

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

**Issued: 7 June 2013**

## **Directorate: Statistics and Economic Analysis**

### **Highlights:**

- During May 2013, significant rainfall events were limited to coastal regions, as well as the eastern part of the Mpumalanga Province.
- The projected closing stocks of wheat for the current 2012/13 marketing year is 564 000 tons, which includes imports of 1,450 million tons.
- The projected closing stocks of wheat for the coming 2013/14 marketing year is 574 000 tons, which includes imports of 1,7 million tons.
- The expected commercial maize crop is 11,440 million tons, which is 6% less than the 12,121 million tons of the previous season.
- The projected closing stocks of maize for the previous 2012/13 marketing year was 1,463 million tons, which 47% more than the previous year.
- Projected closing stocks of maize for the current 2013/14 marketing year is 1,150 million tons, which is 21% less than the previous year.
- The projected closing stocks of sorghum for the current 2013/14 marketing year is 35 500 tons, which is 27% less than the previous year.
- The headline CPI (for all urban areas) annual inflation rate in April 2013 was unchanged at 5,9%.
- The annual percentage change in the PPI was higher at 5,4% in April 2013.
- The SA Reserve Bank's Monetary Policy Committee has left the repo rate unchanged at 5,5% per annum.
- South Africa's real gross domestic product (GDP) increased by 0,9% in the first quarter of 2013.
- May 2013 tractor sales of 550 units were 5% lower than the 580 units reported in May 2012.



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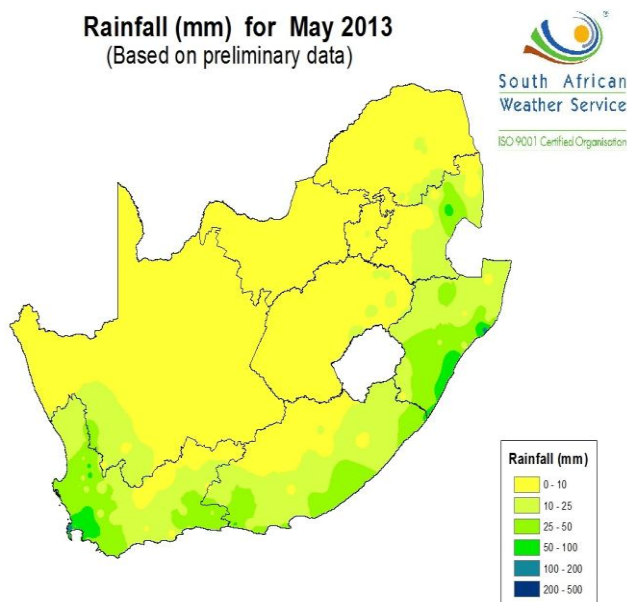


# 1. Weather conditions

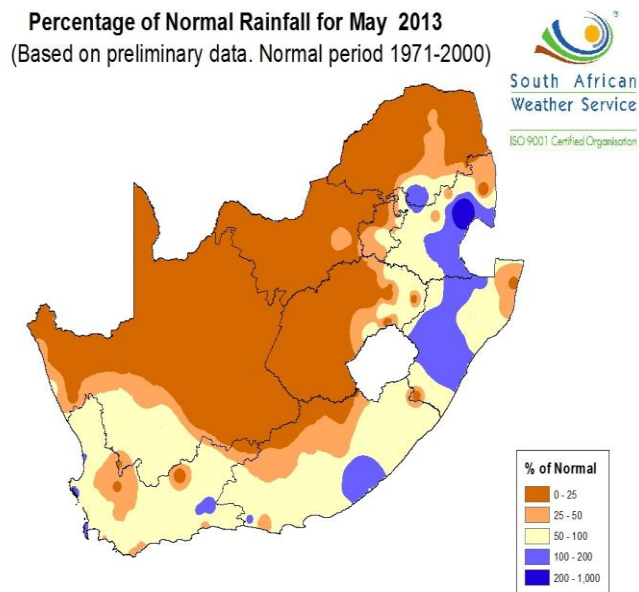
## 1.1 Rainfall for May 2013

During May 2013, significant rainfall events were limited to coastal regions, as well as the eastern part of the Mpumalanga Province (**Figure 1**). Comparing rainfall totals to the long term average for May 2013, near-normal rainfall with isolated areas of above-normal rainfall were confined to the coastal Provinces as well as the Mpumalanga Province (**Figure 2**). The remainder of the country received below-normal rainfall.

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



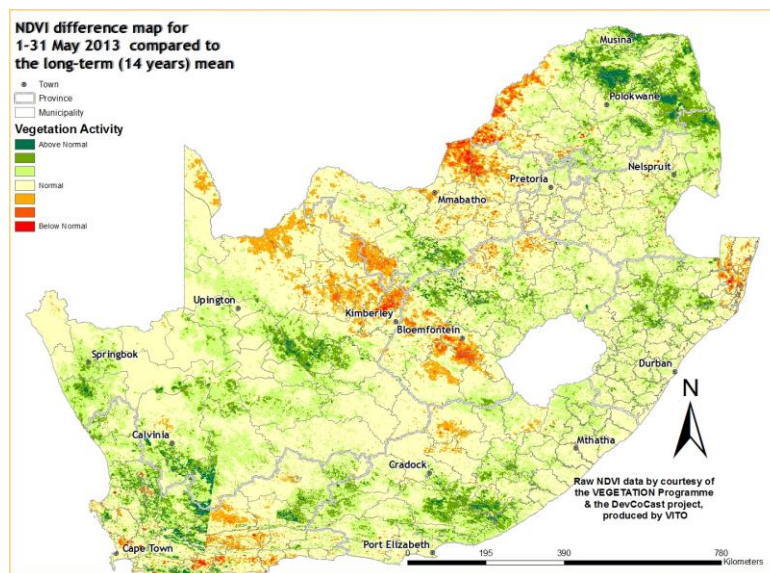
**Figure 2: Percentage rainfall for May 2013**



## 1.2 Vegetation activity

Vegetation conditions for May 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 May 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 fourth production forecast for the commercial summer crops for 2013 on 23 May 2013; and is as follows:

**Table 1: Area planted and fourth production forecast of commercial summer crops for 2013**

CROP	Area planted	4th forecast	Area planted	Final crop	Change
	2013	2013	2012	2012	
	Ha	Tons	Ha	Tons	%
	(A)	(B)	(C)	(D)	(B) ÷ (D)
White maize	1 617 200	<b>6 026 200</b>	1 636 200	6 903 656	-12,71
Yellow maize	1 164 000	<b>5 414 050</b>	1 063 000	5 217 000	3,78
Maize	2 781 200	<b>11 440 250</b>	2 699 200	12 120 656	-5,61
Sunflower seed	504 700	<b>554 500</b>	453 350	522 000	6,23
Soya-beans	516 500	<b>825 600</b>	472 000	650 000	27,02
Groundnuts	46 900	<b>50 600</b>	45 450	59 000	-14,24
Sorghum	62 620	<b>168 114</b>	48 550	135 500	24,07
Dry beans	43 550	<b>57 780</b>	39 750	47 695	21,15
<b>TOTAL</b>	<b>3 955 470</b>	<b>13 039 064</b>	<b>3 758 300</b>	<b>13 534 851</b>	<b>-3,66</b>

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

- The expected size of commercial maize crop is 11,440 million tons, which is 5,61% less than the 12,121 million tons of the previous season. The expected yield is 4,11 t/ha, as against the 4,49 t/ha of 2012.
- The area estimate for maize is 2,781 million ha, while 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 of white maize is 6,026 million tons, which is 877 456 tons or 12,71% less than the 6,904 million tons of the previous season. The yield for white maize is 3,73 t/ha, as against the previous 4,22 t/ha. In the case of yellow maize the production forecast is 5,414 million tons, which is 197 050 tons or 3,78% more than the 5,217 million tons of the previous season. The yield for yellow maize is 4,65 t/ha as against the previous 4,91 t/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 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 825 600 tons, which is 27,02% 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 1,60 t/ha, compared to the 1,38 t/ha of 2012.
- The expected groundnut crop is 50 600 tons, which is 14,24% 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 1,08 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 57 780 tons, which is 21,15% 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 1,33 t/ha, against the 1,20 t/ha of 2012.

*Please note that the fifth production forecast for summer field crops for 2013 will be released on 25 June 2013.*

## 2.2 Winter cereal crops

*Please note that the preliminary area estimate of winter crops for 2013 will be released on 25 July 2013.*

## 3. Cereal balance sheets

Supply and demand data for April 2013 was released by SAGIS on 23 May 2013. *(Preliminary information is subject to change on a monthly basis).*

### 3.1 Winter cereals

**Table 2: Supply and demand for Wheat as at 6 June 2013**

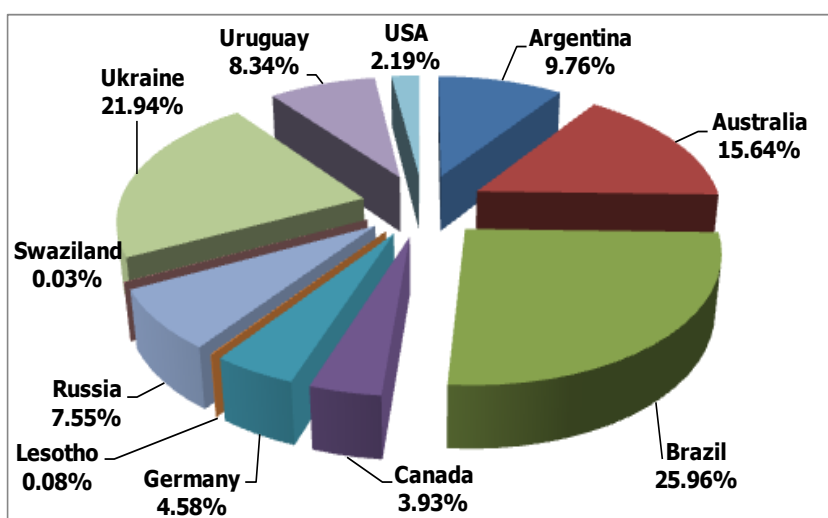
<b>Marketing year (October to September)</b>	<b>2011/12</b>	<b>2012/13*</b>	<b>2013/14*</b>
<b>Production &amp; Calendar year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Supply</b>			
<b>Opening stocks: 1 October</b>	<b>478</b>	<b>651</b>	<b>565</b>
SAGIS opening stocks	478	651	565
<b>Gross production</b>	<b>2,014</b>	<b>1,879</b>	<b>1,662</b>
Commercial production	1,976	1,835	1,624
Retentions by producers	29	35	29
<b>Non-commercial</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total domestic supply</b>	<b>2,492</b>	<b>2,530</b>	<b>2,227</b>
Plus: Imports	1,724	1,450	1,700
<b>Total supply</b>	<b>4,216</b>	<b>3,980</b>	<b>3,927</b>
<b>Demand</b>			
<b>Commercial consumption</b>	<b>3,268</b>	<b>3,111</b>	<b>3,090</b>
Human	3,066	3,000	3,000
Animal	136	40	25
Retentions by producers	29	35	29
Seed for planting purposes	18	21	21
Other consumption (released to end con's +withdrawn by prod's +retentions + gristing)	19	15	15
<b>Non-commercial</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total domestic consumption</b>	<b>3,277</b>	<b>3,120</b>	<b>3,099</b>
<b>Plus: Exports</b>	<b>288</b>	<b>296</b>	<b>254</b>
Products	19	21	21
Whole grain	269	275	233
<b>Total demand</b>	<b>3,565</b>	<b>3,416</b>	<b>3,353</b>
<b>Closing stocks: 30 September</b>	<b>651</b>	<b>564</b>	<b>574</b>
<b>Pipeline requirements (80 days of human consumption)</b>	<b>672</b>	<b>658</b>	<b>658</b>
<b>Domestic shortfall / surplus</b>	<b>-1,457</b>	<b>-1,248</b>	<b>-1,530</b>
<b>Import gap</b>	<b>1,457</b>	<b>1,248</b>	<b>1,530</b>
<b>Surplus above pipeline</b>	<b>-21</b>	<b>-94</b>	<b>-84</b>

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



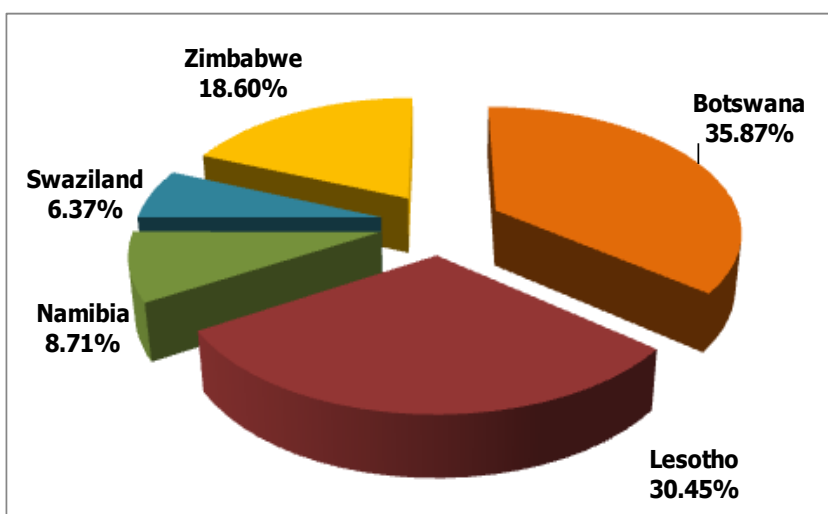
- Projected closing stocks of wheat for the current 2012/13 marketing year is 564 000 tons, which is 13,4% less than the previous year (651 000 tons). This decrease can mainly be attributed to the lower production and lower projected import figures of wheat for the 2012 calendar year.
- The intentions to plant wheat for 2013 is estimated at 516 600 ha and by applying a 3 year average yield of 3,2 t/ha, brings the projected total commercial production (including retentions) to 1,653 million tons. The total supply of wheat for the coming 2013/14 marketing year is projected at 3,927 million tons, including projected imports of 1,7 million tons.
- The total demand of wheat for the coming 2013/14 marketing year is projected at 3,353 million tons, including exports of 254 000 tons. Thus, the closing stocks is 574 000 tons, which is 1,8% more than the 564 000 tons for the previous year.
- The progressive wheat imports from 29 September 2012 to 31 May 2013, stand at 895 242 tons, with the largest quantity (232 434 or 26%) imported from Brazil, followed by Ukraine (196 392 tons or 22%), Australia (140 022 tons or 16%), Argentina (87 344 tons or 10%), Uruguay (74 648 tons or 8%), Russia (67 608 tons or 8%), Germany (40 997 tons or 5%), and Canada (35 181 tons or 4%). Apart from the USA (19 630 tons), it is interesting to note that small quantities (698 and 288 tons) were also imported from Lesotho and Swaziland.

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



- The progressive wheat exports from 29 September 2012 to 31 May 2013, stand at 187 092 tons, with the largest quantity (67 101 or 36%) exported to Botswana, followed by Lesotho (56 977 tons or 30%), Zimbabwe (34 797 tons or 19%), Namibia (16 299 tons or 9%), and Swaziland (11 918 tons or 6%).

**Graph 2: Major countries of wheat exports from South Africa: 2012/13 marketing year**





### 3.2 Summer grains

**Table 3: Supply and demand for White Maize as at 6 June 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>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>1,609</b>	<b>518</b>	<b>785</b>
SAGIS Opening Stocks	1,609	518	785
<b>Gross Production</b>	<b>6,601</b>	<b>7,333</b>	<b>6,486</b>
Commercial production	6,105	6,790	5,912
Retentions by producers	100	114	114
<b>Non-commercial</b>	<b>396</b>	<b>429</b>	<b>460</b>
<b>Total Domestic Supply</b>	<b>8,210</b>	<b>7,851</b>	<b>7,271</b>
Imports	133	11	
<b>Total Supply</b>	<b>8,343</b>	<b>7,862</b>	<b>7,271</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>5,635</b>	<b>5,184</b>	<b>5,159</b>
Human	4,119	4,057	4,150
Animal	1,202	902	700
Gristing	53	48	48
Retentions by producers	85	98	98
Seed for planting purposes	15	16	16
Other consumption (released to end-con & withdrawn by producers)	161	63	147
<b>Non-commercial</b>	<b>396</b>	<b>429</b>	<b>460</b>
<b>Total Domestic Consumption</b>	<b>6,031</b>	<b>5,613</b>	<b>5,619</b>
<b>Exports</b>	<b>1,794</b>	<b>1,464</b>	<b>1 080</b>
Products	60	64	60
Whole grain	1,734	1,400	1 020
<b>Total Demand</b>	<b>7,825</b>	<b>7,077</b>	<b>6,699</b>
<b>Closing Stocks: 30 April</b>	<b>518</b>	<b>785</b>	<b>572</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>663</b>	<b>617</b>	<b>604</b>
<b>Domestic Shortfall / Surplus</b>	<b>1,516</b>	<b>1,621</b>	<b>1 048</b>
<b>Surplus/ Shortage above pipeline</b>	<b>-144</b>	<b>168</b>	<b>-32</b>

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

- The closing stocks of white maize for the previous 2012/13 marketing year was 785 000 tons, which is 51,5% more than the previous year (518 000 tons). This increase could mainly be attributed to the higher production figure, as well as the lower export figure for the 2012 calendar year. The final export figure of 1,464 million tons is 18,4% less than the 1,794 million tons of the previous year.
- From 27 April 2013 up to 31 May 2013, progressive white maize exports stand at 90 618 tons of which 36 824 tons or 40,6% were exported to the BLNS countries, followed by Mexico with 36 700 tons or 40,5%. No imports were reported for the mentioned period.
- Projected closing stocks of white maize for the current 2013/14 marketing year is 572 000 tons, which is 27,1% less than the previous year (785 000 tons). This decrease can mainly be attributed to the expected decrease in the production figure of white maize for 2013 due to the prolonged drought conditions experienced earlier in the year in the major production regions.



**Table 4: Supply and demand for Yellow Maize as at 6 June 2013**

<b>Marketing Year: May – April</b> <b>Calendar Year</b>	<b>2011/12</b> <b>2011</b>	<b>2012/13</b> <b>2012</b>	<b>2013/14*</b> <b>2013*</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>727</b>	<b>476</b>	<b>679</b>
SAGIS Opening Stocks	727	476	679
<b>Gross Production</b>	<b>4,777</b>	<b>5,426</b>	<b>5,629</b>
Commercial production	4,235	4,898	5,095
Retentions by producers	374	319	319
<b>Non-commercial</b>	<b>168</b>	<b>209</b>	<b>215</b>
<b>Total Domestic Supply</b>	<b>5,504</b>	<b>5,902</b>	<b>6,308</b>
Imports	288		
<b>Total Supply</b>	<b>5,792</b>	<b>5,902</b>	<b>6,308</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>4,367</b>	<b>4,538</b>	<b>4,812</b>
Human	393	397	380
Animal	3,160	3,458	3,700
Gristing	14	10	13
Retentions by producers	360	304	304
Seed for planting purposes	14	15	15
Other consumption (released to end-con & withdrawn by producers)	426	354	400
<b>Non-commercial</b>	<b>168</b>	<b>209</b>	<b>215</b>
<b>Total Domestic Consumption</b>	<b>4,535</b>	<b>4,747</b>	<b>5,027</b>
<b>Exports</b>	<b>781</b>	<b>476</b>	<b>702</b>
Products	69	64	52
Whole grain	712	412	650
<b>Total Demand</b>	<b>5,316</b>	<b>5,223</b>	<b>5,729</b>
<b>Closing Stocks: 30 April</b>	<b>476</b>	<b>679</b>	<b>579</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>440</b>	<b>477</b>	<b>505</b>
<b>Domestic Shortfall / Surplus</b>	<b>529</b>	<b>678</b>	<b>776</b>
<b>Surplus/ Shortage above pipeline</b>	<b>36</b>	<b>202</b>	<b>74</b>

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

- Projected closing stocks of yellow maize for the previous 2012/13 marketing year was 679 000 tons, which 42,6% more than the previous year (476 000 tons). This increase could mainly be attributed to the increase in the production figure of yellow maize for the 2012 calendar year.
- From 27 April 2013 up to 31 May 2013, progressive yellow maize exports stand at 143 231 tons, with the main destinations being by Japan (80 171 tons or 56%), followed by Taiwan (55 850 tons or 39%). No imports were reported for the mentioned period.
- Projected closing stocks of yellow maize for the current 2013/14 marketing year is 579 000 tons, which 14,7% less than the previous year (679 000 tons). This decrease can mainly be attributed to the expected increase in the projected export figure of yellow maize for the 2013 calendar year.





**Table 5: Supply and demand for Maize as at 6 June 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>1 000 tons</b>	<b>1 000 tons</b>	<b>1 000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>2,336</b>	<b>994</b>	<b>1,463</b>
SAGIS Opening Stocks	2,336	994	1,463
<b>Gross Production</b>	<b>11,378</b>	<b>12,759</b>	<b>12,116</b>
Commercial production	10,340	11,687	11,007
Retentions by producers	474	434	434
<b>Non-commercial</b>	<b>564</b>	<b>638</b>	<b>675</b>
<b>Total Domestic Supply</b>	<b>13,714</b>	<b>13,753</b>	<b>13,579</b>
Imports	421	11	
<b>Total Supply</b>	<b>14,135</b>	<b>13,764</b>	<b>13,579</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>10,002</b>	<b>9,723</b>	<b>9,972</b>
Human	4,512	4,454	4,530
Animal	4,362	4,360	4,400
Gristing	67	58	61
Retentions by producers	445	402	402
Seed for planting purposes	29	32	32
Other consumption (released to end-con & withdrawn by producers)	587	417	547
<b>Non-commercial</b>	<b>564</b>	<b>638</b>	<b>675</b>
<b>Total Domestic Consumption</b>	<b>10,566</b>	<b>10,361</b>	<b>10,647</b>
<b>Exports</b>	<b>2,575</b>	<b>1,940</b>	<b>1,782</b>
Products	129	128	112
Whole grain	2,446	1,812	1,670
<b>Total Demand</b>	<b>13,141</b>	<b>12,301</b>	<b>12,429</b>
<b>Closing Stocks: 30 April</b>	<b>994</b>	<b>1,463</b>	<b>1,150</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>1,102</b>	<b>1,094</b>	<b>1,108</b>
<b>Domestic Shortfall / Surplus</b>	<b>2,046</b>	<b>2,298</b>	<b>1,824</b>
<b>Surplus/ Shortage above pipeline</b>	<b>-108</b>	<b>369</b>	<b>42</b>

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

- Projected closing stocks of maize for the previous 2012/13 marketing year was 1,463 million tons, which is 47,2% more than the previous year (994 000 tons). This increase could mainly be attributed to the increase in the production figure for the 2012 calendar year.
- From 27 April 2013 up to 31 May 2013, the progressive grand total of exports is 233 849 tons, with the largest quantity (80 171 tons or 34%) exported to Japan, followed by Taiwan (55 850 tons or 24%), the BLNS countries (43 306 tons or 19%), and Mexico (36 700 tons or 16%). No imports were reported for the mentioned period.
- Projected closing stocks of maize for the current 2013/14 marketing year is 1,150 million tons, which is 21,4% less than the previous year (1,463 million tons). This decrease can mainly be attributed to the expected decrease in the production figure of maize for the 2013 calendar year.



**Table 6: Supply and demand for Sorghum as at 6 June 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>48,3</b>
SAGIS opening stocks	58,1	52,1	48,3
<b>Gross production</b>	<b>187,0</b>	<b>155,8</b>	<b>193,3</b>
Commercial production	163,7	135,5	168,1
Non-commercial	23,3	20,3	25,2
<b>Total domestic supply</b>	<b>245,1</b>	<b>207,9</b>	<b>241,6</b>
Plus: Imports	57,8	55,0	40,0
<b>Total supply</b>	<b>302,9</b>	<b>262,9</b>	<b>281,6</b>
<b>Demand</b>			
<b>Food consumption</b>	<b>182,2</b>	<b>158,0</b>	<b>181,3</b>
Malt	81,3	69,5	85,3
Meal	100,9	88,5	96,0
Brew	-	-	-
<b>Feed consumption</b>	<b>7,1</b>	<b>5,7</b>	<b>7,0</b>
Pet food	1,1	0,9	1,0
Poultry	5,5	4,2	4,2
Other feed	0,5	0,6	1,8
<b>Total commercial consumption</b>	<b>189,3</b>	<b>163,7</b>	<b>188,3</b>
<b>Other consumption</b>	<b>11,1</b>	<b>8,5</b>	<b>10,1</b>
<b>Balancing item</b>	<b>1,9</b>	<b>3,1</b>	<b>2,9</b>
<b>Non-commercial</b>	<b>23,3</b>	<b>20,3</b>	<b>25,2</b>
<b>Total domestic consumption</b>	<b>225,6</b>	<b>195,6</b>	<b>226,5</b>
<b>Plus: Exports</b>	<b>25,2</b>	<b>19,0</b>	<b>19,6</b>
Exports through border posts	21,4	15,7	16,1
Exports through harbours	-	-	-
Products to African countries	3,8	3,3	3,5
<b>Total demand</b>	<b>250,8</b>	<b>214,6</b>	<b>246,1</b>
<b>Closing stocks</b>	<b>52,1</b>	<b>48,3</b>	<b>35,5</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption + gristing)	<b>23,3</b>	<b>20,2</b>	<b>23,2</b>
<b>Domestic surplus / deficit</b>	<b>-3,8</b>	<b>-7,9</b>	<b>-8,1</b>
<b>Import gap</b>	<b>3,8</b>	<b>7,9</b>	<b>8,1</b>
<b>Surplus/ Shortage above pipeline</b>	<b>28,8</b>	<b>28,1</b>	<b>12,3</b>

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

- The final closing stocks of sorghum for the previous 2012/13 marketing year showed a surplus of 48 300 tons, which is 7,3% less than the previous year (52 100 tons). This decrease could mainly be attributed to the decrease in the production figure for the 2012 calendar year.
- The total domestic use of sorghum for the current 2013/14 marketing season is projected at 188 300 tons, including the human and animal use at 181 300 tons and 7 000 tons, respectively. The total demand is at 246 100 tons, including exports of 19 600 tons, for the above-mentioned period.
- The projected closing stocks of sorghum for the coming 2013/14 marketing year is 35 500 tons, which is 26,5% less than the previous year (48 300 tons). This decrease can mainly be attributed to the expected increase in the food consumption figure for the 2013 calendar year.

## 4. Market information

### 4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in April 2013 was 5,9%. This rate was the same as the corresponding annual rate of 5,9% in March 2013. On average, prices increased by 0,4% between March 2013 and April 2013.
- The food and non-alcoholic beverages index increased by 0,5% between March 2013 and April 2013. The annual rate increased to 6,2% in April 2013 from 5,7% in March 2013. The following components in the food and non-alcoholic beverages index increased: Vegetables (3,2%), fruit (1,0%), sugar, sweets and desserts (1,0%), fish (0,9%), bread and cereals (0,7%), hot beverages (0,6%), milk, eggs and cheese (0,2%) and cold beverages (0,2%). The following components decreased: Oils and fats (-1,0%) and meat (-0,4%).
- The alcoholic beverages and tobacco index increased by 1,2% between March 2013 and April 2013, mainly due to increases in excise duties. The annual rate increased to 6,5% in April 2013 from 5,8% in March 2013.
- The transport index increased by 0,5% between March 2013 and April 2013, mainly due to a 12c/litre increase in the price of petrol. The annual rate decreased to 6,2% in April 2013 from 7,5% in March 2013.
- The miscellaneous goods and services index increased by 0,4% between March 2013 and April 2013. The annual rate increased to 7,5% in April 2013 from 7,4% in March 2013.
- The provinces with an annual inflation rate lower than or equal to headline inflation were KwaZulu-Natal (5,8%), Mpumalanga (5,8%), Northern Cape (5,7%), Western Cape (5,6%), Free State (5,6%) and Eastern Cape (5,4%). The provinces with an annual inflation rate higher than headline inflation were Limpopo (6,4%), Gauteng (6,1%) and North West (6,0%).

### 4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI for final manufactured goods was 5,4% in April 2013. From March 2013 to April 2013 the PPI for final manufactured goods increased by 0,4%.
- The main contributors to the annual rate of 5,4% were food products, beverages and tobacco products (6,1% year-on-year and contributing 2,0%), as well as coke, petroleum, chemical, rubber and plastic products (5,8% year-on-year and contributing 1,0%).
- The main contributors to the monthly increase of 0,4% were food products, beverages and tobacco products (0,7% month-on-month and contributing 0,2%), as well as metals, machinery, equipment and computing equipment (1,0% month-on-month and contributing 0,2%).
- The annual percentage change in the PPI for intermediate manufactured goods was 7,2% in April 2013 (compared with 7,7% in March 2013). From March 2013 to April 2013 the PPI for intermediate manufactured goods increased by 0,3%. The main contributors to the annual rate of 7,2% were chemicals, rubber and plastic products (6,7% year-on-year and contributing 2,7%), as well as basic and fabricated metals (5,2% year-on-year and contributing 1,5%). The main contributors to the monthly increase of 0,3% were chemicals, rubber and plastic products (1,0% month-on-month and contributing 0,4%), as well as textile and leather goods (3,3% month-on-month and contributing 0,3%).
- The annual percentage change in the PPI for electricity and water was 12,9% in April 2013 (compared with 11,4% in March 2013). From March 2013 to April 2013 the PPI for electricity and water increased by 7,0%. The contributors to the annual rate of 12,9% were electricity (13,2% year-on-year and contributing 10,9%) and water (11,5% year-on-year and contributing 2,1%). The contributors to the monthly increase of 7,0% were electricity (7,4% month-on-month and contributing 6,1%) and water (5,1% month-on-month and contributing 0,9%).
- The annual percentage change in the PPI for mining was 4,5% in April 2013 (compared with 8,6% in March 2013). From March 2013 to April 2013 the PPI for mining decreased by 3,5%. The main contributor to the annual rate of 4,5% was non-ferrous metal ores (7,3% year-on-year and contributing 3,3%). The main contributors to the monthly rate of -3,5% were gold and other metal ores (-6,8% month-on-month and contributing -1,6%) and non-ferrous metal ores (-3,4% month-on-month and contributing -1,6%).
- The annual percentage change in the PPI for agriculture, forestry and fishing was 1,7% in April 2013 (compared with 0,4% in March 2013). From March 2013 to April 2013 the PPI for agriculture, forestry and fishing increased

by 0,1%. The main contributor to the annual rate of 1,7% was agriculture (1,3% year-on-year and contributing 1,0%). The main contributor to the monthly rate of 0,1% was forestry (0,6% month-on-month and contributing 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, 23 May 2013, following a three-day Committee Meeting.
- Excerpt from the statement by the Monetary Policy Committee (MPC):

"The MPC is increasingly concerned about the deteriorating outlook for the South African economy. There are a number of critical domestic issues that are contributing to the vulnerability of the economy that need to be urgently addressed. These include the financing of the deficit on the current account of the balance of payments; the fractious labour relations environment and the associated risks of protracted work stoppages and excessive wage increases; electricity supply constraints; upside risks to inflation; downside risks to growth and employment creation in a context of high unemployment; and declining domestic and foreign investor confidence which could impact directly on capital flows. These interrelated developments are reflected in the volatility and weakness in the exchange rate. There is an urgent imperative for all parties – government, business, labour and civil society – to interact and address these issues and vulnerabilities at a national level. While the Bank is prepared to play its part, many of these challenges are beyond the role, scope and effectiveness of monetary policy.

While a depreciated exchange rate is part of the balance of payments adjustment mechanism, the competitive advantages thereof need to be realised through price and wage restraint. In the absence of such restraint, the outcome is simply higher inflation with the risk of an exchange rate-inflation spiral. Given the current unsettled environment in the economy, the MPC assesses the risks to inflation to be on the upside, while many of the above factors contribute to a downside risk to growth.

The MPC assesses the current stance of monetary policy to be accommodative. Given the risks outlined above, the scope for further monetary easing is limited at this stage. The MPC has therefore decided to leave the repurchase rate unchanged at 5% per annum."

### 4.4 Gross Domestic Product

- South Africa's real gross domestic product (GDP) increased by 0,9% in the first quarter of 2013, Statistics SA announced.
- The increase in GDP was lower than the 2,1% achieved in the fourth quarter of 2012. However, when compared to the first quarter of 2012, the GDP increased by 1,9%.
- Main contributors to the increase in economic activity in the first quarter of 2013 were:
  - The mining and quarrying industries, finance, real estate, and business services, which each contributed 0,7%;
  - General government services contributed 0,3%, while the wholesale, retail, motor trade, catering, accommodation, transport, storage, and communications industries each contributed 0,2%;
  - Sectors which experienced declines were manufacturing at -1,2%, and agriculture, forestry, fishing, electricity, gas, and water, each on -0,1%.

### 4.5 Food Price Monitor

- The previous Food Price Monitor (FPM) of February 2013 reported that the food and non-alcoholic beverage index increased by 6,2% between January 2012 and January 2013. Since the last report, the food and non-alcoholic beverage inflation almost stabilised on a year-on-year basis increasing by 6,3% in February 2013 and 5,7% in March 2013. The inflation rate for food and non-alcoholic beverages increased to 6,2% in April 2013.
- From April 2012 to April 2013 the cost of the basic food basket increased by about R17 (+3,9%) in nominal terms from R427 to R444 (compared to a higher increase of 6,4% from January 2012 to January 2013 - the previous Food Price Monitor analysis period). The cost of the food basket expressed as a share of the average monthly income of the poorest 30% of the population increased from 37,7% in April 2012 to 39,2% in April 2013 during

this analysis period. The cost of the food basket expressed as a share of the average monthly income of the wealthiest 30% of the population increased from 3,0% to 3,1%.

- 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 2013 versus April 2012 prices, the results indicate an inflation rate of about 1,0% (from R4,22 to R4,26 for the selection of portions). There was significant inflation on brown bread, white sugar and milk, which was largely offset by a significant price deflation on maize meal.

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

**Table 7: Closing prices on Thursday, 6 June 2013**

	6 June 2013	6 May 2013	% Change
<b>RSA White Maize per ton (July contract)</b>	R2 269,00	R2 143,00	5,88
<b>RSA Yellow Maize per ton (July contract)</b>	R2 243,00	R2 132,00	5,21
<b>RSA Wheat per ton (July contract)</b>	R3 610,00	R3 441,00	4,91
<b>RSA Sunflower seed per ton (July contract)</b>	R5 457,00	R5 290,00	3,16
<b>RSA Soya-beans per ton (July contract)</b>	R4 240,00	R4 611,00	-8,05
<b>Exchange rate R/\$</b>	R9,92	R8,97	10,59

Source: SAFEX

#### 4.7 Agricultural machinery sales

- May 2013 tractor sales of 550 units were 5% lower than the 580 units reported in May 2012. On a year-to-date basis, tractor sales are almost 4% down on those of the first five months of last year. May combine harvester sales of 28 units were significantly down on the 56 units sold in May 2012. Year-to-date combine harvester sales are still sharply up on sales for the same period last year.
- Although the official maize production forecast has been cut by approximately 8% since the first estimate in February, many farmers have already harvested good crops. It is mainly in the western maize production areas that crops have been adversely affected by drought. Looming on the horizon are price increases, which will need to be implemented as a result of the recent sharp decrease in the value of the rand. This might encourage farmers to buy up current lower-priced stock in the short term. Thereafter, the higher prices will surely have an adverse effect on sales of new equipment.
- Industry expectations are that tractor sales in the 2013 calendar year will be of the order of 6 700 to 7 100 units, between 10 and 15% down on 2012 sales. Tractor sales so far, for 2013, are beginning to reflect this trend.

**Table 8: Agricultural machinery sales**

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	May			May		
	2013	2012		2013	2012	
Tractors	550	580	-5,17	3 211	3 343	-3,95
Combine harvesters	28	56	-50,0	217	176	23,3

Source: SAAMA press release, June 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