

Tough Q3 for South Africa trade

Maersk Line report outlines year-on-year decline in South African market

Maersk Line has published its South Africa trade report for the third quarter (Q3) of 2016, reporting on a disappointing growth period.

According to the shipping group, the third quarter fell short of growth expectations as the South African market declined by 6 per cent year-on-year, similar to the 5 per cent year-on-year market contraction in the second quarter of 2016.

The main decline came in imports, which fell by 9 per cent, while exports were slightly more positive as a decline of 2 per cent was recorded year-on-year, showing "definite signs of stabilisation after a terrible first quarter", according to Maersk Line.

Fruit exports, which represent about 25 per cent of total South African exports, declined by 5 per cent on the back of a drought which limited citrus output.

Looking forward, the projection for imports is to remain under pressure for the remainder of 2016, while exports are expected to remain relatively steady.

"We will likely see a market decline for imports in the 7-8 per cent range, unless the rand was to strengthen considerably," said Matthew Conroy, trade manager of Maersk Line Southern Africa.

"Regarding exports, it is likely that the market will continue within its current stable trend and fall in the -2 per cent to 0 per cent growth range," he added. "Fruit exports are likely to follow in line with this trend, but there could be considerable volatility in crop output based on the unknown impact of the drought."

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