



NAMMC

Promoting market access for South African agriculture

MARKET INTELLIGENCE REPORT

20 21

WEEK: 09



Field crops and Oilseeds

Global Perspectives

The 2020/21 global outlook is anticipated to have larger supplies, higher consumption, increased trade and reduced stocks. The global production is expected to increase to a record high of 504 million tons on a month on month (m-o-m) basis as illustrated in **Table 1**. Indonesia, the Philippines, and Sri Lanka are expected to have a larger production. The world consumption is expected to increase by 2.2 million tons to reach a record of 504.2 million tons (USDA, 2021). The largest consumption of rice is observed in China, where more old-crop rice is expected to be fed due to rising domestic corn prices.

According to USDA (2021), world trade is reported to increase by 0.9 million tons to 46.3 million tons as higher exports by India more than offset reduced exports by Thailand. India's exports are expected to increase to a record of 15.0 million tons as its supplies remain ample and its export prices continue to be the most competitive among major exporters. India dominated parboiled rice trade and is expected to expand further in 2021 as demand rises. Prices are still selling higher than average.

	Production	Import	Total supply	Closing stocks
2018/19	498.3	42.6	663.2	175.6
2019/20 est.	497.4	43.6	673.0	174.4
2020/21 f'cast	503.6	45.6	678.0	175.8

Table 1: Global rice supply & demand estimates
Source: IGC, (2021)

Domestic and Regional Perspectives

Most parboiled shipments from India and Thailand major exporters are destined for Africa. However, top parboiled importer Nigeria had lowered purchases during the past few years in an attempt to be self-sufficient. But widespread flooding and rising food inflation are expected to propel Nigerian imports during 2021, primarily via neighbouring countries. Overall, parboiled imports are expected to grow in 2021, mostly based on stronger demand from Nigeria and Bangladesh (USDA, 2021).

In terms of South Africa, the country is the net importer of rice. South Africa imports about 1 million tons of rice a year, 70% of which comes from Thailand, 20% from India, and the rest (10%) from other Asian countries such as Cambodia and Vietnam. According to TradeMap, (2021), South Africa imported 76400 tons of rice in December 2020, which is less than 119909 tons in November 2020 as illustrated in **Table 2**. The leading exporters were Thailand and India. Vietnam is also the third biggest exporter of rice in the world (behind Thailand and India), it is only a minor source of rice for South Africa.

	10/2020	11/2020	12/2020
World (Tons)	93783	119909	76400
Thailand	61621	85848	59524
India	27251	28674	15781
Viet Nam	784	218	425
Brazil	2246	2305	217
Pakistan	1351	973	177

Table 2: South African rice imports
Source: TradeMap (2021)

Key areas to unlock growth in field crops and Oil Seeds

Corona virus (COVID-19) has caused widespread turmoil and volatility since the start of 2020, and the measures implemented to contain it have sent shockwaves throughout the global economy. South Africa is self-sufficient in most agricultural value chains, however, some commodities such as rice, the country has to import rice to meet the local demand as no production of the commodity is possible within the country, due to its high-water requirement. As a result, any trade restrictions introduced by exporter countries, due to COVID-19, will put South Africa's rice supply chain under pressure.

India is currently the largest parboiled rice supplier, followed by Thailand. In 2019/20, Thailand produced less rice, leading to sharply higher export prices that constrained total rice exports. Meanwhile, India has ample supplies and competitive prices and can respond to rising market demand. The aforementioned countries are the main major exporters for South Africa. Recent local rice price (57% increase of 2kg rice price) is definitely influenced by developments in the global market as well as the value of the South African rand exchange rate.

Fruits and Vegetables



Global Perspectives

As efforts are in full gear to contain the Covid-19 pandemic across the globe, emerging research reported by the California Table Grapes Commission, featured in a “Produce Report” tends to suggest that the abundant vitamin K contained in table grapes regulates the equilibrium between biological factors that promote and inhibit coagulation. *“A lack of vitamin K in the body can cause this balance to become disrupted, resulting in a greater tendency of the blood to form clots”*, and a higher incidence of blood clots that can lead to increased mortality and morbidity (Produce Report, 2021).

This scientific finding possibly explains why shopper in the US buy more grapes as reported in the recent survey report (Fresh Fruit Portal, 2021). Furthermore, the science may be behind China’s decision to reduce import tariffs on a number of fruits, effective January 2021. Most significant tariff adjustments were enacted on Korean grapes from 5.2% in 2020 to 3.9% in 2021, which is a one of the major suppliers of grapes to China.

Beyond the research pertaining to Covid-19, China for the first time recorded the value of fruit imports above US\$ 10 billion, largely due to the high demand associated with the pandemic. Table grapes ranked fifth after bananas and mangosteens, among other fruits. China’s blossoming imports and exports in fruits accounts for 6% of total global trade.

Domestic and Regional Perspectives

The South African table grape industry released its third crop estimate for table grapes for the 2020/21 season and the volumes are estimated between 65.3 million and 69.8 million cartons (4.5 kg cartons). The estimate is higher than the actual packed volumes from 2017/2018, 2018/2019 and 2019/2020, showing an increase in production. The industry stated that increased production was due to a good quality crop, water availability from winter rains as well as favourable harvest conditions in the northern and western provinces’ growing regions.

The table grape exports in South Africa amounted to R9.1 million in 2020, exporting 50.37 million cartons. By the end of week 7, South Africa had exported a total of 45.77 million tons of grapes, this is 9% less than the total volumes in the same week in 2020, and this could be influenced by the 2 weeks late start in this season and lower consumer demand. The European Union has demanded 56% of the total exports so far, followed by the United Kingdom at 23% of the exports. Although most of the regions’ imports of table grapes from South Africa have decreased cumulatively, Asia had 52% more imports than 2020 and the EU imports had increased by 4% compared to 2020.

Key areas to unlock growth in Fruits and Vegetables

According to Farmers weekly (2020), the grapes industry has been growing in number of vines year in year out. Showing potential to grow the industry even bigger, especially with the demand in healthier diets. However, climate change is a reality, much more research needs to be done to keep the industry resilient to climate shocks. Climate proofing the grapes production areas and developing climate smart systems is needed.

Livestock and Animal products

Global Perspectives

Russia has registered the first case of a strain of bird flu virus named A(H5N8) being passed to humans from birds and has reported the matter to the World Health Organization (WHO). Outbreaks of the H5N8 strain have been reported in Russia, Europe, China, the Middle East and North Africa in recent months but so far only in poultry. Other strains - H5N1, H7N9 and H9N2 - have been known to spread to humans. Seven workers at a poultry plant in Russia's south had been infected with the H5N8 strain in an outbreak at the plant in December (Reuters, 2021). New variants of the African swine fever virus circulating in China appear to cause a milder form of the disease, making it less deadly but harder to detect and to get under control. Some analysts estimate about 20% of sows in northern China have been impacted by the disease this winter (Reuters, 2021).

Prices for eggs on the wholesale market in Poland jumped by about 18% to 20% at the end of January due to the impact of bird flu coupled by Covid-19. Data issued by the European Commission show egg prices are also rising in several other EU countries, including France and Germany, although they remain weak in another major producing country, like Spain. Poland produced 648 000 tonnes of eggs in 2019, making it the European Union's sixth largest egg producer (Reuters, 2021).

Domestic and Regional Perspectives

The scarcity and price hike of soybeans, a major ingredient used in poultry feeds, is fast crippling the poultry sector in Nigeria, which is now also facing the threat of bird flu. After 2 years of no reported outbreaks in the country, Nigeria's National Veterinary Research Institute has confirmed that avian influenza has resurfaced. The outbreak occurred in 2 backyard poultry farms of multiple species of ostriches, geese, turkeys, layers, and peacocks in Kano state. Thereafter, outbreaks have been confirmed in 2 commercial farms (Poultry World, 2021).

The South African wool market continued its upward trend this week and traded 1% higher from the previous sale to close at R167.44/kg. A total of 10 002 bales were offered, with non-Merino wools once again making up more than 50% of the offering with an overall sales clearance of 94.6%. The good performance on this week's sale was achieved despite the stronger rand of 1.4% against the United States (US) dollar, resulting in a 2.4% increase in the market in US dollar terms. The next auction is scheduled for 3 March 2021, when approximately 10 812 bales will be on sale (AgriOrbit, 2021). The National Council of Societies for the Prevention of Cruelty to Animals (NSPCA) is now heading to the Supreme Court of Appeal after its application to appeal the Makhanda High Court's ruling on Part A of the ongoing case around live export, was dismissed last year. Part A of the court case entailed an interim interdict to prohibit Al Mawashi from exporting sheep to the Middle East. Part B of the case will deal with the dispute about heat stress in animals travelling on livestock carriers to Middle Eastern destinations (AgriOrbit, 2021).

Key areas to unlock growth in livestock and animal products

KwaZulu-Natal has been experiencing an increase in brucellosis cases in cattle. According to KZN DARD report, the status of brucellosis in KwaZulu-Natal indicates 1 430 positive cases out of more than 150 000 animals tested over the past few years. Some 73 animals tested positive in 2017/18, 139 in 2018/19, 423 in 2019/20, and 795 so far in 2020/21. The report also states that 70% of the cases are from the communal dip tanks in the north of the province, where there is generally poor compliance with brucellosis vaccination and testing. Brucellosis is a zoonotic disease which can be transmitted to humans, mainly through the consumption of unpasteurised dairy products from infected cows and through the handling of birth materials, aborted fetuses, and new-born calves from infected cows. The Animal Diseases Act, 1984 (Act 35 of 1984) places the responsibility on the animal owners to prevent disease in their herds, treat any disease present, and prevent the spread thereof to other herds. All cattle owners in all nine provinces of South Africa are urged to vaccinate heifer calves between four and eight months of age to determine the brucellosis status of their herds through testing, and to only buy cattle from herds with known disease statuses (AgriOrbit, 2021).

Micron cate	% change	Price/kg
18 microns	1.2 %	R213.10/kg
18.5 microns	1.4 %	R203.43/kg
19 microns	2.2 %	R192.78/kg
19.5 microns	2.8%	R182.79/kg
20 microns	3.4 %	R169.64/kg
20.5 microns	2.6 %	R156/kg
21 microns	1.1 %	R155.66/kg
21.5 microns	1.9 %	R152.76kg
22 microns	1.5 %	R140.75/kg
22.5 microns	1.8 %	R143.46/kg

Table 2: Average price category in the wool market.

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