

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: MARCH 2011

Issued: 8 April 2011

Directorate: Statistics and Economic Analysis

Highlights:

- **Vegetation conditions for March 2011 were normal to above-normal throughout most of the country following the good rains experienced in most parts of the country, during the latter part of March.**
- **The expected production of maize for the 2010/11 production season is 10,831 million tons, which is 20,0% less than the 12,815 million tons of the previous season.**
- **The projected closing stocks of wheat for the 2010/11 marketing season is 519 000 tons, which includes imports of 1,7 million tons.**
- **The projected closing stocks of maize for the 2010/11 marketing season is 2,655 million tons.**
- **The projected closing stocks of maize for the coming 2011/12 marketing season is 1,296 million tons.**
- **The headline CPI (for all urban areas) annual inflation rate in February 2011 was unchanged at 3,7%.**
- **The annual percentage change in the PPI was higher at 6,7% in February 2011.**
- **February tractor sales of 633 units was 20,1% up on the 527 units sold in February 2010.**



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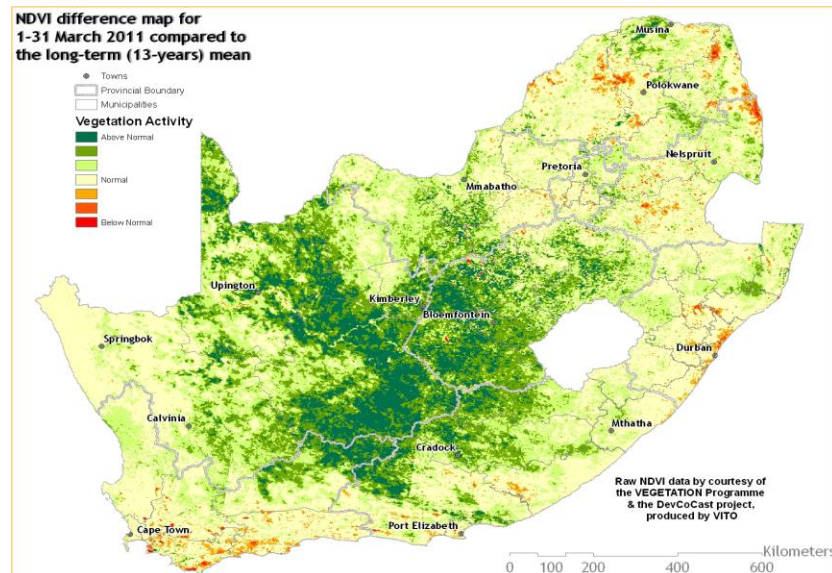


1. Weather conditions

1.1 Vegetation activity

Vegetation conditions for March 2011 were normal to above-normal throughout most of the country following the good rains experienced in most parts of the country, during the latter part of March. Below-normal vegetation activity is especially evident along the eastern border, southern and western coastal region, as well as the Mpumalanga province. Above normal vegetation activity is evident in the central areas with specific reference to the Eastern Cape, Northern Cape, North West and Free State provinces.

Figure 1: The NDVI difference map for 1-31 March 2011 compared to the 13 year long term mean



1.2 Level of dams

Available information on the level of South Africa's dams on 4 April 2011 indicates that the country has approximately 93% of its full supply capacity (FSC) available, which is 4% 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, 4 April 2011

Province	Net FSC million cubic meters	4/4/2011 (%)	28/3/2011 (%)	Last Year (%)
Eastern Cape	1 792	74	75	65
Free State	15 940	101	102	96
Gauteng	115	101	103	102
KwaZulu-Natal	4 530	85	86	87
Lesotho*	2 376	98	99	86
Limpopo	1 159	87	87	84
Mpumalanga	2 527	99	100	101
North West	808	91	91	78
Northern Cape	143	109	110	100
Western Cape	1 843	48	49	56
Total	31 233	93	94	89

Source: Department of Water Affairs



2. Grain production

2.1 Summer grain crops

The revised area planted estimate and second production forecast of summer grain crops for the 2010/11 production season, was released by the Crop Estimates Committee (CEC) on 24 March 2011, and is as follows:

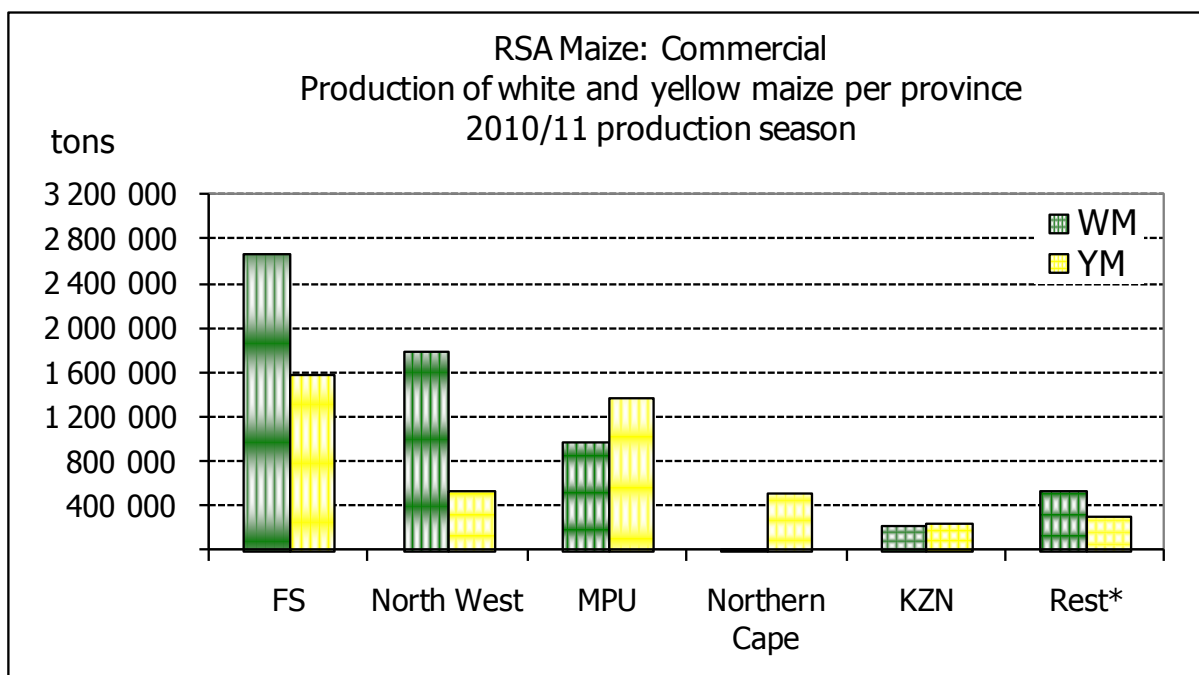
Table 2: Commercial summer crops: Revised area planted estimate and second production forecast - 2010/11 production season

Summer field crops	Area planted 2010/11 Ha (A)	2 nd forecast 2010/11 Tons (B)	Area planted 2009/10 Ha (C)	Final crop 2009/10 Tons (D)	Change % (B) ÷ (D)
White Maize	1 418 300	6 261 300	1 719 700	7 830 000	-20,03
Yellow Maize	954 000	4 569 900	1 022 700	4 985 000	-8,33
Total Maize	2 372 300	10 831 200	2 742 400	12 815 000	-15,48
Sunflower seed	642 700	831 220	397 700	490 000	+69,64
Soya-beans	418 000	709 350	311 450	566 000	+25,33
Groundnuts	55 150	85 575	57 450	88 000	-2,76
Sorghum	69 200	201 800	86 675	196 500	+2,70
Dry beans	41 900	50 520	44 100	52 255	-3,32
Total	3 599 250	12 709 665	3 639 775	14 207 755	-10,54

- The revised area estimate for **maize** is 2,372 million ha, which is 13,5% less than the 2,742 million ha planted for the previous season. The expected commercial maize crop is 10,831 million tons, which is 20,0% less than the 12,815 million tons of the previous season. The expected yield is 4,57 t/ha as against 4,67 t/ha of the previous season.
- The area estimate for white maize is 1,418 million ha, which represents a decrease of 17,5% compared to the 1,720 million ha planted last season. In the case of yellow maize the area estimate is 954 000 ha, which is 6,7% less than the 1,023 million ha planted last season.
- The production forecast of **white maize** is 6,261 million tons, which is 20,0% less than the 7,830 million tons of last season. The yield for white maize is 4,41 t/ha as against 4,55 t/ha the previous season. In the case of **yellow maize** the production forecast is 4,570 million tons, which is 8,3% less than the 4,985 million tons of last season. The yield for yellow maize is 4,79 t/ha as against 4,87 t/ha the previous season.
- The production forecast for **sunflower seed** is 831 220 tons, which is 69,6% more than the 490 000 tons of the previous season. The revised area estimate for sunflower seed is 642 700 ha, which is 61,6% more than the 397 700 ha planted the previous season. The expected yield is 1,29 t/ha as against 1,23 t/ha of the previous season.
- The production forecast for **soya-beans** is 709 350 tons, which is 25,3% more than the 566 000 tons of the previous season. It is estimated that 418 000 ha have been planted to soya-beans, which represents an increase of 34,2% compared to the 311 450 ha planted last season. The expected yield is 1,70 t/ha as against 1,82 t/ha last season.

- The expected **groundnut** crop is 85 575 tons, which is 2,8% less than the 88 000 tons of last season. For groundnuts the area estimate is 55 150 ha, which is 4,0% less than the 57 450 ha planted for the previous season. The expected yield is 1,55 t/ha as against 1,53 t/ha last season.
- The production forecast for **sorghum** is 201 800 tons, which is 2,7% higher than the 196 500 tons of the previous season. The area estimate for sorghum decreased by 20,2%, from 86 675 ha to 69 200 ha against the previous season. The expected yield is 2,92 t/ha as against 2,27 t/ha of the previous season.
- In the case of **dry beans** the production forecast is 50 520 tons, which is 3,3% less than the 52 255 tons of the previous season. For dry beans, the area estimate is 41 900 ha, which is 5,0% less than the 44 100 ha planted for the previous season. The expected yield is 1,21 t/ha as against 1,18 t/ha of the previous season.

Graph 1: Commercial production of white and yellow maize: 2010/11 production season



*Rest refers to Western Cape, Eastern Cape, Limpopo and Gauteng provinces

- From the graph it is evident that the major areas of production for both white and yellow maize are in the Free State, North West and Mpumalanga provinces. These 3 provinces contribute almost 91% and 93%, respectively, to the total production of white and yellow maize in South Africa.

The area planted and third production forecast of summer grain crops for the 2010/11 production season will be released on 20 April 2011.

2.2 Winter cereal crops

The intentions to plant winter cereals for the 2011 production season will be released on 20 April 2011.

3. Cereal balance sheets

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

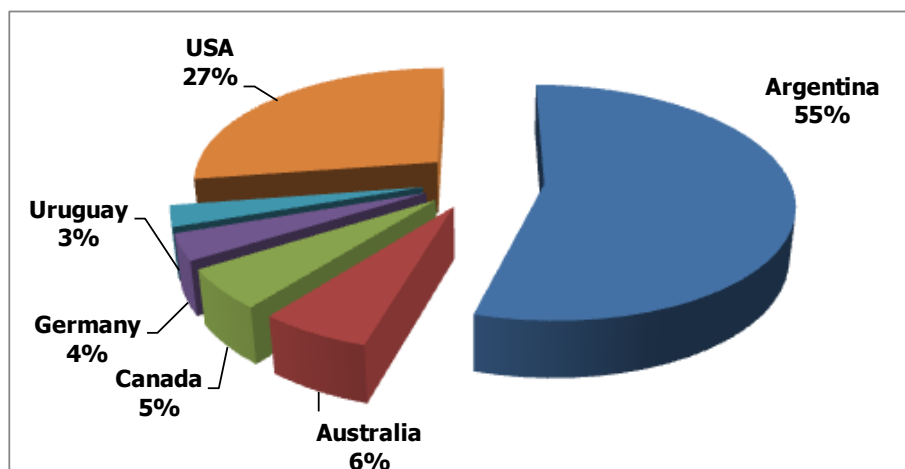
3.1 Winter cereals

Table 3:

2010/11 Projected Wheat Balance Sheet as at 31 March 2011 (1000 tons)	Wheat (October to September)
Supply	
Opening stocks (October 2010)	579
SAGIS Opening Stocks	579
Gross production (2010 season)	1 472
Commercial production	1 465
Subsistence agriculture	7
Total domestic supply	2 051
Plus: Imports	1 700
Total supply	3 751
Demand	
Consumption	2 990
Commercial: Human	2 885
Animal (feed)	20
Retentions by producers	42
Seed for planting purposes	23
Other (released to end consumers +withdrawn by producers +retentions by producers)	20
Subsistence agriculture	7
Total domestic consumption	2 997
Plus: Exports	235
Total demand	3 232
Closing stocks (September 2011)	519
Pipeline requirements (80 days of human (food) consumption)	632
Domestic shortfall	-1 578
Import gap	1 578
Shortage above pipeline	-113
SAGIS closing stocks as at end of February 2011	1 302

- The projected closing stocks of wheat for the 2010/11 marketing season is 519 000 tons, which is 10,4% less than the previous season (579 000 tons). This decrease can mainly be attributed to the smaller wheat crop for the current 2010/11 marketing season.

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



- From 2 October 2010 up to 1 April 2011, the progressive wheat imports stands at 870 047 tons, with the largest quantity (474 351 tons or 55%) imported from Argentina (Source: SAGIS).
- To meet local demand, total imports are projected at 1,7 million tons of wheat, the largest quantity ever recorded.

3.2 Summer grains

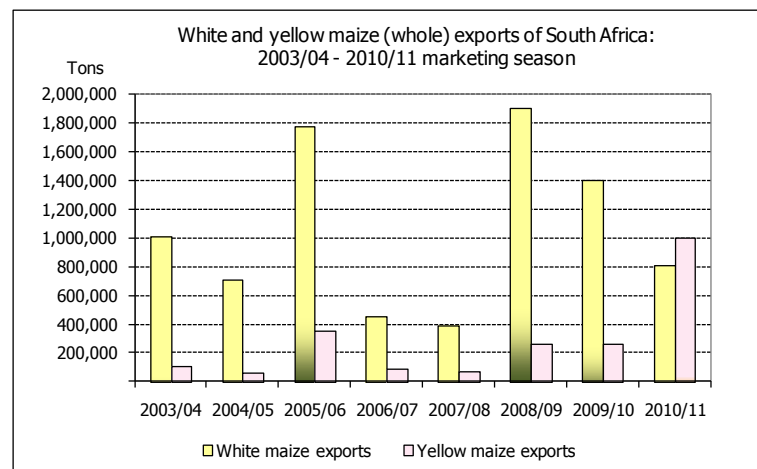
Table 4:

2010/11 Projected Annual Cereal Balance Sheet as at 31 March 2011 (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	6 248	4 028	10 276	210,4
Commercial: Human	4 300	350	4 650	181,1
Animal (feed)	1 500	2 800	4 300	8,7
Gristing	60	20	80	-
Seed for planting purposes	16	14	30	-
Other (grains released to end-consumers + withdrawn by producers + retentions on farms)	372	844	1 216	20,6
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 670	4 212	10 882	249,8
Plus: Exports	915	1 100	2 015	29,5
Products	65	50	115	-
Whole maize	850	1 050	1 900	-
Total demand	7 585	5 312	12 897	279,3
Closing stocks (2011)	2 029	626	2 655	49,8
Pipeline requirements (45 days of commercial consumption)	722	391	1 113	23,4
Domestic surplus	2 222	1 335	3 557	55,9
Surplus/ shortage above pipeline	1 307	235	1 542	26,4
SAGIS closing stocks as at end of February 2011	3 060	1 250	4 310	73,2

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the current 2010/11 marketing season is 2,655 million tons, which is 24,6% 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 49 800 tons, which is considerable less (46,6%) than the previous season (93 200 tons). This decrease can mainly be attributed to the smaller sorghum crop of the 2009/10 production season.

Graph 3: White and yellow maize exports from South Africa: 1 May 2010 to 1 April 2011



- From 1 May 2010 up to 1 April 2011, the progressive white and yellow maize exports stands at 813 670 and 1,003 million tons, respectively. This brings the progressive grand total of exports to 1,816 million tons (Source: SAGIS).
- It is important to note that for the current marketing season yellow maize exports surpassed white maize exports. White maize exports thus, has to increase as it is specifically white maize that has a high ending stock for the mentioned marketing season.

Table 5:

2011/12 Projected Annual Cereal Balance Sheet as at 28 February 2011 (1 000 tons)	Maize (May to April)			Sorghum
	White	Yellow	Total	(April to March)
Supply				
Opening stocks	2 029	626	2 655	49,8
SAGIS Opening Stocks	2 029	626	2 655	49,8
Gross production	6 684	4 754	11 438	241,2
Commercial production	6 262	4 570	10 832	201,8
Subsistence agriculture	422	184	606	39,4
Total domestic supply	8 713	5 380	14 093	291,0
Plus: Imports	-	-	-	-
Total supply	8 713	5 380	14 093	291,0
Demand				
Consumption	6 058	4 113	10 171	204,1
Commercial: Human	4 250	335	4 585	179,4
Animal (feed)	1 400	3 000	4 400	9,3
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	15,4
Subsistence agriculture	422	184	606	39,4
Total domestic consumption	6 480	4 297	10 777	243,5
Plus: Exports	1 260	760	2 020	25,2
Products	60	45	105	-
Whole maize	1 200	715	1 915	-
Total demand	7 740	5 057	12 797	268,7
Closing stocks (2012)	973	323	1 296	22,3
Pipeline requirements (45 days of commercial consumption)	704	414	1 118	23,3
Domestic surplus	1 529	669	2 198	24,2
Surplus/ shortage above pipeline	269	-91	178	-1,0

Source: SAGIS, Directorate: Agricultural Statistics.

- The projected closing stocks of maize for the 2011/12 marketing season is 1,296 million tons, which is 51,2% less than the previous season (2,655 million tons). This decrease can mainly be attributed to the expected lower area planted to maize during the 2010/11 production season.
- The projected closing stocks of sorghum for the 2011/12 marketing season is 22 300 tons, the smallest ever recorded since the 21 900 tons in 1999/2000 marketing season. It is also 55,2% less than the previous seasons' closing stock of 49 800 tons.

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in February 2011 was 3,7%. The rate remained unchanged from January 2011. On average, prices increased by 0,7% between January 2011 and February 2011.
- The food and non-alcoholic beverages index increased by 0,2% between January 2011 and February 2011. The annual rate increased to 3,6% in February 2011 from 3,1% in January 2011.
- The following components in the food and non-alcoholic beverages index increased: Cold beverages (3,4%), oils and fats (2,8%), sugar, sweets and desserts (2,6%), vegetables (1,3%), milk, eggs and cheese (0,2%) and other food (0,2%).



- The following components decreased: Fruit (-7,1%), hot beverages (-1,4%), bread and cereals (-0,5%), fish (-0,5%) and meat (-0,2%).
- The transport index increased by 0,8% between January 2011 and February 2011, mainly due to a 26c/l increase in the price of petrol. The annual rate increased to 2,6% in February 2011 from 2,5% in January 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (3,7%), Mpumalanga (3,7%), Gauteng (3,6%), North West (3,5%), KwaZulu-Natal (3,2%) and Limpopo (2,9%). The provinces with an annual inflation rate higher than headline inflation were Eastern Cape (4,5%), Free State (4,4%) and Northern Cape (3,8%).

4.2 Producer Price Index (PPI)

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

4.3 Future contract prices and the exchange rate

Table 6: Closing prices on Monday, 4 April 2011

	4 April 2011	4 March 2011	% change Apr. vs Mar.
RSA White Maize per ton (May contract)	R1 652	R1 625	+1,66
RSA Yellow Maize per ton (May contract)	R1 694	R1 672	+1,32
RSA Wheat per ton (May contract)	R3 090	R3 165	-2,37
RSA Soya-beans per ton (May contract)	R3 270	R3 499	-6,54
RSA Sunflower seed per ton (May contract)	R4 070	R4 220	-3,55
Exchange rate R/\$	R6,73	R6,91	-2,60

Source: SAFEX

- Maize prices (May 2011 contract) ended higher on 4 April 2011, as compared to the month of March 2010. Local white and yellow maize prices increased by 1,7% and 1,3%, respectively, as compared to the previous month. The increase can mainly be attributed to the lower than expected South African maize area and production estimates.
- Local wheat, soya-bean and sunflower seed prices showed decreases of 2,4%, 6,5 and 3,6%, respectively, during the same period.
- For the mentioned period, the Rand depreciated by 2,6% against the US Dollar to reach R 6,73/US\$, as the US Dollar is expected to gain strength as reports on US jobs suggested recovery in the troubled labour market.
- The oil price also continued to increase at the end of March 2011 (\$119,10/barrel) boosted by global economic growth which has increased the demand for oil amid supply shortages sparked by unrest in the Middle East and North Africa.

4.4 Agricultural machinery sales

- February tractor sales of 633 units were 20,1% up on the 527 units sold in February 2010. On a year-to-date basis tractor sales are 15% up on sales in the first two months of last year. February combine harvester sales of 27 units were significantly up on the 13 units sold in February 2010. On a current year-to-date basis combine harvester sales of 37 units are significantly up on the 19 units sold in the first two months of last year.
- February tractor and combine harvester sales reflect the current optimism in the agricultural machinery market. It continues to be a buyers' market, with equipment prices reacting to the effects of the strong rand. Maize, soya bean and wheat prices have improved in recent months and this is also contributing to market optimism. Together with easier bank finance, producers are using current market opportunities to invest in new capital equipment.

Table 7: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	February			February		
	2011	2010		2011	2010	
Tractors	633	527	20,1	1 061	923	15,0
Combine harvesters	27	13	107,7	37	19	94,7

Source: SAAMA press release, March 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