

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: DECEMBER 2010

Issued: 17 January 2011

Directorate: Agricultural Statistics

Highlights:

- **Widespread rainfall occurrences were reported over the country for the larger part of December 2010.**
- **The expected production of wheat is 1,571 million tons, which is 19,8% less than the previous seasons' crop of 1,958 million tons.**
- **The projected closing stocks of maize for the 2010/11 marketing season is 3,0 million tons. Thus, more than enough maize will be available for local consumption and to meet export demand.**
- **The projected closing stocks of maize for the 2011/12 marketing season is 2,462 million tons. Thus, enough maize will be available for local consumption and to meet export demand.**
- **The projected closing stocks of wheat for the 2010/11 marketing season is 415 000 tons, which includes imports of 1,5 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in November 2010 was higher at 3,6%.**
- **The annual percentage change in the PPI was lower at 6,2% in November 2010.**
- **December 2010 tractor sales of 381 units were considerably more (72%) than the 221 units sold in December 2009.**



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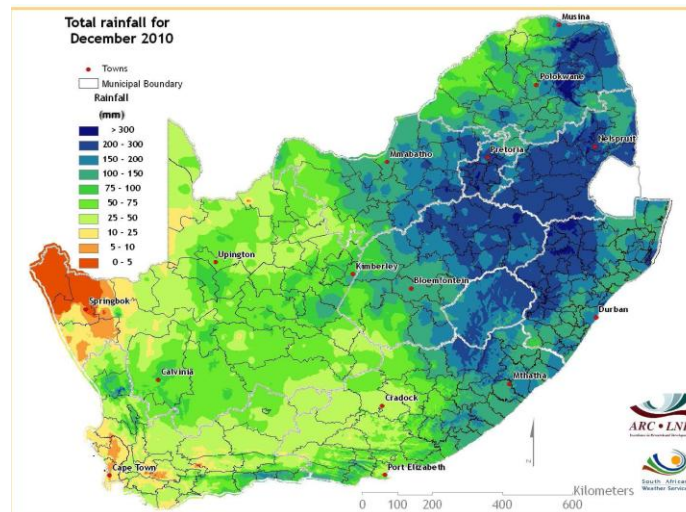
1. Weather conditions

1.1 Rainfall for December 2010

During December, dry air frequently moved over large parts of the western and central parts of the country. Thunderstorms were occasionally severe and hail reports were received from many areas of the summer rainfall region. After a rather slow start to the summer rain fall season, conditions became very favourable for widespread rain over most of the country, especially from the 10th.

A large amount of tropical air moved over the subcontinent due to low pressure systems that caused widespread thundershowers over most of South Africa on the 15th and 16th of December 2010. In many areas of eastern North West and north-eastern Free State as well as most of Gauteng rainfall in excess of a 100 mm were received within 24 hours. Widespread rainfall occurrences were reported over the country for the larger part of December 2010.

Figure 1: Total rainfall for December 2010



1.2 Level of dams

Available information on the level of South Africa's dams on 10 January 2011 indicates that the country has approximately 94% of its full supply capacity (FSC) available, which is 9% more than last year. Water and Environmental Affairs Minister, Edna Molewa, has issued a warning on 13 January 2011 in which all people were advised, especially those living near dams and rivers to remain alert as above-average rains continue to fall in various parts of the country and water levels continue to increase in the country's major dams and rivers. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 10 January 2010

Province	Nett FSC million cubic meters	10/01/2011 (%)	03/01/2011 (%)	Last Year (%)
Eastern Cape	1 792	60	58	57
Free State	15 940	106	100	88
Gauteng	115	103	101	103
Kwazulu-Natal	4 530	83	81	84
Lesotho*	2 376	83	83	82
Limpopo	1 159	85	82	79
Mpumalanga	2 527	101	101	100
North West	808	83	81	78
Northern Cape	143	114	93	94
Western Cape	1 843	70	71	77
Total	31 233	94	91	85

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The preliminary area planted forecast for summer grain crops for the 2010/11 production season will be released on 25 January 2011.

2.2 Winter cereal crops

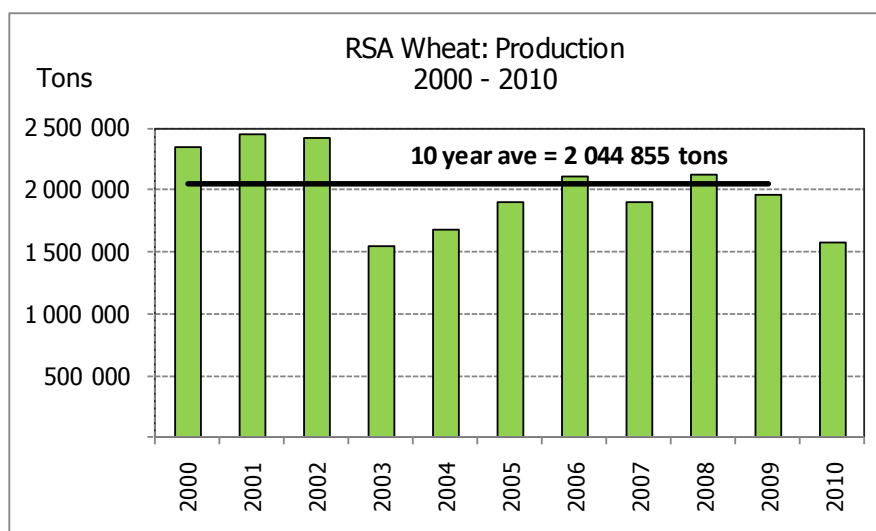
The revised area planted estimate and fifth production forecast for winter cereal crops for the 2010 production season, was released by the CEC on 21 December 2010, and is as follows:

Table 2: Revised area planted estimate and fifth production forecast for winter cereals crops for the 2010 production season

Winter cereal crops	Area planted 2010 Ha (A)	5 th forecast 2010 Tons (B)	Area planted 2009 Ha (C)	Final estimate 2009 Tons (D)	Change % (B) ÷ (D)
Wheat	558 100	1 571 340	642 500	1 958 000	-19,75
Malting barley	82 670	213 814	74 760	216 000	-1,01
Canola	34 820	37 950	35 060	40 350	-5,95
Total	675 590	1 823 104	752 320	2 214 350	-17,67

- The expected production of **wheat** is 1,571 million tons, which is 19,8% less than the previous seasons' crop of 1,958 million tons. The area estimate for wheat is 558 100 ha, with an expected yield of 2,82 t/ha.
- The production forecast for **malting barley** is 213 814 tons, which is 1% less than the previous seasons' crop of 216 000 tons. The area planted is estimated at 82 670 ha, while the expected yield is 2,59 t/ha.
- The expected canola crop is 37 950 tons, which is 6% lower than the previous seasons' crop of 40 350 tons. The area estimate for canola is 34 820 ha, while the expected yield is 1,09 t/ha.

Graph 1: Production of RSA wheat for the past 10 years



- From the graph it is evident that for the past 10 years the production of wheat show a decreasing trend mainly as a result of a decrease in the area planted to wheat. The expected wheat crop of 1,571 million tons is 23,2 % less than the 10 year average of 2,045 million tons

Please note that sixth production forecast for winter cereal crops for 2010 production season will be released on 25 January 2011.



3. Cereal balance sheets

Supply and demand data for November 2010 was released by SAGIS on 22 December 2010. *(Preliminary information is subject to change on a monthly basis.)*

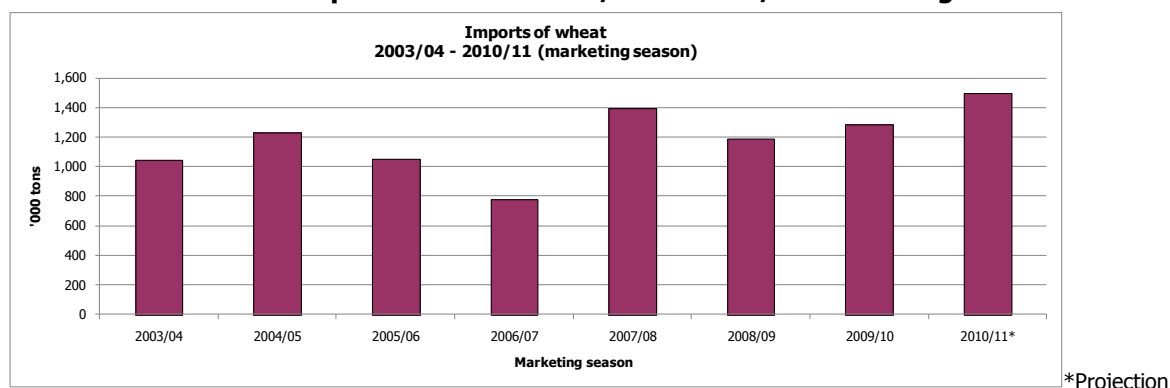
3.1 Winter cereals

Table 3:

2010/11 Projected Wheat Balance Sheet as at 30 December 2010 (1000 tons)	Wheat (October to September)
Supply	
Opening stocks (October 2010)	579
SAGIS Opening Stocks	579
Gross production (2010 season)	1 578
Commercial production	1 571
Subsistence agriculture	7
Total domestic supply	2 157
Plus: Imports	1 500
Total supply	3 657
Demand	
Consumption	3 005
Commercial: Human	2 895
Animal (feed)	26
Retentions by producers	42
Seed for planting purposes	22
Other (released to end consumers +withdrawn by producers +retentions by producers)	20
Subsistence agriculture	7
Total domestic consumption	3 012
Plus: Exports	230
Total demand	3 242
Closing stocks (September 2011)	415
Pipeline requirements (80 days of human (food) consumption)	635
Domestic shortfall	-1 490
Import gap	1 490
Shortage above pipeline	-220
SAGIS closing stocks as at end of November 2011	1 165

- The total supply of wheat for the 2010/11 marketing season is expected to be 3,657 million tons, including imports of 1,5 million tons and opening stock of 579 000 tons at the beginning of October 2010. The projected closing stocks of wheat for the 2010/11 marketing season is 415 000 tons, which is 28,3% less than the previous season (579 000 tons). This decrease can mainly be attributed to the smaller expected wheat crop for the 2010/11 marketing season.

Graph 2: South Africa's wheat imports from the 2003/04 to 2010/11 marketing seasons



- South Africa will probably import 1,5 million tons of wheat in the 2010/11 marketing season, the largest amount ever recorded, after local farmers planted less wheat.



3.2 Summer grains

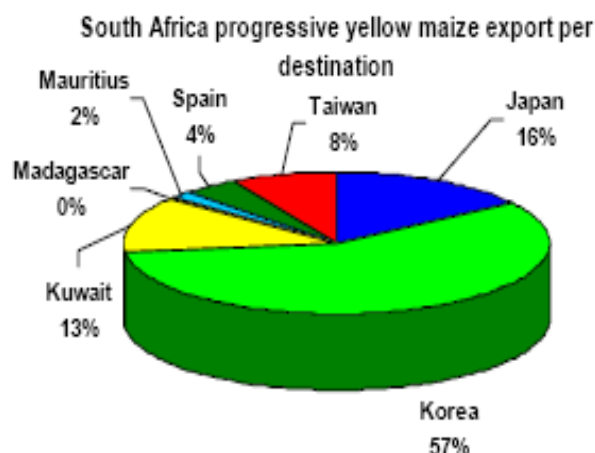
Table 4:

2010/11 Projected Annual Cereal Balance Sheet as at 30 December 2010 (1 000 tons)	Maize (May to April)			Sorghum (April to March)
	White	Yellow	Total	
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	6 058	4 128	10 186	214,5
Commercial: Human	4 300	350	4 650	183,2
Animal (feed)	1 380	2 950	4 330	9,6
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	302	794	1 096	21,7
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 480	4 312	10 792	253,9
Plus: Exports	760	1 000	1 760	30,6
Products	60	50	110	-
Whole maize	700	950	1 650	-
Total demand	7 240	5 312	12 552	284,5
Closing stocks (2011)	2 374	626	3 000	44,6
Pipeline requirements (45 days of commercial consumption)	708	409	1 117	23,8
Domestic surplus	2 426	1 217	3 643	51,4
Surplus/ shortage above pipeline	1 666	217	1 883	20,8
SAGIS closing stocks as at end of November 2010	4 795	2 298	7 093	116,0

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2010/11 marketing season is 3,0 million tons, which is 40,8% 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 are estimated at 44 600 tons, which is considerable less (52,1%) than the previous season (93 200 tons).

Graph 3: Major export destinations of South African yellow maize: 1 May 2010 to 7 January 2011



- The figure shows the relative share of overseas countries as an export destination for South African yellow maize.
- From 1 May 2010 up to 7 January 2011, the progressive white and yellow maize exports stands at 454 927 and 718 628 tons, respectively. This brings the progressive grand total of exports to 1,173 million tons. Of the 718,628 tons of yellow maize exports, 90 705 tons was exported to African countries while the remainder was exported to overseas countries (627 923 tons).
- Over the mentioned period, the majority of our yellow maize overseas exports were destined for Korea (57%), followed by Japan (16%) and Kuwait (13%). Exports were also seen to Taiwan, Spain, Mauritius and Madagascar. (Source: SAGIS)

Table 5:

2011/12 Projected Annual Cereal Balance Sheet as at 30 December 2010 (1 000 tons)	Maize (May to April)			Sorghum
	White	Yellow	Total	(April to March)
Supply				
Opening stocks	2 374	626	3 000	44,6
SAGIS Opening Stocks	2 374	626	3 000	44,6
Gross production	7 349	4 995	12 344	277,6
Commercial production	6 927	4 811	11 738	238,2
Subsistence agriculture	422	184	606	39,4
Total domestic supply	9 723	5 621	15 344	322,2
Plus: Imports	-	-	-	-
Total supply	9 723	5 621	15 344	322,2
Demand				
Consumption	5 888	4 408	10 296	211,6
Commercial: Human	4 300	330	4 630	181,9
Animal (feed)	1 180	3 300	4 480	9,6
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	332	744	1 076	20,1
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 310	4 592	10 902	251,0
Plus: Exports	1 255	725	1 980	40,5
Products	55	45	100	-
Whole maize	1 200	680	1 880	-
Total demand	7 565	5 317	12 882	291,5
Closing stocks (2012)	2 158	304	2 462	30,7
Pipeline requirements (45 days of commercial consumption)	683	450	1 133	23,6
Domestic surplus	2 730	579	3 309	47,6
Surplus/ shortage above pipeline	1 475	-146	1 329	7,1

Source: SAGIS, Directorate: Agricultural Statistics.

- Farmers intend to plant 2,469 million ha of maize. When applying an average yield of 4,75 t/ha, the total commercial production of maize is estimated at 11,738 million tons. The projected closing stocks of maize for the 2011/12 marketing season is 2,462 million tons, which is 17,9% less than the previous season (3,0 million tons). This decrease can mainly be attributed to the expected lower area planted to maize during the 2010/11 production season.
- In case of sorghum, the intended plantings is expected to be more or less the same as the previous season, namely 86 600 ha as against the 86 675 ha. When applying an average yield of 2,75 t/ha to the intended planting of 86 600 ha, the total commercial production of sorghum is projected at 238 200 tons. The projected closing stocks of sorghum for the 2011/12 marketing season is 30 700 tons, which is less (31,2%) than the previous season (44 600 tons).

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in November 2010 was 3,6%. This rate was 0,2% point higher than the corresponding annual rate of 3,4% in October 2010. On average, prices increased by 0,2% between October 2010 and November 2010.
- The food and non-alcoholic beverages index increased by 0,4% between October 2010 and November 2010. The annual rate increased to 1,3% in November 2010 from 1,0% in October 2010. The monthly increase in the



food and non-alcoholic beverages index was largely driven by monthly increases in fruit (5,1%), oils and fats (3,0%), bread and cereals (1,9%), other food (1,1%), meat (0,9%), sugar, sweets and desserts (0,3%), fish (0,1%) and cold beverages (0,1%). These increases were counteracted by monthly decreases in vegetables (-4,3%), milk, eggs and cheese (-0,7%) and hot beverages (-0,2%).

- The transport index increased by 0,3% between October 2010 and November 2010, mainly due to a 20 cents per litre increase in the price of petrol. The annual rate increased to 2,1% in November 2010 from 1,8% in October 2010.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Northern Cape (2,9%), KwaZulu-Natal (2,9%), Limpopo (2,9%), Mpumalanga (3,2%), North West (3,3%), Western Cape (3,6%) and Gauteng (3,6%). The provinces with an annual inflation rate higher than headline inflation were Eastern Cape (3,8%) and Free State (4,1%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of +6,2% in November 2010 (i.e. the PPI in November 2010 compared with November 2009). This rate is 0,2% lower than the corresponding annual rate of 6,4% in October 2010.
- This lower annual rate in November 2010 can be explained by decreases in the annual rate of change in the Producer Price Indices for:
 - Mining and quarrying: The annual rate decreased from 14,0% in October 2010 to 12,6% in November 2010; and
 - Basic metals: The annual rate decreased from 7,8% in October 2010 to 6,1% in November 2010.
- These decreases were partially counteracted by increases in the annual rate of change for:
 - Products of petroleum and coal: The annual rate increased from 4,1% in October 2010 to 5,6% in November 2010; and
 - Electricity: the annual rate increased from 20,6% in October 2010 to 21,4% in November 2010.
- From October 2010 to November 2010 the PPI for domestic output increased by 0,7%.

Table 6: Closing prices on Monday, 29 November 2010

	14 January 2011	14 December 2011	% change Jan. vs Dec.
RSA White Maize per ton (Jan. contract)	R1 305	R1 317	-0,91
RSA Yellow Maize per ton (Jan. contract)	R1 435	R1 393	+3,02
USA Yellow Maize per ton (Mar. contract)	R1 752	R1 601	+9,43
RSA Wheat per ton (Jan. contract)	R2 888	R2 812	+2,70
RSA Soya-beans per ton (Jan. contract)	R3 700	R3 391	+9,11
RSA Sunflower seed per ton (Jan. contract)	R5 050	R5 070	-0,39
Exchange rate R/\$	R6,87	R6,83	+0,59

Source: SAFEX

- Most of the domestic grain prices (January 2011 contract) ended higher on 14 January 2011, as compared to the month of December 2010. Local white maize prices decreased by 0,9% compared to the previous month, whilst yellow maize prices increased by 3,0%. Local soya-bean and wheat prices also show increases of 9,1% and 2,7% respectively, whilst sunflower seed prices decreased by a mere 0,4%, during the same period.



- For the mentioned period, the Rand depreciated by 0,6% against the US Dollar to reach R 6,87/US\$.

4.3 Agricultural machinery sales

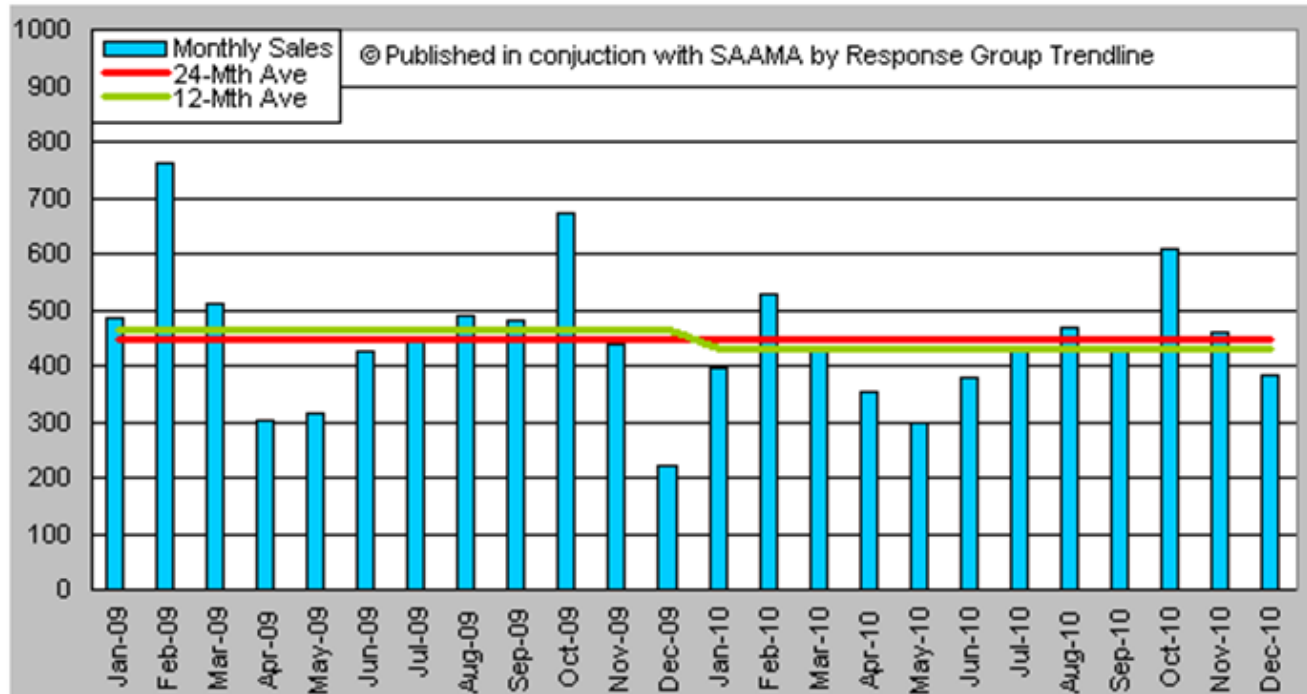
- December tractor sales of 381 units were sharply (72%) up on the 221 units sold in December 2009. Overall tractor sales for 2010 were approximately 7% down on 2009. December combine harvester sales of 14 units were significantly up on the 5 units sold in December 2009. Overall combine harvester sales for 2010 were almost 32% down on 2009.
- December tractor sales were excellent, brought on by the late onset of general summer rains. It is a buyers' market, both in regard to stable prices due to the strong rand and financing which has become easier in the past twelve months. This has led to many farmers taking the opportunity to invest in capital equipment.
- Industry predictions earlier in the year were that the overall tractor market for 2010 would be of the order of 5 000 units, 10% down on 2009. The better than expected December sales resulted in overall tractor sales for 2010 of 5 155 units, only 7,1% down on 2009

Table 7: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	December			December		
	2010	2009		2010	2009	
Tractors	381	221	72,4	5 155	5 550	-7,1
Combine harvesters	14	5	180,0	188	275	-31,6

Source: SAAMA press release, January 2011

Graph 4: Tractor sales for the past 24 months



- From the graph it is evident that although the tractor sales of December 2010 show a considerable increase compared to December 2009, it is still lower than the previous few months' sales and also below the 12, as well as 24 month averages.

5. Acknowledgements

The Directorate: Agricultural Statistics makes use of information sourced from various institutions and organisations within South Africa in order to compile the monthly report on South Africa's Food Security Situation. This report has been compiled with the aid of information and reports sourced from the following institutions and organisations:

- Agfacts
- 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