



Quartely Economic Overview

AGRICULTURE SECTOR

Volume 18, Number 2, Second Quarter 2020



**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 Analysis Unit conducts economic analyses of the performance of the agriculture sector, as well as the external impact on the AFF sector and its industries.

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

This issue looks at the economic developments in 2020: 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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List of figures

Figure 1: Advanced economies quarterly GDP growth rates.....	9
Figure 2: Emerging markets and developing economies quarterly GDP growth rates	9
Figure 3: Quarterly global grain supply forecast	11
Figure 4: Quarterly global food price indices	12
Figure 5: Domestic real GDP growth	12
Figure 6: Agriculture, forestry and fisheries sector growth rates.....	14
Figure 7: SA headline CPI and CPI for food	14
Figure 8: CPI for selected food items	15
Figure 9: Total number of people employed in the industries 2020: (Q2).....	17
Figure 10: Total number of people employed in the agriculture sector between 2019: Q1 and 2020: Q2.	19
Figure 11: Provincial number of people involved in subsistence farming between 2019: Q1 and 2020: Q2.	20
Figure 12: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2017: Q1 and 2020: Q2	20
Figure 13: Comparison of international fertilisers and local prices in Randterms.....	22
Figure 14: South African fertiliser Expenditure.....	23
Figure 15: Trends in gross farm income and net farm income between 2019:(Q1) and 2020(Q2).....	25
Figure 16: Trends in private consumption expenditure between 2019:(Q1) and 2020(Q2).....	27
Figure 17: Total dam levels in 2020: Q2.....	30
Figure 18: Average dam levels in 2020: Q2.....	31
Figure 19: Price trends of White and Yellow maize.....	32
Figure 20: Retail prices vs white maize seed prices.....	33
Figure 21: Supply and demand of white maize.....	34
Figure 22: Supply and demand of yellow maize	35
Figure 23: Wheat Safex price, imports, exports price	36
Figure 24: Retail bread price vs wheat import price.....	37
Figure 25: Wheat deliveries, imports, exports and local demand	36
Figure 26: Soya beans local price vs import price.....	38
Figure 27: Sunflower local seed; import price (Randfontein) and sunflower retail price.....	39
Figure 28: Sunflower seed deliveries; local demand and trade.....	40
Figure 29: Sorghum parity price	41
Figure 30: Supply and demand of groundnuts.....	42
Figure 31: Groundnuts consumption	43
Figure 32: Average price and quantities trends of various fruit traded at fresh produce markets (FPMs)	48
Figure 33: Average prices and quantities of various vegetables traded at fresh produce markets (FPMs) ..	50
Figure 34: Poultry production	54

Figure 35: Poultry feed vs retail prices	55
Figure 36: Trends in total production and average price of milk	58
Figure 37: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening	59
Figure 38: Trade balance of agricultural products	60
Figure 39: Top five agricultural products exported by SA	62
Figure 40 Top five agricultural products imported by SA	64

List of Tables

Table 1: Soya bean projections for 2020.....	40
Table 2: Sorghum production and use	44
Table 3: SA's top three largest export and import destinations of agricultural products in the (Q2):2020.....	48

Table of Contents

PREFACE	1
List of figures	2
List of Tables	2
1 EXECUTIVE SUMMARY	6
1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY	8
1.1 Global Real GDP Growth Rates	8
1.2 Global Grain Forecast.....	11
1.3 Global Food Prices	11
2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES	12
2.1 Growth	12
2.2 Inflation	14
2.3 Employment.....	16
2.4 Expenditure on intermediate goods and services by the agricultural sector	19
2.5 South African fertiliser market review	
2.6 Nominal gross farm income and net farm income from agricultural products	21
2.7 The net farm income.....	Error! Bookmark not defined.
2.8 Private consumption expenditure on agricultural products	23Error! Bookmark not defined.
2.9 Review of South Africa's water dams levels.....	29
3. REVIEW OF AGRICULTURAL MARKETS	25
3.1 Grain market review.....	26
3.1.1 White and yellow maize	26
3.1.2 Wheat	29
3.1.3 Soya beans.....	31
3.1.4 Sunflower.....	32
3.1.5 Sorghum	35
3.1.6 Groundnuts	36
3.2 Fruit and vegetable market review	39
3.3 Meat industry review.....	40Error! Bookmark not defined.
3.4 Poultry industry review.....	43
3.5 Trade of agricultural, forestry and fisheries.....	47
References	51

EXECUTIVE SUMMARY

Global growth prospects: The advanced economy shrank on the second quarter, in the past three months to June 2020, following a decline in the previous period and officially entering a recession as the COVID-19 pandemic hit all the economies. Real GDP growth Rates, 2020 (Q2) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States decreased by 11.5%, 13.8%, 9.7%, 13.0%, 7.9%, 19.8% and 9.0% respectively, when compared to 2019 (Q2). Emerging markets and developing economies, 2020 (Q2) Real GDP growth rates decreased in the following countries: Brazil, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia decreased by 9.7%, 23.9%, 5.32%, 17.1%, 15.2%, 51%, 6.1% and 8%, respectively, whilst merely China increased by 3.2% when compared to the fourth quarter of 2020 (Q2).

Global grain supply forecast: . The global grain supply forecast indicates a total grain increase of 3.3%, from 3.463 million metric tons in 2019 (Q2) to 3.577 million metric tons in 2020 (Q2). Global supply projections for 2020 (Q2) of wheat, coarse grains, rice milled, cotton, oil meals and vegetable oils increased by 2.4%, 4.1%, 2.4%, 8.0%, 1.0%, and 0.8% respectively, whilst oilseeds decreased by 0.2% when compared to the first quarter of 2019.

South Africa's GDP: South Africa's Gross Domestic Product (GDP) for the second quarter of 2020 shrank by a mammoth 51%, mainly as a result of the Covid-19 lockdown coming into effect during that period. The agriculture, forestry and fishery industry increased by 15.1% and contributed 0.3% in 2020: Q2. field crops made the biggest contribution to agriculture with 27% increase in gross value of production when compared to 2019: Q2.

Inflation: The annual average headline CPI for the second quarter 2020 was 2.08% which shows a decrease of 2.36% when compared to the same period last year. Food inflation for the second quarter of 2020 was 3.77% which shows an increase of 0.99% from 2.78% of the first quarter of 2019.

Employment: 2.2 million jobs in the second quarter of the year were lost, According to the latest Quarterly Labour Force Survey, about 66 000 jobs were lost in the agriculture sector during the second quarter. This was a 7,6% decline from Q1 to Q2, and a 5,1% decline when measured on a year-on-year basis.

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

Trade: South Africa's agricultural trade balance grew by 67.9% in Q2: 2020 compared to Q2: 2019, to R17,1 billion from R 10,2 billion. On a quarter-on-quarter basis, agriculture's trade balance grew by 56% in Q2: 2020 compared to Q1, with the export value increasing by 39% and import value increased by 14% quarter-on-quarter. There are however, uncertainties regarding the potential trade deal and the coronavirus disease outbreak which remains a risk for South Africa's exportable commodities.

1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

1.1 Global Real GDP Growth Rates

According International Monetary Fund (IMF) latest report on World Economic Outlook (WEO) Update, April 2020, It indicates that Global growth is projected at negative 4.9% in 2020, which is a 1.9% points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4%. Overall, this would leave 2021 GDP some 6.5% points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions which have eased following the release of the April 2020 WEO will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving.

The advanced economy shrank on quarter in the past three months to June 2020, the most on record, following a decline in the previous period and officially entering a

recession as the COVID-19 pandemic hit all the economies. Real GDP growth Rates, 2020 (Q2) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States decreased by 11.5%, 13.8%, 9.7%, 13.0%, 7.9%, 19.8% and 9.0% respectively, when compared to 2019 (Q2). See figure 1 below.



Figure 1: Advanced economies quarterly GDP growth rates

Source: Various Sources

The COVID-19 pandemic is impacting emerging markets through an unprecedented mix of domestic and external shocks whose combined effects are very hard to predict. Among these, emerging markets are confronting a sharp tightening in global financial conditions. Figure 2, Indicate that in the emerging markets and developing economies, 2020 (Q2) Real GDP growth rates decreased in the following countries: Brazil, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia decreased by 9.7%, 23.9%, 5.32%, 17.1%, 15.2%, 51%, 6.1% and 8%, respectively, whilst merely China increased by 3.2% when compared to the fourth quarter of 2020 (Q2) figures.

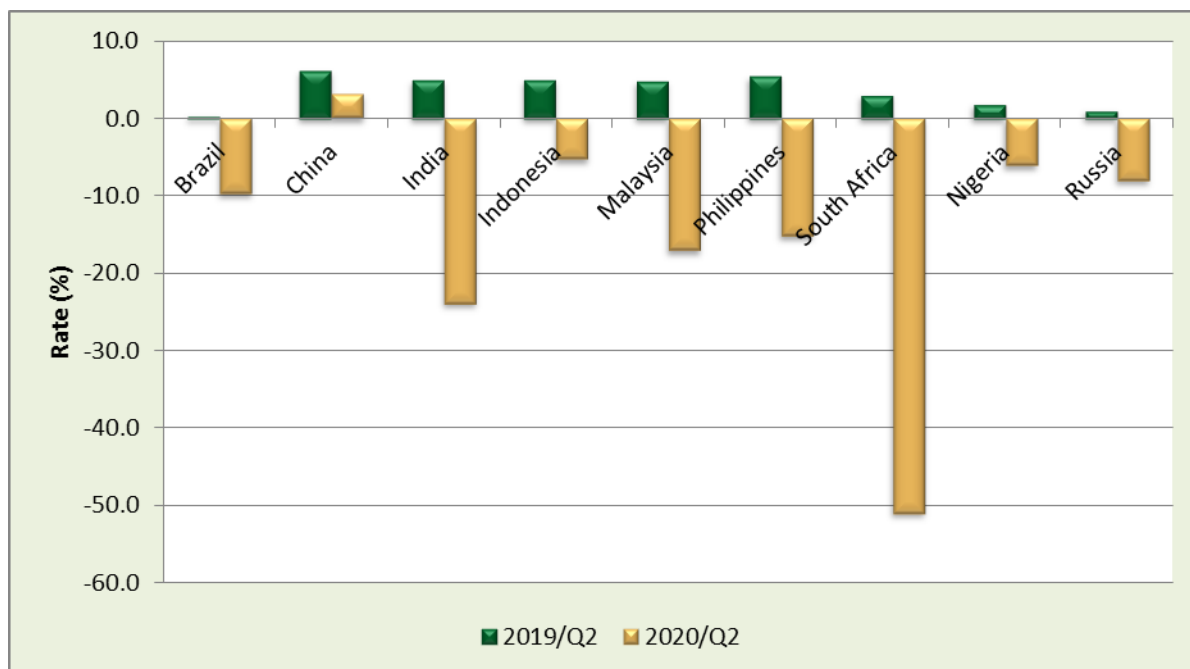


Figure 2: Emerging markets and developing economies quarterly GDP growth rates
Source: Various Sources

1.2 Global Grain Forecast

Global food markets will face many more months of uncertainty related to the COVID-19 pandemic. However, while most markets are braced for a major global economic downturn, the agri-food sector is likely to display more resilience to the crisis than other sectors. The global grain supply forecast indicates a total grain increase of 3.3%, from 3.463 million metric tons in 2019 (Q2) to 3.577 million metric tons in 2020 (Q2). Global supply projections for 2020 (Q2) of wheat, coarse grains, rice milled, cotton, oil meals and vegetable oils increased by 2.4%, 4.1%, 2.4%, 8.0%, 1.0%, and 0.8% respectively, whilst oilseeds decreased by 0.2% when compared to the first quarter of 2019, see figure 3 below.

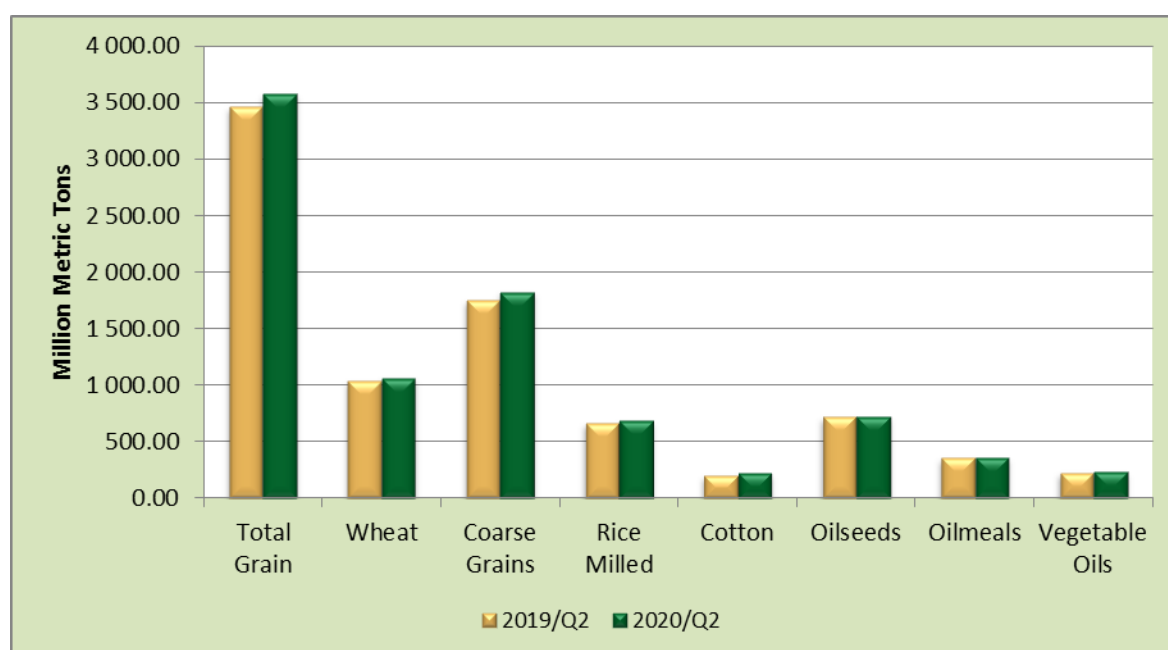


Figure 3: Quarterly global grain supply forecast
Source: USDA

1.3 Global Food Prices

Globally in 2020 (Q2) some major countries were paying significantly less by 46.0% on food purchases compared to 2019 (Q2). The following global food products price indices in 2020 (Q2), meat, dairy, cereals, oil and sugar indices reflect a steady decrease by 44.2%, 54.5%, 40.2%, 34.9% and 61.5% respectively, when compared to (Q2) of 2019, see figure 4.

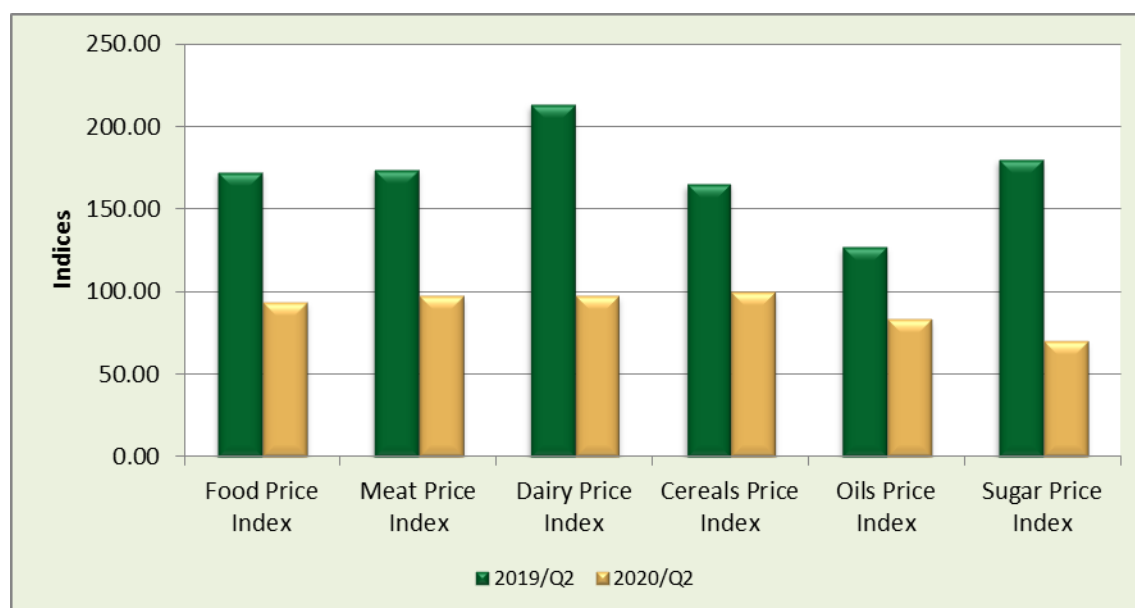


Figure 4: Quarterly global food price indices
Data Source: FAO

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

2.1 Growth

The five month lockdown due to coronavirus has finally shown its economic impact on the economy. The South Africa economy has fallen for the fourth consecutive quarter, putting the country in a severe recession. South Africa's Gross Domestic Product (GDP) for the second quarter of 2020 shrank by a mammoth 51%, mainly as a result of the Covid-19 lockdown coming into effect during that period, Stats SA report. The quarter-on-quarter fall is the fourth consecutive decline in quarterly GDP since the second quarter of 2019 (see fig 5). Of the eleven industries in the country, the agriculture, forestry and fisheries is the only industry that contributed positively to the GDP in 2020: Q2. According to Stats SA, the largest negative contributors to growth in GDP in the second quarter were the manufacturing, trade and transport industries. The manufacturing industry; the trade, catering and accommodation industry; and the transport, storage and communication industry decreased 74.9%; 67.6% and 67.9% and contributed -10.8%, -10.5% and -6.6% to the GDP respectively in 2020: Q2.

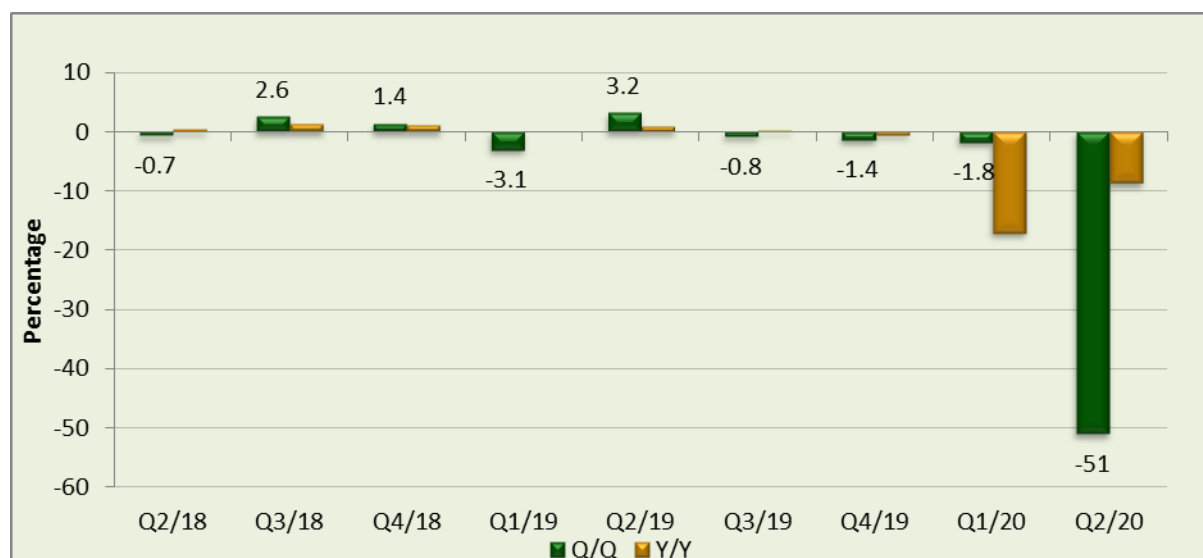


Figure 5: Domestic real GDP growth

Source: Stats SA

The agriculture, forestry and fisheries industry contributed positively to the GDP growth in spite of the challenges that the economy faces (see fig 6). The agriculture, forestry and fishery industry increased by 15.1% and contributed 0.3% in 2020: Q2. However, the industry's growth in 2020: Q2 is lower when compared to 28.6% reported first quarter of 2020. Disaggregated data from DALRRD for 2020: Q2 shows that field crops made the biggest contribution to agriculture with a 27% increase in gross value of production when compared to 2019: Q2. The 2020: Q2 gross value of production from horticulture products increased by 15.6% while the gross value of animal products declined by 0.9% year on year. According to BFAP, the decline in the gross value of animal products to agriculture is due to a decline in the gross value of beef and pork which declined by 13% and 10% respectively in 2020: Q2 due to a lower production and weaker prices compared to the same period in 2019.

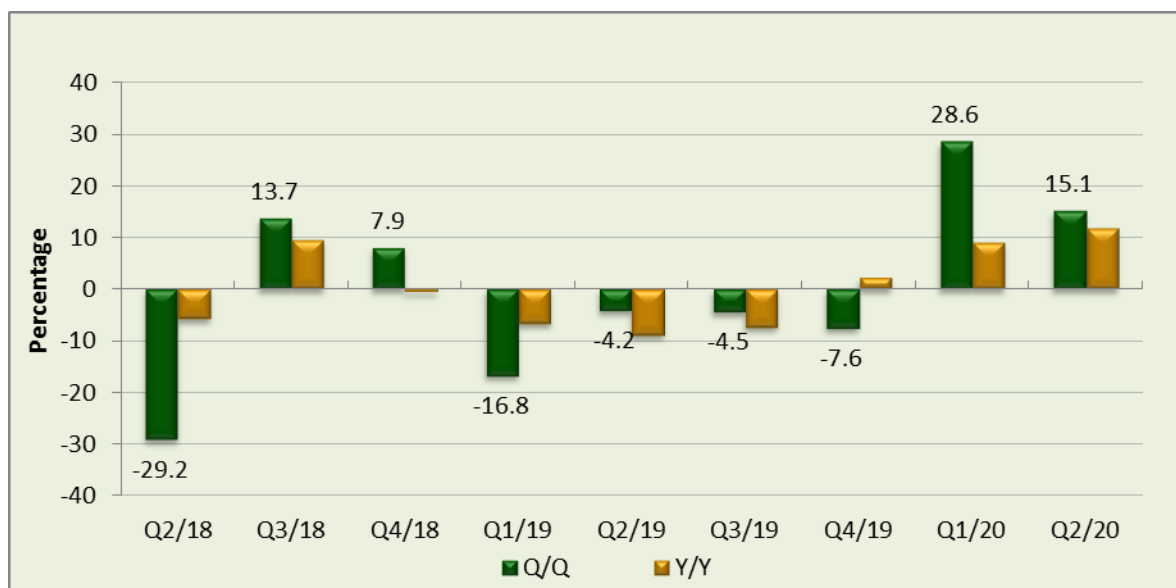


Figure 6: Agriculture, forestry and fisheries sector growth rates

Source: Stats SA

2.2 Inflation

South Africa’s annual headline CPI and the food inflation from the second quarter of 2020 as illustrated in figure 7. The annual average headline CPI for the second quarter 2020 was 2.08% which shows a decrease of 2.36% when compared to the same period last year. Food inflation for the second quarter of 2020 was 3.77% which shows an increase of 0.99% from 2.78% of the first quarter of 2019.

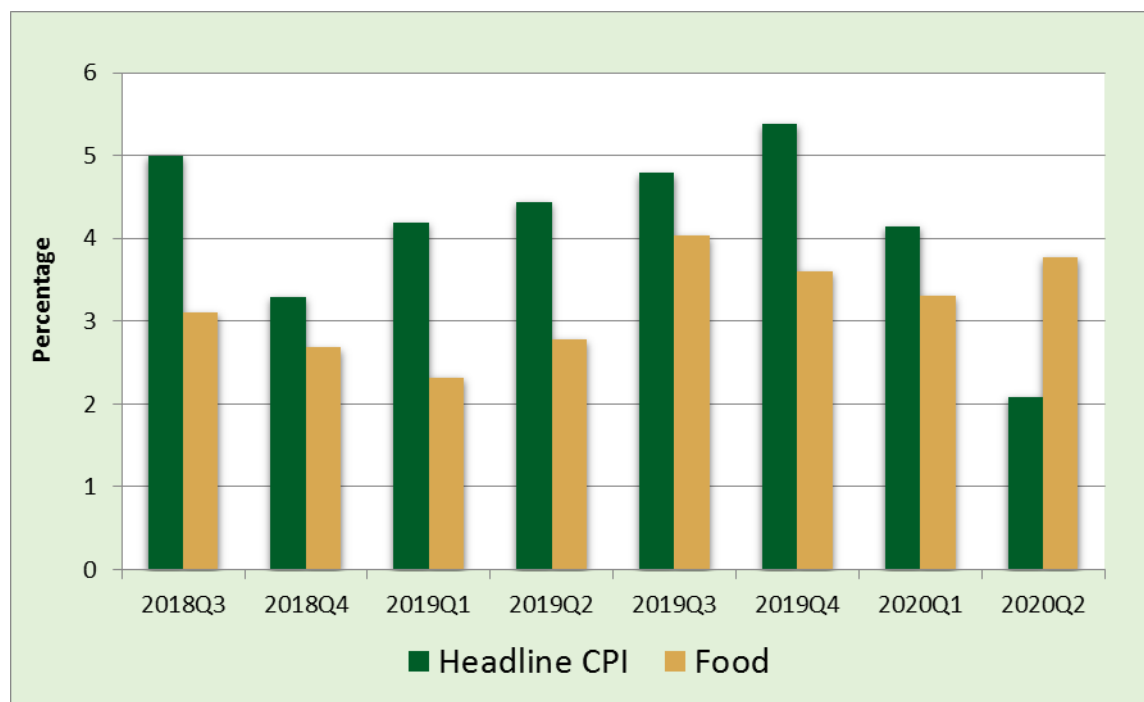


Figure 7: SA headline CPI and CPI for food

Source: Stats SA

Figure 8 illustrates consumer trends of selected food items for the second quarter of 2020. Food inflation for Quarter two of 2020, shows that bread & cereals, meat, fish, milk, egg & cheese and vegetables were generally less expensive with a CPI of 1.31%, 5.53%, 3.24%, 5.45% and -0.35% respectively when compared to other food items. On a quarterly basis, the CPI for fruit was the most expensive with a CPI of 11.29% which is higher from 6.49% in the previous quarter, which is an increase of 4.8%. CPI for oils & fats was the second largest food item with a CPI of 7.38% when compared to the same period last year the CPI for fruit has gone up by 4.51%.

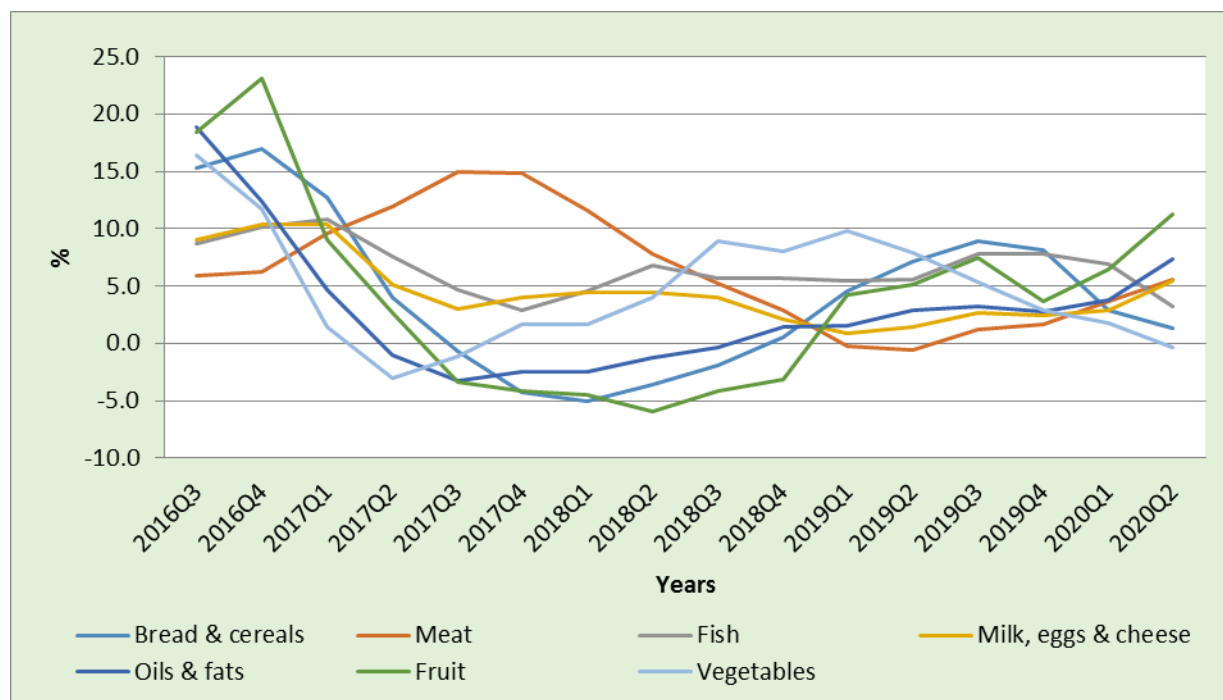


Figure 8: CPI for selected food items

Source: Stats SA

2.3 Employment

Despite the loss of 2.2 million jobs in the second quarter of the year, the labour force survey released by Stats SA indicates that there was also a massive decline in unemployment. The official unemployment rate decreased from 30.1% in the first quarter of 2020 to a record low of 23.3% in the second quarter of 2020. However, the country was under a hard lockdown in the second quarter of the year, with prospective job seekers unable to look for work. Yet, the data released by Stats SA points to a 4.3 million decline in the number of unemployed people as compared to the first quarter, when the decline in the number of unemployed people stood at 2.8 million people. Experts had cautioned that it might be difficult for Stats SA to collate the data from the period under review due to the hard lockdown and job seekers' fears of contracting COVID-19. The Quarterly Labour Force Survey relies on a household-based sample survey and collects data on labour market activities of people aged 15 years to 64 years of age in the country.

According to the latest Quarterly Labour Force Survey, about 66 000 jobs were lost in the agriculture sector during the second quarter. This was a 7,6% decline from Q1

to Q2, and a 5,1% decline when measured on a year-on-year basis (Q2:2019 compared with Q2:2020). Previous reports published by Stats SA, showed that agriculture GDP contracted by 1,86% and 9,86% in 2018 and 2019 respectively. However, the sector showed sustained recovery during the first two quarters of 2020, with agriculture GDP increasing just over 15% (annualised) in the second quarter of 2020. Despite an increase in farming output, employment in the sector was at a five-year low for the second quarter. Total employment in agriculture had decreased by about 8% since 2016 from 869 000 in second quarter of 2016 to 799 000 in the same quarter of 2020. The growth trend in agricultural GDP so far this year, has failed to translate into an increase in employment in the sector.

Figure 9 shows that between the second quarter of 2019 and the second quarter of 2020, the number of employed persons decreased in all of the ten industries, with the largest decrease recorded in Utilities, construction, private households, manufacturing and trade that decreased by 25.4%, 21.8%, 19.7%, 18.6% and 14.1% respectively. During the same period transport, finance as well as Community and social services decreased by 10.0%, 10.5% and 10.4% respectively. Agriculture and Mining decreased slightly by 5.1% and 2.1% respectively.

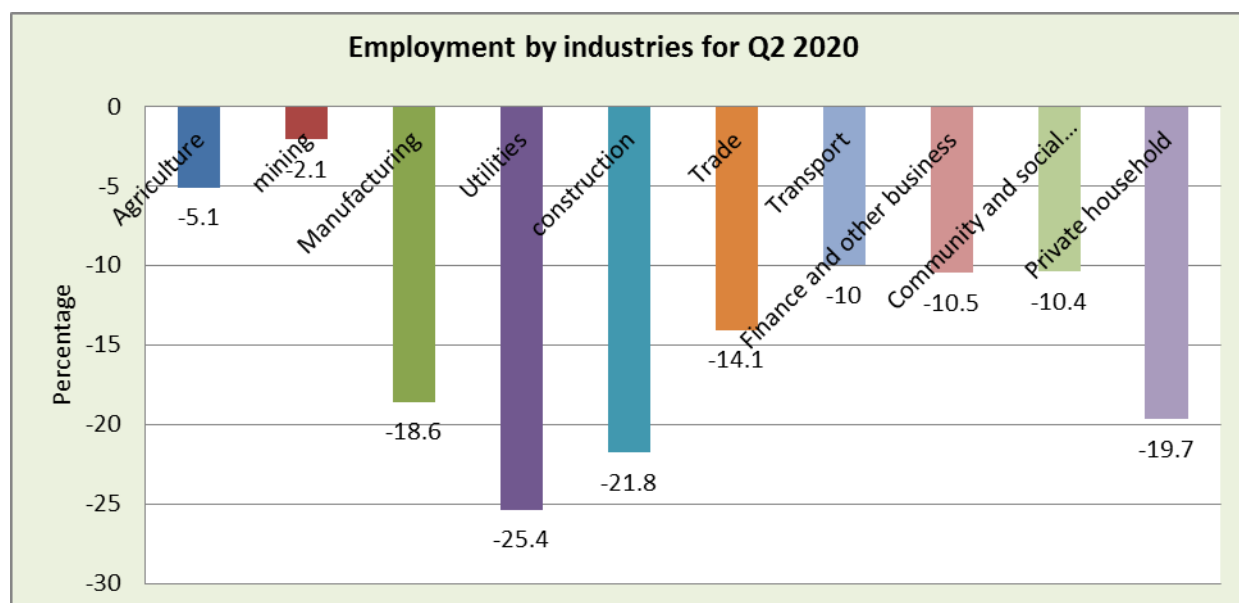


Figure 9: Total number of people employed by industries between 2020: Q1 and 2020: Q2

Source: DAFF

Figure 10 illustrate that the number of people employed in agricultural sector decreased by 5.1% in the second quarter of 2020, from 842 000 persons in the second quarter of 2019 to 799 000 persons in the second quarter of 2020. In the 43 000 jobs lost 66 000 jobs were lost by men, while woman gained 23 000 jobs between the two quarters. During the same period in total, the agricultural sector comprised of 271 000 women and 528 000 man compared to 248 000 women and 594 000 men.

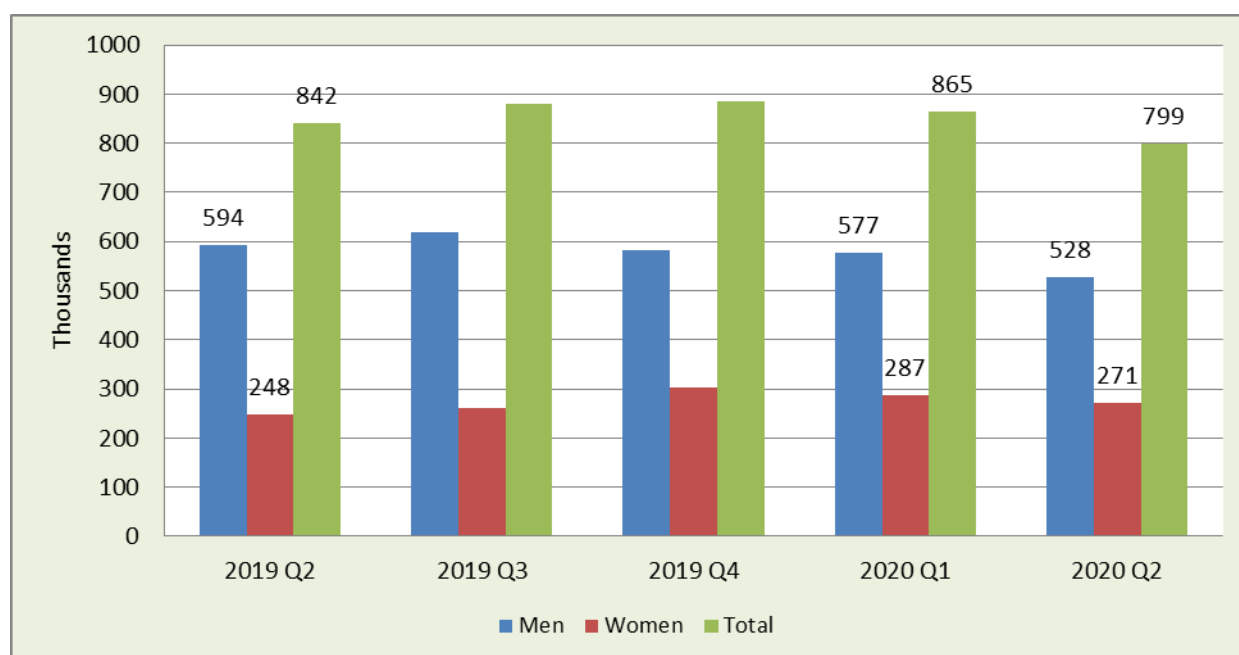


Figure 10: Total number of people employed in the agriculture sector between 2019: Q2 and 2020: Q2

Source: DAFF

Figure 11 shows that between the second quarter of 2019 and same quarter of 2020, provincial agriculture employment increased in Western Cape, Mpumalanga and Limpopo. While provincial agriculture employment decreased in Eastern Cape, Northern Cape, Free State, KwaZulu-Natal, North West and Gauteng. During the same period (QLFS) publication, also indicate that 2.97 million people were involved in subsistence farming compared to 1.91 million people in the same quarter of 2019, an increase of 55.7 %. KwaZulu-Natal and Eastern Cape remained with the highest number of people involved in subsistence farming.

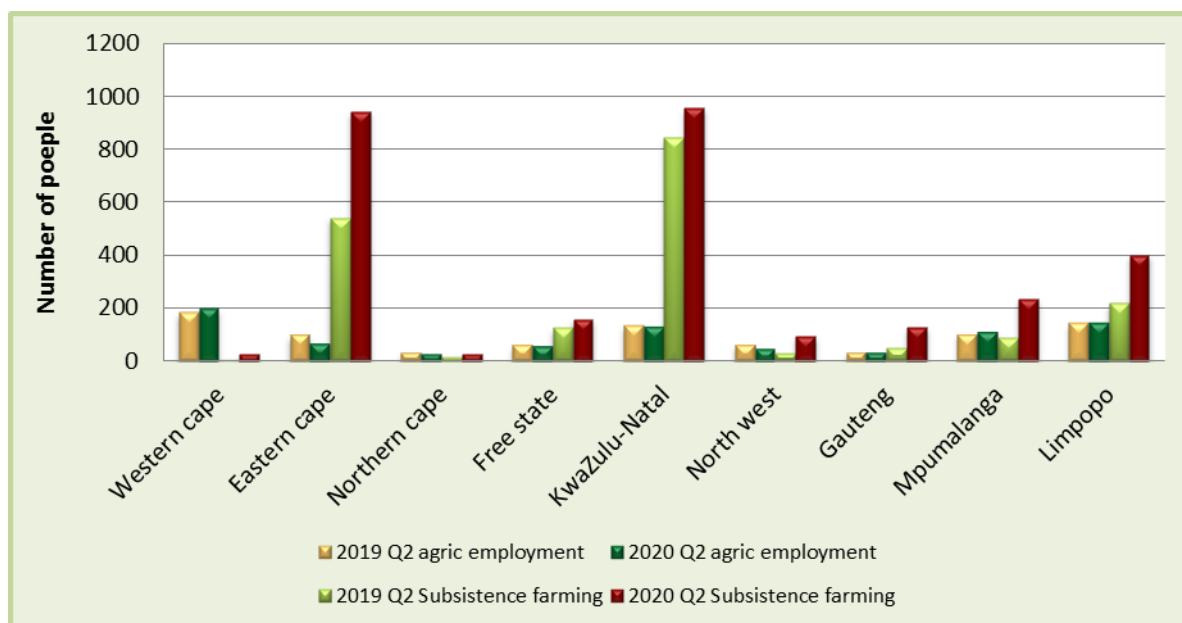


Figure 11: Provincial number of people involved in subsistence farming between 2019: Q2 and 2020: Q2

Source: DAFF

2.4 Expenditure on intermediate goods and services by the agricultural sector

The total expenditure on intermediate goods and services was reported at R42 billion in the second quarter of 2020 compared to R37 billion in the first quarter 2020, a decrease of 14%. Compared to a year ago the total expenditure on intermediate goods and services increased by 8% from R39 billion in the second quarter of 2019 to R42 billion in the second quarter of 2020.

The total expenditure on intermediate goods and services decreased by 8% from a year (2019 Q2) ago to Q22020. The increase was due to increases in Farm Services (6.0%), Fuel (2.4%), Fertiliser (3.0%), Seed and plants (10.0%), and Farm Feeds decrease by (69.4%).

Figure 12 shows comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds and Plants as well as Farm Feeds in the second quarter of 2020 compared to the previous quarter.

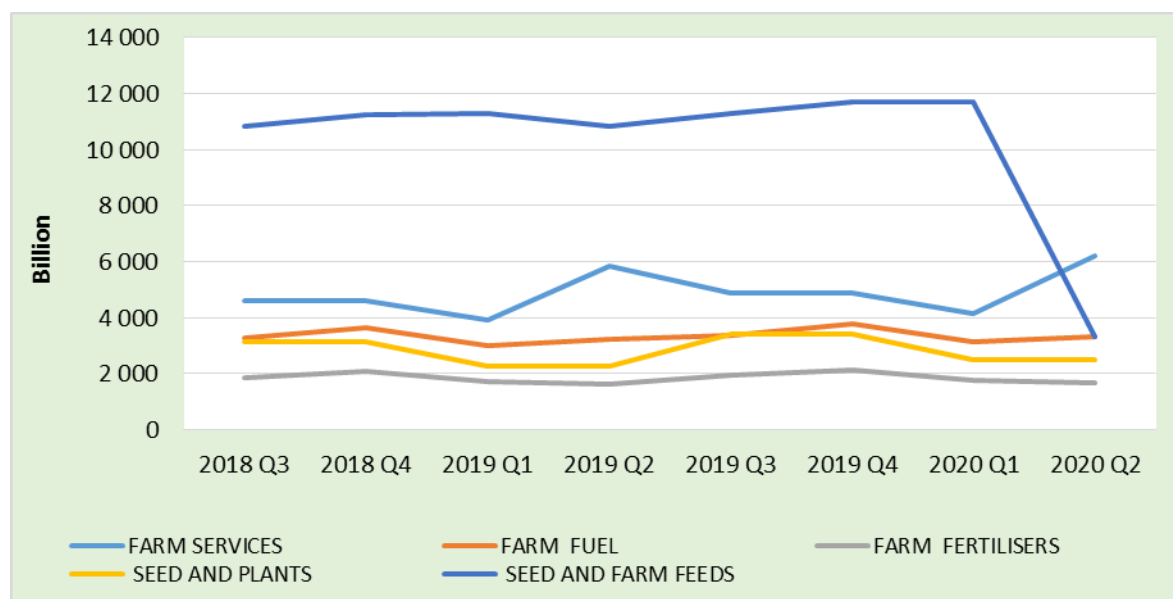


Figure 12: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2018: Q1 and 2020: Q1
Source: DAFF

2.5 fertilizer market review

2.5.1. South African fertiliser expenditure

The expenditure on fertilizer in the second quarter of 2020 was R1 673.553 compared to R 1624.809 in the same quarter in 2019, this represent 3% increase on expenditure of fertilizers. The fluctuation might be due to the changes in the area planted due to drought and financial challenges famers experienced in recent years., see Figure 13.

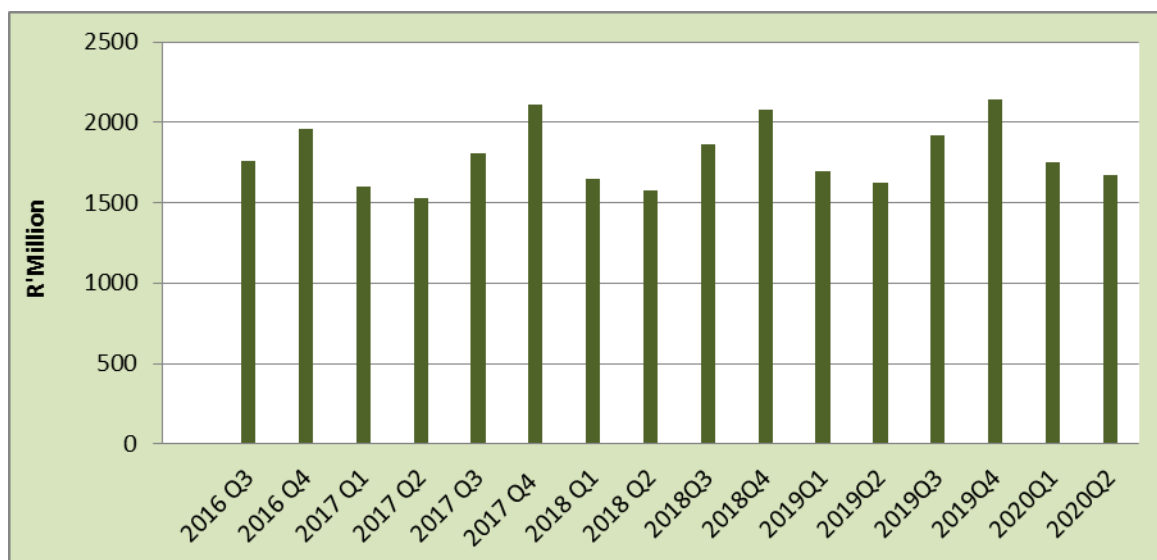


Figure: 13 South Africa fertiliser expenditure

Source: Grain SA

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

Figure 14 illustrate that the nominal real gross income from all agricultural products increased by 12.3% from R83.0 billion in the second quarter of 2019 to R93.3 billion in the same quarter of 2020. During the same period, the net farm income is estimated at R45.8 billion compared to R35.3 billion in the same quarter of 2019, a significant increase of 30.0%. The increase in net farm income was largely supported by an increase in income from field crops and horticulture that increased by 27.0% and 15.6% respectively, while animal product decreased by 0.8%.

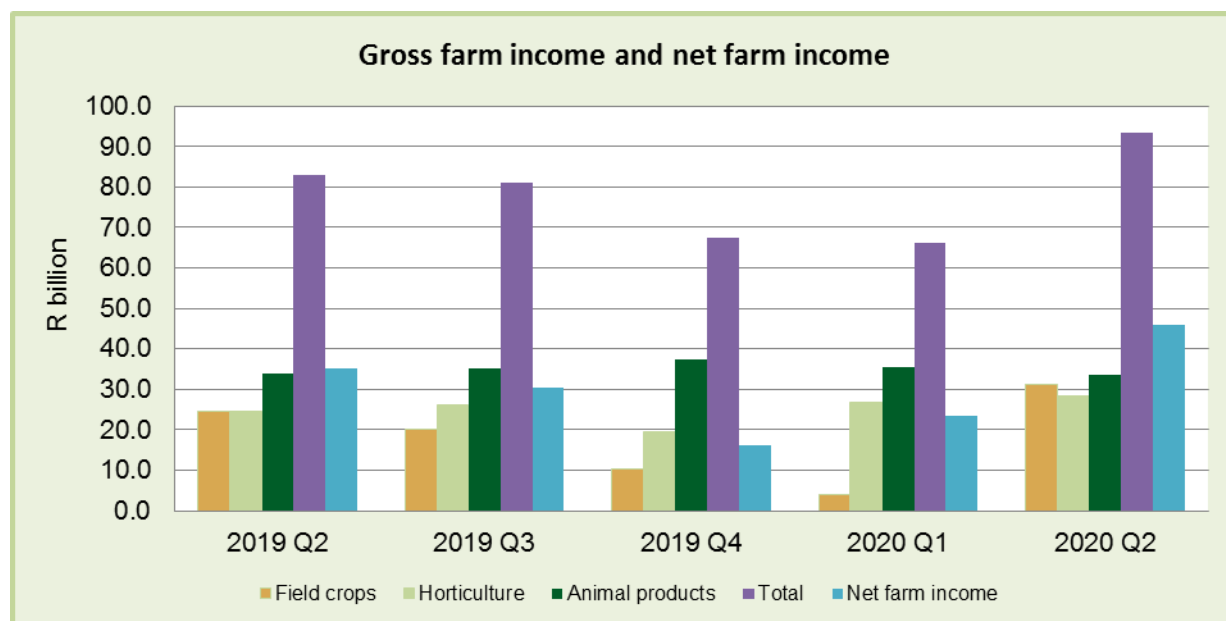


Figure 14: Trends in nominal gross farm income and Net farm income between Q1:2019 and Q1:2020

Source: DAFF

2.9 Reviews of South Africa’s water dam levels

South Africa’s national dam levels dropped by 2.7% in Q2: 2020 compared to Q2: 2019, to an average of 69.4% from an average of 71.4%, as dry winter conditions took a toll on the scarce water resources. On a quarter-on-quarter basis, South Africa’s national dam levels improved by 9% in Q2: 2020 compared to Q1, to an average of 69.4% in Q2: 2020 from an average of 63.5% in Q1. Water users are however reminded to rethink their day to day water consumption patterns, inculcate behavioural change and value water more. In addition, South Africa is a water scarce country and therefore water saving measures need to be heightened.,see figure 15.

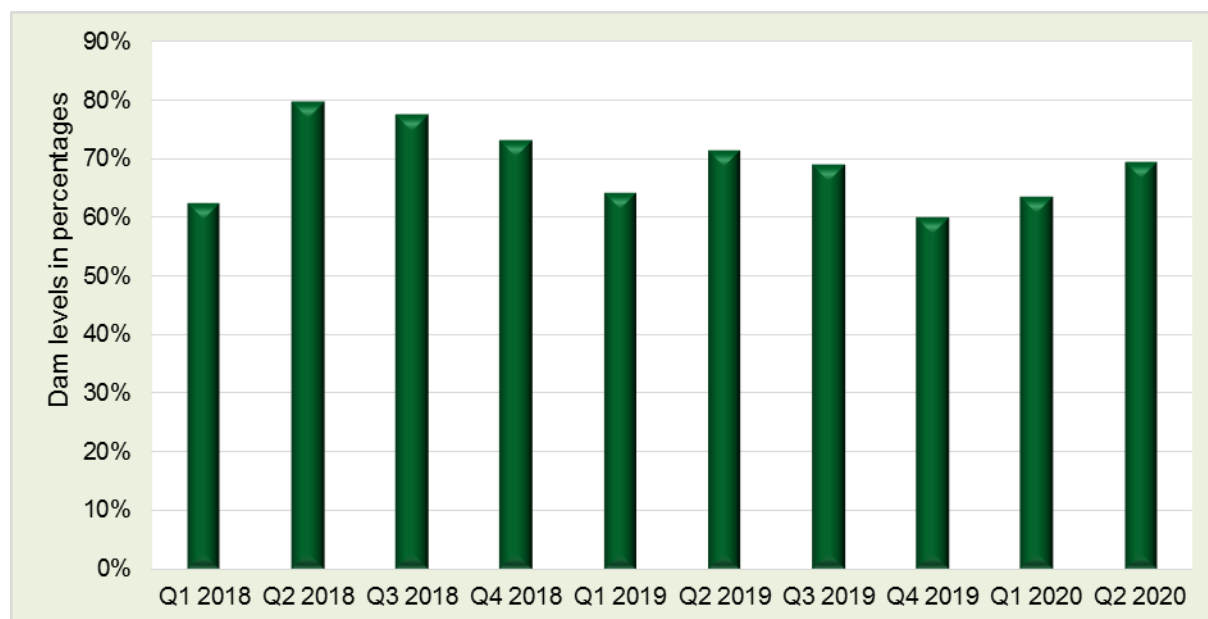


Figure 15: Total dam levels in Q2: 2020
 Source: Department of Water & Sanitation (DWS)

1. Provincial average dam levels

Average dam levels in large parts of the country improved significantly in Q2: 2020 compared to Q2: 2019, except for dam levels in KwaZulu-Natal, Free State and the Eastern Cape Province which has been facing acute water challenges for some time. However, indications are that the strain on SA’s water resources is a country-wide phenomenon and citizens are reminded to heighten water saving measures.

Dam levels in the Eastern Cape dropped by 9.9% in Q2: 2020 compared Q2:2019. The Eastern Cape Province is battling as dam levels dropped from an average of 62% in Q2: 2019, to an average of 55% in Q2:2020. The Department of Water and Sanitation continues to roll out water tanks to water-stressed areas and schools across the Eastern Cape to relieve water challenges. Dam levels in KwaZulu-Natal declined by 3.6% in Q2: 2020 compared to Q2: 2019, to an average of 62% in Q2: 2020 from an average of 64% in Q2: 2019 while average dam levels in the Free State, which has some of the biggest dams in the country dropped by 3.2% during the same period, to an average of 82% in Q2: 2020 from an average of 85% in Q2: 2019. Considering account water challenges experienced in the Eastern Cape, KwaZulu-Natal and Free State Province, South African citizens are reminded of the

scarcity of water in the country and are encouraged to heighten water saving measures.

Meanwhile, dam levels in Gauteng increased by 3.8% in Q2: 2020 compared to Q2: 2019, to an average of 99.9% from an average of 96%. Dam levels in Limpopo, Mpumalanga and North West province increased by 4.2%, 1.8% and 10.0% respectively in Q2: 2020 compared to Q2: 2019, while South Africans were called to save water ahead of the dry winter season.

Dam levels in the Western Cape Province increased by 10.3% in Q2: 2020 compared to Q2: 2019, to an average of 39% from an average of 35%. Weather conditions in the Western Cape have seen significant increases in dam water levels. Dam levels in the Northern Cape, which is the only province which has seen a massive increase in dam water levels increased by 24.7% in Q2: 2020 compared to Q2: 2019, to an average of 92% from an average of 74%. South Africa is faced with serious water shortages in certain provinces due to poor rainfall especially during the winter season. The demand for water has steadily increased every year due to the growing population especially this year when the country is battling a pandemic. The unpredictable climate has added significant pressure on water supplies as the country approached the dry winter season which is expected to negatively affect the country's water resources.

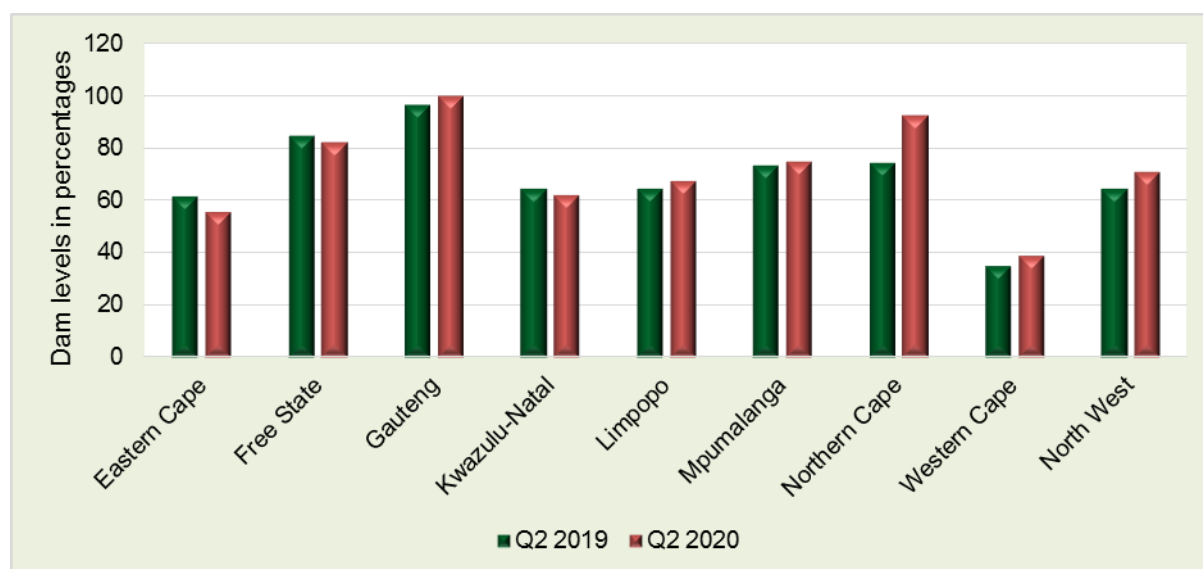


Figure 16: Dam levels in Q2: 2019 and 2020: Q1

Source: Department of Water and Sanitation (DWS)

shows Provincial dam levels from Q2: 2019 to Q2: 2020. Comparing Q2: 2020 with Q1, most provincial dam levels increased significantly in Q2: 2020 compared to Q1 except for dam levels in the Western Cape Province, which decreased by 21% in Q2: 2020 compared to Q1. Water saving measures are needed throughout the Western Cape Province. Furthermore, in order to ease pressure placed on water supplies in the province, municipalities across the province will continue to implement level 1 to 6 water restrictions for the foreseeable future. These restrictions place higher tariffs on water consumption to encourage users to only use what is needed.

Meanwhile, average dam levels in the Eastern Cape Province, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape and North West Province increased by 9.0%, 14.9%, 0.1%, 5.4%, 4.2%, 0.5% 11.3% and 5.3% respectively in Q2: 2020 compared to Q1. The South African water situation was fairly stable in Q2: 2020 compared to Q1 however, South Africans are encouraged to save water in the wake of the COVID-19 pandemic, load shedding and food shortages.

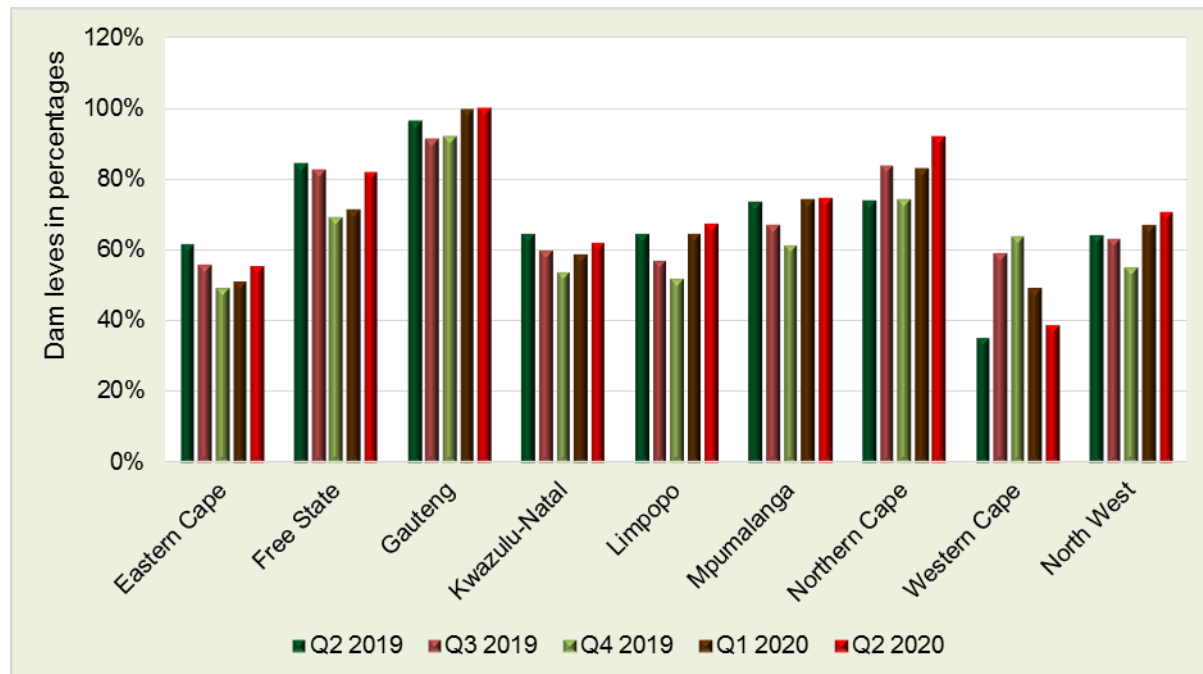


Figure 17: Average dam levels in Q2: 2019 and 2020: Q1

Source: Department of Water and Sanitation (DWS)

3. Review of Agricultural Markets

3.1 Grain market review

3.1.1 White and yellow maize

Figure 18 illustrates the price trends of white maize, yellow maize and international parity prices for maize from 2018: Q2 to 2020: Q2. In 2020: Q2 local white maize price traded at R2999/ton while the international import parity price of white maize traded at R3861/ton in the same period. The local domestic price of yellow maize traded at R2677/ton in 2020: Q2 which is 0.84% lower than the previous price while the international export parity price increased by 5.75% from R2089/ton in 2020: Q1 to R2209/ton. Import parity price decreased by 0.37% while the domestic white maize price increased by 6.74% in 2020:Q2. The domestic price for white maize and yellow maize traded within the export and import parity prices as expected.

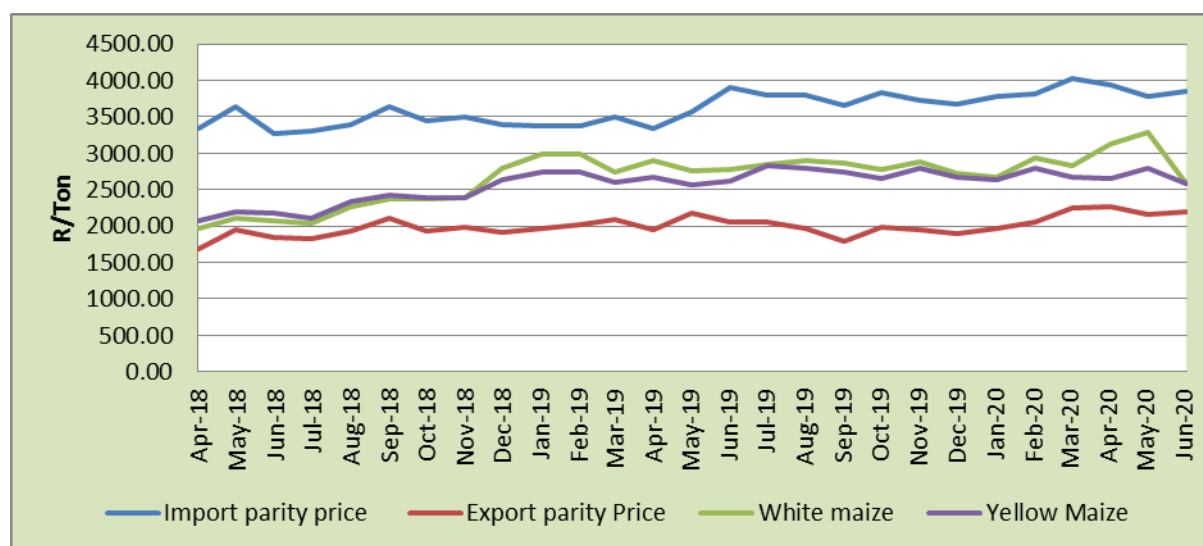


Figure 18: Price trends of white and yellow maize
Source: Sagis

Figure 19 shows Quarter-to-quarter maize seed price decreased by 6.04% in 2020: Q2 from an increase of 7.18% reported in 2020: Q1 (see fig 20). The price of super maize 1kg, (super maize) mealie meal/maize flour 5kg, (special maize) mealie meal/maize flour 1kg increased by 3.48%, 4.54% and 0.77% respectively in 2020: Q2. Maize meal is a major staple food for many households, an increase in price have a negative effect on households income. Overall increase in maize by-products is reflected higher commodity prices in previous quarters particularly maize and wheat prices.

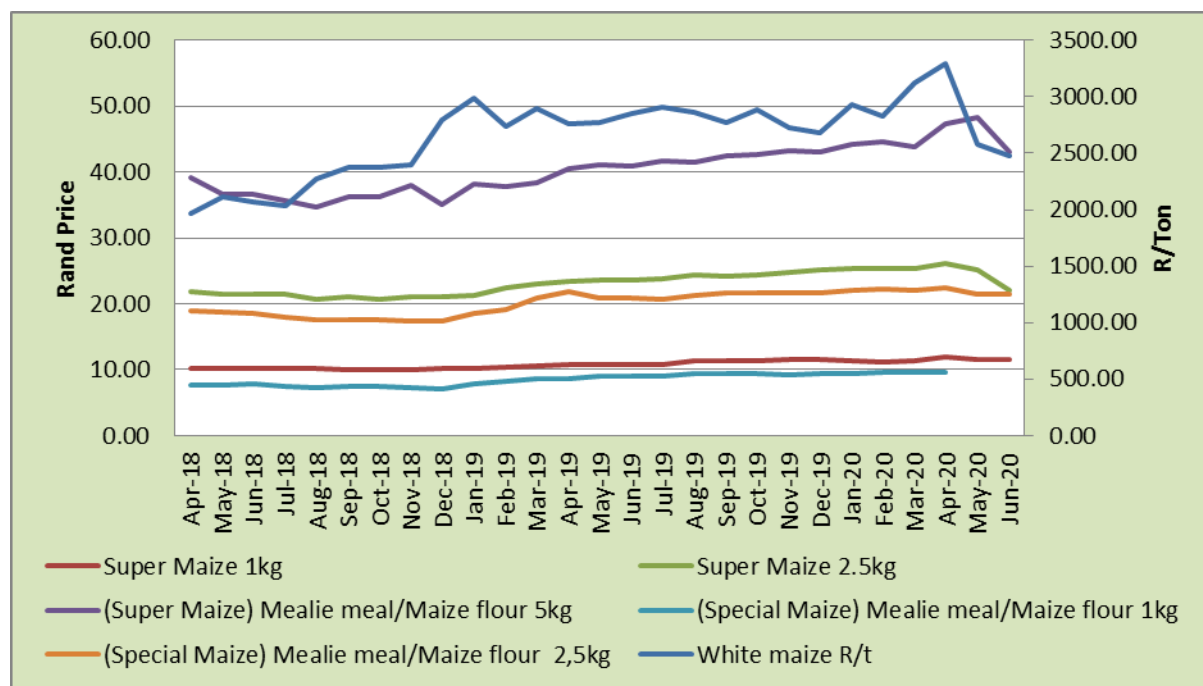


Figure 19: Retail prices vs white maize seed prices

Source: Safex/Stats SA

Figure 20 depicts the supply and demand of white maize from 2019: Q2 to 2020: Q2. On quarterly basis, local demand and exports of white maize decreased by 0.81% and 26.64% respectively in 2020: Q2. Even though exports of maize have increase in 2020:Q2. Exports of white maize to Namibia and Zimbabwe have decreased by 37.64% and 25.81% in 2020: Q2 while exports to Botswana have moderated by 16.50% during the same period. Year-on-year data shows that producer deliveries and exports of white maize increased by 68.18% and 118.02% respectively in 2020: Q2.

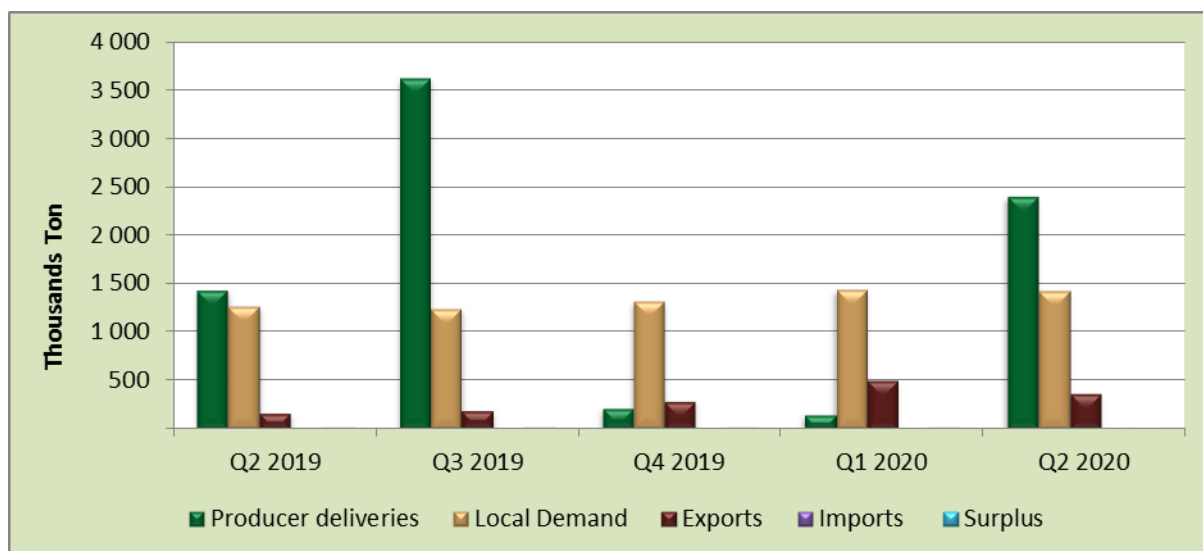


Figure 20: Supply and demand of white maize Source: Sagis

Figure 21 illustrates the supply and demand of yellow maize from 2019: Q2 to 2020: Q2. Yellow maize in South Africa is mainly used for livestock feed. South Africa’s local demand of yellow maize moderated by 2.7% in 2020: Q2 from 6.1% reported in 2020: Q1. Year-on-year local demand of yellow maize decreased by 7.21% whilst producer deliveries increased by 3.44% in 2020: Q2.

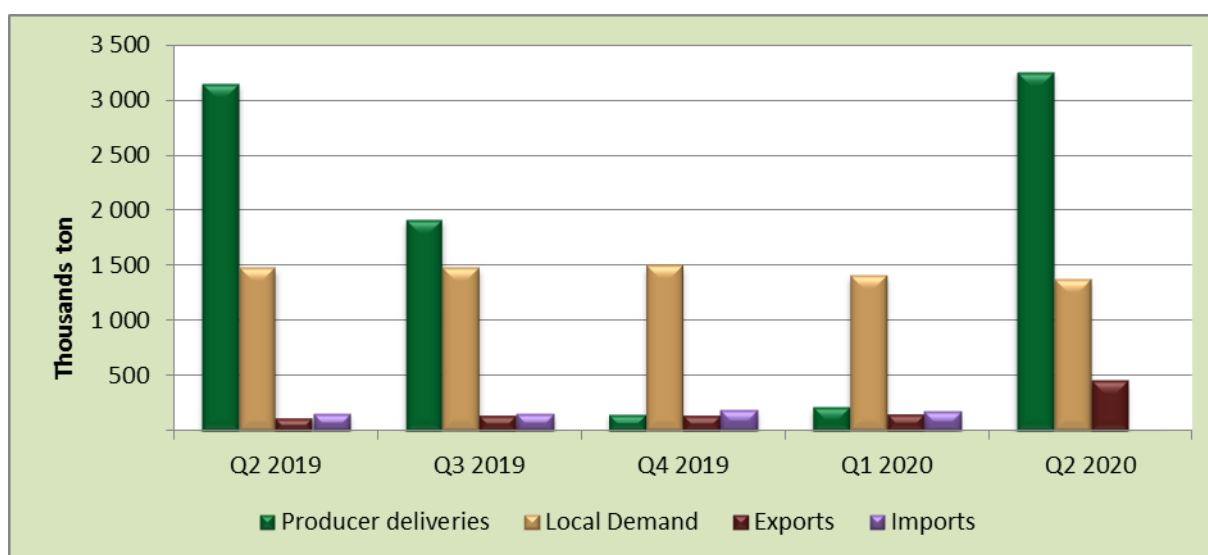


Figure 21: Supply and demand of yellow maize Source: Sagis

3.1.2 Wheat

Figure 22 illustrates the price trends of domestic wheat price and international parity prices from 2019: Q2 to 2020: Q2. The domestic wheat price in 2020: Q2 was estimated at R5404/ton above the import parity price which traded at R5117/ton during the same period. Domestic wheat price increased by 12.81% while import parity price also increased by 2.83% in 2020: Q2. The export price traded at R3262/ton in 2020: Q2 which is 16.10% higher when compared to R2810/ton reported in 2020: Q1. South Africa is a net importer of wheat. Going forward, the domestic wheat price is expected to trade just within the import parity price.

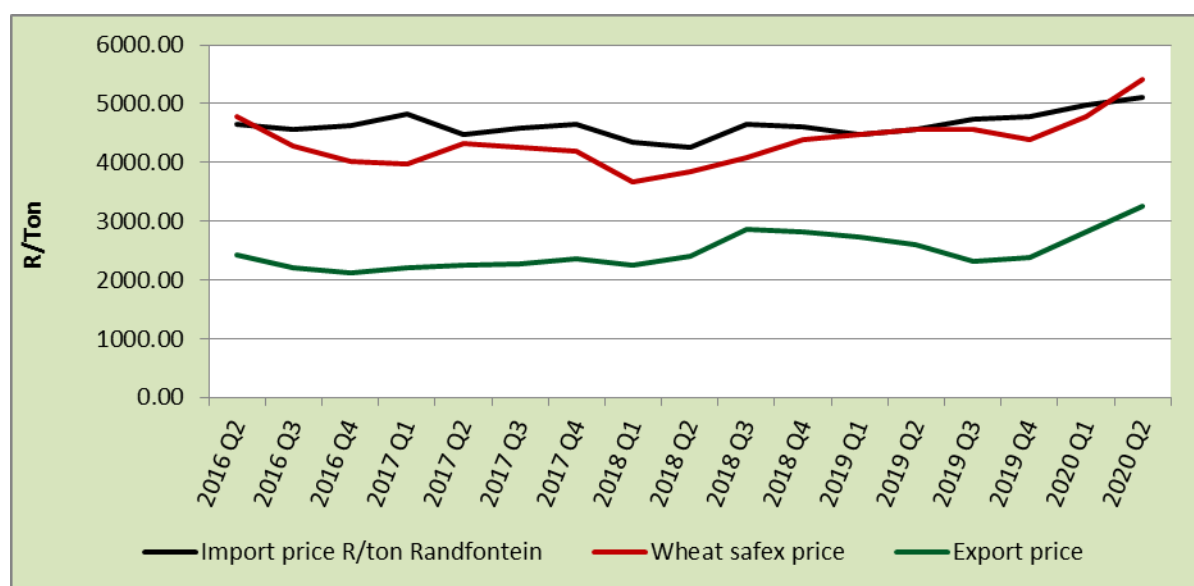


Figure 22: Wheat SAFEX price, export price and import price

Source: Sagis/Safex

Figure 23 depicts retail bread prices versus wheat safex price from 2016: Q2 to 2020: Q2. The domestic wheat safex price increased by 12.81% in 2020: Q2 compared to 2020: Q1. Consumers of wheat by-products paid more for white bread 700gr and brown bread 700gr by 0.45% and 0.23% respectively quarter on quarter in 2020: Q2. During the same period, the price of flour cake 2.5kg and flour bread 2.5kg wheat by-products were lower by 1.45% and 0.84% respectively when compared to previous quarter.

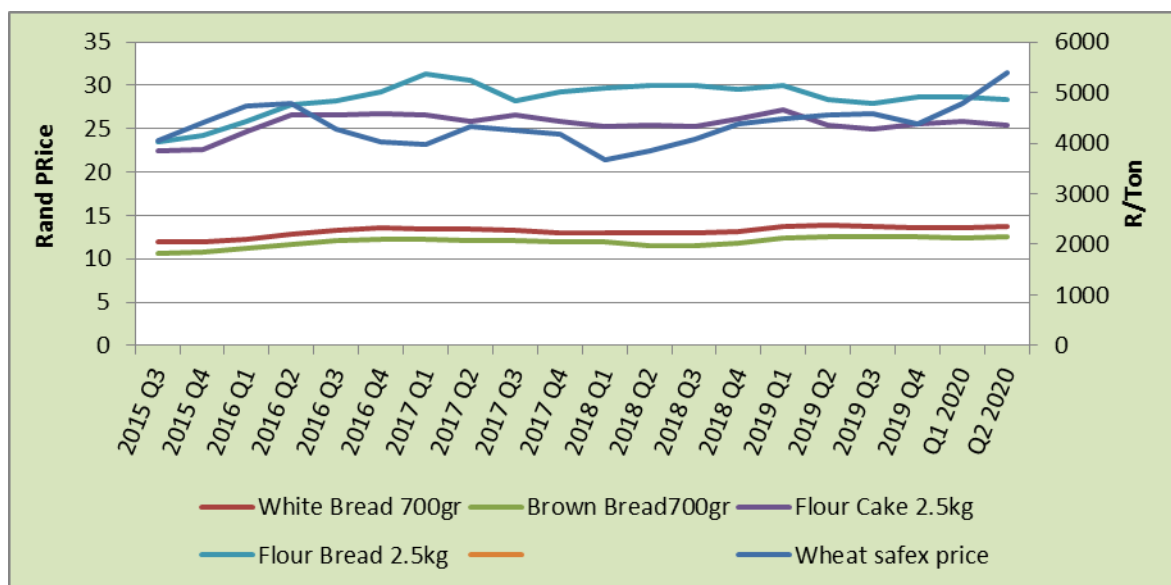


Figure 23: Retail bread price vs wheat import price
Source: Stats SA & Safex

Figure 24 shows the supply and demand of wheat from 2019: Q2 to 2020: Q2. South Africa’s local demand for wheat increased by 10.6% in 2020: Q2 from -5.35% reported in the first quarter of 2020. Similarly, imports of wheat to the country also increased to 153% in 2020: Q2 from -30% in the previous quarter. Year-on-year data for wheat revealed that local demand of wheat increased by 9.6% in 2020: Q2. As the country continue to ease lockdown, economic activities are expected to increase which will benefit wheat local demand.

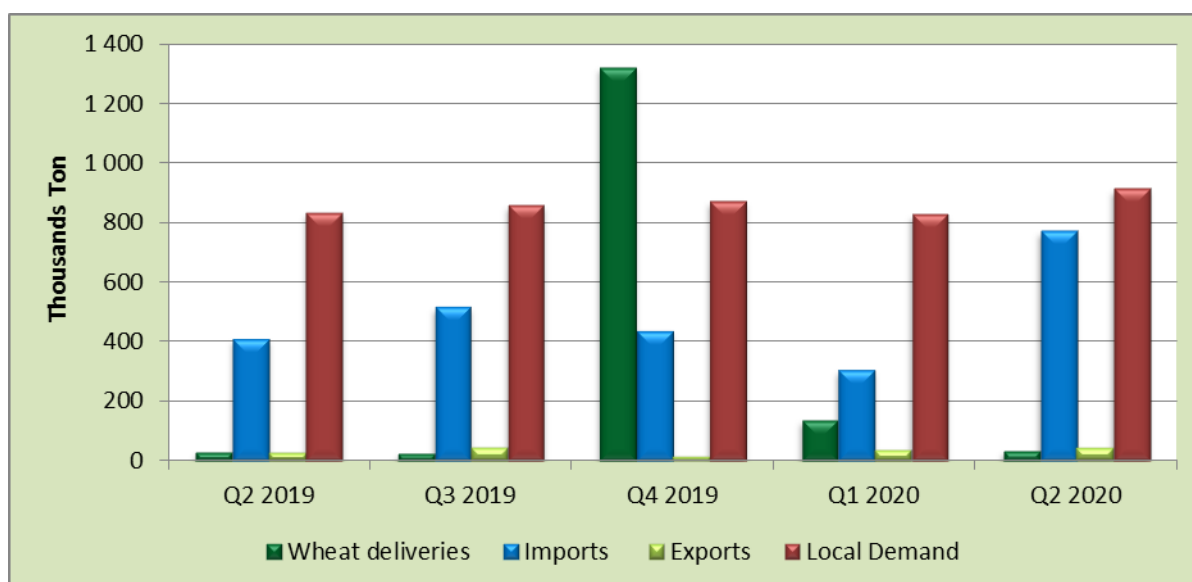


Figure 24: Wheat deliveries, Imports, Exports and local demand
Source: Stats SA & Safex

3.1.3 Soya beans

Local soybeans prices increased by 7.6% on a quarter-on-quarter comparison, whilst on a year-on-year comparison the price was 35.5% higher than it was during the same period in 2019. The high soybeans prices could be attributable to the weaker South African rand, which made local soybeans cheaper in the World markets. World soybeans prices have been relatively low given inter-alia; the adverse impact the COVID-19 pandemic had on the feed sector. Worldwide lockdowns resulted in closed/reduced food service sales and thus reduced meat demand. The world soybeans price is expected to stabilize as the livestock and energy sectors rebounds, although abundant supplies are expected in the 2020/21 season.

The local soybeans price traded below the import parity price but this is generally due to the high cost associated with importing soybeans. The local price remains uncompetitive in the international markets as it trades 22% above the export price as shown on figure 30 below., see Figure 25.

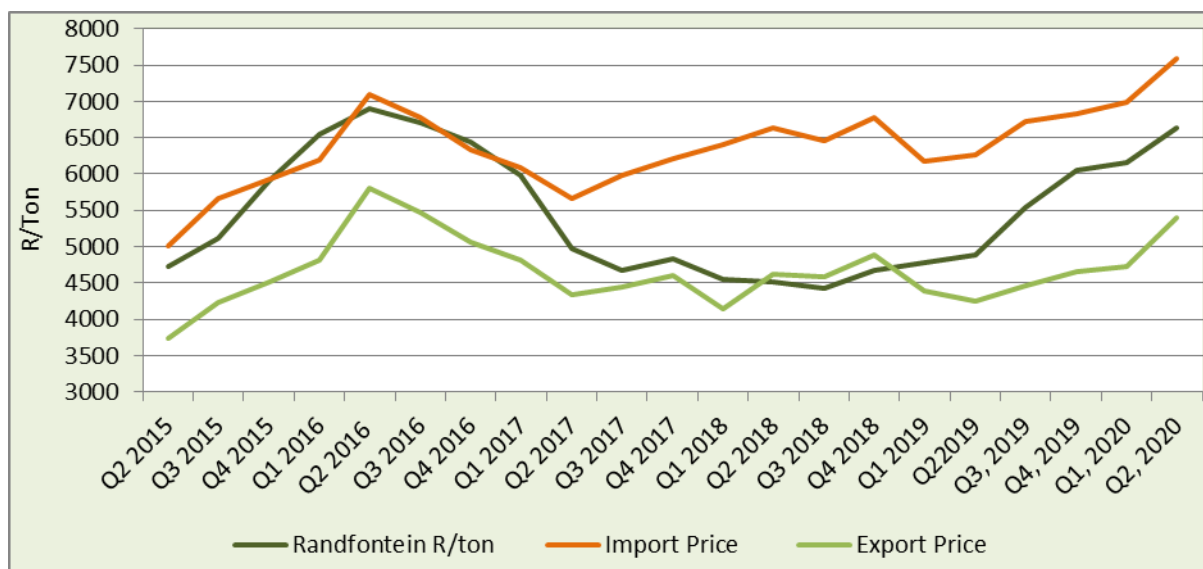


Figure 25: Soya beans local price vs import price
Source: Safex/Sagis/USDA/World Bank

Table 1 shows local soybeans production is expected to be 7.8% higher than it was in the 2019 production season a 2.3% adjustment from the previous Crop Estimates Forecast. Soybeans imports are expected to decline by 40% from the initial forecast

of 250 thousand tons to 150 thousand tons as the adjustment pertained to expected reduced demand. Soybeans imports are still expected to be 140 thousand tons above the 2019 imports.

Table 1: South African Soybeans Production & Use Table

	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Stock	68639	61806,00	63704	89128	84792	330535	502241	138455
Production	784500	948000	1070000	742000	1316000	1540000	1170345	1261250
Imports	4489	103704	124981	271098	28000	6000	9500	150 000
Total Supply	857628	1113510	1258685	1102226	1428792	1876535	1682086	1549705
Local Consumption	780432	1049230	1164880	1010689	1063783	1349294	1420700	1425600
Exports	15390	576	4677	6745	414	25000	4000	3 000
Total Demand	795822	1049806	1169557	1017434	1098257	1374294	1424700	1 428 600
Closing Stocks	61806	63 704	89128	84792	330535	502241	257386	121 105

Source: DAFF/ NAMC/Sagis

3.1.4 Sunflower

During the second quarter of 2020, South Africa sunflower seed prices traded below the import parity price at R5 865.82/ton compared to R8 448.93/ton in the second quarter of 2019, which is a total decrease of 5.5% compared to the previous quarter of 2020 (Q1). The price of sunflower seed has increased by 19.8% during the second quarter of 2020 as compared to the same period last year, which is 0.5% lower than it was in the previous quarter of 2020 (Q1). The local sunflower seed price in the second quarter of 2020 traded at 30.6% lower than the import price, compared to trading at 23.1% below the import price in the first quarter of 2020. The prices of sunflower oil 2L in the second quarter of 2020 traded higher by 15.8% whilst sunflower oil 750ml quarter traded lower by 3.6% when as compared to the same period in 2019 (Q2). The price of sunflower 750ml in the second quarter of 2020 increased by 2.6%, whilst sunflower oil 2L decreased by 0.3% when compared to the previous quarter in the same year..., see figure 26.

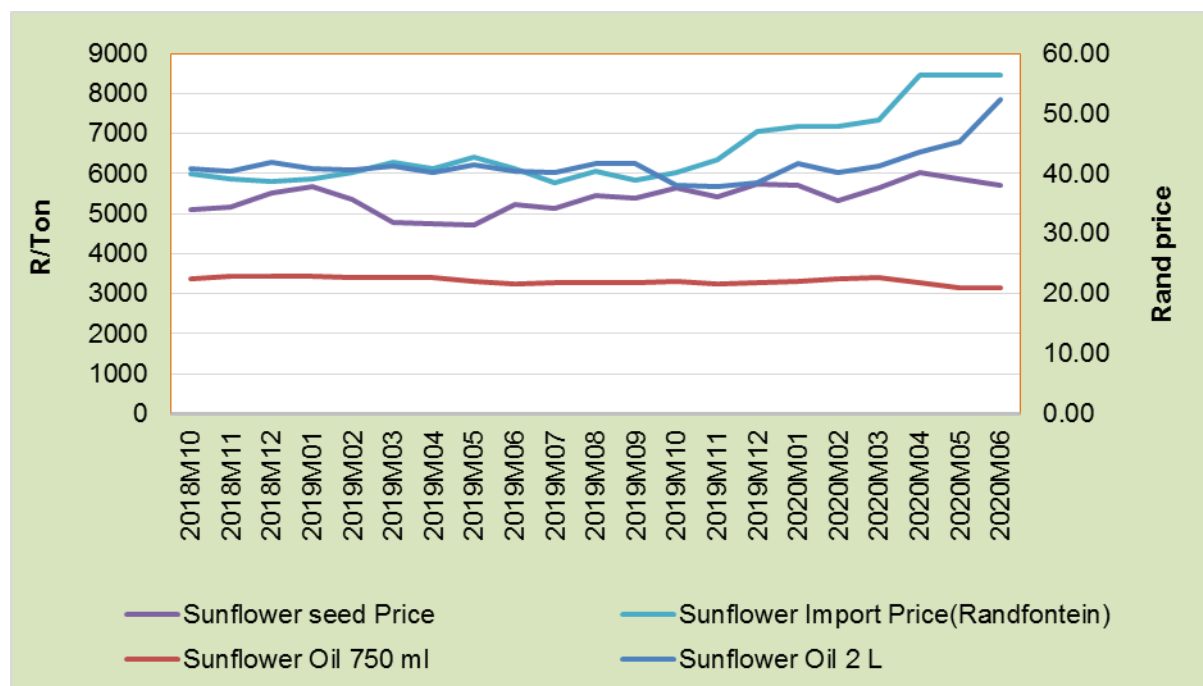


Figure 26: Sunflower local seed; import price (Randfontein) and Sunflower retail price
 Source: Safex; USDA; Sagis; and Own calculations

Figure 27 shows below shows the supply and demand of sunflower seed up to the second quarter of 2020. Producer deliveries in the second quarter of 2020 increased by 5780.4% as compared to the previous quarter of 2020 (Q1). Producer deliveries in the second quarter of 2020 is expected to be 59.5% higher than it was in the same quarter of 2019 (Q2). South African sunflower seed imports decreased by 78.8% in the second quarter of 2020 as compared to the same quarter in 2020 (Q2). Sunflower seed exports increased by 11.9% in the second quarter of 2020 when compared to the previous quarter of 2020 (Q1). Local sunflower seed consumption in the second quarter of 2020 was 23.8% higher than it was in the previous quarter of 2020 (Q1). Local consumption in the second quarter of 2020 is expected to be 76.5% higher than it was in the same quarter of 2019 (Q2).

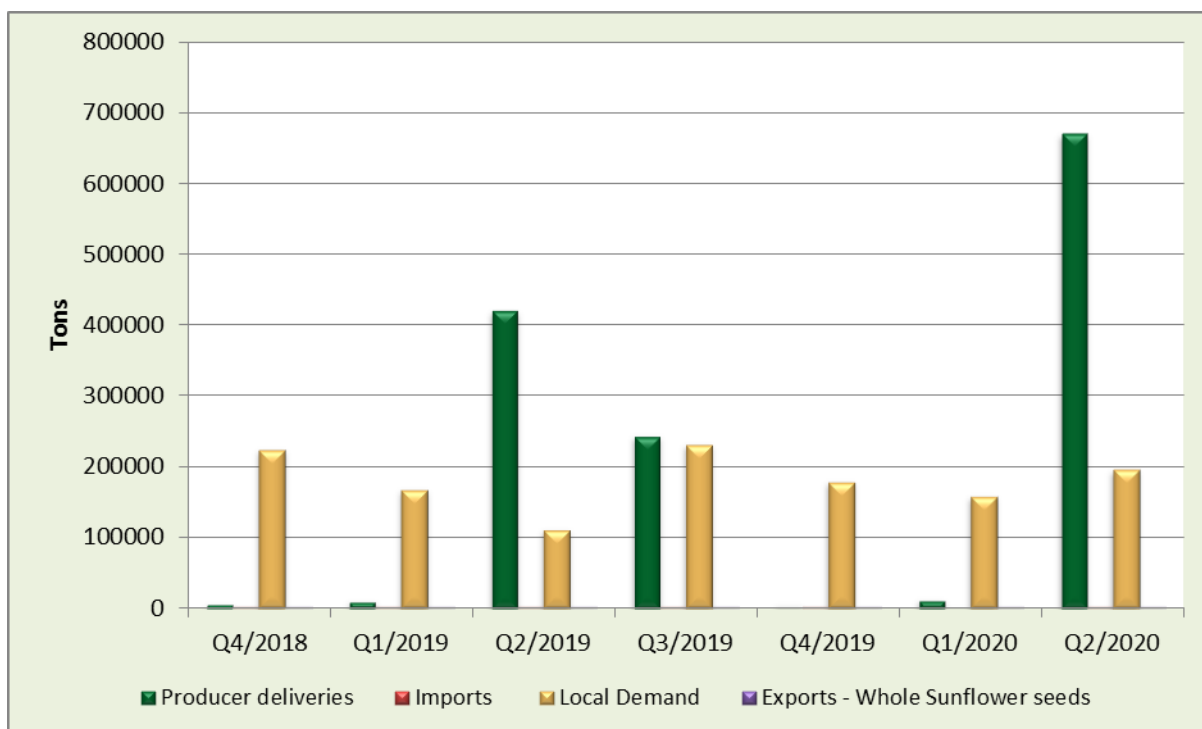


Figure 27: Sunflower seed deliveries,local demand and trade
Source: Sagis

3.1.5 Sorghum

The price of sorghum decreased by 1.3% on a quarter-on-quarter basis, whilst decreasing by 4.6% on a year-on-year basis. The decline in price is attributed to the larger crop expected in Africa. Imports are expected to be 93.2% higher than they were in 2019. Although the expected rise in production caused a decline in prices the local price still not competitive in the global markets, trading at 25.8% above the export price.



Figure 28: Sorghum Parity Price
Source: Safex, Sagis

3.1.5.1 Sorghum production and use

Current Estimates by the Department of Agriculture’s Crop Estimates Committee indicates that local sorghum production is expected to be 18.8% higher than it was in 2019 as shown on table 2 below.

Table 2: Sorghum Demand & Use Table

	2013	2014	2015	2016	2017	2018	2019	2020
Opening stock	56015	50069	121812	83142	35238	59246	51860	60 423
Production	147200	265000	114700	70500	152000	115000	127000	150 885
Imports	50033	8725	34316	74957	55824	32500	59253	4 000
Total Supply	251652	320301	277713	226677	244073	206746	238113	215308
Local demand	182033	172320	165532	178790	176000	166500	170390	156365
Exports	19550	26169	29039	12649	13800	12345	7300	8 000
Total Demand	201583	198489	194571	191439	182783	173700	177690	164 365
Ending Stock	50069	121812	83142	35238	59246	51860	60423	42 943

Source: DAFF/ NAMC/Sagis

3.1.6 Groundnuts

Over the past couple of months, there has been reports about drought and a lack of new cultivars in the groundnut industry that could threaten the 2019/20 groundnut crop. This raises concern as production of the crop is already at crossroads. According to Lourens de Kock, a groundnut producer in the North West, an estimated 8 000 to 10 000 hectares of irrigated groundnut production in the past have been lost to other long-term crops such as pecan nuts and olives as well as seasonal crops including lucerne and cotton. Furthermore, the number of hectares that were earmarked for dryland production decreased significantly over the years mainly due to severe, multi-year drought or delayed rainfall in the summer grain-producing regions.

Although farmers are keen to plant groundnuts, the decreasing trend not only from recent droughts but also from stiff competition from other crops such as soya beans, maize and sunflower coupled with exorbitant labour costs compared to other crops, a lack of drought-tolerant, short growing cultivars, extremely high mechanisation costs and the mere fact that groundnuts require more care during the growing season than competing commodities have literally pushed producers to opt for other alternatives.

Figure 29 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q1:2019 to

Q2:2020.

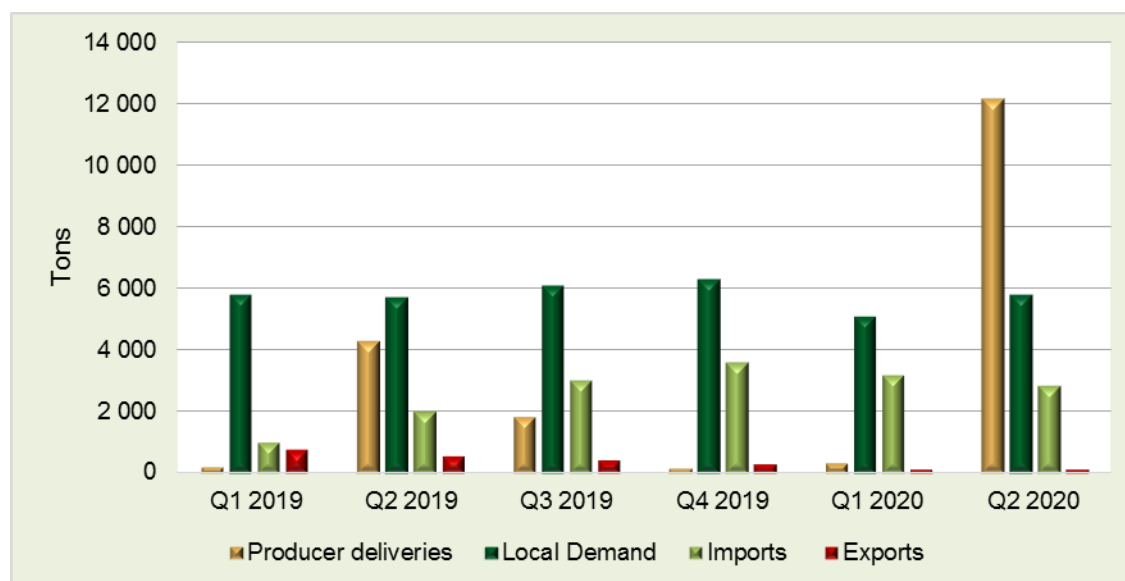


Figure 29: Supply and demand of Groundnuts

Source: Sagis

Producer deliveries of groundnuts increased significantly in Q2: 2020 compared to Q2: 2019. However, although producer deliveries of groundnuts increased significantly in Q2: 2020 compared to Q2:2019, groundnuts yields over the past two decades have not increased enough to compensate for the declining trend in hectares. On average, in Q2: 2020, producer deliveries of groundnuts reached 12 166 tons compared to 4 313 tons delivered in Q2: 2019. Meanwhile, local demand of groundnuts increased marginally in Q2: 2020 compared to Q2: 2019, from an average of 5 729 tons in Q2: 2019 to an average of 5 803 tons in Q2: 2020. Even though local groundnut production has been on the decline, South Africa has maintained demand for its product due to varietal choices that have created niche market opportunities. However, local pricing dynamics as well as the vulnerability brought on by cheaper imports affects local demand (BFAP, 2020).

With fluctuations in groundnut yields and a loss of hectares, production levels have been declining over time. As a result, South Africa is now a net importer of groundnuts (BFAP, 2020). Therefore, in Q2: 2020, exports of grounds decreased by 71% compared to Q2: 2019, from an average of 550 tons in Q2: 2019 to an average of 158 tons in Q2: 2020. The South African export market is under pressure due to the instability of supply over recent years.

Imports of groundnuts occur mainly due to local groundnut production seasonality and from a shortage of local supply. Drought experienced during the past years in certain summer grain production regions affected the production of groundnuts. As a result, in Q2: 2020, imports of groundnuts increased by 42% compared to Q2: 2019, from an average of 2 010 in Q2: 2019 to an average of 2 864 tons in Q2: 2020. Competitiveness at primary production level is crucial if the export market is to support producers' stock price (BFAP, 2020).

South Africa's consumption of peanut butter occurs mainly in two forms, as edible peanuts and as processed peanut butter. In Q2: 2020, consumption of edible groundnuts decreased by 21%, from an average of 2 754 tons in Q2: 2019 to an average of 2 170 tons in Q2: 2020. Consumption of edible peanuts is mostly dependent on price which are dependent on the supply and demand of groundnuts. During the same period, peanut butter consumption levels increased by 29%, to an average of 3 237 tons in Q2: 2020, from an average of 2 508 tons in Q2: 2019. The Bureau for Food and Agricultural Policy in its groundnut value chain study found that it is 10% more expensive to produce peanut butter locally than to import pre-packed peanut butter. Therefore, as peanut butter imports continue to rise, the processing demand for locally produced sundry-quality and split grade groundnuts will eventually decrease which is discouraging for farmers who continue to make a living out of the various branches of the groundnut industry. Meanwhile, consumption of crushed oil & cake in Q2: 2020 decreased significantly compared to Q2: 2019, from an average of 78 tons in Q2: 2019 to an average of 20 tons in Q2: 2020. Groundnut crushing and groundnut oil production constitute a very small part of the South African market.

Meanwhile, the average market price for peanut butter (400 gram) increased by 8% in Q2: 2020 compared to Q2: 2019, from an average market price of R 29.06 (400 gram) in Q2: 2019 to an average market price of R31,52 (400 gram) in Q2: 2020. The Bureau for Food and Agricultural Policy (BFAP) in its groundnut value chain study indicated that there is still a lot of uncertainty that surrounds the determination of prices, especially with pre-seasonal contracts that informs farmers' decision to

plant.

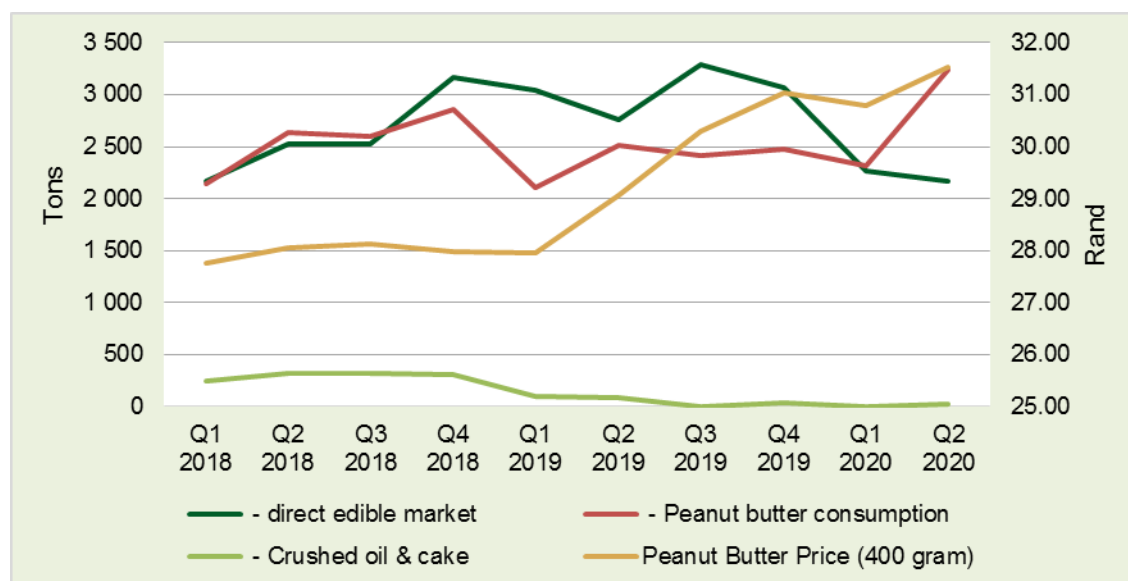


Figure 30: Groundnuts consumption Source: Sagis

3.2 Fruit and vegetable market review

The following section looks at the average prices and quantities of fruits and vegetables traded at the Fresh Produce Markets (FPMs), from Q1: 2018 to Q2: 2020. The yearly trend in fruit prices saw prices of apples, bananas and pears decrease by 0,3%, 1,3% and 1,3% respectively in Q2: 2020 compared to Q2: 2019. Apple orchards are slowly awakening in the Western Cape while growers are already working on thinning of what appears to be a very good harvest. The decline in banana prices is more than what growers, exporters and importers had initially expected and prospects are that prices will rise towards the end of the year. Meanwhile, the current winter season for pears is one of the best seasons in 7-8 years. Prospects for the coming season for the South Western Cape pear produce is excellent. Orange prices however increased by 39,3% in Q2: 2020 compared to Q2: 2019. The demand for citrus products remained high due to the coronavirus which was reflected in prices.

During the same period, the quantities of apples, bananas and pears decreased by 16,8%, 11,8% and 15,6% respectively in Q2: 2020 compared to Q2: 2019. Apple

orchards are growing, getting closer to blooming and unless a cold snap arrives, the harvest is expected to be average. The quantities of banana in the market is not at levels compared to Q2: 2019. Growers are paying a whole lot of attention to quality. Meanwhile, the full bloom for pears has not yet started. Growers are forecasting that it may take a bit longer for the early BCs (Bon Cretien, Williams or Bartlett) and for Forelle due to a cold winter which could delay the season. The market now mainly demands early blush pears such as the Rosemarie, Flamingo, Cheeky and Celina.

Meanwhile, orange quantities decreased by 3,9% in Q2: 2020 compared to Q2: 2019. There are some reports of wrinkled oranges in the Central and Northeastern regions of South Africa while citrus fruits have been affected by relatively few problems or wind damage.

On a quarter-on-quarter basis, the average prices of apples, bananas and pears decreased by 19,0%, 14,5% and 27,0% respectively in Q2: 2020 compared to Q1 while quantities of apples, bananas and pears decreased by 1,1%, 13,0% and 1,8% respectively during the same period. Last season overlapped with the coronavirus lockdown and logistical problems in Cape Town, caused disruptions in supply of apples. Banana sales declined in Q2: 2020 compared to Q1 with the reduction in volume being a little greater, partly due to the limited amount of orders from food industries. Meanwhile, the full bloom for pears has not started yet. Usually, about 40% of pear volume is exported and the remaining 60% goes to the processing industry (for drying or canning).

Nevertheless, the average prices of oranges decreased by 4,6% in Q2: 2020 compared to Q1 while quantities increased massively during the same period. On the local market, orange prices were under pressure in Q2: 2020 compared to Q1 due to the high volumes. Citrus production in South Africa have been increasing for the past few years, with Limpopo being the biggest producer, accounting for 43% of the total area planted. According to the USDA (2020), orange production is expected

to increase by 4% in the 2019/20 marketing year to 1,56 million tons, from 1,50 million tons in the 2018/19 marketing year.

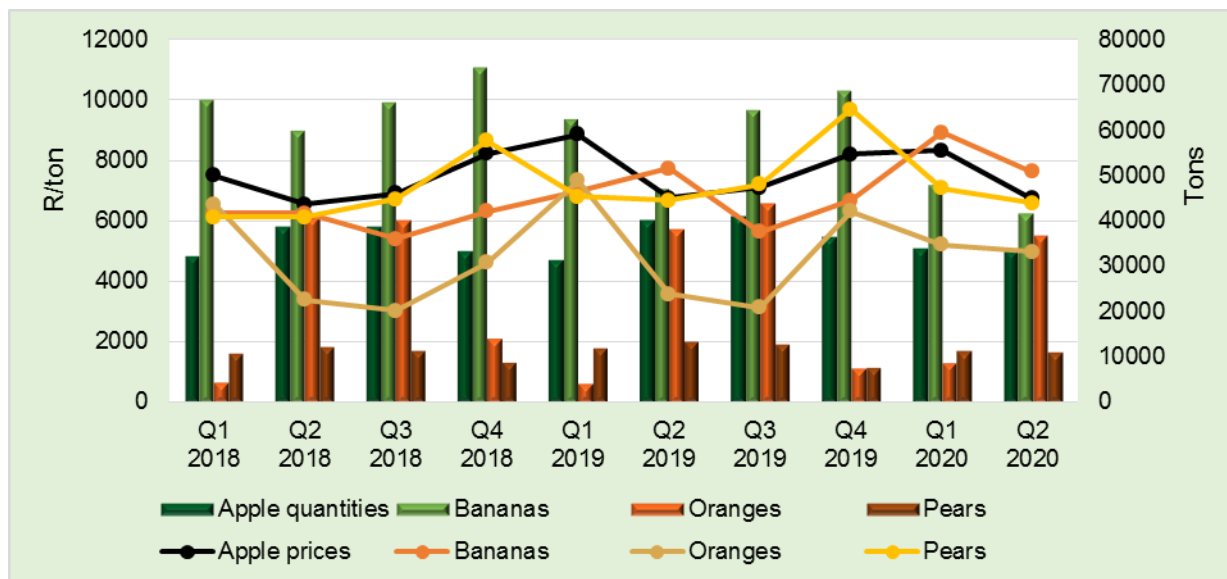


Figure 31: Average price and quantities trends of various fruits traded at fresh produce markets (FPMs)
Source: Daff

Figure 32 indicates the most vegetables sold at Fresh Produce Markets decreased in Q1: 2018 compared to Q2: 2020, driven by local demand.

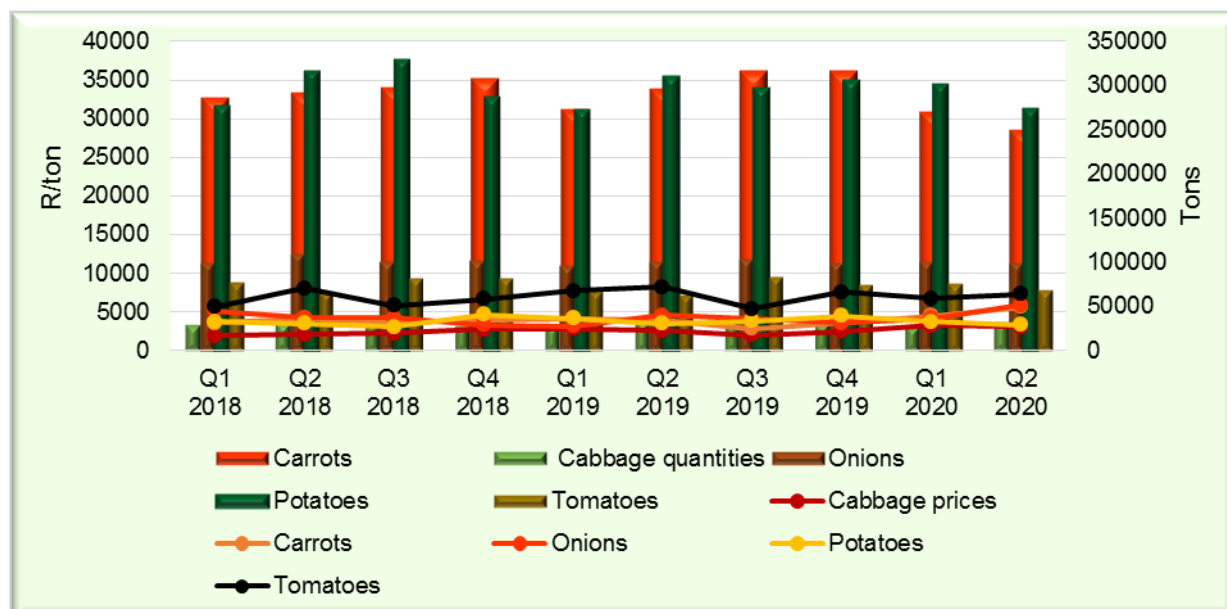


Figure 32: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)
Source: Daff

Prices of vegetables sold at the Fresh Produce Markets are mainly driven by domestic supply and demand dynamics. The average prices of cabbage, carrots, and onions increased by 20,4%, 44,0% and 28,0% respectively in Q2: 2020 compared to Q2: 2019 while quantities of cabbage, carrots and onions decreased by 0,7%, 15,9% and 1,6% respectively during the same period. Vegetable prices are higher than what they were a year ago. The impact of the lockdown on most vegetables resulted in a surge in demand due to urgent purchases while strong demand also supported prices.

The average prices of potatoes and tomatoes decreased by 4,4% and 10,6% respectively in Q2: 2020 compared to Q2: 2019 while quantities of potatoes decreased by 11,5% and quantities of tomatoes increased by 10,3% during the same period. Given the fragile state of the economy, local markets are cautioned against possible consumer rejection to prices however, for the time being, the demand for potatoes has been subdued while South Africa has a continuous supply of tomatoes with different production regions increasingly overlapping, affecting prices.

On a quarter-on-quarter basis, the average prices of cabbage and potatoes decreased by 5,3% and 11,6% respectively in Q2: 2020 compared to Q1 while quantities of cabbage increased by 20,0% and quantities of potatoes decreased by 8,9% quarter-on-quarter. Higher volumes of cabbage brought to the market affected prices while the demand for potatoes remained subdued due to low purchasing power.

Furthermore, on a quarter-on-quarter basis, the average prices of carrots, onions and tomatoes increased by 26,0%, 41,9% and 8,4% respectively in Q2: 2020 compared to Q2: 2019 while quantities of carrots, onions and tomatoes decreased by 7,4%, 1,7% and 8,8% in Q2: 2020 compared to Q1. Due to an increase in the demand for carrots with lesser volumes available on the market, this led to higher prices in Q2: 2020 compared to Q1. Meanwhile, analysts saw that there was a high demand for onions in the market which resulted in an increase in prices. Furthermore, tomato prices increased due to the low supply on the market. Some

regions in Limpopo have ceased production now that autumn is approaching, while Komatipoort started with the winter production.

3.3 Poultry industry review

Poultry production increased by 5.8% on a year-on-year basis, whilst quarter-on-quarter comparison shows that production decreased by 0.8% compared to the same period in 2019 (Figure 33). The price of poultry per/ton increased by 1.2% on a year-on-year(y/y) basis whilst declining by 1.2% on a quarter-on-quarter basis. The year-on-year rise in poultry prices is due to the rise in feed costs which have been rising since the 1st quarter of 2019. The decline in producer prices during the 2nd quarter of 2020 could be attributed to etc; SA Trade Minister introducing restrictions on price increases during the hardlockdown and a worldwide shift away from food service which accounts to 15% to 60% of global poutry sales etc., see figure 34.

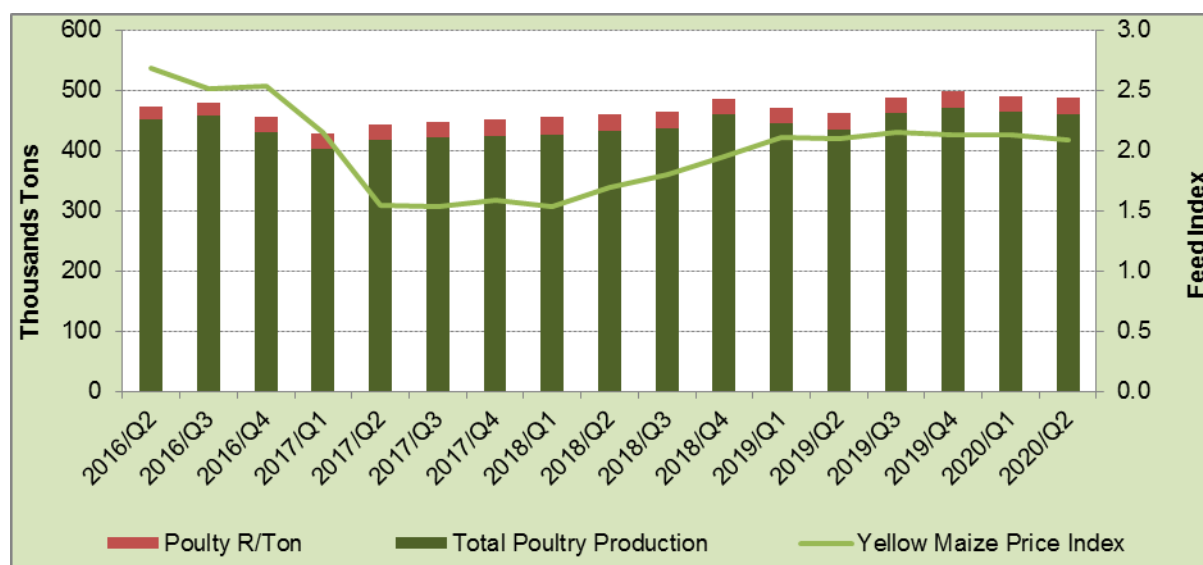


Figure 33: Poultry production

Source: DAFF

Although producer prices decreased on a quarter-on-quarter basis, retail prices increased sharply during the period. As shown on figure 34; the price of fresh whole chicken, chicken portions and frozen chicken portions per kg increased by 8.1%, 25.8% and 19.6% respectively on a quarter-on-quarter basis whilst on a year-on-

year basis prices increased by 1.1%; 19.8% and 17.6% respectively. This is considered to be the result of restrictions on foodservice and changes in the supply chain dynamics which ensured a rise in costs etc.

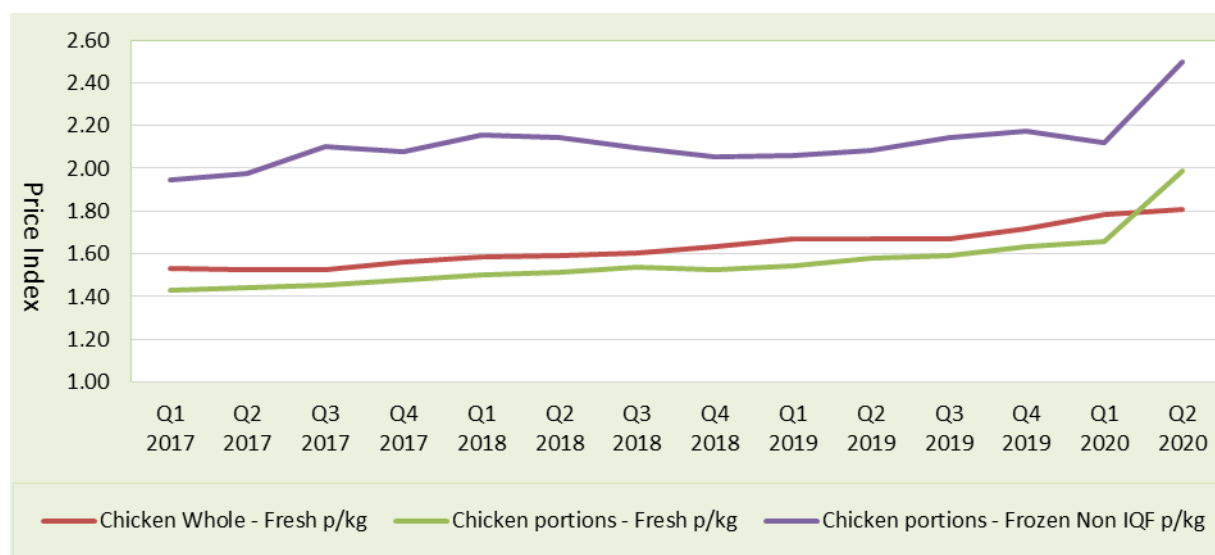


Figure 34: Poultry feed vs Retail prices

Source: SAPA, STATTSA & Safex

3.4 Milk industry overview

South African total milk production is depicted in figure 35 for the period 2017: Q2 to 2020: Q2. Milk is the most consumed product for many households in the country with few substitutes. Year-on-year milk data for 2020:Q2 shows that total milk production decreased by 5.47% when compared to the same period in 2019: Q2 from 857 million litres in 2019: Q2 to 810 million litres in 2020: Q2. On a quarter-on-quarter basis, total milk production decreased by 10.98% during the second quarter of 2020, from 910 million liters in 2020:Q1 to 810 million liters in 2020:Q2. The decreased in production level is interalia attributed to climatic conditions and the cost of feed which influences the intensity of feed use in pasture-based systems.

The average producer price per litre of milk increased by 12.77% in 2020: Q2 when compared to the same period a year ago 2019:Q2, from R4,62/ℓ to R5.21/ℓ. On a quarter-on-quarter basis, the average price per litre of milk also increased by 16.73% between 2020: Q1 and 2020:Q2, from R4,46/ℓ in 2020: Q1 to R5.21/ℓ in 2020:Q2.

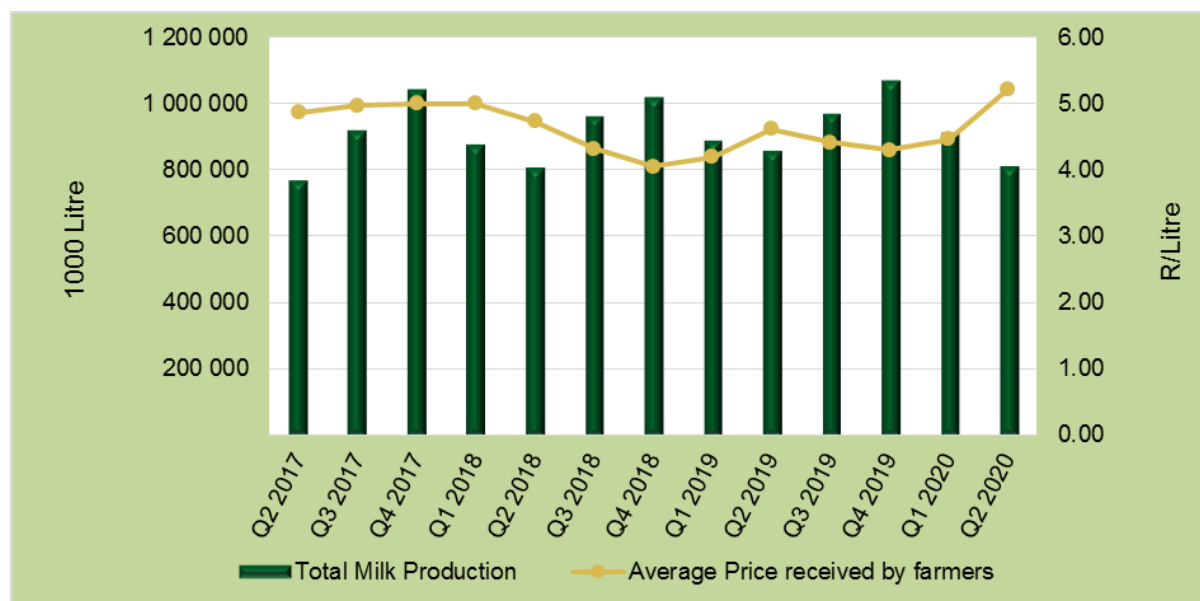


Figure 35: Trends in total production and average price of milk

Source: DAFF

South African exports of milk and cream (neither concentrated nor containing added sweetening) for 2020: Q2 increased by 6.16% when compared to the same period in a year ago in 2019, from an estimated 18, 04 million litres in 2019: Q2, to a total 19,15 million litres of milk and cream in 2020: Q2. On quarterly basis, exports of milk and cream (not concentrated or containing added sweetening) decreased by 18.28%, from 23,43 million litres in 2020: Q1 to 19,15 million litres in 2020: Q2.

Quarterly data for imports of milk and cream (not concentrated or containing added sweetening) shows that milk increased significantly by 1291.56%, from 140 707 litres in 2020:Q1 to 1.95 million litres of milk and cream in 2020:Q2.

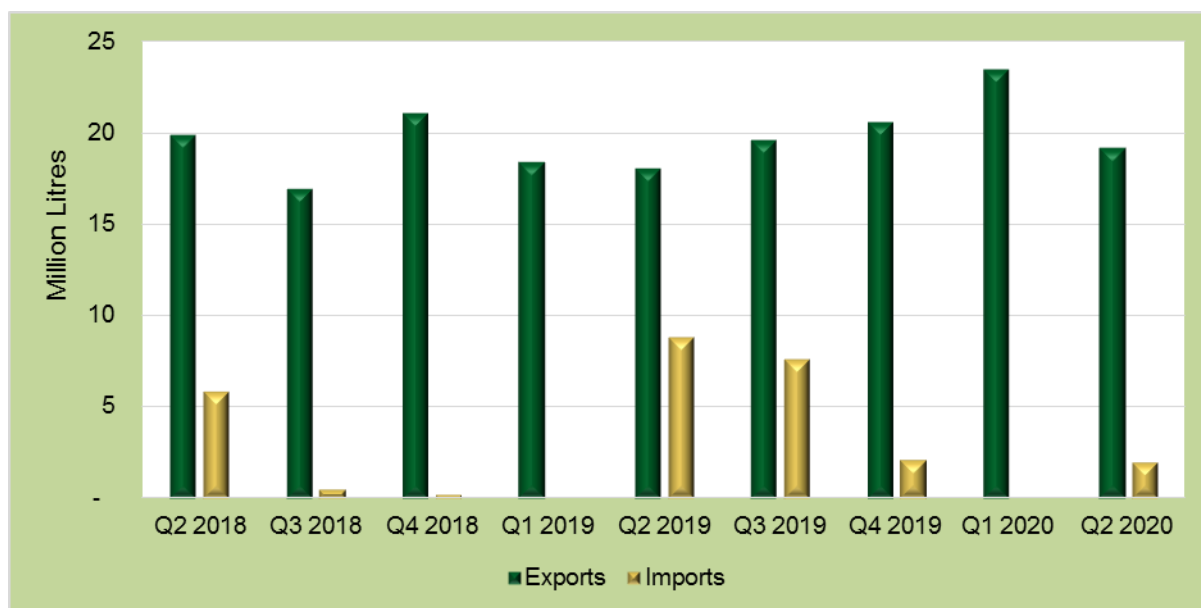


Figure 36: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening

Source: GTA, 2020

3.5 Egg industry review

Figure 37 depicts South Africa total egg production and price per dozen from 2017: Q2 to 2020:Q2. The data for eggs production shows that over the period ranging from 2019: Q2 to 2020:Q2, South Africa egg production have increased annually by 1.03%. In 2020: Q2, the total production of eggs was estimated at 226,6 million dozen, an increase of 6.4% when compared to 212,9 million dozen eggs produced in same period in Q2. Between 2020: Q1 and 2020: Q2, the total production of eggs increased by 1.06%, from 224,1 million dozen to 226,6 million dozen. The average price per dozen of eggs increased by 3.15% in 2020: Q2, from R11.21 per dozen in 2020: Q1 to R15.57 in 2020:Q2. When comparing the second quarter with 2019: Q2, the average price per dozen of eggs decreased by 3.07%, from R11.93 per dozen to R11.57 per dozen.

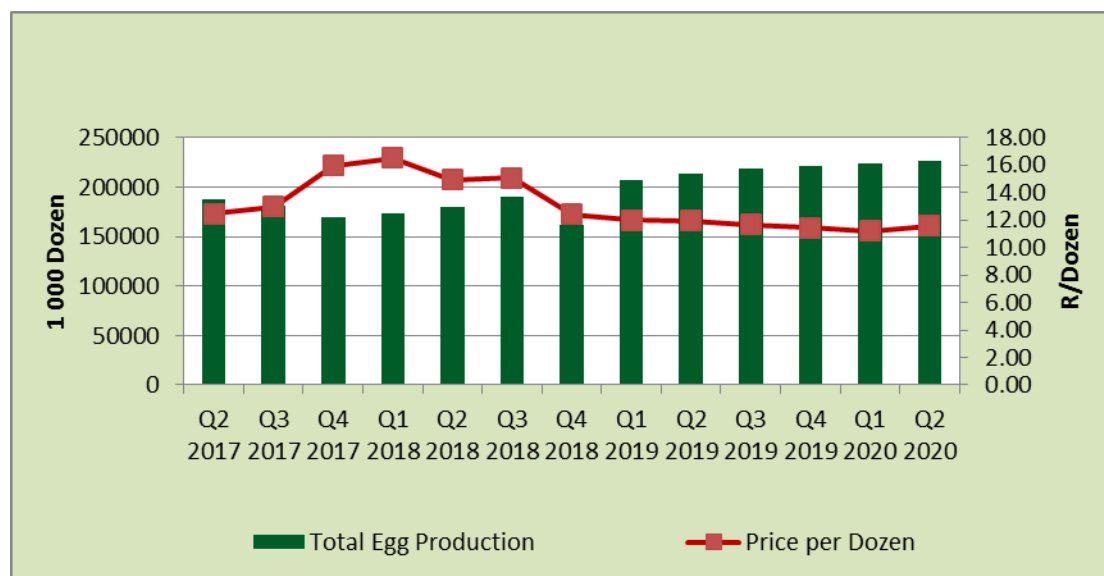


Figure 37: Trends in total egg production and average price per dozen eggs.

Source: DAFF

3.6 Trade of agricultural, forestry and fisheries

South Africa's agricultural trade balance grew by 67.9% in Q2: 2020 compared to Q2: 2019, to R17,1 billion from R 10,2 billion. This is despite the deep contraction in the Gross Domestic Product in Q2: 2020 by a record 51% quarter-on-quarter seasonally adjusted and annualised rate, mainly due to the strict lockdown regulations imposed in order to curb the spread of Covid-19. Favourable rainfall resulted in an increase in the production of animal products, field crops and horticulture. The agricultural sector was the only sector that recorded a positive growth, climbing by 15,1%.

On a quarter-on-quarter basis, agriculture's trade balance grew by 56% in Q2: 2020 compared to Q1, with the export value increasing by 39% quarter-on-quarter to R26,2 billion from R 18,9 billion in Q1. Meanwhile, the import value increased by 14% quarter-on-quarter, from R7,9 billion in Q1: 2020 to R9,0 billion in Q2. There are however, uncertainties regarding the potential trade deal and the coronavirus disease outbreak which remains a risk for South Africa's exportable commodities (Absa, 2020). However, analysts are very optimistic about the performance of the sector in 2020.

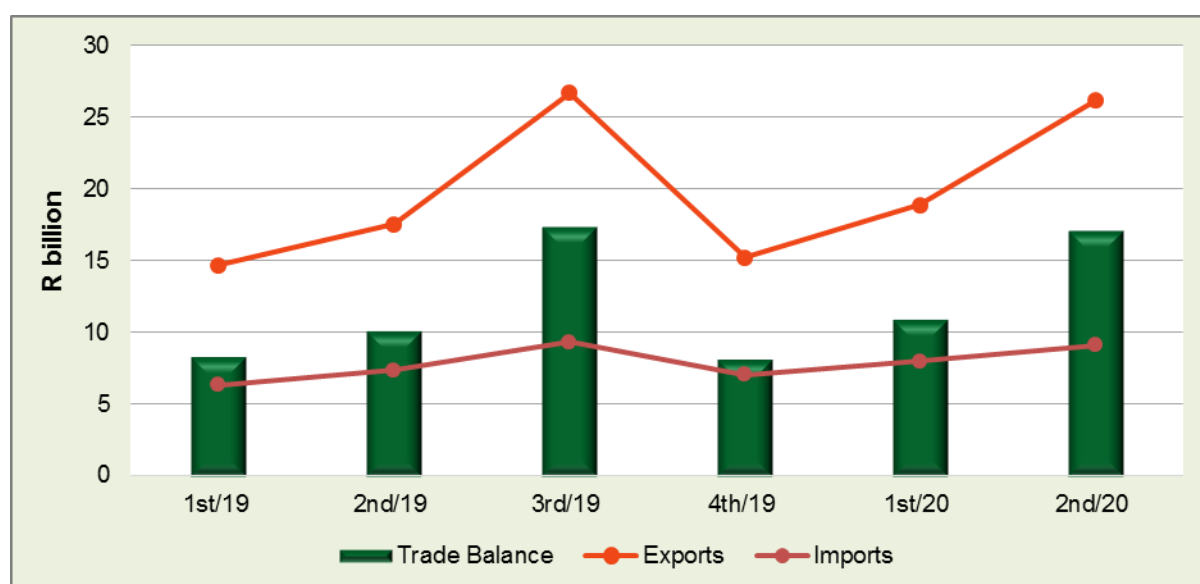


Figure 38: Trade balance of agricultural products
Source: GTA, 2020

Table 3 indicates that South Africa gained most of its agricultural export revenue from products exported to Netherlands, which was the leading export destination followed by United Kingdom and China. SA’s top three suppliers of agricultural products in Q2: 2020 include Thailand, Poland and Swaziland.

Table 3: SA’s top three largest export and import destinations of agricultural products in the second Quarter of 2020

Top three markets of primary agricultural products exported by SA	Value (Billion Rands) 2 nd Quarter 2020	% Share of total primary agricultural exports in 2 nd Quarter 2020	Top three suppliers of primary agricultural products to SA	Value (Billion Rands) 2 nd Quarter 2020	% Share of total primary agricultural imports in 2 nd Quarter 2020
Total	R 26,19	100	Total	R 9,09	100
Netherlands	R 3,92	15.0	Thailand	R 1,28	14.0
United Kingdom	R 2,62	10.0	Poland	R 1,11	12.2
China	R 1,99	7.6	Swaziland	R 1,01	11.1

Source: GTA, 2020

Figure 39 indicates the top five primary agricultural products imported by SA in Q2: 2020. In Q2: 2020, SA's leading supplier of wheat was Poland while SA's leading supplier of rice was Thailand. During the same period, SA's leading supplier of cane sugar was Swaziland while SA's leading supplier of live animals was Namibia. Moreover, during the same period, SA's leading supplier of coffee in Q2: 2020 was Brazil.

Figure 40 indicates the top five primary agricultural products exported by SA in Q2: 2020. SA's leading export destination for fresh or dried citrus fruit in Q2: 2020 was the Netherlands while SA's leading export destination for fresh apples, pears and quinces was United Kingdom. During same period, SA's leading export destination for corn (maize) was Zimbabwe while SA's leading export destination for fresh or dried nuts was China. Meanwhile, SA's leading export destination for cane sugar Q2: 2020 was South Korea.

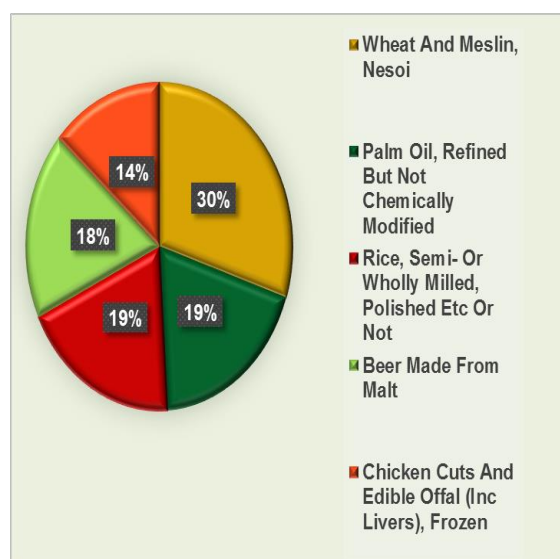


Figure 39: Top five agricultural products imported by SA
Source: GTA, 2020

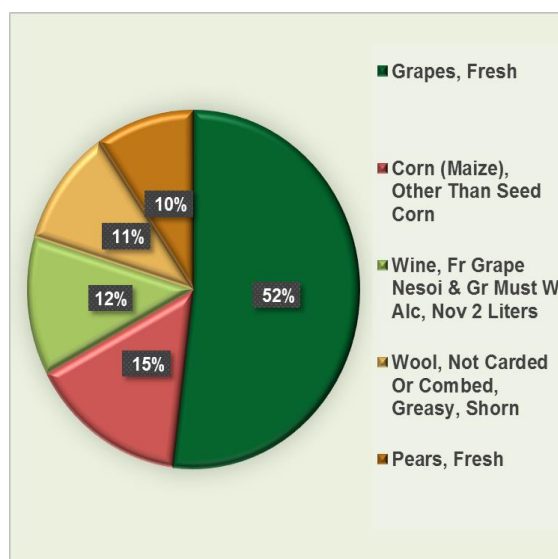


Figure 40: Top five agricultural products exported by SA
Source: GTA, 2020

4. CONCLUSION

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. Real GDP growth Rates, 2020 (Q2) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States decreased by 11.5%, 13.8%, 9.7%, 13.0%, 7.9%, 19.8% and 9.0% respectively, when compared to 2019 (Q2). Emerging markets and developing economies, 2020 (Q2) Real GDP growth rates decreased in the following countries: Brazil, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia decreased by 9.7%, 23.9%, 5.32%, 17.1%, 15.2%, 51%, 6.1% and 8%, respectively, whilst merely China increased by 3.2% when compared to the fourth quarter of 2020 (Q2).

Mainly as a result of the Covid-19 lockdown coming into effect during that period South Africa's Gross Domestic Product (GDP) for the second quarter of 2020 shrank by a mammoth 51%. The agriculture, forestry and fishery industry increased by 15.1% and contributed 0.3% in 2020: Q2. Field crops made the biggest contribution to agriculture with 27% increase in gross value of production when compared to 2019: Q2.

The annual average headline CPI for the second quarter 2020 was 2.08% which shows a decrease of 2.36% when compared to the same period last year. Food inflation for the second quarter of 2020 was 3.77% which shows an increase of 0.99% from 2.78% of the first quarter of 2019, attributed to the effects of Covid 19 .

According to the latest Quarterly Labour Force Survey, about 66 000 jobs were lost in the agriculture sector during the second quarter. This was a 7,6% decline from Q1 to Q2, and a 5,1% decline when measured on a year-on-year basis.

South Africa's agricultural trade balance grew by 67.9% in Q2: 2020 compared to Q2: 2019, to R17,1 billion from R 10,2 billion. On a quarter-on-quarter basis, agriculture's trade balance grew by 56% in Q2: 2020 compared to Q1, with the export value increasing by 39% and import value increased by 14% quarter-on-quarter

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