



# Quartely Economic Overview

AGRICULTURE SECTOR

Volume 19, Number 2, Second Quarter 2021



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 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 2021: 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.....	2.
Figure 2: Emerging markets and developing economies quarterly GDP growth rates.....	3 <b>Error! Bookmark not defined.</b>
Figure 3: Quarterly global grain supply forecast .....	4 <b>Error! Bookmark not defined.</b>
Figure 4: Quarterly global food price indices .....	3
Figure 5: Domestic real GDP growth .....	5
Figure 6: Agriculture, forestry and fisheries sector growth rates.....	<b>Error! Bookmark not defined.</b> 6
Figure 7: SA headline CPI and CPI for food .....	6 <b>Error! Bookmark not defined.</b>
Figure 8: CPI for selected food items .....	7 <b>Error! Bookmark not defined.</b>
Figure 9: Total number of people employed in the industries 2021: (Q2).....	8
Figure 10: Total number of people employed in the agriculture sector between 2018: Q1 and 2021: Q1...	9
Figure 11: Provincial number of people involved in subsistence farming between 2018: Q1 and 2020: Q4.	10
Figure 12: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2019: Q1 and 2021: Q2 .....	11
Figure 13: Comparison of international fertilisers and local prices in Randterms.....	12
Figure 14: South African fertiliser Expenditure.....	13
Figure 15: Trends in gross farm income and net farm income between 2018:(Q2) and 2021(Q2).....	14
Figure 16: Trends in private consumption expenditure between 2018:(Q1) and 2021(Q1).....	15
Figure 17: Total dam levels in 2021: Q2.....	16
Figure 18: Average dam levels in 2021: Q2.....	17
Figure 19: Price trends of White and Yellow maize.....	18
Figure 20: Retail prices vs white maize seed prices .....	18
Figure 21: Wheat Safex price, imports, exports price .....	21
Figure 22: Retail bread price vs wheat import price.....	22
Figure 23: Wheat deliveries, imports, exports and local demand .....	23
Figure 24: Soya beans local price vs import price.....	24
Figure 25: Sunflower local seed; import price (Randfontein) and sunflower retail price.....	25
Figure 26: Sunflower seed deliveries; local demand and trade .....	26
Figure 27: Sorghum parity price .....	27
Figure 28: Supply and demand of groundnuts.....	28
Figure 29: Groundnuts consumption .....	29
Figure 30: Average price and quantities trends of various fruit traded at fresh produce markets (FPMs) ....	30
Figure 31: Average prices and quantities of various vegetables traded at fresh produce markets (FPMs) ..	31
Figure 32: Beef production .....	33
Figure 33: Poultry production .....	34

Figure 34: Poultry feed vs retail prices .....	35
Figure 35: Trends in total production and average price of milk .....	36
Figure 36: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening .....	37
Figure 37: Trade balance of agricultural products .....	38
Figure 38: Top five agricultural products exported by SA .....	39
Figure 39 Top five agricultural products imported by SA .....	40

## List of Tables

Table 1: Soya bean projections for 2021.....	22
Table 2: Sorghum production and use .....	26
Table 3: SA's top three largest export and import destinations of agricultural products in the (Q2):2021.....	39

## Table of Contents

PREFACE .....	<b>Error! Bookmark not defined.</b>	1
<b>List of figures</b> .....		2
<b>List of Tables</b> .....		2
1 EXECUTIVE SUMMARY .....		3
1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY .....		4
1.1 Global Real GDP Growth Rates .....		4
1.2 Global Grain Forecast .....	<b>5Error! Bookmark not defined.</b>	
1.3 Global Food Prices .....		5
2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES .....		6
2.1 Growth .....		6
2.2 Inflation .....		7
2.3 Employment .....		8
2.4 Expenditure on intermediate goods and services by the agricultural sector .....		9
2.5 South African fertiliser market review .....		10
2.6 Nominal gross farm income and net farm income from agricultural products .....		12
2.7 The net farm income .....	Error! Bookmark not defined.	
2.8 Private consumption expenditure on agricultural products .....	<b>Error! Bookmark not defined.</b>	
2.9 Review of South Africa's water dams levels .....		13
3. REVIEW OF AGRICULTURAL MARKETS .....		17
3.1 Grain market review .....		17
3.1.1 White and yellow maize .....		17
3.1.2 Wheat .....	Error! Bookmark not defined.	
3.1.3 Soya beans .....		20
3.1.4 Sunflower .....		21
3.1.5 Sorghum .....		22
3.1.6 Groundnuts .....		26
3.2 Fruit and vegetable market review .....		29
3.3 Meat industry review .....		35
3.4 Poultry industry review .....		33
3.5 Trade of agricultural, forestry and fisheries .....		39
References .....		41

## EXECUTIVE SUMMARY

**Global growth prospects:** Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Real GDP growth Rates, 2021 (Q2) in the advanced economies of the following countries: Canada, decreased by 1.4%, while France, Germany, Italy, Japan, United Kingdom and United States increased by 1.1%, 1.6%, 2.7%, 0.5%, 4.8% and 1.6% respectively, when compared to the second quarter of 2020 (Q2).

In the emerging markets and developing economies, 2021 (Q2) Real GDP growth rates decreased in the following countries: Brazil and Philippines decreased by 0.1% and 1.3% respectively, whilst China, India, Indonesia, Malaysia, South Africa, Nigeria and Russia increased by 7.9%, 20.1%, 7.07%, 16.1%, 1.2%, 5% and 10.5%, respectively, when compared to the first quarter of 2020 (Q1ngn) figures.

**Global grain supply forecast:** The global grain supply forecast indicates a total grain decrease of 0.4%, from 3.564 million metric tons in 2021 (Q2) to 3.577 million metric tons in 2020 (Q2). Global supply projections for 2021 (Q2) of wheat, oilseeds, oil meals and vegetable oils increased by 1.5%, 0.7%, 3.9% and 3.1% respectively, while coarse grains, rice milled and cotton decreased by 1.6%, 0.1%, and 2.6% respectively, when compared to the second quarter of 2020.

**South Africa's GDP:** The South African economy recorded its fourth consecutive quarter of growth, expanding by 1,2% in the second quarter of 2021 (April–June). Despite the gains made over the last four quarters, the economy is 1,4% smaller than what it was before the COVID-19 pandemic. Six of the ten industries recorded a rise in production in the second quarter of 2021. The transport & communication, agriculture, personal services, trade, mining, electricity, gas, water industries were the most significant drivers of growth in the second quarter respectively contributing to the GDP 6.9%, 6.2%, 2.5%, 2.2%, 1.9% and 0.7%. Manufacturing, finance, consuctrion and government industries contributed negatively to GDP in the second quarter of 2021

**Inflation:** The annual average headline CPI for the second quarter 2021 was 4.93%, which shows a decrease of 2.84% when compared to the same period last year. Food inflation for the second quarter of 2021 was 6.86%, which shows an increase of 3.09% from 3.77% of the second quarter of 2020.

**Employment:** According Statistics South Africa, The official Unemployment rate according to the expanded definition, which includes people who were available for work but not looking for a job, rose to (Q2) 44.4% from 43.2% in the first quarter of 2021, this is the highest unemployment rate. The number of people employed in agricultural sector increased by 7.8% in the second quarter of 2021, from 799 000 persons in the second quarter of 2020 to 862 000 persons in the same quarter of 2021.

**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:** South Africa's agricultural trade balance grew by 13.4% relative to Q2: 2020, to R 20,9 billion from R18,4 billion. Over the period, the export value of agricultural products grew by 10.4% quarter-on-quarter to R46,2 billion from R 41.9 billion while the import value of agricultural products grew by 10.2% quarter-on-quarter, to R25.3 billion from R23 billion.

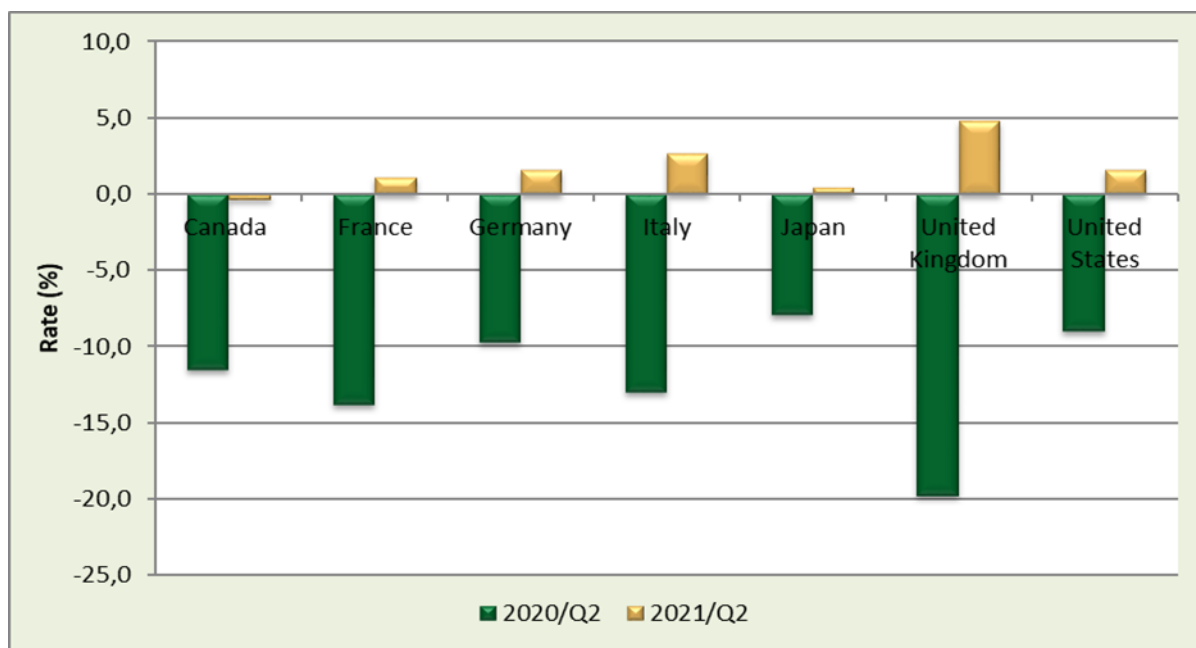


# 1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

## 1.1 Global Real GDP Growth Rates

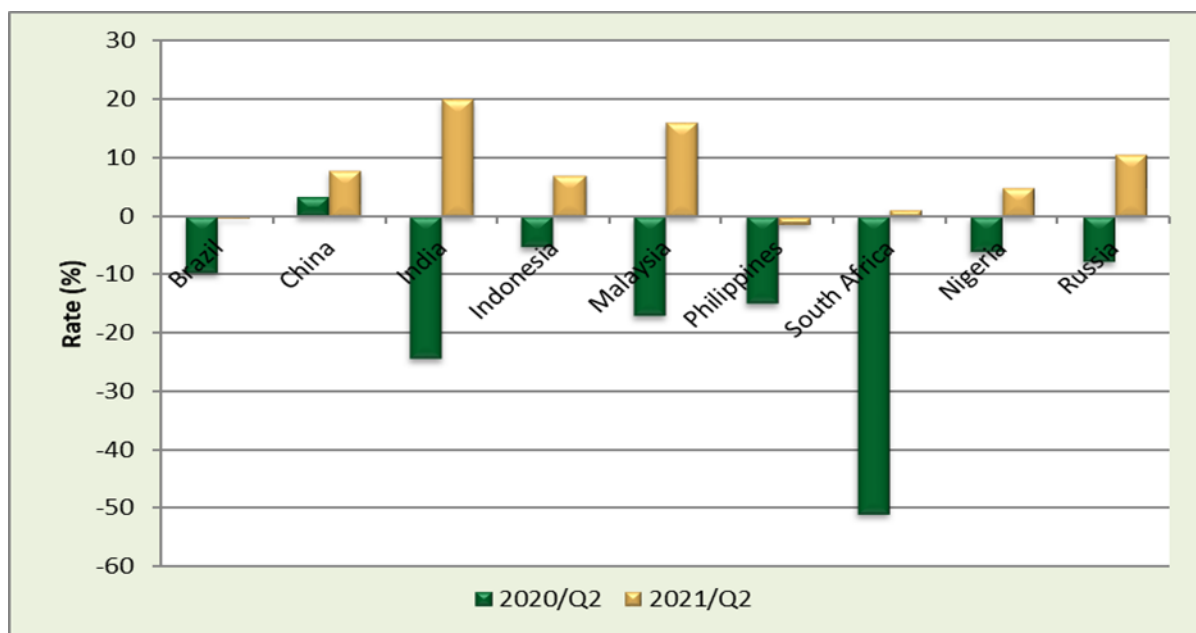
According to the IMF, World Economic Outlook Report (April 2021), it indicates that global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Global growth is projected at 6% in 2021, moderating to 4.4% in 2022. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility.

High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. Real GDP growth rates, 2021 (Q2) in the advanced economies of the following countries: Canada, decreased by 1.4%, while France, Germany, Italy, Japan, United Kingdom and United States increased by 1.1%, 1.6%, 2.7%, 0.5%, 4.8% and 1.6% respectively, when compared to the second quarter of 2020 (Q2). See figure 1 below.



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

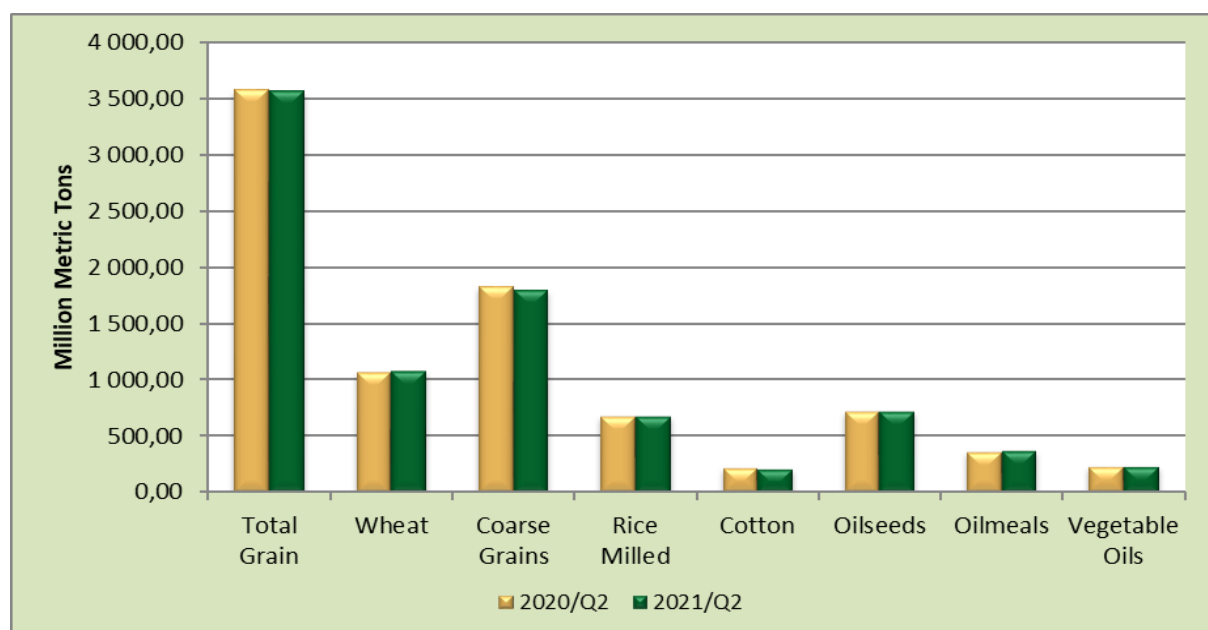
Figure 2, Indicate that in the emerging markets and developing economies, 2021 (Q2) Real GDP growth rates decreased in the following countries: Brazil and Philippines decreased by 0.1% and 1.3% respectively, whilst China, India, Indonesia, Malaysia, South Africa, Nigeria and Russia increased by 7.9%, 20.1%, 7.07%, 16.1%, 1.2%, 5% and 10.5%, respectively, when compared to the first quarter of 2020 (Q1) figures.



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

## 1.2 Global Grain forecast

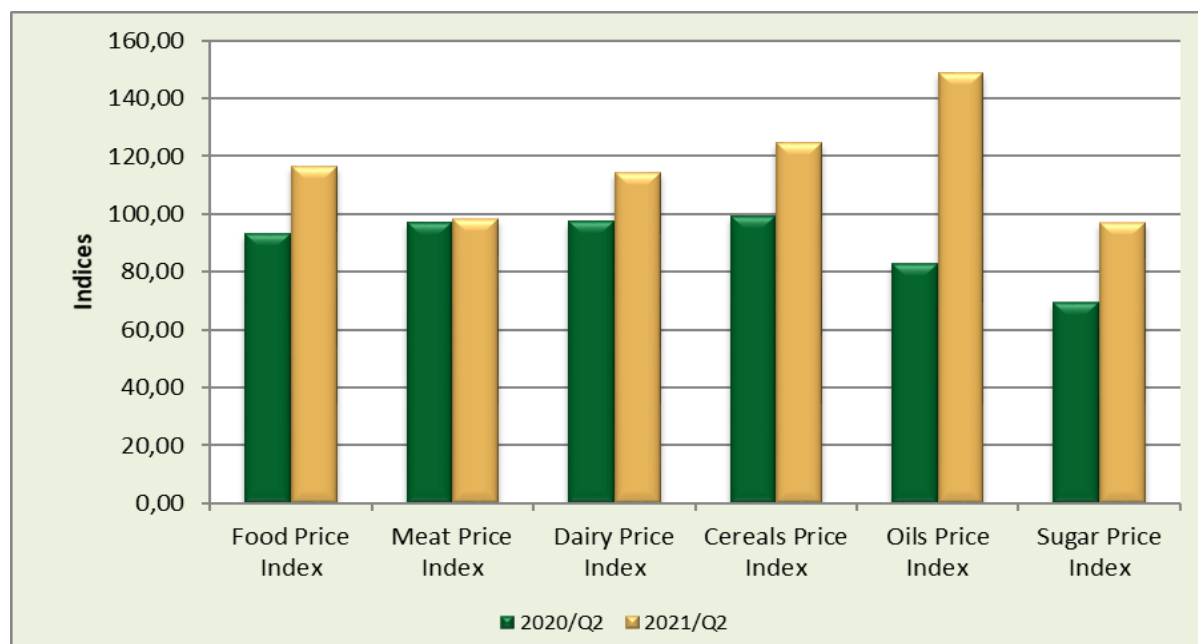
The global grain supply forecast indicates a total grain decrease of 0.4%, from 3.564 million metric tons in 2021 (Q2) to 3.577 million metric tons in 2020 (Q2). Global supply projections for 2021 (Q2) of wheat, oilseeds, oil meals and vegetable oils increased by 1.5%, 0.7%, 3.9% and 3.1% respectively, while coarse grains, rice milled and cotton decreased by 1.6%, 0.1%, and 2.6% respectively, when compared to the second quarter of 2020, see figure 3 below.



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

## 1.3 Global Food Prices

Globally in 2021 (Q2) some major countries were paying partly more by 24.7% on food purchases compared to 2020 (Q2). The following global food products price indices in 2021 (Q2), meat, dairy, cereals, oil and sugar indices shows an increase of 1.3%, 17.3%, 25.9%, 79.4% and 39.5% respectively, when compared to (Q2) of 2020, see figure 4.



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

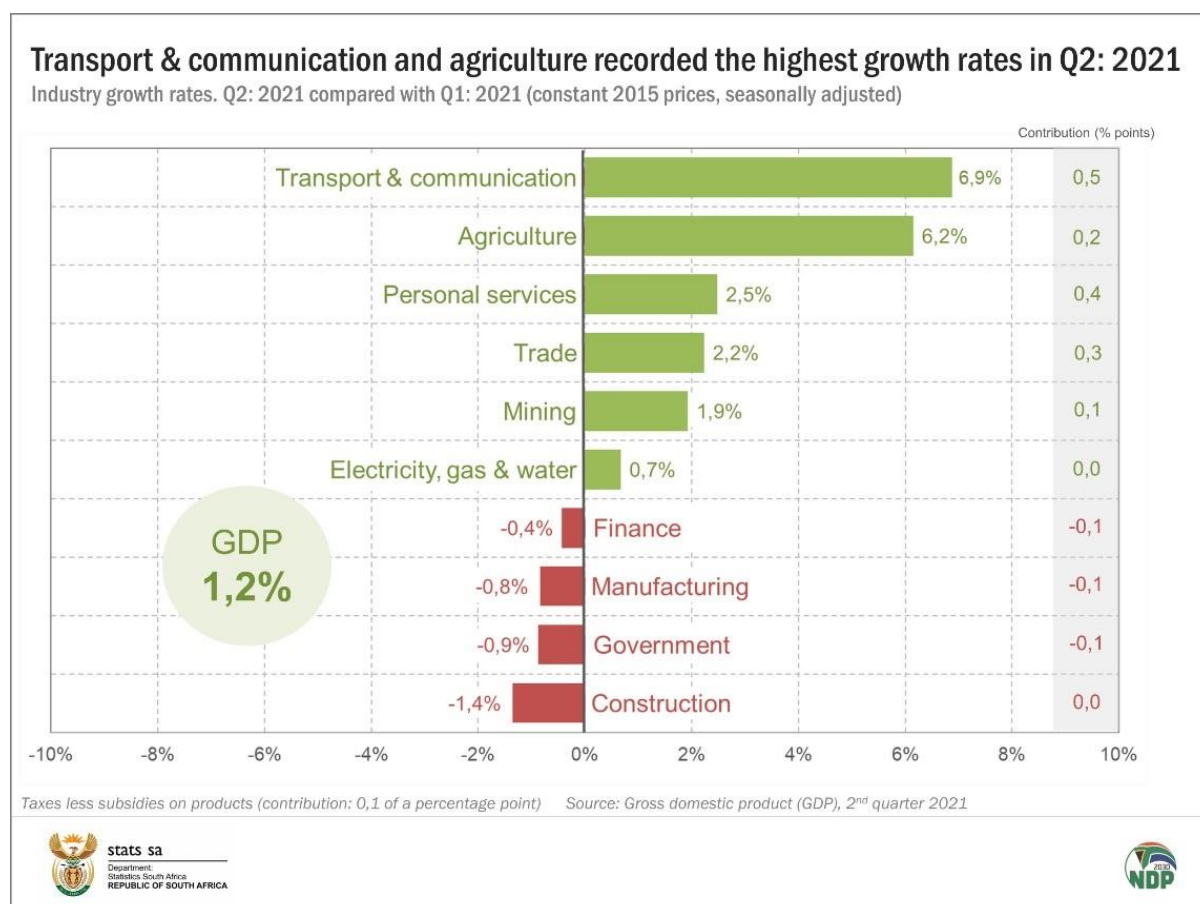
## 2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES

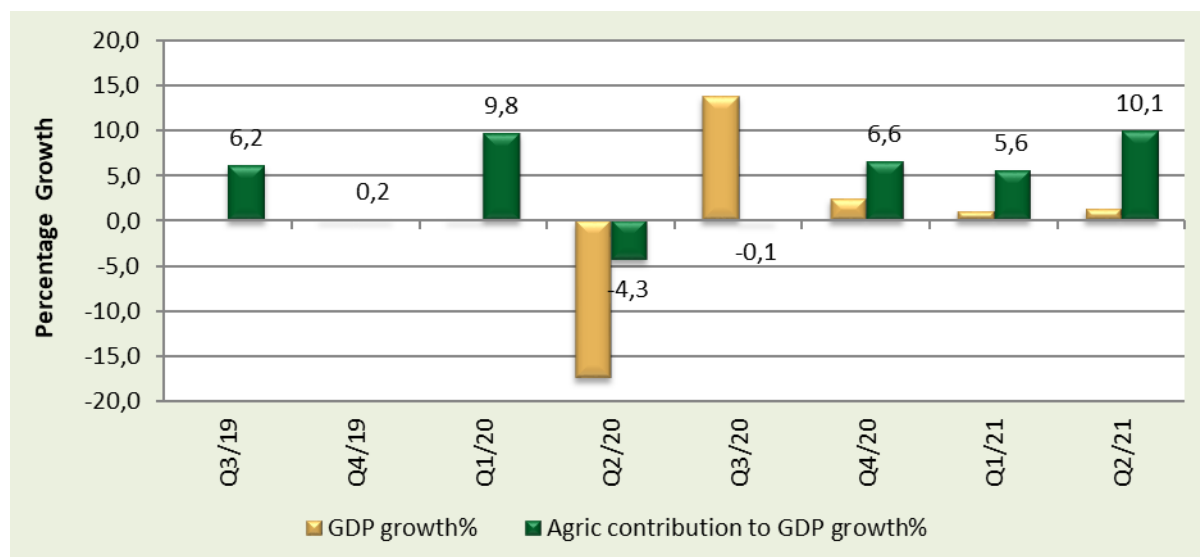
### 2.1 Growth

The South African economy recorded its fourth consecutive quarter of growth, expanding by 1,2% in the second quarter of 2021 (April–June). This followed a revised 1,0% rise in real gross domestic product (GDP) in the first quarter (January–March). Despite the gains made over the last four quarters, the economy is 1,4% smaller than what it was before the COVID-19 pandemic.

Six of the ten industries recorded a rise in production in the second quarter of 2021. The transport & communication, personal services and trade industries were the most significant drivers of growth in the second quarter, with transport & communication and agriculture recording the highest growth rates.

Six of the ten industries recorded a rise in production in the second quarter of 2021. The transport & communication, agriculture, personal services, trade, mining, electricity, gas, water industries were the most significant drivers of growth in the second quarter respectively contributing to the GDP 6.9%, 6.2%, 2.5%, 2.2%, 1.9% and 0.7%. Manufacturing, finance, construction and government industries contributed negatively to GDP in the second quarter of 2021.





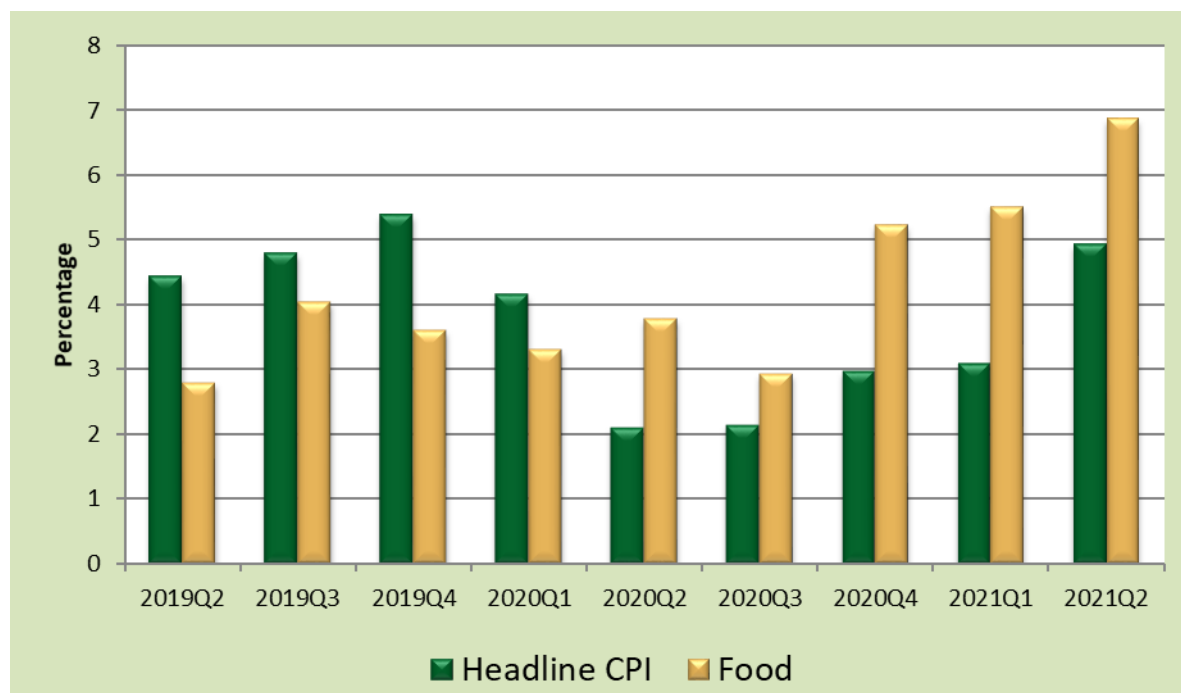
**Figure 5:** Domestic real GDP and Agriculture, forestry and fishing sector growth rates  
Source: Stats SA

The agriculture, forestry and fisheries industry, is one of the industry that reported Positive growth rate of 10.1% and contributed 0.2% to the GDP in 2021: Q2. Unfortunately, the outperformance of the agricultural sector will do very little to change the overall GDP picture of South Africa as primary agriculture is a small share (about 2%) of the economy.

South Africa had its second-largest grains harvest in history in 2020. In horticulture, South Africa has generally had a good fruit harvest in 2020, with citrus exports reaching a record 146 million cartons. There was also a broad recovery in deciduous fruit production, with apple and pear production up slightly by 5% y/y and 1% y/y respectively in 2020. The general recovery in the livestock industry, although this particular subsector was not as robust as other agriculture subsectors. The agricultural industries such as wine, tobacco, and floriculture experienced a ban on sales at various stages of the lockdown; hence, the broader agriculture optimism is not the reality of these subsectors. But for the overall performance of the sector, the losses here will be more than offset by the recovery in field crops and horticulture.

## 2.2 Inflation

South Africa’s annual headline CPI and the food inflation from the second quarter of 2021 as illustrated in figure 6. The annual average headline CPI for the second quarter 2021 was 4.93%, which shows a decrease of 2.84% when compared to the same period last year. Food inflation for the second quarter of 2021 was 6.86%, which shows an increase of 3.09% from 3.77% of the second quarter of 2020.



**Figure 6** : SA headline CPI and CPI for food

Data Source: Stats SA

Figure 7 shows that fruit, bread & cereals, milk, egg & cheese and vegetables were generally less expensive with CPI of -2.95%, 4.59%, 6.72% and 6.88% respectively when compared to other food items in the same quarter. On a quarterly basis, the CPI for oils & fats in 2021 (Q2) was the most expensive with a CPI of 20.25% which is higher from 11.93% in the previous quarter of 2021 (Q1), which is an increase of 8.32%. CPI for meat in 2021 (Q2) was the second largest food item with a CPI of 7.94% when compared to the same period last year 2020 (Q1), the meat has gone up by 2.41%. The CPI for fish in 2021 (Q2) was the third largest with CPI of 7.68% which is higher from 5.41% in the previous quarter of 2021 (Q1), which is an increase of 2.27%.

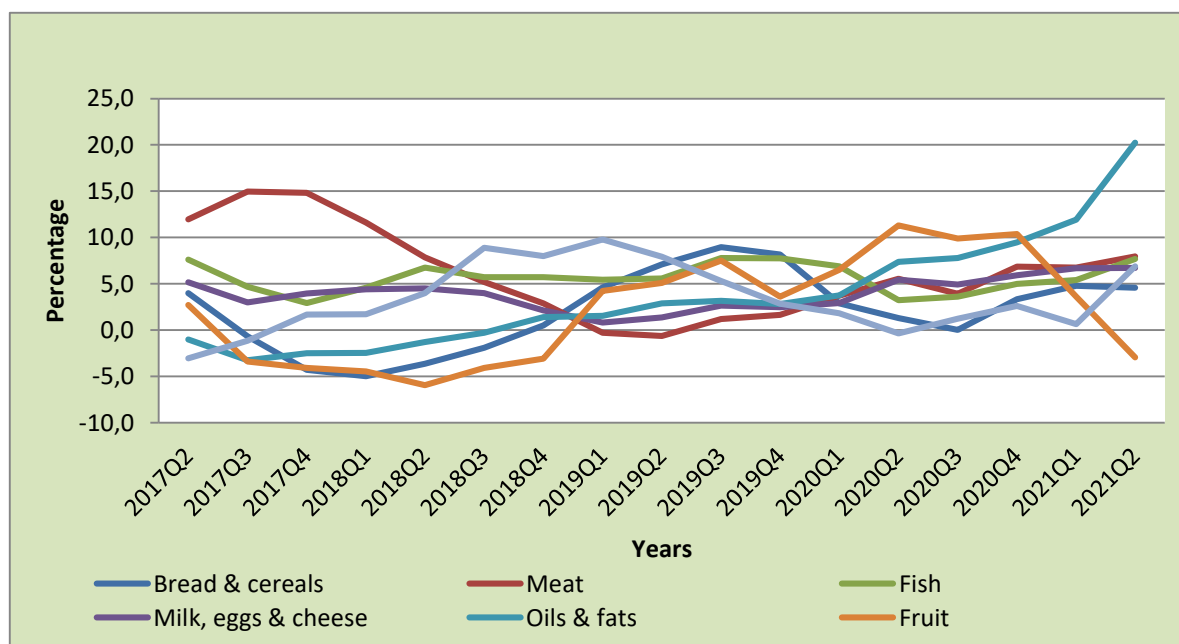


Figure 7: CPI for selected food items

Data Source: Stats SA

### 2.3 Employment

The jobless rate rose to 34.4% in the second quarter of 2021 from 32.6% in the previous quarter, Statistics South Africa reported. Unemployment according to the expanded definition, which includes people who were available for work but not looking for a job, rose to 44.4% from 43.2% in the first quarter of 2021, this is the highest unemployment rate. The unemployment data is likely to deteriorate in the third quarter because the government tightened Covid-19 curbs in the face of a third wave of infections, hindering efforts to revive an economy that shrank 7% last year. Rising joblessness rate could heap pressure on authorities to extend relief measures that would complicate efforts to stabilize public finances. In its presentation, Stats SA highlighted that the Eastern Cape recorded the highest unemployment rate. The official unemployment rate for the province stood at 47.1%, while the expanded unemployment rate stood at 53%.

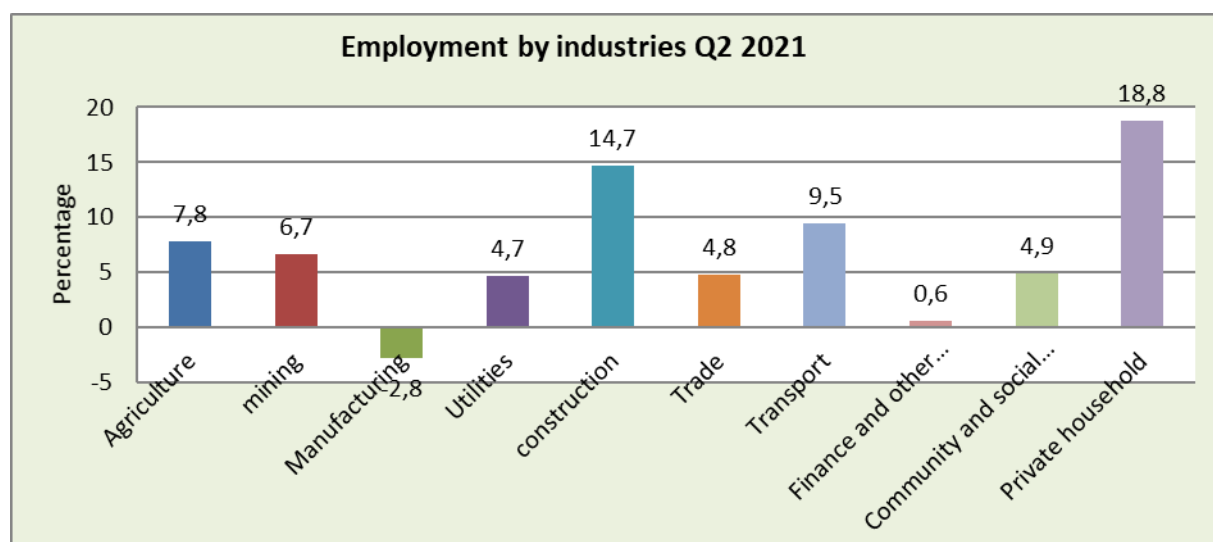
Formal sector employment which accounts for 68.3% of total employment saw a loss of 375 000 jobs during the second quarter. However, employment in the informal sector, private households and agriculture increased. Some industries created jobs



while others lost jobs between the first quarter 2021 and the second quarter of 2021, resulting in a net decline of 54 000 in total employment. Industries that recorded jobs growth include construction, trade and transport, while finance, community and social services and manufacturing recorded job losses. Other trends show that unemployment was lower for graduates, compared to those individuals who only have matric or less than matric. The black African population also has a higher rate of unemployment (38.2%) than the national average and that of other population groups.

There was also an eruption of deadly riots in July in the Gauteng and KwaZulu-Natal provinces, two key economic hubs, which claimed 354 lives and saw thousands of businesses looted and shuttered. The unrest cost the country about 50 billion rand in lost output and placed at least 150,000 jobs at risk, according to the South African Property Owners Association.

**Figure 8** shows that between the second quarter of 2021 and the same quarter of 2020, the number of employed persons increased in nine industries with only manufacturing that showed a decrease of 2.8%. The largest increase were recorded in Private household, Construction, Transport, Agriculture, Mining, Trade and Utilities which increased by 18.8%, 14.7%, 9.5%, 7.8%, 6.7%, 4.8% and 4.7% respectively. During the same period Community and social services also increased by 4.9%, while Finance increased slightly by 0.6%.

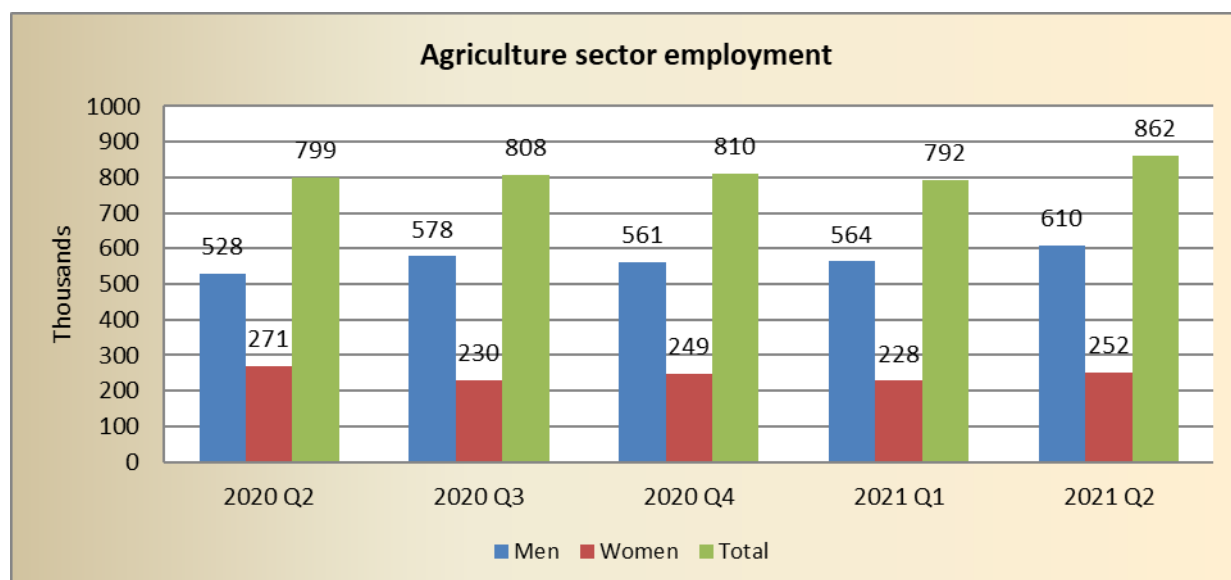


**Figure 08:** Total number of people employed by industries in

2021: Q2 Source: Stats SA

**Figure 09** below illustrate that the number of people employed in agricultural sector increased by 7.8% in the second quarter of 2021, from 799 000 persons in the second quarter of 2020 to 862 000 persons in the same quarter of 2021. Off the 63 000 jobs gained 19 000 jobs were lost by woman, while man gained about 82 000 jobs between the two quarters. During the same period in total, the agricultural sector comprised of 252 000 women and 610 000 man compared to 271 000 women and 528 000 men.

On quarter to quarter, in the second quarter of 2021, the number of people employed in agriculture sector increased by 8.7%, from 792 000 in the second quarter of 2020 to 862 000 in the second quarter of 2021.

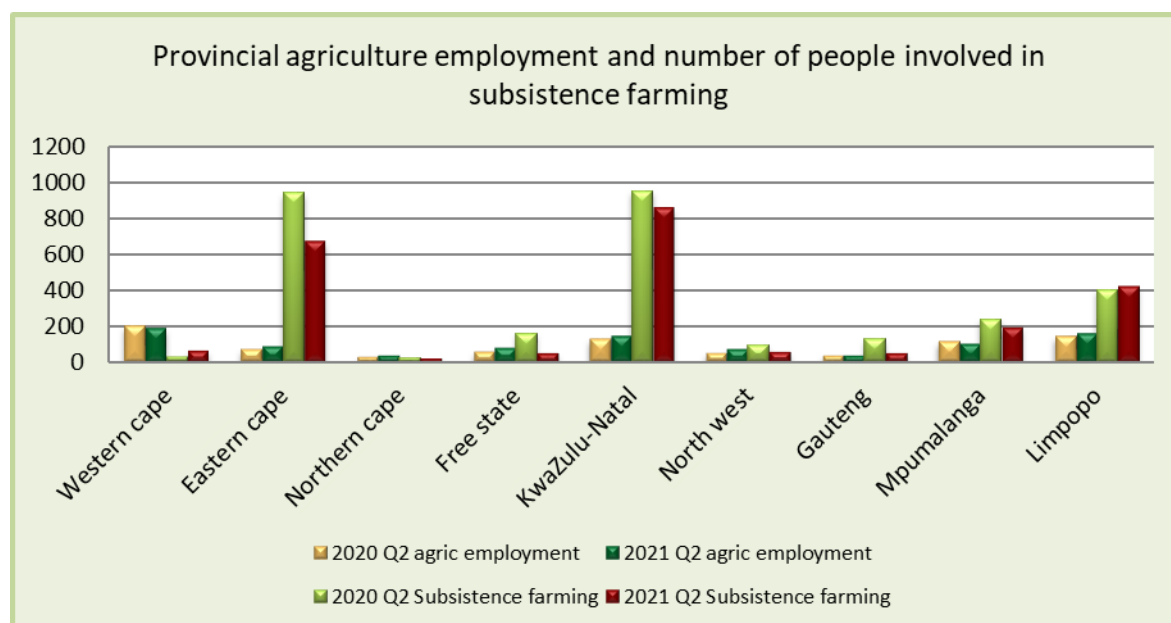


**Figure 09:** Total number of people employed in the agriculture sector between 2020: Q2 and 2021: Q2:

Source: Stats SA

**Figure 10** below shows that between the second quarter of 2020 and the second quarter of 2021, provincial agriculture employment increased in North West, Free State, Northern Cape, Eastern Cape, Gauteng, KwaZulu-Natal and Limpopo by 54.7%, 29.4%, 27.9%, 22,5%, 10.1%, 8.1% and 7.4% respectively. While provincial agriculture employment decreased in Western Cape (6.3%) and Mpumalanga (11.4%). During the same period (QLFS) publication, also indicate that 2.4 million people were involved in subsistence farming compared to 3.0 million people, a

decrease of 20.8%. KwaZulu-Natal and Eastern Cape remained with the highest number of people involved in subsistence farming.

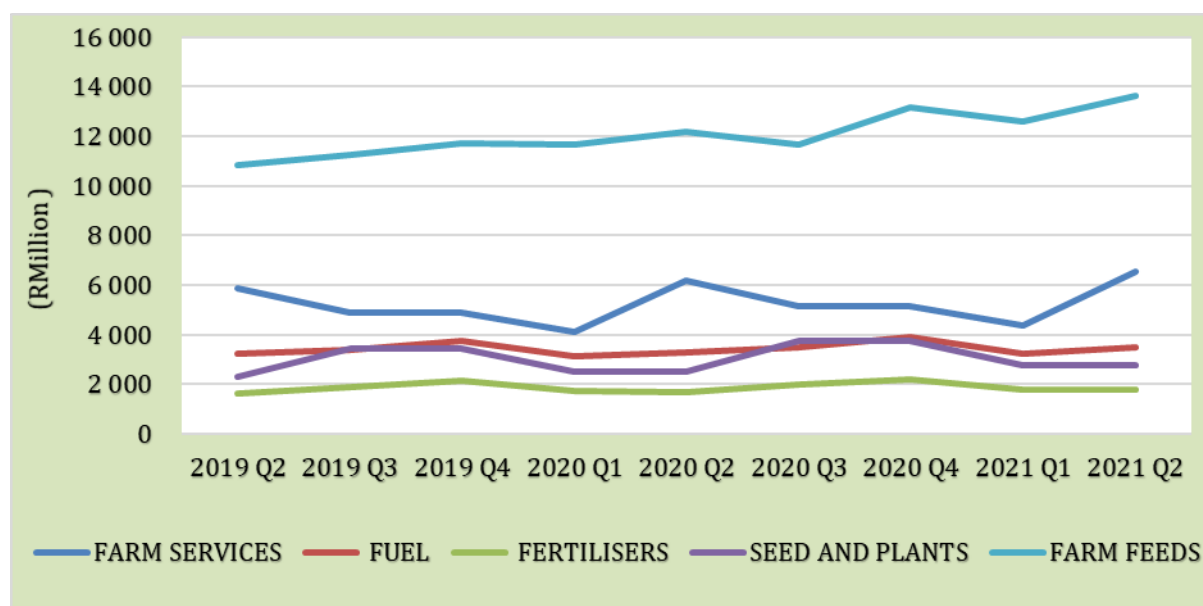


**Figure 10: Provincial agriculture employment and subsistence farming between 2020: Q2 and 2021: Q2** Source: Stats SA

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

The figure 11 illustrate total expenditure on intermediate goods and services was reported at R46.0 billion in the second quarter of 2021 compared to R40.2 billion in the previous quarter, an increase of 14.2%. Compared to a year ago the total expenditure on intermediate goods and services increased by 8.6% from R42.3 billion in the second quarter of 2020 to R46.0 billion in the first quarter of 2021.

The total expenditure on intermediate goods and services increased by 8.6% from a year (Q2 2020) ago to (Q2 2021). 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 2021 compared to the previous quarter. The increase of 14.2% was due to increases in Farm Services (50.0%) Fuel (8.1%), Farm feeds (4.2%), while Fertilisers (0.0%) and Seed & Plants (0.0%) remained unchanged.



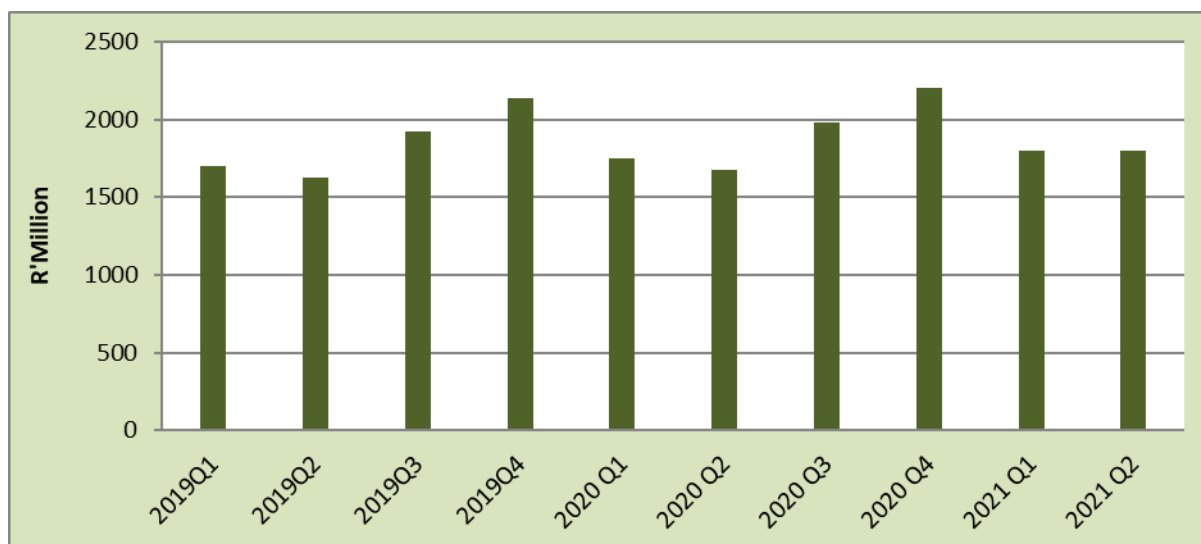
**Figure 11:** Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2019 Q1 and 2021: Q1

Source: DALRRD

## 2.5 fertilizer market review

### 2.5.1 South African fertiliser expenditure

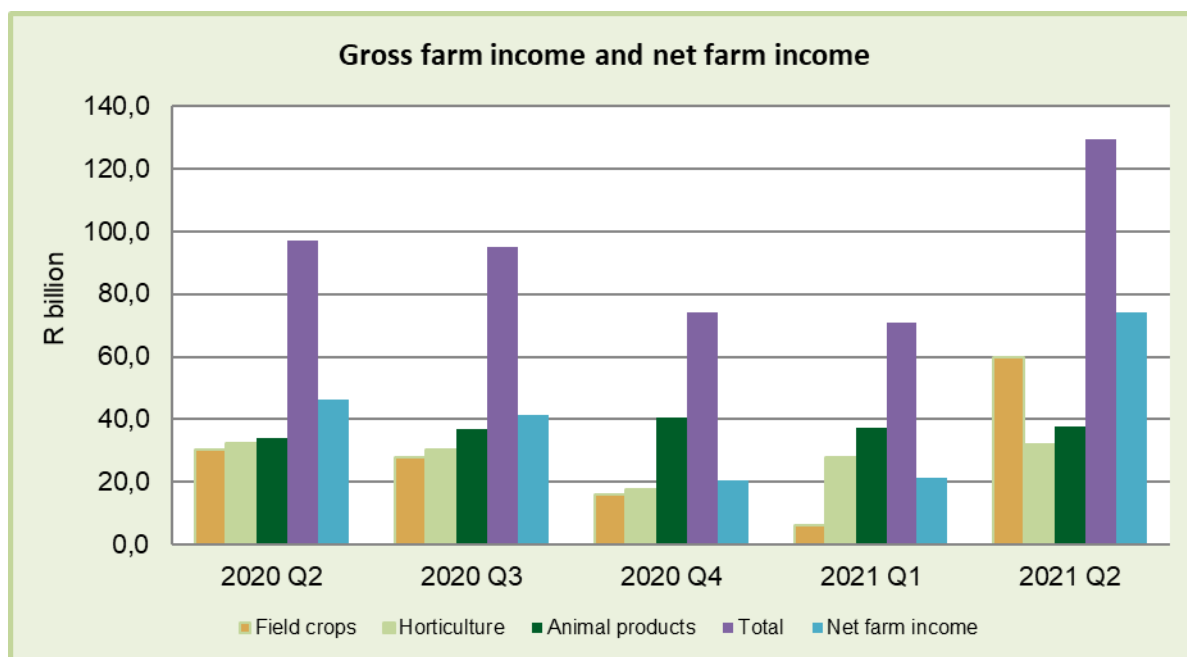
The expenditure of the fertilizer in second quarter of 2021 was R1 802 compared to R1 674 in the same quarter in 2020, this represent 7.6% increase on expenditure of fertilizers. The Covid 19 disruption contributed immensely to the price of fertilizer and the availability of fertilizer to the farmers for the production season., 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** below illustrate that the nominal real gross income from all agricultural products increased by 33.0% from R97.2 billion in the second quarter of 2020 to R129.2 billion in the same quarter of 2021. During the same period, the net farm income is estimated at R74.1 billion compared to R46.1 billion, a huge increase of 60.8%. The increase in net farm income was largely supported by a huge increase of 96.2% in income from field crops, income from animal product also increased by 10.0%, whilst income from horticulture decreased by 2.2%.

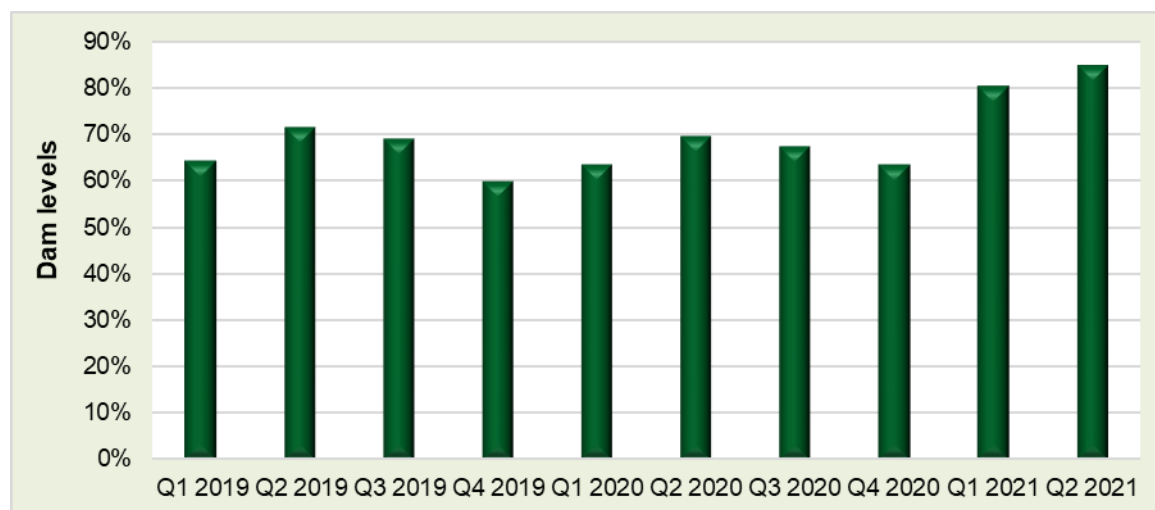


**Figure 13: Trends in nominal gross farm income between 2020: Q2 and 2021: Q2**  
Source: DALRRD

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

South Africa’s national dam levels were comparatively higher in Q2: 2021 than they were the same period last year. National dam levels increased by 21.8% in Q2: 2021 relative to Q2: 2020, to an average of 84.6% from an average of 69.4%, due to good rainfall early in the season. However, the Department of Water and Sanitation continued to caution consumers to use water responsibly as the country is not out of the woods from the previous drought.

On a quarter-on-quarter basis, South Africa’s national dam levels increased by 5.5% in Q2: 2021 relative to Q1, appearing to be fairly stable. However, the Department of Water and Sanitation reiterated that this is an opportune time for water consumers to use water sparingly.



**Figure 14:** Total dam levels in Q2: 2021

Source: Department of Human Settlements, Water and Sanitation

### 1. Provincial average dam levels

Good rainfall early in the season boosted the water situation substantially. Provincial dam levels improved remarkably in Q2: 2021 relative to Q2: 2020, except for dam levels in the Eastern Cape, Gauteng Province and the Northern Cape which decreased by 3.2%, 0.7% and 0.4% respectively year-on-year. Dam levels in the Eastern Cape declined notably, from an average of 55,5% in Q2: 2020 to an average of 53.7% in Q2; 2021, as the drought stricken province continues to go on a downward spiral in its water levels. Dam levels in Gauteng dropped a few notches lower in Q2: 2021 relative to Q2: 2020, to an average of 99.1% from an average of 99.9%. The Department of Water and Sanitation urged Gauteng residents to use water cautiously and that the drop in dam levels could spell a serious situation if water consumers do not heed the call to use water sparingly during the dry winter season. Dam levels in the Northern Cape dropped from an average of 92.2% in Q2: 2020 to an average of 91.8% in Q2: 2021, as the province entered the dry winter season.

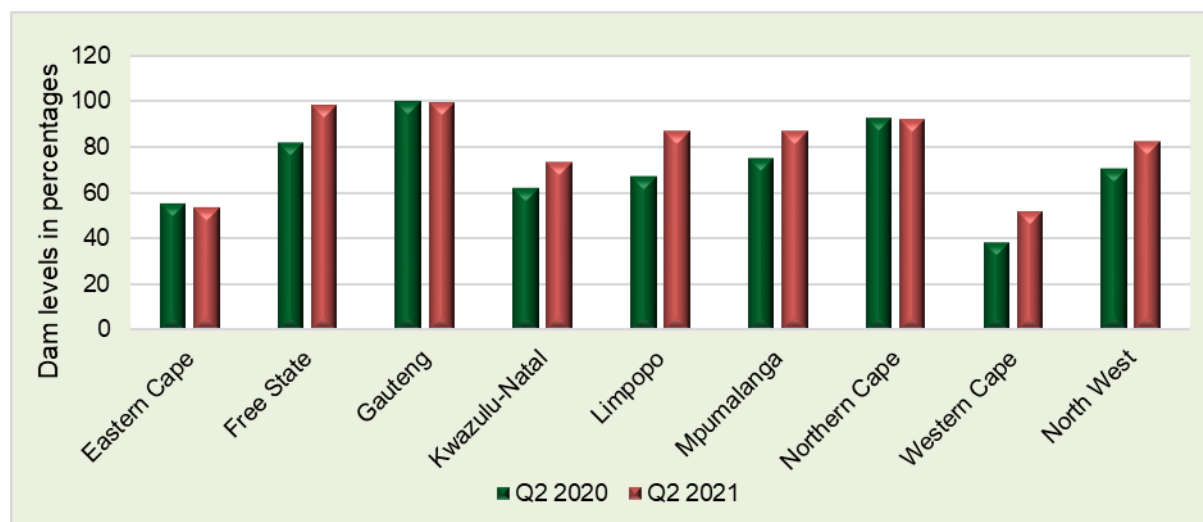
Meanwhile, out of season rainfall occurred in the last part of May and the first week of June 2021 in parts of the Free State province. As a result, dam levels in the Free State Province increased by 19.6% in Q2: 2021 relative to Q2: 2020, to an average of 98% from an average of 82%. Dam levels in Kwazulu-Natal increased by 18.1% in Q2: 2021 relative to Q2: 2020, to an average of 73% from an average of 62%, as the

province's main water supply system, the Umgeni Water Supply System was considerably steady in Q2: 2021.

Dam levels in the Limpopo Province improved substantially, by 29% in Q2: 2021 relative to Q2: 2020, to an average of 87% from an average of 67%. The Olifants Integrated River System played a major role in increasing the province's water levels. Mpumalanga dam levels increased by 16% in Q2: 2021 relative to Q2: 2020, to an average of 87% from an average of 67%. Inkomati-Usuthu River System on the Lowveld boosted the province's water levels from the showers of rain that filled up the province's dams. Dam levels in the Western Cape improved remarkably, by 34.7% in Q2: 2021 relative to Q2: 2020, to an average of 52% from an average of 39%. The recent rains that soaked most parts of Western Cape have boosted the province's water storage. Meanwhile, Dam levels in the North West Province improved by 16.3% in Q2: 2021 relative to Q2: 2020, to an average of 82% from an average of 71%. The three main dams in the province have been steady while during certain weeks of Q2: 2021, the province's three main dam were hovering at almost full capacity.

The Department of Water Sanitation urged South Africans to continue with water conservation efforts to save the country's scarce resource. Although the country's dam levels have begun dropping slightly as the country approaches the dry winter season in inland provinces, most provincial dam levels were comparatively higher than the same period last year. Furthermore, South Africa's ageing water infrastructure continues to be of great concern with over a third of the country's water supply reportedly being lost due to leaks and other problems. Experts warned households to expect increasing water outages.





**Figure 15:** Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

Figure 16 shows Provincial dam levels from Q1: 2020 to Q2: 2021. Almost all provincial dam levels improved significantly in Q2: 2021 relative to Q1, except for dam levels in the Eastern Cape, Gauteng Province, Northern Cape and Western Cape which decreased by 2.2%, 0.4%, 13.7% and 15% respectively quarter-on-quarter as the country approached the dry winter season. The drought-prone Eastern Cape dam levels continued to face difficulty with rainfall whereby the Province experienced moderately dry to severely dry conditions in isolated areas. Furthermore, it must be borne in mind that Gauteng and Northern Cape have smaller and fewer dams compared to the Free State which has three biggest dams in the country. In addition, the bulk of dam levels in the Western Cape are generally better off than they were three years ago however, more rain was needed quarter-on-quarter to recharge dam levels.

Meanwhile, average dam levels in the Free State Province, KwaZulu-Natal, Limpopo, Mpumalanga and North West Province increased by 0.3%, 9.6%, 10.9%, 6.5% and 8.5% respectively in Q2: 2021 relative to Q1. The Department of Water and Sanitation warned South Africans against complacency and cautioned water consumers against the rampant use of water as the country is not out of the woods from the previous drought. Moreover, due to the fact that the country has a regional low rainfall pattern, water must be treated as a scarce resource and water users are

therefore encouraged to double their efforts to save and harvest as much water as possible.

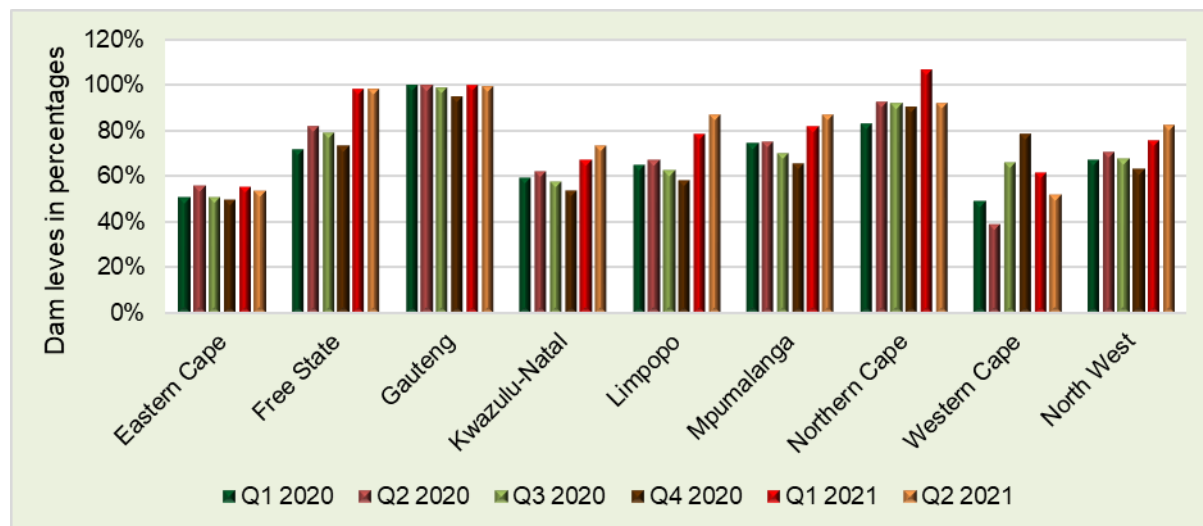


Figure 17: Average dam levels from Q1:2020 to Q2: 2021

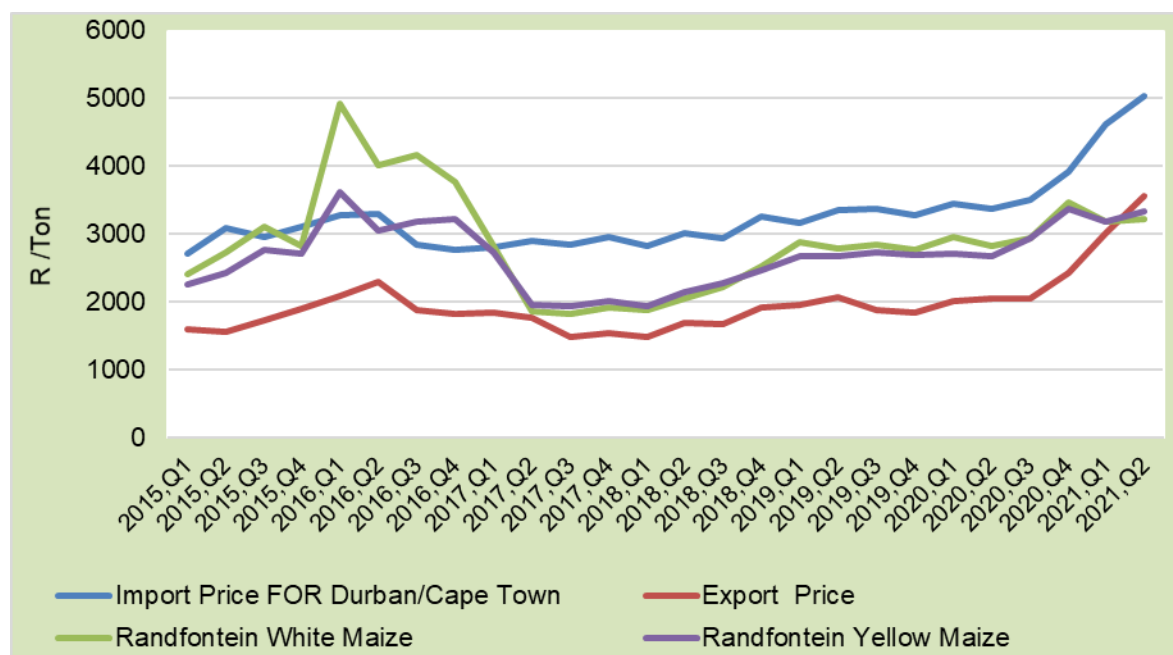
Source: Department of Human Settlements, Water and Sanitation

### 3. Review of Agricultural Markets

#### 3.1 Grain market review

##### 3.1.1 White and yellow maize

Figure 18 illustrates the price trends of white maize, yellow maize and international parity prices of maize from 2015: Q1 to 2021: Q2. South African local white maize for the Second quarter of 2021 decreased by 33.7% to R3336.36/ton below the international import parity price of white maize which traded at R5033.41/ton during the same period. The domestic price of yellow maize increased by 0.5% to R3336.87/ton in 2021: Q2 compared to previous quarter. The international export and import parity price increased by 0.1% and 0.2% to R3557.7/ton and R5033/ton respectively in 2021: Q2. The domestic price for white maize and yellow maize both traded outside the parity prices.



**Figure 18:** White maize price  
Source: Sagis

Figure 19 depicts maize seed price and maize seed by-products for the period 2018:Q4 to 2021:Q2. Quarter-to-quarter data shows that maize seed price decreased marginally by 0.2% in 2021: Q2 to R3215.4 from R3346/ton reported in 2020:Q1. During this period, (2021:Q2) all maize by-products reported a marginal increase in prices which put more financial pressures to consumers. Super maize 2.5kg, super maize 1kg, and (special maize) mealie meal/maize flour 5kg remained the same respectively end of 2021: Q2.

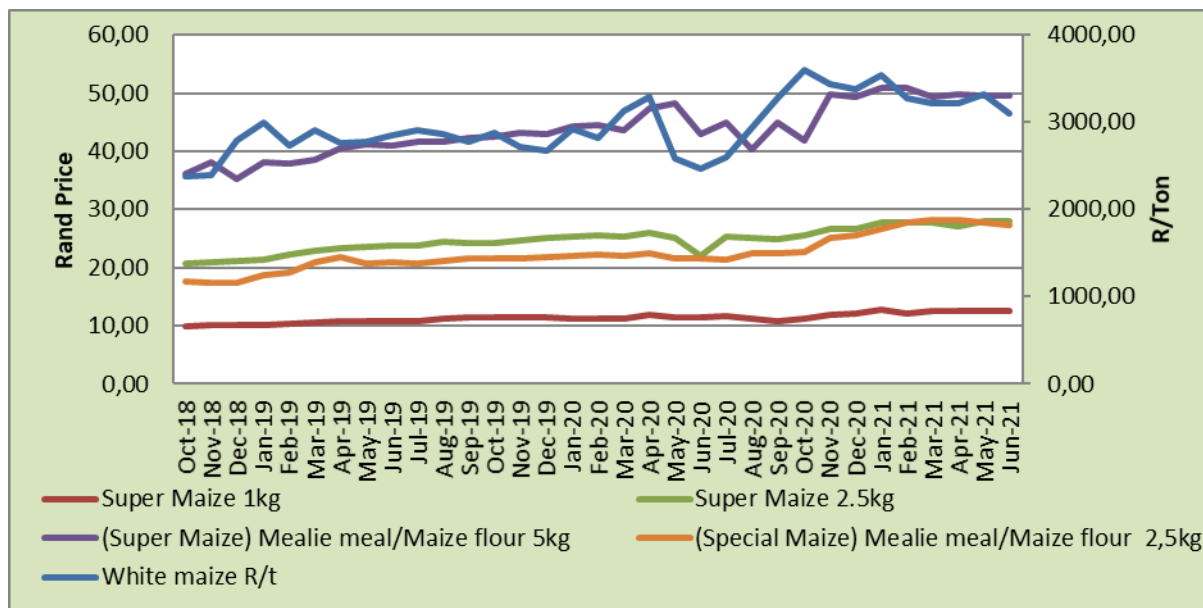
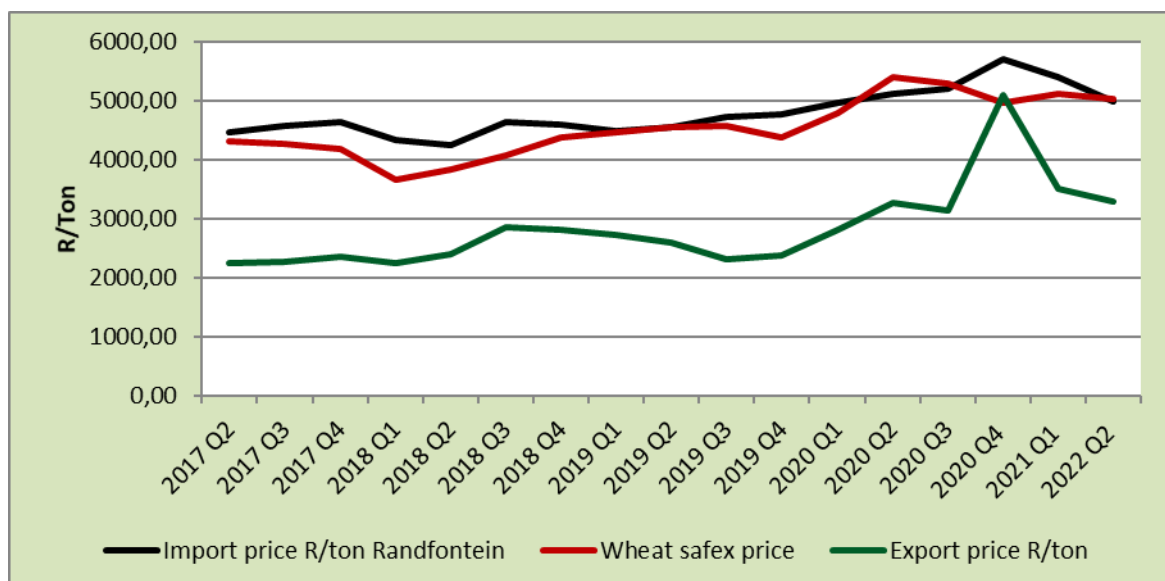


Figure 19: Retail prices vs white maize seed prices  
Source: Safex/Stats SA

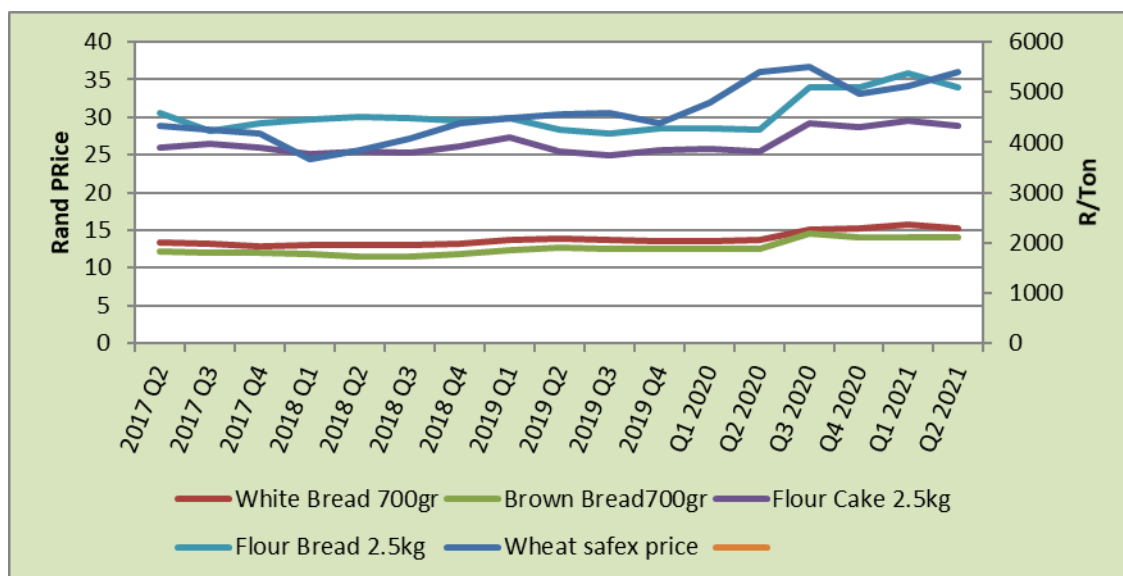
### 3.1.2 Wheat

Figure 20 shows the price trends of domestic wheat price and international parity prices for the period 2017: Q2 to 2021: Q2. The domestic wheat price traded at R5 043.90/ton in 2021: Q2, 1.6% lower compared to previous quarter. Wheat import and wheat export parity price traded at R4 989.06/ton and R3 296.49/ton which represent a decrease in price by 7.6% and 5.9% respectively in 2021:Q2.



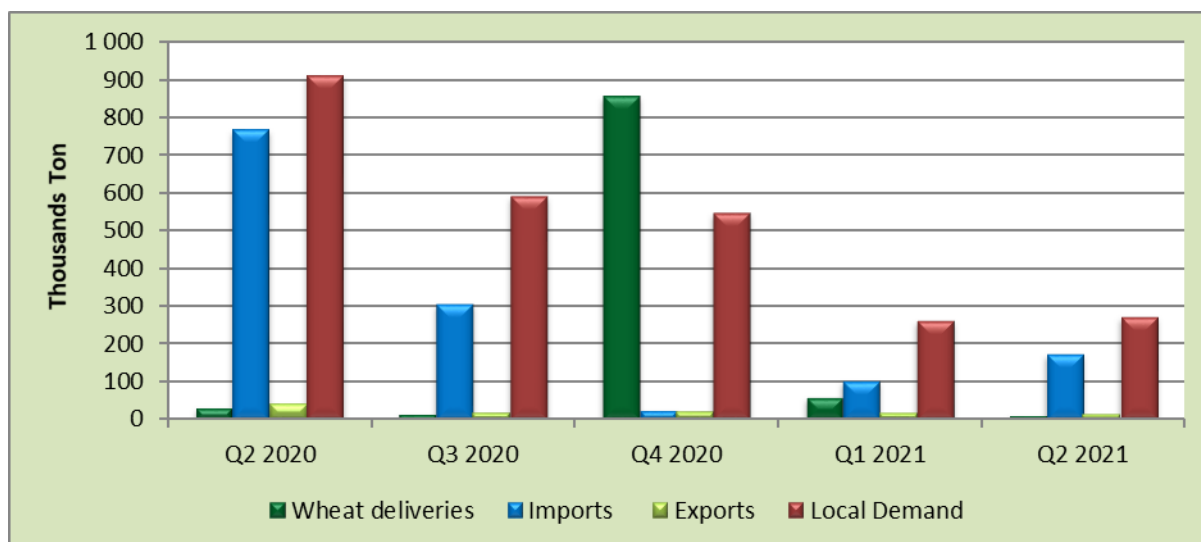
**Figure 20:** Wheat safex price, export parity price and Import parity price  
 Source: Sagis/Safex

Figure 21 depicts retail bread prices versus wheat safex price from 2017: Q2 to 2021: Q2. Consumers paid less for wheat by-products in 2021:Q2. The price of selected wheat by-products decreased by 3.0%, 0.6%, 2.1% and 5.1% for white bread 700gr, brown bread 700gr, flour cake 2.5kg and flour bread 2.5kg respectively in 2021: Q2.



**Figure 21:** Retail bread price vs wheat import price  
 Source: Stats SA & Safex

Figure 22 depicts the supply and demand of wheat from 2020: Q2 to 2021: Q2. South Africa's wheat deliveries for 2021:Q2 decreased by 68.3% compared to the same period a year ago in 2020: Q2. Local demand and imports of wheat in 2021:Q2 increased by 3.9% and 68.0% respectively when compared to previous quarter.



**Figure 22:** Wheat deliveries, Imports, Exports and local demand

Source: Stats SA & Safex

### 3.1.3 Soya beans

Soybeans prices peaked during the 1<sup>st</sup> quarter of 2021, prices have risen at a quarterly average rate of 8% since the 4<sup>th</sup> quarter of 2018 till they reached peak levels. During the 2<sup>nd</sup> quarter prices decreased by 18.7% compared to the previous quarter(quarter-on-quarter basis) ,although on a year-on-year(y/y) basis prices still remain high by 11%.

The Agricultural Market Information System (AMIS) also projects international prices to remain high, due to further expansion in livestock production in China. During the 2<sup>nd</sup> quarter international prices declined by 1.2% due to modest in utilization in China during the quarter, but the further livestock expansion is expected to keep prices higher.

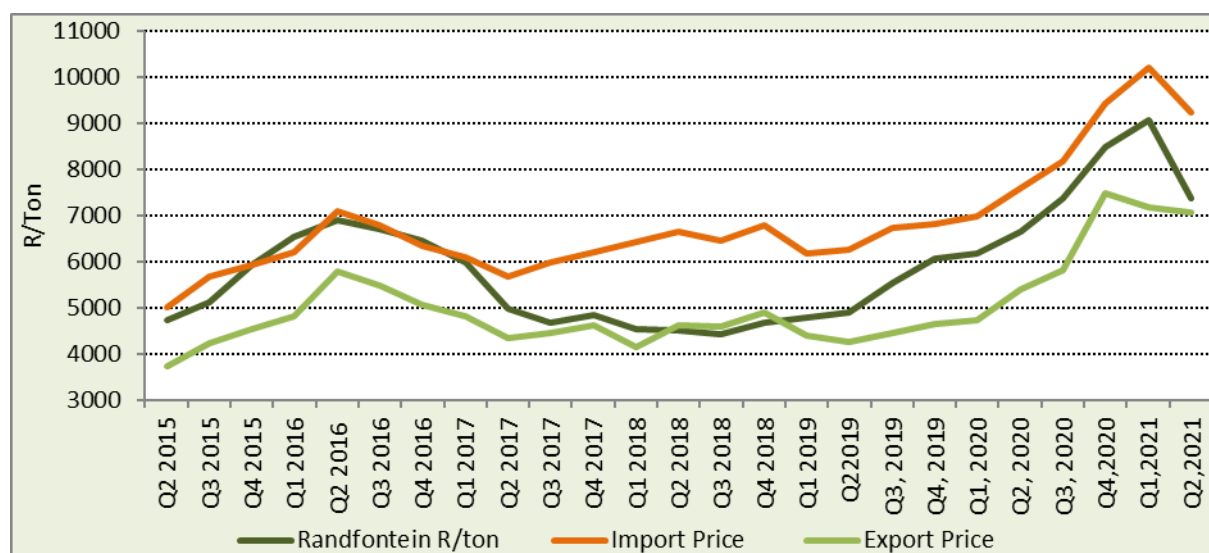


Figure 23: Soya beans local price vs import price

Source: Safex/Sagis/USDA/World Bank

The latest Department of Agriculture, Land reform and Rural Development’s Crop Estimates Committee(CEC) indicates that soybeans production has been revised downward by 27 700 tons from their 1st quarter 2021 forecast. Production is still expected to be higher than it was in 2020 due to the favourable soybeans prices in 2021 as shown on Table 1. Imports are projected to be lower due to the expected local stocks abundance and high international prices. Exports are also expected to be lower due to inter-alia higher local and international prices, whilst local consumption is expected to be 31% higher than it was in 2020 as shown in Table 1.

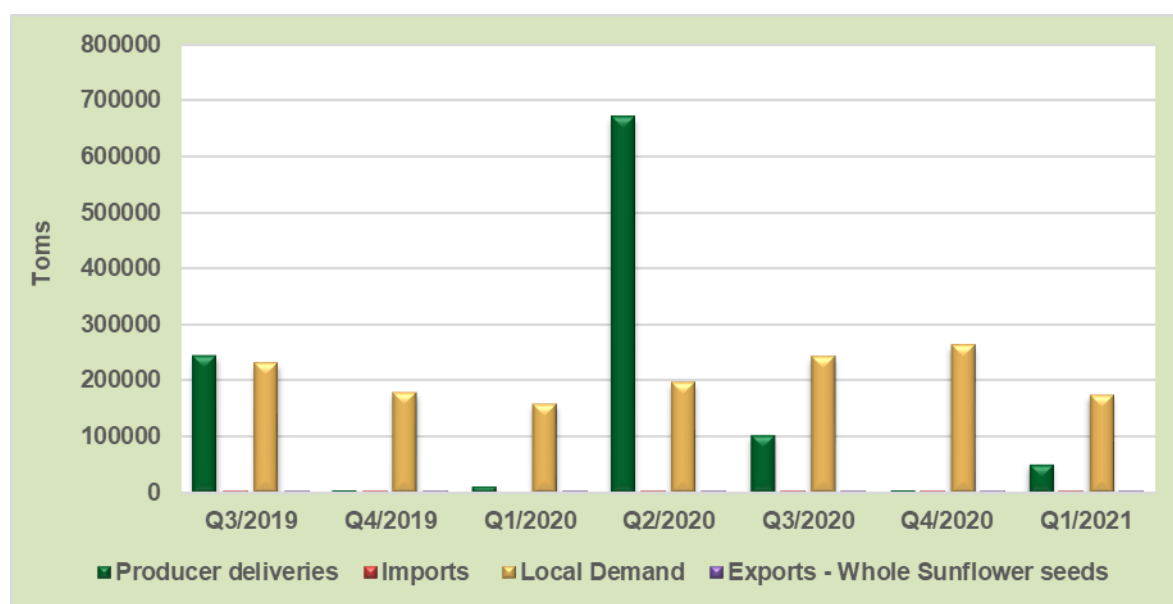
Table 1: South African Soybeans Production & Use Table

	2014	2015	2016	2017	2018	2019	2020 Estimate	2021 Forecast
Beginning Stock	61806,00	63704	89128	84792	330535	502241	138455	46053
Production	948000	1070000	742000	1316000	1540000	1170345	1 245 500	1 890 450
Imports	103704	124981	271098	28000	6000	9500	116 103	10000
Total Supply	1113510	1258685	1102226	1428792	1876535	1682086	1500058	1946503
Local Consumption	1049230	1164880	1010689	1063783	1349294	1539631	1452945	1642500
Exports	576	4677	6745	414	25000	4000	1 060	1 500
Total Demand	1049806	1169557	1017434	1098257	1374294	1543631	1 454 005	1 644 000
Closing Stocks	63 704	89128	84792	330535	502241	138455	46 053	302 503

Source: DALRRD/ NAMC/Sagis

### 3.1.4 Sunflower

Figure 24 shows the supply and demand of sunflower seed up to the second quarter of 2021. Producer deliveries in the second quarter of 2021 increased by 959.7% as compared to the previous quarter of 2021 (Q1). Producer deliveries in the second quarter of 2021 is expected to be 19.9% lower than it was in the same quarter of 2020 (Q2). South African sunflower seed imports increased by 216.2% in the second quarter of 2021 as compared to the previous quarter in 2021 (Q1). Sunflower seed exports decreased by 54.7% in the second quarter of 2021 when compared to the previous quarter of 2021 (Q1). Local sunflower seed consumption in the second quarter of 2021 was 52.0% higher than it was in the previous quarter of 2021 (Q1). Local consumption in the second quarter of 2021 is expected to be 35.2% higher than it was in the same quarter of 2020 (Q2),

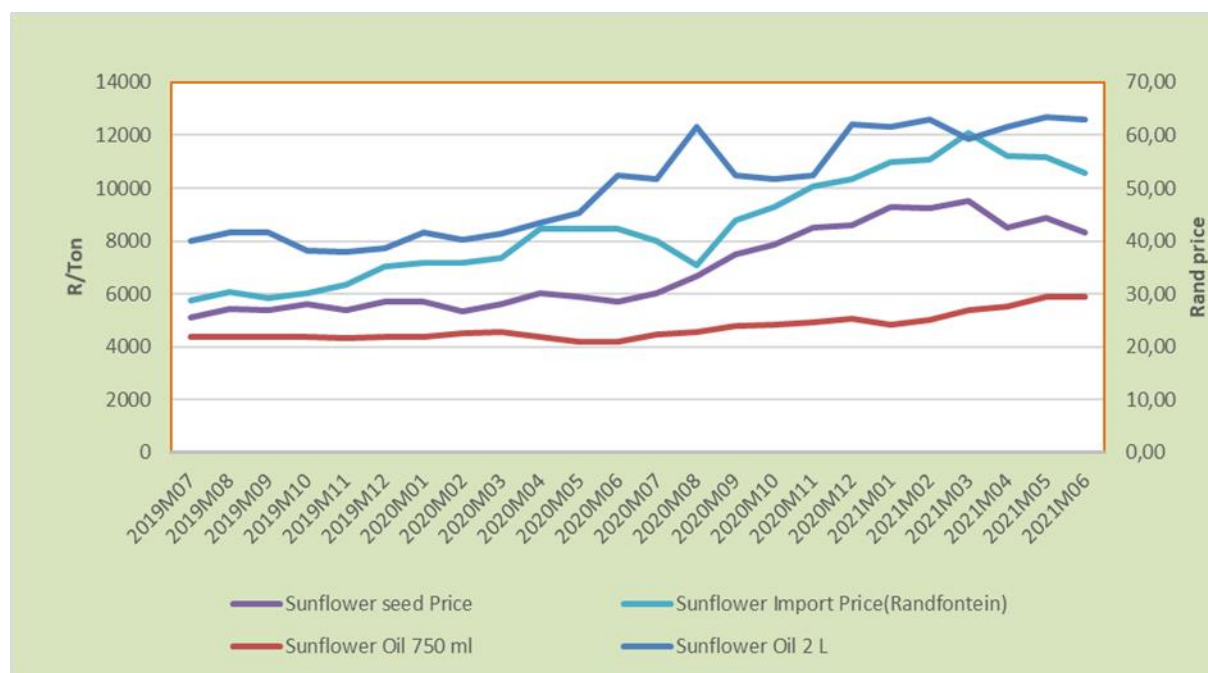


**Figure 24:** Sunflower seed deliveries; local demand and trade  
Source: Sagis

During the second quarter of 2021, South Africa sunflower seed prices traded below the import parity price at R8 561.06/ton compared to R10 992.62/ton in the second quarter of 2021, which is a total decrease of 8.4% compared to the previous quarter of 2021 (Q1). The price of sunflower seed has increased by 45.9% during the second quarter of 2021 as compared to the same period last year, which is 12.2% higher than it was in the previous quarter of 2021 (Q1). The local sunflower seed price in the second quarter of 2021 traded at 22.1% lower than the import price,



compared to trading at 18.0% below the import price in the first quarter of 2021. The prices of sunflower oil 2L and 750ml in the second quarter of 2021 traded higher by 33.0% and 35.4% respectively, when as compared to the same period in 2020 (Q2). The price of sunflower oil 2L and 750ml in the second quarter of 2021 increased by 2.2% and 13.4% respectively, when compared to the previous quarter (Q1) in the same year.



**Figure 25:** Sunflower local seed; import price (Randfontein) and Sunflower retail price  
 Source: Safex; USDA; Sagis; and Own calculations

### 3.1.5 Sorghum

The price of sorghum rose by 0.9% on a year-on-year basis while on a quarter-on-quarter basis prices decreased by 1.4%. Local prices fell slightly as conditions were good during the harvesting season, but USDA projects World prices to remain high as World consumption is rising faster than demand. World prices rose by 44.4% on a year-on-year basis during the 2<sup>nd</sup> quarter, whilst on a quarter-on-quarter basis prices decreased by 26.4%. World prices have grown by a monthly average rate of 4.5% since the 2<sup>nd</sup> quarter of 2020. Although prices have declined on a quarter-on-quarter comparison due to prospects of global production being the largest since 2014/15,

but US department of Agriculture still project prices to be higher. Demand in China is still expected to be strong according to the USDA projections .

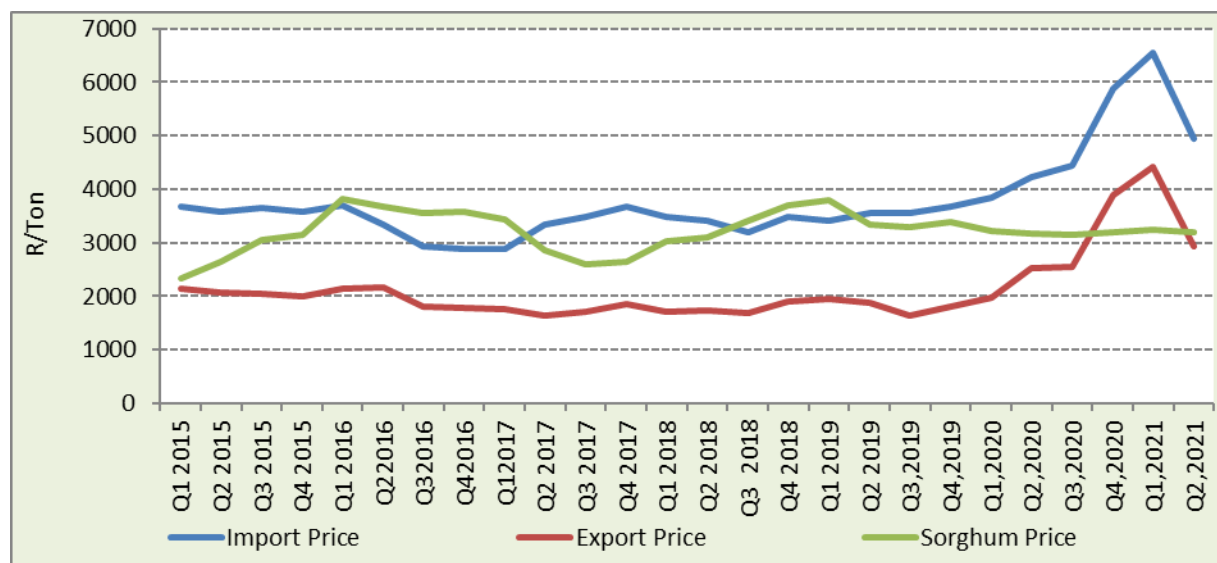


Figure 26: Sorghum Parity Price

Source: Safex, Sagis

The CEC latest forecast indicates that sorghum production outlook is still expected to be 23.4% higher than it was in 2020. The outlook projects sorghum to be the highest since 2014. This comes on the back of a rise in demand globally as the use of sorghum as feed gained ground in China. The herd rebuilding phase in China resulted in sorghum being used as a substitute to the high priced soybeans (Shown by the rise in sorghum prices on Table 2).

Local imports are expected to be 24% lower due to the higher production. However, exports and local demand are also projected to be 0.9% and 7% lower respectively as the high local and international prices inter-alia, seem to dampen demand. Local feed exports were also affected by the ban in feed imports in other SADC countries during the outbreak of the bird flu during the quarter.

Table 2: Sorghum Demand & Use Table

	2013	2014	2015	2016	2017	2018	2019	2020	2021 Forecast
Opening stock	56015	50069	121812	83142	35238	59246	51860	60423	51 795
Production	147200	265000	114700	70500	152000	115000	127000	158000	203 980
Imports	50033	8725	34316	74957	55824	32500	59253	6 546	5 000
Total Supply	251652	320301	277713	226677	244073	206746	238113	224969	260775
Local demand	182033	172320	165532	178790	176000	166500	170390	167524	155910
Exports	19550	26169	29039	12649	13800	12345	7300	5650	5 600
Total Demand	201583	198489	194571	191439	182783	173700	177690	173 174	161 510
Ending Stock	50069	121812	83142	35238	59246	51860	60423	51 795	99 265

Source: DALRRD/ NAMC/Sagis

### 3.1.6 Groundnuts

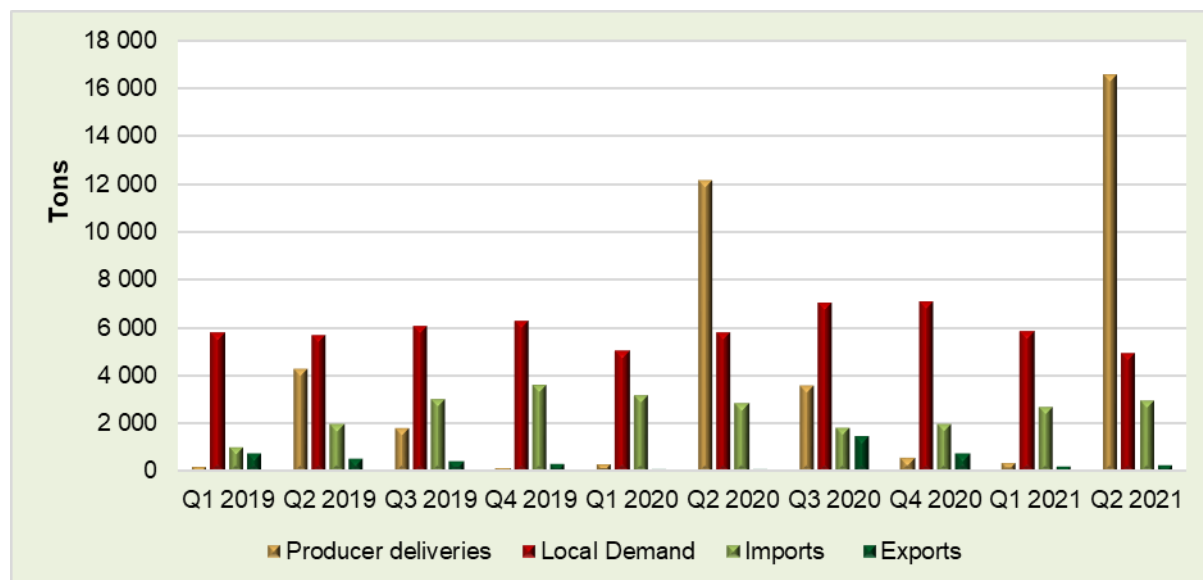
The National Crop Estimate Committee mildly lifted its forecast for the 2020/21 groundnut production to 58 900 tons from the previous estimate of 57 900 tons. Weather conditions have generally been favourable since the start of the planting season and optimistic yield estimates received from farmers resulted in the upward adjustments of the groundnut production estimates.

The expected groundnut production reflects positive demand prospects considering that South African groundnuts are highly sought after on the world market due to their taste and shape. The expected production also presents positive export possibilities for farmers since on average, about 25% of South Africa's crop is exported.

While the 2020/21 production season is expected to be highly profitable for groundnut producers, this provides an opportunity for cash flow to recover especially because producers in North West, various parts of the Free State and Northern Cape suffered severe financial losses because of the droughts in 2013, 2015, 2016 and 2019. In these years, due to the magnitude of carry-over debt, many farmers had to restructure their financial losses which affected their cash flow position and the ability to repay their financial obligations.

Meanwhile, the 2021/22 production outlook is positive however, the increase in production due to the envisaged growth will need the development of export markets other than where the country's products are already present (Agbiz, 2021).

Figure 27 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q1: 2019 to Q2: 2021.



**Figure 27:** Producer deliveries, local demand, export and imports of groundnuts

Source: Sagis

The expected groundnut production for the 2020/21 season is as a result of increased area planting and favourable rainfall since the start of the season. Producer deliveries of groundnuts increased by 365 in Q2: 2021 relative to Q2: 2020, to an average of 16 558 tons from an average of 12 166 tons, see figure 29. Ideal climatic conditions yielded record levels for groundnuts. However, during the same period, the local demand of groundnuts decreased by 14% in Q2: 2021 relative to Q2: 2020, to an average of 4 981 tons from an average of 5 803. Demand prospects are still uncertain as COVID-19 pandemic continues. Meanwhile, exports of groundnuts increased by 73% in Q2: 2021 relative to Q2: 2020, to an average of 274 tons from an average of 158 tons. With the slow recovery in most global economies following the 2020 recession, South Africa managed to maintain the demand for its product due to varietal choices (producing mainly Spanish type of groundnuts) that created niche market opportunities.

Since local demand for groundnuts has been consistent over the years with an average of 70 000 tons per year, whenever South Africa plants less than what is needed to meet local demand, imports increase. Therefore, in Q2: 2021, imports of groundnuts increased by 4% relative to Q2: 2020, to an average of 2 979 tons from an average of 2 864 tons. As the season progresses, the groundnut crop promises to be among the best in history, with large volumes of groundnuts expected to be exported than in the previous year.

South Africa's consumption of peanut butter occurs mainly in two forms, as edible peanuts and as processed peanut butter. During Q2: 2021, consumption of edible groundnuts decreased by 12% relative to Q2: 2020, to an average of 1 905 tons from an average of 2 170 tons. Consumption of edible peanuts is mostly dependent on price which is dependent on the supply and demand of groundnuts. Consumption of peanut butter decreased by 9% in Q2: 2021 relative to Q2: 2020, to an average of 2 961 tons from an average of 3 237 tons. Meanwhile, consumption of crushed oil & cake increased remarkably by 40% in Q2: 2021 relative to Q2: 2020, to an average of 28 tons from an average of 20 tons. Groundnut crushing and groundnut oil production constitute a very small part of the South African market.

The average market price of peanut butter (400 gram) increased by 8% in Q2: 2021 relative to Q2: 2020, to an average market price of R34.15/400 gram from an average market price of R 31.52/400 gram. The artificial situation created by the Covid-19 pandemic made it difficult for low-income households to afford to buy meat and meat products. Low-income households were harder hit by the pandemic and job losses were more severe for low-income earners while they face higher inflation. Therefore, peanut butter has become one of the many reliable staple in households.

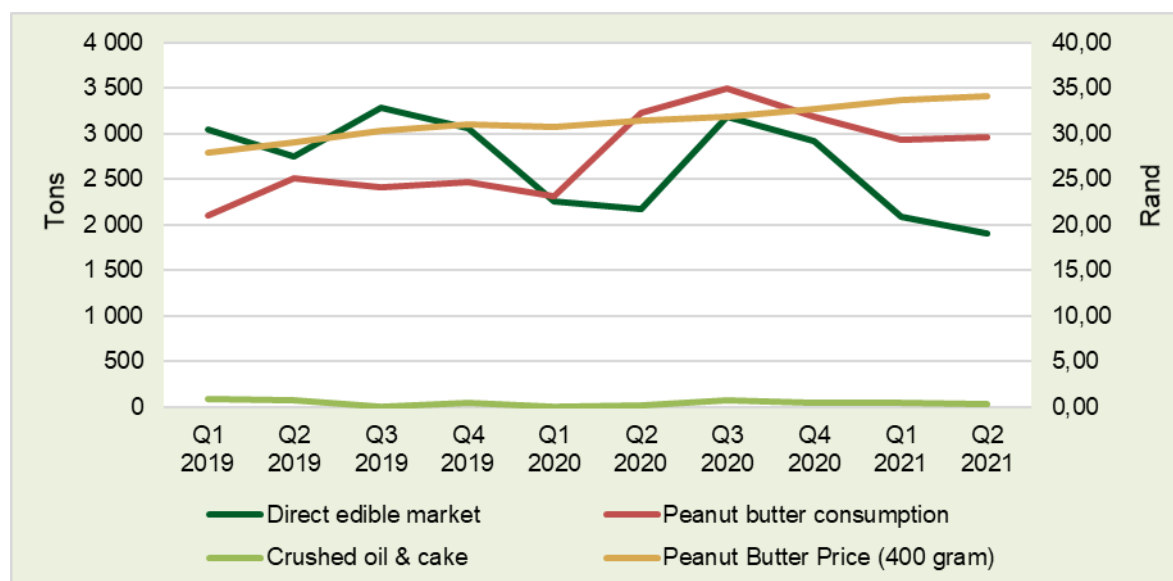
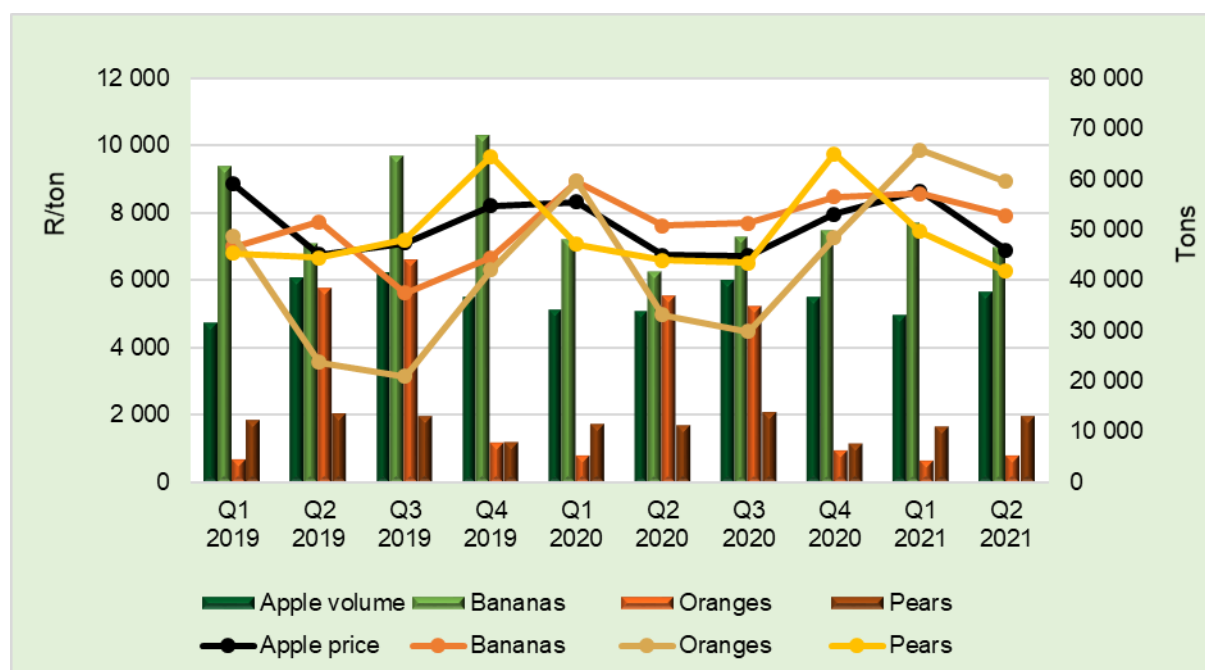


Figure 28: Groundnuts consumption

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: 2019 to Q2: 2021.



**Figure 29:** Average price and quantities of various fruits traded at fresh produce markets (FPMs)

Source: Dalrrd

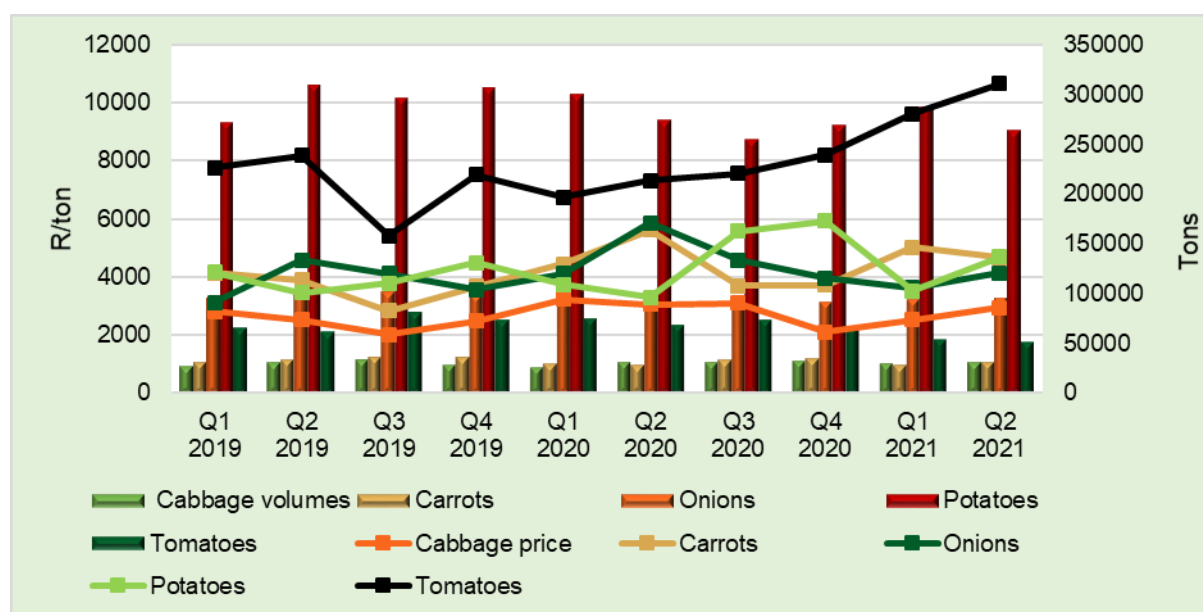
The yearly trend in fruit prices saw the price of apples increase by 2.3% in Q2: 2021 relative to Q2: 2020 while quantities increased by 11.7% year-on-year. Apple production grew due to favourable weather conditions. Apple production is expected to rise to 966 000 tons while apple growing areas continue to expand. Banana average price increased by 3.9% in Q2: 2021 relative to Q2: 2020 while quantities of bananas increased by 11.5% year-on-year. At production level, things are normal while the price and quality have recovered well.

The yearly trend in orange prices saw prices of oranges increase by 80% in Q2: 2021 relative to Q2: 2020 while quantities decreased by 85.8% year-on-year. In some growing areas, there has been some problems with the weather, but in general, normal volumes of good quality oranges are expected.

Meanwhile, the yearly trend in pear prices saw prices of pears decrease by 4.9% in Q2: 2021 relative to Q2: 2020, while quantities increased by 15.1% year-on-year. South Africa's production is projected to rise for the third consecutive year as output increases owing to good weather. Growing areas continue to recover from pre-drought levels as producers' work hard to replace old trees removed during the drought (USDA, 2021).

On a quarter-on-quarter basis, the average price of apples decreased by 20.3% in Q2: 2021 relative to Q1 while quantities of apples increased by 14% quarter-on-quarter with higher supplies anticipated this production season. During the same period, the average price of bananas decreased by 7.6% in Q2: 2021 relative to Q1 while quantities of bananas decreased by 9.4% quarter-on-quarter. There has been a weak demand for bananas and the average price has fallen since mid-February.

The average price of oranges decreased by 9.4% in Q2: 2021 relative to Q1 while quantities of oranges increased by 25.3% quarter-on-quarter. There were good sales of oranges at the FPMs due to the coronavirus and the extra demand for vitamin C. Meanwhile, the average price of pears decreased by 15.9% in Q2: 2021 relative to Q1 while quantities increased by 19.7% quarter-on-quarter, with higher packouts expected.



**Figure 30:** Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)

Source: Dalrrd

Prices of vegetables sold at the Fresh Produce Markets are mainly driven by domestic supply and demand dynamics. The average prices of cabbage and carrots decreased by 3.2% and 16.9% respectively in Q2:2021 relative to Q2: 2020, while volumes increased by 1.7% and 12.6% respectively year-on-year, due to an oversupply of cabbage and carrots on the market. The average price of onions decreased by 29.4% in Q2: 2021 relative to Q2: 2020, while volumes decreased by 3.3% during the same period. Onion prices have been under pressure over the past few months due to high volumes (more hectares were planted in the north) however, experienced quality problems due to a cooler, wetter summer in the Northern areas of the country which affected the ripening and drying process (Freshplaza, 2021).



The average prices of potatoes and tomatoes increased by 42.4% and 45.5% respectively in Q2: 2021 relative to Q2: 2020 while volumes decreased by 3.8% and 23% respectively year-on-year. The South African potato market is currently enjoying very good prices due to the low volumes available on the market. Meanwhile, heavy rainfall in January and February has had a significant impact on tomato volumes in South Africa, as it has led to increased pressure from pests whereby growers could not get to the fields to spray them which resulted in more spoilage.

On a quarter-on-quarter basis, the average price of cabbage increased by 16.8% in Q2: 2021 relative to Q1 while volumes increased by 6.4% quarter-on-quarter, on the back of firm supply and good quality. The average price of carrots decreased by 7.1% in Q2: 2021 relative to Q1 while volumes increased by 10% quarter-on-quarter, due to an over supply on the market. The average prices of onions increased by 14.1% in Q2: 2021 relative to Q1 while volumes increased by 1.5% quarter-on-quarter, on good quality while onions are now predominantly sourced from Limpopo. The average price of potatoes and tomatoes increased by 33.9% and 10.7% respectively in Q2: 2021 relative to Q1 while volumes decreased by 7.9% and 4.8% respectively quarter-on-quarter. The South African potato market is currently enjoying very good prices, due to the low volumes available on the market. Meanwhile, producers in Limpopo and Mpumalanga Lowveld supplied the winter market of which traditionally, there are lower tomato stocks available in autumn (April) and spring (October) in South Africa.

### **3.3 Meat industry review**

According to BFAP report on the Perspective on agriculture's performance in the second Quarter of 2021, it indicates that the agricultural sector performed well in the second quarter of 2021, this growth is largely supported by high meat prices, partly due to constrained supply all three sub-sectors showing real growth. The 2021 (Q2) agricultural gross production value (GPV) from animal products increased by 10% year on year. As illustrated graphically above in figure1, total beef slaughtering

increased by 7.24% in second quarter of 2021 compared to the same quarter of 2020. The price of beef per kg increased by 18.99% in second quarter of 2021 when compared to the same period in 2020, see figure 31.

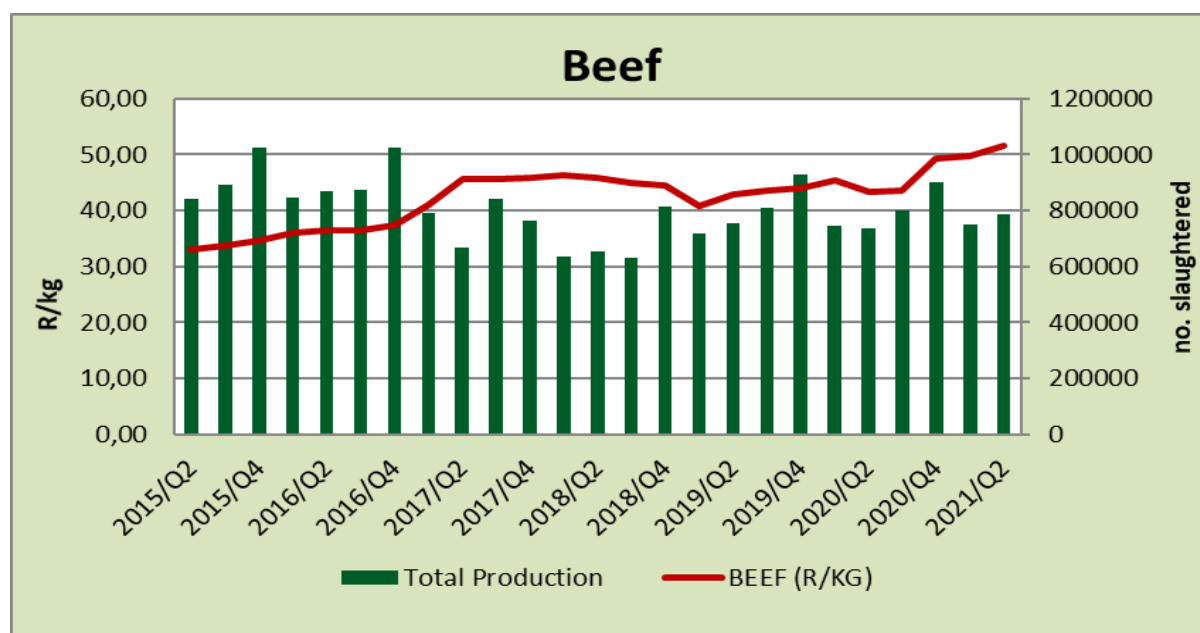
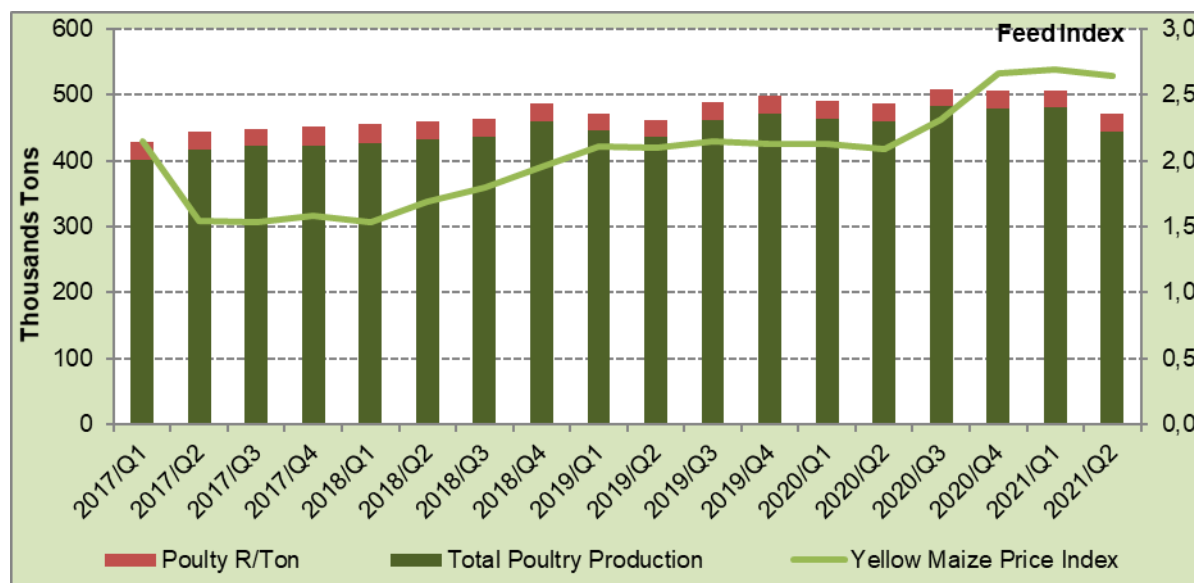


Figure 31: Beef production

Source, DALRRD

### 3.4 Poultry industry review

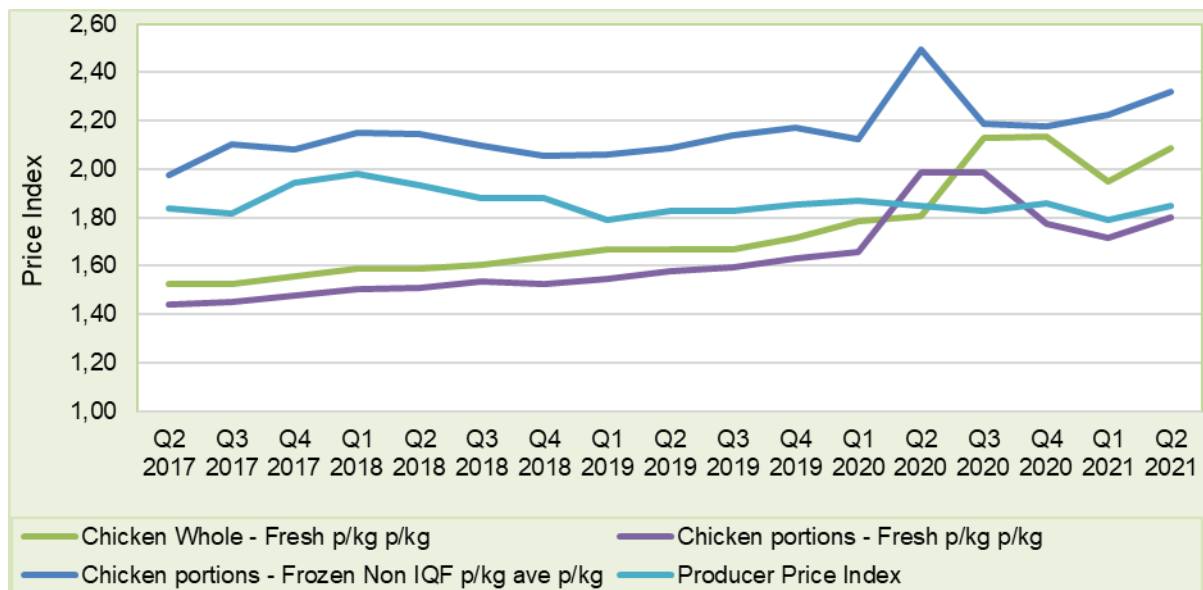
Poultry production decreased by 3.4% on y/y basis which is 15 816 000,00 kg of Poultry less, while on a q/q basis production decreased by 7.6%, which is 36 411 000 kg of chicken less than in 2020 (Figure 32). The reduction in poultry production during the 2nd quarter is due to the outbreak of the highly pathogenic avian influenza (HPAI) amidst the high feed costs. Estimates indicate that 2.7 million chickens have already been culled during the 2nd quarter as a result of the bird flue. In addition to the culling; feed costs are also 27% higher on a y/y basis and have risen by a quarterly average rate of 6.4% between the 2nd quarter of 2020 and 2021.



**Figure 32:** Poultry production and prices  
 Source: DAFF

The price of poultry per ton increased by 0.2% and 3.5% on a y/y and on a q/q basis respectively. The rise in prices local and globally is due to the high pathogenic avian influenza (HPAI) infections in 27 European countries which meant 22.4 million poultry birds have to be culled. The spring 2021 HPAI epidemic is considered to be one of the largest recorded in Europe. Highly Pathogenic Avian Influenza was also reported in Korea and Japan in addition to the high feed costs which have affected poultry production. World Poultry prices increased by 61.3% on a year-on-year basis, whilst on a q/q basis prices were 27.6% higher.

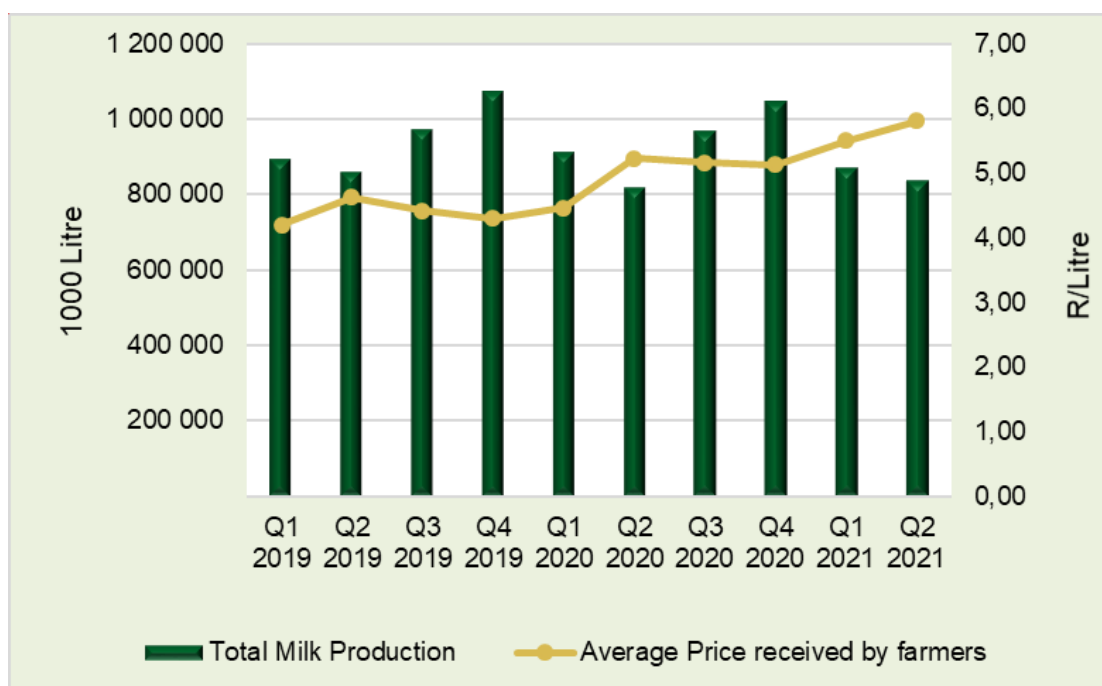
Retail prices of fresh whole chicken per/kg increased by 15.7% during the 2nd quarter, whilst the price per/kg of fresh chicken portions and frozen chicken portion per/kg decreased by 9.4% and 7.1%. On a quarter-on-quarter basis all prices increased; the price of fresh whole chicken, chicken portions and frozen chicken portions increased by 7.2%, 4.7% and 4.3% respectively.



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

### 3.5 Milk industry overview

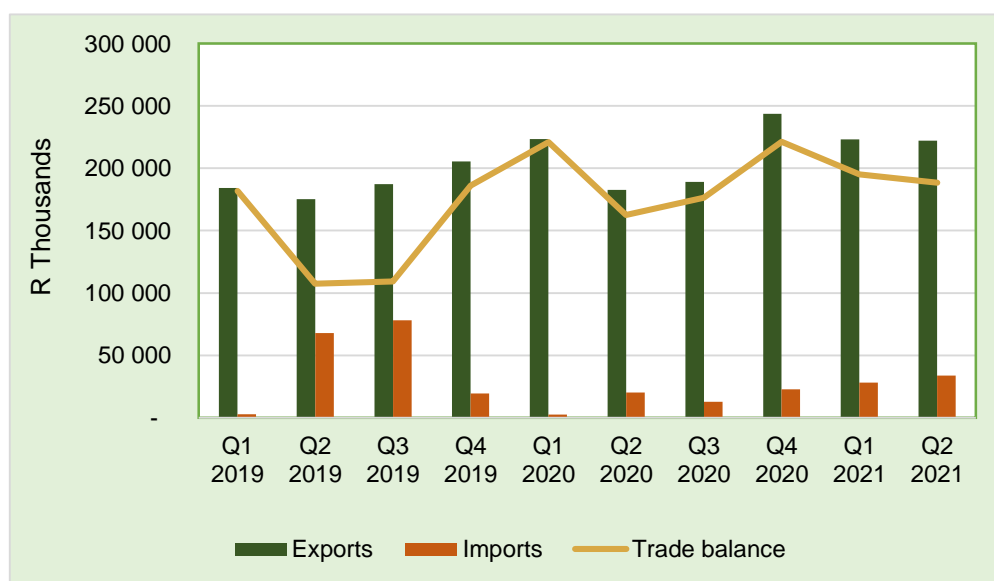
South African total milk production is depicted in figure 36 below for the period 2019:Q1 to 2021: Q2. South Africa’s production of milk on quarter-on-quarter decreased by 3.6.0% (866 million liters) in 2021:Q1 compared to (835 billion liters) reported in 2021:Q2. The average producer price per litre of milk increased by 5.4% in 2021: Q2 in relation to the previous quarter, from R5.50/ℓ in 2021:Q1 to R5.8/ℓ in 2020: Q2



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

Source: DAFF

Figure 34 depicts trends in imports and exports of milk and cream, not concentrated nor containing added sweetening. South African exports of milk and cream (neither concentrated nor containing added sweetening) for 2021: Q2 decreased by 0.5% Q/Q. The imports milk and cream (neither concentrated nor containing added sweetening) also increased by 17% during the same period.

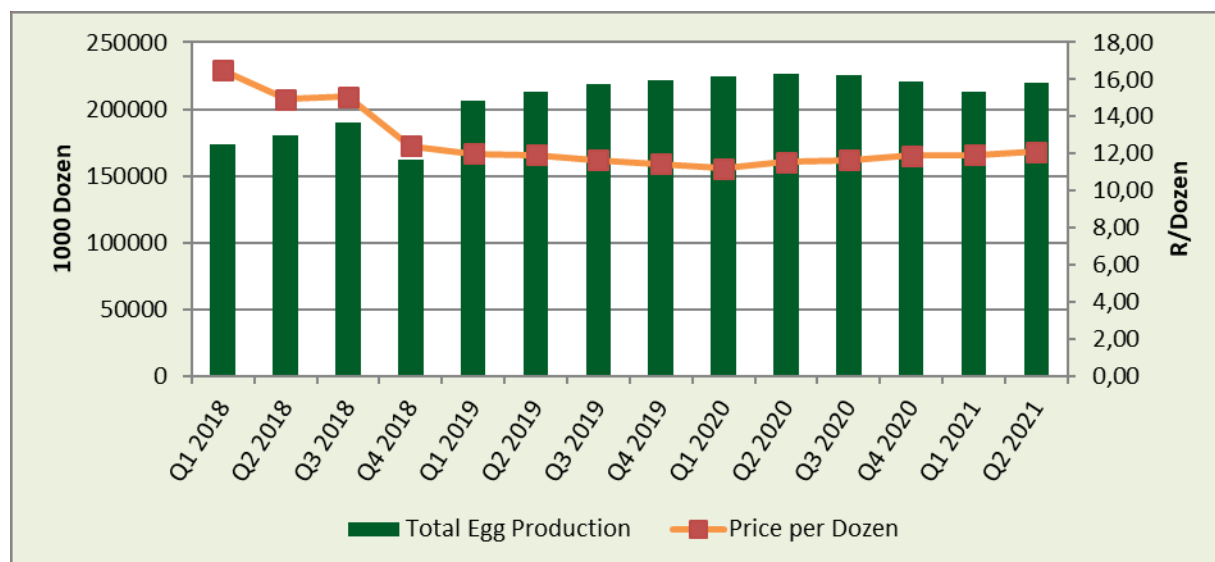


**Figure 34:** Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening

Source: GTA, 2020

### 3.6 Egg industry review

Figure 35 depicts South Africa total egg production and price per dozen from 2018: Q1 to 2021:Q2. In 2021: Q2, the total production of eggs in the country was estimated at 219 million dozen, 3.1% higher when compared to 2020:Q1. The average price per dozen of eggs increased by 1.4% in 2021: Q2, from R11.93 per dozen to R 12.92 in 2021: Q2 to per dozen .



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

Source: DAFF

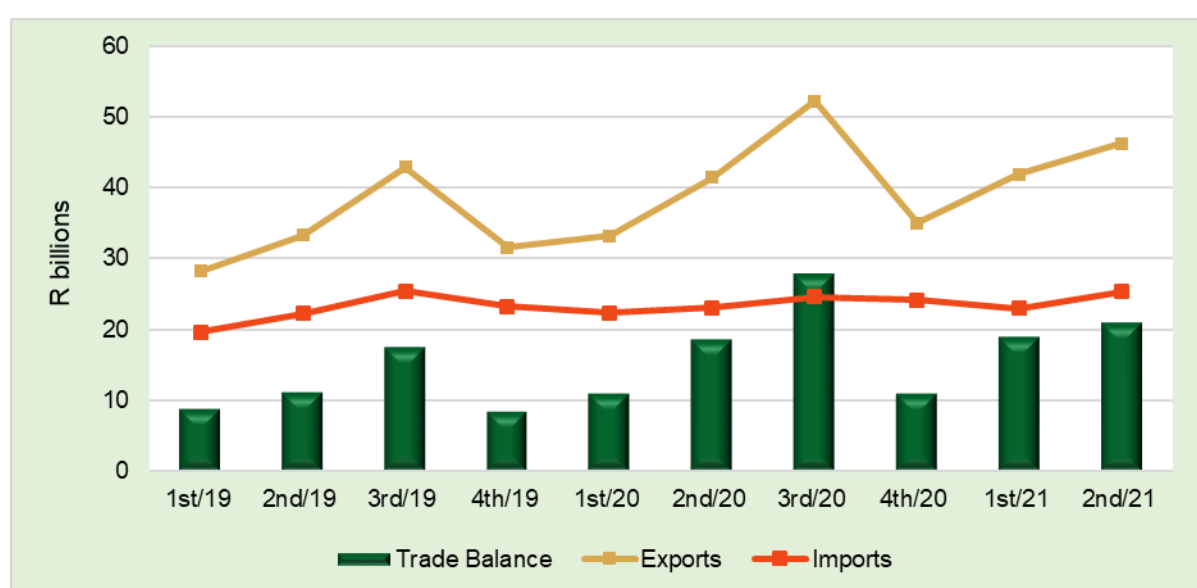
### 3.6 Trade of agricultural, forestry and fisheries

While the economy is gradually recovering from the pandemic-induced slump in Q2: 2020, the recovery is fragile and uneven across sectors. However, the agricultural sector was amongst the primary drivers of a more robust growth performance with an upside surprise of 6.2% quarter-on-quarter.

South Africa is traditionally a net exporter of agricultural products and exports of agricultural products seem to be faring well boosted by the rise in global demand.

During Q2: 2021, South Africa's agricultural trade balance grew by 13.4% relative to Q2: 2020, to R 20,9 billion from R18,4 billion. As South Africa is gearing up for another year of a large agricultural harvest and therefore large export volumes, especially in the horticulture and field crop subsectors, weather forecasts seem generally favourable for summer rainfall regions, supported by good rainfall. Meanwhile, commodity prices continue to benefit from rising global demand and positive sentiment (Agbiz, 2021).

On a quarter-on-quarter basis, agriculture’s trade balance grew by 10.6% in Q2: 2021 relative to Q1. Over the period, the export value of agricultural products grew by 10.4% quarter-on-quarter to R46,2 billion from R 41.9 billion while the import value of agricultural products grew by 10.2% quarter-on-quarter, to R25.3 billion from R23 billion. Imports grew quarter-on-quarter as recovery of domestic demand gathers momentum. However, domestic economic conditions remain fragile with employment lagging even further, limiting the extent of recovery in domestic demand.

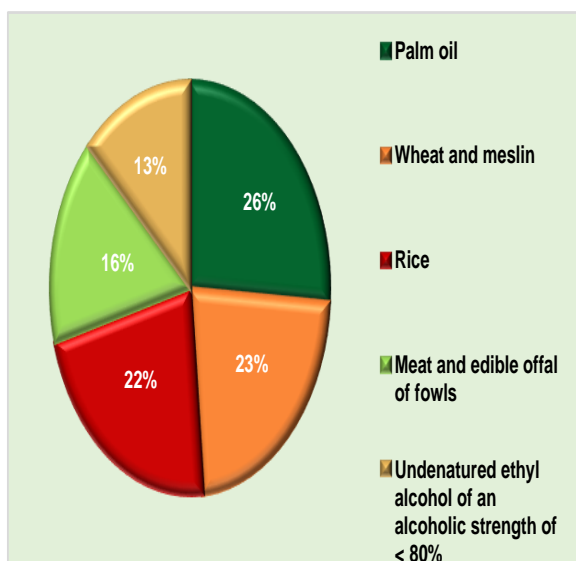


**Figure 36:** Trade balance of agricultural products

Source: Trademap, 2021

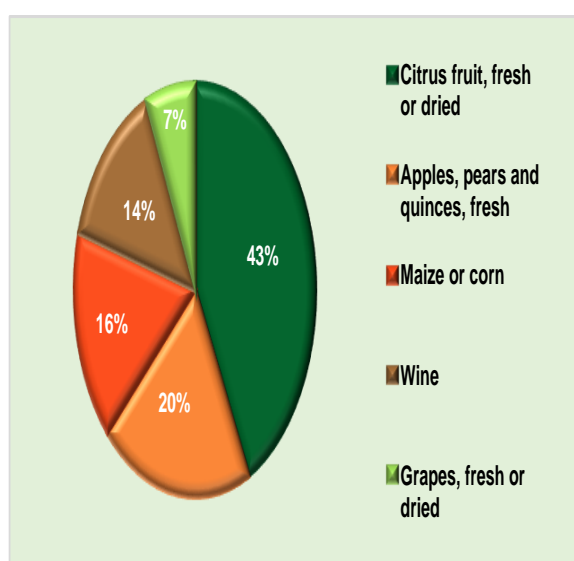
Figure 37 indicates the top five agricultural products imported by SA in Q2: 2021. Of the top five agricultural products imported by South Africa, these include palm oil (26%), wheat (23%), rice (22%), meat and edible offal (16%) as well as alcohol (13%). Meanwhile, figure 38 indicates the top five primary agricultural products exported by SA in Q2: 2021. Of the top five agricultural products exported by South Africa, these include fresh or dried citrus fruit (43%), fresh apples, pears and quinces (20%), maize or corn (16%), wine (14%) as well as fresh or dried grapes (7%). While the economy is gradually recovering from the pandemic, the agricultural sector is

preparing itself for another year of a large harvest and large export volumes, especially in the horticulture and field crop subsectors (Agbiz, 2021).



**Figure 37:** Top five agricultural products imported by SA

Source: Trademap, 2021



**Figure 38:** Top five agricultural products exported by SA

Source: Trademap, 2021



## 4. CONCLUSION

Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Real GDP growth Rates, 2021 (Q2) in the advanced economies of the following countries: Canada, decreased by 1.4%, while France, Germany, Italy, Japan, United Kingdom and United States increased by 1.1%, 1.6%, 2.7%, 0.5%, 4.8% and 1.6% respectively, when compared to the second quarter of 2020 (Q2).

In the emerging markets and developing economies, 2021 (Q2) Real GDP growth rates decreased in the following countries: Brazil and Philippines decreased by 0.1% and 1.3% respectively, whilst China, India, Indonesia, Malaysia, South Africa, Nigeria and Russia increased by 7.9%, 20.1%, 7.07%, 16.1%, 1.2%, 5% and 10.5%, respectively, when compared to the first quarter of 2020 (Q1).

The South African economy recorded its fourth consecutive quarter of growth, expanding by 1,2% in the second quarter of 2021 (April–June). The transport & communication, agriculture, personal services, trade, mining, electricity, gas, water industries were the most significant drivers of growth in the second quarter respectively contributing to the GDP 6.9%, 6.2%, 2.5%, 2.2%, 1.9% and 0.7%.

While the economy is gradually recovering from the pandemic-induced slump in Q2: 2020, the recovery is fragile and uneven across sectors. However, the agricultural sector was amongst the primary drivers of a more robust growth performance with an upside surprise of 6.2% quarter-on-quarter. In Q2: 2021, South Africa's agricultural trade balance grew by 13.4% relative to Q2: 2020, to R 20,9 billion from R18,4 billion. As South Africa is gearing up for another year of a large agricultural harvest and therefore large export volumes, especially in the horticulture and field crop subsectors, weather forecasts seem generally favourable for summer rainfall regions, supported by good rainfall.

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