



ISSUE 15 | 07 AUGUST 2023

INHOUD/CONTENTS

- Local Economic Climate
- Crop Estimate
- Nuwe SAPPA Kaart
- Growing Against All Odds. The Story of the Mazibuko Smallholding at Eshoba.

Local Economic Climate

Fig. 1. USD/Rand Exchange rate for July and August, 2023. Graph from Google Finance.



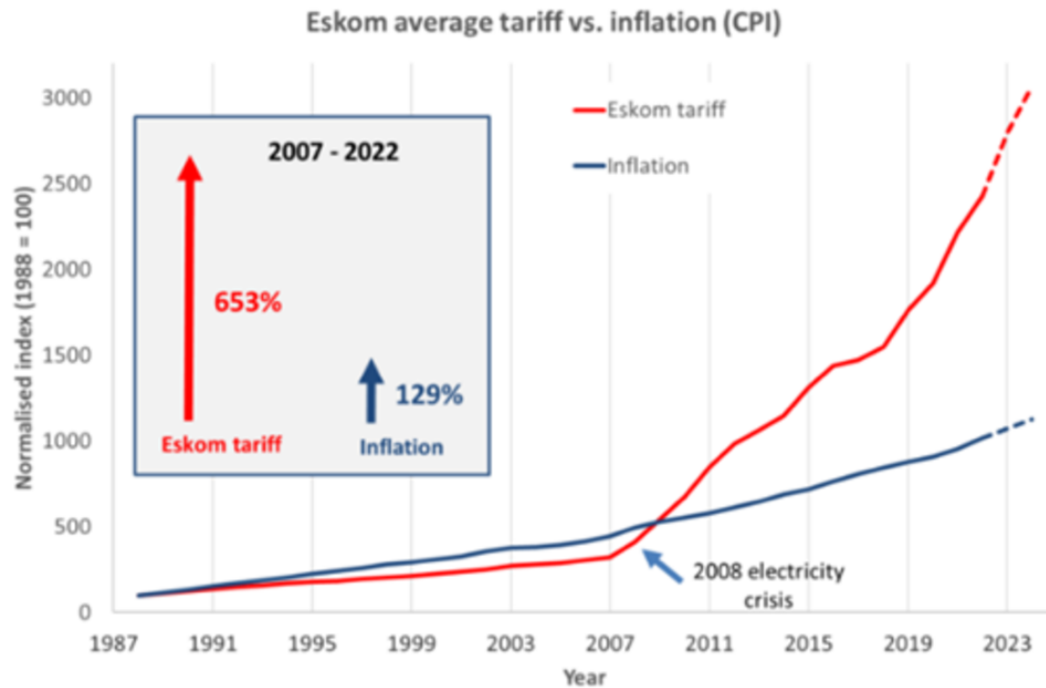
The US Dollar/Rand exchange rate is climbing sharply with regards to the previous month where the Rand performed strong against the US Dollar at **17.27** on **29 July 2023**. The Rand is currently trading at **18.56** at time of writing, **August 7th**. While there have been many fluctuations in the USD/Rand exchange ranging from **16.72** the lowest this year on **Jan 13th, 2023**, all the way to **19.78** on **May 25th, 2023**, a change of **18.3%** over the course of five months. This high exchange rate volatility can be attributed to political instability within South Africa, along with power cuts disrupting the business environment and households alike.

Fig. 2. Petroleum product prices per cents in litre, 2023. Graph from the South African Petroleum Industry Association. <https://www.sapia.org.za/fuel-prices/>

2023	04 Jan	01 Feb	01 Mar	05 Apr	03 May	07 Jun	05 Jul	02 Aug
COASTAL								
95 LRP (c/l) *	2075,00	2103,00	2230,00	2225,00	2262,00	2191,00	2174,00	2211,00
95 ULP (c/l) *	2075,00	2103,00	2230,00	2225,00	2262,00	2191,00	2174,00	2211,00
Diesel 0.05% (c/l) **	2057,67	2066,83	2097,21	2016,63	1943,09	1859,09	1877,09	1949,09
Diesel 0.005% (c/l) **	2076,07	2075,23	2106,61	2025,03	1977,49	1897,49	1909,49	1980,49
Illuminating Paraffin (c/l) **	1446,758	1504,758	1517,758	1379,558	1346,558	1303,558	1299,558	1370,56
Liquefied Petroleum Gas (c/kg) ***	3227,00	3087,00	3610,00	3517,00	3073,00	3148,00	2853,00	2691,00
GAUTENG								
93 LRP (c/l) *	2110,00	2138,00	2265,00	2264,00	2301,00	2230,00	2206,00	2243,00
93 ULP (c/l) *	2110,00	2138,00	2265,00	2264,00	2301,00	2230,00	2206,00	2243,00
95 ULP (c/l) *	2140,00	2168,00	2295,00	2297,00	2334,00	2263,00	2246,00	2283,00
Diesel 0.05% (c/l) **	2122,87	2132,03	2162,41	2088,83	2015,29	1931,29	1949,29	2021,29
Diesel 0.005% (c/l) **	2141,27	2140,43	2171,81	2097,23	2049,69	1969,69	1981,69	2052,69
Illuminating Paraffin (c/l) **	1525,958	1583,958	1596,958	1472,058	1439,058	1396,058	1392,058	1463,06
Liquefied Petroleum Gas (c/kg) ***	3486,00	3346,00	3868,00	3776,00	3332,00	3407,00	3111,00	2950,00

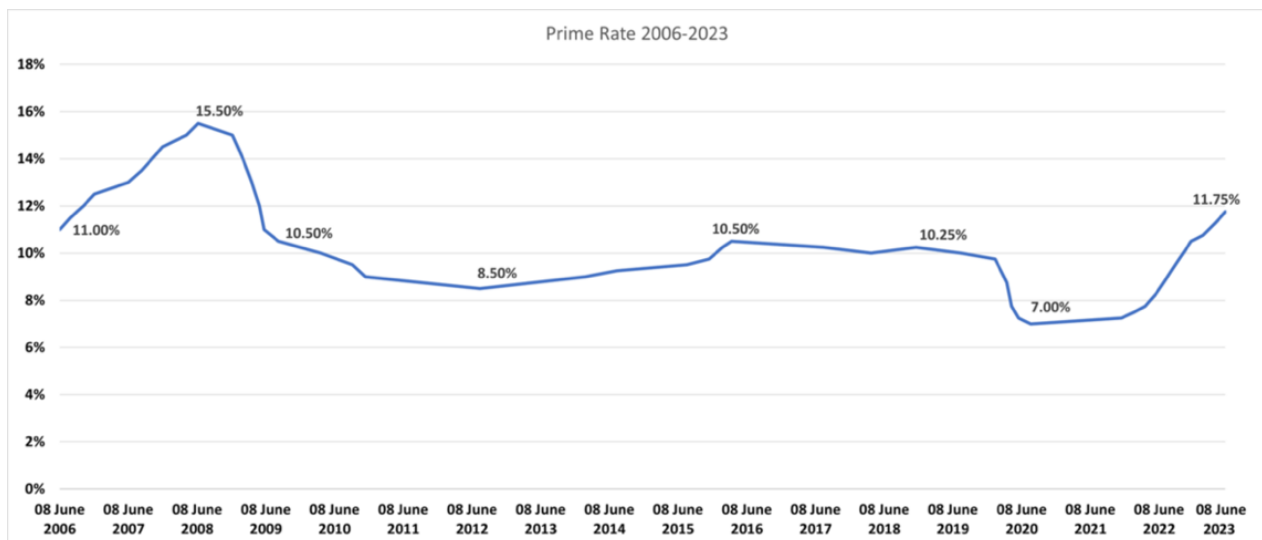
Producers are adversely affected as production costs are increasing, due to a weaker Rand. This is leading to higher input costs in terms of imports used in the production process, especially in the likes of fuel and machinery. The price of **95 Unleaded** is currently trading at **R22,83** per litre, **93 Unleaded** at **R22,43** per litre and **Diesel 0.005** is **R20,52** per litre (Prices based on inland).

Fig. 3. Eskom average tariff vs inflation (CPI) in South Africa, 1987-2022. Graph from Power Optimal. <https://poweroptimal.com/2021-update-eskom-tariff-increases-vs-inflation-since-1988/>



Additionally, electricity costs have risen sharply over the last couple of years, according to (Moolman, 2022) the price of electricity rose from **2007** to **2022** by **653%**, while inflation for the same period was **129%**. Including the costs required to install alternative power, putting pressure on profit margins for industry role players.

Fig. 4. Prime lending rate in South Africa, 2006-2023. Graph from SAPPA.



Interest rates are at the higher end of the spectrum, the prime lending rate has recently been held steady at **11.75%**, whilst the **10-year average** is **9.32%** from **2013-2023** (First National Bank, 2023). This is a **26%** increase above the 10-year average prime rate, inflating the cost of credit which is a necessity in any farming operation.

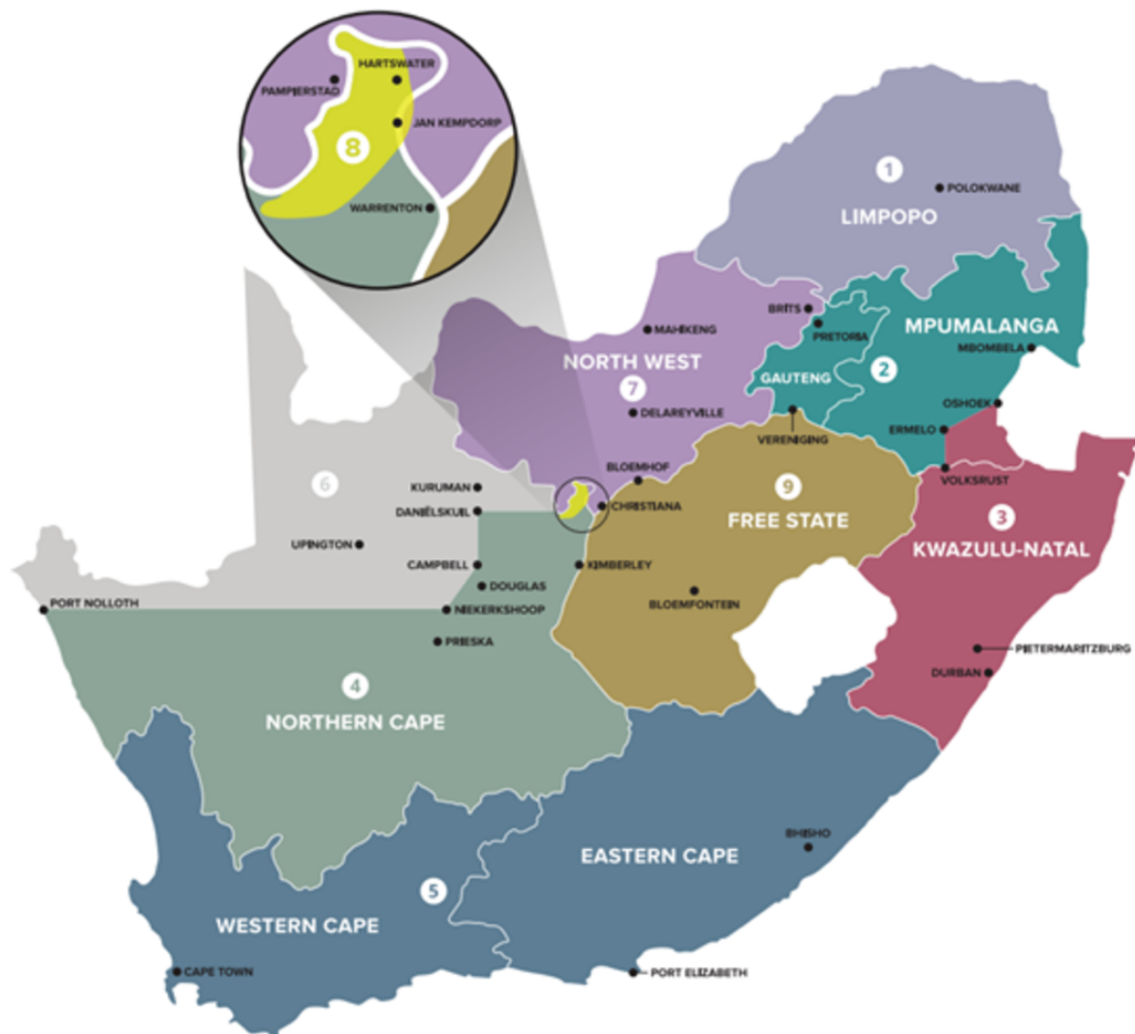
While the economic outlook in South Africa is far from desired, Producer Price Inflation (PPI) which measures the increase in prices used in the production process, seems to be showcasing some positive prospects as the **June 2023** (PPI) is **4.8%** coming down from **May 2023**, **7.3%** and **April 8.6%** with the highest number this year recorded in **January 2023** at **12.7%**. This indicates that the cost of production is rising but at a slower rate, which could bring some relief for producers going forward.

Crop Estimate

The August estimate continued the downward trend, and the total crop is now estimated to be between 20 600 and 21 600 tons. This will be 34% less than the 2022 crop. The nuts suitable for in-shell exports should be between 18 500 and 19 500 tons.

This is the last estimate for the season, the total crop for 2023 will be communicated at the end of the season.

Nuwe SAPPA Kaart



Vind hier die skakel na die nuwe SAPPA Kaart.

<https://www.sappa.za.org/directors-staff-and-regions/>

Growing Against All Odds. The Story of the Mazibuko Smallholding at Eshoba.

This story started with 60 Pecan nut trees on a smallholding near Vryheid, KZN, the able guidance of Mr Dumisani Ndebele, SAPPA Director of Transformation and a lot of perseverance!

After proper preparations and TLB digging the 60 trees were planted and fenced in to protect them from animals looking for green pastures! Results of soil analysis have shown that the soil is sandy, with poor water retention and therefore frequent, adequate watering is necessary. A water pump and JoJo tank was installed to address the water supply.

Shortly after the planting, the person who was responsible for the irrigation left the farm. The newly planted trees were not irrigated for quite a few days. Despite this setback all the trees have rooted. Came April 2023 the borehole pump packed up with the JoJo pump soon thereafter, and again the trees went dry.

Today we are proud to report that only 3 trees have not survived, and the others are showing promising growth. Preparations to extend the orchard are in place and to keep the cash flow going a vegetable patch was established in the orchard.

We wish you all the best Mr Mazibuko!

SAPPA Greetings / SAPPA Groete

T: (021) 870 2900 | E: admin@sappa.za.org | PO Box 163, PAARL, 7620
www.sappa.za.org

Share this email:



Manage your preferences | **Opt out** using **TrueRemove®**

Got this as a forward? **Sign up** to receive our future emails.

View this email **online**.

PO Box 163
Paarl, I 7620 ZA

This email was sent to devanlouw@hotmail.com.
Continue receiving our emails, add us to your address book.