



# Quartely Economic Overview

AGRICULTURE SECTOR

Volume 17, Number 1 - First Quarter 2019



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
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, forestry and fisheries (AFF) sector. To support this important task, the Economic and Statistical Research Unit conducts economic analyses of the performance of the AFF sector, as well as the external impact on the AFF sector and its industries.

This publication, the *Quarterly Economic Overview of the Agriculture, Forestry and Fisheries Sector*, was developed because of a need within the Department of Agriculture, Forestry and Fisheries (DAFF) to be regularly informed on developments and expected economic trends in the 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 it as an indispensable reading for everyone interested in developments in the AFF and the South African AFF sector.

This issue looks at the economic developments in 2019: Q1, as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to face economic uncertainties.

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## EXECUTIVE SUMMARY

**Global growth prospects:** Global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. Real GDP growth Rates, 2019 (Q1) in the advanced economies of the following countries: Canada, France, German, Italy, Japan, United Kingdom and United States expanded by 0.4%, 0.3%, 0.4%, 0.1%, 0.6%, 0.5% and 3.1%, respectively. Emerging markets and developing economies, real GDP growth rates increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 0.5%, 6.2%, 5.8%, 5.1%, 4.5%, 5.6%, 2% and 0.5% respectively, whilst the economy South Africa declined by 3.2%, as compared to the first quarter of 2019 figures.

**Global grain supply forecast:** Global supply projections for 2019 (Q1) of wheat, coarse grains, rice milled, oil seeds, oil meals and vegetable oils increased by 0.3%, 9.9%, 6.2%, 3.1%, 1.1% and 3.7%, respectively, whilst cotton decreased by 4.5% as compared to the first quarter of 2018. The following global food products price indices in 2018 (Q3), dairy, meat, oil and sugar reflect a steady decrease by 10%, 2.3% 3% and 6.1%, respectively.

**South Africa's GDP:** South Africa's economy shrunk by 3.2% in 2019: Q1 from a positive growth of 1.4% reported in 2018: This shocking data is South African's worst performance in a decade, wiping out all the growth SA managed in 2018. GDP contraction 2019: Q1 is attributed to poor performance in most of the industries. The primary sector, mainly agriculture, forestry and fisheries; and mining and quarrying industry slumped sharply by 13.2% and 10.8% and contributed -0.3% and -0.8% respectively to the GDP in 2019: Q1 . According to Stats SA, lower production of field crops and horticulture contributed to lower growth in the agricultural sector.

**Inflation:** The annual average headline CPI for the first quarter 2019 was 3.63% which shows a decrease of 0.47% when compared to the same period last year. Food inflation for the first quarter of 2019 was 2.32% which shows a decrease of 1.87% from 4.1% of the first quarter of 2018.

**Employment:** Unemployment rate increased to 27.6% in the first quarter of 2019 from 27.1% in the fourth quarter of 2018. This is largely due to sluggish economic growth, Gross domestic product hasn't expanded by more than 2% a year since 2013. The number of employed persons decreased in six of the ten industries, with the largest decreases recorded in Construction, Finance and other business services, Community and social services and Private households. Agriculture and mining were also among industries who lost jobs in the first quarter of 2019. However, employment gains were recorded in Transport, Trade, Utilities and Manufacturing. The number of people employed in agricultural sector decreased slightly by 1.4% in the first quarter of 2019, from 849 000 persons in the last quarter of 2018 to 837 000 persons in the first quarter of 2019.

The report also highlights the quarterly tracking of the National/provincial dams water levels and the quarterly review of the Fertiliser industry .

**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.

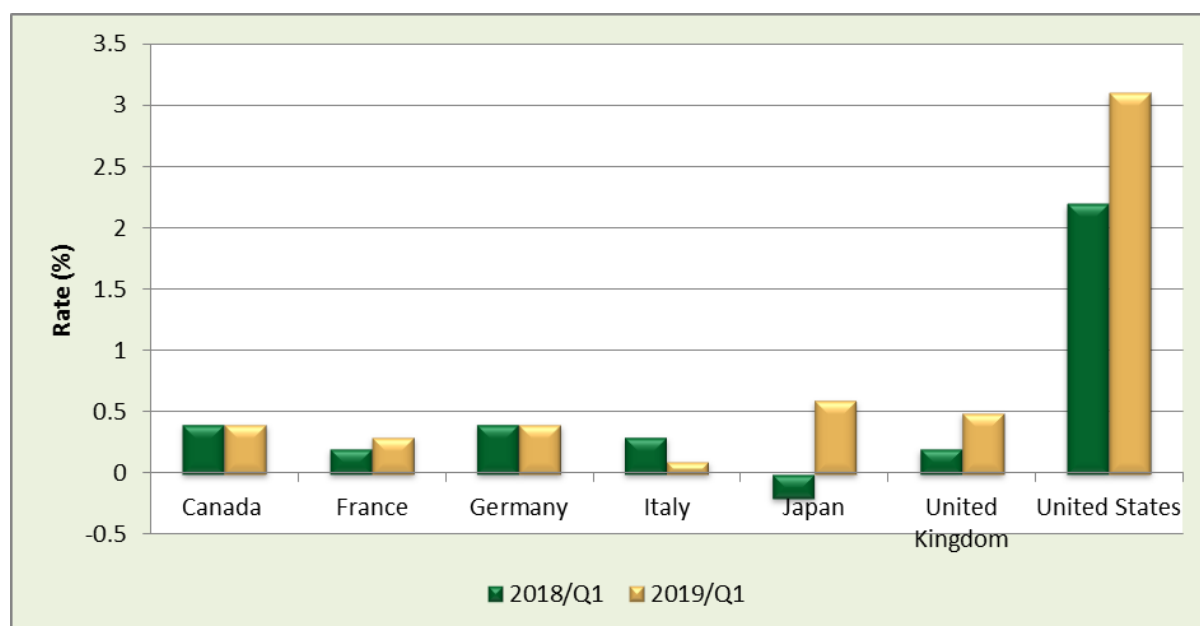
**Trade:** South Africa's agricultural trade balance overcame the tough start of the year, growing by 34.8% in Q1: 2019 compared with Q1: 2018, from R7,11 billion to R9,58 billion. South Africa's agricultural export value increased by 5.5% while the import value of agricultural products decreased by 4.7%, during the same period.



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

### 1.1 Global Real GDP Growth Rates

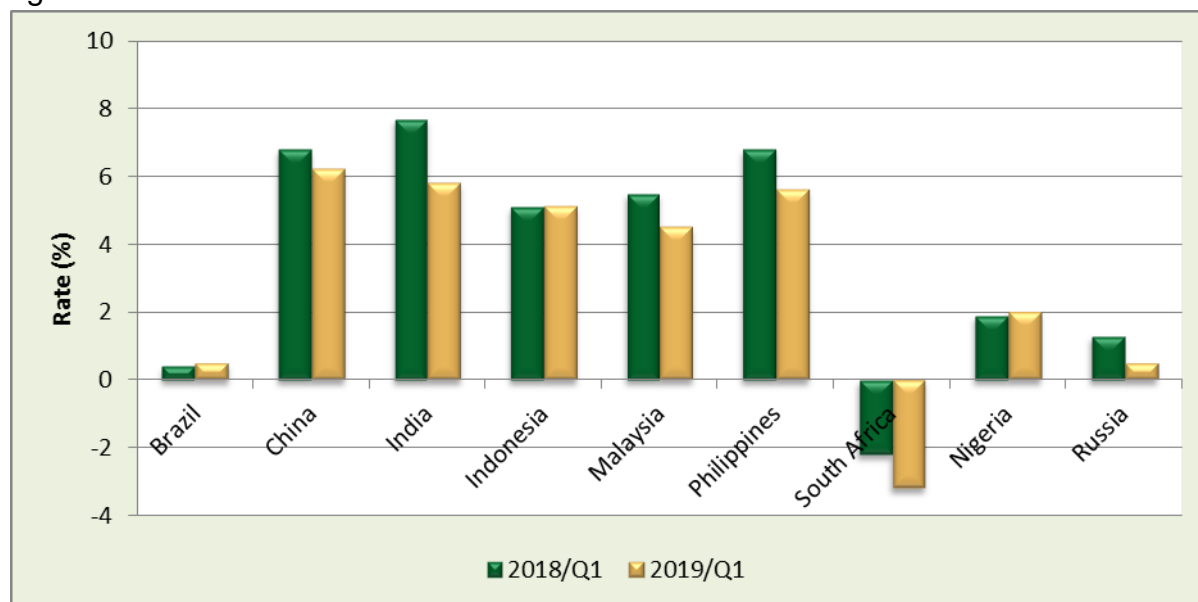
According International Monetary Fund (IMF) latest report on World Economic Outlook (WEO) Update, April 2019, it indicates that after strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. Real GDP growth Rates, 2019 (Q1) in the advanced economies of the following countries: Canada, France, German, Italy, Japan, United Kingdom and United States expanded by 0.4%, 0.3%, 0.4%, 0.1%, 0.6%, 0.5% and 3.1%, respectively, when compared to 2018 (Q1). See figure 1 below.



**Figure 1:** Advanced economies quarterly GDP growth rates

Source: Various Sources

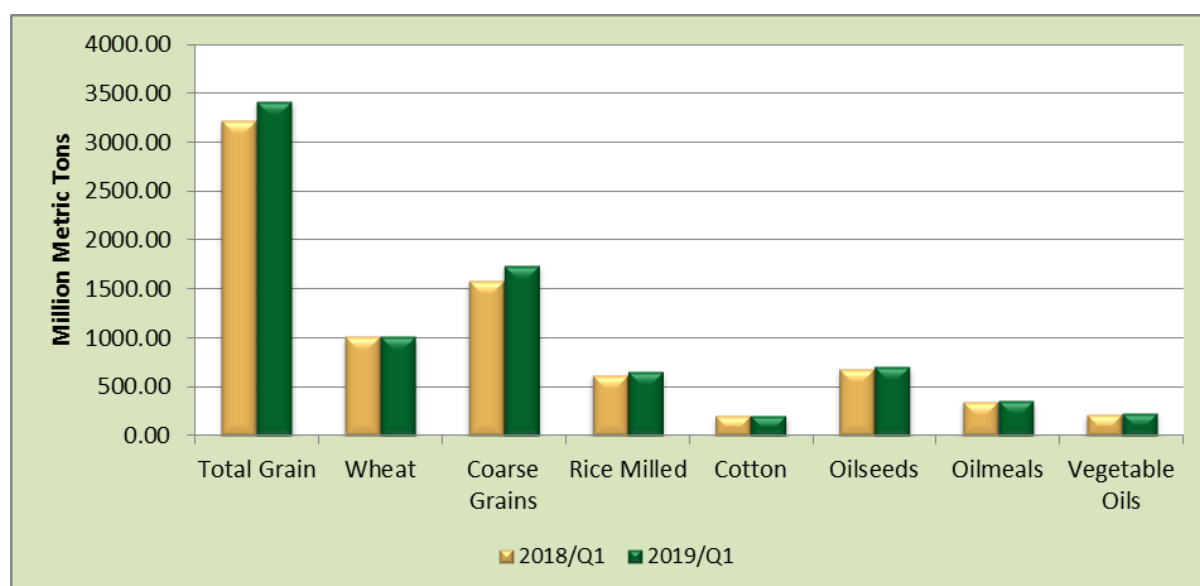
Figure 2, Indicate that in the emerging markets and developing economies, 2019 (Q1) Real GDP growth rates increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 0.5%, 6.2%, 5.8%, 5.1%, 4.5%, 5.6%, 2% and 0.5% respectively, whilst the economy South Africa decreased by 3.2% as compared to the first quarter of 2018 figures.



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

## 1.2 Global Grain Forecast

The global grain supply forecast indicates a total grain increase of 6.2%, from 3.22 million metric tons in 2018 (Q1) to 3.42 million metric tons in 2019 (Q1). Global supply projections for 2019 (Q1) of wheat, coarse grains, rice milled, oil seeds, oil meals and vegetable oils increased by 0.3%, 9.9%, 6.2%, 3.1%, 1.1% and 3.7%, respectively, whilst cotton decreased by 4.5% as compared to the first quarter of 2018, see figure 3 below.



**figure 3:** Quarterly global grain supply forecast

Source: USDA

### 1.3 Global Food Prices

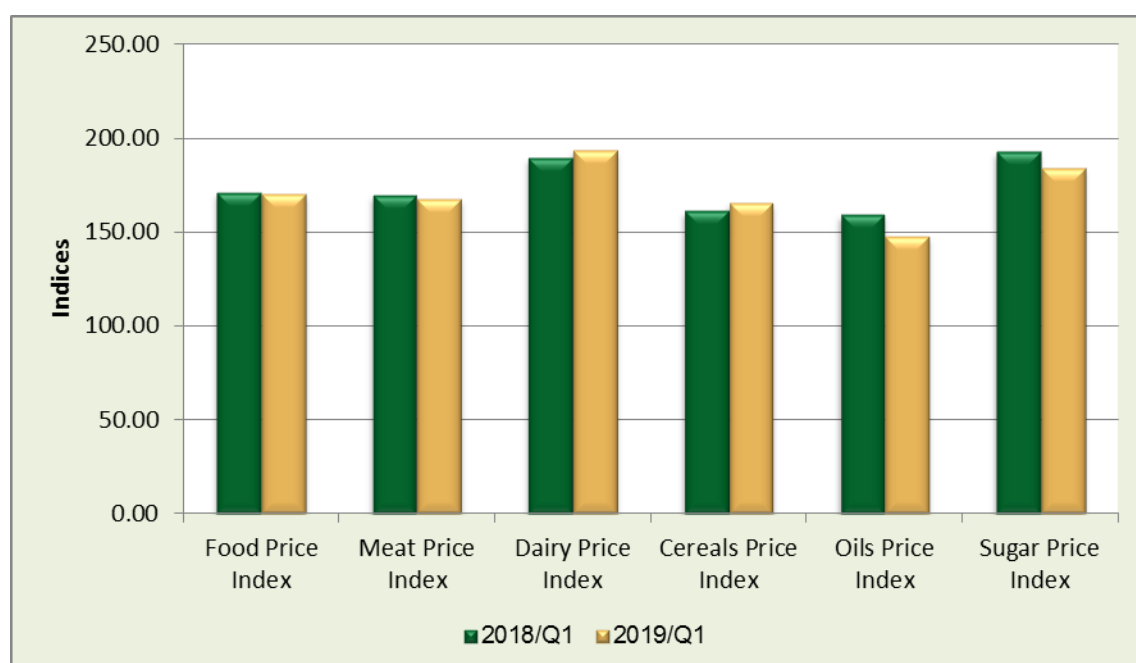
The FAO Food Price Index averaged 169.83 points at the end of the first quarter; it went up by 6.69% from 162.14.03 points in the fourth quarter of 2018. Globally in 2019 (Q1) some countries were paying slightly less by 6.69% on food purchases compared to 2018 (Q4). According to FAO an increase was the result of a rise in most food purchases oil prices, dairy, meat and sugar.

The rise in the price of dairy, according to FAO, 2019 factors that driven the increase are international price quotations for butter, Whole Milk Powder (WMP) and cheese rose, as global import demand continued to be robust in anticipation of a further tightening in export availabilities from Oceania with dry weather conditions reinforcing the seasonal milk production drop. By contrast, Skim Milk Powder (SMP) prices slipped for a second consecutive month from the February high, underpinned by continued slowdown in demand

The increase in the price of oils was mostly driven by slight increases in palm and soybean oil values. International palm oil price quotations rebounded somewhat on rising global import demand, combined with inventory drawdowns in major exporting

countries. Soyabean prices, on the other hand, notched up, underpinned primarily by robust domestic demand in the United States stemming from both the biodiesel and food sectors. Firming crude oil values also lent support to international vegetable oil prices.

Sugar Price Index went up due to firmer crude oil prices. Stronger energy prices lend support to international sugar prices by affecting Brazilian sugar exports to the world market, as higher energy prices encourage producers to process sugarcane into ethanol for local sale. On the other hand, the continued weakness of the Brazilian Real against the United States dollar capped the extent of the increase in international sugar price quotations. See figure 4.



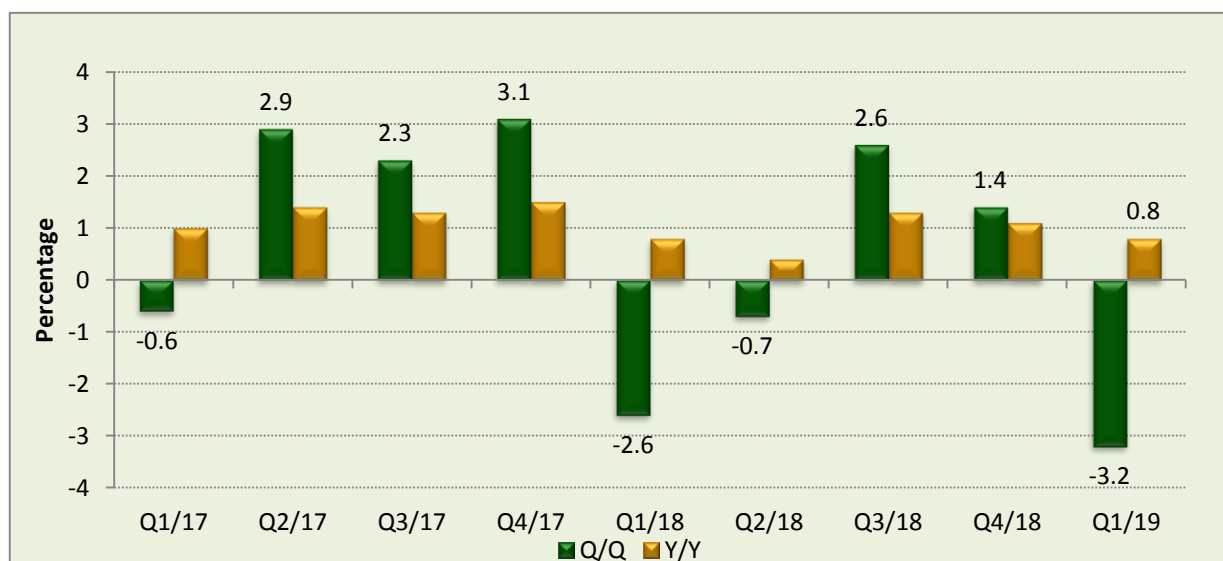
**Figure 4:** Quarterly global food price indices  
Data Source: FAO

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

### 2.1 Growth

South Africa's recent GDP data indicates a dismal picture for the country given the high unemployment rate estimated at 27.6% in 2019: Q1. South Africa's economy shrunk by 3.2% in 2019: Q1 from a positive growth of 1.4% reported in 2018: Q4 (fig 5). This shocking data is South African's worst performance in a decade, wiping out all the growth SA managed in 2018. GDP contraction 2019: Q1 is attributed to poor performance in most of the industries. Almost all the industries took a knock in 2019: Q1 when compared to the fourth quarter of 2018. However, despite a dismal growth in the first quarter of 2019, many analysts are of the view that the outlook looks more promising for the second quarter.

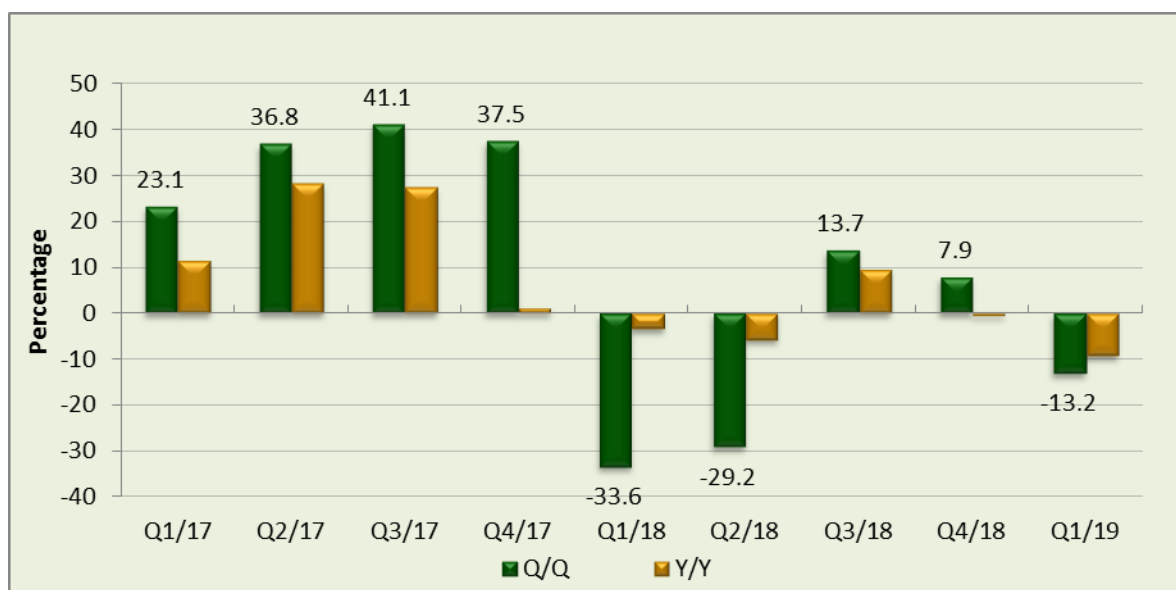
South African's power utility, which provides 95% of the country's electricity, has also contributed to the negative figures. The utility powers all tiers of the economy right down to the households as a result when the supply of electricity is affected, all sectors in the economy suffer (chief economist at Stanlib). Analysts are of the view that South Africa's energy crisis are reflected in GDP forecasts for the rest of the year. The Central Bank anticipates an expansion of just 1%, the government 1.5% and Bloomberg Economics less than 1% in 2019. South Africa's poor performance in 2019: Q1 will require the government to downgrade its growth forecasts. The economy needs to grow at or 2,5% over the next three quarter of the year to meet the government's budget target of 1.5% which is a huge challenge (Citadel chief economist and advisory partner MaartenAckerman).



**Figure 5:** Domestic real GDP growth

Source: Stats SA

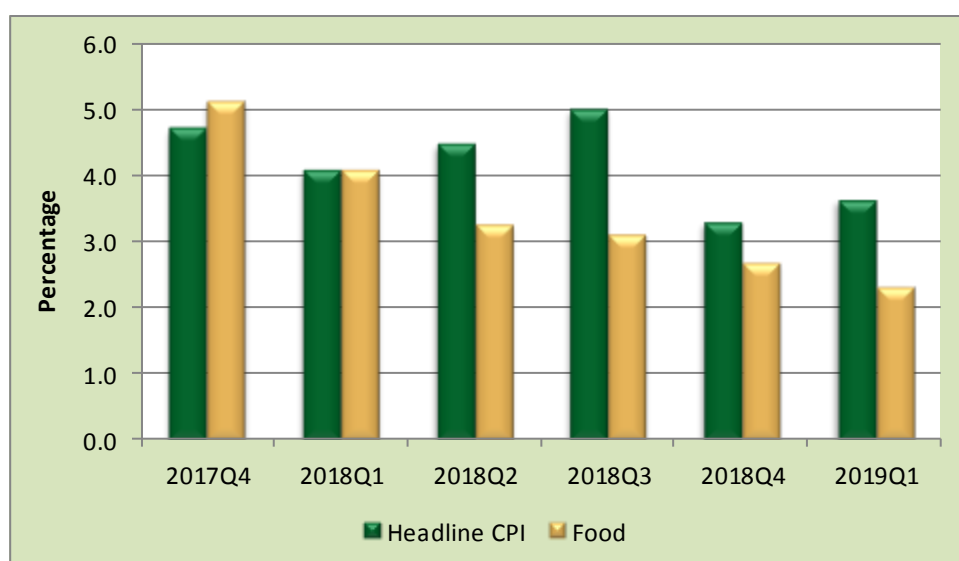
The primary sector, mainly agriculture, forestry and fisheries; and mining and quarrying industry slumped sharply by 13.2% and 10.8% and contributed -0.3% and -0.8% respectively to the GDP in 2019: Q1 . According to Stats SA, lower production of field crops and horticulture contributed to lower growth in the agricultural sector whilst a decreased production in mining and quarrying is the main reason behind low production in the mining industry. The manufacturing industry is third biggest negative contributor to a decline in GDP growth. The manufacturing industry also shrank by 8.8% in the first quarter of 2019 and contributed -1.1% to the GDP. The tertiary sector also reported a negative growth of 3.6% in trade, caretrng and accommodation industry; and 4.4% in transport, storage and communication industry during the first quarter of 2019, see figure 6.



**Figure 6:** Agriculture, forestry and fisheries sector growth rates  
Source: Stats SA

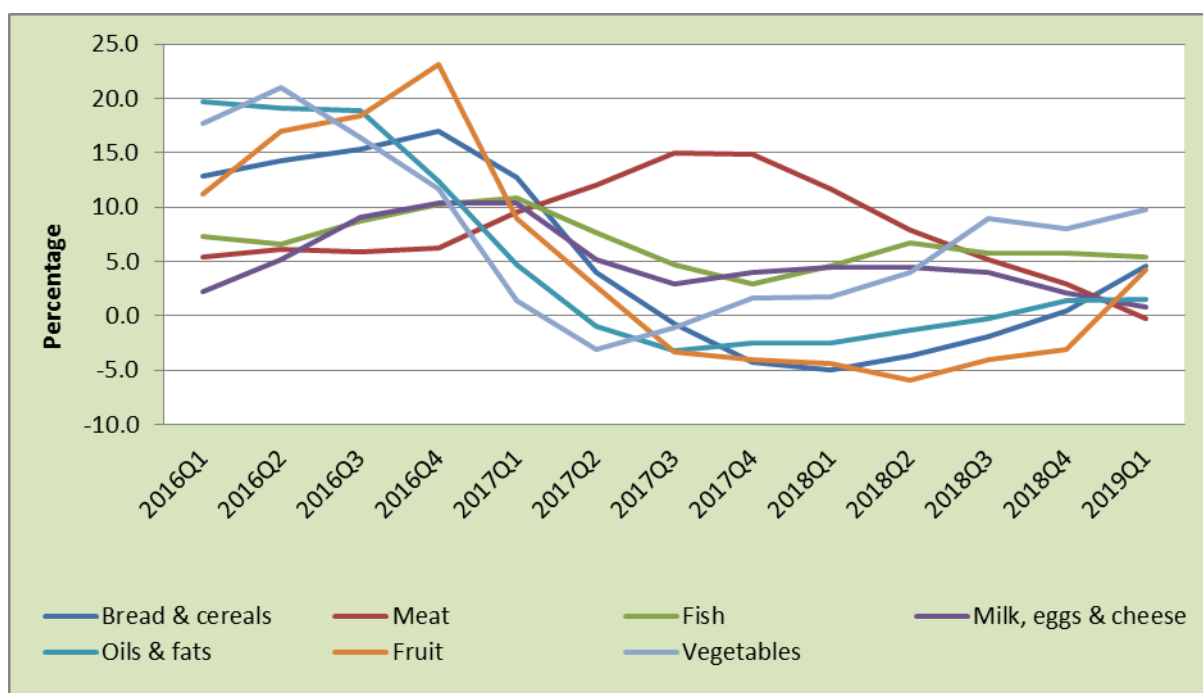
## 2.2 Inflation

South Africa’s annual headline CPI and the food inflation from the First quarter of 2019 as illustrated in figure 5. The annual average headline CPI for the first quarter 2019 was 3.63% which shows a decrease of 0.47% when compared to the same period last year. Food inflation for the first quarter of 2019 was 2.32% which shows a decrease of 1.87% from 4.1% of the first quarter of 2018.



**Figure 7:** SA headline CPI and CPI for food  
Source: Stats SA

Figure 8 illustrates consumer trends of selected food items for the first quarter of 2019. CPI for Quarter 1 of 2019, shows that milk, egg and cheese, oils, fruit were generally less expensive compared to other food items. On a quarterly basis, the CPI for vegetables was the most expensive with a CPI of 9.78% up from 7.98% in the previous quarter, down by 1.8%, on a yearly basis the CPI for vegetables has gone up by 8.18%. CPI for fish is the second largest CPI of 5.45% when compare to the same period last year the CPI for fish has gone up by 0.85%. The CPI for meat was below zero at -0.29 this shows huge decline when compared to the first quarter of 2018 of 11.6% According to BFAP, 2019 the marginal slowdown is largely attributable to meat inflation which has lost momentum since April 2018. This loss in momentum was amplified by the foot and mouth disease (FMD) outbreak in January 2019. The combination of FMD and muted demand caused a downward trend on meat prices. Vegetables, as mentioned above, were the largest contributors to inflation, continuing the upward inflationary trend observed since October 2018.



**Figure 8:** CPI for selected food items  
Source: Stats SA

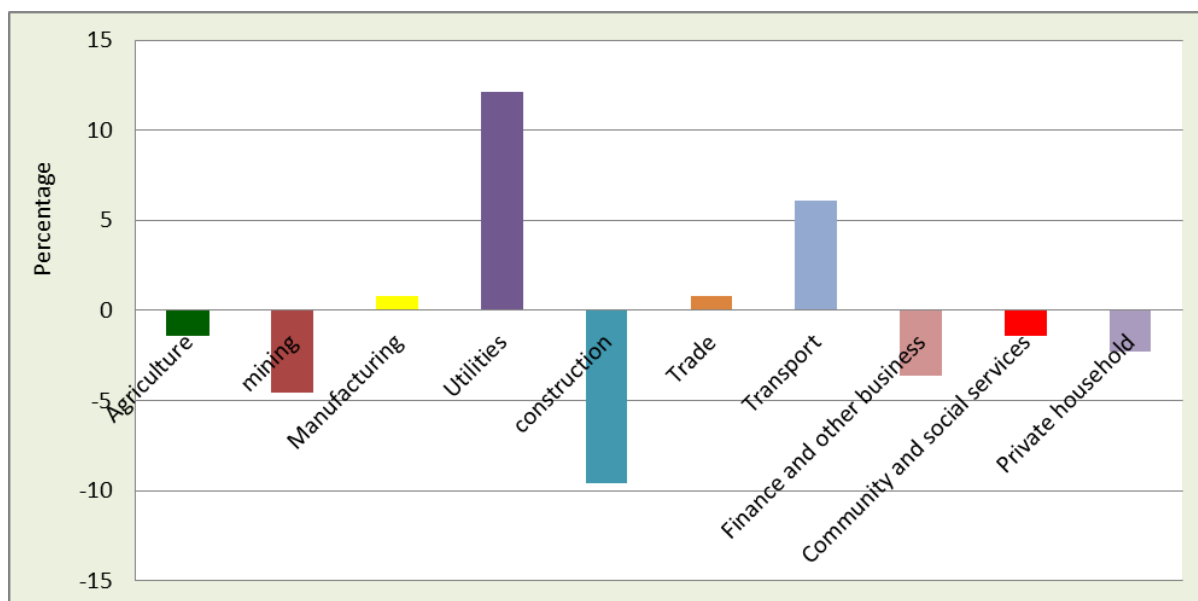


## 2.3 Employment

Unemployment rate increased to 27.6% in the first quarter of 2019 from 27.1% in the fourth quarter of 2018, meaning the rate has increased by half a percentage point. This is largely due to sluggish economic growth, Gross domestic product hasn't expanded by more than 2% a year since 2013 and economists believe GDP must rise by 3% to 5% annually for the unemployment rate to recede. According to the Quarterly Labour Force Survey for the first quarter, there are 16.3 million employed people and 6.2 million unemployed people between the ages of 15 and 64 years.

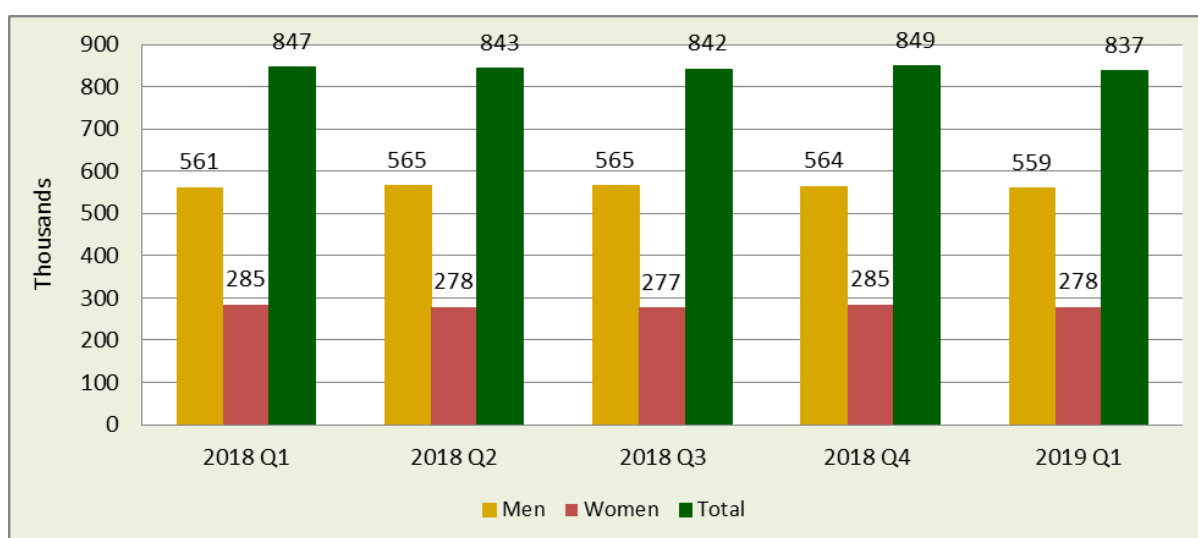
A number of interventions were being implemented to revive and stimulate economic growth, including the Youth Employment Service, jobs summits, the president's 2018 economic stimulus recovery plan and investment conferences. President Cyril Ramaphosa said it saddened him to see young people standing on the streets aimlessly. He was speaking at the launch of the Youth Employment Service, which will be known as the YES initiative, at the Riverside Incubation Hub in Midrand. It is being launched by government in partnership with business and organised labour. Ramaphosa said the initiative was aimed at addressing the most pressing socio-economic challenges in the country, particularly poverty and unemployment among the youth.

Figure 9 shows that between the last quarter of 2018 and the first quarter of 2019, the number of employed persons decreased in six of the ten industries, with the largest decreases recorded in Construction, Finance and other business services, Community and social services and Private households. Agriculture and mining were also among industries who lost jobs in the first quarter of 2019. However, employment gains were recorded in Transport, Trade, Utilities and Manufacturing.



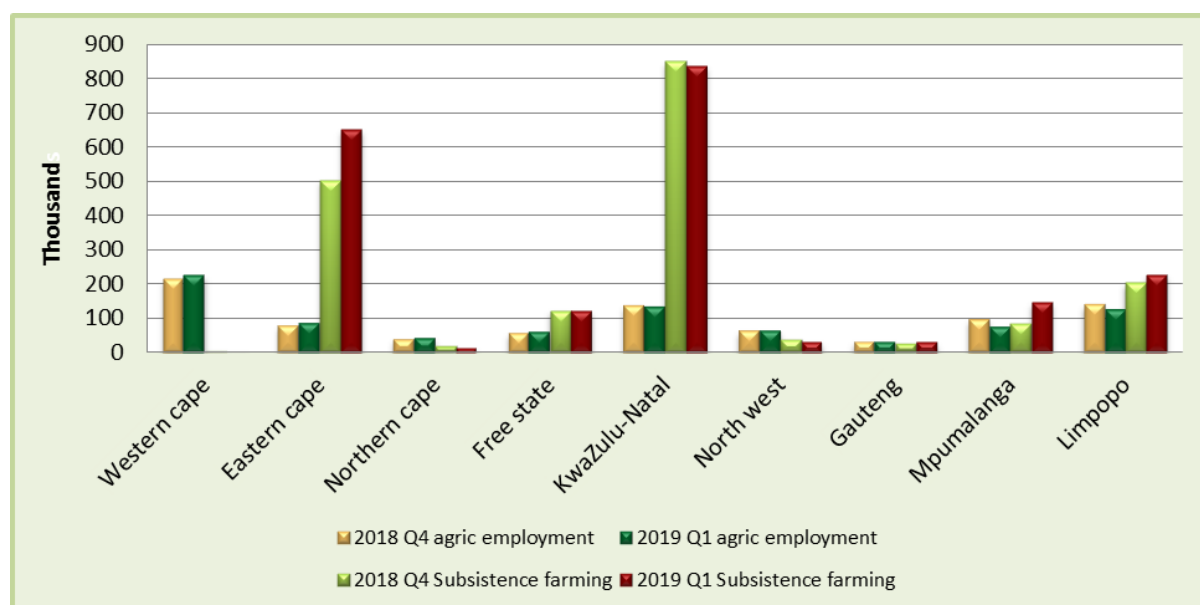
**Figure 9:** Total number of people employed in the industries sector 2019: Q1  
Source: DAFF

Figure 10 illustrate that the number of people employed in agricultural sector decreased slightly by 1.4% in the first quarter of 2019, from 849 000 persons in the last quarter of 2018 to 837 000 persons in the first quarter of 2019. In the 12 000 jobs lost 7 000 jobs were lost by women, while man lost 5000 jobs between the two quarters. In total, the agricultural sector comprised of 278 000 women and 559 000 men in the first quarter of 2019 compared to 285 000 women and 564 000 men in the previous quarter.



**Figure 10:** Total number of people employed in the agriculture sector between 2018: Q4 and 2019: Q1.  
Source: DAFF

Figure 11 shows that between the last quarter of 2018 and the first quarter of 2019, provincial agriculture employment decreased in Mpumalanga, Limpopo and KwaZulu-Natal, whilst remain unchanged in Gauteng and North West. Whilst the rest of other provinces experienced slight increases. The 2019 first quarter (QLFS) also indicate that 2.1 million people were involved in subsistence farming compared to 1.8 million people in the last quarter of 2018, an increase of 11.4 %. KwaZulu-Natal and Eastern Cape had the highest number of people involved in subsistence farming. Followed by Limpopo, Mpumalanga and Free State.

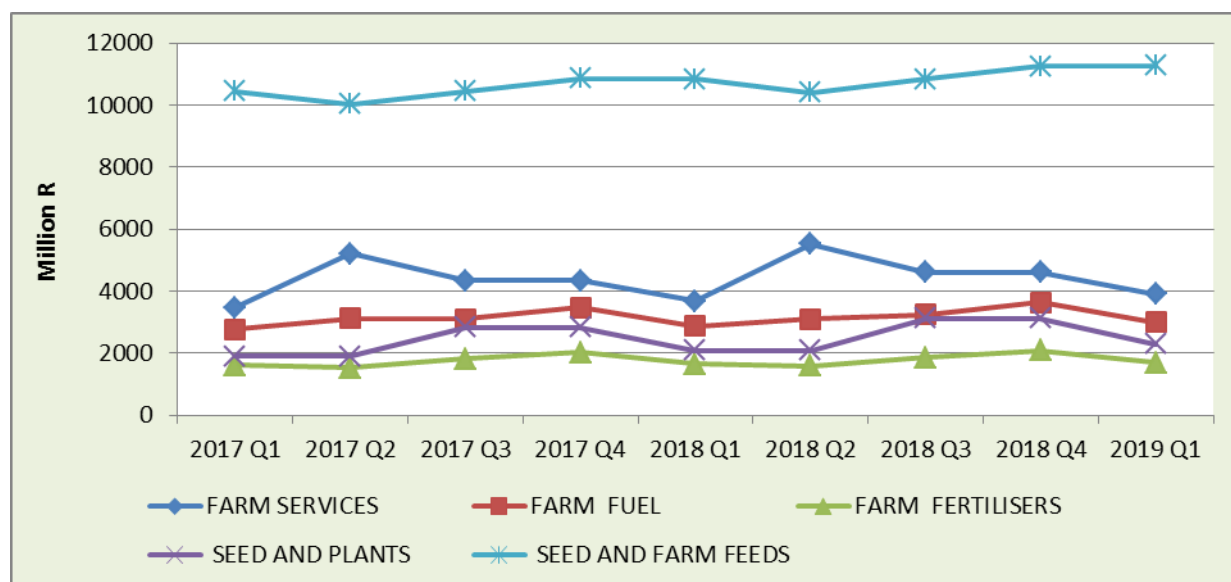


**Figure 11:** Provincial number of people involved in subsistence farming between 2018: Q2 and 2018: Q3  
Source: DAFF

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

The total expenditure on intermediate goods and services was reported at R35.3 billion in the first quarter of 2019 compared to R40.7 billion in the previous quarter, an decrease of 13.3.0%. Compared to a year ago the total expenditure on intermediate goods and services increased by 1.06% from R33.4 billion in the first quarter of 2017 to R35.3 billion in the first quarter of 2019.

Figure 12 shows comparison of the total expenditure on farm services, farm fuel, fertilizers, seeds and plants as well as farm feeds in the third quarter of 2018 compared to the previous quarter. The increase in total expenditure was attributed to the increase in expenditure on fuel by 11.7%, fertiliser 11.5%, and farm feeds by 4.0%. While the expenditure on farm services and seed and plants remained unchanged when compared to the previous quarter.

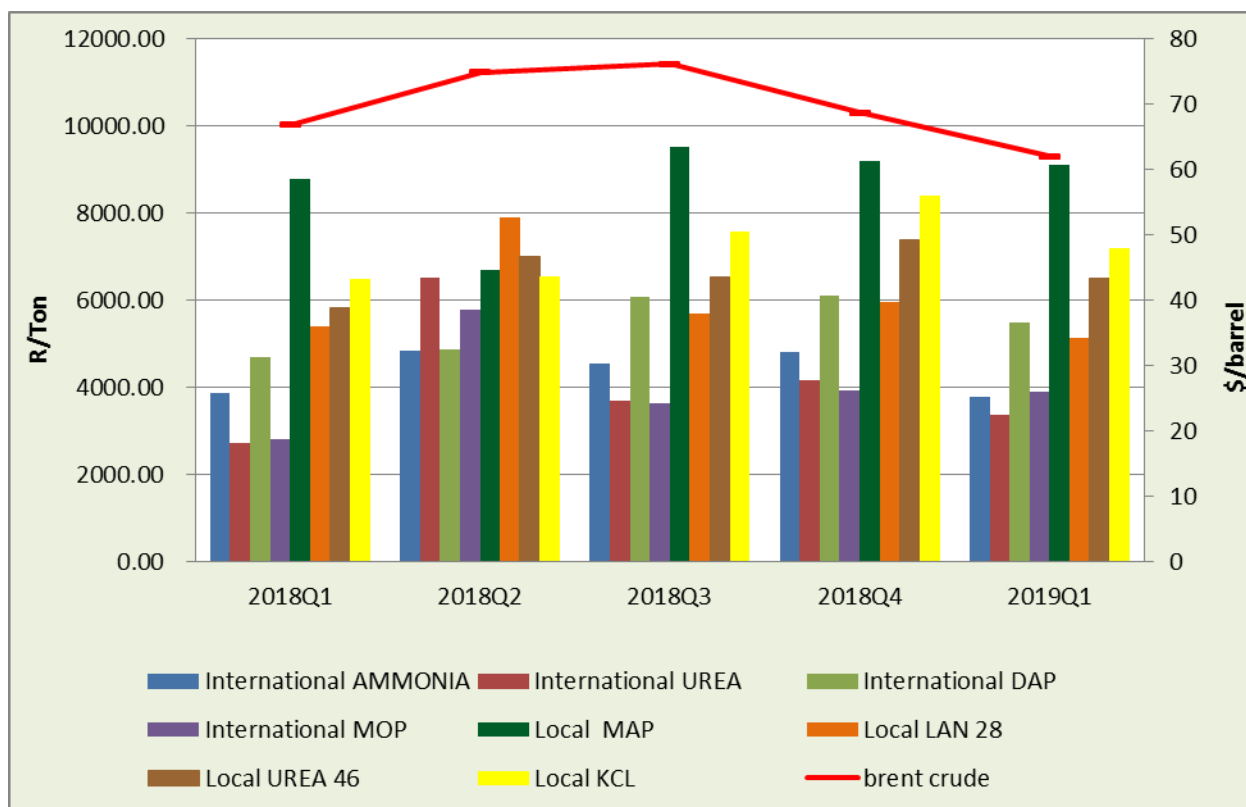


**Figure 12:** Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2017: Q1 and 2019: Q1  
Source: DAFF

## 2.5 fertilizer market review

### 2.5.1 International and local fertiliserprices

Figure 13 shows the international and local fertilizer prices with brend crude oil average prices. The average prices for all fertilizers shows a fluctuating trend, following the trend of the brend crude oil prices. All fertilizers shows and increasing trend between first quarter 2018 and first quarter 2019 with exception to Ammonia and LAN 28 showing a decrease between the two periods. The average price in Rand terms of Ammonia decrease by 2.5% on year-on year basis, whilst LAN declined by 4.8%. MOP, UREA, DAP showed the biggest increase in fertilizer of 37%, 23% and 16% respectively between first quarter of 2018 and the first quarter of 2019.



**Figure 13:** Comparison of International and local fertiliser prices in Rand terms

Source: GrainSA

### 2.5.2. South African fertiliser expenditure

South African expenditure on fertilizer shows a fluctuating trend for the first quarter of 2019. The fluctuation is as the results of changes in the area planted and the seasonality of the agricultural crops. The expenditure on fertilizer in first quarter of 2019 was R 1 698.664, this represent 3% increase on year on year basis, see Figure 14.

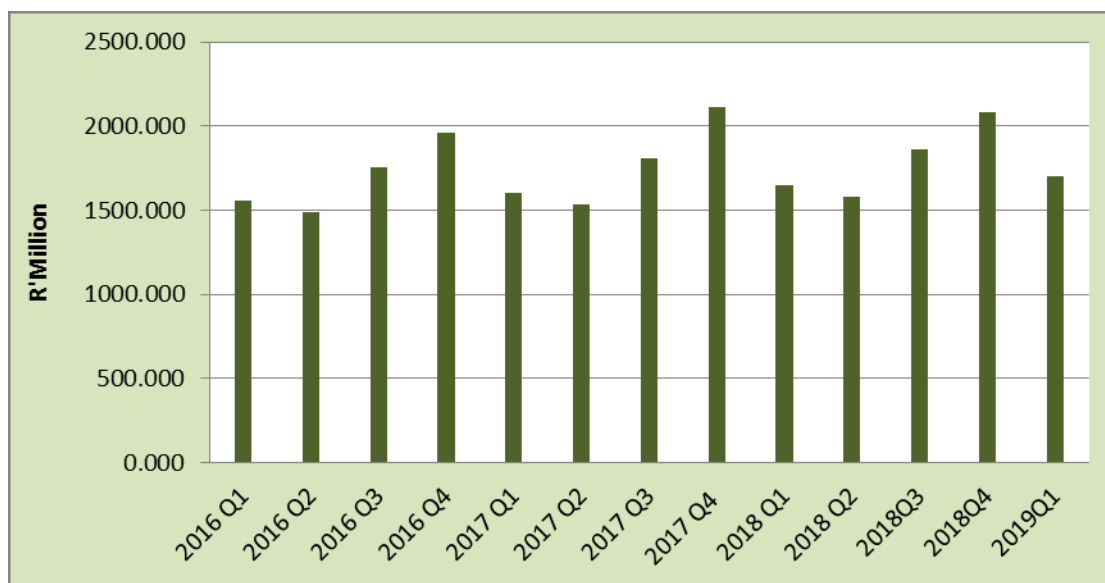


Figure: 14 South Africa fertiliser expenditure

Source: Grain SA

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

Figure 15 illustrate that the nominal real gross income from all agricultural products decreased from R58.9 billion in the first quarter of 2018 to R54.2 billion in the first quarter of 2019, a decrease of 7.9%. The figure below also illustrate that the net farm income is estimated at R10.2 billion in the first quarter of 2019 compared to R17.7 billion in the same quarter of 2018, a significant decrease of 42.3%. The decrease in both gross and net farm income was largely supported by a decrease in income from field crops, horticulture and animal products which decreased by 5.1%, 6.3% and 9.1% respectively.

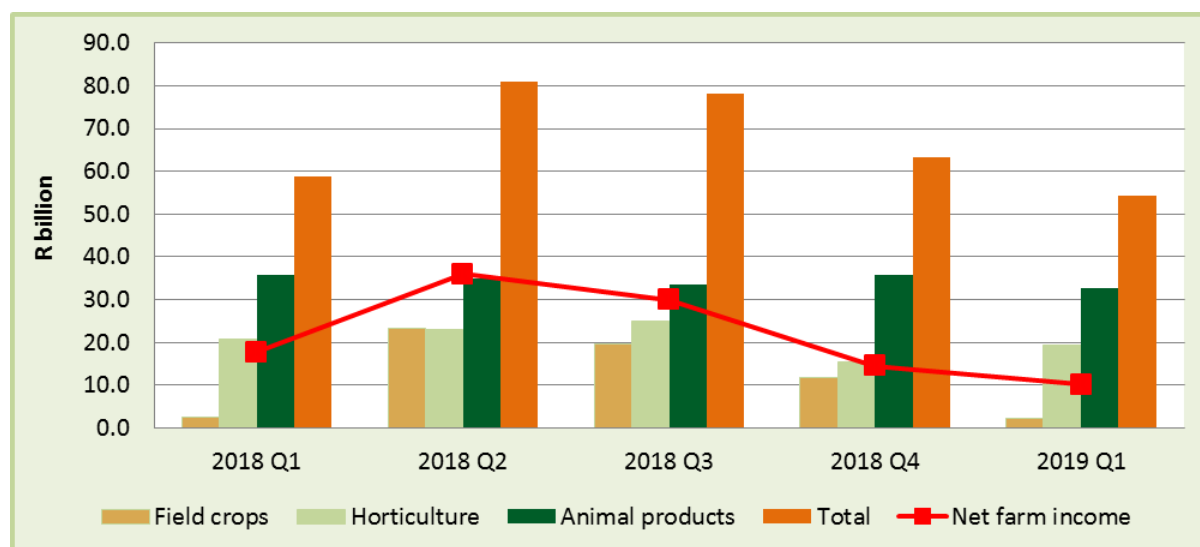


Figure 15: Trends in nominal gross farm income and Net farm income between Q1:2018 and Q1:2019

Source: DAFF

## 2.8 Private consumption expenditure on agricultural products

Figure 16 below shows that private consumption expenditure on food increased slightly in the first quarter of 2019 to R159.8 billion from R156.3 billion in the first quarter of 2018, an increase of 2.2%. During this period the main expenditure items were potatoes as well as bread and grain which increased by 6.3% and 5.1% respectively. Expenditure on meat as well as fruit and vegetables also increased by 0.9% and 2.2% respectively between the two quarters. While the expenditure on oils and fats decreased by 6.8% during the same period.

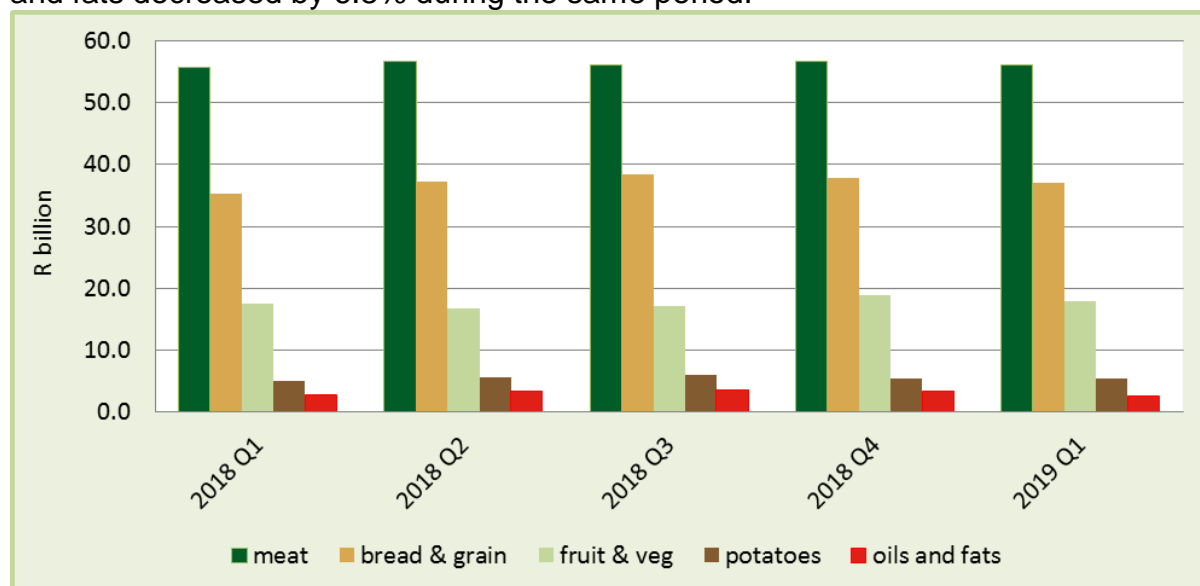
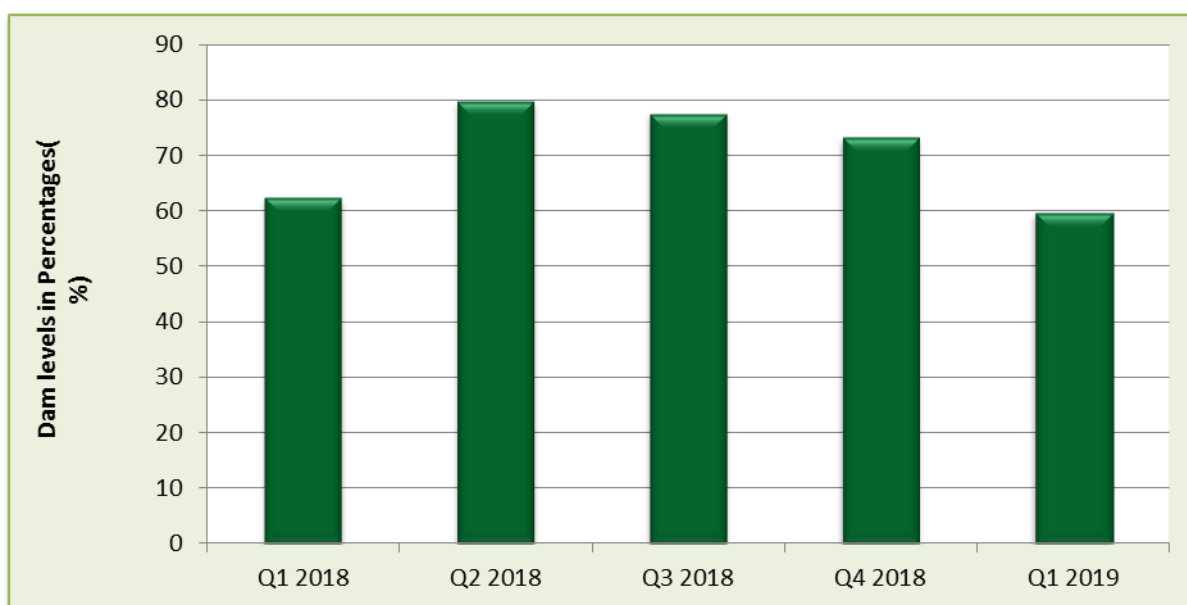


Figure 16: Trends in private consumption expenditure between 2018: Q2 and 2018: Q3

Source: DAFF

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

South Africa’s dam levels have decreased in the first quarter of 2019 as compared to the same period the last year. When comparing y/y the overall South African dam levels decreased by 4% in Q1:2019, from 62% in Q1:2018 to 60% in Q1:2019. Between Q4:2018 and Q1:2019, the dam water levels have decreased by 19% from 73% in Q4:2018 to 60% in Q1:2019. The Department of water and sanitation(DWS) suggests that torrential rains that fell around April in South Africa have increased the average water storage to 23 591.5 cubic metres. The amount of water in reservoirs is considered sufficient enough to sustain the country through the dry winter season provided consumers use water wisely and sparingly, see figure 17.



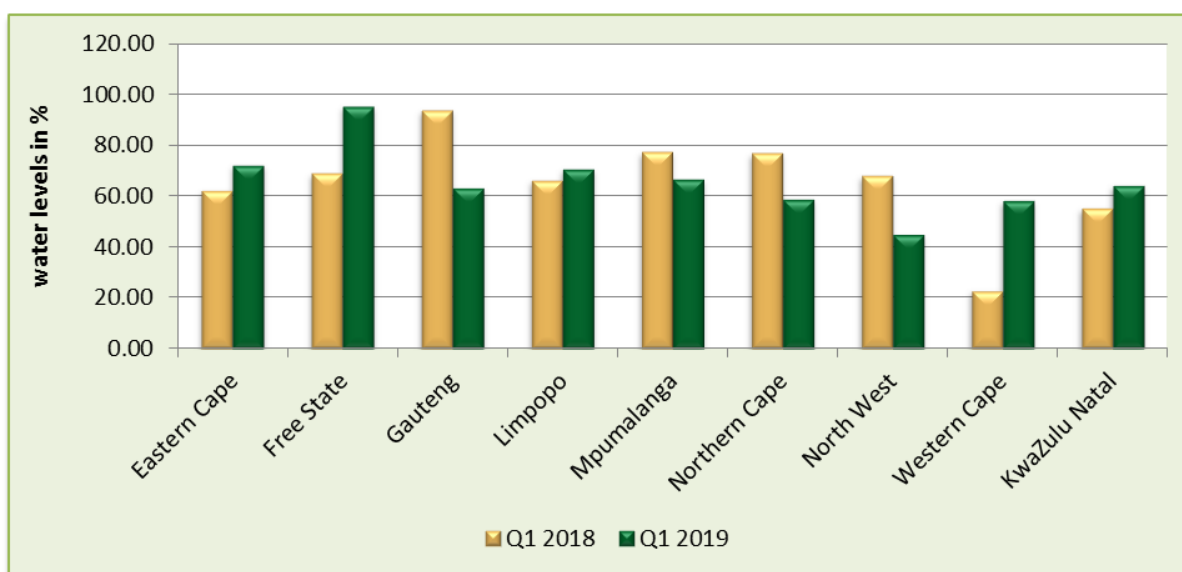
**Figure 17:** Total dam levels in Q1: 2019  
Source: Department of Water & Sanitation (DWS)

### 1. Provincial average dam levels

Most of the provinces are showing an increase in the dam water levels in Q1:2019 as compared to the previous year. When compared year on year Eastern Cape, Free state, Gauteng, Mpumalanga, Western Cape and Kwa-Zulu Natal provinces experienced an increase in dam levels of 12%16%, 13%, 3%, 79% and 19%



respectively. The department of water and Sanitation (DWS) weekly report states that Mpumalanga Province continued to record improvements in water levels, while Free State have experienced downpours that have resulted into dam levels during the month of April. During the same reporting period, Limpopo, Northern Cape and North West provinces decreased by 6%, 2% and 19%. According to the DWS weekly dam levels report issued on 25 April 2019, the water levels in Limpopo are on a consistent decline. However, when compared Q/Q, most provinces reflected a decline in their water levels with an exception of Western Cape whose dam levels were increased significantly by 152% Q/Q following the recent rains in the province. Where else, Eastern Cape, Free State, Gauteng, Limpopo, Mpumalanga, North West and KwaZulu- Natal decreased by 6%, 1%, 8%, 5%, 6% and 4% respectively compared to the previous quarter. Dam water levels remained unchanged at an average of 88% in the Northern Cape in Q1:2019.



**Figure 18:** Average dam levels in 2019: Q1  
Source: Department of Water and Sanitation (DWS)

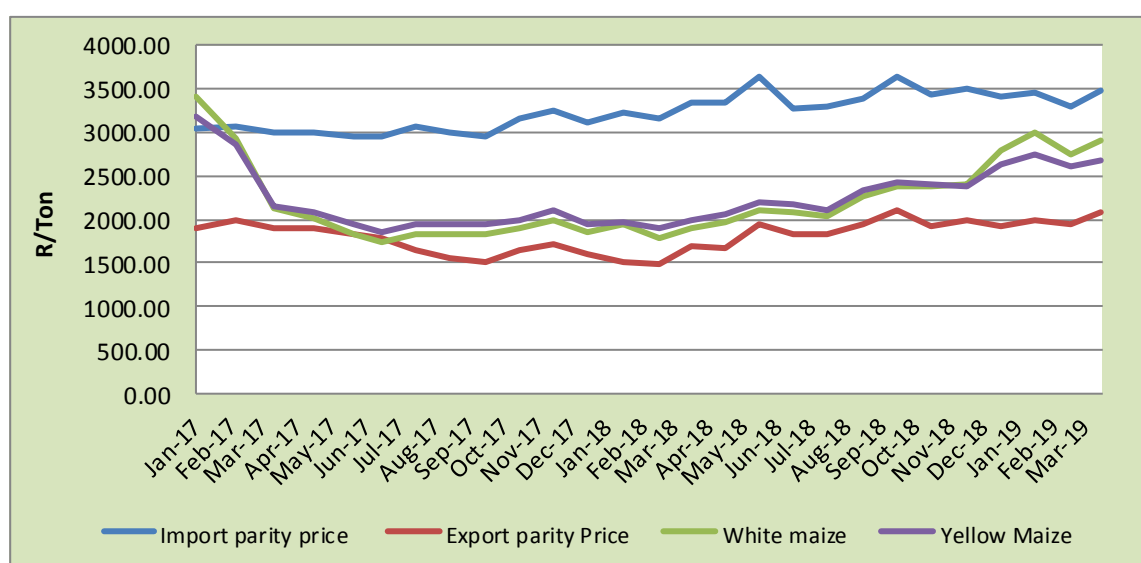
### 3. Review of Agricultural Markets

#### 3.1 Grain market review

##### 3.1.1 White and yellow maize

Figure 19 illustrates the price trends of white and yellow maize, as well as the international parity prices. The domestic price of white and yellow maize prices were consistent, traded between import and export parity price since the second quarter of

2017. Under normal condition, the trend is expected since South Africa is a net export of white maize and net importer of yellow maize. Local white maize price traded at R2876/ton while the international imparity prize of white maize at R3410/ton in 2019: Q1. Similary, the local domestic price of yellow maize was R2674/ton during the same period while the international export parity price of R2006/ton. Quarter-on-quarter data indicated that white maize and yellow maize prices increased by 14.1% and 8.1% respectively end of 2019:Q1. Import parity prices decreased by 1.1% while export parity prices increased by 3.4% in 2019:Q1 when compared to 2018:Q4.

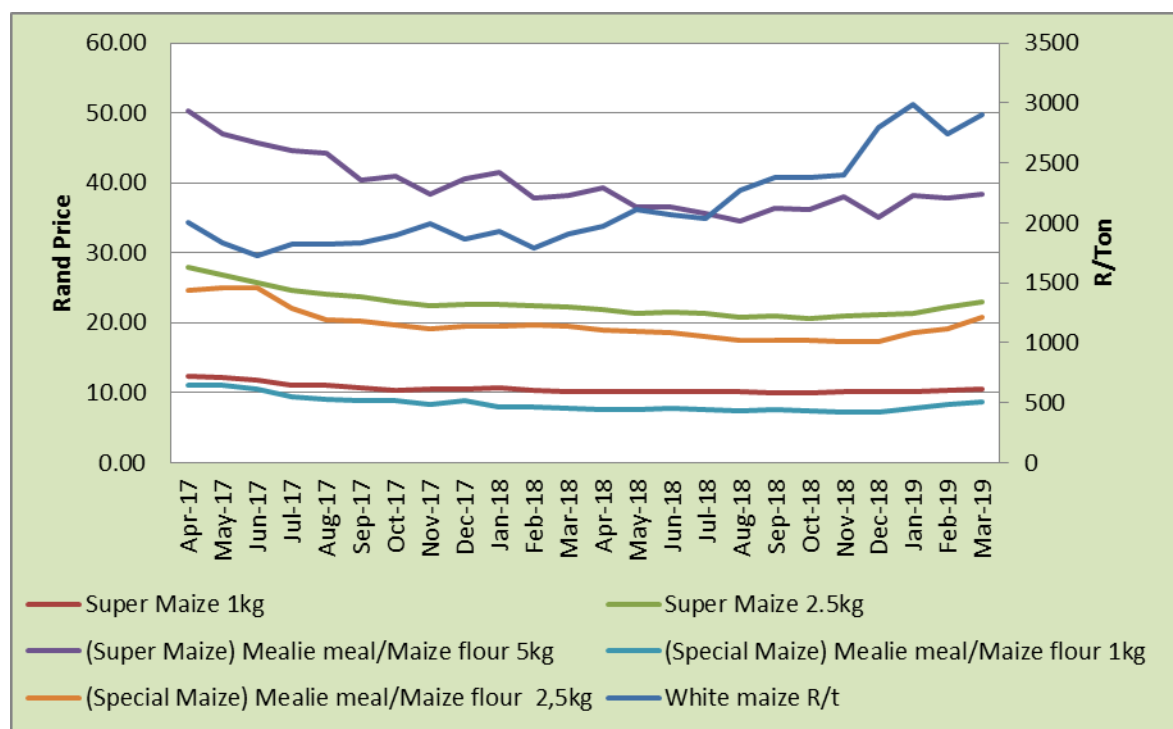


**Figure 19:** Price trends of white and yellow maize  
Source: Sagis

Figure 20 shows the selected retail prices of maize by-products against the maize seed prices. The figure reveals that since 2018: Q1 maize seed prices has been on a steady increase with a drop in price of 8.5% on month-to-month in Feb 2019. The maize seed price has increased by an annual rate of 1% in 2018. An overall increase in maize seed price over time has contributed to an increase in the price of maize-by products in 2019: Q1.

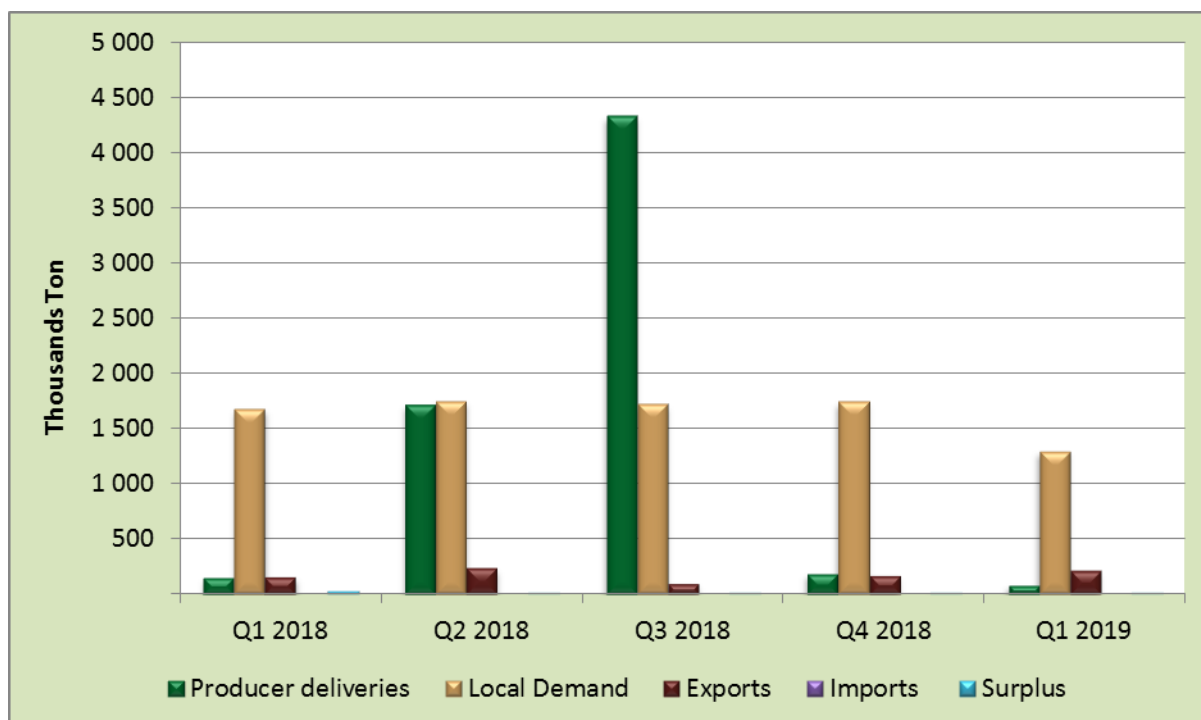
Data for maize seed by-products for 2019:Q1 reveals that all maize by-products have increased when compared to 2018: Q4. The cost of transport due to higher fuel cost is one of the contributing factors to the increase in prices. Mealie meal/maize flour (special maize) 2.5kg and mealie meal/maize flour (special maize) 2.5kg

increased have increased significantly by 18.6% and 17.7% respectively end of 2019: Q1. Similarly, super maize 1kg, super maize 2.5kg, and (super maize) mealie meal/maize flour 5kg have also increased by 4.5%, 9.4% and 6.9% respectively in 2019:Q1. Since maize is a staple food for majority of households, an increase in prices will put additional pressure to low income earners.



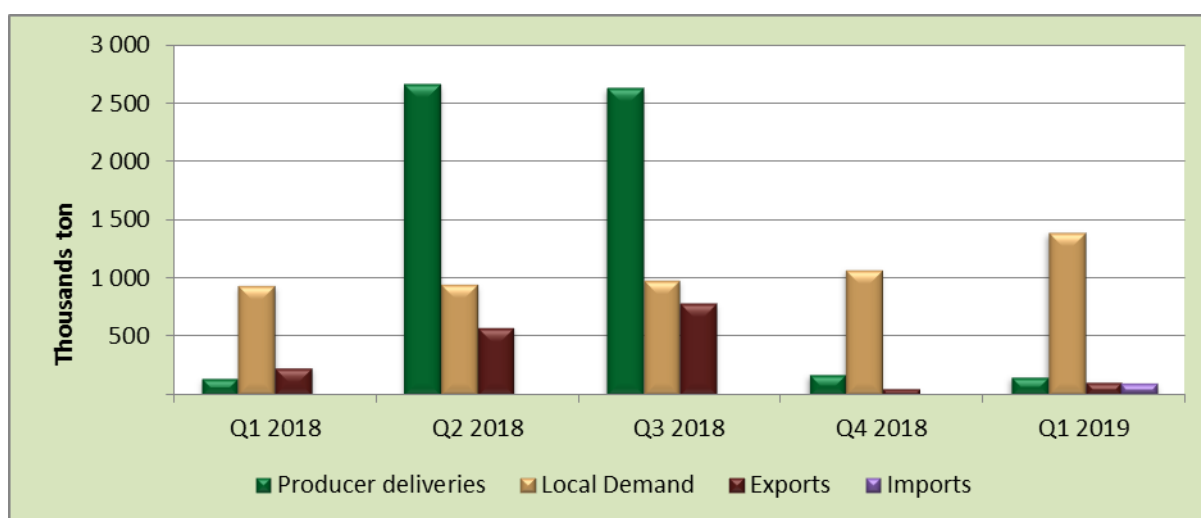
**Figure 20:** Retail prices vs white maize seed prices  
Source: Safex/Stats SA

Figure 21 depicts the supply and demand of white maize from 2018: Q1 to 2019: Q1. On a year-on-year basis, local demand of white maize and producer deliveries of white maize decreased by 22.9% and 46.1% respectively in 2019: Q1 while, exports of white maize increased by 35.4% during the same period. On quarterly basis, local demand of white maize decreased by 25.6% while South Africa’s exports of white maize also increased by 24.1% in 2019: Q1. Furthermore, estimates are that South African will most likely remain the net exporter of white maize in the 2019/20 marketing year.



**Figure 21:** Supply and demand of white maize  
Source: Sagis

Figure 22 illustrates the supply and demand of yellow maize from 2018: Q1 to 2019: Q1. The year-on-year local demand of yellow maize and produce deliveries reported a positive growth of 48.7% and 12.9% respectively while exports of yellow maize decreased by 52.3% during the same period in 2019:Q1. Quarter-on-quarter indicated that's local demand of yellow maize and producer deliveries increased by 10.3% and 29.9% respectively end of 2019: Q1.



**Figure 22:** Supply and demand of yellow maize  
Source: Sagis

### 3.1.2 Wheat

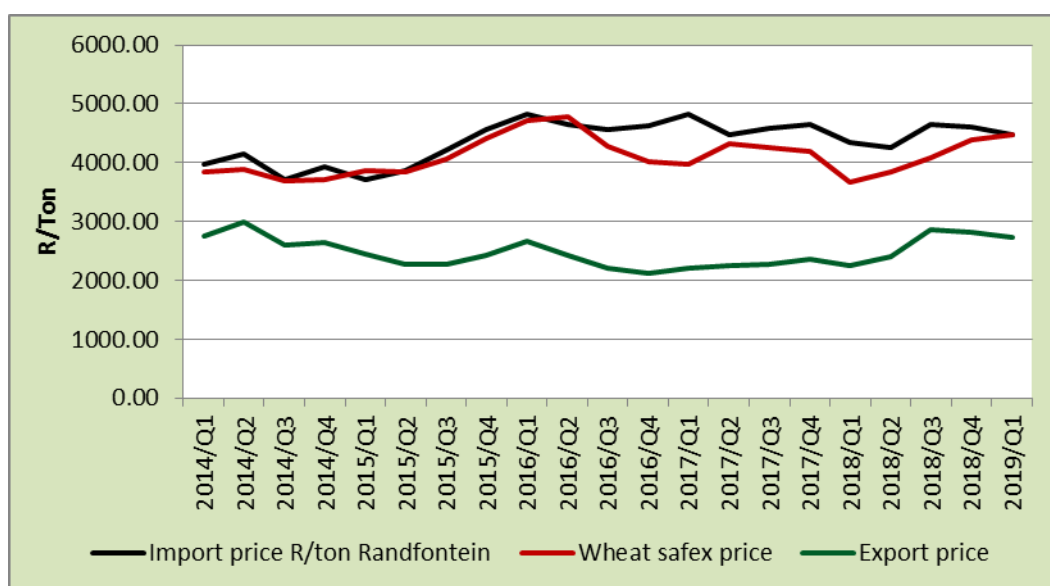
According to (USDA, 2019) Australia is planning to import wheat for the first time in 12 years after drought across the eastern states saw grain production fall 20% last year, which also led to a severe shortage of high-protein wheat as well as badly needed stock feed. Winter crop production in Australia is forecast to drop to 29.3m tonnes in 2018-2019. Until recently, Australia has been better known as a net exporter of grain and had a record crop in 2016-17.

World wheat production in 2018/19 is projected to reach 734.8 million tons, up 1.3 million this quarter, even though it is smaller than last year's record by 28.4 million tons. In Russia, wheat production for 2018/19 is up from 1.6 million tons to 71.6 million. The wheat yield was boosted by a high conversion rate. A year ago, when Russia had a record wheat harvest of 83.0 million tons, the conversion rate was also very high. It is possible that this is not a fortuitous event of last year, but rather an indicator of long-run improvements in the technology of handling grain. Wheat trade for the 2018/19 international trade year (July-June) is projected higher by 1.1 million tons in March 2019 to 179.5 million. The higher wheat output and the fast pace of sales boost wheat exports in Paraguay, up 0.4 million tons; partly offsetting is a 0.5-million ton reduction in Australian wheat exports to 10.0 million tons.

In recent years, South Africa's wheat area has stagnated at around 500 000 hectares. This is almost a million hectares less than 20 years ago, before the deregulation of the wheat market. In a free market environment producers prefer to plant more profitable crops such as canola, oats, corn and soybeans. However, in some areas, especially in the Western Cape Province, wheat production is still the most competitive crop to plant. On February 27, 2019, the Crop Estimates Committee (CEC) released its final estimate for wheat production in South Africa for the 2018/19 marketing year MY. The CEC estimated that South Africa produced 1.8 million tons of wheat which represents an increase of 20 percent from the previous year's drought reduced crop of 1.5 million tons. Two-thirds or 318 000 hectares of South Africa's wheat area was planted in the Western Cape Province, which

recovered from the extreme drought the previous season when production dropped by almost 50 percent.

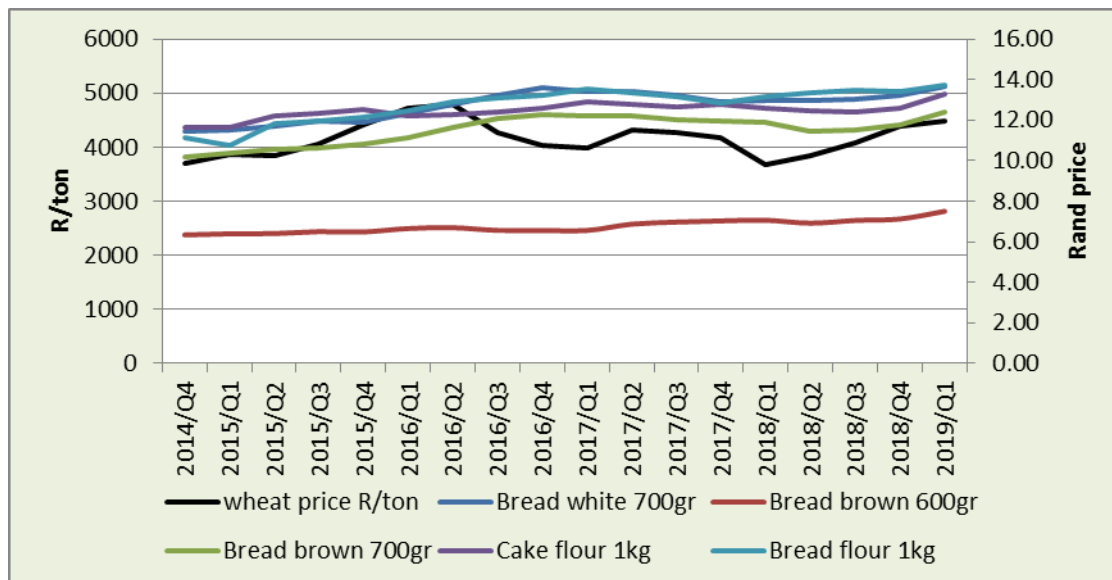
Figure 23 illustrates the wheat safex prices, exports price and import price seen from the first quarter of 2014 to the first quarter 2019. South Africa is a net importer of wheat; local wheat prices usually follow the overall trend in import parity prices; as a result local wheat prices will continue to trade at import parity levels in the foreseeable future and as a result will be impacted by movements in world wheat prices, the strength of the South African rand exchange rate and the fluctuations in transport costs. In the first quarter of 2019, Import price (R/ton), export price and safex price all went up by 3.11%, 21.40% and 22.03% respectively compared to the same quarter of 2018, with the import price still selling above the wheat safex price and export price.



**Figure 23:** Wheat SAFEX price, export price and import price  
Source: Sagis/Safex

As presented in figure 24, comparing first quarter of 2018 with first quarter of 2019; the price of bread increased by 5.29%, 4.23% and 6.27% for 700 grams (white and brown bread) and 600 grams of respectively; that is from R12.98 to R13.67 bread white (700g), R11.90 to R12.41 bread brown (700g) and R7.07 to R7.51 bread brown (600g). On the other hand the cake flour prices went up by 5.51% while bread flour prices also increased by 4.43% as shown graphically on figure2 below. Drought occurrence in some wheat producing areas does not affect bread prices; a decline in

the bread prices could have been attributed from the costs incurred by producers down the value chain not; factors amongst others such as energy, transport costs, packaging and labour costs are the largest contributors in terms of costs within bread production and can contribute to the increase in bread process.



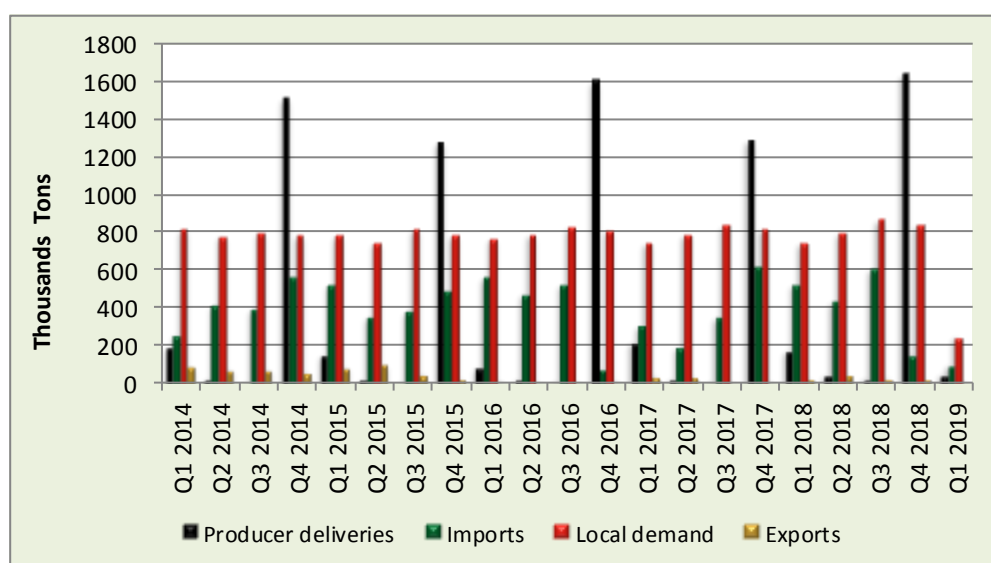
**Figure 24:** Retail bread price vs wheat import price  
Source: Stats SA & Safex

in both the first quarter of 2018 and the first quarter of 2019, the SA safex price has been trading below the import price (Randfontein), with the rand being volatile.

High production costs, fluctuating commodity prices, climate change and outbreaks of pests and diseases have caused a significant drop in wheat production in South Africa. Wheat is the second-most important grain crop produced in SA after maize; with approximately 50 percent produced in the Western Cape Province; the other major wheat producing areas are the irrigation fields in the Free State Province and the Northern Cape Province, mainly a summer rainfall area. Together these three provinces produced almost 85 percent of South Africa’s total wheat crop in the 2018/19 marketing year.

Even though imports in South Africa went down (527 632 to 99 612) on the first quarter of 2019, it is expected that the trend of imports increase may continue until farmers look for other alternatives- like access to better seed technology that is more resilient to changing climate; there are several high-quality wheat cultivars available

on the world market, but they are very expensive and availability varies according to climate and economic conditions. However the good news are; South African government supports wheat producers with technical advice, which includes cultivar choice, production site selection, soil preparation, cultivation practices, pest and disease control measures, harvesting, as well as post-harvest practices. As illustrated in figure3 above, the producer deliveries of wheat in the first quarter of 2019 decreased massively from 176 077 tons to 50 048 tons compared to the same quarter in 2018. Local demand went down from 749 804 to 250 195 during the first quarter of 2019 compared to the same quarter in 2018; mean while exports also decreased from 25 617 tons to 13 598 tons compared to the first quarter of 2018. It has been noticed that, crops such as soya beans have become more popular than wheat, although farmers require more implements for such a system. see Figure 25.



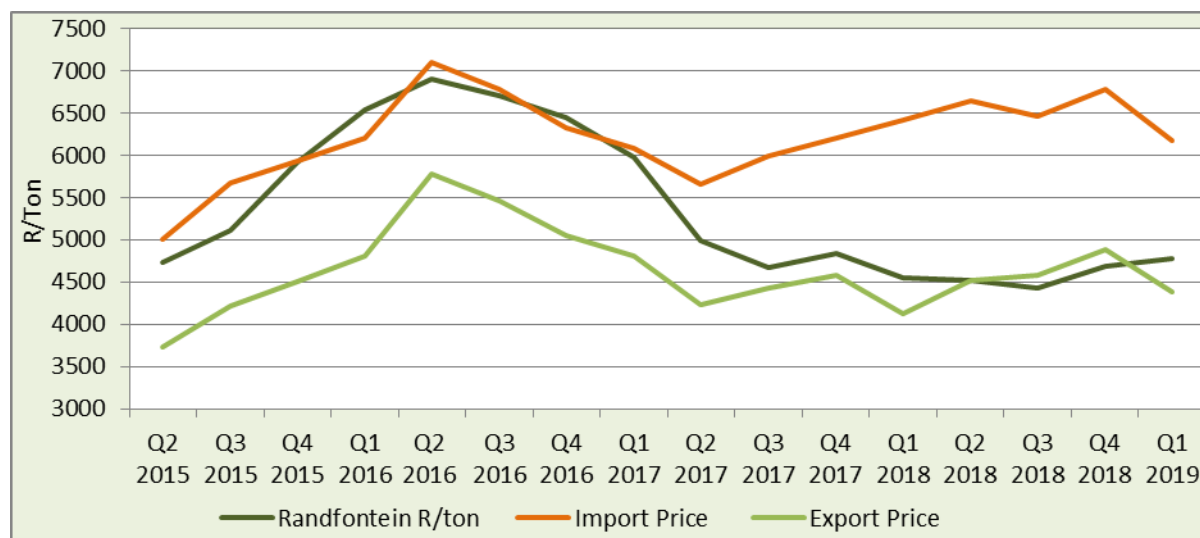
**Figure 25:** Wheat deliveries, Imports, Exports and local demand  
Source: Stats SA & Safex

### 3.1.3 Soya beans

During the first quarter of 2019, the price of soybean was 5.2% higher compared to the same period last year (year-on-year basis); whilst on a quarter-on-quarter basis the price was 2.1% higher. During the quarter, the price of soybeans traded at 22.6% below the price at the border, but the local soybeans price was uncompetitive on the World stage as it traded at 9% above the export price.



The local price is expected to come down during the harvesting period in the second quarter. Other downward pressures on the local soybeans price are; low international prices due to continuing trade issue between the US, China and Canada. Secondly; the spread of African swine fever restraining feed demand thus keeping oilseed stocks at high levels.



**Figure 26:** Soya beans local price vs import price  
Source: Safex/Sagis/USDA/World Bank

**Table 1: Soya beans projections for 2017**

Table 1 below shows the South African soybeans demand and supply estimates for 2019. It is estimated that production in 2019 will be 16% lower than the total production in 2018. Local demand is expected to increase by 8% compared to 2018, whilst exports are expected to decrease by 88%. Imports are expected to increase by 16.7%.

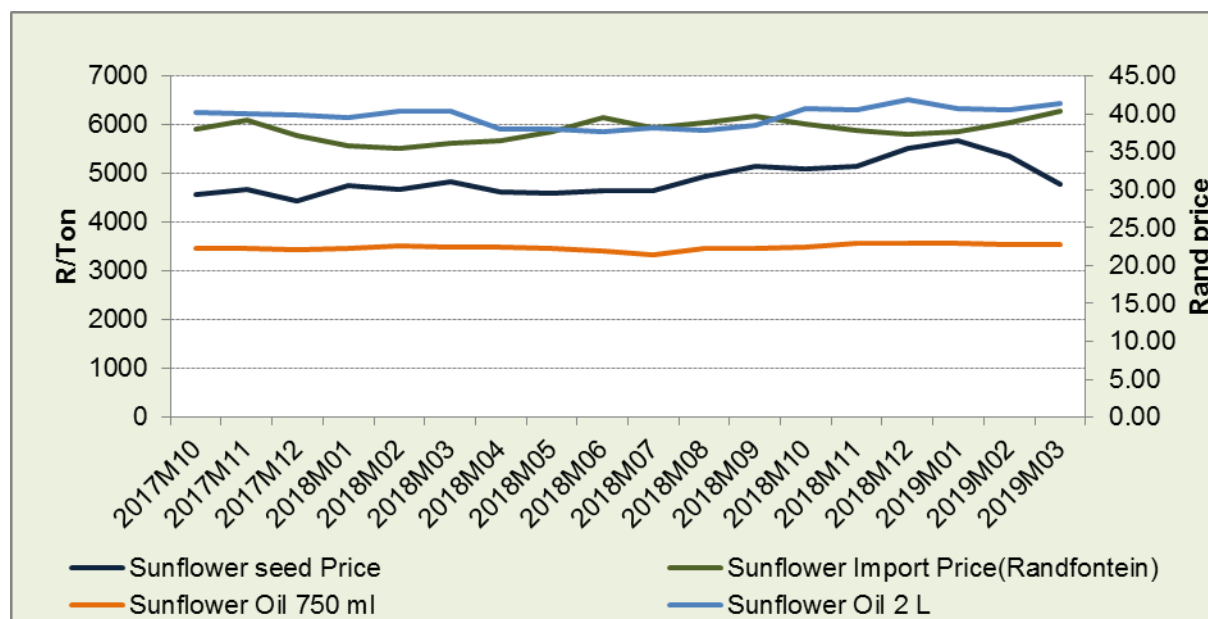
Table 1: Soya beans projections for 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Beginning Stock	225800	68639	61806	63704	89128	84792	330535	502 241
Production	650000	784500	948000	1 070 000	742 000	1 316 000	1 540 000	1 295 845
Imports	976	4489	103704	124981	271098	28000	6000	7000
Total Supply	876776	857628	1113510	1 258 685	1102226	1 428 792	1 876 535	1 805 086
Local Consumption	655278	780432	1049230	1164880	1010689	1063783	1 349 294	1488050
Exports	152616	15390	576	4677	6745	414	25000	3 000
Total Demand	807 894	795 822	1 049 806	1 169 557	1 017 434	1 098 257	1 374 294	1491050
Closing Stocks	68882	61806	63704	89128	84792	330 535	502 241	314 036

Source: DAFF/ NAMC/Sagis

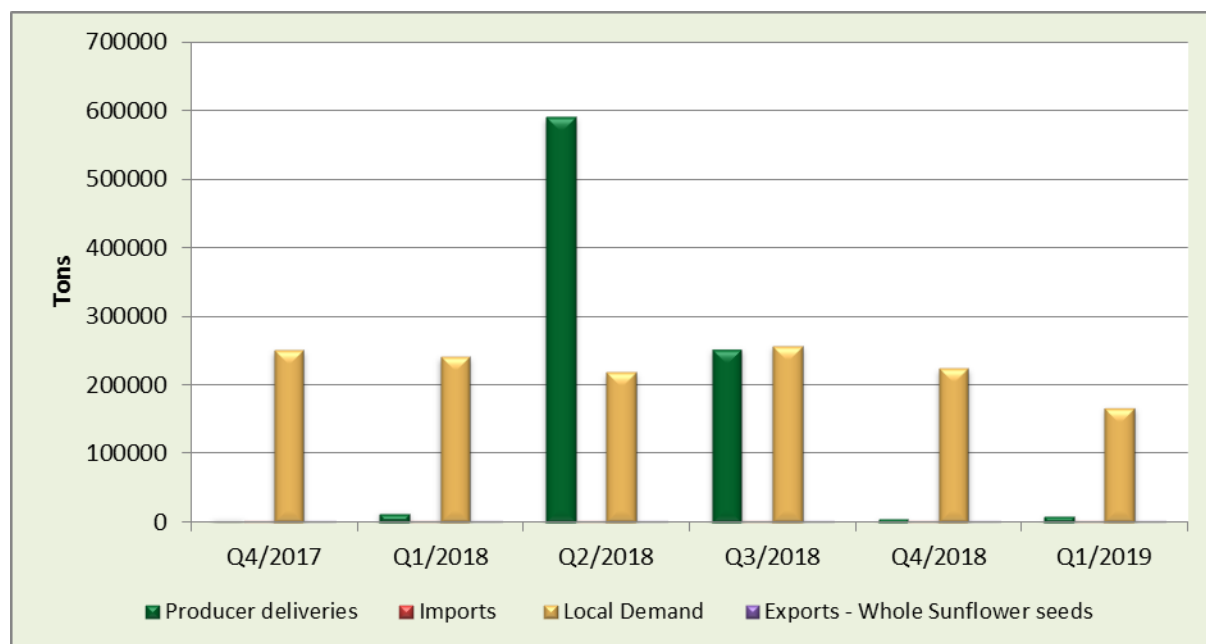
### 3.1.4 Sunflower

During the first quarter of 2019, South Africa sunflower seed prices traded below the import parity price at R5266.9/ton compared to R5259.01/ton in the fourth quarter of 2018, which is a total increase of 0.2% compared to the previous quarter. The price of sunflower seed has increased by 0.2% during the first quarter of 2019 as compared to the same period last year, which is 7.2% higher than it was in the previous quarter of 2018. The local sunflower seed price in the first quarter of 2019 traded at 13% lower than the import price, compared to trading at 10.9% below the import price in the fourth quarter of 2018. The prices of sunflower oil 2L in the first quarter 2019 traded higher by 2% and whilst the price of sunflower 750ml in the first quarter of 2019 traded 1.8% higher as compared to the same period in 2018. The price of sunflower oil 2L in the first quarter of 2019 decreased by 0.3% and whilst the price of sunflower oil 750ml in the first quarter of 2019 increased by 0.3% as compared to the previous quarter in 2018. see figure 27.



**Figure 27:** Sunflower local seed; import price (Randfontein) and Sunflower retail price  
 Source: Safex; USDA; Sagis; and Own calculations

Figure 28 shows the supply and demand of sunflower seed up to the first quarter of 2019. Producer deliveries in the first quarter of 2019 decreased by 85.2% as compared to the previous quarter of 2018. South African sunflower seed imports decreased by 89.4% in the first quarter of 2019 as compared to the previous quarter for the same year. Whilst sunflower seed exports decreased by 13.1% in the first quarter of 2019. Local sunflower seed consumption in the first quarter of 2019 was 25.2% lower than it was in the previous quarter of 2018. Local consumption in the first quarter of 2019 is expected to be 30.7% lower than it was in the same quarter of 2018.

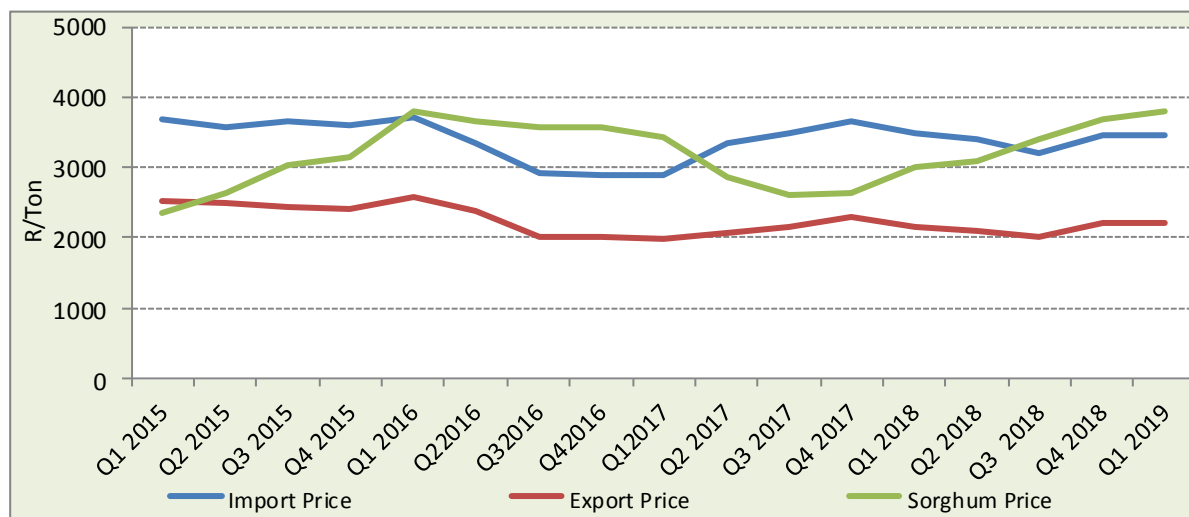


**Figure 28:** Sunflower seed deliveries, local demand and trade  
Source: Sagis

### 3.1.5 Sorghum

The price of sorghum during the first quarter of 2019 was 25.9% higher on a year on year basis, whilst on a quarter-on-quarter basis, the price was 2.8% higher. The local price traded at 10% above the international price during the quarter; the local price traded 70% above the export price during the quarter.

Local prices are expected to fall because of the high estimated local production and lower World prices. World prices are lower due to inter-alia; an expected decline in global sorghum trade as a result of weak demand in China and the huge availabilities of substitutes for feed grains. See Figure 29.



**Figure 29: Sorghum Parity Price**  
Source: Safex, Sagis

### Table 2: Sorghum production and use

Table 2 below shows that sorghum production in 2019 will decline by 44.2% compared to 2018. Imports are expected to decline by 96.7% due to the increased local production whilst exports are expected to increase by 1.3% compared to 2018.

### Table 2: Soya beans projections for 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Opening stock	62500	56015	50069	121812	83142	35238	59246	51860
Production	135500	147200	265000	114700	70 500	152 000	115000	165 850
Imports	54800	50033	8725	34316	74957	55824	32500	1000
Total Supply	250300	251652	320301	277713	226677	244073	206746	218710
Local demand	175300	182033	172320	165532	178790	176000	166500	163050
Exports	19000	19550	26169	29039	12649	13800	12345	12500
Total Demand	194300	201583	198489	194571	191439	182783	173700	175550
Ending Stock	56000	50069	121812	83142	35238	59246	51 860	43160

Source: DAFF/ NAMC/Sagis

### 3.1.6 Groundnuts

A forecast of the production figures by the Crop Estimate Committee (CEC) revealed that South African farmers planted 20 505 hectares of groundnut in the 2018/19

production season, the lowest on record, underpinned by drier weather conditions between October and December 2018. A forecast of the production figures by the Crop Estimate Committee (CEC) revealed that South African farmers planted 20 505 hectares of groundnut in the 2018/19 production season, the lowest on record, underpinned by drier weather conditions between October and December 2018.

Producer deliveries of groundnuts decreased significantly in Q1: 2019 compared to Q1:2018, due to drier weather conditions at the start of planting season. On average, producers delivered 252 tons of groundnut in Q1: 2019 compared with 359 tons in Q1: 2018. Conversely, local demand of groundnut increased by 21% in Q1: 2019 compared to Q1: 2018, from an average of 4 803 tons of groundnut in Q1: 2018 to 5 818 tons in Q1: 2019.

Exports of grounds decreased by 16% in Q1: 2019 compared to Q1: 2018, from an average of 926 tons in Q1: 2018 to an average of 777 tons in Q1: 2019. Contrariwise, imports of groundnuts increased significantly in Q1: 2019 compared to Q1: 2018, from an average of 507 tons in Q1: 2018 to an average of 1 029 tons in Q1: 2019. South Africa imported more groundnuts in Q1: 2019 to satisfy consumption. Due to a reduction in groundnut plantings in the 2018/19 production season, the expected harvest is forecast to be below South Africa's average long-term peanuts production of 65 92 tons per year (Agbiz, 2019).

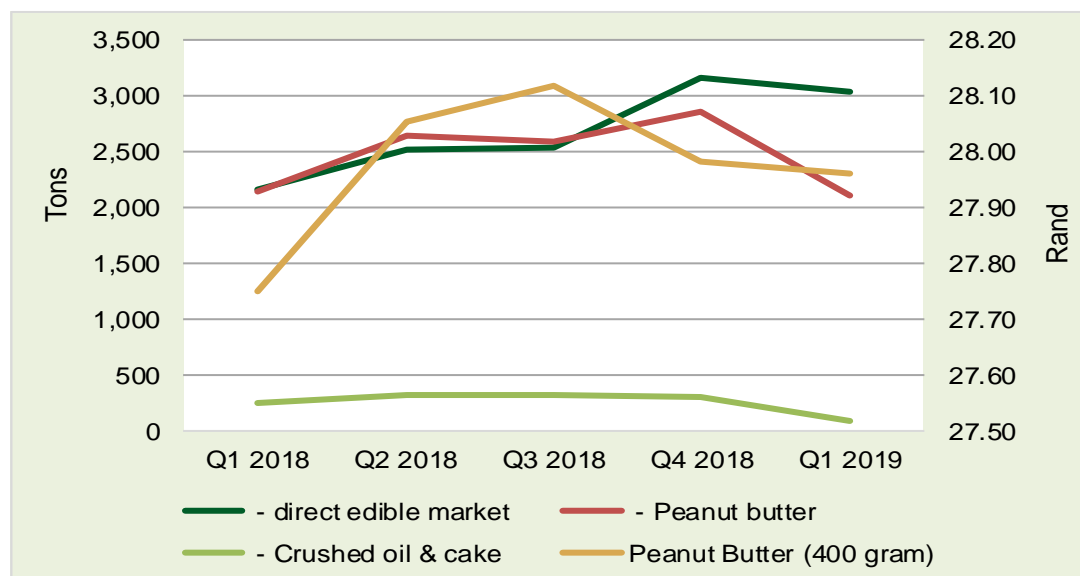
Figure 30 shows producer deliveries, local demand of groundnuts and imports and exports of groundnuts from Q1:2017 to Q1:2019.



**Figure 30:** Supply and demand of Groundnuts  
Source: Sagis

South Africans trade groundnuts in three forms: as edible peanuts, processed peanut butter and crushed oil and oilcake. During Q1: 2019, the edible groundnut market increased significantly, from an average of 2 164 tons in Q1: 2018 to an average of 3 042 tons in Q1: 2019. However, during the same period, peanut butter consumption decreased by 2% to an average of 2 100 tons in Q1: 2019, from an average of 2 140 tons in Q1: 2018. “Consumer sensitivity”, which is indicative of the degree to which consumers’ behaviour are affected by the price of a product could have contributed to the decrease in peanut butter consumption in Q1: 2019. Consumption levels of crushed oil & cake decreased significantly in Q1: 2019 compared to Q1: 2018, to an average of 91 tons in Q1: 2019 from an average of 245 tons in Q1: 2018.

Moreover, in Q1: 2019, the average market price for peanut butter (400 gram) increased by 1% compared to Q1: 2018, to R27,96 (400 gram), from R 27,75 (400 gram) in Q1: 2018. The lower 2018/19 harvest will likely put upward pressure on prices, which consequently, will be passed down through to consumers (Agbiz, 2019).

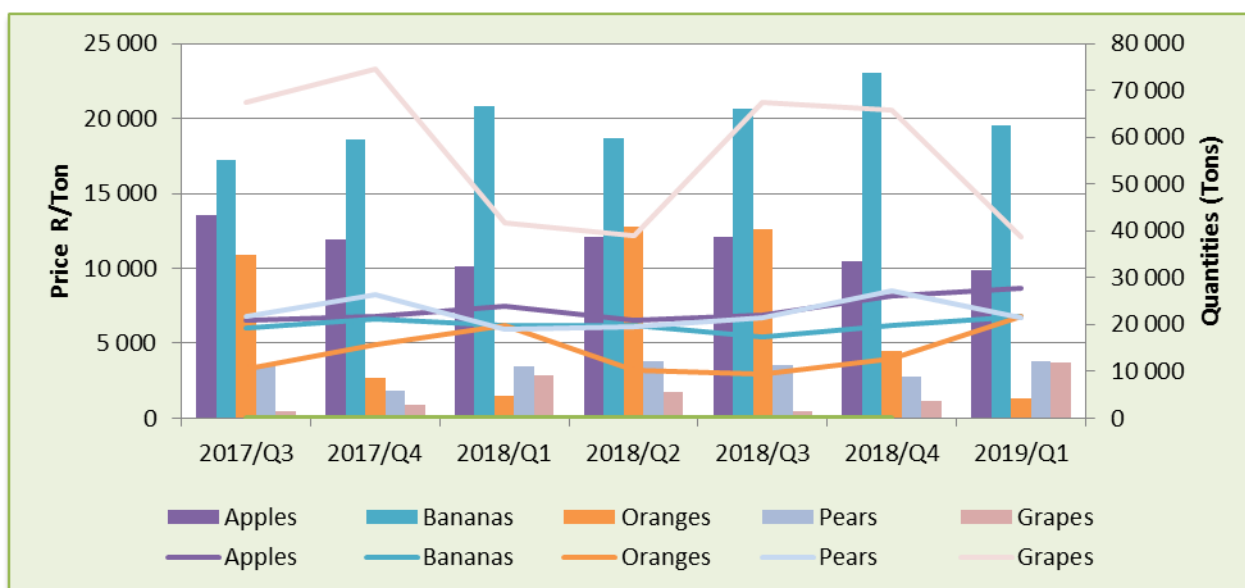


**Figure 31:** Groundnuts consumption  
Source: Sagis

### 3.2 Fruit and vegetable market review

The following section looks at the average prices of fruits traded at the Fresh Produce Markets (FPMs) between Q3:2017 and Q1:2019. When compared year on year Q1: 2019 and Q1: 2018 prices of most fruits increased with Apple, Bananas, Oranges and Pears increasing by 17%, 10%, 11% and 13% respectively, whilst the prices of Grapes decreased by 7%. Between the two previous quarters Q1:2019 and Q4: 2018 the prices of all major fruits increased, Apples, Bananas and Oranges by 6%,10% and 71%, respectively, while the prices for pears and grapes decreased by 21% and 41% respectively. Various quantities of fruits traded at fresh produce markets between Q3:2017 and Q1:2019. During Q1:2019 the quantities of Apples, Bananas and Oranges decreased by 3%, 6% and 7% respectively when compared to Q1:2018, whilst the quantities of Pears and Grapes increased by 10% and 31% respectively during the same period. When comparing Q1:2019 to Q4:2018 the quantities of Apples, Bananas and Oranges decreased by 6%, 15% and 70%, whilst the quantities of Pears and Grapes increased by 37% and 227% respectively Q/Q. see Figure 32

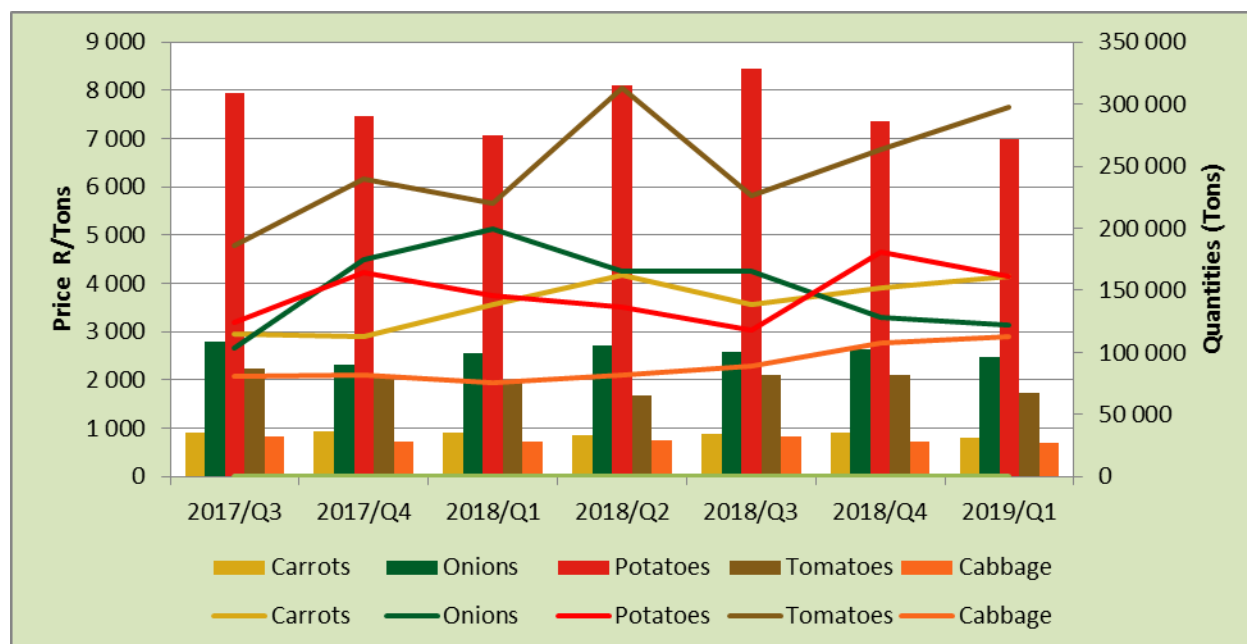




**Figure 32:** Average price and quantities trends of various fruits traded at fresh produce markets (FPMs)  
Source: Daff

Figure 33 indicates the average prices of various vegetables traded at fresh produce markets in South Africa. The average prices of major vegetables increased in Q1:2019 when compared to Q1:2018. The average prices of carrots, potatoes, tomatoes and cabbage increased by 17%, 11%, 35% and 48% respectively, whilst in the same period average price of onions decrease 39%. Comparing Q1:2019 and Q4:2018 the average prices of carrots, tomatoes and cabbage increased by 6%, 13% and 5% respectively, whilst the average prices of onions and potatoes decreased by 5% and 11% respectively.

Figure 33 also indicates quantities of various vegetables traded at fresh produce markets in Q1: 2019 compared with Q1:2018. When comparing year on year, the quantities of major vegetables decreased compared to the same period last year. The quantities of carrots, onions, tomatoes, potatoes and cabbage decreased by 13%, 2%, 1%, 14% and 3% respectively compared Y/Y. Comparing Q1:2019 and Q4:2018 the quantities of carrots, onions, potatoes, tomatoes and cabbages decreased by 11%, 5%, 18% and 2% respectively.



**Figure 33:** Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)  
Source: Daff

### 3.3 Meat industry review

According to USDA (2018), commercial beef production for 2019 is forecast to increase by 3% to 27.61 billion pounds, which broke the previous record for production set in 2002. Total commercial cattle slaughter is expected to rise in 2019 by nearly 1%. Beef exports are forecast to have increased by approximately 11% for 2018, with competitive U.S. beef prices and global demand holding steady. For 2019, exports are expected to rise by 2% to reach 3.26 billion pounds; meanwhile beef imports are expected to reach 3.01 billion pounds, just barely up from 2018 levels.

In January 2019, Department of Agriculture Forestry and Fisheries confirmed that laboratory results have tested positive for Foot-and-Mouth disease (FMD) in cattle in the Vhembe District of Limpopo. The discovery of foot-and-mouth disease in Limpopo is a double blow for red meat producers, who were already feeling the effects of higher livestock feed costs due to dry conditions, which have boosted the price of maize and soya beans- both key ingredients in the making of animal feed. As a result of (FMD), South Africa’s red meat and related products, such as hides and wool, were banned by the World Organisation for Animal Health (OIE) since the disease. The ban will present a challenge for the industry that has taken years to grow its export footprint; however, the overall financial impact on the industry is still unclear. As illustrated graphically above in figure1, total beef slaughtering increased by 12.91% in quarter one of 2019 compared to quarter one of 2018.

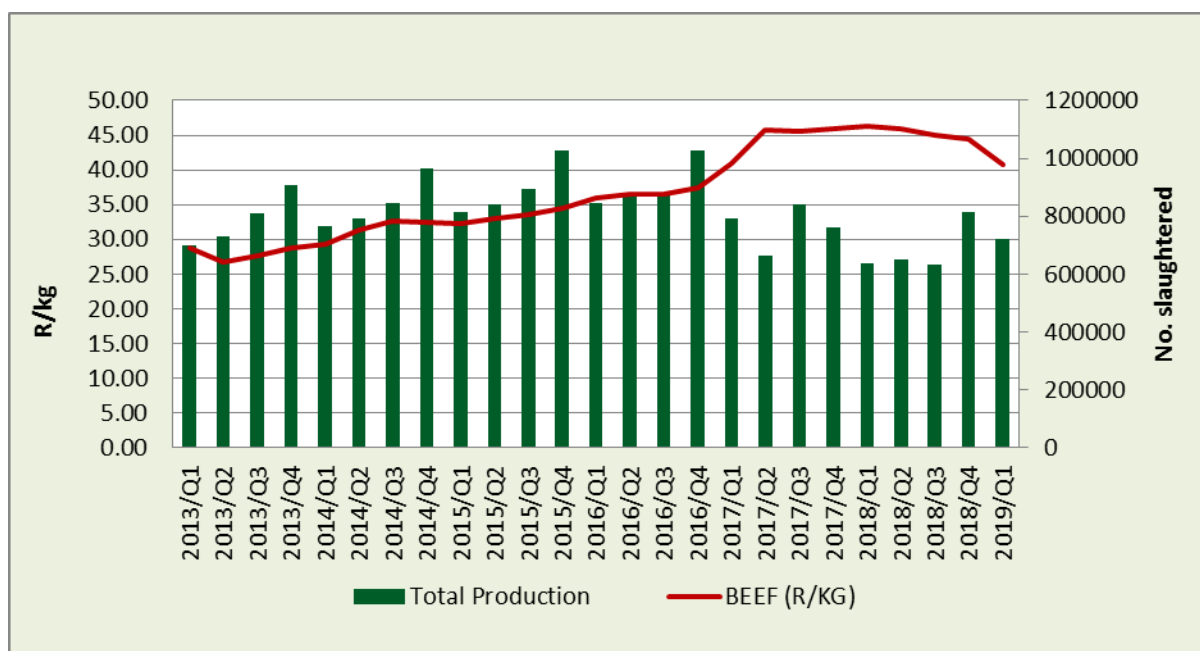


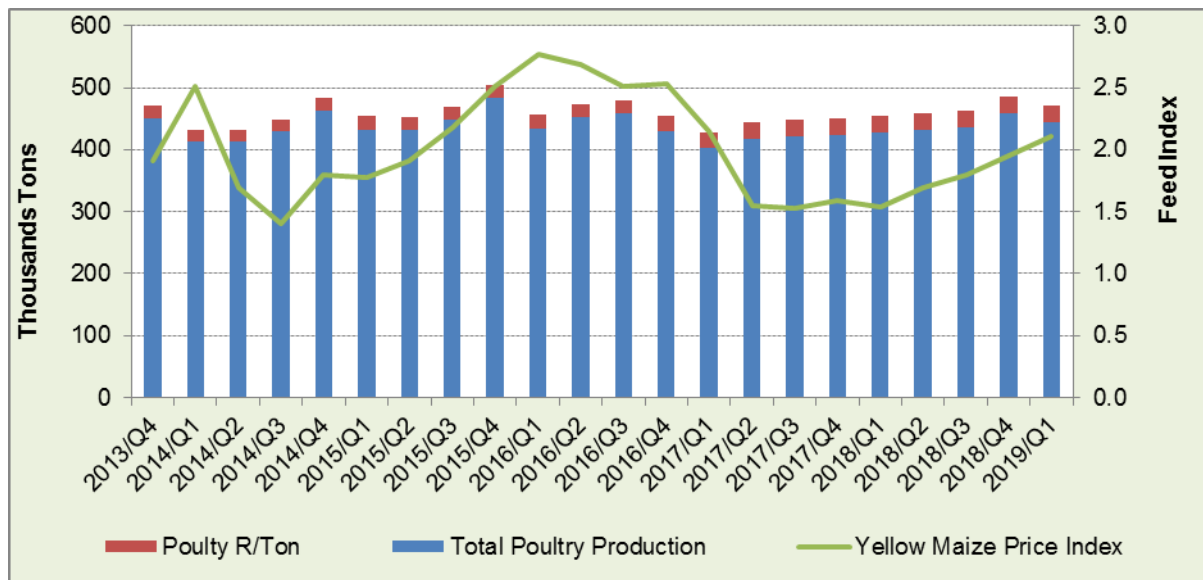
Figure 34: Beef production Source: SA feedlot

Source, Daff 2019

### 3.4 Poultry industry review

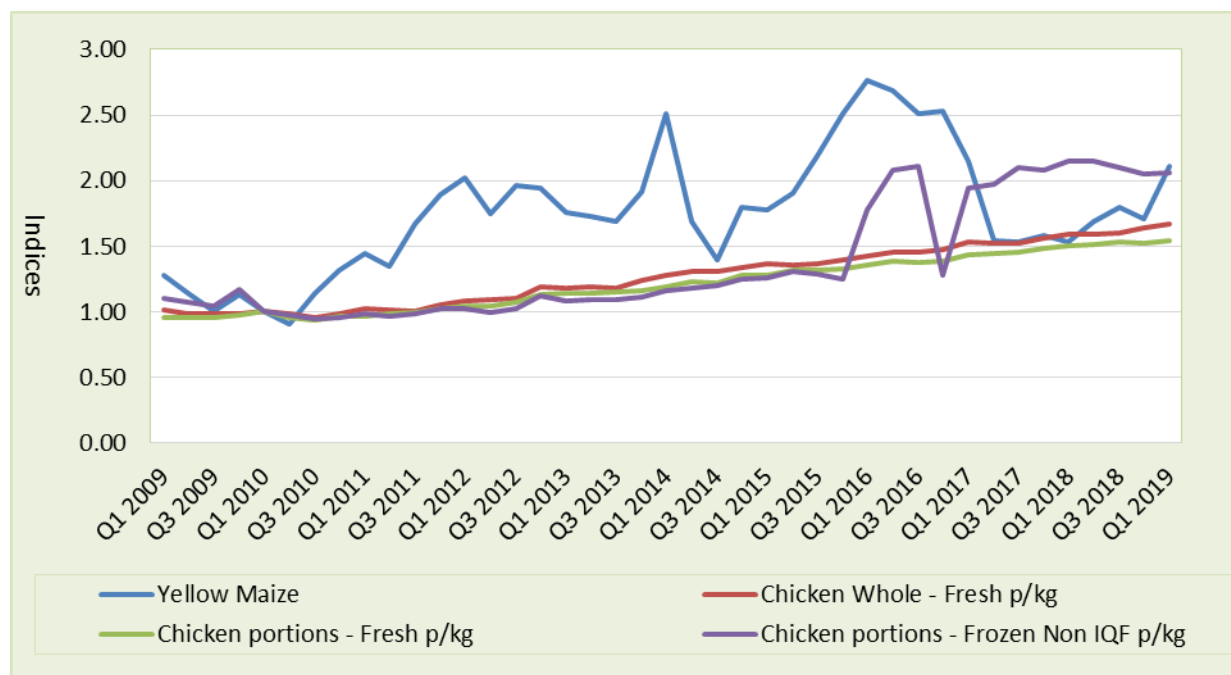
Poultry production during the first quarter of 2019 increased by 4.2% on a year on year basis, whilst declining by 3.2% on a quarter on quarter basis as shown on figure 35. The rise in prices could be attributed to inter-alia, the high feed costs.

Yellow maize as a proxy for feed cost shows that feed cost index (figure 35) increased by 37.3% on a year on year basis and increased by 8% on a quarter on quarter basis. The rise in inputs costs is amongst factors leading to a call for a tariff increase by local poultry producers as they have to compete with cheap imports.



**Figure 35:** Poultry production  
Source: DAFF

The retail price of a whole chicken and fresh chicken portions per k/g increased by 5.2% and 2.9% respectively, while the retail price of frozen chicken portions per k/g decreased by 4.3% on a year on year basis as shown on figure 36. On a quarter on quarter basis, all prices increased; a whole chicken, chicken portions and frozen chicken portions increased by 2%;1.4% and 0.3% per k/g respectively. see figure 36.



**Figure 36:** Poultry feed vs Retail prices

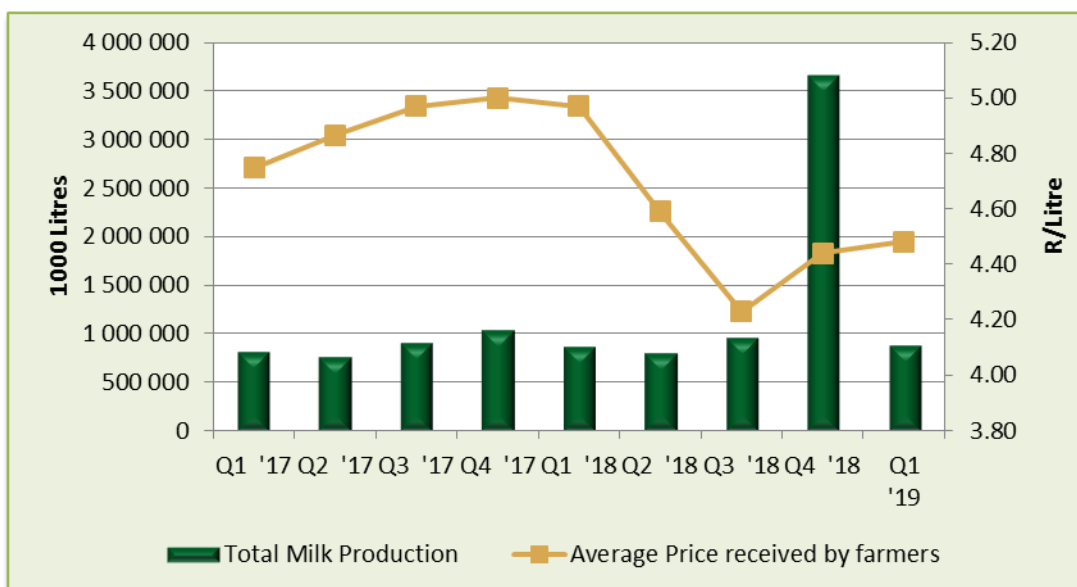
Source: SAPA, STATTSA & Safex

### 3.5 Milk industry overview

Milk South Africa (MPO) reported a reduced producer prices for milk and increased feed cost resulted in pressure on the milk to feed price ratio which has decreased between January 2018 and December 2018. This is a drastic change in the economy of milk production. Milk flow slowed down substantially in November and December 2018. Milk production in 2018 was high resulting in producer prices being reduced in line with the law of supply and demand. The reduced producer price coupled to the availability of milk stimulated exports and led to a sharp reduction in imports.

Total milk production came in 1.03% higher in Q1:2019 than in Q1:2018, increasing from 878 149 million litres in Q1:2018 to 887 215 million litres in Q1:2019. Between the two quarters milk production decreased by 75.82% from 3 669 284 million litres in Q4:2019 to 887 215 million litres in Q1:2019. The exchange rate will also influence dairy product prices, especially products that will be imported. Meanwhile, producer prices are indirectly linked to international product prices, depending on various factors such as the extent of openness of the dairy industry to international trade, the level of self-sufficiency in the dairy industry and the extent of regulation or deregulation in the industry.

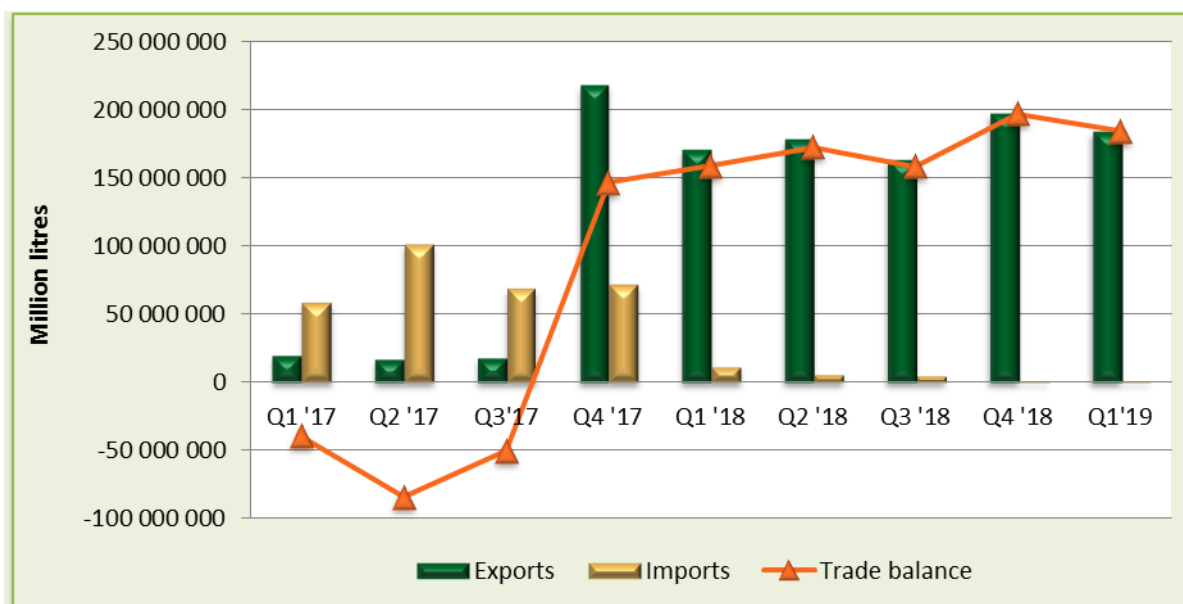
The average producer price per litre of milk decreased by 9.84% in Q1:2019, from R4.97/ℓ in Q1:2018 to R4.48/ℓ in Q1:2019. Comparing Q4: 2018 and Q1: 2019, the average price per litre of milk increased by 0.92% between the two quarters. Climatic conditions play an important role in determining agricultural product prices. Favourable climatic conditions in some areas have already resulted in lower grain prices and this year's record crop will ensure grain prices remain relatively low. The exchange rate will also influence dairy product prices, especially products that will be imported. Meanwhile, producer prices are indirectly linked to international product prices, depending on various factors such as the extent of openness of the dairy industry to international trade, the level of self-sufficiency in the dairy industry and the extent of regulation or deregulation in the industry.



**Figure 37:** Trends in total production and average price of milk  
Source: DAFF

Exports of milk and cream (neither concentrated nor containing added sweetening) increased by 8.24% in Q1:2019 compared with Q1:2018, exporting a total of 184 385 982 million litres of milk and cream in Q1:2019 compared to 170 343 561 exported in Q1:2018. Between Q4:2018 and Q1:2019, exports of milk and cream (not concentrated or containing added sweetening) increased by 21.01%, from 197 423 450 million litres in Q4:2018 to 184 385 982 million litres in Q1:2019.

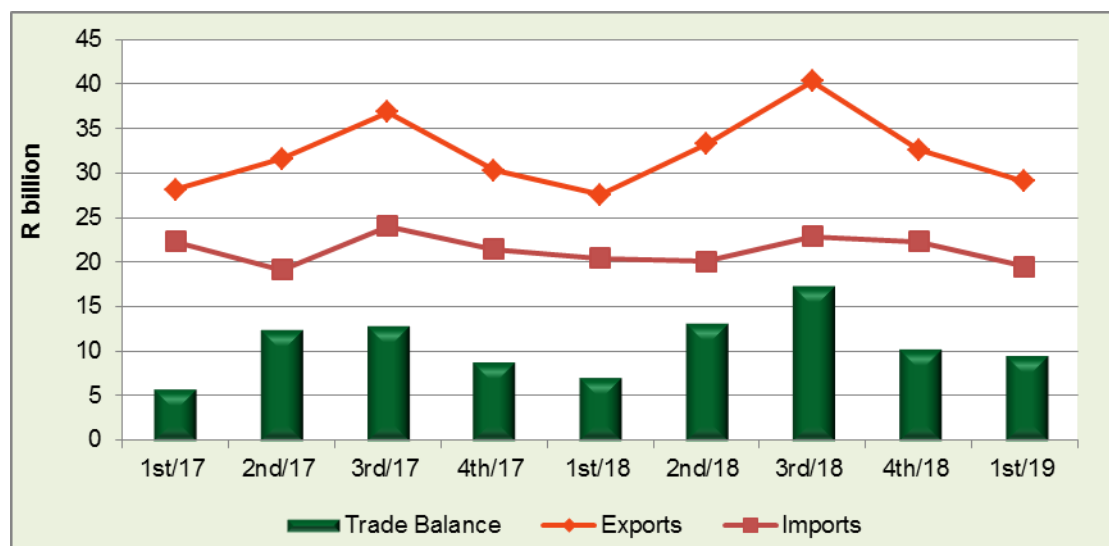
Imports of milk and cream decreased by 99.08% in Q1:2019, importing 105 435 million litres in Q1:2019 from 11 567 685 million litres in Q1:2018, This is mainly due to reduced imports of UHT milk due to high levels of milk production in SA and accelerated the depreciation in the value of the rand. When comparing Q4:2018 with Q1:2019, imports of milk and cream decreased by 43%, from 184 982 million litres in the Q4:2018 to 105 435 million litres in Q1:2019.



**Figure 39:** Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening  
Source: GTA, 2018

### 3.6 Trade of agricultural, forestry and fisheries

South Africa's agricultural trade balance overcame the tough start of the year, growing by 34.8% in Q1: 2019 compared with Q1: 2018, from R7,11 billion to R9,58 billion. On a quarter-on-quarter basis, South Africa's agricultural trade balance decreased by 7.2% in Q1:2019 compared with Q4: 2018. Sentiment in the sector remains subdued while recovery of weather conditions in the Western Cape withstood some downside risk in the sector in the first quarter of 2019. On a quarter-on-quarter basis, the export value of agricultural products decreased by 17,2%, from R22,89 billion in Q3 to R22,31 billion in Q4: 2018. Though the economy gained traction since the recession in the first half of 2018, the near-term outlook remains muted (Absa, 2019).



**Figure 40:** Trade balance of agricultural products  
Source: GTA, 2019

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 Botswana. SA’s top three suppliers of agricultural products in Q1: 2019 include Germany, Brazil and Thailand.

**Table 3:** SA’s top three largest export and import destinations of agricultural products in the 1st Quarter of 2019.

Top three markets of agricultural products exported by SA	Value (Billion Rands) 1 <sup>st</sup> Quarter 2019	% Share of total agricultural exports in 1 <sup>st</sup> Quarter 2019	Top three suppliers of agricultural products to SA	Value (Billion Rands) 1 <sup>st</sup> Quarter 2019	% Share of total agricultural imports in 1 <sup>st</sup> Quarter 2019
<b>Total</b>	R 29,07	100		R 19,49	100
<b>1. Netherlands</b>	R 3,09	10.6	1.Germany	R 1,25	6.4
<b>2.United Kingdom</b>	R 2,77	9.5	2.Brazil	R 1,19	6.1
<b>3.Botswana</b>	R 2,46	8.5	3.Thailand	R 1,15	5.9

Source: GTA, 2019

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 Botswana. SA's top three suppliers of agricultural products in Q1: 2019 include Germany, Brazil and Thailand.

Figure 41 SA's leading supplier of wheat in Q1: 2019 was Germany while SA's leading supplier of rice in Q1: 2019 was Thailand. SA's leading supplier of frozen chicken cuts and edible offal (including livers) was Brazil while SA's suppliers of palm oil and beer made from malt were from other countries other than the top three suppliers of agricultural products in Q1: 2019.

Figure 42 SA's leading export destination for fresh grapes in Q1: 2019 was the Netherlands followed by United Kingdom while SA's leading export destination for wine was United Kingdom. SA's leading export destination for fresh pears in Q1: 2019 was the Netherlands while a major portion of SA's exports of wool and apples were exported to Botswana.

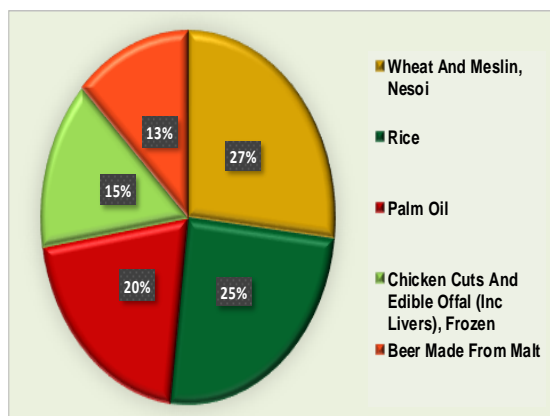


Figure 41: Top five agricultural products imported by SA

Source: GTA, 2019

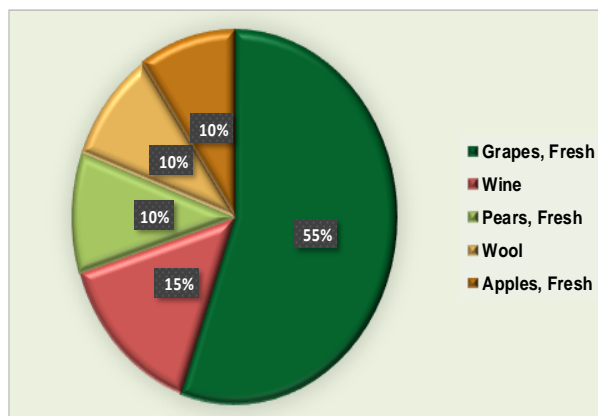


Figure 42: Top five agricultural exported products

Source: GTA, 2019

## 4. CONCLUSION

According International Monetary Fund (IMF) latest report on World Economic Outlook (WEO) Update, April 2019, it indicates that after strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. In advanced economies Real GDP growth rates increased in the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States expanded by 0.4%, 0.3%, 0.4%, 0.1%, 0.6%, 0.5% and 3.1%, respectively. Emerging and developing markets Real GDP growth rates increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, Nigeria and Russia by 0.5%, 6.2%, 5.8%, 5.1%, 4.5%, 5.6%, 2% and 0.5% respectively, whilst South Africa declined by 3.2% .

South Africa's economy shrunk by 3.2% in 2019: Q1 from a positive growth of 1.4% reported in 2018: This shocking data is South African's worst performance in a decade. The primary sector, mainly agriculture, forestry and fisheries; and mining and quarrying industry slumped sharply by 13.2% and 10.8% and contributed -0.3% and -0.8% respectively to the GDP in 2019: Q1 .The decline in the agricultural sectors is attributed lower production of field crops and horticulture contributed to lower growth in the agricultural sector.

The annual average headline CPI for the first quarter 2019 was 3.63% which shows a decrease of 0.47% when compared to the same period last year. Food inflation for the first quarter of 2019 was 2.32% which shows a decrease of 1.87% from 4.1% of the first quarter of 2018. Unemployment rate increased to 27.6% in the first quarter of 2019 from 27.1% in the fourth quarter of 2018. This is largely due to sluggish economic growth. South Africa's agricultural trade balance overcame the tough start of the year, growing by 34.8% in Q1: 2019 compared with Q1: 2018, from R7,11 billion to R9,58 billion. South Africa's agricultural export value increased by 5.5% while the import value of agricultural products decreased by 4.7%, during the same period.

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