

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 2024: Q1, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

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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 2024: (Q1).....	17
Figure 9: Total number of people employed in the agriculture sector between 2018: Q1 and 2024: Q1...	18
Figure 10: Provincial number of people involved in subsistence farming between 2018: Q1 and 2024: Q1.	19
Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2019: Q1 and 2024: Q1.....	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:(Q1) and 2024(Q1).....	23
Figure 15: Trends in private consumption expenditure between 2018:(Q1) and 2024(Q1).....	25
Figure 16: Total dam levels in 2024: Q1	27
Figure 17: Average dam levels in 2024: Q1.....	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 2024.....	22
Table 4: Sorghum Demand & Use Table	26
Table 5: SA's top three largest export and import destinations of agricultural products 2024: Q1.....	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 2024 (Q1) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States increased by 1.7%, 0.2%, 0.3%, 0.5% and 1.6% respectively, when compared to the first quarter of 2023 (Q1)

Emerging markets and developing economies: the real GDP growth rates for 2024 (Q1) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 1.4%, 5.3%, 8.2%, 5.11%, 4.2%, 5.7%, 2.98% and 5.4% respectively, while South Africa decreased by 0.1% when compared to the first quarter of 2023 (Q1) last year figures.

Global grain supply forecast: Global supply projections for 2024 (Q1) of wheat and cotton decreased by 0.2% and 2.2% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils increased by 3.7%, 0.3%, 3.6%, 2.0% and 2.9% respectively, when compared to the first quarter of 2023.

South Africa's GDP: Real gross domestic product (GDP) decreased by a marginal 0,1% in the first quarter of 2024. This followed a revised 0,3% increase in the last quarter of 2023. Weaker manufacturing, mining and construction drove much of the downward momentum on the production (supply) side of the economy, while the expenditure (demand) side witnessed a decline across all components. Six of the ten industries on the production side of the economy performed poorly in the first quarter. Agriculture was the largest positive contributor in the first quarter, the industry expanded by 13,5% following a decline of 2.4% in the last quarter of 2023.

Inflation: Annual consumer price inflation (CPI) was 5.3% in January increased to 5.6% in February and decreased to 5.3% again in March 2024. During the first quarter of 2024 CPI decreased slightly to an average 5.4% compared to 5.5% in the last quarter of 2023. Meanwhile food inflation increases slightly to an average 6.0% in the first quarter of 2024 compared to 8.8% in the last quarter of 2023.

Employment: the official unemployment rate stands at 32.9%, an increase of 0.8 of a percentage point in first quarter of 2024 compared to the fourth quarter of 2023. The results of the QLFS also indicate that the number of employed persons increased by

22,000 to 16.7 million in the first quarter of 2024 compared to the fourth quarter of 2023. The number of people employed in agricultural sector increased from 888 000 in the first quarter of 2023, to 941 000 people in the first quarter of 2024, which represent an increase of 6.1%. Employment in agriculture increased by 6% year-on-year in the first quarter of 2024.

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: South Africa recorded a notable 31.9% growth in its agricultural trade balance, driven by a 14.4% increase in exports with grapes, apples, and maize emerging as the top export products dominating the export list. In the same period Import value of agricultural products rose to R29.8 billion, marking a 2.4% increase relative to Q1: 2023.

1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

1.1 Global Real GDP Growth Rates

According to International Monetary Fund (IMF), world economic outlook report (April 2024), it indicates that global economy remains remarkably resilient, with growth holding steady as inflation returns to target. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening. The real GDP growth Rates for 2024 (Q1) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States increased by 1.7%, 0.2%, 0.3%, 0.5% and 1.6% respectively, when compared to the first quarter of 2023 (Q1). See figure 1 below.

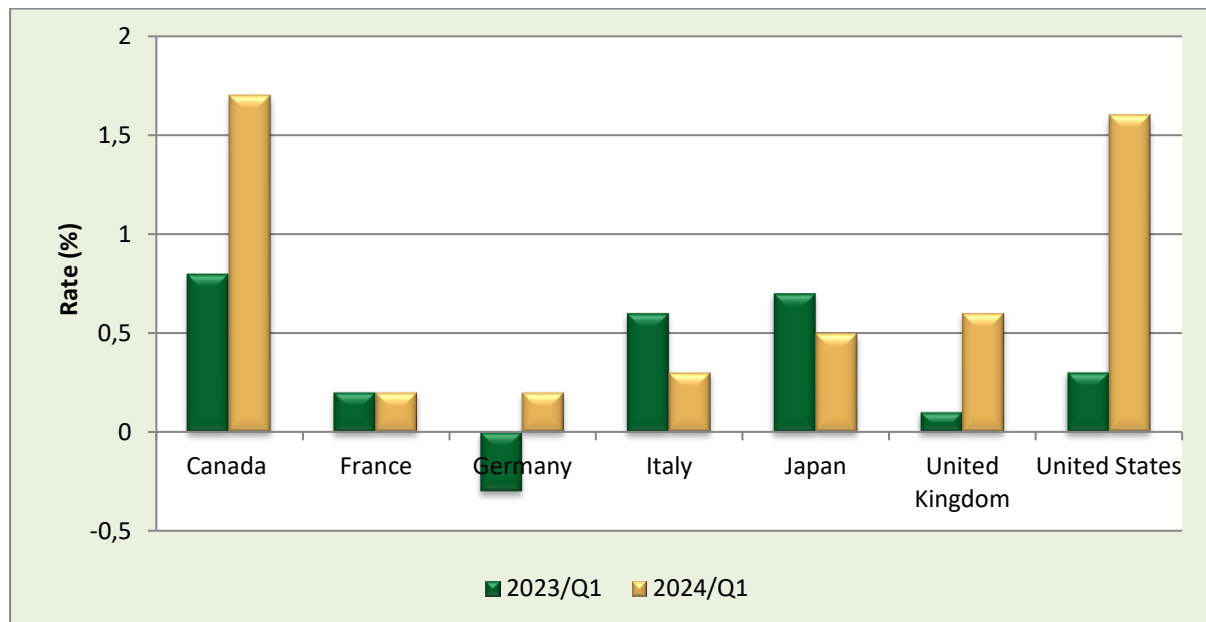


Figure1: Advanced Economies Quarterly GDP Growth Rates
Data Source: Various Sources

Figure 2, Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2024 (Q1) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 1.4%, 5.3%, 8.2%,

5.11%, 4.2%, 5.7%, 2.98% and 5.4% respectively, while South Africa decreased by 0.1% when compared to the first quarter of 2023 (Q1) last year figures.

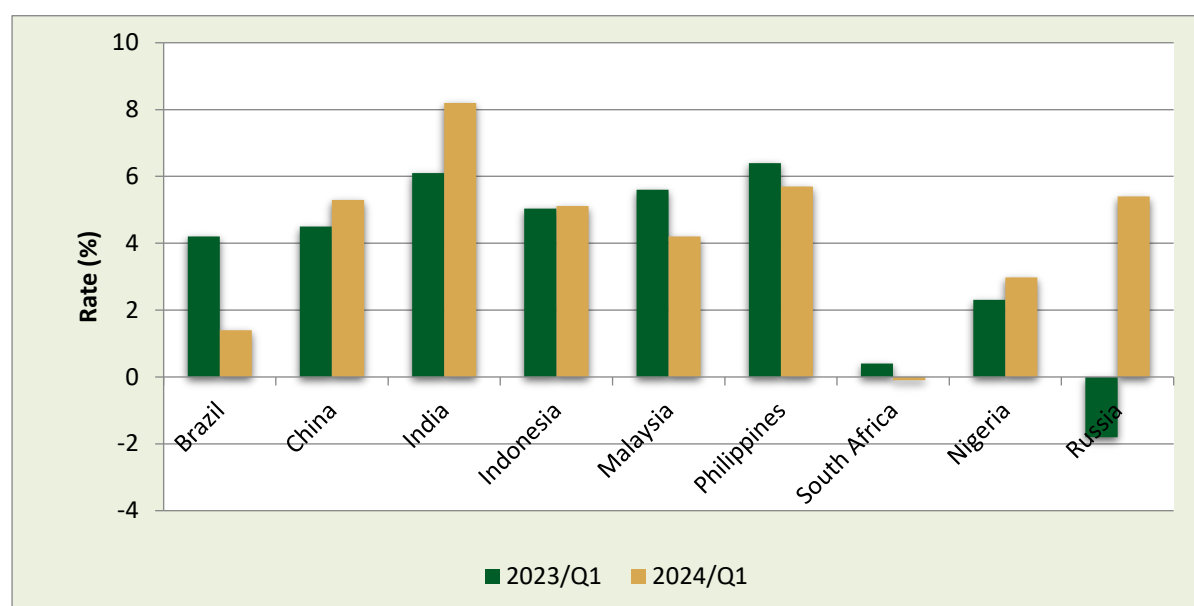


Figure 2: Emerging Markets and Developing Economies Quarterly GDP Growth Rates
Data Source: Various Sources

1. Global Grain forecast

The global grain supply forecast indicates a total grain increase of 1.8%, from 3.524 million metric tons in 2023 (Q1) to 3.588 million metric tons in 2024 (Q1). Global supply projections for 2024 (Q1) of wheat and cotton decreased by 0.2% and 2.2% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils increased by 3.7%, 0.3%, 3.6%, 2.0% and 2.9% respectively, when compared to the first quarter of 2023, see figure 3 below.

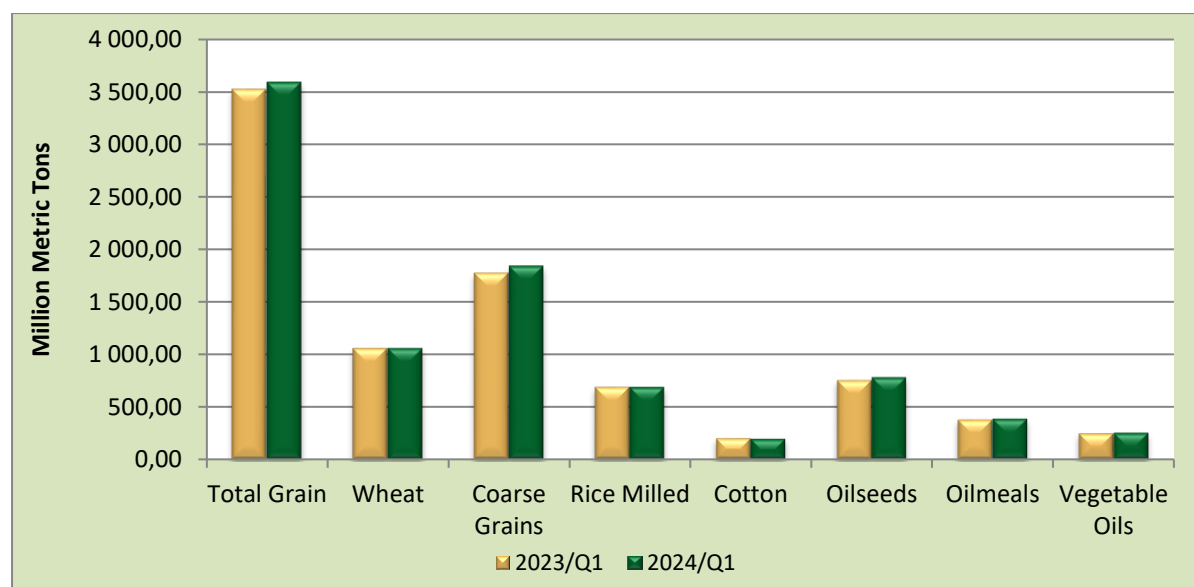


Figure 3: Quarterly global grain supply forecast
Data Source: USDA

2. Global Food Prices

Globally in 2024 (Q1) some major countries were paying lower by 8.4% on food purchases compared to 2024 (Q1). The following global food products price indices in 2024 (Q1), meat, dairy, cereals and oils indices show a decrease of 0.4%, 7.2%, 20.4% and 8.4% respectively, whilst sugar indices show an increase of 11.3% when compared to (Q1) of 2023, see figure 4.

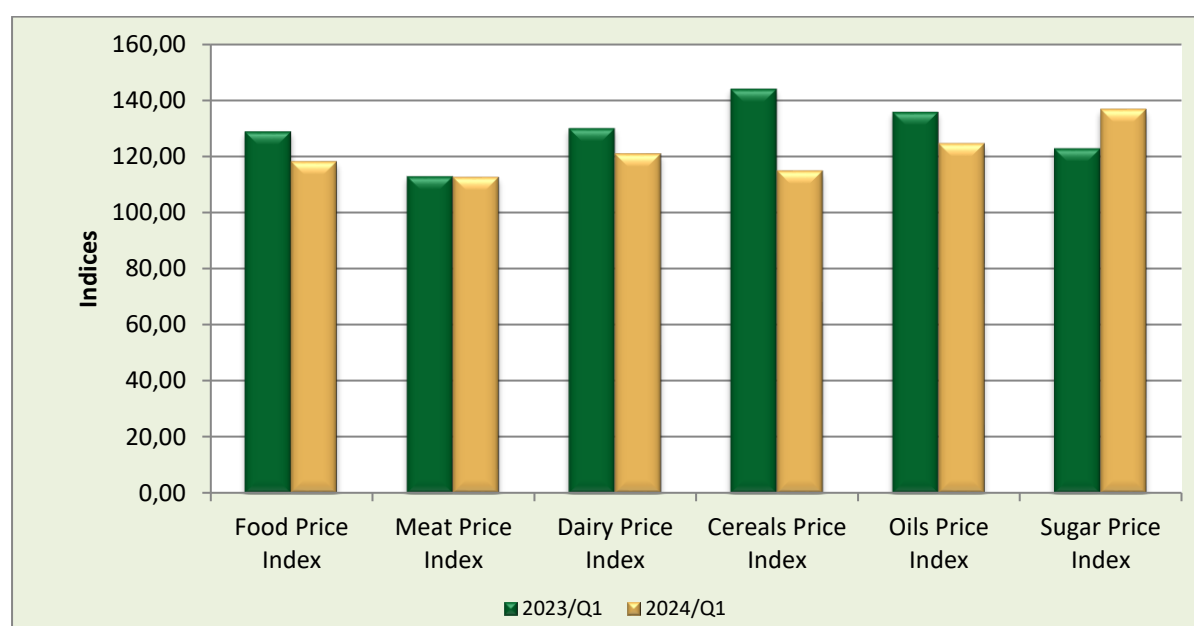


Figure 4: Quarterly global food price indices
Data Source: FAO

2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE

2.1 Growth

Real gross domestic product (GDP) decreased by a marginal 0,1% in the first quarter of 2024. This followed a revised 0,3% increase in the last quarter of 2023. Weaker manufacturing, mining and construction drove much of the downward momentum on the production (supply) side of the economy, while the expenditure (demand) side witnessed a decline across all components. Six of the ten industries on the production side of the economy performed poorly in the first quarter. Manufacturing was the largest negative contributor, declining by 1,4% and pulling GDP growth down by 0,2 of a percentage point. The automotive sector was the largest negative contributor, pulled lower by weaker demand for new vehicles and transport parts & accessories. Mining output contracted by 2,3%, with platinum group metals, coal, gold and manganese ore the largest drags on growth. Construction continued a downward trend, recording a fourth consecutive quarter of decline. The industry shrank further by 3,1% in the first quarter, pulled lower by weaker economic activity related to residential buildings and construction works.

However, trade, catering & accommodation, personal services and finance, real estate & business services industries also registered positive growth. Trade, catering & accommodation was marginally up on stronger wholesale trade sales, tourist accommodation, and economic activity in the restaurant, catering and fast-food sector. Personal services industry was slightly stronger due to positive growth in health and education. Agriculture was the largest positive contributor in the first quarter, and it rallies but not enough to keep GDP growth in the positive territory. The industry expanded by 13,5% following a decline of 2.4% in the last quarter of 2023. The agricultural sector was primarily supported by higher production volumes in horticulture and livestock, and better terms of trade in horticulture as well as in field crops. Agricultural sector recorded a positive trade balance with a trade surplus of \$1.4 billion, this was an increase of 20% year-on-year. The trade surplus was a result of a decline in agricultural imports coupled with higher exported volumes and prices of agricultural commodities. For example, South African Table Grape Association (SATI)

reported that for the 2023/24 season, 73.5 million cartons (4.5 kg) were exported, an increase from the original export estimate of 73 million cartons due to a larger harvest from the Orange River region. Although industry faced many logistical challenges once again, such as vessel delays, equipment failures, and high transportation costs, among others. These challenges resulted in higher fruit deterioration and port storage costs. The association expresses the need for dependable cold and logistical chains to ensure the industry's sustainability in the future.

Another important development Namibia recently lifted its ban on South African chicken imports following the outbreak of highly pathogenic avian influenza (HPAI) or bird flu in 2023. The lifting of the ban is expected to provide a chance for the Namibian and South African poultry industries to work together to develop efficient biosecurity protocols and disease prevention measures. This comes after Namibia announced that the lifting of the ban would only be for chicken from biosecurity-certified chicken farms. The South African chicken industry is well organised, and it is known to have good biosecurity measures at the commercial level. Namibia is the largest export market (after Lesotho) of South African poultry products. Prior to the ban, Namibia was estimated to absorb close to 20% of South African chicken exports on average per annum. This development is expected to boost local chicken prices which are currently under pressure.

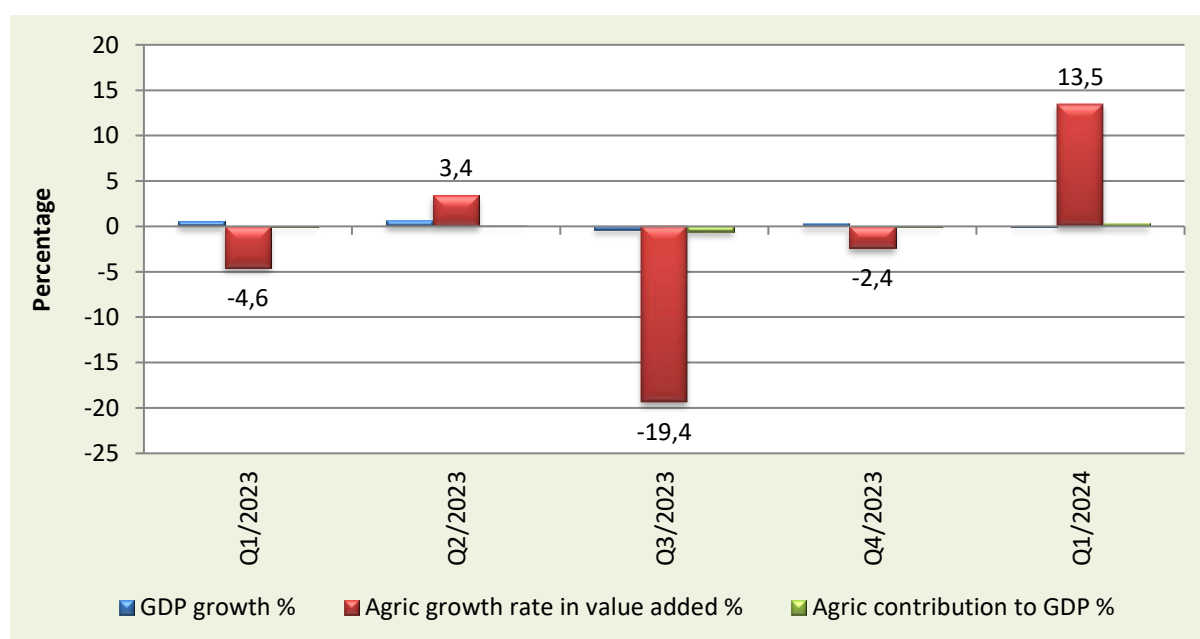


Figure 5: The GDP growth and Agriculture contribution to the GDP growth 2023: Q1 and 2024: Q1
Source: Stats SA

2.2 Inflation

Figure 6 shows Annual consumer price inflation (CPI) was 5.3% in January increased to 5.6% in February and decreased to 5.3% again in March 2024. During the first quarter of 2024 CPI decreased slightly to an average 5.4% compared to 5.5% in the last quarter of 2023. On year-to-year basis the CPI dropped from 7.0% in the first quarter of 2023 compared to 5.4% in same quarter of 2024. Meanwhile food inflation increases slightly to an average 6.0% in the first quarter of 2024 compared to 8.8% in the last quarter of 2023. The main contributors to the quarterly average 5,4% inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services.

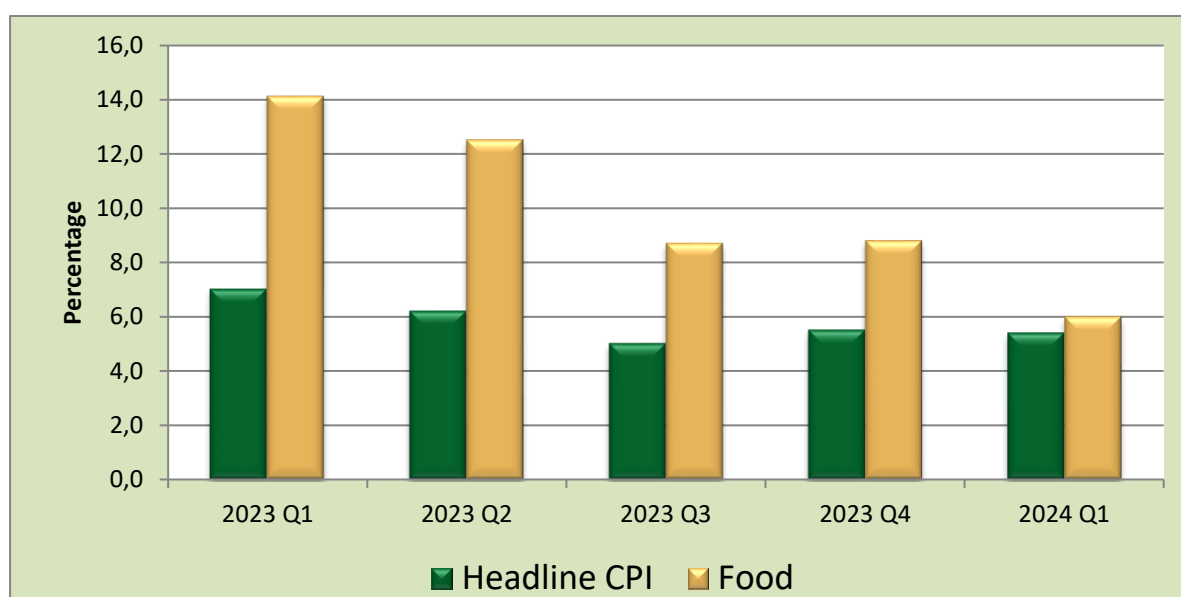


Figure 6: The headline consumer price index and food prices 2023: Q1 and 2024: Q1
Data Source: Stats SA

Figure 7 illustrates that in the first quarter of 2024 the main contributors to the average quarterly 5.4% inflation rate were food and non-alcoholic beverages increased by an average 6.0% in the first quarter of 2024 down from an average 8.8% in the last quarter of 2023. During the same period vegetables, fruit, fish and meat increased by 9.3%, 6.5%, 3.9% and 1.5% respectively compared to 21.5%, 10.5%, 7.1% and 3.6% in the previous quarter. Milk, eggs & cheese as well as bread and cereal also increased by 11.7% and 5.9% respectively compared to 13.6% and 8.3% respectively in the same

last quarter of 2023. Meanwhile oils and fats maintained a downward trend since the second quarter of last year declining by 4.8% in the first quarter of 2024 compared to a decline of 5.6% in the last quarter of 2023.

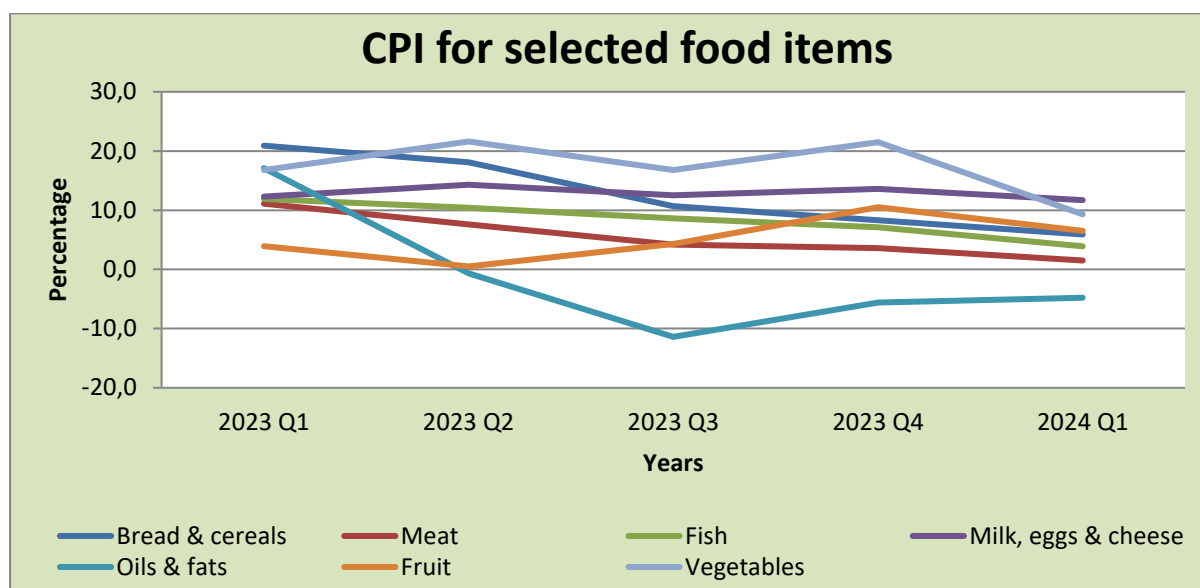


Figure 7: CPI for selected food items

Data Source: Stats SA

2.3 Employment

According to the Quarterly Labour Force Survey (QLFS), the official unemployment rate stands at 32.9%, an increase of 0.8 of a percentage point in first quarter of 2024 compared to the fourth quarter of 2023. The results of the QLFS also indicate that the number of employed persons increased by 22,000 to 16.7 million in the first quarter of 2024 compared to the fourth quarter of 2023. Additionally, the number of people who were not economically active for reasons other than discouragement decreased by 214,000 to 13.1 million, while discouraged work-seekers decreased by 1,000 between the two quarters. This resulted in a net decrease of 215,000 in the not economically active population. During the same period unemployment rate according to the expanded definition also increased by 0.8 of a percentage point to 41.9%. Formal sector employment increased by 56,000, while informal sector employment decreased by 100,000 over the same period in the first quarter of 2024. The youth between (15 to 34 years) remain vulnerable in the labour market, the first quarter of 2024 results show that the total number of unemployed young people increased by 236,000 to 4.9

million while there was a decrease of 7,000 in the number of employed youth to 5.9 million. This resulted in an increase in the youth unemployment rate by 1.3 percentage points from 44.3% in the first quarter of 2023 to 45.5% in the first quarter of 2024.

Compared to the same period last year, a net increase of 552 000 in total employment in the first quarter of 2024 was largely due seven industries that contributed an increase, while three industries contributed a decrease as shown in the figure below. While agriculture has had a rough start to the year, characterised by El Niño-induced drought, the employment conditions remain encouraging. Employment in agriculture increased by 6% year-on-year in the first quarter of 2024. Agriculture employment also increase by 2% between the last quarter of 2023 and the first quarter of 2024. Admittedly, the significant drought damage has been concentrated on the summer grains and oilseed regions, not across all agricultural subsectors, which somewhat explains the resilience in job data.

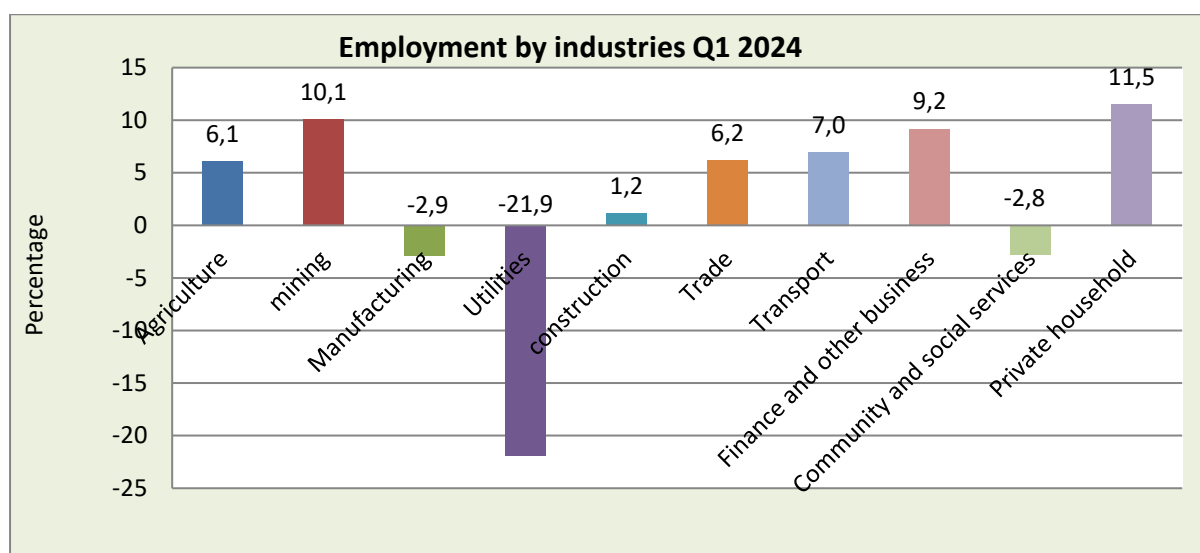


Figure 8: Total number of people employed by industries in 2024: Q1.

Source: Stats SA

Figure 9 illustrate that the number of people employed in agricultural sector increased from 888 000 in the first quarter of 2023, to 941 000 people in the first quarter of 2024, which represent an increase of 6.1%. Off the 54 000 jobs created by the sector, 55 000 jobs were created for men while women lost about 1 000 jobs between the two quarters. During the same period in total, the agricultural sector has 641 000 men and 300 000 women compared to 586 000 men and 301 000 women. On quarter-to-quarter

the number of people employed in agriculture sector also increased by 2.3%, from 920 000 in the last quarter of 2023 to 941 000 in the first quarter of 2024.

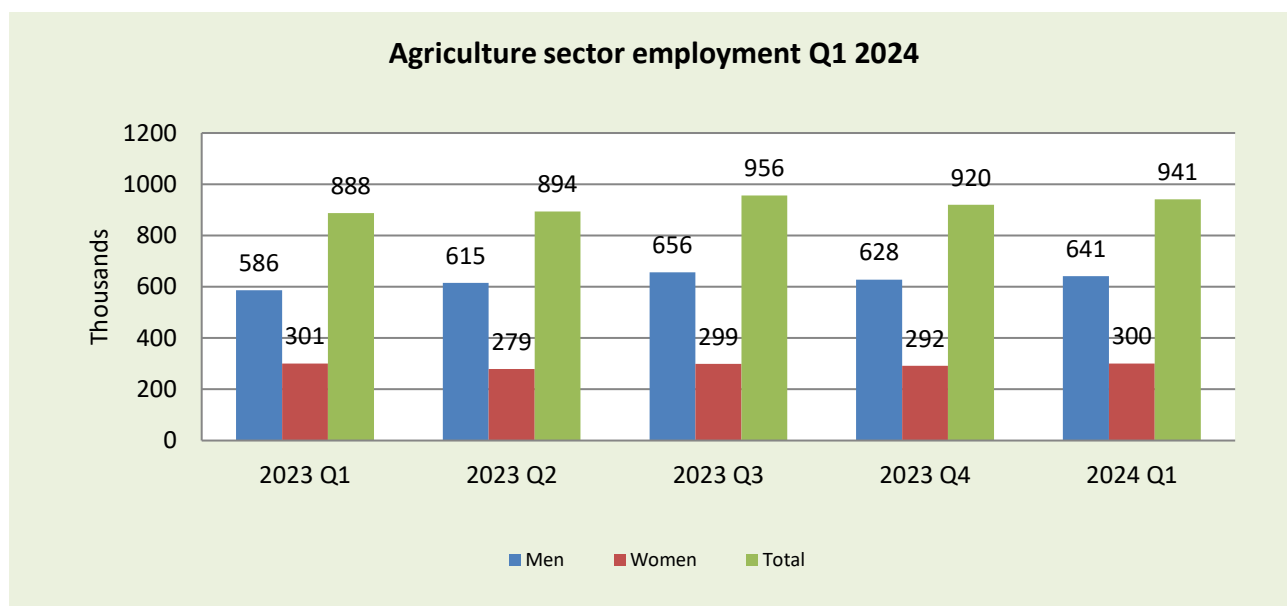


Figure 9: Total number of people employed in the agriculture sector between 2023: Q1 and 2024: Q1: Source: Stats SA

Figure 10. shows that between the first quarter of 2023 and the first quarter of 2024, provincial agriculture employment decreased in Western cape, KwaZulu-Natal, Northern cape and Limpopo decreased by 8.0%, 7.0%, 6.0% and 4.4% respectively. During the same period the (QLFS) publication also indicates a decrease of about 1.5% in the number of people involved in subsistence farming. KwaZulu-Natal, Eastern Cape, and Limpopo remained with the highest number of people involved in subsistence farming. agriculture employment increased significantly in three provinces, Northwest, Gauteng and Mpumalanga by 46.6%, 23.1% and 21.1% respectively, Free state and Eastern cape also contributed an increase of 7.1% and 3.0% respectively. Meanwhile

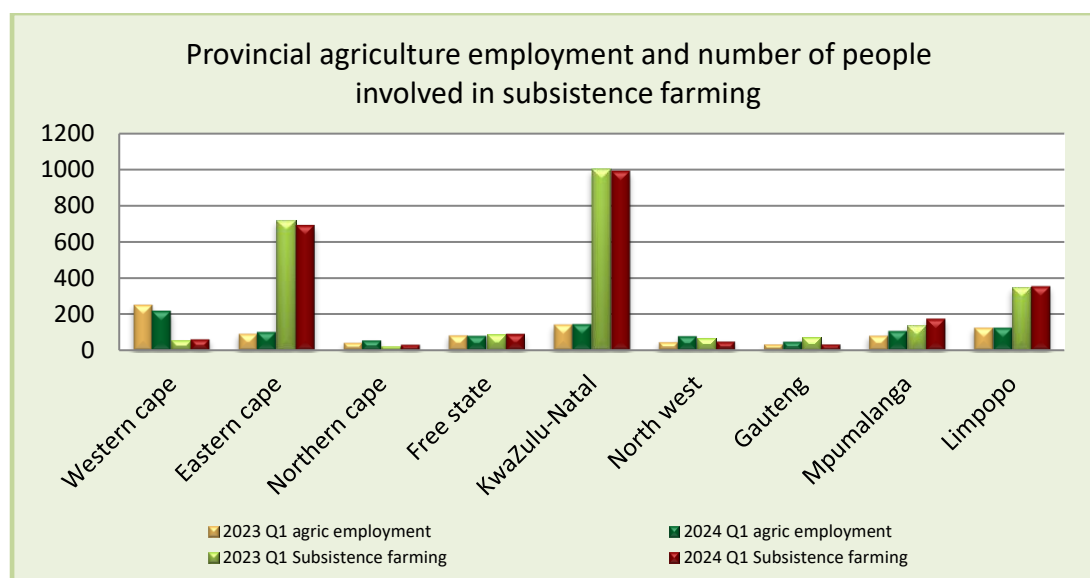


Figure 10: Provincial agriculture employment and subsistence farming between 2023: Q1 and 2024: Q1, Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

Figure 11 shows the 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 first quarter of 2024 to the previous quarter (Q4 2023). Farm services, seeds, fertilizer, seeds, plants, and farm feeds, all decreased by 15%, 26%, 27%, and 30% respectively. The decrease in fertilizer and other farm expenditures can be attributed to the fact that most summer grain crops are out of planting season first quarter, and planting season for most summer grains falls in the fourth quarter, hence farm expenditures decreased between the two quarters. On the other hand, fuel increased by 12%. Comparing the first quarter of 2024 to the same period a year ago(Q1:2023), farm services, fuel, and seed and plants increased by 6%, 6%, and 10% each. In contrast, fertilizers and farm feeds decreased by 7% and 28% respectively.

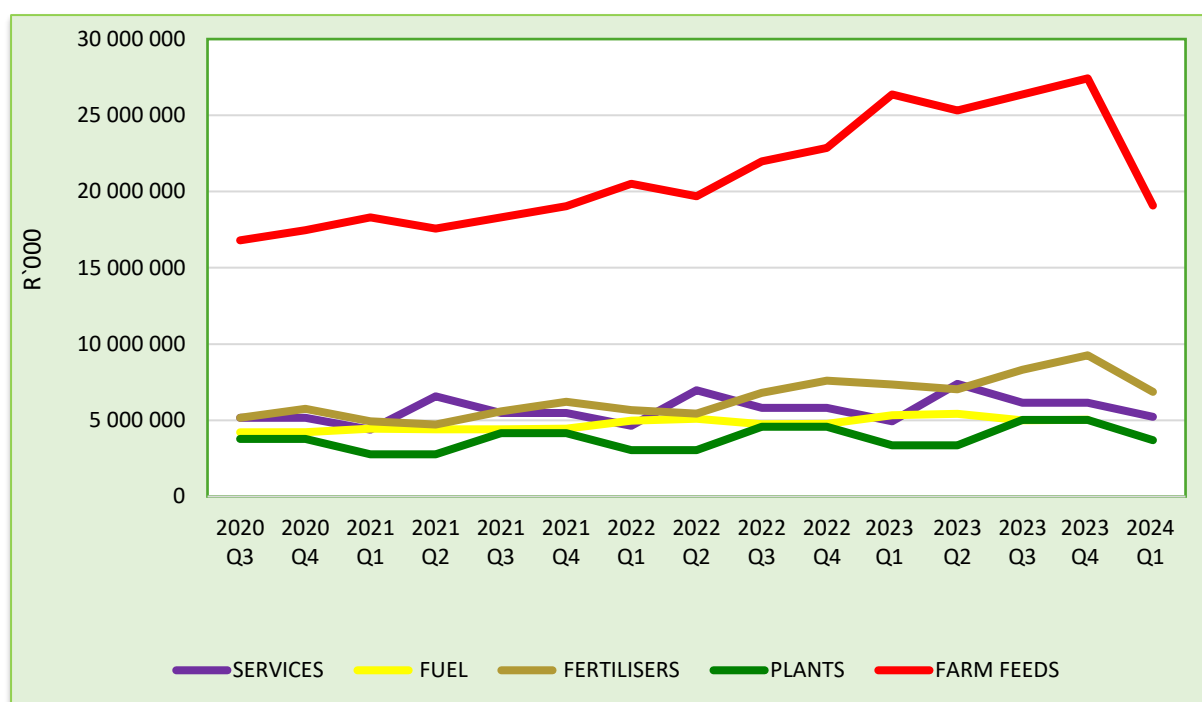


Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q3 and 2024: Q1

Source: DALRRD

2.5 fertilizer market review

2.5.1 South African fertiliser expenditure

Figure 12 below illustrates the expenditure on fertilizer. In the first quarter of 2024, the expenditure on fertilizer was R 6 855 270 million, compared to R 9 259 289 million, in the fourth quarter of 2023, this represents a 26% decrease in expenditure of fertilizers. R 6 855 270 million in the first quarter of 2023 when compared to the same period a year ago R 7 343 574 represents a 7% decrease. See Figure 12.

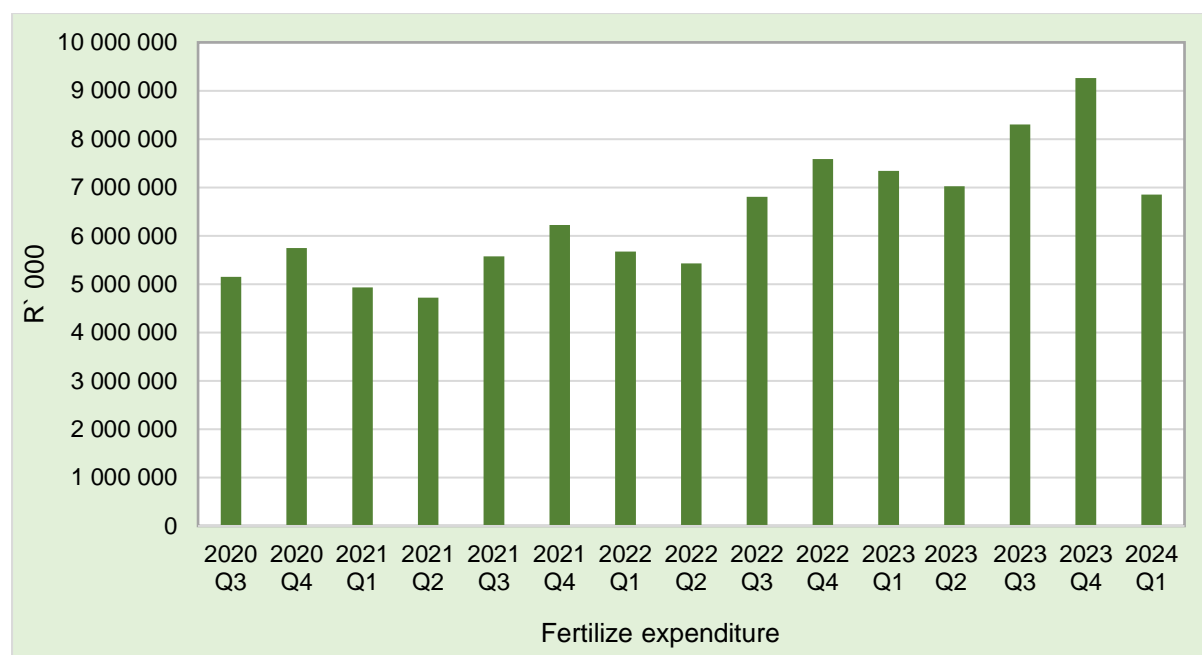


Figure: 12 South Africa fertiliser expenditure
Source: Grain SA

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

The figure 13 above illustrate that the gross income from all agricultural products increased by 7.3% from R86.0 billion in the first quarter of 2023 to R92.2 billion in the same quarter of 2024. Meanwhile the net farm income is estimated at R18.7 billion in the first quarter of 2024 compared to R8.9 billion in the same quarter of 2023, a huge increase of 110.1%. During this period the increase in net farm income was boosted by a 17.9%, 6.9% and 5.4% increase in income from field crops, horticulture and animal products.

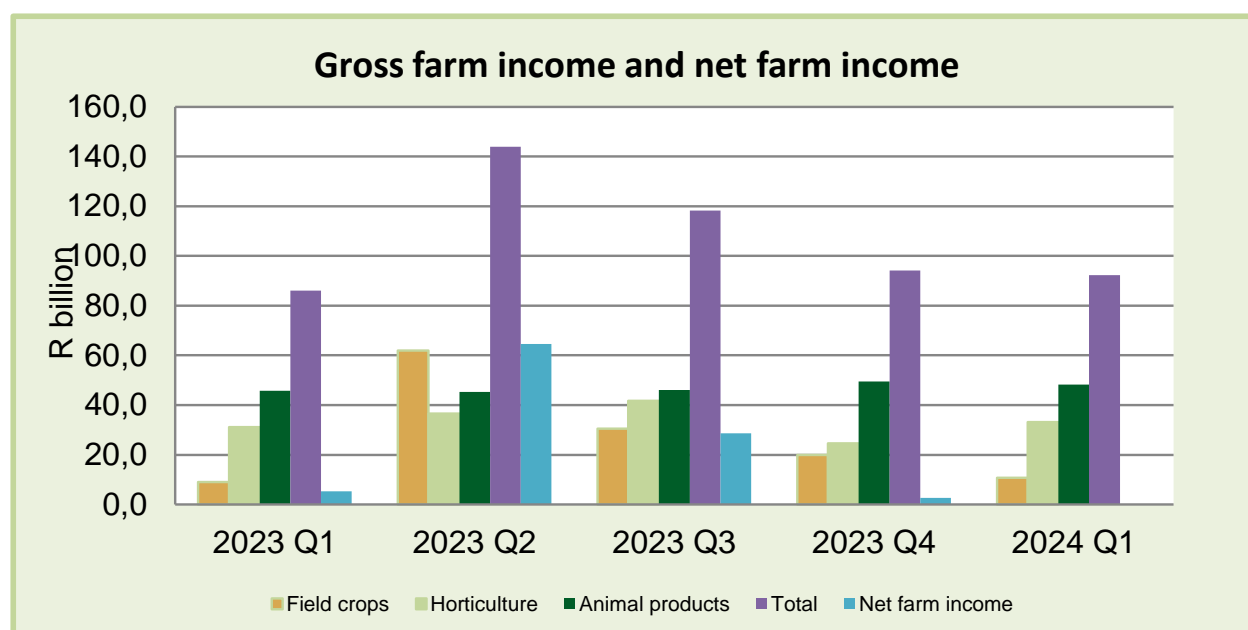


Figure 13: Trends in nominal gross farm income between 2021: Q3 and 2022: Q3
Source: DALRRD

2.9 Reviews of South Africa's water dam levels

South Africa's national dam levels for Q1: 2024 averaged 90%, reflecting a decrease of 5.6% compared to the same period in 2023. According to the South African Weather Service (SAWS), the multi-model rainfall forecast suggests below-normal rainfall for most parts of the country in January, February, and March, with the exception of the central and eastern coastal areas, where there is a higher likelihood of above-normal rainfall. Furthermore, minimum and maximum temperatures were anticipated to be above-normal across the country for the forecast period.

The condition of most dams worsened in Q1: 2024 compared to the same period in 2023. Nationally, approximately 33% of the dams had storage levels exceeding 90%. Due to the dry and warm weather experienced in the summer, there was minimal change in dam storage levels in Q1: 2024 compared to Q1: 2023, except in the Western Cape and Limpopo Province where some isolated areas received above-average rainfall.

On a quarter-on-quarter basis, South Africa experienced a 2.6% increase in its national dam levels in Q1: 2024 compared to Q4: 2023. This increase is the result of near-normal and above-normal rainfall across large parts of the country. Despite the

uptick in dam water levels, the growing water demands and infrastructure limitations have led to a continuous rise in the system's water requirements. This situation has been worsened by the escalation of service and industrial activities.

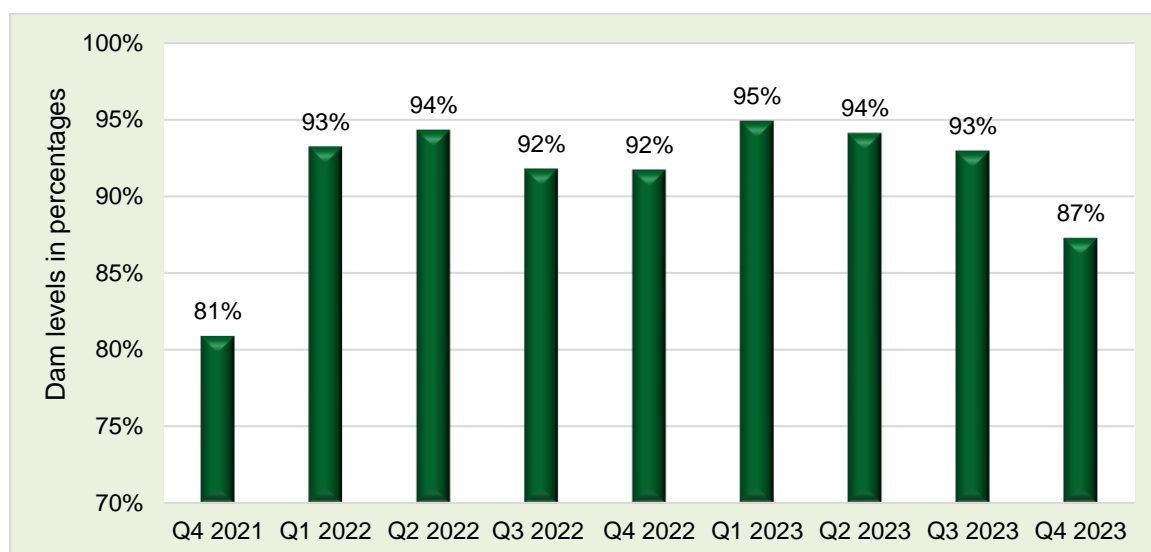


Figure 14: National dam levels

Source: Department of Human Settlements, Water and Sanitation

2.9.1 Provincial dam levels

In Q1: 2024, there was a noticeable change in the rainfall patterns compared to Q1: 2023. Some regions in the Free State, Gauteng, Kwa-Zulu Natal, Mpumalanga, Northern Cape, and North West Provinces experienced a decrease in dam water levels. However, these levels remained sufficient to meet the needs of consumers during Q1: 2024.

According to the most recent data from the Department of Water and Sanitation, dam levels in the Free State Province saw a 10.4% decrease in Q1: 2023 compared to Q1: 2022, resulting in an average level of 92% instead of the previous average of 100% over the period. Despite the noticeable decline, the current state of dams is still favourable and anticipated to meet consumer needs. However, this is dependent on consumer water usage habits and the preservation efforts implemented by municipalities, some of which are facing financial obligations to the Department of Water and Sanitation.

Similarly, in the first quarter of 2024, dam levels in Gauteng decreased by 13.2% compared to the same period in 2023. The average dam level decreased from 101% to 88% over the period. In response to a shortage of water on Rand Water's side, caused by a significant increase in water consumption, the Department of Water and Sanitation has called upon the residents of Gauteng to actively participate in water conservation practices.

During the same period, dam levels in Kwa-Zulu Natal decreased by 7.3% in Q1: 2024 compared to Q1: 2023, averaging at 85% instead of 92%. Although most dams in the area are at satisfactory levels, certain regions urgently need substantial rainfall to replenish their water levels.

Dam levels in Mpumalanga slightly dropped by 1.4% in Q1: 2024 in contrast to the same period in 2023, with an average of 97% as opposed to 89%. The Department of Water and Sanitation advised the public to conserve water and avoid wastage.

Dam levels in the Northern Cape declined by 17.7% in Q1: 2024 relative to Q1: 2023, averaging at of 81% from 99%. This has had a severe impact on the province, with the Northern Cape being the worst-affected by the substantial decline in dam water levels.

Similarly, dam levels in the North West province experienced a significant 10.1% reduction in dam levels in Q1: 2024 compared to Q1: 2023. The average dam level decreased rose from 86% to 77%, attributed to high temperatures across most parts of the province.

On the other hand, dam levels in the Eastern Cape saw a significant increase of 6.9% in Q1:2024 compared to Q1:2023, reaching an average of 84% from 78%. This rise can be attributed to the abundant rainfall that drenched specific areas of the province.

Dam levels within Limpopo Province rose by 9.8% in Q1: 2024 relative to Q1: 2023, due to the above-average rainfall recorded in certain areas of the Limpopo Province.

During the same period, dam levels in the Western Cape experienced a significant increase, rising by a substantial 31.3% compared to Q1: 2023. This brought the

average dam level to 69%, a notable improvement from the previous average of 53%. The boost in levels can be attributed to the heavy rainfall the region received, marking a remarkable turnaround.

Although there have been some favourable advancements, it is crucial to highlight that the majority of provincial dams witnessed a decrease in levels in Q1: 2024 in contrast to Q1: 2023. Consequently, the Department of Water and Sanitation reiterates the significance of water users being prudent in their water usage.

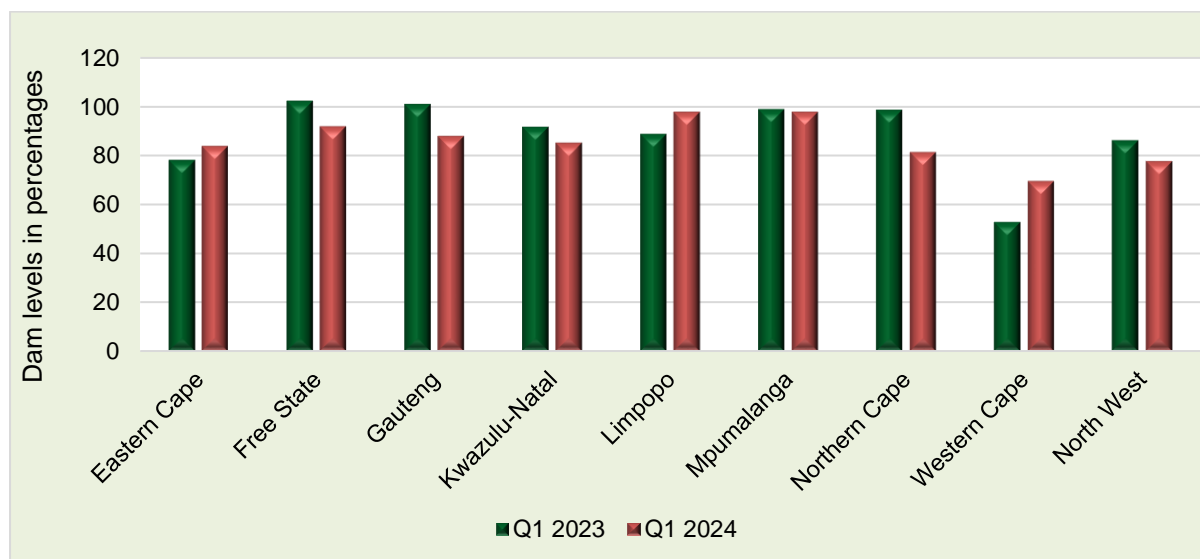


Figure 15: Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

Figure 16 depicts the dam levels in various provinces during Q1: 2024 to Q1: 2023. When comparing dam levels in Q1: 2024 relative to Q4: 2023, a decline was observed in most provinces, except for Free State, Kwazulu-Natal, Limpopo, and Mpumalanga, where the dam levels showed a significant increase. Specifically, the dam levels in the Eastern Cape, Gauteng, Western Cape, and North West provinces decreased by 2.5%, 3.6%, 3.3%, 23.4%, and 4.3% respectively, quarter-on-quarter. This decline can be attributed to below-normal to near-normal rainfall that was predominantly received in many parts of the country. Additionally, a somewhat dry to moderately dry climate, with extremely dry conditions in isolated areas, prevailed in large portions of the country.

Considering this situation, the municipality urges all residents to use water sparingly and to implement water-saving practices wherever possible. Every drop counts during this time of scarcity. Department of Water and Sanitation has advised water users to use water wisely and to persist in their water conservation efforts in order to maintain livelihoods, stimulate the economy, and keep water levels stable within the systems. Collaboration with the provincial government remains ongoing to address water scarcity issues.

The Department of Water and Sanitation is actively collaborating with municipalities to tackle the water shortage and is dedicated to ensuring a consistent water supply to all provinces.

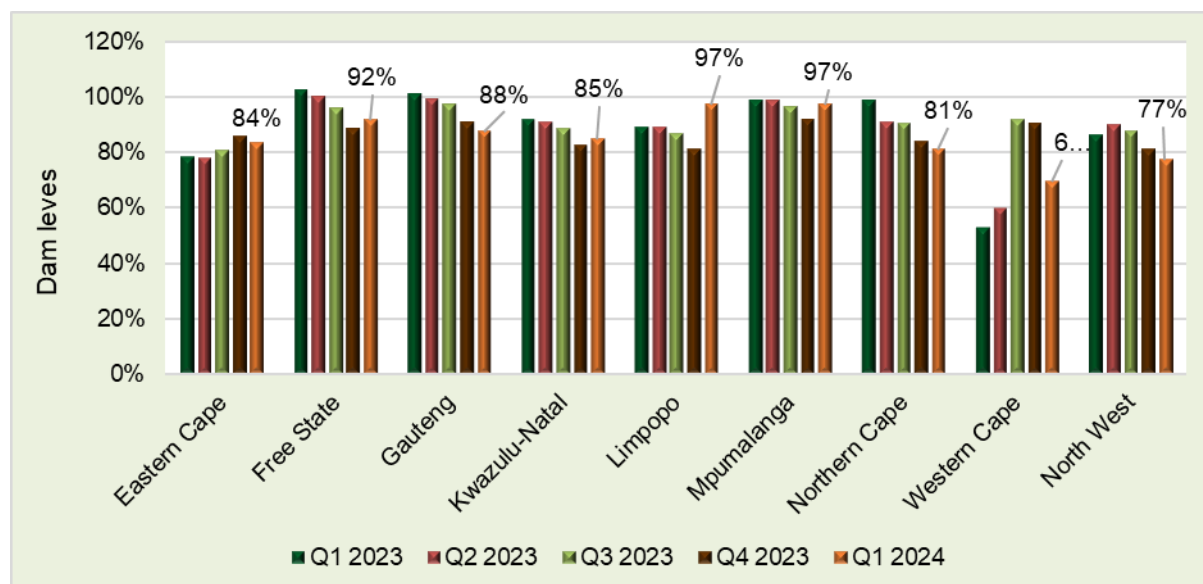


Figure 16: Average dam levels from Q4: 2022 to Q4: 2023

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

The 2024 white and yellow maize outlook is expected to be down by 25.4% and 12.% compared to last year. The dry spells that began late in the first quarter of 2024, from late January 2024 to early March 2024 affected crop productions in South Africa,

Angola, Botswana, DRC, Malawi, Mozambique, Namibia, Zambia and Zimbabwe. The areas received the lowest rainfall; in South Africa, over a large part of the summer grain producing regions were affected as seen on the production declines on the tables.

Table 1: White Maize Production and Demand outlook

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Foreca:
Opening Stcok	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 346 568
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7 850 000	8 505 000	6 343 350
Imports	0	72531	630619	41797	0	0	0	7583	0	0	0
Total Supply	8653905	6845062	5803778	10942090	10199675	8141119	9211515	10911271	9255287	9 587 640	7 689 918
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	8465901	6847647	7133205	5 732 947
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	1 325 000	1 080 000	1 275 000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	9445734	8 172 647	8213205	7007947
Closing Balance	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 374 435	681 971

Source: DALRRD, NAMC, Sagis.

White maize imports are not expected, but yellow maize imports of 350 000 tons are estimated this year from no imports in the previous year as highlighted on table 2 below. White maize exports are expected to be 18.1% higher than last year while yellow maize exports are expected to be 65.8% lower than year.

International maize prices have come down from the highs experience in 2022. The low yellow maize prices internationally is due to inter-alia; the upward revisions in maize production output from China, the EU, the US and Turkey early during the quarter. These restrained a rise in local yellow maize prices as high output of yellow maize is anticipated, while white maize prices rose from their shortages locally.

Table 2: Yellow Maize Production and Demand outlook

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Foreca:
Opening Stcok	678315	1289624	1097224	875351	1847267	1618654	1285087	1128098	658 682	871 291	1 053 987
Production	6540000	5220000	4370000	6904000	5970000	5730000	6752500	7715000	7 597 450	7 925 000	6 966 500
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0	0	350 000
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8256132	8796291	8 370 487
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	4477346	4919841	5638294	6818358
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000	2 104 010	720 000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	8 184 416	7 384 841	7742304	7 538 358
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	658682	871 291	1 053 987	832 129

Source: DALRRD, NAMC, Sagis.

Figure 17 shows that the price of white maize increased by 8.5% while the yellow maize price decreased by 6% on year-on-year basis (Quarter 1, 2024 compared to Quarter 1, 2023), on a quarter-on-quarter basis (quarter-on-previous quarter) the price of white maize increased by 7% while the yellow maize price decreased by 0.8%. The local white maize and yellow maize traded at 5.7% and 23.8% below the import price although the prices were 35.3% and 27.8% above the export price due to the low World prices.

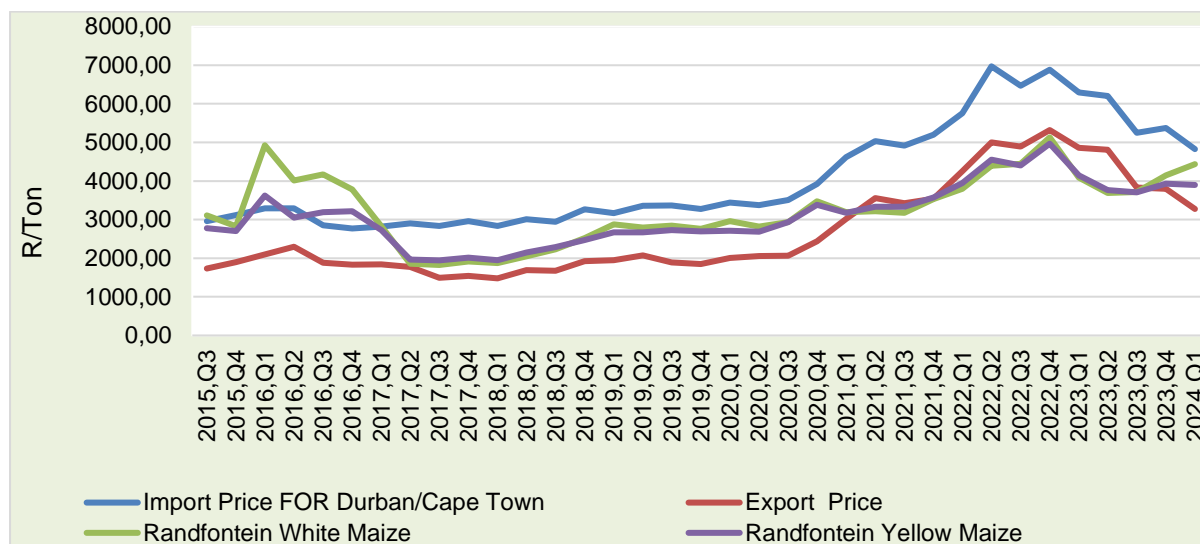


Figure 17: Maize prices

Source: DALRRD, Safex, World bank

Figure 18 shows retail price of a 2.5kg bag maize was 1.3% lower during the 1st quarter of 2024 than it was during the same period in 2023, while a 5kg bag of maize increased by 0.2% during the same period. On a quarter-on-quarter basis both 2.5kg and 5kg bags of maize increased by 0.1% and 0.7% respectively.

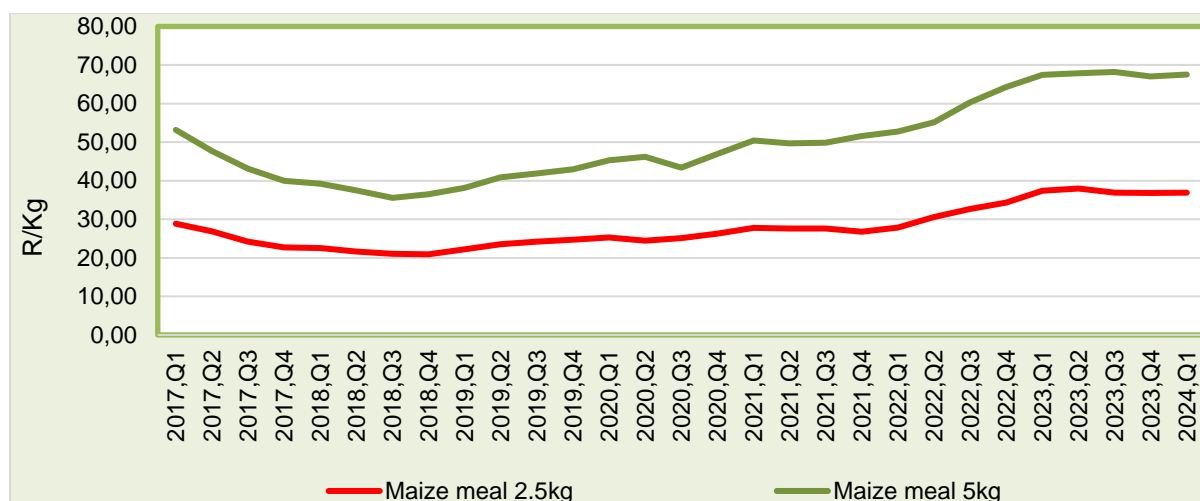


Figure 18: Retail prices vs white maize seed prices
Source: Safex/Stats SA

3.1.2 Wheat

Figure 19 shows the price trends of domestic wheat prices and international parity prices for the period 2019: Q3 to 2024: Q1. The domestic wheat price traded at R 6035,85/ton in 2024: Q1, 0,8% higher compared to the previous quarter 4 of 2023. Wheat import and wheat export parity prices traded at R 6 294,12/ton and R 5 056,43/ton in the first quarter of 2024. Wheat import parity price decreased by 4,2% whilst export parity price increased by 3,5% respectively in 2024: Q1 relative to the previous quarter (2023:Q4).

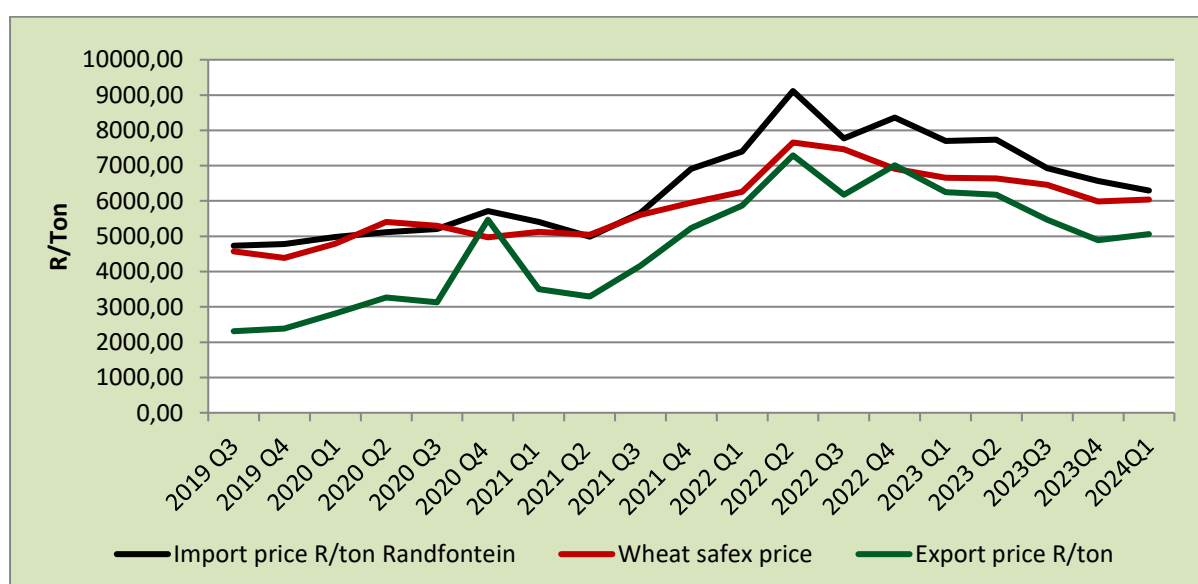


Figure 19: Wheat safex price, export parity price and Import parity price

Source: Sagis/Safex

Figure 20 depicts retail bread prices versus wheat Safex price from 2019: Q1 to 2024: Q1. Consumers paid more for wheat by-products in 2023: Q4 compared to the previous quarter 2023: Q3. The price of selected wheat by-products white bread 700gr decreased by 2% between Q1: 2023 and Q1: 2024 whilst the price of brown bread 700gr increased by 1% in the same period. On the other wheat safex price decreased by 9.3% year on year, whilst the price increased by 0,8% between Q4: 2023 and Q1: 2023.

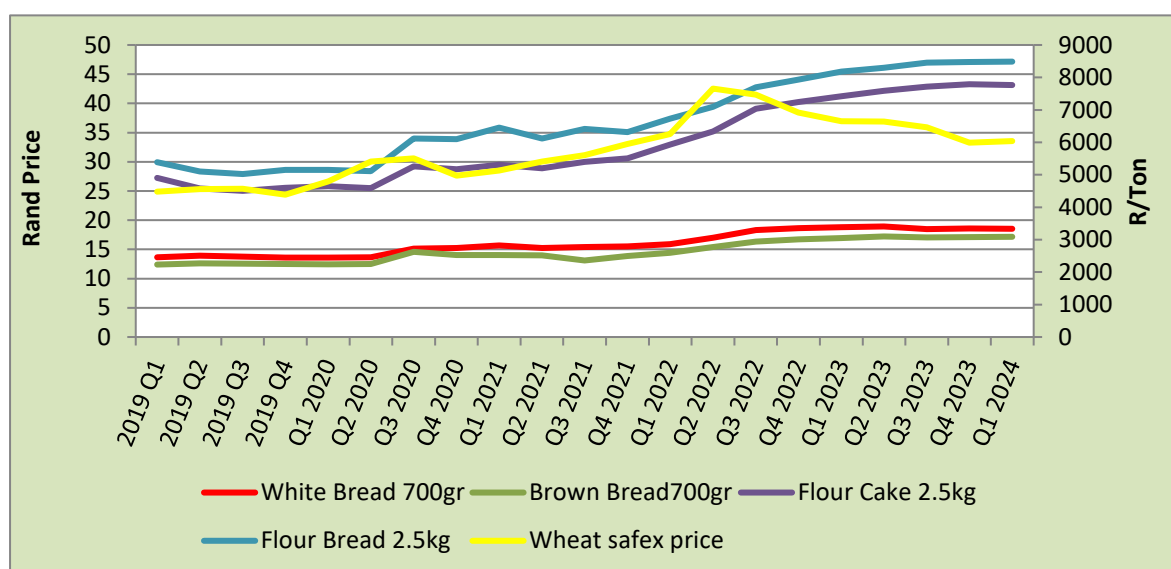


Figure 20: Retail bread price vs wheat import price
Source: Stats SA & Safex

Figure 21 depicts the supply and demand of wheat from 2021: Q1 to 2024: Q1. In the first quarter of 2024 South Africa's wheat deliveries, exports and local demand for wheat decreased by 27%, 25%, and 5% respectively when compared to the same period a year ago in 2023: Q1. On the other hand, imports increased by 7,0% over the same period. On a quarter-to-quarter basis Q1:2024 and Q4:2023 Producer deliveries, imports, and local demand decreased by 89%, 30%, and 7% respectively. While exports increased by 75% when compared to the previous quarter.

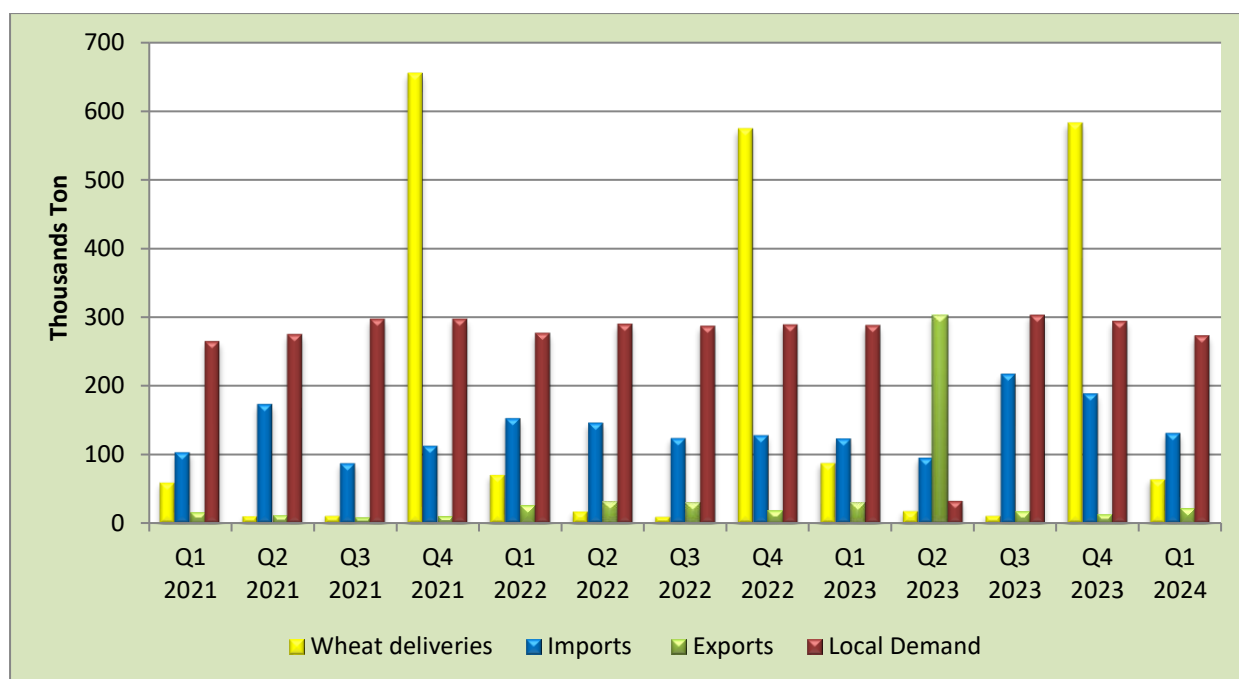


Figure 21: Wheat deliveries, Imports, Exports and local demand
Source: Stats SA & Safex

3.1.3 Soya beans

The price of soybeans decreased by 13.6% on year-on-year basis(y/y), on a quarter-on-quarter basis the price decreased by 9.7%. The local price traded at 12% below the import price but remains uncompetitive trading at 6.9% above the export price during the 1st quarter.

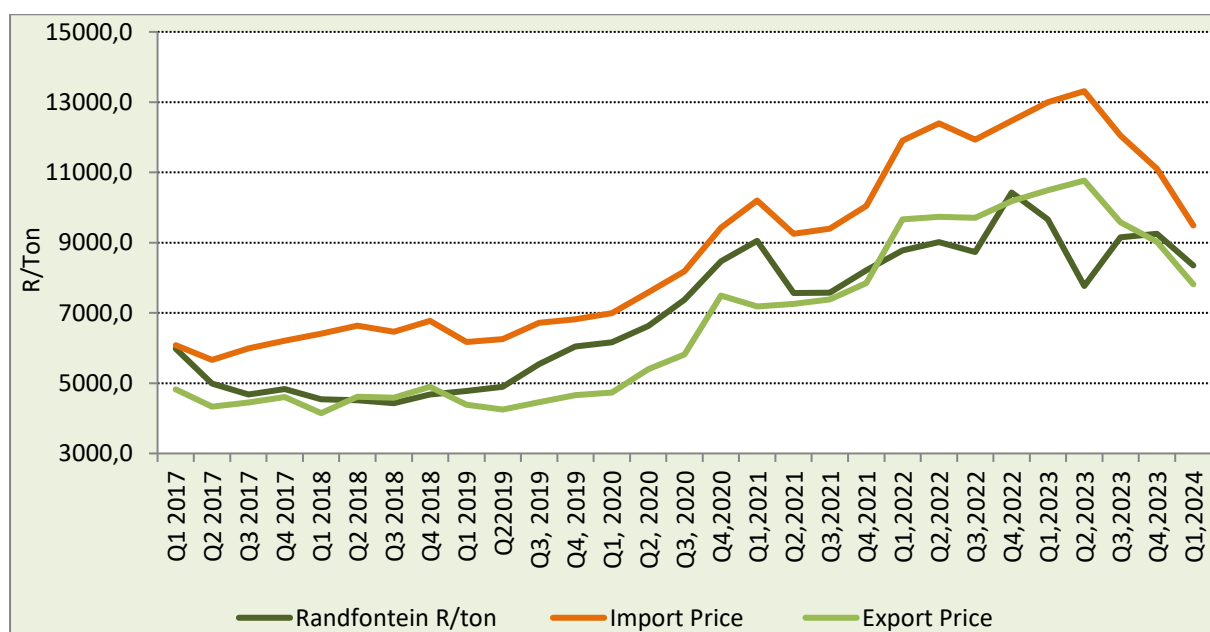


Figure 22 Soya beans local price vs import price
Source: Safex/Sagis/USDA/World Bank

The Department of Agriculture Rural Development and Land reform (DALRRD)'s Crop Estimates Committee forecast the 2024 Soybean production outlook to be 35.8% lower than in 2023. The downward revision in soybeans outlook is due to the dry spells during the quarter which affected summer grains production.

Imports are expected to rise slightly by 14%, while demand and exports are expected to decline by 25.8% and 90.3% respectively. The rise in imports is expected to compensate for the lower local soybeans production in 2024. The stable World soybeans 2023/24 production because of upward revisions in soybeans production in Argentina, USA and India. These ensured a continued decline in World and local soybeans prices..

Table 3: South African Soybeans Production & Use Table

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Forecast
Beginning Stock	63704	89128	84792	330535	502241	138455	46053	168 387	171 897	313 397
Production	1070000	742000	1316000	1540000	1170345	1 245 500	1 897 000	2 230 000	2 770 000	2 139 480
Imports	124981	271098	28000	6000	9500	116 103	13 448	5 000	3 300	3 000
Total Supply	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2 403 387	2 945 197	2 455 877
Local Consumption	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1951490	2251800	2032150
Exports	4677	6745	414	25000	4000	1 060	42 295	280 000	380 000	180 000
Total Demand	1169557	1017434	1098257	1374294	1543631	1 454 005	1 788 114	2 231 490	2 631 800	2212150
Closing Stocks	89128	84792	330535	502241	138455	46 053	168 387	171 897	313 397	243 727

Source: DALRRD and NAMC

3.1.4 Sunflower

Figure 23 shows the supply and demand of sunflower seed up to the first quarter of 2024. Producer deliveries in the first quarter of 2024 is expected to be 23.6% higher than it was in the same quarter of 2023 (Q1). South African sunflower seed imports in the first quarter of 2024 are expected to be 3 400% higher than it was in the same quarter of 2023 (Q1) last year. Sunflower seed imports decreased by 61.4% in the first quarter of 2024 as compared to the previous quarter in 2023 (Q4). South African sunflower seed export in the first quarter of 2024 is expected to be 825% higher than it was in the same quarter of 2023 (Q1) last year. Sunflower seed exports remain unchanged by 0.0% in the first quarter of 2024 when compared to the previous quarter of 2023 (Q4). Local sunflower seed consumption in the first quarter of

2024 was 2.8% higher than it was in the previous quarter of 2023 (Q4). Local consumption in the first quarter of 2024 is expected to be 8.4% higher than it was in the same quarter of 2023 (Q1)

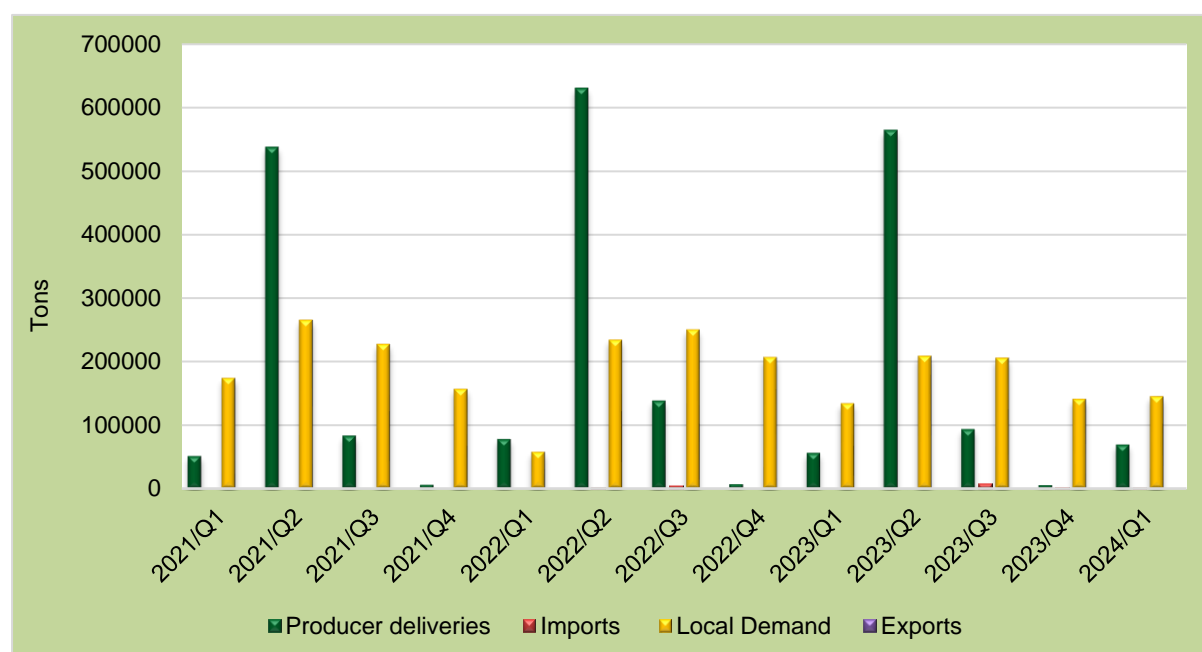


Figure 23: Sunflower seed deliveries; local demand and trade
Source: Sagis

During the first quarter of 2024, South Africa sunflower seed prices traded below the import parity price at R8 628.87/ton compared to R9 745.32/ton in the first quarter of 2024, which is a total decrease of 4.8% compared to the previous quarter of 2023 (Q4). The price of sunflower seed has decreased by 20.7% during the first quarter of 2024 as compared to the same period last year, which is 4.8% higher than it was in the previous quarter of 2023 (Q4). The local sunflower seed price in the first quarter of 2024 traded at 11.5% lower than the import price, compared to trading at 3.1% below the import price in the fourth quarter of 2024. The prices of sunflower oil 750ml in the first quarter of 2024 traded lower by 4.8%, when compared to the same period in 2023 (Q1). The price of sunflower oil 750ml in the first quarter of 2024 decreased by 1.5%, when compared to the previous quarter (Q4) in the year 2023.

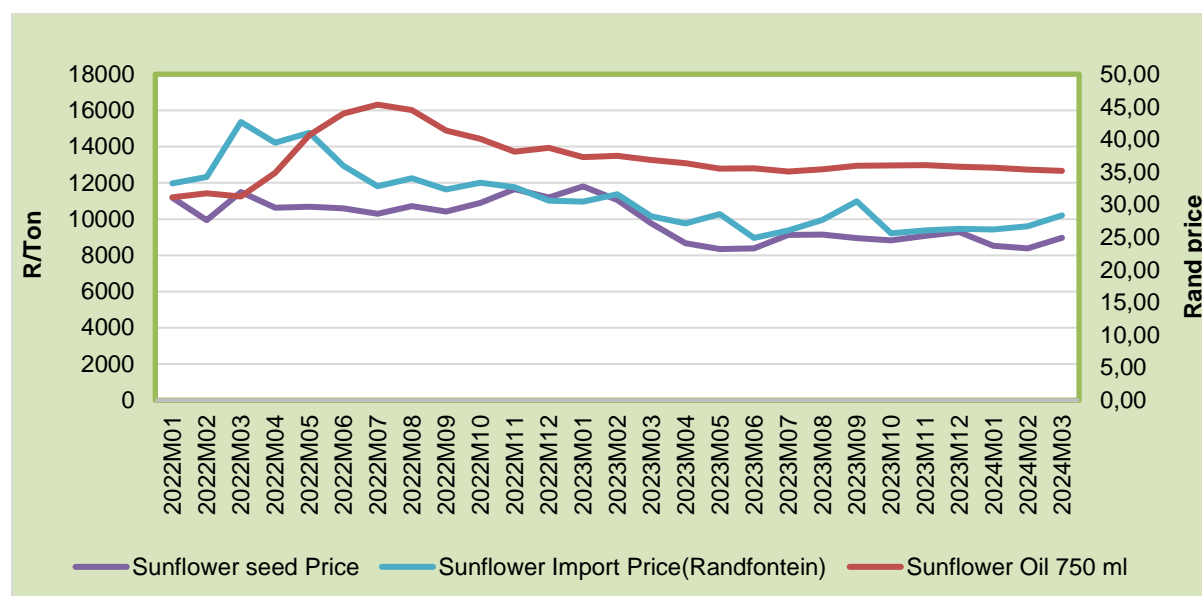


Figure 24: Sunflower local seed; import price (Randfontein) and Sunflower retail price
Source: Safex; USDA; Sagis; and Own calculations

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 in the year 2021: Q4.

The World price of sorghum decreased by 20% on year-on year basis, while on a quarter-on-quarter basis the price decreased 8.5%. Sorghum prices generally follow maize prices and with lower yellow maize prices and an expected increase in global sorghum production prices are expected to remain low.

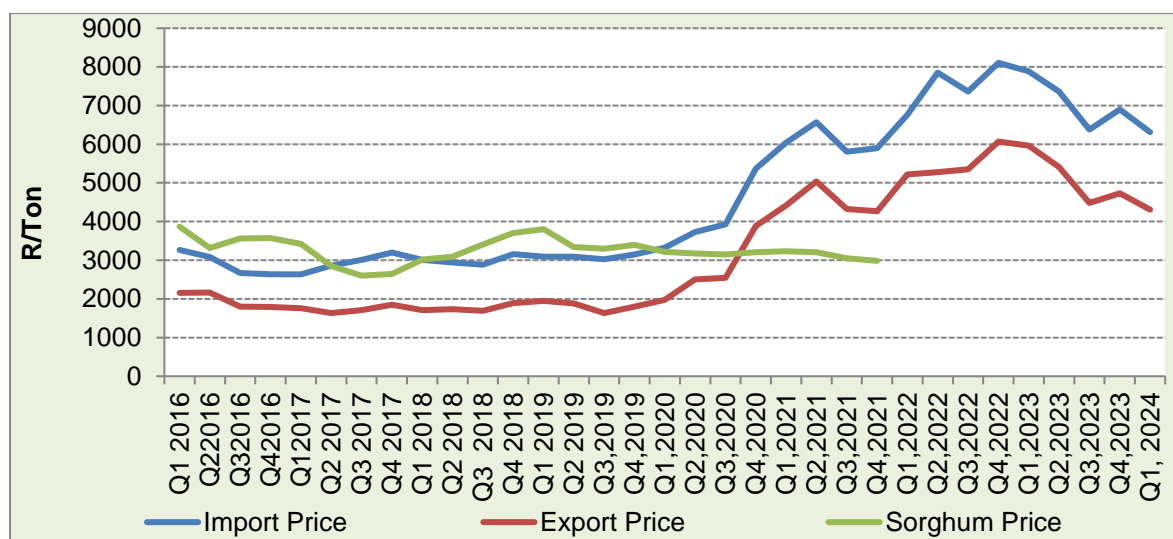


Figure 25: Sorghum Parity Price
Source: Safex, Sagis

Sorghum production outlook is expected to increase by 1.6% during the quarter. Imports are expected to be lower by 41%, while exports are expected to remain stable compared to the previous year. Demand is expected to increase by 0.3% this year relative to the previous year.

Table 4: Sorghum Demand & Use Table

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Forecast
Opening stock	121812	83142	35238	59246	51860	60 423	51 795	106 157	46 956	54 775
Production	114700	70500	152000	115000	127000	158000	215 000	103 140	94 360	95 830
Imports	34316	74957	55824	32500	59253	6546	4 147	700	85 300	50 500
Total Supply	277713	226677	244073	206746	238113	224969	270 942	209 997	226 616	201 105
Local demand	165532	178790	171027	142541	170390	167524	155727	153641	160841	161387
Exports	29039	12649	13800	12345	7300	5650	9 058	9 400	11 000	11 000
Total Demand	194571	191439	184827	154886	177690	173174	164785	163 041	171841	172387
Ending Stock	83142	35238	59246	51860	60423	51795	106 157	46 956	54 775	28 718

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 Q1: 2024. producer deliveries of groundnuts and exports decreased by 18% and 47% respectively in Q1: 2024 relative to Q1: 2023. On the other hand, local demand and imports of groundnuts increased by 2% and 17% respectively in the same period.

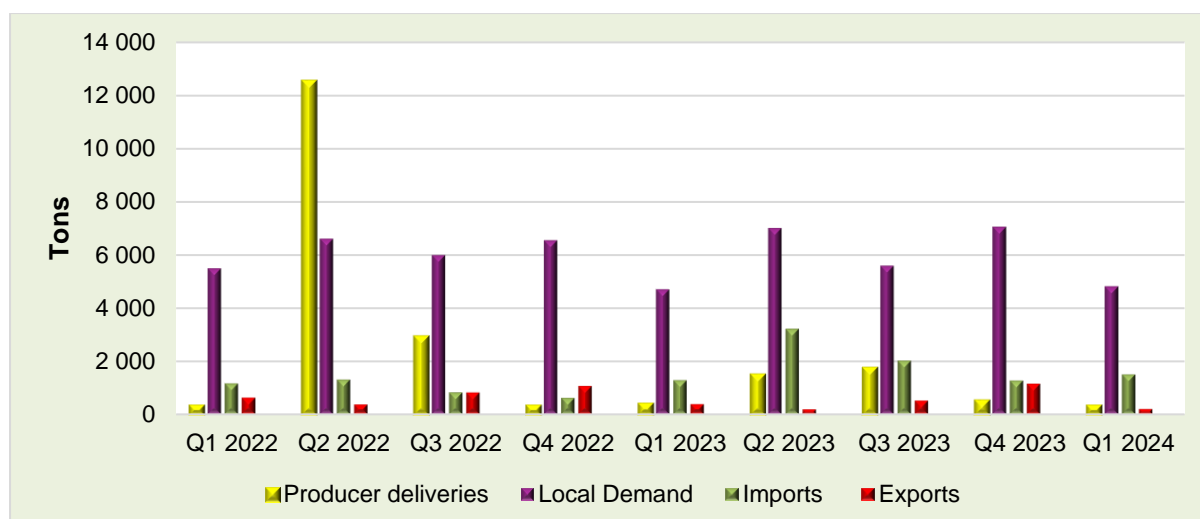


Figure 26: Producer deliveries, local demand, export and imports of groundnuts

Source: Sagis

Figure 27 shows consumption trends of groundnuts from Q1: 2021 to Q1: 2024

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 Q1: 2024, consumption of edible groundnuts decreased by 18% relative to Q1: 2023. 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 28% in Q1: 2024 relative to Q1: 2023. Meanwhile, in Q1: 2024, the consumption of crushed oil & cake, increased by 100% in the same period a year ago consumption of crushed oil and cake was also zero in Q1: 2023 and in Q1: 2024 consumption was 35. 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 grams) increased by 17% in Q1: 2023 relative to Q1: 2024, to an average market price of R45.03/400 gram.

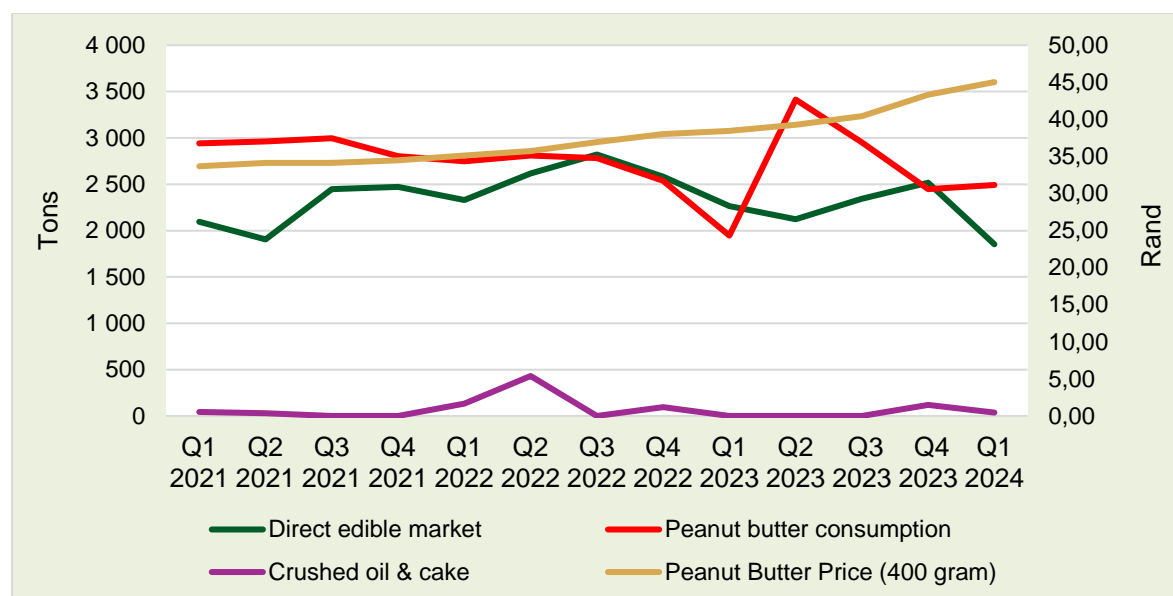


Figure 27: Groundnuts consumption

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 Q1: 2022 to Q1: 2024.

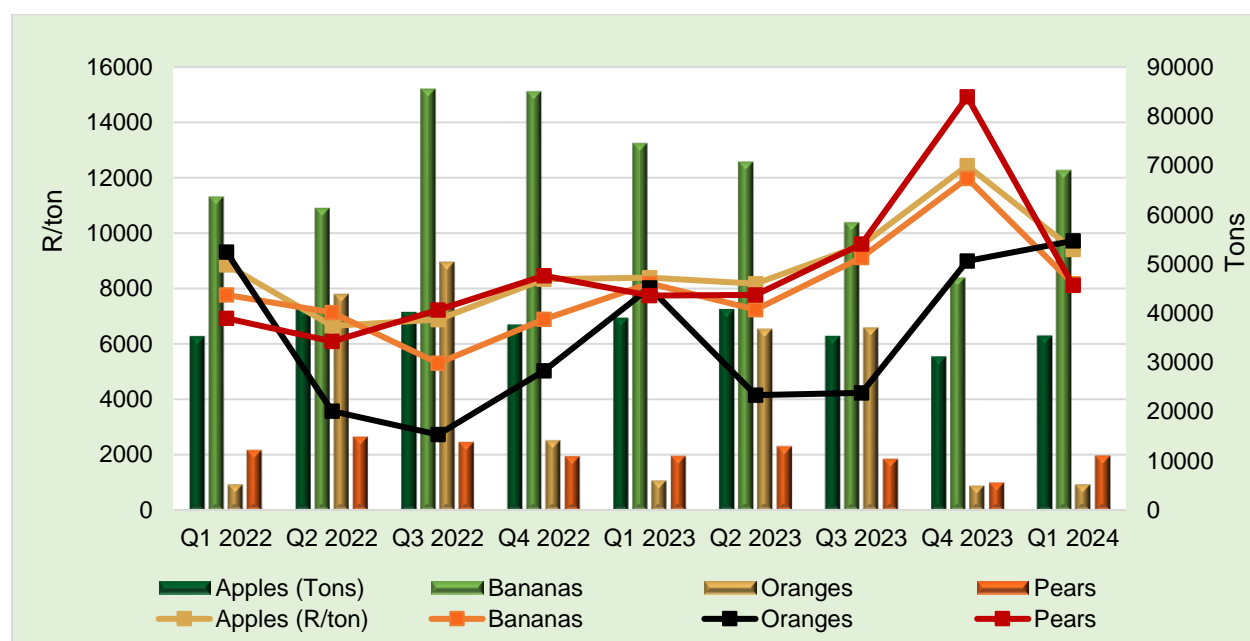


Figure 28: Average price and quantities of various fruits traded at fresh produce markets (FPMs)

Source: Dalrrd

In Q1: 2024, the average price of apples went up by 12.1% compared to the same period in 2023. At the same time, the quantity of apples supplied decreased by 9.1%

year-on-year. The apple season in South Africa in the previous year was tough due to hail damaging a significant portion of the crop, including the portion meant for export. However, the outlook for the 2024 season is more positive.

In Q1: 2024, the average price of bananas experienced a slight decline of 0.1% compared to Q1: 2023. Additionally, there was a year-on-year decrease of 7.3% in the quantities supplied. The banana industry encountered numerous challenges in 2023, including the flooding of bananas. This not only affected South African growers and their businesses but also hindered growth opportunities and the establishment of black emerging farmers. Moreover, it posed risks to job security, created barriers for new emerging farmers, and threatened the livelihoods of communities reliant on banana production. However, it is possible that the decrease in price in Q1: 2024 and quantities supplied could be attributed to seasonal factors or changes in market conditions.

In the same period, there was a notable shift in orange prices as the average price of oranges surged by 21.2% in Q1: 2024 compared to Q1: 2023, alongside a 13.6% decrease in quantities supplied year-over-year. The reduction in quantities supplied can be attributed to various obstacles encountered by growers, such as the overall rise in agricultural input expenses. The initial navels have entered the market, primarily targeting local consumers, with Valencia oranges set to follow suit in Limpopo shortly. The Citrus Growers Association of South Africa highlights that a dry summer with minimal rainfall towards the end of the previous year has resulted in smaller sizes of various citrus fruits. It is anticipated that the autumn showers will contribute to enhancing the size of the fruits.

Meanwhile, the average price of pears increased by 4.7% in Q1: 2024 relative to Q1: 2023, while quantities supplied increased by 0.4% year-on-year. The South African pear crop is unusually early this year. The Packham harvest is already done where usually this would be peak harvest time. The demand from the market is good.

On a quarter-on-quarter basis, the average price of apples decreased by 24.4% in Q1: 2024 compared to the final quarter of 2023, while the quantity of apples supplied went up by 13.6%. The Royal Gala harvest kicked off in the central regions, benefitting from

ample rain and cooler weather after hot spells. Additionally, there's an optimistic forecast for an 8% increase in Pink Lady apple volumes, continuing the trend observed in recent seasons.

During the same period, the average price of bananas decreased by 31.7 % in Q1: 2024 relative to Q4:2023, while quantities supplied increased by 46.2% quarter-on-quarter. The inundation of bananas not only disrupts South African growers and their businesses, but it also hinders potential for growth, sabotages initiatives to support emerging farmers, jeopardizes the employment of numerous workers, erects obstacles for new emerging farmers, and endangers the well-being of South African communities reliant on banana cultivation.

Meanwhile, the average price of oranges in Q1: 2024 increased by 8.0% compared to Q4: 2023 while, the quantity supplied increased by 4.3% quarter-on-quarter. The quality of orange fruit for 2024 is exceptional, and the harvesting schedule is anticipated to be normal. In general, there is an anticipated increase in volume. This demonstrates the resilience of South African orange growers who face various challenges such as rising input costs, power outages, and deteriorating public infrastructure. Additionally, the increase in volume can be attributed to the production of younger trees in multiple regions.

Conversely, there was a 45.6% decrease in the average price of pears in Q1: 2024 relative to Q4: 2023, while quantities supplied rose by 95.5% quarter-on-quarter. This year, the South African pear crop is experiencing an unusually early season, as the Packham harvest has already been completed.

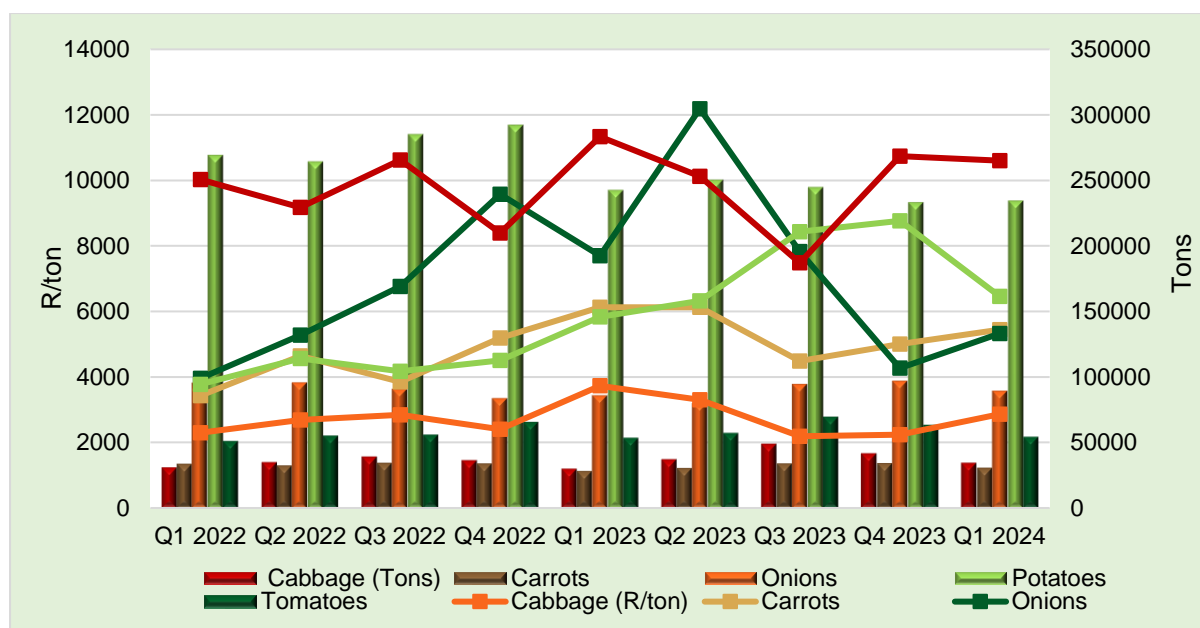


Figure 29: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)

Source: Dalrrd

The prices of vegetables at the Fresh Produce Markets are primarily influenced by the domestic supply and demand factors. In Q1: 2024, the average prices of cabbage, carrots, onions and tomatoes decreased significantly compared to Q1: 2023. Cabbage prices decreased by 23.2%, carrots prices decreased by 11.1%, onions prices decreased significantly by 30.85 and tomato prices decreased by 6.5%. However, the quantities supplied for these vegetables increased year-on-year. Cabbage supply increased by 14.8%, carrots supply increased by 9.2%, onions supply increased by 3.9% and tomato supply increased by 1.3%.

The decrease in cabbage prices can be attributed to various factors, such as a decrease in consumer demand following a period of high demand at the close of January. Furthermore, the decrease in prices was further bolstered by a rise in the volume of supply.

On the other hand, the decrease in carrot prices was mainly due to the increased supply volume across the fresh produce markets. Carrot prices were also under pressure due to unfavourable weather conditions in key producing areas.

Regarding onions, there is currently an abundant supply in the market, with the primary supplying regions being the Northern Cape and certain areas of the Western Cape.

Analysts anticipate a favourable season for the Northern Cape, while for the Western Cape, they foresee the season being marked by high-quality produce and improved margins.

Meanwhile, the decrease in tomato prices can be attributed to the drop in the average price of tomatoes is due to the increased supply, favourable weather conditions, and decreased customer demand.

In contrast, the average price of potatoes increased by 10.7% in Q1: 2024 compared to Q1: 2023. Market dynamics were heavily influenced by the quality of produce available and the changing patterns of consumer demand.

On a quarter-on-quarter basis, the average prices of cabbage, carrots and onions experienced varying increases in Q1: 2024 relative to Q4: 2023. Cabbage prices rose by 27.7%, carrots by 8.9%, and onions by a significant 24.7%. During the same period, the quantity of these vegetables supplied decreased by 17.2%, 9.6% and 7.7% respectively quarter-on-quarter. The increase in cabbage prices was driven by strong consumer demand, while the increase in carrot prices was due to a decrease in the volumes supplied. Similarly, the increase in onion prices was also due to a decrease in the volumes supplied. Analysts are observing a rise in global demand, similar to the pattern observed in 2023. It's crucial to monitor how global shortages will impact local price trends over the next three months.

During the same period, the average prices of potatoes and tomatoes decreased by 26.3% and 1.4% respectively in Q1: 2024 relative to Q4: 2023. The decrease in potato prices was influenced by a 0.6% increase in volumes supplied. Kwa-Zulu Natal and the Free State have been the primary regions for supplying fresh produce markets. On the other hand, although the average price of tomatoes decreased by 1.4% in Q1: 2024 relative to Q4: 2023, the quantities supplied also decreased by 14.4% ahead of the harvesting season.

3.3 Meat industry review

As illustrated graphically in figure 30, total beef slaughtering decreased marginally by 1.2% in first quarter of 2024 compared to the same quarter of 2023. The price of beef per kg decreased by 2.5% in first quarter of 2024 when compared to the same period in 2023. The South African beef market is poised for steady growth, with a projected rate of over 3% through to the latter part of the decade. This robust growth trajectory can be attributed to a variety of factors, most notably the increased in consumer preference for high-quality, locally source produced.

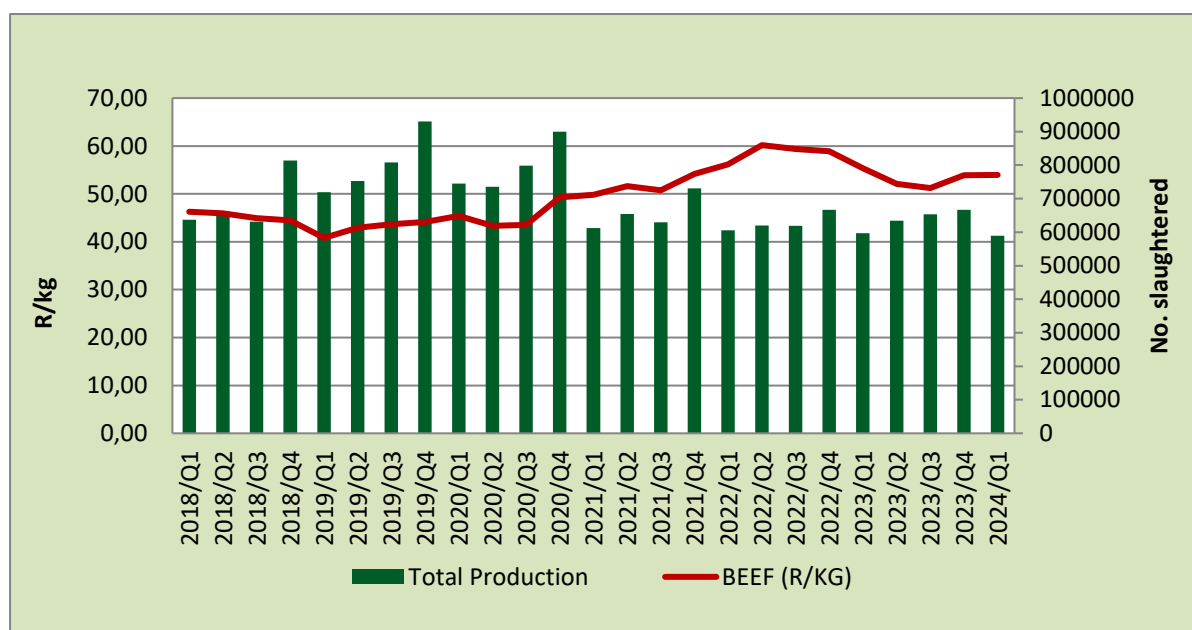


Figure 30: Beef production
Source, DALRRD

3.4 Poultry industry review

Poultry production was down by 2.9% during the 1st quarter on year-on-year basis, whilst on a quarter-on-quarter basis production was 1.5% higher on average during the 1st quarter. The low production output was mainly due to costs associated with the outbreak of a high-pathogenic avian influenza (HPAI), diesel costs for alternative power because of the electricity crisis. The 1st quarter production figures show a steady rebound as costs are associated with power cuts and feeding costs eased.

The poultry price per ton increased by 10% and slightly by 0.5% on a year-on-year and on a quarter-on-quarter basis respectively. The industry stated that they still face water and electricity disruptions, while the imports of broiler hatching eggs to rebuild its chicken flocks were destroyed by the bird flu resulting in additional costs. As a result, the industry is still recovering before it can return to full profitability amid the lifting of poultry imports restrictions.

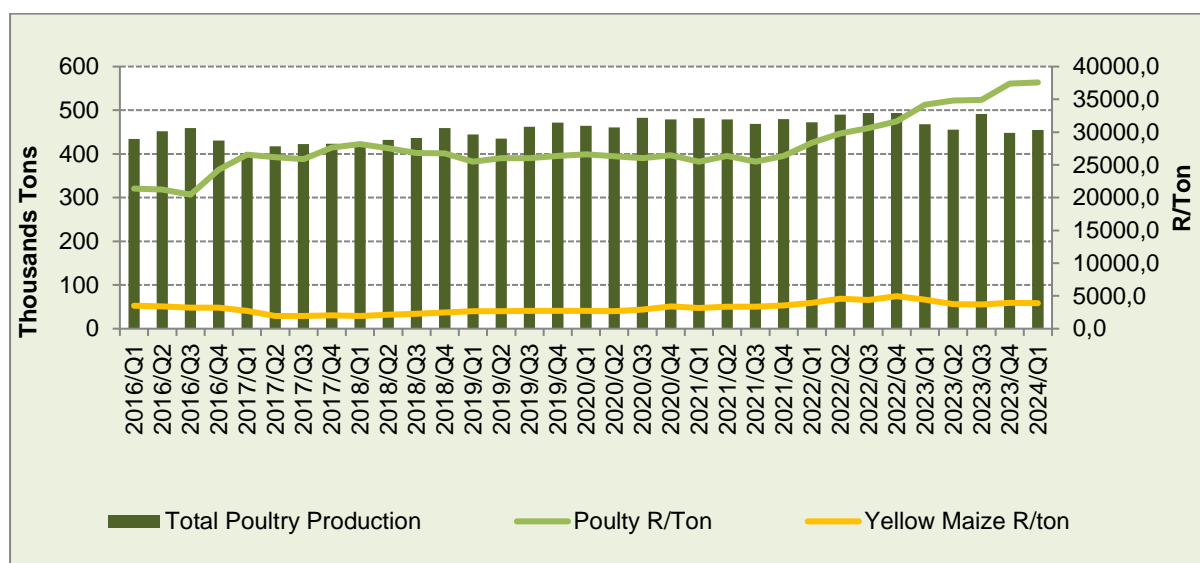


Figure 31: Poultry production and prices
Source: DALRRD

The retail prices of chicken continue their increase as seen of figure 32. The price of fresh whole chicken and fresh chicken portions increased by 8.6% and 7.1% on year-on-year basis; while the price of frozen chicken portions and chicken giblets increased by 8% and 6%. On a quarter-on-quarter basis the price of fresh whole chicken, whole chicken portions, frozen chicken portions and chicken giblets increased by 2.4%; 1.5%; 1.6% and 1.7% respectively.

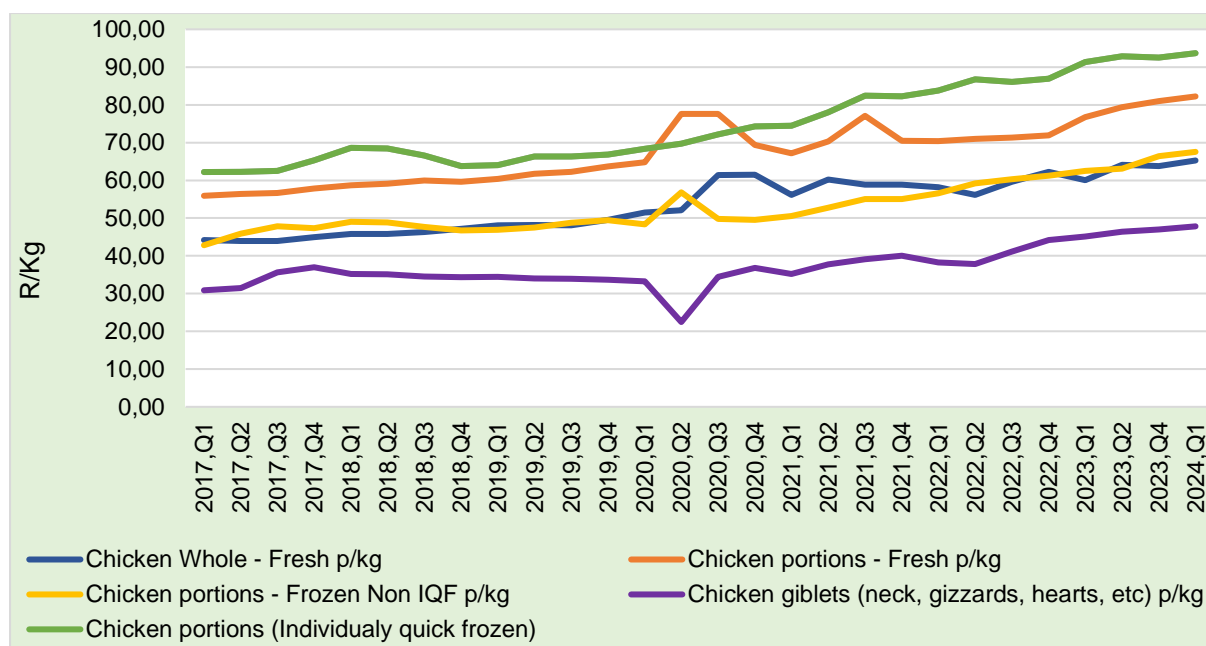


Figure 32: Poultry & Feed Price Indices
Source: Statistics SA.

3.5 Milk industry overview

Total milk production decreased by 0,4% in the first quarter of 2024 relative to total production reported in the same quarter a year ago from R 910 406 in the first quarter of 2023 to R 906 414 in the first quarter of 2024. On a quarter-on-quarter basis, total milk production decreased by 9,7% from R1 003 697 in the fourth quarter of 2023 to R 906 414 in the first quarter of 2024.

Meanwhile, the average producer price per litre of milk increased by 5.3% in Q1: 2024 relative to Q4:2023 from R7,51/ℓ to R7,11/ℓ. On a year-on-year basis, the average producer price per litre of milk increased by 1% in Q1: 2024 relative to the same period a year ago, from R7,04/ℓ to R7,11/ℓ.

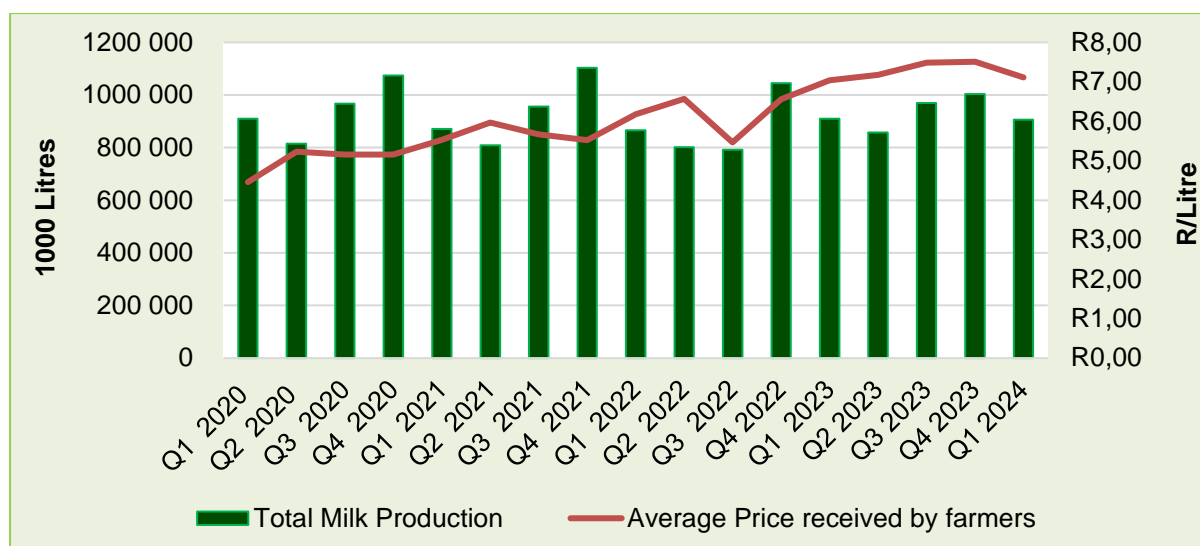


Figure 33: Trends in total production and average price of milk

Source: DALRRD

Over the period Q2: 2021 to Q1: 2024, South Africa remained a net-exporter of milk and cream (not concentrated nor containing added sugar or other sweetening matter). On quarterly basis, the trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) decreased by 37% between Q4 2023 and Q1 2024 R 56 938 000 to R 35 839 000. Similarly, trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) declined by 86%% in Q1:2023 compared to the same period a year ago Q1:2023 from R 256 069 000 to R 35 839 000.

The export value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) decreased by 16,4% in Q1: 2024 relative to Q4: 2023, Likewise the import value decreased by 11,7% 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) decreased by 2,5% in Q1: 2024 relative to Q1 in 2023. The import value of milk and cream (not concentrated nor containing

added sugar or other sweetening matter) also decreased by a greatly year-on-year.

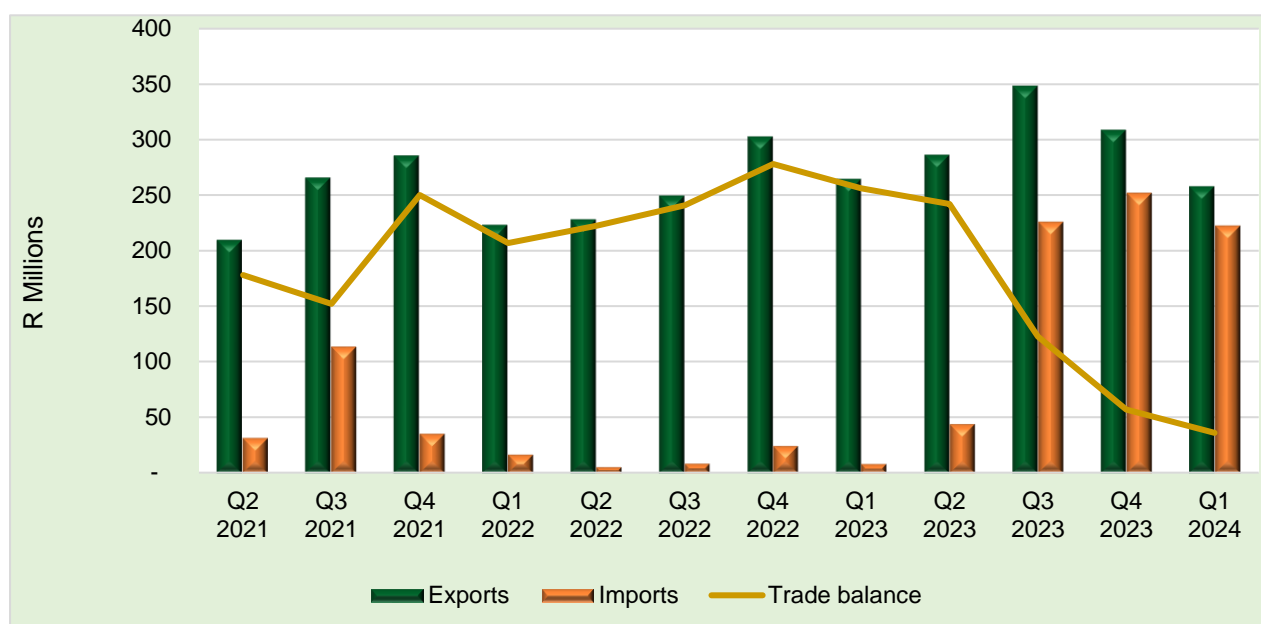


Figure 34: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening
Source: ITC, Trade map, 2021

3.6 Egg industry review

Figure 35 below, shows the performance of the egg industry from Q1: 2021 until Q1:2024. In Q1: 2024, the total production of eggs totalled R 175 511,00 million dozen, a 14,9% decrease in production relative to R 206 276 million dozen of eggs produced in Q1: 2023. The decrease in production can be attributed to the Avian outbreak in the Western Cape province and other provinces that decreased production. On a quarter-on-quarter basis, the total production of eggs increased by 1% between Q4: 2024 and Q1 2023 from R173 735 million in Q4 in 2023 to R 175 511,00 million dozen.

The average price per dozen of eggs increased by 75% in Q1: 2024 relative to Q1: 2023, to R24,34 per dozen from R 13.93 per dozen whereas on a quarter-on-quarter basis, the average price per dozen of eggs decreased by 5,7% between Q4: 2023 and Q1: 2024.

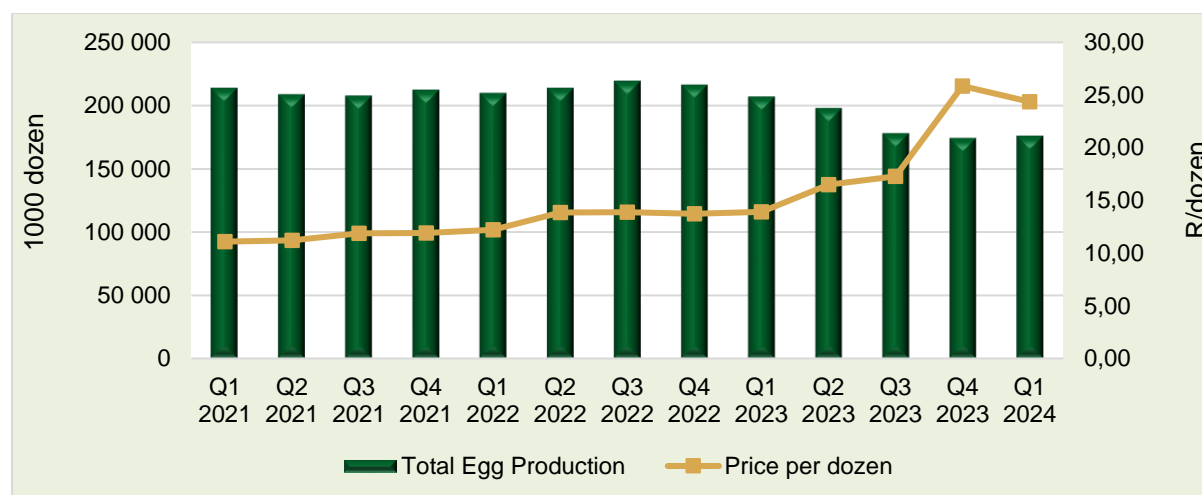


Figure 35: Trends in total egg production and average price per dozen eggs.

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) decreased by 45% in Q1: 2024 relative to Q1: 2023, from R 12. 8 million to R 7. 7 million in Q1 2024. Contrary, on a quarter-on-quarter basis, the trade balance for bird eggs (in shell, fresh, preserved, or cooked) increased by a whopping 345%. from R 1. 7 million in Q4 2023 to R 7. 7 million in Q1 2024.

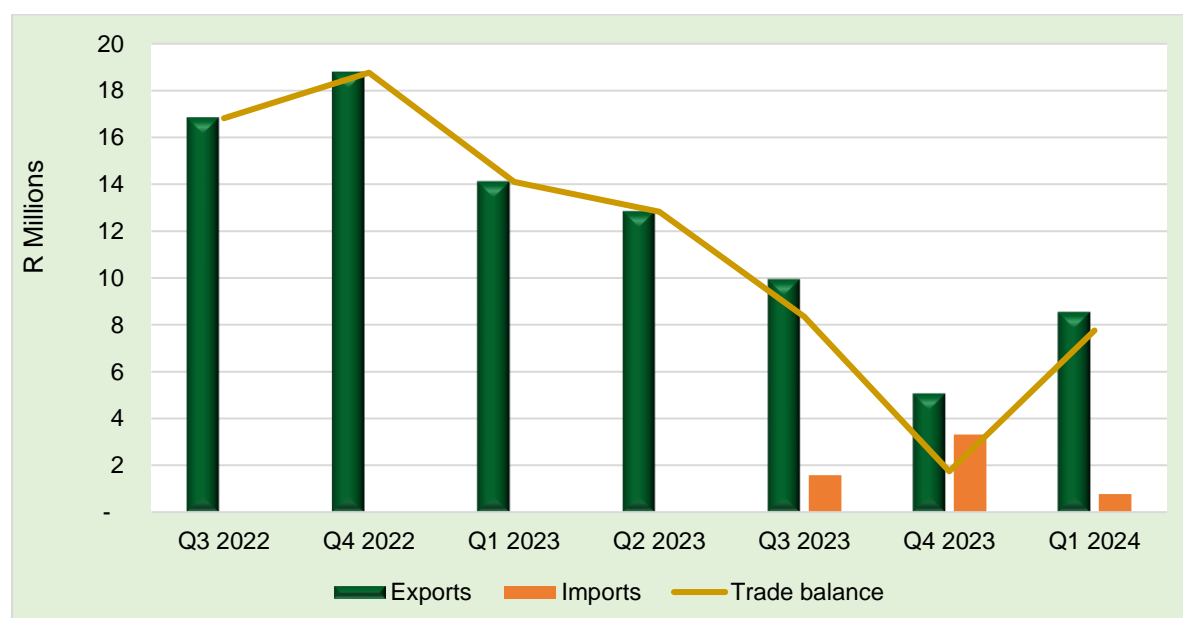


Figure 36: Trade balance of birds' eggs, in shell, preserved or cooked

Source: ITC, Trade map, 2021

3.7 Trade of agricultural products

The South African agricultural sector managed to maintain strong export activity, despite facing numerous challenges at the ports and in various export markets. During Q1: 2024, South Africa recorded a notable 31.9% growth in its agricultural trade balance, driven by a 14.4% increase in exports with grapes, apples, and maize emerging as the top export products dominating the export list.

The export value of agricultural products surged to R 55.8 billion in Q1: 2024, marking a 14.4% increase relative to Q1: 2023. This strong export earnings was attained despite obstacles in our ports and obstacles in key export markets. Some credit goes to organized agriculture groupings, the government, Transnet and different logistical groups that have worked to ensure a smooth flow of products to export markets. The South African agricultural industry has established forums to continuously engage with Transnet and enhance communication about problems at the ports so that the response could be swift to drive the exports of high-value and perishable products. Still, more work is needed as this export success has come at a significant cost to producers and various stakeholders in the value chain.

Although the positive first-quarter results are promising, renowned Agbiz Chief Economist, Wandile Sihlobo, warned of possible obstacles in the future, such as a decrease in grain exports caused by unfavourable weather conditions impacting crop yields. Sihlobo stressed the significance of continuous policy support to strengthen agricultural exports, which entails investing in infrastructure and implementing strategic market diversification initiatives.

During the same period, the import value of agricultural products rose to R29.8 billion, marking a 2.4% increase relative to Q1: 2023. On a quarter-on-quarter basis, South Africa experienced a notable 9.2% growth in its agricultural trade balance, mainly due to 1.2% rise in exports. Conversely, agricultural imports decreased by 5.0% in Q1: 2024 relative to Q4: 2023. Despite the positive growth in exports, it is crucial for South Africa to stay focused on enhancing the efficiency of logistical infrastructure and expanding the export markets for the agricultural sector.

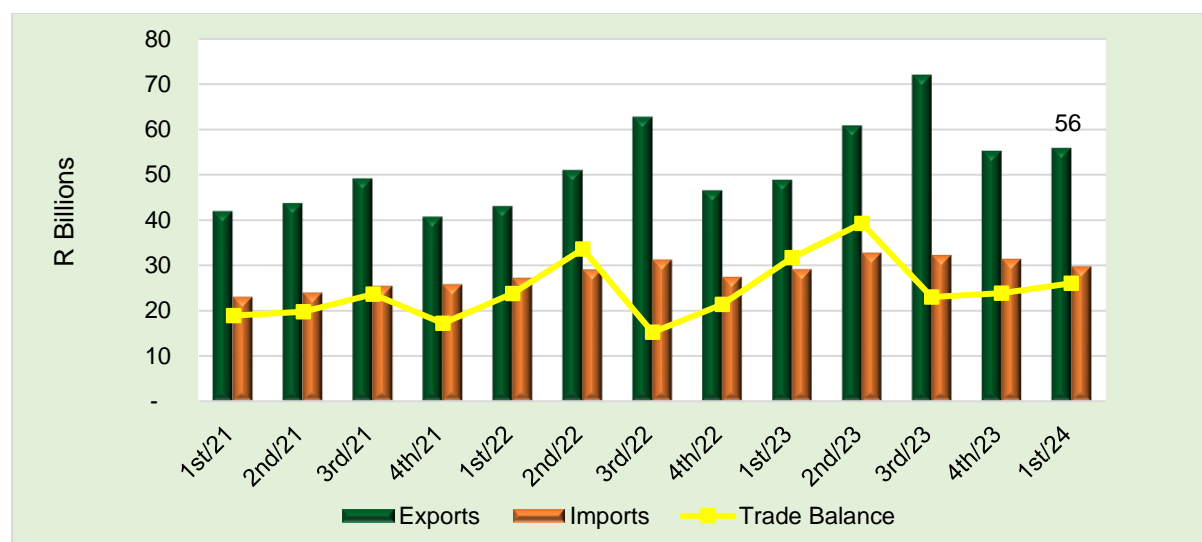


Figure 37: Trade balance of agricultural products

Source: Trade map, 2023

Table 5 indicates that in Q1: 2024, the Netherlands emerged as the leading destination for South Africa's agricultural exports, representing 15.7% of the total export value. United Kingdom closely followed as the second largest market, representing 8.6% of the total export value. Zimbabwe ranked the third largest market for SA's agricultural exports, accounting for 7.6% of the total agricultural exports in value terms during that the period. On the supply side, China emerged as the leading supplier of agricultural products to South Africa, while Eswatini came in second as the largest supplier. Brazil, on the other hand, held the third position as the primary supplier of agricultural products to South Africa during the same period.

Table 5: SA's top three largest export and import destinations of agricultural products in the 1st Quarter of 2024.

Top three markets of agricultural products exported by SA	Value (Billion Rands) 1 st Quarter 2024	% Share of total agricultural exports in 1 st Quarter 2024	Top three suppliers of agricultural products to SA	Value (Billion Rands) 1 st Quarter 2024	% Share of total agricultural imports in 1 st Quarter 2024
Total	R 55,80	100		R 29,75	100
Netherlands	R 8,77	15.7%	China	R 1,99	6.7%
United Kingdom	R 4,78	8.6%	Eswatini	R 1,86	6.3%
Botswana	R 4,27	7.6%	Brazil	R 1,85	6.2%

Source: Trademap, 2024

Figure 38 indicates the top five agricultural products that were imported by South Africa in Q1: 2024. During this period, South Africa's primary agricultural imports comprised of wheat and meslin (25%), rice (23%), palm oil (22%), alcohol (16%) as well as meat and edible offal of fowls (14%). These top five agricultural products dominated the food import bill in Q1: 2023. Conversely, Figure 39 indicates the top five agricultural products that South Africa exported in the same quarter. Fresh or dried grapes (50%), fresh apples, pears and quinces (16%), maize or corn (15%), wine (11%), and fresh apricots, cherries, peaches, nectarines, plums and sloes (8%) were the top five agricultural products exported by South Africa in Q1: 2024.

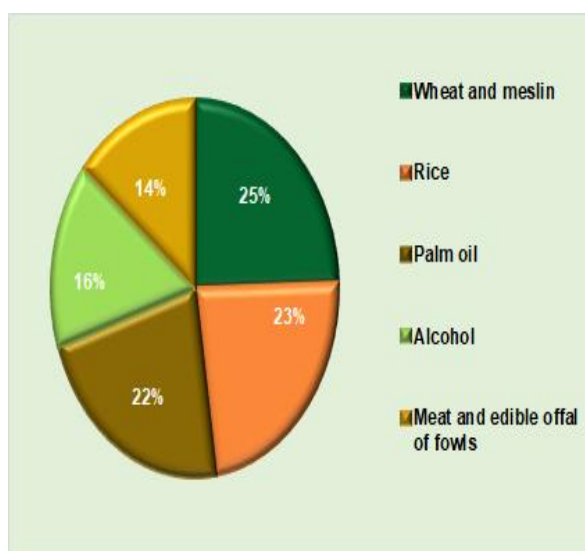


Figure 38: Top five agricultural products imported by SA

Source: Trademap, 2024

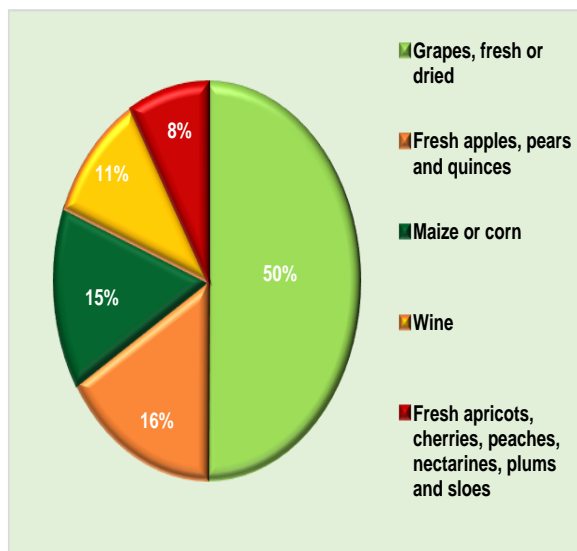


Figure 39: Top five agricultural products exported by SA

Source: Trademap, 2024

Despite facing numerous obstacles, the agricultural sector in South Africa has achieved impressive levels of export activity. Despite the challenges in ports and crucial export markets, the industry has managed to generate significant export earnings. Agbiz recognizes the contributions made by organized agriculture groups, the government, Transnet, and other logistical organizations in ensuring a seamless flow of products to export markets. In order to facilitate the export of high-value and perishable goods, the South African agricultural industry has established platforms for continuous engagement with Transnet, with the aim of improving communication regarding port issues and enabling prompt responses. However, Agbiz has suggested that further efforts are necessary, considering the substantial expenses incurred by producers and other stakeholders in the value chain, despite the achievement of export success.

4. Conclusion

According to the IMF, in the first quarter of 2024 the journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening.

South Africa's GDP decreased by a marginal 0,1% in the first quarter of 2024. This followed a revised 0,3% increase in the last quarter of 2023. Six of the ten industries on the production side of the economy performed poorly in the first quarter. Weaker manufacturing, mining and construction drove much of the downward momentum on the production (supply) side of the economy, while the expenditure (demand) side witnessed a decline across all components. Agriculture was the largest positive contributor in the first quarter, the industry expanded by 13,5% following a decline of 2.4% in the last quarter of 2023. The agricultural sector was primarily supported by higher production volumes in horticulture and livestock, and better terms of trade in horticulture as well as in field crops.

Annual consumer price inflation (CPI) was 5.3% in January increased to 5.6% in February and decreased to 5.3% again in March 2024. During the first quarter of 2024 CPI decreased slightly to an average 5.4% compared to 5.5% in the last quarter of 2023. Meanwhile food inflation increases slightly to an average 6.0% in the first quarter of 2024 compared to 8.8% in the last quarter of 2023.

The official unemployment rate stands at 32.9%, an increase of 0.8 of a percentage point in first quarter of 2024 compared to the fourth quarter of 2023. The results of the QLFS also indicate that the number of employed persons increased by 22,000 to 16.7 million in the first quarter of 2024 compared to the fourth quarter of 2023. The number of people employed in agricultural sector increased from 888 000 in the first quarter of 2023, to 941 000 people in the first quarter of 2024, which represent an increase of 6.1%. Employment in agriculture increased by 6% year-on-year in the first quarter of 2024.

South Africa recorded a notable 31.9% growth in its agricultural trade balance, driven by a 14.4% increase in exports with grapes, apples, and maize emerging as the top export products dominating the export list. In the same period Import value of agricultural products rose to R29.8 billion, marking a 2.4% increase relative to Q1: 2023.

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