

MARKET INTELLIGENCE REPORT

20
22

May



Grains and Oilseeds

Global Perspectives

Globally, the grains and oilseed markets remain volatile. Maize production is predicted to decline, as a result of the lower yields in Ukraine and the United States (USDA, 2022). China and countries in the European Union (EU) are also projected to have lower maize yields. Due to Ukraine's exportable supplies being unavailable, global trade is experiencing supply shortages which is likely to drive feed and non-feed uses to fall.

Wheat production is expected to decline by at least 4 million tons compared to the corresponding period in 2021 to reach 775 million tons. This is largely due to the ongoing Russia and Ukraine conflict. For example, Ukraine is expected to have a crop that is one-third less than the previous year. Australia and Morocco are also anticipated to have a smaller crop when compared to the 2021 season. In Australia, the reduction is at the back of the reduced harvested area and a smaller crop, while Morocco's production was negatively affected by severe drought resulting in levels last seen during the 2007/08 production season.

India's wheat production was lowered by the heatwaves. As a result of lower national and global wheat production, India instituted an export ban on wheat. China, which is the world's second-largest wheat grower is also anticipating lower production in the current season.

Domestic and Regional Perspectives

According to Famine Early Warning System (FEWS) (2022), some of the SADC countries like Zimbabwe, Malawi and Mozambique have been hit by dry weather conditions since the beginning of February 2022, impacting the

growth and size of grain production in the region. Due to drought conditions, the maize production in Zimbabwe is expected to decrease by 50% as compared to the previous season. It is projected that Zimbabwe may need to import at least 400 000 tons of maize this marketing season. Similar situation is reported in Mozambique and Malawi, with harvest expected to decline in the current season. The expected lower production in the region coupled with the unfolding conflict between Russia and is putting severe pressure on the region's food security pushing the regional food prices higher. By the end of March 2022, the average food price increased by 15% as compared to the previous month.

The aforementioned is in contrast to South African weather conditions, where excessive rains were reported in some provinces such as KwaZulu Natal (KZN) and parts of the Eastern Cape. As a result, there were some concerns about yields but these two provinces produce around 1 million tons of maize and are generally not significant grain producers. South African white and yellow maize are projected at 7,5 million tons and 7,1 million tons, respectively for the current season. If this projection is realised, South Africa will likely remain a net exporter of over 2 million tons of maize in the 2022/23 marketing year (see **Figure 1**). On the soybean commodity, the harvest is projected to reach 1,93 million tons attributed to the expansion in the area planted and improved yields (NAMC, 2022).

Key areas to unlock growth in Field crops

The multiple factors impacting the global grain and oilseeds markets are compelling the policymakers to institute various policy measures to enhance food security

such as export bans and quantitative controls on grain products. Countries that depend on imported wheat are facing an increasing risk as the global supply remains challenged due to low supply and availability of commodities. Although South Africa is projecting improved harvest in some crops such as maize, sunflower and soybeans in terms of their availability, prices are likely to follow the global market trends. Key stakeholders are encouraged to work together in improving the productivity of grains and oilseeds. South African good grains and oilseeds production offers good export market opportunities for producers and affordable staple food for the majority of South Africans.

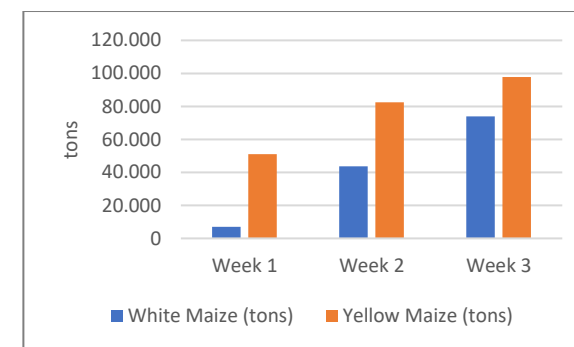


Figure 1: SA-maize exports season 2022/23 (20 May 2022)
Data source: SAGIS (2022)

Livestock and Animal products



Global Perspectives

The global production of apples for 2021/22 is expected to grow from 81.8 million tons to 80.5 million tons in 2020/21, signifying a 1.6% increase. China is the largest producer of apples followed by the European Union (EU) and the United States of America (USA). The increase in production is attributed to growth in China of 2.1% from 44.1 million tons that was produced in 2020/21 fuelled by new plantings coming into production and the United States States which grew by 2.6% from the previous season of 4.6 million tons. The US apple production is recovering from the wildfires experienced in the previous season. (USDA, 2022). The production in the EU is expected to increase by 1.3 million tons to 11.9 million tons. Exports from China were expected to decline by 9.3% due to COVID-related trade and logistical restrictions. Imports into the EU were expected to increase by 9.2% whereas, India is expected to increase its apple imports y 19% due to increasing demand.

The global production of pears is predicted to increase to 23.4 million tons compared to 22.6 million tons in 2021, accounting for a 3.7% increase (USDA, 2022). China is the largest producer of pears and is expected to contribute 9% to the increase in production, producing 18 million tons of a bumper crop. The EU's production is set to decline by 27% due to weather related damages on the production. Pear imports into the EU will be 8.6% higher compensating for lower production. China is expected to export 530 000 tons, 10% more than the previous year.

Domestic and Regional Perspectives

The 2022 South Africa's pome season started in January 2022 and growers are expecting a relatively good harvest at the back of good weather and growing conditions in the Western parts of the country. The much-needed rain and adequate chilling conditions in last winter has ensured that growers have enough irrigation water and better fruit flowering which boosted the pome production. Apple exports are anticipated to rise by 7% from the previous season of 2021, from 44.7 million cartons (1 carton = 12.5kg) to 47.69 million cartons. Pear exports on the other hand are expected to increase by 14% compared to 2021, from 18.3 million cartons to 20.8 million cartons (Hortgro, 2022). Rising shipping costs, an upsurge in input costs, local port inefficiencies and the impact of the Russia-Ukraine conflict on established trading patterns, are challenging South Africa's exports of pome fruit, citrus and table grapes. As a result, profitability of the industry is under pressure which could limit future investments. The initial estimate in January projected that apple and pear volumes would increase by 6% and 8% respectively. At the end of week 20, the total of exported apples was 14.03 million cartons, a decline of 4% compared to the same week in 2021 (Agrihub, 2022). Exports to Russia had declined by 70% compared to 2021, where South Africa exported a total of 352 963 tons, possibly before the conflict started. The total pears exported by the end of week 20 was 11.7 million cartons, 7% more than in 2021 in the same week. Exports to Russia had declined by 40% compared to the same week in 2021 where South Africa had exported 1.9 million cartons by week 20 of 2021.

Key areas to unlock growth in Fruits and Vegetables

Pome fruit in South Africa is export oriented and there is an opportunity for the country to export more pears to the EU due to the EU's declining production and restrictions from other countries, in order to offset exports that would normally go to Russia. The conflict between Ukraine and Russia continues to affect global trade and the shipping lines are experiencing increased cost. The increasing costs of production and shipping not only affects South African producers but producers all over the world.

Livestock and Animal products



Global Perspectives

Globally, poultry production provides high-quality, affordable animal protein and source of income for farmers. While poultry production is profitable and well-established in the world, it still faces multiple challenges such as the disease outbreaks, food safety and resistance from the animal welfare lobby groups.

Looking at the global poultry exports, the United States exports more than US\$130 million worth of poultry and poultry products annually to central Asian nations. However, the US export chain is facing risk caused by the conflict between Russia and Ukraine.

Ships loaded with US poultry need access to the Georgian port of Poti on the black sea to reach various destinations in Asia and Europe. Prior to Russia's invasion, Ukraine enjoyed a healthy poultry export market. The country is the eighth largest exporter of poultry meat globally, accounting for 2,2% of global traded raw volume. Although the whole world is either directly or indirectly affected by the conflict between Russia and Ukraine, the impacts may be more severe in developing countries due to their dependency on imported supplies critical for poultry production such as poultry feeds, vaccines, and utensils

Domestic and Regional Perspectives

The South African poultry industry is operating and growing at the back of multiple challenges ranging from the biosecurity issues, rising input costs and cheaper imports. In 2021, the department of Agriculture, Land Reform and Rural Development (DALRRD) established a special task team to evaluate the biosecurity control in the country and explore solutions to strengthen the biosecurity controls. This task team is expanding on the priorities and interventions identified in the Poultry Master Plan.

Another area taking centre stage in the local poultry industry is the rising poultry imports from countries such as Poland, Brazil, Ireland and Spain amongst others. The poultry industry applied for safeguard and anti-dumping measures against some of these countries supplying low price poultry imports in the country. The government, through the International Tariff Administration Commission (ITAC) recommended the implementation of anti-dumping duties to safeguard the local poultry industry. ITAC's decision confirms that dumping is real and has inflicted material harm on this crucial local industry which plays such a key role in job creation and food security. Moreover, it has found that there is an undisputable link between dumping and the damage of the local industry.

The South African Poultry Association (SAPA) has been vocal in engaging government to institute antidumping duties to protect the local industry.

Key areas to unlock growth in livestock and animal products

Biosecurity concerns and rising cheap imports coupled with the feed cost are main issues impacting the sustainability and profitability of the poultry industry in South Africa. There are efforts to mitigate the effects of these challenges such as the Poultry Master Plan and the established task team evaluating the biosecurity systems in the country. More support and resources are required by the private and public sector players to upscale implementation of the recommendations from the biosecurity task team to improve the sector's sustainability.

Source of information

AgriCensus (2022) – Indonesia to lift its palm oil export ban from May 23. [AgriCensus |](#)

[Latest news on global bulk grains and oilseed markets](#)

South African Grains Information System (SAGIS, 2021) - <https://www.sagis.org.za/>

International Grain Council (IGC, 2022) – Export Prices [International Grains Council \(igc.int\)](#)

FEWSNET (2022). <https://fews.net/southern-africa>

Agrihub. 2022. Pome fruit weekly export week 20. Available at: www.agrihub.co.za

Hortgro. (2022). Pome fruit passed for export and estimate week 20 (2022).

https://www.hortgro.co.za/wp-content/uploads/docs/dlm_uploads/2022/05/Pome-Fruit-Inspection-Summary-Week-20_2022.pdf

United States Department of Agriculture (USDA) (2022). Fresh Apples, Grapes, and Pears:

World Markets and Trade. Available at:

<https://apps.fas.usda.gov/PSDOnline/CircularDownloader.ashx?year=2022&month=05&commodity=Fruit>

For correspondence:

Markets and Economic Research Centre

Email: research@namc.co.za

Tel: +27 (0) 12 341 1115

Website: www.namc.co.za

© 2021. Published by the National Agricultural Marketing Council (NAMC).

DISCLAIMER

Information contained in this document results from research funded wholly or in part by the NAMC acting in good faith. Opinions, attitudes and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises or guarantees about the accuracy, completeness or adequacy of the contents of this document and expressly disclaims liability for errors and omissions regarding the contents thereof. No warranty of any kind, implied, expressed or statutory, including but not limited to the warranties of no infringement of third-party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus, is given with respect to the contents of this document in hardcopy, electronic format or electronic links thereto. Any reference made to a specific product, process or service by trade name, trademark, and manufacturer or other commercial commodity or entity is for information purposes only and does not imply approval, endorsement or favoring by the NAMC.