Field Crops

Global Perspectives

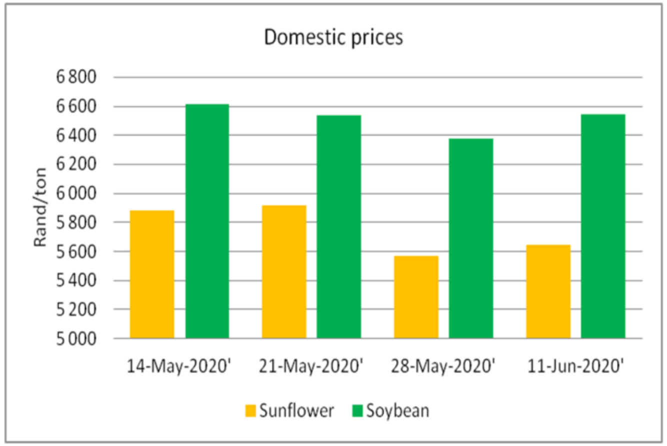
Globally, total grain production for 2020/21 is forecasted at 2 230 million tons after an increase of 54 million tons y-o-y. Maize and wheat are estimated at 1 169 million tons and 766 million tons, respectively (IGC, 2020). Reductions in wheat production from few European Union countries were observed, nevertheless, wheat stocks are in good shape for the global market and there is little concerns on stock availability. With slight restrictions amid COVID-19, a significant increase of wheat demand was observed. EU wheat shipments for June/July are expected to increase by 58% due to increased exports to East Asia, Pacific Asia, South Korea, North Africa and Sub-Sahara Africa (World grain, 2020). As for global trade, US exports for maize were estimated to be 30% lower, when compared to Brazil, Argentina and Ukraine whom together forecast a 50% export share. From the 15th of June 2020 a ton of maize from the Gulf USA was selling at US$161, Brazil at US$160 and Argentina at US$150 (IGC, 2020). On the 15th June 2020 soybean export prices remain constant with Brazil leading at US$371 a ton, followed by the US selling at US$346 and Argentina at US$ 346 (IGC,2020).

Key areas to unlock growth in Field Crops

Global increase in oilseed prices reflects the global demand. The past few weeks saw an increase in soybean crushing in China in response to its feed demand. China increased its meat production as wet markets are more operational than previous months. South Africa is not the biggest oilseed exporter and normally exports to its neighboring countries. For producers with some available stock, the current situation in global prices presents an opportunity; nonetheless, domestic prices are somewhat favorable too. For sunflower and soybean domestic prices see the figure below.

Domestic and Regional Perspectives

A marginal increase in grains and oilseeds was observed on the second week of June 2020 after decreasing towards end of May 2020. For maize, particularly yellow maize (YM), this increase can be linked to feed in the meat industry, mainly for poultry and pork. Nevertheless, in the next few weeks this uptick is expected to remain constant as observed in global maize prices. Domestic average prices per SAFEX (R/t) as of the 15th of June 2020 include: a ton of YM was selling at R2 573, up by R39 from the previous week, while a ton of white maize (WM) was selling at R2 502, down R81 from the previous week (GrainSA, 2020). A noticeable decrease in wheat prices was observed following a significant decrease from the global prices in the first week of June 2020. As of the 11th of June 2020: a ton of wheat was selling at R5 135, down by R181 from the previous week (SAGIS, 2020). Oilseeds prices are showing an uptick trend reflecting the global prices, especially for soybeans. More pressure on domestic prices can be attributed to the poultry and pork industries as production increased, thus increasing demand. As of the 11th of June 2020: a ton of soybean was selling at R6 544, up by R164 the previous week, while a ton of sunflower was R5 646, up by R76 from the previous week (SAGIS, 2020). Regionally, following the worst drought in four decades, North Africa is the leading wheat buyer and is expected to be the top buyer this season (World-Grain, 2020).



Source: SAGIS, 2020

Livestock and Animal Products

Global Perspectives

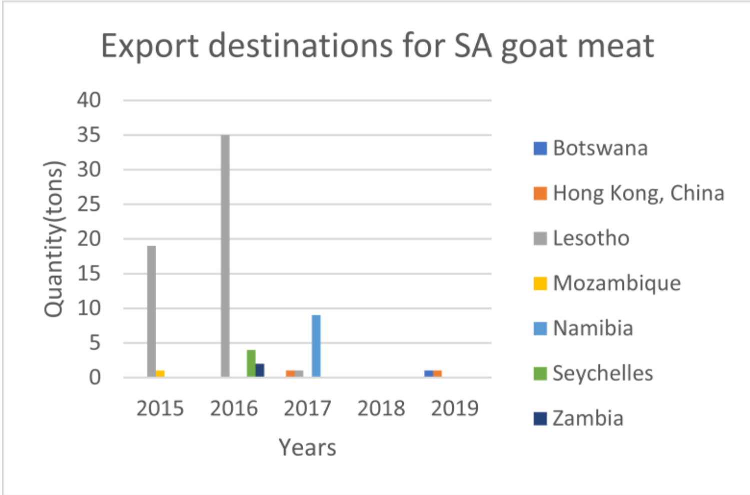
Global export forecasts for beef and chicken meat trade have been trimmed due to emerging threats from the spread of the COVID-19 virus. The global beef production forecast for 2020 is revised marginally lower from the prior forecast as world economic disruptions associated with COVID-19 suppress beef demand and lead producers to adjust their production plans. Global beef production in 2020 is expected to decline slightly y-o-y with lower production caused by herd rebuilding in Australia mostly offset by growth in Brazil, China, and North America (USDA, 2020). The Minister of Agriculture, announced the approval of the international Organization for Animal Health to officially include Egypt in the list of countries that adopt the system of facilities free of bird flu, stressing that according to this announcement, Egypt is regaining its role in the poultry industry at the international level, As well as opening the door for exporting poultry and their outputs after 14 years of suspension. Over the last eleven months, Ethiopia has secured 68.13 million from the export of meat and milk. Out of the over $68 million export revenue, the majority of the export income 61.31% is secured from goat meat and mutton export (Tridge, 2020). Authorities in Beijing have temporarily shut a major wholesale agricultural market following a rise in locally transmitted novel coronavirus infections in China's capital city over the past two days. (Reuter, 2020). A Brazilian labour court on 12 June 2020 ordered the closure of a chicken plant owned by the world's largest meatpacker, JBS SA, in the southern state of Rio Grande do Sul for 14 days while the company's workforce is tested for COVID-19.

Domestic and Regional Perspectives

There is a rising concerns about the severity of the fuel and diesel shortage currently affecting South Africa. The country's reserves have been depleted without being replaced, and despite assurances from the government, it seems Gauteng will be cutting things down for the next few days. This situation has been exacerbated by the theft of parts of the multi-product pipeline from Durban to Gauteng. It's estimated that it will still take "at least a week" for diesel to reach inland markets, leaving some wholesalers in places like Free State and North West on the brink (The South African, 2020). The South African Petroleum Industry Association (SAPIA) can confirm that diesel and petrol stock availability is improving. SAPIA members are building stock since the lowering of the Lockdown Alert Levels for COVID-19 and the recent price changes. Product imports have arrived at the port of Durban and pipeline deliveries have resumed. These products will reach the inland market within 7 to 14 days which is the lead time from Durban to Gauteng by pipeline. During this time, supply is expected to stabilize across the country as more refineries are online and producing fuel. The pipeline is also operational following stoppages due to theft incidents. SAPIA continues to monitor the situation (AgriSA, 2020) Southern African Agri Initiative (SAAI) is launching a "Go hunting!" campaign this winter to support game farmers who have been severely affected by travel restrictions during COVID-19. The lack of trophy hunters from abroad has had negative impact on job opportunities, auctions, butcheries, guest houses, and taxidermy and firearm businesses.

Key areas to unlock growth in Livestock and Animal Products

The Jobs Fund recently announced three landmark partnerships that will successfully broaden the inclusion of previously disadvantaged in South Africa's agricultural sector. One of the most significant partnerships is the commercialization of black producers where DALRRD and the Jobs Fund have committed R300 million each. During this unprecedented event in our country the Jobs Fund remains committed to playing a contributing role in job creation. In adhering to the government's guidelines on limiting the spread of COVID-19 the Fund has measures in place to ensure business continuity during this period. The program is aimed at supporting black-owned enterprises, the project will train project beneficiaries and create jobs. The Jobs Fund, working with the Pick n Pay Foundation in partnership with the SAB Foundation who also made R20 million available to support five emerging farming operations to become commercial sustainable.



Source: ITC, 2020

[SN1][SN2]

Fruits and Vegetables

Global Perspectives

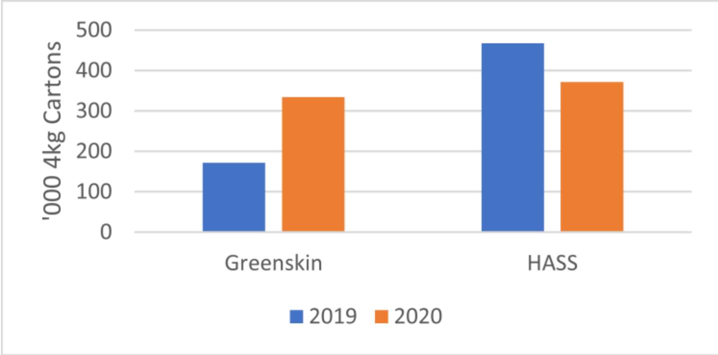
By 2028, the global market for avocado is projected to have increased by 6.8%, worth about US$ 26.49 million (MarketUS, 2020). Mexico's advanced technologies in the control of pests coupled with a favourable conditions are key factors in boosting production this season. Consumer awareness of the healthy benefits of avocado is the key driving factor of the observed trend. China's consumption was anticipated to double prior to the outbreak of Covid-19 while in Japan and Canada consumption has been increasing at about 20% in past few years (BEROE, 2020). Theft has been a key challenge in South Africa to the extent that producers associated the vice with over R100 million in losses (Tride, 2020). Despite the logistic restrictions as a result of Covid-19 pandemic, the demand of avocado in some markets is still high. In Myammar, there are limited resources and production technology hence very few supplies of fruits are available. This presents an opportunity especially for South Africa's organically produced fruits which command about three times higher the price of conventional fruits - pomegranates inclusive. In the USA, the prices of avocado have remained stable due to the large crop harvested in California.

Domestic and Regional Perspectives

The avocado industry had predicted a total export volumes of 18.5 million cartons (4kg) at the start of the season, however dry weather conditions and market disruptions caused by the pandemic globally have led to the decline in the export estimate. The industry now predicts that 16 million cartons will be exported (Fresh Fruit Portal, 2020). The green-skinned varieties were the most affected as they received lower demand during this time in Europe due to closures of food services and wholesalers. The dry conditions also contributed to a smaller fruit than expected for export as well as logistical delays in ports as a result of containers' lower loading capacity have affected exports. South Africa is expected surpass last season's exports of 14.3 million cartons even in the midst of the pandemic. By week 25, South Africa has supplied 705 000 cartons of avocados to Europe, which is still slightly more than the same week last season (639 000 cartons). In the midst of the pandemic, the industry is adapting to the changes and finding ways to continue meeting the demand locally and internationally. The industry might need to unlock new markets in order to diversify the current European market.

Key areas to unlock growth in Fruit and Vegetables

About 50% of the South Africa's avocados are exported and the largest importer being the European market. To absorb the anticipated future increases in production and cater for the export demand, the South Africa's avocado industry needs to increase market destinations. While locally there is a need to increase consumer awareness on the product, this is to help drive up the demand and also lower the cost of avocados. Additionally, the reported cases of theft in the industry is a serious concern, the industry needs to work closely with the South Africa Police Services (SAPS) to draw a way forward in alleviating theft. As this has a potential to delay the anticipated growth in the industry. Lastly COVID-19 has affected both global and local demand for South Africa's avocados but now that logistics problems are sorted out and the restaurant industry is operational, the avocado industry is expecting recovery in demand .



Week 25 exports of avocados (2019 vs 2020)
Source: Subtrop, 2020

Source of information

South African Grains Information Services (SAGIS) - https://www.sagis.org.za/

Grain South Africa (GrainSA) – https://www.grainsa.co.za/pages/industry-reports/safex-feeds

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World atlas- https://www.worldatlas.com/articles/the-top-mango-producing-countries-in-the-world.html

Farmers weekly: https://www.farmersweekly.co.za/agri-news/south-africa/fears-about-labour-shortages-for-2020-guava-harvest/

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