

Grains and Oil Seeds



Global

International free on board (FOB) prices for Soybean from the Gulf will cost R5 280/ton, while in Argentina a ton will cost R5 235/ton, a R30 increase from the previous week. A ton of Canola from Canada will cost R5 595, an increase of R45 from the price paid for a ton (R5 550) on the 11th February 2020. Groundnut prices from Argentina continue to increase because of global demand, with end of January 2020 prices at R21 750/ton. From the 18th of February the cost increased to R22 500/ton. A ton for groundnuts from the US remains steady at R22 050. Generally global oilseeds imports are increasing after the sharp fall in 2018/19. Exports followed the same trends as imports but increasing at a rate faster than that experienced in imports in the past couple of marketing seasons. Oilseed crushing is increasing globally especially for soybeans, driven by demand across the globe for countries with producing livestock. The graph on the far right presents imports, exports and the crushed oilseeds for the past few marketing seasons.



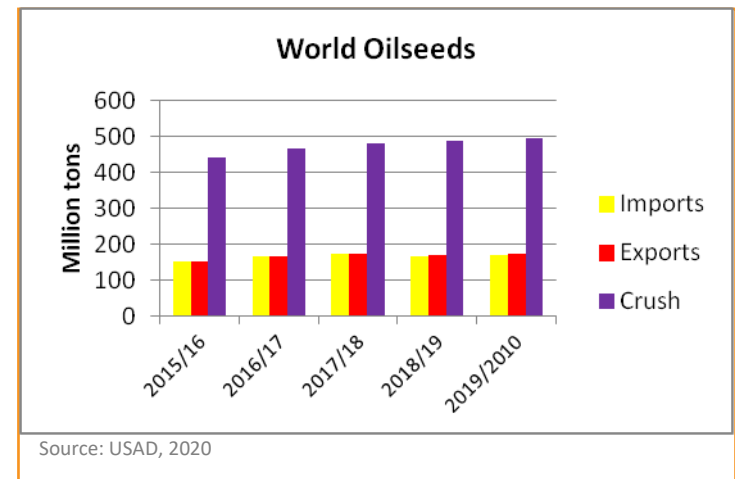
Domestic and Regional Perspectives

Domestic prices from SAFEX (R/t): from the 20th of February 2020 Sunflower prices were R5 225/ton. An increase of R5 228/ ton is expected on 20 of March 2020. Soybeans prices cost around R5 940/ton from the 20 of February 2020, with a decrease of R52 expected, to reach R5 888/ton on the 20 March 2020. This trend will continue to gradually decrease until June 2020. For the Canola winter crop 2019, 74 000 ha was planted with an estimated yield of 1.3 ton/ha i.e. 96 200 tons is estimated. Soybean, Sunflower seeds and Rapeseeds imports are going to increase for South Africa because of significant fall in yield when compared to the previous season. Sunflower exports from South Africa to the neighbouring region are concentrated with Namibia, Botswana and Uganda leading. Eswatini is another market destination for Sunflower from South Africa. Domestic and regional oilseed demand will be cushioned by global supply which is estimated relatively high, but prices are possibly going to change as we approach June 2020. The effects of the corona virus (only one case reported) are not yet realized, but markets are likely to be under pressure especially oilseeds such as soybean and canola oil.



Key areas to unlock growth in Grains and oilseeds

From the 2020 Grain SA Congress at Nampo Park, it was clear that the domestic soybean industry problems are ongoing this season. The debate of price differentials was extensively discussed and the farmers believe that the industry is not viable given the current state because it's becoming less profitable and this has implications for the poultry industry master plan. Domestic soybean production and oilseeds in general has got to be increased and crushing needs to be improved as it can be seen across the globe (see graph below). Decline in Asia's agricultural product demand and falling prices could see the value of South Africa's agriculture exports to Asia also declining.



Livestock and Animal Products



Global Perspectives

Global pork supplies are expected to decline by up to 10 percent in 2020 after a record fall in stock levels in 2019. A key driver of the gradual recovery in the global poultry market will be ongoing strength in trade flows to Asia in order to supply African swine flu (ASF) affected markets such as China, Vietnam, South Korea, and the Philippines. Improved beef prices, the main substitute for fresh poultry, stable global average feed prices and more balanced supply will also support the gradual recovery of the global poultry sector. Pork production in China, the world's largest consumer, declined by over 20 percent in 2019 as ASF impacted supplies and with the addition of coronavirus providing further volatility. China's 2020 pork imports are expected to reach a record 3.7 mmt, more than double its imports of 1.6 mmt in 2018. China's import increases will offset a fraction of the 21-mmt production decline. Despite the surge of imports, Chinese consumption of pork is expected to decline dramatically, as consumption of poultry and other animal protein substitutes increases. On the other hand, Australian wool prices were negatively influenced this week by the decision to cancel sales last week due to a service provider unable to deliver the necessary data. AWEX report the volume of 62 000 bales plus was the largely weekly offering in over a decade



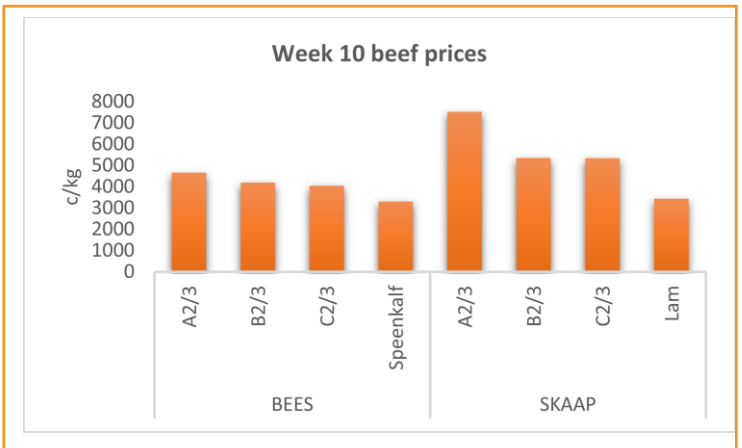
Key areas to unlock growth in Livestock and Animal Products

It is crucial for South African government to engage agricultural industries about possible prevention and control of ASF outbreak in order to limit as far as possible the damage resulting from an ASF outbreak. Therefore, it is important to clean and disinfect materials and transports used for handling the livestock. Restriction of the number of contacts between pig farms should be limited, primarily to contact between animals but also to indirect contacts, such as interpersonal contact and to contact via manure, trucks and other materials



Domestic and Regional Perspectives

In South Africa, local pork prices traded mostly negative this week. The average porker price is 1.0% lower at R26.58/kg, while the average baconer price declined by 0.3% to R25.00/kg. The average cutters prices were 0.5% lower at R25.25/kg. Week on week, beef prices were higher in the different classes. The average Class A price increased by 1.7% to R46.18/kg and Class C prices moved 0.5% higher to R40.19/kg week on week. A large part of the summer grain-growing region received good rains over the past weekend. This was a critical time for the maize crop. The western regions, like Bultfontein and Hoopstad still need rain. Looking at the current maize conditions, the country may have an above average crop. The largest part of the Northern Cape remains dry. West of Kimberley and south of the Orange River is still dry too. Grazing remains an on-going concern. Follow-up rains remains critical especially with veldt conditions that needs to recover. The long-term outlook however is positive.



Fruits and Vegetables



Global Perspectives

A report undertaken by the World Apple and Pears Association (WAPA) has highlighted that production of apple and pears, in the Southern Hemisphere will slightly dropped in 2020 compared the 2019 season. However, countries like Argentina, Australia, Brazil, Chile, New Zealand and South Africa – are expected to be relatively stable but slightly lower apple and pear production compared to 2019. The apple crop is expected to reach 5 million metric tons (MT) and pear crop to 1.3 million MT. In terms of the export, apple exports are expected to remain stable at 1.725 million MT. Exports of pears will be 691.660MT. The production of both apples and pear is influenced by change in climate change, where the consequences of climatic havocs has been affecting the industry negatively. Noteworthy, is that South Africa is amongst the top five producer of both apples and pears in the world. In South Africa, a normal pome fruit season is anticipated for the 2020 season. With good 2019 winter rain, many of the growers are able to prepare a good crop. In general, colour development and pack-outs looks promising at this stage. Only on the early pears sizing and colouring has been negatively affected by the heatwave experienced during mid-January 2020.



Domestic and Regional Perspectives

South Africa's agriculture sector has experienced two consecutive years of recession. This is associated with the widespread drought on the production of field and horticultural crops. The sector contracted by 7,6% in the fourth quarter due to a decline in field and horticultural crops. In 2020, pome fruit season is expected to be normal. Though, South African fruit industry has been threatened with new COVID-19 outbreak. Fruit industry is largest contributor by value to South African agricultural exports. As a result, the 2020 apple export season has started with uncertainty and several concerns as to how the COVID-19 will affect the international trade. There has been a strong West-East trade shift over the past two decades. Around 70% of the annual apple crop destined for the Far East, South East Asia, the Middle East and Africa. However, the 2020 apple export forecast is for 35,7 million 12,5 kg equivalent cartons which is about 6% increase compared to last year. In week 9, apple exports experienced a 2% declined as compared to the previous season. The forthcoming entry of pears into China has also been stopped due to the virus outbreak but this will not affect the market supply. China is not the only Asian market starving for South African Pome fruits. We have seen a significant growth in India, Indonesia and Malaysia in the recent years. The 2020 Pear exports forecast is 16, 6 million 12, 5 kg equivalent cartons which is about 3% decline as compared to the previous season. Week 9 recorded 11% decline in pear exports compared to the last season.



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, and high produce quality and prompt supply chains.

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