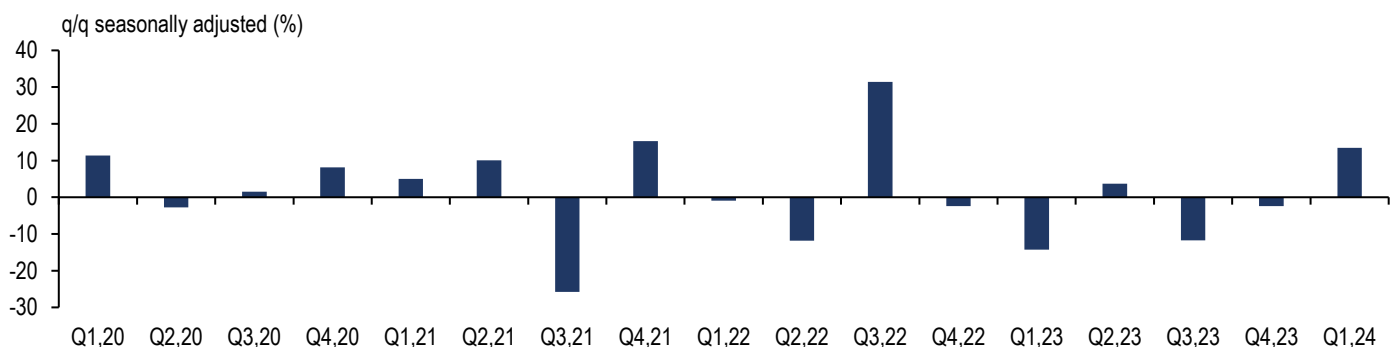


South Africa's agricultural fortunes improved in Q1, 2024

- After publishing a sharp contraction of -12,2% year-on-year in 2023 of the agricultural gross value-added performance, Statistics South Africa revised the figures to a mild contraction of -4,8% year-on-year. This revised figure is roughly in line with the expectations of various researchers, most notably the Bureau for Food and Agricultural Policy (BFAP).
- Importantly, South Africa's agricultural gross value added grew by 13,5% quarter-on-quarter (seasonally adjusted) in the first quarter of 2024. This improvement is based on the robust production conditions of various horticulture products, the livestock and poultry industry recovery after a few challenging months of animal diseases that weighed on production, and the base effects. Admittedly, the production conditions in some livestock and poultry businesses may not be fully back to their normal levels, but the general subsector performance is on a recovery path.
- The mid-summer drought, which has led to a 21% year-on-year decline in South Africa's summer grains and oilseed production to an expected harvest of 15,9 million tonnes in the 2023/24 season, will likely reflect on the second and third quarter figures of the sector performance.
- The horticultural industry was not severely affected by the mid-summer drought because the production was all under irrigation. Also, the dam levels across South Africa had benefitted from heavy rains at the end of 2023 and into the start of 2024 before we experienced a mid-summer drought. These better dam levels, mild load-shedding, and better energy supply from various sources all catalysed the excellent production in the horticulture subsector.
- Overall, the first quarter recovery of the South African farming economy is a welcome development and aligned with our general observations in various travels across the country. Still, we worry that the poor harvest of summer grains and oilseed may suppress the figures for the next two quarters.

Exhibit I: South Africa's agricultural gross value added



Source: Stats SA and Agbiz Research