



agriculture & rural development

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Fresh Produce Market Analysis Report for Quarter 2 (April-June 2017)



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1. INTRODUCTION

The main purpose of this publication is to present a quarterly analysis of KwaZulu-Natal (KZN) Fresh Produce Markets trends relating to volumes and prices at the Pietermaritzburg (PMB) and Durban Fresh Produce Markets (FPM). The bulletin will cover trend analysis of the selected vegetables sold at the two markets, considered to be of importance to the province due to area under production within KZN and/or marketed volumes. The interval covered in the current issue begins from April 2016 to June 2017. This report will focus mainly on Quarter 2, which is the period from April to June 2016 and 2017, and therefore the volumes supplied in these periods will be highlighted by green bars in the graphs.

The following commodities are covered: potatoes, sweet potatoes, carrots, cabbage, lettuce, pumpkins, gem squashes, butternut squashes, tomatoes, peppers and spinach however the combination of selected vegetables might change over time due to relevance.

2. SUMMARY

- **General Trends**

Looking at the entire period from April 2016 to June 2017, volumes of vegetables supplied have generally increased and the Durban market is consistently higher than the Pietermaritzburg market in terms of total quantities supplied per commodity. This suggests a higher supply and demand in the Durban market compared to the Pietermaritzburg market, which is in line with the population, business activity as well as location of Durban in proximity to infrastructure (such as the Dube Trade Port) for imports and exports of fresh produce from within South Africa and beyond borders.

For the most part, volume and price trends have mirrored one another for the two markets, with the exception of the sweet potato price and volume trend. This price trend shows opposite effects for the month of Jan 2017 where the Durban FPM price peaked at R7, 044/t while the Pietermaritzburg FPM price was at the lowest of all months at R2, 488/t. Another notable peculiar trend is in volumes for peppers and butternut squashes in both markets. Peppers appear to be severely restricted in supply for both markets for most part of 2016 and supply suddenly recovers from 2017 January onwards. The opposite is true for butternut squashes where supply is restricted in 2017 January onwards. There has not yet been an explanation from data for this trend, the

agricultural economists are still researching possible reasons for the apparent drastic changes in supply.

- **Volatility of Commodities**

Looking closely at the period in comparison for this report, which is Q2 of 2016 to Q2 of 2017, it is notable that while overall the observations in terms of supply and prices of the product are in line with economic theory; there are some exceptions for both markets. These are Pumpkins, and tomatoes for PMB market as well as cabbage, pumpkin and tomatoes for the Durban market. In all these commodities, prices seem to have moved in the same direction as the volumes.

- ✓ *Pietermaritzburg Fresh Produce Market*

The commodity that has shown the highest increase in volumes in the Pietermaritzburg market are carrot, lettuce and peppers. While in terms of decline in volumes, they are butternut squashes and sweet potatoes. In terms of price increases cabbage increased by 141% followed by butternut squashes at 92% and pumpkins at 64%. The prices that declined the most were for gem squashes at 68%, tomatoes at 53% and lettuce at 50%.

- ✓ *Durban Fresh Produce Market.*

The commodity that has shown the highest increase in volumes in the Durban market is peppers (11 times) followed by pumpkins (4.5 times) and gem squashes. While in terms of decline in volumes, the leading commodity is butternut squashes at 98% and tomatoes at 69%. In terms of price increases butternut squashes led with 200% followed by cabbage at more than 100% and pumpkins at 85% average quarter price increase. The prices that declined the most were for gem squashes at 50%, tomatoes at 48%.

A detailed analysis and discussion is presented herein for the various fresh produce in both Pietermaritzburg and Durban Fresh Produce Markets, comparing April-June 2016 to April-June 2017.

2.1. POTATOES

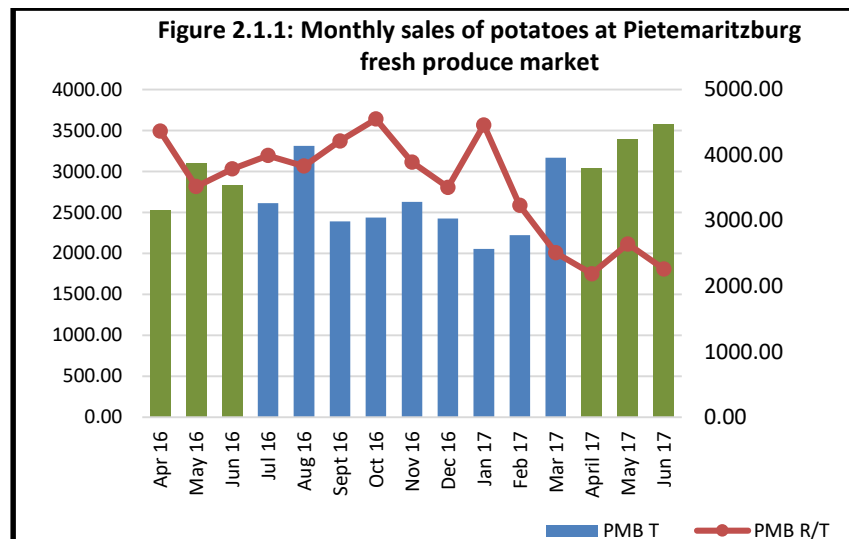


Figure 2.1.1 depicts monthly volumes and prices of potatoes sold at Pietermaritzburg FPM from Q2 of 2016 to Q2 of 2017. Comparing Q2 of 2016 to Q2 of 2017, volumes of potatoes sold increased by 18% from 8,467 tons to 10,009 tons. The increase in volumes could explain the 39% decline in average quarter prices from R3,891/t in Q2 of 2016 to R2,364/t in Q2 of 2017. In between quarters, there was a sharp increase in prices from December 2016 (R3,507/t) to January 2017 (R4,459/t). Overall, potatoes prices in this market over the observed period have slightly declined while volumes were steady with a sustained incline from Jan-June 2017.

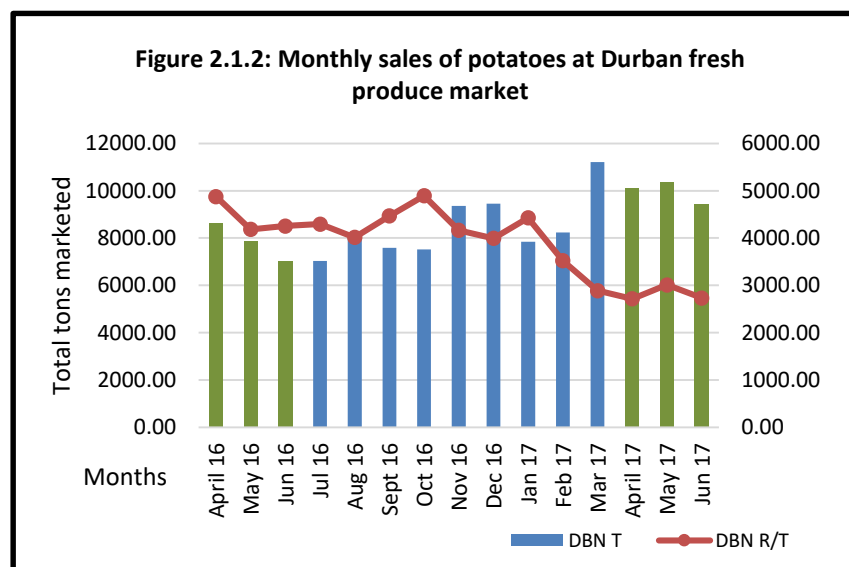


Figure 2.1.2 depicts monthly volumes and prices of potatoes sold at Durban FPM from Q2 of 2016 to Q2 of 2017. Comparing Q2 of 2016 to Q2 of 2017, volumes of potatoes sold increased by 28% from 23,466 tons to 29,929 tons. In between the two quarters in comparison, the highest volume supplied was in March 2017 at 11,211 tons while the lowest was in July 2016 at 7,035 tons. On average prices responded by a decline of 36% from R4,438/t in Q2 of 2016 to R2,819/t in Q2 of 2017. Notably potato prices in this market have been declining with a steep decline observed from January 2017 to April 2017.

2.2. SWEET POTATOES

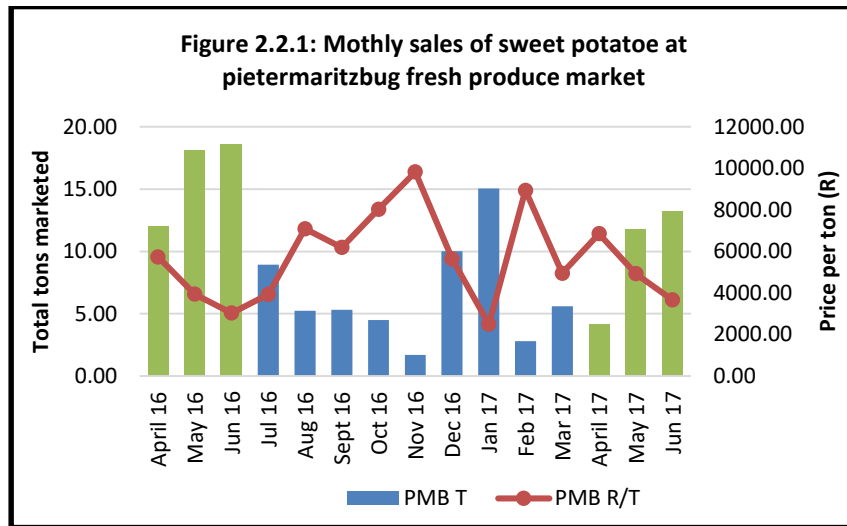


Figure 2.2.1 depicts monthly volumes and prices of sweet potatoes sold at Pietermaritzburg FPM from Q2 of 2016 to Q2 of 2017. Volumes supplied decreased by 40.8% from 49t in Q2 of 2016 to 29tons on Q2 of 2017. In between the two quarters in comparison, the highest volume supplied was in June 2016 at 19 tons while the lowest was in November 2016 at about 2 tons. Price on the other hand responded by a 21% increase from average quarter price of R4, 239/t in Q2 of 2016 to R5, 150/t in Q2 of 2017. The sweet potato price trend in this market has been quite sporadic in response to the same trend in volumes supplied as well with highest volumes in the second quarter of 2016 in June and highest prices in November 2016.

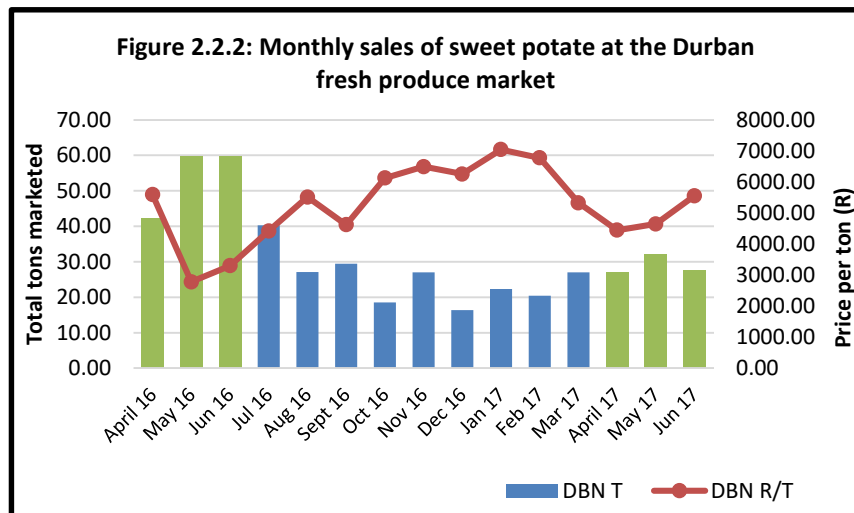


Figure 2.2.2 depicts monthly volumes and prices of sweet potatoes sold at Durban FPM from Q2 of 2016 to Q2 of 2017. Volumes supplied decreased by 46% from 162t in Q2 of 2016 to 87t on Q2 of 2017. In between the two quarters in comparison, the highest volume of sweet potatoes supplied was in July 2016 at 40t while the lowest was in December 2016 at 16t. Price responded by a 25.5% increase from R3, 890/t in Q2 of 2016 to R4, 882/t in Q2 of 2017. Prices have generally increased since May 2016 with a sharp decline from February 2017 to April 2017 after which they start to rise again.

2.3. CARROTS

Figure 2.3.1: Monthly sales of carrot at Pietermaritzburg fresh produce market

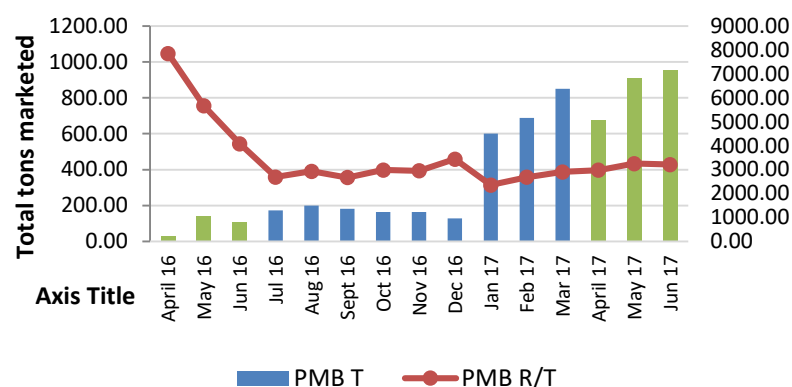


Figure 2.3.1 illustrates the monthly volumes and prices of carrots marketed at Pietermaritzburg FPM. The volumes sold in Q2 of 2017 increased by over 8 times the volume of Q2 in 2016. As expected, the monthly average price for the two quarters decreased by 46.6% from R5, 866/t in Q2 of 2016 to R3, 127/t in Q2 of 2017. Highest volumes over the period was reached in June 2017 at 954t and lowest was in Apr 2016 at 32t. Prices have overall declined over the period, in line with supply and demand principles.

Figure 2.3.2: Monthly sales of carrot at Durban fresh produce markets

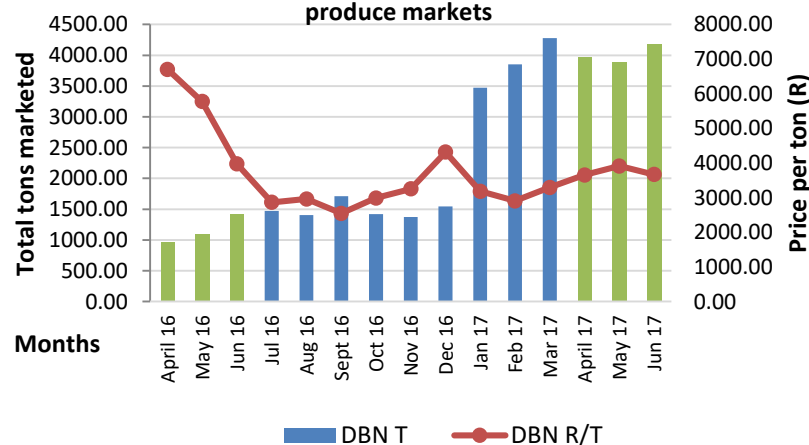


Figure 2.3.2 illustrates monthly volumes and prices of carrots sold at Durban FPM from Q2 of 2016 to Q2 of 2017. There was a more than double (2.5 times) increase in volumes volume of carrot supplied in this market from 3, 475t in Q2 of 2016 to 12, 047t in Q2 of 2017. The supply of carrots seem to have picked up from Jan 2017 with highest volume in between quarters reached in March 2017 at 4, 278t while the lowest was in Nov 2016 1, 373t. On average prices responded by a 31.6% decrease from R5, 483/t in Q2 of 2016 to R3, 746/t in Q2 of 2017. Prices have generally declined with a spike in the Dec 2016.

2.4. CABBAGE

Figure 2.4.1: Monthly sales of cabbages at Pietermaritzburg fresh produce market

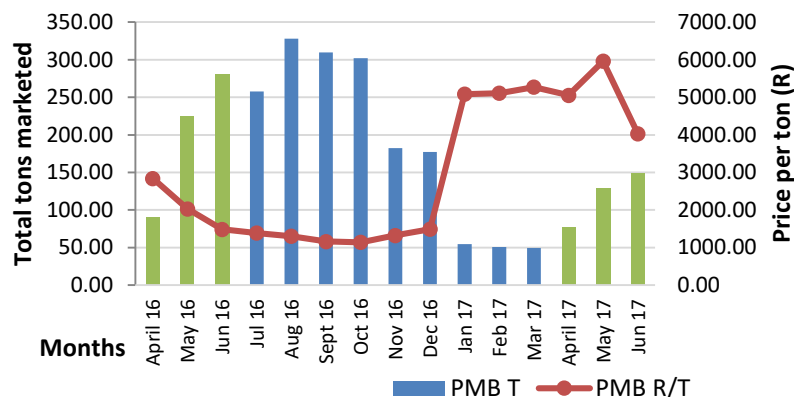


Figure 2.4.1. depicts monthly volumes and prices of cabbages marketed at Pietermaritzburg FPM. Quantities supplied show 41.6% decline from 594t Q2 of 2016 to 353t in Q2 of 2017. Volumes have largely declined from third quarter of 2016 where highest volume was recorded at 328t in Aug 2016 and lowest volume was at 54t in Mar 2017. The response in price seems to have been more drastic with over 2 times increase on average from R2, 118/t in Q2 of 2016 to R5, 015/t in Q2 of 2017. Opposite to the volume trend as expected price of cabbage in this market has generally increased with highest price at R5, 963 recorded in May 2017.

Figure 2.4.2: Monthly sales of cabbages at Durban fresh produce market

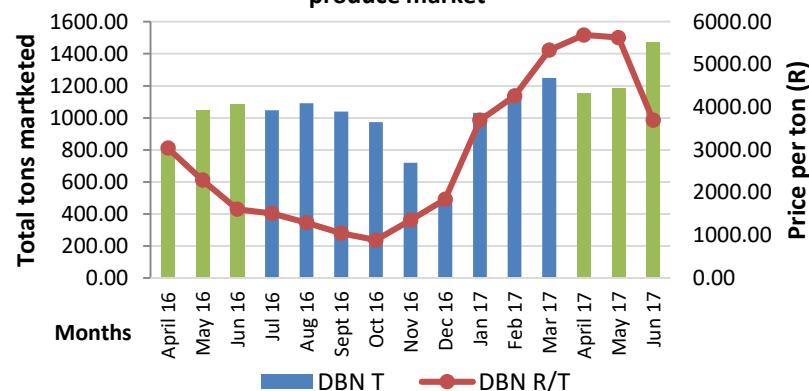


Figure 2.4.2 illustrates the monthly volumes and prices of cabbages marketed at Durban FPM. Quantities supplied increased by 29% comparing Q2 of 2016 at 2, 943t to Q2 of 2017 at 3, 808t. Volumes supplied in this market have generally fluctuated from quarter to quarter with lowest volume recorded in Dec 2016 at 500t. Prices have more than doubled in the two quarters from an average price of R2, 312/t in Q2 of 2016 to R5, 003/t in Q2 of 2017.

Prices have not seemed to move opposite to the price especially in Q1 of 2017, volumes were increasing in the market so was the price up to its highest point in May of 2017 at R5,689/t after which it drops in June 2017.

2.5. LETTUCE

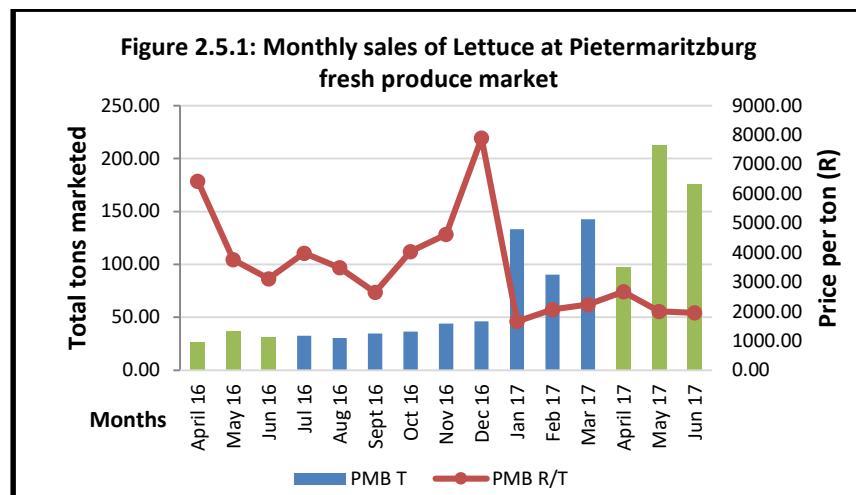


Figure 2.5.1 shows monthly volumes and prices of lettuce marketed at the Pietermaritzburg FPM. Total volumes marketed comparing Q2 of 2016 to Q2 of 2017 show a 5times increase from 94t to 486t. Volumes have overall been low in this market over Q2-Q4 of 2016 and started to recover somewhat at beginning of 2017 to highest volume in May 2017 at 212t. Prices have shown a 50% decline on average from R4, 433/t in Q2 of 2016 to R2, 209/t in Q2 of 2017. The price trends have steadily declined over the four quarters with a sharp increase from Nov- Dec 2016 as well as a sharp decline from Dec 2016-Jan 2017.

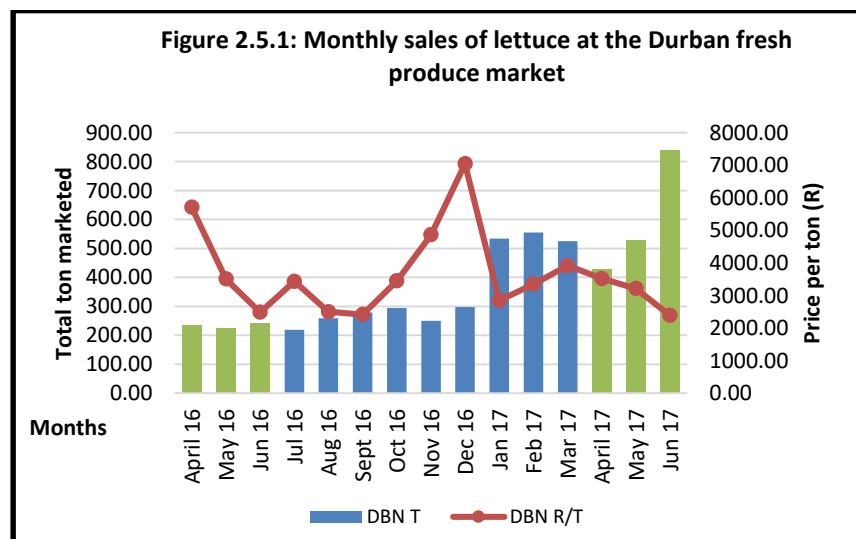


Figure 2.5.2 shows monthly volumes and prices of lettuce marketed at Durban FPM. Quantity supplied in Q2 of 2017 was more than double (2.6 times) the quantity supplied in Q2 of 2016. Price response was a decline by 21.9% from an average quarter price of R3, 900/t in 2016 to R3, 043/t in Q2 of 2017. The overall price trend has been quite fluctuant even though quantities seem to have increased steadily from Q2-Q4 of 2016 even higher volumes are witness with highest recorded in Jun 2017 at 841t.

2.6. PUMPKINS

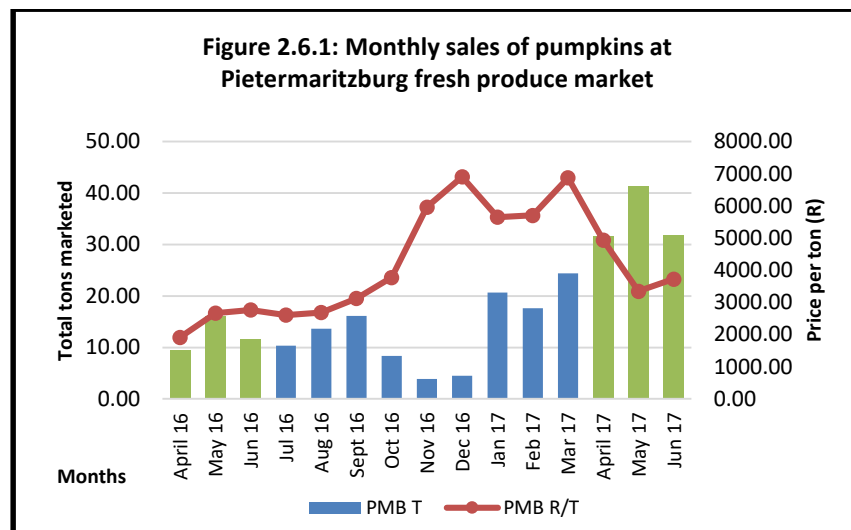


Figure 2.6.1. depicts monthly volumes and prices for pumpkins sold at the Pietermaritzburg FPM. Comparing Q2 of 2016 to Q2 of 2017, there was a 2.8 times increase in volumes from 38t to 105t. Volumes have been sporadic with each quarter over the period; lowest volumes were seen in Q4 in Nov-Dec 2016 while 2017 started with higher volumes until the highest was reached in May 2017.

The response seems to be opposite to expectation with principles of market demand, while quantities pumpkin delivered to the market more than doubled, price also increased by 63.6% on average from R2, 448/t in Q2 of 2016 to R4, 005/t in Q2 of 2017. Overall, the price trend has been upwards over the period peaking in Dec 2016 and Mar 2017

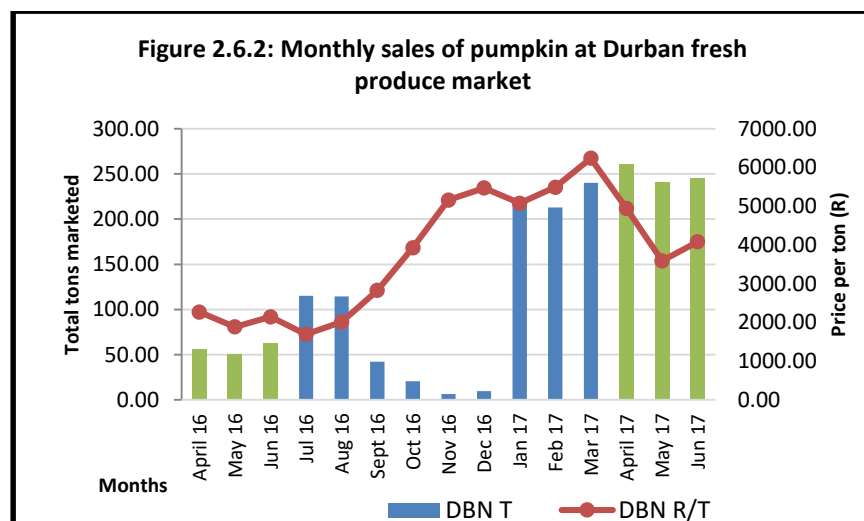


Figure 2.6.2. depicts monthly volumes and prices for pumpkins sold at the Durban FPM. Comparing Q2 of 2016 to Q2 of 2017, there was about 4.5 times increase in volumes from 169t to 747t. Volumes have been sporadic reaching lowest around Nov-Dec 2016 similar to the PMB market, though volumes in this market have been higher total. Similar to the PMB scenario, prices seem to have moved with quantities with an average quarter price increase of 85.4% from R2, 267/t in Q2 of 2016 to R4, 204/t in Q2 of 2017. Overall, the price trend has been upwards over the period with prices peaking Mar 2017 then declining into Q2 of 2017.

2.7. GEM SQUASHES

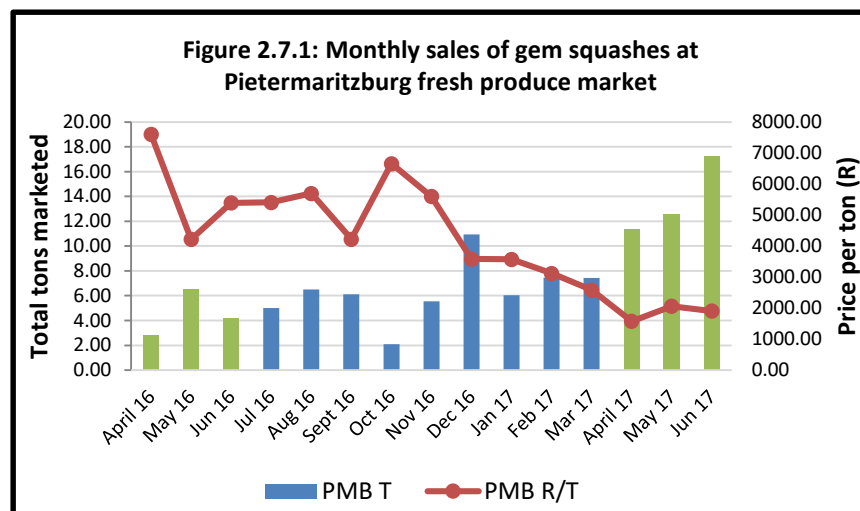


Figure 2.7.1. depicts monthly volumes and prices for gem squashes in the Pietermaritzburg FPM. Comparing Q2 of 2016 to Q2 of 2017, there was about 3 times increase in total quarter volumes from 13.52t to 41.1t. Volumes have been increasing steadily since Q2 of 2016 with lowest point reached in Oct 2016 and highest volumes in Jun 2017. In line with economic theory expectation on supply and price, the average price declined by 68% from R5, 738/t in Q2 of 2016 to R1, 848/t in Q2 of 2017. Generally, the price trend has been downwards while volumes have increased over the period leading to Q2 of 2017.

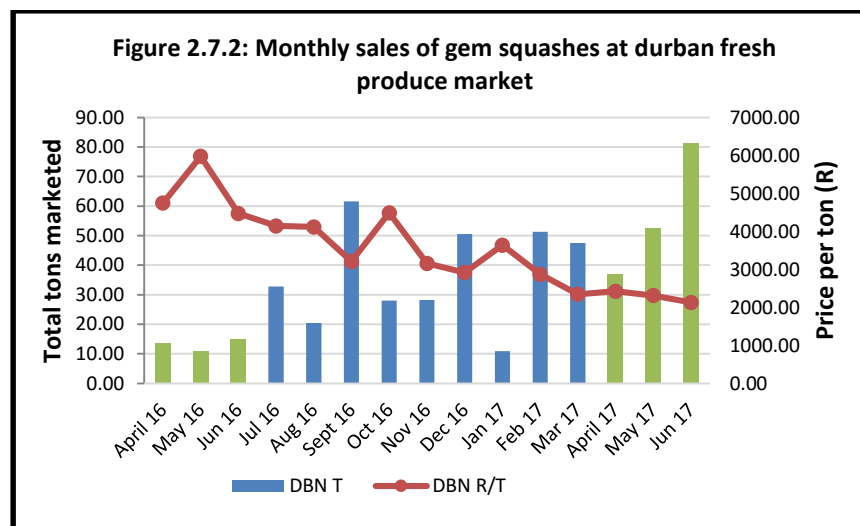


Figure 2.7.2. depicts monthly volumes and prices for gem squashes in the Durban FPM. Comparing Q2 of 2016 to Q2 of 2017, there was about over 4 times increase in total quarter volumes from 39.5t to 170.8t. Volumes have been increasing steadily since Q2 of 2016 with lowest volumes experienced in May 2016 and the highest volumes in Jun 2017. In line with economic theory expectations on supply and price, the average price declined by 55% from R5, 065/t in Q2 of 2016 to R2, 289/t in Q2 of 2017. Generally, the price trend has been downwards while volumes have increased, with occasional quarterly upward spikes over the period leading to Q2 of 2017.

2.8. BUTTERNUT SQUASHES

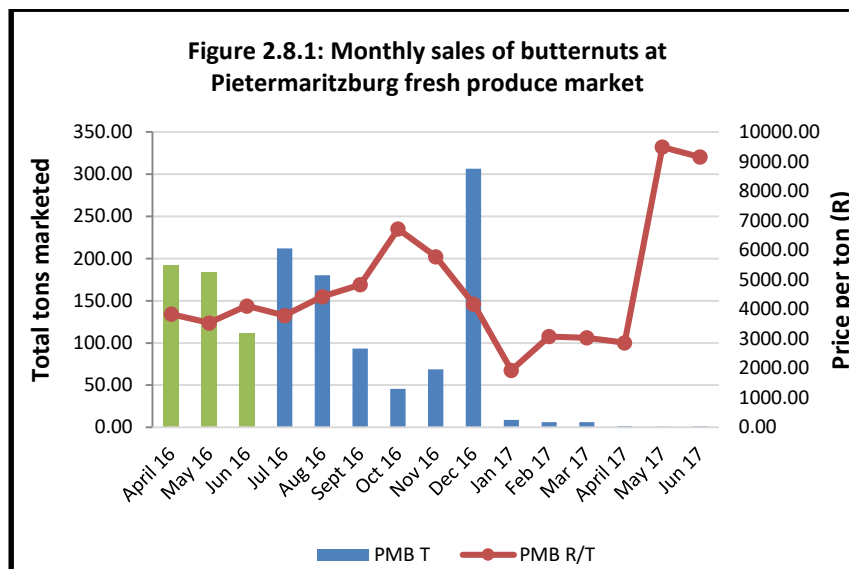


Figure 2.8.1. depicts monthly volumes and prices for butternut squashes in the Pietermaritzburg FPM. Comparing Q2 of 2016 to Q2 of 2017, there was about over 99% reduction in volumes from a total quarter volume of 2016 at 488.1t to 4.5t in the same of 2017. Butternut squash volumes have been highly fluctuant in this market with major reductions seen from Q1 to Q2 of 2017, while the highest volume supplied was in Dec 2016 at 306t. Average quarter prices have shown increase of about 92% from R3, 729/t in Q2 of 2016 to an average price of R7, 170/t in Q2 of 2017. Supply for this product in this market seems to have been severely restricted in 2017 Q1 and Q2, inspiring an increasing trend for prices over the period as depicted in the graph.

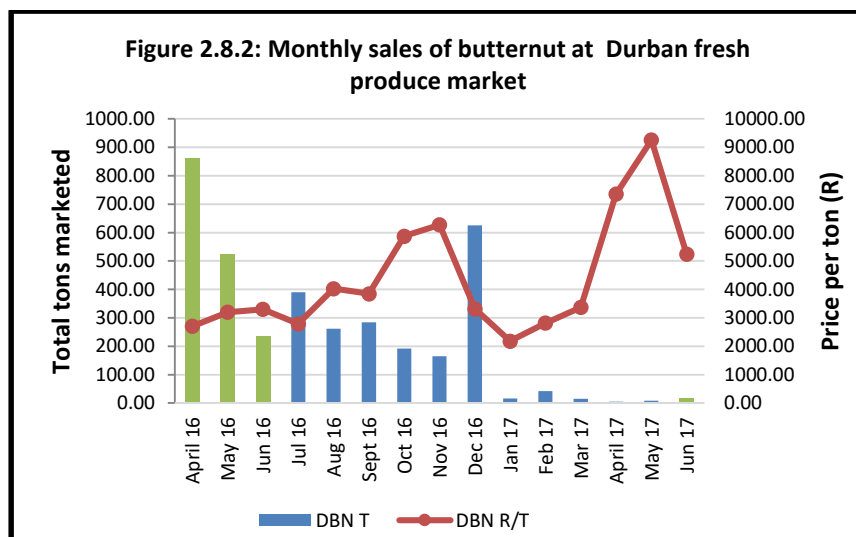


Figure 2.8.2 shows the monthly volumes and prices for butternut squashes in the Durban FPM. Similar to the PMB market volumes declined by 98% while prices responded with an expected increase of about 2.4 times the average quarter price from Q2 of 2016, which was R3, 070/t to R7, 281/t in Q2 of 2017. Though volumes were a little bit higher in this market compared to Pietermaritzburg the volume and price trend is similar with restricted supply in 2017 and some high volumes in Dec 2016.

2.9. TOMATOES

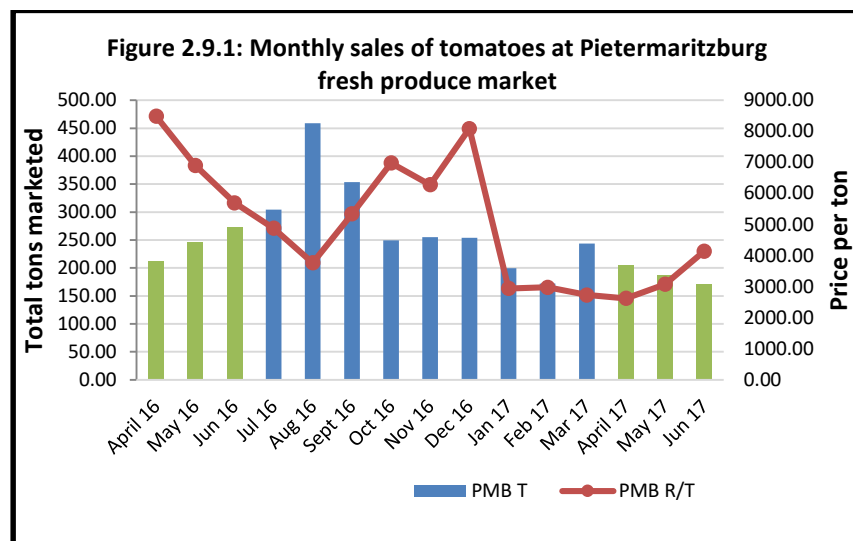


Figure 2.9.1. shows monthly volumes and prices for tomatoes in the Pietermaritzburg FPM. Comparing Q2 of 2016 to Q2 of 2017, volumes supplied decreased by 24% from 735t in Q2 on 216 to 562t in the same of 2017. Tomato volumes have generally decreased from second quarter of 2016 to the same time in 2017, though there is an obvious above average supply for quarter 3 of 2016. Average quarter prices have responded opposite to the expected supply and price relationship by also decreasing by 53% from R7, 029/t in Q2 of 2016 to R3, 279/t in Q2 of 2017. Both price and volume trend has been downwards; price spikes were seen in Apr-2016 and Dec 2016.

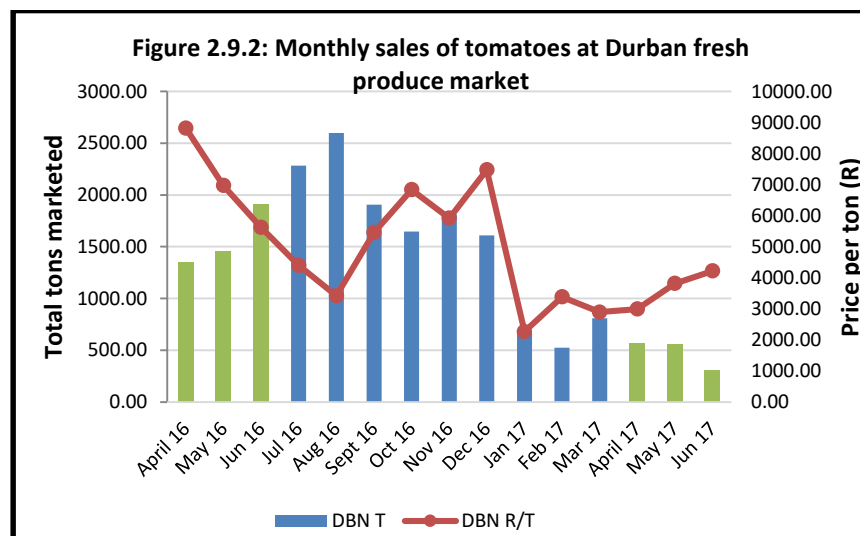


Figure 2.9.2 shows monthly volumes and prices of tomatoes marketed at Durban FPM. Quantities supplied to this market over the period from Q2 of 2016 to Q2 of 2017 have generally decreased with larger average volumes supplied in Jul-Sep 2016. Comparing Q2 of 2016 to Q2 of 2017, volumes supplied decreased by 69% from 4, 712t in Q2 on 216 to 1, 432t in the same of 2017. Similar to the PMB market average quarter prices went against the expected inverse relationship between supply and price by decreasing by 48% from R7, 133/t in Q2 of 2016 to R3, 677/t in Q2 of 2017.

2.10 PEPPERS

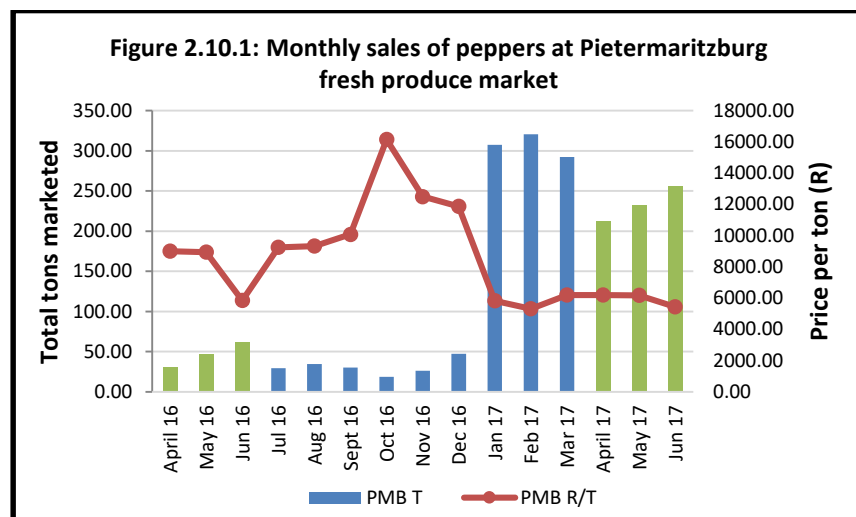


Figure 2.10.1. depicts the monthly volumes and prices of peppers marketed at Pietermaritzburg FPM. The volume trend shows a distinct depression in terms of quantities supplied from April –Dec 2016 with an average over the three quarters at 36t compared to the sudden recovery in supply from Jan –Jun 2017 with an average over this period of 270t. Comparing Q2 of 2016 to Q2 of 2017, volumes supplied increased 5 times from 140t in Q2 on 2016 to 701t in the same of 2017. Average prices per quarter responded by a moderate 25% decline from R7, 934/t in Q2 of 2016 to R5, 941/t in Q2 of 2017.

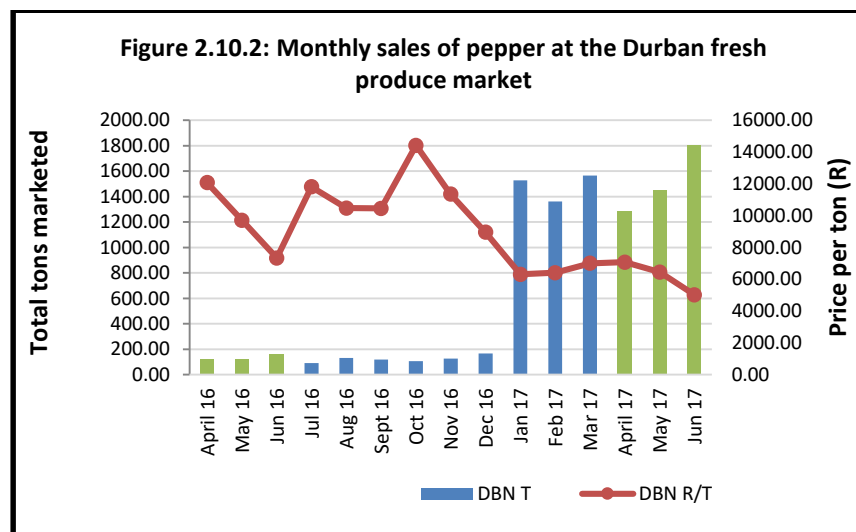


Figure 2.10.2 depicts the monthly volumes and prices of peppers marketed at Durban FPM. The volume trend shows a distinct depression in terms of quantities supplied from April –Dec 2016 with an average over the three quarters at 127t compared to the sudden recovery in supply from Jan –Jun 2017 with an average over this period of 1, 499t. Comparing Q2 of 2016 to Q2 of 2017, volumes supplied increased 11 fold from 406t in Q2 on 2016 to 4, 544t in the same of 2017. In line with the inverse relationship between price and quantity supplied, average quarter prices show a moderate decline of 34% from R9, 704/t in Q2 of 2016 to R6, 417/t in Q2 of 2017.

2.11. SPINACH

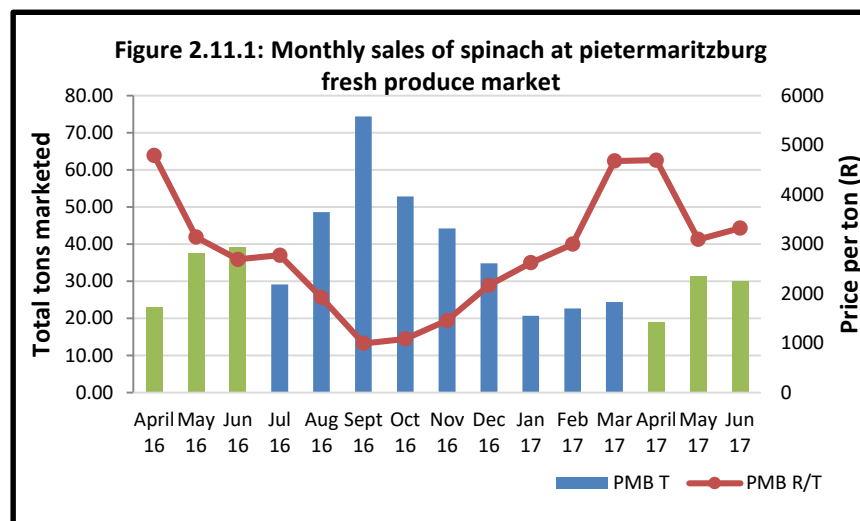


Figure 2.11.1 shows monthly volumes and prices for spinach sold at the PMB FPM. Quantities spinach supplied to this market over the period from Q2 of 2016 to Q2 of 2017 have generally decreased with larger average volumes supplied in the period Aug-Dec 2016 with highest and lowest volumes observed in Sept 2016 and Apr 2017 respectively. Comparing Q2 of 2016 to Q2 of 2017, volumes of spinach supplied decreased by 20% from 100t in Q2 on 216 to 80t in the same of 2017. In line with the expected relationship between quantity supplied and price, the average quarter price show a slight increase of 4% from R3, 556/t in Q2 of 2016 to R3, 703/t in Q2 of 2017.

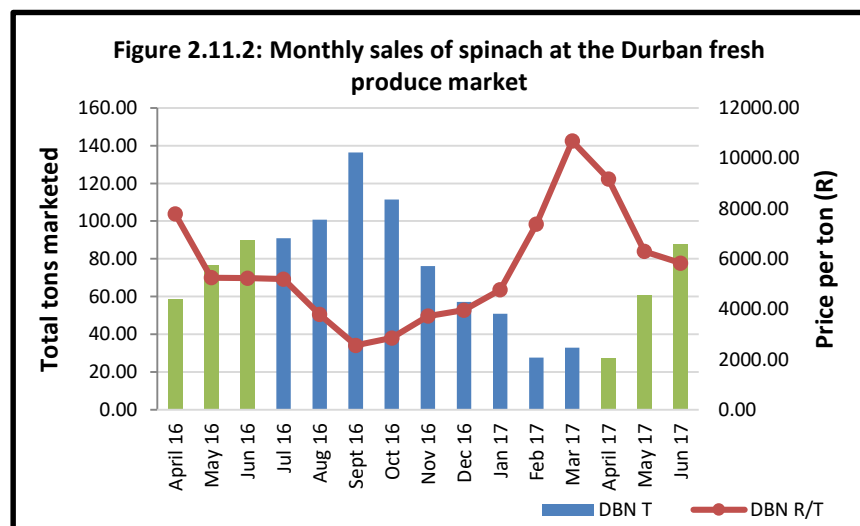


Figure 2.11.2 shows monthly volumes and prices for spinach sold at the Durban FPM. Quantities spinach supplied to this market over the period from Q2 of 2016 to Q2 of 2017 have generally decreased with larger average volumes supplied in the period Jul-Oct 2016 with highest and lowest volumes observed in Sept 2016 and Feb 2017 respectively. Comparing Q2 of 2016 to Q2 of 2017, volumes of spinach supplied decreased by 15% from 206t in Q2 on 216 to 176t in the same of 2017. In line with the expected relationship between quantity supplied and price, the average quarter price show an increase of 17% from R6, 089/t in Q2 of 2016 to R7, 100/t in Q2 of 2017.

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www.daff.gov.za

Absa agri-business

www.absa.co.za