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REDSUN RAISIN REPORT #10 – 2019 OCTOBER SOUTH AFRICAN RAISIN CROP 2019 / 2020

HIGHLIGHTS OF THIS REPORT

The South African Raisin crop of 2020 is on the way

Thompson Medium Choice grade prices settle further

Redsun Plans to buy 13,000 mt of raisins from 2020 crop

More Jumbo Raisins are produced in South Africa recently

Anuga 19 a Success for Redsun

BRCGS version 8 successfully audited at Redsun

Redsun is selling Grape Vine Leaves

The South African Raisin crop of 2020 is on the way

The crop of February /March 2020 has started to flower. The threat of frost is passed, without incident. The fruit development is underway. It is too early to give any accurate forecasts regarding volumes.

Raisins SA, the South African statutory body representing the South African industry is predicting a raisin crop of 80,000mt for 2020. The initial reports from farmers agree with the very early crop assessments.

Thompson Medium Choice grade prices settle further

The market price for Thompson mediums has fallen considerably and is now in the region of USD2000 per mt for choice grade. The prices that the farmers will receive are always directly related to the market price. Processors are starting their marketing “roadshow” for the 2020 crop now. Price indications given to farmers reflect the lower international price.

Redsun has decided that we will not forecast to farmers where we see the price level for the Thompson medium 2020 crop. This approach is justified by the amazing market shifts that the industry has witnessed over the past 6 months. The information we are giving farmers is the opinion of Redsun about the cause the price drop with Thompson mediums.

The problem in the raisin market is restricted to the Thompson mediums. We find Thompson jumbos, goldens, currants and sultanas are all selling along their normal course. The inventories are winding down as is normal towards the end of the year in anticipation of receiving the new crop.

We have been trying to understand the problem with the Thompson medium market. The Californian August 2017 raisin crop experienced problems at the time of drying with the yield of the crop being 32% lower than usual. This affected the USA domestic market in that a real possibility existed that the usual USA buyers not being able to buy Californian raisins in sufficient quantities for their needs. These buyers took the decision to investigate the possibility to buy Thompsons from beyond USA borders.

We do not know where they sourced from, however, some USA companies did come to Redsun and purchased Thompsons from us, which were shipped during second half 2018. The other effect of the short USA crop is Thompson medium prices rose considerably, and South Africa followed the USA prices. There were 40,000mt of Thompson mediums more than usual imported into USA during the year ending July 2019. We noted a larger than usual carryover stock of about 40,000mt in the USA Thompson crop from 2018 to 2019.

The price differential between Turkish #9 sultanas and Thompsons, made it a viable proposition for Turkey to make 45,000 Thompson mediums during the crop August 2018.

In retrospect, the market was telling us that if the price of Thompson medium lifts beyond a certain point, there are other origins/products that will come into the market to take the place of an expensive Thompson. The present “market collapse” seems to be caused by the 40,000mt of Thompsons mentioned several times previously.

This is the opinion of Redsun, and we share it with you in order to invite your comment. The price of Thompson medium choice has now fallen to USD 2000 per mt. Redsun cannot predict when the Thompson medium market will recover, however, at this price, we expect the sales volumes to take up the 40,000mt surplus very quickly. It could take 3 weeks, or it could take 3 months. We cannot say.

In the end, we believe the Thompson medium price will probably recover to the USD2350 per mt price level. At this level, we can see that the market will stabilize. We are sharing this information with our growers. They remain optimistic about the future of the international raisin market.



Currants developing for 2020 crop

Redsun Plans to buy 13,000 mt of raisins from 2020 crop

The majority will be Thompson mediums, and golden mediums. These two will be about 75% of the volume purchased. Currants, flame mediums and jumbos will make up the rest.

Packing will start during March 2020. We know there will be a rush to get golden medium choice out into the market as soon as possible in time for the 24 April start of the Ramadan festival. That will be difficult, however, we will try our best. Everything depends on how the grapes ripen towards the end of the growing season. A grape that is not fully developed with a minimum of 22brix, will make a green coloured golden, which should be graded "standard grade".

We are asking farmers to be careful, and not to rush the harvest in a way that they will damage quality. If necessary, maybe we will keep some of our crop of goldens through 2020, to ship in time for Ramadan 2021 commencing 12th April 2021. Depending on the quality of the golden sultana, it should be possible.

More Jumbo Raisins are produced in South Africa recently

Jumbos raisins of good quality are being produced by our farmers in South Africa. During 2018, our crop of all jumbos together was 4,140mt (6% of the total crop). During the 2019 crop, the volume of jumbos produced has grown 55% to 7,504mt (10% of the total crop).

We believe that this is a tendency that will develop further in the future. There are now three very large table grape growers that have dedicated a section of their farms to producing raisins. Within that decision, these farmers have constructed the most efficient sun drying installations on their farms for the raisins. For these farmers, the only result they will accept is excellent quality raisins. They have the resources and management to back it. That is something Redsun supports completely.

Anuga 19 a Success for Redsun

Anuga 19 was once again a wonderful event for Redsun. We had 126 visitors over the 5 day period at our booth. We appreciate the visits of our customers who were able to make the time for the visit.



It was an interesting few days, because there were all 5 South African raisin processors represented at the South African pavilion. It was the first time I can remember having all our competitors in close proximity to each other. Actually, they seem to be very nice people!!!

Clearly, everyone was concerned about the slow pace of the Thompson medium sales. It seems that the price for Thompson mediums actually fell during the few days of the Anuga19. It fell from USD 2350 to the present USD2000 per mt.

BRCGS version 8 successfully audited at Redsun

Redsun has now completed our audit for BRCGS (British Retail Consortium Global Standards) version 8. Not only has this standard been rebranded as BRCGS, but the level of accreditation has now been upgraded from “version 7” to “version 8”.

The difference between the two versions are (to name a few) the following;

1. Appointment of a qualified internal auditor for ongoing monitoring of the food safety system,
2. Supplier approval eg the 230 farmers that Redsun buys farmer's stock raisins from,
3. A new approach to root cause analysis of faults, and
4. Environmental management.

We are proud of our food safety team at Redsun which achieved the audit with a “AA” rating. Thank you to all those involved. The new certificate will be forwarded to our customers as soon as we receive it.

Redsun is selling Grape Vine Leaves

Redsun has started selling grape vine leaves. We are harvesting fresh grape vine leaves from farms and selling them to a Customer in Greece that uses these leaves to roll dolmades. At present, we have 200 ladies out in the vineyards harvesting grape vine leaves, which are then be cured in salt water and exported to Greece. It is a good feeling to be creating work for all these ladies who are without employment leading up to our festive season. We will continue harvesting until 25 January 2020.

Our target is 300mt of leaves. There are 350 leaves in one kg. Therefore 105 million leaves must be collected, processed and shipped. Healthy eating is a wonderful concept.



Grape vine leaves harvested (left) to make dolmades (right).

Please give us any comments or direct any further questions to us.

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