



Monthly vegetable market report



Marketing and Agri-Business Section

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MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: July 2016 to July 2017

Issue: 2017/06

IN THIS ISSUE

1. Price and volume trend analysis (in accordance of the highest to lowest volumes sold during this month)

- | | | |
|----------------------|-------------|-----------------------|
| 1.1 Potatoes | 1.5 Carrots | 1.9 Sweet Potatoes |
| 1.2 Tomatoes | 1.6 Peppers | 1.10 Gem Squash |
| 1.3 Onions | 1.7 Pumpkin | 1.11 Lettuce |
| 1.4 Butternut Squash | 1.8 Cabbage | 1.12 English Cucumber |

2. News: current activities pertaining to the domestic & international fresh produce market

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).

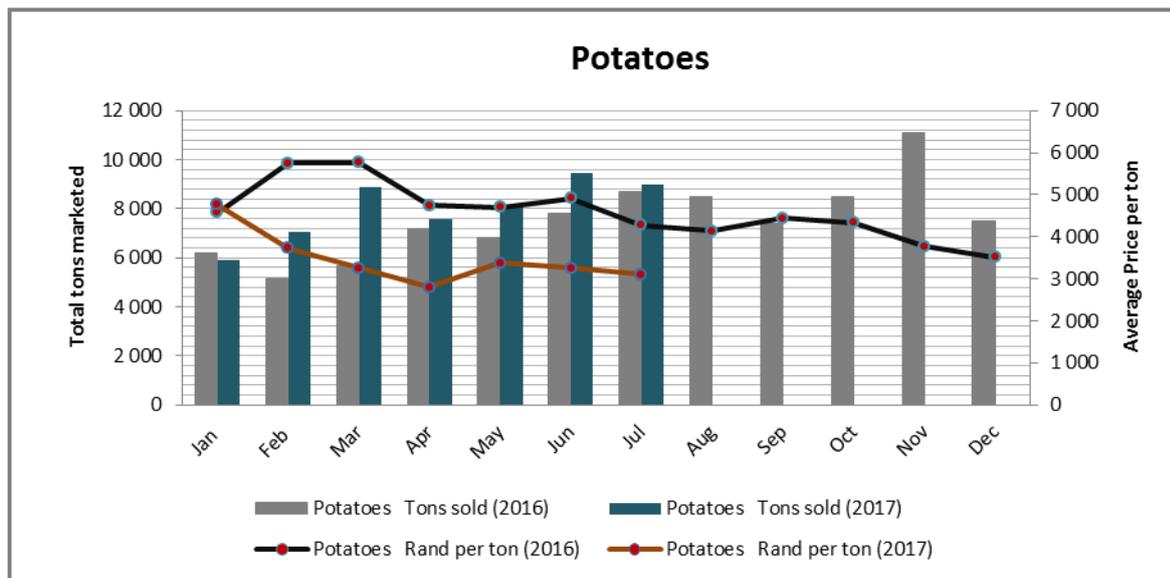
Click on the following website link to access the [DAFF AMIS](http://webapps.daff.gov.za/amis) web application, or alternatively go to the web address: <http://webapps.daff.gov.za/amis> (no subscription fee payable to access system). Cell phone user can send an SMS to ***120*4040#** (charged at standard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

Up until the end of July 2017, an additional 12,9 million bags or 24% y/y more were delivered on the national markets in relation to the same period within the previous season. This is a significant increase from the previous month's surplus supplies which stood at 11,4 million bags. The monthly increase of 13.56% m/m or 1,5 million bags at the end of July 2017, can be attributed to improved weather conditions since March 2017, which led to an increase in the monthly volumes of potatoes that are being lifted. It is also evident in the increase of monthly sales volumes which reached more than 10 million bags per month since March 2017. This upward trend is persisting for the past five consecutive months ending July 2017. The significant increase on the supply side of the market has resulted in average prices undergoing downward pressure of 37% y/y in relation to the same period within the previous season. Thus although consumers are experiencing some relieve as potatoes prices are lower in comparison to last year. However, producers are on the other receiving end as producer prices are significantly lower this season in relation to the previous season in which yields decreased by 14.4% y/y to an amount of 214,0 million bags due the effect of the drought and prevailing higher temperatures (Potatoes SA, 2017).

As at the end of July 2017, national planting data for 44,000 hectares was recorded which is significantly lower than the average of between 50,000 and 54,000 hectares planted on an annual basis as from 2003. The recent published BFAP outlook (2017), signals that the Sandveld region is expected to contribute the 4th largest production capacity at 14% of the 2017 national production which is projected at 235 million bags. Limpopo, Eastern Free State, Western Free State regions are projected to contribute 21%, 15% and 15% respectively (BFAP, 2017).

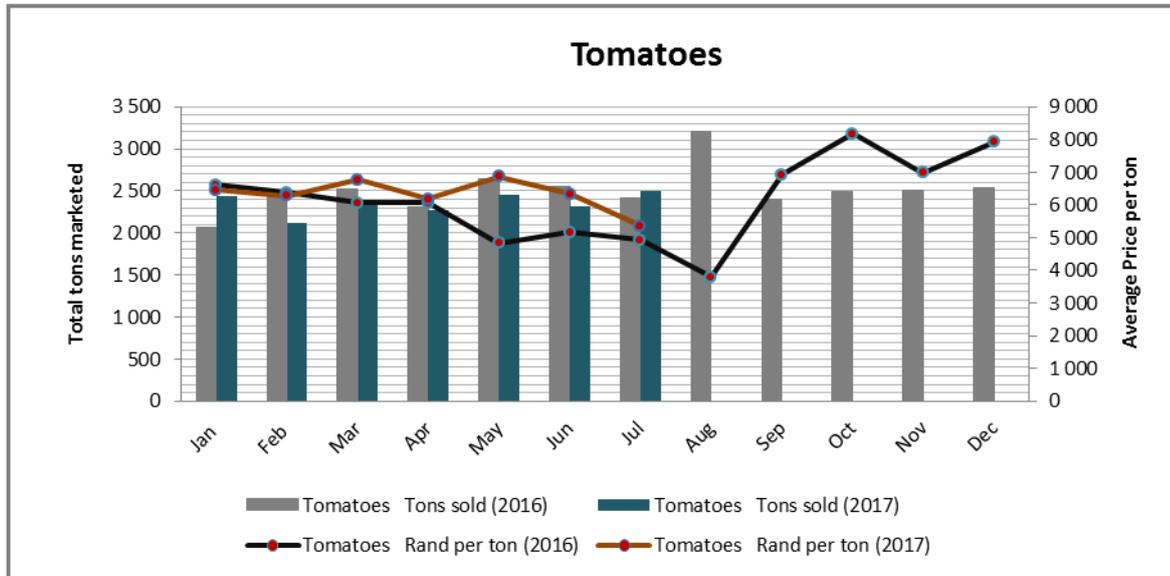
DEVELOPMENTS ON THE CAPE TOWN FRESH PRODUCE MARKET

A total of 9,006 tons of potatoes was sold on the Cape Town Fresh Produce Market (Epping) during the month of July 2017. The quantity sold was slightly lesser by 5% m/m or 431 tons in relation to the previous month. However, it no surprise that average market price remained indifferent to the change in supply, as it also decreased by 5% m/m or R159 per ton in relation to the previous month. This could be attributed to the build-up of stock levels which necessities downward pressure on monthly average prices in response to clearing market floor from stock on hand.

Quantities were higher by 4% y/y or 321 ton in relation to the sales obtained in the same period within the previous year. Whilst average market prices traded at 27% y/y or R1,171 per ton lower than average prices obtained for the same period within the previous year.

1.2 Tomatoes

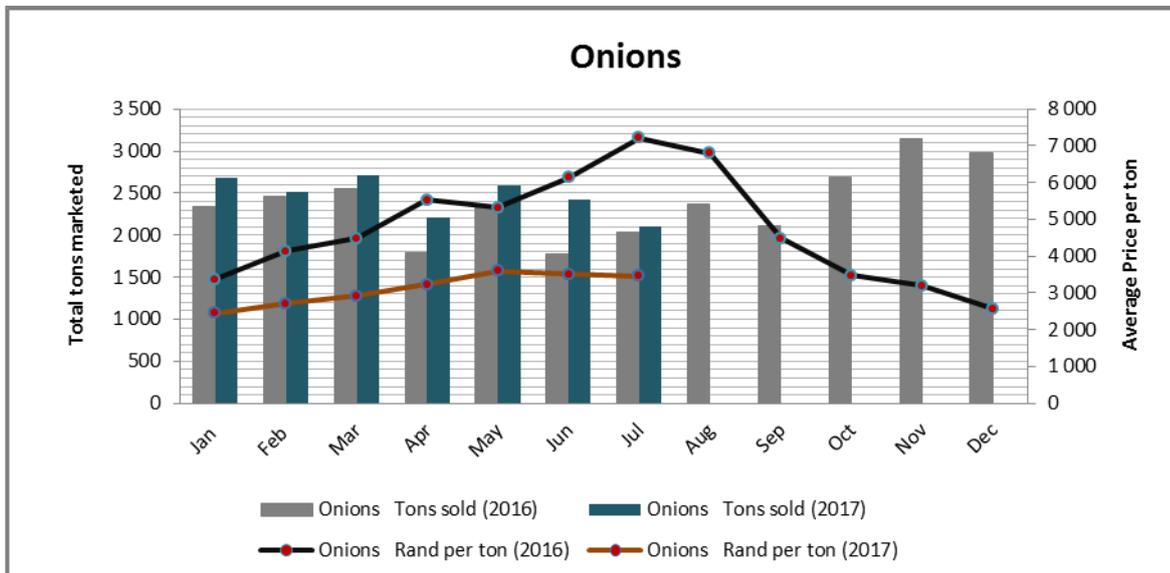
Figure 2: Tomatoes sales on the Cape Town Fresh Produce Market



- ❖ During July 2017, tomatoes supplies sold reached 2,496 tons in relation to 8% m/m or 187 tons lesser sold within the previous month. Since, the quantities sold during July 2017 increased, the average market price decreased by 16% m/m or R994 per ton.
- ❖ On an annual basis, the monthly sales in July 2017 increased by 4% y/y or 87 tons in relation to the same period in the previous year. Whilst the average price obtained per ton of tomatoes reach 9% y/y or R424 per ton more than the trading price obtained within the previous year.

1.3 Onions

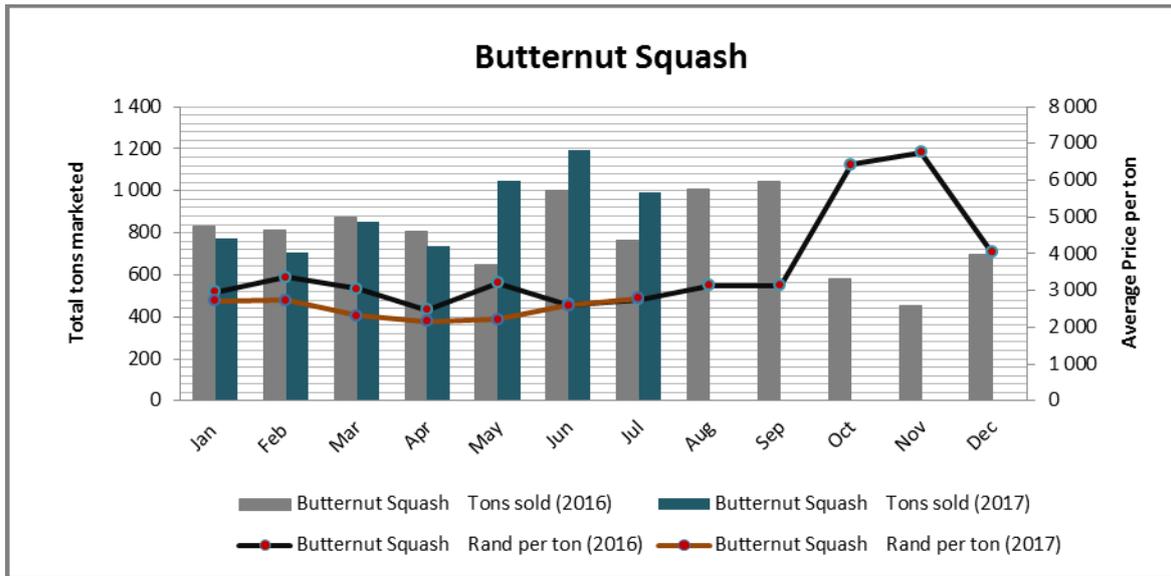
Figure 3: Onion sales on the Cape Town Fresh Produce Market



- ❖ Onion sales reached 2,102 tons at the end of July 2017, in relation to the previous month in which 13% m/m or 234 tons (i.e. 2,426 tons) was sold. Monthly prices slightly decreased by 2% m/m or R59 per ton, if compared to the R3, 520 obtained per ton of onions within the previous month.
- ❖ Average market prices however continued to trade lower than last year's prices, which can be ascribed the increase in monthly supplies to the market which continued to increase by 3% y/y or 63 tons during the course of July 2017. Average prices were 52% y/y or R3, 751 per ton lower than the same period in the previous year.

1.4 Butternut Squash

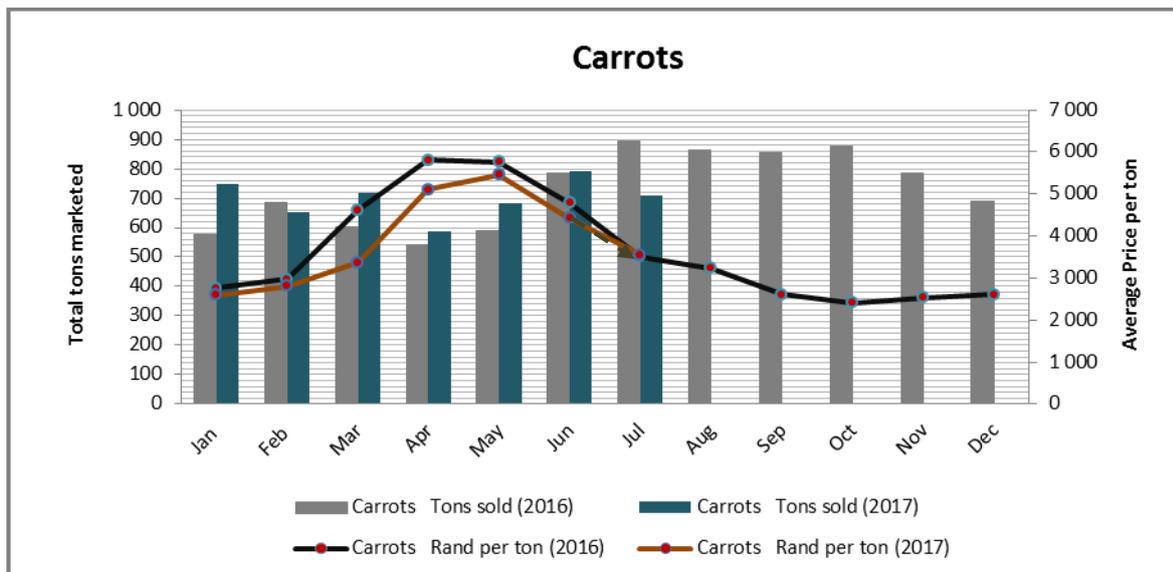
Figure 4: Butternut Squash sales on the Cape Town Fresh Produce Market



- ❖ Butternut squash sales reached 995 tons at the end of July 2017, which translates to 17% m/m or 201 tons lesser than the volumes sold during June 2017. Due to shortages on the supply side of the market, average prices responded with an 8% m/m or R202 increase per ton of butternut sold during July 2017.
- ❖ If compared on an annual basis, the quantities traded were 30% y/y or 230 tons more in relation to the same period last year. Average market prices traded more than 1% y/y or R33 more per ton of butternut squash, for the same period.

1.5 Carrots

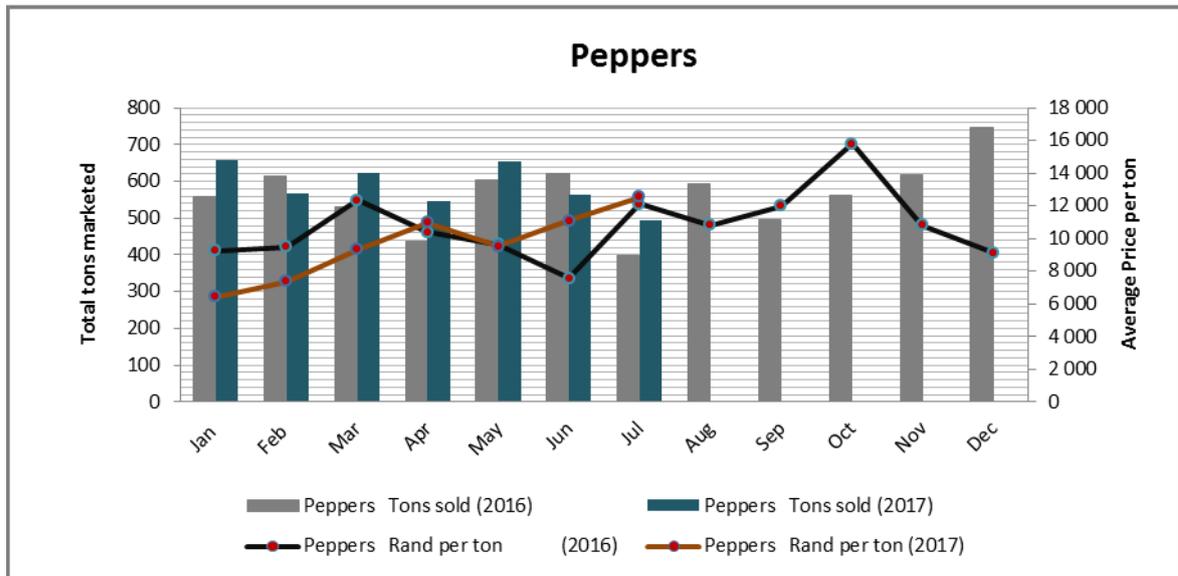
Figure 5: Carrots sales on the Cape Town Fresh Produce Market



- ❖ Sale volumes at the end of July 2017, reached 711 tons of carrots. This translates to a 10% m/m or 83 ton decrease in relation to the 793 tons sold within the previous month. Regardless of the slight decrease in volumes sold on the market, the average market price decreased by 20% m/m or R869 per ton which could be indicative of an oversupply in relation to the demand within the market.
- ❖ On an annual basis, volumes traded 20% y/y or 182 tons lesser than the same period within the previous year. Whilst average market prices traded lower by 1% y/y or R47 per ton as compared to last year when more volumes were traded on the market.

1.6 Peppers

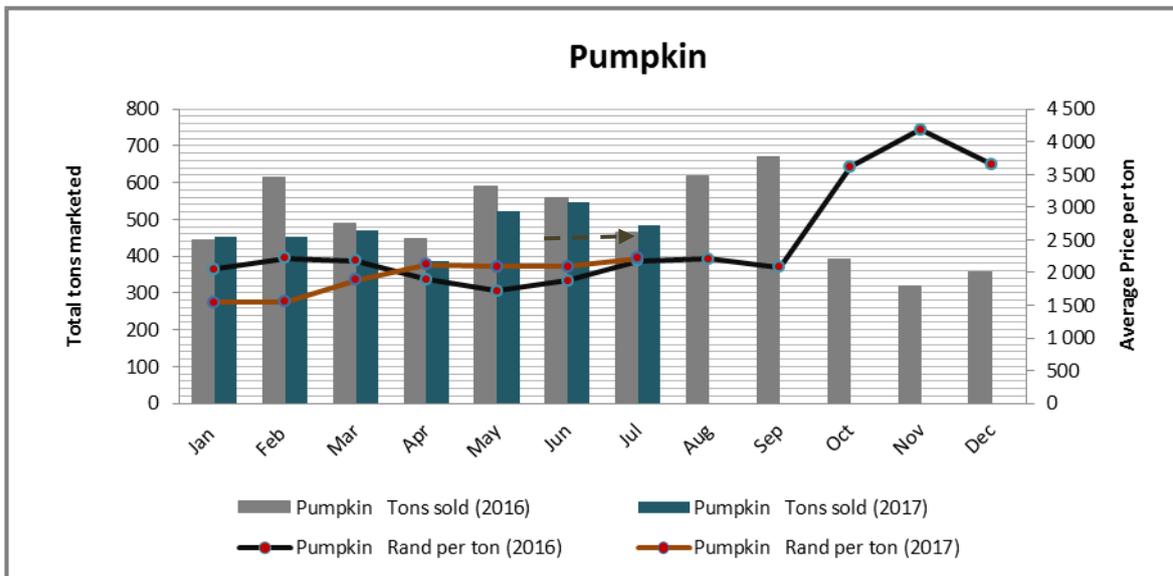
Figure 6: Peppers sales on the Cape Town Fresh Produce Market



- ❖ Pepper quantities sold on the market amounted to 493 tons. This translates in 12% m/m or 70 tons lesser than the sales recorded in the previous month. In response to the aforementioned, the monthly average market price was pushed upwards by 13% m/m or R1, 470 per ton compared to the R11, 085 obtained per ton of peppers in the previous month.
- ❖ Sale volumes of peppers increased by 24% y/y or 95 tons in relation to the same period within the previous year. Whilst the average market price traded 4% y/y or R427 per ton higher than July 2016.

1.7Pumpkin

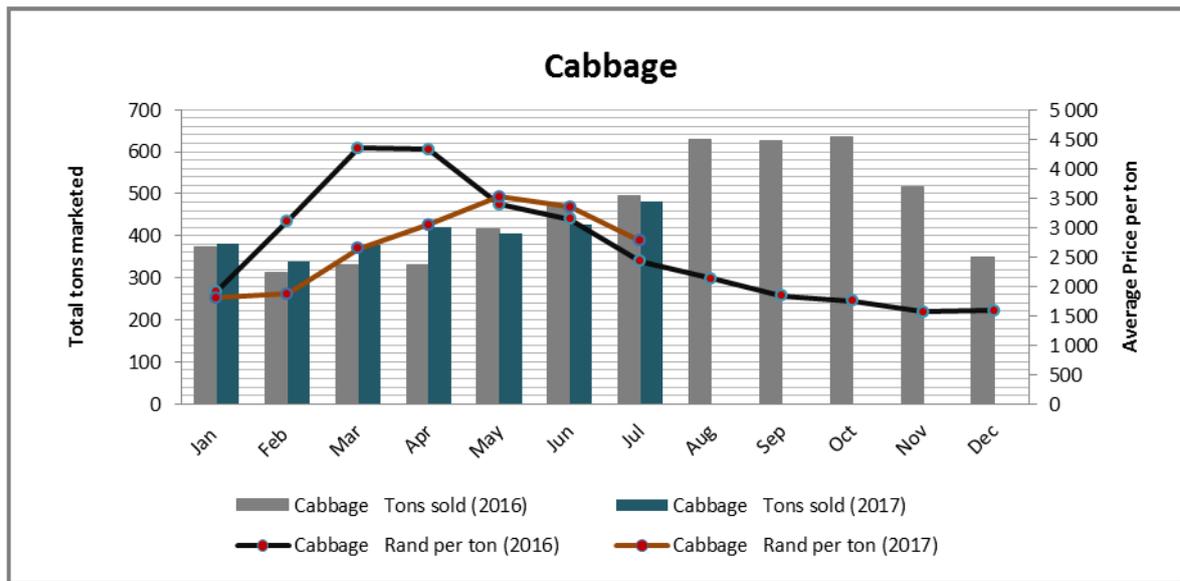
Figure 7: Pumpkin sales on the Cape Town Fresh Produce Market



- ❖ Pumpkin volumes sold reached 485 tons during July 2017, representing an 11% m/m or 62 ton decrease in sale volumes if compared to the previous month. In response to the increaser stock available on the market, average market prices at 6% m/m or R133 per ton higher if compared to the previous month.
- ❖ Annual volumes traded on the market, increased by 5% y/y or 21 tons in relation to the same period last year. Regardless, the average market price traded 2% y/y or R44 per ton more than the R2, 180 obtained per ton of pumpkin.

1.8 Cabbage

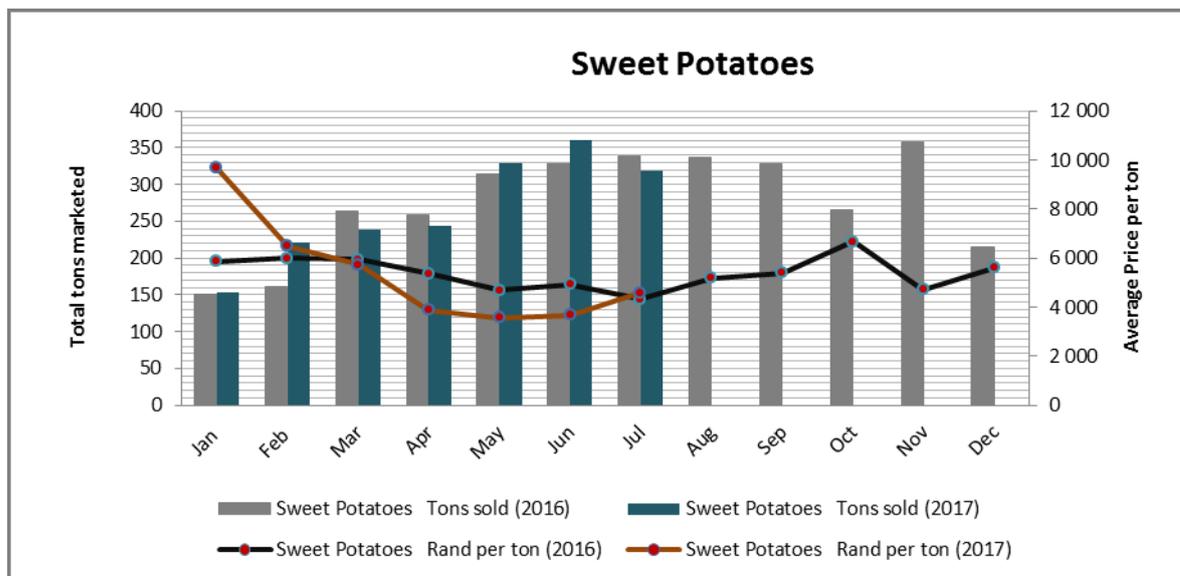
Figure 8: Cabbage sales on the Cape Town Fresh Produce Market



- ❖ Cabbage volumes sold during July 2017, amounted to 483 tons. This translates into a 13% m/m increase in relation to the previous month's sales which stood at 427 tons. Subsequently, the average market price per ton of cabbage traded at R2, 775 per ton which is 17% m/m or R571 per ton lesser than the monthly average price obtained in June 2017.
- ❖ Volumes sold decreased by 3% y/y or 13 tons if compared on an annual basis. Whilst the average market prices traded higher by 15% y/y or R353 per ton if compared to the same period within the previous year.

1.9 Sweet Potatoes

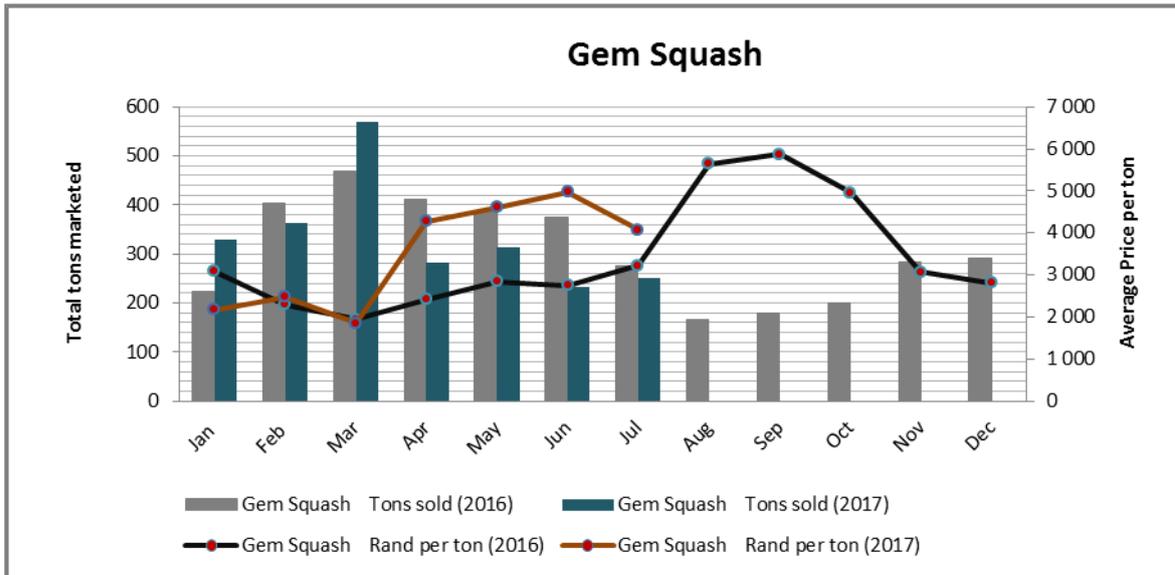
Figure 9: Sweet potatoes sales on the Cape Town Fresh Product Market



- ❖ Sweet potatoes volumes traded during the course of July 2017, amounted to 318 tons. This represents a 12% m/m decrease in volumes traded in relation to the previous month. Average market prices however reacted and moved in the opposite direction, trading at 25% m/m or R906 per ton higher than the average market price obtained in the previous month.
- ❖ Whilst volumes traded at 6% y/y or 21 tons lower if compared to the same period within the previous year. Monthly average prices however regained momentum during the course of July 2017, as it increase by 6% y/y or R265 per ton in relation decreasing trend which persisted within the past few months.

1.10 Gem Squash

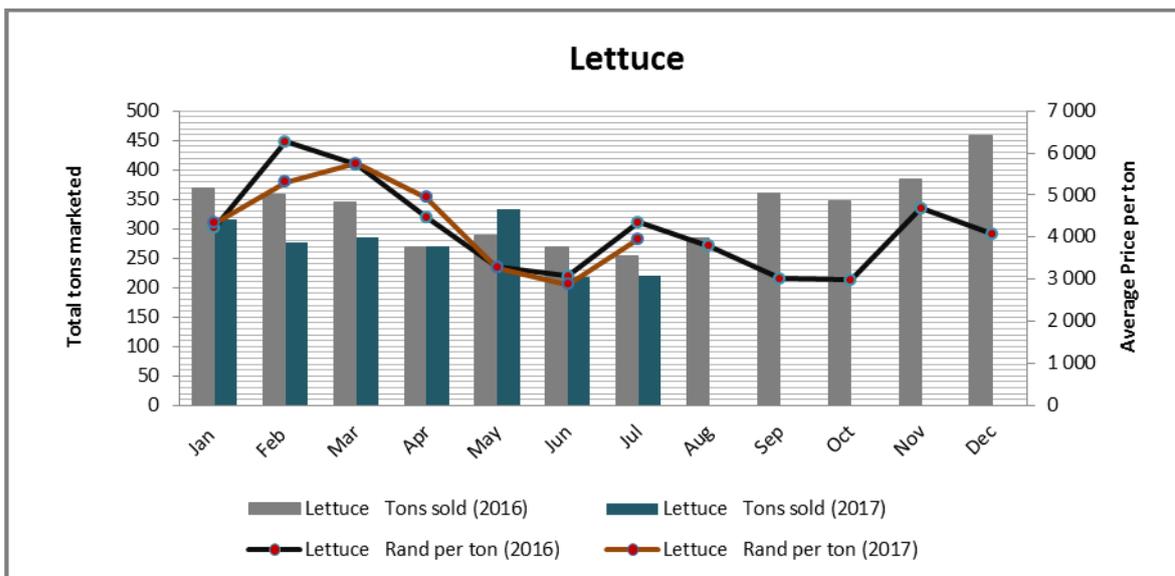
Figure 10: Gem Squash sales on the Cape Town Fresh Produce Market



- ❖ Gem squash volumes traded increased by 9% m/m or 21 tons in relation to the previous month. Whereas, the average monthly price of R4, 080 per ton traded at a loss of 18% m/m or R897 per ton. It is however worthwhile to note that average market prices has been on an upward trend as from April 2017, since supply to the market has been under pressure.
- ❖ Assessing the annual trend, gem squash quantities traded decreased by 9% m/m or 25 tons. Whilst the average market price per ton has traded much higher at 27% y/y or R859 per ton of gem squash in relation to the same period within the previous year.

1.11 Lettuce

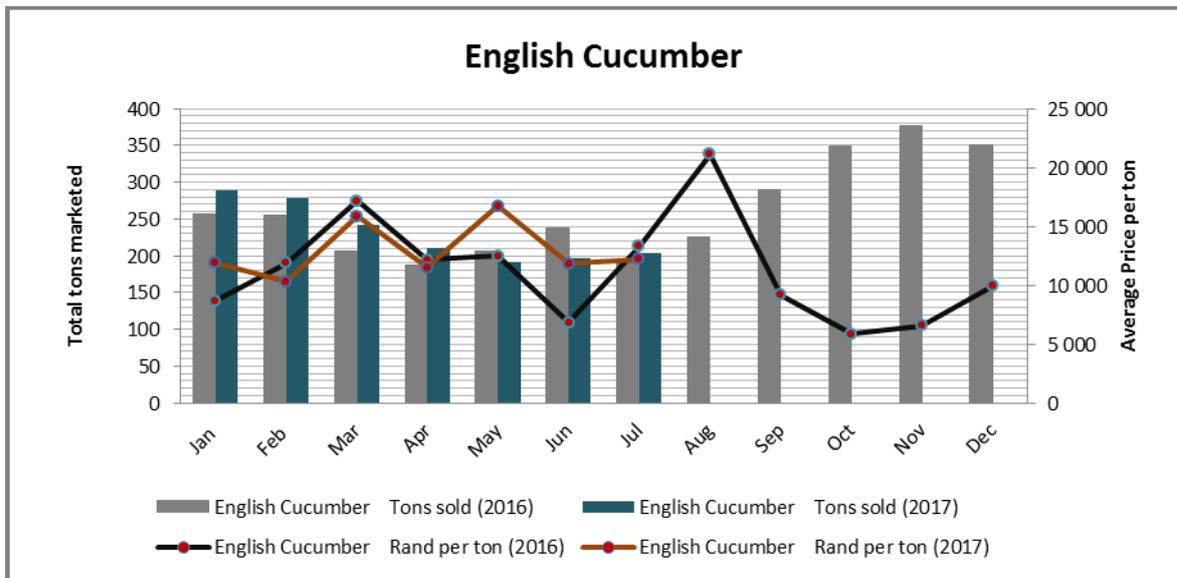
Figure 11: Lettuce sales on the Cape Town Fresh Produce Market



- ❖ Lettuce quantities sold during July 2017, amounted to 221 tons, which is representing a 4-ton or 2% m/m increase compared to the previous month's sales. The average market price obtained per ton of lettuce reached R3, 951 which is 37% m/m or R1, 074 per ton higher in relation to the previous month.
- ❖ On an annual basis, volumes sold were 13% y/y or 34 tons lesser than the quantities traded in the same month last year. Monthly average prices traded lower at 9% y/y or R394 per ton if compared to the same period within the previous year.

1.12 English Cucumber

Figure 12: English Cucumber sales on the Cape Town Fresh Produce Market



- ❖ English cucumber sales reached 203 tons, which is 3% m/m or 6 tons more in relation to the sales obtained during the previous month. Regardless of the slight increase in the volumes sold, the average monthly price obtained during July 2017, responded indifferently and also increased by 3% m/m or R388 per ton to ultimately reach R12, 211 per ton.
- ❖ On an annual basis, sale volumes increased by 5% y/y or 10 tons in relation to the same period within the previous year. Whilst the average market price per ton of English cucumber traded 8% y/y or R1, 096 per ton lesser compared to the R13, 306 obtained per ton during the same period within the previous year.

TABLE 1: TREND ANALYSIS OF NICHE VEGETABLES TRADED ON THE CAPE TOWN FRESH PRODUCE MARKET: JULY 2017

PRODUCE NAME: (in order of the highest to lowest volumes sold during this month)	AVERAGE TONS TRADED FOR JULY 2017: (tons) (A-Z)	CHANGE IN THE AVERAGE TONS TRADED FOR JULY 2017: (m/m)	AVERAGE PRICE OBTAINED FOR JULY 2017: (Rand per ton)	CHANGE IN THE AVERAGE PRICE MARKETED FOR JULY 2017: (m/m)
13. Cauliflower	186	83%	R6 930	-25%
14. Green beans	135	-8%	R11 549	41%
15. Baby Marrow	132	61%	R9 029	-27%
16. Beetroot	70	-8%	R3 223	-16%
17. Broccoli	70	<1%	R12 352	-16%
18. Brinjals /Eggplant	55	-14%	R9 375	13%
19. Sweetcorn	37	60%	R20 372	15%
20. Leeks	28	-24%	R3 109	-24%
21. Spinach	23	-35%	R9 466	19%
22. Spring Onion	21	40%	R11 314	-21%
23. Hubbard Squash	17	-28%	R2 484	-8%
24. Mushrooms	13.2	-11%	R37 855	2%
25. Radish	1.8	48%	R10 813	42%
26. Patty Pans	0.6	-46%	R40 807	79%
27. Marrow	-	-	-	-

3. NEWS CLIPS IN BOTH THE INTERNATIONAL AND DOMESTIC MARKET

3.1 Bureau for Food and Agricultural Policy (BFAP) baseline: agricultural outlook 2017-2026 launched

Kindly note that the 2017-2026 agricultural outlook has been launched by BFAP on Friday, 4 August 2017 in Cape Town. The theme of the publication is 'Managing Agriculture's Footprint in an uncertain environment'. The baseline document acts as an evidence-based decision-making tool, which contributes towards creating an enabling environment in the present 'uncertain' environment pertaining to policy concerns relating to the political economy such as land reform, etc.

Click [here](#) to access the 2017 BFAP outlook report.

Take home messages, arising from the 2017-2026 BFAP agriculture outlook launch (BFAP, 2017);

- There seem to be signs of a recovery in the global economy,
- Private sector investment is declining, due to consisting uncertainties within the policy environment which are hampering economic growth prospects,
- Alert of fiscal risk in the domestic economy, due to a shortage in fiscus as a result of the current economic contraction – which will have implications on tax collection.
- The saturation of specific commodities within some global target markets (i.e. countries) should be carefully considered when developing marketing strategies. E.g. Demand for rice, roots, tubers, etc. are declining in response to consumer's affordability patterns. Changes in consumption of certain sub-commodities such as poultry meat are stemming out as the most demand products, whereas other meat products such as pork might not grow at the same rate due to the regulatory environment pertaining to animal health and food safety.
- Productivity in terms of yield output is becoming increasingly important, as opposed to increases in the factors of production (FoP) such as labour, land, capital. Thus the question of technical efficiency and innovation comes into play to ensure that the aforementioned is achieved.
- Developing countries are becoming more important in the production of certain commodities, whilst industrialised countries remain prevalent in the production and/or value-addition of certain commodities. Hence it was once again alluded that diversification is key in remaining relevant in terms of international trade.
- Trade remains an important aspect within the global context. In addition, it is also important to note that different countries occupy different roles within the trade environment.
- Mega trends identified in the African regional agro-food systems (BFAP, 2017, pp.122-129):
 - Increase in population will result in an increase in consumption levels.

- The interplay between the increase in the demand for food and supply thereof will result in an increase importation of food products going forward.
- Inter-Africa trade is becoming more prevalent in the context of growing regional integration in Africa.
- There is a notable change in the African food basket over the period of 2000-2015. There is a shift from merely trading with bulk products.
- There is an alarming reduction in research & development, extension services which are key in the development and transferring of technology amongst farmers due increase technical efficiencies without increasing the FoP (factor of production previously mentioned).
- Concerns arise regarding the pace of 'de-industrialisation' that is taking place in South Africa, as the contribution of the secondary economy (i.e. manufacturing) is on a declining trend in relation to other parts of the economy (i.e. primary and tertiary).
- Agri-processing growth should be stimulated through suitable industrialised strategies. E.g. McCain Foods example of global competitiveness is an excellent case study to demonstrate the growth path of such agro-processing initiatives.

3.2 Warmer winter temperatures and lower consumer demand leading to overall vegetable oversupply

There has been an oversupply of vegetable inventory on the national fresh produce market, which can mainly be ascribed to reduced consumer spending as a result of prevailing high food inflation pressures in conjunction with warmer temperatures experienced during the course of the winter season. As a result, the two aforementioned factors contributed towards increased stock supplies (Fresh Plaza, 2017).

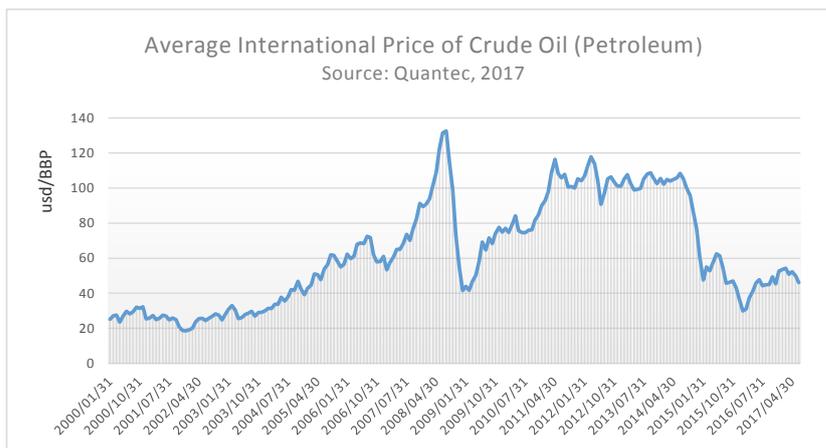
A practical example demonstrating the degree of oversupply on the national market is put forward in that tomatoes producers in the interior of the country normally plant additional areas in order to cater for the shortfall in production in the event of frost damage (Fresh Plaza, 2017). This was however not the case during winter, and subsequently, there was no damage to planting which resulted in above-normal volumes. Although the warmer temperatures resulted in much smaller sizes being realised, fresh produce markets were flooded with more volumes. The interplay between demand and supply which are the main determining factors in price setting are also influenced by extended marketing windows which result in fierce competition amongst production areas in an attempt to compete for a share of the market. Thus, producers that are able to supply the desired quantity and quality (i.e. medium and larger sized produce) and at the right time are able to bargain for better market prices (Fresh plaza, 2017).

In some instances, producer's bargaining power is very low given the prospect of the above. Thus, depending on the type of produce cultivated, producers should adopt smart marketing strategies to gain from the market at times like these.

4. ENERGY

4.1 Fuel price adjustments

The average international product prices of Petrol, Diesel and Illuminating Paraffin increased during the period under review, applicable as from 30 June to 29 July 2017 (DoE, 2017).



The Rand depreciated against

the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/USD exchange rate depreciated from R13.15 to R12.87 on 30 June 2017. Subsequently, the weaker exchange rate resulted in a higher contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin of 11.15 cents per litre, 10.93 cents per litre and 10.88 cents per litre respectively (DoE, 2017).

Table 2: Fuel price adjustment effective as from Wednesday, 02 August 2017

Product Description	Numeric adjustment applicable to the Coastal parts in South Africa (cents per litre)	Price adjustment description	Average price applicable to the Coastal parts of South Africa (cents per litre)
Petrol 93 ULP	19c	cents per litre increase in the retail price	1243.00
Petrol 95 ULP & LRP	19c	cents per litre increase in the retail price	1 256.00
Diesel 0.05% Sulphur	29c	cents per litre increase in the wholesale price	1087.63
Illuminating Paraffin (Wholesale)	26c	cents per litre increase in the wholesale price	625.19
LPGAS (maximum retail price)	40c	cents per litre increase in the maximum retail price	1904.00

Source: Department of Energy, 28 July 2017

ACKNOWLEDGMENTS

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

Bureau for Food and Agricultural Policy (BFAP): www.bfap.co.za

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

Department of Energy: www.energy.gov.za

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

Fresh Plaza: www.freshplaza.com

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

Quantec data: www.easydata.co.za

Techno Fresh CRM: www.technofresh.co.za

For more information, contact:

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