Commodity downturn could increase farm sales in South Africa

Global markets for citrus, macadamias and avocados remain subdued due to the worldwide economic downturn. At the same time, volumes are increasing from more orchards coming into production.

According to Robert Davel, CEO of Mpumalanga Agriculture, prices of all three crops did not reach satisfactory levels. This means that production costs are running away with farmers. The increase in the national minimum wage and the additional costs associated with load-shedding have had a big impact as well.

Consequently, cash flow was under pressure, especially among farmers who took out loans when prices were still high. Davel pointed to reports that farms in the Lowveld were coming up for sale at a higher rate than normal.

He added that his recent conversations with commercial banks showed that bridging financing was being made available to farmers struggling with their cash flow, but this was merely easing the pressure, as extending overdrafts would only make the situation worse.

Source: farmersweekly.co.za (https://www.farmersweekly.co.za/agri-news/south-africa/commodity-downturn-could-spur-farm-sales/)

Publication date: Fri 5 May 2023