

Bi-Weekly Trade Tracker

August 2020

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INSIGHT



agriculture, land reform
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Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

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University of Pretoria

Acknowledgement

This report was compiled by a number of collaborating researchers from the Bureau for Food and Agricultural Policy, the Department of Agricultural Economics, Extension and Rural Development at the University of Pretoria and the Department of Agriculture, Land Reform and Rural Development.

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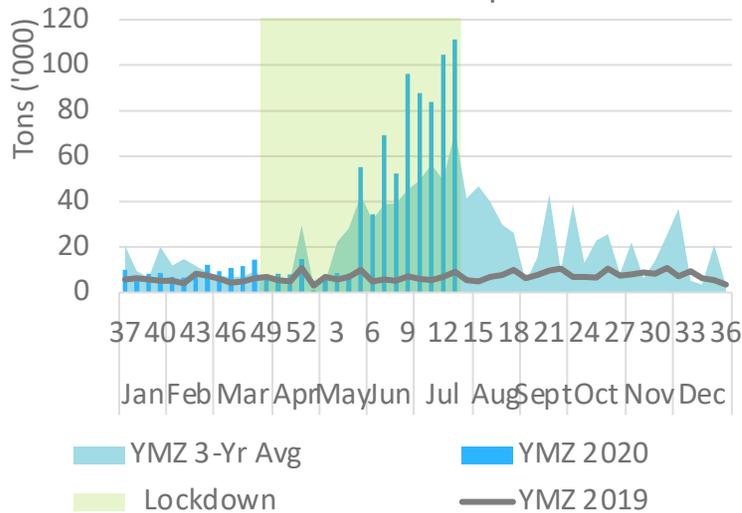
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Grains

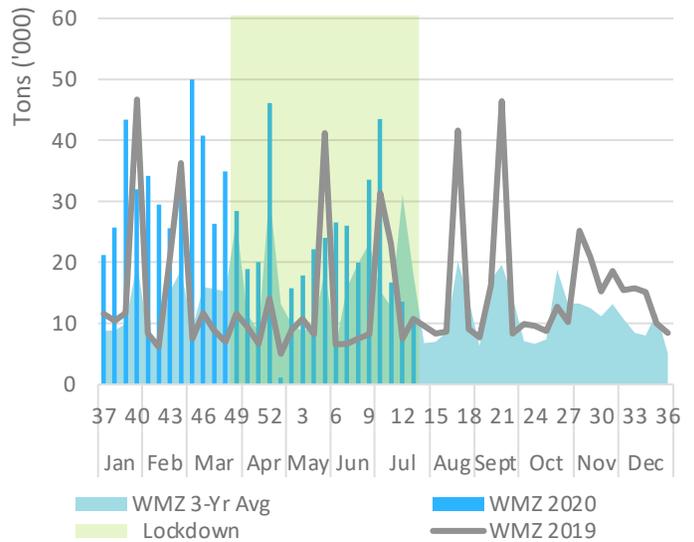
Weekly focus: Maize and Wheat

White maize exports have slowed over the past two weeks. Domestic producer deliveries continue to gain momentum, but export prospects into the Southern African region have declined. Demand levels in many importing countries have weakened, as continued actions to curb the spread of COVID put consumer incomes under increasing pressure. At the same time, above average harvests in Zambia and Malawi has increased the supply of affordable maize into the region and prices have declined sharply. While white maize exports have slowed, domestic processing demand has increased in recent months.

Yellow Maize Exports



White Maize Exports



Contrary to white maize exports, yellow maize exports have gathered significant momentum in recent weeks. This follows production of the second largest crop on record, which will yield an exportable surplus of 2.8 million tonnes, 1.7 million of which will likely be yellow maize. The sharp decline in Southern African maize prices suggests that South Africa may export more yellow maize into the global market, with some white maize taken up by the domestic animal feed sector, as well as increased demand for maize meal as a result of consumer incomes coming under pressure.

Wheat imports have slowed substantially through July and over the past 2 weeks have been well below the three year average. Combined with increased maize processing volumes, this would suggest that consumer spending is tending towards maize meal, which is relatively more affordable than wheat products – where import parity based prices remain high due to the weak Rand exchange rate.

Wheat - Imports

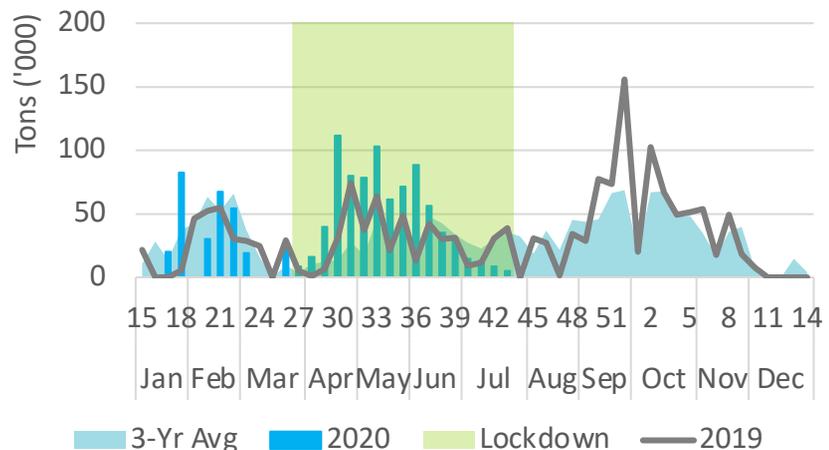


Table 1: Trade Summary – Past 15 weeks (lockdown period)

	April – July 2018	April – June 2019	% Y-O-Y	April – July 2020	% Y-O-Y
White maize	241577	217 424	-10%	384 957	+77%
Yellow Maize	934 898	110 093	-88%	757 441	+588%
Wheat	577 948	496 301	-14%	819 756	+65%

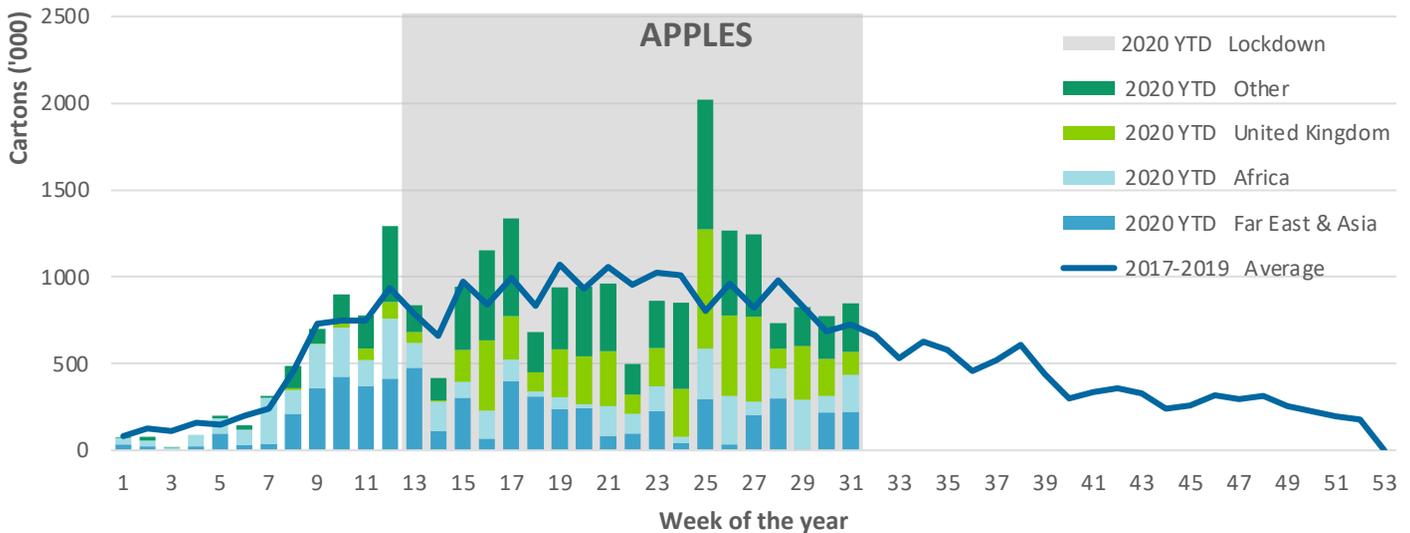
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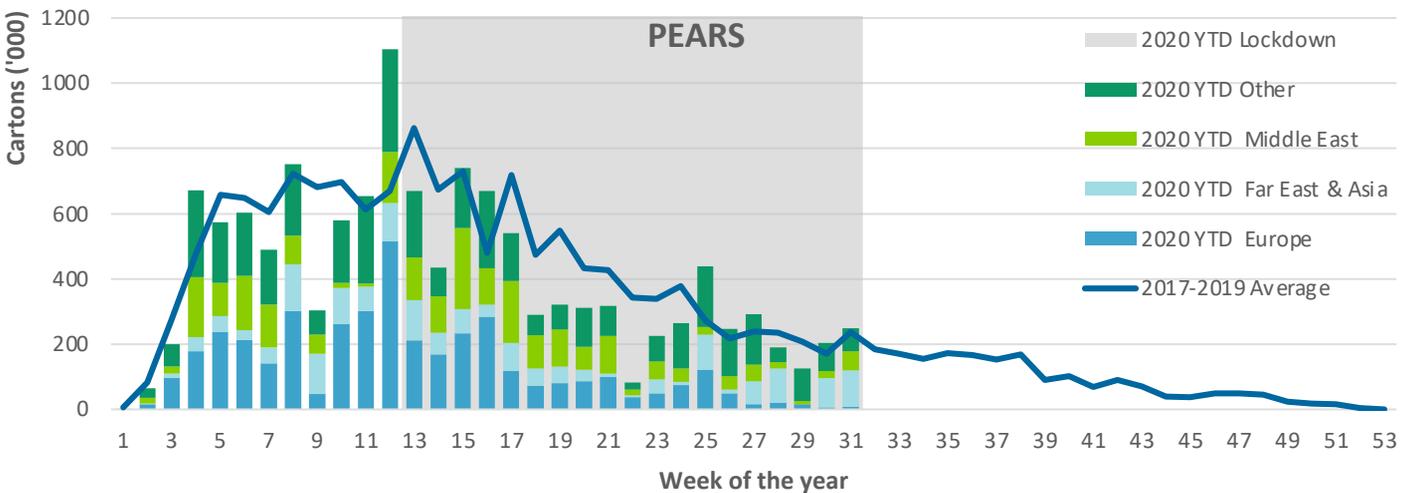
Horticulture

Weekly focus: Pome Fruit

The impact of Covid-19 can be observed across the pome fruit value chain, from the tail end of the harvesting during the hard lockdown at the end of March and in April, to the positive cases in the packhouses and the serious congestion at the Cape Town harbour. By week 30, the year on year growth in apple exports are 7%, whilst pear exports decreased by 7% year on year. With the vast majority of pome fruit shipped from Cape Town, the delays in the harbour resulted in the rerouting of some containers to Port Elizabeth as an alternative. This resulted in additional trucking expenses, but was necessary in order to load fruit onto ships within the timeframe set for inspected fruit and to deliver on agreed programs. By week 25, there were 10 vessels anchored, awaiting offload and onload, with an average waiting time of 339 hours per vessel (14 days) in Cape Town. Due to this congestion and the interventions to mitigate the situation, the weekly exports trend have been more erratic.



On the market side, the pandemic also impacted purchasing power and logistics, resulting in a deviation from the typical markets for pome fruit. For apples, exports to markets in Africa and Far East & Asia show a 12% and 19% decline YTD respectively, compared to 2019, with shipping to Russia (+171%), Europe (+23%), UK (+23%) and Middle East (+21%) increasing as a result. Similar observations apply to pears, although volumes to Europe declined by 10%, with exports to Russia increasing by 14% when compared to 2019. Other shifts in pear export markets observed are lower volumes to Far East & Asia (-33%), USA & Canada (-20%) and Africa (-10%), with increases in pear exports to the Middle East (+9%) and the UK (+20%).



Highlights:

- The economical impact of the Covid-19 pandemic on different countries resulted in deviation from typical markets
- Pear markets worldwide under pressure
- Port capacity and efficiency remains under pressure as a result of lower staff complement and adverse weather conditions

Source:



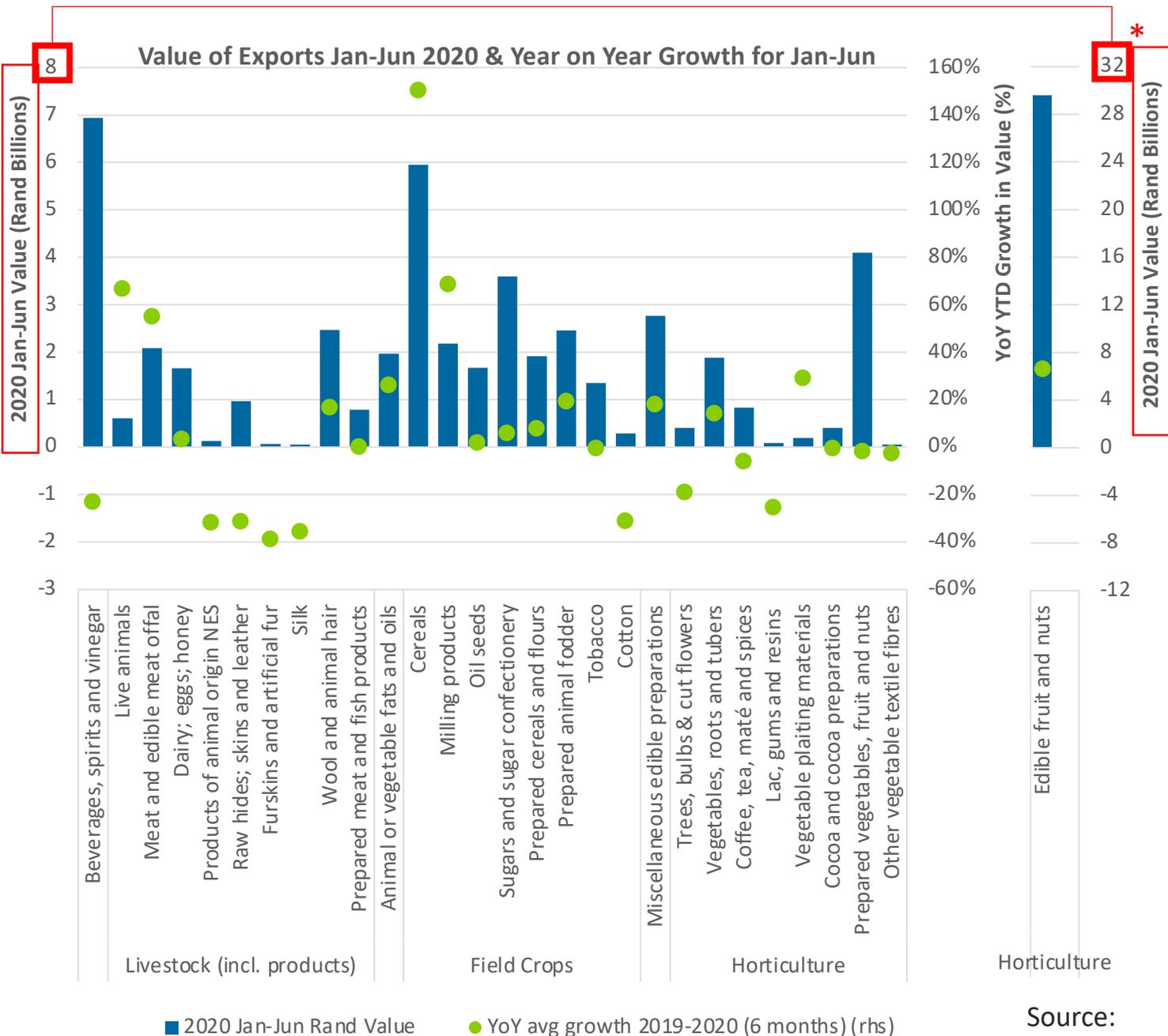
Other

Weekly focus: Agricultural Exports

The impact of Covid-19 on trade of produce cannot be disputed. Not only was freight severely affected, including the closure of airports, ports, and reduction in road transport, the ability of trading facilities to continue operating was also impacted. Furthermore, economies were affected in various ways at different times within the timeframe of the pandemic. In the case of South Africa, the weakening of the Rand assisted the growth in value of certain exports.

Total value increased from the first six month in 2019 to the first six months of 2020 from R65.18 billion to R77.34 billion, resulting in a growth in value of 18.6%. In terms of YoY growth for the period January to June, the biggest winners has been Cereals (+150.6%) – on the back of a bumper maize harvest, Milling products (+68.8%) and Live Animals (+66.9%). Furskins and artificial fur (-38.7%), Silk (-35.5%), and Products of animal origin NES (-31.7%) has seen the biggest reduction in value YoY.

Top contributors in absolute terms to the growth in total agricultural commodity exports value was Fruits & Nuts (+R7.36 bn), Cereals (+R3.58 bn), and Milling Products (+R0.89 bn). Top categories losing most value in absolute terms YoY YTD are Beverages (-R2.07 bn), Hides, skins & leather (-R0.44 bn), and Cotton (-R0.13 bn).



Source:

*Fruits and nuts are on a different value scale, but uses the same % growth scale