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PREFACE

The core business of this directorate is to do analysis on national level in order to produce agricultural economic information and advice for sound decision-making on the South African (SA) agricultural sector. To support this important task the division (Economic Research) concentrates on economic analysis of performance of and external impact on the agricultural sector and its industries.

This publication developed from a need within the Department of Agriculture (DoA) to be regularly informed on developments and expected economic trends in the agricultural sector. The quarterly report has now been established as a regular feature in the Directorate's work plan. Since the beginning of 2004 the report is also published for outside consumption to add value to a number of existing regular economic publications on the agricultural sector. It is our vision to maintain it as indispensable reading for every serious student of the SA agricultural sector.

At this stage most of the content is based on sources outside the DoA. However, progress is being made to incorporate more departmental generated material.

Any new comments on the content of this quarterly report series are most welcome.

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1. WORLD ECONOMY

Global economic growth has slowed down from 5.1% in 2004 to 4.3% in 2005 according to the IMF. The wide spread slow-down in the world economy reached every economic region in 2005. This was as a result of higher oil prices of over \$65 per barrel, resource sector capacity constraints and weakening house price gains in Australia, Britain and the United states. Growth among the developed economies in 2005 is estimated at 2,6%, slightly lower than the 2,8% of 2004. High oil prices, rising short term interest rates and an unusually disruptive hurricane season contributed to the slowing growth in the United State to an estimated 3,6%, compared with 4,4% of the previous year. The forecast for 2006 remains speculative; it is associated with the uncertainty of high world energy prices and its economic impact, and the prospects of some further softening of investment growth in China which make it likely that global growth will remain steady in 2006. The IMF estimates a global growth rate of 4,3% for 2006. GDP grew by 1,3% in the Euro area in 2005, and is expected to be 1,6% in 2006, with main drivers of growth being exports and investments;

consumer spending is also likely to pick up in the second half of the year. The Euro area inflation is expected to be around 2% in 2006, and its economy is forecasted to expand further in 2007 by 1,9%. China has been a major engine for global growth, with India having strong demand for raw materials. China is faced with severe environmental problems and the rising inequality among its citizens. The Latin American economy's growth is driven by foreign direct and portfolio investment. The region's economy is expected to grow by 4,2% in 2006, which is the same as the 2005 estimate, and falling in 2007 to 3,6%. For oil exporting countries, rising oil prices will help boost exports, meanwhile oil importing countries will be hurt. Latin America is expecting a 5,4% inflation rate in 2006, the lowest in 25 years, despite political uncertainty and rising oil prices. **Implications to South African Economy:** The generally good looking global economy implies a larger market for South Africa. The benefits are affected by both internal and external conditions, if the rand continues to strengthen South Africa may loose on export revenues. The European Union and China are important export markets for South Africa.

TABLE 1: The World Economic Outlook-Real GDP growth

Industrial countries	2005	2006	2007	Developing countries	2005	2006	2007
Major seven	2.6	2.6	2.5	Emerging Asia ²	6.9	6.4	6.6
USA	3.6	3.3	3.1	China	9.3	8.5	8.8
Japan	2.3	2.2	2.0	India	8.0	7.0	7.0
Euro area ¹	1.3	1.6	1.9	Latin America	4.2	4.2	3.6
UK	2.0	2.2	2.2	Emerging Europe ²	4.9	5.3	5.2
Germany	1.0	1.3	1.5	Sub-Saharan Africa	4.9	5.3	4.3

¹ The 11 Euro countries

² Bulgaria, Czech Republic, Hungary, Poland, Slovak Republic, Russia, Turkey

1. SUB-SAHARAN ECONOMY

TABLE 2: Sub Sahara Africa – Economic Outlook

	2005	2006	2007
GDP	4.9	5.3	4.3
Consumer price inflation ¹	10.1	9.8	8.9

¹ Excluding Zimbabwe

Around 16 countries out of 50 in Sub-Saharan Africa will hold elections in 2006. The Sub-Saharan economy is estimated to have grown by 4,9% in 2005 and to expand to 5,3% in 2006 before dropping to 4,3% in 2007. The G8 is seeking to work with African countries through NEPAD (New Partnership for Africa’s Development) in order to boost aid and debt relief. Debt write offs provided by the industrialised nations will provide minimal impact in the short term. The economic policy on the other hand will continue to be guided by donors through the IMF, through its Poverty Reduction and Growth Facility (PRGF) strategy. Some countries in the Sub-Saharan region run budget deficits due to a narrow tax base, and then resort to increase indirect taxes such as VAT which largely affects the poor negatively. Inflation is expected to continue its downward trend, falling to 8,9% in 2007. Zimbabwe is the only country in the region to have triple digit inflation. The main problem facing Sub-Saharan Africa is food insecurity. One third of oil importing countries are expected to see growth averaging at 5%. These countries include Ethiopia, Mozambique and Sierra Leone. The growth performance is assisted by the rise of eco-

nomical activity in South Africa. The challenge for the region is to pursue reforms that may help countries to reach better levels of growth and low inflation. The region needs to promote trade reforms, within the framework of the Doha Development Round discussions, which if successful would reduce and eliminate tariffs in key industry sectors and unfair agricultural subsidies. Another challenge is to reform agricultural sectors that are unable to seize opportunities which will be created by the elimination of subsidies.

2. SOUTH AFRICAN ECONOMY

The South African economy has grown by 4,2% in the third quarter of 2005 compared with the second quarter growth of 5,4% (revised from 4,8%). The reason for the slowdown is partly due to strikes in the gold-mining sector. The economy has also experienced an inflow of foreign investment through Barclay’s acquisition of 56,1% stake in ABSA worth R31 billion. The revised figures of GDP for the first and second quarters of 2005, show that the South African economy is likely to grow at 5% in 2005, putting Government’s target of 6% growth within reach. The main impediments to a 6% growth rate are: currency volatility, infrastructure backlogs, the regulatory environment, services delivery, skills shortages and import parity pricing. The real value added by agriculture increased at an annual rate of 10,2%. The increase could be attributed to better harvests of

field crops. **Implications to Agriculture:** The healthy economy in terms of prospects for growth, stable prices and a sound political environment implies that agriculture can grow and compete in international markets if unfair subsidies are properly addressed. The main threat remains drought and diseases. The outcome of the accelerated land reform programme will also have a large effect in short term.

3. MACROECONOMIC VARIABLES AND THEIR IMPACT ON AGRICULTURE

3.1 Inflation

TABLE 3: Annual average CPIX inflation rate

2005		2006	2007
3,4	BER	5,3	4,7
	Standard Bank	4,6	5,1
	Absa	5,7	4,6
	Average	5,2	4,8

BER - Bureau for Economic Research

Recent trends: The CPIX reached its lowest levels during the first quarter of 2005, when it fell to 3.1% in February, after which it has been gravitating towards its upper limit of six percent. This saw inflation rising from 3.6% year on year in January 2005 to 4.8% y/y in August, with a downward trend thereafter, to reach 3.7% in November 2005. The upward pressure on the inflation rate, though slower than market expectations, has been attributed to surging oil prices. Increased oil prices were primarily due to supply disruptions as a result of weather conditions in the Gulf of Mexico, the onset of cold weather in the USA and increased energy consumption in Asia, particularly China. However, a strong rand has cushioned the local market from im-

ported inflation, even though its positive effect on inflation may not be ignored.

Forecast: The outlook for inflation remains oblique given high oil prices, strong domestic demand and the current standoff between Iran (the fourth largest oil supplier) and the USA and its allies over Iran's nuclear programs and perceived security threats. The Bureau for Economic Research (BER)'s inflation forecast for 2006 is 5.3%, Standard Bank 4.6% and Absa's forecast is more pessimistic at 5.7%. However, if the forecasts are anything to go by the average forecast figure of 5.2% is still within the reserve bank's upper bound of 6%. **Impact**

on agriculture: Higher inflation is likely to affect agriculture directly through higher production costs. The agricultural sector is one of the sectors in the economy that receive the impact of increased oil prices directly, since petrol and especially diesel contribute significantly towards a farmer's production costs. Higher production costs are shifted towards the consumer through higher output prices, thereby impacting negatively on the competitiveness of the agricultural sector.

3.2 Growth

TABLE 4: Annual real GDP growth rates

2005		2006	2007
5,0	BER	4,1	3,9
	Standard Bank	4,9	4,6
	ABSA	4,0	3,8
	Average	4,3	4,1

BER - Bureau for Economic Research

Recent trends: The last seven quarters have seen South Africa's real output increase by at least 4% quarter on quarter (q/q), with the highest growth rates of 5,8%

attained during the fourth quarter of 2004. Real GDP increased by 4,5% q/q during the first quarter of 2005. A higher annualised growth rate of 5,5% was recorded during the second quarter, with a 4% growth rate during the third quarter. The second quarter's vibrant performance may be attributed to a solid growth rate of 7,5% that was recorded by the secondary sector. During the third quarter the economy continued to grow but at a slower rate of 4%, mainly as a result of poor performance of the primary sector (mining in particular) whose q/q annualised growth rate dropped from 4% during the second quarter, to -0,5% during the third quarter. Growth in the economy has been supported mainly by a positive consumer confidence and strong domestic demand owing to low interest rates. **Forecast:** Growth trends seem to have exceeded analysts' expectations. The Bureau for Economic Research (BER) has revised its 2005 and 2006 (table 4) growth forecast upwards, from 4,2% and 3,9% to 4,3% and 4,1% respectively. The expectations were that, due to high Private Sector Credit Extension (PSCE) and strong domestic demand, the Reserve Bank was going to raise interest rates to curb inflationary pressures. Because a link between domestic demand and inflation has not been confirmed the repo rate could not be raised. Also, higher fuel costs, especially after hurricane Katrina racked havoc in the oil producing Mexican Gulf, were expected to retard growth, but the impact was probably reduced, among other factors, by a strong

rand. **Impact on agriculture:** The agricultural sector, like the rest of the economy, stands to benefit directly, from an increase in national output. Sustainable domestic demand guarantees the farming community of a reliable local market for its output. This will reduce heavy reliance of the sector on forex fluctuations and protected foreign markets. The reported growth in consumer spending of 6% per annum, of which a significant part of it goes towards food (agricultural products) would only be possible in a vibrant economy and positive consumer confidence.

3.3 Exchange rates

TABLE 5: End of year R/\$ exchange rates

2005		2006	2007
6,34	BER	7,15	7,70
	Standard Bank	6,53	6,58
	Absa	6,55	6,46
	Average	6,74	6,9

BER - Bureau for Economic Research

Recent trends: During the first two quarters of 2005 the rand depreciated against the US dollar from R6,00 during the first quarter to about R6,42 during the second quarter, and R6,49 during the third quarter. The weakening of the currency boosted exports and help the creation of jobs during the second and third quarters of 2005. However, since the third quarter of 2005 the rand has made a steady recovery against the dollar mainly as a result of sound economic fundamentals and capital inflows. **Forecast:** The relative strength of the rand is not only influenced by the domestic economic environment, but also by the performance of South Africa's trading partners. Because of the growing pres-

sure on the US\$ the green buck is expected to weaken. Such a realization is likely to lead to a higher gold price and a stronger currency. The overall impact of a strong rand and higher gold price on the South African economy is indeterminate, as the effect depends on the strength of the opposing forces. The future for the rand will also depend on interest rate and inflation differentials between South Africa and its trading partners. The BER forecasts the rand-dollar exchange rate to average R7,15 in 2006, with Absa and Standard Bank being more optimistic at R6.55 and R6.53 respectively. Without any major and unexpected shocks on the domestic and international economy, the rand is forecast to trade on average at around R6,75/US\$.

Impact on agriculture: This is likely to impact favourably on South Africa's agricultural exports and the sector's ability to create jobs. High oil prices are also worsening the price competitiveness of the sector through increased production costs.

3.4 Interest rates

Recent trends: As predicted in the previous quarter, the SARB's Monetary Policy Committee left the repurchase rate (repo rate) unchanged at 7% for the third consecutive time this year. Subsequently, the private sector banks also left their prime interest rate unchanged at 10,5%. This was mainly due to better than expected inflation outcomes as well as a robust economic growth, which were not severely affected by high oil prices as initially expected. Domestic consumer spending remained

robust with domestic demand growing at around 6% in the first three quarters of 2005. The FNB and BER consumer confidence survey for the fourth quarter of 2005 increased by 3 points to 20, from 17 in quarter three and significantly higher than an index level of 8 in the fourth quarter of 2004. This was mainly fuelled by the decline in fuel prices in the last quarter of 2005 as well as the alleviation of fears that interest rates might rise from the 30-year low level. The R153 interest rate was 7,31% at the end of Q4 2005, slightly lower than the 7,82% rate at the end of Q4 2004.

Forecast: Until the end of 2005, the overall impact of high oil prices on inflation and output have remained subdued, however, there is a possibility of second round effects induced by oil prices which may push the inflation rate to the target ceiling during the first quarter of 2006. Should this happen, the Bureau for Economic Research (BER) forecasts that the Reserve Bank will increase the interest rate by 100 basis points to 8% in the first quarter of 2006 in order to counteract these effects. Nedcor forecasts a 50 basis points interest rate hike during the first quarter of 2006, whilst ABSA forecasts that interest rates will increase to between 7,5% and 8% during the same quarter, and according to Standard Bank, the Reserve Bank is likely to leave the repo rate unchanged at 7% during Q1 2006. **Impact on agriculture:** Low interest rates imply less production costs for farmers who rely heavily on debt to finance their businesses. The forecasted increase in interest rates will induce an increase in the

cost of production as servicing debt becomes more expensive.

4. OTHER FACTORS IMPACTING ON AND RELATED TO AGRICULTURE

4.1 Agri-market indicators

TABLE 6: Price of maize and wheat per ton

	End Dec 2004	End Dec 2005
White Maize price	R776	R1 105
Yellow Maize price	R796	R915
Wheat price	R1 265	R1 403
Sunflower price	R1 860	R2 225

Source: Safex

The white maize price increased significantly during the fourth quarter of 2005 following declines in previous quarters which saw the maize price falling below the R500 per ton level in the first quarter of 2005. The increase in maize prices is partly due to the unwillingness of farmers to supply maize at the low price which led to stockpiling and low planting intentions. Table 6 shows that white maize and yellow maize prices increased by 42,4% and 14,9% respectively at the end of December 2005 compared to the end of December 2004. The price of yellow maize at the end of December 2005 was R915 per ton, compared to a R526 per ton equivalent in the USA whilst the price of wheat was R1 403 per ton, compared to an equivalent R784 per ton in the USA. The prices of wheat and sunflower seed, which remained relatively constant in previous quarters, also indicated significant increases at the end of December 2005 compared to the same period in 2004. According to the South

African Agricultural Machinery Association, sales of agricultural equipment such as tractors, combine harvesters and balers, which are regarded as indicators of the overall level of activity in the industry, declined by 11% in 2005 compared to 2004. This decline is mainly attributed to maize farmers' intentions to plant significantly less during the 2005/2006 season because of the fall in maize prices during 2005.

4.2 Climatic and other conditions

Climatic conditions: The period from July to December 2005 was characterized by mainly dry and hot conditions with small patches of good rains over Northern Cape and Limpopo. However, in November, most areas received appreciable falls of rain, diminishing somewhat in December while peaking up during the first dekad of January 2006. The Normalised Difference Vegetation Index (NDVI) for the last ten days of December 2005 compared to the long-term has indicated the influence of summer rainfall in the northern provinces. This is depicted by the improvement in the vegetation conditions in areas which previously had below normal vegetation conditions. These include among others Limpopo, Mpumalanga and the eastern part of North West province. Despite the good rains in winter over the winter rainfall areas, dry conditions were still evident in the southern coastal and Karoo areas, but places of concern remained to be the north-western parts of the Northern Cape province and the Laingsburg, Ceres Karoo and Prince Albert areas. The critical agri-

cultural conditions in terms of poor veld, stock and water supply in these regions still prevailed at large. **Levels of dams:** There has been a notable improvement in dam levels over certain areas in the east where floods were realized while still low over the central and western parts of the country. Most dams in the North West Province are still at low levels. Most parts of the Free State experienced water shortage especially in the south; by the 31st December 2005 most dams were 35% below capacity but have improved in early January. **Dams over the winter rainfall areas:** On the 2nd January the dams in the Western Cape were on average 62% full (last year 46%). Dam levels over the summer rainfall areas are expected to continue improving as rainfall continues. **Crop conditions:** Crops are reportedly in good condition over most of the country except the southern Free State extending westward into the Northern Cape where conditions are still dry. **Livestock conditions:** The livestock is in fair to good conditions in most provinces except in the Free State where veld and livestock conditions have not improved in most parts and livestock mortalities were reported in the south due to drought. Due to good rains that fell in November and again early in January, grazing conditions have shown signs of improving but the usage of fodder by farmers will undoubtedly allow the veld to recover. Diminishing rainfall in autumn might result in grazing deficiency as winter sets in. **Forecast of rainfall and temperature:** January to April 2006: Good falls of rain are expected over the

summer rainfall areas of the country during the next couple of weeks, taking a slump in autumn. Temperatures over the country are expected to be on the warm side during late summer and early winter. **SADC:** The rainfall season usually starts in November across much of the SADC region, with a few areas starting in September and December. A few areas received rainfall in September and October; while many received good rains from November. According to FEWSNET, there are, however, certain areas developing concern where the start of the season was late, including parts of central Mozambique, western Tanzania and northern Zambia. The latest food security assessments indicate many vulnerable households in the affected countries of Zimbabwe, Zambia, Malawi, parts of Lesotho, Mozambique and Swaziland. They are now facing critical food shortages and have run out of own food stocks. Exacerbating food security problems are rapidly rising staple food prices coupled with very slow progress in planned commercial food imports and slow food aid delivery rates. Most SADC States are sourcing their import requirements from South Africa whose exportable surplus for the 2005/06 marketing year is estimated at 5,61 million MT. As the hunger season begins in earnest in Southern Africa, the food security situation is rapidly deteriorating in those countries facing severe food shortages as a result of the poor 2004/05 crop production season. Conditions in the region are expected to improve after good rains were received recently and are ex-

pected to continue for the next couple of weeks. **Conclusions:** Most of the country was dry prior to good rains that fell in November and again during the first dekad of January. This will bring relief to drought conditions over most areas due to significant moisture reserves. The abundance of moisture in the east leaves the area susceptible to flooding, and the problem might be exacerbated by arrival of tropical cyclones as the tropical cyclone season is still on. Since the current good rains over the country are likely to continue for the next couple of weeks, precautions must be taken for diseases associated with wet and warm conditions. Above average hot temperatures are likely to result in an increased evaporative loss of moisture. Farmers are advised that under the current climatic conditions, livestock numbers must still be continuously monitored until conditions will have improved significantly and should also utilize the available fodder to allow the veld to recover.

4.3 Livestock numbers

Cattle and pig numbers increased by 2,05% and 0,18%, respectively from August 2004 to August 2005. However, sheep and goat numbers decreased by 0,10% and 0,27%, respectively over the same period.

Cattle: The number of cattle in the RSA at the end of August 2005 is estimated at 13,790 mill. On a provincial basis, 3,082 mill. (22%) are found in the Eastern Cape, 2,814 mill. (20%) in KwaZulu-Natal and 2,297 mill. (17%) in the Free State. The remaining provinces represent 41% (5,597 mill.) of the

total cattle population in South Africa.

Sheep: The total number of sheep at the end of August 2005 is estimated at 25,334 mill. The provincial distribution of sheep is as follows: 7,616 mill. (30%) are found in the Eastern Cape, 6,403 mill. (25%) in the Northern Cape, 5,176 mill. (20%) in the Free State and 6,139 mill. (25%) in the remaining provinces. **Pigs:** The number of pigs in the RSA at the end of August 2005 is estimated at 1,655 mill. Most of South Africa's pig population are found in the Limpopo Province with a population of 395 000 (24%). The North West Province follows with 298 000 (18%) and the Western Cape with 181 000 (11%). The remaining provinces represent approximately 47% (781 000) of the total pig population. **Goats:** Goat numbers at the end of August 2005 are estimated at 6,355 mill. of which the most goats are found in the Eastern Cape, namely 2,487 mill. (39%), followed by the Limpopo Province with 1,048 mill. (17%).

4.4 Crop production and estimates

Table 7 summarises the final calculated areas planted and the final crop size of the most important summer crops for the 2004/05 production season. The calculated final crop for commercial **maize** was 11,450 million tons, which was 20,8% more than the 9,482 million tons of the previous season. The final crop for **white maize** was 6,541 million tons, which is 12,7% more than the 5,805 million tons the previous season and the yield for white maize was 3,85 t/ha compared to 3,15 t/ha the previous season. In the case of **yellow maize** the final

crop was 4,909 million tons, which is 33,5% more than the 3,677 million tons last season. The yield for yellow maize was calculated at 4,42 t/ha compared to 3,67 t/ha the previous season. The large maize crop for the 2004/05 season was a result of good rains received in January together with good follow-up rains in February. Frost damage also did not occur which resulted in the maize plants developing to their full potential. The favourable weather conditions, together with the more efficient use of inputs and improved varieties therefore resulted in the increase in expected yields. The South African farmers planted 2,81 million ha of maize for the 2004/05 season. The ratio of white to yellow maize plantings was 60:40 compared to the previous season's 65:35. The white maize plantings were 1,7 million ha, down by 7,7% from the previous season's plantings of 1,842 million ha, while yellow maize plantings were 1,110 million ha, up by 10,9% from 1,001 million ha. The bulk of South Africa's maize was planted in the Free State, North West and Mpumalanga provinces. The **sunflower seed** crop for the 2004/05 season was 620 000 tons, which is 4,3% less than the 648 000 tons of the previous season.

The area planted to sunflower seed was 460 000 ha, which is 13,2% less than the 530 000 ha planted the previous season. The yield was 1,35 t/ha compared to 1,22 t/ha the previous season. The **soya-beans** crop was 272 500 tons, which is 23,9% more than the 220 000 tons the previous season. The area planted to soya-beans was 150 000 ha, which is 11,1% more than the 135 000 ha planted the previous season. The yield was 1,82 t/ha compared to 1,63 t/ha the previous season. The **sorghum** crop was 260 000 tons – 30,3% lower than the 373 000 tons the previous season. The area planted to sorghum was 86 500 ha, which is 33,5% less than the 130 000 ha planted the previous season. The expected yield was 3,01 t/ha compared to 2,87 t/ha the previous season. The **groundnut** crop was 64 000 tons, which is 44,4% lower than the 115 000 tons the previous season. For groundnuts the area planted was 40 000 ha, which is 44,1% less than the 71 500 ha planted the previous season. The yield was 1,60 t/ha compared to 1,61 t/ha the previous season. In the case of **dry beans** the production estimate was 69 820 – 12,7% lower than the 80 000 tons the previous season. The estimated area planted

TABLE 7: Calculated final area and crop figures of summer crops for the 2004/05 season

Crop	Final area planted for the 2004/05 season	Change from the 2003/04 season		Final crop for the 2004/05 season	Change from the 2003/04 season	
	Ha	Ha	%	Tons	Tons	%
Total maize	2 810 000	(33 300)	(1,17)	11 450 000	1 968 000	20,76
White maize	1 700 000	(142 000)	(7,71)	6 540 700	735 700	12,67
Yellow maize	1 110 000	108 700	10,86	4 909 300	1 232 300	33,51
Sorghum	86 500	(43 500)	(33,46)	260 000	(113 000)	(30,29)
Groundnuts	40 000	(31 500)	(44,06)	64 000	(51 000)	(44,35)
Sunflower seed	460 000	(70 000)	(13,21)	620 000	(28 000)	(4,32)
Soya-beans	150 000	15 000	11,11	272 500	52 500	23,86
Dry beans	49 300	(6 900)	(12,28)	69 820	(10 180)	(12,73)

Source: Directorate Agricultural Statistics

was 49 300 ha, or 12,3% less than the 56 200 ha planted last season. The expected yield was 1,42 t/ha, the same as the previous season. Table 8 summarises the results of the **revised intentions** to plant summer crops for the 2005/06 season. The survey, which was undertaken by the Department of Agriculture, is based on replies received from a sample of producers and it gives an indication of the intentions of commercial farmers to plant summer crops as at the end of October 2005. Various factors can, however, still influence these intentions up until planting time. The expected area planted to **maize** for the 2005/06 production season is 1,372 million ha, of which 744 360 ha (54,3%) is for white maize and 627 180 ha (45,7%) is for yellow maize. The survey shows that producers intend to plant 955 640 ha (56,2%) less white maize and 482 820 ha (43,5%) less yellow maize than in the previous season. The expected area planted to **groundnuts, sunflower seed, soya- and dry beans** shows increases of 62,5%, 28,7%, 54,5% and 18,9%, respectively. The plantings of **sorghum** shows a decrease of 65,0%.

4.5 Overview of the swine fever outbreak

The classical swine fever, which is a viral

disease of domestic and wild pigs, broke out in the Western and Eastern Cape during July 2005, costing South Africa about R140 million by mid January 2006. According to the SA Pork Producers Organisation, this outbreak was last experienced in this magnitude by South African farmers in 1918. This disease is characterised by high fever, loss of appetite, depression, huddling together, discolouration of the skin, constipation, diarrhoea and vomiting. Although the disease is not known to pose a public health risk, pigs that have died from the disease should not be consumed. The Eastern Cape supply 5% of the national pork market and about 8,5%(140 000) of the national pig numbers have been destroyed so far in this province. About 60% of the 140 000 pigs destroyed were from the commercial sector and 40% were from communal areas. The animal products industries are currently the largest subsector within the agricultural sector, in value, contributing 48% to the gross income from agricultural production during the period 2004/2005. The gross income from pigs slaughtering accounted for 4,3% of the gross income from total animal products during the same period. The latest available data indicate a decrease of 5,1% in

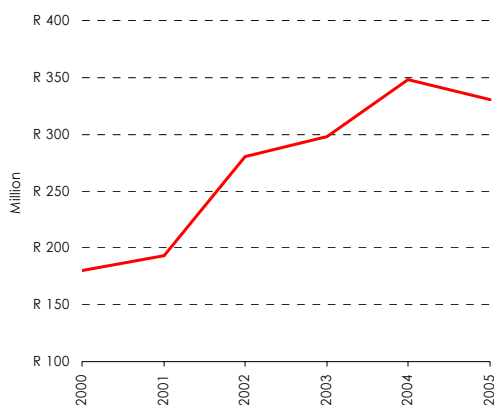
TABLE 8: Revised intentions to plant summer crops for the 2005/06 production season

Crop	Revised intentions as at the end of October 2005	Area planted 2004	2005 vs. 2004
	Ha	Ha	%
Total maize	1 371 540	2 810 000	(51,19)
White maize	744 360	1 700 000	(56,21)
Yellow maize	627 180	1 110 000	(43,50)
Sorghum	30 300	86 500	(64,97)
Groundnuts	65 000	40 000	62,50
Sunflower seed	592 100	460 000	28,72
Soya-beans	231 800	150 000	54,53
Dry beans	58 600	49 300	18,86

Source: Directorate Agricultural Statistics

gross value from pig slaughtering from R348,5 million in the third quarter of 2004 to R330,6 million in the third quarter of 2005. This is the first year-on-year third quarter decrease since 2000. Figure 1 depicts the gross value from pig slaughtering during the third quarter since 2000.

Fig 1: Gross value from pig slaughtering during the third quarter (2000 – 2005)



Source: Directorate Agricultural Statistics

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6. ACKNOWLEDEMENT OF INTERNAL (DOA) CONTRIBUTORS

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Directorate: Agricultural Statistics: Livestock numbers and Crop Production and Estimates