

July - August 2023

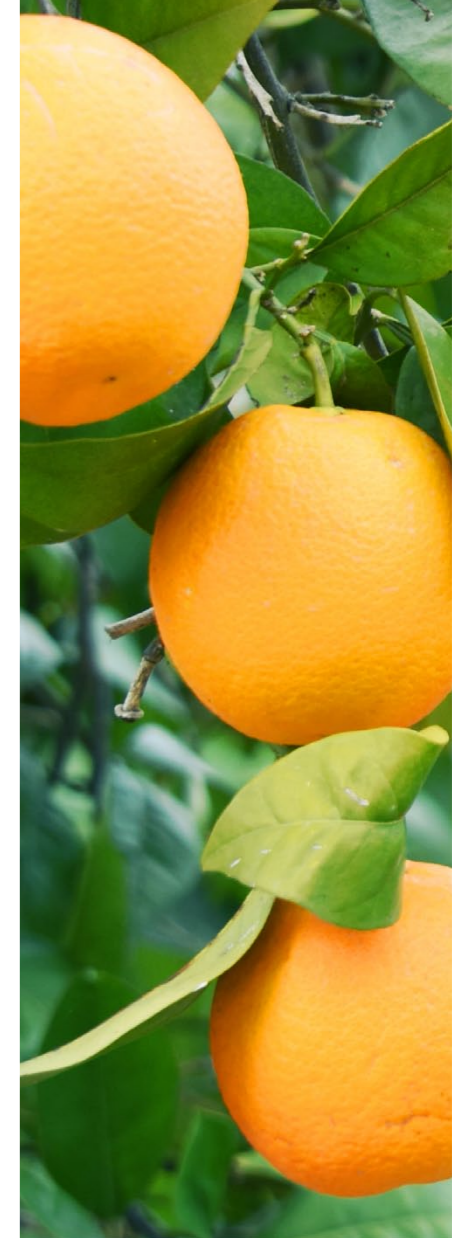
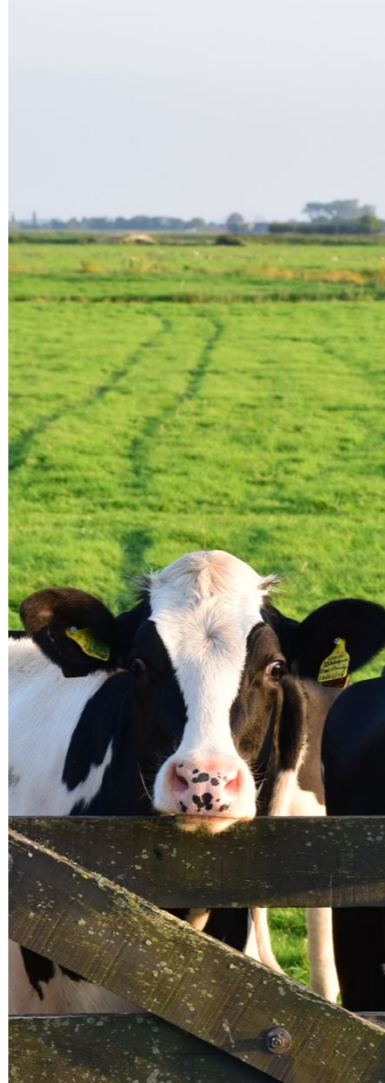
# AGRICULTURAL OUTLOOK

Your Agri Industry Overview



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# LAND BANK

## Agricultural Outlook

### Foreword



**Sakhumzi May**  
Acting EM: Agricultural  
Economics and Advisory

The prioritized key sectors are grains, livestock, and select horticultural crops like pecan nuts, macadamia, and citrus. In the upcoming releases of the outlook, we will broaden our coverage to encompass a wider range of agricultural commodities. As a key player in the South African agriculture sector, Land Bank is proud to present this agricultural outlook.

With a focus on the current state of the industry, challenges faced by farmers, and growth opportunities, this outlook offers valuable insights into the current state of agriculture in South Africa.

Agriculture is a cornerstone of the South African economy, providing food security and employment. It is a sector that is constantly evolving, and as we look to the future, it is important to stay informed

about the latest trends and best practices. This outlook draws on Land Bank's extensive experience in the agriculture sector, as well as the expertise of industry experts and stakeholders. It provides an in-depth analysis of the environment in which farmers are operating in. By sharing insights and knowledge, we can work together to overcome challenges and seize opportunities for growth and development.

We are confident that this agricultural outlook will serve as a valuable resource for our farmers and other stakeholders in the agriculture sector. We thank all those who contributed to this report, and we look forward to working together to build a prosperous future for South African agriculture.

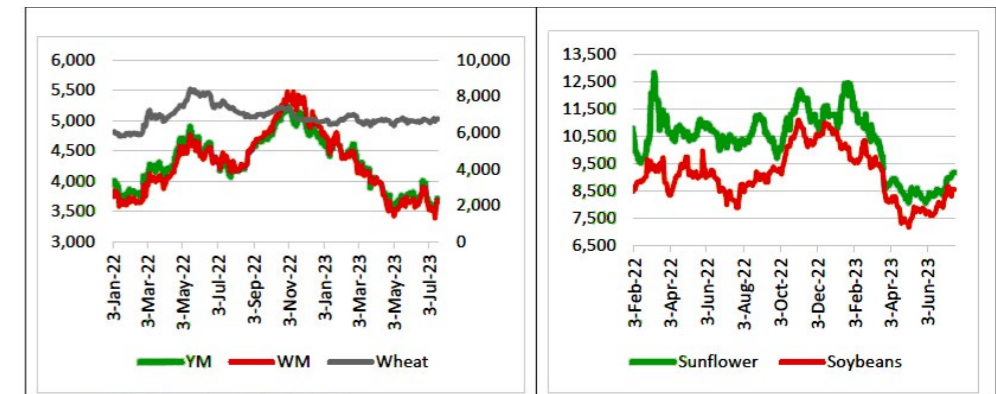
# Grains Industry Overview

The South African grains industry is poised for a positive outlook in 2023, primarily driven by the promising start of the 2022/23 summer grain production season. Above-average rainfall in most regions of the summer rainfall production area created favourable conditions for crop plantings.

Although excessive rainfall in certain areas caused planting delays, the situation improved in January with conducive weather, leading to robust crop development and growth. Summer grain crops are generally looking good, with good yields expected in the various production areas.

The sixth production forecast released by the Crop Estimate's Committee (CEC) on the 26th of July 2023 showed that overall total commercial summer grain production consisting of maize, sunflower seed, soybeans, roundnuts, sorghum and dry beans is expected to increase by approximately 7% from 18.749 million tons in 2022 to around 20.071 million tons during 2023.

Figure 1: Domestic grain prices R/ton    Figure 2: Domestic oilseed prices R/ton



Source: JSE Safex, Land Bank AEA

### Domestic Grain Price Trends

Local grains and oilseed prices are markedly lower relative to a year ago with the average June 2023 prices for white maize (-16%), yellow maize (-16%), soybeans (-12%), sunflowers (-21%) all trading lower respectively. See Figures 1 and 2 for domestic grain price trends.

On the side of the winter crop, the average local wheat spot prices for June 2023 declined by roughly 16% from the high levels reached in June 2022.

The decline was likely supported by prospects of easing global supply and the extension of the Black Sea Grain Initiative also contributed to softening world prices. The domestic grain prices have been benefiting from the movement of grains out of the war area,

hence the overall trend has been bearish over the past months.

International market gains spilt over and boosted prices in the oilseed complex. South African oilseeds were supported by higher US soybean prices. Year to date, on average, the rand is 16% weaker against the US dollar (as of 5 Aug) compared to 2022 which could have given additional support.

The US Department of Agriculture has reported that the average soybean export prices increased slightly for all major exporters in June. Prices increased in the early part of June on concerns about US Midwest crop conditions.

ii RHA : Right Hand Axis. Wheat is reflected on the RHA. YM & WM are reflected on the Left Hand Axis (LHA)

## Fertilizer prices have shown signs of relief

In the April 2023 edition of the Global Commodity Market Outlook, the World Bank indicated that fertilizer prices are projected to decline by 37% in 2023. The bank indicated that although still high, fertilizer prices have fallen from their 2022 peaks.

Back in South Africa, the market has observed lower averages for fertilizer prices for most of 2023 in line with declining international fertilizer prices. The current declining

**Table I: Domestic Fertilizer Prices**

Local Fertilizer Prices (R/ton)			
Fertilizer	Jul-22	Jul-23	YoY% change
Kan (28)	14170	8679	-38.8
Ureum (46)	15501	9644	-37.8
MAP	23031	12883	-44.1
Kalioumchloried	23504	11364	-51.6

input costs will bring relief for the next summer planting season. It's worth noting that the weakening of the rand may have limited the extent of the

declines in these input prices. On average, domestic fertilizer prices are 38-52% lower year on year, based on July prices.

## Livestock industry sustainability is key

Animal diseases are a significant challenge to sustainable livestock farming in South Africa. Sustainable livestock farming involves the production of healthy animals that are raised in a manner that supports the long-term productivity and viability of the farming system. The continued battle with Foot and Mouth Disease, Avian Influenza and Avian Swine Fever in South Africa highlights the importance of investing in disease surveillance, prevention, and control measures, as well as in the development of resilient and sustainable livestock farming systems.

This can help to ensure that farmers can produce healthy animals and access markets, while also supporting the long-term productivity and viability of the sector. As at 30 June 2023, ASF had 121 open outbreaks and 122 resolved cases, FMD had 199 open outbreaks and 14 resolved cases.

Highly Pathogenic Avian Influenza (HPAI) H5 and H7 outbreak events have been confirmed in the Western Cape, Mpumalanga, Gauteng and KwaZulu-Natal Provinces. Furthermore, there have been challenges with the availability of vaccines in the livestock sector over the past few years due to production challenges at

Onderstepoort Biological Products (OBP), however, progress is being made to find long-lasting solutions. Worries regarding the higher prices of feed grains are beginning to alleviate as there is a noticeable downward trend in grain prices.

This decline has brought hope that prices will reach more reasonable levels, ultimately enhancing profitability in the market. Local grains and oilseeds prices are markedly lower relative to a year ago. Global grain prices are however expected to remain volatile until the market understands the full impact of Russia's withdrawal from the Black Sea grain initiative. That can influence domestic price trends.

Overall livestock prices are currently bearish for sheep meat and cattle, on average 10-20% down year on year for June 2023. This is despite an average of 4% month-on-month increase for sheep meat in June 2023. Prices in this market are in general under pressure from the start of the year as consumers are under pressure due to the poor local economy. Possible wastage from load-shedding limiting the quantities bought by consumers and animal disease outbreaks however provide an upside risk.

The South African weaner calf market is a seasonal one, with the highest supplies coming in

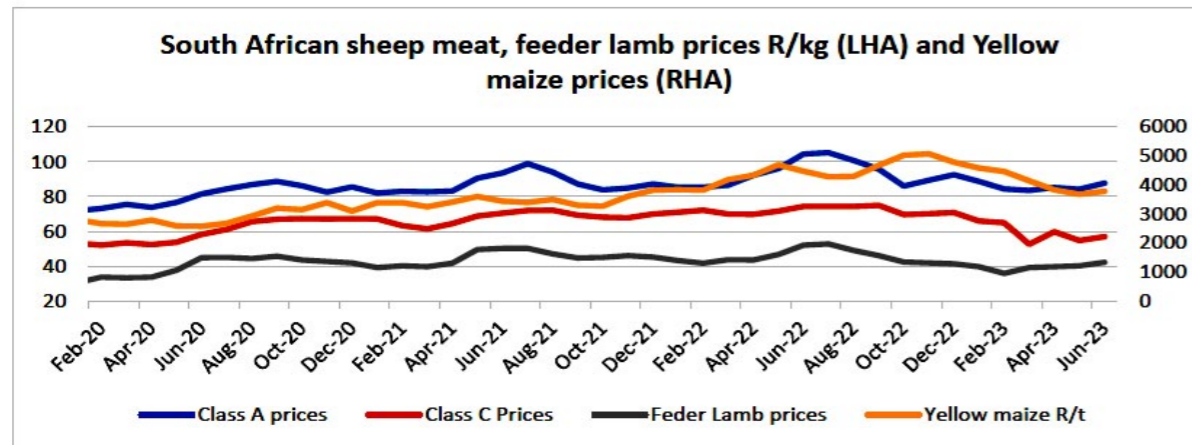
during May. This is because the majority of calves are born during the summer months, and are therefore ready to be weaned by May. The high supply of weaner calves at this time of year puts pressure on prices, as there is more supply than demand. This can lead to lower prices for weaner calves, which can impact the profitability of farmers. See Figures 1 and 2 for the latest cattle and sheep meat price trends.

# Livestock Industry Overview



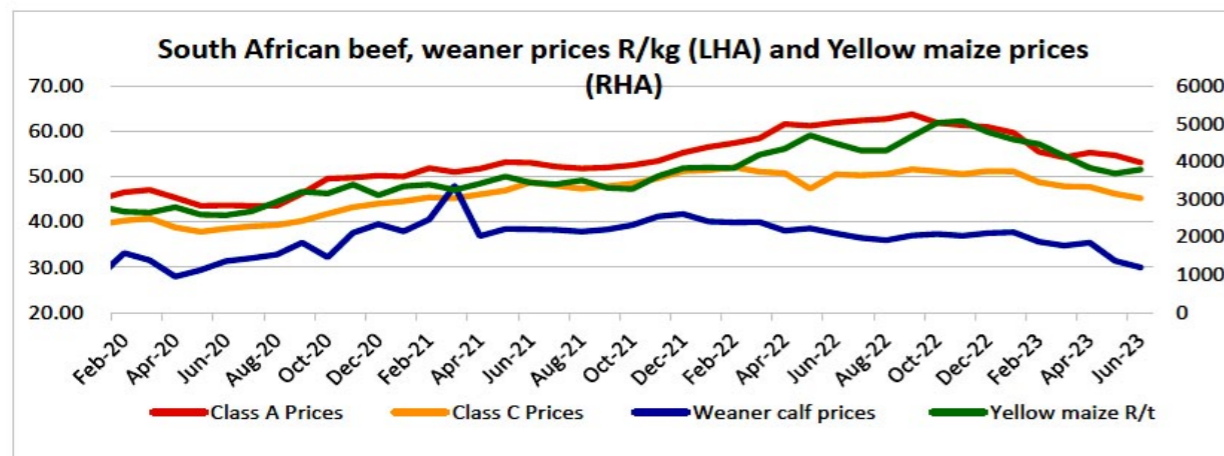
## Decline in grain prices positive for the livestock industry

Figure 3: South African sheep meat prices



Source: RMAA, RPO, JSE Safex

Figure 4: South African cattle prices



Source: RMAA, RPO, JSE Safex

The livestock industry in South Africa is expected to benefit from declining grain prices due to their use in animal feed. The current market conditions indicate a significant decrease in local grain and oilseed prices compared to the previous year.

In June 2023, prices for white maize, yellow maize, soybeans, and sunflowers were all trading at lower levels, with declines of

approximately 16% for white maize and yellow maize, 12% for soybeans, and 21% for sunflowers.

Lower feed costs can improve profitability for livestock farmers and provide opportunities for maintaining or expanding their operations. While the decline in grain prices is positive news for the livestock industry, there is a

separate challenge to consider. Livestock prices are under pressure, with a decrease of approximately 10-20% in South Africa. This decline in livestock prices may offset some of the benefits gained from the lower grain prices.

## The export market may bring opportunities

Over 90% of both the cattle and sheep produced is consumed on the domestic market so this presents opportunities in the export market. It's good to see that one of the main focuses in the industry's vision for 2030s includes growing exports. The Red Meat Strategy 2030 was launched in November 2022 and aims to improve the competitiveness and sustainability of the industry by addressing challenges such as animal health and welfare, environmental sustainability, and market access.

The implementation of this strategy is deemed by the industry as likely to have positive impacts on the industry over the coming years. The industry has identified the Saudi Arabian market as one that offers a promising opportunity for South African red meat exporters, driven by high demand.

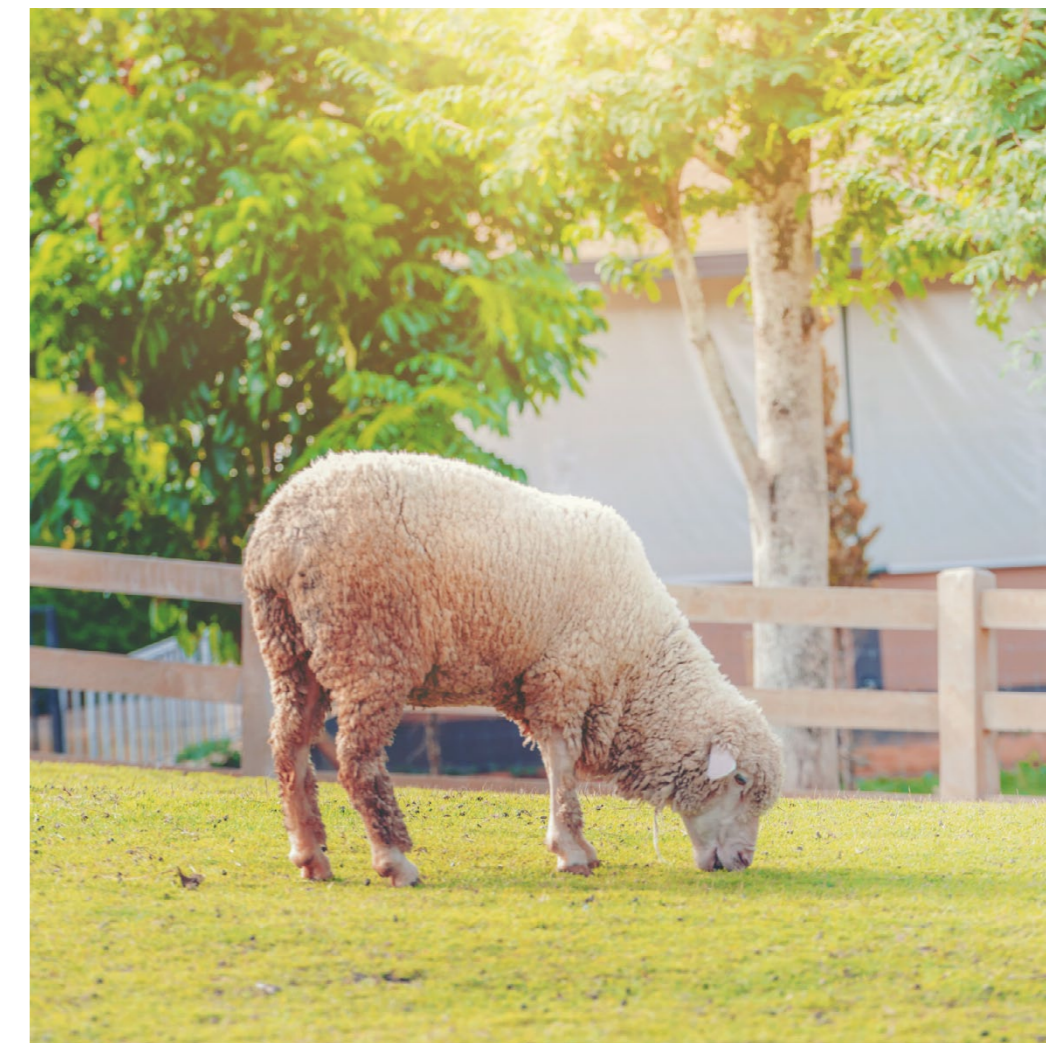
According to the Red Meat Industry services, Saudi Arabia's population is around 36 million people and the country has one of the highest per capita meat consumption globally, with an estimated annual consumption of approximately 262,500 tons of red meat. Expanding into this market can lead to increased market share for South African

producers. The potential impact includes higher prices for beef, cattle, and lamb, benefiting the local red meat industry. Approximately four years ago when South Africa lost its Foot-and-Mouth Disease (FMD) free status, some livestock export markets were lost.

However, through negotiations and interventions from the South African government in collaboration with the red meat industry, the sector was able to regain some of the markets and there is hope for the recovery of more markets in the future. Improved exports can help boost local industry. Efforts are also being made to regain the FMD-free status, which would allow South Africa to regain access to previously lost export markets for livestock. South Africa had an occurrence

of favourable rainfall seasons in the past three years, which resulted in improved grazing conditions and overall herd growth. We believe that South Africa is out of the herd-building phase after a few good seasons in the past 3 years.

The expectation of a transition into an El Niño state during the next summer, typically associated with drier than normal conditions, may lead to limited availability of grazing land and water resources. Should this be the case, livestock farmers may face challenges in providing sufficient food and water for their animals. Dry conditions are expected from about November and the second part of the next summer.



## Outlook

The livestock industry in South Africa is facing challenges due to declining livestock prices and pressures on consumer demand. However, there are potential solutions and opportunities for growth. Declining grain prices offer the potential for improved profitability by reducing feed

costs for livestock farmers. Expanding into the Saudi Arabian and other export markets presents an opportunity to increase market share and potentially raise prices for red meat exports, also benefiting from the weaker currency. Efforts are being made to regain lost export markets after South Africa lost its Foot-and-Mouth Disease

(FMD) free status, and there is hope for further market recovery. The implementation of the Red Meat Strategy 2030 and the focus on growing exports can have positive impacts on the industry's competitiveness and sustainability. Overall, while challenges persist, there are potential avenues for improvement and growth in the South African livestock industry.

# Pork and Poultry Overview



In recent times, South Africa's poultry industry has found itself facing significant challenges due to bird flu outbreaks. This unforeseen situation has put immense pressure on the industry as it strives to maintain its commitment to providing safe and quality poultry products to consumers. The outbreak of bird flu has impacted the poultry sector, while the pork industry has been grappling with the challenges posed by African Swine Fever. These

outbreaks have underscored the importance of vigilance and the need for effective biosecurity measures within the poultry and pork sectors. In response, stakeholders, including farmers, producers, the industry and authorities, have been working diligently to curb the spread of the virus and protect both the health of birds and herds and the livelihoods of those involved in the industry. South Africa's poultry industry has for the past year been under significant

pressure from the rising costs of fuel and feed, and persistent sessions of load-shedding have exacerbated the situation. Load shedding disrupts operations and imposes added costs on poultry farming operations. These constraints have put pressure on profit margins. recently, grain prices have meanwhile been declining since the start of 2023, which can help reduce input costs in the form of feed costs. South Africa has been battling unstable energy in 2023.

The bird flu outbreaks have presented a considerable obstacle for the poultry industry, which is renowned for providing a vital source of affordable and nutritious protein to the nation. Avian influenza outbreaks are driving up broiler and egg prices in South Africa (See Figure 5 & 6). Elevated feed costs, loadshedding effects, and the persistent bird flu outbreak have also led to peak chicken prices. Despite recent support from a weakened rand, grain and oil seed futures are still declining, which could lead to improved feeding margins if this trend continues.

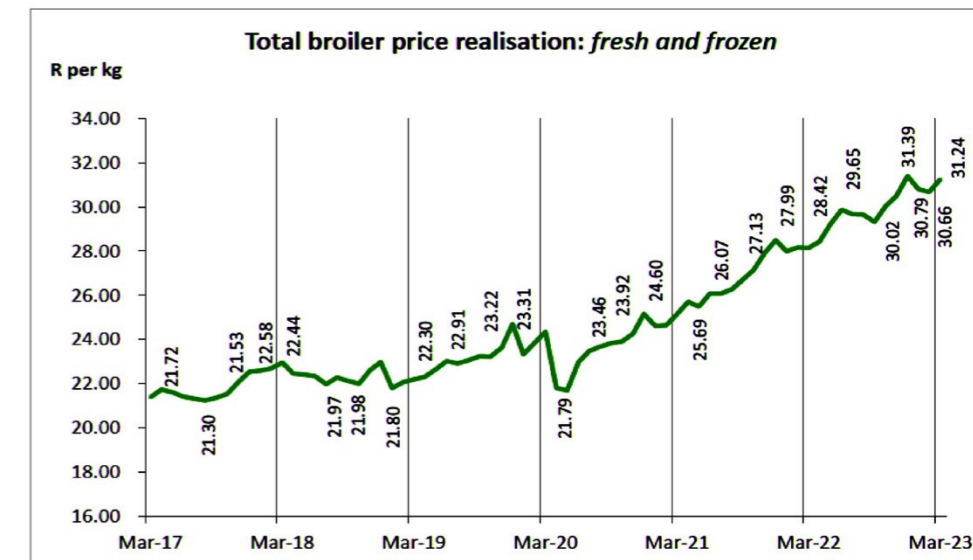
Local pork prices are relatively flat due to the impact of lower red meat prices and consumer pressure on growth prospects. However, from the trend observed in the above table in 2021 and 2022, there is a possibility of prices increasing in line with seasonal trends (See Figure 7).

## Outlook

The South African poultry and pork industries are faced with disease outbreaks. Vigilance and biosecurity are crucial in both poultry and pork sectors, with stakeholders working to curb the virus and protect health and livelihoods.

Rising fuel costs, load-shedding, and grain price decline pressure poultry profits. Bird flu obstacles affect vital affordable protein supply. Avian influenza drives up egg

Figure 5: Total broiler price realisation: fresh and frozen



Source: SAPA, Land Bank AEA

Figure 6: Monthly average egg producer price

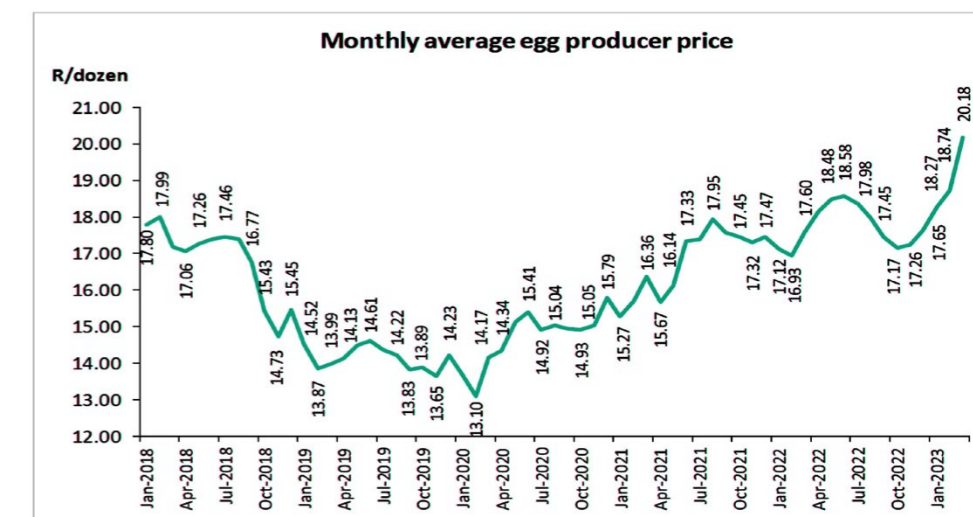
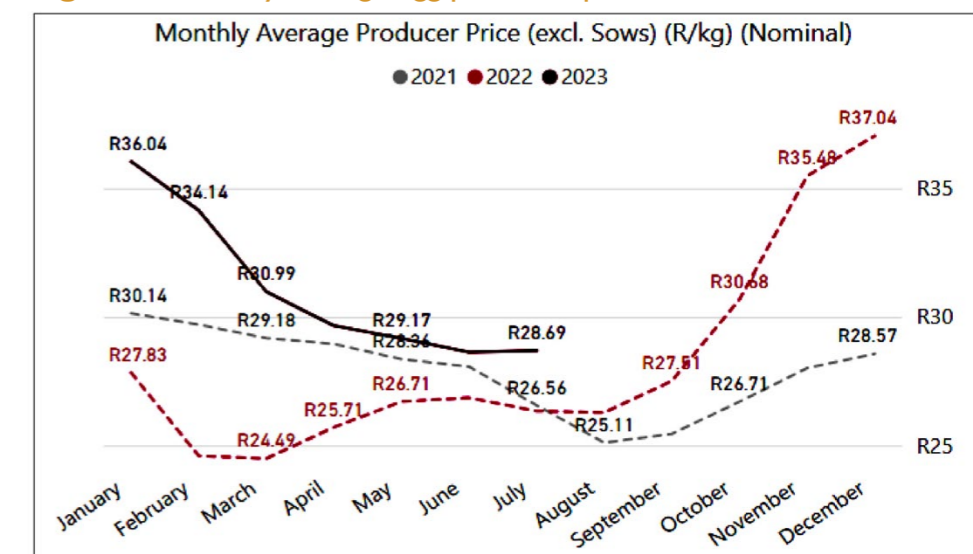


Figure 7: Monthly average egg producer price



and broiler prices, influenced by feed costs and loadshedding effects.

Pork prices are stable due to red meat impact, but could rise based on past trends.

# Fruit Industry Overview

The majority of the fruits are destined for the export market.

Efficient ports in South Africa are an essential aspect of the fruit value chain in order to preserve the quality of the fruit exports. Compromising this negatively affects the image, reputation, and profitability of the South African fruit industry hence over the past year improving the port and logistical challenges was one of the key themes mentioned across this industry to avoid delays and compromised quality. The majority of the fruits are destined for the export market. Over the past

year, the fruit industry also faced an array of challenges with soaring fertilizer prices, leading to almost unsustainable production costs for farmers. However, there is hope for farmers as input costs are expected to decline in line with declining fertilizer prices. These factors have had a profound impact on the sector, necessitating a survival mode for growers.

Another challenge includes cold chain interruptions as a result of rolling blackouts

which impacts quality and storage costs and forces growers and packers to invest in alternative solutions such as solar panels, escalating transport costs, shipping price hikes, adverse weather and climate conditions, exchange rate fluctuations, stricter market requirements implemented by the European Union, downward price risk as more products come into the market, as well as the ongoing Russia/Ukraine conflict.

Collectively, the above challenges present a true reflection of the hurdles faced by the horticulture industry in South Africa in general, negatively impacting the industry.

# Avocado Industry Overview

According to Rabobank, Over the past decade, global avocado production and trade have grown rapidly due to its appealing attributes driving demand while profitability has incentivised increased production. This trend is expected to continue, making avocados one of the most exported fruits worldwide. However, as the market becomes more competitive, operators must focus on both efficiency and sustainability. Steady availability will lead to relatively affordable prices in key markets, making avocados even more popular among consumers.

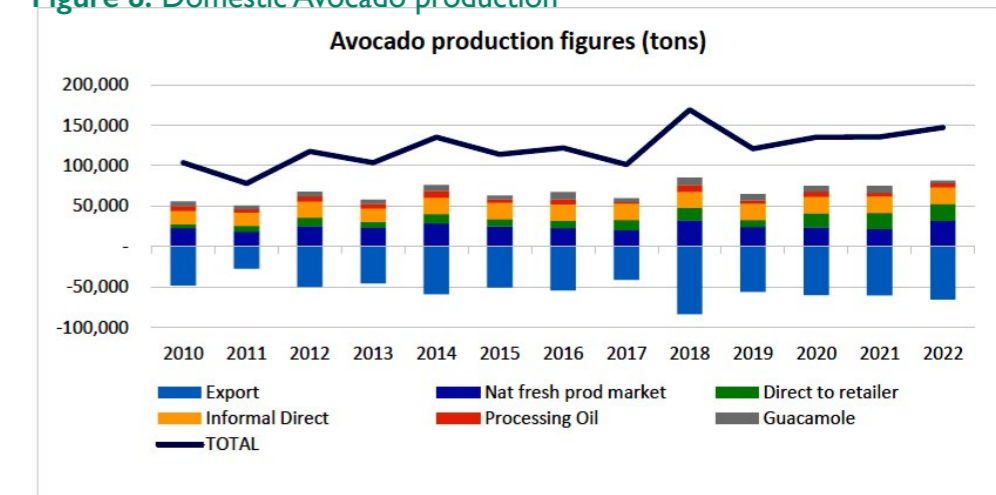
## Production Trends

Volumes from South Africa are expected to increase this year because of new plantings that are reaching commercial levels. This growth is likely to persist for several years. Currently, annual South African Avocado production stands at approximately 147,000 tons, though there was a bumper crop of 169,242 tons in 2018. Around 45% of total production in 2022 was destined for the export market, followed by the domestic national fresh produce market at 22%.

## Price Trends

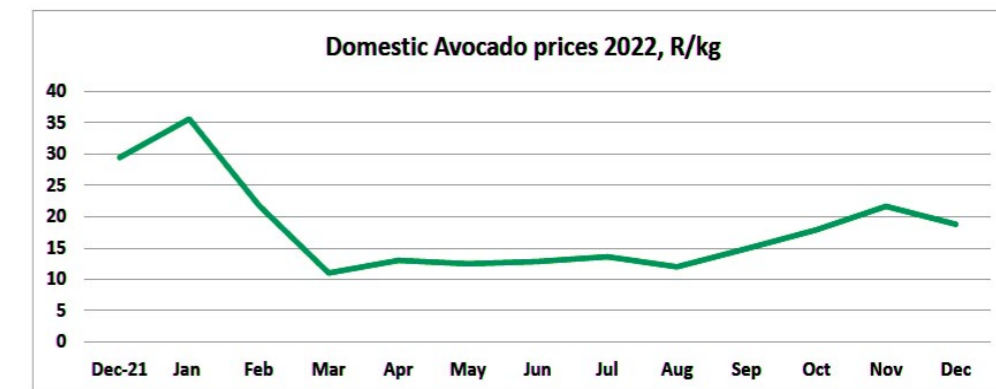
A report from the Agri Market Trends (AMT) has shown that the domestic avocado market in 2022 experienced an average price of R16.99 per kg, representing an 18.97% decrease

Figure 8: Domestic Avocado production



Source: SAAGA, Land Bank AEA

Figure 9: Domestic Avocado Price trends



Source: AMT, Land Bank AEA

compared to the previous year (2021). Additionally, the total volume of avocados delivered in 2022 amounted to 18.79 thousand tons, indicating a substantial increase of 42.99% compared to 2021.

The takeaway from the above statement is that the significant rise in avocado supplies has put pressure on prices, resulting in the observed price decreases. In addition to the higher volumes resulting in plentiful supplies in the market, South Africa has been faced with a tough local economy and reduced

consumer spending, which create a tough environment for demand from consumers. To address this, efforts are underway to explore untapped markets, especially in China, India, Japan and the US. The demand for avocados has significantly decreased compared to previous times.

South Africa exports avocados in the region of 60 000 tons and the average export unit value for 2022 was R30,72/kg. This unit value was showing a slight 1% decline compared to 2021. South Africa has also seen increasing competition.

**Table 2:** South African Avocado exports

South African Avocado exported unit value, R/Tons								
	2018	2019	2020	2021	2022	Exported value in 2022 R'000	Export quantity in 2022, Tons	% exported quantity
World	17 131	21 299	26 596	30 887	30 718	1 934 765	62 985	
Netherlands	17 289	19 689	25 219	29 334	30 092	1 322 172	43 938	69,8%
United Kingdom	13 995	21 047	26 236	31 752	31 386	335 833	10 700	17,0%
Russian Federation	22 890	26 738	30 342	28 776	31 431	43 940	1 398	2,2%
Germany	47 022	43 646	19 970	33 525	39 459	41 353	1 048	1,7%
Portugal	10 611	18 110	32 475	38 588	29 936	38 618	1 290	2,0%
Other							4 611	7,3%

Source: ITC Trade Map, Land Bank AEA

**Table 3:** South African Avocado exports

Global Avocado exports (tons)

	2018	2019	2020	2021	2022	% Exports 2022
World	2434404	2304538	2568317	3050396	2967789	
Mexico	1091936	952201	978908	1227070	1041787	35%
Peru	359428	312073	410697	541520	583215	20%
Netherlands	245776	270108	333212	366439	325431	11%
Spain	108891	119144	138401	139925	150148	5%
Chile	132525	144621	96884	98183	109287	4%
Kenya	71879	63356	79081	95036	103240	3%
Colombia	30009	44570	77075	96904	98595	3%
South Africa	89343	47948	47265	52795	62985	2%
Dominican Republic	36090	44968	50082	56456	57605	2%
Morocco	16946	19362	36244	27332	55195	2%
United States of America	68535	59347	66940	61386	49332	2%
Other	183046	226840	253528	287350	330969	11%

Source: ITC Trade Map, Land Bank AEA

from African countries such as Kenya which has continued to expand production. Kenya's exports expanded at a CAGR of 15% between 2012 and 2022 while exports from South Africa grew marginally. South Africa has to continue producing great quality avocados and stay reliable to compete with Kenya, Tanzania, Zimbabwe and Mozambique.

Table 3 provides valuable insights into the global avocado export market and highlights the significance of the South African avocado industry within this global context. The data

presented sheds light on the trends in avocado exports over the years and the major players in the international avocado trade. Table 3 above shows the importance of the South African Avocado industry in the global market, although quiet small accounting for roughly 2% of global exports compared to your largest exporting nations like Mexico at 40% of total world exports.

## Outlook

The global avocado market has thrived due to its appeal,

driving demand and increased production for a decade. Avocados are poised to remain a leading exported fruit, yet competition calls for efficiency and sustainability. Growing South African avocado production, set to continue, reflects a positive trend. However, increased supply led to lower prices domestically in 2022, impacted by economic challenges and reduced consumer spending. Efforts are however directed towards exploring new markets like China, India, Japan, and the US, which can help alleviate pressure on prices.

# Pecan Nut Industry

## Overview



## South African Pecan Production Trends

The 2023 pecan harvest season is expected to be good. Pecan nuts, like many tree crops, have on and off years in terms of production. This phenomenon is commonly referred to as alternate bearing. On years are characterized by abundant pecan nut production.

During these years, trees produce a high quantity of nuts, resulting in a bumper crop. Off years, also known as "lean years," are characterized by lower pecan nut production. Following a bumper 2022, 2023 is anticipated to be an off year, however, given that more and more young trees are coming into production suggests that the upcoming harvest may not be significantly lower than the previous year. Due to improved

quality on a lower crop, a larger export percentage in relation to the total produced can be realised this year.

The export unit value for 2022 for China was reported as around 5.4 USD/kg or R90/kg which is considered a good price. Just like with many other industries, an important concern about the potential risks associated with an unreliable electricity supply for pecan farming can be raised.

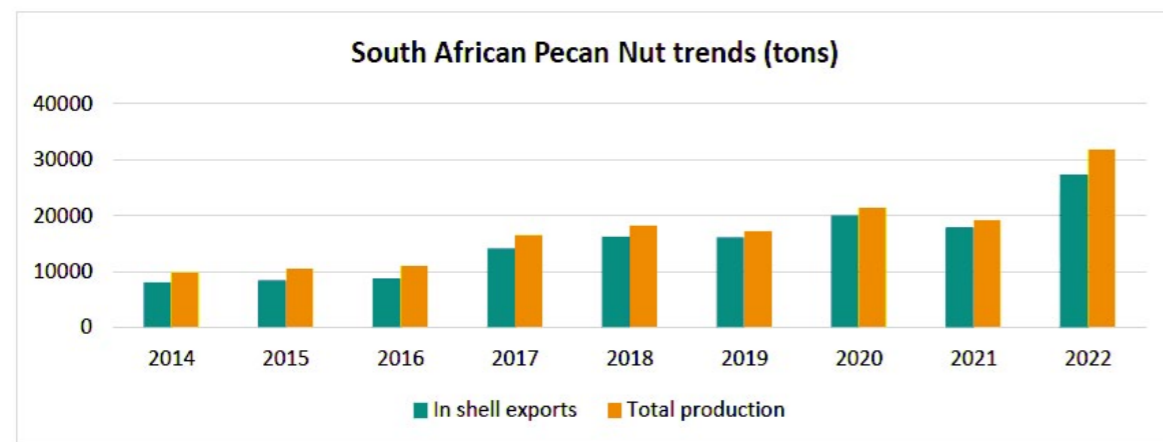
This concern highlights the need for alternative measures to help farmers manage these risks and maintain the sustainability of this industry particularly since numerous growers rely directly on Eskom power for irrigation.

Irrigation is critical and crucial between September to March for better production output. South African Pecan Nut Producer Association (SAPPA) shows that South Africa had a crop of 31 846 tons in 2022, of which 86% was exported in-shell to China. The South African pecan nut industry has promising prospects due to the health benefits associated with pecan nuts and the underdeveloped local market.

Demand for pecans is expected to continue to grow in the coming years, driven by increasing health awareness and the popularity of pecans as a snack food. The industry is well-positioned to meet this demand, with a strong production base and a focus on export markets.

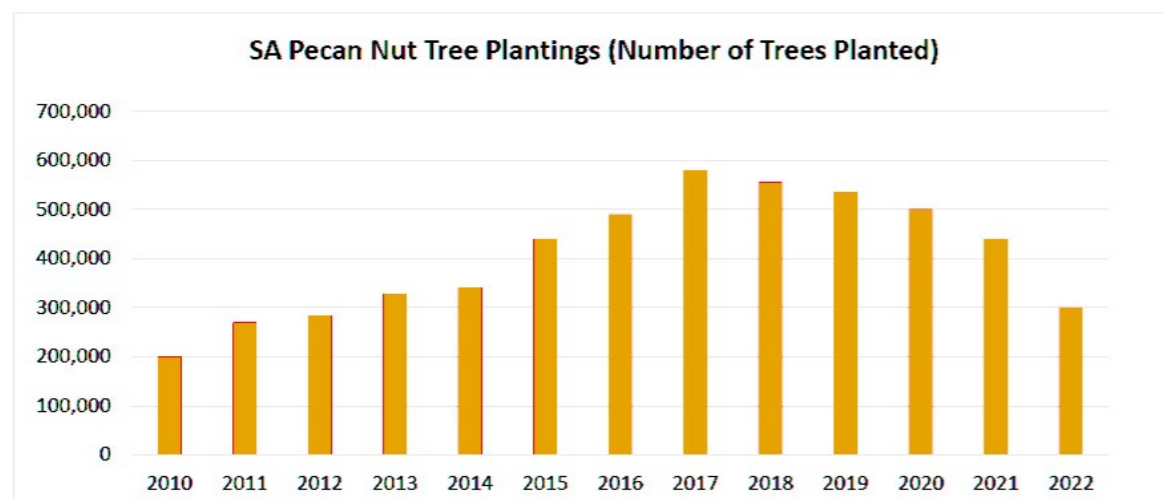


**Figure 10: South African Pecan Nut Trends**



Source: SAPPA, ITC Trade Map, Land Bank AEA

**Figure 11: South African Pecan Nut Plant-**



Source: SAPPA, Land Bank AEA

By capitalizing on these opportunities, focusing on quality production, expanding domestic and international markets, and adopting sustainable practices, the industry can experience significant growth and contribute to the overall agricultural and economic landscape of South Africa.

Data from the International Nut Council shows that in 2021, China was the primary in-shell market, accounting for 52% of global imports. In turn, nearly half (49%) of the in-shell

pecans imported by China came from South Africa. Mexico and the USA continue to lead global production trends, followed by South Africa. Minor producers such as China and Brazil continued to gradually increase their output.

About 6 years ago the prices for pecan nuts were extremely good which saw more people plant trees and going into the industry. Prices then started getting more realistic hence there is a decline in plantings. Production is however

expected to continue to increase. Only around 2050, the reduction in the number of trees planted may start to have an impact on the projected growth because of the trees taking between 7 and 13 years to get into full production.

The main challenge remains the fact that around 95% of the South African market is focused on China (see Table 4). There is always a risk involved in over-dependence on one market. The industry needs to look at the possible expansion potential of the

**Table 4: List of importing markets for a product exported by South Africa**

	2022	Exported value in 2022, South African Rand thousand	Exported quantity in 2022, Tons	% of exported quantity
	Exported unit value, South African Rand/Tons			
World	89 844	2 472 695	27 522	
China	90 057	2 351 845	26 115	95%
Netherlands	156 543	347 53	222	0,8%
France	239 185	102 85	43	0,2%
Belgium	140 377	9 826	70	0,3%
Hong Kong, China	96 626	9 663	100	0,4%
Russian Federation	176 939	9 024	51	0,2%
United Kingdom	112 917	8 581	76	0,3%
Other			845	3,2%

Source: ITC Trade Map, Land Bank AEA

Chinese market. The Chinese market is offering a good price for the nut in a shell hence it may not have been necessary to look into alternative markets. Value addition is one area that the industry should explore. However, cracking facilities are being developed to produce more kernels, especially for the European market, where demand is picking up. Despite many new plantings

coming to yield in China in 2022, it's been reported that the 2022 crop was affected by drought from June to September that caused many shrivelled and empty nuts which favoured strong demand for South African crops.

### Outlook

The South African pecan nut industry is relatively young,

with most orchards being planted in the past 12 years, there is still significant potential for production growth. Domestic production is expected to be lower in 2023, but the increasing number of young trees coming into production may mitigate this. The industry has promising prospects due to the health benefits associated with pecans and the underdeveloped local market. However, overdependence on the Chinese market is a main challenge, and the industry needs to explore the possible expansion potential of other markets. The potential risks associated with unreliable electricity push farmers to invest in alternative sources of energy to maintain the sustainability of the industry.

Overall, the South African pecan nut industry has the potential for significant growth and can contribute to the agricultural and economic landscape of the country.





# Macadamia Industry

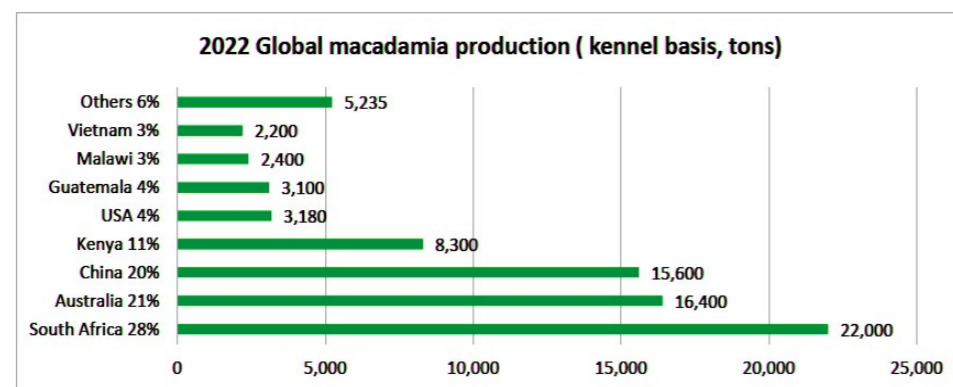
## Macadamia Global Trends

World macadamia production has steadily increased in the past decade. Data from the International Nut Council (INC) shows that in 2022, the global crop reached 78,415 tons (kernel basis), showing a 19% growth from the previous season and a remarkable 114% increase since 2011. South Africa plays a significant role in the global market, contributing 28% to the total production.

The two leading producers and exporters are South Africa and Australia, accounting for 31% and 23% of the global market, respectively. China has significantly increased its macadamia plantings and accounted for 20% of global production by 2022. Australian

macadamia production is expected to decrease in 2023 due to reduced global demand, increasing global supply, and various challenges such as variable weather conditions and low farm gate prices. Back here in South Africa, the industry has been under pressure recently due to factors ranging from low prices, high input costs, and load shedding.

**Figure 12: Global Macadamia production by country**

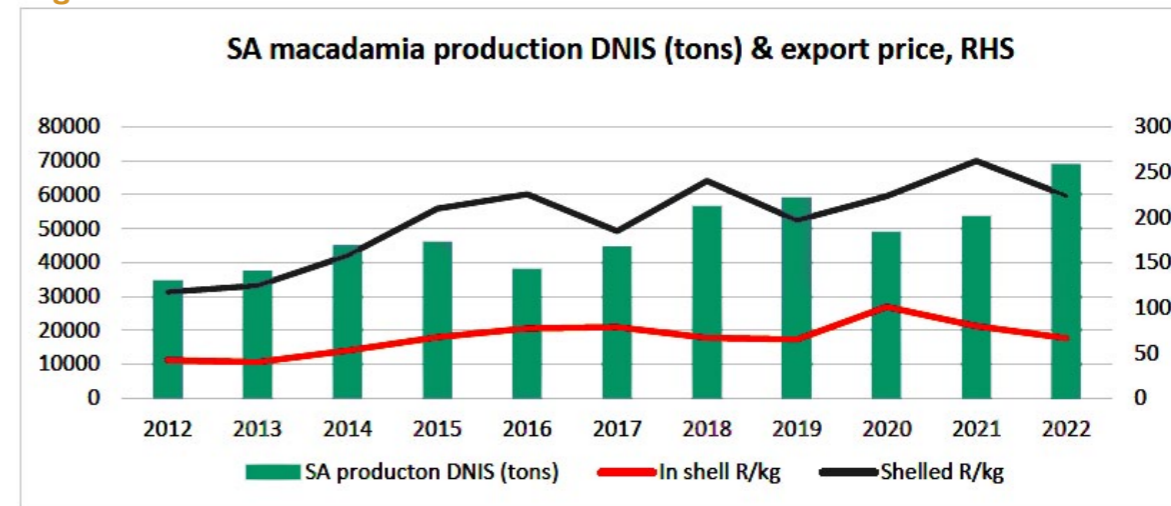


## Macadamia Domestic Trends

The projected South Africa macadamia crop for 2023 is approximately 77,659 tons of nut-in-shell (NIS), showing a 11% increase compared to the 2022 crop of 68,840 tons.

The South African macadamia nut industry experienced a decline in export unit value in 2022 due to possibly increased supply in the market.

**Figure 13: Local Macadamia Trends**



Source: ITC Trade Map, Land Bank AEA

**Table 5: Local Macadamia Exports**

South African macadamia Nut in shell exports (tons)						
	2018	2019	2020	2021	2022	% 2022 exports
World	24 861	21 172	17 069	19 329	27 207	
China	3 865	6 153	6 046	10 596	24 946	92%
Viet Nam	5 737	2 765	3 303	3 589	967	4%
Hong Kong, China	13 809	11 698	7 214	4 810	737	3%
Finland					127	0%
Lithuania				45	103	0%
United States of America	305	275	119	35	87	0%
Other	1 145	281	387	254	240	1%

Source: ITC Trade Map, Land Bank AEA

The 2023 crop is also expected to be notably higher. Additionally, demand has stagnated partly due to the war in Ukraine and COVID-19 lockdowns affecting spending power. The key destination for South African macadamia nut-in-shell exports in 2022 was China, accounting for 92% of the exports. China is therefore a crucial market for South Africa's macadamia exports. Besides the traditional Chinese in-shell market, the macadamia industry is actively investing in processing infrastructure to expand the kernel market, which is expected to grow. The global glut, caused by COVID lockdowns and increased

plantings, has contributed to the price decline.

The world macadamia organization predicts that the crop will double in the next five years and triple in the next ten, creating a challenging situation. With macadamias being seen as a premium nut, sales have been affected by tightening consumer budgets amid rising inflation. South Africa's weakened currency meanwhile may offer some upward support to prices. Year to date, on average, the rand is 16% weaker against the US dollar (as of 5 Aug) compared to 2022. The weak rand will relatively soften the blow of the low prices.

## Outlook

The South African macadamia industry faces a complex outlook. While global macadamia production has steadily risen, South Africa's significant role in the market could be challenged by factors like low prices, high input costs, and energy shortages. China dominates as the main market for South African macadamia exports, but the industry's future growth depends on diversifying processing and addressing global supply glut challenges. The weakened rand might provide some price support in a market affected by consumer budget constraints and inflation.

# Citrus Industry Overview

The South African citrus industry is an important player on a global scale. South Africa is the second largest exporter of Citrus in the world after Spain (See Table 6).

The South African citrus industry has however been facing various challenges, such as elevated input costs and shipping rates, infrastructure inefficiencies, and new phytosanitary regulations on South African oranges from the EU. Additionally, there are

concerns about a potential loss of the African Growth and Opportunity Act (AGOA), which currently grants preferential market access and exempts South African citrus from US tariffs.

The situation was further complicated by floods in the Western Cape during the peak citrus export season in mid-June, which damaged farm infrastructure and delayed harvesting and delivery to the

market. These challenges pose a threat to the profitability and sustainability of the industry.

## Challenges

The EU introduced false codling moth (FCM) regulations during the 2022 export season and those disrupted exports of oranges to that area. These regulations are still not yet resolved, which makes it difficult for citrus exporters this current season.



Table 6: Key global citrus exporters by value

South African citrus exports USD '000								
	Exported value in 2018	Exported value in 2019	Exported value in 2020	Exported value in 2021	Exported value in 2022	2022 Exported unit value, US Dollar/Tons	Exported quantity in 2022, Tons	% Exported quantity 2022
World	1 542 719	1 368 348	1 707 181	1 840 989	1 727 446	658	2 624 273	
Netherlands	255 132	244 606	362 215	376 640	341 064	624	546 158	21%
United Kingdom	148 839	130 037	164 155	168 201	145 656	680	214 120	8%
Russian Federation	114 236	91 600	125 261	129 215	138 655	704	197 018	8%
United Arab Emirates	94 330	88 876	126 703	138 805	136 595	614	222 303	8%
China	148 563	103 556	96 146	119 431	132 693	688	192 805	7%
USA	54 887	49 711	89 670	123 043	106 827	897	119 135	5%
Canada	61 757	52 570	77 275	78 267	86 095	832	103 497	4%
Portugal	64 494	51 534	83 654	69 308	70 456	603	116 765	4%
Saudi Arabia	83 373	87 342	74 381	77 722	64 930	589	110 290	4%
Hong Kong, China	99 681	85 544	73 214	65 770	62 269	756	82 378	3%
Other	417 427	382 972	434 507	494 587	442 206		719 804	27%

Source: Trade Map, Land Bank AEA

Table 7: Value of citrus exports from South Africa

Global Citrus exports '000USD						
Exporters	Exported value in 2018	Exported value in 2019	Exported value in 2020	Exported value in 2021	Exported value in 2022	% Exported quantity 2022
World	14 920 752	14 080 885	16 266 608	16 377 714	14 475 974	
Spain	3 716 344	3 580 279	4 190 952	4 231 831	3 686 054	25%
South Africa	1 542 719	1 368 348	1 707 181	1 840 989	1 727 446	12%
China	1 261 170	1 270 393	1 577 682	1 336 180	1 035 780	7%
Türkiye	889 970	752 364	940 974	933 720	900 575	6%
Mexico	591 311	603 126	555 216	742 670	862 878	6%
United States of America	990 944	898 528	928 674	968 231	853 965	6%
Netherlands	876 948	807 584	996 511	963 762	845 436	6%
Egypt	769 762	754 000	802 443	854 966	815 343	6%
Morocco	445 097	509 172	524 330	530 065	544 940	4%
Australia	345 617	381 370	331 515	360 987	304 669	2%
Other	3 490 870	3 155 721	3 711 130	3 614 313	2 898 888	20%

Source: Trade Map, Land Bank AEA

Citrus plays a vital role in South Africa's exports, generating approximately USD 1.72 billion in revenue in 2022. Other challenges which are still prevalent in this industry include load-shedding, high input costs,

high shipping rates, and infrastructure inefficiencies amongst others. The main destination of Citrus exports from South Africa are the Netherlands, the United Kingdom, the Russian Federation,

the United Arab Emirates and China. From the table above it is clear that the EU is historically South Africa's biggest market for South African citrus and new FCM regulations continue to pose a challenge.

**Table 8:** South African orange export trends

South African export quantities for fresh or dried oranges, tons						
Importers	2018	2019	2020	2021	2022	% Export quantity 2022
World	1 278 935	1 186 426	1 259 670	1 295 734	1 298 731	
Netherlands	233 619	224 343	288 412	283 466	264 586	20%
United Arab Emirates	80 989	75 602	89 527	105 057	110 113	8%
China	109 995	150 388	81 289	72 744	96 892	7%
Russian Federation	87 147	71 665	79 404	86 289	85 153	7%
United Kingdom	75 954	62 362	72 853	68 670	73 686	6%
Saudi Arabia	84 448	83 587	61 823	74 370	66 208	5%
Bangladesh	59 399	44 041	66 001	61 624	59 977	5%
Portugal	79 998	58 390	104 825	71 154	59 261	5%
Other	467 386	416 048	415 536	472 360	482 855	37%

Source: Trade Map, Land Bank AEA

**Table 9:** South African citrus trends

**PACKED AND SHIPPED**

End of Week 29 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	2021	2022	2023	2022	2023	2023	2023	2022
Grapefruit	18.3 m	15.2 m	13.0 m	12.9 m	11.5 m	14.4 m	13.8 m	16.7 m
Mandarins	19.3 m	19.9 m	24.1 m	15.5 m	20.1 m	34.1 m	34.2 m	31.8 m
Lemons	24.7 m	28.3 m	31.2 m	24.0 m	28.5 m	37.3 m	35.4 m	34.7 m
Navels	20.8 m	19.7 m	18.2 m	15.8 m	14.7 m	25.3 m	23.3 m	27.8 m
Valencia	14.2 m	13.3 m	14.0 m	7.5 m	9.3 m	54.5 m	52.0 m	53.8 m
<b>Total</b>	<b>97.3 m</b>	<b>96.4 m</b>	<b>100.5m</b>	<b>75.7 m</b>	<b>84.1 m</b>	<b>165.6 m</b>	<b>158.7 m</b>	<b>164.8 m</b>

The increased regulations pose challenges for South African growers in exporting to Europe, an important market for oranges. The Citrus industry calls these regulations unjustified and discriminatory and therefore has taken the issue to the WTO court.

The export projections from the citrus body Citrus Growers Association for different citrus categories have been adjusted downward. In week 29, the estimated volume for all categories was reduced from 165.6 million

cartons to 158.7 million cartons, representing a total decrease of 6.9 million cartons (15 kilograms per carton).

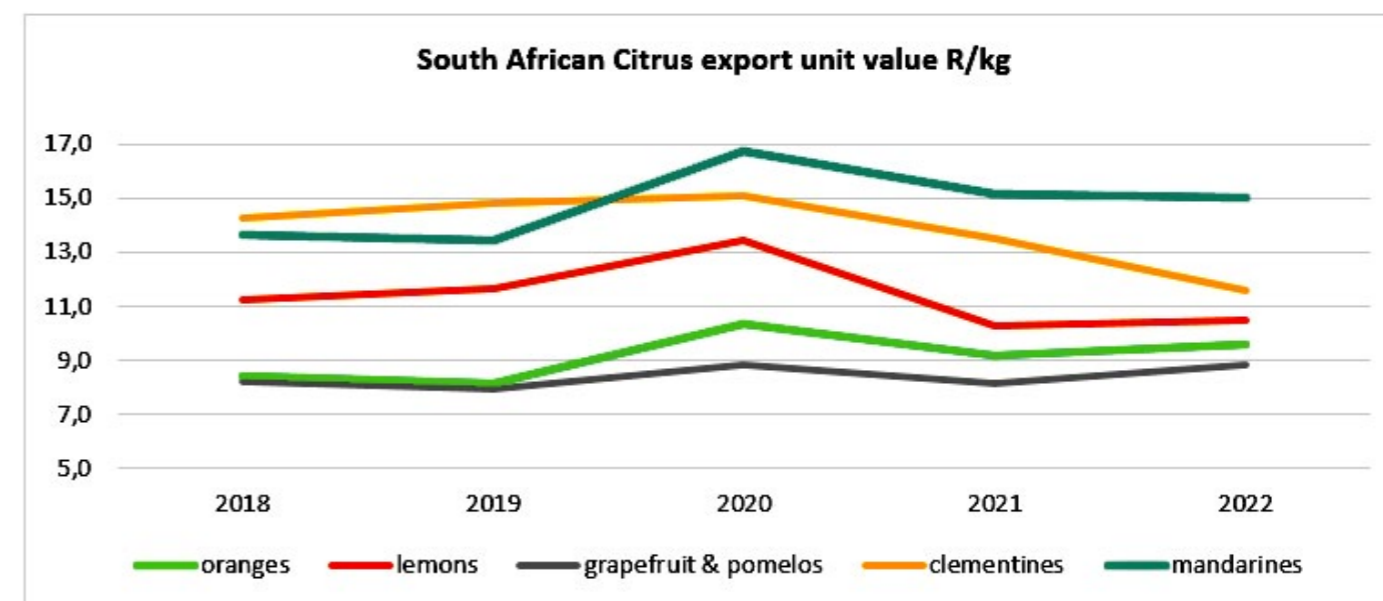
The delays and damages caused by the Western Cape floods during mid-June have undoubtedly worsened existing challenges for citrus growers.

Despite this, South African citrus exports remain strong, with 84.1 million cartons already shipped by the end of week 29.

Figure 14 highlights the year-on-year unit export value of various citrus fruits from 2018 to 2022. Between 2021 and 2022, oranges experienced a growth of 4%, while lemons saw a more modest increase of 2%. Grapefruit and pomelos exhibited significant growth with an 8% increase.

On the other hand, clementines faced a decline of 14% in their unit export value, and mandarines experienced a slight decrease of 1%. These fluctuations in export values indicate varying market

**Figure 14:** Unit value of citrus exports from South Africa



Source: ITC Trade Map, Land Bank AEA

dynamics and demand for different citrus fruits during the specified period.

**Outlook**

The South African citrus industry holds a significant global role as the second largest exporter, yet faces multifaceted challenges. Elevated input costs, shipping rates, infrastructure inefficiencies, and new EU phytosanitary regulations impact profitability.

Concerns arise also over the potential loss of preferential market access from AGOA and disruptions due to recent Western Cape floods.

The future of the South African citrus industry hinges on navigating the above mentioned challenges, whilst

adaptations and diversification into new markets could determine its ability to sustain its global role amidst these obstacles.

**Source:**

Fresh Plaza, Rabo Bank, International Trade Centre (ITC, Trade Map), International Nut Council (INC), South African Poultry Association (SAPA), Macadamias South Africa (SAMAC), Farmer's Weekly, Red Meat Industry Services (RMIS), Red Meat Producers Organization (RPO), SA Avocado Growers Association (SAAGA), Agri Market Trends (AMT), South African Pecan Nut Producers Association (SAPPA), Citrus Growers Association (CGA), Fruit SA, JSE Safex, South African Pork Producers

Organization (SAPPO), World of Pork, Grain South Africa, Crop Estimate's Committee (CEC), World Bank, Global Commodity Market Outlook, Department of Agriculture, Land Reform and Rural development, Land Bank AEA(Land Bank Agricultural Economics & Advisory), Land Bank own interpretations/ calculations.

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**Contact details:** 012 686 0500 or 0800 00 52 59

**Email:** [Agrieconadvisory@landbank.co.za](mailto:Agrieconadvisory@landbank.co.za)

**Compiled by the Agricultural Economics and Advisory Division**