

# Quartely Economic Overview

AGRICULTURE SECTOR

Volume 21, Number 2, Second Quarter 2023



agriculture, land reform  
& rural development

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



## PREFACE

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

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

This issue looks at the economic developments in 2023: Q2, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

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## EXECUTIVE SUMMARY

**Global growth prospects:** The real GDP growth Rates for 2023 (Q2) in the advanced economies of the following countries: France, Japan, United States and United Kingdom increased by 0.5%, 1.2%, 0.2%, and 0.5% respectively, while Italy decreased by 0.4%, when compared to the second quarter of 2022 (Q2).

In the emerging markets and developing economies, the real GDP growth rates for 2023 (Q2) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 0.9%, 6.3%, 7.8%, 5.17%, 2.9%, 4.3%, 0.6%, 2.51%, and 4.9%, respectively, when compared to the second quarter of 2022 (Q2) last year figures.

**Global grain supply forecast:** Global supply projections for 2023 (Q2) of coarse grains and rice milled decreased by 0.1% and 1.5% respectively, while wheat, cotton, oilseeds, oil meals and vegetable oils increased by 0.2%, 0.6%, 4.7%, 2.1% and 3.3% respectively, when compared to the second quarter of 2022.

**South Africa's GDP:** The SA economy grew by 0.6% in second quarter of 2023 from an increase of 0.4% in the previous quarter, which was much stronger than expected %. A strong performance from manufacturing and mining helped to offset the effects of sky-high interest rates, Transnet woes and a rand crash due to the Lady R diplomatic crisis. After shrinking more than 12% in the first quarter, agriculture made a strong comeback, growing by 4.2%, contributed 0.1 percentage point to GDP growth thanks to favourable weather conditions, increased cultivation, and a rise in export demand.

**Inflation:** The annual average headline CPI for the second quarter of 2023 was 6.46%, which shows a significant increase of 20.35% when compared to the same period last year. Food inflation for the second quarter of 2023 was 12.49%, which shows an increase of 25.75% from -13.26% of the second quarter of 2022.

**Employment:** South Africa's official unemployment rate dropped marginally in the second quarter to 32.6% from 32.9% in the first quarter of 2023, its lowest level since

the first quarter of 2021. The number of people employed in agricultural sector increased from 874 000 in the second quarter of 2022, to 894 000 people in the same quarter of 2023, which represent an increase of 2.4%.

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

**Trade:** The trade balance for agricultural products grew by 7.4% in Q1: 2023 relative to Q4: 2022. Export value of agricultural products grew by 8.8% in Q1: 2023 relative to Q4:2022, while the import value of agricultural products also grew by 9.8% quarter-on-quarter.

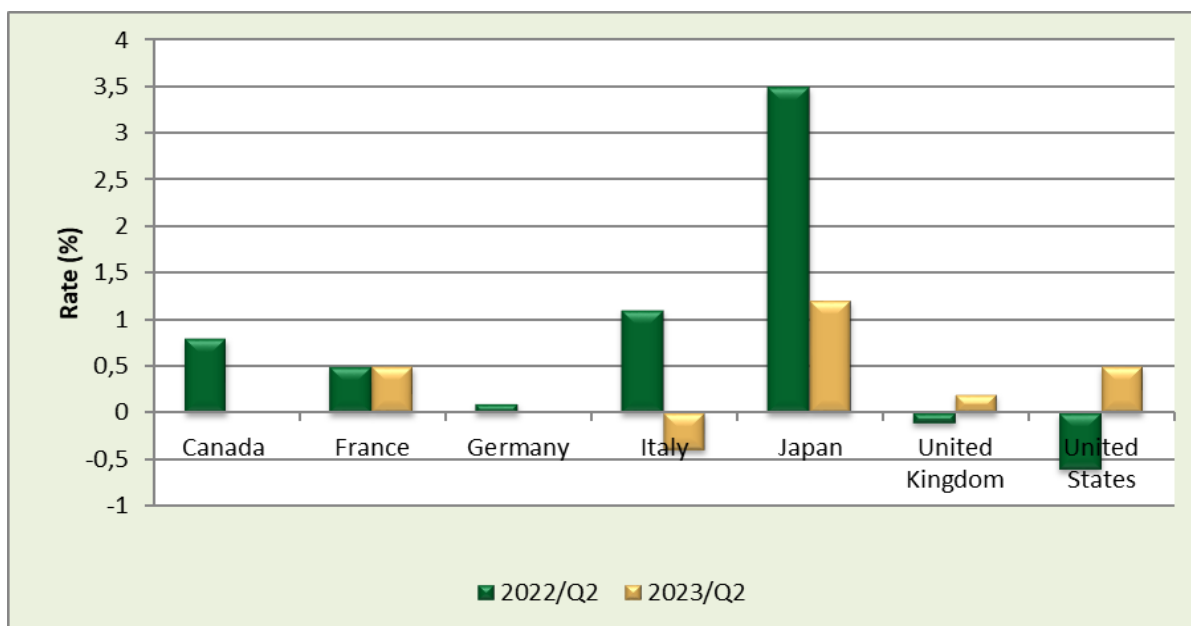


# 1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

## 1.1 Global Real GDP Growth Rates

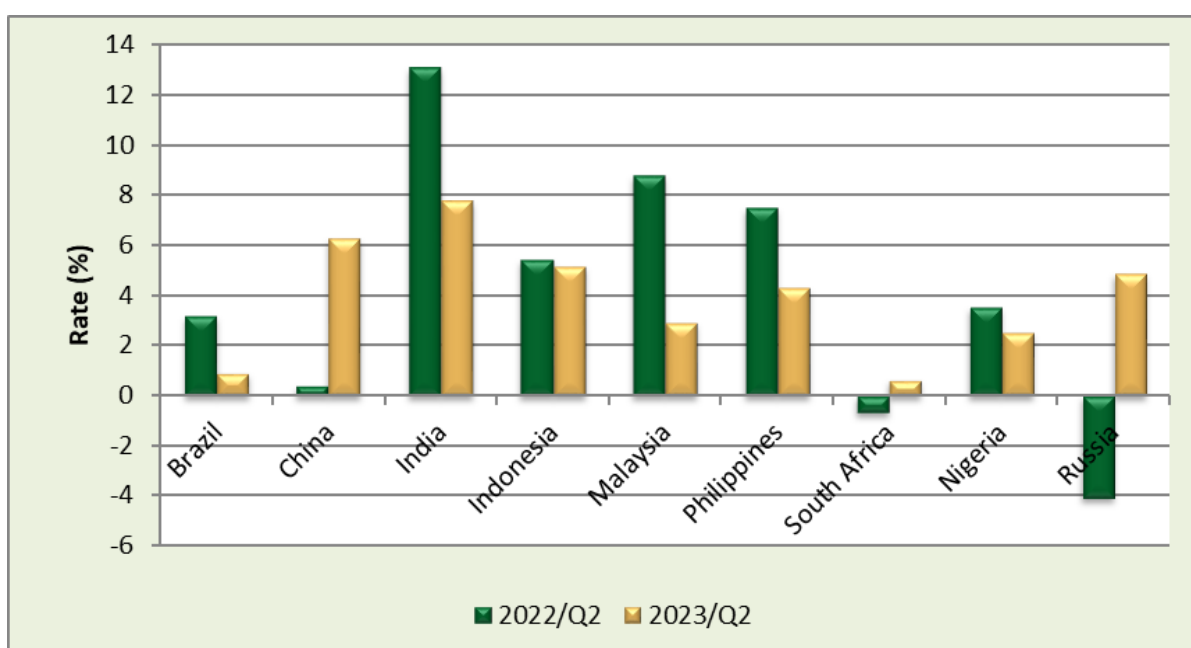
According to the Conference Board, Global Economic Outlook report (June 2023), it indicates that the Global real GDP is forecasted to grow by 2.7% in 2023, down from 3.3% in 2022. We expect further slowing to 2.4% in 2024. Economic growth is moderating under the weight of still high inflation and monetary policy tightening. Rather than a global recession, we expect a relatively subdued economic outlook. Rapid monetary policy tightening over the last year or so led to weakening in global housing, bank lending, and the industrial sector. However, this weakness has been more than offset by strength in other sectors, most notably service-sector activities, which is visible in labour markets.

Strong consumer spending and the fading impact of shocks of recent years have been difficult to assess, leading to ongoing forecast revisions. Nonetheless, recent data show moderation of these positive trends, leading to slower global growth in the second half of 2023 and early 2024. The real GDP growth Rates for 2023 (Q2) in the advanced economies of the following countries: France, Japan, United States and United Kingdom increased by 0.5%, 1.2%, 0.2%, and 0.5% respectively, while Italy decreased by 0.4%, when compared to the second quarter of 2022 (Q2). See figure 1 below.



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

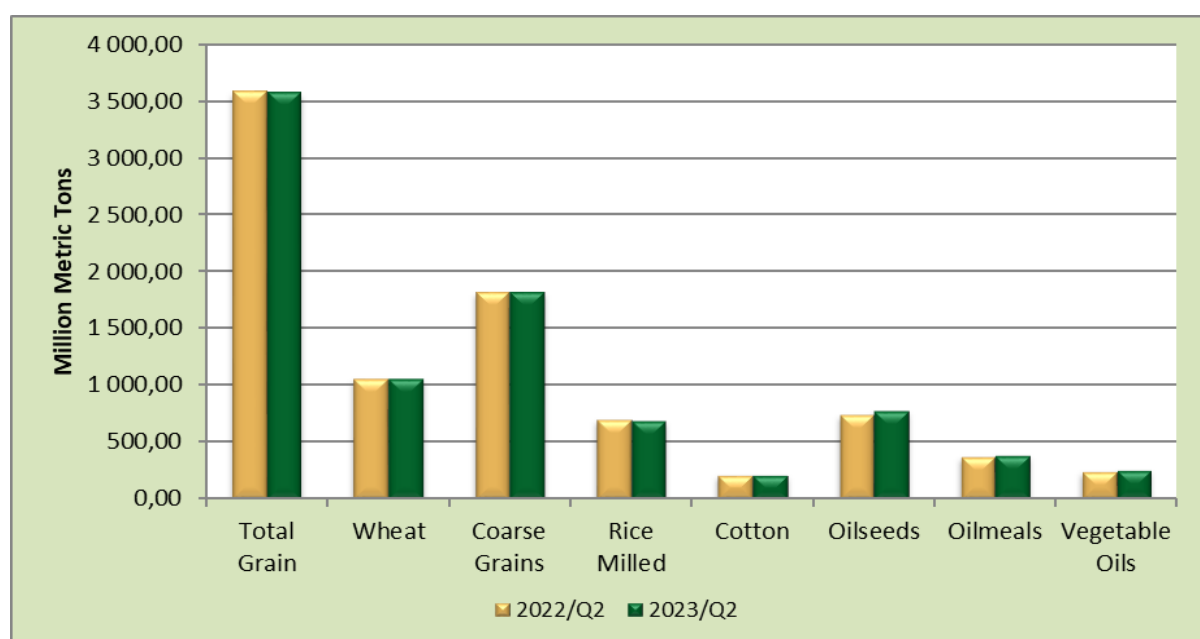
Figure 2, Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2023 (Q2) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 0.9%, 6.3%, 7.8%, 5.17%, 2.9%, 4.3%, 0.6%, 2.51%, and 4.9%, respectively, when compared to the second quarter of 2022 (Q2) last year figures.



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

## 1.2 Global Grain forecast

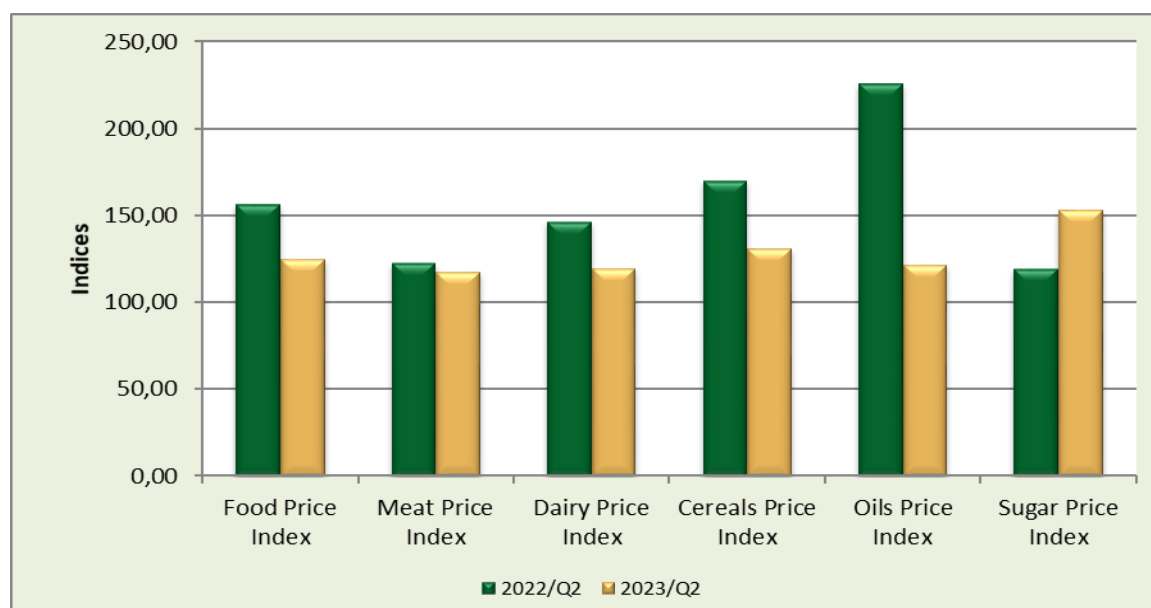
The global grain supply forecast indicates a total grain decrease of 0.3%, from 3.577 million metric tons in 2022 (Q2) to 3.567 million metric tons in 2023 (Q2). Global supply projections for 2023 (Q2) of coarse grains and rice milled decreased by 0.1% and 1.5% respectively, while wheat, cotton, oilseeds, oil meals and vegetable oils increased by 0.2%, 0.6%, 4.7%, 2.1% and 3.3% respectively, when compared to the second quarter of 2022, see figure 3 below.,



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

## 1.3 Global Food Prices

Globally in 2023 (Q2) some major countries were paying lower by 20.4% on food purchases compared to 2022 (Q2). The following global food products price indices in 2023 (Q2), meat, dairy, cereals and oils indices shows an decrease of 4.5%, 18.7%, 23.0% and 46.3% respectively, whilst and sugar indices shows a increase of 27.8% respectively, when compared to (Q2) of 2022, see figure 4.



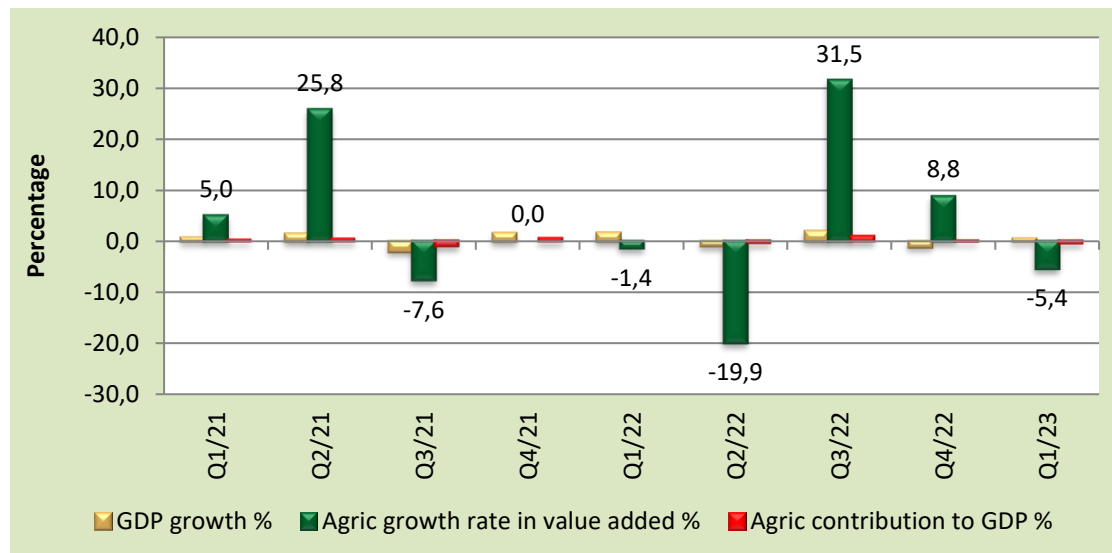
**Figure 4:** Quarterly global food price indices  
Data Source: FAO

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

### 2.1 Growth

The SA economy grew by 0.6% in second quarter of 2023 from an increase of 0.4% in the previous quarter, which was much stronger than expected. The median GDP growth forecast among economists who were surveyed by Reuters was just 0.1%. A strong performance from manufacturing and mining helped to offset the effects of sky-high interest rates, Transnet woes and a rand crash due to the Lady R diplomatic crisis. Also, while the second quarter started off with intensive power cuts, June saw the lowest monthly load shedding since August 2022, which helped to bolster the manufacturing industry. The sector grew by 2.2%, with nine of the ten manufacturing divisions expanding in the second quarter. The mining industry expanded by 1.3%, with the strongest growth coming from platinum group metals, gold and coal. This was despite Transnet's poor rail performance, which is causing billions in lost revenue for commodity exports.

After shrinking more than 12% in the first quarter, agriculture made a strong comeback, growing by 4.2%, contributed 0.1 percentage point to GDP growth thanks to favourable weather conditions, increased cultivation, and a rise in export demand. This was also due to an increase in economic activities reported on field crops and horticulture products. The finance, real estate and business services industry grew by 0.7%. But after growing for nine months, the construction industry shrank in the second quarter. The economy also benefited from a sharp rise in investments in machinery and equipment, particularly related to renewable energy. Gross fixed capital investments increased by 3.9% from the first quarter. Despite the stronger than expected growth in the second quarter, the economy remains under immense pressure not only from load shedding, but also due to 475 basis points in rate hikes over 18 months and persistently high inflation. Household incomes are not keeping up with these demands, triggering a rise in bad debts. More than 70% of new credit applications are now being turned down, according to the National Credit Regulator. Interest rates are only expected to be lowered next year. Household final consumption expenditure decreased by 0.3% in the second quarter. But spending on restaurants and hotels grew.

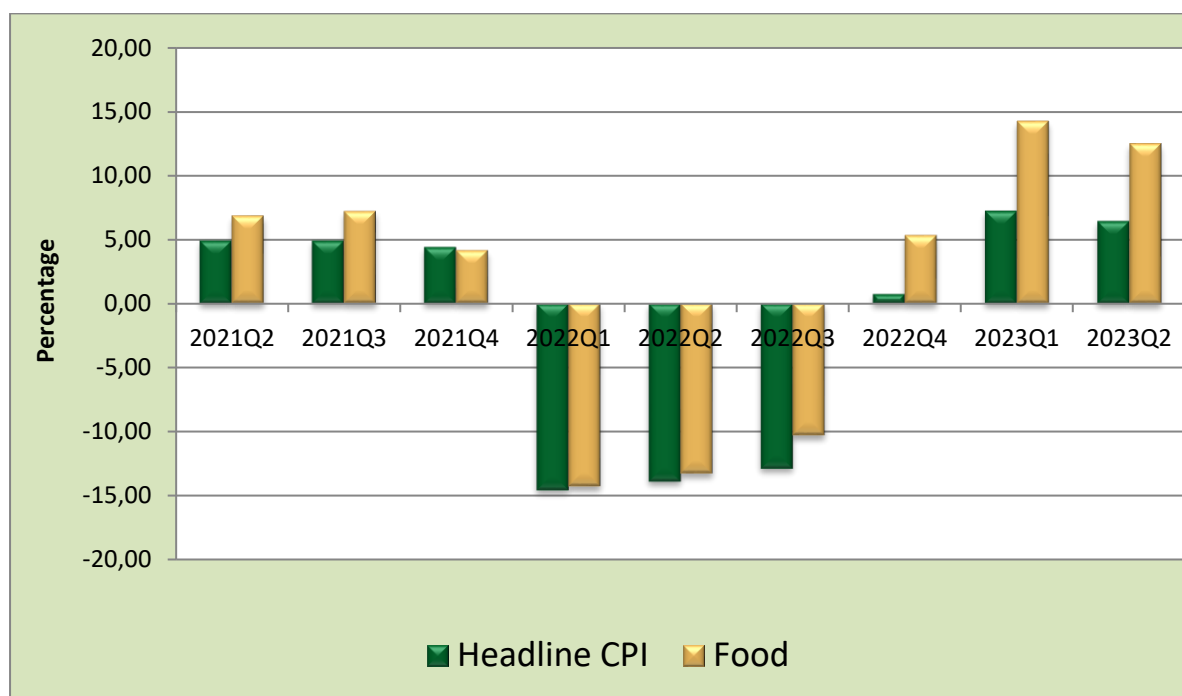


**Figure 5:** The GDP growth and Agriculture contribution to the GDP growth 2021: Q1 and 2023: Q1  
Source: Stats SA

## 2.2 Inflation

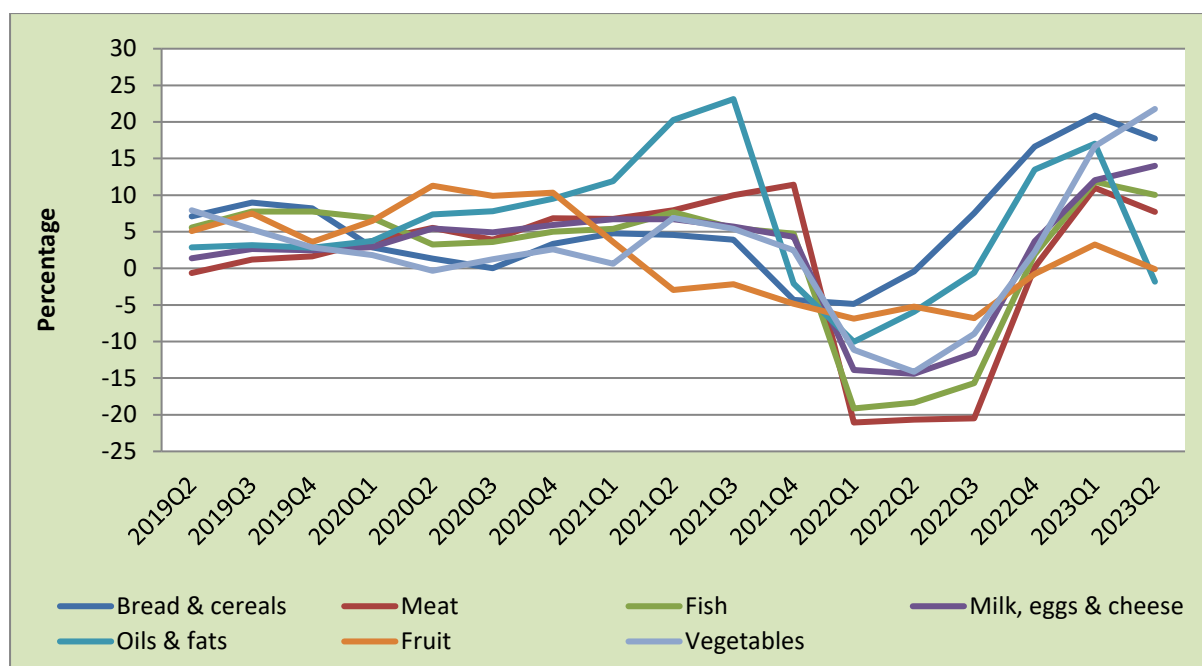
Figure 6 shows South Africa's annual headline CPI and the food inflation from the second quarter of 2023 as illustrated. The annual average headline CPI for the second quarter of 2023 was 6.46%, which shows a significant increase of 20.35% when

compared to the same period last year. Food inflation for the second quarter of 2023 was 12.49%, which shows an increase of 25.75% from -13.26% of the second quarter of 2022.



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

Figure 7 illustrates the consumer trends of selected food items for the second quarter of 2023. Food inflation for 2022 (Q3), shows that oils & fats and fruit were generally less expensive with CPI of -1.81% and -0.10% respectively, whilst meat, fish, milk, egg & cheese, bread & cereals and vegetables were generally more expensive with CPI of 7.70%, 10.04%, 14.00%, %, 17.73% and 21.77% respectively when compared to other food items in the same quarter last year 2022



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

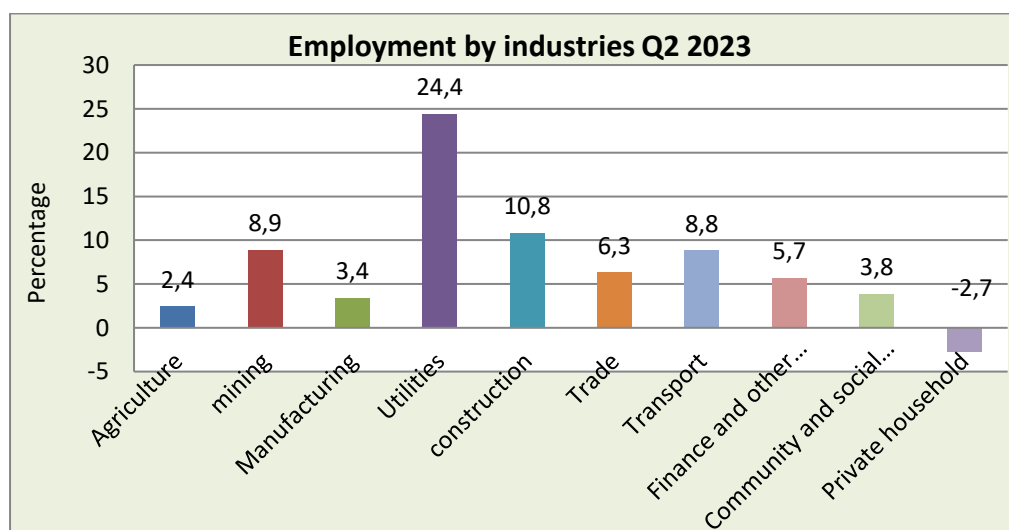
Data Source: Stats SA

## 2.3 Employment

Figure 8 shows South Africa's official unemployment rate dropped marginally in the second quarter to 32.6% from 32.9% in the first quarter of 2023, its lowest level since the first quarter of 2021. According to Statistics South Africa (Stats SA) the number of people with jobs rose to 16.3 million in April-June, approaching the pre-COVID level of 16.4 million and the seventh consecutive quarterly rise in employment. Africa's most industrialised economy has one of the highest unemployment rates in the world, with the pandemic exacerbating longstanding structural problems linked to the legacy of apartheid and colonialism. A major constraint in the last decade has been rolling power blackouts that have slashed the country's growth potential and hurt businesses of all sizes. The economy did manage to eke outgrowth of 0.2% in annual terms in the first quarter of 2023, but the central bank thinks growth would be closer to 2% in the absence of power cuts. Stats SA data showed the number of unemployed people was 7.921 million in the second quarter, compared with 7.933 million in the first quarter.

According to an expanded definition of unemployment that includes those discouraged from seeking work, 42.1% of the labour force was jobless in April-June, compared with 42.4% in January-March. Analysts had predicted the official unemployment rate would be 32.9% in the second quarter, the same as in the first. In a reflection of how the past decade's economic growth has affected joblessness, nearly 3 million more people have become unemployed since the second quarter of 2013. The proportion of those in long-term unemployment has increased from roughly 67% to 77% over the past 10 years.

Figure 8 below shows that between the second quarter of 2022 and the second quarter of 2023, the number of employed people increased in almost all industries except private households which decreased by 2.7%. The industries such as utilities and construction increased significantly by 24.4% and 10.8% respectively. During the same period mining, transport, trade, finance, community and social services as well as manufacturing and agriculture increased by 8.9%, 8.8%, 6.3%, 5.7%, 3.8%, 3.4% and 2.4% respectively.



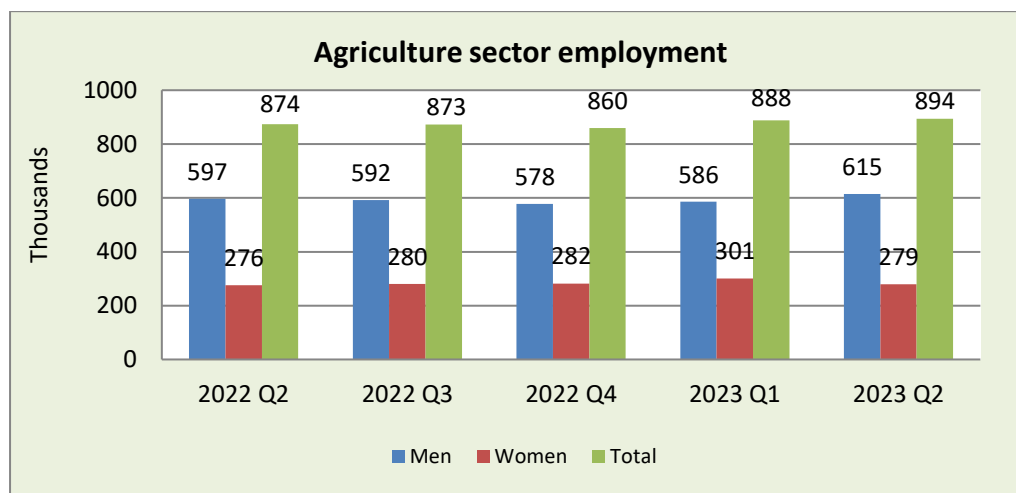
**Figure 8:** Total number of people employed by industries in 2023: Q1.

Source: Stats SA

Figure 9 illustrate that the number of people employed in agricultural sector increased from 874 000 in the second quarter of 2022, to 894 000 people in the same quarter of 2023, which represent an increase of 2.4%. Off the 21 000 jobs created, 18 000 jobs

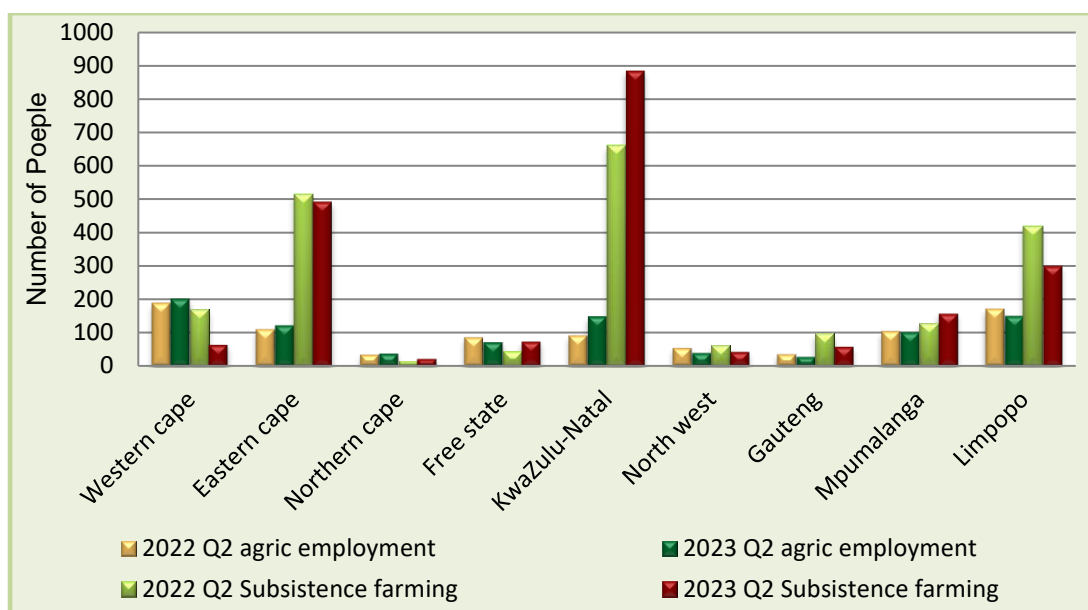


were created for men while 3 000 were created for women between the two quarters. During the same period in total, the agricultural sector has 615 000 men and 279 000 women compared to 597 000 men and 276 000 women. However, on quarter-to-quarter basis, the number of people employed in agriculture sector also increased by 0.8%, from 888 000 to 894 000.



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

Figure 10 shows that between the second quarter of 2022 and the same quarter of 2023, provincial agriculture employment increased in only four provinces KwaZulu-Natal, Eastern Cape, Northern Cape, and Western Cape increased by 62.1%, 9.5%, 8.4% and 7.0% respectively. Meanwhile provincial agriculture employment decreased in Northwest by (28.4%), Gauteng by (21.6), Free State by (17.2%), Limpopo by (12.7%), and Mpumalanga by (3.0%). During the same period (QLFS) publication also indicates that 2.107 million people were involved in subsistence farming compared to 2.098 million people, a decrease of 0.4%. KwaZulu-Natal, Eastern Cape, and Limpopo remained with the highest number of people involved in subsistence farming.

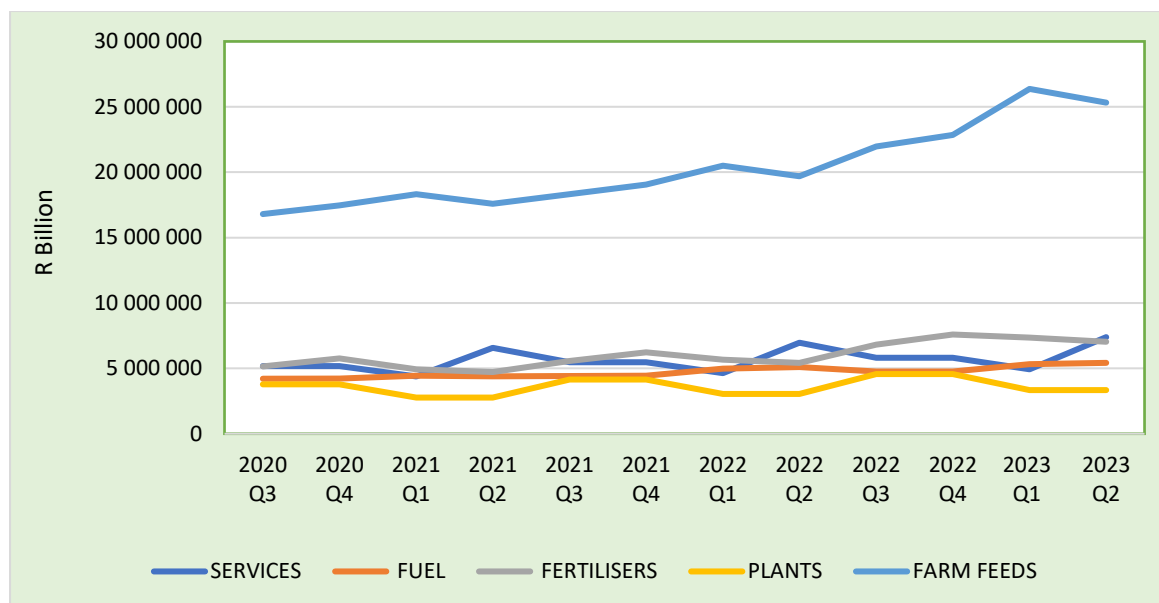


**Figure 10:** Provincial agriculture employment and subsistence farming between 2022: Q1 and 2023: Q1, Source: Stats SA

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

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

Figure 11 shows comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds, and Plants as well as Farm Feeds over the years from 2020. Comparing the second quarter of 2023 to the previous quarter (Q1 2023), fuel increased by 2%, farm feeds decreased by 4% whilst other goods such as seeds and plants, remained unchanged, farm services increased by 50% whilst fertilizer decreased notable by 4%. Over a period of a year ago, between second quarter of 2022 and second quarter of 2023, fertilizers and farm feeds recorded a high increase of 29% each, followed by seeds and plants, farm fuel and farm services at 10%, 6,2% and 6% respectively.



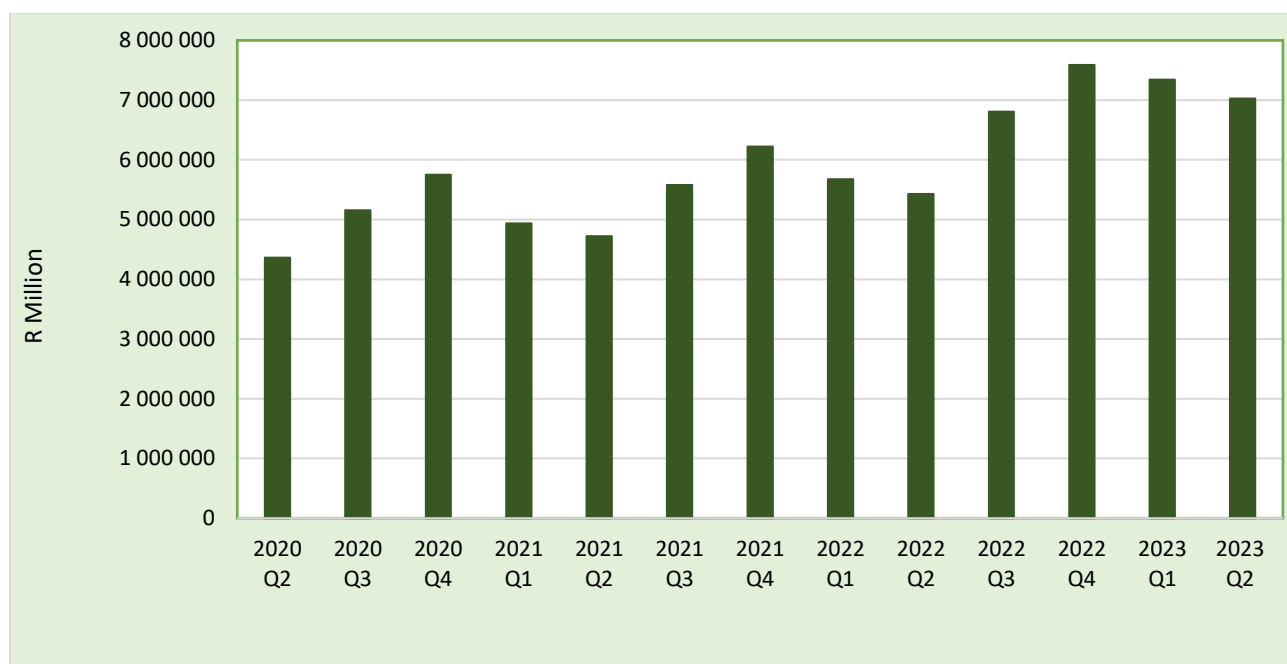
**Figure 11:** Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q3 and 2023: Q1

Source: DALRRD

## 2.5 fertilizer market review

### 2.5.1 South African fertiliser expenditure

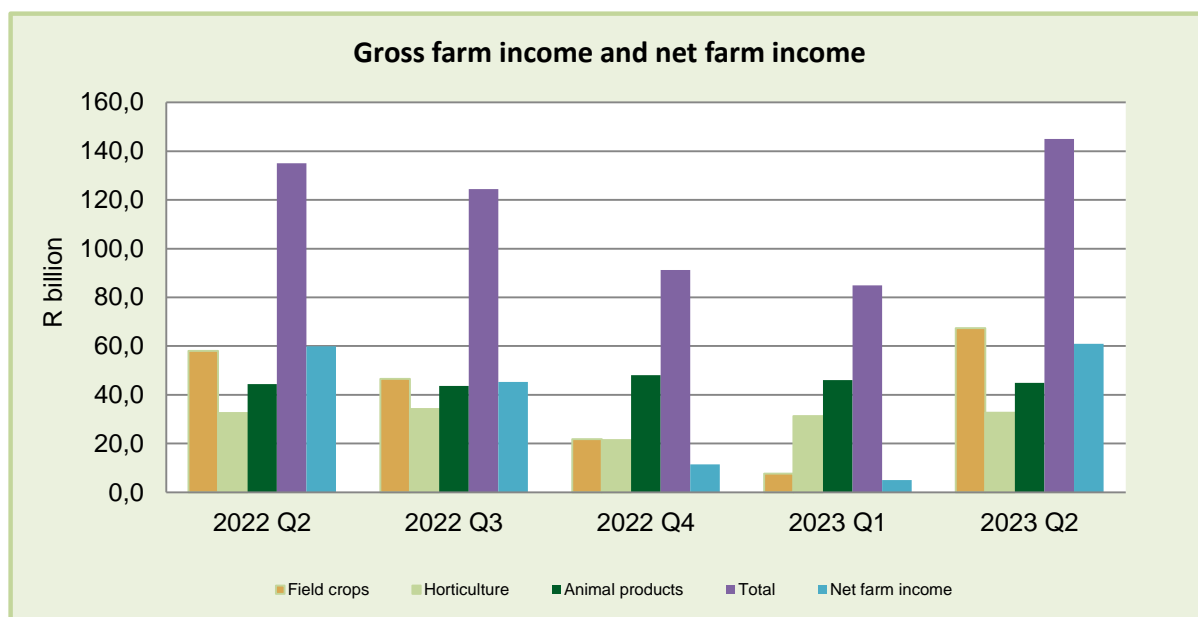
Figure 12 illustrates the expenditure of the fertiliser. In the second quarter of 2023 the expenditure on fertilizer was R 7 024 288 million, compared to R 7 343 574 million in the first quarter in 2023, this represents a 4.3% decrease on expenditure of fertilisers. The decrease could be attributed to the fact the seasonality of most grain crops, most grain crops in this period are in harvesting time with no fertilizer application. R5 427 258 million in the second quarter of 2022 compared to R 7 024 288 million in the same period in 2023, represents 29,4% increase. see Figure 12.



**Figure: 12** South Africa fertiliser expenditure  
Source: Grain SA

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

The figure 13 illustrate that the gross income from all agricultural products increased by 7.3% from R135.1 billion in the second quarter of 2022 to R144.9 billion in the second quarter of 2023. Meanwhile the net farm income is estimated at R59.9 billion in the second quarter of 2022 compared to R61.0 billion in the same quarter of 2023, an increase of 1.8%. During this period the increase in net farm income was due to a 16.0% increase in income from field crops, whilst animal products and horticulture increased by 1.2% and 0.1% respectively.



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

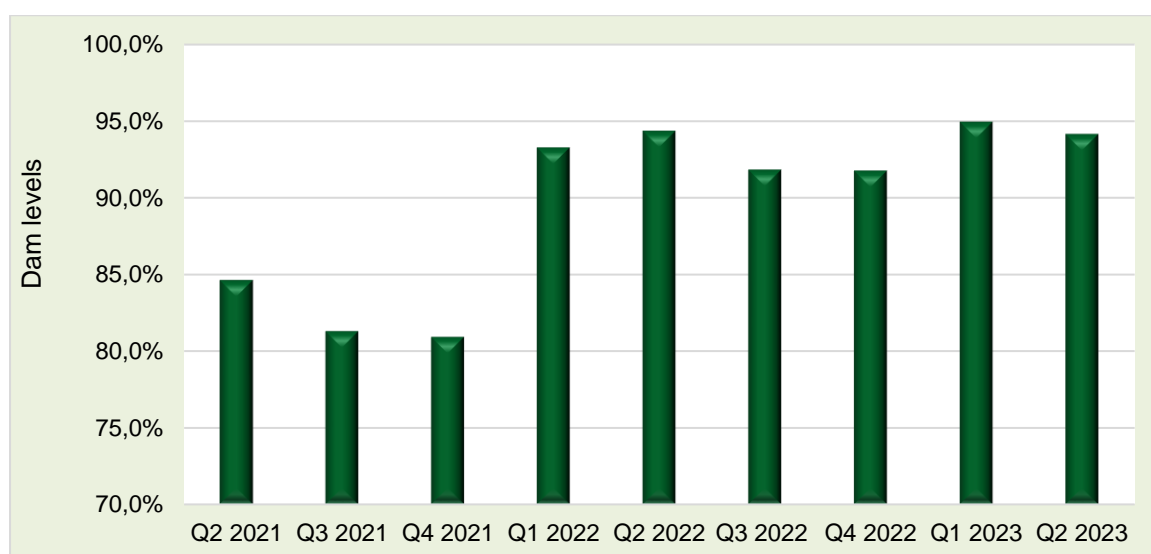
## 2.9 Reviews of South Africa’s water dam levels

South Africa’s national dam levels recorded an average of 94% in Q2: 2023, down by 0.2% relative to Q2: 2022. South Africa experienced winter rainfall in some parts of the country and summer rainfall in other parts of the country while moderate to extreme drought conditions continued in isolated parts of Limpopo, Western Cape, and Eastern Cape. With the commencement of the winter rainfall season in the south-western part of the country, rainfall decreased over the summer rainfall region during April 2023, while the onset of rainfall was expected over the winter rainfall region. This is a result of mid-latitude cyclones migrating further north during winter, allowing the edge of the cold front arm to sweep across the southern parts of the country (SAWS, 2023).

According to the South African Weather Service (2023), during the last week of April 2023, approximately 44% of the dams were either full or spilling (above 100% of the full storage capacity), while 3% were critically low in storage volumes. Meanwhile, the multi-model rainfall forecast indicated above-normal rainfall for most of the country during early winter (SAWS). It is also important to note that for the next two seasons, mid-winter (Jun-Jul-Aug) and late-winter (Jul-Aug-Sep), there are predictions of below-normal rainfall expected for the south-western region and above-normal rainfall expected for the southern coastal areas. The below-normal rainfall conditions in those

areas are expected to have a significant impact in surface water dam storage and will require multiple efforts and most importantly, water consumption behavioural adjustments (SAWS, 2023).

On a quarter-on-quarter basis, South Africa’s national dam levels decreased by 0.8% in Q2: 2023 relative to Q1. Due to infrastructure limitations, the water requirements in the system have increased steadily over the past years while service and industrial activity has also increased and yet storage levels continuously decline, impacted by climate change which alter rainfall patterns in the system.



**Figure 14:** National dam levels

Source: Department of Human Settlements, Water and Sanitation

### 2.9.1 Provincial dam levels

During Q2: 2023, large parts of the summer rainfall region received moderate to above-normal rainfall except in certain parts of the Northern Cape, North-West and the Limpopo Province. Below-normal rainfall was mainly received in the central to northern parts of the Northern Cape. Somewhat dry conditions were experienced in the central to northern parts of Northern Cape as well as in isolated areas of North-West and Limpopo Province (SAWS, 2023).

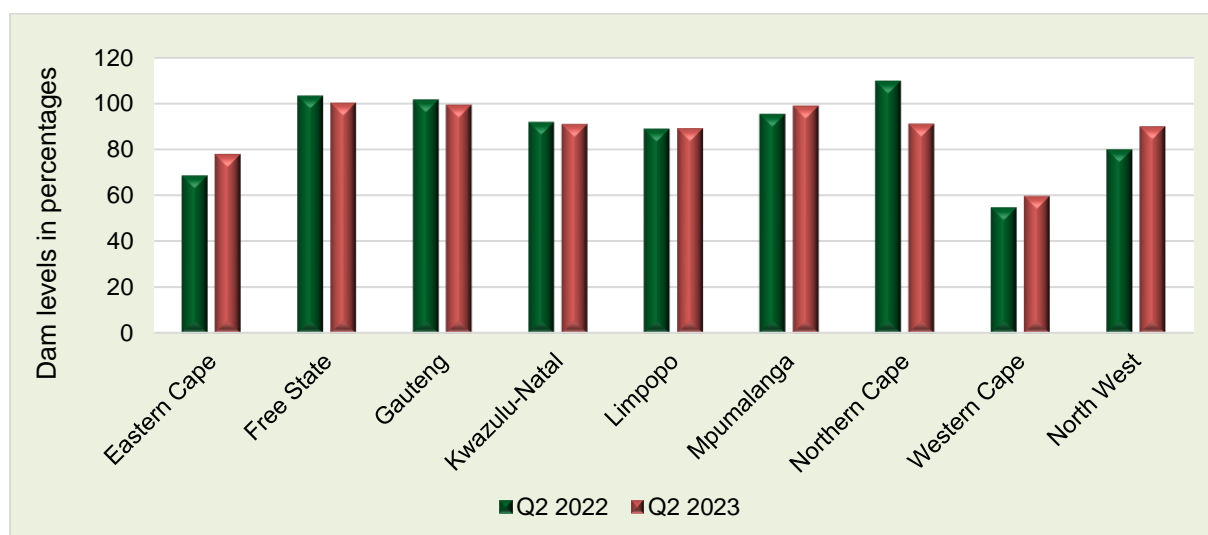
Dam levels in the Eastern Cape increased to an average of 78% in Q2: 2023, up by 13.4% relative to Q2: 2022, showing some improvement due to showers that soaked

some parts of the province. Dam levels in the Free State Province declined by 3.1% in Q2: 2023 relative to Q2: 2022, dropping to an average of 100% from an average of 103%. Farmers were advised to continue with supplementary feeding during the winter season while soil preparation for winter wheat and fodder had already started. Similarly, dam levels in Gauteng declined by 2.4% in Q2: 2023 relative to Q2: 2022, to an average of 99% from an average of 102%. The Department of Water and Sanitation appealed to Gauteng residents to use water sparingly as there was a shortage on Rand Water's side as water consumption had increased significantly.

Dam levels in Kwa-Zulu Natal dropped by 1.0% in Q2: 2023 relative to Q2: 2022, to an average of 91% from an average of 92%. The Albert Falls Dam which is an integral part of the Umgeni Water Supply System that supplies water to eThekweni Metro and surrounding areas had dropped ahead of a dry winter season. Meanwhile, during the same period, dam levels in Limpopo increased to an average of 99% in Q2: 2023, up by 0.3% relative to Q2: 2022. The Polokwane Water Supply System that has dams supplying water to Polokwane and surrounding areas experienced a great improvement in Q2: 2023 due to the rains that contributed to an improvement in dam water levels.

Dam levels in Mpumalanga increased by 3.8% in Q2: 2023 relative to Q2: 2022, to an average of 99% from an average of 95%. Despite the improvement in most listed dams and water management areas in the province, the Department of Water and Sanitation urged the community to use water sparingly and not to waste water. Dam levels in the Northern Cape declined by 17.1% in Q2: 2023 relative to Q2: 2022, to an average of 91% from an average of 110%. The Northern Cape is the worst-affected province with a drastic decrease in its dam water levels. Dam levels in the Western Cape increased by 8.8% in Q2: 2023 relative to Q2: 2022, to an average of 60% from an average of 55%, due to the rains received in and around the Western Cape during the cold winter season. Dam levels in the NorthWest Province increased by 12.4% in Q2: 2023 relative to Q2: 2022, to an average of 90% from an average of 80% and analysts hope that the received downpours will recharge dams in the nearby catchments.

While the overall outlook of national water levels improved in Q2: 2023 relative to Q2: 2022, the Department of Water and Sanitation continues to urge water users to be circumspect of the manner they utilise water due to the dry winter season.



**Figure 15:** Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

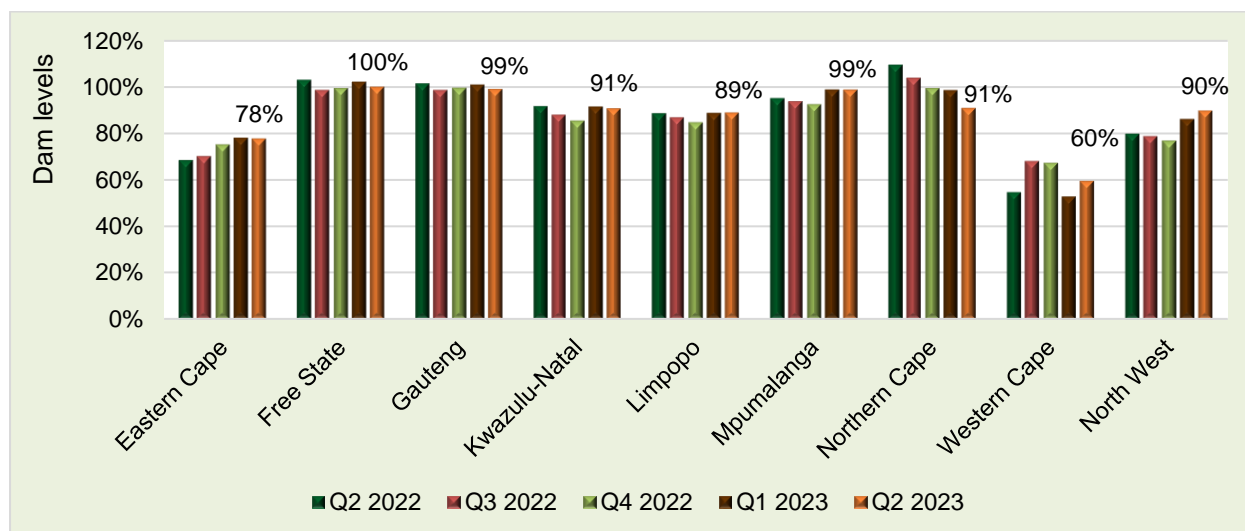
Figure 16 shows Provincial dam levels from Q2: 2022 to Q2: 2023. Comparing Q2: 2023 to Q1, most provincial dam levels decreased quarter-on-quarter, except for dam levels in Limpopo, Western Cape and North West, which increased by 0.3%, 12.9% and 4.3% respectively quarter-on-quarter, due to above-normal rainfall that was received in parts of Limpopo, Western Cape and North West province (SAWS, 2023).

Meanwhile, dam levels in the Eastern Cape, Free State, Gauteng, Kwazulu-Natal, Mpumalanga and Northern Cape decreased by 0.4%, 2.1%, 1.8%, 0.8%, 0.03% and 4.3% respectively in Q2: 2023 relative to Q1. With the commencement of the winter season, it is expected that rainfall would decrease over the summer rainfall region. The below-normal rainfall conditions in those areas were expected to have a significant impact in surface water dam storage (DWS, 2023).

The Department of Water and Sanitation urged water users to be prudent in the way they utilise water and to continue with water saving efforts to ensure sustenance of livelihoods and to boost the economy as well as to ensure that water levels of the systems carry on being stable especially during the dry winter season. The



Department continues to work closely with the provincial government to implement measures to alleviate water scarcity challenges.



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

Source: Department of Human Settlements, Water and Sanitation

### 3. Review of Agricultural Markets

#### 3.1 Grain market review

##### 3.1.1 White and yellow maize

White maize and yellow maize production as shown on table 1 & 2 below have been adjusted upward from the previous forecast from 8,5 Mill tons and 7.5million tons to 8.6 million and 7,7million tons, a 1.1% and 1.6% increase respectively. Demand is forecasted to be 5.7% higher for white maize and 0.5% higher for yellow maize compared to last year. This is a downward adjustment of 1.9% for white maize and upward adjustment of 4.2% for yellow maize- from their previous quarter forecasts.

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

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

Source: DALRRD, NAMC, Sagis.

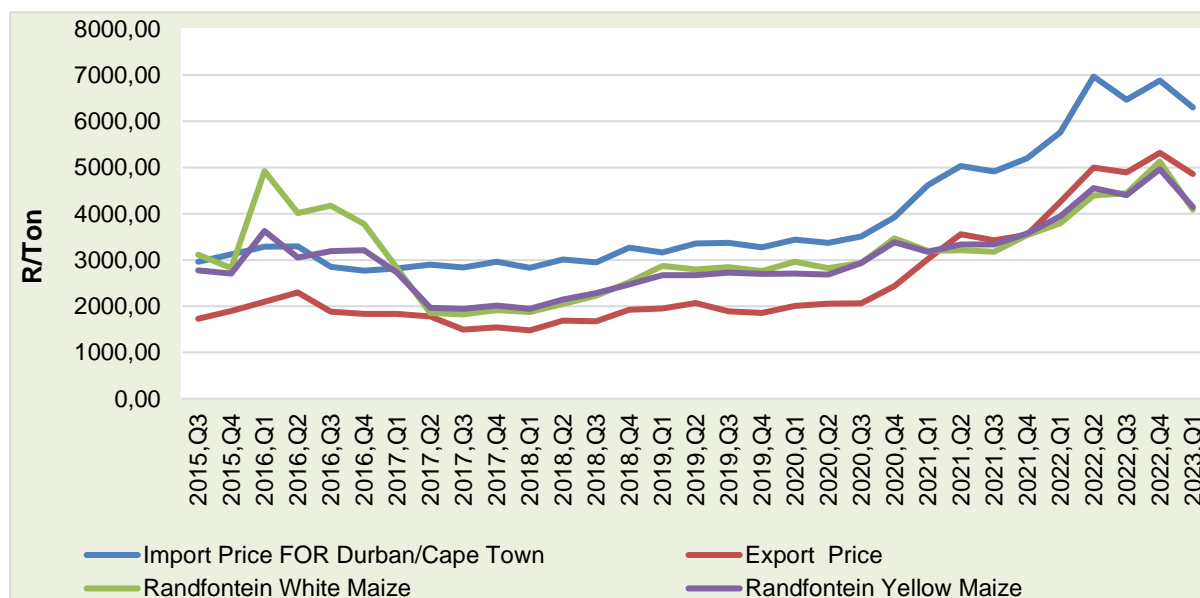
White maize exports are expected to decrease by 18.5% an upward revision of 2.9% from the previous forecast. Yellow maize exports have been revised downwards by 4.9% from the previous forecast and are expected to end the year at 8.5% lower than last years' exports.

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

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 Foreca:
Opening Stcok	678315	1289624	1097224	875351	1847267	1618654	1285087	1128098	658 682	871 291
Production	6540000	5220000	4370000	6904000	5970000	5730000	6752500	7715000	7 597 450	7771550
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0	0
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8256132	8642841
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	4477346	5085310	5323294
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000	2 145 000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	8 184 416	7 550 310	7468294
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	658682	705 822	1 174 547

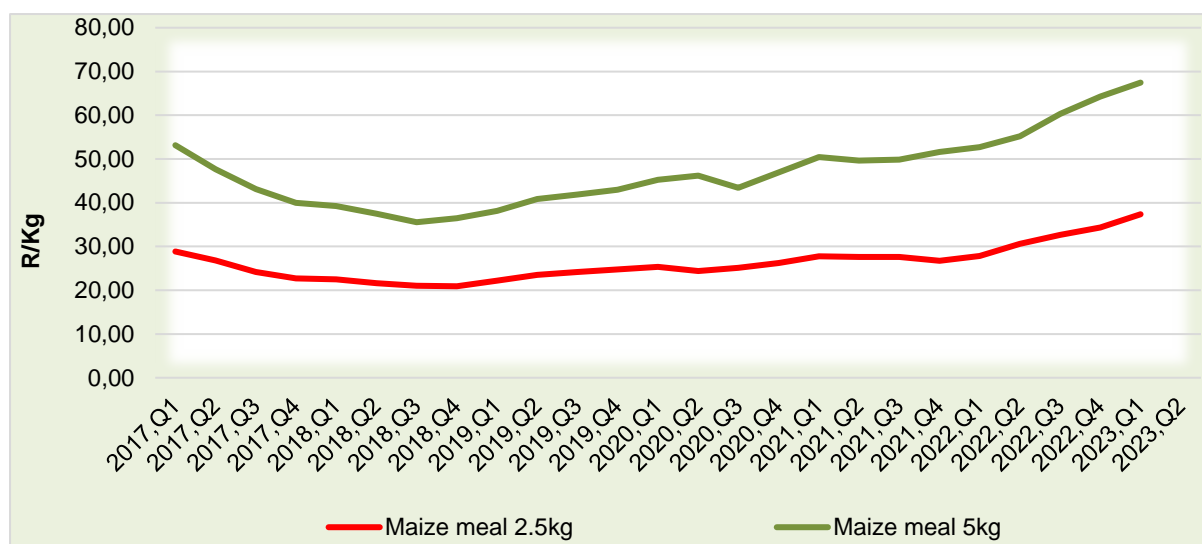
Source: DALRRD, NAMC, Sagis.

Figure 17 below shows the price of maize decreased by 9.8% and 9.3% on a quarter-on-quarter(q/q) comparison while year-on-year(y/y) prices decreased by 16.1% and 17.4% respectively. The downward pressure on prices is due to high maize production expected locally as well as good prospects for global maize production. Stock rebuilding is also anticipated despite dryness in North America, Argentina and parts of Europe. The South African maize price traded below the import price this quarter.



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

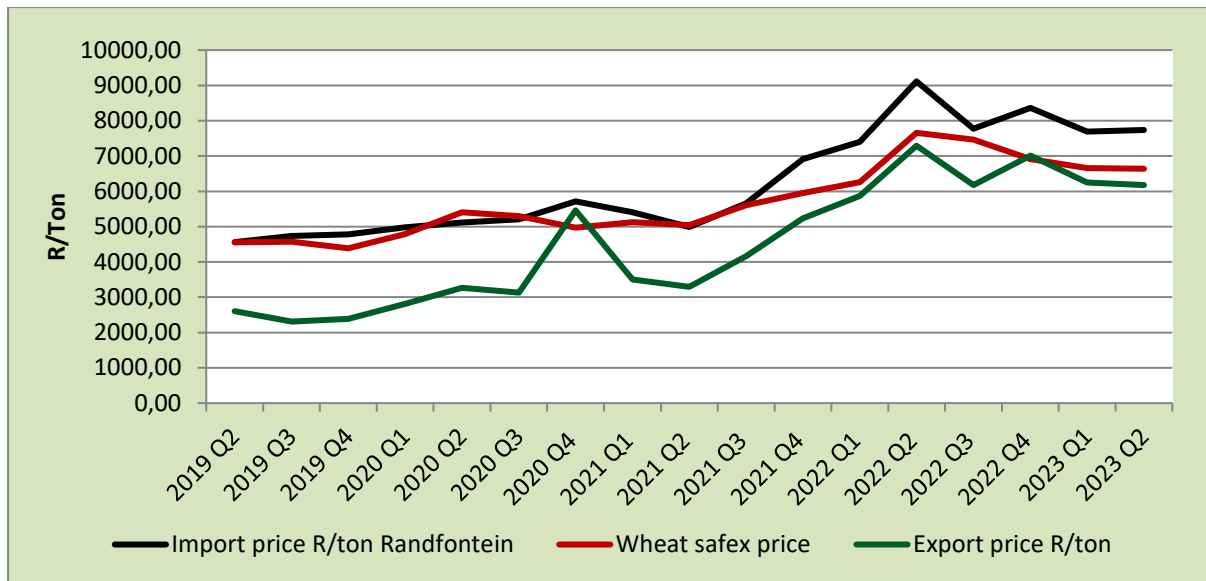
The retail maize price statistics are no longer available for 1kg Super maize meal and 2.5kg Super maize meal, as new product lines are used since January 2022. New product lines reported will be on the price of 2.5kg and 5kg maize meal, which the graph below show the price of 2.5kg maize and 5kg maize meal increased by 1.6% and 0.6% respectively on a q/q basis, while on a y/y basis price are 24.1% and 23% higher.



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

### 3.1.2 Wheat

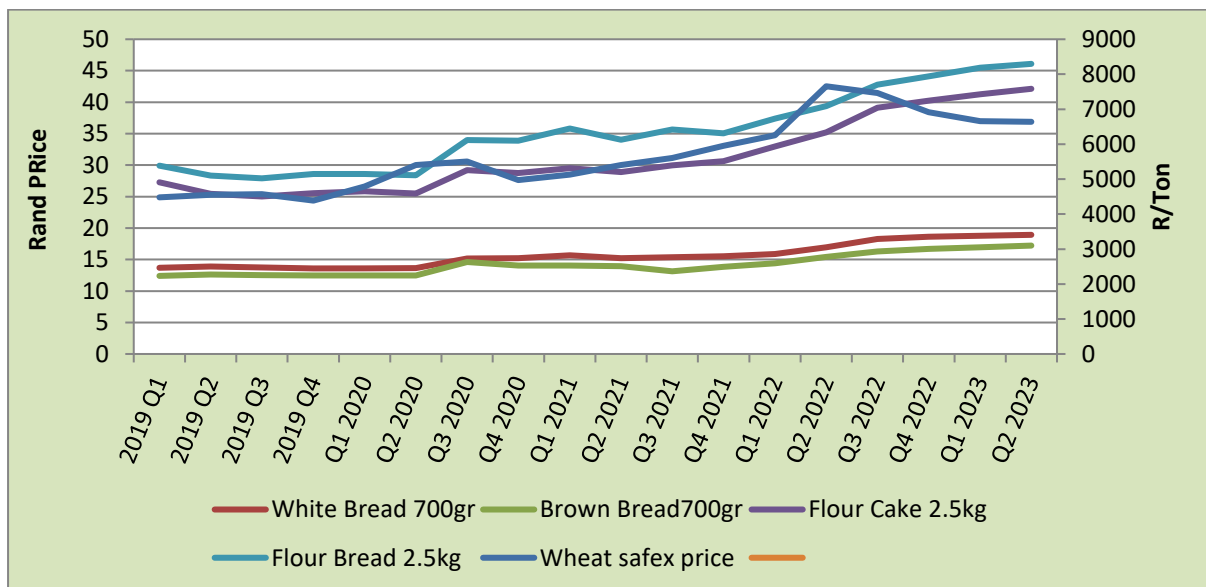
Figure 19 shows the price trends of domestic wheat price and international parity prices for the period 2019: Q2 to 2023: Q2. The domestic wheat price traded at R 6636,04/ton in 2023: Q2, 0,27% lower compared to previous quarter 1 of 2023. Wheat import and wheat export parity price traded at R 7739/ton and R 6180/ton which represent a decrease in price by 7,9% and 10,9% respectively in 2023: Q1 relative to the previous quarter.



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

Source: Sagis/Safex

Figure 20 depicts retail bread prices versus wheat Safex price from 2019: Q1 to 2023: Q2. Consumers paid more for wheat by-products in 2023: Q2 compared to the previous quarter 2023: Q1. The price of selected wheat by-products increased by 0.69%, 1.65%, 2.16% and 1.39% for white bread 700gr, brown bread 700gr, flour cake 2.5kg and flour bread 2.5kg respectively in 2023: Q2

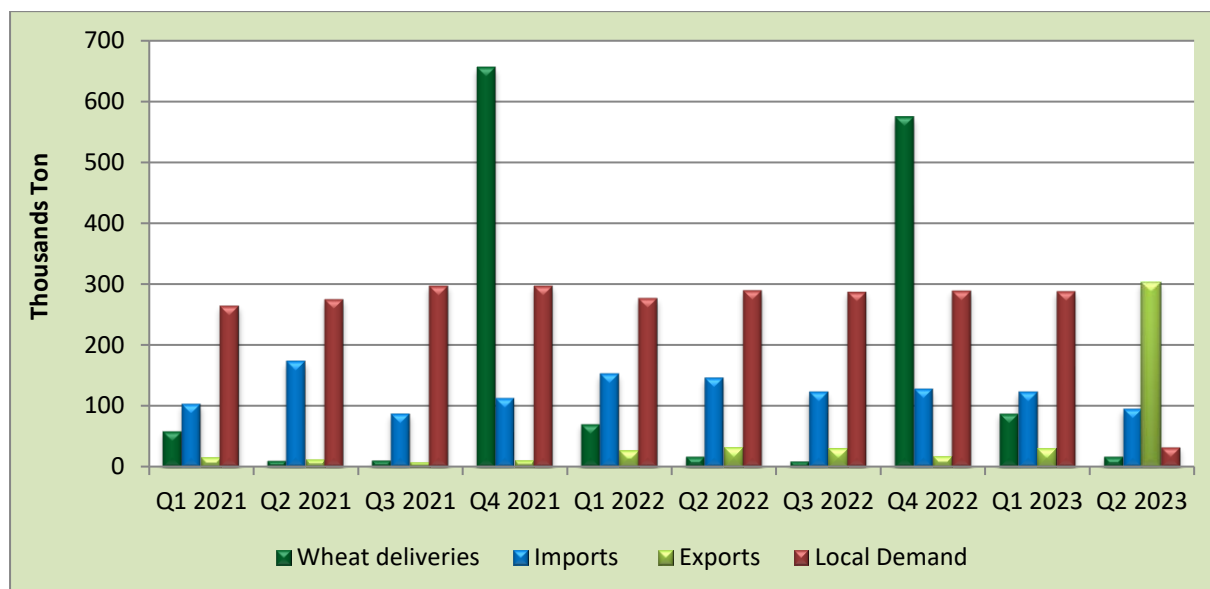


**Figure 20:** Retail bread price vs wheat import price

Source: Stats SA & Safex

**Figure 21** depicts the supply and demand of wheat from 2021: Q1 to 2023: Q2. South Africa’s wheat deliveries for 2023: Q2 increased by 1,0% compared to the same period

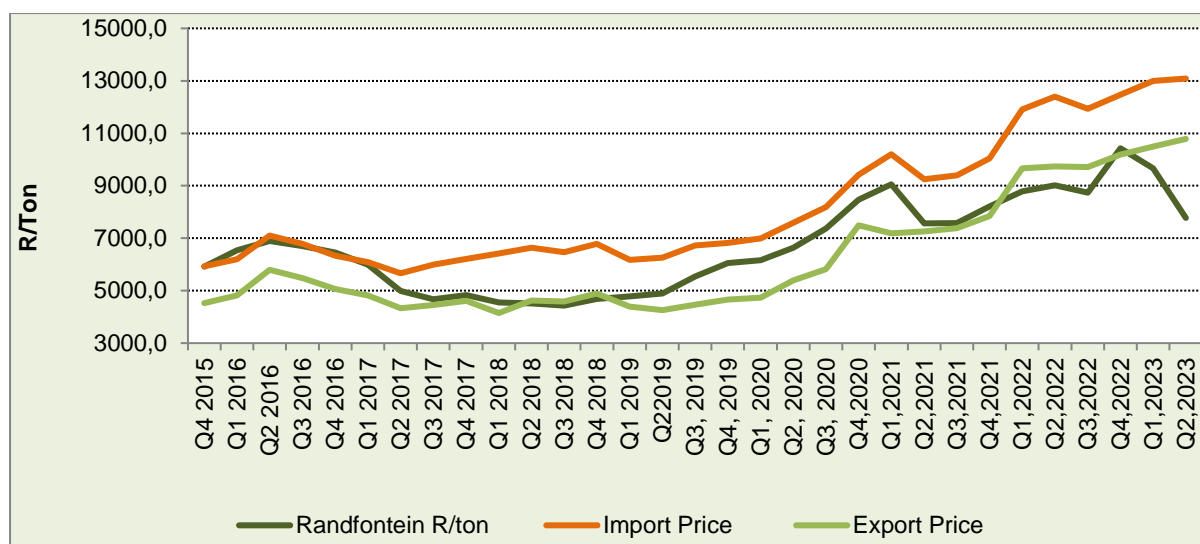
a year ago in 2022: Q2. On the other hand, exports, imports and local demand decreased by 848,0%, 34,7% and 88,8% respectively. On quarter-to-quarter basis Q2:2023 and Q1:2023 Producer deliveries, imports, exports and local demand all decreased by 79,9%, 22,5%, 914,1% and 88,8% respectively 84,7%, 4,0% and 0,3% respectively when compared to previous quarter.



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

### 3.1.3 Soya beans

The price of soybeans increased by 19,5% on a quarter-on-quarter basis while on a y/y basis the price decreased by 13,8%. The rise in soybeans is attributable to inter-alia; the weaker rand. The South African rand was weaker during the quarter due to power cuts and also; globally soybeans demand increased slightly mainly driven by higher crush forecasts for Brazil, India, and some African countries. The soybeans price traded at 41% above the import price during the quarter.



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

Production outlook remained stable during the 2<sup>nd</sup> quarter for soybeans, while exports have been revised upward from an expected decline of 60% in the previous quarter compared to last year to an expected decline of 33.3% in the latest supply and demand forecast during the quarter.

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

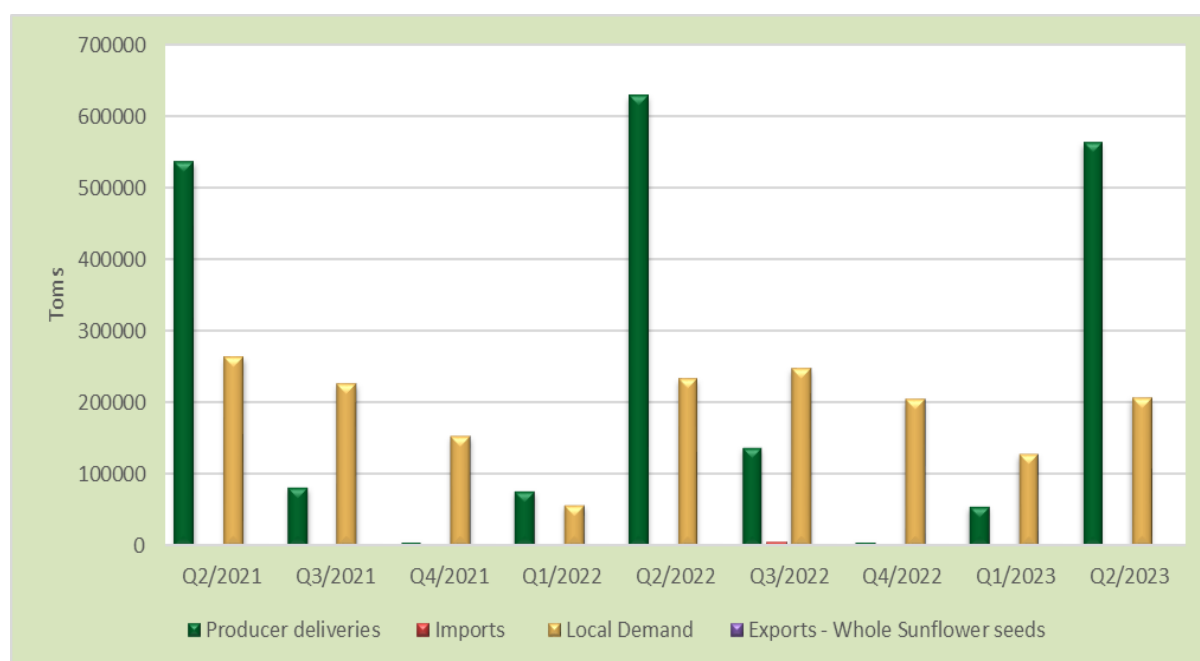
	2014	2015	2016	2017	2018	2019	2020	2021	2022 Estimate	2023 Forecast
Beginning Stock	61806	63704	89128	84792	330535	502241	138455	46053	168 387	171 897
Production	948000	1070000	742000	1316000	1540000	1170345	1 245 500	1 897 000	2 230 000	2 755 300
Imports	103704	124981	271098	28000	6000	9500	116 103	13 448	5 000	2 000
Total Supply	1113510	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2 403 387	2 929 197
Local Consumption	1049230	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1951490	2089050
Exports	576	4677	6745	414	25000	4000	1 060	42 295	280 000	380 000
Total Demand	1049806	1169557	1017434	1098257	1374294	1543631	1 454 005	1 788 114	2 231 490	2 469 050
Closing Stocks	63704	89128	84792	330535	502241	138455	46 053	168 387	171 897	460 147

Source: DALRRD and NAMC

### 3.1.4 Sunflower

Figure 23 shows the supply and demand of sunflower seed up to the second quarter of 2023. Producer deliveries in the second quarter of 2023 is expected to be 10.5% lower than it was in the same quarter of 2022 (Q2). South African sunflower seed imports in the second quarter of 2023 is expected to be 69.6% lower than it was in the

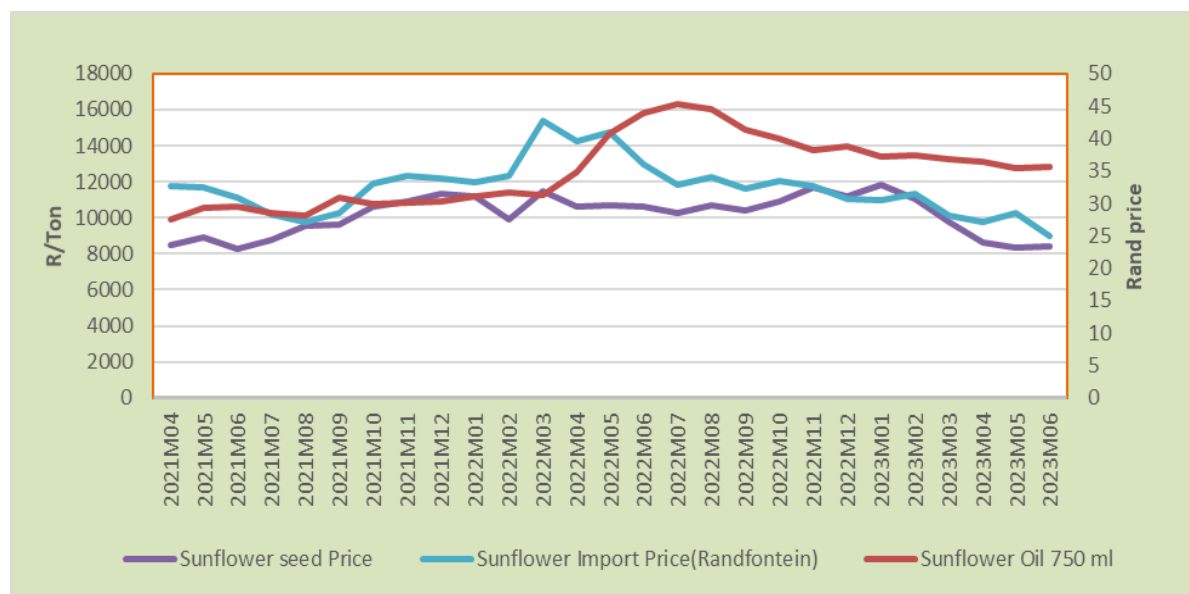
same quarter of 2022 (Q2) last year. Sunflower seed imports increased by 1 970% in the second quarter of 2023 as compared to the previous quarter in 2023 (Q1). South African sunflower seed export in the second quarter of 2023 is expected to be 11.2% lower than it was in the same quarter of 2022 (Q2) last year. Sunflower seed exports increased by 45.0% in the second quarter of 2023 when compared to the previous quarter of 2023 (Q1). Local sunflower seed consumption in the second quarter of 2023 was 45% higher than it was in the previous quarter of 2023 (Q1). Local consumption in the second quarter of 2023 is expected to be 71.3% lower than it was in the same quarter of 2022 (Q2) last year.



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

Figure 24 During the second quarter of 2023, South Africa sunflower seed prices traded below the import parity price at R8 465.73/ton compared to R9 666.63/ton in the second quarter of 2023, which is a total decrease of 22.2% compared to the previous quarter of 2023 (Q1). The price of sunflower seed has decreased by 20.4% during the second quarter of 2023 as compared to the same period last year, which is 3.4% lower than it was in the previous quarter of 2023 (Q1). The local sunflower seed price in the second quarter of 2023 traded at 12.4% lower than the import price, compared to trading at 0.5% above the import price in the first quarter of 2023. The prices of sunflower oil 750ml in the second quarter of 2023 traded lower by 10.1%, when compared to the same period in 2022 (Q2). The price of sunflower oil 750ml in the

second quarter of 2023 decreased by 3.7%, when compared to the previous quarter (Q1) in the year 2023.



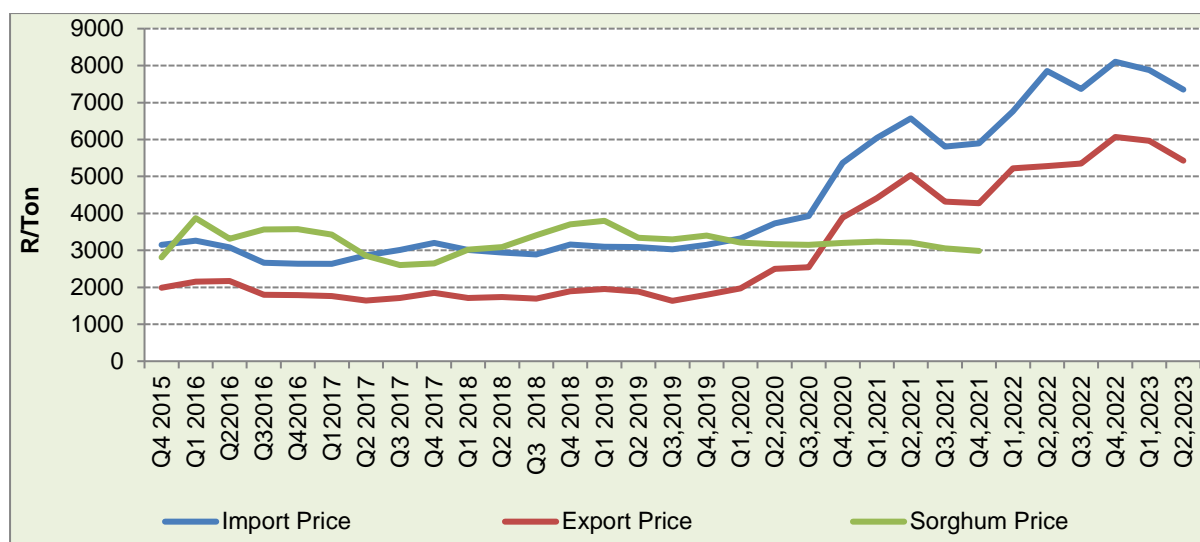
**Figure 24:** Sunflower local seed; import price (Randfontein) and Sunflower retail price  
 Source: Safex; USDA; Sagis; and Own calculations

### 3.1.5 Sorghum

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

The World price of sorghum increased by 13% on a q/q basis while on year on y/y basis the price decreased by 18.9%. The local price is now the world price since the price of sorghum has been discontinued at the exchange. The fall in coarse grains prices is due to inter-alia; higher maize production expected this year, which had spill-over effects on other coarse grain prices. Figure 25 below shows the trend in sorghum price on a quarterly basis.





**Figure 25:** Sorghum Parity Price  
Source: Safex, Sagis

Sorghum production forecast shows that it is expected to be 5.2% lower than last year, which has been revised down by 8.8% from the previous quarter forecast and imports are expected to be the highest since 2020. Local demand has been adjusted upward by 3.5% from their previous quarter forecast, although it is still down by 8.8% compared to last year. Exports have been revised downward by 22%, now they are expected to be lower by 13.3% compared to last year.

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

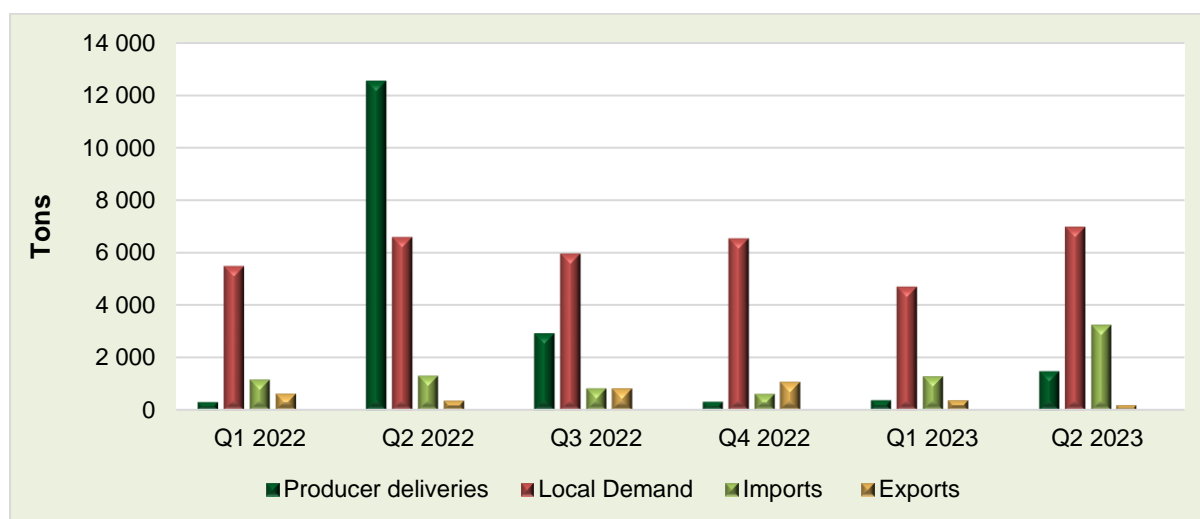
	2015	2016	2017	2018	2019	2020	2021	2022	2023 Forecast
Opening stock	121812	83142	35238	59246	51860	60 423	51 795	106 157	46 956
Production	114700	70500	152000	115000	127000	158000	215 000	103 140	97 740
Imports	34316	74957	55824	32500	59253	6546	4 147	700	35 000
Total Supply	277713	226677	244073	206746	238113	224969	270 942	209 997	179 696
Local demand	165532	178790	171027	142541	170390	167524	155727	153641	140080
Exports	29039	12649	13800	12345	7300	5650	9 058	9 400	8 150
Total Demand	194571	191439	184827	154886	177690	173174	164785	163 041	148230
Ending Stock	83142	35238	59246	51860	60423	51795	106 157	46 956	31 466

Source: DALRRD/ NAMC/Sagis

### 3.1.6 Groundnuts

Figure 26 shows producer deliveries of groundnuts increased by 19% in Q2: 2023 relative to Q2: 2022, to an average of 1 492 tons, imports and local demand also increased by 6% and 146% respectively in the same period. On the other hand, during the same period, exports of groundnuts decreased by notable 48% tons. Demand

prospects are still uncertain as the ongoing economic recovery in South Africa is dampened by the persistent load-shedding, higher electricity costs and constrained logistics systems on output.



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

Source: Sagis

South Africa’s consumption of groundnuts occurs mainly in two forms, as edible peanuts and as processed peanut butter and is consumed the highest in these two forms. During Q2: 2023, consumption of edible groundnuts decreased by 19% relative to Q2: 2022, to an average of 2 122 tons. Consumption of edible peanuts is mostly dependent on price, which is dependent on the supply and demand of groundnuts. Consumption of peanut butter increased by 23% in Q2: 2023 relative to Q2: 2022, to an average of 3 414 tons. Meanwhile, in Q2: 2023, there was no consumption of crushed oil & cake, in the same period a year ago consumption of crushed oil and cake was an average of 432 tons in Q2: 2022, this represents a increase in consumption of 100%. Groundnut crushing and groundnut oil production constitute a very small part of the South African market. During the same period, the average market price of peanut butter (400 gram) increased by 10% in Q2: 2023 relative to Q2: 2022, to an average market price of R39,27/400 gram from an average market price of R 35.75/400 gram. Peanut butter sales will likely benefit from an improvement in domestic demand and robust growth in exports. However, risks such as higher living costs, the weaker rand-dollar exchange rate, which could exacerbate the ongoing pass-through of input costs to consumers, weak economic outcomes which impose limitations on the labour market.

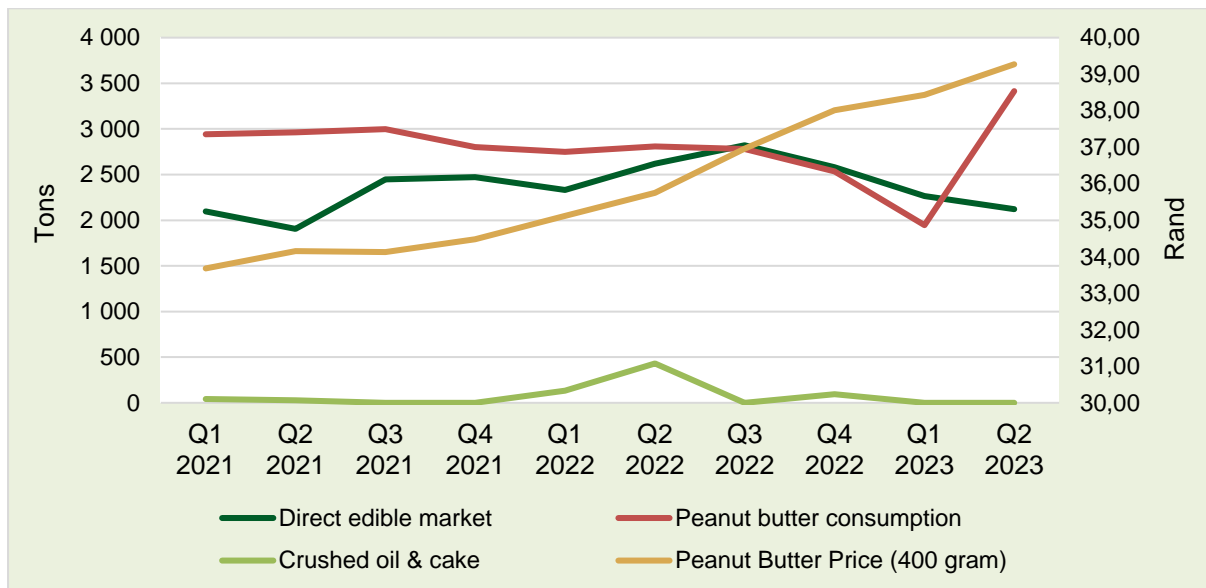


Figure 27: Groundnuts consumption

Source: Sagis

### 3.2 Fruit and vegetable market review

The following section looks at the average prices and quantities of fruits and vegetables traded at the Fresh Produce Markets (FPMs) from Q2: 2021 to Q2: 2023.

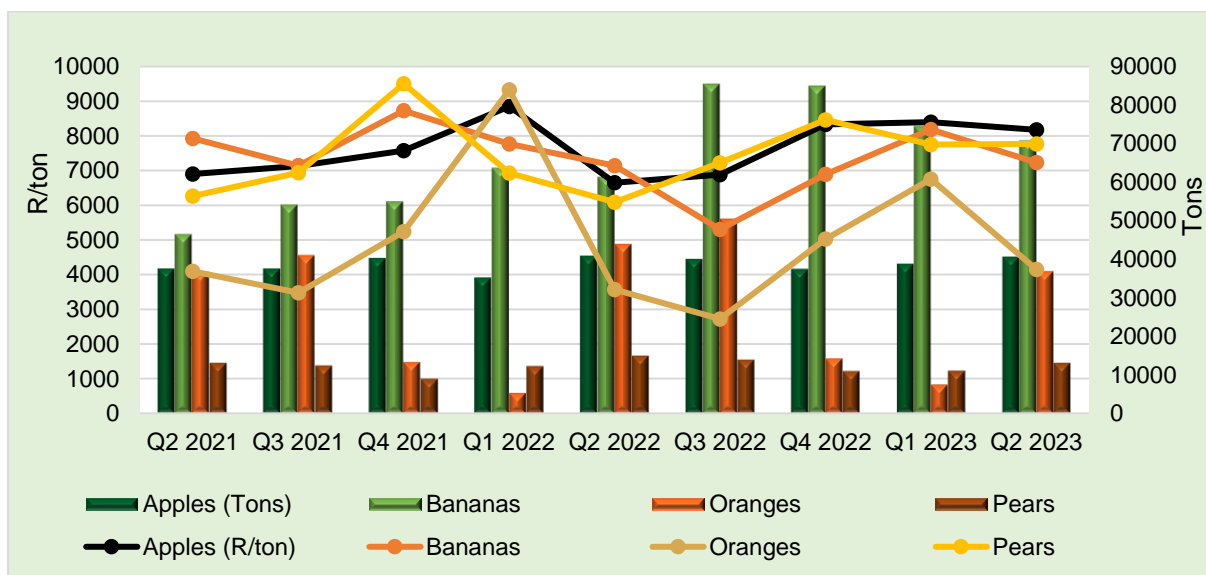


Figure 28: Average price and quantities of various fruits traded at fresh produce markets (FPMs)

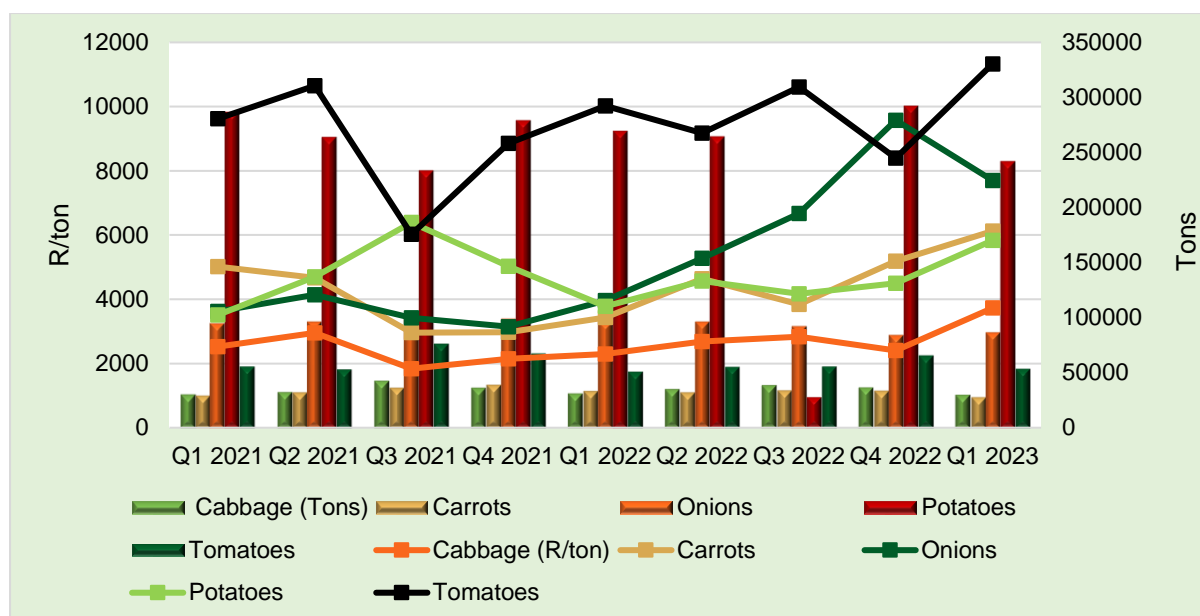
Source: Dalrrd

The yearly trend in fruit prices saw the average price of apples and oranges increase by 5.6% and 38% respectively in Q1: 2023 relative to Q1: 2022, while quantities

supplied decreased by 9.4% and 29.5% respectively year-on-year. The result of hail experienced during November and December last year which caused damage in Ceres and to a lesser degree in the Langkloof, led to a reduction in the supply of apples this season with the industry describing it as an average crop. Meanwhile, following what has been an extremely tough year for citrus growers, the Citrus Growers' Association of Southern Africa (CGA) predicts another tough year owing to a surge in farming input prices and transport costs while the cost of getting fruit to the market is becoming commercially unviable for many growers also weighed down by erratic electricity supply and public infrastructure decay.

During the same period, the average price of bananas decreased by 5.1% in Q1: 2023 relative to Q1: 2022, while quantities supplied decreased by 14.5% year-on-year. Banana volumes on the market were influenced by market conditions and supply and demand dynamics. Meanwhile, the average price of pears decreased by 10.6% in Q1: 2023 relative to Q1: 2022, due to newer cultivar strains with better yields and packouts being planted in recent years.

On a quarter-on-quarter basis, the average price of apples increased by 0.7% in Q1: 2023 relative to Q4: 2022, while quantities supplied increased by 3.5% quarter-on-quarter. As a result of the hail storm that hit growers in the Ceres Valley, which is SA's major apple production area, production of apples dropped slightly in 2023. During the same period, the average prices of bananas and oranges increased by 18.7% and 34.4% respectively in Q1: 2023 relative to Q4: 2022 while quantities supplied decreased by 12.3% and 47.5% respectively quarter-on-quarter. On the local market, navel volumes have been slightly lower, resulting in a rise in orange prices while banana prices were influenced by supply and demand dynamics. Meanwhile, the average price of pears decreased by 8.4% in Q1: 2023 relative to Q4: 2022 while quantities supplied increased by 0.6% quarter-on-quarter, due to increased production volumes. Pear industries are stable, showing small yet constant growth. This growth is mainly due to replanting new varieties with better yields.



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

Prices of vegetables sold at the Fresh Produce Markets are mainly driven by domestic supply and demand dynamics. The average prices of cabbage, carrots, onions and potatoes decreased by 38.3%, 44%, 48.6% and 35.3% respectively in Q1: 2023 relative to Q1: 2022, while quantities supplied increased by 3.3%, 19.6%, 11.1% and 11.2% respectively year-on-year. Cabbage prices are volatile at the moment and prices have been on a downward trend due to a decrease in demand. Carrot prices have shown a decrease in price in Q1: 2023 relative to Q1: 2022, due to supply factors. Onion prices have been on a downward trend due to the cost pressure effect of load-shedding and the consumer demand for onions was not as strong as was seen over the festive season. Potato prices have been on a downward trend in Q1: 2023 relative to Q1: 2022 but uncertainties around the supply volumes may change prospects. Meanwhile, the average price of tomatoes decreased by 11.5% in Q1: 2023 relative to Q1: 2022 while quantities supplied decreased by 4.8% year-on-year. The quality of tomatoes was of average grade.

On a quarter-on-quarter basis, the average price of cabbage, carrots, potatoes and tomatoes increased by 55.1%, 18.1%, 29.6% and 35% respectively in Q1: 2023 relative to Q4: 2022, while quantities supplied decreased by 17.5%, 16.8%, 17.2% and 18.1% respectively quarter-on-quarter. The rise in cabbage, carrots, potato and tomato prices is a reflection of lower volumes recorded on the market. Meanwhile, the

average price of onions decreased by 19.6% in Q1: 2023 relative to Q4: 2022 while quantities supplied increased by 2.6% quarter-on-quarter. Onion volumes were reportedly high on the market quarter-on-quarter. It is worth noting that the productivity of the agricultural sector has been impacted by load shedding, which has resulted in higher production costs which will likely result in contracted volumes over the months to come.

### 3.3 Meat industry review

As illustrated graphically in figure 30, total beef slaughtering decreased by 2.4% in first quarter of 2023 compared to the same quarter of 2022. The price of beef per kg decreased marginally by 1.5% in first quarter of 2023 when compared to the same period in 2022. Beef carcass prices have been on a decline this could stumble into retail prices for meat products over the coming months, since consumer spending power is under increasing pressure and exports moving slower than normal due to the higher South Africa’s food price inflation which has been exuberated by the current crisis faced by the country such as the current electricity load shedding and high exchange rate.

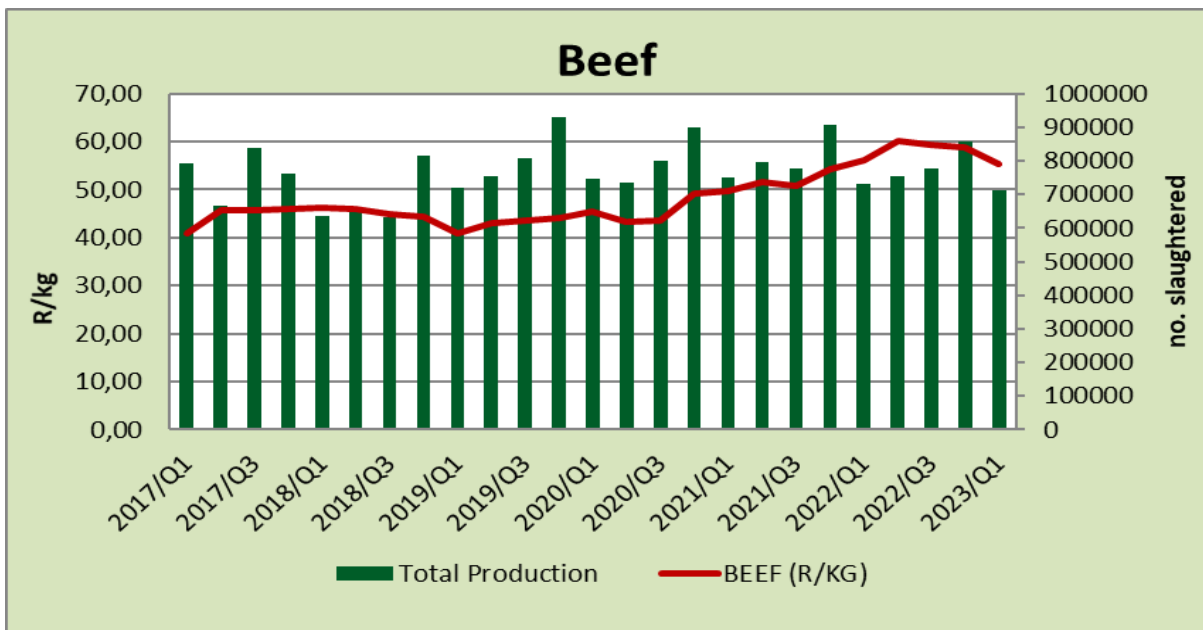
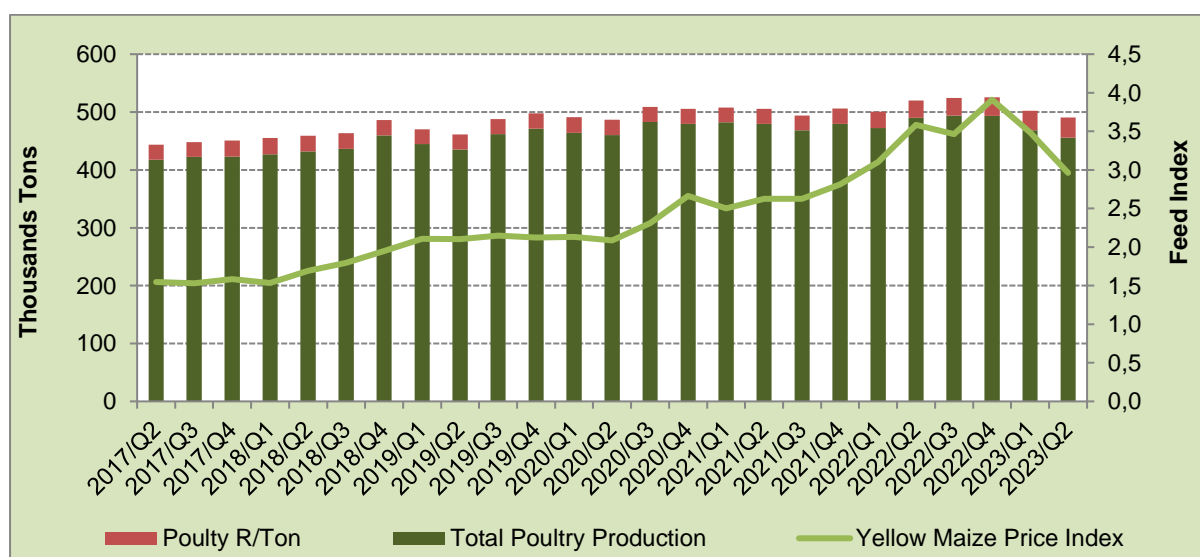


Figure 30: Beef production  
Source, DALRRD

### 3.4 Poultry industry review

Poultry production declined by 2.7% on a q/q basis, whilst on a y/y basis production decreased by 7%. Around 120 000 local birds have destroyed as avian flu has been detected on two farms in the Paardeberg area during the quarter. The short-term uncertainty created fears of a poultry supply shortage and again; even though feed costs reached their peak in the 4th quarter of 2022, the long term effects of high feed is still a push factor to prices.

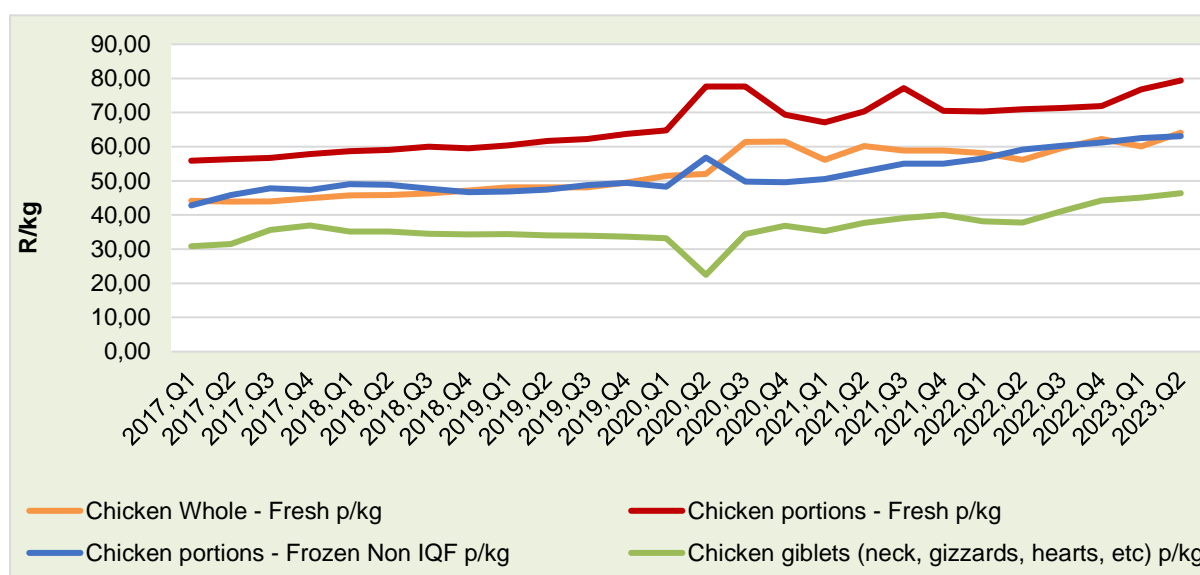
The price of poultry per ton increased by 1.9% on a q/q basis while on a y/y basis the price was 16.9%. Feed costs decreased by 15% on a q/q basis, whilst on a y/y basis costs decreased by 17.4% as abundant yellow maize which is a proxy for chicken feed is expected local and globally. on figure 31.



**Figure 31:** Poultry production and prices  
Source: DALRRD

The price of fresh whole chicken and fresh chicken portions per/kg increased by 6.7% and 3.4% on q/q basis while on a y/y basis the price increased by 14.2% and 11.8% respectively (Figure 32). The price of individual quick frozen chicken portions and chicken giblets (necks, gizzards, hearts etc) increased by 0.9% and 2.9% on quarter-

on-quarter; whilst year-on-year prices increased by 6.6% and 22.6% respectively.



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

### 3.5 Milk industry overview

Total milk production increased by 7.9% in the second quarter relative to total production reported in the same quarter a year ago from R793 877 in the second quarter 2022 to R857 193 in the second quarter 2023. On a quarter-on-quarter basis, total milk production decreased by 5,8% from R 910 406 in the first quarter of 2023 to R 857 194 in the first quarter of 2023.

Meanwhile, the average producer price per litre of milk increased by 1,9% in Q2: 2023 relative to Q1:2023 from R7,04/ℓ to R7,18/ℓ. The cost of feed meal (yellow maize and soya combination) and related inputs as well as rising energy prices led to an upward pressure on a wide front of commodities and product prices. On a year-on-year basis, the average producer price per litre of milk increased by 9,45% in Q2: 2023 relative to the same period a year ago, from R6,56/ℓ to R7,18/ℓ.



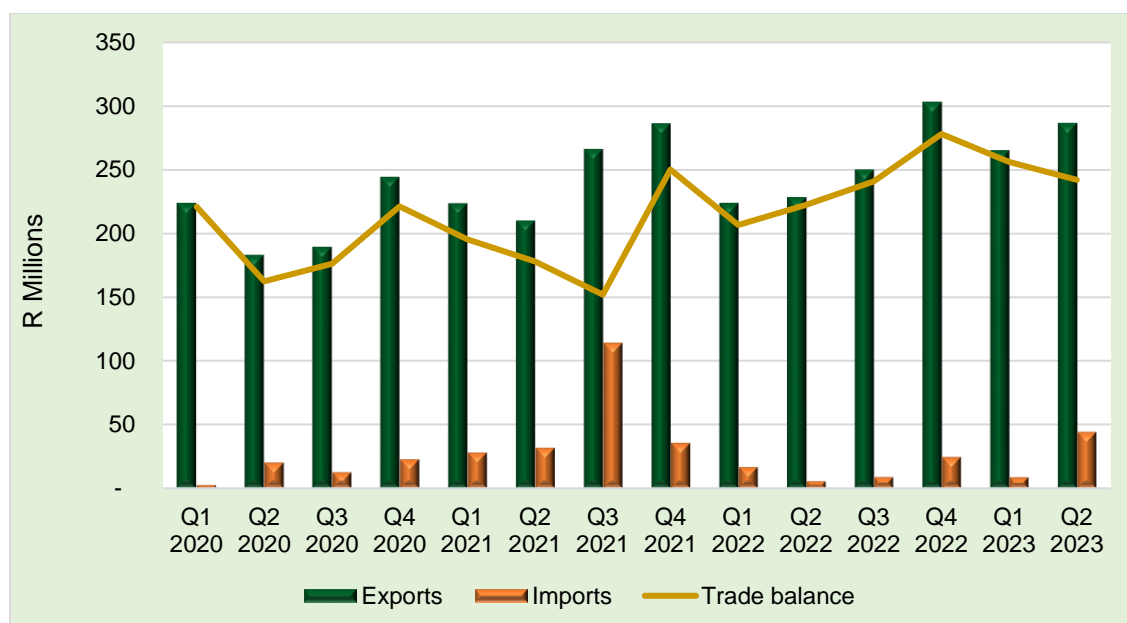


**Figure 33:** Trends in total production and average price of milk

Source: DALRRD

Over the period Q1: 2020 to Q2: 2022, South Africa remained a net-exporter of milk and cream (not concentrated nor containing added sugar or other sweetening matter). In Q2: 2023, the trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) increased by 8,8% relative to Q1: 2023, from R256 068 000 to R242 087 000. Similarly, trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) improved by 5.5% in Q2:2023 compared to the same period a year ago Q2:2022 from R222 422 000 to R242 087 000 recovery of milk supply growth in 2023 relative to 2022 coupled with better-than-expected performance by SA milk producers fundamentally supported the increase in SA’s trade balance for SA milk and cream (not concentrated nor containing added sugar or other sweetening matter) in Q2: 2023 relative to Q2: 2022

The export value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) increased by 8.1% in Q2: 2023 relative to Q1: 2023, while the import value increased by 416% during the same period. On a year-on-year basis, the export value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) increased by 25.5% in Q2: 2023 relative to Q2 in 2022 while the import value of milk and cream (not concentrated nor containing added sugar or other sweetening matter) decreased by 678% year-on-year. Figure 36 below illustrates

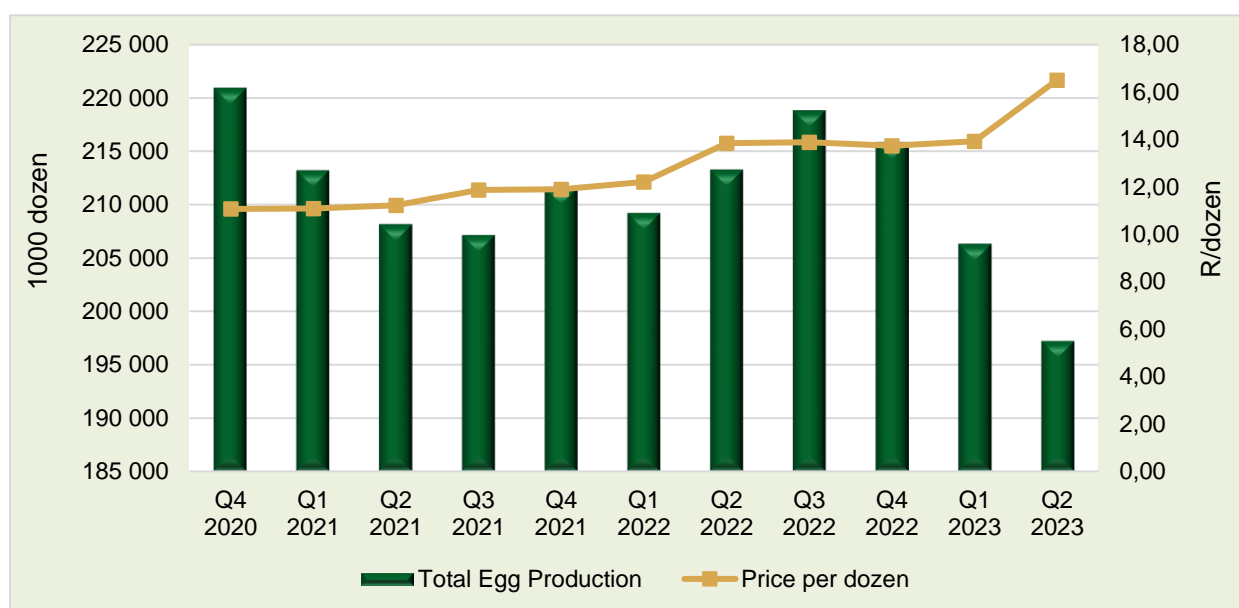


**Figure 34:** Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening  
 Source: ITC, Trade map, 2021

### 3.6 Egg industry review

Figure 35 below, show the performance in The South African egg industry from Q4: 2020 until Q2:2023. In Q2: 2023, the total production of eggs totalled R197 186 million dozen, a 7.5% decrease in production relative to R213 193 million dozen of eggs produced in Q2: 2023. The decrease in production can be attributed to the Avian outbreak in the western cape province that decreased production. On a quarter-on-quarter basis, the total production of eggs decreased by 4.4% in Q2: 2023 relative to Q1: 2022.

The average price per dozen of eggs increased by 10.95% in Q2: 2023 relative to Q2: 2022, to R16.51. per dozen from R 14.88 per dozen whereas on a quarter-on-quarter basis, the average price per dozen of eggs increased by 9.9% in Q2: 2023 relative to Q2: 2023.



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

Source: DALRRD

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



**Figure 36:** Trade balance of birds' eggs, in shell, preserved or cooked  
 Source: ITC, Trade map, 2021

### 3.7 Trade of agricultural products

As the agricultural sector transitions to a potentially drier El Niño season in the 2023/24 production season, there are fears that grains and oilseeds harvest could decline notably due to below-average rainfall in Southern Africa, although this is still early in the season and prospects may change (Agbiz, 2023). However, upside risks that needs constant monitoring is the rand/dollar exchange rate, the stubbornly high inflation, and the ongoing pass-through of higher input costs which continues to put pressure on farmers and agribusinesses. Also, export market frictions, given a rise in protectionist policies and geopolitical tensions triggering the implementation of inward-looking policies pose downside risk to global agricultural trade and economic environment (FNB, 2023).

During Q1: 2023, South Africa's agricultural trade balance grew to R19,7 billion, up by 24.9% relative to Q1: 2022. This is encouraging since the agricultural sector had a rough start of the year due to the excessive rains that brought about production challenges that delayed the summer crop planting activity by roughly a month. Furthermore, the slowing agricultural commodity prices reduced farmers' profitability levels from levels they used to enjoy a year ago, specifically for grains and oilseeds. Moreover, some of the logistical challenges that persisted in Cape Town port negatively affected table grapes and various horticultural products exports (Agbiz,

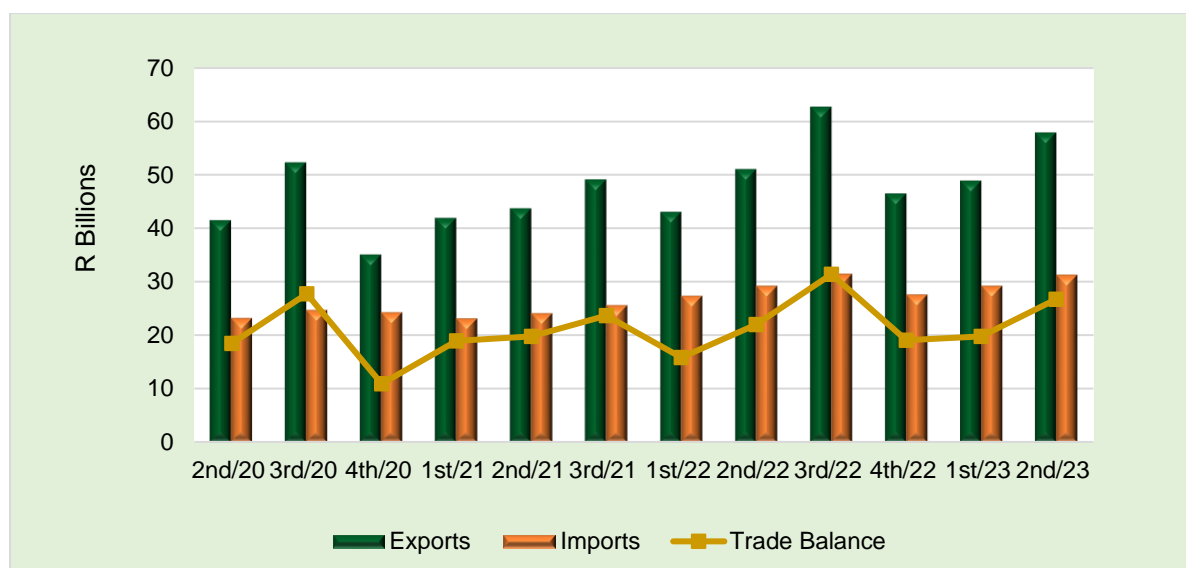
2023). Nevertheless, despite the many logistical challenges industries face, Transnet's willingness to cooperate closely with industries helped ease the situation (Agbiz, 2023).

The export value of agricultural products grew to R 48,8 billion in Q1: 2023, up by 13.5% relative to Q1: 2022. This is despite various external shocks including animal diseases and rising input costs which made it a challenging operating environment for many farmers and agribusinesses. While the start of the year was rough with the excessive rains, improving weather conditions from the end of January supported agricultural activity (Agbiz, 2023).

South Africa is a notable importer of various agricultural products. During Q1: 2023, the import value of agricultural products grew to R 29,1 billion, up by 6.8% relative to Q1: 2022. Despite the sluggish economic environment and slowing demand prospects, South Africa imported a significant amount of agricultural products which contributed to the increase in the agricultural import value in Q1: 2023.

On a quarter-on-quarter basis, the trade balance for agricultural products grew by 7.4% in Q1: 2023 relative to Q4: 2022. The impact of load shedding may continue to influence production conditions as all of South Africa's fruits and vegetables are under irrigation, and roughly a third of field crops are produced under irrigation. Despite various interventions to ease the load-shedding burden on farmers, the effectiveness of these energy support measures differs across farming enterprises and food companies while some may not fully benefit from the energy support measures due to all the necessary mitigation measures.

Meanwhile, the export value of agricultural products grew by 8.8% in Q1: 2023 relative to Q4:2022, while the import value of agricultural products also grew by 9.8% quarter-on-quarter. Lower export prices due to falling commodity prices gradually ate away some of the agricultural export revenue while imports rose due to the lower agricultural commodity prices. According to Agbiz (2023), the focus should be on improving logistics efficiency (roads, rail and ports) and intensifying the promotion of South African agriculture, food, fibre and beverages to export markets.



**Figure 37:** Trade balance of agricultural products

Source: Trade map, 2023

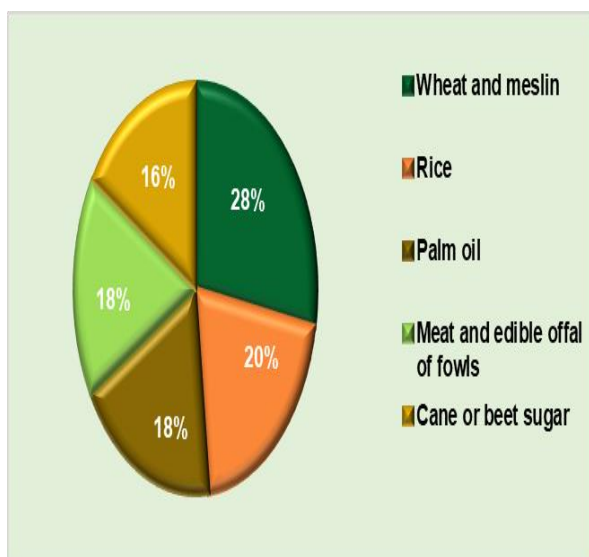
Table 5 indicates that Netherland was the largest agricultural export market for South Africa in Q1: 2023, accounting for 19% of all agricultural exports in value terms. United Kingdom was the second largest agricultural export market, accounting for 7% while Botswana was the third largest agricultural export market, accounting for almost 7% of all agricultural exports in value terms in Q1: 2023. The top three suppliers of agricultural products in Q1: 2023 were Thailand, which was the leading supplier of agricultural products to South Africa followed by Thailand as the second largest supplier and China holding the third position as the third largest supplier of agricultural products to South Africa in Q1:2023.

**Table 5:** SA’s top three largest export and import destinations of agricultural products in the 1<sup>st</sup> Quarter of 2023.

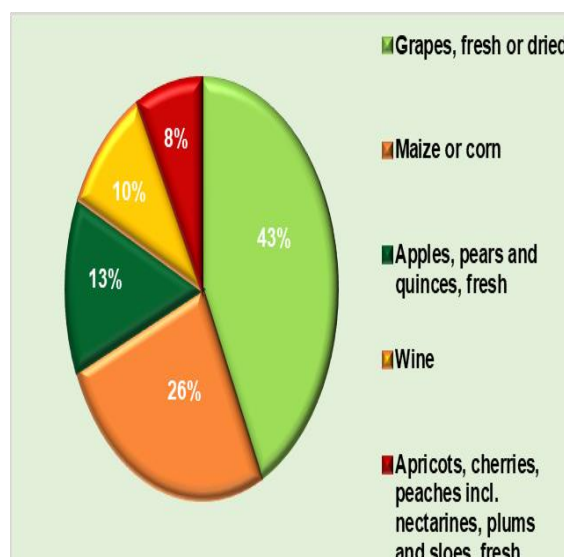
Top three markets of agricultural products exported by SA	Value (Billion Rands) 1 <sup>st</sup> Quarter 2023	% Share of total agricultural exports in 1 <sup>st</sup> Quarter 2023	Top three suppliers of agricultural products to SA	Value (Billion Rands) 1 <sup>st</sup> Quarter 2023	% Share of total agricultural imports in 1 <sup>st</sup> Quarter 2023
<b>Total</b>	R 48,80	100		R 29,06	100
<b>Netherlands</b>	R 6,42	13.1%	Brazil	R 2,21	7.6%
<b>United Kingdom</b>	R 3,61	7.4%	Thailand	R 1,91	6.6%
<b>Botswana</b>	R 3,19	6.5%	China	R 1,84	6.3%

Source: Trademap, 2023

Figure 38 indicates the top five agricultural products imported by SA in Q1: 2023. The top five agricultural products imported by South Africa in Q1: 2022 were primarily wheat (28%), rice (20%), palm oil (18%), meat and edible offal of fowls (18%) and cane or beet sugar (16%). These top five products dominated the food import bill in Q1: 2023. Meanwhile, figure 39 indicates the top five primary agricultural products exported by SA in Q1: 2023. The top five agricultural products exported by South Africa in Q1: 2023 were primarily fresh or dried grapes (43%), maize or corn (26%), fresh apples, pears and quinces (13%), wine (10%) and fresh apricots, cherries, peaches including nectarines, plums and sloes (8%). If this gloomy path continues of persistent episodes of load-shedding, higher input costs, rising protection in some export markets, rising interest rates as well as intensified geopolitical tensions, this will likely weigh on trade activity in 2023. Meanwhile, Agbiz expects the sector to recover somewhat in 2023.



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



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





## 4. CONCLUSION

Economic growth is moderating under the weight of still high inflation and monetary policy tightening. Rather than a global recession, we expect a relatively subdued economic outlook. Rapid monetary policy tightening over the last year or so led to weakening in global housing, bank lending, and the industrial sector.

SA economy grew by 0.6% in second quarter of 2023 from an increase of 0.4% in the previous quarter, which was much stronger than expected. After shrinking more than 12% in the first quarter, agriculture made a strong comeback, growing by 4.2%, contributed 0.1 percentage point to GDP growth thanks to favourable weather conditions, increased cultivation, and a rise in export demand.

The agricultural sector had a rough start of the year due to the excessive rains that brought about production challenges that delayed the summer crop planting activity by roughly a month. Furthermore, the slowing agricultural commodity prices reduced farmers' profitability levels from levels they used to enjoy a year ago, specifically for grains and oilseeds. Moreover, some of the logistical challenges that persisted in Cape Town port negatively affected table grapes and various horticultural products exports. Nevertheless, despite the many logistical challenges industries face, Transnet's willingness to cooperate closely with industries helped ease the situation.

South Africa's agricultural trade balance grew to R19,7 billion, up by 24.9% relative to Q1: 2022. The export value of agricultural products grew to R 48,8 billion in Q1: 2023, up by 13.5% relative to Q1: 2022, besides the export market frictions, given a rise in protectionist policies and geopolitical tensions triggering the implementation of inward-looking policies pose downside risk to global agricultural trade and economic environment. South Africa is a notable importer of various agricultural products. During Q1: 2023, the import value of agricultural products grew to R 29,1 billion, up by 6.8% relative to Q1: 2022.

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