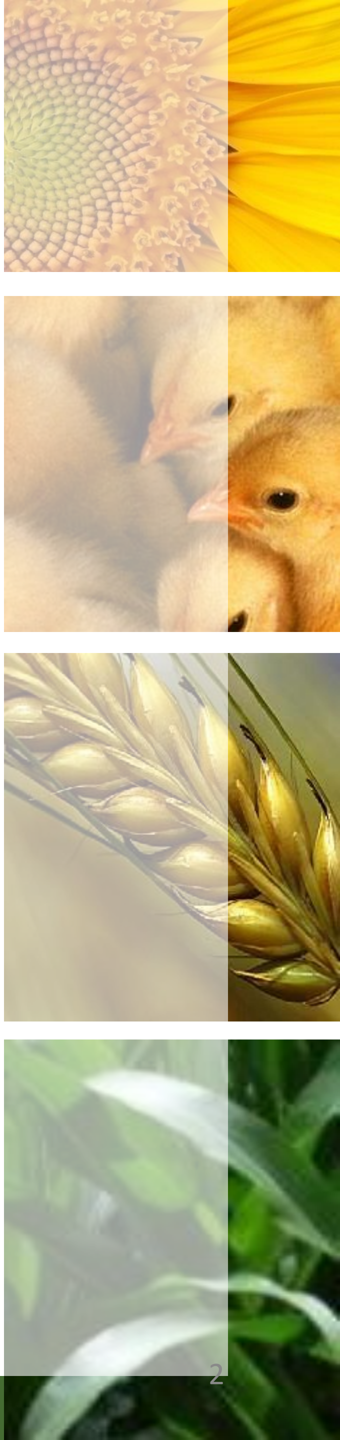
Using supply and demand estimates to identify food security risks in the South African Grain industry

Dr. André Jooste
Chairman SASDE
NAMC
August 2014

National Agricultural Marketing Council
Promoting market access for South African agriculture

Outline of presentation

1. ***Background***
2. ***S&DEC: Functioning***
3. ***S&DEC: Process***
4. ***SASDE Report: Report Interest***
5. ***SASDE Report - Published 29 Jul 2014***
6. ***Specialist Job Profile***
7. ***Feedback from different Grain & Oilseed Trusts regarding funding***



Background

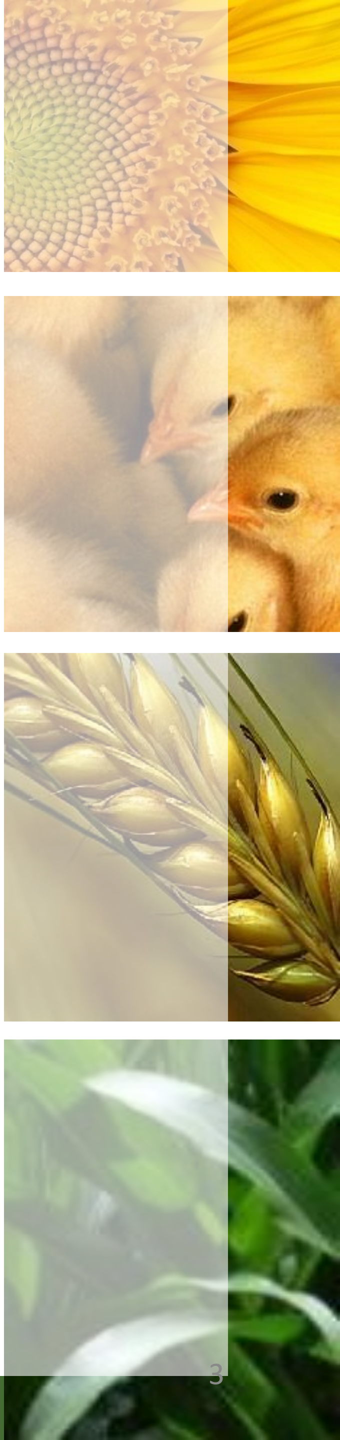
Request for information pertaining to exports & imports

- ***Submission of statutory measure by GrainSA***
- ***Commodity Future Trading Commission (CFTC)***
- ***Mutual agreement***

Establishment of Supply & Demand Estimates Liaison committee

- ***Competition authorities***

SASDE report description & publication



Functioning of the Supply & Demand Estimates Committee

National Agricultural Marketing Council
Promoting market access for South African agriculture

S&DELC and S&DEC consist of:

S&DELC

Report to:

S&DEC

2 x Officials

agriculture, forestry & fisheries

Department: Agriculture, Forestry and Fisheries

REPUBLIC OF SOUTH AFRICA

3-4 x Officials

National Agricultural Marketing Council

Promoting market access for South African agriculture

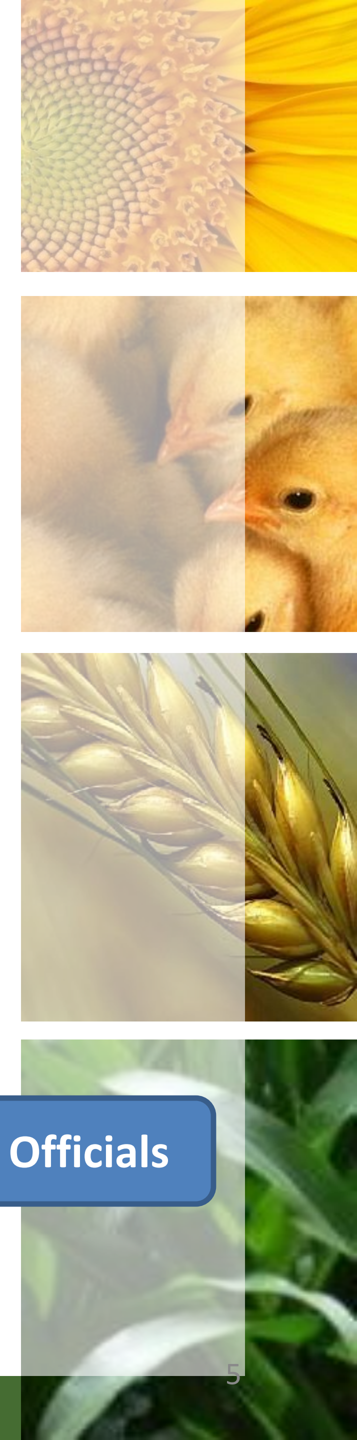
SAGIS

1 x Officials

Independent members:

- Dr Anton Lubbe
- Dawie Van Straten
- Dr A Jooste (Chair)

3 x Officials



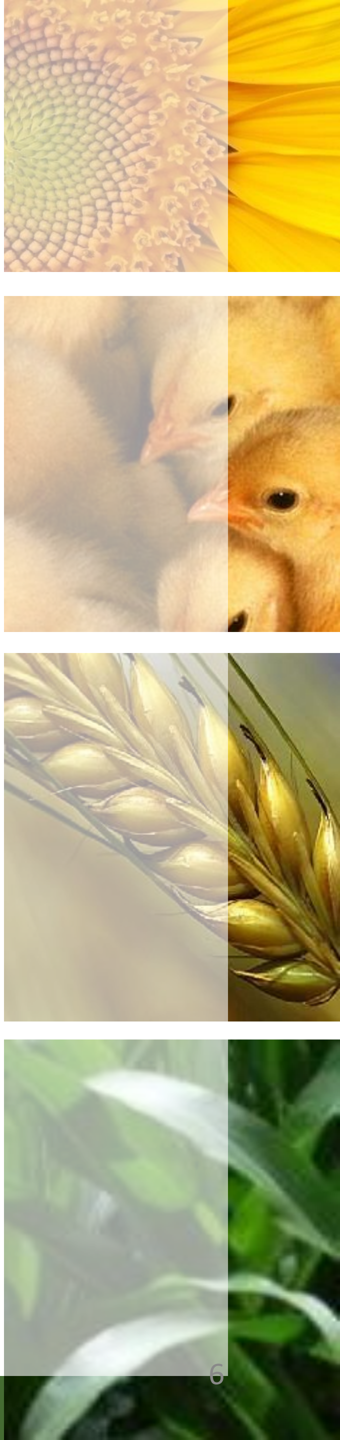
S&DEC Representatives:

- **NAMC representation**
  - Manager: Agro Food Chains
  - Secretary
  - Report writer
  - Grain specialist (Vacant)

- **SAGIS representative**
  - CEO
  - Co-opt 2nd person if CEO is not available

- **DAFF (CEC officers) representatives**
  - 2 x Officials

- **Independent industry specialists**
  - Three specialist appointed by industry



Supply & Demand Estimates Process

National Agricultural Marketing Council

Promoting market access for South African agriculture

Process

Process before a meeting

1. S&DEC meeting takes place 3–5 working days after CEC meeting, at the end of each month (excl. December)
2. Reminders are forwarded to all the co-workers, ± 7 days before S&DEC meeting, requesting estimates on imports, export, consumption of selected grains & oilseeds, etc
3. Co-workers submit their estimates the day before S&DEC meeting and follow-ups occur
4. S&DEC meeting takes place in “lock down” situation

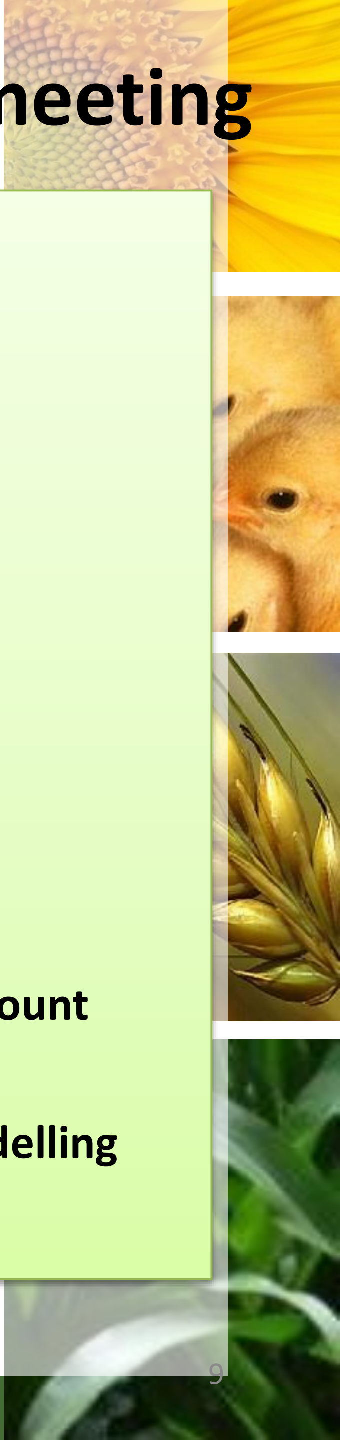
Meeting process

1. NAMC provides figures to S&DEC
2. SAGIS provides physical deliveries (& extrapolations)
3. DAFF – CEC provides crop estimates
4. Independent members provide inputs pertaining to selected variables used to estimate S&D figures (in particular imports and exports)
5. Proper discussion & deliberations take place before any decision is made regarding estimates.
6. Publication of report takes place after 12h00 of the meeting date
7. The meeting/release dates is available on the NAMC website

Following factors taken into account in the meeting

- Supply
  - CEC published figures
  - Historical figures

- Demand
  - Historical figures
  - Current deliveries published by SAGIS
    - Extrapolations
  - Co – workers figures submitted, without disclosing their identity
  - SAGIS figures
  - Figures published by Crop Estimate Committee (CEC)
  - Figures, opinions and discussions with co-workers are taken into account
  - Baseline modelling figures on demand and consumption from BFAP
  - Other modelling e.g. inter industry forecasting modelling & CGE modelling will be taken into account for the future – capacity expansion



Interest in SASDE Report

National Agricultural Marketing Council
Promoting market access for South African agriculture

Report Strike Rate: www.namc.co.za

Statistics

Statistics From 2014-01-01 00:00:00 To 2014-01-09 23:59:59

Dynamic Content

Description	Number	Percentage
Home Page	1100	18.57%
Supply & Demand Estimates	735	12.41%
Food Price Monitoring	574	9.69%
Projects	164	2.77%
Tenders	161	2.72%
Statutory Measures	144	2.43%
Contact Us	141	2.38%
Trade Flows Reports	140	2.36%
Directly Affected Group	106	1.79%

S&DE Report

National Agricultural Marketing Council

Promoting market access for South African agriculture

SASDE Report

National Agricultural Marketing Council
Promoting market access for South African agriculture

South African
Supply and Demand Estimates
Report

Grain & Oilseed Supply & Demand Estimates Committee (S&DEC)

SASDE – 0013 **1 August 2014**

THE SOUTH AFRICAN SUPPLY AND DEMAND PROJECTIONS FOR GRAINS AND OILSEEDS FOR JULY 2014 ARE AS FOLLOWS:

WHITE MAIZE (2014/15 Season)

Supply: The total supply of white maize is projected at 7 865 671 tons for the 2014/15 marketing season. This includes opening stock (at 1 May 2014) of 274 318 tons, and local commercial deliveries of 7 547 350 tons. No whole white maize imports will take place.

Demand: The total demand (local and exports) for white maize is projected at 6 365 000 tons. The total local demand is projected at 5 725 000 tons. This includes 4 200 000 tons processed for human consumption, 1 400 000 tons processed for animal and industrial consumption, 40 000 tons for gristing, 30 000 tons withdrawn by producers, 40 000 tons released to end-consumers and a balancing figure of 15 000 tons (net receipts and net dispatches). A projected export quantity of 90 000 tons of processed products and 550 000 tons of whole white maize is estimated for the 2014/15 marketing season.

Stock levels: The projected closing stock level at 30 April 2015 is estimated at 1 500 671 tons. At an average processed quantity of 470 000 tons per month, this represents available stock for 3.2 months or 97 days.

YELLOW MAIZE (2014/15 Season)

Supply: The total supply of yellow maize is projected at 6 322 849 tons for the 2014/15 marketing season. This includes an opening stock (at 1 May 2014) of 314 710 tons, local commercial deliveries of 5 919 500 tons. No whole yellow maize imports will take place.

Demand: The total demand (local and exports) for yellow maize is projected at 5 909 000 tons. The total local demand is projected at 4 409 000 tons. This includes 460 000 tons processed for human consumption, 3 500 000 tons processed for animal and industrial consumption, 14 000 tons for gristing, 120 000 tons withdrawn by producers, 300 000 tons released to end-consumers and a balancing figure of 15 000 tons (net receipts and net dispatches). A projected export quantity of 100 000 tons of processed products and 1 400 000 tons of whole yellow maize is estimated for the 2014/15 marketing season.

Stock levels: The projected closing stock level at 30 April 2015 is estimated at 413 849 tons. At an average processed quantity of 331 167 tons per month, this represents available stock for 1.2 months or 38 days.

TOTAL MAIZE (2014/15 Season)

Supply: The total supply of maize is projected at 14 188 520 tons for the 2014/15 marketing season. This includes an opening stock (at 1 May 2014) of 589 028 tons, local commercial deliveries of 13 466 850 tons, and no whole maize imports.

Demand: The total demand (local and exports) for maize is projected at 12 274 000 tons. The total local demand is projected at 10 134 000 tons. This includes 4 660 000 tons processed for human consumption, 4 900 000 tons processed for animal and industrial consumption, 54 000 tons for gristing, 150 000 tons withdrawn by producers, 340 000 tons released to end-consumers and a balancing figure of 30 000 tons (net receipts and net dispatches). A projected export quantity of 190 000 tons of processed products and 1 950 000 tons of whole maize is estimated for the 2014/15 marketing season.

Stock levels: The projected closing stock level at 30 April 2015 is estimated at 1 914 520 tons. At an average processed quantity of 801 167 tons per month, this represents available stock for 2.4 months or 72 days.

See Appendix 1 for detailed S&D table. An explanation of terms and calculations is available on the NAMC website.

WHEAT (2013/14 Season)

Supply: The total supply of wheat is projected at 4 043 253 tons for the 2013/14 marketing season. This includes an opening stock (at 1 October 2013) of 489 253 tons, local commercial deliveries of 1 840 000 tons, and whole wheat imports of 1 700 000 tons.

Demand: The total demand (local and exports) for wheat is projected at 3 474 210 tons. This includes 3 110 000 tons processed for human consumption, 60 000 tons processed for animal consumption, 6 200 tons withdrawn by producers, 7 000 tons released to end consumers, 19 000 tons projected seed for planting and a balancing figure of 16 000 tons (net receipts and net dispatches). A projected export quantity of 16 000 tons of processed products and 240 000 tons of whole wheat is estimated for the 2013/14 marketing season.

SASDE Report: Appendixes

Appendix 2: Detailed S & D table for Wheat July 2014

		Wheat	Wheat
	Marketing season	**Actual for 2012/13**	**Projection for 2013/14**
		tons	**tons**
1	CEC (Crop Estimate)	1 870 000	1 870 000
2	CEC (Retention)	35 000	30 000
3	**SUPPLY**		
4	Opening stock (1 Oct)	651 180	489 253
5	Prod deliveries*	1 837 137	1 840 000
6	Imports	1 393 215	1 700 000
7	Surplus	0	14 000
8	**Total Supply**	**3 881 532**	**4 043 253**
9	**DEMAND**		
10	Processed	3 040 086	3 170 010
11	- human	3 008 378	3 110 000
12	- animal	31 694	60 000
13	- gristing	14	10
14	Withdrawn by producers	3 934	6 200
15	Released to end-consumers	7 322	7 000
16	Seed for planting purposes	15 998	19 000
17	Net receipts(-)/disp(+)	19 990	16 000
18	Deficit	713	0
19	Exports	304 236	256 000
20	- products	25 820	16 000
21	- whole wheat	278 416	240 000
22	**Total Demand**	**3 392 279**	**3 474 210**
23	**Closing Stock (30 Sep)**	**489 253**	**569 043**
24	- processed p/month	253 341	**264 168**
25	- months' stock	1.9	**2.2**
26	**- days' stock**	**59**	**66**

Job profile of Specialist (Vacant position)

National Agricultural Marketing Council

Promoting market access for South African agriculture

Grain Specialist: Main outputs & responsibilities

- Be responsible for the operation, functioning and future development of the S&DEC initiative.
- Be an expert on the grain and oilseeds value chain with primary focus on South Africa.
- Building & maintain value chain data on grain and oilseeds industries.
- Initiate and undertake research programs to fill gaps regarding available information in the system e.g.
    - Milling capacity in the wheat industry.
    - Crushing capacity in the oilseeds (soybeans & sunflower) industries.
    - Milling capacity in the white maize industry.
    - Manufactory capacity in the feed industry.
    - Flow diagrams of grain, oilseed and processed products.
    - Other: Starch, kern oil – where applicable.
- Develop and liaise with a network of stakeholders in the grain and oilseed industries on a national and international level.
- Collect, process and present accurate data on all aspects of all grains and oilseeds in South Africa and in SADC region for the functioning of the S&DEC.
- Be responsible for the required compliance of dissemination of the above information as required by the competition authorities.
- In depth understanding of the functioning of SAGIS.
- Understand, report and communicate world market supply and demand positions with S&DEC.
- Represent S&DEC on Agricultural Market Information System (AMIS) initiative by the FAO and International Grain Council.
- Participate in food security initiatives e.g. FEWS.
- Understand the working and the operation of the WAOB and WASDE report.
- Develop and enhance current system, database etc.
- Responsible for the on time release of SASDE report.
- Be the first contact point for press, public & private sector on SASDE report.