MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2010

Issued: 1 April 2010

Directorate: Agricultural Statistics

Highlights:

- **The rainfall map indicates that limited rainfall occurrences were reported for the country for the period 1 to 20 March 2010.**
- **The area estimate for maize is 2,742 million ha, which is 12,97% or 314 900 ha more than the 2,428 million ha planted for the previous season. The expected commercial maize crop is 12,961 million tons, which is 7,56% more than the 12,050 million tons of the previous season.**
- **Projections for the current 2009/10 maize marketing season indicate that South Africa will have a surplus of 2,074 million tons of maize at the end of April 2010. Thus, enough maize is available for local consumption and to meet export demand.**
- **Projections for the coming 2010/11 maize marketing season indicate that South Africa will have a surplus of 2,998 million tons of maize at the end of April 2011. Thus, enough maize will be available for local consumption and to meet export demand.**
- **Projections for the current 2009/10 wheat marketing season indicate that South Africa will have a surplus of 541 000 tons of wheat at the end of September 2010, including imports of 1,150 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2010 was lower at 5,7%.**
- **The annual percentage change in the PPI was higher at 3,5% in February 2010.**
- **The Rand is still weaker after the decision by the Monetary Policy Committee to reduce the repo rate by 50 basis points to 6,5% per annum with effect from 26 March 2010.**

agriculture, forestry & fisheries

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1. Weather conditions

1.1 Rainfall for 1-20 March 2010

The rainfall map indicates that limited rainfall occurrences were reported for the country for the period 1 to 20 March 2010, with most of the regions recording rainfall totals of 25 mm and less (Figure 1).

Figure 1: Total rainfall for 1-20 March 2010

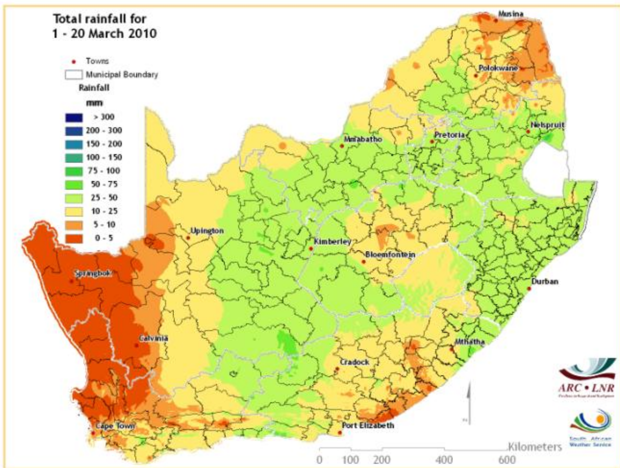
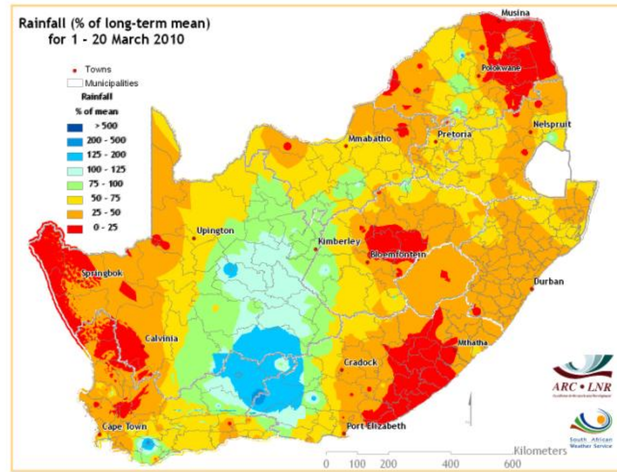


Figure 2: % of normal rainfall for 1 -20 March 2010



Source: ARC: ISCW

The map for the percentage of normal rainfall for the period 1 to 20 March 2010 (Figure 2) illustrates a significant percentage of below-normal rainfall for most parts of the country, except for isolated areas of the Western, Northern and Eastern Cape provinces, which were characterised by above-normal rainfall occurrences as compared to the long term mean.

1.2 Level of dams

Available information on the level of South Africa's dams on 29 March 2010 indicates that the country has approximately 89% of its full supply capacity (FSC) available, the same as the previous week and 1% less than last year. It interesting to note that Gauteng province reflects the same full supply capacity of 101% during the three different periods. The provincial distribution of South Africa's water supply (including Lesotho) is contained in Table 1 below.

Table 1: Level of dams, 29 March 2010

Province	Total FSC in million cubic metres	29/03/2010 (%)	22/03/2010 (%)	Last Year (%)
Eastern Cape	1 796	**66**	65	67
Free State	16 090	**95**	95	96
Gauteng	115	**101**	101	101
KwaZulu-Natal	4 529	**86**	86	89
Lesotho*	2 376	**86**	86	88
Limpopo	1 159	**82**	82	80
Mpumalanga	2 527	**100**	100	96
North West	808	**76**	76	82
Northern Cape	143	**102**	100	100
Western Cape	1 842	**58**	60	60
Total	31 385	**89**	89	90

Source: Department of Water Affairs

2. Grain production

2.1 Summer grain crops

The area planted estimate and second production forecast of summer grain crops for the 2009/10 production season, was released by the Crop Estimates Committee (CEC) on 24 March 2010, and is as follows:

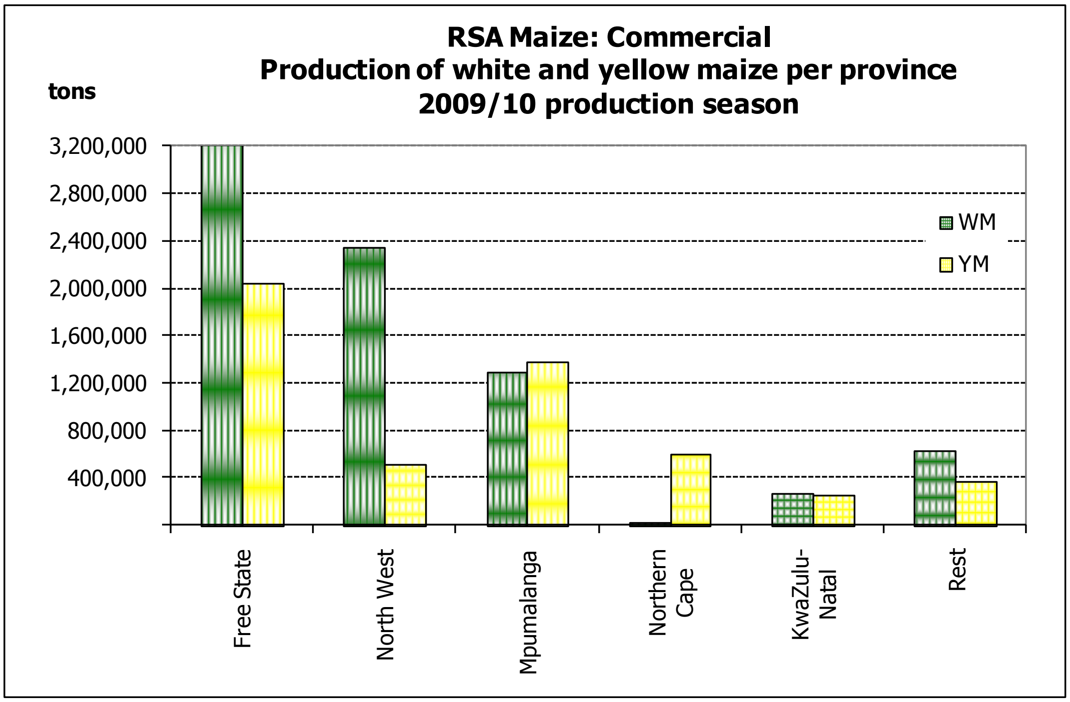
Table 2: The area planted and second production forecast of summer crops for the 2009/10 production season

Summer crops	**Area planted 2009/10 Ha A**	**2nd Forecast 2009/10 Tons B**	Area planted 2008/09 Ha C	Final crop 2008/09 Ha D	Change % B ÷ D
Commercial:					
White Maize	**1 719 700**	**7 786 000**	1 489 000	6 775 000	+14,92
Yellow Maize	**1 022 700**	**5 174 550**	938 500	5 275 000	-1,90
Total maize	**2 742 400**	**12 960 550**	2 427 500	12 050 000	+7,56
Sunflower seed	**397 700**	**501 565**	635 800	801 000	-37,38
Soya-beans	**311 450**	**587 950**	237 750	516 000	+13,94
Groundnuts	**57 450**	**99 230**	54 550	99 500	-0,27
Sorghum	**86 675**	**252 633**	85 500	276 500	-8,63
Dry beans	**48 600**	**61 400**	43 800	67 030	-8,40
Total	**3 644 275**	**14 463 328**	3 484 900	13 810 030	+4,73

- The area estimate to **maize** is 2,742 million ha, which is 12,97% or 314 900 ha more than the 2,428 million ha planted for the previous season. The area estimate for white maize is 1,720 million ha, which represents an increase of 15,49% or 230 700 ha compared to the 1,489 million ha planted last season. In the case of yellow maize the area estimate is 1,023 million ha, which is 8,97% or 84 200 ha more than the 938 500 ha planted last season.
- The expected commercial **maize** crop is 12,961 million tons, which is 7,56% more than the 12,050 million tons of the previous season. The production forecast of white maize is 7,786 million tons, which is 14,92% more than the 6,775 million tons of last season. The yield for white maize is 4,53 t/ha as against 4,55 t/ha the previous season. In the case of yellow maize the production forecast is 5,175 million tons, which is 1,90% less than the 5,275 million tons of last season. The yield of yellow maize is 5,06 t/ha as against 5,62 t/ha the previous season.
- The production forecast for **sunflower seed** is 501 565 tons, which is 37,38% less than the 801 000 tons of the previous season. The area estimate for sunflower seed is 397 700 ha, which is 37,45% less than the 635 800 ha planted the previous season. The expected yield is 1,26 t/ha, the same as the previous season.
- The production forecast for **soya-beans** is 587 950 tons, which is 13,94% more than the 516 000 tons of the previous season. It is estimated that 311 450 ha have been planted to soya-beans, which represents an increase of 31,0% compared to the 237 750 ha planted last season. The expected yield is 1,89 t/ha as against 2,17 t/ha last season.

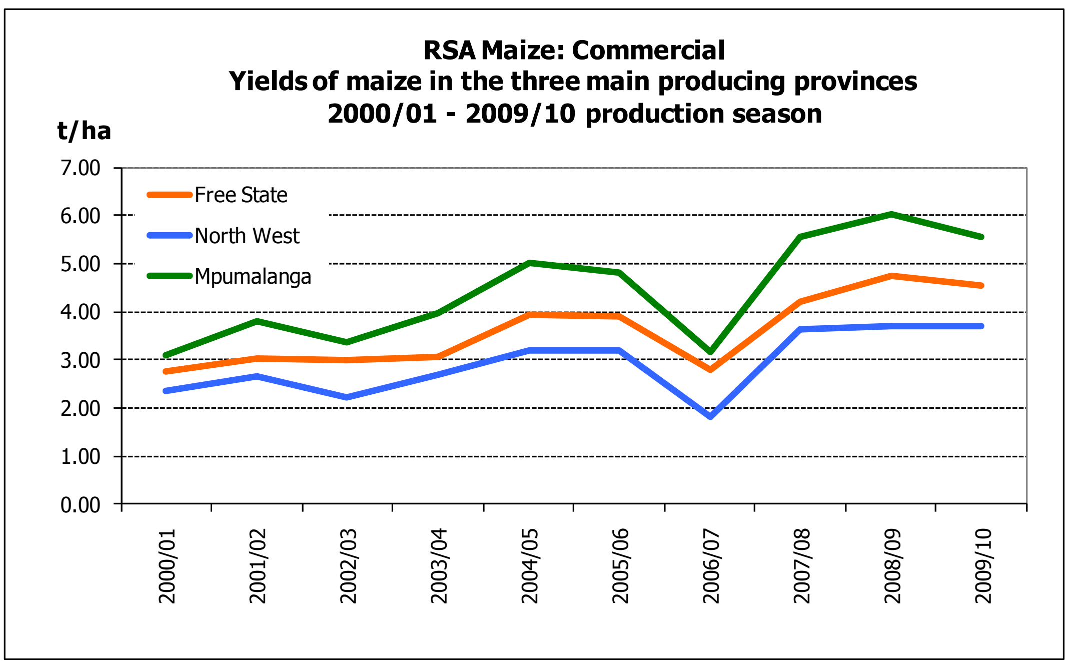
The third production forecast for summer field crops for the 2009/10 production season will be released on 22 April 2010.

Graph 1:



From the graph it is evident that the most important production areas of white and yellow maize are the Free State, North West and Mpumalanga provinces.

Graph 2:



Considering the historic yield of maize for the three most important producing provinces, Mpumalanga recorded the highest yield, followed the Free State and North West provinces.

2.2 Winter cereal crops

The intentions of farmers to plant winter cereals for the 2010 production season will be released on 22 April 2010.

3. Cereal balance sheets

Supply and demand data for February 2010 was released by SAGIS on 19 March 2010. *(Preliminary information is subject to change on a monthly basis.)*

3.1 Winter cereals

Table 4:

2009/10 Projected wheat Balance Sheet as at 31 March 2010 (1000 tons)	**Wheat** (October to September)
Supply	
Opening stocks (October 2009)	**694**
SAGIS Opening Stocks	694
Gross production (2009 season)	**1 929**
Commercial production	1 920
Subsistence agriculture	9
Total domestic supply	**2 623**
Plus: Imports	1 150
Total supply	**3 773**
Demand	
Consumption	**2 974**
Commercial: Human	2 836
Animal (feed)	40
Retentions by producers	42
Seed for planting purposes	26
Other (released to end consumers +withdrawn by producers +retentions by producers)	30
Subsistence agriculture	**9**
Total domestic consumption	**2 983**
Plus: Exports	**249**
Total demand	**3 232**
Closing stocks (September 2010)	**541**
Pipeline requirements (80 days of human (food) consumption)	**622**
Domestic shortfall	**-982**
Import gap	**982**
Shortfall above pipeline	**-81**
SAGIS closing stocks as at end of February 2010	**1 696**

Source: SAGIS, Directorate: Agricultural Statistics.

- Closing stocks at the end of September 2010 are expected to be 541 000 tons, which is 22,0% less than the 694 000 tons of the previous season. South Africa will require 622 000 tons for pipeline requirements, which translates into 80 days of human (food) consumption, at the end of September 2010.
- Wheat imports for the current season until 26 March 2010, comes to 599 482 tons.

Table 5: South Africa's wheat imports per country, 3 October 2009 to 26 March 2010

Country	**Tons**	**%**
Germany	377 043	62,89
Brazil	77 472	12,92
Australia	44 446	7,41
Ukraine	41 230	6,88
United States of America	31 941	5,33
Canada	27 350	4,56
Total	**599 482**	**100**

Source: SAGIS

3.2 Summer grains

Table 6:

2009/10 Projected Annual Cereal Balance Sheet as at 31 March 2010 (1 000 tons)	**Maize** (May to April)			**Sorghum**
	White	**Yellow**	**Total**	(April to March)
Supply				
Opening stocks	**762**	**819**	**1 581**	**62,5**
SAGIS Opening Stocks	762	819	1 581	62,5
Gross production	**7 154**	**5 413**	**12 567**	**316,3**
Commercial production	6 775	5 275	12 050	276,5
Subsistence agriculture	379	138	517	39,8
Total domestic supply	**7 916**	**6 232**	**14 148**	**378,8**
Plus: Imports	-	27	27	5,0
Total supply	**7 916**	**6 259**	**14 175**	**383,8**
Demand				
Consumption	**4 705**	**5 109**	**9 814**	**201,2**
Commercial: Human	4 200	350	4 550	178,1
Animal (feed)	200	4 000	4 200	8,1
Gristing	70	19	89	-
Seed for planting purposes	19	15	34	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	216	725	941	15,0
Subsistence agriculture	**379**	**138**	**517**	**39,8**
Total domestic consumption	**5 084**	**5 247**	**10 331**	**241,0**
Plus: Exports	**1 500**	**270**	**1 770**	**49,7**
Products	50	60	110	-
Whole maize	1 450	210	1 660	-
Total demand	**6 584**	**5 517**	**12 101**	**290,7**
Closing stocks (2010)	**1 332**	**742**	**2 074**	**93,1**
Pipeline requirements (45 days of commercial consumption)	**551**	**539**	**1 090**	**23,0**
Domestic surplus	**2 281**	**446**	**2 727**	**114,8**
Surplus above pipeline	**781**	**203**	**984**	**70,1**
SAGIS closing stocks as at end of February 2010	**2 335**	**1 347**	**3 682**	**113,1**

Source: SAGIS, Directorate: Agricultural Statistics.

- Projections for the 2009/10 marketing season of maize indicate closing stocks of 2,074 million tons, at the end of April 2010, which is 31,2% more than the previous seasons' closing stock of 1,581 million tons.
- Actual maize exports for the current season until 26 March 2010, comes to 1,505 million tons, including 1,312 million tons of white maize and 193 605 tons of yellow maize.

Table 7: Major export destinations of South African maize, 2 May 2009 to 26 March 2010

2009/10 Season			
COUNTRY	**AFRICA tons**	**COUNTRY**	**OVERSEAS tons**
Botswana	146 765		
Cameroon	3 008		
Chad	989		
Congo	68		
Kenya	841 312	Iran	36 803
Lesotho	104 747	Mauritius	86
Malawi		Malaysia	
Mozambique	124 950	Yemen	
Namibia	84 394	Madagascar	7 022
Senegal	8 552	Seychelles	598
Swaziland	66 032		
Zimbabwe	79 919		
Total	**1 460 736**	**Total**	**44 509**
BLNS	**401 938**		

- From the table it is evident that most of the maize was exported to Kenya, followed by the BLNS countries and Mozambique, for the current marketing season.
- It is also interesting to note that 27 357 tons of yellow maize were imported from Brazil.

Source: SAGIS

Closing stocks of sorghum at the end of March 2010 are estimated at 93 100 tons, which is 48,96% more than that of the 2008/09 marketing season (62 500 tons).

Table 8:

2010/11 Projected Annual Cereal Balance Sheet as at 31 March 2010 (1 000 tons)	**Maize** (May to April)			**Sorghum** (April to March)
	White	**Yellow**	**Total**	
Supply				
Opening stocks	**1 332**	**742**	**2 074**	**93,1**
SAGIS Opening Stocks	1 332	742	2 074	93,1
Gross production	**8 165**	**5 313**	**13 478**	**292,4**
Commercial production	7 786	5 175	12 961	252,6
Subsistence agriculture	379	138	517	39,8
Total domestic supply	**9 497**	**6 055**	**15 552**	**385,5**
Plus: Imports	-	-		-
Total supply	**9 497**	**6 055**	**15 552**	**385,5**
Demand				
Consumption	**4 905**	**5 085**	**9 990**	**211,3**
Commercial: Human	4 350	260	4 610	180,2
Animal (feed)	220	4 300	4 520	9,6
Gristing	70	15	85	-
Seed for planting purposes	19	15	34	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	246	495	741	21,5
Subsistence agriculture	**379**	**138**	**517**	**39,8**
Total domestic consumption	**5 284**	**5 223**	**10 507**	**251,1**
Plus: Exports	**1 851**	**196**	**2 047**	**40,0**
Products	50	50	100	-
Whole maize	1 801	146	1 947	-
Total demand	**7 135**	**5 419**	**12 554**	**291,1**
Closing stocks (2011)	**2 362**	**636**	**2 998**	**94,4**
Pipeline requirements (45 days of commercial consumption)	**572**	**564**	**1 136**	**23,4**
Domestic surplus	**3 641**	**268**	**3 909**	**111,0**
Import gap	**-**	**-**	**-**	**-**
Surplus/ shortage above pipeline	**1 790**	**72**	**1 862**	**71,0**

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2010/11 marketing season is 2,998 million tons, which is 44,6% more than the previous season (2,074 million tons). This increase can mainly be attributed to the higher production of maize for the 2010/11 marketing season.
- Closing stocks of sorghum at the end of March 2011 are estimated at 94 400 tons, which is 1,4% more than the previous season (93 100 tons).

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in February 2010 was 5,7%. This rate was 0,5% lower than the corresponding annual rate of 6,2% in January 2010. On average, prices increased by 0,6% between January 2010 and February 2010.
- The food and non-alcoholic beverages index decreased by 0,4% between January 2010 and February 2010. The annual rate decreased to 1,8% in February 2010 from 2,4% in January 2010. The monthly decrease in the food and non-alcoholic beverages index was largely driven by monthly decreases in fruit (-3,2%), vegetables (-1,6%), meat (-0,7%), bread and cereals (-0,3%), milk, eggs and cheese (-0,3%), oils and fats (-0,3%), other food (-0,3%) and fish (-0,2%).

- These decreases were counteracted by monthly increases in cold beverages (2,9%) and hot beverages (0,1%).
- The provinces with an annual inflation rate lower or equal to headline inflation were Limpopo (4,2%), KwaZulu-Natal (4,4%), Eastern Cape (4,8%), Northern Cape (4,9%), Mpumalanga (5,0%), North West (5,2%) and Free State (5,4%). The provinces with an annual inflation rate higher than headline inflation were Gauteng (5,8%) and Western Cape (6,2%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 3,5% in February 2010 (i.e. the PPI in February 2010 compared with February 2009). This rate is 0,8% higher than the corresponding annual rate of 2,7% in January 2010.
- This higher annual rate in February 2010 compared with that in January 2010 can be explained by increases in the annual rate of change in the Producer Price Indices for Agriculture (2,4%), forestry (6,1), basic metals (4,1), metal products (3,1%).
- These increases were partially counteracted by decreases in the annual rate of change for mining and quarrying (-2,6%) and transport (-0,6%) 2010.

4.3 Futures contract prices and exchange rate

Table 9: Closing prices on Friday, 26 March 2010

	1 year ago	The week ending 19 March 2010	The week ending 26 March 2010
RSA White Maize per ton (April contract)	R1 695	R1 143	R1 105
RSA Yellow Maize per ton (April contract)	R1 495	R1 179	R1 161
USA Yellow Maize per ton (March contract)	$151.80	$148.02	$139.76
RSA Wheat per ton (April contract)	R2 595	R2 130	R2 091
RSA Soya-beans per ton (April contract)	R3 230	R2 540	R2 510
RSA Sunflower seed per ton (April contract)	R2 940	R3 259	R3 206
Exchange rate R/$	R9,54	R7,29	R7,44

Source: DAFF Price Watch, 26 March 2010

- Local white and yellow maize prices declined by 3,3% and 1,5% respectively compared to the week ending 19 March 2010, whilst the US maize price declined by 5,6%. Local and US wheat prices declined by 1,8% and 4,7%, respectively, compared to the previous week due to large world supplies and strong competition for export business.
- Domestic soya-beans and sunflower seed recorded price decreases of 1,2% and 1,6%, respectively, whilst the US soya-beans price fell by 1,8% on pressure from other markets.
- The Rand is still weaker after the decision by the Monetary Policy Committee to reduce the repo rate by 50 basis points to 6,5% per annum with effect from 26 March 2010. The Rand depreciated by 2,1% for the week ending 26 March 2010, compared to the previous week.

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