300 tons or 24%). No imports were reported for the mentioned period.
- Projected closing stocks of yellow maize for the coming 2013/14 marketing year is 663 000 tons, which 28,5% more than the previous year (516 000 tons). This increase can mainly be attributed to the expected increase in the production figure of yellow maize, from 5,1 million tons to 5,4 millions tons for the 2013 calendar year.

**Table 5: Supply and demand for Maize as at 3 April 2013**

<b>Marketing Year: May – April</b>	<b>2011/12</b>	<b>2012/13*</b>	<b>2013/14*</b>
<b>Calendar Year</b>	<b>2011</b>	<b>2012*</b>	<b>2013*</b>
<b>Supply</b>	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Opening Stocks: 1 May</b>	<b>2,336</b>	<b>994</b>	<b>1,194</b>
SAGIS Opening Stocks	2,336	994	1,194
<b>Gross Production</b>	<b>11,378</b>	<b>12,468</b>	<b>12,390</b>
Commercial production	10,340	11,396	11,318
Retentions by producers	474	434	434
<b>Non-commercial</b>	<b>564</b>	<b>638</b>	<b>638</b>
<b>Total Domestic Supply</b>	<b>13,714</b>	<b>13,462</b>	<b>13,584</b>
Imports	421	15	
<b>Total Supply</b>	<b>14,135</b>	<b>13,477</b>	<b>13,584</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>10,002</b>	<b>9,930</b>	<b>9,689</b>
Human	4,512	4,450	4,502
Animal	4,362	4,380	4,161
Gristing	67	61	62
Retentions by producers	445	402	402
Seed for planting purposes	29	32	32
Other consumption (released to end-con & withdrawn by producers)	587	605	530
<b>Non-commercial</b>	<b>564</b>	<b>638</b>	<b>638</b>
<b>Total Domestic Consumption</b>	<b>10,566</b>	<b>10,568</b>	<b>10,327</b>
<b>Exports</b>	<b>2,575</b>	<b>1,715</b>	<b>2,205</b>
Products	129	105	95
Whole grain	2,446	1,610	2 110
<b>Total Demand</b>	<b>13,141</b>	<b>12,283</b>	<b>12,532</b>
<b>Closing Stocks: 30 April</b>	<b>994</b>	<b>1,194</b>	<b>1,052</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>1,102</b>	<b>1,096</b>	<b>1,076</b>
<b>Domestic Shortfall / Surplus</b>	<b>2,046</b>	<b>1,798</b>	<b>2,181</b>
<b>Surplus/ Shortage above pipeline</b>	<b>-108</b>	<b>98</b>	<b>- 24</b>

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





- Projected closing stocks of maize for the current 2012/13 marketing year is 1,194 million tons, which is 20,1% 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 2012 up to 29 March 2013, the progressive grand total of exports is 1,528 million tons, with the largest quantity (819 965 tons or 54%) exported to Mexico followed by BLNS countries (471 523 tons or 31%), Mozambique (74 977 tons or 5%), Korea (69 911 tons or 5%) and Japan (50 300 tons or 3%). The progressive maize imports from 1 May 2012 to 29 March 2013, stand at 10 562 tons, with Zambia being the main source of imports.
- Projected closing stocks of maize for the coming 2013/14 marketing year is 1,052 million tons, which is 11,9% less than the previous year (1,194 million tons). This decrease can mainly be attributed to the expected decrease in the production figure of maize, as well as the increase in the expected exports for the 2013 calendar year.

**Table 6: Supply and demand for Sorghum as at 3 April 2013**

<b>Marketing year: April - March</b>	<b>2011/12</b>	<b>2012/13*</b>	<b>2013/14*</b>
<b>Production year</b>	<b>2010/11</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Calendar year</b>	<b>2011</b>	<b>2012*</b>	<b>2013</b>
<b>Supply</b>			
<b>Opening stocks: 1 April</b>	<b>58,1</b>	<b>52,1</b>	<b>54,8</b>
SAGIS opening stocks	58,1	52,1	54,8
<b>Gross production</b>	<b>187,0</b>	<b>155,8</b>	<b>188,4</b>
Commercial production	163,7	135,5	168,1
Non-commercial	23,3	20,3	20,3
<b>Total domestic supply</b>	<b>245,1</b>	<b>207,9</b>	<b>243,2</b>
Plus: Imports	57,8	60,0	40,0
<b>Total supply</b>	<b>302,9</b>	<b>267,9</b>	<b>283,2</b>
<b>Demand</b>			
<b>Food consumption</b>	<b>182,2</b>	<b>157,0</b>	<b>181,0</b>
Malt	81,3	70,4	85,4
Meal	100,9	86,6	95,6
Brew	-	-	-
<b>Feed consumption</b>	<b>7,1</b>	<b>5,5</b>	<b>7,0</b>
Pet food	1,1	0,9	1,0
Poultry	5,5	3,9	4,2
Other feed	0,5	0,7	1,8
<b>Total commercial consumption</b>	<b>189,3</b>	<b>162,5</b>	<b>188,0</b>
<b>Other consumption</b>	<b>11,1</b>	<b>8,4</b>	<b>10,1</b>
<b>Balancing item</b>	<b>1,9</b>	<b>3,0</b>	<b>2,8</b>
<b>Non-commercial</b>	<b>23,3</b>	<b>20,3</b>	<b>20,3</b>
<b>Total domestic consumption</b>	<b>225,6</b>	<b>194,2</b>	<b>221,2</b>
<b>Plus: Exports</b>	<b>25,2</b>	<b>18,9</b>	<b>19,6</b>
Exports through border posts	21,4	15,6	16,1
Exports through harbours	-	-	-
Products to African countries	3,8	3,3	3,5
<b>Total demand</b>	<b>250,8</b>	<b>213,1</b>	<b>240,8</b>
<b>Closing stocks</b>	<b>52,1</b>	<b>54,8</b>	<b>42,4</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>23,3</b>	<b>20,0</b>	<b>23,2</b>
<b>Domestic surplus / deficit</b>	<b>-3,8</b>	<b>-6,3</b>	<b>-1,2</b>
<b>Import gap</b>	<b>3,8</b>	<b>6,3</b>	<b>1,2</b>
<b>Surplus/ Shortage above pipeline</b>	<b>28,8</b>	<b>34,8</b>	<b>19,2</b>

\*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 54 800 tons, which is 5,2% 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 60 000 tons, which is 3,8% more than the 57 800 tons of the previous year. Exports of sorghum are projected at 18 900 tons, which is 25,0% less than the 25 200 tons of the previous year.
- The total commercial consumption for the above-mentioned period is 162 500 tons including food (157 000 tons) and feed (5 500 tons) consumption, which is the lowest since the 178 900 tons for the 2003/04 marketing season.
- The projected total supply of sorghum for the 2013/14 marketing year is at 283 200 tons, including imports of 40 000 tons. Total demand is projected at 240 900 tons, including exports of 19 600 tons.
- The projected closing stocks of sorghum for the above-mentioned period is 42 400 tons, which is 22,6% less than the previous year (54 800 tons). This decrease can mainly be attributed to the expected decrease in the import figure for the 2013 calendar year.

## **4. Market information**

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### **4.1 Consumer Price Index (CPI)**

- The headline CPI (for all urban areas) annual inflation rate in February 2013 was 5,9%. This rate was 0,5% higher than the corresponding annual rate of 5,4% in January 2013. On average, prices increased by 1,0% between January 2013 and February 2013.
- The food and non-alcoholic beverages index decreased by 0,6% between January 2013 and February 2013. The annual rate decreased to 6,1% in February 2013 from 6,2% in January 2013. The following components in the food and non-alcoholic beverages index increased: Milk, eggs and cheese (1,3%), sugar, sweets and desserts (1,2%), oils and fats (1,1%), hot beverages (0,8%), fish (0,3%) and cold beverages (0,2%). The following components decreased: Fruit (-1,9%), meat (-1,7%), vegetables (-1,2%), bread and cereals (-0,9%) and other food (-0,2%).
- The transport index increased by 1,3% between January 2013 and February 2013, mainly due to a 41c/litre increase in the price of petrol. The annual rate increased to 5,5% in February 2013 from 5,1% in January 2013.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Northern Cape (5,9%), KwaZulu-Natal (5,9%), Gauteng (5,9%), Limpopo (5,8%), Free State (5,5%), Western Cape (5,4%) and Eastern Cape (5,4%). The provinces with an annual inflation rate higher than headline inflation were North West (6,4%) and Mpumalanga (6,1%).

### **4.2 Producer Price Index (PPI)**

- The annual percentage change in the PPI for final manufactured goods was 5,4% in February 2013. From January 2013 to February 2013 the PPI for final manufactured goods increased by 0,6%.
- The main contributors to the annual rate of 5,4% were food products, beverages and tobacco products (6,2% year-on-year and contributing 2,0%), as well as coke, petroleum, chemical, rubber and plastic products (7,1% year-on-year and contributing 1,2%).
- The main contributors to the monthly increase of 0,6% were food products, beverages and tobacco products (0,6% month-on-month and contributing 0,2%), as well as coke, petroleum, chemical, rubber and plastic products (0,9% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for electricity and water was 13,0% in February 2013. From January 2013 to February 2013 the PPI for electricity and water increased by 1,3%. Electricity increased by 1,4% month-on-month and by 13,7% year-on-year. Water was unchanged month-on-month and increased by 8,5% year-on-year.
- The annual percentage change in the PPI for mining was 6,6% in February 2013. From January 2013 to February 2013 the PPI for mining increased by 1,1%. The main contributors to the annual rate of 6,6% were non-ferrous metal ores (8,5% year-on-year and contributing 3,9%), as well as coal and gas (6,3% year-on-year and

contributing 1,5%). The main contributors to the monthly rate of 1,1% were non-ferrous metal ores (2,4% month-on-month and contributing 1,1%), as well as coal and gas (1,3% month-on-month and contributing 0,3%).

- The annual percentage change in the PPI for agriculture, forestry and fishing was 1,2% in February 2013. From January 2013 to February 2013 the PPI for agriculture, forestry and fishing decreased by 3,4%. The main contributor to the annual rate of 1,2% was agriculture (1,4% year-on-year and contributing 1,1%). The main contributor to the monthly rate of -3,4% was agriculture (-4,3% month-on-month and contributing -3,3%).

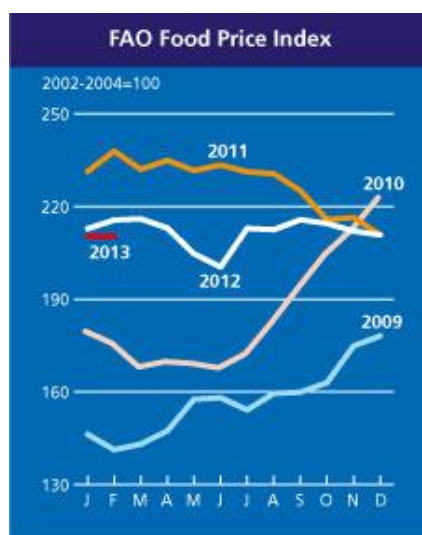
### 4.3 Monetary Policy Committee Statement

- Since the previous meeting of the Monetary Policy Committee (MPC) the domestic inflation outlook has deteriorated slightly. Risks posed by the depreciation of the rand exchange rate have overshadowed the more favourable developments, including lower electricity price increases and some moderation in food price inflation. Nevertheless, inflation is expected to remain contained within the target range apart from a temporary breach in the third quarter of 2013. The domestic economic growth prospects remain fragile amid continued tensions in the labour market, particularly in the mining sector.
- The global economy is still characterised by a multi-speed recovery. However, recent events in Europe, particularly as they affect Cyprus, have increased risk and uncertainty in the region, and have the potential to reignite the banking and sovereign debt crisis and undermine growth prospects further. The global outlook is also clouded by the fiscal gridlock in the United States that remains unresolved.
- The MPC continues to assess the monetary policy stance to be appropriately accommodative given the persistence of the negative output gap. At the same time, further accommodation remains constrained by the upside risks to the inflation outlook. The MPC, at its meeting during March 2013, has therefore decided to keep the repurchase rate unchanged at 5,0 per cent per annum. The Committee will continue to apply monetary policy consistent with its mandate of price stability within a flexible inflation targeting framework.

### 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 (released in March 2013) averaged 210 points in February 2013, unchanged from January but five points (2,5%) below the corresponding month in 2012. Since November 2012 the Index has moved within a narrow 210 - 212 point range, as increases in the prices of dairy products and oils/fats were largely balanced out by declines in the prices of cereals and sugar. Meat prices were generally stable over the period. In February dairy prices increased most, followed by oils/fats - whereas cereals and, especially, sugar prices fell.

**Graph 2: FAO Food Price Index**



Source: FAO



- The FAO Cereal Price Index averaged 245 points in February 2013, which is 1% lower than in January but still 8% higher than in February 2012. January's decline mainly reflects the drop in wheat prices and to a lesser extent maize, while rice values strengthened slightly. Wheat prices eased in recent weeks, reflecting improved crop prospects in the US, while maize prices remained firm, on tight old crop availabilities. The increase in rice prices was mostly a reflection of policy support in Thailand and India and a tightening of supplies in the US.

#### 4.5 Future contract prices and the exchange rate

**Table 7: Closing prices on Thursday, 4 April 2013**

	<b>4 April 2013</b>	<b>4 March 2013</b>	<b>% Change</b>
<b>RSA White Maize per ton (Apr. contract)</b>	R2 195,00	R2 289,00	-4,11
<b>RSA Yellow Maize per ton (Apr. contract)</b>	R2 159,00	R2 246,00	-3,87
<b>RSA Wheat per ton (Apr. contract)</b>	R3 354,00	R3 381,00	-0,80
<b>RSA Sunflower seed per ton (Apr. contract)</b>	R5 310,00	R5 025,00	+5,67
<b>RSA Soya-beans per ton (Apr. contract)</b>	R4 639,00	R4 761,00	-2,56
<b>Exchange rate R/\$</b>	R9,25	R9,09	+1,76

Source: SAFEX

#### 4.6 Agricultural machinery sales

- February tractor sales of 827 units were marginally higher than the 800 units reported in February 2012. February combine harvester sales of 37 units were almost double the 20 units sold in February 2012. On a year-to-date basis, tractor sales are 5,0% down on those of the first two months of last year. Year-to-date combine harvester sales, however, are sharply (93,9%) up on sales for the same period last year.
- Agricultural machinery sales are still quite buoyant. In the short term, this is because of purchases ahead of the inevitable price increases, which will result from the recent weakening in the value of the rand and ahead of the financial year-end for most producers. Most of the other fundamentals in the market like interest rates, bank finance and crop prices remain positive.
- Current industry expectations are that tractor sales in the 2013 calendar year will be between 6 700 and 7 100 units, which is between 10 and 15% lower than the sales of 2012.

**Table 8: Agricultural machinery sales**

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	February			February		
	2013	2012		2013	2012	
Tractors	827	800	3,4	1 511	1 590	-5,0
Combine harvesters	37	20	85,0	64	33	93,9

Source: SAAMA press release, March 2013

## 5. Acknowledgements

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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