



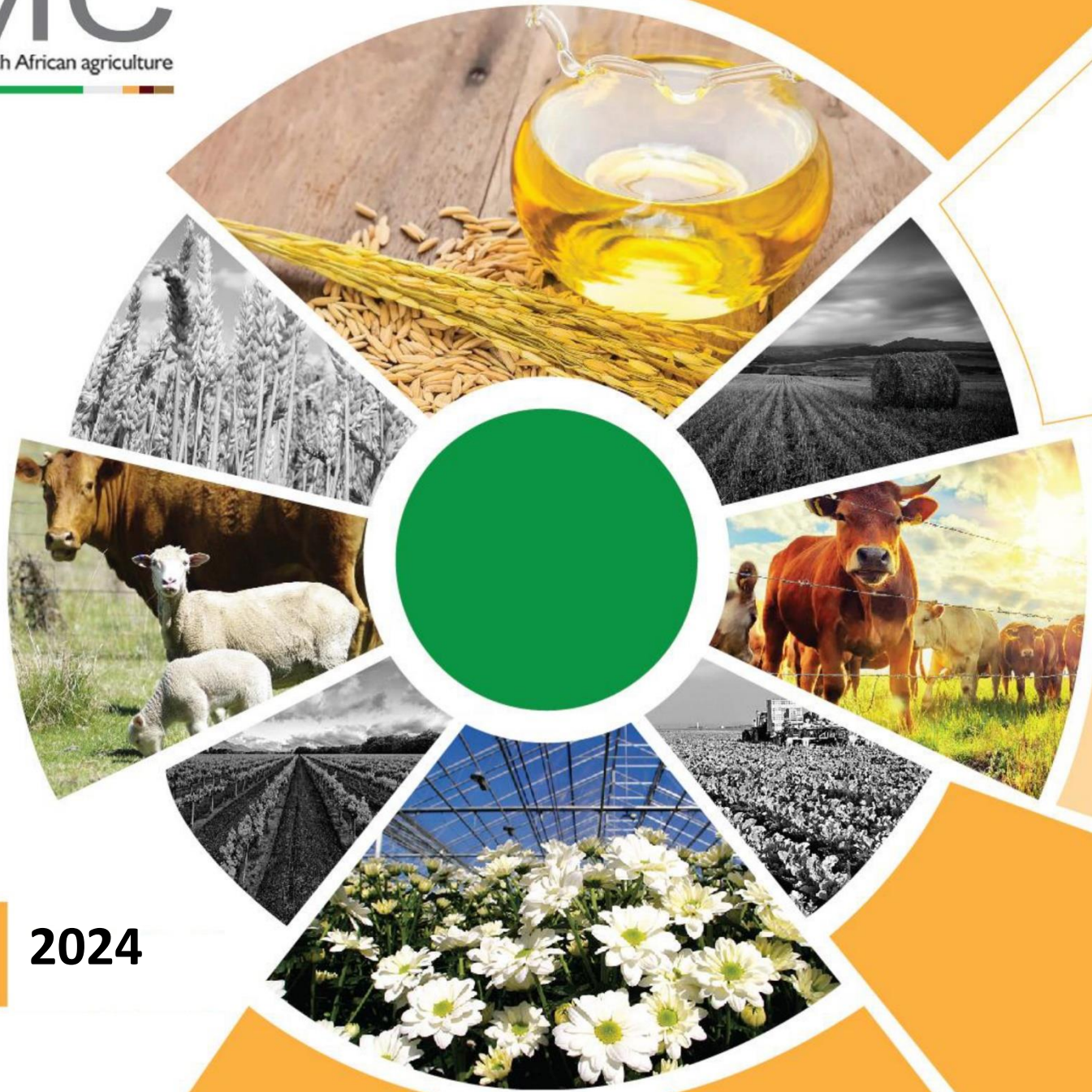
NAMMC

Promoting market access for South African agriculture

Market Intelligence Report

MARCH

2024



Grains and Oilseeds

By Thulani Ningi and Thabile Nkunjana

Global Perspective

This section focuses on the dynamics of global maize and wheat prices in March 2024. Global maize production saw a decline primarily due to smaller crops in Mexico, South Africa, Ukraine and Venezuela (USDA, 2024a). The forecast for global trade in 2023/24 also decreased, driven by increased exports from Argentina and Ukraine that didn't fully compensate for reductions in Brazil, India and South Africa. Additionally, global imports decreased as cuts in the European Union, Saudi Arabia and Israel outweighed increases in Mexico and Venezuela.

The wheat outlook for 2025/26 is primarily positive due to yield gains; globally output is expected to reach all-time highs during this time. Global consumption is expected to increase by roughly 2% a year (IGC, 2024). March 2024 saw a fall in wheat export prices globally for the third month in a row, primarily as a result of the United States of America (USA), the Russian Federation, and the European Union's (EU) ongoing fierce export competition. In the midst of plentiful supplies, China's cancelled wheat purchases from both Australia and the USA put downward pressure on markets. The USA and Russia also had favourable crop prospects for the 2024 harvest, which helped to soften the price.

Trends in sunflower oil prices globally as of March 2024, the trend was declining. As of March 2024, global sunflower oilseed prices dropped by 11.5% annually. On a month-to-month basis, the prices for sunflower oilseed increased by 2.7% (World Bank, 2024). **Figure 1** illustrates the global price trends for maize and wheat from March 2007 to March 2024. As of March 2024, global maize and wheat prices dropped by 32.54% and 25.69%. On a month-to-month basis, the prices for and maize increased by 0.79%, while wheat prices dropped by 1.32%.

The month-to-month (m/m) price increases for maize could be attributed to reduced global production in countries like Mexico, South Africa and Venezuela, which are currently undergoing the production and harvest (USDA, 2024a).

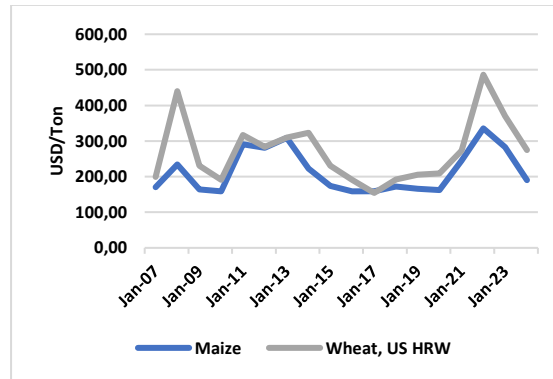


Figure 1: Global Maize and wheat prices

Source: The World Bank, 2024

Domestic and Regional Perspective

On March 26, 2024, production estimations for yellow and white maize stood at 6 979 million/tons and 6 277 million/tons, respectively, indicating a 4.6% and 10.8% decrease compared to the 7 318 million/tons and 7 040 million/tons reported in the previous forecast. The product forecast for sunflower seed stood at 589 000 tons, representing a 12.2% decrease from the 671 000 tons reported in the previous forecast.

Figure 2 displays spot price trends for a ton of yellow and white maize from March 2007 to March 2024. In March 2024, the average spot price for a ton of yellow and white maize was 1.9% and 26.6% higher on a year-on-year basis, respectively. On a month-to-month basis, the spot price for both yellow and white maize increased by 11.2% and 21.6%, respectively, compared to February 2024.

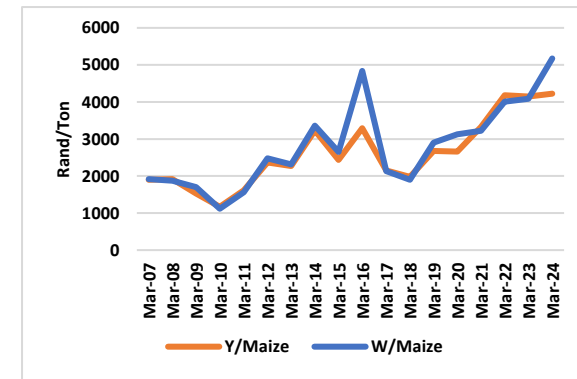


Figure 2: South Africa's yellow & white maize spot prices

Source: Grain SA, 2024

As of March 2024, the spot price for a ton of sunflower seed and Wheat was 7.9% and 6.7% lower on a year-on-year basis. On a month-to-month basis, the spot price for sunflower seed and Wheat increased by 7.4% and 0.7% compared to February 2024. Global wheat export prices are in line with South African year-to-year spot prices, and according to FAO (2024), the decline in global wheat prices is primarily driven by continued strong export competition among the European Union, Russia, and the United States of America. Conversely, there were high quotations across palm, soy, sunflower, and rapeseed oils.

Key areas to unlock growth in Field Crops

Extreme drought conditions have been plaguing South Africa in recent months, severely affecting the agricultural sector, and causing worries about the cost and availability of food. Even though it lacks a lot of water, South Africa has good agricultural methods. These include irrigation practices that help lessen the effects of drought. As the frequency of extreme weather events increases, South Africa must adjust to the changing environment by creating more resilient and high-yielding cultivars. Both its exports and populace will benefit from this.

Fruits and Vegetables

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

Global Perspective

This section focuses on table grapes, lemons, and potatoes. Global production of table grapes is forecasted to increase by 2% to 28.4 million tons in the 2023/24 season from 27.9 million tons in the 2022/23 season (USDA, 2024; USDA, 2023e). China remains the major global producer of table grapes accounting for 48% of global production, followed by India (10%), Turkey (7%), and Brazil (6%), among others. Table grapes exports are expected to remain stable at 3.7 million tons due to increased shipments from Chile and China which are expected to offset losses forecasted in Turkey and USA (USDA, 2023c). USA is the leading importer of table grapes with a share of 20.1% of global imports, followed by Germany (7.6%), Netherlands (7%), and the United Kingdom (6.6%) in 2022 (Trade Map, 2024).

Global production of lemons is expected to increase by 225 000 tons to 10 million in the 2023/24 season (USDA, 2024d). The expected increase is underpinned by forecasted higher production in the EU, South Africa, and Turkey that are to offset low production in countries like Mexico and the USA. Production in Mexico is forecasted down to 3 million tons as growers expect citrus greening to affect yields. Similarly, lemon production in the US is forecasted down by 254 000 tons to 758 000 tons due to lower yields resulting from unfavorable weather conditions in regions such as California. Latest production figures from the Food and Agriculture Organization (FAOSTAT) updated as of December 2023 show that global potato production reached a record high 375 million tons in 2022. The leading producers of potatoes we mainly China, India, Ukraine, Russia, and the USA. The main

contributors to the record potato production we mainly Germany, Bangladesh, France, the Netherlands, the UK, Belgium, and Egypt. According to TRIDGE (2024), despite harsh weather patterns France recorded a 12.7% year-on-year (y/y) increase and produced approximately 6.8 million tons in 2023.

Domestic and Regional Perspective

The South African Table Grape Industry (SATI) recently announced its revised crop estimate for the 2023/24 season which projects a total of 75.8 million cartoons¹ to be inspected for export (SATI, 2024). This estimate shows an increase of 16% compared to the previous season estimate. This follows the recovery of South Africa's table grape production from last years' heavy rains and heatwaves. Table grape production is expected to increase by 24 000 tons to 342 000 tons due to favourable growing conditions and new cultivars coming to production. Lemons account for about 18% of South Africa's citrus production spanning over an area of 17 933 hectares (ha) (CGA, 2023). South Africa's production of lemons is forecasted to increase by 10% to 720 000 tons owing to favourable weather conditions (USDA, 2024b). Consequently, record exports are forecasted for the eighth consecutive years owing to high production. As a result, the Citrus Growers Association of Southern Africa (CGA, 2024) predicts that exports of lemons will amount to approximately 37.9 million cartoons (15Kg equivalent), representing a 7% y/y increase.

Figure 3 presents cumulative number of 10kg potato bags sold in NFPMs and their retail prices. In recent months since late 2023 potato prices have been ranging high and putting a strain to South African consumers. In February 2024, potato retail prices recorded the highest increases compared to other South African food basket items.

Potato retail prices recorded a 32.8% y/y increase in February 2024.

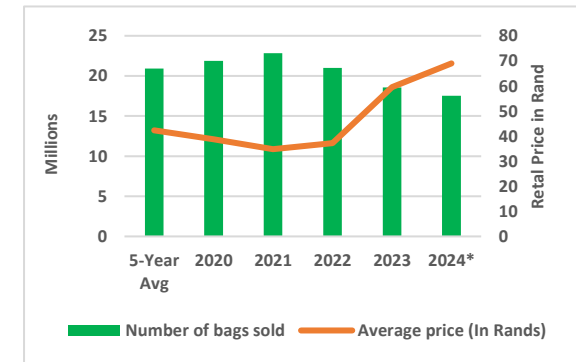


Figure 3: Cumulative number of 10kg potato bags sold in NFPMs and their retail prices.

Source: Potatoes SA (2024)

Key areas to unlock growth in Fruit and vegetables.

To unlock growth in the fruits and vegetables, particularly focusing on table grapes, lemons, and potatoes, several key areas can be identified. These include: the development of new cultivars and technologies that can increase yields and resilience to adverse weather conditions, diseases, and pests. Exploring new markets can mitigate risks associated with fluctuations in demand and trade disruptions. Targeting emerging markets with growing demand for fruits and vegetables can provide new avenues for growth. Lastly, encouraging domestic consumption through promotional campaigns, and price stabilization measures can stimulate demand and support local farmers. This can address issues such as fluctuating prices and ensure food security for the population.

¹ All cartons referenced equal 4.5 kg equivalent.

Livestock and Animal Products

By Bigboy Singwana, Bernard Manganyi and Thabile Nkunjana

Global Perspective

The global pork, beef, and poultry meat prices have followed an increasing trend between January and March 2024. FAO Food Price Index report estimated that in March, the Meat Price Index increased by 1.7% (FAO, 2024). This marks the second consecutive monthly increase, with the index only 1.5% below its value compared to the previous year. At the same time, international poultry and pig meat prices increased due to steady demand and higher internal demand ahead of the Easter holidays, respectively. At the same time, world bovine meat prices continued to grow.

Figure 4 presents global beef prices in US Dollars per kilogram (kg) from March 2020 to March 2024. Global beef prices increased 14.5% on an annual basis in March 2024, while a 6.6% monthly increase was noted (World Bank, 2024).

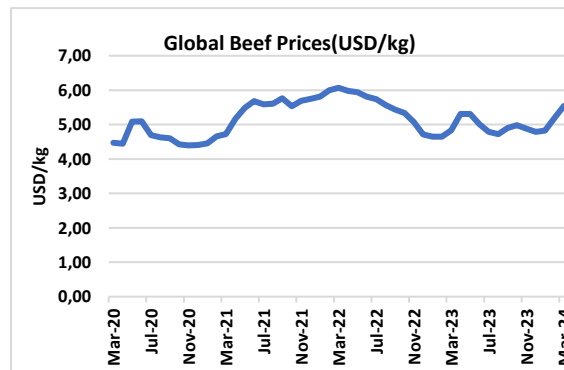


Figure 4: Global beef prices
Source: The World Bank, 2024

Domestic and Regional Perspective

This section gives an overview of the trend in producer prices for beef, chicken, and pork meat products between January 2023 and February 2024, as illustrated in Figure 5. Beef producer prices for all classes have generally trended downward in the first, second and third quarters. In the fourth quarter, producer prices increased, with the highest pick in December 2023, owing to the festive season.

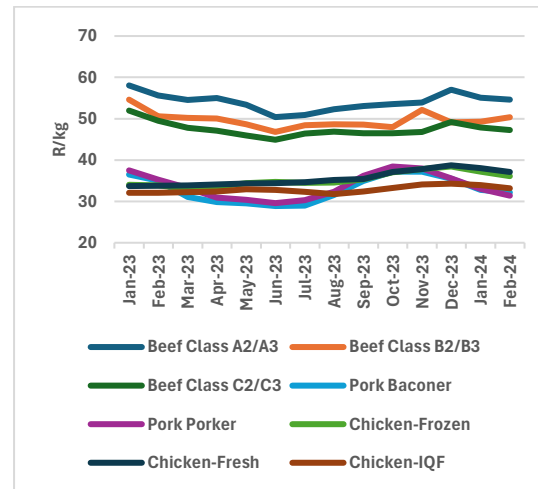


Figure 5: Beef, chicken, and pork producer prices
Source: AMT (2024)

In 2024, beef producer prices are starting to stabilize; comparing Jan and Feb 2024, class A2/A3 and C2/C3 have decreased by 0.87% (R55.09/kg to R54.61/kg) and 1.30% (R47.91/kg to R47.29/kg). Yet, the B2/B3 production price increased by 2.2%. Looking at year-on-year, producer prices for all beef classes decreased. The monthly, quarterly and year-on-year analyses indicate mixed

results. Pork Baconer prices declined by 1.91% (R32.78/kg to R32.15/kg) month-on-month.

Similarly, Pork porker prices decreased by 5.01% (R33.05/kg to R31.39/kg) over the same period. Pork Baconer decreased by 10.14% year-on-year, while pork porker decreased by 11.91%. In 2023, chicken meat producer prices for all categories increased quarterly. This growing producer price trend was associated with the impact of the Avian Influenza outbreak. The month-to-month (January to February 2024) price change shows declines across all classes of chicken. Frozen chicken prices decreased by 3% (R37.22/kg to R36.10/kg), fresh chicken prices by 2.46% (R38.04/kg to R37.10/kg), and IQF chicken prices by 2.26% (R33.92/kg to R33.15/kg). These decreases suggest a period of adjustment (recovery from Avian Influenza) in the South African poultry market.

Key areas to unlock growth in livestock and animal products.

Diversifying beef exports is crucial to reducing dependency on a single market. In the poultry industry, concentration can be addressed by facilitating market entry for small producers to promote competition and inclusivity. To combat avian influenza and foot-and-mouth disease, accessibility of vaccines and prioritization of biosecurity measures are recommended. The opening of new avenues for economic growth can be achieved by boosting regional economies, as demonstrated by Botswana, Mozambique, and Lesotho.

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