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REDSUN RAISIN REPORT #3 – 2019 SOUTH AFRICAN RAISIN CROP FEBRUARY- MARCH 2019

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Update on the South African 2019 Raisin Crop

The 2019 south African raisin crop is progressing well. As predicted in our previous reports, the crop is 7-10 days later than usual. That means that the grapes have not had a sufficiently high enough sugar content to harvest to make a good quality raisin. At Redsuns we say the quality of the raisin depends on the natural sugar content of the fruit at the time of harvest. It is only when the fruit is sufficiently ripe on the vine, that the best quality raisins are produced.

We always try to persuade the farmers to wait for nature to deliver the fruit in the prime condition for harvesting. The earliest grapes will usually be suitable for making OR sultanas which are harvested at about 18 brix. However, if there is humidity in the air (rain), then one will not make a good OR sultana, which must be an even, light colour, brown.

However, farmers did start harvesting a little early. These grapes were used to make OR sultanas as mentioned or WP sultanas. Those that tried to make Thompsons, received poor gradings because the raisin had no "body".

The grapes really started becoming ripe on about 5th February 2019. These grapes were suitable for making Thompsons. There are more Thompson medium raisins being made this crop as an overall percentage than normal. The comparative price for a Thompson medium is very close to the price for goldens. (This has now very recently changed). That means that the farmer will prefer to make a Thompson raisin. It is a simpler process than a golden, as it involves harvesting the grapes and laying in the sunshine to dry. Furthermore, the requirements for the grape quality is not as exacting as the requirements to make a golden.

Redsun's 2019 intake measured

Redsun has received a little over 2100 mt of farmer's stock dried grapes to date. That is 930 mt less than the same time in 2018. We are not concerned and Redsuns remains confident that we

will achieve the 12,500mt goal that we have set for ourselves during the 2019 crop. The crop is late, and this is reflecting that position.

Rain in the raisin producing region

Rain has been a common occurrence in the raisin producing region along the Orange River recently. In some places, as much as 85mm of rain has fallen. Fortunately, the rain has not been consistent over a number of days, leading to high humidity. It has been thunder showers without hail. In fact, many farmers say that this type of rainfall is beneficial to the quality of their Thompsons. It keeps the strong dust storms under control, and the bit of water on the drying raisins creates a darker more even colour, without “bleaching” the sugar from the drying fruit.

Along the Olifants River valley in the Western Cape Province, there has also been rain reported, but considerably less. This region is a winter rainfall region. The heavy mist that is a nightly feature of this region, rolling in from the Atlantic Ocean, is however present, and this does delay the drying process.

Lower day and night temperatures

Temperature has not been as hot as the 2018 season. We see temperatures of 38-40°C during the day, compared to 43-45°C in 2018. This has contributed to the slower development of the ripeness in the fruit. Night temperatures have dropped to 23°C. cooler than last year. Those very hot nights of 26°C and higher is when the sugar is developed in the grapes.

Golden Mediums

Golden medium production volume has been affected negatively. We believe the golden medium volume will be considerably down on the volume produced in South Africa from the 2018 crop. In 2018, golden mediums represented 32,5% of the whole crop in South Africa. In 2019, we estimate that golden mediums will represent less than 17% of the crop.

In the past few days, processors have increased the price payable to farmers for golden medium choice by 7%. We are confident that this will have the effect of moving the emphasis of production from exclusively Thompson mediums. The Ramadan market for South African goldens has been dealt a serious blow by the late arrival of the crop mentioned earlier. The goldens destined for the Ramadan crop would have to be afloat within the next two weeks, in order to be delivered on time. Other traditional markets are however unaffected by the later crop. There seems to be strong demand. The Redsun golden order book is full for early deliveries. The quality is not yet what we expect from the crop, and Redsun is confident that the goldens made from the later harvested grapes will improve. Our gradings are at 76% average choice. We are sure this will improve.

Thompson Mediums

Thompson medium raisin deliveries are coming in fast and furious. Moisture content is not very dry, as per the weather conditions, and farmers needing to re-use their drying facilities. Processors seem to be battling it out with each other to secure a bigger share of the crop. Farmers are being paid a record high price by processors, and the price is edging up a few cents per week.

During the 2018 crop, Thompson mediums represented 49% of the total South African crop. Under the present conditions, it looks like Thompson mediums will represent 63% of the total 2019 crop. That is a massive increase.

The Thompson medium quality looks very nice this year, with Redsun giving farmers 85% choice grade for incoming delivery

Flame Raisins

Flame raisins will only make up 7% of the 2019 South African crop. The majority will be Flame mediums. The product is very nice and Redsun does encourage farmers to plant flame variety as it makes a very good quality raisin. A nice shape, free flowing and strong flavour. Farmers like it due to the good yield per hectare in terms of grapes and drying ratio. Redsun quality rating at present is 86% choice grade on incoming Flame deliveries.

Currants

Currants are coming in at last from the Olifants River valley. Good quality although the berry count is once again, 1400-1800 berries per 100gr. It is interesting that the flavour and body of these small berries remain of a high quality. They are not mere husks. The Redsun quality rating is 87% choice grade on the present deliveries.

Jumbos and Bolds

Thompson jumbos are coming in a steady pace. The quality rating is 65% choice and 20% standard grade. The table grape farmers are busy learning the art of raisin production. The black jumbos are coming in at a quality rating of 58% choice and 24% standard. The volumes are there.

The pricing for jumbos and bolds is very competitive and many of our buyers ask why a jumbo price is cheaper than the price of a Thompson medium. There is no direct answer, other than the market forces. Jumbos and bolds are typically only used in mixes and as a snack, while the mediums are used for many more purposes.

Golden jumbos remain at a premium in terms of availability and price. So far, the golden jumbos that Redsun has received comprises a high percentage of bold size. This is a typical complaint that we have to farmers. The colour and quality is good, however, the % of bold in the delivery is too high and cannot be used to pack as jumbos.

Organic and Zero Chemical Residue

On Monday 25th February, Redsun will once again undergo our annual audit for Organic certification. We will only have one farmer out of 280 farmers that is certified to supply organic raisins.

In order to start a trend that will hopefully lead to more organic raisins being produced in South Africa, Redsun has commenced a “zero tolerance to chemical residue “ project. At this stage it relates only to Thompson mediums, and the pilot project comprises 500mt of raisins.

In terms of the project, the farmer is called upon to nominate deliveries to Redsun that he can guarantee are free of all chemical residue. Redsun will then take samples and have them tested for any chemical residue. If the load is found to be free of chemical residue, the farmer will receive a premium on the price of his Thompson mediums. If any residue is detected, not only will the farmer not get the premium, but he will be sent the laboratory invoice.

We hope to demonstrate the advantage of zero chemical residue to the farmer. After a few years of achieving this financial reward, we will assist to obtain the organic certification on the farm. Our 500mt has been fully subscribed. So far, the results have been at about 76% chemical free. It is a Redsun experiment. We hope it moves us in the direction of the chemical free market requirement.

Please contact us if you need some additional information.

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Drying facilities in Vredendal, Western Cape Province



Drying facilities at Grootdrink Orange River



Drying facilities at Grootdrink



Crystal from Redsun assisting a farmer, Oom Pypie, with paperwork, for his drying facility audit.



Thompson mediums being delivered Feb 19