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Monthly vegetable market report

Marketing and Agri-Business Section www.elsenburg.com

MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: September 2016 to September 2017

Issue: 2017/08

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).

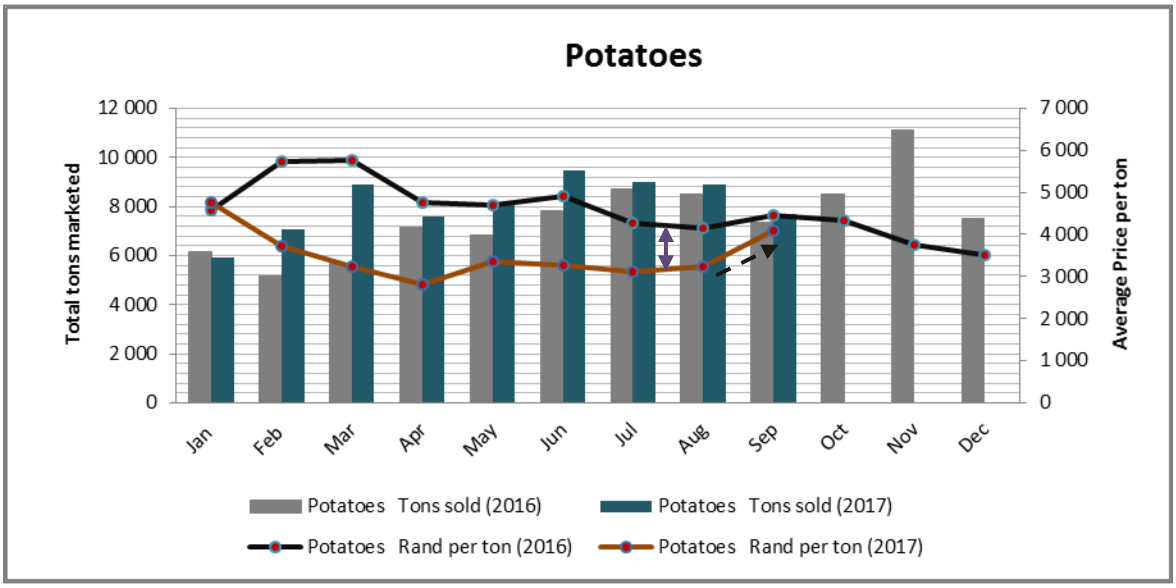
Click on the following website link to access the ***DAFF AMIS*** web application, or alternatively go to the web address: **http: //webapps.daff.gov.za/amis** (no subscription fee payable to access system). Cell phone user can send an SMS to ****120*4040#*** *(charged at standard SMS rates)*

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 POTATOES MARKET

At the end of September 2017, progressive sales on all markets amounted to 15, 8 million or 22% y/y additional bags of potatoes in relation to the corresponding period last year (Potatoes SA, 2017). A total of 7, 8 million bags was delivered to the market during September 2017 as reported by Prokon (2017), whilst the total monthly sales recorded for all markets almost reached 10, 0 million bags thus pointing towards 2,1 million bags of stock carried over from the previous month's deliveries to the market (Prokon & Potatoes SA, 2017). Taking into account that the overall supply to the market equated to 214 million tons during 2016, which was mainly brought about by the drought as well as higher temperatures that limited the overall supply to the market (Potatoes SA, 2017). The additional supply of produce on the market resulted in average market prices to experience downward pressure and decline by 33% y/y if compared to the higher prices obtained during the same period last year when supply was restricted (Potatoes SA, 2017).

More than 10 million bags of potatoes has been sold on a monthly basis as from March up until July within the 2017 production period, for the first time since the 10-million bag record was obtained in June 2015 (Potatoes SA, 2017). As a result of the strong supply, different price categories are prevalent on markets on an average basis (Potatoes SA, 2017). Average weekly market prices (all markets) ranged between R26 and R30 per bag between the period of record supply (March to July 2017), but started to systematically increase towards the end of August 2017 when much lesser stock was supplied to the markets (Potatoes SA, 2017). During September 2017, supply steadily 'normalised', which further increased average market prices which ranged between R 31 and R43 per bag and to R 43 – R50 per bag during the first week of October 2017 (Potatoes SA, 2017). In accordance to the long term trend, average market prices are expected to reach a peak during October after which it is expected to systematically decline during the last months of the 12 month period as well as the first quarter of the new production season (Potatoes SA, 2017).

A total of 50,000 hectares has been reported for the current production period, which is expected to be slightly lesser in relation to the 2016 area under production which reached approximately 54,000 hectares (Potatoes SA, 2017). Limpopo, is the largest production area currently lifting potatoes followed by the Sandveld, Western Free State and the other producing regions (Potatoes SA, 2017).

DEVELOPMENTS ON THE CAPE TOWN FRESH PRODUCE MARKET

During September 2017, the total volumes sold amounted to 7,684 tons which translates to a 13% m/m or 1,190-ton reduction if compared to the previous month in which 8,874 tons were sold. As a result of lesser supply on the market, market prices regained strength as it increased by 27% m/m or R869 per ton, trading at R4, 099 per ton.

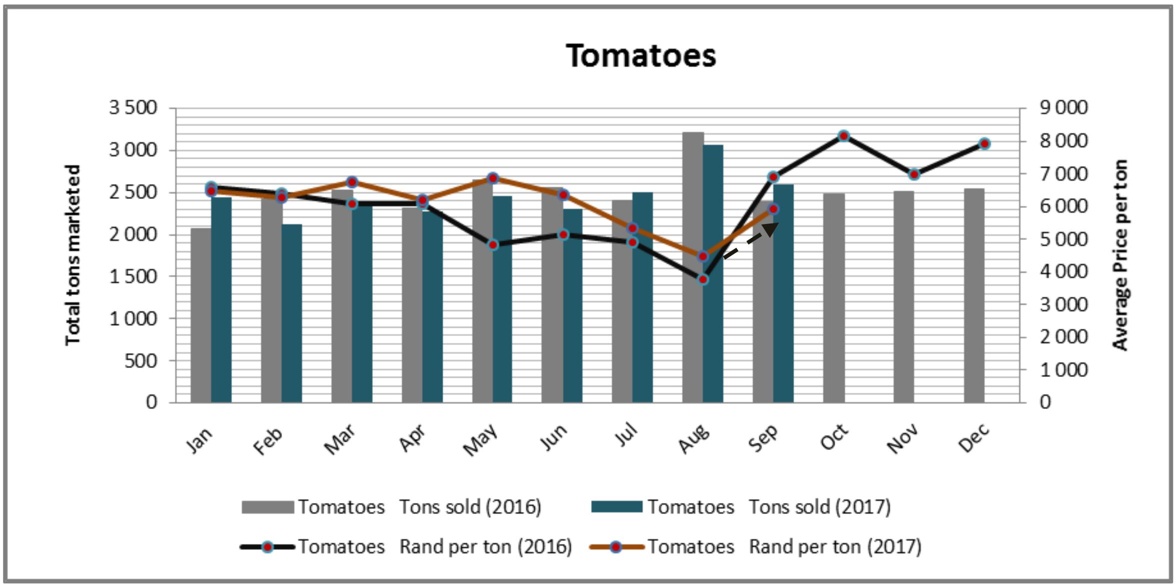
On an annual basis, volumes sold on the market were 4% y/y or 124 tons higher than the corresponding period during the previous year. Average market prices were however lower at 8% y/y or R340 per ton if compared to the same period last year. This mainly be ascribed to the higher crop output over the past few months, which has pressurised prices downward.

Note: 1 bag of potatoes equals 10 kilogram

Source: Potatoes SA & Techno fresh, 2017

1.2 Tomatoes

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

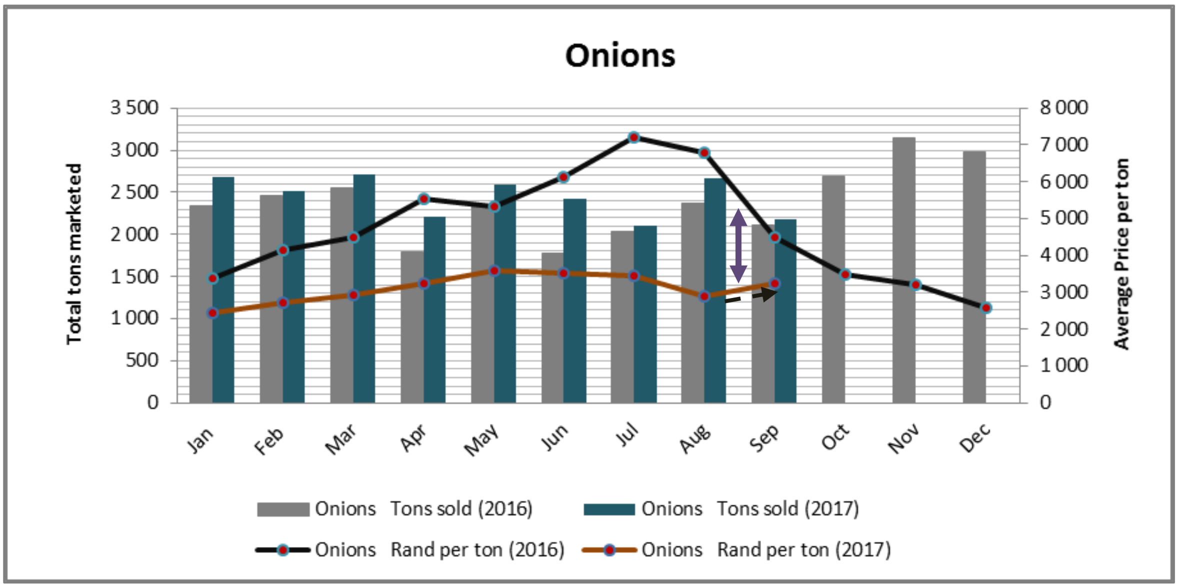


- 2,588 tons of tomatoes were sold during September 2017, representing a 16% m/m or 478-ton decrease in relation to the previous month's sales. Subsequently, the monthly price of tomatoes increased by 32% m/m or R1, 421 per ton and ended on R5, 910 per ton which is the first increase within the past three months.

- On an annual basis, volumes traded by 8% y/y or 192 tons higher than the corresponding period last year. Whilst the average market price per ton of tomatoes traded 15% y/y or R1, 013 per ton lower than the same period last year, after trading much higher for the prior four months.

1.3 Onions

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

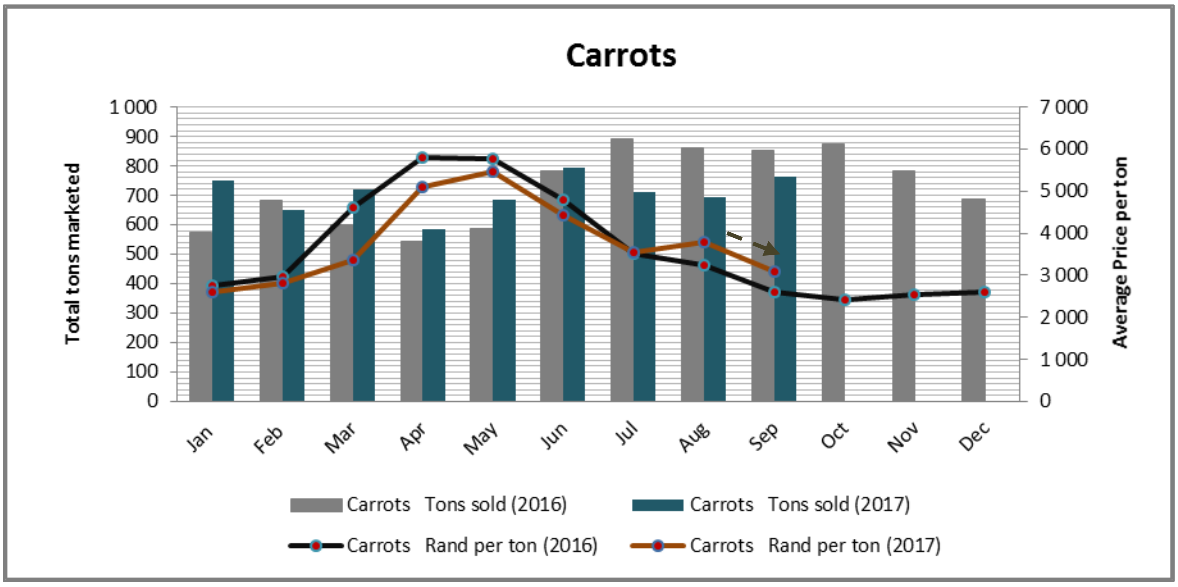


- Onion sales during September 2017, represents an 18% m/m or 500-ton decrease in relation to the previous month when total sales amounted to 2,673 tons. Due to weakening supply, average market prices commenced on a 13% m/m or R361 per ton increase in relation to the previous month.

- On an annual basis, volumes traded by 3% y/y or 62-tons more than the corresponding period last year. Whilst the average price per ton traded 28% y/y or R1, 246 per ton lesser than the R4, 488 obtained per ton during the same period within the previous year.

1.4 Carrots

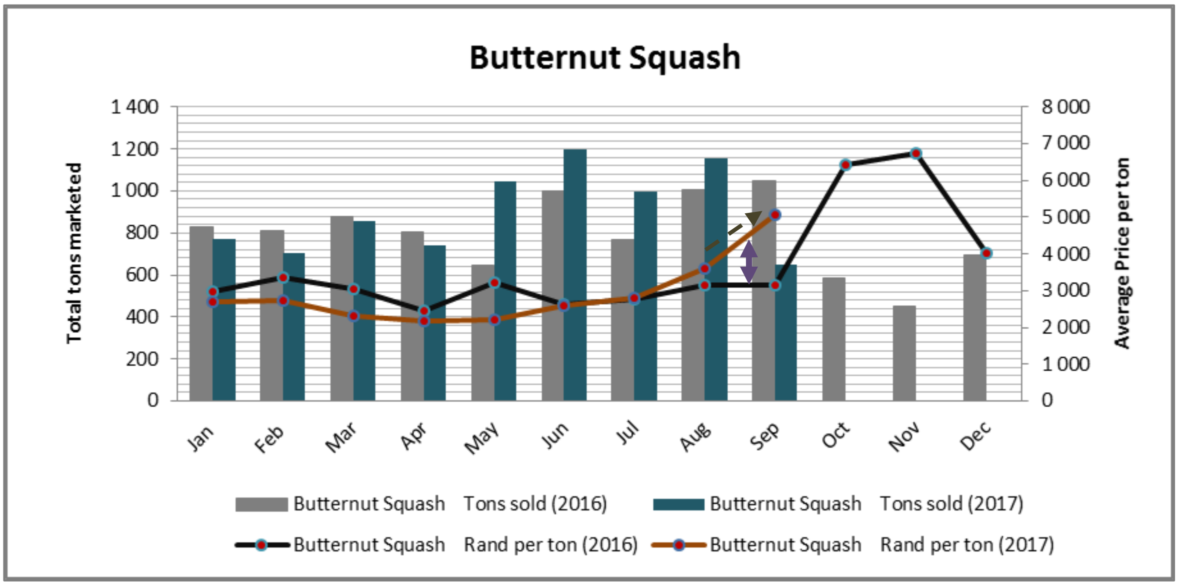
Figure 4: Carrots sales on the Cape Town Fresh Produce Market



- A total of 763 tons of carrots was sold during September 2017, representing a 10% m/m or 68-ton increase in relation to sales recorded in the previous month. Average market prices has decreased by 19% m/m or R716 per ton and has subsequently reached R3, 080 per ton, which can be attributed to the slight increase in supply on the market.
- On an annual basis, volumes are much lower at 11% y/y or 90 tons in relation the same period last year. Whilst the average market price per ton increased by 18% y/y or R475 per ton if compared to the corresponding period last year.

1.5 Butternut Squash

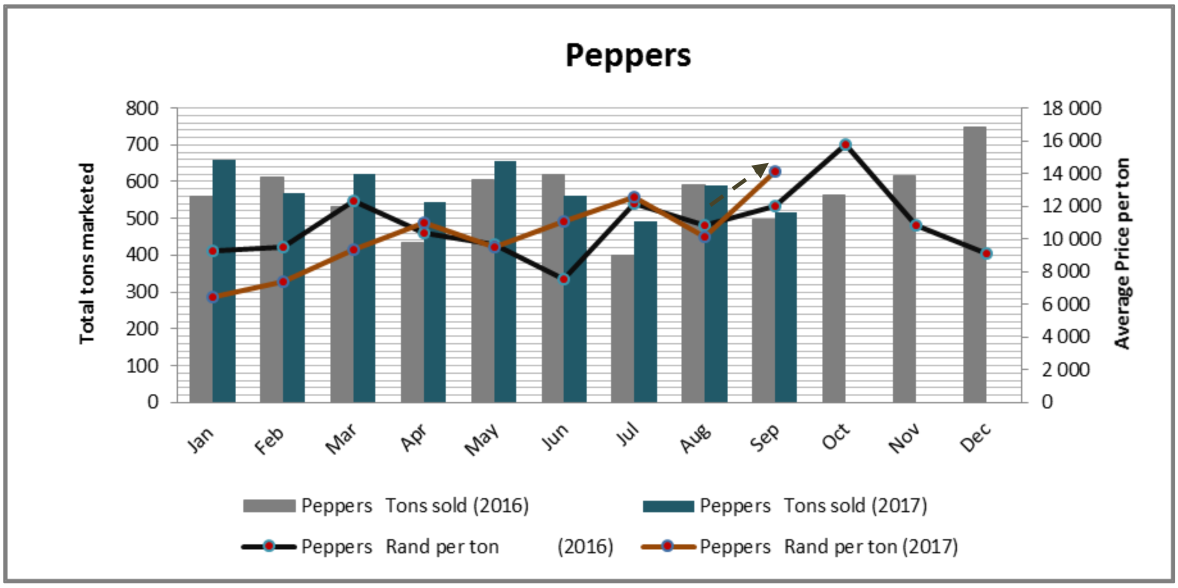
Figure 5: Butternut Squash sales on the Cape Town Fresh Produce Market



- Butternut squash sales reached 646 tons, which is a 44% m/m or 506-ton decrease in relation to the previous month. On the other hand, the average market price increased by 41% m/m or R1, 461 per ton, and reached R5, 062 per ton in relation to the previous month when a ton of produce sold for R3, 601.
- If assessed on an annual basis, volumes sold on the national markets were 38% y/y or 400 tons lesser than the corresponding period last year. Whilst the average price obtained for a ton of butternut squash traded at 61% y/y or R1, 926 per ton lesser than the same period last year.

1.6 Peppers

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

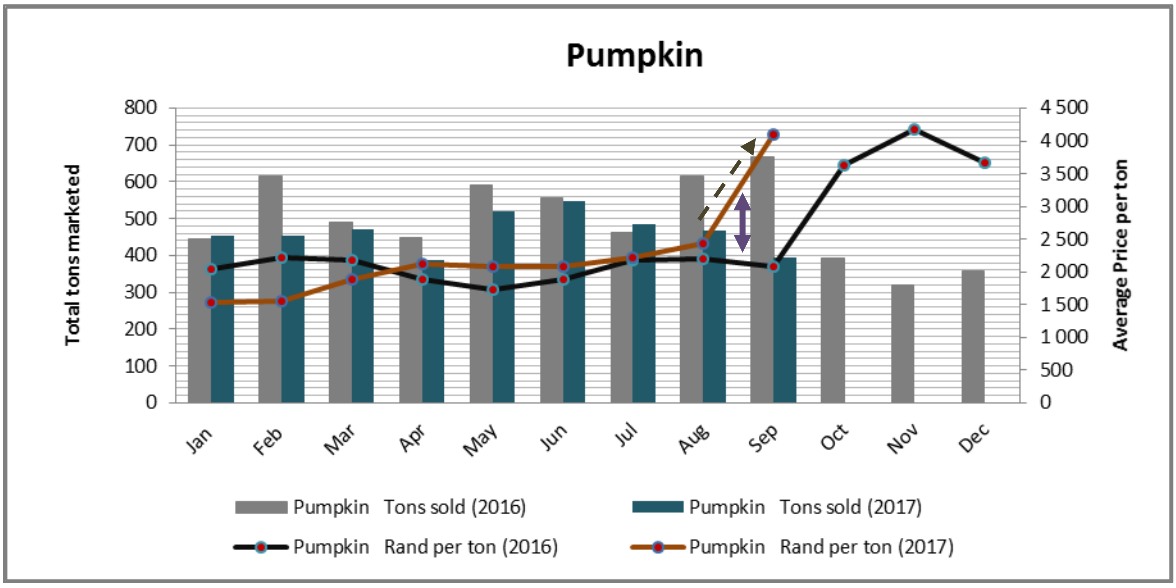


- Pepper volumes sales amounted to 515 tons, as recorded during the month of September 2017. This translates to a 13% m/m or 74-ton reduction if compared to the sales recorded in the previous month. Whilst the average price per ton of peppers increased by 40% m/m or R4, 005 compared to the R10, 112 obtained per ton of peppers in the previous month.

- On an annual basis, volumes traded increased by 4% y/y or 19 tons if compared to the corresponding period last year. Whilst the average price per ton of peppers traded at 18% y/y or R2, 134 per ton higher in relation to the average price of R11, 983 obtained during the same period last year.

1.7 Pumpkin

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

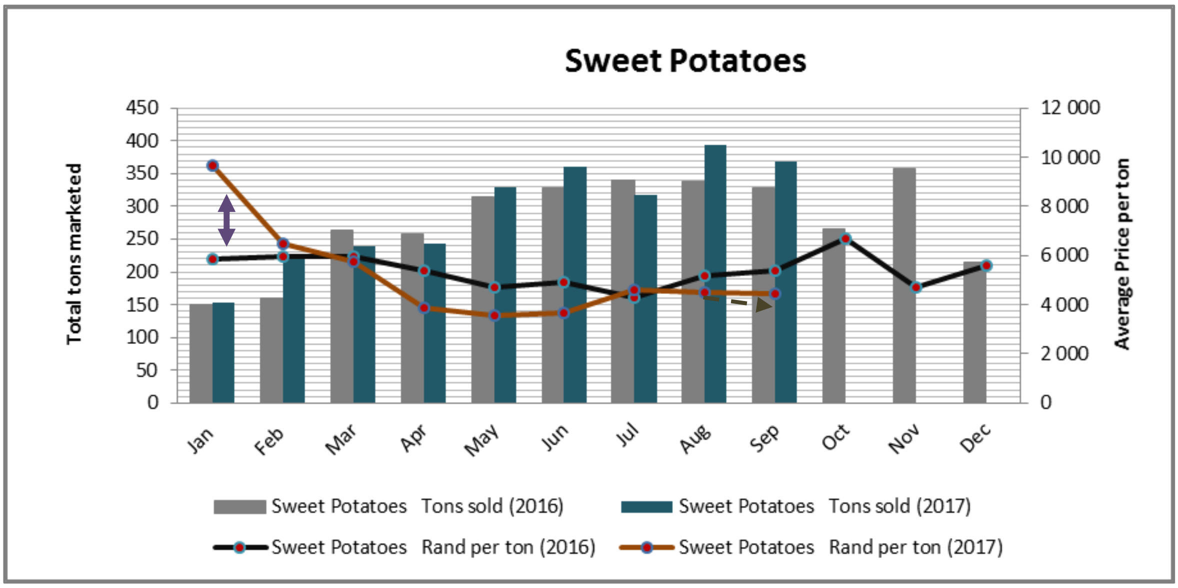


- Pumpkin volumes sold during September 2017 amounted to 396 tons, which indicates that volumes traded decreased by 16% m/m or 73 tons in relation to the 496 tons sold during the previous month. Whilst the average market price per ton of produce increased significantly by 68% m/m or R1, 657 per ton, and reached R4,093 per ton.

- On the contrary, volumes sold during September 2017 were lesser by 41% y/y or 273 tons if compared to the corresponding period within the previous year. Whilst, the average price per ton of pumpkin sold at 97% y/y or R2, 012 per ton higher if compared to the same period last year.

1.8 Sweet Potatoes

Figure 8: Sweet potatoes sales on the Cape Town Fresh Product Market

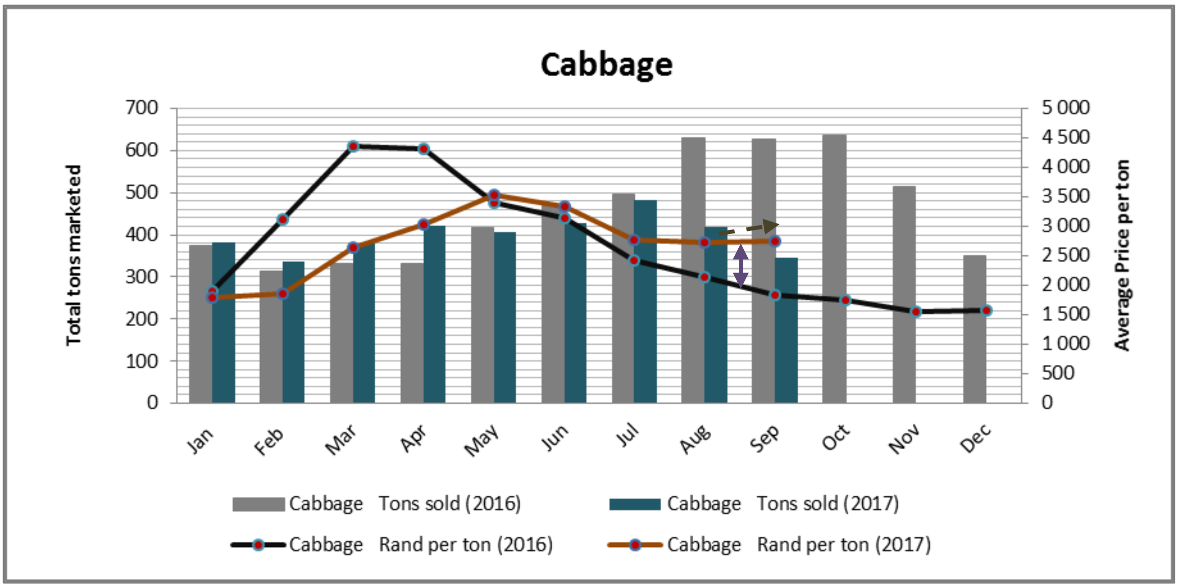


- Sweet potatoes volumes sold amounted to 368 tons, which is 6% or 25 tons lower than the sales recorded in the previous month. Regardless of the slight decrease in the monthly sales, the average price obtained per ton of sweet potatoes obtained R4, 458 per ton, translating to a 1% m/m or R47 per ton decrease in relation to the market price obtained within the previous month.

- On an annual basis, volumes traded higher by 12% y/y or 41 tons in relation to the same period last year when a total of 328 tons was sold. Subsequently, average market prices decreased by 17% y/y or R 935 per ton in comparison to the R5, 394 obtained per ton for the corresponding period last year.

1.9 Cabbage

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

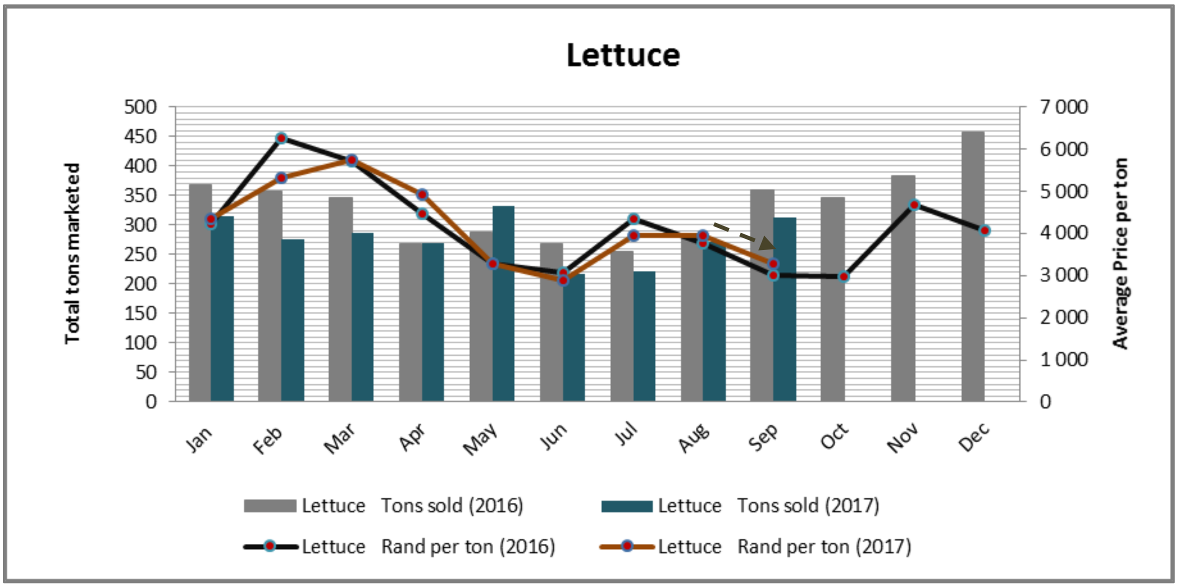


- A total of 345 tons of cabbage was sold during September 2017, which is an 18% m/m or 75-ton decrease in relation to the 420 ton sold during the previous month. Regardless of the significant decrease in produce sold, it seems that the demand for cabbage did not strongly influenced the average price as it more or less remained unchanged at R2, 743 per ton.

- On an annual basis, volumes sold were lesser by 45% y/y or 283 tons in relation to the same period within the previous year. Whilst the average market price per ton of produce traded at 50% y/y or R909 per ton higher if compared to the corresponding period last year.

1.10 Lettuce

Figure 10: Lettuce sales on the Cape Town Fresh Produce Market

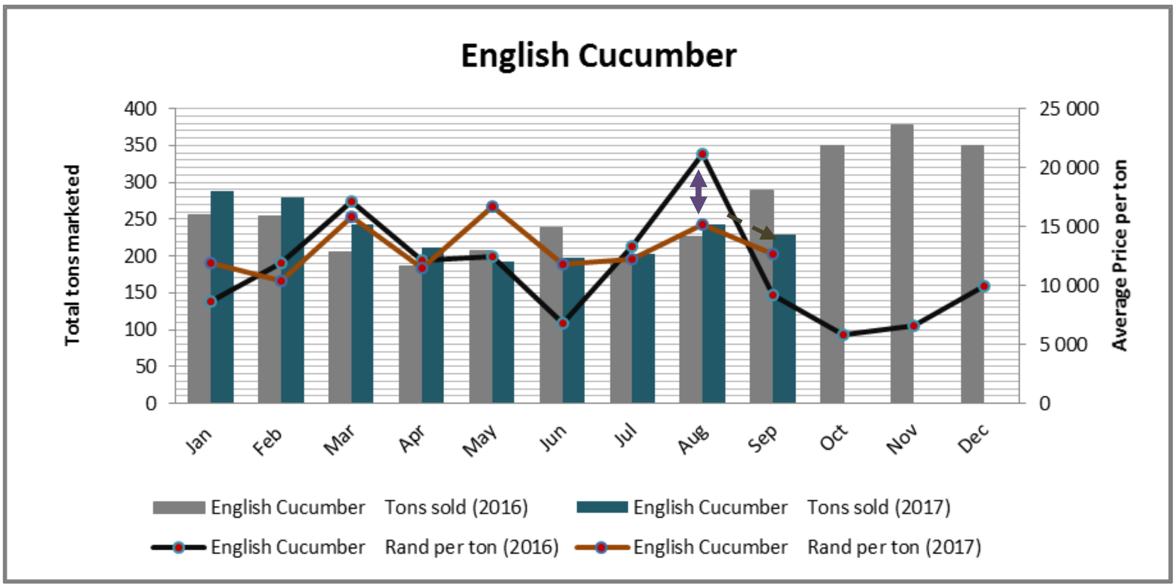


- 312 tons of lettuce was sold during September 2017, which translates to a 15% m/m or 41-ton increase in relation to the previous month. Subsequently, the average price per ton of produce decreased by 17% m/m or R668 per ton of produce if compared to the previous month when it reached R3, 967 per ton.

- On an annual basis, volumes sold on the market decreased by 13% y/y or 48 tons in relation to the same period last year. Whilst the average price per ton increased by 9% y/y or R280 per ton, in comparison to the R3,018 per ton obtained during the same period within last year.

1.11 English Cucumber

Figure 11: English Cucumber sales on the Cape Town Fresh Produce Market

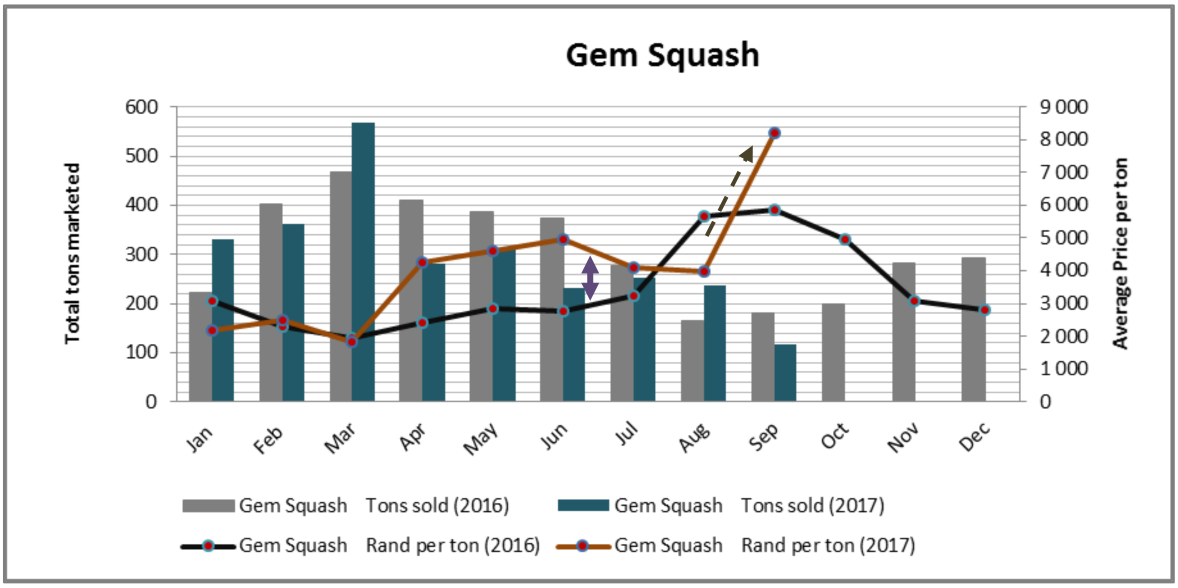


- 229 tons of English cucumbers were sold during September 2017, which is 6% m/m or 13 tons lesser than the sales recorded within the previous month. Regardless of the lesser produce sold on the market, the average market price significantly decreased by 16% m/m or R2, 495 per ton and thus reached R 12,724 per ton in relation to R15, 219 obtained during the previous month.

- On an annual basis, volumes sold decreased by 21% y/y or 61 tons if compared to the corresponding period within the previous year. Whilst the average price per ton traded 40% y/y or R3, 567 per ton higher, in relation to R9, 157 recorded for the same period within the previous year.

1.12 Gem Squash

Figure 12: Gem Squash sales on the Cape Town Fresh Produce Market



- Gem squash market prices increased significantly during September 2017, and obtained an increase above 100% m/m or R4, 189 per ton in relation to the previous month when an average market price of R4, 000 was obtained for a ton of produce. This could be attributed to the 51% m/m or 121-ton decrease in the total amount of volumes sold during the month of September 2017.

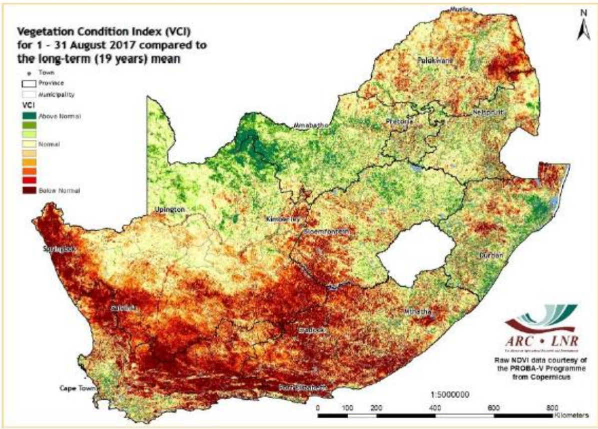
- If assessed on an annual basis, volumes sold declined by 35% y/y or 64 tons in relation to the same period last year. Whilst the average market price traded 39% y/y or R2, 323 per ton higher than the R5, 866 per ton recorded for the same period within the previous year.

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

PRODUCT NAME: (in order of the highest to lowest volumes sold during this month)	AVERAGE TONS TRADED FOR SEPTEMBER 2017: (tons) (A-Z)	CHANGE IN THE AVERAGE TONS TRADED FOR SEPTEMBER 2017: (m/m)	AVERAGE PRICE OBTAINED FOR SEPTEMBER 2017: (Rand per ton)	CHANGE IN THE AVERAGE PRICE MARKETED FOR SEPTEMBER 2017: (m/m)
13. Cauliflower	146	-34%	R7 308	15%
14. Baby Marrow	137	-17%	R7 576	-7%
15. Green beans	122	-20%	R11 775	8%
16. Broccoli	95	<1%	R7 308	-25%
17. Beetroot	82	-15%	R3 245	4%
18. Brinjals /Eggplant	56	<1%	R8 959	1%
19. Sweetcorn	44	67%	R17 366	-20%
20. Spinach	30	-15%	R7 288	-15%
21. Leeks	17	-48%	R2 683	-9%
22. Spring Onion	17	-20%	R10 321	-16%
23. Mushroom	13	-14%	R38 230	<1%
24. Hubbard Squash	4	-64%	R1 303	-24%
25. Patty Pans	2.5	>100%	R17 067	-79%
26. Radish	1.5	-35%	R10 204	3%
27. Marrow	-	<-100%	-	<100%

2. WEATHER ADVISORY ON THE SEASONS, SEPTEMBER 2017

VCI map for August 2017 compared to the long-term mean



" The adjacent Vegetation Condition Index (VCI) map for August 2017 point toward below-normal vegetation conditions over the Western Cape, Eastern Cape, south-western Free State, southern and western parts of the Northern Cape, northeastern KwaZulu-Natal and eastern Limpopo" (ARC, 2017 as cited by DAFF, 2017).

Below-normal rainfall persists within the Western Cape Province, which significantly affects cereal production in most producing areas such as the Swartland and Eastern parts of the Southern Cape within the Western Cape. Subsequently, this could result in exceptionally lower yields and thus influence the total production output of wheat, canola as well as malting barley (DAFF, 2017). However, the drought also affects other agricultural enterprises such as livestock production, which remain under stress in most of the districts within Province - because of poor rainfall during the past seasons which continuously deterring veld conditions (DAFF, 2017).

The average dam levels within the Western Cape stood at 36.1% y/y on 09 October 2017, in relation to 62% in relation to the corresponding period last year (DWS as cited by Elsenburg, 2017). Alternatively, visit the Elsenburg Website at http://www.elsenburg.com/agri-tools/western-cape-dam-levels to obtain the most recent dam levels within the Western Cape (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, followed by Agri-Outlook (Elsenburg, 2017).

3. NEWS: ACTIVITIES PERTAINING TO THE DOMESTIC & INTERNATIONAL FRESH PRODUCE AND RELATED MARKETS

3.1 ALL-YEAR AVAILABILITY OF TOMATOES IN BRITAIN (UNITED KINGDOM) COULD BE A POSSIBILITY IN THE NEAR FUTURE

Fresh Plaza (October 2017) has reported that tomatoes producers in Britain have incorporated the use of LED light in greenhouses in the winter season, which has subsequently enabled the supply of tomatoes throughout the year. The LED technology is thus substituting natural daylight in the growing process of horticultural produce, which in essence not limit the growing seasons in which tomatoes are conventionally produced (Fresh Plaza, Oct 2017).

The majority of tomatoes producers are supplying Asda, which concludes that the Britain market will become less reliant on imports stemming from other producing countries such as Spain, Turkey and South Africa (Fresh Plaza, Oct. 2017). In addition, it is reported that other retailers such as Waitrose and Sainsbury are in support of this new shift within the horticultural production sector as various initiatives which includes the sourcing of salad leaves grown under LED lights during winter from UK greenhouses as well as the funding of extensive research to investigate the possibly of extending the UK strawberry season into import periods such as the Festive season (The Grocer UK, 2015).

"*This is the way forward for horticulturalists across the globe*", is one of the statements put forward in The Grocer UK (2015). It is no doubt that the adoption of this new technology would change the manner in which horticultural production is taking place within a conventional method, however, the implications thereof should be carefully considered as this could have severe implications on trade going forward. Click here to view the Fresh Plaza (Oct. 2017) article, as well as The Grocer UK article (2015) here to acquire additional information. To access related research publications on the Wageningen UR website, click here.

3.2 NATURAL BRANDING WITH LASER TECHNOLOGY, IS IT THE FUTURE SUBSTITUTE FOR REMOVING PLASTIC IN THE PACKAGING OF AGRICULTURAL PRODUCTS?

The use of "*low-energetic carbon dioxide laser technology*" is peaking up in branding agricultural products such as fruit and vegetables, which is termed "*natural branding*" (Hortinext, 2017). Various supermarkets in Sweden, Belgium, Germany, Austria and the Netherlands are adopting this new technology, especially since it reduces the use of plastic in the branding process which potentially could also save on cost relating to branding and sustaining the environment in the long-run (Hortinext, 2017). In addition, other benefits such as labels that peals from packaged products are deemed to motivate the use of this new technology as it promotes ethical behaviour The Guardian, 2017). It should, however, be considered that the initial cost to acquire this technology and concerns regarding the possible implications it has on the product itself is factors which still hinders both users of this new form of technology as well as consumers (The Guardian, 2017).

Please click here to view the Youtube inserts. https://www.youtube.com/watch?v=-dpzNePq8xA

4. ENERGY

4.1 FUEL PRICE ADJUSTMENTS

The international price of petrol, diesel and illuminating paraffin, on average, increased by about US$5 per barrel since the previous meeting, with Brent crude oil currently trading at around US$55 per barrel. (DoE & SARB, 2017). In addition, the ZAR/USD exchange rate for the corresponding period appreciated from ZAR13.13 to ZAR13.22 against the US dollar, which is the international currency in which petroleum product prices are quoted (DoE, 2017). Subsequently, this led to an increase in basic fuel prices, as depicted below.

Table 4: Fuel price adjustment effective as from Wednesday, 04 October 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	25c	cents per litre **increase** in the retail price	1335.00
Petrol 95 ULP & LRP	29c	cents per litre **increase** in the retail price	1352.00
Diesel 0.05% Sulphur	42c	cents per litre **increase** in the wholesale price	1173.63
Illuminating Paraffin (Wholesal	39c	cents per litre **increase** in the wholesale price	713.19
LPGAS (maximum retail price)	39c	cents per litre **increase** in the maximum retail price	2028.00

Source: Department of Energy, 28 September 2017

4.2 PROSPECTIVE ELECTRICITY TARIFF INCREASE IN 2018/19

NERSA, who is the National Energy Regular within South Africa has announced that ESKOM has applied for the approval of a revenue increase application for 2018/19 to the value of R219, 514 million (NERSA, 2017). Although the intended increase should have been 8% during July 2018, the recent submission points towards a 20% increase in electricity tariffs (NERSA & SARB, 2017). NERSA will, however, announce the outcome of the decision regarding the 20% tariff increase application on 07 December 2017 (NERSA, 2017).

Members of the public are encouraged to partake in the decision-making process, through *written submissions and/or attending or making oral presentations at the public hearings scheduled by NERSA. Written comments can be forwarded to mypd@nersa.org.za or hand-delivered to 526 Madiba Street, Arcadia, Pretoria or posted to P.O Box 40343, Arcadia, 0083, Pretoria, South Africa (NERSA, 2017). The closing date for written comments was on 13 October 2017 at 16H00. Members of the public and stakeholders are however encouraged to attend the hearing or present their views by submitting a request to publichearings@nersa.org.za by 15h30 on 23 October 2017*. The Cape Town public hearing is scheduled for Monday, 30 October 2017 (but may be subject to change) (NERSA, 2017).

Eskom's application is available on the NERSA's website at www.nersa.org.za or click here for the NERSA media statement.

ACKNOWLEDGMENTS

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

Agricultural Research Council (ARC): www.arc.agric.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

Hortinext: www.hortinext.com

National Energy Regulator of South Africa (NERSA): www.nersa.org.za

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

Prokon SA: www.prokonsa.co.za

South African Reserve Bank: www.sarb.gov.za

Techno Fresh CRM: www.technofresh.co.za

The Grocer UK: www.thegrocer.co.uk

The Guardian: www.theguardian.com

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

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