

Brief comments on South Africa's peanuts market – 15 July 2016

- The South African edible peanut consumption has been decreasing over time due to consumer price sensitivity, while the peanut butter market has maintained a relatively stable consumption trend (**Chart 1**).
- South Africans mainly consumed peanuts in two forms - as edible nuts, as well as processed peanut butter. Peanut butter consumption has been fairly stable throughout the years, just below 24 000 tons a year. This market (peanut butter) grew significantly in 2015, reaching 27 641 tons - a 15% growth from 2005.
- In contrast, edible peanuts market was fairly stable between 2005 and 2011, but declined significantly - by 47% between 2012 and 2015. Consumption decline was largely in line with price increases in the South African groundnuts market.
- In fact, South African peanuts "choice grade" prices increased by 57% between 2000 and 2010. This was on the back of global peanut price increases, which saw the US Runner (40/50 Rotterdam) prices increasing by 45% between 2000 and 2010; from \$884/ton to \$1 284/ton.
- From 2010 to early 2016, international peanuts prices (US Runner 40/50, Rotterdam prices) increased by 5%, while the domestic prices (choice grade) increased by 109%, from R5 500/ton to R11 500/ton. Sundry producer prices increased from R3 500/ton to R8 000/ton. Crushing (Eat) producer prices increased from R2 500/ton to R3 500/ton.
- The international peanut producers responded positively to these price increases, by increasing their production by roughly 5% in the period between 2010 and 2014.
- In contrast, South African peanut production has been decreasing over the years. This year, the situation has also been propelled by the current drought, thus total peanut crop is set to decrease by 49% year-on-year to 31 600 tons.

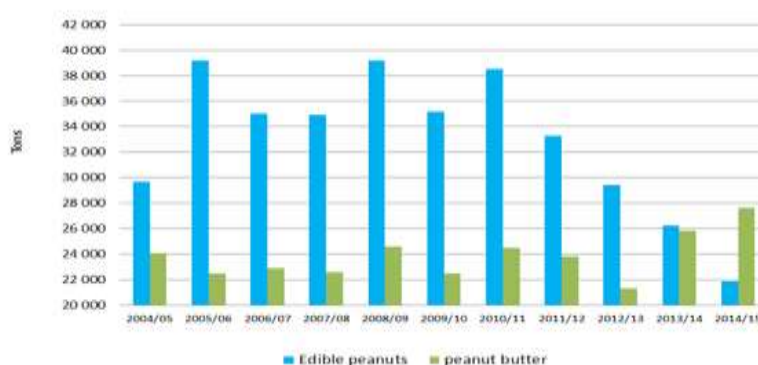


Chart 1: South African peanut and peanut butter consumption

Source: SAGIS, Agbiz Research

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