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REDSUN RAISIN REPORT #7 -2023 October SOUTH AFRICAN RAISIN CROP

HIGHLIGHTS OF THIS REPORT

South African raisin farmers are looking forward to the next crop in February 2024

How will the 2024 crop be made up in terms of varieties.

SA Sultanas

Jumbos and Bolds

Anuga 2023

Sales from the 2023 crop in South Africa

Ongoing Logistics problems at Cape Town

South African raisin farmers are looking forward to the next crop in February 2024.

1. The crop is already showing signs of being very fertile, which means the problems of damage to growing buds as seen in 2023 crop is passed.
2. We are passed the 10th October, the traditional climatic turning point from “frost alert” to lower frost risk, with dry, and warmer long term weather predictions,
3. Strong demand for all varieties of dried grapes from SA raisin packers backed by international market demand.



Fruit set on early ripening grape variety, lower Orange River Valley

Farmers are optimistic. After these three difficult years, raisin farmers in South Africa need a good crop to swing the optimism back in favour of dried grapes. They are talking about 80,000 mt of raisins for the 2024 crop. That is certainly in line with scientific projections calculated on

the 16,032 hectares of drying grapes in the ground in 2022. (Source - Key Industry Statistics published by Raisins SA in 2022). The calculation is a conservative production rate of 5 mt of raisins per hectare.

The wine industry along the Lower Orange River has not been able to maintain competitive returns for the farmer’s wine grapes. This has resulted in substantial hectares of wine grapes being uprooted by farmers and replaced with drying (raisin) grape varieties. In many cases, these last “lean” crop years has resulted in farmers planting cash crops (eg lucern) while they wait to develop the capital to invest in re-establishing grape vines on the land.

Financial institutions in SA are slow to assist farmers in the capital costs for planting grape vines. If they were more forth coming to support the farmers, with the backing of the raisin processors, we would see a faster growth in volumes in South African raisin production.

There is a long way to go in farming terms between Oct. 2023 and February to March 2024. Anything can happen. We hope for the best.

How will the 2024 crop be made up in terms of varieties.

The major classes of dried grapes from South Africa are Thompson medium and golden medium. Between the two of these varieties, they represent an average of 72% of the total crop

Raisin Variety	2021	2022	2023	Average
Thompson medium	48%	60%	47%	52%
Golden medium	21%	13%	26%	20%
Flame medium	6%	6%	8%	7%
SA Sultana	8%	6%	1,5%	5%
OR Sultana	1%	1%	1%	1%
Currants	5%	5%	5%	5%
Jumbos/ bolds	11%	9%	11%	10%

Source is Raisins SA Weekly Intake Report Final 26 July 2023

The mix of Thompson medium and golden medium will depend on

1. Weather conditions at the time of harvesting the grapes (eg more rain at harvest will cause more Thompsons to be made – “swartbakkies” to be avoided), and
2. The selling market price differential between golden medium and Thompson medium. If the price of Thompson medium is too close to goldens, farmers will save the additional cost involved in making goldens, and make more Thompsons.

How will the present market circumstances affect the Thompson and golden mix. Shortage of Thompsons in the market may cause the price to lift. If the price gets too close to the price of golden mediums, the quantity of Thompson mediums will lift, and the golden medium volume will fall. However, the sum of Thompson medium and golden medium in the crop will remain at about 72% of the total volume.

SA Sultanas

This is an interesting variety, based on multiple inquiries received by Redsun to supply SA Sultanas. Due to the low prices of sultanas in the market, South African farmers have chosen not to make SA Sultanas because they can earn better value for their grapes making Thompson

mediums instead of SA sultanas. Due to the heavy rains experienced in the Northern Hemisphere, prices for sultanas have risen steeply to a level that will definitely attract the attention of farmers to make SA Sultanas

The SA processors must assess the risk of paying farmers the relatively high price for SA Sultana in February/ March, against the chances of that price for SA Sultana staying at that high level in the market through the marketing season of 2024. It will be good, if all the sultanas are sold and delivered by June 2024.

Jumbos and Bolds

The source of this size raisin is the table grape industry. (Generally we exclude golden jumbos which are normally made by raisin farmers using raisin drying varieties like sultana). In South Africa, Redsun has seen a trend among table grape farmers to participate in the raisin market due to price certainty and easier cashflow arrangements. The quality is good, and must not be confused with low sugar content grape pack house rejects.

Therefore, Redsun considers table grape farmers as a very valuable, quality conscious, industry sector joining the raisin industry. The additional jumbos will be added the volumes mentioned earlier in this report. Redsun alone bought 2,900 mt of jumbos from table grape farmers in 2023. We believe jumbos will become a more dominant player in the South African raisin mix

Anuga 2023

Redsun enjoyed a successful trade fair at Cologne Germany this year. Thank you to all of our valuable customers that were able to take time from their schedule at Anuga to visit us. We received 124 visitors from 23 countries during the 5 days. As always, it was not possible to get to talk to everybody, but it was good to see you.



Redsun booth at Anuga 23

Sales from the 2023 crop in South Africa

As at the 30 September South Africa had shipped 46,435 mt of raisins during 2023. (Source Raisins SA summarystats 20230930) That figure represents 83 percent of the small 2023 crop after the no value is deducted. We can say that Thompson mediums and golden mediums are out of stock. We believe that the raisin stock in South Africa will be almost empty by the time the 2024 crop starts coming into the warehouse.

Ongoing Logistics problems at Cape Town

Unfortunately, we have to report that the SA Harbours continue to have problems in efficiency caused by broken equipment, difficult weather conditions, poor labour productivity and now in Cape Town, a two month dredging operation. This is causing a 5 -7 day delay in the berthing time for ships, and there is presently 14 ships moored in the False Bay, waiting their scheduled time for entering the harbour moorings.

This is causing delays, and changes to bookings imposed on Shippers including Redsun. Yesterday, the following notice was received from MSC by Redsun that affects 23 containers booked for Europe.

From: kgomotso.radebe

Sent: Friday, October 27, 2023 4:28 PM

To: Mkfrt@icon.co.za

Subject: NWC TO SOUTH AFRICA // SCHEDULE AMENDMENT // PARIS II NZ341R - OMIT CAPE TOWN & MSC LISBON NZ342R - OMIT COEGA

Dear Valued Customer,

Due to several setbacks experienced in all 3 South African ports including adverse weather conditions, delayed berthing, slow production within the terminal and dredging currently underway in Cape Town, a decision has been taken to make adjustments to our sailing programme.

These amendments will allow us to maintain schedule integrity and assist to alleviate congestion in the terminals.

Please refer below changes to our programme:

PARIS II NZ341R will omit Cape Town northbound and affected cargo will be transferred to the MSC Lisbon NZ342R

New Vessel: **MSC LISBON NZ342R / Prov Stacks: 02 @ 18H00 – 05/11 @ 18H00”**

We do apologize for the inconvenience. Please watch our shipping registers that Chrystal will send to you with the updates.

I can report that there is strong representation being undertaken by all stakeholders in South Africa to discuss the problems with the CEO of the Government run harbours. The lobbying group also calls for suggestions from the harbour management as to how the shipping companies and shippers can assist to resolve the problems. Under the circumstances, it is a positive intervention.

Peter Kuilman

peter@redsun.co.za

October 2023