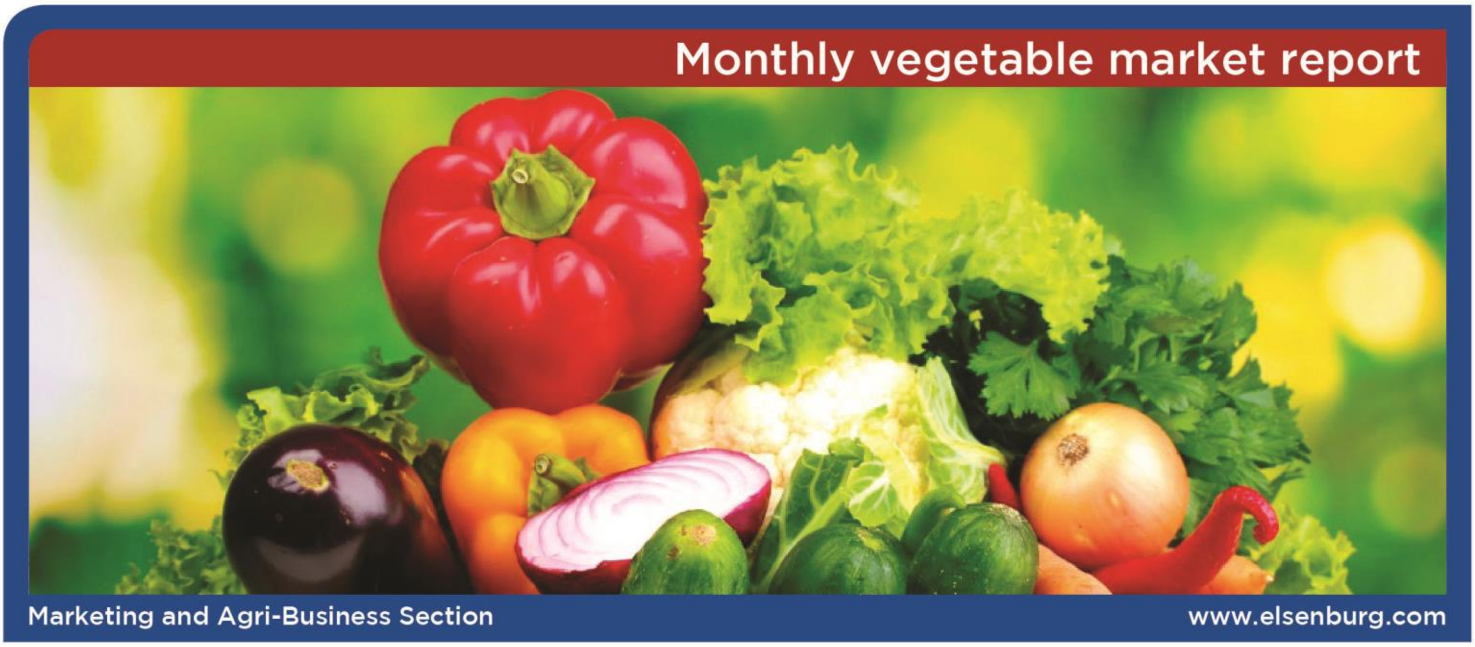
Western Cape Government
Agriculture
BETTER TOGETHER.



MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: June 2016 to June 2017

Issue: 2017/05

IN THIS ISSUE

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

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).

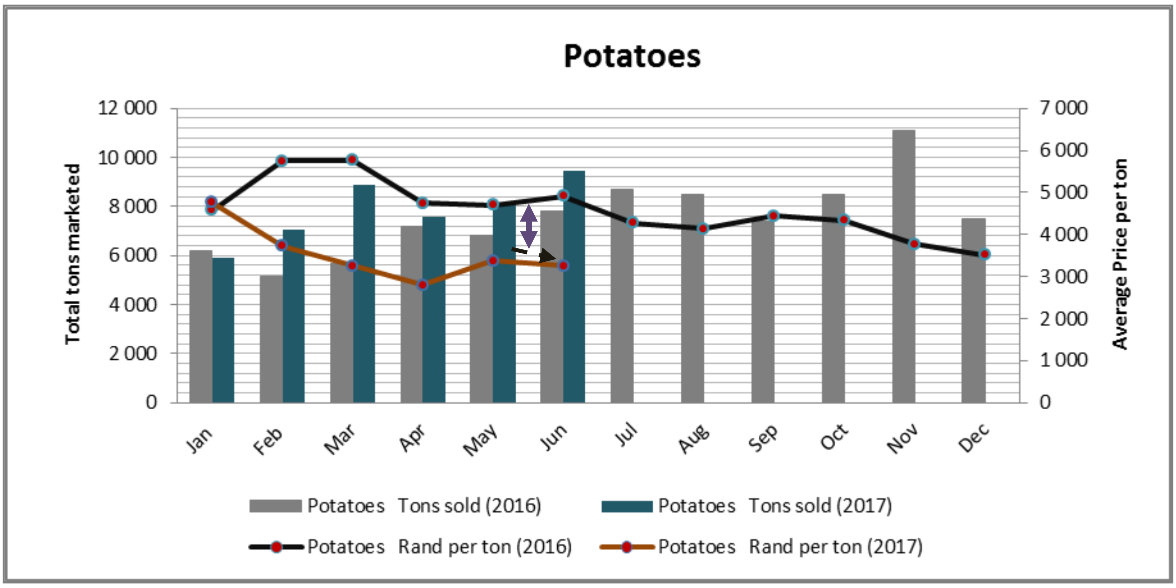
Click on the following website link to access the ***DAFF AMIS*** web application, or alternatively go to the web address: **http: //webapps.daff.gov.za/amis** (no subscription fee payable to access system). Cell phone user can send an SMS to ****120*4040#*** *(charged at standard SMS rates)*

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

The area planted has increased from 35,000 hectares to 40,000 hectares for the 2017 season at the end of June 2017. The 2017 plantings to date, represents 74% to 80% of the average area planted within the past 5 years, considering that average plantings ranged between 50,000 and 54,000 hectares. Lesser plantings are however estimated for the 2017 season in relation to previous production seasons. (Potatoes SA, 2017).

In 2016, the potatoes harvest declined by 17% y/y or 35 million bags due to the prevailing drought and excessive high temperatures which came about after a record harvest of 250 million bags was obtained during the 2015 season (Potatoes SA, 2017). Although lesser plantings are expected in 2017, the crop is anticipated to increase by 8% y/y compared to the total output realised in the previous production season (CHIPS May/June as cited Potatoes SA, 2017). This mainly comes after good rains was experienced in the summer rainfall production areas such as the Free State, North West, Mpumalanga and Gauteng which contributed towards the largest share of production (Potatopro, as cited in Fresh Plaza, 2017).

Volumes delivered to the market for the 2017 season increased to 11, 4 million bags at the end of June 2017 compared to the 9,1 million bags delivered at the end of May 2017 (Potatoes SA, 2017). Subsequently, progressive deliveries increased by 25% m/m or 2.3 million bags in relation to the previous month (Potatoes SA, 2017). It is also the consecutive month that sale volumes are demonstrating an oversupply on the market, as more than 10 million bags of potatoes has been sold in May and June 2017 respectively (Potatoes SA, 2017). Monthly sales in 2017 have emerged much stronger since March 2017, in relation to the monthly sales captured in 2015 in which a record harvest was obtained (Potatoes SA, 2017). As a result, market prices remain under pressure that is evident as average market prices moved between R25 to R30 per bag of potatoes in the month of June 2017, compared to 2016 when average market prices were 38% y/y higher (Potatoes SA, 2017).

The over-supply of potatoes in the domestic market has led to South African potatoes producers and market agents resorting to increasing exports to countries such as Zambia (Potatopro, as cited in Fresh Plaza, 2017). In addition, huge price variations has also been evident amongst the different fresh produce markets as well as amongst different grades the different classes (i.e. top class 1 medium, average class 1 medium and lowest 10% class 1 medium) (Potatatoes SA, 2017).

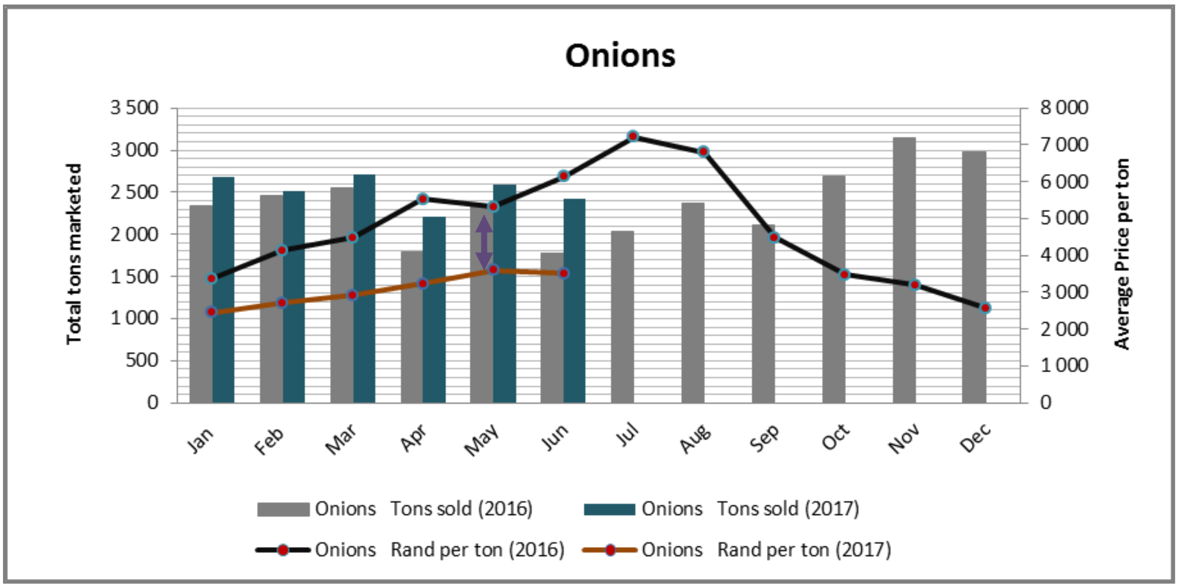
DEVELOPMENTS ON THE CAPE TOWN FRESH PRODUCE MARKET

Potatoes sales increased by 1,314 tons or 16% m/m in relation to the previous month and reached 9,437 tons. Taking into account that significant volumes were still on hand on the last day of trading (Technofresh, 2017). Average market prices remained under pressure and further decreased by 3% m/m or R109 per ton, and obtained R3,263 per ton. On an annual basis, monthly stock sold during June 2017 was 20% or 1,601 tons higher in relation to the same period within the previous year. Whilst the average price was significantly lower at 34% y/y or R1,645 per ton in relation to the same period.

Note: 1 bag of potatoes equals 10 kilogram *Source: Potatoes SA & Techno fresh, 2017*

1.2 Onions

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

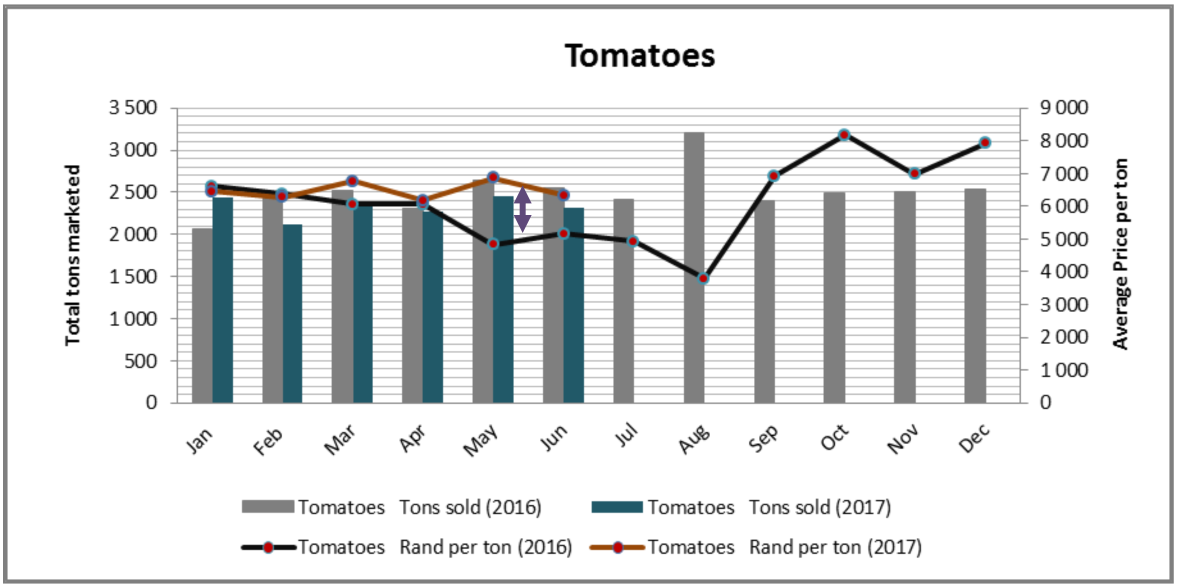


- ❖ The quantity of onions sold during June 2017, equated to 2,426 tons that is 6% m/m or 158 tons lesser than the volumes traded during the previous month. Regardless of lesser volumes available on the market, the average market price decreased by 2% m/m or R75 per ton with the average price reaching R3,520 per ton.

- ❖ On an annual basis, volumes increased by 36% or 650 tons compared to the 1,777 tons sold in the same period within the previous year. Whilst onions traded 43% y/y lesser or R2,624 per ton during June 2017, in relation to last year.

1.3 Tomatoes

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

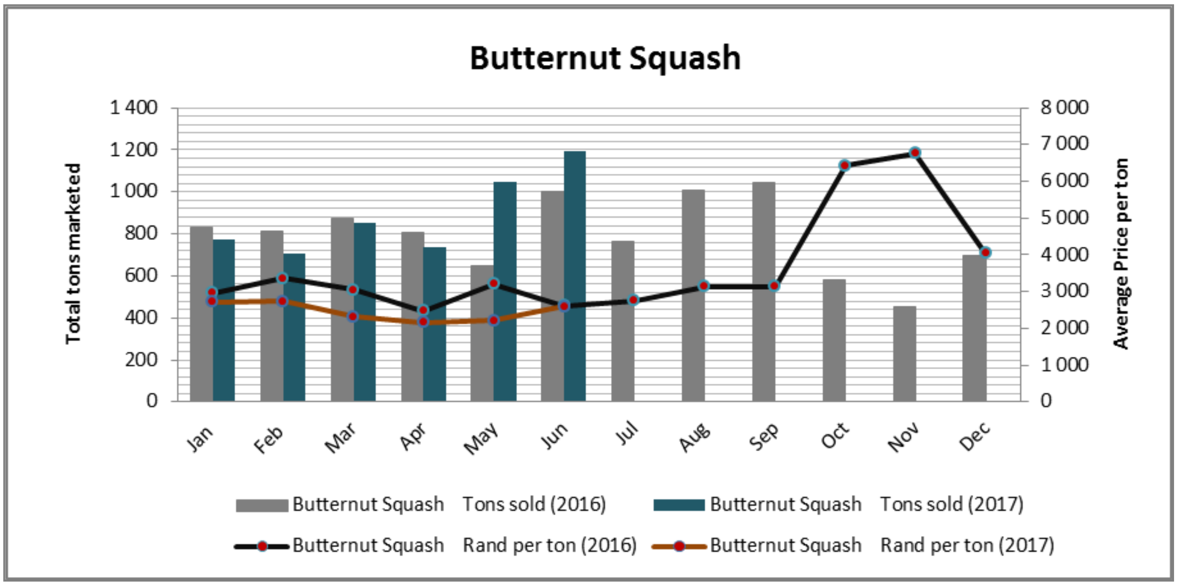


- ❖ Tomatoes sales reached 2,310 tons during June 2017, which is 6% m/m or 141 tons lesser than the sales achieved in the previous month. Subsequently, average market prices reacted inversely as it decreased by 8% m/m or R528 per ton in relation to the previous month.

- ❖ If compared on an annual basis, monthly volumes have been lesser as from February 2017 if compared to the same period in the previous year. Volumes sold during June 2017, decreased by 10% y/y or 244 tons if compared to the same period in the previous year. Whilst, average market prices soared by 23% y/y or R1,189 per ton in relation to the same period in the previous year.

1.4 Butternut Squash

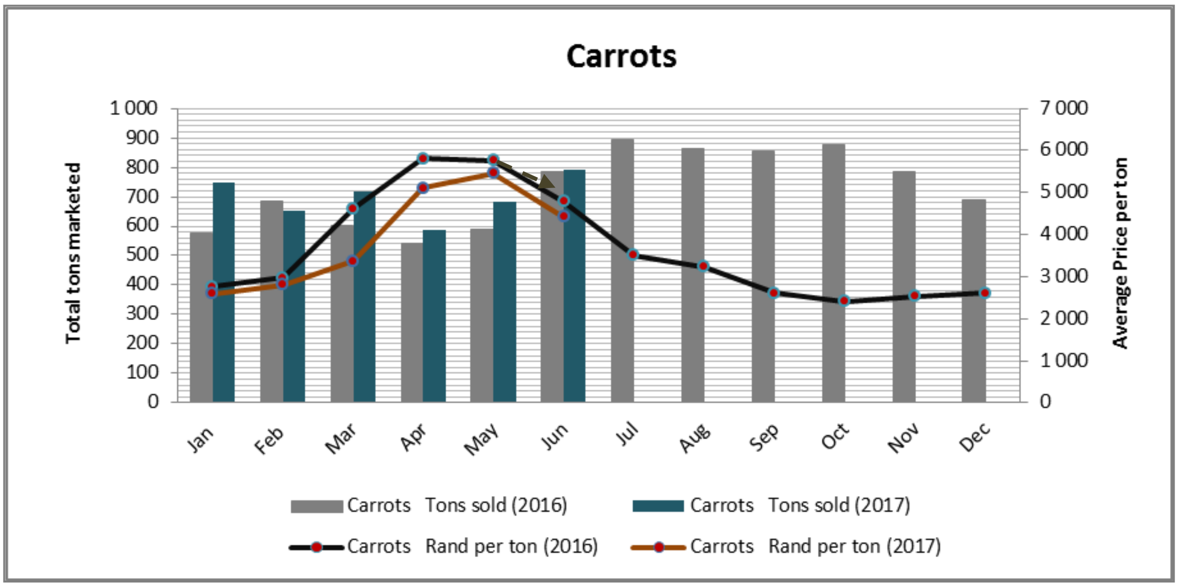
Figure 4: Butternut Squash sales on the Cape Town Fresh Produce Market



- ❖ A total of 1,196 tons was sold during June 2017 compared to the previous month in which 1,045 tons were sold. Market prices reached R2,592 per ton, on average, which translates to 17% m/m or R377 per ton more than the price obtained in the previous month.
- ❖ Butternut squash volumes sold increased by 194 tons or 19% y/y, compared to the monthly sales obtained in the same period within the previous year. Monthly market prices however reached 0.8% y/y lesser compared to the same period last year.

1.5 Carrots

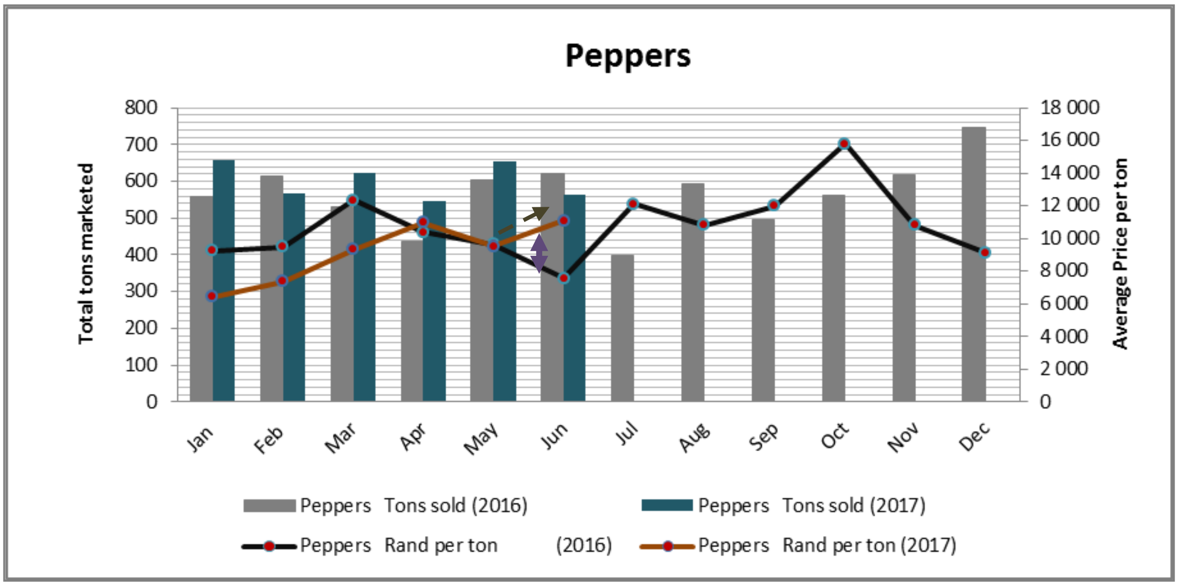
Figure 5: Carrots sales on the Cape Town Fresh Produce Market



- ❖ Carrot sales during June 2017 increased by 16% m/m or 110 tons and reached 794 tons. Whilst the average market price responded to the increased supply available on market floors, as it decreased by 19% m/m or R1,301 per ton – reaching R4,422 per ton.
- ❖ On an annual basis, volumes were slightly higher by 1% y/y in relation to the same period during the previous season. Whilst, average prices were lower by 8% y/y or R367 per ton if compared to the same period last year. The movement in average market prices could be attributed to the increased supply of monthly volumes, which add to the stock being carried over to the following marketing window.

1.6 Peppers

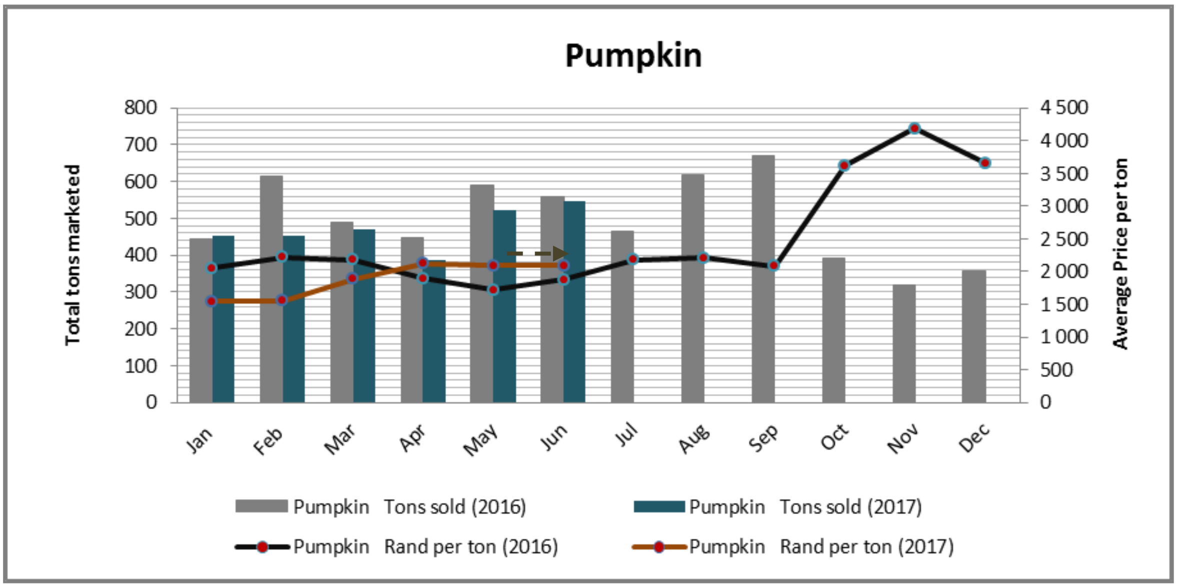
Figure 6: Peppers sales on the Cape Town Fresh Produce Market



- Pepper volumes sold during June 2017 amounted to 563 tons, which is 14% m/m or 93 tons lesser than the sales obtained in the previous month. The shortage of stock on the market is a major contributing factor that influenced the average market price as it increased by 16% or R1,549 per ton compared to the R9,536 obtained per ton in the previous month.
- On an annual basis, volumes were lower by 9% y/y or 57 tons in relation to the same period in the previous year. Whilst, the average price per ton significantly increased by more than 46% y/y or R3,503 per ton.

1.7 Pumpkin

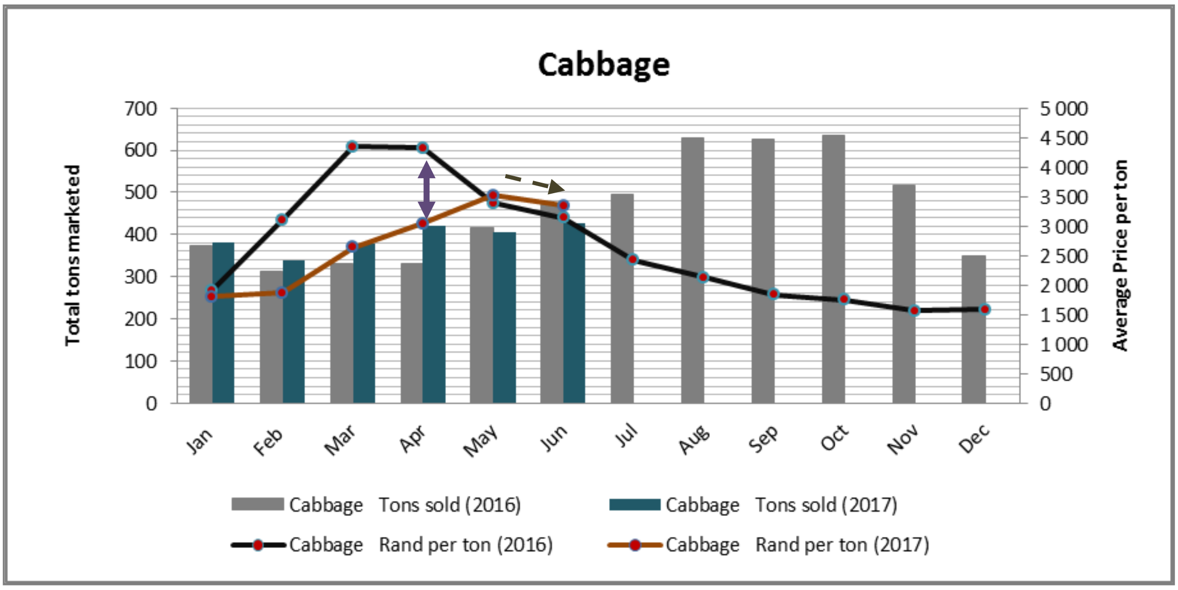
Figure 7: Pumpkin sales on the Cape Town Fresh Produce Market



- Pumpkin volumes sold reached 547 tons, which is 5% m/m or 26 tons higher than the sales obtained during the previous month. The monthly market prices did however react indifferently, and remained unchanged at R2,092 per ton in respect of the slight change in the stock sold in the market.
- The average price however increased by 11% y/y or R214 per ton in relation to the same period in the previous year in which average prices reached R1,879 per ton. The higher monthly prices could be attributed to the lower volumes being supplied to the market as from February 2017 that has pushed monthly prices upward from mid-May 2017.

1.8 Cabbage

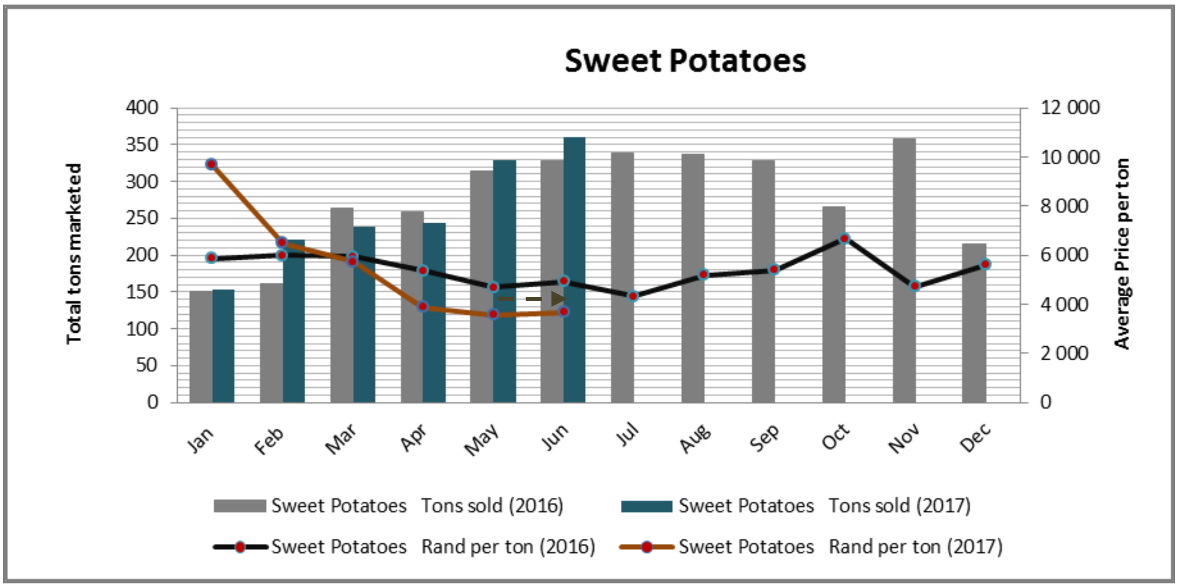
Figure 8: Cabbage sales on the Cape Town Fresh Produce Market



- A total of 427 tons of cabbage were sold in relation to the previous month in which 5% m/m lesser cabbage was sold. Subsequently, average market prices decreased by 5% y/y or R176 per ton and reached R3,347 per ton.
- On an annual basis, 10% y/y or 21 tons lesser was sold during June 2017 if compared to the same period within the previous year. On the other hand, average market prices started to increase as from May 2017 and reached 7% y/y or R209 per ton more if compared to the same period within the previous year.

1.9 Sweet Potatoes

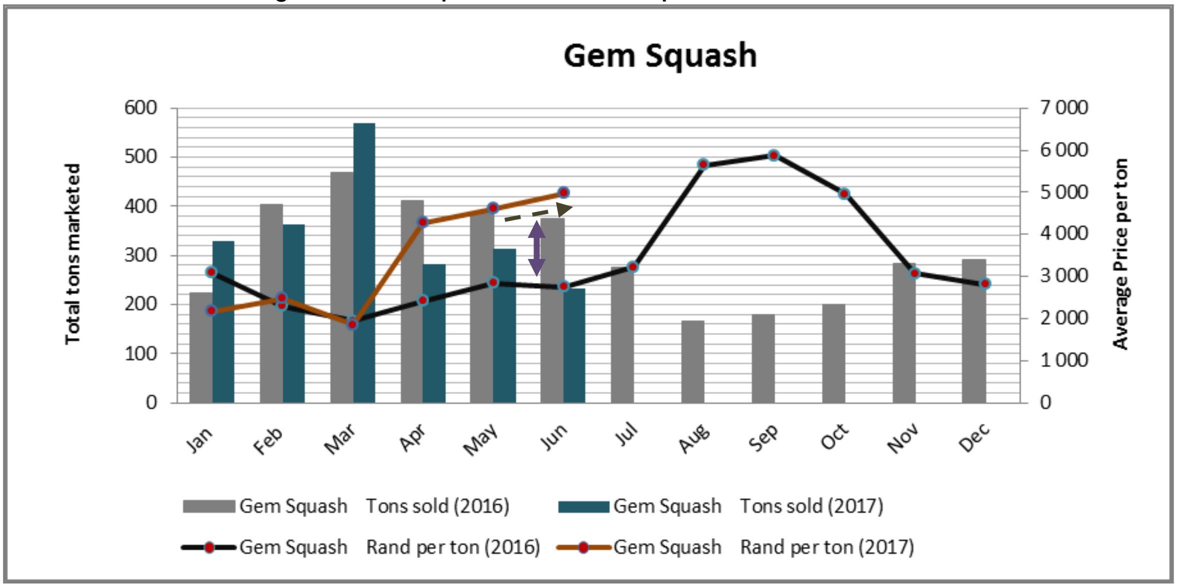
Figure 9: Sweet potatoes sales on the Cape Town Fresh Product Market



- Sweet potatoes sales increased by 10% m/m or 32 tons in relation to the previous month in which 329 tons were sold. The average market price per ton reached R3,679 per ton, which accounts to 3% m/m or R116 per ton more compared to the previous month.
- Annual volume sold increased by 10% y/y or 33 tons, whilst the average price obtained in June 2017 decreased by 25% y/y or R1,237 per ton.

1.10 Gem Squash

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

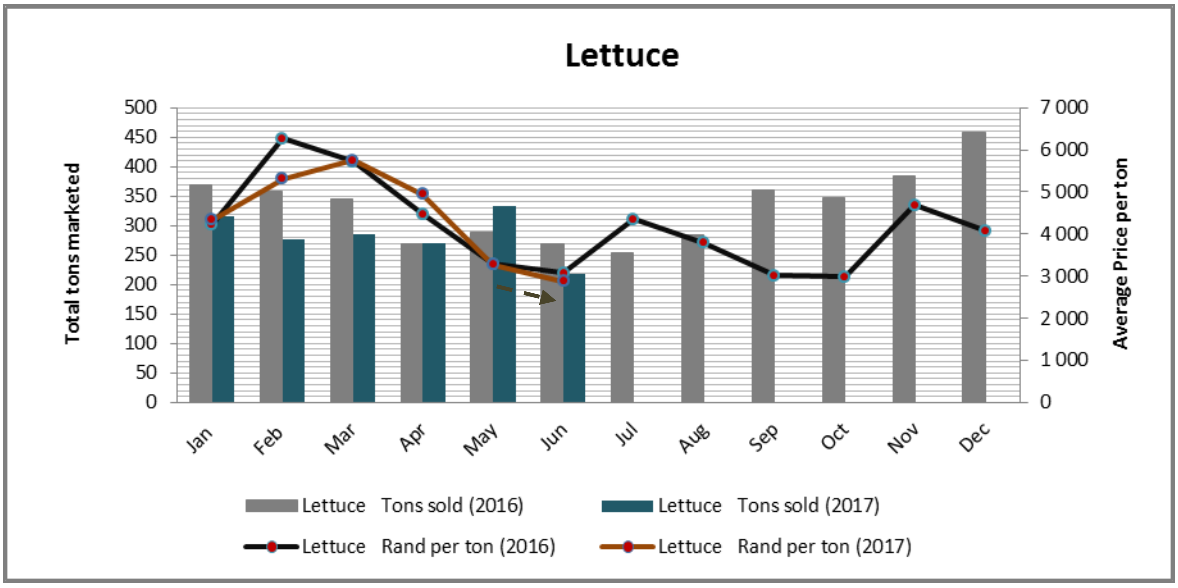


- Gem squash volumes amounted to 232 tons, which is 26% m/m or 81 tons lesser than the sales obtained in the previous month. Average market prices continued to be pushed upwards, due to the shortage in supplies to the market in relation to the previous year. Average monthly prices reached R4,977 per ton which is 8% y/y or R362 per ton higher than the R4,615 per ton obtained during May 2017.

- On an annual basis, quantities sold decreased by 38% y/y or 81 tons in relation to the same period within the previous period. Whilst average monthly prices are significantly higher as it reached 80% y/y or R2,218 per ton more in relation to the same period in the previous period.

1.11 Lettuce

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

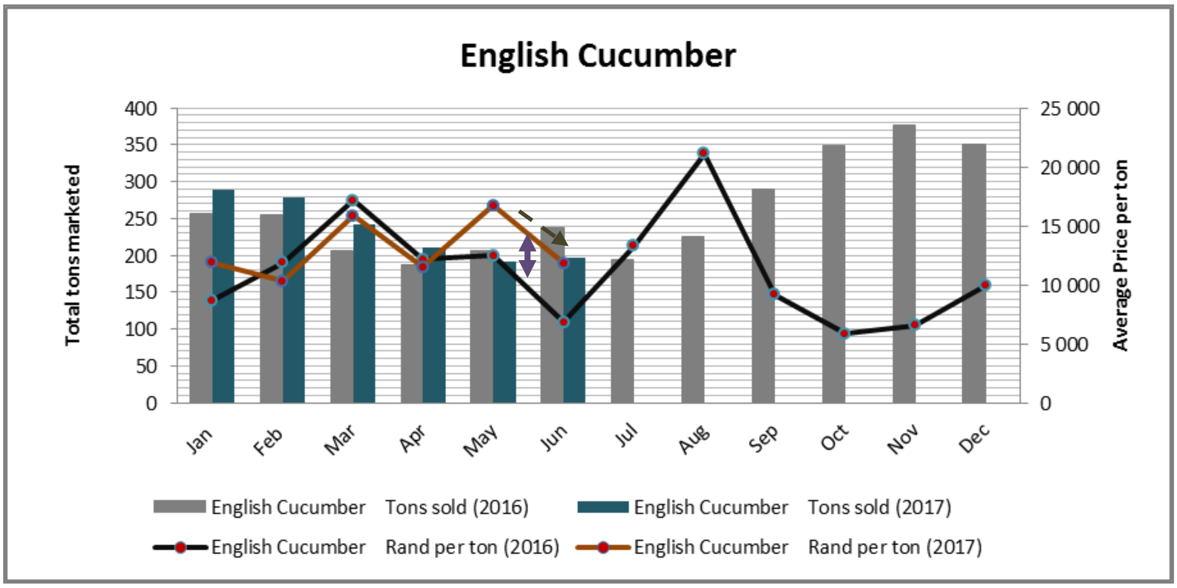


- Lettuce sales reached 217 tons, which is 35% m/m or 116 tons lesser than the sales achieved in the previous month. It is however expected that the lesser quantities supplied would influenced the price, but due to much colder weather which necessities warm food dishes the demand for lettuce is implicated as evident in the decrease of the monthly market price by 12% m/m or R397 per ton.

- On an annual basis, volumes has decreased by 19% y/y or 51 tons – whilst the average market price per ton has decreased by 7% y/y or R200 per ton.

1.12 English Cucumber

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



- English cucumber sales reached 197 tons, which is 3% m/m more in relation to the previous month. The average price per ton decreased more severely by 29% m/m or R4,910 per ton which could also be attributed to the low demand associated with the colder weather.

- On an annual basis, volumes are lower by 17% y/y or 41 tons whilst average market prices are higher by 73% y/y or R5,001 per ton. Thus, an average market price of R11,823 per ton was obtained during June 2017.

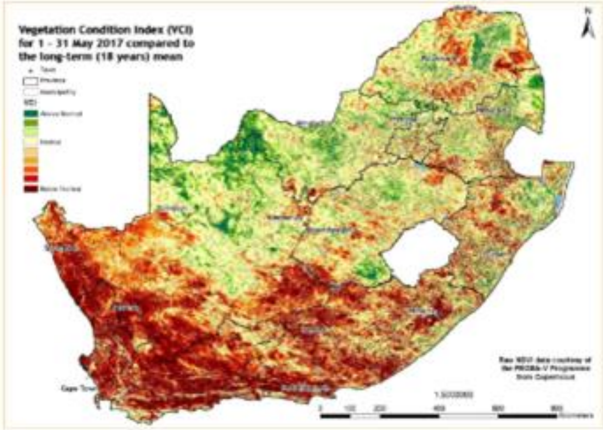
TABLE 1: TREND ANALYSIS OF NICHE VEGETABLES TRADED ON THE CAPE TOWN FRESH PRODUCE MARKET: JUNE 2017

PRODUCE NAME: (in order of the highest to lowest volumes sold during this month)	AVERAGE TONS TRADED FOR JUNE 2017: (tons) (A-Z)	CHANGE IN THE AVERAGE TONS TRADED FOR JUNE 2017: (m/m)	AVERAGE PRICE OBTAINED FOR JUNE 2017: (Rand per ton)	CHANGE IN THE AVERAGE PRICE MARKETED FOR JUNE 2017: (m/m)
13. Green beans	146	87%	R8 186	-43%
14. Cauliflower	102	-42%	R9 218	12%
15. Baby Marrow	82	-21%	R12 406	5%
16. Beetroot	76	-15%	R3 843	-28%
17. Broccoli	69	-7%	R14 810	17%
18. Brinjals /Eggplant	64	-17%	R8 292	49%
19. Leeks	37	27%	R4 079	-6%
20. Spinach	36	3%	R7 987	-22%
21. Hubbard Squash	24	10%	R2 685	69%
22. Sweetcorn	23	-68%	R17 773	74%
23. Spring Onion	15	-19%	R14 389	-6%
24. Mushrooms	14.8	-21%	R36 950	-1%
25. Radish	1.2	-32%	R7 609	-12%
26. Patty Pans	1.1	-56%	R22 858	77%
27. Marrow	0.2	-98%	R1 238	2%

2. WEATHER ADVISORY ON THE 2017 WINTER SEASON, JUNE 2017

According to DAFF (2017), the Vegetation Condition Index map for June 2017 indicated below-normal vegetation conditions mainly in the Western Cape, Eastern Cape and parts of the Northern Cape as depicted in the adjacent map. This is a result of below-normal rainfall received during June 2017 and along with warmer to normal temperatures (DAFF, 2017).

Figure 13: Vegetation Condition Index (VCI) map for May 2017, compared to the long-term mean



Source: DAFF, June 2017

The Western Cape has been declared as a drought area, in wake were rivers and dams are continuously decreasing to critically low levels. Subsequently, water restrictions for irrigation purposes remained in place. Whilst, conditions remained poor due to the drought, especially within the West Coast and Central Karoo areas.

Farmers in conjunction with non-farming communities are strongly advised to use water sparingly. In terms of agriculture, the planting density, selection of cultivars, the area being planted are some of the issues farmers should consider wisely in their farm planning (DAFF, 2017).

Average levels of the major dams within the Province continued to decline and to 23% at the end of June 2017, in relation to 38% obtained in 2016 (DAFF, 2017).

Click here to view the most recent update (*latest update on 03 July 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).

Strategies to mitigate climatic change and related disasters

A comprehensive list of strategies can be retrieved from 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, 2017.

Additional sources of 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).

3. NEWS CLIPS IN BOTH THE INTERNATIONAL AND DOMESTIC MARKET

3.1 DAFF Processed Food Trade Directory

The Department of Agriculture, Forestry and Fisheries (DAFF) has recently launched its 15th edition of the Fresh Food Trade directory. An additional publication was identified for the agro-processing sector, namely the Processed Food Trade directory. Subsequently, an invitation has been extended for the participation of such agro-processing businesses in order to build a database and afforded such businesses with an opportunity to publish in the new publication (DAFF, 2017).

Interested parties are thus requested to forward their respective details directly to DAFF or through their industry/exporting associations whom will indicate their interest for consideration in the directory. The directory is earmarked for distribution through the Department of Trade and Industry to qualified buyers at all major international agro-processing exhibition during next year in addition to being locally distributed. There is also an indication that the publication will also be promoted through the trade offices abroad (DAFF, 2017).

The Processed Food directory will include 110 products, divided into 16 agro-processing product categories such as the following:

- Plant products, fruit & nuts, vegetables & legumes, Fruit and vegetable juice, tubers & fungi, oil crop products, sugar crop products, grain crop products, alcoholic beverages, other beverages,
- Sauces and soups, spices and additives, animal products, poultry & eggs, red meat, seafood, dairy and ready-made (DAFF, 2017).

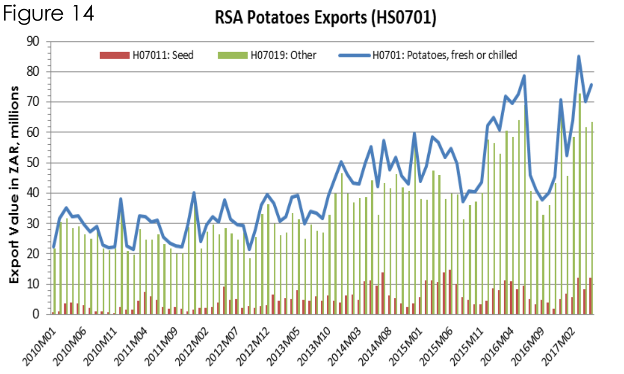
The information requested for the individual product groups are available on request. However, an appeal has been extended for participating companies to ensure that the following information is provided: *(a) company name, (b) contact person, (c) telephone number, (d) e-mail address, (e) product group (as indicated in the product category list provided)* (DAFF, 2017).

Submissions are due before/ on 18 August 2017. *Further enquiries can be directed to Ms Singita Maswanganye at* singitam@daff.gov.za or alternatively phone (012) 319- 8005.

3.2 South Africa potatoes exports increasing – implications on neighbouring countries

South Africa has experienced a bumper potatoes harvest in 2015, which amounted to 2,50 million tons. However, the crop decreased by 14% y/y or 360,000 tons during 2016, as it decreased to 2,14 million tons (Potatoes SA, 2017). As previously indicated under section 1.1, record monthly sales have been obtained reaching more than 10 million tons of bags as from March 2017 (Potatoes SA, 2017). Given that South Africa is self-sufficient in potatoes production, with aggregate consumption estimated at 2.06 million tons during 2016, down from 2.27 million tons in 2015 – the country's export capacity has been on an upward trend (BFAP, 2016). The below figure, indicates that South Africa's exports (in terms of value in ZAR) has been on an upward trend over the past 7 years, with monthly exports increasing, on average, at a rate of 3% m/m for the period under review w from January 2010 to May 2017 (Quantec, 2017).

Figure 14



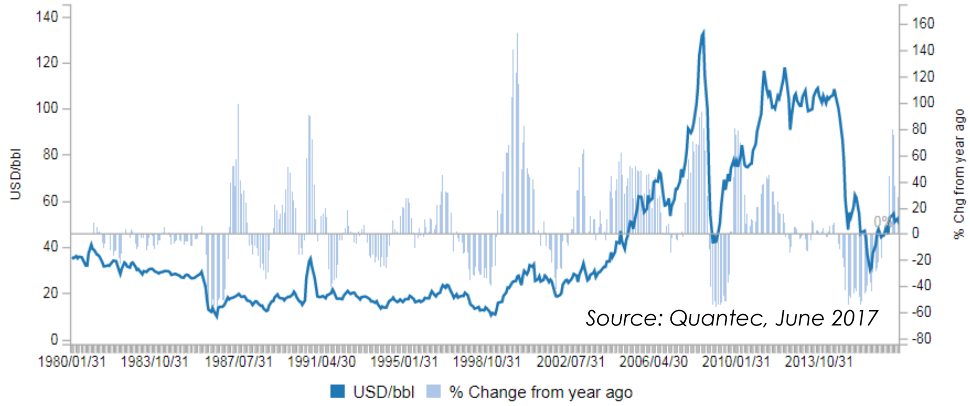
It thus comes as no surprise that Zambian producers have requested the Zambian government to guard their domestic potatoes industry against the "*influx*" of potatoes from South Africa (Potatopro as cited by Fresh Plaza, 2017). The cheaper potato imports stemming from South Africa are allegedly causing potato producer prices being undercut in Zambia and thus not affording local producers a competitive share within the potatoes market (Potatopro as cited by Fresh Plaza, 2017.

4. ENERGY

4.1 Fuel price adjustments

The average international product prices of Petrol, Diesel and Illuminating Paraffin decreased during the period under review. The international price of crude decrease to an average of USD49 per barrel during June 2017, which persisted below USD50 per barrel during June 2017 (DoE 7 Quantec, 2017).

Figure 15: Commodity Prices – Crude Oil Averages USD/per barrel (1980-to date)



The Rand appreciated against the US Dollar during the period under review, which stems from 02 to 29 June 2017, on average, when compared to the previous period. The average ZAR/USD exchange rate for the period under review was R12.88 compared to R13.26 obtained during the previous period. Subsequently, this led to a lower contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin of 15.16 cents per litre 14.58 cents per litre and 14.58 cents per litre respectively (DoE 2017).

Figure 16: ZAR/USD Exchange rate (1960 – to date)

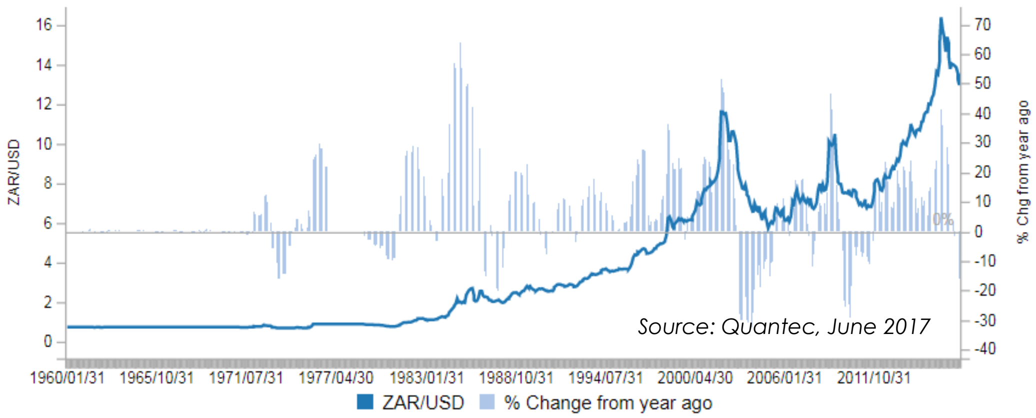


Table 2: Fuel price adjustment effective as from Wednesday, 05 July 2017

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	69c	cents per litre **decrease** in retail price	1224.00
Petrol 95 ULP & LRP	68c	cents per litre **decrease** in retail price	1 237.00
Diesel 0.05% Sulphur	60c	cents per litre **decrease** in wholesale price	1097.33
Diesel 0.005% Sulphur	60c	cents per litre **decrease** in wholesale price	1101.73
Illuminating Paraffin (Wholesale)	57c	cents per litre **decrease** in wholesale price	599.19

Source: Department of Energy, 30 June 2017

ACKNOWLEDGMENTS

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

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

Potatopro: www.potatopro.com

Quantec data: www.easydata.co.za

Techno Fresh CRM: www.technofresh.co.za

For more information, contact:

The Western Cape Department of Agriculture

Programme: Agricultural Economic Services

Division: Marketing and Agribusiness

Tel: 021 808 5193 or 5189

Fax: 021 808 5210

E-mail: michellesw@elsenburg.com