

Field Crops



Global Perspectives

One certainty about the grains 2020/21 season is that there is sufficient stock due to carryover stocks and good harvest. This is after the International Grain Council (IGC) increased projections by 21% to 627 million tons from the previous projections of 614 million tons at the end of 2019/20 season (World-Grain, 2020). This can be attributed to a modest change in wheat and maize stocks which is up by 11 million tons (IGC, 2020). International maize prices are showing an uptick trend from Brazil and Argentina, while remaining steady in USA. In the mist of the Trade battle between China and the USA, the soybean and wheat trade fell by almost 6% and 4%, respectively. Trade tensions between the world's top two economies have cautioned farmers and slammed agricultural markets on concerns that China as the largest importer of USA soybeans and other field crops such as cotton, would slow and halt purchases of those USA farm goods. Traders fear that China will begin to cancel more than 3 million tons of USA soybeans that it purchased but not yet shipped, valued at more than US\$1 billion. The tension is likely to change the international grain market trends should the tariffs be increased (World Grain, 2020)



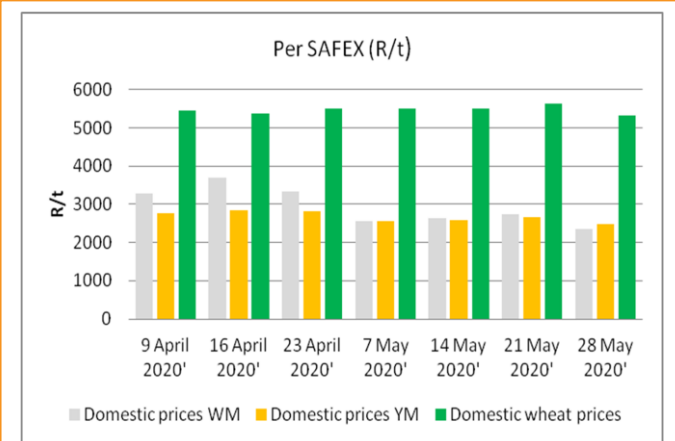
Key areas to unlock growth in Field Crops

With enough maize stocks for domestic consumption and a bumper crop expected for this season, expansion to the feed production particular for feedlots and the pork industry, both domestically and regionally, can be explored. With the easing of the lockdown levels and people gradually getting back to work, meat production will increase and South Africa is a key player in the feed market. Yellow maize prices last week possible attest to the increased livestock feed demand.



Domestic and Regional Perspectives

Domestic grain prices are showing a declining trend with yellow maize slightly higher than white maize for the first time in weeks. The yellow maize prices can be attributed to a demand increase in feed as the meat industry is starting to increase its output. As of Monday the 1st of June 2020, prices for grains atSAFEX (R/t) are as follows: a ton of white maize is selling at R2 362 down by R368, while a ton of yellow maize is selling at R2 668 down by R180 from the previous week. A ton of wheat is selling at R5 314 down by R309 from R5 623 the previous week (SAGIS, 2020). Regionally, the COVID-19 pandemic is definitely having a negative impact. In Botswana prices for wheat products increased slightly due to reduced production and of course the COVID-19 effect on imports. In Zambia, maize prices were significantly high at the beginning of May 2020 and the number of people being food insecure, has more than doubled. With Namibia banning imports as of 1 June 2020 for white maize, South Africa's regional exports are somehow going to be slightly affected, but monitored. A 20 000 tons increase in exports quantities was observed on the 22nd of May 2020 when compared to the 15th of May 2020 (30 000 tons). A total of 51 249 ton was exported majorly to Zimbabwe (12 224 tons), followed by Namibia (2 112 tons), Lesotho (1 641 tons) and Mozambique (533 tons) (SAGIS, 2020).



Source: SAGIS (2020)

Livestock and Animal Products



Global Perspectives

China has told state-owned firms to halt purchases of various agricultural products from the United States, including pork, after Washington said it would eliminate special treatment for Hong Kong to punish Beijing. U.S. President Donald Trump said on Friday, 29 May 2020, he was directing his administration to begin the process of eliminating special treatment for Hong Kong, ranging from extradition treatment to export controls, in response to China's plans to impose new security legislation in the territory. China is ready to halt imports of more agriculture products from the United States if Washington takes more action on Hong Kong. Chinese importers have cancelled 10 000 to 20 000 tonnes of American pork shipments - equivalent to roughly one week's orders in recent months - following Trump's comments (Reuters, 2020).

China's Ministry of Agriculture and Rural Affairs said on Friday it had found a new outbreak of African swine fever near the city of Lanzhou in north-western Gansu province. More than 90 pigs had already died on the farm of 9 900 pigs, it said. The ministry has recently stepped up efforts to track cases of the disease, which is deadly to pigs and for which there is no cure or vaccine (Reuters, 2020).



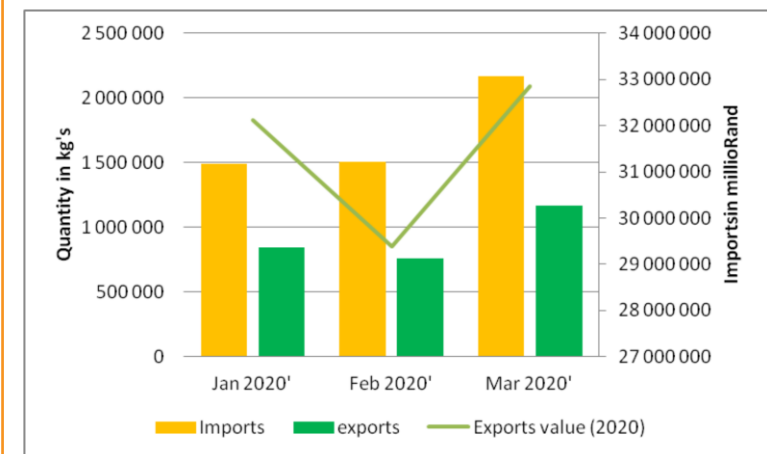
Domestic and Regional Perspectives

Domestically, data from SAPPO shows a significant increase in pork exports with over 1.1 million kilograms exported in March 2020. Botswana, Lesotho, Namibia and Eswatini (BLNS) continue to be South Africa's important market for pork so as the SADC (SAPPO, 2020). In March, Mozambique (417 366 kg) is a leading market destination for South African pork exports followed by Namibia (301 271 kg), Lesotho (255 026kg), Botswana (84 949 kg) and Hong Kong (68 103 kg) with little amounts to China and Zambia (SAPPO, 2020) see figure on the far right for imports and exports. This is 400 000 kg more when compared to the same month (March) in 2019. However, following an outbreak in Eastern Cape Province of African Swine Flu (ASF) presents a serious threat to the pork industry especially after the recent outbreak in Free State in mid May 2020. About 38 out of 70 pigs died in one farm and intensive assessment is currently under way (DAFF, 2020). Presently the only defence for the industry against these outbreaks is Biosecurity. During the week of 29 May, the average price for weaners was R 27.43/kg. The average producer price of Class A2/A3 beef was R43.64/kg. The average feeder lamb and class A2/A3 was trading at R 38.13/kg and R79.67/kg, respectively, the increase in price during week was among others caused by a higher demand and lower supply in the market. Moreover, the average price for baconer and porkers was R20.11/kg and R21. 77/kg, respectively (AMT; 2020). Ghana's Agricultural Development Bank has announced a GHC500 million (US\$87 million) loan facility in support of the government's Broiler Revitalisation Programme aimed at increasing the domestic production of chicken. Ghana currently imports over US\$300 million (about 180 000 tons) worth of chicken annually, or the equivalent of 5 million chickens each week. The country's own production equates to about 58 000 tons whereas national demand is about 400 000 tons (Poultry World, 2020).



Key areas to unlock growth in Livestock and Animal Products

The figure below clearly highlight that the country imports a relatively large quantities of despite the country being a good producer and exporter of pork . The country's exports are concentrated in two areas, the BLNS countries and SADC countries with very little quantities outside the region mainly in Hong Kong and China. Recently a vaccine in the United Kingdom saved tons of pigs from ASF and the industry should look at that as means to strengthen the local biosecurity measures. The world is currently experiencing an increase in the promotion of limiting meat and dairy products consumption. This increase is caused by the notion that people need to start eating plant-based materials in order to save the planet. Although various studies have shown that eating a plant-based diet will not contribute to environmental sustainability, this speculations are already threatening livestock industry as it also produces high greenhouse emissions. about the difference between real food and fake food (Farmers weekly; 2020).



Source: SAPPO, 2020

Fruits and Vegetables



Global Perspectives

Global production of apples and pears is projected to rise by close to 5 million tons and 3 million tons, respectively during the 2020 season. The forecast increase in production is attributable to favourable conditions in a number of major producing countries and the new orchards that are now in production - e.g. for apples in New Zealand. Notably, the bad weather in countries like Argentina, Poland and Turkey has affected production of both apples and pears but this will be offset by the high production in China (USDA, 2020). Despite the high production in apples and pears, international trade has been greatly distorted due to the supply chain disruptions arising from border closures during the ongoing Covid-19 pandemic. Some countries have indicated that exports are dropping (e.g. 2% for South Africa's apples) while others like New Zealand are optimistic that apple exports may not be overly affected since some of the major trading partners (e.g. China and Europe) have started to lift the national lockdowns, thereby enabling business to resume (Fresh Plaza, 2020). In Italy for instance, there is a positive trend in the sales of apples, with an 8.5% monthly increase in wholesale prices which has been registered since March despite the advent of the pandemic. Tridge (2020) reckons that Russia, Brazil, Paraguay and Bolivia could be considered high risk markets since they don't usually demand high quality levels for apples as compared to what is required in Europe and Asia. Moreover, payment terms in the "high risk markets" are also questionable. With regards to pears, global trade had been anticipated to rise largely due to the large production from China but since the outbreak of the pandemic, trade has been reported to decline. In Russia for instance, pear imports dropped by 55.5% in the first quarter of 2020 as compared to last year's imports. In Indonesia, the incoming supply of imported fruits fell to 20 Metric tons/day in modern retailers across the country, far below the daily average supply at 50 MT/day before the pandemic.



Domestic and Regional Perspectives

This season for South Africa's pome fruit is looking promising but the impact of the Covid-19 can be seen in the lower exports of the pome fruit. Apple exports were estimated to increase by 6% this season, to 35.7 million 12.5kg cartons but a 3% drop in pears (Hortgro, 2020). So far, cumulative exported volumes for apples in 2020 show a 2% decline and 10% for pears compared to the same week of 22. Figure 1 shows that compared to the same week 22 in 2019, apples exports were 46% lower in 2020 and pears 78% lower and this can be attributed to the logistical bottlenecks of the pandemic in ports and the disturbed demand globally. The industry is also faced with the local market challenges where the informal market has not been able to sell the fruits during lockdown and inspections have also been affected (Hortgro, 2020). What is interesting is that apple exports to Africa have increased by 21% cumulatively in week 22 than 2019, in the Far East & Asia (32%), the United Kingdom (16%) and the Middle East (13% (Agrihub, 2020)). This shows that the industry has gained new markets in recent years and it can be seen as a milestone. Pear exports increased by 36% to Europe, 21% to the Middle East and 20% to Russia. The global demand may be hampered temporarily but interest is shown coming from the Far East and Middle East for South Africa's fruits.



Key areas to unlock growth in Fruit and Vegetables

As we moved from Level 4 to 3 of the risk adjusted approach to reopening the economy from the COVID 19 lockdown, the Department of Agriculture, Land Reform and Rural Development (DALRRD) has released an inspection business continuity plan. This is to ensure business continuity despite the ongoing COVID-19 crisis, while adhering to all health and safety protocols especially prioritizing employees. Furthermore, as the state-owned agricultural bank (Land Bank) battles with liquidity crisis, South Africa's commercial farmers have started looking for alternative finance by approaching commercial lenders. However this means smallholder farmers are left behind as they do not meet the requirements of private sector banks, in a long term perspective this compromises the sustainability and growth of agriculture particularly small holder farmers. Again private-public partnerships are encouraged to find a way forward that will be all inclusive.

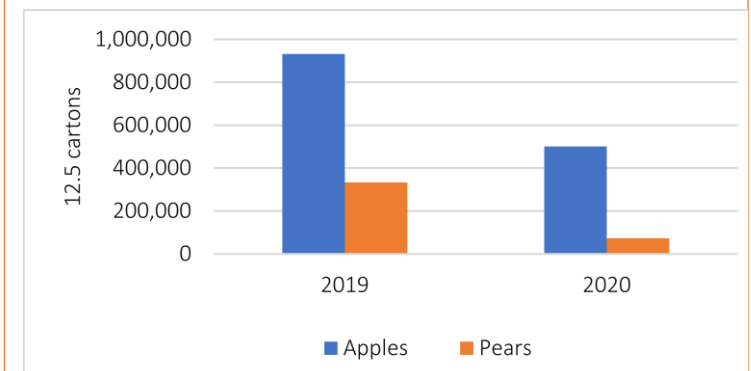


Figure 1: Week 22 of weekly volumes exported
Source: Agrihub, 2020

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>

International Grain Council (IGC) - <https://www.igc.int/en/markets/marketinfo-prices.aspx>

World Grain - <https://www.world-grain.com/>

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AMT (2020) – Livestock weekly report week 21

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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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