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## **REDSUN PECAN POST #2 – 2021 OCTOBER**

### **Highlights of this Report**

**The South African 2021 pecan crop is now in**

**What was the cause of the small 2021 pecan crop.**

**What is the future prospect of the SA pecan crop.**

### **The South African 2021 pecan crop is now in**

The 2021 South African pecan crop is complete. Despite forecasts of 22,500mt NIS for the crop, the final figures will show something between 16,500 – 17,000mt. That is a 27% drop in the expected volumes.

As usual, over 90% of the South African crop is packed, in shell (NIS) destined for the Chinese market. With the limited volumes available, and 23 packers in South Africa, the fight for the small available volume was intense. Redsun participated in that fight.

Stry's Strauss, the Redsun manager of Technical Services, spent hours travelling between farmers. Fortunately, many of these farmers already know Redsun, because they also produce raisins. These are generally the farmers that are starting off in the pecan industry, with very limited production coming in off their young trees. Redsun is involved with them to assist in the correct agricultural practices associated with pecans. A substantial different practice from farming grapes.

### **What was the cause of the small 2021 pecan crop.**

The South African pecan crop is concentrated in the Northern Cape province of South Africa. 50% is produced in Hartswater Northern Cape, and 25% produced along the lower Orange River basin (also Northern Cape). Therefore, a common weather pattern can have an important impact on the greater part of the crop. During the second half of October 2020, there were a few nights of unseasonal heavy frost across the Northern Cape. Within two days, this was followed by the usual heat of the developing spring at maximum temperatures of 39°C

These few weeks were critical in the pollination of the blossom for the 2021 pecan crop. Many of the young flowers were “nipped in the bud” without pollination. Those flowers that were pollinated were immediately placed under stress moving from freezing to hot temperatures within a few days.

During the early days of blossom, farmers were talking of this “excellent crop” due to the abundance of blossom. After the frost, the farmers recognised the crop would be down from their initial expectations. However, the real story only started emerging when the young fruit started aborting, and falling to the ground. That was during March 2021. However, just prior

to harvest in South Africa, during April and May, farmers starting warning that their crop is down.

As buyers of agricultural products, Redsun recognised this is “normal talk” at the commencement of the season. However, it turns out the farmers were correct. Many of the nuts on the tree were not filled or partially filled (poppers).

In the end, the SA Pecan industry was shocked to see a crop that will end at between 16,500 to 17,000mt NIS.

#### **What is the future prospect of the SA pecan crop.**

	SOUTH AFRICAN	PECAN CROP		
<b>Crop Year</b>	<b>Vaalharts NC</b>	<b>Orange Riv NC</b>	<b>Rest of SA</b>	<b>Total</b>
<b>2022 – mt NIS</b>	13156	7958	5406	26520
<b>Percentage</b>	50%	30%	20%	100%
<b>2025 – mt NIS</b>	22770	13881	6038	42688
<b>Percentage</b>	53%	33%	14%	100%
<b>2028 mt NIS</b>	31900	24240	6339	62479
<b>Percentage</b>	51%	39%	10%	100%

Source is South African Pecan Producers Association (SAPPA) based on actual planting statistics

Agriculture is always full of uncertainties. Pecans in South Africa are no different. Despite the problems as experienced during 2021, Redsun is very confident that the pecan crop is flourishing in South Africa, and is technically, well suited to the conditions where they are produced.

#### **How is the market for pecans from South Africa**

There is unfortunately a high level of theft from the orchards. To a large extent, this damages the SA domestic market, as these pecans progress through informal routes to the market. Buying pecan kernel in South Africa is seldom a rewarding experience. The kernel has many chips and marks with a high percentage of pieces. The PV and FFA levels are often high.

93% of pecan sales are NIS (unpolished ) to China. The industry is very efficient and can process high volumes in a limited time span. Within a month of the end of the season, the pecans are graded, sorted into different sizes, bagged and shipped pecan NIS to China. The factories are closed again until the new crop. Usually, the factory is used for max 4 months in a year.

The USA origin has now returned to the Chinese market after a few years absence due to the USA China trade war. During the 12 month period ending 30 June 2021; USA had exported 16,000mt of pecan NIS to China. Roughly the same volume exported by South Africa to China from the 2021 crop. There was definitely not the same strong demand for NIS from China as has been a feature of the pecan market for the past 6 years.

In addition, the volumes of Chinese origin “homegrown” pecans is increasing to close 1000mt. these nuts are sent mainly for cracking and kernels sales.

#### **Shelling factories in South Africa**

South African farmers have welcomed the development of new pecan cracking facilities in South Africa. This is giving the opportunity to export very good quality pecan kernel that is

comparable to international standards. Most importantly, the farmers have the opportunity to diversify their market away from the Chinese NIS market.

Redsun is well advanced in the construction of our factory located at Keimoes. Our initial cracking capacity will be 11 mt NIS per day on one shift. We hope to buy 1000mt NIS from the 2022 crop. That is easily achievable at about 4% of the estimated crop size. The first year will generate about 500 mt of kernel.

An exciting development at Redsun.

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