



Weekly update – Fruit and Vegetable Markets

Annual inflation for both fruit and vegetables pulled back to single-digit levels in February 2024

- Headline inflation accelerated faster to 5.6% y/y in February from 5.3% in January 2024, which is slightly above market expectations of 5.5% y/y. The monthly headline inflation outcome was 1% m/m.
- However, food inflation decelerated faster to the lowest level in twenty-five months at 6% y/y in February from 7% y/y in January (figure A1). Except for the sugar, sweets and deserts which remained flat, the rest of the food subcategories decelerated with oils and fats extending their trend in negative territory.
- A combination of subdued demand conditions and supply pressure weighed heavily on prices which saw the fruit and vegetable inflation pulling back to single-digit levels. Consequently, fruit inflation decelerated to a 5-month low of 5.9% y/y and decreasing by 2.7% m/m.
- A drill-down into the fruit inflation data shows a sharp deceleration from an increase of 29.6% y/y in January to just 2.9% y/y in February for avocados at R19.6/kg (figure B). Bananas followed closely from an increase of 21.2% y/y in January to 4.8% y/y in February at R18.02/kg. Oranges remained sticky on the upside and increased further by 51% y/y in February from 43.7% y/y in January 2024.
- In the vegetable category, prices decelerated faster by 3.2ppt from the previous month to 9.4% y/y and the monthly rate plunged by 1.7% m/m in February. Vegetable inflation has for the first time in eighteen months fallen back to single-digit level which indicates normalization of production despite the current weather challenge.
- Of the big-ticket vegetable items, potatoes posted the biggest deceleration of 11ppts after coming in 32.2% higher y/y and a monthly decrease of 4.2% m/m at R21.68/kg. Tomatoes decelerated by 10.8ppts from the previous month to R27.98/kg which is down 0.4% y/y and 1.4% m/m (figure B).
- Our analysis of PPI for fruit showed a sharp rise in January while that for vegetables surprised on the downside (figure A3).

Figure A1: Trends in CPI - various categories
(% change Y/Y) - CPI = FEB; PPI = JAN, 2024

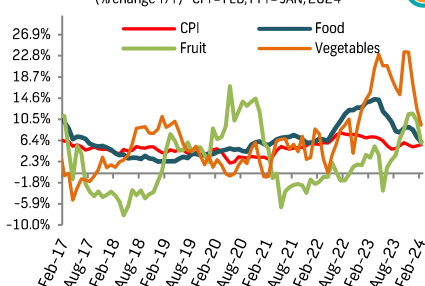


Figure A2: Trends in PPI - various categories
(% change Y/Y) - CPI = FEB; PPI = JAN, 2024

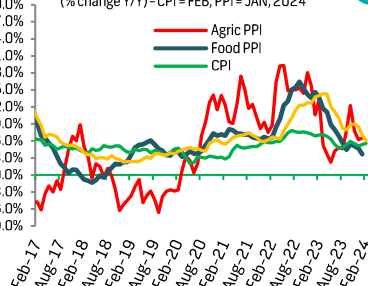
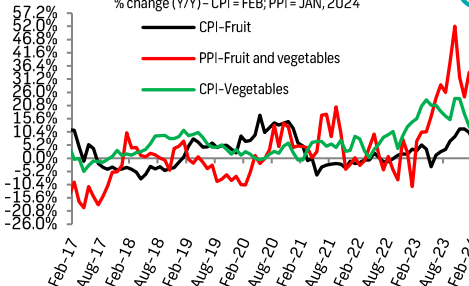
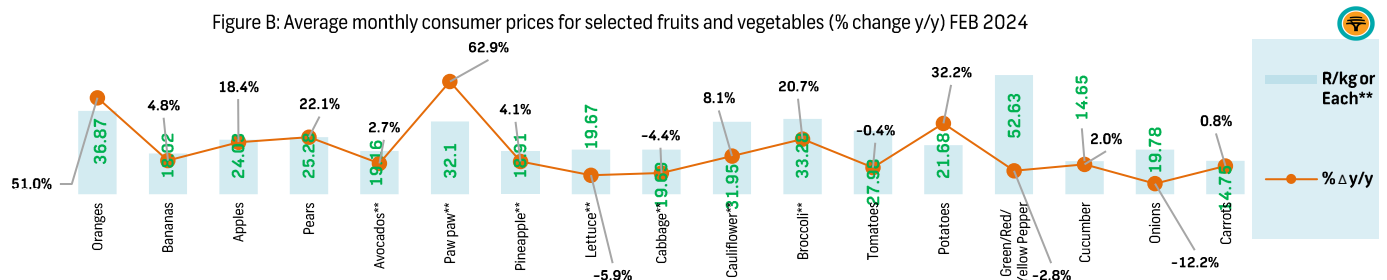


Figure A3: Trends in CPI vs PPI - selected categories
(% change Y/Y) - CPI = FEB; PPI = JAN, 2024



Source: StatsSA

Figure B: Average monthly consumer prices for selected fruits and vegetables (% change y/y) FEB 2024



Source: StatsSA

- What can we expect for March from a fruit and vegetable perspective? Our analysis of price trends on domestic fresh produce markets so far for the three weeks of March 2024 shows monthly pressures across most commodities tracked.
- For fruit, bananas and grapes both posted the biggest monthly gains of 29% m/m. However, bananas were still 8% below the 2023 levels while grapes were 16% higher y/y (table 1, figure C2).
- In the vegetable complex, onions posted the biggest monthly gains of 66.6% (+R2.69/kg) m/m but were still down by 15.4% (-R1.23/kg) y/y (table 1, figure C1). They were followed closely by cabbages and tomatoes with monthly increases of 45.5% (+R1.16/kg) and 36.5% (+R3.42/kg). Annually, cabbages fell sharply 17.8% (-R0.81/kg) y/y while tomatoes remained sticky on the upside by 2.9% (+R0.36/kg) y/y.
- Vegetable inflation might still come in on the downside for March 2024 despite an expected uptick in the week heading into the Easter weekend. Fruit prices on the other hand may rebound slightly due to the seasonal upswing in demand.

Figure C1: Changes in average monthly vegetable prices on South Africa's major Fresh Produce Markets (R/kg Δ w/w, y/y) Average first 3 weeks of MARCH 2024

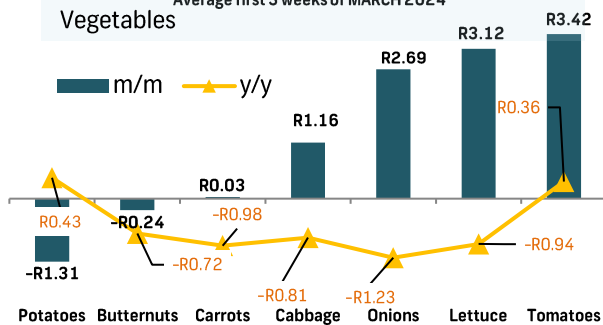
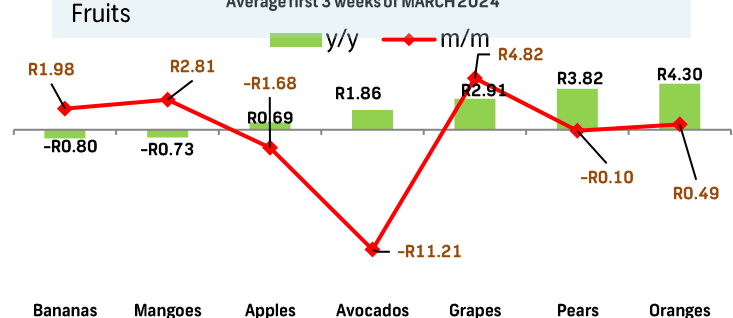


Figure C2: Changes in average monthly fruit prices on South Africa's major Fresh Produce Markets (R/kg Δ w/w, y/y) Average first 3 weeks of MARCH 2024



Source: Own calculations from FNB AgriComms.

The improved rainfall outlook bodes well for dryland crop recovery in the near term

- The recent forecasts call for showers across most production areas which bodes well for dryland crop recovery and improving soil moisture levels as we head into autumn and the winter months (figures D1-D2).
- Further, the dissipation of the El Niño weather pattern and the return of La Nina 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)

Figure D1: Precipitation (mm) – Period 19 MAR at 00Z to 27 MAR 2024 at 00Z

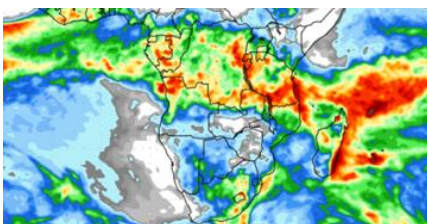


Figure D2: Precipitation (mm) – Period 27 MAR at 00Z to 04 APR 2024 at 00Z

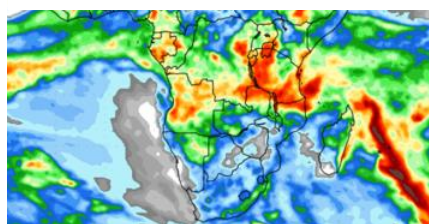
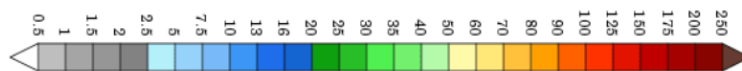
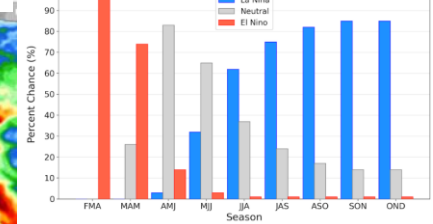


Figure D3: Official NOAA CPC ENSO Probabilities (issued Mar. 2024) based on -0.5/+0.5°C thresholds in ERSSTv5 Niño-3.4 index



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.

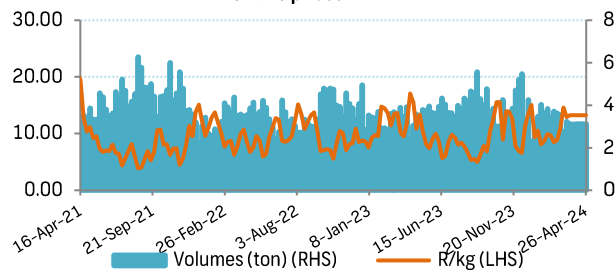
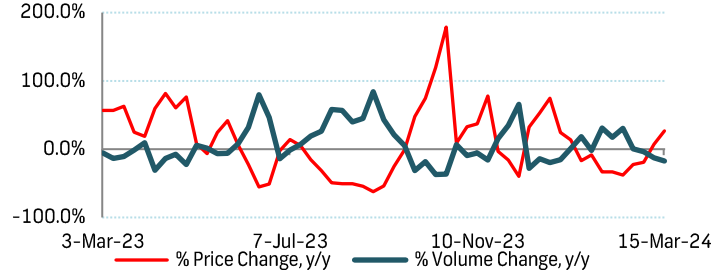
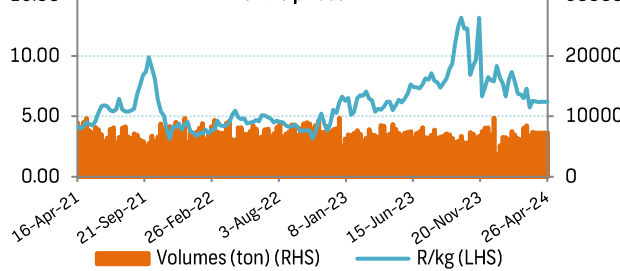
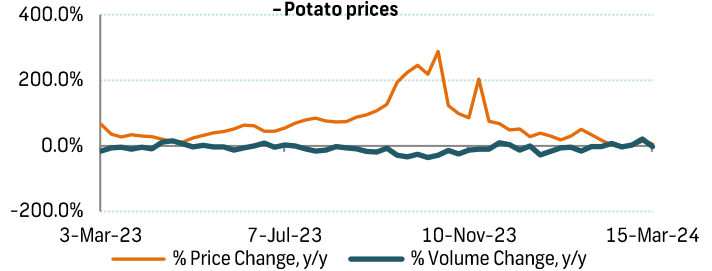
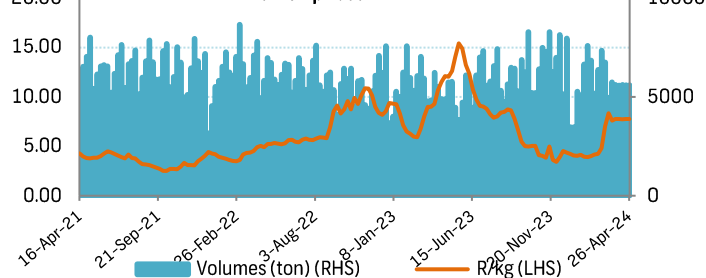
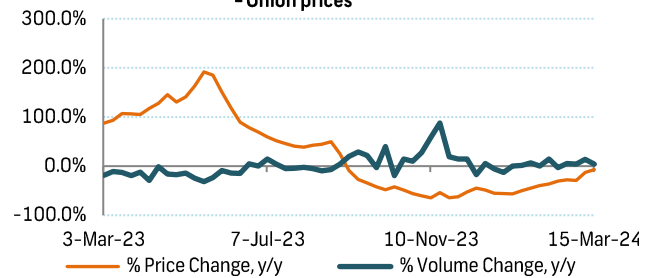
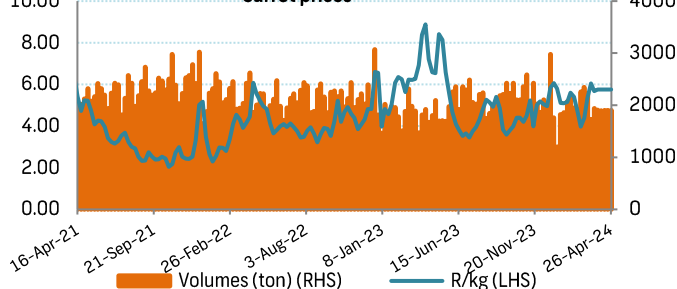
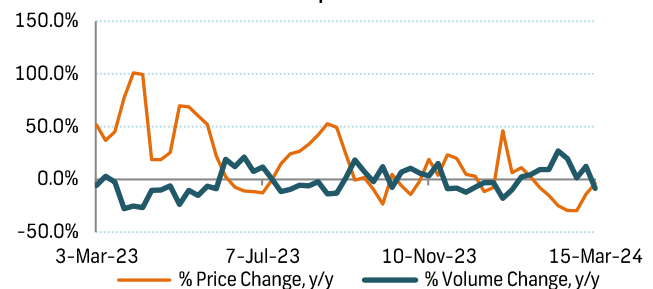
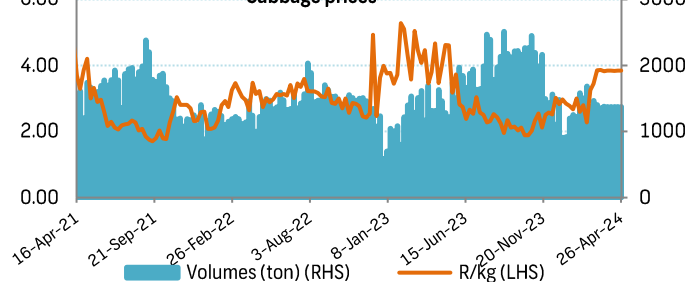
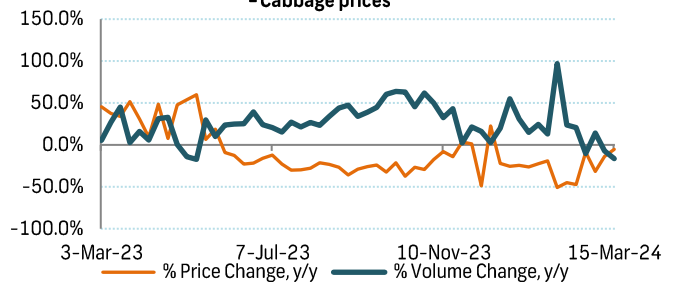
Figure 1a: Fresh Produce Markets
– Tomato pricesFigure 1aa: Fresh Produce Markets
– Tomato pricesFigure 1b: Fresh Produce Markets
– Potato pricesFigure 1ba: Fresh Produce Markets
– Potato pricesFigure 1c: Fresh Produce Markets
– Onion pricesFigure 1ca: Fresh Produce Markets
– Onion pricesFigure 1d: Fresh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

Figure 1fa: Fresh Produce Markets

- Butternut prices

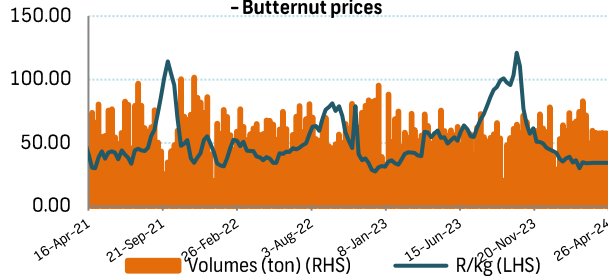


Figure 1fb: Fresh Produce Markets

- Butternut prices

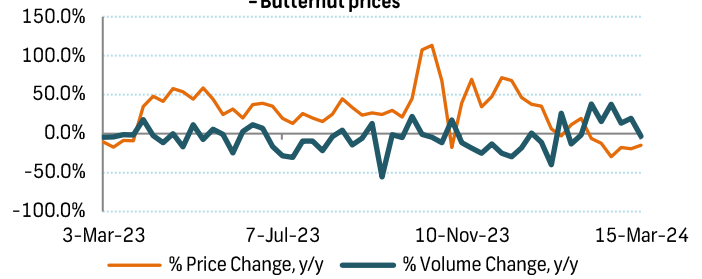


Figure 1g: Fresh Produce Markets

- Lettuce prices

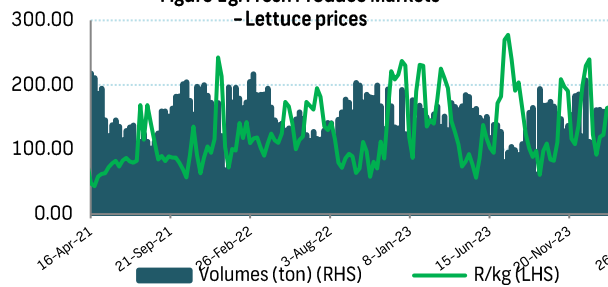
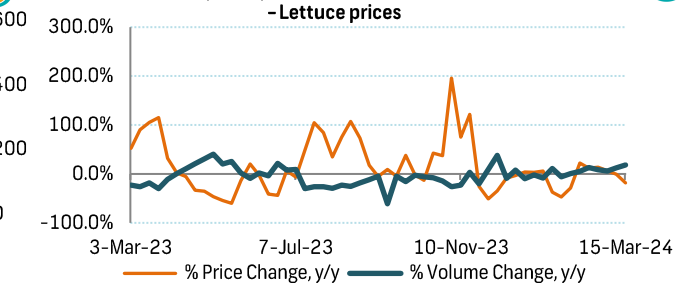


Figure 1ga: Fresh Produce Markets

- Lettuce 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)

Figure 2a: Fresh Produce Markets

- Apples prices

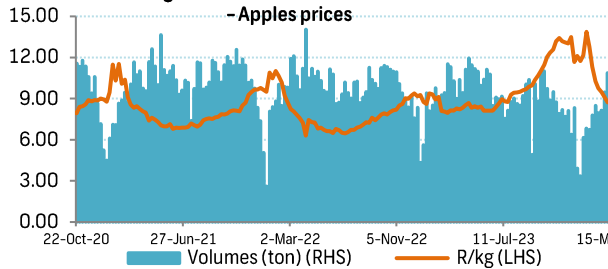


Figure 2aa: Fresh Produce Markets

- Apples prices

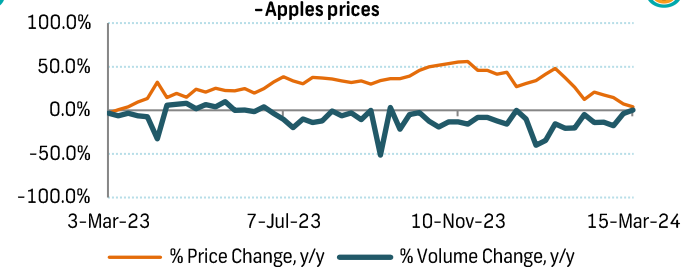


Figure 2b: Fresh Produce Markets

- Avocado prices

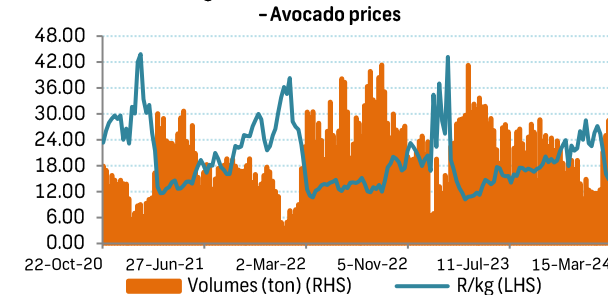


Figure 2ba: Fresh Produce Markets

- Avocado prices

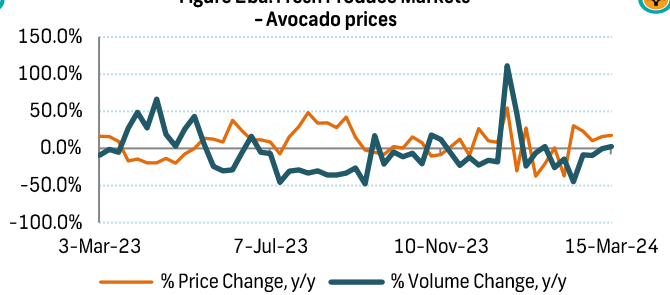


Figure 2c: Fresh Produce Markets

- Banana prices

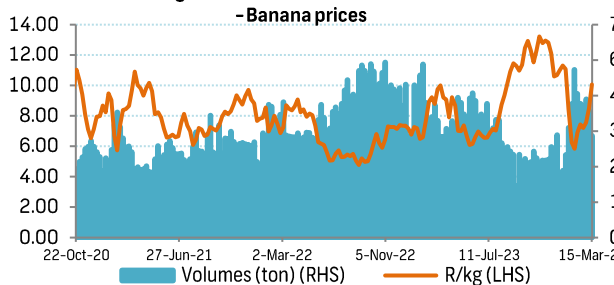
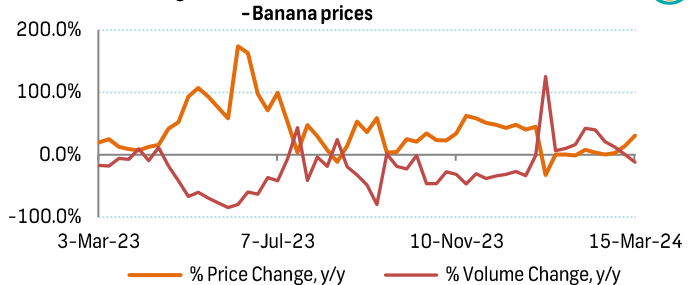
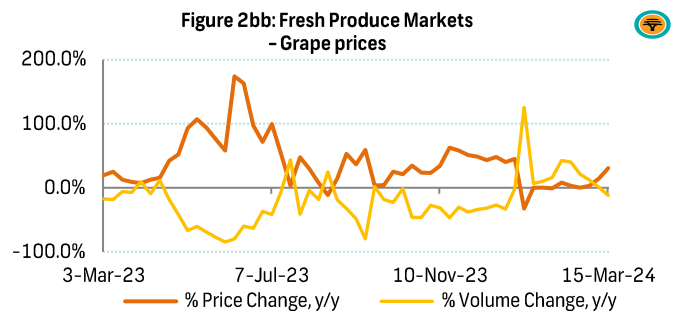
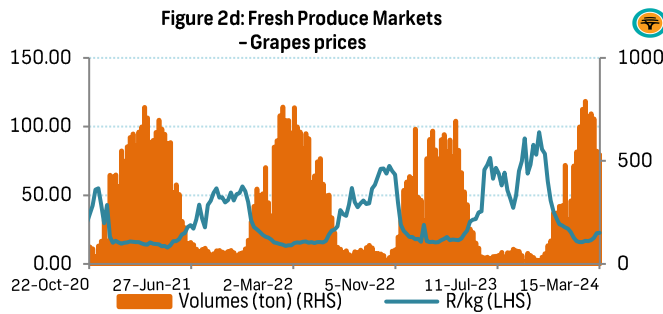
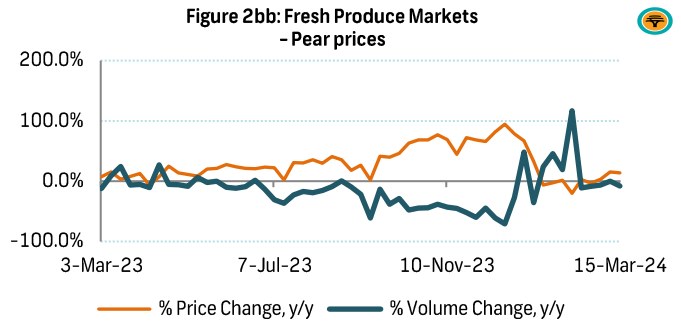
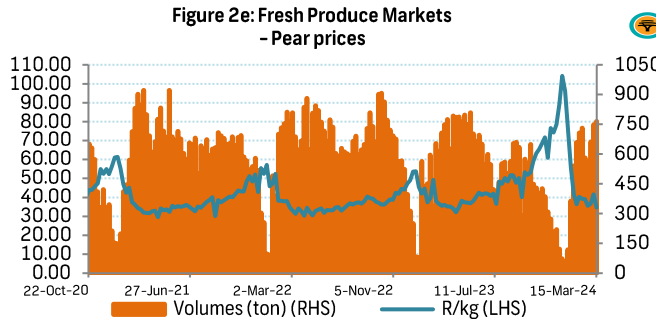
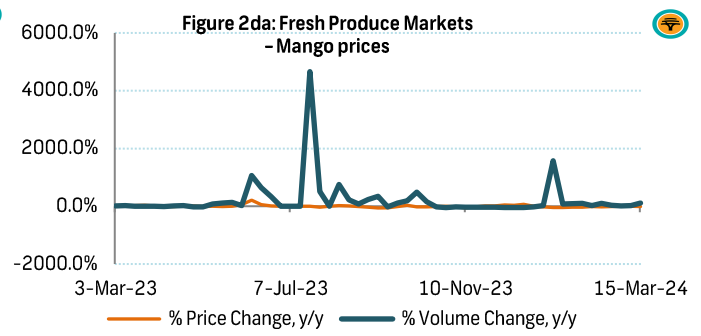
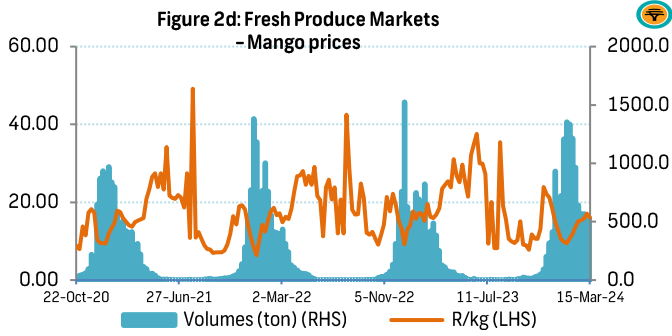


Figure 2ca: Fresh Produce Markets

- Banana prices



Source: FNB AgriComms



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