

Field Crops



Global Perspectives

Globally, the COVID-19 pandemic is proving costly for a number of countries and has become a heated issue between China and Australia. Since Australia initiated an investigation surrounding the origin of the corona virus, China has since imposed an 80% tariff on barley imported from Australia for the next five years as of the 19th of May 2020. This has practically cut off the Chinese market for Australian barley imports with possibilities in tariff hikes for other commodities (World Grain, 2020). Global barley prices are showing an upward trend especially in France which is a regular supplier to South Africa. As of the 18th of May 2020, a ton of barley was selling at US\$184, up by US\$1 from the previous day (IGC, 2020). Both wheat and rice began to show an uptick in prices after a significant reduction end of April 2020 with Argentina leading global prices. As of the 14th of May 2020, wheat prices from France have surpassed wheat prices from the USA reflecting price competitiveness within the EU region. Rice prices from India and Vietnam remain constant while an uptick in Thailand was observed (IGC, 2020). Maize prices in general are decreasing particularly from Argentina and USA since the 19th of May 2020 (IGC, 2020).



Key areas to unlock growth in Field Crops

After some speculations regarding the closure of Walt Malting (the only malting company in South Africa), barley producers were facing dire straits since the ban of alcohol since the commencement of the lockdown. However, the Presidents' State Address on the 24th of May 2020 brought a bit of hope for the craft beer industry. The 2019 summer crop however, is likely to negatively affect domestic prices for barley because of the carry-over stocks and minimal use as the craft beer industry was not operational. Producers need to explore other potential markets since barley could not be utilized as feed with ample maize stocks, nor for feed reverses since meat demand, both domestically and internationally, negatively affected grains as well.



Domestic and Regional Perspectives

The recent announcement by President Ramaphosa regarding the relaxation of the alcohol sales ban during lockdown Level 3, would bring some relief for barley producers. The country produces a substantial amount of barley to sustain the domestic market, mostly used for beer manufacturing with small quantities imported. About 27 331 tons of barley has been imported for the 2019/20 marketing season, with a couple of thousand tons exported primarily to Zambia during March 2020, see figure to the far right (SAGIS, 2020). The second biggest wheat consignment this year arrived on the 15th of May 2020. For now, the slight increase in global prices has not been reflected on the domestic market. As of the 26th of May a ton of wheat is selling at R4 919, down from R5 623 during the previous week (Grain SA, 2020). Maize prices are showing a slight upward trend after a noticeable decline at the beginning of May 2020; however, this increase is not expected to continue as there are enough stocks available for domestic consumption and exports. Regionally, wheat consumption is definitely not slowing down with millers from Zambia producing nearly three times the normal volumes. About 7 981 tons of wheat was reexported the week of the 15th of May 2020, primarily to Lesotho (4 289 tons), Botswana (2 438 tons) and Eswatini (1 254 tons) (SAGIS, 2020).



Source: SAGIS (2020)

Livestock and Animal Products



Global Perspectives

Wool prices in Australia, the world’s dominant exporter, have fallen more than 25% since early March 2020 after trade routes were abruptly closed amid the coronavirus pandemic, leaving Chinese wool mills in control over bidding. The slowdown had been so severe that wool auction houses across Australia have cut the number of trading days since the usual demand from high-end European tailors dried up. Prices have almost halved from a year ago when global demand for wool products was soaring while at the same time supply was under threat during a prolonged drought ravaging Australian farms. Australia controls 90% of global fine-wool exports, where prices are largely driven by Chinese wool mills and Italian garment makers. The two countries purchase the majority of Australia’s wool, more than A\$3 billion (equivalent to \$1.97 billion) in annual wool exports, albeit buyers in India, South Korea and Japan. Wool prices are particularly volatile and difficult to forecast, given the lack of reliable data on inventory levels around the world (Reuters, 2020). China, the world’s top pork consumer, imported a record 400 000 tonnes during April 2020, up nearly 170% from a year ago, as buyers took advantage of low prices to stock up on meat. The deadly African Swine Fever (ASF) disease has reduced China’s pig herd by at least 40%, slashing pork output and sending prices of the country’s favourite meat to record highs (Reuters, 2020).



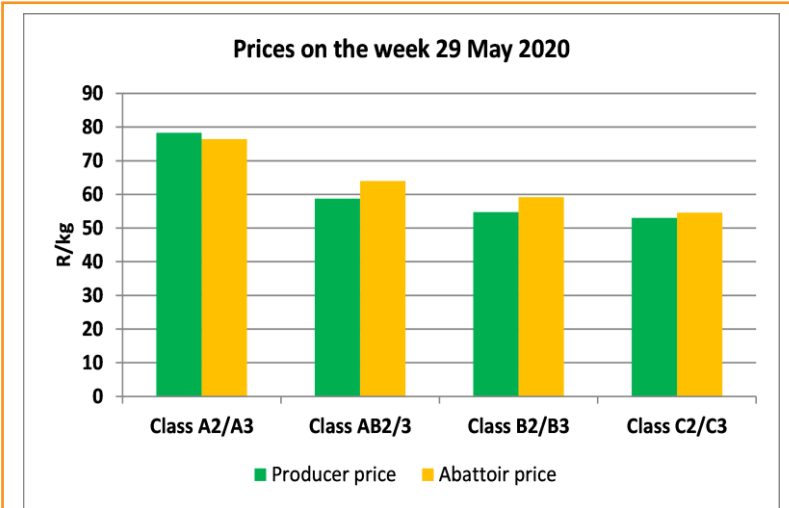
Domestic and Regional Perspectives

As of Monday, May 25th, 2020, prices for feeder lambs were 8% higher when compared to the previous week. This can be attributed to the slower supply especially for feeder lambs as well as the recovery from the meat industry. It’s estimated that between this week and the first week of June 2020, prices will move sideways/upward (AMT, 2020). Between the producer price and the abattoir price in the week of the 25th May 2020 there was a significant difference especially for Class AB2/3 and Class B2/B3 (see figure on the far right). There was a slight uptick in auction fees for feeder lamb from R39.51/kg last week to R39.71/kg this week. For pork, a slight increase in pork prices was observed this week attributed to a considerable increase in demand despite the increase in slaughter numbers during the second week of May 2020. Generally prices for pork products are expected to be a bit higher in the last week of May 2020 and the first week of June 2020, however, prices are still expected to be around 4% lower compared to April 2020 and 4.1% lower y-o-y. Average baconers and porkers were trading at R19.63/kg and R20.88/kg, respectively (AMT, 2020). For poultry, with the exception of IQF prices which is expected to decline during the last week of May 2020, other products prices such as SA-frozen, SA-fresh are expected to increase due to month-end demand. The lockdown which affected the hospitality and service industry still negatively affect the meat industry at large.



Key areas to unlock growth in Livestock and Animal Products

The lockdown has resulted in major losses of income for the country and farmers. This has caused some increases in crime rate within rural communities and urban poor areas. According to the Victims of Crime Report (2018), 0.77% and 0.05% of all households in South Africa suffered losses due to livestock and grain theft, respectively, during the 2017/18 financial year. The report highlights that goats and sheep are still commonly stolen animals. Eastern Cape and Free State provinces experienced high livestock theft bordering Lesotho. Currently livestock theft is on the rise due to the current lockdown and farmers continue to lose their stock and incomes. In terms of the Animal Identification Act, 2002 (Act 6 of 2002), livestock owners are required to mark their animals, but since livestock continue to be stolen, time for the implementation of livestock identification and traceability system for South Africa is now vital. Livestock owners should be proactive and count their livestock daily and should take note of peak times livestock theft tends i.e. during the Christmas and Easter (AgriOrbit; 2020).



Source: StatsSA (2020)

Fruits and Vegetables



Global Perspectives

India is by far the biggest international producer of guavas and produces approximately 40.4% of global guava volumes (46.51 million metric ton) on a year basis. It is followed by China accounting 10.0%, Thailand with 7.4% and Indonesia at 4.7%. Egypt, Nigeria and Kenya are the top three producer in Africa. The United States (21.3%), China (12.4%) and Netherlands (9.6%) are the top three importers of guava in the world. Whereas Mexico and Netherlands are the top exporters. South Africa account for 0.7% of the exported guavas and its annual production is approximately 88.7 thousand metric tons. Global production of mangoes is concentrated mainly in Asia and more precisely in India which produces an average of 18 million metric tons a year, followed by China (4.7 million metric tons) and Thailand (3.4 million metric tons). Production of mangoes is playing an integral part in the lives of many, not only by being a rich nutrient source but also as a source of livelihood for millions of peoples in the tropics.



Domestic and Regional Perspectives

As Covid-19 persist and number of infected cases increase day by day, Guava Producers' Association reported that the industry might face potential labour shortages for harvesting due to the fact that the peak of the pandemic is expected to occur during winter months, which would clash with the guava harvest season that starts from June to August. It was estimated that a total of 23 840 tons of Guava would be produced this season which is more or less the same as 2019 harvest (23 942). These volumes are still lower than 2017 harvest, due to some major producing regions were still suffering from the ongoing drought. On the other hand, South African Mango Association reported that due to an enduring drought conditions, South Africa's mango harvest is expected to decrease by 20% in the 2019/2020 season. Up until now about 3 500 tons of mangoes had been packed and processed for exports by sea and air. A total of 70 000 tons of mangoes is estimated to be realised, though the average crop size over the past 5 years have reached over 84 000 tons per season. The large produce is sold in the local markets along with the processing industry where mangoes are used to produce archar, and spicy mango pickle. Less than 10% of the fruit is sold in the export market. In the 2018/2019 mango season, just over 93 000 tons of mangoes were harvested, with under 30 000 tons going to local fresh produce markets, while around 26 800 tons was used in the production of archar. A further 15 000 tons was used for juice production, and 9 000 tons was used for the production of dried fruit.

Key areas to unlock growth in Fruit and Vegetables

South Africa exports about 15% of the recorded production of mango. This implies that the local market plays a crucial role to enable sales of the mango fruit. This market is categorized mainly into the fresh fruit sales and processed mango sales, where the latter absorbs about 15 000 tons per annum. Furthermore, the processing market is further divided into juice and archar production, and there is a considerable number of informal growers who are not registered with the South African Mango Growers' Association. This leads to uncertainty regarding total production and the contribution of informal growers in the two markets, but it is easy to observe that the archar market is big. This implies that the lockdown regulations are likely to have a negative overall effect in the demand of mango in the short term. The underlying factor is that the commercial processing sector, retail and fresh produce markets are likely to be the least affected in terms of the ease of movement of the fruit along the value chain. Therefore, prices are likely to take a hit if the demand does not recover quickly.

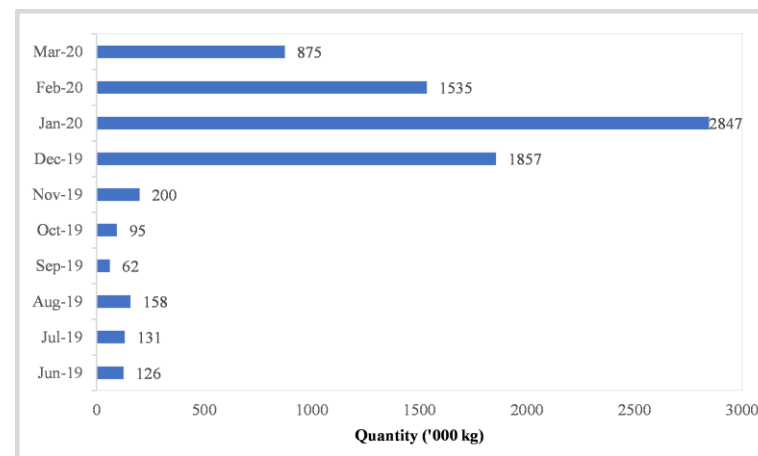


Figure 1: South African exports of fresh or dried guavas, and mangoes
Source: TradeMap (2019)

Source of information

South African Grains Information Services (SAGIS) - <https://www.sagis.org.za/>

Grain South Africa (GrainSA) – <https://www.grainsa.co.za/pages/industry-reports/safex-feeds>

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https://www.trademap.org/Country_SelCountry_MQ_TS.aspx?nvpm=1%7c710%7c%7c%7c080450%7c%7c%7c6%7c1%7c1%7c2%7c2%7c3%7c2%7c2%7c1%7c1

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Tridge - <https://www.tridge.com/intelligences/guava/production>

World atlas- <https://www.worldatlas.com/articles/the-top-mango-producing-countries-in-the-world.html>

Farmers weekly: <https://www.farmersweekly.co.za/agri-news/south-africa/fears-about-labour-shortages-for-2020-guava-harvest/>

South African Mango Association: <https://www.mango.co.za/trader-info/>

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