

Grains and Oil Seeds



Global Perspectives

March 2020 revision of the 2019/20 global oilseed outlook includes higher production and stock levels relative to February 2020. Global soybean production increased by 2.4 million tons to reach 341.8 million tons, mainly resulting from a 1 million ton increase for both Argentina and Brazil, at 54 million tons and 126 million tons, respectively. A ton of soybeans from the Gulf (USA) was selling at US\$326, down by US\$19 from US\$345 on the 17th of March 2020. A ton of soybean from Up-River (Argentina) was selling at US\$308, down by US\$15 from US\$323 the previous week. A ton of Canadian Canola sold at US\$345, down by US\$11 from the previous week. A ton of groundnuts from Argentina was selling at US\$1520, which was the same as the previous week (10 March 2020). In the USA, a ton of groundnut was selling at US\$1 473 the same price as of the 10 March 2020. The observed decline in oilseeds prices in recent weeks is due to high supplies across the globe, and countries that are net importers particularly in Sub-Sahara Africa will be able import oilseeds unless the rampant corona virus causes unpredicted shifts in the market.



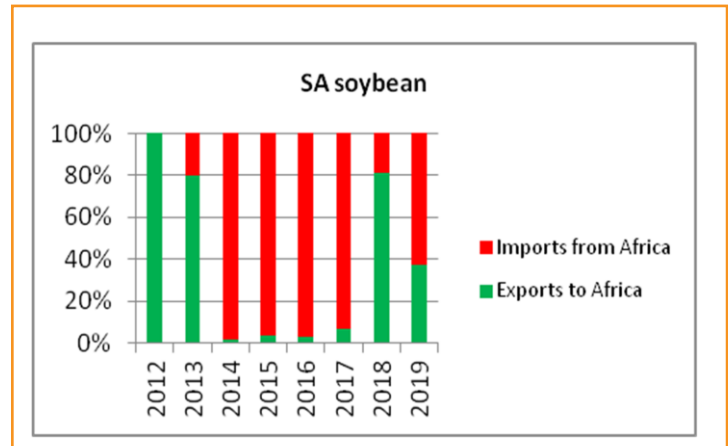
Domestic and Regional Perspectives

In general, oilseed prices have increased from the previous month prices driven by a rise in regional demand. Oilseeds domestic SAFEX prices on 20 March 2020 are as follows: a ton of soybeans was selling at R6182 from R5940 on the 20th of February 2020. Soybean imports to South Africa remain constant since October 2019, as is the case for exports with Zimbabwe being the main export market. For sunflower, an increase of R279/ton was reported, from R5 225/ton on the 20th of February 2020 to R5 504/ton on the 20th of March 2020. Both imports and export for sunflower remain relatively low, for now. End of February only 526 tons of sunflowers was exported to Namibia, Eswatini and Botswana, while only 390 tons were imported. For groundnuts, South Africa is a net importer. By the end of February 2020 approximately 30 323 tons was imported predominantly from Mozambique and Nicaragua. Exports reached 4 737 tons by the end of February 2020. Holistically when it comes to oilseeds production, the region is not doing well, however, there are enough global supplies to meet the domestic demand.



Key areas to unlock growth in Grains and Oil

South Africa is not doing too well in oilseeds production, particularly soybean. Compared to world leading producers and there is a possibility that the country is rather lacking behind as a result of the lack of improved seed cultivars. About 80% of farmers in South Africa use saved seeds rather than improved seeds and this have kept the industry behind for years. Yields have remained extremely low (1.5tons/ha), compared to leading countries producing 3.5tons/ha). This is affecting the country's regional-to-continental competition as it can be seen on the graph below. The industry needs to invest in developing a few new cultivars.



Livestock and Animal Products



Global Perspectives

Nearly 39 000 Irish cattle were processed during the week ending 14 March 2020, an increase of over 3 000 animals from the same period during 2019. It was, however, a decrease of nearly 2 000 from the previous week. Demand in the food service sector has fallen, following measures taken in response to the COVID-19. In the UK, from the week ending 21 March 2020, the cattle price reached US\$335.4/kg the week before. Estimated prime slaughter was up by 1 700 head to 36 600 head. Overall, steers averaged US\$335.7/kg, up by US\$0.3/kg for the week and heifers overall averaged US\$336.7/kg, down US\$0.8/kg for the week. In China, there has been a 30% reduction of the import tariffs of three types of meat, with duties lowered to 12% this month. EU pig meat exports remain elevated in 2020, as more products continues to be exported to China. The current average pig price in the Philippines is 13.9% lower when compared to last year. The COVID-19 pandemic also subsequently affected imports, though reports suggest trade has begun to move again in recent weeks. Prices are reportedly holding at present due to heightened retail demand (“panic buying”). However, it is uncertain as to how long this might continue.



Domestic and Regional Perspectives

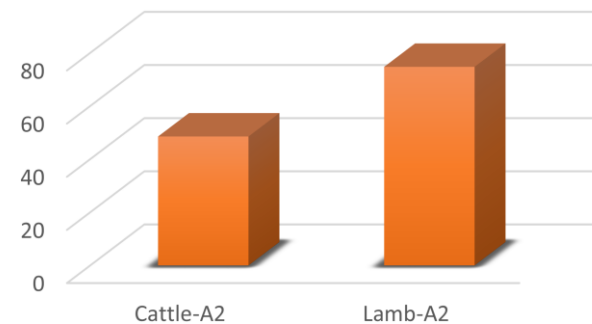
The COVID-19 outbreak resulting in the 21-day lock down, will cost the economy dearly and we expect that a number of small businesses will struggle to survive the month without income. It will also take some time for business to get back to normal. Furthermore the global economic recession is becoming more of a reality each day. As part of the 21-day lock down a list of essential services was released in agriculture, more specifically livestock. The list included primary animal production including production of meat, eggs, milk, farmed fish and honey at farms, feedlots and communal settings. This also include the slaughter of animals at approved abattoirs, animal diseases control and primary and further processing of food of animal origin. A full list is attainable on the DARDLR website. These are in addition to all the control measures as previously announced by the President and the Minister of DARDLR. Poor consumers in South Africa spend around 21% of their food budget on meat. Performance of essential services, around meat value chains will be critical during the COVID-19 pandemic. The current cases of empty food shelves resulted in “panic buying” by consumers, but does not reflect the shortage of food and/or disrupted food supply. Local demand for red meat products continues to be strong and exports are expected to continue as normal, with about 95% of lamb, sheep and beef production consumed locally.



Key areas to unlock growth in Livestock and Animal Products

Assistance to smallholder farmers will be critical during the outbreak, to ensure that smallholder farmer are able to continue production. The Competition Commission and the South African National Consumer Union are expected to monitor food prices during the outbreak. This is critical, with the poorer consumers spending 40% of their budget on food and about 21% on meat products. This is critical to ensure food security, especially in poor communities and rural areas. The demand for livestock products is expected to continue to be strong locally and stronger demand can be expected in the near future in Asian markets. Exports of processed meat products will be critical for job creation and entrepreneurship in South Africa, with the anticipated demand of Asian markets.

Latest selling price



READMEATSA (2020)

Fruits and Vegetables



Global Perspectives

In this section, focus is drawn on potatoes, carrots, onions, and cabbages. Potatoes are the fourth most important food crop world-wide. Leading potato producers globally include China, India, Russia and United States of America (USA), accounting for about 25%, 13%, 8%, and 5% respectively. Since the Covid-19 outbreak, a surge has been observed in the demand of potatoes, onions, garlic among other vegetables in some countries, including Italy, Australia and Myanmar. Consumers were noted to be stocking produce in anticipation of the unknown during the Covid-19 outbreak. In some countries, like Saudi Arabia, they have put export bans on fresh produce in general. Conversely, some countries like the Netherlands reckon that Covid-19 has not yet affected the demand of staple foods e.g. potatoes, given that the potatoes market has remained stable. In the case of cabbage and carrots, Australia registered a significant (6%) increase in the value of their highly sought-after vegetable, including carrots, onions, cabbages, and cauliflower...etc. Latest weekly market price trends (as of March 16) indicate that the price of potatoes (on average) is highest in Italy (US\$ 0.53 per kg) while Poland offers the highest price of US\$4.74 per Kg of tomato. Generally, red onions fetch more money as compared to other types of onions. South Africa registered some of the highest price for onions, ranging from US\$ 2.07 to US\$5 per bag, depending on the type. Although China and the European union present a market opportunity for South Africa's carrots and cabbages (based on the market prices), the bulkiness of these products coupled with the strict food safety measures in those markets are critical concerns.



Key areas to unlock growth in Fruit and Vegetables

Taking into account the developments of the corona virus around the world, South Africa has also introduced precautionary measures that likewise affect agricultural activity. The government is ensuring that essential activities such as agriculture will continue to operate in order to maintain the food supply. Labourers within the agricultural sector are advised to keep a 'safety distance' of 1 metre apart, while also making use of gloves and masks where necessary. Internationally, people need stable food supply such as potatoes, onions and carrots to maintain healthy diets and strong immune systems, especially now during this worldwide health crisis. The failure to take necessary action to protect our food supply will result in bare shelves in grocery stores, not only from panic buying, but as a result of shortage of critical labour. Another uncertainty is oversupply in retail stores during the lockdown, which could lead to food wastage in stores and in the farms.



Domestic and Regional Perspectives

South Africa is self-sufficient in supplying important vegetables for local demand. The majority of the top 5 vegetables such as potatoes, onions, tomatoes, cabbages and carrots are consumed locally and mainly sold in NFPMs, retail stores and processors. South Africa produces potatoes in the region of 1.2 million tons, and produces approximately 410 000 tons of onions, 300 000 tons of tomatoes, 110 000 tons of cabbages and 130 000 tons of carrots. We also exported onions, tomatoes and carrots to countries such as Mozambique, Angola, Zambia, eSwatini in 2019. Following the outbreak of the corona virus in South Africa, there have been notable cases of bulk buying in retailers, which prompted uncertainty about whether the food supply will be able to sustain the rest of the country's consumers throughout the following month. A sudden increase in demand could lead to shortages and pressure on farmers to supply around the clock, which could in turn lead to increases in prices, affecting the poorer households. A day before the lockdown, the Joburg Fresh produce market still reported available quantities at the close of the market. Since the market is a place that sells essential food items, and is an important generator of income for farmers, it will remain open but prices will be determined by supply and demand. At this stage, retailers and farmer groups have confirmed they will be able to meet the demand during this time and that South Africa is food secure.

Table 1: Sales of the Top 5 sold vegetables at the Joburg Fresh Produce Market

Product	Total Value Sold	Total Units Sold	Units available
Potatoes	R7,277,729.00	207425	99581
Onions	R4,318,453.00	86941	33964
Tomatoes	R3,542,654.00	152098	27144
Cabbage	R601,893.00	16961	3590
Carrots	R1,181,032.00	30272	4493

Sales of the Top 5 vegetables (26-03-2020)

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