

# **MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: JUNE 2011**

**Issued: 5 July 2011**

**Directorate: Statistics and Economic Analysis**

## **Highlights:**

- **Vegetation conditions for June 2011 were normal to above-normal throughout most of the country.**
- **The expected production of maize for the 2011 production season is 10,998 million tons, which is 14,2% less than the 12,815 million tons of the previous season.**
- **The projected closing stocks of wheat for the 2010/11 marketing season was 475 000 tons, which includes imports of 1,65 million tons.**
- **The projected closing stocks of wheat for the coming 2011/12 marketing season is 551 000 tons, which includes imports of 1,6 million tons.**
- **The projected closing stocks of maize for the 2010/11 marketing season is 2,336 million tons. Considering pipeline requirements of 1,1 million tons of maize and the surplus above pipeline requirements of 151 000 tons, South Africa could be in a tight stock situation.**
- **The projected closing stocks of maize for the coming 2011/12 marketing season is 1,253 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in May 2011 is higher at 4,6%.**
- **The annual percentage change in the PPI was higher at 6,9% in May 2011.**
- **May tractor sales of 445 units were almost 49% up on the 299 units sold in May 2010.**



**agriculture,  
forestry & fisheries**

Department:  
Agriculture, Forestry and Fisheries  
**REPUBLIC OF SOUTH AFRICA**

Enquiries: Marda Scheepers or Queen Sebidi

Directorate: Statistics and Economic Analysis

Tel: +27 12 319 8033/8164

Tel: +27 12 319 8031

Email: [MardaS@daff.gov.za](mailto:MardaS@daff.gov.za) or [QueenS@daff.gov.za](mailto:QueenS@daff.gov.za)

## Contents

---

<b>1. Weather conditions</b>	<b>3</b>
<b>2. Grain production</b>	<b>3</b>
<b>2.1 Summer grain crops</b>	<b>4</b>
<b>2.2 Winter cereal crops</b>	<b>4</b>
<b>3. Cereal balance sheets</b>	<b>5</b>
<b>3.1 Winter cereals</b>	<b>5</b>
<b>3.2 Summer grains</b>	<b>6</b>
<b>4. Market information</b>	<b>10</b>
<b>4.1 Consumer Price Index (CPI)</b>	<b>10</b>
<b>4.2 Producer Price Index (PPI)</b>	<b>10</b>
<b>4.3 Future contract prices and the exchange rate</b>	<b>11</b>
<b>4.4 Agricultural machinery sales</b>	<b>11</b>
<b>5. Acknowledgements</b>	<b>12</b>

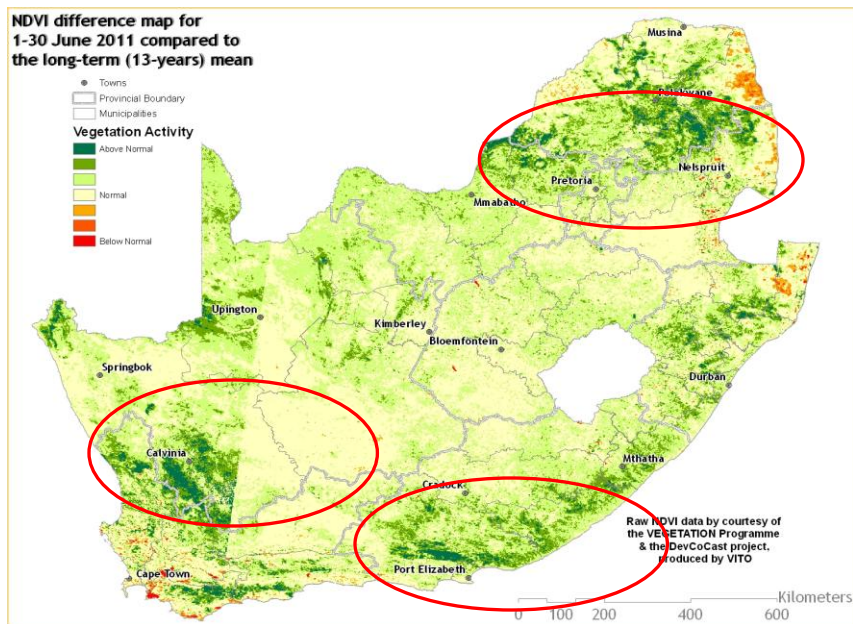


# 1. Weather conditions

## 1.1 Vegetation activity

Vegetation conditions for June 2011 were normal to above-normal throughout most of the country. Below-normal vegetation activity is especially evident along isolated areas of the eastern border, as well as the southern- and western coastal region. Above-normal vegetation activity is evident in the Limpopo, North West, as well as the Eastern and Northern Cape provinces.

**Figure 1: The NDVI difference map for 1-30 June 2011 compared to the 13 year long term mean**



Source: ARC: ISCW

## 1.2 Level of dams

Available information on the level of South Africa's dams on 27 June 2011 indicates that the country has approximately 94% of its full supply capacity (FSC) available, which is 5% more than last year. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

**Table 1: Level of dams, 27 June 2011**

Province	Net FSC million cubic meters	27/6/2011 (%)	Last Year (%)
<b>Eastern Cape</b>	1 789	<b>86</b>	60
<b>Free State</b>	15 939	<b>100</b>	94
<b>Gauteng</b>	115	<b>101</b>	101
<b>KwaZulu-Natal</b>	4 530	<b>85</b>	85
<b>Lesotho*</b>	2 376	<b>98</b>	85
<b>Limpopo</b>	1 159	<b>86</b>	85
<b>Mpumalanga</b>	2 527	<b>97</b>	99
<b>North West</b>	808	<b>95</b>	82
<b>Northern Cape</b>	143	<b>108</b>	99
<b>Western Cape</b>	1 841	<b>69</b>	72
<b>Total</b>	31 227	<b>94</b>	89

Source: Department of Water Affairs



## 2. Grain production

### 2.1 Summer grain crops

The area planted estimate and fifth production forecast of summer grain crops for 2011, was released by the Crop Estimates Committee (CEC) on 23 June 2011, and is as follows:

**Table 2: Commercial summer crops: Area planted estimate and fifth production forecast for 2011**

Summer field crops	Area planted 2011 Ha (A)	5 <sup>th</sup> forecast 2011 Tons (B)	Area planted 2010 Ha (C)	Final crop 2010 Tons (D)	Change % (B) ÷ (D)
White Maize	1 418 300	<b>6 369 250</b>	1 719 700	7 830 000	-18,66
Yellow Maize	954 000	<b>4 628 800</b>	1 022 700	4 985 000	-7,15
Total Maize	2 372 300	<b>10 998 050</b>	2 742 400	12 815 000	-14,18
Sunflower seed	642 700	<b>780 470</b>	397 700	490 000	+59,28
Soya-beans	418 000	<b>699 250</b>	311 450	566 000	+23,54
Groundnuts	55 150	<b>83 210</b>	57 450	88 000	-5,44
Sorghum	69 200	<b>191 900</b>	86 675	196 500	-2,34
Dry beans	41 900	<b>45 250</b>	44 100	52 255	-13,41
Total	3 599 250	<b>12 798 130</b>	3 639 775	14 207 755	-9,92

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 10,998 million tons, which is 14,2% less than the 12,815 million tons of 2010. The expected yield is 4,64 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 6,369 million tons, which is 18,7% less than the 7,830 million tons of 2010. The yield for white maize is 4,49 t/ha as against 4,55 t/ha of 2010. In the case of **yellow maize** the production forecast is 4,629 million tons, which is 7,2% less than the 4,985 million tons of 2010. The yield for yellow maize is 4,85 t/ha as against 4,87 t/ha of 2010.
- The production forecast for **sunflower seed** is 780 470 tons, which is 59,3% 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 1,21 t/ha as against 1,23 t/ha of 2010.
- The production forecast for **soya-beans** is 699 250 tons, which is 23,4% 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 1,67 t/ha as against 1,82 t/ha of 2010.

*The area planted and sixth production forecast of summer grain crops for 2011 will be released on 26 July 2011.*

### 2.2 Winter cereal crops – 2011 production season

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



### 3. Cereal balance sheets

Supply and demand data for May 2011 was released by SAGIS on 24 June 2011. *(Preliminary information is subject to change on a monthly basis.)*

#### 3.1 Winter cereals

**Table 3: Supply and demand for Wheat as at 30 June 2011**

<b>Marketing year: October to September</b>	<b>2009/10</b>	<b>2010/11*</b>	<b>2011/12*</b>
<b>Calendar year</b>	<b>2009</b>	<b>2010*</b>	<b>2011*</b>
	<b>1000 tons</b>	<b>1000 tons</b>	<b>1000 tons</b>
<b>Supply</b>			
<b>Opening stocks: 1 October</b>	<b>694</b>	<b>579</b>	<b>475</b>
SAGIS opening stocks	694	579	475
<b>Gross production</b>	<b>1 967</b>	<b>1 436</b>	<b>1 712</b>
Commercial production	1 916	1 401	1 677
Retentions by producers	42	29	29
<b>Non-commercial</b>	<b>9</b>	<b>6</b>	<b>6</b>
<b>Total domestic supply</b>	<b>2 661</b>	<b>2 015</b>	<b>2 187</b>
Plus: Imports	1 285	1 650	1 600
<b>Total supply</b>	<b>3 946</b>	<b>3 665</b>	<b>3 787</b>
<b>Demand</b>			
<b>Commercial consumption</b>	<b>3 118</b>	<b>2 984</b>	<b>2 995</b>
Human	2 991	2 885	2 885
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	20	20
<b>Non-commercial</b>	<b>9</b>	<b>6</b>	<b>6</b>
<b>Total domestic consumption</b>	<b>3 127</b>	<b>2 990</b>	<b>3 001</b>
<b>Plus: Exports</b>	<b>240</b>	<b>200</b>	<b>235</b>
Products	35	35	35
Whole grain	205	165	200
<b>Total demand</b>	<b>3 367</b>	<b>3 190</b>	<b>3 236</b>
<b>Closing stocks: 30 September</b>	<b>579</b>	<b>475</b>	<b>551</b>
<b>Pipeline requirements</b> (80 days of human consumption)	<b>656</b>	<b>632</b>	<b>632</b>
<b>Domestic shortfall</b>	<b>-1 122</b>	<b>-1 607</b>	<b>-1 476</b>
<b>Import gap</b>	<b>1 122</b>	<b>1 607</b>	<b>1 476</b>
<b>Shortage above pipeline</b>	<b>-77</b>	<b>-157</b>	<b>-81</b>

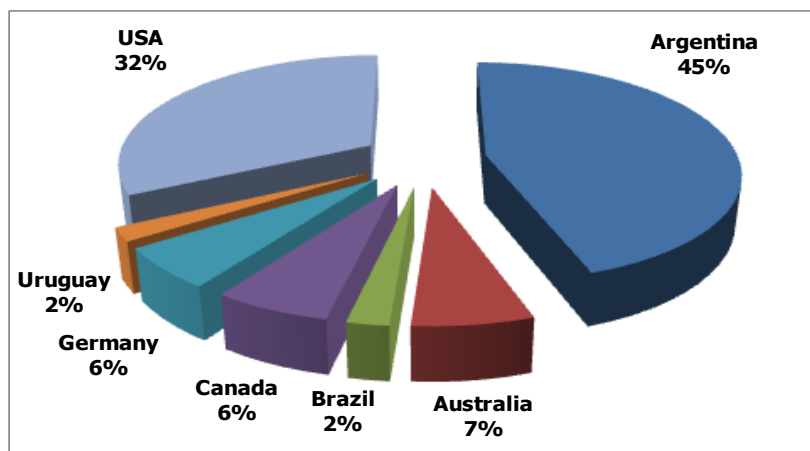
\*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- The projected closing stocks of wheat for the 2010/11 marketing year is 475 000 tons, which is 18% 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 19,1% lower than the 10 year average of 587 000 tons.
- Applying a 5 year average yield of 2,85 t/ha to the intentions figure of 598 500 ha, a wheat crop of 1,706 million tons is expected for the coming 2011/12 marketing year. The projected closing stocks (30 September 2012) of wheat is 551 000 tons, which is 16% more than the previous year (475 000 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 6,1% lower than the 10 year average of 587 000 tons.



**Graph 1: Major countries of imports of wheat for South Africa: 2010/11 marketing year**



- From 2 October 2010 up to 1 July 2011, the progressive wheat imports stands at 1,273 million tons, with the largest quantity (569 562 tons or 45%) imported from Argentina followed by the USA (412 566 tons or 32%) (Source: SAGIS).
- To meet local demand for the 2010/11 marketing year, total imports are projected at 1,65 million tons of wheat, the largest quantity ever recorded.

### 3.2 Summer grains

**Table 4: Supply and demand for White Maize as at 30 June 2011**

Marketing year	2009/10	2010/11	2011/12*
Calendar year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>766</b>	<b>1 362</b>	<b>1 609</b>
SAGIS Opening Stocks	766	1 362	1 609
<b>Gross Production</b>	<b>7 154</b>	<b>8 164</b>	<b>6 765</b>
Commercial production	6 660	7 623	6 251
Retentions by producers	115	119	119
<b>Non-commercial</b>	<b>379</b>	<b>422</b>	<b>396</b>
<b>Total Domestic Supply</b>	<b>7 920</b>	<b>9 526</b>	<b>8 374</b>
Imports			
<b>Total Supply</b>	<b>7 920</b>	<b>9 526</b>	<b>8 374</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>4 709</b>	<b>6 371</b>	<b>5 974</b>
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's+withdrawn by prod's+retentions)	42	379	246
<b>Non-commercial</b>	<b>379</b>	<b>422</b>	<b>396</b>
<b>Total Domestic Consumption</b>	<b>5 088</b>	<b>6 793</b>	<b>6 370</b>
<b>Exports</b>	<b>1 470</b>	<b>1 124</b>	<b>1 230</b>
Products	62	75	60
Whole grain	1 408	1 049	1 170
<b>Total Demand</b>	<b>6 558</b>	<b>7 917</b>	<b>7 599</b>
<b>Closing Stocks: 30 April</b>	<b>1 362</b>	<b>1 609</b>	<b>775</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption+gristing)	<b>562</b>	<b>724</b>	<b>692</b>
<b>Domestic Surplus</b>	<b>2 270</b>	<b>2 009</b>	<b>1 313</b>
<b>Surplus above pipeline</b>	<b>800</b>	<b>885</b>	<b>83</b>

\*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis



- Closing stocks of white maize for the 2011/12 marketing year is 775 000 tons, which is the lowest total recorded since the 766 000 tons for the 2008/09 marketing year. It is also considerable (51,8%) 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 83 000 tons, South Africa could be in a tight stock situation at the end of the marketing season, which ends on 30 April 2012.

**Table 5: Supply and demand for Yellow Maize as at 30 June 2011**

<b>Marketing year</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12*</b>
<b>Calendar year</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>
	<b>1000 tons</b>	<b>1000 tons</b>	<b>1000 tons</b>
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>819</b>	<b>769</b>	<b>727</b>
SAGIS Opening Stocks	819	769	727
<b>Gross Production</b>	<b>5 413</b>	<b>5 133</b>	<b>4 797</b>
Commercial production	4 965	4 541	4 221
Retentions by producers	310	408	408
<b>Non-commercial</b>	<b>138</b>	<b>184</b>	<b>168</b>
<b>Total Domestic Supply</b>	<b>6 232</b>	<b>5 902</b>	<b>5 524</b>
Imports	27		
<b>Total Supply</b>	<b>6 259</b>	<b>5 902</b>	<b>5 524</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>5 033</b>	<b>3 924</b>	<b>4 177</b>
Human	346	356	356
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's+withdrawn by prod's+retentions)	620	530	443
<b>Non-commercial</b>	<b>138</b>	<b>184</b>	<b>168</b>
<b>Total Domestic Consumption</b>	<b>5 171</b>	<b>4 108</b>	<b>4 345</b>
<b>Exports</b>	<b>319</b>	<b>1 068</b>	<b>700</b>
Products	57	51	45
Whole grain	262	1 017	656
<b>Total Demand</b>	<b>5 490</b>	<b>5 176</b>	<b>5 045</b>
<b>Closing Stocks: 30 April</b>	<b>769</b>	<b>726</b>	<b>479</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption+gristing)	<b>506</b>	<b>368</b>	<b>410</b>
<b>Domestic Surplus</b>	<b>555</b>	<b>1 426</b>	<b>769</b>
<b>Surplus above pipeline</b>	<b>264</b>	<b>358</b>	<b>69</b>

\*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- Closing stocks of yellow maize for the 2011/12 marketing year is 479 000 tons, which is the lowest total recorded since the 439 000 tons for the 2007/08 marketing year. It is also 34% less than closing stocks of 727 000 tons for the 2010/11 marketing year. This decrease can mainly be attributed to the lower expected maize crop for the 2011 calendar year. Considering the pipeline requirements of 410 000 tons of yellow maize and the surplus above pipeline requirements of 69 000 tons, South Africa could be in a tight stock situation at the end of the marketing year.





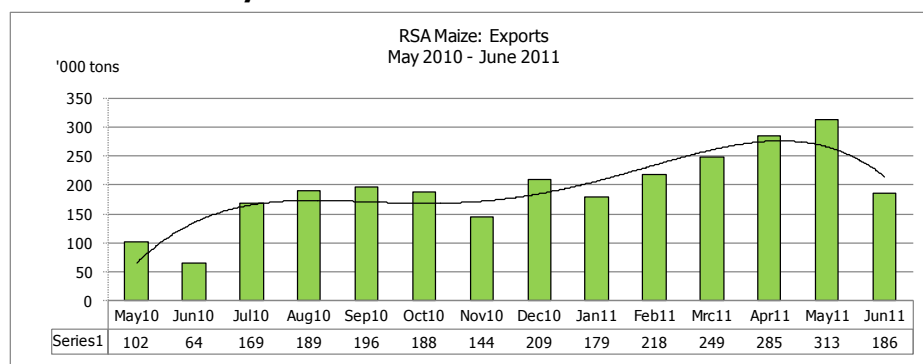
**Table 6: Supply and demand for Maize as at 30 June 2011**

Marketing year	2009/10	2010/11	2011/12*
Calendar year	2009	2010	2011*
	1000 tons	1000 tons	1000 tons
<b>Supply</b>			
<b>Opening Stocks: 1 May</b>	<b>1,585</b>	<b>2,131</b>	<b>2,336</b>
SAGIS Opening Stocks	1,585	2,131	2,336
<b>Gross Production</b>	<b>12 567</b>	<b>13 298</b>	<b>11 562</b>
Commercial production	11 625	12 165	10 471
Retentions by producers	425	527	527
<b>Non-commercial</b>	<b>517</b>	<b>606</b>	<b>564</b>
<b>Total Domestic Supply</b>	<b>14 152</b>	<b>15 429</b>	<b>13 898</b>
Imports	27		
<b>Total Supply</b>	<b>14 179</b>	<b>15 429</b>	<b>13 898</b>
<b>Demand</b>			
<b>Commercial Consumption</b>	<b>9 742</b>	<b>10 295</b>	<b>10 151</b>
Human	4 478	4 515	4 606
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's+withdrawn by prod's+retentions)	662	909	688
<b>Non-commercial</b>	<b>517</b>	<b>606</b>	<b>564</b>
<b>Total Domestic Consumption</b>	<b>10 259</b>	<b>10 901</b>	<b>10 715</b>
<b>Exports</b>	<b>1 789</b>	<b>2 192</b>	<b>1 930</b>
Products	119	126	105
Whole grain	1 670	2 066	1 825
<b>Total Demand</b>	<b>12 048</b>	<b>13 093</b>	<b>12 645</b>
<b>Closing Stocks: 30 April</b>	<b>2 131</b>	<b>2 336</b>	<b>1 253</b>
<b>Pipeline Requirements</b> (45 days of human & animal consumption+gristing)	<b>1 068</b>	<b>1 092</b>	<b>1 102</b>
<b>Domestic Surplus</b>	<b>2 825</b>	<b>3 436</b>	<b>2 081</b>
<b>Surplus above pipeline</b>	<b>1 063</b>	<b>1 244</b>	<b>151</b>

\*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis

- The projected closing stocks of maize for the 2011/12 marketing year is 1,253 million tons, which is the lowest total recorded since the 1,057 million tons in the 2007/08 marketing year. It is also 46,4% 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 151 000 tons, South Africa could be in a tight stock situation. Thus, it is likely that SA will be importing maize by the beginning of 2012 to meet local demand.

**Graph 2: Exports of RSA maize: May 2010 – June 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.
- With regard to SA's export market, white maize exports to Mexico looks very promising. Since 1 May 2011 to 1 July 2011, already 275 930 tons (66% 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. With the Mexican market open to South African white maize, white maize exports could in the coming season continue to show improvement. This in affect will reduce the current white maize ending stocks by a considerable margin, which will lead to prices trading much closer to the export parity level over the longer term.
- From 1 May up to 1 July 2011, the progressive white and yellow maize exports stand at 417 249 and 81 542 tons, respectively. Thus, the progressive grand total of exports to 498 791 tons. At this stage, it is projected that about 1,9 million tons of maize for the current marketing year, 1 May 2011 to 30 April 2012, could be exported, which means that already 26% of the export projection has realised.

**Table 7: Supply and demand for Sorghum as at 30 June 2011**

<b>Marketing year</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12*</b>
<b>Calendar year</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>
	<b>1000 tons</b>	<b>1000 tons</b>	<b>1000 tons</b>
<b>Supply</b>			
<b>Opening stocks: 1 April</b>	<b>62,5</b>	<b>93,2</b>	<b>58,1</b>
SAGIS opening stocks	62,5	93,2	58,1
<b>Gross production</b>	<b>320,8</b>	<b>235,9</b>	<b>231,3</b>
Commercial production	279,3	196,5	191,9
<b>Non-commercial</b>	<b>41,5</b>	<b>39,4</b>	<b>39,4</b>
<b>Total domestic supply</b>	<b>383,3</b>	<b>329,1</b>	<b>289,4</b>
Plus: Imports	4,0		
<b>Total supply</b>	<b>387,3</b>	<b>329,1</b>	<b>289,4</b>
<b>Demand</b>			
<b>Food consumption</b>	<b>181,8</b>	<b>181,8</b>	<b>185,6</b>
Malt	84,6	79,2	80,2
Meal	97,2	102,6	105,4
Brew			
<b>Feed consumption</b>	<b>8,1</b>	<b>8,6</b>	<b>9,4</b>
Pet food	0,9	1,1	1,0
Poultry	5,3	4,8	5,4
Other feed	1,9	2,7	3,0
<b>Total commercial consumption</b>	<b>189,9</b>	<b>190,4</b>	<b>195,0</b>
Other consumption	11,0	13,4	9,3
Balancing item	-0,3	3,6	5,0
<b>Non-commercial</b>	<b>41,5</b>	<b>39,4</b>	<b>39,4</b>
<b>Total Domestic Consumption</b>	<b>242,1</b>	<b>246,8</b>	<b>248,7</b>
<b>Plus: Exports</b>	<b>52,0</b>	<b>24,2</b>	<b>24,8</b>
Exports through border posts	46,4	20,3	20,4
Exports through harbours	2,1	0,6	1,4
Products to African countries	3,5	3,3	3,1
<b>Total demand</b>	<b>294,1</b>	<b>271,0</b>	<b>273,5</b>
<b>Closing stocks</b>	<b>93,2</b>	<b>58,1</b>	<b>15,9</b>
<b>Pipeline requirements (45 days of human &amp; animal consumption)</b>	<b>23,4</b>	<b>23,5</b>	<b>24,0</b>
<b>Domestic surplus</b>	<b>117,8</b>	<b>58,8</b>	<b>16,7</b>
<b>Surplus/shortage above pipeline</b>	<b>69,8</b>	<b>34,6</b>	<b>-8,1</b>

\*Projection

Source: SAGIS, Directorate: Agricultural Statistics and Economic Analysis



- The projected closing stocks of sorghum for the 2011/12 marketing year is 15 900 tons, the smallest total recorded since the 21 900 tons for the 1999/00 marketing year. It is also 72,6% less than the previous years' closing stock of 58 100 tons. This enormous decrease can mainly be attributed to the small carry-over stock of the previous marketing year.

## **4. Market information**

---

### **4.1 Consumer Price Index (CPI)**

- The headline CPI (for all urban areas) annual inflation rate in May 2011 was 4,6%. This rate was 0,4% higher than the corresponding annual rate of 4,2% in April 2011. On average, prices increased by 0,5% between April 2011 and May 2011.
- The food and non-alcoholic beverages index increased by 1,7% between April 2011 and May 2011. The annual rate increased to 6,1% in May 2011, from 4,8% in April 2011. The following components in the food and non-alcoholic beverages index increased: Vegetables (4,3%), oils and fats (3,0%), bread and cereals (2,9%), hot beverages (2,2%), sugar, sweets and desserts (2,1%), other food (1,6%), milk, eggs and cheese (1,5%), cold beverages (1,5%) and meat (0,6%). The following components decreased: Fruit (-1,4%) and fish (-0,1%).
- The household contents and services index increased by 0,5% between April 2011 and May 2011. The annual rate increased to 1,6% in May 2011, from 0,8% in April 2011.
- The transport index increased by 0,7% between April 2011 and May 2011, mainly due to a 29c/l increase in the price of petrol. The annual rate increased to 3,8% in May 2011 from 3,4% in April 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (4,5%), Gauteng (4,5%), North West (4,4%) and KwaZulu-Natal (4,0%). The provinces with an annual inflation rate higher than headline inflation were Mpumalanga (4,7%), Northern Cape (4,8%), Limpopo (5,0%), Eastern Cape (5,2%) and Free State (5,6%).

### **4.2 Producer Price Index (PPI)**

- The annual percentage change in the PPI was 6,9% in May 2011 (i.e. the PPI in May 2011 compared with May 2010). This rate is 0,3% higher than the corresponding annual rate of 6,6% in April 2011.
- This higher annual rate in May 2011 can be explained by increases in the annual rate of change in the Producer Price Index for:
  - Electricity: The annual rate increased from 25,7% in April 2011 to 26,1% in May 2011;
  - Products of petroleum and coal: The annual rate increased from 18,6% in April 2011 to 20,8% in May 2011;
  - Agriculture: The annual rate increased from 2,1% in April 2011 to 6,8% in May 2011;
  - Food at manufacturing: The annual rate increased from 3,4% in April 2011 to 4,8% in May 2011; and
  - Wood and wood products: The annual rate increased from 3,1% in April 2011 to 4,3% in May 2011.
- These increases were partially counteracted by decreases in the annual rate of change for:
  - Mining and quarrying: The annual rate decreased from 4,6% in April 2011 to 4,1% in May 2011;
  - Basic metals: The annual rate decreased from 9,8% in April 2011 to 7,7% in May 2011;
  - Chemicals and chemical products: The annual rate decreased from 6,2% in April 2011 to 5,9% in May 2011; and
  - Tobacco products: The annual rate decreased from 12,4% in April 2011 to 5,9% in May 2011.
- From April 2011 to May 2011 the PPI for domestic output increased by 0,4%.
- The monthly increase of 0,4% in the PPI for domestic output was mainly due to monthly contributions from increases in the price indices of electricity (0,2%), agriculture (0,1%), food at manufacturing (0,1%), products

of petroleum and coal (0,1%) and all other groups (0,1%). These increases were partially counteracted by decreases in the price indices of mining and quarrying (-0,1%) and basic metals (-0,1%).

### 4.3 Future contract prices and the exchange rate

**Table 8: Closing prices on Friday, 1 July 2011**

	1 July 2011	1 June 2011	% change July vs June
<b>RSA White Maize per ton (July contract)</b>	R1 087	R1 738	-37,5
<b>RSA Yellow Maize per ton (July contract)</b>	R1 135	R1 765	-35,7
<b>RSA Wheat per ton (July contract)</b>	R2 314	R3 250	-28,8
<b>RSA Soya-beans per ton (July contract)</b>	R2 570	R3 290	-21,9
<b>RSA Sunflower seed per ton (July contract)</b>	R3 340	R4 125	-19,0
<b>Exchange rate R/\$</b>	R7,70	R6,78	-13,6

Source: SAFEX

- Maize prices (July 2011 contract) ended lower on 1 July 2011, as compared to the month of June 2011. Local white and yellow maize prices decreased by 38% and 36%, respectively, as compared to the previous month, after all major US grains ended lower as the USDA's larger than expected planting and inventory estimate for June fuelled record breaking price drops.
- Local wheat, soya-bean and sunflower seed prices also showed decreases of 29%, 22% and 19%, respectively, during the same period.
- For the mentioned period, the Rand depreciated by 13,6% against the US Dollar to reach R 7,70/US\$.

### 4.4 Agricultural machinery sales

- May tractor sales of 445 units were almost 49% up on the 299 units sold in May 2010. On a year-to-date basis tractor sales are almost 22% up on sales in the first five months of 2010. May combine harvester sales of 33 units were almost 38% up on the 24 units sold in May 2010. On a current year-to-date basis combine harvester sales of 124 units are almost 9% up on those of the first five months of last year.
- This is the seventh 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. Industry fundamentals such as good commodity prices, good summer crop expectations, relatively easy financing and, with the continued strong rand, keen new equipment prices, continue to be favourable. Some producers with bigger fleets are also taking the opportunity to replace their fleets. With the recent rains in many areas, prospects for wheat crop plantings are also looking good.
- Industry predictions for tractor sales for the 2011 calendar year are between 5 600 and 5 900 units, approximately 10 to 15% up on 2010 sales.

**Table 9: Agricultural machinery sales**

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	May			May		
	2011	2010		2011	2010	
Tractors	445	299	48,8	2 443	2 005	21,8
Combine harvesters	33	24	37,5	124	114	8,8

Source: SAAMA press release, June 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