



Quartely Economic Overview

AGRICULTURE SECTOR

Volume 18, Number 1, First Quarter 2020



**agriculture, land reform
& rural development**

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



PREFACE

The core business of the Directorate: Statistics and Economic Analysis is to provide economic and statistical services to monitor the economic performance of the agriculture sector. To support this important task, the Economic 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 2020: Q1, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

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EXECUTIVE SUMMARY

Global growth prospects: As a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008/09 financial crisis according to IMF. Real GDP growth Rates, 2020 (Q1) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States decreased by 2.1%, 5.3%, 2.2%, 5.3%, 0.6%, 2.2% and 1.3% respectively, when compared to 2019 (Q1). Emerging markets and developing economies, 2020 (Q1) Real GDP growth rates increased in the following countries: Brazil, China, Philippines and South Africa decreased by 0.3%, 6.8%, 0.2% and 2.0%, respectively, whilst India, Indonesia, Malaysia Nigeria and Russia increased by 3.1%, 2.97%, 0.7%, 1.87% and 1.6% when compared to the fourth quarter of 2020 (Q1).

Global grain supply forecast: The global grain supply forecast indicates a total grain increase of 1.4%, from 3.417 million metric tons in 2019 (Q1) to 3.464 million metric tons in 2020 (Q1). Global supply projections for 2020 (Q1) of wheat, coarse grains, rice milled, cotton, oil meals and vegetable oils increased by 2.8%, 0.4%, 1.7%, 0.6%, 0.4%, and 1.0% respectively, whilst oilseeds decreased by 0.2% when compared to the first quarter of 2019.

South Africa's GDP: South Africa's recent GDP figures shows that the economy has contracted by 2% seasonally adjusted and annualized in 2020: Q1 which is assumed better than what the market expected. The agriculture sector grew by 27.8% and contributed 0.5%.

Inflation: The annual average headline CPI for the first quarter 2020 was 4.15% which shows a decrease of 0.04% when compared to the same period last year. Food inflation for the first quarter of 2020 was 3.31% which shows an increase of 0.99% from 2.32% of the first quarter of 2019.

Employment: South Africa's unemployment rate hit a record high in the first quarter of this year as key sectors including agriculture shed jobs. The unemployment rate

rose to 30.1% in the first quarter of 2020 from 29.1% in the last quarter of 2019 and above market expectations of 29.7%. Employment fell by 91 000 to 16.38 million from 16.42 million in the last quarter of 2019.

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 increased by 21.3% in Q1: 2020 compared to Q1: 2019, from R 9,8 billion to R11,9 billion, despite the slow economic recovery, indicating that conditions were favourable for the agricultural sector and demand strengthened for a number of exportable commodities before Covid 19 Lockdown.

1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

1.1 Global Real GDP Growth Rates

According International Monetary Fund (IMF) latest report on World Economic Outlook (WEO) Update, April 2020, It indicates that the COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008/09 financial crisis. In a baseline scenario which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support.

The risks for even more severe outcomes, however, are substantial. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems.

The Organisation for Economic Co-operation and Development (OECD) latest report for the first quarter 2020, it indicates that following the introduction of COVID-19 containment measures across the world, real gross domestic product (GDP) in the OECD area fell by 1.8% in the first quarter of 2020, the largest drop since the 2.3% contraction in the first quarter of 2009 at the height of the financial crisis, according to provisional estimates. Among the Major Seven, GDP dropped significantly in

France and Italy, where lockdown measures were most stringent and implemented earliest. GDP also fell sharply in Canada, Germany and the United.

In the United States, where many states introduced 'stay-at-home' measures in late March, the contraction in GDP was less dramatic. In Japan, where containment measures have been less stringent, GDP contracted by minus 0.9% in the first quarter of 2020, compared with minus 1.9% in the previous quarter. In the euro area and in the European Union GDP shrank by minus 3.8% and minus 3.3% respectively, compared with growth of 0.1% and 0.2% in the previous quarter. Year-on-year GDP growth for the OECD area fell to minus 0.8% in the first quarter of 2020, following growth of 1.6% in the previous quarter. Among the Major Seven economies, the United States recorded the highest annual growth, while France recorded the sharpest annual fall.

More than a decade after the global financial crisis, the world is struggling with the health and economic effects of a profound new crisis caused by the COVID-19 pandemic. Advanced economies entered this crisis with interest rates at historical lows and public debts, on average, higher than they had been over the past 60 years. They will come out from the crisis with even higher public debts. Drawing on analysis completed before the emergence of the pandemic, this chapter examines policymakers' options to respond to adverse shocks and build resilience when rates are low and debts high. Real GDP growth Rates, 2020 (Q1) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States decreased by 2.1%, 5.3%, 2.2%, 5.3%, 0.6%, 2.2% and 1.3% respectively, when compared to 2019 (Q1). See figure 1

below.

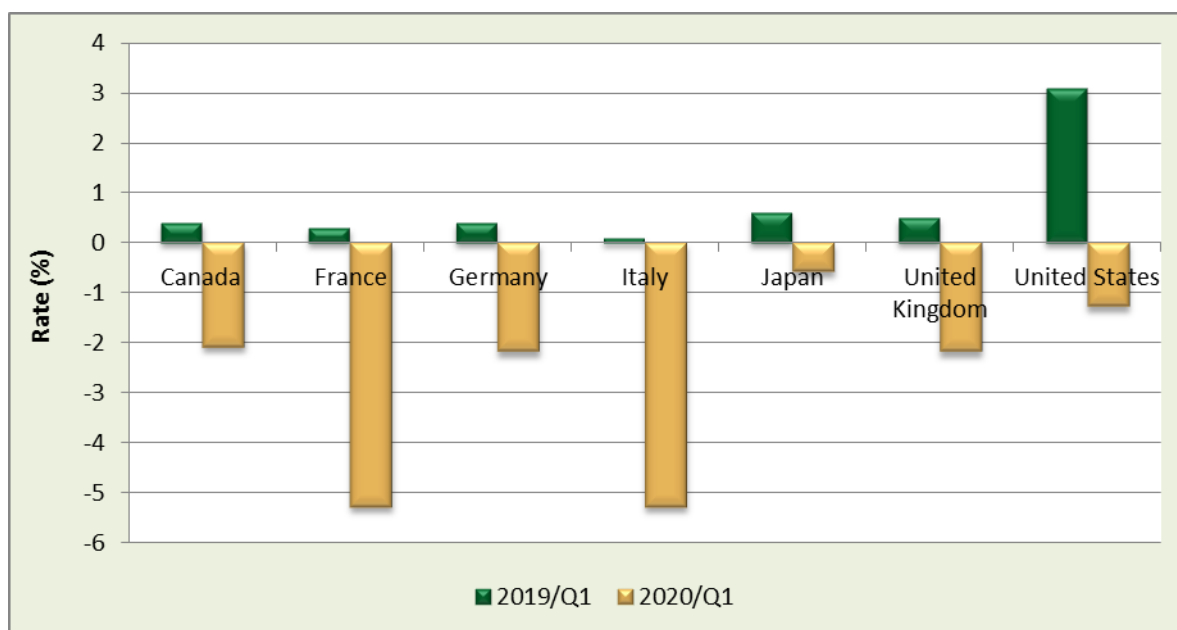


Figure 1: Advanced economies quarterly GDP growth rates

Source: Various Sources

The COVID-19 pandemic is impacting emerging markets through an unprecedented mix of domestic and external shocks whose combined effects are very hard to predict. Among these, emerging markets are confronting a sharp tightening in global financial conditions. Figure 2, Indicate that in the emerging markets and developing economies, 2020 (Q1) Real GDP growth rates increased in the following countries: Brazil, China, Philippines and South Africa decreased by 0.3%, 6.8%, 0.2% and 2.0%, respectively, whilst India, Indonesia, Malaysia Nigeria and Russia increased by 3.1%, 2.97%, 0.7%, 1.87% and 1.6% when compared to the fourth quarter of 2020 (Q1) figures.

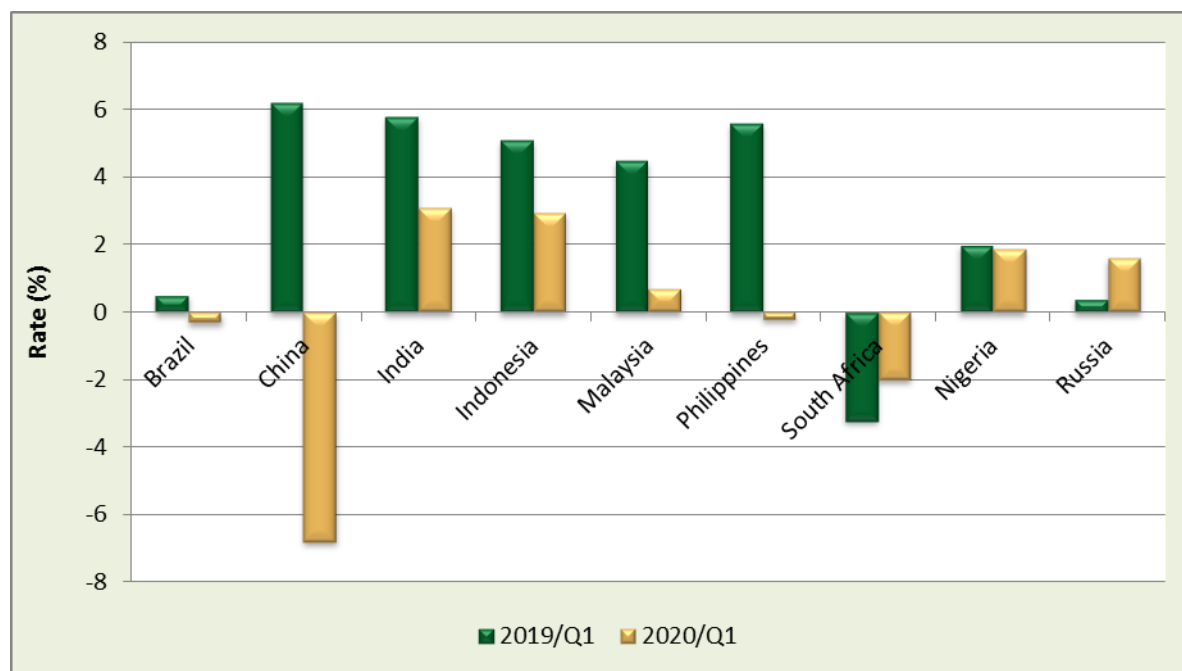


Figure 2: Emerging markets and developing economies quarterly GDP growth rates
 Source: Various Sources

1.2 Global Grain Forecast

The global grain supply forecast indicates a total grain increase of 1.4%, from 3.417 million metric tons in 2019 (Q1) to 3.464 million metric tons in 2020 (Q1). Global supply projections for 2020 (Q1) of wheat, coarse grains, rice milled, cotton, oil meals and vegetable oils increased by 2.8%, 0.4%, 1.7%, 0.6%, 0.4%, and 1.0% respectively, whilst oilseeds decreased by 0.2% when compared to the first quarter of 2019, see figure 3 below.

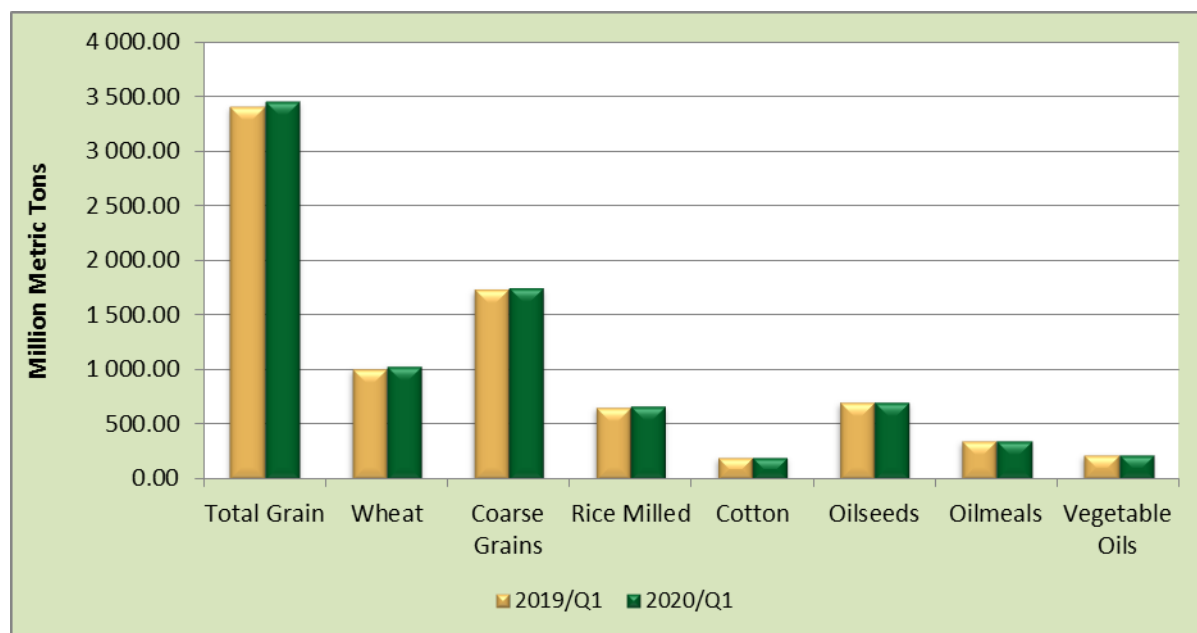


Figure 3: Quarterly global grain supply forecast
Source: USDA

1.3 Global Food Prices

Globally in 2020 (Q1) some major countries were paying significantly less by 39.8% on food purchases compared to 2019 (Q1). The following global food products price indices in 2020 (Q1), meat, dairy, cereals, oil and sugar indices reflect a steady decrease by 37.0%, 46.2%, 40.1%, 24.9% and 53.2% respectively, when compared to (Q1) of 2019, see figure 4.

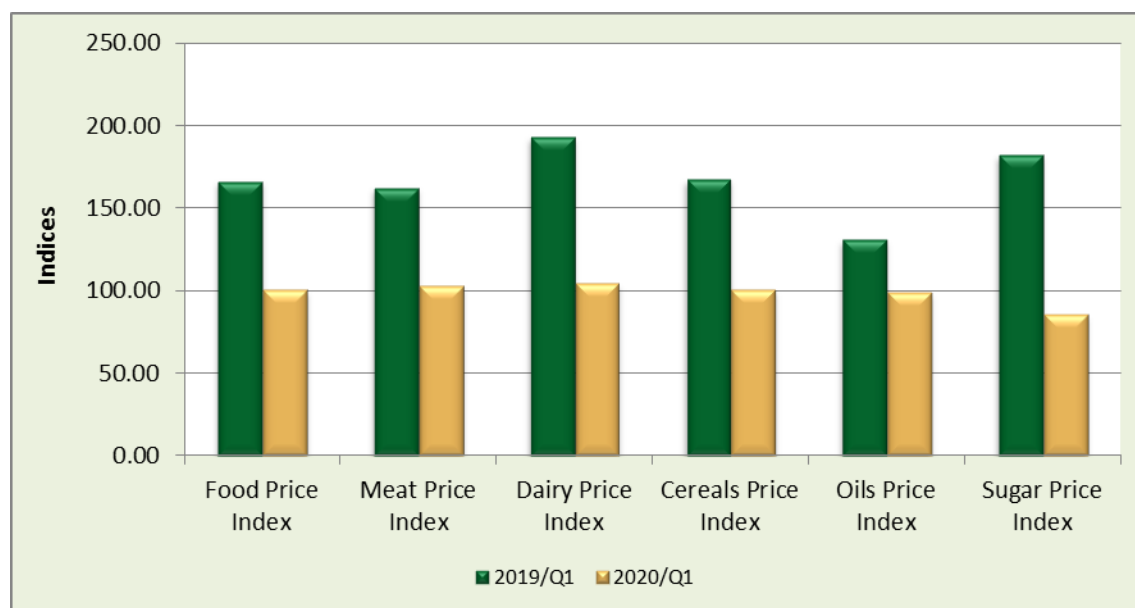


Figure 4: Quarterly global food price indices
Data Source: FAO

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

2.1 Growth

Future projections for the South African's economy look gloomy given the latest findings by Statistics South Africa. Covid-19, which resulted in national lockdown from the 27 March 2020, made the matters worse not only for South Africa, but for countries around the globe. The pandemic which is responsible for thousands of death worldwide, has wiped any gains the countries built in the past. In light of the devastating effects of the pandemic, countries across the globe are expected to adapt their national budgets to finance better ways to effectively deal with the pandemic which comes at a hefty price to other sectors of the economy.

South Africa's recent GDP figures shows that the economy has contracted by 2% seasonally adjusted and annualized in 2020: Q1 which is assumed better than what the market expected (see fig 5). Stats SA data revealed further that South Africa's economy contracted before the country's lockdown was implemented. The economy

has officially entered into a recession having recorded third consecutive negative growth following a 0.8% and 1.4% growth in third and fourth quarter of 2019 respectively. The negative growth rate is a big blow to a country that has the highest unemployment in Sub-Saharan Africa which is currently standing at 30.1% in 2020: Q1. According to Stats SA, the two largest contributors to negative growth rate were the mining and the manufacturing industry which decreased by 21.5% and 8.5% respectively and contributed -1.7% and -1.1% respectively to the GDP growth in 2020:Q1.

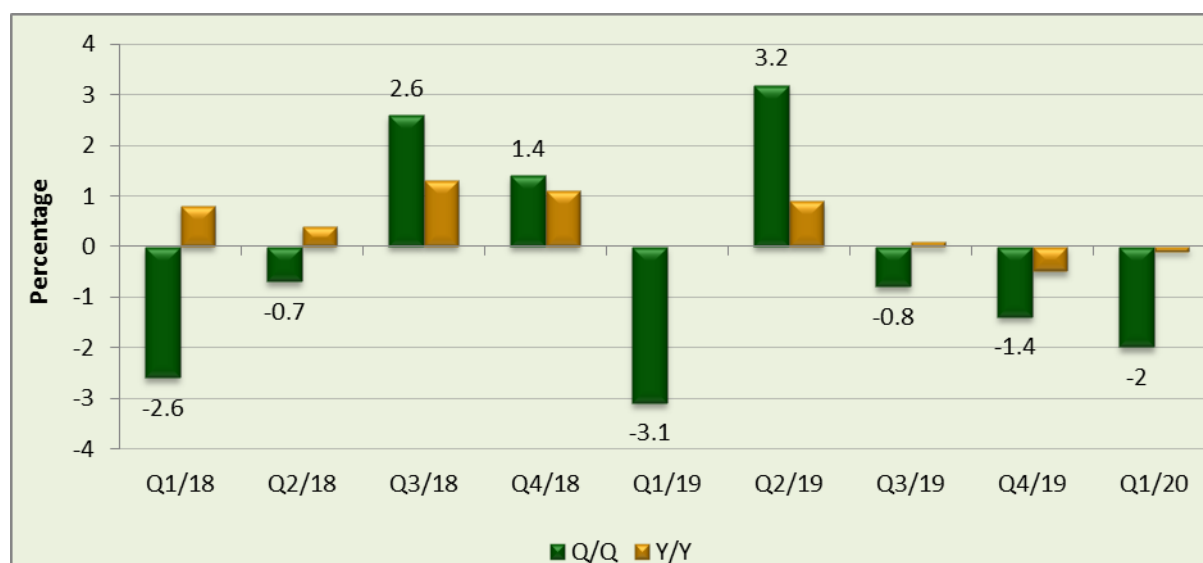


Figure 5: Domestic real GDP growth

Source: Stats SA

Despite the challenges posed by COVID-19, the agriculture, finance and government services industry contributed positively to the GDP growth (see fig 6). The agriculture sector grew by 27.8% and contributed 0.5%. This was followed by the finance sector which grew by 3.7% and contributed 0.8% and government services grew by 1.0% and contributed 0.1% to the GDP growth. In an effort to stimulate the economy, the South Africa Reserve Bank has cut the interest rates to ease the financial pressures across many sectors of the economy.,see figure 6.

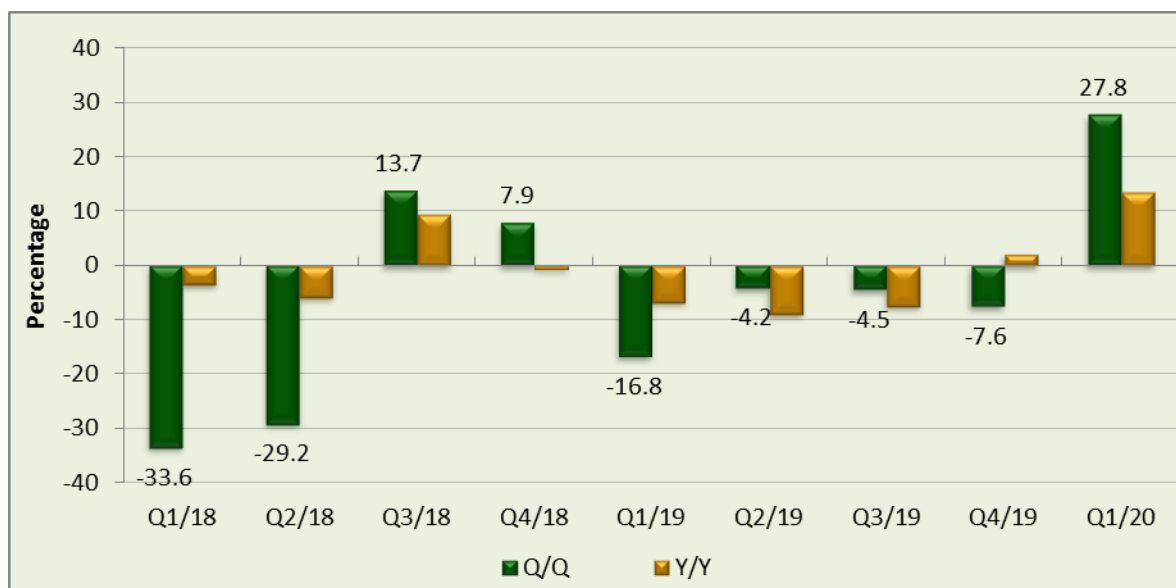


Figure 6: Agriculture, forestry and fisheries sector growth rates
 Source: Stats SA

2.2 Inflation

South Africa’s annual headline CPI and the food inflation from the first quarter of 2020 as illustrated in figure 7. The annual average headline CPI for the first quarter 2020 was 4.2% which shows a decrease of 0.04% when compared to the same period last year. Food inflation for the first quarter of 2020 was 3.31% which shows an increase of 0.99% from 2.32% of the first quarter of 2019.

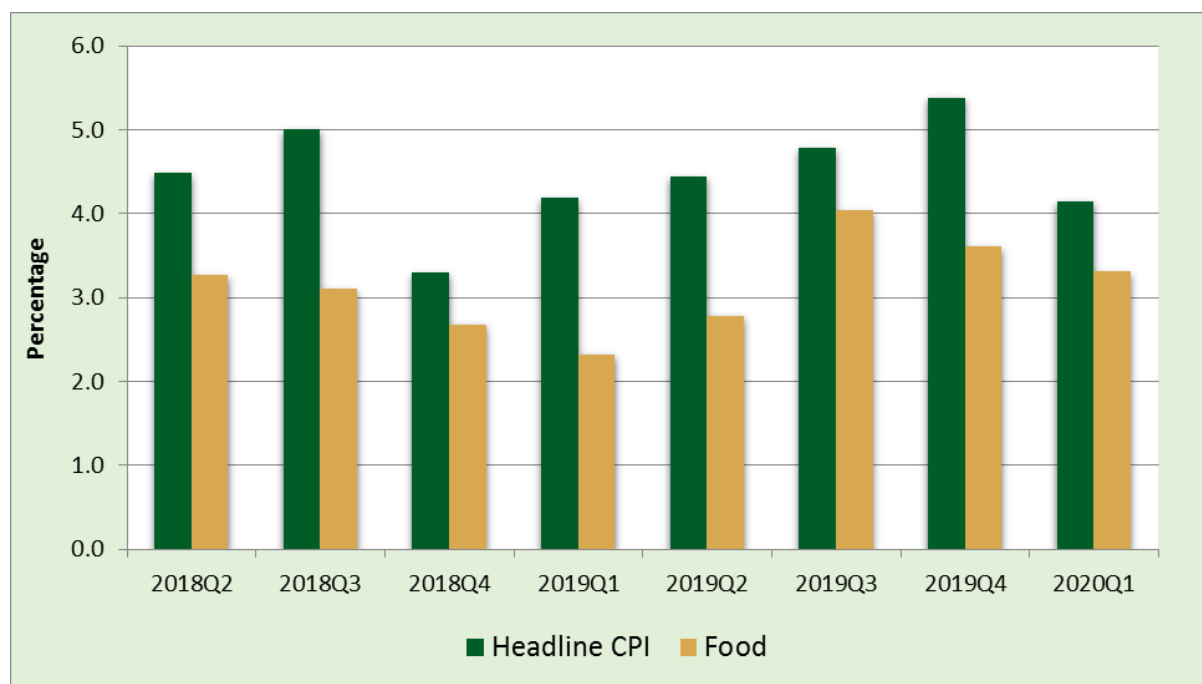


Figure 7: SA headline CPI and CPI for food
Source: Stats SA

Figure 8 illustrates consumer trends of selected food items for the first quarter of 2020. Food inflation for Quarter four of 2020, shows that bread & cereals, meat, milk, egg & cheese, oils & fats and vegetables were generally less expensive with a CPI of 2.88%, 3.71%, 2.91%, 3.75% and 1.80% respectively when compared to other food items. On a quarterly basis, the CPI for fish was the most expensive with a CPI of 6.88% which is down from 7.76% in the previous quarter, which is a decreased of 0.88%. CPI for fruit was the second largest food item with a CPI of 6.49% when

compared to the same period last year the CPI for fruit has gone up by 2.64%.

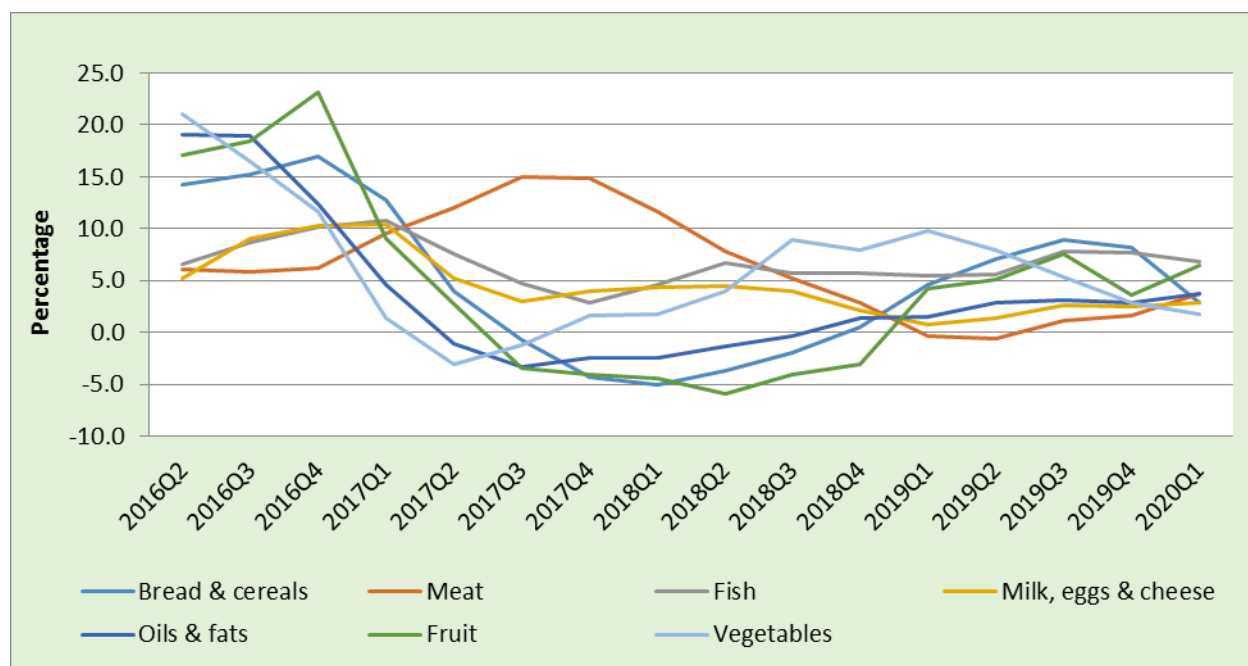


Figure 8: CPI for selected food items

Source: Stats SA

2.3 Employment

South Africa's unemployment rate hit a record high in the first quarter of this year as key sectors including agriculture shed jobs. The economy was already in recession before the pandemic hit. Government imposed a strict lockdown at the end of March further squeezing businesses and consumers. The unemployment rate rose to 30.1% in the first quarter of 2020 from 29.1% in the last quarter of 2019 and above market expectations of 29.7%. It was the highest jobless rate on record since quarterly data became available in 2008, as the number of unemployed people increased by 344 000 to an all-time high of 7.1 million. Employment fell by 91 000 to 16.38 million from 16.42 million in the last quarter of 2019. Total employment dropped in seven out of the 10 industries, with the largest declines recorded in the finance industry (50 000), followed by community and social services (33 000), agriculture (21 000), transport (17 000), manufacturing (15 000), construction (7 000) and utilities (4 000). The expanded definition of unemployment, including people who have stopped looking for jobs was at 39.7% up from 38.7% in the last quarter of 2019.

While the latest unemployment data shows the country worse off than at the end of 2019, things are expected to get much worse. The lockdown, which shut down large parts of the economy for five weeks and continues to keep smaller sectors locked down is expected to have an extremely negative impact on jobs in the country. The president said that the economy is now in the throes of the anticipated fallout from this global crisis and that the predictions of businesses shutting down and jobs being lost are materializing.

The outlook for the labor market remains gloomy, with some of the country's big firms such as steel producer Arcelor Mittal South Africa Ltd, food producer Tiger Brands, Cell C, Sasol, Edcon, SAA, Comair and Bidvest Group subsidiary, Bid Air all reportedly announcing retrenchments. In other cases, businesses are closing permanently with small businesses whose turnover has been wiped out will be the hardest hit. Analysts and institutions such as the Reserve Bank have all warned of a jobs bloodbath in the country, with predictions putting South Africa's post-coronavirus unemployment rate as high as 50%. National Treasury forecast that the impact of the virus and resulting lockdown period could lead to job losses of between 690,000 and 1.8 million. Nedbank meanwhile, forecasts that 1.6 million jobs will be lost in the country in 2020, with the bulk of the jobs lost in the first half of the year.

Figure 9 shows shows that between the first quarter of 2019 and the first quarter of 2020, the number of employed persons increased only in five of the ten industries, with the largest increases recorded in Community and social services (185 000), Agriculture (27 000) and Mining (18 000). However, employment losses were recorded in Manufacturing (74 000), Utilities (34 000), trade (30 000) and construction (25 000).

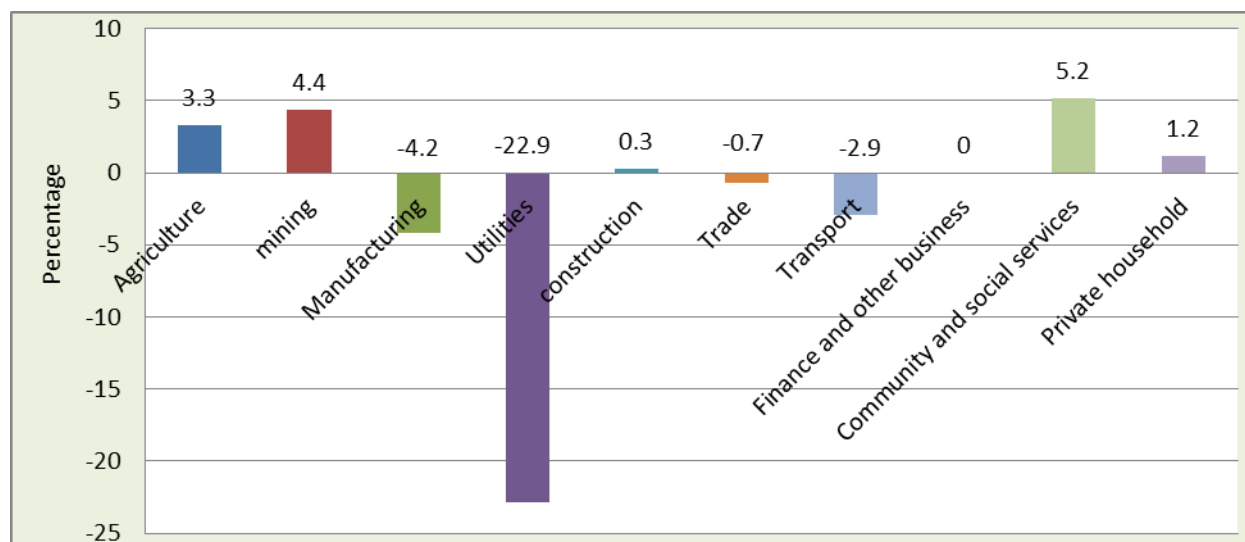


Figure 9: Total number of people employed by industries between 2019: Q1 and 2020: Q1

Source: DAFF

Figure 10 illustrate that the number of people employed in agricultural sector increased by 3.3% in the first quarter of 2020, from 837 000 persons in the same quarter of 2019 to 865 000 persons in the first quarter of 2020. In the 27 000 jobs gained 9 000 jobs were gained by women, while man gained 18 000 jobs between the two quarters. During the same period in total, the agricultural sector comprised of 287 000 women and 577 000 compared to 278 000 women and 559 000 men.

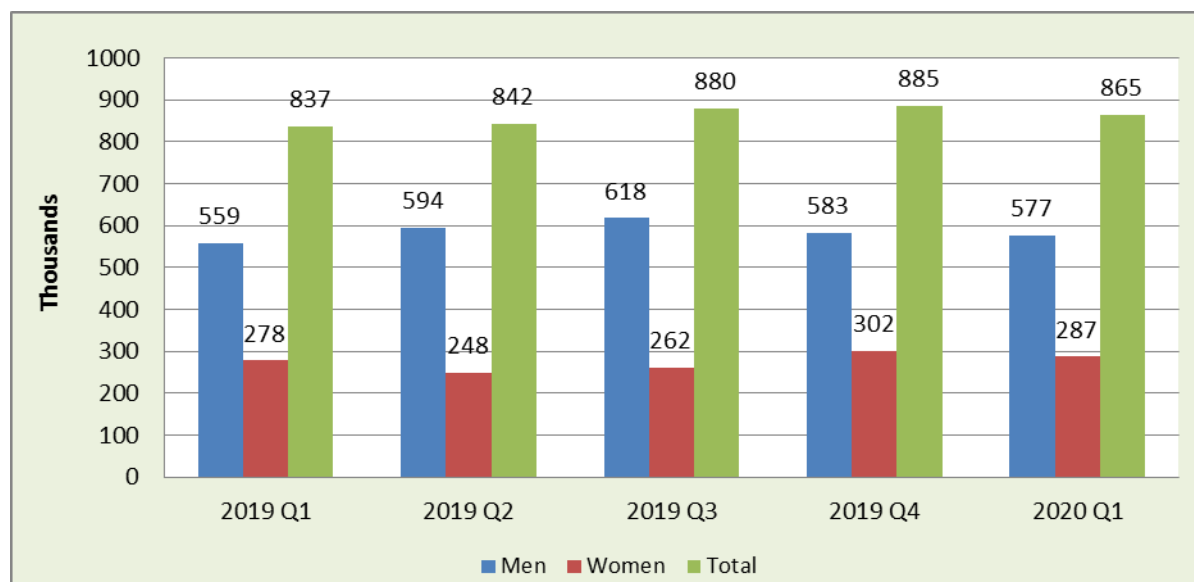


Figure 10: Total number of people employed in the agriculture sector between 2019: Q1 and 2020: Q1 ,Source: DAFF.

Figure 11 shows that between the first quarter of 2019 and same quarter of 2020, provincial agriculture employment increased in Western Cape, Free State, KwaZulu-Natal, Mpumalanga and Limpopo. While provincial agriculture employment decreased in Eastern Cape, Northern Cape, North West and Gauteng, while in Northern Cape the provincial agriculture employment remain unchanged. The (QLFS) first quarter 2020 publication also indicate that 2.4 million people were involved in subsistence farming compared to 2.1 million people in the same quarter of 2019, an increase of 14.7 %. KwaZulu-Natal and Eastern Cape remained with the highest number of people involved in subsistence farming.

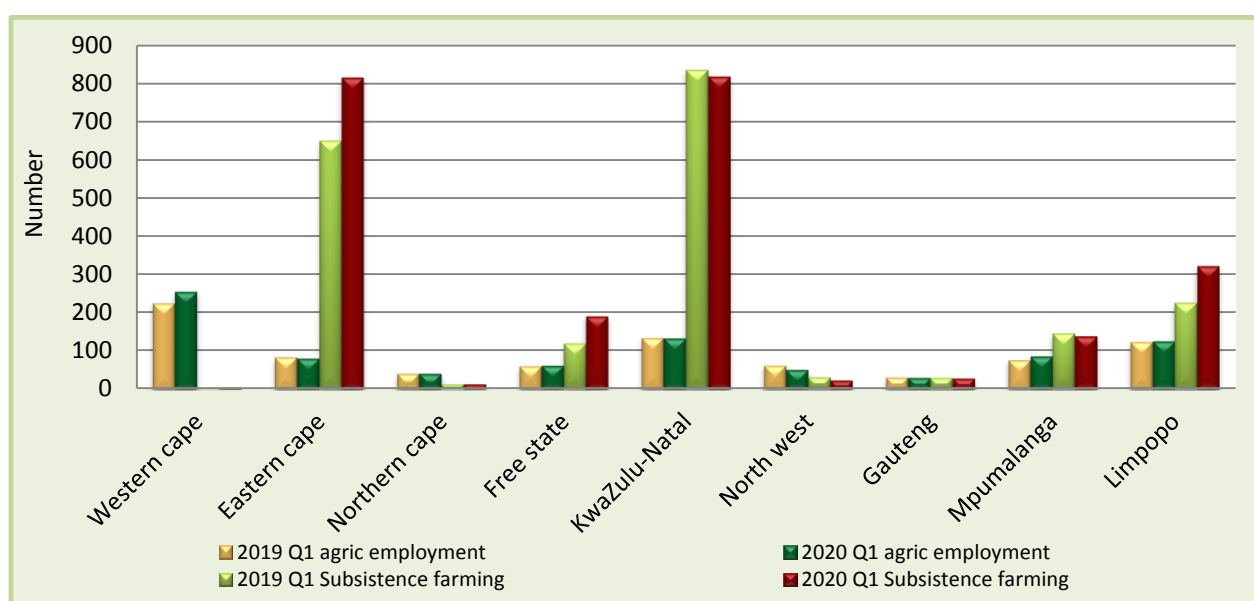


Figure 11: Provincial number of people involved in subsistence farming between 2019: Q1 and 2020: Q1

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 R37.2 billion in the first quarter of 2020 compared to R42.9 billion in the previous quarter, a decrease of 13.3%. Compared to a year ago the total expenditure on intermediate goods and services increased by 5.6% from R35.2 billion in the first quarter of 2019 to R37.2 billion in the first quarter of 2020.

The total expenditure on intermediate goods and services decreased by 13.3% from a year (2019 Q1) ago to Q1 2020. The increase was due to increases in Farm Services (6.0%), Fuel (4.4%), Fertiliser (3.0%), Seed and plants (10.0%), and Farm Feeds (3.7%).

Figure 12 shows comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds and Plants as well as Farm Feeds in the first quarter of 2020 compared to the previous quarter. The decrease was due to decreases in Farm Services (-15.2%), Fuel (-17.0%), Fertiliser (-18.3%), Seed and Plants (-26.7%), and Farm Feeds (-0.3%).

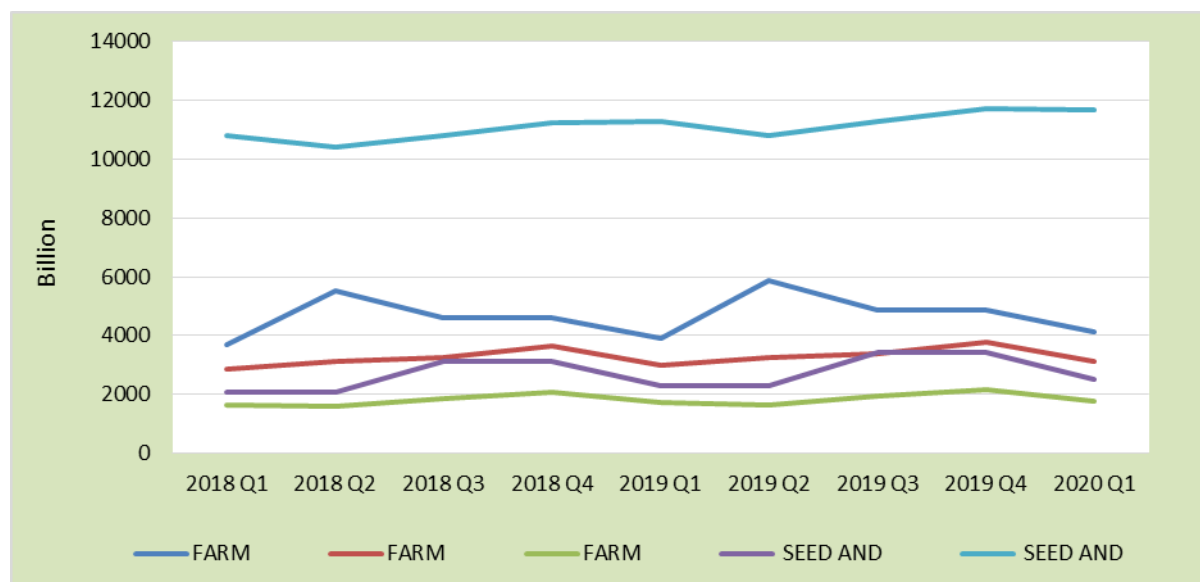


Figure 12: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2018: Q1 and 2020: Q1
Source: DAFF

2.5 fertilizer market review

2.5.1 International and local fertiliserprices

Figure 13 The average prices for all fertilizers shows a fluctuating trend, following the trend of the Brent crude oil prices. The average price of Brent crude oil decreased between first quarter of 2019 and the same period in 2020 by notable 16%. The brent crude oil prices went down because of the impact of lockdown in many economies as the result of the covid 19 pandemic, South Africa also entered into a

strict measure lockdown period towards the end of March 2020. All fertilizers in this quarter 1 of 2020 decreased following the Brent crude oil prices when compared to the same period last year 2019, with Urea 46, and DAP showing the biggest decline of 48% and 53%,. Figure below shows the international and local fertilizer prices with Brent crude oil average prices.

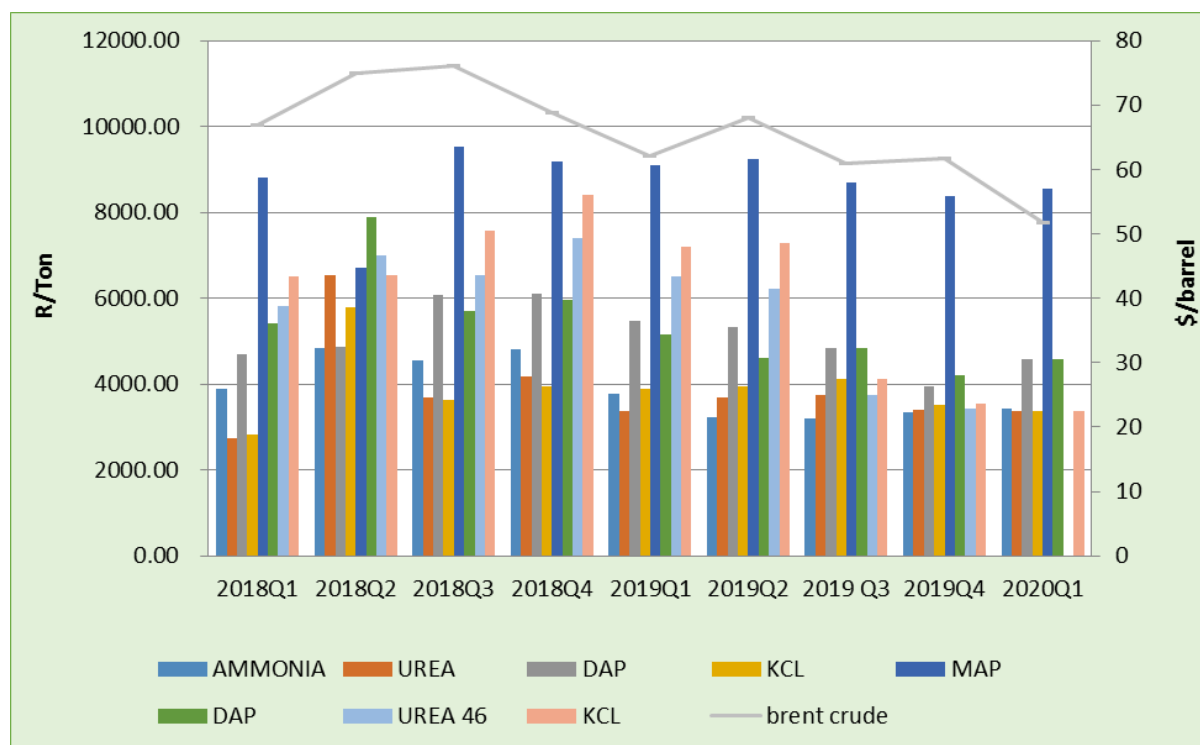


Figure 13: Comparison of International and local fertiliser prices in Rand terms

Source: GrainSA

2.5.2. South African fertiliser expenditure

The expenditure on fertilizer in first quarter of 2020 was R 1 749.624 compared to R 1 698.664 in the same quarter in 2019, this represent 3% increase on expenditure of fertilizers. The fluctuation might be due to the changes in the area planted due to drought and financial challenges famers experienced in recent years., see Figure 14.

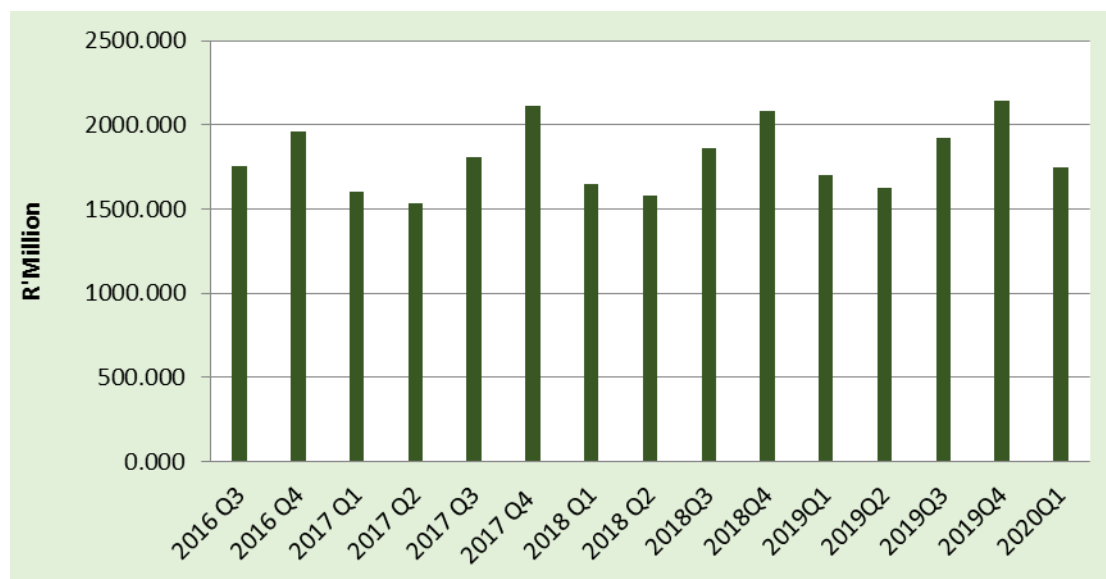


Figure: 14 South Africa fertiliser expenditure

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 increased slightly from R53.4 billion in the first quarter of 2019 to R66.2 billion in the same quarter of 2020, this represent a significant increase of 24.0%. During the same period, net farm income is estimated at R23.3 billion compared to R9.3 billion in the same quarter of 2019, a huge increase of 150.9%. The huge increase in net farm income was due to a significant increase in income from field crops and horticulture that increased by 81.5% and 41.7% respectively, while animal product contributed an increase of 9.7%.

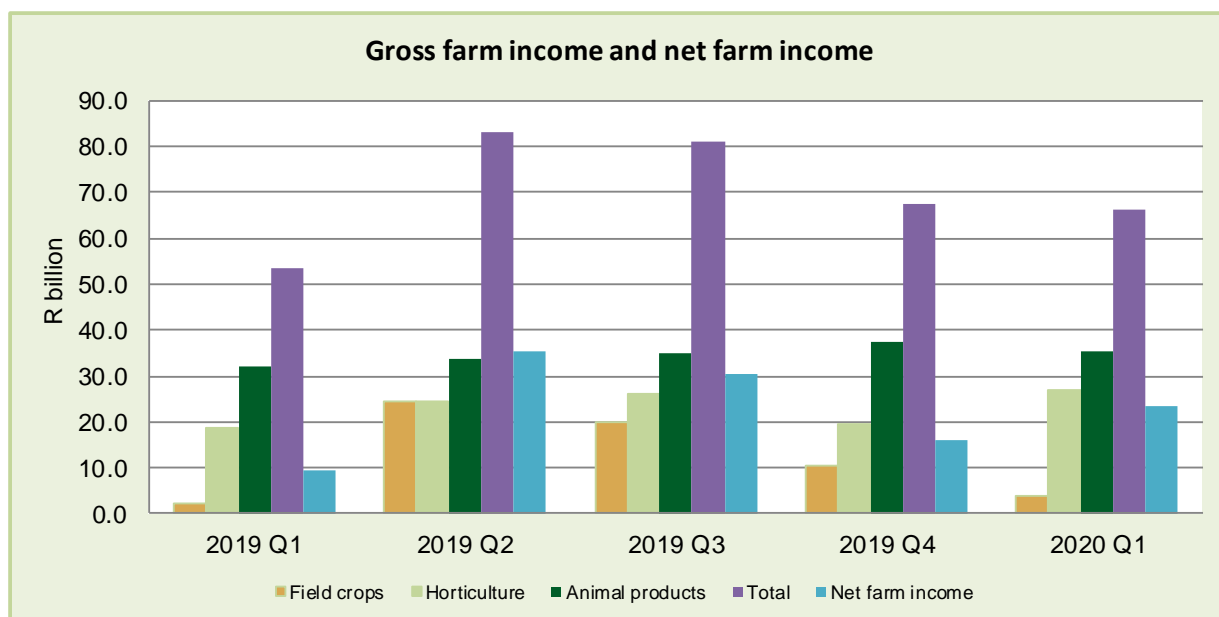


Figure 15: Trends in nominal gross farm income and Net farm income between Q1:2019 and Q1:2020

Source: DAFF

2.9 Reviews of South Africa’s water dam levels

South Africa’s national dam levels dropped marginally in Q1 2020 compared to Q1: 2019, to an average of 64% from an average of 64.2%. This is despite rains received in various parts of the country. On a quarter-on-quarter basis, South Africa’s national dam levels dropped by 7% in Q1:2020 compared to Q4: 2019, to an average of 64% from an average of 60%. Water users are reminded that South Africa is a water scarce country and therefore water saving measures need to be heightened. Furthermore, although dam levels across the country improved due to sporadic rainfall during the summer season, insufficient down pours have not broken down the strain of the drought in the Eastern Cape Province.

Moreover, with the advent of the COVID-19 pandemic, washing of hands as a key to adhering to good hygiene standards to control the spread of the disease will likely put pressure on the availability of water throughout the winter season, unless South Africans increase their efforts to conserve water.,see figure 16.

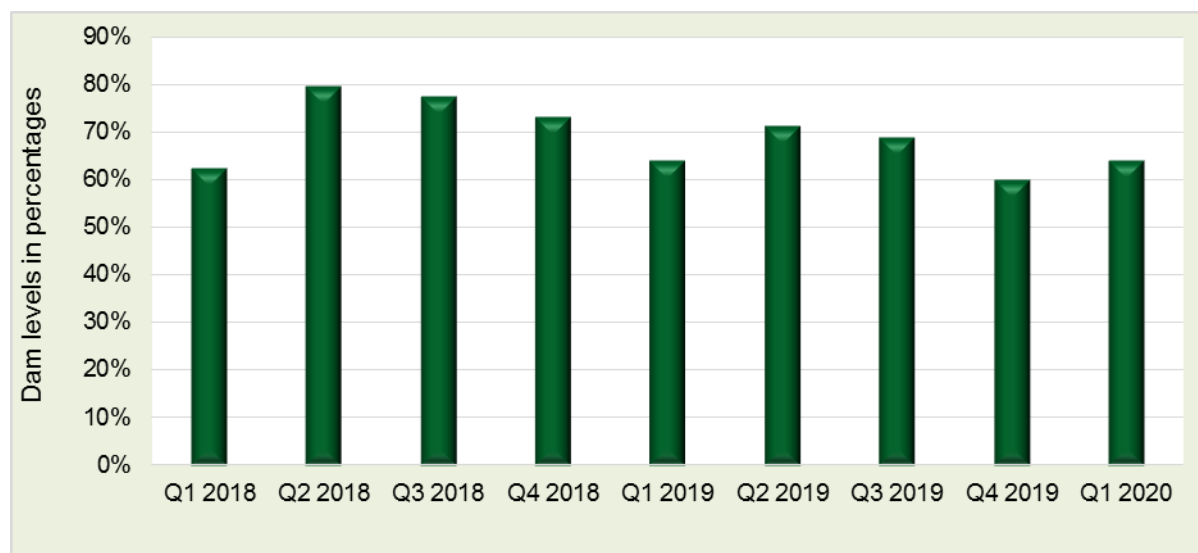


Figure 16: Total dam levels in Q1: 2020
 Source: Department of Water & Sanitation (DWS)

1. Provincial average dam levels

Rainfall in large parts of the country increased the average dam levels in Q1: 2020 compared to Q1:2019, except for average dam levels in the Eastern Cape province which has been facing acute water challenges and average dam levels in the Limpopo province which took a nosedive in Q1: 2020 compared to Q1: 2019.

Dam levels in the Eastern Cape decreased by 14.5% in Q1: 2020 compared Q1:2019. The Eastern Cape Province is battling as dam levels dropped from an average of 60% in Q1: 2019, to an average of 51% in Q1:2020. Dam levels in the Free State dropped by 1.3% in Q1: 2020 compared to Q1: 2019, to an average of 71% from an average of 72%. Dam levels in Gauteng Province increased by 4.4% in Q1: 2020 compared to Q1: 2019, to an average of 99.8% from an average of 96%. Meanwhile, dam levels in Kwazulu-Natal, Limpopo and Mpumalanga province increased by 1.3%, 1.8% and 5.1% respectively in Q1: 2020 compared to Q1: 2019, while South Africans were called to save water ahead of the dry winter season.

Dam levels in the Western Cape Province increased by 9.5% in Q1: 2020 compared to Q1: 2019, to an average of 49% from an average of 45%. To ease the pressure placed on the water supply, the Western Cape Province continues to implement level 1 to 6 water restrictions for the foreseeable future. Dam levels in the North West

Province increased by 13.3% in Q1: 2020 compared to Q1: 2019, to an average of 67% from an average of 59%. Dam levels in the Northern Cape Province increased by 24.7% in Q1: 2020 compared to Q1: 2019, to an average of 83% from an average of 66%. South Africans have been called to save water as the country approaches the dry winter season which is expected to negatively affect the country's water resources.

Provincial dams from Q1:2019 to Q1: 2020. Comparing Q1:2020 with Q4:2019, most provincial dam levels increased significantly in Q1: 2020 compared to Q4: 2019 except for dam levels in the Western Cape Province, which decreased by 23% in Q1: 2020 compared to Q4: 2019. The Western Cape is nearing the end of its dry summer hydrological season and will soon enter its wet season. Meanwhile, average dam levels for the Eastern Cape Province, Free State, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape and North West Province increased by 4%, 3%, 8%, 9%, 25%, 22% 12% and 22% respectively in Q1: 2020 compared to Q4: 2019. The consistent rainfalls in large parts of the country increased South Africa's dam levels in Q1: 2020 compared to Q4: 2019.

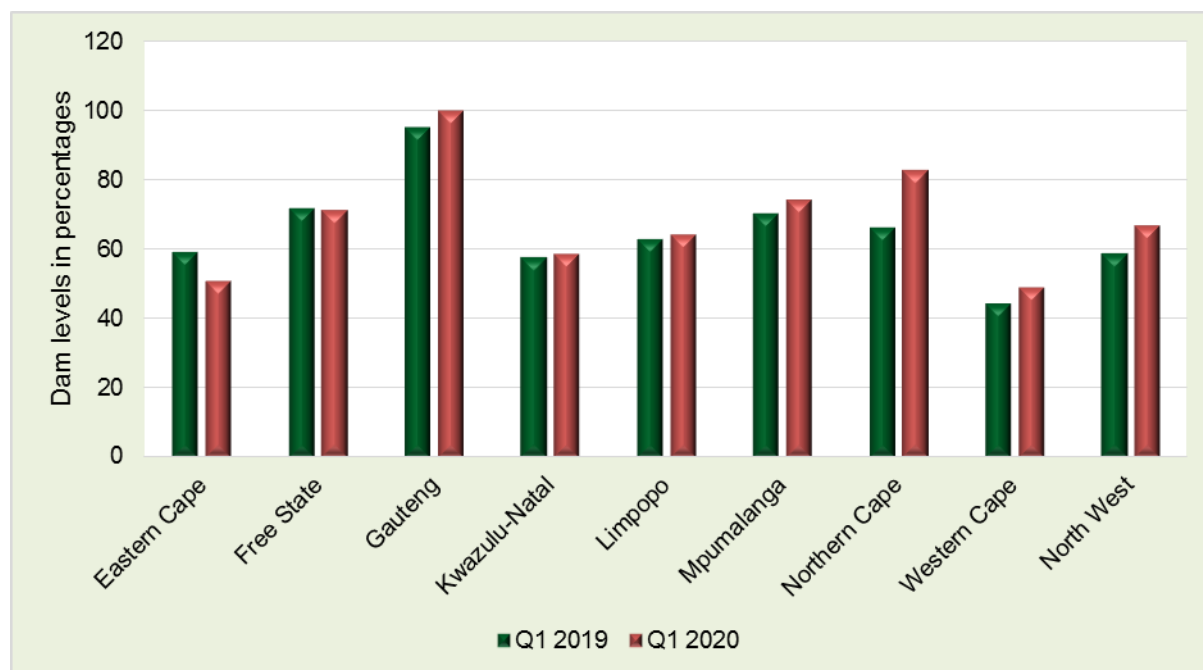


Figure 17: Average dam levels in Q1: 2019 and 2020: Q1
 Source: Department of Water and Sanitation (DWS)

3. Review of Agricultural Markets

3.1 Grain market review

3.1.1 White and yellow maize

Figure 18 illustrates the price trends of white and yellow maize, as well as the international parity prices for maize. Local white maize price traded at R2810/ton in 2020:Q1 while the international import parity price of white maize traded at R3876/ton in the same period. Similarly, the local domestic price of yellow maize was R2700/ton in 2020: Q1 while the international export parity price was R2089/ton. Both the import parity price and export parity prices increased by 3.5% and 7.4% respectively end of 2020:Q1. Domestic price of white maize increased marginally by 0.6% while yellow maize decreased by 0.1% in 2020: Q1 when compared to 2019: Q4. However, the monthly data shows that white maize price spiked in March to by 11% to R3128 due to depreciation of the country’s currency coupled with strong export demand, largely from Zimbabwe.

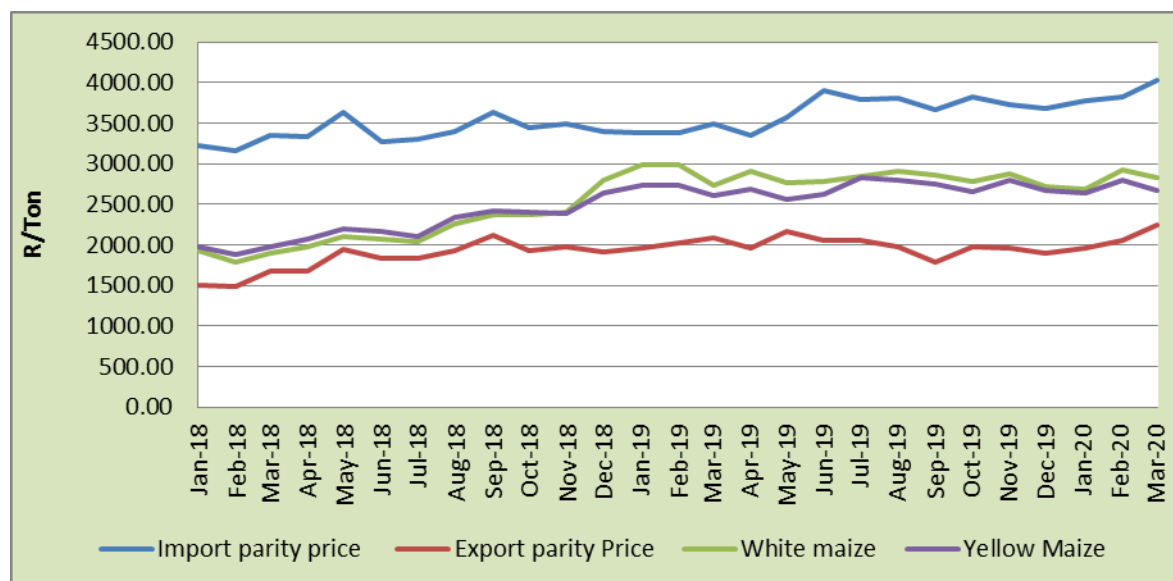


Figure 18: Price trends of white and yellow maize
Source: Sagis

Figure 19 shows selected retail prices of maize by-products against the maize seed prices from 2018: Q1 to 2020 Q1. On quarterly basis, maize seed price increased by 7.2% in 2020: Q1. The price of super maize 2.5kg, (super maize) mealie meal/maize flour 5kg, (special maize) mealie meal/maize flour 1kg and (special maize) mealie meal/maize flour 2,5kg have increased by 2.5%, 2.8%, 1.9% and 2.1% respectively in 2020: Q1. Disruptions in the market due to covid-19 are expected to impact of the livelihoods traders, affect local food supplies and result in increased prices which will be detrimental to vulnerable households

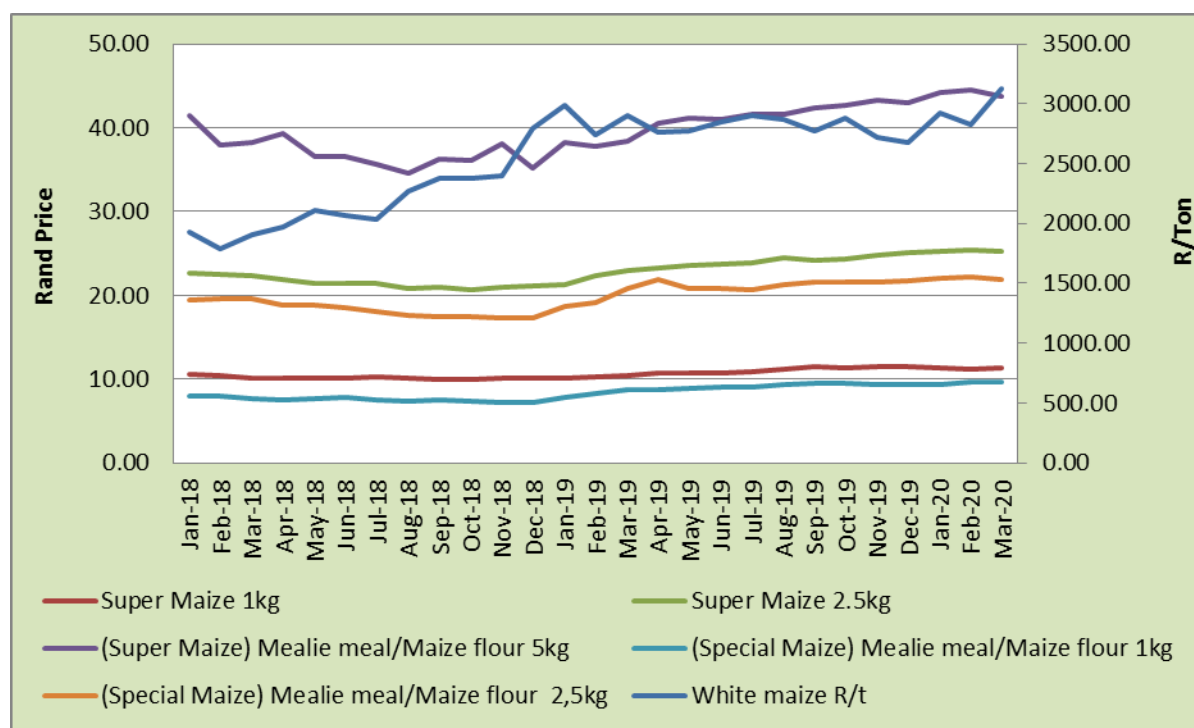


Figure 19: Retail prices vs white maize seed prices

Source: Safex/Stats SA

Figure 20 shows depicts the supply and demand of white maize from 2019: Q1 to 2020: Q1. On quarterly basis, producer deliveries and exports of white maize decreased by 31.1% and 12.1% in 2020: Q1 whilst local demand of white maize increased by 9.8% during the same period in 2020: Q1. According to FAO, South Africa's favourable supply outlook for maize has partly contained the upward pressure from the effects of COVID-19, prices of imported food staples are likely to increase owing to the currency's loss of value.

Total Maize	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening Stock	1860000	2692393	1622220	3327155	2861883	1859644	3689476	2663086	1 196 643
Production	12120656	11810600	14250000	9955000	7778500	16820000	12510000	11186050	14 560 160
Imports	194000	0	0	1322590	2644793	298220	171622	525000	80000
Total Supply	14174656	14502993	15872220	14604745	13285176	18977864	16371098	14374136	15836803
Local Consumption	9875656	10308478	10353904	10865912	10438235	11119661	11423954	11476643	12017000
Exports	1607000	2572295,2	2191161	876950	987297	2351261	2284058	1620000	2430000
Total Demand	11482656	12880773	12545065	11742862	11425532	13470922	13 204 037	12 827 500	14 447 000
Closing Stock	2692000	1622219,8	3327155	2861883	1859644	5506942	2663086	1196643	1389803

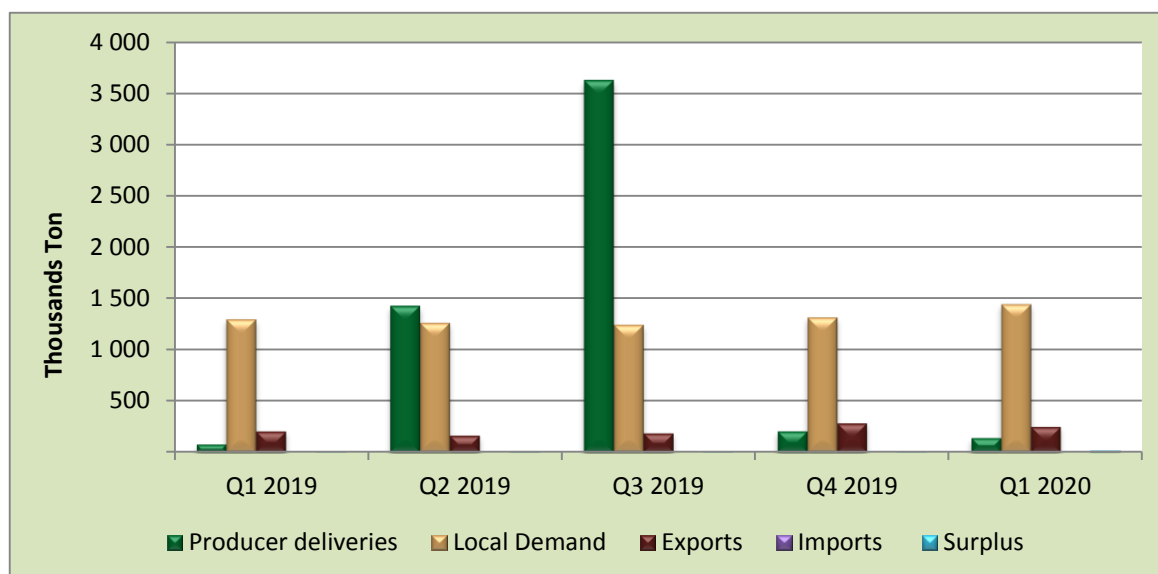


Figure 20: Supply and demand of white maize

Source: Sagis

3.1.2 Wheat

Figure 21 illustrates the price trends of domestic wheat price and international parity prices from the 2016: Q1 to 2020: Q1. The domestic wheat price in 2020: Q1 was estimated at R4791/ton closer to the import parity price which traded at R4976/ton during the same period. The export price traded at R2810/ton in 2019: Q4, 17.7% higher when compared to R2387/ton reported in 2019:Q4. Quarter-on-quarter data indicated that domestic wheat price increased by 9.2% in 2020: Q1 from R4386/ton in 2019: Q4 to R4791/ton in 2020: Q1.

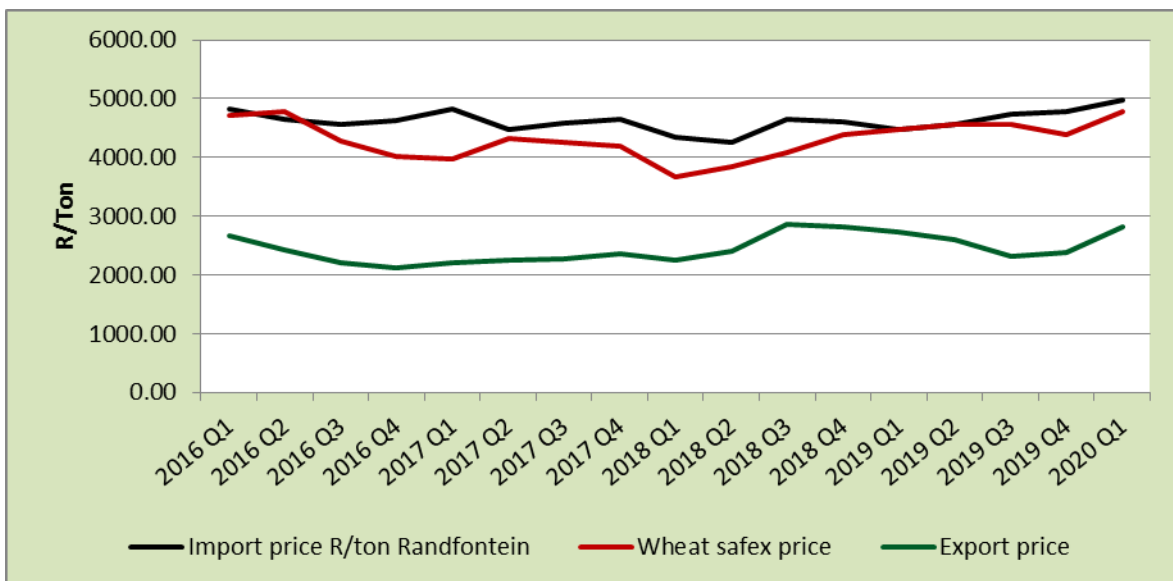


Figure 21: Wheat SAFEX price, export price and import price
 Source: Sagis/Safex

Figure 22 presents retail bread prices versus wheat safex price from 2016: Q1 to 2020: Q1. The domestic wheat safex price increased by 9.2% in 2020: Q1 compared to 2019:Q4. Wheat by-products priced increased marginally with exceptions of white bread 700gr and brown bread 700gr. On quarterly basis, the price of cake flour 2.5kg and flour bread 2.5kg increased marginally by 1.17% and 0.05% respectively while bread white 700gr and brown bread 700gr have decreased by 0.10% and 0.11% respectively in 2020: Q1. A decrease in the price of bread will bring some short term relief to many consumers.

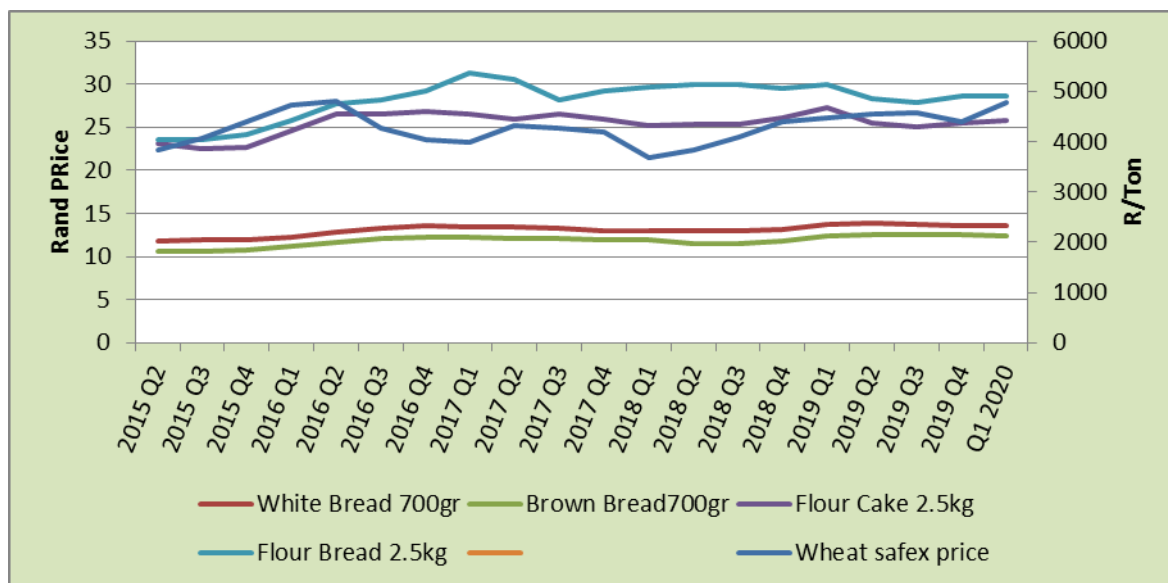


Figure 22: Retail bread price vs wheat import price
 Source: Stats SA & Safex

Figure 23 shows the supply and demand of wheat from 2015: Q2 to 2020: Q1. South Africa’s local demand for wheat for 2020: Q1 were 5% lower when compared to the previous quarter. Similarly, imports of wheat to the country were also down by 30% in 2020: Q1. However, year-on-year data for wheat revealed that local demand of wheat increased by 10% in 2020: Q1.

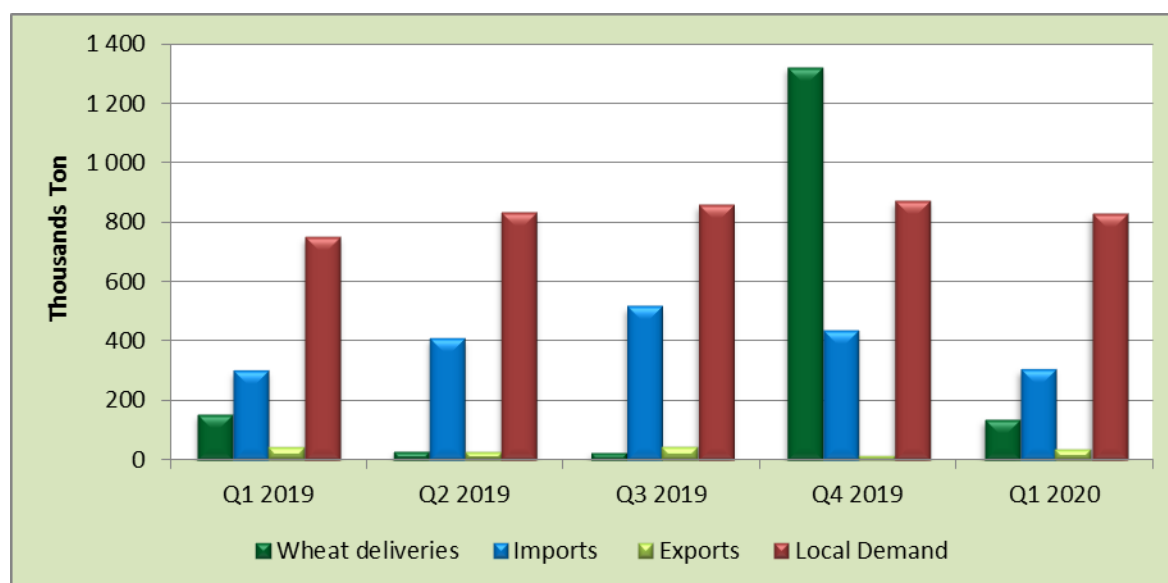


Figure 23: Wheat deliveries, Imports, Exports and local demand
 Source: Stats SA & Safex

3.1.3 Soya beans

The price of soybeans increased by 2% in the first quarter of 2020 compared to the last quarter of 2019 (quarter-on-quarter basis), whilst compared to the first quarter of 2019 (year-on-year-basis) the price increased by 29%. The price of soybeans rose in the first quarter as the department of agriculture reduced its estimates of the hectares under soybean production by 3.5% compared to 2019. Additionally, the 2020 production season started with a low beginning stock as shown on table 1.

Other fundamentals that contributed to the rise in prices during the quarter includes; the weak rand, solid local soybeans demand. International events also contributed to the rise in local prices e.g the lockdowns at ports due to the corona virus

restrictions in Argentina and Brazil; two of SA's majors suppliers also delayed soybeans exports. The price of local soybeans traded at 11.8% below the import price whilst it traded at 30.3% above the export price during the quarter.,see Figure 24.

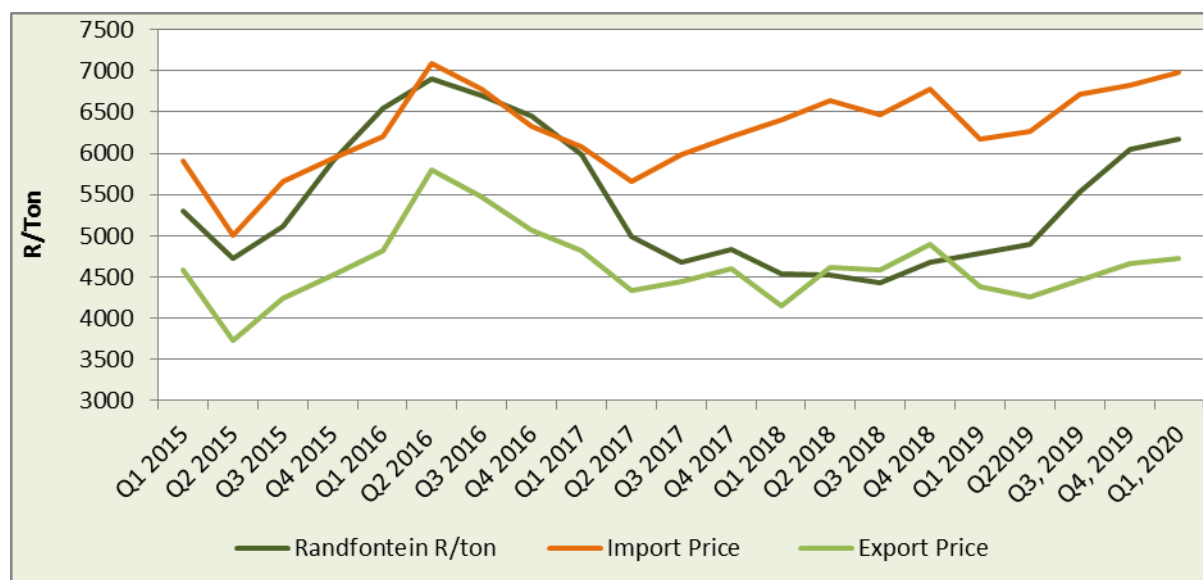


Figure 24: Soya beans local price vs import price
Source: Safex/Sagis/USDA/World Bank

Table 1 below show that soybeans production is expected to be 10% lower in 2020 than it was in 2019, the second lowest since 2017. Imports are expected to increase significantly from 2500 tons to 250 000 tons as total demand is estimated to rise by 6%.

Table 1: South African Soybeans Production & Use Table

	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Stock	68639	61806	63704	89128	84792	330535	502 241	138 455
Production	784500	948000	1 070 000	742 000	1 316 000	1 540 000	1 170 345	1 290 750
Imports	4489	103704	124981	271098	28000	6000	9500	250 000
Total Supply	857628	1113510	1 258 685	1102226	1 428 792	1 876 535	1 682 086	1679205
Local Consumption	780432	1049230	1164880	1010689	1063783	1 349 294	1420700	1505050
Exports	15390	576	4677	6745	414	25000	4 000	4 500
Total Demand	795 822	1 049 806	1 169 557	1 017 434	1 098 257	1 374 294	1424700	1 509 550
Closing Stocks	61806	63704	89128	84792	330 535	502 241	257 386	169 655

Source: DAFF/ NAMC/Sagis

3.1.4 Sunflower

During the first quarter of 2020, South Africa sunflower seed prices traded below the import parity price at R5 557.99/ton compared to R7 230.81/ton in the first quarter of 2020, which is a total decrease of 0.5% compared to the previous quarter of 2019 (Q1). The price of sunflower seed has increased by 5.5% during the first quarter of 2020 as compared to the same period last year, which is 5.2% higher than it was in the previous quarter of 2019. The local sunflower seed price in the first quarter of 2020 traded at 23.1% lower than the import price, compared to trading at 13.7% below the import price in the fourth quarter of 2019. The prices of sunflower oil 2L in the first quarter of 2020 traded higher by 0.5%, whilst sunflower oil 750ml quarter traded lower by 1.8% when as compared to the same period in 2019. The price of sunflower oil 2L and 750ml in the first quarter of 2020 increased by 7.7% and 2.6% respectively when compared to the previous quarter in the same year., see figure 25.

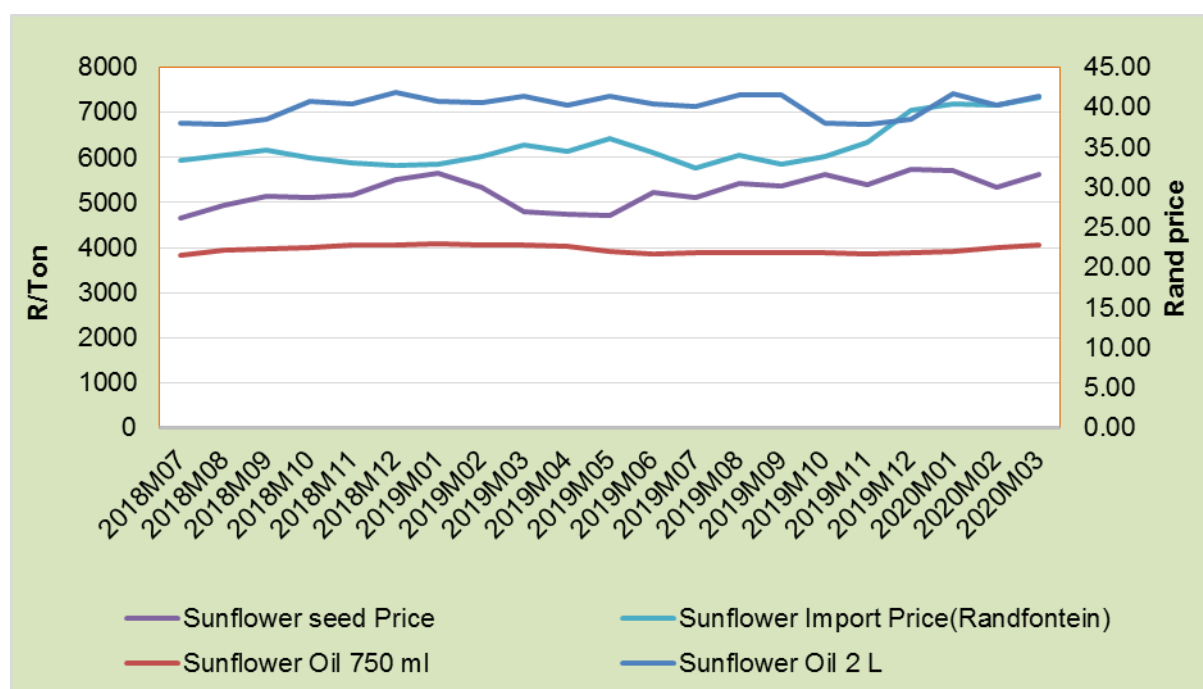


Figure 25: Sunflower local seed; import price (Randfontein) and Sunflower retail price
 Source: Safex; USDA; Sagis; and Own calculations

Figure 26 shows the supply and demand of sunflower seed up to the first quarter of 2020. Producer deliveries in the first quarter of 2020 increased by 204.3% as compared to the previous quarter of 2019 (Q4). South African sunflower seed

imports decreased by 100% in the first quarter of 2020 as compared to the previous quarter of 2019 (Q4). Sunflower seed exports increased by 6.3% in the first quarter of 2020 when compared to the previous quarter of 2019 (Q4). Local sunflower seed consumption in the first quarter of 2020 was 11.5% lower than it was in the previous quarter of 2019 (Q4). Local consumption in the first quarter of 2020 is expected to be 5.7% lower than it was in the same quarter of 2019 (Q1),

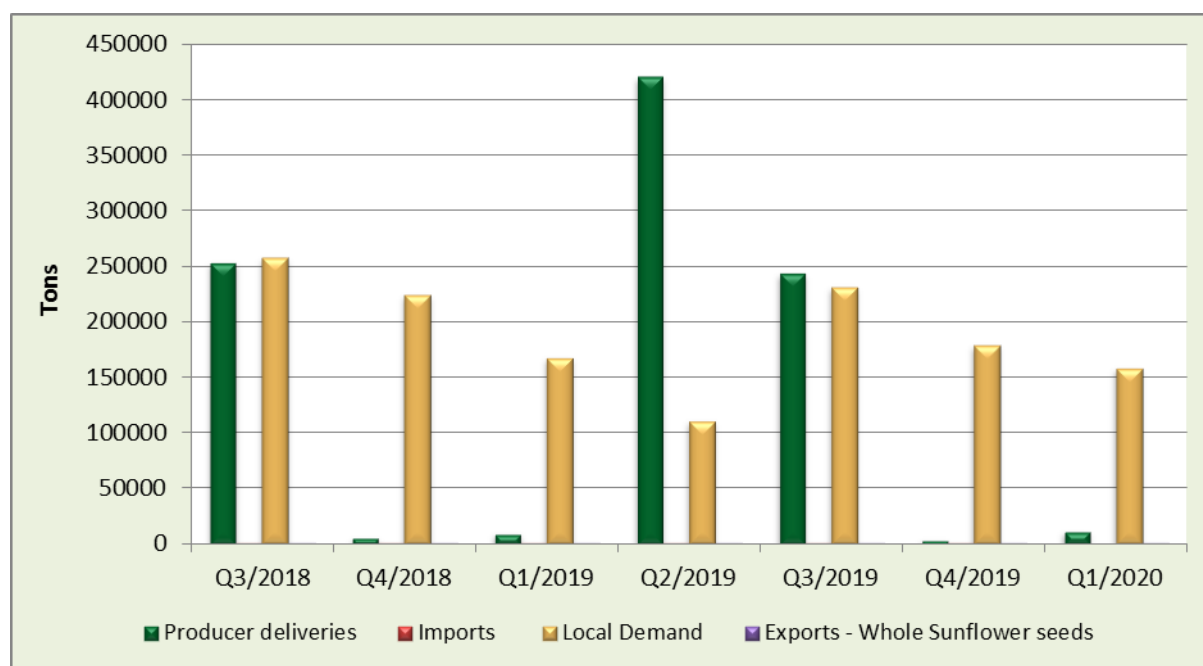


Figure 26: Sunflower seed deliveries, local demand and trade
Source: Sagis

3.1.5 Sorghum

A large percentage of South Africa's summer rainfall crops were planted outside the usual planting dates for the 2020 season as a result of weather uncertainties, uneasiness that caused a rise in prices during the last quarter of 2019. Prices started to decline after the return of rainfalls during the last month of quarter 4 of 2019.

During the first quarter of 2020 the price of sorghum declined by 5,4% on a quarter-on-quarter basis, whilst declining by 15.5% on a year-on-year basis. The decline in price is due to the expected rise in local sorghum production in 2020 than in 2019 as shown on table 2. The local price traded at 16.2% below the import price although the price is still trading above the export price.



Figure 27: Sorghum Parity Price
Source: Safex, Sagis

Table 2: Sorghum Demand & Use Table

	2013	2014	2015	2016	2017	2018	2019	2020
Opening stock	56015	50069	121812	83142	35238	59246	51860	60 966
Production	147200	265000	114700	70 500	152 000	115000	130 875	135 090
Imports	50033	8725	34316	74957	55824	32500	41000	30 000
Total Supply	251652	320301	277713	226677	244073	206746	223735	226056
Local demand	182033	172320	165532	178790	176000	166500	176055	170860
Exports	19550	26169	29039	12649	13800	12345	7300	8000
Total Demand	201583	198489	194571	191439	182783	173700	183355	178 860
Ending Stock	50069	121812	83142	35238	59246	51 860	40380	47 196

Source: DAFF/ NAMC/Sagis

3.1.6 Groundnuts

The preliminary forecast for 2019/20 released by the National Crop Estimate Committee suggests that South Africa’s groundnut production could rise to 52 140 tons in 2019/20. However, with the existing challenges faced by this specialised

industry, it is still too early to analyse the weight 52 140 tons will have on the local groundnut industry for the 2019/20 production season. However, it is worth noting that this year’s preliminary forecast is well above 19 400 tons harvested for the 2018/19 production season.

Meanwhile, annual plantings of groundnuts for the 2019/20 production season is forecast at 37 500 hectares, which is 87% higher than 20 050 hectares planted the previous season. Variations in the annual plantings of groundnuts is an indication of the existing challenges faced by the local groundnut industry.

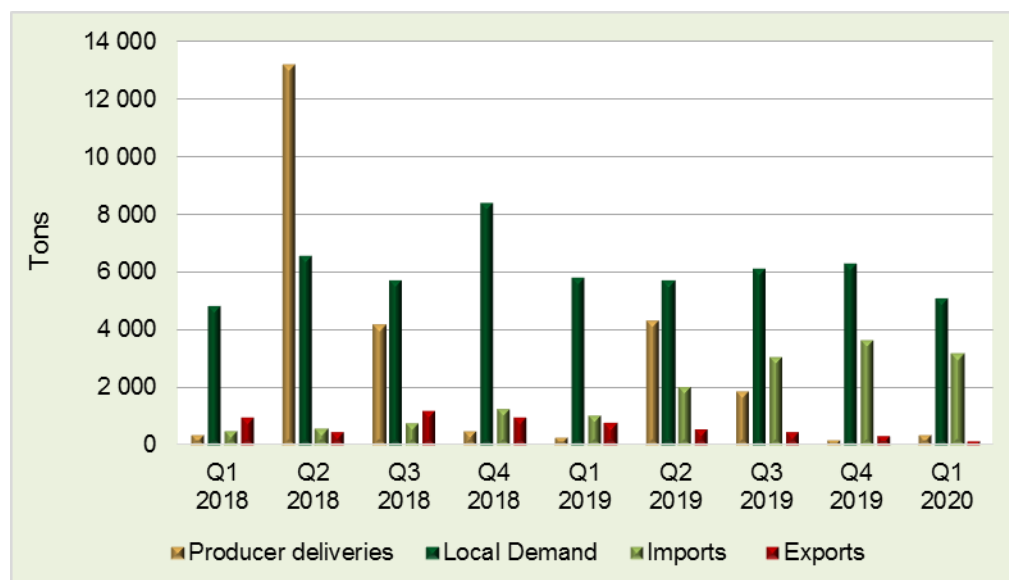


Figure 28: Supply and demand of Groundnuts
Source: Sagis

Producer deliveries of groundnuts increased by 44% in Q1: 2020 compared to Q1:2019. Even though producer deliveries of groundnuts increased significantly in Q1: 2020 compared to Q1:2019, groundnut yields over the past two decades have not increased enough to compensate for the declining trend in hectares. On average, in Q1: 2020, producer deliveries of groundnuts reached 362 tons compared to 252 tons delivered in Q1: 2019. Meanwhile, local demand of groundnuts decreased by 12% in Q1: 2020 compared to Q1: 2019, from an average of 5 818 tons in Q1: 2019 to an average of 5 094 tons in Q1: 2020. Local pricing dynamics as well as the vulnerability brought on by cheaper imports affects local demand (BFAP, 2020).

The Bureau for Food and Agricultural Policy (BFAP) in its groundnut value chain study indicated that South Africa's groundnut industry finds itself in a terrifying situation with the possibility of more extensive and irreversible consequences for the future existence of the industry. Exports of grounds decreased by 83% in Q1: 2020 compared to Q1: 2019, from an average of 777 tons in Q1: 2019 to an average of 129 tons in Q1: 2020. Production levels of groundnuts have been declining over the years (BFAP, 2020) while the South African export market is currently under pressure due to the instability of supply over recent years. Consequently, South Africa has become a net importer (from previously being a net exporter) of groundnuts to meet local demand (BFAP, 2020).

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Imports of groundnuts increased significantly in Q1: 2020 compared to Q1: 2019, from an average of 1 029 in Q1: 2019 to an average of 3 181 tons in Q1: 2020. With local processors facing an import duty of 10% on imported groundnuts yet imports of peanut butter and roasted groundnut land in South Africa virtually duty free, peanut butter imports has been increasing rapidly which has been putting pressure on the local processing industry.

Figure 29 shows South Africa's consumption of peanut butter is roughly 81 496 tons per annum and is mainly consumed in two forms, as edible peanuts and as processed peanut butter. In Q1: 2020, consumption of edible groundnuts decreased by 26%, from an average of 3 042 tons in Q1: 2019 to an average of 2 263 tons in Q1: 2020. Consumption of edible peanuts is mostly dependent on price which are dependent on the supply and demand of groundnuts. During the same period, peanut butter consumption levels increased by 10% to an average of 2 317 tons in Q1: 2020, from an average of 2 100 tons in Q1: 2019. The Bureau for Food and Agricultural Policy in its groundnut value chain study found that it is 10% more expensive to produce peanut butter locally than to import pre-packed peanut butter. Therefore, as peanut butter imports continue to rise, the processing demand for locally produced sundry-quality and split grade groundnuts will eventually decrease which is discouraging for farmers who continue to make a living out of the various branches of the groundnut industry. Meanwhile, consumption of crushed oil & cake in Q1: 2020 decreased significantly compared to Q1: 2019, from an average of 91 tons in Q1: 2019 to no groundnut being crushed for oil production and cake in Q1: 2020. Groundnut crushing and groundnut oil production constitute a very small part of the South African market.

Meanwhile, the average market price for peanut butter (400 gram) increased by 10% in Q1: 2020 compared to Q1: 2019, from R 27.96 (400 gram) in Q1: 2019 to R30,79 (400 gram) in Q1: 2020. The Bureau for Food and Agricultural Policy (BFAP) in its groundnut value chain study indicated that there is still a lot of uncertainty that surrounds the determination of prices, especially with pre-seasonal contracts that informs farmers' decision to plant.

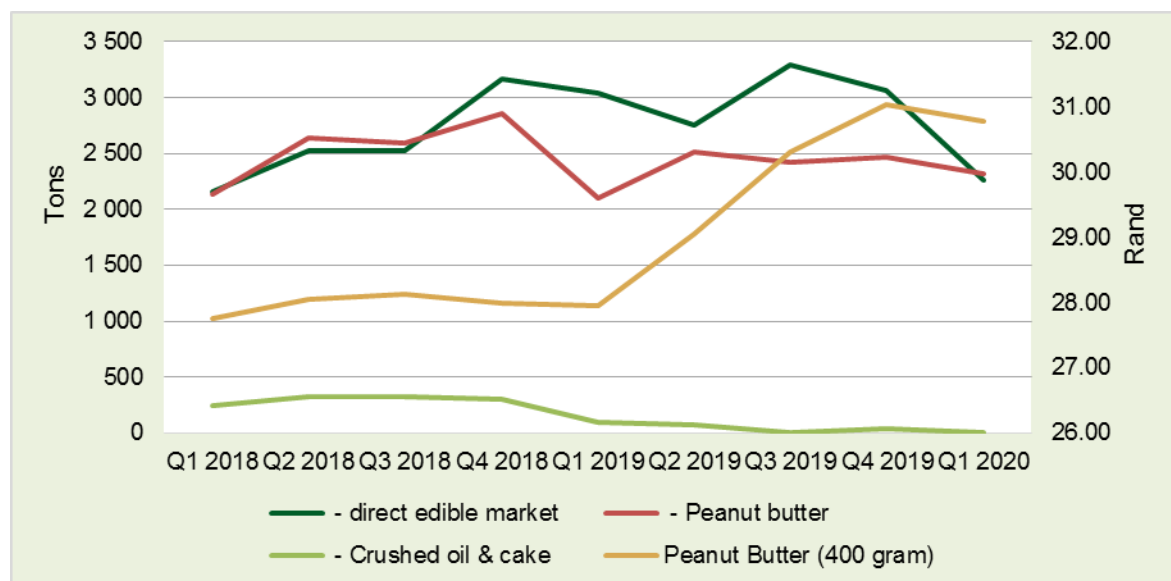


Figure 29: Groundnuts consumption

Source: Sagjis

3.2 Fruit and vegetable market review

The following section looks at the average prices of fruits traded at the Fresh Produce Markets (FPMs) in Q1:2020 compared to Q1:2019.

The yearly trend in fruit prices saw prices of apples and oranges decrease by 6,1% and 28,8% respectively in Q1:2020 compared to Q1: 2019. Apple production in South Africa is estimated nearly 50 000 tons up to record 942 000 tons on new plantings that came into production and on higher yields that resulted from improved winter rainfall and water management. Meanwhile, orange prices came under pressure in Q1:2020 compared to Q1: 2019, due to high volumes as a result of early navels that came on the market. Subsequently, apple and orange quantities increased by 7,8% and 101,6% respectively in Q1:2020 compared to Q1: 2019.

Banana and pear prices increased by 27,8% and 4,0% respectively in Q1:2020 compared to Q1: 2019. Banana prices rose since the beginning of February 2020, due to heavy rainfall that had an impact on production volumes in Africa. Furthermore, unusually high temperatures in the North Eastern part of the country and in Southern Mozambique also took their toll on production. On the pear market, the season kicked off earlier for some varieties while volumes were lower compared

to 2019. Quantities of bananas and pears decreased by 23,3% and 5,2% respectively in Q1:2020 compared to Q1: 2019.

On a quarterly basis, the average prices of apples and bananas increased by 1,3% and 34,0% respectively in Q1:2020 compared to Q4: 2019 as demand remained healthy at fresh produce markets. During the same period, quantities of apples and bananas decreased by 7,0% and 30,1% respectively in Q1:2020 compared to Q4: 2019. Meanwhile, the average prices of oranges and pears decreased by 17,5% and 27,0% respectively in Q1:2020 compared to Q4: 2019 while quantities of oranges and pears increased by 13,6% and 48,0% respectively in Q1:2020 over the same period. The quantities of pears were higher quarter-on-quarter stemming from the higher output from the expanded acreage. On local markets, orange prices are under pressure due to the high volumes. Citrus production in South Africa has been increasing for the past few years with Limpopo being the biggest producing area, accounting for 43% of the total area planted. According to the USDA (2020), orange production is expected to increase by 4% to 1,56 million tons in the 2019/20 marketing year, from 1,50 million otns in the 2018/19 marketing year.

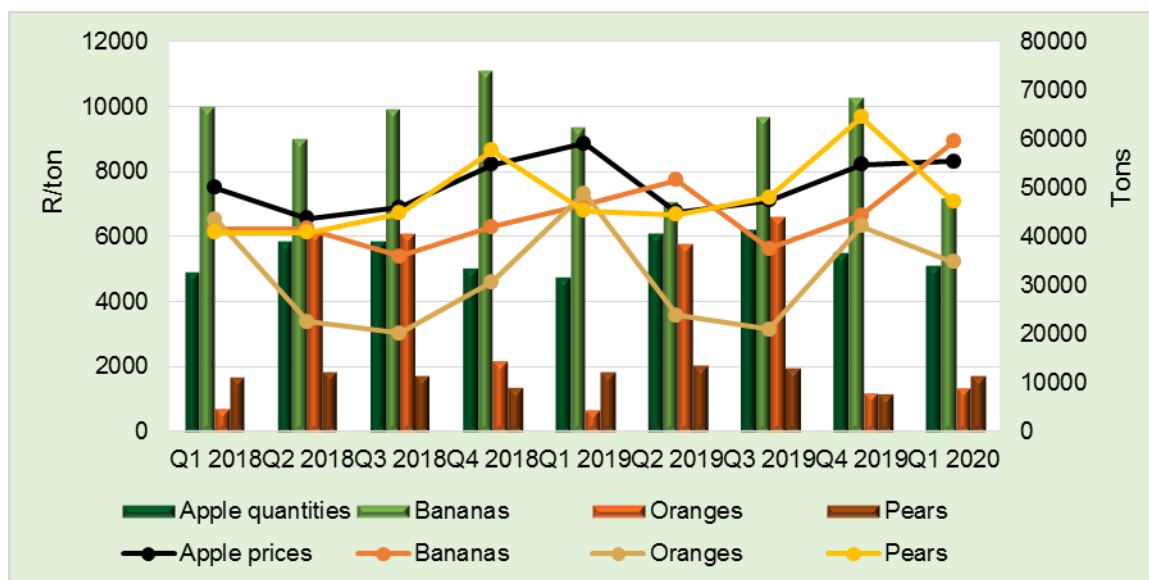


Figure 30: Average price and quantities trends of various fruits traded at fresh produce markets (FPMs)
Source: Daff

Figure 31 indicates the most vegetables sold at Fresh Produce Markets decreased in Q1: 2020 compared to Q4: 2018, driven by local demand.

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 increased by 14.2% and 7.3% respectively in Q1: 2020 compared to Q1: 2019 while quantities of cabbage and carrots decreased by 4.8% and 1.3% respectively in Q1: 2020 compared to Q1: 2019. Meanwhile, the average price of onions increased by 32.0% in Q1: 2020 compared to Q1: 2019 while quantities of onions also increased by 4.6% during the same period, due to higher demand.

The average prices of potatoes and tomatoes decreased by 10.3% and 12.9% respectively in Q1: 2020 compared to Q1: 2019 while quantities of potatoes and tomatoes increased by 10.5% and 13.1% respectively during the period. The prices of tomatoes and potatoes are extremely sensitive to local weather events. In the tomato market, South Africa has a continuous supply of tomatoes with different production regions increasingly overlapping, affecting prices. Meanwhile, on the potato market, supplies are currently sufficient on the local market due to low purchasing power.

The impact of the lockdown on most vegetables resulted in a surge in demand due to urgent purchases. On a quarter-on-quarter basis, the average prices of cabbage, carrots and onions increased by 30.2%, 21.4% and 16% respectively in Q1: 2020 compared to Q4: 2019 while quantities of cabbage and carrots decreased by 11.7% and 14.7% respectively quarter-on-quarter with the exception of onions, which increased by 2.2% over the period. During the same period, the average prices of potatoes and tomatoes decreased by 16.9% and 10.2% respectively in Q1: 2020 compared to Q4: 2019 while quantities of tomatoes increased by 1.1% quarter-on-quarter and quantities of potatoes decreased by 1.8% over the period.

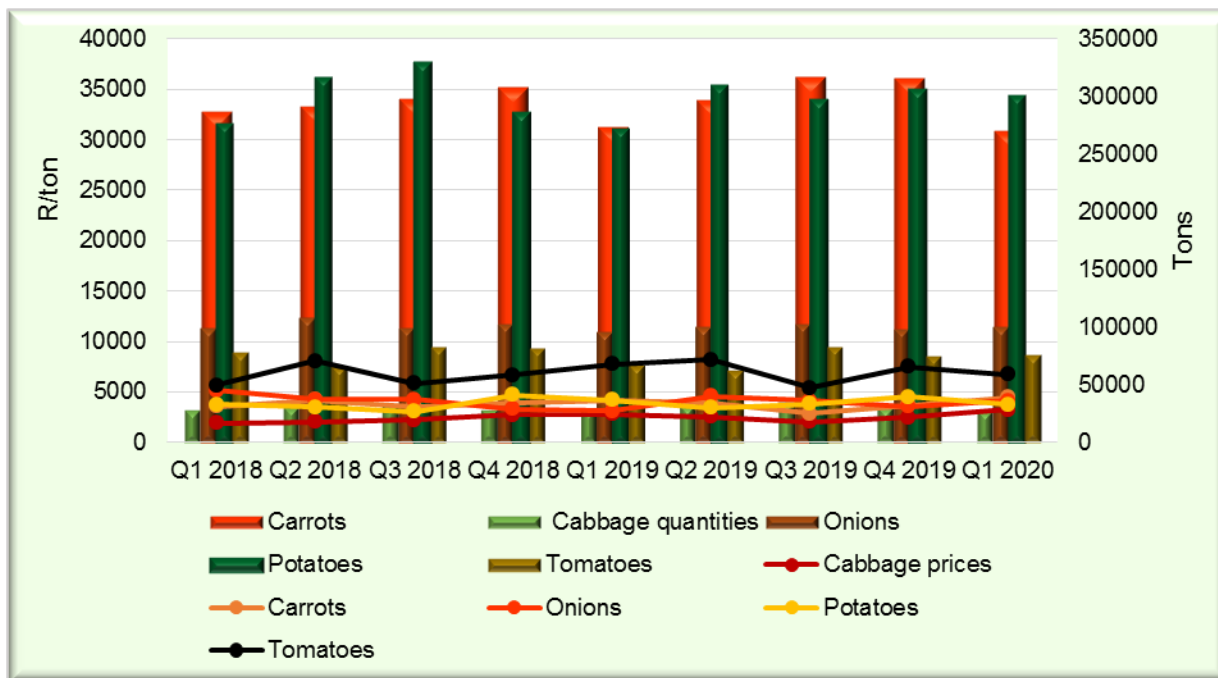


Figure 31: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)
Source: Daff

3.3 Meat industry review

As illustrated graphically total beef slaughtering increased by 5.6% in the first quarter of 2020 compared to the same quarter of 2019. The average price of beef in the first quarter decrease by 6% comparing same quarters, see figure 32.

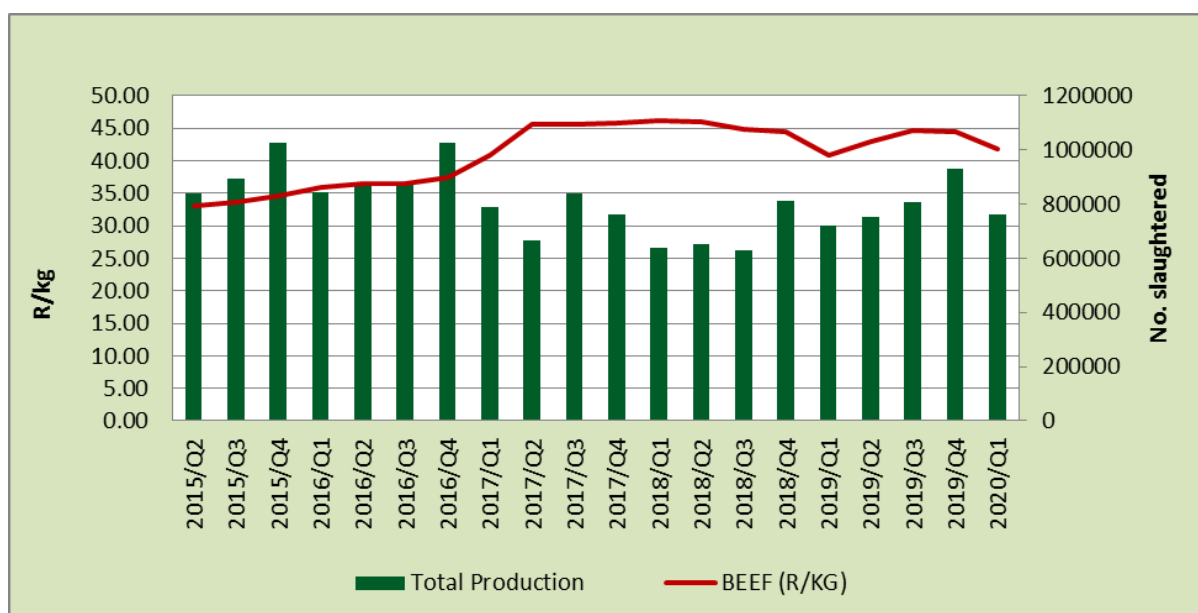


Figure 32: Beef production Source: SA feedlot

Source, Daff 2020

3.4 Poultry industry review

Poultry production increased by 4.4% on a year-on-year basis, whilst decreasing by 1.5% on a quarter-on-quarter basis. No significant jump in production was seen during the first quarter since the national lockdown against the outbreak of the corona virus begin at the end of the quarter. Although poultry prices rose during the quarter as a result of inter-alia; the rise in production costs which rose from their significant 2017 lows beginning in the third quarter of 2018 as shown on figure 33 Poultry prices per/ton increased by 0.9% on y/y basis whilst also increasing by 4.5% on a q/q basis.

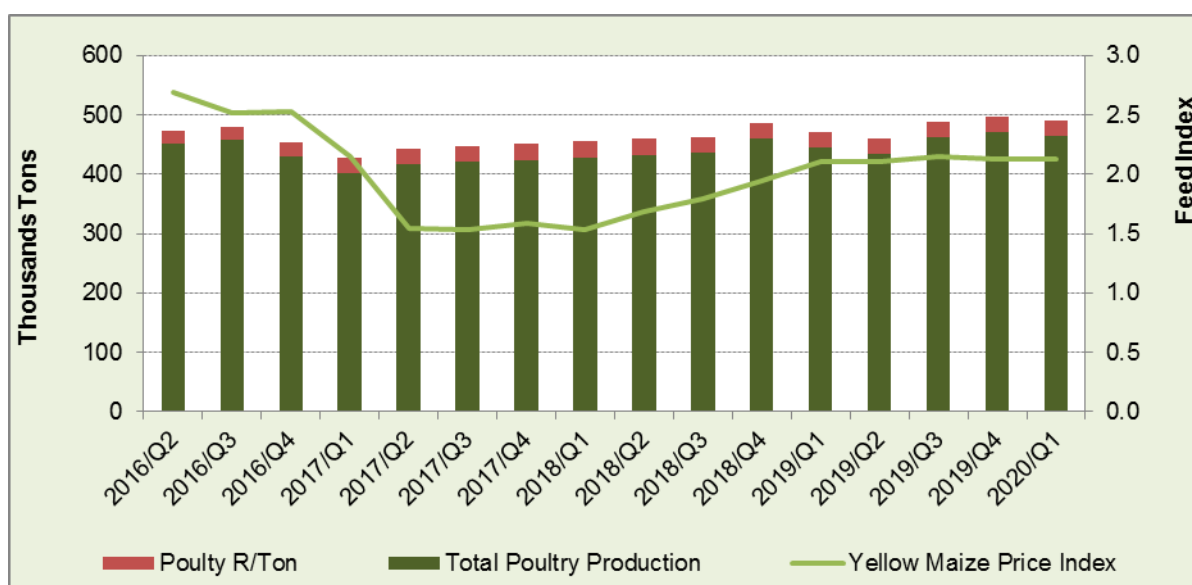


Figure 33: Poultry production

Source: DAFF

Retail prices for fresh whole chicken and fresh chicken portions increased by 4% and 1.7% on a quarter on quarter basis respectively. On a year-on-year basis prices increased by 6.9% and 7.3%. The Price of frozen chicken portions decreased by 2.3% whilst increasing by 3.1% on a year-on-year basis, see figure 34.

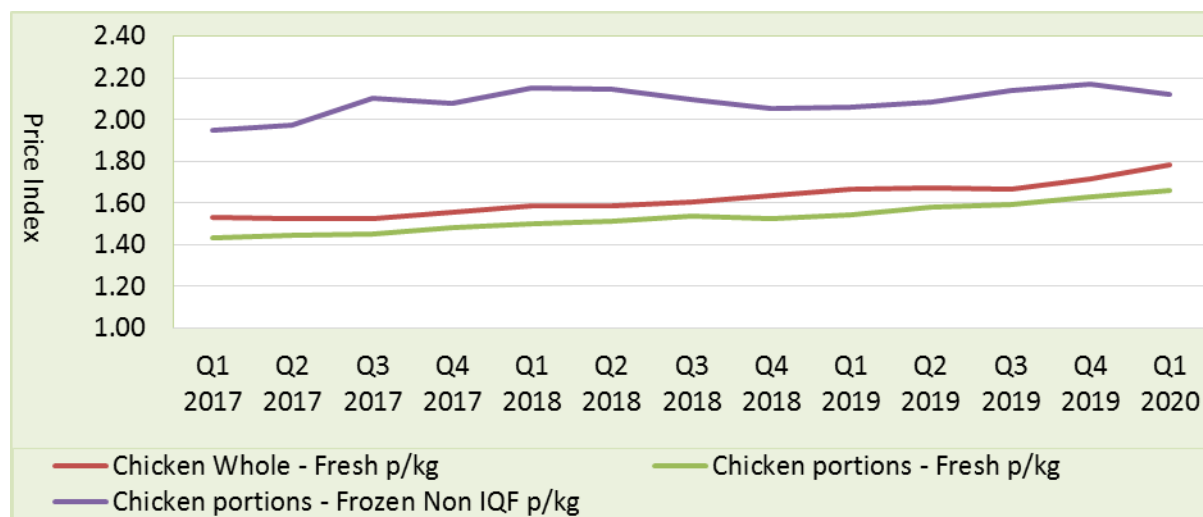


Figure 34: Poultry feed vs Retail prices

Source: SAPA, STATTSA & Safex

3.5 Milk industry overview

South African total milk production is depicted in figure 35 for the period 2017: Q1 to 2020: Q1. Total milk production increased by 2.2% in Q1: 2020 when compared to same period a year ago Q1: 2019, from 889 507 litres to 909 035 litres. On a quarter-on-quarter basis, total milk production decreased between the first quarter of 2020 and the fourth quarter of 2019 by 15.0% 1.07 million litres to 909 035 litres in Q1: 2020. On quarterly basis the decline in the production of milk can be attributed to poor pasture conditions due to drought and the sharply higher grain prices that have squeezed margins at the farm level.

The average producer price per litre of milk increased by 11.5% in Q1: 2020 when compared to the same period a year ago Q1: 2019, from R4, 20/ℓ to R4,68/ℓ. On a quarter-on-quarter basis, the average price per litre of milk also increased by 8.8% between Q4: 2019 and Q1: 2020, from R4,30/ℓ in Q4: 2019 to R4,68/ℓ in Q1:2020

The economy of milk production in the primary industry is still under pressure due to the cost price squeeze effect and exacerbated by the adverse climatic conditions in certain parts of the country and the general poor economic conditions in South

Africa.

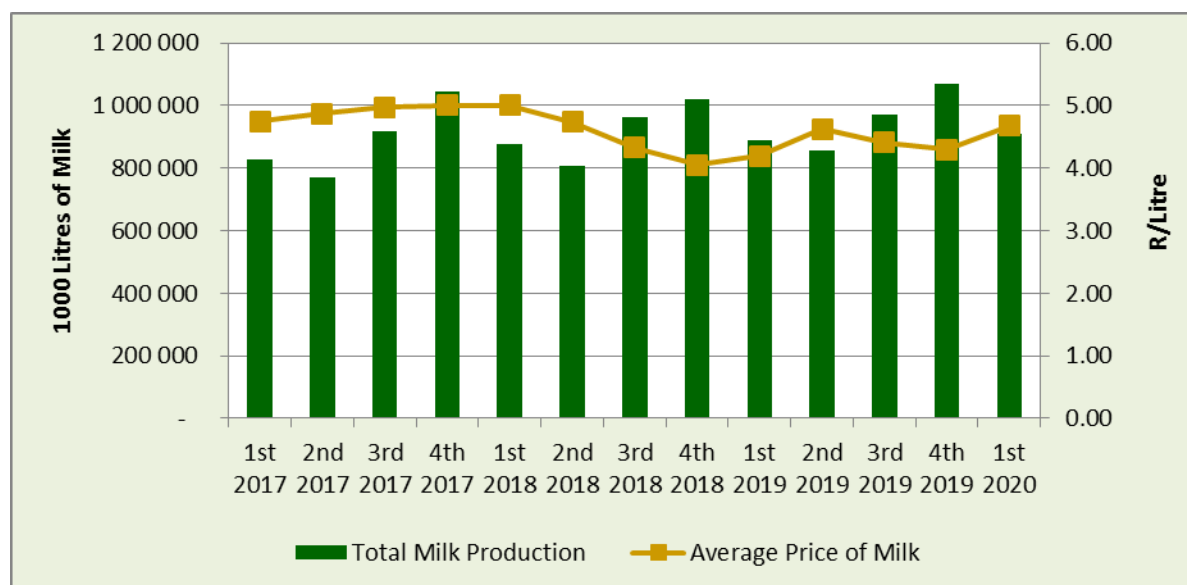


Figure 35: Trends in total production and average price of milk

Source: DAFF

Exports of milk and cream (neither concentrated nor containing added sweetening) increased by 27% in Q1: 2020 when compared to the same period in 2019 from a total of 18, 41 million litres in Q1: 2019, to a total of 23, 43 million litres of milk and cream in Q1: 2020. On a quarter-on-quarter basis, exports of milk and cream (not concentrated or containing added sweetening) increased by 14%, from 20.54 million litres in Q4: 2019. According to MPO The strong export levels of dairy products indicate that the recent change in the foot-and-mouth (FMD) status of SA did not affect exports of milk.

Imports of milk and cream (neither concentrated nor containing added sweetening) increased by 33% in Q1: 2020 when compared to the same period in 2019 from a total of 105 435 litres in Q1: 2019, to a total of 140 707 litres of milk and cream in Q1: 2020. On a quarter-on-quarter basis, imports of milk and cream (not concentrated or containing added sweetening) decreased by 93%, from 20.44 million litres in Q4: 2019 to 140 707 litres of milk and cream in Q1

2020.

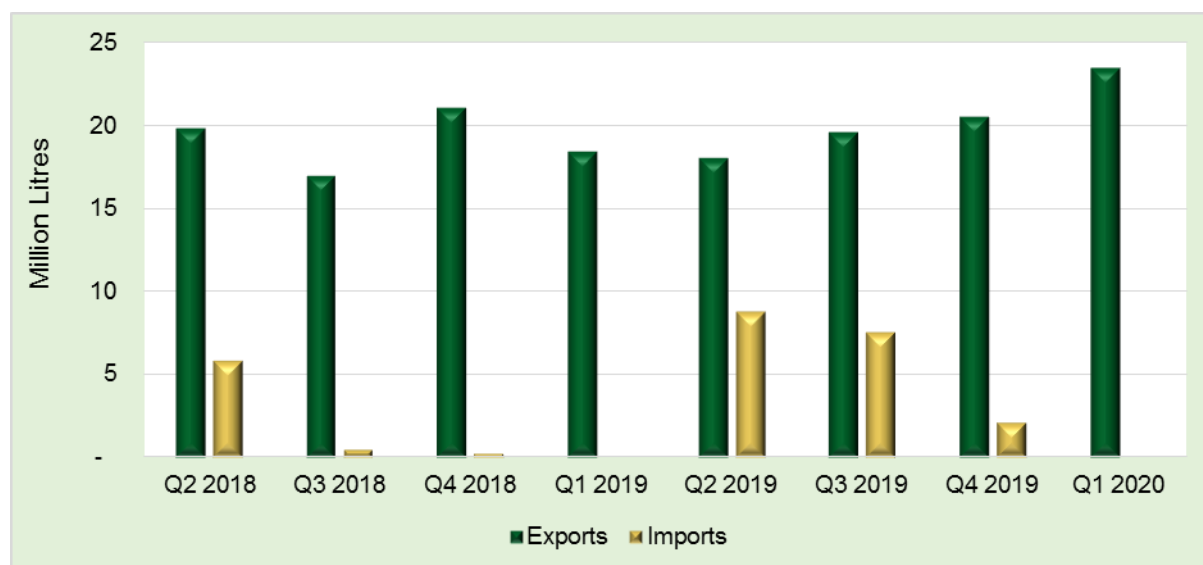


Figure 36: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening

Source: GTA, 2020

3.6 Trade of agricultural, forestry and fisheries

South Africa's agricultural trade balance increased by 21.3% in Q1: 2020 compared to Q1: 2019, from R 9,8 billion to R11,9 billion, despite the slow economic recovery, indicating that conditions were favourable for the agricultural sector and demand strengthened for a number of exportable commodities. On a quarter-on-quarter basis, the agricultural trade balance grew by 22% in Q1: 2020 compared to Q4: 2019, with the export value increasing by 5% quarter-on-quarter to R34,7 billion from R 33,2 billion in Q4: 2019. Meanwhile, the import value decreased by 2% quarter-on-quarter, from R23,4 billion in Q4: 2019 to R22,8 billion in Q: 2020. There are however, uncertainties regarding the potential trade deal and the coronavirus disease outbreak which remains a risk for South Africa's exportable commodities (Absa, 2020).

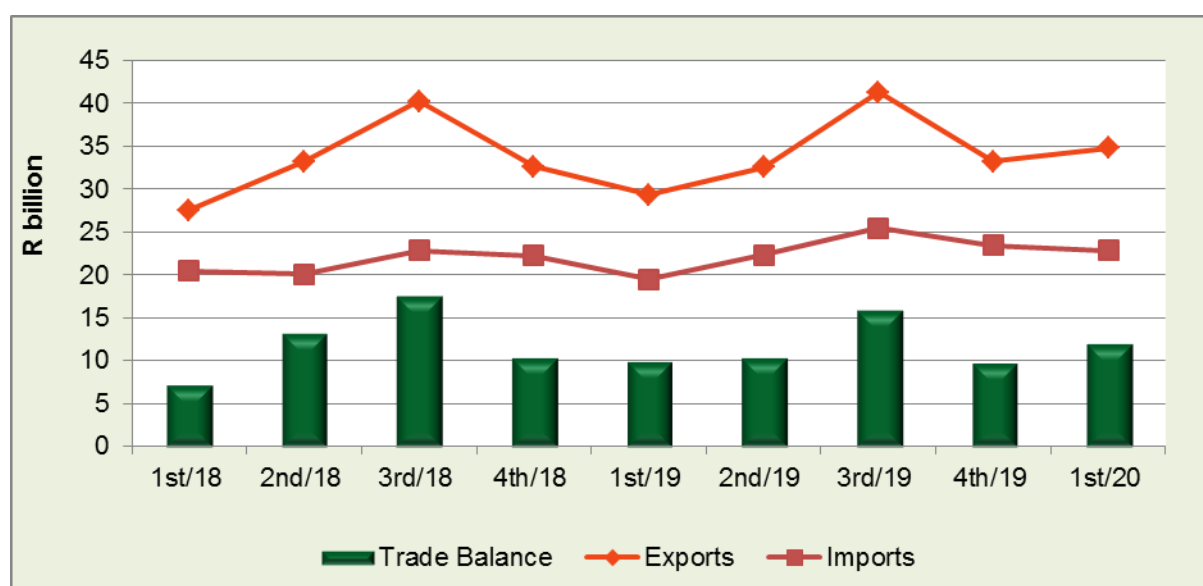


Figure 37: Trade balance of agricultural products
Source: GTA, 2020

Table 3 shows SA’s top three largest export and import destinations of agricultural products in the first Quarter of 2020. 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: 2020 include Poland, Swaziland and Brazil.

Table 3: SA’s top three largest export and import destinations of agricultural products in the first quarter of 2020.

Top three markets of agricultural products exported by SA	Value (Billion Rands) 1 st Quarter 2020	% Share of total agricultural exports in 1 st Quarter 2020	Top three suppliers of agricultural products to SA	Value (Billion Rands) 1 st Quarter 2020	% Share of total agricultural imports in 1 st Quarter 2020
Total	R 34,77	100	Total	R 22,84	100
Netherlands	R 4,09	11.8	Poland	R 1,33	5.8
United Kingdom	R 3,04	8.7	Swaziland	R 1,29	5.6
Botswana	R 2,61	7.5	Brazil	R 1,21	5.3

Source: GTA, 2020

Figure 38 indicates the top five agricultural products imported by SA in Q1: 2020. SA's leading supplier of wheat in Q1: 2020 was Poland while SA's leading supplier of palm oil during the same period was Indonesia. SA's leading supplier of rice in Q1: 2020 was Thailand while SA's leading supplier of Beer made from malt during the same period was Mexico. Meanwhile, SA's leading supplier of frozen chicken cuts and edible offal (including livers) in Q1: 2020 was United States.

Figure 39 indicates the top five agricultural products exported by SA. SA's leading export destination for fresh grapes in Q1: 2020 was the Netherlands while SA's leading export destination for corn during the same period was Zimbabwe. SA's leading export destination for wine in Q1: 2020 was United Kingdom while SA's leading export destination for wool (not carded or combed, greasy, shorn) during the same period was China. SA's leading export destination for fresh pears in Q1: 2020 was Russia.

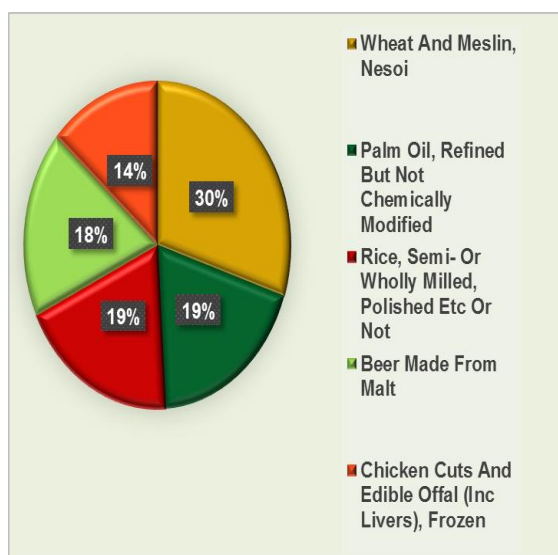


Figure 38: Top five agricultural products imported by SA
Source: GTA, 2020

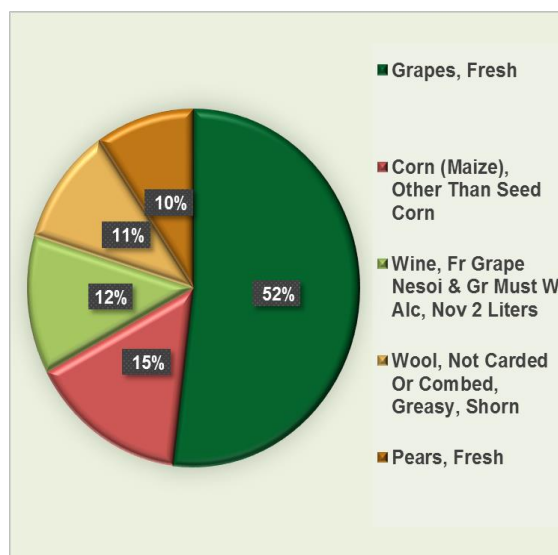


Figure 39: Top five agricultural exported products ,Source: GTA, 2020

4. CONCLUSION

Among the Major Seven economies, the United States recorded the highest annual growth, while France recorded the sharpest annual fall. France and Italy, where lockdown measures were most stringent and implemented earliest. GDP also fell sharply in Canada, Germany and the United state, real gross domestic product (GDP) in the OECD area fell by 1.8% in the first quarter of 2020, the largest drop since the 2.3% contraction in the first quarter of 2009 at the height of the financial crisis, according to provisional estimates. Among the Major Seven, GDP dropped significantly in France and Italy, where lockdown measures were most stringent and implemented earliest. GDP also fell sharply in Canada, Germany and the United.

Emerging markets and developing economies, 2020 (Q1) Real GDP growth rates increased in the following countries: Brazil, China, Philippines and South Africa decreased by 0.3%, 6.8%, 0.2% and 2.0%, respectively, whilst India, Indonesia, Malaysia Nigeria and Russia increased by 3.1%, 2.97%, 0.7%, 1.87% and 1.6% when compared to the fourth quarter of 2020 (Q1).

South Africa's unemployment rate hit a record high in the first quarter of this year as key sectors including agriculture shed jobs. The unemployment rate rose to 30.1% in the first quarter of 2020 from 29.1% in the last quarter of 2019 and above market expectations of 29.7%. Employment fell by 91 000 to 16.38 million from 16.42 million in the last quarter of 2019. South Africa's recent GDP figures shows that the economy has contracted by 2% seasonally adjusted and annualized in 2020: Q1 which is assumed better than what the market expected. The agriculture sector grew by 27.8% and contributed 0.5%.

The annual average headline CPI for the first quarter 2020 was 4.15% which shows a decrease of 0.04% when compared to the same period last year. Food inflation for the first quarter of 2020 was 3.31% which shows an increase of 0.99% from 2.32% of the first quarter of 2019.

South Africa's agricultural trade balance increased by 21.3% in Q1: 2020 compared to Q1: 2019, from R 9,8 billion to R11,9 billion, despite the slow economic recovery, indicating that conditions were favourable for the agricultural sector and demand strengthened for a number of exportable commodities before Covid 19 Lockdown.

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