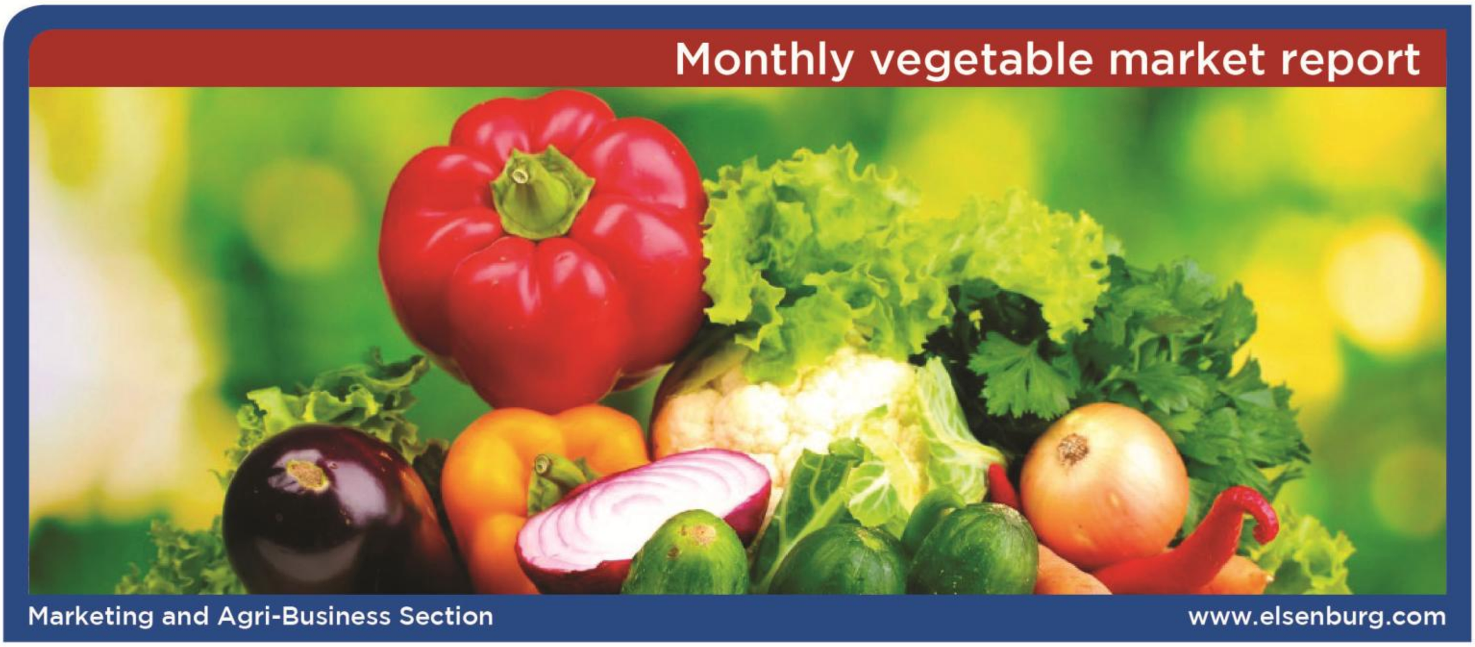
Western Cape Government
Agriculture
BETTER TOGETHER.



MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Period under review: March 2013 to March 2014

Issue: 2014/2

IN THIS ISSUE

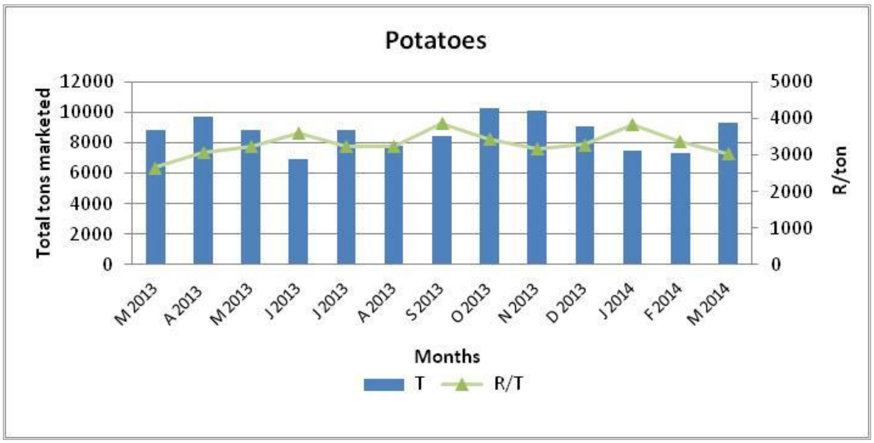
INTRODUCTION

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 vegetable 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

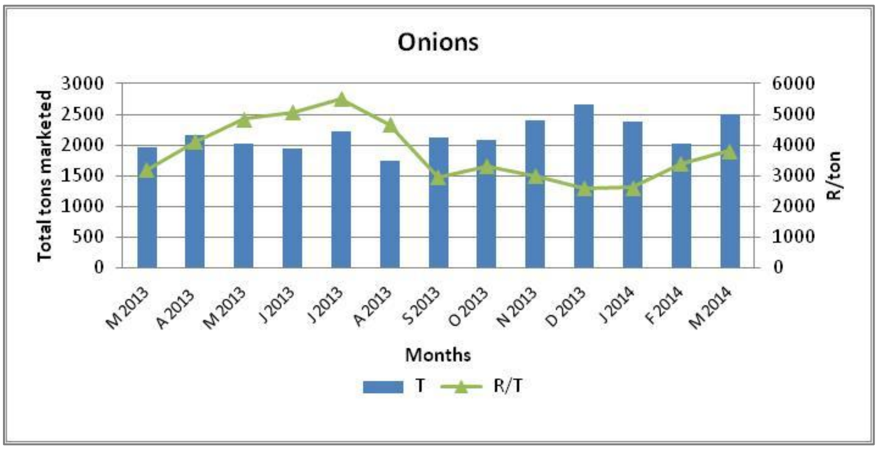


The total tons of potatoes marketed increased by 5% year to year (y/y) hence much higher prices. A 14% increase in the average price was obtained compared to the same period the previous year.

If compared to the previous month, the quantity supplied on the market increased by 27% month to month (m/m) for March 2014, which resulted in a decrease in the average price per ton. Higher surplus was obtained in March 2014 as opposed to the same period in 2013 due to the adverse weather condition experienced during February and March 2014, which resulted farmers to act timely to secure that the bulk of their produce is harvest in a marketable condition. It should however be expected that the quality of the crop is expected to be effected.

1.2 Onions

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

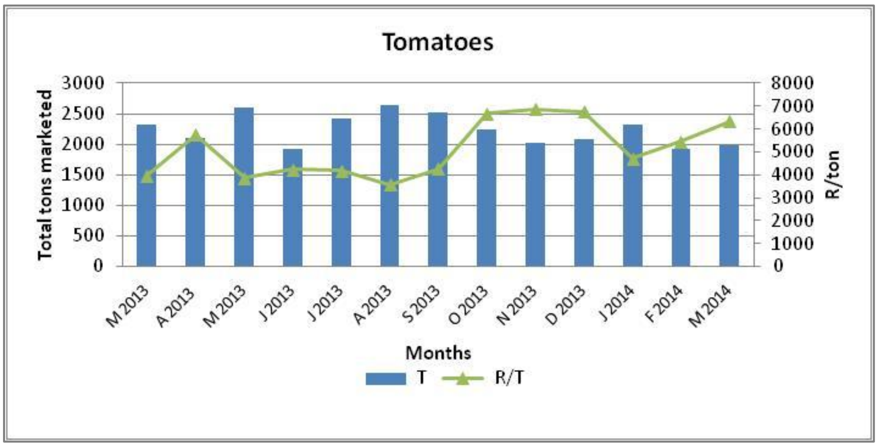


Total supplies to the market increased by 27% if compared y/y, however the average price per ton increased by 19% to R 3810 per ton compared to the same period the previous year.

In March 2014, the quantity supplied to the market increased by 23% m/m, accompanied by a price increase of 12% compared to the previous month. As mentioned in the above potatoes analysis, onions supplies have increased due to more produce being harvested to prevent any further damages and losses due to the extensive rainfall. The slight price increase could be as a result of the great demand of onions during the Easter holiday for the preparation of traditional food during this festive time, e.g. pickled fish.

1.3 Tomatoes

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

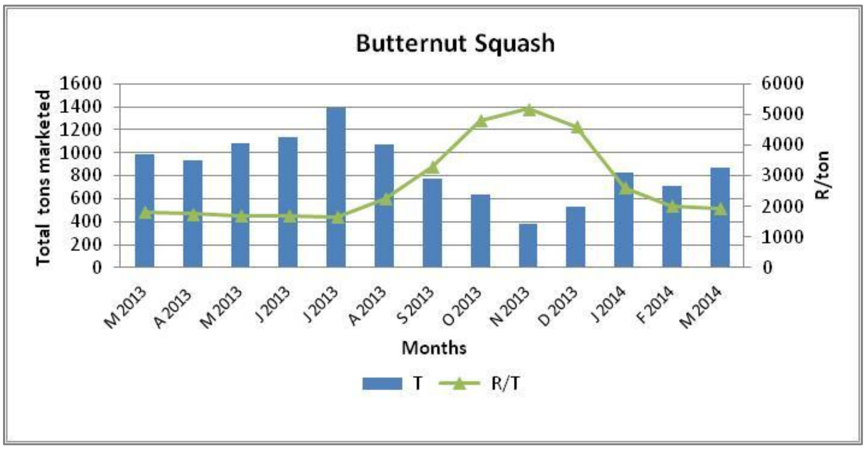


Total market supply decreased by 15% y/y if compared to the same period in the previous year. This was accompanied by a 55% y/y increase in the average price per ton to R 6330 in March 2014.

In March 2014, there was a minimal increase of 3% m/m that resulted in a 16% m/m increase in the average price compared to February 2014. Once again, the weather conditions hampered the harvesting and producers tried to curb losses to the minimum by trying to market as much possible. Since tomatoes are a very high perishable produce, lower supplies was achieved due to problems incurred with transportation which ultimately pulled prices up from the previous month.

1.4 Butternut squash

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

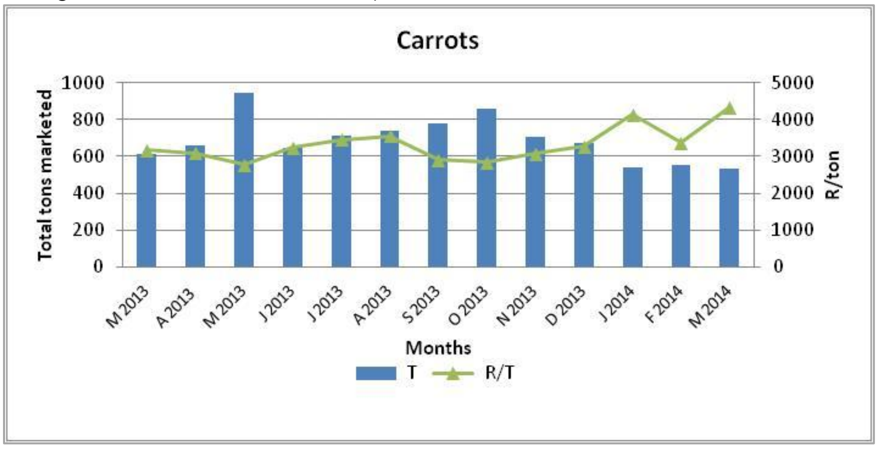


Supplies on the market decreased by 11% y/y, and resulted in a minimal increase of 8% y/y in the average price per ton to reach R 1940.

At the end of March 2014 the total quantity tons marketed increase by 24% m/m which resulted in a price decrease of 8% if compared to February 2014.

1.5 Carrots

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



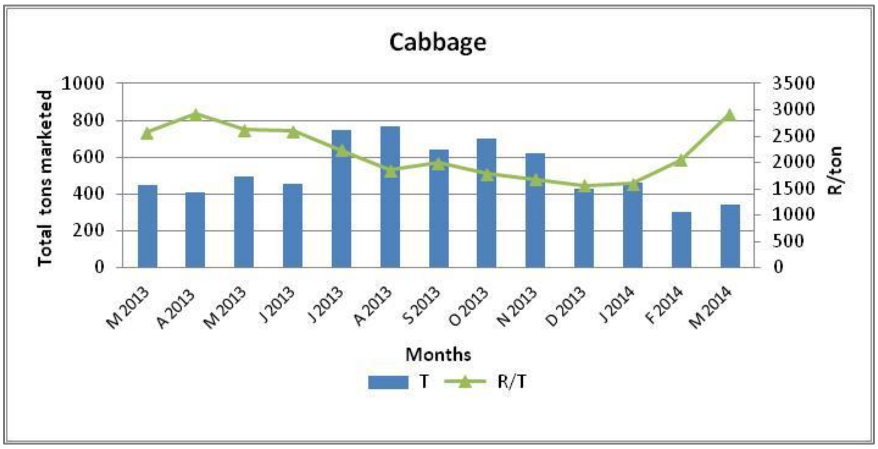
The total tons marketed decreased by 13% y/y, accompanied by an increase of 36% y/y in the average price obtained in March 2014 if compared for the same period in the previous year.

Lower supply of 3% m/m was achieved for March 2014, when compared to

February due to the interruptions experienced in the harvesting of produce due to the adverse weather. As a result the average price increased by 29% m/m to reach R 4340.

1.6 Cabbage

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

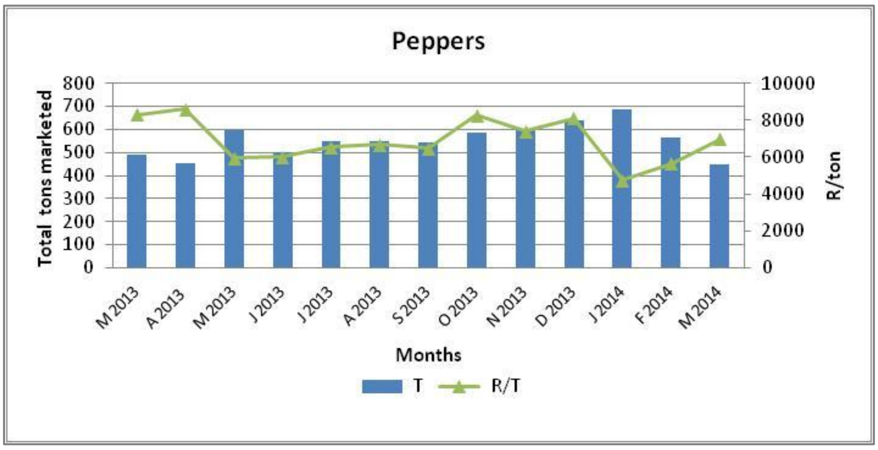


Quantities supplied decreased by 24% y/y by almost 107 tons if compared to the same period in the previous year, which is mainly attributed to the rain damage which affected volumes harvested. This resulted in a price increase of 13%.

If compared to m/m, the total supplies marketed increased by 14% in March 2014 which is much lesser if compared to the same period in the previous year. Due to the lower volumes experienced over the past two months, the average price continued to increase and has reached R 2920 per ton which is more or less parallel to the annual trend.

1.7 Peppers

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



Lesser volumes were marketed for March 2014 by 9% y/y. The average price decreased by 16% (from R 8303 to R 6980), which is much lower if compared to the same period in the previous year.

In March 2014, 21% lesser volumes were marketed if compared to the previous month, which resulted an increase of 24% m/m in the average price obtained to reach R 6980. This is once again, a downward trend experienced as a result of adverse weather conditions, which pressurised prices.

1.8 Pumpkins

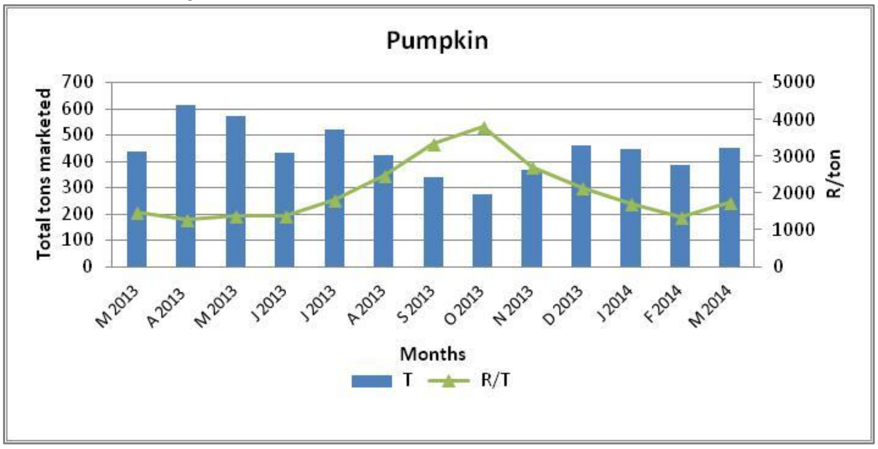
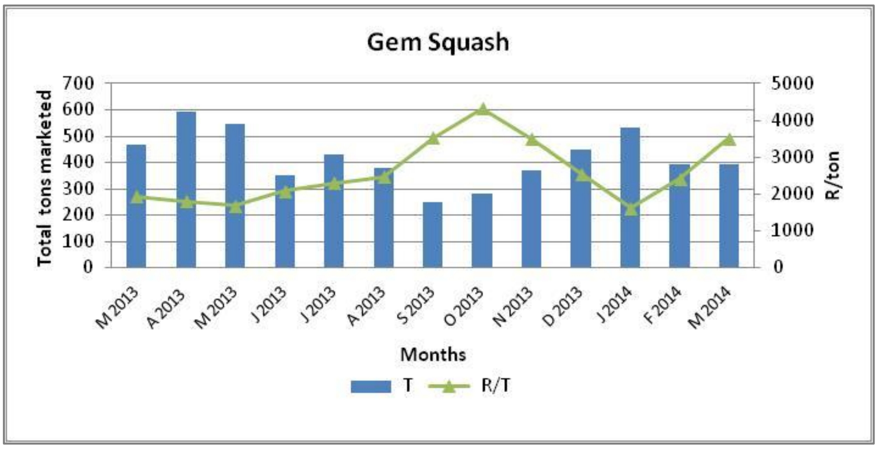


Figure 8: Pumpkin sales on the Cape Town Fresh Produce Market

Total tons marketed increased by 3% y/y and prices were 18% more than the previous year in March. If compared to the previous month, supplied quantities improved by 17% m/m and prices continued to stabilise and increase by 29% from R 1740 from R 1344.

1.9 Gem squash

Figure 9: Gem squash sales on the Cape Town Fresh Produce Market

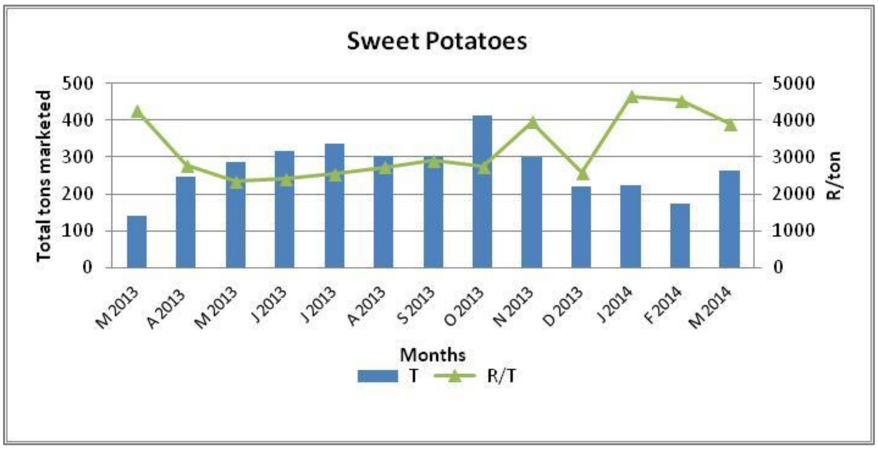


Supplies marketed lowered by 16% y/y to 392 tons, which resulted in an 82% increase in the average price obtained for March 2014 to increase from R1931to R3510.

If compared to the previous month, quantities marketed remained unchanged which pushed the average price higher by 45% to increase from R 2419 to R 3510.

1.10 Sweet potatoes

Figure 10: Sweet potatoes sales on the Cape Town Fresh Produce Market

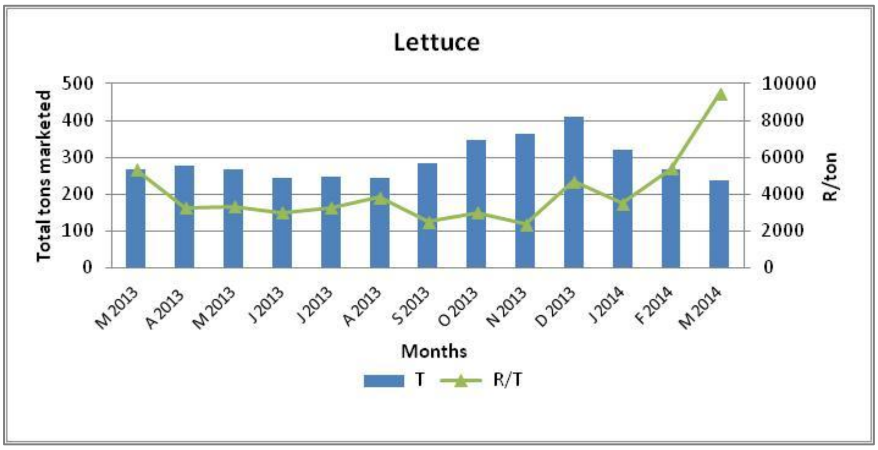


The total tons marketed for March 2014 increased by 85% if compared y/y, which resulted in a decrease in the average prices by 8% to reach R 3910 per ton.

In contrast, the volumes supplied increased by 51% m/m for March 2014 (173 tons to 261 tons), pushing prices downward by 14% m/m (from R 4530 to R 3910).

1.11 Lettuce

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



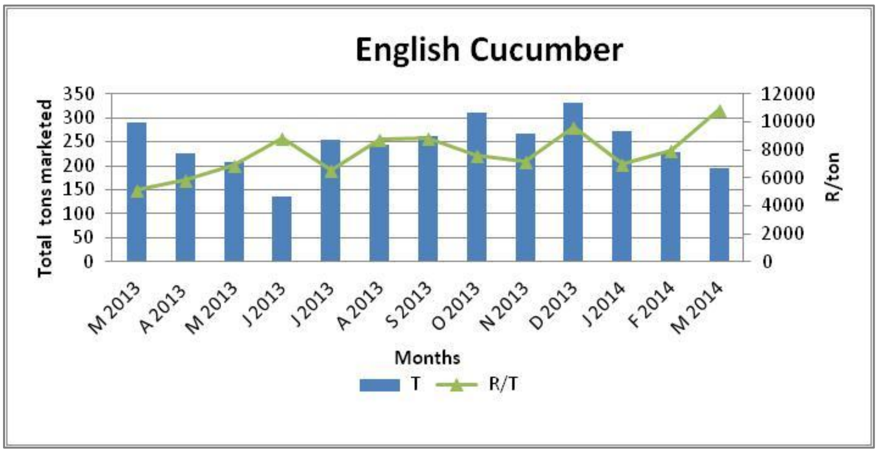
Volumes marketed decreased by 11% for March 2014 y/y for the same period in the previous year, which resulted in an increase of 78% in the average price obtained from R 5327 to R 9470.

In March 2014, the quantity marketed decreased by 11% (from 267 to 239 tons). This shift resulted in a 75% increased in the average price per ton from R 5400 to R 9470. This is once again, as a result of lower supplies experienced in the overall fresh produce market due to February and March heavy rains.

1.12 English cucumber

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

Marketed volumes decreased by 32% y/y, from 290 tons to 196 tons. Much better prices was achieved in March 2014, if compared to the same period in the previous year - average prices increased massively by 111% y/y from R 5152 to R 10980.



In March 2014, the quantity marketed decrease by 14% m/m (from 228 to 196 tons); as a result average price increased by 37% m/m from R 7963 to R 10980. This shift is also contributed to interrupted harvest tonnage obtained due to the abundant rainfall.

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

2.1 Banning of all imports of fruit and vegetables to Zimbabwe[1]

Cheaper imported produce, mostly from South Africa is been suspected to flood the local market and left Zimbabwean farmers unable to compete in the fresh produce market. As a means to act on this, the Zimbabwean government has issued a statement (directive) on the 3rd April 2014 indicating that domestic production levels are sufficient to supply in the domestic demand thereof. Hence, a decision was taken to ban all fresh produce (fruit and vegetables) imports with immediate effect.

South African export products that would be the mostly affected by this ban include tomatoes, potatoes, mangoes, grapes and apples. It is estimated that South African exports to Zimbabwe is about US$ 1 million per month. The ban is speculated to be removed when the import and export regulations have been revised to allow for a much "leveled playing field".

2.2 Shortage of potatoes in Cuba[2]

Potatoes are scarce in Cuba. The Cuban weekly 'Trabajadores' reported that the import price for seed potatoes has risen sharply and as a result only half the total area is being planted as compared to the previous year. Only 3 200 hectares have been planted in 2014 – which is 57% less than 2013 plantation of 5024 hectares. This created a window of opportunity for South African potatoes farmers to increase their marketing in the Southern Hemisphere and ensure that the Cuban market is covered.

[1] http://www.swradioafrica.com/2014/04/03/zimbabwe-food-shortage-fears-as-govt-cancels-import-permits/
http://www.freshfruitportal.com/2014/04/03/zimbabwe-bans-all-fruit-and-vegetable-imports/?country=southafrica

[2] http://www.freshplaza.com/article/119125/Shortage-of-potatoes-in-Cuba#SlideFrame_1

2.3 Extreme weather in Australia brings potato shortage and sends prices soaring[3]

(Picture source: Australian Potatoes Association)

Australian consumers are "*spitting chips*" over the rising cost of washed potatoes accompanied by reduced supply thereof. Dissatisfied customers have reported AU$ 12 price tags for 3kg bags of basic clean skin potatoes at some supermarkets. Loose potato prices at some Victorian retailers have increased by 20-30 percent from February 2014 and are expected to increase further.

The Australian summer heat wave and extreme wind experienced in early February 2014 have disrupted potatoes harvests and planting in the South Australia production hub (mostly affected the Riverland and Mallee areas). It is expected that regular supply levels which is 380 000 tonnes per annum could be restored during May or June 2014 only.

2.4 India: Curbed shipments to hurt onion exports by over 28%[4]

India is the second-largest onion producer in the world. In 2012-13 the country exported 1.8 million tonnes of onions, worth of South African R 22.94 billion. Onion exports for the 2013-2014 season has however decreased by at least 28% reaching 1.4 million tonnes from the previous year's 1.8 million ton, as mentioned. This is due to export restrictions imposed by the government which was imposed since August till November 2013 to ultimately improve domestic supply.

This took place through the implementation of a minimum export price (MEP) which was set at US $ 150 per exported tonne. This restriction resulted in the reduction in domestic prices due to the extensive supply in the domestic market. Due to this the Indian Foreign Trade removed the MEP with effect from 4 March 2014.

[3] https://www.potatoessa.com.au/february-heatwave-in-south-australia-causing-national-potato- http://www.freshplaza.com/article/119357/AU-Extreme-weather-brings-potato-shortage-and-sends-prices-soaring#SlideFrame_1 shortages/

[4] http://www.freshplaza.com/article/119449/India-Curbed-shipments-to-hurt-onion-exports-by-over-28-procent#SlideFrame_1

2.5 Local shortage of greens and other vegetables as a result of the severe weather conditions[5]

Major retailers such as *Woolworths and Pick 'n Pay* is struggling to secure sufficient stock levels of green vegetables (i.e. mostly lettuce and various leafy greens) after the heavy rains drowned seedlings, and delayed the harvest of the produce. These unseasonal weather conditions included hot weather experienced during February and March 2014.

Retailers such as *Fruit & Veg* who sourced supplies have doubled the price of the produce during the month of March 2014; as a result of the mentioned factors (also confirm the statistics in section 1 of the report for the majority of crops discussed). It also reported that other vegetable groups has also been affected by limited supply which has bring about the higher cost incurred by consumers over the past month. The retailers indicated that it would take about 3-4 weeks, till the end of April 2014 to restore supply levels and stabilise the stock level thereof. Consumers might therefore still experience high prices for a longer time.

ACKNOWLEDGMENTS

The following information sources are hereby acknowledged:

ABSA Agribusiness: AgriTrends
www.absa.co.za

Australian Potatoes Association
https://www.potatoessa.com.au

Fresh Plaza
http://www.freshplaza.com

Supermarket & Retailers SA
www.supermarkets.co.za

Techno Fresh CRM
www.technofresh.co.za

[5] http://www.supermarket.co.za/news_articles.asp?ID=4547

For more information contact:

The Western Cape Department of Agriculture
Programme: Agricultural Economic Services
Division: Marketing and Agribusiness
Tel: 021 808 5193 or alternatively 021 808 5189
Fax: 021 808 5210
E-mail: michellesw@elsenburg.com

DISCLAIMER: