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Market Intelligence Report

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Grains and Oilseeds



By Thulani Ningi, Naledi Radebe and Thabile Nkunjana

Global Perspective

On this issue the focus is on maize, wheat, soybean, and sunflower seed. Globally the 2023/24 production of wheat is expected to decline from record levels this year due to lesser crops in Kazakhstan, Argentina, India, and slightly offset by a greater crop in Russia. In 2023/24, Brazil's wheat production is predicted to fall year over year, although exports are predicted to rise marginally. Due to unfavourable weather brought on by the current El Nino phenomenon, Australia's wheat production is now expected to drop. Ukraine's 2023/24 wheat production surpasses previous year's prediction of rising yields, despite a decrease in harvested area (USDA,2023).

The maize 2023/24 forecasts indicate a substantial increase in maize production globally, with increases coming from the US, Ukraine, Russia, Burma, and Paraguay more than compensating decreases from Mexico, Egypt, and Indonesia. International maize trade is expected to increase as decreased exports to India are more than offset by increased exports from the US, Russia, Ukraine, and Turkey. Prices for maize have decreased for all the major exporters since October 2023. U.S bids decreased by USD20 from the previous month to USD211/ton in November resulting from cheaper logistics costs and seasonal harvest strain (USDA,2023b). Argentine bids dropped by USD46 from the previous month to USD212/ton in November 2023 because of pressure from other exporters to compete (USDA,2023a).

Figure 1 presents global export price trends in US Dollars for a ton of maize for years 2021, 2022, and 2023. Since April, the price of maize has generally decreased globally in 2023 compared to 2022 or 2021. Prices for a tonne of maize decreased 2.2% month over month in December 2023, from USD211.26 to USD206.54, and 31.7% year

over year, from USD302.25 to USD206.54. Due to increased supply from major exporters, the price of maize fell 31.8% globally between January and December 2023.

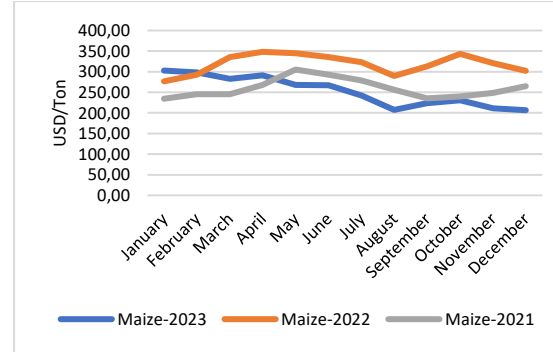


Figure 1: Global maize prices

Source: The World Bank, 2023

Figure 2 presents global export prices in US Dollars for soybean for years 2021, 2022, and 2023. Between January and December 2023, the price of a tonne of soybean dropped by 12.6%. A tonne of soybeans sold globally in December 2023 fell 15.2% year over year to USD547.43 from USD648.92, while it decreased 1.0% month over month from USD547.43 to USD553.05.

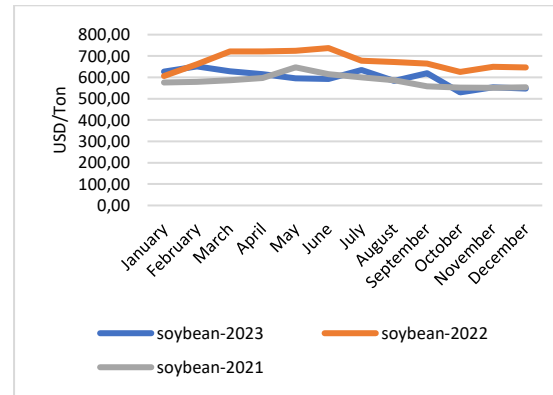


Figure 2: Global soybean prices

Source: The World Bank, 2023

Domestic and Regional Perspective

In November, the Crop Estimation Committee published the 2024 producer intentions for planning summer crops aimed at the 2024 harvest. The estimations for yellow and white maize stand at 7 895 and 8 500 million tons/ha, respectively, with an expected yield of 5.59 tons/ha for white maize and 7.41 tons/ha for yellow maize. Conversely, the estimation for sunflower seed is 729 110 tons, with a harvesting yield projected at 1.31 tons/ha. The estimated production of wheat is 2 152 million tons, reflecting a 0.70% reduction from the previous projection, resulting in a yield of 4.00 tons/ha.

As of November 2023, the average spot price for a ton of yellow and white maize was 24.5% and 22.6% lower on a year-on-year basis. However, on a month-to-month basis, the spot price for yellow maize decreased by 1.2%, while the spot price for white maize increased by 1.1% compared to October 2023 spot prices. The large supply of maize from the world market, estimated to be around 4.8 tons by the USDA, has led to visible declines in domestic and regional maize prices, which are expected to remain lower in the short run unless markets react to sudden shocks. Despite this trend, considering maize's status as a staple crop in South Africa and the conclusion of the grain harvest season, there are indications of slight increases in the spot price for white maize.

Figure 3 presents spot price trends for a ton of white maize from January to December for year 2021, 2022, and 2023. **Figure 3** illustrates how local maize prices moved in a manner that was nearly identical to the worldwide pattern.

Grains and Oilseeds

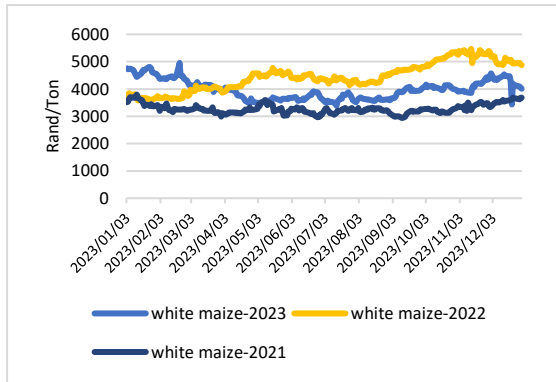


Figure 3: South Africa's white maize spot price trends
Source: JSE, 2023

The spot price for a tonne of white maize as of December 29, 2023, decreased by 17.76% from R4 871 to R4 006 over the same period over the previous year. Local maize prices will continue to mirror those on the international market, depending on market conditions.

Figure 4 presents spot price trends for a ton of soyabean from January to December for year 2021, 2022, and 2023. Similar to what was seen with white maize prices, soybean prices were variable during the year 2023 and were selling for less than what was seen in 2022. The current price for a tonne of soybeans was selling for R8 870 as of December 2023, 16.3% less than the previous year the same period.

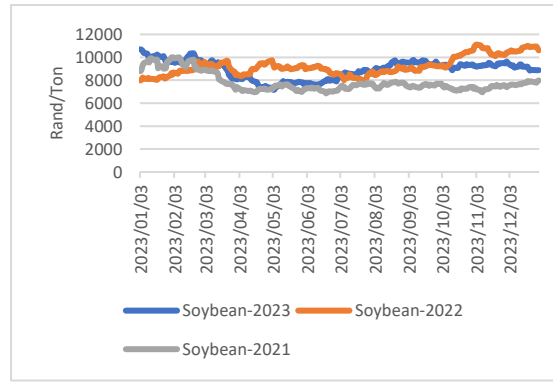


Figure 4: South Africa's soyabean spot prices
Source: JSE, 2023

Figure 5 presents spot price trends for a ton of sunflower seed and wheat from November 2012 to November 2023. As of November 2023, the spot price for a ton of sunflower seed and wheat was 22.2% and 14.9% lower, respectively, on a year-on-year basis. On a month-to-month basis, the spot price for sunflower seed increased by 2.7% compared to October, while the spot price for wheat experienced a slight decline of 4.8%. The Northern Hemisphere is concluding spring wheat harvesting, while the Southern Hemisphere is still grappling with drought issues in countries like Argentina and Australia. However, other regions are currently in the harvesting phase, contributing to spot price relief for South Africa.

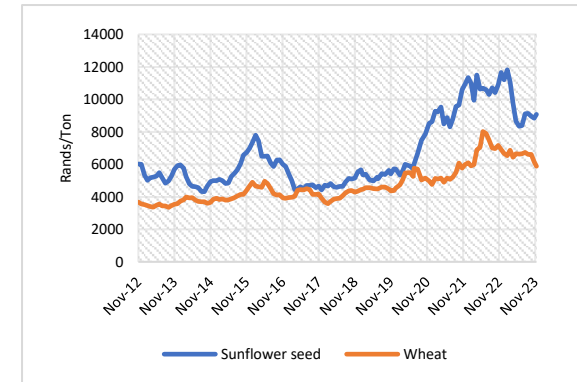


Figure 5: South Africa's sunflower seed and wheat spot prices
Source: JSE, 2023

Key areas to unlock growth in Field Crops

The price of commodities globally, which has a big impact on local prices, will keep being important. Because of the good rains that have fallen in most areas, South Africa is once again expected to have a great year in terms of grains and oilseeds produced this season. There is a need to encourage grain and oilseeds producers in Kwa-Zulu Natal and Eastern Cape, since recent seasons have demonstrated promise.

Supporting infrastructure, such as silos to reduce the cost of operating an agribusiness in these regions and highways connecting farmers to important roadways leading to the market, will be essential to this. Adequate silo distribution becomes more and more important every year in South Africa, particularly for provinces like EC and KZN that are focused on increasing grain output because of land availability and government support, as shown by AAMP and certain Grain SA projects that are supporting emerging farmers.

Fruits and Vegetables

By **Buhlebemvelo Dube, Nkosingiphile Duma and Bhekani Zondo**

Global Perspective

Table grape production of Peru and India is projected to 775 500 metric tons and 2.95 million metric tons, respectively 2023/2024 marketing season (USDA, 2023). There is an increase in international competition for table grapes and a reduction in area planted due to low prices of traditional table grapes varieties in international markets and high production cost. This has put pressure on smaller table grapes exporting countries. The adverse hot climate in the Southern European countries especially in Netherlands, Italy, and Turkey, have led to burnt grapes and inferior quality on the global markets. As a result, the supply of good quality grapes is 30-40% lower compared to previous marketing season (Fresh Plaza, 2023).

The 2023/2024 forecast for Northern Hemisphere citrus production is 28,9 million tons which represent a 12% increase compared to previous year, and total exports are projected to be 9,5 million tons which represent a 11.4% increase attributed to Egypt and Turkey higher production estimates (WCO, 2023). Global production for tangerines/mandarins for 2023 marketing year was 36.9 million metric tons, showing a decline of 900 000 metric tons compared to last season (USDA, 2023). China which account for 72% of global tangerines/mandarin's production, experienced a 2% decline in production while European Union (EU) declined by 4% year/year. On the other hand, United States experience a 28% increase due to favorable weather and higher yields in California (USDA, 2023). Due to increases in output and planted area, Chile's exports of tangerines and mandarins rose by 25% to 180 000 metric tonnes in 2023, while Peru's exports saw a 10% decline.

Domestic and Regional Perspective

In the 2022/23 season, South Africa's table grapes continued to be preferred in main export markets with

over 55% of production exported to the EU and 20% to the UK, followed by Middle East (7%), Canada (5%), and South East Asia (5%) (see **Figure 6**) (SATI, 2023). The area planted with table grapes declined by 3% in 2023 to 19 788 hectares(ha) and is forecast to decline further by 1% to 19 500 in 2024 (SATI, 2023; USDA, 2023). On the other hand, production is forecast to rise by 8% to 342 000 metric tons in 2023/2024 compared to 318 000 metric tons in the 2022/2023 season (USDA, 2023).

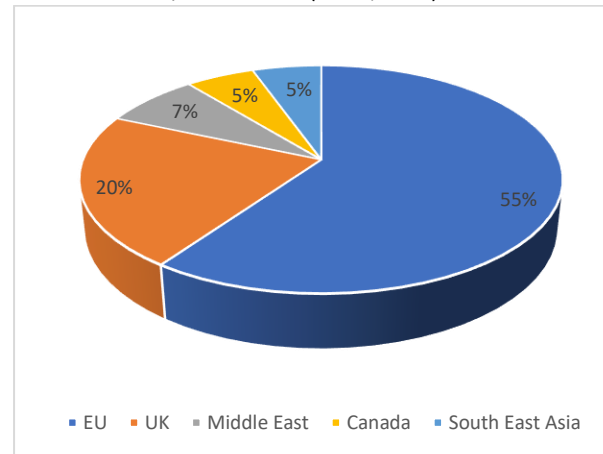


Figure 6: Main export destinations for South Africa's table grapes

Source: SATI (2023)

An estimated 680 000 metric tonnes of tangerines and mandarins were produced in South Africa in the 2022–2023 season, a 6% increase over the previous season's output (USDA, 2023). The South Africa mandarin producers have adopted a trend of planting under nets which improves water efficiency, quality, and yield. Due to the strong demand for mandarins globally and their comparatively high prices when compared to other citrus kinds, South Africa has been planting mandarins on a massive scale; in 2023, the area planted had grown to 26 977 ha. Inflationary pressure on consumers and weakening of economic growth on countries of

destination of South African mandarin exports have led to softening of the demand in these markets EU and UK. South Africa's exports of mandarins in 2022/23 marketing year were estimated at 560 000 metric tons which represents a 7,5% increase compared to the previous marketing year. The EU and UK accounts for 45% of total South Africa's tangerines/mandarins exports, followed by Russia (10%), the United States (10%) (Trade Map, 2023).

Key areas to unlock growth in Fruit and vegetables.

The local fruit industries continue to be challenged by the rising farming input costs, loadshedding, poor road and ineffective port operations, as well as climate change, among other factors. These factors are constraining domestic fruit production and export competitiveness in traditional export markets. As a result, the local industries face increasing competition especially from other Southern Hemisphere countries. The solution to some of these problems includes investment in roads networks and port facilities, as well as investment in climate smart technologies and climate resilient cultivars. private and public partnership collaboration towards addressing these challenges is very important.

The South African tangerines/mandarins with being easy to peel continues to be a preferred choice by the United States consumers compared to those produced by Southern Hemisphere counterparts. Hence, given that the Southern hemisphere countries are experiencing drop in production due to adverse weather condition and relatively high prices. South Africa should capitalize on exports of tangerines/mandarins following the 6% forecasted increase in production.

Livestock and Animal Products



By Bigboy Singwane, Phelelani Sibiya and Thabile Nkunjana

Global Perspective

Figure 7 presents global poultry export prices per tonne in US-Dollars from the Brazil and USA from 2002 up until November-2023. Between October and November of 2023, there was a slight fall in the price of chicken globally, following a significant surge in poultry prices from both the United States and Brazil. Following the global poultry industry's devastation by the 2023 Avian Influenza pandemic, reduced supply was the primary cause of the rise in chicken prices globally. Due to a decrease in bird outbreaks, a slight improvement in supply, and moderate demand, Brazil's poultry export prices fell 6.5% in November 2023 compared to the same month the previous year and 5.9% in Brazil, from USD1 985 to USD1 867.

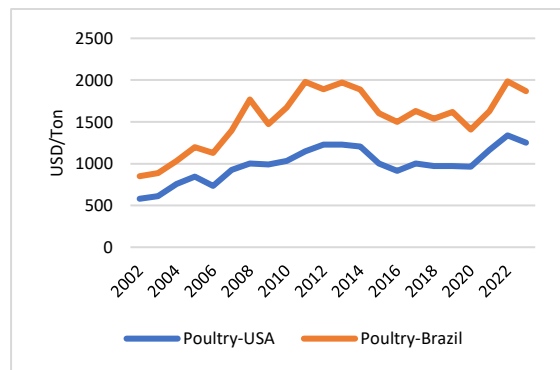


Figure 7: Global poultry export price trends

Source: FAO, 2023.

Domestic and Regional Perspective

There will be pressure on the poultry industry in South Africa to return to its full production capability. The sector has been impacted by the recent avian flu outbreak since January, and it is still recovering (SAPA,2023). To contain the outbreak, more than 2.5 million broilers and over 6 million layers have been killed. In order to lessen the impact on consumers and farmers, the industry has implemented a number of mitigating measures. For instance, it has increased the age of non-affected flocks by two to three weeks, which will increase egg production; it has also begun to include the hatching of second-grade eggs (SAPA, 2023); farmers have imported 83 million grill hatching eggs to replenish the flock; the first batch arrived earlier in October. Therefore, Minimal shortages are expected this festive season, and this will be reflected in prices.

The cost of poultry kept rising, rising by 5.7% from October to November (IndexMundi,2023). The price of fresh and frozen poultry for a week jumped by 1.96% to R38.35 and R37.75, respectively.

Figure 8 presents South Africa's poultry producer prices for years 2022 and 2023, up to November. By the end of November 2023, the price per kilogramme for frozen chicken produced was 2.1% higher on a monthly basis and 17.8% higher on an annual basis. Fresh chicken prices increased by 13.1% year over year and by 1.8% month over month during the same time, while producer prices for IQF chicken increased by 8.7% year over year and by 2.6% month over month.

Figure 8 also illustrates how producer prices were higher in 2023 than in 2022 for the majority of the year, particularly for fresh and frozen chicken. Early in the year,

input prices were the primary drivers, but from September to the end of 2023, avian influenza was a major problem.

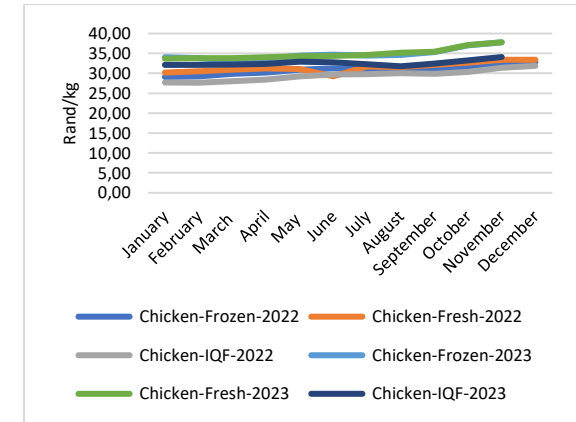


Figure 8: monthly average poultry producer price trends

Source: AMT, 2023.

Key areas to unlock growth in livestock and animal products.

South Africa in the foreseeable future will remain a net-importer for both chicken meat and eggs. However, there may not be a long-term shortage of eggs; and industry initiatives will be crucial to achieve this. The effects of the avian influenza are expected to last for months as the industry continues to recover, as the nation was already a net importer. This offers tiny and up-and-coming farmers a tonne of opportunity to supply the market. The significance of a poultry business with a comprehensive function has been highlighted by the recent bird flu outbreaks. Even amid outbreaks, a well-functioning industry would be able to serve the market with few difficulties.

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