

Grains and Oil Seeds



Global Perspectives

The oilseed production projection declined by 3.6 million tons to reach 571.3 million tons in October. Soybean and cottonseed production were the main contributors to this reduction as a result of lower production in the US, India, and Canada. Soybean production for India declined by 2.0 million tons to 9.0 million and lower yields resulting from excessive late-season rainfall. Soybean production projection is 336.6 million tons which decreased by 2.4 million tons. Global soybean ending stocks for 2019/20 are reduced with lower projections for Argentina, Canada, and India and is partly offset with higher forecasts for Brazil and Egypt. The U.S. season-average soybean price for 2019/20 is forecast at US\$9.00 per bushel, unchanged from last month. The soybean meal price forecast is also unchanged at US\$325.00 per short ton. The soybean oil price is estimated to increase by US\$0.01 from last month on sharply higher reported prices through October. Noteworthy, oilseed crush also declined by 3.6 million tons to 494.7 million tons during the same period. In terms of protein meal production, it is estimated to be 337.8 million tons, down from 2.6 million tons due to the low production in India. Vegetable oil production projection also declined with 1 million tons.



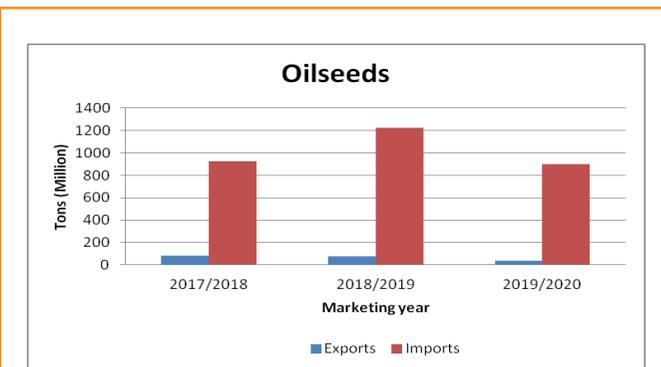
Domestic and Regional Perspectives

Oilseeds are an important agricultural commodity being imported to fill the domestic shortages due to under production within South Africa. SA has been a net importer of oilseeds (see graph) with small quantities exported. Soybean oil, palm oil and sunflower oil are the top three exported oilseeds while soybean oil cake and palm oil are being imported. For sunflower, exports between 1 March 2019 and 31 August 2019 went to Botswana, Eswatini and Namibia. Approximately 220.9 tons were exported to Botswana at a free-on-board (FOB) price of R528.7. A single ton cost approximately R2 393.9. For Eswatini, 52.9 tons were exported, at an FOB price of R336.07 with a per ton price of R6 355.9. Sunflower were exported to Namibia (264.7 tons) at an FOB price of R1 984.15, reaching R7 495.92 per ton. FOB prices are according to SARS pricing. For imports, between March 2019 and August 2019, most oilseeds were imported from Malawi, Bulgaria and the US. Unlike the 2018/19 marketing season, there were no oilseeds imports from Argentina, Botswana or Egypt reported by 31st August 2019.



Key areas to unlock growth in Grains and Oilseeds

South Africa has a long way to go to be self-sufficient as a country when it comes to oilseeds. The country needs roughly 2.7 million tons to be self-sufficient but in 2018, production was approximately 2.2 million tons. With the master plan for the poultry industry at full swing, investing in improving the country's crushing capacity to produce meal (feed) is a necessity. If the master plan includes limiting dumping of poultry into the country, crushing capacity for soybeans and sunflower need to increase. A limit to imports means more feed required for domestic supply. Should soybean and sunflower production not improve, SA are bound to increase its imports.



Source: SAGIS, 2019

Fruits and Vegetables



Global Perspectives

The global market for fresh apricots is expected to register at a CAGR of 1.1% during the forecast period, 2019-2024. The growth of this market is estimated to be low in the forecast period, due to consumers preferring dry apricots over fresh apricots, which is evident from the fact that the dry apricots market has witnessed a CAGR of 9.54% in the last three years. Spain is the largest exporter of fresh apricots, globally, as of 2018. However, Spain's fresh apricot exports have reached a plateau, evident from the fact that exports went down from USD 127.74 million in 2016 to USD 122.59 million in 2017. Top importers from Spain are Germany, France, UK, and Italy. Growers are supported by favourable government policies, such as higher agricultural investments and input and export support. Similarly, the latter support intervention can also boost the growth of the South African Apricots industry.



Domestic and Regional Perspectives

South Africa is a relatively small apricot grower in terms of global hectares, with the bulk production coming from the Western Cape. At the same time, the country is a major volume exporter in global terms and was ranked number 12 in the world during 2018. However, apricots are sold in both export and local markets and generate a greater unit price than that achieved in the processing market. South Africa's production of apricots is expected to decrease by 5% from 575 thousand tons in 2018/2019 to almost 544 thousand tons in 2019/2020 production season. The decrease in volumes is not only due to the drought but also a decline in the area planted to apricots. Since 2014, apricot hectares have decreased and thus also contribute to the low apricot forecast. Therefore, the management orientation and an understanding of the rules of both the export and local markets are critical factors in the pathway to success in apricot production. The United Kingdom remains the major supply market for South Africa's apricot with a share of 56%, followed by Middle East 29%, Europe 13% and India 1%.



Key areas to unlock growth in fruits and vegetables

The area planted to apricots is declining in South Africa and this is due to other factors in addition to the drought – one of them being the issue of profitability. Although a larger volume of the country's apricots is sold to the export, which offers better prices than the processing market, profitability remains a challenge due to a slow demand. Such a response by farmers has manifested around 2003, when farmers destroyed their orchards because of low viability of the fruit. Hence, the farmers need to be supported to respond to the global demand for the survival of apricot production. For example, the European market is moving away from traditional yellow apricots and looking for apricots with more blush – almost like nectarines. Therefore, there is a need to develop such cultivars for farmers to switch rather than being squeezed out of the market completely.

Livestock and Animal Products



Global Perspectives

Global turkey meat production growth is generally low, with the last significant increase of 7% reported in 2016. Of the top 10 producing countries in 2018, Spain increased its production by 4.2% y/y, followed by Brazil, Poland and the USA at 3.7%, 3.5% and 3%, respectively. In 2017 turkey meat exports were valued at USD 2.6 billion, with an average increase of 1%. The value of exports was relatively lower compared to the record of USD 3 billion seen in 2014, which can be linked to the Avian Influenza (AI) outbreak. During 2018, the USA was the major exporter followed by Poland, Germany, France, Brazil, Italy and Spain, representing almost 70% of total global exports. In terms of imports, between 2014 and 2017, AI had a negative effect on the industry, with imports remaining relatively stable globally. Mexico and Germany are by far the largest turkey meat importers representing at least 25% of total imports, followed by Saudi Arabia and the UK (11%). Other noticeable turkey meat importers included Angola and South Africa in Sub-Saharan Africa, Spain, Belgium, Austria, the USA and France. Of the importing countries Saudi Arabia's growth rate of imports increased by 8.3% between 2007-2017, with also some noticeable increases in the USA. Total imports were around \$2.7 billion in value terms in 2016, which is relatively lower compared to the record high of USD 3.1 billion in 2014.



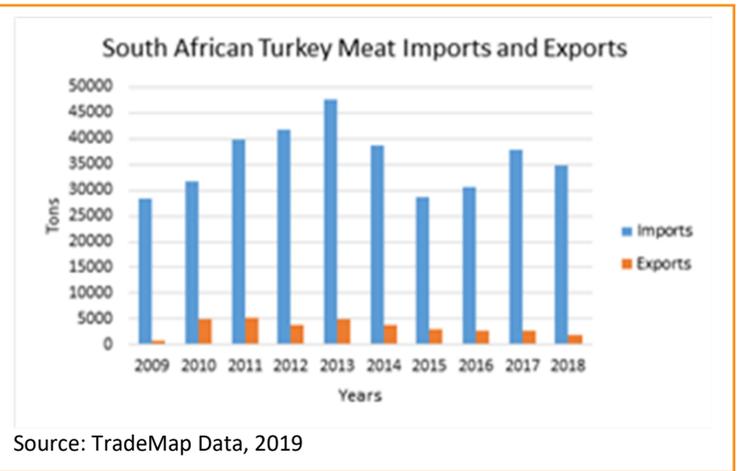
Domestic and Regional Perspectives

For the past 10 years South Africa has been a net importer of turkey meat. According to TradeMap data, turkey meat at South African shores are frozen, mostly from Brazil, but also from Canada, the USA and Chile. Large retailers i.e. Woolworths source its turkeys from Ireland. Generally, South Africans do not eat whole turkeys throughout the year, therefore import quantities are purely seasonal. Turkey meat remains popular during the festive season amongst many South African households and consumer demand has remained steady over the past years. South Africa exports turkey meat to neighbouring countries including Eswatini, Mozambique, Botswana and Lesotho. Although the South African turkey production has declined over the past years amongst commercial farmers, the industry meets demand from smallholder and communal farmers who still produce turkey as a farming enterprise.



Key areas to unlock growth in Livestock and Animal Products

According to the South African Poultry Association (SAPA), there is currently no commercial turkey farmers in South Africa. The last turkey farm, Sinzani Turkey Farm, situated in the Brits area, closed down in 2012/13, due to insufficient demand to sustain a single turkey farm in the country. Demand is seasonal and production costs are very high. Over-size birds are more expensive than much smaller chicken. Turkey meat from a retailer will cost approximately R60/kg, while chicken from the same retailer costs R35/kg. The turkey market in South Africa is relatively small since production is currently driven by mostly smallholder farmers. There is potential export market for South African turkey meat especially in regional countries like Eswatini (formerly Swaziland) and Botswana.



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