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Logistics Report 2011 – Week 21

The charts linked to this report can be found on the CGA Website, Logistics / Reports or downloaded from this link: http://www.cga.co.za/pages/30494

Statistics are based on data reflected at the end of the previous week

1. Packed and Shipped Volume (Pallets)
   - YTD packed: 11% down from 2010. GF 18% up (Northern areas are up by 1.2m cartons of GF compared to 2010) , LE 26% down, OR 31% down and SC 12% down. Refer chart 1.1
   - YTD shipped: 12% up from 2010. GF 49% up, LE 5% down, OR 5% down and SC 2% down. Refer chart 1.2

The PPECB inspection data indicates that the northern areas supplying to Maputo and Durban ports have packed a combined 8.8m cartons up to the end of week 20 - This is up from 8.5m during 2010. There is no evidence of a decrease in the packing tempo in the last two weeks as was suspected due to a relatively quiet period as far as the number of trucks arriving in port is concerned. The Eastern Cape areas supplying Port Elizabeth have seen a reduction in packing volume from 4.5m cartons in 2010 to 3.5m cartons in 2011- the Port Elizabeth cold stores should have noticed this by now. Similarly in the Western Cape, packing is also down from 2.9m cartons in 2010 to 2.3m in 2011.

   - YTD commodity co-efficient[1]: 2011 up by 14.6% from 2010, all commodities are up from 2010. If one compares the volume of citrus packed against the volume of citrus shipped it is quite evident that citrus should be moving rapidly through the supply chain. The ave. dwell time that citrus is normally stored should be radically reduced based on this data. Refer chart 1.3
   - YTD commodity shipped by port: The recovery of GF on 2010 can be seen out of DBN and MPT which is 20,000 pallets higher YTD. The reduction in LE and OR varieties exported can be seen out of the CPT and PE ports with an increase seen out of Durban and Maputo ports. Refer chart 1.4

An interesting note: during the 2010 CGA road shows, growers up north reported in February that there was likely going to be a very big Valencia season, this was followed through by what was the biggest crop seen. In 2011 this was the sentiments of the Grapefruit growers who anticipated a good Grapefruit crop, this can now be seen in the data where to date the Grapefruit volume is the highest previously exported.

Port Export Volume Comparison 2011				
Year	**Cape Town**	**Durban**	**Maputo**	**Port Elizabeth**
2010	-12.51% down	35.23% up	71.26% up	-8.49% down
2009	36.01% up	-4.12% down	215.16% up	78.54% up

2. Port Stock Dwell Time, Fruit Age & Port Stock Volume
   - Stock at all 4 export ports is currently well below the capacity pressure point range. Refer chart 2.5
3. Export Market Volume
   - Once again there is a clear indication that the Russia market is growing rapidly which currently takes the spot from Middle East as the 2nd highest receiver of SA citrus behind Europe / UK. All other markets appear to be stable on last two season volume YTD. The slump seen to Europe / UK in 2010 can be seen to be a cause of the lower GF volume which has recovered in 2011. There is growth on all commodities exported to Russia. Refer charts 3.1 and 3.2.
   - There is a high volume of citrus being exported out of the Durban port to Russia, up 50% from 2010. Refer chart 3.3.
4. Port Shipping Mode Comparison
   - The number of containers loaded out of DBN has slumped against the 2009 volume while stable out of PE and CPT ports. The opposite with conventional where there is an increase in DBN and MPT and a decrease in PE and CPT. Refer chart 4.1 and 4.2.
   - YTD containerized export percentage = 69%. CPT = 80% / DBN = 62%, Maputo 12% and PE = 90%. Refer chart 4.3.
5. Shipping Mode Volume Trends
   - Overall there has been a spike in the volume of containers exported to Europe / UK which is up by 10% on 2009 with a slump in conventional volume which is down by 30%. There is also a spike in containers being sent to Middle East, Japan, Far East and Russia. Refer chart 5.4 and 5.5.
6. Regional Shipping Mode Volume:
   - Higher volume of citrus exported by conventional can be seen out of DBN, MPT and PE ports. A recovery on the 2010 container slump to Europe / UK can be seen from all the ports, there is an indication that no conventional vessels have called PE for Europe / UK thus far. Refer chart 6.5.
7. Inland Container Loading Volume Trend:

[1] Commodity Co-efficient is the difference between Packed and Shipped volume, this percentage indicates the efficiency of stock movement out the country and will also relate to stock age and storage costs.

- The volume of containers loaded at inland cold stores or directly at the farm has remained consistent for the Western Cape (to CPT port) and Eastern Cape (to PE / Ngura ports) regions – the latter has spiked in the last two weeks. There are more containers being packed at farms and routed through Maputo this year. This is a decrease in on farm packing of containers from the northern regions routed through Durban – mainly on Europe / UK trade. Refer chart 7.1 to 7.3

8. Citrus Rail Volume Statistics:
    - I have been informed that break-bulk rail loading should commence from Letsitele to Durban next week – there should be a higher volume of rail sent this year. Refer chart 8.1.
9. RSA Port Total Container Volume Statistics:
    - The volume of containers routed through the main RSA ports seems fairly stable although there was a significant peak seen out of Durban in August last year. Refer chart 9.1

Notes:

1. The price of petrol will decrease by 2 cents on 1 June 2011, according to the Department of Energy. Diesel with a 0.05% sulphur level will fall 38 cents and diesel with a 0.005% sulphur level will decrease by 37 cents on the same date. The department says the average international price for petrol, diesel and paraffin decreased during the period between 28 April 2011 and 26 May 2011."The average rand/dollar exchange rate weakened when compared to the previous period. The average rand/dollar exchange rate for the period 28 April 2011 to 26 May 2011 was 6.8516 compared to 6.7701 during the previous period," the department added. http://www.businessday.co.za/articles/Content.aspx?id=144098
2. There have been many publications regarding the congestion and delays at the Durban container terminal. I have competed a short report of the issue and this can be found on the following link http://www.cga.co.za/pages/33227
3. The Fruit Production and Logistics Cost Trends - 1st Quarter 2011 can be found on the CGA homepage www.cga.co.za. It is surprising to read that the Diesel price will be decreasing by as much as 38 cents per litre given that the ave. ZAR price of Brent Crude rose to ~R800 per barrel last month which should have seen the Basic Diesel price rise to ~R7.00 per litre. The Basic Diesel price is currently R6.26 per litre and will reduce to R5.88 on Wednesday.
4. BAF levels on the RSA – EU trades should remain constant as the Rotterdam bunker price is still high at US$621.00 per MT. Source www.bunkerworld.com.