

QUARTERLY

Economic Overview of the Agriculture, Forestry and Fisheries Sector

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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, Forestry and Fisheries (AFF) sector. To support this important task, the Economic and Statistical Research division/unit conducts economic analyses of the performance of and external impact on the AFF sector and its industries.

This publication, the *Quarterly Economic Overview of the Agriculture, Forestry and Fisheries sector*, was developed because of a need within the Department of Agriculture, Forestry and Fisheries (DAFF) to be regularly informed on developments and expected economic trends in the agriculture sector. The quarterly report has now been established as a regular feature in the directorate's work plan. Since the beginning of 2004 the report has also been published for outside use to add value to a number of regular economic publications on the agriculture sector. It is our vision to maintain it as indispensable reading for everyone interested in developments in the AFF and the South African AFF sector.

This issue looks at the economic developments in the third quarter of 2012 as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to face economic uncertainties.

Any new comments on the content of this quarterly report series are most welcome.

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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.*

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EXECUTIVE SUMMARY

The outlook for global economic growth remains weak and downside risks remain considerable although recent reports point to stabilising economic conditions. Global activity has been contracting mainly due to deep cutbacks in production by advanced economies because of very tight financial and fiscal conditions. Activity in major emerging market and developing economies, which have been the main drivers of global growth, has slowed as a result of spillovers from advanced economies and domestic factors. Global output is projected to modestly expand by 3,3% in 2012 and 3,6% in 2013. Advanced economies are projected to grow by 1,3% and 1,5% in 2012 and 2013 respectively, while output growth in emerging market and developing economies is expected to average 5,3% in 2012 and 5,6% in 2013 (IMF, 2012)

World grain production has been revised slightly downwards for the 2012/13 period but the outlook is largely unchanged. World grain production is forecast to decline by 4,8% (88 million tons) from 1 850 million tons in 2011/12 to 1 762 million tons in 2012/13. International maize prices outperformed other grains boosted by improved US exports and less than favourable planting conditions for South American crops which are critical given tight supplies. World maize production is forecast to drop by 46 million tons to reach 830 million tons in 2012/13 while wheat production is forecast to drop by 5,9%(41 million tons) to reach 654 million tons in 2012/13. A contraction in world grain consumption is forecast for the 2012/13 period – the first contraction in fourteen years. Consumption is forecast to decline by 2,3% (42 million tons) from 1 848 million tons in 2011/12 to 1 806 million tons in 2012/13. However, expected consumption for 2012/13 remains above the expected production which implies a grain deficit of 44 million tons in 2012/13. World grain trade is expected to decline by 6,3% from 270 million tons in 2011/12 to 253 million tons in 2012/13.

South Africa's economic growth slowed to its lowest level in more than three years during the third quarter of 2012 largely due to a sharp contraction in mining and quarrying output following a wave of deadly mining strikes across SA which resulted in lower production. SA's GDP grew by just 1,2% in the third quarter of 2012 on a seasonally adjusted and annualised basis, a significant decline from the revised 3,4% rise in the second quarter of 2012. The agriculture, forestry and fishing (AFF) sector was the best performer compared to other sectors in the third quarter of 2012. The AFF sector grew by 7,4% in the third quarter of 2012,

slightly down from the 9,3% growth in the second quarter. The second best performing sector was the construction industry which grew by 3,3%

The number of employed people in SA rose by 1,5% (198 000) from 13,4 million persons in the second quarter of 2012 to 13,6 million persons in the third quarter of 2012. However, because the labour force increased by 397 000 persons between the second and the third quarters of 2012, the SA unemployment rate rose to 25,5% in the third quarter of 2012 from 24,9% in the second quarter of 2012. The increase in total employment was mainly driven by an increase in the number of persons employed in the Finance and other business services (74 000), Manufacturing (49 000) and Transport (43 000) sectors. Employment losses were recorded in Private households (29 000), Mining (8 000) and Trade (4 000) sectors. The number of people employed in agriculture rose by 23 000 in the third quarter of 2012. On a year-on-year basis, 37 000 more people were employed in agriculture from 624 000 in the third quarter of 2011 to 661 000 in the third quarter of 2012.

Gross farming income from all agricultural products amounted to R41,8 billion in the third quarter of 2012, a 1,8% (R0,7 billion) increase from R41,0 billion in the third quarter of 2011. The increase in gross farming income was mainly due to the 10,9% (R1,9 billion) increase in income from animal products, followed by the 7,6% (R0,7 billion) increase in income from horticultural products. Income from field crops – which has been the main driver behind the increase in gross farming income in the past – declined by 13,5% (R1,9 billion) in the third quarter of 2012 compared to the third quarter of 2011. The decline in income from field crops was mainly due to the 17,9% (R2 billion) decrease in income from maize as well as the 39% (R0,1 billion) drop in income from sunflower seed. As a result, the net farming income declined by 15,9% (R2,2 billion) from R13,7 billion in the third quarter of 2011 to R11,6 billion in the third quarter of 2012.

Trading of domestic agricultural products slowed between the third quarter of 2011 and the third quarter of 2012 as government expanded its domestic procurement programme. The value of SA agricultural exports decreased by 3% from R15,2 billion to R14,7 billion between the third quarter of 2011 and the third quarter of 2012. SA's major export destinations during this period were the Netherlands followed by Zimbabwe. The value of agricultural imports into SA, on the other hand, increased by 2% from R11,6 billion to R11,8 billion between the third quarter of 2011 and the third quarter of 2012, with rice being the main imported item.

1. GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHING ECONOMY

Global activity has been contracting mainly due to deep cutbacks in production in the advanced economies as financial and fiscal conditions remain very tight. The labour market and consumption remained subdued which is negatively affecting economic recovery. World output is forecast to average 3,3% in 2012 before increasing to 3,6% in 2013. In advanced economies, output is projected to average 1,3% and 1,5% in 2012 and 2013 respectively. Emerging markets and developing economies are expected to average output growth of 5,3% in 2012 and 5,6% in 2013 (IMF, 2012). The OECD has cut its global outlook, also projecting that the euro zone economy would contract by 0,4% this year and another 0,1% in 2013. The OECD forecast that the euro zone will only return to positive growth in 2014 with a rate of 1,3%.

The spill-over effects from advanced economies have held back activity in emerging market and developing economies. The resultant declines in demand have lowered commodity prices and weighed on activity in many commodity exporters. Some economic analysts have suggested that there is now a 1 in 6 chance of global growth falling below 2% in 2012, which would be consistent with a recession in advanced economies and low growth in emerging market and developing economies. The crisis in the Euro area remains the most obvious threat to the global economic outlook and unemployment is expected to remain high, which correlates with a decline in consumption.

The above factors also have spill-over effects on the demand for agricultural commodities and prices. The FAO's global food price index has declined from a price index figure of 215 in September 2012 to 213 in October 2012, a 0,9% decline, but food prices are still high on average. Figure 1 shows that international food prices have trended downward from January 2011 to October 2012. Comparing the period January 2012 – October 2012 to the same period in 2011 reveals that food prices have declined by 8,1%. Overall, food prices are still high, especially the price of cereals which has contributed to high feed costs.

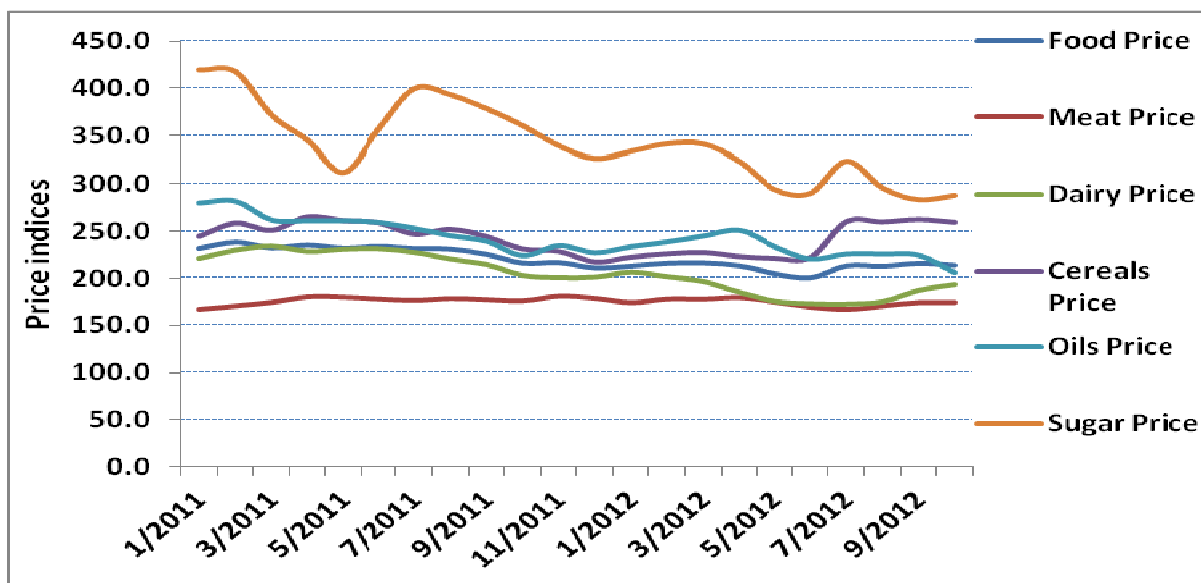


Figure 1: Food price index

Source: FAO

Although the subdued global demand has reduced the prices of other food products like meat, dairy, oil and sugar, the price of cereals remain very high. Between the four months ending in June 2012 and the four months ending in October 2012 the cereals price index has risen by 16,5%.

Global cereals: World cereals are forecast to tighten in 2012/13 mainly as a result of declines in wheat and maize production. Fundamentals like the severe drought in the US and dry conditions in large parts of Europe and central Asia have resulted in reduced cereals crops outlook, which has consequently pushed international prices up.

World Wheat: Global wheat production is expected to decline from last year’s record levels. The decline is on account of lower Black Sea region crop (lower yield in EU and Kazakhstan) followed by deteriorating prospects in the Southern hemisphere origins, Australia and Argentina. Biggest declines are expected in the CIS countries, where production by the three largest wheat producers, Kazakhstan, the Russian Federation and Ukraine, is forecast to fall by 36 million tonnes. The FAO predicts that at this level of production, total utilization would exceed production for the second consecutive season. Given the current shortages and high prices, wheat remains an attractive option for producers. Prospects are of wheat prices remaining high unless favourable weather is received during the planting seasons resulting in a rebound in production going forward.

World Maize: The drought in the US, one of the major maize producers, resulted in a downgrade in maize outlook for the 2012/13, according to FAO. The resultant shortages have pushed up maize prices, resulting in anticipation of 8% contraction in world trade in 2012/13.

Barley production fell by 3,4% to 130 million largely on account of the decrease in production in CIS countries. **Sorghum** production, on the other hand, is forecast to increase by 9% in 2012 to nearly 61 million tons, largely as a result of good prospects in Africa, the largest producing region.

Rice industry: World rice production is expected to surpass the 2011 record mostly as a result of good growing conditions in major producing regions. There are also enough stocks available for trade.

Oilseed market: The 2012/13 oil crop season started with very low opening stocks and disappointing first harvest of soybean crop in the US due to the severe drought that hit the country. Persistent high prices are expected to ration demand but ironically encourage plantings. According to FAO, unless record crops can be reported coming from South America where harvests are several months away, then there is limited scope of prices coming down, according to FAO.

Sugar industry: World sugar production is forecast to reach a new record, more than sufficient to cover projected global sugar consumption. Production is anticipated to surpass consumption for the third successive year, with the production surplus expected to be around 5,4 million tons due to anticipated expansions in Brazil(the world's largest sugar producer) and Australia.

Meat market: Meat prices are close to the 2011 highs due to, inter-alia, high feed costs. The resultant high prices have resulted in demand rationing leading to declining profitability and a reduction in meat production growth. Global meat production in 2012 is forecast to grow by less than 2% to reach 302 million tons. The continuing high prices will continue to ration demand, resulting in a decline in meat production, until a balance is maintained in the long term. Most of the recent increases in the meat prices come from the poultry and pig meat sectors, which have increased by 9% and 12% respectively since July 2012.

Dairy market: International prices of dairy products began to strengthen in mid-2012, reversing the steady declines that had characterized the previous twelve months. The

absence of substantial growth in milk output in the major exporting countries is likely to mean a further upward movement in prices. World milk production in 2012 is forecast to grow by 3% to reach 760 million tons, a higher rate than the average for recent years. Asia is expected to account for most of the increase, with output expected to grow in Oceania and South America.

Fish: Weakening import demand caused international fish prices to drop in the first half of 2012. The drop in prices mainly affected farmed species, while the price of wild fish, such as tuna fared better.

Trade: The Baltic Dry and Grain freight is an index reflecting changes in the value of the overseas shipments of basic commodities such as metal, iron ore, coal and grain. The Baltic freight index is considered the main indicator of future economic growth if the index increases or recession if it falls (Blackseagrain, 2011). The Grain and Baltic freight Index (Figure 2) shows a declining trend in the year 2012. The index declining trend depicts subdued global trade in 2012; as the slowdown in demand and high food prices have, inter-alia, resulted in reduced grain trade. The Grain freight and Baltic dry index averaged 4108,11 and 844,55 respectively, in the two months ending October 2012 compared to 5218,5 and 1959,75 during the same period in 2011. Declines of 21,3% and 56,9% respectively, suggest that world demand is under pressure. Even in the first few weeks of November 2012, the index continues to trend downward.

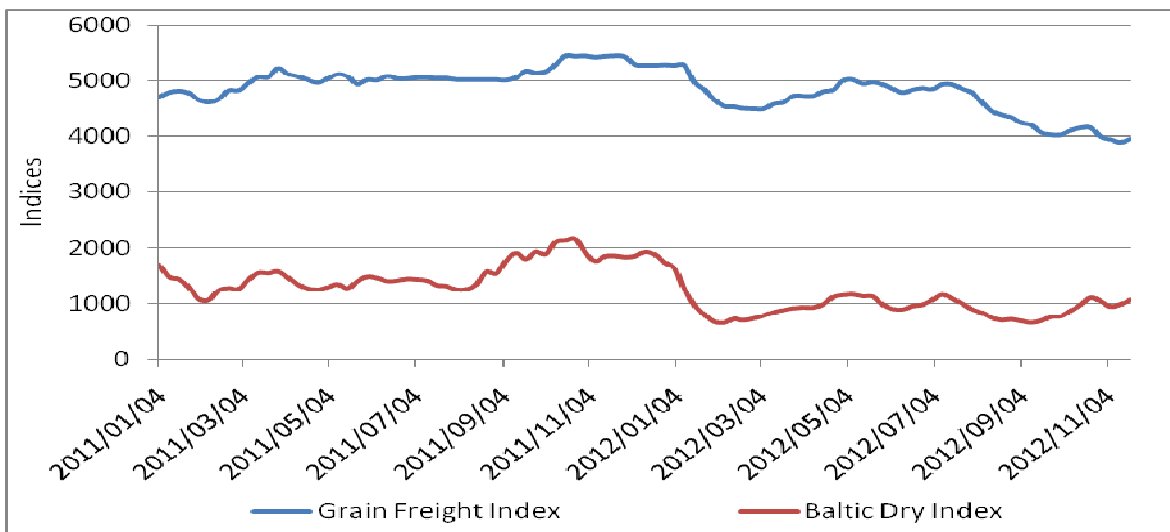


Figure 2: Baltic and Grain Freight Indices

Source: International Grain Council (IGC)

2. THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHING

2.1 Growth

South Africa's economic growth slowed to 1,2% in the third quarter of 2012 on a seasonally adjusted and annualised basis, compared with a revised 3,4% rise in the second quarter of 2012. This was lower than market expectations of a 1,5% growth as analysts had expected the mining unrest to be reflected in the third quarter GDP figure, however the scale of the decline was much larger than expected. The third quarter GDP was the lowest in more than three years and the drop was largely supported by a 12,7% fall in mining and quarrying output due to lower production following a wave of deadly mining strikes across South Africa which crippled production in the vital sector.

The finance and services sector, which accounts for around one fifth of South Africa's economy, also experienced slower growth. Statistics South Africa noted slower increases from the equity, bond and other financial markets as well as the banking sector. As many countries in Africa enjoy an unprecedented sustained growth, South Africa's fortunes seem to be turning, with business confidence hit by a series of downgrades in ratings.

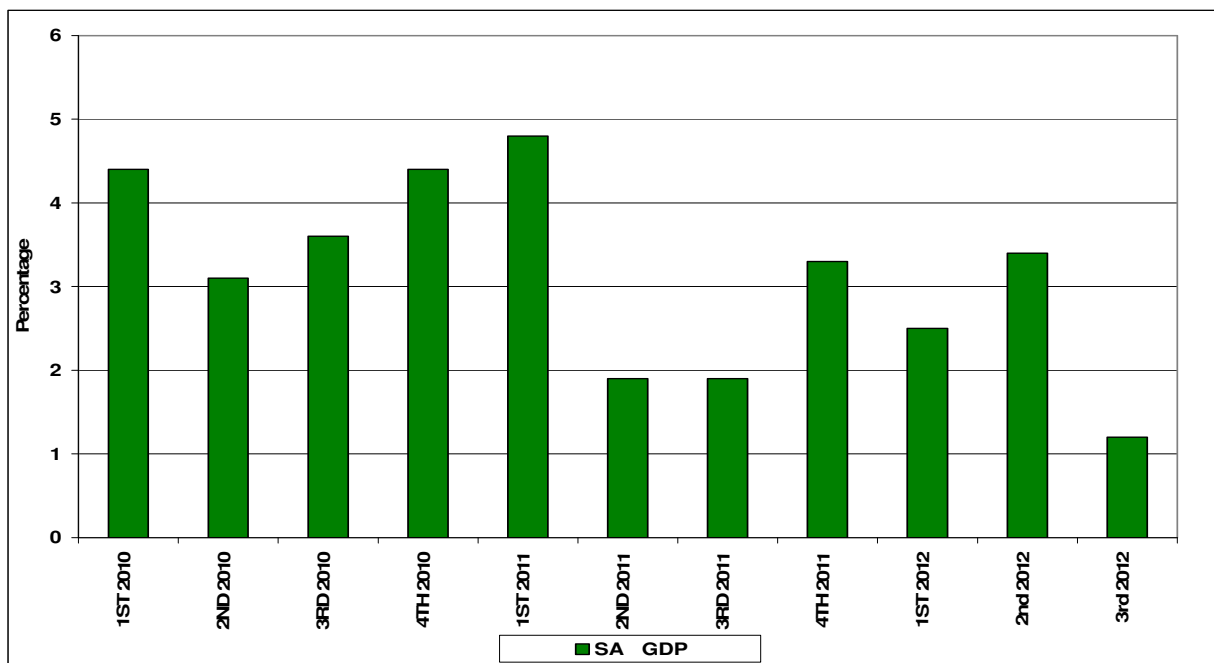


Figure 3: Trends in the SA GDP growth between 2010 and 2012

Source: Stats SA

Figure 3 shows trends in GDP growth since the first quarter of 2010. As seen in the above graph, GDP has been fluctuating since the first quarter of 2010, reaching its lowest level in more than three years during the third quarter of 2012.

The agricultural sector continued to grow strongly, though the 7,4% contribution in the third quarter of 2012 is less compared to the 9,3% growth in the second quarter of 2012. Growth in the agriculture, forestry and fishing sector during the third quarter of 2012 was due to high production in horticulture and animal products. Gross income from horticultural production rose by 7,9% from R9,7 billion in the third quarter of 2011 to R10,5 billion on the third quarter of 2012. The main horticultural product in terms of value, citrus fruit, increased by 7% from R3,5 billion in third quarter 2011 to R3,7 billion in third quarter of 2012. Gross income from animal products increased by R1,9 billion during the third quarter of 2012 compared to the third quarter of 2011, boosted mainly by a 19,7% (R1,2 billion) increase in income from poultry meat and an 18,4% (R431 million) increase in income from milk.

However, annual growth in the agriculture, forestry and fishery industry was negative for the whole year in 2011. This might be due to lower demand from the euro area, SA's key trading partner in terms of agricultural products. Figure 4 shows the agriculture, forestry and fishing sector quarter-on-quarter growth between 2010 and 2012.

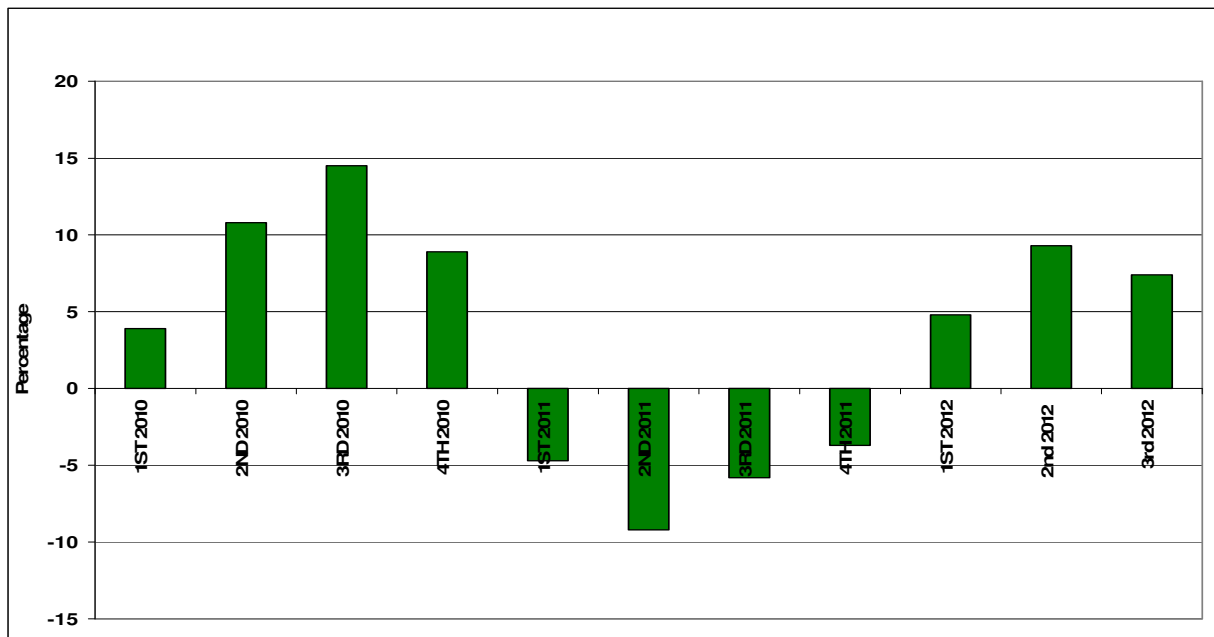


Figure 4: Agriculture, forestry and fishing GDP growth between 2010 and 2012

Source: Stats SA

Compared to other sectors, the agriculture, forestry and fishing sector recorded the highest growth rate in the third quarter of 2012, followed by the construction sector which grew by 3,3% while the mining and quarrying sector was the worst performer with a 12,7% contraction.

According to the OECD, the anticipated acceleration in SA economic growth has been delayed by the global slowdown and a wave of strikes. Growth is expected to be 2,6% in 2012, below potential, but is projected to pick up to 3,2% in 2013 and 4% in 2014. The National Treasury expect GDP growth to slow to 2,5% in 2012 before accelerating to 3,0% in 2013 and 3,8% in 2014 supported by expanding public-sector investment in infrastructure, the activation of new electricity-generating capacity, improving private-sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region. However, if economic growth does not pick up during the fourth quarter of 2012, the 2012 GDP might come in lower than the OECD and National Treasury forecasts.

The Bureau for Economic Research also revised down the GDP growth for especially 2013 as exports and private sector fixed investment is set to be weighed down by lingering impact of the current industrial strife. Its latest forecast for growth in gross domestic product (GDP) for 2012 is 2,2% compared with its July forecast of 2,5%, and lower than that projected by Treasury in the medium-term budget policy statement. The BER said the weaker growth of South Africa's key trading partners, which was expected to remain constrained by fiscal tightening and weak labour markets, had also contributed to the deterioration of the country's economic prospects.

The Reserve Bank also lowered its growth forecasts, saying that the economy would expand by 2,5% this year and 2,9% next year. At its previous policy meeting in September, the Bank predicted growth of 2,6% this year and 3,4% next year. The risks to these forecasts remained on the downside as both the global and domestic economic outlook had deteriorated. Analysts believe that the Bank will keep interest rates steady until 2014, as the economy enters a period of a toxic mix of rising inflation, slowing growth and high unemployment. But a few still see a chance of a rate cut if growth prospects deteriorate further in coming months.

2.2 Inflation

The headline consumer inflation quickened to 5,5% in September 2012. This rate was 0,5 of a percentage point higher than the corresponding annual rate of 5,0% in August 2012 from 4,9% in July 2012. On average, prices increased by 0,9% between August 2012 and

September 2012. The food and non-alcoholic beverages index increased by 1,8% between August 2012 and September 2012. The following components in the food and non-alcoholic beverages index increased: meat (4,2%), vegetables (2,1%), bread and cereals (1,7%), sugar, sweets and desserts increased (1,5%), fish (1,0%) as well as oils and fats which increased by (0,1%). On the other hand, the following components decreased: fruit (2,3%), hot beverages (0,3%) as well as milk, eggs and cheese (0,2%).

A combination of rising food prices, the weaker rand and high wage settlements prompted the Reserve Bank to revise its forecasts for inflation significantly upwards. The bank believe that a revamp of the goods and services measured by the consumer price index due to take effect in January would add 0,2 percentage points to inflation. Inflation is expected to peak at an average of 5,7% in the first quarter of 2013, recording an average rate of 5,5% in 2013 and 5% in 2014.

According to Statistics South Africa, products which would be included in the CPI basket from January next year are vodka, bricks and cement, energy-saving light bulbs, tablet computers, hair extensions and package holidays. Items leaving the CPI basket are samp, savoury biscuits, dried fruits and nuts, frozen vegetables, dried lentils and peas, and vienna sausages. Presently there were 402 items in the CPI basket while the new basket would have 393. Another significant change will be a basket for each primary urban area, secondary urban area and rural area in each province. At present, there was only one CPI basket for each province. One of the reasons for the change in the provincial basket was that there were goods and services consumed by people in urban areas, but not in the rural areas of the same province. It must be noted that the baskets reflect the pattern of residence rather than the point at which purchases are made. There would also be changes in the weights of the items in the basket and all indices would be re-based to 100.

SA's producer inflation fell to 4,2% year-on-year in September. This rate is 0,9 of a percentage point lower than the corresponding annual rate of 5,1% in August 2012. On a month-on-month basis, prices at the factory gate dropped by 4% in September after a 0,7% increase in August. The market consensus among economists polled by Reuters was for PPI to quicken to 5,4% year-on-year while prices were seen falling by 3% on a month-on-month basis. The decrease could be explained by decreases in the annual rate of change in the PPI for electricity, mining and quarrying and basic metals among others.

Analysts believe that producer inflation could moderate further in the coming months as softer global demand contains prices of certain commodities. A weaker Rand as well as higher oil and food prices pose upside risks. Producer price inflation is forecast to moderate to 4,9% in 2013 from this year's 6%, stabilising to 4,5% in 2014. BER is of the view that lower interest rates could not really support the economy and in view of the risks to the inflation outlook, it has called for the repo rate to be kept on hold for an extended period through 2014. Figure 5 shows trends in the CPI between 2010 and 2012.

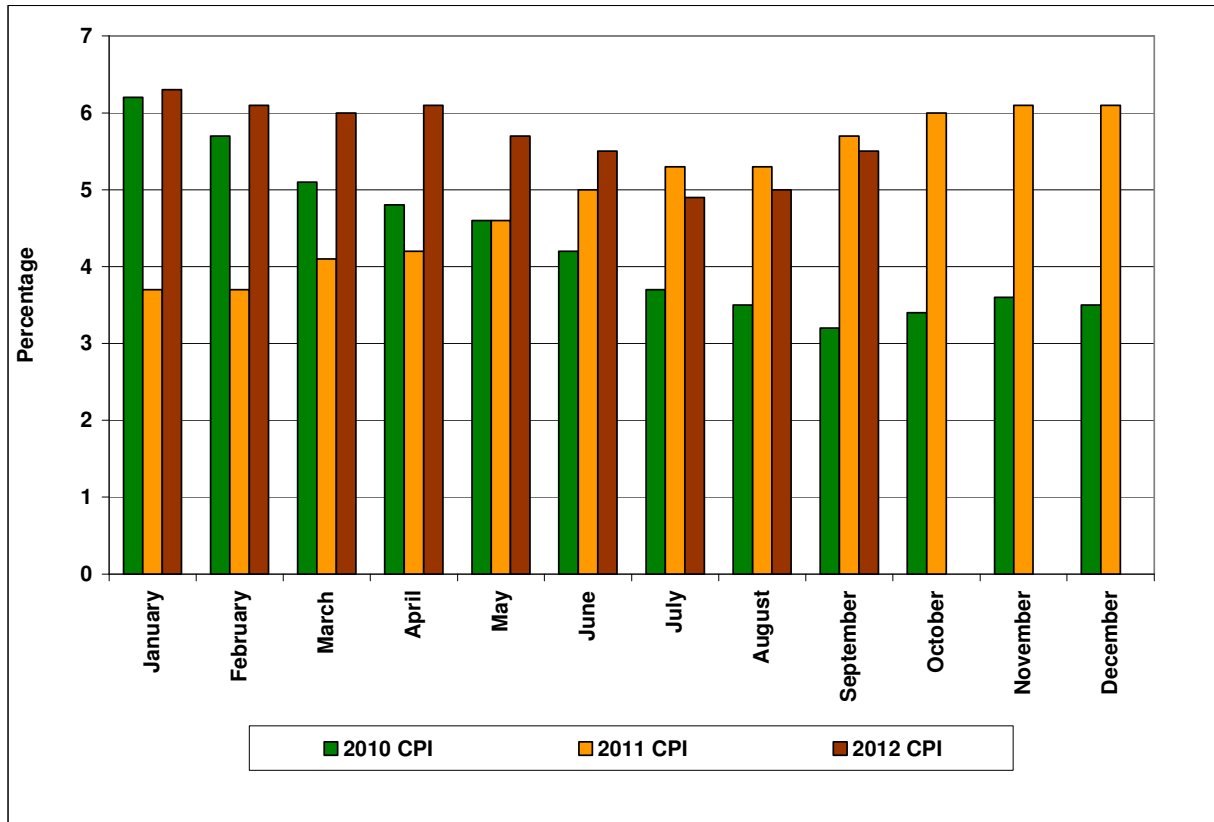


Figure 5: Consumer Price Index (CPI) trends between 2010 and 2012

Source: Stats SA

2.3 Employment

The number of employed people in SA rose by 1,5% (198 000) from 13,4 million persons in the second quarter of 2012 to 13,6 million persons in the third quarter of 2012. However, because the labour force increased by 397 000 persons between the second and the third quarters of 2012, the SA unemployment rate rose to 25,5% in the third quarter of 2012 from 24,9% in the second quarter of 2012. The increase in total employment was mainly driven by an increase in the number of persons employed in the Finance and other business services

(74 000), Manufacturing (49 000) and Transport (43 000) sectors. Employment losses were recorded in Private households (29 000), Mining (8 000) and Trade (4 000) sectors. Employment in agriculture has shown a fluctuating trend on a quarter-on-quarter basis since the first quarter of 2010. There was a decline in agriculture employment from the third quarter of 2010; employment in agriculture only started picking up after the second quarter of 2011, although it declined again in the second quarter of 2012 before picking up again in the third quarter of 2012. Agriculture is largely affected by seasonality factors, which may result in higher employment during certain seasons, such as the planting and harvesting seasons, however, some of the trends do not necessarily reflect the seasonality patterns.

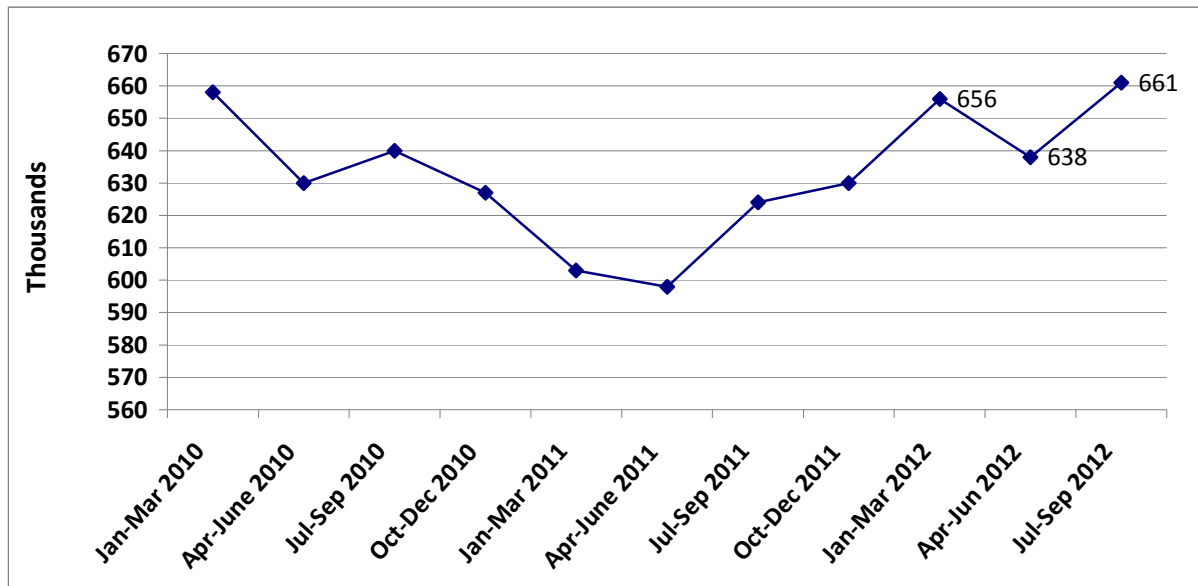


Figure 6: Total Agricultural Employment

Source: Stats SA

The number of people employed in agriculture rose by 23 000 in the third quarter of 2012, from 638 000 persons in the second quarter of 2012 to 661 000 persons in the third quarter of 2012. On a year-on-year basis, 37 000 more people were employed in agriculture, from 624 000 in the third quarter of 2011 to 661 000 in the third quarter of 2012. Of the 23 000 new jobs created in agriculture in the third quarter of 2012 (quarter-on-quarter), 87% or 20 000 were occupied by women. In total, the agricultural sector comprised of 221 000 women and 440 men in the third quarter of 2012.

Looking at provincial employment in agriculture, the Western Cape had the highest number (123 000) of people employed in agriculture during the third quarter of 2012, followed by Limpopo (109 000) and KwaZulu-Natal (89 000). The Western Cape created the highest

number of jobs (21 000), followed by Free State (12 000) and Limpopo (10 000) in the third quarter of 2012 compared to the second quarter of 2012. The highest number of job losses on a quarter-on-quarter basis was in Gauteng (-20 000). However, on a year-on-year basis, the highest number of jobs were created in the Limpopo province (22 000) followed by Mpumalanga which created 12 000 new jobs.

The third quarter Quarterly Labour Force Survey (QLFS) also indicated that 1,5 million people were involved in subsistence farming during the third quarter of 2012 which is a decline of 9 000 on a quarter-on-quarter basis, and a decline of 404 000 on a year-on-year basis. KwaZulu-Natal had the highest number (626 000) of people involved in subsistence farming in the third quarter of 2012, followed by Eastern Cape (392 000) and Limpopo (155 000). All provinces showed a year-on-year decline in the number of people involved in subsistence farming.

2.4 Expenditure on intermediate goods and services by the agricultural sector

The expenditure on intermediate goods and services increased by 12,1% to reach R24,9 billion in the third quarter of 2012 compared to R22,2 billion in the third quarter of 2011. The increase in intermediate expenditure was mainly due to the increase in expenditure on seeds and plants (8,0%) followed by expenditure on maintenance and repair of machinery and implements (17,0%) and expenditure on dips and spray (17,0%). Expenditure on packing material, farm services, water tax, fuel and electricity also increased by 16,6%, 15,0%, 14,8%, 14,0% and 10,8% respectively, while the expenditure on insurance and farm feeds increased by 12,2% and 8,2% respectively. Expenditure on fertilizers increased marginally by 4,2%. (Appendix A.1).

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

Real gross farm income from all agricultural products amounted to R41,8 billion in the third quarter of 2012, an increase of 1,8% from the R41,0 billion reported in the third quarter of 2011. This increase was supported by an increase in gross income from animal products and horticulture which increased by 10,9% and 7,9% respectively. Gross income from field crops decreased by 13,5% from R14,1 billion to R12,2 billion during the same period. The decline in gross income from field crops is largely attributed to the 17,9% decline in income from maize.

Other income decreases were recorded in crops such as sunflower seeds which declined by 39%. (Appendix A.2)

The real gross income from animal products increased by 10,9% to R19,0 billion in the third quarter of 2012 from R17,2 billion in the third quarter of 2011. The largest income increase in this category was recorded by karakul pelts which increased by 43,8% in the third of 2012. Gross income from mohair, poultry meat, milk and other livestock products also increased by 24,5%, 19,7%, 18,4% and 17,1% respectively. Gross income from pig slaughtered and goats slaughtered increased by 8,2% and 6,4%, respectively. Income from cattle and calves slaughtered also increased slightly by 5,4% whilst income from Ostrich feathers and products decreased by 18,0%. Gross income from sheep slaughtered, wool and eggs also decreased by 8,9%, 8,5% and 1,3% respectively.

Gross income from horticultural products increased by 7,9% to R10,5 billion in the third quarter of 2012 from R9,7 billion in the same quarter of 2011. This can be largely attributed to increases in income from viticulture, citrus fruit, and subtropical fruit which increased by 10,9%, 7,0% and 1,8% respectively. Income from deciduous fruit and other fruit increased by 5,7%. On the other hand, gross income from tea decreased significantly by 48,8% gross income from vegetables decreased slightly by 0,9% (Appendix A.2). Figure 7 depicts the net farm income trends between 2010 and 2012.

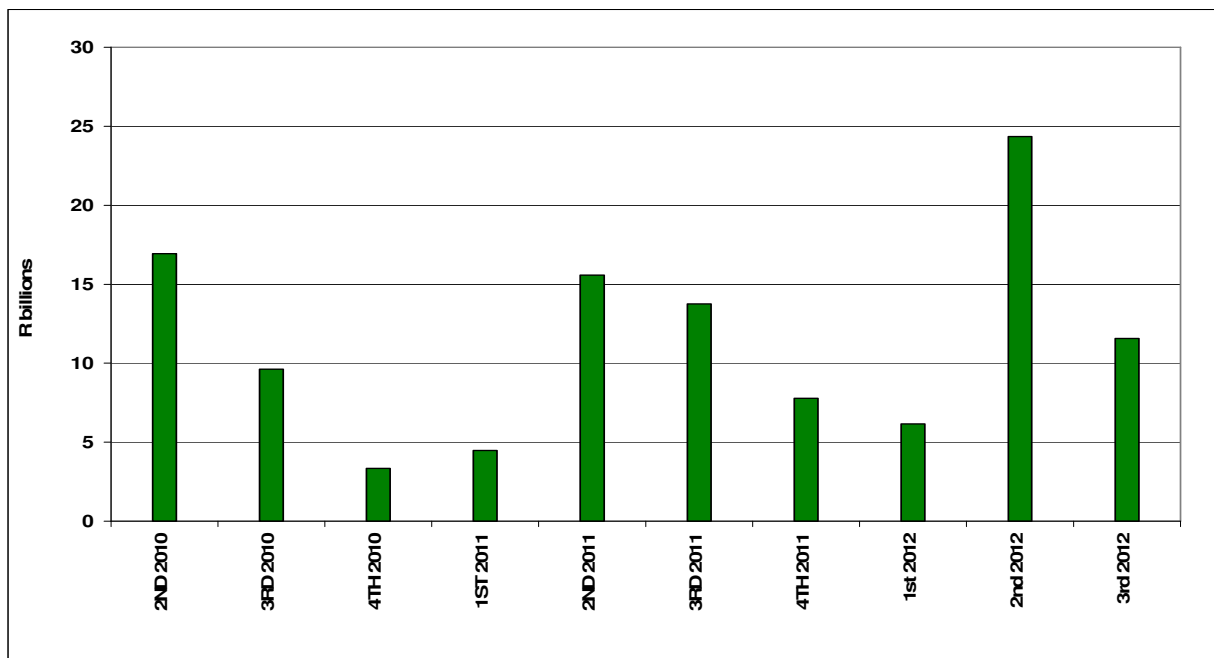


Figure 7: Trends in the net farm income between 2010 and 2012

Source: DAFF

The net farm income for the third quarter of 2012 is estimated at R11,6 billion, a decrease of 15,3% compared to R13,7 billion recorded in the third quarter of 2011, although this marks a 42,7% increase compared to the third quarter of 2010. The decrease in net farm income in the third quarter of 2012 was due to the marginal increase in gross income from all agricultural products (1,8%) while the expenditure on intermediate goods and services increased significantly by 12,1%.

2.6 Private consumption expenditure on agricultural products

During the third quarter of 2012, private expenditure on food reached R105,8 billion, an increase of 8,6% compared to the R97,4 billion reported for the third quarter of 2011. The main expenditure item was bread and grains which increased by 11,7%. Expenditure on milk, milk products and eggs also increased by 9,2% while the expenditure on meat increased by 8,9% in third quarter of 2012. The expenditure on fruit and vegetables increased by 5,3% whilst expenditure on oils and fats recorded a decrease of 6,3%. The expenditure on sugar also decreased slightly by 1,7% (Appendix A.3).

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

While global production fell short of the projected demand, trading of domestic agricultural products slowed between the third quarter of 2011 and the third quarter of 2012 due to government's decision to expand the domestic procurement programme in an effort to ensure sufficient domestic reserves and to mitigate potential upward pressure from higher international prices, resulting in lower exportable supplies (Crop prospects and food situation, October 2012). According to data on table A.4, the total export value of agricultural products decreased by 3%, from R15,2 billion to R14,7 billion between the third quarter of 2011 and the third quarter of 2012. During the third quarter of 2012, South Africa gained most of its agricultural export revenue from products exported to the Netherlands. From this country alone, SA gained R1,4 billion of agricultural export revenue which represents 9% of the total export value. Zimbabwe was the second leading export destination for SA's agricultural exports with R1,3 billion of agricultural export revenue received, representing 9% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include the United Kingdom, Mexico, Mozambique, Angola, the United States, Hong Kong, China, and United Arab Emirates. According to data on table A,4, all of these

countries accounted for 56% of the total export revenue received from agricultural products. Agricultural products which contributed a considerable amount to the total agricultural export value include fresh oranges (22%), maize (8%), wine in 2 litre bottles (6%), fresh apples (5%) and wine (4%), see Table A.5.

Notwithstanding a contraction in agricultural output in 2012 with low closing stocks reported at the end of the 2011/12 marketing season (crop prospects and food situation, October 2012), domestic consumption keeps rising due to the increase in population and per capita income. Thus, the total import value of agricultural products increased marginally between the third quarter of 2011 and the third quarter of 2012. According to data on Table A.6, the total import value of agricultural products increased by 2% from R 11,6 billion to R 11,8 billion between the third quarter of 2011 and the third quarter of 2012. The top ten leading sources of agricultural imports into South Africa during the third quarter of 2012 collectively accounted for 65% of the total import value of agricultural products (see Table A.6). Argentina, China, United Kingdom, and Brazil were the 4 leading sources of agricultural imports during the third quarter of 2012, accounting for 11%, 10%, 9% and 6% respectively, of the total import value of agricultural products. The 4 key agricultural products which contributed a considerable amount to the total import value include rice (13%), whiskies (8%), soybean oilcake (6%) and palm oil (5%), see table A.7. According to data on table A.7, all of these products accounted for 32% of the total import value of agricultural products.

2.7.2 Fisheries trade

Key markets for fisheries trade slowed sharply in early 2012 due to downside risks and fragility as a result of challenging world economic conditions. Faltering import demand put international prices of fish and fish products under downward pressures in 2012 with farmed species such as shrimp, salmon and many more affected the most. According to the FAO Food outlook (November 2012), world production of fish is currently forecast to rise by 1,3% in 2012, less than half the 5% expansion registered in 2011. International trade in fish and fish products is currently anticipated to expand by 2,5% in 2012 as importers are expected to take advantage of falling prices to step up purchases, especially ahead of the holiday season. According to data on table A.8, the total export value of fish and seafood decreased considerably by 54%, from R556 million to R255 million between the third quarter of 2011 and the third quarter of 2012. Major export destinations for SA fish and seafood were the United States, Italy, Spain, Japan, Australia, Germany, Hong Kong, Netherlands, Israel, and

Mauritius which jointly accounted for 82% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the third quarter of 2012 include rock lobster and other sea crawfish (frozen), fish (prepared or preserved, whole or in pieces), cuttle fish and squid (frozen, dried, salted or in brine), fish (prepared or preserved) and lobsters (live, fresh, chilled, dried, salted or in brine), see Table A.9.

According to the FAO Food outlook (November 2012), world consumption of fish is now anticipated to increase by 2,6% in the course of the year, prompting a 1,5% gain in per capita food consumption to 19 kg per year. According to data on Table A.10, the total import value of fish and seafood increased considerably by 80% from R347 million to R626 million between the third quarter of 2011 and the third quarter of 2012. The 10 major sources of imports which accounted for 95% of the total import value of fish and seafood in the third quarter of 2012 include Thailand, China, Norway, Philippines, Indonesia, Taiwan, Spain, Portugal, Falkland Islands and Peru. Imported products which accounted for 96% of the total import value of fish and seafood include sardines/sardinella/ brisling (prepared or preserved and not minced), tunas/skipjack/bonito (prepared or preserved and not minced), cuttle fish and squid (frozen, dried, salted or in brine), salmon (prepared or preserved, whole or in pieces) and mackerel (prepared or preserved, not minced) see Table A.11.

2.7.3 Forestry trade

Trading of forestry products decreased significantly between the third quarter of 2011 and the third quarter of 2012 due to reduced demand in most wood, pulp and paper producing countries (Wood Resource Quarterly, 2012). State of world's forest report (2012), indicates that forest industries face a variety of significant challenges arising from the lingering effects of the global economic crisis and slow recovery in demand for construction materials, packaging material and furniture. According to FAO, many of these challenges reflect long-term, broad-scale trends in the sector, in addition to the issues that face all industries, such as increasingly integrated and competitive international markets (globalization), excess production capacity and competition for resources. The total export value of forestry products decreased significantly by 11%, from R2,9 billion to R2,6 billion between the third quarter of 2011 and the third quarter of 2012 (Table A,12). Export destinations of forestry products during the third quarter of 2012 include Indonesia, China, Thailand, Zimbabwe, the United Kingdom, Belgium, India, Mozambique, Zambia and Germany which jointly accounted for 74% of the total export revenue from forestry products. The most important forestry products which accounted for

78% of the total export revenue of forestry products include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda etc, N Dis BI and BI nonconif), printed books, brochures etc, and newsprint (in rolls or sheets) etc see Table A.13.

Imports of forestry products have been limited largely because South Africa is self sufficient in the supply of fibrous raw material for the production of pulp, paper and board, wood and wood products (Economic Sector Review, wood and paper products, December 2009). Therefore, the total import value of forestry products decreased by 4% from R1,8 billion to R 1,7 billion between the third quarter of 2011 and the third quarter of 2012 (Table A.14).

SA's major forestry import sources include China, United Kingdom, the United States, Germany, Sweden, Austria, Indonesia, France, Finland, and Italy which jointly accounted for 74% of the total import value of forestry products. The most important forestry products imported during the third quarter of 2012 include printed books, brochures etc, paper, paper boards (cellulose wadd etc), paper or paper boards (light weight writing etc, clay coated over 10mech), chemical woodpulp (soda etc, N Dis S BI and BI conif) and plywood, veneer panels & similar lam wood, see Table A.15. All of these products accounted for 39% of the total import value of forestry products.

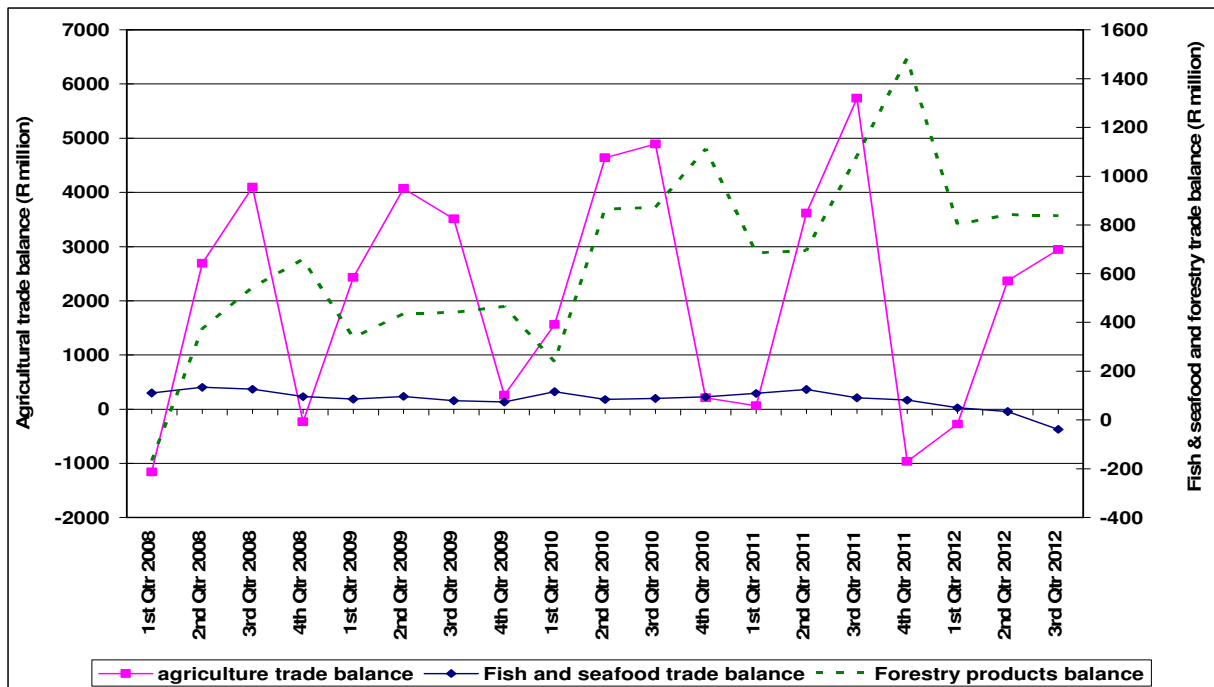


Figure 8: Trends in trade balances for agriculture, fish and seafood and forestry products.

Source: South African Revenue Services

Figure 8 shows trends in trade balances of agricultural, fish and seafood as well as forestry products. Between the first quarter of 2005 and the third quarter of 2012, agriculture's trade balance fluctuated significantly experiencing negative trade balances in seven quarters, i.e the fourth quarter of 2006, the third quarter of 2007, the fourth quarter of 2007, the first quarter of 2008 and the fourth quarter of 2008 and very recently, the fourth quarter of 2011 and the first quarter of 2012. The first quarter 2009 until the third of quarter of 2011 marked the beginning of significant improvement when agriculture's trade balance entered positive territory even though there were many fluctuations. Agriculture's trade balance for the fourth quarter of 2011 and the first quarter of 2012 entered negative territory due to challenging global economic conditions and heightened risks of a severe downturn. The second quarter of 2012 and the third quarter of 2012 however took a positive turn when agriculture's trade balance entered positive territory influenced by resilient global prices which encouraged production for the 2012/13 season, taking advantage of opportunities offered by the export markets (ARC Economic outlook, September 2012).

The fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the third quarter of 2012 but remained in positive territory from the first quarter of 2005 until the first quarter of 2012. In the meantime, key markets for fisheries trade slowed sharply in early 2012 due to downside risk and fragility as a result of challenging world economic conditions. As a result, the trade balance for fish and seafood entered negative territory in the second quarter and the third quarter of 2012. Moreover, faltering import demand put international prices of fish and fish products under downward pressure in 2012.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the third quarter of 2012, experiencing negative trade in two quarters; the first quarter of 2007 and the first quarter of 2008. Since then, the trade balance for forestry products has been in positive territory, reaching R 838 million in the third quarter of 2012.

2.8 Review of agricultural markets

2.8.1 Grain market review

Table B.1 shows monthly and quarterly proxies of supply and demand of major grains in South Africa, i.e maize, wheat, sunflower and soya beans. Although South Africa registered a significant increase of about 11% for coarse grain production in 2011/12 (FAO Food outlook, November 2012), below-normal rains dampened what could have been a potentially large maize crop in the 2012/13 marketing year (crop prospects and food situation, October 2012).

Meanwhile, the Crop Estimate Committee recently revised the maize crop upwards to 11, 830 million tons which is 14% more than 10,369 million tons the previous season.

During the third quarter of 2011, the average opening stock for white and yellow maize was 3,0 million tons and 2,2 million tons respectively, while the average total opening stock (white maize plus yellow maize) was 5,3 million tons. During the third quarter of 2012, the recent upward revision of the maize crop limited further increases and pushed prices down at the beginning of September 2012 (Crop prospects and food situation, October 2012). Thus during the third quarter of 2012, the average opening stock for white and yellow maize was 3,9 million tons and 2,9 million tons respectively, while the average total opening stock (white maize and yellow maize) was 6,8 million tons, approximately 28% more than in the third quarter of 2011.

Consumption of maize in South Africa totalled 2,3 million tons in the third quarter of 2011. Of this total, 1,4 million tons were white maize while 924 000 tons were yellow maize. Consumption of maize during the third quarter of 2012 totalled 2,3 million tons, approximately 3% less than in the third quarter of 2011. Of this total, 1,2 million tons were white maize while 1,1 million tons were yellow maize. The spike in international maize prices contributed to local maize prices been pushed upwards to near record levels in August 2012. Consequently, the high maize prices led to consumer resistance, possibly starting to ration local commercial use of maize although the expected decline in the use of maize for human consumption was not very significant at the end of July (Grain SA perspective, 24 August 2012). Meanwhile, the total maize exported during the third quarter of 2012 reached 570 000 tons which was 414 000 tons less than 984 000 tons of maize exported during the third quarter of 2011. According to the FAO Food outlook (November 2012), the reduction of exports in 2012/13 reflects the need for South Africa to rebuild its depleted stocks.

Internationally, according to FAO's latest forecast, global wheat production contracted by 5,5% in 2012, largely reflecting the impact of severe drought in eastern Europe and central Asia, but also due to weather and policy factors in key Southern Hemisphere producing countries which have reduced prospects for the 2012 crop. Domestically, according to the Food Security Bulletin (September 2012), the expected production of wheat is 1,762 million tons (12%) less than 2,005 million tons from the previous season. Less favourable soil moisture conditions and higher maize plantings at the onset of the 2012 planting season caused producers in the summer rainfall areas to decrease wheat plantings (BFAP, 2012).

During the third quarter of 2011, the average opening stock of wheat for human consumption was 740 000 tons while the average opening stock of wheat for animal feeds reached 10 000 tons. The average opening stock of wheat for human consumption during the third quarter of 2012 increased by 15% to reach 854 000 tons, meanwhile, the average opening stock of wheat for animal feeds decreased significantly by 40% to reach 6 000 tons. The average total opening stock of wheat increased by 15% from 750 000 tons to 860 000 tons between the third quarter of 2011 and the third quarter of 2012.

Consumption of wheat in the third quarter of 2011 amounted to 781 000 tons. Of this total, 779 000 tons were for human consumption while the rest was kept at producer level as seed for the next planting season. During the third quarter of 2012, consumption of wheat increased by 6% to reach 826 000 tons. Of this total, 822 000 tons were used for human consumption, 3 000 tons were for the animal feed market while 1 000 tons was kept at producer level as seed for the next planting season. According to FNB Agri-weekly newsletter (24 August 2012), food and industrial consumption of wheat is expected to grow while feed use will likely be lower. BFAP (2012) on the other hand indicates that local wheat consumption is expected to increase annually by 2% over the next decade due to population growth and an increase in per capita consumption.

Following the tightening of world oilseed stock during 2011, FAO's food outlook (November 2012) indicate that 2012/13 season started with very low opening stocks, but also with disappointing harvests, especially in United States where the new soybean crop was hit by the severe drought. In the case of sunflower, world sunflower production for 2012/13 was lowered due to unfavourable weather conditions in Ukraine, Russia, Kazakhstan and Eastern Europe, the largest sunflower producing countries.

Locally, the Food Security Bulletin (September, 2012) indicates that soybean planting decreased by 8,9%, from 710 000 tons in the previous season to 646 950 tons in this season. Meanwhile, sunflower planting decreased considerably by 38,7%, from 860 000 tons in the previous season to 527 110 tons this season. According to BFPA (2012), unfavourable planting conditions during the 2012 summer grain planting season resulted in a significant drop in oilseed production in 2012.

During the third quarter of 2012, the total opening stock of sunflower averaged 338 000 tons, which was 251 000 tons (43%) less than the recorded 589 000 tons in the third quarter of 2011. Globally, FAO's latest forecast indicates that growth in oil/fats consumption is expected to weaken remarkably due to the prospect of weak global economic growth, reduced demand from the biofuel industry and persistently firm oil/fats prices. Locally, consumption of sunflower decreased by 25% from 224 000 tons to 167 000 tons between the third quarter of 2011 and the third quarter of 2012. Imports of this commodity increased by 41%, from 4 400 tons to 6 000 tons between the third quarter of 2011 and the third quarter of 2012. Meanwhile, the average opening stock of soya beans averaged 426 000 tons in the third quarter of 2012, approximately 10% less than 474 000 tons recorded for the third quarter of 2011. Consumption of soya beans increased by 14% from 121 000 tons to 138 000 tons between the third quarter of 2011 and the third quarter of 2012.

The domestic prices of white and yellow maize averaged R 2 025/ton and R 2 012/ ton respectively, in the third quarter of 2011 while wheat, sunflower and soya bean prices averaged R 3 075/ton, R 4 004/ton and R 3 424/ton respectively, during the same period. The tightening of supply and demand balance for grains pushed major grains to very high levels, while international maize prices surged to record levels in early September (Food outlook, November 2012). In the third quarter of 2012, the price of white and yellow maize increased by 26% and 27% to average R 2 545/ton and R 2 550/ton respectively. During the same period, the price of wheat, sunflower and soya bean increased by 12%, 39% and 62% to average R 3 429/ton, R 5 565/ton and R 5 546/ton respectively. According to BFAP (2012), the average 2012 local maize prices are expected to be high even with sufficient ending stocks due to higher international prices. Wheat and oilseed prices are expected to remain high on spill over support from international markets.

2.8.2 Fruit and vegetable market review

Table B.2 shows quarterly average prices of various fruits that were traded at Fresh Produce Markets (FPMs) during the third quarters of 2010, 2011 and 2012.

Between the third quarter of 2011 and the third quarter of 2012, the average prices of apples and mangoes increased by 8% and less than a percentage despite an increase in quantities supplied to markets. Meanwhile the average prices of oranges, pears and grapes increased by 15%, 12% and 61% respectively, due to reduced quantities supplied to markets. During the

same period, the average price of avocados and bananas decreased by 17% and 15% respectively on improved quantities supplied across markets.

The quantity of selected fruits traded through FPMs increased significantly between the third quarter of 2011 and the third quarter of 2012, except for oranges, pears and grapes which decreased by 14%, 1% and 15% respectively, due to limited supplies across markets. The total area planted to grapes contracted in 2012 and is expected to decrease further to less than 22 000 hectares in 2014 (BFAP, 2012). Meanwhile, the domestic market for pears remains relatively small, with only 70 000 tons expected this season (ARC Economic outlook, September 2012). On the contrary, the quantity of apples, avocados, bananas and mangoes increased significantly by 2%, 41%, 18% and 53% respectively, during the period under review, due to increased supplies across markets. According to the ARC, the high volume of mangoes supplied to markets could be attributed to higher yields expected per hectare.

Prices of a number of vegetables traded through the FPMs decreased significantly between the third quarter of 2011 and the third quarter of 2012 on increased supplies across most markets. The prices of beetroot, carrots, potatoes, spinach, tomatoes and green beans decreased by 59%, 15%, 13%, 75%, 9%, and 13% respectively (Table B.4) due to increased supplies to markets. During the same period, the prices of cabbage decreased by 9% on softer demand on markets (FNB Agri-weekly, 17 August 2012). On the contrary, the prices of cucumber, lettuce and sweet potatoes increased by 23%, 11% and 27% respectively, during the period under review due to reduced supplies across most markets. Meanwhile, prices of onion increased by 3% between the third quarter of 2011 and the third quarter of 2012 even though the quantity supplied increased on account of good uptake across most markets (FNB Agri-weekly, 17 August 2012).

During the period under review, quantities of most vegetables traded through FPMs increased significantly with the quantities of beetroot, carrots, onions, potatoes, spinach, tomatoes and green beans increasing by 54%, 19%, 2%, 12%, 26%, 10% and 9% respectively, on increased supplies across markets. During the same period, the quantities of lettuce decreased by less than a percentage while the quantities of cucumber, cabbage and sweet potatoes decreased by 29%, 6% and 10% respectively due to limited supplies across most markets.

2.8.3 Meat Industry Review

Global meat production in 2012 is anticipated to grow marginally, by less than 2% due to high feed prices and stagnating consumption. According to the FAO, meat producers in 2012 have to work towards balancing livestock supplies as high feed costs and weak consumption reduced industry profitability, contributing towards stagnating global beef production. Meanwhile, escalating feed prices and slow meat production has pushed international meat prices towards the 2011 highs.

Domestically, livestock producers under intensive production systems are greatly affected by the high maize price which has resulted in high feed costs, placing producer margins under pressure (FNB Agri-weekly newsletter, 17 August 2012).

Between the third quarter of 2011 and the third quarter of 2012, the gross production value of beef increased slightly by 5% from R 4,1 billion to R 4,3 billion on improved seasonal demand during the warmer months (FNB Agri-weekly, 24 August 2012) . During the same period, the average price of beef increased by 1% from R 27,72/kg to R 27,96/kg on supply tightness and good demand (FNB Agri-weekly newsletter, 28 September 2012). In the Meantime, the number of cattle slaughtered decreased by less than a percentage between the third quarter of 2011 and the third quarter of 2012 from 568 240 to 565 914 (Table B.6).

Global poultry production continues to weaken in the face of high feed prices and falling profitability (FAO Food outlook, November 2012). According to FAO, while chicken remains competitive and preferred by price-sensitive customers, difficulties in passing off higher feed costs have resulted in negative profit margins for the sector.

Domestically, higher maize prices placed a significant cost pressure on the poultry industry and further reduced producer margins (FNB Agri-weekly newsletter, 17 August 2012). Nevertheless, the market lifted somehow on the back of improved holiday demand and tightening supplies as cost pressures forced a scale down on production (FNB Agri-weekly newsletter, 21 September 2012). Between the third quarter of 2011 and the third quarter of 2012, the gross production value of poultry increased by 20% from R 5,9 billion to R7,0 billion. During the same period, the average price of poultry per ton increased by 18% from R 15 847/ton to R 18 627/ton. Commercial production of poultry decreased by 2% from 355 811 metric tons to 348 900 metric tons between the third quarter of 2011 and the third quarter of 2012 (Table B.7).

2.8.4 Eggs and dairy Industry Review

2.8.4.1 Eggs

Between the third quarter of 2011 and the third quarter of 2012, the domestic egg market experienced exceptional volatility with negative growth patterns recorded due to the long turn-around time required to change the number of hens in the laying flock up-or downwards (SA poultry). During the same period, the gross production value of eggs decreased by 9% from R 1,9 billion to R 1,7 billion. Meanwhile, the average price per dozen of eggs increased by 3% from R 8,95/ dozen to R 9,19/dozen. According to BFAP (2012), the producer price of eggs has on averaged increased at a faster rate than feed costs thus supporting the expansion of the local industry with an increase in per capita consumption. Total production of eggs between the third quarter 2011 and the third quarter of 2012 decreased by 13% from 207,4 million dozens to 180,1 million dozens.

2.8.4.2 Milk

International dairy markets remain sensitive to sudden changes in milk production and the availability of milk products. FAO's latest forecast indicate that world milk production in 2012 is forecast to grow by 3,0%, a higher rate than the average for recent years. Meanwhile, availability of milk supplies is expected to be balanced towards the end of 2012. Locally, high maize prices have constrained growth in milk production in 2012, while production increased marginally. Moreover, soaring feed prices are expected to put a squeeze on milk producers intensively (Absa Agri trends, 24 August 2012).

Recently, according to the Milk Producer's Organisation (MPO), total milk production in the eight months of 2012 was 3,9% higher compared to the same time last year. Meanwhile, total milk production for 2012 is currently estimated 3,1% higher than in 2011. Between the third quarter of 2011 and the third quarter of 2012, the gross production value of milk increased by 16%, from R 2,4 billion to R2,8 billion. MPO reported that higher world prices have resulted in a 6% increase in import parity, motivating processors to buy from local producers rather than import expensive products. During the same period, the average price per litre of milk increased by 16% from R 2,92/ℓ to R3,40/ℓ. Total production of milk between the third quarter 2011 and the third quarter of 2012 increased marginally by less than a percentage from 816,8 million litres to 817,3 million litres.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

The first summer rains fell in September in the majority of summer rainfall areas while in October rainfall decreased in the summer rainfall areas and increased in the winter rainfall areas. This resulted in above normal rainfall over most winter rainfall areas. The beginning of November received below normal rainfall in many areas. The period July-October 2012 depicts above normal rainfall in coastal provinces as well as Mpumalanga, Gauteng and Limpopo while the remaining areas of the country received below normal rainfall.

Rainfall forecast for the period *December 2012 – February 2013* shows enhanced probabilities for above-normal rainfall totals are expected for parts of Limpopo, North-West, Gauteng, Northern Cape, Free State and Western Cape. Enhanced probabilities for below-normal rainfall totals are expected for most parts of South Africa. During the January-March 2013 period, enhanced probabilities for above-normal rainfall totals are expected for most parts of South Africa. Enhanced probabilities for below-normal rainfall totals are expected for parts of Mpumalanga, Northern Cape and Kwazulu-Natal.

Maximum Temperature Forecast for the period December 2012 to April 2013 shows that enhanced probabilities for below-normal maximum temperatures are expected for most parts of South Africa. Weather is an important determinant/variable that will impact on crop production outlook during the season.

Maize outlook: Commercial producers intend to plant 2,735 million hectares of maize for 2013, 35 800 hectares more than the 2,699 million hectares planted last season. Farmers intend to plant 1,600 million hectares of white maize, which is 36 200 hectares less than in the previous season. In the case of yellow maize, 1,135 million hectares are expected to be planted, which is 72 000 hectares more than in the previous season. International maize prices are currently attractive due to supply shortages, making maize planting, especially yellow maize, an attractive option for planting this season.

Sunflower and Soybeans seeds: The estimated area to be planted for sunflower seed is estimated at 525 000 hectares in 2013, which is 71 650 hectares more than the area planted last season while the area for soybeans planting is estimated at 504 000 hectares compared

to 472 000 hectares planted last season. Oilseeds also remain an attractive option for planting by farmers due to attractive international prices and tight supplies.

Groundnuts: The expected area to be planted decreased slightly from 45 450 hectares to 43 000 hectares.

Sorghum: The intended area estimate for sorghum planting is 64 650 compared to 48 550 planted last seasons. Safex reference prices for sorghum have increased currently, trading around R3000/ton compared to an approximate average of R2500/ton in 2011 making it another attractive option.

Dry beans: the intended planting of dry beans is expected to amount to 45 000 hectares compared to the 39 750 hectares planted last season.

Wheat: The expected commercial production of wheat is 1,784 million tons, which is 1,3% more than the previous forecast of 1,762 million tons.

Malting barley: The production forecast for malting barley is 293 980 tons, which is 2,2% less than the previous forecast.

Canola crop: The expected canola crop increased to 69 400 tons, which is an increase of 5 390 tons.

Milk production: According to Milk Producers Organization (MPO, 2012), milk production was lower in September 2012 compared to September 2011 declining by 0,7%. Milk production growth has slowed from 6,9% in June 2012 to 2,8% in August 2012, decreasing further by 0,7% in September 2012. Total production for 2012 is currently estimated at 2 685 million litres, up 2,7% on 2011. The main reasons behind the decrease in milk production are the high feed costs; decreasing profitability as well as high beef prices which have increased the number of animals going to the abattoirs. The milk:feed price ratio, which is an important indicator of the relative profitability of milk production, is at the lowest level in 10 years, having a strong negative effect on farm profitability (MPO, 2012). Internationally, expectations are that prices will remain firm as production globally is under pressure from very high grain prices. Higher world prices caused by the current slowdown in milk production growth as well as the current weaker rand will result in higher import prices.

3.2 Employment

The latest quarterly labour force survey indicates that employment in agriculture increased in the third quarter of 2012, during the end of the harvesting season of summer crops. Employment in the agricultural sector increased by 23 000 in the third quarter from 631 000 in the second quarter 2012.

Employment might be under pressure in the fourth quarter due to, inter-alia, the strikes in the deciduous fruit industry in the Western Cape. As a result, less seasonal workers might be employed in the usually labour-intensive deciduous fruit industry and employers might embark on cost-cutting measures which might have long-term implications as some of the permanent staff might have to be laid off.

The spokesperson for the Western Cape Agriculture said it had been estimated that the deciduous fruit industry would lose R114 million in export revenues after two weeks of strikes (Mtyala, 2012). Other downside risk factors include the weaker-than-expected local economic growth plus the continuing weak global economic outlook which might suppress demand in 2012. Weaker demand means reduced consumption of certain food stuffs leading to a decline in prices thus less profitability and consequently fewer workers needed.

3.3 Inflation

The headline CPI annual inflation rate increased in September 2012 with the food and non-alcoholic beverages index also contributing to the increase. The following items added to the increase in the food and beverages index: meat, vegetables, bread and cereals, sugar, sweets and desserts, other food, fish and oils and fats.

Figure 9 indicates that local prices are trending upward although international prices are slowly coming down although they are still high. This could be attributed to, amongst others, the weaker exchange rate which is increasing the demand of SA cereals, and the prolonged

dry spell in Southern Africa which caused a drop in aggregate cereal production in 2012. The dry spell in Southern Africa is expected to result in an increase in the demand of SA grain products due to the close proximity and regional grouping with Southern Africa.

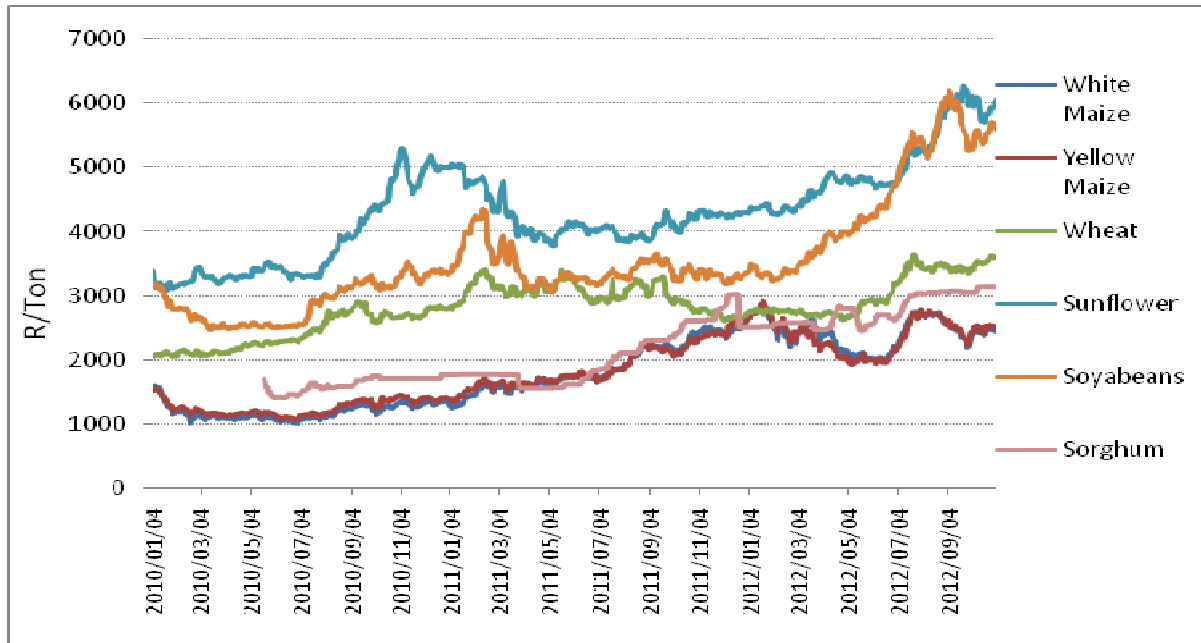


Figure 9: Safex Grain Prices

Source: JSE (Safex)

The high international and local grain prices mean that the cereal price index contribution to the CPI will remain high. The high cereal prices also contribute to the high feed prices, which imply that high meat prices will prolong. Safex reference prices show that the price of cereals increased in the three months ending in October 2012 compared to the same period in 2011. The prices of white maize, yellow maize, wheat, sunflower, soybeans and sorghum increased by 16%; 18,5%; 14%; 44,1%; 63,5% and 31,8% respectively. Compared to the three months ending in July 2012, the prices have increased by 13,5%; 16,7%; 13,1%; 19,3%; 21,8% and 12,5% respectively. As a result, the contribution of the food and the food and non-alcoholic beverages index is expected to be higher in the fourth quarter of 2012, especially the cereals and bread index contribution. According to ABSA, local grain prices rose sharply between early June and the end of August 2012, this together with some recovery expected in meat prices, should push food CPI to 6,5% y/y by year-end, peaking at just below 8,0% y/y in March 2013.

3.4 Exchange rate

According to the IMF, confidence in the global financial system remains exceptionally fragile; bank lending has remained sluggish across advanced economies. Increased risk aversion has

dampened capital flows to emerging markets. Emerging markets suffered capital outflows, their equity markets declined and their risk spreads widened. Banks are tightening credit standards in the face of credit and asset price booms and reduced external funding. The main concern is that output is forecast to disappoint in advanced economies, amongst other things, prompting capital flights to safety and this usually results in flight out of emerging market currencies. As a result of the above factors and also the speculation of further sovereign rating downgrade, the SA Rand is expected to end the year weaker. According to the ABSA bank, the Rand is expected to remain at around R8 to the US dollar in the fourth quarter of 2012. The weaker Rand is expected to increase the price of imports, thus making SA export prices attractive, but the major setback will be the weaker global demand outlook.

4. CONCLUSION

Since the deepening of the global economic crisis during the late 2008, the global economy has been faced with economic uncertainties as economies struggle to rebound from the effects of the economic crisis. Advanced economies remain under pressure and this has negatively affected global demand and output. Emerging market and developing economies – which have cushioned the declining economic growth in advanced economies – have also started to weaken and this will have a noticeable impact on their trading partners as well as on commodity exporters.

The SA economy also weakened to its lowest level in more than three years due to weaker global demand and domestic labour disputes. The agriculture, forestry and fishing sector continued to show positive growth, boosted by increased demand from neighbouring countries. However, agriculture's growth might be lower in the fourth quarter of 2012 due to recent strikes by farm workers in the Western Cape where some of the wine fields were destroyed.

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Appendix A: Agricultural economic variables

Table A.1: Intermediate expenditure on goods and services by agriculture

Expenditure on intermediate goods and services (R million)														
	Farm services	Building and fencing material	Fuel	Dips and sprays	Electricity	Maintenance and repair of machinery and implements	Fertilizers	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
3rd Qtr 2010	2 392	877	2 690	1 356	333	2 346	1 470	1 270	1 915	4 293	324	188	40	19 492
2 nd Qtr 2011	2 751	973	2 984	1 613	370	2 745	1 533	1 479	2 260	4 643	362	216	42	22 189
3rd Qtr 2012	3 164	1 080	3 401	1 888	410	3 212	1 598	1 724	2 666	5 022	406	248	44	24 863
3rd Qtr 2010 to 3 rd Qtr 2011	15.0%	10.9%	10.9%	19.0%	11.1%	17.0%	4.3%	16.5%	18.0%	8.2 %	11.7%	14.9%	5.0%	13.8%
3rd Qtr 2011 to 3rd Qtr 2012	15.0%	11.0%	14.0%	17.0%	10.8%	17.0%	4.2%	16.6%	18.0%	8.2 %	12.2 %	14.8%	4.8%	12.1%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2010 and 2012

Year	2010				2011				2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd		
Real gross income from agricultural products (R billion)											
Field crops	9 065,13	4 839,65	1 791,49	12 473,58	14 131,16	7563,37	2507,61	21 624,00	12 220,83	55,9%	-13,5%
Horticulture	9 284,39	6 971,79	8714,39	11 306,69	9737,52	8155,41	9 945,19	12 197,67	10 507,26	4,9%	7,9%
Animal products	15 820,73	17 728,22	17 193,34	17 113,02	17 177,98	20 760,09	19 146,31	18 643,28	19 041,88	8,6%	10,9%
Total	34 170,25	29 539,66	27 699,22	40 893,29	41 046,66	36 478,88	31 599,11	52 464,95	41 769,97	20,1%	1,8%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2010 and 2012

	Private consumption expenditure on food (R million)									
	Meat	Bread and grain	Sugar	Milk, milk products and eggs	Oils and fats	Potatoes	Fruit and veg.	Coffee, tea	Other	Total food
3 rd Qtr 2010	27 322	24 338	1 376	10 028	1 904	3 180	10 075	2 643	7 822	88 688
4 th Qtr 2010	29 510	24 013	1 546	10 536	1 907	3 769	9 677	2 803	8 295	94 053
1 st Qtr 2011	29 308	22 738	1 057	9 418	1 183	3 002	9 187	2 564	7 589	86 046
2 nd Qtr 2011	30 383	24 594	1 666	9 077	2 111	3 520	9 317	2 726	8 067	91 460
3 rd Qtr 2011	30 269	27 404	1 782	10 436	2 408	3 456	10 113	2 901	8 587	97 355
4 th Qtr 2011	35 069	27 534	1 785	11 023	2 178	3 824	10 688	3 112	9 210	104 424
1 st Qtr 2012	32 621	27 668	1 363	10 288	2 080	3 569	9 953	2 961	8 764	99 369
2 nd Qtr 2012	32 920	28 719	1 634	10 336	2 035	3 663	9 701	3 007	8 901	100 917
3 rd Qtr 2012	32 967	30 609	1 751	11 396	2 257	3 660	10 652	3 152	9 329	105 774
2 nd Qtr 2011 to 2 nd Qtr 2012	8,9%	11,7%	-1,7%	9,2%	-6,3%	5,9%	5,3%	8,7%	8,6%	8,6%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	12 641	12 274	15 194	14 721	-	-	-	-
Netherlands	1 001	1 403	1 306	1 366	9%	9%	9%	9%
Zimbabwe	782	871	1 088	1 259	7%	9%	16%	18%
United Kingdom	1 225	1 218	1 076	1 213	7%	8%	23%	26%
Mexico	1 916	4	546	1 100	4%	7%	26%	34%
Mozambique	610	705	676	685	4%	5%	31%	38%
Angola	331	331	576	675	4%	5%	35%	43%
United States	571	606	621	545	4%	4%	39%	46%
Hong Kong	270	393	526	536	3%	4%	42%	50%
China	246	279	245	459	2%	3%	44%	53%
United Arab Emirates	519	464	420	450	3%	3%	47%	56%

Source: South African Revenue Services

Table A.5: Export values of agricultural products by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	12 641	14 274	15 194	14 721	-	-	-	-
Oranges, Fresh	2 415	3 257	2 883	3 177	19%	22%	19%	22%
Corn (Maize), Other Than Seed Corn	536	603	1,840	1,221	12%	8%	31%	30%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	1,129	1,030	913	900	6%	6%	37%	36%
Apples, Fresh	651	560	600	768	4%	5%	41%	41%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	388	447	424	521	3%	4%	44%	45%
Lemons And Limes, Fresh Or Dried	293	329	566	471	4%	3%	48%	48%
Mandarins (Inc Tanger Etc) & Citrus Hybr Fr Or Dri	223	235	269	406	2%	3%	49%	51%
Soybean Oil, Refined, And Fractions, Not Modified	24	43	147	332	1%	2%	50%	53%
Nuts Nesoi, Fresh Or Dried, Shelled Or Not	52	141	117	299	1%	2%	51%	55%
Cane/Beet Sug Chem Pure Sucrose Refind Nesoi	270	366	318	298	2%	2%	53%	57%

Source: South African Revenue Service

Table A.6: Import values of agricultural products by exporting country between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	8 947	9 202	11 590	11 772	-	-	-	-
Argentina	1 385	1 075	859	1 279	7%	11%	7%	11%
China	473	630	516	1 181	4%	10%	12%	21%
United Kingdom	579	662	830	1 100	7%	9%	19%	30%
Brazil	875	574	1 061	715	9%	6%	28%	36%
Netherlands	485	245	533	644	5%	5%	33%	42%
United States	388	527	1 005	592	9%	5%	41%	47%
Thailand	645	670	697	560	6%	5%	47%	52%
Spain	77	110	231	551	2%	5%	49%	56%
India	262	329	286	544	2%	5%	52%	61%
Indonesia	336	295	478	467	4%	4%	56%	65%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	8 947	9 202	11 590	11 772	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	820	718	830	1 574	7%	13%	7%	13%
Whiskies	541	602	772	919	7%	8%	14%	21%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	727	702	341	664	3%	6%	17%	27%
Palm Oil, Refined But Not Chemically Modified	410	607	796	590	7%	5%	24%	32%
Soybean Oil, Refined, And Fractions, Not Modified	138	196	654	500	6%	4%	29%	36%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	260	219	475	475	4%	4%	33%	40%
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	278	206	60	363	1%	3%	34%	43%
Food Preparations Nesoi	230	242	288	344	2%	3%	36%	46%
Tobacco, Partly Or Wholly Stemmed/Stripped	325	268	377	212	3%	2%	40%	48%
Kidney Beans & White Pea Beans, Dri Shel, Inc Seed	56	134	70	208	1%	2%	40%	50%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	500	532	556	255	-	-	-	-
United States	29	40	39	36	7%	14%	7%	14%
Italy	89	75	72	34	13%	13%	20%	27%
Spain	126	98	97	27	17%	11%	37%	38%
Japan	19	31	13	27	2%	11%	40%	49%
Australia	14	8	32	22	6%	9%	46%	57%
Germany	13	16	28	19	5%	7%	51%	65%
Hong Kong	44	59	51	17	9%	7%	60%	71%
Netherlands	3	3	3	11	1%	4%	60%	76%
Israel	0	9	3	8	1%	3%	61%	79%
Mauritius	19	18	16	7	3%	3%	64%	82%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	500	532	556	255	-	-	-	-
Rock Lobster And Other Sea Crawfish, Frozen	35	59	44	65	8%	25%	8%	25%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	1	36	44	50	8%	20%	16%	45%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	109	85	59	41	11%	16%	26%	61%
Fish, Prepared Or Preserved, Nesoi	5	8	32	21	6%	8%	32%	69%
Lobsters, Live, Fresh,Ch, Dried, Saltd Or In Brine	42	57	39	18	7%	7%	39%	76%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	344	333	347	626	-	-	-	-
Thailand	198	210	168	488	48%	78%	48%	78%
China	29	33	40	44	12%	7%	60%	85%
Norway	12	15	18	14	5%	2%	65%	87%
Philippines	3	1	2	12	1%	2%	66%	89%
Indonesia	6	3	3	7	1%	1%	67%	90%
Taiwan	4	4	7	7	2%	1%	69%	91%
Spain	6	8	12	7	3%	1%	72%	92%
Portugal	1	4	2	6	1%	1%	73%	93%
Falkland Islands	7	3	6	4	2%	1%	74%	94%
Peru	12	3	7	4	2%	1%	76%	95%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	344	333	347	626	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	139	128	119	402	34%	64%	34%	64%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	65	100	63	150	18%	24%	52%	88%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	23	21	42	28	12%	4%	65%	93%
Salmon, Prepared Or Preserved, Whole Or Pieces	0	0	0	12	0%	2%	65%	95%
Mackerel, Prepared Or Preserved, Not Minced	16	0	0	6	0%	1%	65%	96%

Source: South African Revenue Services

Table A.12: Export values of forestry products by destination between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	1 942	2 587	2 865	2 559	-	-	-	-
Indonesia	370	591	530	642	18%	25%	18%	25%
China	148	140	426	310	15%	12%	33%	37%
Thailand	120	154	148	194	5%	8%	39%	45%
Zimbabwe	98	179	141	156	5%	6%	43%	51%
United Kingdom	132	165	188	135	7%	5%	50%	56%
Belgium	10	114	68	111	2%	4%	52%	60%
India	46	117	197	111	7%	4%	59%	65%
Mozambique	97	77	87	88	3%	3%	62%	68%
Zambia	55	63	86	79	3%	3%	65%	71%
Germany	104	87	70	65	2%	3%	68%	74%

Source: South African Revenue Services

Table A.13: Export values of forestry by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	1 942	2 587	2 865	2 559	-	-	-	-
Chemical Woodpulp, Dissolving Grades	795	1196	1341	1418	47%	55%	47%	55%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	246	362	367	317	13%	12%	60%	68%
Chem Woodpulp, Soda Etc, N Dis S BI & BI Nonconif	122	331	382	173	13%	7%	73%	75%
Printed Books, Brochures, Etc., Nesoi	56	82	60	49	2%	2%	75%	76%
Newsprint, In Rolls Or Sheets	60	65	91	48	3%	2%	78%	78%

Source: South African Revenue Services

Table A.14: Import values of forestry products by exporting country between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	1 501	1 715	1 784	1 721	-	-	-	-
China	182	268	286	303	16%	18%	16%	18%
United Kingdom	224	237	242	244	14%	14%	30%	32%
United States	171	197	224	233	13%	14%	42%	45%
Germany	145	148	143	149	8%	9%	50%	54%
Sweden	57	83	77	78	4%	5%	54%	59%
Austria	13	15	27	63	2%	4%	56%	62%
Indonesia	42	64	62	56	3%	3%	59%	65%
France	52	34	34	49	2%	3%	61%	68%
Finland	54	65	47	48	3%	3%	64%	71%
Italy	38	45	47	47	3%	3%	67%	74%

Source: South African Revenue Services

Table A.15: Import values of forestry by product between 2009 and 2012

	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2011	3 rd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1 501	1 715	1 784	1 721	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	292	323	333	364	19%	21%	19%	21%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	48	63	86	104	5%	6%	23%	27%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	66	129	95	76	5%	4%	29%	31%
Chemical Woodpulp, Soda Etc. N Dis S Bl & Bl Conif	69	47	114	73	6%	4%	35%	36%
Plywood, Veneer Panels & Similar Lam Wood, Nesoi	31	34	36	57	2%	3%	37%	39%

Source: South African Revenue Services

Appendix B: Review of agricultural markets

Table B.1: Proxies of grain supply and consumption and grain prices

	July 2011	Aug 2011	Sep 2011	3 rd Qtr 2011	July 2012	Aug 2012	Sep 2012	3 rd Qtr 2012	3 rd Qtr 2011 to 3 rd Qtr 2012 % change
	Volumes (1000 tons)								
White maize opening stock*	1 587	3 342	4 191	3 040	2 996	4 373	4 371	3 913	29%
Yellow maize opening stock*	1 726	2 507	2 484	2 239	2 522	3 103	2 957	2 861	28%
Total maize opening stock*	3 313	5 849	6 675	5 279	5 518	7 476	7 328	6 774	28%
White maize processed for local consumption	455	484	479	1 418	397	406	366	1 169	-18%
Yellow maize processed for local consumption	304	303	317	924	390	364	355	1 109	20%
Total maize processed for local consumption	759	787	796	2342	787	770	721	2 278	-3%
Total white maize exports	140	155	108	403	190	172	139	501	24%
Total yellow maize exports	191	269	121	581	18	21	30	69	-88%
Total maize exports	331	424	229	984	208	193	169	570	-42%
Wheat opening stock: human market*	874	759	588	740	990	849	722	854	15%
Wheat opening stock: feed market*	10	10	10	10	6	6	6	6	-40%
Wheat opening stock*	884	769	598	750	996	855	728	860	15%
Wheat consumption: human consumption	247	264	268	779	269	279	274	822	6%
Wheat consumption: animal feed	0	0	0	0	1	1	1	3	-
Total wheat consumption	248	265	268	781	271	280	275	826	6%
Wheat imports (for human consumption only)	146	97	162	405	143	193	222	558	38%
Wheat exports	15	13	14	42	19	33	27	79	88%
Average opening sunflower stock*	604	616	548	589	371	346	298	338	-43%
Sunflower seed imports	0.4	1.4	2.6	4.4	2.1	2.3	1.8	6	41%
Total processed sunflower for consumption	62	79	83	224	61	55	51	167	-25%
Average soya bean opening stock*	506	478	438	474	489	431	357	426	-10%
Soya bean consumption	41	44	36	121	53	47	38	138	14%
	Market prices (R/ton)								
White maize	1 798	2 067	2 211	2 025	2 538	2 679	2 419	2 545	26%
Yellow maize	1 784	2 077	2 175	2 012	2 513	2 690	2 447	2 550	27%
Wheat	2 975	3 133	3 116	3 075	3 426	3 448	3 414	3 429	12%
Sunflower	4 020	3 906	4 086	4 004	5 104	5 513	6 077	5 565	39%
Soya bean	3 304	3 433	3 536	3 424	5 253	5 588	5 798	5 546	62%

* Quarterly figures are reported in averages and where there is no asterik, quarterly figures are reported in totals

Table B.2: Prices of selected fruits traded at the FPM

	Average prices at FPM (R/ton)			Percentage changes	
	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Apples	4 275	4 797	5 180	12%	8%
Avocados	5 604	7 594	6 307	36%	-17%
Bananas	3 553	4 178	3 567	18%	-15%
Oranges	1 423	1 571	1 802	10%	15%
Pears	4 199	4 540	5 084	8%	12%
Mangoes	7 845	8 012	8 025	2%	0%
Grapes	15 372	13 381	21 501	-13%	61%

Source: DAFF

Table B.3: Quantities of selected fruits traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Apples	42 499	41 545	42 290	-2%	2%
Avocados	8 099	5 922	8 362	-27%	41%
Bananas	58 968	54 105	63 775	-8%	18%
Oranges	59 511	60 724	52 102	2%	-14%
Pears	13 602	12 569	12 445	-8%	-1%
Mangoes	34	42	64	25%	53%
Grapes	585	728	621	24%	-15%

Source: DAFF

Table B.4: Prices of selected vegetables traded at the FPM

	Average prices at FPM (R/ton)			Percentage changes	
	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Beetroot	5 266	4 928	2 029	-6%	-59%
Carrots	3 549	2 806	2 385	-21%	-15%
Cucumber	5 044	6 442	7 951	28%	23%
Lettuce	3 243	4 162	4 610	28%	11%
Onions	2 877	2 264	2 339	-21%	3%
Potatoes	2 590	2 783	2 426	7%	-13%
Spinach	3 413	4 460	1 109	31%	-75%
Tomatoes	5 516	4 221	3 832	-23%	-9%
Cabbage	1 405	1 640	1 489	17%	-9%
Green beans	5 809	9 389	8 156	62%	-13%
Sweet potatoes	1 877	3 413	4 335	82%	27%

Source: DAFF

Table B.5: Quantities of selected vegetables traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Beetroot	6 153	6 793	10 470	10%	54%
Carrots	21 045	24 578	29 230	17%	19%
Cucumber	128	29	20	-78%	-29%
Lettuce	6 011	5 459	5 457	-9%	0%
Onions	82 205	94 060	95 656	14%	2%
Potatoes	221 507	249 426	279 497	13%	12%
Spinach	3 053	2 641	3 328	-14%	26%
Tomatoes	61 681	68 784	75 589	12%	10%
Cabbage	33 574	29 790	27 992	-11%	-6%
Green beans	3 978	2 988	3 246	-25%	9%
Sweet potatoes	10 741	6 344	5 738	-41%	-10%

Source: DAFF

Table B.6: Beef

	Units	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Gross value	R'000	3 270	4 108	4 329	26%	5%
Average price	R/kg	22,48	27,72	27,96	23%	1%
Total slaughtering	Heads	563 223	568 240	565 914	1%	0%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry

	Units	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Gross value	R'000	5 876	5 883	7 042	0%	20%
Average price	R/Mt	15 973	15 847	18 627	-1%	18%
Commercial Production	Mt	352 545	355 811	348 900	1%	-2%

Source: DAFF

Table B.8: Eggs

	Units	3 rd Qtr 2010	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2010 to 3 rd Qtr 2011	3 rd Qtr 2011 to 3 rd Qtr 2012
Gross value	R'000	1 702	1 857	1 692	9%	-9%
Average price	R/dozen	8,80	8,95	9,19	2%	3%
Total Production	1000 dozen	193 423	207 396	180 111	7%	-13%

Source: DAFF

Table B.9: Milk

	Units	3rd Qtr 2010	3rd Qtr 2011	3rd Qtr 2012	3rd Qtr 2010 to 3rd Qtr 2011	3rd Qtr 2011 to 3rd Qtr 2012
Gross value	R'000	2 366	2 383	2 776	1%	16%
Average price received by farmers	R/litre	2,91	2,92	3,40	0%	16%
Total Production	1000 liter	812 107	816 781	817 310	1%	0%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

Table C.1: Descriptions of forestry import and export products

<p><u>Export products descriptions</u></p> <p>Fuel In Log;Chips,etc.: Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms Fuel wood, wood in chips and sawdust and wood waste</p> <p>Wood Charcoal: Wood charcoal (including shell or nut charcoal), whether or not agglomerated</p> <p>Blders' Joinry+Carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p> <p>Fibrbrd Of Wd/Ot Lign: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Rough,Not Sapwood: Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared</p>
<p><u>Import product descriptions</u></p> <p>Lumber > 6 mm thick: Wood sawn or chipped length-wise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm</p> <p>Cask,Barr,Vat,etc.+Pts: Casks, barrels, vats, tubs and other coopers and apos; products and parts thereof, of wood, including staves</p> <p>Fibrbrd Of Wd/Ot Lign: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Plywood,Veneer,etc.: Plywood, veneered panels and similar laminated wood</p> <p>Blders' Joinry+Carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p>