



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



REDSUN RAISIN REPORT #5 -2024 September SOUTH AFRICAN RAISIN CROP

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The 2024 crop statistics

The 2024 South African raisin crop is a record crop comprising 96 428mt. The previous record size crop was in 2020 with 83 428mt. The years between the two record crops were problematic years involving rain and downy mildew.

The 2024 raisin crop was bought by processors from farmers without difficulty. Logistics and finances were steady. A good development considering a major player (Desert Raisins) was absent. South Africa has never experienced this size crop, and it was 13 000mt bigger than the previous record, previously, with more processors buying. We accept that 2023 was a very short crop of 61000mt. Theoretically, the processor's warehouses were all empty.

80 066 mt (83%) of the crop was produced along the Orange River. This is the traditional centre of raisin production in South Africa. 14 006mt came from the Olifants River region in the Western Cape. This is the traditional home of the currants (3 303mt for 2024). As we can see, this region is starting to diversify to Thompsons, Flames and jumbos. There are no goldens produced in the Western Cape region.

2 356mt of 2024 raisin crop were produced in southern Namibia. Actually on the northern banks of the same Orange River where the majority of the SA crop is produced. There are no processors located in Namibia, therefore these raisins are brought into South Africa and processed at the SA factories.

Processing of the 2024 SA crop

As at August 31 2024, SA packers had exported/ sold 51 014mt. That is 57 % of the "packed out" volume from the 2024 crop. If we say that anything packed before March 2024 was the carry

over of the previous year' 2023 crop, because the 2024 crop would not be there in January and February for processing.

Therefore, 5 718mt was delivered during January and February. In that case 50% of the 2024 crop was packed at end of August 2024 calculated from 1 March 2024. That is 50% of the processing year. We can be assured that the processors will all be working through the traditional Christmas break, through January 2025 and February 2025 in order to ensure that the stores are empty to receive the 2025 crop. Based on these figures, we believe it will be possible.

This illustrates the additional “spare” raisin processing capacity that existed in South Africa. The industry can absorb a record crop and process everything.

The Major Destination of the Sales

The major destinations of the SA crop so far this year are (30 June 2024)

a. UK	4 771 mt	9% of total
b. USA and Canada	12 916 mt	25% of total
c. Europe	23 434mt	46% of total
d. SA Domestic	5 630 mt	11%

The interesting development is the increasing consumption of raisins in the domestic market.

In general, the market is very favourable to packers, therefore, there should not be any difficulty in selling their stock.

Where do we see the 2025 raisin crop

According to the Raisins SA estimate, the 2025 crop will be 92 000mt. The Raisins SA estimate for the 2024 crop was 86 000mt. Therefore estimate was 10% out according to the reality.

The 2024 crop came after a very poor crop, that had been badly affected by downy mildew. Therefore, the 2023 crop had a poor fruit volume, but the leaves and vines had fully recovered by 2024. The result was the vines had full reserves to produce good volume and quality of fruit in 2024.

The 2025 crop will be coming off the back of a “big“ year. However the weather conditions have been very good so far, The winter has been cold, the spring has started in good fashion. Therefore, the Raisins SA estimate of 92 000mt could become the reality.

Into the mix, is the ongoing replacing of wine grapes. This is almost complete along the Orange River, however, cashflow shortages have slowed the replanting process, and some of the farmers have temporarily planted cash crops such as lucerne and cotton. However, these fields are continually being added back to raisin volumes.

Farmers make good money from raisins, and the cashflow is very fast against delivery. they will replant grape vines as soon as they can.

How does Redsun see the pricing of the 2025 raisin crop.

It is September 2024. The market remains in a state of uncertainty. Great care is necessary. The SA crop will arrive at a time when high raisin prices exist from the origins located in the Northern Hemisphere.

To buy the product from SA farmers during February and March 2025, these prices will be reflected in the farmer's price. However, experience shows us, there is a very good chance the Turkish crop of 2025 August/ Sept will be a record size. It could go to 350 000mt. That means the price may well settle downwards. Redsun must take care we are not sitting with expensive crop in the store to sell in and falling market.

Maybe we are wrong. We wait until October 2024 to try and assess where the market is heading. At that time we need to give farmers some idea about the prices they can expect for the 2025 crop. In the meantime, we are silent on potential prices and watching.

Operations at the Redsun Raisin Factory

Redsun continues to work 3 shifts per day Monday to Friday, with two shifts on a Saturday. We shut the factory down at 22h00 on Saturday night. Sunday is used for deep cleaning and maintenance.

These cold nights through winter have been unpleasant, however, our factory has been consistent is performing well at over 2000 mt of raisins packed per month.

A special word of gratitude goes to our entire staff, especially our production manager, Mr John Rooi, our quality manageress Ms Chaida Wells and our maintenance manager Mr Jimmy Liebenberg. They have been doing a wonderful job ensuring that we can get the best results out of our factory. Redsun has a staff of 370 people.

The Vredendal Developments

The rezoning of the Redsun property for the Vredendal factory from "agricultural" to "industrial" has been approved by the Matzikama Municipality. We wait the documentation to follow up. Now we need to submit plans to build the factory. It is unlikely the new factory will be ready for construction before the second quarter of 2025.

This is unfortunate, because Redsun has taken delivery of the processing machinery for the Vredendal factory. We do not want this machinery to remain idle for another year, Therefore, we have decided to install that machinery at our Keimoes factory.

Effective from the 2025 season, Redsun will have two separate and independently operated raisin processing lines in Keimoes. The potential capacity will be 27 000mt of raisins per year.

For Vredendal, there will be a delay of one or two years, before Redsun invests in a third raisin processing line to be installed at Vredendal. That factory will have a potential annual capacity of 15 000mt of raisins.

Shipping from South Africa.

Shipping of product from South Africa is slow at present. The reason seems to be the following

1. Shortage of "food grade" containers in all South Africa harbours. There is no reason that can be given for the shortage. The fastest source of food grade containers is the incoming containers being unloaded and returned to the shipping company. This shortage affects all shipping companies. For example, there is a booking that Redsun

had secured on a ship, we could not load because there are not enough food grade containers available. In the end we were 12 containers short due to the food grade container problem. This is ongoing. We are now planning a loading of 45 containers on a vessel to Europe from Redsun, because 14 containers were carried over from the previous vessel.

2. Weather conditions in Cape Town are causing loading to be stopped. Vessels are not able to enter the harbour. Cape Town there is a 1 - 4 days delay. In Durban the delay is 9-14 days due to weather conditions. There are apparently 8 m high swells. Port Elizabeth was closed for two days this week. Expectation is positive that the weather will improve with the approaching spring season, which has already started.
3. Defective and malfunctioning equipment at the ports are also causing delays.
4. We are also finding that there are smaller vessels calling at the South African ports. The larger vessels are being used for the longer Far East European route.

Redsun is very concerned about the delays in shipping as it is affecting the service levels to our customers. Our Cape Town shipping warehouse is filled to capacity at 73 containers waiting loading instructions. The problems is across all the shipping lines serving South Africa.

SIAL Food Fair

Redsun will be exhibiting at SIAL food fair from 19-23 October 2024. Our booth is at Hall 8. G 30. Please come and visit us to discuss further. We have many exciting things planned at Redsun.

Peter Kuilman
mobile +27 83 283 6744
email peter@redsun.co.za

