

# Quartely Economic Overview

AGRICULTURE SECTOR

Volume 23, Number 2, Second Quarter 2024



agriculture, land reform  
& rural development  
Department:  
Agriculture, Land Reform and Rural Development  
REPUBLIC OF SOUTH AFRICA



## PREFACE

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

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

This issue looks at the economic developments in 2024: Q2, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

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***Disclaimer: The Department of Agriculture, Forestry and Fisheries did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be liable for the results of actions based on this publication.***

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## EXECUTIVE SUMMARY

**Global growth prospects:** The real GDP growth Rates for 2024 (Q2) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States increased by 0.4%, 0.2%, 0.1%, 0.6%, 0.8%, 0.6% and 3.0% respectively, when compared to the first quarter of 2023 (Q2).

**Emerging markets and developing economies:** the real GDP growth rates for 2024 (Q2) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 3.3%, 4.7%, 7.6%, 5.05%, 5.9%, 6.3%, 0.4% 3.19% and 4.0% respectively, when compared to the first quarter of 2023 (Q2) last year figures

**Global grain supply forecast:** increased by 1.0%, from 3.567 million metric tons in 2023 (Q2) to 3.601 million metric tons in 2024 (Q2). Global supply projections for 2024 (Q2) of wheat and cotton decreased by 0.6% and 4.0% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils increased by 1.8%, 1.2%, 3.7%, 3.5% and 2.9% respectively, when compared to the second quarter of 2023

**South Africa's GDP:** South Africa's economy grew slightly in the second quarter of 2024, a recovery aided by no load-shedding, after remaining flat in the first quarter. According to Statistics South Africa, GDP expanded by 0.4% in the period under review. Seven out of 10 industries contributed to the positive second quarter data, on the production side of the economy. Three industries contracted in the second quarter. Transport, storage & communication was the largest negative contributor, declining by 2.2% and dragging GDP growth down by 0.2 of a percentage point.

**Inflation:** During the second quarter of 2024 CPI decreased slightly to an average 5.2% compared to an average 5.4% in the previous quarter. On year-to-year basis the CPI dropped from an average 6.2% in the second quarter of 2023 to an average 5.2% in second quarter of 2024. Food inflation increased to an average 4.3% in the second quarter of 2024 compared to an average 6.0% in the first quarter of 2024. The main contributors to the quarterly average 5.4% inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services.

**Employment:** South Africa's unemployment rate rose to 33.5% in second of 2024, the highest in two years, up from 32.9% in the previous quarter. The number of unemployed individuals increased by 158 thousand, reaching 8.4 million, marking the highest figure since comparable records began in 2008. Statistics South Africa show that employment in primary agriculture was down almost 5% quarter-on-quarter to 896 000 in the second quarter of 2024.

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

**Trade:** South Africa's agricultural trade balance experienced a contraction of 4.6% in Q2: 2024 relative to Q2: 2023. The agricultural trade balance amounted to R 26.8 billion, reflecting a significant decrease from the R 28.1 billion recorded in Q2: 2023. This shift was primarily influenced by a strong increase in imports, which rose by 6.6%, whereas exports saw a modest growth of 1.4%.

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

## 1.1 Global Real GDP Growth Rates

According to International Monetary Fund (IMF), world economic outlook report (July 2024), it indicates that forecast for global GDP growth rate is revised upward to 5% in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter. In 2025, GDP is projected to slow to 4.5%, and to continue to decelerate over the medium term to 3.3% by 2029, because of headwinds from aging and slowing productivity growth. The real GDP growth Rates for 2024 (Q2) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States increased by 0.4%, 0.2%, 0.1%, 0.6%, 0.8%, 0.6% and 3.0% respectively, when compared to the first quarter of 2023 (Q2). See figure 1 below.

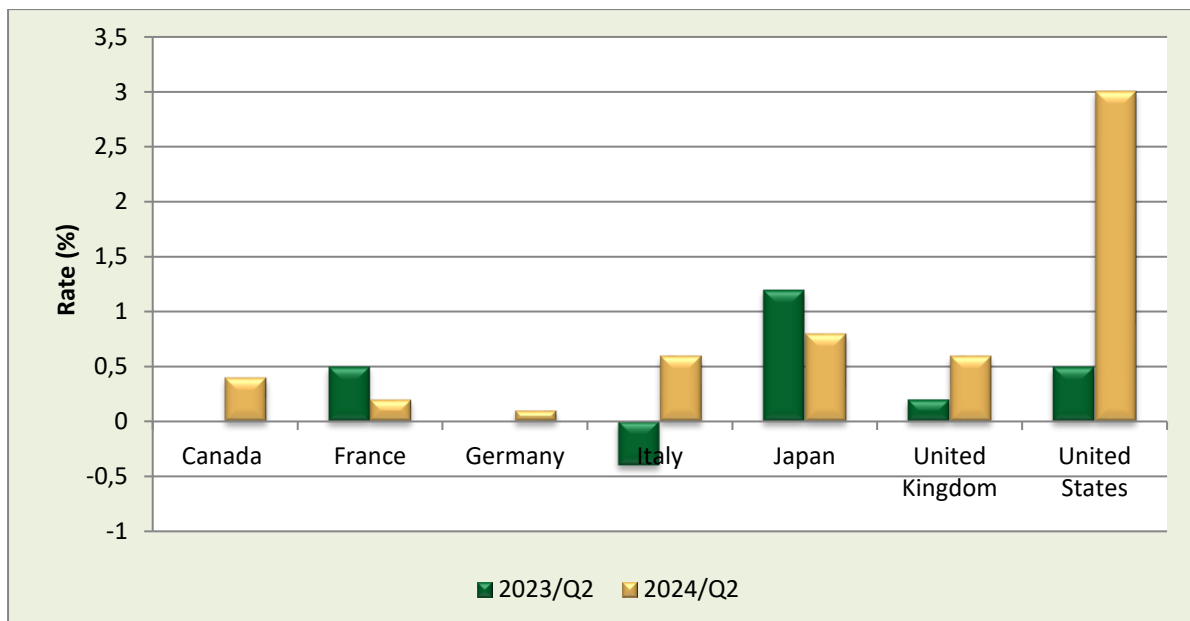


Figure1: Advanced Economies Quarterly GDP Growth Rates  
Data Source: Various Sources

Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2024 (Q2) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 3.3%, 4.7%, 7.6%, 5.05%, 5.9%, 6.3%, 0.4% 3.19% and 4.0% respectively, when compared to the first quarter of 2023 (Q2) last year figures.

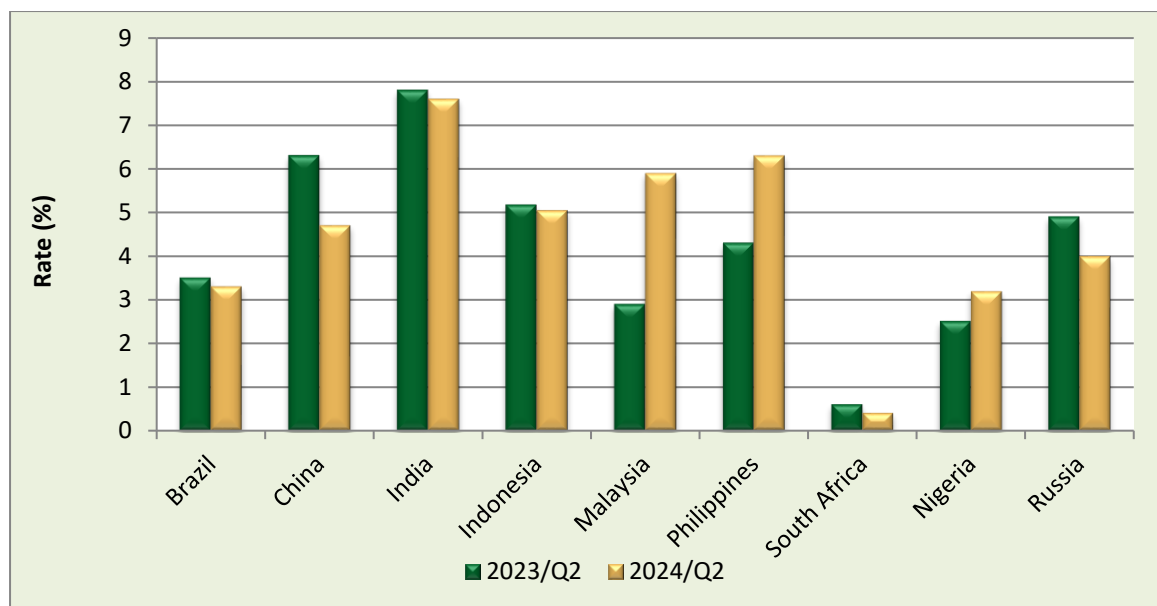


Figure 2: Emerging Markets and Developing Economies Quarterly GDP Growth Rates  
Data Source: Various Sources

## 2. Global Grain forecast

The global grain supply forecast indicates a total grain increase of 1.0%, from 3.567 million metric tons in 2023 (Q2) to 3.601 million metric tons in 2024 (Q2). Global supply projections for 2024 (Q2) of wheat and cotton decreased by 0.6% and 4.0% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils increased by 1.8%, 1.2%, 3.7%, 3.5% and 2.9% respectively, when compared to the second quarter of 2023, see figure 3 below.

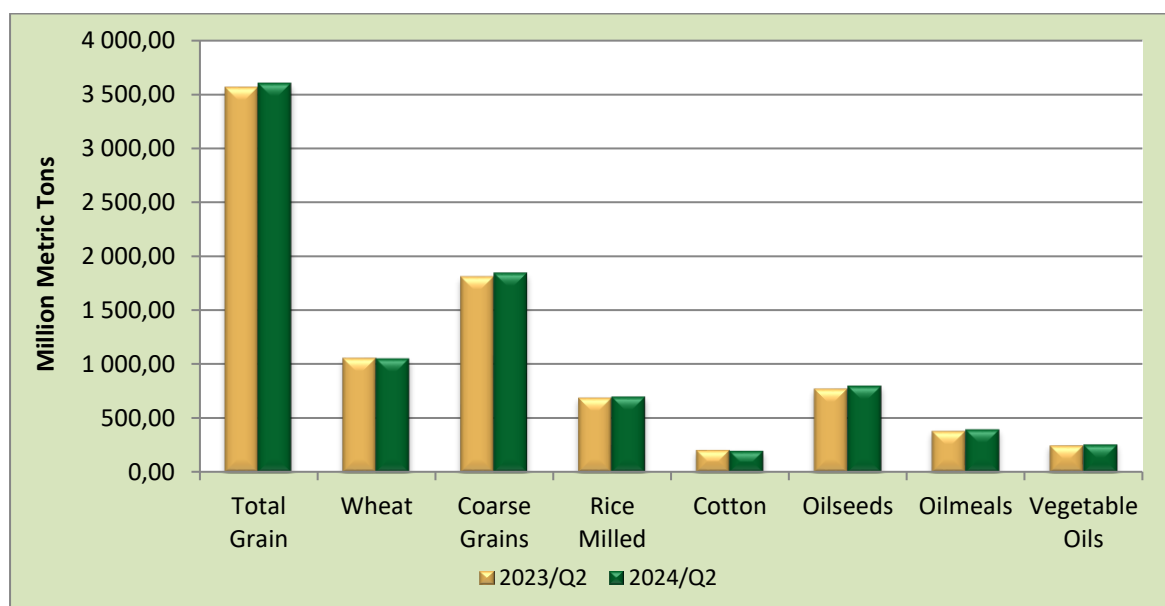


Figure 3: Quarterly global grain supply forecast  
Data Source: USDA

### 3. Global Food Prices

Globally in 2024 (Q2) some major countries were paying lower by 3.6% on food purchases compared to 2024 (Q2). The following global food products price indices in 2024 (Q2), meat, cereals and sugar indices show a decrease of 0.2%, 12.0% and 20.9% respectively, whilst dairy and oils indices show an increase of 5.5% and 7.1% when compared to (Q2) of 2023, see figure 4.

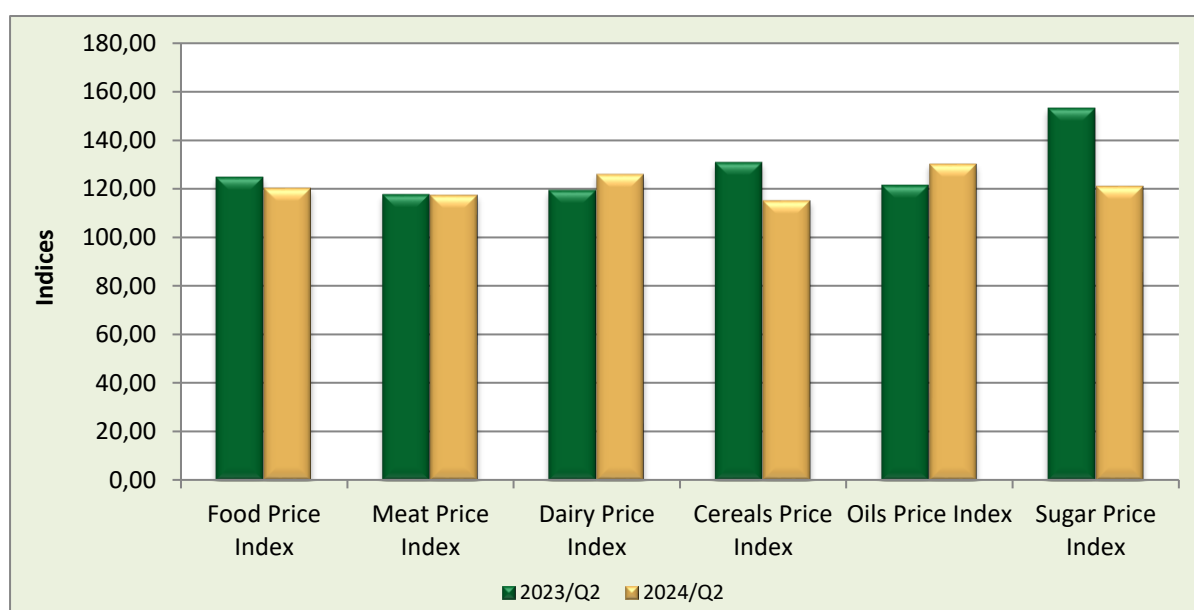


Figure 4: Quarterly global food price indices  
Data Source: FAO

## 2 THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE

### 2.1 Growth

South Africa’s economy grew slightly in the second quarter of 2024, a recovery aided by no load-shedding, after remaining flat in the first quarter. According to Statistics South Africa, GDP expanded by 0.4% in the period under review after failing to grow in the first three months of the year, a period that was still marked by power outages. Stats SA revised the first quarter number up slightly, having earlier reported a 0.1% contraction. There was no load shedding in the second quarter, which helped the

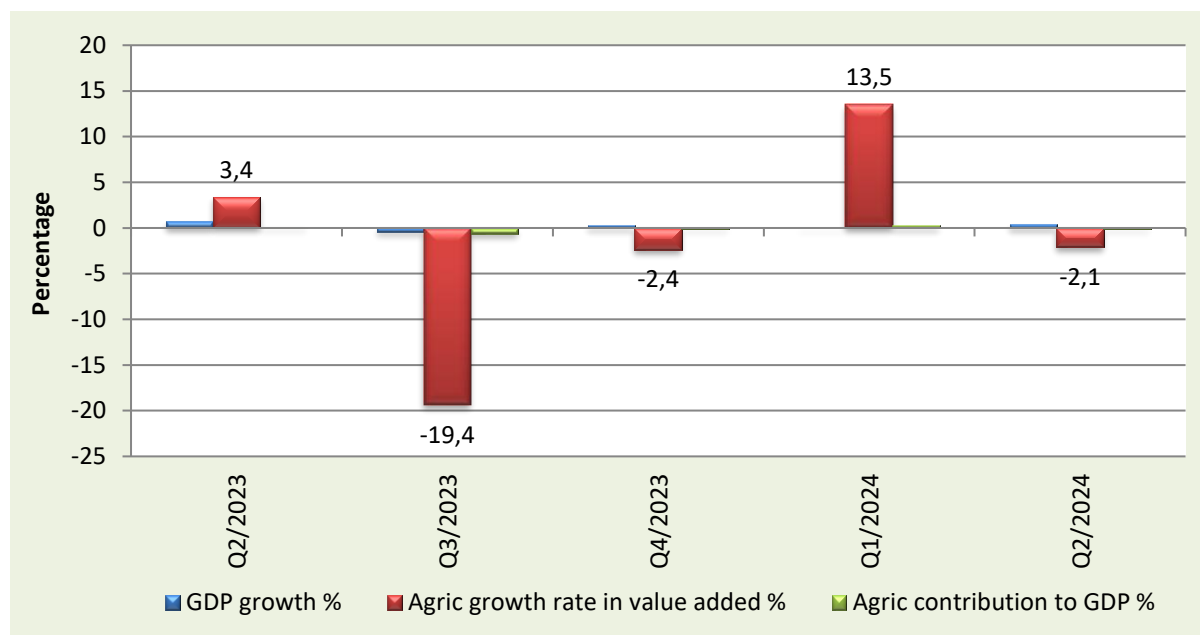
electricity, gas and water supply industry. The sector increased by 3.1%, driven by higher electricity generation and water distribution. The country has had 161 straight days without power cuts and only 83 days of load-shedding this year.

Seven out of 10 industries contributed to the positive second quarter data, on the production side of the economy, the finance, real estate & business services industry made the biggest impact, adding 0.3 of a percentage point to gross domestic product (GDP) growth. Other notable contributors include manufacturing, trade, and electricity, gas & water. Manufacturing turned positive after shrinking in the first quarter, rising by 1.1% in the second quarter. Production was mainly driven by motor vehicles & transport equipment and food & beverages. Buoyant economic activity in wholesale, retail and tourist accommodation pushed the trade, catering & accommodation industry higher by 1.2%. The construction industry showed some growth after a year of decline, edging marginally higher in the second quarter. The rise was driven by economic activity related to residential and non-residential buildings. However, there was a slowdown in construction works.

Three industries contracted in the second quarter. Transport, storage & communication was the largest negative contributor, declining by 2.2% and dragging GDP growth down by 0.2 of a percentage point. Strike action and a fall in freight volumes contributed to the industry's poor performance. Agriculture, forestry & fishing faced headwinds, including lower than expected rainfall in some parts of the country (affecting maize and soya bean production), heavy rain in KwaZulu-Natal (affecting sugar cane production), and foot-and-mouth disease (affecting sheep and pork production). Mining recorded a second consecutive decline. The industry's poor showing in the second quarter was associated with decreased production of iron ore, coal, diamonds and gold.

On the expenditure (demand) side of the economy, rising consumer confidence saw household consumption expenditure strengthen by 1.4%. Consumers increased their spending across most product categories. The miscellaneous goods & services product group was the largest positive contributor, driven mainly by increased spending on insurance. Household consumption was the largest positive contributor to overall growth on the expenditure side of the economy. Government consumption

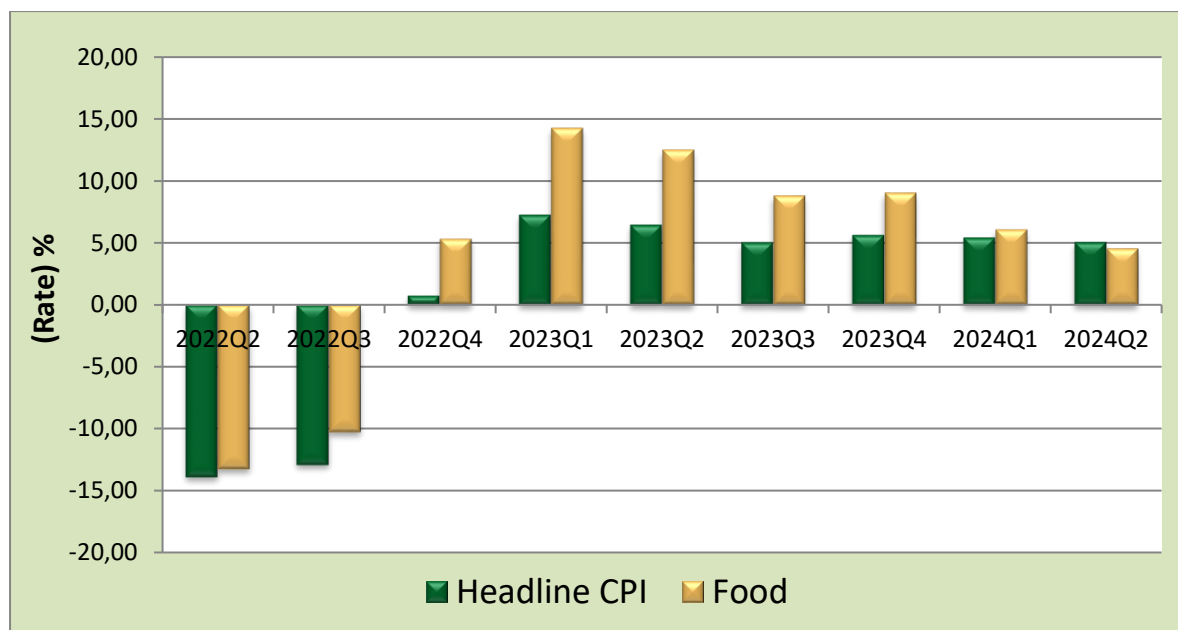
was also positive, helped by a rise in purchases of goods and services and an increase in compensation of civil servants.



**Figure 5:** The GDP growth and Agriculture contribution to the GDP growth 2023: Q2 and 2024: Q2  
Source: Stats SA

## 2.2 Inflation

Figure 6 shows that Annual consumer price inflation (CPI) was 5.2% in April and May 2024 respectively and decreased slightly to 5.1% in June 2024. During the second quarter of 2024 CPI decreased slightly to an average 5.2% compared to an average 5.4% in the previous quarter. On year-to-year basis the CPI dropped from an average 6.2% in the second quarter of 2023 to an average 5.2% in second quarter of 2024. Food inflation increased to an average 4.3% in the second quarter of 2024 compared to an average 6.0% in the first quarter of 2024. Meanwhile food inflation increased to an average 4.3% in the second quarter of 2024 compared to 12.5% in the same quarter of 2023. The main contributors to the quarterly average 5.4% inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services.



**Figure 6:** The headline consumer price index and food prices 2021: Q4 and 2023: Q4  
 Data Source: Stats SA

Figure 7 illustrate that in the second quarter of 2024 the main contributors to the average quarterly 5.2% CPI were food and non-alcoholic beverages increased by an average 4.3% in the second quarter of 2024 down from an average 6.0% in the previous quarter. Compared to a year ago food inflation decreased to 4.3% in the second quarter of 2024 from 12.5% in the second quarter of 2023. In the second quarter of 2024 vegetables, fruit, fish and meat increased by 6.6%, 4.9%, 4.2% and 0.7% respectively compared to 9.3%, 6.5%, 3.9% and 1.5% in the previous quarter. Milk, eggs & cheese as well as bread and cereal also increased by 7.8% and 4.5% respectively compared to 11.7% and 5.9% respectively between the two quarters. Meanwhile oils and fats declined by 2.8% in the second quarter of 2024 compared to a decline of 4.8% in the previous quarter.

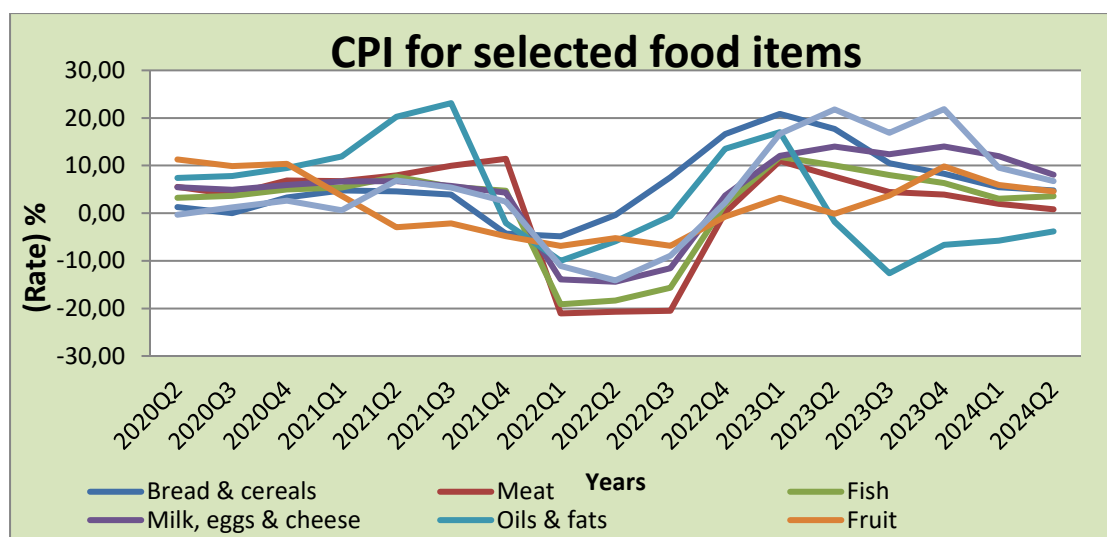


Figure 7: CPI for selected food items

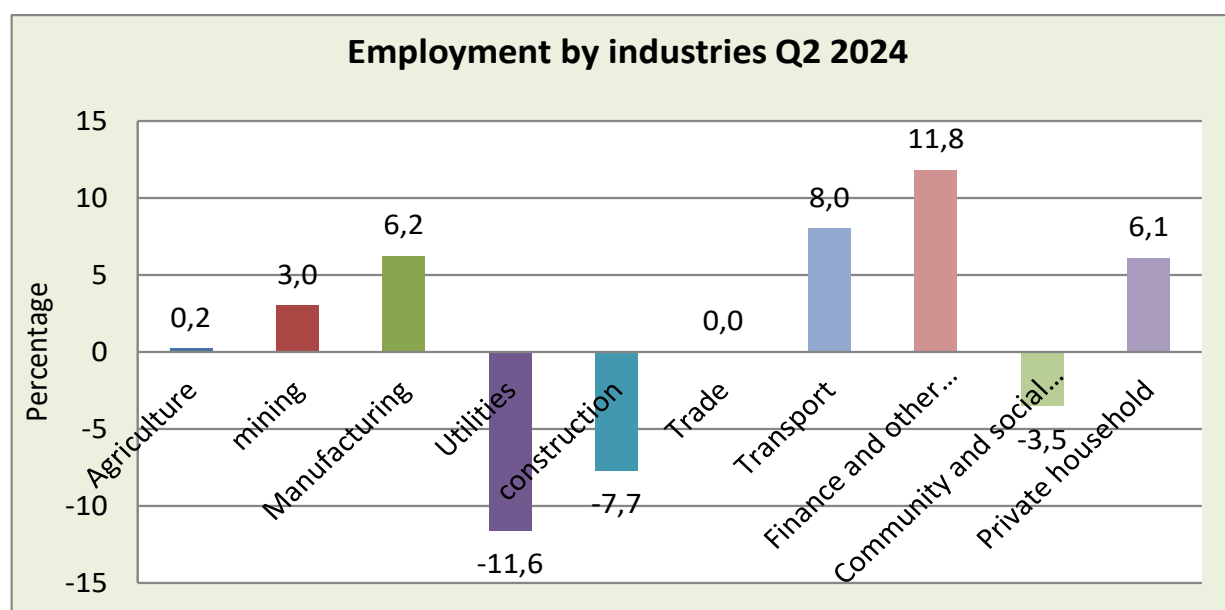
Data Source: Stats SA

### 2.3 Employment

South Africa's unemployment rate rose to 33.5% in second of 2024, the highest in two years, up from 32.9% in the previous quarter. The number of unemployed individuals increased by 158 thousand, reaching 8.4 million, marking the highest figure since comparable records began in 2008. During this period the labour force rose by 66 thousand to 25 million, while employment declined by 92 thousand to 16.7 million. Job losses were recorded in trade (111 000), agriculture (45 000), private households (18 000), construction (11 000) and finance (9 000). The expanded definition of unemployment, which includes those discouraged from seeking work, was 42.6% in the second of 2024, compared to 41.9% in the previous three-month. Meanwhile, the youth unemployment rate, measuring jobseekers between 15 and 24 years old, picked up to an over one-year high of 60.8% in the second quarter of 2024, compared to 59.7% in the previous period. Compared with the same period last year, a net increase of 306 000 in total employment in the second quarter of 2024 was largely due to increases in the number of people employed in Finance (306 000), Manufacturing (97 000), Transport (79 000) and Private households (67 000) industries. The industries that recorded decreases were Community and social services (138 000), Construction (100 000), Utilities (15 000) and Trade (1 000).

Job losses in agriculture reflect harsh economic conditions. Statistics South Africa show that employment in primary agriculture was down almost 5% quarter-on-quarter

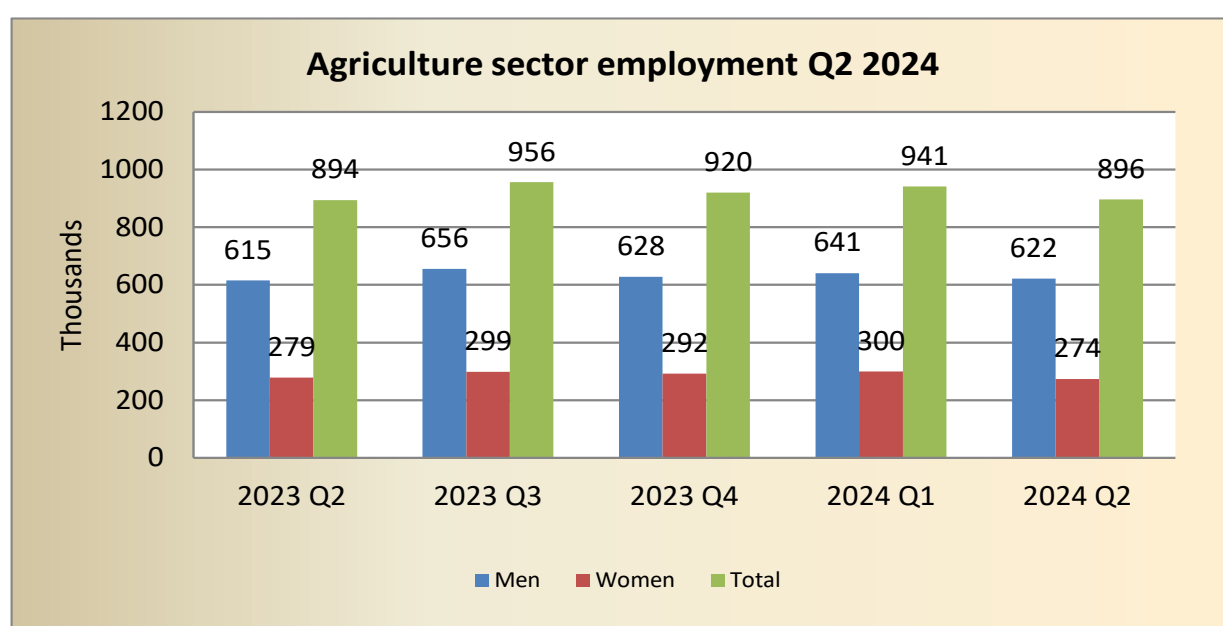
to 896 000 in the second quarter of 2024. The sector saw a slight annual increase of 0.2% from the second quarter of 2023, agricultural employment remained well below the long-term average of 799 000 jobs. This generally reflects the harsh summer season the country experienced. Some subsectors showing a decline in employment include field crops, forestry etc. This can be attributed to the midsummer drought that severely impacted field crops, higher feed costs, and lingering animal diseases affecting livestock. Therefore, job performance in these subsectors is unsurprising given these challenges. The provincial breakdown reveals significant losses in the Western Cape, Northern Cape, Northwest, and Gauteng, while other provinces saw mild improvements. The Western and Northern Cape provinces do not have significant summer crop production. The quarterly job losses in these regions mirror the financially constrained environment in farming businesses.



**Figure 8: Total number of people employed by industries between 2023: Q2 and 2024: Q2**

Source: Stats SA

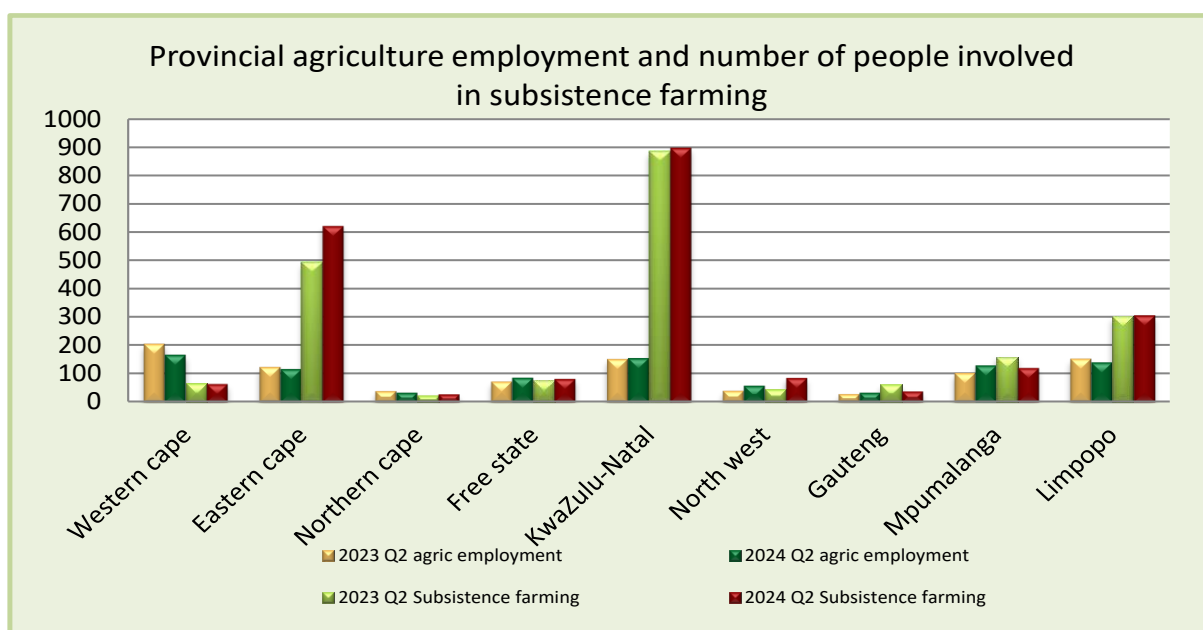
**Figure 9** below illustrate that the number of people employed in agricultural sector increased from 894 000 in the second quarter of 2023, to 896 000 people in the same quarter of 2024, which represent a slightly increase of 0.2%. Off the 2 000 jobs created by the sector, 7 000 jobs were created for men while women lost about 5 000 jobs between the two quarters. During the same period in total, the agricultural sector has 622 000 men, and 274 000 women compared to 615 000 men and 279 000 women. However, on quarter-to-quarter the number of people employed in agriculture sector decreased by 4.8%, from 941 000 in the first quarter of 2024 to 896 000 in the second quarter of 2024.



**Figure 9: Total number of people employed in the agriculture sector between 2023: Q2 and 2024: Q2:** Source: Stats SA

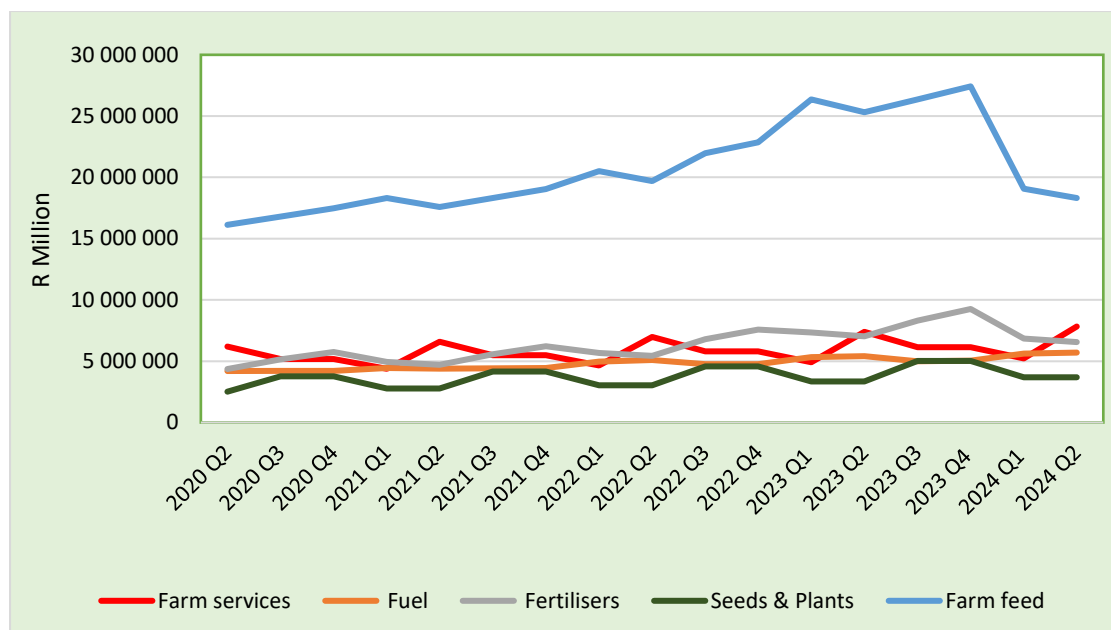
**Figure 10** below shows that between the second quarter of 2023 and the second quarter of 2024, provincial agriculture employment increased significantly in two provinces, Northwest and Mpumalanga by 45.0% and 25.5% respectively, while Gauteng and Free state increased by 18.2% respectively. KwaZulu-Natal provincial agriculture employment increased by 1.9%. Meanwhile provincial agriculture employment decreased in Western cape, Northern cape, Limpopo and Eastern cape decreased by 19.1%, 12.2%, 8.3% and 6.1% respectively. During the same period the (QLFS) publication also indicate an increase of about 7.0% in the number of people involved in subsistence farming from 2.1 million in the second quarter of 2023 to 2.2

million in the second quarter of 2024. KwaZulu-Natal, Eastern Cape, and Limpopo remained with the highest number of people involved in subsistence farming.



**Figure 10: Provincial agriculture employment and subsistence farming between 2023: Q2 and 2024: Q2** Source: Stats SA

The total expenditure on intermediate goods and services was reported at R 59 523 131 in the second quarter of 2024 compared to 56 227 860 in first quarter of 2024. This represents an increase of 5.9% between the two quarters. Compared to a year ago, the total expenditure on intermediate goods and services in the second quarter of 2023 was R 62 006 386 a decrease of 3.7% compared to R59 523 131 reported in the same quarter of 2024. Figure 11 below shows the comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds, and Plants as well as Farm Feeds between the second quarter of 2023 and same quarter of 2024. Compared to a year ago the expenditure on seeds and plants, farm services, and fuel all increased by 10%, 6%, and 5% respectively. During the same period the expenditure on farm feed and fertiliser decreased by 28% and 7% respectively.



**Figure 11:** Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q3 and 2023: Q4

Source: DALRRD

## 2.5 fertilizer market review

### 2.5.1 South African fertiliser expenditure

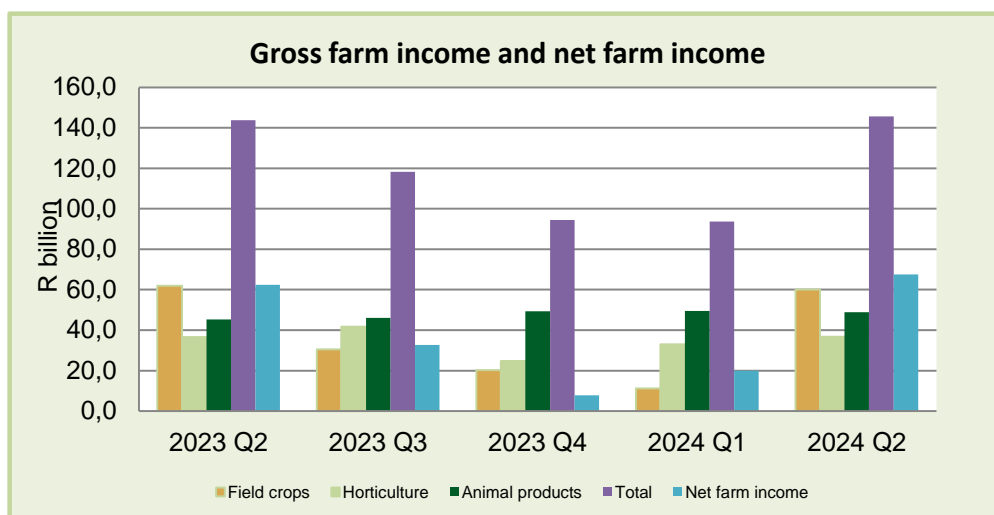
Figure 12 illustrates the expenditure on fertilizer between the second quarter of 2023 and second quarter of 2024. In the second quarter of 2024, the expenditure on fertilizer was R6 557 215 million, compared to R 7 024 288 million in the same quarter of 2023, this represents a 7% decrease in expenditure of fertilizers.



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

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

The figure 13 above illustrate that the gross income from all agricultural products increased by 1.3% from R143.8 billion in the second quarter of 2023 to R145.7 billion in the second quarter of 2024. Meanwhile the net farm income is estimated at R67.5 billion in the second quarter of 2024 compared to R65.5 billion in the same quarter of 2023, an increase of 8.0%. During this period the increase in net farm income was boosted by a 7.7% and 0.6% increase in income from animal products and horticulture.



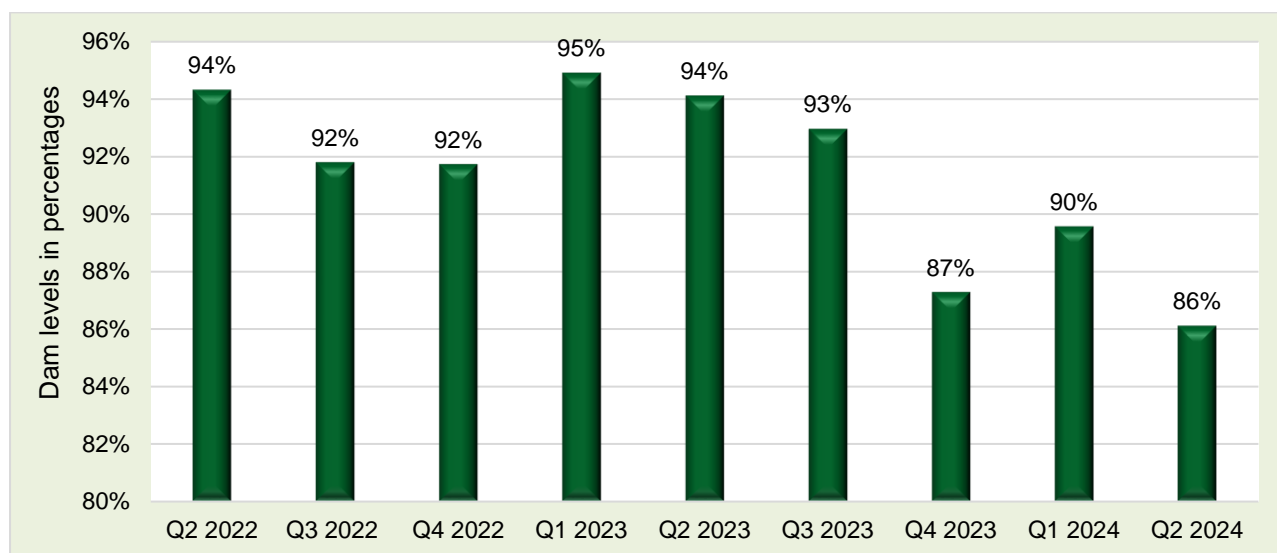
**Figure 13:** Trends in nominal gross farm income between 2023: Q2 and 2024: Q2  
Source: DALRRD

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

South Africa's national dam levels for Q2: 2024 averaged 86%, reflecting a decrease of 9% compared to the same period in 2023. According to the South African Weather Service (SAWS), South Africa's climate is characterized by winter rainfall in the southwestern regions and summer rainfall in the eastern areas. The winter rainfall season in the Western Cape began as anticipated in June. However, the Limpopo region presents an anomaly, as it continues to show below-average rainfall, which is likely to persist into the early summer months. Additionally, it is projected that minimum and maximum temperatures will generally remain above average across the country.

In Q2: 2024, the status of most dams deteriorated relative to the same period in 2023. Across the nine provinces, approximately 33% of the dams reported storage levels exceeding 90% of their Full Supply Capacity (FSC), while 44% fell below this threshold. Additionally, 33% of the dams-maintained storage levels between 60% and 80% of the FSC. Following a drier and warmer-than-usual May, various regions of the country encountered rainfall and snowfall in elevated areas during June. This precipitation was attributed to a cut-off low-pressure system that formed over the western and southern regions from June 2 to 3, 2024. The resulting weather patterns led to storms and flooding, especially impacting KwaZulu Natal, the Eastern Cape, and the Western Cape, resulting in significant damage and loss of life.

On a quarter-on-quarter basis, South Africa experienced a 3.9% decrease in its national dam levels in Q2: 2024 compared to Q1. The country is presently experiencing a weak El Niño-Southern Oscillation (ENSO), which is expected to swiftly transition to a neutral state by the middle to the end of winter.



**Figure 14:** National dam levels

Source: Department of Human Settlements, Water and Sanitation

### 2.9.1 Provincial dam levels

In Q2: 2024, there was a noticeable change in the rainfall patterns compared to Q2: 2023. Some regions in the Free State, Limpopo, Mpumalanga, Northern Cape, and Northwest Provinces experienced a decrease in dam water levels. However, these levels remained sufficient to meet the needs of consumers during Q2: 2024.

According to the most recent data from the Department of Water and Sanitation, dam levels in the Free State Province saw a 14.3% decrease in Q2: 2024 compared to Q1, resulting in an average level of 86% instead of the previous average of 92% over the period. Despite the noticeable decline, the current state of dams is still favourable and anticipated to meet consumer needs. However, this is dependent on consumer water usage habits and the preservation efforts implemented by municipalities, some of which are facing financial obligations to the Department of Water and Sanitation.

Similarly, in Q2: 2024, dam levels in Gauteng decreased by 10.4% compared to the same period in 2023. The average dam level decreased from 99% to 89% over the period. In response to a shortage of water on Rand Water's side, caused by a significant increase in water consumption, the Department of Water and Sanitation has called upon the residents of Gauteng to actively participate in water conservation practices.

During the same period, dam levels in Limpopo decreased by 6.0% in Q2: 2024 compared to Q2: 2023, averaging at 84% instead of 89%. Although most dams in the area are at satisfactory levels, certain regions urgently need substantial rainfall to replenish their water levels.

Dam levels in Mpumalanga slightly dropped by 2.6% in Q2: 2024 in contrast to the same period in 2023, with an average of 96% as opposed to 99%. The Department of Water and Sanitation advised the public to conserve water and avoid wastage.

Dam levels in the Northern Cape experienced a decline of 14.2% in Q2: 2024 compared to the same period in 2023, with an average of 78%, a decrease from 91%. This province has been one of the most affected, witnessing a significant reduction in dam water levels.

Similarly, dam levels in the Northwest province experienced a significant 16.0% reduction in dam levels in Q2: 2024 compared to Q2: 2023. The average dam level decreased from 90% to 75%, largely due to elevated temperatures affecting much of the region.

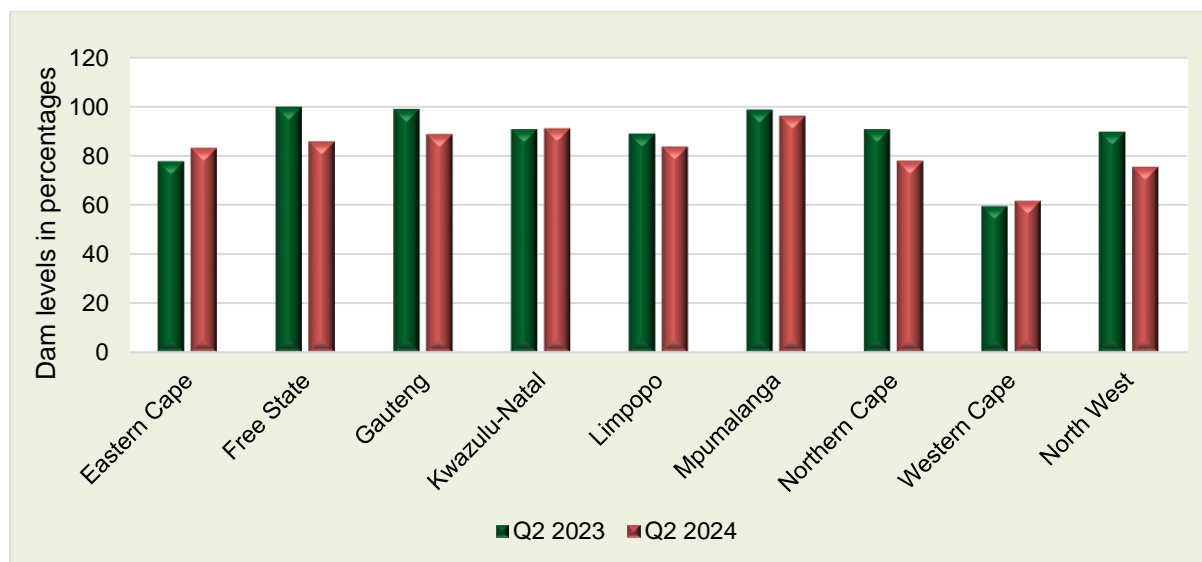
The Department of Water and Sanitation is reminding citizens to continue using water cautiously since South Africa, one of the driest nations in the world, is constantly experiencing irregular dam levels. Additionally, the communities are urged to notify local authorities of any water leaks and infrastructure damage.

In contrast, dam levels in the Eastern Cape experienced a notable increase of 6.9% in Q2: 2024 relative to Q2:2023, achieving an average of 83%, up from 78%. This

improvement is largely due to the substantial rainfall, as well as storms and floods that affected certain regions of the province.

Dam levels in KwaZulu-Natal increased by 0.4% in Q2: 2024 compared to the same period in 2023. This rise can be attributed to above-average rainfall experienced in various regions of KwaZulu-Natal, as well as the occurrence of storms and floods in particular areas of the province.

During the same period, dam levels in the Western Cape experienced a rise of 3.3% in Q2: 2024 compared to Q2: 2023. This brought the average dam level to 62%, a slight improvement from the previous average of 60%. The boost in levels can be attributed to the heavy rainfall the region received, marking a remarkable turnaround. Although there have been some favourable advancements, it is crucial to highlight that most provincial dams witnessed a decrease in levels in Q2: 2024 in contrast to Q2: 2023. Consequently, the Department of Water and Sanitation emphasizes the importance of water users exercising caution in their consumption of water.



**Figure 15:** Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

Figure 16 depicts the dam levels in various provinces during Q2: 2024 to Q2: 2023.

In the comparison of dam levels between Q2:2024 and Q1, a general decline was noted across most provinces, with the exceptions of Gauteng and Kwazulu-Natal, which experienced increases of 1.2% and 7.4%, respectively, on a quarter-on-quarter basis. Specifically, dam levels in the Eastern Cape, Free State, Limpopo, Mpumalanga, Northern Cape, Western Cape, and North West provinces saw reductions of 0.5%, 6.3%, 14.2%, 1.3%, 3.9%, 11.2%, and 2.5%, respectively, when compared quarter-on-quarter. This overall decrease can be linked to the distribution of rainfall throughout the current hydrological year, where winter rainfall areas benefited from substantial precipitation in Q2:2024 compared to Q1, while summer rainfall regions faced a decline in rainfall during June, as anticipated.

In the light of this situation, the municipality urges all residents to use water sparingly and to implement water-saving practices wherever possible. Every drop counts during this time of scarcity. The Department of Water and Sanitation has advised water users to use water wisely and to persist in their water conservation efforts in order to maintain livelihoods, stimulate the economy, and keep water levels stable within the systems. Collaboration with the provincial government remains ongoing to address water scarcity issues. The Department of Water and Sanitation is actively collaborating with municipalities to tackle the water shortage and is dedicated to ensuring a consistent water supply to all provinces.

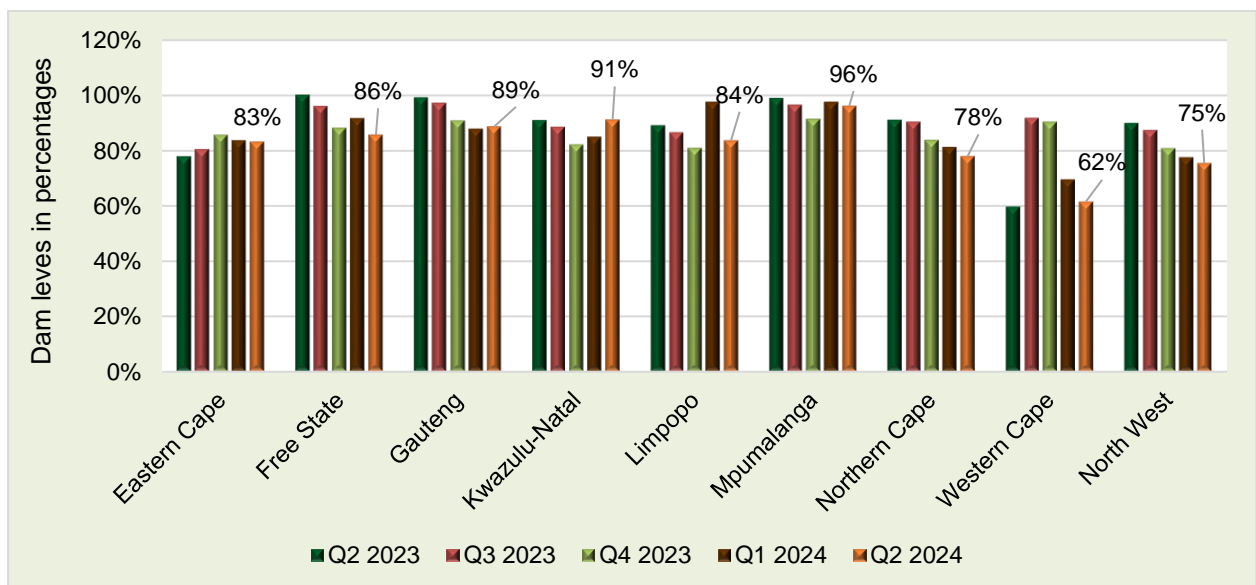


Figure 16: Average dam levels from Q2: 2023 to Q2: 2024

Source: Department of Human Settlements, Water and Sanitation

### 3. Review of Agricultural Markets

#### 3.1 Grain market review

##### 3.1.1 White and yellow maize

Production of white and yellow maize have been adjusted downward further from their previous quarter forecasts. The white and yellow maize outlook has been downgraded by 2.4% and 1.4% in 2024 than it was in 2023. White maize imports are not expected again this year, while yellow maize imports of 350 thousand tons are expected.

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

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Foreca:
Opening Stcok	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 346 568
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7 850 000	8 505 000	6 188 100
Imports	0	72531	630619	41797	0	0	0	7583	0	0	0
Total Supply	8653905	6845062	5803778	10942090	10199675	8141119	9211515	10911271	9255287	9 587 640	7 534 668
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	8465901	6847647	7160764	5 581 684
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	1 325 000	1 080 000	1 600 000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	9445734	8 172 647	8240764	7181684
Closing Balance	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 346 876	352 984

Source: DALRRD, NAMC, Sagis.

White maize and yellow maize exports are expected to be 26% and 13% higher than they were last year, while Local consumption is expected to be lower by 2.6% and 1.2% respectively.

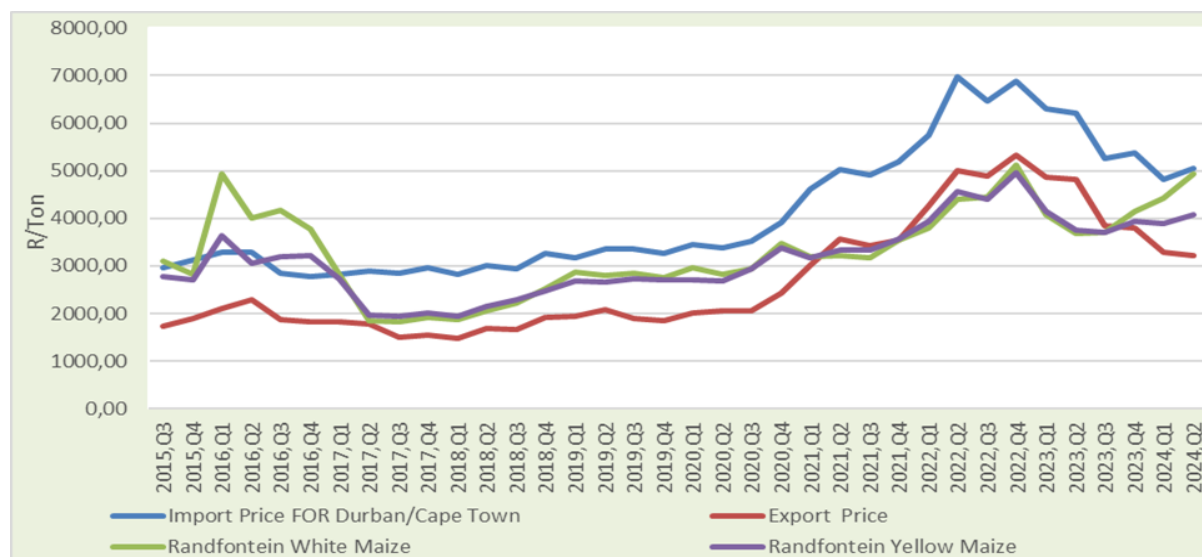
**Table 2: Yellow Maize Production and Demand outlook**

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Foreca:
Opening Stcok	678315	1289624	1097224	875351	1847267	1618654	1285087	1128098	658 682	871 291	1 057 664
Production	6540000	5220000	4370000	6904000	5970000	5730000	6752500	7715000	7 597 450	7 925 000	6 871 850
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0	32 844	350 000
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8256132	8829135	8 279 514
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	4477346	4919841	5475361	6737966
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000	2 296 110	815 000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	8 184 416	7 384 841	7771471	7 552 966
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	658682	871 291	1 057 664	726 548

Source: DALRRD, NAMC, Sagis.

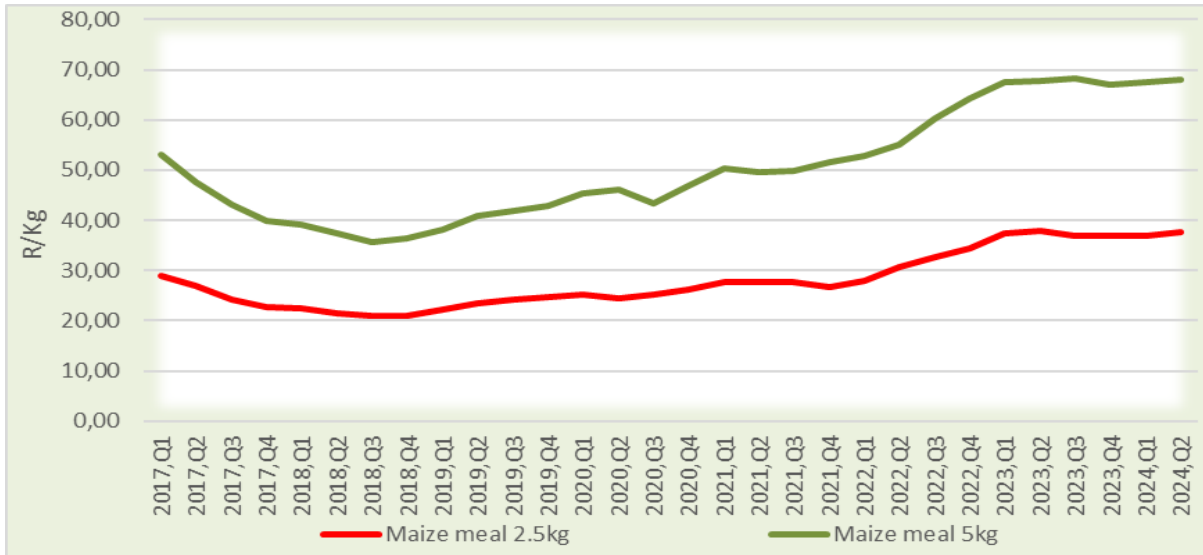
Figure 17 The price of white and yellow maize increased by 33.8% and 8.3% on a year-on-year basis, while on a quarter-on-quarter basis the price increased by 11.3% and 4.6% respectively. The local white maize and yellow maize traded at 53% and 26.4% above the export price during the quarter.

The local price increased due to the production outlook downgrade and heightened export demand from regional neighbours driven by the impact of drought-reduced harvests. Other fundamentals that drove the local price up include signals of lower US maize planting intentions for the maize crop that was expected to be planted in April and May that was expected to affect world demand.



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

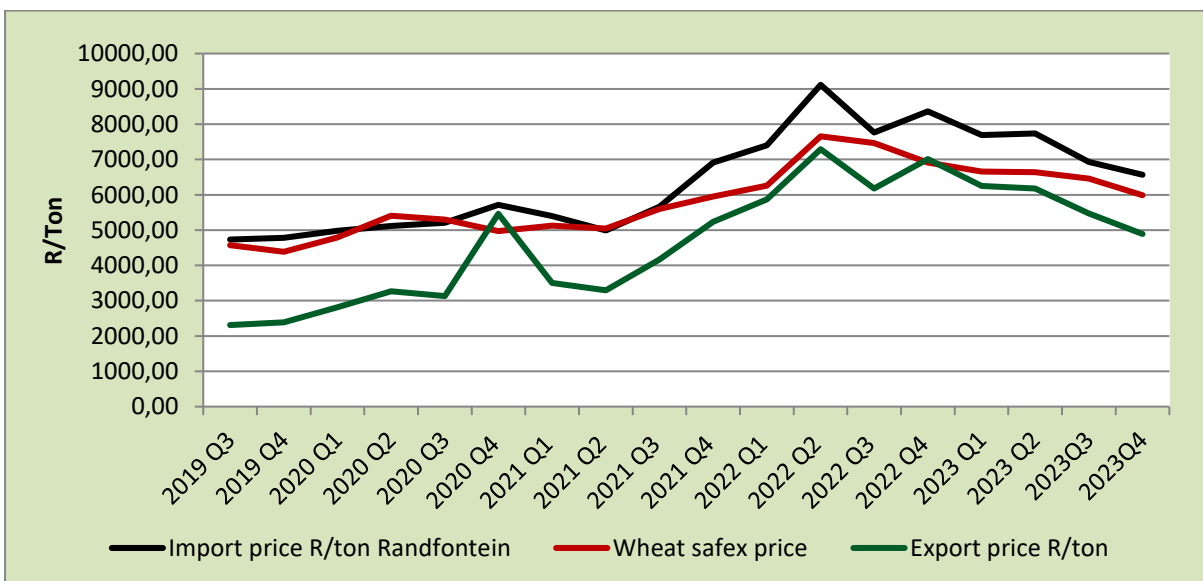
Figure 18 show price of a bag of 2.5kg maize meal decreased by a percentage point on year-on-year basis, while on a quarter-on-quarter basis the price increased by 1.9%. The price of a 5kg maize meal increased by 0.4% and 0.8% respectively on year-on-year and on quarter-on-quarter basis.



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

### 3.1.2 Wheat

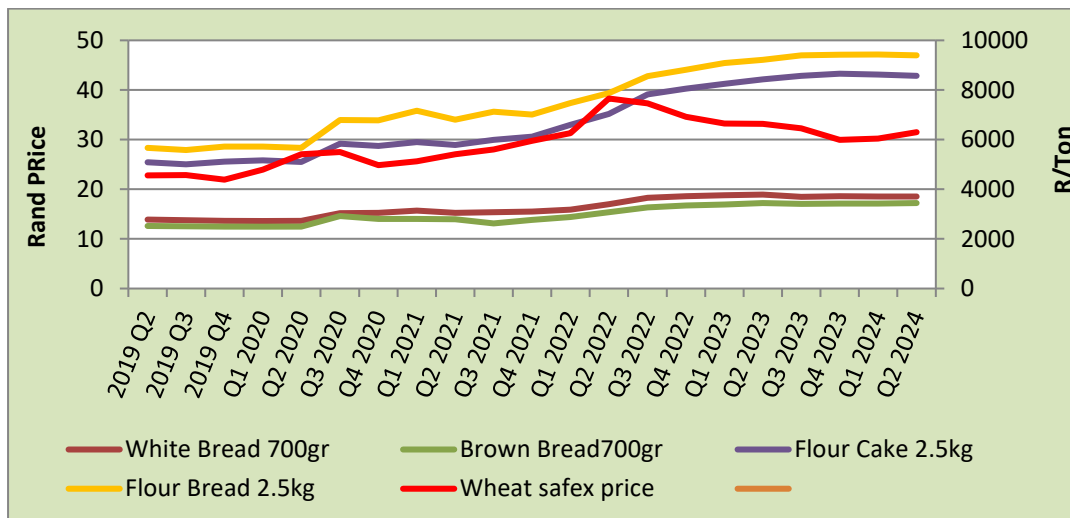
Figure 19 shows the price trends of domestic wheat prices and international parity prices for the period 2019: Q3 to 2023: Q3. The domestic wheat price traded at R 5 989,47 /ton in 2023: Q4, 10,7% lower compared to the previous quarter 3 of 2023. Wheat import and wheat export parity price traded at R 6 569,19/ton R 4 885,80/ton which represents a decrease in price by 5,2% and 7,3% respectively in 2023: Q4 relative to the previous quarter.



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

Source: Sagis/Safex

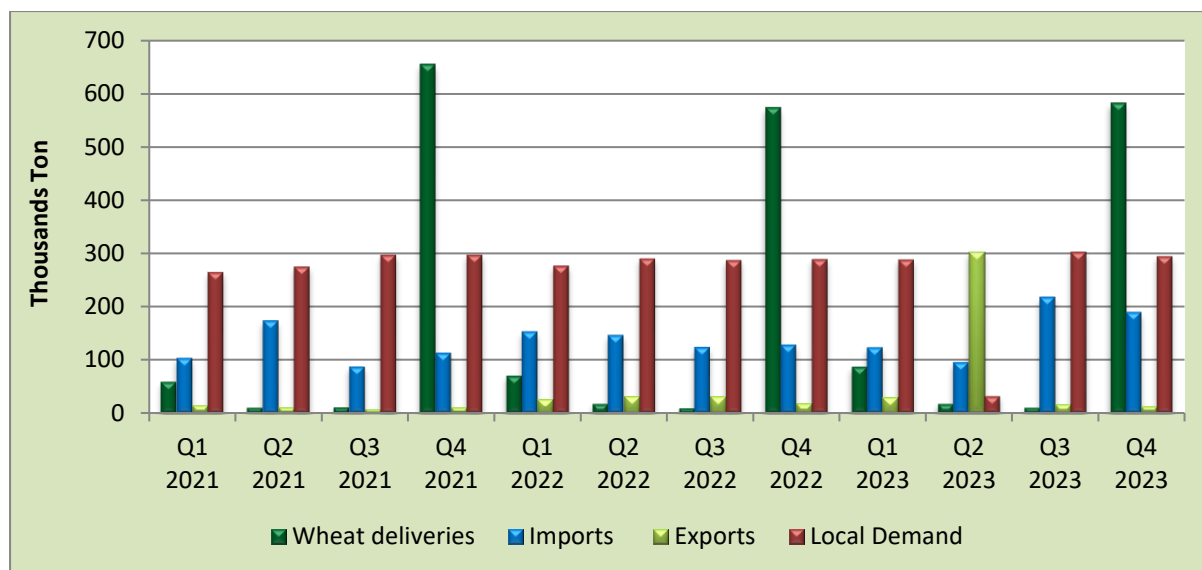
Figure 20 depicts retail bread prices versus wheat safex price from 2019: Q1 to 2023: Q4. Consumers paid more for wheat by-products in 2023: Q4 compared to the previous quarter 2023: Q3. The price of selected wheat by-products white bread 700gr and brown bread 700gr remained unchanged between the quarters, whilst flour cake and flour bread increased by 8% and 7% respectively. On the other wheat safex price decreased by 7%.



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

Source: Stats SA & Safex

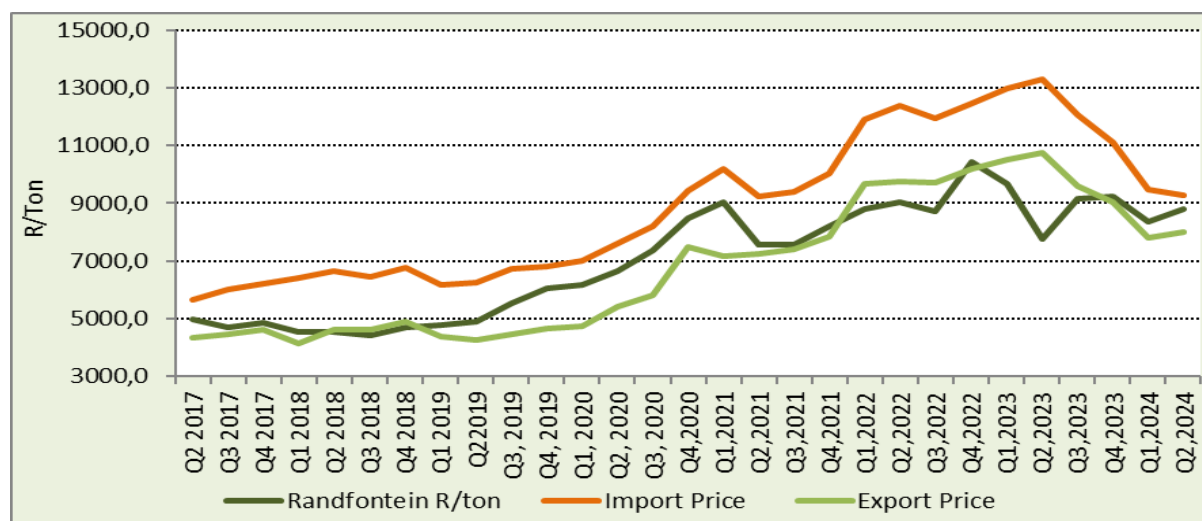
**Figure 21** depicts the supply and demand of wheat from 2021: Q1 to 2023: Q4. South Africa’s wheat deliveries for 2023: Q4 increased by 1% compared to the same period a year ago in 2022: Q4. On the other hand, imports and local demand also increased by 47% and 2% respectively. Whilst exports declined by 28% when compared to values a year ago. On a quarter-to-quarter basis Q3:2023 and Q4:2023 imports, exports and local demand decreased by 13%, 24% and 3% respectively whilst producer wheat deliveries increased from 11 thousand tons to 583 thousand tons.



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

### 3.1.3 Soya beans

Soybeans production outlook remained the same during the quarter compared to the previous quarter forecast. Imports and demand are revised upward expected to rise by 1.9% and 3.5% due to demand in the drought-stricken SADC region.



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

The price of soybeans increased by 13% on year-on-year basis while on a quarter-on-quarter basis the price increased by 5.3%. Soybeans traded at 5% below the import price. The price of local soybeans was driven by international dynamic during the quarter like fears of production reduction globally, because of further downward revision for Brazil and reduced forecast for Argentina due to unfavourable dry conditions. In the midst of a global consumption which is still expected to expand by 5.5 percent relative to the previous season.

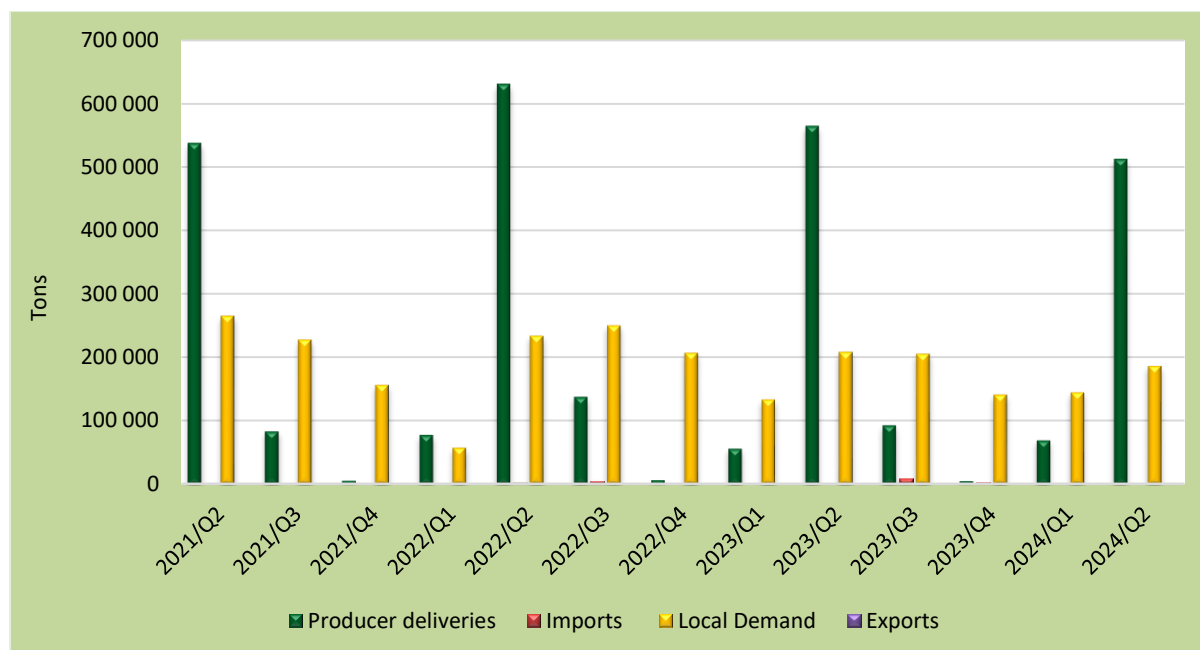
**Table 3: South African Soybeans Production & Use Table**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Forecast
Beginning Stock	63704	89128	84792	330535	502241	138455	46053	168 387	171 897	320 637
Production	1070000	742000	1316000	1540000	1170345	1 245 500	1 897 000	2 230 000	2 770 000	1 778 790
Imports	124981	271098	28000	6000	9500	116 103	13 448	5 000	3 480	45 000
Total Supply	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2 403 387	2 945 377	2 144 427
Local Consumption	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1951490	2244740	1882100
Exports	4677	6745	414	25000	4000	1 060	42 295	280 000	380 000	135 000
Total Demand	1169557	1017434	1098257	1374294	1543631	1 454 005	1 788 114	2 231 490	2 624 740	2 017 100
Closing Stocks	89128	84792	330535	502241	138455	46 053	168 387	171 897	320 637	127 327

Source: DALRRD and NAMC

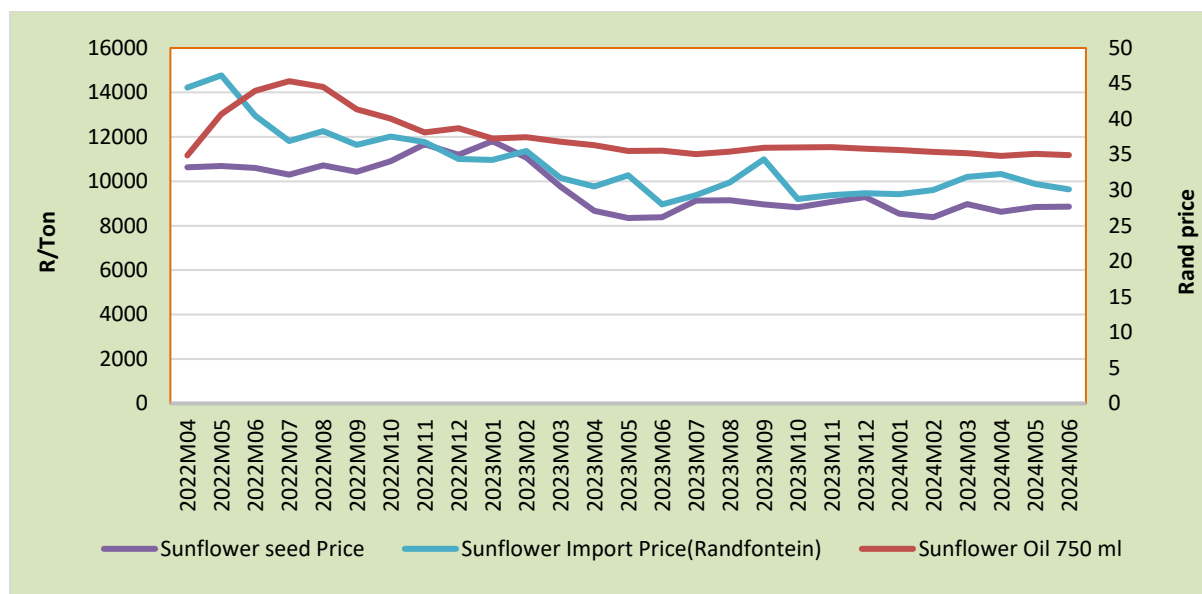
### 3.1.4 Sunflower

Figure 23 shows the supply and demand of sunflower seed up to the second quarter of 2024. Producer deliveries in the second quarter of 2024 is expected to be 9.2% lower than it was in the same quarter of 2023 (Q2). South African sunflower seed imports in the second quarter of 2024 is expected to be 24.0% lower than it was in the same quarter of 2023 (Q2) last year. Sunflower seed imports decreased by 55.0% in the second quarter of 2024 as compared to the previous quarter in 2024 (Q1). South African sunflower seed export in the second quarter of 2024 is expected to be 4162.1% higher than it was in the same quarter of 2023 (Q2) last year. Sunflower seed exports increased by 568.1% in the second quarter of 2024 when compared to the previous quarter of 2024 (Q1). Local sunflower seed consumption in the second quarter of 2024 was 28.4% higher than it was in the previous quarter of 2024 (Q1). Local consumption in the second quarter of 2024 is expected to be 10.7% lower than it was in the same quarter of 2023 (Q2) last year.



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

During the second quarter of 2024, South Africa sunflower seed prices traded below the import parity price at R8 776.12/ton compared to R9 951.23/ton in the second quarter of 2024, which is a total increase of 1.7% compared to the previous quarter of 2024 (Q1). The price of sunflower seed has increased by 3.7% during the second quarter of 2024 as compared to the same period last year, which is 4.8% lower than it was in the previous quarter of 2024 (Q1). The local sunflower seed price in the second quarter of 2024 traded at 11.8% lower than the import price, compared to trading at 11.5% below the import price in the first quarter of 2024. The prices of sunflower oil 750ml in the second quarter of 2024 traded lower by 2.4%, when compared to the same period in 2023 (Q2). The price of sunflower oil 750ml in the second quarter of 2024 decreased by 1.3%, when compared to the previous quarter (Q1) in the year 2024.



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

### 3.1.5 Sorghum

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

The World price of sorghum declined by 16,3% on year-on-year basis, while on a quarter-on-quarter basis the price declined by 2.2%. The lower prices are due to inter-alia a fall in World Sorghum imports, despite steady buying from China which accounts to 87% of World sorghum usage.



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

Sorghum outlook is expected to remain the same during the quarter from the previous 1st quarter 2024 forecast. Imports are expected to remain the same from their previous quarter forecast, while exports are revised to be 82% higher relative to the previous quarter forecast. Local consumption is expected to be lower by 32% relative to the previous quarter outlook.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Forecast
Opening stock	121812	83142	35238	59246	51860	60 423	51 795	106 157	46 956	54 775
Production	114700	70500	152000	115000	127000	158000	215 000	103 140	94 360	95 830
Imports	34316	74957	55824	32500	59253	6546	4 147	700	85 300	50 500
Total Supply	277713	226677	244073	206746	238113	224969	270 942	209 997	226 616	201 105
Local demand	165532	178790	171027	142541	170390	167524	155727	153641	160841	110020
Exports	29039	12649	13800	12345	7300	5650	9 058	9 400	11 000	20 000
Total Demand	194571	191439	184827	154886	177690	173174	164785	163 041	171841	130 020
Ending Stock	83142	35238	59246	51860	60423	51795	106 157	46 956	54 775	71 085

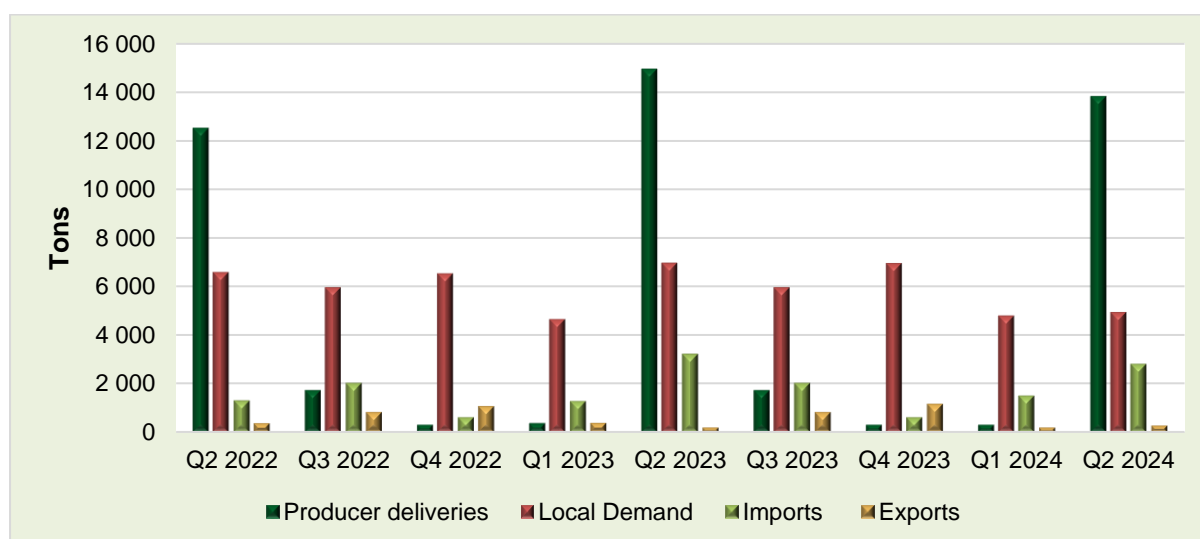
Source: DALRRD/ NAMC/SAGIS

### 3.1.6 Groundnuts

The local groundnut industry is faced with various challenges including competition from high-yielding commodities as well as the absence of pricing mechanisms. The South African agricultural landscape for the 2023/24 production season is struggling due to the ongoing heatwave and dryness linked to the El Niño phenomenon. The anticipated decline in groundnut production this year is largely attributed to subpar yields rather than a reduction in cultivated area, as farmers have expanded their tilled land compared to the 2022/23 season. It is also important to highlight that, although the prices of certain inputs, such as fertilizers and agrochemicals, have decreased since 2023, they remain significantly higher than pre-COVID levels, thereby exerting additional financial strain on farmers. Moreover, the disappointing summer crop harvest for the 2023/24 season will further exacerbate financial pressures on farmers in the coming months (Agbiz, 2023).

The Crop Estimate Committee estimates the groundnut cultivation area for the 2023/24 season to be 41,200 hectares, reflecting a decrease of 31.63% or 9,900 hectares compared to the 31,300 hectares planted in the previous season. Since 2001, annual groundnut plantings have exhibited significant fluctuations, ranging from 165,250 hectares in 2001 to the current estimate of 41,200 hectares for the 2023/24 production season. This indicates a consistent downward trend in both the area planted and the overall production and yield of groundnuts. Ultimately, the groundnut industry is experiencing a decline and it is clear that there are hindrances in production.

Figure 26 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q2: 2022 to Q2: 2024. Producer deliveries of groundnuts experienced a decline of 7% in Q2: 2024 compared to the same period in 2023, averaging 13,833 tons down from 14,950 tons, as illustrated in figure 26. Concurrently, local demand for groundnuts fell by 29% in Q2: 2024 relative to Q2: 2023, averaging 4,939 tons compared to 6,955 tons. The outlook for demand remains uncertain, as the ongoing economic recovery in South Africa is hindered by the inflation-adjusted purchasing power of salaries and a decrease in wages. Additionally, household expenditures have been reallocated, with home loan repayments now at least 40% higher than three years ago due to increased interest rates.



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

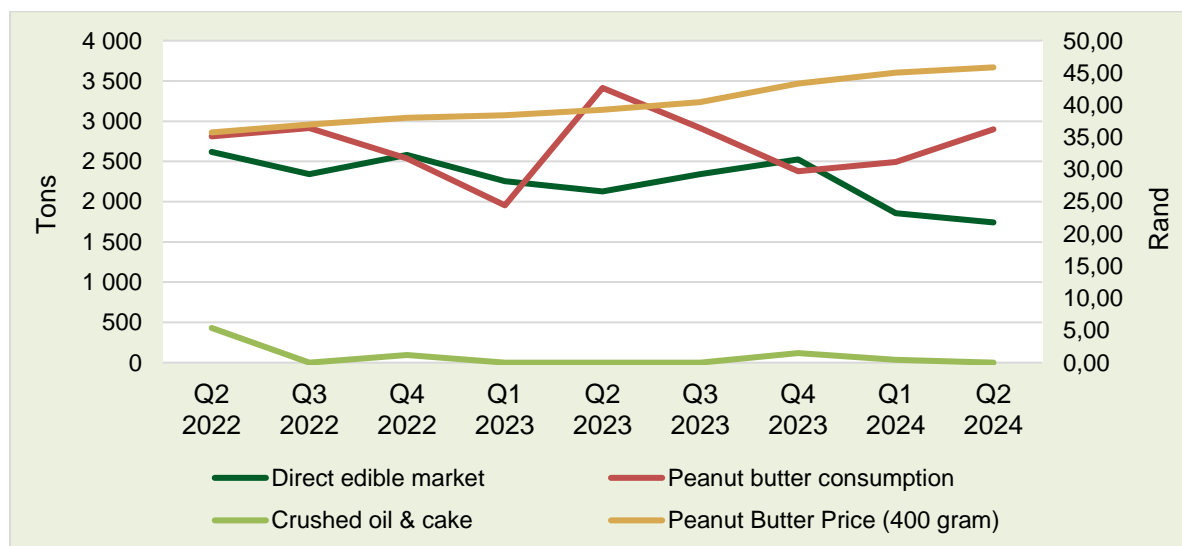
Source: Sagis

The groundnut production season for 2023/2024 faced several challenges, primarily due to adverse weather conditions throughout the country. However, groundnut exports saw a significant increase of 41% in Q2: 2024 compared to the same period in 2023, rising to an average of 270 tons from 191 tons. The growing demand for South African groundnuts has positively influenced the export market. Zimbabwe emerged as the top market, contributing 24.9% to South Africa's total groundnut export value. Following closely, Mozambique ranked as the second largest market, accounting for 24.0% of the export value during the period. Additionally, Japan, Belgium, and Namibia were the third, fourth, and fifth largest markets for South African groundnuts, representing 22.7%, 19.9%, and 2.6% of the export value, respectively, in Q2: 2024.

In Q2: 2024, groundnut imports experienced a decline of 13% compared to Q2: 2023, averaging 2,800 tons down from 3,206 tons. Several distinct factors influencing prices may have impacted the groundnut imports. In Q2: 2024, South Africa sourced its groundnuts primarily from Brazil, which emerged as the largest supplier, contributing 72.3% of the total value of South Africa's groundnut imports. This was followed by Malawi, which accounted for 20.7%, while China, Mozambique, and Namibia contributed 5.1%, 1.2%, and 0.5%, respectively, to South Africa's total groundnut import value.

South Africa primarily consumes groundnuts in two forms: as edible peanuts and as processed peanut butter, with these two forms representing the highest levels of consumption. In Q2: 2024, the consumption of edible groundnuts surged by an extraordinary 182% compared to the same quarter in 2023, averaging 1,742 tons, down from 2,126 tons. The demand for edible peanuts is largely influenced by pricing, which is in turn affected by the supply and demand dynamics of groundnuts. Additionally, the consumption of peanut butter saw a remarkable increase of 185% in Q2: 2024 compared to Q2: 2023, averaging 2,900 tons, a decrease from 3,413 tons. Notably, there was no recorded consumption of crushed oil and cake during this period. The activities of groundnut crushing, and groundnut oil production represent a minimal segment of the South African market.

During the same period, the average market price of peanut butter (400 grams) increased by 217% in Q2: 2024 compared to the same period in 2023, reaching an average of R45.86 per 400 grams, up from R39.27 per 400 grams. The prevailing domestic issues, such as rising living costs, may exacerbate the transfer of input costs to consumers. Additionally, the sluggish economic performance, contributes to the challenges in stimulating demand growth.



**Figure 27:** Groundnuts consumption

Source: Sagis

### 3.2 Fruit and vegetable market review

The following section looks at the average prices and quantities of fruits and vegetables traded at the Fresh Produce Markets (FPMs) from Q2: 2022 to Q2: 2024.

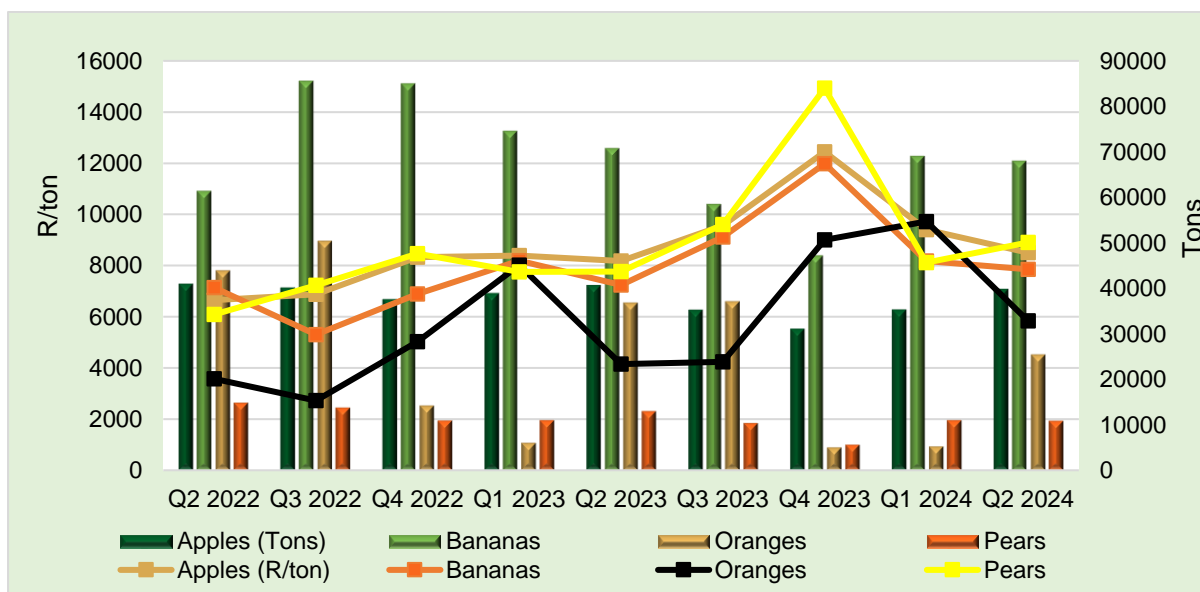


Figure 31: Average price and quantities of various fruits traded at fresh produce markets (FPMs)

Source: Dalrrd

In Q2: 2024, the average price of apples rose by 4.0% compared to Q2: 2023 while quantities supplied decreased by 2.1% year-on-year. The apple season in South Africa last year encountered challenges, as hail caused substantial damage to a considerable segment of the crop, including that intended for export. During the same period, the average price of bananas rose by 8.5% compared to Q2: 2023, whereas the quantity of bananas supplied experienced a decline of 3.9% in Q2: 2024 relative to Q2: 2023. This season, banana bunches are reported to be smaller and exhibit a greater number of blemishes and quality concerns, according to an agent from a fresh produce market in Gauteng. The adverse effects of flooding, along with a cold snap experienced six weeks prior, have contributed to these issues. In southern Mozambique, a primary region for banana cultivation in South Africa, temperatures plummeted to as low as 2 or 3 degrees Celsius, resulting in damage to the foliage of banana trees.

Meanwhile, a notable shift took place in the pricing of oranges, as the average price surged by an impressive 40.4% in Q2: 2024 compared to Q2: 2023. At the same time,

the quantities supplied experienced a year-on-year reduction of 30.8%. Adverse weather conditions unexpectedly impacted several citrus-producing regions during a crucial time of the season. In Limpopo, frost inflicted damage in certain areas, while Citrusdal faced severe flooding resulting from unprecedented rainfall in the Western Cape. Furthermore, growers in the Eastern Cape encountered considerable losses due to strong winds that devastated a significant portion of their harvest.

Meanwhile, the average price of pears increased by 14.7% in Q2: 2024 relative to Q2: 2023, while quantities supplied decreased by 16.0% year-on-year. Abate Fetel production is projected to decline by 3% because of earlier harvest and certain frost damage. In contrast, the volumes of Packham's Triumph are expected to remain consistent, while the summer blushed pear varieties, including Cheeky, Celina, and Rosemarie, are anticipated to experience a slight increase.

On a quarter-on-quarter basis, the average price of apples decreased by 9.7% in Q2: 2024 relative to Q1, while quantities supplied saw a reduction of 12.6% on a quarter-on-quarter basis. The favourable weather conditions, notably a conducive cold and wet winter, had a positive impact on apple production.

During the same period, the average price of bananas decreased by 4.1 % in Q2: 2024 relative to Q1, while quantities supplied decreased by 1.5% quarter-on-quarter. Every year, the banana market is characterised by a concertina effect, according to growers. In Q2: 2024, the banana market was in a period of less banana supply as a result of slower winter growth.

Meanwhile, the average price of oranges in Q2: 2024 decreased by 40.0% compared to Q1 while, the quantity supplied increased by 385.5% quarter-on-quarter. The quality of orange fruit for 2024 is exceptional, and the harvesting schedule is anticipated to be normal. In general, there is an anticipated increase in volume. This demonstrates the resilience of South African orange growers who face various challenges such as rising input costs, power outages, and deteriorating public infrastructure. Additionally, the increase in volume can be attributed to the production of younger trees in multiple regions.

In the same period, the average price of pears rose by 9.8% in Q2: 2024 relative to Q1 while the quantities supplied declined by 1.2% quarter-on-quarter. High temperatures have been affecting the pear crop and due to the excessive heat in the Western Cape, some early pears are showing an unbelievably short shelf life after ripening.

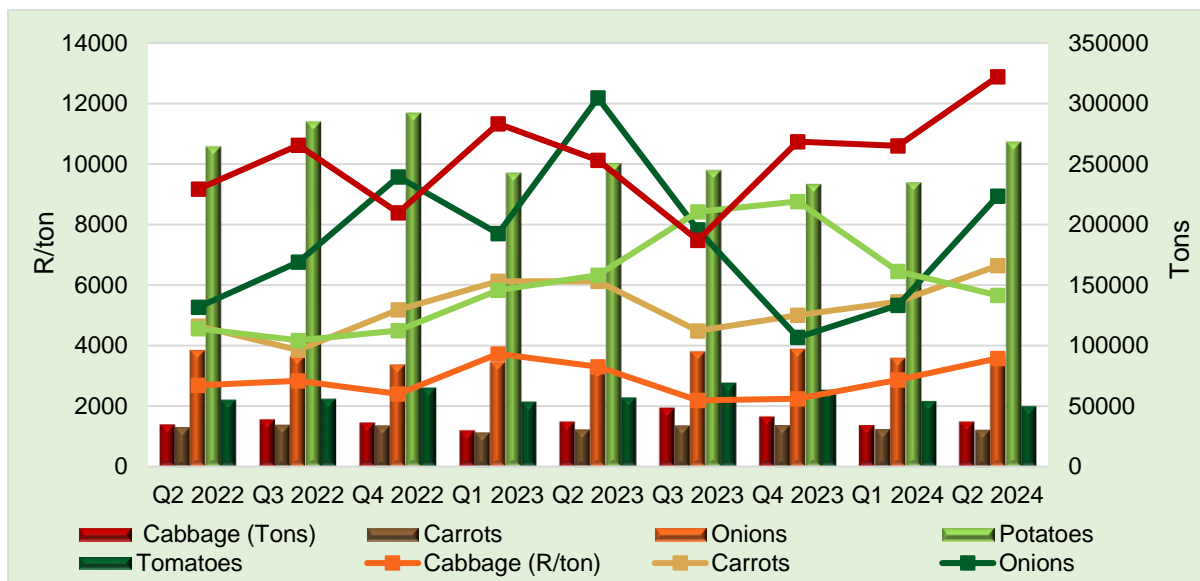


Figure 32: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)  
Source: Dalrrd

The pricing of vegetables at the Fresh Produce Markets is predominantly determined by supply and demand dynamics. In Q2: 2024, there were significant variations in the average prices and quantities supplied for cabbage, carrots, and tomatoes when compared with the second quarter of 2023.

During this period, the average price of cabbage saw an increase of 8.4% relative to the same quarter in 2023, while the quantities supplied rose by 0.2% year-on-year. The production levels and pricing of cabbage have remained relatively stable, as its planting and harvesting cycles are shorter compared to other vegetable commodities. During the same period, the average price of carrots rose by 8.4% in Q2: 2024 relative to Q2: 2023, due to unfavourable weather conditions impacting key production areas, while quantities supplied decreased by 1.2% year-on-year. Meanwhile, tomato prices

increased by 27.3% in Q2: 2024 relative to Q2: 2023, driven by a rise in consumer demand, while quantities supplied decreased by 12.6% year-on-year.

The average price of onions, on the other hand, saw a decline of 26.6% in Q2: 2024 compared to Q2: 2023, while the quantities supplied rose by 11.2%, attributed to an anticipated increase in market volumes. Similarly, during the same period, the average price of potatoes fell by 10.5% in Q2: 2024 compared to Q2: 2023, while quantities supplied rose by 7.1% year-on-year. The increase in volumes was influenced by certain producers in Limpopo opting to harvest earlier to preserve a portion of their yield.

On a quarter-on-quarter basis, the average prices of cabbage, carrots, onions and tomatoes experienced varying increases in Q2: 2024 relative to Q2: 2023. Notably, the average price of cabbage rose by 25.1% in Q2: 2024 compared to Q1, accompanied by an 8.2% increase in quantities supplied during the period. The increase in cabbage prices can be attributed to robust consumer demand. Concurrently, the average price of carrots, onions and tomatoes increased by 22%, 67.9% and 21.6% respectively in Q2: 2024 relative to Q1, while the quantities supplied for these vegetables decreased by 2.0%, 0.3% and 8.0%, respectively, quarter-on-quarter. As the warmer month's approaches, the demand for carrots began to rise, while consumer interest in onions remained consistently strong. Additionally, the rise in onion prices was partly driven by uncertainties surrounding potential market shortages.

In contrast, the average price of potatoes decreased by 12.4% in Q2: 2024 relative to Q1, while quantities supplied increased by 14.4% quarter-on-quarter. A month following the occurrence of the black frost weather event in the Limpopo region, volumes delivered to fresh produce markets experienced an uptick, as certain producers opted to harvest earlier than originally planned.

### **3.3 Meat industry review**

As illustrated graphically in figure 30, total beef slaughtering increased by 8.2% in second quarter of 2024 compared to the same quarter of 2023. The price of beef per kg increased by 3.2% in the second quarter of 2024 when compared to the same period in 2023. Local carcass prices have traded sideways over the past month after showing a modest increase during June. The increase in prices in June can be attributed to lower petrol prices, decreasing by more than 10% since May. This adds to the discretionary income that consumers spend on luxury items such as red meat. The rise in yellow maize prices since the notable start of June has however contributed to the loss in momentum of weaner calf prices.

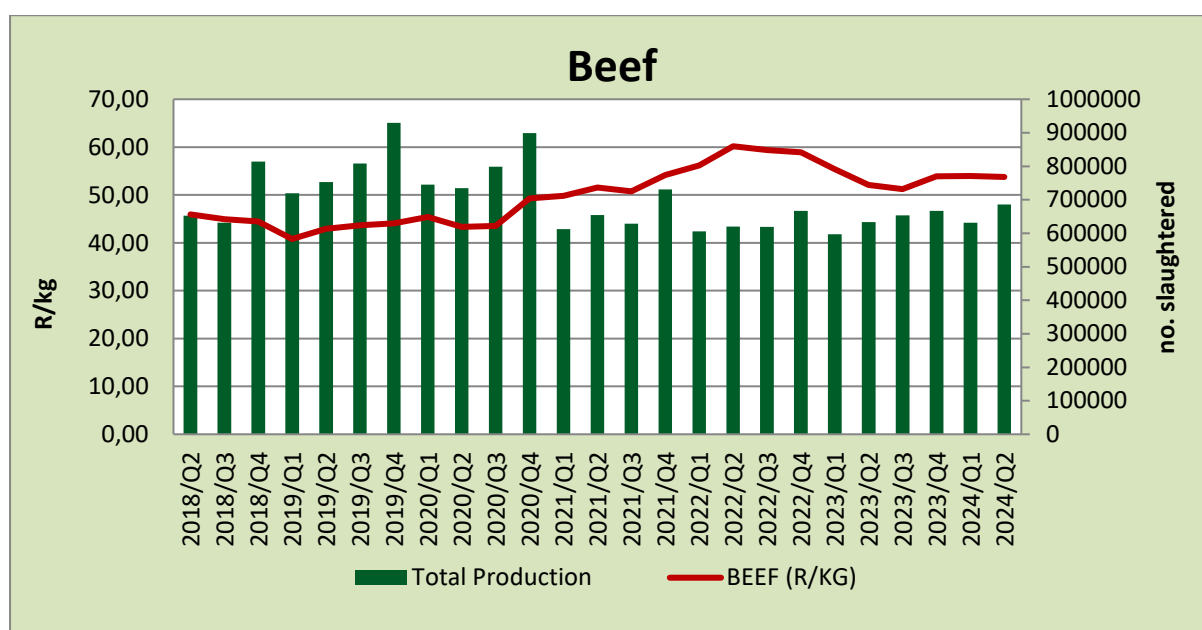
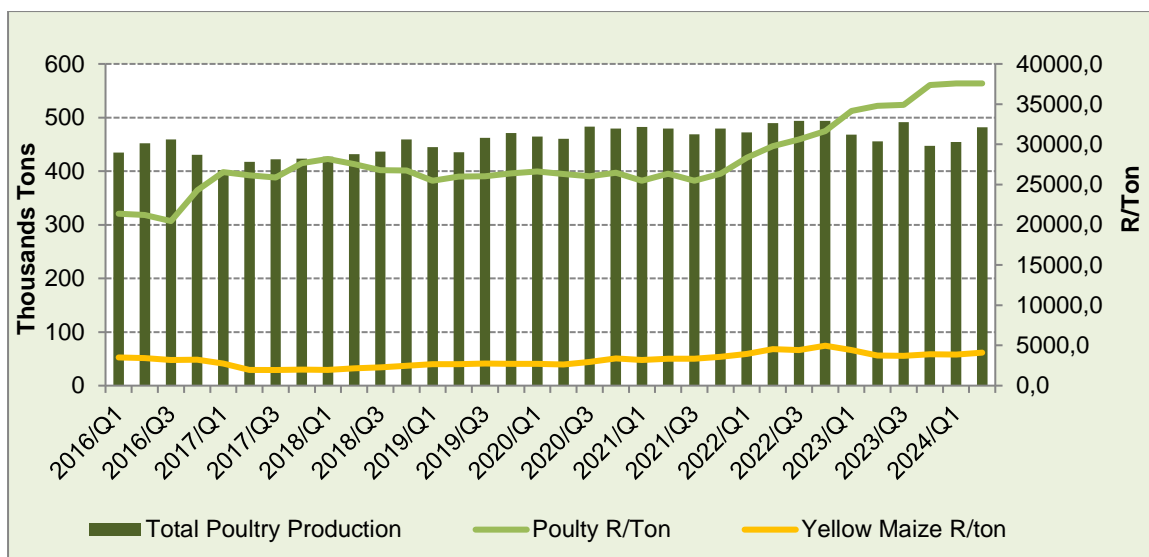


Figure 30: Beef production  
Source, DALRRD

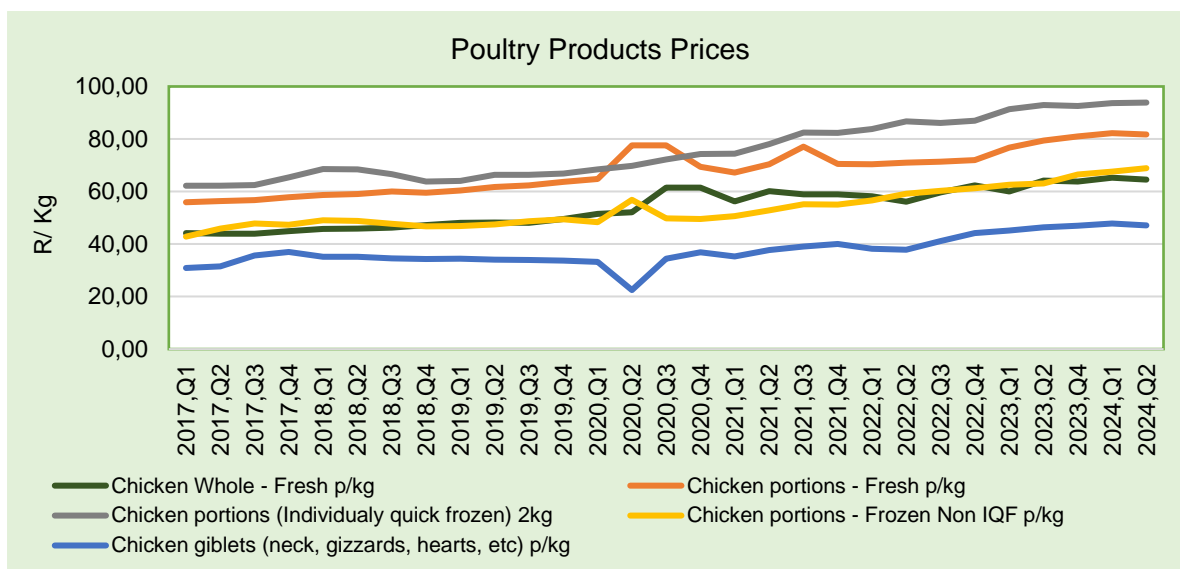
### 3.4 Poultry industry review

Poultry production increased by 5.8% on year-on-year basis(Y/Y) while on a quarter-on-quarter basis production increased by 6%. The price of Poultry per ton increased by 7.9% on year-on-year(Y/Y) basis while on a quarter-on-quarter(Q/Q) basis the price increased.



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

The price of whole fresh chicken and chicken portions increased by 0.6% and 3% on a year-on-year basis while on a quarter-on-quarter basis the price decreased by 1.2% and 0.6% respectively. The price of frozen chicken portions and Chicken giblets increased by 9.2% and 1.6% y/y, while on q/q the price of chicken portions increased by 2% while decreasing by 1.5% for chicken giblets.



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

The value of poultry imports increased by 15% on year-on-year basis while on quarter-on-quarter basis prices increased by 16%. The value of exports was 16% and 25% on a year-on-year and on a quarter-on-quarter basis respectively. Exports increased as

Namibia lifted its ban on South African poultry imports, following the outbreak of highly pathogenic avian influenza (HPAI). CEO of the South African Poultry Association; Izaak Breitenbach, stated that Namibian producers cannot meet the demand for poultry products, which leaves that country also dependent on imports. The Poultry Producers Association of Namibia (PPA) also said that the demand from urban consumers for poultry was on the increase thus had to import poultry products.

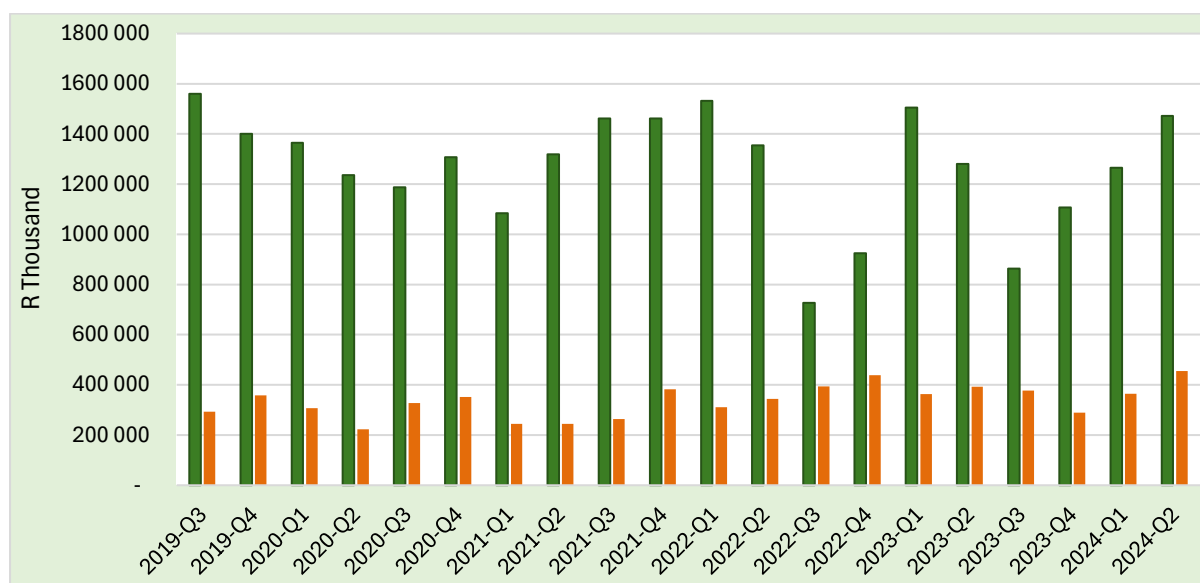
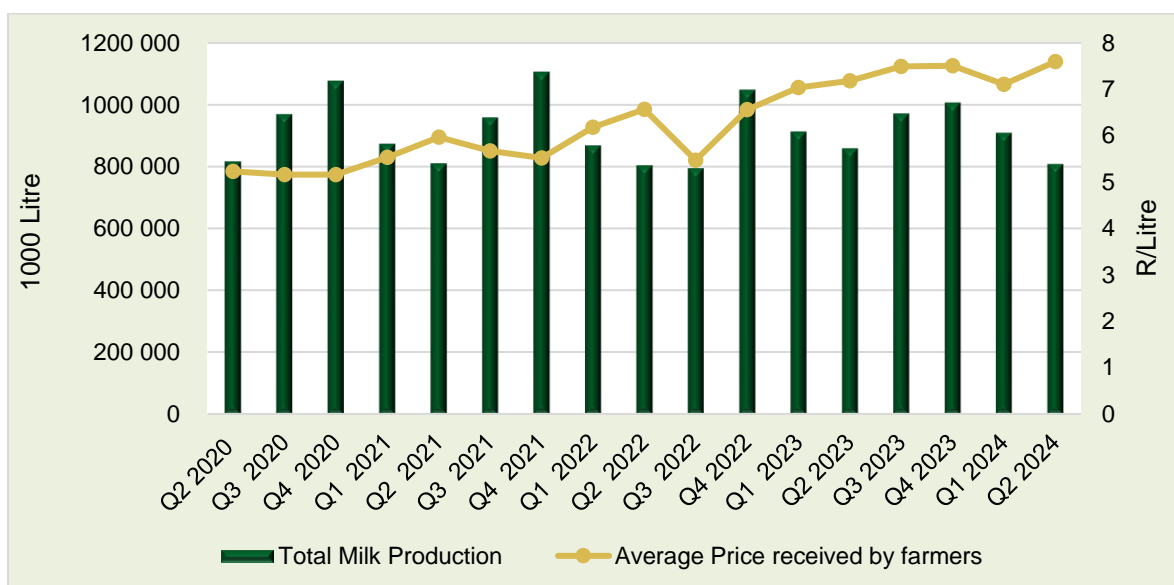


Figure 33: Poultry Trade data (indicate the tariff code used)  
Source: Trade Map

### 3.5 Milk industry overview

Total milk production saw a decrease of 6.0% in Q2: 2024 compared to the same period in 2023, dropping from 857,193 litres to 806,118 litres. Analysing the data on a quarter-on-quarter basis reveals an 11.1% decline in total milk production, which fell from 906,414 litres in Q2: 2024 compared to Q1. This reduction in milk output, both on an annual and quarterly basis, may be attributed to several factors, including fluctuating milk prices, unpredictable weather conditions that can impact feed production and herd health, market volatility, and the potential for sudden outbreaks of contagious diseases that can adversely affect livestock.

The average producer price for a litre of milk rose by 5.8% in Q2: 2024 compared to the same period in 2023, increasing from R7.18 per litre to R7.60 per litre. When examining the prices on a quarter-on-quarter basis, there was a 6.8% increase in the average price per litre of milk in Q2: 2024 compared to Q1, where the price was R7.11 per litre. These annual and quarterly changes in producer prices suggest that demand has been stimulated despite the difficulties encountered by the South African economy, which has exerted pressure on consumers' disposable income due to slow economic growth.

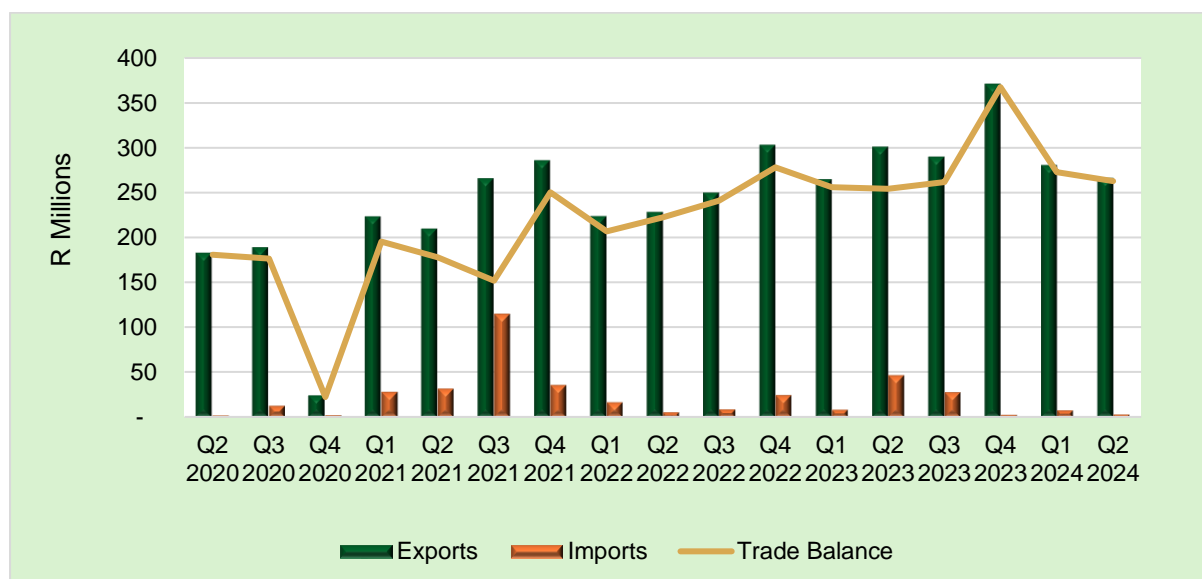


**Figure 33:** Trends in total production and average price of milk  
 Source: DALRRD

In Q2: 2024, the trade balance for milk and cream (in exports and imports of milk and cream, not concentrated nor containing added sugar or other sweetening matter), amounted to R 262.9 million. Figure 34 indicates a slight increase from R 254.2 million recorded in Q2: 2023. The observed change was primarily influenced by an 11% decrease in the export value, alongside a remarkable 93.3% drop in import value. The decline in export value may be attributed to a reduction in the number of milk producers in South Africa, which fell from 891 in January 2023 to 882 in January 2024 (MPO, 2024). Additionally, economic pressures within the value chain, adverse climatic conditions affecting certain regions of South Africa, and domestic structural challenges contributed to the limitations on export volumes. Conversely, the import value for milk and cream (not concentrated nor containing added sugar or other sweetening matter)

saw a dramatic decrease of 93.3%, plummeting from R 46.3 million in Q2: 2023 to R 3.1 million in Q2: 2024. This significant reduction in imports can be linked to the rising costs associated with milk imports. Moreover, logistical difficulties both internationally and domestically may have further constrained the volume of milk and cream imports.

On a quarter-on-quarter basis, South Africa experienced a 3.6% reduction in the trade balance for milk and cream, not concentrated nor containing added sugar or other sweetening matter compared to Q1. This decline can be attributed in part to a 5.1% decrease in the export value of milk and cream, not concentrated nor containing added sugar or other sweetening matter during the period. Conversely, the import value for milk and cream, not concentrated nor containing added sugar or other sweetening matter saw a significant reduction of 59,6% quarter-on-quarter.



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

### 3.6 Egg industry review

Egg production decreased by 17% on year-on-year basis, on a quarter-on-quarter basis production decreased by 4.6%. The poultry industry is still recovering from last year’s outbreak of avian influenza, losing 28.2% of its production capacity since the 4th Quarter of 2023. According to South African Poultry Association (SAPA); 30% of the industry was destroyed by the outbreak in several provinces in 2023.

“SAPA estimates that it would take about 17 months to recover that lost production. The association states that; normally they have about 27 million chickens that give eggs and that has been down to about 19 million chickens at this stage. They Association expects everything to be back to normal as early as next year around May.

The price of eggs followed the market dynamics of demand and supply shortfalls, with the price of eggs rising sharply from the 3rd quarter of 2023. Although the price of eggs reached their pick in the fourth quarter of 2024, prices are still high compared to previous quarters and seasons. The price of eggs per dozen is 36% higher on a year-on-year basis while on quarter-on-quarter basis prices decreased by 8.1%.

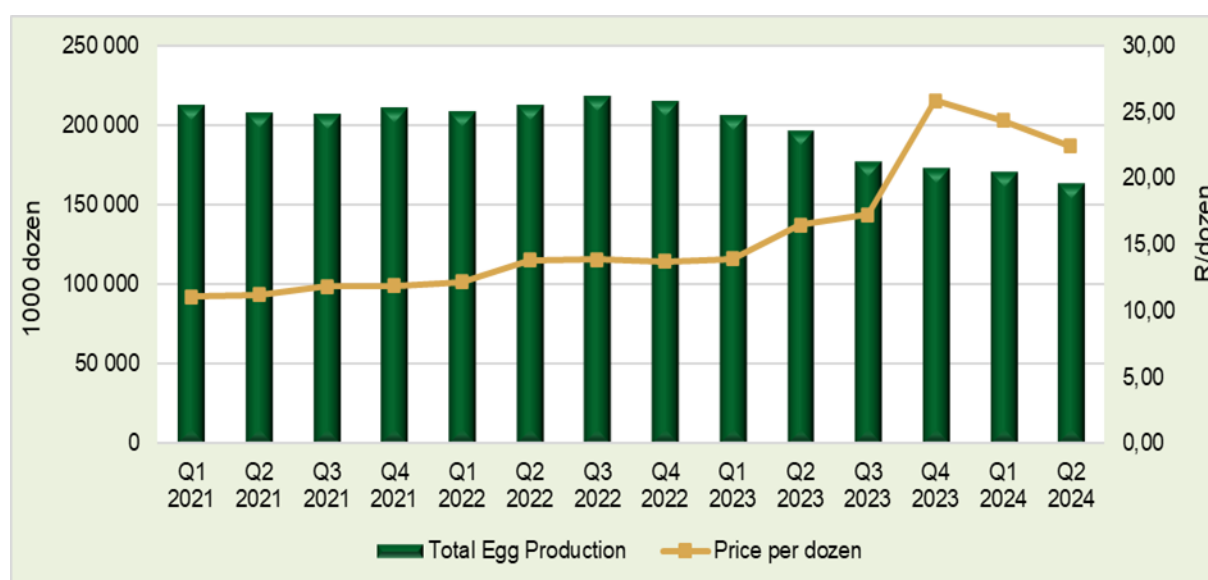


Figure 35: Egg production & Prices  
Source: Trade Map

On the trade front, the country reported a trade deficit in egg trade since the 4th quarter of 2023. The value of eggs exported during the quarter decreased by 1.9% on year-on-year basis, while on a quarter-on-quarter basis the value of exports was 98% higher.

The average value of Imports was 691% higher during the same quarter last year, on a quarter-on-quarter basis import decreased by 37%, as the country imported a lot of fertilised eggs for incubation. Imports between the 4th quarter of 2023 and the 2nd quarter of 2024 averaged 250 million versus R50 Million during the same periods previous.



Figure 36: Trade balance of eggs  
Source: Trade map, 2024

According to South African Poultry Producers (SAPA); the industry lost a lot breeding stock, thus had to start by producing fertile eggs which will be placed in incubators. They stated that from those incubators you get your day-old chick, from that day-old chick, to raise it until it gets to 18 weeks. Once it's at 18 weeks to 19 weeks then it starts to give you eggs.

### 3.7 Trade of agricultural products

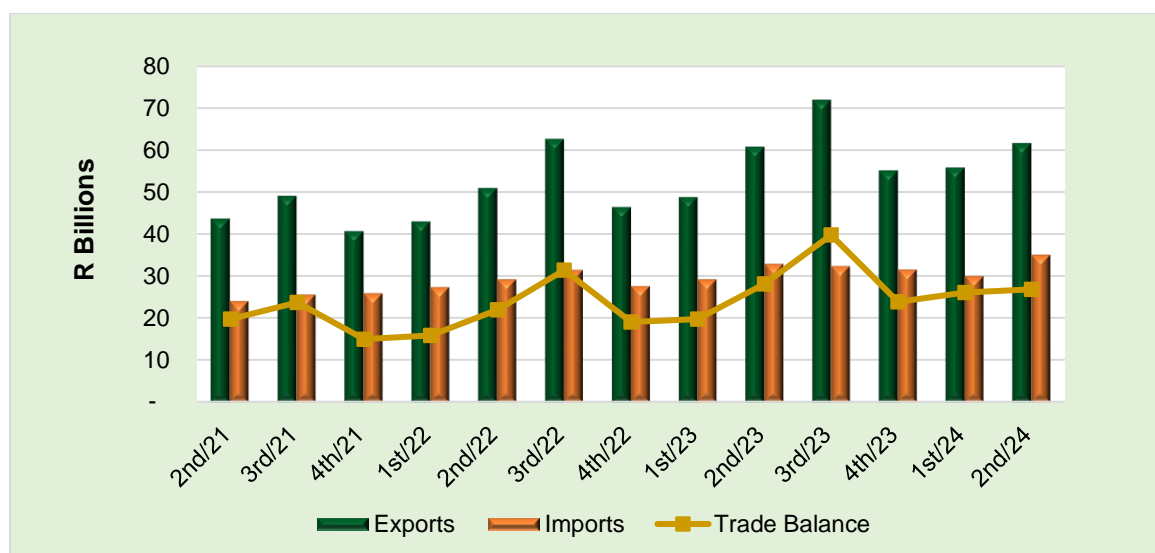
South Africa's agricultural trade balance experienced a contraction of 4.6% in Q2: 2024 relative to Q2: 2023. Various Infrastructure challenges, including those related to energy, transportation networks, ports, and rail systems, along with a stringent monetary policy, have negatively influenced the dynamics of supply and demand. Additionally, local rail disruptions have necessitated an increased reliance on road transport for goods. The ongoing conflict in the Middle East, combined with drought conditions affecting the Panama Canal, has introduced renewed pressures on global shipping, which may gradually be reflected in intermediate producer inflation.

In Q2: 2024, the agricultural trade balance amounted to R 26.8 billion, reflecting a significant decrease from the R 28.1 billion recorded in Q2: 2023. This shift was primarily influenced by a strong increase in imports, which rose by 6.6%, whereas

exports saw a modest growth of 1.4%. The moderation in the export value was impacted by a decline in the prices of certain agricultural products, along with export volumes being constrained by domestic structural challenges.

The export value of agricultural products reached R 61.6 billion in Q2: 2024, reflecting a 1.4% increase relative to Q2: 2023. The leading exported items by value include citrus, apples and pears, maize, wine, dates, pineapples, avocados, sugar, grapes, fruit juices, nuts, and wool. According to Agbiz Chief Economist, Wandile Sihlobo, while the export value has seen a slight decrease from Q2: 2023, the operational efficiency at the ports this year has significantly improved compared to the previous year. This suggests that the reduction in export value is primarily attributed to lower prices for certain commodities and a decrease in volumes, following a difficult domestic production environment, particularly in grains and oilseeds. During the same period, the import value of agricultural products increased to R34.8 billion, representing a 6.6% increase compared to Q2: 2023. This increase is attributed to slightly higher volumes of key imported products, such as wheat, palm oil, rice, and poultry, which align with South Africa's annual import patterns.

On a quarter-on-quarter basis, South Africa recorded a 2.9% increase in its agricultural trade balance. This improvement is partially due to a 10.5% rise in the export value in Q2: 2024 relative to Q1, while the import value of agricultural products rose by 17.0% quarter-on-quarter. It is essential for South Africa to enhance the efficiency of its logistical infrastructure and broaden the export markets for its agricultural sector. A focused initiative to promote South African agriculture, food, fibre, and beverages is necessary to effectively access and capitalize on export opportunities.



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

Source: Trade map, 2023

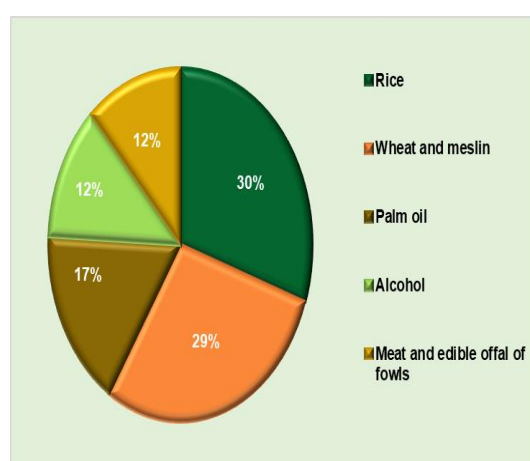
Table 5 indicates that in Q2: 2024, the Netherlands emerged as the leading destination for South Africa's agricultural exports, constituting 10.6% of the overall export value. Zimbabwe ranked as the second largest market, accounting for 7.9% of the total export value. The United Kingdom ranked the third largest market, representing 7.6% of South Africa's agricultural exports in value terms during that the period. On the supply side, Thailand emerged as the leading supplier of agricultural products to South Africa, with Brazil following as the second largest supplier. China, on the other hand, held the third position as the key supplier of agricultural products to South Africa during the same period.

**Table 5:** SA's top three largest export and import destinations of agricultural products in the 4<sup>th</sup> Quarter of 2023.

Top three markets of agricultural products exported by SA	Value (Billion Rands) 2 <sup>nd</sup> Quarter 2024	% Share of total agricultural exports in 2 <sup>nd</sup> Quarter 2024	Top three suppliers of agricultural products to SA	Value (Billion Rands) 2 <sup>nd</sup> Quarter 2024	% Share of total agricultural imports in 2 <sup>nd</sup> Quarter 2024
<b>Total</b>	R 61,64	100		R 34,82	100
Netherlands	R 6,50	10.6%	Thailand	R 3,27	9.4%
Zimbabwe	R 4,89	7.9%	Brazil	R 2,07	5.9%
United Kingdom	R 4,66	7.6%	China	R 2,00	5.8%

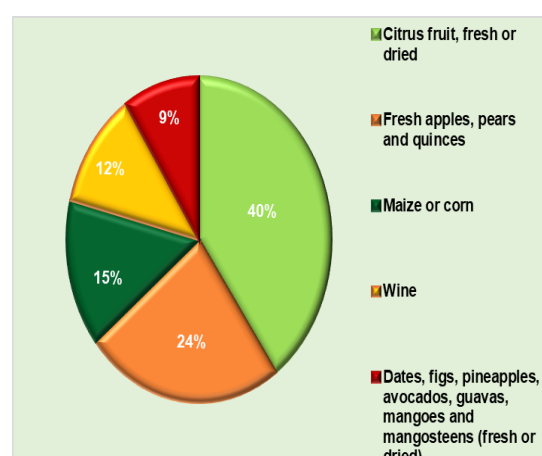
Source: Trademap, 2024

Figure 38 illustrates the five leading agricultural products imported by South Africa in Q2: 2024. During this period, the major agricultural imports included rice (30%), wheat and meslin (29%), palm oil (17%), alcohol (12%) as well as well as meat and edible offal of fowls (12%). These five products significantly contributed to the food import bill in Q2: 2023. In the meantime, Figure 39 presents the top five agricultural products exported by South Africa during the same quarter. The exports comprised of fresh or dried citrus (40%), fresh apples, pears and quinces (24%), maize or corn (15%), wine (12%), and fresh or dried dates, figs, pineapples, avocados, guavas, mangoes and mangosteens (9%).



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

Source: Trademap, 2024



**Figure 39:** Top five agricultural products exported by SA

Source: Trademap, 2024

Despite the various challenges confronting the agricultural sector, including geopolitical tensions, declining infrastructure, weakening municipalities, and crime, these elements considerably affect the profitability of farms. To secure the long-term viability of the sector, it is crucial for both the South African government and the private sector to collaboratively tackle these issues.

#### 4. Conclusion

In 2025, IMF projected the global GDP to slow to 4.5%, and to continue to decelerate over the medium term to 3.3% by 2029, because of headwinds from aging and slowing productivity growth.

South Africa's economy grew slightly in the second quarter of 2024, a recovery aided by no load-shedding, after remaining flat in the first quarter. According to Statistics South Africa, GDP expanded by 0.4% in the period under review after failing to grow in the first three months of the year, a period that was still marked by power outages.

During the second quarter of 2024 CPI decreased slightly to an average 5.2% compared to an average 5.4% in the previous quarter. On year-to-year basis the CPI dropped from an average 6.2% in the second quarter of 2023 to an average 5.2% in second quarter of 2024. The main contributors to the quarterly average 5.4% inflation rate were food and non-alcoholic beverages, housing and utilities, transport as well as miscellaneous goods and services.

In South Africa the number of unemployed individuals increased by 158 thousand, reaching 8.4 million, marking the highest figure since comparable records began in 2008. During this period the labour force rose by 66 thousand to 25 million, while employment declined by 92 thousand to 16.7 million. Job losses were recorded in trade (111 000), agriculture (45 000), private households (18 000), construction (11 000) and finance (9 000).

In Q2:2024 Various Infrastructure challenges, including those related to energy, transportation networks, ports, and rail systems, along with a stringent monetary policy, have negatively influenced the dynamics of supply and demand. Additionally, local rail disruptions have necessitated an increased reliance on road transport for goods. The ongoing conflict in the Middle East, combined with drought conditions affecting the Panama Canal, has introduced renewed pressures on global shipping, which may gradually be reflected in intermediate producer inflation. In Q2: 2024, the agricultural trade balance amounted to R 26.8 billion, reflecting a significant decrease from the R 28.1 billion recorded in Q2: 2023. This shift was primarily influenced by a strong increase in imports, which rose by 6.6%, whereas exports saw a modest growth of 1.4%.

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