

Agriculture GDP rebounds strongly in Q1 of 2024 despite headwinds

By Paul Makube

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In a quarter characterised by a plethora of growth constraints such as the El Nino-induced heat wave the decimated crops, loadshedding, and inefficiencies at ports, agriculture still managed to rebound strongly in Q1, 2024. The operating conditions were tough with port delays impacting negatively on the flow of deciduous fruit to export markets.

Source: Randy Fath via [Unsplash](#)

The severe midsummer drought forced a reduction in harvest estimates for summer crops with South Africa's biggest staple, maize, cut by 19% y/y to 13.31 million tonnes and soybeans falling sharply by 35.8% year-on-year to 1.78 million tonnes.

Agriculture GDP rebounded strongly by 13.5% in Q1 and was the main positive contributor to overall SA GDP with a 0.3 of a percentage point contribution. In contrast, the overall SA GDP contracted by 0.1% quarter-on-quarter in Q1, following an upwardly revised 0.3% (previously

0.1% quarter-on-quarter) in Q4 of 2023. For agriculture, this is a big improvement after plunging by a revised -4.8% q/q in Q4 of 2023 from a -12.2% year-on-year recorded earlier for 2023.

A combination of solid output in horticulture and livestock and animal products underpinned this impressive agriculture performance. Early indicators of a potential rebound were robust agriculture exports which lifted by 6% year-on-year in Q1 to US\$3.1bn according to the recent data from Trade Map.

Further, the agriculture's trade surplus surged by a whopping 20% year-on-year in Q1 of 2024. The expected strong performance in citrus exports which will be in full swing in the subsequent quarters might help offset the downbeat impact of lower summer grains and oilseeds harvests on agriculture GDP.

Looking ahead, the strong transition to the La Nina weather pattern and the relatively good commodity prices augur well for confidence in the agriculture sector for the 2024/25 crop season. Crop input costs are likely to remain subdued as fertilizer prices are modestly down on last year. Further, international crude oil prices are trending on the downside, thus a potential for a reduction in fuel prices.



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