

Grains and Oil Seeds



Perspectives

World maize (corn) production is projected lower compared to last month as an increase for Russia more than offset declines for Egypt and Syria. The projected maize yield for Russia is raised based on reported harvest results to date. Maize exports increased for Russia, with a decline for the USA. Global maize ending stocks are higher, mostly reflecting increases for Brazil, Canada, and the EU. Global maize stocks, at 302.6 million, are down 3.7 million from last month. USA maize production is estimated to reach 13.779 billion bushels, down by 20 million due to a fall in harvested area as compared to higher estimated output. Exports are lowered by 150 million bushels because of smaller supplies and the USA price competitiveness. The USA feed and residual use is estimated to increase by 125 million bushels based on indicated disappearance during 2019/20. In terms of other animal feed, global Soybean production is forecasted at 339 million tons. Additionally, sugar beet production, normally fed to lactating dairy cows, is estimated at 4.907 million tons in USA which indicates a 5.055 million tons shortage for 2019/20, affected only by a few countries utilising it as cattle feed.



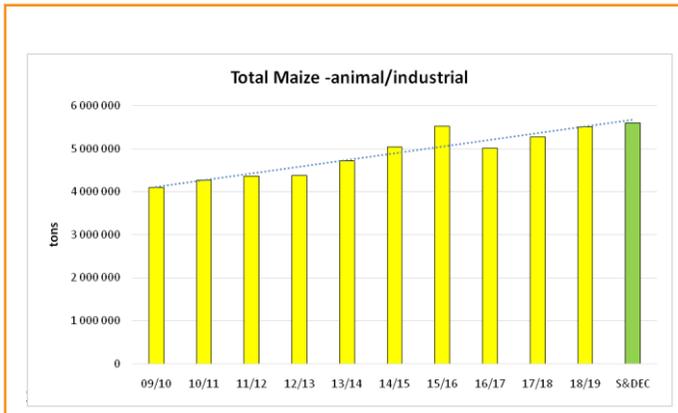
Key areas to unlock growth in Grains and Oil Seeds

The persistence of the drought is putting more pressure on animal feed producers with increases in animal feed demand realising in the Eastern & Northern Cape Provinces. Most countries in the region rely on RSA for supplies. The current aftermath of the drought in the region is projected to increase demand for RSA raw materials and for Zambian oilcake.



Domestic and Regional Perspectives Global

South African total maize estimate (green bar) for animal & industrial use are shown in the far-right figure. After a significant fall in 2016/17 season, maize is estimated at 5 600 000 million tons for the 2019/20 season, slightly increasing from 2018/19. Soybean estimates for animal feed increased from 1 054 566 million tons in 2018/19 to 1 200 000 million tons in 2019/20. Estimates indicate about 6 000 tons sunflower seeds will be utilised for animal feed in 2019/20, a slight increase from the previous season. Wheat estimates signifies a decline from 3 181 tons to 3 000 tons in 2019/20. Sorghum estimates improved for poultry feed from 6 600 tons to 6 700 tons, while it remained constant for pet food. South Africa is to remain self-sufficient for animal feed production in 2019/20. Most countries in the region are a major concern though. Drought and scarcity of rains in the region would boost RSA yellow maize exports to Botswana, Eswatini, Namibia and Mozambique. RSA yellow maize exports for the week ending 19-25 October 2019 were 178 334 ton.



Fruits and Vegetables



Global Perspectives

The global production for peaches and nectarines is expected to increase by 1, 9 million tons to a record 22, 3 million as they are developments of new orchards in China. The European Union and the United States bounce back from severe weather conditions which occurred in the previous year. Both imports and exports are expected to go up on rejuvenated global suppliers. China’s production is projected to increase from 13, 5 million tons (2018/2019) to a record 15, 0 million in 2019/2020 season. With record supplies, exports are set to rebound nearly 60% to 100 000 tons, driven by higher shipments to Vietnam. A boost in imports to 28 000 tons is also expected. The EU’s production is expected to go up by nearly 260 000 tons to 4, 1 million –this being its third highest level in 9 years , rebounding from the previous year’s losses that stemmed from a wet spring and extended cold temperatures. Similarly, the production of peaches and nectarines in Turkey and Chile is expected to increase due to favourable weather conditions during bloom and harvest. Russia is expected to remain one of the global top importers of peaches and nectarines from Turkey. Globally South Africa is ranked the 8th in the production of peaches and nectarines.



Key areas to unlock growth in fruits and vegetables

Hortgro is running “the beautiful country, beautiful fruit” campaign for opening up market opportunities for the South African fruit in the UK market. The initiative has been going on for some years now and is striving for the growth of the fruit sector, with (notably) an aggregate increase of export volumes. Therefore, the expected increase of 15% of the export volume of nectarines and 6% increase in the volume of peaches for the 2019/20 season – owing to young orchards that are coming into production and the availability of water for irrigation – is a positive prospect for the South African fruit industry. However, the drought is still an eminent threat not to be overlooked in the country’s agriculture sector. Despite some recovery in the Western Cape, there is a need to proactively plan other means of supplying water for future resilience.



Domestic and Regional Perspectives

Peaches and nectarines are produced throughout South Africa, with large volumes coming from the Western Cape. Ceres region accounts for more than half of production for both peaches and nectarines. The 2018/19 season has been bad relative to the 2019/20 season. This was mainly due to drought conditions which caused damage to early crops and subsequently impacted the fruit size, quality and the volume. However, Hortgro reported that this season is set to see improvements in all aspects. Therefore, South Africa’s production of nectarines are expected to increase by 15% from 4 million cartons in 2018/2019 season to almost 4, 7 million cartons. Whereas, peaches are slightly below a 3-year average with a 6% increase from 1, 8 million to 1, 9 million cartoons. This growth is continuously driven by young orchards coming into the production and new cultivars with higher yields. South Africa still enjoys free movement of agricultural products to the United Kingdom (UK), making the UK to be the largest export market for the country’s nectarines and peaches accounting for 76% and 60% share respectively. On the other hand, the Western Cape’s economy is closely linked to the UK which means the outcomes of Brexit are important for the province.

	Current Drought Status	Rainfall status	Run Off status	Dam status	Ground water status	Drought outlook
EC	Severe	Very Low	Very low	Low	Moderately low	Critical
FS	Severe	Very low	Very low	Low	Moderately low	Critical
GP	Stable	Normal	Normal	Moderately High	Moderately High	Stable
KZN	Below normal	Moderately low	Low	Moderately low	Low	Condition to worsen
LP	Moderate	Moderately low	Moderate	Moderately low	Moderately low	Condition to worsen
MP	Moderate	Normal	Normal	Normal	Normal	Stable
NC	Severe	Very Low	Very low	Low	Very low	Critical
NW	Severe	Very Low	Very low	Moderately low	Very Low	Critical
WC	Below normal	Low	Very Low	Low	Moderately Low	Condition to worsen

Livestock and Animal Products



Global Perspectives

According to meat & livestock Australia (MLA), the goat prices have improved slightly last week after four months of decline, but is still 62% higher than last year's levels. For the week ending 1 November 2019, eastern states goat slaughter totalled 18600 head, 5% lower than the previous week, although 49% above the year-on-year levels. The drought in Australia has impacted the ability of producers to grow their stocks, which lead to widespread destocking of cattle, lambs and sheep throughout Australia. It will take a couple of years for producers to rebuild their herds and flocks. Supplies in the US remains solid, while New Zealand and Australian supplies are tight. The beef trade agreement between Britain and China has been finalised, which will support market access and prices for Britain's beef producers. Elsewhere in the world, after some talks between the Canadian Cattlemen's Association (CCA) and the Chinese, Canadian beef industry is set to resume trade with China after it was stopped by Chinese government since the 25th June 2019. This was after non-compliant complaints from pork which Chinese claimed it to be from Canada.



Domestic and Regional Perspectives

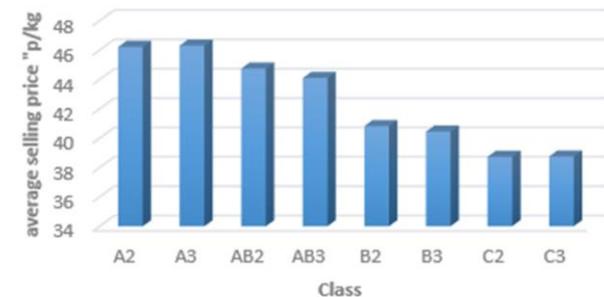
On the 4th of November 2019, the ministry of agricultural development and food security in Botswana issued a media release to inform the affected groups that testing for bovine brucellosis and bovine tuberculosis is now prerequisite for all cattle destined for export to the republic of South Africa for direct slaughter and feedlot purposes. Therefore, it will be important to the republic of Botswana to also conduct Foot-and-Mouth testing for cattle and other cloven hooved animals. Recently, the South African department of Agriculture, Forestry and Fisheries has issued a statement on the positive testing of Foot-and-Mouth Disease in the Molemole district in Limpopo Province. The positive testing was discovered in location where it was previously a FMD free zone of South Africa. In the week of 1 November 2019, the average price of weaners (190-250kg less auction fees) increased in total by 1.3% compared to the previous week, 1.8% higher against a month ago and 12.0% lower year-on-year. The increased in the average price of weaners against the previous week can mainly be contributed to a lower supply of weaners at some of the auctions which led to a lower carryover stocks in the market. The prices in week 46 are expected to move slightly sideward/upward, based on the long term price trends where in November the chance is 85% for a higher price compared to October.



Key areas to unlock growth in Livestock and Animal Products

Farmers in the whole country are cautioned to observe bio-security measures – not to allow any new animals into their herds, and to minimize the movement of their own herds to other farms. The current drought situation in the country also hinders the success of livestock farmers as it exposes them to increased production costs but smallholder farmers are encouraged to sell some of their cattle to avoid increased mortality rates and financial loss since they lack drought mitigation strategies. The red meat industry is of the opinion that this outbreak of FMD might not have such a significant negative effect on the local prices, because there are bi-lateral agreements in place knowingly that SA lost its FMD free status. This outbreak might have a delayed impact on the revision of SA's FMD free status.

Beef Average selling price



Source: RMIF (2019)

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