

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: NOVEMBER 2011

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Directorate: Statistics and Economic Analysis

Highlights:

- During November most parts of the country received between 10 to 100 mm of rainfall.
- The expected production of wheat is 1,808 million tons, which is 26,5% more than the previous seasons' crop of 1,430 million tons.
- The projected closing stocks of wheat for the current 2011/12 marketing year is 486 000 tons, which includes imports of 1,41 million tons.
- The size of the commercial maize crop was estimated 2,4% higher than the final crop production figure of 10,360 million tons.
- The projected closing stocks of maize for the current 2011/12 marketing year is 828 000 tons, which is the lowest total recorded since the 770 000 tons in the 1999/00 marketing year.
- The projected closing stocks of maize for the coming 2012/13 marketing year is 957 000 tons, which 15,6% more than the previous year.
- The headline CPI (for all urban areas) annual inflation rate in October 2011 was higher at 6,0%.
- The annual percentage change in the PPI was higher at 10,6% in October 2011.
- The real gross domestic product (third quarter) at market prices increased by 1,4% quarter-on-quarter.
- October tractor sales of 979 units were almost 61% higher than the sales of 610 units sold in October 2010.



**agriculture,
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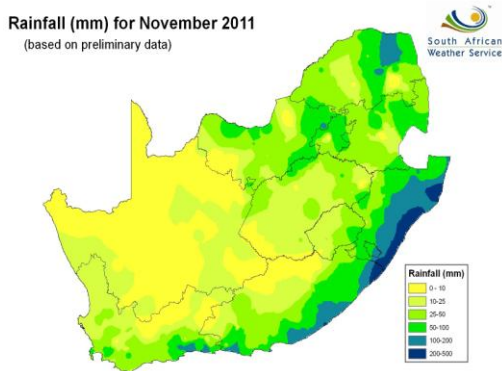


1. Weather conditions

1.1 Rainfall for November 2011

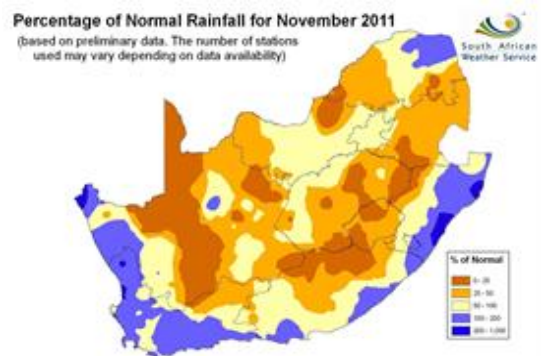
During November most parts of the country received between 10 to 100 mm of rainfall, except in Northern Cape Province and isolated areas of the Eastern and Western Cape provinces where between 0 to 10 mm of rainfall was received. The coastal regions of KwaZulu-Natal and the Eastern Cape provinces and an isolated area of the Limpopo Province received between 100 to 200 mm of rainfall (Figure 1). Comparing the rainfall totals for November 2011 with the long term average, it is evident that normal to below-normal rainfall conditions were experienced in most parts of the country, except for the coastal regions and the northern parts of Limpopo where above-normal rainfall conditions was recorded (Figure 2).

Figure 1: Rainfall for November 2011



Source: SA Weather Services

Figure 2: Percentage normal rainfall for November 2011

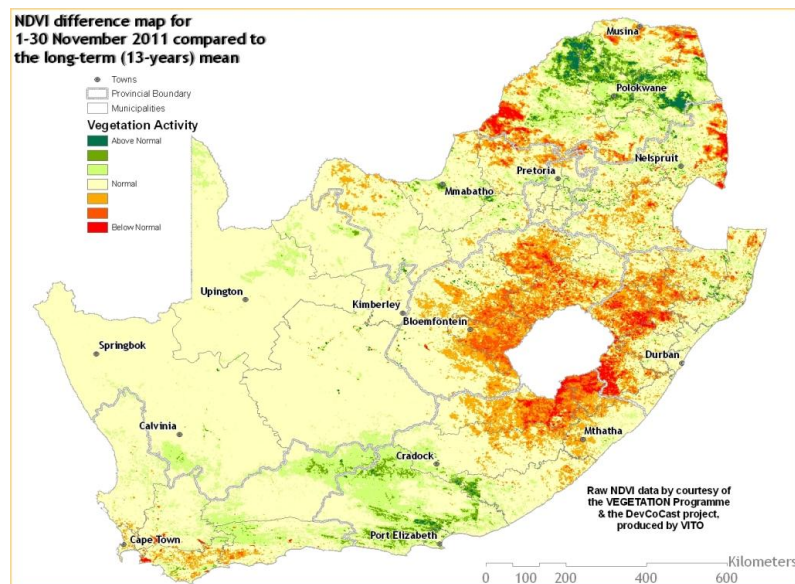


Source: SA Weather Services

1.2 Vegetation activity

Vegetation conditions for November 2011 were normal throughout the central parts of the country. In certain regions of the Limpopo, Eastern Cape, KwaZulu-Natal, Free State, Western Cape and Mpumalanga provinces below-normal vegetation conditions were evident. Above-normal vegetation conditions could be observed in isolated areas of the Limpopo and Eastern Cape provinces.

Figure 3: The NDVI difference map for November 2011 compared to the 13 year long term mean



Source: ARC: ISCW

1.3 Conference of Parties (COP 17)

- Climate-smart agriculture offers a "triple win" for food security, adaptation, and mitigation, President Jacob Zuma and former UN Secretary General Kofi Annan said on Wednesday, 7 December 2011. Both Zuma and Annan addressed a side event at COP17 for early action on climate-smart agriculture, an initiative driven by the African Union and New Partnership for Africa's Development (NEPAD).
- Climate-smart agriculture includes proven practical techniques including mulching, intercropping, conservation agriculture, crop rotation, integrated crop-livestock management, agro-forestry, improved grazing and improved water management. With nine billion people expected to inhabit the world by 2050, food production in Africa alone must be tripled (according to experts). Agriculture, Forestry and Fisheries, Minister Tina Joemat-Pettersson, said the transformation of agriculture to feed a growing population in the face of a changing climate without hindering the natural resource base would assist in achieving food security goals and also help to mitigate the negative effects of climate change.

2. Grain production

2.1 Summer grain crops

The CEC released the final area planted and crop production figures of the commercial summer grain crops for 2011 on 1 December 2011.

Table 1: Commercial summer crops: Final production estimate - 2011

CROP	FINAL AREA PLANTED 2011 HA (A)	FINAL CROP 2011 TONS (B)	CEC AREA PLANTED 2011 HA (C)	CEC FINAL ESTIMATE 2011 TONS (D)	FINAL ESTIMATE vs FINAL CROP % (D) ÷ (B)
White Maize	1 418 300	6 052 000	1 418 300	6 181 900	+2,1
Yellow Maize	954 000	4 308 000	954 000	4 426 500	+2,8
Total Maize	2 372 300	10 360 000	2 372 300	10 608 400	+2,4
Sunflower seed	642 700	860 000	642 700	861 770	+0,2
Soya-beans	418 000	710 000	418 000	708 750	-0,2
Groundnuts	55 150	64 250	55 150	68 295	+6,3
Sorghum	69 200	155 000	69 200	155 430	+0,3

- The estimated total production figures as released by the national Crop Estimates Committee (CEC) were revised, using the published figures of the South Africa Grain Information Services (SAGIS) of actual deliveries as the basis for the calculation. The figures from the maize utilisation survey to determine on-farm usage and retentions, which was conducted by the Department of Agriculture, Forestry and Fisheries (DAFF) and the telephonic survey conducted by the National Crop Statistics Consortium (NCSC), were added to the SAGIS figures to calculate the final crop production figures.
- Comparing the numbers set by the CEC during September 2011, with the final calculated crop figures, the size of the commercial maize crop was estimated 248 400 tons or 2,4% higher than the final crop production figure of 10,360 million tons. For white maize, the expected crop was over-estimated by 2,1% and for yellow maize by 2,8%.

- In the case of commercial sunflower seed, groundnuts and sorghum, the CEC has also estimated these crops higher by 0,2%, 6,3% and 0,3%, respectively. With regard to commercial soya beans, the crop was underestimated by 0,2%.
- The main reason for the over-estimation this year has been the weather patterns. In some areas there have been prolonged dry spells, followed by unpredictable rainy periods, which contributed to yield losses for most of the crops, as well as harvesting difficulties.

The preliminary area planted forecast for summer grain crops for the 2012 season will be released on 24 January 2012.

2.2 Winter cereal crops

The area planted estimate and fourth production forecast of winter cereal crops for the 2011 production season, was released by the Crop Estimates Committee (CEC) on 24 November 2011, and is as follows:

Table 2: Commercial winter crops: Area planted estimate and fourth production forecast for the 2011 production season

Crop	Area planted 2011 Ha (A)	4 th forecast 2011 Tons (B)	Area planted 2010 Ha (C)	Final crop 2010 Tons (D)	Change % (B) ÷ (D)
Wheat	604 700	1 808 430	558 100	1 430 000	+26,5
Malting barley	80 150	275 000	82 670	194 000	+41,8
Canola	43 510	59 490	34 820	36 900	+61,2
Total	728 360	2 142 920	675 590	1 660 900	+29,0

- The area estimate for **wheat** is 604 700 ha, which is 8,3% more than the 558 100 ha planted for the previous season. An estimated 265 000 ha or 44% is planted in the Western Cape, 225 000 ha or 37% in the Free State and 42 000 ha or 7% in the Northern Cape.
- The expected production of **wheat** is 1,808 million tons, which is 26,5% more than the previous seasons' crop of 1,430 million tons. The expected yield is 2,99 t/ha as against 2,56 t/ha of the previous season.
- The expected production in the Western Cape is 636 000 tons (35%), in the Free State 517 500 tons (29%) and in the Northern Cape 273 000 tons (15%).
- The production forecast for **malting barley** is 275 000 tons, which is 41,8% more than the previous seasons' crop of 194 000 tons. The area planted is estimated at 80 150 ha, which is 3,0% less than the 82 670 ha planted for the previous season. The expected yield is 3,43 t/ha as against the 2,35 t/ha of the previous season. The increase in the expected production of malting barley can mainly be attributed to favourable weather conditions in the production area Southern Cape as well as better cultivars.
- The expected **canola** crop is 59 490 tons, which is 61,2% more than the previous seasons' crop of 36 900 tons – the highest crop ever produced in SA. The area estimate for canola is 43 510 ha, which is 25% more than the 34 820 ha planted for the previous season. The expected yield is 1,37 t/ha as against 1,06 t/ha.

The fifth production forecast for winter cereals for 2011 will be released on 21 December 2011.

3. Cereal balance sheets

Supply and demand data for October 2011 was released by SAGIS on 23 November 2011. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 3: Supply and demand for Wheat as at 7 December 2011

Marketing year (October to September)	2009/10	2010/11*	2011/12*
Production & Calendar year	2009	2010	2011
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening stocks: 1 October	694	579	478
SAGIS opening stocks	694	579	478
Gross production	1,967	1,436	1,815
Commercial production	1,916	1,401	1,779
Retentions by producers	42	29	29
Non-commercial	9	6	6
Total domestic supply	2,661	2,015	2,293
Plus: Imports	1,285	1,649	1,410
Total supply	3,946	3,664	3,703
Demand			
Commercial consumption	3,076	2,987	2,960
Human	2,991	2,944	2,900
Animal	26	1	10
Retentions by producers	42	29	29
Seed for planting purposes	17	13	21
Other consumption (released to end con's+withdrawn by prod's+retentions)	42	14	17
Non-commercial	9	6	6
Total domestic consumption	3,127	3,007	2,982
Plus: Exports	240	179	235
Products	35	24	25
Whole grain	205	155	210
Total demand	3,367	3,186	3,217
Closing stocks: 30 September	579	478	486
Pipeline requirements (80 days of human consumption)	656	645	636
Domestic shortfall / surplus	-1,122	-1,637	-1,325
Import gap	1,122	1,637	1,325
Surplus above pipeline	-77	-167	-150

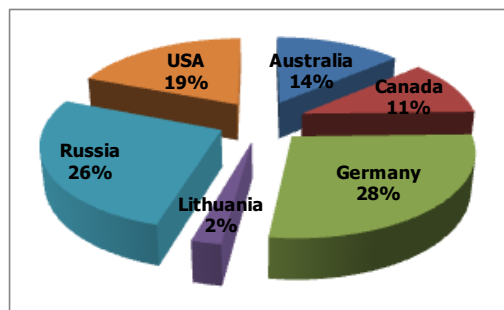
*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks (30 September 2012) of wheat for the 2011/12 marketing year is 486 000 tons, which is 1,7% more than the previous year (478 000 tons). The increase can mainly be attributed to the larger expected wheat crop for the current 2011/12 marketing year. The projected closing stocks is also 17,2% lower than the 10 year average of 587 000 tons.
- From 1 October to 2 December 2011, the progressive wheat imports stands at 387 484 tons, with the largest quantity (106 629 tons or 28%) imported from Germany followed by Russia (102 518 tons or 26%) and the USA (74 025 or 19%). There were also wheat exports from South Africa to the BLNS countries. Progressive exports to the BLNS countries and Zimbabwe stand on 45 221 tons.



Graph1: Major countries of wheat imports for South Africa: 2011/12 marketing year



3.2 Summer grains

Table 4: Supply and demand for White Maize as at 7 December 2011

Marketing Year: May - April	2010/11	2011/12*	2012/13*
Calendar Year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	1 362	1 609	412
SAGIS Opening Stocks	1 362	1 609	412
Gross Production	8 164	6 448	7 435
Commercial production	7 623	5 952	6 909
Retentions by producers	119	100	130
Non-commercial	422	396	396
Total Domestic Supply	9 526	8 057	7 847
Imports		60	
Total Supply	9 526	8 117	7 847
Demand			
Commercial Consumption	5 817	5 480	5 481
Human	4 159	4 280	4 280
Animal	1 658	1 200	1 200
Gristing	56	60	60
Retentions by producers	102	85	130
Seed for planting purposes	16	15	16
Other consumption (released to end-con & withdrawn by producers)	379	170	170
Non-commercial	422	396	396
Total Domestic Consumption	6 793	6 206	6 252
Exports	1 124	1 500	1 015
Products	75	70	70
Whole grain	1 049	1 430	945
Total Demand	7 917	7 705	7 267
Closing Stocks: 30 April	1 609	412	580
Pipeline Requirements (45 days of human & animal consumption + gristing)	724	683	683
Domestic Shortfall / Surplus	2 009	1 169	911
Surplus/ Shortage above pipeline	885	-271	-103

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

- Projected closing stocks of white maize for the current 2011/12 marketing year is 412 000 tons, which is the lowest total recorded since the 294 000 tons for the 1995/96 marketing year. It is also considerable (74,4%) 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. It is interesting to note that the tight stock situation has already resulted in imports (34 276 tons) from Zambia during November 2011.
- Projected closing stocks of white maize for the coming 2012/13 marketing year is 580 000 tons, which 40,8% more than the previous year (412 000 tons). This increase can mainly be attributed to the expected increase in the production figure of white maize for the 2012 calendar year.

Table 5: Supply and demand for Yellow Maize as at 7 December 2011

Marketing Year: May - April	2010/11	2011/12*	2012/13*
Calendar Year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening Stocks: 1 May	769	727	417
SAGIS Opening Stocks	769	727	417
Gross Production	5 133	4 476	5 099
Commercial production	4 541	3 934	4 551
Retentions by producers	408	374	380
Non-commercial	184	168	168
Total Domestic Supply	5 903	5 204	5 516
Imports		300	
Total Supply	5 903	5 504	5 516
Demand			
Commercial Consumption	2 969	3 480	3 479
Human	356	380	380
Animal	2 613	3 100	3 100
Gristing	17	15	18
Retentions by producers	394	360	380
Seed for planting purposes	14	14	14
Other consumption (released to end-con & withdrawn by producers)	530	350	300
Non-commercial	184	168	168
Total Domestic Consumption	4 108	4 387	4 359
Exports	1 068	700	780
Products	51	80	80
Whole grain	1 017	620	700
Total Demand	5 176	5 086	5 139
Closing Stocks: 30 April	727	417	377
Pipeline Requirements (45 days of human & animal consumption + gristing)	368	431	431
Domestic Shortfall / Surplus	1 427	386	726
Surplus/ Shortage above pipeline	359	-14	-54

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

- Projected closing stocks of yellow maize for the current 2011/12 marketing year is 417 000 tons, which is the lowest total recorded since the 358 000 tons for the 1999/00 marketing year. It is also 42,6% less than closing stocks of 727 000 tons for the 2010/11 marketing year. This decrease can mainly be attributed to the lower yellow maize crop for the 2011 calendar year.

- Projected closing stocks of yellow maize for the coming 2012/13 marketing year is 377 000 tons, which 9,6% less than the previous year (417 000). This decrease can mainly be attributed to the small carry-over stock of the previous marketing year and the expected increase in exports for the 2012 calendar year.

Table 6: Supply and demand for Maize as at 7 December 2011

Marketing Year: May - April	2010/11	2011/12*	2012/13*
Calendar Year	2010	2011*	2012*
Supply	1000 tons	1 000 tons	1 000 tons
Opening Stocks: 1 May	2,131	2,336	829
SAGIS Opening Stocks	2,131	2,336	829
Gross Production	13 297	10 924	12 534
Commercial production	12 165	9 886	11 459
Retentions by producers	527	474	510
Non-commercial	606	564	564
Total Domestic Supply	15 429	13 261	13 363
Imports		360	
Total Supply	15 429	13 621	13 363
Demand			
Commercial Consumption	8 786	8 960	8 960
Human	4 515	4 660	4 660
Animal	4 271	4 300	4 300
Gristing	73	75	78
Retentions by producers	497	445	510
Seed for planting purposes	30	29	30
Other consumption (released to end-con & withdrawn by producers)	909	519	470
Non-commercial	606	564	564
Total Domestic Consumption	10 901	10 592	10 611
Exports	2 192	2 200	1 795
Products	126	150	149
Whole grain	2 066	2 050	1 645
Total Demand	13 092	12 792	12 406
Closing Stocks: 30 April	2 336	828	957
Pipeline Requirements (45 days of human & animal consumption + gristing)	1 092	1 114	1 114
Domestic Shortfall / Surplus	3 436	1 555	1 637
Surplus/ Shortage above pipeline	1 244	-285	-157

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks of maize for the current 2011/12 marketing year is 828 000 tons, which is the lowest total recorded since the 770 000 tons in the 1999/00 marketing year. It is also considerable (64,6%) less than the previous years' closing stock of 2,336 million tons. The pipeline requirements of 1,1 million tons of maize and the shortage above pipeline requirements of 285 000 tons, puts South Africa in a tight stock situation at the end of the marketing year in April 2012.
- Projected closing stocks of maize for the coming 2012/13 marketing year is 957 000 tons, which 15,6% more than the previous year (828 000). This increase can mainly be attributed to the expected increase in the production figure of total maize for the 2012 calendar year.



- From 1 May up to 2 December 2011, the progressive white and yellow maize exports stand at 1,246 million tons and 666 055 tons, respectively. Thus, this brings the progressive grand total of exports to 1,912 million tons.

Table 7: Supply and demand for Sorghum as at 7 December 2011

Marketing year: April – March	2010/11	2011/12*	2012/13*
Calendar year	2010	2011*	2012*
	1000 tons	1 000 tons	1 000 tons
Supply			
Opening stocks: 1 April	93,2	58,1	21,2
SAGIS opening stocks	93,2	58,1	21,2
Gross production	226,0	181,0	144,0
Commercial production	196,5	155,0	118,0
Non-commercial	29,5	26,0	26,0
Total domestic supply	319,2	239,1	165,2
Plus: Imports		53,0	115,0
Total supply	319,2	292,1	280,2
Demand			
Food consumption	181,8	188,5	185,5
Malt	79,2	83,5	80,5
Meal	102,6	105,0	105,0
Brew			
Feed consumption	8,6	10,2	10,2
Pet food	1,1	1,2	1,2
Poultry	4,8	6,0	6,0
Other feed	2,7	3,0	3,0
Total commercial consumption	190,4	198,7	195,7
Other consumption	13,4	13,2	13,2
Balancing item	3,6	4,0	4,0
Non-commercial	29,5	26,0	26,0
Total domestic consumption	236,9	241,9	238,9
Plus: Exports	24,2	29,0	19,0
Exports through border posts	20,3	25,2	15,2
Exports through harbours	0,6		
Products to African countries	3,3	3,8	3,8
Total demand	261,1	270,9	257,9
Closing stocks	58,1	21,2	22,3
Pipeline Requirements (45 days of human & animal consumption + gristing)	23,5	24,5	24,1
Domestic surplus / deficit	58,8	-27,3	-97,8
Import gap		27,3	97,8
Surplus/ Shortage above pipeline	34,6	-3,3	-1,8

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks of sorghum for the current 2011/12 marketing year show a surplus of 21 200 tons, which is the lowest total ever recorded. It is also 63,5% less than the previous years' closing stock of 58 100 tons, as well as 74,1% less than the ten year average of 81 800 tons. This considerable decrease in closing stocks can mainly be attributed to the small carry-over stock of the previous marketing year, as well as the lower production figure for 2011.
- The projected closing stocks of sorghum for the coming 2012/13 marketing year show a surplus of 22 300 tons, which is 5,2% more than the previous year (21 200 tons). The slight increase can mainly be attributed to the expected increase in the import figure for 2012.

3.3 International maize, sorghum and wheat outlook for 2011/12

- Reduced grain crop estimates for some major producers, including for maize in the US, are only partly offset by increases in the CIS and elsewhere, trimming the global production total for 2011/12 by 3 million tons from October, to 1 816 million tons. This would still represent an increase of 64 million tons over last year, largely due to sizeable recoveries in output in Russia, Ukraine and Kazakhstan. Production of all crops except sorghum will rise in 2012, with the biggest increases in wheat and maize.
- Southern hemisphere prospects remain favourable, with rains in South America and Australia mostly boosting yield expectations for wheat and helpful for plantings of maize and sorghum. Consumption of grains will also increase in 2011/12, especially in the feed sector, including a marked rebound in Russia after the previous year's drought. At 1 826 million tons, world use is expected to show a rise of 2,2% from the previous year. However, a feature this year will be the marked slowdown in the expansion of industrial use, set to rise by only 1,7%, to 303 million tons. Within this figure, the use of grains in fuel ethanol, which has displayed huge growth in the past decade, is expected to stay close to last year's 147 million tons, assuming the use of maize for this purpose in the US declines slightly. With the reduction in the global grain crop estimate largely balanced by an upward adjustment in the opening stocks figure and a slight cut in the usage forecast, the projection of world carry-over stocks is unchanged from October, at 360 million tons. However, the total for the eight major exporters is trimmed by 3 million tons, largely because of a reduced stocks projection in the EU.
- World trade in grains in 2011/12 (July/June) is expected to climb by 11 million tons to a record 254 million, 4 million tons more than forecasted previously, reflecting larger than anticipated wheat purchases after this season's marked upturn in medium and lower grade supplies, especially from the Black Sea region, whose total grain shipments are set to total 55 million tons, up from only 22 million tons in 2010.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in October 2011 was 6,0%. This rate was 0,3% higher than the corresponding annual rate of 5,7% in September 2011. On average, prices increased by 0,5% between September 2011 and October 2011.
- The food and non-alcoholic beverages index increased by 2,1% between September 2011 and October 2011. The annual rate increased to 10,6% in October 2011 from 8,5% in September 2011. The following components in the food and non-alcoholic beverages index increased: Vegetables (7,5%), meat (2,7%), bread and cereals (1,4%), sugar, sweets and desserts (1,3%), oils and fats (1,1%), other food (0,9%), cold beverages (0,9%), hot beverages (0,5%), fish (0,4%) and milk, eggs and cheese (0,1%). The following component decreased: Fruit (-0,6%).
- The transport index increased by 0,9% between September 2011 and October 2011, mainly due to a 36 c/litre increase in the 95 octane and a 37 c/litre increase in the 93 octane price of petrol. The annual rate increased to 6,7% in October 2011 from 6,6% in September 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were KwaZulu-Natal (6,0%), Western Cape (5,9%) and Gauteng (5,9%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (7,6%), Eastern Cape (7,1%), Free State (6,6%), North West (6,6%), Mpumalanga (6,1%) and Limpopo (6,1%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 10,6% in October 2011 (i.e. the PPI in October 2011 compared with October 2010). This rate is 0,1% higher than the corresponding annual rate of +10,5% in September 2011.
- This higher annual rate in October 2011 can be explained by increases in the annual rate of change in the Producer Price Index for:
 - Products of petroleum and coal: The annual rate increased from 27,1% in September 2011 to 29,7% in October 2011;
 - Agriculture: The annual rate increased from 10,7% in September 2011 to 12,9% in October 2011;
 - Other manufactures: The annual rate increased from 12,5% in September 2011 to 15,3% in October 2011; and
 - Metal products: The annual rate increased from 7,4% in September 2011 to 7,9% in October 2011.
- These increases were partially counteracted by decreases in the annual rate of change for:
 - Mining and quarrying: The annual rate decreased from 17,7% in September 2011 to 17,0% in October 2011;
 - Electrical machinery and apparatus: The annual rate decreased from 2,7% in September 2011 to 2,0% in October 2011; and
 - Basic metals: The annual rate decreased from -1,3% in September 2011 to -2,6% in October 2011.
- From September 2011 to October 2011 the PPI for domestic output decreased by 0,3%.
- The monthly decrease of 0,3% in the PPI for domestic output was mainly due to monthly contributions from decreases in the price indices of electricity (-0,7 %) and basic metals (-0,2 %). These decreases were partially counteracted by increases in the price indices of agriculture (0,3%), products of petroleum and coal (+0,1%), other manufactures (0,1 %) and all other groups (0,1 %).

4.3 Gross Domestic Product (GDP)

- The real gross domestic product (third quarter) at market prices increased by 1,4% quarter-on-quarter, seasonally adjusted and annualised.
- The main contributors to the increase in the third quarter GDP were finance, real estate and business services (0,9%), the wholesale, retail and motor trade, catering and accommodation industry (0,7%); and general government services (0,5%).
- However, other industries contributed negatively. The mining and quarrying industry remained a large drag on Q3 GDP growth, contributing -0,9%. The manufacturing industry contributed -0,3% and the agriculture, forestry and fishing industry contributed -0,1%.

4.4 Quarterly Food Price Monitor – November 2011

- Headline CPI increased by 6% between October 2010 and October 2011. Food and non-alcoholic beverages inflation increased by 10,6% between October 2010 and October 2011, the highest level since May 2009.
- When comparing selected countries, China showed the highest food inflation of 11,9% in October 2011. Botswana experienced food price inflation of 8,3% in October 2011. The international real food price index decreased by 4% on a month-to-month basis in October 2011. On an annual basis, the food price index showed an increase of 8,68%. The international food price index is currently at its lowest level since November 2010.
- During October 2011, rural consumers paid R 8,95 more than urban consumers for the same food basket, a significantly lower price difference than usually reported. Food items showing the largest price difference in October 2011 were rice (2 kg) and margarine (500 g). The price of rice (2 kg) and margarine (500 g) were respectively R 4,59 and R 2,90 more expensive in the rural areas compared to the urban areas.
- From October 2010 to October 2011 the cost of a basic food basket increased by about R44,53 (12,1%) in nominal terms (compared to 6,7% from July 2010 to July 2011). This cost expressed as a share of the average monthly income of the poorest 30% of the population increased from 32,4% in October 2010 to 36,4% in October 2011, representing the highest share 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 slightly from 2,6% to 2,9%.

4.5 Future contract prices and the exchange rate

Table 8: Closing prices on Wednesday, 7 December 2011

	7 December 2011	7 November 2011	% change December vs. November
RSA White Maize per ton (Dec. contract)	R2 376	R2 471	-3,8
RSA Yellow Maize per ton (Dec. contract)	R2 385	R2 340	+1,9
RSA Wheat per ton (Dec. contract)	R2 623	R2 774	-5,4
RSA Soya-beans per ton (Dec. contract)	R3 190	R3 434	-7,1
RSA Sunflower seed per ton (Dec. contract)	R4 216	R4 375	-3,6
Exchange rate R/\$	R8,02	R7,97	+0,6

Source: SAFEX

- White maize prices (December 2011 contract) ended lower on 7 December 2011, as compared to 7 November 2011. Local white maize prices decreased by 4%, whereas yellow maize price increased by 2%, for the mentioned period, following international price trends and concerns over unfavourable local weather patterns and the tight stock situation.
- Local wheat, soya-beans and sunflower seed prices also showed decreases of 5%, 7% and 4%, respectively, during the same period.
- For the mentioned period, the Rand depreciated by 1% against the US Dollar to reach R 8,02/US\$.
- The petrol price has decreased by 11 c/litre and the diesel price has increased by between 44 and 47 c/litre in December 2011 as announced by the Department of Energy. The local diesel price has increased mainly due to the exchange rate and the high fuel demand during the European winter.

4.6 Agricultural machinery sales

- October tractor sales of 979 units were almost 61% higher than the sales of 610 units reported in October 2010. This puts October 2011 sales at the highest monthly sales in the past 28 years, that is since October 1982. On a year-to-date basis tractor sales are almost 46% up on sales in the first ten months of 2010. October combine harvester sales of 45 units were very sharply up on the 10 units sold in October last year. On a current year-to-date basis, combine harvester sales of 239 units are 44% up on those of the first ten months of last year.
- For the twelfth consecutive month, since November 2010, month-on-month tractor sales have been higher than in the previous year, reflecting the continued optimism in the agricultural machinery market. The recent sharp devaluation in the value of the rand will lead to price increases in the near future and this has brought many farmers' buying decisions forward. Prospects for commodity prices, more specifically maize prices, look favourable. Indications are that local grain stocks have been reduced significantly, primarily by higher exports. Prospects for the forthcoming wheat crop also look favourable. Industry predictions for tractor sales for the 2011 calendar year are currently between 7 000 and 7 200 units, approximately 35 to 40% up on 2010 sales.

Table 9: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	October			October		
	2011	2010		2011	2010	
Tractors	979	610	60,5	6 286	4 315	45,7
Combine harvesters	45	10	350,0	239	166	44,0

Source: SAAMA press release, November 2011

5. Acknowledgements

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