

agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



PREFACE

The core business of the Directorate: Statistics and Economic Analysis is to provide economic and statistical services to monitor the economic performance of the agriculture, sector. To support this important task, the Economic and Statistical Research Unit conducts economic analyses of the performance of the agriculture sector, as well as the external impact on the Agriculture sector and its industries.

This publication, the *Quarterly Economic Overview of the Agriculture, Sector*, was developed because of a need within the Department of Agriculture, Land Reform and Rural Development (DALRRD) to be regularly informed on developments and expected economic trends in the agricultural sector. The quarterly report has been established as a regular feature in the directorate's workplan. Since the beginning of 2004, the report has also been published for outside use to add value to a number of regular economic publications about the agricultural sector. It is our vision to maintain the report as an indispensable reading for everyone interested in developments of the South African agriculture sector.

This issue looks at the economic developments in 2023: Q3, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

Compiled by Heidi Phahlane with inputs from:

Mthembeka Z.A., Lekganyane M.S., Mofolo K.M., Jafta A., Gininda P., Lubbe P.

All correspondence can be addressed to:

The Director: Ms Ellen Matsei

Directorate: Statistics and Economic Analysis

4th Floor, Sefala Building

503 Belvedere Street, Arcadia, South Africa

Tel.: +27(12) 319 8454

E-mail: DAS@dalrrd.gov.za

Disclaimer: The Department of Agriculture, Forestry and Fisheries did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be liable for the results of actions based on this publication.

List of figures

Figure 1: Advanced economies quarterly GDP growth rates.....	8
Figure 2: Emerging markets and developing economies quarterly GDP growth rates.....	9
Figure 3: Quarterly global grain supply forecast.....	10
Figure 4: Quarterly global food price indices	11
Figure 5: GDP and Agriculture, forestry and fisheries sector growth rates.....	12
Figure 6: SA headline CPI and CPI for food.....	13
Figure 7: CPI for selected food items	14
Figure 8: Total number of people employed in the industries 2023: (Q3).....	17
Figure 9: Total number of people employed in the agriculture sector between 2018: Q3 and 2023: Q3...	18
Figure 10: Provincial number of people involved in subsistence farming between 2018: Q3 and 2023: Q3.19	
Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2019: Q3and 2023: Q2.....	20
Figure 12: Comparison of international fertilisers and local prices in Rand terms.....	21
Figure 13: South African fertiliser Expenditure.....	22
Figure 14: Trends in gross farm income and net farm income between 2018:(Q3) and 2023(Q3).....	23
Figure 15: Trends in private consumption expenditure between 2018:(Q3) and 2023(Q3).....	25
Figure 16: Total dam levels in 2023: Q3.....	27
Figure 17: Average dam levels in 2023: Q3.....	29
Figure 18: Price trends of White and Yellow maize.....	29
Figure 19: Retail prices vs white maize seed prices.....	30
Figure 20:Wheat Safex price, imports, exports price.....	31
Figure 21: Retail bread price vs wheat import price.....	31
Figure 22:Wheat deliveries, imports, exports and local demand	32
Figure 23: Soya beans local price vs import price.....	34
Figure 24: Sunflower local seed; import price (Randfontein) and sunflower retail price.....	35
Figure 25: Sunflower seed deliveries; local demand and trade.....	36
Figure 26: Sorghum parity price	37
Figure 27: Supply and demand of groundnuts.....	39
Figure 28: Groundnuts consumption	40
Figure 29: Average price and quantities trends of various fruit traded at fresh produce markets (FPMs)	41
Figure 30: Average prices and quantities of various vegetables traded at fresh produce markets (FPMs) ..	43
Figure 31: Beef production	44
Figure 32: Poultry production	45
Figure 33: Poultry feed vs retail prices	47

Figure 34: Trends in total production and average price of milk	48
Figure 35: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening	49
Figure 36: Trade balance of agricultural products	51
Figure 37: Top five agricultural products exported by SA	52
Figure 38 Top five agricultural products imported by SA	52

List of Tables

Table 1: White Maize Production and Demand outlook	33
Table 2: Yellow Maize Production and Demand outlook	34
Table 3: Soya bean projections for 2023.....	22
Table 4: Sorghum Demand & Use Table	26
Table 5: SA's top three largest export and import destinations of agricultural products 2023: Q3.....	50

Table of Contents

PREFACE	1
List of figures	2
List of Tables	2
1 EXECUTIVE SUMMARY	6
1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY	8
1.1 Global Real GDP Growth Rates	8
1.2 Global Grain Forecast.....	9
1.3 Global Food Prices	10
2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES	11
2.1 Growth	11
2.2 Inflation	13
2.3 Employment.....	15
2.4 Expenditure on intermediate goods and services by the agricultural sector	18
2.5 South African fertiliser market review.....	19
2.6 Nominal gross farm income and net farm income from agricultural products	20
2.7 The net farm income	20
2.8 Private consumption expenditure on agricultural products	21
2.9 Review of South Africa's water dams levels.....	21
3. REVIEW OF AGRICULTURAL MARKETS	26
3.1 Grain market review.....	26
3.1.1 White and yellow maize	27
3.1.2 Wheat	29
3.1.3 Soya beans.....	30
3.1.4 Sunflower.....	33
3.1.5 Sorghum	35
3.1.6 Groundnuts.....	33
3.2 Fruit and vegetable market review	35
3.3 Meat industry review	42
3.4 Poultry industry review.....	46
3.5 Trade of agricultural, forestry and fisheries.....	48
4.Conclusion.....	45
5.References.....	55

EXECUTIVE SUMMARY

Global growth prospects: The real GDP growth Rates for 2023 (Q3) in the advanced economies of the following countries: Canada, France, Germany and Japan, decreased by 0.3%, 0.1% and 0.7% respectively, while Italy, and United Kingdom increased by 0.1% and 1,3% respectively, when compared to the third quarter of 2022.

Emerging markets and developing economies, the real GDP growth rates for 2023 (Q3) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 2.0%, 4.4%, 7.6%, 4.94%, 3.3%, 5.9%, 2.54%, and 5.5%, respectively, while South Africa decreased by 0.2% when compared to the third quarter of 2022 (Q3)

Global grain supply forecast: Global supply projections for 2023 (Q3) of rice milled decreased by 0.6%, while wheat, coarse grains, cotton, oilseeds, oil meals and vegetable oils increased by 0.5%, 1.1%, 2.6%, 4.3%, 1.1% and 2.6% respectively, when compared to the third quarter of 2022,

South Africa's GDP: South Africa's gross domestic product (GDP) decreased by 0.2% in the third quarter of 2023 as five industries recorded negative growth between the second quarter and the third quarter of 2023. There is noticeable biggest output fell in the agriculture, mining and construction industries amongst others.

Inflation: During the third quarter of 2023 CPI went down to an average 5.0% compared to 6.2% in the second quarter of 2023. On year-to-year basis the CPI drop from 7.6% in the third quarter of 2022 compared to 5.0% in same quarter of 2023. Food inflation decreased to an average 8.7% in the third quarter of 2023 compared to 12.5% in the second quarter of 2023.

Employment: the total number of those employed in the country increased by 399 000 to 16,7 million in the third quarter compared with 16,3 million in the second quarter of 2023. According to Agriculture, Land Reform and Rural Development Minister Thoko Didiza, the statistics show that this is the highest employment figure in the sector since the start of democracy. The last time the agricultural sector recorded a million jobs was in 1993, the era which was underpinned by subsidies.

The grain market review section: Reflects on quarterly price trends (domestic and international) and supply and demand of the following major products produced in South Africa: maize, wheat, soya bean, sorghum, sunflower and groundnuts, as well as the fruit and vegetable and meat industry reviews.

Trade: During Q3: 2023, South Africa's agricultural trade balance grew by 16.9% relative to Q3: 2022. The export value of agricultural products grew to R 72 billion in Q3: 2023, up by 14.9% relative to Q3: 2022. While the import value of agricultural products grew to R 32.7 billion in Q3: 2023, up by 12.6% relative to Q3: 2022.

1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

1.1 Global Real GDP Growth Rates

According International Monetary Fund (IMF), world economic outlook report (October 2023), it indicates that the global growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000–19) average of 3.8%. Advanced economies are expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1% in 2022 to 4.0% in both 2023 and 2024. The real GDP growth Rates for 2023 (Q3) in the advanced economies of the following countries: Canada, France, Germany and Japan, decreased by 0.3%, 0.1% and 0.7% respectively, while Italy, and United Kingdom increased by 0.1% and 1,3% respectively, when compared to the third quarter of 2022 (Q3). See figure 1 below.

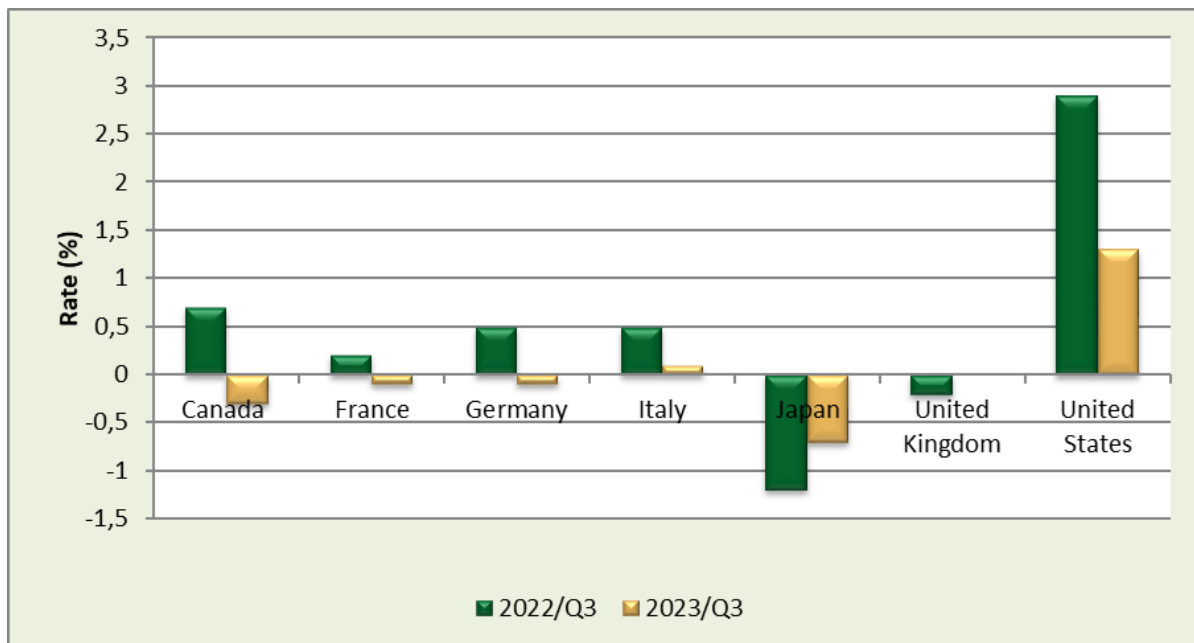


Figure 1: Advanced Economies Quarterly GDP Growth Rates
Data Source: Various Sources

Figure 2, Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2023 (Q3) increased in the following countries: Brazil, China,

India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 2.0%, 4.4%, 7.6%, 4.94%, 3.3%, 5.9%, 2.54%, and 5.5%, respectively, while South Africa decreased by 0.2% when compared to the third quarter of 2022 (Q3) last year figures.

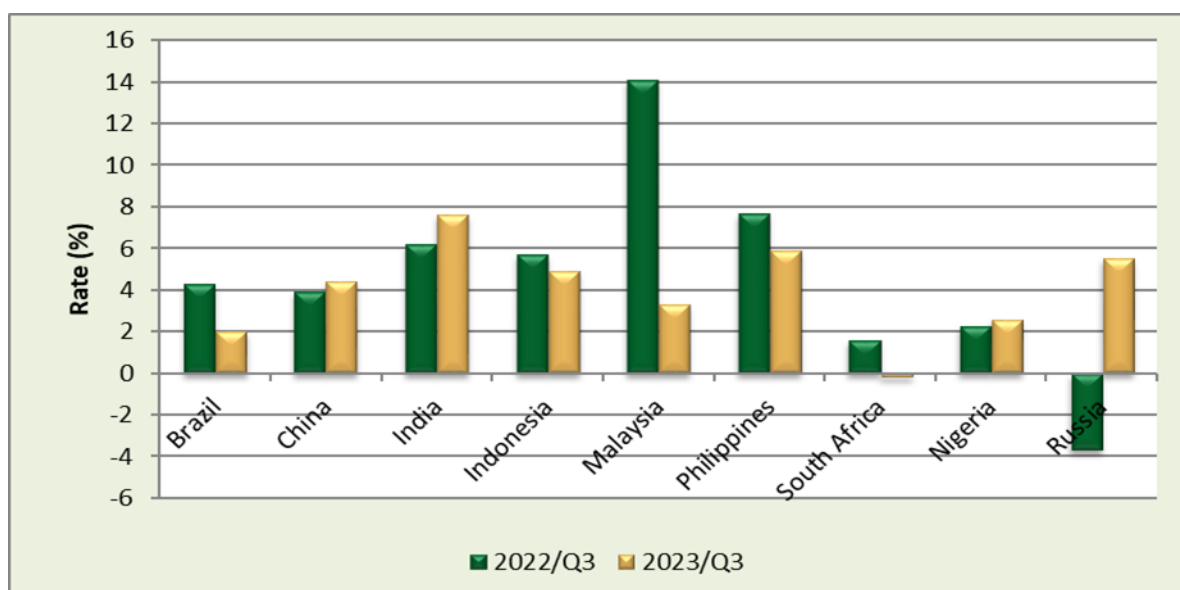


Figure 2: Emerging Markets and Developing Economies Quarterly GDP Growth Rates

Data Source: Various Sources

1.2 Global Grain forecast

The global grain supply forecast indicates a total grain increase of 0.6%, from 3.561 million metric tons in 2022 (Q3) to 3.582 million metric tons in 2023 (Q3). Global supply projections for 2023 (Q3) of rice milled decreased by 0.6%, while wheat, coarse grains, cotton, oilseeds, oil meals and vegetable oils increased by 0.5%, 1.1%, 2.6%, 4.3%, 1.1% and 2.6% respectively, when compared to the third quarter of 2022, see figure 3 below.

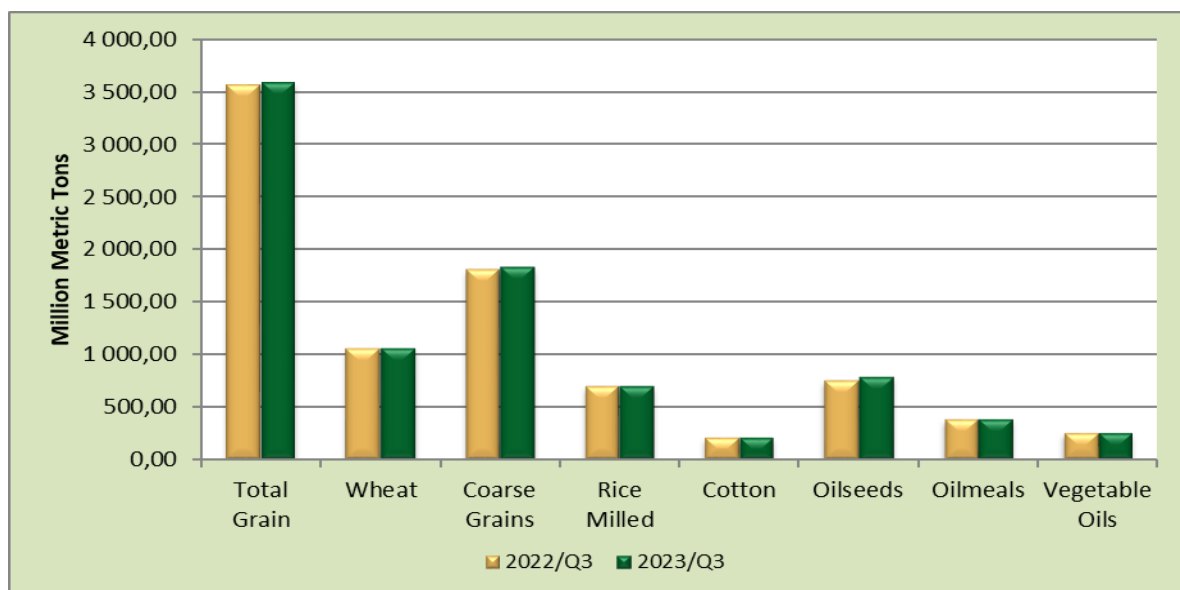


Figure 3: Quarterly global grain supply forecast
Data Source: USDA

1.3 Global Food Prices

Globally in 2023 (Q3) some major countries were paying lower by 11.4% on food purchases compared to 2022 (Q3). The following global food products price indices in 2023 (Q3), meat, dairy, cereals and oils indices shows a decrease of 5.0%, 22.2%, 14.4% and 22.3% respectively, whilst and sugar indices shows an increase of 37.3% when compared to (Q3) of 2022, see figure 4.

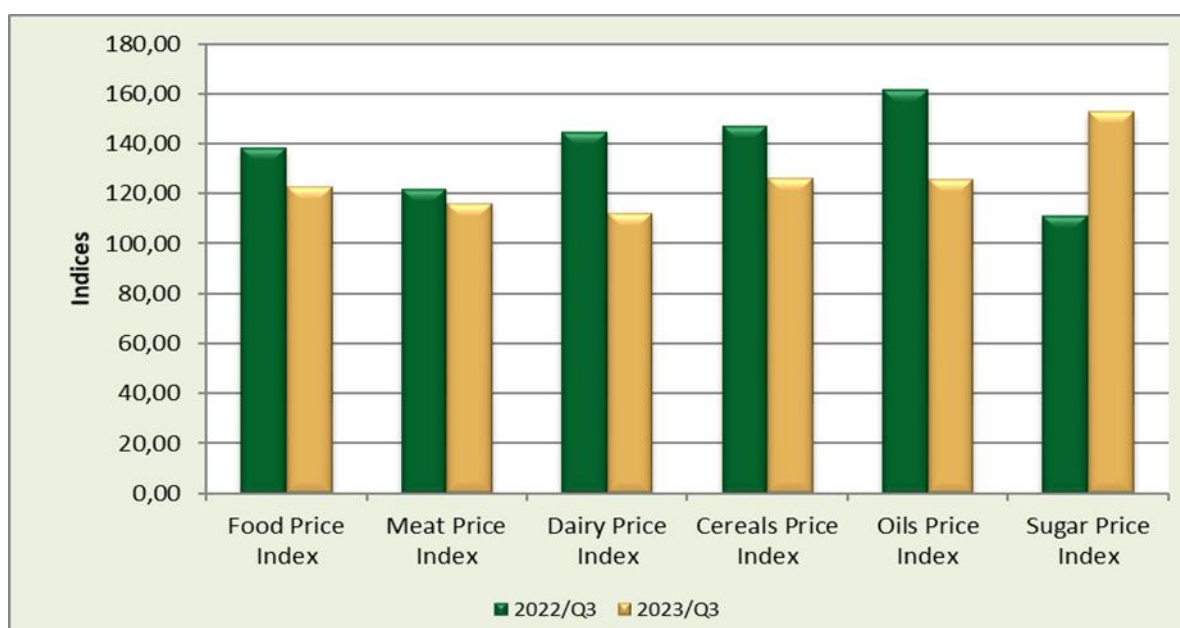


Figure 4: Quarterly global food price indices
Data Source: FAO

2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE

2.1 Growth

After two consecutive quarters of growth in the first half of the year, South Africa's gross domestic product (GDP) decreased by 0.2% in the third quarter of 2023 as five industries recorded negative growth between the second quarter and the third quarter of 2023. There is noticeable biggest output fell in the agriculture, mining and construction industries amongst others. The 0.2% contraction between the two quarters seasonally adjusted terms was slightly larger than the 0.1% predicted by analysts polled by Reuters. The agriculture industry declined by 9,6%, driven lower mainly by field crops, animal products and horticulture products. The industry encountered several headwinds in the third quarter, including the outbreak of avian flu and the floods in Western Cape. Weaker demand saw manufacturing production decline by 1,3%. The food & beverages and petroleum & chemical divisions were the biggest drags on manufacturing growth in the third quarter. The outbreak of avian flu had a negative impact too, affecting the production of chicken-related products. Weaker activity from agriculture and manufacturing had a knock-on effect on wholesale trade, contributing to a 0,2% decline in the trade, catering & accommodation industry. The construction industry weakened further by 2,8%, recording a second consecutive quarter of decline. Decreased activities were reported for residential buildings, non-residential buildings and construction works. Mining production declined by 1,1%, with downward pressure from platinum group metals, gold, 'other' metallic minerals and manganese ore.

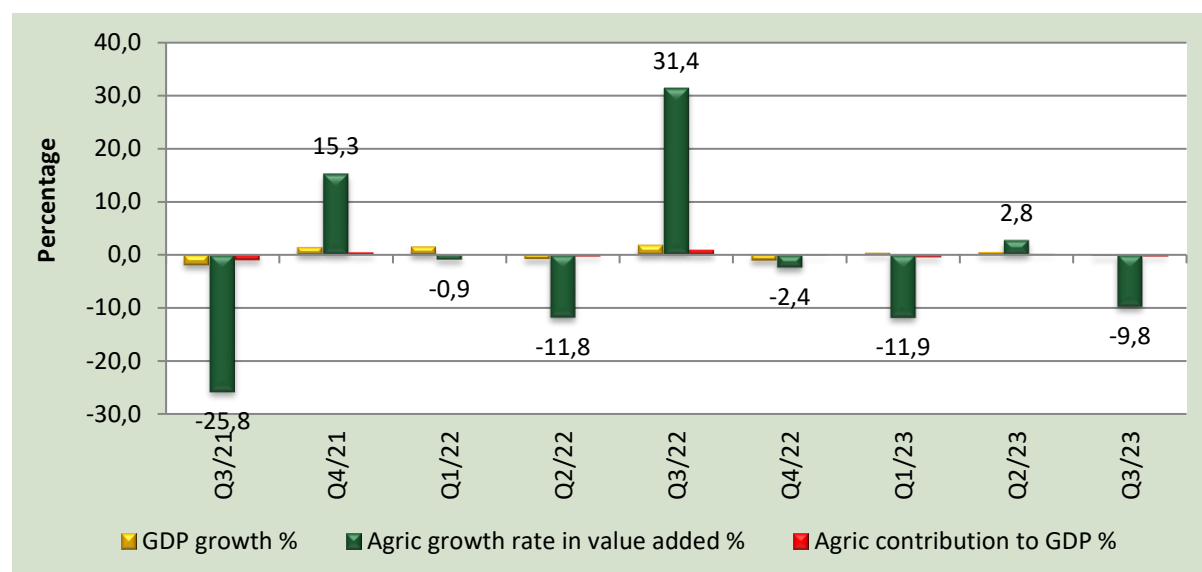


Figure 5: The GDP growth and Agriculture contribution to the GDP growth 2021: Q1 and 2023: Q1
Source: Stats SA

2.2 Inflation

Figure 6 shows that Annual consumer price inflation (CPI) was 4.7% in July, 4.8% in August and increased to 5.4 in September 2023. During the third quarter of 2023 CPI went down to an average 5.0% compared to 6.2% in the second quarter of 2023. On year-to-year basis the CPI drop from 7.6% in the third quarter of 2022 compared to 5.0% in same quarter of 2023. Meanwhile food inflation decreased to an average 8.7% in the third quarter of 2023 compared to 12.5% in the second quarter of 2023. The main contributors to the average 5,0% annual inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services.

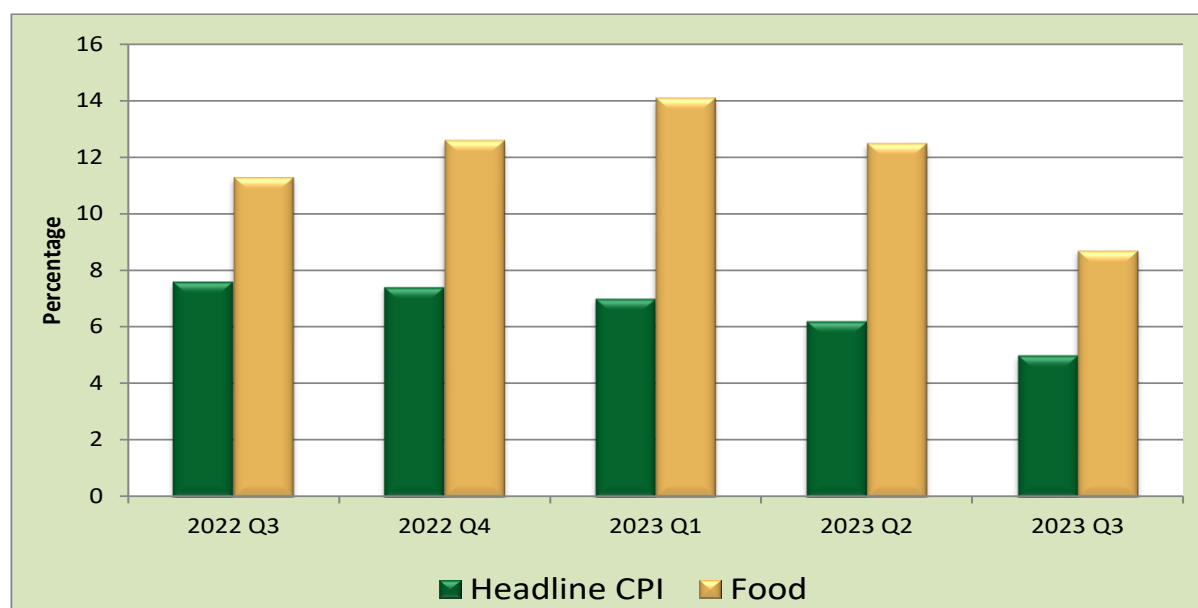


Figure 6: The headline consumer price index and food prices 2022: Q1 and 2023: Q1
Data Source: Stats SA

Figure 7 illustrate that in the third quarter of 2023 the main contributors to the average quarterly 5.0% inflation rate were food and non-alcoholic beverages increased by an average 8.7% in the third quarter down from an average 12.5% in the second quarter of 2023. During the same period vegetables as well as bread and cereals increased by 16.8% and 10.7% respectively compared to 21.6% and 18.1% in the previous quarter. Fish, fruit, and meat, as well as milk, eggs and cheese also increased by 8.6%, 4.3%, 4.2% and 12.5% respectively during the same period. Meanwhile oils and fats has decline by 11.4% in the third quarter of 2023 compared to a decline of 0.7% in the previous quarter.

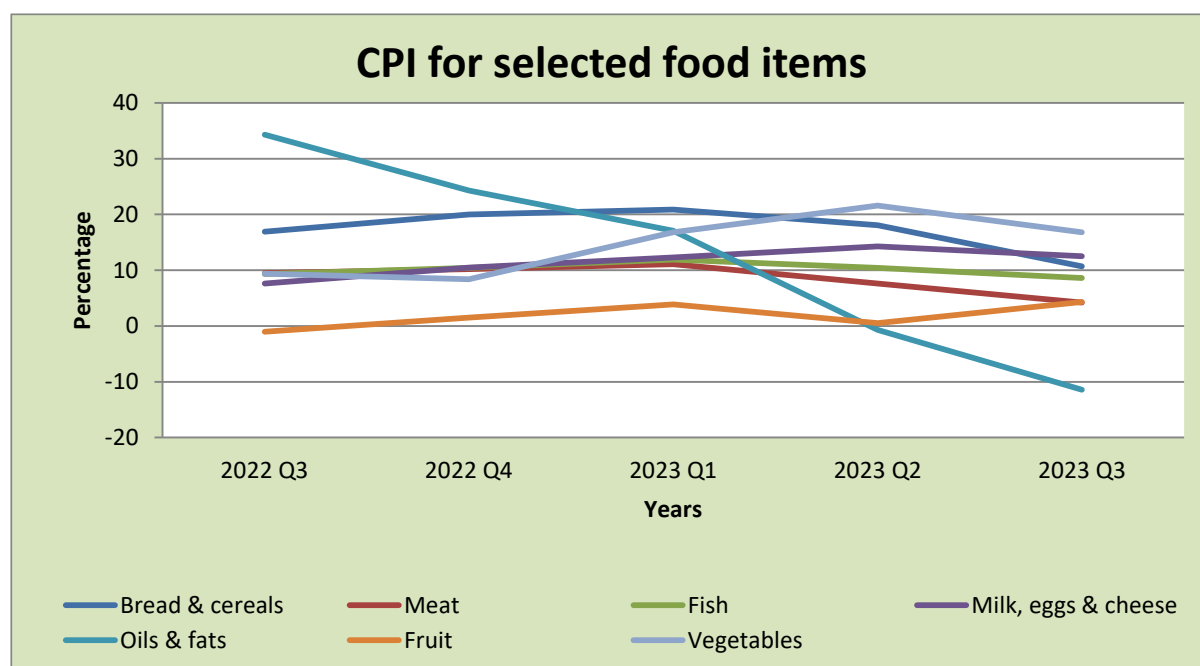


Figure 7: CPI for selected food items

Data Source: Stats SA

2.3 Employment

Figure 8 shows that the latest data of the latest Quarterly Labour Force Survey (LFS) the total number of those employed in the country increased by 399 000 to 16,7 million in the third quarter compared with 16,3 million in the second quarter of 2023. The survey showed a slight decline in the official unemployment rate, from 32,6% in the previous quarter to 31,9% in the third quarter. With the creation of approximately 61 000 new jobs in the third quarter, the total employment in agriculture has now increased to 956 000. According to Agriculture, Land Reform and Rural Development Minister Thoko Didiza, the statistics show that this is the highest employment figure in the sector since the start of democracy. The last time the agricultural sector recorded a million jobs was in 1993, the era which was underpinned by subsidies. The latest figures suggest that the economy is gradually recovering and starting to create jobs. The agricultural sector has demonstrated its resilience and capability to support the overall South Africa's economic recovery and growth, both in terms of jobs creation and contribution to the economy. The positive jobs in agriculture attest to the continuous commitment by government, industry, labour, and other value-chain players to implement inclusive growth and job-created measures contained under the Agriculture and Agro-processing Master Plan. The resuscitation of agriculture in rural areas and continued expansion of export opportunities are among the enablers that have brought growth and stability in the sector.

Paul Makube, senior agricultural economist at FNB Commercial, said the LFS data confirmed the resilience of agriculture, making significant improvement in employment in the sector. The agriculture sector was boosted with an addition of 61 000 jobs quarter-on-quarter (7% q/q) and 82 000 jobs year-on-year (10% y/y) to 956 000 people in the third quarter of 2023. This is despite the tough operating environment characterised by disease outbreaks and infrastructure challenges, such as a dilapidated road network. At current levels, employment in the primary agriculture sector is well above the longer-term trend of 793 000. Makube believed that there was a good regional spread of new jobs with gainers being the Western Cape, Eastern Cape, Northern Cape, KwaZulu-Natal, Northwest, and Gauteng. The Free State, Mpumalanga, and Limpopo, however, saw losses in employment numbers. An uptick in employment numbers is a step in the right direction in helping fight the scourge of unemployment in the country. Agriculture has the potential to add more jobs, and this may be realised if impediments to growth are addressed by expediting the improvement of efficiencies in ports, fixing the rail system to ensure bulk agriculture produce gets back on rail, and repairing road infrastructure that has proven costly for producers. Moreover, the seasonal outlook has improved significantly as the El Niño scare seems to have dissipated with forecasts still calling for rains in the early part of the current crop season which bodes well for agriculture.

Between the third quarter of 2022 and the same quarter of 2023, the number of employed people increased in almost all industries except manufacturing and utilities which decreased by 7.5% and 2.9%. During the same period industries such as finance, construction and agriculture increased significantly by 19.1%, 11.0% and 9.5% respectively. Meanwhile mining, private household, transport, trade, as well as community, and social services increased by 0.5%, 2.6%, 2.9%, 4.5%, 4.5%, and 6.1% respectively.

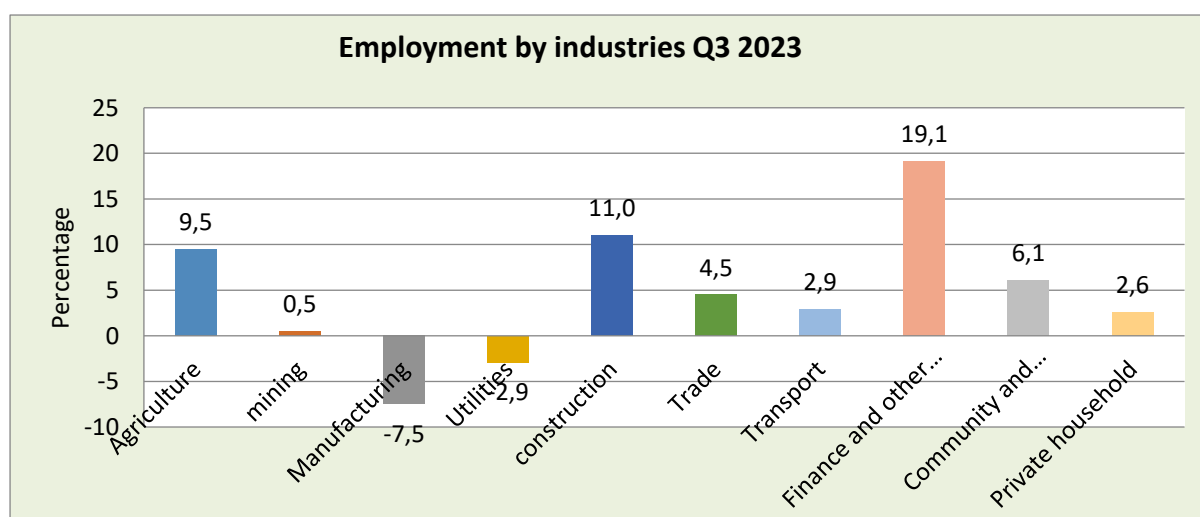


Figure 8: Total number of people employed by industries in 2023: Q1.

Source: Stats SA

Figure 9 illustrate that the number of people employed in agricultural sector increased to 956 000 in the third quarter of 2023, from 873 000 people in the same quarter of 2022, which represent an increase of 9.5%. Off the 82 000 jobs created by the sector, 64 000 jobs were created for men while 19 000 were created for women between the two quarters. During the same period in total, the agricultural sector has 656 000 men and 299 000 women compared to 592 000 men and 280 000 women. Also, on quarter-to-quarter the number of people employed in agriculture sector also increased by 6.8%, from 894 000 in the second quarter of 2023 to 956 000 in the third quarter of 2023.

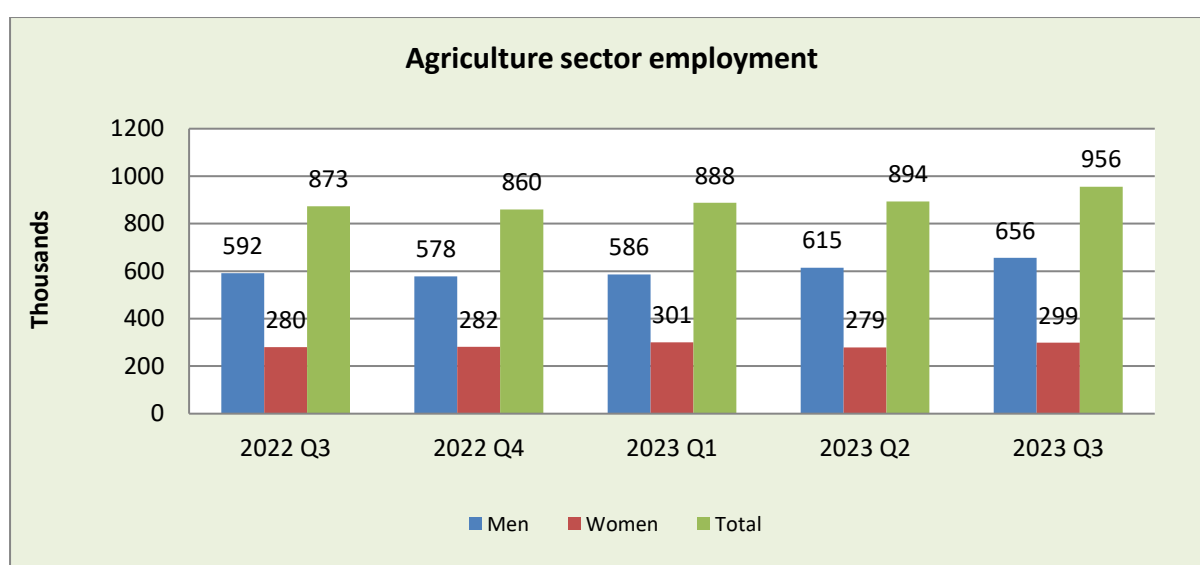


Figure 9: Total number of people employed in the agriculture sector between 2022: Q1 and 2023: Q1: Source: Stats SA

Figure 10 shows that between the third quarter of 2022 and the same quarter of 2023, provincial agriculture employment decreased in only three provinces Free state, Mpumalanga, and Limpopo 30.5%, 6.4% and 1.4% respectively. Meanwhile provincial agriculture employment increased significantly in Northwest, Northern cape, KwaZulu-Natal, Western cape, and Eastern Cape increased by 49.8%, 46.6%, 26.3%, 17.3% and 15.9% respectively. While provincial agriculture employment in Gauteng increased slightly by 2.1%. During the same period (QLFS) publication also indicate that 2.2 million people were involved in subsistence farming compared to 2.1 million people, a decrease of 1.9%. KwaZulu-Natal, Eastern Cape, and Limpopo remained with the highest number of people involved in subsistence farming.

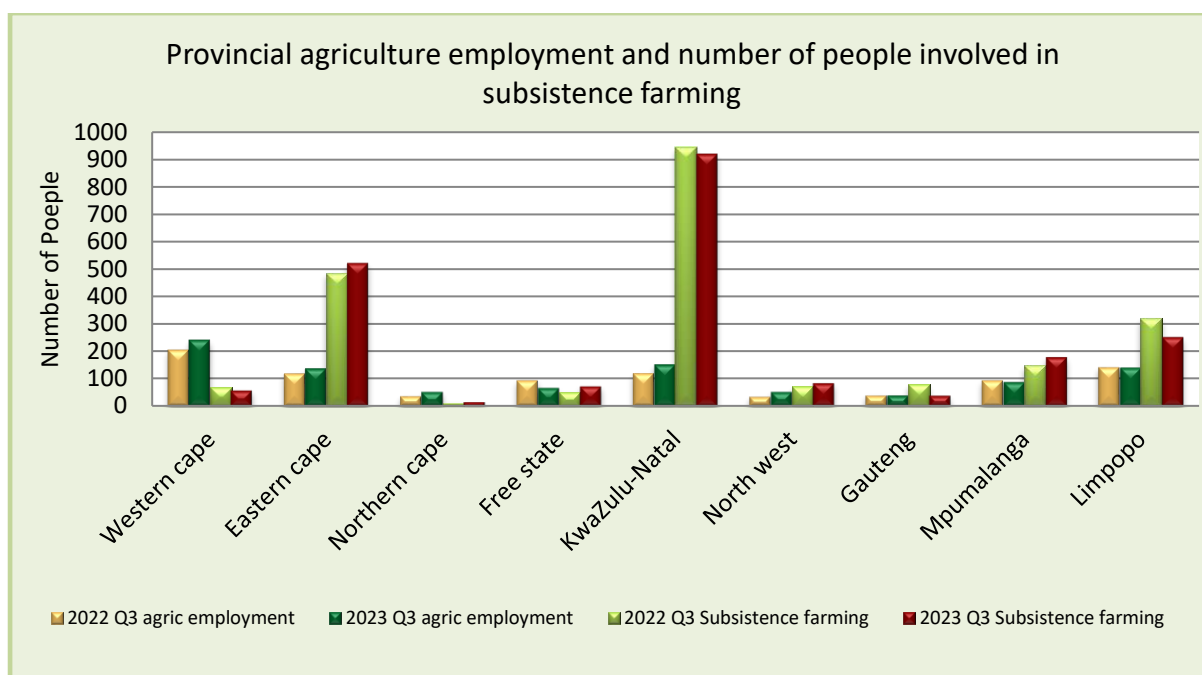


Figure 10: Provincial agriculture employment and subsistence farming between 2022: Q1 and 2023: Q1,
Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

The total expenditure on intermediate goods and services was reported at R 64 030 010 in the second quarter of 2023. From the amount reported in first quarter of 2023 of R61882 441 this represents 3% increase on quarter to quarter. A year ago, the total expenditure on intermediate goods and services in the second quarter of 2022 was reported 57 005 628, this is 12,3% increase compared to the amount reported in the second quarter of 2023.

Figure 11 shows comparison of the total expenditure on farm services, farm fuel, fertilizers, seeds, and plants as well as farm feeds over the years from 2020. Comparing the third quarter of 2023 to the previous quarter (Q2 2023), fuel and farm services decreased by 8% and 16,7% respectively. Farm feeds increased by 4,2% whilst seeds and plants, increased by notable 50%. Over a period of a year ago, between third quarter of 2022 and third quarter of 2023, all farm expenditures increased farm services, fuel, fertilizers, plants and seeds and farm feeds recorded an increase of 6%,5%, 22%, 10% and 20% respectively.

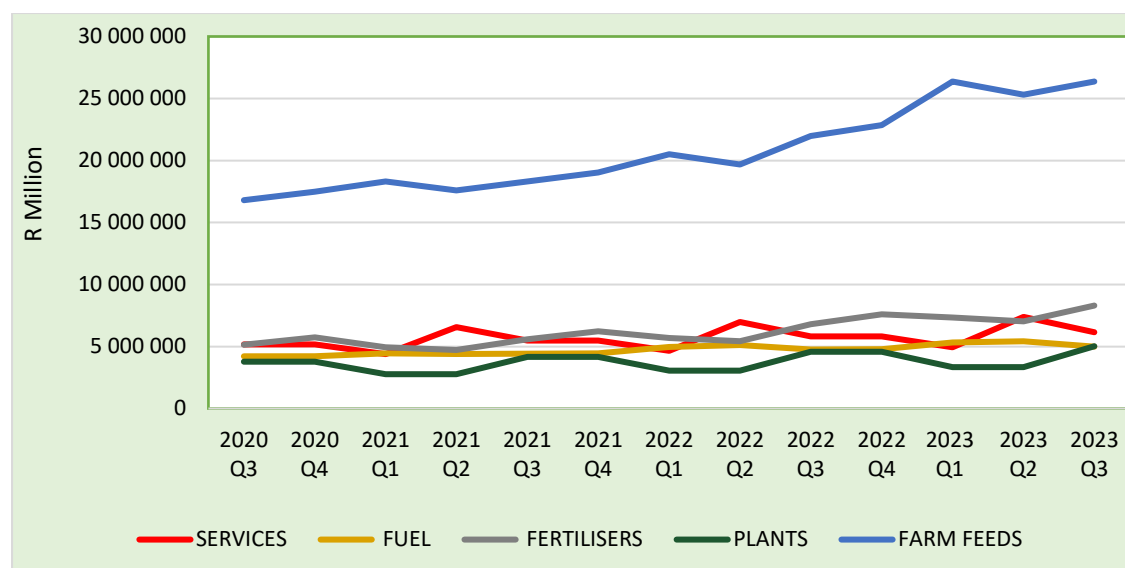


Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q3 and 2023: Q1

Source: DALRRD

2.5 fertilizer market review

2.5.1 South African fertiliser expenditure

Figure 12 illustrates the expenditure of the fertiliser. In the third quarter of 2023 the expenditure on fertilizer was R 8 301 431 million, compared to 7 024 288 million, in the second quarter of 2023, this represents a 18% increase on expenditure of fertilisers. R 8 301 431 million in the third quarter of 2022 when compared to same period a year ago R 6 804 452 represents 22% increase. See Figure 12.

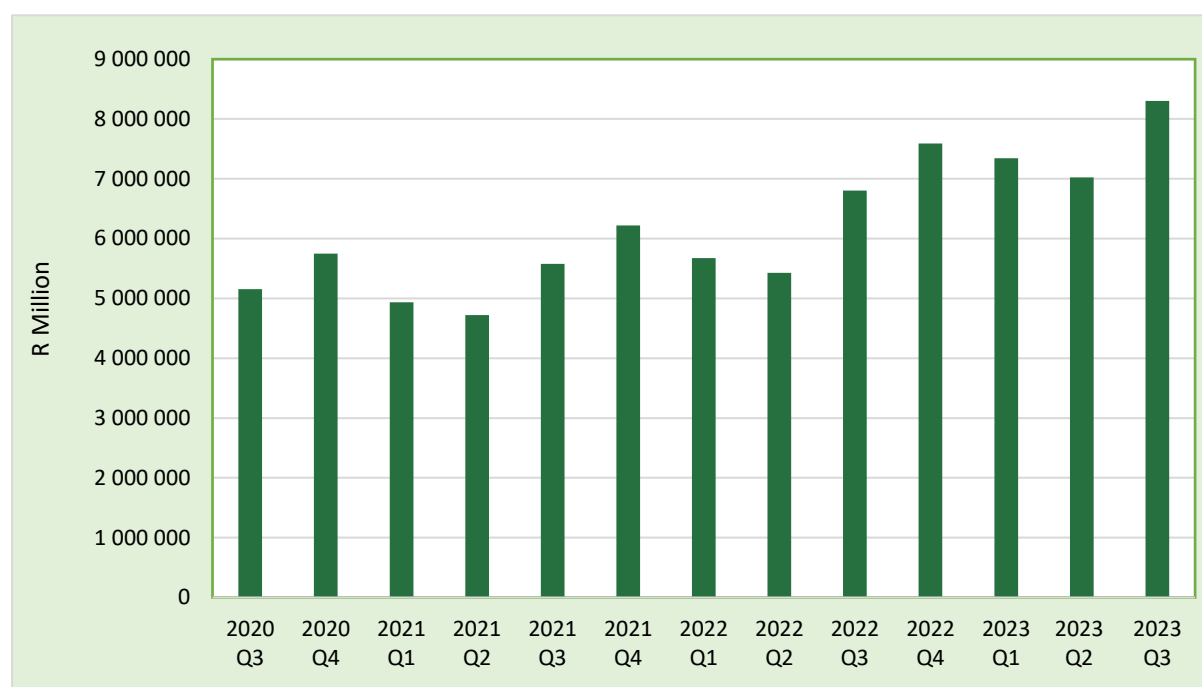


Figure: 12 South Africa fertiliser expenditure
Source: Grain SA

2.6 Nominal gross farm income and net farm income from agricultural products

The figure 13 illustrate that the gross income from all agricultural products decreased by 11.1% to R110.6 billion in the third quarter of 2023 from R124.4 billion in the third quarter of 2022. Meanwhile the net farm income is estimated at R23.3 billion in the third quarter of 2023 compared to R45.3 billion in the same quarter of 2022, a huge decline of 48.6%. During this period the decrease in net farm income was due to a significant 36.0% decrease in income from field crops, while animal products and horticulture increased by 4.0% and 3.8% respectively.

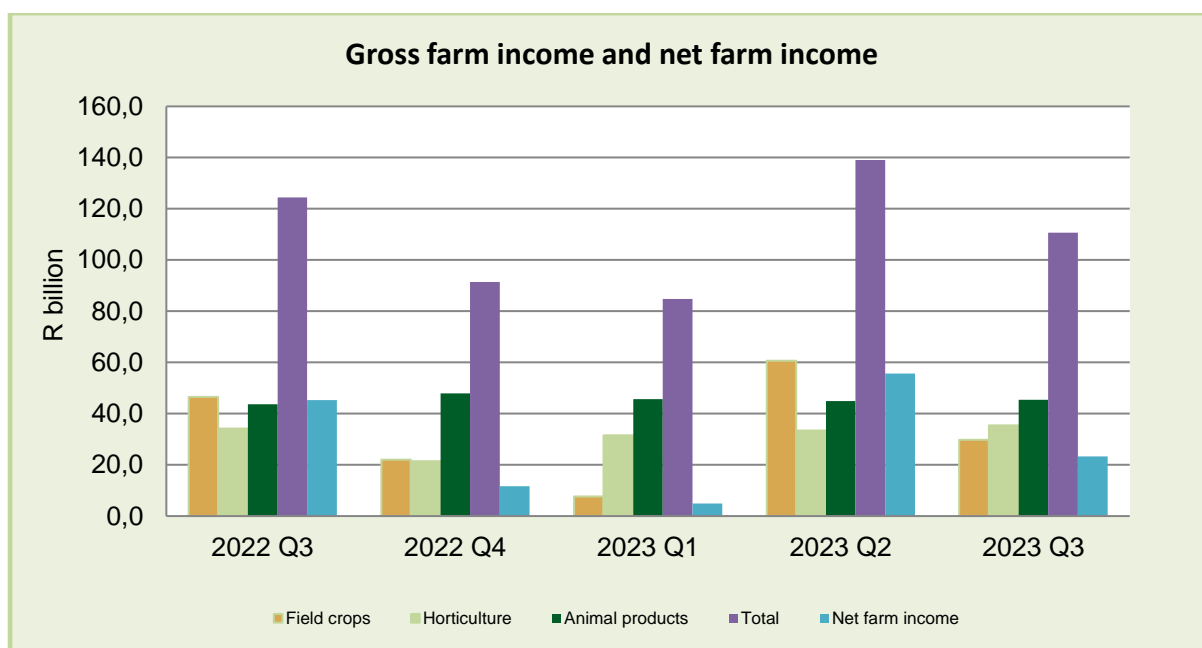


Figure 13: Trends in nominal gross farm income between 2021: Q3 and 2022: Q3
Source: DALRRD

2.9 Reviews of South Africa's water dam levels

South Africa's national dam levels recorded an average of 93% in Q3: 2023, up by 1.3% relative to Q3: 2022. In Q3: 2023, South Africa received below-normal rainfall in large parts of KwaZulu-Natal and North-West extending to adjacent areas of the Free State and Northern Cape. The remainder of the country received near-normal to above-normal rainfall in isolated areas. With the commencement of spring, large portions of the Free State, North-West, KwaZulu-Natal, and the central and northern regions of the Northern Cape experienced somewhat dry conditions, with isolated areas experiencing moderately dry conditions. Additionally, the southern adjacent areas of Mpumalanga and Gauteng, along with the northern parts of the Limpopo Province, faced somewhat dry to severely dry conditions.

According to the South African Weather Service (2023), the multi-model rainfall forecast indicates above-normal rainfall for most of the country during early spring months (Aug-Sep-Oct). Additionally, both minimum and maximum temperatures are expected to be above normal nationwide during this forecast period. However, the western parts of the country are predicted to experience below-normal rainfall, which will have a significant impact on the storage of surface water dams. As a result, various

interventions will be necessary, including changes in water consumption behaviour (SAWS, 2023).

On a quarter-on-quarter basis, South Africa's national dam levels decreased by 1.2% in Q3: 2023 relative to Q2. The continuous growth in water demands, coupled with infrastructure constraints, led to a steady increase in the system's water requirements. Additionally, the rise in service and industrial activities further exacerbated the situation. Unfortunately, storage levels have been consistently decreasing due to the impact of climate change, which has altered rainfall patterns in the region.

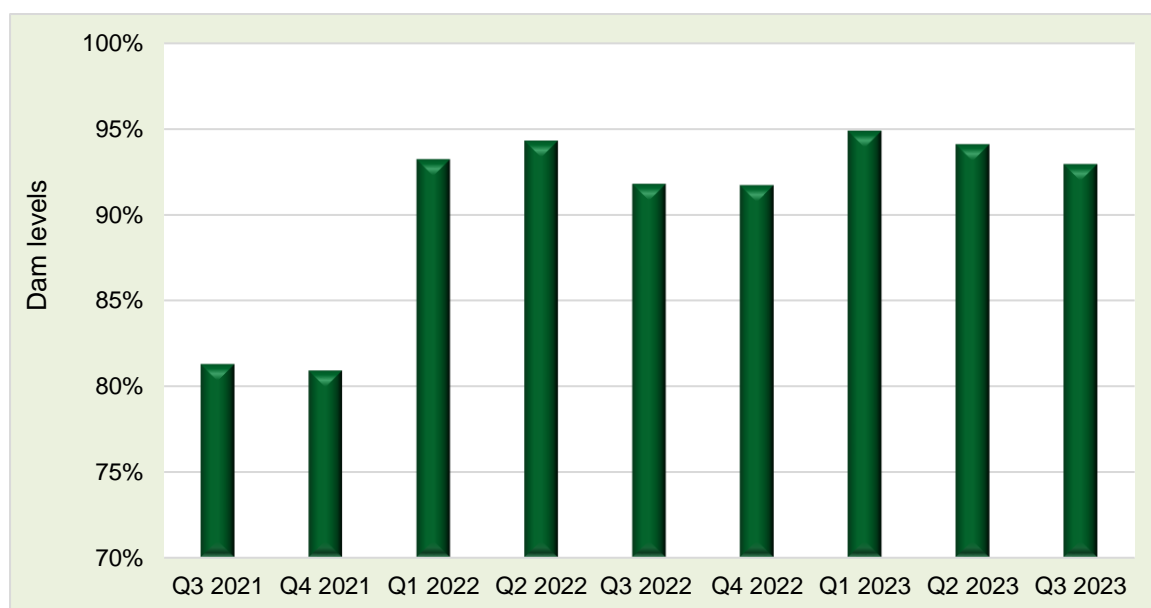


Figure 14: National dam levels

Source: Department of Human Settlements, Water and Sanitation

2.9.1 Provincial dam levels

During Q3: 2023, there was a variation in rainfall patterns compared to Q3: 2022. Some regions in the Eastern Cape and Western Cape received near-normal to above-normal rainfall. However, other areas in the Free State, Gauteng, KwaZulu-Natal, Limpopo, and Northern Cape experienced slightly dry conditions to reasonably dry conditions.

Dam levels in the Free State Province declined by 2.7% in Q3: 2023 relative to Q3: 2022, dropping to an average of 96% from an average of 99%. Despite a slight decline in the dam levels of the Free State, the current favourable condition of dams is

anticipated to sustain consumers during the spring and summer seasons. This is subject to the usage patterns of consumers and the preservation techniques implemented by municipalities, some of which are facing financial obligations to the Department of Water and Sanitation. Similarly, dam levels in Gauteng declined by 1.5% in Q3: 2023 relative to Q3: 2022, to an average of 97% from an average of 99%. The Department of Water and Sanitation appealed to Gauteng residents to practice water conservation due to a shortage on Rand Water's end, caused by a substantial rise in water consumption.

Dam levels in Limpopo Province decreased marginally, by 0.5% in Q3: 2023 relative to Q3: 2022. The Polokwane Water Supply System that has dams supplying water to Polokwane and surrounding areas experienced a slight decrease in Q3: 2023 while significant rainfall events were confined to the eastern regions of Limpopo. Dam levels in the Northern Cape declined by 13.0% in Q3: 2023 relative to Q3: 2022, to an average of 90% from an average of 104%. The Northern Cape is the worst-affected province with a drastic decrease in its dam water levels.

Dam levels in the Eastern Cape increased to an average of 80% in Q3: 2023, up by 14.5% relative to Q3: 2022, which can be attributed to the showers that generously drenched certain regions of the province. Furthermore, these heavy downpours played a crucial role in elevating the dam levels in the drought-affected areas of the Nelson Mandela Bay metro. Dam levels in Kwa-Zulu Natal increased by 0.6% in Q3: 2023 relative to Q3: 2022, to an average of 89% from an average of 88%. While majority of the dams in Kwa-Zulu Natal remain in good levels, certain areas are in need of substantial rainfall to replenish their levels.

Dam levels in Mpumalanga increased by 2.9% in Q3: 2023 relative to Q3: 2022, to an average of 97% from an average of 94%. Despite the improvement in most listed dams and water management areas in the province, the Department of Water and Sanitation urged the community to use water sparingly and refraining from water wastage. Dam levels in the Western Cape increased by 34.7% in Q3: 2023 relative to Q3: 2022, to an average of 92% from an average of 68%, due to the disruptive heavy rainfall. The hydrological report on the 26th of September 2023 indicates significant improvement across the Western Cape dam system.

Dam levels in the North West Province increased by 10.9% in Q3: 2023 relative to Q3: 2022, to an average of 87% from an average of 79% and analysts hope that the received downpours will recharge dams in the nearby catchments.

Despite the progress made in the national water levels during Q3: 2023 in comparison to Q3: 2022, the Department of Water and Sanitation continues to emphasize the importance of water users exercising caution in their water usage.

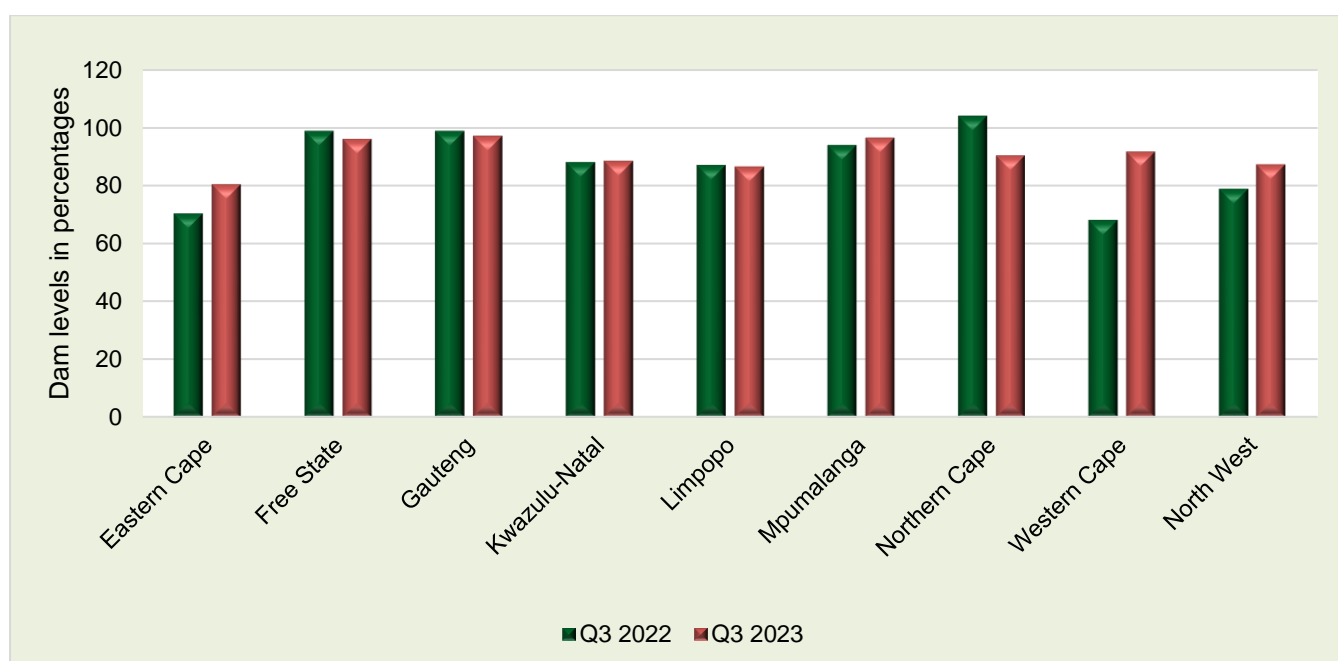


Figure 15: Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

Figure 16 shows Provincial dam levels from Q3: 2022 to Q3: 2023. Comparing Q3: 2023 to Q2, there was a decline in dam levels in most provinces. Specifically, dam levels in the Free State Province, Gauteng, Kwa-Zulu Natal, Limpopo, Mpumalanga, Northern Cape and North West decreased by 4.0%, 2.0%, 2.5%, 2.8%, 2.3%, 0.5%, and 2.7% respectively, quarter-on-quarter. This decline can be attributed to moderately dry conditions in small isolated areas of these regions.

Meanwhile, dam levels in the Eastern Cape and Western Cape increased by 3.4% and 53.9% respectively in Q3: 2023 relative to Q2, due to significant rainfall events that were confined to these regions.

The Department of Water and Sanitation urged water users to be prudent in the way they utilise water and to continue with water saving efforts to ensure sustenance of livelihoods and to boost the economy as well as to ensure that water levels of the systems carry on being stable. The Department continues to work closely with the provincial government to implement measures to alleviate water scarcity challenges.

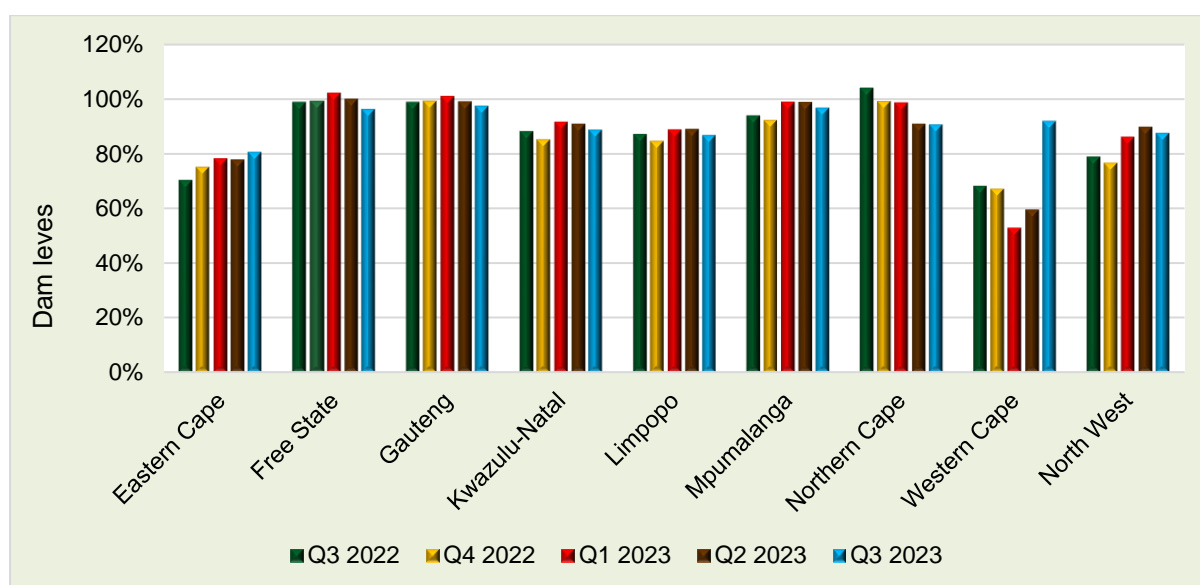


Figure 16: Average dam levels from Q2:2022 to Q2: 2023

Source: Department of Human Settlements, Water and Sanitation

3. Review of Agricultural Markets

3.1 Grain market review

3.1.1 White and yellow maize

White maize final production estimates for 2023 has been adjusted downward by 1.6% from the previous quarter estimate, while yellow maize final estimate has been upgraded by 1.6%. Compared to the previous quarter estimate white and yellow maize for the 2023 season is 8.3% and 2.3% higher than it was in 2022.

Table 1: White Maize Production and Demand outlook

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Foreca:
Opening Stcok	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7 850 000	8 499 965
Imports	0	72531	630619	41797	0	0	0	7583	0	0
Total Supply	8653905	6845062	5803778	10942090	10199675	8141119	9211515	10911271	9255287	9 582 605
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	8465901	6598138	6974905
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	1 325 000	1 130 000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	9445734	8 172 647	7916920
Closing Balance	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 665 685

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Foreca:
Opening Stcok	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7 850 000	8 637 950
Imports	0	72531	630619	41797	0	0	0	7583	0	0
Total Supply	8653905	6845062	5803778	10942090	10199675	8141119	9211515	10911271	9255287	9 720 590
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	8465901	6598138	6974905
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	1 325 000	1 080 000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	9445734	7 923 138	8054905
Closing Balance	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 332 149	1 665 685

Source: DALRRD, NAMC, Sagis.

White maize exports are expected to decrease by 18.5% an upward revision of 2.9% from the previous forecast. Yellow maize exports have been revised downwards by 4.9% from the previous forecast and are expected to end the year at 8.5% lower than last years' exports.

Table 2: Yellow Maize Production and Demand outlook

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Foreca:
Opening Stcok	678315	1289624	1097224	875351	1847267	1618654	1285087	1128098	658 682	871 291
Production	6540000	5220000	4370000	6904000	5970000	5730000	6752500	7715000	7 597 450	7895260
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0	871291
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8256132	9 637 842
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	4477346	5085310	5323294
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000	2 225 000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	8 184 416	7 384 841	8463295
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	658682	871 291	1 174 547

Source: DALRRD, NAMC, Sagis.

Figure 17 below shows the price of white maize increased by 0.7% while the yellow maize price decreased by 1.7% compared to the previous quarter (quarter-on-quarter basis). Compared to the previous year(year-on-year) the white and yellow maize were 16.5% and 15.9% lower than they were in 2022 same quarter. The high 2023 crops locally and predictions favouring above-normal rainfall conditions in South Africa during the 2024 panting season; brought maize prices down.

Internationally, the good maize crop conditions in the US, Mexico, Canada, Russian Federation, China, India countered the mixed conditions in EU and Argentina also put a halt on maize price from rising. Maize price trajectory from the farm up to the retail level. Maize products at the retail level were mixed during the quarter although there is a steady downward trajectory evidenced on the graph.

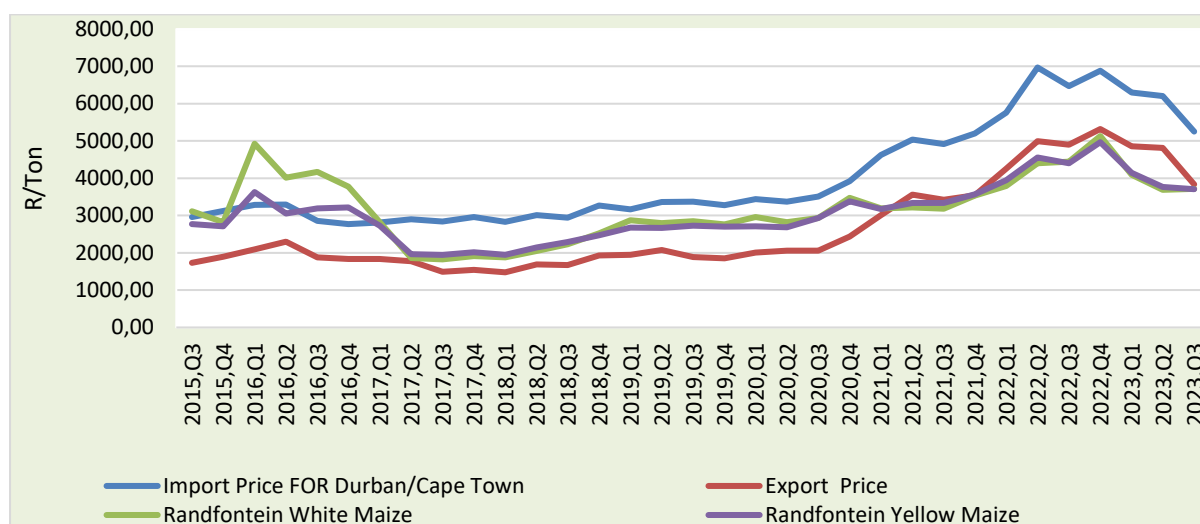


Figure 17: Maize prices
Source: DALRRD, Safex, World bank

The retail maize price statistics are no longer available for 1kg Super maize meal and 2.5kg Super maize meal, as new product lines are used since January 2022. New product lines reported will be on the price of 2.5kg and 5kg maize meal, which the graph below show the retail price of a 2.5kg maize decreased by 2.8%, while the price of a 5kg bag of maize increased by 0.5% on a quarter-on-quarter basis(q/q). On a year-on-year(y/y) basis the price of a 2.5kg maize and 5kg maize increased by 12.9% and 13.1% respectively.

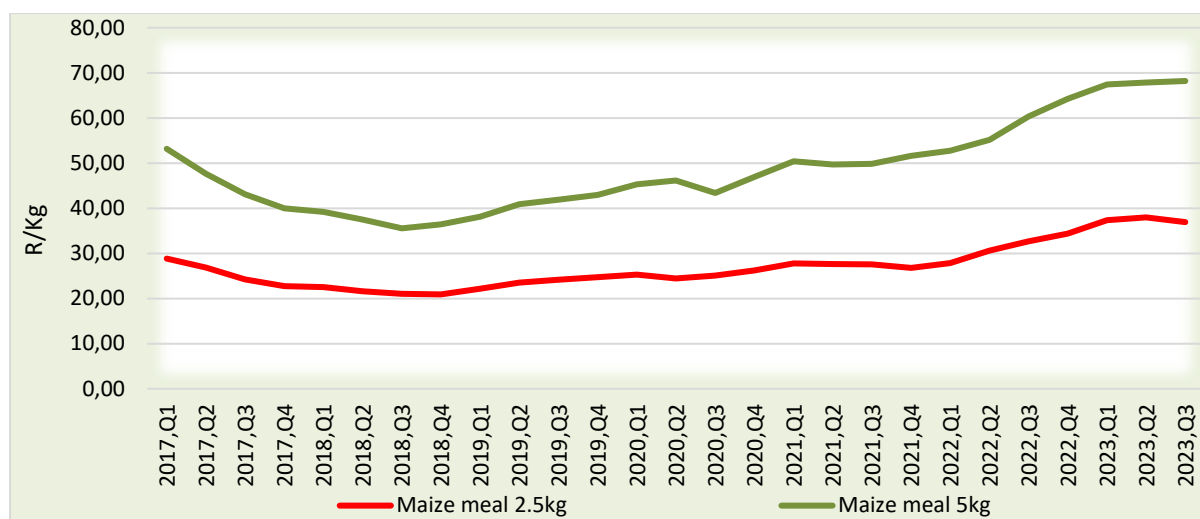


Figure 18: Retail prices vs white maize seed prices

Source: Safex/Stats SA

3.1.2 Wheat

Figure 19 shows the price trends of domestic wheat price and international parity prices for the period 2019: Q3 to 2023: Q3. The domestic wheat price traded at R 6460,94 /ton in 2023: Q3, 2,6% lower compared to previous quarter 2 of 2023. Wheat import and wheat export parity price traded at R 6931,17/ton R 5470,59/ton which represent a decrease in price by 10,4% and 11,5% respectively in 2023: Q3 relative to the previous quarter.

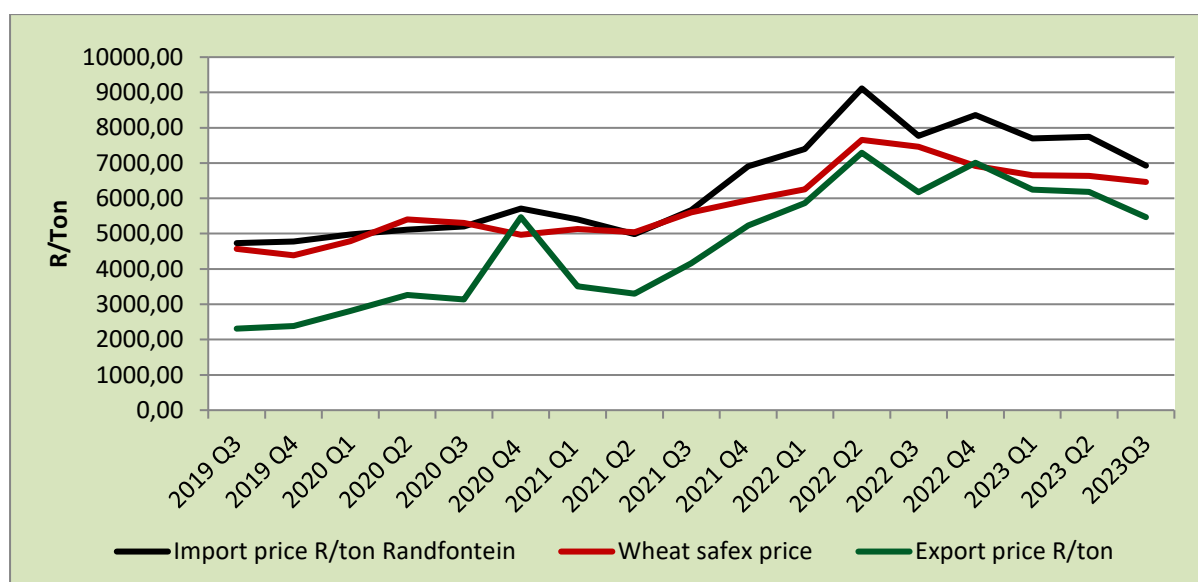


Figure 19: Wheat safex price, export parity price and Import parity price

Source: Sagis/Safex

Figure 20 depicts retail bread prices versus wheat Safex price from 2019: Q1 to 2023: Q3. Consumers paid more for wheat by-products in 2023: Q3 compared to the previous quarter 2023: Q2. The price of selected wheat by-products white bread 700gr and brown bread 700gr by 2,38% and 1,10% respectively. Whilst the price of flour cake 2.5kg and flour bread 2.5kg increased by 1,78% and 1,87% respectively in 2023: Q3.

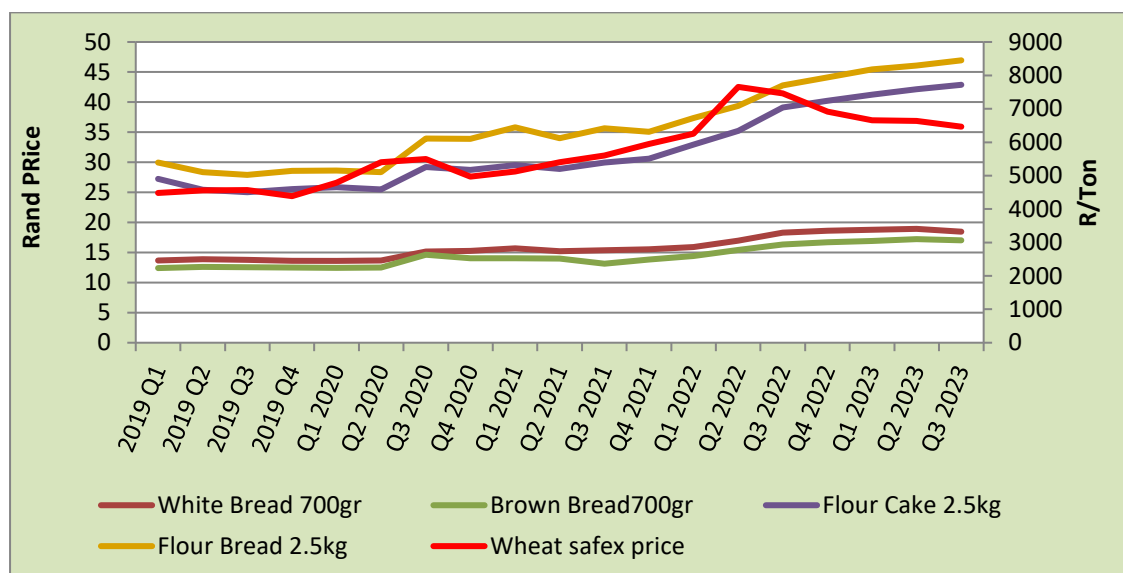


Figure 20: Retail bread price vs wheat import price
Source: Stats SA & Safex

Figure 21 depicts the supply and demand of wheat from 2021: Q1 to 2023: Q3. South Africa's wheat deliveries for 2023: Q3 increased by 16% compared to the same period a year ago in 2022: Q3. On the other hand, exports, and imports also increased by 6,0% and 76% respectively. Whilst local demand when compared to values a year ago decreased by 45% On quarter-to-quarter basis Q3:2023 and Q2:2023 Producer deliveries and local demand decreased by 38% and 94% respectively. While imports and exports increased by 128% and 833% respectively when compared to previous

quarter.

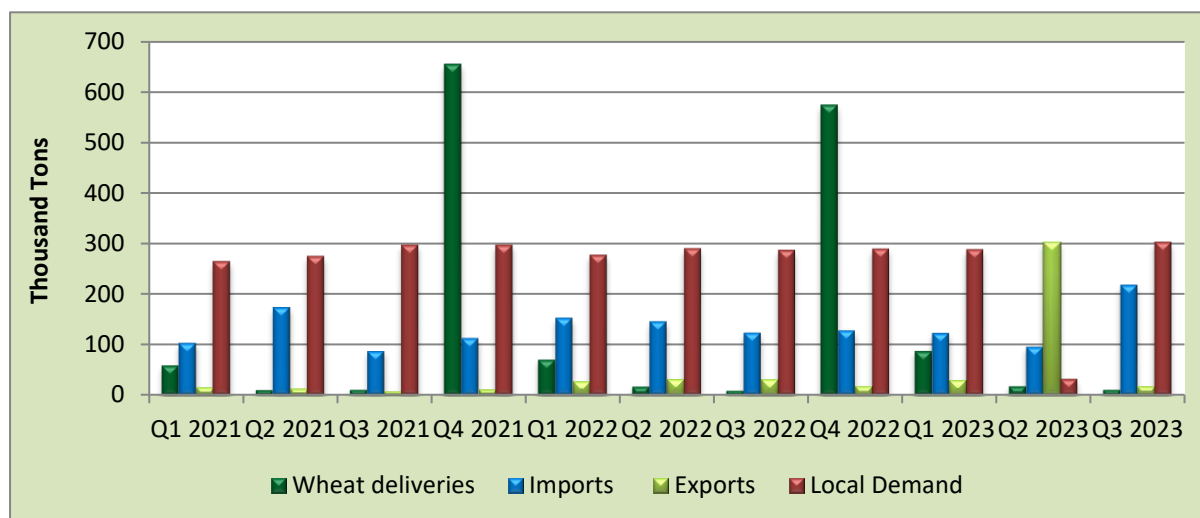


Figure 21: Wheat deliveries, Imports, Exports and local demand
Source: Stats SA & Safex

3.1.3 Soya beans

The price of local soybeans prices was up by 4.8% on year-on-year basis, while on a quarter-on-quarter basis the price increased by 17.7%. The local price traded at 32% below the import price. The soybeans market during the quarter underwent a volatile period as a result of weather concerns and crop uncertainty in South America as well as increased demand from China .Thus pushing local and international prices up during the period.

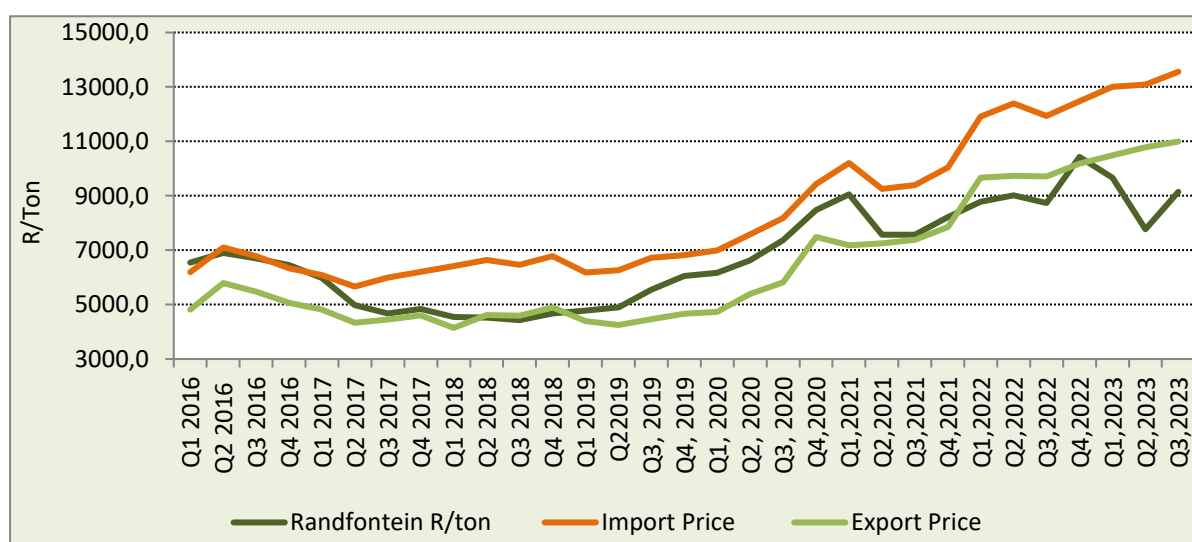


Figure 22 Soya beans local price vs import price
Source: Safex/Sagis/USDA/World Bank

Final soybeans production remained the same during the last quarter estimate, while demand and exports were adjusted upward by 6.3% and 65%..

Table 3: South African Soybeans Production & Use Table

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Stock	61806	63704	89128	84792	330535	502241	138455	46053	168 387	171 897
Production	948000	1070000	742000	1316000	1540000	1170345	1 245 500	1 897 000	2 230 000	2 755 300
Imports	103704	124981	271098	28000	6000	9500	116 103	13 448	5 000	3 300
Total Supply	1113510	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2 403 387	2 930 497
Local Consumption	1049230	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1951490	2245500
Exports	576	4677	6745	414	25000	4000	1 060	42 295	280 000	380 000
Total Demand	1049806	1169557	1017434	1098257	1374294	1543631	1 454 005	1 788 114	2 231 490	2 625 500
Closing Stocks	63704	89128	84792	330535	502241	138455	46 053	168 387	171 897	304 997

Source: DALRRD and NAMC

3.1.4 Sunflower

Figure 23 shows the supply and demand of sunflower seed up to the third quarter of 2023. Producer deliveries in the third quarter of 2023 is expected to be 32.0% lower than it was in the same quarter of 2022 (Q3). South African sunflower seed imports in the third quarter of 2023 is expected to be 80.2% higher than it was in the same quarter of 2022 (Q3) last year. Sunflower seed imports increased by 1 256.7% in the third quarter of 2023 as compared to the previous quarter in 2023 (Q2). South African sunflower seed export in the third quarter of 2023 is expected to be 100.0% lower than it was in the same quarter of 2022 (Q3) last year. Sunflower seed exports decreased by 100.0% in the third quarter of 2023 when compared to the previous quarter of 2023 (Q2). Local sunflower seed consumption in the third quarter of 2023 was 1.5% lower than it was in the previous quarter of 2023 (Q2). Local consumption in the third quarter of 2023 is expected to be 17.7% lower than it was in the same quarter of 2022 (Q3) last year..

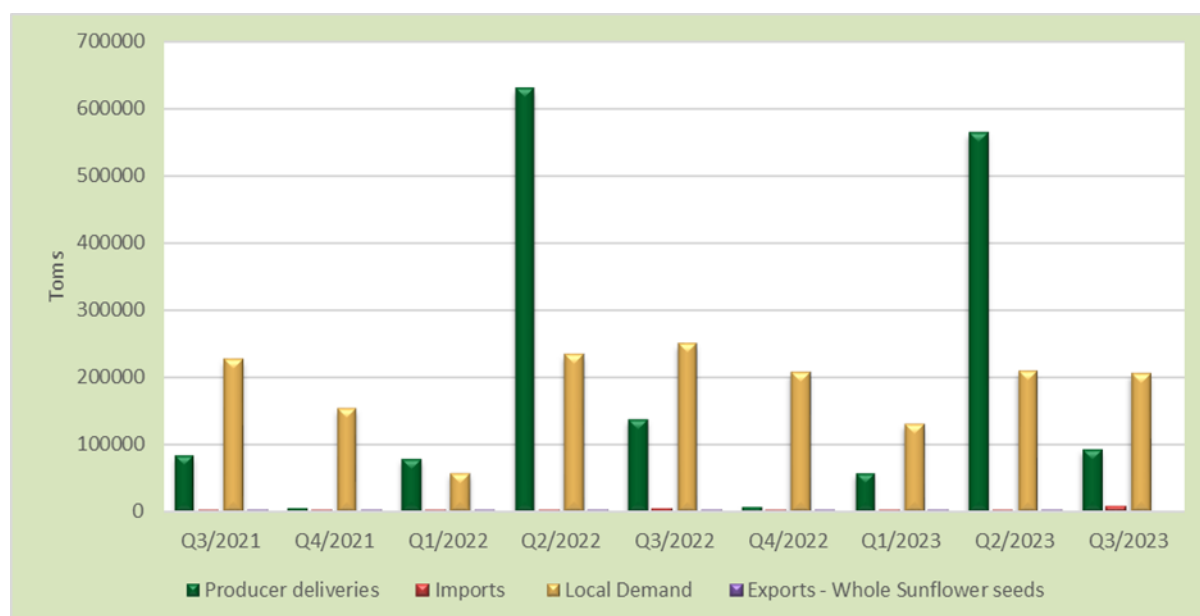


Figure 23: Sunflower seed deliveries; local demand and trade
Source: Sagis

Figure 24 During the third quarter of 2023, South Africa sunflower seed prices traded below the import parity price at R9 073.88/ton compared to R10 104.86/ton in the third quarter of 2023, which is a total increase of 7.2% compared to the previous quarter of 2023 (Q2). The price of sunflower seed has decreased by 13.4% during the third quarter of 2023 as compared to the same period last year, which is 22.2% lower than it was in the previous quarter of 2023 (Q2). The local sunflower seed price in the third quarter of 2023 traded at 10.2% lower than the import price, compared to trading at 12.4% below the import price in the second quarter of 2023. The prices of sunflower oil 750ml in the third quarter of 2023 traded lower by 18.9%, when compared to the same period in 2022 (Q3). The price of sunflower oil 750ml in the third quarter of 2023 decreased by 0.9%, when compared to the previous quarter (Q2) in the year 2023.

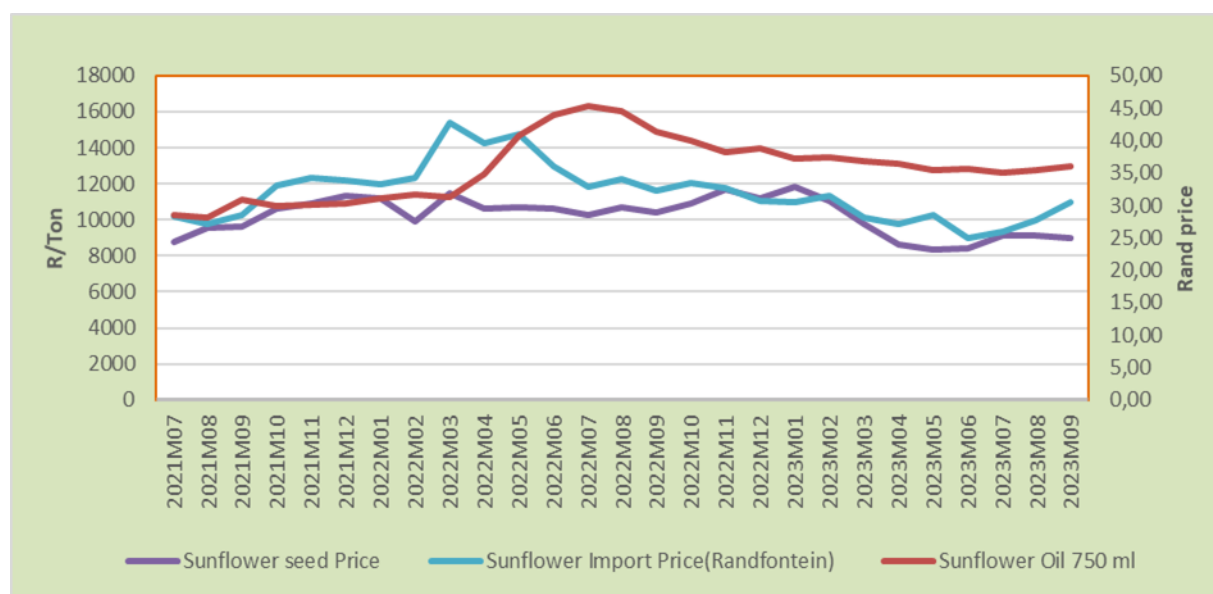
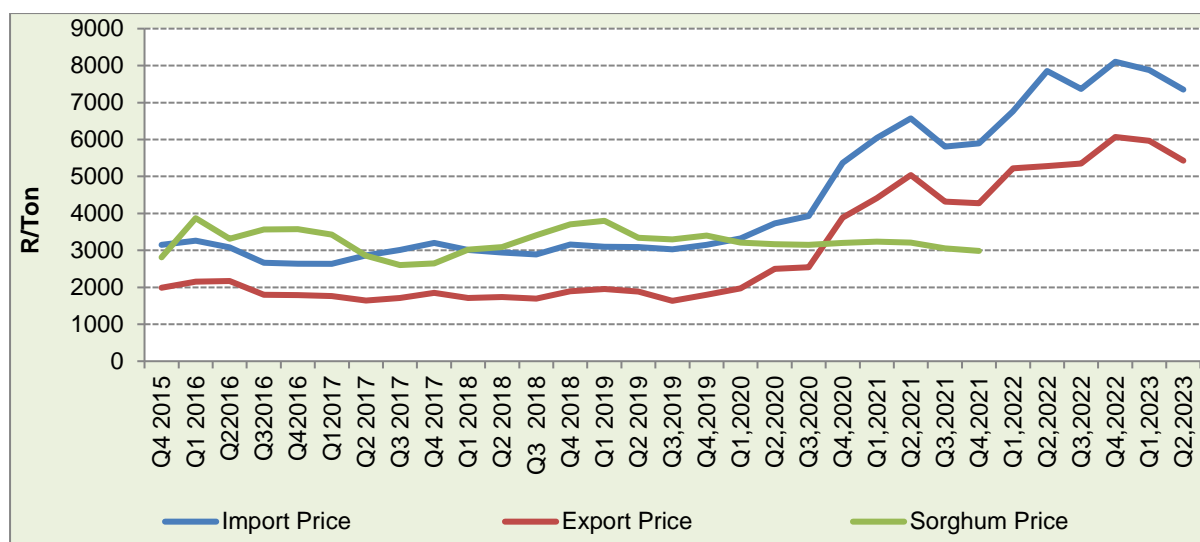


Figure 24: Sunflower local seed; import price (Randfontein) and Sunflower retail price
Source: Safex; USDA; Sagis; and Own calculations

3.1.5 Sorghum

The introduction of sorghum on the JSE has not really served its purpose as a price hedging tool, which resulted in some calls for the JSE to consider delisting sorghum price reporting.

The price of sorghum decreased by 13.8% on a year-on-year basis, while on a quarter-on-quarter basis the price decreased by 13.6%. The fall in the sorghum price international is due to a variety of factors including the favourable maize and wheat outlook globally. In South Africa sorghum competes with maize and wheat products for consumption. An estimated 92% of sorghum usage is for human consumption. Thus a negative correlation is expected between the sorghum price and maize/wheat production. Figure 25 below shows the trend in sorghum price on a quarterly basis.

**Figure 25:** Sorghum Parity Price

Source: Safex, Sagis

Final sorghum production has been adjusted downward by 3.5% compared to the previous quarter estimate. Imports have been adjusted upward by 8.6%, while exports have also been increased by 6.7% in this quarter.

Table 4: Sorghum Demand & Use Table

	2015	2016	2017	2018	2019	2020	2021	2022	2023 Estimate
Opening stock	121812	83142	35238	59246	51860	60 423	51 795	106 157	46 956
Production	114700	70500	152000	115000	127000	158000	215 000	103 140	94 360
Imports	34316	74957	55824	32500	59253	6546	4 147	700	38 000
Total Supply	277713	226677	244073	206746	238113	224969	270 942	209 997	179 316
Local demand	165532	178790	171027	142541	170390	167524	155727	153641	148610
Exports	29039	12649	13800	12345	7300	5650	9 058	9 400	8 700
Total Demand	194571	191439	184827	154886	177690	173174	164785	163 041	157310
Ending Stock	83142	35238	59246	51860	60423	51795	106 157	46 956	22 006

Source: DALRRD/ NAMC/Sagis

3.1.6 Groundnuts

Figure 26 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q1: 2022 to Q3: 2023. Producer deliveries of groundnuts decreased by 41% in Q3: 2023 relative to Q3: 2022, exports and local demand also decreased by 38% and 7% respectively in the same period. On the other hand, during the same period, imports of groundnuts increased by notable 4144%

tons.

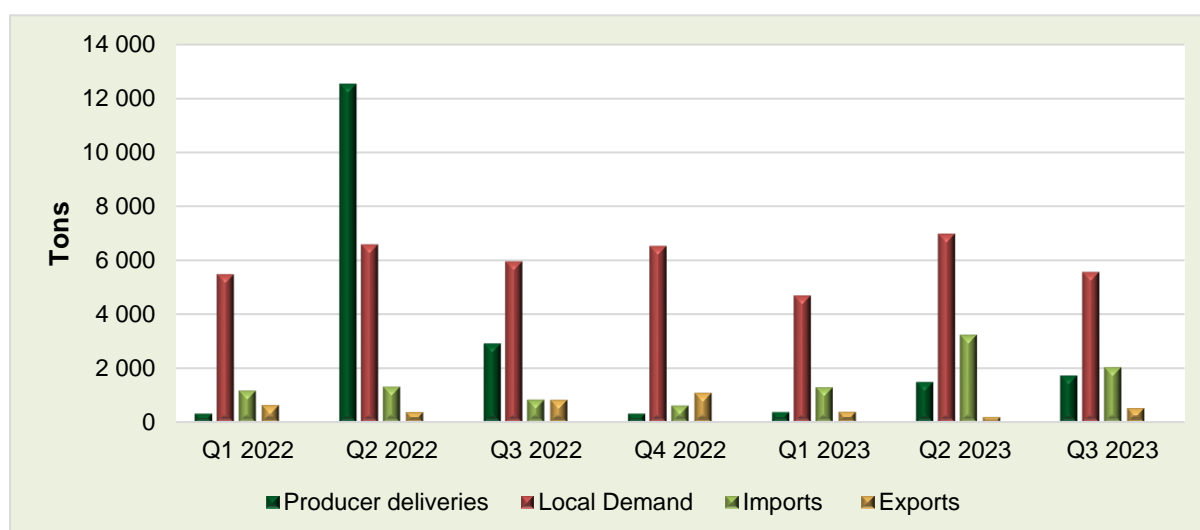


Figure 26: Producer deliveries, local demand, export and imports of groundnuts

Source: Sagis

Figure 27 show consumption trends of groundnuts from Q1: 2021 to Q3: 2023 South Africa's consumption of groundnuts occurs mainly in two forms, as edible peanuts and as processed peanut butter and is consumed the highest in these two forms. During Q3: 2023, consumption of edible groundnuts decreased by 17% relative to Q3: 2022. Consumption of edible peanuts is mostly dependent on price, which is dependent on the supply and demand of groundnuts. Consumption of peanut butter increased by 6% in Q3: 2023 relative to Q3: 2022. Meanwhile, in Q3: 2023, there was no consumption of crushed oil & cake, in the same period a year ago consumption of crushed oil and cake was also zero in Q3: 2022, this means the consumption remained unchanged in the same period. Groundnut crushing and groundnut oil production constitute a very small part of the South African market. During the same period, the average market price of peanut butter (400 gram) increased by 9% in Q3: 2023 relative to Q3: 2022, to an average market price of R40.44/400 gram.

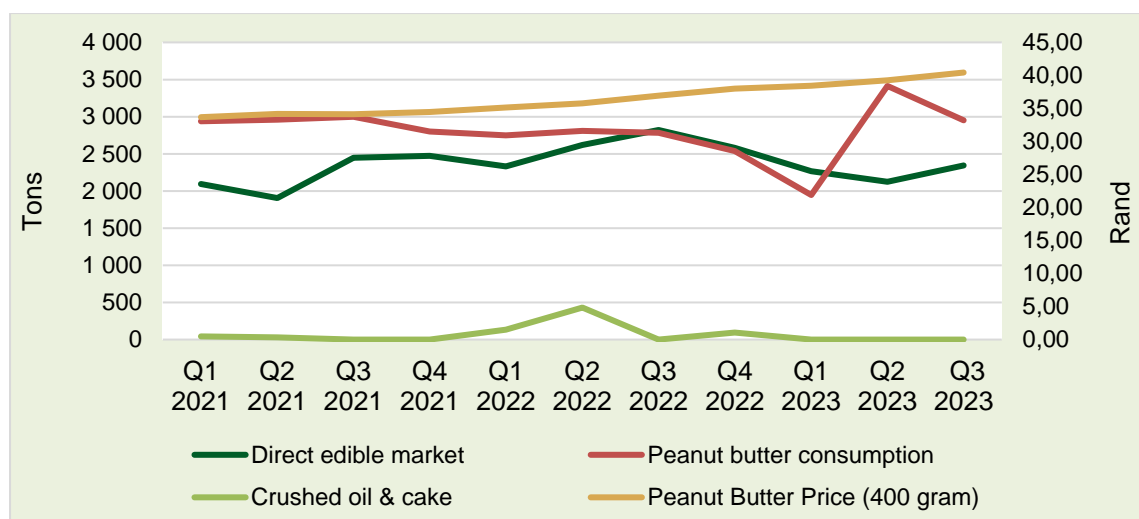


Figure 27: Groundnuts consumption

Source: Sagis

3.2 Fruit and vegetable market review

The following section looks at the average prices and quantities of fruits and vegetables traded at the Fresh Produce Markets (FPMs) from Q3: 2021 to Q3: 2023..

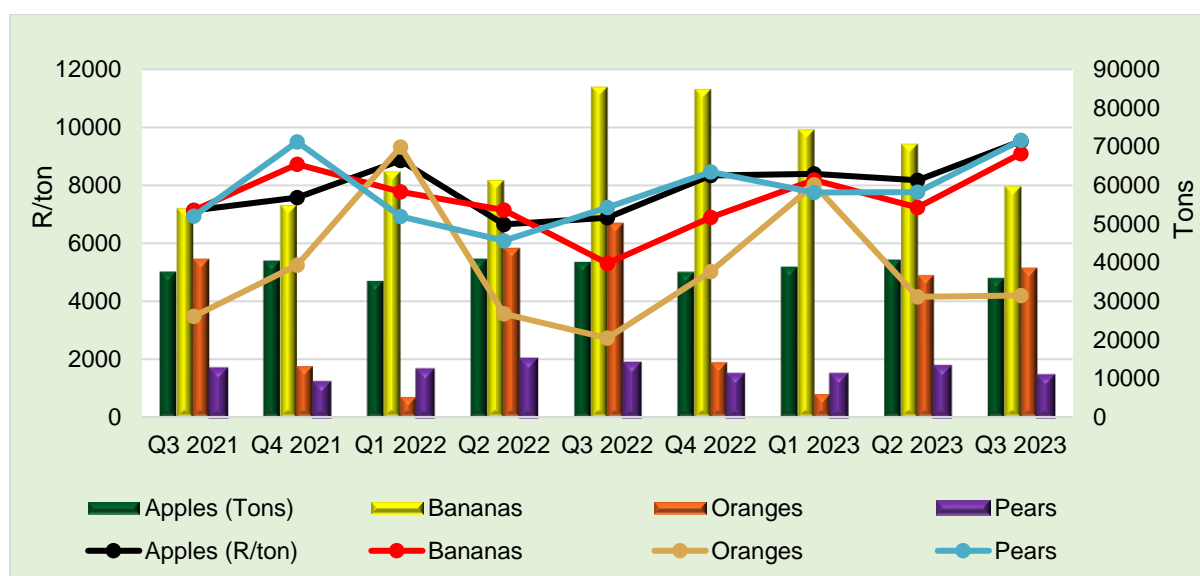


Figure 28: Average price and quantities of various fruits traded at fresh produce markets (FPMs)

Source: Dalrrd

The yearly trend in apple prices saw the average price of apples decrease by 27.7% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 11.5% year-on-year. Late season apple varieties such as Cripps Pink/Pink Lady® and Cripps Red/Joya® increased due to newer cultivar strains with better yields and packouts

being planted in recent years. Furthermore, marginal counts could no longer be exported due to shipping costs which led to an oversupply in the local market.

The yearly trend in banana prices saw the average price of bananas decrease by 41.7% in Q3: 2023 relative Q3: 2022, while quantities supplied increased by 42.9% in Q3: 2023 relative to Q3: 2022. The banana industry encountered numerous obstacles due to the impact of tropical cyclone Freddy, an unprecedented storm that lingered over Mozambique and north-eastern South Africa for a duration of five weeks in February and March. Additionally, the winter season brought frost, further exacerbating the challenges faced by the banana market. Over the past year, there has been a surge in banana supplies, attributed to an influx of bananas being brought to the market and the re-establishment of banana blocks by certain South African farmers. As a result, banana producers have inundated the market with an overwhelming supply of bananas all at once.

During the same period, the yearly trend in oranges prices saw the average price of oranges decreased by 35.1% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 30.2% year-on-year. The orange market faces various challenges whereby market agents have expressed concern that orange volumes might reach overwhelming levels on the local markets, if growers export less due to high costs. Meanwhile, the average price of pears decreased by 24.3% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 29.7% year-on-year. Production volumes of pear increased but are expected to flatten in the coming years due to accelerating farming input costs and high shipping rates diminishing the profitability of pear producers and limiting continued investments in the industry.

On a quarter-on-quarter basis, the average price of apples increased by 16.5% in Q3: 2023 relative to Q2, while quantities supplied decreased by 11.6% quarter-on-quarter. Accelerating farming input costs, elevated costs of packaging materials and storage costs, high shipping rates and depressed markets are diminishing the profitability of apples and limiting continued investment in crop expansion.

During the same period, the average price of bananas increased by 25.7% in Q3: 2023 relative to Q2, while quantities supplied decreased by 15.4% quarter-on-quarter. South

Africa faces low banana supplies and significantly higher prices due to weather-related challenges. Similarly, the average price of pears increased by 23.0% in Q3: 2023 relative to Q2, while quantities supplied decreased by 18.0% quarter-on-quarter. Hail in Langkloof affected the crop that, already without hail damage, would have been 10% to 15% smaller than 2022. Additionally, the Packhams suffered significant wind damage, leading to low packouts, including for the export market.

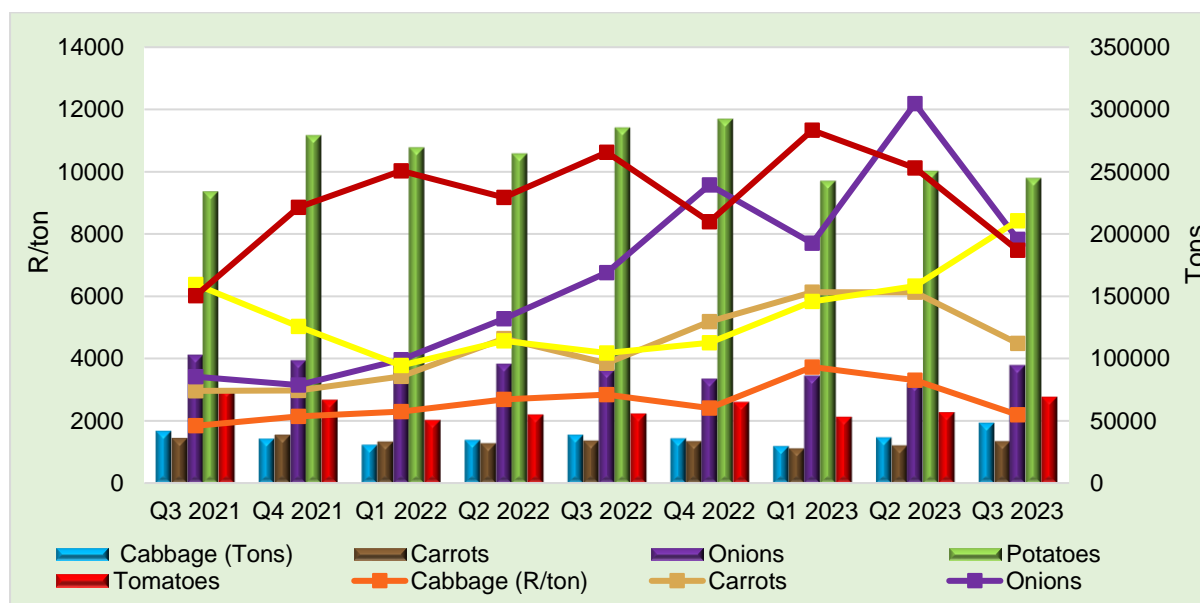


Figure 29: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)

Source: Dalrrd

Prices of vegetables sold at the Fresh Produce Markets are mainly driven by domestic supply and demand dynamics. The average prices of cabbage and tomatoes increased by 29.7% and 42% respectively in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 19.6% and 19.3% respectively in year-on-year. Cabbage price movements are influenced by consumer demand trends, which are expected to soften into the last three remaining months of the year. Tomato price movements followed historical price trends which market agents for Kwa-Zulu Natal have noted that historically, strong demand is evident between September and October, which in effect drive and keep prices on an upward trend for the rest of the year.

During the same period, the average price of carrots decreased by 14.2% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 1.6% year-on-year. The growth in supply during Q3: 2022 could be attributed to the enhanced product quality.

Market observers anticipate stable volumes in October, but anticipate a rise in prices due to the expected stability in both volume and quality of produce available on the market.

Meanwhile, the average price of onions decreased by 13.7% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 4.0% year-on-year. Analysts have noted that onion prices are currently undergoing a period of price stabilization following the unprecedented surge in prices during the first two quarters of the 2023 season. The decline in the average onion price is due to the onset of the harvesting season oversupply in the Northern regional areas, exerting downward pressure on the pricing.

During the same period, the average price of potatoes decreased by 50.5% in Q3: 2023 relative to Q3: 2022, while quantities supplied increased by 16.5% year-on-year. The decrease in potato prices was observed across all five produce markets, primarily due to shifts in both supply and consumer demand. Notably, the higher supplies observed in Q3: 2022 played a crucial role in driving down the prices, and analysts predict that this trend will persist throughout the remainder of the year.

On a quarter-on-quarter basis, the average price of cabbage decreased by 33.7% in Q3: 2023 relative to Q2, while quantities supplied increased by 31.2% quarter-on-quarter. The decrease in prices is linked to a combination of restricted consumer demand and an oversupply in the market. The average price of carrots decreased by 26.8% in Q3: 2023 relative to Q2, while quantities supplied increased by 11.0% quarter-on-quarter. Demand is lagging compared to historical patterns this time of the year while there is a notable surge in the quantities being supplied to the market.

During the same period, the average price of onions decreased by 35.8% in Q3: 2023 relative to Q2, while quantities supplied increased by 18.0% quarter-on-quarter. Onion prices decreased as a result of increased supply volumes in the markets. Limpopo and Brits regions dominated the market in September. Similarly, the average price of tomatoes decreased by 26.1% in Q3: 2023 relative to Q2, while quantities supplied increased by 21.4% quarter-on-quarter. Tomato prices saw a decrease due to an increase in the quantities supplied. The markets have been experiencing excellent

quality but stakeholders note that this may change as a result of the cold weather that was expected sometime in October.

Meanwhile, the average price of potatoes increased by 33.3% in Q3: 2023 relative to Q2, while quantities supplied decreased by 2.3% quarter-on-quarter. Potato prices in Q3: 2023 have been on the rise due to a decrease in supply volumes. Additionally, the pressure on production costs caused by energy supply issues has further impacted irrigation costs. Market analysts have noted that the market continues to experience unprecedented price levels, displaying a notable year-on-year surge in the cost of fresh produce. Presently, the market is predominantly influenced by Limpopo and the Western Free State regions. It is anticipated that prices will persistently rise throughout the year, although the rate of increase will depend on consumer demand.

3.3 Meat industry review

As illustrated graphically in figure 30, total beef slaughtering increased marginally by 0.04% in third quarter of 2023 compared to the same quarter of 2022. The price of beef per kg decreased by 13.8% in third quarter of 2023 when compared to the same period in 2022. The increased sales of number of all live cattle were mainly driven by increased slaughtering activities at export-approved abattoirs. These facilities slaughtered 34 398 head of cattle, while a total of 5 066 were marketed at Meat Board-

registered B- and C-class abattoirs during the third quarter of 2023.

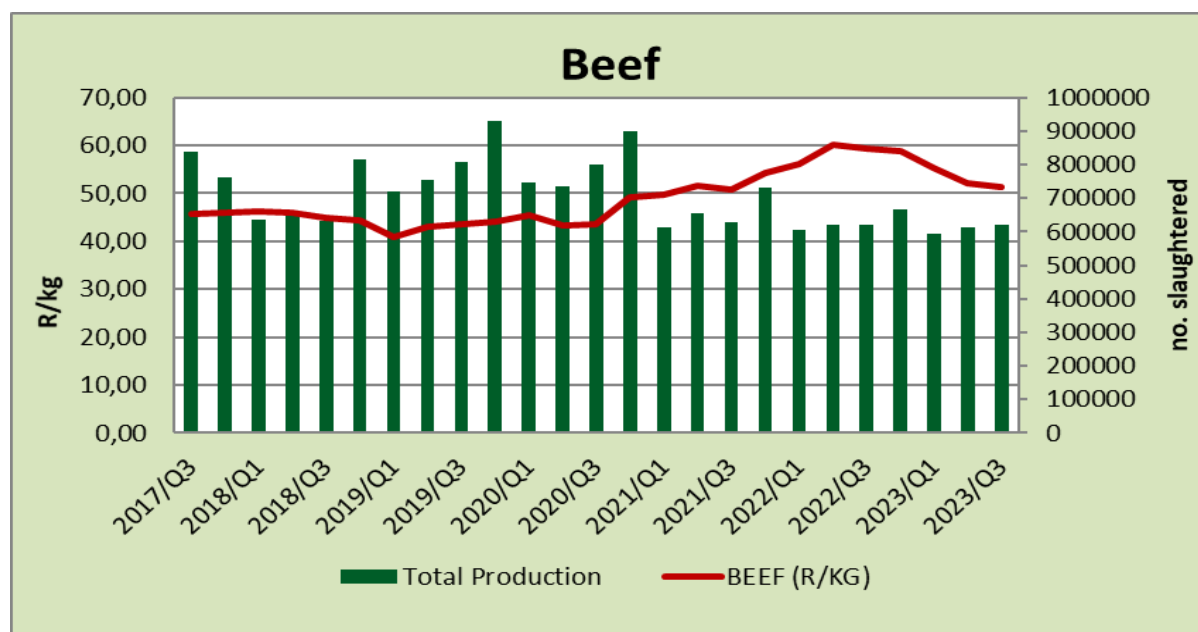


Figure 30: Beef production
Source, DALRRD

3.4 Poultry industry review

Poultry production increased by 8% on a year-on-year basis whilst on a quarter-on-quarter basis production decreased by 0.4%. The price per ton increased by 14.1% on year-on-year basis whilst on a quarter-on-quarter basis prices decreased by 0.3%. The rise in production is due to the shortages created by the bird flu since the 2nd quarter this year amid declining feed costs. Although the declining feed costs managed to restrict the rising poultry prices this quarter, prices are still high compared to the previous year. In addition to the supply uncertainties, the persisting loadshedding create additional costs making poultry products expensive. Poultry supply uncertainties are still expected past the 3rd quarter as bird flu cases persist. Experts are already warning that the bird flu virus is changing rapidly. Fears already exist that a super-contagious H7 bird flu may have accidentally spread to Western Cape and bird flu cases are already recorded in Mpumalanga during the 3rd quarter.

On figure 31.

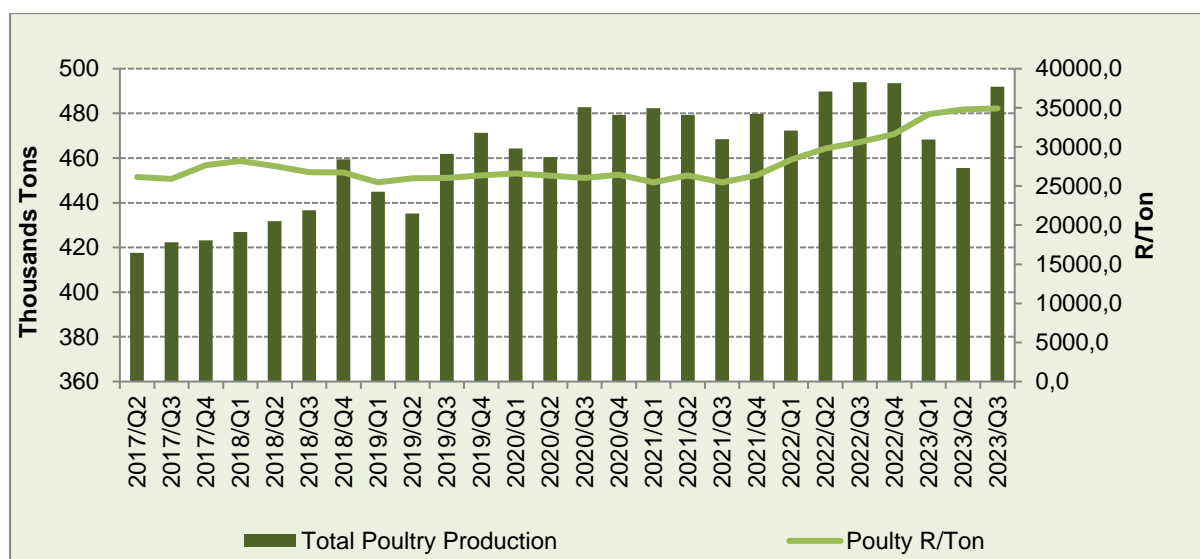


Figure 31: Poultry production and prices
Source: DALRRD

The retail prices of whole chicken and chicken portions prices increased on a year-on year basis tracking the high poultry production costs this year. The price of whole chicken per kg, fresh chicken portions, frozen chicken portions and chicken giblets increased by 2.3%,11.6%,7% and 12.5% respectively. On quarter-on-quarter basis the price of whole chicken and chicken giblets decreased by 4.8% and 0.1% per kg; while the price of fresh chicken portions and frozen chicken productions (Non IQF) increased by 0.2% and 2.2% respectively.

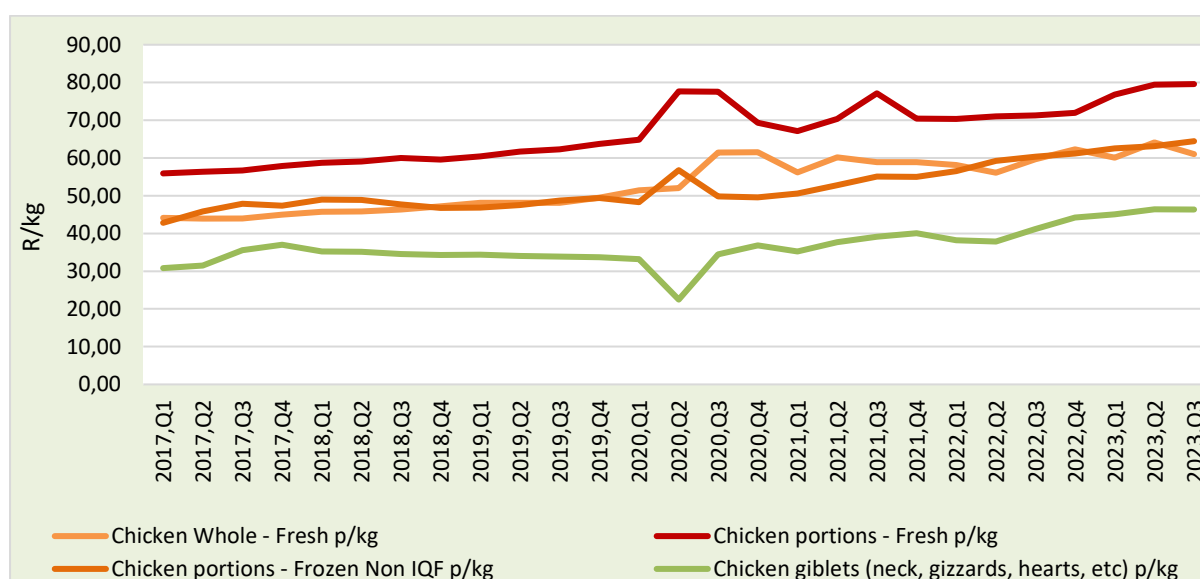


Figure 32: Poultry & Feed Price Indices
Source: Statistics SA.

3.5 Milk industry overview

Total milk production increased by 22.3% in the third quarter relative to total production reported in the same quarter a year ago from R792 517 in the third quarter 2022 to R969 162 in the third quarter 2023. On a quarter-on-quarter basis, total milk production decreased by 13,1% from R857 193 in the second quarter of 2023 to R969 162 in the third quarter of 2023.

Meanwhile, the average producer price per litre of milk increased by 4.7% in Q3: 2023 relative to Q2:2023 from R7,18/ℓ to R7,49/ℓ. The cost of feed meal (yellow maize and soya combination) and related inputs as well as rising energy prices led to an upward pressure on a wide front of commodities and product prices. On a year-on-year basis, the average producer price per litre of milk increased by 36,9% in Q3: 2023 relative to the same period a year ago, from R5,47/ℓ to R7,49/ℓ.

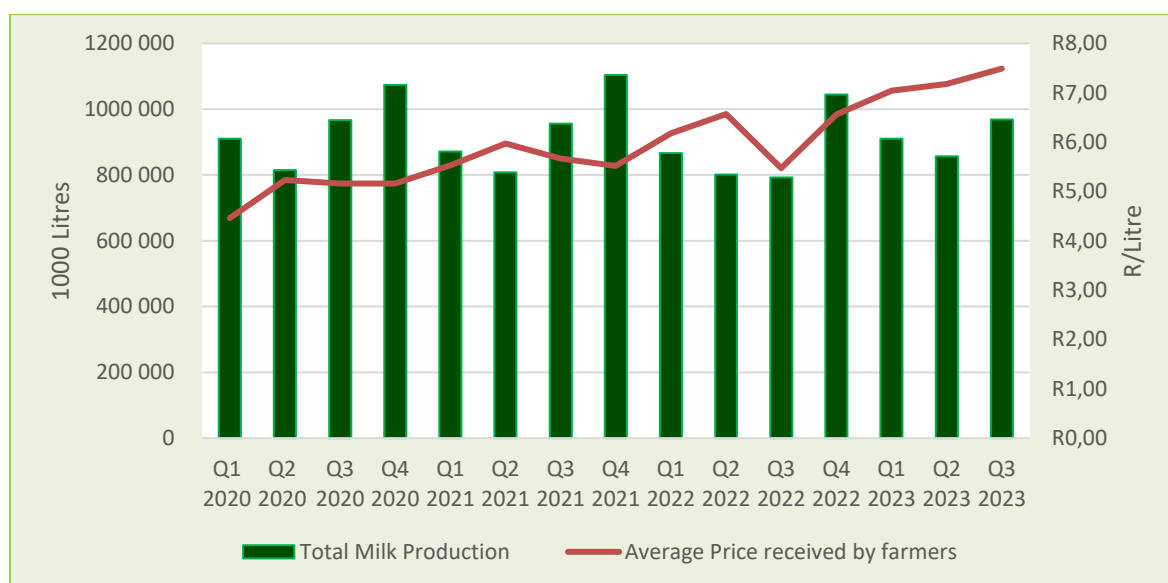


Figure 33: Trends in total production and average price of milk

Source: DALRRD

Over the period Q1: 2020 to Q3: 2023, South Africa remained a net-exporter of milk and cream (not concentrated nor containing added sugar or other sweetening matter). In Q3: 2023, the trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) decreased by 49.4% relative to Q2: 2023, from R 242 088 000 to R122 581 000. Similarly, trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) improved

by 49.1% in Q3:2023 compared to the same period a year ago Q3:2022 from R 240 845 000 to R122 581 000.

The export value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) increased by 21.7% in Q3: 2023 relative to Q2: 2023, while the import value increased by huge 411.8% during the same period. On a year-on-year basis, the export value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) increased by 39.5% in Q3: 2023 relative to Q3 in 2022. The import value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) also increased by 2469% year-on-year. Figure 36 below illustrates.

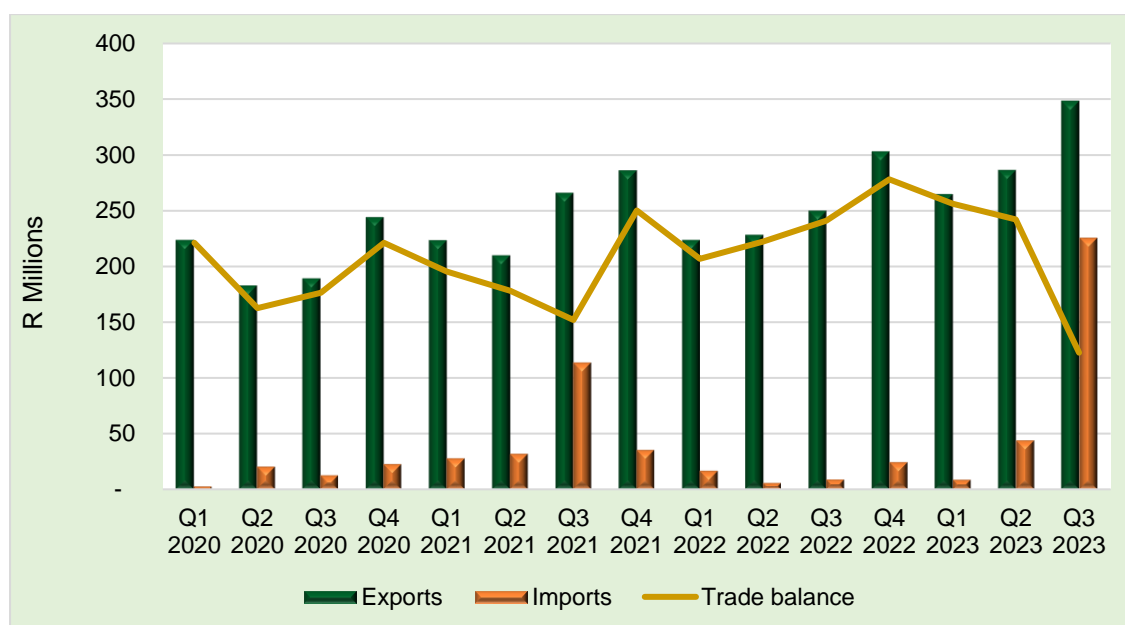


Figure 34: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening
Source: ITC, Trade map, 2021

3.6 Egg industry review

Figure 35 below, show the performance of the egg industry from Q1: 2021 until Q3:2023. In Q3: 2023, the total production of eggs totalled R 177 611,00 million dozen, a 18,8% decrease in production relative to R 218771 million dozens of eggs produced in Q3: 2022. The decrease in production can be attributed to the Avian outbreak in the western cape province that decreased production. On a quarter-on-quarter basis, the total production of eggs decreased by 9.9% in Q3: 2023 relative to Q3: 2022.

The average price per dozen of eggs increased by 24.5% in Q3: 2023 relative to Q3: 2022, to R17,29. Per dozen from R 13.89 per dozen whereas on a quarter-on-quarter basis, the average price per dozen of eggs increased by 4.7% in Q3: 2023 relative to Q3: 2023.

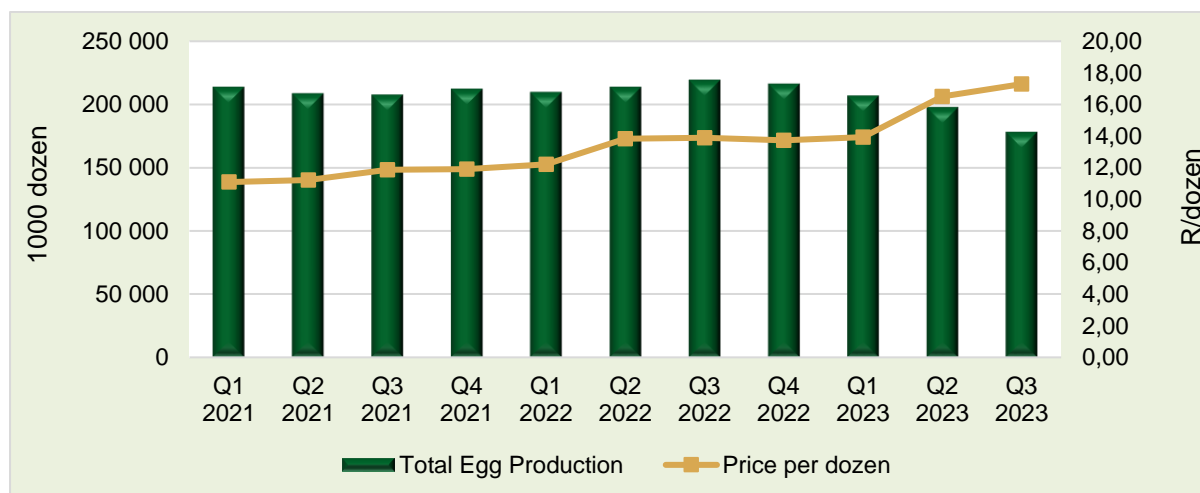


Figure 35: Trends in total egg production and average price per dozen eggs.

Source: DALRRD

South Africa remained a net-exporter of bird eggs (in shell, fresh, preserved, or cooked), see Figure 36. During the period, South Africa's trade balance for birds' eggs (in shell, preserved or cooked) increased 6.9% in Q2: 2023 relative to Q2: 2022, from R 11.9 million to R12.8 million in Q2:2022. In contrast to a quarter-on-quarter basis, the trade balance for bird eggs (in shell, fresh, preserved, or cooked) declined increased by 9.4%.

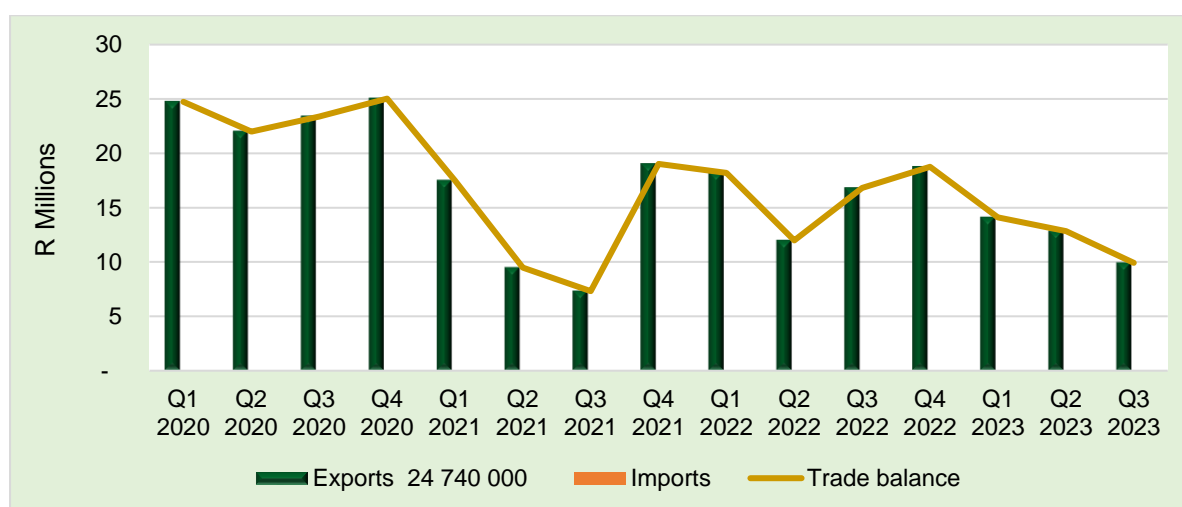


Figure 36: Trade balance of birds' eggs, in shell, preserved or cooked

Source: ITC, Trade map, 2021

3.7 Trade of agricultural products

The agricultural industry continues to face obstacles in terms of infrastructure limitations that hinder the smooth flow of exports to international markets. The economic repercussions of load shedding have had a widespread impact on the food, fiber, and beverage value chains, affecting both primary farmers and businesses. In order to compensate for the energy shortages, some farmers and businesses had to invest in their own energy generation, while others suffered losses in their stock. Additionally, the weaknesses in the biosecurity system with frequent occurrences of diseases such as Foot and Mouth Disease (FMD) in cattle, African Swine Fever in pigs, and Avian Influenza in poultry have further compounded the challenges faced by the sector (Agbiz, 2023). Furthermore, there is the deceleration in external demand and rising trade barriers (FNB, 2023). Overall, the agricultural industry has shown some resilience in the face of electricity shortages by implementing private generation methods and establishing a task team to alleviate the burden of load-shedding on farmers. Recently, the outbreak of Avian Influenza has caused significant losses for breeders of layers and broilers, leading to the importation of fertilized eggs to rebuild the depleted parent stock flock. Additionally, the agricultural sector has successfully collaborated with Transnet throughout the first three quarters of the year to ensure a continuous flow of exports to international markets. Looking ahead to 2024, Agbiz recommends that it is essential for the industry to prioritize the Master Plan and address the limitations. This will contribute to fostering inclusive growth in South Africa's agriculture, as it remains crucial and relevant (Agbiz, 2023).

During Q3: 2023, South Africa's agricultural trade balance grew by 16.9% relative to Q3: 2022, which indicates that a faster pace of investments into energy supply might have helped to alleviate the impact of load-shedding, reducing capacity underutilisation, and increasing volumes available for export (FNB, 2023). Also the slowing agricultural input prices is encouraging for farmers despite the many challenges farmers face.

The export value of agricultural products grew to R 72 billion in Q3: 2023, up by 14.9% relative to Q3: 2022. Agricultural products that dominated the export list in Q3: 2023 were citrus, maize, apples and pears, nuts, wine, soybeans, sugar, and fruit juices.

This robust export activity can be attributed to the increase in both volumes and prices, particularly for fruits. As a result, it compensates for the decline in grain and oilseed prices, which have significantly decreased compared to their levels in 2022 (Agbiz, 2023). Meanwhile, the import value of agricultural products grew to R 32.7 billion in Q3: 2023, up by 12.6% relative to Q3: 2022. South Africa heavily relies on other countries for essential food items like wheat, rice, palm oil, sunflower oil, poultry, and whiskeys.

On a quarter-on-quarter basis, agriculture's trade balance grew by 23.8% in Q3: 2023 relative to Q2. This growth can be attributed, in part, to the successful implementation of energy support measures for farming enterprises and food companies. However, it is important to note that despite these measures, some entities may not have fully benefited due to the implementation of necessary mitigation measures.

The export value of agricultural products grew by 18.4% in Q3: 2023 relative to Q2, while the import value of agricultural products grew by 12.4% quarter-on-quarter. According to Agbiz (2023), it is crucial to prioritize the enhancement of logistics efficiency, including roads, rail, and ports. Additionally, there should be a concerted effort to intensify the promotion of South African agriculture, food, fiber, and beverages in order to tap into export markets.

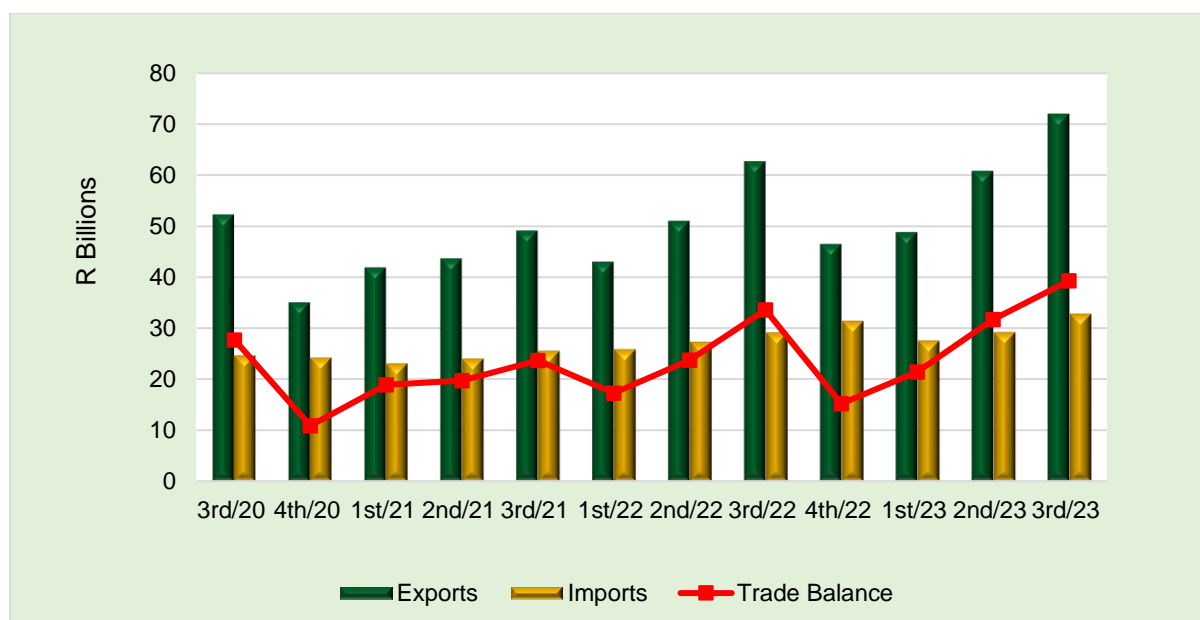


Figure 37: Trade balance of agricultural products

Source: Trade map, 2023

Table 5 indicates that Netherland was the largest agricultural export market for South Africa in Q3: 2023, accounting for 10.2% of all agricultural exports in value terms. China was the second largest agricultural export market, accounting for 6.8% while United Kingdom was the third largest agricultural export market, accounting for 5.6% of all agricultural exports in value terms in Q3: 2023. The top three suppliers of agricultural products in Q3: 2023 were Poland, which was the leading supplier of agricultural products to South Africa followed by Thailand as the second largest supplier and Indonesia holding the third position as the third largest supplier of agricultural products to South Africa in Q3:2023.

Table 5: SA's top three largest export and import destinations of agricultural products in the 3rd Quarter of 2023.

Top three markets of agricultural products exported by SA	Value (Billion Rands) 3 rd Quarter 2023	% Share of total agricultural exports in 3 rd Quarter 2023		Top three suppliers of agricultural products to SA	Value (Billion Rands) 3 rd Quarter 2023	% Share of total agricultural imports in 3 rd Quarter 2023
Total	R 71,95	100			R 32,17	100
Netherlands	R 7,34	10.2 %		Poland	R 2,72	8.4%
China	R 4,88	6.8%		Thailand	R 2,53	7.9%
United Kingdom	R 4,06	5.6%		Indonesia	R 2,34	7.3%

Source: Trademap, 2023

Figure 38 indicates the top five agricultural products imported by SA in Q3: 2023. The top five agricultural products imported by South Africa in Q3: 2023 were primarily wheat and meslin (32%), rice (24%), palm oil (18%), alcohol (15%) as well as cane or beet sugar (11%). These top five agricultural products dominated the food import bill in Q3: 2023. Meanwhile, figure 42 indicates the top five primary agricultural products exported by SA in Q3: 2023. The top five agricultural products exported by South Africa in Q3: 2023 were fresh or dried citrus (58%), maize or corn (16%), fresh apples, pears and quinces (9%), fresh or dried nuts (9%) and wine (8%).

Overall, in anticipation of a global growth slowdown this year, the agricultural sector faces various challenges such as geopolitical tensions, deteriorating infrastructure, weakening municipalities, crime, and energy supply. These factors have a significant impact on the profitability of farms. To ensure the long-term sustainability of the sector, it is essential for the South African government and the private sector to address these issues collectively. Additionally, it is important to note that the impact of El Nino on the 2023/24 summer season should be monitored closely. However, analysts remain optimistic that its effect on the sector will be mild, allowing production to remain at decent levels and supporting overall growth (Agbiz, 2023).

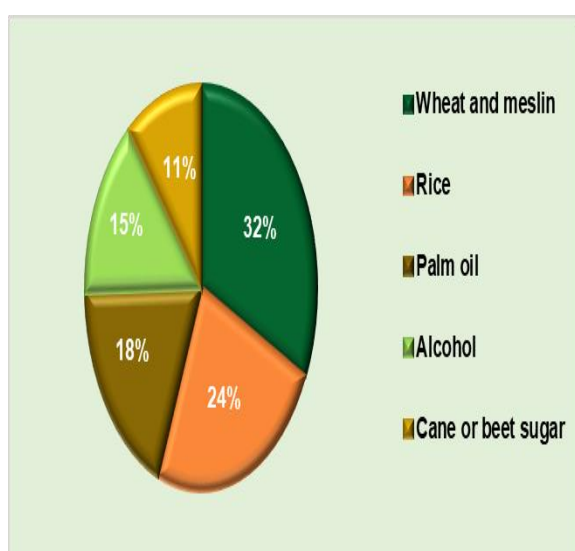


Figure 38: Top five agricultural products imported by SA
Source: Trade map, 2023

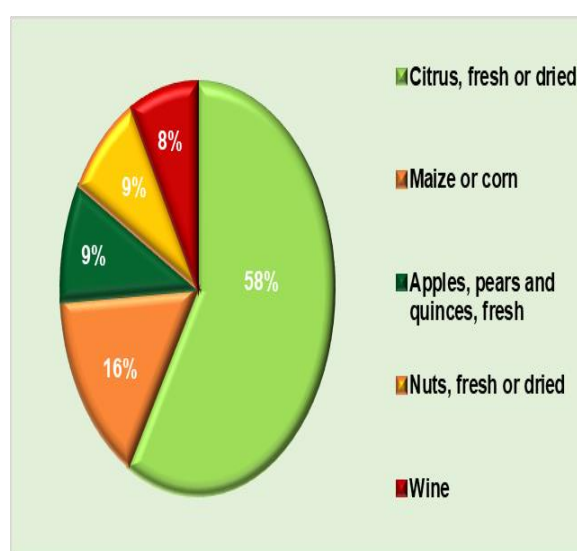


Figure 39: Top five agricultural products exported by SA
Source: Trade map, 2023

4. Conclusion

World economic outlook report (October 2023), it indicates that the global growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000–19) average of 3.8%. Advanced economies are expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024 as policy tightening starts to bite.

South Africa's gross domestic product (GDP) decreased by 0.2% in the third quarter of 2023 as five industries recorded negative growth between the second quarter and the third quarter of 2023. There is noticeable biggest output fell in the agriculture, mining and construction industries amongst others.

The agriculture industry declined by 9,6%, driven lower mainly by field crops, animal products and horticulture products. The industry encountered several headwinds in the third quarter, including the outbreak of avian flu and the floods in Western Cape.

The economic repercussions of load shedding have had a widespread impact on the food, fiber, and beverage value chains, affecting both primary farmers and businesses. In order to compensate for the energy shortages, some farmers and businesses had to invest in their own energy generation, while others suffered losses in their stock. Additionally, the weaknesses in the biosecurity system with frequent occurrences of diseases such as Foot and Mouth Disease (FMD) in cattle, African Swine Fever in pigs, and Avian Influenza in poultry have further compounded the challenges faced by the sector (Agbiz, 2023). Furthermore, there is the deceleration in external demand and rising trade barriers (FNB, 2023). Overall, the agricultural industry has shown some resilience in the face of electricity shortages by implementing private generation methods and establishing a task team to alleviate the burden of load-shedding on farmers. Recently, the outbreak of Avian Influenza has caused significant losses for breeders of layers and broilers, leading to the importation of fertilized eggs to rebuild the depleted parent stock flock. Additionally, the agricultural sector has successfully collaborated with Transnet throughout the first three quarters of the year to ensure a continuous flow of exports to international markets. During Q3: 2023, South Africa's agricultural trade balance grew by 16.9% relative to Q3: 2022,

The export value of agricultural products grew to R 72 billion in Q3: 2023, up by 14.9% relative to Q3: 2022. Agricultural products that dominated the export list in Q3: 2023 were citrus, maize, apples and pears, nuts, wine, soybeans, sugar, and fruit juices

Meanwhile, the import value of agricultural products grew to R 32.7 billion in Q3: 2023, up by 12.6% relative to Q3: 2022. South Africa heavily relies on other countries for essential food items like wheat, rice, palm oil, sunflower oil, poultry, and whiskeys.

5.References

Absa (2022). Retail and business banking. Sector Economics. Agri Trends: Vegetable market report: Vegetable prices at record highs. [Online] Available: <https://www.absa.co.za/business/sector-solutions/agribusiness/agri-smart-insights/>

Agricultural Business Chamber (Agbiz) 2023. SA agriculture records a decent trade surplus in Q1,2023. [Online] Available: <https://www.agbiz.co.za/content/economic-research?page=agri-reports>

Agricultural Business Chamber (Agbiz) 2023. SA Weekly Agricultural Viewpoint. Expected El Niño in 2023/24 summer does not necessarily foretell a bad harvest. [Online] Available: <https://www.agbiz.co.za/content/economic-research?page=agri-reports>

Department of Agriculture, Land Reform and Rural Development (2023). National Agro-meteorological Committee (NAC) Advisory on the 2022/23 autumn and winter seasons Statement from Climate Change and Disaster Risk Reduction. [Online] Available: <http://www.dalrrd.gov.za/images/Quick%20Links/08-ad22-for-apr-2023.pdf>

Department of Water and Sanitation (2023). Monthly state of water bulletin, January 2023. [Online] Available: <https://www.dws.gov.za/Projects/National%20State%20of%20Water%20Report/Documents/Monthly%20State%20of%20Water%20Bulletin%20-%20January%202023B.pdf>

First National Bank (2023): Agri-weekly: Weekly update – Fruit and Vegetable Markets 29 May 2023. [Online] Available: <https://www.fnbagricomms.co.za/Agricweekly.aspx>

First National Bank (2022): Economics commentary: SA reverts to a twin deficit. [Online] Available: <https://www.fnb.co.za/economics-commentary/>

Fresh Fruit Portal (2023). South African deciduous fruit volume to register drop in 2022-23. 25 May 2023. [Online]. Available:

<https://www.freshfruitportal.com/news/2023/05/25/south-african-deciduous-fruit-volume-to-register-drop-in-2022-23/>

Freshplaza (2023). Global Market Overview Oranges. South Africa: Fear of high costs could lead to less export. [Online]. Available:

<https://www.freshplaza.com/africa/article/9524593/global-market-overview-oranges/>

Fruitnet (2023). South Africa expects average apple and pear export crop, 30 January 2023. [Online]. Available: <https://www.fruitnet.com/eurofruit/south-africa-expects-average-apple-and-pear-export-crop/248190.article>

South African Government (2023). Water and Sanitation on healthy improvement in KwaZulu-Natal dam levels, 16 February 2023. [Online] Available:

<https://www.gov.za/speeches/kzn-water-levels-show-healthy-improvement-16-feb-2023-0000>.

South African Government (2023). Water and Sanitation on flooding and substantial increment in national water levels as results of heavy downpours, 16 February 2023.

[Online] Available: <https://www.gov.za/speeches/heavy-downpours-result-flooding-and-substantial-increment-national-water-levels-16-feb-2023>

South African Government (2023). Water and Sanitation on decline of dam levels, 08 March 2023. [Online] Available: <https://www.gov.za/speeches/water-and-sanitation-decline-dam-levels-8-mar-2023-0000>

South African Weather Service (2023). Seasonal Climate Watch. February to April 2023. [Online] Available: <https://sagc.co.za/wp-content/uploads/2023/02/SCOLF202301.pdf>

Statistics South Africa (Stats SA), (2023): Gross Domestic Product, Quarter 3, 2023: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2023): Quarterly Labor Force Survey, Quarter 3, 2023: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2023): Consumer Price Index, 2023: Available at <http://www.statssa.gov.za>

Trade Map (2023): Trade statistics for international business development. [Online] Available: <https://www.trademap.org>.