

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JULY 2011

Issued: 3 August 2011

Directorate: Statistics and Economic Analysis

Highlights:

- July was characterised by adverse weather conditions with rainfall and heavy snowfalls reported in the eastern regions of the country.
- The preliminary area estimate for wheat for 2011 is 602 000 ha, which is 7,87% more than the 558 100 ha planted for the previous season.
- The projected closing stocks of wheat for the 2010/11 marketing year was 503 000 tons, which includes imports of 1,68 million tons.
- The projected closing stocks of wheat for the coming 2011/12 marketing year is 586 000 tons, which includes imports of 1,6 million tons.
- The expected production of maize for 2011 is 10,854 million tons, which is 15,3% less than the 12,815 million tons of the previous year.
- The projected closing stocks of maize for the 2011/12 marketing year is 1,141 million tons, which is the lowest total recorded since the 1,057 million tons in the 2007/08 marketing year.
- The headline CPI (for all urban areas) annual inflation rate in June 2011 is higher at 5,0%.
- The annual percentage change in the PPI was higher at 7,4% in June 2011.
- The Monetary Policy Committee, at its meeting during July 2011, has decided to keep the repurchase rate unchanged at 5,5% per annum.
- June tractor sales of 625 units were almost 66% up on the 377 units sold in June 2010.



**agriculture,
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1. Weather conditions

1.1 Rainfall for July 2011

For the beginning of July (1-10 July) above-normal rainfall was received along the south coast and interior of the Eastern Cape and eastern parts of Limpopo (Figure 1), while the rest of the country mainly received below-normal rainfall. During mid-July (11-20 July) below normal rainfall was received over most parts of the country (Figure 2).

Figure 1: Percentage normal rainfall for 1-10 July 2011-07-29

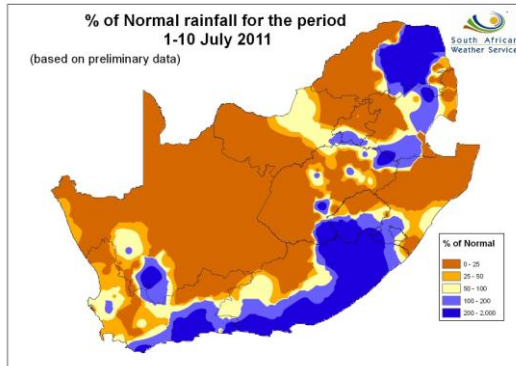
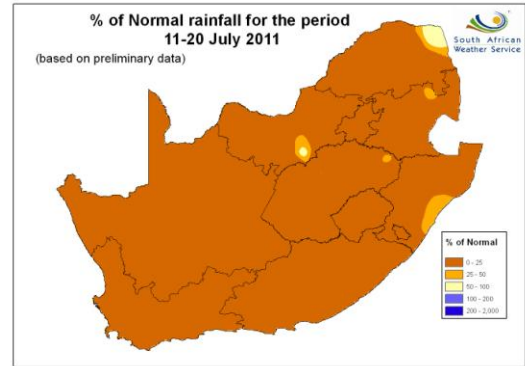
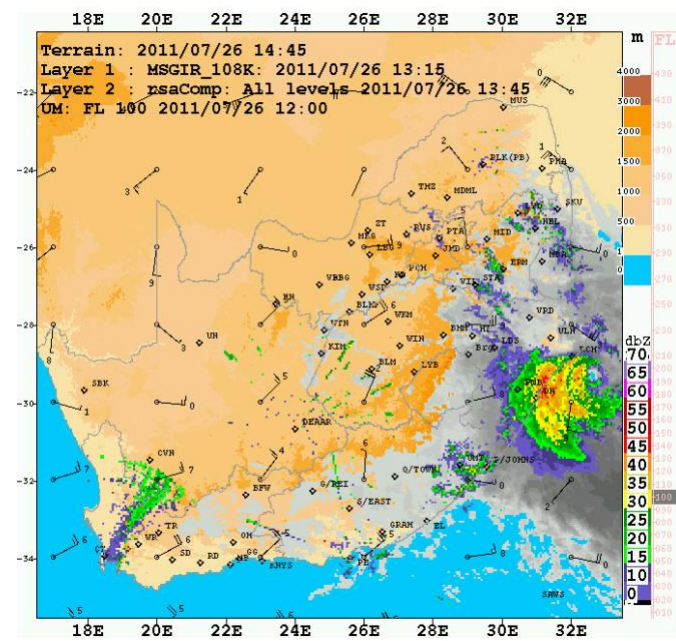


Figure 2: Percentage normal rainfall for 11-20 July 2011



Source: SA Weather Services

Figure 3: Satellite image for 26 July 2011



Source: SA Weather Services

Heavy snowfalls continued to fall over the eastern parts of the country (Eastern Cape, Kwa-Zulu Natal and Mpumalanga provinces) on the 25th and 26th of July as a low pressure system moved east off the Kwazulu-Natal coast. Upon the low pressure system entering the much warmer Indian Ocean current, the storm began to form an eye which was clearly visible on both satellite and radar presentation. It is not unheard of for these storms to take on extra-tropical and sub-tropical characteristics as they move out over the warmer waters but it doesn't happen often that this occurs so close to the South African coast.

Temperatures plummeted in the Eastern Cape and Kwa-Zulu Natal areas following the widespread and heavy snowfalls. Reports have been received from farmers losing livestock due to the extreme cold conditions in specifically the Eastern Cape Province. Roads were closed in various parts of these locations. Temperatures also dropped dramatically over the Mpumalanga and Gauteng provinces.

2. Grain production

2.1 Summer grain crops

The area planted estimate and sixth production forecast of summer grain crops for 2011, was released by the Crop Estimates Committee (CEC) on 26 July 2011, and is as follows:

Table 1: Commercial summer crops: Area planted estimate and sixth production forecast for 2011

Summer field crops	Area planted 2011 Ha (A)	6 th forecast 2011 Tons (B)	Area planted 2010 Ha (C)	Final crop 2010 Tons (D)	Change % (B) ÷ (D)
White Maize	1 418 300	6 301 550	1 719 700	7 830 000	-19,52
Yellow Maize	954 000	4 552 850	1 022 700	4 985 000	-8,67
Total Maize	2 372 300	10 854 400	2 742 400	12 815 000	-15,30
Sunflower seed	642 700	821 970	397 700	490 000	+67,75
Soya-beans	418 000	708 750	311 450	566 000	+25,22
Groundnuts	55 150	78 695	57 450	88 000	-10,57
Sorghum	69 200	173 250	86 675	196 500	-11,83
Dry beans	41 900	45 250	44 100	52 255	-13,41
Total	3 599 250	12 682 315	3 639 775	14 207 755	-10,74

Note: Forecast is for calendar year, e.g. productions season 2010/11 = 2011

- The area estimate for **maize** is 2,372 million ha, which is 13,5% less than the 2,742 million ha planted for 2010. The expected commercial maize crop is 10,854 million tons, which is 15,3% less than the 12,815 million tons of 2010. The expected yield is 4,58 t/ha as against 4,67 t/ha of 2010.
- 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 for 2010. 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 for 2010.
- The production forecast of **white maize** is 6,302 million tons, which is 19,5% less than the 7,830 million tons of 2010. The yield for white maize is 4,44 t/ha as against 4,55 t/ha of 2010. In the case of **yellow maize** the production forecast is 4,553 million tons, which is 8,7% less than the 4,985 million tons of 2010. The yield for yellow maize is 4,77 t/ha as against 4,87 t/ha of 2010.
- The production forecast for **sunflower seed** is 821 970 tons, which is 67,8% more than the 490 000 tons of 2010. The area estimate for sunflower seed is 642 700 ha, which is 61,6% more than the 397 700 ha planted for 2010. The expected yield is 1,28 t/ha as against 1,23 t/ha of 2010.
- The production forecast for **soya-beans** is 708 750 tons, which is 25,2% more than the 566 000 tons of 2010. 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 for 2010. The expected yield is 1,70 t/ha as against 1,82 t/ha of 2010.
- The expected **groundnut** crop is 78 695 tons, which is 10,6% 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 1,43 t/ha as against 1,53 t/ha last season.



- The production forecast for **sorghum** is 173 250 tons, which is 11,8% lower 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 2,50 t/ha as against 2,27 t/ha of the previous season.
- In the case of **dry beans** the production forecast is 45 250 tons, which is 13,4% less than the 52 255 tons of the previous season. 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 1,08 t/ha as against 1,18 t/ha of the previous season.

The area planted and seventh production forecast of summer grain crops for 2011 will be released on 25 August 2011.

2.2 Winter cereal crops

The preliminary area planted to winter cereal crops estimate for the 2011 production season, was also released by the Crop Estimates Committee (CEC) on 26 July 2011, and is as follows:

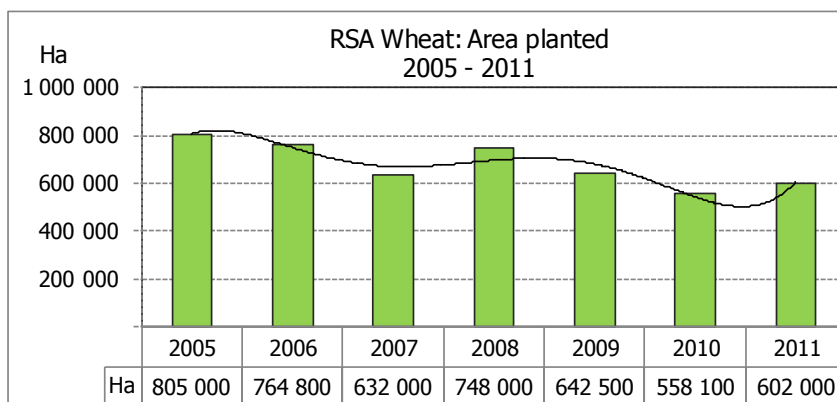
Table 2: Commercial winter crops: Preliminary area planted estimate for the 2011 production season

Winter cereal crops	Area planted 2011 Ha (A)	Intentions* 2011 Ha (B)	Area planted 2010 Ha (C)	Final estimate 2010 Tons (D)	Change % (A) ÷ (C)
Wheat	602 000	598 500	558 100	1 430 000	+7,87
Malting barley	80 350	82 000	82 670	194 000	-2,81
Canola	38 510	33 000	34 820	36 900	+10,60
Total	720 860	713 500	675 590	1 660 900	+6,70

*Intentions based on conditions as at the middle of April 2011

- The preliminary area estimate for **wheat** is 602 000 ha, which is 7,87% more than the 558 100 ha planted for the previous season.
- An estimated 266 000 ha is planted in the Western Cape, which is 1 000 ha more than the 265 000 ha planted for the previous season. In the Free State, 235 000 ha is planted, which is 31 000 ha more than the 204 000 ha planted for the previous season. The area planted in the Northern Cape increased by 4 000 ha to 42 000 ha.
- The preliminary area estimate for **malting barley** is 80 350 ha, which is 2,81% less than the 82 670 ha of last season. The area planted to **canola** is 38 510 ha, or 10,6% more than the 34 820 ha planted for the previous season.

Graph 1: Area planted to wheat: 2005 to 2011



- From the graph it is evident that the area planted to wheat shows mostly a downward trend since 2005. The downward trend can mainly be attributed to increased production costs and decreased producer prices over time.

The revised area planted estimate and first production forecast for winter cereals for 2011 will be released on 25 August 2011.



3. Cereal balance sheets

Supply and demand data for June 2011 was released by SAGIS on 22 July 2011. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 3: Supply and demand for Wheat as at 29 July 2011

Marketing year (October to September)	2009/10	2010/11 *	2011/12 *
Calendar year	2009	2010*	2011*
	1000 tons	1000 tons	1000 tons
Supply			
Opening stocks: 1 October	694	579	503
SAGIS opening stocks	694	579	503
Gross production	1,967	1,436	1,722
Commercial production	1,916	1,401	1,687
Retentions by producers	42	29	29
Non-commercial	9	6	6
Total domestic supply	2,661	2,015	2,225
Plus: Imports	1,285	1,680	1,600
Total supply	3,946	3,695	3,825
Demand			
Commercial consumption	3,118	2,981	2,993
Human	2,991	2,880	2,880
Animal	26	14	25
Retentions by producers	42	42	42
Seed for planting purposes	17	23	23
Other consumption (released to end con's+withdrawn by prod's+retentions)	42	23	23
Non-commercial	9	6	6
Total domestic consumption	3,127	2,987	2,999
Plus: Exports	240	205	240
Products	35	35	35
Whole grain	205	170	205
Total demand	3,367	3,192	3,239
Closing stocks: 30 September	579	503	586
Pipeline requirements (80 days of human consumption)	656	631	631
Domestic shortfall / surplus	-1,122	-1,603	-1,405
Import gap	1,122	1,603	1,405
Shortage above pipeline	-77	-128	-45

**Projection*

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- The projected closing stocks of wheat for the 2010/11 marketing year is 503 000 tons, which is 13,1% less than the previous year (579 000 tons). The decrease can mainly be attributed to the smaller wheat crop for the current 2010/11 marketing year. The projected closing stocks is also 15,3% lower than the 10 year average of 594 000 tons.

- Applying a 5 year average yield of 2,85 t/ha to the plantings figure of 602 000 ha, a wheat crop of 1,716 million tons is expected for the coming 2011/12 marketing year. The projected closing stocks (30 September 2012) of wheat is 586 000 tons, which is 16,5% more than the previous year (503 000 tons). The increase can mainly be attributed to the larger expected wheat crop for the coming 2011/12 marketing year. The projected closing stocks is 1,3% less than the 10 year average of 594 000 tons.
- From 2 October 2010 up to 29 July 2011, the progressive wheat imports stands at 1,398 million tons, with the largest quantity (568 493 tons or 41%) imported from Argentina followed by the USA (508 253 tons or 36%). To meet local demand for the 2010/11 marketing year, total imports are projected at 1,680 million tons of wheat, the largest quantity ever recorded. Thus, already 83% of the import projection has realised.

3.2 Summer grains

Table 4: Supply and demand for White Maize as at 29 July 2011

Marketing Year: May – April	2009/10	2010/11	2011/12*
Calendar Year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
Supply			
Opening Stocks: 1 May	766	1 362	1 609
SAGIS Opening Stocks	766	1 362	1 609
Gross Production	7 154	8 164	6 697
Commercial production	6 660	7 623	6 183
Retentions by producers	115	119	119
Non-commercial	379	422	396
Total Domestic Supply	7 920	9 526	8 307
Imports	-	-	-
Total Supply	7 920	9 526	8 307
Demand			
Commercial Consumption	4 709	6 371	5 898
Human	4 132	4 159	4 250
Animal	362	1 658	1 300
Gristing	68	56	60
Retentions by producers	86	102	102
Seed for planting purposes	19	16	16
Other consumption (released to end-con & withdrawn by producers)	42	379	170
Non-commercial	379	422	396
Total Domestic Consumption	5 088	6 793	6 294
Exports	1 470	1 124	1 270
Products	62	75	70
Whole grain	1 408	1 049	1 200
Total Demand	6 558	7 917	7 563
Closing Stocks: 30 April	1 362	1 609	743
Pipeline Requirements (45 days of human & animal consumption + gristing)	562	724	692
Domestic Shortfall / Surplus	2 270	2 009	1 321
Surplus above pipeline	800	885	52

*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- Closing stocks of white maize for the 2011/12 marketing year is 743 000 tons, which is the lowest total recorded since the 618 000 tons for the 2007/08 marketing year. It is also considerable (53,8%) 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. Considering the pipeline requirements of 692 000 tons of white maize and the surplus above pipeline requirements of 52 000 tons, South Africa could be in a tight stock situation at the end of the marketing year, which ends on 30 April 2012.

Table 5: Supply and demand for Yellow Maize as at 29 July 2011

Marketing Year: May – April	2009/10	2010/11	2011/12*
Calendar Year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
Supply			
Opening Stocks: 1 May	819	769	727
SAGIS Opening Stocks	819	769	727
Gross Production	5 413	5 133	4 721
Commercial production	4 965	4 541	4 145
Retentions by producers	310	408	408
Non-commercial	138	184	168
Total Domestic Supply	6 232	5 903	5 448
Imports	27	-	-
Total Supply	6 259	5 903	5 448
Demand			
Commercial Consumption	5 033	3 924	4 088
Human	346	356	360
Animal	3 739	2 613	2 950
Gristing	18	17	20
Retentions by producers	295	394	394
Seed for planting purposes	15	14	14
Other consumption(released to end-con & withdrawn by producers)	620	530	350
Non-commercial	138	184	168
Total Domestic Consumption	5 171	4 108	4 256
Exports	319	1 068	795
Products	57	51	45
Whole grain	262	1 017	750
Total Demand	5 490	5 176	5 051
Closing Stocks: 30 April	769	727	398
Pipeline Requirements (45 days of human & animal consumption + gristing)	506	368	411
Domestic Shortfall / Surplus	556	1 427	782
Surplus / Shortage above pipeline	264	359	- 13

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

- Closing stocks of yellow maize for the 2011/12 marketing year is 398 000 tons, which is the lowest total recorded since the 439 000 tons for the 2007/08 marketing year. It is also 45,3% less than closing stocks of 727 000 tons for the 2010/11 marketing year. This decrease can mainly be attributed to the lower expected yellow maize crop for the 2011 calendar year. Considering the pipeline requirements of 411 000 tons of yellow maize and the shortage above pipeline of 13 000 tons, South Africa could be in a tight stock situation at the end of the marketing year in April 2011.

Table 6: Supply and demand for Maize as at 29 July 2011

Marketing Year: May – April	2009/10	2010/11	2011/12*
Calendar Year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
Supply			
Opening Stocks: 1 May	1,585	2,131	2,336
SAGIS Opening Stocks	1,585	2,131	2,336
Gross Production	12 567	13 297	11 419
Commercial production	11 625	12 165	10 327
Retentions by producers	425	527	527
Non-commercial	517	606	564
Total Domestic Supply	14 152	15 429	13 755
Imports	27	-	-
Total Supply	14 179	15 429	13 755
Demand			
Commercial Consumption	9 742	10 295	9 986
Human	4 478	4 515	4 610
Animal	4 101	4 271	4 250
Gristing	86	73	80
Retentions by producers	381	497	497
Seed for planting purposes	34	30	30
Other consumption(released to end-con & withdrawn by producers)	662	909	519
Non-commercial	517	606	564
Total Domestic Consumption	10 259	10 901	10 550
Exports	1 789	2 192	2 064
Products	119	126	115
Whole grain	1 670	2 066	1 949
Total Demand	12 048	13 092	12 614
Closing Stocks: 30 April	2 131	2 336	1 141
Pipeline Requirements (45 days of human & animal consumption + gristing)	1 068	1 092	1 102
Domestic Shortfall / Surplus	2 825	3 436	2 103
Surplus above pipeline	1 063	1 244	39

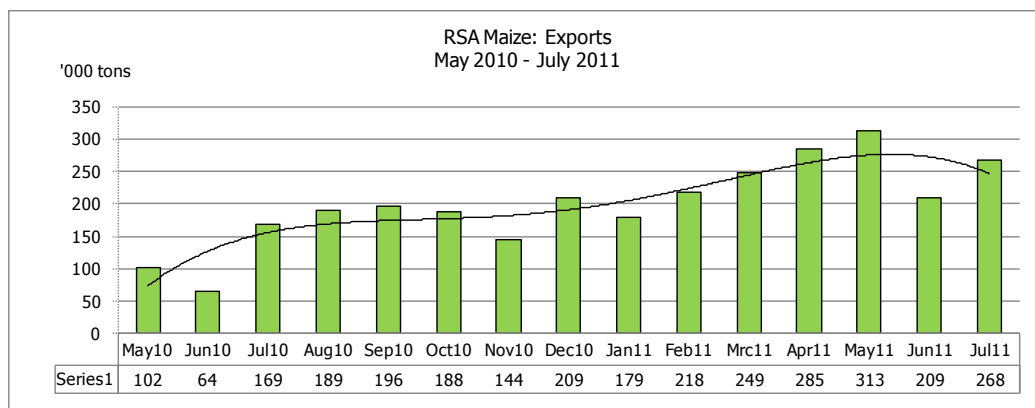
*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- The projected closing stocks of maize for the 2011/12 marketing year is 1,141 million tons, which is the lowest total recorded since the 1,057 million tons in the 2007/08 marketing year. It is also 51,2% less than the previous years' closing stock of 2,336 million tons. Considering the pipeline requirements of 1,1 million tons of maize and the surplus above pipeline requirements of 39 000 tons, South Africa could be in a tight stock situation at the end of the marketing year in April 2011.
- From 1 May up to 29 July 2011, the progressive white and yellow maize exports stand at 533 952 and 256 433 tons, respectively. Thus, this brings the progressive grand total of exports to 790 385 tons.
- At this stage, it is projected that about 2,1 million tons of maize for the current marketing year, 1 May 2011 to 30 April 2012, could be exported, which means that already 38% of the export projection has realised.

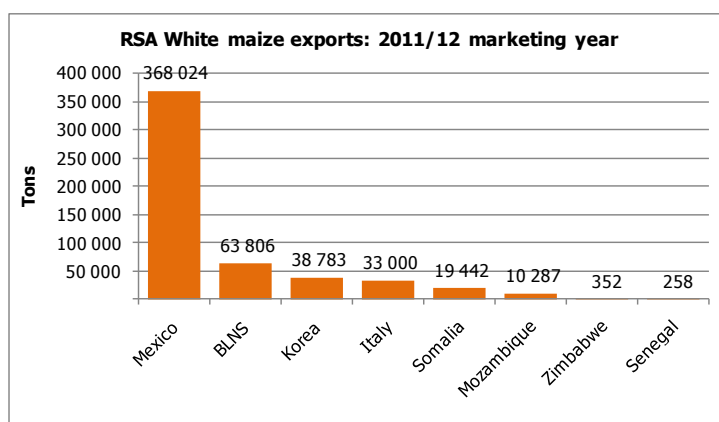


Graph 2: Exports of RSA maize: May 2010 – July 2011



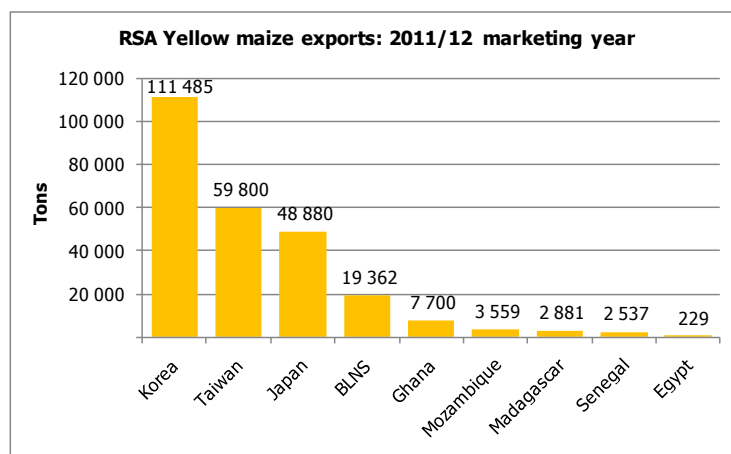
- From the graph it is evident that SA exports increased drastically since the beginning of 2011 due to local maize prices that were fairly low compared to the rest of the world.

Graph 3: Exports of RSA white maize for the 2011/12 marketing year



- With regard to SA's export market, white maize exports to Mexico looks very promising. Since 1 May 2011 to 29 July 2011, already 368 024 tons (69% of RSA white maize exports) have been exported to Mexico. This is unique in the sense that the Mexican market for years was off limits to South African white maize exporters.

Graph 4: Exports of RSA yellow maize for the 2011/12 marketing year



- With regard to SA's export market, yellow maize exports to Korea looks very promising. Since 1 May 2011 to 29 July 2011, already 111 485 tons (44% of RSA yellow maize exports) have been exported to Korea. This is the second year in a row that the most yellow maize is being exported to Korea. During the 2010/11 marketing year a total of 610 721 tons (69% of yellow maize exports) were exported to Korea.

Table 7: Supply and demand for Sorghum as at 29 July 2011

Marketing year: April – March	2009/10	2010/11	2011/12*
Calendar year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
Supply			
Opening stocks: 1 April	62,5	93,2	58,1
SAGIS opening stocks	62,5	93,2	58,1
Gross production	320,8	235,9	212,6
Commercial production	279,3	196,5	173,3
Non-commercial	41,5	39,4	39,4
Total domestic supply	383,3	329,1	270,7
Plus: Imports	4,0	-	-
Total supply	387,3	329,1	270,7
Demand			
Food consumption	181,8	181,8	185,6
Malt	84,6	79,2	85,2
Meal	97,2	102,6	100,4
Brew	0,0	-	-
Feed consumption	8,1	8,6	9,5
Pet food	0,9	1,1	1,2
Poultry	5,3	4,8	5,4
Other feed	1,9	2,7	3,0
Total commercial consumption	189,9	190,4	195,1
Other consumption	11,0	13,4	12,3
Balancing item	-0,3	3,6	5,0
Non-commercial	41,5	39,4	39,4
Total domestic consumption	242,1	246,8	251,7
Plus: Exports	52,0	24,2	23,5
Exports through border posts	46,4	20,3	20,4
Exports through harbours	2,1	0,6	-
Products to African countries	3,5	3,3	3,1
Total demand	294,1	271,0	275,2
Closing stocks	93,2	58,1	-4,5
Pipeline requirements (45 days of human & animal consumption)	23,4	23,5	24,0
Domestic surplus / deficit	117,8	58,8	-5,0
Import gap	-	-	5,0
Surplus above pipeline	69,8	34,6	-28,5

*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- The projected closing stocks of sorghum for the 2011/12 marketing year show a shortage of 4 500 tons, which is the lowest total recorded since the 21 900 tons for the 1999/00 marketing year. It is also an enormous 107,7% less than the previous years' closing stock of 58 100 tons. This large decrease can mainly be attributed to the small carry-over stock of the previous marketing year, as well as the smaller expected crop for 2011.



4. Market information

4.1 Consumer Price Index (CPI)

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

4.2 Producer Price Index (PPI)

- The annual percentage change in the PPI was 7,4% in June 2011 (i.e. the PPI in June 2011 compared with June 2010). This rate is 0,5% higher than the corresponding annual rate of 6,9% in May 2011.
- This higher annual rate in June 2011 can be explained by increases in the annual rate of change in the Producer Price Index for:
 - Electricity: The annual rate increased from 26,1% in May 2011 to 27,6% in June 2011;
 - Mining and quarrying: The annual rate increased from 4,1% in May 2011 to 7,1% in June 2011; and
 - Food at manufacturing: The annual rate increased from 4,8 in May 2011 to 5,9% in June 2011.
- These increases were partially counteracted by decreases in the annual rate of change for:
 - Agriculture: The annual rate decreased from 6,8% in May 2011 to 5,1% in June 2011; and
 - Basic metals: The annual rate decreased from 7,7% in May 2011 to -1,0% in June 2011.
- From May 2011 to June 2011 the PPI for domestic output increased by 4,4%.
- The monthly increase of 4,4% in the PPI for domestic output was mainly due to monthly contributions from increases in the price indices of electricity (4,5%), mining and quarrying (0,1%) and food at manufacturing (0,1%). These increases were partially counteracted by decreases in the price indices of agriculture (-0,1%), products of petroleum and coal (-0,1%) and all other groups (-0,1%).

4.3 Monetary Policy Committee Statement

- The SA Reserve Bank's Monetary Policy Committee (MPC) left the repurchase rate unchanged at 5,5% on Thursday, 28 July 2011, and again warned of upside risks to inflation. The prime lending rate also remained unchanged at 9,0%.
- The inflation forecast of the Bank had shown a slight near-term deterioration since the previous meeting of the MPC in May, bank governor Gill Marcus said. Inflation was now expected to marginally breach the upper end of the target range in the final quarter of this year, and to average 6,3% in the first quarter of 2012. The main upside risks to the inflation outlook were administered prices and steep wage settlements. Global developments, especially Eurozone and US debt problems, were also a concern, the bank noted.
- The bank's forecasts for domestic growth were still optimistic, but with some caution. Marcus said the domestic economic recovery remained fragile and noted the 4,6% growth seen in the first quarter was not likely to be repeated in the second quarter.

4.4 Future contract prices and the exchange rate

Table 8: Closing prices on Monday, 1 August 2011

	1 August 2011	1 July 2011	% change August vs July
RSA White Maize per ton (Aug contract)	R1 853	R1 798	+3,1
RSA Yellow Maize per ton (Aug contract)	R1 851	R1 776	+4,2
RSA Wheat per ton (Aug contract)	R2 980	R2 895	+2,9
RSA Soya-beans per ton (Aug contract)	R3 300	R3 199	+3,2
RSA Sunflower seed per ton (Aug contract)	R3 868	R4 059	-4,7
Exchange rate R/\$	R6,66	R7,73	-13,8

Source: SAFEX

- The JSE announced on Thursday, 28 July 2011, that following two extensive meetings with the JSE Agricultural Advisory Committee the majority of participants reconfirmed their support for the trading of a single reference point which implies the continued use of location differentials to each registered delivery point.
- The reason the system of location differentials was again discussed was due to all the feedback received following the publishing of the recent maize location differentials. The system was part of a detailed investigation in 2009 sponsored by the NAMC where Dr Roberts confirmed the following: It is the opinion of this report that elimination of the location differential system will, at best, provide very few benefits to farmers, silos, or millers in South Africa, and may in fact cause significant harm to farmers, especially those in low differential areas, by reducing their ability to obtain input financing. Therefore, the current location differential system should be maintained for wheat and maize, and if the JSE believes it necessary, introduced for soya.

4.5 Agricultural machinery sales

- June tractor sales of 625 units were almost 66% up on the 377 units sold in June last year. On a year-to-date basis tractor sales are almost 29% up on sales in the first six months of 2010. June combine harvester sales of 21 units were 31% up on the 16 units sold in June last year. On a current year-to-date basis combine harvester sales of 145 units were almost 12% up on those of the first six months of 2010.
- This is the eighth consecutive month that month-on-month tractor sales have been higher than in the previous year, reflecting the continued optimism in the agricultural machinery market. Prospects for commodity prices, more specifically maize prices, appear positive. Indications are that local grain stocks have been reduced significantly, primarily by higher exports. Prospects for the forthcoming wheat crop also look good. Credit extension by banks is quicker and more easily available than it was a year ago and equipment prices remain very competitive because of the continued strong rand.
- Industry predictions for tractor sales for the 2011 calendar year have been revised upwards to between 6 200 and 6 400 units, approximately 20 to 25% up on 2010 sales.

Table 9: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	June			June		
	2011	2010		2011	2010	
Tractors	625	377	65,8	3 068	2 382	28,8
Combine harvesters	21	16	31,3	145	130	11,5

Source: SAAMA press release, July 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