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Agriculture

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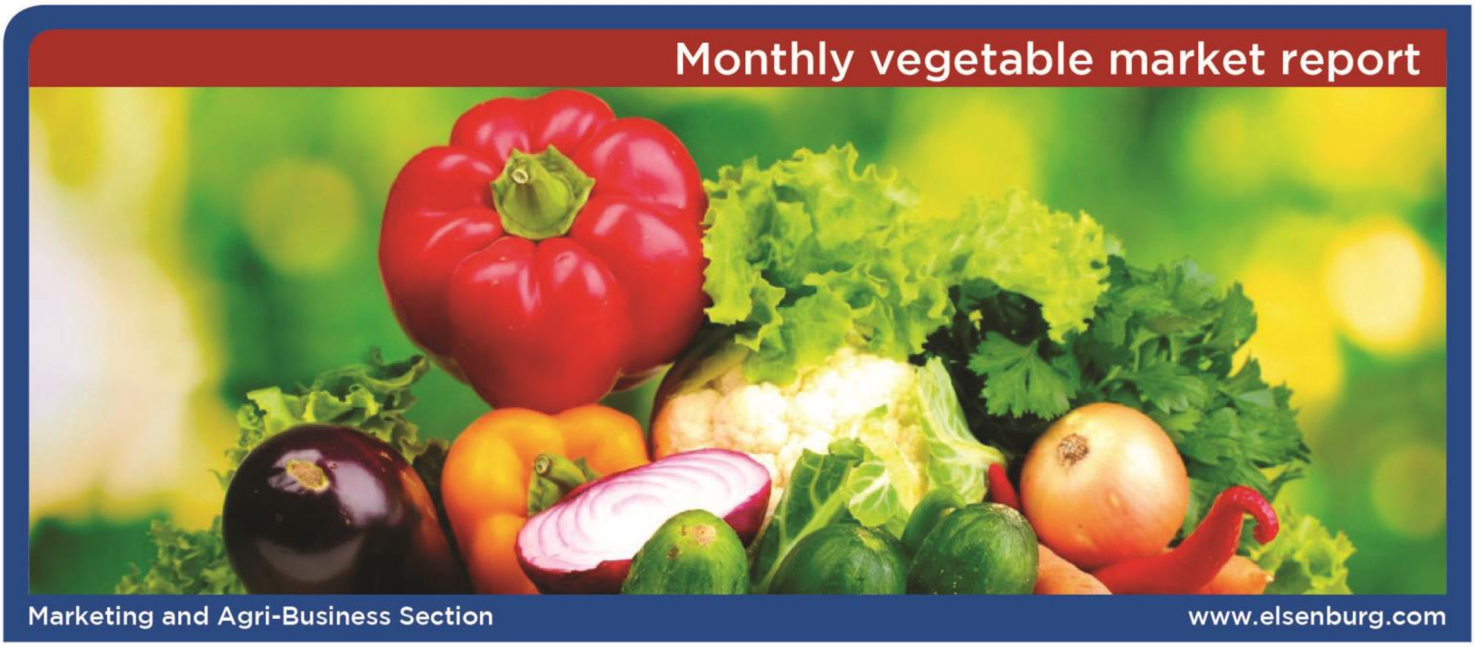


MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: January 2016 to February 2017

Issue: 2017/02

IN THIS ISSUE

INTRODUCTION

This report is a review of **selected vegetable sales at the Cape Town Fresh Produce Market,** the largest fresh produce market in the Western Cape.

The review will be issued on a monthly basis and will cover trend analysis relating to prices (Rand per ton) and volumes (tons) of the selected vegetables sold on the market, considered to be of importance due to the area under production or marketed volumes, however the combination of selected vegetables might change over time due to relevance.

OVERVIEW OF THE NATIONAL AGRICULTURAL MARKETING INFORMATION SYSTEM (AMIS), OFFERED BY THE DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES (DAFF)

The Agricultural Marketing Information Systems (AMIS) is a database interface offered by the Department of Agriculture, Forestry and Fisheries (DAFF).

The main purpose of the Agricultural Marketing Information System (AMIS) is to provide reliable & updated information to farmers. In order to assist farmers to plan activities relating to production and marketing in a much informed manner.

Agricultural market information is provided for horticulture, field crops, livestock and industrial products, and includes the following categories:

- marketing prices,
- grading and standard information,
- annual price trends, and
- marketing news (pertaining to the application procedures for import and export permits).

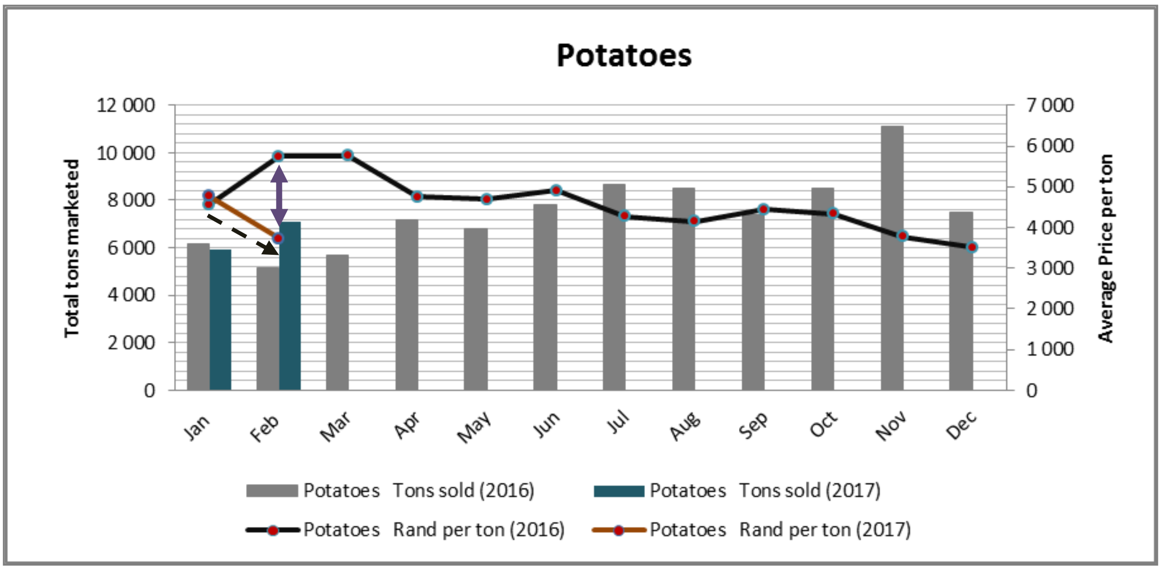
Click on the following website link to access the ***DAFF AMIS*** web application, or alternatively go to the web address: **http: //webapps.daff.gov.za/amis** (no subscription fee payable to access system). Cell phone user can send an sms to ****120*4040#*** *(charged at standard sms rates)*

Please note that prices are updated at 12h00 a.m on a daily basis.

1. PRICE AND VOLUME TREND ANALYSIS

1.1 Potatoes

Figure 1: Potatoes sales on the Cape Town Fresh Produce Market



DEVELOPMENTS ON THE NATIONAL POTATO MARKET

During the 2016 marketing season (i.e. January until December), a total of 52,740 hectares were planted which yielded 214 million bags in production compared to the 250 million bags sold during the prior marketing season. National sales volumes decreased by 17 million bags which is 15% y/y lesser than 2015, a direct result of the drought and above-normal temperatures experienced in most producing areas which negatively affected production yields which declined on average from 4,630 to 4,054 bags per hectare. Subsequently, average market price experienced upward pressure due to lower supplies considering that demand levels remained constant and thus market prices on average obtained 65% y/y more if compared to the previous season (Potatoes SA, 2017).

The hectares planted during 2016, decreased by 1, 200 hectares in relation to the 53,933 hectares planted during 2015, which produced an output of 250 million bags. During the production period, the Western Cape production areas performed as follows in relation to aggregated national figures:

- Sandveld region planted 7,223 hectares (13%) and yielded an output of 33 million bags (14%),
- Ceres region planted 788 hectares (1%) and produced 4 million bags (1%),
- Southern Cape planted 247 hectares (<1%) and produced 1,12 million bags (<1%), and the
- Southern Western Cape planted 86 hectares (<1%) which yielded 361,200 bags (<1%) (Potatoes SA, 2017).

For 2016, information for 30,000 hectares was already available at the end of February 2017, translating to 56% of last year's plantings. Intended plantings will probably be slightly lesser than the previous season, although still within the 50,000 to 54,000 hectare range. However, given 'normalised' weather conditions anticipated within production regions, production output is expected to substantially improve. Average market prices commenced on a much lower rate (between R40 and R53 per bag) on average on all national markets, compared to the same period last year which could be attributed to the recovery of stock supplies (Potatoes SA, 2017).

DEVELOPMENTS ON THE CAPE TOWN FRESH PRODUCE MARKET

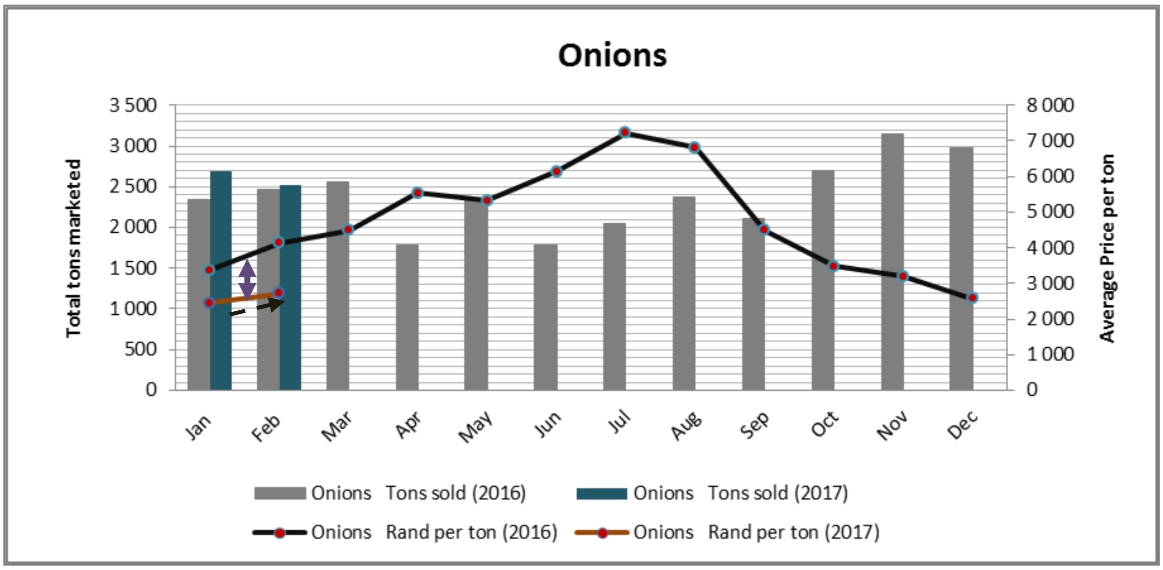
- Sales volumes during January 2017 amounted to 5,918 tons, which was lesser by 21% m/m or 1,568 tons in relation to the previous month. Average market prices subsequently increased by 36% m/m and reached R4769 per ton.
- During February 2017, sales volumes increased by 20% m/m or 1,946 tons which pressurised market prices downwards by 22% m/m to reached R3725 per ton.
- On an annual basis, market prices increased by 5% y/y during January 2017 due to the 4% y/y decrease in volumes whilst market prices decreased by 35% y/y during February 2017 as a result of the 38% y/y increase in volumes sold on the market, if compared to the same period during last year.

1 bag of potatoes equals 10 kilogram

Source: Potatoes SA & Technofresh, 2016

1.2 Onions

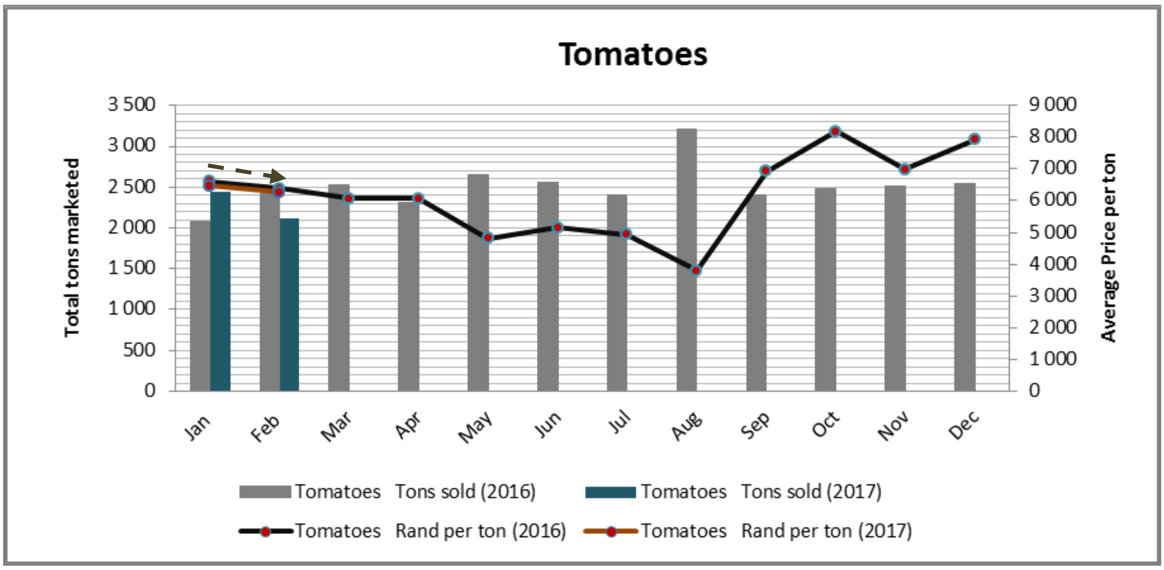
Figure 2: Onion sales on the Cape Town Fresh Produce Market



- Onion sale volumes reached 2,685 tons during January 2017, which is 10% y/y or 289 tons lesser than the previous month. Regardless of lesser volumes marketed, the average market price decreased by 5% m/m and reached R2454 per ton.
- During February 2017, volumes sold on the market decreased by 6% m/m to 2,520 tons. Whilst the average market price increased by 11% m/m and reached R2, 711 per ton.
- On an annual basis, volumes increased by 15% y/y and by 2% y/y in January 2017 and February 2017 respectively, which subsequently pressurising market prices downward by 27% y/y and 35% y/y for the same period last year.

1.3 Tomatoes

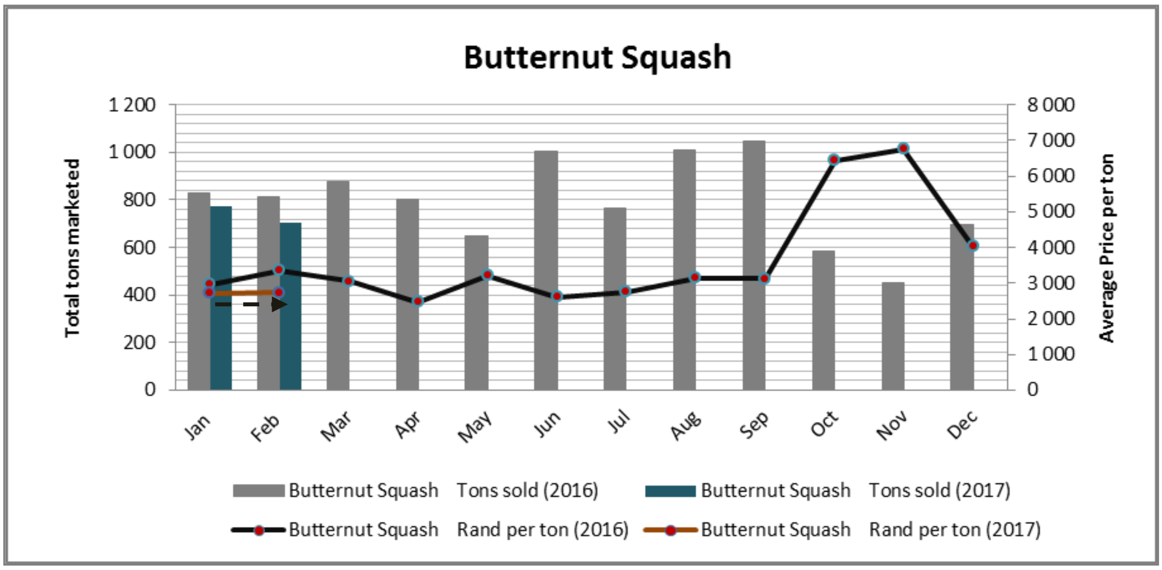
Figure 3: Tomatoes sales on the Cape Town Fresh Produce Market



- Tomatoes supplies sold during January 2017, decreased by 4% m/m or 108 tons to an amount of 2,435 tons. Regardless of the slight decrease in sales volumes, average market prices decreased by 18% m/m and reached R6, 460 per ton.
- During February 2017, sales volumes continued to decrease by a further 13% m/m or 319 tons and reached 2,116 tons. The monthly average price further decreased by 3% m/m or R182 per ton and traded at R6, 277 per ton.

1.4 Butternut Squash

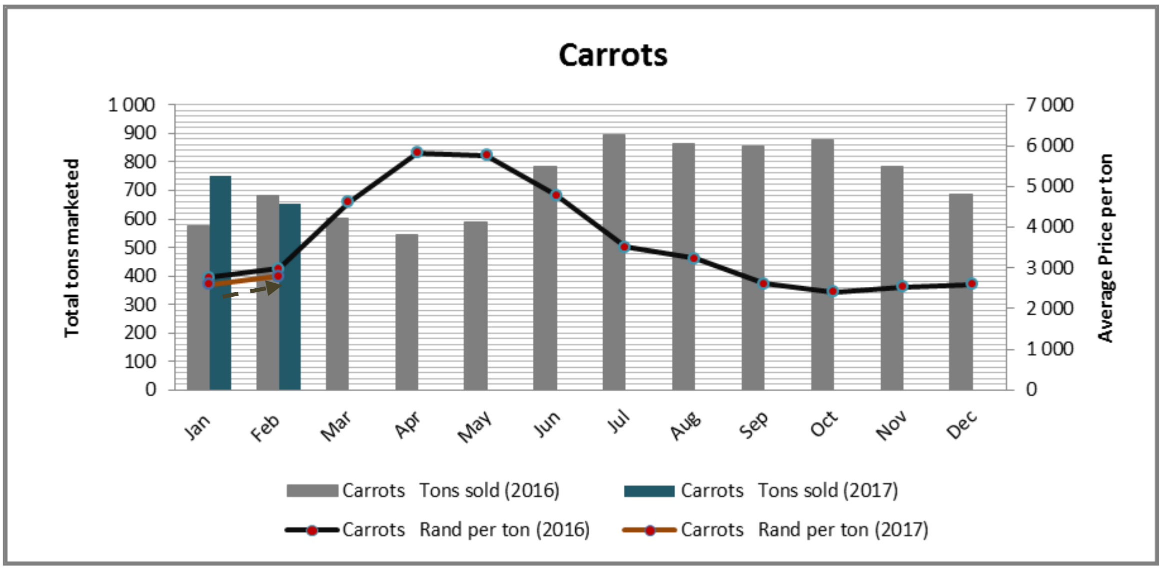
Figure 4: Butternut Squash sales on the Cape Town Fresh Produce Market



- ❖ The total volumes sold during January 2017, amounted to 774 tons, which accounts to 11% m/m more than the previous month's sales. This contributed to a 33% m/m decrease in the average sales price per ton sold at R2.714 per ton.
- ❖ February 2017 sales volumes amounted to 704 tons, which is 9% m/m lesser than the previous month. The average market price slightly changed as it increased by R 15 per ton and traded at R2, 729 per ton.
- ❖ On an annual basis, volumes decreased by 7% y/y and 13% y/y during January and February 2017 respectively. Market prices also followed the same trend and declined substantially by 9% y/y and 19% within the same period.

1.5 Carrots

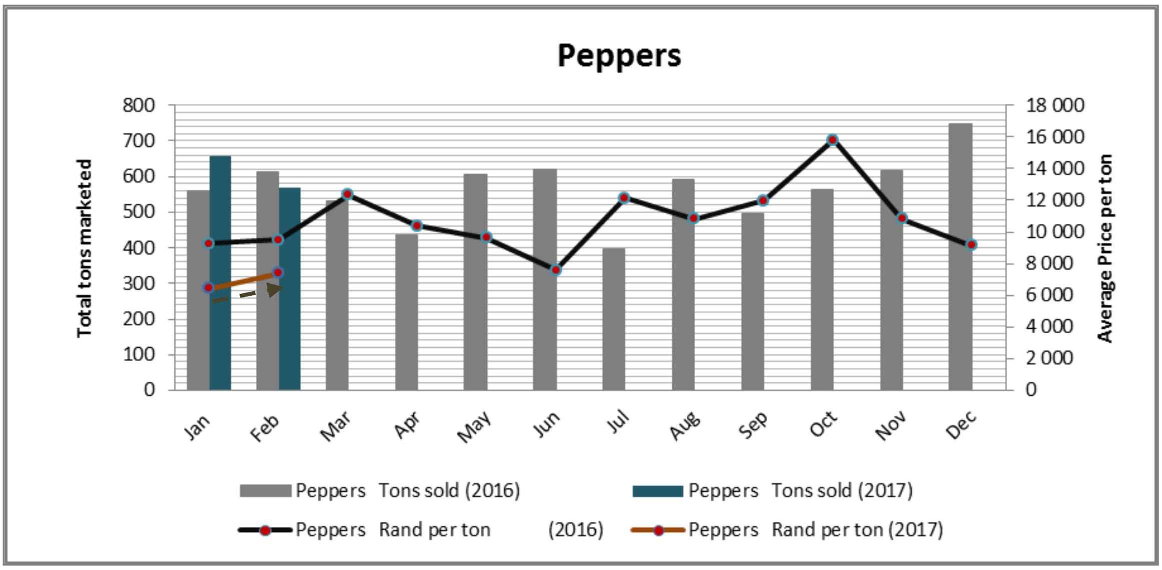
Figure 5: Carrots sales on the Cape Town Fresh Produce Market



- ❖ Volumes sold during January 2017 amounted to 749 tons, which is 9% m/m more than the previous month's sales. Regardless of the aforementioned, the average market price decreased by less than 1% m/m and traded at R2, 589 per ton.
- ❖ Whilst, February 2017 yielded 13% m/m lesser volumes and subsequently sales volumes amounted to 652 tons. Due to lesser volumes sold during the same month, market prices experienced upward pressure and increased by 8% y/y or R213 per ton.
- ❖ On an annual basis, volumes increased by 30% y/y in January 2017, whilst it decreased by 5% y/y in February 2017.

1.6 Peppers

Figure 6: Peppers sales on the Cape Town Fresh Produce Market



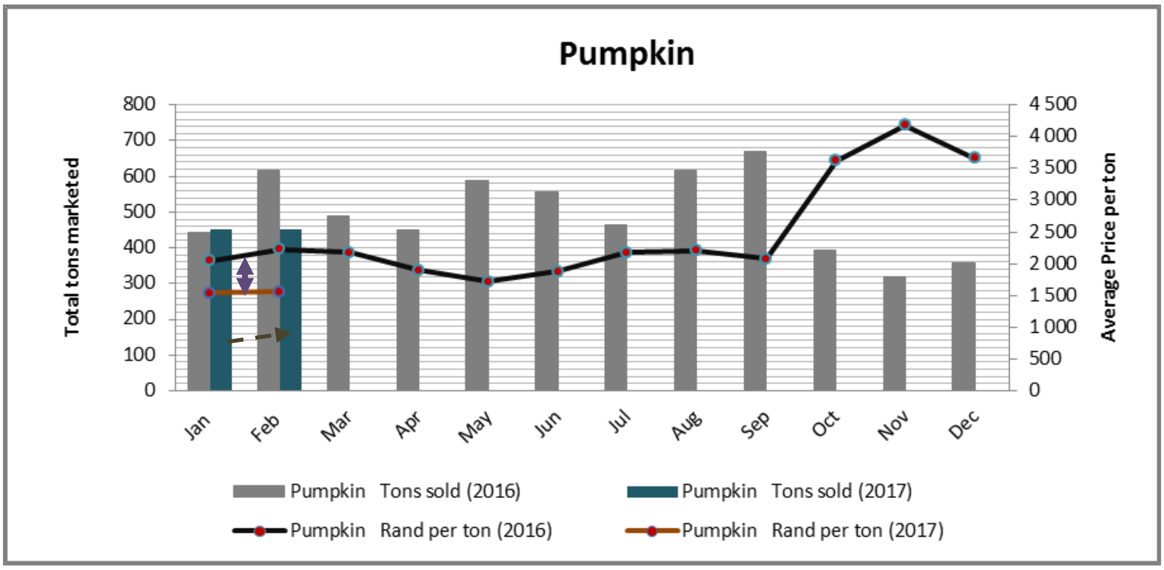
- Pepper volumes reached 658 tons during January 2017, which is 12% m/m lesser than sales obtained in the previous month. Regardless of the lesser stock marketed the build-up in stock could potentially have attributed to the 29% m/m or R2, 687 per ton decrease in the average market price during January 2017.

- In February 2017, sale volumes decreased by a further 14% m/m or 89 tons, and subsequently traded at R7, 383 per ton compared to the previous month.

- On an annual basis, volumes increased by 18% m/m or 100 tons during January 2017 whilst it decreased by 7% y/y or 44 tons during February 2017. Average market prices significantly declined by 30% y/y or R2, 816 per ton during January 2017 and by a further 22% y/y or R2, 109 per ton during February 2017.

1.7 Pumpkin

Figure 7: Pumpkin sales on the Cape Town Fresh Produce Market



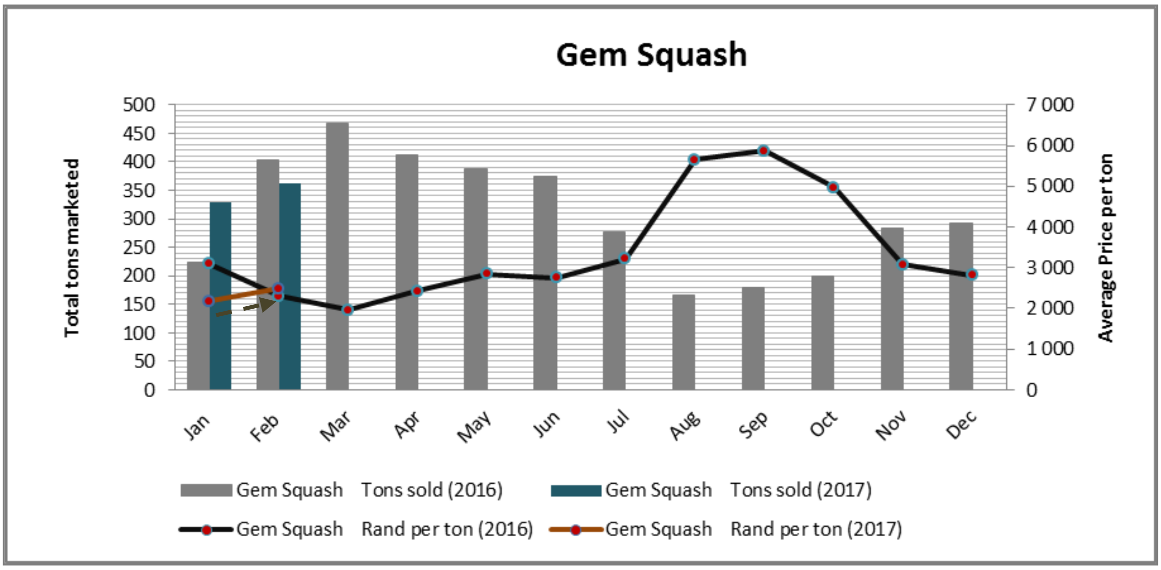
- Pumpkin volumes sold during January 2017, amounted to 452 tons which is 27% m/m lesser than the 357 tons traded in the previous month. The subsequent increase in volumes resulted in a 58% m/m or R2, 118 decreases in a ton of produce, as pumpkin traded at R1, 544 per ton on average during January 2017.

- During February 2017, volumes remained unchanged at 452 tons. Accordingly, there was no significant change observed in average market prices as it slightly increased by 1% m/m.

- Analysing the past year, it is evident that volumes sold during January 2017 were slightly higher by 2% y/y and subsequent volumes sold during February 2017 significantly decreased by 26% y/y in relation to the same period within the previous year. Market prices in January and February 2017 were much lower (i.e. 25% y/y & 30% y/y in January and February 2017 respectively) than the previous year.

1.8 Gem Squash

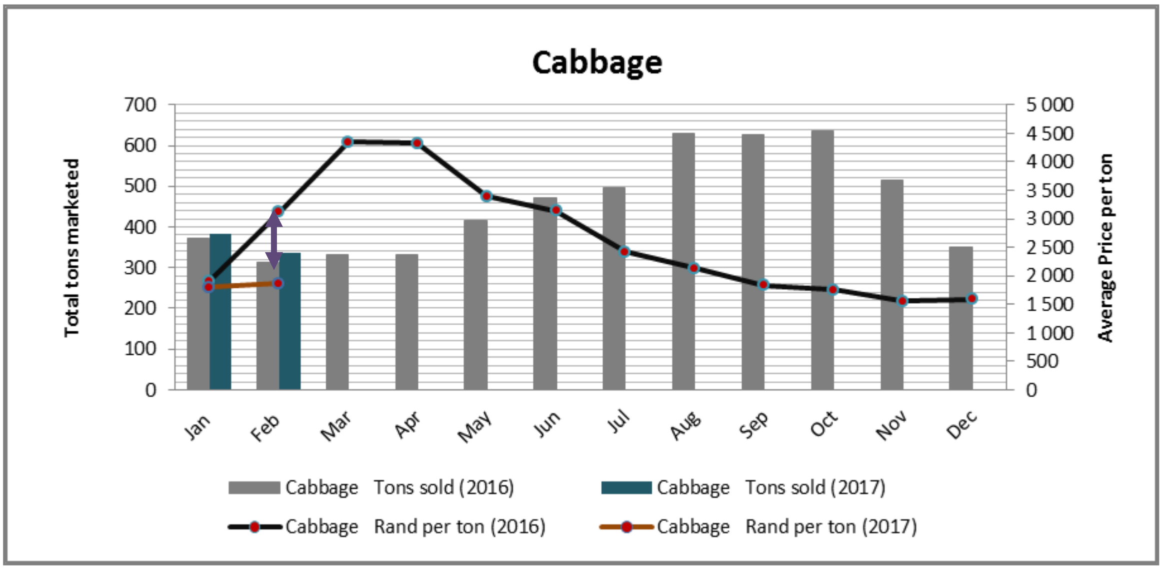
Figure 8: Gem squash sales on the Cape Town Fresh Produce Market



- Stock marketed during January 2017, amounted to 330 tons, which accounts to a 13% m/m increase in volumes in relation to sales realised in the previous month. Consequently, the average market price obtained declined by 23% m/m or R643 per ton and thus a ton traded at R2, 171 per ton.
- During February 2017, sales (in terms of quantity) increased by a further 10% m/m or 33 tons compared to the aforementioned volumes sold. On the contrary, average market prices also moved in an upward direction and increased by 14% m/m, trading at R2, 482 per ton.
- Sales volumes increased by 48% y/y in January 2017, whilst volumes declined by 10% y/y during February 2017 compared to the same period within the previous year.

1.9 Cabbage

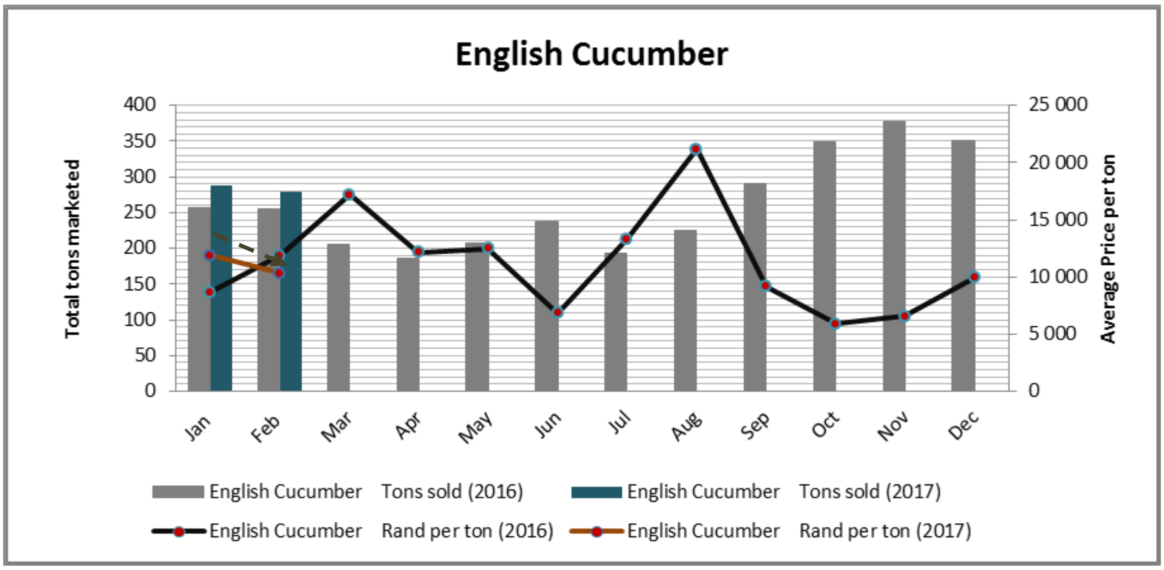
Figure 9: Cabbage sales on the Cape Town Fresh Product Market



- Cabbage volumes amounted to 382 tons, which is 9% m/m or 31 tons more than volumes sold during the previous month. Regardless of the higher volumes sold; the average market price obtained increased by 14% m/m or R218 per ton and obtained R1, 802 per ton.
- During February 2017, sales volumes decreased by 12% m/m or 44 tons and reached 338 tons. This contributed to the 3% m/m increased in average market price, which traded at R1, 864 per ton.
- On an annual basis, volumes increased by 2% y/y and 8% y/y in January and February 2017 respectively sold on the market. Accordingly, the average market price traded much lower than the same period last year.

1.10 English Cucumber

Figure 10: English Cucumber sales on the Cape Town Fresh Produce Market



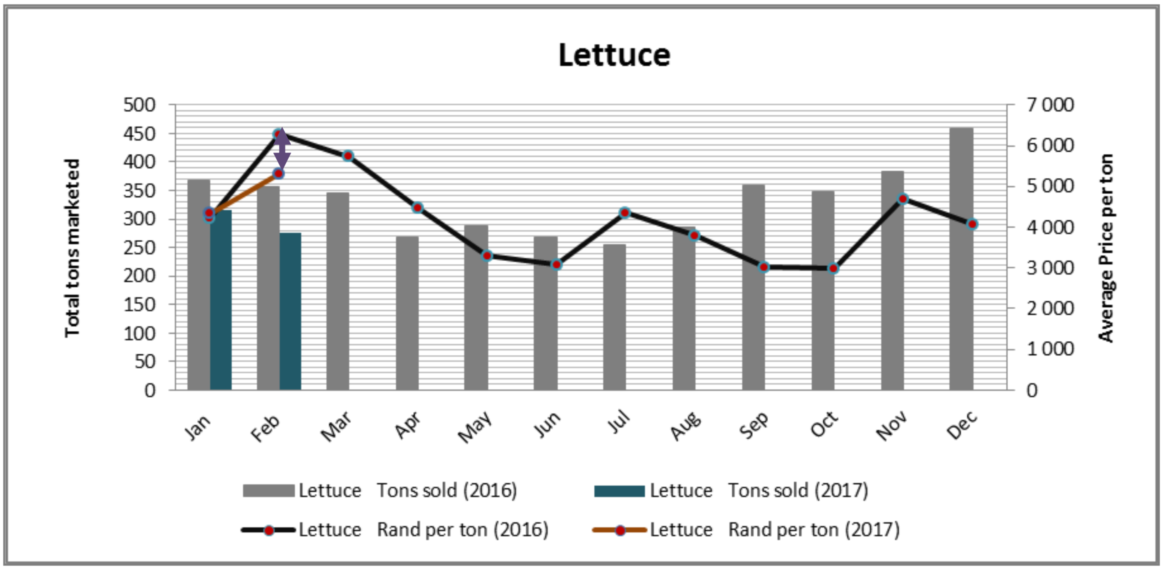
- Quantities sold during January 2017, amounted to 289 tons during January 2017, which is 18% m/m or 62 tons lesser than the stock levels traded in the previous month. Due to lower supply to the market, average market prices traded at R11, 888 per ton, which is 20% m/m, or R1, 938 per ton higher than the previous month's market price.

- During February 2017, volumes sold amounted to 279 tons which is 3% m/m lesser than the sales obtained in the previous month. Average market prices decreased by 13% m/m and traded at R10, 341 per ton regardless of the relative lower stock supplied to the market.

- On an annual basis, volumes sold during January and February 2017 were respectively 13% y/y and 9% y/y higher than the same period last year. January 2017 market prices were 37% y/y higher than last year, whist February 2017 prices were 13% y/y lower.

1.11 Lettuce

Figure 11: Lettuce sales on the Cape Town Fresh Produce Market



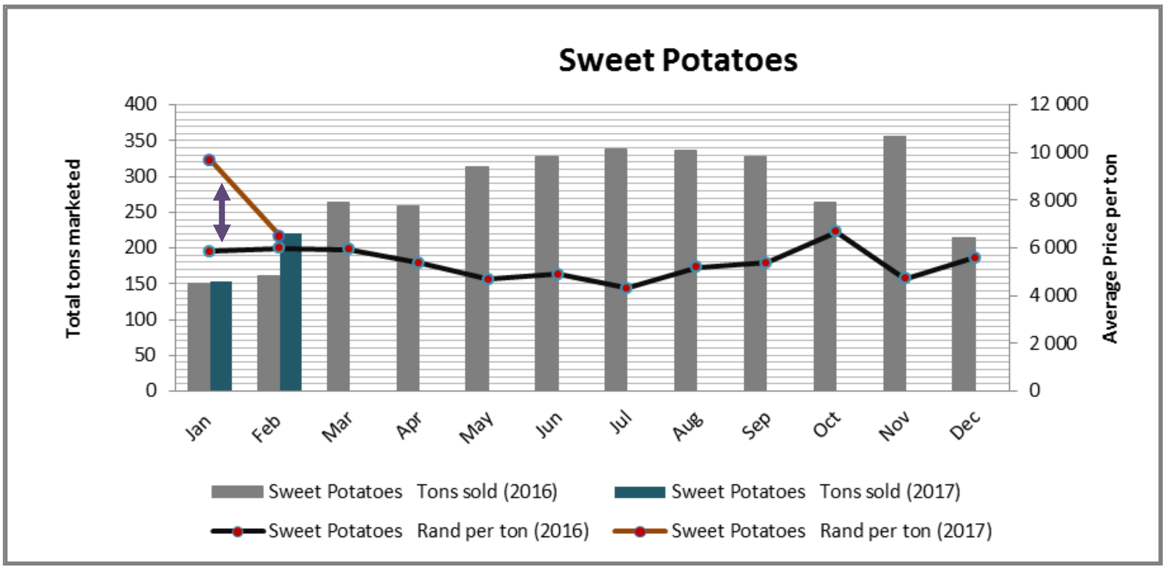
- Lettuce volumes sold during January 2017, amounted to 315 tons, which is 31% m/m or 144 tons lesser than the sales recorded in the previous month. This contributed to the increase of 7% m/m or R268 per ton during January 2017, as a ton of lettuce traded at R4338.

- During February 2017, volumes sold decreased by 12% m/m and reached 276 tons. Whilst the average market price per ton experienced upward pressure and realised R5, 310 per ton, which is 22% more than the previous month.

- On an annual basis, volumes were significantly lesser by 15% y/y in January 2017 and 23% y/y in February 2017 if compared to the same period in the previous year.

1.12 Sweet Potatoes

Figure 12: Sweet potatoes sales on the Cape Town Fresh Produce Market



- ❖ Sale volumes traded during January 2017 amounted to 153 tons, which is 29% m/m lesser than volumes sold during the previous month. Due to the progressive decrease in stock levels, towards the end of 2016 monthly market price increased by 73% m/m or R4, 079 per ton and reached R9, 678 per ton.
- ❖ During February 2017, volume supply however improved as it and increased by 45% m/m or 69 tons in relation to sales obtained in January 2017. Accordingly, the average market price was responsive in that it moved downward and declined by 33% m/m or R3, 189 per ton, and traded at R6, 490 per ton.
- ❖ On an annual basis, volumes improved in relation to the same period last year as sales increased by 2% y/y and 38% y/y during January and February 2017 respectively. Whilst the average market price, traded at 65% y/y or R4, 079 per ton higher in January 2017 and 8% y/y or R3, 189 per ton higher during February 2017, if compared to the same period last year.

TABLE 1.1: TREND ANALYSIS OF NICHE VEGETABLES TRADED ON THE CAPE TOWN FRESH PRODUCE MARKET: JANUARY 2017

PRODUCE NAME: (in order of the highest to lowest volumes sold during this month)	AVERAGE TONS TRADED FOR JANUARY 2017: (tons) (A-Z)	CHANGE IN THE AVERAGE TONS TRADED FOR JANUARY 2017: (m/m)	AVERAGE PRICE OBTAINED FOR JANUARY 2017: (Rand per ton)	CHANGE IN THE AVERAGE PRICE MARKETED FOR JANUARY 2017: (m/m)
13. Sweetcorn	120	30%	R7 173	-26%
14. Cauliflower	120	-16%	R5 612	16%
15. Green beans	86	-27%	R8 983	21%
16. Baby Marrow	82	-27%	R12 084	88%
17. Beetroot	80	-23%	R4 421	1%
18. Broccoli	69	4%	R18 324	55%
19. Brinjals /Eggplant	65	5%	R5 007	-39%
20. Spinach	29	17%	R7 760	-8%
21. Hubbard Squash	29	-45%	R1 893	-0.2%
22. Marrow	25	>100%	R896	24%
23. Spring Onion	17	-19%	R6 182	-5%
24. Mushrooms	16	30%	R42 294	-11%
25. Leeks	11	-39%	R7 919	18%
26. Patty Pans	5.5	-38%	R8 419	88%
27. Radish	1.4	-15%	R13 105	79%

TABLE 1.2: TREND ANALYSIS OF NICHE VEGETABLES TRADED ON THE CAPE TOWN FRESH PRODUCE MARKET: FEBRUARY 2017

PRODUCE NAME: (in order of the highest to lowest volumes sold during this month)	AVERAGE TONS TRADED FOR FEBRUARY 2017: (tons) (A-Z)	CHANGE IN THE AVERAGE TONS TRADED FOR FEBRUARY 2017: (m/m)	AVERAGE PRICE OBTAINED FOR FEBRUARY 2017: (Rand per ton)	CHANGE IN THE AVERAGE PRICE MARKETED FOR FEBRUARY 2017: (m/m)
13. Sweetcorn	138	15%	R7 536	5%
14. Cauliflower	114	-5%	R7 096	26%
15. Beetroot	88	11%	R3 931	-11%
16. Baby Marrow	77	-7%	R17 945	49%
17. Green beans	77	-11%	R11 992	34%
18. Broccoli	66	-5%	R14 810	-19%
19. Brinjals /Eggplant	43	-34%	R5 960	19%
20. Hubbard Squash	25	-13%	R1 496	-21%
21. Spinach	23	-23%	R9 959	28%
22. Marrow	17	-33%	R1 207	35%
23. Spring Onion	16	-2%	R7 466	21%
24. Mushrooms	14	-13%	R44 860	6%
25. Leeks	11	2%	R6 014	-24%
26. Patty Pans	6.87	25%	R5 795	31%
27. Radish	1.19	-16%	R19 748	51%

2. NEWS CLIPS IN BOTH THE INTERNATIONAL AND DOMESTIC MARKET

2.1 Pest alert: New Invasive Fall Army Worm (FAW) detected in South Africa

On 1 February 2017, the Department of Agriculture, Forestry and Fisheries (DAFF) issued a media statement to alert the agricultural community regarding the detection of an unidentified pest following several reports from farmers regarding damaged experienced during the second-halve of January 2017 (DAFF, 2017).

After the initial investigation, it has been confirmed that the detected species is similar to the Fall Army Worm or *Spodoptera frugiperda* (DAFF, 2017). To learn more regarding developments pertaining to the detection and mitigation strategies imposed to address the Fall Army worm challenge, refer to the attached DAFF Media Release (Feb.2017), in conjunction with the ARC factsheet pertaining to information regarding the pest.

Crop producers are encouraged to report suspected detection of pests to DAFF: Plant Health (Early Warning System) - Jan Hendrik Venter at (012) 319 6384; 072-348 8431 or janhendrikv@daff.gov.za. It has also been reiterated that it is important to contact a chemical representative to advice with control options to address the problem (DAFF, 2017).

2.2 National Minimum Wage reforms introduced

Sectoral determination 13 specifies the minimum wage, working hours, leave conditions as well as the termination rules of basic employment applicable in the farming and forestry sector in South Africa (Department of Labour, 2017). Accordingly, the Minister of Labour, Ms Mildred Oliphant published the national minimum wage payable to farm workers in Government Notice nr.187, Government Gazette Nr.39648 on 03 February 2016 (Department of Labour, 2017).

Accordingly, as from 1 March 2017 to 28 February 2018, an hourly rate of R15.39 that translates to a minimum salary of R30001.13 per month will be applicable to an employee working a 40-hour workweek (Department of Labour, 2017). Further details are indicated in the below table (Department of Labour, 2017).

Table 1:Minimum wages for employees in the Farm Worker Sector, of South Africa as from 01 March 2017

Minimum rates for the period 1 March 2016 to 28 February 2017				Minimum rates for the period 1 Mach 2017 to 28 February 2018				Minimum rates for the period 1 March 2018 to 29 February 2019			
Monthly	Weekly	Daily	Hourly	Monthly	Weekly	Daily	Hourly	Monthly	Weekly	Daily	Hourly
R2 778.83	R641.32	R128.26	R14.25	R3001.13	R 692.62	R138.52*	R15.39	Previous years minimum wage plus CPI EOER = 1 %			

- For employees who work 9 hours a day.

** The CPI to be utilized is the available CPI EOER (Consumer Prize Index excluding owners equivalent rent as released by StatsSA six weeks prior to the increment date. **CPI EOER** = 7 % + **1** = **8%** increase.

Source: Department of Labour, 2017

Most recently, deliberations took place amongst government, labour unions and the agriculture sector representative regarding the revision of the national minimum wage. This deliberation are centred around labour market reforms which attempts to foster a minimum threshold which could afford individuals employed within certain sectors an opportunity to earn an acceptable 'decent living' wage (Business day, August 2014).

The outcome of current deliberations is that affected parties have agreed on a national minimum wage of R20 per hour equivalent to R3, 500 per month in order to trigger the transformation in the labour market. The commencement of the aforementioned national minimum wage is anticipated to be as early as May 2018 (Business day, February 2017).

2.3 WEATHER ADVISORY ON THE 2016/17 SUMMER SEASON, FEBRUARY 2017

The Province received normal rainfall towards the central and eastern regions, whilst the West Coast and Cape Winelands received mostly below-normal rainfall. Water restrictions of between 20% and 43% are currently in place for irrigation water users in various parts of the Province (DAFF NAC, February 2017).

Veld fires were also prevalent within some areas, as opposed to others. In addition, strong winds in conjunction with humid conditions contributed to extreme wildfires, which were very difficult to combat. Several wildfires caused significant damage and losses to agricultural land, livestock, fruit orchards, beehives as well as agricultural infrastructure (DAFF NAC, February 2017).

Average dam levels in the Province significantly decreased and stood at 33% during February 2017, compared to the same period within last year when levels were at 41% (DAFF NAC, February 2017).

Click here to view the most recent update (latest update on 06 March 2017) on the dam levels within the Western Cape Province or alternatively visit the Elsenburg Website at www.elsenburg.com and revert to Agri-tools ➡ Western Cape dam levels (Elsenburg, 2017) .

Additional sourced to information regarding climatic conditions, can be obtained in the monthly Agri-Outlook reports

Click *here* to view the monthly Agri-outlook reports. The Agri-outlook report provides a summative overview of both climatic and agricultural conditions in the Western Cape, through reference to information regarding the rainfall, temperatures, dam levels, plant growth conditions as well as climatic forecast within a particular period. Alternatively visit the Elsenburg Website at www.elsenburg.com and go to Agri-tools ➡ Agri-Outlook (Elsenburg, 2017).

Strategies to mitigate climatic change and disasters

A comprehensive list of strategies is listed in the monthly NAC Advisory report issued by DAFF: Climate Change and Disaster Management. Access the mentioned list from the following websites: www.daff.gov.za and www.agis.agric.za .

Request weather warning notifications from the Western Cape Department of Agriculture: Sustainable Resource Management, Disaster Risk Management, by forwarding an email to Mrs. Zaibu Arai to ZaibuA@elsenburg.com or alternatively call (021) 808-5368.

Source: DAFF National Agro-meteorological Committee (NAC) Advisory & Provincial Department of Agriculture, 2017.

2.4 ENERGY

2.4.1 Review of the Diesel Fuel tax refund system

A discussion paper pertaining to the reviewing of the Diesel Fuel tax refund system has been released on 15 February 2017, for public comment and consultation purposes. The paper is an undertaking of announcements made in the 2015 Budget, and aims to review the diesel rebate refund administration and especially more so to address irregularities within the administrative system pertaining to both qualifying activities and qualifying beneficiaries of the refund system (SA Treasury, 2017).

Kindly click here to refer to media statement issued by the South African National Treasury. The aforementioned Discussion Paper can be downloaded here. Please note that written comments are due on 15 May 2017.

Enquiries can be directed to Memory.Machingambi@treasury.gov.za or alternatively submit comments to dieselrefundcomments@treasury.gov.za or C&E_legislativecomments@sars.gov.za .

2.4.2 Fuel price adjustments, effective as from 01 March 2017

The average international prices of Petrol, Diesel and Illuminating Paraffin have respectively decreased during the period from 27 January 2017 to 23 February 2017. In addition, the Rand appreciated against the US dollar during the period under review if compared to the previous review period, from R13.58 to R13.29. This led to a lower contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin of 13.44 cents per litre, 12.93 cents per litre and 12.80 cents per litre respectively (DoE, 2017).

As a result, the following adjustments are effective as from Wednesday, 01 March 2017:

- Petrol (both 93 & 95: ULP and LRP) will decrease by 8 cents per litre;
- Diesel (0.05% and 0.005% Sulphur) will decrease by 2 cents per litre;
- Wholesale price of Illuminating Paraffin will decrease by 8 cents per litre;
- SMNRP of Illuminating Paraffin will decrease by 10 cents per litre; and
- Maximum Retail Price of LP Gas will decrease by 2 cents per kilogram (DoE, 2017).

It should however be considered that a tax adjustments pertaining to the fuel levy was announced by the Minister of Finance in the National Budget Speech, which will become into effect as from Wednesday, 5 April 2017. The fuel levy will increase by 30 cents per litre, whilst the Road Accident Fund levy will increase by a further 9 cents, adding the total fuel tax increase to 39 cents for both petrol and diesel prices (Business day, 2017).

ACKNOWLEDGMENTS

The below listed sources are acknowledged, as cited in this publication:

Business Day: www.businessday.co.za

Department of Agriculture, Forestry and Fisheries: www.daff.gov.za

Department of Energy: www.energy.gov.za

Department of Labour: www.labour.gov.za

Elsenburg (Western Cape Department of Agriculture): www.elsenburg.com

National Treasury: www.treasury.gov.za

Potatoes South Africa (SA): www.potatoes.co.za

SA Government: www.gov.za

Techno Fresh CRM: www.technofresh.co.za

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