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REDSUN RAISIN REPORT #4 -2023 April

SOUTH AFRICAN RAISIN CROP

HIGHLIGHTS OF THIS REPORT

The South African Raisin crop 2023	1
Competition between Processors and Farmers problems.	2
Thompson Mediums	2
Goldens mediums	3
Black (Flame type) jumbos and Thompson jumbos	4
OR Medium sultanas and SA Sultanas	5
Currants	6
Sales of the SA Raisins 2023 crop.	6

The South African Raisin crop 2023

The 2023 SA raisin crop is almost completely delivered to processors. According to the figures published by Raisins SA, the crop is 56,373 mt. (effective date 21 April 2023). The crop size was originally estimated to be 78,000mt. However, on 24 January 2023 it became obvious that the crop would be short, and the estimate was adjusted to 66,100mt my Raisins SA.

History is an exact science, and we can see that even the adjusted crop estimate was clearly over optimistic. There will be some additional volume coming in from Western Cape (currants, Thompsons, Flames and Jumbos of not more than 600mt). This region had some unseasonal rain, that caused a delay in their drying.

Experts ascribe the short crop to the ongoing damaging effect of the downey mildew that infected the vines after the heavy raisins of 2022.

The general assessment is the crop was excellent quality. Redsun intake farmer's stock gradings reflect higher than average choice gradings. That is based on actual, potential packout assessments by our quality team.

The following is a comparison of the SA Raisin crop over the past 3 years

Crop Year	Crop size (mt)
2023	56,373 mt -provisional
2022	78,757 mt
2021	72,732 mt
2020	83,435 mt

Competition between Processors and Farmers problems.

Processors were in a position to make their own assessment of the crop size at an early stage in the crop. These estimates were clearly more pessimistic than the “official Raisins SA” estimate. That led to unrealistically high prices being offered to farmers for their product. There was also a reverting to “over the scale” buying by some processors, as a means to secure volume. This is where a price is offered based on a “sight” of the farm stock raisins on the drying facility. No grading involved on delivery.

In addition, farmers were already under cashflow pressure due to poor crop from 2022. Therefore, cash advances by processors to farmers were effective in securing deliveries of the 2023 farmer’s stock. The cashflow problem will not be resolved this year, despite the good prices and gradings. The crop is too small to resolve the farmer’s financial problems.

We see several raisin farms coming onto the market. This is something new. In the past farms were sold without marketing, being “snapped up” by fellow farmers/ neighbours in the know. Now, there are not many buyers for the farms. Cash is short.

Many farmers also have wine grapes that they sell to the local wine cellars. It seems the wine cellars (co-operatives) are not able to pay farmers a price that enable these farmers to breakeven on wine grapes. Furthermore, the low wine grape price is paid over an extended period. This is adding to the farmer’s problems.

Wine grapes are being removed (between 2016 -2021) at the rate of about 1,848 hectares along the Orange River and 2,503 hectares along the Olifants River in the Western Cape.(Source Farmer’s Weekly Magazine 17 April 2023). These wine grapes are being replaced mainly with raisin variety grapes, and also pecans and almonds.

2023 will be a tough year for raisin farmers until 2024 crop.

Thompson Mediums

This raisin variety remains the most popular to be produced in South Africa at 47% of the 2023 crop. So far, the Thompson medium crop is 28,617 mt. (2022 TS was 60% and in 2021 TS was 48% of the crop). The quality was very good with 90%+ being a common intake grading at Redsun. That means not many standard grade will be available.

Organic Thompson mediums are increasing in volumes. It is not possible to establish exact volumes, however, Redsun has bought 170mt. We are working with a number of farmers to convert their conventional crops to organic. Within the next two years, the volume at Redsun should increase to close to 400mt.

Goldens mediums

This is the second most popular product produced by farmers in SA at 26% of the crop. 14,881 mt of golden mediums produced. The price to farmers increased dramatically compared to 2022, caused by the shortage in the market created by the poor weather conditions of the 2022 crop. In 2022, the goldens comprised 13% of the crop and in 2021, they were 21% of the crop.

Once again quality was excellent, with the result there will be very few standard grade golden selects available. Industrial and baker's mix will also be limited.

We have been monitoring the Sulphur dioxide levels of the product. Most test results come back at under 1000ppm. This is interesting because it means the quality (colour) can be achieved with relatively low SO₂ levels.



Golden medium choice 2023 crop

As always, the golden jumbos are in very short supply. We have some additional farmers who have tried making golden jumbos for the first time this year. We are very satisfied with the results. We hope that the farmers decide that the additional effort to price relationship in making golden jumbos encourage them to continue to increase quantities. Redsun could only buy 80mt this year.

Black (Flame type) jumbos and Thompson jumbos

Jumbos have traditionally formed a relatively small part of the SA raisin crop at 11%. That is contrasted against the Chilean offering of a higher percentage of jumbos from their crop. We know that table grape farmers are the source of these products. Redsun distinguishes between packhouse rejects (low sugar content) jumbos that are created from grapes prepared for the raisin market by leaving them on the vine for longer, and drying on specifically built, accredited raisin drying facilities.

Redsun does not buy packhouse rejects. We only buy good quality raisins. 2023 has delivered a crop of exceptional jumbo black raisins. Redsun has bought 18% of our intake as Black jumbos and Thompson jumbos. Many customers do not understand why the jumbo raisins are sold at lower prices than the mediums and midgets. That is the market!



Black Flame type jumbos

OR Medium sultanas and SA Sultanas

During 2022, the SA industry launched an encouraging program to promote the SA Sultana medium. It worked reasonably well in 2022 with 6% of the SA crop. 2023 the delivery of SA Sultanas was back to 1% of the crop. Farmers use the same grapes to make SA Sultanas as they use for Thompsons and for goldens. Market prices for SA sultanas was lower than the price for the other two varieties. That was the deciding factor for the farmer.

I think this is the message to the market, South Africa will not be competing to produce a SA sultana, if they can make Thompsons or goldens.

OR Sultanas present another value proposition for farmers. Consistently, the volume of OR Sultanas has hovered around 1 % of the crop. This variety does need specific production facilities, not very common on farms. However, the added value available for the OR Sultanas should be sufficient to encourage farmers to produce this product, provided they have the facilities.

Redsun plans to launch a program with our farmers to try and encourage the production of good quality OR sultanas during the 2024 crop.



OR production structure

Currants

At 2,938mt the 2023 currant crop is slightly smaller than the normal crop which is closer to 4000mt. the quality is very good at the remarkably small berry size of 900 to 1300 berries per 100gr. This is probably to best “value for money” proposition in the full range of raisin varieties offered by South Africa.



Currants Choice berry size 900-1300 berries per 100gr.

Sales of the SA Raisins 2023 crop.

The sales are reported as actual sailings from the port by packers to Raisins SA. These figures are calculated as at end March 2023.

Sales of SA raisins are 12,511mt as at end of March 2023. That is 9% higher than at the same date in 2022. There will be crop from 2022 that is included in this volume, because 6,325mt (50%) of the sales were actually shipped through to end February. The 2023crop could not be included.

The biggest market is Europe with 5,658mt. That is 44% more than in 2022. The second biggest market is USA and Canada with 2787 mt which is in line with the 2022 volumes at the same time. Surprisingly, the South African domestic market comes in at #3 with 2018mt. that is 17% down on the same time last year.

The Algerian market is at 4th with 1448mt. These will be mainly goldens.

We hope the strong growth is back to Europe. USA and Canada are also growing

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