

Grains and Oil Seeds



Global Perspectives

The world grain production forecast in 2019/20 stands at 2 708 million tons, which is higher than in July. The global forecast expanded due to the upward revision made to the forecast for world maize production, now pegged at 1 124 million tons, 2.0% higher than in July and up 0.7% from 2018. These positive expectations mostly stem from improved yield prospects in the US, despite excessive rainfall through much of the planting season. Furthermore, the maize harvest nearing completion in Brazil also contributed in the expansion of world's grain production forecast. The positive revisions outweighed an anticipated reduction in global wheat production in 2019, which stands at 767 million tons, 4 million tons lower than in July. However, this year's global wheat output is still forecast to exceed 2018's outturn by 36 million tons (5%). The global rice production forecast has increased and set at 517 million tons; this is because China's farmers planted more paddy field than previously anticipated. On other side, the world trade forecast in grains still stands at nearly 415 million tons, remain unchanged from the July forecast. This is entirely owing to increases in wheat and rice trade almost offsetting reduced trade prospects for maize and sorghum.



Domestic and Regional Perspectives

After September, most households in Lesotho are expected to be in crisis due to the increase in food consumption. Despite domestic cereal shortfalls, maize meal prices have been stable since April and will likely remain stable through September. Zimbabwe is continuing to be in crisis as poor households have little to no food stocks (including grain products) and are reliant on market purchases for food with limited purchasing power. In Mozambique, July maize prices on average remained well above last years' prices by nearly 45% and 20% above the five-year average. On the domestic front, the total maize is estimated at 13 770 803 tons, with a demand of 12 188 000 tons in this season. The total supply of sorghum is projected at 239 760 tons, and it is estimated that 9 000 tons of sorghum will be exported.



Key areas to unlock growth in Grains and Oil Seeds

The positive global grain production projection for rice and wheat paint is beneficial for South African importers since South Africa is one of the major importers of these commodities. South Africa remains a net exporter of maize, due to shortage of food and unfavourable weather conditions in SADC regions such as Zimbabwe, Lesotho, and Mozambique, South African exporters should take advantage of this.

The grain industry remains central in supporting national food security, employment creation, and sustainable development. Research and innovation (cultivar improvement) on the adaptation and mitigation strategies to climate change should be prioritised so that our farmers can realise high crop yields. Identification of existing and new potential markets remains key to the institutions such as the National Agricultural Marketing Council and other stakeholders, especially for the small-scale grain producers in South Africa. Given that the rand is currently struggling, Farmers are likely to face high input costs as the fuel prices remains high. Subsequently, consumers are likely to pay more for grain and grain prices in the near future.

Fruits and Vegetables



Global Perspectives

Worldwide, over 190 varieties of mangoes are cultivated but the Keitt, Kent and Tommy Atkins varieties are the best known and most demanded by the key markets for mangoes. By Far, India is the largest producer of mangoes, followed by China, Thailand, and Indonesia in that order. Following Asian markets, commercialization of mangoes is highest in the Netherlands, with a per capita consumption of 2.3kg, followed by Canada (1.7kg), Portugal (1.4 kg), the United States (1.3 kg), the United Kingdom (0.8 kg) and Germany (0.5 kg). Mexico is leading exporter of mangoes, followed by the Netherlands, Thailand, and Peru in that order while the USA is the largest importer, followed by China, Netherlands, and Germany in that order. South Africa ranks 32nd amongst exporters of mangoes. By 2029, international trade in fresh mangoes is estimate to be worth USD 1,799,000 million. With the growing interest in organically produced products, consumption of organic mangoes is anticipated to rise by 15% (by 2029) from USD 1.4 million worth of sales made in the USA and Germany in 2014.

Globally, the Greenskins and Hass are the main varieties for avocados. The Hass variety is the largest produced variety in the world. Peru is the largest supplier of Hass to the European Union (EU) market, followed by Chile, Israel, and South Africa. Chilean Hass recently entered the EU market in week 34 and set to continue until the following year, while South African exports of Hass drops reaching towards the end of its season in week 37. Israeli Greenskins started entering the EU by week 36. Furthermore, China, India, South Africa, Australia, Mauritius, Madagascar, Thailand are now the major litchi producing countries in the world. The major international markets are currently; Hong Kong and Singapore market receiving about 12 thousand metric tons of litchi from China and Taiwan. U.K., Germany and France import between 10-12 thousand tons of litchi from Madagascar and South Africa during November to early March.



Key areas to unlock growth in fruits and vegetables

The subtropical industry recently signed MOUs with provincial governments to train extension officers in the technical aspects of the subtropical crops in order to equip them to assist smallholder farmers. The industry has on record 4711 hectares of commercial avocado, litchi, macadamia and mango orchards that have been handed to communities as a result of the land restitution process. Lastly, the industry recorded about 162 smallholder farmers (avocado, mango, and litchi) who have planted 1063 ha.



Domestic and Regional Perspectives

Avocado is one of the biggest crop in terms of area planted of about 17 500 ha, compared to the other two crops (Mango with 7 000 ha and Litchi 1 130 ha). In total, about 25 630 ha is under planation of avocado, mango and litchi fruit. On an annual basis avocado industry strives to expand its plantation by at least 1 500 ha, 100 ha for mango and 50 ha for litchi. Important to note is the annual value of the three crop which is approximately R2.3 billion. In case of the annual production, the avocado industry on annual produce about 115 000 tons, mango produce at least 75 000 tons and litchi produce at least 6 000 tons. Moreover, this subsector creates about 18 400 seasonal and permanent jobs. Key challenges within the subsector is the accessibility to new markets. Production of avocados is expected to increase in the coming new season. Market for avocados. In week 36, a projected sum of 2 904 000 cartons (4kg cartons) was exported from the world to the European Union market. A bulk (47.1%) of avocados was exported by Peru and 16.8% of avocados were exported by South Africa. This indicates that South Africa is competing with a number of countries for the Europe market. Generally, 49% of South Africa's avocados is exported and the rest is sold in the local fresh produce markets and processing markets.

Market	Volume	% share
Peru	1 367	47.1
Local	489	16.8
Chile	384	13.2
Kenya	283	9.7
Mexico	170	5.6
Colombia	116	4.0
Israel	69	2.4
Brazil	26	0.9
Total	2 904	100.0

Table 1: Export volume of avocados for week 36 per country expressed in ('000 4 kg cartons), 2019 Source: SUBTROP (2019)

Livestock and Animal products



Global Perspectives

August was another huge month for beef exports, with 106 000 tons of beef hitting the markets. China remained the top destination, edging out Japan and despite hitting safeguard of an extra 6% tariff applied to Australian beef, China is expected to continue importing large volumes of meat. Australia and New Zealand are the two largest exporters of lamb and therefore prices reflect global supply and demand balances of sheep meat. The New Zealand lamb market experienced positive price movements during the week of 23 August 2019 with a 1% increase in the lamb price while the ewe price remained steady. Very short supply of New-Zealand lambs since May 2019 is limiting exports (exports to China remain firm, despite the lower supplies available). The national New Zealand slaughter rates is 6.7% (1.2 million head) down compared to the previous season. The New Zealand lamb exports to the EU and UK is below the 2018 levels, with exporters cautious about tight supplies, the sluggish EU/UK economy, Brexit and heat/drought concerns. South African beef producer prices were relatively low compared to international producer prices. South African consumers continue to remain cash strapped, with the current economic conditions affecting the market. Producers in Brazil, Australia, and New Zealand received 7%, 18% and 25% higher prices than South African producers respectively during the first half of 2019.



Domestic and Regional Perspectives

The recent announcement by the Minister of Agriculture, Development and Food security of Botswana indicated that each farmer is allowed to export up to a maximum of 30% of total herds to be slaughtered on a temporary basis, and the implication of this is that beef and weaner prices can come under pressure in South Africa. South Africa's livestock industry, recovering from the impact of a recent devastating drought and disease outbreak. South Africa's lamb and mutton consumption exceeds local production hence the high import numbers. Per capita consumption of lamb and mutton is declining and is currently just above 3kg/capita/year. Live sheep imports from mainly Namibia increased by 75% in the second quarter 2019, imports are expected to remain at this level during the third quarter of 2019 due to the declining local supply. The Namibia Agricultural Union (NAU) recently welcomed a decision by the country's authorities to fully suspend the small-stock marketing scheme to allow producers to export without restriction to South Africa. This will further drive exports to South Africa. A key constraint in meeting South Africa's increased meat consumption demand since 2015 has been the prolonged periods of drought, especially up to the end of 2016. The impact from that drought is still being felt across the livestock sector. At the height of the devastating drought, farmers off-took large numbers of livestock, hence substantially reducing the herd numbers. Lamb and mutton prices declined through the second quarter of 2019 and a further decline towards the third quarter is expected due to a decline in beef prices. The weaner calf prices further remain under pressure, with imports from countries like Namibia and Botswana, and due to high feed prices.



Key areas to unlock growth in Livestock and Animal Products

The experts in the livestock industry expressed their concern about the possible spread of East Coast Fever from Zimbabwe to South Africa and requested the national Animal Health Forum to put a comprehensive prevention strategy in place. Strict control made it possible for South Africa to eradicate East Coast Fever 65 years ago, once again poses a serious risk to the national herd's health, food security and the economic well-being of especially small-scale farmers.

The successful eradication of East Coast Fever was the result of a combination of strict cattle movement control, especially in cases where cattle and game are near each other, a 5-4-4 dipping program, quarantine measures and the slaughtering of infected animals without exception. Government and the private will need to continue to play a pivotal role, in biosecurity for the livestock industry.

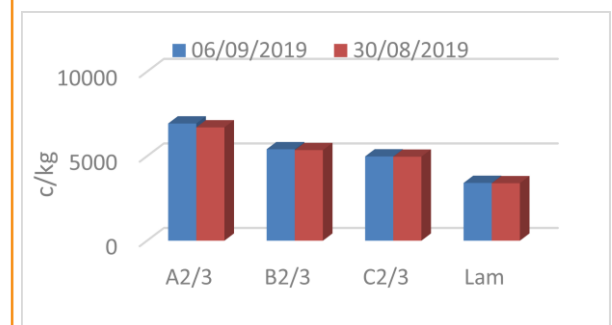


Figure 1: weekly prices c/kg
Source: RPO (2019)

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