

# Quartely Economic Overview

AGRICULTURE SECTOR

Volume 20, Number 1, First quarter, 2022



agriculture, land reform  
& rural development

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



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 AFF 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 2022: 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.

Compiled by Heidi Phahlane with inputs from:

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

All correspondence can be addressed to:

The Director: Ms Ellen Matsei

Directorate: Statistics and Economic Analysis

4<sup>th</sup> Floor, Sefala Building

503 Belvedere Street, Arcadia, South Africa

Tel.: +27(12) 319 8454

E-mail: DAS@daff.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 2022: (Q1).....	17
Figure 9: Total number of people employed in the agriculture sector between 2018: Q1 and 2022: Q1...	18
Figure 10: Provincial number of people involved in subsistence farming between 2018: Q1 and 2022: Q1.	19
Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2019: Q1 and 2022: Q1 .....	20
Figure 12: Comparison of international fertilisers and local prices in Randterms.....	21
Figure 13: South African fertiliser Expenditure.....	22
Figure 14: Trends in gross farm income and net farm income between 2018:(Q3) and 2022(Q1).....	23
Figure 15: Trends in private consumption expenditure between 2018:(Q1) and 2022(Q1).....	25
Figure 16: Total dam levels in 2022: Q1 .....	27
Figure 17: Average dam levels in 2022: 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 2022.....	22
Table 4: Sorghum Demand & Use Table .....	26

## Table of Contents

PREFACE .....	Error! Bookmark not defined.1
<b>List of figures</b> .....	2
<b>List of Tables</b> .....	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 .....	36
3.2 Fruit and vegetable market review .....	38
3.3 Meat industry review .....	42
3.4 Poultry industry review.....	46
3.5 Trade of agricultural, forestry and fisheries.....	48
Conclusion.....	54
References.....	55

## EXECUTIVE SUMMARY

**Global growth prospects:** Global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8% and 0.2% points lower for 2022 and 2023 than projected in January. The real GDP growth Rates for 2022 (Q1) in the advanced economies of the following countries: France, Japan and United States decreased by 0.2%, 0.1% and 0.4% respectively, while Canada, Germany, Italy and United Kingdom increased by 0.8%, 0.2%, 0.1% and 0.8% respectively, when compared to the first quarter of 2021 (Q1).

In the emerging markets and developing economies, the real GDP growth rates for 2022 (Q1) increased in the following countries: Brazil, China, India, South Africa, and Nigeria by 1.7%, 4.8%, 4.1%, 5.01%, 5.0%, 8.3%, 1.9%, 3.11% and 3.5%, respectively, when compared to the first quarter of 2021 (Q1)

**Global grain supply forecast:** Global supply projections for 2022 (Q1) of wheat and cotton decreased by 0.6% and 1.9% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils decreased by 2.7%, 2.4%, 2.7%, 1.5% and 2.0% respectively, when compared to the first quarter of 2021.

**South Africa's GDP:** Real gross domestic product increased by 1,9%<sup>1</sup> in the first quarter of 2022, following an increase of 1,4% in the last quarter of 2021, representing a second consecutive quarter of upward growth. Eight of the ten industries recorded positive growth in the first quarter of 2022. Agriculture growth was more subdued in the first quarter of 2022, edging higher by 0,8%. The rise in the first quarter was mainly underpinned by increased horticulture production.

**Inflation:** Consumer price inflation was 5,9% in March 2022, up from 5,7% in February 2022. The CPI average 5.8% for the first quarter of 2022, while food inflation average 6.5% during the same period.

**Employment:** According to the Quarterly Labour Force Survey (QLFS) for quarter 1 of 2022 the official unemployment rate retreated from a record high of 35.3% in the fourth quarter of 2021 to 34.5% in the first quarter of 2022. An estimated 370 000 jobs were gained between the last quarter of 2021 and the first quarter of 2022. The biggest

job gains were recorded in community and social services with 281 000 jobs, manufacturing with 263 000 jobs and trade with 98 000.

**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:** In Q1: 2022, South Africa's agricultural trade balance shrank by 16.4% relative to Q1: 2021, to R 15,8 billion from R18,9 billion. On a quarter-on-quarter basis, agriculture's trade balance broadened by 5.8% in Q1: 2022 relative to Q4: 2021. Export value of agricultural products grew by 5.7% relative to Q4: 2021, to R43,0 billion from R 40.7 billion. During the same period, the import value of agricultural products grew by 5.6% quarter-on-quarter, to R27,2 billion from R25,8 billion.

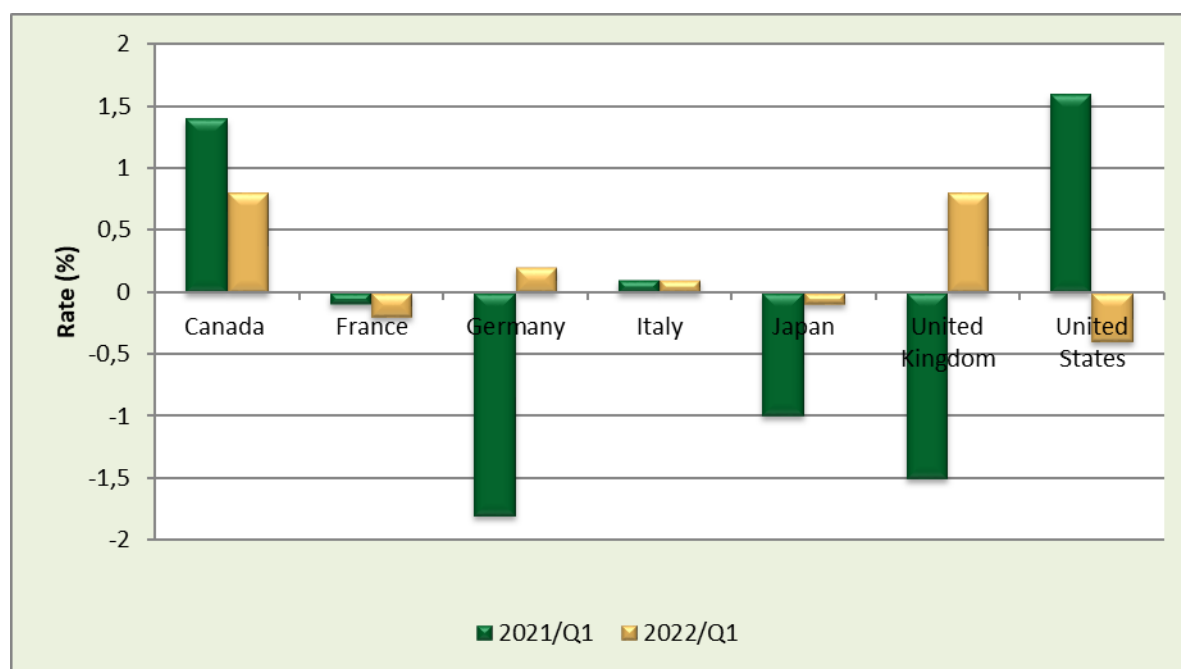


# 1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

## 1.1 Global Real GDP Growth Rates

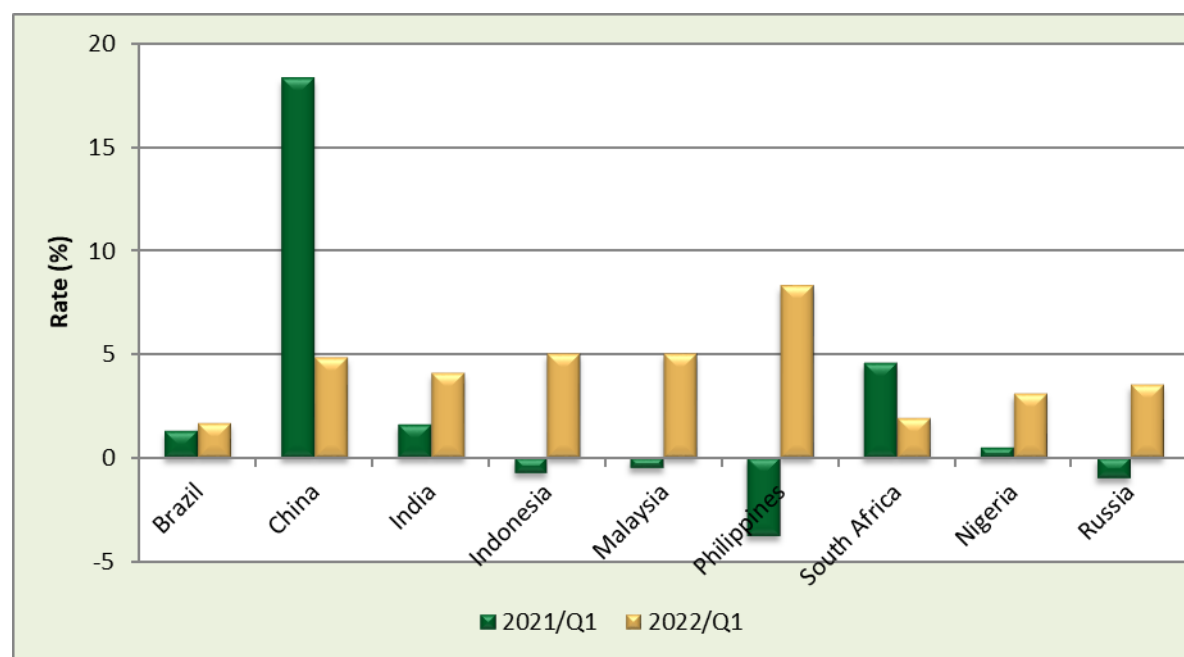
According the International Monetary Fund (IMF), World Economic Outlook report (April 2022), it indicates that the war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. Global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8% and 0.2% points lower for 2022 and 2023 than projected in January.

The real GDP growth Rates for 2022 (Q1) in the advanced economies of the following countries: France, Japan and United States decreased by 0.2%, 0.1% and 0.4% respectively, while Canada, Germany, Italy and United Kingdom increased by 0.8%, 0.2%, 0.1% and 0.8% respectively, when compared to the first quarter of 2021 (Q1). See figure 1 below.



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

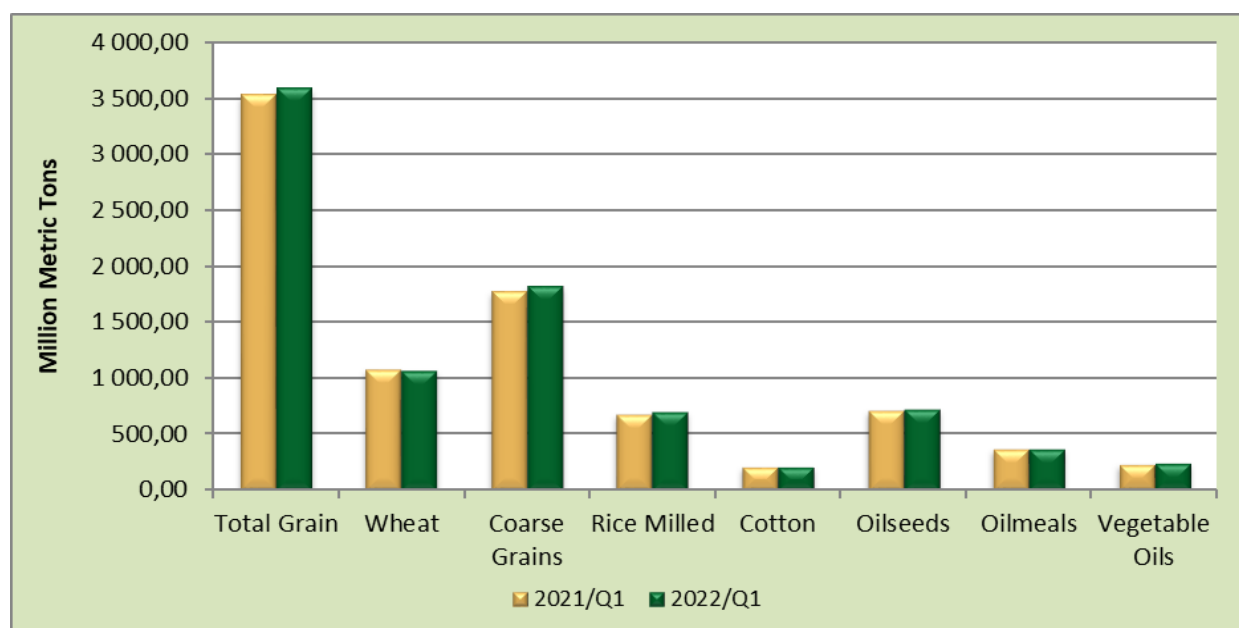
Figure 2, Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2022 (Q1) increased in the following countries: Brazil, China, India, South Africa, and Nigeria by 1.7%, 4.8%, 4.1%, 5.01%, 5.0%, 8.3%, 1.9%, 3.11% and 3.5%, respectively, when compared to the first quarter of 2021 (Q1) last year figures.



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

## 1.2 Global Grain forecast

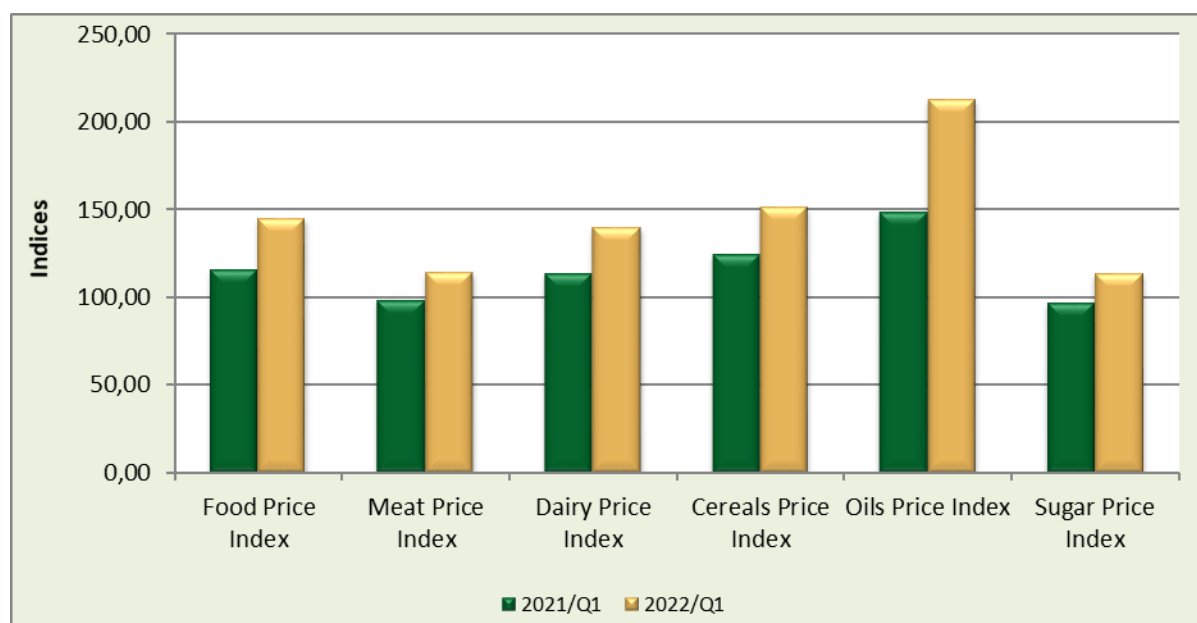
The global grain supply forecast indicates a total grain increase of 1.6%, from 3.528 million metric tons in 2021 (Q1) to 3.585 million metric tons in 2022 (Q1). Global supply projections for 2022 (Q1) of wheat and cotton decreased by 0.6% and 1.9% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils decreased by 2.7%, 2.4%, 2.7%, 1.5% and 2.0% respectively, when compared to the first quarter of 2021, see figure 3 below.



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

### 1.3 Global Food Prices

Globally in 2022 (Q1) some major countries were paying relatively more by 27.2% on food purchases compared to 2021 (Q1). The following global food products price indices in 2022 (Q1), meat, dairy, cereals, oil and sugar indices shows an increase of 16.6%, 22.7%, 22.0%, 46.6% and 17.4% respectively, when compared to (Q1) of 2021, see figure 4.



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

## 2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES

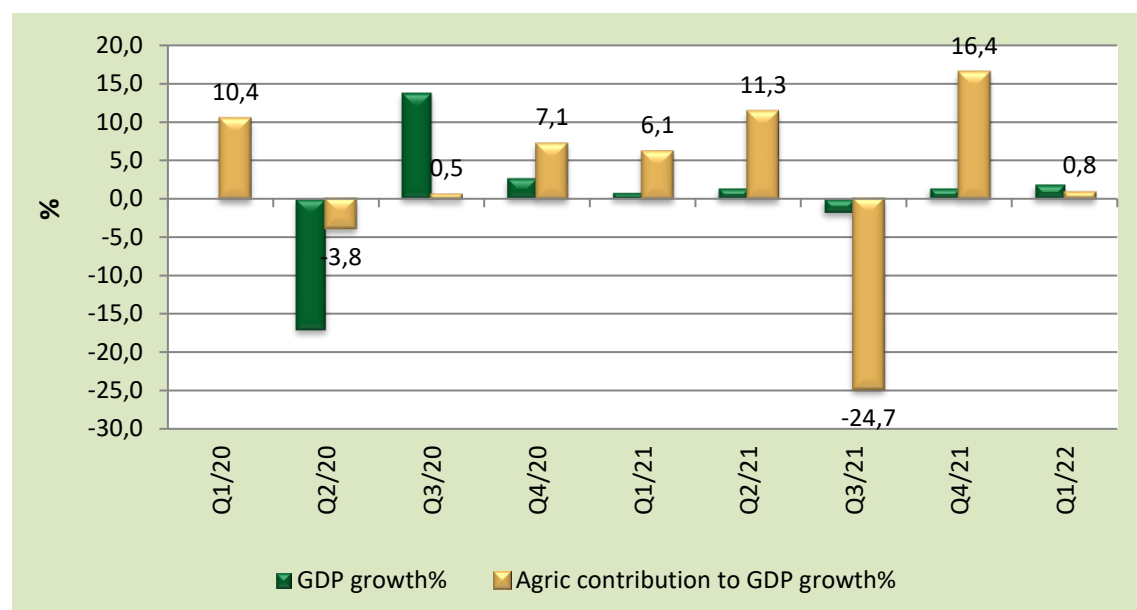
### 2.1 Growth

Real gross domestic product increased by 1,9%<sup>1</sup> in the first quarter of 2022, following an increase of 1,4% in the last quarter of 2021, representing a second consecutive quarter of upward growth. The size of the economy is now at pre-pandemic levels, with real GDP slightly higher than what it was before the COVID-19 pandemic. Eight of the ten industries recorded positive growth in the first quarter of 2022. The manufacturing industry increased by 4,9% in the first quarter, contributing 0,6 of a percentage point to GDP growth. Seven of the ten manufacturing divisions reported positive growth rates in the first quarter. The petroleum, chemical products, rubber and plastic products division made the largest contribution to the increase in the first quarter. The food and beverages division, basic iron and steel, non-ferrous metal products, metal products and machinery division and motor vehicles, parts and accessories and other transport equipment division also made significant contributions to growth. The electricity, gas and water industry increased by 2,0% in the, largely due to increases in electricity and water consumption. The construction industry decreased

by 0,7% in the, decreases were reported for residential buildings and construction works.

During the same period trade, catering and accommodation industry increased by 3,1%, contributing 0,4 of a percentage point to GDP growth. Increased economic activities were reported for wholesale trade, retail trade, motor trade, and catering and accommodation services. The transport, storage and communication industry increased by 1,8%, contributing 0,1 of a percentage point. Increased economic activity was reported for land transport and communication services. Finance, real estate and business services increased by 1,7% contributing 0,4 of a percentage point to GDP growth. Increased economic activities were reported for insurance and pension funding, auxiliary activities, real estate and business services. General government services increased by 1,4%, mainly attributed to increased employment and spending on goods and services. The personal services industry increased by 1,1%, contributing 0,2 of a percentage point to GDP growth. Increases were reported for community services and other producers. Meanwhile, after a strong fourth quarter 2021, agriculture growth was more subdued in the first quarter of 2022, edging higher by 0,8%. The rise in the first quarter was mainly underpinned by increased horticulture production.

On the downside, both mining and construction contracted in the first quarter of 2022. Mining output was lower, mainly due to a pullback in the production of platinum group metals, iron ore and gold. Construction saw its fourth consecutive quarter of contraction, with underwhelming results reported for residential buildings and construction works. Economic activity related to non-residential buildings, however, increased in the first quarter. In a rare case of the national statistical agency becoming a contributor to growth, Stats SA's drive to employ thousands of fieldworkers for the population census helped generate economic activity in general government.

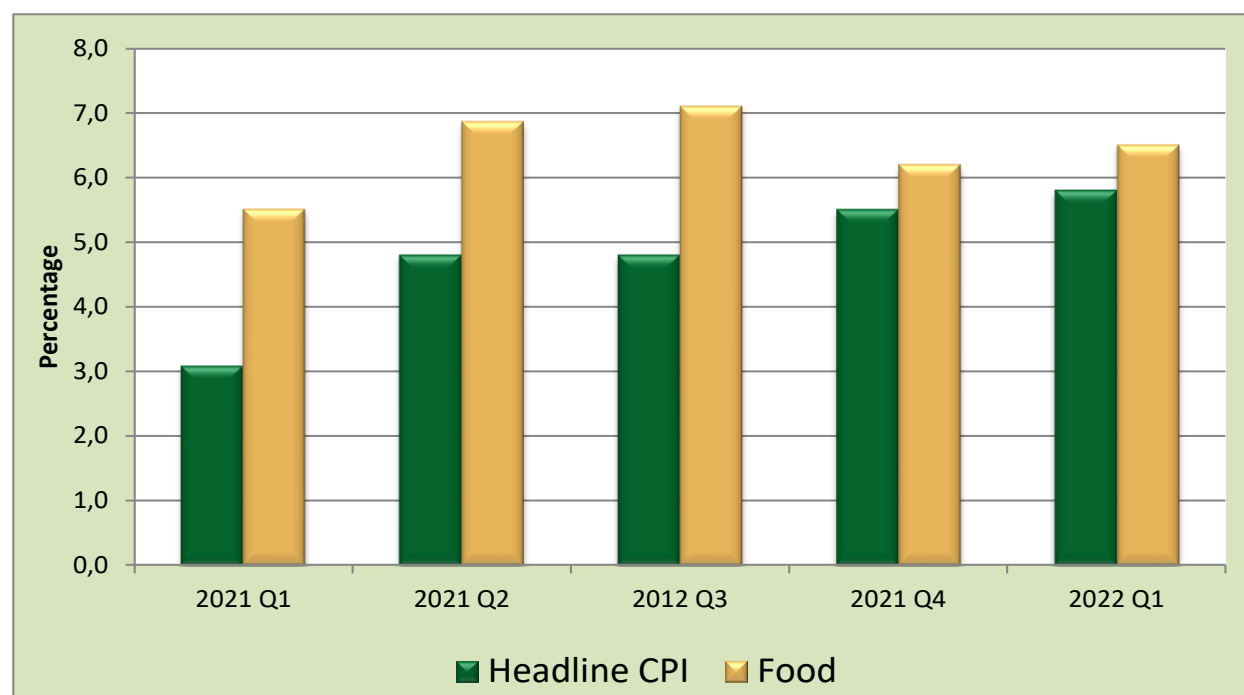


**Figure 5: : The GDP growth and Agriculture contribution to the GDP growth 2021: Q1 and 2022: Q1**

Source: Stats SA

## 2.2 Inflation

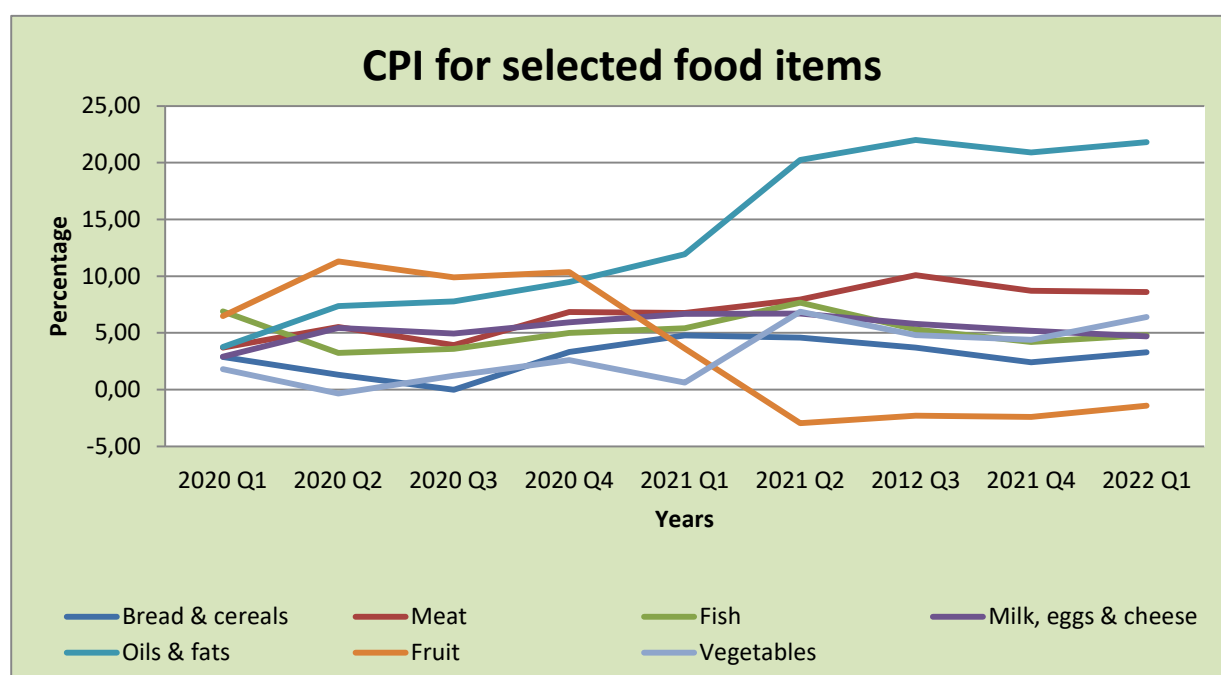
Figure 6 below shows that Annual consumer price inflation (CPI) remained flat at 5,7% in January and February 2022 respectively. Consumer price inflation was 5,9% in March 2022, up from 5,7% in February 2022. The CPI average 5.8% for the first quarter of 2022, while food inflation average 6.5% during the same period. The consumer price index increased by 1,0% month-on-month in March 2022. The main contributors to the 5,9% inflation rate were food and non-alcoholic beverages, housing and utilities; transport; and miscellaneous goods and services.



**Figure 6 : The headline consumer price index and food prices 2021: Q1 and 2022: Q1**

Data Source: Stats SA

**Figure 7** below shows that in the first quarter of 2022 the main contributors to the average quarterly 5,8% inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services. Food and non-alcoholic beverages increased by 6,1% in the first quarter of 2022. During the same period oils and fats increased significantly by 21.8%. Meat, vegetables, Fish as well as bread and cereals also increased by 8.6%, 6.4%, 4.8% and 3.3% respectively. During the same period Milk, eggs and cheese also increased by 4.7%, whilst fruits decreased slightly by 1.4%.



**Figure 7:** CPI for selected food items

Data Source: Stats SA

## 2.3 Employment

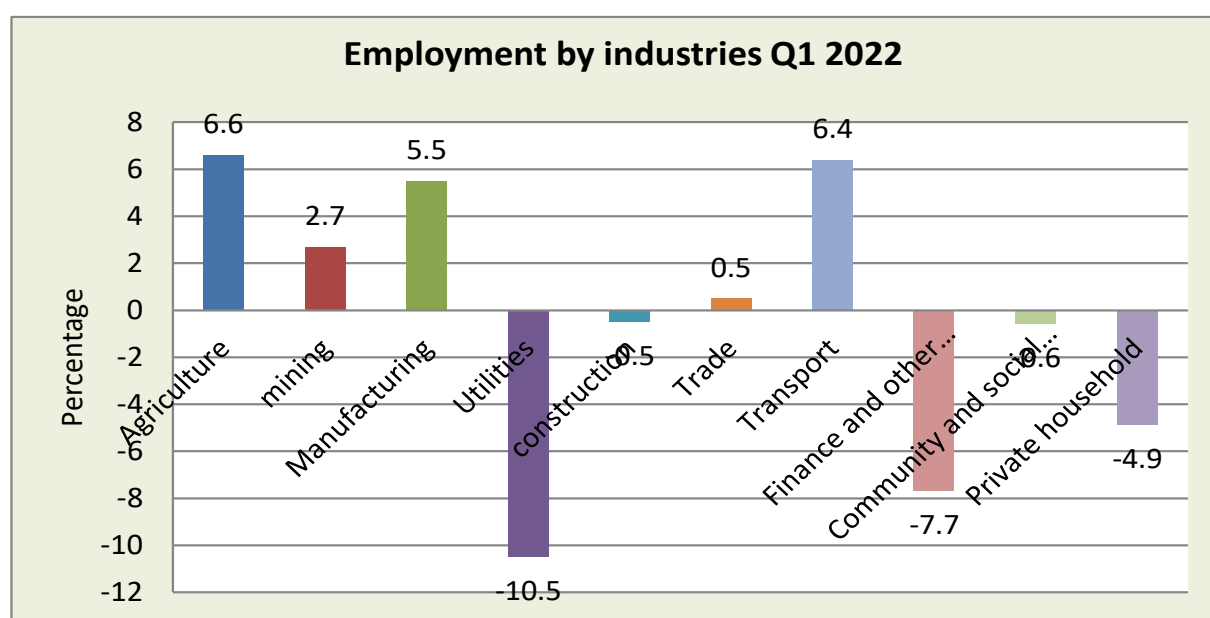
According to the Quarterly Labour Force Survey (QLFS) for quarter 1 of 2022 the official unemployment rate retreated from a record high of 35.3% in the fourth quarter of 2021 to 34.5% in the first quarter of 2022. An estimated 370 000 jobs were gained between the last quarter of 2021 and the first quarter of 2022. The biggest job gains were recorded in community and social services with 281 000 jobs, manufacturing with 263 000 jobs and trade with 98 000. However, there were job losses in private households at 186 000, finance at 72 000, construction at 60 000 and agriculture at 23 000. The total number of persons employed was 14.9 million in the first quarter of 2022. The number of unemployed persons decreased by 60 000 to 7.9 million in the 1st quarter of 2022 compared to the previous quarter. The number of discouraged work seekers decreased by 54 000 (1.4%) and the number of people who were not economically active for reasons other than discouragement decreased by 112 000 (0.8%) between the two quarters resulting in a net decrease of 166 000 in the not economically active population. The changes in employment and unemployment



resulted in the official unemployment rate decreasing by 0.8 of a percentage point from 35.3% in the fourth quarter of 2021 to 34.5% in the first quarter of 2022.

Although there was a slight decline in the number of unemployed youth in the first quarter of 2022, the youth remained vulnerable in the labour market. The first quarter of 2022 saw the total number of unemployed youth aged 15-34 declining by 0.1% (5000) to 4.7 million from the last quarter of 2021. There was a noticeable increase in the number of youth in employment by 5.0% (244 000) during the same period. The increase in employment and decline in unemployment among the youth resulted in a decrease in youth unemployment rate by 1.2 percentage point to 47.8% in quarter one of 2022.

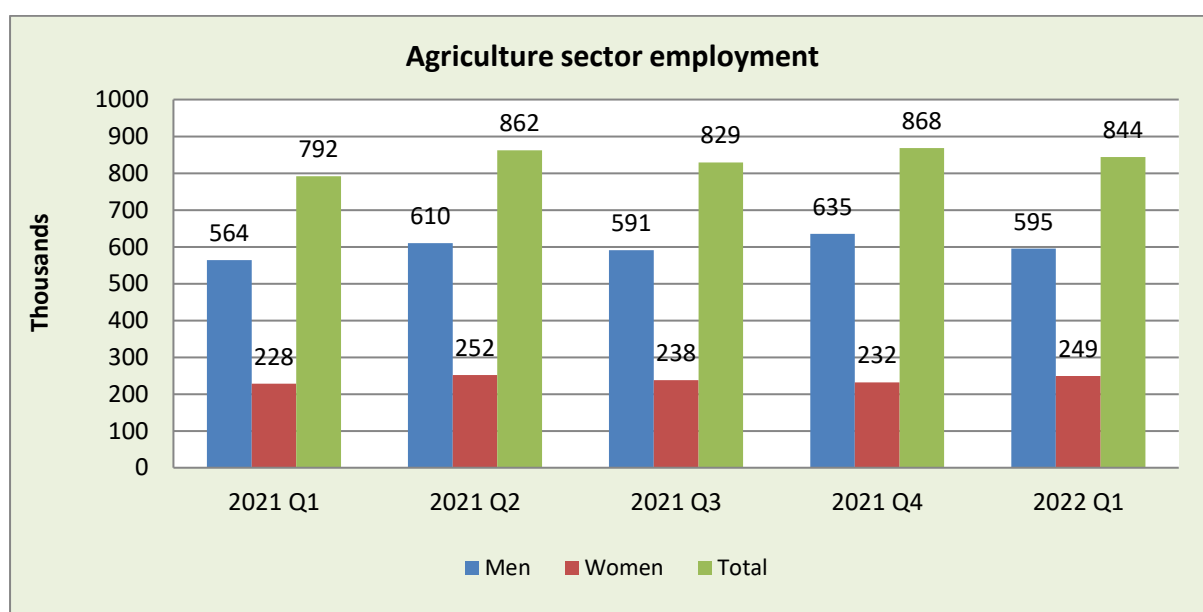
**Figure 8** below shows that between the first quarter of 2021 and the first quarter of 2022, the number of employed people increased in five industries such as agriculture, transport, manufacturing, mining and trade increased by 6.6%, 6.4%, 5.5%, 2.7% and 0.5% respectively. While the number of employed people decreased in five industries such as utilities, finance, private household, construction as well as community and services increased by 10.5%, 7.7%, 4.9%, 0.5%, and 0.6% respectively.



**Figure 08: Total number of people employed by industries between 2021: Q1 and 2022: Q1**

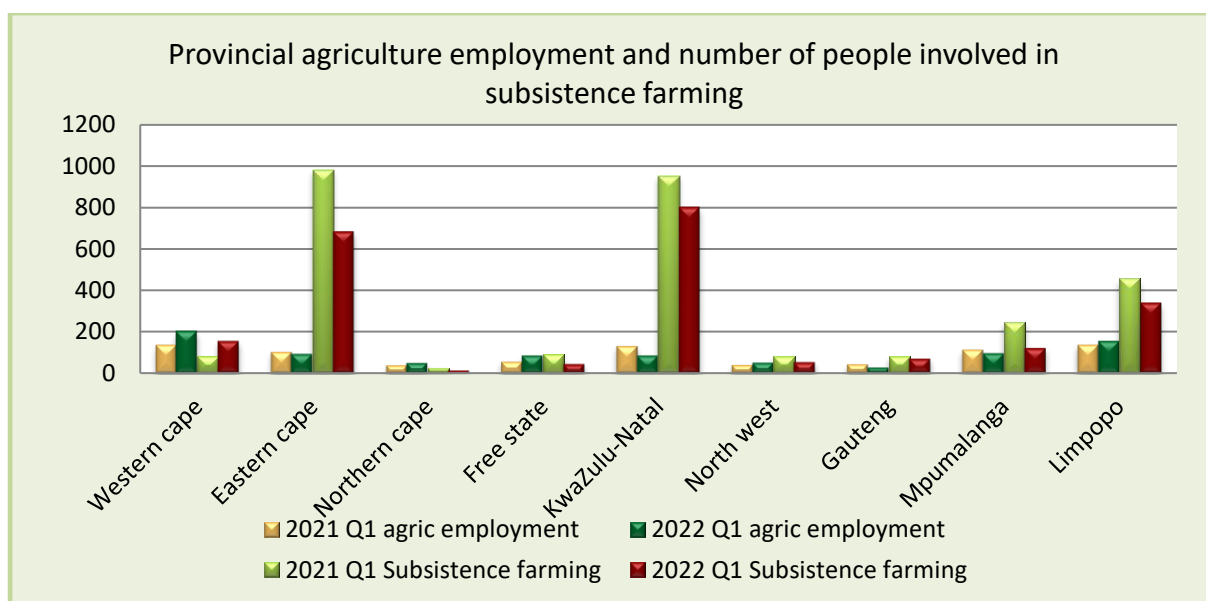
Source: Stats SA

**Figure 09** below illustrate that the number of people employed in agricultural sector increased by 6.6% in the first quarter of 2022, from 792 000 people in the first quarter of 2021 to 844 000 people in the same quarter of 2022. Off the 52 000 jobs created, 31 000 and 21 000 jobs were created for males and females respectively between the two quarters. During the same period in total, the agricultural sector has 249 000 females and 595 000 males compared to 228 000 females and 564 000 males. However, on quarter-to-quarter basis, in the first quarter of 2022, the number of people employed in agriculture sector decreased by 2.7%, from 868 000 to 844 000.



**Figure 09:** Total number of people employed in the agriculture sector between 2020: Q2 and 2021: Q2:  
Source: Stats SA

**Figure 10** below shows that between the first quarter of 2021 and the same quarter of 2022, provincial agriculture employment increased in five provinces with Free State (52.7%), Western Cape (49.8), Northern Cape (25.3%), Northwest (30.2%) and Limpopo (14.0%). While provincial agriculture employment decreased in KwaZulu-Natal (34.2%), Gauteng (34.7%), Eastern Cape (7.7) and Mpumalanga (16.2%). During the same period (QLFS) publication, also indicate that 3.0 million people were involved in subsistence farming compared to 2.3 million people, a decrease of 23.9%. KwaZulu-Natal and Eastern Cape remained with the highest number of people involved in subsistence farming.

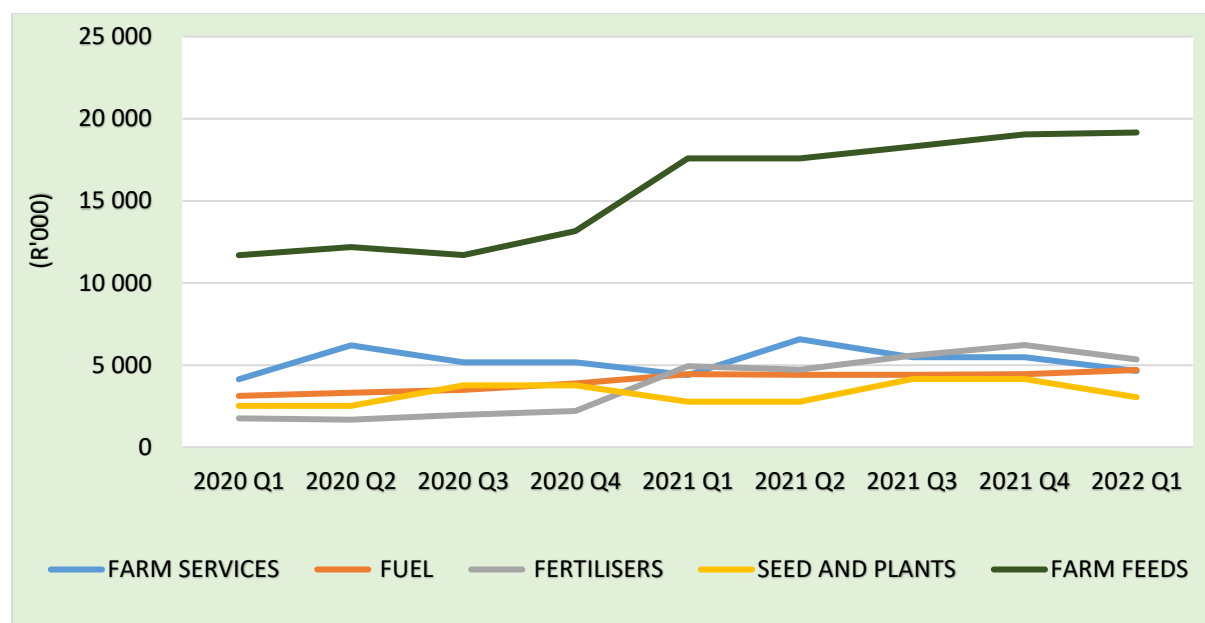


**Figure 10: Provincial agriculture employment and subsistence farming between 2021: Q1 and 2022: Q1** Source: Stats SA

## 2.4 Expenditure on intermediate goods and services by the agricultural sector

**The figure 11** The total expenditure on intermediate goods and services was reported at R50.2 billion in the first quarter of 2022 compared to R54.6 billion in the previous quarter, a decrease of 8.1%. Compared to a year ago the total expenditure on intermediate goods and services increased by 7.3% from R46.7 billion in the first quarter of 2021 to R50.2 billion in the first quarter of 2022.

The total expenditure on intermediate goods and services decreased by 8.1% from a year quarter (Q4 2021) ago to (Q1 2022). Figure 11 shows comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds and Plants as well as Farm Feeds in the first quarter of 2022 compared to the previous quarter (Q4 2021). The decrease of 8.1% was due to decreases in Seed and Plants (-26.6%), Farm Services (-15.2%), Fertiliser (-14.8), while there was an increase in Fuel (5.8%) and Farm feeds (0.6%).



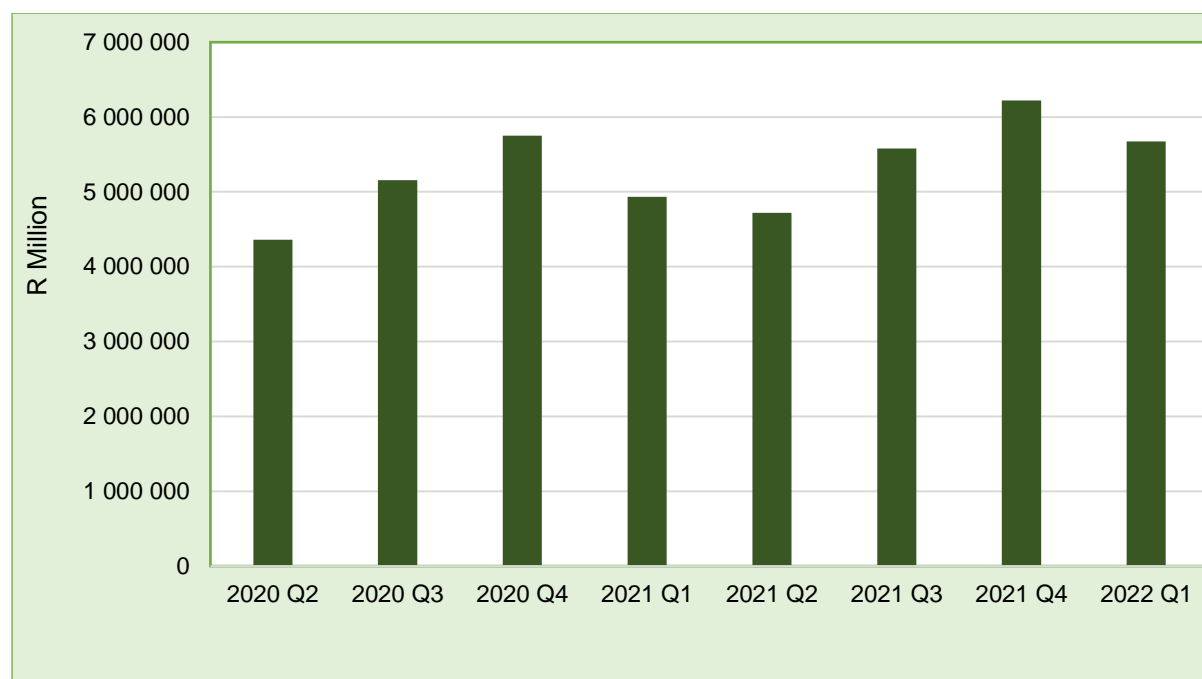
**Figure 11:** Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q1 and 2022: Q1

Source: DALRRD

## 2.5 fertilizer market review

### 2.5.1 South African fertiliser expenditure

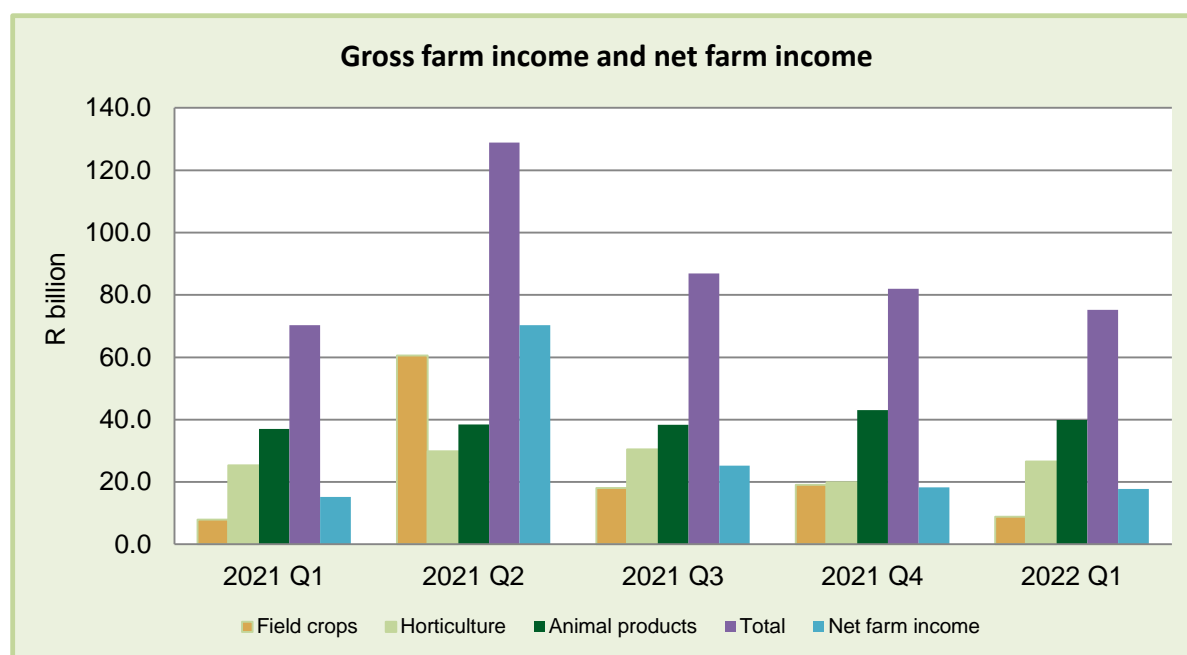
The expenditure of the fertilizer in the first quarter of 2022 was R 5 673 Billion compared to R 4 933 Billion in the same quarter in 2021, this represent 15% increase on expenditure of fertilizers. While comparing 2021:Q4 and 2022:Q1 expenditure of fertilizers decrease by 9% on quarterly basis., see Figure 13.



**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** below illustrate that the nominal real gross income from all agricultural products increased by 7.0% from R70.3 billion in the first quarter of 2021 to R75.3 billion in the same quarter of 2022. The net farm income is estimated at R17.8 billion in the first quarter of 2022 compared to R15.5 billion in the same quarter of 2021, an increase of 17.0%. The increase in net farm income was boosted by an increase in income from field crops, animal products and horticulture, increased by 11.3%, 7.7% and 4.5 respectively.

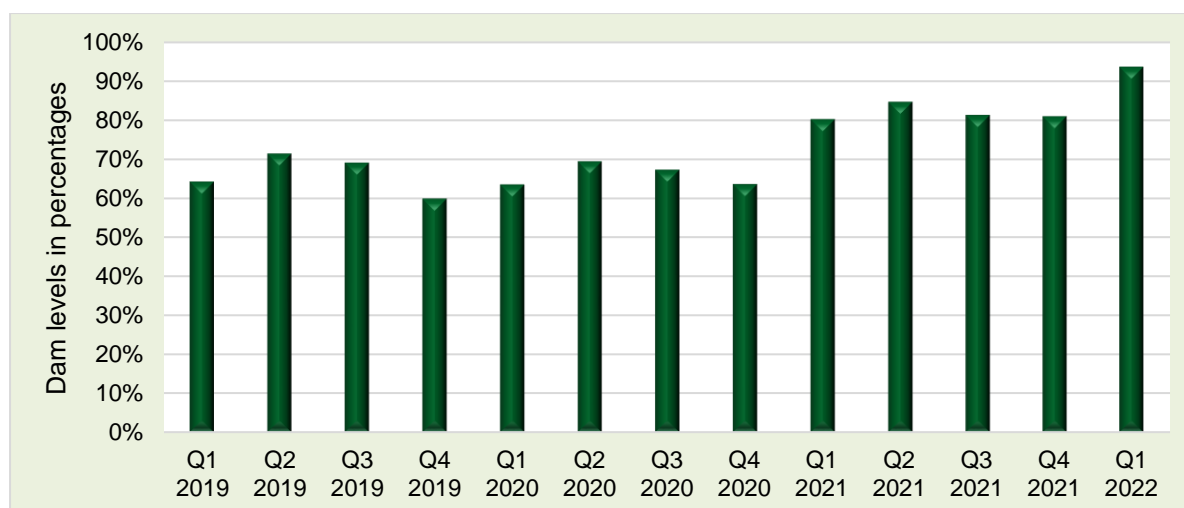


**Figure 13: Trends in nominal gross farm income between 2020: Q3 and 2021: Q3**  
Source: DALRRD

## 2.9 Reviews of South Africa's water dam levels

South Africa's national dam levels were comparatively higher in Q1: 2022 relative to Q1: 2021, recording an increase of 16.7%, to an average of 93.6% from an average of 80.2%. South Africa in general received above-normal rainfall while isolated parts of the country received moderate to severely dry conditions. Isolated parts in the Eastern Cape received somewhat dry conditions, with moderate to severely dry conditions received in isolated parts of Limpopo Province, KwaZulu-Natal, Eastern Cape, and the Western Cape.

On a quarter-on-quarter basis, South Africa's national dam levels increased by 15.7% in Q1: 2022 relative to Q4: 2021. Most parts of South Africa, specifically summer rainfall areas received above-average rainfall, which made a significant impact on the country's national average dam water levels quarter-on-quarter.



**Figure 14:** National dam levels

Source: Department of Human Settlements, Water and Sanitation

### 2.9.1 Provincial dam levels

Good rainfall boosted most provincial dam levels in Q1: 2022 relative to Q1: 2021. Most provinces experienced higher storage levels year-on-year in Q1: 2022 however, despite the recent rains, some provinces still have not recovered from the continued effects of the drought, which has been ongoing since 2015. Communities, especially in the Eastern Cape, are still facing water shortages or erratic water supply even though some major dams in other parts of the country are full.

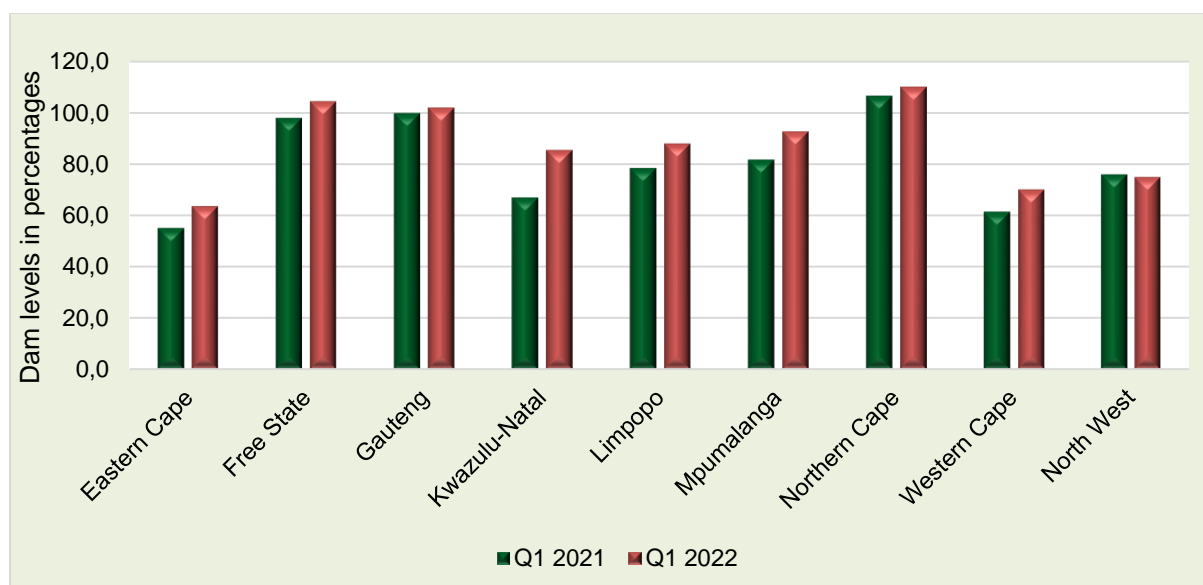
Dam levels in the Eastern Cape increased by 15.7% in Q1: 2022 relative to Q1: 2021, to an average of 64% from an average of 55%. While some parts of the Eastern Cape are finally out of the drought, dams on the western side of the province are still below average while Nelson Mandela Bay Metro continues to face Day Zero. Dam levels in the Free State Province increased by 6,9% in Q1: 2022 relative to Q1: 2021, to an average of 104% from an average of 98%. Free State dams overflowed following the heavy rainfall that resulted in flooding in some parts of the country. Dam levels in Gauteng province increased by 2.3% in Q1: 2022 relative to Q1: 2021, to an average of 102% from an average of 100%. The collective upsurge in Gauteng dam levels had a positive impact on the levels of the Integrated Vaal River System (IVRS) especially the Vaal Dam, which is the life blood of the economic hub of Gauteng.

Dam levels in Kwa-Zulu Natal increased by 27.8% in Q1: 2022 relative to Q1: 2021, to an average of 85% from an average of 67%. Heavy rains that swept across KwaZulu-Natal helped increase the province's dam water levels. Dam levels in Limpopo improved by 12,4% in Q1: 2022 relative to Q1: 2021, to an average of 88% from an average of 78%. The Department of Water and Sanitation indicated that the Polokwane Water Supply System that has dams supplying water to Polokwane and surrounding areas improved significantly in Q1: 2022 relative to Q1: 2021. Dam levels in Mpumalanga increased by 13.7% in Q1: 2022 relative to Q1: 2021, to an average of 93% from an average of 82%. Mpumalanga recorded increases in water volumes as water levels in most listed dams and water management areas continued to rise.

Dam levels in the Northern Cape improved marginally, by 3.4% in Q1: 2022 relative to Q1:2021, to an average of 110% from an average of 106%, due to heavy downpours in the Northern Cape Province. The full supply capacity of the province, which is 146.3 million m3 was exceeded in Q1: 2022. Dam levels in the Western Cape improved by 14.4% in Q1: 2022 relative to Q1: 2021, to an average of 70% from an average of 61%. Dam levels in the Western Cape rose after good rains this season than the previous years. Meanwhile, dam levels in North West Province decreased by 1.2% in Q1: 2022 relative to Q1: 2021, to an average of 75% from an average of 76%. Some parts of North West experienced dry conditions in Q1: 2022 relative to Q1: 2021.

While the overall outlook of national water levels improved in Q1: 2022 relative to Q1: 2021, the Department of Water and Sanitation reiterated its call to water users to exercise maximum caution when utilising water.





**Figure 15:** Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

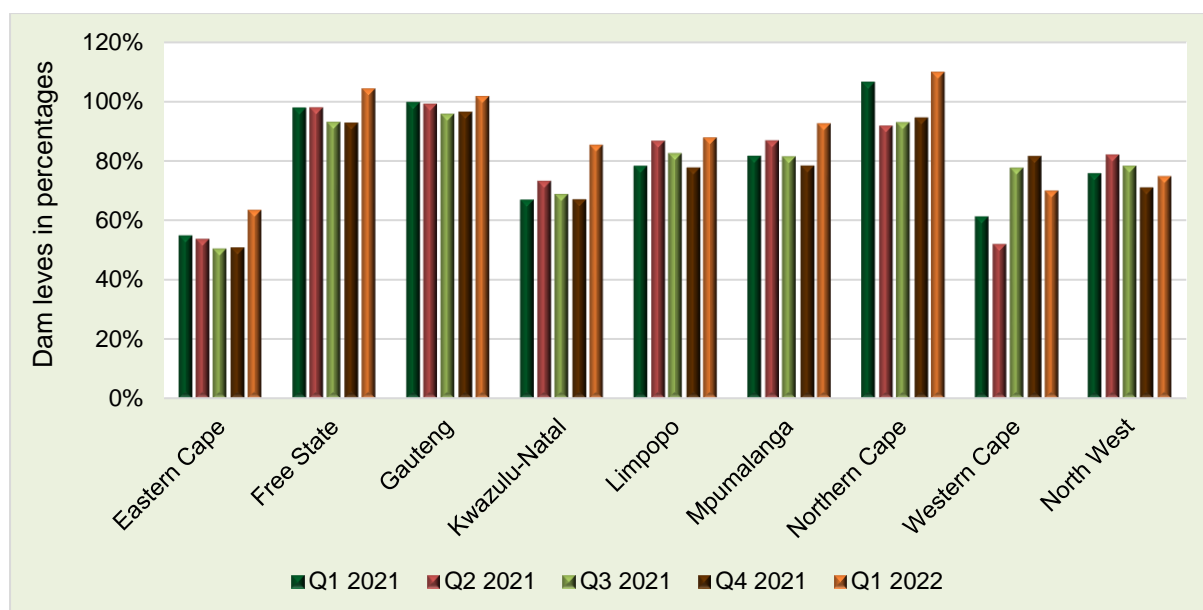
Figure 16 shows Provincial dam levels from Q1: 2021 to Q1: 2022. Almost all provincial dam levels improved to comfortable levels in Q1: 2022 relative to Q4: 2021, except for dam levels in the Western Cape Province which decreased by 14.2% quarter-on-quarter. Even though most dam storage systems across the Western Cape were satisfactory in Q1: 2022, the Department of Water and Sanitation urged water users to continue to use water sparingly as most parts of the Western Cape receive rain in winter.

Dam levels in the Eastern Cape increased by 24.8% in Q1:2022 relative to Q4: 2021, to an average of 64% from an average of 51%. Despite the positive impact of the rainfall, dams on the western side of the province are still below average, with some remaining empty. Dam levels in the Free State Province increased by 12.4% in Q1:2022 relative to Q4: 2021, to an average of 104% from an average of 93%. The good rainfall in large parts of the Free State Province boosted the province's overall storage capacity. Dam levels in Gauteng province increased by 5.6% in Q1:2022 relative to Q4: 2021, to an average of 102% from an average of 97%. The combined water levels of the Integrated Vaal River System continue to climb as critical dams, which feed into the network remain stable.

Dam levels in Kwa-Zulu Natal increased by 27.3% in Q1:2022 relative to Q4: 2021, to an average of 85% from an average of 67%. The Albert Falls Dam, an integral part of the Umgeni Water Supply System, which supplies water to eThekweni Metro and surrounding areas improved substantially quarter-on-quarter. Dam levels in Limpopo province increased by 13.1% in Q1: 2022 relative to Q4: 2021, to an average of 88% from an average of 78%. Major dams in Limpopo province such as Flag Boshielo which, forms part of Polokwane Water Supply System improved remarkably quarter-on-quarter. The Department of Water and Sanitation however, reiterated its call to Limpopo residents to continue using water sparingly and to report any water leaks and water infrastructure vandalism to local municipalities. Dam levels in Mpumalanga province increased by 18.2% in Q1: 2022 relative to Q4: 2021, to an average of 93% from an average of 78%. Despite the continuous increase in most of the listed dams and catchment areas in the province, the average water levels in the storage of the listed dams dropped marginally but, is still better than the same period last year.

Meanwhile, dam levels in the Northern Cape increased by 16.3% in Q1: 2022 relative to Q4: 2021, to an average of 110% from an average of 95%. Northern Cape dam levels maintained abundant water levels quarter-on-quarter. The Department of Water and Sanitation persists in pleading with residents of the Northern Cape to be circumspect of the way they utilise water amid the continual drop of Karee Dam serving Calvinia and Vanderkloof Dam in the Orange River Water Supply System situated at the border of Free State and Northern Cape. Dam levels in North West Province increased by 5.2% in Q1: 2022 relative to Q4: 2021, to an average of 75% from an average of 71%, attributed to the downpours experienced in the province in Q1: 2022.

The Department of Water and Sanitation appealed to South Africans 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 system carry on being stable.



**Figure 16:** Average dam levels from Q4:2020 to Q4: 2021

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 local white maize price was 18.8% higher on a year-on-year basis, whilst on a quarter-on-quarter basis the price increased by 7.3%. The Yellow maize price increased by 24% (y/y) and 10.4% (q/q) basis. Global supply constraint and rising input prices have elevated the price of fertilizer and other natural oil prices due to the geopolitical tensions in Eastern Europe thus raising maize production costs thus a further rise in prices. The local maize price traded at 30% above the import price and traded at 11% and 7% below the export price respectively for both white and yellow maize.

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022
Opening Stock	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	2728575
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7569550
Imports	0	72531	630619	41797	0	0	0	7583	0
Total Supply	8653905	6845062	5803778	10942090	10199675	8141119	9211515	10911271	10298125
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	7202863	8570358
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	710000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	8182696	9280358
Closing Stock	2037531	1764659	984293	3659675	2596119	1641965	2303688	2728575	1017767

**Table 1:** White Maize Production and Demand outlook

Source: DAFF, NAMC, Sagis

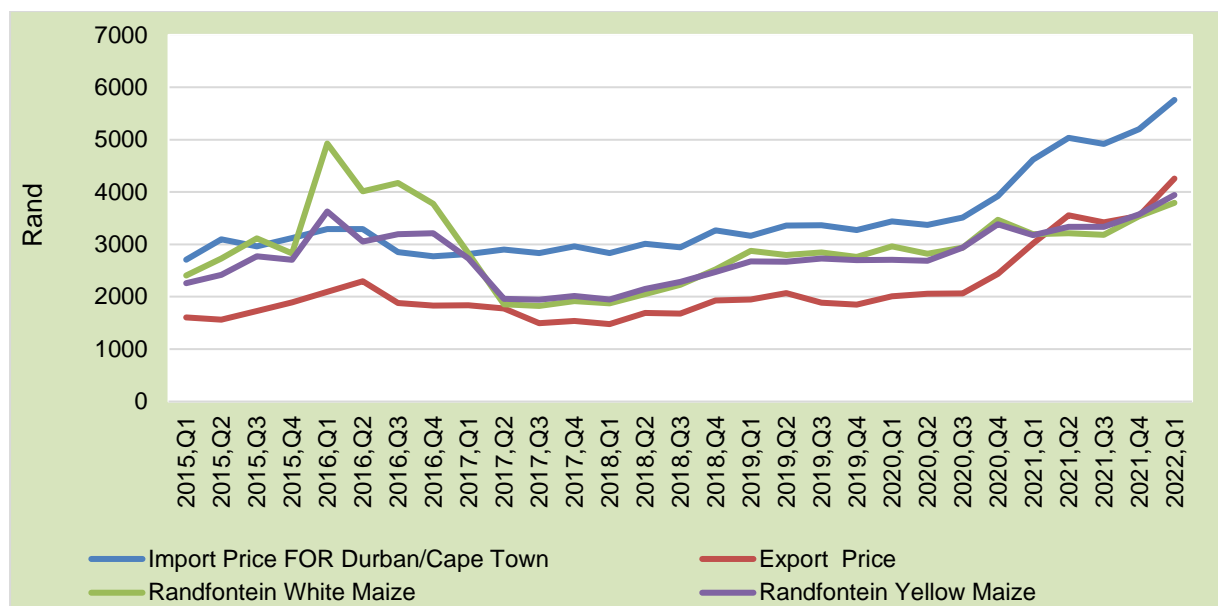
Forecasts indicate that white and yellow maize are expected to decline by 27.5% and 13.3% respectively. The high local and international prices continue to suppress maize demand. Local and international prices remain high for maize as shown by the upward maize prices trend on the maize graph.

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022
Opening Stock	678315	1289624	1097224	875351	1847267	1618654	1285087	1128098	892682
Production	6203800	6540000	5220000	4370000	6904000	5970000	5730000	7715000	7114500
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8007182
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	5140807	4647000
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	7950416	7112000
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	892682	895182

**Table 2:** Yellow Maize Production and Demand outlook

Source: DAFF, NAMC, Sagis

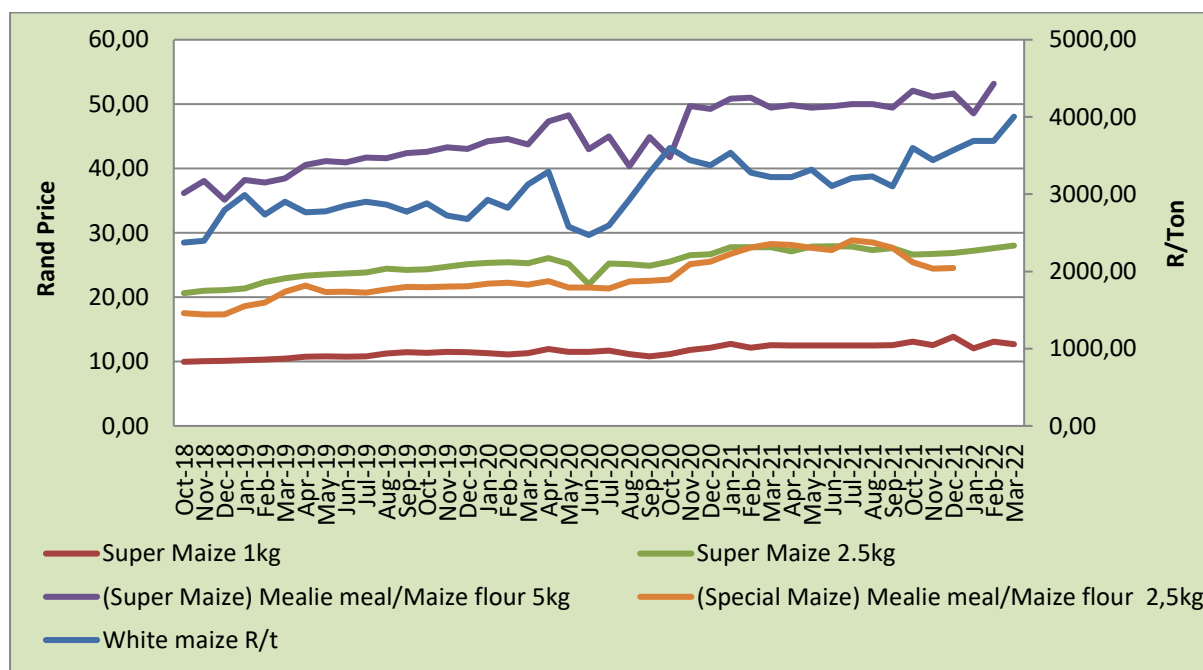
Figure 17 Total maize production is forecasted to decline by 10% in the 2022 season compared to the previous season. Production of white maize is expected to decline by 12% whilst yellow maize is expected to decline by 7.8% in 2022 compared to 2021. Hectares planted for maize are lower compared to the previous year. Additionally; above-average rainfall in December and in the first half of January caused a reduction in planted area in certain parts of the country.



**Figure 17 : Maize prices**

Source: DAFF,Safex,World bank

The retail maize price increased by 13% on q/q basis, whilst y/y the price decreased by 19%, a bag of both 2.5kg super maize and special maize both increased by 2% and 1% respectively.

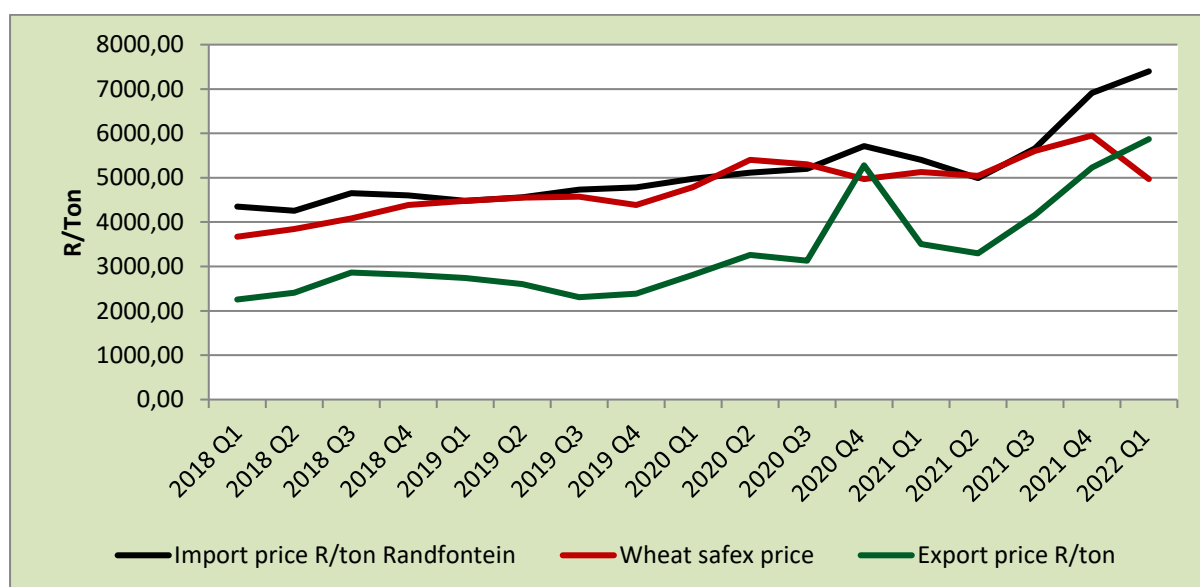


**Figure 18: Retail prices vs white maize seed prices**

Source: Safex/Stats SA

### 3.1.2 Wheat

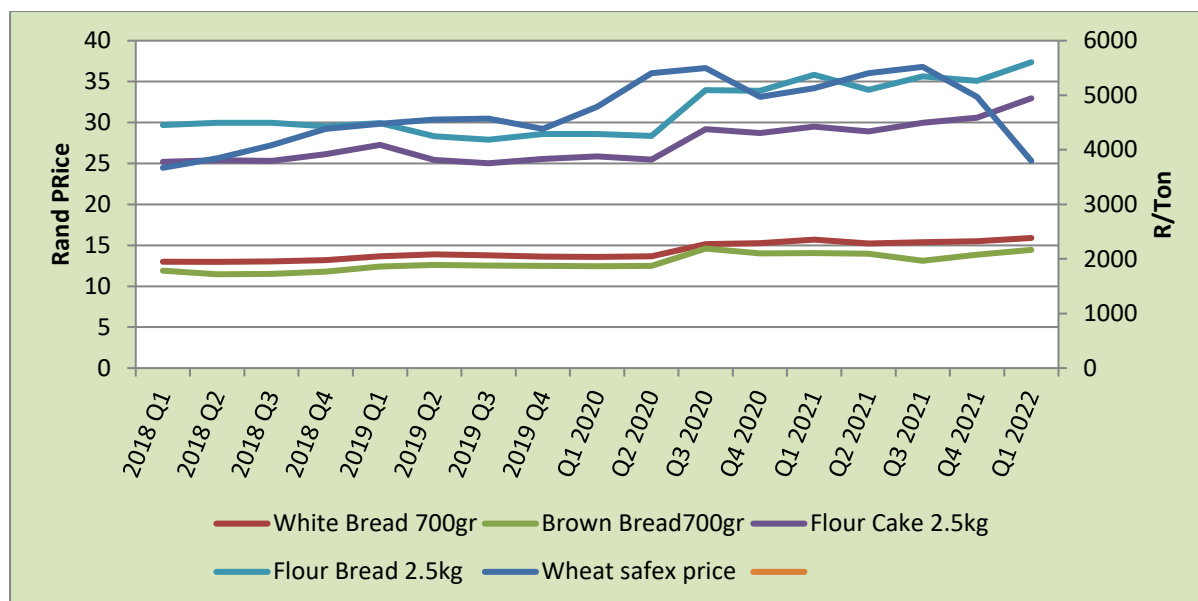
Figure 19 shows the price trends of domestic wheat price and international parity prices for the period 2018: Q1 to 2022: Q1. The SA domestic wheat price traded at R4 970.50/ton in 2022: Q1 by 16.5% lower compared to previous quarter. Wheat import and wheat export parity price traded at R7 389.49/ton and R5 870.27/ton which represent an increase in price by 7.1% and 12.2% respectively in 2022: Q1.



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

Source: Sagis/Safex

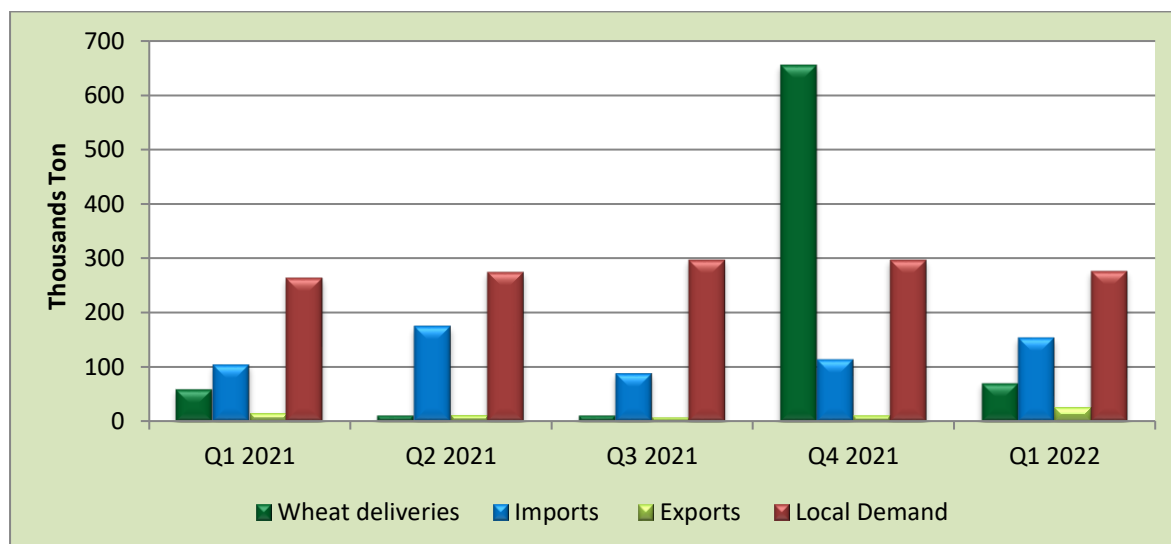
Figure 20 depicts retail bread prices versus wheat safex price from 2018: Q1 to 2022: Q1. Consumers paid marginally more for wheat by-products in 2022: Q1. The price of selected wheat by-products increased by 2.5%, 4.1%, 7.7% and 6.6% for white bread 700gr, brown bread 700gr, flour cake 2.5kg and flour bread 2.5kg, respectively in 2022: Q1.



**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 2022: Q1. South Africa's wheat deliveries for 2022: Q1 increased by 19.1% compared to the same period a year ago in 2021: Q1. Local demand of wheat decreased by 6.8%, whilst imports increased by 35.4% in 2022: Q1 when compared to previous quarter.

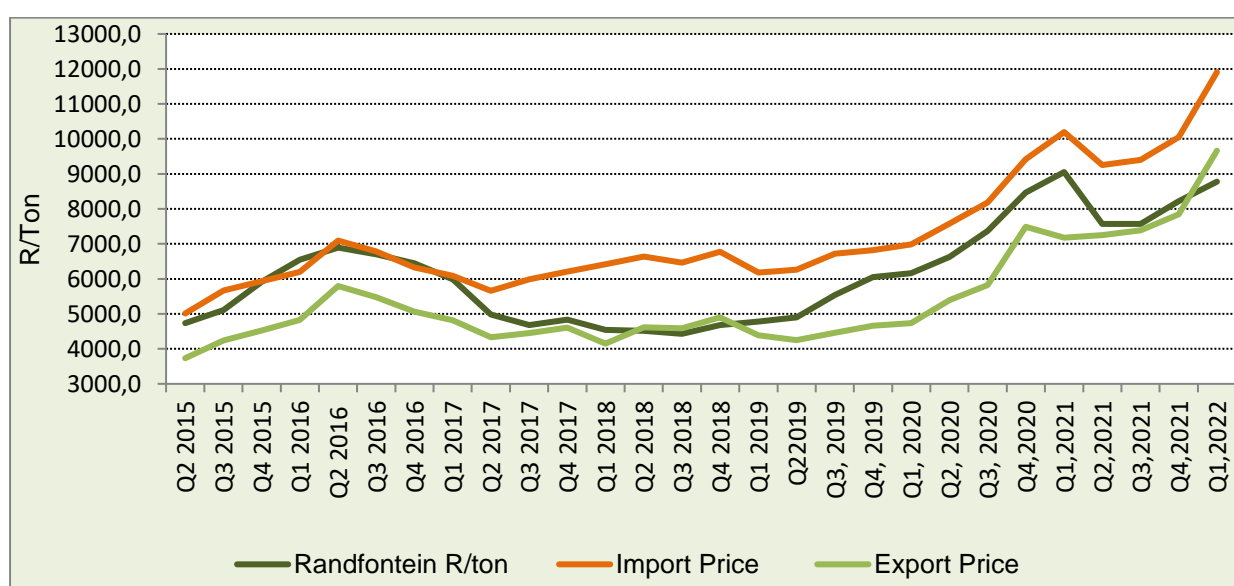


**Figure 21:** Wheat deliveries, Imports, Exports and local demand

Source: Stats SA & Safex

### 3.1.3 Soya beans

Soybeans hectares planted are 12% higher in 2022 on a year-on-year basis, but production is forecasted to decline by 0.6%(y/y) due to inter-alia; the above average rainfall received in late 2021. World production is also expected to be lower while demand remain high. World Production is also revised down as a result of lower forecasts for Brazil, Argentina and Paraguay as a result of unfavourable weather conditions.



**Figure 22** Soya beans local price vs import price

Source: Safex/Sagis/USDA/World Bank

World and local Soybeans production is also expected to be affected by the high fertilizer prices due to high natural gas prices. The expected high production costs are still expected to keep World and local soybeans prices elevated.

Local soybeans prices remain high even though prices declined by 3% on year-year basis during the quarter. Soyeban prices have risen at a quarterly average rate of 5.3% since the 4th quarter of 2018 to current. On a quarter-on-quarter basis prices increased by 6.9% .The local price traded at 26.3% and 9.1% below the import and export prices during the quarter.

**Table 3:** South African Soybeans Production & Use Table

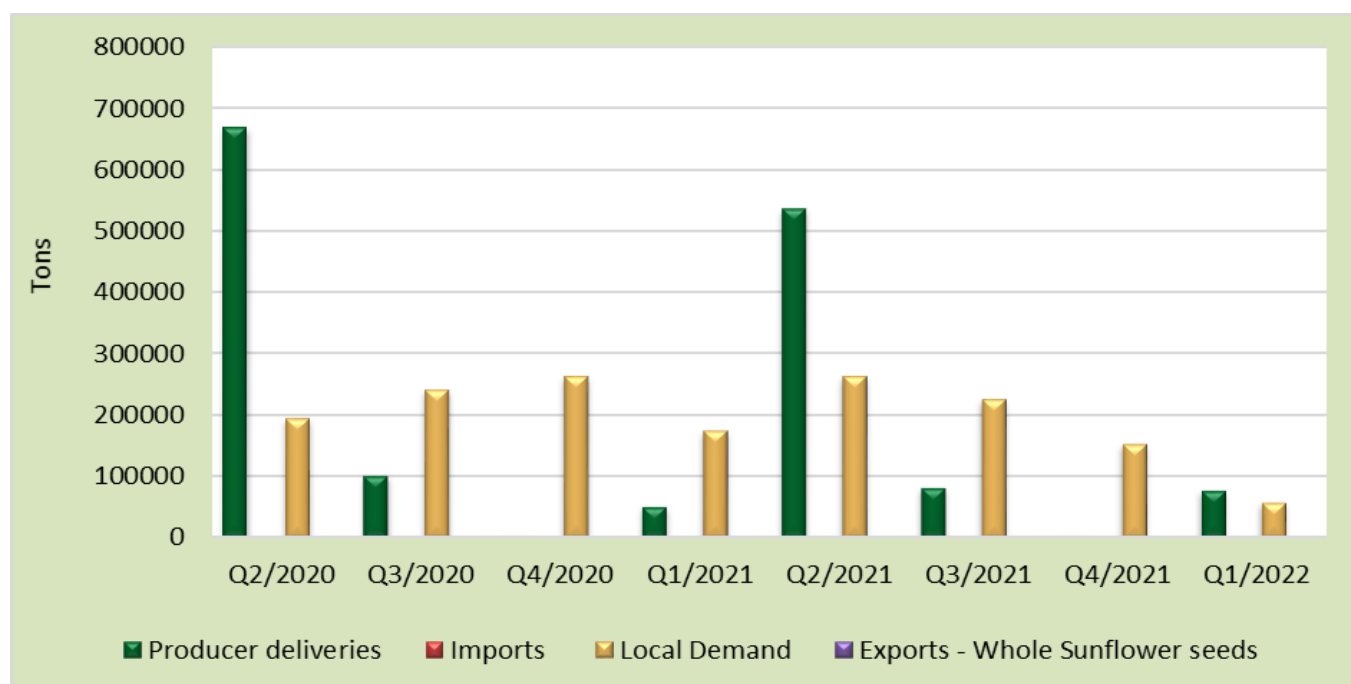


	2014	2015	2016	2017	2018	2019	2020	2021	2022 <i>Forecast</i>
Beginning Stock	61806	63704	89128	84792	330535	502241	138455	46053	169710
Production	948000	1070000	742000	1316000	1540000	1170345	1 245 500	1 897 000	1 885 850
Imports	103704	124981	271098	28000	6000	9500	116 103	13 448	20 000
Total Supply	1113510	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2075560
Local Consumption	1049230	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1784900
Exports	576	4677	6745	414	25000	4000	1 060	42 295	40 000
Total Demand	1049806	1169557	1017434	1098257	1374294	1543631	1 454 005	1 786 791	1 824 900
Closing Stocks	63704	89128	84792	330535	502241	138455	46 053	169 710	250 660

Source: DALRRD and NAMC

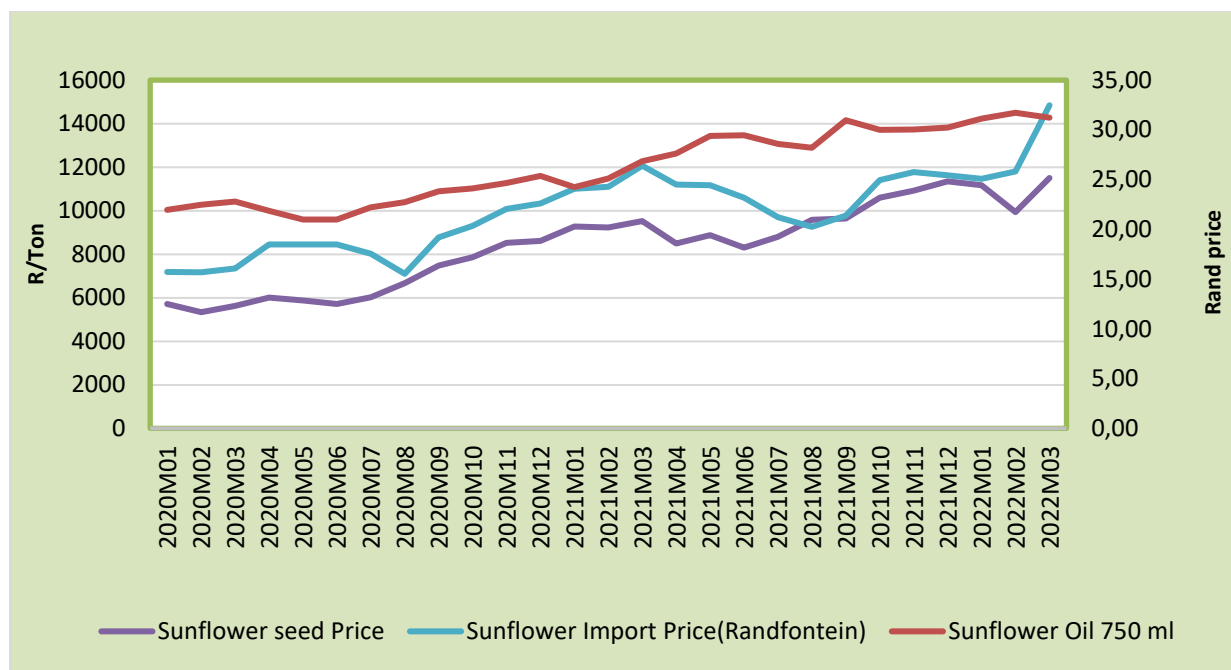
### 3.1.4 Sunflower

Figure 23 below shows the supply and demand of sunflower seed up to the first quarter of 2022. Producer deliveries in the first quarter of 2022 is expected to be 53.5% higher than it was in the same quarter of 2021 (Q1). South African sunflower seed imports in the first quarter of 2022 is expected to be 86.2% lower than it was in the same quarter of 2021 (Q1) last year. Sunflower seed imports decreased by 83.7% in the first quarter of 2022 as compared to the previous quarter in 2021 (Q4). South African sunflower seed export in the first quarter of 2022 is expected to be 65.1% lower than it was in the same quarter of 2021 (Q1) last year. Sunflower seed exports decreased by 63.9% in the first quarter of 2022 when compared to the previous quarter of 2021 (Q4). Local sunflower seed consumption in the first quarter of 2022 was 62.6% lower than it was in the previous quarter of 2021 (Q4). Local consumption in the first quarter of 2022 is expected to be 66.9% lower than it was in the same quarter of 2021 (Q1) last year.,



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

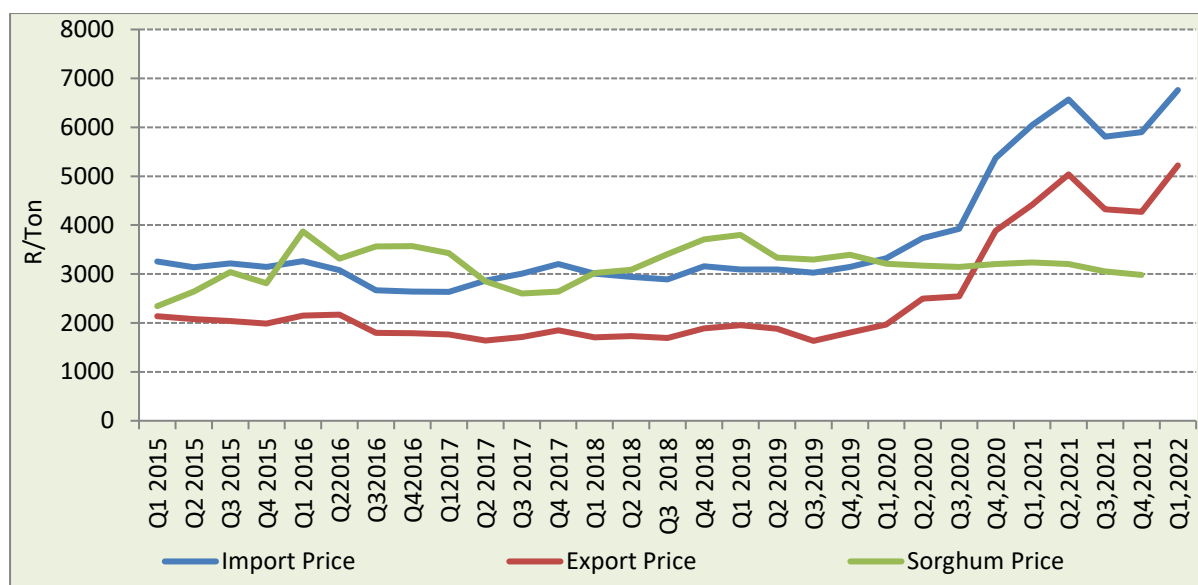
Figure 24 below show the first quarter of 2022, South Africa sunflower seed prices traded below the import parity price at R10 874.39/ton compared to R12 702.54/ton in the first quarter of 2022, which is a total decrease of 0.8% compared to the previous quarter of 2021 (Q4). The price of sunflower seed has increased by 16.4% during the first quarter of 2022 as compared to the same period last year, which is 17.3% higher than it was in the previous quarter of 2021 (Q4). The local sunflower seed price in the first quarter of 2022 traded at 14.4% lower than the import price, compared to trading at 5.6% below the import price in the fourth quarter of 2021. The prices of sunflower oil 750ml in the first quarter of 2022 traded higher by 23.4%, when as compared to the same period in 2021 (Q1). The price of sunflower oil 750ml in the first quarter of 2022 increased by 4.3%, when compared to the previous quarter (Q4) in the year 2021.



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

### 3.1.5 Sorghum

Local sorghum production is expected to continue its declining trend in the 2022 forecast, after the rise in production experienced in 2021. Favourable prices interntionally (see also figure 25) due to robust demand last year benefited the production of sorghum locally and internationally. The declining trend in SA sorghum production is due to inter-alia; competition with more profitable crops like soybeans,sunflower and maize which also offers higher yields relative to sorghum.



**Figure 25:** Sorghum Parity Price

Source: Safex, Sagis

South Africa is expected to continue its ever growing trend of importing sorghum, with most imports coming from the USA. As shown on the figure below sorghum price have not been reported by the JSE since the 31st December 2021. 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. International sorghum prices have been rising and are expected to rise further with China demand for sorghum expected to rise.

**Table 4:** Sorghum Demand & Use Table

	2014	2015	2016	2017	2018	2019	2020	2021 Estima	2022 Forecast
Opening stock	50069	121812	83142	35238	59246	51860	60 423	51 795	106123
Production	265000	114700	70500	152000	115000	127000	158000	215 000	137 220
Imports	8725	34316	74957	55824	32500	59253	6546	4 147	5 000
Total Supply	320301	277713	226677	244073	206746	238113	224969	223 828	248343
Local demand	172320	165532	178790	176000	166500	170390	167524	179010	147065
Exports	26169	29039	12649	13800	12345	7300	5650	9 058	6 400
Total Demand	198489	194571	191439	182783	173700	177690	173174	185010	153465
Ending Stock	121812	83142	35238	59246	51860	60423	51795	106 123	94 878

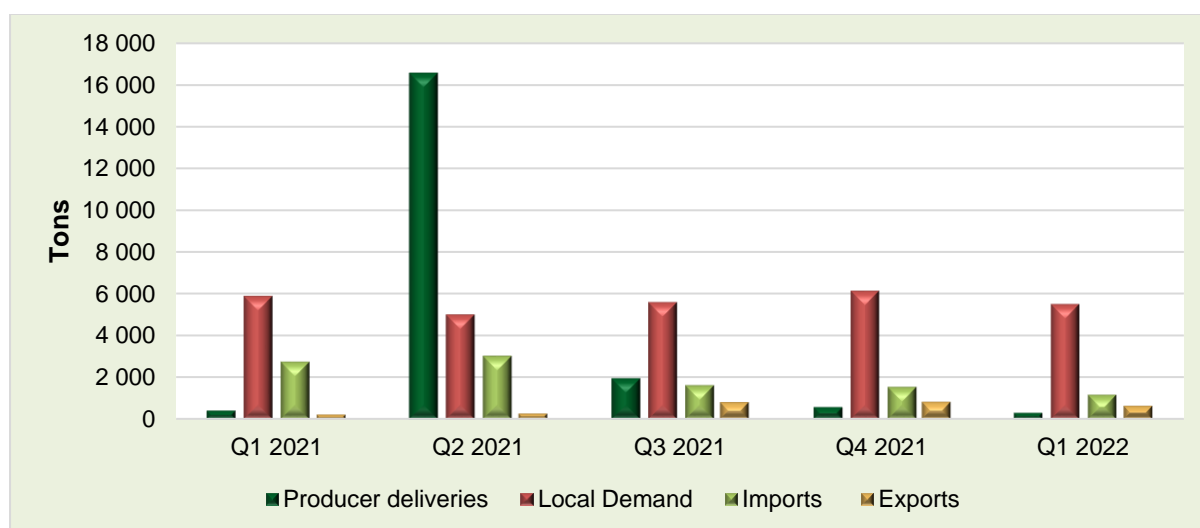
Source: DALRRD/ NAMC/Sagis

### 3.1.6 Groundnuts

For the past three seasons, South Africa experienced an unusual long period of above-average rainfall, which has been supportive of the agricultural sector. Weather conditions continue to contribute positively to the growth of the sector.

The National Crop Estimate Committee (CEC), in its second production estimate, projected that the 2021/22 groundnut crop will reach 74 250 tons. This is a 7.3% increase from the first CEC forecast of 69 200 tons in February 2022. The overall groundnut crop for the 2021/22 season appears to be exceptional with reasonably good yields expected across the country. The groundnut production estimate for 2021/22 is on the back of increased area plantings and favourable rainfall since the start of the season. This is despite fears producers had at the beginning of the 2021/22 production season, when heavy rains threatened yields. This provides comfort as far as the availability of groundnuts is concerned.

Figure 26 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q1: 2021 to Q1: 2022.



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

Source: Sagis

Since the La Niña-induced rain came in a season that followed another year of higher-than-average rainfall, producer deliveries in Q1: 2022 declined by 25% relative to Q1: 2021, to an average of 319 tons from an average of 425 tons, see figure 27. During

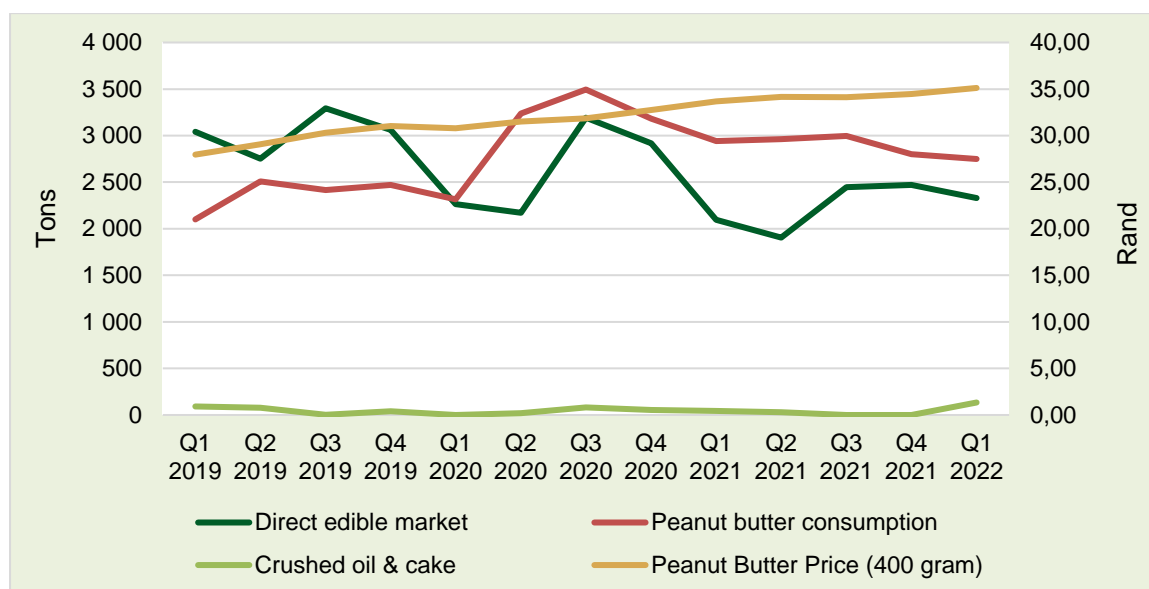
the same period, local demand of groundnuts decreased by 6% in Q1: 2022 relative to Q1: 2021, to an average of 5 470 tons from an average of 5 849 tons. Demand prospects are still uncertain as the ongoing economic recovery in South Africa is dampened by the persistent load-shedding, higher electricity costs and constrained logistics systems on output.

With the expansion in area plantings and better than expected yields, benefiting from the higher rainfall, this year's harvest presents positive export possibilities for groundnut farmers. Exports of groundnuts increased by 173% in Q1: 2022 relative to Q1: 2021, to an average of 620 tons from an average of 227 tons. The increase in the groundnut crop coupled with the weaker domestic currency and a growing demand for South Africa's groundnuts helped boost the groundnuts export market. Meanwhile, imports of groundnuts decreased by 57% in Q1: 2022 relative to Q1: 2021, to an average of 1 160 tons from an average of 2 706 tons. As the season progresses, the groundnut crop promises to be among the best in history, with large volumes of groundnuts expected to be exported than in the previous year.

South Africa's consumption of groundnuts occur mainly in two forms, as edible peanuts and as processed peanut butter and is consumed the highest in these two forms. In Q1: 2022, consumption of edible groundnuts increased by 11% relative to Q1: 2021, to an average of 2 330 tons from an average of 2 095 tons. Consumption of edible peanuts is mostly dependent on price, which is dependent on the supply and demand of groundnuts. Consumption of peanut butter decreased by 6% in Q1: 2022 relative to Q1: 2021, to an average of 2 749 tons from an average of 2 940 tons. Meanwhile, in Q1: 2022, consumption of crushed oil & cake increased significantly relative to Q1: 2021, to an average of 134 tons from an average of 42 tons. 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 4% in Q1: 2021 relative to Q1: 2021, to an average market price of R35.12/400 gram from an average market price of R 33.68/400 gram. Peanut butter sales will likely benefit from factors such as the improved roll out of income support grants, the swift recovery in non-labour income as well as an ease on the lockdown

restrictions. However, intensifying consumer headwinds such as higher living costs, still depressed consumer sentiment, weak labour market and the less supportive interest rate environment remain risk factors.

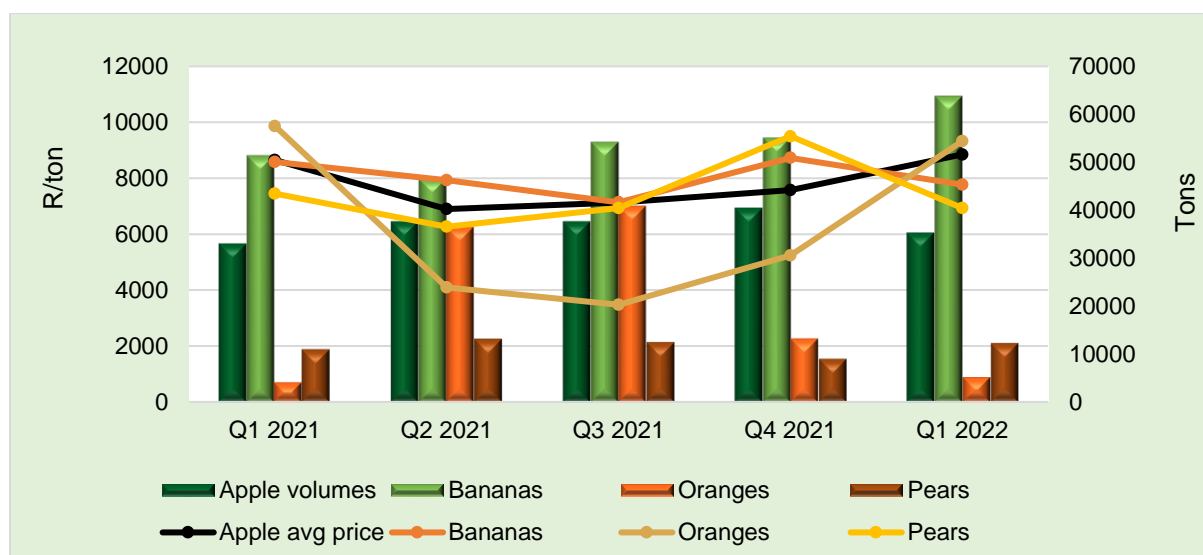


**Figure 27:** Groundnuts consumption

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: 2021 to Q1: 2022.



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

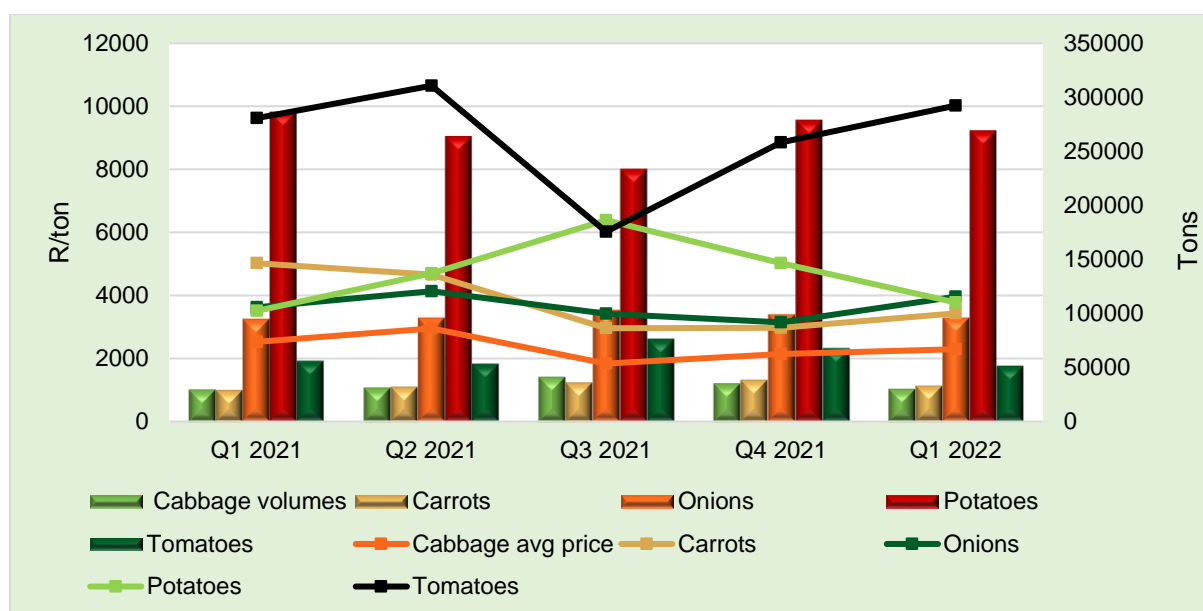
Source: Dalrrd

The yearly trend in fruit prices saw the average price of apples increase by 2.2% in Q1: 2022 relative to Q1: 2021, while quantities supplied increased by 6.9% year-on-year. The 2022 harvest is in full swing and growers look forward to a good harvest. Adequate rain and adequate chill units during last year's winter ensured growers have enough irrigation water at their disposal while favourable weather conditions contributed to the good crop and fruit quality. Bananas average price decreased by 9.4% in Q1: 2022 relative to Q1: 2021, while quantities supplied increased by 24.2% year-on-year. Most bananas on the South African fresh produce market this time of the year come from Mozambique, while there is also new producers from neighbouring countries on the market floor. In addition, there is an expansion in banana plantations in areas such as Komatipoort where bananas remain a profitable crop. The effect will likely become more visible in the next few years.

The yearly trend in orange prices saw the average price of oranges decrease by 5.5% in Q1: 2022 relative to Q1: 2021, while quantities supplied increased by 26.2% year-on-year. Orange production recovered well as a result of the good, beneficial summer rains. Production looks good in some growing areas while there is an increase in the area planted with new-plantings coming into full production. The yearly trend in pear prices saw the average price of pears decrease by 7.0% in Q1: 2022 relative to Q1: 2021, while quantities supplied increased by 12.0% year-on-year. Packhams' Triumph volumes are expected to increase by 6% while there is growth expected in the volumes of summer blushed pears such as Cheeky, Celina and Rosemarie.



On a quarter-on-quarter basis, the average price of apples increased by 16.8% in Q1: 2022 relative to Q4: 2021 while quantities supplied decreased by 12.7% quarter-on-quarter. The cooler spring and high early summer temperatures could have had an impact on the fruit size however, growers are still very optimistic as fruit quality is sound and packouts look promising. The average price of bananas decreased by 10.9% in Q1: 2022 relative to Q4: 2021, while quantities supplied increased by 15.8% quarter-on-quarter. Most bananas on the South African wholesale markets this time of the year come from Mozambique. During the same period, the average price of oranges increased by 78% in Q1: 2022 relative to Q4: 2021 while quantities supplied decreased by 60.3% quarter-on-quarter. There has been an increase in a number of input costs, including fertilizer prices almost doubling and agrochemical prices increasing on average by 50%. Rising fuel and freight costs have also severely squeezed growers' profit margins. Meanwhile, the average price of pears decreased by 27.1% in Q1: 2022 relative to Q4: 2021 while, quantities supplied increased by 37.0% quarter-on-quarter. The much needed rain and adequate chill units during last winter has ensured that growers have a good fruit set with a good crop and good fruit quality.



**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 carrots decreased

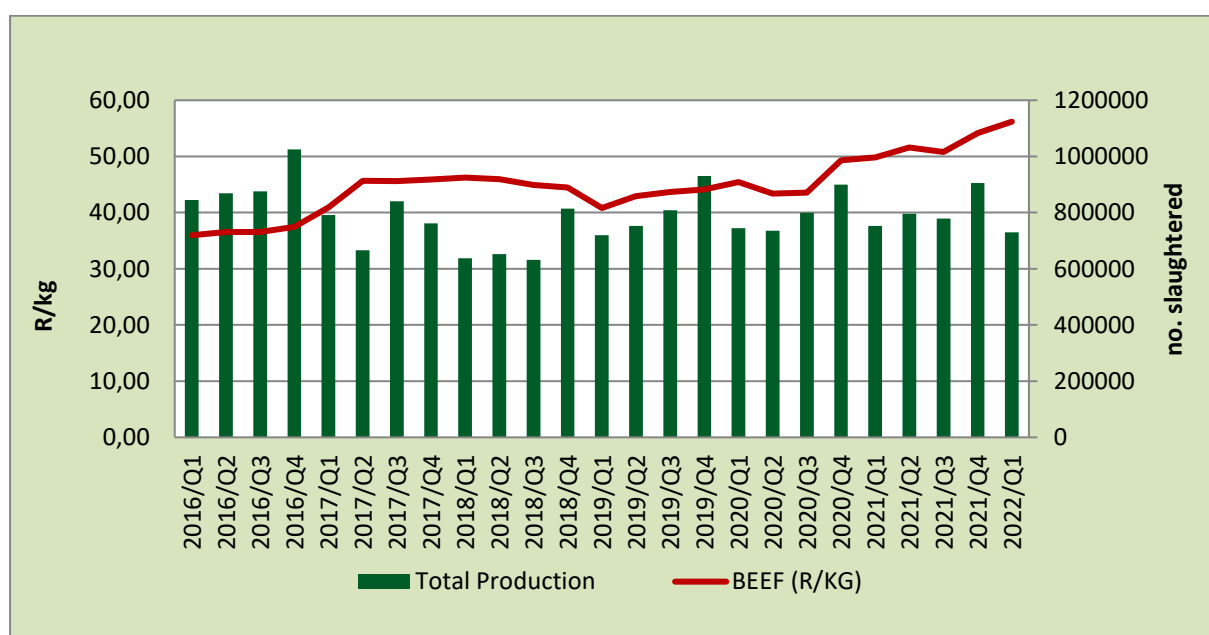
by 9.1% and 31.7% respectively in Q1: 2022 relative to Q1: 2021, while quantities supplied increased by 2.5% and 13.8% respectively year-on-year. Demand across the cabbage and carrot market remained low while rain and heat impacted the shelf life of both of these products. The average price of onions increased by 9.3% in Q1: 2022 relative to Q1: 2021, while quantities supplied also increased by 1.4% year-on-year. Onion volumes picked up and demand remained strong while those available from the Western Cape are reported to have excellent quality. The average prices

of potatoes and tomatoes increased by 7.5% and 4.2% respectively in Q1: 2022 relative to Q1: 2021, while quantities supplied decreased by 6.1% and 8.2% respectively year-on-year. The demand for potatoes has been strong while climate played a major role on the quality of potatoes due to the rains late in 2021. Tomato volumes were also lower due to the poor quality, which was impacted by the wet weather, with a slight improvement being seen.

On a quarter-on-quarter basis, the average prices of cabbage, carrots and onions increased by 7.2%, 15.5% and 25.8% respectively in Q1: 2022 relative to Q4: 2021, while volumes supplied decreased by 13.8%, 13.8% and 2.9% respectively quarter-on-quarter. Rain and heat impacted on the quality of these products while demand firmed in Q1: 2022 relative to Q4: 2021. The average price of potatoes decreased by 24.9% in Q1: 2022 relative to Q4: 2021 while quantities supplied decreased by 3.5% quarter-on-quarter. Potato volumes have been strong which placed pressure on the prices. The average price of tomatoes increased by 13.2% in Q1: 2022 relative to Q4: 2021 while quantities supplied decreased by 24.1% quarter-on-quarter. Tomato quality deteriorated due to the excess rains with poor quality tomatoes still entering the market as a result of the heavy rains.

### 3.3 Meat industry review

As illustrated graphically below, total beef slaughtering decreased by 2.98% in first quarter of 2022 compared to the same quarter of 2021. The price of beef per kg increased by 12.82% in first quarter of 2022 when compared to the same period in 2021. According to the Bureau for Food and Agricultural Policy (BFAP), report on Perspectives on Agriculture's Performance in Q1 of 2022, it indicates that gross income in animal products grew slower than other subsectors at 2%, but it remains the biggest contributor to absolute growth in GVP at this time of year. Despite rapid meat price increases since mid-2020, livestock slaughter volumes have been decreasing, thus limiting revenue growth. In the first quarter of 2022, compared to Q1 2021, beef prices increased by 12%., see figure 29.



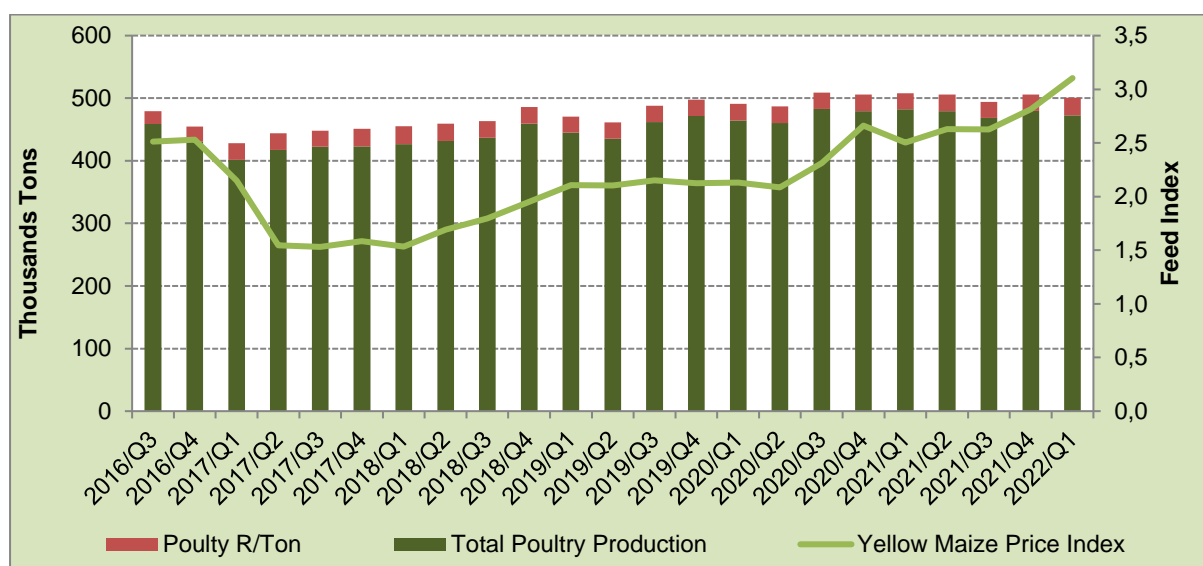
**Figure 30:** Beef production

Source, DALRRD

### 3.4 Poultry industry review

Poultry production decreased by 2.1% on a year-on-year(y/y) basis whilst on a quarter-on-quarter(q/q) basis production declined by 1.5%. Poultry price per ton increased by 7.6% (y/y) and 11.3% (q/q) while feed prices increased by 24.1% and 10.1%

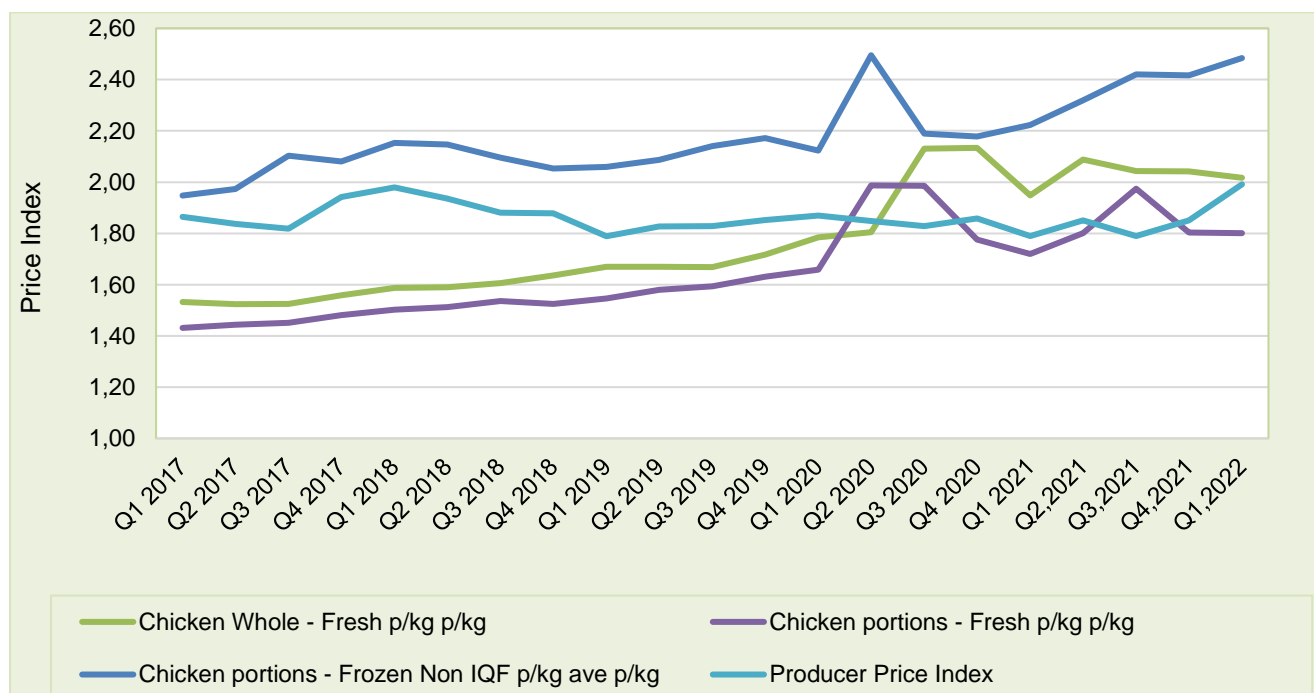
respectively. The rising feed costs are putting pressure on the return on investment, thus expected to affect the poultry production outlook locally and globally.



**Figure 31:** Poultry production and prices

Source: DALRRD

shows that the retail chicken prices; the price of fresh whole chicken and fresh chicken portions prices per kg increased by 3.5% and 4.8% y/y respectively, while declining by 1.3% and 0.2% on q/q basis. The price of frozen chicken portions per kg increased by 11.8% (y/y) and 2.8%(q/q).



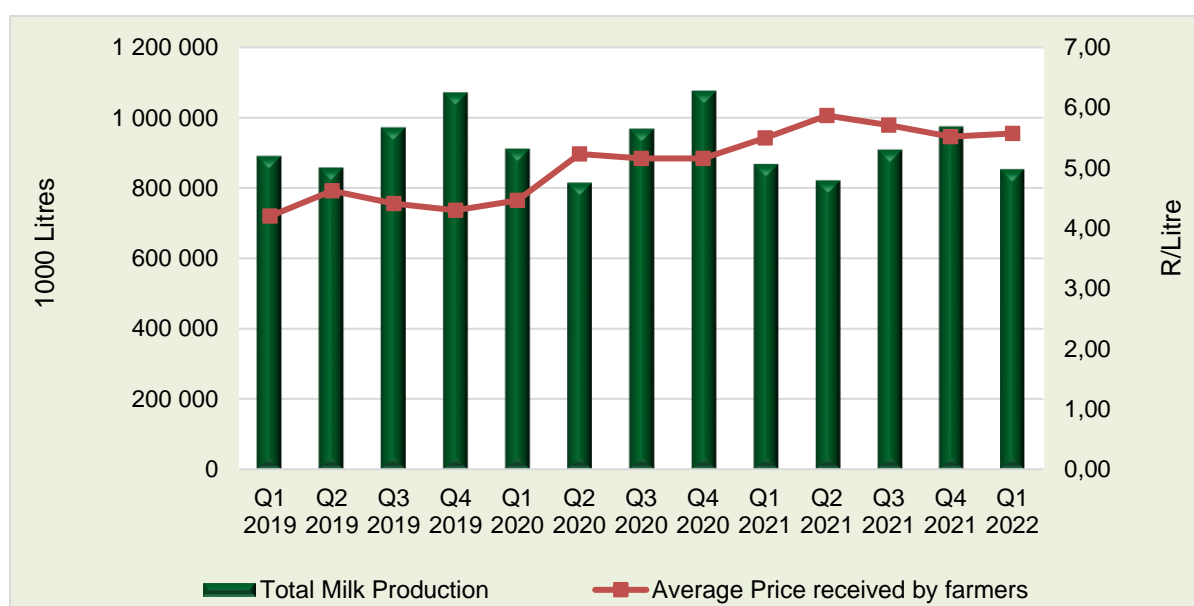
**Figure 32:** Poultry & Feed Price Indices

Source: Statistics SA.

### 3.5 Milk industry overview

Total milk production in Q1: 2022 came in 1.7% less than in Q1: 2021, to 852.0 million litres from 866.9 million litres over the period. On a quarter-on-quarter basis, total milk production in Q1: 2022 came in 12.5% less than Q4.

The average producer price per litre of milk increased by 1.3% in Q1: 2022 relative to Q1:2021, to R5,57/ℓ from R5,52/ℓ. The cost of feed meal (yellow maize and soya combination) and other inputs such as electricity increased over the period. Meanwhile, the average producer price per litre of milk increased by 0.9% in Q1: 2022 relative to Q4 2021, to R5,57/ℓ from R5,52/ℓ..

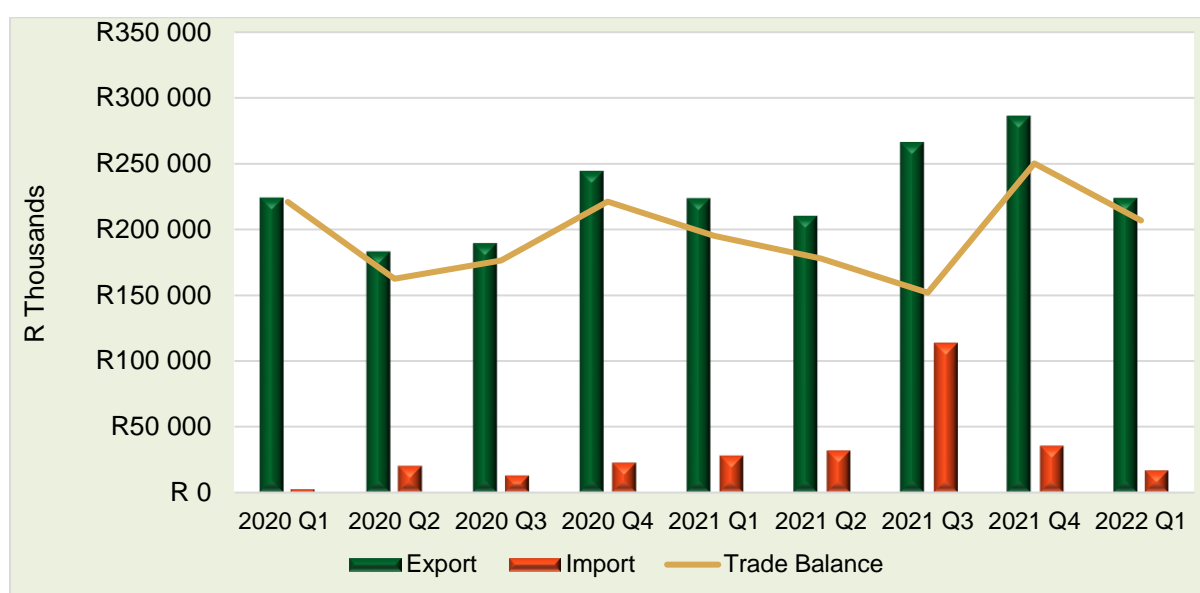


**Figure 32:** Trends in total production and average price of milk

Source: DAFF

Over the period Q1: 2021 to Q1: 2022, South Africa remained a net-exporter of milk and cream (not concentrated nor containing added sugar or other sweetening matter). Nevertheless, SA' trade balance of milk and cream (not concentrated nor containing added sugar or other sweetening matter) expanded by 0.1% in Q1: 2022 relative to Q1: 2021, to R 223.4 million from R 223.2 million. The uncertainty about the impact of

covid-19 on the economy might have contributed to the expanded the trade balance of milk and cream (not concentrated nor containing added sugar or other sweetening matter) in Q1:2022 relative to Q4: 2021 grew by 5.9%. While Q1 2022 declined by 17.4% from Q4 2021, which was R206.7 million in Q1 from R250,3 million in Q4 of 2021.



**Figure 33:** Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening

Source: Trademap, 2021

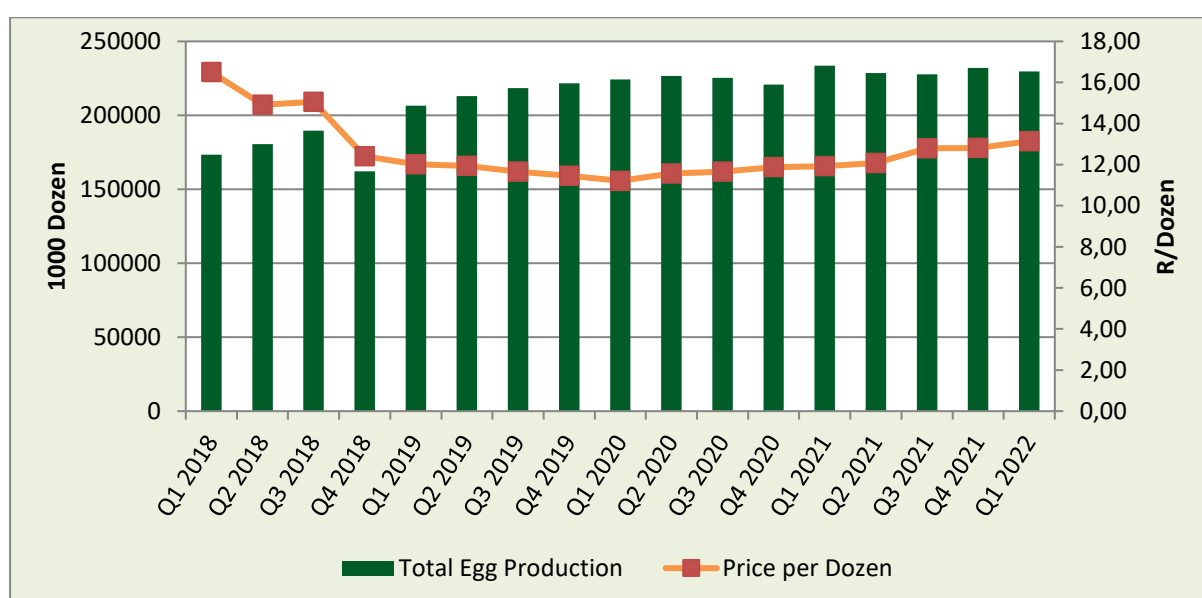
### 3.6 Egg industry review

While the economy is gradually recovering from the pandemic, South Africa's egg producers face a number of challenges such as high input costs (particularly animal feed) while the practice of load shedding by Eskom severely hampered production efficiencies. Water scarcity and poor water sanitation also accentuated the hardships egg producers faced. In Q1: 2022, the total production of eggs totalled 229,7 million

dozen, a 7.8% increase in production relative to 213,1 million dozen produced in Q1: 2021.

On a quarter-on-quarter basis, the total production of eggs increased by 8.1% in Q1: 2022 relative to Q4 in 2021, from a total of 212.4 million dozen produced in Q4.

Meanwhile, the average price per dozens of eggs increased by 10.1% in Q1: 2022 relative to Q1: 2021, to R13.14 per dozen from R 11,93 per dozen. On a quarter-on-quarter basis, the average price per dozens of eggs increased by 2.6% in Q1: 2022 relative to Q4, from R12,81 per dozen in Q3: 2021. The cost of electricity, fuel and wages affects the industry, with the supply and demand of eggs largely determining the price, see Figure 34.



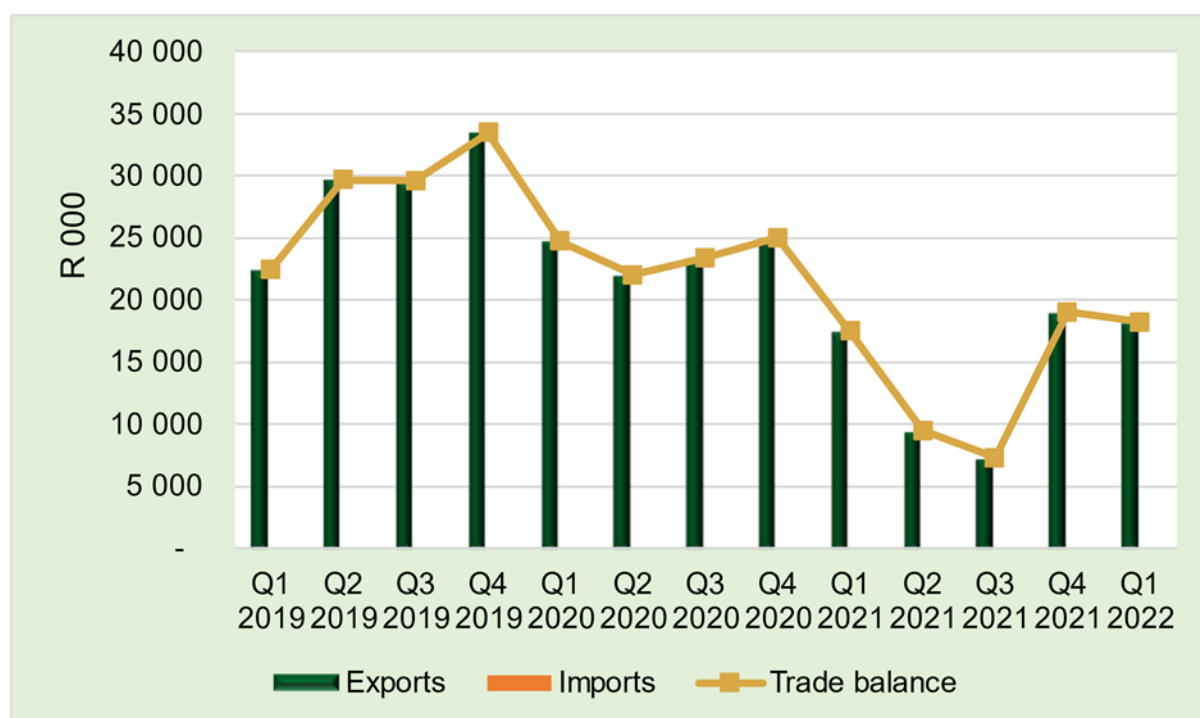
**Figure 34:** Trends in total egg production and average price per dozen eggs.

Source: DAFF

Whilst the poultry industry grapples with nationwide lockdowns because of the Covid-19 pandemic, as well as the impact of highly pathogenic avian influenza, South Africa remained a net-exporter of bird eggs (in shell, fresh, preserved or cooked) from Q1: 2019 to Q1: 2022. However, in Q1: 2022, South Africa's trade balance of birds' eggs,

in shell, preserved or cooked expanded by 4.1% relative to Q1: 2021, to R 18.2 million from R17.5 million.

On a quarter-on-quarter basis, the trade balance of bird eggs (in shell, fresh, preserved or cooked) contracted by 4.3% in Q1: 2022 relative to Q4:2021. The export value of bird eggs (in shell, fresh, preserved or cooked) also contracted by 4.3% in Q1: 2022 relative to Q4:2022. South Africa did not import bird eggs (in shell, fresh, preserved or cooked) over the period.



**Figure 35:** Trade balance of birds' eggs, in shell, preserved or cooked

Source: Trademap, 2021

### 3.6 Trade of agricultural, forestry and fisheries

#### 3.7 Trade of agricultural products

South Africa's economy has been recovering, albeit unevenly across sectors with the probability of a recession increasing over the past few months. Local fundamentals are evident in the data given the heightened uncertainty and intense inflationary pressures South Africans face. Delays at the ports and rails as well as deteriorating road infrastructure affected exporting sectors including the agricultural sector.



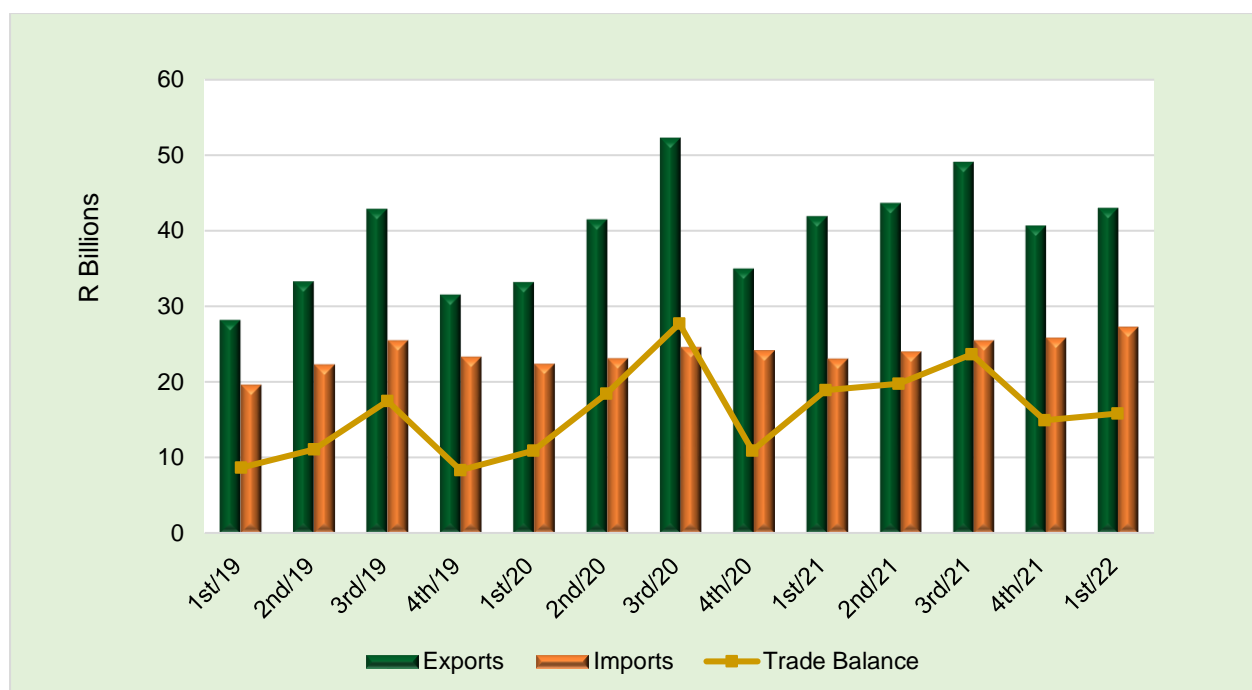
The invasion of Ukraine by Russia disrupted trade with the Black Sea region, which for South Africa, this is important, especially for the horticulture subsector. According to Agbiz (2022), Russia accounts on average for 7% of South Africa's citrus exports in value terms while it also accounts for 12% of South Africa's apples and pear exports. Given the highly fluid global environment, economic reforms and infrastructure investments are critical for South Africa's trade and economic growth.

In Q1: 2022, South Africa's agricultural trade balance shrank by 16.4% relative to Q1: 2021, to R 15,8 billion from R18,9 billion. Delays at the port and rail, and deteriorating infrastructure interrupted trade activity. Poor service delivery by municipalities and inadequately maintained roads are some of the hindrances that affect businesses, farmers and trade activity. Adding to the interruptions in trade activity is the unreliable electricity supply, rising fuel prices and the ongoing shortage of critical raw and other input materials (FNB, 2021).

While South Africa's economic conditions were fairly better in Q1: 2022 relative to Q1: 2021, there is a need to expand South Africa's agricultural export markets beyond the current reach and to strengthen logistics (Agbiz, 2021).

On a quarter-on-quarter basis, agriculture's trade balance broadened by 5.8% in Q1: 2022 relative to Q4: 2021. The rains have been supportive of the agricultural sector and the past three seasons have seen large harvests, which boosted domestic food supplies and agricultural export earnings (Agbiz, 2022).

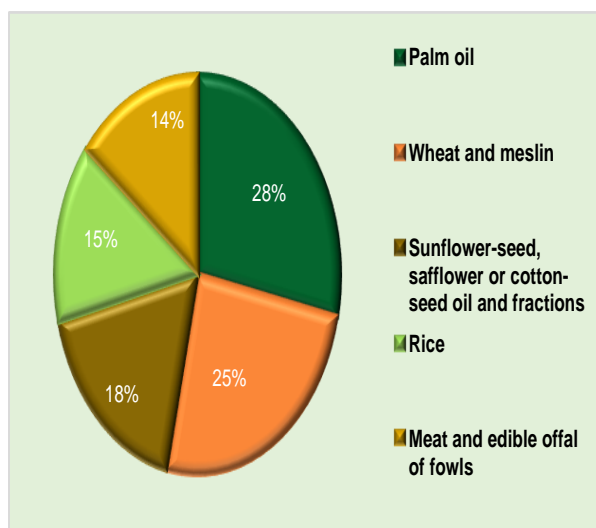
In addition, in Q1: 2022, the export value of agricultural products grew by 5.7% relative to Q4: 2021, to R43,0 billion from R 40.7 billion. During the same period, the import value of agricultural products grew by 5.6% quarter-on-quarter, to R27,2 billion from R25,8 billion. Although imports of agricultural products grew by 5.6% quarter-on-quarter, elevated transportation costs, slow readjustments in the labour market and a less supportive interest rate environment might affect domestic demand. Domestic economic conditions remain fragile with employment lagging, further limiting the extent of recovery in domestic demand.



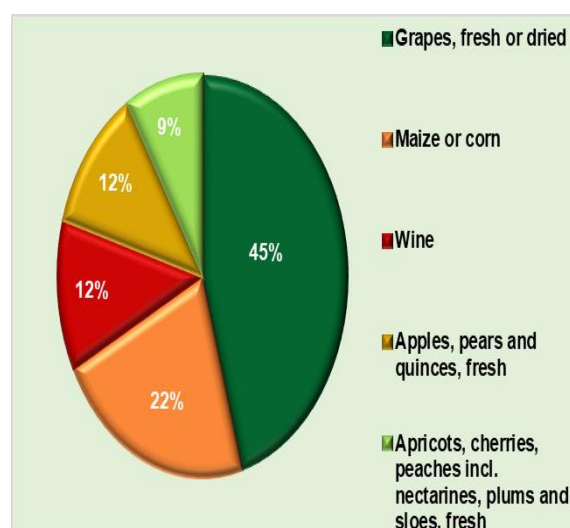
**Figure 36:** Trade balance of agricultural products

Source: Trademap, 2022

Figure 37 indicates the top five agricultural products imported by SA in Q1: 2022. The top five agricultural products imported by South Africa in Q1: 2022 include palm oil (28%), wheat and meslin (25%), sunflower seed, safflower or cotton seed oil (19%), rice (15%) as well as meat and edible offal of fowls (14%). These top five products dominated the food import bill in Q1: 2021. Meanwhile, figure 38 indicates the top five primary agricultural products exported by SA in Q1: 2022. The top five agricultural products exported by South Africa in Q1: 2022 include fresh or dried grapes (45%), maize or corn (22%), wine (12%), fresh apples, pears and quinces (12%) as well as fresh apricots, cherries, peaches including nectarines, plums and sloes (9%). Some of these products will likely continue to dominate the food export list for the remainder of the year with citrus, nuts and sugar being possible additions to the list (Agbiz, 2022). Analysts are modestly optimistic about the ongoing economy recovery amid the elevated cost of living, the wide ranging impacts on household's willingness to spend, unreliable electricity supply, accelerating prices, the ongoing shortage of critical raw and other input materials as well as the ongoing severe weakness in the labour market.



**Figure 37:** Top five agricultural products imported by SA  
Source: Trademap, 2022



**Figure 38:** Top five agricultural products exported by SA  
Source: Trademap, 2022

#### 4. CONCLUSION

The war in Ukraine & Russia has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.

The size of the South African economy is now at pre-pandemic levels, with real GDP slightly higher than what it was before the COVID-19 pandemic. Real gross domestic product increased by 1,9% in the first quarter of 2022, following an increase of 1,4% in the last quarter of 2021, representing a second consecutive quarter of upward growth. Eight of the ten industries recorded positive growth in the first quarter of 2022. The manufacturing industry increased by 4,9% in the first quarter, contributing 0,6 of a percentage point to GDP growth. Seven of the ten manufacturing divisions reported positive growth rates in the first quarter.

Consumer price inflation was 5,9% in March 2022, up from 5,7% in February 2022. The CPI average 5.8% for the first quarter of 2022, while food inflation average 6.5% during the same period. According to the Quarterly Labour Force Survey (QLFS) for quarter 1 of 2022 the official unemployment rate retreated from a record high of 35.3% in the fourth quarter of 2021 to 34.5% in the first quarter of 2022. An estimated 370 000 jobs were gained between the last quarter of 2021 and the first quarter of 2022. The biggest job gains were recorded in community and social services with 281 000 jobs, manufacturing with 263 000 jobs and trade with 98 000.

In Q1: 2022, South Africa's agricultural trade balance shrank by 16.4% relative to Q1: 2021, to R 15,8 billion from R18,9 billion. In addition, in Q1: 2022, the export value of agricultural products grew by 5.7% relative to Q4: 2021, to R43,0 billion from R 40.7 billion. During the same period, the import value of agricultural products grew by 5.6% quarter-on-quarter, to R27,2 billion from R25,8 billion.

## References

Absa (2022). Retail and business banking. Fresh produce market trends: Year on year tomato price increase records 69%. [Online] Available:

<https://www.absa.co.za/content/dam/south-africa/absa/pdf/business/sector-focus/agribusiness/2022/Fresh-Produce-Market-Report-17-January-2022.pdf>

Absa (2022). Retail and business banking. Fresh produce market trends: Year on year tomato prices continue to soar; consumer demand remains. [Online] Available:

<https://www.absa.co.za/content/dam/south-africa/absa/pdf/business/sector-focus/agribusiness/2022/Fresh-Produce-Market-Report-24-January-2022.pdf>

Absa (2022). Retail and business banking. Fresh produce market trends: Consumer demand increased, but tomato price Y-O-Y remains resilient. [Online] Available:

<https://www.absa.co.za/content/dam/south-africa/absa/pdf/business/sector-focus/agribusiness/2022/Fresh-Produce-Market-Report-7-February-2022.pdf>

Agricultural Business Chamber (Agbiz) 2022. SA Weekly Agricultural Viewpoint. Municipal service delivery and infrastructure constraints are costly for farmers. [Online] Available: <https://www.agbiz.co.za/content/economic-research?page=agri-reports>

<https://www.agbiz.co.za/content/economic-research?page=agri-reports>

Agricultural Business Chamber (Agbiz) 2022. SA Weekly Agricultural Viewpoint. SA agriculture exports up modestly in the first quarter of 2022. [Online] Available:

<https://www.agbiz.co.za/content/economic-research?page=agri-reports>

Agricultural Business Chamber (Agbiz) 2022. SA Weekly Agricultural Viewpoint. Promising prospects for another season of above-average rainfall for SA. [Online] Available: <https://www.agbiz.co.za/content/economic-research?page=agri-reports>

<https://www.agbiz.co.za/content/economic-research?page=agri-reports>

Bloemfontein Courant (2022). Free State dams full to capacity. [Online] Available:

<https://www.bloemfonteincourant.co.za/free-state-dams-full-to-capacity/>

Daily Maverick (2022). Parts of Eastern Cape emerge from drought, but Gqeberha dam levels are still below 19%. [Online] Available: <https://www.dailymaverick.co.za/article/2022-01-19-parts-of-eastern-cape-emerge-from-drought-but-gqeberha-dam-levels-are-still-below-19/>

Department of Water and Sanitation (2022). Monthly State of Water Bulletin February 2022. [Online] Available: [https://soer.environment.gov.za/soer/UploadLibraryImages/UploadDocuments/040322091831\\_Monthly%20State%20of%20Water%20Bulletin%20-%20February%202022.pdf](https://soer.environment.gov.za/soer/UploadLibraryImages/UploadDocuments/040322091831_Monthly%20State%20of%20Water%20Bulletin%20-%20February%202022.pdf)

Department of Water and Sanitation (2022). Media Statement: National water levels record a minor downturn. [Online] Available: <https://www.dws.gov.za/Communications/PressReleases/2022/MS%20-%20National%20water%20levels%20record%20a%20minor%20downturn.pdf>

First National Bank (2022). Economics Weekly: 2022 Budget preview: tough trade-offs amid a fragile economic recovery. [Online]. Available: <https://www.fnb.co.za/economics-commentary/>

First National Bank (2022). Economics Weekly: Current account surplus resilient in 1Q22. [Online]. Available: <https://www.fnb.co.za/economics-commentary/>

Freshplaza (2022). CGA working with stakeholders to mitigate the impact of Russia-Ukraine conflict on the citrus industry. [Online]. Available: <https://www.freshplaza.com/article/9408278/cga-working-with-stakeholders-to-mitigate-the-impact-of-russia-ukraine-conflict-on-the-citrus-industry/>

United States Department of Agriculture (2021). South Africa: Citrus Annual. [Online]. Available: <https://www.fas.usda.gov/data/south-africa-citrus-annual-6>

South African Government (2022). Water and Sanitation on KwaZulu-Natal dam levels. [Online]. Available: <https://www.gov.za/speeches/kwazulu-natal-dam-levels-record-minimal-decline-week-16-mar-2022-0000>

South African Government (2022). Water and Sanitation on national dam levels: National dam levels record a minimal rise owing to continual rainfall. [Online]. Available: <https://www.gov.za/speeches/national-dam-levels-record-minimal-rise-owing-continual-rainfall-23-mar-2022-0000>

South African Grain Information Services (Sagis). 2022. Supply and demand Grondbone per maand. [Online]. Available: [www.sagis.org.za](http://www.sagis.org.za)

South African Weather Service (2022). Monthly Drought Bulletin May 2022. [Online]. Available: [https://www.weathersa.co.za/Documents/Climate/nr\\_drought.pdf](https://www.weathersa.co.za/Documents/Climate/nr_drought.pdf)

Statistics South Africa (Stats SA), (2022): Gross Domestic Product, Quarter 1, 2022: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2022): Quarterly Labor Force Survey, Quarter 1, 2022: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2022): Consumer Price Index, 2022: Available at <http://www.statssa.gov.za>

Trade Map (2022): Trade statistics for international business development. [Online]. Available: <https://www.trademap.org>