

# MONTHLY COMMODITY SALES AND VOLUMES ANALYSIS



## THE FRESH BASKET

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## INTRODUCTION

The Joburg Market (JM) monthly market analysis report is aimed at informing the JM, Market Staff, Management, Board and Stakeholders in the fresh produce industry about the performance of the fresh produce (fruit and vegetables) trade on the market floors, at a given month. The report looks at the main commodities that are traded in the Joburg Market (JM) in terms of average volume and prices. Further the report features international and local issues that affect the fresh produce industry and reported developments' impact on the JM. The period under review is from the 1<sup>st</sup> August 2015 and the 31<sup>st</sup> August 2016. The JM compiles this report on a monthly basis to keep the stakeholders informed of the trade in agricultural commodities and use the information to inform strategic decisions making processes. The summary of the entire commodity analysis report is attached in Annexure 1 and the summary of industry developments implications to JM business are in Annexure 2.

## Vegetable price and volume trend analysis

Vegetables are part of important annual crops for the South African agricultural industry. Their importance is evidenced by the strength and contribution of various agricultural industries who are directly and indirectly involved in the vegetable industry. These industries also make significant contribution to employment creation and revenue generation for municipalities that provides and manage fresh produce market facilities such as the Joburg Market. At the fresh produce markets trade occurs on the market floors and prices of vegetables and fruits are determined by market forces (i.e. demand and supply). The performance of the vegetable industry is largely dependent on climatic conditions and this impact on crop production. This occurs throughout all stages of production until the produce is harvested and ready for the market. Forming part of these climatic conditions is; drought, flood, hail and heat wave. In analyzing the price and volume of traded commodities, factors that impact on crops development and production are taken into consideration. Below are different figures of the main vegetables that are traded in the market in terms of prices and volumes.

### Potatoes trade



As depicted in figure 1 below, during the month of August 2016, the quantities of potatoes supplied to the market declined by 14%, from 39 568 tons to 34 085 tons year on year (y/y). The

decline in production can be attributed to drought. Low production volumes led to significant price increase of 79%. Prices increased from R2 258/ton to R4 050/ton y/y. The month to month (July 2016 to August 2016) volume supplied to the market increased slightly by 0.9% from 33

782 tons to 34 085 tons. Subsequently, the price of potatoes decreased by 3.4% from R4 194/ton to R4 050/ton m/m. Overall, potato prices started to trade downwards in April due to increased

volume of supply. The price of potatoes is anticipated to further drop during September 2016.

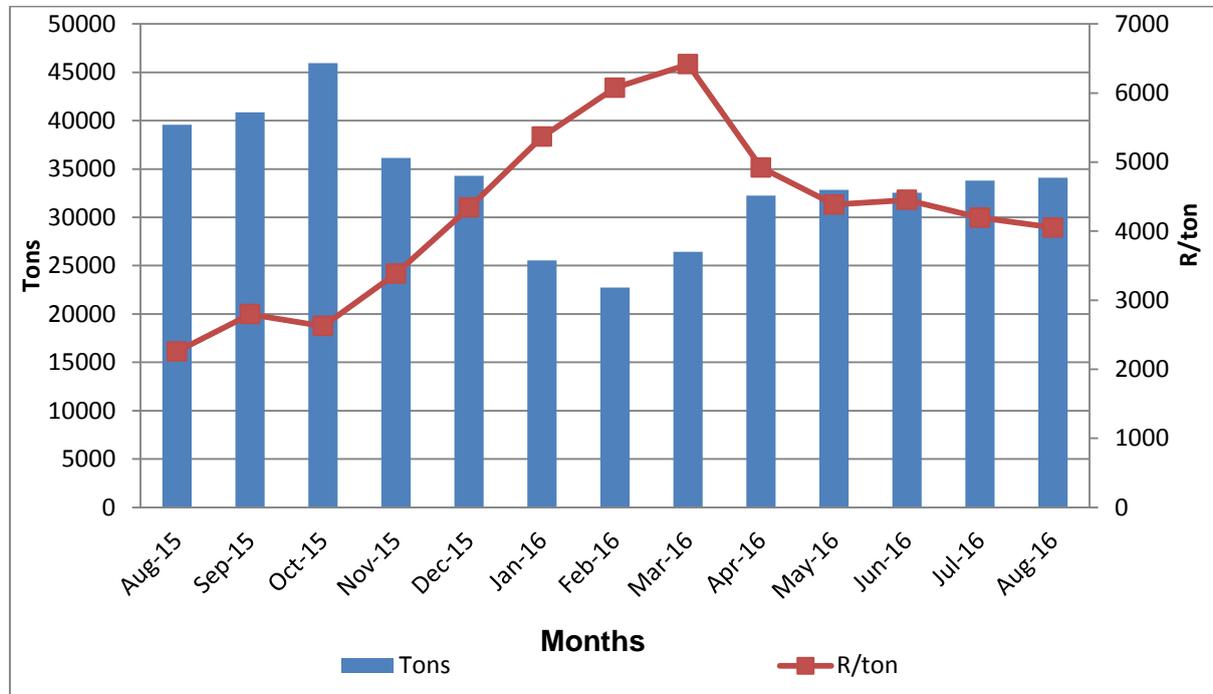
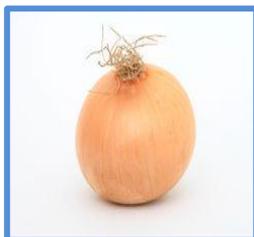


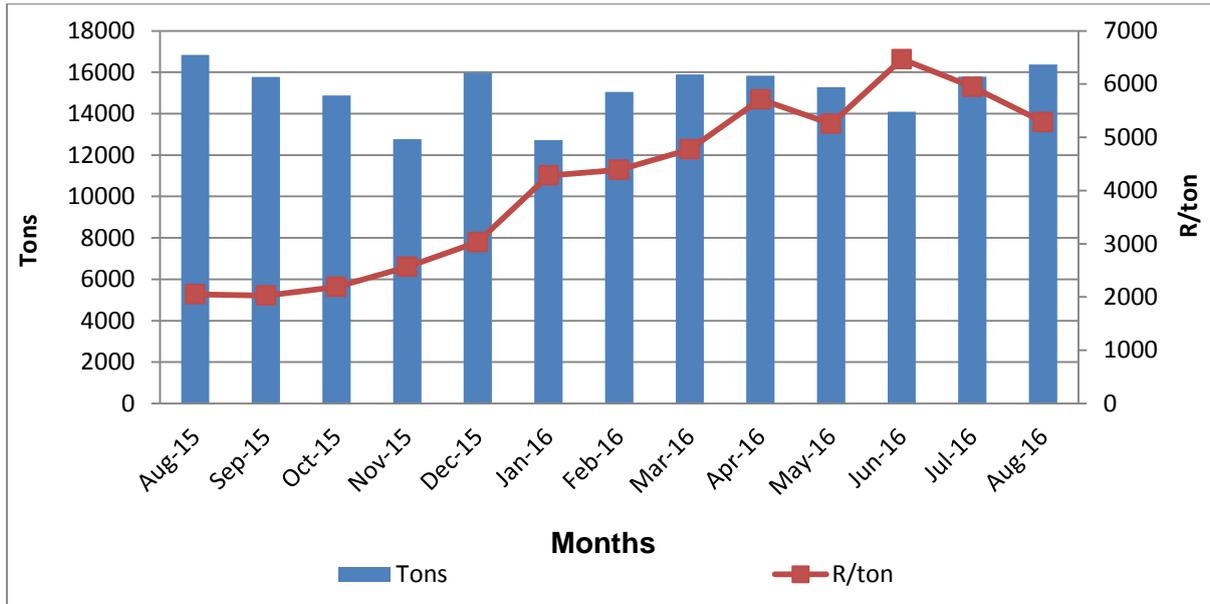
Figure 1: Potato prices and volumes trade  
Source: JM, 2016

### Onions trade



In August 2016, onions traded at a higher price of R5 288/ton as shown in figure 2. This was a significant price increase of 158% y/y. Consequently, the volume of onions decreased slightly by 2.7% from 16 833 tons to 16 376 tons when compared to the same period last year. The month to month (m/m) volume comparisons show

that the volume of onions increased slightly by 3.7% from 15 786 tons to 16 376 tons. Subsequently, the price of onions decreased by 11% from R5 947/ton to R5 288/ton. Overall, the prices of onions have been increasing since October 2015 until April 2016. The prices of onions are projected to drop in September due to expected increase in the volume



**Figure 2: Onion prices and volumes trade**  
Source: JM, 2016

### Tomato trade



The volume of tomatoes supplied to the market during August 2016 increased by 30% from 10 610 tons to 13 739 tons when compared to the same period last year. Consequently, the price of tomatoes decreased significantly by 42% y/y from R5 886/ton to R3 417/ton. The m/m volume of tomatoes supplied to the market increased by 10% from 12 467 tons to 13 739 tons. As a result, the prices dropped significantly by 21% from R4 321/ton to R3 417/ton. Overall, the prices of tomatoes have been trending downwards whilst the volume increased for the past

three months as depicted in figure 3. As a result the volume marketed by JM increased. According to RSA, CL De Villiers and Macro Market agents; the market floors were flooded with tomatoes for the past three months. This is attributed to increased production as most farmers planted tomatoes, because during the same period last year the prices of tomatoes were high. Usually, farmers expect better prices of tomatoes during the winter season but during the period under review, a 20 kg crate of tomatoes was sold at R20.00 minimum. Lower demand for tomatoes is another reason the price dropped. The price of tomatoes is anticipated to rise in September 2016.

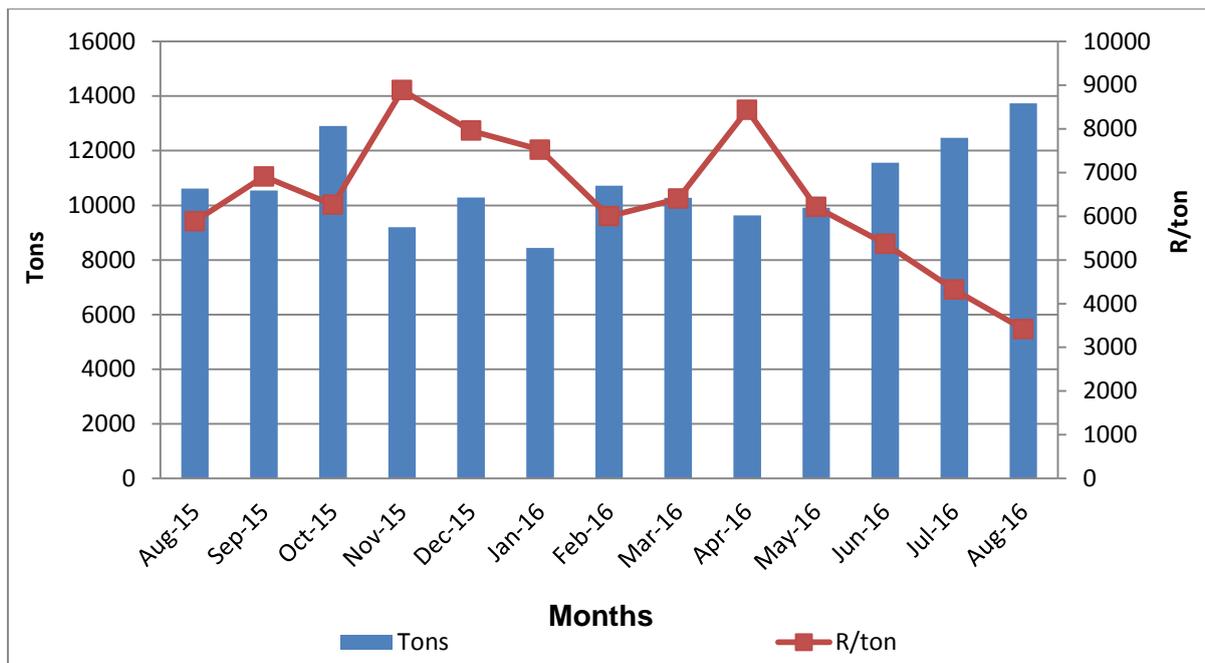


Figure 3: Tomato prices and volumes trade  
Source: JM, 2016

### Carrots trade

Figure 4 below present the trends of carrots as sold in the JM. The volume of carrots marketed in August 2016 increased by 3.0% from 4 701 tons to 4 844 tons when compared to the same period last year. At the same time, the price of carrots increased by 8.8% from



R2 093/ton to R2 277/ton y/y. The volume of carrots supplied to the JM decreased slightly by 1.4% from 4 911 tons to 4 844 tons m/m. Consequently, the prices of carrots increased by 7.2% from R2 125/ton to R2 277/ton. The average price of carrots is expected to increase in September 2016.

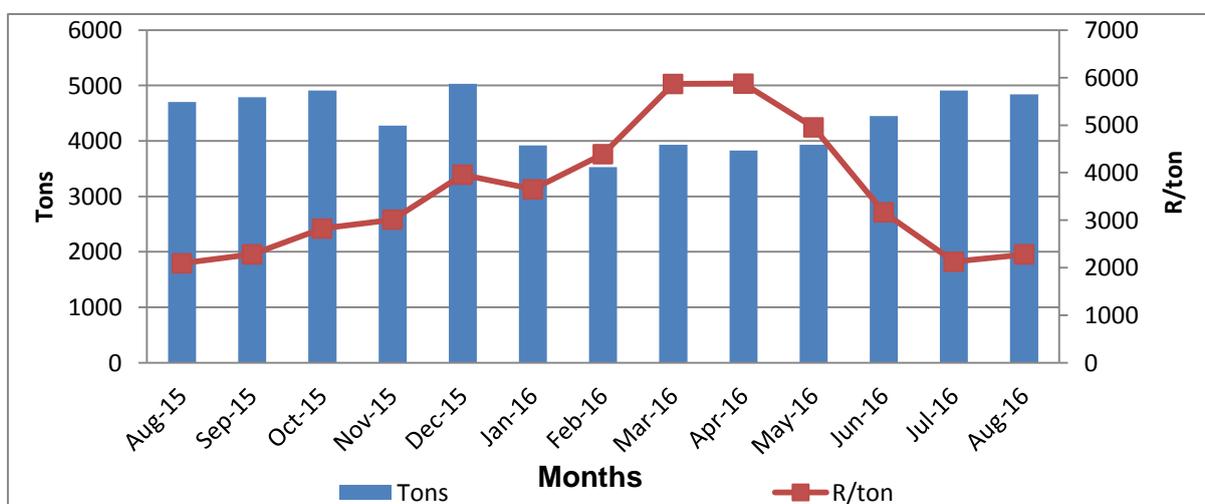


Figure 4: Carrot prices and volumes trade  
Source: JM, 2016

### Cabbage trade



Figure 5 present the trends of cabbages as marketed in the JM. As shown in the figure, the volume of cabbages sold in August 2016 increased slightly by 4.8% from 3 378 tons to 3 542 tons compared to the same time last year. At the same time, the price of cabbages increased

significantly by 34% from R1 442/ton to R1 900/ton y/y. The m/m prices of cabbages increased by 5.1% from R1 798/ton to R1 900/ton. The increase in prices of cabbages was due to 5.1% decrease in the volume of cabbages supplied which is from 3 732 tons to 3 542 tons. The price of cabbages is expected to rise in September 2016.

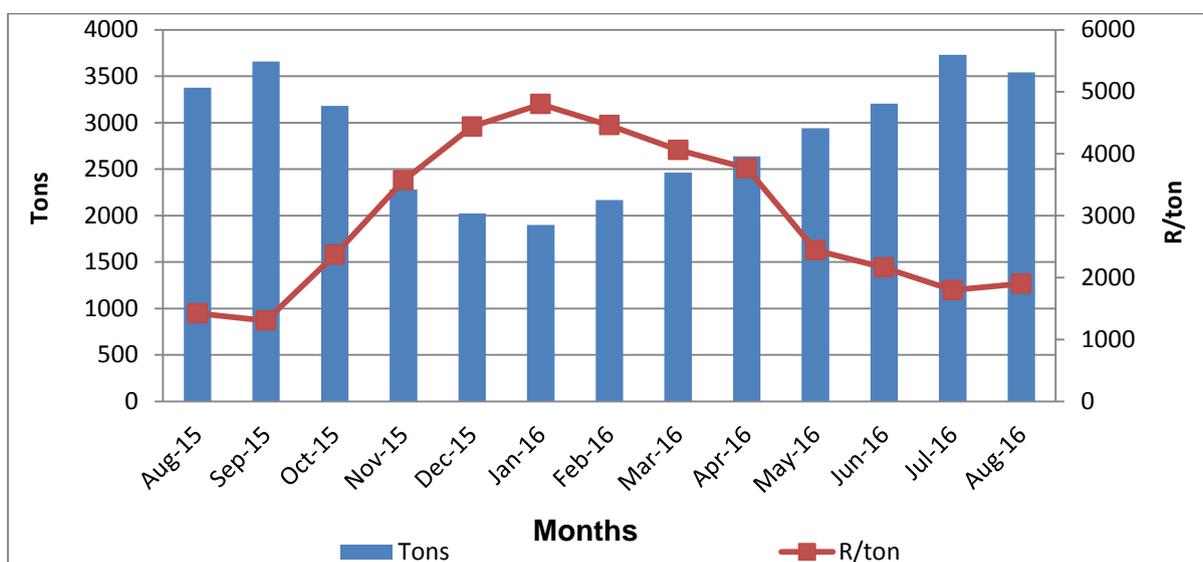


Figure 5: Cabbage prices and volumes trade  
Source: JM, 2016

### Other Vegetables commodities trade

Table 1 below shows other vegetables that are traded at the JM floors. These vegetables were selected based on their popularity in most households and contribution towards food security. At production level, they are considered common crops in South Africa.

Table 1: Other vegetable trade

Commodities	Tons		
	Aug-15	Jul-16	Aug-16
Beetroot	1883	1709	1741
Butter Nuts	4007	4555	3787
Green Pepper	1388	1399	1545
Lettuce	721	667	619
Pumpkin	441	625	295
Sweet Potatoes	1125	1601	1130

Source: JM, 2016

**Beetroot:** The volume of beetroot traded in August 2016 decreased by 7.5% from 1 883 tons to 1 741 tons when compared to the same period last year. Subsequently, the price of beetroots increased significantly by 63% from R2 500/ton to R4 082/ton y/y. The m/m volume supplied to the JM showed a slight increase of 1.9% from 1 709 tons in July 2016 to 1 741 tons in August 2016. At the same time, the prices of beetroot increased by 12% from R3 661/ton to R4 082/ton (m/m). The prices of beetroots are expected to rise in September 2016.

**Butternuts:** The volume of butternuts marketed in August 2016 declined slightly by 5.5% from 4 007 tons to 3 787 tons when compared to the same period last year. Subsequently, the price of butternuts increased significantly by 29% from R2 924/ton to R3 767/ton y/y. The m/m volume of butternuts supplied to the market decreased by 17% from 4 555 tons in July 2016 to 3 787 tons in August 2016. The decrease in volume led to a significant increase the price of butternuts by 30% from R2 892/ton to R3 767/ton m/m. Further increase in the prices of butternuts is expected in September 2016.

**Lettuce:** During the month of August 2016 the volume of lettuce supplied to the market decreased by 14% from 721 tons to 619 tons y/y. Subsequently, the price of lettuce increased by 13% from R7 300/ton to R8 230/ton y/y. The m/m prices of

lettuce increased by 15% from R7 173/ton to R8 230/ton. The increase in prices was due to a decline of 7.2% in the volume supplied from 667 tons to 619 tons m/m. As a result of this development, the price of lettuce is expected to rise in September 2016.

**Green pepper:** In August 2016 the volume of green pepper supplied to JM increase by 11% from 1 388 tons to 1 545 tons y/y. At the same time, the price of green peppers increased by 18% from R6 940/ton to R8 189/ton y/y. The m/m volume comparison shows that green peppers supplied to the market increased by 11% from 1 399 tons in July 2016 to 1 545 tons in August 2016. The increase in the volume supplied led to a decrease in the price of green peppers by 15% from R9 591/ton to R8 189/ton. It is expected that the price of green peppers will drop in September 2016.

**Pumpkin:** The volume of pumpkins supplied to the market decreased massively by 33% from 441 tons to 295 tons in August 2016 y/y. The decrease in volume led to an increase in the price of pumpkins by 20% when compared to the same month last year. The month on month market dynamics show that the volume supplied to JM decreased massively by 53% from 625 tons in July 2016 to 295 tons in August 2016. Subsequently, the price of pumpkins increased significantly by 63% from R1 339/ton to R2 185/ton. It is anticipated

that the price of pumpkins will rise in the short to medium term.

**Sweet potatoes:** During August 2016 the volume of sweet potatoes supplied to the market increased slightly by 0.4% from 1 125 tons to 1 130 tons when compared to the same period last year. At the same time, sweet potatoes traded at a higher price of R6 377/ton y/y. This was a significant increase of 32% y/y. The month to month volume comparisons show that sweet potatoes volume decreased massively by 30% from 1 601 tons to

1 130 tons. Subsequently, the prices of sweet potatoes increased significantly by 74% from R3 663/ton to R6 377/ton m/m. It is expected that the price of sweet potatoes will rise in September 2016.

Overall in August 2016 vegetables commodities such as butternuts; lettuce; pumpkins and sweet potatoes decreased in the volumes as compared to July 2016. However, beetroot and green peppers showed an increase in volume supplied.

### Fruit price and volume trend analysis

Fruits are important crops produced seasonally in South Africa hence some fruits will be available in large quantities when in season and vice-versa. For example, mangoes might be available in large quantities from November to March but will be out of season in June and in certain instances the JM agent's import certain fruits to satisfy the customers demand. Considering the seasonal nature of South African fruit industries, only a few selected commodities available during the period under review were analyzed. The focus was also placed on popular commodities mostly traded in large volumes at JM. Below are different figures that show main fruits traded at the JM in terms of average selling prices and volumes, for the period of August 2015 to August 2016.

### Apple trade



Figure 6 below show the volumes and average prices of apples traded at JM. As depicted in figure 6, the volume of apples supplied to the market declined by 2.0% from 5 653 tons to 5 541 tons y/y. As a consequence, the price of apples

increased significantly by 13% when compared to the same period last year. The m/m volume of apples supplied to the market increased by 5.0% from 5 276 tons in July 2016 to 5 541 tons in August 2016. At the same time, the price of apples increased by 6.0% when compared m/m. Overall the prices of apples have been on the downward trend since March 2016 until June 2016 when the pattern change.

This trend is in line with the seasonal nature of the industry. Prices of apples are

expected to rise again in September.

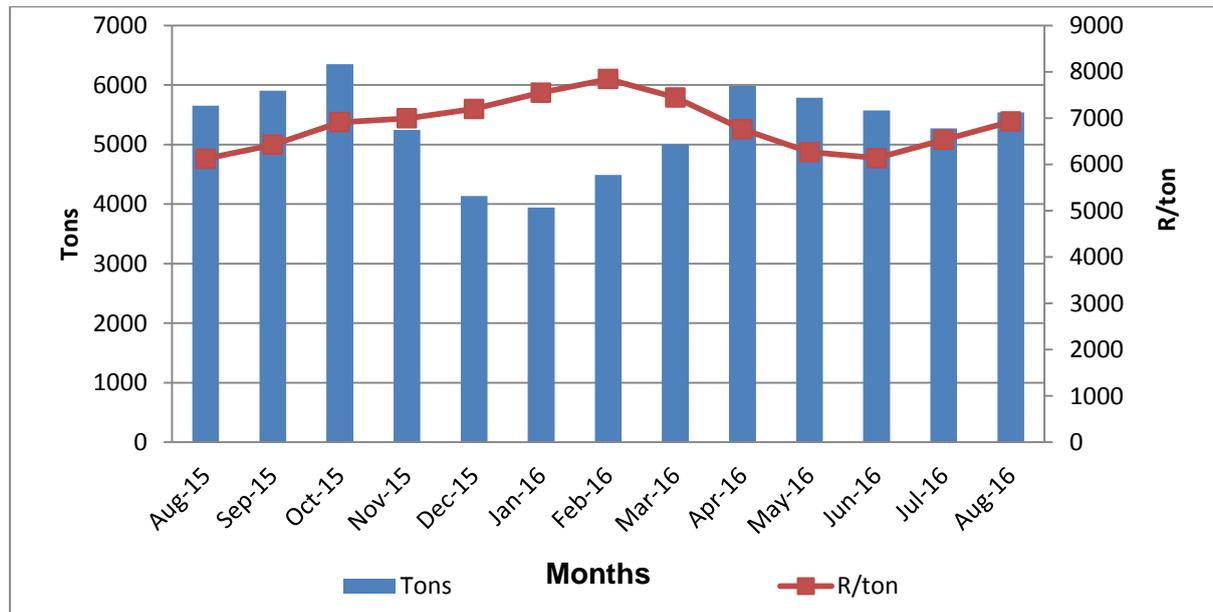


Figure 6: Apple prices and volumes trade  
Source: JM, 2016

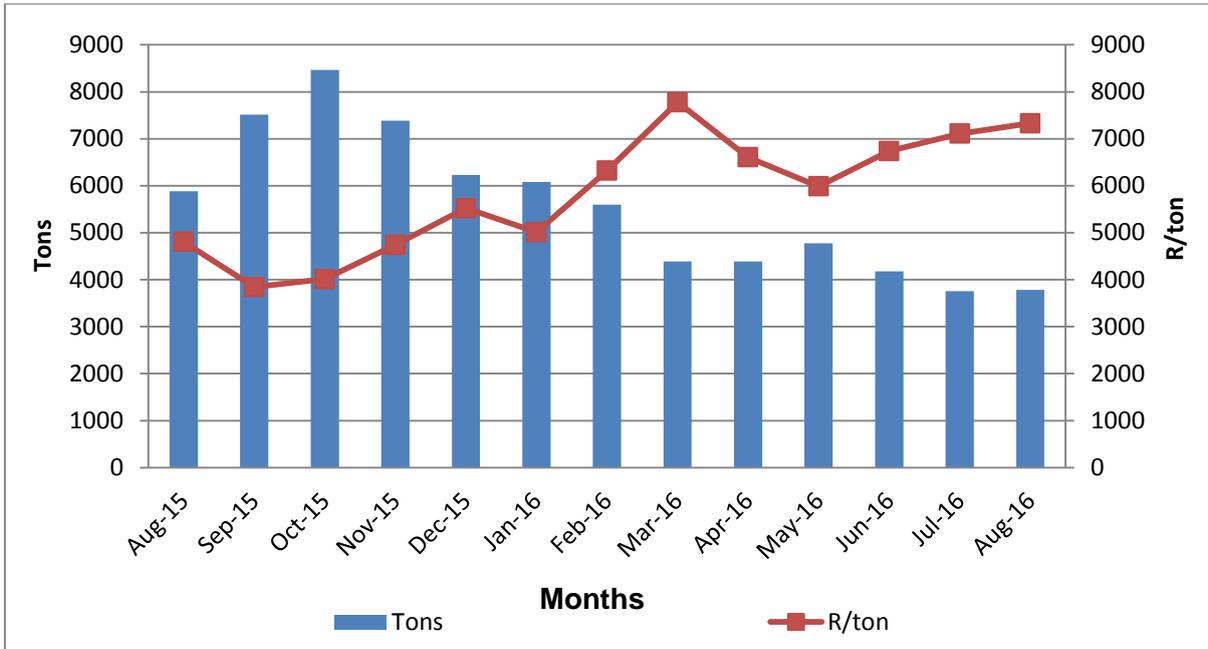
### Banana trade



The volume of bananas marketed by JM during August 2016 declined by a massive 36% from 5 886 tons to 3 786 tons

y/y as shown in Figure 7. The decrease in the volume of bananas supplied to the market led to a significant increase in the price of bananas by 53% from R4 806/ton to R7 329/ton in comparison with the

same month last year. The m/m volume of bananas supplied to the market increased by 0.8% from 3 754 tons to 3 786 tons. At the same time, prices of bananas increased by 3.1% from R7 110/ton to R7 329/ton. The increase in price of bananas is attributed to drought which is continuing to take a toll among the producers. Prices of bananas are anticipated to rise again in September.



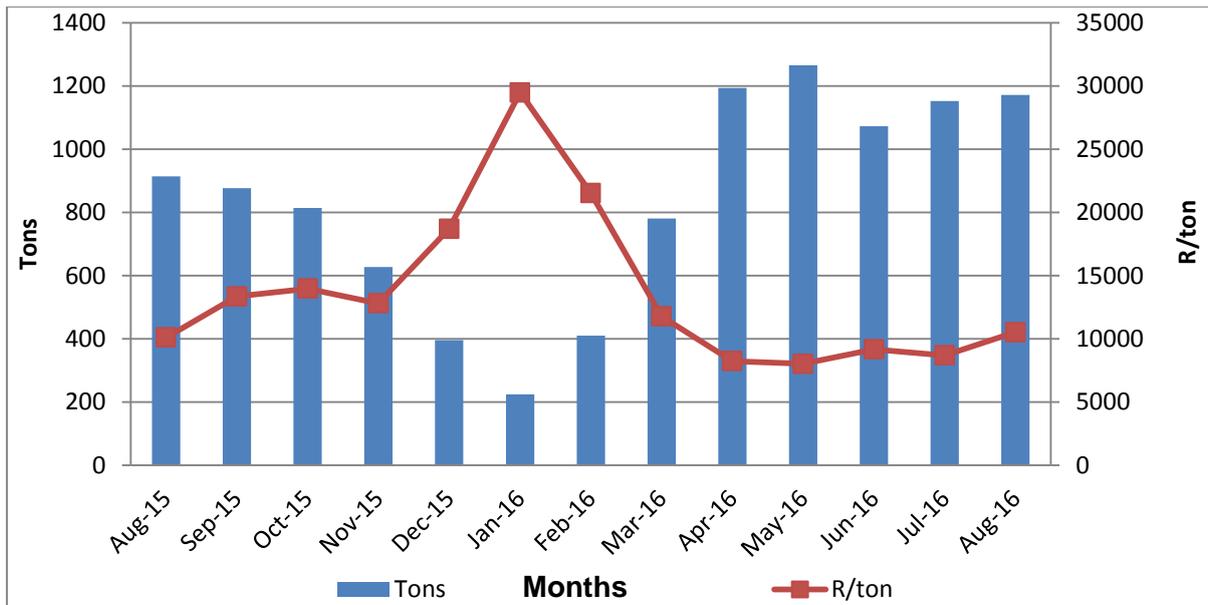
**Figure 7: Banana prices and volume trade**  
 Source: JM, 2016

### Avocados trade

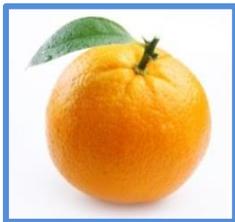


Figure 8 present the trends of avocados as traded in the JM. As depicted in the figure, the volume of avocados supplied to the market during August 2016 increased massively by 28% from 914 tons to 1 171 tons when compared to the same month last year. At the same time, the price of avocados also increased slightly by 4.1%

from R8 269/ton to R8 694/ton y/y. The m/m quantities of avocados supplied to the market increased slightly by 1.6% from 1 153 tons in July 2016 to 1 171 tons in August 2016. At the same time, the prices of avocados increased by 21% m/m. The price of avocado is expected to rise in the September 2016 due to expected commodity decline.



**Figure 8: Avocado prices and volume trade**  
 Source: JM, 2016



**Orange trade**

During the month of August 2016 oranges traded at a higher price of R3 888/ton as depicted in figure 9.

This is an increase of 43% in price when compare to the same month last year. The increase in prices was due to a slight decline in the volume of oranges supplied by 3.0% from 5 587 tons to 5 422 tons y/y. The m/m analysis show that the volumes of oranges supplied in August 2016

decreased by 13% from 6 254 tons in July 2016 to 5 422 tons in August 2016. Subsequently, the prices of oranges increased by 8.0% from R3 600/ton in July 2016 to R3 888/ton in August 2016. Overall, from October 2015 to January 2016 prices of oranges show an upward trend due to commodity going out of season. The prices of oranges are expected to increase again in September due to the scarcity of the crop as the season comes to an end.

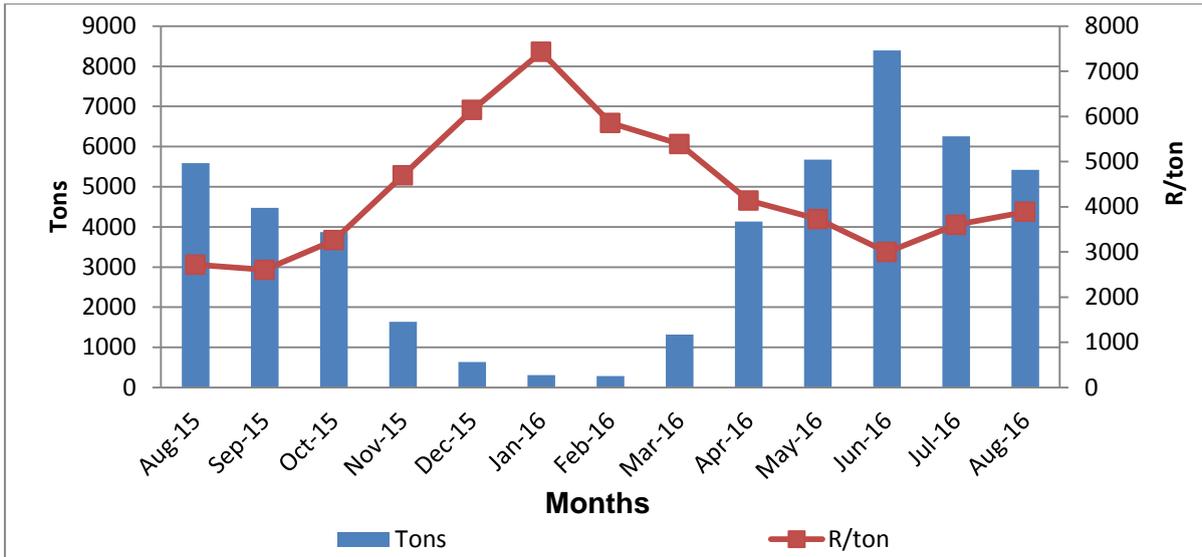


Figure 9: Orange prices and volumes trade

Source: JM, 2016

Pears trade



During August 2016, the volume of pears supplied to the market increased massively by 34% from 1 132 tons to 1 520 tons y/y. Subsequently, the prices of pears declined by 7.7% from R7 765/ton to R7 169/ton as shown in figure 10 below. The m/m volume of pears supplied

to the market increased significantly by 15% from 1 324 tons to 1 520 tons. At the same time, the price of pears increased slightly by 2.9% from R6 964/ton to R7 169/ton m/m. In general pears price has been trending downwards since January 2016 due to increased supply and prices are starting to pick up. Prices of pears are projected to increase in September

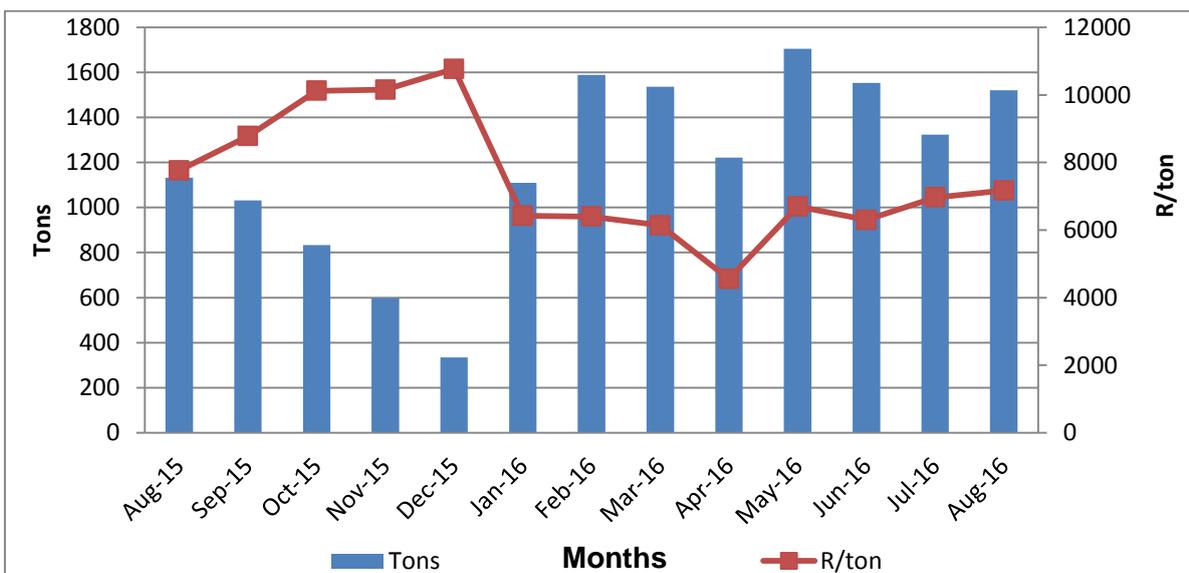


Figure 10: Pears prices and volume trade

Source: JM, 2016

## Other fruits commodities trade

Table 2 below shows other fruits that are mainly traded at the JM floors. These fruits were selected based on their contribution to the healthy diets which is required for human survival.

**Table 2: Other fruits trade**

Commodities	Tons		
	Aug-15	Jul-16	Aug-16
Pineapples	681	612	684
Lemons	625	620	649
Watermelon	183	29	91
Sweet melon	193	135	158

Source: JM, 2016

**Pineapples:** As presented in Table 2, during August 2016 the volume of pineapples supplied to the market increased slightly by 0.5% from 681 tons to 684 tons when compared to the same time last year. At the same time, the price of pineapples increased significantly by 47% from R5 001/ton to R7 327/ton. The m/m volume of pineapples supplied to the market increased by 12% from 612 tons to 684 tons. Subsequently, the price of pineapples decreased slightly by 2.4% from R7 509/ton to R7 327/ton m/m. The prices are anticipated to drop again during September 2016.

**Lemons:** In August 2016 there was a slight increase of 3.8% in the volume of lemons supplied to the market. Lemons increased from 625 tons to 649 tons when compared to August 2015. At the same time, the price of lemons increased significantly by 54% from R6 663/ton to R10 288/ton (y/y). The m/m volume comparison show an increase of 4.7% in the volume of lemons supplied to the

market. At the same time, the prices of lemons increased by 6.3% from R9 680/ton to R10 288/ton. The prices of lemons are expected to rise in September 2016.

**Watermelon:** The volume of watermelons supplied to the JM in August 2016 decreased massively by 50% from 183 tons to 91 tons y/y. Subsequently, the price of watermelons increased significantly by 54% from R8 321/ton to R12 789/ton when compared to the same month last year. The m/m volume of watermelons supplied to the market increased massively by 218% from 29 tons to 91 tons. Subsequently, the price of watermelons dropped by 20% from R16 062/ton to R12 789/ton. The price of watermelon is expected to drop in September 2016.

**Sweet melon:** The volume of sweet melons supplied to the market decreased significantly by 18% from 193 tons to 158 tons y/y. At the same time, the price of sweet melons also decreased slightly by

2.2% from R17 318/ton to R16 931/ton y/y. The m/m prices of sweet melons show an increase of 17% from R21 598/ton in July 2016 to R16 931/ton in August 2016. The decrease in prices was due to an increase in the volume of sweet melons supplied which was at 17% from 135 tons to 158 tons m/m. The prices of sweet

melons are anticipated to rise in September 2016.

Overall, during August 2016 the volume of lemons; watermelon; pineapples and sweet melon supplied to the JM increased when compared to the month of July 2016.

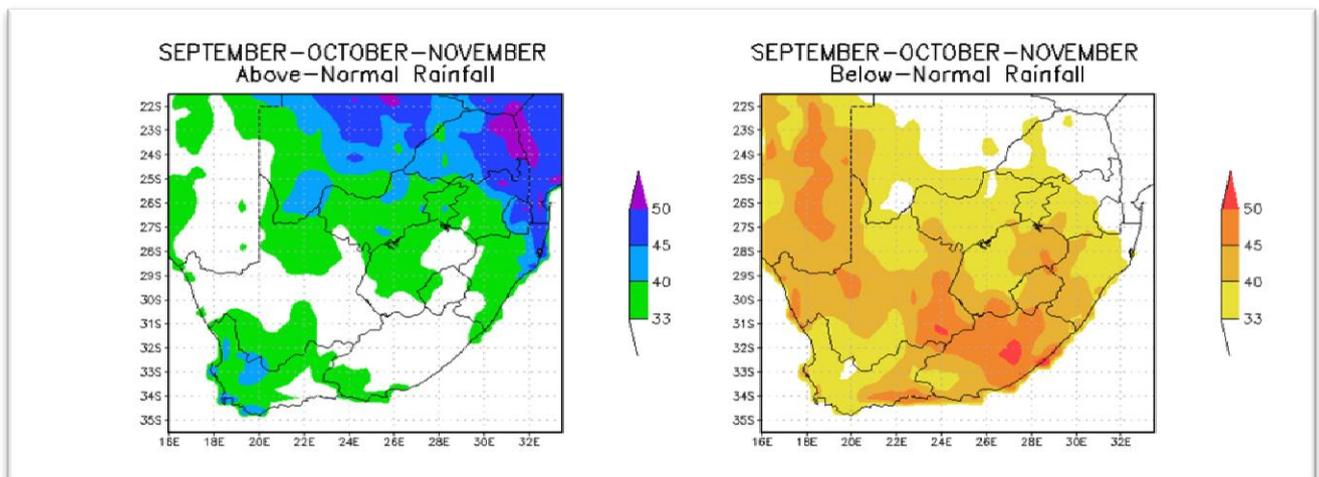
### International and local industry developments

#### Weather conditions

Figure 11 below illustrate weather forecasting by the South African Weather Service (SAWS). According to the SAWS predictions, there are chances of below-normal rainfall conditions over the north-eastern parts of the country for the spring season. The western coastal areas may receive above-normal rainfall in September. Although over the past months, the SAWS anticipated chances of La Nina over the spring and summer seasons, there is uncertainty towards which direction rainfall will take in the

upcoming seasons. In August the country did not experience any rainfall as it was expected. According to SAWS, South Africa may receive rain later in the year.

This implies that farmers will have a very short planting time and as a result during harvest time farmers may not be able to meet the expected yield. There will be lower volumes of poor quality produce which will ultimately lead to higher prices and increase in revenue from the produce sold at JM.



**Figure 11: Rainfall patterns**  
Source: SAWS, 2016

## The Vaal Dam relatively low due to drought



The Vaal Dam is one of South Africa's biggest suppliers of water to the citizen of Gauteng. The Vaal Dam supplies

about 12 million South Africans with water. The dam is under the management of Rand Water. The Dam receives water mainly from the Vaal River and other rivers flowing into the dam, such as; Wilge, Klip Molspruit and Grootspuit.

Given the current status of water shortages in the country due to the effects of drought, concerns are rising as the dam's water level continues to drop drastically. The dam's water level was at 33.8% in August 2016. This is very low when compared to 74% during the same period last year. Residents in Gauteng including farmers are seriously affected by this problem as there will be serious water shortages if it does not rain in the next few weeks of September 2016.

According to the Department of Water and Sanitation (DWS), Vaal dam is losing about 10 cm a day which is quite a lot of water. As a result of continual drop of water level, water use restrictions for households, the agricultural and mining sectors have been implemented. According to these restrictions, domestic

water was should be reduced by 15% while agriculture and mining sectors should be reduced by 20%. The department has contingency plans and that they could receive water from other places like the Sterkfontein Dam if the Vaal Dam falls below 30%. According to SAWS forecast; Gauteng, Limpopo and Mpumalanga would experience below normal rainfall just like the other parts of inland provinces. The country is not going to recover easily from drought because the temperatures are starting to be above average.

The DWS encouraged people to use water sparingly and have a message which is to re-use, recycle water and refrain from watering gardens and also take shortened showers instead of bathing. The implications of this development on farmers include; low levels of production, small poor sized produce of poor quality. As a result, the price of produce is expected to be on the high.

### Important health benefits of pears

Pears form part of commodities traded at the JM on a daily basis. According to CSIRO Food and Nutrition Flagship for Horticulture



Innovation Australia (2016); there are a

number of health benefits in a pear. Eating fresh fruits and vegetables is essential to the health of human beings, but research suggests that eating more pears has a direct benefit. Some of the notable pears' health benefits include anti-inflammatory and anti-hyperglycaemic properties which provide cough relief and work wonders in helping to prevent a hangover. These scientific results were evaluated using the National Health and Medical Research Council (NHMRC) criteria. The combined intake of apples and pears are associated with reduced risk of stroke. Pears can also reduce the risk of coronary heart disease as well as assisting in the management of Type 2 Diabetes because of their low glycemic index (GI). This came as good news to pear producers and to Tru-Cape marketing company. According to Tru-Cape; Fruit Marketing, the company is responsible for the livelihoods of about 15,200 people who rely on their ability to sell their growers' apples and pears, any research that elevates their takeaways from nature into superfoods that also happen to be affordable to many and taste delicious, is exactly what they hope for.

### **Imperfectly delicious fruits and vegetables concept**

With the increasing population in the world estimated at 9 billion by 2050, the world is now researching at alternative fruits and vegetables that are required to feed the population. Although the research is still in progress, some countries have found a

solution to be "Ugly fruits and vegetables" as per the picture insert. Ugly fruits and



vegetables concept was presented at the Produce Marketing Association (PMA) conference which was held at the CSIR from the 17<sup>th</sup> to the 18<sup>th</sup> of August 2016. According Jason Bosch, Director of Origin Direct Asia, about 2.7 billion tons of fruits and vegetables are wasted because of being deformed or imperfect and not meeting market standards. These produce can feed about 2 billion people. Jason indicated that many developing countries have a program on imperfect fruits and vegetables.

The implications is that considering some of the programs under the JM food security strategy and consumers that cannot access quality fruit and vegetables as they find them unaffordable, a program like imperfectly delicious can lead to increase in the volume sold in the JM and further increase poor people's access to produce sold at JM. It is therefore important to promote the delivery and sale of Ugly fruit and vegetables at JM in support of Agro-processing Enterprises

Development. This will lead to increase in revenue in the form of revenue and commission business from agro



### Valencia export fruit declines

The South African Valencia (picture insert) fruit export volume seems to have fallen by 10.34% from 46.4 million cartons to 41.6 million of cartons. This is not yet the actual estimate as the industry is now finalising the picking of the Valencia's and finishing orchards so that actual measure volume packed can be provided. Citrus industry growers association reported that there were lower fruit volumes which came as a result of dry conditions over the

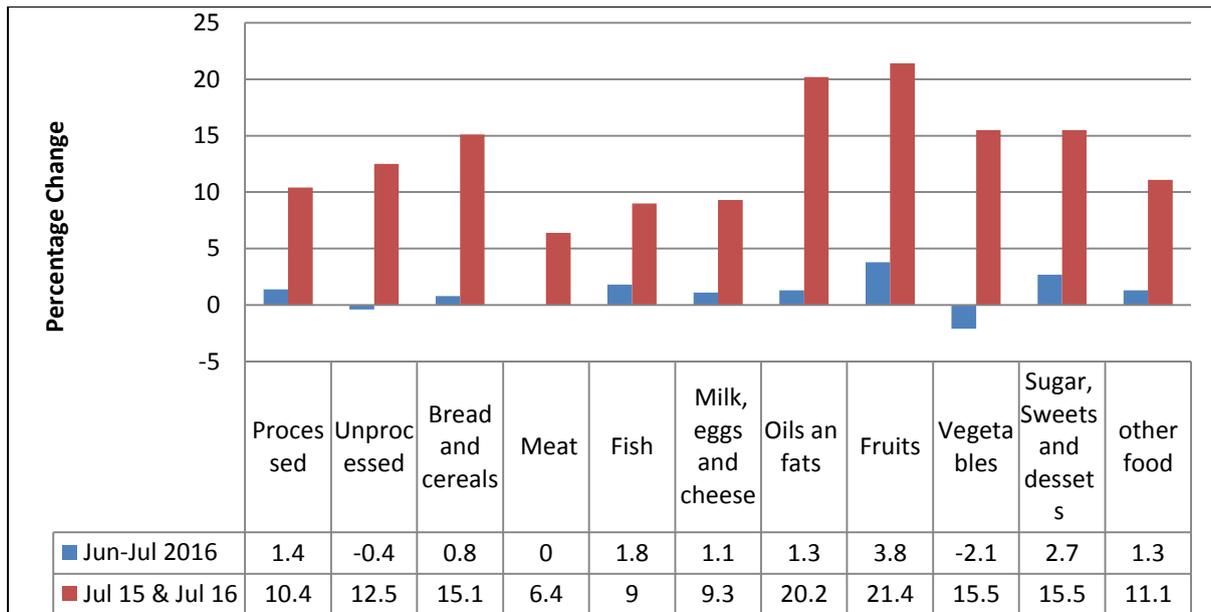
### Food inflation update

Figure 13 below present different food items and their related Consumer Price Index (CPI)'s. It is evident from the figure that vegetables prices have increased by 15.5% in July 2016 as compared to the same period last year. The increase in prices of vegetables came as a result of the current drier and warmer weather conditions which drove production levels downward. Fruits commodities also show an increase in price of 21.4% year on year. Although fruits have also been affected by the unfavorable weather

processing enterprises at the JM.

past summer. Although the volume is showing a sign of decline, the industry reported that the fruit size and quality were excellent. According to Capespan (an export company); in the current season there is a decline of 17% in the crop yield as compared to the previous season. The industry is not surprised about the decline in the volume as from the beginning of the year it anticipated a drop in the volume and size of the fruit due to the unfavourable weather conditions that has hit the agricultural sector. Another unforeseen result which affected the fruit was blemishing, resulting in poor quality, low exports and increase in domestic market supply.

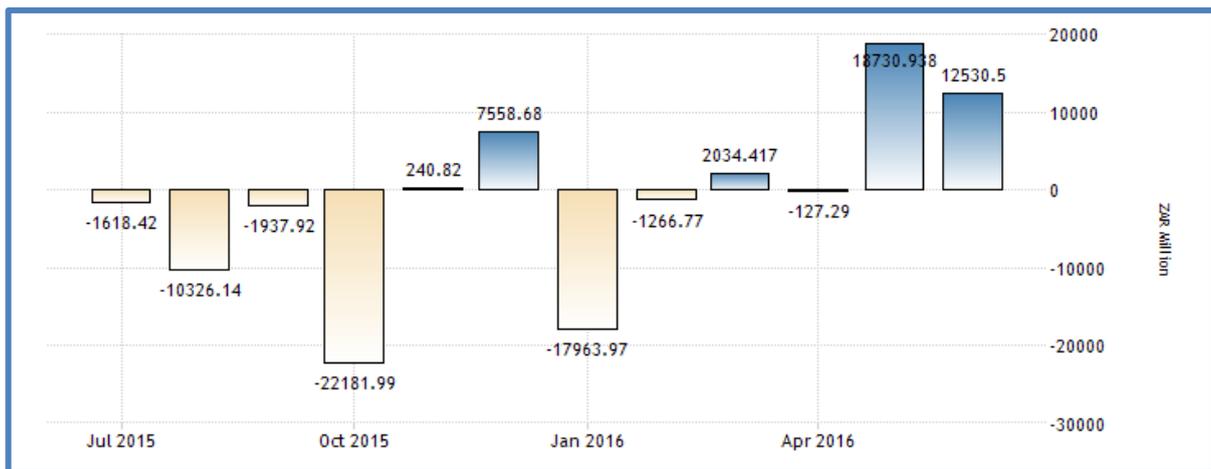
condition since last summer, the effect of price increases is becoming more severe on fruits as compared to the vegetables. The m/m prices of vegetables decreased by -2.1% and that of fruits increased by 3.8%. The decrease in the monthly prices of vegetables was good news to consumers. However, it appears that consumers will pay more for the fruits as the price have increased. This is a threat to food security and its initiatives.



**Figure 13: CPI percentage change for different food-categories**  
 Source: Stats SA July 201

### Weak Rand boost South African exports

Trade balance is an important indicator of the country's economic performance. Since May 2016 the South African economy recorded an increase in the overall export of commodities and raw products. Increase in exports came as a result of weak rand which traded at an average rate of R13.50. As a consequence, South African exports showed a positive trade balance as depicted in figure 14 below.



**Figure 14: SA Trade balance**

Source: Trading economics and SARB

Trade surplus was about R12.5 billion in June from a revised record of R18.3 billion

in May. This amount was higher than the market expectation of R7.2 billion trade

surplus. During the same period last year SA recorded a trade deficit of R22.95 billion. According to trading Economics; in 2015, South Africa recorded the biggest trade deficits with China, Germany, Nigeria, Saudi Arabia, Thailand, France, Italy and India. The biggest trade surplus was recorded in Botswana, Namibia, Zambia, Zimbabwe, Mozambique, Belgium and Japan. The top five export destinations were Germany with a total of about 7.8% exports, China with about 7.6% total exports, the US with about 7.1% total exports, the United Kingdom with about 6.2% total exports and

Botswana with about 4.7% total exports. The sales of vegetable products went up by 20% and other products like machinery and electronics were 4%. South Africa imported about 17.5% in goods mainly from China. Imports from Germany were at 12.4%, the US 7%, Saudi Arabia 4.5% and India 4.1%. Vegetables imports accounted for 28% of the purchases. Increase in trade surplus implies escalation of South African exports and probability of lower product supply for the local markets. Fruits will also be in shortages, high price will prevail and the revenue will also rise.

### Overall economic indicators

Repo rate:	7%
Prime rate:	10.5%
Producer Price Index (Agric) <sup>1</sup> :	18.8%
Consumer Price Index:	6.0%
Unemployment rate	26.6%
Gross Domestic Product:	3.3%

### Banana Bunchy Top Virus in Malawi

Currently, the Malawi's banana sector is under serious problems and pressure as a result of Banana Bunchy Top Virus (BBTV) which has affected production (see picture insert). As a consequence of BBTV, Malawi is experiencing a serious shortage of bananas. . The BBTV has



wiped out production in several districts. The disease has been devastating in the sector and is not easily identified and led alone its management. It appears that no one has a clue how BBTV had arrived in Malawi hence containing it would be difficult. In 2015, Malawi exported 5 tons of bananas at an estimated value of R13 000 to South Africa and South Africa exported about 23 tons of bananas to Malawi at an estimated value of R178 000. According to Joburg Market Quality Assurance Inspector; so far they

<sup>1</sup> Please note that the PPI shown is for Agriculture, forestry and fishing. The PPI headline for July is 7.4%.

have not yet detected the BBTV disease in any of the banana produce that is marketed through the JM.

The issue is that the Malawian bananas supply is plummeting due to BBTV. This implies that there might be a serious shortage of bananas in the South African fresh produce markets due to possibility of increased exports to meet demand in Malawi. As a consequence, prices of bananas at JM might increase and the revenue will also increase. Although

increase in price is good for the producers but at the same time it hurt the buyers.

To respond to the issues of BBTV, the Malawian government is introducing new varieties to resume production with the help of the World Bank. The process used to develop the plant material that is used to control BBTV is not yet available in Malawi, so they have to import the plant materials from South Africa.

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### Annexure 1: Summary of fruits and vegetables price and volume during the month of August 2016

Fruits														
No.	Commodities	Y/Y volume/mass (tons)		Mass Change (%)	Y/Y prices (R/ton)		Price Change (%)	M/M volume/mass (tons)		Volume /mass change (%)	M/M prices		m/m price change (%)	Key attributes to changes
		2015	2016		2015	2016		Jul	Aug		Jul	Aug		
1	Apples	5653	5541	2.0↓	6122	6926	13↑	5276	5541	5.0↑	5534	5541	6.0↑	Not attributed to volume
2	Bananas	5886	3786	36↓	4806	7329	53↑	3754	3786	0.8↑	7110	7329	3.1↑	Not attributed to volume
3	Avocados	914	1171	28↑	10104	10520	4.1↑	1153	1171	1.6↑	8694	10520	21.0↑	Not attributed to volume
4	Oranges	5587	5422	3.0↓	2718	3888	43↑	6254	5422	13↓	3600	3888	8.0↑	Volume ↓
5	Pears	1132	1520	34↑	7765	7169	7.7↑	1324	1520	15↑	7765	7169	2.9↑	Not attributed to volume
Vegetables														
No.	Commodities	Y/Y volume/mass (tons)		Mass Change (%)	Y/Y prices (R/ton)		Price Change (%)	M/M volume/mass (tons)		Volume /mass change (%)	M/M prices		M/M price change (%)	Key attributes to changes
		2015	2016		2015	2016		Jul	Aug		Jul	Aug		
1	Potatoes	39568	34085	14↓	2258	4050	79↑	33782	34085	0.9↑	4194	4050	3.4↓	Volume ↑
2	Onions	16833	16376	2.7↓	2053	5288	158↑	15786	16376	3.7↑	5947	5288	11↓	Volume ↑
3	Tomatoes	10610	13739	30↑	5886	3417	42↓	12467	13739	10↑	4321	3417	21↓	Volume ↑
4	Carrots	4701	4844	3.0↑	2093	2277	8.8↑	4911	4844	1.4↓	3164	2125	7.2↑	Volume ↓
5	Cabbages	3378	3542	4.8↑	1422	1900	34↑	3732	3542	5.1↓	1798	1900	17↑	Volume ↓

**NB:**

- a) The **GREEN** upward arrow (↑) depicts a positive percentage change which is an increase.
- b) The **RED** downward arrow (↓) depicts a negative percentage change which is a decrease.

**Annexure 2: Summary of Industry developments and their impact on JM business**

Industry Development	Implication to the JM business
<p><b>Weather Conditions:</b> SA continues to experience drought. According to the Department of Water and Sanitation (DWS), the Vaal dam in Gauteng has dropped from 74% to 34% (y/y). The DWS has implemented water restrictions, which seek to have water use reduced by 15% for household and 20% for mining and agricultural sectors, respectively. DWS is gravitating towards implementing stricter water use restriction interventions, including penalties for non-complying water users.</p>	<ul style="list-style-type: none"> <li>Farmers are likely to switch to high value, drought tolerant commodities. For farmers that practised mixed farming (i.e. fruit and vegetables), prioritising fruit production over vegetables might be a better option given scarcity of water resources. . The rationale for prioritising fruit production is to avoid a situation where fruit trees get stressed and getting their future production capacity compromised. As a consequence, there will be low farm production volumes for vegetables. Small size and poor quality produce may become the hallmarks of the coming production season. Low supply and high prices at JM and more revenue generated from commission business will be a common feature.</li> </ul>
<p><b>Banana Bunchy Top Virus in Malawi:</b> The Malawi’s banana sector is currently infested by Banana Bunchy Top Virus (BBTV), which has affected production. Malawi banana exports 5 tons (in 2015) to SA and imports 23 tons (2015) from South Africa..</p>	<ul style="list-style-type: none"> <li>BBTV has not been detected in the JM market floors; however its existence in Malawi is affecting production There is a likelihood of a notable decline in exports from Malawi to South Africa. As a result there might be an increase in exports of bananas to Malawi as the local production may fail to meet local demand. Price of bananas at JM is likely to increase and when this happen, revenue generated from sales will follow suit.</li> </ul>
<p><b>Imperfectly fruit and vegetables concept:</b> Efforts taken by the industry to make producers, processors and consumers to appreciate the value of deformed fruit and vegetables is likely to gain momentum given food security challenges and shortage of “perfect” fruit, mainly due to drought. There is a need to promote consumption of Ugly Fruit and Vegetable at JM given current food security challenges.</p>	<ul style="list-style-type: none"> <li>Establishment of the imperfectly delicious programme. This will promote the delivery and sale of “Ugly fruit and Vegetables” at JM in support of Agro-processing Enterprises Development. As a result of this, an increase in revenue (Rental and Commission business), and reduction of produce that goes to waste because of not selling due to its imperfect features, will be realised.</li> </ul>
<p><b>Export of Valencia Oranges:</b> Citrus Industry Growers Association</p>	<ul style="list-style-type: none"> <li>Drop in production volumes will lead to shortage of supply in</li> </ul>

<p>reported a 10.34% drop in production of Valencia Oranges. Another unforeseen result which affected the fruit was blemishing.</p>	<p>the domestic market. Prices of citrus will rise significantly and the revenue will also increase for JM. One other side of the coin, part of the produce targeted for export market will not meet export quality standards and will then be re-routed to the domestic market facilities such as the JM.</p>
<p><b>Weak rand boost South African exports:</b> Weak ZAR struggled to improve since December 2015. However a positive trade balance was recorded since May 2016 until July 2016.</p>	<ul style="list-style-type: none"> <li>• Increase in exports of fruits and vegetables lead to low supply in of commodities in the local markets. There will be shortage of produce (mainly fruit) in local markets, high prices and increase in revenue will prevail.</li> </ul>

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