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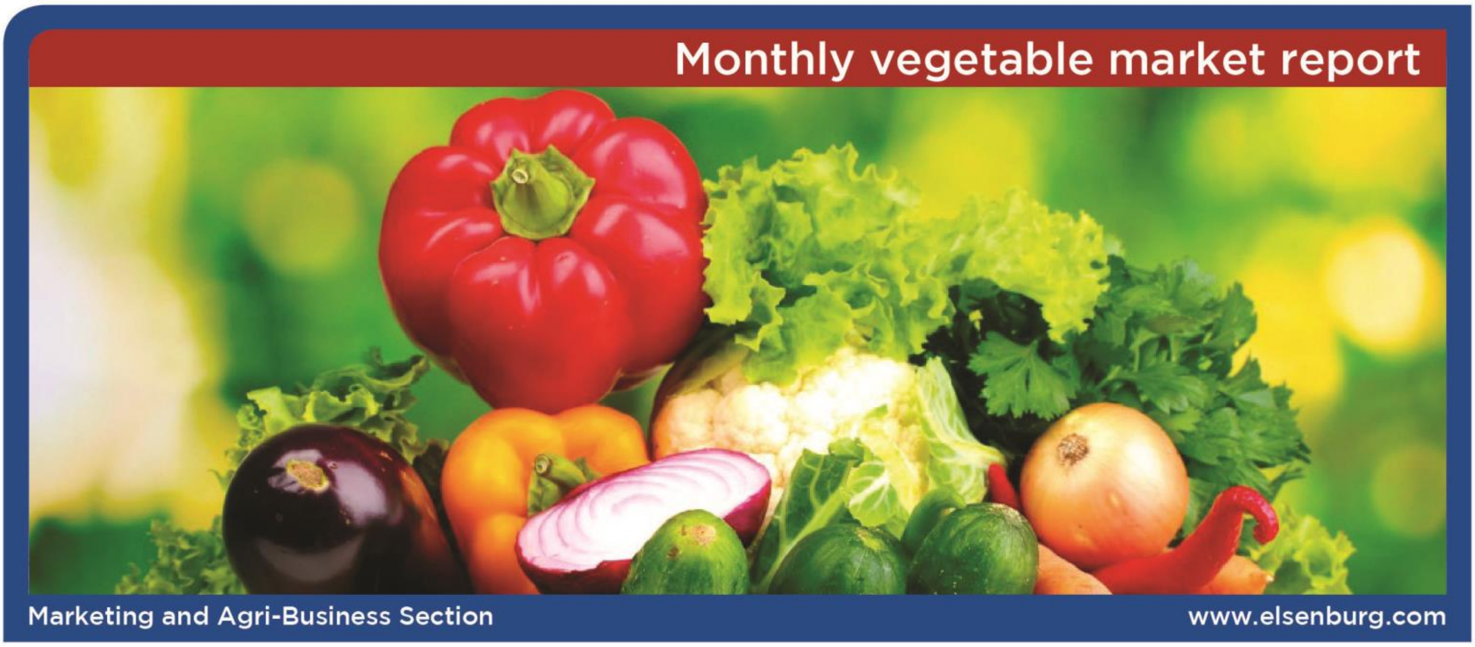


MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: October 2014 to October 2015

Issue: 2015/11

IN THIS ISSUE

INTRODUCTION

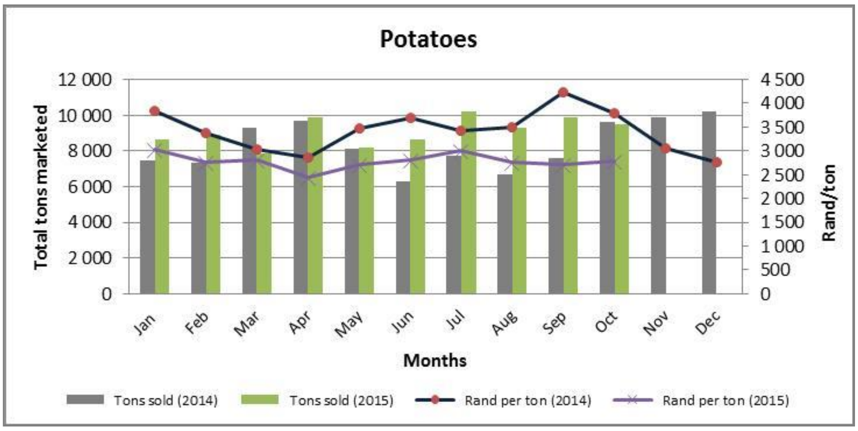
This report is a review of **selected vegetable sales at the Cape Town Fresh Produce Market,** the largest fresh produce market in the Western Cape.

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.

1. PRICE AND VOLUME TREND ANALYSIS

1.1 Potatoes

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



Potatoes volumes marketed increased by 26% m/m to 9 506 tons compared to the previous month. Increased supply resulted in downward pressure on average prices which resulted in a decline of 34% m/m, reaching R 2 776 per ton. On an annual basis, the volumes supplied remained more or less unchanged at around 9 500 tons. The average price per ton decreased by 26% y/y compared to the same period in the last year.

Pottaoes industry developments

From January 2015 to October 2015 10, 9 million [1]bags (~ 14% y/y) were sold on the national market in relation to the same period last year. Record sales further increased to 12, 6 million bags in November 2015. The oversupply of fresh produce on the market resulted in average prices escalating downward by R 6.78 per kilogram (i.e. national average) in October 2015, which further declined and reached R 7.45 per kilogram which equates to a decrease of 20%-22% y/y respectively(i.e. national average).

The hectares that was reported to be planted, also indicated a similar trend for the 2016 planting season – in that more than 50,000 hectares were planted in October 2015 compared to the same plating period last year. The Ceres plantings have declined by -1% y/y (2014-2016), whilst the Sandveld plantings (summer) has increased on average by 3.3% y/y (2014-2016) taking into account that the Sandveld (summer) plantings has decline by -8% y/y between 2015 and 2016.

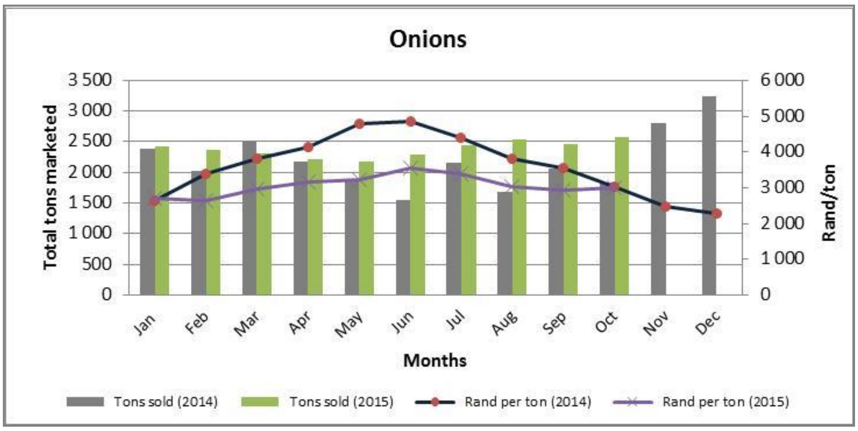
Regions lifting potatoes in October and November: Limpopo has the largest market share followed by the Sandveld, Eastern Cape as well as the Western Free State and Southern Free State amongst others. In addition, the South-West Free State, North-West Province, Gauteng and Mpumulanga are expected to start lifting potatoes during December 2015 (start of 2016 production season). The market share of the four markets is expected to reach 60% in January 2016 should a similar long term trend apply for the production season given the drought conditions experienced in the majority of the production region.

Expectations relating to average prices for the rest of the year based on the long term trend: on an annual basis the monthly average prices normally reaches a peak during October 2015, where after it gradually moved downward till the beginning of December.

[1] *one bag of potatoes is equivalent to10 kilogram.*

1.2 Onions

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

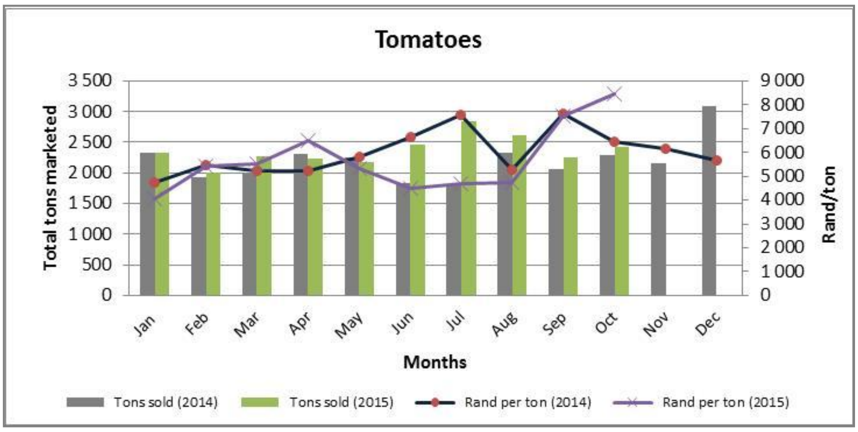


Volumes marketed during October 2015, increased by 5% m/m to 2 579 tons. The average price per ton was slightly pushed upwards by 3% m/m, reaching R 3 010 per ton.

If compared on an annual basis, the volumes increased significantly (by 40% y/y) compared to the same period in the previous year. Price movements remained more or less unchanged, considering the increased volumes which needed to be absorbed in the market. It is evident that prices were much lower for the largest part of 2015 compared to last year.

1.3 Tomatoes

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

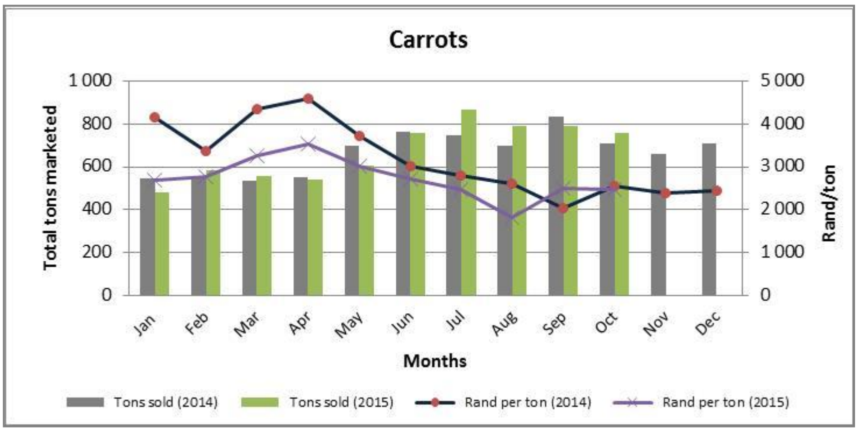


Tomatoes volumes supplied to the market during October 2015, increased by 7% m/m whilst average prices experienced a subsequent increase of 13% m/m compared to the previous month.

Supplies to the market increased by 6% y/y and reached 2 424 tons. The average price per ton of tomatoes moved upwards by 32% y/y to R 8 467 per ton. It is evident that this is the highest average price achieved per ton of tomatoes since the inception of the year (figure3).

1.4 Carrots

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

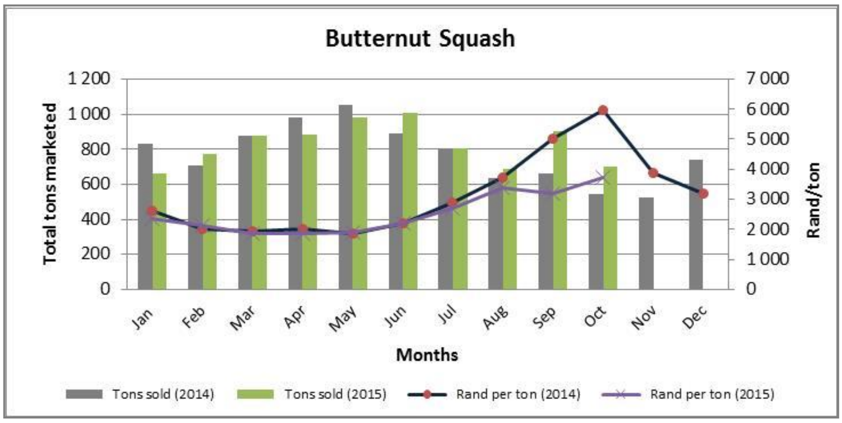


Carrot volumes marketed during the month of October 2015 decreased by 4% m/m and reached 757 tons compared to the previous month. The average price obtained per ton slightly decreased by 2% m/m, reaching R 2 459 per ton.

Assessing the marketing performance on an annual basis, the volumes supplied for marketing increased by 7% y/y, from 708 to 757 tons, compared to the same period in the previous year. The increased supply impacted on average prices which were pressurised downward by 4% y/y.

1.5 Butternut Squash

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

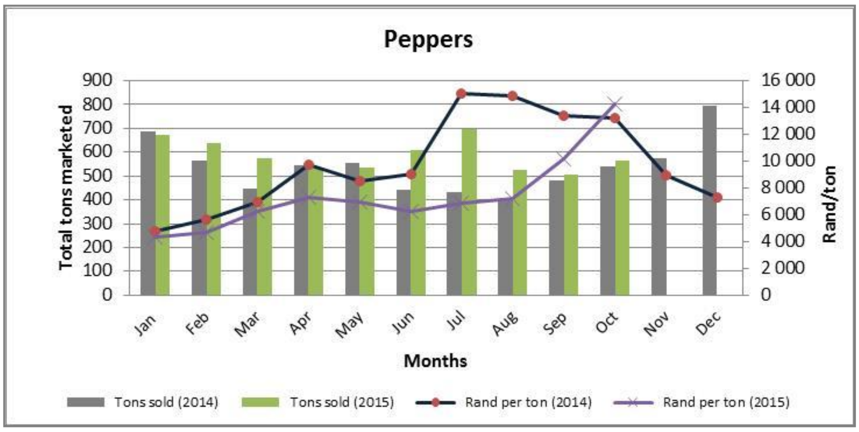


The volumes supplied for marketing decreased by 22% m/m from 900 to 701 tons. The oversupply on the market resulted in average prices being pressurised downward by 16% m/m, reaching R 3 730 per ton.

On an annual basis, the volumes marketed increased by 30% y/y, from 541 to 701 tons. The average price per ton was however further pressurised downward by 38% y/y if compared to the same period in the previous year.

1.6 Peppers

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

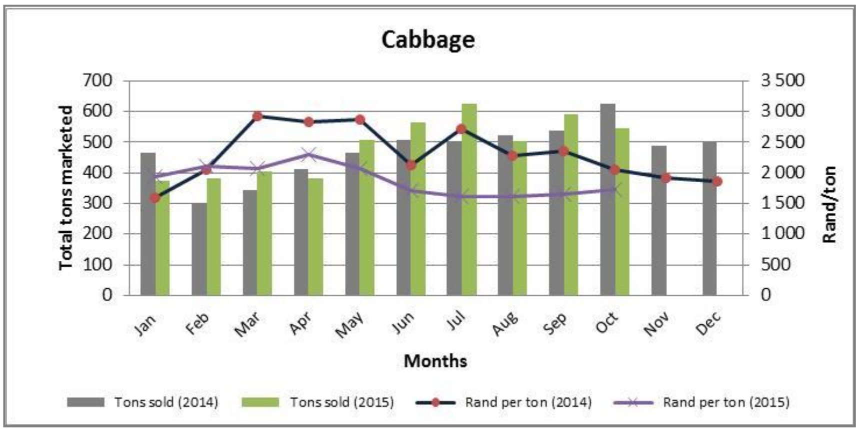


The supply of peppers increased by 12% m/m, reaching 565 tons compared to the previous month. The average price per ton increased by 40% m/m, regardless of the increased supply – resulting in an average price of R 14 225 per ton being obtained.

Volumes marketed increased by 4% y/y, from 542 tons for the same period in the previous year. The slight increment in the volumes supplied did however not resulted in an inverse response on average price obtained per ton – as much better prices were obtained for the same period in the previous year.

1.7 Cabbage

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

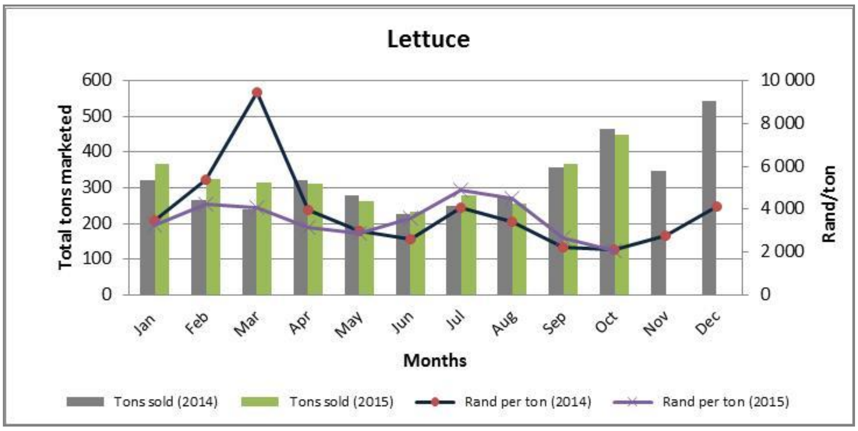


Volumes marketed during October 2015, decreased by 8% m/m and reached 547 tons compared to the previous month. Average prices was pushed upward by 5% m/m and reached R 1 732 per ton.

On an annual basis, the volumes marketed decreased by 12% y/y from 624 to 547 tons. Regardless of the shortage of supplies, the average price obtained responded indifferently as prices decreased by 16% y/y, from R 2 058 to R 1 732 per ton.

1.8 Lettuce

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

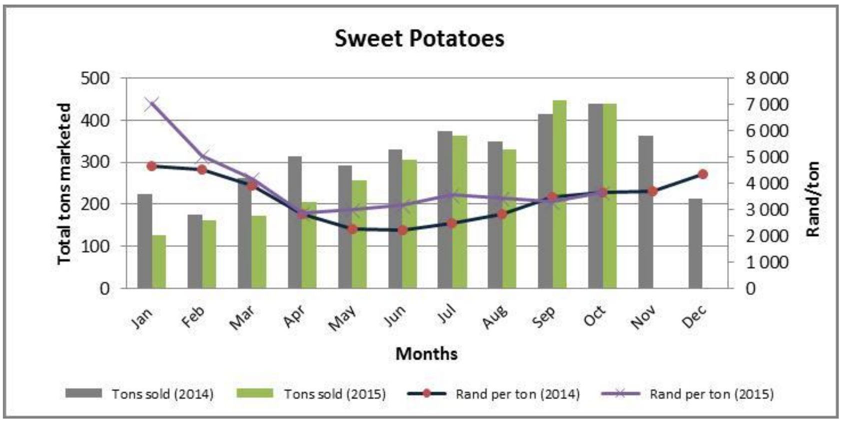


Lettuce supplies to the market increased by 23% m/m to 450 tons. This however impacted on the average price obtained, as prices experienced downward pressure of 24% m/m which resulted in R 2 036 per ton being obtained.

If assessed on an annual basis, the volumes supplied for marketing decreased by 3% y/y. However reviewing figure 8, a similar downward trend is experienced relating to the volumes supplied, although it is evident that better prices has been obtained as from June 2015 till September 2015.

1.9 Sweet Potatoes

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

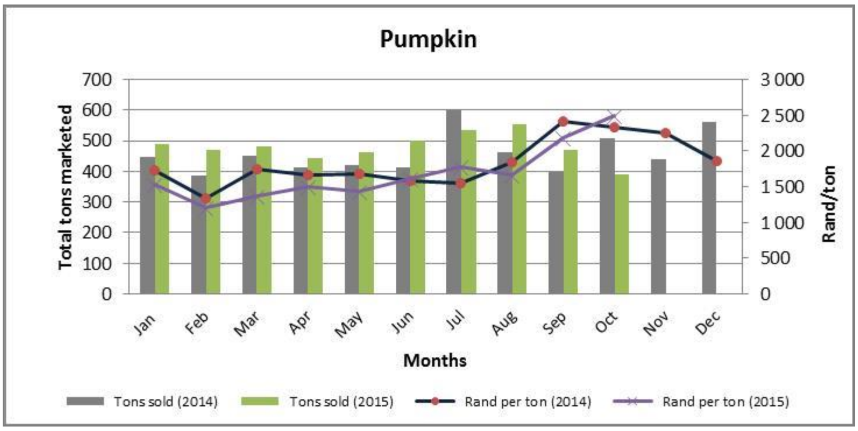


Sweet potatoes volumes marketed were more or less unchanged if compared to the previous month when it reached 440 tons. Due to the increased demand, average prices moved upward by 11% m/m, obtaining R 3 634 per ton.

On an annual basis, marketed volumes remained unchanged. A similar trend was experienced the average prices obtained, however average prices obtained improved between April and September 2015 – which may be a result of the winter season in which the demand thereof escalates.

1.10 Pumpkin

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

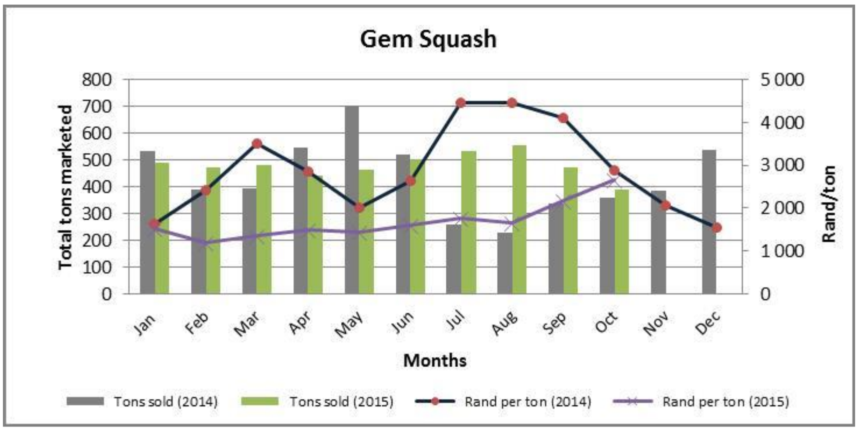


Volumes supplied to the market during the month of October 2015, decreased by 17% m/m to 389 tons. The average price obtained per ton, responded positively as it increased by 15% m/m reaching R 2 495 per ton.

If compared on an annual basis, the volumes supplied decreased by 23% y/y compared to the same period last year. However, improved prices were realised, due to a 7% y/y increase, from R 2 337 to R 2 495 per ton comparing the same period in the last year.

1.11 Gem Squash

Figure 11: Gem squash sales on the Cape Town Fresh Produce Market

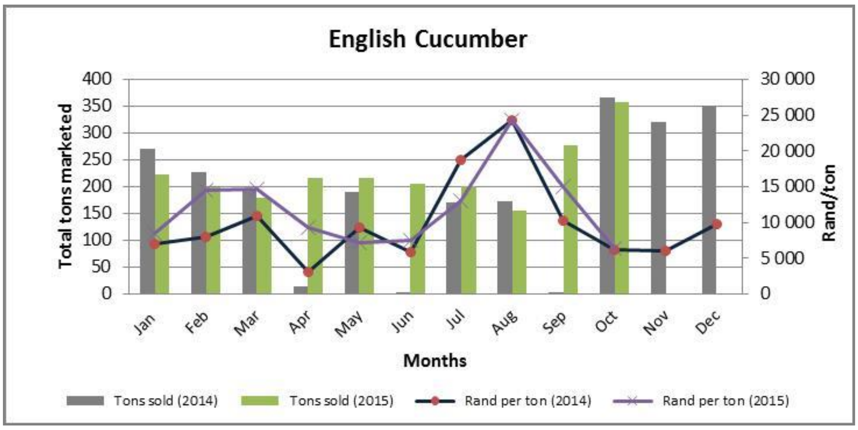


The volumes marketed decreased by 18% m/m, reaching 389 tons compared to the previous month. Average prices continued on an upward trend, and further increased by 23% m/m achieving R 2 676 per ton.

Volumes supplied during 2015 were relatively higher compared to the same period last year. October 2015 was no exception, as volumes increased by 8% y/y from 361 tons. Monthly average prices were however much lesser, if compared to last year (figure 11). Average prices was 8% y/y lesser than the same month last year.

1.12 English Cucumber

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



Volumes increased by 29% m/m and reached 357 tons during October 2015. The increased supplies resulted in average prices to move downward by 60% m/m, compared to the previous month when it reached R 6 311 per ton.

On an annual basis, the volumes marketed decreased by 3% y/y, compared to the same period in the previous year. Average prices however remained more or less unchanged, at R 6311 per ton compared to the same period last year.

TREND ANALYSIS OF NICHE VEGETABLE TYPES ON THE CAPE TOWN FRESH PRODUCE MARKET:

PRODUCE NAME: (in order of the highest to lowest volumes sold during this month)	**AVERAGE TONS TRADED FOR OCTOBER 2015:** *(tons)* *(A-Z)*	**CHANGE IN THE AVERAGE TONS TRADED FOR OCTOBER 2015:** *(m/m)*	**AVERAGE PRICE OBTAINED FOR OCTOBER 2015:** *(Rand per ton)*	**CHANGE IN THE AVERAGE PRICE MARKETED FOR OCTOBER 2015:** *(m/m)*
13. Cauliflower	**324**	14%	**R 3 184**	-22%
14. Baby Marrow	**120**	52%	**R 9 987**	-94%
15. Green beans	**89**	6%	**R 13 174**	-9%
16. Beetroot	**86**	16%	**R 3 034**	-12%
17. Sweetcorn	**75**	33%	**R 11 531**	-3%
18. Broccoli	**75**	-16%	**R 8 700**	21%
19. Brinjals (eggplant)	**67**	> 100%	**R 6 165**	-84%
20. Spinach	**37**	> 100%	**R 5684**	-88%
21. Hubbard Squash	**34**	> 100%	**R 2 139**	3%
22. Leeks	**20**	>100%	**R 2 557**	-89%
23. Spring Onion	**19**	23%	**R 6 574**	-23%
24. Mushrooms	**9.3**	26%	**R 46 766**	-1.8%
25. Patty Pans	**4.74**	59%	**R 11 249**	< 1%
26. Radish	**1.3**	-27%	**R 6 054**	-0.7%
27. Marrow	**1**	88%	**R 2 701**	-77%

2. NEWS CLIPS: COMMODITY MOVEMENTS IN THE INTERNATIONAL & DOMESTIC MARKET

2.1 SA AGRICULTURAL STAKEHOLDERS MEET TO DISCUSS THE CURRENT DROUGHT CONDITIONS

The persistent drought conditions experienced in South Africa caused by the El Niño are resulting in critical general water supply levels which are severely implicating the agriculture sector. The most recent effect thereof is experienced by wheat producers in the Sandveld region, and has been identified as one of the worst droughts since 1957 in the region. Some producers are estimating financial losses on dry land wheat production at approximately R3 million per every 800 hectares.

"The Swartland experienced one of the driest seasons in 75 years with less than half of the region's average rainfall measured so far. Two months ago producers were looking forward to a record harvest, but the wheat has since suffered extensive damage due to the lack of rain", reported Jeanne Boshoff of Agri Wes-Kaap/Cape.

The Sandveld is one of the main potatoes production regions in the Western Cape, thus it is important for agricultural stakeholders to be familiarise with current development pertaining to the effects of these abnormal weather conditions and the prospective implications thereof on other agricultural commodities.

Source: News24 cited in Bizcommunity, October 2015.

2.2 STATUS-QUA ON THE NATIONAL WATER SECURITY

Due to prolonged below average rainfall since the beginning of the year, drought conditions are experienced across regions in the country. The rainfall recorded by the Department of Water and Sanitation (DWS) during the month of September till the middle of October 2015 revealed that early spring has not yielded the anticipated rainfall (in summer rainfall areas) resulting in deteriorating drought conditions in some parts of our country. This resulted in water shortages in a number of water supply schemes and dams.

On 1 November 2015, drought disaster has been declared in two of the nine provinces and these were Kwa-Zulu Natal and the Free State. Drought areas such as Kwa-Zulu Natal, recorded the average dam storage capacity of the large schemes to be 69%, with three of eighteen schemes below 50% full supply capacity. It was further reported that in drought stricken areas such as the northern parts of Kwa-Zulu Natal, southern parts of Mpumalanga, and certain areas in Limpopo, North-West and Northern Cape provinces, that about 50% of the local water storage is problematic and could become critical if not managed carefully or given the continuation of adverse weather conditions.

On 13 November 2015, the declaration of disaster areas has escalated and included five out of the nine provinces.

Source: Department of Water and Sanitation, November 2015

Review of the Western Cape Dam levels

Herewith a summary of the status of the dam levels within the Western Cape. The weekly updates on the dam levels can be viewed at http://www.elsenburg.com/agri-tools/western-cape-dam-levels .

(Continues on next page)

Dams	Capacity	% Full this week (26 Oct 15)	% Full last week (19 Oct 15)	% Full 2013
Berg CMA				
Steenbras Upper	31.8	96.77	99.74	100.95
Steenbras Lower	33.9	83.26	85.74	88.76
Voelvlei	158.6	44.34	46.52	97.61
Bergrivier Dam	127.05	88.23	89.33	99.15
Wemmershoek	58.7	68.43	69.22	91.25
Breede CMA				
Brandvlei	284.3	60.19	61.07	77.51
Buffeljags	4.8	101.41	101.69	100
Lakenvallei	10.3	98.86	99.1	99.82
Roode-Elsberg	7.7	99.1	99.81	100.1
Theewaterskloof	480.2	74.84	75.75	98.52
Gouritz CMA				
Floriskraal	50.3	40.46	40.76	81.16
Kammanassie	34.8	100.3	100.61	77.97
Stompdrift	49.6	56.06	56.15	60.71
Wolwedans Dam	25.1	100.1	100.14	88.62
Haarlem Dam	4.6	100.71	100.83	100.12
OLIFANTS/DOORN CMA				
Bulshoek	4.8	63.49	64.1	95.56
Clanwilliam	121.8	83.77	85.89	98.16

Source: Elsenburg, October 2015

2.3 SADC COUNTRIES ALSO SUFFERING FROM SEVERE DROUGHT CONDITIONS

"South Africa is not the only country in the Southern African Development Community (SADC) currently experiencing severe drought conditions" - United Nations' Food and Agriculture Organisation (FAO), 2015.

According to the UN FAO statement, a combination of failed harvests in a number of SADC countries during the 2014/2015 summer combined with the effects of the ongoing drought conditions in the region could potentially create an estimated 27, 4 million food-insecure people over the next few months. Malawi, Zimbabwe and Madagascar are severe food insecure, whilst risk thereof are escalating in Lesotho; the southern parts of Angola and Mozambique. In addition, Botswana and Namibia also suffered from extensive drought earlier this year; people in these countries are not considered at the same magnitude of risk as the other SADC counterparts.

- Malawi reportedly struggled with its worst food-insecure levels in a decade as a result of destructive floods that has been followed by the current drought conditions.
- Zimbabwe's 2014/2015 summer crops harvest has declined by 50% down compared to the 2013/14 summer production season.
- The Namibian Agricultural Union indicated that the Namibian government had announced drought-aid relief to its agricultural sector. Crop farmers were being subsidised with seed and fertiliser, whilst livestock farmers were being incentivised to rather sell excess stock in order to protect natural grazing resources. Further, transport subsidies were also being paid to farmers who had found additional grazing and willing to transport livestock to these fields.

The FAO indicated that it would continue to promote and support "*the adoption of climate smart technologies for both livestock and crop production systems as a way to promote sustainable production and increased resilience among communities*" in SADC.

Source: Farmer's weekly, November 2015.

2.4 ADJUSTMENT TO THE FUEL PRICES WITH EFFECT FROM WEDNESDAY, 04 NOVEMBER 2015

Product description	Numeric adjustment (cents per litre)	Price adjustment description	Coast SA (cents per litre)
Petrol 93 ULP	22c	cents per litre **decrease** in retail price	1 175.00
Petrol 95 ULP & LRP	22c	cents per litre **decrease** in retail price	1 196.00
Diesel 0.05% Sulphur	9c	cents per litre **decrease** in wholesale price	1084.97
Diesel 0.005% Sulphur	10c	cents per litre **decrease** in wholesale price	1090.97
Illuminating Paraffin (Wholesale)	2c	cents per litre **decrease** in wholesale price	656.83
Illuminating Paraffin (SMNRP)	3c	cents per litre **decrease** in the Single Maximum National Retail price (SMNRP)	911.00
Maximum Retail Price for LPGAS	47c	cents per kilogram **decrease** in the maximum retail price	1 898.00

Source: Department of Energy, 30 October 2015.

2.5 RETAILERS WARN OF NATIONAL FRUIT AND VEGETABLE SHORTAGES

Major retailers' source 95% of their fresh produce retail basket domestically. Accordingly given the sentiment pertaining to the drought conditions, contingency plans are in place to ensure that product shortages are prevented through regular updates on prospective interruptions foreseen by suppliers.

The overall view is that the market will experience shorter supply intervals of both vegetables and seasonal fruit on the national market.

Source: Business Day Live, November 2015.

2.6 FIRST UK-GROWN SWEET POTATOES, TO BE SOLD AT ASDA

It is reported by FruitNet that the recent sweet potatoes harvest is the first successful attempt in three years by producers in the south of England in Kent, and it is mainly the result of crop innovation technologies.

A total of 3 tonnes has been lifted and has been marketed since 26 October 2015, exclusively in ASDA stores. The "UK version" of sweet potatoes which is orange-fleshed, red-skinned and not mildly sweetened is normally imported from countries such as the United States, Egypt, Senegal, Israel and the other producing regions in Africa.

Thus, provides a good indication of competitiveness in term of investment in crop innovation technologies which affects the traditional markets to which produce is supplied to.

Source: FruitNet, October 2015.

ACKNOWLEDGMENTS

The following institutions and organisations are hereby acknowledged:

Bizcommunity: www.bizcommunity.com

Business Day Live: www.bdlive.co.za

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

Department of Energy: www.energy.gov.za

Department of Water and Sanitation: www.dwa.gov.za

Elsenburg: www.elsenburg.com

Farmers Weekly: www.farmersweekly.co.za

FruitNet: www.fruitnet.com

News24: www.news24.com

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

Techno Fresh CRM: www.technofresh.co.za

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