

Establishment and functioning of the

SASDE

In view of the importance of a viable food system, food security, volatile grain and oilseed prices and insufficient information about future stock levels, the South African Grain and Oilseeds Supply and Demand Estimates Committee (SASDE) was established in 2012.



The committee has already published 21 official SASDE reports that seem to have been well accepted and recognised by the industry. The industry has also indicated that the reliance and integrity of the report is of outmost importance.

In 2011 Grain SA applied for a statutory measure for compulsory reports by grain traders on the completion of export and import contracts. Similar practices are used in the United States of America (USA). The application was originally opposed by Sacota, but with further collaboration an S&DEC was established. The committee has sought to tread a path without statutory interference.

As part of the proposals, Dr John Purchase from Agbiz was appointed chairman of this committee and the National Agricultural Marketing Council (NAMC) as the secretariat.

Primary aim

The first official SASDE report was published at the end of June 2013. The NAMC is responsible for the organising and functioning of the committee. The committee consists of the chairman of Sagis, the secretariat of the Crop

Estimates Committee (CEC), three independent members appointed by industry and officials of the NAMC.

The primary aim of the S&DEC is to publish official grain and oilseeds supply and demand figures on a monthly basis.

This would occur through:

- Collection of information regarding import and export figures, production and consumption figures, by the NAMC. The information is processed and reported in an aggregated manner during the S&DEC meetings.
- Extrapolation of historical data obtained from the South African Grain Information Service (Sagis) where necessary.
- Processing of CEC information regarding the crop estimate in terms of supply.
- Determination of an official estimate of grain and oilseed stocks levels at a specific month for the rest of the marketing year, based on the above sources.

Who uses the SASDE report?

The report is widely used by global and national role-players such as:

- Academics
- Financial and investment institutions
- Grain millers
- Government
- Grain and oilseed traders
- Grain and oilseed importers and exporters
- Grain and oilseeds producers
- Grain and oilseed storage facilitators
- Input suppliers towards the grain & oilseeds market
- Monitoring institutions
- Oilseed processors
- Producer organisations
- Research institutions
- Transport organisations of road, rail and sea freight organisations.

Purpose of the SASDE report

The report provides an analysis of the fundamental conditions of the major grain and oilseeds in South Africa. It is widely considered to be the benchmark to which private and public agricultural forecasts are compared.

It is normally released between four and five working days after the national crop estimates figures are released. The reports are released into the public domain in accordance with approval of the South African Competition Authorities.

Accuracy and relevance

It is important to note that the purpose of monthly meetings of the S&DEC is to capture new information available in the market, at a specific time. It is also important to note that the S&DEC does not perform any crop estimates and rely 100% on the official figures supplied by the South African CEC which forms part of the S&DEC. The S&DEC also does not deviate from figures published by Sagis on a historical basis.

Integrity and confidentiality

Confidentiality clauses that S&DEC members are committed to adhere to on the day of the meeting, are:

- No member is allowed to discuss information with anyone other than a member of the committee before the embargo ends.
- Only the NAMC may release the information to the media.
- Members must regard the detail of any information that was collected and/or discussed during the meeting as confidential.
- No member is allowed to be affiliated to a stakeholder trading in grains.
- No member is allowed to do any trading in grains or oilseeds.

The content and description of each item of supply and demand is illustrated in *Table 1*.

Funding of the S&DEC

The initiative is funded via the Maize Trust, the Oil & Protein Development Trust, Sorghum Trust, Winter Cereal Trust and the NAMC.

Conclusion

The S&DEC filled a long overdue gap in the industry. The S&DEC consists of experts in the industry and provides vital information to South African and global role-players. It is believed that the work can be improved and more participation is essential.

The NAMC is in the process of filling the capacity gaps by employing a grain specialist to focus on optimisation and greater participation. Reports and publication dates are available on the NAMC website at the following link: <http://www.namc.co.za/pages/research--publications/publications/supply--demand-estimates>.

Supply and demand items for sunflower seed and soya bean seed.

S&D item sunflower	Description of item	S&D item soya beans
CEC	This item represents the total estimated production of a particular grain by the CEC.	CEC
NA	This item represents the item of oilseed produced by commercial farmers but not delivered to the commercial market.	CEC (retention)
Supply	This section represents the total commercial supply of a particular grain produced in South Africa.	Supply
Opening stock (1 March)	The opening stock represents stocks at the beginning of the marketing year.	Opening stock (1 May)
Producers deliveries	This item represents the total item of grain available for the marketing year to be delivered to the commercial market.	Producers deliveries
Imports	This represents the item of oilseeds imported in the specific marketing year.	Imports
Surplus adjustment	This item is necessary to balance stock levels.	Surplus adjustment
Total supply	Represents the total commercial supply of oilseeds in the country	Total supply
Demand	This section represents the commercial demand for grain	Demand
Processed	Processed consists of processed for human, animal, gristing and bio-fuel purposes.	Processed
Human	Oilseeds destined for human use only.	Human
Animal	Processed for animal consumption.	Animal feed (full fat soya)
Crush (oil and cake)	Oilseeds destined for processing.	Crush (oil/oilcake)
Withdrawn by producers	Oilseeds used for bio-fuel purposes.	Withdrawn by producers
Released to end-consumers	This item represents grain delivered to a registered silo and withdrawn by an unknown buyer.	Released to end-consumers
Seed for planting purposes	This item represents seed necessary for planting.	Seed for planting purposes
Net receipts(-)/disp(+)	This item is necessary to balance the supply and demand.	Net receipts(-)/disp(+)
Deficit adjustment	This item is necessary to balance stock levels.	Deficit
Exports	This represents the item of oilseeds exported in the specific marketing year.	Exports
Total demand	This item represents total local demand and total exports.	Total demand
Ending stock (30 Apr)	Ending stock represents oilseeds available for the commercial market, plus supply minus total demand.	Ending stock (30 Apr)
Processed p/month	Total processed/12 months.	Processed p/month
Months' stock	Stock available for a certain number of months.	Months' stock
Days' stock	Stock available for a certain number of days.	Days' stock

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