MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: APRIL 2011

Issued: 6 May 2011

Directorate: Statistics and Economic Analysis

Highlights:

- **A significant percentage of normal to above-normal rainfall for the central and eastern parts of the country was reported for April 2011.**
- **The expected production of maize for the 2010/11 production season is 10,883 million tons, which is 15,1% less than the 12,815 million tons of the previous season.**
- **Early indications are that producers intend to plant 598 500 ha of wheat for the 2011 production season, which is 7,2% more than the 558 100 ha of the previous season.**
- **The projected closing stocks of wheat for the 2010/11 marketing season is 514 000 tons, which includes imports of 1,7 million tons.**
- **The projected closing stocks of wheat for the coming 2011/12 marketing season is 555 000 tons, which includes imports of 1,6 million tons.**
- **The projected closing stocks of maize for the 2010/11 marketing season is 2,545 million tons.**
- **The projected closing stocks of maize for the coming 2011/12 marketing season is 1,318 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in March 2011 is higher at 3,7%.**
- **The annual percentage change in the PPI was higher at 7,3% in March 2011.**
- **March tractor sales of 569 units were 32,3% up on the 430 units sold in March 2010.**

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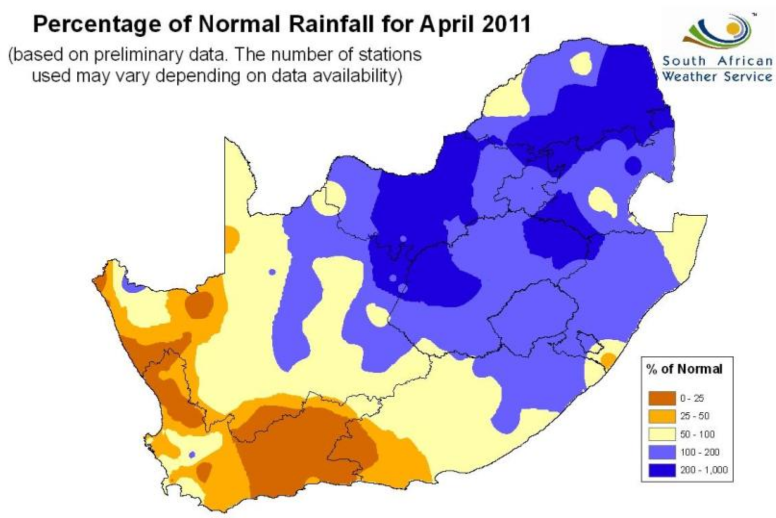
1. Weather conditions

1.1 Rainfall for April 2011

The map for the percentage of normal rainfall for April 2011 (Figure 1) illustrates a significant percentage of normal to above-normal rainfall for the central and eastern parts of the country. The remainder of the country was characterised by normal to below-normal rainfall occurrences as compared to the long term mean.

Figure 1: Percentage of normal rainfall for April 2011

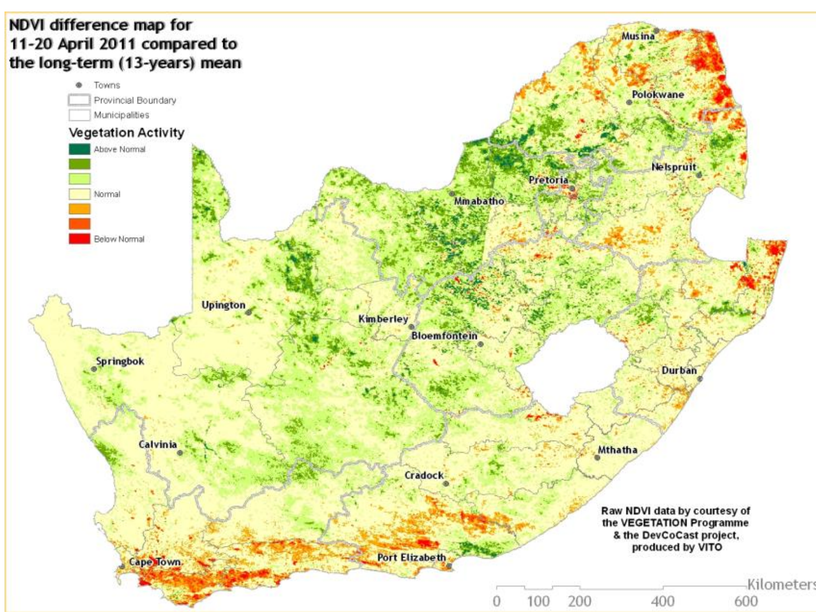


Source: SA Weather Service

1.2 Vegetation activity

Vegetation conditions for 11 to 20 April 2011 were normal to above-normal throughout most of the country. Below-normal vegetation activity is especially evident along the eastern border, as well as the southern- and western coastal region. Above-normal vegetation activity is evident in the central areas with specific reference to the Northern Cape, North West and Free State provinces.

Figure 2: The NDVI difference map for 11 to 20 April 2011 compared to the 13 year long term mean



Source: ARC:ISCW

2. Grain production

2.1 Summer grain crops

The area planted estimate and third production forecast of summer grain crops for the 2010/11 production season, was released by the Crop Estimates Committee (CEC) on 20 April 2011, and is as follows:

Table 1: Commercial summer crops: Area planted estimate and third production forecast - 2010/11 production season

Summer field crops	Area planted 2010/11 Ha (A)	**3rd forecast 2010/11 Tons (B)**	Area planted 2009/10 Ha (C)	Final crop 2009/10 Tons (D)	Change % (B) ÷ (D)
White Maize	1 418 300	6 261 300	1 719 700	7 830 000	-20,03
Yellow Maize	954 000	4 621 900	1 022 700	4 985 000	-7,28
Total Maize	2 372 300	10 883 200	2 742 400	12 815 000	-15,07
Sunflower seed	642 700	809 470	397 700	490 000	+65,20
Soya-beans	418 000	676 850	311 450	566 000	+19,58
Groundnuts	55 150	85 575	57 450	88 000	-2,76
Sorghum	69 200	201 800	86 675	196 500	+2,70
Dry beans	41 900	47 620	44 100	52 255	-8,87
Total	3 599 250	12 704 515	3 639 775	14 207 755	-10,58

- The revised area estimate for **maize** is 2,372 million ha, which is 13,5% less than the 2,372 million ha planted for the previous season. The expected commercial maize crop is 10,883 million tons, which is 15,1% less than the 12,815 million tons of the previous season. The expected yield is 4,59 t/ha as against 4,67 t/ha of the previous season.
- The area estimate for white maize is 1,418 million ha, which represents a decrease of 17,5% compared to the 1,720 million ha planted last season. In the case of yellow maize the area estimate is 954 000 ha, which is 6,7% less than the 1,023 million ha planted last season.
- The production forecast of **white maize** is 6,261 million tons, which is 20,0% less than the 7,830 million tons of last season. The yield for white maize is 4,41 t/ha as against 4,55 t/ha the previous season. In the case of **yellow maize** the production forecast is 4,622 million tons, which is 7,3% less than the 4,985 million tons of last season. The yield for yellow maize is 4,84 t/ha as against 4,87 t/ha the previous season.
- The production forecast for **sunflower seed** is 809 470 tons, which is 65,2% more than the 490 000 tons of the previous season. The area estimate for sunflower seed is 642 700 ha, which is 61,6% more than the 397 700 ha planted the previous season. The expected yield is 1,26 t/ha as against 1,23 t/ha of the previous season.
- The production forecast for **soya-beans** is 676 850 tons, which is 19,6% more than the 566 000 tons of the previous season. It is estimated that 418 000 ha have been planted to soya-beans, which represents an increase of 34,2% compared to the 311 450 ha planted last season. The expected yield is 1,62 t/ha as against 1,82 t/ha last season.

- The expected **groundnut** crop is 85 575 tons, which is 2,8% less than the 88 000 tons of last season. For groundnuts the area estimate is 55 150 ha, which is 4,0% less than the 57 450 ha planted for the previous season. The expected yield is 1,55 t/ha as against 1,53 t/ha last season.
- The production forecast for **sorghum** is 201 800 tons, which is 2,7% higher than the 196 500 tons of the previous season. The area estimate for sorghum decreased by 20,2%, from 86 675 ha to 69 200 ha against the previous season. The expected yield is 2,92 t/ha as against 2,27 t/ha of the previous season.
- In the case of **dry beans** the production forecast is 47 620 tons, which is 8,9% less than the 52 255 tons of the previous season. For dry beans, the area estimate is 41 900 ha, which is 5,0% less than the 44 100 ha planted for the previous season. The expected yield is 1,14 t/ha as against 1,18 t/ha of the previous season.

The area planted and fourth production forecast of summer grain crops for the 2010/11 production season will be released on 24 May 2011.

2.2 Winter cereal crops – 2011 production season

The intentions of farmers to plant winter cereal crops for the 2011 production season, was also released by the Crop Estimates Committee (CEC) on 20 April 2011, and is as follows:

Table 2: Intentions of famers to plant winter cereals for the 2011 production season

Winter cereal crops	**Intentions* 2011 Ha (A)**	Area planted 2010 Ha (B)	Final estimate 2010 Tons (C)	Change % (A) ÷ (B)
Wheat	**598 500**	558 100	1 464 970	+7,24
Malting barley	**82 000**	82 670	200 035	-0,81
Canola	**33 000**	34 820	37 950	-5,23
Total	**713 500**	675 590	1 702 955	+5,61

*Based on conditions as at the middle of April 2011

- Early indications are that producers intend to plant 598 500 ha of **wheat** for the 2011 production season. This is 40 400 ha or 7,2% more than the area planted to wheat in 2010. Apart from the previous season, this is the second smallest area planted to wheat since the early 1900's. The main producing areas are within the Western Cape with 274 000 ha (46%), followed by the Free State with 220 000 ha (37%) and the Northern Cape with 44 000 ha (7%).
- According to producers the increase in the expected planting of wheat can mainly be attributed to prices that are better than the previous season.
- The expected area planted to **malting barley** is 82 000 ha, which shows a slight decrease of 670 ha compared to the 82 670 ha of the previous year.
- The expected area planted to **canola** is 33 000 ha, which is 1 820 ha less than the 34 820 ha planted in 2010.

The preliminary area estimate of winter crops for 2011 will be released on 26 July 2011.

2.3 Winter cereal crops – 2010 production season

- At a meeting held on 5 May 2011, which was chaired by a member of the National Agricultural Marketing Council, the Crop Estimates Liaison Committee oversaw the process for the finalisation of the crop sizes of wheat, malting barley and canola for the 2010 production season.
- Comparing the numbers set by the Crop Estimates Committee (CEC) during February 2011, with the final calculated crop figures, the figure for wheat was estimated slightly higher (2,45%) than the final crop production figure of 1,430 million tons. With regard to the malting barley, the crop was estimated higher (3,11%) than the final crop production figure of 194 000 tons and with regard to canola, the crop was also estimated slightly higher (36 900 tons) by 2,85%.

3. Cereal balance sheets

Supply and demand data for March 2011 was released by SAGIS on 26 April 2011. *(Preliminary information is subject to change on a monthly basis.)*

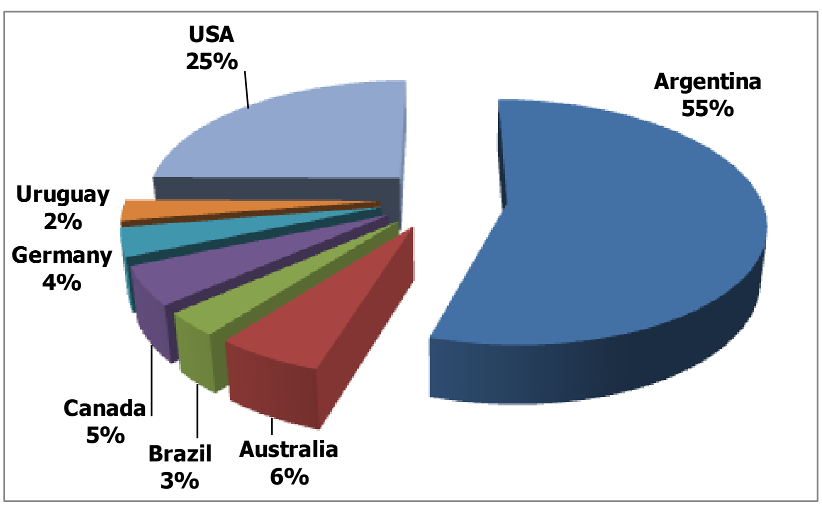
3.1 Winter cereals

Table 3:

2010/11 Projected Wheat Balance Sheet as at 6 May 2011 (1000 tons)	**Wheat** (October to September)
Supply	
Opening stocks (October 2010)	**579**
SAGIS Opening Stocks	579
Gross production (2010 season)	**1 437**
Commercial production	1 430
Subsistence agriculture	7
Total domestic supply	**2 016**
Plus: Imports	1 700
Total supply	**3 716**
Demand	
Consumption	**2 990**
Commercial: Human	2 885
Animal (feed)	20
Retentions by producers	42
Seed for planting purposes	23
Other (released to end consumers +withdrawn by producers +retentions by producers)	20
Subsistence agriculture	**7**
Total domestic consumption	**2 997**
Plus: Exports	**205**
Total demand	**3 202**
Closing stocks (September 2011)	**514**
Pipeline requirements (80 days of human (food) consumption)	**632**
Domestic shortfall	**-1 613**
Import gap	**1 613**
Shortage above pipeline	**-118**
SAGIS closing stocks as at end of March 2011	**1 248**

- The projected closing stocks of wheat for the 2010/11 marketing season is 514 000 tons, which is 11,2% less than the previous season (579 000 tons). The decrease can mainly be attributed to the smaller wheat crop for the current 2010/11 marketing season.

Graph 2: Major countries of imports of wheat for South Africa: 2010/11 marketing season



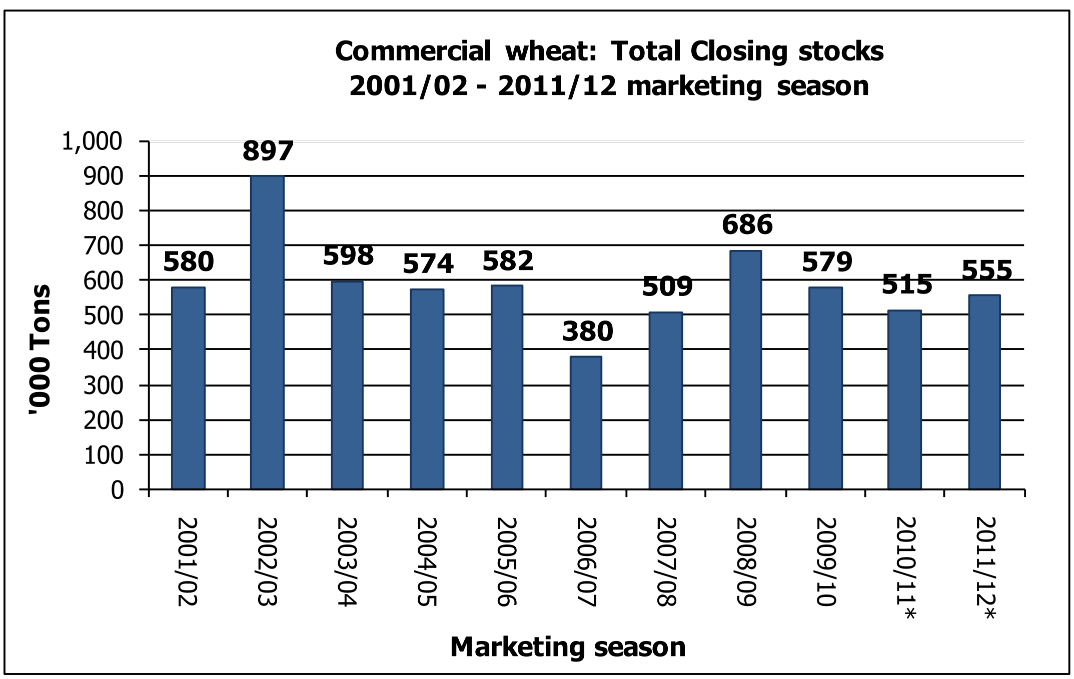
- From 2 October 2010 up to 29 April 2011, the progressive wheat imports stands at 931 447 tons, with the largest quantity (510 115 tons or 55%) imported from Argentina (Source: SAGIS).
- To meet local demand, total imports are projected at 1,7 million tons of wheat, the largest quantity ever recorded.

Table 4:

2011/12 Projected Wheat Balance Sheet as at 6 May 2011 (1000 tons)	**Wheat** (October to September)
Supply	
Opening stocks (October 2011)	**514**
SAGIS Opening Stocks	514
Gross production (2011 season)	**1 684**
Commercial production	1 677
Subsistence agriculture	7
Total domestic supply	**2 198**
Plus: Imports	1 600
Total supply	**3 798**
Demand	
Consumption	**3 006**
Commercial: Human	2 898
Animal (feed)	30
Retentions by producers	42
Seed for planting purposes	23
Other (released to end consumers +withdrawn by producers +retentions by producers)	13
Subsistence agriculture	**7**
Total domestic consumption	**3 013**
Plus: Exports	**230**
Total demand	**3 243**
Closing stocks (September 2012)	**555**
Pipeline requirements (80 days of human (food) consumption)	**635**
Domestic shortfall	**-1 450**
Import gap	**1 450**
Shortage above pipeline	**-80**

- The projected closing stocks of wheat for the 2011/12 marketing season is 555 000 tons, which is 7,98% less than the previous season (514 000 tons). The increase can mainly be attributed to the larger area planted to wheat crop for the coming 2011/12 marketing season.

Graph 3: Total closing stocks of commercial wheat: 2001/02 to 2011/12 marketing season



*Projection

3.2 Summer grains

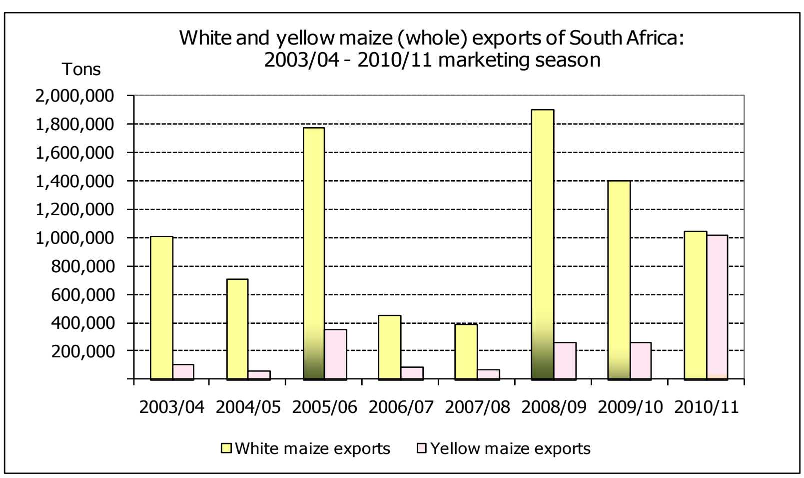
Table 5:

2010/11 Projected Annual Cereal Balance Sheet as at 6 May 2011 (1 000 tons)	**Maize** (May to April)			**Sorghum**
	White	**Yellow**	**Total**	(April to March)
Supply				
Opening stocks	**1 362**	**769**	**2 131**	**93,2**
SAGIS Opening Stocks	1 362	769	2 131	93,2
Gross production	**8 252**	**5 169**	**13 421**	**235,9**
Commercial production	7 830	4 985	12 815	196,5
Subsistence agriculture	422	184	606	39,4
Total domestic supply	**9 614**	**5 938**	**15 552**	**329,1**
Plus: Imports	-	-	-	-
Total supply	**9 614**	**5 938**	**15 552**	**329,1**
Demand				
Consumption	**6 278**	**3 978**	**10 256**	**208,0**
Commercial: Human	4 200	350	4 550	181,4
Animal (feed)	1 600	2 700	4 300	5,9
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	402	894	1 296	20,7
Subsistence agriculture	**422**	**184**	**606**	**39,4**
Total domestic consumption	**6 700**	**4 162**	**10 862**	**247,4**
Plus: Exports	**1 095**	**1 050**	**2 145**	**24,2**
Products	70	50	120	-
Whole maize	1 025	1 000	2 025	-
Total demand	**7 795**	**5 212**	**13 007**	**271,6**
Closing stocks (2011)	**1 819**	**726**	**2 545**	**57,5**
Pipeline requirements (45 days of commercial consumption)	**722**	**378**	**1 100**	**23,1**
Domestic surplus	**2 192**	**1 398**	**3 590**	**58,6**
Surplus/ shortage above pipeline	**1 097**	**348**	**1 445**	**34,4**
SAGIS closing stocks as at end of March 2011	**2 352**	**943**	**3 295**	**57,5**

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2010/11 marketing season was 2,545 million tons, which is 19,4% more than the previous season (2,131 million tons). This increase can mainly be attributed to the higher production of maize during the 2009/10 production season.
- Closing stocks of sorghum at the end of March 2011 was estimated at 57 500 tons, which is considerable less (38,3%) than the previous season (93 200 tons). This decrease can mainly be attributed to the smaller sorghum crop of the 2009/10 production season.

Graph 4: White and yellow maize exports from South Africa: 1 May 2010 to 29 April 2011



- From 1 May 2010 up to 29 April 2011, the progressive white and yellow maize exports stands at 1,051 and 1,018 million tons, respectively. This brings the progressive grand total of exports to 2,069 million tons *(Source: SAGIS).*
- It is important to note that the pace of white maize exports have picked up during April 2011, bypassing the exports of yellow maize for the 2010/11 marketing season. The increase in white maize exports can mainly be attributed to increased exports to Italy, Korea, Mexico and Portugal.

Table 6:

2011/12 Projected Annual Cereal Balance Sheet as at 6 May 2011 (1 000 tons)	**Maize** (May to April)			**Sorghum** (April to March)
	White	**Yellow**	**Total**	
Supply				
Opening stocks	**1 819**	**726**	**2 545**	**57,5**
SAGIS Opening Stocks	1 819	726	2 545	57,5
Gross production	**6 684**	**4 806**	**11 490**	**241,2**
Commercial production	6 262	4 622	10 884	201,8
Subsistence agriculture	422	184	606	39,4
Total domestic supply	**8 503**	**5 532**	**14 035**	**298,7**
Plus: Imports	**-**	**-**		-
Total supply	**8 503**	**5 532**	**14 035**	**298,7**
Demand				
Consumption	**6 018**	**4 128**	**10 146**	**203,2**
Commercial: Human	4 250	350	4 600	179,5
Animal (feed)	1 350	2 950	4 300	6,4
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	342	794	1 136	17,3
Subsistence agriculture	**422**	**184**	**606**	**39,4**
Total domestic consumption	**6 440**	**4 312**	**10 752**	**242,6**
Plus: Exports	**1 220**	**745**	**1 965**	**23,8**
Products	60	45	105	-
Whole maize	1 160	700	1 860	-
Total demand	**7 660**	**5 057**	**12 717**	**266,4**
Closing stocks (2012)	**843**	**475**	**1 318**	**32,3**
Pipeline requirements (45 days of commercial consumption)	**698**	**409**	**1 107**	**22,9**
Domestic surplus	**1 365**	**811**	**2 176**	**33,2**
Surplus/ shortage above pipeline	**145**	**66**	**211**	**9,4**

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2011/12 marketing season is 1,318 million tons, which is lowest total recorded since the 1,049 million tons in the 2007/08 marketing season. It is also 48,2% less than the previous seasons' closing stock of 2,545 million tons. This decrease can mainly be attributed to the lower expected maize crop for the 2010/11 production season.

- The projected closing stocks of sorghum for the 2011/12 marketing season is 32 300 tons, the smallest total recorded since the 21 900 tons in 1999/2000 marketing season. It is also 43,8% less than the previous seasons' closing stock of 57 500 tons.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in March 2011 was 4,1%. This rate was 0,4% higher than the corresponding annual rate of 3,7% in February 2011. On average, prices increased by 1,2% between February 2011 and March 2011.

- The food and non-alcoholic beverages index increased by 1,2% between February 2011 and March 2011. The annual rate increased to 5,0% in March 2011 from 3,6% in February 2011. The following components in the food and non-alcoholic beverages index increased: Fruit (5,0%), oils and fats (3,4%), hot beverages (2,8%), meat (1,8%), sugar, sweets and desserts (1,8%), fish (1,4%), vegetables (1,0%), other food (0,7%), milk, eggs and cheese (0,5%) and bread and cereals (0,4%). The following component decreased: Cold beverages (-0,1%).

- The alcoholic beverages and tobacco index increased by 3,7% between February 2011 and March 2011. The annual rate decreased to 5,2% in March 2011 from 7,2% in February 2011.
- The housing and utilities index increased by 0,8% between February 2011 and March 2011. The annual rate increased to 6,6% in March 2011 from 6,4% in February 2011.
- The transport index increased by 1,2% between February 2011 and March 2011, mainly due to a 43c/l increase in the price of petrol. The annual rate increased to 3,3% in March 2011 from 2,6% in February 2011.
- The education index increased by 8,6% between February 2011 and March 2011. The annual rate decreased to 8,6% in March 2011 from 9,2% in February 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were North West (4,1%), Western Cape (4,0%), Gauteng (4,0%), Limpopo (3,7%) and KwaZulu-Natal (3,4%). The provinces with an annual inflation rate higher than headline inflation were Free State (5,0%), Eastern Cape (4,8%), Northern Cape (4,5%) and Mpumalanga (4,3%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 7,3% in March 2011 (i.e. the PPI in March 2011 compared with March 2010). This rate is 0,6% higher than the corresponding annual rate of 6,7% in February 2011.
- This higher annual rate in March 2011 can be explained by increases in the annual rate of change in the Producer Price Index for:
  - Mining and quarrying: The annual rate increased from 7,5% in February 2011 to 8,1% in March 2011;
  - Products of petroleum and coal: The annual rate increased from 10,9% in February 2011 to 17,1% in March 2011;
  - Basic metals: The annual rate increased from 9,6% in February 2011 to 10,2% in March 2011;
  - Chemicals and chemical products: The annual rate increased from 6,0% in February 2011 to 7,8% in March 2011;
  - Metal products: The annual rate increased from -2,3% in February 2011 to -0,8% in March 2011.
- These increases were partially counteracted by decreases in the annual rate of change for:
  - Other manufactures: The annual rate decreased from 14,8% in February 2011 to 9,3% in March 2011;
  - Agriculture: The annual rate decreased from 3,5% in February 2011 to 2,7% in March 2011;
  - Electrical machinery and apparatus: The annual rate decreased from +2,3% in February 2011 to 0,6% in March 2011.
- From February 2011 to March 2011 the PPI for domestic output increased by 0,9%.
- The monthly increase of 0,9% in the PPI for domestic output was mainly due to monthly contributions from increases in the price indices of products of petroleum and coal (0,4%), mining and quarrying (0,3%), all other groups (0,2%), chemicals and chemical products (0,1%) and basic metals (0,1%). These increases were partially counteracted by decreases in the price indices of agriculture (-0,1%) and electricity (-0,1%).

4.3 Future contract prices and the exchange rate

Table 7: Closing prices on Wednesday, 4 May 2011

	4 May 2011	4 April 2011	% change May vs Apr.
RSA White Maize per ton (May contract)	R1 621	R1 652	-1,88
RSA Yellow Maize per ton (May contract)	R1 680	R1 694	-0,83
RSA Wheat per ton (May contract)	R3 065	R3 090	-0,81
RSA Soya-beans per ton (May contract)	R3 111	R3 270	-4,86
RSA Sunflower seed per ton (May contract)	R3 837	R4 070	-5,72
Exchange rate R/$	R6,63	R6,73	-1,49

Source: SAFEX

- Maize prices (May 2011 contract) ended lower on 4 April 2011, as compared to the month of April 2010. Local white and yellow maize prices decreased by 1,9% and 0,8%, respectively, as compared to the previous month, following international price trends of commodities.
- Local wheat, soya-bean and sunflower seed prices also showed decreases of 0,8%, 4,9 and 5,7%, respectively, during the same period.
- For the mentioned period, the Rand appreciated by 1,5% against the US Dollar to reach R 6,63/US$.
- The oil price also continued to increase towards the end of April 2011 ($125,89/barrel), amid continued unrest in North Africa and most recently in Nigeria.

4.4 Agricultural machinery sales

- March tractor sales of 569 units were 32,3% up on the 430 units sold in March 2010. On a year-to-date basis tractor sales are almost 21% up on sales in the first three months of last year. March combine harvester sales of 12 units were significantly down on the 34 units sold in March last year. On a current year-to-date basis combine harvester sales of 49 units are marginally down on the 53 units sold in the first three months of 2010.
- March tractor sales continue to reflect the current optimism in the agricultural machinery market. With the continued strong rand, new equipment prices have stabilised or, in some cases, been reduced. Maize, soya-beans and wheat prices have improved in recent months and this together with easier bank financing, means that farmers can use current market opportunities to invest in new capital equipment.
- Industry predictions for the 2011 calendar year have been revised upwards to between 5 600 and 5 900 units, 10 and 15% up on 2010 sales.

Table 8: Agricultural machinery sales

	Year-on-year		Percentage	Year-to-date		Percentage
	March		Change	March		Change
Equipment class	**2011**	**2010**	%	**2011**	**2010**	%
Tractors	569	430	32,3	1 630	1 353	20,5
Combine harvesters	12	34	-64,7	49	53	-7,5

Source: SAAMA press release, April 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)
- National Agricultural Marketing Council (NAMC)
- South African Agricultural Machinery Association (SAAMA)
- South African Futures Exchange (SAFEX)
- South African National Seed Organisation (SANSOR)
- 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