



# NAMC

Promoting market access for South African agriculture

## Market Intelligence Report

November

2023



# Grains and Oilseeds

By Naledi Radebe & Thabile Nkunjana

## Global Perspective

This section focuses on international soyabeans and maize. The 2023/24 forecasts indicate a strong increase in maize production globally from 4.8 million tons to 1,499.3 million tons, with increases in the US, Ukraine, Russia, Burma, and Paraguay more than compensating decreases in Mexico, Egypt, and Indonesia (USDA,2023). Mexico's maize output has decreased which could be linked with the summer maize area's decrease (USDA, 2023c).

The 2023/24 maize trade between the United States of America (USA), Russia, Ukraine, and Turkey is expected to increase as a result of higher exports, more than offsetting lower exports from India. Imports of maize are lower for Iran and Bangladesh but increased for Saudi Arabia, the EU, Canada, Egypt, and Mexico.

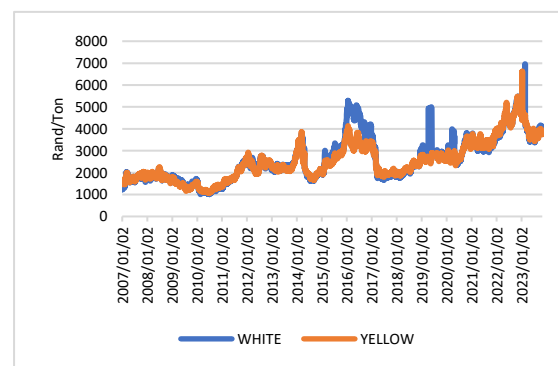
The production of soybeans increased by 0.9 million tonnes globally in 2023/24, primarily due to increased output for Russia, Ukraine, and the USA. (WASDE, 2023). South American soybean prices are trending upwards due to the robust demand from China for Brazil soybeans at the start of the new marketing year and the rainy weather in central Brazil that delayed the planting process. Strong September exports, October inspections, and significant domestic disappearance helped to bolster soybean prices in the USA. Due to ongoing shortages, Argentine export prices were higher than those of Brazil and the USA (USDA, 2023d).

## Domestic and Regional Perspective

The final crop estimates by the crop estimation committee for 2023 summer crops was published end of November. Maize crop estimation was unchanged at 16.4 million tons with yields estimated at 6.3 tons/ha. The combination of Free State, Mpumalanga and North-West

provinces are unsurprisingly estimated to account for at least 83% of South Africa's maize production for the 2022/2023 season.

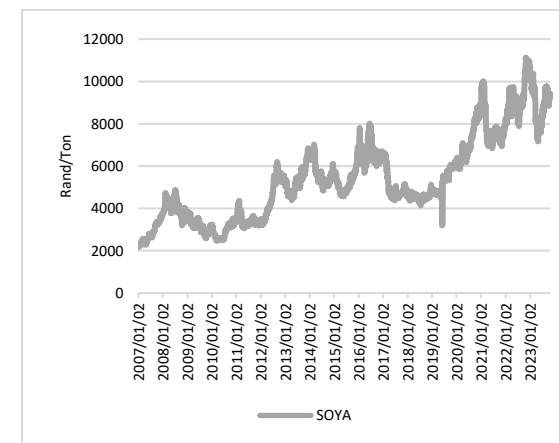
**Figure 1** presents spot price trends for a ton of yellow maize, white maize, and soyabean from January 2007 to end October 2023. As of the 31<sup>st</sup> of October 2023, a spot price for a ton yellow maize and white maize were 20.9% and 22.8% lower, respectively year-on-year, but 3.8% and 1.3% higher month-on-month, respectively. Domestic and regional maize prices are supported by the large supply from the world market which is estimated to be larger by 4.8 million tons by the USDA and prices are likely to remain lower in the short run unless markets react to sudden market shocks.



**Figure 1: South Africa's yellow & white maize spot prices**  
Source: JSE, 2023

**Figure 2** presents spot price trends for a ton of soyabean from January 2007 to end October 2023. As it has been mentioned in recent estimates that for 2022/23 marketing season, local soybean production will be around 2.8 million tonnes which is a record, and the country has officially turned into a net exporter with 250 thousand tonnes already exported to China. As of the 31<sup>st</sup> of October 2023, a spot price for a ton of soyabean was

7.8% lower year-on-year and 3.2% lower month-on-month.



**Figure 2: South Africa's soyabean spot prices**  
Source: JSE, 2023

## Key areas to unlock growth in Field Crops

Field crops are among the biggest users of inputs including fuel, fertiliser, and pesticides. When prices for these inputs are considerable high, some farmers may be hesitant to plant or reduce their regular area size under cultivation. This was especially feared during the period when fertiliser prices were significantly higher due to the Ukraine war. This has the potential to jeopardise the country's food security. Overreliance on imports for crucial inputs such as fertiliser and fuel pose dangers to continuous and reliable food supply, particularly for commodities such as maize, and wheat, on which South Africa relies significantly for consumption and export to the global market. For now, local grain production remains in good shape, and food availability is intact. However, the growing reliance on imported inputs presents a persisting threat to local food production given the risks associated with climate change. Investment in local and regional input supply need to be explored.

# Fruits and Vegetables

By Buhlebemvelo Dube, Nkosingiphile Duma and Bhekani Zondo

## Global Perspective

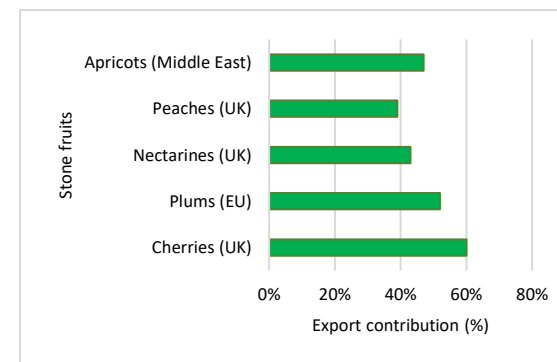
The stone fruit peak season is already underway and is expected to last until April 2024. Despite the ongoing climate-related challenges such as severe frosts, hailstorms, floods, droughts as well as adaptive pests that affect production in major producing regions, there is optimism that the stone fruit season will be outstanding as consumers await Christmas cherries. According to the United States Department of Agriculture estimates (USDA, 2023), the global production for cherries is expected to increase by 114 000 tons to 4.8 million, with global imports increasing by 102 000 tons to 730 000 tons. Peaches and nectarines have experienced slower growth recently, but their global exports are forecast to increase by 62 000 tons to 874 000 tons (USDA, 2023a).

Chile, Hong Kong, Spain, United States of America (USA), Turkey, Italy, South Africa, Greece, China, and Uzbekistan are respectively the global dominant exporters of apricots, cherries, peaches, nectarines, as well as plums (Trade Map, 2023). These countries have a combined global market share of 84.3%. The global export value reached US\$24.6 trillion, with fresh cherries having the biggest export value of US\$4.5 billion. China, Hong Kong, Germany, Russian Federation, USA, United Kingdom (UK), France, Canada, Netherlands, and Taipei (province of China) are the dominant global importers of apricots, cherries, peaches, nectarines, and plums with a combined global market share of almost 77% (Trade Map, 2023). The European Union (EU) provides a lucrative market for stone fruits as demand remains high regardless of the increasing focus on “Intra-EU trade”. This provides world leading stone fruit exporters with a reliable market especially for countries that have historically supplied the EU with quality products over the years.

## Domestic and Regional Perspective

This section presents the domestic key economic pointers as well as the market expectations for stone fruits as their calendar kickstarts in November. The 2022/23 stone fruit season produced lower-than-expected crop volumes due to adverse weather conditions and further exacerbated by logistical challenges mostly in the Cape Town port (HORTGRO, 2023). However, the industry is forecasting a stable and positive 2023/24 stone fruit season. According to HORTGRO (2023) estimates, peaches export volumes are forecast unchanged from the 2.17 million cartons (of 2.5kg equivalent) from last season. Exports of nectarines and plums are forecast to increase by 17% (from 8.2 million to 9 million cartons) and 3% (13.6 million to 14 million cartons (5.27 kg equivalent)) owing to high production volumes from new orchards. Conversely, apricot exports are forecast to decline by 24% from 595 477 to 450 000 cartoons this marketing season.

Nectarines compose 60% of the local production, followed by plums (23%), as well as apricots (16%) which jointly reached 350 000 tons/year in the previous season (HORTGRO, 2022). There is optimism that stone fruits will be boosted with increased orchard area planting, which is currently at approximately 18 025 hectares (ha) of stone fruit trees locally. The local stone fruit industry had a turnover of roughly R3.96 billion and 85% of the industry income was generated through fresh fruit sales. **Figure 3** below illustrates South Africa’s exports of stone fruits to the world. The local industry exports roughly 47% of apricots to the Middle East, 39% of peaches to the UK, 43% of nectarines to UK, 52% of plums to the EU, and 60% of all cherries to the UK. Given that a large share of South African stone fruits is export-oriented, the industry is sensitive to global economic shocks and is increasingly evaluating new export markets.



**Figure 3: South Africa’s exports of stone fruits to the world.**

Source: HORTGRO (2022)

## Key areas to unlock growth in Fruit and vegetables

There are four major areas of interest to enhance the stone fruit industry globally, regionally, and locally. Firstly, there is a need to protect the industry from the threat posed by climate change and this can be through research intensification on climate resilient plant varieties, plant health and efficient water use. Secondly, local exporters have marketing advantage in Northern hemisphere and must strengthen harmonious trade relations especially with EU markets. Thirdly, AfCFTA (African Continental Free Trade Area) agreement presents opportunities for market diversification within Africa, with reduced tariff barriers unlocking non-traditional markets. Poor roads, inefficient border systems, and high tariffs have been inhibitors for regional trade. Lastly, there is optimism to improve port efficiency across country as the industry role players and Transnet ponders for solutions for the current freight challenges. This is vital to reduce port congestion/delays for stone fruits exporters and allow South African fruits to reach markets at relevant times and to stay competitive to its Southern Hemisphere producers.

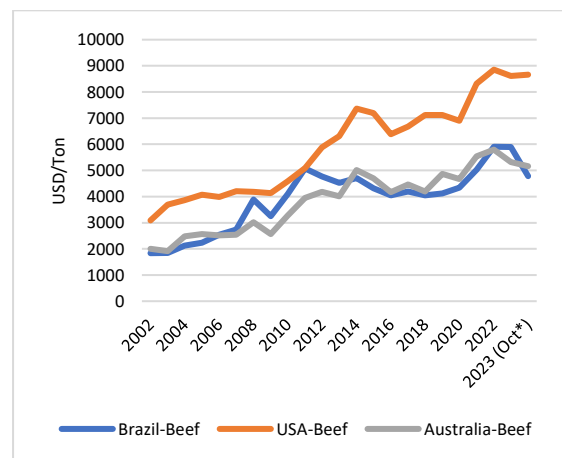


# Livestock and Animal Products

By Bigboy Singwana & Thabile Nkunjana

## Global Perspective

This section focuses on the global beef market. The international cattle meat prices increased marginally, reflecting the persistent, robust import demand from some leading importers, notwithstanding ample supplies of cattle meat from Australia and Brazil, (FAO, 2023). According to Rabobank report, the US declining supply, and strong consumer demand are driving cattle prices higher, while in most other regions, softer consumer demand and/or increasing supply have caused prices to soften. **Figure 4** presents global beef export prices from the leading suppliers. Following substantial increase in beef prices mainly from the USA, global beef prices have shown mixed trend. Beef prices from Brazil saw a month-on-month increase of 5.4%, reflecting the persistent, robust import demand from some leading importers.



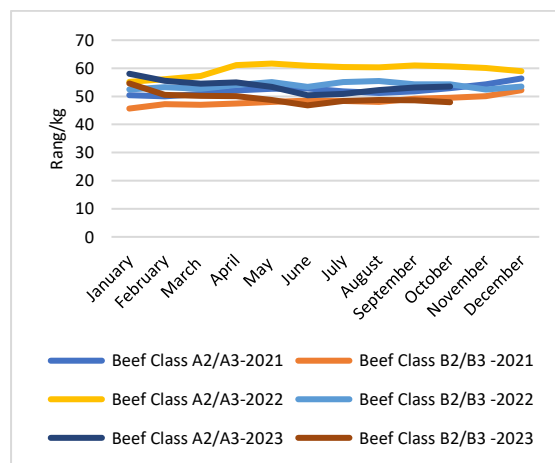
**Figure 4: Global beef export price trends**

Source: FAO, 2023.

## Domestic and Regional Perspective

The South African beef and pork sector remains under pressure from disease outbreaks which are causing substantial financial harm for farmers.

**Figure 5** presents South Africa's beef producer prices. End of October 2023, beef class A2/A3 was 0.8% higher month-on-month but 11.8% lower (R53.52 from R60.65) year-on-year. For the same period, a kilogram of beef class B2/B3 was 1.4% lower month-on-month and 11.7% lower (R47.93 from R54.25) year-on-year. While beef prices were lower year-on-year end of October, from November to December prices are expected to trend upward as is always the case during the festive season.

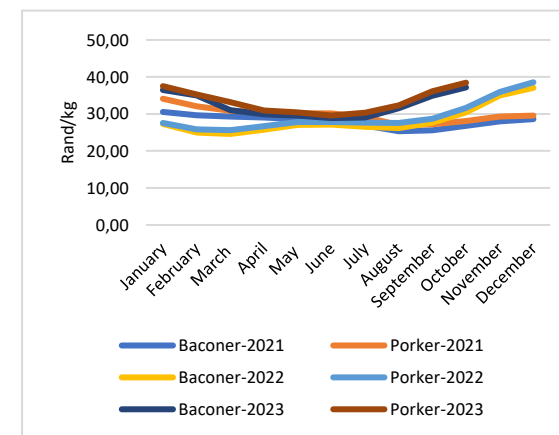


**Figure 5: monthly average pork producer price**

Source: AMT, 2023.

**Figure 6** present pork producer prices for 2021, 2022, and 2023 until October. Pork producer prices for 2023 have relatively been higher when compared to 2021 and 2022

for most of 2023. In October 2023, a kilogram of baconer was 21.5% higher (R37.17 from R30.44) year-on-year and 6.3% higher month-on-month, while a kilogram of porker was 22.1% higher (R38.44 from R31.64) year-on-year and 6.3% month-on-month.



**Figure 6: monthly average pork producer price**

Source: AMT, 2023.

## Key areas to unlock growth in livestock and animal products

South Africa remains a net beef exporter despite some challenges related to traceability issues, consistent beef imports from neighbouring countries mainly Botswana and Namibia as well as periodical foot and mouth disease outbreaks. Bilateral trade agreements have boosted South Africa's beef exports and helped the beef industry. The pork business has risen significantly, but its exports are focused on Africa, and the government must do everything in its power to open other vital worldwide markets. This would help the pork industry to grow.

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