

Grains and Oil Seeds



Global Perspectives

Approaching the end of the 2019/20 marketing season, maize stocks in January 2020 in countries like Bangladesh, Russia and the EU region were forecasted higher on production. US maize opening stocks are higher due to slightly higher production, reduced feed, seed and industrial use together with lower exports. The US experienced a trade deficit of 2000 tons because of weak outstanding sales and shipments, while Brazil experienced a surplus of 1000 tons. For the EU a 400 ton surplus was due to faster pace of trade per EU customer surveillance. Ukraine is another country which has experienced a significant change in trade of +200 tons in exports. In China, maize feed and residual use increased due to lower barley feed usage. As of the 10th January 2020 about 172 255 tons of maize was traded across the world with Brazil, Argentina, Ukraine as top exporters at 39 500, 33 500 and 30 500 tons, respectively. Russia, the EU, Serbia, South Africa (SA) & Burma were notable exporters. Promising news for SA is that its top yellow maize destinations like Vietnam, Japan, and China are amongst the top yellow maize importers globally, implying possible increased SA exports for yellow maize.



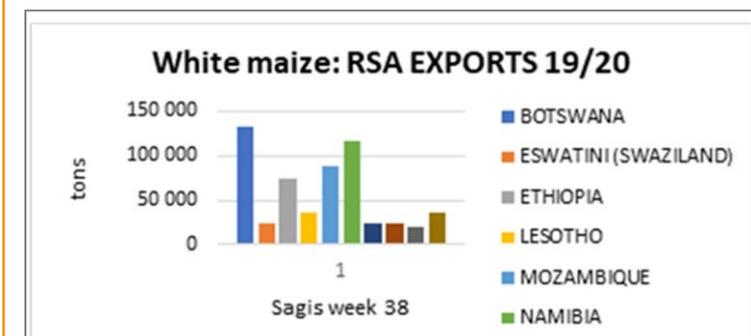
Domestic and Regional Perspectives

Demand for grains and cereals remains a concerning issue for the Southern Africa region. The World Food Programme (WFP) estimates about 45 million heads might be in serious need for food, as the lean season approaches between Jan-March 2020. Zambia for the first time since 2004 will be assisted by WFP to feed about 1.1 million people. Zimbabwe's demand for food remains at almost 4.1 million people recorded to be food insecure. On the 22nd of January 2020, Grain Millers Association of Zimbabwe (GMAZ) announced a possible procurement of 100 000 tons of maize from Brazil and South Africa. A bulk procurement of this maize could be from South Africa, considering that Brazil is primarily a producer of yellow maize. For the week ending 17th January 2020, SA maize exports to Zimbabwe amounted to 62 458 tons. For the 2019/20 marketing year SA maize exports were estimated at 1.2 million tons with 848 205 tons already exported in the same calendar year. Another 162 861 tons is intended to be exported by the 31th of March 2020.



Key areas to unlock growth in Grains and Oil Seeds

Given the regional demand for grains and cereals, South Africa remains the key player during this lean season faced by most countries, including Zambia. The 2020/21 SA maize crop remains unpredictable with certain parts of the Free State and North West provinces continue to be restricted by the drought and below average rainfall. Prospects for the region indicate approximately 8 million people are food insecure. Farmers with good carry-over stocks of the current season are likely to benefit should the SA maize demand rise. Local maize prices are forecasted to increase. Zimbabwe which normally gets its maize from Mexico has imported a sizeable amount as already mentioned. When it comes to prices, yellow and white maize prices are trading at R2 970 and R3 167 per ton



Source: SAGIS (2020)

Livestock and Animal Products



Global Perspectives

The ongoing drought has bolstered cattle slaughtering in Australia, generating greater exportable beef supplies. Beef production and export forecasts for 2020 have since rose. Brazil's export forecast for 2020 was revised marginally lower, to 2.6 million tons. Higher-than-expected beef prices in 2020 will dampen domestic consumption which is forecast down to 2%. Despite a slight downward revision, the 2020 production forecast remains at a record level of 10.6 million tons. Rising slaughter of cattle driven by robust export demand has resulted in Australia increasing their 2020 production. Exports were also revised upward as packers will continue to capitalize on Chinese market opportunities stemming from shifts in protein supplies and consumption spurred by African Swine Fever (ASF) outbreaks. Robust international demand is expected to drive export growth, with beef exports forecasted to reach 11.5 million tonnes in 2020, an increase of 4% from 2019. Increased demand for beef across Asia underpinned by declining pork production, will be a key factor driving this growth.



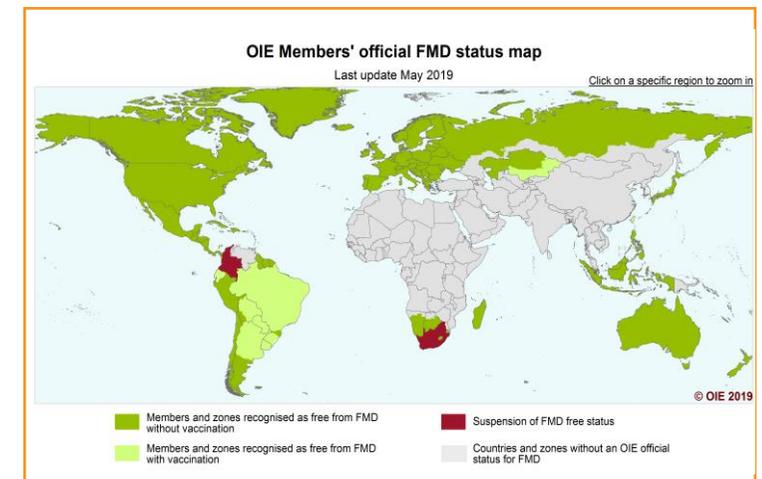
Domestic and Regional Perspectives

Due to Foot-and-Mouth Disease (FMD) outbreak in South Africa, movement and auctions of livestock were banned to avoid further spreading of the disease. This has resulted in lower sales in livestock and livestock products during auctions. For example, BKB limited on the 17th wool auction of the 2019/20 sale season, the merino wool market indicator decreased by 0.5% to close at R174.62 c/kg for clean wool. The market was also supported by the weakening of the SA currency by 2.3% against the US\$. The major buyers on sale were: Standard Wool SA (2 621 c/kg), Lempriere SA (1 823 c/kg), Modiano SA (1 812 c/kg) and Stucken & Co (377 c/kg). The DAFF report identified additional premises that were tested positive for FMD. This brings the total number of confirmed positive locations since the start of outbreak, to 16, with all positive cases within the Limpopo Province. Poultry exports for 2019/20 were revised down to 885 000 tons and 970 000 tons (11% and 12%) respectively, with lower-than-expected exports and an appreciating currency.



Key areas to unlock growth in Livestock and Animal Products

In light of the recent ban in auctions due to FMD, many farmers especially commercial farmers have used digital technology in the form of live video auctions and this is to ensure that their livestock does not get into contact with other farmers livestock which might be infected with FMD. This initiative has assisted many farmers to generate income although the traditional auctions were banned. South Africa may not directly trade any of these with China with the exception of a few Asian countries. Nevertheless, China rates amongst the highest number of consumers of these products. The global market is bound to be affected by this decision thus traders of these products may need to monitor this situation as it develops.



Fruits and Vegetables



Global Perspectives

Butternut squash is not found all over the world, but it has surfaced into the culinary creations of many countries, including South Africa, Europe, and Australia, but it is primarily found in the U.S. Worldwide the product has increased in popularity due to the poor quality of the other pumpkins available. Subsequently the demand for its fresh-cut butternut squash has also been growing. In 2018, globally there were two major exporters of butternut squash which are Spain and Mexico, leading with 32.3 % and 27.3 % share value respectively. Also, in the same year there were four leading importers namely United States of America with 29.5% share value, France (12.3%), Germany (10.5%) and United Kingdom (7.4%). The small amount of butternut squash that is imported by South Africa is mainly from Namibia and Eswatini. While the major importing markets for a product exported by South Africa are Netherlands, UK, Botswana, Spain and Lesotho. The competitive advantage of South Africa's produce in the global market includes being marketed purely on quality and also the freshness of the product.



Key areas to unlock growth in Fruit and Vegetables

South Africa exports much of its butternut that it produces, therefore good quality products are very important for the export market. Consequently, it is important that the farmers package products that are spotless and meet the GlobalGAP standards. Butternuts also depend on compliant packaging facilities to ensure that the product is packaged appropriately and adheres to food safety standards. It is therefore a good investment to ensure that the country has enough packing facilities that service the industry so that the best grade is sold at better price both locally and internationally. Lastly the unreliable national electricity supply is likely to affect business, South African packhouses need to invest in generators.



Domestic and Regional Perspectives

Locally there are currently quite a few growers specialising in butternut squash as many grow it as a cash crop. However butternuts are the 7th largest product sold at the National Fresh Produce Markets (NFPMs), where approximately 93 000 tons was supplied to the national markets in 2018 and sold at R3,146 per ton. There has been an upward trend for butternuts sold at the fresh produce markets, while pumpkins supplied to the markets have been lower. This may be an indication of a shift by consumers from pumpkins to butternuts or a decline in the production of pumpkins in recent years. According to SARS data, pumpkin&squash quantities that were exported increased between 2016 and 2017 (from 12 844 613kg to 18 021 647kg), as well as between 2017 and 2018 (20 419 185kg was exported in 2018). South Africa exports largely to Europe and Africa. The Netherlands and the United Kingdom were the largest markets for South Africa's pumpkins & butternuts, followed by Botswana.

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