

# **MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MAY 2012**

**Issued: 5 June 2012**

**Directorate: Statistics and Economic Analysis**

## **Highlights:**

- Rainfall occurrences over the summer rainfall region for May 2012 were limited to between 0 to 10 mm, while the winter rainfall region received between 10 to 50 mm of rainfall.
- The projected closing stocks of wheat for the current 2011/12 marketing year is 631 000 tons, which includes imports of 1,5 million tons.
- Early indications are that producers intend to plant 547 200 ha of wheat for the 2012 season, which is 9,5% less than the area planted to wheat in 2011.
- The projected closing stocks of wheat for the coming 2012/13 marketing year is 620 000 tons, which includes imports of 1,65 million tons.
- The expected commercial maize crop is 11,056 million tons, which is 6,7% more than the 10,360 million tons of the previous season.
- The projected closing stocks of maize for the past 2011/12 marketing year was 1,002 million tons, which is 57,1% less than the previous year.
- The projected closing stocks of maize for the current 2012/13 marketing year is 1,059 million tons, which 5,7% more than the previous year.
- The headline CPI (for all urban areas) annual inflation rate in April 2012 was higher at 6,1%.
- The annual percentage change in the PPI was lower at 6,6% in April 2012.
- The Monetary Policy Committee, at its meeting during May 2012, has decided to keep the repurchase rate unchanged at 5,5% per annum.
- April 2012 tractor sales of 528 units were almost 44% higher than the sales of 368 units reported in April 2011.



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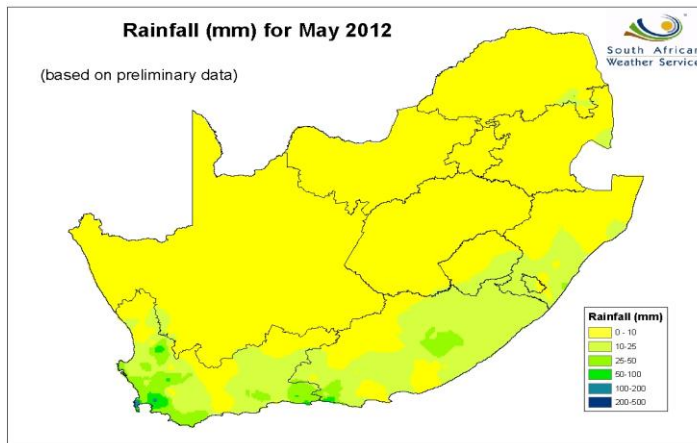
# 1. Weather conditions

## 1.1 Rainfall for May 2012

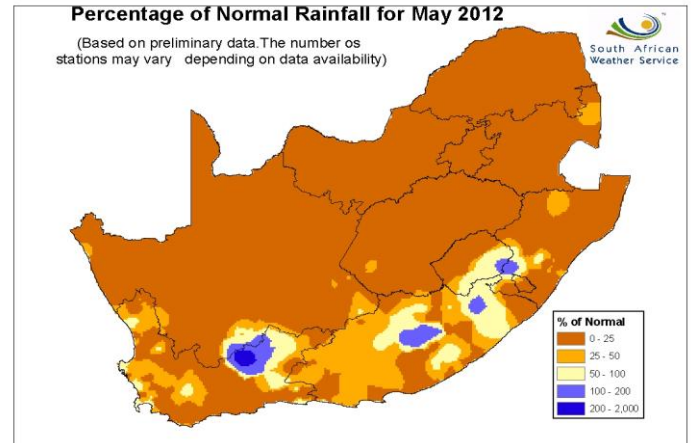
Rainfall occurrences over the summer rainfall region for May 2012 were limited to between 0 to 10 mm, while the winter rainfall region received between 10 to 50 mm of rainfall (Figure 1).

Comparing the rainfall total of May 2012 with the long term average (Figure 2), the majority of the country experienced below-normal rainfall, which may impact negatively on winter crop production. However, isolated areas of the Eastern Cape, KwaZulu-Natal and the Western Cape provinces received above-normal rainfall for the mentioned period.

**Figure 1: Rainfall (mm) for May 2012**



**Figure 2: Percentage rainfall for May 2012**



## 1.2 Level of dams

Available information on the level of South Africa's dams on 28 May 2012 indicates that the country has approximately 81% of its full supply capacity (FSC) available, which is 12% less than the same period last year. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

**Table 1: Level of dams, 28 May 2012**

Province	Net FSC million cubic meters	28/5/2012 (%)	Last Year (%)
<b>Eastern Cape</b>	1 822	<b>83</b>	77
<b>Free State</b>	15 968	<b>86</b>	100
<b>Gauteng</b>	115	<b>90</b>	101
<b>KwaZulu-Natal</b>	4 530	<b>75</b>	86
<b>Lesotho*</b>	2 376	<b>77</b>	99
<b>Limpopo</b>	1 159	<b>77</b>	87
<b>Mpumalanga</b>	2 520	<b>87</b>	99
<b>North West</b>	808	<b>81</b>	94
<b>Northern Cape</b>	146	<b>78</b>	107
<b>Western Cape</b>	1 851	<b>44</b>	45
<b>Total</b>	<b>31 295</b>	<b>81</b>	<b>93</b>

Source: Department of Water Affairs

## 2. Grain production

### 2.1 Summer grain crops

The Crop Estimates Committee (CEC) released the area planted and fourth production forecast for summer crops for 2012 for commercial summer crops on 24 May 2012.

**Table 2: Summer crops: Area planted and fourth production forecast - 2012**

CROP	Area planted 2012 Ha (A)	4th forecast 2012 Tons (B)	Area planted 2011 Ha (C)	Final crop 2011 Tons (D)	Change % (B) ÷ (D)
White maize	1 636 200	<b>6 359 300</b>	1 418 300	6 052 000	+5,08
Yellow maize	1 063 000	<b>4 696 250</b>	954 000	4 308 000	+9,01
Maize	2 699 200	<b>11 055 550</b>	2 372 300	10 360 000	+6,71
Sunflower seed	453 350	<b>527 110</b>	642 700	860 000	-38,71
Soya-beans	472 000	<b>691 050</b>	418 000	710 000	-2,67
Groundnuts	45 450	<b>65 690</b>	55 150	64 250	+2,24
Sorghum	48 550	<b>141 050</b>	69 200	155 000	-9,00
Dry beans	39 750	<b>47 695</b>	41 900	41 980	+13,61
TOTAL	3 758 300	<b>12 528 145</b>	3 599 250	12 191 230	+2,76

Note: Estimate is for calendar year, e.g. production season 2011/12 = 2012

- The size of the expected commercial **maize crop** has been set at 11,056 million tons, which is 6,7% or 695 550 tons higher than 10,360 million tons the previous marketing season. The area estimate for maize is 2,699 million ha, which is 13,78% or 326 900 ha more than the 2,372 million ha of the previous marketing season. The expected yield is 4,10 t/ha as against 4,37 t/ha of the previous season. The area estimate for white maize is 1,636 million ha and for yellow maize it is 1,063 million ha.
- The production forecast of **white maize** is 6,359 million tons, which is 5,1% or 307 300 tons more than the 6,052 million tons of the previous season. The yield for white maize is 3,89 t/ha as against 4,27 t/ha of the previous season. In the case of **yellow maize** the production forecast is 4,696 million tons, which is 9,0% or 388 250 tons more than the 4,308 million tons of the previous season. The yield for yellow maize is 4,42 t/ha as against 4,52 t/ha of the previous season.
- The production forecast for **sunflower seed** is 527 110 tons, which is 38,7% or 332 890 tons less than the 860 000 tons of the previous season. The revised area estimate for sunflower seed is 453 350 ha, which is 189 350 ha less than the 642 700 ha of the previous season. The expected yield is 1,16 t/ha as against 1,34 t/ha of the previous season.
- The production forecast for **soya-beans** is 691 050 tons, which is 2,7% or 18 950 tons less than the 710 000 tons of the previous season. It is estimated that 472 000 ha have been planted to soya-beans, whilst the expected yield is 1,46 t/ha as against 1,70 t/ha of the previous season.
- The expected groundnut crop is 65 690 tons, which is 2,2% or 1 440 tons more than the 64 250 tons of the last season. For **groundnuts** the area estimate is 45 450 ha, whilst the expected yield is 1,45 t/ha as against 1,17 t/ha of the last season.



- The production forecast for **sorghum** is 141 050 tons, which is 9,0% or 13 950 tons less than the 155 000 tons of the previous season. The area estimate for sorghum is 48 550 ha. The expected yield is 2,91 t/ha as against 2,24 t/ha of the previous season.
- In the case of **dry beans** the production forecast is 47 695 tons, which is 13,6% or 5 715 tons more than the 41 980 tons of the previous season. For dry beans, the area estimate is 39 750 ha, and the expected yield is 1,20 t/ha as against 1,00 t/ha of the previous season.

*Please note that the fifth production forecast for summer field crops for 2012 will be released on 26 June 2012.*

## 2.2 Winter cereal crops

The intentions to plant winter cereals for the 2012 production season was released by the CEC on 24 April 2012, and is as follows:

**Table 3: Commercial winter crops: Intentions to plant - 2012 production season**

CROP	Intentions* 2012 Ha (A)	Area planted 2011 Ha (B)	Final estimate 2011 Tons (C)	Change % (A) ÷ (B)
Commercial:				
Wheat	<b>547 200</b>	604 700	1 905 280	-9,50
Malting barley	<b>82 800</b>	80 150	309 000	+3,30
Canola	<b>50 000</b>	43 510	59 490	+14,90
Total	<b>680 000</b>	728 360	2 273 770	-6,64

\* Based on conditions at the middle of April 2012

- Early indications are that producers intend to plant 547 200 ha of **wheat** for the 2012 season. This is 57 500 ha or 9,5% less than the area planted to wheat in 2011. This is also the smallest area planted to wheat since the early 1900's. The main producing areas are within the Western Cape with 265 000 ha (48%), followed by the Free State with 168 000 ha (31%) and the Northern Cape with 44 000 ha (8%).
- According to producers the decrease in the expected plantings of wheat can mainly be attributed to low prices (no longer profitable), as well as grading regulations. With specific reference to the Free State, producers also indicated that they are going to plant less wheat due to low soil moisture levels.
- The expected area planted to **malting barley** is 82 800 ha, which is 2 650 ha or 3,3% more than the 80 150 ha of the previous year.
- The expected area planted to **canola** is 50 000 ha, which is 6 490 ha or 14,9% more than the 43 510 ha planted in 2011. On record, this is the largest area planted to canola.

*Please note that the preliminary area estimate for winter cereals for 2012 will be released on 24 July 2012.*

## 3. Cereal balance sheets

Supply and demand data for April 2012 was released by SAGIS on 23 May 2012. *(Preliminary information is subject to change on a monthly basis.)*

### 3.1 Winter cereals



**Table 4: Supply and demand for Wheat as at 1 June 2012**

<b>Marketing year (October to September)</b>	<b>2010/11*</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Calendar year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Supply</b>	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Opening stocks: 1 October</b>	<b>579</b>	<b>478</b>	<b>631</b>
SAGIS opening stocks	579	478	631
<b>Gross production</b>	<b>1 436</b>	<b>2 013</b>	<b>1 607</b>
Commercial production	1 401	1 976	1 570
Retentions by producers	29	29	29
<b>Non-commercial</b>	<b>6</b>	<b>8</b>	<b>8</b>
<b>Total domestic supply</b>	<b>2 015</b>	<b>2 491</b>	<b>2 238</b>
Plus: Imports	1 649	1 500	1 650
<b>Total supply</b>	<b>3 664</b>	<b>3 991</b>	<b>3 888</b>
<b>Demand</b>			
<b>Commercial consumption</b>	<b>3 001</b>	<b>3 092</b>	<b>3 030</b>
Human	2 944	2 902	2 905
Animal	1	115	50
Retentions by producers	29	29	29
Seed for planting purposes	13	26	26
Other consumption (released to end con's+withdrawn by prod's+retentions)	14	20	20
<b>Non-commercial</b>	<b>6</b>	<b>8</b>	<b>8</b>
<b>Total domestic consumption</b>	<b>3 007</b>	<b>3 100</b>	<b>3 038</b>
<b>Plus: Exports</b>	<b>179</b>	<b>260</b>	<b>230</b>
Products	24	20	20
Whole grain	155	240	210
<b>Total demand</b>	<b>3 186</b>	<b>3 360</b>	<b>3 268</b>
<b>Closing stocks: 30 September</b>	<b>478</b>	<b>631</b>	<b>620</b>
<b>Pipeline requirements (80 days of human consumption)</b>	<b>645</b>	<b>636</b>	<b>637</b>
<b>Domestic shortfall / surplus</b>	<b>-1 637</b>	<b>-1 245</b>	<b>-1 437</b>
<b>Import gap</b>	<b>1 637</b>	<b>1 245</b>	<b>1 437</b>
<b>Surplus above pipeline</b>	<b>-167</b>	<b>-5</b>	<b>-17</b>

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

- The projected closing stocks (30 September 2012) of wheat for the current 2011/12 marketing year is 631 000 tons, which is 32,0% more than the previous year (478 000 tons). It is also 19,5% more than the five year average of 528 000 tons. The year-on-year increase can mainly be attributed to the larger wheat crop for the current marketing year.
- The animal feed usage of wheat for the first six months of the current marketing year is estimated at 115 000 tons which is the highest number recorded since the 175 000 tons in the 1996/97 marketing year.
- The progressive wheat imports from 1 October 2011 to 1 June 2012, stand at 1,103 million tons, with the largest quantity (372 938 or 33,8%) imported from Argentina followed by Brazil (190 799 or 17,3%), Australia (149 389 tons or 13,5%) and Russia (124 938 tons or 11,3%).
- There were also wheat exports from South Africa to the BLNS countries. Progressive exports (October to May) to the BLNS countries, Zambia, Zimbabwe and Mozambique stand at 198 994 tons.
- The projected production figure of the coming 2012/13 marketing year is 1,599 million tons, which is 16,1% less than the 1,905 million tons produced during the previous year. The projected closing stocks (30 September 2013) of wheat for the same year is 620 000 tons, which is slightly (1,7%) less than the previous year (631 000 tons).



### 3.2 Summer grains

**Table 5: Supply and demand for White Maize as at 1 June 2012**

<b>Marketing Year: May – April</b>	<b>2010/11</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Calendar Year</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>1 362</b>	<b>1 610</b>	<b>524</b>
SAGIS Opening Stocks	1 362	1 610	524
<b>Gross Production</b>	<b>8 164</b>	<b>6 596</b>	<b>6 735</b>
Commercial production	7 623	6 100	6 274
Retentions by producers	119	100	85
<b>Non-commercial</b>	<b>422</b>	<b>396</b>	<b>375</b>
<b>Total Domestic Supply</b>	<b>9 526</b>	<b>8 206</b>	<b>7 258</b>
Imports	-	133	15
<b>Total Supply</b>	<b>9 526</b>	<b>8 339</b>	<b>7 273</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>6 370</b>	<b>5 625</b>	<b>5 465</b>
Human	4 159	4 101	4 240
Animal	1 658	1 200	900
Gristing	56	52	60
Retentions by producers	102	85	70
Seed for planting purposes	16	15	15
Other consumption (released to end-con & withdrawn by producers)	379	172	180
<b>Non-commercial</b>	<b>422</b>	<b>396</b>	<b>375</b>
<b>Total Domestic Consumption</b>	<b>6 792</b>	<b>6 021</b>	<b>5 840</b>
<b>Exports</b>	<b>1 124</b>	<b>1 794</b>	<b>920</b>
Products	75	60	70
Whole grain	1 049	1 734	850
<b>Total Demand</b>	<b>7 916</b>	<b>7 815</b>	<b>6 760</b>
<b>Closing Stocks: 30 April</b>	<b>1 610</b>	<b>524</b>	<b>513</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>724</b>	<b>660</b>	<b>641</b>
<b>Domestic Shortfall / Surplus</b>	<b>2 010</b>	<b>1 525</b>	<b>777</b>
<b>Surplus/ Shortage above pipeline</b>	<b>886</b>	<b>-136</b>	<b>-128</b>

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

- Closing stocks of white maize for the 2011/12 marketing year was 524 000 tons, which was the lowest total recorded since the 412 000 tons in the 1999/00 marketing year. It was also 67,5% less than the previous year (1,609 million tons). This decrease could mainly be attributed to the lower production figure of white maize during the 2011 calendar year as well as a significant increase in exports.
- From 1 May up to 1 June 2012, progressive white maize exports stand at 56 707 tons.
- The progressive white maize imports from 1 May to 1 June 2012, stand at 6 494 tons, with Zambia the main source of imports.
- Projected closing stocks of white maize for the current 2012/13 marketing year is 513 000 tons, which is 2,1% less than the previous year (524 000 tons). This increase can mainly be attributed to the expected increase in the production figure of white maize for the 2012 calendar year.



**Table 6: Supply and demand for Yellow Maize as at 1 June 2012**

<b>Marketing Year: May – April</b>	<b>2010/11</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Calendar Year</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>769</b>	<b>726</b>	<b>478</b>
SAGIS Opening Stocks	769	726	478
<b>Gross Production</b>	<b>5 133</b>	<b>4 767</b>	<b>4 907</b>
Commercial production	4 541	4 225	4 381
Retentions by producers	408	374	315
<b>Non-commercial</b>	<b>184</b>	<b>168</b>	<b>211</b>
<b>Total Domestic Supply</b>	<b>5 902</b>	<b>5 493</b>	<b>5 385</b>
Imports	-	306	300
<b>Total Supply</b>	<b>5 902</b>	<b>5 799</b>	<b>5 685</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>3 924</b>	<b>4 375</b>	<b>4 729</b>
Human	356	391	400
Animal	2 613	3 143	3 580
Gristing	17	14	14
Retentions by producers	394	360	301
Seed for planting purposes	14	14	14
Other consumption (released to end-con & withdrawn by producers)	530	453	420
<b>Non-commercial</b>	<b>184</b>	<b>168</b>	<b>211</b>
<b>Total Domestic Consumption</b>	<b>4 108</b>	<b>4 543</b>	<b>4 940</b>
<b>Exports</b>	<b>1 068</b>	<b>778</b>	<b>200</b>
Products	51	66	50
Whole grain	1 017	712	150
<b>Total Demand</b>	<b>5 176</b>	<b>5 321</b>	<b>5 140</b>
<b>Closing Stocks: 30 April</b>	<b>726</b>	<b>478</b>	<b>545</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>368</b>	<b>437</b>	<b>492</b>
<b>Domestic Shortfall / Surplus</b>	<b>1 426</b>	<b>513</b>	<b>-47</b>
<b>Import gap</b>			<b>47</b>
<b>Surplus/ Shortage above pipeline</b>	<b>358</b>	<b>41</b>	<b>53</b>

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

- Closing stocks of yellow maize for the 2011/12 marketing year was 478 000 tons, which was the lowest total recorded since the 439 000 tons in the 2007/08 marketing year. It was also 34,2% less than closing stocks of 726 000 tons for the 2010/11 marketing year. This decrease could mainly be attributed to the lower yellow maize crop for the 2011 calendar year.
- From 1 May up to 1 June 2012, progressive yellow maize exports stand at 8 903 tons. No imports were reported for the mentioned period.
- Projected closing stocks of yellow maize for the current 2012/13 marketing year is 545 000 tons, which 14,0% more than the previous year (478 000). This increase can mainly be attributed to the expected increase in the production figure of yellow maize for the 2012 calendar year.





**Table 7: Supply and demand for Maize as at 1 June 2012**

<b>Marketing Year: May – April</b>	<b>2010/11</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Calendar Year</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>2,131</b>	<b>2,336</b>	<b>1,002</b>
SAGIS Opening Stocks	2,131	2,336	1,002
<b>Gross Production</b>	<b>13 298</b>	<b>11 363</b>	<b>11 643</b>
Commercial production	12 165	10 325	10 656
Retentions by producers	527	474	400
<b>Non-commercial</b>	<b>606</b>	<b>564</b>	<b>587</b>
<b>Total Domestic Supply</b>	<b>15 429</b>	<b>13 699</b>	<b>12 645</b>
Imports	-	439	315
<b>Total Supply</b>	<b>15 429</b>	<b>14 138</b>	<b>12 960</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>10 295</b>	<b>10 000</b>	<b>10 194</b>
Human	4 515	4 492	4 640
Animal	4 271	4 343	4 480
Gristing	73	66	74
Retentions by producers	497	445	371
Seed for planting purposes	30	29	29
Other consumption (released to end-con & withdrawn by producers)	909	625	600
<b>Non-commercial</b>	<b>606</b>	<b>564</b>	<b>587</b>
<b>Total Domestic Consumption</b>	<b>10 901</b>	<b>10 564</b>	<b>10 781</b>
<b>Exports</b>	<b>2 192</b>	<b>2 572</b>	<b>1 120</b>
Products	126	126	120
Whole grain	2 066	2 446	1 000
<b>Total Demand</b>	<b>13 093</b>	<b>13 136</b>	<b>11 901</b>
<b>Closing Stocks: 30 April</b>	<b>2 336</b>	<b>1 002</b>	<b>1 059</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>1 092</b>	<b>1 097</b>	<b>1 134</b>
<b>Domestic Shortfall / Surplus</b>	<b>3 436</b>	<b>2 038</b>	<b>730</b>
<b>Surplus/ Shortage above pipeline</b>	<b>1 244</b>	<b>-95</b>	<b>-75</b>

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

- Closing stocks of maize for the 2011/12 marketing year was 1,002 million tons, which is 57,1% less than the previous years' closing stock of 2,336 million tons. This is the lowest total recorded since the 770 000 tons in the 1999/00 marketing year.
- From 1 May up to 1 June 2012, the progressive grand total of exports is 65 610 tons and for imports the progressive grand total is 6 494 tons.
- Projected closing stocks of maize for the current 2012/13 marketing year is 1,059 million tons, which 5,7% more than the previous year (1,002 million tons). This increase can mainly be attributed to the expected increase in the production figure of total maize for the 2012 calendar year.



**Table 8: Supply and demand for Sorghum as at 1 June 2012**

<b>Marketing year: April - March</b>	<b>2010/11</b>	<b>2011/12*</b>	<b>2012/13*</b>
<b>Production year</b>	<b>2009/2010</b>	<b>2010/11*</b>	<b>2011/12*</b>
<b>Calendar year</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
	<b>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening stocks: 1 April</b>	<b>93,2</b>	<b>58,1</b>	<b>54,7</b>
SAGIS opening stocks	93,2	58,1	54,7
<b>Gross production</b>	<b>226,0</b>	<b>187,0</b>	<b>162,2</b>
Commercial production	196,5	163,7	141,1
Non-commercial	29,5	23,3	21,1
<b>Total domestic supply</b>	<b>319,2</b>	<b>245,1</b>	<b>216,9</b>
Plus: Imports	-	60,4	88,0
<b>Total supply</b>	<b>319,2</b>	<b>305,5</b>	<b>304,9</b>
<b>Demand</b>			
<b>Food consumption</b>	<b>181,8</b>	<b>182,2</b>	<b>182,2</b>
Malt	79,2	81,3	81,3
Meal	102,6	100,9	100,9
Brew	-	-	-
<b>Feed consumption</b>	<b>8,6</b>	<b>7,1</b>	<b>7,1</b>
Pet food	1,1	1,1	1,1
Poultry	4,8	5,5	5,5
Other feed	2,7	0,5	0,5
<b>Total commercial consumption</b>	<b>190,4</b>	<b>189,3</b>	<b>189,3</b>
<b>Other consumption</b>	<b>13,4</b>	<b>11,1</b>	<b>11,1</b>
<b>Balancing item</b>	<b>3,6</b>	<b>1,9</b>	<b>6,5</b>
<b>Non-commercial</b>	<b>29,5</b>	<b>23,3</b>	<b>21,1</b>
<b>Total domestic consumption</b>	<b>236,9</b>	<b>225,6</b>	<b>228,0</b>
<b>Plus: Exports</b>	<b>24,2</b>	<b>25,2</b>	<b>25,2</b>
Exports through border posts	20,3	21,4	21,4
Exports through harbours	0,6	-	-
Products to African countries	3,3	3,8	3,8
<b>Total demand</b>	<b>261,1</b>	<b>250,8</b>	<b>253,2</b>
<b>Closing stocks: 31 March</b>	<b>58,1</b>	<b>54,7</b>	<b>51,7</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>23,5</b>	<b>23,3</b>	<b>23,3</b>
<b>Domestic surplus / deficit</b>	<b>58,8</b>	<b>-3,8</b>	<b>-34,4</b>
<b>Import gap</b>	<b>-</b>	<b>3,8</b>	<b>34,4</b>
<b>Surplus/ Shortage above pipeline</b>	<b>34,6</b>	<b>31,4</b>	<b>28,4</b>

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

- The projected closing stocks of sorghum for the 2011/12 marketing year showed a surplus of 54 700 tons. It was 5,9% less than the previous years' closing stock of 58 100 tons, as well as 17,6% less than the five year average of 66 400 tons.
- The projected closing stocks of sorghum for the current 2012/13 marketing year show a surplus of 51 700 tons, which is 5,5% less than the previous year (54 700 tons) and can be attributed to lower expected production figure for 2012. Imports of sorghum for the mentioned year are projected at 88 000 tons, which is 45,7% more than the 60 400 tons of the previous year.



### 3.3 International maize and wheat outlook 2012/13

- **Maize:** With plantings and yields projected at new records, the global maize crop is forecasted to increase by more than 5%, to 913 million tons. Early seeding has reinforced expectations for a huge US harvest. Assuming a significant increase in the harvested area, and with yields forecasted to match the 10-year trend, US production is projected at 355 million tons, up by 13% year-on-year. Compared to 2011/12, world availabilities are expected to be more comfortable and maize could replace some wheat in livestock feed rations. Feed use is forecasted to increase by 5%, but growth in industrial consumption will be slower than in recent years, at approximately 2%. World stocks are projected to increase to their highest level in three years, almost entirely attributable to the US. Firm demand and increased exportable supplies are expected to lift July/June trade to a new record of 102 million tons.
- **Wheat:** Global 2012/13 crop prospects remained mostly favourable during May 2012, but adverse conditions lowered harvest expectations in the EU, Russia and Morocco, contributing to a 5 million tons cut in the world production forecast, to 671 million tons (695 million). The higher than previously forecasted feed use, slightly increases the projection of world consumption but, at 681 million tons, it is still expected to be 7 million tons lower than in 2011/12. World wheat stocks at the start of 2012/13 are placed at 8 million tons below the projection in April's report, mainly because of a higher than previously estimated feed use in the past year. Reflecting the lower stocks at the beginning of the season and a cut in the production forecast, carry-over stocks at the end of 2012/13 are 15 million tons lower (than in April 2012) at 191 million tons (202 million). Those in the major exporters are forecasted to recede by 8,4 million tons, to 62,4 million tons, including a draw-down from heavy opening levels in Australia, Kazakhstan and Ukraine. Reduced imports of feed wheat are expected to see world trade dip by 7,4 million tons from the anticipated 2011/12 record, to 135,7 million tons. The share of global trade taken by Black Sea exporters may not be as high, with smaller crops seen restricting shipments by Russia and Ukraine. Exports surpluses are expected to be smaller in the EU and Argentina, but increased production and reduced competition will likely boost sales by the US.

## 4. Market information

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### 4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in April 2012 was 6,1%. This rate was 0,1% higher than the corresponding annual rate of 6,0% in March 2012. On average, prices increased by 0,4% between March 2012 and April 2012.
- The food and non-alcoholic beverages index was unchanged between March 2012 and April 2012. The annual rate increased to 8,7% in April 2012 from 8,6% in March 2012. The following components in the food and non alcoholic beverages index increased: Fruit (4,1%), vegetables (1,3%), fish (0,9%) and milk, eggs and cheese (0,7%). The following components decreased: Sugar, sweets and desserts (-0,9%), cold beverages (-0,9%), meat (-0,6%), oils and fats (-0,5%), other food (-0,5%), bread and cereals (-0,4%) and hot beverages (-0,4%).
- The housing and utilities index increased by 0,1% between March 2012 and April 2012, mainly due to a 0,6% increase in the prices of maintenance and repair. The annual rate increased to 6,7% in April 2012 from 6,6% in March 2012.
- The transport index increased by 1,6% between March 2012 and April 2012, mainly due to a 71-72c/litre increase in the price of petrol. The annual rate increased to 6,9% in April 2012 from 6,6% in March 2012.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Gauteng (6,1%), Limpopo (5,9%) and Western Cape (5,7%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (7,5%), Eastern Cape (7,1%), KwaZulu-Natal (6,6%), North West (6,5%), Mpumalanga (6,5%) and Free State (6,2%).

### 4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 6,6% in April 2012 (i.e. the PPI in April 2012 compared with April 2011). This rate is 0,6% lower than the corresponding annual rate of 7,2% in March 2012.
- This lower annual rate in April 2012 can be explained by decreases in the annual rate of change in the Producer Price Index for:



- Electricity: The annual rate decreased from 27,6% in March 2012 to 21,3% in April 2012;
- Products of petroleum and coal: The annual rate decreased from 19,1% in March 2012 to 12,9% in April 2012;
- Metal products: The annual rate decreased from 8,5% in March 2012 to 7,7% in April 2012; and
- Basic metals: The annual rate decreased from -0,8% in March 2012 to -4,3% in April 2012.
- These decreases were partially counteracted by increases in the annual rate of change for:
  - Mining and quarrying: The annual rate increased from 6,6% in March 2012 to 7,6% in April 2012;
  - Other manufactures: The annual rate increased from 7,8% in March 2012 to 10,2% in April 2012;
  - Rubber and plastic products: The annual rate increased from 4,6% in March 2012 to 7,1% in April 2012; and
  - Electrical machinery and apparatus: The annual rate increased from 1,8% in March 2012 to 3,3% in April 2012.
- From March 2012 to April 2012 the PPI for domestic output increased by 0,3%.
- The monthly increase of 0,3% in the PPI for domestic output was mainly due to monthly contributions from increases in the price indices of electricity (0,5 %), rubber and plastic products (0,1%) and other manufactures (0,1%). These increases were partially counteracted by decreases in the price indices of basic metals (-0,3%) and mining and quarrying (-0,1%).

#### **4.3 Monetary Policy Committee Statement**

- The SA Reserve Bank's Monetary Policy Committee (MPC) has left the repo rate unchanged at 5,5% per annum, Governor Gill Marcus announced on Thursday, 24 May 2012, following a three-day Committee Meeting.
- The rate was cut by 50 basis points to 5,5% in November 2010, which was the lowest reading in almost 30 years and resulted in a real interest rate of about 1%.
- Since the previous meeting of the MPC the risks posed to the global and domestic economy from the crisis in Europe have intensified. The mounting speculation about a possible Greek exit from the Eurozone has shaken financial markets as the dangers of contagion effects translating into a global crisis escalate. These developments have the potential to further undermine the fragile recovery in the advanced economies, and reinforce the current slowdown seen in some of the major emerging market economies.
- Food prices have continued their moderating trend which is expected to continue in the short term, notwithstanding the reversal in April that was due to base effects. However, global food prices have increased in the first quarter of this year, and although they remain well below the levels reached in 2011, may indicate further food price pressures in the medium term.
- Administered price increases remain on average in excess of the upper end of the target range and the main factor keeping upside pressure on inflation. Administered price inflation measured 11,6% in April, and 8,9% when excluding petrol. The main drivers included the 17,3% increase in electricity prices and the 9,0% increase in education costs. Communication costs, by contrast, continued to decline.
- The greater uncertainty in Europe and associated global financial market turbulence has impacted on the perceived risks to the outlook for both domestic inflation and growth. The MPC is of the view that these developments pose a downside risk to the hesitant domestic growth prospects.
- The balance of risks to the inflation outlook is less clear. While the inflation forecast appears to be more favourable, there are renewed upside risks from a possible further weakening of the exchange rate. However, countervailing pressures could come from weaker demand and lower commodity prices, particularly those of oil. On balance the Committee judges these risks to the inflation outlook to be somewhat on the upside.
- In this highly volatile and uncertain environment the MPC is of the view that it is appropriate to maintain the current accommodative monetary policy stance, given the continued absence of clear signs of excess demand pressures. However, the Committee will continue to monitor events closely and assess the risks to the outlook on an ongoing basis, and stands ready to act in either direction should it be deemed appropriate.

#### **4.4 Quarterly Food Price Monitor – May 2012**

- The April 2012 Consumer Price Index (CPI) released by Statistics South Africa (Stats SA) showed that food and non-alcoholic beverages inflation was 8,7%. Headline CPI increased by 6,1% between April 2011 and April 2012. The previous Food Price Monitor (FPM) of February 2012 reported that the food and non-alcoholic beverages index increased by 10,3% between January 2011 and January 2012. Since the last report, food and non-alcoholic beverages inflation increased on a year-on-year basis by 9,6% in February 2012 and 8,6% in March 2012.



- At the retail level, urban consumers paid R 8,23 for a 700g loaf of brown bread and R 9,19 for a loaf of 700g white bread during April 2012, a 12,74% and 11,66% increase, respectively compared to April 2011. The domestic white maize price increased by 41,08% compared to April 2011. At the retail level urban consumers paid 34,6% more for a super maize meal (5kg) and 56,01% more for special maize meal (5kg) in April 2012 compared to April 2011.
- In April 2012, rural consumers paid R14,89 more than urban consumers for the same food basket, a figure higher than the R2,37 reported in the previous FPM. In April 2012, rural consumers paid R8,24 more than urban consumers for maize meal (5kg), which is significantly higher than the price difference reported in April 2011. A loaf of white bread, a loaf of brown bread, sunflower oil 750ml and Ceylon/black tea are the only food items for which rural consumers paid less than urban consumers in April 2012.
- The cost of the food basket, expressed as a share of the average monthly income of the poorest 30% of the population, increased from 34,1% in April 2011 to 38,7% in April 2012, representing the highest share during this analysis period. When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on April 2012 versus April 2011 prices, there was a significant inflation of about 20,2 % (from R3,15 to R3,79 for the selection of portions).

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

**Table 9: Closing prices on Monday, 4 June 2012**

	4 June 2012	4 May 2012	% Change
<b>RSA White Maize per ton (June contract)</b>	R2 018,00	R2 052,00	-1,7
<b>RSA Yellow Maize per ton (June contract)</b>	R1 990,00	R1 979,00	+0,6
<b>RSA Wheat per ton (June contract)</b>	R2 889,00	R2 690,00	+7,4
<b>RSA Soya-beans per ton (June contract)</b>	R4 240,00	R4 009,00	+5,8
<b>RSA Sunflower seed per ton (June contract)</b>	R4 730,00	R4 805,00	-1,6
<b>Exchange rate R/\$</b>	R8,52	R7,74	+10,1

Source: SAFEX

#### 4.6 Agricultural machinery sales

- April tractor sales of 528 units were almost 44% higher than the sales of 368 units reported in April 2011. On a year-to-date basis 2012 sales are 38% higher than 2011 sales. April combine harvester sales of 64 units were significantly higher than the 42 units sold in April 2011. On a year-to-date basis combine harvester sales are now almost 32% up on last year.
- Fundamentals in the market still remain positive. Recent deliveries on government tenders continue to give the market a boost. The market is still very competitive. Crop prices are still holding up well, with stock levels being finely balanced between supply and demand. This will have a bearing on crop prices as local and international grain stocks are quite low. Local harvesting is only just beginning, thus farmers do not yet have a good feel for what their crops will yield. Once harvesting is proceeding in earnest, farmers will have a better idea about the quality and quantity of the current crop. This should then give the lead to the direction of the agricultural machinery market over the next few months. Industry predictions for tractor sales for the 2012 calendar year are currently between 6 700 and 7 300 units, up to 10% down on 2011 sales.

**Table 10: Agricultural machinery sales**

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	April			April		
	2012	2011		2012	2011	
Tractors	528	368	43,5	2 763	1 998	38,3
Combine harvesters	64	42	52,4	120	91	31,9

Source: SAAMA press release, May 2012



## 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