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REDSUN RAISIN REPORT #1 – 2021 SOUTH AFRICAN RAISIN CROP JANUARY 2021

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Heavy rainfall and the effect on the crop

2021 South African raisin season has begun. The crop was looking exceptional with the estimate at 85,000 mt of farmer's stock raisins. (2020 crop was 85,080mt). At the Redsunc factory, we had 90mm of rain over 4th and 5th January 2021. Then again, we had 30mm of rain at 14th January. It was gentle rain. The same volume of rain fell the entire length of the lower Orange River basin. An area covering roughly 600km. The whole region received rain.

Generally, the rain fell all throughout South Africa. Reservoir dams further up the Orange River were opened, causing the river level to lift by 3,5m. That is well short of the 8m that the River lifted during the flood of 2011. The following photos show the River in Keimoes below the Ikaia Lodge.



River on 12th Jan 21

River on 18th Jan 21 from same spot

We have some damage caused by grapes bursting, but not more than 6% of the crop (5,000mt). The damaged berries are falling to the ground. This will enable the healthy berries to develop better. The water-logged grapes absorbed the rain water that fell and settled on the berry. They are now too heavy, and easily drop off the bunch to the ground.

Farmers must avoid fungus development and fruit fly attacks. This is easily done by applying a light copper sulphate spray. No pesticides necessary. They must also clean up the rotting fruit on the ground.

The effect of the rain on the crop as we see it, is

1. More sultanas will be made because farmers will want to avoid damage on the water-logged grapes. Therefore, they lye them (as is the process to make sultanas) and the water escapes from the berry faster than if the natural wax layer remains on the berry. That will mean fewer Thompsons.
2. The number of choice grade goldens will be lower, because of the “black mouth” problem. The grapes are bruised at the point where the berry meets the capstem. That shows up with a black blemish on the golden. (“swartbekkie”)
3. There will be about 10,000 mt of raisins fewer on the crop, resulting at about 75,000mt of raisins for South African 2021 raisin crop.

There are many grapes that are not yet ripe enough to be affected by the rain. That means, there is less natural sugar in the berries, and the rainwater is not absorbed. In this case, the farmers must ensure there is good wind flow through his vineyard, to dry the grape bunches thoroughly. This last category is the majority of the crop at the time of the rain.

This type of rain does happen in our area at this time of the year on a regular basis. Our farmers can recall similar rainfall at the same time in 2015 and then again in 2017. The clouds must now disappear, the sun must shine and a light wind must blow. Then we are all “back to normal”.

It is important that we must not have more rain in this area. Some weather forecasters are reporting more rain for next week (ending 29th January). I hope they are wrong! At that time our grapes will contain more natural sugar and the damage will be very bad.

Buying Raisins from Western Cape Province

The Western Cape Province (Olifants River valley) is 540km southwest of the Orange River growing region. They produce the currants and about 7,000mt of flames and Thompsons. The total crop from this region is about 11,000mt, out of the total SA crop of 75,000mt. This region has had no rain, and their crop is magnificent (winter rainfall region). Redsun buys about 5,000mt of our planned 15,000mt from this Western Cape Province region.

Overall Market situation

Redsun has already started selling the 2021 crop. Our planned intake volume of 15,000mt has been fully subscribed by farmers. Before the rain damage, there was a balance between raisin production and processing capacity in South Africa. Now we have 10,000mt taken off our crop, and there are now fewer raisins to fill the capacity. This may affect the buying prices from farmers.

Processors have been slow in publishing prices to farmers. Possibly, they have discussed prices “one on one” with farmers, but Redsun has been the only processor to publish “estimated” prices into the market.

The mix of the raisins committed to Redsun is interesting. It can give a good indication of the overall crop. Please see the following table

| Variety | Volume committed | Percentage of total |
|-----------------|------------------|---------------------|
| Thompson medium | 8,400mt | 56% |
| Golden medium | 3,000mt | 20% |
| Flame medium | 850mt | 5,5% |
| Currants | 1,200mt | 8% |
| SA Sultanas | 450mt | 3% |
| Others | 1,100mt | 7,5% |
| Total | 15,000mt | 100% |

Table for varieties committed to Redsun by farmers.

Thompson medium market

Redsun has sold 27% of the anticipated volume of raisins we intend to buy. The majority of the sales have been Thompson mediums.

We think the some of the Thompsons will be converted to SA Sultanas due to the rain. Therefore, we will probably see an increase of sultanas to about 2,000mt, with the reduction coming from Thompson and golden medium.

Golden Medium Market

Golden mediums are very cheap in 2021. That affects the farmer's price. This lower price will result in fewer goldens being made. Redsun has received 3,000mt crop estimates for goldens from our farmers. The rain will affect the volume further, because the damage to the grapes caused by the rain will be clearly visible when the golden is made. Fewer choice grade will be made. The price will probably lift due to these problems.



Namibian goldens 2021



Damage to grapes caused by rain

Flame Medium market

Flame mediums are becoming more popular in the market. South Africa produces around 7,000mt of Flame medium per year. Their price enjoys a premium in buying from farmers.

The advantage for farmers is that the Flame grape is relatively resistant to rain. Redsun is pushing to increase the volume of Flames that we will buy from farmers during 2021.

Currants market

Currants look as though they will produce a good crop. So far it is not affected by rain. The sales of this product were relatively slow last year as it was really the only product strongly connected to the food service industry. The price has come down this year, and we expect to sell well. The advantage with the SA Currant is it has 900-1300 berries per 100gr, and has no pit.

SA Sultanas market

The crop estimate for SA Sultanas received by Redsun is very little at 450mt. Redsun believes that the rain currently experienced will cause farmers to produce many more SA Sultanas. With grapes full of water, it makes sense to treat them to allow water to escape from the berry easier.

The SA Sultana is well priced, and competes with the Turkish #9 RTU. Potentially we have a massive market for SA Sultanas due to the competitive price and the low MRL. Farmers must become accustomed to producing a good quality sultana. Redsun believes that we will see about 2,000mt of SA Sultanas produced by farmers delivering to Redsun. It will be difficult to estimate the SA Sultana for the whole of SA crop.

2020 Carryout-stock

As at 31 December 2020, Redsun had a stock of 3,098mt of 2020 crop in our warehouse. Of that quantity 1,765mt is sold and is pending delivery. The balance must be sold and will be despatched shortly thereafter.

According to statistics supplied by Raisins SA, South Africa sold the following raisins during the year ending 31 December 2020

| Region | 2020 sales mt | 2019 sales mt |
|-----------------------|----------------------|-----------------------------|
| Europe | 36,089mt | 23,691mt |
| USA and Canada | 12,330mt | 6,676mt |
| United Kingdom | 6,331mt | 2,770mt |
| South Africa Domestic | 8,241mt | Not recorded |
| Africa other | 5,693mt | 4,682mt |
| Others | 3,043mt | 2,043mt |
| Total Sales | 71,727mt | 39,862mt (excl SA Domestic) |

There are a few interesting facts that we see here;

The 2020 South African crop was 85,080mt. The 2019 SA crop was 74,830mt

At 31 December 2020, the carry out stock for South Africa is about 27,400mt if one presumes a carry-in stock of 20,000mt. The biggest carry out varieties will be Thompsons followed by goldens.

The South African industry must do something to expand the SA domestic market for raisins. It is very small at 11% of total sales.

COVID-19 at Redsun

COVID remains a major factor in the management of our factory. It will also have an impact during the making of the raisins. The high number of workers brought into our area, and accommodated on farms, has a potential for COVID to spiral out of control with infections. In 2020, the first case of COVID was detected in South Africa on 5th March. By then the raisin crop had been harvested. We hope that we can keep our people healthy and that the 2021 raisin crop can be harvested.

Redsun does anticipate that we will be able to continue to process and ship our raisins under all circumstances as was the case in 2020.

Peter Kuilman
20 January 2021