Retail and Business Banking
Sector Economics
1 February 2024

Agri Trends: Vegetable market report

Zimbabwe imposes an import ban for potatoes amid virus detection.

Abrie Rautenbach
+27 67 417 1645
Abrie.Rautenbach@absa.africa

Marlene Louw
+27 60 881 2450
Marlene.Louw@absa.africa

Zama Sangweni
+27 66 476 3140
Zama.sangweni@absa.africa

www.absa.co.za

https://www.absa.co.za/business/sector-solutions/agribusiness/agri-smart-insights/

Cabbage

In the week ending on January 26th, the average prices of cabbage depicted an increasing price trend despite increases in volumes supplied. The increase in prices was noted to be influenced by strong consumer demand. Analysts forecast that prices would revert to the levels seen in November throughout February and early March.

Carrots

The average prices of carrots saw a decreasing price trend at the back of an increase in volumes supplied. Prices were also under pressure due to unfavourable weather conditions in key producing areas. Analysts anticipate that prices will return to an average of R4 500 per ton mark for the next two months.

Onions

Average onion prices depicted decreasing price trends as the market was flooded with onions. The main supplying regions include the Northern Cape as well as some parts of the Western Cape. Analysts note a good season for the Northern Cape region and are expecting the commencement of the Western Cape season to be accompanied by excellent quality produce and better margins.

Potatoes

The monthly price trend for potatoes has shown a decline due to the increased volume supplied. Kwa-Zulu Natal alongside the Free State has been the main supplying region for fresh produce markets. Analysts noted that South Africa has detected a pepper ringspot virus, that has led to Zimbabwe temporarily banning imports from the region. Prices are anticipated to recover modestly in February; however, the risk of an import restriction can flood markets with produce, pressuring prices to remain lower than expected.

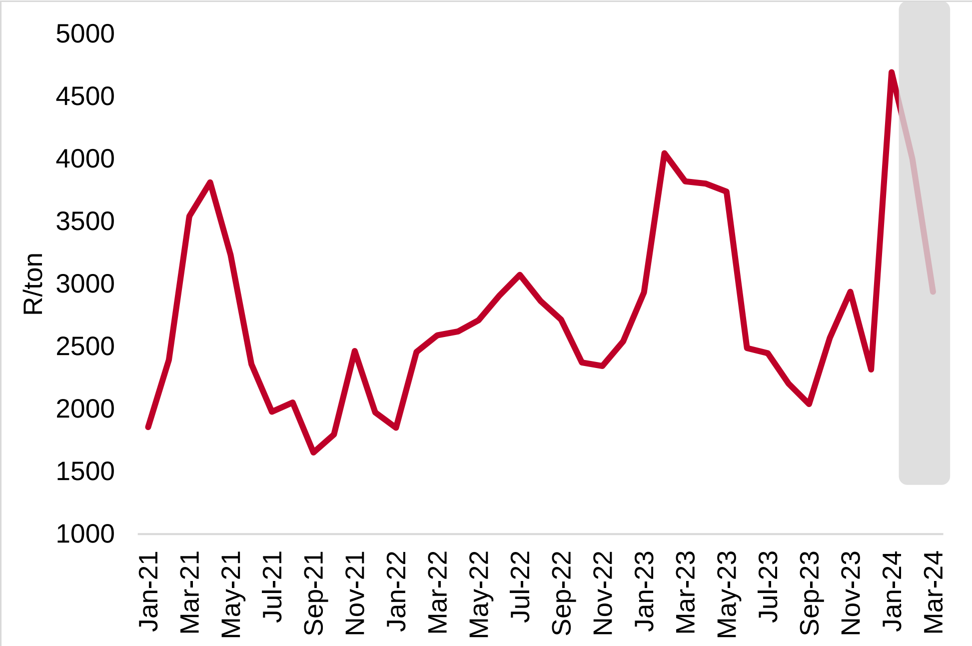
Tomato

The average tomato prices for the week ending January 26th increased by 5.6%, but a 44% monthly decline occurred. This was due to a 57% increase in monthly supplied quantities, improved weather conditions, and falling customer demand. Analysts predict a resurgence in demand in February.

Cabbage market trends

The average price of cabbage increased by 11% compared to the previous week, for the week ending on January 26th. The monthly price fluctuations showed a 6% increase, with prices increasing from R2 245 per ton to R2 388 per ton, despite a 53% rise in volumes supplied. Increases in prices were also driven by an uptick in demand, as schools reopened and feeding scheme programs prepared for the return of scholars. The market is primarily supplied by the Brits and Delmas areas. Analysts predict that prices will return to the levels seen in November throughout the months of February and early March.

Figure 1: Monthly cabbage prices and projections

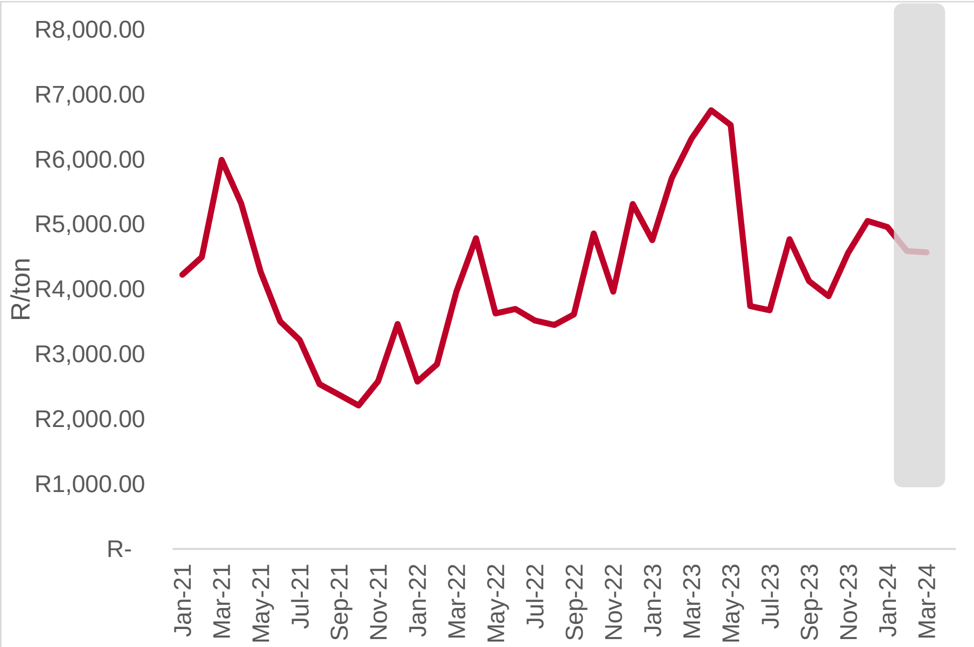


*Area in grey represents Absa AgriBusiness forecasts

Carrot market trends

The average price of carrots had a 0.4% weekly increase; however, the monthly prices showed a substantial decrease of 16%. The monthly price movement declined from R5 725 per ton to R4 084 per ton for the week ending on January 26th. The monthly pricing trend has been driven by an 8.9% rise in the quantity of produce supplied across the five fresh produce markets. As a result of unprecedented weather conditions, there is considerable variation in average prices every week. Looking forward, it is anticipated that the carrot market will maintain average prices of around R4500 per ton throughout February and the beginning of March.

Figure 2: Monthly carrot prices and projections



*Area in grey represents Absa AgriBusiness forecasts

Onion market trends

The average price of onions had a 4.6% decrease compared to the previous week and a 7.1% decrease compared to the previous month. Overall prices declined from R4 254 per ton to R3 950. The decline in pricing trends was offset by a 34% surge in volumes supplied weekly, as well as a 68% increase monthly. The volumes exhibited average growth from 3 972 tons to 6 672 tons. The market is primarily receiving produce from the Northern Cape region and some parts of the Western Cape. The onion quality in the Northern Cape has been impacted by substantial rainfall. Despite this, it is worthwhile to note that the crop remained suitable for sale. Analysts anticipate that prices will rebound commencing at the end of the first week of February and will sustain improved margins until mid-February. Increases in prices will remain modest until the Western Cape's season comes into full swing at the end of February.

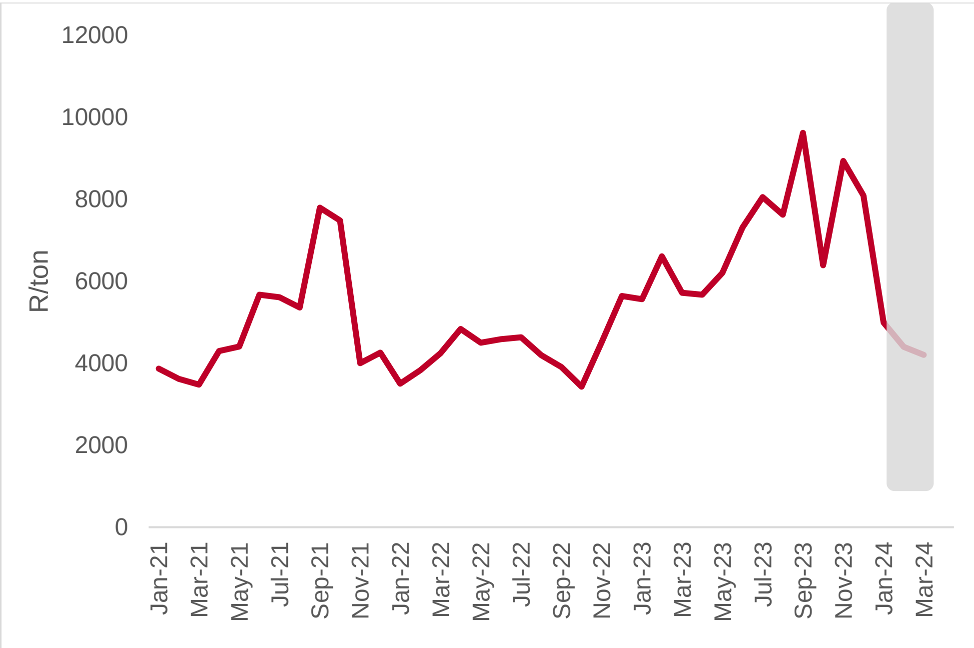
Figure 3: Monthly onion prices and projections

*Area in grey represents Absa AgriBusiness forecasts

Potato Market Trends

The average price of potatoes had an increase of 14% weekly, whereas the monthly price trend indicated a 19% decline. The monthly pricing decreased from R9 231 per ton to R7 483. The decrease in monthly prices was driven by a significant 34.7% rise in the average quantities delivered for the week ending on January 26th. The volume saw a significant rise, increasing from 9 672 tons to 13 027 tons. The market is mostly being supplied by the Kwa-Zulu Natal and Free State regions. The quality of potatoes has also deteriorated in January, as a result of substantial rainfall. Analysts estimate a decline in prices during the first week of February, mostly attributed to the start of the season in the Gauteng, North West, and Mpumalanga provinces. It is pertinent to highlight that price fluctuations are not anticipated to undergo substantial changes. However, the restriction imposed by Zimbabwe on the importation of potatoes from South Africa may result in an abundance of potatoes in local markets, which might potentially lead to a decrease in market prices.

Figure 4: Monthly potato prices and projections

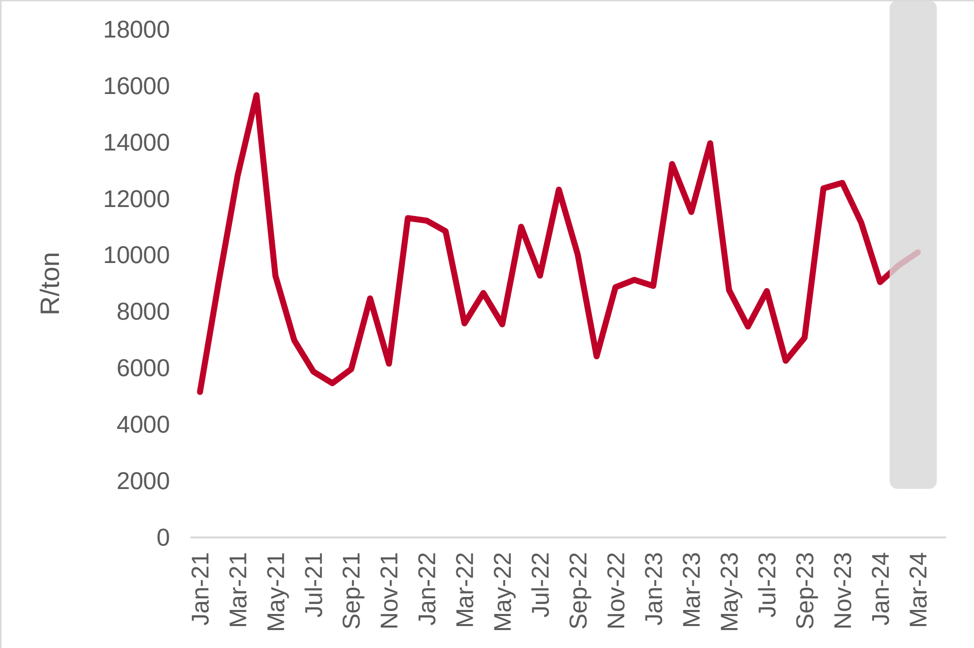


*Area in grey represents Absa AgriBusiness forecasts

Tomato market trends

The average price of tomatoes for the week ending January 26th saw a notable 5.6% increase compared to the previous week, and a substantial 44% decline compared to the previous month. The monthly price decreased from R15 292 per ton to R8 554. The monthly decline was driven by a significant 57% surge in tomato quantities, rising from an average of 2 586 tons to 4 051 tons, along with improved weather conditions in Limpopo and the Eastern Cape regions. The price decrease was further supported by consumer demand that fell below initial expectations. Analysts predict a rebound in demand, which will coincide with a rising price trend over the first two weeks of February.

Figure 5: Monthly tomato prices and projections



*Area in grey represents Absa AgriBusiness forecasts