Quarter 2: 2019
Market and Trade Report
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1. **2nd Quarter Highlights**

- Germany and Algeria were the two biggest export destinations for South African dried grapes in volume terms for Q2 2019 with 34% and 12% volume share respectively.
- Dried grape exports from South Africa to USA decreased by 76% between Q2 2018 and Q2 2019.
- Volume of dried grape exports from South Africa to the rest of the world decreased by 31% between Q2 2018 and Q2 2019.
- The value of South African dried grape exports from South Africa to the rest of the world decreased by 21% between Q2 2018 and Q2 2019.
- Germany had 34% value share while Algeria had 10% value share in South African dried grape exports.
- The positive trade balance in the South African dried grape industry shows that South Africa is a net exporter of dried grapes.
- The bulk of South African dried grapes were exported to European markets. The value of exports to European markets was around R344 million in Q2 2019.
- Netherlands and Germany were the major European markets in Q2 2019.
- The majority of dried grape exports from South Africa were from the Northern Cape Province which exported R221 million worth of dried grapes in Q2 2019.
- The Thompson seedless raisin is the main type of raisin accounting for 55% of the 2018/2019 crop.
- Most of South African dried grape exports in Q2 2019 were via sea ports. The value of dried grapes exported via sea ports was around R391 million in Q2 2019.

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2. Overview of major producers and markets

2.1 UK

UK dried fruit importers saw a slight upturn in business in the second quarter as major buyers started to look at their requirements for dried tree and vine fruits for the coming year. The main change has been the further weakening in the value of sterling against the US dollar, caused by continuing Brexit uncertainty and the resignation of UK Prime Minister Theresa May. The UK also saw an increase in the headline rate of inflation, caused by higher energy prices which could in theory trigger a future increase in interest rates. The value of sterling is an important part of the cost of any major commodity imported into the UK and dried fruits are no exception.

2.2 South Africa

Choice grade Thompson seedless raisins were being quoted at USD2550-2650/tonne cif UK, depending on the seller. Unsold stocks of choice Orange River sultanas and Choice Golden raisins were limited with Goldens quoted between USD3300-3400/ton. News from South Africa suggests that the continued global availability of raisins has resulted in a reduction in demand for South African fruit. Prices of South African Thompson seedless raisins have therefore fallen and may reduce further as producers look to reduce their inventories and obtain early shipment. As an indication, good quality Choice South African Thompson seedless raisins are being quoted around USD2650/tonne cif UK with Choice Golden raisins at a much higher cost, due to a lack of availability. As an indication, prices of Choice Golden raisins range between USD3250-3350/tonne cif UK for shipments through until December 2019.
2. Overview of major producers and markets

22.2 South Africa (continued)

The South African raisin production is expected to grow by 3% to 77000 tonnes in the 2019-20 season, due to rise in planted area, the availability of irrigation water and new orchards coming into full production, according to the USDA.

However, other sources are predicting a decrease in South African dried grape outputs for 2019-2020 season. The South African planted area may increase by 3% to 18000 hectares in the 2019-20 season, many plantations switching to wine and table grapes due to high prices for raisin grapes relative to wine production. South Africa’s 2019-20 raisin exports are expected to reach 64600 tonnes, up 8% from the previous season due to stronger crop and global demand.

2.3 Greece

Reports suggest that this year’s crop in Greece is progressing well and with fine weather may exceed 20000 tons compared with less than 12,000 tonnes last year again. A larger crop of currants expected this year from Greece. There will be very little carry-over so prices are unlikely to fall dramatically until the whole crop is dried, harvested and shipped. Early predictions are that good quality new crop provincial currants could be available at the start of the season between EUR2600-2800 (USD2911-3134) per tonne fob Piraeus but any offers are speculative at this stage.
2.4 USA

Exports of Californian Thompson seedless raisins have reached 9,735 tonnes between January 8 and April 30 this year. This compares with 18,490 tonnes for the same period last year; a reduction of 47%. The position is even worse for exports to the UK which have only reached 1,006 tonnes, compared with 5,184 tons last year: a massive reduction of over 80%. This perhaps reflects the high cost of US raisins compared with other origins and the easy availability this year of fruit from Turkey, China and other southern hemisphere producers. The good news, however, is that US raisin producers have begun to take a more pragmatic view and have recently reduced their export prices for Thompson seedless raisins.

2.5 China

The new crop of Chinese grape vines was growing well amid reports that the weather in Xinjiang growing area is favourable. Early reports suggest that this year there may be larger quantities of traditional Chinese green raisins, which are popular on the domestic market, with fewer dark coloured sultanas available. This may mean an increase in the cost of dark Chinese raisins/sultanas for the coming year, although they are still likely to be cheaper than the Turkish equivalent.
2. Overview of major producers and markets

2.6 Turkey

News from Turkey is dominated by the volatility in the value of the Turkish lira against the US dollar, caused mainly by political uncertainty, not helped by the decision to re-run the local elections in the Istanbul area. The lira has been trading around TRY6.2 to USD1.00 sometime during the second quarter, the lowest level since last September, representing a depreciation of over 8%. This should, in theory, reduce the cost of Turkish dried vine and tree fruits, but in fact much of the benefit has been taken up by a lack of availability of raw material on the local Izmir bourse, as farmers and stockholders hold back their fruit in the hope of obtaining higher returns. Turkish ready-to-use standard no 9 sultanas are still quoted around USD2300-2350 per tonne fob Izmir for shipments through until August. It does seem possible, however, that with a large new crop forecast and a weak Turkish lira, prices could fall back once the harvest begins. Turkish sultanas and raisins up until August 3 2019 have reached 241131 tonnes at an average fob price of USD2035 per tonne.

This compares with 262588 tonnes at an average price of USD1614/tonne for the same period last year. The reduction in sales perhaps reflects the higher raw material cost over the past 12 months, but surely means that there will be very little carry-over from this year’s crop at the start of the new season. The harvest is due to begin in Turkey around the end of August, and unfortunately will coincide with the annual religious holiday. This means that first exports may not take place until the second week in September and it is therefore possible that supplies of Turkish sultanas and raisins may be tight for the UK market.
2.7 Chile

Chilean raisin exports reached 21,828 tonnes worth USD52 million between January and May 2019, 24% more in volume y-o-y, according to customs data. The US was the largest importer, accounting for 17% of the total volume. The Chilean industry is diversifying exports, the US losing market share gradually. As a result, Mexico co-led imports of Chilean raisins with the US, accounting for 10% of the total volume. Chilean exports are expected to reach 64458 tonnes in the 2018-19 season and 65000 tonnes in the following season.
### 3. Estimated World Raisin / Sultana / Currant Production

**Metric Tons**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Stock</td>
<td>Production</td>
<td>Total Supply</td>
<td>Ending Stock</td>
<td>Beginning stock</td>
<td>Production</td>
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<td>261000</td>
<td>286000</td>
<td>10000</td>
<td>10000</td>
<td>30000</td>
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<td>105000</td>
<td>225000</td>
</tr>
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<td>60000</td>
<td>66000</td>
<td>5000</td>
<td>5000</td>
<td>65000</td>
</tr>
<tr>
<td>South Africa</td>
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<td>0</td>
<td>60000</td>
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<tr>
<td>Uzbekistan</td>
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<td>50000</td>
<td>52500</td>
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<td>50000</td>
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<tr>
<td>Argentina</td>
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<td>40000</td>
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<tr>
<td>Australia</td>
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<td>18600</td>
<td>21600</td>
<td>0</td>
<td>0</td>
<td>17000</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>2500</td>
<td>50000</td>
<td>52500</td>
<td>0</td>
<td>0</td>
<td>15000</td>
</tr>
<tr>
<td>Greece</td>
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<td>18000</td>
<td>18000</td>
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<td>0</td>
<td>12000</td>
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<td>World total</td>
<td>138500</td>
<td>1272400</td>
<td>1410900</td>
<td>130000</td>
<td>130000</td>
<td>1239000</td>
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</tbody>
</table>

| World consumption (total supply – Ending Stock) | 1280900 |

Sources: Aegean Exporters Association, Iran Dried Fruit Exporters Association, Greek Nuts & Fruits Trade Association and other INC sources
• Turkish dried grape production is projected to increase from 261000 tonnes in the 2018/2019 season to 300000 tonnes in the 2019/2020 season
• USA production is projected to slightly drop from 226800 in the 2018/2019 season to 225000 in the 2019/2020 season
• Chinese production is projected to remain the same at 170000 tonnes
• Iranian production is projected to decrease from 170000 tonnes to 150000 tonnes
• Chilean production is projected to slightly increase in the 2019/2020 season to 65000 tonnes up from 60000 tonnes in the 2018/2019 season
• South African production is projected to decrease from 70000 tonnes in the 2018/2019 season to 60000 tonnes in the 2019/2020 season
4. **Price comparison of South African and California Thompson raisins**

- Average export prices for South African raisins as at May 2019 was $2.59/kg
- Average export prices for South African raisins as at April 2019 was $3.39/kg

*Source: ITC Trademap*
## Export volumes and volume share of dried grapes from South Africa to key markets

### (Q2 2018 and Q2 2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exported quantity, Tonnes</th>
<th>Exported quantity, Tonnes</th>
<th>y-o-y growth</th>
<th>2018-Q2</th>
<th>2019-Q2</th>
</tr>
</thead>
<tbody>
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<td>World</td>
<td>19600</td>
<td>13461</td>
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</tr>
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<td>Germany</td>
<td>4761</td>
<td>4621</td>
<td>-3%</td>
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<td>34%</td>
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<tr>
<td>Algeria</td>
<td>1697</td>
<td>1608</td>
<td>-5%</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>USA</td>
<td>3661</td>
<td>863</td>
<td>-76%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>France</td>
<td>898</td>
<td>800</td>
<td>-11%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1451</td>
<td>1344</td>
<td>-7%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Canada</td>
<td>1184</td>
<td>680</td>
<td>-43%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>UK</td>
<td>829</td>
<td>510</td>
<td>-38%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Denmark</td>
<td>456</td>
<td>354</td>
<td>-22%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>UAE</td>
<td>116</td>
<td>63</td>
<td>-45%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Belgium</td>
<td>275</td>
<td>399</td>
<td>45%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>China</td>
<td>178</td>
<td>42</td>
<td>-76%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: EasyData by Quantec
5. Export volumes and volume share of dried grapes from South Africa to key markets

(Q2 2018 and Q2 2019)

- Germany and Algeria were the two biggest export destinations for South African dried grapes in volume terms for Q2 2019
- Germany had a volume share of 34%
- Algeria had a volume share of 12%
- Netherlands was also a big export destination for South African dried grapes in Q2 2019 with a volume share of 10%
- Dried grape exports from South Africa to USA decreased by 76% between Q2 2018 and Q2 2019
- Dried grape exports from South Africa to Canada decreased by 43% between Q2 2018 and Q2 2019
- Dried grape exports from South Africa to the rest of the world decreased by 31% between Q2 2018 and Q2 2019
## Export value and value share

(Q2 2018 and Q2 2019)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exported value (Rands)</th>
<th>y-o-y growth</th>
<th>Volume share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018-Q2</td>
<td>2019-Q2</td>
<td></td>
</tr>
<tr>
<td>World</td>
<td>617 579 814</td>
<td>484 952 042</td>
<td>-21%</td>
</tr>
<tr>
<td>Germany</td>
<td>159 087 803</td>
<td>167 148 608</td>
<td>5%</td>
</tr>
<tr>
<td>Algeria</td>
<td>46 527 229</td>
<td>47 333 069</td>
<td>2%</td>
</tr>
<tr>
<td>France</td>
<td>32 280 182</td>
<td>33 946 852</td>
<td>5%</td>
</tr>
<tr>
<td>Denmark</td>
<td>19 605 406</td>
<td>18 385 016</td>
<td>-6%</td>
</tr>
<tr>
<td>Canada</td>
<td>37 853 891</td>
<td>26 659 836</td>
<td>-30%</td>
</tr>
<tr>
<td>USA</td>
<td>68 346 446</td>
<td>22 223 571</td>
<td>-67%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>49 142 473</td>
<td>55 438 384</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>28 005 281</td>
<td>19 078 719</td>
<td>-32%</td>
</tr>
<tr>
<td>UAE</td>
<td>4 083 046</td>
<td>2 784 028</td>
<td>-32%</td>
</tr>
<tr>
<td>Belgium</td>
<td>4 083 046</td>
<td>2 784 028</td>
<td>-32%</td>
</tr>
<tr>
<td>Sweden</td>
<td>4 318 335</td>
<td>6 097 365</td>
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</tr>
<tr>
<td>China</td>
<td>5 671 925</td>
<td>1 665 012</td>
<td>-71%</td>
</tr>
</tbody>
</table>

Source: EasyData by Quantec
6. Export value and value share

(Q2 2018 and Q2 2019)

- The value of South African dried grape exports from South Africa to the rest of the world decreased by 21% between Q2 2018 and Q2 2019
- Germany had a 34% value share in South African dried grape exports in Q2 2019 up from 26% in Q2 2018
- Algeria had a 10% value share in South African dried grape exports in Q2 2019 up from 8% in Q2 2018
- Netherlands had a 11% value share in South African dried grape exports in Q2 2019 up from 8% in Q2 2018
- Despite a decrease in export volumes, the value of exports to Germany and Algeria increased by 5% and 2% respectively between Q2 2018 and Q2 2019
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7. Trade balance of the South African dried grapes industry

(Q2 2018 and Q2 2019) (Value)

- The trade balance looks at the monetary value difference between the exports and imports over a certain period of time.
- The positive trade balance in the South African dried grape industry shows that South Africa is a net exporter of dried grapes.
- There was a steady and gradual increase in the trade balance between Q2 2013 and Q2 2018.
- This was followed by a decrease between Q2 2018 and Q2 2019.

<table>
<thead>
<tr>
<th>Imports (Rands)</th>
<th>Q2 2013</th>
<th>Q2 2014</th>
<th>Q2 2015</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
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<td>9340</td>
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<td>9163697</td>
<td>8224712</td>
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<tr>
<td>Exports (Rands)</td>
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<td>422772230</td>
<td>617579814</td>
<td>484952042</td>
</tr>
</tbody>
</table>

Source: EasyData by Quantec
8. Value of exports to different regions

The bulk of South African dried grapes were exported to European markets.

- The value of exports to European markets was around R344 million in Q2 2019.
- The value of exports to African markets was around R59 million in Q2 2019.
- The value of exports to American markets was around R54 million in Q2 2019.
- The value of exports to Asian markets was around R18 million in Q2 2019.
- The value of exports to Oceania and Antarctica markets was around R7 million in Q2 2019.

Source: EasyData by Quantec
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5. Export volumes and volume share of dried grapes from South Africa to key markets
6. Export value and volume share
7. Trade balance of the South African dried grapes industry
8. Value of exports to different regions
9. Value of dried grapes exported from South Africa to European markets
10. Value of dried grapes exported from South Africa to American markets
11. Exporter region in South Africa for dried grapes
12. South African dried grape production by type
13. Export channels for dried grapes from South Africa
14. Value of South African dried grape imports

9. Value of dried grapes exported from South Africa to European markets

- Netherlands and Germany were the major European markets in Q2 2019
- Around R19 million worth of dried grapes were exported to UK from South Africa in Q2 2019
- Dried grapes worth around R55 million were exported to Netherlands in Q2 2019
- Dried grapes worth around R167 million were exported to Germany in Q2 2019
- Germany was the biggest export destination for South African dried grapes in Q2 2019

Source: EasyData by Quantec
10. Value of dried grapes exported from South Africa to American markets

- USA and Canada were the main export destinations for South African dried grapes in the Americas for Q2 2019
- Dried grapes worth around R22 million were exported to USA from South Africa in Q2 2019
- Around R26 million worth of dried grapes were exported to Canada from South Africa in Q2 2019

Source: EasyData by Quantec
11. Exporter region in South Africa for dried grapes

- The majority of dried grape exports from South Africa were from the Northern Cape Province which exported R221 million worth of dried grapes in Q2 2019
- The Western Cape Province was the second largest exporter with an export value of around R147 million in Q2 2019
- The North West Province was the third largest exporting region in South Africa with an export value of around R99 million in Q2 2019
- Gauteng Province had an export value of around R99 million in Q2 2019
- No dried grapes were exported from the Eastern Cape in Q2 2019
- The raisin growing area is concentrated along the Orange River, in the Northern Cape Province, accounting for most of the total domestic output, due to the availability of irrigation water and dry and hot climate, ideal for growing and drying grapes.

Source: EasyData by Quantec
• The Thompson seedless raisin is the main type of raisin accounting for 55% of the 2018/2019 crop
• Goldens accounted for 32%
• Currants accounted for 7%
• Sultanas accounted for 6%
• The production cost on Goldens is high as they are usually sulphur treated and dried using ventilation facilities
• Thompson seedless dark raisins take around two weeks to dry in the sun under normal weather conditions of 40-42°C and 7-8% humidity in the Orange River area
Most of South African dried grape exports in Q2 2019 were via sea ports. The value of dried grapes exported via sea ports was around R391 million in Q2 2019.

- The value of dried grapes exported via airports was only R89415.
- Exports via land border posts were valued at around R3 million.
- Exports via inland ports were around R89 million in Q2 2019.
14. Value of South African dried grape imports

- Although South Africa is a net exporter of dried grapes, it also imports a small amount of dried grapes.
- The value of South African dried grape imports in Q2 2019 was around R8 million.
- Most of South African dried grape imports come from Turkey and Namibia.

Source: EasyData by Quantec