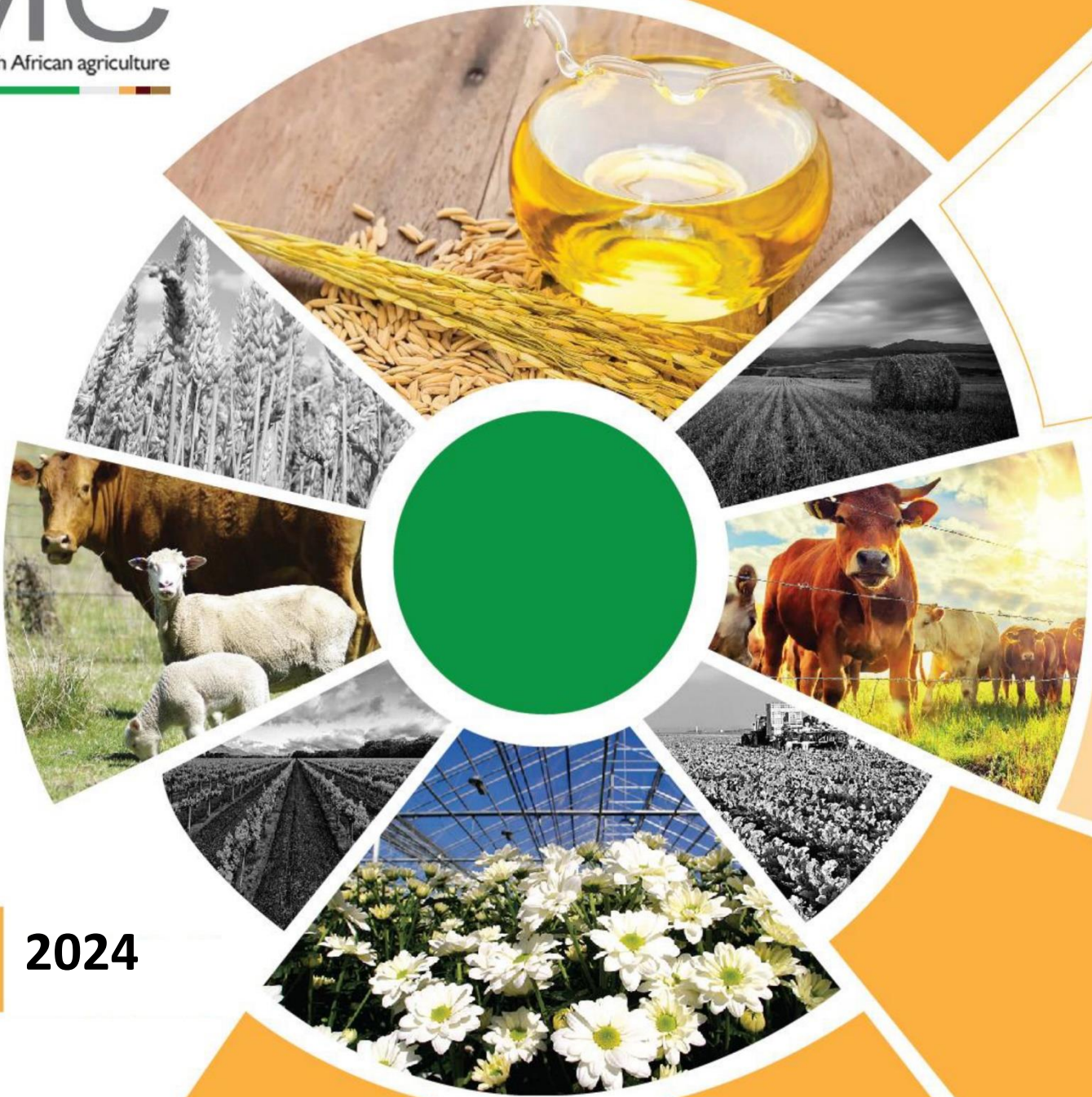




NAMMC

Promoting market access for South African agriculture



Market Intelligence Report

QUARTER TWO

2024

Grains and Oilseeds



By Thulani Ningi, Naledi Radebe, Matume Maila, and Thabile Nkunjana

GLOBAL PERSPECTIVE

This section focuses on maize, wheat and sunflower. In 2024/25, global wheat supply, consumption and trade are expected to increase, though ending inventories will slightly decline. Wheat supplies are projected to rise by 3.5 million tons to 1 060.6 million tons, driven by higher production in Ukraine, Kazakhstan, and Australia, which will offset weaker output in the EU and US. Kazakhstan's production is set to increase thanks to favourable rainfall and strong vegetative conditions, despite a smaller harvested area. Conversely, EU wheat production is down by 2.0 million tons to 128.0 million, the lowest since 2020/21, due to several months of heavy rainfall in France, impacting both quality and yield.

The 2024/25 maize outlook predicts reduced production, trade and ending stocks compared to earlier forecasts. Global coarse grain production is expected to decrease by 8.1 million tons, totalling 1.504 billion tons.

For oilseeds, the 2024/25 forecast shows an increase of nearly 4.5 million tons, bringing the total to 690.5 million tons, primarily due to higher soybean production in the United States, Ukraine, Russia, and India, along with increased rapeseed production in Russia. These gains outweigh expected declines in sunflower seed production in Europe and the Black Sea region. Oilseeds trade is projected to grow by 1.1 million tons, driven by greater soybean exports from the US, Ukraine, and Russia. Oilseed ending stocks are set to rise by 6.3 million tons, largely due to increased soybean inventories in China and the US. However, global oilseed crushing will decline, mainly because of lower sunflower seed use in Ukraine, Russia, and the EU.

Figure 1 presents hard red wheat (HRW) prices from the USA starting August 2020 to August 2024 dollars. Month over month, wheat export prices declined around the

world due to a combination of strong exporter rivalry and a slowdown in global demand, particularly from cheap supply from the Black Sea. The weaker pricing tone was also influenced by higher-than-anticipated wheat production in the US and Argentina. At the end of August 2024, a ton of wheat (HRW) from the USA had decreased 20.6% year over year (y/y) and 3.6% month over month (m/m).

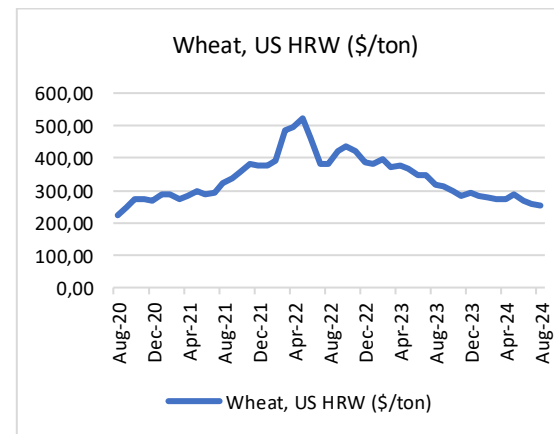


Figure 1: Wheat spot prices from the USA

Source: The World Bank, 2024

Figure 2 presents global maize average prices based on data from the world bank. Concerns over how heatwaves may affect harvests in the USA and the EU drove a little increase in the price of maize globally. Support was also given by tighter local supplies in Ukraine and a lower output estimate for the country.

Global maize prices are declining in spite of the worries about limited supply, similar to other commodities in recent months. Globally, the average price per ton of maize as of August 2024 was USD170,32, down 18.0% year over year from USD207 in August 2023. A ton of maize decreased by 4.0% on a monthly basis, from USD177.43 in July to USD170.32 in August.

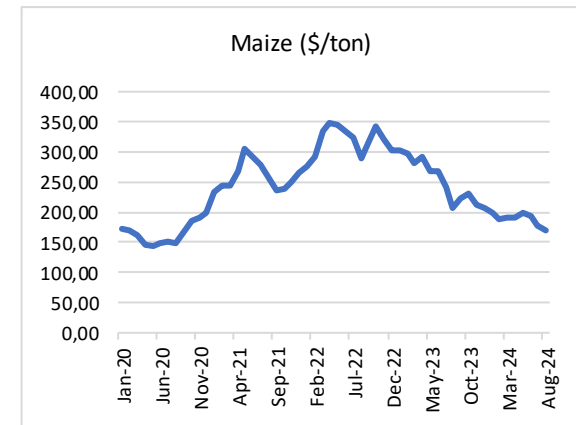


Figure 2: Global average maize spot prices

Source: The World Bank, 2024

Figure 3 presents global average prices for sunflower oil. Even though the price of soybeans, sunflower seeds, and rapeseed cooled down a little in August, the vegetable index saw a slight gain because to rising palm oil prices for the third straight month. Sunflower seed prices increased by 1.9% m/m but 6.0% y/y at the end of August.

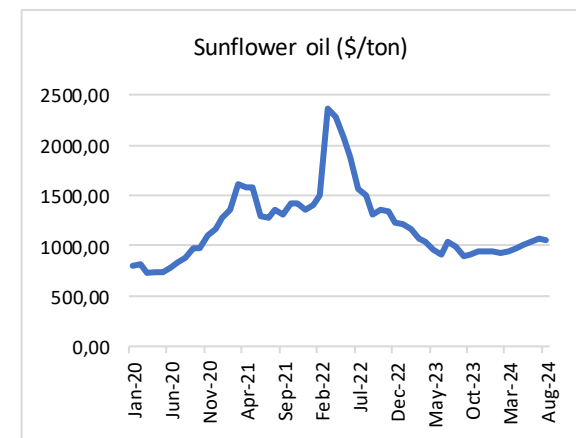


Figure 3: Global average sunflower seed spot prices

Source: The World Bank, 2024

Grains and Oilseeds

DOMESTIC AND REGIONAL PERSPECTIVE

The crop estimates report released by the CEC on 28 August 2024 includes area estimates and the seventh production forecast for summer crops and first production forecast winter cereals for the 2024 production season. The report reveals that the size of the expected commercial maize crop has been set at 13 060 million tons, which is 2.1% or 273 400 tons less than the previous forecast of 13 333 million tons. The expected yield for maize is 4.95 t/ha. Meanwhile, the expected production of wheat is 1 903 million tons, which is 7.1 % or 146 720 tons less than the previous seasons' crop of 2 050 million tons, whilst the expected yield is 3.76 t/ha.

The production forecast for sunflower in August remained steady at 649 250 tons, with the estimated area for sunflower seed at 529 000 hectares and an expected yield of 1.23 t/ton.

Figure 4 depicts the cost of spot prices per ton for wheat, sunflower oil and yellow & white maize between August 2023 and August 2024. In August 2024, the average spot price for a ton of wheat and sunflower seed decreased by 5.8%, 2.4%, while spot prices for yellow & white maize surged at 11.8% and 48.2%, respectively compared to the same period in 2023. On a month-to-month basis the average spot price of wheat, yellow & white maize increased by 2.0% 2.6% and 1.4%, respectively. While domestic spot prices for sunflower seed decreased by 1.8%. However, global wheat export prices declined on a month-to-month basis, driven by weak international demand and heightened competition among exporters, particularly from the competitively priced Black Sea supplies (FAO, 2024).

Global maize prices correspond with local spot prices which saw a slight increase, primarily driven by concerns about the impact of heatwaves on crop yields in the European Union and certain regions of the United States (FAO, 2024).

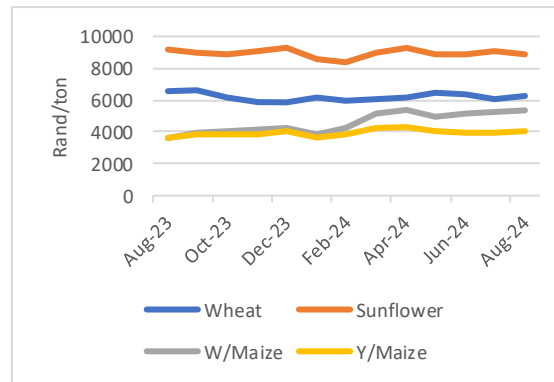


Figure 4: South Africa's yellow & white maize, sunflower seed and wheat spot prices

Source: Grain SA, 2024

CLOSING REMARKS

Investments in staple crops per country is increasingly becoming important with time. This is primarily because rising food prices due to climate change are jeopardising the progress countries have made in achieving food security over time. For example, wheat is a staple crop in Egypt, as it is in most of the Middle East and North Africa, due to the country's high consumption of baladi bread. Although wheat consumption per person has decreased recently in Egypt, wheat still makes up over 35% of daily caloric intake. The grain and oilseed sectors have benefited from South Africa's avoidance of commodity interventions. However, given the current state of the economy and the increased expenditure by the state to pay down its debt, more money will need to be invested in making food more reasonably priced, with price controls by the state acting as a last resort.

To unlock growth in South Africa's grains and oilseeds sectors, particularly for maize, wheat, and sunflower, several key areas need focus. On the pricing front, domestic maize prices have surged, which provides short-term market gains but also highlights the need for strategies that stabilise pricing through better post-

harvest management and market interventions. Input cost management, particularly for fertilisers and seeds, remains critical for ensuring profitability.

Finally, improving export competitiveness by enhancing market access and aligning with international standards would enable South Africa to capture more demand in global markets, particularly in oilseeds and maize. These strategic actions will help ensure growth and sustainability in the domestic grains and oilseeds sectors.

Fruits and Vegetables

By Lesedi Mokoena, Nokuthula Khulu, Bhekani Zondo, and Thabile Nkunjana

GLOBAL PERSPECTIVE

In this section, the focus is on grapefruits, oranges, mandarins, and lemons. Global mandarin production for 2023/24 is estimated to increase from 1.2 million tons to 38.2 million (USDA, 2024c). This increase is attributed to favourable weather, higher yields, and a higher area harvested in China and Turkey. Consumption is also expected to be higher given the increase in supplies. Exports are also estimated to increase supported by the growth in production. Furthermore, production in the USA is expected to rise by 2% to 890,000 tons due to favourable conditions in California (USDA, 2024c). However, production in the European Union (EU) and Chile is predicted to decrease due to persistent drought, insufficient irrigation water, and smaller fruit sizes. **Figure 5** below depicts the global trade and production performance of citrus fruits.

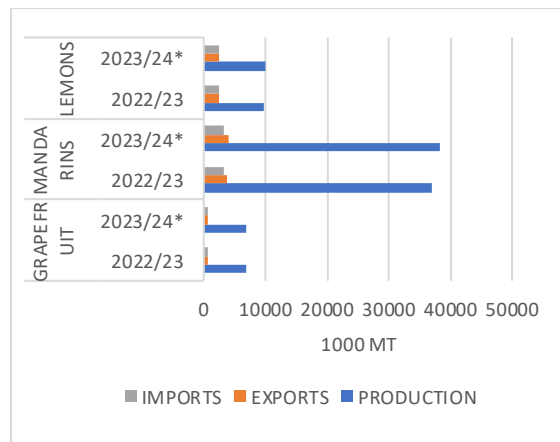


Figure 5: Global trade and production performance of citrus fruits
Source: USDA, 2024c.

China and Turkey are currently experiencing a boost grapefruit production, due to favourable weather conditions. It is estimated that there will be an increase of 6.9 million tons. Although consumption and processing rates have remained steady, exports are on the rise. Lemon production is expected to rise by 2% to 10.1 million tons, with the EU and Turkey taking the lead as the top producers. Furthermore, global consumption and exports are also showing an upward trend (USDA, 2024c).

Figure 6 presents global average prices for a kilogram of oranges. The majority agrees that orange output will drastically decline globally by 2024. This has harmed the worldwide citrus supply and is mostly the result of unfavourable weather and the spread of diseases among trees in important citrus-producing regions. According to data from the World Bank, the average price of a kilogram of oranges increased globally by 45.0% by the end of August, from USD1.66 in August 2023 to USD2.41 in August 2024.

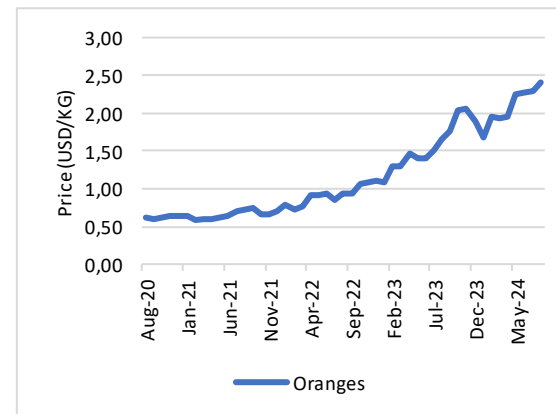


Figure 6: Global average orange prices per kilogram
Source: The World Bank, 2024.

DOMESTIC AND REGIONAL PERSPECTIVE

Currently, South Africa is the third largest producer of grapefruits after China and Mexico. Grapefruit production is forecast to increase from 415 000 MT in the 2022/23 to 420 000 MT in the 2023/24 (USDA, 2024). Domestically, grapefruit remains unpopular with only a small portion of the harvest being consumed, most consumer are mainly unsure of its flavour and attributes. Juice and concentrate made from processed grapefruit are primarily exported to Europe, particularly the Star Ruby grapefruit which does not compete with other regions. Exports are expected to increase by approximately 6% given the strong demand from key markets such as China, Japan, the Netherlands, and Russia (USDA, 2024c). **Figure 7** below shows South Africa's production and exports of selected citrus fruits for the 2023/24 season.

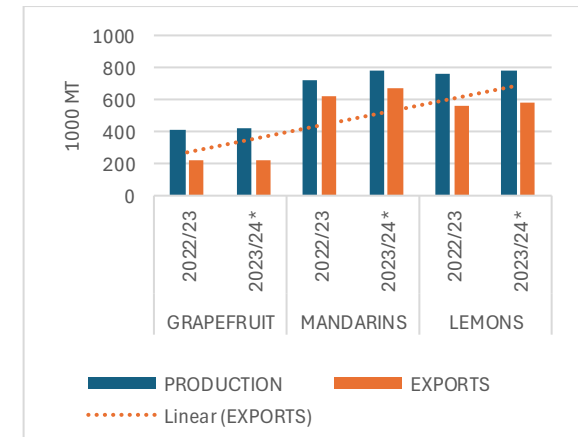


Figure 7: South Africa's production and exports of selected citrus fruits
Source: USDA, 2024c.

Lemon production is expected to increase by 3% due to improved irrigation and investment in inputs. The lemon market has faced pressure due to

Fruits and Vegetables

competition and fluctuating demand. Recently, Cape Five Export reported that lemon exports were off to an optimistic start, however pressure gradually mounted in the market. However, South Africa's lemon exports are forecast to increase by approximately 4% (USDA, 2024). South African citrus exporters take careful precautions not to add too much early produce in Europe, while there are still considerable amounts of Egyptian and EU citrus instead the industry focuses on China, the Far East, and the Middle East (Fresh Plaza, 2024c).

Mandarins are becoming progressively more common among growers, with some shifting from grapefruit to mandarin production; increased demand for seedless soft citrus abroad and significantly larger profit margins have encouraged farmers to become involved. Local production of mandarin as well as exports are expected to increase by 8% during the current season (USDA, 2024). This citrus variety is benefitting from consistent demand across various international markets. By virtue of increased supply and a significant change in consumer preference from oranges to mandarins, which are easier to peel, and are thought to be juicier, and more palatable than other varieties. On the other hand, domestic consumption of mandarins is also expected to rise by 19% annually to 43 000 MT (USDA, 2024).

South Africa's potato market has faced significant supply constraints in 2024, mainly due to adverse weather conditions, including frost which impacted harvest volumes. Limpopo is one of the key

producing regions of this staple crop in South Africa. the potato market was negatively impacted by the frost occurrence given that it transpired during a crucial growing season, compromising the potato plants and diminishing the quality of the harvest, which resulted in significant crop losses. The limited availability put upward pressure on prices across the supply chain, not only in fresh potatoes but also in processed potato products such as frozen chips and crisps. **Figure 8** below depicts the cumulative number of 10kg bags of potatoes sold in fresh produce markets between 2020 and first 34 weeks of 2024.



Figure 8: Cumulative total number of 10 kg bags of potatoes sold on markets

Source: PSA, 2024.

As of week 34, of 2024, about 65.2 million 10kg bags of potatoes were sold in markets with an average price of R62.39. The number of bags sold are 7% less than the 5-year average of 70.33 million bags. However, the price is 39% higher than the 5-year

average of R44.77 per bag. Additionally, Potatoes South Africa (PSA, 2024) reports that the number of bags sold week-on-week (w/w) increased by 10% while the average weekly price decreased by 5% w/w.

CLOSING REMARKS

Growth in the fruits and vegetables industries can be driven by adopting climate resilient, boosting production efficiency, expanding export markets, and enhancing domestic value chains to compete with imports. Continued investment in infrastructure and improvement in operational efficiency of the Ports remain critical for improved market access both locally and to international markets.

In terms of grapefruits, expanding export markets, particularly for juice and concentrate, while addressing domestic consumer preferences can drive growth. Leveraging South Africa's position as a top producer can also boost exports to high demand markets like China and Japan. In addition, increased production and export potential, driven by shifting consumer preferences towards seedless varieties and easier to peel fruits, present significant growth opportunities for South Africa's mandarins and other soft citrus fruits. Given the growing demand for lemons globally, enhancing irrigation and input investments to improve yields, alongside strategic export market management, especially in Europe, China, and the Middle East, can mitigate competition pressures and stabilize demand.

Livestock and Animal Products

By Thabile Nkunjana and Buhlebemvelo Dube

GLOBAL PERSPECTIVE

The FAO meat price index was up 3.7% year over year at the end of August 2024, despite a little decline of 0.7% m/m.

Poultry

Strong domestic demand is anticipated to fuel further growth in EU chicken meat production in 2024 and 2025. Poland will continue to produce more than 22% of the chicken meat produced in the EU in 2025, making it the top producer in the region. As bans connected to HPAI are abolished and EU policy and laws gradually restrict imports from Ukraine, it is anticipated that the EU trade surplus in chicken meat would rise.

The Special Autonomous Region (SAR) of the People's Republic of China (PRC) will switch from a "systems-based" approach to recognising foreign meat and poultry establishments to an "establishment or plant-based" registration system as of February 14, 2025, the Hong Kong Centre for Food Safety (CFS) confirmed to ATO Hong Kong on August 13.

Even though the government declared an end to the outbreak one week after it was announced, the FAO International price quotations for poultry meat decreased in August, demonstrating the residual impacts of the voluntary export suspension due to Newcastle disease on Brazilian price quotations. **Figure 9** presents global poultry prices in US Dollars per ton from Brazil and USA from 2010 to 2023 and monthly from January to August 2024. A ton of poultry from the USA was selling 1.0% less year over year and 0.5% less month over month as of

August 2024. Conversely, a tonne of Brazilian chicken fell 5.0% year over year and 4.4% month over month.

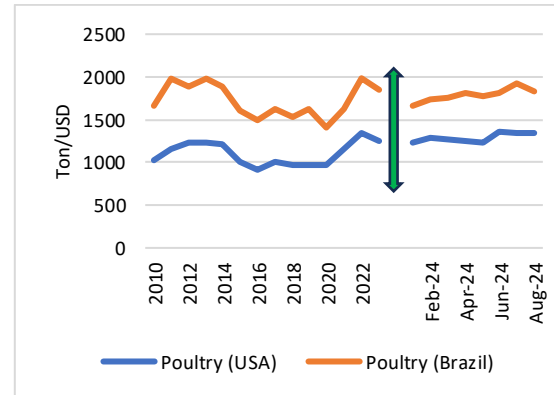


Figure 9: Global poultry prices per ton

Source: The World Bank, 2024

Beef

Figure 10 presents global beef prices in US Dollars per ton from Australia, Brazil, and USA from 2010 to 2023 and monthly from January to August 2024. As per the latest report by the FAO, there has been a minor increase in global beef meat prices, which can be attributed to the seasonal decrease in animal availability for slaughter in Oceania. According to data from the World Bank, most of the world's top exporters of beef have seen an increase in their pricing. A ton of beef from Australia was up 21% year over year as of August 2024, while a ton from the USA had increased by 12% year over year. Brazil remains as the global beef supplier with the most competitive prices.

A ton of beef from the USA gained 1.1% on a monthly basis, while beef from Brazil and Australia increased by 1.0% and 0.7%, respectively.

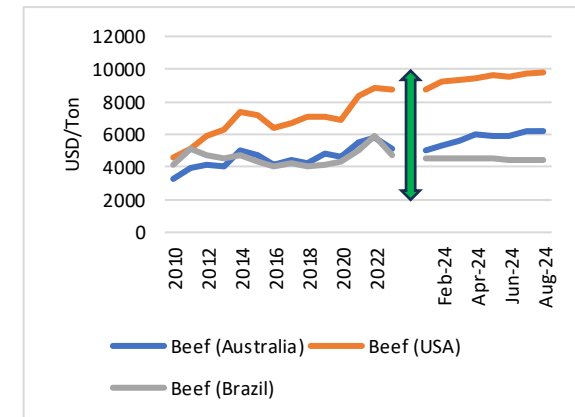


Figure 10: Global beef prices per ton

Source: The World Bank, 2024

DOMESTIC AND REGIONAL PERSPECTIVE

Key economic indicators for the livestock industry in the country are presented in this section. The beef sector in South Africa has played a significant role in the country's economy and job development. Droughts and disease outbreaks, such as the avian influenza (HPAI) in the poultry industry and the foot and mouth (FMD) in cattle, have had a significant impact on local consumption. However, with the safeguards in place, the industry is expected to recover and reach stability. Consumers' consumption of meat is influenced by economic factors in South Africa. Certain types of meat are under increasing strain as the nation's economic conditions are tighter. For instance, people are more likely to switch to more affordable meat varieties like chicken if their budgets become tighter.

Beef

Bovine meat is relatively more expensive than chicken meat and is regarded as a luxurious meat. The prices of

Livestock and Animal Products

beef meat have increased and class A meat costs at least R54.84/Kg compared to R53.82/Kg last year (RMIS, 2024). Notably, South African bovine imports have increased from 18 245 kg in the first quarter of 2024 to 60 350 kg in the second quarter of 2024, and there was an increase of 36 388 kg from quarter two of 2023 compared to quarter two of 2024 (Trade Map, 2024). **Figure 11** presents domestic beef prices from August 2021 to July 2024. Early August beef prices for class A were up 14.6% y/y while prices for class B and class C decreased 0.5% and 3.8% respectively.

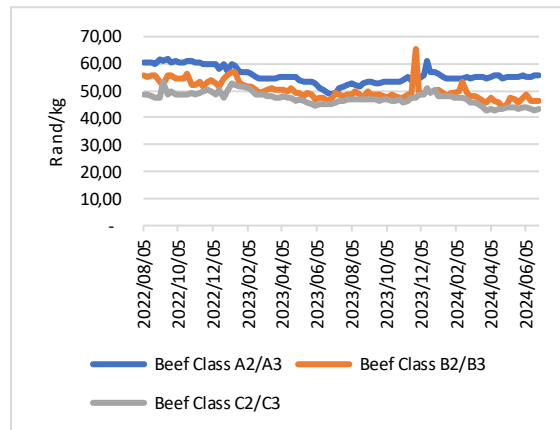


Figure 11: South African beef producer prices

Source: (AMT, 2024)

Poultry

For the year 2025, early estimates for chicken meat production points at an increase of 3% to 1.65 million tons in because of a strengthening domestic sector. For 2024, chicken production is estimated to rise by 6% to 1.59 million tons as the industry has rebounded from the 2023 Highly Pathogenic Avian Influenza (HPAI) outbreak.

Chicken meat is relatively more affordable than other meat such as beef, thus, it's the most consumed meat domestically. Frozen poultry costs R34.84/Kg, fresh poultry R34,66/Kg, and poultry IQF R30.15/Kg, thus the average price is currently R33.09/Kg which is a 0.39% decrease from the previous price (AMT, 2024). It is a reliable source of protein and more than 70% of birds in the poultry industry are used for meat production and almost 56% of all meat consumed in SA is chicken meat (SAPA, 2023). **Figure 12** presents poultry prices from South Africa from August 2021 to July 2024 based on AMT data. In recent weeks poultry prices have mostly been decreasing across the board. On y/y bases, a producer price for frozen chicken was up 1.4% while IQF-chicken and fresh-chicken were down 12.3% and 1.2% respectively. on monthly bases, IQF, fresh and frozen chicken producer prices all decreased by 4.6%, 3.7%, and 1.5% respectively.

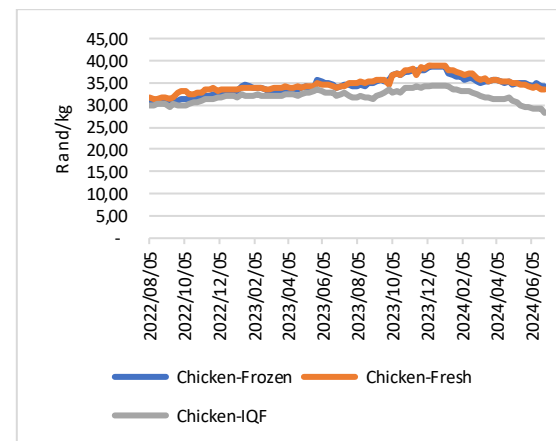


Figure 12: South African poultry producer prices

Source: AMT, 2024.

The poultry industry faces numerous challenges in terms of high input costs and disease outbreaks; hence it tends to rely on imports to fill shortages. Last year poultry imports reached 0.4 (000) MT from 0.3 (000) MT. In the second quarter of 2024, imports reached 113.5 (000) Kg from 103.3 (000) Kg in quarter one of 2024 (Trade Map, 2024). Brazil, Argentina, United States of America (USA), Spain, Ireland, Thailand, and the Netherlands are some of the dominant suppliers.

CLOSING REMARKS

Animal disease remains a burning issue for livestock intensive industries and has weighed on the overall livestock industry performance over the last couple of years. This presents a serious risk for the country's livestock subsector, especially the beef which has opened a few markets over the past few months. Some regions across the country are already battling with disease outbreaks.

For beef producers specifically, an improvement in consumer sentiments, combined with market access to key export markets such as Saudi Arabia, are low hanging fruits for an industry that is emerging from three difficult years. The South African livestock industry has been resilient and possesses great potential. There is a need to effectively address animal health issues and capacitate vaccination systems. Moreover, the change in climate contributes to adaptive pests and diseases, and its necessary to adopt climate friendly methods in livestock production. The current trade initiatives in the Middle East are beneficial and there is a need to strengthen and further expand such bilateral/multilateral agreements.

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