

Field Crops



Global Perspectives

Global trade on soybean has been shaken by COVID-19 induced tensions between the USA and China. Chinese government has ordered importers to halt purchasing of soybeans from the USA, however, shrinking supplies from Brazil, the largest exporter globally, are forcing commercial crushers in China to purchase soybean elsewhere - see figure on the far right for trade prices (World-Grain, 2020). At least 20 million tons of soybeans are needed in China regardless of the reserves levels and Brazil has already exported 11.6 million tons by March 2020 (World-Grain, 2020). Global trade for soybeans on the second week of June 2020: a ton was selling at US\$344 (Argentina), US\$363 (Brazil) and US\$348 (USA-2Y-Gulf) (IGC, 2020). Brazil, USA and Paraguay are the largest exporters of soybeans globally with Turkey and South Africa exporting small quantities. After a record of largest consignment for a single month, Brazilian soybean exports are slow in June when compared with the previous months' pace, reflecting reduced stocks (Agricensus, 2020).



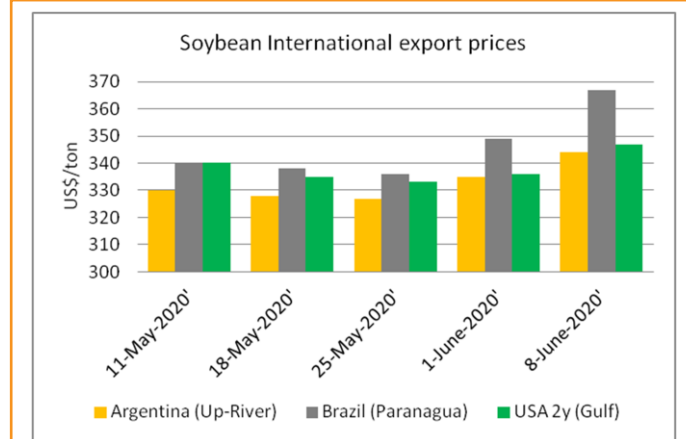
Key areas to unlock growth in Field Crops

Expansion of China's swine herd, recovering from African Swine Fever (AFS) will help boost feed demand and drive both crush and import demand higher for soybean product. China which is the largest soybean consumer in the world is projected to account for over half of global consumption growth in 2020/21 and roughly 85% of import growth. With soybean stocks from Brazil running low and prices rising noticeable high, China is a potential market for global exporters with enough stocks. Domestically, sunflower seed and soybean prices are expected to trade sideways from May onwards according to seasonality.



Domestic and Regional Perspectives

The shortage of local supplies resulted in increased imports of oils and fats by 11%, with oil meals increasing by 27% year-on-year (y/y). South Africa is mainly importing its soya oil from the European Union (EU). Harvesting of oilseeds started and production of both soybeans and sunflower seed is expected to recover from the previous season's production. NAMC (2020) reported that the total supply of soybeans is projected at 1 648 805 tons for 2020/21 marketing season from 1 646 518 tons in the previous marketing season. The ten-year average is 949 616 tons, and this season's crop is only surpassed in size by the 2017 and 2018 seasons. The Free State has shown positive growth of 37% in production and is the largest production region of soybeans this season. The closing carryover stock for soybeans is estimated at 199 155 tons in 2020/21. The demand of soybeans (domestic and exports), is projected at 1 449 650 tons compared to 1 508 063 ton in 2019/20. In terms of sunflower seed, it is estimated at 765 960 tons, up from 678 000 tons from the previous season. The total demand of sunflower seed is expected to be 776 100 tons (NAMC, 2020). Groundnuts also have made a remarkable recovery from the crop failure of the previous year, which produced less than 20 000 tons. In comparison, this season's crop of 62 470 tons should bring great relief to the industry.



Source: IGC, 2020

Livestock and Animal Products



Global Perspectives

Global export forecasts for beef and chicken meat trade have been trimmed due to emerging threats from the spread of the COVID-19 virus. Economic growth forecasts have been cut for 2020 and the impact on consumers will dampen demand for animal protein. Over past 10 years Romania has increased its mutton and goat farming significantly and their present crisis decreased in pig and cow farming. Currently Romania is the third biggest EU mutton and goat meat producers. In Bulgaria, lamb slaughterhouses are reported to have purchased 40,845 lambs and goats during the state of the emergency period that came into effect after the Covid-19 outbreak. The State Agricultural Fund had earlier announced that they will be supporting the medium-size lamb farmers with a total budget of €1.8 million. The support is designed to help the farmers sell their lambs and goats to slaughterhouses directly at no less than €2,55 per kg, especially during the Covid-19 outbreak. On the other hand, Dutch mink farms have begun a government-ordered cull amid concern that animals infected with coronavirus could transmit the illness to humans. Infected mink has been found on 10 Dutch farms where the ferret-like animals are bred for their fur, according to the country's Food & Wares Authority. Dutch mink were first infected with coronavirus by their handlers in April. In May, the government identified two cases in which humans had been infected by sick animals — the only animal-to-human transmissions known since the global outbreak began in China (Reuters, 2020)



Domestic and Regional Perspectives

South African Rand is at 4.9% stronger against the US Dollar and 1.5% stronger against the Euro, compared with the average rate at the previous week. The wool market improved by 9.4% in US Dollar terms. The 28th sale of wool season took place on the 10th June 2020 with 7 603 bales on offer of which 94.4% was sold. The wool market closed 4.1% (583 points) up at a value of R148.55 c/kg (Clean). The Australian EMI moved 1.1% up this week. The next auction is scheduled for 18th June 2020 were approximately 8 470 bales will be on sale. On the other hand, the fifth mohair sale of the 2020 summer season took place in Port Elizabeth on 02 June 2020, with 88 464kg was on offer. The market remained fairly stable, considering the SA-currency is trading stronger as the market is still recovering from Covid-19 pandemic. The average market indicator decreased by 3% from the previous sale to close on R239.03 p/kg. Total sales clearance came in at 84% as the buyers passed in some young goat and adult mohair due to reserve prices. A highest price of R604.10 p/kg was paid for a bale of super style 23 micron kid mohair. The sixth sale of the 2020 summer season will take place on 15 June 2020.

During the week of 5 June, the average price (after auction commission) was R27.48/kg for weaners (200 – 250kg) and R29.23kg before commission, which was 0,2% higher compared to the previous week. This price varies between R25.11/kg to R29.14/kg. The increase is caused among others by a higher demand of weaners at auctions during the past week.



Key areas to unlock growth in Livestock and Animal Products

It was announced by the Minister of Cooperative Governance and Traditional Affairs that the drought disaster state will be extended with a month to 4 July 2020. This disaster state was initially announced on 4 March 2020 and is additional to the Covid-19 pandemic. Organized agriculture is very concern with the insufficient funds allocated by Treasury as well as the uncertainty of whether this assistance will reach farmers in time. The Department of Cooperative Governance and Traditional Affairs (COCGTA) has availed R139 million for drought relief but the need exist for about R1 billion. The Minister of Finance announced an additional R446 million for disaster relief funds but it is not certain whether this money will be for Covid-19 or the drought disaster relief. Delayed assistance to farmers is very detrimental for rural economy and food security in the country.

Meat prices 7 June 2020 (R/kg)		
Beef	A2/3	43.78
	B2/3	39.73
	C2/3	38.51
Weaners		29.97
Sheep	A2/3	81.45
	B2/3	57.79
	C2/3	56.75
Store lamb		40.38
Pork	Baconers	20.35
	Porkers	21.95

Source: RPO, 2020

Fruits and Vegetables



Global Perspectives

The international sales for fresh grapes exports by country totalled to US\$8.4 billion in 2019. The overall value of exported grapes rose by an average 11.3% for all exporting countries since 2015 when international shipments of fresh grapes were valued at \$7.6 billion. China was accounted for 11.7% of the total export volume, followed by Chile and Netherlands accountable for 11.3% and 10.9% of total fresh table grapes exported, respectively. South Africa in that period, was ranked number seven (7) exported the volume worth \$521.2 million which was 6.2% of the total value of exports in the world. The total export volume of the table grapes in the Country like China for 2020 season, might have a small record, due to the negative impact of the Covid-2019, where most of farmers did not manage to harvest their grapes in time. A delay in harvest, could also affect the quality of fruits in the 2020 harvest season. From the beginning of the year 2020, there has been an increased in demand for the citrus fruit because of COVID 19 crisis which enhance the consumption of vitamin c fruits. It can be concluded that people in the world need to boost their immune system with vitamin C against the new normal Covid-19. In May 2020, the demand for Egyptian oranges in Europe was high and slowly running out. This gave opportunity for South Africa to export the first Valencia oranges is expected in early July.



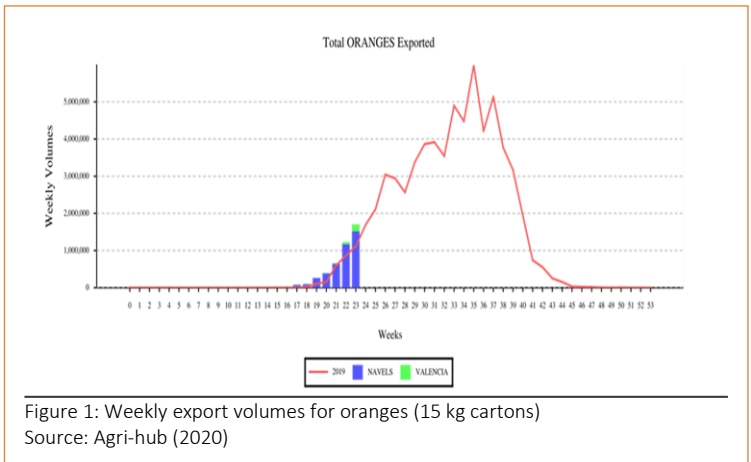
Domestic and Regional Perspectives

The South African Table Grape growers had a normal 2019/2020 season, regardless of the fact that exports to China were disrupted as a result of the Covid-19. The South African Table grape industry released the third estimate at the beginning of the year which projected approximately 59,6 million and 64, 7 million cartons (4,5 equivalent) for the 2019/2020 season. To date, 63, 9 million cartoons of grapes have been exported with a bulk of exports destined for the European Union (49%), followed by United Kingdom (25%), South Asia (9%), North America (7%), Middle East (5%) and the small percentages going to other parts of the world. Nevertheless, the South African citrus industry is projecting another record export crop for 2020 season. According to Citrus Growers Association the industry is expected to rise by 13% as compared to the previous season. Therefore, exports are expected to rise above 140 million cartons (1 carton is equivalent to 15kg) this year. This harvest is expected to generate around R20 billion in export revenue and will sustain 120 000 jobs. The industry indicated that this increase should render more job opportunities, higher foreign exchange revenue and will contribute towards the national government's goal of increased agricultural exports over the next coming years. Up until now 7.9 million cartons (15 kg cartons) of grapefruit has been exported, with a bulk of it destined to the European Union (46%), followed by South East Asia (23%) and the small percentage going to the rest of the world. On the other hand, the export market for Litchi seems very promising with good prices on the local market as well. Quality looks better than last year of which growers had a tough time struggling with sunburn, heat and low humidity, wind and hail. Even though the actual estimates are not available yet, the 2019/2020 crop could be a bit lower than last year, due to enduring drought in areas like Tzaneen,



Key areas to unlock growth in Fruit and Vegetables

The work done by the CGA, CGA-GDC and the citrus industry trust for the inclusive growth in the citrus industry is commendable. However, there is still a room for improvement in upscaling the pockets of success that have been achieved and to ensure that the new entrants into the value chain participate optimally and in a transparent manner. This follows the findings of the Smallholder Market Access Tracker (SMAT) baseline study led by the NAMC. The study revealed that, although emerging growers are confident about their ability to participate in the export market, their participation in the mainstream citrus value chain is limited and they do not know how the value chain works. Furthermore, these farmers mainly use privately-owned packing facilities and alluded to lack of transparency in the grading process, which gives rise to trust issues between farmers and packhouse. Therefore, the study recommended that the industry intervenes to build this relationship and to encourage transparency, while also seeking to address the issue strategic location of packing facilities to accommodate these farmers in collaboration with government on the Comprehensive Agricultural Support Programme (CASP) initiative.



Source of information

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