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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 2013 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.

Ms Ellen Matsei
Directorate: Statistics and Economic Analysis
Pretoria

Compiled by the Economic Analysis Unit
in consultation with the Director

Directorate: Statistics and Economic Analysis
4th Floor – Sefala Building
503 Belvedere Street, Arcadia, South Africa

All correspondence can be addressed to:
The Director: Statistics and Economic Analysis
Private Bag X246, Pretoria 0001, South Africa

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EXECUTIVE SUMMARY

Drivers of global economic activity seem to be changing, with growth in China and a growing number of emerging market economies declining by more than was previously forecast. Most emerging market economies are facing slower growth and tighter global financial conditions, however, the growth rates in these economies are projected to remain above those of advanced economies although below the elevated levels seen in recent years (IMF, 2013). Slower growth in China is expected to affect many other economies, notably the commodity exporters among the emerging market and developing economies. Advanced economies, led by the US, are picking up the recovery pace with consumer demand rebounding in the US. Global activity is expected to strengthen moderately with support coming from advanced economies, particularly the US, although the risks remain on the downside. Growth in the euro area is expected to be held back by weak economic fundamentals. Global growth averaged only 2,5% during the first half of 2013 and is forecast to average 2,9% in 2013 - a decline from 3,2% in 2012 - before picking up slightly to 3,6% in 2014. Growth in advanced economies is projected to grow by 1,2% in 2013 before improving slightly to 2% in 2014. Emerging market economies, although weaker, still account for the bulk of global growth, forecast to grow by 4,5% in 2013 and by 5,1% in 2014 (IMF, 2013).

Grain prices have eased slightly compared to a year ago as the supply outlook is significantly more comfortable than last year and volatility in maize futures has steadily declined as forecasts for bumper crops have mostly been realised (IGC, 2013). World grain production is expected to rise by 150 million tons (8,4%) year-on-year (y/y) from the estimated 1 790 million tons in 2012/13 to 1 940 million tons in 2013/14. While demand for grains is expected to rise by 5% y/y, inventories are also expected to recover by 39 million tons to a four-year high at the end of 2013/14 (IGC, 2013). World maize production is forecast to increase by 85 million tons (9,8%) to reach a record 948 million tons in 2013/14 driven by a rebound in the US. World maize consumption is expected to show a strong 6% growth led by expanding global feed use. World wheat production is forecast to rise by 6% in 2013/14 while higher food and feed use

is expected to lift world consumption by 2% to 690 million tons with higher demand expected from China and Egypt.

The South African economy has been unstable since the beginning of 2013 with the growth rate fluctuating since the first quarter of 2013. After growing by a revised 3,2% during the second quarter of 2013, the SA GDP growth slid back to below 1%, growing by just 0,7% during the third quarter of 2013. The slow GDP growth was largely due to the contraction in the manufacturing sector which contracted by 6,6% during the third quarter of 2013 following an 11,7% growth in the second quarter. The manufacturing sector was negatively affected by lower production in the motor vehicles, parts and accessories and other transport equipment division. Economic activity in the mining and quarrying industry reflected positive growth of 11,4% following a 5,4% contraction in the second quarter of 2013. The agriculture, forestry and fishing industry grew by 3,6% during the third quarter of 2013 following two consecutive contractions in the first two quarters of 2013. The positive growth in the agriculture, forestry and fishing sector was due to increased production in horticultural products and animal products. According to a report by the Finance Ministry, SA's economic prospects have become increasingly intertwined with those of the rest of the African continent, which is forecast to remain the second fastest growing region. Sub-Saharan Africa is forecast to grow by 6,1% in 2014 and 5,8% in 2015.

The SA unemployment rate declined by 0,9% quarter-on-quarter (q/q) from 25,6% in the second quarter of 2013 to 24,7% in the third quarter of 2013. This was due to the increase in the number of employed persons by 308 000 while the number of unemployed persons decreased by 114 000 between the second quarter of 2013 and the third quarter of 2013. Employment in the formal sector grew by 304 000 persons while employment in the informal sector declined by 39 000 q/q. Employment in agriculture declined by 0,9% (6 000) on a q/q basis largely due to seasonality factors, although on a y/y basis agriculture created 45 000 jobs. The trade industry created the most number of jobs (100 000) between the second quarter of 2013 and the third quarter of 2013 whereas the manufacturing industry lost the most number of jobs (68 000) during the same period. On a y/y basis, the community and social services

industry recorded the largest increase in employment (120 000) while the manufacturing sector lost the largest number (60 000) of jobs.

Gross farming income from all agricultural products increased modestly by 2,8% to reach R43,6 billion in the third quarter of 2013 compared to the third quarter of 2012. The slight increase in the gross income from agricultural products was largely due to the 17,4% decline in income from field crops following the sharp decline in income from maize. Income from maize declined by a significant 28,3% (R2,6 billion) during the third quarter of 2013 compared to the third quarter of 2012 as ample maize supplies pushed prices lower compared to a year ago when prices soared due to tight supplies resulting from drought in the US and other key producing areas. Income from wheat also declined by 28,5% (R13,3 million) while income from sunflower seed declined by 23,0% (R48,7 million) during the same period. Income from animal products, which accounts for the largest percentage of gross income from agricultural products, increased by R2,4 billion (12,6%) during the third quarter of 2013 compared to the third quarter of 2012, largely boosted by the 18% and 17,6% increases in poultry meat and eggs, respectively. Income from mohair was the best performer in terms of animal products during the third quarter of 2013, increasing by 56,7%; followed by income from wool which increased by 39,8%. Income from horticultural products rose by 8,14% (R0,9 billion) during the period under review. After rebounding during the second quarter of 2013, the net farming income decreased by R2,3 billion (19,4%) during the third quarter of 2013 compared to the third quarter of 2012, dragged down by the 17,4% decline in income from field crops as well as rising expenditure on intermediate inputs which reverted to double-digit increases (11,9%) after easing-off during the second quarter of 2013.

The value of SA agricultural exports increased by 33% from R15,6 billion to R20,9 billion between the third quarter of 2012 and the third quarter of 2013 as the rand continued to hit historic lows. The Netherlands was SA's major trading partner during the third quarter of 2013 with SA gaining about R2,0 billion of agricultural export revenue from this country; followed by the UK from which about R1,7 billion in agricultural export revenue was earned. On the other hand, the value of agricultural

products imported into SA rose by 19% from R13,6 billion to R16,2 billion between the third quarter of 2012 and the third quarter of 2013. The major agricultural import items were rice as well as wheat and meslin which contributed 13% and 7% respectively, to the SA import value. However, SA maintained a positive trade balance of agricultural, forestry and fisheries exports collectively in the third quarter of 2013.

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

Global economic growth remains in the lower gear, averaging only 2,5% during the first half of 2013, which is about the same pace as in the second half of 2012 (IMF, 2013). In departure from previous developments since the great recession, the advanced economies, led by the US, have recently gained some speed while the emerging market economies have slowed. Private consumption has regained some strength in the US, although the political environment in this country is creating uncertainty about the nature and the strength of the fiscal adjustments. Japan has also shown significant recovery although it remains to be seen if this cyclical recovery will be transformed into sustained growth. The euro area has also shown some signs of recovery and this can have positive impact on the SA economy as Europe is one of SA's main trading partners. However, weak economic fundamentals are likely to hold back growth in this area.

Although **growth in emerging market economies** is slowing, emerging market economies continue to account for the bulk of global economic growth. China's GDP has slowed in recent months and this is expected to affect many other economies, mainly the commodity exporters among the emerging market and developing economies.

The **global inflation** pressure is generally subdued, with most countries facing the lowest inflation levels in decades. However, given the current high unemployment rate, low global inflation is not helping the economy much as consumers' disposable income remains tight. Commodity prices have fallen amid improved supply and lower demand growth while fuel and non-fuel prices are expected to decline modestly both in 2013 and 2014. In advanced economies, inflation is currently below target and weak economic growth is expected to hold inflation lower. In Japan, a temporary surge in prices is expected in response to the consumption tax hikes in 2014 and 2015. Inflation in emerging market and developing economies is expected to remain flat at around 5% - 6% as the drop in commodity prices and the downward trend in growth will reduce price pressures.

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

2.1 Growth

According to Statistics South Africa (Stats SA), SA's real GDP at market prices increased by 0,7% quarter-on-quarter, seasonally adjusted and annualised, during the third quarter of 2013. The modest GDP growth was mainly the result of the 6,6% contraction in the manufacturing sector after growing by 11,7% during the second quarter of 2013. The largest contributor to the third quarter GDP was the mining and quarrying industry which grew by 11,4% due to higher production in mining of other metal ore (including platinum) and other mining quarrying (including diamond). The finance, real estate and business services industry contributed 0,3 of a percentage point based on growth of 1,3%; with the slower growth attributed to slower activities in the equity, bond and other financial markets.

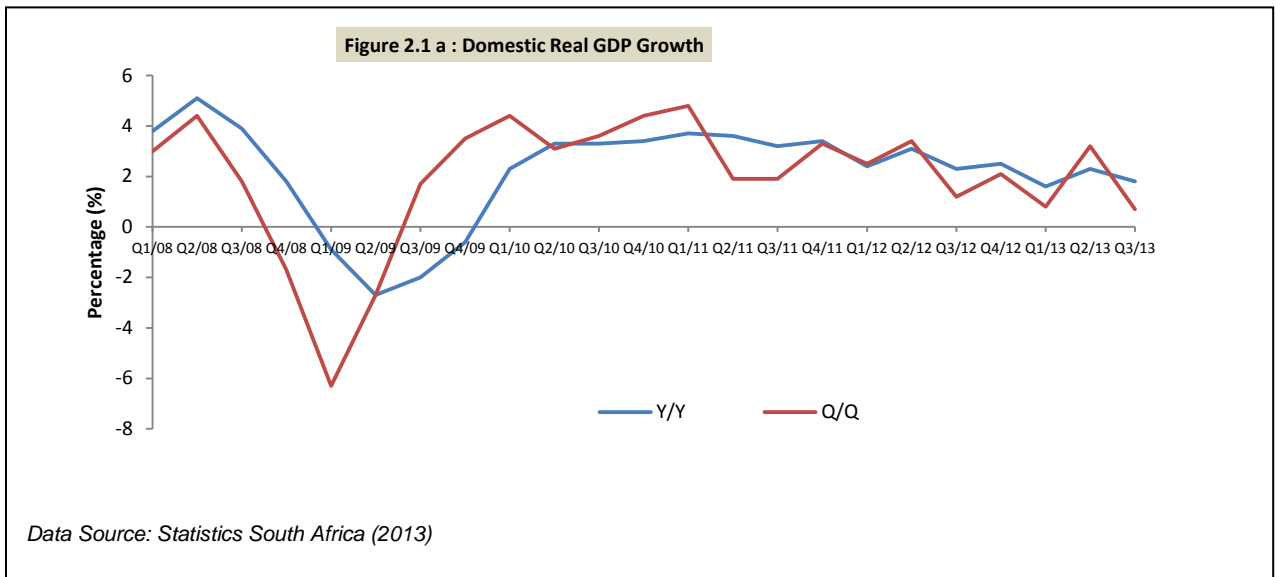


Figure 1: Domestic real GDP growth

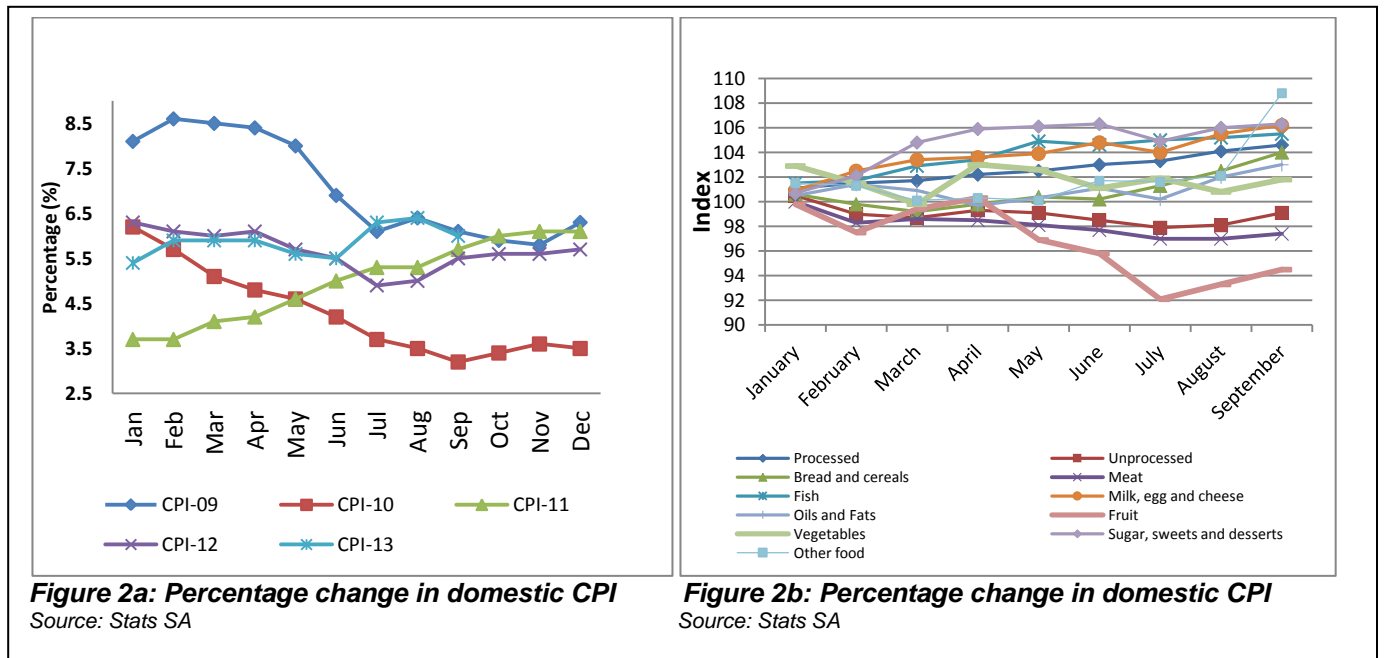
Source: Stats SA

The agriculture, forestry and fishing sector grew by 3,6% during the third quarter of 2013 after two consecutive contractions the previous two quarters. The positive

growth in the agriculture, forestry and fishing sector was due to increased output in horticultural products and animal products.

2.2 Inflation

The domestic headline CPI annual inflation rate averaged 6,2% during the third quarter of 2013. The inflation rate breached the upper band of the Reserve Bank’s 3%-6% target range during the month of July 2013, rising by 6,3% and it remained above the target throughout the third quarter. Food prices rose by 6% y/y and by 0,8% m/m in September 2013. On an annual basis, vegetable prices recorded the highest increase (12,1%) in the food category during September 2013, followed by fruit (8,2%) as well as bread and cereals (8,2%). Meat prices remained relatively stable, rising by 1,1% y/y and 0,4% m/m in September.



In terms of producer prices, the annual percentage change in the Producer Price Index (PPI) for manufactured goods averaged 6,7% during the third quarter of 2013. Producer prices usually give an indication of the trend likely to be followed by consumer prices in coming months. The PPI for agriculture, forestry and fishing rose by 4,5% y/y and by 2,7% m/m in September. Producer prices of all food products rose

by 6,8% y/y in September 2013. The main contributor to the rise in the PPI for food products was fish and fish products which recorded a 16,4% y/y price increase. Producer prices of dairy products also showed a significant increase of 7,0%.

2.3 Employment

The unemployment rate dropped slightly in the third quarter 2013; however, Stats SA warned that the main challenge for the country remained to address joblessness among the youth which has the potential to affect the economy negatively. South Africa's unemployment rate eased to 24,7% in the third quarter of 2013, down from 25,6% in the second quarter of 2013. About 3,3 million of the 10,4 million youth in South Africa aged between 15-24 years are not employed, adding weight to calls by government and business for the speedy implementation of the Employment Tax Incentive Bill. This figure includes those who are not in education or training. Unemployment among the youth fell by 1,6 percentage points to 31,4% in the third quarter of 2013.

According to Stats SA, quarter-on-quarter employment increased by 308 000 persons in the third quarter of 2013, the largest gain since the recession and reason enough to be hopeful, while the number of those seeking jobs fell by 114 000. This resulted in an increase of 194 000 jobs in the labour force. The growth in employment was driven by growth in the formal sector, where quarter-on-quarter job gains were 314 000, while the informal sector lost 39 000 jobs. Analysts believe that the rise in formal sector jobs was encouraging, but did not reflect a sustained increase in job levels. Subdued economic growth on the back of weak, although improving, global conditions and dull domestic output growth points towards job creation remaining generally slow in the next few quarters. The Reserve Bank's Monetary Policy Committee is expected to keep interest rates unchanged in their last meeting of 2013.

Figure 3 shows that employment in the agricultural sector declined in both the second quarter and the third quarters of 2013. The decline in the third quarter of 2013 is slightly lower compared to the decline in the second quarter of 2013.

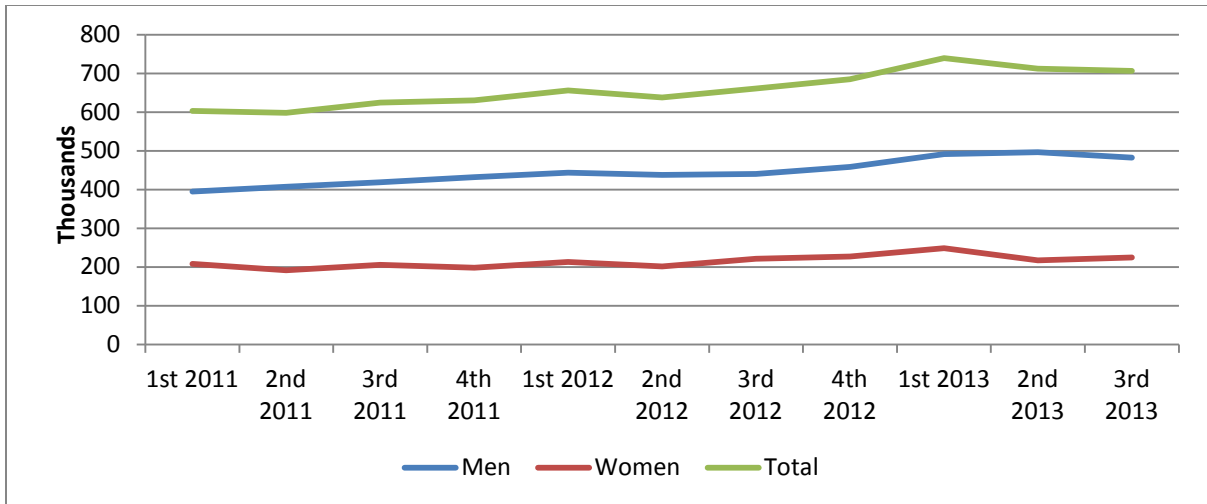


Figure 3: Agriculture employment between 2011 and 2013.

Source: DAFF

The number of people employed in agriculture decreased by 6 000 in the third quarter of 2013, from 712 000 persons in the second quarter of 2013 to 706 000 persons in the third quarter of 2013. Compared to a year ago, 45 000 more people were employed in agriculture, from 661 000 in the third quarter of 2012 to 706 000 in the third quarter of 2013. During the third quarter of 2013, 14 000 jobs were created for women, while 8 000 jobs were lost by men in agriculture. In total, the agricultural sector comprised of 224 000 women and 482 000 men in the third quarter of 2013 compared to 217 000 women and 496 men in the second quarter of 2013.

Figure 4 shows that the Western Cape provincial agriculture had the highest number (139 000) of people employed during the third quarter of 2013 compared to 117 000 the previous quarter; followed by KwaZulu-Natal with 110 000 persons from 96 000 the previous quarter and Northern Cape gaining 3 000 new persons to reach 46 000 jobs. The number of people employed by the North West and Free State provincial agriculture increased to 37 000 and 66 000 respectively in the third quarter of 2013, from 32 000 and 65 000 respectively, in the previous quarter. The number of people employed by Limpopo provincial agriculture dropped by 12 000 from 125 000 in the second quarter of 2013 to 113 000 in the third quarter of 2013. Mpumalanga provincial agriculture lost about 13 000 jobs during the same period while the Eastern Cape and Gauteng provincial agriculture lost 15 000 and 11 000 jobs respectively, in third quarter of 2013.

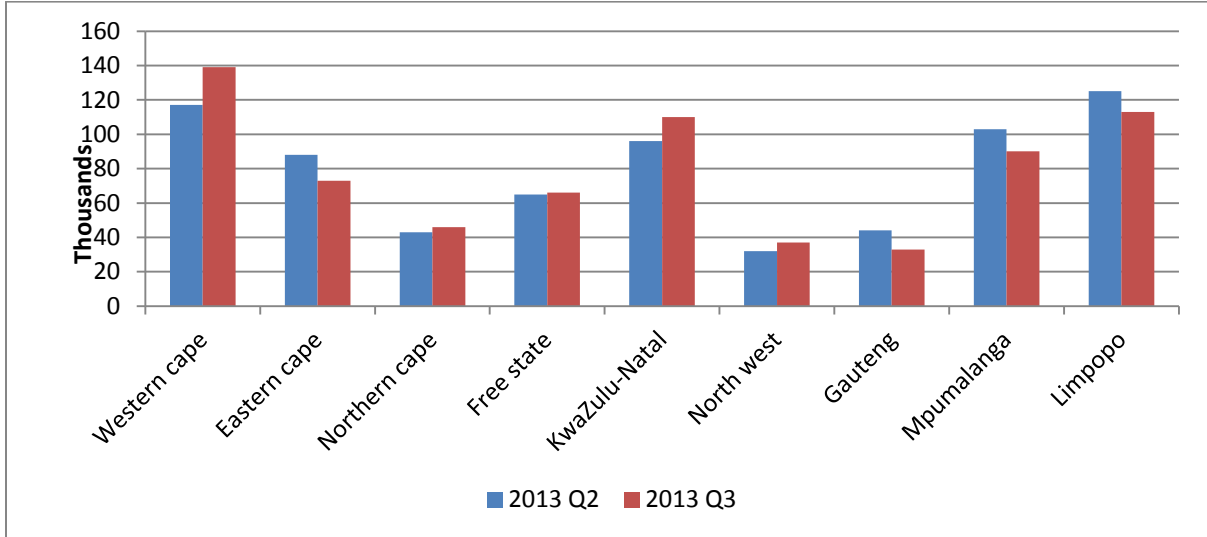


Figure 4: Provincial agriculture employment between 2011 and 2013.

Source: DAFF

The 2013 third Quarterly Labor Force Survey (QLFS) also indicated that 1,4 million people were involved in subsistence farming during the third quarter of 2013 compared to 1,5 million in the second quarter of 2013, a decrease of 94 000 persons quarter-on-quarter.

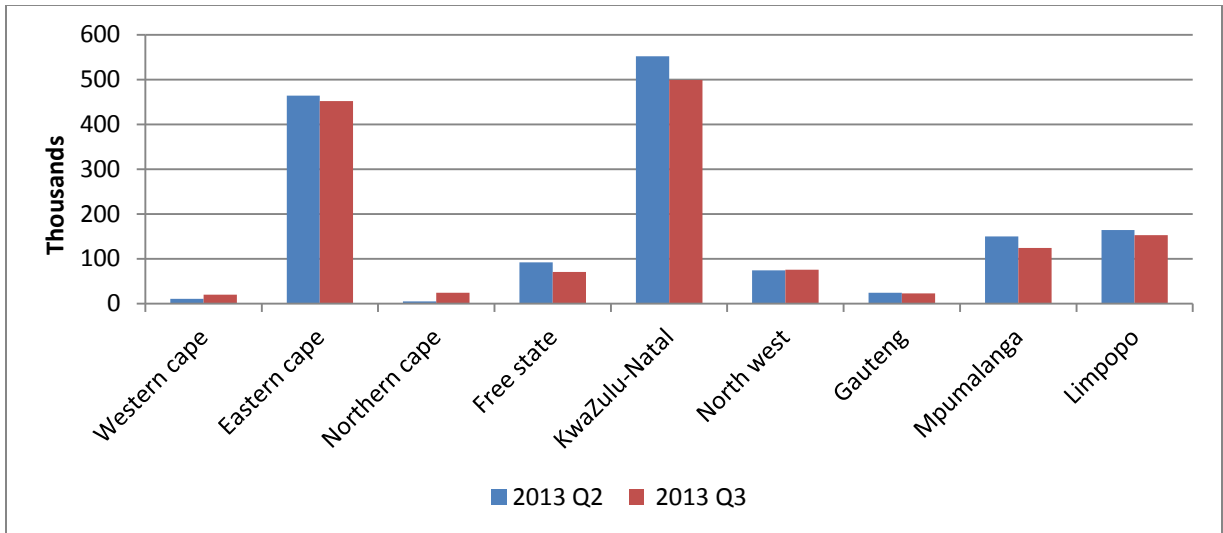


Figure 5: People involved in subsistence farming between 2011 and 2013.

Source: DAFF

Figure 5 shows that the number of people involved in subsistence farming decreased in KwaZulu-Natal though it continues to be the province with the highest number of

people involved in subsistence farming. 499 000 persons in KZN were involved in subsistence farming during the third quarter of 2013, down from 552 000 persons in the second quarter of 2013. The Eastern Cape had the second largest number (452 000) in the third quarter of 2013, down from 464 000 in the second quarter of 2013. The Western Cape, Gauteng and Northern Cape provinces had the least number of people involved in subsistence farming. It is important to note that the number of people involved in subsistence farming has decreased in most provinces.

2.4 Expenditure on intermediate goods and services by the agricultural sector

The expenditure on intermediate goods and services increased to R28,1 billion in the third quarter of 2013 compared to R25,1 billion in the same quarter of 2012, an increase of 11,9%.

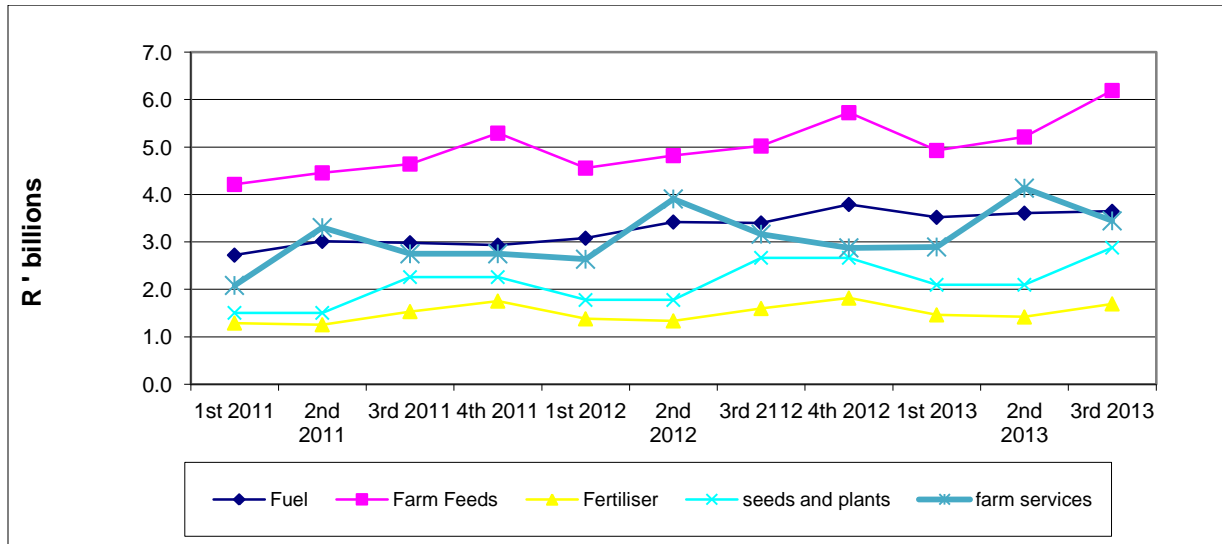


Figure 6: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds & plants and farm services between 2011 and 2013.

Source: DAFF

During the third quarter of 2013, the increase in expenditure on intermediate inputs was mainly supported by a significant increase in expenditure on seeds and plants which increased by 37,3% compared to the second quarter of 2013. The expenditure on fertilisers and farm feeds also increased by 19,4% and 18,8% respectively, compared to the second quarter of 2013. The expenditure on fuel remained relatively

flat while the expenditure on farm services decreased by 16,7% during the same period.

2.5 Gross farming income and net farm income from agricultural products

Gross farming income from all agricultural products increased by 2,8% to reach R43,6 billion in the third quarter of 2013 from R42,5 billion in the third quarter of 2012. The modest increase in gross income from field crops was largely the result of the 17,4% decline in income from field crops due to a sharp decline in income from maize. Income from animal products increased by 12,6% to reach R2,4 billion during the third quarter of 2013 compared to the third quarter of 2012. Income from horticultural products increased by 8,14% during the period under review.

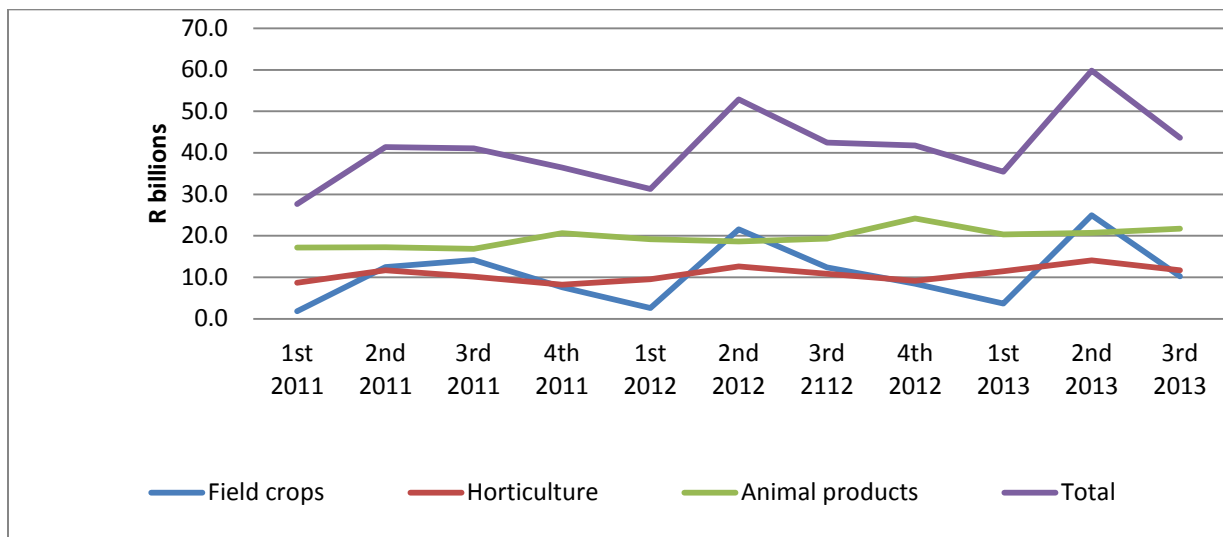


Figure 7: Trends in nominal gross farm income between 2011 and 2013.

Source: DAFF

Figure 8 depicts the net farm income trends between 2011 and 2013. The net farm income in the third quarter of 2013 is estimated at R9,7 billion compared to R12,0 billion recorded in the same quarter of 2012, a decrease of 19,4%. The decrease in net farm income was due to the 17,4% decrease in gross income from field crops.

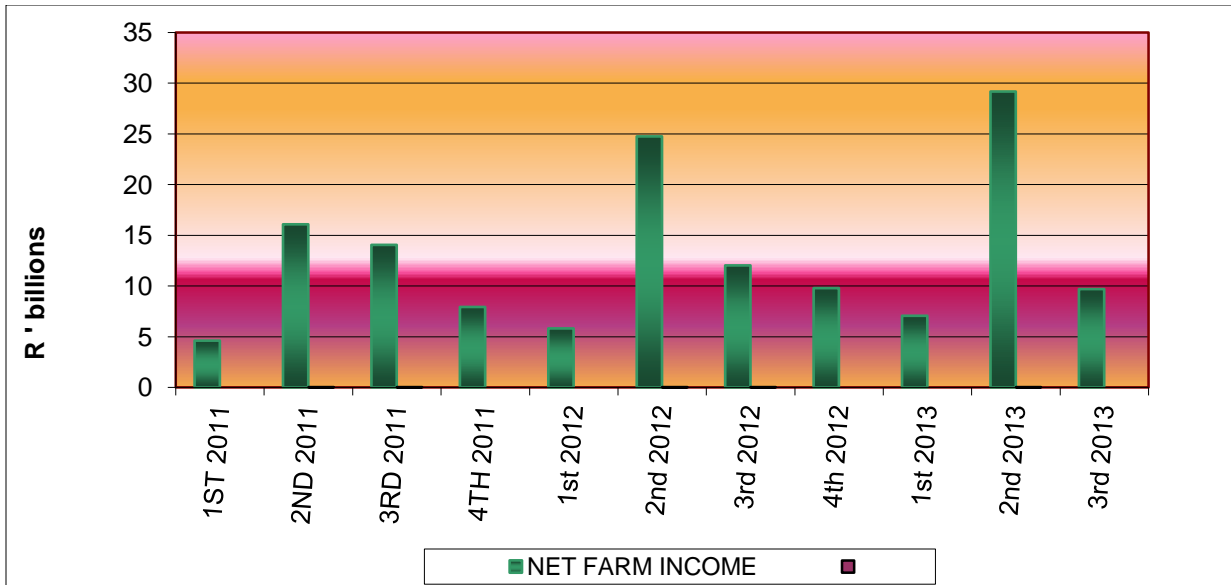


Figure 8: Trends in the net farm income between 2011 and 2013.

Source: DAFF

2.6 Private consumption expenditure on agricultural products

Private consumption expenditure on food reached R115,3 billion during the third quarter of 2013, an increase of 6,5% compared to R108,3 billion reported for the third quarter of 2012.

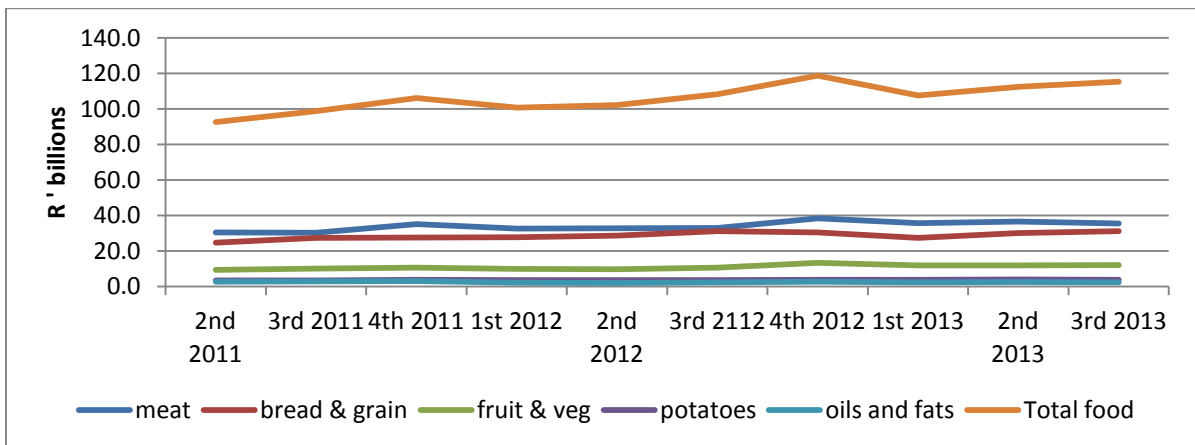


Figure 9: Trends in private consumption expenditure between 2011 and 2013.

Source: DAFF

The main expenditure items were oils and fats which increased significantly by 24,7% while fruit and vegetables increased by 12,4%. Expenditure on meat and potatoes

increased by 8,1% and 4,9% respectively, while the expenditure on bread and grains increased slightly by 0,1%.

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

Despite domestic agricultural trade facing high levels of volatility and a higher frequency of severe weather conditions, South Africa maintained a positive trade balance of agriculture, forestry and fisheries exports collectively in the third quarter of 2013.

According to data on table A.4, the total export value of agricultural products increased by 33%, from R15,6 billion to R20,9 billion between the third quarter of 2012 and the third quarter of 2013. During the third quarter of 2013, South Africa gained most of its agricultural export revenue from products exported to Netherlands. From this country alone, SA gained R2,0 billion of agricultural export revenue, representing 9% of the total export value. United Kingdom was the second leading export destination for SA's agricultural exports with R1,7 billion of agricultural export revenue, representing 8% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include Zimbabwe which accounts for 7% of the total export value, followed by Japan (6%), Mozambique (5%), China (4%), United States (3%), Germany (3%), Hong Kong (3%) and Angola (3%). Agricultural products which contributed a considerable amount to the total agricultural export value include fresh oranges (19%), Maize (10%), fresh apples (6%) and wine in 2 Litre bottles (6%), see Table A.5.

While exports of SA agricultural products increased considerably in the midst of slow global demand, the total import value of agricultural products increased notably between the third quarter of 2012 and the third quarter of 2013. According to data on Table A.4, the total import value of agricultural products increased by 19% from R13,6 billion to R16,2 billion between the third quarter of 2012 and the third quarter of 2013. The five key agricultural products which contributed a considerable amount to the total

import value include rice (13%), wheat and meslin (7%), soybean oilcake (6%), whiskies (6%) and palm oil (4%), see table A.5

2.7.2 Fisheries trade

Trading of fisheries products increased marginally between the third quarter of 2012 and the third quarter of 2013 due to reduced consumer demand globally. Faltering import demand put international prices of fish and fish products under pressure in 2012 and the lingering economic crisis in major seafood importing markets of northern Europe and North America contributed the sluggish growth in seafood imports (FAO, 2013).

According to data on table A.6, the total export value of fisheries products increased by 8%, from R255 million to R275 million between the third quarter of 2012 and the third quarter of 2013. Major export destinations for South African fisheries products were the United States, Italy, Australia, Germany, Netherlands, Spain, Japan, Greece, Angola and Mauritius. The biggest proportion of fisheries products exported during the third quarter of 2013 were rock lobster and other sea crawfish (frozen), cuttle fish and squid (frozen, dried, salted or in brine), fish (prepared or preserved, whole or in pieces), fish (prepared or preserved) and fish including fillets (smoked), see Table A.7.

Due to reduced consumer demand globally, the total import value of fisheries products decreased marginally between the third quarter of 2012 and the third quarter of 2013. According to data on Table A.6, the total import value of fisheries products into SA decreased by 5%, from R626 million to R597 million between the third quarter of 2012 and the third quarter of 2013. The 10 major sources of fisheries imports in the third quarter of 2013 include Thailand, China, Norway, Mozambique, Falkland Island, Spain, Portugal, United States, United Kingdom and Peru. The top five fisheries products imported during the third quarter of 2013 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), Atlantic and Danube salmon (frozen) and rock lobster and other sea crawfish (frozen), see Table A.7.

2.7.3 Forestry trade

According to the FAO, 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. Many of these challenges reflect long-term, broad-scale trends in the sector and increasingly integrated and competitive international markets impede the local forestry sector from reaching its production and employment potential (FAO, 2013).

Trading of forestry products increased considerably between the third quarter of 2012 and the third quarter of 2013. The total export value of forestry products increased by 26%, from R2,6 billion to R3,2 billion between the third quarter of 2012 and the third quarter of 2013 (Table A.8). Export destinations of forestry products during the third quarter of 2013 include Indonesia, China, India, Thailand, Zimbabwe, United Kingdom, Spain, Belgium, Germany and Mozambique. The top five forestry products contributing the largest percentage to the total export revenue from forestry products received include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda or sulphate, not dissolving grades), cartons, boxes and cases, and printed books, brochures etc, see Table A.9.

The total import value of forestry products increased by 21% from R1,7 billion to R 2,1 billion between the third quarter of 2012 and the third quarter of 2013 (Table A.8).

SA's major forestry import sources include Indonesia, China, the United Kingdom, the United States, Germany, Sweden, Austria, Finland, New Zealand, Indonesia and Brazil. The major forestry products imported during the third quarter of 2013 include printed books, brochures, leaflets & similar printed matter, chemical woodpulp (soda or sulphate, not dissolving grades), paper or paper boards (cellulose wadd etc), paper or paper boards (light weight writing etc, clay coated over 10mech) and sack kraft paper (uncoated, unbleached, rolls or sheets), see Table A.9.

Figure 10 shows trends in trade balances for agriculture, fish and seafood as well as forestry products. Between the first quarter of 2009 and the third quarter 2013,

agriculture’s trade balance experienced negative trade balances in three quarters, i.e the fourth quarter of 2011, the first quarter of 2012 and the fourth quarter of 2012. During the third quarter of 2013, agriculture’s trade balance maintained its positive healthy levels therefore showing resilience to the economic slowdown.

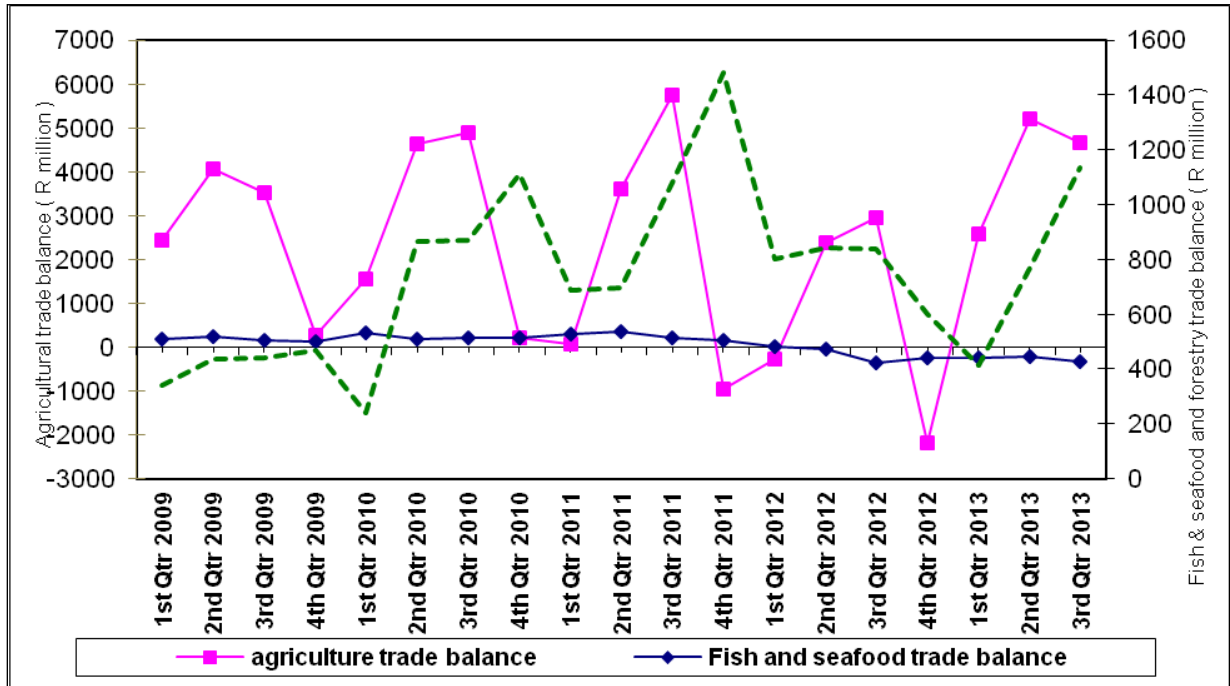


Figure 10: Trends in trade balances for agriculture, fish and seafood and forestry products.
Source: South African Revenue Services

The fisheries trade balance fluctuated significantly between the first quarter of 2009 and the third quarter of 2013; however, it remained in positive territory between the first quarter of 2009 and the first quarter of 2012. The faltering import demand has put international prices of fisheries products under pressure since the beginning of 2012 and as a result the fisheries trade balance entered the negative territory during the second quarter of 2012 and it has remained in the negative territory until the third quarter of 2013.

The trade balance of forestry products fluctuated significantly between the first quarter of 2009 and the third quarter of 2013, however, it remained in positive territory despite significant challenges experienced by forestry industries from the global economic crisis.

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. Since the start of the harvesting season, a contraction in the 2012/2013 aggregate grain crop was expected due to drought conditions in the main growing areas that negatively impacted crop yields. Consequently, the aggregate 2013 grain crop declined by 1,5%; from 13,535 million tons in the previous year to 13,330 million tons in 2013.

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 plus yellow maize) was 6,8 million tons. In the third quarter of 2013, the average opening stock for white and yellow maize was 3,4 million tons and 3,3 million tons respectively, while the average total opening stock (white maize and yellow maize) was 6,7 million tons, approximately 2% less than in the third quarter of 2012.

Consumption of maize in South Africa amounted to 2,3 million tons in the third quarter of 2012. Of this total, 1,2 million tons were white maize while 1,1 million tons were yellow maize. Consumption of maize during the third quarter of 2013 remained flat, amounting to 2,3 million tons with no notable changes experienced between the third quarter of 2012 and the third quarter of 2013.

According to Grain SA, a significant rise in yellow maize exports has been recorded since May 2013, due to strong export demand from Japan and recently from South Korea. The total maize exported during the third quarter of 2013 reached 900 000 tons, about 327 000 tons more than 573 000 tons of maize exported during the third quarter of 2012. During the same period, yellow maize exports rose to 604 000 tons in the third quarter of 2013 from 69 000 tons in the third quarter of 2012. Grain SA indicated that if the export pace that took place between July and August should be

maintained, yellow maize stock available for export will be depleted sooner. Furthermore, any exports thereafter can support higher domestic yellow maize prices and possibly necessitate a bigger intake of white maize in the domestic fodder market. However, Grain SA warned that South Africa can potentially experience a yellow maize shortage for the biggest part of this marketing year (September 2013 to April 2014). Global wheat production in 2013 stands at 708,5 million tons, approximately 7% higher compared to last year's levels. Most of the increases in global wheat production reflect the recovery of crops in major producing countries after last year's drought-reduced levels (FAO, November 2013).

Domestically, harvesting of the winter wheat crop is currently underway and the expected commercial production of wheat for 2013 is slightly lower than last year's crop. The expected commercial production of wheat is 1, 759 million tons, just about 6% less than 1, 870 million tons of the previous season (DAFF, 2013).

During the third quarter of 2012, the average opening stock of wheat for human consumption was 854 000 tons while the average opening stock of wheat for animal feed reached 6 000 tons. The average opening stock of wheat for human consumption during the third quarter of 2013 decreased by 19% to 696 000 tons, while the average opening stock of wheat for animal feed decreased considerably by 56% to 3 000 tons. The average total opening stock of wheat decreased by 19%, from 860 000 tons to 698 000 tons between the third quarter of 2012 and the third quarter of 2013.

Local consumption of wheat in the third quarter of 2012 amounted to 842 000 tons. Of this total, 838 000 tons were used for human consumption, 3 000 tons were for the animal feed market, while the rest was kept at producer level as seed for the next planting season. During the third quarter of 2013, consumption of wheat decreased by 5% to reach 798 000 tons. Of this total, 796 000 tons were used for human consumption while 2 000 tons were for the animal feed market.

World oilseed production is expected to climb to an all-time high, possibly exceeding 500 million tons, supported by record soybean crop in South America (FAO, November 2013).

Domestically, the final expected production of sunflower seed is projected at 566 600 tons, approximately 8,5% more than 522 000 tons of the previous season. Meanwhile, the final expected production crop of soybeans is projected at 787 100 tons, about 21,1% more than 650 000 tons of the previous season (DAFF, 2013).

During the third quarter of 2013, the total opening stock of sunflower seed averaged 252 000 tons, which was 86 000 tons (25%) less than 338 000 tons recorded in the third quarter of 2012, while prolonged dry spells compromised the crop yield potential. Meanwhile, local consumption of sunflower increased by 14%, from 169 000 tons to 193 000 tons between the third quarter of 2012 and the third quarter of 2013. According to the FAO (2013), after last season's slowdown in global oil/fat consumption, a rebound in global oil/fat consumption is expected in 2013/14. Imports of sunflower seed decreased by 85%, from 6 000 tons to 1 000 tons between the third quarter of 2012 and the third quarter of 2013. Furthermore, the average opening stock of soya beans averaged 477 000 tons in the third quarter of 2013, approximately 11% more than 431 000 tons recorded for the third quarter of 2012. Consumption of soya beans increased by 59% from 138 000 tons to 220 000 tons between the third quarter of 2012 and the third quarter of 2013.

Domestic prices of white and yellow maize averaged R2 545/ton and R2 550/ ton respectively, in the third quarter of 2012; while wheat, sunflower seed and soybeans prices averaged R3 429/ton, R5 565/ton and R5 546/ton respectively, during the same period.

During the third quarter of 2013, an improved world supply outlook had a downward influence on local maize prices while weather developments in the US will continue to influence price direction in the short term (FNB Agri-weekly, 27 September 2013). During the third quarter of 2013, the price of white and yellow maize decreased by

10% and 16% to average R2 289/ton and R2 144/ton respectively. During the same period, the prices of wheat, sunflower seed and soybeans decreased by 1%, 10% and 2% to average R3 412/ton, R4 999/ton and R5 410/ton respectively. International wheat and oilseed prices remain bearish and prices are expected to come under pressure as fundamentals point to abundant world supplies.

2.8.2 Fruit and vegetable market review

Table B.1 shows quarterly average prices and quantities of various fruits that were traded at Fresh Produce Markets (FPMs) during the third quarters of 2012 and 2013. Between the third quarter of 2012 and the third quarter of 2013, the average prices of avocados and pears increased by 10% and 16% respectively, due to a reduction in quantities supplied to markets. Meanwhile, the average prices of mangoes and grapes declined by 19% and 27% respectively, due to an increase in quantities supplied to markets. During the same period under review, the average prices of apples, bananas and oranges increased by 2%, 14% and 7% respectively, despite an increase in quantities supplied to markets.

The quantity of selected fruits traded through FPMs increased significantly between the third quarter of 2012 and the third quarter of 2013, except for avocados and pears which decreased by 8% and 17% respectively. According to BFAP (2013), the latest fruit crop estimate from Hortgro reveal that exports of pears were 8% higher than the preceding three year average. This therefore implies relatively reduced supplies to the local markets, exerting upwards pressure on prices. During the same period under review, the quantities of apples, bananas, oranges, mangoes and grapes increased by 5%, 2%, 2%, 23% and 98% respectively. The consequences of interrupted vineyard activities due to the November 2012 farm workers' strike in De Doorns led to quality issues such as small berry sizes and uneven bunch shape and sizes. Thus volume of grapes that were inspected and passed for export in the current season were slightly lower than the previous season due to a combination of weather conditions and labour unrest (NAMC, 2013). Therefore, this implies increased supplies in local markets, exerting downward pressure on prices

Prices of a number of vegetables traded through the FPMs increased significantly between the third quarter of 2012 and the third quarter of 2013. The prices of beetroot, potatoes and spinach increased by 81%, 41% and 233%, respectively, due to a reduction in quantities supplied to markets. During the same period, the prices of carrots, onions, tomatoes and cabbage increased by 4%, 42%, 2% and 33% respectively, despite an increase in quantities supplied to markets. Meanwhile, the average price of sweet potatoes, lettuce and cucumber decreased by 42%, 18% and 12% respectively, due to an increase in quantities supplied across markets while on the contrary, the average price of green beans decreased by 42% despite a decline in the quantities supplied to markets.

During the period under review, quantities of most vegetables traded through FPMs increased significantly with the quantities of carrots, cucumber, lettuce, tomatoes, cabbage and sweet potatoes increasing by 7%, 166%, 4%, 4%, 5% and 80% respectively. During the same period, the quantities of beetroot, potatoes, spinach and green beans decreased by 14%, 5%, 6% and 1% respectively while quantities of onions decreased by less than a percentage.

2.8.3 Meat Industry Review

FAO's latest forecast reveal that world meat production is anticipated to expand modestly in 2013, by 1,4% compared to 2012. At the international level, meat prices remained high when compared to the past two years while some reduction in feed costs aided some price decreases for poultry meat. At the domestic level, extreme increases in feed prices resulted in an increase in meat prices; however, the increase in feed prices has not matched similar increases in meat prices, diminishing producer margins significantly. According to BFAP, South Africa's dependence on Argentina for soya cake as a protein source for animal feed has increased volatility of producer input costs.

2.8.3.1 Beef Industry Review

Local production conditions remained poor in most producing areas due to dry weather conditions and these dry weather conditions negatively affected pastures, feed and forage availability. Meanwhile, beef prices saw marginal losses on softer uptake especially towards mid-month of September. Moreover, there remains an urgent need for rain in most producing areas to stimulate pasture growth (FNB Agri-weekly, 06 September 2013).

Between the third quarter of 2012 and the third quarter of 2013, the gross production value of beef increased marginally by 2%, from R4,4 billion to R4,5 billion. During the same period, the average price of beef decreased by 1%, from R27,96/kg to R26,58/kg. Meanwhile, the number of cattle slaughtered increased slightly between the third quarter of 2012 and the third quarter of 2013 from 571 079 to 606 741 (Table B.3).

2.8.3.2 Poultry Industry Review

At the international level, a reduction in feed costs has facilitated some price decrease for poultry, while production has been stimulated by the lower feed costs in many countries. Domestically, the local poultry industry experienced some respite with regard to input costs and some relief from an announcement by Trade and Industry Minister, Rob Davies, that poultry import tariffs were raised by an average of 8,75%. Meanwhile, the broiler market extended gains across the whole bird category on the back of improved uptake and moderation in supplies. The weakness of the rand has also been supportive as it improves the competitiveness of the locally produced product (FNB Agri-weekly, 06 and 27 September 2013).

Between the third quarter of 2012 and the third quarter of 2013, the gross production value of poultry increased significantly by 19% from R6,9 billion to R8,3 billion. During the same period, the average price of poultry per ton increased by 12% from R18 760/ton to R21 077/ton. Total production of poultry increased by 6% from 372 166

metric tons to 393 223 metric tons between the third quarter of 2012 and the third quarter of 2013 (Table B.4)

2.8.4 Eggs and dairy Industry Review

Despite the pressure of high feed costs, the domestic egg market has been rather volatile but grew rapidly in recent years (BFAP, 2013). Between the third quarter of 2012 and the third quarter of 2013, the gross production value of eggs increased by 18%, from R1,9 billion to R2,3 billion. Meanwhile, the average price per dozen of eggs increased by 12%, from R9,13/ dozen to R10,22/dozen. Total production of eggs between the third quarter 2012 and the third quarter of 2013 increased slightly by 5%, from 210,9 million dozens to 221,5 million dozens.

Domestically, due to a prolonged mid-year dry spell that negatively affected pastures, feed and forage availability, total milk output increased marginally between January and August 2013. According to the Milk Producers Organisation (MPO), milk production increased by 0.25% between January and August 2013 when compared to the same period last year while the total supply of milk decreased by 6% during the same period. Nevertheless, MPO anticipates a production recovery during the spring season or later in the year due to higher producer prices. Between the third quarter of 2012 and the third quarter of 2013, the gross production value of milk increased considerably by 12%, from R2,9 billion to R3,2 billion. During the same period, the average price per litre of milk increased by 11%, from R3,41/ℓ to R3,78/ℓ. Total production of milk between the third quarter 2012 and the third quarter of 2013 increased marginally, by 1% from 837,7 million litres to 843,5 million litres.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

During the month of October 2013, rainfall was above normal in coastal areas and adjacent interiors and over Mpumalanga; while in other provinces it was below normal. Summer crops have been planted in some areas while in others preparations are being made. The veld and livestock remain poor in many areas but reasonable in others where rainfall has been received. Hail damage was reported in Mpumalanga, Western Cape and Gauteng while in KwaZulu-Natal heavy rains removed top soil.

The foot and mouth disease outbreak has been quarantined in Hlanzeni North district of Mpumalanga whereas drought continues in the Free State and Eastern Cape. Incidents of Avian flu and veldfires were reported in the Eastern Cape. The levels of dams have decreased in the majority of provinces.

Above normal maximum temperatures are expected to be limited to the far south west of South Africa in the months beginning in December - February 2014 while above normal rainfall conditions are expected for most parts of the summer rainfall region this summer.

Table 1 shows the intentions to plant summer crops for the 2014 season. The hectares allocated to white maize and yellow maize production are expected to decline by 4% and 3% respectively in 2013 compared to 2012. Government has declared the North West province a disaster area due to drought in the province. This is expected to result in further declines in hectares allocated to maize.

<i>Summer Grains</i>	<i>Intentions to plant 2014</i>	<i>2013 Intentions to plant</i>	<i>Final Crop 2013</i>
White maize	1 553 000	1 617 200	5 580 300
Yellow maize	1 132 000	1 164 000	6 142 250
Maize	2 685 000	2 781 200	11 722 550
Sunflower seed	620 000	504 700	566 600
Soya-beans	510 000	516 500	787 100
Groundnuts	48 500	46 900	42 300
Sorghum	70 000	62 620	151 064
Dry beans	48 000	43 550	60 200
TOTAL	3 981 500	3 955 470	13 329 814

Table 1: Major Summer Crops

Source: DAFF

Hectares allocated to sunflower, groundnuts, sorghum and drybeans are expected to increase by 22,8%; 3,4%; 11,8% and 10,2% respectively in 2013 compared to 2012, while hectares allocated to soybeans are expected to decline by 1,2%.

The third production forecast for winter cereals shows that wheat production has been revised downwards by 2,1% from 1 790 850 tons in the previous forecast. The production tons are expected to be 6,3% lower than in 2012. Canola and malting barley production forecasts have been revised downward by 0,1% and 0,7% respectively compared to the previous forecast. Canola production is expected to be 37,3% higher compared to 2012, while malting barley production is expected to be 6,3% lower than the previous year. Table 2 shows the production forecast for winter grains.

<i>Winter Cereals</i>	<i>Area planted</i>	<i>4th forecast tons</i>	<i>3rd forecast tons</i>	<i>Final crop/ 2012</i>
	2013	2013	2013	2012
Wheat	505 500	1 752 350	1 790 850	1 870 000
Malting barley	81 320	279 115	280 961	298 000
Canola	72 165	108 441	108501	79 000
Total	658 985	2139 906	2180 312	2 247 000

Table 2: Winter cereals

Source: DAFF

Milk production: Some cases of stock unavailability were reported during September 2013. Production growth is expected to remain below 2% for the rest of the year. The market demand for dairy products continues to grow at more than 4% per year (MPO, 2013).

Wine production: Sawis indicated that judging from the 2013 post-harvest period (April - May 2013) and the winter season, as well as the uprooting and planting trends in the regions, the wine crop is expected to be smaller than the record 2013 crop, but in most regions the seasonal conditions will result in a good crop. Frost damage along the Orange River will impact considerably on the region's production (Sawis, 2013).

Beef production: According to ABSA agribusiness (2013), cattle are reported to be dying on farms in the North West province due to the drought. This is also expected to have a major impact on beef production in the country and costs are also expected to soar for beef producers.

Pig meat and mutton production: Lower supplies are expected for the December 2013 season (ABSA Agribusiness, 2013).

Vegetables: Lower supplies are expected for cabbages, while higher production is anticipated for carrots, onions and tomatoes production (ABSA Agribusiness, 2013).

3.2 Prices

Beef Prices: At the international level, prices have remained high by historical standards for the past two years (FAO, 2013). In 2013, a reduction in feed costs has curbed the rise in beef prices, yet they still remain at high levels. Prices might increase in the short-term during the festive season. Domestic prices are expected to move upwards in the short-term due to higher demand towards the December holidays. The drought in the North West might result in farmers taking their production animals to the abattoir thus bringing some relief to beef prices locally.

Mutton Prices: Prices are expected to continue their upward trend even though growth in production is anticipated as demand continues to soar in China, the US, the EU etc (FAO, 2013). Locally, prices are expected to increase in the short-term due to higher demand towards the summer holiday period during December-January (ABSA Agribusiness, 2013).

Pork Market: International prices are expected to move downwards in the short term due to an expected decline in demand. Prices are expected to rebound as output is forecasted to be lower in major exporting countries (FAO, 2013). Local prices are expected to move upwards in the short term due to lower supplies, also supported by higher prices of red meat products (ABSA Agribusiness, 2013).

Poultry: The reduction in feed costs has resulted in an increase in production in both developing and developed countries (FAO, 2013). Fundamentals point to a decline in international prices due to lower demand. Domestic prices will move upward in the short term due to higher demand supported by higher pork and red meat prices towards the holiday season (ABSA Agribusiness, 2013).

Yellow maize: A strong recovery in maize production from the US is expected to depress international prices (FAO, 2013). Domestic prices are expected to move upwards in the short-term despite the international downward trend; supported by the weaker rand, but also depending on rains in the Free State and the North West provinces which are currently experiencing drought (ABSA Agribusiness, 2013).

White maize: Internationally, the white maize price is expected to move downwards in the short-term as white maize prices are expected to follow the yellow maize price trends. Locally, prices are also expected to follow the yellow maize price trends while the weather is also expected to play a significant role (ABSA Agribusiness, 2013).

Oilseeds: Internationally, oilseeds prices are expected to decrease due to increased production. Production in 2013/14 is expected to increase further from the record breaking output in 2012/2013, supported by record soybean crops in South America.

Locally, the soybean price is expected to decrease in the short term. Soybeans are expected to track international prices, but it will also depend on the weather (ABSA Agribusiness, 2013).

Sugar Prices: International sugar prices are expected to continue the downward trend which is attributed to a large expansion of production in response to historically low global stock to use ratios which underpinned the market between 2008/09 and 2010/11 (FAO,2013). Locally, prices are expected to track international prices but the weak rand is expected to boost local demand.

Milk and milk products:

Internationally, dairy products prices have fallen from their peak in April, but still remain high. Global demand is growing while global production still battles to regain production losses suffered in 2012. The situation is expected to continue pushing exports and limiting imports (MPO, 2013). Locally, the high international dairy prices create opportunities for the SA dairy industry. Local producer prices are still significantly below levels needed to encourage production growth (MPO, 2013).

Wool: International wool and cotton prices are expected to decrease in the short-term due to, inter-alia, lower demand from China (Cape Wool SA, 2013). Local wool and cotton prices are expected to follow international prices

Vegetables:

Cabbages: Prices are expected to increase in the short-term due to lower supplies (ABSA Agribusiness, 2013)

Carrots: Prices are expected to fluctuate in the short-term due to expected higher supplies during the summer season (ABSA Agribusiness, 2013).

Onions: Prices are expected to fluctuate downwards in the short term due to higher supplies (ABSA Agribusiness, 2013).

Potatoes: Prices are expected to have a slightly downward movement in the short-term approaching the beginning of December 2013, especially if high temperatures succeed (ABSA Agribusiness, 2013).

Tomatoes: Prices are expected to decrease slightly in the short-term to fluctuate to varying degrees despite the lower supplies in the market (ABSA Agribusiness, 2013).

3.3 Exchange Rate

The rand has traded at weak levels for most parts of 2013 and expectations are of major central banks to remain on the expansionary side of their growth curves including the SA Reserve Bank's Monetary Policy Committee which kept interest rates unchanged in November 2013. Below are forecasts by ABSA, Nedbank and Investec.

<i>USD/ZAR Forecasts 2013</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>
<i>ABSA</i>	8.95	9.5	10	10.04
<i>Nedbank</i>	9.26	9.97	10.14	10.09

ABSA and Nedbank Perspectives

<i>Year</i>	<i>2013</i>	<i>2014</i>
<i>USD/ZAR</i>	<i>R/\$ 9.75</i>	<i>R/\$ 10.28</i>

Investec Perspective

The consensus forecasts are of the rand trading at depreciated levels against the US dollar until end of 2013. Local factors expected to affect the value of the rand are, *interalia*, wage tensions in the country, persistent strikes and the low SA output including the BOP deficit.

The agricultural trade balance in the third quarter of 2013 was 134% more than the third quarter of 2012, and agriculture seems to have benefited from, amongst others, the weaker rand.

4. CONCLUSION

The global economy has entered another transition where advanced economies are gradually strengthening while growth in emerging market economies is slowing. The US economy has become a key driver of global growth, while growth in China, which has been a key driver of global growth since the recession, is slowing. Growth in sub-Saharan Africa is expected to pick-up, supported by commodity-related projects. The SA economy is forecast to slow slightly due to production disruptions resulting from labour unrests and lower consumer demand. The agriculture, forestry and fishing sector rebounded in the third quarter of 2013 and is expected to benefit from, *inter alia*, historically low levels of the rand as well as rising grain prices.

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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 2011	2 751	973	2 984	1 613	370	2 745	1 533	1 479	2 260	4 643	363	216	42	21 973
3rd Qtr 2012	3 164	1 141	3 401	1 888	411	3 225	1 598	1 864	2 666	4 022	406	248	44	25 078
3rd Qtr 2013	3 445	1 198	3 646	2 057	456	3 661	1 696	2 051	2 880	5 431	455	286	47	28 080
3rd Qtr 2011 to 3rd Qtr 2012	15.0%	17.3%	14.0%	17.0%	11.1%	17.5%	4.2%	26.0%	18.0%	8.2%	12.0%	15.0%	5.1%	14.1%
3rd Qtr 2012 to 3rd Qtr 2013	8.9%	5.0%	7.2%	9.0%	10.9%	13.5%	6.1%	10.0%	8.0%	8.2 %	12.0 %	15.0%	6.3%	11.9%

Source: DAFF

Table A.2: Gross income from agricultural products between 2011 and 2013

Year	2011				2012				2013		
Quarter	1 st	2 nd	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 million)											
Field crops	1 791,52	12 472,88	14 130,61	7 630,95	2 589,75	21 569,24	12 361,25	8 364,92	3 578,83	24 969,87	10 216,19
Horticulture	8 689,79	11 703,74	10 124,74	8 176,07	9 611,96	12 535,51	10 795,50	9 152,02	10 774,64	14 108,16	11 697,30
Animal products	17 139,23	17 093,33	17 096,12	20 800,98	19 135,52	18 613,82	19 114,90	23 561,19	19 768,62	20 712,42	21 724,73
Total	27 620,55	41 269,95	41 351,46	36 608,01	31 337,23	52 718,57	42 271,66	41 078,12	34 122,09	59 790,44	43 638,22

Source: DAFF

Table A.3: Private consumption expenditure on food between 2011 and 2013

	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
1 st Qtr 2011	29 308	22 738	1 057	10 365	1 208	2 990	9 187	2 597	7 685	87 134
2 nd Qtr 2011	30 383	24 594	1 666	10 094	2 136	3 517	9 317	2 761	81 71	92 639
3 rd Qtr 2011	30 269	27 404	1 782	11 519	2 435	3 463	10 112	2 939	8 698	98 622
4 th Qtr 2011	35 132	27 534	1 785	12 424	2 210	3 835	10 688	3 163	9 361	106 132
1 st Qtr 2012	32 554	27 762	1 363	11 475	2 102	3 574	9 953	3 000	8 878	100 662
2 nd Qtr 2012	32 696	28 679	1 633	11 597	2 057	3 667	9 701	3 042	9 003	102 074
3 rd Qtr 2012	32 914	31 148	1 776	12 801	2 280	3 681	10 711	3 221	9 531	108 062
4 th Qtr 2012	37 748	30 357	1 783	14 095	2 704	3 789	13 277	3 506	10 375	117 634
1 st Qtr 2013	35 038	27 054	1 300	12 308	2 340	3 751	11 860	3 164	9 365	106 181
2 nd Qtr 2013	36 513	30 151	1 594	12 525	2 533	3 894	11 962	3 351	9 917	112 441
3 rd Qtr 2013	35 569	31 197	1 801	14 358	2 836	3 863	12 039	3 435	10 166	115 266
3 rd Qtr 2012 to 3 rd Qtr 2013	-2,6%	3,5%	13,0%	14,6%	11,1%	-0,8%	0,6%	2,5%	2,5%	2,5%

Source: DAFF

Table A.4: SA's top ten export destination and import markets for agricultural products by value between the third quarter of 2012 and the third quarter of 2013

	Export values by destination (R million)		Share in SA total agric exports			Import values by exporting country (R million)		Share in SA total agric imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013
Top 10 export markets					Top 10 import markets by exporting country				
Total	15 628	20 853	-	-	Total	13 640	16 190	-	-
Netherlands	1 451	1 961	9%	9%	Argentina	1 845	1 530	14%	9%
United Kingdom	1 221	1 688	8%	8%	China	1 205	1 366	9%	8%
Zimbabwe	1 279	1 537	8%	7%	United Kingdom	1 102	1 219	8%	8%
Japan	464	1 247	3%	6%	India	576	1 088	4%	7%
Mozambique	739	1 138	5%	5%	Brazil	934	945	7%	6%
China	461	765	3%	4%	Netherlands	651	932	5%	6%
United States	621	760	4%	3%	United States	669	767	5%	5%
Germany	452	719	3%	3%	Thailand	562	710	4%	4%
Hong Kong	629	718	4%	3%	Indonesia	469	686	3%	4%
Angola	680	676	3%	3%	Germany	407	606	3%	4%

Source: South African Revenue Services

Table A.5: SA's Top five export and import values of agricultural products by product between the third quarter of 2012 and the third quarter of 2013

	Export values by destination (R million)		Share in SA total agric exports			Import values by product (R million)		Share in SA total agric imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013
Top 5 products exported into major markets					Top 5 products imported from major markets				
Total	15 628	20 853	-	-	Total	10 622	12 095	-	-
Oranges, Fresh	3 177	4 017	20%	19%	Rice, (Semi-Or Wholly Milled, Polished Or Not)	1 574	2 141	12%	13%
Corn (Maize), Other Than Seed Corn	1 221	2 074	8%	10%	Wheat And Meslin	1 407	1 090	10%	7%
Apples, fresh	768	1 214	5%	6%	Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	664	936	5%	6%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	900	1 168	6%	6%	Whiskies	919	925	7%	6%
Wine, Fr Grape Nesoi & Gr Must With Alc	521	904	3%	4%	Palm Oil, Refined But Not Chemically Modified	590	712	4%	4%

Source: South African Revenue Services

Table A.6: SA's top ten export destination and import markets for fishery products by value between the third quarter of 2012 and the third quarter of 2013

	Export values by destination (R million)		Share in SA total fisheries exports			Import values by exporting country (R million)		Share in SA total fisheries imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013
Top 10 export markets					Top 10 import markets by exporting country				
Total	255	275	-	-	Total	626	597	-	-
United States	36	51	14%	19%	Thailand	488	490	78%	82%
Italy	34	38	13%	12%	China	44	30	7%	5%
Australia	22	35	9%	8%	Norway	14	14	2%	2%
Germany	19	23	7%	7%	Mozambique	0.5	14	0%	2%
Netherlands	11	21	4%	6%	Falkland Islands	4	8	1%	1%
Spain	27	18	11%	5%	Spain	7	7	1%	1%
Japan	27	17	11%	5%	Portugal	6	6	1%	1%
Greece	6	16	2%	4%	United States	4	4	1%	1%
Angola	1	8	0%	4%	United Kingdom	2	4	0%	1%
Mauritius	7	7	3%	4%	Peru	4	4	1%	1%

Source: South African Revenue Services

Table A.7: SA's Top five export and import values of fisheries products by product between the third quarter of 2012 and the third quarter of 2013

	Export values by destination (R million)		Share in SA total fisheries exports			Import values by product (R million)		Share in SA total fisheries imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013
Top 5 products exported into major markets					Top 5 products imported from major markets				
Total	255	275	-	-	Total	626	597	-	-
Rock Lobster And Other Sea Crawfish, Frozen	65	73	25%	27%	Sardines/Sardinella/Brisling Prep/Pres, Not Minced	402	324	64%	54%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	41	57	16%	21%	Tunas/Skipjack/Bonito Prep/Pres Not Minced	150	184	24%	31%
Fish, Prepared Or Preserved, Whole Or Pieces	50	53	20%	19%	Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	28	35	4%	6%
Fish, Prepared Or Preserved	21	38	8%	14%	Atlantic and Danube salmon, frozen	12	16	2%	3%
Fish Including Fillets, Smoked	8	9	3%	3%	Rock Lobster And Other Sea Crawfish, Frozen	0.5	14	0%	2%

Source: South African Revenue Services

Table A.8: SA's top ten export destinations and import markets for forestry products by value between the third quarter of 2012 and the third quarter of 2013

	Export values by destination (R million)		Share in SA total forestry exports			Import values by exporting country (R million)		Share in SA total forestry imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		Top 10 import markets by exporting country	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012
Total	2 559	3 225	-	-	Total	1 721	2 090	-	-
Indonesia	642	569	25%	18%	China	303	393	18%	19%
China	310	387	12%	12%	United Kingdom	244	261	14%	12%
India	111	261	4%	8%	United States	233	248	14%	12%
Thailand	194	227	8%	7%	Germany	149	209	9%	10%
Zimbabwe	156	186	6%	6%	Sweden	78	104	5%	5%
United Kingdom	135	174	5%	5%	Austria	63	82	4%	4%
Spain	39	171	2%	5%	Finland	48	68	3%	3%
Belgium	135	127	5%	4%	New Zealand	23	67	1%	3%
Germany	65	121	3%	4%	Indonesia	56	58	3%	3%
Mozambique	88	118	3%	4%	Brazil	41	57	2%	3%

Source: South African Revenue Services

Table A.9: SA's Top five export and import values of forestry products by product between the third quarter of 2012 and the third quarter of 2013

Top 5 products exported into major markets	Export values by destination (R million)		Share in SA total agric exports		Top 5 products imported from major markets	Import values by product (R million)		Share in SA total agric imports	
	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013		3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2012	3 rd Qtr 2013
Total	2 559	3 225	-	-	Total	1 721	2 090	-	-
Chemical Woodpulp, Dissolving Grades	1 418	1 703	55%	53%	Printed Books, Brochures, Etc., Nesoi	364	387	21%	19%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	317	495	12%	15%	Chemical Woodpulp, Soda Etc. N Dis S BI & BI Conif	73	146	4%	7%
Chemical Woodpulp, Soda Etc, N Dis S BI & BI Nonconif	173	187	7%	6%	Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	104	100	6%	5%
Cartons, Boxes & Cases Corrugated Paper & Paperbd	73	95	3%	3%	Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	76	74	4%	4%
Printed Books, Brochures, Etc., Nesoi	49	74	2%	2%	Sack Kraft Paper Uncoated Unbleached, Rolls/Sheets	28	72	2%	3%

Source: South African Revenue Services

Appendix B: Review of agricultural markets
Table B.1: Proxies of grain supply and consumption and grain prices

	July 2012	August 2012	September 2012	3 rd Qtr 2012	April 2013	May 2013	June 2013	3 rd Qtr 2013	3 rd Qtr 2012 to 3 rd Qtr 2013 % change
	Volumes (1000 tons)								
White maize opening stock*	2 999	4 374	4 377	3 917	2 914	3 675	3 475	3 355	-14%
Yellow maize opening stock*	2 522	3 109	2 967	2 866	3 224	3 563	3 138	3 308	15%
Total maize opening stock*	5 521	7 483	7 344	6 783	6 138	7 238	6 613	6 663	-2%
White maize processed for local consumption	399	411	378	1 188	449	406	345	1 200	1%
Yellow maize processed for local consumption	389	368	360	1 117	344	353	403	1 100	-2%
Total maize processed for local consumption	788	779	738	2 305	793	759	748	2 300	0%
Total white maize exports	190	173	141	504	87	91	118	296	-41%
Total yellow maize exports	18	21	30	69	271	254	79	604	775%
Total maize exports	208	194	171	573	358	345	197	900	57%
Wheat opening stock: human market*	994	848	721	854	919	667	501	696	-19%
Wheat opening stock: feed market*	6	6	6	6	3	3	2	3	-56%
Wheat opening stock*	1 000	854	727	860	922	670	503	698	-19%
Wheat consumption: human consumption	274	287	277	838	272	253	271	796	-5%
Wheat consumption: animal feed	1	1	1	3	1	0.7	0.5	2	-27%
Total wheat consumption	276	288	278	842	273	254	272	798	-5%
Wheat imports (for human consumption only)	143	193	222	558	49	88	303	440	-21%
Wheat exports	19	28	27	74	24	24	21	69	-7%
Average opening sunflower stock*	371	345	297	338	147	249	361	252	-25%
Sunflower seed imports	2	2	2	6	1	0	0	1	-85%
Total processed sunflower for consumption	61	56	52	169	61	68	64	193	14%
Average soya bean opening stock*	496	437	361	431	550	479	402	477	11%
Soya bean consumption	53	47	38	138	76	76	68	220	59%
	Market prices (R/ton)								
									3rd Qtr 2012 to 3rd Qtr 2013 % change
White maize	2 538	2 679	2 419	2 545	2 263	2 297	2 307	2 289	-10%
Yellow maize	2 513	2 690	2 447	2 550	2 171	2 138	2 122	2 144	-16%
Wheat	3 426	3 448	3 414	3 429	3 447	3 439	3 350	3 412	-1%
Sunflower	5 104	5 513	6 077	5 565	5 171	4 850	4 976	4 999	-10%
Soya bean	5 253	5 588	5 798	5 546	5 269	5 291	5 670	5 410	-2%

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

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

	Average prices at FPM (R/ton)			Percentage change	
	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Apples	4 797	5 180	5 309	8%	2%
Avocados	7 594	6 307	6 965	-17%	10%
Bananas	4 178	3 567	4 076	-15%	14%
Oranges	1 571	1 802	1 933	15%	7%
Pears	4 540	5 084	5 904	12%	16%
Mangoes	8 012	8 025	6 498	0%	-19%
Grapes	13 381	21 501	15 715	61%	-27%

Source: DAFF

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

	Total quantities sold at FPMs (1000 tons)			Percentage change	
	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Apples	41 545	42 290	44 390	2%	5%
Avocados	5 922	8 362	7 720	41%	-8%
Bananas	54 105	63 775	65 152	18%	2%
Oranges	60 724	52 102	53 095	-14%	2%
Pears	12 569	12 445	10 361	-1%	-17%
Mangoes	42	64	79	53%	23%
Grapes	728	621	1 230	-15%	98%

Source: DAFF

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

	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Beetroot	4 928	2 029	3 664	-59%	81%
Carrots	2 806	2 385	2 489	-15%	4%
Cucumber	6 442	7 951	6 983	23%	-12%
Lettuce	4 162	4 610	3 758	11%	-18%
Onions	2 264	2 339	3 326	3%	42%
Potatoes	2 783	2 426	3 429	-13%	41%
Spinach	4 460	1 109	3 693	-75%	233%
Tomatoes	4 221	3 832	3 892	-9%	2%
Cabbage	1 640	1 489	1 976	-9%	33%
Green beans	9 389	8 156	7 189	-13%	-12%
Sweet potatoes	3 413	4 335	2 522	27%	-42%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage change	
	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Beetroot	6 793	10 470	8 989	54%	-14%
Carrots	24 578	29 230	31 146	19%	7%
Cucumber	29	20	54	-29%	166%
Lettuce	5 459	5 457	5 669	0%	4%
Onions	94 060	95 656	95 216	2%	0%
Potatoes	249 426	279 497	265 339	12%	-5%
Spinach	2 641	3 328	3 126	26%	-6%
Tomatoes	68 784	75 589	78 607	10%	4%
Cabbage	29 790	27 992	29 400	-6%	5%
Green beans	2 988	3 246	3 199	9%	-1%
Sweet potatoes	6 344	5 738	10 328	-10%	80%

Source: DAFF

Table B.6: Beef

	Units	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Gross value	R'000	4 108	4 382	4 460	7%	2%
Average price	R/kg	27,72	27,96	27,58	1%	-1%
Total slaughtering	Heads	568 240	571 079	606 741	0%	6%

*Heads refer to the number of cattle slaughtered
Source: DAFF

Table B.7: Poultry

	Units	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Gross value	R'000	5 850	6 982	8 288	19%	19%
Average price	R/Mt	15 847	18 760	21 077	18%	12%
Commercial Production	Mt	369 189	372 166	393 223	1%	6%

Source: DAFF

Table B.8: Eggs

	Units	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Gross value	R'000	1 876	1 925	2 264	3%	18%
Average price	R/dozen	8,96	9,13	10,22	2%	12%
Total Production	1000 dozen	209 520	210 857	221 500	1%	5%

Source: DAFF

Table B.9: Milk

	Units	3 rd Qtr 2011	3 rd Qtr 2012	3 rd Qtr 2013	3 rd Qtr 2011 to 3 rd Qtr 2012	3 rd Qtr 2012 to 3 rd Qtr 2013
Gross value	R'000	2 081	2 860	3 192	37%	12%
Average price received by farmers	R/litre	2,92	3,41	3,78	17%	11%
Total Production	1000 litre	713 420	837 676	843 507	17%	1%

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>