

Grains and Oil Seeds



Global Perspectives

Soybean exports for 2019/20 are projected at 49 million tons, up by 1.36 million tons from last month partly reflecting increased imports for China. With soybean crush unchanged, soybean ending stocks are reduced from 1.36 million tons to 11.56 million tons. The US season-average soybean price for 2019/20 is forecast at US\$8.75 per 0.027 ton with a downward decline by 25 cents reflecting reported prices to date. The soybean oil price forecast is lowered from 0.5 cents to 33.5 cents per pound. The soya-bean meal price forecast is unchanged at US\$305.00 per short ton. Global oilseed production is raised from 2.2 million tons to 576.8 million tons, with higher soybean, sunflower-seed, and cottonseed production. Soyabean production for Brazil is estimated to increase from 2 million tons to 125 million tons due to favourable weather in Mato Grosso as well as improved rainfall in Southern and North-Eastern-eastern soybean areas.



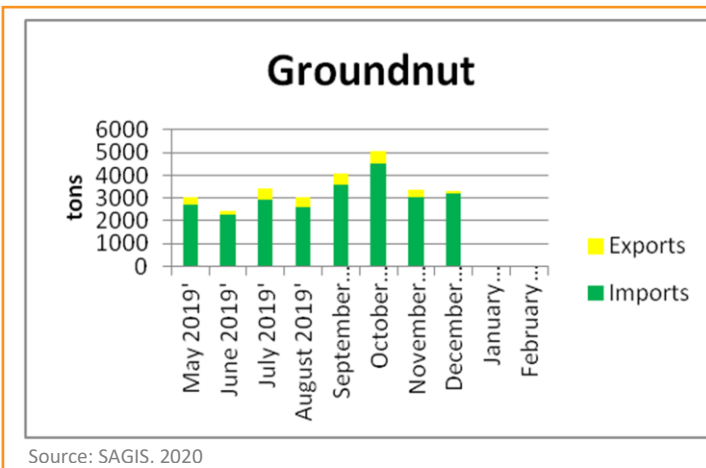
Domestic and Regional Perspectives

Generally, South Africa's and regional oilseeds production is not in good form. About 556 thousand tons of sunflower was processed between March 2019 - December 2019 for human consumption, while Animal feed, Oil and oilcake had a sizeable lower when compared to 774 547 tons for the same period in 2018. A ton of sunflower seed costed about R5500 which is 6% as compared to last week price. Soybean yields are estimated at around 1.1 million tons for 2019/20 season which is 1.5 million tons lower lower as compared to previous year. To ease the pressure on consumers, more soybeans need to be imported which is not necessary good news for producers with stocks as this suppress prices. A ton for Soybean will cost R5900 and this is an increase of 0.9% when compared to the previous week. Groundnut production seems to be getting worse and Peanut butter prices are a simple testimony. In 2019 a consumer paid R31.17 for a 400g peanut butter when compared to R28.06 for 2018. The figure on the far right shows soybean import and exports trends for the indicated months and years. Like the rest of the region it looks like South Africa will be saved by global supplies for oilseeds. Soybean prices are expected to decrease end of this month while prices for sunflower seed are expected to remain unchanged since beginning of February because of the season.



Key areas to unlock growth in Grains and Oil Seeds

A South American company has developed a drought tolerant soybean seed (HB4) with the top 4 global soybean suppliers already approved the seed, perhaps domestic seed suppliers need to look at it amid persistent drought thus reduced yields. Countries like the US, Argentina and South Africa's counterpart in BRICS. Brazil is the first country to have given green light for the HB4. Unplanted fields in Eastern Cape provide an opportunity for groundnuts expansion and require less water as other field crops. The outbreak of the Corona virus in China is likely to impact on the grains market as it poses uncertainty with regard to the recently trade deal with the US.



Livestock and Animal Products



Global Perspectives

The largest source for beef in the US was Canada, followed by Australia, Mexico, and New Zealand. The largest sources of beef were Nicaragua, Brazil, and Uruguay respectively. The bulk of the imported lean beef was used for manufacturing purposes. Additionally, China is increasing its demand for beef due to the recent African swine fever outbreak and also there is an estimated economic growth decline due to the recent coronavirus outbreak. In Australia, beef exported is forecasted to decline by 16% as compared to 2019 period. Meat and Lamb Australia forecasted that the Australian herd will continue to decline until June 2020, primarily due to the scale of breeding animal destocking that occurred during the second quarter of 2019. Cattle markets were also rattled by worries about the coronavirus.



Domestic and Regional Perspectives

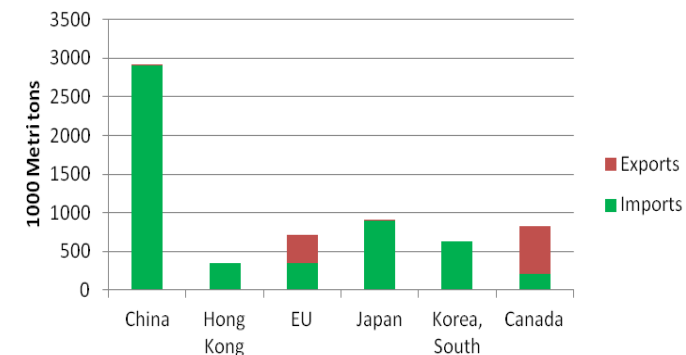
In South Africa, beef prices were higher in the different classes. The average of Class A price increased by 1.5% to R45.41/kg and Class C prices moved 1.6% higher to R39.97/kg. The national average of Class A carcass lamb price increased by 4.2% to R71.17/kg and the average Class C carcass price increased by 4.2% to R53.82/kg. According to the SA Weather Service the rainfall forecast for autumn (Feb-May) shows a higher probability of below normal rainfall over most parts of the country except the eastern parts where above normal rainfall is more likely. Higher than normal temperatures are expected for the rest of the summer and early autumn throughout the country. The yellow maize preliminary area estimate is 1.020 million hectares that is 18 400 hectares (1.84%) more than the 1.002 million hectares of last season. The total summer crop plantings increased by 8% compared to last season. The higher summer crop plantings will benefit the intensive livestock sector.



Key areas to unlock growth in Livestock and Animal Products

The country's drought coupled with FMD outbreak have had a negative impact on livestock producers countrywide. Furthermore the genetic adaptations which enabled this breeds to survive in such a harsh climate are diluted in the new hybrids, which lack the immune capabilities to resist local diseases. Instead of reaping profits, the farmers need to spend portion their profit on veterinary services to keep the animals healthy. State funded programmes such as the National Red Meat Development Programme and ARC livestock projects are on the forefront in terms of ensuring that communal/smallholder livestock farmers are equipped with the necessary knowledge and skills. Such projects are required to participate profitably within the South African red meat value chain while also allowing the participation of previously disadvantaged groups.

Global top beef importing & exporting countries Jan 2020



Fruits and Vegetables



Global Perspectives

Apricot production has been growing over the years with 3.88 million tons produced in 2018. Turkey, Uzbekistan Iran and Algeria were the top producers globally, accounting for 18%, 17.1%, 7.9% and 6.6% production shares, respectively. Taking into consideration of a one year growth in production, Iran registered the highest growth of 21.5%, followed by Uzbekistan (9.3%) and Turkey 4.9%. Trade data suggests that Spain, France, Turkey and Uzbekistan are the top exporters globally commanding about 35%, 11% 9.8% and 9.5%. On the other hand, Germany, Russia, France and Kazakhstan are the global leading importers with 23.8%, 9.0%, 7.5% and 6.2%, respectively. Real-time global average price is US\$ 2.8 per kg, representing an 8.4% increase per month. South Africa ranks 10th among the top exporters.



Key areas to unlock growth in Fruit and Vegetables

The deciduous fruit industry specifically has to continuously adapt to changing climate demands particularly water shortage. Hence learning different water saving methods like water harvesting and drilling of boreholes, these methods will ensure that producers can still remain profitable. Also, the use of more innovative technology, producers can stay competitive while also being sustainable. The apricot industry is export oriented therefore the power outage have a negative effect on produce logistics however packers should try to work around the scheduled power cuts and also invest on generators.



Domestic and Regional Perspectives

The stone fruits are performing well so far, except for apricots, which are at their end of their harvest season. The harvest was down by 30% this season compared to the previous season, due to a drought that has persisted in its producing region- Ladismith in the Klein Karoo (Hortgro, 2019). This is also reflected in the local sales and exports. In the local markets by the end of week 5, apricots sold 16% (85 025 cartons that are equivalent to 4.75kg) lower volumes than in the previous season. Export volumes were down by 37% compared to last season's week 6. South Africa exported the majority of apricots to the Middles East (137,242 cartons), followed by the United Kingdom (99,664 cartons), Europe (90,045 cartons), Africa (6,808 cartons), etc.

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