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Monthly vegetable market report

Marketing and Agri-Business Section www.elsenburg.com

# MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Period under review: July 2014 to July 2015

Issue: 2015/8

## IN THIS ISSUE

## INTRODUCTION

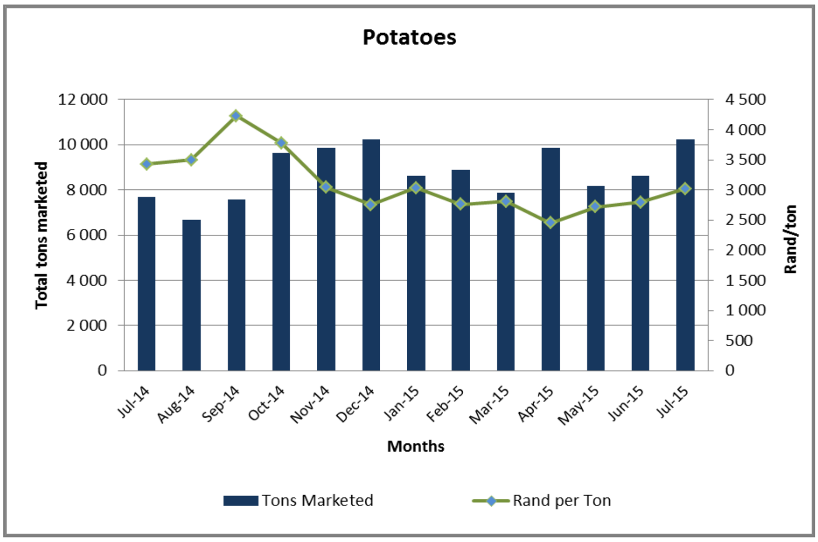
This report is a review of **selected vegetable sales at the Cape Town Fresh Produce Market,** the largest fresh produce market in the Western Cape.

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

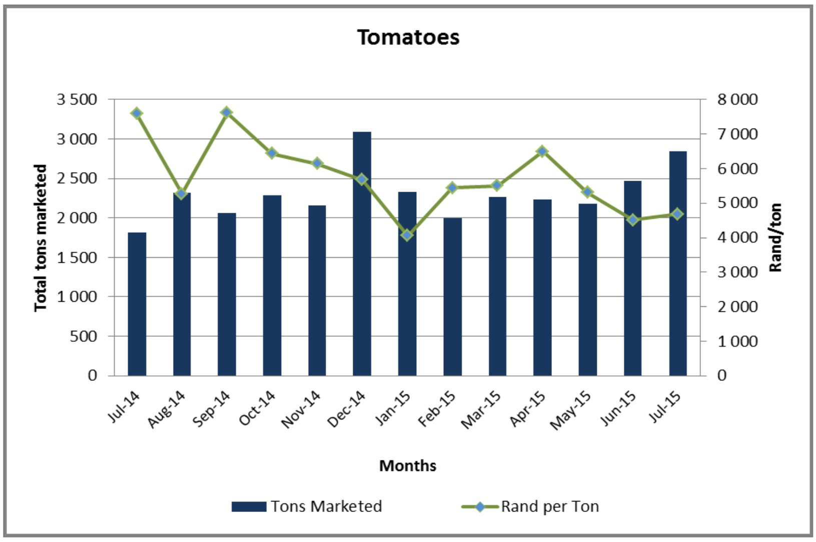



Volumes supplied to the market during July 2015 increased by 18% m/m, reaching 10 232 tons. Increased supply resulted in upward pressurised prices which increased by 8% m/m to R 3018 per ton.

Compared to the previous year, the volumes supplied to the market increased by 33% y/y (from 7691 to 10 231 tons). This resulted in the average price to decrease by 12% y/y, from R 3429 to R 3018 per ton. This movement is in line with what is occurring in the national market, increased volumes ( ~ 5.8 million 10 kg bags in July 2015) are resulted in downward pressurised prices compared to the same period in the previous year from January yo July (Potatoes SA, Jul 2015).

### 1.2 Tomatoes

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

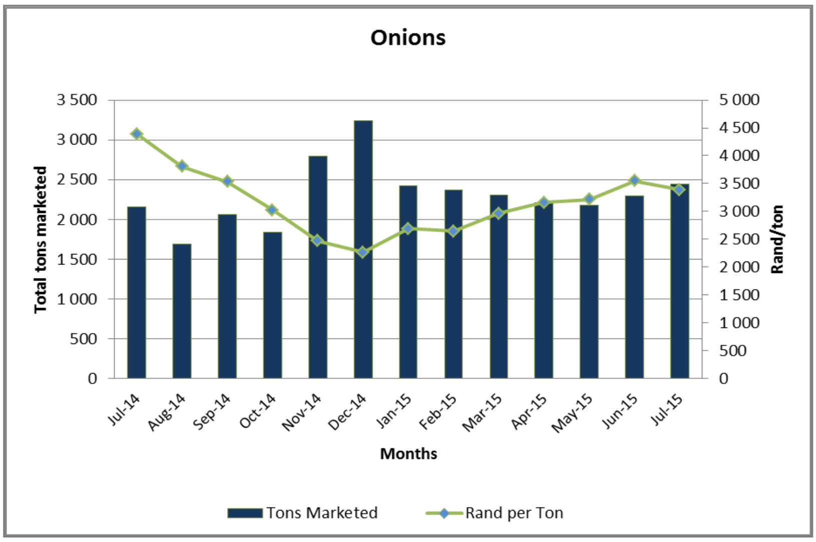



Supplies to the market increased by 15% m/m to 2842 tons, if compared to the previous month. This was accompanied by upward pressured prices which increased by 4% m/m, achieving R 4687 per ton.

On an annual basis, the volumes supplied increased by 57% y/y from 1811 to 2842 tons. Consequently, the average price obtained per ton decreased by 38% y/y from R 7586 to R 4687 per ton.

## 1.3 Onions

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

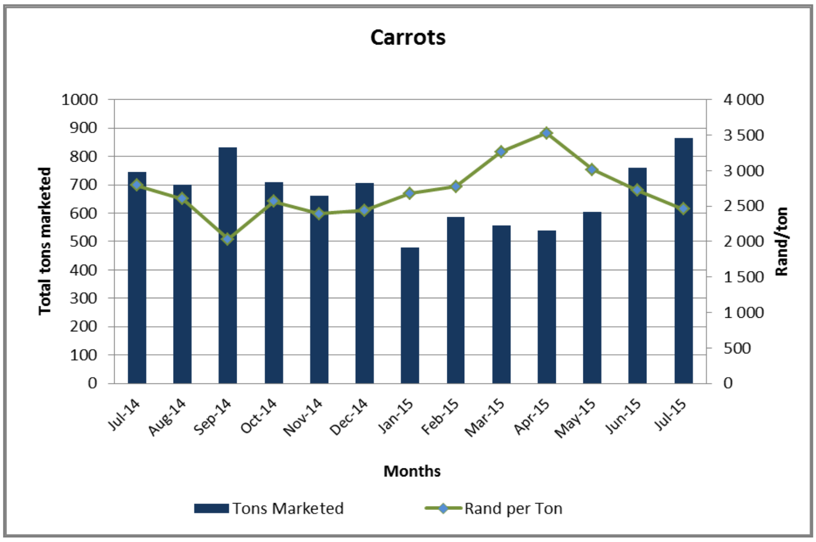



Onion volumes supplied to the market during July 2015 increased by 6% m/m, reaching 2441 tons. Increased supply pressurised prices downward by 5% m/m to R 3391 per ton, compared to the previous month.

The volumes were 13% y/y more than the same period in the previous year, amounting to 2441 tons compared to the 2153 tons supplied to the market in the previous year. This resulted in the average price per ton to decrease by 23% y/y, reaching R 3391 per ton.

## 1.4 Carrots

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

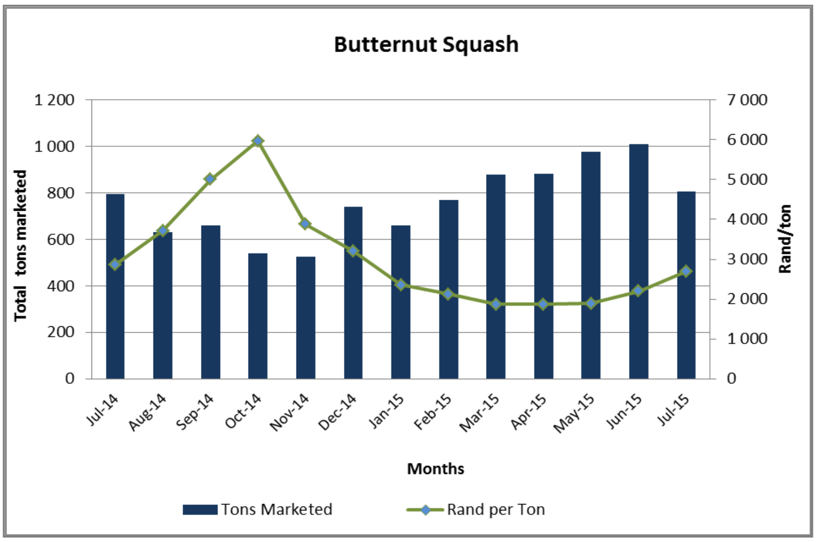



The quantities supplied during the month of July 2015 increased by 14% m/m to 866 tons, from 759 tons in the previous month. Average price per ton experienced further downward pressured and decreased by 10% m/m, reaching R 2456 per ton.

If compared to the previous year, the volumes supplied to the market increased by 16% y/y (from 745 to 866 tons). This impacted on the average price to be lesser by 12% y/y, from 2792 to 2456 tons. compared to the same period in the previous year.

## 1.5 Butternut Squash

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

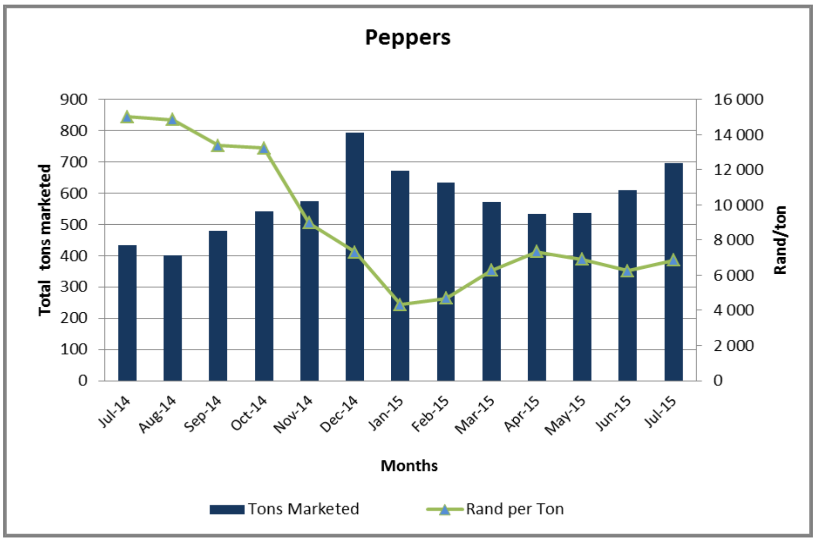



Quantities supplied to market decreased by 20% m/m and reached 806 tons, compared to the 1010 tons marketed in the previous month. The shortage in supply resulted in upward pressurised prices which increased by 23% m/m obtained R 2697 per ton.

Comparing supplies to the same period in the previous year, it remained unchanged at approximately 800 tons. Average prices obtained per ton were however lesser by 6% y/y at R 2697 per ton.

### 1.6 Peppers

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

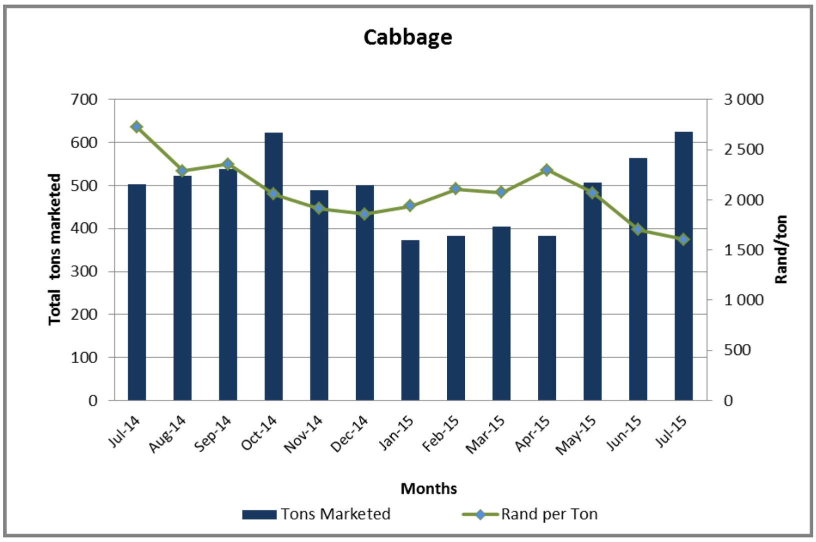



Peppers supplied to the market during July 2015, increased by 14% m/m, to 697 tons. Due to the increased demand for peppers, the average prices obtained increased by 10% m/m and reached R 6861 per ton.

Compared on an annual basis, the quantities supplied to the market increased by 61% y/y from 434 to 670 tons if compared to the same period in the previous year. Due to the significant increase in volumes compared to the previous year, average prices decreased by 54% y/y from R 15 015 to R 6 861 per ton.

### 1.7 Cabbage

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

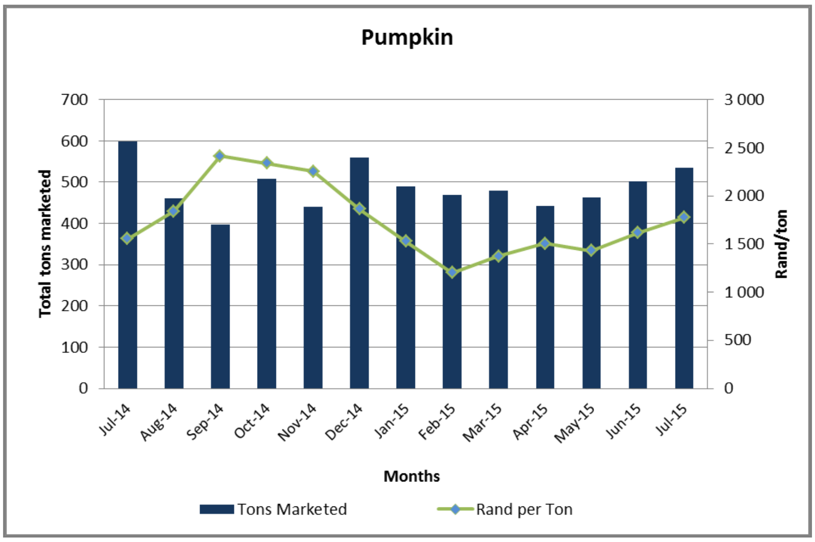



Volumes marketed increased by 11% m/m, amounting to 626 tons compared to the 565 tons supplied in the previous month. Increased supply resulted in average prices to experience further downward pressure of 6% m/m – which resulted in the realisation of R 1607 per ton.

If compared on an annual basis, volumes supplied increased by 24% y/y amounting to 626 tons. This resulted in the average price per ton to decrease by 41% y/y, from R 2725 to R 1607 per

### 1.8 Pumpkin

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

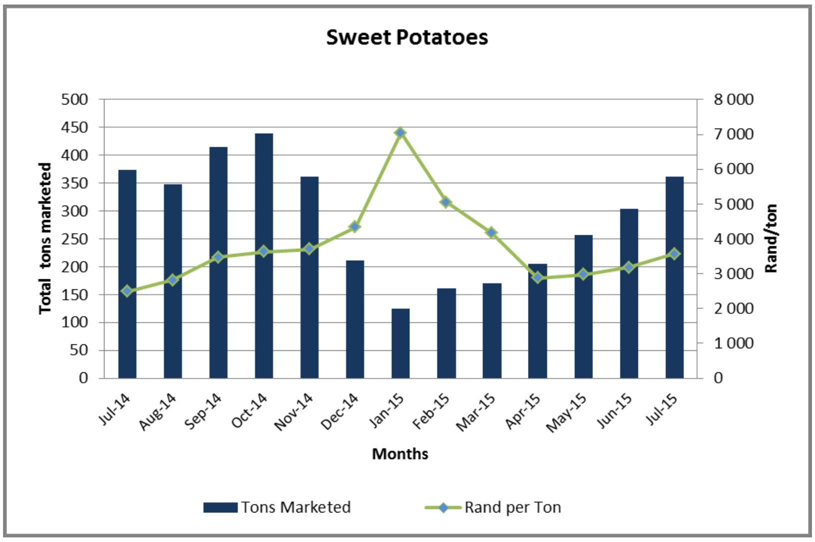



Supplies to the market increased by 6% m/m, reaching 535 tons, compared to the previous month. Regardless of the increased supplies, the average prices continued on an upward trend - increasing by 10% m/m, reaching R 1774 per ton.

Compared to the same period in the previous year, the volumes marketed on the fresh produce market were lesser by 11% m/m (from 598 to 535 tons). The average price obtained per ton increased by 14% y/y from R 1554 to R 1774 per ton.

### 1.9 Sweet Potatoes

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

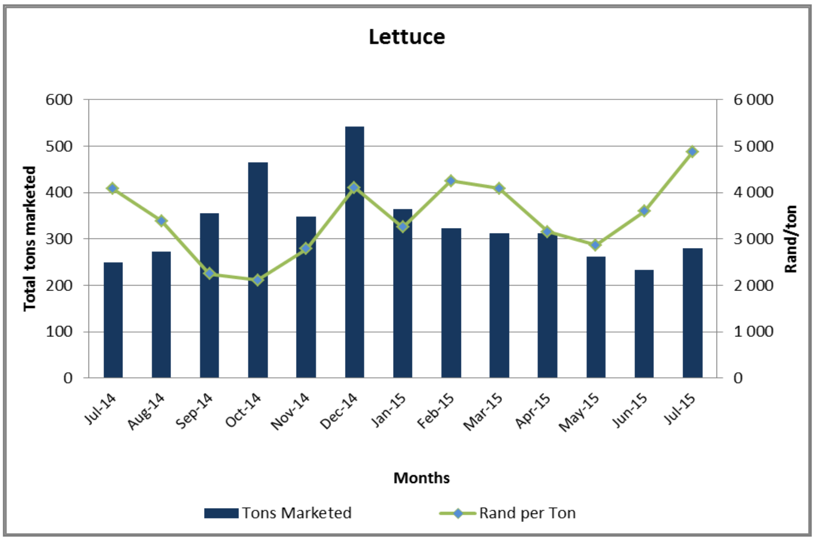



As per figure 9, the supplies to the market increased by 19% m/m from 304 to 362 tons. Due to the increased demand of sweet potatoes, the average price thereof further increased by 12% m/m from R 3181 to R 3572 per ton. Monthly average prices have been on an upward trend as from April 2015.

On an annual basis, the volumes decreased by 3% y/y from 373 to 362 tons. Demand is anticipated to have been much higher this year compared to the same period in the previous year, hence the reason prices responded indifferently in the opposite direction – increasing by 44% y/y, reaching R 3572 per ton.

### 1.10 Lettuce

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

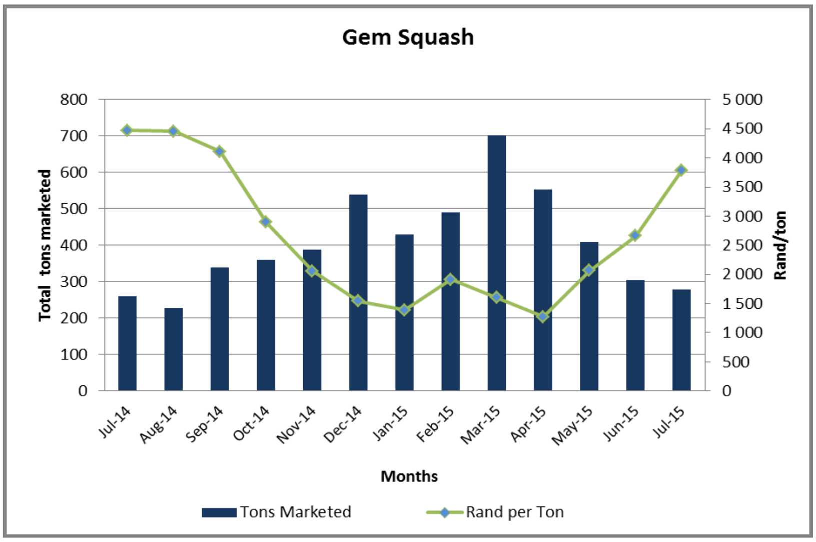



The volumes offered to the market, increased by 19% m/m reaching 279 tons compared to the previous month. Due to the higher anticipated demand, the average price obtained further increased by 36% m/m and amounted to R 4867 per ton.

If compared on an annual basis, the tonnage supplied to the market increased by 12% y/y from 249 to 279 tons. Average prices obtained were much higher by 19% y/y, compared to the same period in the previous year when it reached R 4079 per ton.

### 1.11 Gem Squash

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

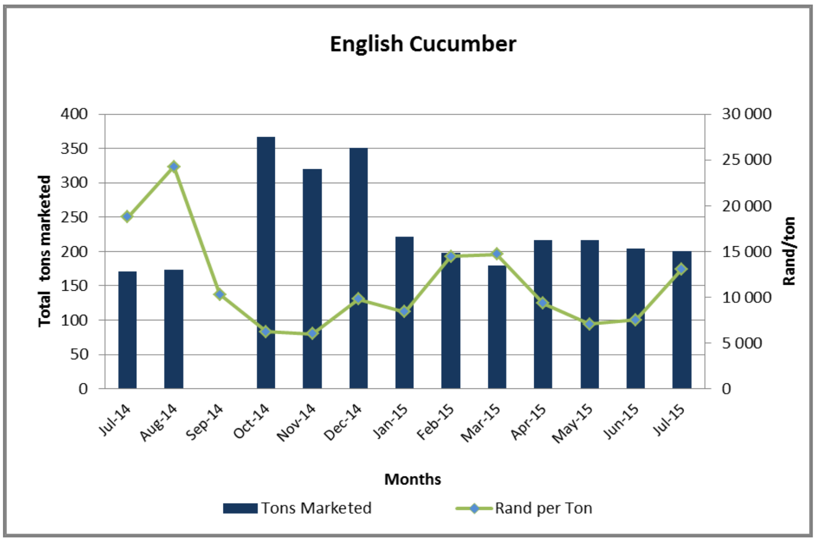



Volumes supplied during July 2015, decreased by 8% m/m amounting to 278 tons. The continued decrease in the tonnage supplied from April 2015 resulted in average prices to move on an upward trend for the remainder of the period. The 43% m/m increase in the average price could be a result of the increased demand which is not met with the current volumes supplied.

If compared to the same period in the previous year, volumes increased by 7% y/y from 260 to 278 tons. Lower average prices were obtained, which decreased by 15% y/y.

## 1.12 English Cucumber

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




Quantities supplied during July 2015 decreased by 2% m/m to 200 tons, which is relatively unchanged compared to the previous month. Average prices recovered in July 2015 and moved on an upward trend by 74% m/m, reaching R 13 087 per ton compared to R 7 519 per ton obtained in the previous month.

Compared on an annual basis, the tonnage supplied to the market increased by 17% y/y from 170 to 200 tons. Due to the increased supply, average prices was lesser by 30% y/y from R 18 742 to R 13 087 per ton. However it should be noted that the adverse weather conditions experienced in the same period in the previous year, resulting in a shortage of supply which is the underlying reason that resulted in much higher average prices obtained in the previous year compared to the current 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 JULY 2015:** ***(tons)*** ***( A-Z)*** | **CHANGE IN THE AVERAGE TONS TRADED FOR JULY 2015:** ***(m/m)*** | **AVERAGE PRICE OBTAINED FOR JULY 2015:** ***(Rand per ton)*** | **CHANGE IN THE AVERAGE PRICE MARKETED FOR JULY 2015:** ***(m/m)*** |
|---|---|---|---|---|
| **Cauliflower** | **164** | -25% | **R5 836** | 30% |
| **Brinjals (Eggplant)** | **134** | 8% | **R3 084** | 4% |
| **Baby Marrow** | **121** | 3% | **R7 794** | 9% |
| **Green Beans** | **107** | 15% | **R12 412** | < 1% |
| **Beetroot** | **98** | 94% | **R4 889** | 9% |
| **Broccoli** | **78** | 13% | **R8 463** | 6% |
| **Leeks** | **43** | -9% | **R3 024** | -11% |
| **Hubbard Squash** | **43** | 54% | **R1 832** | 35% |
| **Sweetcorn** | **41** | -30% | **R17 367** | 61% |
| **Spinach** | **39** | 6% | **R8 558** | 16% |
| **Spring Onions** | **19** | 6% | **R11 201** | -8% |
| **Mushrooms** | **5.22** | 11% | **R50 964** | 15% |
| **Patty Pans** | **2.39** | -33% | **R17 015** | 75% |
| **Radish** | **2.13** | -47% | **R5 695** | 21% |
| **Marrow** | **0.20** | -92% | **R2 157** | -75% |

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

### 2.1 INVITATION TO THE MINOR/MAJOR VEGETABLE STAKEHOLDER MEETING FOR THE WESTERN CAPE

A meeting is arranged by DAFF, ARC, CropLife and the Western Cape Department of Agriculture to discuss the progress and issues pertaining to registration of pesticides for the various minor/major vegetable crops.

An invitation is attached for information purposes. Various stakeholders will be presenting on issues pertaining to the mentioned matter. Thus, do attend to familiarise yourself with the current status and subsequent development on a first hand basis.

***Date: Monday, 7 September 2015***
***Time: 9h00 till 16h00***
***Venue: Olive Grove, ARC Infruitec-Nietvoorbij, Helshoogte Road, Stellenbsoch.***

Attendance can be confirmed with Thembisa Majola at ThembisaMa@daff.gov.za or alternatively (012) 319 7073, by latest 24 August 2015.

*Source: DAFF: Agricultural Input Control (2015)*

### 2.2 GLOBAL GAP VERSION 5 UPDATE

GLOBALGAP has recently launched an updated integrated farm assurance standard, as part of the four annually assessment through the adoption of version 5. This is mainly part of a process to continuously improve the standard and hence the latest update is reported to have been the most comprehensive to date.

Version 5, attempt to further consolidate replicating control points (*both major and minor*). It should be noted that the latest version includes a total of 218 control points. An interpretation guideline will be published in due course, which will be issued by the GLOBALGAP SA technical task team. Implementation of the latest version will be obligatory from July 2016.

*Sources: GLOBAL GAP SA Tour (2015) & Bizcommunity (2015)*

### 2.3 AMENDMENTS TO PLANT BREEDERS RIGHTS (PBR) ACT FORTHCOMING

The proposed amendments to the Plant Breeders Act of 1975 seeks to comply to provisions of the International Unions for the Protection of New Variety Convention of 1991, which attempts to extends protection to all flora genres of species. These changes propose amendments to the law relating to 'the privilege extended to farmers", which entitles farmers to use harvested seed material from protected varieties known as the "farm-saved seed" practice.

It is reported that the amendments where considered, after PBR owners expressed concerns regarding the apparent misuse of the system which led to farmers not meeting the financial obligations relating to the levies and royalties payable to PBR owners.

However, this new development relating to the PBR amendments brings about concern on the producers side as the amendments proposes that parties whom violates the PBR legislation to face criminalised through the payment of fines up to R 5 million or imprisonment for a period up to 10 years.

In addition, this would impact on farmers who would not have the means to purchase seed on an annual basis or either have a surplus which could no longer be stored for use in subsequent years, as this will be in direct conflict with the proposed changes.

Lastly, the contestation of the validity of violated claims by farmers against transnational companies (TNC's) is also foreseen to be challenging. Hence it is proposed that breaching of PBR contracts should be addressed through civil procedures such as penalties and not through criminalisation or prosecution.

*Sources: Engineering News (2015); Spoor-Fisher (2015)*

## 2.4 SPECIAL EDITION RELATING TO THE IMPORTATION OF FROZEN POTATOES CHIPS IN THE POTATOES SA: MARKET COMMENT REPORT OF JULY 2015 PUBLICATION

The importation of frozen French fries equated to 21,349 tons which tallies to an amount of 3, 5 million 10 kilogram bags in 2014. This resulted in downward pressure on South African potatoes demand, due to direct competition against cheaper imported frozen varietal produce.

Potatoes SA however indicated that varies import protection measures have been implemented over the past 7 years to date. Amongst others these include respective safeguard duties of which the latest protection of 20.45% which and effective until 4 June 2016. After which an anti-dumping duty will be enforced against frozen potatoes chips derived from Belgium at 31.34% and the Netherlands at 26.23%.

Source: Potatoes SA Market Comment (July 2015)

## 2.5 UPCOMING EVENTS

- **Potatoes SA Congress**
  *Date:* 30 September 2015 to 1 October 2015
  *Venue:* Lagoon Beach, Milnerton, Cape Town
  For more information visit www.potatoes.co.za

- **AMT Agric Outlook 2015**
  *Date:* 29 September 2015
  *Venue:* CSIR Convention Centre, Pretoria
  For more information visit www.agrimark.co.za

## ACKNOWLEDGMENTS

*The following institutions and organisations are hereby acknowledged:*

Bizcommunity: www.bizcommunity.com

Department of Agriculture, Forestry and Fisheries (DAFF): www.daff.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

Spoor-Fisher: www.spoor.com

Techno Fresh CRM: www.technofresh.co.za

**For more information, contact:**

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