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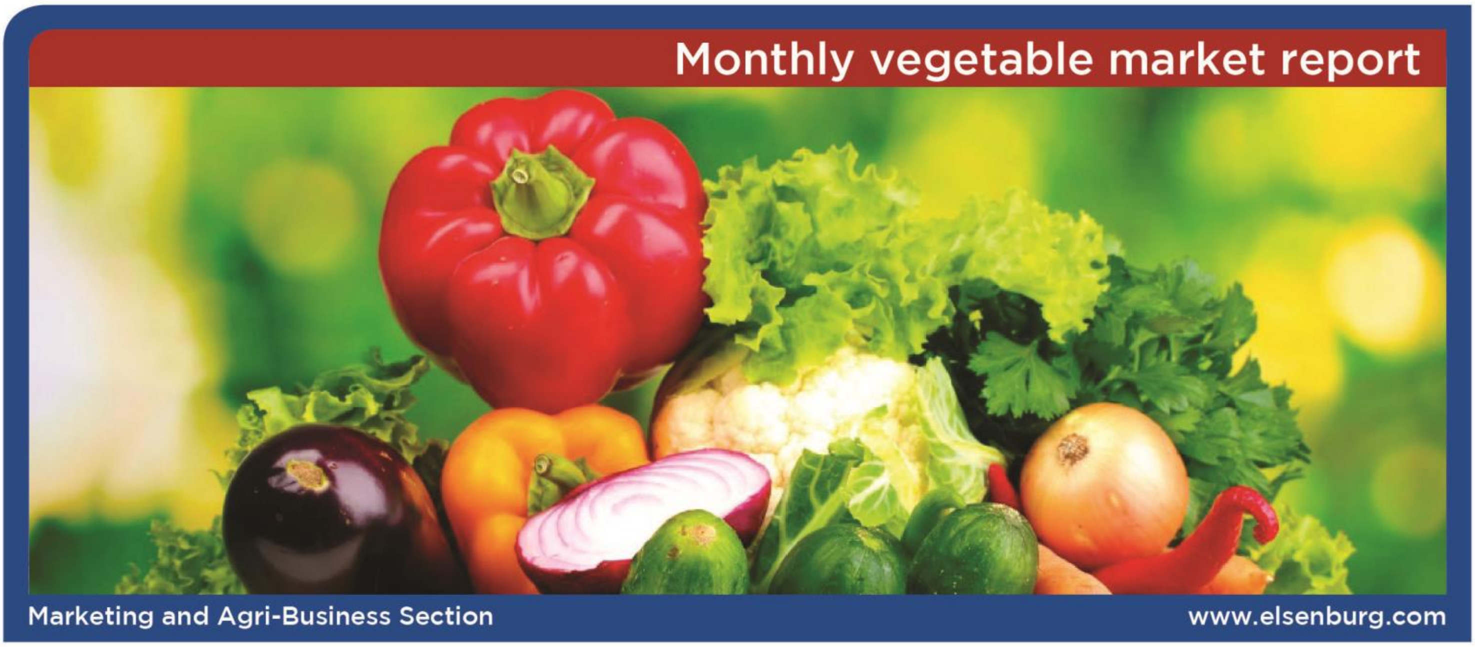


MONTHLY MARKET INFORMATION REPORT: VEGETABLES

Review period: September 2014 to September 2015

Issue: 2015/10

IN THIS ISSUE

1. Price and volume trend analysis (in accordance of the highest to lowest volumes sold during this month)

1.1 Potatoes	1.5 Carrots	1.9 Sweet Potatoes
1.2 Onions	1.6 Cabbage	1.10 Lettuce
1.3 Tomatoes	1.7 Peppers	1.11 English Cucumber
1.4 Butternut Squash	1.8 Pumpkin	1.12 Gem Squash

2. News: activities within the domestic & international market

INTRODUCTION

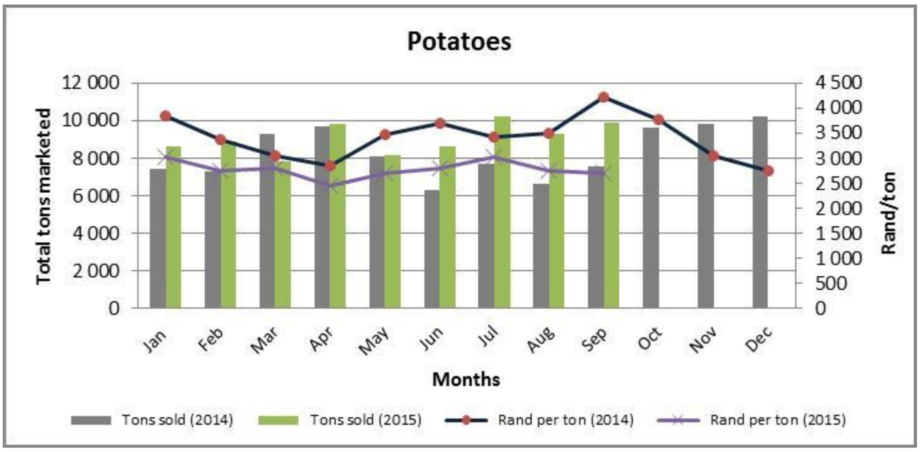
This report is a review of **selected vegetable sales at the Cape Town Fresh Produce Market,** the largest fresh produce market in the Western Cape.

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 increased by 6% m/m in September 2015, reaching 9878 tons. Whilst the increased supply resulted in a relative small decrease in the average price obtained which moved downward by 1% m/m to R 2714 per ton.

Assessing the movement on an annual basis, the volumes increased by 31% y/y if compared to the same period in the previous year. This impacted on the average prices which was pressurised downward by 36% y/y in comparison to R 4 227 obtained last year.

Potatoes SA (2015), reported that the 2015 season has produced record harvest in relation to previous years, up till the beginning of October 2015 10.9 million [1]bags (12% y/y) were marketed as from January 2015. The increased supply is mainly due to the increased hectares planted. At October 2015, 2 800 hectares more were reported to be planted in relation to last year's season (Potatoes SA, 2015).

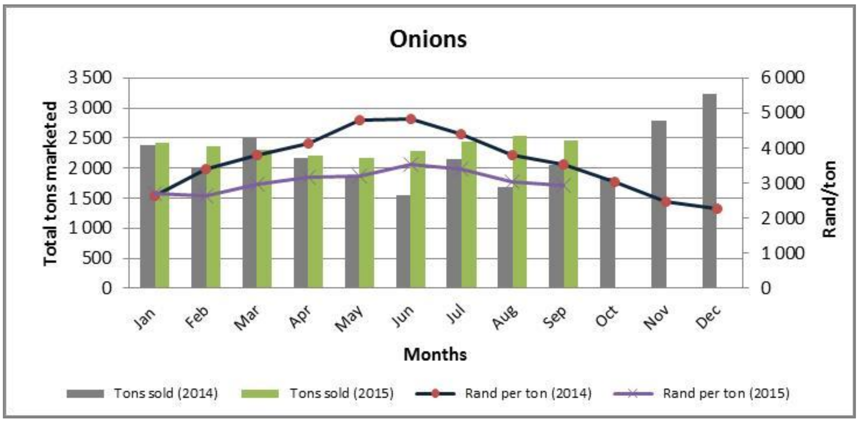
Between September and October 2015, the national supply increased and resulted in pressurised prices which increased up to R 5.75 and R 6.78 per bag in relation to the same period in the previous year. The national outlook for average prices predicts that average prices will reach a peak during October, where after prices are expected to move downward up till December 2015 (Potatoes SA, 2015).

The Ceres area reported lesser planting (1109 hectares ~ 1.3% decrease) for the 2016 season, whereas the Sandveld area reported 2797 hectares as summer planting in 2016. The total 2016 season planting has not been finalised, as some regions are still required to provide planting figures (Potatoes SA, 2015).

[1] One bag of potatoes is equivalent to 10 kilogram.

1.2Onions

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

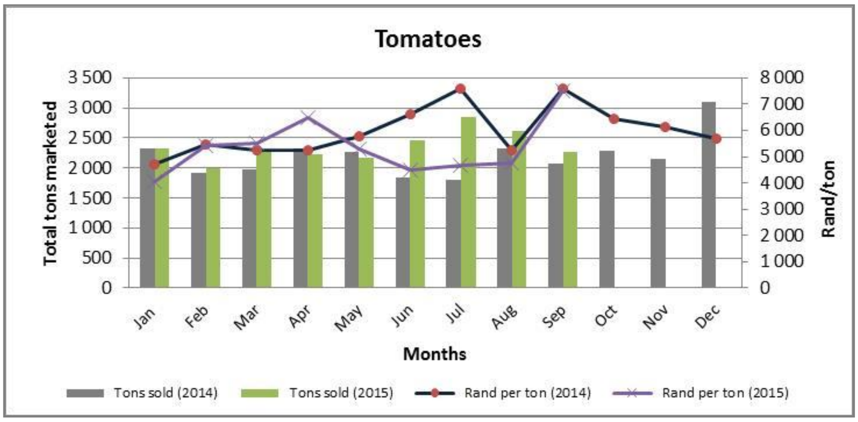


The volumes sold on the market decreased by 3% m/m and reached 2459 tons. The average prices followed suit and also decreased by 4% m/m to R 2928 per ton.

On an annual basis, the onion volumes supplied increased by 20% y/y compared to the same period in the previous year. The oversupply in average prices moved downward by 17% y/y, and escalated from R 3536 to R 2928 per ton.

1.3 Tomatoes

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

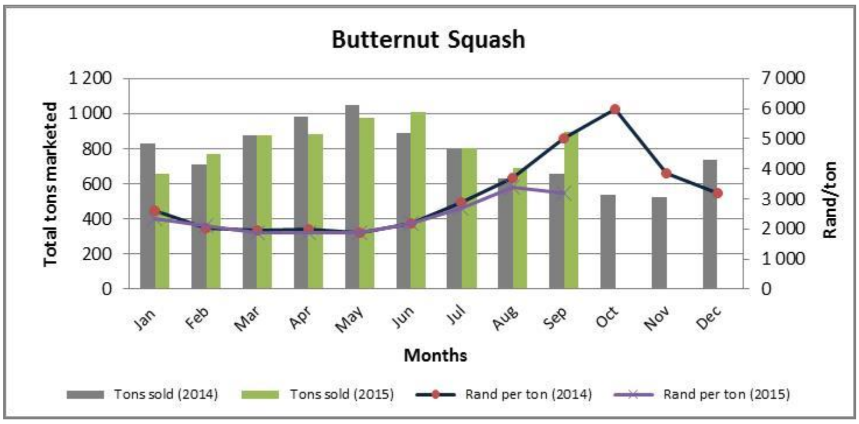


Tomatoes volumes marketed during September 2015 decreased by 14% m/m and reached 2259 tons. The shortage in supplies impacted on the average prices which moved upward by 58% m/m to R 7520, compared to R 4754 obtained in the previous month.

Volumes increased by 9% y/y, comparing the same period in the previous year. The average prices were not significantly impacted as it was lesser by a mere 1% y/y, compared to R 7610 obtained in September 2014.

1.4 Butternut Squash

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

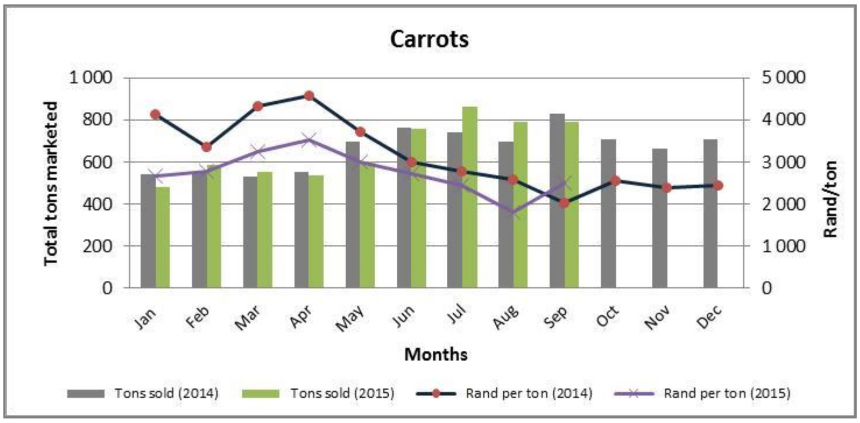


The supplies to the market increased by 30% m/m and reached 900 tons in September 2015. The increase in supply impacted on the average price as it was pressurised prices downward by 5% m/m to reach R 3 205 per ton.

If assessing the same period in the previous year, the tonnage supplied increased by 37% from 660 tons supplied in the previous year. The average prices were however significantly lower than the year before.

1.5 Carrots

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

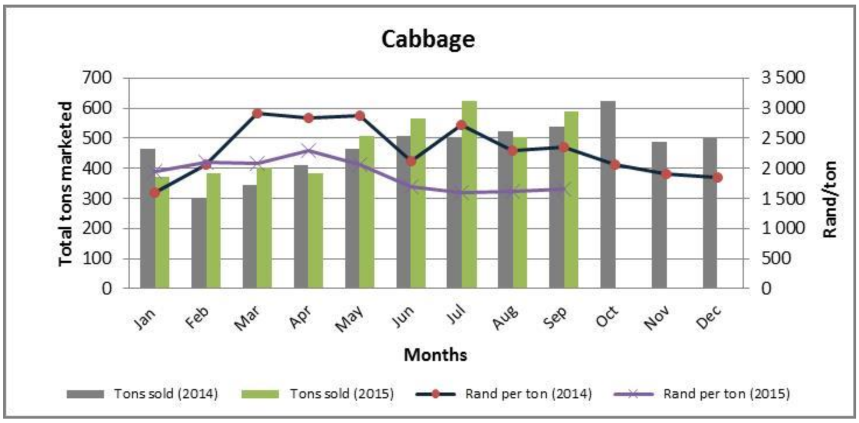


The tonnage of carrots supplied to the market during September 2015, remained stable in comparison to the previous month. The upward movement in the average price amounted to 37% m/m provides an indication that the supply of carrots did not meet the demand which was greater as anticipated.

On an annual basis, the volumes supplied to the market decreased by 5% y/y. This could have resulted in the average price per ton to increase by 23% y/y to reach R 2497 per ton.

1.6Cabbage

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

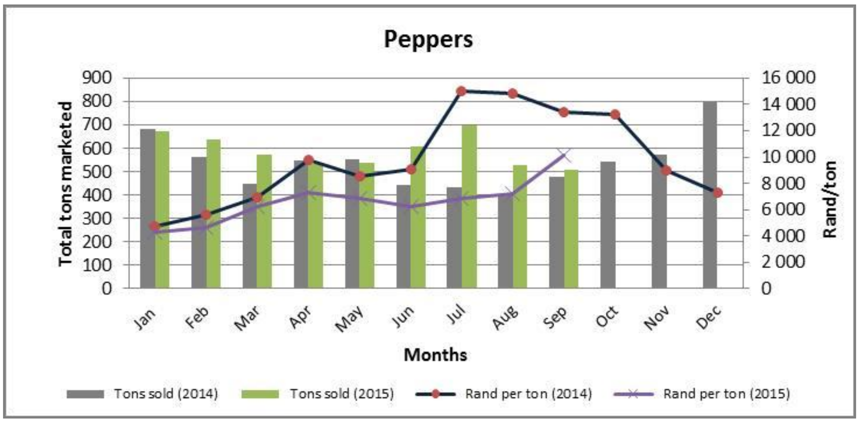


The volumes supplied during September 2015, increased by 17% m/m to 591 tons. Whereas, the average price per ton increased by 3% m/m reaching R 1656 per ton.

If compared on an annual basis, the tonnage supplied to the market increased by 10% y/y and reached 591 tons. The increased supply, contributed to a decrease of 30% on the average price per ton, from R 2357 to R 1614.

1.7 Peppers

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

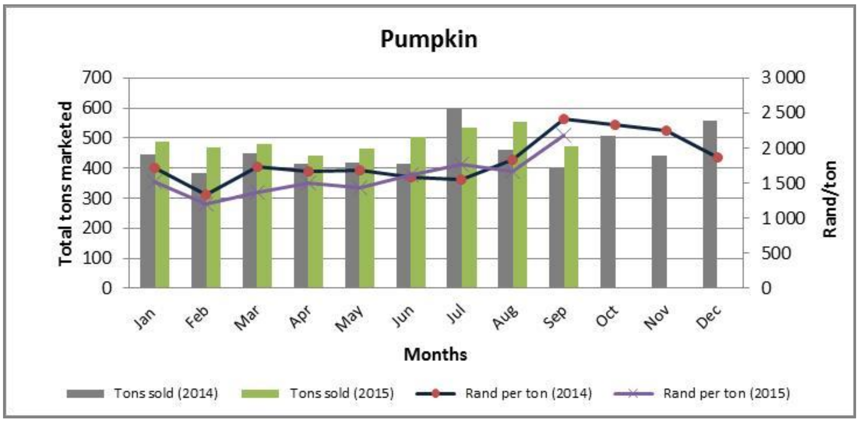


Pepper supplied to the market decreased by 4% m/m to 506 tons. The average price per ton was pushed upwards by 41% m/m to R 10 164 per ton.

Supplies increased by 5% y/y to 506 tons, if comparing the same period to the previous year. The average price obtained was however pressurised downward by 24% y/y from R13 392 to R 10 164 per ton.

1.8 Pumpkin

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

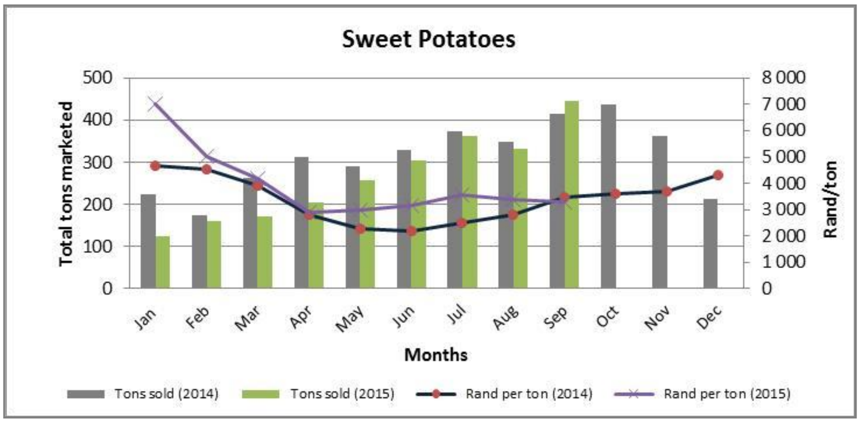


Supplies during September 2015 decreased by 15% m/m and reached 471 tons. Whilst the average price per ton experience upward pressurise which resulted in a 31% m/m increase in relation to the previous month.

On an annual basis, the tonnage supplied improved by 18% y/y to 471 tons. Whilst the average price obtain decreased by 10% y/y, from R 2413 to R 2178 per ton for the same period in the previous year.

1.9 Sweet Potatoes

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

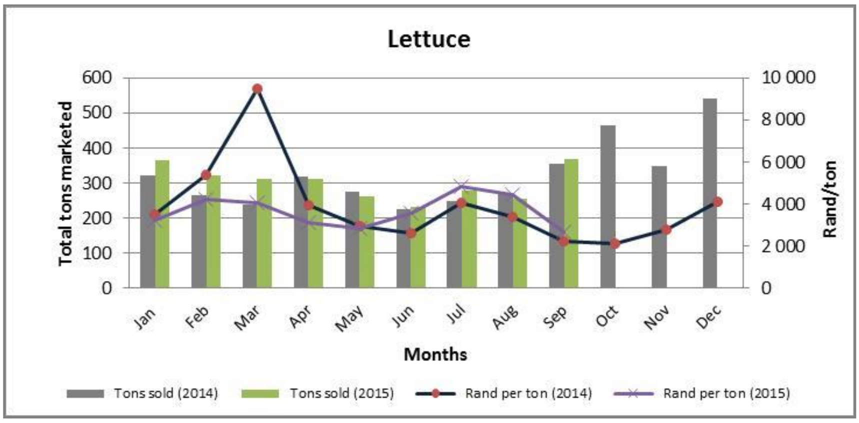


Sweet potatoes volumes supplied increased by 35% m/m and reached 446 tons in September 2015. The increased supply contributed to a decrease in the average price by 4% m/m reaching R 3283 per ton.

On the other hand, assessing the same period in the previous year indicated that the volumes supplied to the market increased by 8% y/y. The average price obtained was lesser by 6% y/y, from R 3472 to R 3283 per ton.

1.10 Lettuce

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

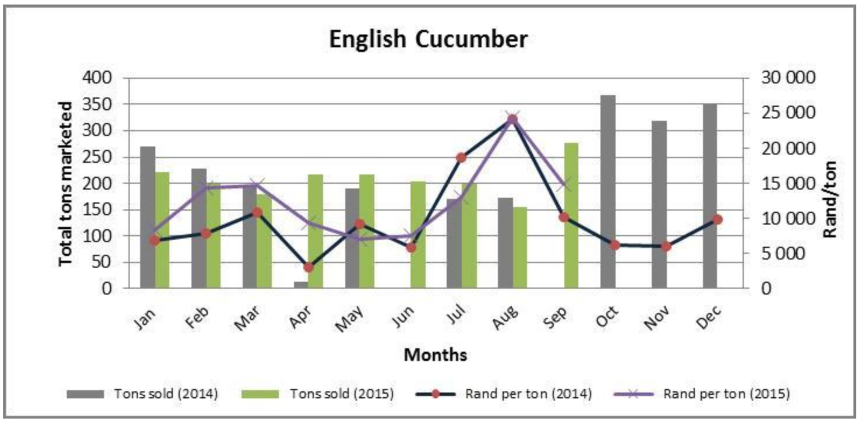


The lettuce supplies to the market increased by 44% m/m from 256 tons to 368 tons. The increased supply resulted in average prices which experienced downward pressurise of 41% m/m compared to the previous month. The average price obtained per ton, thus decreased from R 4480 to R 2669 per ton.

On an annual basis, the volumes supplied decreased by 3% y/y, whilst the average price obtained per ton moved upward by 19% y/y from R 2244 to R 2669 per ton.

1.11 English Cucumber

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

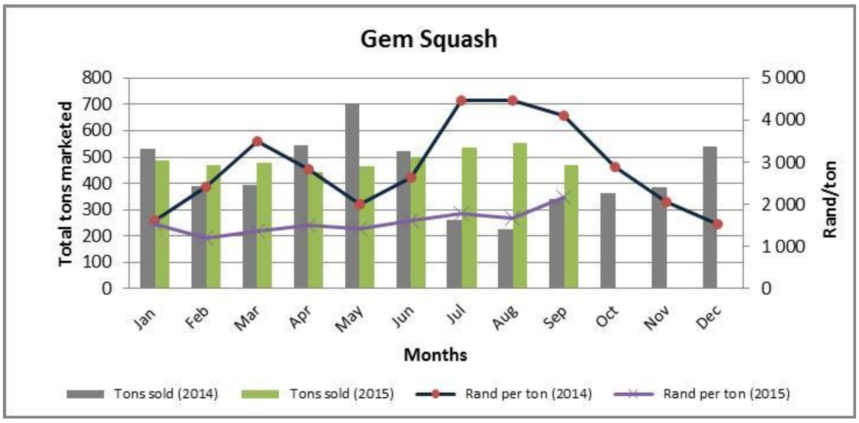


The supplies to the market increased by 78% m/mf from 156 to 277 tons. The increased supply contributed to downward pressurised average price of 39% m/m, which declined from R 24 259 to R 14 900 per ton.

On an annual basis, the volumes supplied to the market increased by more than 1000%, due to the adverse weather conditions experienced in the producing areas which contributed to the scarcity in marketable produce on the market last year. As a result, the average prices obtained in this year, was pushed upward by 45% y/y from R 10 296 to R 14 900 per ton.

1.12 Gem Squash

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



The volumes marketed during September 2015, decreased by 32% m/m from 176 to 119 tons. The shortage in supplies resulted in average prices to experience upward pressurised which resulted in an increase of 21% m/m to R 5642 per ton.

Comparing the tonnage marketed and average price to the same period in the previous year, a similar trend is experienced as volumes declined by 65% y/y from 339 to 119 tons. Whereas, the average price per ton, increased by 37% y/y as a result of the shortage in supply.

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 SEPTEMBER 2015:** ***(tons)*** ***(A-Z)***	**CHANGE IN THE AVERAGE TONS TRADED FOR SEPTEMBER 2015:** ***(m/m)***	**AVERAGE PRICE OBTAINED FOR SEPTEMBER 2015:** ***(Rand per ton)***	**CHANGE IN THE AVERAGE PRICE MARKETED FOR SEPTEMBER 2015:** ***(m/m)***
Cauliflower	**284**	< 100%	**R 4 056**	-50%
Broccoli	**89**	9%	**R 7 202**	-6%
Green Beans	**84**	15%	**R 14 391**	-5%
Baby Marrow	**79**	-23%	**R 16 777**	39%
Beetroot	**75**	17%	**R 3 448**	-16%
Sweetcorn	**56**	-19%	**R 11 912**	-7%
Spinach	**52**	24%	**R 5 993**	-21%
Spring Onions	**16**	12%	**R 8 488**	-5%
Brinjals (Eggplant)	**10**	-89%	**R 38 330**	< 100%
Mushrooms	**7.39**	77%	**R 47 604**	-8%
Patty Pans Squash	**2.98**	-1%	**R 11 250**	-17 %
Leeks	**2.85**	-90%	**R 22 925**	< 1000%
Radishes	**1.74**	67%	**R 6 095**	-8%
Marrow	**0.54**	< 100%	**R 11978**	71%
Hubbard Squash	**0.1**	-98%	**R 2 083**	18%

2.1 ADJUSTMENT TO THE FUEL PRICES WITH EFFECT FROM WEDNESDAY, 07 OCTOBER 2015

Product description	Numeric adjustment	Price adjustment description	Coast SA cents per litre
Petrol 93 ULP & LRP	2.000	cents per litre **decrease** in retail price	
Petrol 95 ULP & LRP	4.000	cents per litre increase in retail price	1 218.00
Diesel 0.05% Sulphur	53.000	cents per litre increase in wholesale price	1061.270
Diesel 0.005% Sulphur	51.000	cents per litre increase in wholesale price	
Illuminating Paraffin (Wholesale)	50.000	cents per litre increase in wholesale price	
Illuminating Paraffin (SMNRP)	67.000	c/l increase in the Single Maximum National Retail price (SMNRP)	658.828
Maximum Retail Price for LPGAS	11.000	cents per kilogram increase in the maximum retail price	1 898.00

Source: Department of Energy, 2015

Economic factors that affected the unit over/under-recoveries for the period: 28 August 2015 to 01 October 2015

"*The average international product prices of Petrol decreased whilst Diesel and Illuminating Paraffin increased during the period under review. The Rand weakened against the US Dollar, on average, when compared to the previous period. The average Rand /US Dollar exchange rate for the period 28 August 2015 to 01 October 2015 was 13.5949 compared to 12.8609 during the previous period. The weakening of the Rand against the US Dollar increased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 32.00 c/l, 30.89 c/l and 30.27 c/l respectively*". *Source: Department of Energy, 2015*

2.2 EL NÑO THREATENS AFRICAN CROP HARVESTING PROSPECTS

Poor rains were forecasted for South Africa's maize production areas due to the El Nino weather pattern, which is expected to bring more drought to already-parched southern regions in Africa and potential flooding in the east. The current weather conditions provokes severe drought in some parts of the globe whilst other parts are flooding, as well as the record temperatures are linked to the global warming outcomes.

The aforementioned is impacting the African continent which is the world's poorest continent, even more given the downfall in commodity prices which are prompted by China's slowing economic growth. In addition, Oxfam anticipates that 10 million people, mostly in Africa, face hunger because of droughts and unusual rainfall patterns caused by a "super" El Nino.

Source: Fresh plaza, October 2015

2.3 Swaziland exports 10 tonnes sweet potato to South Africa, for re-exporting purposes

Swaziland exported approximately 10 tonnes of sweet potatoes to Johannesburg during September 2015 for re-exporting to Botswana. The demand for fresh sweet potatoes increased significantly, during the months of January, October and December in Botswana of which the demand was not met. This validates the need to conduct more analysis to determine the demand of the crop and the need to commercialise it.

A value chains supply study was recently conducted by Silas Ochieng (Micro Finance Unit) which alluded to the fact that there is a growing demand for drought resistant sweet potatoes and hence the crop has received significant attention by the government and other stakeholders.

"In 2014, a project supported by the Taiwan Technical Mission achieved the following, established sweet potatoes nurseries which were 20 hectares in four regions, organised sweet potatoes block farming and planted 15 hectors in each region, totally planted 67.3 hectares, produced 2 755 bags of

sweet potatoes veins from farmers own nurseries and extended planting to 46.67 hectares", according to outcomes of the study.

Source: Fresh plaza, September 2015

2.4 Egypt exports 114,000 tonnes of onions in just 4 weeks

The Egyptian Ministry of Agriculture and Land Reclamation announced during the beginning of October 2015 that the country has exported nearly 4.5 million tonnes of vegetables and fruit so far since the start of 2015.

The Ministry of Agriculture's Central Administration for Agricultural Quarantine reported that Egypt's access to the Indian market has resulted in a considerable boost of the country's onion exports, which amounted to 114,000 tonnes in just four weeks (till end of Septembers 2015), compared to 380 in the same period in the previous year. In addition, the country also exported 634,000 tonnes of potatoes during 2015.

Egypt is also negotiating with a number of countries to open their markets to various Egyptian agricultural products, pointing out that the Chinese market received some Egyptian crops for the first time this year, and that the country is also seeking to enter other Eastern countries such as Japan, Taiwan, and Malaysia in an attempt to enhance Egypt's exports and restructure access for agricultural products in the world markets.

Source: Fresh plaza, September 2015.

2.5 Research & development partnership realises launch of new 'Morogo'-flavoured noodles

After 3 years of collaborative efforts positioned around the *potential health benefits, nutraceutical and functional food applications* of various indigenous South African edible plants – a new flavoured instant noodle containing the indigenous plant Morogo (i.e. *Amaranthus as it is scientifically known*) has been launched recently.

"The final selection of Amaranthus as the principal nutritional and flavouring agent was made following the screening of the nutrient bioavailability of various leafy green vegetables during digestion, including Cleome and Cow Pea."

The product launch was a outcome of an public-private initiative between Nestlé South Africa, the Council for Scientific and Industrial Research (CSIR), the Agricultural Research Council (ARC), the University of Fort Hare and the Department of Science and Technology (DST).

Source: Engineering News, October 2015

ACKNOWLEDGMENTS

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

Department of Energy: www.energy.gov.za

Engineering News: www.engineeringnews.co.za

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

Techno Fresh CRM: www.technofresh.co.za

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