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Weekly update – Fruit and Vegetable Markets

Improved supplies weigh heavily on fruit and vegetable prices in February 2024

- Our analysis of monthly price trends on domestic fresh produce markets shows moderate to sharp declines across most fruit and vegetable commodities mainly due to a rebound in supplies. In the vegetable complex, butternuts led the pack with a monthly price decrease of 8.3% (-R0.30/kg) month-on-month (m/m) and still 8.9% (-R0.34/kg) lower year-on-year (y/y) to R3.50/kg in February 2024. Carrots followed closely with the average onion prices for February falling by 7.1% (-R0.38/kg) m/m and by a whopping 19% (-R1.16/kg) y/y to R4.91/kg (figure A1).
- The trend for other big-ticket items was mixed with potatoes easing by 1.2% (-R0.9/kg) m/m but still 12% (+R0.82/kg) higher y/y at R7.56/kg due to the increased availability by 11% m/m across markets. However, onions and tomatoes posted slight monthly gains on the back of improved uptake despite the increased supplies across markets. Onion prices advanced by 1% (+R0.04/kg) m/m but still sharply down by 33.7% (-R2.07/kg) y/y at R4.09/kg m/m. Production challenges in during 2022 into 2023 saw a contraction in area planted and thus helped maintain an elevated trend in onion prices last year.
- Tomatoes also saw a sharp reversal in trend relative to the 2023 levels at R9.23/kg, which is down by a whopping 32% (-R4.36/kg) y/y. The monthly increase for tomatoes was just 0.6% (+R0.05/kg). However, the recent heat wave in some areas may complicate the price outlook as quality and availability might be compromised should the situation persist.
- On the inflation front, the January 2024 vegetable CPI rebounded marginally by 0.7% m/m from a December 2023 deflation of -3.5%. However, the annual vegetable CPI showed a modest deceleration of 12.6% y/y from the 2023 highs of 23.6% and 23.5% in October and November respectively (figure B1).
- A drill down into the vegetable CPI showed that big-ticket items such as onions and potatoes fell sharply by 5.9% and 8.4% m/m in January 2024. Tomatoes and carrots however came in on the upside by 8.3% and 6.1% respectively m/m (figure C).

Figure A1: Changes in average monthly vegetable prices on South Africa's major Fresh Produce Markets (R/kg ▲ w/w, y/y)
Average FEBRUARY 2024

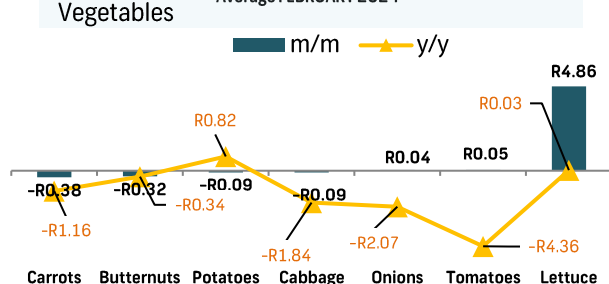
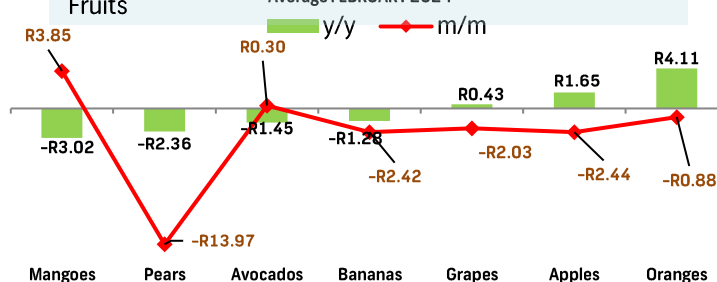
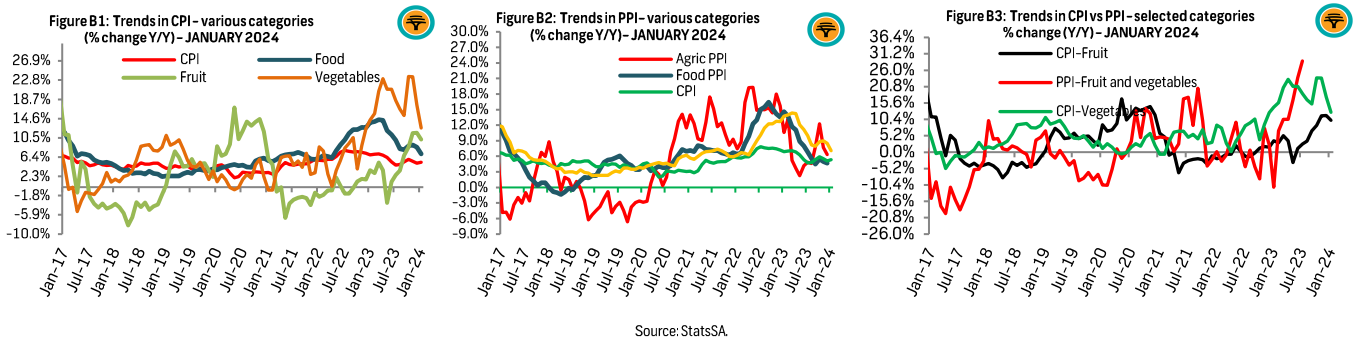


Figure A2: Changes in average monthly fruit prices on South Africa's major Fresh Produce Markets (R/kg ▲ w/w, y/y)
Average FEBRUARY 2024

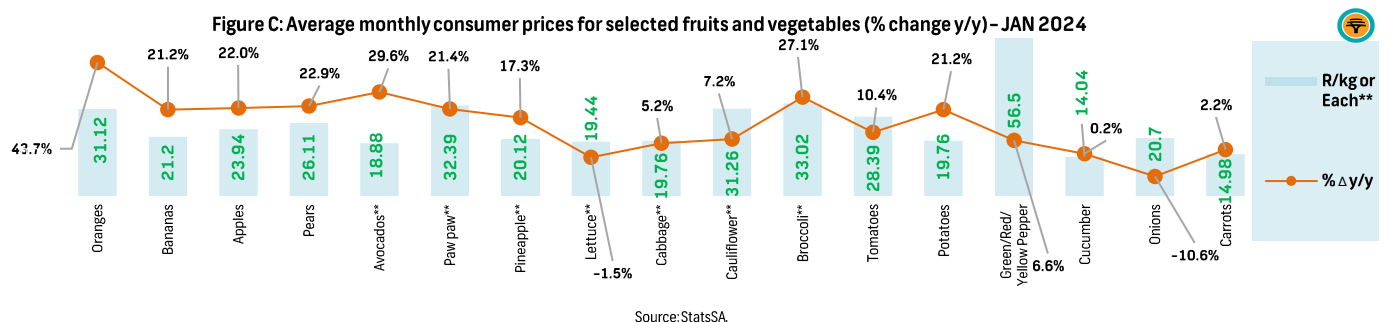


Source: Own calculations from FNB AgriComms.

- We saw a similar trend in the fruit complex with 71% of the commodities tracked declining sharply on the back of the increased supplies on major fresh produce markets. Pears posted the biggest decrease of 27% (-R13.97/kg) m/m and 6% (-R2.36/kg) y/y at R38.53/kg during February 2024. Bannas followed closely with a 26% (-R2.42/kg) drop in price m/m at R6.85/kg, which is still sharply down by 16% (-R1.28/kg) y/y. Volume contraction however saw mango prices surging by a whopping 38% (+R3.85/kg) m/m but still off the 2023 levels by 18% (-R3.02/kg) at R13.99/kg (figure A2).
- Although still slowing, the fruit CPI was up 1.4% m/m and remained elevated at 10.2% y/y (figure B1) with prices of some of the big-ticket items such as bananas, avocados, pears, apples, and bananas coming in sharply higher by 29.6%, 22.9%, 22.0%, and 21.2% y/y respectively in January 2024 (figure C).



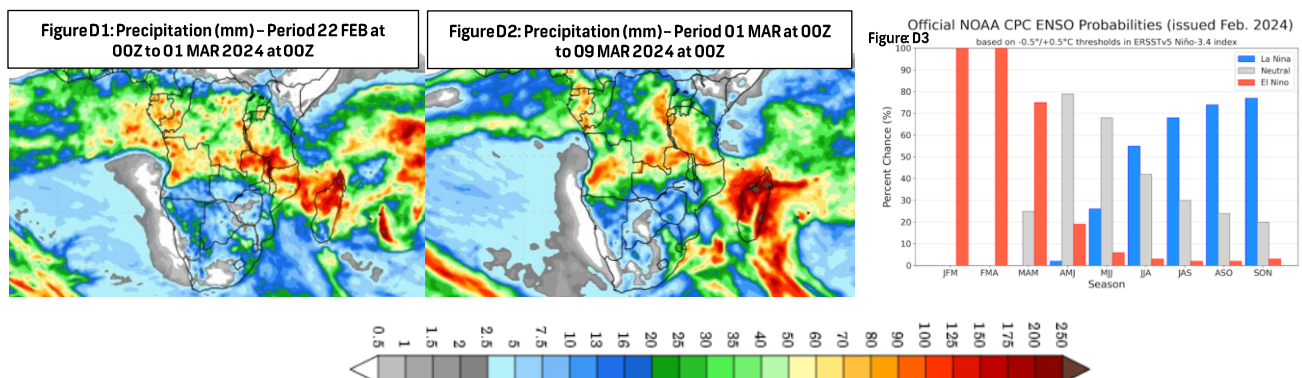
- Headline inflation nudged 0.1% m/m and was above expectations at 5.3% y/y. After steadying m/m in December 2023, food inflation edged 0.6% higher m/m in January 2024 but decelerated sharply to 7.2% y/y from 8.5% y/y in the previous month (figure B1).
- Softer prices for most fruit and vegetables across major fresh produce markets in February 2024 signal a potential for further deceleration in the CPI for these categories in the next Statistics South Africa update in March 2024.



Short term adverse weather conditions pose upside risk to fresh produce prices

- The past few weeks saw the heat wave impacting negatively on crops with the renewed loadshedding exacerbating the situation as irrigation schedules are disrupted. Nonetheless, forecasts of rain in the next two weeks into March bodes well for crop recovery in areas badly affected by the recent heat wave (figures D1-D2). Further, the dissipation of the El Niño weather pattern and the return of the neutral conditions later in 2024 bodes well for overall agriculture production (figure D3).

Figure D: Short to medium term rainfall forecasts and summary of the status of El Niño, La Niña, and the Southern Oscillation (ENSO)

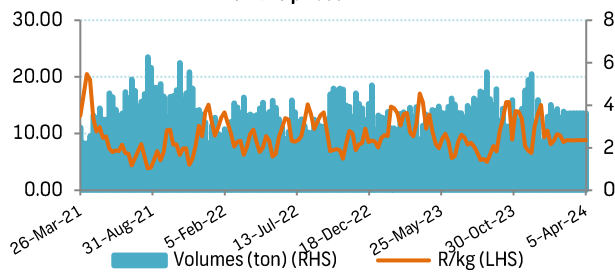
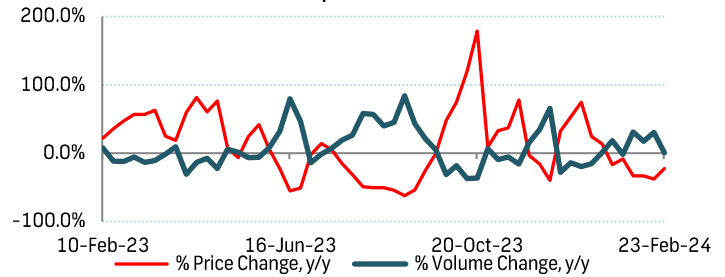
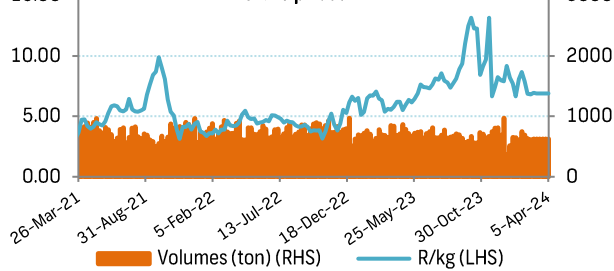
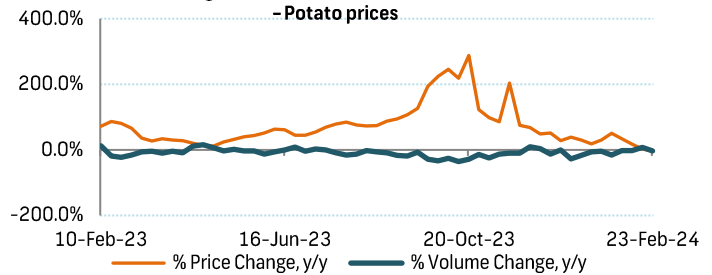
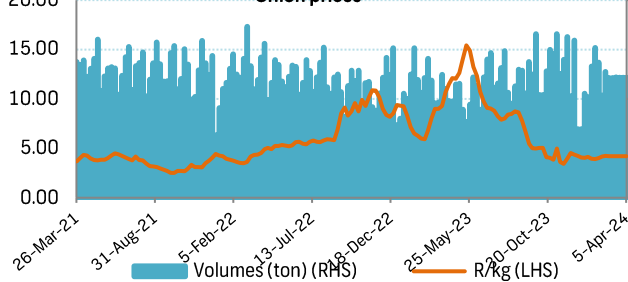
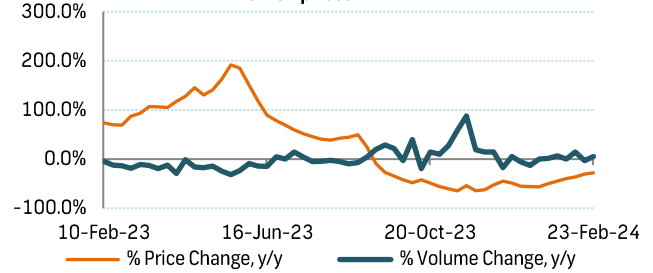
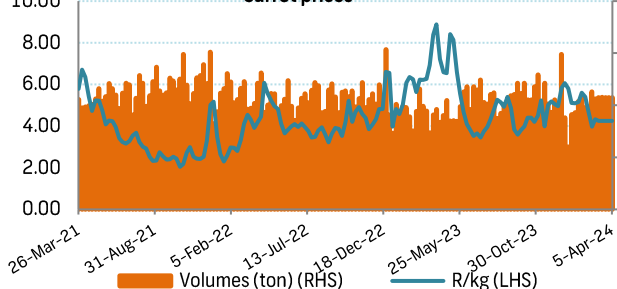
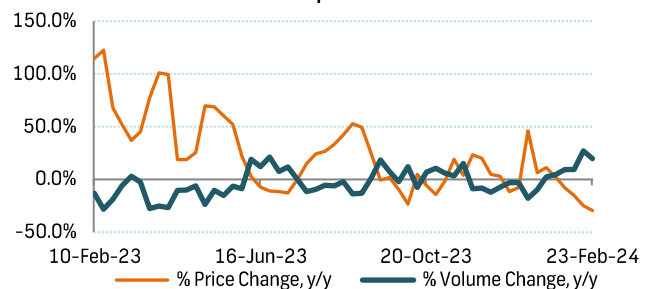
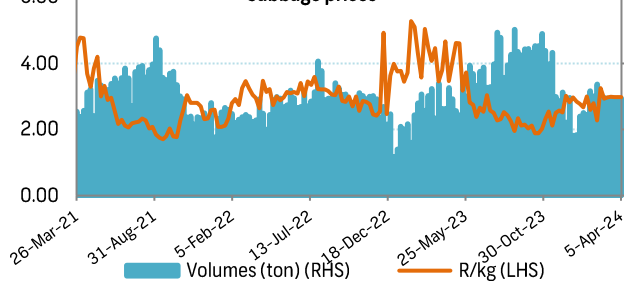
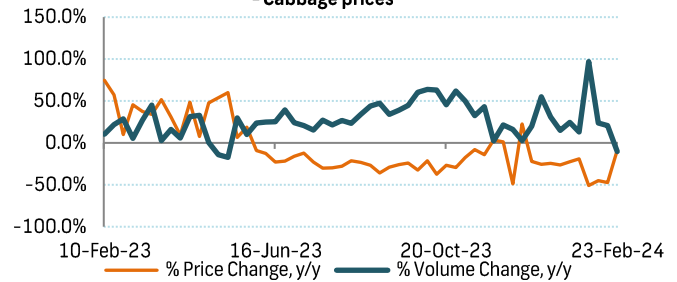


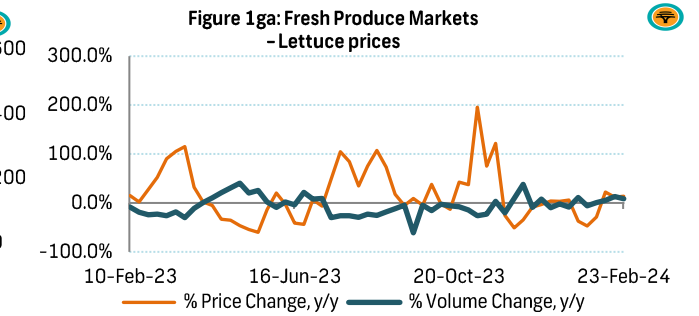
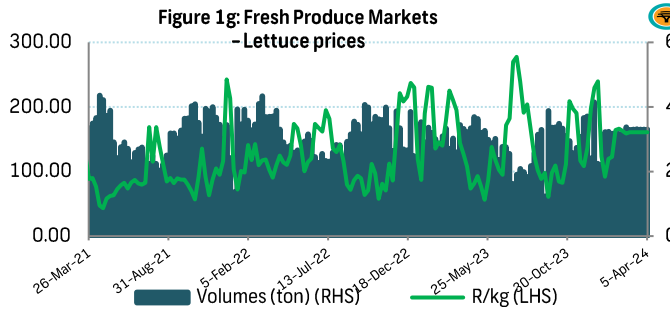
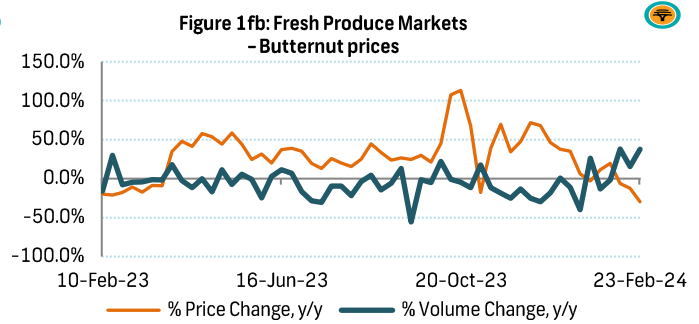
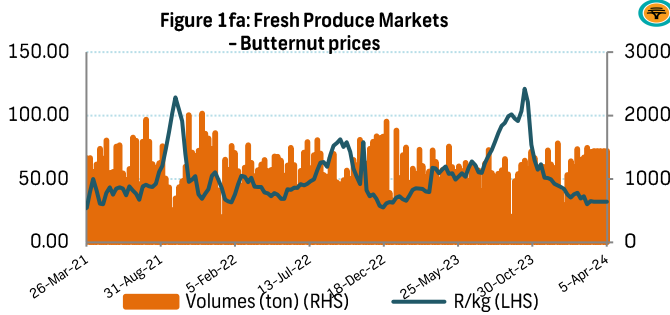
Sources: IRI

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.

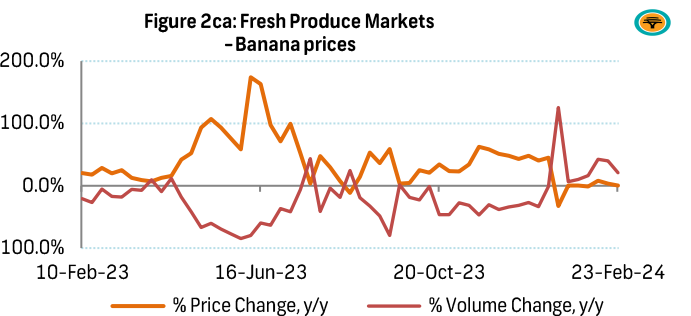
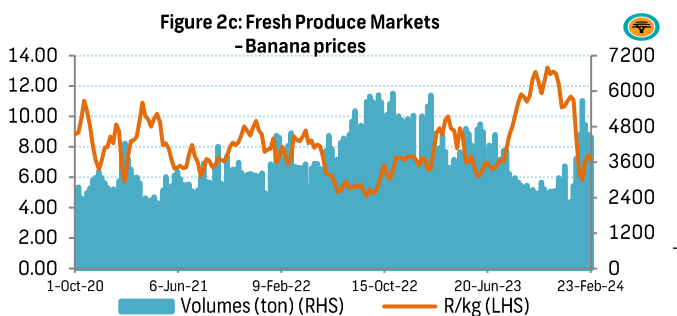
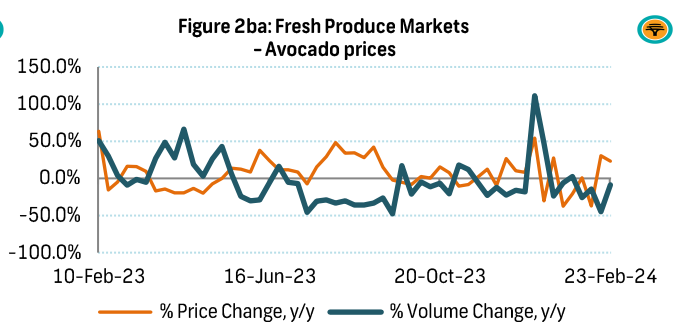
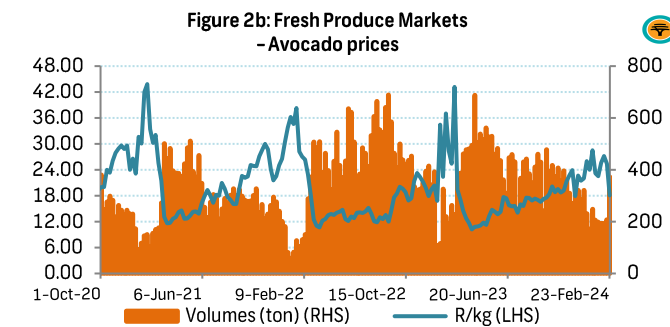
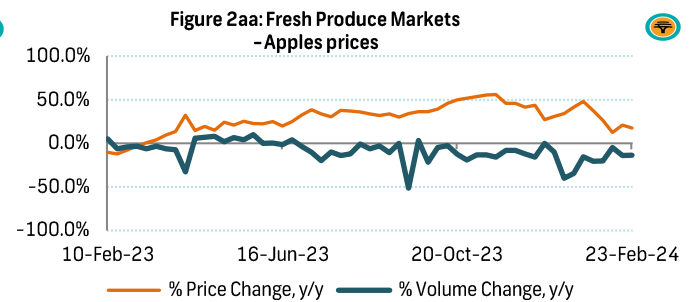
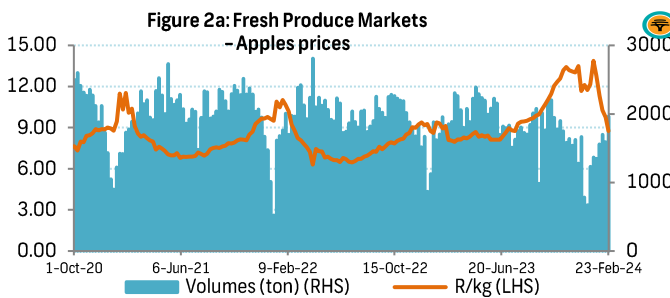
Figure 1a: Fresh Produce Markets
– Tomato pricesFigure 1aa: Fresh Produce Markets
– Tomato pricesFigure 1b: Fresh Produce Markets
– Potato pricesFigure 1ba: Fresh Produce Markets
– Potato pricesFigure 1c: Fresh Produce Markets
– Onion pricesFigure 1ca: Fresh Produce Markets
– Onion pricesFigure 1d: Fresh Produce Markets
– Carrot pricesFigure 1da: Fresh Produce Markets
– Carrots pricesFigure 1ea: Fresh Produce Markets
– Cabbage pricesFigure 1eb: Fresh Produce Markets
– Cabbage prices



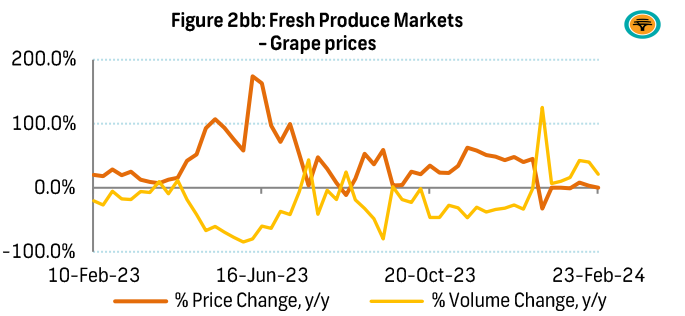
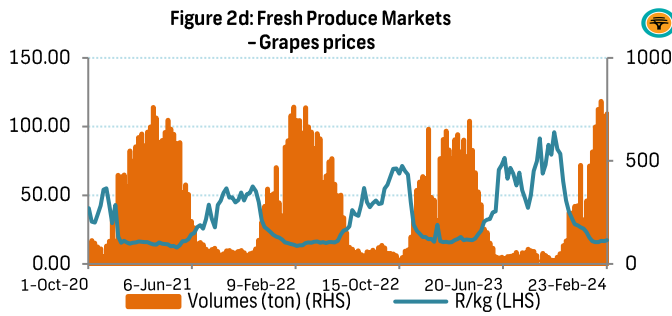
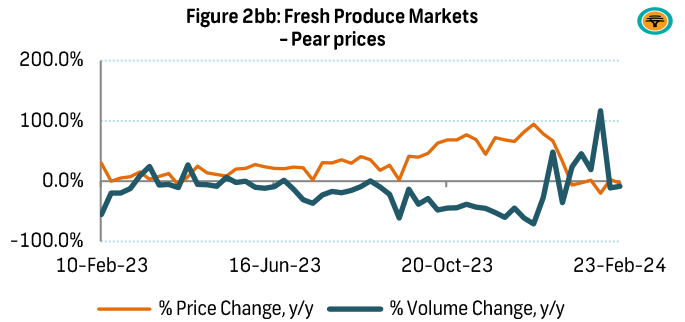
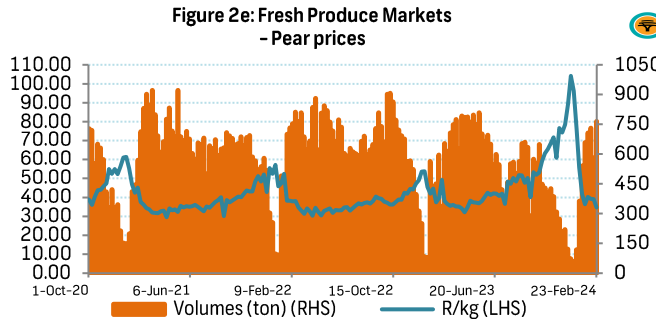
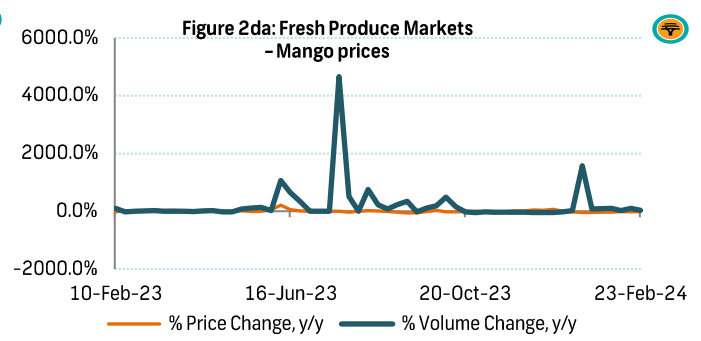
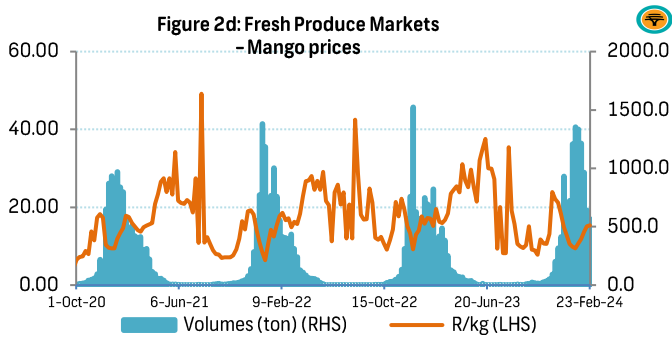
Source: FNB AgriComms

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

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



Source: FNB AgriComms



Source: FNB AgriComms

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