

Market Trends and Insights in Agriculture

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Major trends in food and agribusiness

- ▶ Increasing Gap between supply and demand
 - ▶ Increasing demand for resources in the areas of:
 - ▶ Technical
 - ▶ Human
 - ▶ Financial
- ▶ Focus on Value chain analysis to identify new opportunity
 - ▶ Ie, in Jamaica - logistics, supply chain management and long-term contracting
- ▶

Trends and insights: Demographic Factors Driving Increased Demand for Food in Emerging Markets

- ▶ Population growth
- ▶ Urbanisation
- ▶ Increasing income levels
 - ▶ Increasing demand for rich country diets in developing markets
 - ▶ Increasing demand for protein especially in China
 - ▶ Increase in prices of protein
- ▶ Challenges
 - ▶ Increased pressure on the environment as companies and countries push to take advantage of demand surge
 - ▶ livestock producers struggling because of a poor feed-to-meat/dairy price ratio,
 - ▶ primary processors are suffering from high feed costs and low capacity utilization

Trends and insights: Demographic Factors Driving Increased Demand for Food in Developed Markets

- ▶ Trend toward healthier diets
 - ▶ Consumers are increasingly health conscious: especially for functional foods
 - ▶ eg Sweet potato
- ▶ greater importance on environmental sustainability, most visibly in developed countries but more and more in emerging markets.
- ▶ Tighter Government regulations in respect of:
 - ▶ standards for food production
 - ▶ traceability and food certification
 - ▶ environmental sustainability
 - ▶ corporate social responsibility

Emergence of productivity as a Major Concern

- ▶ This is being affected by:
 - ▶ Climate volatility
 - ▶ Depletion of natural resources
 - ▶ Slowdown down in productivity increases -
 - ▶ Estimated to be an average of 1% per year compared to 2% in the 1960s and 1970s
 - ▶ The pressure on water, land, energy, and labour resources is creating opportunities for innovation to enhance agriculture productivity
 - ▶ Eg. Drought resistant crops

Emergence of productivity as a Major Concern cont.

- ▶ Poor or non-existent logistics, trade, and processing infrastructure are critical bottlenecks that increases post harvest losses.
- ▶ Critical to the focus of productivity is the emergence of automated production systems eg:
 - ▶ Automated tractors
- ▶ Many developing countries are behind the technology curve which limits productivity improvements
- ▶ There is a need for small precision tools
- ▶ Disconnectness of some Research institutes and institutions in some developing countries

Industry Consolidation

- ▶ Re-emergence of focus on large farm
- ▶ Growth of cooperatives especially in Latin America to reduce cost of doing business
- ▶ Accelerated trend towards mechanisation and greater infusion of technology into the production process
- ▶ Market traders are moving into production and processing, while retailers are moving into production and sourcing of key input commodities through long-term contracting
- ▶ At the same time small farmers are increasingly been integrated into larger commercial value chains

Price Volatility

- ▶ Wide swings in global product pricing
 - ▶ Price spikes in 3 of the past 8 years
 - ▶ Led by:
 - ▶ adverse weather
 - ▶ rising oil prices
 - ▶ export restrictions
 - ▶ civil strife
- ▶ Another Major factor has been the growth in
- ▶ Crop insurance for those regions that can access has become more critical
 - ▶ Absence of or inability to access creates serious challenges for Caribbean farmers

Emergence of Big Data

In developed markets

- ▶ sophisticated use of information
 - ▶ Ability to measure productivity per square metre
- ▶ Analytical capability to integrate various sources of information (such as weather, soil, and market prices) with the goal of increasing crop yield and optimizing resource usage, thus lowering cost

In Developing Markets

- ▶ lack high-quality, reliable data on production and demand.
 - ▶ Establishing a systematic mechanism to capture the data could offer additional value-creating opportunities.
- ▶ For example:
 - ▶ use of mobile technologies in rural populations could allow farmers in these areas to greatly improve productivity based on access to better information.

Increase in Agricultural trade

- ▶ Only modest percentage of global agriculture production is traded across borders
 - ▶ Significant opportunity for growth
- ▶ There is also a rise in protectionism
- ▶ Opportunities for increased exports in developing countries
- ▶ Also increased opportunity for investment in support infrastructure such as:
 - ▶ Improvements in port facilities
 - ▶ Storage
 - ▶ Development and maintenance of the cold chain
 - ▶ Transportation systems