

UPDATE: South Africa's groundnuts production at a lowest level since 1946 – 04 Oct. 2016

- This year South Africa produced 18 850 tons of groundnuts (peanuts) – the smallest crop since 1945/46 season. This is down three folds from the 2014/15 season's production, owing to a decline in area planted, which is estimated at 22 600 hectares. This is a record low area (hectares), according to South African Grain and Information Services (SAGIS) dataset dating back from 1936, due to an El Nino induced drought season.
- Moreover, it is worth noting that the South African groundnuts production has been on the decline since mid-1980's (see **Chart 1**). Industry participants attribute this trend to a number of factors, with notable ones being higher labour costs – groundnuts is a labour intensive crop. In addition, slow seed-breeding developments is also seen as the key factor behind this declining production trend. In fact, a study by the Bureau for Food and Agricultural Policy (BFAP) suggested that "South Africa is being left behind by a number of major groundnuts exporting countries in terms of cultivar development".
- Regardless of the decline in production over the recent past, South Africa remained a net exporter of groundnuts, due to relatively lower domestic consumption level (see **Chart 2**). South Africa's groundnuts consumption is approximately 63 000 tons per annum. About 37% of this is consumed directly as "peanuts", with the balanced processed into peanut butter, oil and other products.
- During periods of lower production, the key supplies of groundnuts to South Africa is Argentina, China, Mozambique and Malawi amongst others. South Africa's 2016/17 groundnuts import estimates vary between 30 000 and 50 000 tons – a record import level on a dataset stretching as far back as 1998. At the end of August 2016, South Africa had already imported 20 734 tons of groundnuts. About 64% of this came from Argentina, 19% from Brazil, 12% from Mozambique and the rest from China, Malawi and Zambia.
- **Looking ahead**, worth noting are indication of possible seed shortages in some regions of the country in the coming season. However, more information on this will become available as the season progresses. Overall, we are optimistic that domestic groundnuts production could recover in the next season. We base our view on the forecast improvement on weather conditions, as well as favourable market prices.

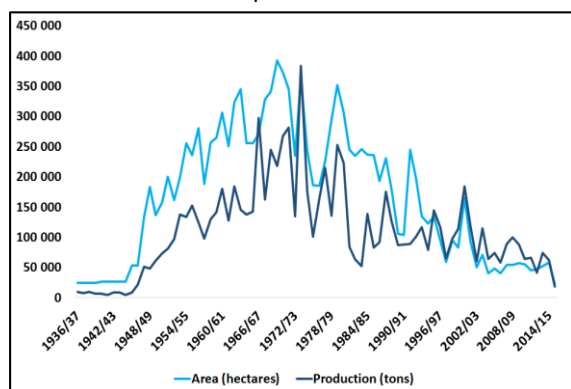


Chart 1: RSA's peanuts production and area

Source: SAGIS, Agbiz Research

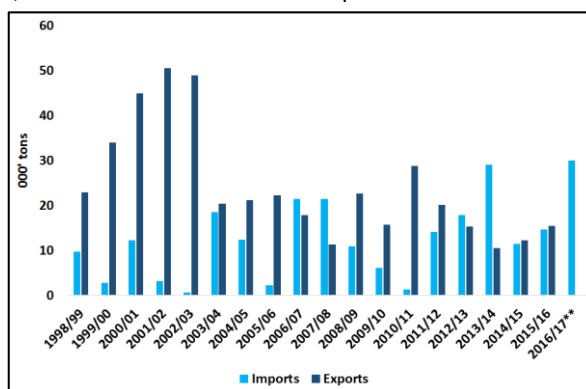


Chart 2: RSA's peanuts imports and exports

Source: SAGIS, Agbiz Research

Disclaimer: Everything has been done to ensure the accuracy of this information, however Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.

