



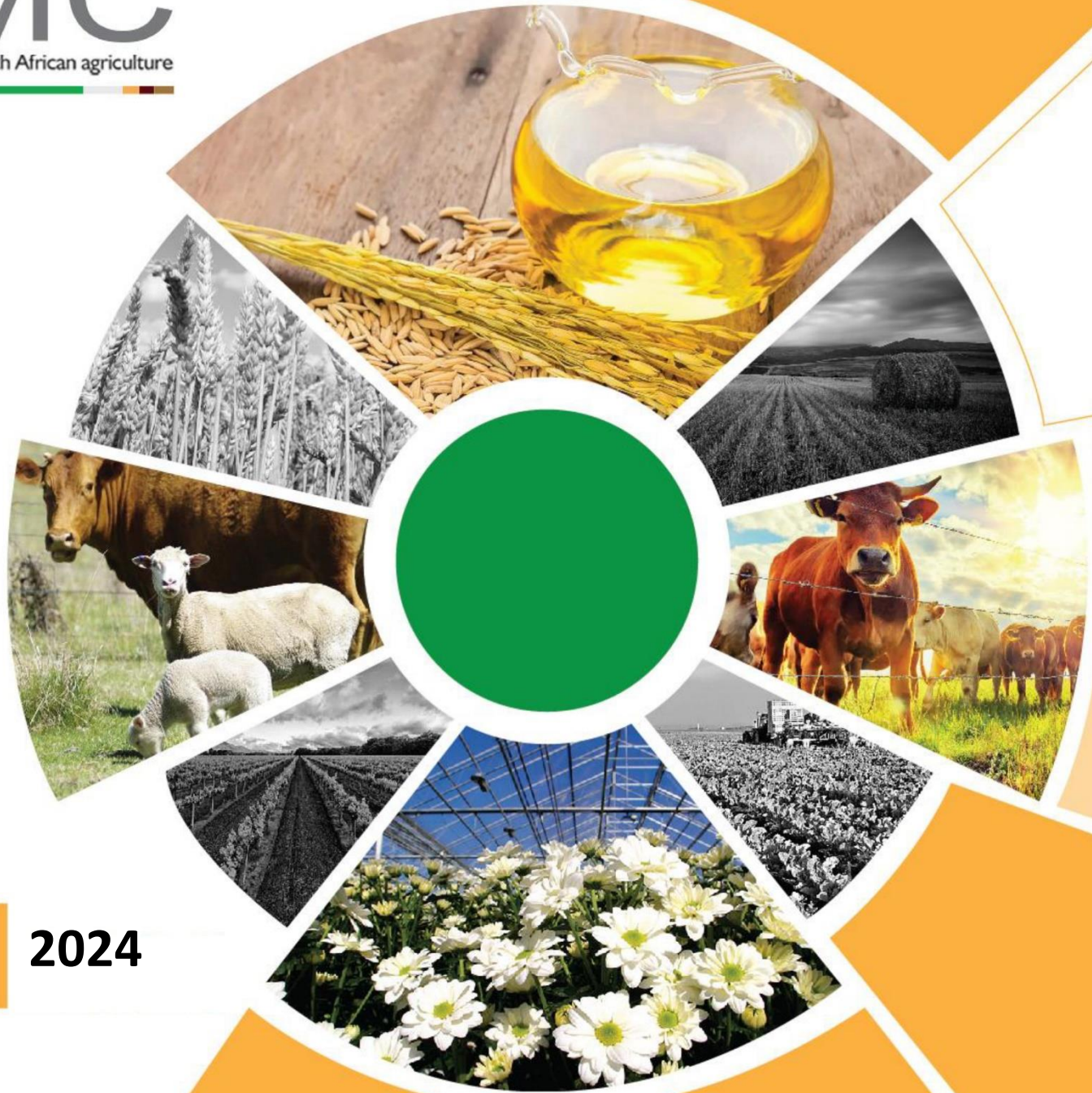
NAMMC

Promoting market access for South African agriculture

Market Intelligence Report

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Grains and Oilseeds

By Thulani Ningi, Naledi Radebe and Thabile Nkunjana

Global Perspective

In this section the focus is on sunflower, maize and soybean. In comparison to last month, the global grain prediction for this month is lower production, more trade, and lower ending stocks. It is anticipated that global grain production will drop by 2.7 million tons to 1,507.4 million in 2023/24. Maize production is expected to decrease, with rises for Argentina and Syria partially offsetting decreases for South Africa, Ukraine, Mexico, Venezuela, and Russia. Mexico is lowered due to projections of a smaller winter corn area, while South Africa is down due to poorer yield forecasts. Reduced imports from the EU, Saudi Arabia, and Israel have more than offset increased imports from Mexico and Venezuela.

Global oilseed production for 2023/24 is expected to drop by 0.7 million tons to 658.7 million tons, somewhat offset by increased production of rapeseed and less soybean and sunflower seed. Due to decreasing output in Brazil and South Africa, the world's soybean production has decreased by 1.4 million tons. Brazil's soybean output has decreased by 1.0 million tons to 155 million tons due to harvest failures in Parana and unfavourable weather in São Paulo, which have been partially offset by favourable conditions in Rio Grande do Sul and the north. Conversely, soybean production is anticipated to decline from South Africa decreasing by 0.4 million to 2.1 million. China's soybean imports surged by 3.0 million tons to 105.0 million this month in 2023/24, surpassing the modified prediction for 2022/23 by 500,000 tons. Black Sea sunflower seed oil's vast exportable supply particularly from Russia—caused its prices to fall, giving it a remarkably steep discount versus palm oil.

Domestic and Regional Perspective

On February 28, 2024, the Crop Estimation Committee released the revised area planted estimates and first

production forecast for summer crops in 2024. The initial estimations for yellow and white maize stood at 1 081 million/ha and 1 557 million/ha, respectively, indicating a 1.6% and 2.4% increase compared to the previous season. The estimation for sunflower seed was 559 500 ha, representing a 0.7% increase from the previous season, while estimation for Soybean is 1 122 500 ha, representing 2.3% decrease.

Figure 1 displays spot price trends for a ton of yellow and white maize from February 2007 to February 2024. In February 2024, the average spot price for a ton of yellow and white maize was 14.8% and 6.0% lower on a year-on-year basis, respectively. On monthly basis, the spot price for both yellow and white maize increased by 3.2% and 9.5%, respectively, compared to January 2024. The month-to-month trend in South African maize prices contradicts FAO's February cereal price index, which dropped because of the export prices of maize decreasing due to anticipations of abundant harvests in Argentina and Brazil.

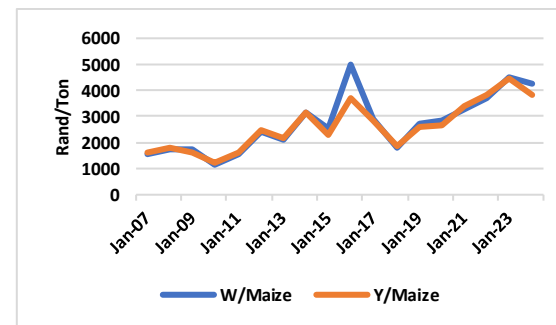


Figure 1: SA's yellow & white maize spot prices

Source: GrainSA, 2024

Figure 2 illustrates spot price trends for a ton of sunflower seed and Soybean from February 2007 to February 2024. As of February 2024, the spot price for a ton of sunflower seed and Soybean was 24.2% and 17.1% lower on a year-

on-year. On a month-to-month basis, the spot price for sunflower seed and Soybean decreased by 2.2% and 3.7% compared to January 2024. FAO (2024) reported a significant decline in international soybean prices during February. This drop was primarily influenced by the expectation of abundant oilseeds from South America, supported by generally favourable harvesting conditions.

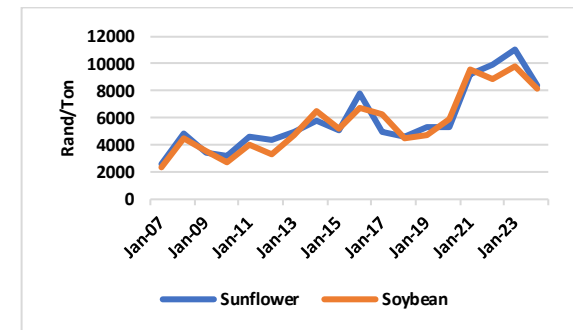


Figure 2: SA's sunflower seed & Soybean spot prices

Source: GrainSA, 2024

Key areas to unlock growth in Field Crops

The country's production of grains and oilseeds is being significantly disrupted by climate shocks, which poses a serious threat to South Africa's food security. The regions that have historically produced relatively little in the way of grains and oilseeds need to be given a serious second look. For producers of grains and oilseeds, the absence of essential infrastructure in provinces like KwaZulu Natal, Limpopo, and the Eastern Cape is a significant obstacle. Seasons of high or low commodity prices mean almost nothing to these farmers because, for example, they must sell their maize during unfavourable price points, which results in little to no profit. Following this, some farmers lose interest in growing grains, which has consequences for the industry's growth and raises the issue of food security in the country during periods of drought like the current one.

Fruits and Vegetables

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

Global Perspective

This section focuses on mangoes and peaches and nectarines. In 2023, mango was set to be the most traded subtropical fruit globally along with pineapple and avocado. Exports of mango, mangosteen, and guava were estimated to increase by approximately 1% and reach 2.3 million tons (FAO, 2024). Mangos were expected to account for a share of 85% of the 2.3 million tons. Mango exports from Brazil, Peru, and Mexico were the primary drivers of the market. In terms of mango imports, the USA and the EU remains the major importers globally, accounting for about 27% and 17% shares for imports, respectively (FAO, 2024). In 2024, unfavourable climatic conditions characterised by high temperatures are expected to cause significant decreases in mango production in major producing regions such as Brazil and Peru. According to Fresh Plaza (2024) both Brazil and Peru will have limited mango supply due to adverse weather, with Peruvian volumes expected to decrease by 80%.

Global peach & nectarine production is forecasted to increase by 827 000 metric tons (MT) to approximately 25 million MT in the 2023/24 season (USDA, 2024). This forecasted increase is mainly attributed to favourable growing conditions in China and EU which are expected to boost production. Production in EU is forecasted to increase by 401 000 tons to 3.7 million tons due to Spain's recovery from extreme cold, frost and rain that damaged crops the previous year. The forecasted increase in production is expected to offset weather-related losses in Italy, Bulgaria, Hungary, and Poland. In China, fresh peaches and nectarines are forecasted to increase by 500 000 MT to 17 million MT (USDA, 2023). This growth is due to good production conditions in the Southern provinces

offsetting bloom damage in northern provinces attributed to cold temperatures and snow.

Domestic and Regional Perspective

South Africa's mangos are primarily processed into canned mango, mango juice, concentrated mango drinks, mango pulp, dried mangos, mango jams, chutneys, achar and mango-applied products and are sold fresh through the National Fresh Produce Markets (NFPMs) and as well as exports. In 2023, the South African Mango Growers Association (SAMGA) tree census (SAMGA, 2023a) recorded that there were about 5 688 hectares (ha) under mango production spanning over five provinces. Limpopo is currently largest mango producing regions accounting for about 75% (4 277 ha) of land devoted for mango production in the country followed by Mpumalanga (1 278 ha), Western Cape (98 ha), KwaZulu-Natal (19 ha), North West (15 ha), and Gauteng (1 ha). Data from SAMGA (2023b) shows that over the years, processing has become an integral part of local production, with about 41% processed to archar, dried (17%), and juice (10%). Direct sales account for about 8% of local production while exports account for only about 6%.

In the past three years, South Africa's export of peaches has remained relatively stable between 2.2 million cartons (of 2.5kg equivalent) to 2.5 million cartons (see figure 3). However, estimates for the 2023/24 shows that peach export volumes will decline by 13% to 1 887 354 cartons. As of week 9 of the 2023/24 season, peach inspections passed for export equalled 1 838 999 cartons compared to 2 121 579 cartoon in 2022/23. The decline is mainly attributed to reductions in inspection areas such as Berg River and Ceres and the Klein Karoo by 6% and 2%, respectively. The Middle East, United Kingdom (UK), Europe, and Indian Ocean remains the main export markets for South Africa's peaches, respectively.

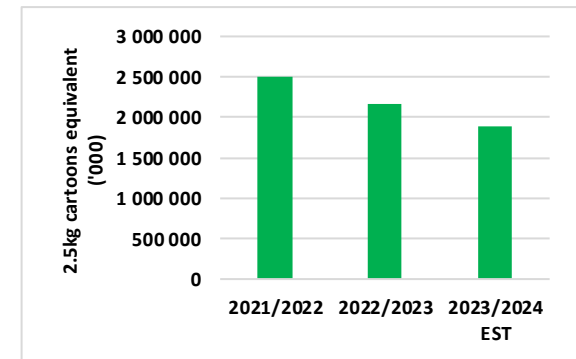


Figure 3: Peach inspections passed for export and estimate.

Source: HORTGRO (2024)

Key areas to unlock growth in Fruit and vegetables.

The South African mango industry is still the net exporter and produces enough mangoes to meet the local demand. However, the industry does not produce enough to exploit opportunities in the global markets. Therefore, it is paramount that the local industry and other key role players invest in new cultivars to expand production.

HORTGRO (2023) reckons that the prevalence of fruit fly and false codling moth (FCM) remains very high in the stone fruit industry. Hence, in order to avoid trade related risks, it is crucial for producers, packers, and exporters to follow strict protocols for the control of fruit fly and FCM. Despite the industry's prominence in export markets, they are still keen to increase domestic demand for stone fruits. Therefore, introduction consumer awareness campaigns to promote local consumption is essential.

Livestock and Animal Products

By Bigboy Singwana and Bernard Manganyi

Global Perspective

Figure 4 presents global beef and poultry prices per/kg in US\$ from February 2020 to February 2024. International price quotations for poultry meat rose the most in February. Like poultry, global beef price quotations rose in February, underpinned mainly by a rise in demand from leading importing countries. A kilogram of beef increased by 7.59% from 4.83 US\$/kg in January 2024 to 5.19 US\$/kg in February 2024 m/m.

On annual basis, beef price increased from 4.65 US\$/kg in February 2023 to 5.19 US\$/kg in February 2024, this represented an increase of 11.67% y/y. A kilogram of poultry decreased from 1.57 US\$/kg in January 2024 to 1.52 US\$/kg in February 2024, a decrease of 3.25% m/m end of February 2024. On annual basis global poultry prices decreased by 1.10%, from 1.53 US\$/kg in February 2023 to 1.52 US\$/kg in February 2024. (The World Bank, 2024).

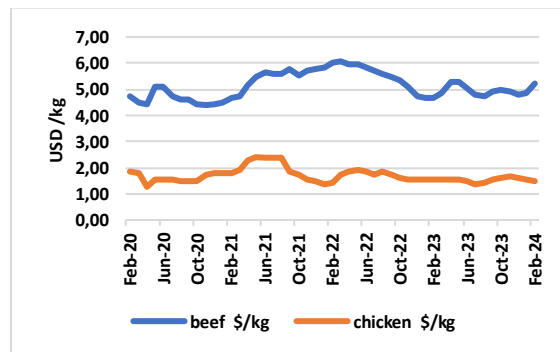


Figure 4: Global beef and poultry price trends

Source: The World Bank (2024)

Domestic and Regional Perspective

This section provides an overview of the trend in producer prices for beef and chicken products between January 2022 and January 2024, concerning Figure 5. In 2022, beef prices fluctuated across all classes, with Class A2/A3 beef prices starting the year with a 3.74% increase in the first quarter, rising from R55.17 to R57.23/kg, but declining in the second quarter, with a notable decrease of 2.85% in the fourth quarter, from R60.65 to R58.92/kg. Similarly, Class B2/B3 and C2/C3 prices followed a similar pattern of decline.

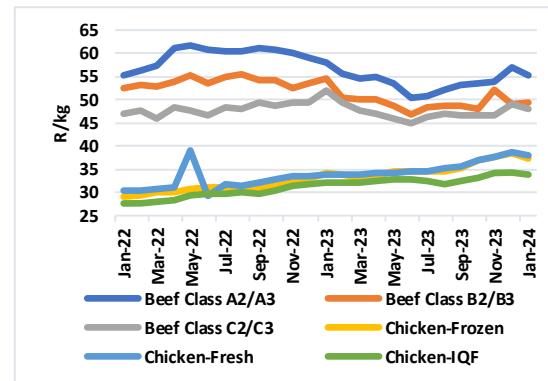


Figure 5: Domestic beef and chicken producer prices

Source: AMT (2024)

Beef prices declined across all classes when comparing January 2023 and January 2024, with Class B2/B3 recording the highest decline. In terms of a monthly basis, from January 2023 to January 2024, some beef prices decreased, with Class A2/A3, B2, and C2/C3 experiencing a decline of 3.40% and 2.60%, respectively, while Class B2/B3 recorded an increase of 0.5%.

At month-to-month, chicken prices are beginning to stabilize, with all categories recording price decreases. Year-over-year comparisons indicated significant increases in chicken prices from 2022 to 2024, with frozen chicken increasing by 27.94%, fresh chicken by 25.84%, and chicken-IQF by 22.25%. Similarly, comparing January 2023 and January 2024, chicken prices increased across all classes, with fresh chicken recording the highest increase of 12.86% (R30.22/kg to R38.03/kg). 2024, chicken prices increased across all classes, with fresh chicken recording the highest increase of 12.86% (R30.22/kg to R38.03/kg).

Key areas to unlock growth in livestock and animal products.

Several strategies must be employed to stimulate growth to unlock livestock and animal products. Diversification of beef exports emerges as a crucial measure to reduce dependency on a single market, as evidenced by recent deals such as the Saudi Arabia export agreement. Addressing concentration in the poultry industry, where a few major players dominate, is essential. Facilitating easier market entry for small producers could encourage competition and inclusivity while prioritizing biosecurity measures and accessible vaccines for all producers, which can aid in combating avian influenza (AI) and foot-and-mouth disease (FMD).

Improving economies of scale, particularly among small and medium-scale producers, can help meet high domestic demand efficiently, reducing the need for imports. As shown by neighbouring countries such as Botswana, Mozambique, and Lesotho have demonstrated, boosting regional commerce can open new doors for economic progress.

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