



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

MARKET ANALYSIS REPORT NO 1 OF 2013: AVOCADO

1. INTRODUCTION

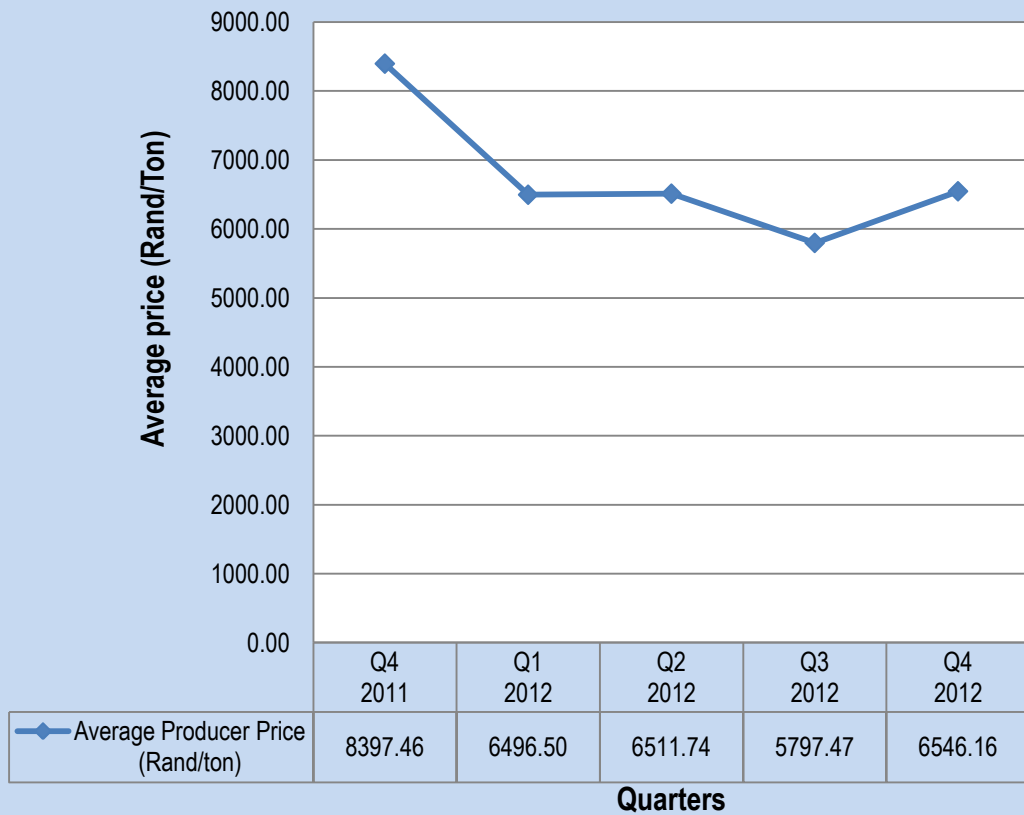
The following text is a review of the avocado marketing environment. This analysis is updated on a quarterly¹ basis. The interval covered in the current issue is from quarter 4 of 2011 to quarter 4 of 2012. This period is subdivided into five, three-month long quarters. The key issues discussed in the review are the trends in producer prices, production volumes and gross values, sales in the National Fresh Produce Markets (NFPMs), volumes and gross values of both exports and imports. During the period under review the average producer price for avocados dropped by 6.04% on a quarter-on-quarter basis, the volume of production increased by 14.83% while the volume of sales at the NFPMs also increased by 18.31%. The volume of exports increased by 105.24% while imports declined by 10.08% in the fourth quarter of 2012.

2. AVERAGE PRODUCER PRICE OF AVOCADOS

Figure 1 illustrates the average producer prices of avocados for the period under review. The quarterly producer price for avocados during the fourth quarter of 2012 was R6 546.16 per ton. The price was 75% lower than the average price of the previous quarter (quarter 3, 2012) and 36% higher than the average price at the same time in the previous season (quarter 4, 2011). Prices are usually high during the fourth and first quarters due to lower quantities produced during the same quarters. Prices are however lower in the second and third quarters when production is higher. The average producer price for the five quarters under review was R6 750.00 per ton.

¹ Quarter 1 (January to March), Quarter 2 (April to June), Quarter 3 (July to September), Quarter 4 (October to December)

Figure 1: Average producer prices of avocados

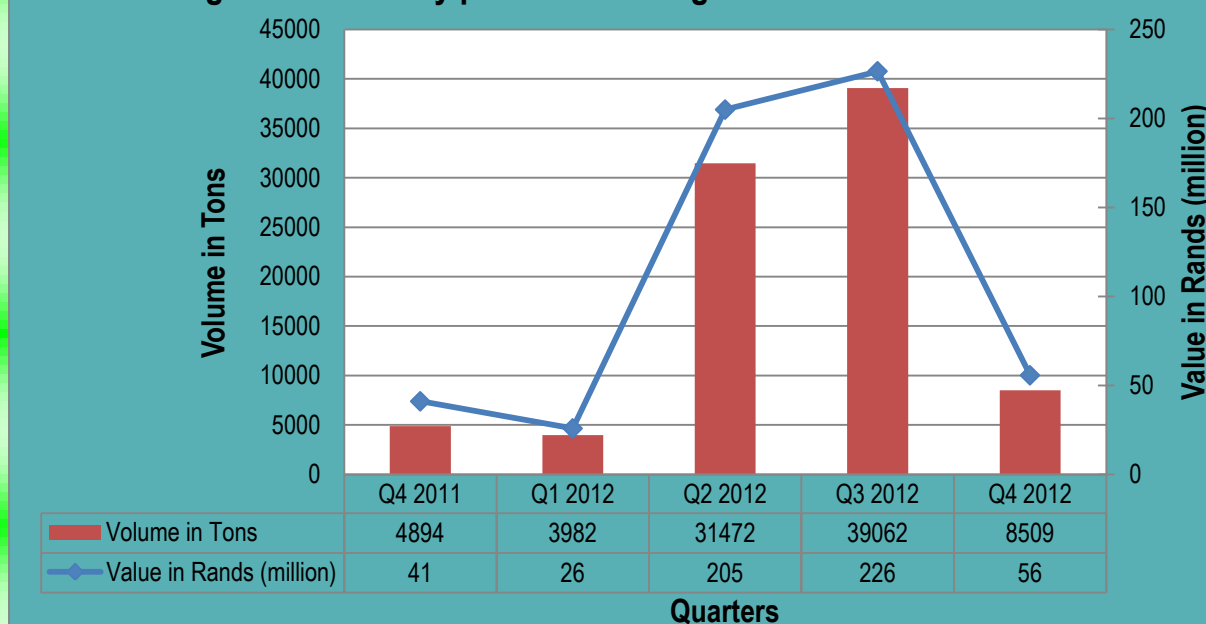


Source: Statistics and Economic Analysis, DAFF

3. TOTAL DOMESTIC PRODUCTION OF AVOCADOS

The total quarterly production volumes and gross values of avocados during the period under review are presented in Figure 2.

Figure 2: Quarterly production and gross value of avocados



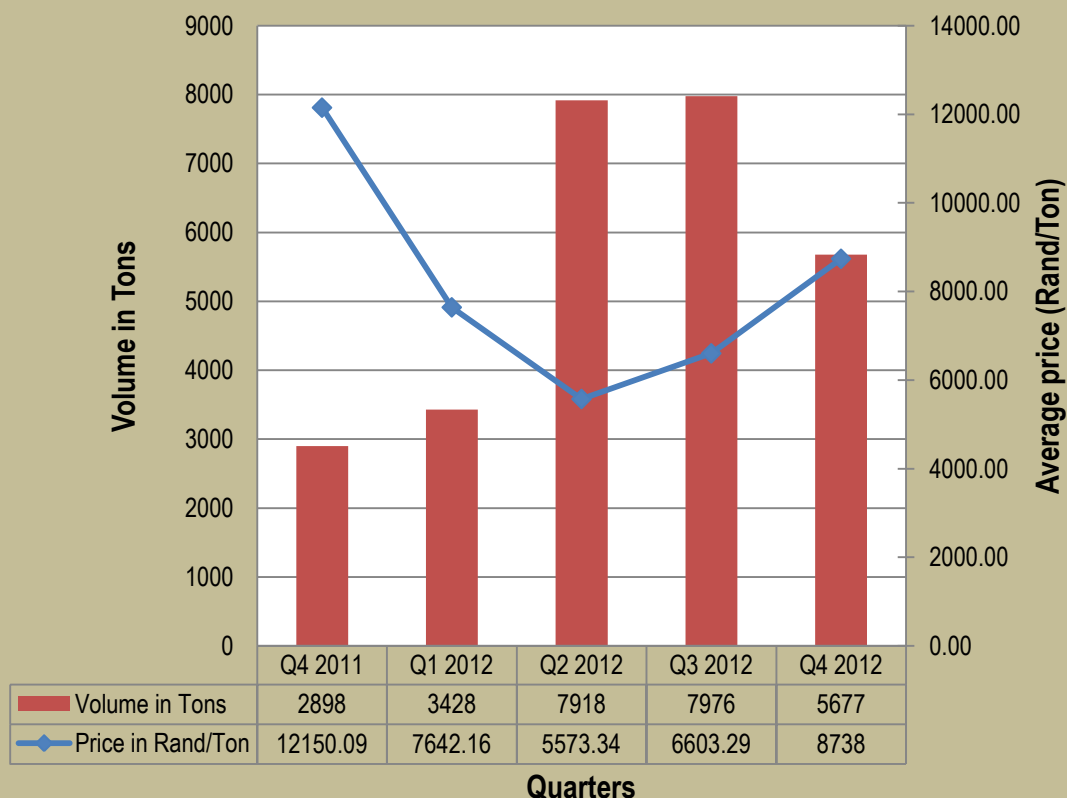
Source: Statistics and Economic Analysis, DAFF

A total volume of 8 509 tons of avocados with a gross value of R56 million was produced in South Africa during the fourth quarter of 2012. The volume produced was 78% lower than the quarterly production volume in the previous quarter (quarter 3, 2012) and 74% higher than the quarterly production volume at the same time in the previous season (quarter 4, 2011). As already indicated production of avocados is usually low during the fourth and first quarters each year because avocados are off-season and normally peaks during the third quarter when they are in season. The higher volumes produced during the fourth quarter of 2012 when compared with the same quarter in the previous year were probably caused by increased yields rather than increases in the area under avocado cultivation.

4. SALES AT NATIONAL FRESH PRODUCE MARKETS (NFPMs)

The quarterly sales and average prices of avocados sold in the NFPMs during the period under review are presented in Figure 3. A total volume of 5 677 tons of avocados were sold through the NFPMs during the fourth quarter of 2012. The volume sold was 29% lower than the quarterly volume of the previous quarter (quarter 3, 2012) and 96% higher than the quarterly volumes at the same time in the previous season (quarter 4, 2011). The higher volumes sold at the markets during the third quarter of 2012 follows increased volumes of production during the same quarter.

Figure 3: Quarterly sales and prices of avocados at NFPMs



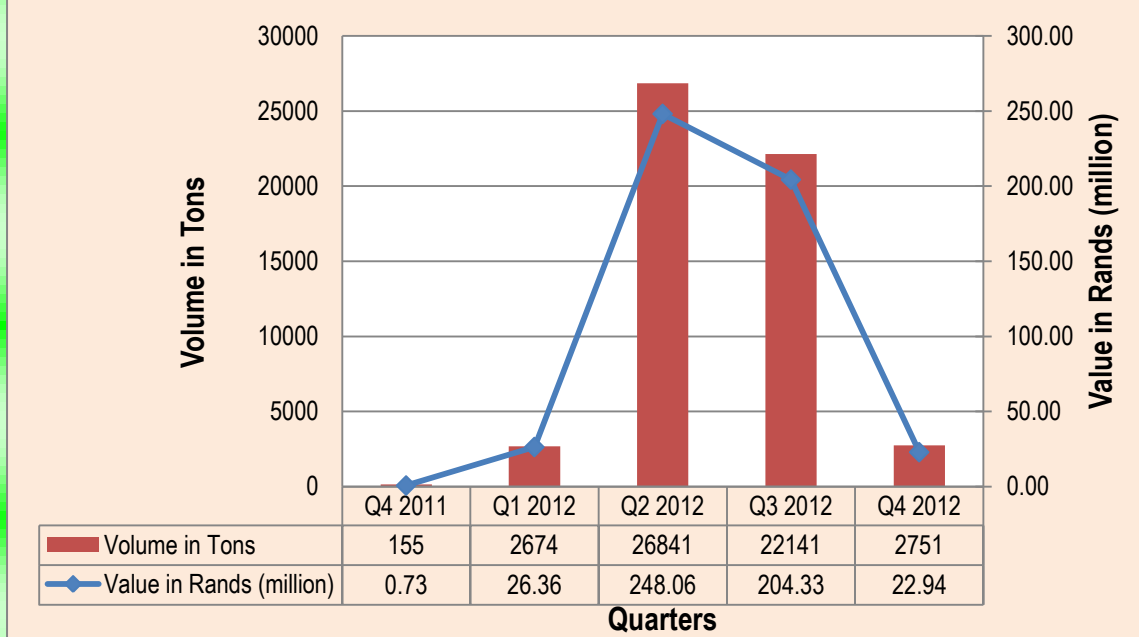
Source: Statistics and Economic Analysis, DAFF

The average quarterly price for avocados sold through the markets during the fourth quarter of 2012 was R8 738 per ton. The price was 32% higher than the quarterly price of the previous quarter (quarter 3, 2012) and 28% lower than the quarterly price at the same time in the previous season (quarter 4, 2011). The decline in prices may have resulted from the 96% increase in the volume of avocados traded through the NFPMs during the fourth quarter of 2012 when compared with the same quarter in the previous year. As can be seen in Figure 3, prices of avocados sold on the NFPMs are highly responsive to quantities available for sale.

5. EXPORTS AND IMPORTS

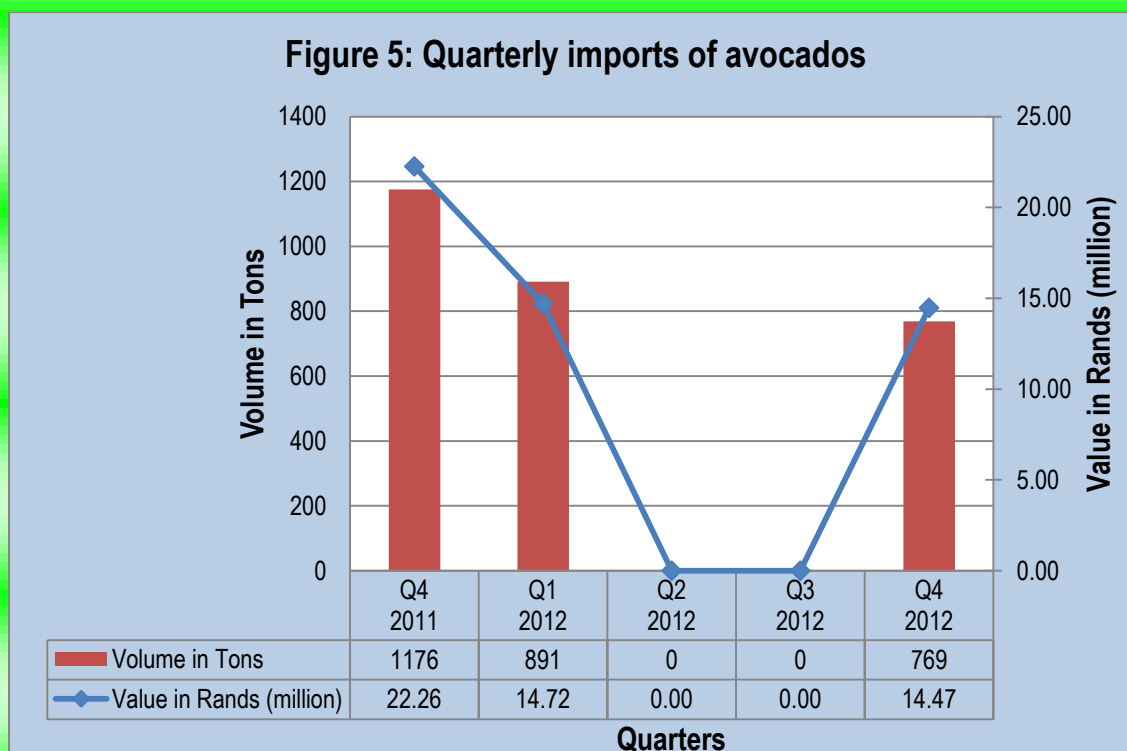
Quarterly export volumes and values of avocados during the period under review are presented in Figure 4. The figure indicates that 2 751 tons of avocados worth R22.94 million were exported by South Africa during the fourth quarter of 2012. The volume exported was 1 675% higher when compared with the amount of avocados exported during the same quarter in the previous season (quarter 4, 2011) Europe was by far the largest market for exports of South African avocados during the fourth quarter of 2012, absorbing 98.6% (2 711 tons) of the total tonnages exported in the same quarter. It was followed by Africa at 1.4% (39 tons).

Figure 4: Quarterly exports of avocados



Source: Quantec Easydata

Figure 5 illustrates the quarterly import volumes and values for avocados during the five quarters under review. No imports of avocados were recorded by South Africa during the second and third quarters of 2012. During the fourth quarter of 2012 769 tons of avocados were imported. During the period under review, avocado imports reached a peak at 1 176 tons during the fourth quarter of 2011. This is not surprising given that South African production of avocados is normally at its lowest during this period. South Africa is generally a net importer of avocados during the fourth quarter. The volume of avocado imports is expected to be low during the first quarter of 2013.



Source: Quantec Easydata

6. GROWTH, VOLATILITY & STABILITY ANALYSIS

Table 1 presents the results of growth and coefficient of variation estimations. They were calculated using quarterly statistics and covered the same five-quarter period under review beginning in quarter 3 of 2011 and ending in quarter 3 of 2012. The coefficient of variation is a measure of volatility or stability. When the coefficient of variation is less than one, the variable in question is said to be relatively stable, meaning that there were minimal changes. When the coefficient of variation is more than one, it is said to be volatile, meaning there were major changes during the period under review.

Table 1: Avocado industry growth rates & variation coefficients (Quarter 4, 2011 – Quarter 4, 2012)

Category	Subcategory	Growth Rate (%)	Coefficient of Variation
Producer price	Price	-6.04	0.14
Production	Gross Value (GV)	7.90	0.87
	Volume	14.83	0.94
Sales at NFPMs	Price/(GV)	-7.91 (value)	0.31 (price)
	Volume	18.31	0.43
Export	GV	136.39	1.16
	Volume	105.25	1.15
Import	GV	-10.20	0.96
	Volume	-10.08	0.95

Source: Calculated from data from Statistics and Economic Analysis and Quantec Easydata

As shown in the table above the avocado industry generally experienced positive growth from quarter 4 of 2011 to quarter 4 of 2012. The exception was in the case of the gross value of sales at the NFPs and the producer price which experienced negative growth during the period under review. The gross value and volume of imports also declined.

The table also shows various levels of volatility at different levels of the avocado industry's quarterly figures over the reference period. Low volatility was indicated by the coefficients of variation that were less than one (<1). All variables but imports and the price at the NFPs have coefficients of variation that are less than one, meaning that they displayed minimal changes during the five quarters under review.

7. ACKNOWLEDGEMENTS

Acknowledgement is given to the following information sources:

Directorate: Statistics and Economic Analysis

www.daff.gov.za

Quantec Easydata

www.easydata.co.za

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