

Grains and Oil Seeds



Global

Grain-Consuming Animal Units (GCAU) for 2019/20 are projected at 103.2 million units, up from last month's forecast on larger poultry production. Maize trade increased from 0.5 million tons to 173.5 million tons, while sorghum trade increased from 0.4 million tons to 4.1 million tons. The season-average price received by farmers in USA for maize is projected R0.8/ton lower at R60.8 based on weighted average sales to date. The stocks-to-use ratio is unchanged at 13.4. Based on increased shipments to China, sorghum exports are projected this month at 3.4 million tons higher by 0.4 million tons. As a result, feed and residual is projected down by 0.3 million tons at 3.3 million and ending stocks are lowered 0.1 million tons to 1 million tons. Maize exports are projected 1 million tons higher this month for Argentina to reach a record of 34.5 million tons. For oilcake (sunflower) exports Ukraine is by far the biggest exporter in the world and it has been increasing its value annually over the past 8-9 years. Russian Federation is the second biggest exporter after its neighbour with Netherlands and Bulgaria coming at third and fourth world exporters.



Key areas to unlock growth in Grains and oilseeds

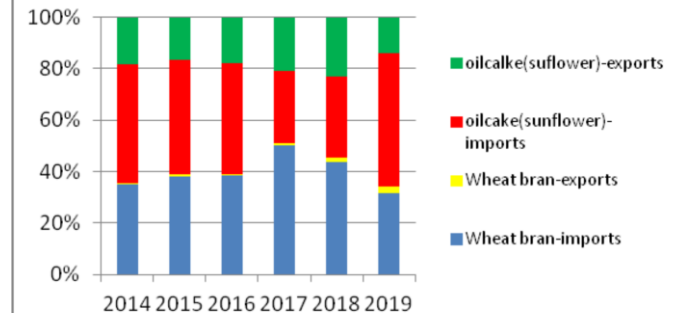
The top nine feed producing countries include the U.S., China, Brazil, Russia, India, Mexico, Spain, Japan and Germany. The Animal Feed Manufacturers' Association (AFMA) of South Africa is launching the first research and training feed mill to be located at the University of Pretoria's Miertjie le Roux Experimental Farm near Bronkhorstspuit. This initiative has potential to close the disparities that currently exists in the skills of most animal nutrition graduates and the feed industry in general.



Domestic and Regional Perspectives

There were no significant livestock inventory changes. Due to other factors being stable, maize supply and demand remain unchanged this month. Oilcake (sunflower) in monetary terms across Africa has registered a drastic fall by almost half in 2018 from US\$8 billion to US\$42 billion in 2019. Nonetheless, South Africa has increased its oilcake exports noticeable of the top exporting oilcake countries continentally despite drought in Western Cape and parts of Free State. Oilcake imports also fell significantly between 2018 and 2019 due to droughts and cyclones across the Southern Africa region. Wheat bran exports have followed the same trend as oilcake this has been the trend since 2017 where a record of wheat bran was exported across Africa. Mozambique leads wheat bran in exports followed by Cote d'voire and Botswana. For imports, unsurprisingly South Africa leads by significant margins after increasing wheat imports yet again followed by Senegal, Botswana and Lesotho. Presently most feed wheat bran for pigs is coming from our neighbouring countries majorly from Mozambique, Botswana, Malawi and Lesotho while oilcake (sunflower) is coming from Argentina.

Imports and exports (animal feed)



Livestock and Animal Products



Global Perspectives

Egg production in Africa is low compared with other parts of the world. Egg production in China will remain as a huge and strong industry for the future development, and egg products will still be a popular and affordable food for Chinese people, but growth will be at a slower pace. It is estimated that the annual egg consumption in 2020 and 2030 will be 25.03 and 30.51 million tons, respectively. In week 12, United State wholesale prices for shell eggs rose precipitously through the week on sharp daily advances as marketers struggle to maintain sufficient stocks to meet a heightened level of consumer demand. Prices for national trading of truck lot quantities of graded, loose, White Large shell eggs rose 85% (from \$1.029 to \$1.908 per dozen), their highest level to date with a sharply higher undertone into next week. UK exports of fresh and frozen beef recorded strong growth in January, totalling 11,300 tonnes, almost 20% more than in the previous year. This comes after December data recorded comparatively smaller growth (5%). The price of topside and strip loin increased by 2.6% and 0.8% respectively week on week. The price of rump, chuck and brisket decreased by 1.4%, 2.8% and 1.9% respectively week on week. In New Zealand, the activity on export beef markets has died off as news of the coronavirus in China spread. Some New Zealand suppliers find themselves with stocks, due to major processing backlogs and a disrupted Chinese supply chain.



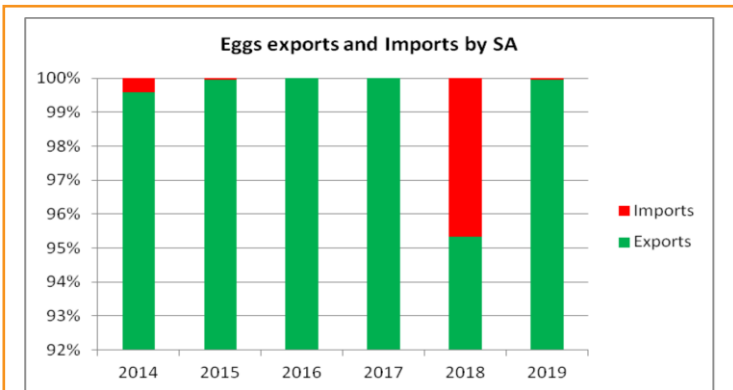
Key areas to unlock growth in Livestock and Animal Products

South Africa is a net exporter for eggs further expansion within the continent should be explored because most eggs from South Africa are exported to few SADC countries. Should the poultry master plan materialize that would mean more eggs are too be produced and that might saturate the domestic market thus necessitating further export expansion.



Domestic and Regional Perspectives

Eggs production is back to normal after the avian flu outbreak of 2017. In fact, in 2019 there was a surplus of eggs in South Africa. The AVI raises some uncertainty for South Africa's egg production for 2020 period and the fact that there is AVI outbreak in China. On week 12, lamb and mutton prices traded mixed when compared to the week 11. The national average Class A carcass lamb price increased by 1.9% to R72.52/kg and the average Class C carcass price decreased by 5.4% to R50.89/kg. The price of merino skins remained unchanged at R47.50/skin this week. The Dorper skin price was up by 0.8% week on week at R33.47/skin. Compared to a year ago the price of dorper skins is 29.6% higher and the price of merino skins is 23.40% lower. 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. The current average hide price is R1.36/kg, this is 1.1% lower than last week's price of R1.38/kg. Figure on the far right shows imports and exports by South Africa over the six years.



Source: ITC (2020)

Fruits and Vegetables



Global Perspectives

The production of orange in the world for 2019/20 season is forecasted to decrease by 5.8 million metric tons to 47.5 million (of 2018/20) due to unfavourable condition in Brazil, Egypt, the European Union and Morocco. In case of grape fruit, the production is expected to increase by 2% to a record of 7.0 million due to favourable weather and lager crops in China, South Africa, Turkey and the United States. The global production of lemon and lime is forecasted to decline by 586 000 tons to 7.9 million due to lower production in Argentina, the EU, Turkey and US. Noteworthy, SA is the second-biggest global exporter of citrus fruit in the world and is to grow by a further 500,000 tonnes over the next three to five years. The key markets for South African citrus fruits are inclusive of China, the US, India, Philippines, Japan, Vietnam and the EU. With the outbreak of Corona Virus affecting almost the world, the marketing of agricultural products in the exports market could be affected for certain period of time, in particular the shipment products from and to country such as China and the EU where most of the fruits are consumed. The corona virus could be amongst the global risk and uncertainty facing the trade markets and should awaken the world in terms of infrastructure development that support trade of commodities between countries.



Domestic and Regional Perspectives

There have been several reports of panic buying by South African consumers not only for dry groceries but also fresh produce that have longer shelf life due to the Corona virus outbreak that is affecting the country. Both fruit and vegetables are sold out. It will be with no surprise to see the prices going up in the local markets. In South Africa, citrus exports are continuing as planned and early citrus exporters report good demand for the citrus products. Oranges take the huge portion of the citrus export market at 35%, followed by navel oranges (19%), lemons (18%), soft citrus (16%) and grapefruit (12%). Soft citrus and lemons are estimated to show the highest growth rate in 2020. Therefore, Soft citrus is projected to increase by 28%, whereas lemons will see a significant increase of 18% from last year. This growth is largely as a result of new orchards coming into production and good rains across some of the regions. In week 11 of 2020 season, South African lemon exports to Middle East contributed 61%, followed by South East Asia (18%) and Russian federation (14%). It is worth noting that none of South African exports of lemons were destined for Asia and United Kingdom markets and hence only 2% was destined for the European Countries. This shows the negative impact this virus has in the South African citrus industry. As a result, the outbreak across the European Union (EU), remains a concern and could still result in a decrease in demand as it is the largest export market for South Africa's citrus.



Key areas to unlock growth in Fruit and Vegetables

We are seeing some adjustments in the export markets for lemons on a year-on-year basis compared to last year (2019). The Middle East market has grown by 26% to 63%. The Russian Federation and the South East Asia markets have also shown an increase of 6% and 5% respectively, while the United Kingdom, North America and Europe have all declined. However, there are difficulties in the logistics (from harvesting and packing to moving the produce) due to regulations put in place to curb the spread of the virus. The good news though is that the demand for lemons has and is still expected to increase due to its vitamin content that helps strengthen the immune system.

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