



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

MARKET ANALYSIS REPORT NO 2 OF 2011: TABLE GRAPES

RECENT DEVELOPMENTS

The new rebate on diesel fuel is R1.42 cents/litre. In terms of section 75(15) of the Customs and Excise Act, 1964, Schedule 6 of the Act has been amended with effect from 6 April 2011, to the extent set out as follows. Farming, forestry and mining on land is: 62 cents per litre fuel levy on 80 percent of eligible purchases, plus 80 cents per litre Road Accident Fund levy on 80 percent of eligible purchases equals 142 cents per litre on 80 percent of the total eligible purchases. Any claim for a refund of levies must be reduced by any non-eligible purchases. For more information on this, please contact Anneke Roux of AgriSA at anneke@agrisa.co.za. The National Department of Science and Technology (DST) has recently renewed a Post-Harvest Innovation Programme in the South African fruit industry and the DST will be investing R15 million on this programme in the next three years. This funding will be used for technologies that deal with, amongst others, market access issues; inherent fruit quality challenges, packaging, human resource development, energy and water challenges, information systems, and transport logistics issues. An important new priority will be the successful integration of small-scale producer-exporters into the export value chain. For more information on this please contact Junette Davids of FPEF at junette@fpf.co.za.

INTRODUCTION

The following text is a review of the table grapes marketing environment. This analysis is updated on a quarterly¹ basis. The interval covered in the current issue is from quarter 1 of 2010 to quarter 1 of 2011. 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 value, sales in the National Fresh Produce Markets (NFPMs), as well as volumes and gross values of both exports and imports.

1. AVERAGE PRODUCER PRICE OF TABLE GRAPES

Table 1 and Figure 1 below illustrate the average producer price of table grapes during the period under review.

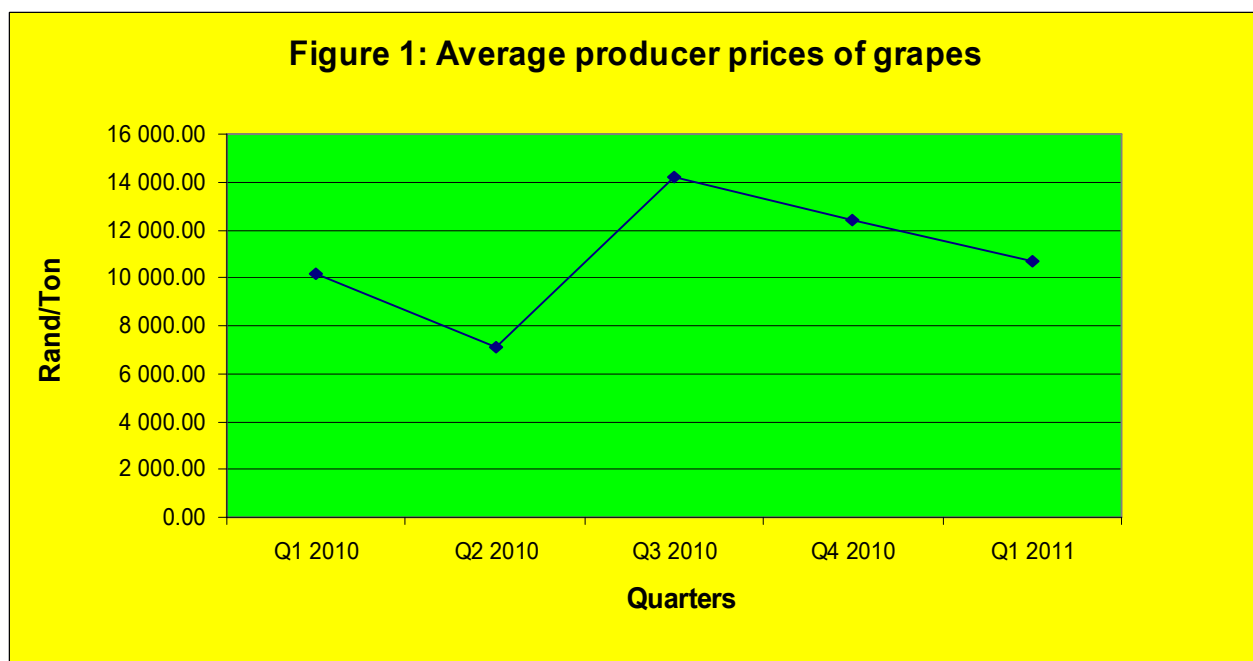
¹ Quarter 1 (January to March), Quarter 2 (April to June), Quarter 3 (July to September), Quarter 4 (October to December)

Table 1: Average producer price of table grapes

Quarters	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011
Price in Rand/Ton	R10 141.84	R7 132.27	R14 176.40	R12 389.30	R10 702.86

Source: Statistics and Economic Analysis, DAFF

The quarterly producer price for table grapes was R10 702.86/ton in quarter 1 of 2011 which was 14% lower than the average price of the previous quarter (quarter 4, 2010) and 5% higher than the average price at the same time in the previous season (quarter 1, 2010). It is interesting to note the increase in table grape prices on a quarter-on-quarter basis. This may have been the result of a significant increase in the demand for table grapes during the first quarter of 2011. Another main reason for the higher average price may be the low volumes of table grapes produced during the first quarter of 2011 when compared with the first quarter of 2011.



Source: Statistics and Economic Analysis, DAFF

2. TOTAL DOMESTIC PRODUCTION OF TABLE GRAPES

Table 2 and Figure 2 below illustrate the quarterly production of table grapes from quarter 1 of 2010 to quarter 1 of 2011.

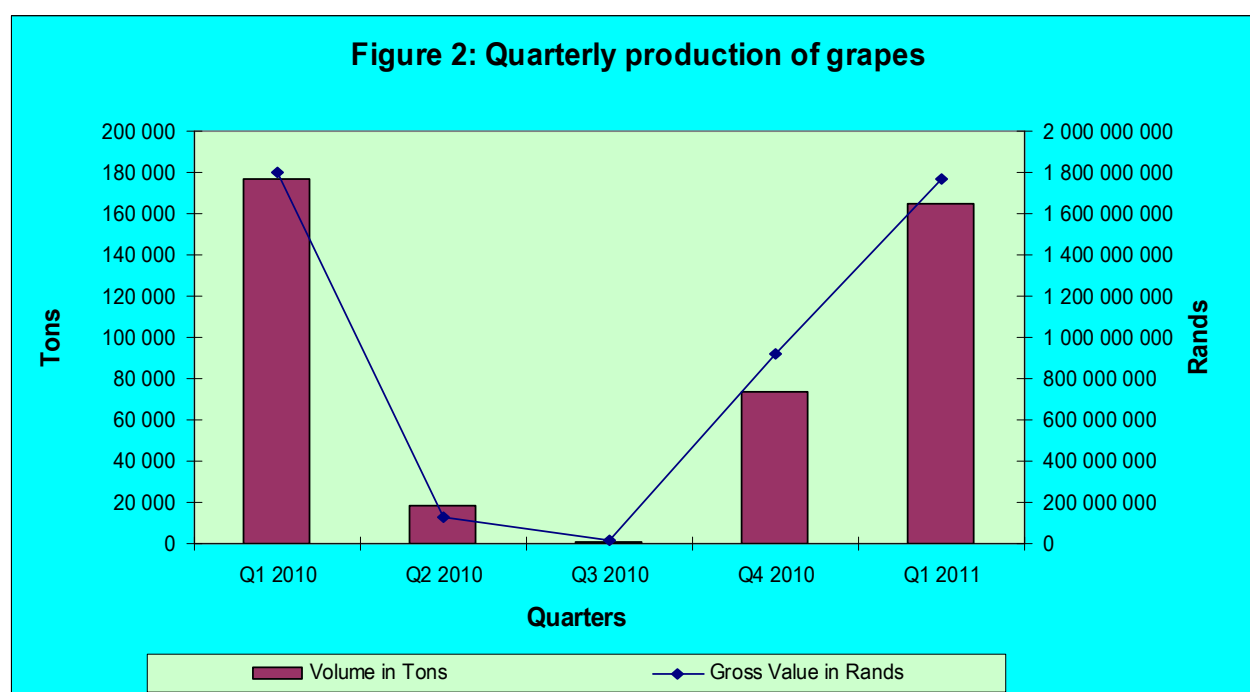
Table 2: Quarterly production of table grapes

Quarters	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011
Gross Value in Rands	R1 796 328 691	R131 874 714	R12 546 118	R916 472 980	R1 764 643 161
Volume in tons	176 981	18 490	885	73 973	164 876

Source: Statistics and Economic Analysis, DAFF

Table grapes worth R1.8 billion were produced during the first quarter of 2011. The figure was 93% higher than the quarterly production value in the previous quarter (quarter 4, 2010) and 2% lower than the quarterly production value at the same time in the previous season (quarter 1, 2010). The gross value of production is usually correlated with the volumes produced during a particular period. Other factors that determine the total gross value of production include the exchange rate, international prices, the distribution of the produce according to various uses, etc.

The quarterly production volume of table grapes was 164 876 tons in quarter 1 of 2011 which was 123% higher than the quarterly production volume of the previous quarter (quarter 4, 2010) and 7% lower than the quarterly production volume at the same time in the previous season (quarter 1, 2010). Generally, the trend follows the seasonal nature of the product. Table grape production peaks in quarter 1 of each year as it is the table grape harvesting season.



Source: Statistics and Economic Analysis, DAFF

3. SALES AT THE NATIONAL FRESH PRODUCE MARKETS

Table 3 and Figure 3 below illustrate quarterly volumes and prices of table grapes sold at National Fresh Produce Markets (NFPMs).

Table 3: Quarterly sales of table grapes at NFPMs

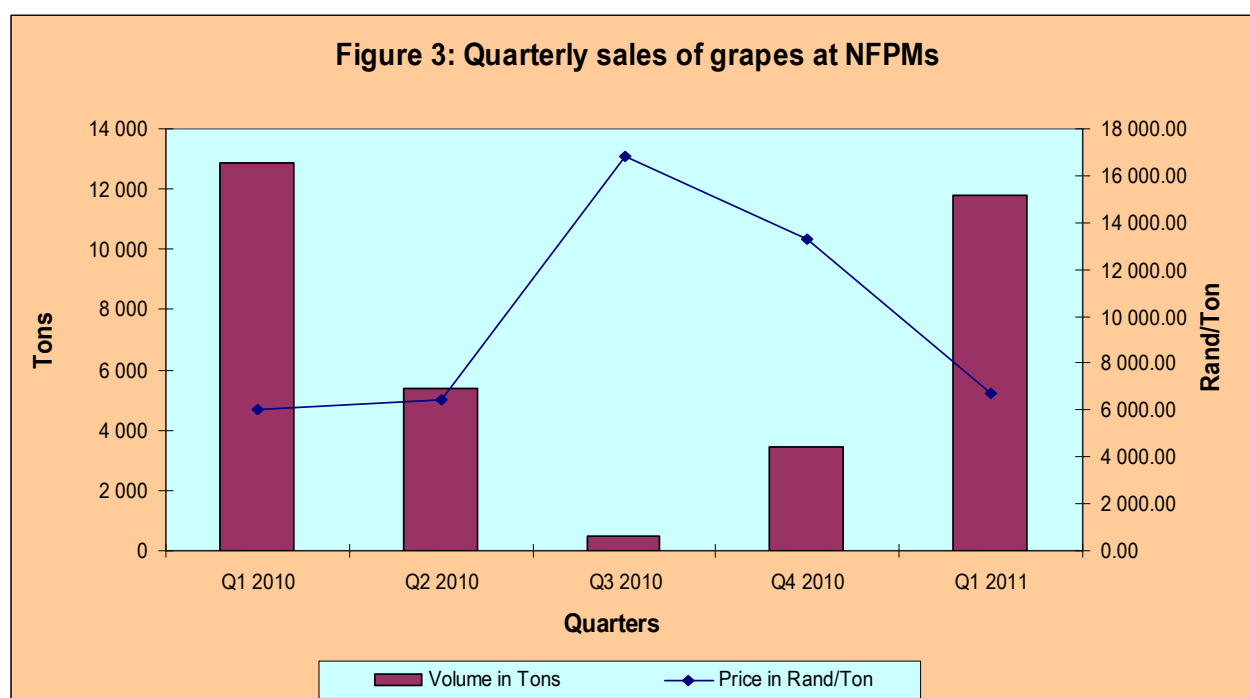
Quarters	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011
Price in Rand/Ton	R6 029.89	R6 430.33	R16 841.20	R13 272.84	R6 743.75
Volume in Tons	12 888	5 370	492	3 457	11 786

Source: Statistics and Economic Analysis, DAFF

The quarterly price at NFPMs for table grapes was R6 743.75/ton in quarter 1 of 2011 which was 49% lower than the quarterly price of the previous quarter (quarter 4, 2010) and 12% higher than the quarterly price at the same time in the previous season (quarter 1, 2010). Average prices of table grapes sold at the NFPMs are generally higher during the third and fourth quarters due to lower volumes available for sale in the markets. Prices however decline very sharply during the first quarter due to higher volumes supplied to the markets.

A total of 11 786 tons of table grapes were sold at the NFPMs in quarter 1 of 2011. This was 241% higher than the quarterly volumes of the previous quarter (quarter 4, 2010) and 9% lower than the quarterly volumes at the same time in the previous season (quarter 1, 2010). The decrease in the volumes sold at the NFPMs on a quarter-on-quarter basis may be attributed to the 7% decline in production for table grapes during the first quarter of 2011 when compared to the first quarter of 2010.

Generally, the prices of table grapes in the NFPMs are governed by the law of supply and demand. When the supply of table grapes exceeds the demand, prices tend to be lower than average. Similarly, when the demand for table grapes exceeds the supply, prices tends to rise. Often small changes in quantities offered for disposal on the NFPMs have a magnified effect on prices.



Source: Statistics and Economic Analysis, DAFF

4. EXPORTS AND IMPORTS

Table 4 and Figure 4 below illustrate the quarterly export volumes and values whereas Table 5 and Figure 5 illustrate the quarterly import volumes and values of table grapes.

Table 4: Quarterly exports of table grapes

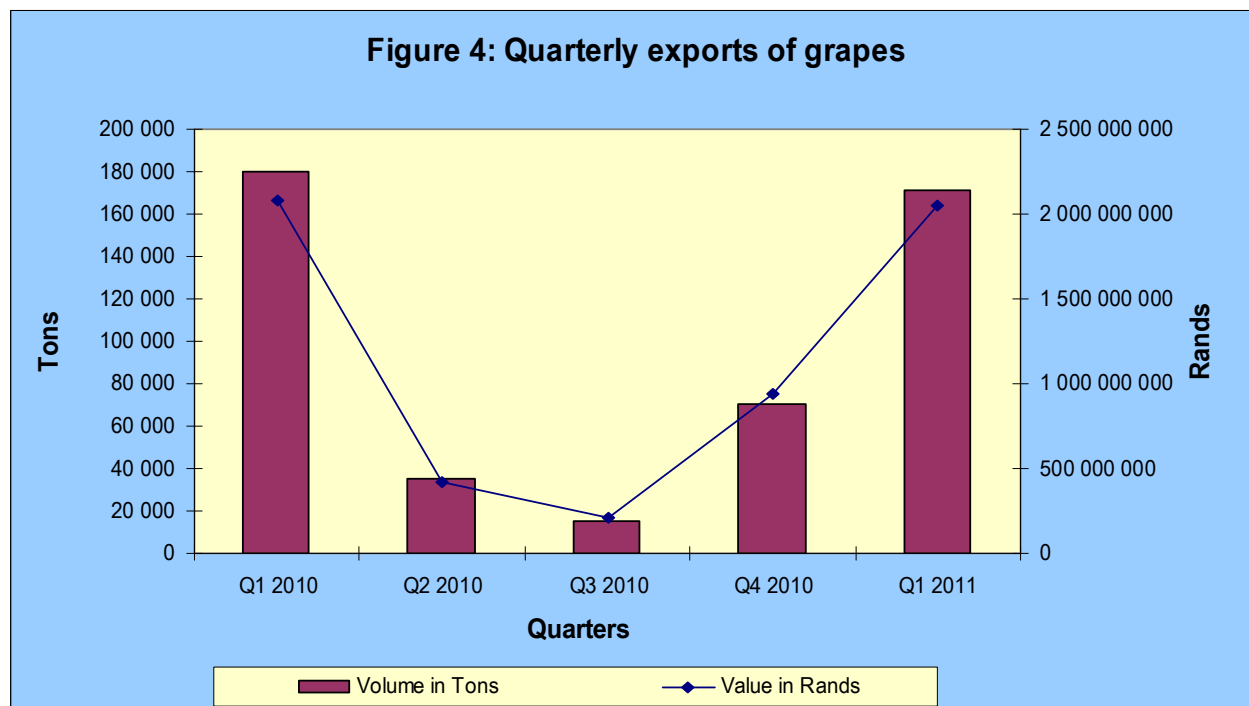
Quarters	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011
Value in Rands	R2 081 004 752	R423 887 033	R211 417 351	R938 082 614	R2 048 297 220
Volume in Tons	179 642	35 243	14 903	70 290	171 474

Source: Statistics and Economic Analysis, DAFF

Table grapes worth R2 billion were exported during the first quarter of 2011. The figure was 118% higher than the quarterly export value in the previous quarter (quarter 4, 2010) and 2% lower than the quarterly export value at the same time in the previous season (quarter 1, 2010). This is as expected given the fact that harvesting of table grapes start during the fourth quarter every year and peaks during the first quarter. The decline in the value of table grapes exported during the first quarter of 2011 when compared to the first quarter of 2010 may be attributed to the decline in the quantity exported which resulted from reduced volumes produced during the same quarter.

The quarterly export volume of table grapes was 171 474 tons in quarter 1 of 2011. This was 144% higher than the quarterly export volumes in the previous quarter (quarter 4, 2010) and 5% lower than the quarterly export volumes at the same time in the previous season (quarter 1, 2010). The decline in volumes exported during the first quarter may be attributed to reduced volumes produced during the same quarter.

Usually the table grape export market is determined by both the supply-side factors and demand-side factors. The supply side include amongst others climate, proximity of the grower to the market and the timing of the growing season. Other supply factors include the availability of financial capital, infrastructure, capacity to market the produce and the ability to access the market. The demand side factors include amongst others changing demographics and consumption trends. It is evident from both table 4 and figure 4 that the value of exports follow the same pattern as export volume as they both peak in quarter 1 of both 2010 and 2011.



Source: Statistics and Economic Analysis, DAFF

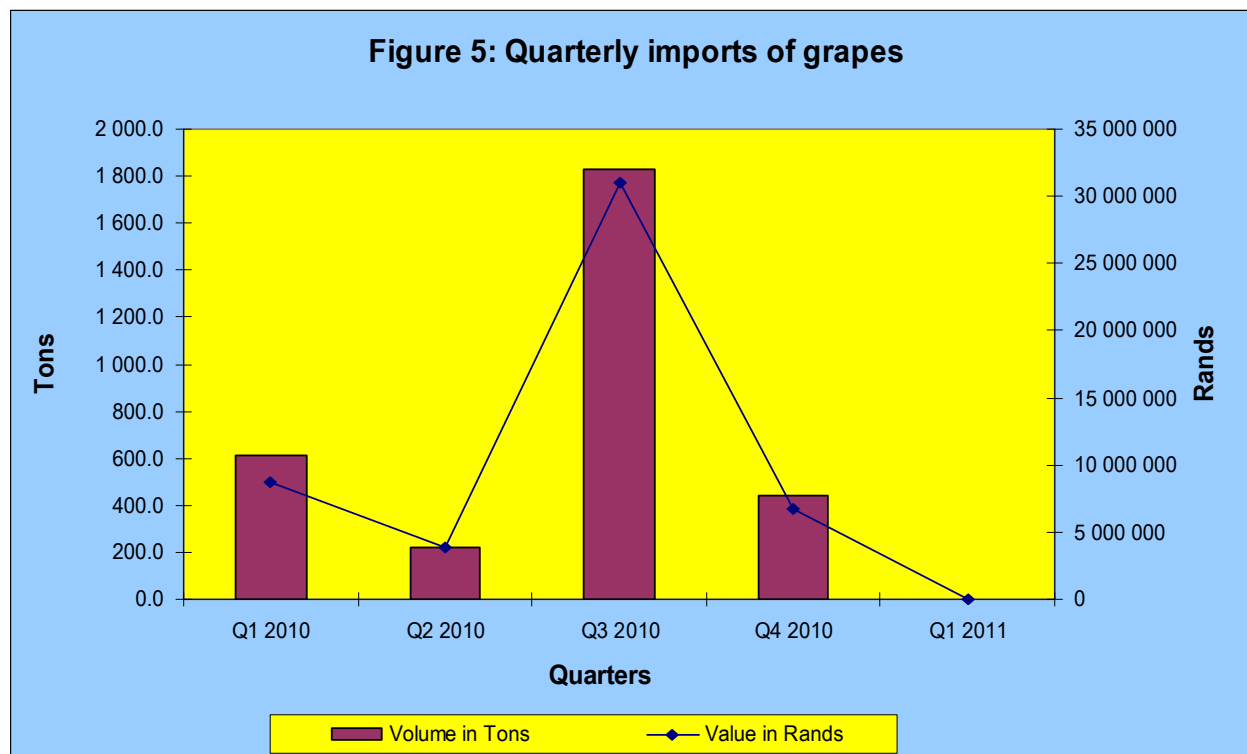
Table 5: Quarterly imports of table grapes

Quarters	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011
Value in Rands	R8 676 003	R3 857 536	R30 957 863	R6 779 430	R20 893
Volume in Tons	609	219	1 827	440	0.3

Source: Statistics and Economic Analysis, DAFF

During the first quarter of 2011 South Africa imported table grapes worth R20 thousand. This was 99% lower than the quarterly import value in the previous quarter (quarter 4, 2010) and 99% less than the quarterly import value at the same time in the previous season (quarter 1, 2010). This resulted in a trade balance of over R2 billion in value terms during the first quarter of 2011.

The quarterly import volume of table grapes was 0.3 tons in quarter 1 of 2011 which was 99% less than the quarterly import volumes in the previous quarter (quarter 4, 2010) and 99% less than the quarterly import volumes at the same time in the previous season (quarter 1, 2010). It is evident from both Table 5 and Figure 5 that the value of imports follows the same pattern as import volume as they both peak in quarter 3. This is the period when domestic production is at its lowest (see Figure 2).



Source: Statistics and Economic Analysis, DAFF

Both Table 4 and 5 illustrate that South Africa is self-sufficient in table grapes during the on-season (quarter 1 to quarter 2) hence there are comparatively low levels of table grape imports compared to exports. South Africa is however not self-sufficient in table grapes during the off-season (quarter 3 to 4) hence there are comparatively high levels of table grape imports compared to exports.

5. GROWTH, VOLATILITY & STABILITY ANALYSIS

Table 6 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 1 of 2010 and ending in quarter 1 of 2011. The coefficient of variation is a measure of volatility or stability in producer prices, production volume and gross value, sales at NFPMs, volumes and values of both exports and imports. When the coefficient of variation is less than 1, it is said to be relatively stable and that there are minimal changes. When the coefficient of variation is more than 1, it is said to be volatile and that there are major changes.

Table 6: Table grape industry Growth Rates & Variation Coefficients (Quarter 1 of 2010 – Quarter 1 of 2011)

Category	Subcategory	Growth Rate (%)	Coefficient of Variation
Producer price	Price	-	0.24
Production	Gross Value (GV)	-0.44	0.93
	Volume	-1.76	0.93
Sales at NFPMs	GV/Price (GV)	2.84	0.50
	Volume	-2.21	0.79

Category	Subcategory	Growth Rate (%)	Coefficient of Variation
Export	Gross Value	-0.40	0.77
	Volume	-1.16	0.81
Import	Gross Value	-77.85	1.21
	Volume	-85.10	1.15

Source: Calculated from data from Statistics and Economic Analysis

As shown in the table above, the table grape industry generally experienced a negative growth rate from quarter 1 of 2010 to quarter 1 of 2011, with the exception of the gross value of sales at the NFPs, which experienced positive growth during the same period.

The table also shows various levels of volatility at different levels of the table grape industry's quarterly figures over the same period (quarter 1 of 2010 to quarter 1 of 2011). Low volatility was indicated by the coefficients of variation that were less than one (<1). All variables, with the exception of the gross value and volume of imports, have values less than 1, which means that on a weighted variance scale, they displayed minimal changes during the five quarters under review.

6. ACKNOWLEDGEMENTS

Acknowledgement is given to the following information sources:

Directorate: Statistics and Economic Analysis

www.daff.gov.za

For more information contact:

Director: Marketing Department of Agriculture Private Bag X 15 Arcadia 0007 Tel: (012) 319 8455 Fax: (012) 319 8131 E-mail: DM@daff.gov.za Website: www.daff.gov.za	Deputy Director: Commodity Marketing Tel: (012) 319 8072 Fax: (012) 319 8077 E-mail: MogalaM@daff.gov.za	Horticulture: Senior Agricultural Economist Tel: (012) 319 8081 Fax: (012) 319 8077 E-mail: ElvisN@daff.gov.za
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