

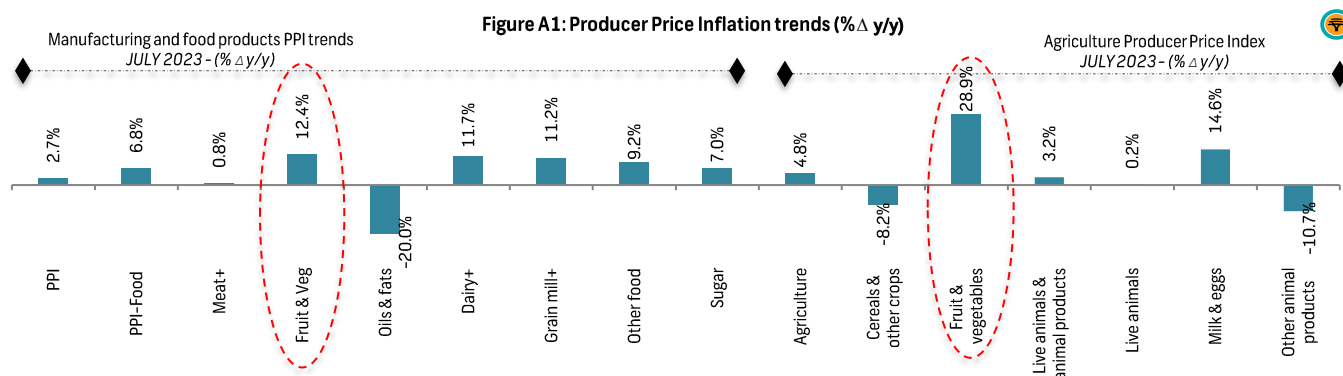


Paul Makube | Tumi Kgasago | Vhutshilo Mabela| 01 SEP 2023

Weekly update – Fruit and Vegetable Markets

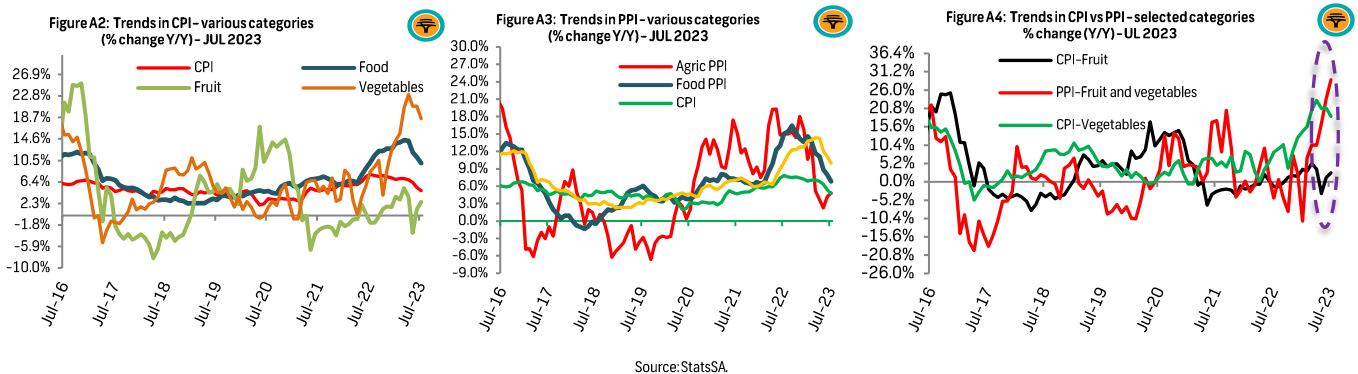
Fruit and Vegetable PPI remains sticky on the upside, and so was the CPI in July 2023

- The recent producer price inflation (PPI) update from Statistics South Africa (StatsSA) shows a further deceleration to 2.7% year-on-year (y/y) in July 2023 from 4.8% and 7.3% y/y respectively for June and May. However, the PPI rebounded marginally from -0.3% month-on-month (m/m) in June to 0.2% m/m in July. Although nudging 0.6% m/m in July from 0.2% previously, the food products PPI decelerated for the sixth consecutive months to a seventeen-month low of 6.8% y/y (figures A1, A3).
- At agriculture level, the monthly PPI slowed from the previous month to 1.5% m/m in July but rebounded to a three-month high of 4.8% y/y in July 2023. Although slowing to 3.3% m/m in July 2023, the annual fruit and vegetable PPI surged to a record high since February 2016 at 28.9% y/y (figures A1, A4).
- This reflects a combination of cost pressures such as energy mainly in irrigation and storage, as well as transport and logistics associated with the dilapidated road infrastructure in the country. Meanwhile, both producers and consumers face a fuel price hike of over R1.50/l and R1.60/l for the ULP93 and ULP95 petrol grades respectively from the first week of September 2023. The increase for the two grades of diesel is even massive at R2.85/l (0.05%) and R2.76/l (0.005%) respectively. Fuel prices had a significant impact on the July PPI, detracting -2.5 percentage points with petrol and diesel contracting by -18.5% and -23.3% y/y respectively and we are likely to see a reversal in the near term.
- This implies a stickiness on the upside for the fruit and vegetable PPI for a bit longer as producers face further costs pressures for operations such as planting, harvesting, and distribution of produce to markets.
- The high fruit and vegetable PPI further explains why the July 2023 consumer price inflation (CPI) remains elevated at 18.5% y/y although off the high of 20.9% y/y in June.



Source: StatsSA.

- The monthly vegetable CPI however eased further by -0.5% m/m in July from 0.2% m/m in the previous month. In the fruit category, prices advanced slightly by 0.4% m/m and 2.6% y/y in July as the higher volumes from good harvests limited further upside in prices.



- A drill down into the vegetable consumer data shows strong annual gains in big-ticket items led by onions and potatoes with increases of 64.7% (+R10.52/kg) and 33.6% (+R4.64/kg) y/y respectively at R26.79/kg and R18.45/kg in July 2023. They were followed by cabbages, tomatoes, and carrots with increases of 10.5% (+R1.98/head), 6.0% (+R1.44/kg), 5.6% (+R0.73/kg) y/y respectively at R20.78/head, R25.59/kg, and R13.79/kg (figure A5).
- Other big increases included sweet potatoes, pumpkins, and broccoli with gains of 23.1% (+R3.82/kg), 19.9% (+R2.93/kg), and 11.0% (+R3.00/head) y/y respectively at R20.39/kg, R17.64/kg, and R30.18/head.
- Nonetheless, the monthly trend was on the downside across most categories except for potatoes with carrots leading the pack. Carrots prices fell by 11.5% (-R1.79/kg) m/m, while cabbages and tomatoes fell by 3% (-R0.64/head) and 3.9% (-R1.04/kg) m/m respectively.
- In the fruit category, avocados and oranges posted the biggest decreases of 19.5% (-R2.41 each) and 9.6% (-R1.83/kg) y/y respectively at R9.97 each and R17.26/kg. Big gainers were pineapples, paw paw, and apples with increases of 20.5% (+R3.07 each), 14.8% (+R2.43 each), and 14.1% (+R2.46/kg) y/y respectively at R18.05 each, R18.89 each, and R19.85/kg. As with vegetables, most fruits showed modest monthly declines with oranges, paw paw, and pineapple prices falling by 5.1% (-R0.92/kg), 4.7% (-R0.89 each), and 4.1% (-R0.80 each) m/m in July 2023 (figure A5).
- Meanwhile, our analysis of the weekly fresh produce prices on South Africa's major Fresh Produce markets showed declines in monthly prices across most vegetable commodities under review in August 2023 relative to July but still elevated across the board on the 2022 levels. Tomato prices in August fell by a whopping 29% (-R2.57/kg) m/m and 51% (-R6.57/kg) y/y at R6.31/kg. Potato prices decreased by 4.6% (-R0.37/kg) m/m but were still up by a whopping 77.5% (-R3.37/kg) y/y at R7.72/kg. While onions eased by 1.1% (-R0.09/kg) m/m, they were still sharply higher by a whopping 43.9% (+R2.56/kg) at R8.41/kg (figures B1 & B2).
- Fruits however showed an uptrend across most categories with mangoes posting the biggest monthly gain of 45% (+R7.24/kg) m/m but still down 12% (-R3.06/kg) y/y at R23.44/kg. They were followed closely by bananas and avocados with monthly increases of 30% (+R2.10/kg) and 13% (+R2.10/kg) m/m respectively at R9.02/kg and R17.32/kg. Bananas and avocado prices were 69% (+R3.66/kg) and 36% (+R4.57/kg) higher y/y respectively (figure A5).
- These trends in monthly prices imply a continued moderation in vegetable CPI while fruits are likely to remain elevated.

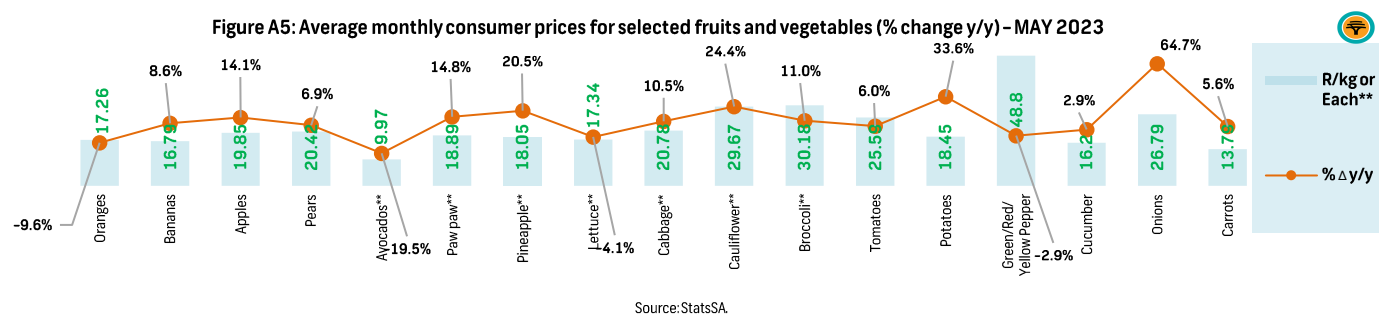


Figure B1: Changes in average monthly vegetable prices on South Africa's major Fresh Produce Markets (% Δ w/w, y/y)
Avg AUG 2023

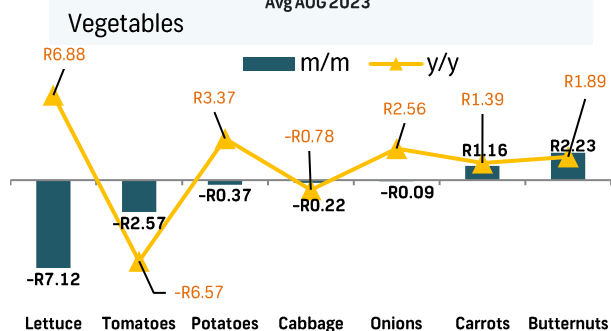
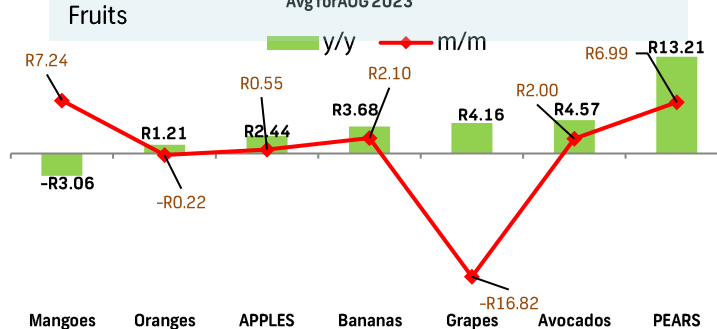


Figure B2: Changes in average monthly fruit prices on South Africa's major Fresh Produce Markets (% Δ w/w, y/y)
Avg for AUG 2023



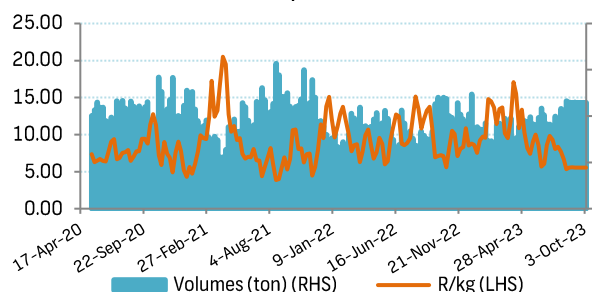
Source: Own calculations from FNB AgriComms.

Vegetable trends on 5 Major Fresh Produce Markets in SA (Figures 1a to 1e)

(Average 5 major markets – Pretoria, Bloemfontein, Johannesburg, Cape Town, and Durban)

*Note: The last six data points are preliminary for all vegetable prices and quantity graphs.

Figure 1a: Fresh Produce Markets
– Tomato prices



Source: FNB AgriComms

Figure 1aa: Fresh Produce Markets
– Tomato prices

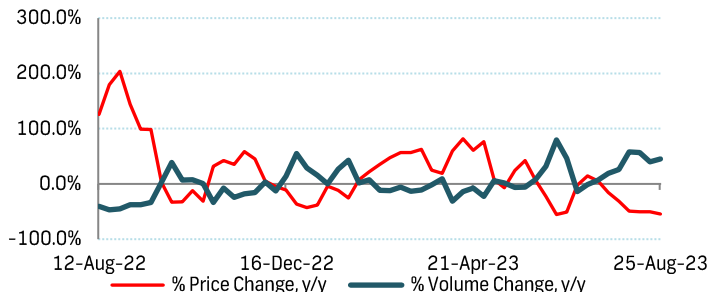
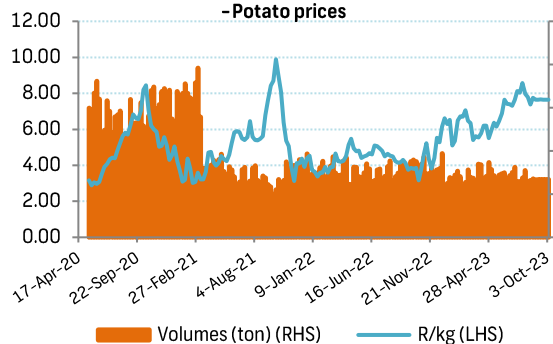


Figure 1b: Fresh Produce Markets
– Potato prices



Source: FNB AgriComms

Figure 1ba: Fresh Produce Markets
– Potato prices

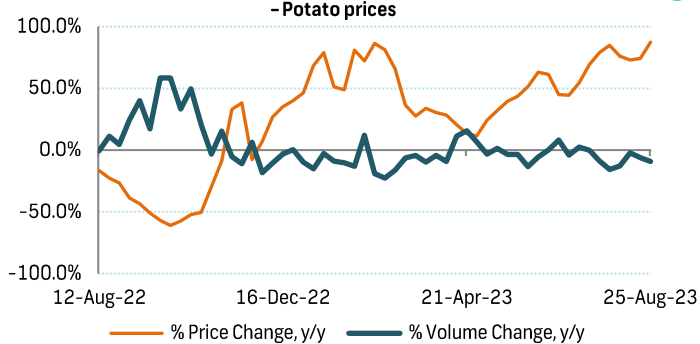
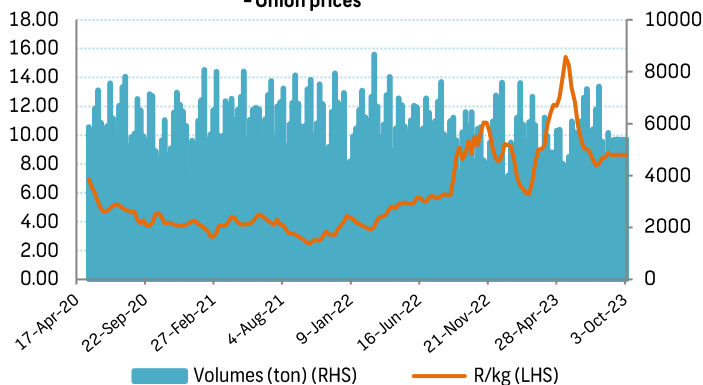
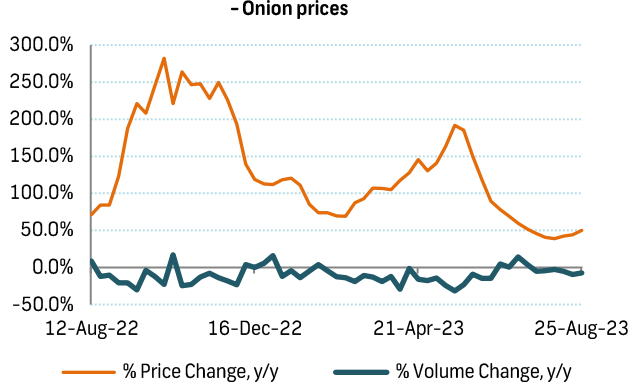


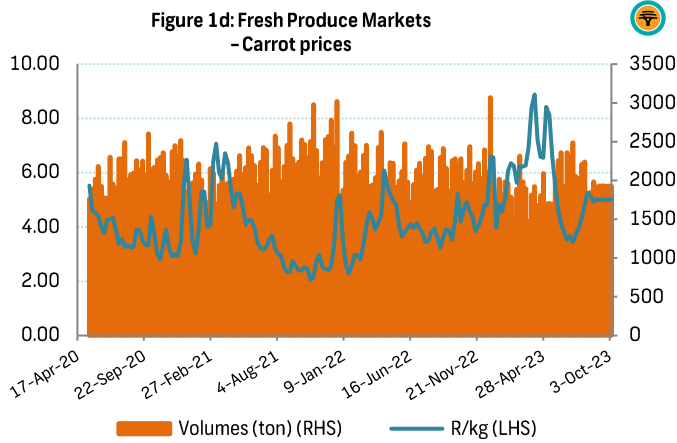
Figure 1c: Fresh Produce Markets
– Onion prices



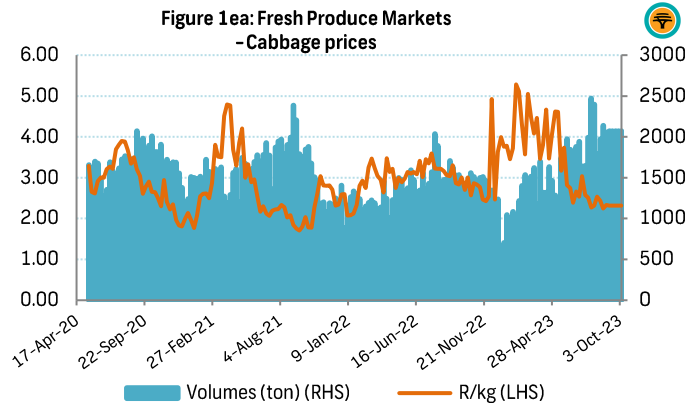
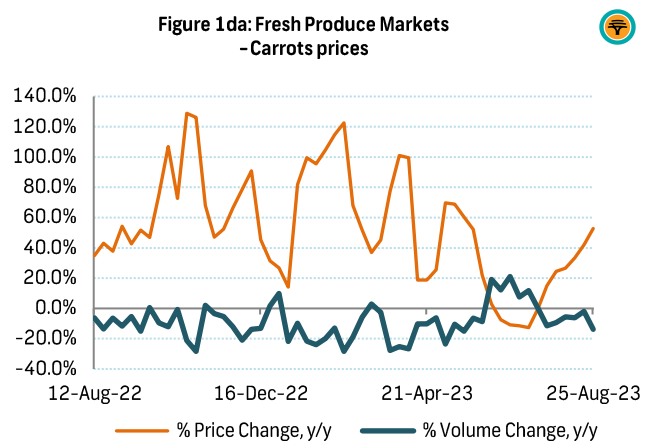
Source: FNB AgriComms

Figure 1ca: Fresh Produce Markets
– Onion prices

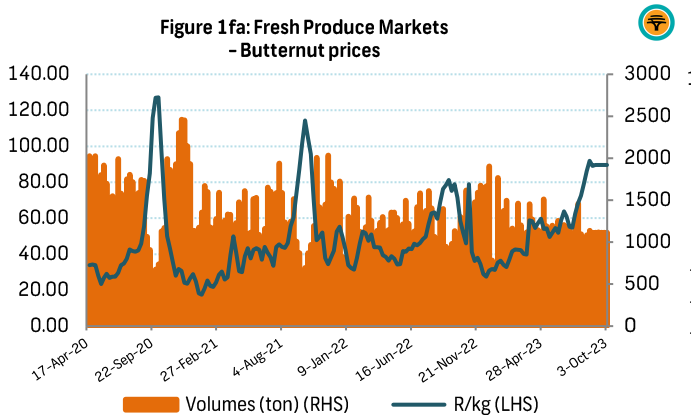
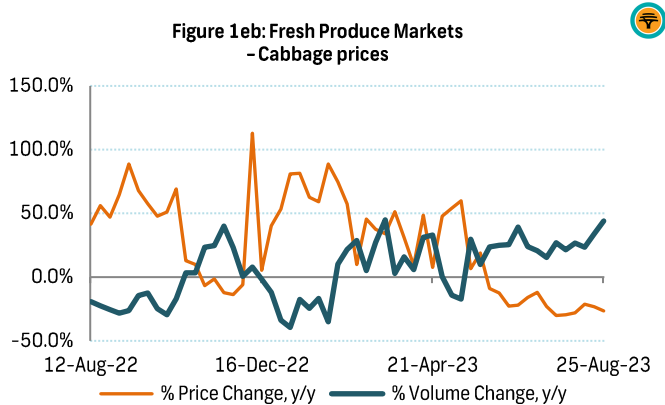




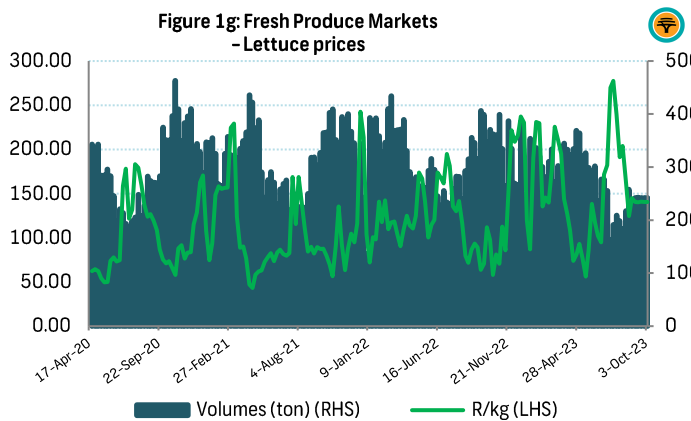
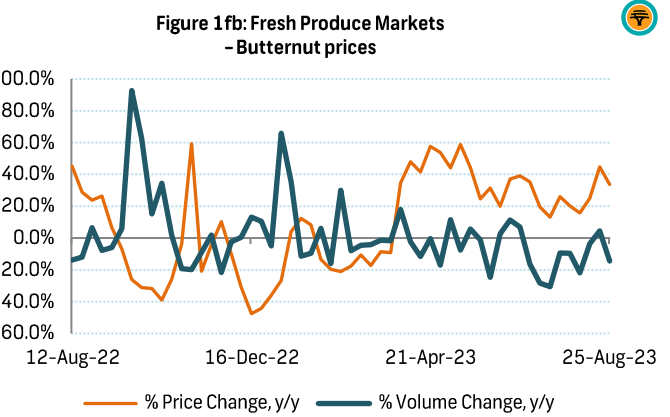
Source: FNB AgriComms



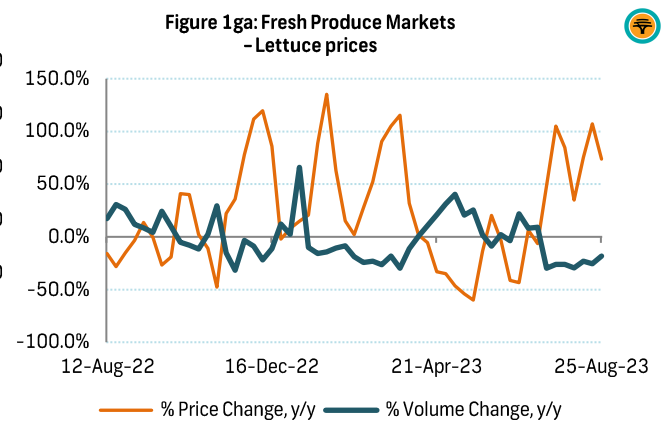
Source: FNB AgriComms



Source: FNB AgriComms

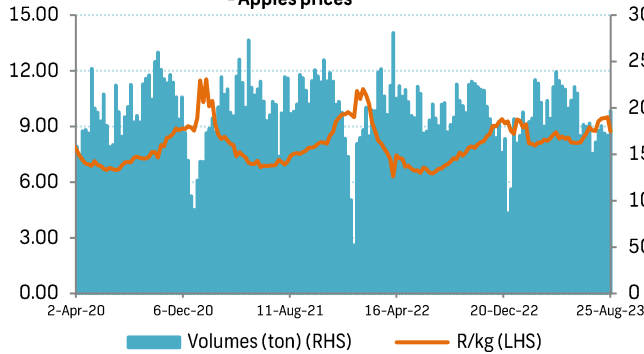


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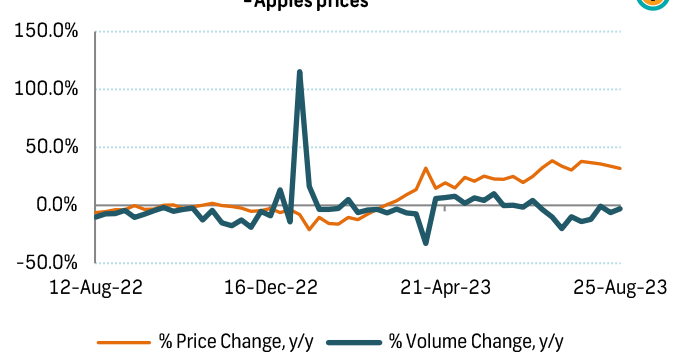
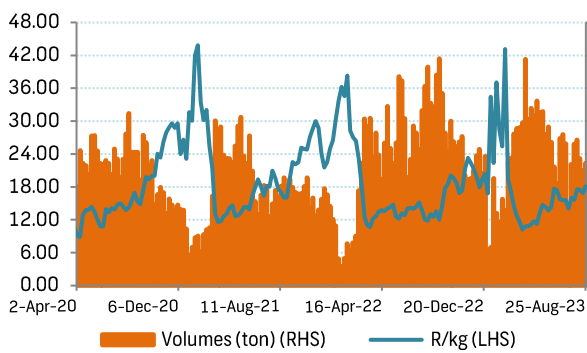


Fruit trends on Major Fresh Produce Markets in SA (figures 2a to 2f)

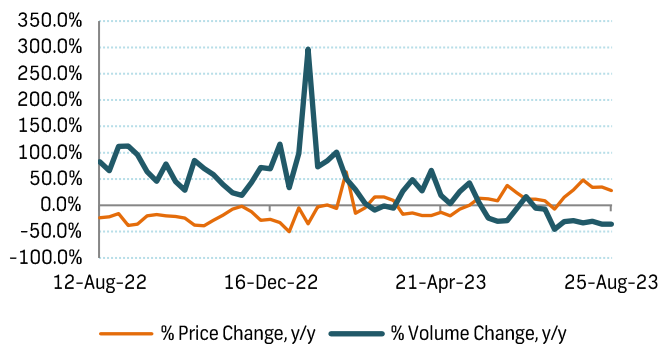
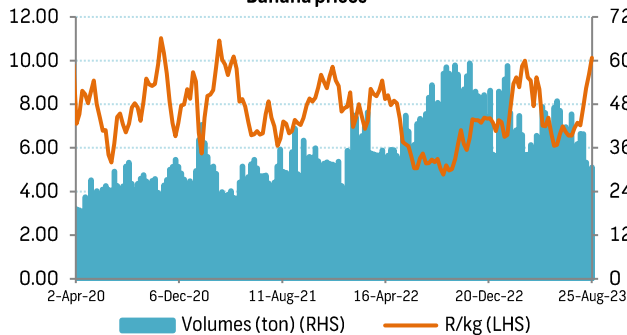
(Average 5 major markets – Pretoria, Bloemfontein, Johannesburg, Cape Town, and Durban)

**Figure 2a: Fresh Produce Markets
– Apples prices**

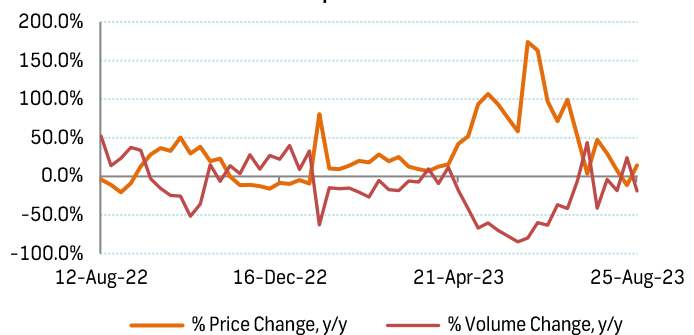
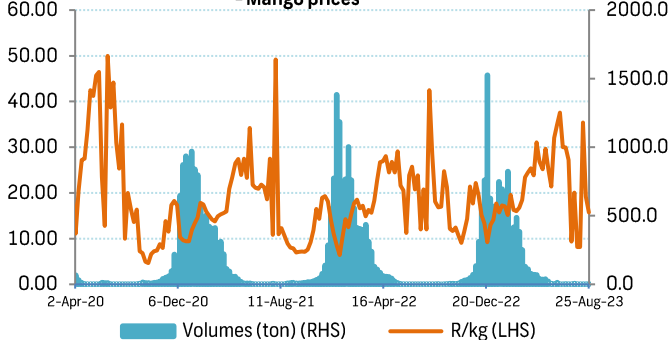
Source: FNB AgriComms

**Figure 2aa: Fresh Produce Markets
– Apples prices****Figure 2b: Fresh Produce Markets
– Avocado prices**

Source: FNB AgriComms

**Figure 2ba: Fresh Produce Markets
– Avocado prices****Figure 2c: Fresh Produce Markets
– Banana prices**

Source: FNB AgriComms

**Figure 2ca: Fresh Produce Markets
– Banana prices****Figure 2d: Fresh Produce Markets
– Mango prices**

Source: FNB AgriComms

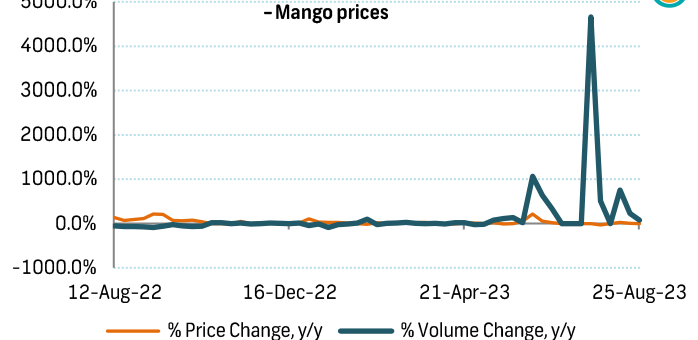
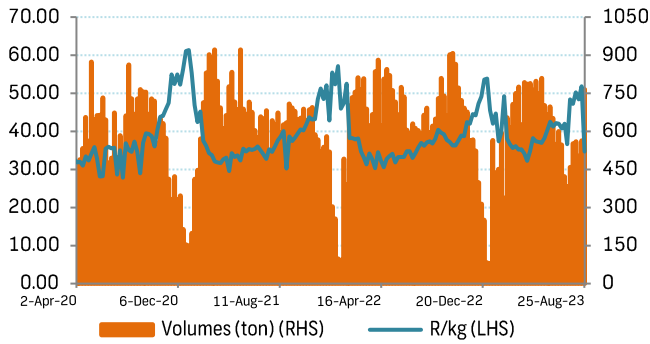
**Figure 2da: Fresh Produce Markets
– Mango prices**

Figure 2e: Fresh Produce Markets
- Pear prices



Source: FNB AgriComms

Figure 2bb: Fresh Produce Markets
- Pear prices

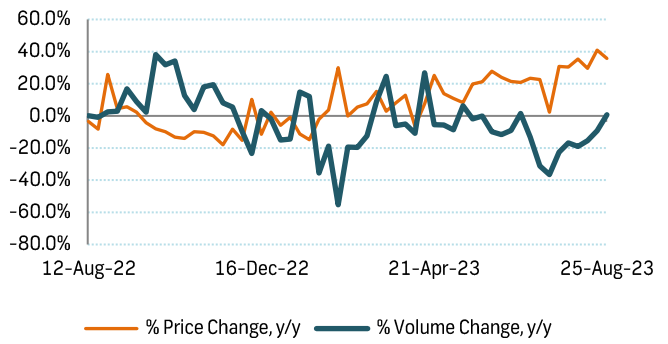
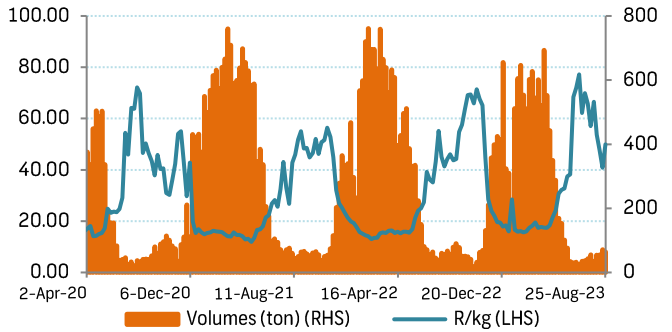
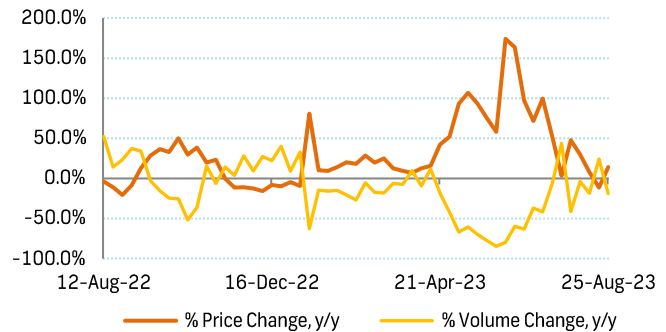


Figure 2d: Fresh Produce Markets
- Grapes prices



Source: FNB AgriComms

Figure 2bb: Fresh Produce Markets
- Grape prices



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