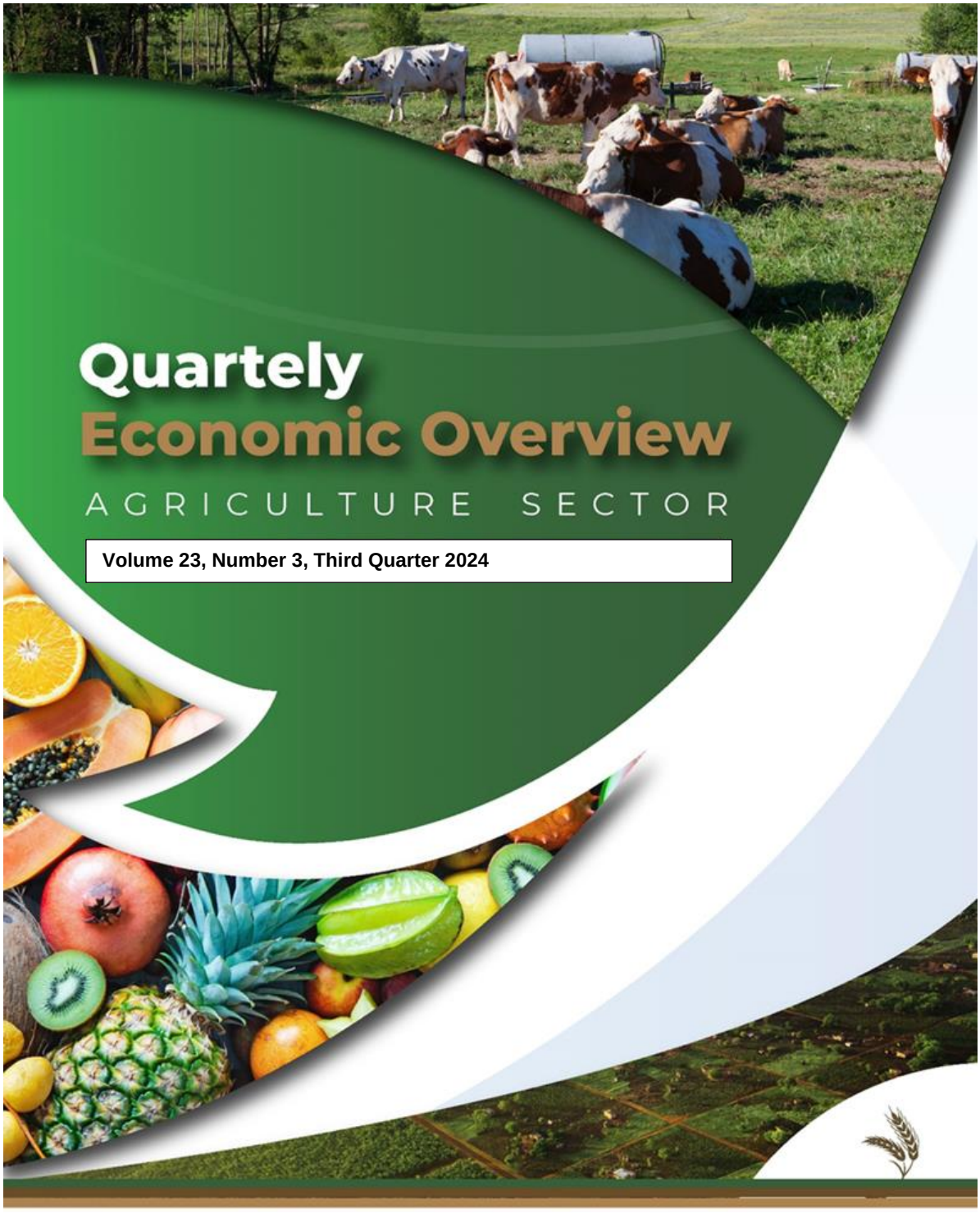

agriculture, land reform & rural development

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

2030 NDP

STAY SAFE
VACCINATE TO SAVE 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: Q3, as well as the expected economic trends in the South African agriculture sector as the domestic and global economies continue to face economic uncertainties.

Compiled by Heidi Phahlane with inputs from:

Mthambeka Z.A., Lekganyane M.S., Mofolo K.M., and Gininda P.

All correspondence can be addressed to:

The Director: Ms Ellen Matsei

Directorate: Statistics and Economic Analysis

4th Floor, Sefala Building

503 Belvedere Street, Arcadia, South Africa

Tel.: +27(12) 319 8454

E-mail:DAS@dalrrd.gov.za

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 2023 (Q4) in the advanced economies of the following countries: Canada, France, Italy, Japan and United States increased by 1.0%, 0.1%, 0.2%, 0.4% and 3.2% respectively, while Germany and United Kingdom decreased by 0.2% and 0.3% respectively, when compared to the fourth quarter of 2022 (Q4).

Emerging markets and developing economies: GDP growth rates for 2023 (Q4) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 2.9%, 5.2%, 8.4%, 5.04%, 3.4%, 5.6%, 0.1%, 3.46% and 4.3% respectively, when compared to the fourth quarter of 2022 (Q4) last year figures.

Global grain supply forecast: In 2024 (Q3), global food products price indices in cereals and sugar indices show a decrease of 11.4% and 21.3% respectively, whilst meat, dairy and oils indices show an increase of 3.7%, 17.4% and 9.8% when compared to (Q3) of 2023.

South Africa's GDP: 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. 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. Agriculture, forestry & fishing faced headwinds decreasing by 28.8%, the following factors contributed to the decline 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).

Inflation: The annual average headline CPI for the third quarter of 2024 was 4.24%, which shows a decrease of 0.78% when compared to the same period last year. Food inflation for the third quarter of 2024 was 4.27%, which shows a decrease of 4.54% from 8.81% of the third quarter of 2023.

Employment: The official unemployment rate has decreased by 1.4 percentage points from 33.5% in the second quarter of 2024 to 32.1% in the third quarter of 2024. The number of people employed in agricultural sector decreased from 956 000 in the third quarter of 2023, to 935 000 people in the third quarter of 2024, which represent a decrease of 2.2%.

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: During Q3: 2024, the agricultural trade balance reached R 38.0 billion, representing a 4.4% decline from R 39.8 billion in the same quarter of 2023. This shift was largely driven by a significant rise in imports, which increased by 8.1%, while exports experienced only a slight growth of 1.2%.

1 GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHERIES ECONOMY

1.1 Global Real GDP Growth Rates

According to the International Monetary Fund (IMF), world economic outlook report (October 2024), it indicates that Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, particularly the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities especially oil conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa. The real GDP growth Rates for 2024 (Q3) in the advanced economies of the following countries: Canada, France, Germany, Italy, Japan, United Kingdom and United States increased by 0.3%, 0.4%, 0.1%, 0.4%, 1.2%, 0.1% and 2.8% respectively, when compared to the third quarter of 2023 (Q3). See figure 1 below.

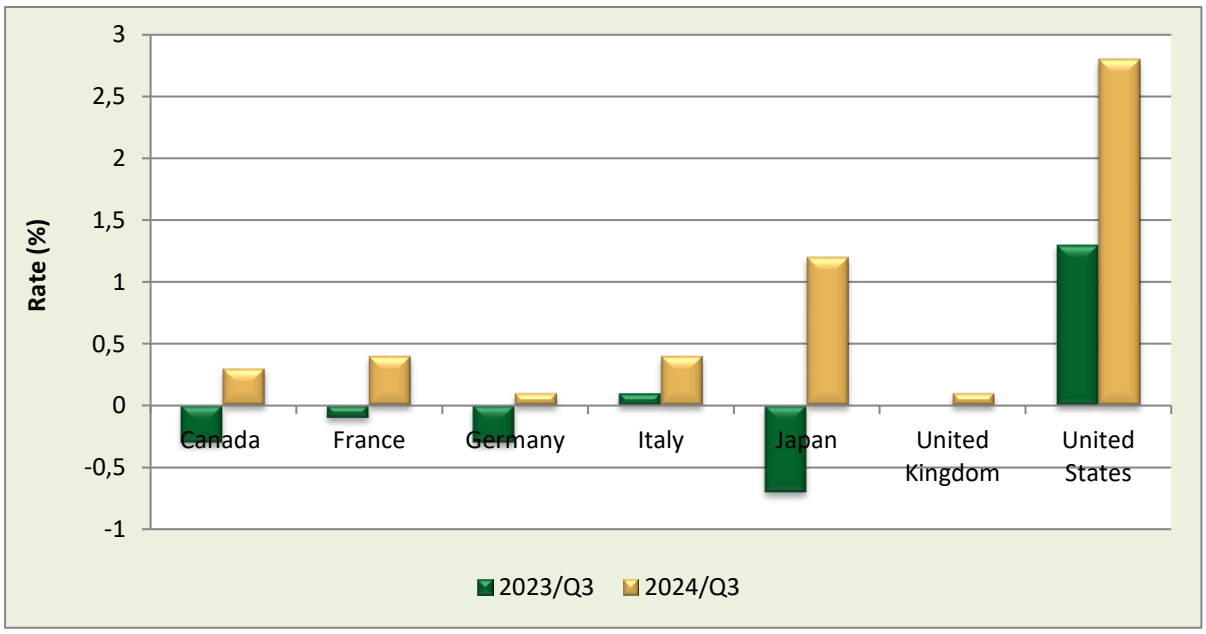

Figure1: Advanced Economies Quarterly GDP Growth Rates
Data Source: Various Sources

Indicate that in the emerging markets and developing economies, the real GDP growth rates for 2024 (Q3) increased in the following countries: Brazil, China, India, Indonesia, Malaysia, Philippines, South Africa, Nigeria and Russia by 4.0%, 4.6%, 5.4%, 4.95%, 5.3%, 5.2%, 0.3% 3.46% and 3.1% respectively, when compared to the third quarter of 2023 (Q3) last year figures.

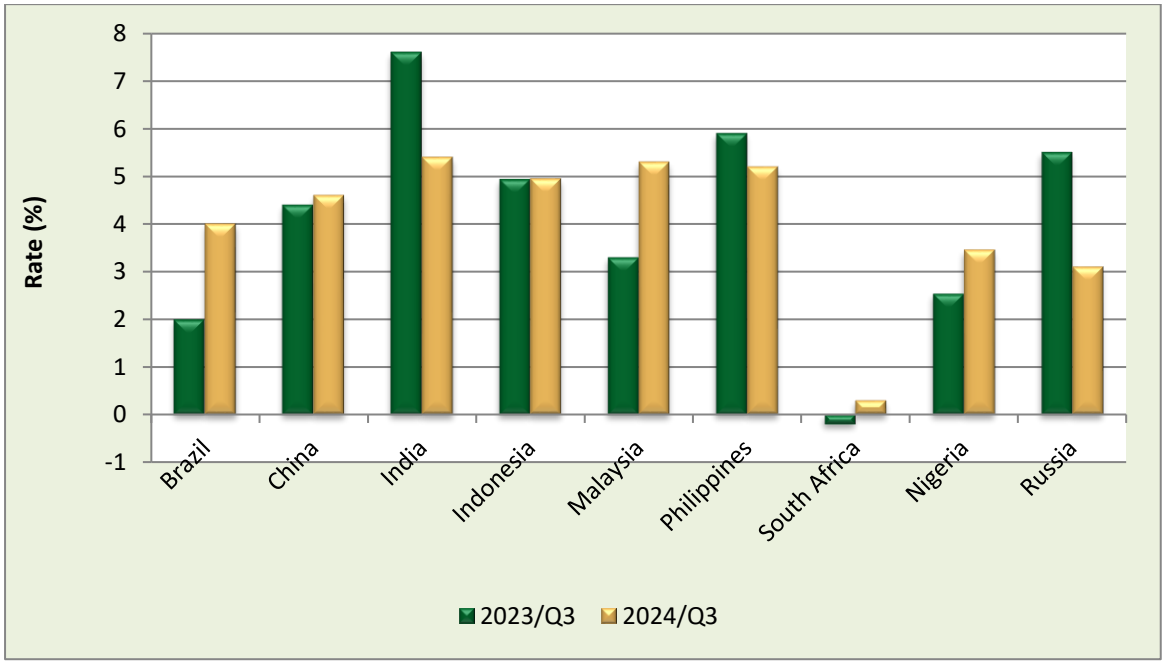

Figure 2: Emerging Markets and Developing Economies Quarterly GDP Growth Rates
Data Source: Various Sources

2. Global Grain forecast

The global grain supply forecast indicates a total grain increase of 0.8%, from 3.582 million metric tons in 2023 (Q2) to 3.609 million metric tons in 2024 (Q3). Global supply projections for 2024 (Q3) of wheat and cotton decreased by 0.1% and 6.4% respectively, while coarse grains, rice milled, oilseeds, oil meals and vegetable oils increased by 0.9%, 1.7%, 4.1%, 4.0% and 2.5% respectively, when compared to the third quarter of 2023, see figure 3 below.

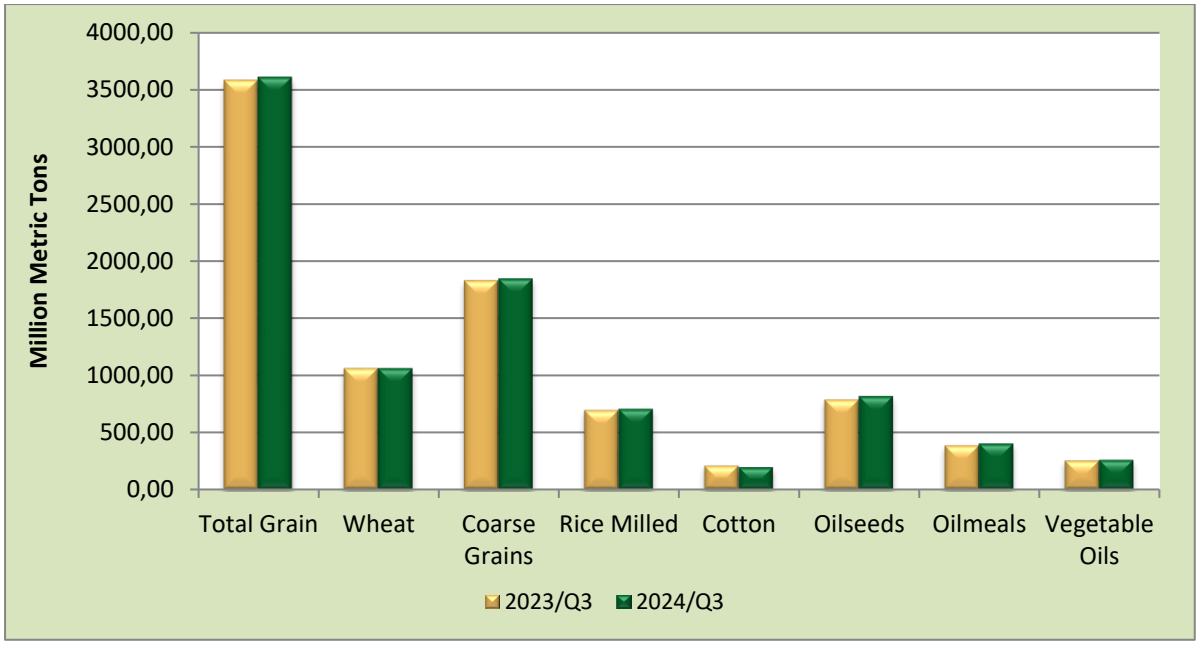

Figure 3: Quarterly global grain supply forecast
Data Source: USDA

3. Global Food Prices

Globally in 2024 (Q3) some major countries were paying lower by 0.2% on food purchases compared to 2024 (Q3). The following global food products price indices in 2024 (Q3), cereals and sugar indices show a decrease of 11.4% and 21.3% respectively, whilst meat, dairy and oils indices show an increase of 3.7%, 17.4% and 9.8% when compared to (Q3) of 2023, see figure 4.

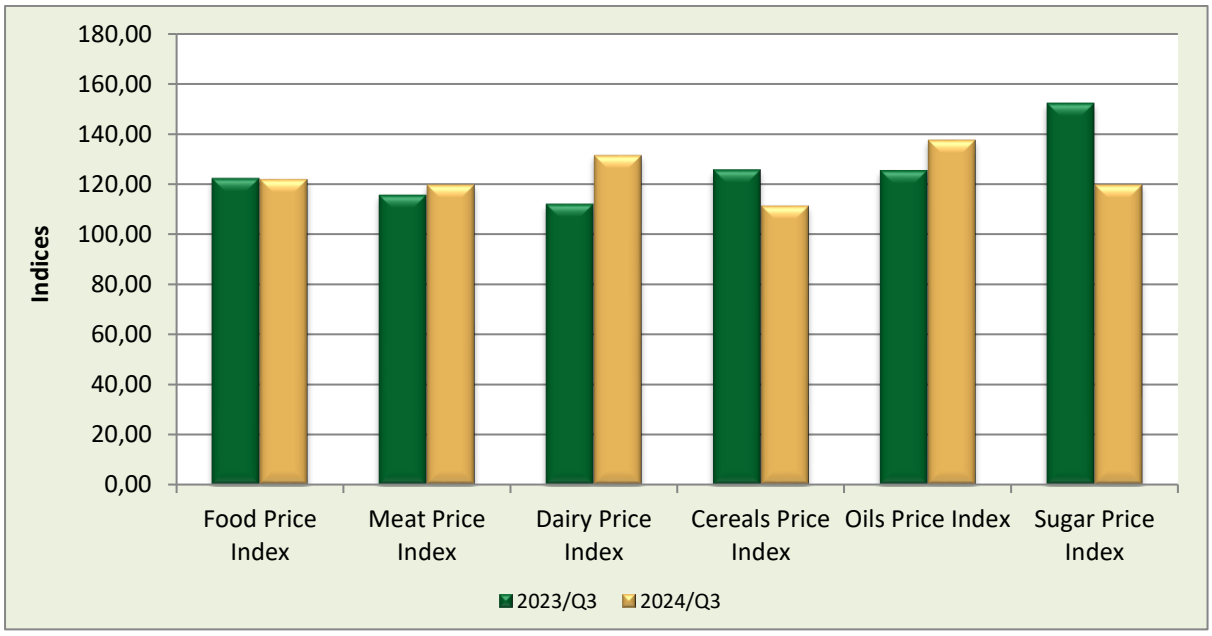

Figure 4: Quarterly global food price indices
Data Source: FAO

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 decreasing by 28.8%, the following factors contributed to the decline 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.

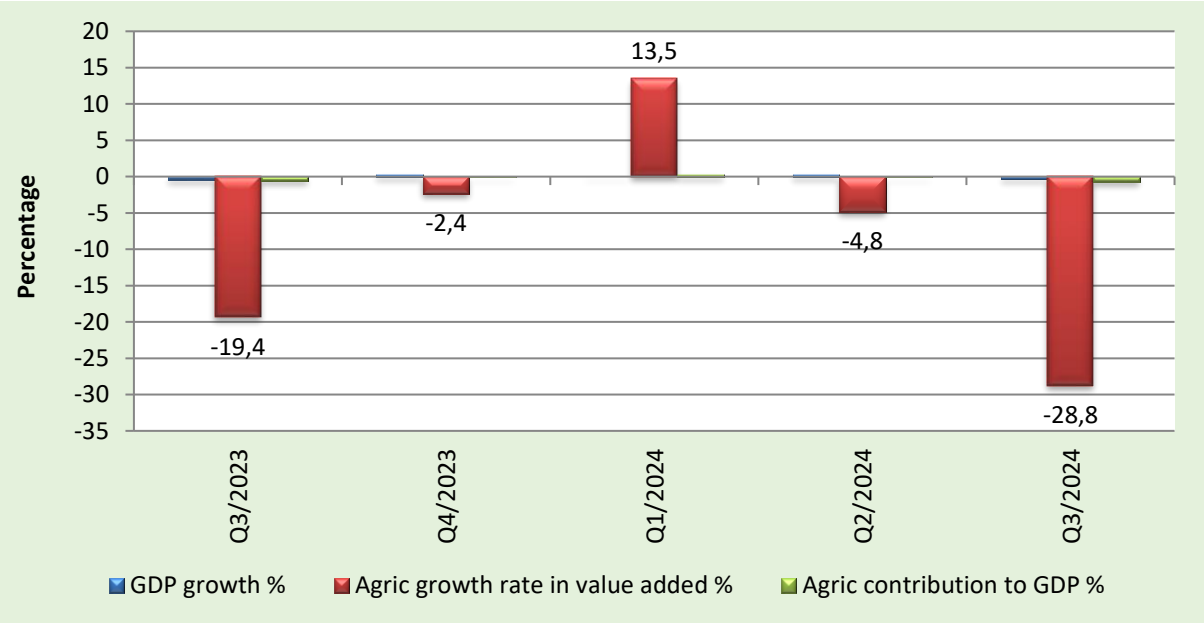

Figure 5: The GDP growth and Agriculture contribution to the GDP growth 2021: Q4 and 2024: Q3
Source: Stats SA

2.2 Inflation

Figure 6 shows South Africa's annual headline CPI and the food inflation from the third quarter of 2024 as illustrated in the figure below. The annual average headline CPI for the third quarter of 2024 was 4.24%, which shows a decrease of 0.78% when compared to the same period last year. Food inflation for the third quarter of 2024 was 4.27%, which shows a decrease of 4.54% from 8.81% of the third quarter of 2023.

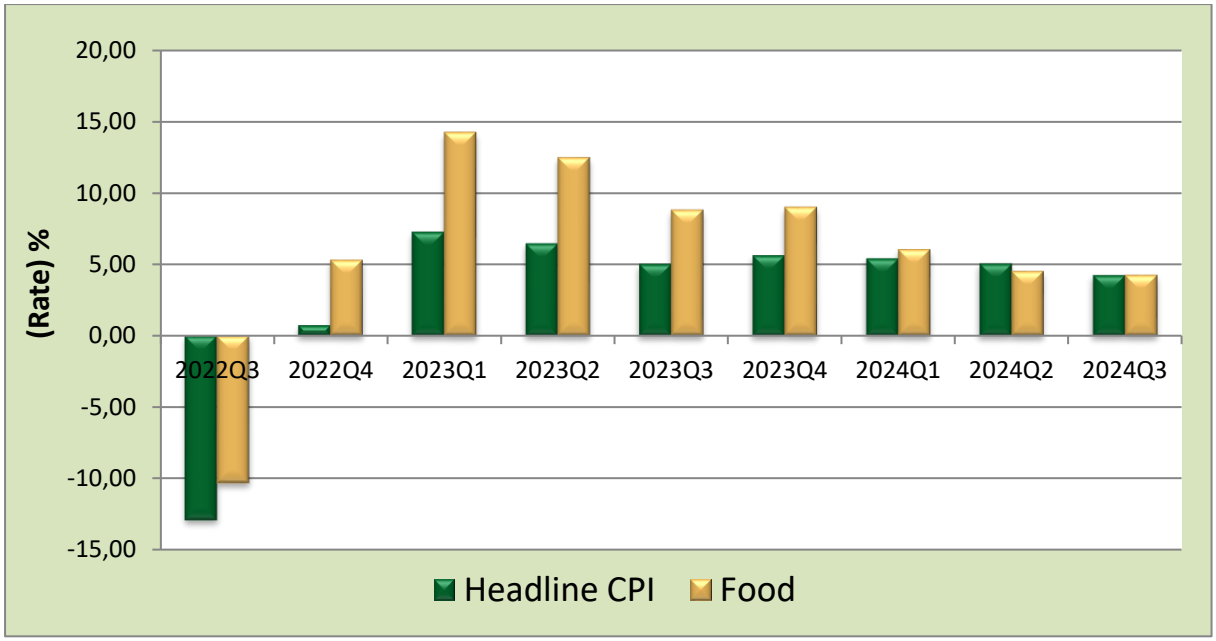

Figure 6: The headline consumer price index and food prices 2021: Q4 and 2024: Q3

Data Source: Stats SA

Figure 7 below illustrates the consumer trends of selected food items for the third quarter of 2024. Food inflation for 2024 (Q3), shows that oils & fats, meat and fruits were generally less expensive with CPI of -1.10%, 1.11% and 1.99% respectively, whilst fish, vegetables, bread & cereals and milk, egg & cheese were generally more expensive with CPI of 4.84%, 4.92%, 5.91% and 7.04% respectively when compared to other food items in the same quarter last year 2023.

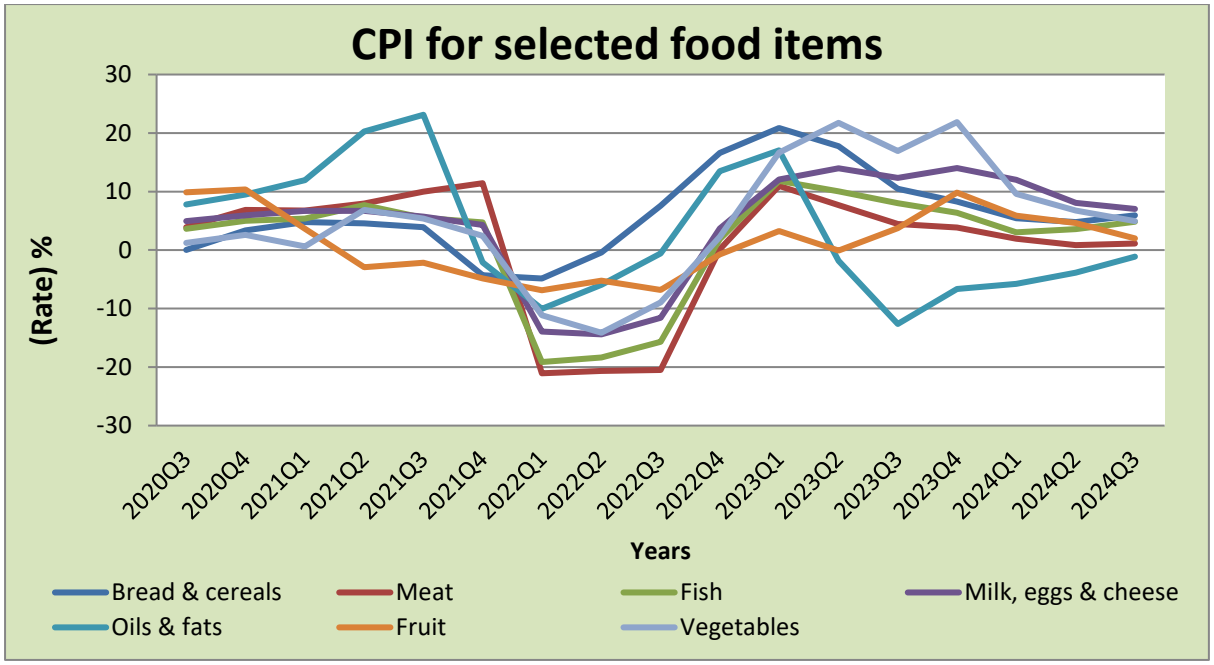

Figure 7: CPI for selected food items

Data Source: Stats SA

2.3 Employment

Figure 8 shows that the official unemployment rate has decreased by 1.4 percentage points from 33.5% in the second quarter of 2024 to 32.1% in the third quarter of 2024. This is according to the Statistics South Africa (Stats SA) Quarterly Labour Force Survey (QLFS) for the third quarter of 2024. There was an increase of 294 000 in the number of employed persons to 16.9 million in third quarter of 2024, while there was a decrease of 373 000 in the number of unemployed persons to 8.0 million. This resulted in a decrease of 79 000 (down by 0.3%) in the labour force during the same period. Discouraged work-seekers increased by 160 000 (up by 5.0%), and the number of persons who were not economically active for reasons other than discouragement increased by 54 000 (up by 0.4%) between the second quarter and third quarter of 2024. This led to an increase of 214 000 in the number of the not economically active population to 16.5 million.

The expanded unemployment rate in the third quarter of 2024 decreased by 0.7 of a percentage point to 41.9% when compared with the second quarter of 2024. The number of persons employed in the formal sector increased by 122 000 in third quarter of 2024, and the informal sector employment increased by 165 000 over the same period. The largest increases in employment were recorded in community and social

services (194 000), construction (176 000) and trade (109 000). Decreases in employment were recorded in finance (189 000), private households (32 000), manufacturing (20 000) and transport (18 000).

The results also indicate that the largest increases in employment were observed in the Eastern Cape (83 000), Western Cape (75 000), Northwest (69 000) and Mpumalanga (49 000), while decreases were only observed in Gauteng (66 000) and KwaZulu-Natal (2 000). The youth (15 to 34 years) remain vulnerable in the labour market. The third quarter of 2024 results show that the total number of unemployed youths decreased by 171 000 to 4.8 million, while employed youth recorded an increase of 66 000 to 5.8 million. As a result, youth unemployment rate decreased from 46.6% in the second quarter of 2024 to 45.5% in the third quarter of 2024.

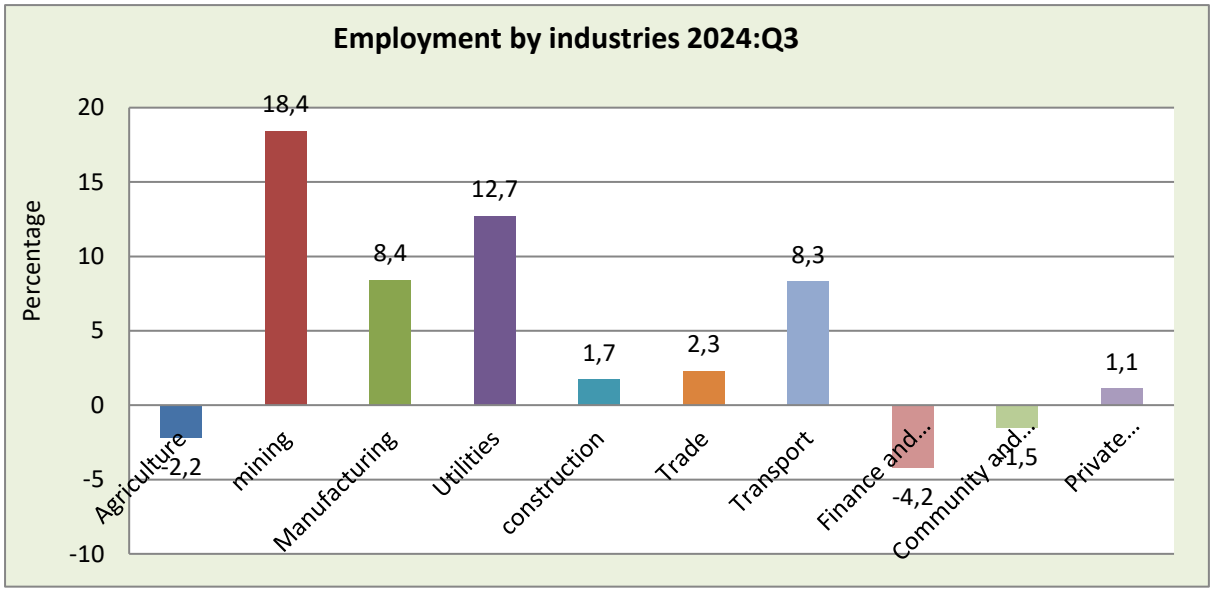

Figure 8: Total number of people employed by industries in 2024: Q3.
Source: Stats SA

Figure 9 illustrate that the number of people employed in agricultural sector decreased from 956 000 in the third quarter of 2023, to 935 000 people in the third quarter of 2024, which represent a decrease of 2.2%. Off the 21 000 jobs lost by the sector, 15 000 jobs were lost by women, meanwhile men lost about 6 000 jobs between the two quarters. During the same period in total, the agricultural sector has 651 000 men, and 284 000 women compared to 656 000 men and 299 000 women. However, on quarter-

to-quarter the number of people employed in agriculture sector increased by 4.4%, from 896 000 in the second quarter of 2024 to 935 000 in the third quarter of 2024.

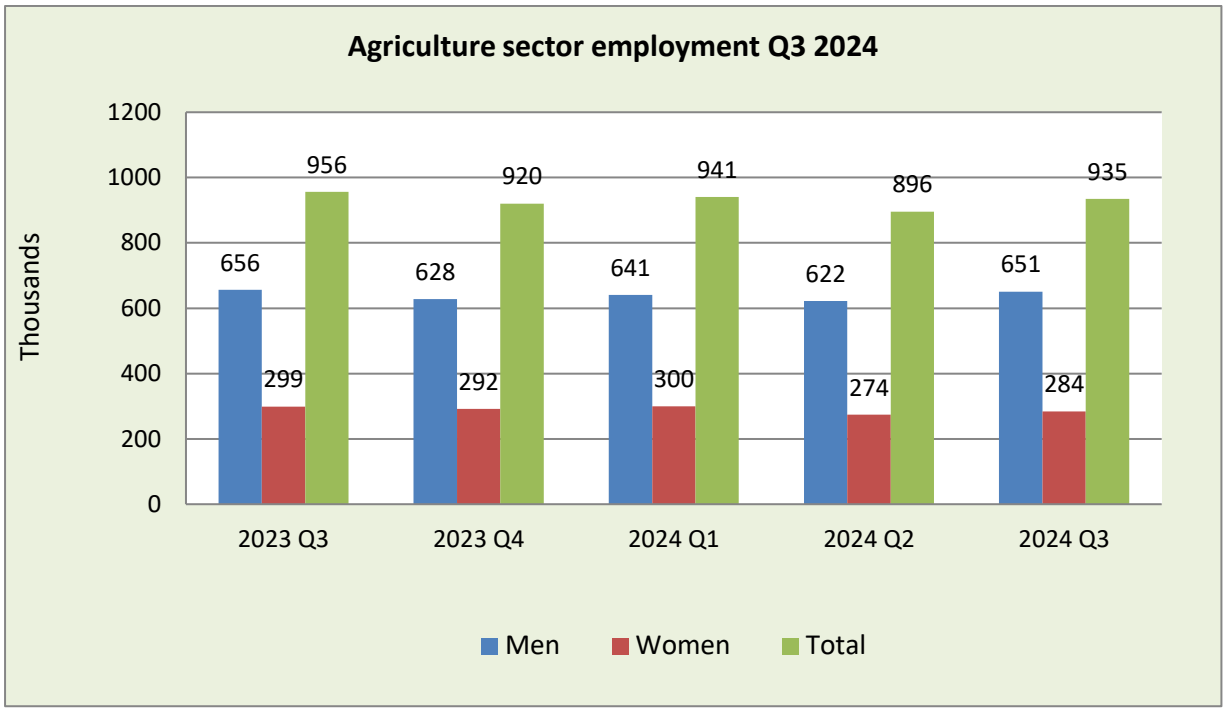

Figure 9: Total number of people employed in the agriculture sector between 2023: Q3 and 2024: Q3
Source: Stats SA

Figure 10 shows that between the third quarter of 2023 and the third quarter of 2024, provincial agriculture employment increased in Mpumalanga, Gauteng, Northwest, Free state and Limpopo by 26.0%, 22.9%, 21.4%, 20.6% and 13.1% respectively. Meanwhile provincial agriculture employment decreased in Western cape, Northern cape, Eastern cape and KwaZulu-Natal by 26.5%, 26.0%, 9.2% and 3.4% respectively. During the same period the (QLFS) publication also indicate a decrease of about 11.9% in the number of people involved in subsistence farming from 2.1 million in the third quarter of 2023 to 1.9 million in the same quarter of 2024. KwaZulu-Natal, Eastern Cape, and Limpopo remained with the highest number of people involved in subsistence farming.

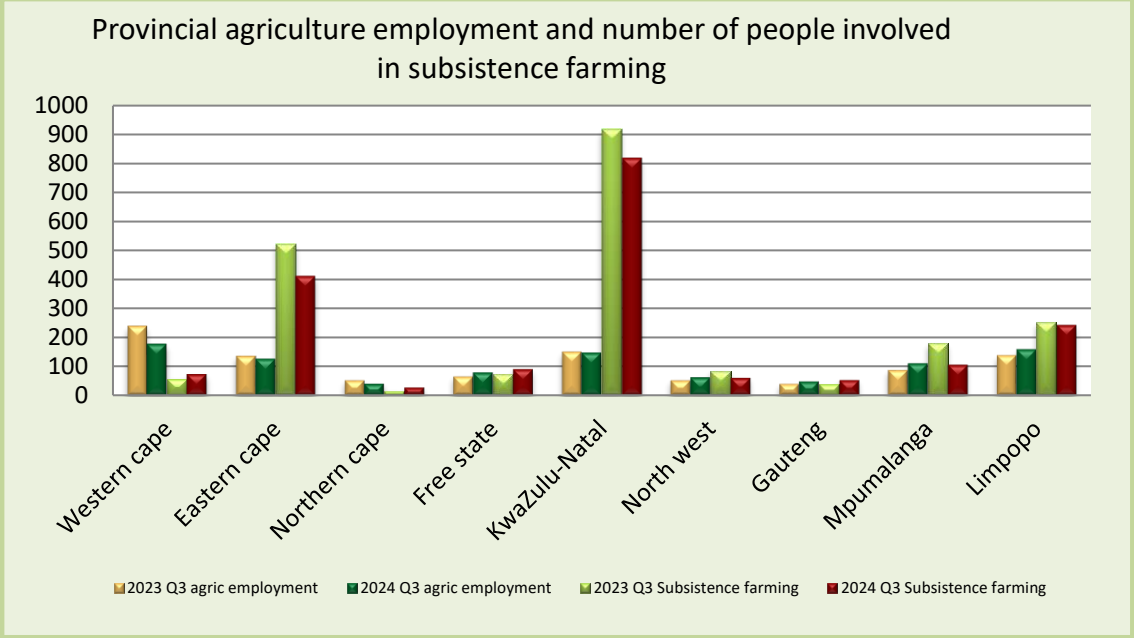

Figure 10: Provincial agriculture employment and subsistence farming between 2022: Q4 and 2023: Q4, Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

The total expenditure on intermediate goods and services was reported at R 70 779 177 in the fourth quarter of 2023. From the amount reported in the third quarter of 2023 of R 69 009 736, this represents a 3% increase from quarter to quarter. A year ago, the total expenditure on intermediate goods and services in the fourth quarter of 2022 was R 62 116 598 was reported, this is a 14% increase compared to the amount reported in the fourth quarter of 2023.

Figure 11 shows the comparison of the total expenditure on Farm Services, Farm Fuel, Fertilizers, Seeds, and Plants as well as Farm Feeds over the years from 2020. Comparing the fourth quarter of 2023 to the previous quarter (Q3 2023). Farm services, seeds, and plants remained unchanged, whilst fertilizer, farm feeds, and fuel increased by 12%, 4%, and 1% respectively. The increase in fertilizer can be attributed to the fact that most summer grain crops are in planting season in the fourth quarter. A year ago, between the fourth quarter of 2022 and the fourth quarter of 2023, all farm expenditures increased all farm expenditures increase fertilizer, farm feeds, seeds and plants, farm services, and fuel increased by 22%, 20%, 10%, 6%, and 6% respectively.

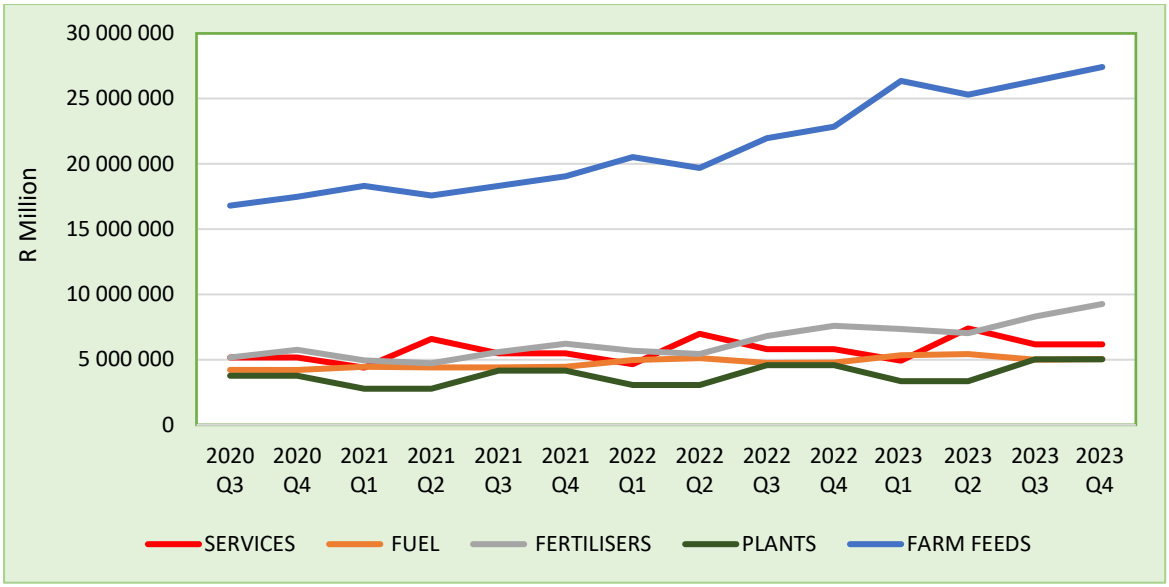

Figure 11: Trends in the expenditure on fuel, farm feeds, fertilisers, seeds and plants and farm services between 2020 Q3 and 2023: Q4

Source: DALRRD

2.5 fertilizer market review

2.5.1 South African fertiliser expenditure

Figure 12 illustrates the expenditure on fertilizer. In the third quarter of 2023, the expenditure on fertilizer was R 8 301 431 million, compared to R 9 259 289 million, in the fourth quarter of 2023, this represents a 12% increase in expenditure of fertilizers. R 9 259 289 million in the fourth quarter of 2023 when compared to the same period a year ago R 7 589 581 represents a 22% increase. The increase in fertilizer is attributed to production season of most summer grains. See Figure 12.

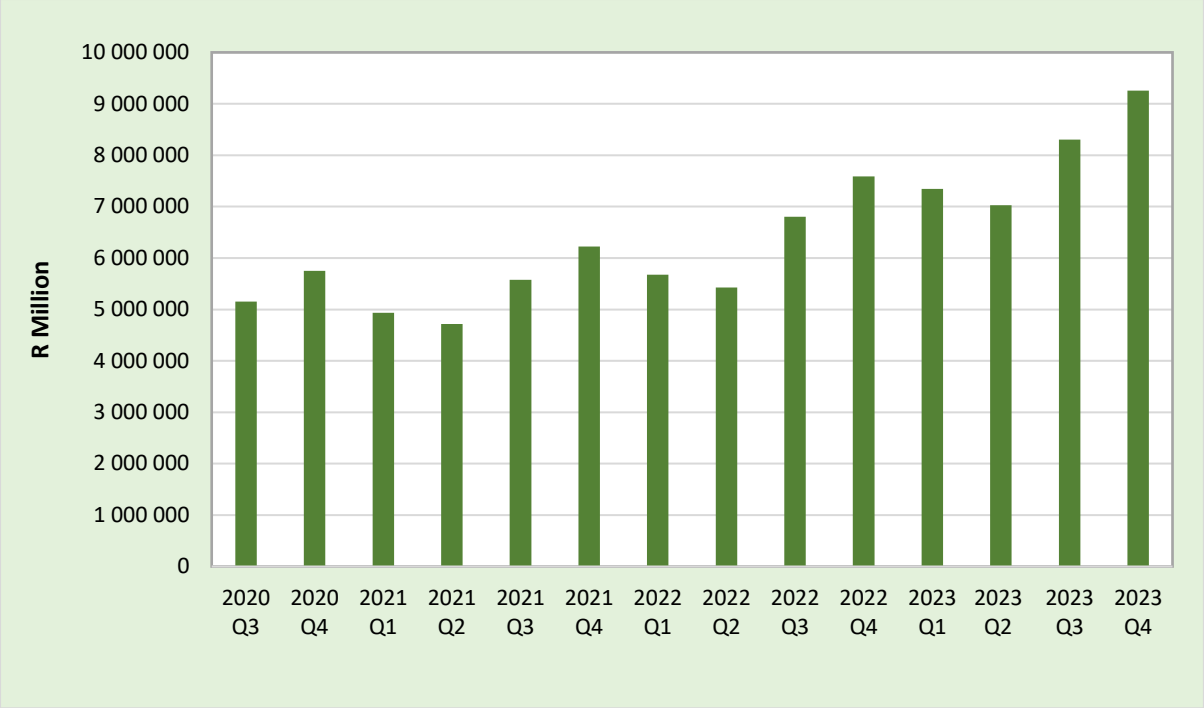

Figure: 12 South Africa fertiliser expenditure
Source: Grain SA

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

The figure 13 illustrate that the gross income from all agricultural products decreased by 5.0% from R118.3 billion in the third quarter of 2023 to R112.4 billion in the same quarter of 2024. Meanwhile the net farm income is estimated at R27.3 billion in the third quarter of 2024 compared to R32.8 billion in the same quarter of 2023, a decrease of 16.8%. During this period the decrease in net farm income was due to 32.9% decline in income from field crops, meanwhile income from animal products and horticulture increased by 6.2% and 3.0% respectively.

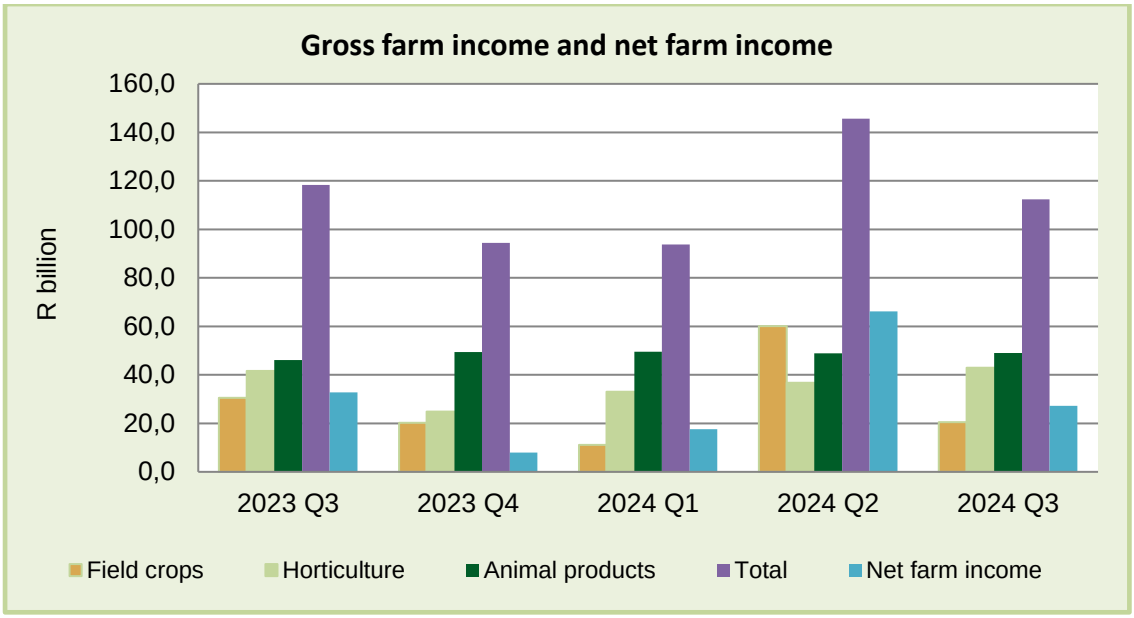

Figure 13: Trends in nominal gross farm income between 2021: Q3 and 2022: Q3
Source: DALRRD

2.9 Reviews of South Africa's water dam levels

South Africa's national dam levels for Q3: 2024 averaged 83%, reflecting a decrease of 11% compared to the same period in 2023. The country is currently in a neutral El Niño-Southern Oscillation (ENSO). However, current South Africa Weather Services predictions are uncertain whether it will weaken towards a La Niña state during the next summer season. 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. In Q3: 2024, the status of most dams received insignificant rainfall, and the cessation of the winter rainfall season was notable during the last two weeks of September; with the start of spring, some parts of the country received good rainfall. Across the nine provinces, approximately 22% of the dams reported storage levels of 90% and 92% of their Full Supply Capacity (FSC), while 44% of the dam levels reported storage levels of 80% and 87% of their Full Supply Capacity (FSC). Additionally, 33% of the dams-maintained storage levels between 70% and 78% of their FSC. Overall, rainfall amount of up to 100 mm was received over isolated parts of the Free State, Eastern Cape, and KwaZulu-Natal.

The monthly rainfall anomalies for the ongoing hydrological year, represented as a percentage of normal rainfall from April to September, indicate that above-normal

rainfall was recorded in isolated regions of the Western Cape, Northern Cape, Free State, Mpumalanga, and KwaZulu Natal provinces.

On a quarter-on-quarter basis, South Africa recorded a 3.7% decline in its national dam levels in Q3: 2024 compared to Q2. The South African Weather Service (SAWS) provided a multi-model forecast for rainfall and temperature for the periods of October-November-December, November-December-January, and December-January-February 2025. This forecast suggests that wetter conditions are anticipated across the interior regions of the country during the early to mid-winter seasons. Conversely, the north-eastern areas are expected to experience drier conditions that may persist into the mid-summer period. Throughout the forecast duration, both minimum and maximum temperatures are projected to remain predominantly above normal across the nation.

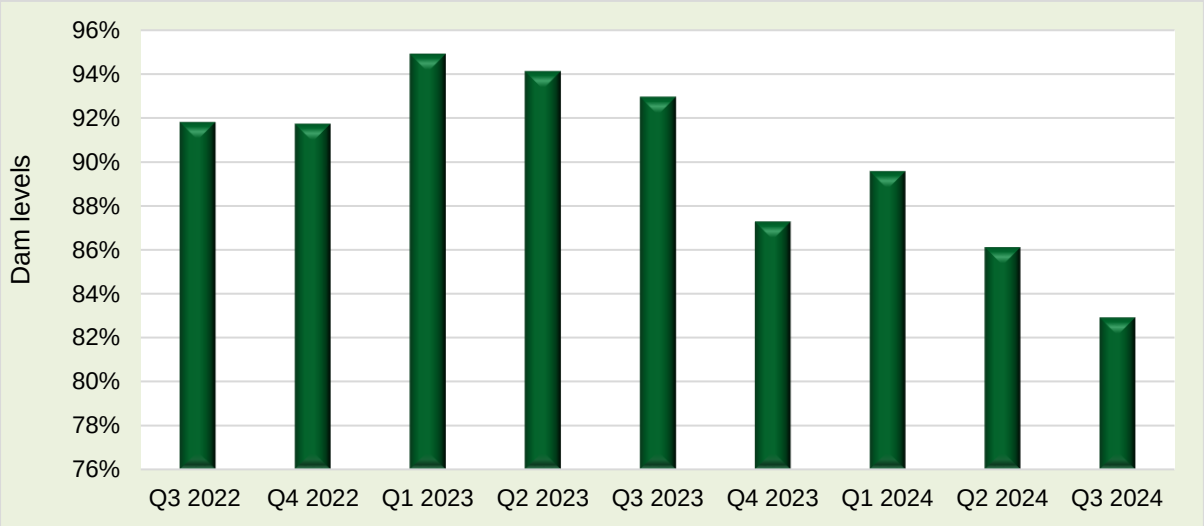

Figure 14: National dam levels

Source: Department of Human Settlements, Water and Sanitation

2.9.1 Provincial dam levels

In Q3: 2024, a significant alteration in rainfall patterns was observed when compared to the same period in 2023. All provinces reported a reduction in dam water levels; nevertheless, these levels remained adequate to satisfy consumer demands during Q3: 2024.

Recent statistics from the Department of Water and Sanitation indicate that dam levels in the Eastern Cape experienced a slight decline of 0.3% in Q3: 2024 relative to Q3: 2023, resulting in an average level of 80.5%, up from the previous average of 80.2%. Recent rainfall in certain areas of the Eastern Cape has contributed positively to the water levels in several dams throughout the province. Additionally, several major dams have demonstrated significant improvements.

In the same timeframe, the Free State Province recorded a 15.6% decrease in dam levels in Q3: 2024 compared to Q3: 2023, leading to an average level of 86%, down from 96% during the previous period. Despite this notable drop, the current condition of the dams remains favourable and is expected to fulfil consumer requirements. However, this is contingent upon the water usage practices of consumers and the conservation measures enacted by municipalities, some of which are currently facing financial responsibilities to the Department of Water and Sanitation.

Similarly, in Q3: 2024, dam levels in Gauteng saw a decline of 11.9% when compared to the same quarter in 2023. The average dam level fell from 97% to 86% during this timeframe. Despite the notable decrease in water levels across essential water sources, the Department of Water and Sanitation continues to urge Gauteng residents to be prudent in their water consumption.

During the same period, Limpopo's dam levels decreased by 10.3% in Q3: 2024 relative to Q3: 2023, with an average level of 87%, down from 78%. While most dams in the region remain at acceptable levels, certain areas are in urgent need of significant rainfall to restore their water supplies. The Polokwane Municipality has notified residents and businesses about several reservoirs operating at diminished levels due to ongoing power fluctuations along the Ebenezer waterline. This situation is being closely monitored, and the municipality has implemented measures to assist areas affected by water shortages.

In Mpumalanga, dam levels experienced a slight decline of 7.1% in Q3: 2024 compared to the same period in 2023, with an average level of 90%, down from 96%. The Department of Water and Sanitation has advised the public to conserve water and minimize wastage.

The Northern Cape reported a significant drop in dam levels, with a decrease of 15.5% in Q3: 2024 compared to the same quarter in 2023, resulting in an average level of 76%, down from 90%. This province has been notably impacted, experiencing a considerable reduction in dam water levels.

In the Western Cape, dam levels saw a slight reduction of 0.2% in Q3: 2024 compared to the previous quarter. The average dam level decreased from 91.7% to 91.5%. According to the Department of Water and Sanitation (2024), the overall system storage for the Western Cape Water Supply System (WCWSS) remains well above the median projected storage level, and there are currently no restrictions on water usage for the 2024/2025 operational year.
The North West province witnessed a notable decline of 19.5% in dam levels during Q3: 2024 in comparison to the same period in 2023. The average dam level fell from 87% to 70%, primarily attributed to higher temperatures impacting a significant portion of the region.

The Department of Water and Sanitation is advising residents to exercise continued caution in their water usage, as South Africa remains one of the driest countries globally, frequently facing inconsistent dam levels. Furthermore, communities are encouraged to report any water leaks and infrastructure issues to local authorities.

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 majority of 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.

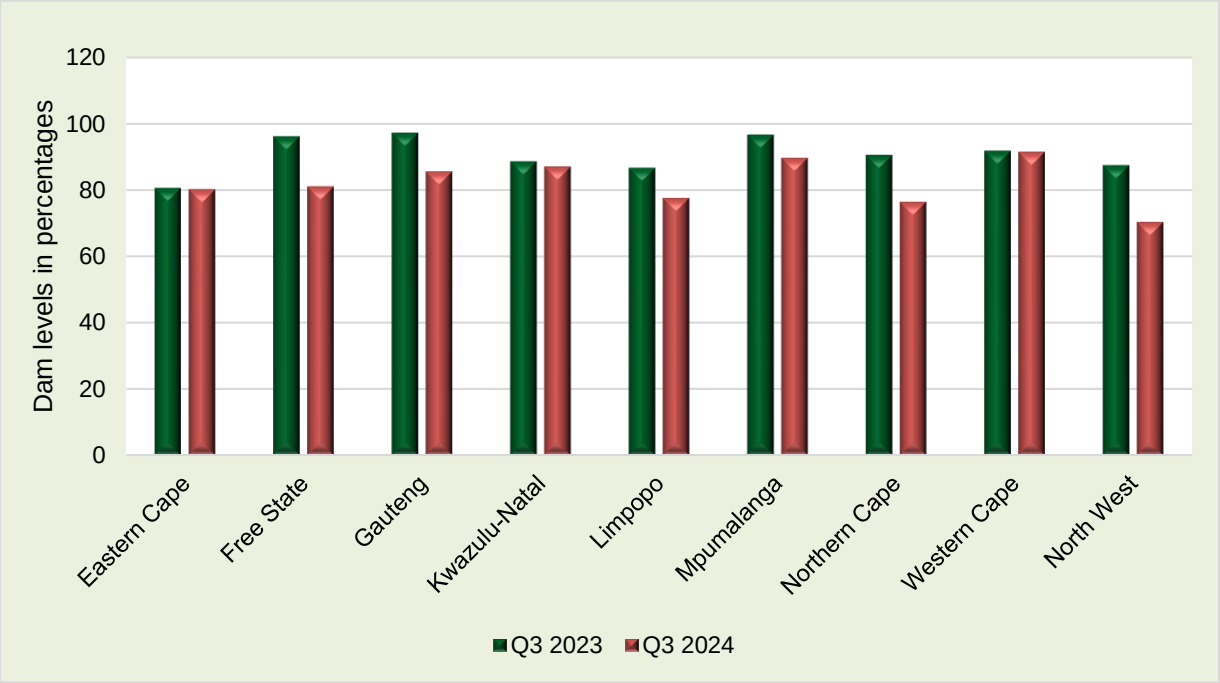

Figure 15: Provincial dam levels

Source: Department of Human Settlements, Water and Sanitation

Figure 16 illustrates the dam levels across various provinces from Q3: 2023 to Q3: 2024. A comparison of dam levels between these two periods reveals a general decline in most provinces, with the notable exception of the Western Cape, which recorded a quarter-on-quarter increase of 48.6%. Specifically, the Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, and North West provinces experienced decreases of 3.5%, 5.5%, 3.6%, 4.5%, 7.2%, 6.8%, 2.0%, and 6.8%, respectively, on a quarter-on-quarter basis. This overall reduction can be attributed to the distribution of rainfall during the current hydrological year, particularly marked by the cessation of winter rainfall in the last two weeks of September, while the summer rainfall regions did not experience significant precipitation with the arrival of spring.

Considering 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 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.

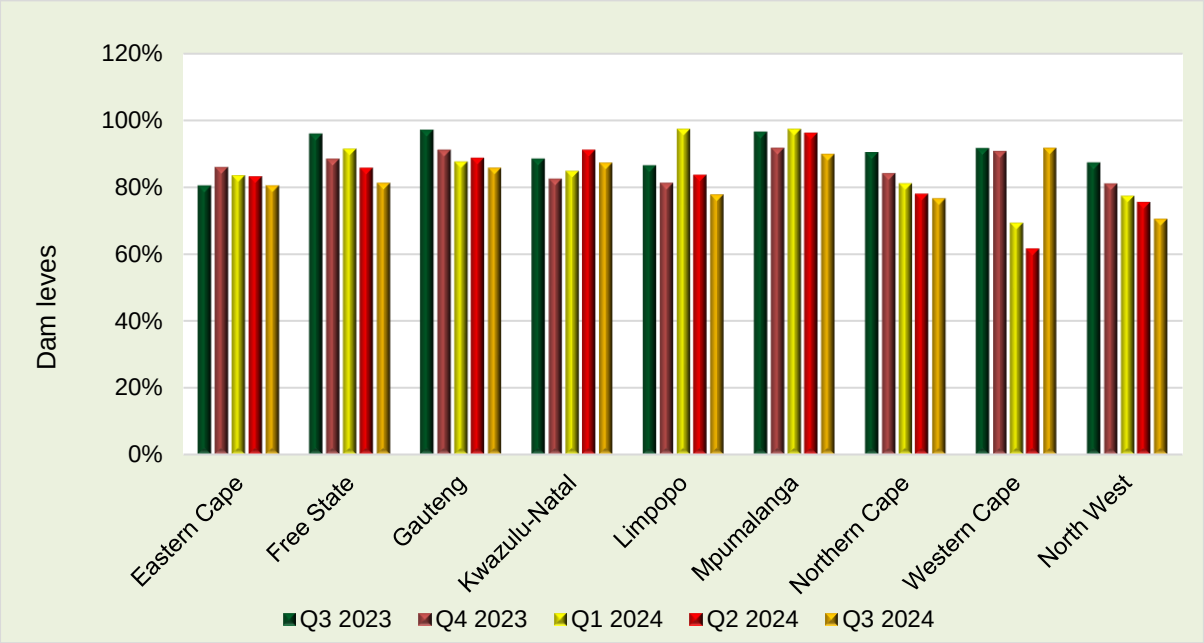

Figure 16: Average dam levels from Q2: 2023 to Q2: 2024

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 the previous quarter estimates. The production of white and yellow maize has been reduced by 2.9% and 2.3%. Yellow maize imports have been adjusted upward by 43% while white maize imports are still not expected.

Table 1: White Maize Production and Demand outlook

White Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	*2024 Forecas*
Opening Stcok	943905	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 346 876
Production	7710000	4735000	3408500	9916000	6540000	5545000	7569550	8600000	7 850 000	8 505 000	6 007 100
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	7 353 976
Consumption	5936023	4526795	4261956	6502005	6870019	5438928	5548151	8465901	6847647	7133205	5 368 092
Exports	680351	553608	557529	780410	733537	1060226	1359676	979833	1 325 000	1 080 000	1 590 000
Total Demand	6616374	5080403	4819485	7282415	7603556	6499154	6907827	9445734	8 172 647	8240764	6958092
Closing Balance	2037531	1764659	984293	3659675	2596119	1641965	2303688	1 465 537	1 082 640	1 346 876	395 884

Source: DALRRD, NAMC, Sagis.

White maize exports have been adjusted downward by 0.6%, while yellow maize exports are expected to remain the same. White maize ending stocks are expected to be lower by 12.2% while yellow maize ending stocks have been downward adjusted by 26%. The rise in local maize price tracks the low closing stock with projections by the Crop Estimates Committee already indicating an estimated rise in planting hectares relative to last year.

The drought in SADC countries resulted in a rise in maize exports to SADC countries, which in addition caused a rise in prices. The Famine Early Warning Systems Network estimates that between 14.0 and 14.9 million people will need urgent humanitarian assistance during the lean season from October to December 2024.“Drought disasters have been declared in six countries in the region: Botswana, Lesotho, Malawi, Namibia, Zambia, and Zimbabwe. Angola and Mozambique are also severely affected, with approximately 1.8 million people in Angola and 3.3 million people in Mozambique estimated to be food insecure” FEWS.

Table 2: Yellow Maize Production and Demand outlook

Yellow Maize	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	*2024 Forecas*
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	6 716 950
Imports	79682	1250059	2014174	256423	50812	598481	32476	0	0	0	500 000
Total Supply	6961797	9079683	8331398	5501774	8802079	8187135	7047563	8843098	8256132	8796291	8 274 614
Consumption	4161363	7659117	7026279	2083656	5476723	6395682	4392111	4477346	4919841	5634617	6921766
Exports	1510810	323342	429768	1570851	1706702	506366	1527354	2809609	2465000	2 104 010	815 000
Total Demand	5672173	7982459	7456047	3654507	7183425	6902048	5919465	8 184 416	7 384 841	7738627	7 736 766
Closing Balance	1289624	1097224	875351	1847267	1618654	1285087	1128098	658682	871 291	1 057 664	537 848

Source: DALRRD, NAMC, Sagis.

Figure 17 shows price of white and yellow maize increased by 45% and 9.6%. on a quarter-on-quarter basis the prices increased by 7.4%, while decreasing by 9.7% on a quarter-on-quarter basis. The white maize price traded at 7% above the import price while the yellow maize price was 19.3% below the import price though the yellow maize price was not competitive in the international market as it traded at 44% above the export price.

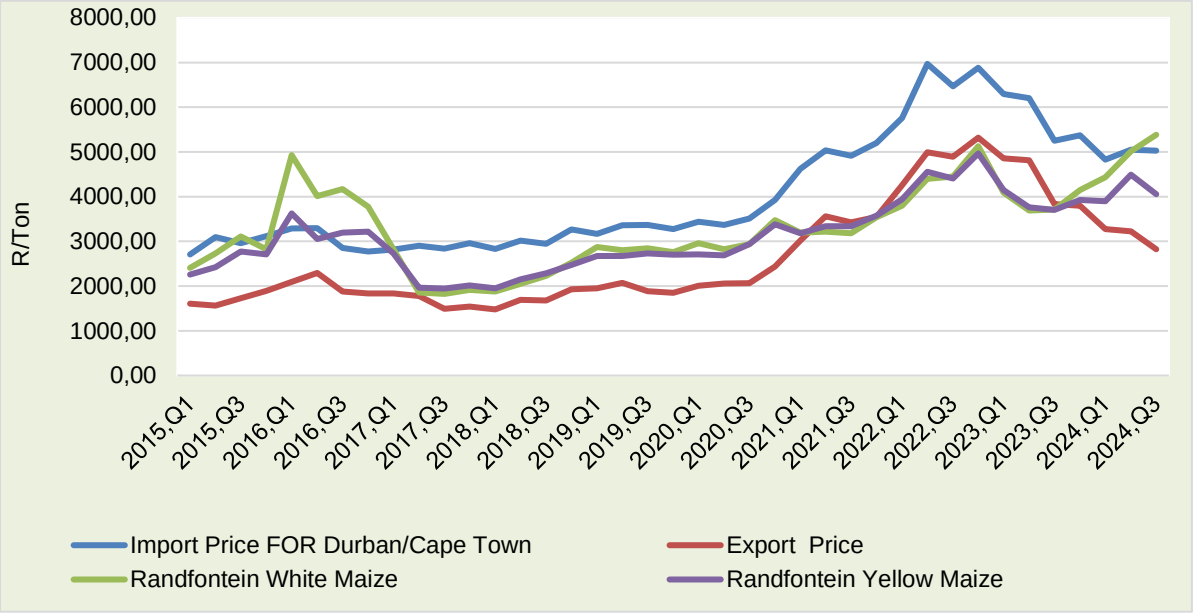

Figure 17: Maize prices
Source: DALRRD, Safex, World bank

At the retail level, a 2.5kg and 5kg bag of maize sold at 5.8% and 5.5% above the same price on y/y basis while on a q/q basis, prices were 3.9% and 5.6% relative to the previous quarter, see Figure 18.

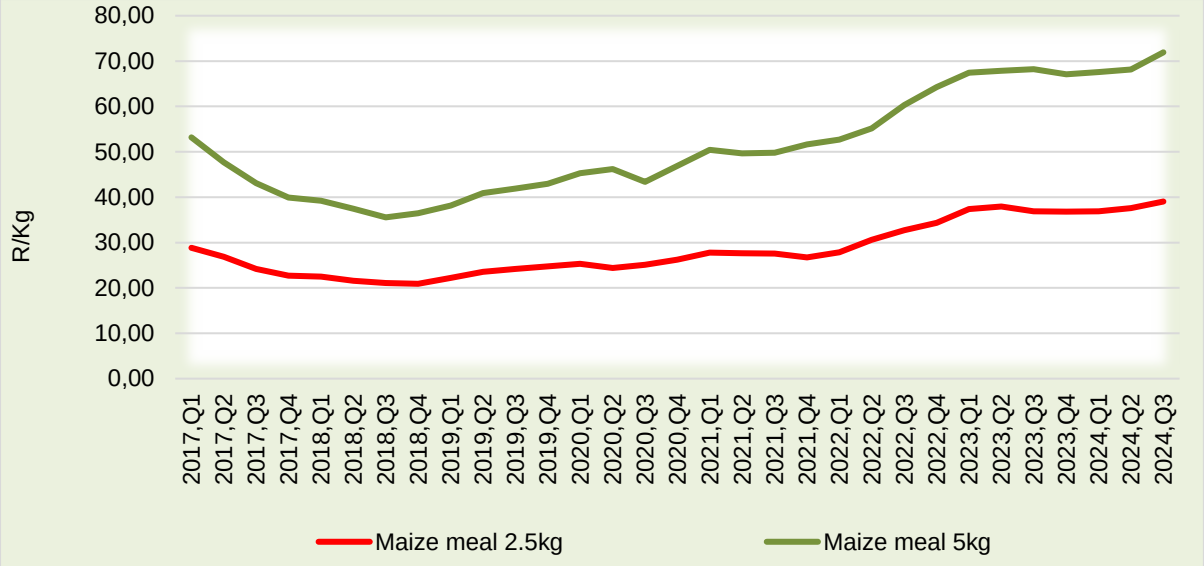

Figure 18: Retail prices vs white maize seed prices
Source: Safex/Stats SA

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.

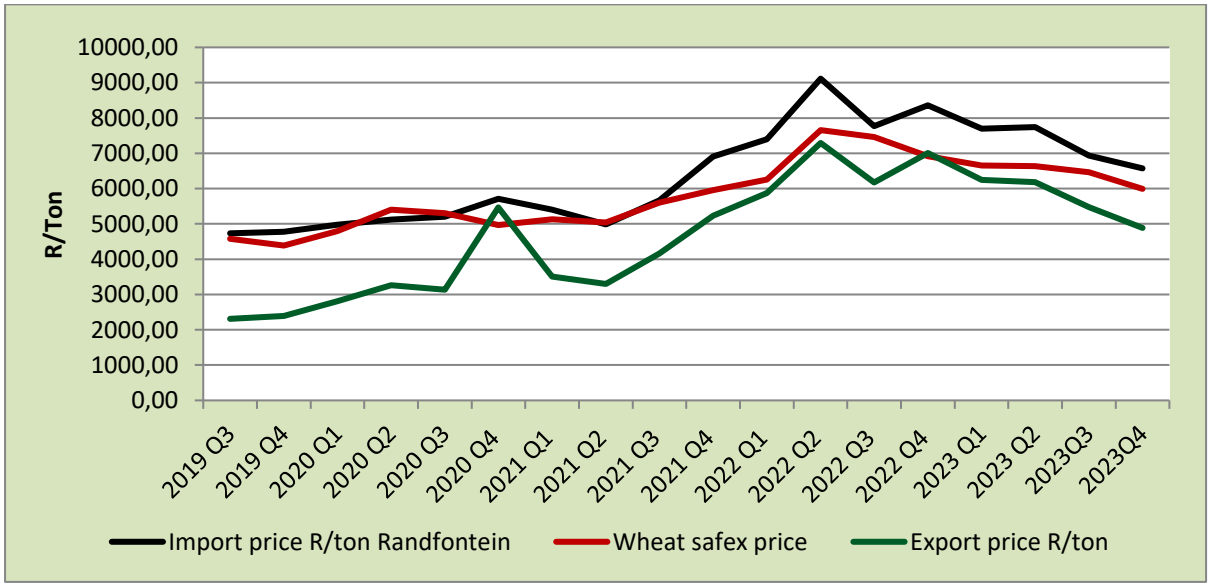

Figure 19: Wheat safex price, export parity price and Import parity price

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%.

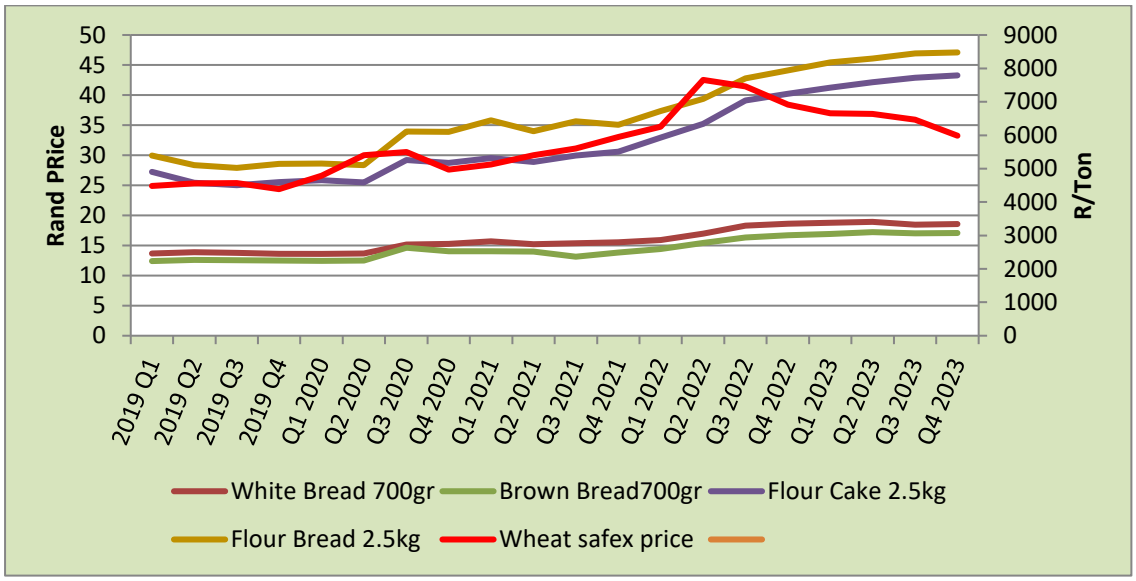

Figure 20: Retail bread price vs wheat import price
Source: Stats SA & Safex

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 3% and 24% respectively whilst producer wheat deliveries increased from 11 thousand tons to 583 thousand tons.

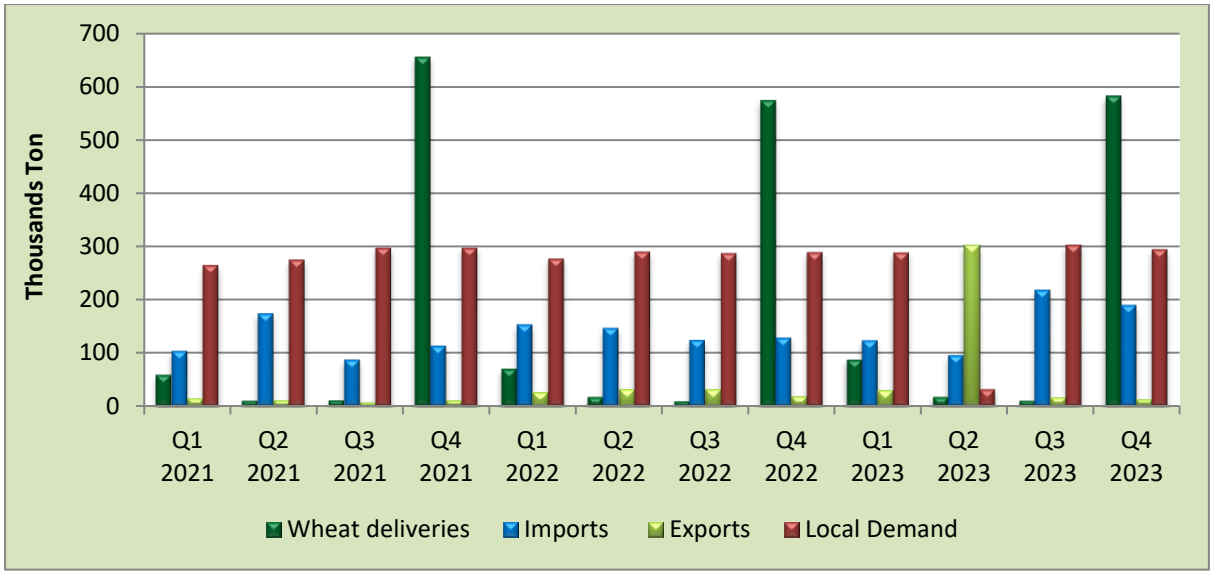

Figure 21: Wheat deliveries, Imports, Exports and local demand
Source: Stats SA & Safex

3.1.3 Soya beans

The third quarter soybeans production forecast for the 2024 season been adjusted upwards by 33.6% which is expected to be below the 2023 production season figure, imports are expected to be higher by 76K tons compared to the previous years, final exports are estimated at 79% higher than last year. Demand is expetect to be 220% higher than last year.

Table 3: Soybeans Production and Demand outlook

	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	1 840 290
Imports	124981	271098	28000	6000	9500	116 103	13 448	5 000	3 480	80 000
Total Supply	1258685	1102226	1428792	1876535	1682086	1500058	1956501	2 403 387	2 945 377	2 240 927
Local Consumption	1164880	1010689	1063783	1349294	1539631	1452945	1744496	1951490	2244740	2025170
Exports	4677	6745	414	25000	4000	1 060	42 295	280 000	380 000	80 000
Total Demand	1169557	1017434	1098257	1374294	1543631	1 454 005	1 788 114	2 231 490	2 624 740	2 105 170
Closing Stocks	89128	84792	330535	502241	138455	46 053	168 387	171 897	320 637	135 757

Source:DALRRD,NAMC,Sagis

The price of local soybeans was 6.1% lower on year-on-year basis while on a quarter-on-quarter basis the price was 2.2% less. The price of soybeans traded at 2.8% below the import price during the quarter, although it was above the export price. The price

of soybeans declined as global soybean production forecast was lifted on account of favourable weather in the United States and Russia Federations also ship crossings on the Panama Canal are approaching their usual levels primarily.

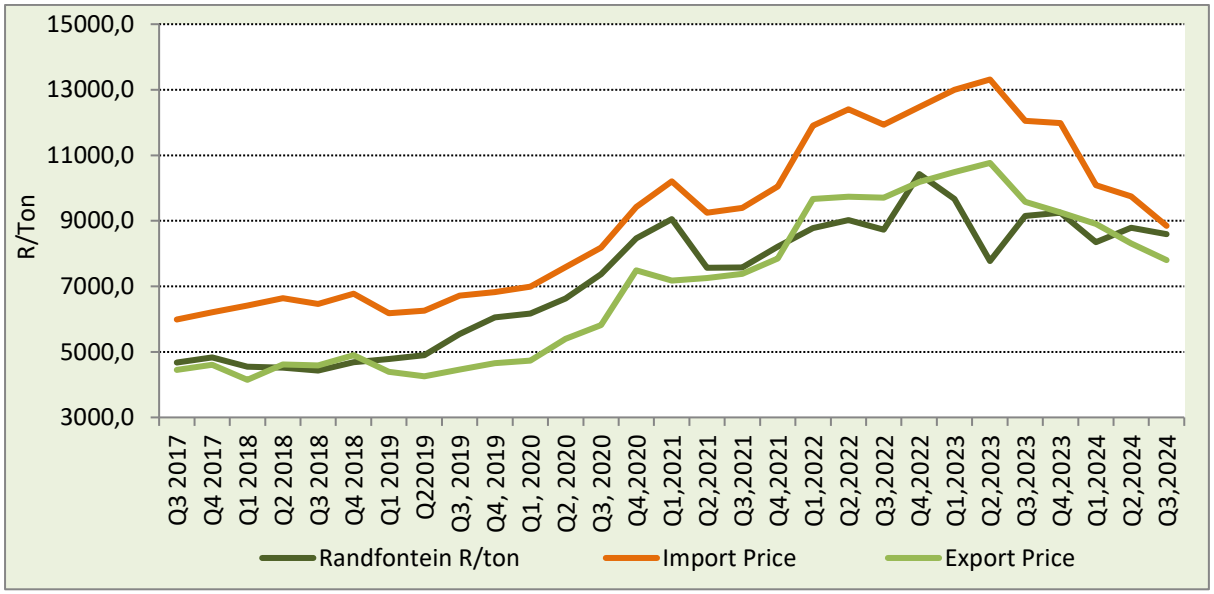

Figure 22 Soya beans local price vs import price
Source: Safex/Sagis/USDA/World Bank

3.1.4 Sunflower

Figure 23 shows the supply and demand of sunflower seed up to the third quarter of 2024. Producer deliveries in the third quarter of 2024 is expected to be 50.7% lower than it was in the same quarter of 2023 (Q3). South African sunflower seed imports in the third quarter of 2024 is expected to be 91.9% lower than it was in the same quarter of 2023 (Q3) last year. Sunflower seed imports increased by 43.9% in the third quarter of 2024 as compared to the previous quarter in 2024 (Q2). Sunflower seed exports increased by 38.6% in the third quarter of 2024 when compared to the previous quarter of 2024 (Q2). Local sunflower seed consumption in the third quarter of 2024 was 13.3% higher than it was in the previous quarter of 2024 (Q2). Local consumption in the third quarter of 2024 is expected to be 2.6% higher than it was in the same quarter of 2023 (Q3) last year.

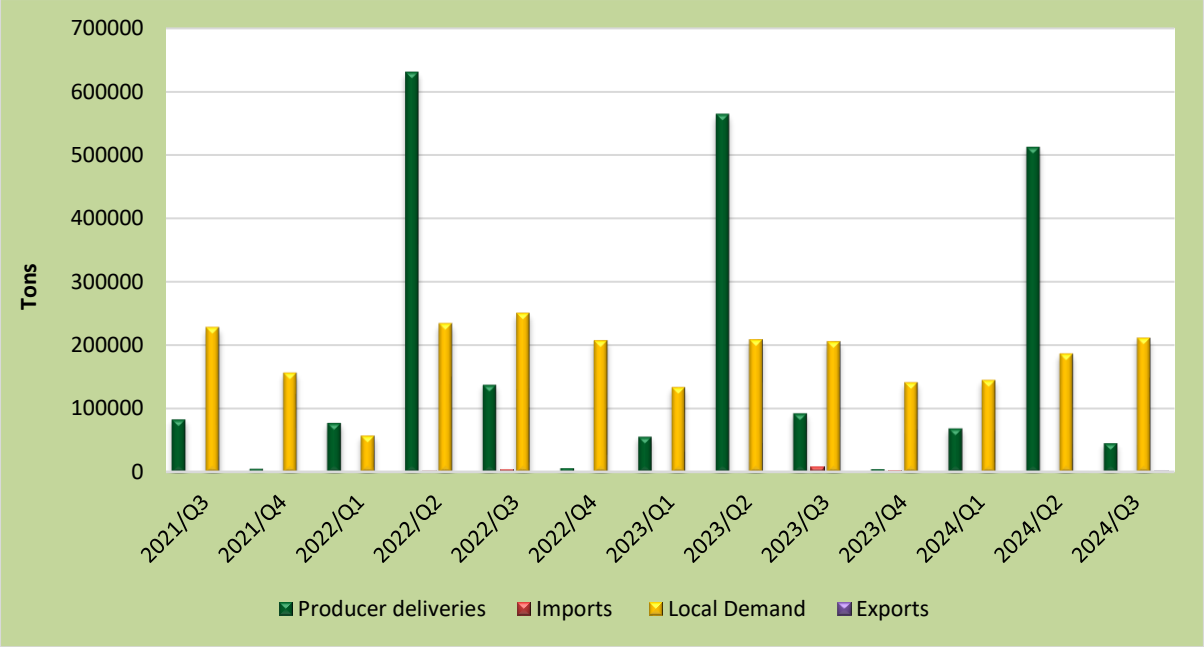

Figure 23: Sunflower seed deliveries; local demand and trade
Source: Sagis

During the third quarter of 2024, South Africa sunflower seed prices traded below the import parity price at R9 044.32/ton compared to R9 225.20/ton in the third quarter of 2024, which is a total increase of 3.1% compared to the previous quarter of 2024 (Q2). The price of sunflower seed has decreased by 0.3% during the third quarter of 2024 as compared to the same period last year, which is 1.7% higher than it was in the previous quarter of 2024 (Q2). The local sunflower seed price in the third quarter of 2024 traded at 2.0% lower than the import price, compared to trading at 11.8% below the import price in the second quarter of 2024. The prices of sunflower oil 750ml in the third quarter of 2024 traded lower by 2.1%, when compared to the same period in 2023 (Q3). The price of sunflower oil 750ml in the third quarter of 2024 decreased by 0.6%, when compared to the previous quarter (Q2) in the year 2024.

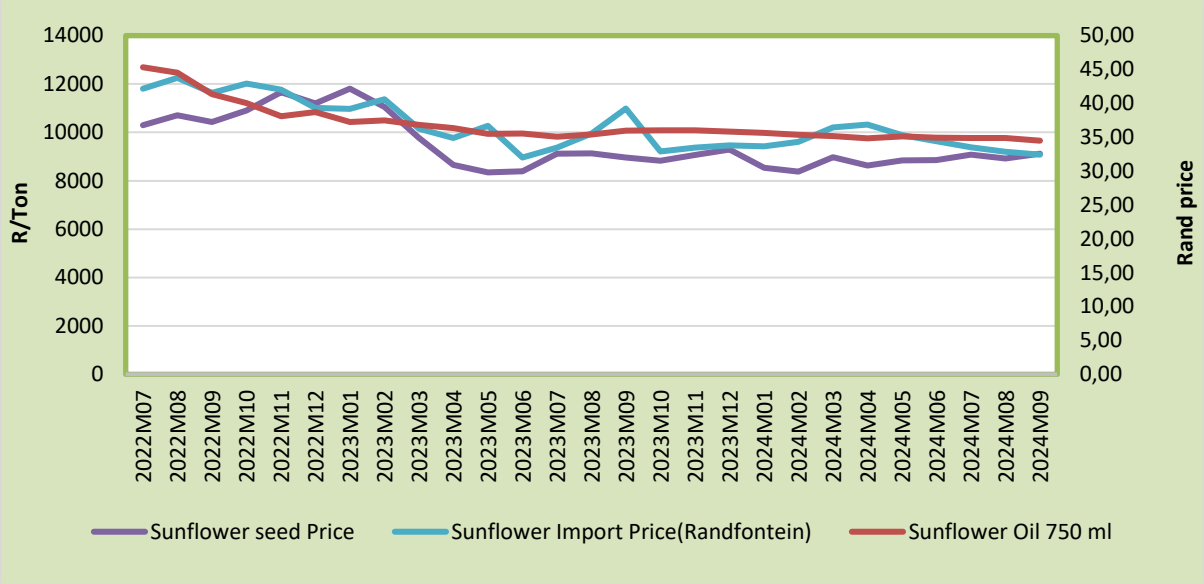

Figure 24: Sunflower local seed; import price (Randfontein) and Sunflower retail price
Source: Safex; USDA; Sagis; and Own calculations

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.

Final production for sorghum has been unadjusted upward by 2.1% during the 3rd quarter of 2024 relative to the previous quarter. Imports are expected to remain the same compared to the previous quarter while exports have been adjusted upwards by 7%. Local demand has been unadjusted upwards by 3.6%.

Table 4: Sorghum Production and Demand outlook

	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	97 810
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	203 085
Local demand	165532	178790	171027	142541	170390	167524	155727	153641	160841	114010
Exports	29039	12649	13800	12345	7300	5650	9 058	9 400	11 000	21 400
Total Demand	194571	191439	184827	154886	177690	173174	164785	163 041	171841	135 410
Ending Stock	83142	35238	59246	51860	60423	51795	106 157	46 956	54 775	67 675

Source:DALRRD,NAMC,Sagis

The world price of sorghum decreased by 6.8% on year-on-year basis while on a quarter-on-quarter basis the price decreased by 3.7%. Bumper harvest of Sorghum is anticipated globally amidst weaker demand, which urged China to ask domestic traders to buy less grain as an effort to support local growers. China is the largest buyer of sorghum and barley globally and currently prices of maize, sorghum and barley in China are estimated to be at the lowest level in more than three years.

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.

3.1.6 Groundnuts

The South African agricultural landscape for the 2023/24 production season encountered significant difficulties due to a mid-summer drought that occurred in February and March. This drought negatively impacted the yield potential of crops across various regions, resulting in substantial crop failures and financial setbacks for farmers, particularly those who had increased their cultivated areas. As a result, there is a likelihood of downward revisions to the production estimates as more data regarding the actual harvest reported at silos becomes available.

According to the eighth production forecast for summer field crops in 2024, issued by the Crop Estimate Committee, the projected groundnut harvest for the 2023-24 season is estimated at 51,745 tonnes, which represents a 1.7% decrease from the previous estimate of 52,645 tonnes. This anticipated decline in groundnut production is attributed mainly to reduced yields rather than a reduction in the area under cultivation, as farmers have expanded their tilled land compared to the 2022/23 season. It is also important to note that, despite a reduction in the prices of certain inputs, such as fertilizers and agrochemicals, since 2023, these costs remain significantly higher than pre-COVID-19 levels, thereby imposing additional financial strain on farmers. Consequently, the disappointing summer crop yield for the 2023/24 season is expected to exacerbate the financial difficulties faced by farmers in the months ahead.

Current production data underscores the severity of the damage caused by the mid-summer drought on the South African agricultural landscape. The full financial impact of this drought on farming operations remains uncertain. Ultimately, the groundnut sector is experiencing a downturn, indicating that considerable challenges to production persist.

Figure 26 shows producer deliveries, local demand of groundnuts as well as imports and exports of groundnuts from Q3: 2022 to Q3: 2024

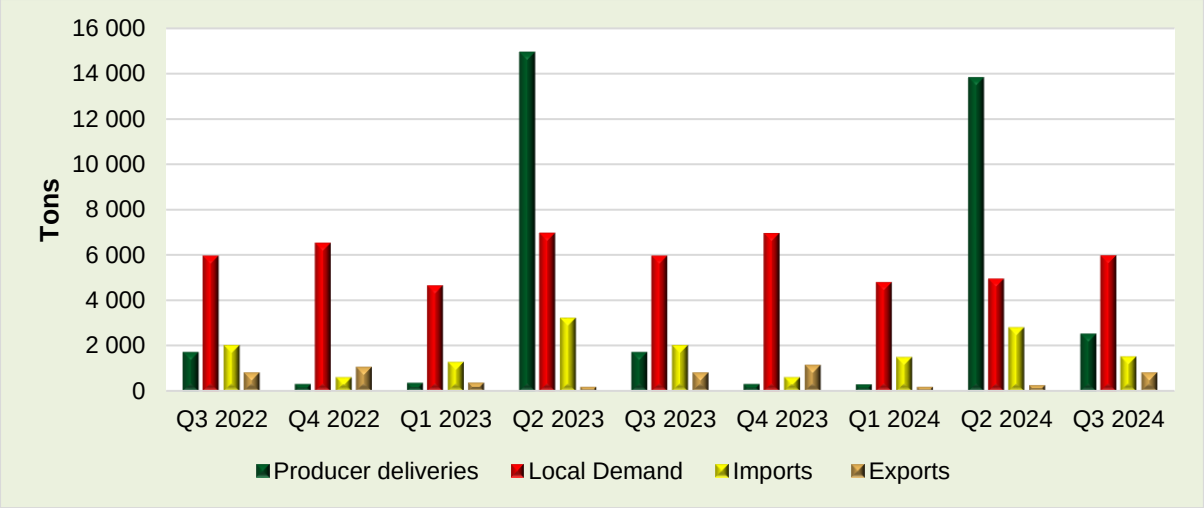

Figure 26: Producer deliveries, local demand, export and imports of groundnuts
Source: Sagis

Producer deliveries of groundnuts saw a significant rise of 46% in Q3: 2024 compared to the same quarter in 2023, with an average of 2,549 tons, up from 1,742 tons, as depicted in figure 26. Concurrently, local demand for groundnuts experienced a slight increase of 0.1% during the same timeframe, averaging 5,960 tons compared to 5,945 tons in Q3: 2023. This year has been marked by volatility, as economic uncertainties have kept expectations in flux. The demand outlook remains ambiguous, as the ongoing economic recovery in South Africa is being challenged by inflation-adjusted salary purchasing power and wage reductions. Nevertheless, lower inflation rates, interest rate reductions, and the introduction of the two-pot retirement system are expected to bolster consumption and alleviate business concerns regarding demand.

The groundnut production season for 2023/2024 faced several obstacles, primarily due to adverse weather conditions nationwide. As a result, groundnut exports saw a modest increase of 0.4% in Q3: 2024 compared to the same quarter in 2023, rising to an average of 815 tons from 812 tons. The growing demand for South African groundnuts has positively influenced the export market. During this period, Japan emerged as the top market, accounting for 42.2% of the total export value of South African groundnuts. Mozambique ranked as the second-largest market, contributing 21.4% to the export value during this timeframe. Additionally, Belgium, the Netherlands, and Singapore were the third, fourth, and fifth largest markets for South African groundnuts, representing 20.7%, 10.9%, and 1.5% of the export value, respectively, in Q3: 2024.

Moreover, in Q3: 2024, groundnut imports declined by 24% compared to Q3: 2023, averaging 1,522 tons, down from 2,015 tons. Various factors influencing prices may have affected groundnut imports. During this period, South Africa primarily sourced its groundnuts primarily from Brazil, which became the largest supplier, contributing 69.2% of the total value of imports. Malawi followed as the second-largest supplier, contributing 10.1%, while Mozambique, Paraguay, India, and China made up 7.9%, 6.9%, and 2.9%, respectively, of South Africa's overall groundnut import value.

South Africa's groundnut consumption is primarily seen in two main forms: edible peanuts and processed peanut butter, which account for the majority of consumption. In Q3: 2024, the consumption of edible groundnuts rose by 15% compared to the same quarter in 2023, averaging 2,681 tons, an increase from 2,340 tons. The demand for edible peanuts is significantly influenced by pricing, which is affected by the supply and demand balance of groundnuts. Conversely, peanut butter consumption experienced a slight decline of 1% in Q3: 2024 compared to Q3: 2023, averaging 2,892 tons, down from 2,914 tons. Interestingly, the consumption of crushed oil and cake increased to 73 tons in Q3: 2024, whereas there was no recorded consumption in Q3: 2023. The groundnut crushing and oil production activities represent a small portion of the South African market.

During the same period, the average market price for peanut butter (400 grams) saw a 16% increase in Q3: 2024 compared to the previous year, reaching an average of R46.85 per 400 grams, up from R40.44. Ongoing domestic challenges, such as rising living expenses, may further complicate the transfer of input costs to consumers. Additionally, the sluggish economic conditions contribute to the difficulties in fostering demand growth.

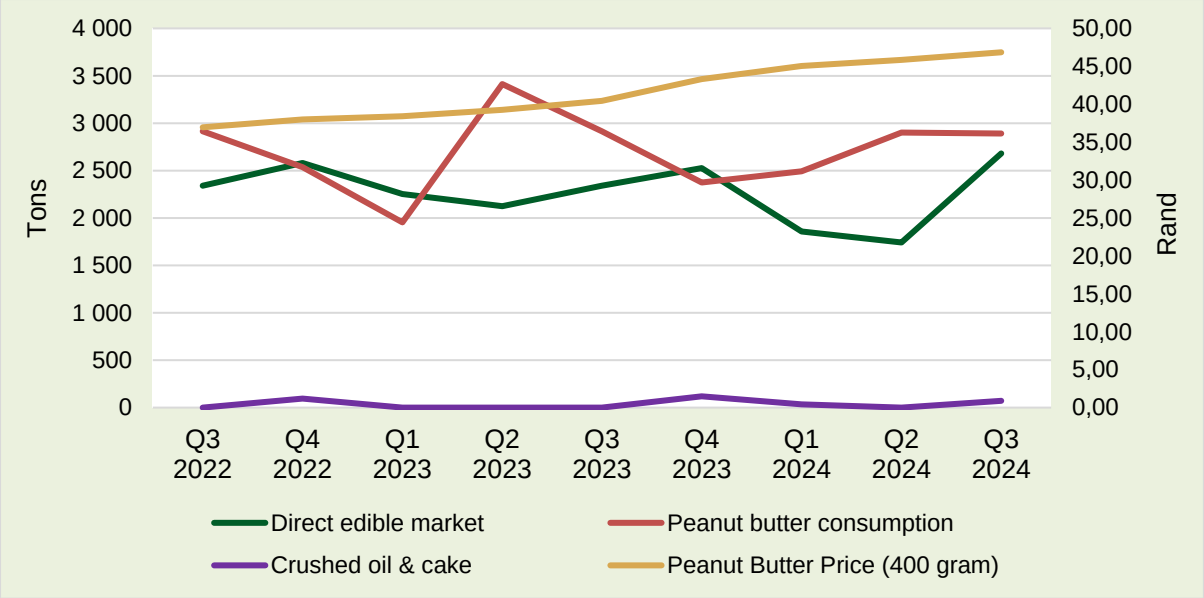

Figure 27: Producer deliveries, local demand, export and imports of groundnuts

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 Q3: 2022 to Q3: 2024.

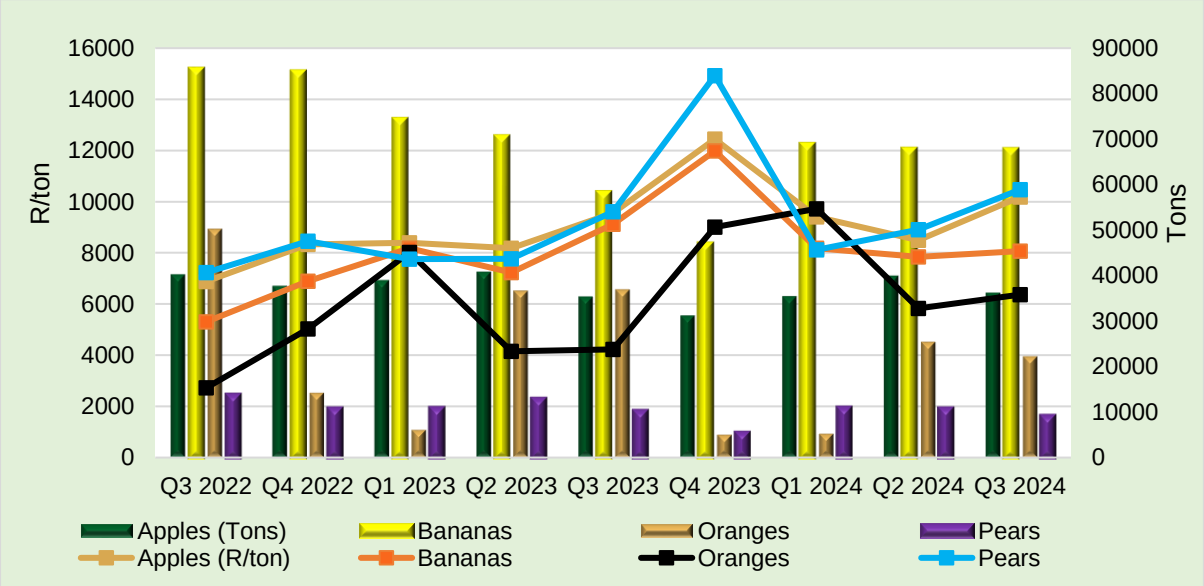

Figure 28: Average price and quantities of various fruits traded at fresh produce markets (FPMs)

Source: Dalrrd

In Q3: 2024, the average price of apples rose by 6.5% compared to Q3: 2023 while quantities supplied increased by 2.4% year-on-year. The increase in the average price and quantities supplied in Q3: 2024 relative to Q3: 2023 was influenced by a good,

cold, and wet winter with more favourable weather conditions impacting positively on fruit production. During the same period, the average price of bananas declined by 11.5% compared to Q3: 2023, whereas the quantity of bananas supplied experienced an increase of 16.2% in Q3: 2024 relative to Q3: 2023. Banana yields in South Africa have increased over the last decade due to improvements in planting practices, such as increased use of fertilizers and planting density.This season though, banana bunches exhibit a greater number of blemishes and quality concerns, according to an agent from a fresh produce market in Gauteng.

Meanwhile, a notable shift took place in the pricing of oranges, as the average price surged by an impressive 50.6% in Q3: 2024 compared to Q3: 2023 while quantities supplied experienced a year-on-year reduction of 39.8%. 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 9% in Q3: 2024 relative to Q3: 2023, while quantities supplied decreased by 10.9% year-on-year. The harvest season began earlier than normal, with the summer pear variety, Celina, entering markets with lower-than-normal production with growers investing in hail nets, reliable energy sources, and vertical integration to offset high input costs.

On a quarter-on-quarter basis, the average price of apples decreased by 19.8% in Q3: 2024 relative to Q2, while quantities supplied saw a reduction of 9.3% on a quarter-on-quarter basis. In the 2023/24 marketing year, the area under cultivation experienced a decline of one percent, attributed to minimal new plantings and the replanting of more modern varieties aimed at improving yields. Various factors led to this reduction in area, including logistical difficulties at the Port of Cape Town, suboptimal rail performance, shifting weather conditions, a sluggish domestic market, and restricted processing and cold storage capabilities. During the same period, the average price of bananas increased by 2.8% in Q3: 2024 relative to Q2, while quantities supplied decreased by 0.1% quarter-on-quarter. Every year, the banana

market is characterised by a concertina effect, according to growers. In Q3: 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 Q3: 2024 increased by 9.2% compared to Q2 while, the quantity supplied decreased by 12.3% from the previous quarter, attributed to adverse weather conditions affecting orange producers.

In the same period, the average price of pears rose by 17.6% in Q3: 2024 relative to Q2 while the quantities supplied declined by 15.2% quarter-on-quarter. The pear harvest has been impacted by elevated temperatures, and as a result of the extreme heat in the Western Cape, certain early varieties of pears are exhibiting an exceptionally brief shelf life after ripening.

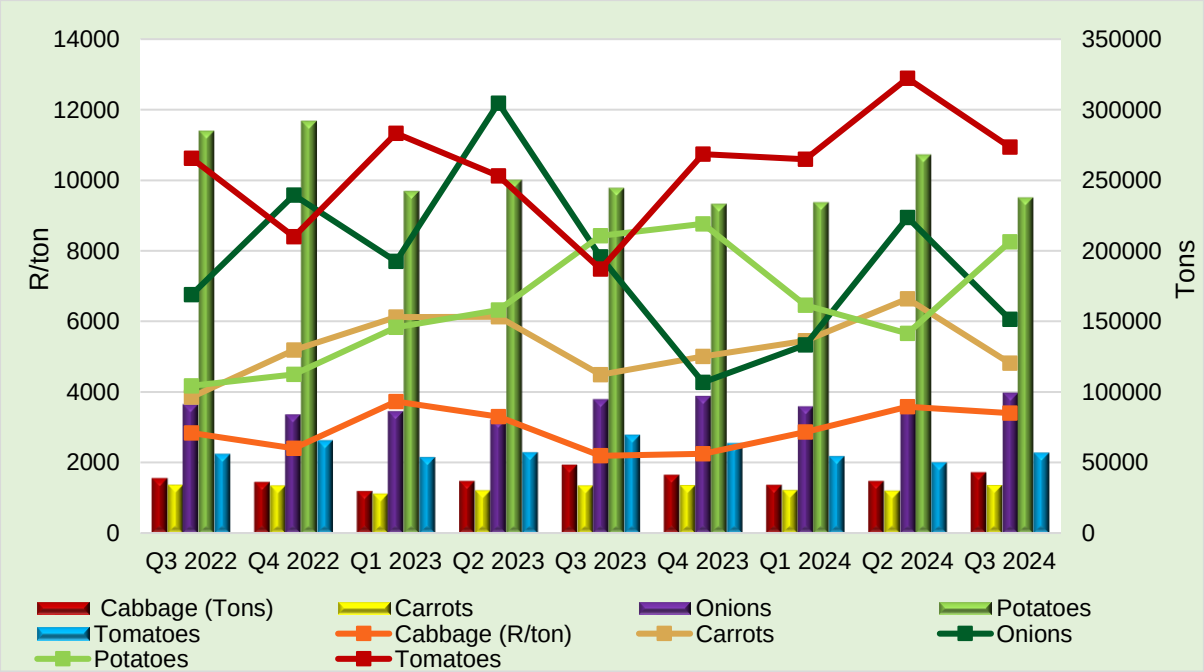

Figure 29: Average price and quantities of various vegetables traded at Fresh Produce Markets (FPMs)
Source: Dalrrd

The pricing of vegetables at the Fresh Produce Markets is primarily influenced by the supply and demand dynamics. In Q3: 2024, notable fluctuations were observed in the average prices and quantities supplied for cabbage, carrots, onions, potatoes, and tomatoes in comparison to Q3: 2023.

In Q3: 2024, the average price of cabbage experienced a substantial increase of 55.4% compared to the same quarter in 2023, while the quantities supplied saw a decline of 11.3% year-on-year. Although there were notable price recoveries for cabbage in Q3: 2024 relative to Q3: 2023, analysts predict that this trend may be temporary, as the market has historically witnessed an uptick in volumes leading into the festive season. During the same period, the average price of carrots increased by 7.3% in Q3: 2024 compared to Q3: 2023. It is important to highlight that consumer demand plays a significant role in the sensitivity of prices.

The average price of onions saw a decline of 22.6% in Q3: 2024 when compared to the corresponding period in 2023, while the year-on-year quantity supplied rose by 4.6%. This increase in supply was mainly sourced from the northern regions of the country. As the festive season draws near, price recoveries are expected to take place following the conclusion of the harvest mainly in northern areas.

In a similar context, the average price of potatoes declined by 2% in Q3: 2024 relative to the Q3:2023, with the quantity supplied increasing by 4.6% year-on-year. The onion market experienced notable supplies with supply coming from the Northern parts of the country. Price recoveries are only expected from October onwards when the Northern Cape season commences and most of the Northern parts of the country have completed harvesting.

Conversely, the average price of tomatoes surged by 46.2% in the third quarter of 2024 compared to the third quarter of 2023, attributed to a rise in consumer demand, despite a year-on-year decline in quantities supplied by 17.9%.

On a quarter-on-quarter basis, the average prices of cabbage, carrots, onions, and tomatoes experienced varying degrees of decline. Notably, the average price of cabbage decreased by 5.0% in Q3: 2024 compared to Q2, attributed to a substantial increase of 16.2% in the quantities supplied during the period. The fluctuations in consumer demand are pivotal in affecting price changes within the fresh produce sector. During this period, the average prices of carrots and onions dropped significantly by 27.5% and 32.29%, respectively, in Q3: 2024 relative to Q2, while the quantities supplied for these vegetables rose by 13.2% and 11.0%, respectively, on a

quarter-on-quarter basis. With the onset of warmer months, an increase in demand for carrots is anticipated, whereas the onion market is projected to experience notable recoveries in both supply and pricing starting in October. Concurrently, the average price of tomatoes fell by 15.1% in Q3: 2024 compared to Q2, despite a 14% increase in quantities supplied quarter-on-quarter. As the warmer months approach, demand for tomatoes has begun to rise, with consumer interest remaining consistently robust.

In contrast, the average price of potatoes increased by 45.9% in Q3: 2024 compared to Q2, while the quantities supplied saw a decline of 11.3% from one quarter to the next. This decline follows uncertainties regarding the timing of potential significant shortages in the market as a result of the frost event in Limpopo.

3.3 Meat industry review

As illustrated graphically in figure 30, total beef slaughtering increased by 7.2% in third quarter of 2024 compared to the same quarter of 2023. The price of beef per kg increased by 3.9% in the third quarter of 2024 when compared to the same period in 2023. The foot and mouth disease (FMD) outbreaks in all other previously affected provinces have been resolved and officially closed with the World Organisation for Animal Health (WOAH). However, focused efforts are still ongoing to manage and contain FMD in the Eastern Cape and KwaZulu-Natal provinces, which are the only provinces that are still FMD positive in the country. However, there have been no new cases of FMD reported since 19 September 2024, showing that the viral circulation is diminishing.

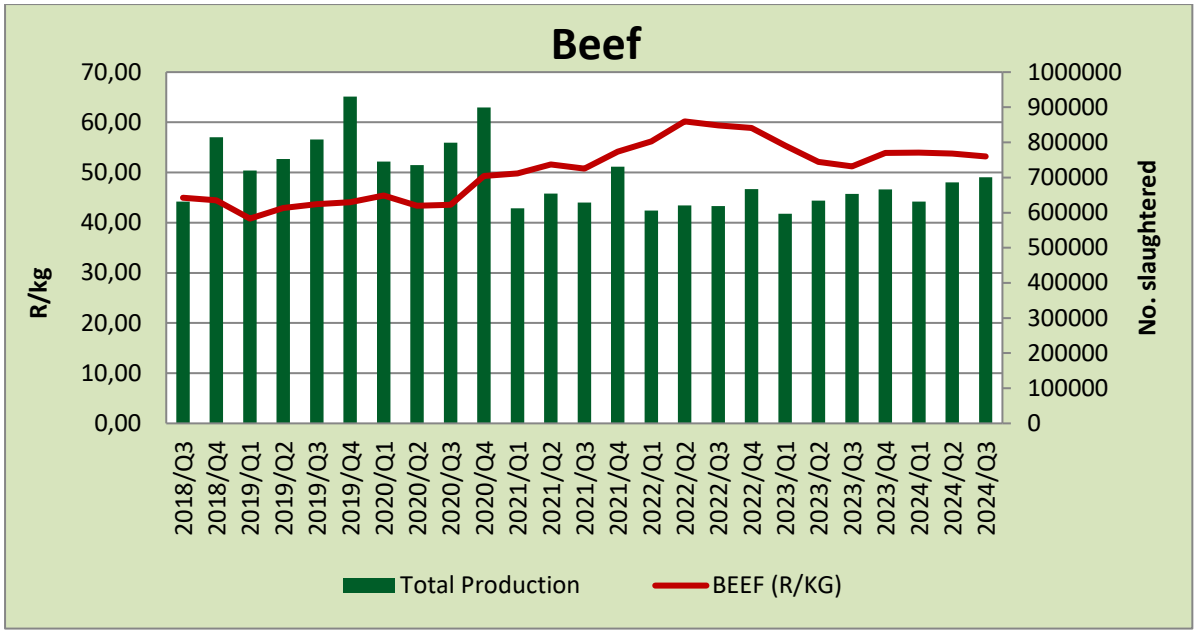

Figure 30: Beef production
Source, DALRRD

As illustrated graphically above in figure 31, the trade balance for meat of bovine animal (fresh of chilled) increased by 7.8% in third quarter of 2024 compared to the previous quarter of 2024. The quantities of meat of bovine animal (fresh of chilled) exported increased by 7.0%, whilst imports decreased by 58.2% in the third quarter of 2024 when compared to the previous quarter in 2024.

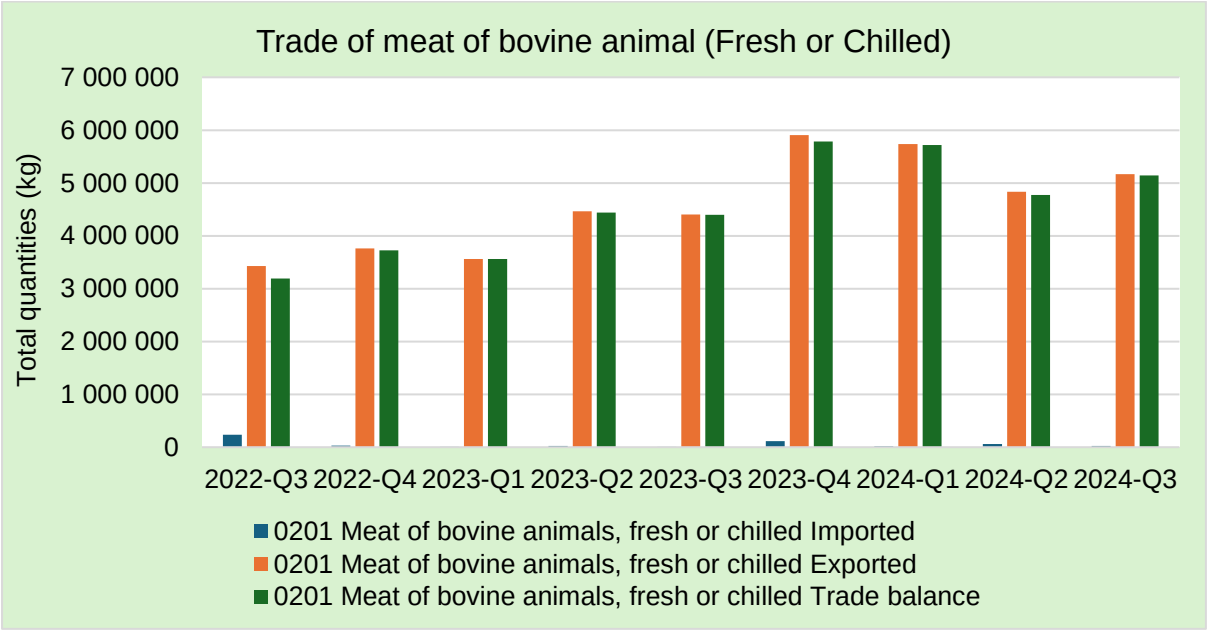

Figure 31: Trade of meat bovine animal (Fresh or Chilled)
Source: ITC Trade Map

Figure 32 below indicates that, the trade balance for meat of bovine animal (frozen) increased by 71.0% in third quarter of 2024 compared to the previous quarter of 2024. The quantities of meat of bovine animal (frozen) exported increased by 36.4%, whilst imports decreased by 12.0% in the third quarter of 2024 when compared to the previous quarter in 2024.

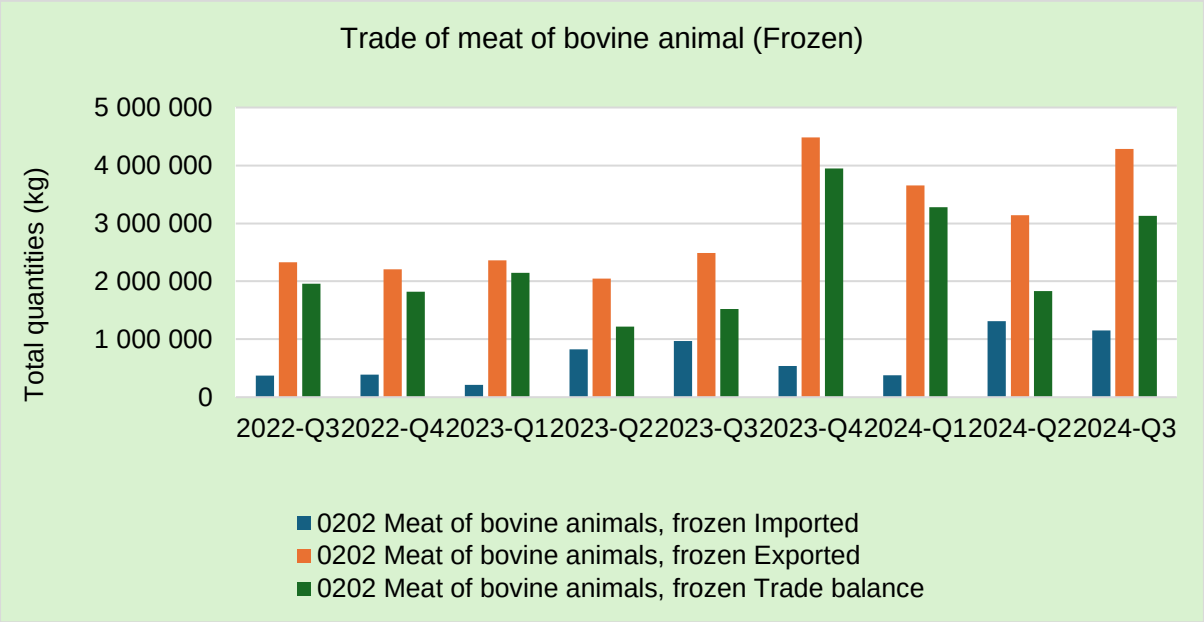

Figure 32: Trade of meat bovine animal (Frozen)
Source: ITC Trade Map

3.4 Poultry industry review

Poultry production increased by 2.3% on y/y basis, while on a q/q basis production increased by 4.4%. The poultry price per ton increased by 7.4% on a y/y basis while declining by 0.1% on q/q basis. The costs of production were 9.6% higher on a y/y basis while on q/q basis costs declined by 0.9%. Although the poultry industry managed to stabilize the infection rates from HPAI virus through stringent biosecurity measures and effective monitoring programs.

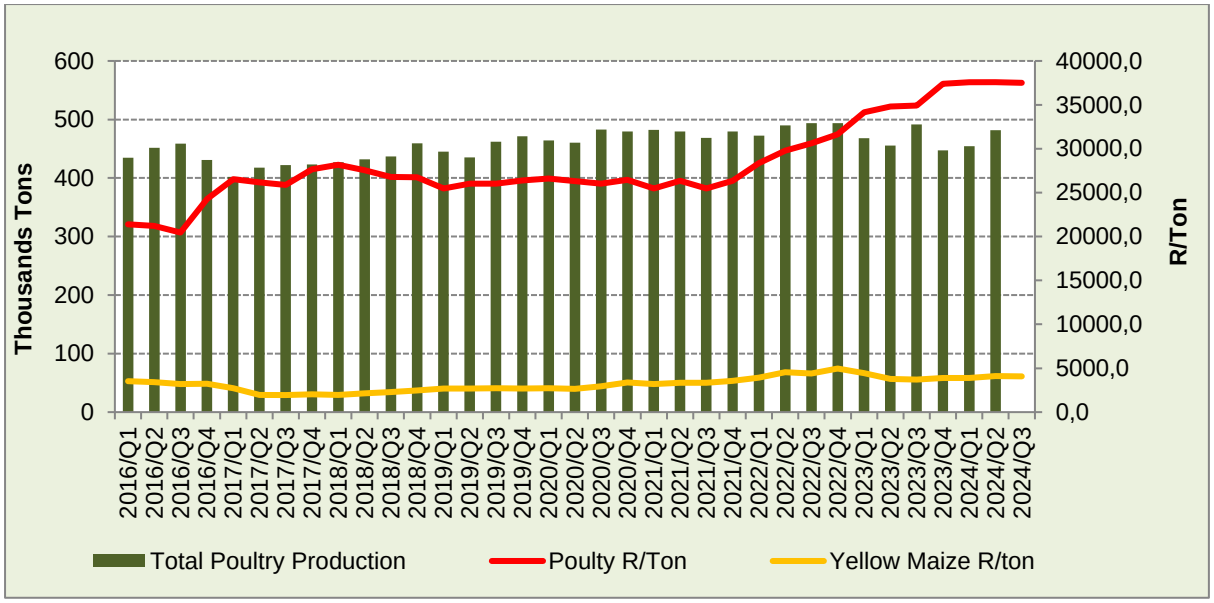

Figure 33: Poultry production and prices
Source: DALRRD

The industry still faces challenges such high feed costs, disease outbreaks and uncertain national power supply. The importation of broiler hatching eggs has also played a crucial role in replenishing the flock, helping to mitigate potential shortages during peak demand periods. The price of fresh whole chickens and chicken portions per kg increased by 0.9% and 2.1% on y/y basis while on q/q basis prices decreased by 0.3% for fresh whole chicken while increasing by 1.1% for fresh chicken portions. The price of chicken portions and chicken giblets increased by 0.2% and 1.1% respectively.

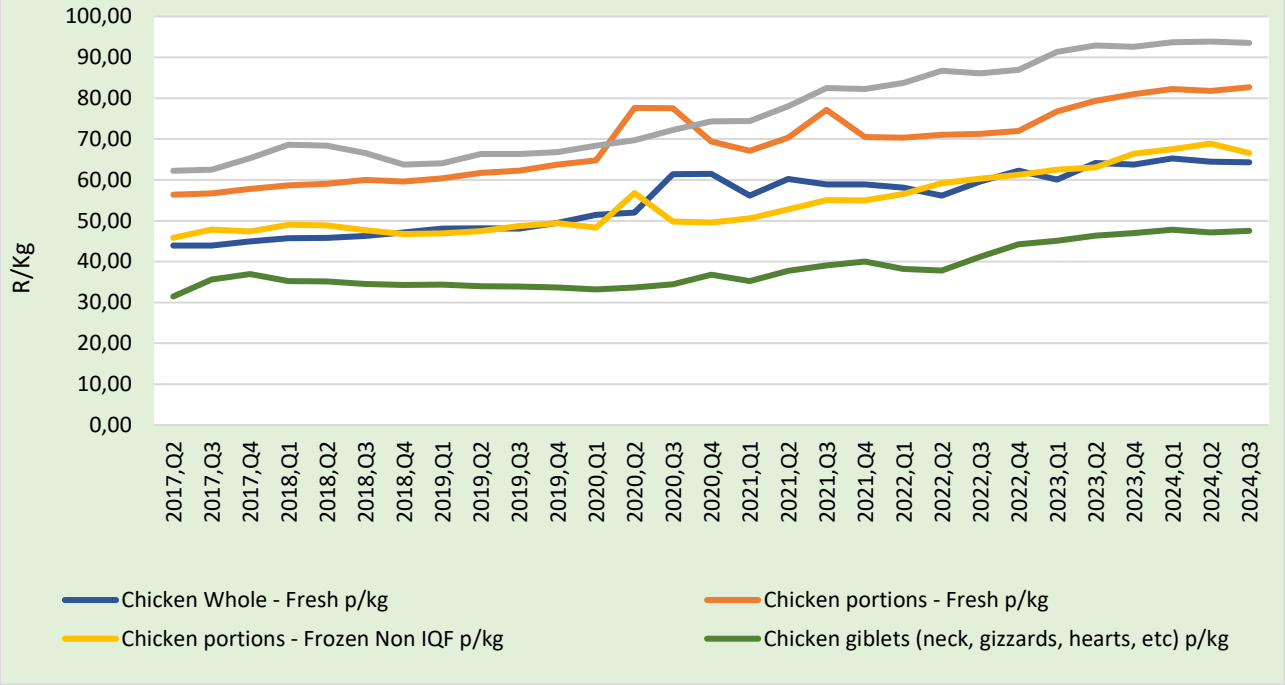

Figure 34: Poultry & Feed Price Indices
Source: Statistics SA.

The quantity of exports and imports increased by 29.5% and 10.8% on a year-on-year basis while on q/q basis exports and imports decreased by 10.3% and 9% respectively. The value of exports and imports increased by 12% and 20.4% on y/y while on q/q value was 9% and 7% less that they were in the previous quarter.

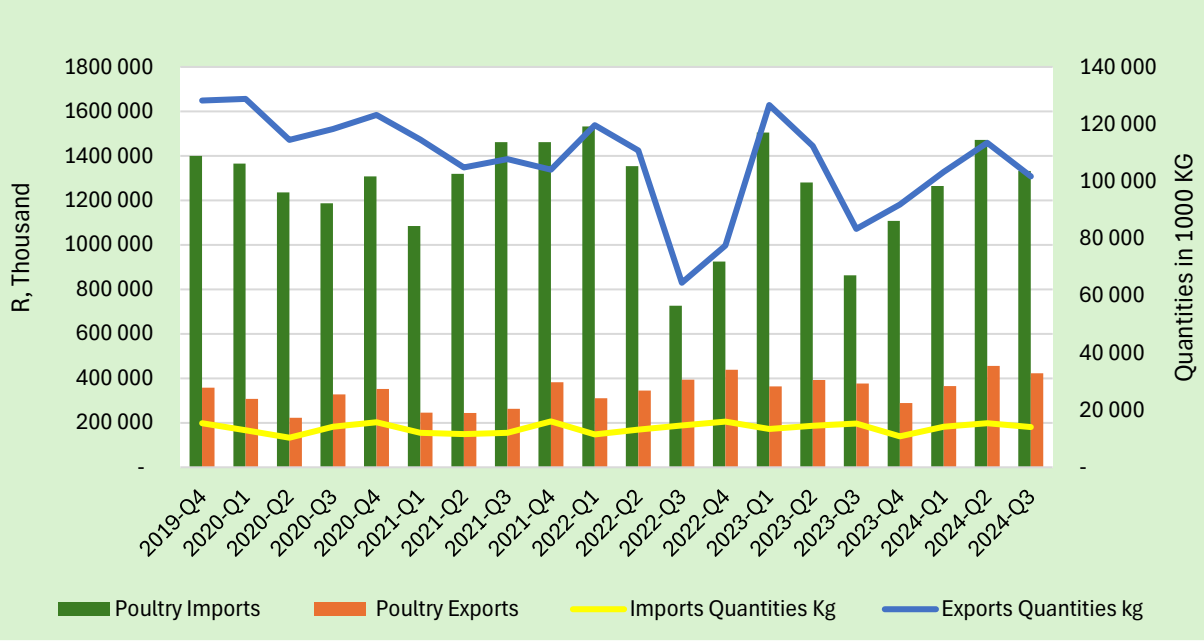

Figure 35: Poultry Trade data (indicate the tariff code used)
Source: Trade Map

3.5 Milk industry overview

Total milk production experienced a growth of 3.3% in Q3: 2024 compared to the same period in 2023, increasing from 969 162 litres to 1 000 680 litres. Analysing the data on a quarterly basis indicates a 24.1% increase in total milk production, which rose from 806 118 litres in Q3: 2024 compared to Q2. This increase in milk output, observed both on an annual and quarterly basis, can 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. It is also important to note that the industry operates in a highly uncertain environment relating to infrastructure, service delivery and consumer spending power, all of which are influenced by the general macro-economic environment.

The average producer price for a litre of milk declined by 1.2% in Q3: 2024 compared to the same period in 2023, decreasing from R7.49 per litre to R7.40 per litre. When examining the prices on a quarter-on-quarter basis, there was a 2.6% decrease in the average price per litre of milk in Q3: 2024 compared to Q2, where the price was R7.60 per litre. These annual and quarterly changes in producer prices indicate that in the dairy sector, prices are sensitive to international market developments, as well as the dynamics of supply and demand throughout various stages of the local value chain, alongside cost pressures and electricity supply issues that affect cold chain operations.

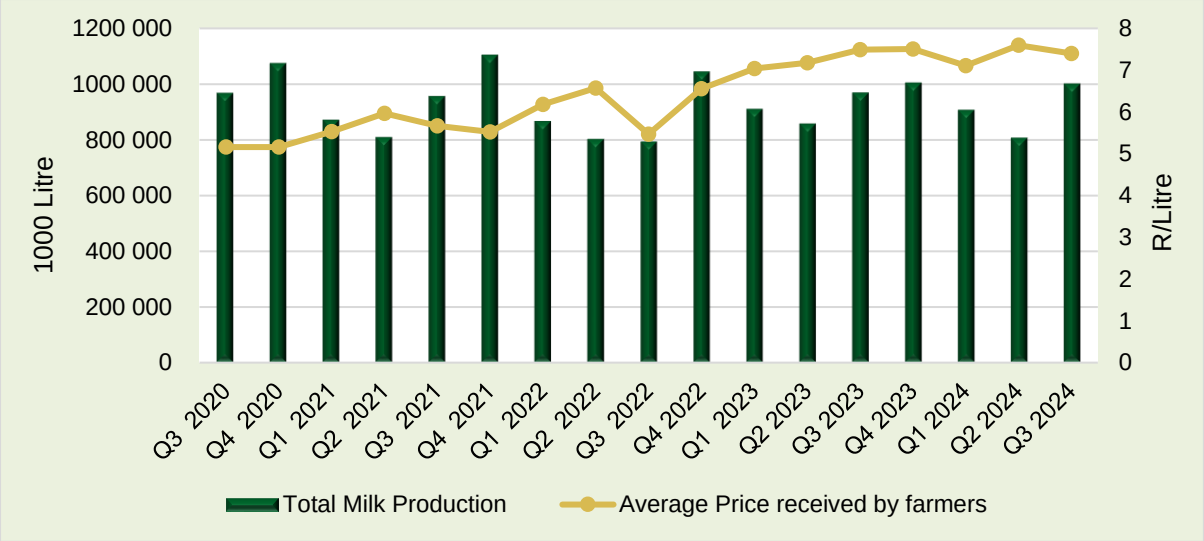

Figure 36: Trends in total production and average price of milk
Source: DALRRD

In Q3: 2024, the trade balance for milk and cream (not concentrated nor containing added sugar or other sweetening matter), reached R 324.7, representing a significant increase from R 261.9 million recorded in Q3: 2023. The observed change was largely influenced by a 24% increase in the export value, alongside a remarkable 97.9% drop in the import value. The increase in the export value can be attributed to improvements in the consumer environment, along with expansions in primary production in a lower input cost environment. In contrast, the import value for milk and cream (not concentrated nor containing added sugar or other sweetening matter) experienced a substantial decrease of 97.9%, plummeting from R 27.6 million in Q3: 2023 to R 593 000 in Q3: 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 25.6% increase in the trade balance for milk and cream, not concentrated nor containing added sugar or other sweetening matter in Q3 compared to Q2. This increase can be attributed in part to a 24.4% increase in the export value of milk and cream, not concentrated nor containing added sugar or other sweetening matter during the period. While productivity is the main driver, some herd expansion also happened in regions with lower yields. Conversely, the import value for milk and cream, not concentrated nor containing added sugar or other sweetening matter saw a significant reduction of 80,6% quarter-

on-quarter. Logistical challenges, both on an international and domestic level, may have further limited the volume of milk and cream imports.

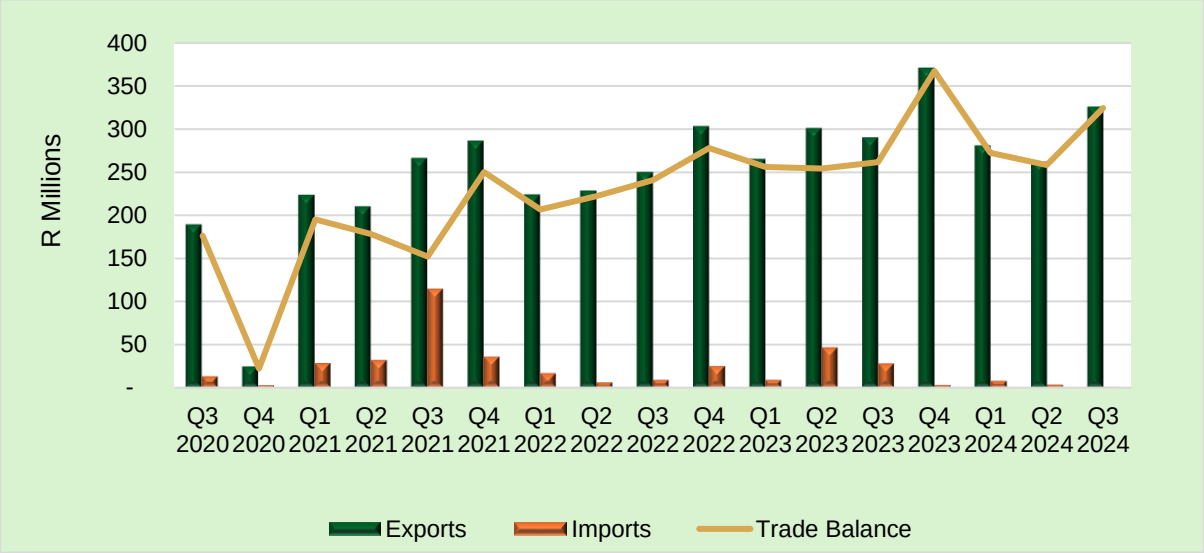

Figure 37: Trends in imports and exports of milk and cream, not concentrated nor containing added sweetening
Source: ITC, Trade map, 2021

3.6 Egg industry review

Figure 38 below, Egg Production increased by 2.3% on a q/q basis, while on a y/y basis production was 5.8% less. The price of eggs per dozen was 30% higher on a y/y basis while on a q/q basis price were 0.3% less. Despite such milestones, the industry is grappling with ongoing struggles related to bird flu and rising input costs.

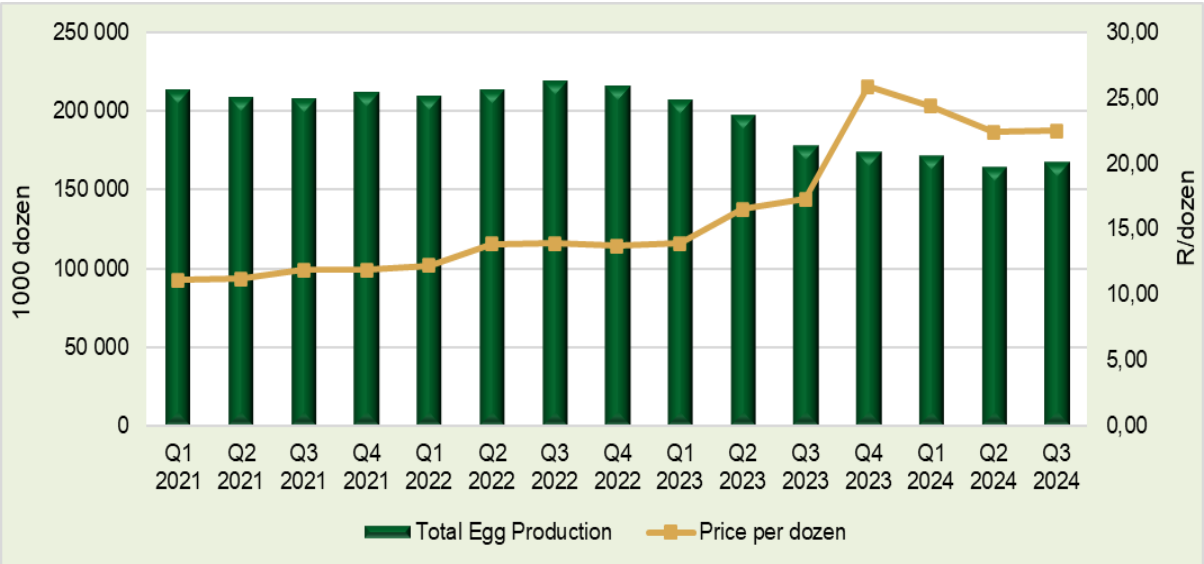

Figure 38: Egg production & Prices
Source: Trade Map

South Africa recorded a positive trade balance during the 3rd quarter of 2024 after recording a trade deficit in egg trades since the 4th quarter of 2023. The trade deficit which was the result of the egg shortages because of the avian flu. Exports are 31% higher on a year-on-year basis, while on a quarter-on-quarter basis exports are 17.5% higher. Full recovery is expected in the early 1st quarter of 2025, according to industry estimates egg imports in the 3rd quarter are still 125% above the average annual imports. South African Poultry Association (SAPA) estimates that it would take 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.

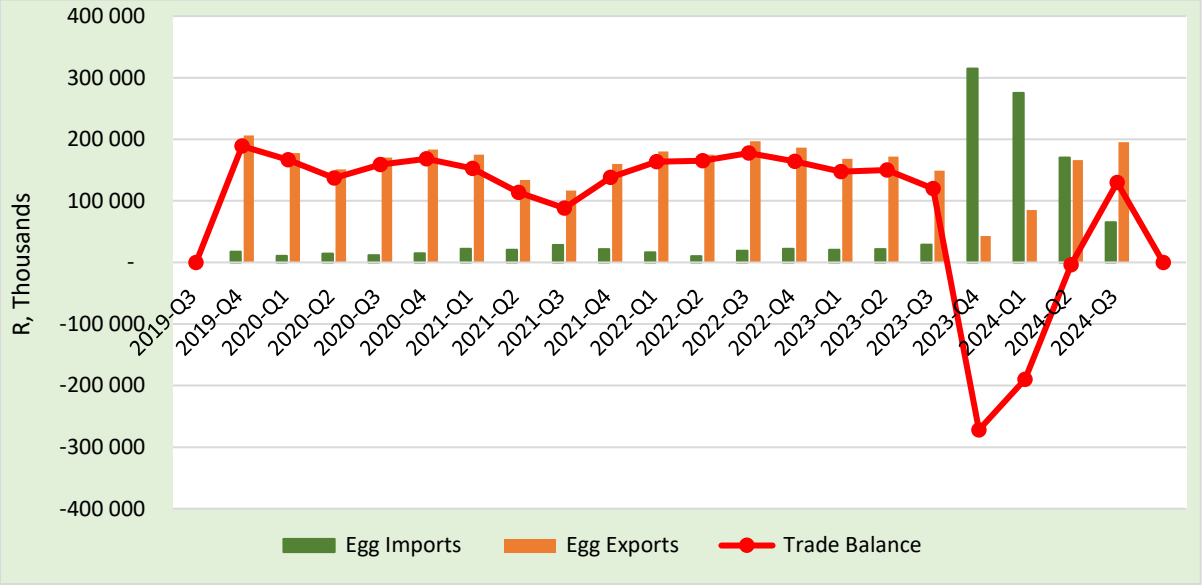

Figure 39: Trade balance (Total of all eggs)
Source: Trade map, 2024

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

In Q3: 2024, the agricultural sector was concluding a particularly difficult season. South Africa's agricultural trade balance saw a decline of 4.4% in Q3: 2024 compared to the same period in the previous year. The mid-summer drought of 2023-24 has been a significant factor contributing to the disappointing performance of the country's agriculture this year. This drought adversely impacted field crops, while livestock was further affected by various animal diseases. During the period, imports grew much faster than exports compared to the previous year. Nevertheless, both export and import volumes exceeded those of Q3: 2023, indicating a continued economic recovery and a rise in global demand for South African agricultural products.

During Q3: 2024, the agricultural trade balance reached R 38.0 billion, representing a 4.4% decline from R 39.8 billion in the same quarter of 2023. This shift was largely driven by a significant rise in imports, which increased by 8.1%, while exports experienced only a slight growth of 1.2%. The moderation in the export value was affected by domestic structural issues that hindered export performance, along with a decrease in the prices of specific agricultural commodities.

The export value of agricultural products reached R 72.8 billion in Q3: 2024, compared to R 71.9 billion recorded in the same period of 2023. Despite a modest increase in the volume of various agricultural exports and a notable rise in the prices of certain agricultural products during Q3: 2024, the year has been challenging due to difficulties at our ports and barriers in significant export markets. The primary agricultural products exported by value in Q3: 2024 include citrus fruits, nuts, maize, apples and pears, wine, dates, pineapples, avocados, sugar, grapes, fruit juices, and wool.

During the same period, the import value of agricultural products rose to R34.8 billion, up from R32.2 billion recorded in Q3: 2023. This growth can be attributed to a modest increase in the volumes of essential imported items, including wheat, rice, palm oil, rice, cane or beet sugar, alcohol, and poultry, which corresponds with South Africa's yearly import patterns.

On a quarter-on-quarter basis, South Africa recorded a 44.2% increase in its agricultural trade balance. This positive development can be attributed to a 20.1% rise in the export value in Q3: 2024 compared to Q2, while the import value of agricultural products saw a modest increase of 1.6% during the same period. It is crucial for South Africa to improve the efficiency of its logistical infrastructure and broaden the export markets for its agricultural sector. A focused initiative aimed at promoting South African agriculture, food, fibre, and beverages is essential to effectively access and leverage export opportunities.

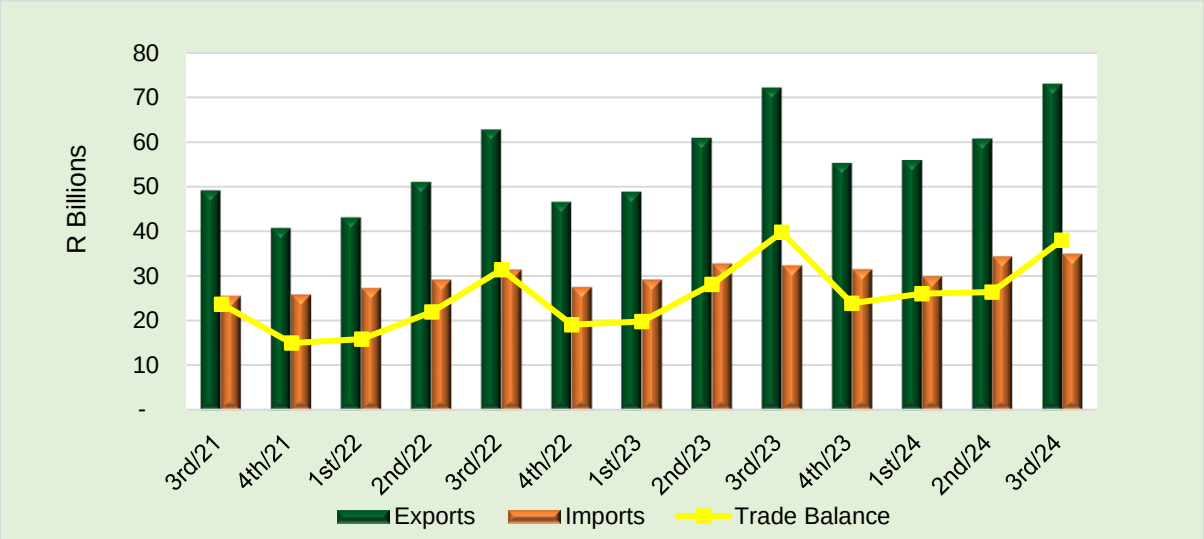

Figure 40: Trade balance of agricultural products

Source: Trade map, 2023

Table 5 reveals that in Q3: 2024, the Netherlands was the foremost destination for South Africa's agricultural exports, comprising 11.9% of the total export value. Zimbabwe followed as the second largest market, contributing 7.9% to the overall export value. China secured the third position, accounting for 7.2% of South Africa’s agricultural exports in monetary terms during the period. On the supply side, Thailand emerged as the primary supplier of agricultural products to South Africa, with China ranking as the second largest supplier. Eswatini occupied the third position as a significant 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 3rd Quarter of 2024.

Top three markets of agricultural products exported by SA	**Value (Billion Rands) 3rd Quarter 2024**	**% Share of total agricultural exports in 3rd Quarter 2024**		**Top three suppliers of agricultural products to SA**	**Value (Billion Rands) 3rd Quarter 2024**	**% Share of total agricultural imports in 3rd Quarter 2024**
Total	R 72,80	100			R 34,78	100
Netherlands	R 8,64	11.9%		Thailand	R 2,95	8.5%
Zimbabwe	R 5,75	7.9%		China	R 2,35	6.8%
China	R 5,25	7.2%		Eswatini	R 2,21	6.3%

Source: Trademap, 2024

Figure 41 depicts the top five agricultural products imported by South Africa in Q3: 2024. The primary agricultural imports during this period included wheat and meslin, accounting for 28%, followed by rice at 25%, palm oil at 19%, cane or beet sugar at 14%, and alcohol also at 14%. Collectively, these five items played a significant role in the food import expenditure for Q3: 2024. Concurrently, Figure 42 outlines the leading agricultural products exported by South Africa in the same quarter of 2024. The exports included fresh or dried citrus fruits, which made up 58%, followed by other nuts, fresh or dried, at 13%, maize or corn at 11%, fresh apples, pears, and quinces at 10%, and wine at 8%.

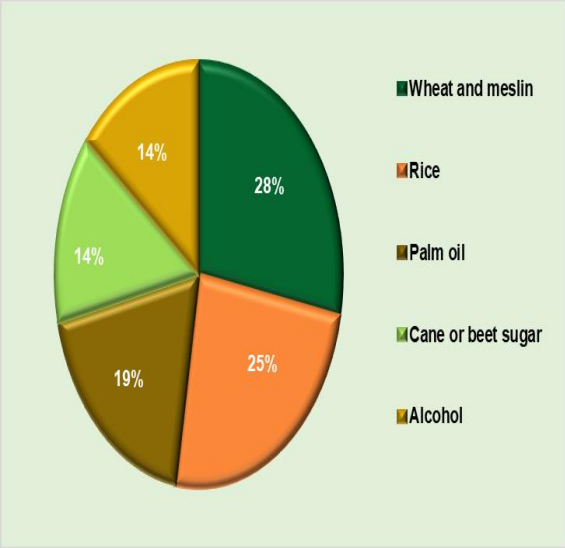

Figure 41: Top five agricultural products imported by SA

Source: Trademap, 2024

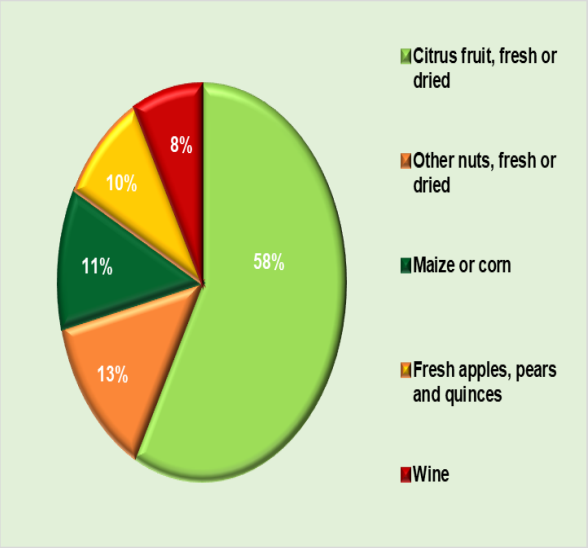

Figure 42: Top five agricultural products exported by SA

Source: Trademap, 2024

Given that South Africa's agricultural sector is primarily focused on exports, Agbiz (2024) emphasizes the importance of prioritizing trade integration and maintaining the existing policies that support relatively open borders for agricultural trade. This approach is crucial in the current environment, where trade fragmentation and the trend of "friendshoring" are prevalent. Agbiz (2024) asserts that it is in the best interest of businesses within South Africa's export-oriented agricultural sector to uphold these practices and foster a greater appreciation for trade among their partners. Additionally, while the agricultural sector across the African continent continues to grapple with productivity challenges, it may not experience immediate benefits from this focus. Nevertheless, the long-term advantages are expected to be distributed more broadly.

4. Conclusion

Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, particularly the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities especially oil conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa.

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. 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. 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).

The annual average headline CPI for the third quarter of 2024 was 4.24%, which shows a decrease of 0.78% when compared to the same period last year. Food inflation for the third quarter of 2024 was 4.27%, which shows a decrease of 4.54% from 8.81% of the third quarter of 2023.

The official unemployment rate has decreased by 1.4 percentage points from 33.5% in the second quarter of 2024 to 32.1% in the third quarter of 2024. This is according to the Statistics South Africa (Stats SA) Quarterly Labour Force Survey (QLFS) for the third quarter of 2024. There was an increase of 294 000 in the number of employed persons to 16.9 million in third quarter of 2024, while there was a decrease of 373 000 in the number of unemployed persons to 8.0 million. This resulted in a decrease of 79 000 (down by 0.3%) in the labour force during the same period. The number of people employed in agricultural sector decreased from 956 000 in the third quarter of 2023, to 935 000 people in the third quarter of 2024, which represent a decrease of 2.2%.

During Q3: 2024, the agricultural trade balance reached R 38.0 billion, representing a 4.4% decline from R 39.8 billion in the same quarter of 2023. This shift was largely driven by a significant rise in imports, which increased by 8.1%, while exports experienced only a slight growth of 1.2%.

5.References

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