



NAMMC

Promoting market access for South African agriculture

MARKET INTELLIGENCE REPORT

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WEEK: 47



Grains and Oilseeds

Global Perspectives

Recent data from the United State Department of Agriculture (USDA) shows that a decrease in foreign oilseed supply and demand will include a decrease in production and crush. This is attributed to a decline in exports for oilseed meals and vegetable oil for 2020/21 marketing season. Globally, soybean production during November 2020 is estimated at 5,8 million tons lower month-on-month. The new estimate for foreign oilseed production is lowered to 473.3 million tons. This reduction can largely be attributed to a decline in soybean production in Argentina and India, and with lower production of sunflower seed from Ukraine and Russia. Due to a decline in global production, soybean exports were negatively affected. However, between the 16th and 18th of November 2020 export sub index value showed an increase from 241.51 to 253, 39 (see **figure 1** below). During November 2020, global cotton production for 2020/21 season was estimated to be slightly lower than it was in October 2020, but, with a marginally higher beginning stock and marginally used. Changes in world's cotton production estimates for 2020/21 resulted from low production in Pakistan by 800 thousand bales, increase in Australia and China by 400 thousand bale and 250 thousand bales, respectively (USDA, 2020).

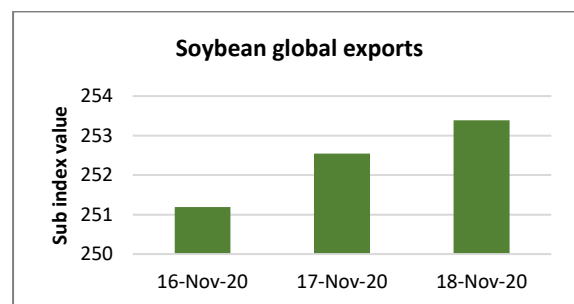


Figure 1: Soybean global exports

Source: IGC, 2020

Domestic and Regional Perspectives

Based on South African Grain Services (SAGIS) monthly bulletin released end of October 2020, the demand for processed soybean for domestic market was reported at 145 699 tons in September 2020 which is up from the 118 721 tons. Local prices for soybean and sunflower seed increased at 1.5% and 1.6% on week-on-week basis, respectively and 44,3% (Soybean) and 54,5% (sunflower) on year-on-year basis. The improvements in prices were due to an increase international prices which supported local soybean prices (ABSA, 2020).

Table1 below presents weekly production deliveries for soybean between 31 October 2020 and 13 November 2020. During the week of 31 October to 06 November 2020, production deliveries were estimated at 290 tons, and during the week ending on 13 November, production deliveries increased to 321 tons.

	Prod deliveries	Adjustments	Week total
31 Oct-06 Nov 2020	290	0	290
07 Nov-13 Nov 2020	321	0	321

Source: SAGIS, 2020

Key areas to unlock growth in Field crops

Oilseed production in South Africa is relatively small. However, it plays a major role in contributing to the overall national agricultural economy. As a result of the high local demand of oilseed crops such as soybeans and sunflower, substantial amounts of soybean are imported from countries such as Argentina, etc. This calls for expansion in soybean production to reduce imports. In order to improve the county's production of oilseeds and to tackle the challenges faced by the producers, the agricultural sector is currently working on the master plan, aiming at transforming the agricultural sector by enabling the formerly disadvantaged farmers to have access to resources such as land, water, access to markets, information and production inputs. This is envisaged to inclusive economic growth.

Fruits and Vegetables



Global Perspectives

Ginger is a herb used as an aromatic, either as fresh, dried or ground, as flavourings in foods and sometimes as medicine. India, China and the United States (USA) are the leading producers of ginger. Relative to the past decade, prices of ginger saw little fluctuations but in February 2020, prices began to rise globally owing to the Covid-19 outbreak. The most recent trends spanning from late August up to 18 November 2020 show soaring prices in the USA, and ginger originating from Brazil being the costliest (US\$ 4.27/kg) followed by that from Peru (US\$ 4.08/kg. On average, the global price of ginger is US\$ 3.14/kg for the period under consideration. In order to meet the high demand across globally, key producers like China are looking into expanding the dehydrating capacity and preservation of ginger.

Chile and Peru are the market leaders in blueberries while North America is the major export market. There is a growing demand for blueberries because it is a “superfood” with a high concentration of nutrients (PMG, 2020). Retailers are optimistic that as Covid-19 continues to rage through countries, the consumption of blueberries is anticipated to rise further. Given the high demand in China, Chilean exporters have embarked on using sea freight rather than air freight and this season’s first container reached China on November 12. Chilean exporters are working towards diversifying to Asian markets away from the USA which for now remains the main export market (Produce Report, 2020). Between mid-August and mid-November, the average global price of blueberries was US\$12.99/kg and Chilean blueberries were the most expensive (US\$ 19.84/kg) in the USA. At the start of November, a drastic decline in prices was observed in blueberries originating from Argentina while sharp increases were registered for the fruit originating from Chile and the USA.

Domestic and Regional Perspectives

South Africa has a growing agricultural sector, with some fresh products becoming superstars in the sector over recent years. Cauliflower and lettuce are among the highest priced fresh vegetables at the national fresh produce markets (NFPMs). Cauliflower rose from selling at R3 777/ton in 2010 to R12 371/ton in 2019, while lettuce increased from R3 694/ton to R9 265/ton. The prices were influenced by changing consumer patterns switching to fresh produce, causing a higher demand while the country was only able to produce low quantities compared to the growing demand.

Ginger is also one of the top highest valued products at the NFPMs, especially in 2020 due to the coronavirus pandemic where demand was high. The value of sales and quantities sold went up by 194% and 36% respectively in the first eight months of 2020. Blueberries are one of the fastest growing and high-value crops in South Africa. The industry generates foreign earnings as 70% of blueberries are exported. Its gross value in production stood at R1.25 billion in 2018 compared to R15.8 million in 2008. Blueberries are capital intensive but the returns are large. The value of exports of blueberries, including cranberries amounted to R1.49 billion in 2019, compared to R48.07 million in 2010. There are opportunities in these products as demand continues to grow.

Key areas to unlock growth in Fruits and Vegetables

As consumer trends move towards much healthier diets, fresh produce sales have been increasing in South Africa. According to Farmers Weekly (2020), the top five performing fresh products are ginger, red peppers, blueberries, cauliflower and lettuce. As the result of COVID-19, the increase in fresh produce is justifiable, particularly for ginger as widely used for its powerful medicinal properties. This growing trend has been observed for some time, the increase in both supply and demand, driving prices up and keeping them stable at times. Importantly, the industry has been investing in new technology, farmers are now able to provide certain produce year-round. The industry has been keeping competitive by emphasizing on core principles of marketing. However, there is a need for investment in order to explore new markets and new consumer trends, and smaller producers are constrained in terms of resources to be able to produce all year round and in any conditions. Therefore, they are not in the best position to grab these opportunities to grow, even though the market is available and the price is attractive

Livestock and Animal products



Global Perspectives

The Food and Agriculture Organisation (FAO) Meat Price Index averaged 90.7 points in October, slightly down (0.5 points or 0.5%) from September, marking the ninth monthly decline since January, and standing at 10.9 points (10.7%) lower than its value a year ago. Pig meat prices dropped, due to a fall in the quotations of German products, reflecting continued influence of the import restrictions imposed by China on Germany, outweighed an increase in those from Brazil due to robust import demand. Meanwhile, bovine meat prices declined due to the weak demand in the United States of America, coupled with rising shipments from South America, although supplies from Australia drifted lower due to rising demand for cattle for herd rebuilding. Poultry meat prices also fell slightly because of reduced orders from China and Saudi Arabia. By contrast, prices of ovine meat rose on steady internal demand and low export supplies, especially in Australia (FAO, 2020).

Denmark has ordered 25 000 chickens to be culled after finding H5N8 bird flu on a farm, effectively halting the country's poultry and egg exports to countries outside the European Union for at least three months. The cull comes after cases of bird flu have been found in wild birds in the west of the country in recent days, while a series of outbreaks have been registered across Europe in the past weeks. Germany ordered 16 100 turkeys to be slaughtered after finding the same type of bird flu on a farm in northern Germany. Bird flu has been found on another chicken farm in Germany and a programme to slaughter up to 70 000 poultry is being prepared. Other cases have been reported in France and the Netherlands. Britain ordered a cull of 13 000 birds at a farm in Northwest England after detecting cases there. Risk to humans from the disease is considered low, but past outbreaks among farm birds have needed extensive slaughtering programmes for containment (Reuters, 2020).

Featuring of specialty types slows from last week and the share of all shell eggs ads declines to 78%.

Domestic and Regional Perspectives

Donor governments could help end hunger by 2030, double smallholder farmer incomes and protect the climate by doubling the amount of aid given for food security and nutrition each year (FAO, 2020). According to findings of the international research consortium "Ceres2030", an additional investment of \$14 billion from donors and \$19 billion from affected countries on average each year between now and 2030 could lift 490 million people out of hunger, reducing the prevalence of undernourishment below 3% in every country worldwide. Scientists also found that agricultural interventions are more effective with a population that enjoys at least a minimum level of income and education and has access to networks and resources such as extension services and robust infrastructure. "Ceres2030: Sustainable Solutions to End Hunger" is a joint 3-year project by the International Institute for Sustainable Development (IISD), Cornell University, and the International Food Policy Research Institute (IFPRI) (Global Agriculture, 2020).

In South Africa, during the week of 13 November 2020, the average prices of frozen poultry was in total 0.2% higher against the previous week. The average price was also 1.4% higher when compared with prices a month ago, and 3.4 % lower year-on-year basis. In the same week, the price of fresh poultry was in total 0.7 % higher against the previous week, 4.9 % higher against a month ago and 7.4 % lower year-on-year. The average price of IQF was in total 0.9% higher against the previous week, 3.9 % higher against a month ago and 2.1% higher year-on-year. The increase in the prices of frozen –and fresh poultry in the week of 13

November can mainly be contributed to a higher demand which caused lower carryover stocks.

Key areas to unlock growth in Livestock and animal products

There has been a dramatic increase in the recorded cases of brucellosis (*Brucella abortus*) in cattle in KwaZulu-Natal (KZN) province, from 139 recorded in 2019 to 423 in 2020 to date. This is an indication that many livestock owners lack of compliance with legislation, combined with government's failure to enforce this legislation. The risk of the disease is high due to very few heifers being vaccinated, very few herds being adequately tested, and limited control of the movement of potentially diseased and diseased livestock. Furthermore, brucellosis infections in cattle cause various negative effects on the production and the reproduction of animals. These has raised a lot of concerns to officials as the festive season is approaching and meat demand will increase, and if livestock farmers are not allowed to move or sell their cattle because of brucellosis, they will lose out on a lot of income (FarmersWeekly, 2020).

Source of information

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