

Grains and Oil Seeds



Global Perspectives

Argentina's maize and wheat exports are forecast to reach record levels in the 2019/20 marketing season with grain prices generally higher when compared to the beginning of the marketing season thanks to a strong demand globally. Brazil maize prices follow a similar trend to Argentina as a result of global demand. Global maize is raised for February by 0.8 million tons, with South Africa, Moldova and Ukraine as the main contributors. In Australia, the wheat harvest is estimated at 40% below the 10-year average. Ukraine's wheat crop was badly affected by unfavourable weather conditions which negatively affected yields. In October 2019, Ukraine's wheat export prices increased by 8% fueled by global demand increases. Global rice exports are lowered by 0.8 million tons with India as a major contributor (0.6 million tons) as a result of floods that negatively affected some parts in the North and South of the country. As for imports, major livestock producing countries have increased their maize imports.



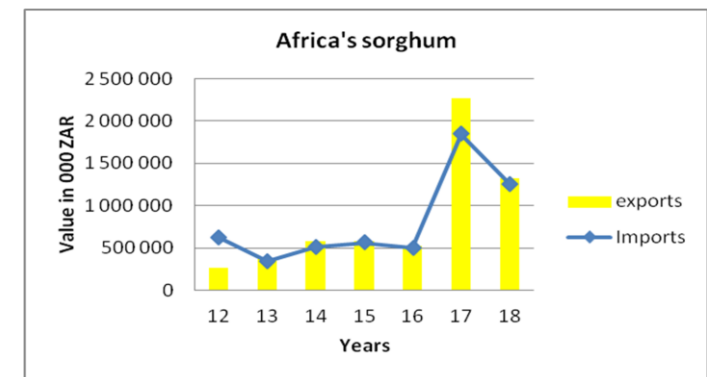
Key areas to unlock growth in Grains and Oil Seeds

The importance of grains in Africa cannot be emphasized enough and sorghum is underrated especially in South Africa. Continentally is the fourth most import grain but its use is interchangeable with maize for animal feed, specifically sweet sorghum, mainly produced in South Africa while its use is interchangeable with maize and Millet for human consumption. Sorghum is produced across Africa because of its resistance to drought. South Africa needs to seriously look at ways to improve sorghum yields because there is a lot of potential within the continent and in Asia.



Domestic and Regional Perspectives

Approximately 10.4 million tons of maize has been recorded for the weeks of 02-14 February 2020, with 1.39 million tons for wheat and 1.13 million tons for soybeans, respectively. Approximately 35 992 tons of maize was exported between 8 -14 February 2020. Zimbabwe (20 129 tons) leads exports, followed by Namibia (5 540 tons), Botswana (5 548 tons), and Mozambique (3 166 tons) for the week of the 14th of February 2020. Maize prices have been stable in Namibia as a result of imports mainly from South Africa. Exports to Zimbabwe will possibly increase until March 2020. Latest numbers for wheat exports were 737 tons, 633 tons, 482 tons, and 356 tons to Zimbabwe, Lesotho, Eswatini, and Botswana, respectively. Wheat imports for South Africa stood at 568 556 tons compared to 538 478 tons two weeks ago. Sorghum exports continues to decrease for past few years but the 2019/20 market season might be affected if good rains continue because of a significant increase in area planted. Kenya continues to lead in Sorghum exports within the region since Nigeria consume almost all of its sorghum produced. Barley remains at opening stocks of 484 079 tons since 1 January 2020.



Source: ITC, 2020

Livestock and Animal Products



Global Perspectives

China lifted a 19-year long import ban on US beef, giving the US farmers much broader access to China's rising market, which is also in accordance with the agreed phase one trade deal signed in January 2020. The removal of the restriction will also ease supply shortages in China amid the recent COVID-19 virus outbreak. According to reports from Reuters (2020), commodities funds liquidated more of their sizable long holdings in cattle, after the US Centre for Disease Control and Prevention warned Americans, to prepare for community spread of the virus. According to the reports the spread of the virus has infected some 80 000 people worldwide and killed more than 2 600 which could dampen economic growth and slow restaurant traffic. Demand for beef could be more affected than pork and/or chicken. US livestock traders reported that several thousand feedlot cattle in Kansas traded at \$115 per cwt, experienced a \$5 decrease from last week. The combined US inventory of beef, pork, chicken and turkey in cold storage at the end of January 2020 estimated at 2.374 billion pounds, 2.4% higher than a year ago and 6% higher than the five-year average. The combined month-end inventory of the four main species increased by 4.5% from December 2019 levels. This compares to an average increase of 6.3% in the past five years.



Domestic and Regional Perspectives

The 4% reduction in predatory loses for small stock proves to be a useful measure for both wool and meat producers in South Africa. South Africa's live sheep exports were at its peak in 2019 and the highest in over 20 years. Kuwait, Lesotho and Mauritius were the main destinations. Small stock farming is becoming more popular among emerging and communal farmers with four million sheep owned by these groups. The glimpse of success and the market opportunities e.g. Qatar, are vast for live animals. Meatco's high-quality beef has made Namibia the first country in Africa eligible to export beef to the US. This milestone is a benefit from the duty-free export of beef into the US through the African Growth and Opportunity Act. Under the final approval agreements, Meatco will be exporting boneless raw beef products like primal cuts and beef trimmings, as well as chuck and blade. The approval will enable Meatco to send 860 tons in the first year, increasing to 5 700 tons in five years. Namibia's livestock industry is worth approximately N\$3.9 billion annually. U.S. consumers will benefit from access to Namibia's high-quality, free-range grass-fed beef.



Key areas to unlock growth in Livestock and Animal Products

The recent budget speech highlighted the enhancement of economic development within the Agricultural sector. The Minister of Finance allocated R495.1 million to DALRRD for the improvement of compliance for biosecurity and export support. R500 million was also prioritised for the Department to finalise outstanding land claims. An amount of R40 million has been budgeted to support the development and implementation of a national livestock identification and traceability system. To streamline the provision of agricultural finance, the Department will transfer R1.2 billion to the Land Bank to enable the bank to offer blended finance to emerging black farmers with the aim of creating a projected 450 black commercial farmers each year over the period ahead. Since the lifting of the auction ban, farmers have managed to increase their incomes although auctions are still being conducted under strict conditions.



Fruits and Vegetables



Global Perspectives

The total global fruit trade market has grown by an average of 40% over the last ten years. It has increased from 45 million tons to 63 million tons. This growth has been gradual. The increase in exports is keeping pace with the growth in worldwide fruit production. Global fruit production, in turn, is increasing at a faster rate than the world population. Currently, there is about 120kg of fruit available for each person in the world. European Union countries' share in exports in the worldwide fruit trade sector is gradually decreasing. EU trade is still growing. However, both exports and imports in the rest of the world are increasing at a faster rate. Europe's fresh produce trade is coming to terms with the sudden, dramatic and, at times, confusing impact of the recent coronavirus outbreak. Exporters in particular are finding they face greater hurdles in accessing Asian markets, while importers have been left to await the resumption of key supply lines, as well as a potential redirection of produce originally bound for Asia into their own markets.



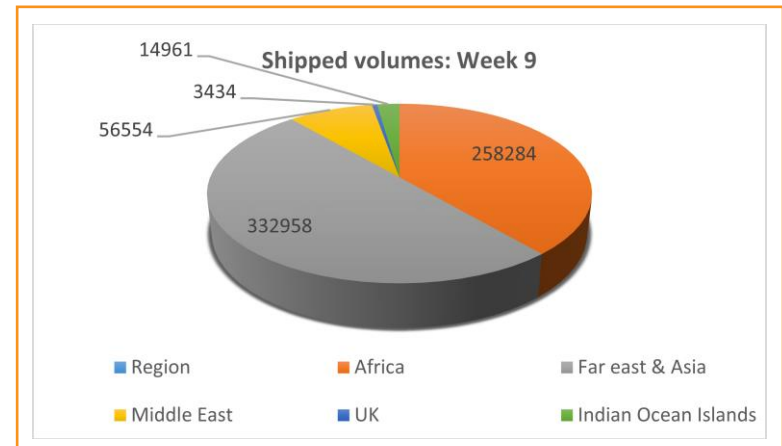
Key areas to unlock growth in Fruit and Vegetables

The South African fruit industry is export oriented and it has been performing well over the years due to the demand in exports. However South Africa is lagging behind compared to other competitors like Mexico and Peru, which increased their exports by 8% in 2019. South Africa has failed to maximize on the opportunities presented by high value and labour-intensive fruits, such as berries and avocados with fast growing demand in international markets. Furthermore, the industry presents a potential to continue growing exports, increase participation of small holder farmers and contribute largely in job creation. However, this growth is also dependant on investing in technology advancement and adapting to climate change. These will not only ensure that the produce is of good quality and but also increase sustainability of the industry. Constant technology upgrading across the value chain processes is vital for market access, increased production, high produce quality and prompt supply chains.



Domestic and Regional Perspectives

South Africa expects to boost its raisin production to 100,000 tonnes in the next five years as new plantings come on stream and the sector strives for greater continuity of supply. The South African raisins industry, which last produced a record crop of 75,000t, is looking to increase export volumes to the UK and certain Asian markets such as Japan and China. On the other end, the south African 2020 apple export season has started amidst some uncertainty as to how the COVID-19 outbreak will influence international trade. What is certain though, is that there has been a strong West-East trade shift over the past two decades. With around 70% of the annual apple crop destined for the Far East, South East Asia, the Middle East, and Africa. Over the past 15 years, South Africa has increased its marketing position in the east gradually and is continuing to work to gain better market access in the region. South Africa is forecasting an increased apple export crop. The 2020 apple export forecast is for 35.7 million 12.5kg equivalent cartons which are about a six percent increase on last year.



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