

Grains and Oil Seeds



Global Perspectives

This month's 2019/20 global oilseed outlook points to lower production, increased trade, and reduced stocks relative to last month. World oilseed production is estimated at 579.3 million tons in 2019/20, down by 1.4 million from August 2019. Global rapeseed production is at a three-year low, mainly reflecting lower production for the EU on both area and yield. Australia's production is also lowered this month due to dry weather conditions in New South Wales and Queensland. US oilseed production stands at 110.2 million tons, due to decline in U.S. soybean and cottonseed production partly offset by a higher peanut forecast. Soybean production is down slightly this month as lower U.S. production is mostly offset by higher output for India, Canada, and China. China is the leading importer of soybeans, followed by EU, Southeast Asia and Mexico. While the major exporters are Argentina, Brazil and Paraguay. Global soybean ending stocks for 2019/20 are lower as reduced stocks for Argentina and the United States are partly offset by higher stocks for Brazil, Iran, and India.



Domestic and Regional Perspectives

South Africa's domestic production for sunflower seeds in the past two decades slightly declined from 1.1 million tons in 1999 to 862 thousand ton in 2019. In the same period soybeans production improved from 174 thousand tons to 1.5 million tons. The soybeans crushing capacity has significantly improved on the back of improved technology and demand for the local beans. For the 2019/20 marketing season less than 5 thousand tons of RSA oilseeds is to be exported to Botswana, Lesotho, Namibia and Eswatini (BLNS) countries. Zambia's soybeans production is forecast to decline from 1.5 – 1.4 million tons. About 45% of Zambia's oilseeds production is exported to Zimbabwe. Albeit Soybeans in RSA is mainly produced for animal feed industry, while by-product oil is for human consumption.



Key areas to unlock growth in Grains and Oil Seeds

In August 2019, the US Department of Agriculture (USDA) approved a variety of drought and water-stress resistant soybean (HB4) developed by Verdeca, a joint venture between Arcadia Biosciences (US) and Bioceres (Argentina). This opens the way for the international commercialization of HB4 soybean, subject to individual countries' import approvals.

The grains and oilseeds industry, remains one of the key sub-sectors of the economy. South Africa remains one of the strategic role players in the region for many agricultural products. Government and public research investment is of importance for the sustainability of this sub-sector. Improved use of technology and breeding programmes has significantly contributed in the soybeans production. The crushing capacity has also improved due to the increased demand of local seeds in the animal feed industry.

Livestock and Animal Products



Global Perspectives

Globally poultry has experienced gradually improving market conditions and this trend is expected to remain over the coming months, and the main driver for the market improvement has been a more balanced supply in key trading markets like Brazil, Thailand, the US and the EU. The gradual improvement has come despite global trade volumes being disappointing due to ongoing trade issues. Demand of chicken meat in China will be robust as outbreaks of African Swine Fever (ASF) spur consumers to turn away from pork as elevated prices fuel expansion. However, China continues to be challenged by its highly Pathogenic Avian Influenza (HPAI) – related bans which limit the supply of imported genetic stock, and constraining additional growth. On the other side, disease pressure is still present in the industry, with a series of AI outbreaks throughout the world, including Mexico, Vietnam, Cambodia, Nepal and Taiwan. The AI outbreak has triggered the banning of imports of selected poultry products from countries such as Chile and Vietnam.



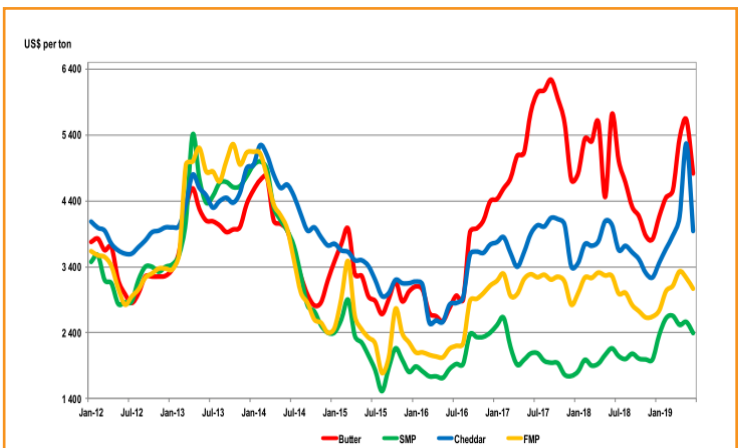
Key areas to unlock growth in Livestock and Animal Products

The performance of the South African dairy industry over the next three to five months will be shaped especially by Dynamic and objective information flow between the different role players in the value chain to enable informed decisions and a high level of responsiveness in the value chain; the sustainability of unprocessed milk production level which is performing relatively stable thus far; and the sustainability of the positive growth in consumer demand for key dairy products on the back of lower cumulative milk supply over the first six months of 2019 when compared to 2018, could provide for a dynamic price environment over the ensuing months. Weather conditions in especially the Eastern Cape and KwaZulu-Natal (KZN), in advance to spring. The performance of the SA economy.



Domestic and Regional Perspectives

Current prices of frozen whole birds are 7.3% higher compared to prices a year ago, current IQF prices are 1.8% higher year on year. The import parity for whole birds and chicken breasts declined compared to the previous week by 5.7% and 9.4% respectively. The number of day-old chicks in the market is currently low. Local poultry prices are expected to remain steady. High local maize prices continue to put pressure on the intensive livestock sector. The market anticipates an increase in domestic poultry prices from November onwards till the festive season based on seasonal trends. Milk production for June 2019 is estimated at 234-million litres, 0.41% more than in June 2018. According to the Milk Producers Organisation (MPO), dairy demand is on a positive trend and this is a good sign for the industry. The trend should be viewed against the backdrop of a struggling SA economy that expanded with less than one percent in 2018. For the time period ending June 2019, the SA dairy industry continued to be a net exporter of dairy products (43 million litres of milk equivalent).



Fruits and Vegetables



Global Perspectives

Globally potatoes are the fourth most important food crop. This year the dry weather has left its mark in Europe. There is little demand for potatoes on the market, even though it is now starting to recover. The exports from the major European potato producers, such as the Netherlands, France and Germany, are not going smoothly and many markets are currently choosing potatoes from other European countries because of the price. On the other side Spain is benefiting from this with a good harvest and high prices on the market. In North America, the prospects in Idaho are gloomy: yields and sizes are disappointing. Noteworthy, is that currently the demand for potatoes is higher than the supply hence the price hike. Washington is taking advantage of this, as the harvest there has good prospects. In Canada, the harvesting has been postponed in most regions. The province of Manitoba can expect a record production this year, one of the best ever. Prices in China have also increased and production is lower due to natural disasters. Southeast Asia markets are now also looking elsewhere. In South Africa, the prices for potatoes are on average higher than last year. The prospect is that the volume of this year's harvest won't differ much from the record harvest of the previous season. The sales volume is currently lagging behind compared to last year. With regards to trade, Belgium, Netherlands and Russia exhibit the highest export potential in that order. South Africa's untapped export potential of fresh potatoes (not for seed) is estimated at US\$ 0.153 million but she bound to compete with countries like France, Germany and Egypt.



Key areas to unlock growth in Fruit and Vegetables

An alternative way, amongst others, to survive the dynamic change of climate and/or shortage of quality of water in the sector, requires the development of best technology that could enhance good practices without harming the status of food security. Therefore, if crop industries such as potatoes can maintain or develop the quality of plant material it could enhance their competitiveness and both commercial farmers and emerging farmers will have positive gains in the markets. Furthermore, National Fresh Produce Markets (NFPMs) are the key to unlocking revenue for vegetable producers, both commercial and smallholder. The infrastructure of these markets needs to be updated and maintained for producers to continue leveraging on local marketing. Food safety, quality and biosecurity of products on the NFPMs floor needs to be maintained so that all actors along the value chain can benefit. Export of vegetables requires up-to-date cold storage, processing and packaging infrastructure.



Domestic and Regional Perspectives

The vegetable industry in South Africa is fairly fragmented, unlike the fruit industry where most fruits are well represented in structures that advocate for the needs of the producers and other actors along the value chain. However, the industry has initiated a forum in efforts to organise itself to address issues that are common to the industry. The forum is not formally established yet but would be open to all producers and other actors within the value chain to unlock new markets and address the bottlenecks in the value chain through interaction with government and other relevant actors. More recently, the vegetable industry has established a new initiative in the form of the Vegetable Industry Value Chain Round Table, which brings together the actors in the industry, together with government to address policy.

The vegetable industry supplies mainly to the local market, and specifically the (NFPMs), followed by contracts with retailers and the rest is exported or sold in informal markets. In terms of quantity sold to markets, potatoes are the largest vegetable group that sells to the NFPMs, followed by onions, tomatoes, pumpkins and cabbages, to name a few. These are also the most exported products to the rest of Africa, and a smaller proportion to the United Kingdom, the Netherlands and others. Over 1 million tons of potatoes are sold on the markets annually, specifically over the past eight years. On average, 150 000 tons of potatoes is also exported to the rest of Africa, Mozambique, Namibia and Botswana being the largest importers. This year's yield per hectare has gone up, but the cost of production is also up. By the end of the week of the 6th of September, 2 115 689 bags (10kg) were sold in selected NFPMs and the average price was standing at R44, 52.

For correspondence:

Markets and Economic Research Centre

Email: research@namc.co.za

Tel: +27 (0) 12 341 1115

Website: www.namc.co.za

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