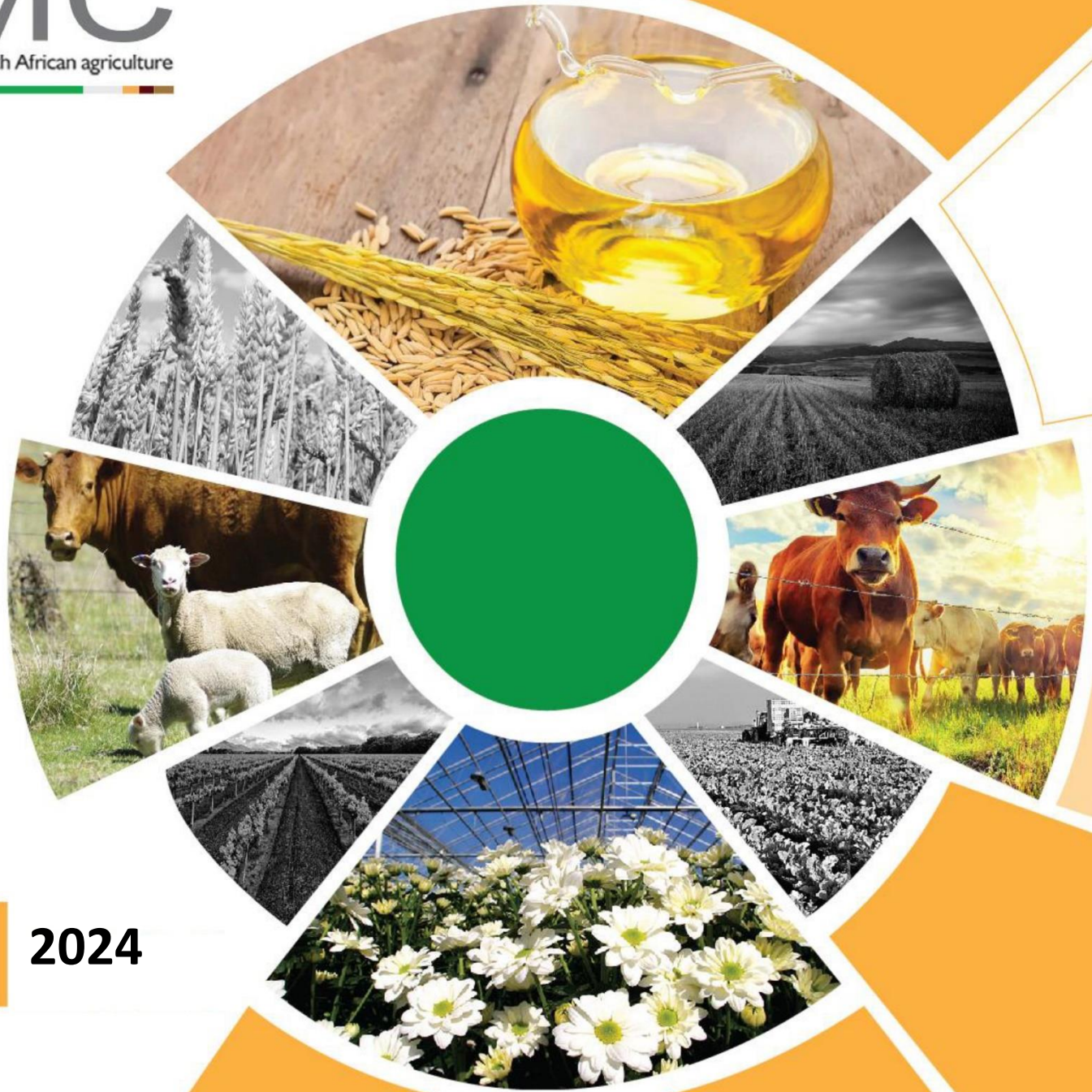




JANUARY

2024



Grains and Oilseeds

By Thulani Ningi, Naledi Radebe and Thabile Nkunjana

Global Perspective

On this section the focus is on maize and sunflower. Global production of coarse grains is expected to increase by 11.9 million tonnes to 1,513.9 million in 2023/24 (USDA, 2024a). The 2023/24 global maize production is expected to increase, more than offsetting a decrease to Brazil, because of larger yields in the USA, China, India, and Paraguay. Due to decreased expectations for second crop maize areas, Brazil's maize production has decreased. The global trade in maize is expected to decline as Turkey's increased exports are more than offset by decreasing shipments from Brazil and India. **Figure 1** presents global price trends from January 2020 to January 2024. As of January 2024, global maize prices down -3.8% m/m and down -34.4% y/y. According to the FAO, global maize prices have decreased on a mm basis due to improved crop conditions and the start of the harvest in areas such as Argentina and the USA. In the previous months, the estimated supply for maize stood at 4.8 tons, and these global trends contribute significantly to the reduction of domestic and regional maize market prices.

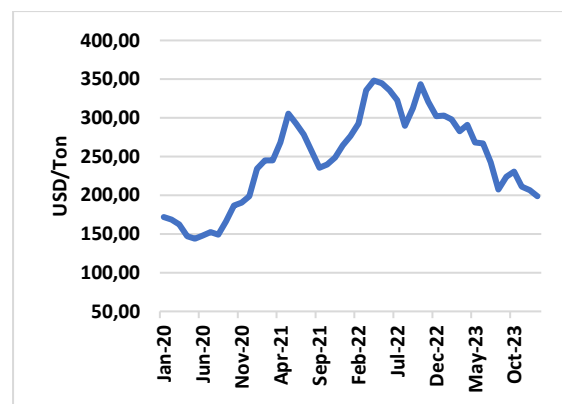


Figure 1: Global maize prices

Source: The World Bank, 2024

January 2024 prediction for global oilseed output was decreased to 660 million tonnes due to significant decreases in sunflower seed for Argentina, the EU, and Russia (USDA, 2024c). Reduced global production of sunflower seeds, down 1.3 million tonnes, due to lower output for the EU, Argentina, and Russia (USDA, 2024a). End of January 2024, global prices for sunflower oil per ton stood at 943.36 USD/Ton, down -0.1% m/m and down -22.6% y/y. The FAO Vegetable Oil Price Index remained stable in January 2024 due to the rise in global sunflower seed oil quotations driven by increased demand from countries like Türkiye.

Previous forecasts anticipated increases in sunflower production from countries like Ukraine and Russia, and these two countries are critical players for these commodities. These developments are likely to influence global sunflower prices. Therefore, the increased production of sunflower in these countries significantly contribute to local and regional sunflower prices.

Domestic and Regional Perspective

On January 30, 2024, the Crop Estimation Committee released the preliminary area planted estimate for summer crops in 2024. The initial estimations for yellow and white maize stood at 1 521 million (ha) and 1,557 million (ha), respectively, indicating a 1.4% and 2.3% increase compared to the 1 065 million (ha) and 1,521 million (ha) reported in the previous season. The estimation for sunflower seed was 613 200 ha, representing a 10.3% increase from the 555 700-ha planted area in 2023.

Figure 2 presents spot price trends for a ton of yellow, white maize and sunflower seed from January 2007 to January 2024. In January 2024, the average spot price for a ton of yellow and white maize was 21.4% and 16.3% lower on a y/year basis. On a m/m basis, the spot price for both yellow and white maize decreased by 9.6% and 9.1%,

respectively, compared to December 2023. As of January 2024, the spot price for a ton of sunflower seed was 27.5% lower on a y/y basis. On a m/m basis, the spot price for sunflower seed decreased by 7.8% compared to December 2023.

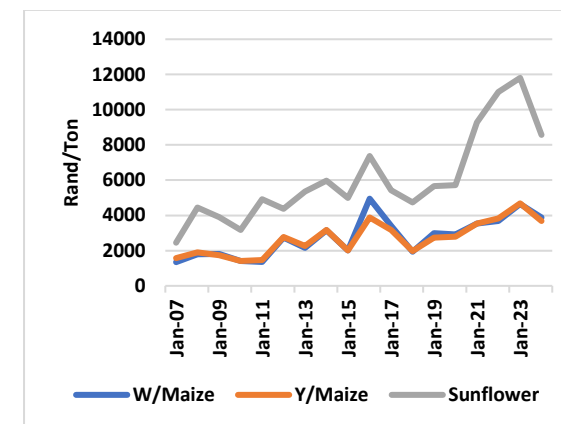


Figure 2: South Africa's yellow & white maize spot prices

Source: GrainSA, 2024

Key areas to unlock growth in Field Crops

Provincial contributions to summer crop production, including sunflower seed, yellow and white maize, are expected to come from the Free State, Mpumalanga, Northwest, KwaZulu-Natal, Gauteng, Northern Cape, Limpopo, Eastern Cape and Western Cape in that order. It seems doubtful that the nation will have a poor harvest season given the current El Nino forecasts, which have not yet materialised domestically for the summer-producing regions of South Africa that produce maize. This could imply that the country is secure in terms of domestic food security, but events happening throughout the world will undoubtedly have a significant impact on price formation and, in turn, indirect effects on food prices and security.

Fruits and Vegetables

By Buhlebemvelo Dube, Nkosingiphile Duma, Bhekani Zondo and Thabile Nkunjana

Global Perspective

This section focuses on oranges, grapefruits, and lemons. Globally, production of oranges is forecasted to grow slightly and reach about 48.8 million tons in the 2023/24 season (USDA, 2024). This is underpinned by reduced production in Brazil and EU which will be offset by higher in production in Argentina, USA, and Turkey. Similarly, grapefruit production is also forecasted to grow to reach 6.9 million tons due to higher production in China which offsets expected low production in South Africa. Also, global oranges production is expected to grow by 225 000 tons to 10 million tons. Spain, South Africa, Egypt, USA, Netherlands, Australia, and Greece, remains the dominant exporters of oranges. France, Germany, Netherlands, USA, China, Saudi Arabia, and Russia are respectively the dominant importers of oranges (Trade Map, 2024).

Spain, Mexico, South Africa, Netherlands, Turkey, USA, and Argentina are the global dominant exporters of lemons respectively. These countries have a combined global export share of almost 76%. The USA, Germany, Netherlands, France, UK, Russia, and Poland are respectively the dominant importers of lemons. South Africa, China, Netherlands, Turkey, Spain, Israel, and Thailand, have a combined global export share of almost 80% for grapefruits. Vietnam has had an export growth in value of 42% in the past five positioning itself as a significant supplier of grapefruits. Netherlands, China, Russia, Germany, France, Japan, and Poland are the dominant importers of grapefruits. There is an increasing shift for new markets from the traditional markets in the EU. This is influenced by market competition, tighter regulations, climate related factors such as natural disasters which affect supply and demand, as well as

changing consumer appetite around the world. **Figure 3** presents global orange prices in US\$/kg from January 2021 to January 2024. As of January 2024, a kilo of oranges globally was selling at 1.67 US dollars, down - 12.1% m/m and higher 52.8% y/y. However, the prices are likely to decrease as extra volumes enter the market in the coming months.

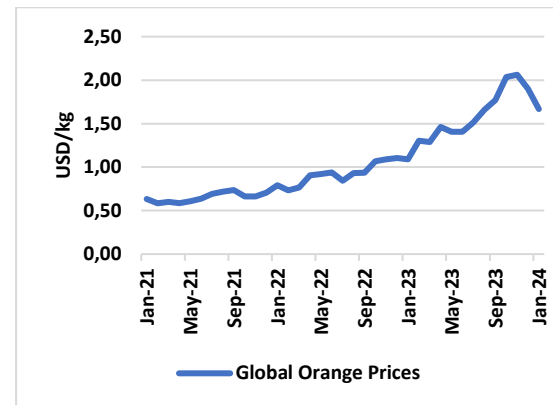


Figure 3: Global orange price trends

Source: The World Bank, 2024

Domestic and Regional Perspective

South Africa and Egypt are not only the continents major citrus countries but also have a dominant role globally. South Africa, Egypt, Morocco, Zimbabwe, and Somalia are the African region major exporters with a combined global export share of almost 42% (Trade Map, 2024). South Africa's orange exports are forecasted to be reach the record high level for the fourth consecutive year, reaching 1.6 million tons Department of Agriculture Foreign Agricultural Services (USDA, 2024). On the other hand, grapefruit exports are expected to decline and reach 400 000 tons while lemons are expected to record a 10% growth rate to reach 720,000 tons owing to favourable weather. **Figure 4** presents South Africa's exports of citrus fruits such as oranges, lemons, and

grapefruits to the world. South African citrus industry is export based.

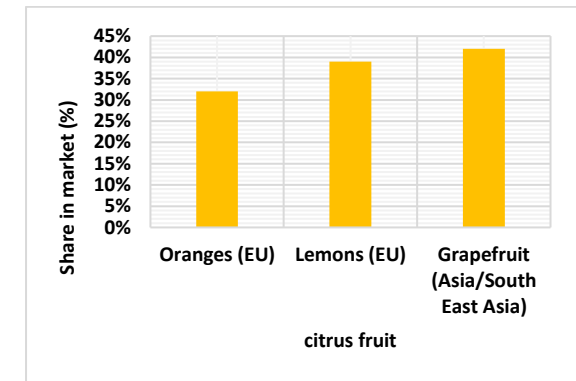


Figure 4: Major export markets for South Africa's oranges, lemons, and grapefruits to the world

Source: CGA (2024)

Key areas to unlock growth in Fruit and vegetables.

In addition to the growing costs of production, citrus growers in South Africa are facing increased expenses in shipping their produce to international markets due to modifications in EU cooling regulations and the ongoing rise in sanitary and phytosanitary (SPS) protocol costs throughout the food chain management process (OIL, 2024). The main actors in the industry should keep looking into the issue over the unfair new collecting techniques in the EU market in relation to the ubiquity of False Codling Moth (FCM) and Citrus Black Spot (CBS).

Livestock and Animal Products

By Thabile Nkunjana and Bigboy Singwana

Global Perspective

The FAO Meat Price Index was 1.2% below its equivalent value from the previous year, with an average of 109.8 points in January, 1.4% m/m. This is the seventh consecutive month that the index has declined. **Figure 5** presents global beef and poultry prices per/kg in US\$ from January 2020 up until January 2024. **Poultry:** International price quotations for poultry meat fell further in January, underpinned by persistent subdued global demand and ample exportable availabilities in leading exporting countries. A kilogram of poultry decreased from 1.63 US\$/kg in December 2023 to 1.57 US\$/kg in January 2024, a decrease of -0.8% m/m.

On annual basis, poultry prices increased from 1.55 US Dollars/kg in January 2023 to 1.57 US dollars/kg in January 2024, this represented an increase of 3.8% y/y.

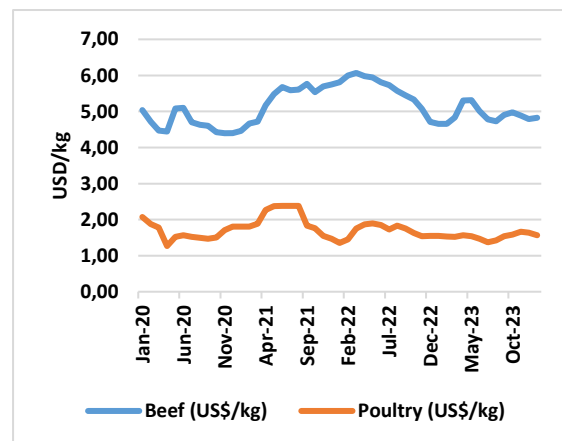


Figure 5: Global beef and poultry price trends

Source: The World Bank, 2024

Beef: A kilogram of beef decreased from 4.79 US\$/kg in December 2023 to 4.83 US\$/kg in January 2024, a decrease of 0.8% m/m end of January 2024.

On annual basis, global beef prices increased from 4.65 US\$/kg in January 2023 to 4.83 US\$/kg in January 2024, an increase of 3.8% y/y (The World Bank, 2024). These prices contrast with international beef imports prices reported by FAO end of January 2024. Global beef meat prices fell marginally, primarily reflecting high export supplies from Oceania and South America.

Domestic and Regional Perspective

Figure 6 presents domestic pork producers for January to December of 2021, 2022, and 2023. Due to data availability, the price data presented in the following **figure 6** will end in December 2023. The cost of pork kept rising from July 2023 and remained steady in November but fell in December of 2023. **Baconer:** Prices for baconer dropped 6.4% on a monthly basis from R37.10/kg in November 2023 to R35.50/kg in December of the same year. Porker prices fell 7.8% year over year, from R37.05 to R35.50.

Porker: Pork prices fell 4.5% month over month in December 2023, from R37.96 in November to R35.54 in December. From R38.55 in December 2022 to R35.54 in December 2023, there was a 4.2% y/y decline. Given that prices typically grow between November and December of each year as a result of festival holidays and consumer preparation for Christmas, the drop in pork producer prices in December was unexpected. This was not the case for 2023, which could indicate that pork prices could drop below the levels typically seen in January and February when demand declines.

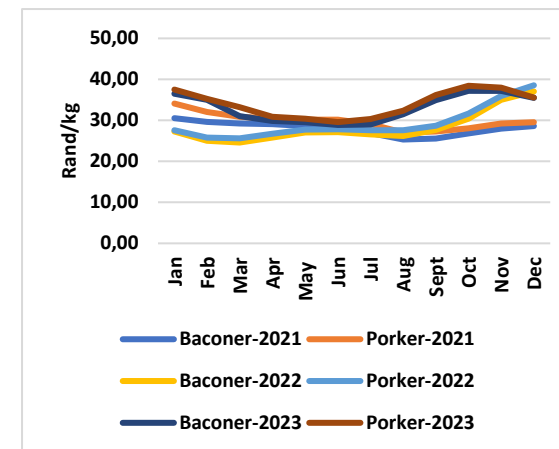


Figure 6: monthly average pork producer price trends

Source: AMT, 2023.

Key areas to unlock growth in livestock and animal products.

The feed price war put the South African pork industry on the back foot in 2023, while producer prices were comparatively below production costs for some farms and barely broke even for others. Production in the pork sector has increased significantly, which is encouraging considering the difficulties the poultry sector is facing. However, more needs to be done to guarantee that the sector expands holistically for all players, big or small.

The biosecurity issues will persist, particularly given the industry's high growth rate and the significant impact disease outbreaks have on trade. High growth rates also lead to more markets requirements, particularly for exports. Although there will probably be occasional volatility similar to those saw in 2023, the sector has shown itself to be resilient.

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