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Monthly vegetable market report

Marketing and Agri-Business Section www.elsenburg.com

MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: August 2014 to August 2015

Issue: 2015/9

IN THIS ISSUE

INTRODUCTION

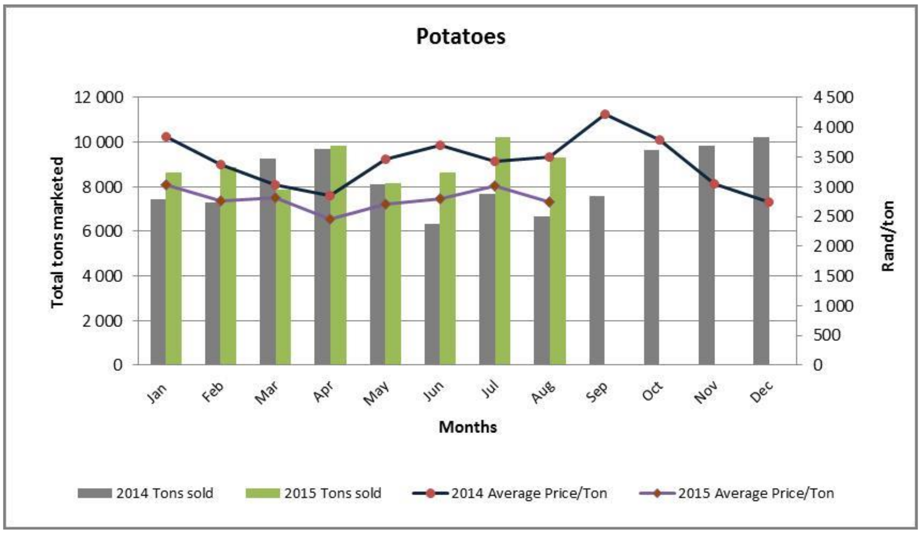
This report is a review of **selected vegetable sales at the Cape Town Fresh Produce Market,** the largest fresh produce market in the Western Cape.

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



The volumes marketed during August 2015 amounted to 9,288 tons in August 2015, a 9% m/m decrease compared to the previous month. Whilst the average price per ton was pressurised downward by 9% m/m, from R 3,018 to R 2,715.

In relation to the same period in the previous year, sale volumes increased by 39% y/y from 6,671 to 9,288 tons. This trend is in line with the national record (i.e. above normal averages) harvest figures reported by Potatoes SA for the period from January to August - *which has resulted in the national stock numbers to accumulate to more than 79,000 tons (equating to 7, 9 million [1]bags)*. The average prices obtained during August 2015 was on a downward trend, of which the Western Cape was no exception – as the fresh produce market prices decreased by 21% y/y, from R 3,500 to R2, 751 per ton.

Potatoes SA (2015) indicated that approximately 20% (equating to 100 potatoes farmers) exit production on an annual basis. However, the above average production volumes experienced in respective years as from 2000 (*except in 2002, 2005, 2009 and 2013)* is a result of technology advances in potatoes cultivar variety development which delivered higher yields and subsequently increased production volumes.

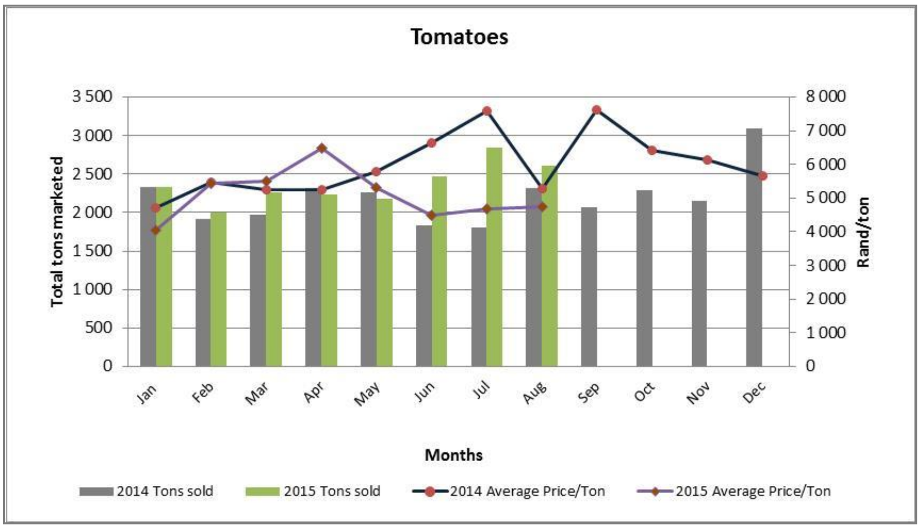
For the 2015 harvest season, the Sandveld area has planted 3,035 hectares of summer plantings and 4,431 hectares of winter plantings which amounts to 14% of the total national planting reported to the producer association (Potatoes SA, 2015). During the month of August 2015, the Sandveld area delivered approximately 150,000 to 200,000 equivalent bags to the market (Potatoes SA, 2015).

The Ceres area has already reported 1,109 hectares that will be planted in the 2016 production season, a 1% y/y decrease if compared to the 2015 production season (Potatoes SA, 2015).

[1] 1 equivalent bag of potatoes = 10 kilogram

1.2 Tomatoes

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

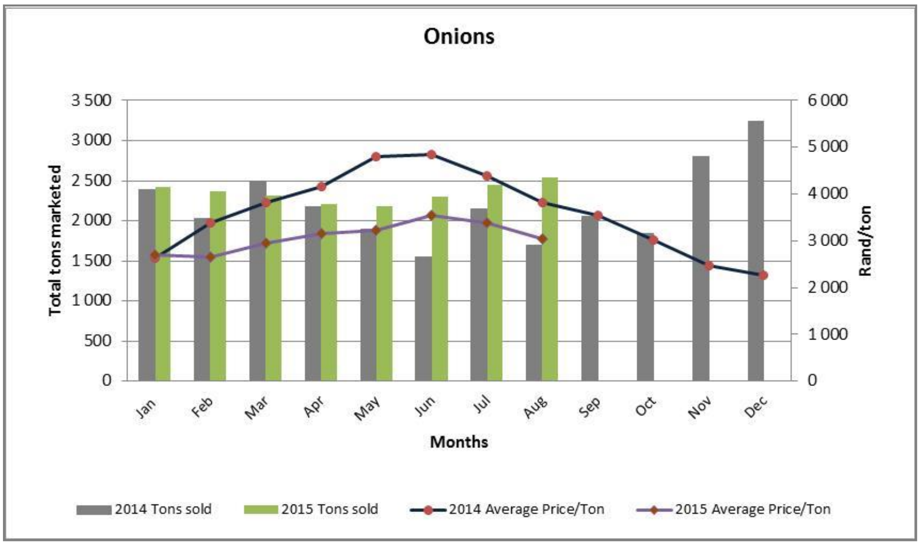


Quantities supplied during August 2015, decreased by 8% m/m from 2,842 to 2,613 tons. The movement in supplies to the market was accompanied by a 1% m/m increase in the average price per ton.

Volumes marketed increased by 13% y/y from 2,320 to 2,613 tons. The average price per ton was pressurised downward by 10% y/y to reach R 4,754 in comparison to the R 5,270 per ton in the same period in the previous year.

1.3 Onions

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



Onion volumes marketed increased by 4% m/m and reached 2,544 ton, compared to the 2,441 tons marketed in the previous month. The average price per ton decreased by 10% m/m from R 3,391 to R 3,040

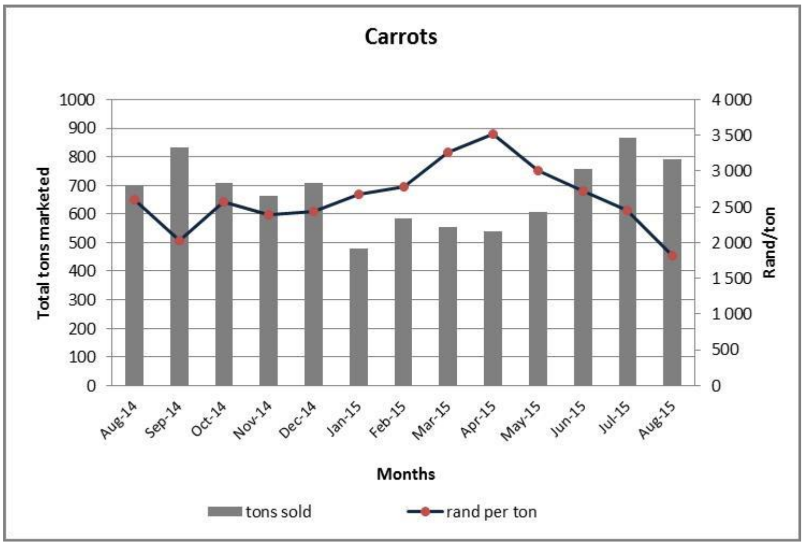
On an annual basis, the volumes increased by 51% y/y from 1,689 to 2,544 tons. Prices were pressurised downward by 20% y/y (from R 3,810 to R 3,040 per ton) if compared to the same period in the previous year.

Please note: The above graphs are more comprehensive to provide more detail as it form part of the top 3 vegetable commodities produced and traded within the Western Cape.

Should more detail be required with regards to the below commodities, information can be made available on request.

1.4 Carrots

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

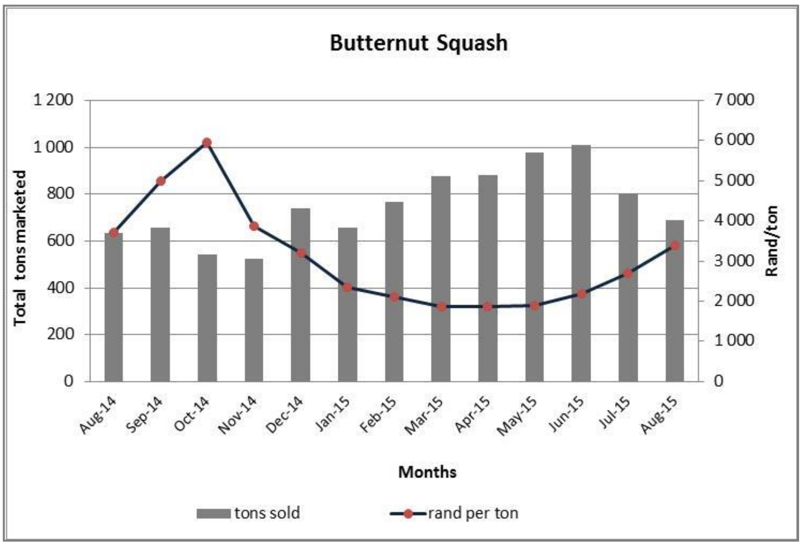


The volumes sold on the market decreased by 9% m/m and reached 790 tons, if compared to the previous month. The average price per ton has however continued on a downward trend as from May 2015, with a further decrease of 26% m/m compared to the previous month.

If compared to the same period in the previous year, the tonnage supplied to the market increased by 13% y/y. Lower prices was achieved in August 2015 reaching R 1,818 per ton.

1.5 Butternut Squash

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

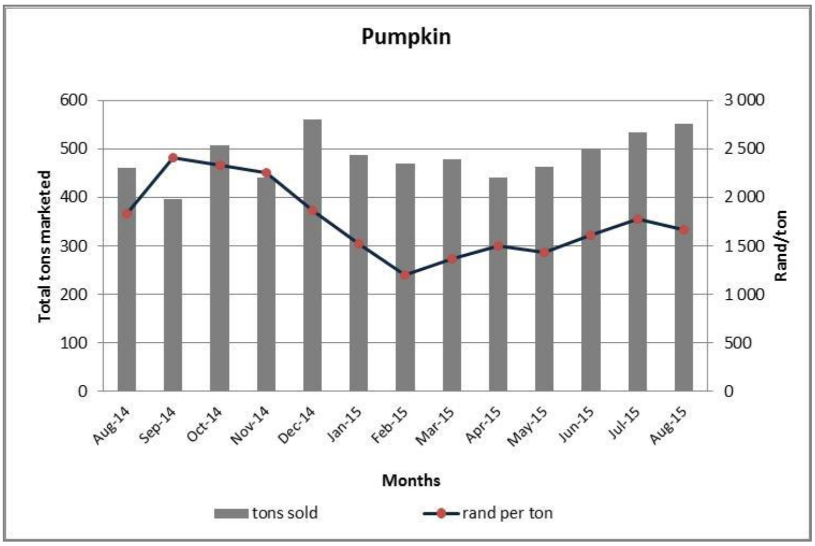


The total tons marketed during August 2015, decreased by 14% m/m to 690 tons if compared to the previous month. The decrease in supply subsequently resulted in prices which was pressurised upward by 25% m/m, reaching R 3,380 per ton.

Comparing the annual trade performance, the supplies to the market increased by 9% y/y. The average price per ton moved downward by 9% y/y and reached R 3,380 per ton if compared to the same period in the previous year.

1.6 Pumpkin

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

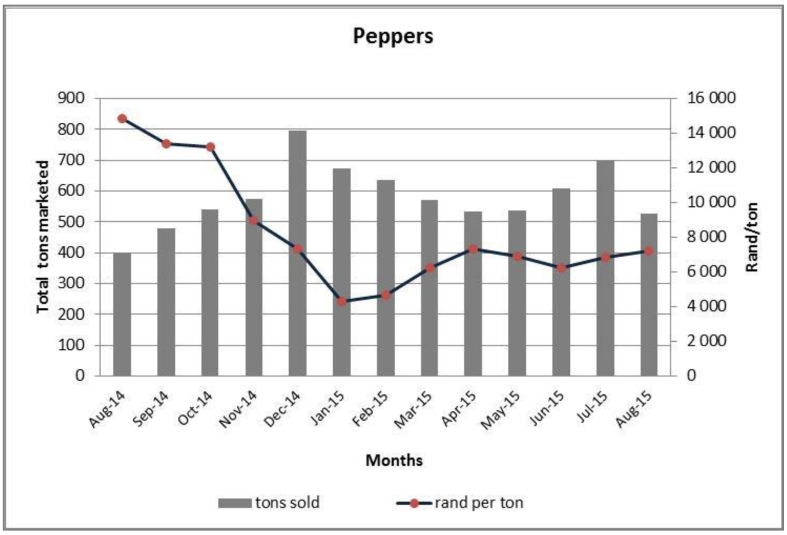


The tonnage supplied to the market increased by 3% m/m, to 553 tons. The moderate supply was accompanied by a 6% m/m decrease in the average price per ton.

On an annual basis, the volumes supplied to the market increased by 20% y/y if compared to the same period in the previous year. The average price obtained in 2015 moved downward from R 1,840 to R 1,668 per ton in 2015.

1.7 Peppers

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

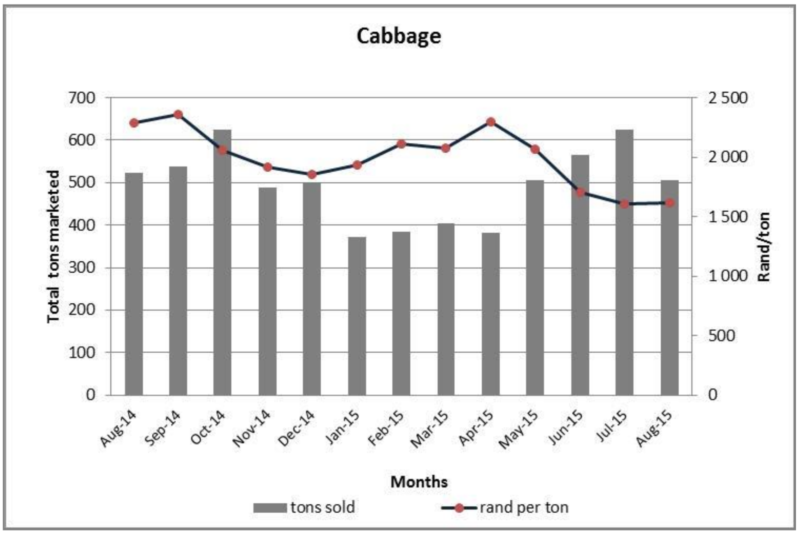


Volumes supplied to the market during August 2015, decreased by 24% m/m from 697 to 527 tons. The decrease in quantities marketed, resulted in a 5% m/m increase in the average price of R 7,192 per ton being obtained.

On an annual basis, the volumes supplied to the market increased by 31% y/y from 402 to 527 tons. If comparing average annual prices, it is evident that prices moved downward by 52% and reached R 7,192 compared to the R 14,860 obtained in the same period in the previous year.

1.8 Cabbage

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

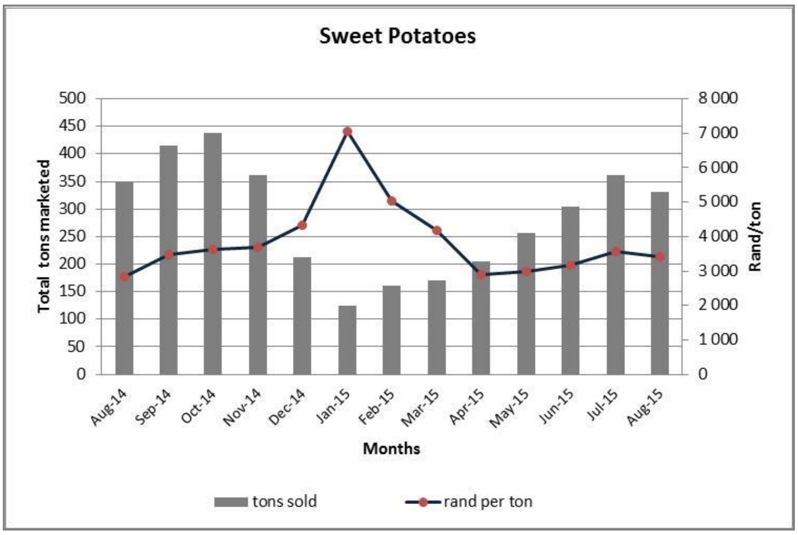


Supplies to the market decreased by 18% m/m from 626 to 505 tons, compared to the previous month accompanied by stagnant average prices.

If compared to the same period in the previous year, volumes supplied to the market increased by 3% y/y from 522 tons. The average price obtained per ton experienced downward pressure and decreased by 30% y/y moving the average price from R 2,290 to R 1,614 per ton.

1.9 Sweet Potatoes

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

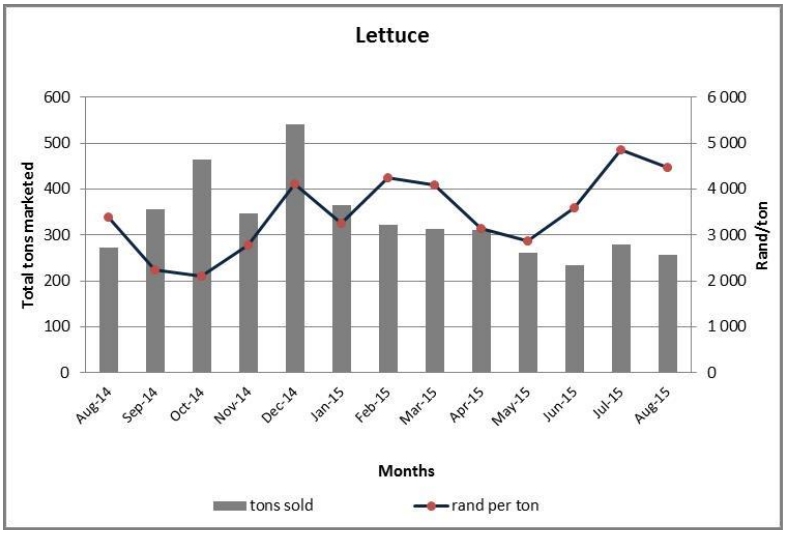


Sweet potatoes supplies to the market were 9% m/m lesser and reached 331 tons than the previous month. Average prices moved in a downward direction and decreased by 5% m/m, resulting in an average price of R 3,408 per ton.

On an annual basis, the volumes supplied to the market decreased by 5% y/y from 348 to 331 tons. This was accompanied by upward pressurised prices of 21% y/y, from R 2,820 to R 3,408 per ton.

1.10 Lettuce

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

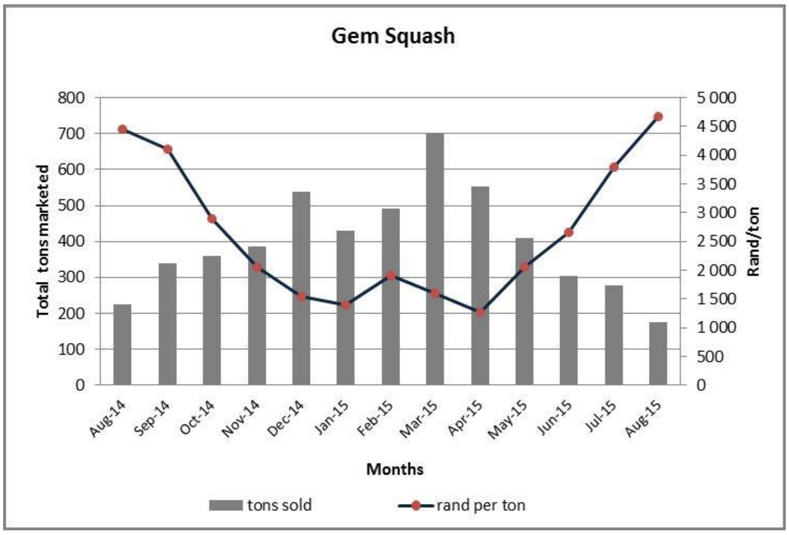


Supplies to the market decreased by 8% m/m and reached 256 tons, if compared to the previous month. The average price per ton experienced downward pressure and subsequently decreased by 8% m/m to R 4,480 per ton.

On an annual basis, the volumes supplied to the market were lesser by 6% y/y reaching 256 tons. The average price obtained per ton, increased by 32% y/y from R 3,390 to R 4,480 per ton if compared to the same period in the previous year.

1.11 Gem Squash

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

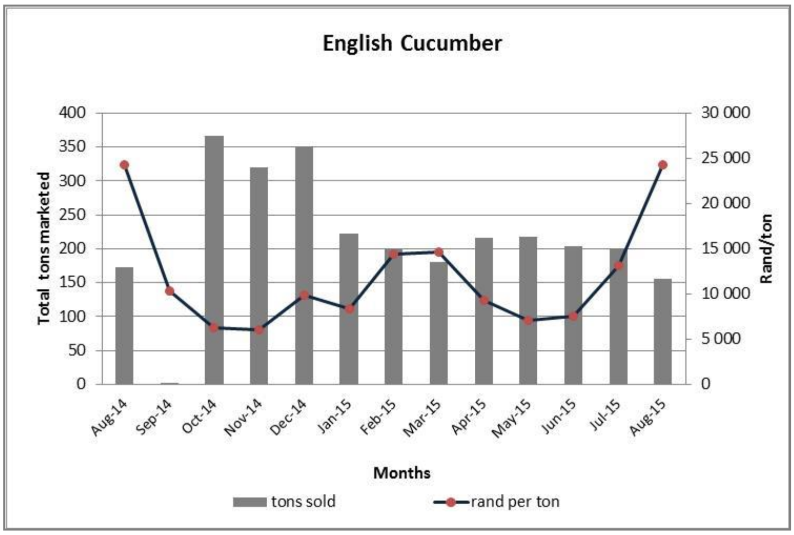


The total volume marketed during August 2015, decreased by 37% m/m reaching 176 tons. Monthly average prices however continued on an upward trend and further increased by 25% m/m reaching R 3,380 per ton.

If compared on an annual basis, the tonnage marketed increased by 9% y/y compared to the 632 tons marketed in the previous year. The increased supplies, was accompanied by average prices which moved downward by 9% y/y from R 3,720 to R 3,380 per ton.

1.12 English Cucumber

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



Supplies marketed during August 2015, decreased by 22% m/m from 200 tons in the previous month. The decrease in marketed supplies was accompanied by 85% m/m increase in the average price

Volumes decreased by 10% y/y from 173 to 156 tons, accompanied by stagnant average prices compared to the same period in the previous 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 AUGUST 2015: *(tons)* *(A-Z)*	CHANGE IN THE AVERAGE TONS TRADED FOR AUGUST 2015: *(m/m)*	AVERAGE PRICE OBTAINED FOR AUGUST 2015: *(Rand per ton)*	CHANGE IN THE AVERAGE PRICE MARKETED FOR AUGUST 2015: *(m/m)*
Cauliflower	**117**	-29%	**8082**	38%
Baby Marrow	**102**	-16%	**12,041**	54%
Brinjals (Eggplant)	**91**	-32%	**3939**	28%
Broccoli	**82**	5%	**7677**	-9%
Green Beans	**73**	-32%	**15,149**	22%
Sweetcorn	**70**	72%	**12 860**	-26%
Beetroot	**64**	-35%	**4114**	-16%
Spinach	**42**	7%	**7593**	-11%
Leeks	**28**	-35%	**2,926**	-3%
Spring Onions	**14**	-26%	**8,966**	-20%
Hubbard Squash	**5.34**	88%	**1,764**	-4%
Mushrooms	**4.185**	-20%	**51 484**	1%
Patty Pans	**3**	26%	**13,561**	-20%
Radish	**1.01**	-51%	**6,660**	16%
Marrow	**< 1**	-58%	**7,857**	>100%

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

2.1 MINOR/MAJOR VEGETABLE STAKEHOLDER MEETING FOR THE WESTERN CAPE FEEDBACK

Chemical compliance is a global issue, of which vegetables are not exempted. Due to the lack of reporting of production volumes and reporting of trade values, vegetables are deemed as a minor crop which is insufficient to for investment to pursue molecule development which is necessary to registered specific chemical products for use thereof in vegetables production.

The Department of Agriculture, Forestry and Fisheries (DAFF): Agricultural Input Control Directorate is currently addressing the matter through the use of various initiatives such as the use of exciting registrations to similar crops under the Codex crop groupings, through the assessment of trail data which can be considered to extrapolate the use of a specific registered chemical active to similar crops within the same Codex crop grouping.

In order to promote the initiative, a national producer and /or industry forum has to be established in order to channelled and address such matters. During the Vegetable Stakeholder meeting which took place on 7 September 2015 at the Olive Grove, ARC Infruitec, Stellenbosch an interim committee was nominated to represent the Western Cape. Further communication to the sector will thus be channelled through the respective parties, once finalised.

Queries related to the above matter, can be directed to Mr. Thilivhali Nepfumbada at ThilivhaliN@daff.gov.za or 012 319 6979.

2.2 Department of Trade and Industry (DTI) incentives

Manufacturing Competitiveness Enhancement Programme (MCEP):

The Manufacturing Competitiveness Enhancement Programme (MCEP) is one of the key programmes to promote Industrial growth through the enhancement of manufacturing support (i.e. agro-processing), encouraging manufacturers to upgrade their production facilities in a manner that sustains both employment and maximises value-addition in the short to medium term.

MCEP comprises two sub-programmes; namely the Production Incentive (PI) and the Industrial Financing Loan Facilities which is managed by the Department of Trade and Industry and the Industrial Development Corporation respectively.

For more information, visit the DTI website by clicking here.

The *Export Marketing and Investment Assistance (EMIA)* scheme:

EMIA develops the South African export market through the promotion of new foreign direct investment into the country. Provide marketing assistance to develop new export markets and grow existing export markets:

- to assist with the identification of new export markets through market research;
- to assist companies to increase their competitive by supporting patent registrations, quality marks and product marks;
- assist with facilitation to grow FDI through missions and FDI research; and
- increase the contribution of black-owned businesses and SMMEs to South Africa's economy.

For more information, visit the DTI website by clicking here.

2.3 Sweet potatoes: assessed to address malnutrition in Africa

A United Nations funded research project: "*A crop-based approach to address vitamin A deficiency in South Africa*" commissioned by the Agricultural Research Council (ARC) and the Medical Research Council (MRC) was able to decrease the mortality rate of children in Africa by 25% through the provision of a vitamin A capsule once every six months, in an attempt to combat nutrient deficiency. However, a much sustainable and less expensive source of Vitamin A needed to be investigated.

Hence, it was decided to develop nutrient-rich crop varieties through the use of scientific techniques or conventional breeding that will be able to provide better nutrition. For this reason 12 sweet potatoes varieties were evaluated, of which two promising varieties, Impilo and Purple Sunset were indicated to have the greatest outcome to address malnutrition as the outcomes delivered higher yield, dry mass and taste attributes. The research indicated that both varieties are widely accepted by producers and consumers. In addition, a third variety named Bophelo also indicated promising outcomes.

"*Impilo adapted well to the different growing conditions, had acceptable dry mass, good taste, medium-sized roots for market, and a good yield. However, its light orange flesh means less beta-carotene. Purple Sunset is a darker-fleshed variety, but has lower yields and less adaptability to the different growing conditions.",* as indicated by Dr. Sunette Laurie from the ARC Roodeplant, Pretoria.

What are the production and agro-processing prospects for sweet potatoes? The momentum of sweet potatoes production is increasing and the use thereof in the processing sector ranges from the production of flour to the processing of bread, muffins, crisps and other food products as an alternative for a healthier balanced diet and specifically to assist with the vitamin A deficiencies incurred all over Africa.

Click here to read the full article.

For more information, contact Dr Sunette Laurie at (012) 814 9611 or SLaurie@arc.agric.za .

2.4 Tomatoes processing facility established in the Eastern Cape

The Eastern Cape has established a concentrate processing plant at the Coega Industrial Development Zone (IDZ). The company, Cape Concentrate is aspiring to process 120,000 tons of tomatoes yearly which would amount to about 20,000 tons of tomatoes paste. This aforementioned amount indicates the orders demanded by customers which the company had to previously refuse due to its inability to supply the processed product.

The processing plant is able to process 1,000 of tons of tomatoes on a daily basis and hence the supply of primary produce to meet the demand of the processing capacity would be a key matter to fulfil by primary production going forward.

Click here to read the full article.

2.5 Small potatoes considered as an option to substitute Chinese traditional stables

China has been encouraging the consumption of small potatoes as an alternative to the traditional diet stables such as rice and noodles, due to the water scarcity. The production of the traditional stables mentioned including wheat, has been hampered and unable to meet the demand and hence alternatives are advocated.

The country is currently producing 95 million tons of potatoes which are anticipated to be increased to 130 million tons in 2020, in an attempt to mitigate the threat against food security.

South Africa's potatoes exports to China grew by 228% between 2013 and 2014, amounting to an export value of USD 82,000 for approximately 4 metric tons. An ad valorem equivalent (EVA) tariff of 13 % was applied by the China as the importing country in 2014 (Trade Map, 2015).

Click here to view the full article.

2.6 Global GAP version 5 documents

The updated version 5, Integrated Farm Assurance (IFA) Standard for Crops and in particular fruit and vegetables are available on the GLOBALGAP website.

As previously indicated, the National Interpretation Guideline for South Africa is forthcoming. The following mentioned documents are however available and can thus be accessed namely:

- Control points and compliance criteria,
- Checklist, and
- The general regulations.

Click here to view the documents, or alternatively forward an email to michellesw@elsenburg.com to request a copy thereof.

ACKNOWLEDGMENTS

The following institutions and organisations are hereby acknowledged:

Agricultural Research Council: www.arc.agric.za

Department of Trade and Industry: www.dti.gov.za

Engineering News: www.engineeringnews.co.za

GLOBALGAP: www.globalgap.org

International Trade Administration Commission of South Africa: www.itac.org.za

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

Reuters: www.reauters.com

Science daily: www.sciencedaily.com

Techno Fresh CRM: www.technofresh.co.za

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