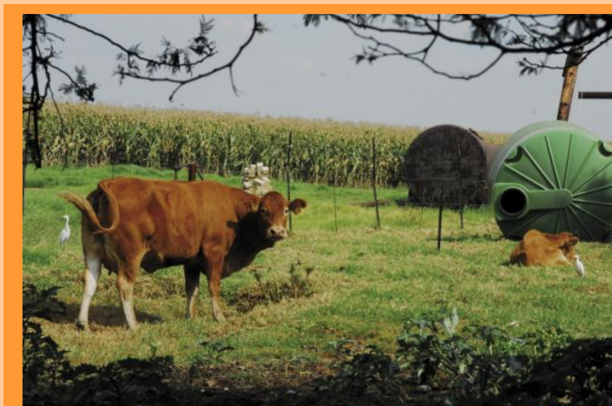
MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2009

Issued: 6 April 2009

Directorate: Agricultural Statistics



agriculture

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1. Highlights

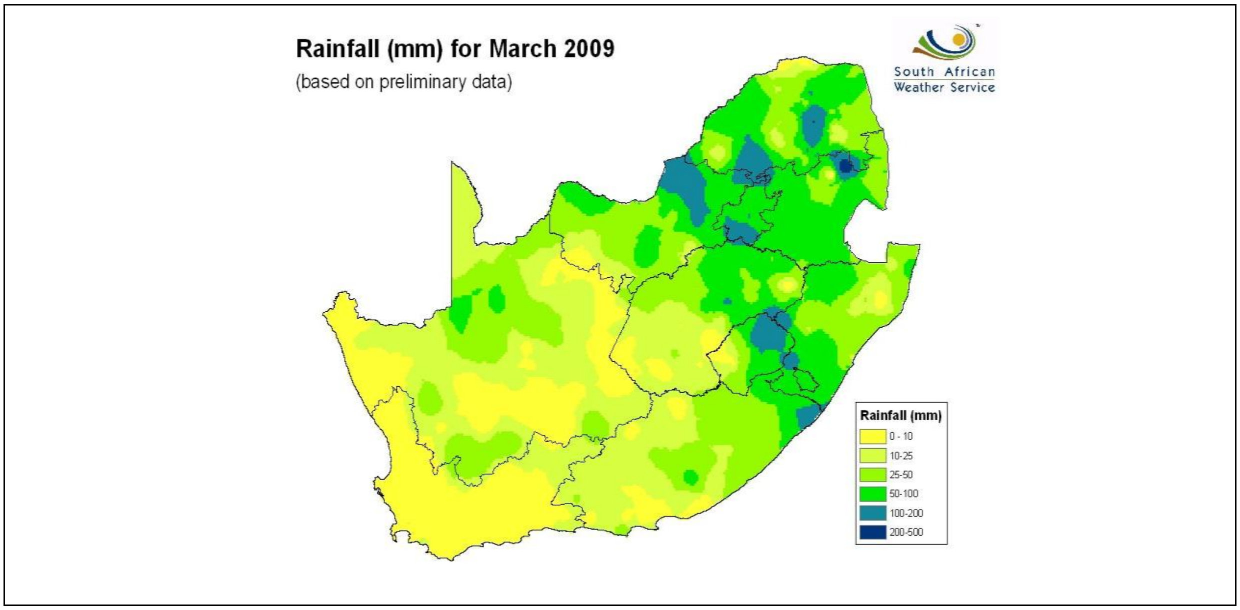
- During March 2009, the central and northern parts of the summer rainfall area received significant rainfall amounts.
- Projections for the current 2008/09 marketing season indicate that South Africa will have a surplus of 1,928 million tons of maize at the end of April 2009.
- Maize exports are projected at 2,190 million tons during the current 2008/09 marketing season.
- The expected commercial maize crop for the 2008/09 production season is 11,191 million tons, which is 11,88% less than the 12,7 million tons of the previous season.
- Projections for the 2009/10 marketing season indicate that South Africa will have a surplus of 2,245 million tons of maize at the end of April 2010.
- Projections for the current 2008/09 marketing season indicate that South Africa will have a surplus of 671 000 tons of wheat at the end of September 2009.
- The headline CPI (for all urban areas) annual inflation rate in February 2009 was 8,6%.
- The annual percentage change in the PPI is lower at 7,3% in February 2009 (i.e. the PPI in February 2009 compared with that in February 2008).
- The Monetary Policy Committee of the South African Reserve Bank has decided to reduce the repurchase rate by 100 basis points to 9,5 per cent per annum with effect from 25 March 2009.
- February tractor sales of 762 units were marginally (1,7%) lower than the 775 units sold in February last year.

2. Weather conditions

2.1 Rainfall for March 2009

According to the South African Weather Service (Figure 1), during March 2009, the central and northern parts of the summer rainfall area received significant rainfall amounts, including the KwaZulu-Natal Province. However, the winter rainfall areas remained dry during the mentioned period.

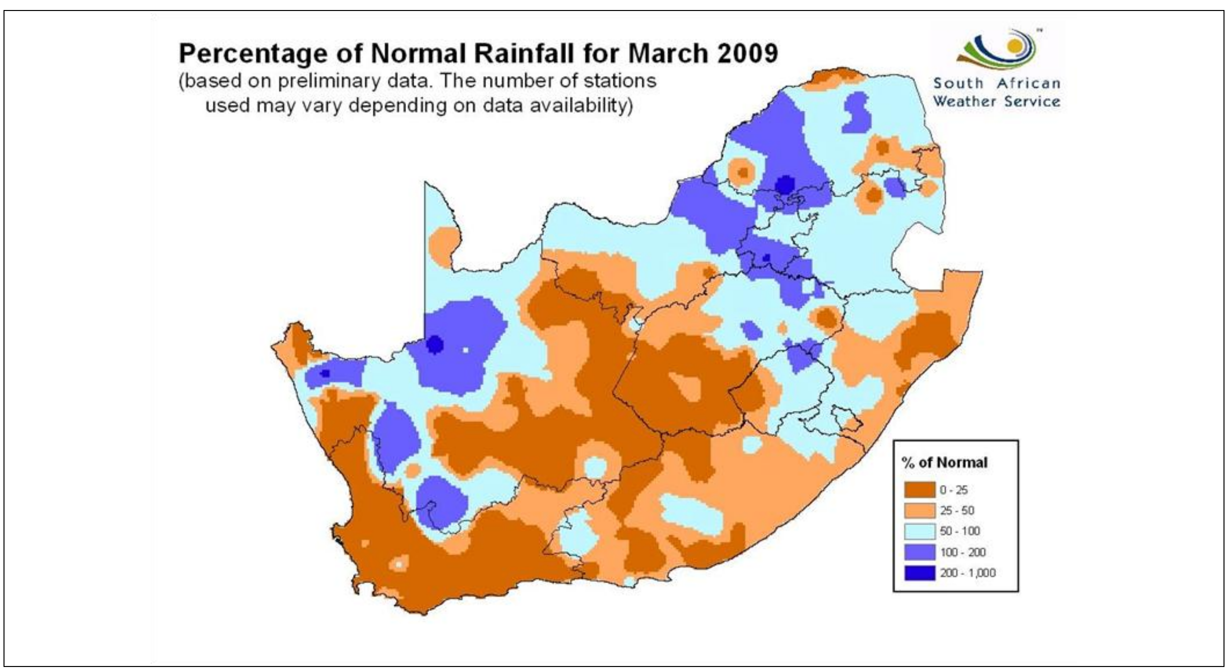
Figure 1: Total rainfall for March 2009



Source: South African Weather Service

Comparing the rainfall for March 2009 with the long-term mean (Figure 2), it is evident that it was average to above-average for the north-eastern parts of the country, but below-average for the central and western parts. However, isolated areas in the western parts received normal to above-normal rainfall.

Figure 2: Percentage of normal rainfall for March 2009

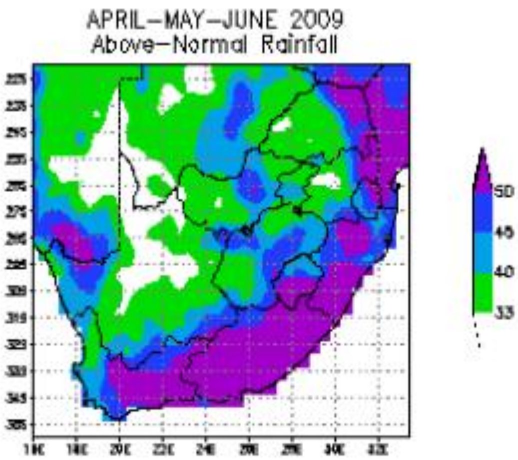


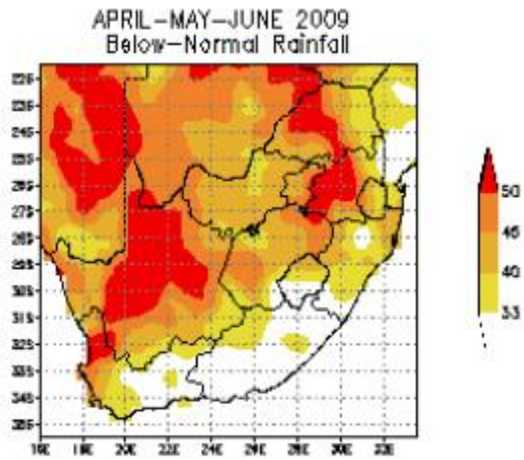
Source: South African Weather Service

2.2 Seasonal rainfall forecast overview for South Africa

2.2.1. Rainfall Forecast (April to August 2009)

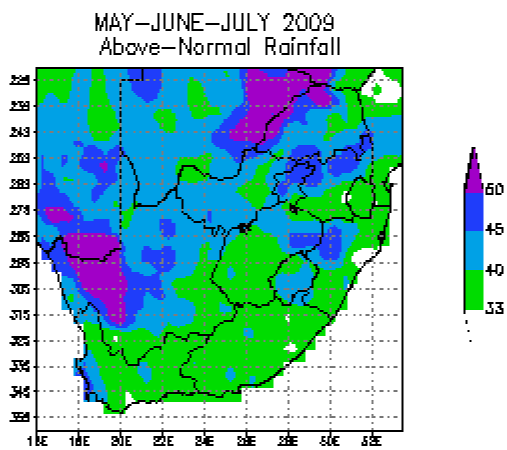
Figure 3: Rainfall Forecast (April to August 2009)

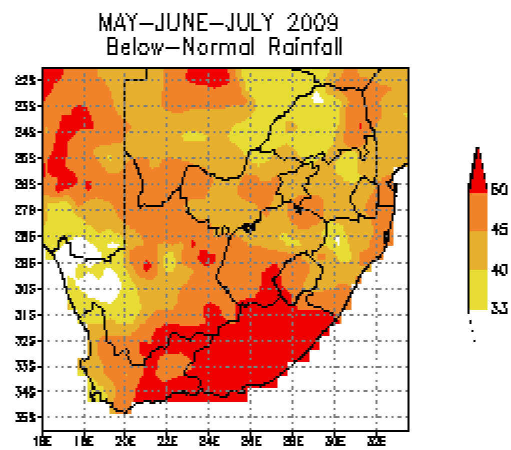




April-May-June

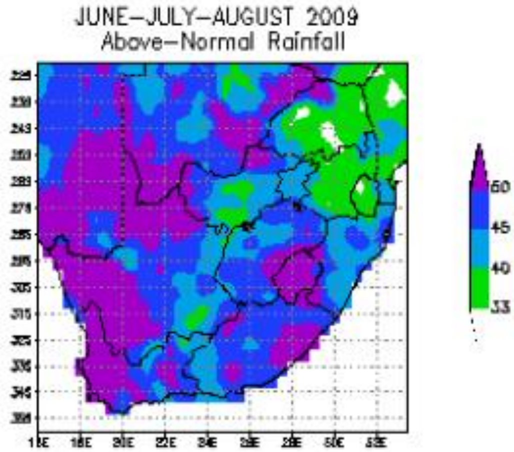
Above-normal rainfall totals are mainly expected over the larger parts of the South-Western Cape, the Eastern Cape, KwaZulu-Natal and the Lowveld. The larger part of the Northern Cape and the eastern interior regions are likely to receive below-normal rainfall totals.

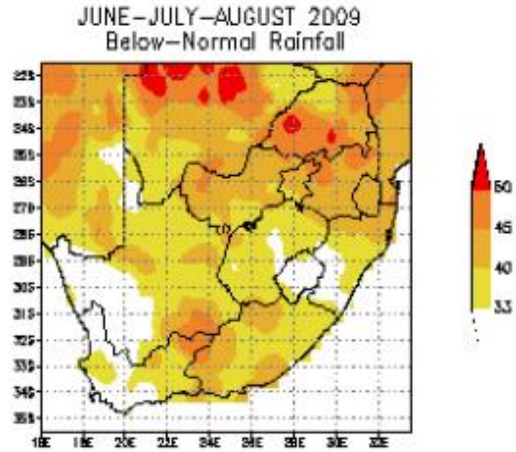




May-June-July

It is mostly the western half of the country that is associated with enhanced probabilities for wet conditions to occur, with a possibility of wet conditions to also occur over isolated areas over the eastern half of the country.





June-July-August

The larger part of the winter rainfall regions may experience above-normal rainfall totals.

Summary:

Favourable late autumn rainfall conditions are expected along the southern and south-eastern coastal and their adjacent interior regions, as well as over the Lowveld. During mid-winter, the winter rainfall regions may receive above-normal rainfall totals.

Source: South African Weather Service

2.3 Level of dams

Available information on the level of South Africa's dams on 30 March 2009 indicates that the country has approximately 90% of its full supply capacity (FSC) available, which is 3% more than last year. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 30 March 2009

Province	Total FSC	30/03/2009 (%)	Last Year (%)
Eastern Cape	1 807	67	83
Free State	16 090	96	90
Gauteng	115	101	101
KwaZulu-Natal	4 529	89	89
Lesotho	2 376	89	90
Limpopo	1 142	80	80
Mpumalanga	2 527	96	91
North West	808	82	78
Northern Cape	143	101	99
Western Cape	1 843	60	63
Total	**31 381**	**90**	**87**

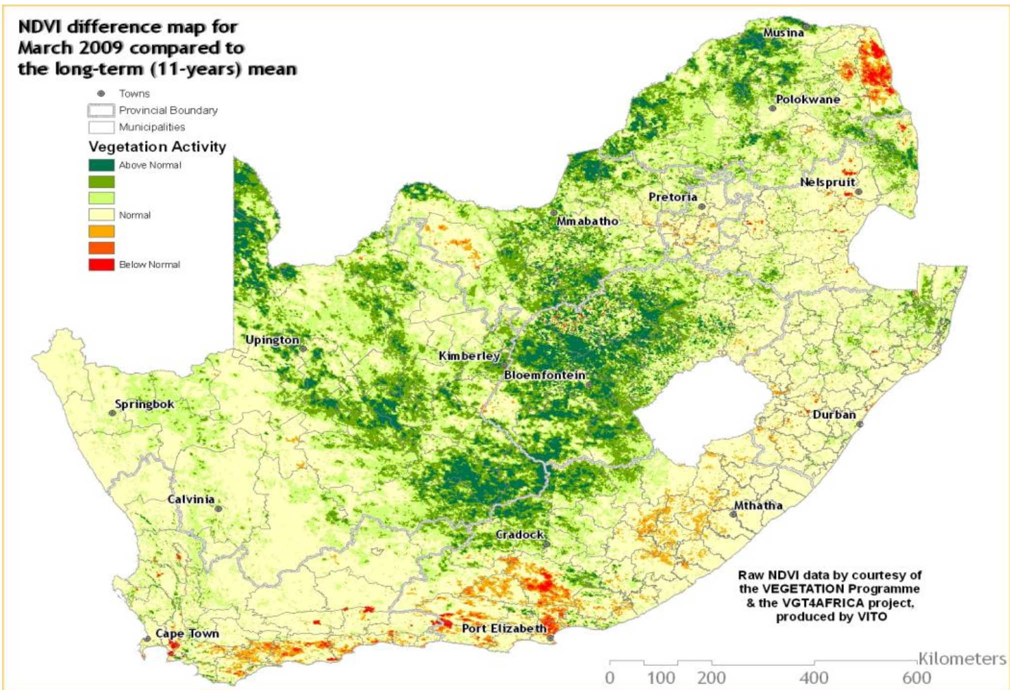
Source: Department of Water Affairs and Forestry

Note: FSC is equal to the Full Supply Capacity in million cubic metres.

2.4 Vegetation activity

The NDVI difference map (Figure 4) for March 2009 as compared to the 11 year long-term mean shows that the vegetation activity for the central and northern parts of the country, especially in the Free State, North West and Limpopo Provinces are characterized by normal to above-normal vegetation activity. Most parts of the Mpumalanga and KwaZulu Natal Provinces reflect normal to below-normal vegetation activity. The coastal regions (i.e. Eastern, Western Cape and eastern part of Limpopo Province) reflect below-normal vegetation activity.

Figure 4: NDVI map for March 2009 compared to 11 year long-term mean



Source: ARC: ISCW

3. Grain production

3.1 Summer grain crops

3.1.1 Revised area estimate and second production forecast of summer crops for the 2008/09 production season

The CEC released the revised area planted and second production forecast figures of the commercial summer grain crops for the 2008/09 production season on 25 March 2009.

Table 2: Commercial summer crops: Revised area planted and second production forecast figures - 2008/09 production season

CROP	**Area planted 2008/09 Ha (A)**	**2nd Forecast 2008/09 Tons (B)**	Area planted 2007/08 Ha (C)	Final crop 2007/08 Tons (D)	Change % (B) ÷ (D)
Commercial:					
White Maize	**1 488 800**	**6 537 140**	1 737 000	7 480 000	-12,61
Yellow Maize	**932 500**	**4 653 800**	1 062 000	5 220 000	-10,85
Total maize	**2 421 300**	**11 190 940**	2 799 000	12 700 000	-11,88
Sunflower seed	**635 800**	**875 280**	564 300	872 000	+0,38
Soya-beans	**224 750**	**405 035**	165 400	282 000	+43,63
Groundnuts	**54 550**	**93 910**	54 200	88 800	+5,75
Sorghum	**85 500**	**256 125**	86 800	255 000	+0,44
Dry beans	**43 800**	**62 180**	43 800	58 975	+5,43
Total	**3 465 700**	**12 883 470**	3 713 500	14 256 775	-9,63

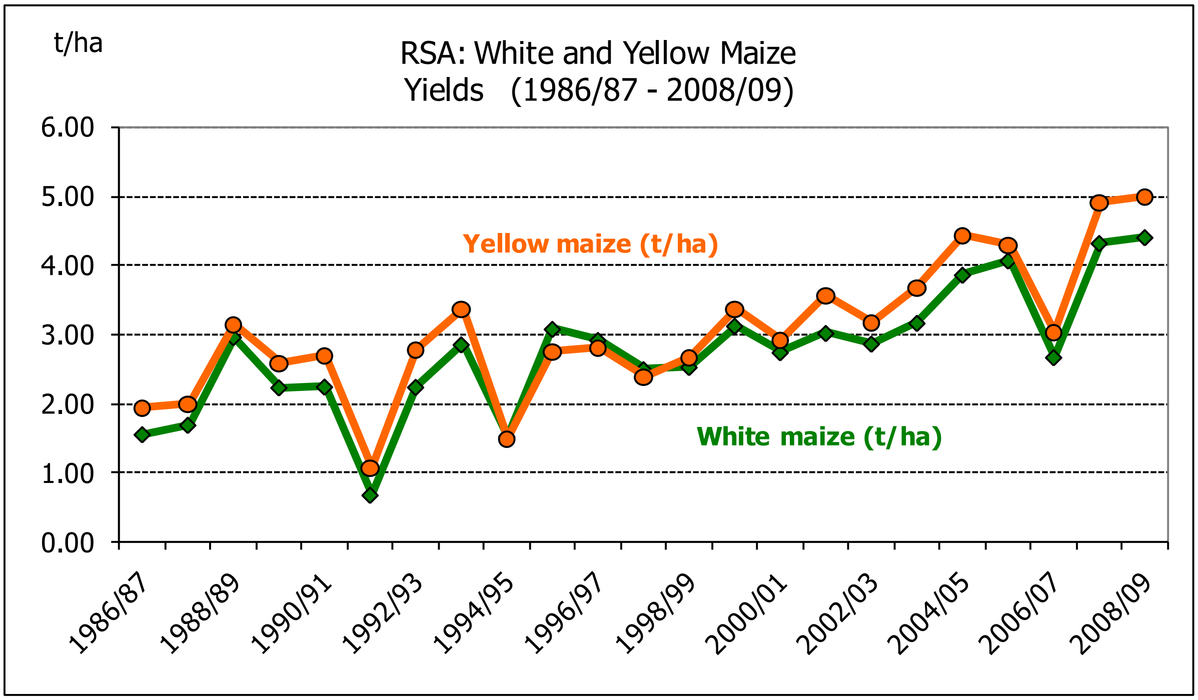
The revised area estimate for **commercial maize** is 2,421 million ha, which is 13,49% or 377 700 ha less than the 2,799 million ha planted for the previous season. The expected commercial maize crop is 11,191 million tons, which is 11,88% or 1,509 million tons less than the 12,7 million tons of the previous season.

The area estimate for **commercial white maize** is 1,489 million ha, which represents a decrease of 14,29% or 248 200 ha compared to the 1,737 million ha planted last season. In the case of **commercial yellow maize** the area estimate is 932 500 ha, which is 12,19% or 129 500 ha less than the 1,062 million ha planted last season.

The production forecast of white maize is 6,537 million tons, which is 12,61% less than the 7,480 million tons of last season. The yield for white maize is 4,39 t/ha as against 4,31 t/ha the previous season. In the case of yellow maize the production forecast is 4,654 million tons, which is 10,85% less than the 5,220 million tons of last season. The yield of yellow maize is 4,99 t/ha as against 4,92 t/ha the previous season.

The following graph provides a historic overview of the yields of commercial white and yellow maize. It is evident that the yields show an increasing trend over time.

Graph 1: Yields of commercial white and yellow maize



3.1.2 Other commercial summer crops

The production forecast for **sunflower seed** is 875 280 tons, which is 0,38% more than the 872 000 tons of the previous season. The revised 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 1,38 t/ha as against 1,55 t/ha of the previous season.

The production forecast for **soya-beans** is 405 035 tons, which is 43,63% more than the 282 000 tons of the previous season. It is estimated that 224 750 ha have been planted to soya-beans, which represents an increase of 35,88% compared to the 165 400 ha planted last season. The expected yield is 1,80 t/ha as against 1,70 t/ha last season.

The expected **groundnut** crop is 93 910 tons, which is 5,75% 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 1,72 t/ha as against 1,64 t/ha last season.

The production forecast for **sorghum** is 256 125 tons, which is 0,44% 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 against the previous season. The expected yield is 3,00 t/ha as against 2,94 t/ha of the previous season.

In the case of **dry beans** the production forecast for dry beans is 62 180 tons, which is 5,43% more than the 58 975 tons of the previous season. For dry beans the area estimate is 43 800 ha, the same as for the previous season. The expected yield is 1,42 t/ha as against 1,35 t/ha of the previous season.

Please note that the third production forecast for summer field crops for the 2008/09 production season will be released on 23 April 2009.

3.2 Winter cereal crops

Please note that the intentions to plant winter cereals for the 2009 production season will be released on 23 April 2009.

4. Cereal balance sheets

Supply and demand data for February 2009 was released by SAGIS on 19 March 2009. Table 3 contains the Wheat Balance Sheet for the 2008/09 marketing season. Tables 5 and 7 contain the Maize and Sorghum Balance Sheets for the 2008/09 and 2009/10 marketing seasons. **Preliminary information is subject to change on a monthly basis.**

4.1 Winter cereals

Table 3: Projected Balance Sheet for Wheat for the current 2008/09 marketing season

2008/09 Wheat Balance Sheet as at 31 March 2009	Wheat (1 000 tons)
Supply	
Opening stocks (October 2008)	**509**
SAGIS Opening Stocks	509
Gross production (2008 season)	**2 100**
Commercial production	2 090
Subsistence agriculture	10
Total domestic supply	**2 609**
Plus: Imports	1 200
Total supply	**3 809**
Demand	
Consumption	**2 898**
Commercial: Human	2 770
Animal (feed)	12
Retentions by producers	40
Seed for planting purposes	26
Other*	50
Subsistence agriculture	**10**
Total domestic consumption	**2 908**
Plus: Exports	**230**
Total demand	**3 138**
Closing stocks (September 2009)	**671**
Pipeline requirements	**610**
Domestic shortfall	**-909**
Import gap	**909**
Surplus above pipeline	**61**
SAGIS closing stocks as at end of February 2009	**1 791**

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 final production estimate of wheat is 2,090 million tons. The projected total supply of wheat is therefore 3,809 million tons, including imports of 1,200 million tons during the 2008/09 marketing season. Projections for the 2008/09 marketing season indicate that South Africa will require 610 000 tons for pipeline requirements at the end of September 2009. Total demand, including exports of 230 000 tons is projected at 3,138 million tons. Thus, closing stocks at the end of September 2009 are seen at 671 000 tons.

Wheat imports for the current season until 27 March 2009, comes to 633 307 tons. Table 4 provides a breakdown of wheat imports per country of origin for the current 2008/09 marketing season:

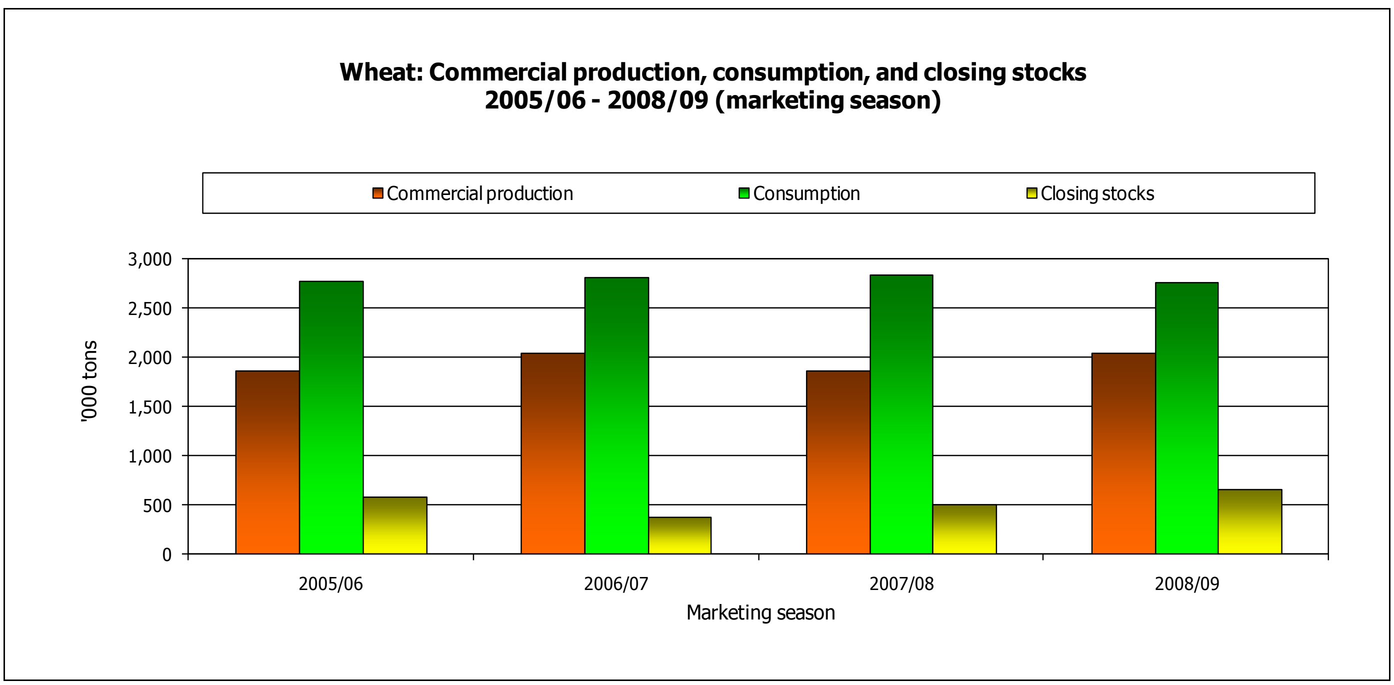
Table 4: South Africa's wheat imports per country, 4 October 2008 to 27 March 2009

Country	Tons	%
United States of America	102 714	16,22
Argentina	391 729	61,85
Australia	48 061	7,59
Canada	34 569	5,46
Germany	56 234	8,88
Total	**633 307**	**100,00**

Source: SAGIS Weekly imports and exports, 31 March 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 2: Wheat: Commercial production, consumption and closing stocks: 2005/06 - 2008/09 marketing season



From the graph it is evident that although the 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. However, it is important to note that for the 2008/09 season there is a trend indicating a substitution effect away from wheat towards white maize.

4.11 Summer crops

Table 5: Balance Sheet for Maize and Sorghum for the current 2008/09 marketing season

2008/09 Projected Annual Cereal Balance Sheet as at 31 March 2009 (1 000 tons)	Maize			Sorghum
	White	Yellow	Total	
Supply				
Opening stocks	**618**	**439**	**1 057**	**42,6**
SAGIS Opening Stocks	618	439	1 057	42,6
Gross production	**7 814**	**5 350**	**13 164**	**295,6**
Commercial production	7 480	5 220	12 700	255,0
Subsistence agriculture	334	130	464	40,6
Total domestic supply	**8 432**	**5 789**	**14 221**	**338,2**
Plus: Imports	-	27	27	-
Total supply	**8 432**	**5 816**	**14 248**	**338,2**
Demand				
Consumption	**5 352**	**4 314**	**9 666**	**188,2**
Commercial: Human	4 200	320	4 520	172,6
Animal (feed)	820	3 300	4 120	9,8
Gristing	62	10	72	-
Seed for planting purposes	20	14	34	-
Other*	250	670	920	5,8
Subsistence agriculture	**334**	**130**	**464**	**40,6**
Total domestic consumption	**5 686**	**4 444**	**10 130**	**228,8**
Plus: Exports	**1 850**	**340**	**2 190**	**35,1**
Products	50	40	90	-
Whole maize	1 800	300	2 100	-
Total demand	**7 536**	**4 784**	**12 320**	**263,9**
Closing stocks	**896**	**1 032**	**1 928**	**74,3**
Pipeline requirements	**627**	**448**	**1 074**	**22,5**
Domestic surplus	**2 199**	**897**	**3 017**	**86,9**
Surplus above pipeline	**269**	**584**	**854**	**51,8**
SAGIS closing stocks as at end of February 2009	**1 882**	**1 410**	**3 292**	**86,9**

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 2008/09 maize situation

White maize: Projections for the 2008/09 marketing season indicate that South Africa will have a surplus (before pipeline requirements) of 896 000 tons at the end of April 2009. The expected total domestic supply is 8,432 million tons, while total domestic consumption is estimated at 5,686 million tons. Exports are projected at 1,85 million tons.

Yellow maize: A domestic surplus (before pipeline requirements) of 1,032 million tons is expected at the end of April 2009. The total domestic supply is estimated at 5,789 million tons, while the total domestic consumption is projected at 4,444 million tons. Anticipated exports during the 2008/09 marketing season are seen at 340 000 tons.

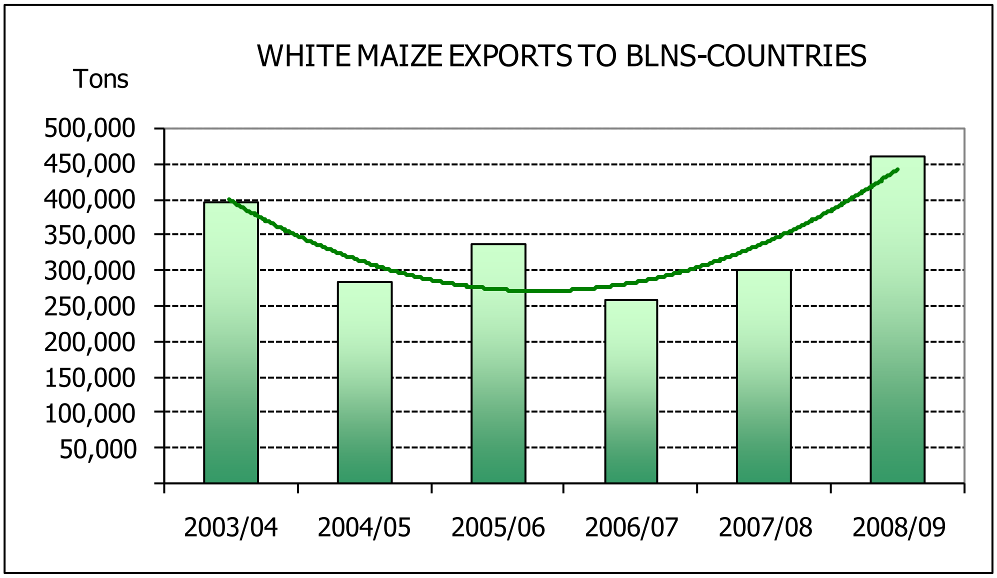
The SAGIS export data up to 27 March 2009, indicates that 1,941 million tons of maize was exported. The exports of maize for the 2008/09 marketing season are projected at 2,190 million tons. A summary of exports to African countries and other destinations is contained in Table 6.

Table 6: Export destinations of South African maize, 3 May 2008 to 27 March 2009

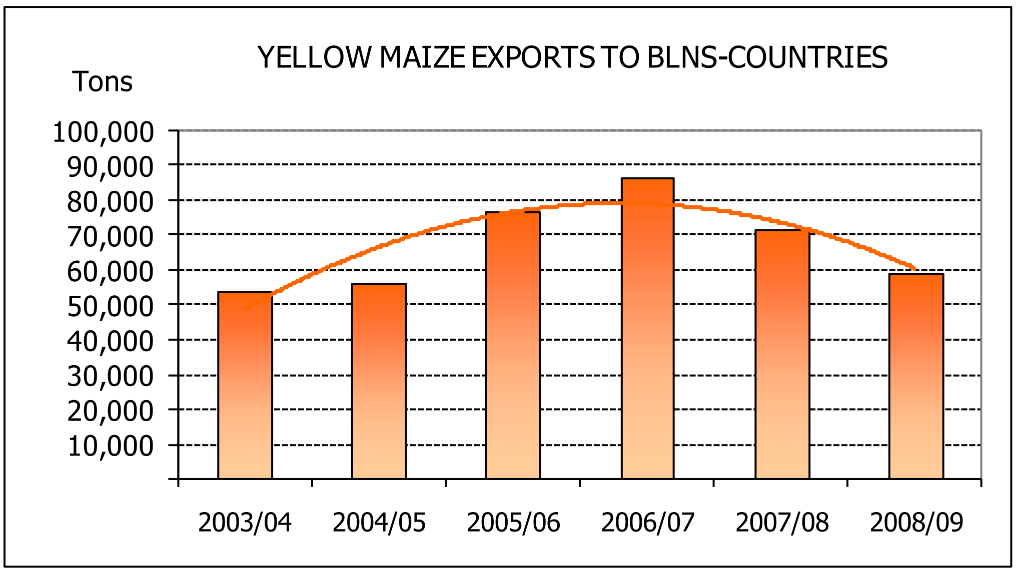
White maize		**Yellow maize**	
Country	Tons	Country	Tons
Angola	2 020	Angola	648
Benin	4 279	Botswana	1 074
Botswana	254 213	Guinea	2 255
Cameroon	3 821	Lesotho	4 742
Chad	366	Mozambique	22 481
Congo	906	Namibia	17 803
Ethiopia	9 386	Swaziland	35 551
Ghana	2 302	Zimbabwe	2 750
Guinea	1 129	Iran	104 333
Kenya	295 668	Malaysia	34 089
Lesotho	85 647	Yemen	27 500
Malawi	7 950		
Mozambique	258 641		
Namibia	107 917		
Senegal	5 473		
Somalia	42 958		
Swaziland	14 871		
Tanzania	45 357		
Togo	1 989		
Zambia	3 434		
Zimbabwe	493 799		
Mauritius	12 400		
Madagascar	258		
Iran	33 415		
Total white maize	**1 688 199**	**Total yellow maize**	**253 226**
Total Maize			**1 941 425**

Source: SAGIS Weekly imports and exports, 31 March 2009

Graph 3: Exports of South African white maize to BLNS-Countries



Graph 4: Exports of South African yellow maize to BLNS-Countries



From the above graphs it are evident that over time, the exports of white maize show an increasing trend, whereas the exports of yellow maize show a decreasing trend to the BLNS-Countries.

***Sorghum**:* South Africa could have a surplus (before pipeline requirements) of 74 300 tons at the end of March 2009. The expected total domestic supply is seen at 338 200 tons, while total domestic consumption is estimated at 228 800 tons. The total domestic demand is seen at 263 900 tons, including projected exports of 35 100 tons. Projections for the 2008/09 marketing season indicate that South Africa could see closing stocks of 74 300 tons at the end of March 2009.

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 March 2009 (1 000 tons)	**Maize**			**Sorghum**
	White	**Yellow**	**Total**	
Supply				
Opening stocks	**896**	**1 032**	**1 928**	**74,3**
SAGIS Opening Stocks	896	1 032	1 928	74,3
Gross production	**6 916**	**4 792**	**11 708**	**296,7**
Commercial production	6 537	4 654	11 191	256,1
Subsistence agriculture	379	138	517	40,6
Total domestic supply	**7 812**	**5 824**	**13 636**	**371,0**
Plus: Imports	-	-	-	-
Total supply	**7 812**	**5 824**	**13 636**	**371,0**
Demand				
Consumption	**5 054**	**4 070**	**9 124**	**242,0**
Commercial: Human	3 850	290	4 140	193,2
Animal (feed)	900	3 192	4 092	12,6
Gristing	64	10	74	-
Seed for planting purposes	20	14	34	-
Other*	220	564	784	36,2
Subsistence agriculture	**379**	**138**	**517**	**40,6**
Total domestic consumption	**5 433**	**4 208**	**9 641**	**282,6**
Plus: Exports	**1 400**	**350**	**1 750**	**35,0**
Products	50	50	100	-
Whole maize	1 350	300	1 650	-
Total demand	**6 833**	**4 558**	**11 391**	**317,6**
Closing stocks	**979**	**1 266**	**2 245**	**53,4**
Pipeline requirements	**594**	**431**	**1 024**	**25,4**
Domestic surplus	**1 785**	**1 185**	**2 971**	**63,0**
Surplus above pipeline	**385**	**835**	**1 221**	**28,0**

Notes:

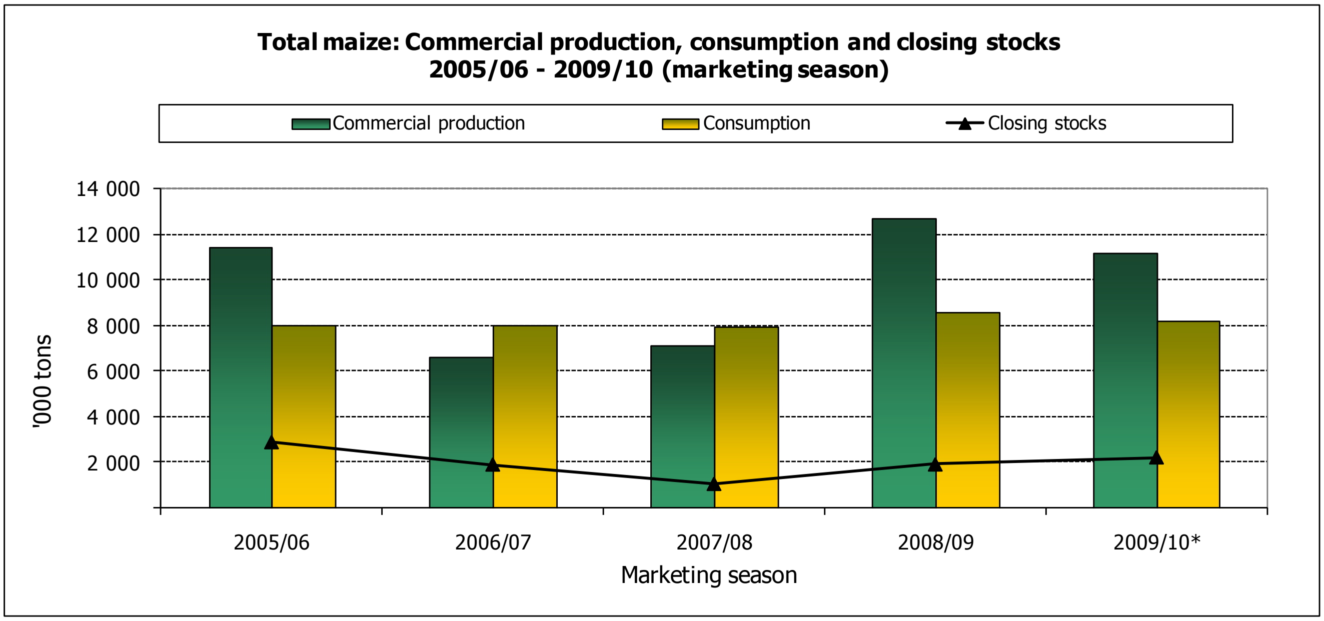
- Source: SAGIS, Directorate: Agricultural Statistics.
- *Other refers to grains released to end-consumers and/or withdrawn by producers, and retentions on farms.
- Figures might not add up correctly due to rounding.
- Marketing season for maize: May to April.
- Marketing season for sorghum: April to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

4.2.2 Discussion of the projected 2009/10 maize situation

According to the second production forecast for the 2008/09 production season, the expected production of white maize will be 6,537 million tons on an area of 1,489 million ha. The projected total supply of white maize is therefore 7,812 million tons, including opening stocks of 896 000 tons. Total demand (exports included) is expected to reach 6,833 million tons and the closing stocks as at 30 April 2010, are expected to be 979 000 tons.

For yellow maize, the expected production of yellow maize is 4,654 million tons on an area of 932 500 ha. The projected total supply of yellow maize is therefore 5,824 million tons, including opening stocks of 1,032 million tons. Total demand, including exports, is projected at 4,558 million tons. Projections for the 2009/10 marketing season indicate closing stocks of 1,266 million tons at the end of April 2010.

Graph 5: 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 estimated closing stocks are also returning to the level of the 2006/07 marketing season.

***Sorghum**:* The expected total domestic supply is seen at 371 000 tons, while total domestic consumption is estimated at 282 600 tons. The total demand is seen at 317 600 tons, including projected exports of 35 000 tons. Projections for the 2009/10 marketing season indicate that South Africa could have closing stocks of 53 400 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 February 2009 was 8,6%. This rate was 0,5% higher than the corresponding annual rate of 8,1% in January 2009. On average, prices increased by 1,2% between January 2009 and February 2009.

The food and non-alcoholic beverages index increased by 0,2% between January 2009 and February 2009, taking the annual rate to 15,8% in February 2009, from 15,7% in January 2009. The monthly increase in the food and non-alcoholic beverages index was largely driven by monthly increases in cold beverages (4,2%), other food (0,5%), meat (0,4%), sugar, sweets and desserts (0,3%) and fish (0,2%).

The alcoholic beverages and tobacco index increased by 1,1% between January 2009 and February 2009. The monthly increase in the alcoholic beverages and tobacco index was largely driven by monthly increases in beer (1,5%) and tobacco products (1,2%), mainly cigarettes.

The health index increased by 6,2% between January 2009 and February 2009. The monthly increase in the health index was largely driven by monthly increases in health services (10,0%), mainly doctors' fees (which are surveyed annually).

The transport index increased by 1,8% between January 2009 and February 2009, mainly due to a 10,5% increase in the price of petrol.

Prices for miscellaneous goods and services increased by 3,7% between January 2009 and February 2009. This was largely a result of a monthly increase of 6,4% in insurance, mainly health insurance (which is surveyed annually).

Other categories showing above-average annual increases were restaurants and hotels (13,4%), recreation and culture (9,7%) and housing and utilities (9,1%).

The provinces with the lowest annual inflation rate were Western Cape (8,2%), Gauteng (8,3%), Northern Cape (8,7%) and Free State (8,7%), while Eastern Cape (9,9%), KwaZulu-Natal (9,9%) and Mpumalanga (9,6%) recorded the highest provincial annual rates of inflation.

5.2 Producer Price Index (PPI)

The annual percentage change in the Producer Price Index (PPI) is lower at 7,3% in February 2009 (i.e. the PPI in February 2009 compared with that in February 2008). The PPI for domestic output shows an annual rate of change of 7,3% in February 2009 (i.e. the PPI in February 2009 compared with that in February 2008). This rate is 1,9% lower than the corresponding annual rate of 9,2% in January 2009 (i.e. the PPI in January 2009 compared with that in January 2008). From January 2009 to February 2009 the PPI for domestic output decreased by 0,3%.

5.3 Quarterly food price monitor

According to the latest Food Price Monitor (FPM), the year-on-year (i.e. January 2008 to January 2009) increase in the CPI for Food was 16,1%, which is 1,0% lower than the figure released in December 2008 (17,1%).

The year-on-year increase in the price of maize products was 8,59%, which is higher that 7,62% reported in November 2008. Between July 2008 and January 2009, maize products experienced a 9,53% average increase in price. Between January 2008 and January 2009 the maize commodity price increased by 1,20%, while between July 2008 and January 2009 it decreased by 7,66%.

Wheat products experienced average year-on-year price increases of 29,51%, which is lower than the 37,89% reported in November 2008. The wheat price declined by 30,81% between July 2008 and January 2009. The year-on–year decline in the wheat price was 13.37%.

Sunflower product prices increased, on average, by 43,60%, which is lower than 60,55% reported in November 2008. The price of sunflower declined by 22,89% between July 2008 and January 2009. The year-on–year decline in the price of this commodity was 12,29%.

Dairy product prices decreased, on average, by 0,46%. Between July 2008 and January 2009, the prices of dairy products decreased, on average, by 0,05%.

Fresh meat prices increased, on average, by 7,88% between January 2008 and January 2009. This is 4,91% lower than the corresponding rates reported in November 2008. On the other hand, the rate of increase in the price of the processed meat accelerated to 23,40% during the same period.

The year-on-year price increase for fresh vegetables was at 78,54%, which is significantly higher than the 10,63% in November 2008. The prices of processed vegetables increased by 18,32%, year-on-year, which is higher than the 16,44% in November 2008. Between July 2008 and January 2009 these products experienced an average price increase of 3,48%.

In January 2008 people living in rural areas had to pay, on average, R3,75 more for a 5kg bag of maize meal than people in the urban areas. This increased further to R5,42 in January 2009.

A pilot study conducted by the NAMC in the Limpopo Province indicated that the difference between urban and rural food prices can largely be attributed to the following: (i) cost of transport and maintenance of vehicles; (ii) inability to attract significant discounts from wholesalers/processors due to the low volumes sourced; (iii) stock losses due to spoilage, breakage, products exceeding their expiry dates and stock theft, and (iv) casual labour associated with loading.

5.4 Repo rate cut

Against the background of a slowing global and domestic economy and an improved medium-term outlook for inflation, the Monetary Policy Committee of the South African Reserve Bank decided to reduce the repurchase rate by 100 basis points to 9,5 per cent per annum with effect from 25 March 2009.

With the latest decrease of 100 basis points, a consumer would effectively pay R50,70 less per month on a vehicle worth R100 000 than what they were paying the previous month.

The Monetary Policy Committee also announced during March that it will meet on a monthly basis for the remainder of 2009, except for July when no meeting has been scheduled.

5.5 Futures contract prices

TABLE 8: DOMESTIC GRAIN PRICES AS QUOTED ON SAFEX (Rand/ton) ON 31 MARCH 2009

Futures contract prices (31/03/2009) in R/ton					
Commodity	**April 2009**	**May 2009**	**July 2009**	**Sep 2009**	**Dec 2009**
White maize	R1 697	R1 628	R1 578	R1 619	R1 685
Yellow maize	R1 510	R1 528	R1 540	R1 583	R1 635
Wheat	R2 625	R2 656	R2 700	R 2 711	R2 650
Chicago corn contact[1)]	n/a	R1 469	R1 528	R1 571	R1 640
Commodity	**April 2009**	**May 2009**	**July 2009**	**Sep 2009**	**Dec 2009**
Sunflower seed	R2 784	R2 830	R2 920	R2 995	n/a
Soya-beans	R3 090	R3 100	R3 208	R3 285	n/a

Source: Safex, 31 March 2009

If the 21-day moving average f.o.b. price of maize in the US Gulf deviates by more than US$7/ton from the reference price of US$92,07/ton for 21 consecutive US trading days, a new tariff is triggered. The import tariff for maize, as published in the Government Gazette of 8 December 2006, is zero.

The tariff of 2% on the wheat fob price was replaced with the original formula on 19 December 2008. The 3 week average fob for 16 December 2008 is used as Reference Price. To calculate subsequent adjustments to the level of protection, the difference between the world reference price on which the previous adjustment was based, and the 3 week moving average of the same price will be calculated on a weekly basis. When this deviation amounts to more than US$10 for 3 consecutive weeks, a new tariff can be calculated and a new world reference price is set. Thus, the tariff only takes effect if the wheat price falls below $157 (R1 619) per ton. The import tariff for wheat, as published in the Government Gazette of 19 December 2008, is zero.

5.6 Agricultural machinery sales

February 2009 tractor sales of 762 units were marginally (1,7%) lower than the 775 units sold in February last year.

The table below summarises how the individual year-on-year price changes have moved over the past two months for the four classes of agricultural machinery, together with the overall figure. The figures have been "smoothed" by using the three-month moving average in each case.

Table 9 shows the retail sales of agricultural equipment during February and March 2009.

Table 9: Agricultural machinery price changes

Equipment Category	Year- on-year percentage change		Trend % Change March vs February
	February 2009	March 2009	
Tractors	36,9	35,7	-3,3
Combine Harvesters	32,4	30,4	-6,2
Hay and Forage Equipment	34,1	30,0	-12,0
Implements	30,6	29,1	-4,9
Total	34,8	32,8	-5,7

Source: Agfacts, March 2009

The sharp devaluation in the value of the rand at the beginning of 2008 and then again at the end of the year caused prices to rise very sharply over the past twelve months. The trend in price increases peaked in February and hopefully will continue to move downwards in the short term.

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
- 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