

Field Crops



Global Perspectives

The future of global grain markets' look promising for 2020/2021 season as major commodities are reported to be in good shape. This is good news for imports dependent countries such as South Africa, when it comes to wheat. Globally, a record of 1.2 billion tons of maize is expected after an increase of 5% from 2019/2020 season. At the same time, the wheat crop is expected to increase by 6% fuelled by wheat producers in Europe (IGC, 2020). The large crop harvest across the world is anticipated to put pressure on prices thus importing thus benefitting importing countries. In North America, USA maize planted area is at 92 million acres down 5% from an earlier estimation in March 2020 but still up by 2.6% y-o-y. Soybean planted area is estimated at 84 million acres 10% high y-o-y with harvested area forecasted at 83 million acres which will be 11% from the previous year (World-Grain, 2020). As of the 30th June 2020 exports prices for grains are as follows: a ton of wheat from USA (hard red winter) was selling at US\$215 up by US\$2 from the previous week while it remained at US\$240 from Argentina (Up-river). A ton of maize from USA 3YC (Gulf) was selling at US\$168 up by US\$2 from last week, US\$165 from Brazil (Paranaguá) up by US\$5 and US\$155 from Argentina (Up-river) up by US\$8 previous week (IGC, 2020). Barley prices showed an uptrend since the 26th June with a ton selling at US\$188, up by US\$5 this week.



Key areas to unlock growth in Field Crops

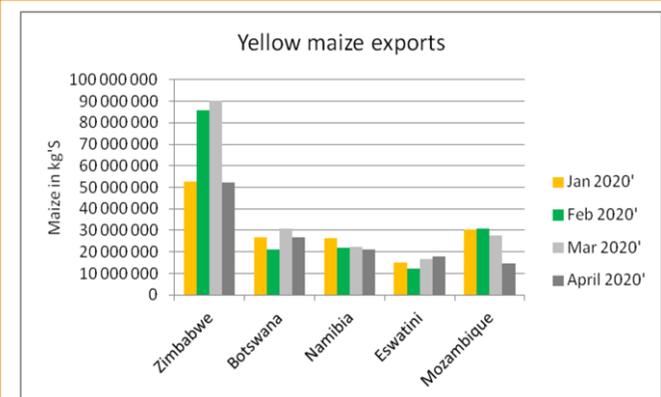
Asia proves to be a major market for South Africa's' maize exports as it has been the case for years now. Over 90% of yellow maize exports went to Asia between 13 -19 June 2020. South African exports are concentrated in few countries and this has been the case since 2015. The country needs to expand its footprint in terms of countries and this is crucial for years with bumper crops. Also, information from the International Grain Council estimated that Sub-Saharan African countries are below their normal numbers this year except South Africa and Zambia. This means there is a high potential to expand exports to the region.



Domestic and Regional Perspectives

South Africa is expecting a bumper maize crop harvest which could suppress domestic prices in the upcoming months. The availability of large domestic maize crop will enhance the country's exports of maize. Domestic prices as of 2nd July 2020 are as follows: A ton of white maize was selling at R2 589 up by R1 while a ton for yellow maize was selling at R2 701 up by R5. Wheat prices declined by R11 with a ton currently selling at R5 389 but still up when compared to the previous week.

Oilseeds prices showed a slightly uptick this week for both sunflower and soybean. As of the 2nd of July 2020 a ton of sunflower was selling at R5 894 up by R94 from R5 800 the previous week, while a ton of soybean was selling at R6 905 up by R24 from R6 771 the previous week (GrainSA, 2020). South African yellow maize exports as of the 19th June 2020 stood at 227 649 tons with Korea, Republic and Taiwan importing 12 942 tons and 32 088 tons respectively with Eswatini and Zimbabwean importing 1 862 tons and 1 407 tons respectively (SAGIS, 2020).



Source: ITC (2020)

Livestock and Animal Products



Global Perspectives

A new flu virus found in Chinese pigs has become more infectious to humans and needs to be watched closely in case it becomes another “pandemic virus”, as media reports suggests, although experts believe there is no imminent threat. Pig farm workers also showed elevated levels of the virus in their blood, reports said, adding that “close monitoring in human populations, especially the workers in the swine industry, should be urgently implemented”. Media reports highlights the risks of viruses crossing the species barrier into humans, especially in densely populated regions in China, where millions live close to farms, breeding facilities, slaughterhouses and wet markets (Reuters, 2020).

China could send 100 000 ducks to Pakistan to help tackle the swarms of locusts that have caused unprecedented devastation to crops and livelihoods in East Africa, Asia and the Middle East. A chicken can eat about 70 locusts a day, but a duck can eat 3 times as many. Scientists are taking the opportunity to use these locusts as chicken feed, but ducks may also be a clever way of combatting the plague. Ducks are “biological weapons”, according to senior researcher with the Zhejiang Academy of Agricultural Sciences, Lu Lizhi, adding that ducks are fairly easy to manage as they tend to stay in groups. A trial involving the ducks is taking place in China before the ducks are deployed; however, in 2000, China shipped 30 000 ducks from Zhejiang province to Xinjiang to tackle an infestation of locusts (Poultry World, 2020).



Domestic and Regional Perspectives

The final sale of mohair of the 2020 summer season took place in Port Elizabeth on the 30 June 2020, with 130 217 kg's on offer, of which 72% was sold. The major buyers were stucken (372 bales) and SAMIL (349 bales) which purchased 88% of today's mohair sold. A highest price of R707.10 per kg was paid for a bale of 24 micron super style kid mohair. The market indicator closed 2% higher than the first sale of the summer season, with the average season market indicator coming in at R246.07 per kg. This is R39.60 lower than the 2019 season average which is largely due to the COVID-19 pandemic outbreak.

During the week of 26 June 2020, the average prices of frozen poultry was in total 0,7% higher against the previous week, 0,2% lower against a month ago, and 4,8 % lower year-on-year. In the same week, the price of fresh poultry was in total 0,6 % higher against the previous week, 0,1 % lower against a month ago and 7,8 % lower year-on-year. The average price of IQF was in total 1,0 % higher against the previous week, 0,9 % higher against a month ago and 3,1% lower year-on-year.

- Looking further ahead, the historical price trend over the past 20 years shows a probability of 89,0% for a higher monthly price in July compared to June and 65,0% for a higher price in August 2020 compared to July. The average price of feeder lamb was in total 2,1% higher in the week of 26 June 2020. The higher price can among others be contributed to the demand that exceeded demand in the market which caused lower carryover stocks.



Key areas to unlock growth in Livestock and Animal Products

The recent ASF outbreak again emphasised the important role of the compartment system in protecting our national pig herd against disease outbreaks. South African pig producers realise that they have to safeguard their valuable high health status. The compartment system is the most important measure that will ensure high biosecurity standards on our farms and the protection of our herds.

Lamb selling price in South Africa markets

WEEK ENDING	12/06/ 2020	19/06/ 2020	26/06/ 2020	3/07/ 2020	Min. & Max. prices 26 Jun 2020	
Class A2/A3 (Producer price contract)	8 103	8 131	8 115	8 087	7 328	7 756
Class A2/A3 (Abattoir selling price)	7 554	7 836	7 772	7 785	7 019	8 511
Class AB2/3 (Producer price contract)	6 282	6 319	6 274	6 276	5 518	6 707
Class AB2/AB3 (Abattoir selling price)	6 837	6 653	6 691	6 724	5 886	7 154
Class B2/B3 (Producer price contract)	5 937	6 102	5 961	5 977	5 447	6 150
Class B2/B3 (Abattoir selling price)	6 433	6 412	6 326	6 380	5 780	6 526
Class C2/C3 (Producer price contract)	5 475	6 125	5 966	5 952	5 388	6 147
Class C2/C3 (Abattoir selling price)	5 785	5 984	5 909	5 942	5 336	6 088
Average Sheep (Producer price contract)	7 436	7 594	7 566	7 539	-	-
Average Sheep (Abattoir selling price)	7 109	7 362	7 309	7 322	-	-

Source: AMT (2020)

Fruits and Vegetables



Global Perspectives

The global production for lemons and limes was projected to decline by 7% (586 000tons) during the 2019/20 season. This decline inevitably affects the available quantities to be traded, consumed and processed. However, the USDA (2020) posits that Argentina and South Africa are bound to have higher exports than before due to the high demand in new markets (a case for Argentina) and high crop harvest in South Africa. The increasing demand for lemons and limes is driven by manufacturing of products like citrus acid, lime oil and juices, among other products. Since the outbreak of Covid-19 pandemic, coupled with high supply yet retail stores put emphasis on basic food items, prices of lemons and limes plummeted for a considerable period. However, the situation has improved in many countries including Egypt, Spain and Brazil. In Turkey where the retail market prices have registered a 17% rise since the last week of June, farmers are very much concerned about the widening gap between farm gate and retail prices, due the intermediaries who earn a large share of the profits. Producers are thus tasking the government to remove the export quota on lemons so that they can export the produce to get higher earnings. On the other hand, the Spanish export promotion agency and the ministry of agriculture have allocated a colossal 0.4million Euros to promote citrus in the Canadian market. Is the citrus industry in South Africa ready for the competition?



Domestic and Regional Perspectives

The 2019/20 lemon & lime season is looking promising for South Africa. South Africa is expected to export about 27.4 million cartons (15kg) of lemon &lime in the current season, up by 5.3 million cartons from 2019 due to increased production. Exports started earlier than 2019, where total exports so far (week 26) have reached 50% more cartons than the previous season. While South Africa's limes are almost at their end of season, lemons are supposed to be in the market until November, however higher demand in citrus all over the world currently, may mean that lemons might be in shorter supply by week 38, unless offset by the increase in production to meet the current demand locally and internationally. Exports have been affected by limited capacity in ports but most ports have been restored to 100% capacity, with the exception of the Cape Town container terminal which only has 50% capacity (CGA, 2020). South Africa exported 718 694 cartons in week 25, 28% lower than 2019, possibly affected by logistics. In week 25, South Africa focused its attention in supplying lemons & limes to Africa, North-America and the United Kingdom (430%, 138% and 39% more than the same week in 2019, respectively) (Agrihub, 2020). This comes after 50% of the previous weeks' exports going to the Middle East, which has resulted in oversupply and lower prices in its market (Freshplaza, 2020). Exports to the region are now 58% lower than 2019 in week 26.



Key areas to unlock growth in Fruit and Vegetables

South African citrus farmers have been allocated R307 million fund through the Economic Transformation programme. The programme will be implemented over three-year period focusing mainly on the six citrus producing provinces. The fund will be allocated as a 50% loan and 50% grant, the loan portion being administer by Land Bank and The Jobs Fund administering the grant portion. Furthermore, to assist deal with unprecedented times and ensure business continuity the Citrus Growers' Association of Southern Africa (CGA) has established a Covid-19 response committee. The committee identify risks and opportunities arising as a result of COVID-19 and develop strategies to address them. Lastly South Africa's lemon exports surpassed last year's figure by almost one million boxes this could have been attributed by a number of things including favourable weather conditions this season compared to the drought and hail in some major production regions in 2019

Table 1: Exports of lemons&lime for week 26 (2019 vs 2020)

Week 26	2019 Ship	2020 Ship	% Difference (2019&2020)
Africa and Islands	1,282	6,791	430
Middle East	497,752	210,975	-58
North-America	29,486	70,238	138
United Kingdom	57,816	80,529	39

Source: Agrihub, 2020

Source of information

Reuters - <https://www.reuters.com/article/us-health-coronavirus-china-pigs/china-study-warns-of-possible-new-pandemic-virus-from-pigs-idUSKBN2410BU>

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Mordor Intelligence (2020). Lime market – growth, trends and forecast (2020-2025). - <https://www.mordorintelligence.com/industry-reports/lime-market>

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