



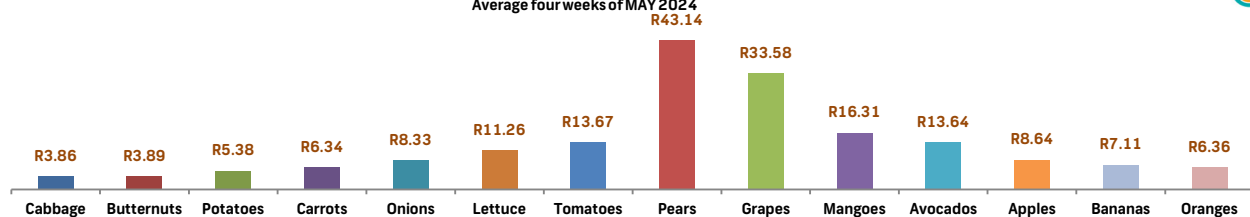
Paul Makube | Vhutshilo Mabela| 30 MAY 2024

Weekly update – Fruit and Vegetable Markets

Citrus export outlook remains solid for 2024, but rand gains pose downside risk to margins.

- In its latest update on citrus export forecasts, the Citrus Growers Association (CGA) pegged the 2024 shipments at 173.9 million (15kg) cartons as of week 21 which is up by 5.3% y/y relative to the final packed in 2023 but still 4.3% lower than the original estimate of 181.7 million cartons.
- These high volumes requires a further improvement in logistics to ensure that the fruit reaches external markets timeously and in good condition. The good news is that collaboration efforts between Transnet and industry stakeholders has started to yield positive results with the total value of agriculture exports jumping by 6% y/y in Q1 to US\$3.1 billion, according to the recent data from Trade Map. This is despite deciduous fruit experiencing serious challenges at the Cape Town port earlier in the year.
- Meanwhile, international orange juice prices have surged to a historical high of US\$495/ pound in May 2024 which makes the juicing market more lucrative and being an alternative market for fruit that did not make export grade.
- However, the recent rand appreciation does not bode well for fruit exporters as it may limit further upside on profit margins. The rand US dollar exchange rate depreciated by 6.4% y/y in Q1, of 2024 at R18.80/US\$ but has since powered to average R18.64/US\$ for Q2 to date after reaching its best level of R18.19/US\$ during May 2024.
- On the local market, our analysis of price trends on fresh produce markets so far for the four weeks of May 2024 shows monthly pressures across most vegetable commodities tracked while most fruits remained on the upside. In the vegetable complex, carrot prices posted the biggest monthly loss of 27.1% (-R2.36/kg) m/m and 12% (-R0.83/kg) y/y (figure B1).
- They were followed closely by tomatoes with a monthly decrease of 24.7% (-R4.49/kg) m/m on volume pressure although still 56% (+R4.93/kg) higher at R13.67/kg (figure A1). Tomatoes skyrocketed in the past few months as an unseasonable heat wave caused a flower drop and subsequently a reduced fruit set. However, volumes have since stabilised thus adding further downward pressure on the market.

Figure A1: Average monthly fruit and vegetable prices on South Africa's major Fresh Produce Markets (R/kg)
Average four weeks of MAY 2024



Source: Own calculations from FNB AgriComms.

Figure A2: Changes in average monthly vegetable prices on South Africa's major Fresh Produce Markets (R/kg Δ w/w, y/y)
Average first 4 weeks of MAY 2024

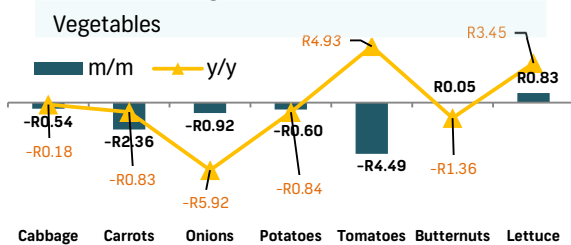
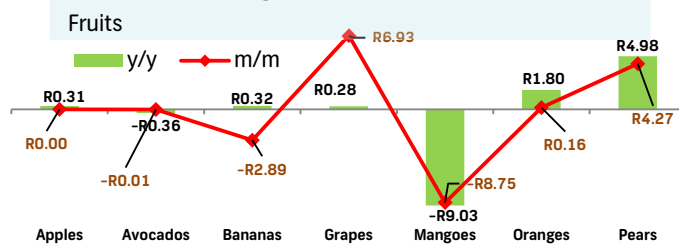


Figure A3: Changes in average monthly fruit prices on South Africa's major Fresh Produce Markets (R/kg Δ w/w, y/y)
Average first 4 weeks of MAY 2024



Source: Own calculations from FNB AgriComms.

- For fruits, most commodities tracked were firm to higher except for bananas and mangoes which fell sharply by 29% (-R2.89/kg) and 35% (-R8.75/kg) m/m respectively, see figure A2. Bananas were however 5% (+R0.32/kg) y/y at R7.11/kg, while mangoes remained on the downside after falling by 36% (-R9.03/kg) y/y at R16.31/kg (figure A3).
- Grapes posted the biggest gain of 26% (+R6.93/kg) m/m and still 1% (+R0.28/kg) y/y at R33.58/kg. Oranges advanced by 3% (+R0.16/kg) m/m and were 39% (+R1.80/kg) y/y at R6.36/kg (figure A3).

Annual fruit and vegetables PPI jumps 5.4 percentage points from March to 7.1% y/y in April 2024

- South Africa's producer price inflation (PPI) accelerated faster by from 4.6% y/y in March to 5.1% in April 2024 with monthly pressures lifting the index to 0.5% m/m. The main contributors were coke, petroleum, chemical, rubber and plastic products (1.6 ppts); food products, beverages and tobacco products (1ppt); and metals, machinery, equipment and computing equipment (0.9 of a ppt), according to Statistics South Africa (Stats SA).
- Overall agriculture PPI jumped to 10.9% y/y in April 2024 from 8.5% in March. However, the monthly agriculture PPI slowed from 2.9% m/m in March to 2.4% m/m in April 2024.
- The fruit and vegetables PPI saw a sharp cost acceleration of 7.1% y/y in April 2024, up 5.4 percentage points (ppts) from March. Nonetheless, an over recovery of R1/ litre for both two grades of petrol with that for diesel 0.05% and diesel 0.005% at R0.91/l and R0.80/l respectively will help limit further cost pressures for the industry. Moreover, the country is on its second month of no loadshedding, and the outlook seem positive on energy supply.
- At consumer level, vegetable consumer price inflation (CPI) rose by 1.4ppts from the previous month to 7.4% y/y in April 2024. The monthly vegetable CPI jumped from 0.5% m/m in March to 3.6% in April 2024.
- Fruit CPI advanced by 1.3ppts from the previous month to 4.5% y/y in April 2024. However, the monthly fruit CPI remained on the downside at -1.6% m/m in April 2024 (see figure C).
- A drill-down into the fruit inflation data shows a sharp increase of 68.9% y/y for paw paws April 2024, followed by oranges and avocados which rose by 19.8% y/y and 13.5% y/y respectively.
- In the vegetable category, the big-ticket items such as potatoes posted the biggest increase of 20.9% y/y in April declined by 2.5% m/m at R21.47/kg. Tomatoes accelerated by 9.9% m/m and 4.9% y/y to R32.39/kg (figure C).
- Onions and carrots posted strong monthly gains of 14.5% m/m and 10.7% m/m respectively at R23.79/kg and R16.47/kg. However, carrots were down by 5.9% y/y while onions were 2.5% ahead of the same month in 2023.

Figure B1: Trends in CPI - various categories (% change Y/Y) - CPI, PPI APR 2024

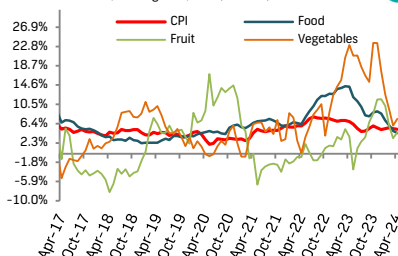


Figure B2: Trends in PPI - various categories (% change Y/Y) - CPI, PPI = APR 2024

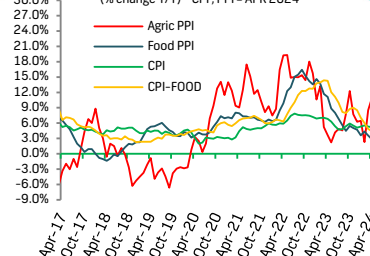
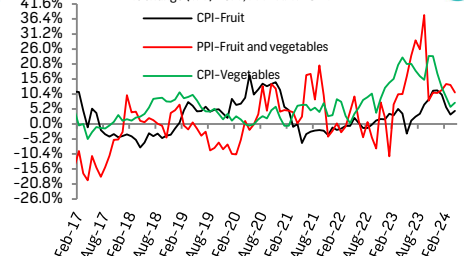
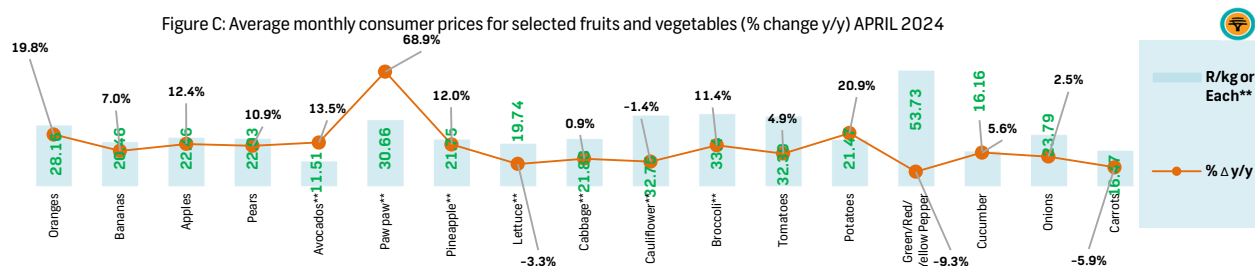


Figure B3: Trends in CPI vs PPI - selected categories (% change Y/Y) - CPI, PPI = APR 2024



Source: StatsSA.

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



Source: StatsSA.

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

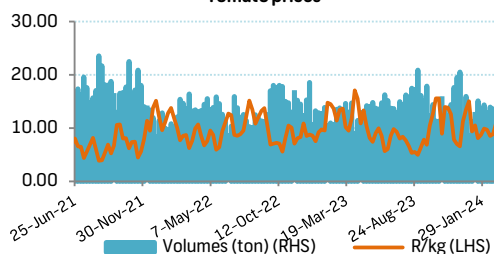


Figure 1aa: Fresh Produce Markets - Tomato prices

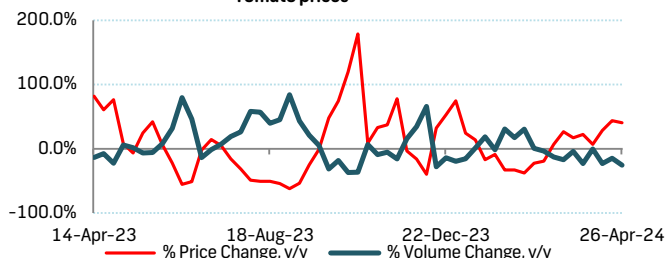


Figure 1b: Fresh Produce Markets - Potato prices

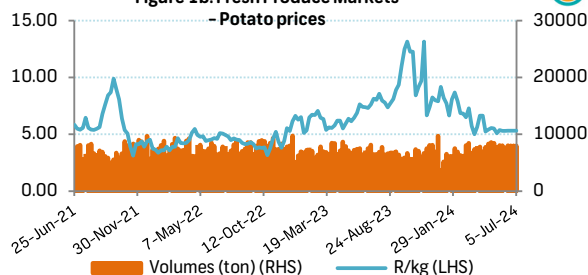


Figure 1ba: Fresh Produce Markets - Potato prices

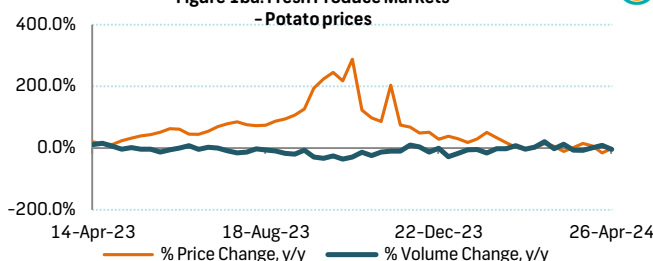


Figure 1c: Fresh Produce Markets - Onion prices

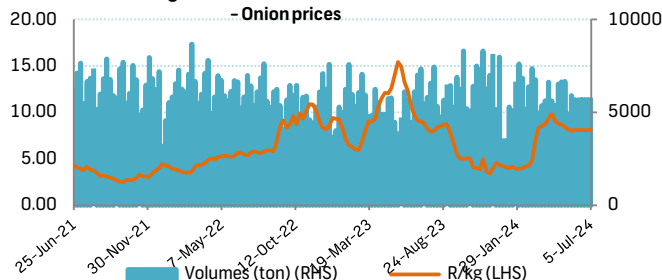


Figure 1ca: Fresh Produce Markets - Onion prices

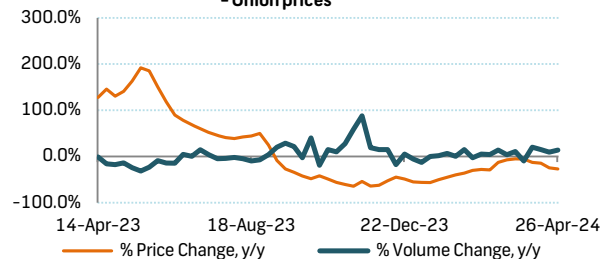


Figure 1d: Fresh Produce Markets - Carrot prices

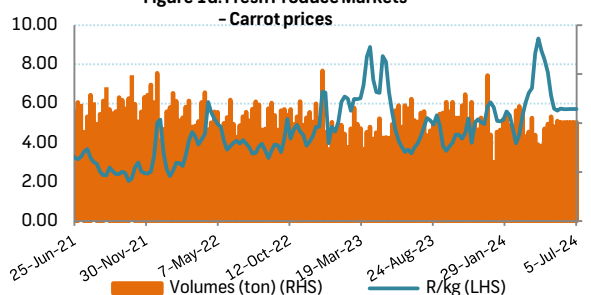
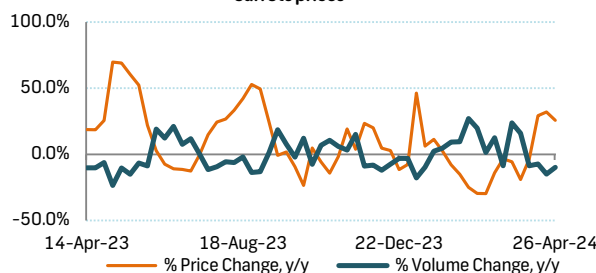
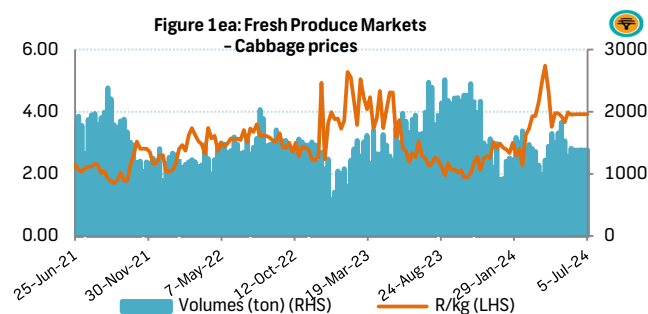
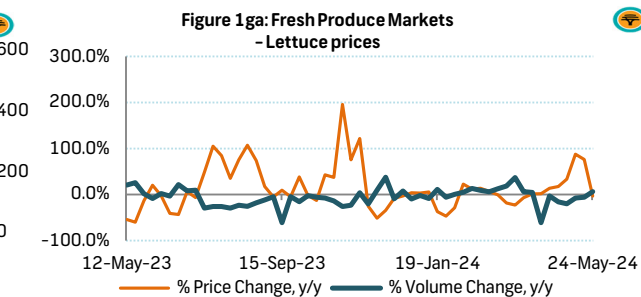
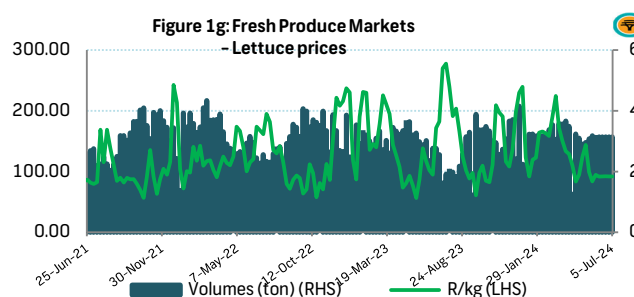
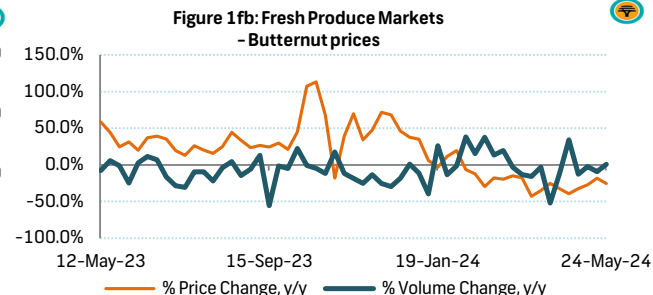
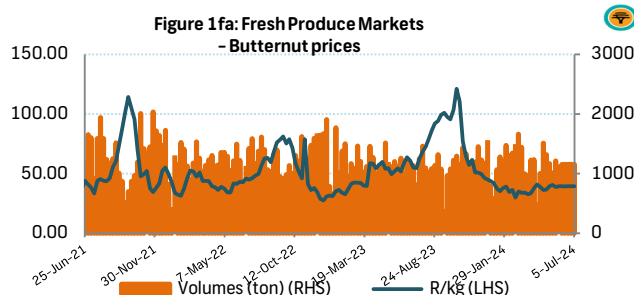
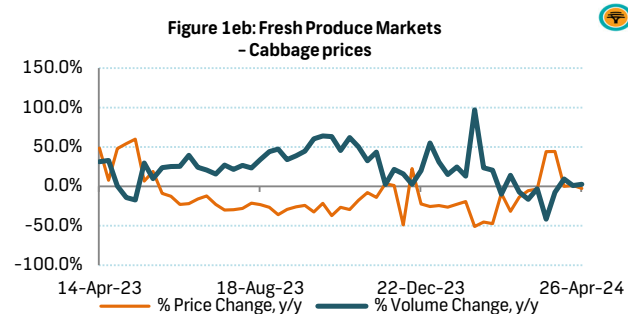


Figure 1da: Fresh Produce Markets - Carrots prices





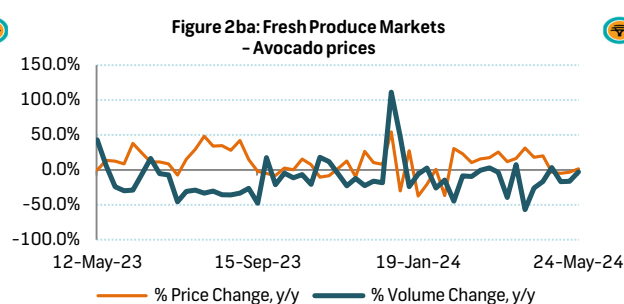
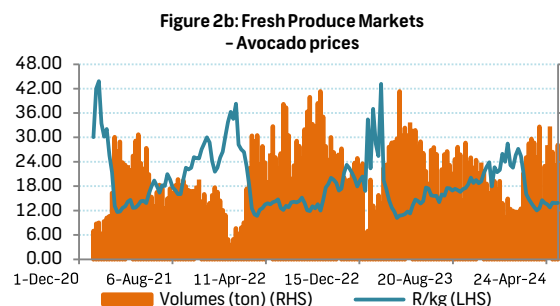
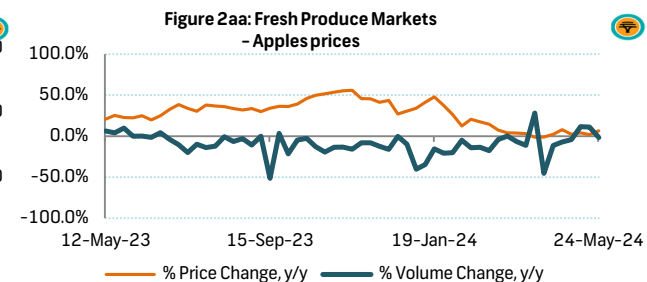
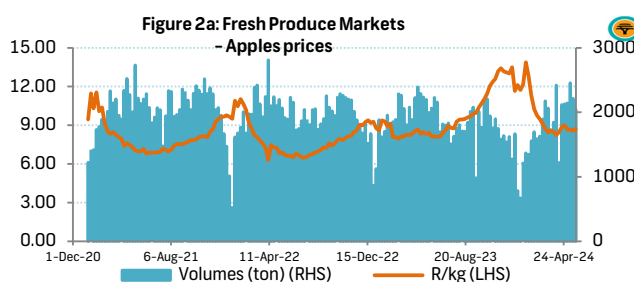
Source: FNB AgriComms

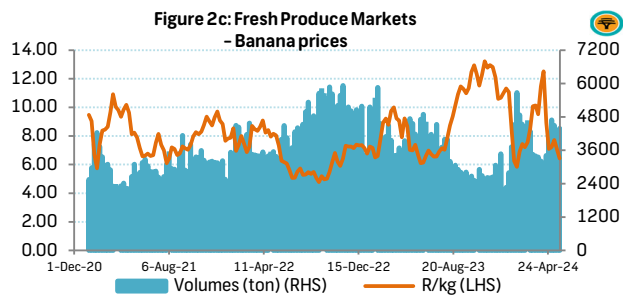


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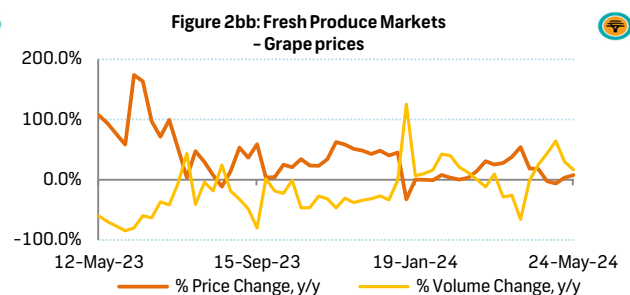
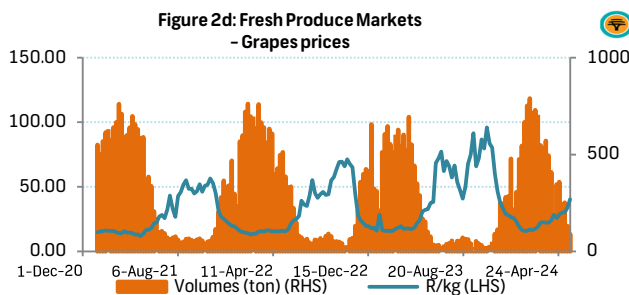
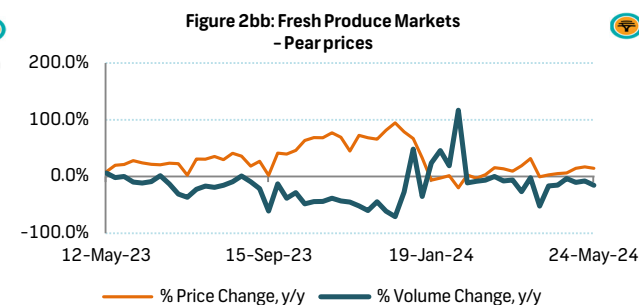
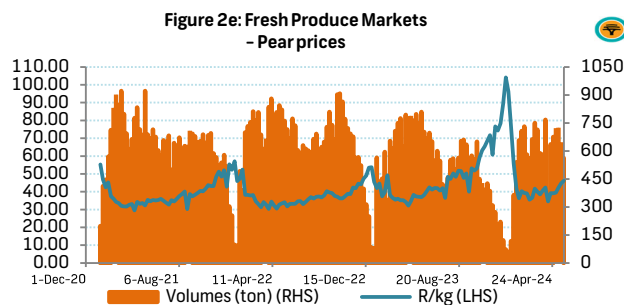
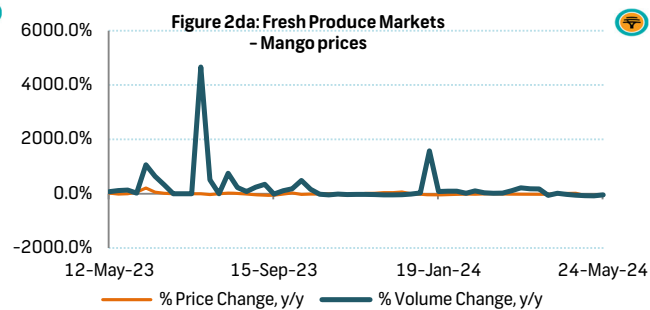
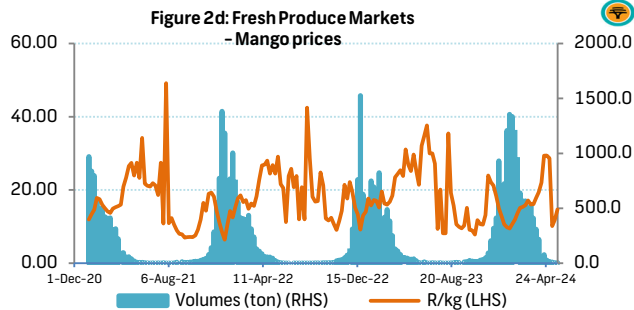
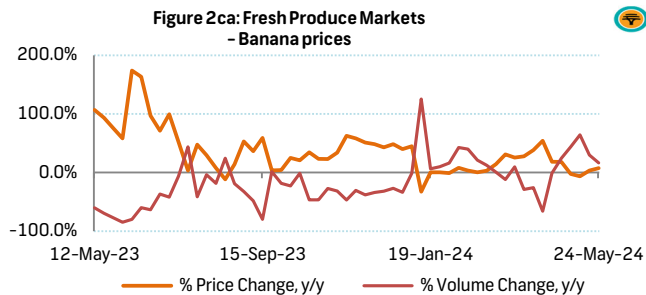
Fruit trends on Major Fresh Produce Markets in SA (figures 2a to 2f)

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





Source: FNB AgriComms



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