

Grains and Oil Seeds



Global Perspectives

Global maize ending stocks are raised due to increases in South Africa, Canada, and Russia which more than offset Argentina's decline. Export quotations as of the 30 of March 2020 are as follows: A ton of maize from the Gulf (USA) is selling at US\$165 from US\$167 the previous week, down by US\$2; while a ton of maize from Argentina is selling at US\$176 from US\$170 the previous week, up by US\$6 (SAGIS, 2020). A ton of sorghum from the Gulf (USA) is selling at US\$191, down by US\$1, from US\$192 the previous week, while a ton for sorghum from Up-River (Argentina) is selling at US\$148 this week, down by US\$1 from US\$149 the previous week. A ton of wheat from the Gulf (USA) is selling at US\$240 from US\$239 the previous week, while a ton of wheat from PNW (USA) is selling at US\$262, from US\$261 the previous week. In Argentina (Up-River), a ton of wheat is selling at US\$248, up by US\$5 from US\$243 the previous week. A ton of wheat (B quality) from Germany is sold for US\$227, up by US\$6 from the previous week (SAGIS, 2020).



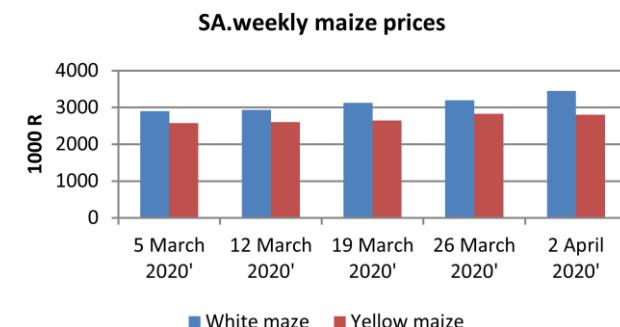
Key areas to unlock growth in Grains and Oil Seeds

One certain thing about grains demand is that it is going to increase, particularly of white maize and wheat both domestically and regionally. countries with extra stocks are going to benefit during the COVID-19 crisis, thus prices are going to increase by somewhat noticeable margins. SADC countries continue to import white maize in large quantities with yellow maize to a lesser extent, benefitting domestic farmers especially with bumper estimates for this year. The Rand value is currently fuelling sales. For South Africa, the country will want to avoid exporting all grain stocks and neglecting domestic demand, especially with the uncertainty around the Covid-19 pandemic.



Domestic and Regional Perspectives

Covid-19 seems to be affecting grain domestic prices as noticed from the beginning of March 2020 (see figure on the far right). Domestic prices per SAFEX on the 2nd April 2020 : A ton of white maize was selling at R3 450, up by R250 when compared to R3 200 the previous week. This price was last seen in 2016 which resulted from the drought. A ton of yellow maize is selling at R2 800, down by R30 from R2 830 the previous week. A ton of wheat is selling at R5 360 this week up by R10 from the previous week. No changes were reported for sorghum a ton is selling at R3 215/ton (SAGIS, 2020). In Lesotho an estimated 183 000 tons of cereal imports was required as of 23rd of March 2020. About 70 000 tons of maize imports are required and this is 14% higher y-o-y. Zimbabwe is most likely to continue importing until the end of the 2019/20 marketing season with an estimated total of 900 000 tons of cereals needed with maize as a major requirement (FAO,2020). In Mali coarse grain prices are relatively stable due to regular imports, particularly for maize, since households still have stocks from the previous years' production, except those displaced by conflicts in the northern and central parts of the country.



Livestock and Animal Products



Global Perspectives

China has urged local authorities to build piggery farming bases in countries where pig products are eligible to be exported back to China, according to a joint statement issued by the country's state planner and agriculture ministry. The pig farms should be built in countries with stable bilateral trade relations with China, and are African Swine Fever-free. This is after pork prices pushed consumer inflation to its highest levels in years, and the unprecedented COVID-19 further disrupted logistics and hindered pig production in China. According to Reuters 2020, the U.S. pork futures fell on Friday to the lowest point since late 2002 on tumbling pork prices and slowing slaughter rates as measures to control the COVID-19 pandemic shut schools and restaurants and increased U.S unemployment rates. April lean pork futures ended down 4.475 cents at 40.225 cents per pound. In April live cattle prices were down by 4.5-cents limit at 88.325 c/lb, while actively traded June futures finished at 80.850 cents, down 2.225 cents and the lowest for a June contract in 11 years. Major U.S. meat companies reported on Monday they shut three facilities that produce pork and beef in Iowa and Pennsylvania in the latest disruption to the country's food supply chain from the Coronavirus outbreak. Reduced meat output from the shutdowns threatens to tighten supplies of certain products at a time when demand is rising at grocery stores as the country battles COVID-19.



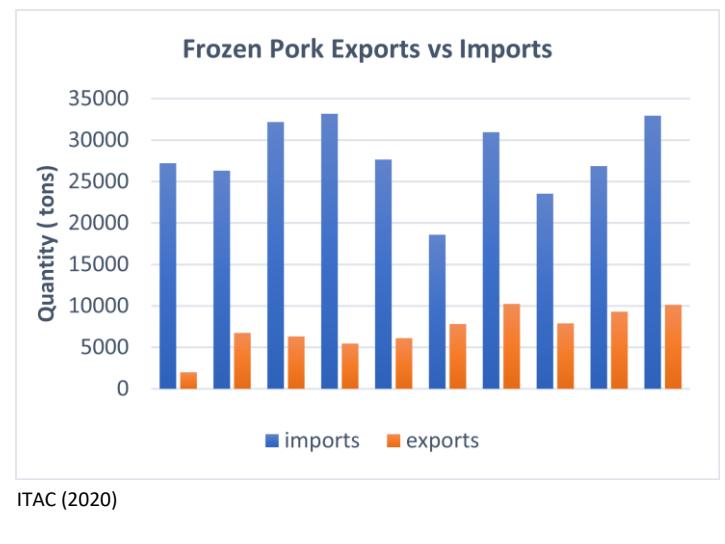
Domestic and Regional Perspectives

The Ministry of Agriculture, Water and Forestry (MAWF) in Namibia requested the Meat Board of Namibia (MBN) to operationalise the Katima Mulilo (KM) export abattoir. The abattoir has been under lockdown since 21 August 2014 after a foot-and-mouth disease outbreak in Ihaha in the Zambezi region. A commodity based trade protocol was also approved. April Namibian prices for beef Oxen 3-6 are US\$2.52/kg and Bulls are US\$2.41/kg. Sheep prices for A0 grade are US\$2.46/kg and A1 & A2 are both US\$3.72/kg. In South Africa consumers are now shifting their spending habits and buying home meals rather than eating out due to the COVID-19 pandemic. Furthermore a decline in demand for beef, which is used more in the restaurants and fast food services, has resulted in a decline in both weaner calf and feeder lamb prices. The average porker price is 3.1% lower from R23.32/kg to R22.59/kg, while the average baconer price declined by 1.4% from R22.93/kg to R22.61/kg. Pork prices were lower this week due to subdued demand. The poultry industry will be affected negatively by the national lockdown due to logistics and temporary consumer demand trends such as bulk buying and more at home consumption and higher demand for non-perishable products. The national average Class A carcass lamb price increased by 0.5% to R76.97/kg and the average Class C carcass price increased by 1.4% to R54.44/kg. Lamb remains the most expensive protein alternative, which means consumers are more likely to purchase poultry, pork or beef in these economic tough times.



Key areas to unlock growth in Livestock and Animal Products

The Minister of Agriculture, Land reform and Rural development, Ms Thoko Didiza, this week announced funding allocations to mitigate food security in the country through a R1.2 billion cash injection for small-scale farmers during the COVID-19 pandemic. Applications for relief opened on Wednesday 8th April and will close on the 22nd April 2020. The fund is allocated to farmers within the Proactive Land Acquisition Strategy (PLAS) programme and the remainder to be channelled towards all the farmers that are mainly within the poultry, livestock and vegetable commodity sectors. The purpose of the fund is to increase food production by supporting financially distressed small-scale farmers during the outbreak. Moreover Mechanisation, infrastructure and overhead costs will not be supported.



Fruits and Vegetables



Global Perspectives

Cauliflower falls under Cruciferous vegetables. On a year by year basis, global production increased by 3.7% to about 25.97 million tons. China, India and United States (US) are the leading producers accounting for 39.9%, 33.0%, 5.0% and 2.7% of global volume. Spain, Mexico, US and France are leading exporters of cauliflower with a 31.8%, 21.2%, 12.0% and 6.4% global market share respectively. For beetroot, global production is estimated at 743.53 million tons with a 7.8% annual growth in production. Major exporters are Netherlands and Italy commanding a share of 21.9% and 15.0% respectively, while Germany is the leading importer accounting for 12.8% of the global imports, followed by US (8.9%). The limited information on butter beans suggests that Morocco and Spain is the leading exporter of butter beans, commanding a 32.4% share globally. Despite a one-year growth in value, ranging from 5.8% in Morocco to 28.5% in Spain among the top ten exporters, there was a significant fluctuation in the quantity exported ranging from a decline of 72% in France to an increase of 34% in Spain. Top importers of butter beans include Spain (19%) and US (15.2%). During the first three months of 2020, the global prices of vegetables have fluctuated tremendously due to the Covid-19 pandemic and consequentially leading to uncertainties in the markets. Table 1 shows the range in percentage changes in prices of the selected vegetables in the major markets between December 2019 and April 2020.



Key areas to unlock growth in Fruit and Vegetables

In countries that are under lockdown due to COVID-19 pandemic, the agriculture industry has been deemed as critical, allowing businesses to continue to operate as usual despite current restrictions that are put in place to stop the spread of the virus. All over the world, the agriculture industry is concerned about logistic issues, whether it's moving goods across closed borders or having adequate healthy employees to keep facilities operational and products moving. All operational agribusinesses need to practise increased hygiene procedures and take necessary steps to ensure the uninterrupted supply of vegetables.



Domestic and Regional Perspectives

Beetroot production in South Africa has seen an upward trend, from producing about 55 000 tons in 2005/06 to 85 000 tons in 2017/2018. Cauliflower however has declined over the same years, from 17 000 tons in 2005/06 to 12 000 tons in 2017/18 (DALRRD, 2019). The average price of beetroot has moved from R1 339/ton in 2005 to R2 947/ton in 2018, while cauliflower has increased from R1 667/ton in 2005 to R11 194/ton in 2018 (DAFF, 2019). The demand for cauliflower has increased with the health trends of vegetables but the price may be an indication of the scarcity of the product in South Africa (SARS, 2020). In 2019, South Africa exported 2 600 tons of cauliflower and broccoli, mostly to the Africa region. In 2018, the exports of cauliflower and broccoli were 2 450 tons. Much of the beetroot is destined for local consumption. At the end of 09 April, there were 24 553 units left of beetroot at the Joburg fresh produce market and 1 231 units of cauliflower (JoburgMarket, 2020).

Vegetable	Major markets	Range in % price fluctuation
Cauliflower	Spain, China, Mexico	From -14.1% to 17.4% in China
Beetroot	Italy, US, Mexico	From -2.0% in US to 7.3% in Italy
Butter beans	Hungary	From 0% to 10.7% (only data available)

Table 1: Percentage changes in prices of selected vegetables in major markets (Dec 2019 – April 2020)

Source: Trige, 2020

Source of information

Department of Agriculture, Land Reform and Rural Development (DALRRD) – <https://www.daff.gov.za/daffweb3/>

Food, an Agriculture Organisation (FAO) - <http://www.fao.org/faostat/en/#data>

Fruits and vegetablemarket in South Africa – growth, Trends, and forecast (2020-2025) - <https://www.mordorintelligence.com>

Joburg Fresh Produce Market - <http://www.joburgmarket.co.za/>

International Trade Centre (ITC) - <https://www.trademap.org>

South African Revenue Services (SARS) - <https://www.sars.gov.za/pages/Results.aspx/Results.aspx?k=trade%20statistics>

South African Grains Information System (SAGIS) - <https://www.sagis.org.za/>

Trade Map. Trade statistics for international business development - <https://www.trademap.org>

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