



Keimoes-Upington N14, 2km, Keimoes, Northern Cape, South Africa  
PO Box 767, Keimoes, 8860, South Africa  
Tel: +27 (0)54 337 8660  
Email: [info@redsuns.co.za](mailto:info@redsuns.co.za) [www.redsuns.co.za](http://www.redsuns.co.za)



## REDSUN RAISIN REPORT #5 – 2020 SOUTH AFRICAN RAISIN CROP APRIL 2020

### HIGHLIGHTS FROM THIS REPORT

**The present size of the SA Raisin Crop 2020**

**How does the Redsuns 2020 crop compare to the SA Crop**

**Reaction of SA Farmers to the lower raisin prices**

**COVID-19 and its effect on Redsuns**

**The Exchange rate of the ZAR vs USD**

### The present size of the SA Raisin Crop 2020

The South African 2020 crop has collected 71,810mt so far. Deliveries to processors continue. We are not sure about other processors, but Redsuns is expecting at least a further 785mt to be delivered from the crop.

The last two years of the South African raisin crop was

2018	71,072mt
2019	74,830mt

The target for 2020 SA Raisin remains at 81,364mt.

The South African crop variety make up is in line with the “normal year”. This is determined by the different infrastructure operated by the approximately 700 raisin farmers in South Africa. Please note that in the figures quoted for each variety, all the sizes are included (jumbos, bolts, select and midgets)

Variety	Actual weight	Percentage of crop
Thompsons	29,589 mt	41%
Goldens	21,369mt	30%
WP sultanas	5,134mt	7%
OR sultanas	2,489mt	3,5%
Dark (incl Flames)	6,431mt	9%
Currants	4,543 mt	6%
other	2,254 mt	3,5%

In our opinion, the 2020 South African crop will be about 78,000mt in the end.



### **How does the Redsun 2020 crop compare to the SA Crop**

To date, Redsun has bought 13,328mt from the crop. Of the quantity purchased, 51% are Thompsons, with a higher percentage than normal of Thompson jumbos. That is 10% more than the national average.

Redsun spends a lot of time with farmers on the quality of the Thompson. This is the “basic unit of raisin making”. If you can make a good Thompson raisin, only then should a farmer progress onto making different varieties such as goldens, OR’s and WP’s.

It is interesting to compare the dark (including Flame) variety. Redsun has purchased 10% of our volume so far of this dark variety. Once again, very nice jumbos. This is similar to the national volume of 9% of the total volume delivered so far.

Goldens purchased by Redsun is 25% of our volume which is 5% lower than the national average produced of 30%. One of the reasons for this is that Redsun buys from 273 farmers. Many of these farmers are small scale co-operative farmers who do not have the infrastructure to make goldens. It is typically the bigger, more established farmers that make goldens.

Currants, Redsun has done very well and purchased 9% of our total volume as currants. The national production volume is 6%.

WP Sultanas Redsun has bought 3% of our total volume as WP’s, against the national average of 7%. It is not a variety that Redsun targets actively. Similarly, OR’s at Redsun represented only 1,5% of our total intake.

## **Reaction of SA Farmers to the lower raisin prices**

Farmers are disappointed with the lower prices that they have achieved on the raisins from the 2020 crop. In the case of Thompson mediums, the price realised was about 60% per kilogram of what they realised from the 2019 crop.

Goldens they received 78% of what they realised in 2019. The quality grading plays a very important part in the price paid to farmers. 2019 we had very good drying conditions. During 2020, rain hampered the process for making goldens, so that many batches were taken in as standard grade. That affected the payout to farmers. However, in 2020, even a standard grade golden, paid the farmer more than a choice grade Thompson.

When comparing the prices and payment terms to farmers for raisins, with other comparative crops in our growing region, South African raisin farmers remain confident to proceed developing their raisin crops. The message from Redsun to the farmers remains,

"Keep your **raisin quality** and **food safety** as your number one priority. These are more important than volume. If you can achieve that, the future of our industry in South Africa is secure and it will go from strength to strength".

## **COVID-19 and its effect on Redsun**

The Government imposed "COVID-19 total lockdown" in South Africa has been extended for a further two weeks until 30 April 2020. It will now mean the SA Economy has been on hold for a total of 5 weeks.

So far, Redsun and other food producing facilities in South Africa have been permitted to continue production despite the lockdown. That includes the ability to export. The harbour at Cape Town remains operational with two container berths exclusively for importing and exporting food. We are told that a third berth will be brought into operation to facilitate the citrus crop exports from South Africa.

Logistics and laboratory facilities are working. Until recently, all airtraffic had been grounded which made couriers impossible. We understand that cargo planes are now operational only for medical and food industries.

For those waiting for samples from Redsun, we thank you for your patience. We should now be able to move them.

Within our factory, there have been various changes in the management and operations in order to facilitate a heightened level of sanitation and separation of people. We started the lock down with 57 personnel members. Effective from Friday 17<sup>th</sup> April, we will increase that number of staff members to 136 people to come closer our normal production level.

There will be two hours of production lost in a 24hr period which will be dedicated to cleansing and appropriate evacuation and entrance procedure for the changing shifts. All staff members have been given the option to stay at home in isolation in terms of the lockdown. Their attendance at the factory is voluntary and strictly subject to them adhering to the sanitation processes.

We will be adjusting our production schedule in terms of the new situation at Redsun. We will be sending that out to all our customers. Thank you all for your patience.

From this lockdown experience, there are various hygiene practices that we have implemented, which will remain in place long after the end of COVID-19.

#### **The Exchange rate of the ZAR vs USD**

South Africa has been down-graded to “junk status” by the international rating agency Moody. This is now the third international rating agency (after Fitch and S&P) making the statement. Furthermore, the structural preparedness of the SA Economy to handle the effect of the lockdown has caused the ZAR to weaken 24% against the other world currencies. This gave the SA Farmers great hope that the amount payable to them in ZAR would increase.

We have a long year ahead of us. The COVID -19 will disappear, the SA mines will get back to work and the currency will strengthen, but it will not recover to previous levels. Therefore, we have said the farmers must not be too optimistic to receive more money for their 2020 crop.

However, in the short term, there is an opportunity to offer some attractive prices on the 2020 crop as a result of this currency shift. We will be happy to give details of our pricing.

Peter Kuilman

[peter@redsun.co.za](mailto:peter@redsun.co.za)

+27 83 283 6744

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