

## Grains and Oil Seeds



### Global Perspectives

US groundnuts market forecasts an increase in on-farm production from 2.651 to 2.825 million tons, due to favourable climatic conditions. Ongoing political and financial instability in Argentina is hampering ground nuts market negatively. Export taxes have significantly increased resulting in a sluggish growth in the trade activities. Planting season in some parts of Brazil has begun on a good pace with favourable climatic conditions. Brazil area planted is projected to increase by 5% in the new season. China as one of the biggest players in the groundnuts market is expected to increase the area planted also by 5%. This will boost local production by at least 3%. Global groundnuts consumption Y/Y has increased by 2.6% and is forecast to increase at an average of 3% until 2024. China and India remain to be the biggest world consumers with over 36% of the groundnuts. China is also estimated to remain the main producer accounting 41% of the total global production.



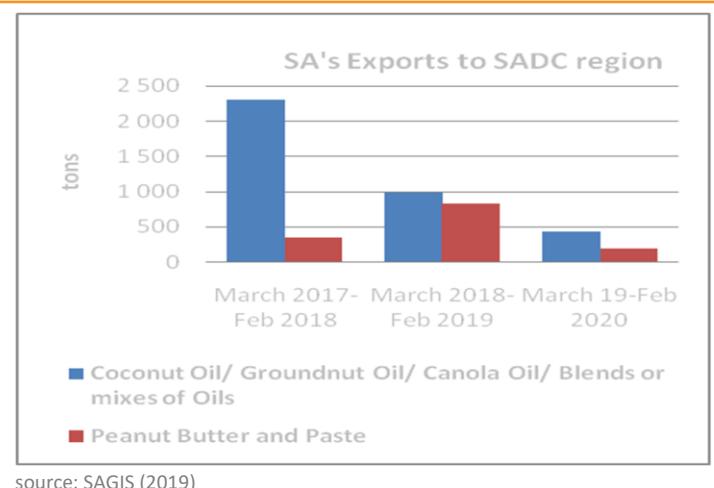
### Domestic and Regional Perspectives

Generally, South Africa is a net importer of groundnuts. From March to September of 2019, SA has imported around 16 062 tons while exporting only 3 623 tons. Groundnuts and crushed oil cake opening stocks for 2018/2019 marketing season were 38.7 (000t) and projections for 2019/2020 point at 25.3 (000t). According to StatsSA, 500g brick margarine is R21.79 in 2019 compared to R22.12 in 2018 indicating -1.49% decline y/y. Sunflower oil cost R21.90 in 2019 compared to R22.28 in 2018, and a decline of -1.71% was observed y/y. oppositely, Peanut butter increased from R28.10 in 2018 to R30.54 in 2019 indicated an increase of 8.68% y/y, and this can be linked to the drought thus an increase for imports is inevitable for 2019/2020 marketing season. A key market for South Africa's groundnuts is Mozambique (35.63%) in 2019 (so far), however, between March-September 2019; about 5.87% of SA groundnut imports are from Mozambique and this can be associated with the persistent drought as well. Most of SA's groundnut is exported to countries outside the region. As for imports regionally, groundnut imports were from Mozambique as already mentioned and Zambia at 5.87% and 2.78% so far. Graph on the far right gives an idea of SA's groundnut importers to the SADC region for the periods indicated on the graph.



### Key areas to unlock growth in Grains and Oil

Possible ways to increase yields will be critical for this planting season as it is coming to an end, especially for groundnut producers. Improved nutrition which includes calcium and phosphorus used in conjunction to well prepared land, which includes rotation of groundnuts with maize might prove useful. And this can be more helpful for smallholder farmers who are not capacitated enough to deal with drought thus relying on rain and other basis forms of farming.



# Livestock and Animal Products



## Global Perspectives

Global imports for fresh chicken were estimated at US\$6.6 billion in 2018, while frozen chicken shipments are by far the most exported form of chicken and were estimated to be US\$16.1 billion globally in 2018. For 2019-2023, poultry is projected to grow by 1.7% with factors such as growing restaurant industry and booming tourism industry. The industry is challenged by disease outbreak such as Avian Influenza, high levels of competition, stringent regulations, rising demand for organic poultry and changes in market penetration for key markets such as China. Brazil is the largest chicken producer in the world. According to TradeMap, the top five poultry exporters for 2018 were Brazil (US\$6.1 billion), USA (US\$3.6 billion), Poland (US\$2.8 billion), Netherlands (US\$2.7 billion) and Germany (US\$1.1 billion). Germany also appears on the list of top five importers in the world for 2018 which were Germany (US\$2 billion), UK (US\$1.7 billion), Hong Kong, China (US\$1 billion), France (US\$1.4 billion) and Japan (US\$1.3 billion). For fresh chicken exporters Ukraine increased by 106.7% while USA and UK declined by 33.6% and 24%, respectively.



## Key areas to unlock growth in Livestock and Animal Products

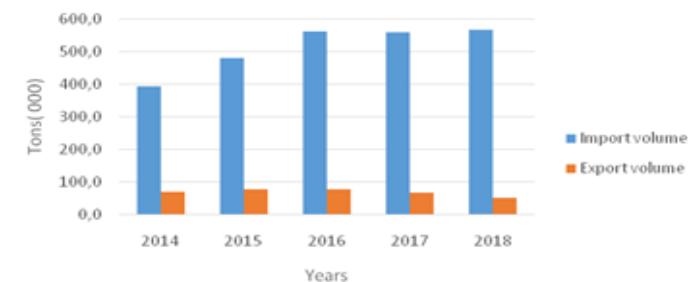
The poultry masterplan, creates potential to address the pressure under which the poultry industry functions. The masterplan provides for the establishment of partnerships to increase production and availability of feed whilst, simultaneously ensure that workers are provided with training and development opportunities. The master plan should also be enhancing the domestic demand and the affordability of local produced broiler products. The target markets will include South African Development Community members and those within the African Continental Free Trade Area (AfCFTA).



## Domestic and Regional Perspectives

According to TradeMap data, South Africa are a net importer of total poultry meat in order to meet the local demand from countries such as Brazil, USA and Argentina. Poultry imports for 2017 totalled 556 877 t (- 0.6 % on 2016). Imports in 2018 (566 210 t) were up 1.7 % on 2017. Imports for 2018 were up 19 % over the 5-year average for poultry imports (2013– 2017). Imports for 2019 YTD reached 281 262 tonnes; 3.5 % up on 1H 2018 (+ 9 447 t). The import of poultry from these countries has for years hindered the success of local poultry production due to cheap imports from these countries, the local poultry production has declined drastically affecting also feed manufacturers. Higher feed costs coupled with high supplies OF WHAT? continues to weigh on the market. South African consumers are under strain and the extent of price increases will be limited. Meat prices have been subdued because some resistance is to be expected if meat prices were to be increased.

The volume of total poultry imports and exports in South Africa



# Fruits and Vegetables



## Global Perspectives

Banana production was estimated at approximately 114 million tonnes in 2017, India and China being the largest producers in that order. On a year by year basis, India produced 29 million tons while China had 11 million tons between 2010 and 2017. The Cavendish variety is the most grown commercially. The increasing global population, coupled with a growing health awareness especially in the Western world are the key drivers of increased banana production. Ecuador is the biggest exporter globally, assuming 24.8% share in world markets, followed by Phillipines (11.6%), Costa Rica (8%) in that order while South Africa's share is only 0.1%, hence ranking 49<sup>th</sup> globally but sixth in Africa after Egypt. Notably, countries like Panama, Cameroon and the Netherlands registered significant increases in the value of their respective banana exports. Conversely, The United States (USA) is major importer of bananas with a share of 17.4%, followed by Belgium, Russia and Germany accounting for 8.3%, 7.1%, 5.9% share of global imports. In Africa, South Africa second largest net importer of bananas after Algeria. South Africa accounts for 0.2% share of global banana imports. As of November 2019, the global average wholesale price is US \$ 0.8 per kilogram, which is relatively stable relative to the past few years.



## Domestic and Regional Perspectives

Bananas are available all year round in South Africa. The production of bananas in South Africa was approximately 402 979 tons in 2017/18, but has not been growing significantly in the past few years because of limited areas where it can be grown in the country. We exported about 8 000 tons of bananas by the end of September 2019. South Africa is however a net importer of bananas and imported around 149 254 tons in 2018, 89.9% of which came from Africa and the largest supplier being Mozambique (62%). There is therefore a growing demand for bananas but the country is not currently able to meet it. The African region made up 93% of South Africa's exports, especially neighbouring countries, namely Namibia, Botswana and Lesotho in 2018. By the end of the week of the 6<sup>th</sup> of November, a 18kg box of large bananas cost an average of R114 at the Johannesburg Fresh Produce Market.



## Key areas to unlock growth in Fruit and Vegetables

South Africa has produced the only banana tissue culture laboratory in the Limpopo Province which produces 8 to 10 million banana plants annually. The Laboratory is the only one of its kind in Southern Africa, supplying about 30 to 40% of its output to the domestic market and exporting to 25 countries throughout Africa, the Middle East and the Indian Ocean islands. The main benefit of this cultivar is that it produces a high-yielding, disease-free banana plantation. As in the past the banana industry was challenged by the spread of Panama disease, it has become a relief to the industry that there is a laboratory that can guarantee a disease-free banana plant. However, there is a growing concern that the industry has become less viable for numerous reasons. One of them being the supply and demand issues as local farmers produce enough to meet local demand, however influx of bananas from Mozambique are distorting the market for local producers. As a result, many South African farmers have established operations there despite the input costs that are the same between the two countries but Mozambique yields are far higher. Now sustainability of this industry has become questionable as banana orchards on farms might eventually be replaced by macadamia nuts and avocados.

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