

MONTHLY FOOD SECURITY BULLETIN OF SOUTH AFRICA: SEPTEMBER 2011

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Directorate: Statistics and Economic Analysis

Highlights:

- During September rainfall occurrences was restricted to the coastal regions.
- The expected production of wheat is 1,903 million tons, which is 33,1% more than the previous seasons' crop of 1,430 million tons.
- The projected closing stocks of wheat for the 2010/11 marketing year was 501 000 tons, which includes imports of 1,67 million tons.
- The projected closing stocks of wheat for the coming 2011/12 marketing year is 564 000 tons, which includes imports of 1,41 million tons.
- The expected production of maize for 2011 is 10,608 million tons, which is 17,2% less than the 12,815 million tons of the previous year.
- The projected closing stocks of maize for the 2011/12 marketing year is 966 000 tons, which is the lowest total recorded since the 770 000 tons in the 1999/00 marketing year.
- The headline CPI (for all urban areas) annual inflation rate in August 2011 is unchanged at 5,3%.
- The annual percentage change in the PPI was higher at 9,6% in August 2011.
- The Monetary Policy Committee, at its meeting during September 2011, has decided to keep the repurchase rate unchanged at 5,5% per annum.
- August tractor sales of 642 units were almost 37% up on the 470 units sold in August 2010.



**agriculture,
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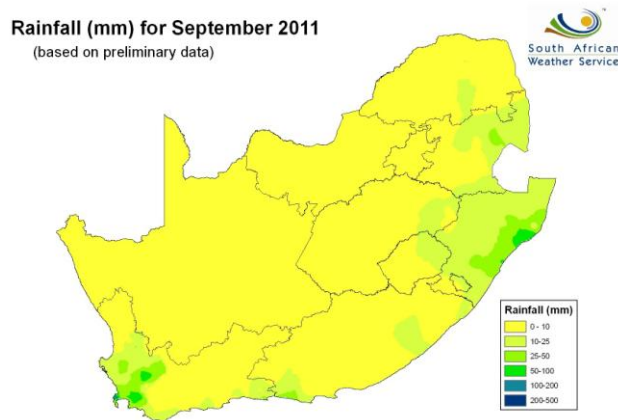


1. Weather conditions

1.1 Rainfall for September 2011

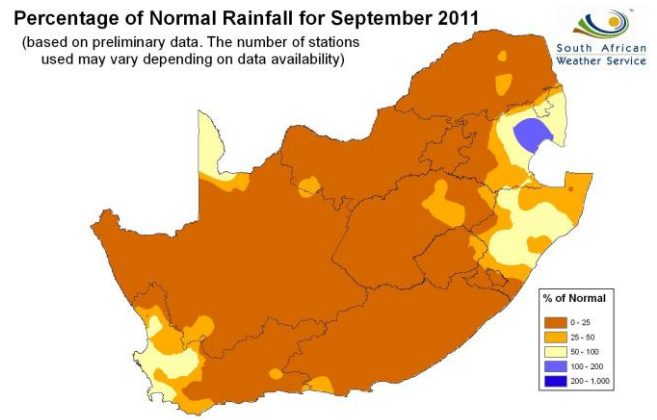
During September rainfall occurrences was restricted to the coastal regions, receiving 25 to 50 mm of rainfall (Figure 1). The central regions were characterized by little or no rainfall occurrences for the mentioned period. Comparing the rainfall totals for September 2011 with the long term average, it is evident that near-normal to below-normal rainfall was received over most parts of the country, except for an isolated area in Mpumalanga where normal to above-normal rainfall was recorded (Figure 2).

Figure 1: Rainfall for September 2011



Source: SA Weather Services

Figure 2: Percentage normal rainfall for September 2011

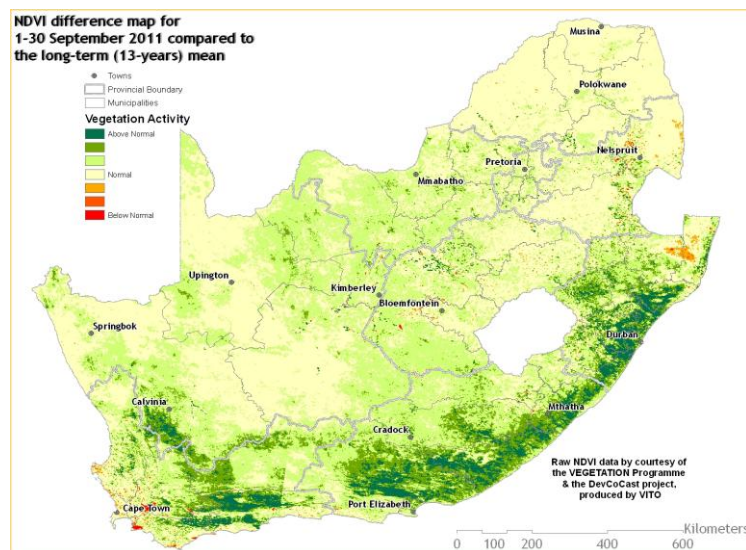


Source: SA Weather Services

1.2 Vegetation activity

Vegetation conditions for September 2011 were normal to above-normal throughout most of the country. Above-normal vegetation activity is especially evident along the coastal areas of KwaZulu-Natal, as well as the Eastern- and Western Cape provinces. Normal vegetation activity is evident in the central regions. Below-normal vegetation activity is especially evident along isolated areas of the Western Cape, as well as Mpumalanga and KwaZulu-Natal provinces.

Figure 3: The NDVI difference map for 1-30 September 2011 compared to the 13 year long term mean



Source: ARC: ISCW

1.3 “Climate-Smart Agriculture” Conference

The African Ministerial Meeting on “Climate-Smart Agriculture” was held in Johannesburg on 13 and 14 September 2011. Mrs Tina Joemat-Pettersson, South African Minister of Agriculture, Forestry and Fisheries stated in her opening remarks that “Climate-Smart Agriculture” is defined by the FAO as “production systems that sustainably increases productivity, resilience (adaptation), reduces/removes Green House Gases (mitigation), and enhances achievement of national food security and development goals”. The conference was aimed at sharing experiences, leadership perspectives, exploring challenges and, analysing the meaning of “Climate-Smart Agriculture”.

The conference is part of South Africa's build-up to the upcoming 17th Conference of the Parties (COP 17) of the UN Framework Convention on Climate Change (UNFCCC), taking place at Durban's International Convention Centre from 28 November to 9 December 2011.

2. Grain production

2.1 Summer grain crops

The area planted estimate and final production estimate of summer grain crops for 2011, was released by the Crop Estimates Committee (CEC) on 27 September 2011, and is as follows:

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

Summer field crops	Area planted 2011 Ha (A)	Final estimate 2011 Tons (B)	Area planted 2010 Ha (C)	Final crop 2010 Tons (D)	Change % (B) ÷ (D)
White Maize	1 418 300	6 181 900	1 719 700	7 830 000	-21,05
Yellow Maize	954 000	4 426 500	1 022 700	4 985 000	-11,20
Total Maize	2 372 300	10 608 400	2 742 400	12 815 000	-17,22
Sunflower seed	642 700	861 770	397 700	490 000	+75,87
Soya-beans	418 000	708 750	311 450	566 000	+25,22
Groundnuts	55 150	68 295	57 450	88 000	-22,39
Sorghum	69 200	155 430	86 675	196 500	-20,90
Dry beans	41 900	41 980	44 100	52 255	-19,66
Total	3 599 250	12 444 625	3 639 775	14 207 755	-12,41

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 10,608 million tons, which is 17,2% less than the 12,815 million tons of 2010. The expected yield is 4,47 t/ha as against 4,50 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 estimate of **white maize** is 6,182 million tons, which is 21,1% less than the 7,830 million tons of 2010. The yield for white maize is 4,36 t/ha as against 4,55 t/ha of 2010. In the case of **yellow maize** the production estimate is 4,427 million tons, which is 11,2% less than the 4,985 million tons of 2010. The yield for yellow maize is 4,64 t/ha as against 4,87 t/ha of 2010.
- The production estimate for **sunflower seed** is 861 770 tons, which is 75,9% 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 1,34 t/ha as against 1,23 t/ha of 2010.

- The production estimate 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 68 295 tons, which is 22,4% 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 1,24 t/ha as against 1,53 t/ha last season.
- The production estimate for **sorghum** is 155 430 tons, which is 20,9% 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 2,25 t/ha as against 2,27 t/ha of the previous season.
- In the case of **dry beans** the production estimate is 41 980 tons, which is 19,7% 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 1,00 t/ha as against 1,18 t/ha of the previous season.

The 'intentions of farmers' to plant summer grain crops for 2012 will be released on 25 October 2011.

2.2 Winter cereal crops

The revised area planted estimate and second production forecast of winter cereal crops for the 2011 production season, was also released by the Crop Estimates Committee (CEC) on 27 September 2011, and is as follows:

Table 2: Commercial winter crops: Revised area planted estimate and second production forecast for the 2011 production season

Winter cereal crops	Area planted 2011 Ha (A)	2nd Forecast 2011 Tons (B)	Area planted 2010 Ha (C)	Final estimate 2010 Tons (D)	Change % (B) ÷ (D)
Wheat	604 700	1 902 630	558 100	1 430 000	+33,05
Malting barley	80 150	237 560	82 670	194 000	+22,45
Canola	43 510	57 340	34 820	36 900	+55,39
Total	728 360	2 197 530	675 590	1 660 900	+32,31

- The revised area estimate for **wheat** is 604 700 ha, which is 8,3% more than the 558 100 ha planted for the previous season. An estimated 265 000 ha or 44% is planted in the Western Cape, 225 000 ha or 37% in the Free State and 42 000 ha or 7% in the Northern Cape.
- The expected production of wheat is 1,903 million tons, which is 33,1% more than the previous seasons' crop of 1,430 million tons. The expected yield is 3,15 t/ha as against 2,56 t/ha of the previous season. The expected production in the Western Cape is 662 500 tons (35%), in the Free State 585 000 tons (31%) and in the Northern Cape 273 000 tons (14%).
- The production forecast for **malting barley** is 237 560 tons, an increase of 22,4% compared to the previous seasons' crop of 194 000 tons. The area planted is estimated at 80 150 ha, which is 3,0% less than the 82 670 ha planted for the previous season. The expected yield is 2,96 t/ha as against 2,35 t/ha of the previous season.
- The expected **canola** crop is 57 340 tons, which is 55,4% or 20 440 tons more than the previous seasons' crop of 36 900 tons – the highest crop ever produced in SA. The area estimate for canola is 43 510 ha, which is 25% more than the 34 820 ha planted for the previous season. The expected yield is 1,32 t/ha as against 1,06 t/ha.

The area planted estimate and third production forecast for winter cereals for 2011 will be released on 25 October 2011.

3. Cereal balance sheets

Supply and demand data for August 2011 was released by SAGIS on 26 September 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 September 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	501
SAGIS opening stocks	694	579	501
Gross production	1,967	1,436	1,909
Commercial production	1,916	1,401	1,874
Retentions by producers	42	29	29
Non-commercial	9	6	6
Total domestic supply	2,661	2,015	2,410
Plus: Imports	1,285	1,670	1,410
Total supply	3,946	3,685	3,820
Demand			
Commercial consumption	3,118	2,959	3,000
Human	2,991	2,880	2,900
Animal	26	5	20
Retentions by producers	42	42	42
Seed for planting purposes	17	14	21
Other consumption (released to end con's+withdrawn by prod's+retentions)	42	18	18
Non-commercial	9	6	6
Total domestic consumption	3,127	2,965	3,006
Plus: Exports	240	220	250
Products	35	30	35
Whole grain	205	190	215
Total demand	3,367	3,184	3,256
Closing stocks: 30 September	579	501	564
Pipeline requirements (80 days of human consumption)	656	631	636
Domestic shortfall / surplus	-1,122	-1,580	-1,232
Import gap	1,122	1,580	1,232
Surplus above pipeline	-77	-130	-71

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks of wheat for the 2010/11 marketing year is 501 000 tons, which is 13,5% 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 15,7% lower than the 10 year average of 594 000 tons.



- The projected closing stocks (30 September 2012) of wheat for the 2011/12 marketing year is 564 000 tons, which is 12,6% more than the previous year (501 000 tons). The increase can mainly be attributed to the larger expected wheat crop for the coming 2011/12 marketing year.
- From 2 October 2010 up to 30 September 2011, the progressive wheat imports stands at 1,650 million tons, with the largest quantity (630 021 tons or 38%) imported from Argentina followed by the USA (586 200 tons or 36%). There were also wheat exports from South Africa to other African countries. Progressive exports to Botswana stand on 84,850 tons (40,1%), Lesotho 19,803 tons (35,1%), Namibia 19,803 tons (9,4%), Swaziland 17,961 tons and Mozambique 234 tons. The total progressive exports to Africa are 211,541 tons.

3.2 Summer grains

Table 4: Supply and demand for White Maize as at 30 September 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	6 578
Commercial production	6 660	7 623	6 052
Retentions by producers	115	119	130
Non-commercial	379	422	396
Total Domestic Supply	7 920	9 526	8 187
Imports			
Total Supply	7 920	9 526	8 187
Demand			
Commercial Consumption	4 709	6 371	5 926
Human	4 132	4 159	4 250
Animal	362	1 658	1 300
Gristing	68	56	60
Retentions by producers	86	102	130
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	6 322
Exports	1 470	1 124	1 320
Products	62	75	70
Whole grain	1 408	1 049	1 250
Total Demand	6 558	7 917	7 641
Closing Stocks: 30 April	1 362	1 609	546
Pipeline Requirements (45 days of human & animal consumption + gristing)	562	724	692
Domestic Surplus	2 270	2 009	1 174
Surplus/ Shortage above pipeline	800	885	-146

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- Closing stocks of white maize for the 2011/12 marketing year is 546 000 tons, which is the lowest total recorded since the 412 000 tons for the 1999/00 marketing year. It is also considerable (66,1%) 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 shortage above pipeline requirements of 146 000 tons, South Africa could be in a tight stock situation at the end of the marketing year, which ends on 30 April 2012. It also could imply that white maize might be imported at the beginning of 2012.

Table 5: Supply and demand for Yellow Maize as at 30 September 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	4 595
Commercial production	4 965	4 541	4 047
Retentions by producers	310	408	380
Non-commercial	138	184	168
Total Domestic Supply	6 232	5 903	5 322
Imports	27	-	-
Total Supply	6 259	5 903	5 322
Demand			
Commercial Consumption	5 033	3 924	3 973
Human	346	356	360
Animal	3 739	2 613	2 900
Gristing	18	17	20
Retentions by producers	295	394	380
Seed for planting purposes	15	14	14
Other consumption(released to end-con & withdrawn by producers)	620	530	300
Non-commercial	138	184	168
Total Domestic Consumption	5 171	4 108	4 142
Exports	319	1 068	760
Products	57	51	60
Whole grain	262	1 017	700
Total Demand	5 490	5 176	4 901
Closing Stocks: 30 April	769	727	421
Pipeline Requirements (45 days of human & animal consumption + gristing)	506	368	404
Domestic Surplus	556	1 427	776
Surplus above pipeline	264	359	16

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

- Closing stocks of yellow maize for the 2011/12 marketing year is 421 000 tons, which is the lowest total recorded since the 358 000 tons for the 1999/00 marketing year. It is also 42,1% 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 404 000 tons of yellow maize and the surplus above pipeline of 16 000 tons, South Africa could be in a tight stock situation at the end of the marketing year in April 2012.

Table 6: Supply and demand for Maize as at 30 September 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
Gross Production	12 567	13 297	11 173
Commercial production	11 625	12 165	10 098
Retentions by producers	425	527	510
Non-commercial	517	606	564
Total Domestic Supply	14 152	15 429	13 509
Imports	27		
Total Supply	14 179	15 429	13 509
Demand			
Commercial Consumption	9 742	10 295	9 899
Human	4 478	4 515	4 610
Animal	4 101	4 271	4 200
Gristing	86	73	80
Retentions by producers	381	497	510
Seed for planting purposes	34	30	30
Other consumption(released to end-con & withdrawn by producers)	662	909	469
Non-commercial	517	606	564
Total Domestic Consumption	10 259	10 901	10 463
Exports	1 789	2 192	2 080
Products	119	126	130
Whole grain	1 670	2 066	1 950
Total Demand	12 048	13 092	12 543
Closing Stocks: 30 April	2 131	2 336	966
Pipeline Requirements (45 days of human & animal consumption + gristing)	1 068	1 092	1 096
Domestic Shortfall / Surplus	2 825	3 436	1 950
Surplus/ Shortage above pipeline	1 063	1 244	-130

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis

- The projected closing stocks of maize for the 2011/12 marketing year is 966 000 tons, which is the lowest total recorded since the 770 000 tons in the 1999/00 marketing year. It is also 58,6% 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 shortage above pipeline requirements of 130 000 tons, South Africa could be in a tight stock situation at the end of the marketing year in April 2012.
- From 1 May up to 30 September 2011, the progressive white and yellow maize exports stand at 802 938 and 639 701 tons, respectively. Thus, this brings the progressive grand total of exports to 1,443 million tons.

- The largest quantity of white maize has been exported to Mexico (520 489 tons or 65%) followed by the BLNS countries (132 203 tons or 16%). In the case of yellow maize the largest quantity of exports went to Korea (304 660 tons or 48%) and Taiwan (161 550 tons or 25%).

Table 7: Supply and demand for Sorghum as at 30 September 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	194,8
Commercial production	279,3	196,5	155,4
Non-commercial	41,5	39,4	39,4
Total domestic supply	383,3	329,1	252,9
Plus: Imports	4,0		40,0
Total supply	387,3	329,1	292,9
Demand			
Food consumption	181,8	181,8	185,6
Malt	84,6	79,2	85,2
Meal	97,2	102,6	100,4
Brew	-	-	-
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	17,7
Pipeline Requirements (45 days of human & animal consumption + gristing)	23,4	23,5	24,0
Domestic surplus / deficit	117,8	58,8	-22,9
Import gap	-	-	22,9
Surplus above pipeline	69,8	34,6	-6,3

*Projection

Source: SAGIS, Directorate: Statistics and Economic Analysis



- The projected closing stocks of sorghum for the 2011/12 marketing year show a surplus of 17 700 tons, which is the lowest total recorded since the 21 900 tons for the 1999/00 marketing year. It is also considerably less (69,5%) 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.

3.3 International maize and wheat outlook for 2011/12

- Although global crop prospects have declined somewhat during September 2011, mainly because of a reduced US maize (corn) forecast, there is little overall change in the 2011/12 supply and demand outlook, with carry-over stocks set to decline further as consumption again outpaces production. World production of grains is placed 2 million tons lower than before, at 1 806 million tons, which is 3,2% above the 2010/11 outturn and would be marginally ahead of the 2008/09 record. While wheat crop prospects have improved somewhat, especially in the southern hemisphere, the further downward revision in the US maize production forecast is only partly balanced by an enhanced outlook for crops shortly to be planted in South America, resulting in a 4 million tons reduction in the world maize total. As the consumption forecast is lowered by more than the cut in the production figure, global ending stocks are projected slightly higher than in August. However, these will remain the smallest since 2007/08, with maize and barley inventories especially low. End-of-year stocks in the eight major exporters in 2011/12 are expected to fall by a further 15 million tons, to 113 million tons, with those in the US set to register by far the biggest fall.
- Despite the further rise in global use of grains, the impact on international trade will be quite small and is expected to increase by only 1 million tons, to 244 million tons, mainly in the form of more feed wheat buying. The bulk of the increase in use outside the major exporters will be in China, which is expected to import an additional 1 million tons of maize, although another good harvest is expected. Among the eight major exporting countries, which together will account for some 90% of global trade, there will be substantial declines in shipments by the EU and the US, which will be more than offset by a sizeable recovery in exports from the Black Sea region (Source: IGC Grain Market Report, September 2011).

4. Market information

4.1 Consumer Price Index (CPI)

- The headline CPI (for all urban areas) annual inflation rate in August 2011 was 5,3%. This rate was unchanged from July 2011. On average, prices increased by 0,2% between July 2011 and August 2011.
- The food and non-alcoholic beverages index increased by 0,3% between July 2011 and August 2011. The annual rate decreased to 7,3% in August 2011, from 7,4% in July 2011. The following components in the food and non-alcoholic beverages index increased: Fruit (4,9%), hot beverages (1,4%), sugar, sweets and desserts (0,9%), vegetables (0,5%), cold beverages (0,5%), fish (0,3%), meat (0,2%), milk, eggs and cheese (0,2%) and other food (0,1%). The following components decreased: Oils and fats (-0,2%) and bread and cereals (-0,1%).
- The transport index increased by 0,4% between July 2011 and August 2011, mainly due to a 17c/litre increase in the price of petrol. The annual rate increased to 5,9% in August 2011, from 5,3% in July 2011.
- The communication index decreased by 0,6% between July 2011 and August 2011, mainly due to a 1,3% decrease in telephone fees. The annual rate decreased to -1,9% in August 2011, from -1,1% in July 2011.
- The provinces with an annual inflation rate lower than or equal to headline inflation were Western Cape (5,3%), Gauteng (5,3%), Limpopo (5,2%) and KwaZulu-Natal (5,0%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (6,5%), Eastern Cape (6,1%), Free State (6,1%), North West (5,8%) and Mpumalanga (5,4%).

4.2 Producer Price Index (PPI)

- The Producer Price Index (PPI) for domestic output shows an annual rate of change of 9,6% in August 2011 (i.e. the PPI in August 2011 compared with August 2010). This rate is 0,7% higher than the corresponding annual rate of 8,9% in July 2011.
- This higher annual rate in August 2011 can be explained by increases in the annual rate of change in the Producer Price Index for:
 - Electricity: The annual rate increased from 25,1% in July 2011 to 26,5% in August 2011;
 - Mining and quarrying: The annual rate increased from 11,8% in July 2011 to 12,3% in August 2011;
 - Products of petroleum and coal: The annual rate increased from 22,5% in July 2011 to 25,1% in August 2011;
 - Agriculture: The annual rate increased from 6,2% in July 2011 to 7,2% in August 2011;
 - Other manufactures: The annual rate increased from 6,7% in July 2011 to 9,5% in August 2011;
 - Tobacco products: The annual rate increased from 5,9% in July 2011 to 7,9% in August 2011;
 - Electrical machinery and apparatus: The annual rate increased from 2,2% in July 2011 to 2,9% in August 2011; and
 - Basic metals: The annual rate increased from -1,6% in July 2011 to 0,1% in August 2011.
- These increases were partially counteracted by decreases in the annual rate of change for:
 - Water and gas: The annual rate decreased from 18,4% in July 2011 to 7,9% in August 2011; and
 - Furniture: The annual rate decreased from 8,0% in July 2011 to 5,0% in August 2011.
- From July 2011 to August 2011 the PPI for domestic output increased by 1,0%.
 - The monthly increase of 1,0% in the PPI for domestic output was mainly due to monthly contributions from increases in the price indices of mining and quarrying (0,5%), agriculture (0,2 %), basic metals (0,1%), electricity (0,1%) and all other groups (0,1%).

4.3 Monetary Policy Committee Statement

- The SA Reserve Bank's Monetary Policy Committee (MPC) has left the repo rate unchanged at 5,5%, Governor Gill Marcus announced on Thursday, 22 September 2011, following a three-day Committee meeting.
- The MPC would continue closely monitoring inflation and rising oil and food prices, as these were the main upside risks to the inflation outlook, Governor Marcus said. The inflation pressures were currently of "cost-push" nature, the bank said, adding that risks to the inflation outlook were "balanced."
- The recent depreciation in the SA rand poses "potential upside risk" for the inflation outlook, SA Reserve Bank Governor Gill Marcus said.
- Marcus said the recent weakness in the rand was "not unique" to SA, and was a development in most emerging markets. This can primarily be attributed to "higher risk aversion", amongst other factors.
- The rand had depreciated by about 15,6% since the last Monetary Policy Committee meeting in July, Marcus said, adding that this was in line with the depreciation of currencies in Brazil, Mexico, Hungary and South Korea.

4.4 Future contract prices and the exchange rate

Table 8: Closing prices on Monday, 3 October 2011

	3 October 2011	1 September 2011	% change October vs. September
RSA White Maize per ton (Oct. contract)	R2 090	R2 205	-5,2
RSA Yellow Maize per ton (Oct. contract)	R2 058	R2 195	-6,2
RSA Wheat per ton (Oct. contract)	R2 873	R2 950	-2,6
RSA Soya-beans per ton (Oct. contract)	R3 250	R3 551	-8,5
RSA Sunflower seed per ton (Oct. contract)	R4 110	R3 900	+5,4
Exchange rate R/\$	R8,10	R7,00	+15,7

Source: SAFEX

- Maize prices (October 2011 contract) ended lower on 3 October 2011, as compared to 1 September 2011. Local white and yellow maize prices decreased by 5% and 6%, respectively, for the mentioned period, following international price trends after the US added an extra 300 million bushels to maize stocks.
- Local wheat and soya-beans also showed decreases of 3% and 9%, respectively, whereas sunflower seed prices showed an increase of 5%, during the same period. The low wheat price in Russia is putting pressure on international wheat prices.
- For the mentioned period, the Rand depreciated sharply by 16% against the US Dollar to reach R 8,10/US\$.

4.5 Agricultural machinery sales

- August tractor sales of 642 units were almost 37% up on the 470 units sold in August last year. On a year-to-date basis tractor sales were almost 35% up on sales in the first eight months of last year. August combine harvester sales of 10 units were the same as those in August last year. On a current year-to-date basis combine harvester sales of 175 units were 17% up on those of the first eight months of last year.
- For the tenth successive month, since November last year, 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, look favourable. Indications are that local grain stocks have been reduced significantly, primarily by higher exports. Prospects for the forthcoming wheat crop also look favourable.
- Industry predictions for tractor sales for the 2011 calendar year have been revised upwards again to between 6 700 and 7 000 units, approximately 30 to 35% up on 2010 sales.

Table 9: Agricultural machinery sales

Equipment class	Year-on-year		Percentage Change %	Year-to-date		Percentage Change %
	August			August		
	2011	2010		2011	2010	
Tractors	642	470	36,6	4 414	3 279	34,6
Combine harvesters	10	10	0,0	175	149	17,4

Source: SAAMA press release, August 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